

Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

**Consolidated Financial Results
for the Three Months Ended June 30, 2025
(Under IFRS)**

August 14, 2025

Company name:	Net Protections Holdings, Inc.	Listing:	Tokyo Stock Exchange
Securities code:	7383	URL:	https://corp.netprotections.com/en/
Representative:	Shin Shibata, President and Representative Director		
Contact:	Kazuharu Watanabe, CFO and Director		
Telephone:	+81-3-4530-9235		
Scheduled date to commence dividend payments:		—	
Preparation of supplementary material on financial results:		Yes	
Holding of financial results briefing:		Yes (for institutional investors and securities analysts)	

(Note) Amounts less than one million yen are rounded down to the nearest million yen.

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Total operating revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended June 30, 2025	6,163	17.3	767	180.9	776	204.9	474	250.5	4.77	4.74
June 30, 2024	5,254	1.6	273	—	254	—	135	—	1.39	1.38

	GMV (non-GAAP)		Gross profit (non-GAAP)		EBITDA (non-GAAP)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2025	180,282	20.6	2,919	29.3	1,196	75.6
June 30, 2024	149,481	10.0	2,257	24.9	681	—

(2) Consolidated financial position

	Total assets		Total equity		Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of June 30, 2025	Millions of yen		Millions of yen		Millions of yen	%
March 31, 2025	79,085		19,819		19,756	25.0
	70,848		19,229		19,169	27.1

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2025	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2026	—	—	—	—	—
Fiscal year ending March 31, 2026 (forecast)	0.00	—	—	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)
 (Percentages indicate year-on-year changes.)

	Total operating revenue		Operating profit		Profit before income taxes		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months	12,360	0.7	1,320	22.2	1,260	23.5	740	23.3	7.45
Fiscal year	25,500	0.4	2,840	9.2	2,680	9.8	1,580	9.7	15.91

	GMV (non-GAAP)		Gross profit (non-GAAP)		EBITDA (non-GAAP)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months	360,000	2.0	5,710	4.4	2,150	12.6
Fiscal year	749,000	0.9	11,630	2.1	4,540	5.6

Notes: 1. Revisions to the forecast of consolidated financial results most recently announced: Yes
 2. For the average number of shares outstanding during the period that forms the basis for calculating "Basic earnings per share," the number of shares issued (excluding treasury shares) as of March 31, 2025 is used as a substitute.

[Notes]

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Changes in accounting policies and changes in accounting estimates
 - 1) Changes in accounting policies required by IFRS: None
 - 2) Changes in accounting policies due to other reasons: None
 - 3) Changes in accounting estimates: None
- (3) Number of issued shares (common stock)
 - 1) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025:	99,342,627 shares
As of March 31, 2025:	99,306,627 shares
 - 2) Number of treasury shares at the end of the period

As of June 30, 2025:	– shares
As of March 31, 2025:	– shares
 - 3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025:	99,297,035 shares
Three months ended June 30, 2024:	97,283,089 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* [Proper use of earning forecasts, and other special matters]

(Disclaimer on forward-looking statements)

The earnings forecast and other forward-looking statements contained in this report are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, we can give no assurance that they will be achieved. Note that actual results may differ significantly from forecast figures due to a number of factors.

Non-GAAP performance measures

The Company additionally discloses non-GAAP performance measures that are not prescribed by IFRS, the accounting standards applied by the Company, as we believe that such measures are useful for investors to assess the Group's operating performance.

Non-GAAP performance measure	Description
GMV	Gross merchandise value for the Group's payment services
Gross profit	Total operating revenue - (Invoicing related expenses + Bad debt related expenses + Other operating revenue + Other payment related expenses)
EBITDA	Operating profit + (Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment losses – Gain from reversal of impairment losses)

How to obtain supplementary material on financial results and the details of the financial results briefing

The Company will promptly post the supplementary material on financial results and the details of the financial results briefing on our website (<https://corp.netprotections.com/en/ir/>) after the briefing.

Contents of Attached Materials

1. Overview of Operating Results, etc.	2
(1) Quarterly operating results	2
(2) Quarterly financial position	4
(3) Status of cash flows	5
(4) Forward-looking information including consolidated earnings forecast	5
2. Condensed Quarterly Consolidated Financial Statements and Major Notes	6
(1) Condensed quarterly consolidated statements of financial position	6
(2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income	8
(3) Condensed quarterly consolidated statements of changes in equity	9
(4) Condensed quarterly consolidated statements of cash flows	10
(5) Notes to condensed quarterly consolidated financial statements	11
<i>Going concern assumption</i>	11
<i>Segment information</i>	11
<i>Trade receivables</i>	11
<i>Operating expenses</i>	11

1. Overview of Operating Results, etc.

(1) Quarterly operating results

The operating results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025) were as follows:

(Millions of yen, unless otherwise indicated)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025	Percentage change (%)
Total operating revenue	5,254	6,163	17.3
Operating profit (loss)	273	767	180.9
Profit (loss) before income taxes	254	776	204.9
Profit (loss) attributable to owners of parent	135	474	250.5

Business performance by segment is not presented as the Company and its subsidiaries (collectively, the “Group”) operate a single segment, Payment Solutions. The Group, nevertheless, discloses its key performance indicators by line of service to the extent possible as shown below.

Line of service	Service category name	Service names
Services for B2C transactions	B2C Services: NP <i>Atobarai</i> and other	NP <i>Atobarai</i> , NP <i>Atobarai</i> air, AFTEE, etc.
	B2C Services: <i>atone</i>	<i>atone</i>
Service for B2B transactions	B2B Service	NP <i>Kakebarai</i>

The key performance indicators are shown as below.

(Millions of yen, unless otherwise indicated)

	Three months ended June 30, 2024	Three months ended June 30, 2025	Percentage change (%)
GMV (non-GAAP)			
B2C Services: NP <i>Atobarai</i> and other	149,481	180,282	20.6
B2C Services: <i>atone</i>	85,828	87,255	1.7
B2B Service	8,073	13,344	65.3
B2B Service	55,579	79,681	43.4
Total operating revenue	5,254	6,163	17.3
B2C Services: NP <i>Atobarai</i> and other	3,790	4,198	10.8
B2C Services: <i>atone</i>	411	611	48.6
B2B Service	1,052	1,353	28.6
– Other operating revenue	162	172	6.0
Revenue	5,091	5,991	17.7
– Invoicing related expenses (non-GAAP)	1,968	2,003	1.8
– Bad debt related expenses (non-GAAP)	766	942	23.0
– Other payment related expenses (non-GAAP)	100	125	24.8
Gross profit (non-GAAP)	2,257	2,919	29.3
B2C Services: NP <i>Atobarai</i> and other	1,602	2,053	28.1
B2C Services: <i>atone</i>	119	166	39.4
B2B Service	534	699	30.8
– SG&A and other operating expenses (non-GAAP)	2,146	2,323	8.3
Operating profit (loss)	273	767	180.9
+ Depreciation and amortization	401	425	5.8
+ Share-based payment expenses	2	1	(37.9)
+ Loss on disposal of property, plant and equipment	4	2	(46.4)
+ Impairment losses	—	—	—
– Gain from reversal of impairment losses	—	—	—
EBITDA (non-GAAP)	681	1,196	75.6

Note: The Company additionally discloses non-GAAP performance measures that are not prescribed by International Financial Reporting Standards (the “IFRS”), the accounting standards applied by the Company, as we believe that such measures are useful for investors to assess the Group’s operating performance.

Non-GAAP performance measure	Description
GMV	Gross merchandise value for the Group's payment services
Invoicing related expenses	Collection expense + Invoicing expense, primarily the amount of expenses incurred per invoice
Bad debt related expenses	Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade receivables, primarily the expenses incurred in proportion to the amount of invoice
Other payment related expenses	Other expenses required for providing payment services, including credit screening costs and NP point expenses
Gross profit	Revenue – (Invoicing related expenses + Bad debt related expenses + Other payment related expenses)
SG&A and other operating expenses	Operating expenses – (Invoicing related expenses + Bad debt related expenses + Other payment-related expenses)
EBITDA	Operating profit + (Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment losses – Gain from reversal of impairment losses)

Given that the Group serves tens of thousands of merchants, our business structure makes us less dependent on specific merchants, but are susceptible to changes in the e-commerce and payment markets impacted by changes in the macro environment.

Notes on GMV

For the three months ended June 30, 2025, GMV increased 20.6% year on year to 180,282 million yen (up 1.7% to 87,255 million yen for the B2C Services: NP *Atobarai* and other, up 65.3% to 13,344 million yen for the B2C Services: *atone*, and up 43.4% to 79,681 million yen for the B2B Service).

Main drivers/impediments for the B2C Services: NP *Atobarai* and other are as follows:

- GMV growth range for the NP *Atobarai* service was limited.
- GMV for the NP *Atobarai* air, a BNPL service for home visit and other service sectors, achieved significant year-on-year growth backed by the need for digital transformation (DX) of billing operations across Japan.

Main drivers/impediments for the B2C Services: *atone* are as follows:

- GMV grew at merchants that have newly started their operations or introduced deferred payment services during the previous fiscal year.
- As the Group continued to strengthen its sales force, new merchants that have started their operation during the current fiscal year also contributed to the growth of GMV. In particular, merchants with characteristics different from the case of NP *Atobarai*, mainly digital content and entertainment stores, are growing remarkably.

Main drivers/impediments for the B2B Service are as follows:

- GMV for the B2B Service grew as in the previous fiscal year mainly because this quarter saw the expansion in use of our service among the existing merchants, particularly the major merchants in labor dispatch and job advertising.
- Upfront investment in sales structure and marketing to date paid off, and newly acquired merchants started their operations using our service during the period from the previous to the current fiscal year, leading to growth of GMV.
- Taking advantage of the heightened trend focusing on efficiency of payment services due to factors such as a declining workforce due to the recent decline in birthrates and work style reforms, as well as business expansion, we will continue to drive GMV growth by securing orders from major companies through strategic sales and development of services.

Notes on total operating revenue

For the three months ended June 30, 2025, total operating revenue increased 17.3% year on year to 6,163 million yen (up 10.8% to 4,198 million yen for the B2C Services: NP *Atobarai* and other, up 48.6% to 611 million yen for the B2C Services: *atone*, and up 28.6% to 1,353 million yen for the B2B Service).

Due to the growth of GMV in each service, operating revenue increased in absolute value.

Main drivers/impediments for changes in the ratio of total operating revenue to GMV are as follows:

- The ratio of total operating revenue to GMV declined year on year due to the significant increase of NP *Kakebarai*, resulting an increase in the GMV composition ratio, which has a relatively lower operating revenue ratio than NP *Atobarai*.
- For NP *Atobarai*, the ratio of total operating revenue to GMV increased due to the commencement of an administrative fee for late payment in July 2024.

Notes on gross profit

For the three months ended June 30, 2025, gross profit increased 29.4% year on year to 2,919 million yen (up 28.1% to 2,053 million yen for the B2C Services: NP *Atobarai* and other, up 39.4% to 166 million yen for the B2C Services: *atone*, and up 30.8% to 699 million yen for the B2B Service).

Gross profit increased in absolute value due to the growth of GMV in each service, as in the case of operating revenue.

Main drivers/impediments for changes in gross profit margin to GMV are as follows:

- Gross profit margin to GMV improved due to the commencement of an administrative fee for late payment in July 2024 for the NP *Atobarai*, as in the case of operating revenue.
- The ratio of bad debt-related expenses to GMV increased year on year due to an increase in the GMV composition ratio of NP *Kakebarai* and *atone*, which have a higher ratio of bad debt-related expenses to GMV than NP *Atobarai*. The collection status of receivables in these services is improving, and we will continue to work on reducing the ratio of bad debt-related expenses to GMV.

The calculation rule for bad debt-related expenses has been set so that we can provide an appropriate amount in the long term. Therefore, the expenses for a quarter or other short period may be subject to quarter-on-quarter or year-on-year fluctuation, irrelevant to the long-term trend.

Notes on operating profit and EBITDA

The Group posted operating profit of 767 million yen (up 180.9% year on year) and EBITDA of 1,196 million yen (up 75.6% year on year).

The main driver/impediment is as follows:

In line with the increase in gross profit, operating profit and EBITDA also increased. SG&A expenses increased year on year, but the ratio of SG&A expenses to GMV decreased year on year owing to the progress we have made in improving operational efficiency.

(2) Quarterly financial position

(Millions of yen, unless otherwise indicated)

	As of March 31, 2025	As of June 30, 2025	Change	Percentage change (%)
Total assets	70,848	79,085	8,237	11.6
Total current assets	50,540	58,735	8,195	16.2
Total non-current assets	20,307	20,349	42	0.2
Total liabilities	51,618	59,265	7,647	14.8
Total current liabilities	46,249	53,930	7,680	16.6
Total non-current liabilities	5,368	5,335	(33)	(0.6)
Total equity	19,229	19,819	590	3.1

Current assets as of June 30, 2025 increased 8,195 million yen from the end of the previous fiscal year. The increase was attributable mainly to a 5,159 million yen increase in trade and other receivables due mainly to an increase in transaction volume, as well as a 3,073 million yen increase in cash and cash equivalents.

Non-current assets increased 42 million yen from the end of the previous fiscal year.

Current liabilities increased 7,680 million yen from the end of the previous fiscal year. This was attributable mainly to a 7,714 million yen increase in trade and other payables due to an increase in transaction volume, as in the case of trade and other receivables.

Of the Group's current assets, trade and other receivables (before deduction of allowance for doubtful accounts) of 44,947 million yen represent primarily the receivables from end users who used our payment services. Of the Group's current liabilities, trade and other payables of 46,655 million yen represent primarily the payables to merchants. The Group's trade receivables and payables are well-balanced in the short term, backed by appropriately timed cycles of collection and payment from end users and to merchants, respectively. This implies that the Group has a limited need for raising additional working capital for business expansion. It can therefore be said that it is structurally less susceptible to the impact of rising interest rates. As payables to merchants for whom we provide payment services are paid mostly on Fridays, the ending balance varies significantly depending on what day of the week is the last day of the reporting period.

(3) Status of cash flows

(Millions of yen, unless otherwise indicated)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025	Change
Cash flows from operating activities	(604)	3,494	4,098
Cash flows from investing activities	(313)	(397)	(83)
Cash flows from financing activities	2,438	(67)	(2,506)
Effects of exchange rate changes on cash and cash equivalents	0	44	44
Net increase (decrease) in cash and cash equivalents	1,520	3,073	1,553
Cash and cash equivalents at the beginning of the period	10,810	17,039	6,229
Cash and cash equivalents at the end of the period	12,330	20,113	7,782

Cash and cash equivalents (“net cash”) as of June 30, 2025 amounted to 20,113 million yen (compared with 12,330 million yen at the end of the previous fiscal year).

Cash flows from operating activities

Net cash provided by operating activities amounted to 3,494 million yen (compared with 604 million yen used for the same period of the previous fiscal year). This is attributable mainly to:

- recording of profit before income taxes (positive 776 million yen),
- recording of depreciation, amortization and impairment losses (positive 425 million yen),
- changes in trade and other receivables (negative 5,159 million yen),
- changes in trade and other payables (positive 7,714 million yen),
- changes in other assets and liabilities (positive 536 million yen), and
- income taxes paid (negative 789 million yen).

Cash flows from investing activities

Net cash used in investing activities amounted to 397 million yen (compared with 313 million yen used for the same period of the previous fiscal year). This is attributable mainly to:

- purchase of intangible assets due to investment in system development (negative 389 million yen).

Cash flows from financing activities

Net cash used in financing activities amounted to 67 million yen (compared with 2,438 million yen provided for the same period of the previous fiscal year). This is attributable mainly to:

- repayments of lease liabilities (negative 71 million yen).

(4) Forward-looking information including consolidated earnings forecast

We have revised upward our full-year earnings forecast announced on May 15, 2025 because the results for the first quarter of the current fiscal year exceeded our initial forecast. For details of the revision, please refer to the “Notice of Revision to Full-Year Earnings Forecast for the Fiscal Year Ending March 31, 2026” announced today (August 14, 2025).

2. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed quarterly consolidated statement of financial position

	(Millions of yen)	
	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and cash equivalents	17,039	20,113
Trade and other receivables	32,810	37,970
Operating loans	180	177
Inventories	28	28
Other current receivables	481	445
Total current assets	<hr/> 50,540	<hr/> 58,735
Non-current assets		
Property, plant and equipment	686	656
Goodwill	11,608	11,608
Intangible assets	4,886	4,951
Other financial assets	958	956
Deferred tax assets	1,884	1,898
Other non-current assets	282	276
Total non-current assets	<hr/> 20,307	<hr/> 20,349
Total assets	<hr/>70,848	<hr/>79,085

	(Millions of yen)	
	As of March 31, 2025	As of June 30, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	38,940	46,655
Short-term loans	4,766	4,843
Lease liabilities	262	287
Other current financial liabilities	9	4
Income taxes payable	780	526
Provisions	33	33
Liabilities for employee benefits	556	596
Other current liabilities	899	983
	<hr/> 46,249	<hr/> 53,930
Non-current liabilities		
Long-term loans	4,984	4,987
Lease liabilities	270	233
Provisions	112	113
	<hr/> 5,368	<hr/> 5,335
Total liabilities	<hr/> 51,618	<hr/> 59,265
Equity		
Share capital	4,213	4,215
Capital surplus	14,275	14,278
Retained earnings	544	1,018
Other components of equity	136	244
	<hr/> 19,169	<hr/> 19,756
Total equity attributable to owners of parent	<hr/> 19,169	<hr/> 19,756
Non-controlling interests	60	63
Total equity	<hr/> 19,229	<hr/> 19,819
Total liabilities and equity	<hr/> 70,848	<hr/> 79,085

(2) Condensed quarterly consolidated statements of profit or loss and condensed quarterly consolidated statements of comprehensive income

Condensed quarterly consolidated statements of profit or loss

	(Millions of yen)	
	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Revenue	5,091	5,991
Other operating revenue	162	172
Total operating revenue	5,254	6,163
Operating expenses	(4,980)	(5,395)
Operating profit (loss)	273	767
Financial income	1	39
Financial costs	(19)	(30)
Profit (loss) before income taxes	254	776
Income tax expense	(123)	(305)
Profit (loss)	131	471
Profit (loss) attributable to:		
Owners of parent	135	474
Non-controlling interests	(3)	(2)
Profit (loss)	131	471
Earnings (loss) per share:		
Basic earnings (loss) per share (yen)	1.39	4.77
Diluted earnings (loss) per share (yen)	1.38	4.74

Condensed quarterly consolidated statements of comprehensive income

	(Millions of yen)	
	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit (loss)	131	471
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	50	113
Total of items that may be reclassified to profit or loss	50	113
Other comprehensive income	50	113
Comprehensive income (loss)	181	585
Comprehensive income (loss) attributable to:		
Owners of parent	182	582
Non-controlling interests	(0)	3
Comprehensive income (loss)	181	585

(3) Condensed quarterly consolidated statements of changes in equity

For the three months ended June 30, 2024

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total		
Balance as of April 1, 2024	4,134	14,196	(805)	178	17,704	76	17,780
Profit (loss)	—	—	135	—	135	(3)	131
Other comprehensive income	—	—	—	47	47	3	50
Total comprehensive income (loss)	—	—	135	47	182	(0)	181
Issuance of new shares and other shares	2	2	—	—	4	—	4
Share-based payment transactions	—	2	—	—	2	—	2
Total transactions with owners	2	4	—	—	6	—	6
Balance as of June 30, 2024	4,136	14,200	(670)	226	17,893	75	17,968

For the three months ended June 30, 2025

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Other components of equity	Total		
Balance as of April 1, 2025	4,213	14,275	544	136	19,169	60	19,229
Profit (loss)	—	—	474	—	474	(2)	471
Other comprehensive income	—	—	—	107	107	5	113
Total comprehensive income (loss)	—	—	474	107	582	3	585
Issuance of new shares and other shares	1	1	—	—	3	—	3
Share-based payment transactions	—	1	—	—	1	—	1
Total transactions with owners	1	2	—	—	4	—	4
Balance as of June 30, 2025	4,215	14,278	1,018	244	19,756	63	19,819

(4) Condensed quarterly consolidated statements of cash flows

	(Millions of yen)	
	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Cash flows from operating activities		
Profit (loss) before income tax	254	776
Depreciation, amortization and impairment losses	401	425
Share-based payment expenses	2	1
Finance income and finance costs	19	(9)
Increase (decrease) in provisions	(28)	0
Loss on retirement of non-current assets	4	2
Decrease (increase) in inventories	(12)	0
Decrease (increase) in trade and other receivables	(1,086)	(5,159)
Decrease (increase) in operating loans	—	2
Increase in trade and other payables	63	7,714
Other	41	536
Subtotal	(340)	4,291
Interest received	0	1
Interest paid	(2)	(9)
Income taxes refund (paid)	(262)	(789)
Net cash provided by (used in) operating activities	(604)	3,494
Cash flows from investing activities		
Payments into time deposits	(0)	—
Proceeds from withdrawal of time deposits	—	0
Purchase of property, plant and equipment	(39)	(10)
Purchase of intangible assets	(380)	(389)
Payments of guarantee deposits	(0)	—
Proceeds from collection of guarantee deposits	106	2
Net cash provided by (used in) investing activities	(313)	(397)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	2,514	—
Repayments of lease liabilities	(80)	(71)
Proceeds from issuance of shares	4	3
Net cash provided by (used in) financing activities	2,438	(67)
Effects of exchange rate changes on cash and cash equivalents	0	44
Net increase (decrease) in cash and cash equivalents	1,520	3,073
Cash and cash equivalents at the beginning of the period	10,810	17,039
Cash and cash equivalents at the end of the period	12,330	20,113

(5) Notes to condensed quarterly consolidated financial statements

Going concern assumption

Not applicable.

Segment information

The Group operates as a single segment, Payment Solutions, and there are no other business segments to be classified. Therefore, segment information is not presented here.

Trade receivables

The breakdown of receivables arising from contracts with customers is as follows:

	As of March 31, 2025	As of June 30, 2025	(Millions of yen)
Receivables arising from contracts with customers			
Trade receivables	419	461	
Other trade receivables	39,004	44,470	
Allowance for doubtful accounts	(6,613)	(6,961)	
Total	<u>32,810</u>	<u>37,970</u>	

Operating expenses

The breakdown of operating expenses is as follows:

	For the three months ended June 30, 2024	For the three months ended June 30, 2025	(Millions of yen)
Collection expense	1,574	1,571	
Invoicing expense	393	432	
Provision for doubtful accounts	65	264	
Bad debt expense	539	421	
Loss on sale of trade receivables (Note 1)	161	256	
Advertising expenses	104	127	
Sales promotion expenses	124	152	
Salaries	426	457	
Bonuses and provision for bonuses (Note 2)	94	111	
Legal welfare expenses	83	88	
Wages	93	94	
Recruiting expenses	17	27	
Consignment expense	248	293	
Operating and maintenance expenses	192	216	
Maintenance cost	32	38	
Depreciation and amortization	401	425	
Taxes and dues	126	76	
Other	300	340	
Total	<u>4,980</u>	<u>5,395</u>	

Notes:

1. For other trade receivables for *NP Kakebarai*, the Group sold trade receivables that are no longer expected to be collected through normal collection procedures by internal reminders and outsourcing, and recognized loss on sale of trade receivables at the time of selling.
2. "Provision for bonuses" which was listed in the breakdown of "Bonuses" and "Other" in the three months ended June 30, 2024 is listed as a single item of "Bonuses and provision for bonuses" from the six months ended September 30, 2024 to clarify similar expense items. To reflect this change, the breakdown of operating expenses for the three months ended June 30, 2024 was reclassified. As a result, "Bonuses" of 1 million yen and "Provision for bonuses" of 92 million yen, which was included in "Other," were reclassified and presented as "Bonuses and provision for bonuses" of 94 million yen in the three months ended June 30, 2024.