Net Protections Holdings, Inc.

Financial Results Presentation for the Fiscal Year Ended March 31, 2023

May 15, 2023

※Q&A will be uploaded at a later date.

Agenda

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Good afternoon, everyone, and thank you for taking time out of your busy schedules to join us.

I am Shin Shibata, CEO of Net Protections Holdings. I would like to begin the financial results presentation for the fiscal year ended March 31, 2023.

This is today’s agenda.

I will start by giving you an outline of the company and some business highlights, after which I will discuss our financial results for the year ended March 31, 2023 and our earnings forecasts for the year ending March 31, 2024.

Finally, I will review our growth strategy.

Mission



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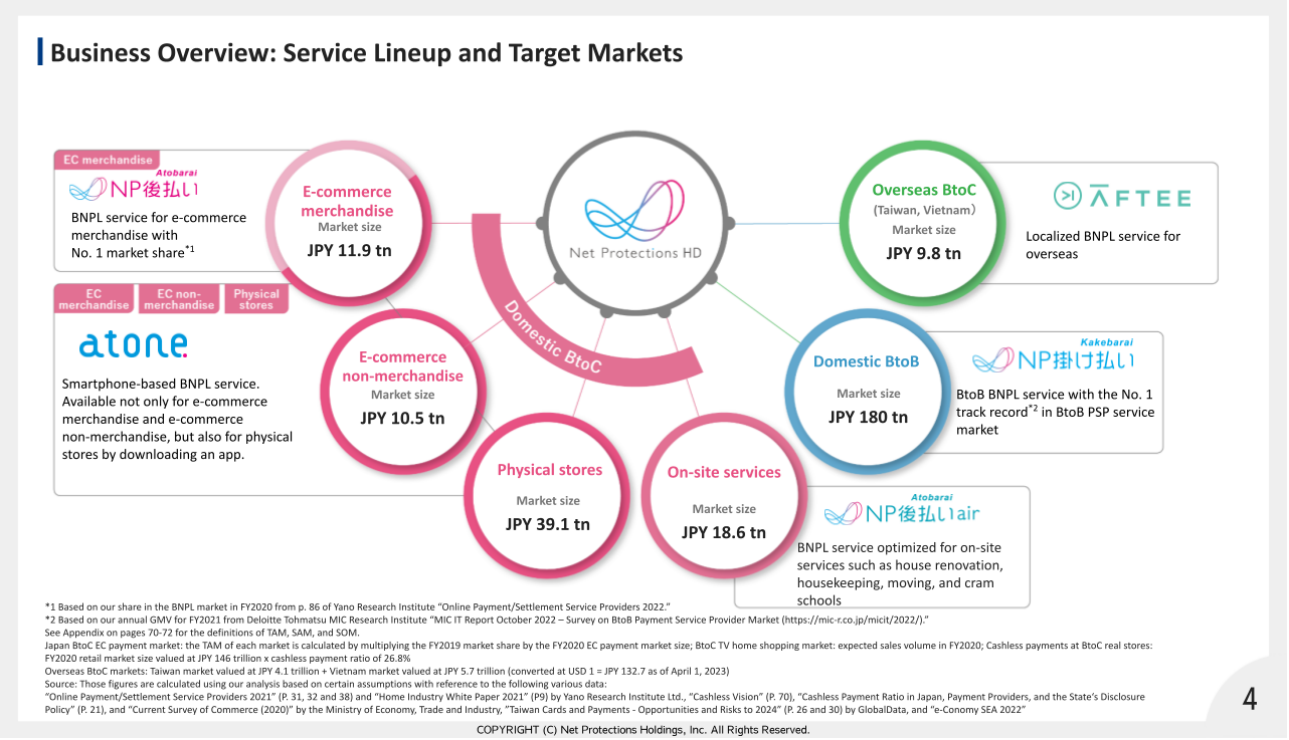
This page is placed at the beginning of the material at every meeting.

We truly respect our management philosophy, and has set up the mission to "Create New Standard."

What makes us unique is that we also want to create a new standard not only for our business, but also for our organization,and as part of that, we have adopted "teal organization," which is quite unusual for a listed company.

Business Overview: Service Lineup and Target Markets



Here is a summary of our services and target markets. It has been updated this time, so I would like to explain it.

We provide services in three fields: domestic BtoC, overseas BtoC, and domestic BtoB.

In addition, we aim to establish our position as a comprehensive BNPL service provider by developing and branding features that meet the needs of merchants and users in each of these markets.

In the Japan BtoC market, we are expanding the market through three services: NP Atobarai for merchandise e-commerce, with which we started; "atone" available not only for merchandise e-commerce but also for non-merchandise e-commerce and offline stores; and NP Atobarai air for on-site services. In particular, the target markets of atone and NP Atobarai air have a large white space yet to be developed. We expect these markets to grow with high potential.

Next is NP Kakebarai for the domestic BtoB market.

Payment methods for BtoB transactions are still dominated by bank transfer and promissory note, which require a lot of time and effort on both the buyer and seller. The market is in a pressing need for digital transformation.

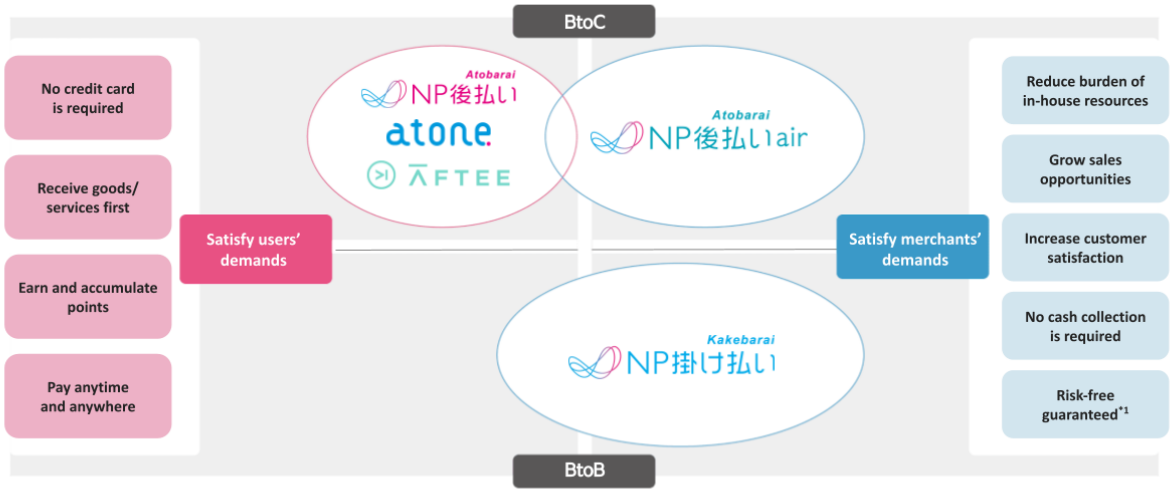
NP Kakebarai, our BtoB service, is capable of handling billing processes for all types of businesses, including e-commerce, wholesale, and SaaS. We have established our position as the No. 1 BtoB payment service provider with a proven track record.

Lastly, our overseas operations. We have been providing AFTEE in Taiwan since 2018. Having gained confidence through its success, we established the second overseas subsidiary in Vietnam last year. Expanding into the fast-growing Asian market is an important strategy for us, as we consider it essential to achieve long-term growth.

Business Overview: Value Proposition of Each BNPL Service

Business Overview: Value Proposition of Each BNPL Service

We provide various types of value: secure, convenient, beneficial shopping experience to users and reduced burden of in-house resources and growing sales opportunities to merchants.



*1 The guarantee only covers transactions approved by our credit screening system. In the event that a dispute between a merchant and a customer or a merchant client over a transaction arises and it cannot be immediately resolved, or Net Protections deems there is a risk of such a dispute, or the transaction otherwise falls under any of the grounds set forth in the merchant agreement for services offered by Net Protections, such a transaction will not be guaranteed, even though it has been approved.

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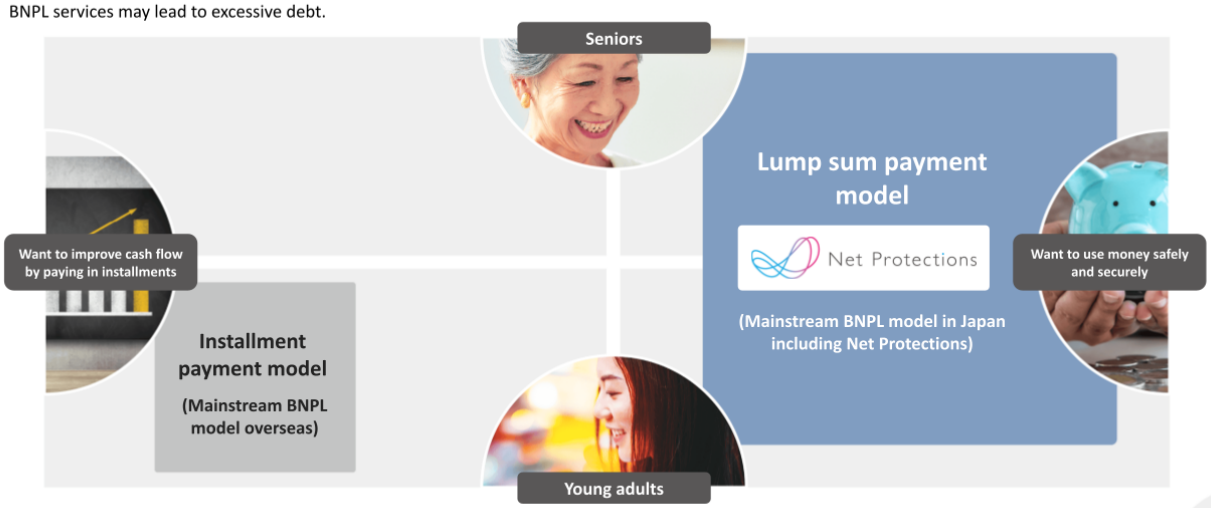
Business Overview: Positioning of Our BNPL Services versus Overseas BNPL Services

Business Overview: Positioning of Our BNPL Services versus Overseas BNPL Services

Unlike the BNPL service providers overseas, who adopt the installment payment model, our business model is based on the lump sum payment model, giving us a unique positioning in the market.
As such, our model helps limit risks of deteriorating earnings as a result of higher interest rates and of tightening regulations driven by concern that BNPL services may lead to excessive debt.



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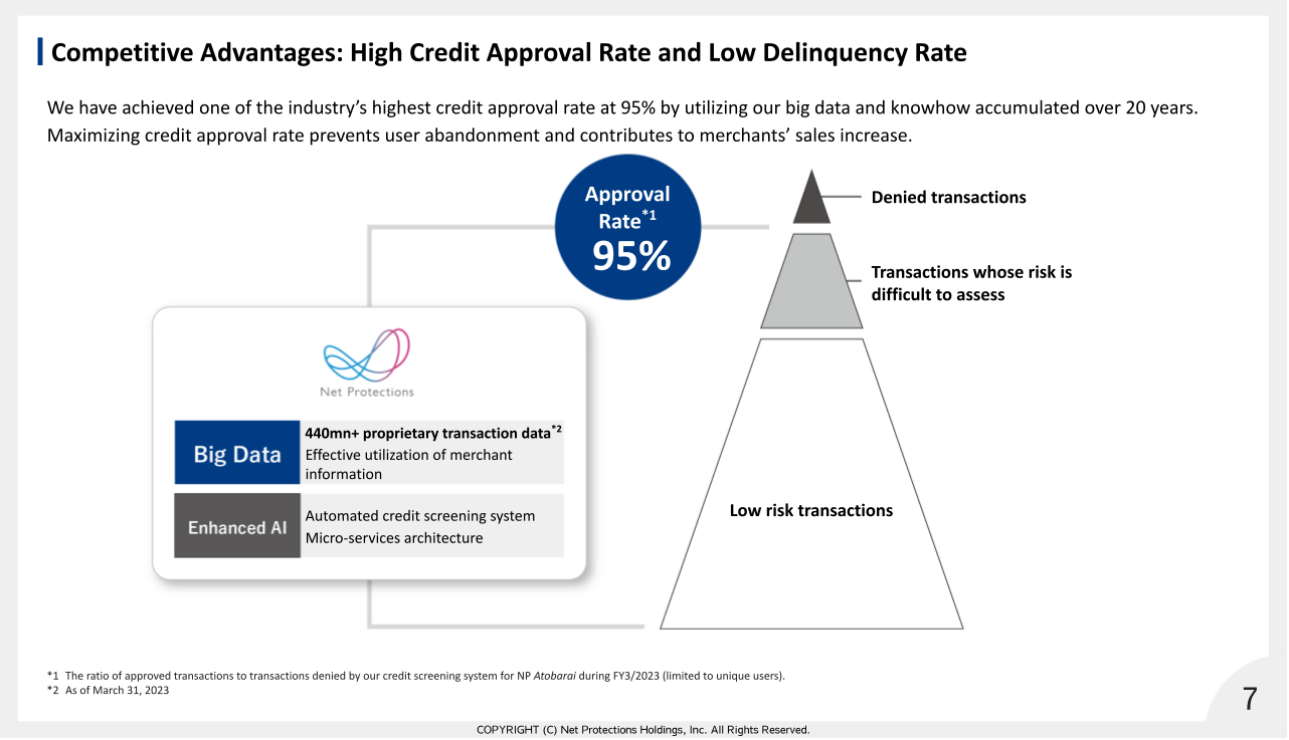
Competitive Advantages: High Credit Approval Rate and Low Delinquency Rate

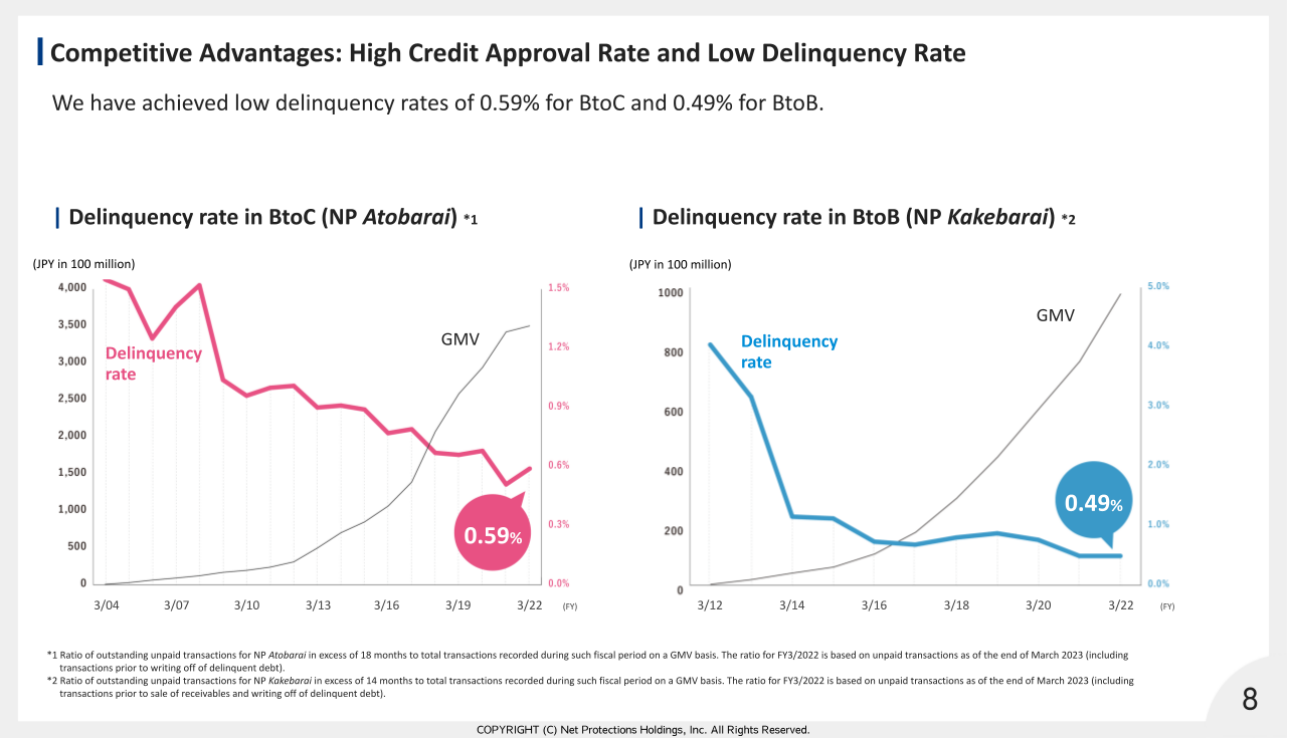


Our approval rate is the biggest source of competitive advantage for our services.

We believe we were able to maintain one of the industry’s top-ranked approval rates at 95% for the fiscal year ended March 31, 2023.

The 2% decrease from the previous fiscal year is the result of tightening credit for users who fail to pay within the due date and are frequently late in making payments.

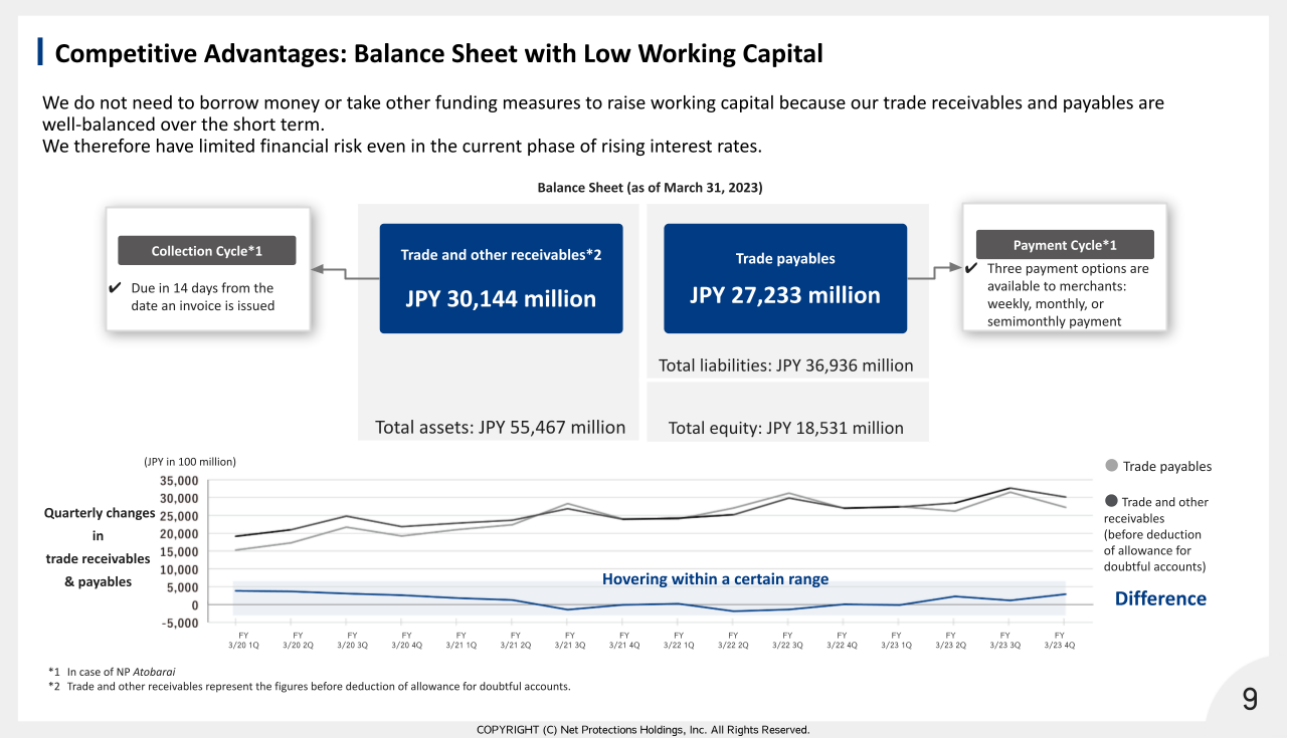
Competitive Advantages: High Credit Approval Rate and Low Delinquency Rate



We have also updated delinquency rates to the latest values.

The latest delinquency rates came in at 0.59% for BtoC and at 0.49% for BtoB, both staying at a low level.
Although the macro environment has been uncertain in the past year due to such factors as COVID-19 and inflation, we have managed to keep the delinquency rates under control. I once again feel confident in our business.

Competitive Advantages: Balance Sheet with Low Working Capital



Receivables and payables as of March 31, 2023 remain balanced and favorable in the short term.

Business Highlights



Business Highlights

- Executive Summary
- Highlights
- GMV

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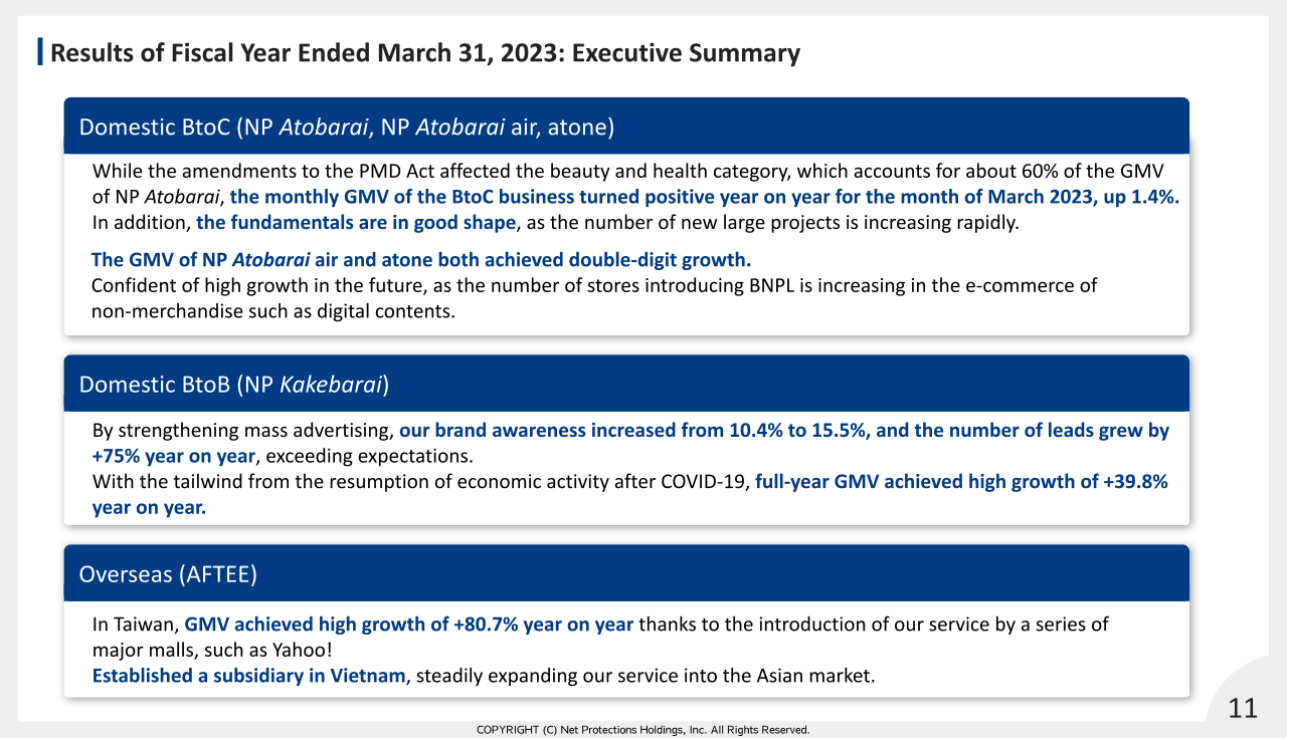
Moving on, let me share with you the key highlights of our financial results.

Results of Fiscal Year Ended March 31, 2023: Executive Summary



This is an executive summary of the fiscal year ended March 31, 2023.
We can summarize the results as follows: “domestic BtoC business has returned to growth momentum,” “domestic BtoB business has made a further leap forward,” and “overseas business has brought confidence in success.”

The domestic BtoC business has been suffering from the impact of the amendments to the Pharmaceutical and Medical Device (PMD) Act for the past year, but monthly GMV finally turned positive year on year for the month of March.
In addition, NP Atobarai air and atone are growing at double-digit rates, and given the current strong inflow of new projects, we expect these new services to become new growth drivers for the BtoC business.
In particular, atone, though still small in terms of GMV, is a BNPL service available not only for merchandise e-commerce and non-merchandise e-commerce, but also for offline stores. We believe its potential is very high.
Since atone is the core of our BtoC strategy, we have started disclosing the progress and forecasts of atone’s stand-alone business performance from this earnings report.

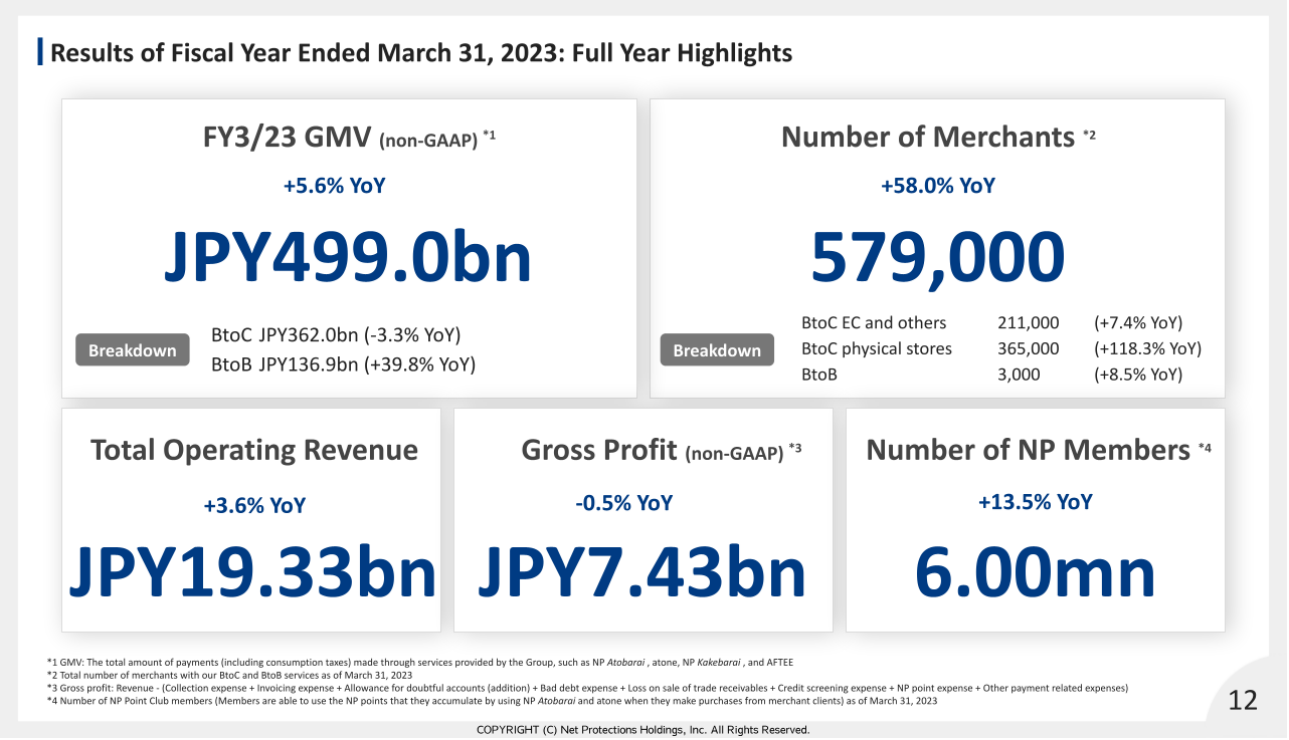
In the domestic BtoB business, NP Kakebarai achieved 39.8% growth, exceeding the target.
We took on the challenge of full-scale marketing, including the airing of our first TV commercial, and we are pleased with the results, both in terms of awareness building and lead acquisition.
We believe that this success was due to the fact that we were able to hire highly professional and talented people, and that our recommended teal organization helped young employees to become work-ready at an early stage.
Of course, sales activities will become more important to convert the increased leads into adoption of our service, but we believe it is quite possible to maintain high growth by recruiting mid-career employees and training younger employees in parallel, just as we have done in marketing.

And AFTEE, our overseas business, is a service that started operations in Taiwan in 2018.
Of course, we believe that domestic BNPL will still grow, but from the long-term, decade by decade, perspective, it is inevitable that we will expand into Asian countries with high economic growth rates.

We considered Taiwan to be a touchstone for such overseas expansion. With GMV up 80% year on year and gross profit generated, we are becoming more confident that our BNPL business can work overseas as well.
Last year we established our second subsidiary in Vietnam, and we intend to steadily expand our business into Asia, though gradually.

The following pages will report on each business metric.

Results of Fiscal Year Ended March 31, 2023: Full Year Highlights



These are the key highlights of our full-year financial results.

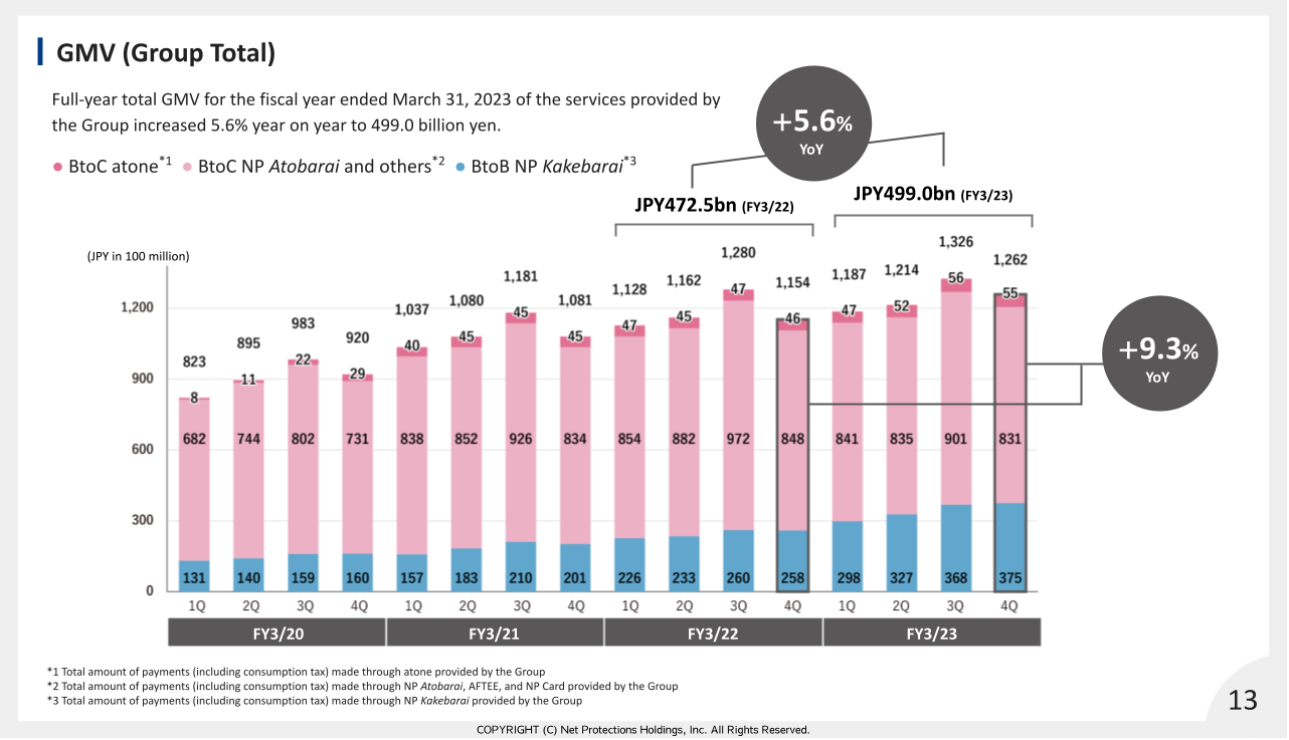
The actual figure of each metric is as shown here. I will go into the details of our financial results later. But before that, let me add a supplementary explanation on the number of merchants as we have shown the number of offline store merchants from this earnings report.

Payments for purchase at all physical stores with atone service can be made later at convenience stores and drugstores across the nation by downloading an app on mobile phones.

Payments for physical stores have been available since July 2019, and the number of merchants has been increasing year after year, but we have refrained from actively announcing this service because we believe that the risks associated with offline stores are higher than those associated with e-commerce.

Through repeated trial and error, we have determined that it is possible to control the risks depending on how we do it, so we are considering to release the service in stages, starting from users with a proven payment track record.

GMV (Group Total)



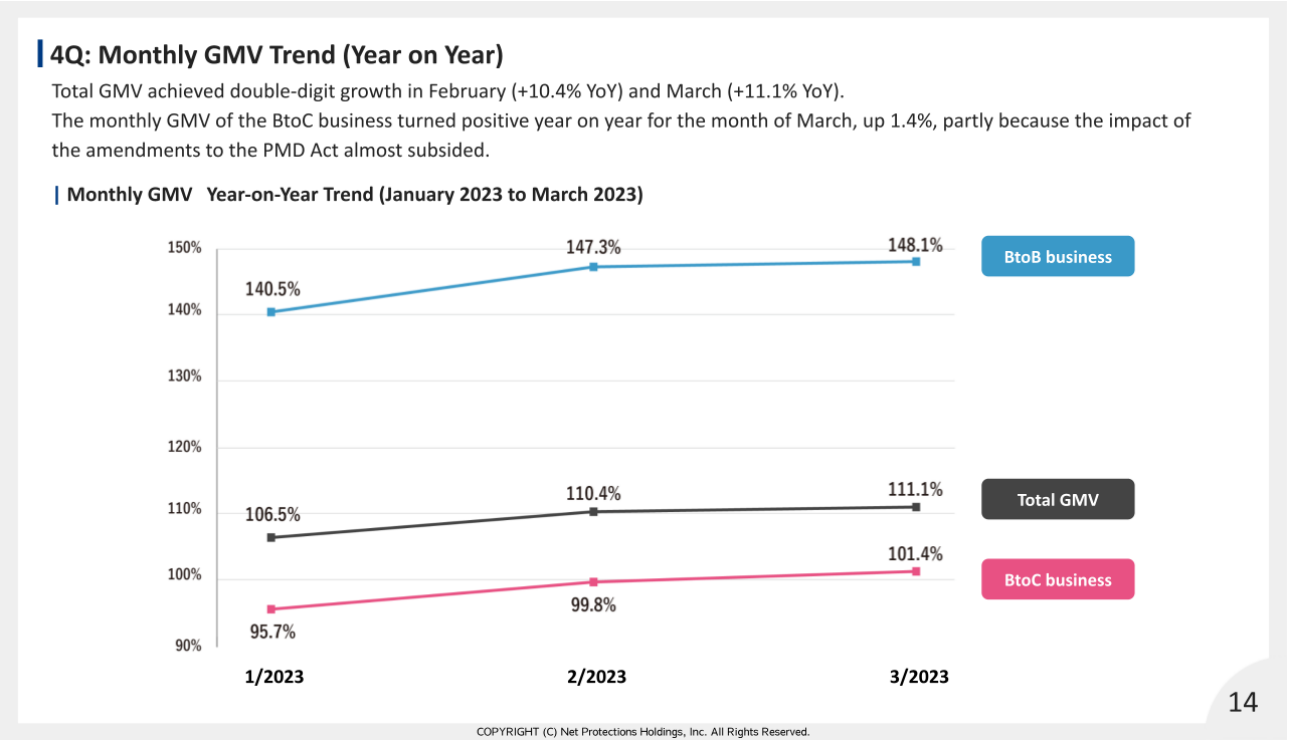
Full-year total GMV of the services provided by the Group increased 5.6% year on year to 499.0 billion yen, but we are not satisfied with this figure itself.

On the other hand, the fourth quarter saw a 9.4% year-on-year increase, indicating a return to the growth trend.

There are two reasons behind this: “BtoC is returning to positive year-on-year growth,” and “BtoB is accelerating its growth even further.”

Please see the next page.

4Q: Monthly GMV Trend (Year on Year)



This is a year-on-year comparison of monthly GMV for the fourth quarter.

Both BtoC and BtoB are rising steadily, and total GMV has achieved double-digit growth since February.

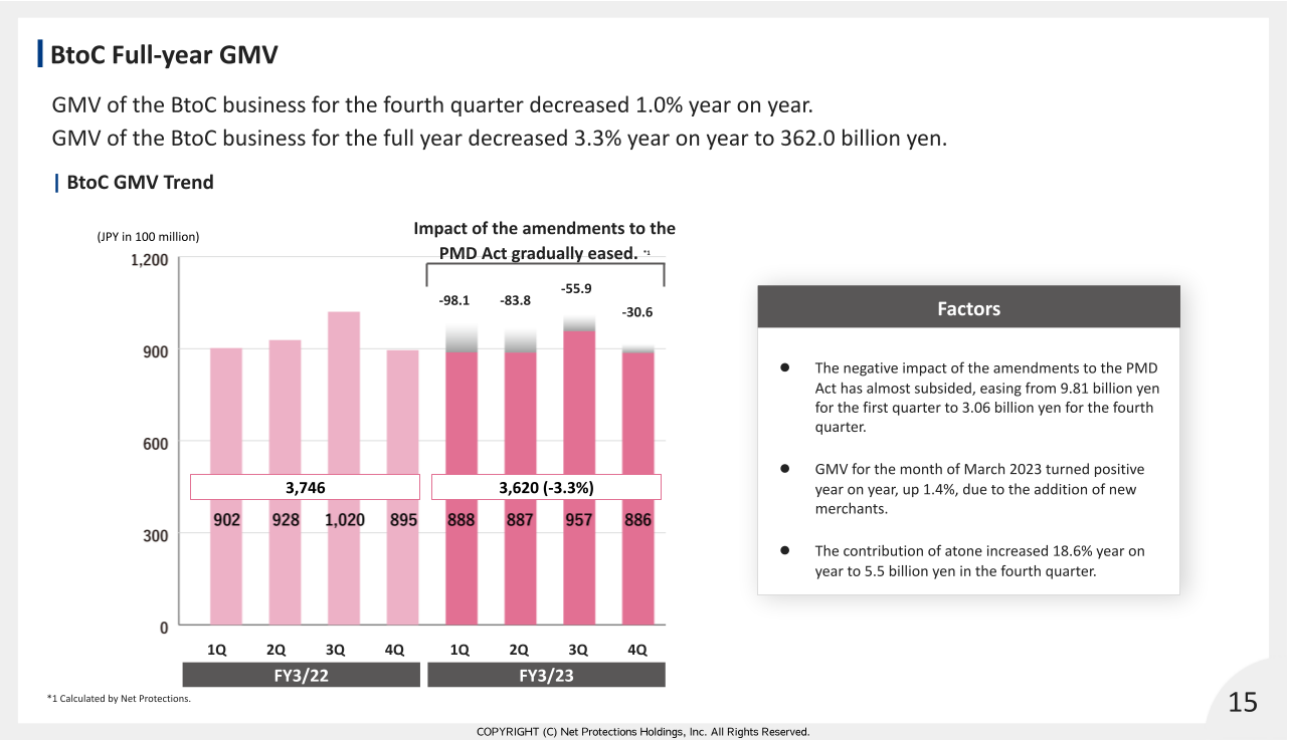
What are the drivers behind this?

First, BtoC turned positive year on year, up 1.4%, for the month of March, as the impact of the amendments to the PMD Act almost subsided.

Second, BtoB accelerated its growth rate to nearly 50% year on year. From these facts, you can see that we have regained our growth potential.

Although we are not satisfied with our performance over the past year, we are confident that we will be able to achieve growth that meets your expectations in the future.

BtoC Full-year GMV



This is the breakdown of full-year GMV of the BtoC business by quarter.

During the past year, the beauty and health category suffered from the negative impact of the amendments to the PMD Act, but the impact has been easing in stages, and we can finally say that it has almost subsided.

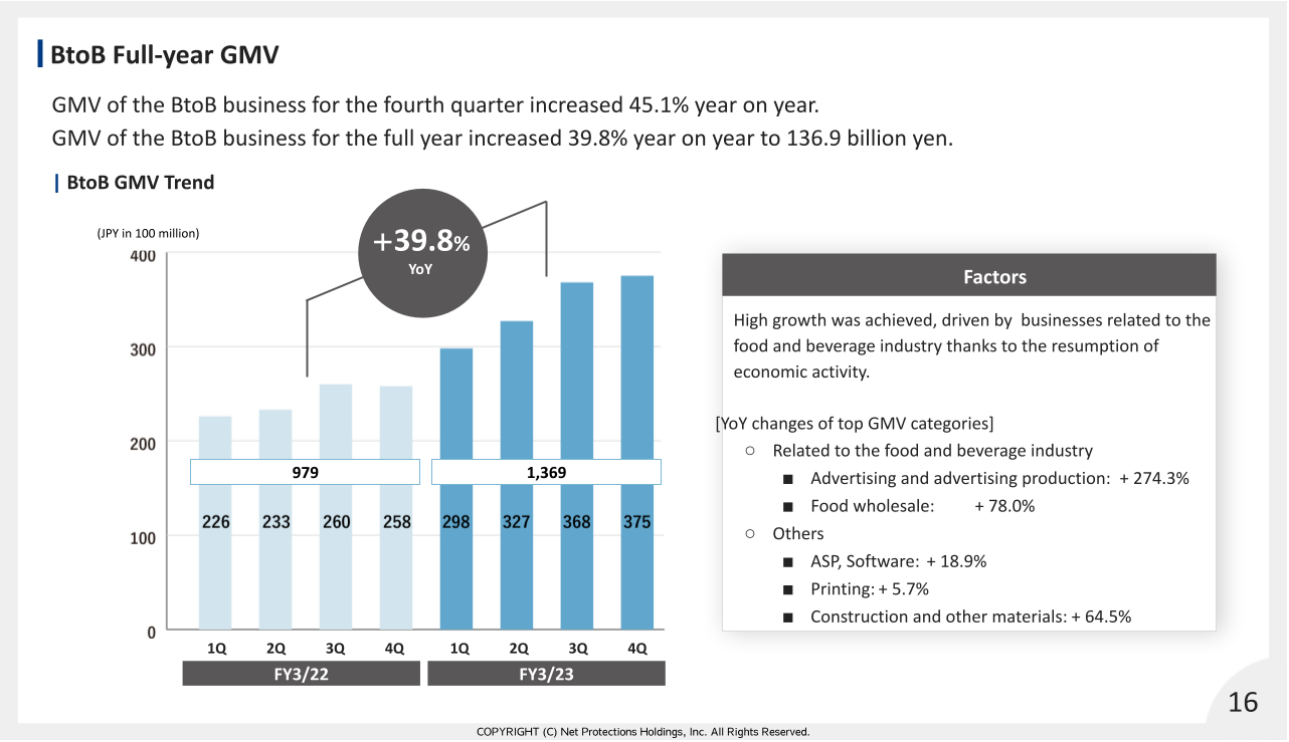
To reiterate what I said earlier, BtoC turned positive year on year for the month of March.

Looking ahead, we intend to expand atone in order to achieve both the growth of BtoC and the diversification of merchandise categories.

We believe it is possible, as the GMV growth rate of atone for the fourth quarter was 18.6%, and the companies that have recently adopted atone cover a wide range of merchandise, such as apparel and tickets.

We expect atone’s growth rate to be high this fiscal year. I will explain this later in the earnings forecast.

BtoB Full-year GMV



This slide shows the trend of quarterly GMV in BtoB. Full-year GMV was 136.9 billion yen, up 39.8% year on year.
Although the full-year GMV slightly fell short of 40% growth, it exceeded the target of 130.0 billion yen,
Looking at the fourth quarter alone, we achieved high growth of 45.1%, which is a satisfactory figure.

This GMV growth was driven by the strong performance of restaurant-related businesses, specifically job advertisements and food wholesale, reflecting the resumption of economic activity.
Other categories also achieved positive growth in general, though at different levels. This is evidence that our BtoB payment services are supported by a wide variety of industries.

Financial Results for the Fiscal Year Ended March 31, 2023



Financial Results for the Fiscal Year Ended March 31, 2023

- Financial Results for the Fiscal Year Ended March 31, 2023
- Breakdown of Total Operating Revenue/Gross Profit by BtoC/BtoB
- Total Operating Revenue/Gross Profit/Adjusted EBITDA
- Analysis of Year-on-Year Increase in SG&A Expenses

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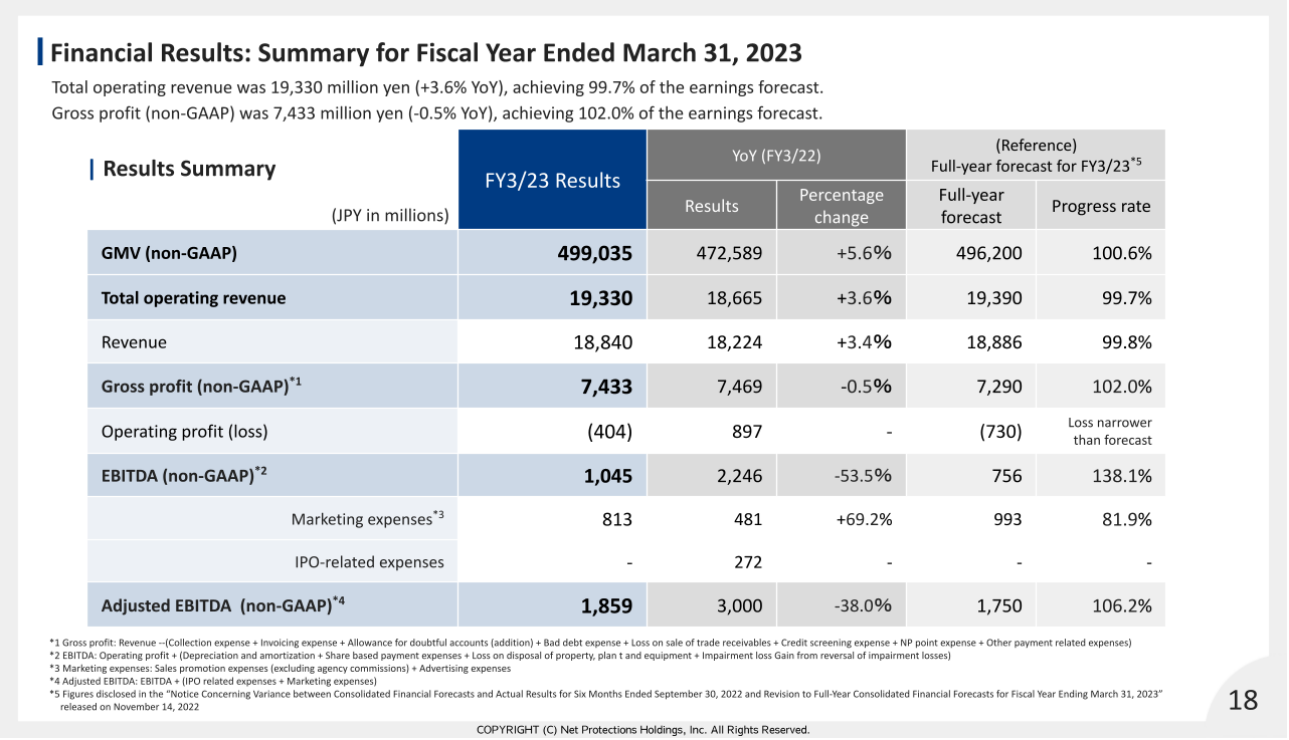
Now I will hand over to CFO Watanabe, who will talk in more detail on our full-year financial results for the year ended March 2023 and earnings forecasts for the fiscal year ending March 31, 2024.

Financial Results: Summary for Fiscal Year Ended March 31, 2023



Financial Results: Summary for Fiscal Year Ended March 31, 2023

Total operating revenue was 19,330 million yen (+3.6% YoY), achieving 99.7% of the earnings forecast.
Gross profit (non-GAAP) was 7,433 million yen (-0.5% YoY), achieving 102.0% of the earnings forecast.

Results Summary

(JPY in millions)	FY3/23 Results	YoY (FY3/22)		(Reference) Full-year forecast for FY3/23*5	
		Results	Percentage change	Full-year forecast	Progress rate
GMV (non-GAAP)	**499,035**	472,589	+5.6%	496,200	100.6%
Total operating revenue	**19,330**	18,665	+3.6%	19,390	99.7%
Revenue	18,840	18,224	+3.4%	18,886	99.8%
Gross profit (non-GAAP)*1	**7,433**	7,469	-0.5%	7,290	102.0%
Operating profit (loss)	(404)	897	-	(730)	Loss narrower than forecast
EBITDA (non-GAAP)*2	**1,045**	2,246	-53.5%	756	138.1%
Marketing expenses*3	813	481	+69.2%	993	81.9%
IPO-related expenses	-	272	-	-	-
Adjusted EBITDA (non-GAAP)*4	**1,859**	3,000	-38.0%	1,750	106.2%

*1 Gross profit: Revenue --(Collection expense + Invoicing expense + Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade receivables + Credit screening expense + NP point expense + Other payment related expenses)
*2 EBITDA: Operating profit + (Depreciation and amortization + Share based payment expenses + Loss on disposal of property, plan t and equipment + Impairment loss Gain from reversal of impairment losses)
*3 Marketing expenses: Sales promotion expenses (excluding agency commissions) + Advertising expenses
*4 Adjusted EBITDA: EBITDA + (IPO related expenses + Marketing expenses)
*5 Figures disclosed in the "Notice Concerning Variance between Consolidated Financial Forecasts and Actual Results for Six Months Ended September 30, 2022 and Revision to Full-Year Consolidated Financial Forecasts for Fiscal Year Ending March 31, 2023" released on November 14, 2022

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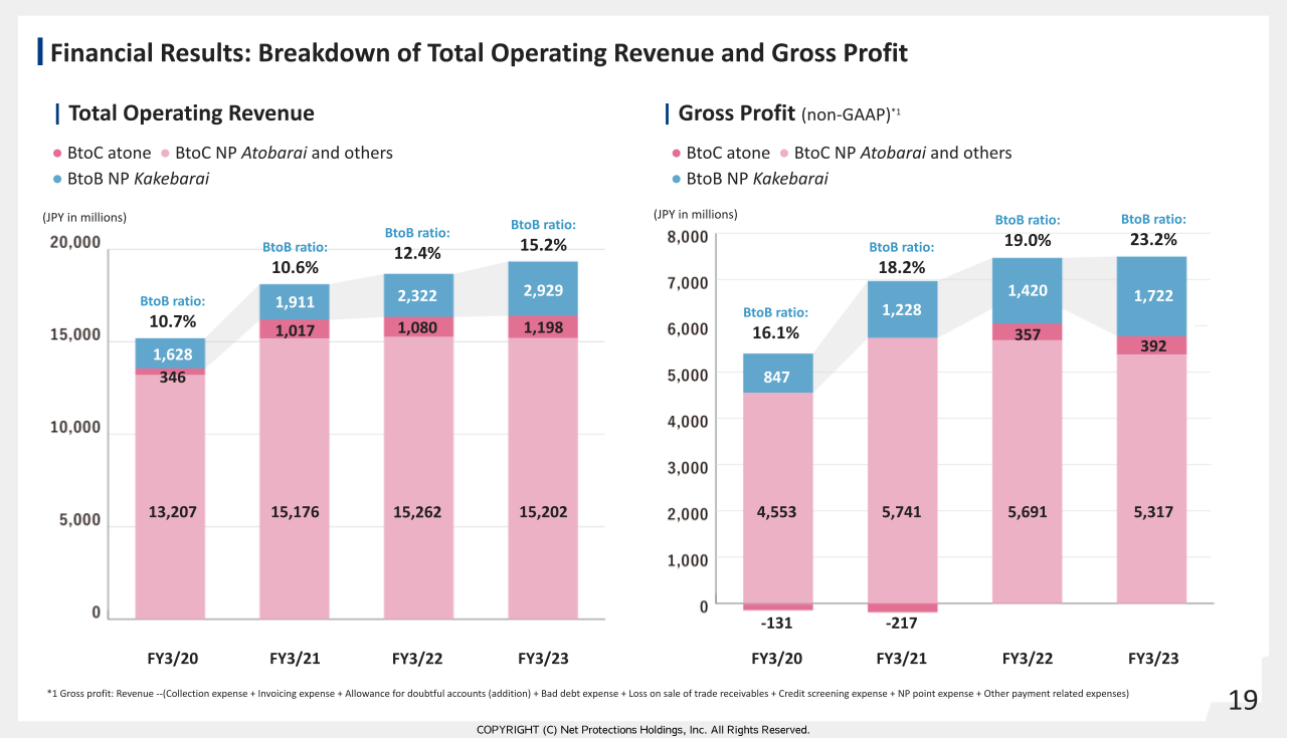
Total operating revenue for the fiscal year ended March 31, 2023 increased 3.6% year on year to 19,330 million yen, achieving 99.7% of the earnings forecast.
Gross profit also decreased 0.5% year on year to 7,433 million yen, achieving 102.0% of the earnings forecast, largely in line with the plan.

Operating profit ended in the red with a provisional operating loss of 404 million yen, compared to the projected operating loss of 730 million yen. The narrowing of the loss resulted from the efforts to reduce costs and marketing expenses.
The cost reduction was mainly driven by the increased use of electronic invoicing in NP Atobarai, which successfully reduced the cost of invoicing. We will continue promoting paperless through transition from paper to digital to improve profitability and preserve the environment.

Financial Results: Breakdown of Total Operating Revenue and Gross Profit



Here are total operating revenue and gross profit by business segment.
Our total operating revenue includes invoicing and collection fees, and we receive 225 yen per invoice.

In BtoC transactions, we issue an invoice per purchase. In contrast, BtoB payments are on a monthly basis, so invoices are issued only once per month.
As a result, the ratio of total operating revenue to GMV is higher for BtoC and lower for BtoB.

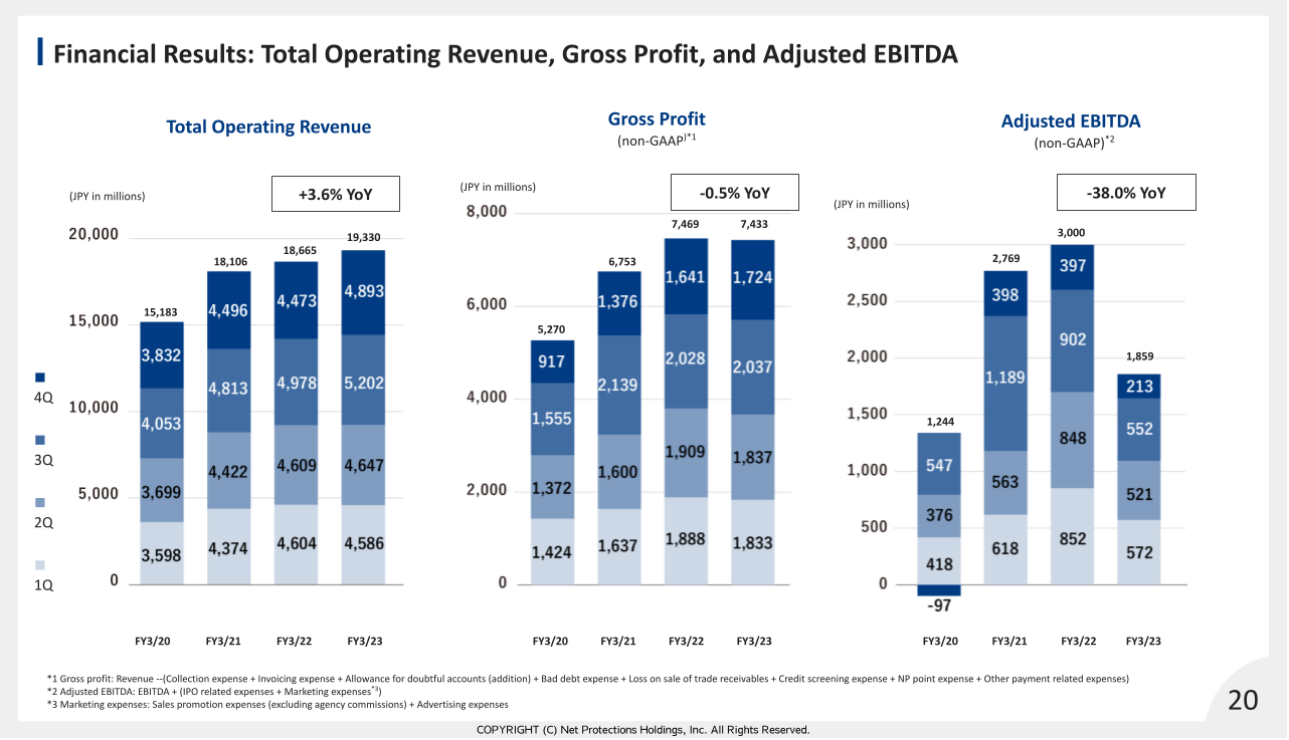
BtoB’ s share of GMV for the fiscal year ended March 31, 2023 was 27.4%, but its share of total operating revenue was 15.2% due to the invoicing and collection fees. However, since invoicing and collection fees are offset against their costs, the impact on gross profit is limited.
BtoB is lower than BtoC in terms of the gross profit margin. Nevertheless, BtoB is, in essence, profitable enough, so we intend to continue building up GMV.

Next, I would like to talk about atone, which has been separately presented from this earnings announcement. The gross profit of atone was 392 million yen for the fiscal

year ended March 31, 2023, which represents a gross profit margin to GMV is approximately 1.9%. As the gross profit margin of NP Atobarai, which is also a BtoC service, is approximately 1.6%, atone is a more profitable business model. This is because atone's model is centered on paperless payment methods, such as electronic barcodes and bank transfers, thereby reducing costs compared to NP Atobarai.

In addition, there is room for atone to further increase its profitability. As mentioned on slide 5, the delinquency rate for NP Atobarai is 0.59%, but atone is expanding its services to new markets and users, and the current delinquency rate is over 1%. We are confident that we can still lower the delinquency rate for atone and expect its profitability to improve. Atone's gross profit has turned positive since the fiscal year ended March 31, 2022. This is certainly backed by the decline in the delinquency rate.

Financial Results: Total Operating Revenue, Gross Profit, and Adjusted EBITDA

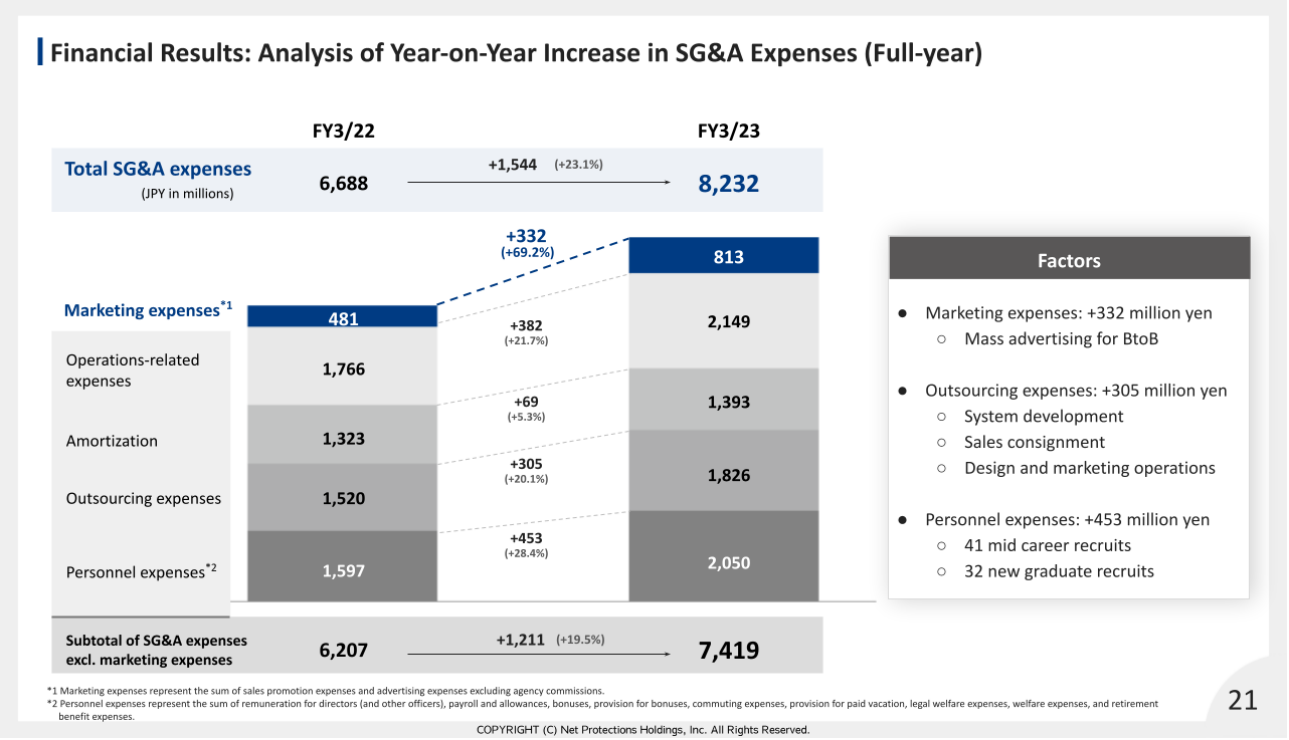


Moving on, we will look at the trend of total operating revenue, gross profit, and adjusted EBITDA.

The decrease in adjusted EBITDA was due to increased investments to strengthen the sales and IT structure.

Meanwhile, selling, general and administrative expenses increased. I will go into the details in the next slide.

Financial Results: Analysis of Year-on-Year Increase in SG&A Expenses (Full-year)



These are the factors behind the increase in SG&A expenses.
During the fiscal year ended March 31, 2023, we mainly invested in marketing and reinforcing our sales structure.

Marketing expenses increased by 332 million yen year on year, most of which was spent on mass advertising for NP Kakebarai, a BtoB business.
However, the amount of marketing expenses was about 180 million yen less than the forecast.
This is mainly due to the fact that some of the campaign expenses for the BtoC businesses, AFTEE and atone, to promote user usage were pushed back to the fiscal year ending March 31, 2024.

The total of outsourcing and personnel expenses, which increased by about 758 million yen year on year, is the cost of strengthening our sales structure.
We hire about 30 new graduates every year, and while we have not actively recruited mid-career workers in the past, we hired over 40 mid-career workers in the fiscal year ended March 31, 2023.

This move is in response to the growing scale of member merchants and companies currently under consideration, as well as the rising level of service quality and sales support required.

In addition, since feature development and sales activities for small and medium-sized customers cannot be covered by internal staff alone, consignment is being used, resulting in an increase in outsourcing expenses.

Earnings Forecasts for the Fiscal Year Ending March 31, 2024



Earnings Forecasts for the Fiscal Year Ending March 31, 2024

- Earnings Forecasts
- GMV Estimates
- Estimates of SG&A Expenses
- BtoC: Key measures for atone

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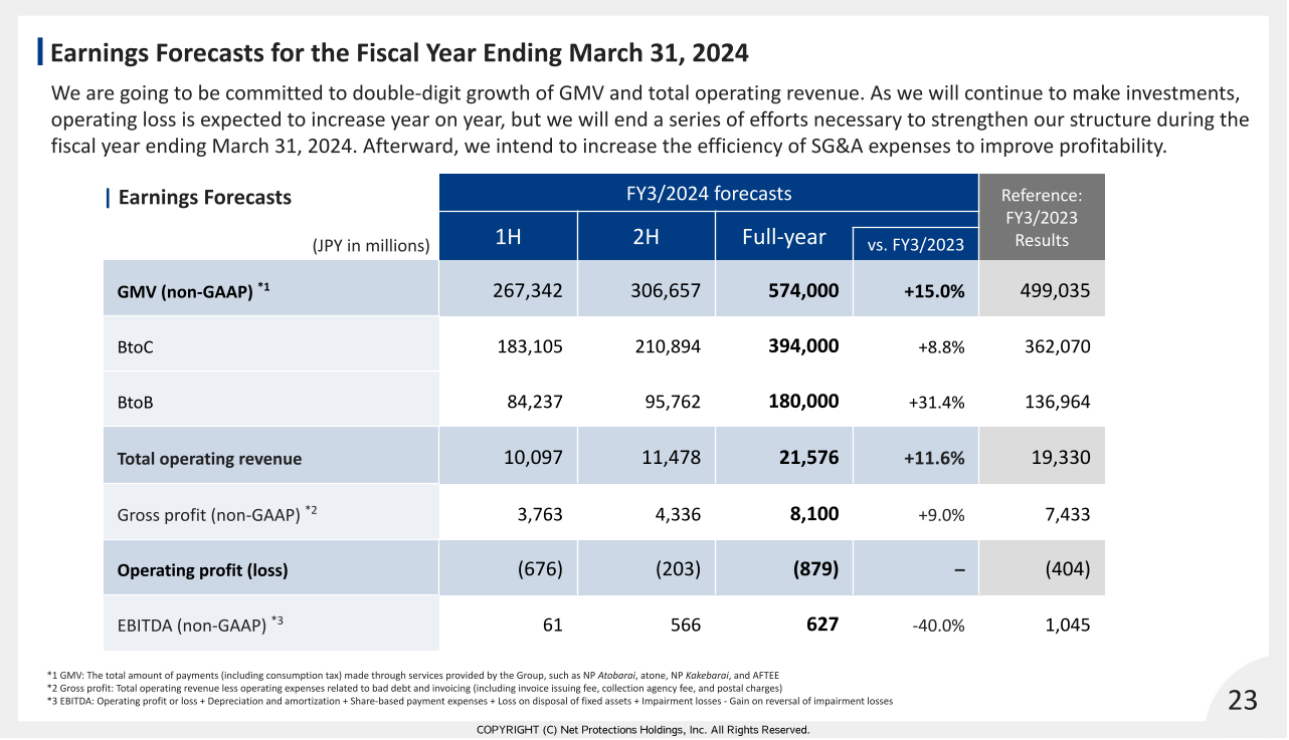
Next, I will discuss our earnings forecasts for the fiscal year ending March 2024.

Earnings Forecasts for the Fiscal Year Ending March 31, 2024



Earnings Forecasts for the Fiscal Year Ending March 31, 2024

We are going to be committed to double-digit growth of GMV and total operating revenue. As we will continue to make investments, operating loss is expected to increase year on year, but we will end a series of efforts necessary to strengthen our structure during the fiscal year ending March 31, 2024. Afterward, we intend to increase the efficiency of SG&A expenses to improve profitability.

Earnings Forecasts

(JPY in millions)

	FY3/2024 forecasts				Reference: FY3/2023 Results
	1H	2H	Full-year	vs. FY3/2023	
GMV (non-GAAP) *1	267,342	306,657	**574,000**	**+15.0%**	499,035
BtoC	183,105	210,894	**394,000**	+8.8%	362,070
BtoB	84,237	95,762	**180,000**	+31.4%	136,964
Total operating revenue	10,097	11,478	**21,576**	**+11.6%**	19,330
Gross profit (non-GAAP) *2	3,763	4,336	**8,100**	+9.0%	7,433
Operating profit (loss)	(676)	(203)	**(879)**	**–**	(404)
EBITDA (non-GAAP) *3	61	566	**627**	-40.0%	1,045

*1 GMV: The total amount of payments (including consumption tax) made through services provided by the Group, such as NP *Atobarai*, atone, NP *Kakebarai*, and AFTEE
*2 Gross profit: Total operating revenue less operating expenses related to bad debt and invoicing (including invoice issuing fee, collection agency fee, and postal charges)
*3 EBITDA: Operating profit or loss + Depreciation and amortization + Share-based payment expenses + Loss on disposal of fixed assets + Impairment losses - Gain on reversal of impairment losses

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We are going to be committed to 15% growth of Group total GMV for the full year.

Looking at the current stock market, many companies emphasize profits. We also can make ourselves profitable. On this premise, we had a series of dialogue with investors and had discussions in the meetings of the Board of Directors.

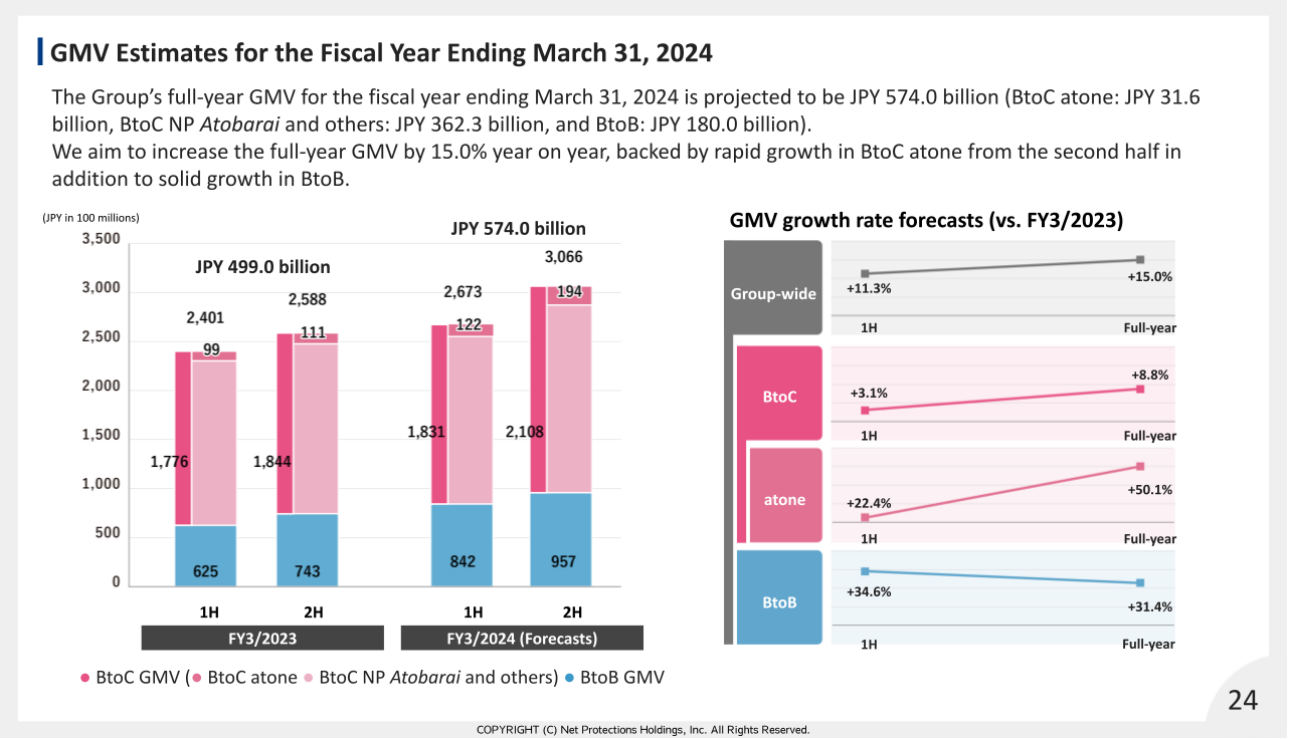
As a result, we understand that investors expect us to achieve GMV growth to maximize future profits and that the benchmark for growth is 20%.

BtoC is still on the way to recover because the business remains partially affected by the Pharmaceutical and Medical Device Act, so considering this factor, we decided to make a commitment to achieve 15% growth of Group total GMV for the fiscal year ending March 31, 2024.

Furthermore, we will continue from the previous fiscal year to strengthen our sales and IT structure, but it will be sufficiently staffed during the fiscal year ending March 31, 2024. Afterward, we will increase the efficiency of SG&A expenses and focus on the balance between growth and profit.

Therefore, to allow shareholders and investors to analyze our earnings more easily in the future, we have set operating profit or loss and EBITDA as key profit indicators, where we previously disclosed adjusted EBITDA, which is calculated by adding marketing expenses back to EBITDA.

GMV Estimates for the Fiscal Year Ending March 31, 2024

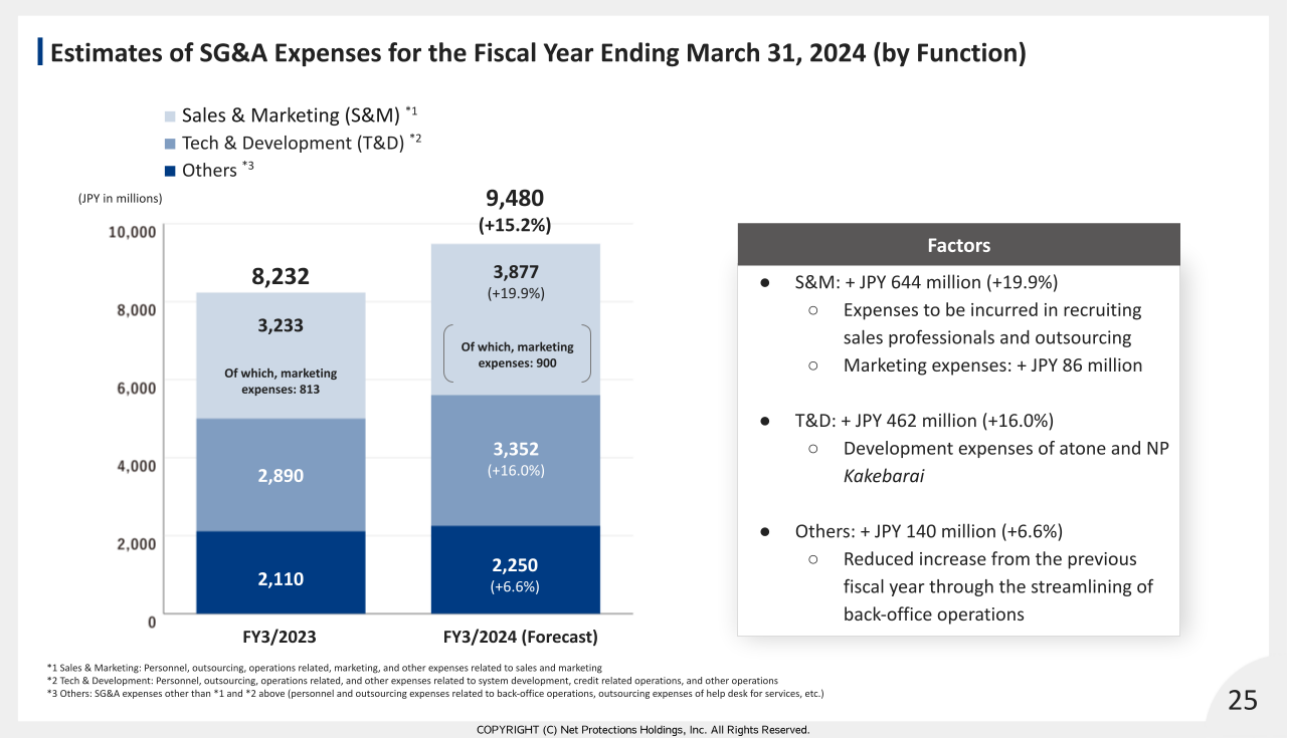


Here are GMV estimates for the first half and full year.
As our services are recurring business, GMV grows more in the second half.
We estimated GMV by calculating the results and trends of existing transactions made during the fiscal year ended March 31, 2023 and adding an underestimated amount of transactions from new business deals to the calculated amount.

We expect the growth rate to be 3.1% for BtoC and 34.6% for BtoB in the first half. For the full year, we expect the growth rate to be 8.8% for BtoC and 31.4% for BtoB.

For atone in BtoC, we expect high growth rate of 50% for the full year because large merchants will adopt our services in the second half.
We also aim at a further uptick in the growth rate by successfully bringing the current business deals to the adoption of our services at merchants.
In BtoB, we believe that we can maintain nearly 30% growth rate throughout the fiscal year by keeping momentum in the previous fiscal year.
The marketing initiatives implemented during the previous fiscal year helped increase potential business deals. We therefore believe that there may be more new merchants adopting our services, which could further increase GMV.

Estimates of SG&A Expenses for the Fiscal Year Ending March 31, 2024 (by Function)



Here are the estimates of SG&A expenses.

We have invested in personnel and outsourcing, but the nature of these expenses is not easily understandable, so they are categorized by divisional function.

The total amount of SG&A expenses is forecast to increase by approximately 1,248 million yen year on year.

A half of the increase is attributable to our proactive investment in sales & marketing, especially for recruiting sales personnel and using more outsourcing services.

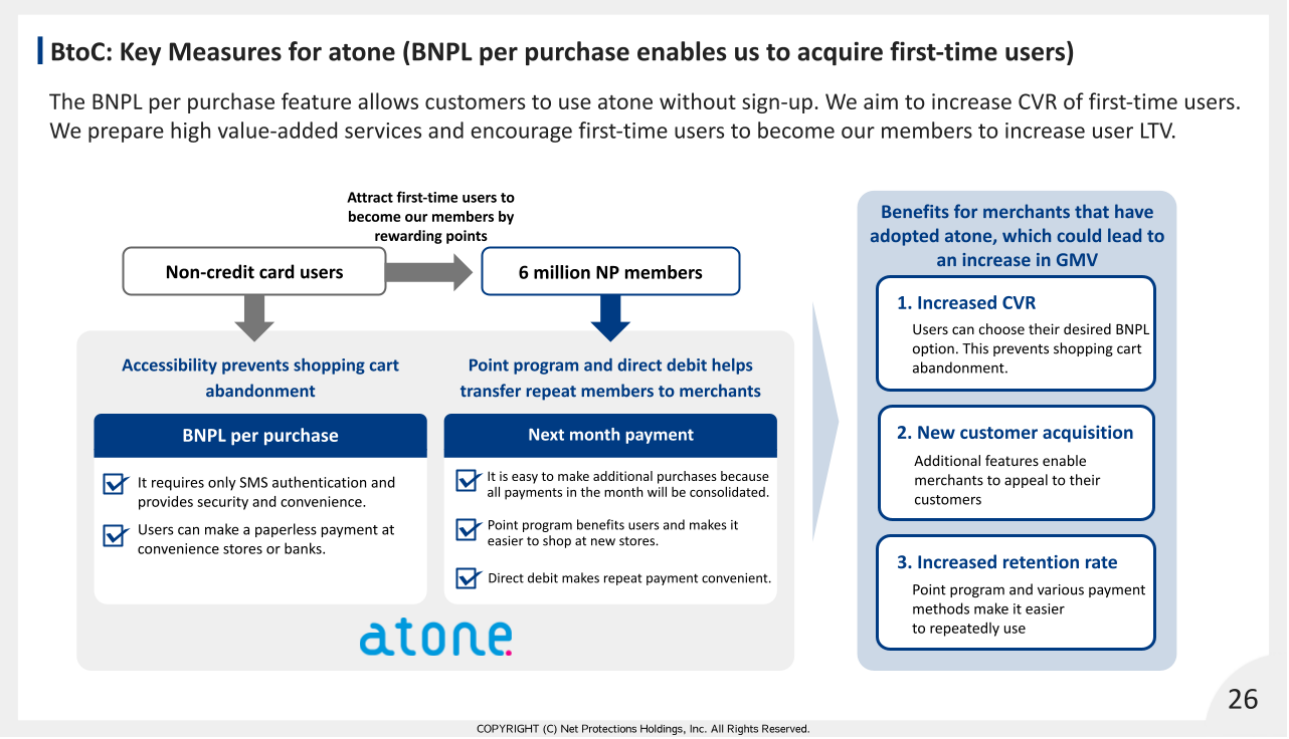
We consider such investment necessary because the number of sales deals increased by 1.5 times for the past year and is expected to continue to increase.

Sales collaboration with partners is also accelerating. We will finish the large-scale structure strengthening during the fiscal year ending March 31, 2024. We will then take thorough cost control measures.

In our approach to SG&A expenses, we consider system development is essential for our business expansion in terms of our business characteristics, but we will curb SG&A

expenses by improving the efficiency of sales and marketing expenses and other SG&A expenses in phases.

BtoC: Key Measures for atone (BNPL per purchase enables us to acquire first-time users)



Let me additionally explain two things about our strategy because the importance of atone in BtoC is increasing and this impacts our earnings forecasts.

First one is the implementation of the BNPL per purchase feature. We first reported about this feature in the financial results briefing for the nine months ended December 31, 2022.

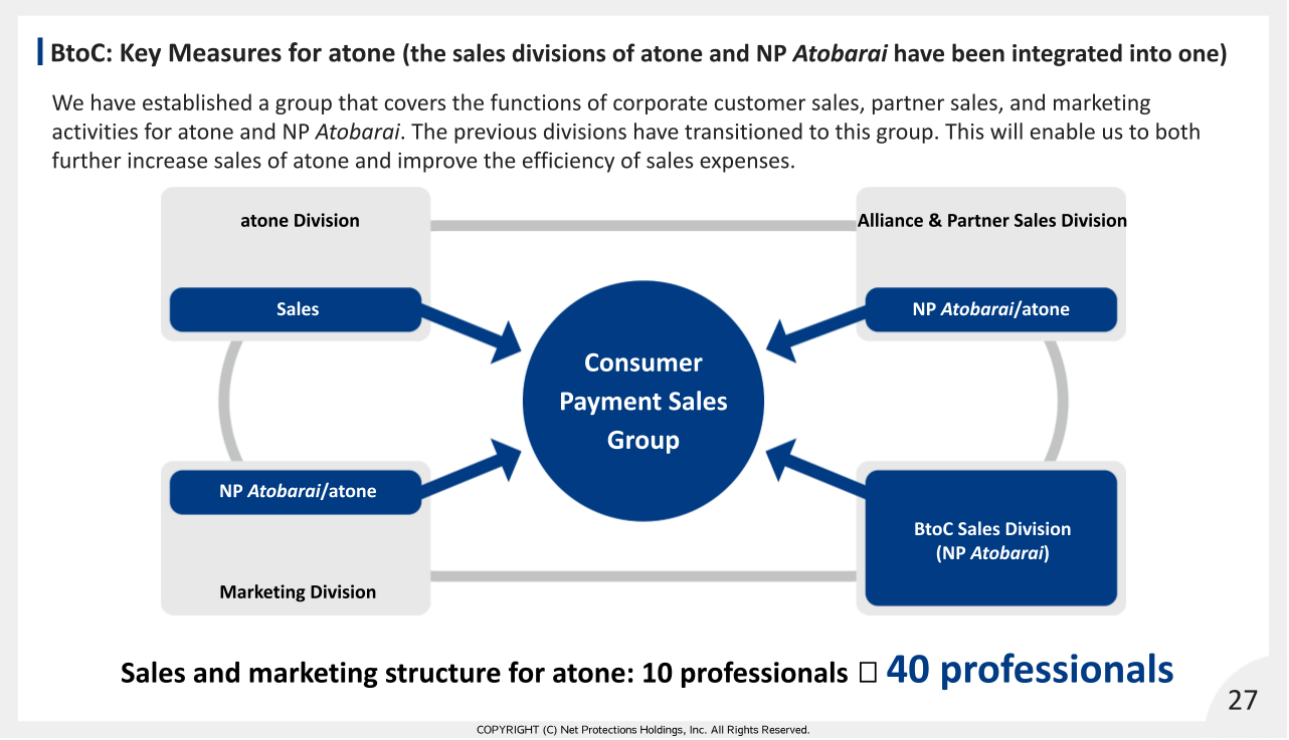
Customers were required to sign up to use atone before, but the new feature allows customers to use atone instantly without sign-up.

Many customers want to use the BNPL service, but do not want to sign up. With the new feature, we expect a rise in the usage rate.

We will use value-added services as hooks, such as rewarding points and suggesting the direct debit payment method, to encourage BNPL per purchase users to become our members.
A direct message and a push notification allow us to run a sales promotion targeted at our members, and this enables us to help transfer our members to shops.
We currently consider evolving atone to become the BNPL service that can help drive customers to shops.

We already released the BNPL per purchase feature, and there are first-time users.
We expect an increase in the number of first-time users, so hopefully, we can report good results in the next or later financial results briefing.

BtoC: Key Measures for atone (the sales divisions of atone and NP Atobarai have been integrated into one)



Second one is that our large-scale organizational change.

We previously allocated more resources to NP Atobarai than atone because NP Atobarai accounted for a larger share of our sales.
However, from the fiscal year ending March 31, 2024, we have integrated the sales and marketing divisions of these two services into one group for the purposes of further increasing sales of atone and improving the efficiency of sales expenses.

30 professionals who engaged in NP Atobarai now focus on atone to improve quality in all aspects of making sales negotiations successful, winning and executing new contracts, and supporting operations.
While focusing on atone, these professionals will sell and support NP Atobarai because inquiries about the service are still increasing.

Through these efforts, we will accelerate atone and put BtoC back on the track of growth, aiming to achieve greater results than the earnings forecasts.

Review of Growth Strategy



Review of Growth Strategy

Key Measures

- Review of Marketing Activities
- Review of Alliances
- Key Measures to Be Taken during the Fiscal Year Ending March 31, 2024

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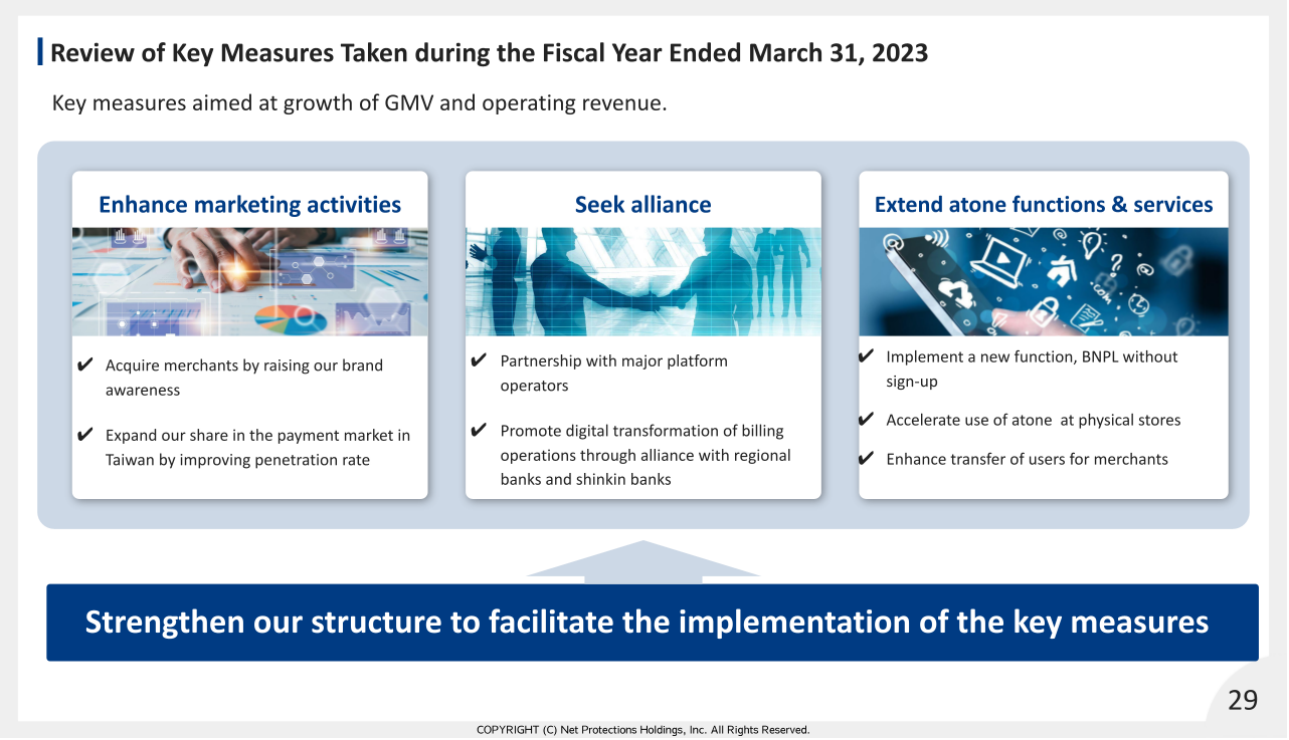
The last part will be a review of key measures taken during the fiscal year ended March 31, 2023 and a policy in the following fiscal year.

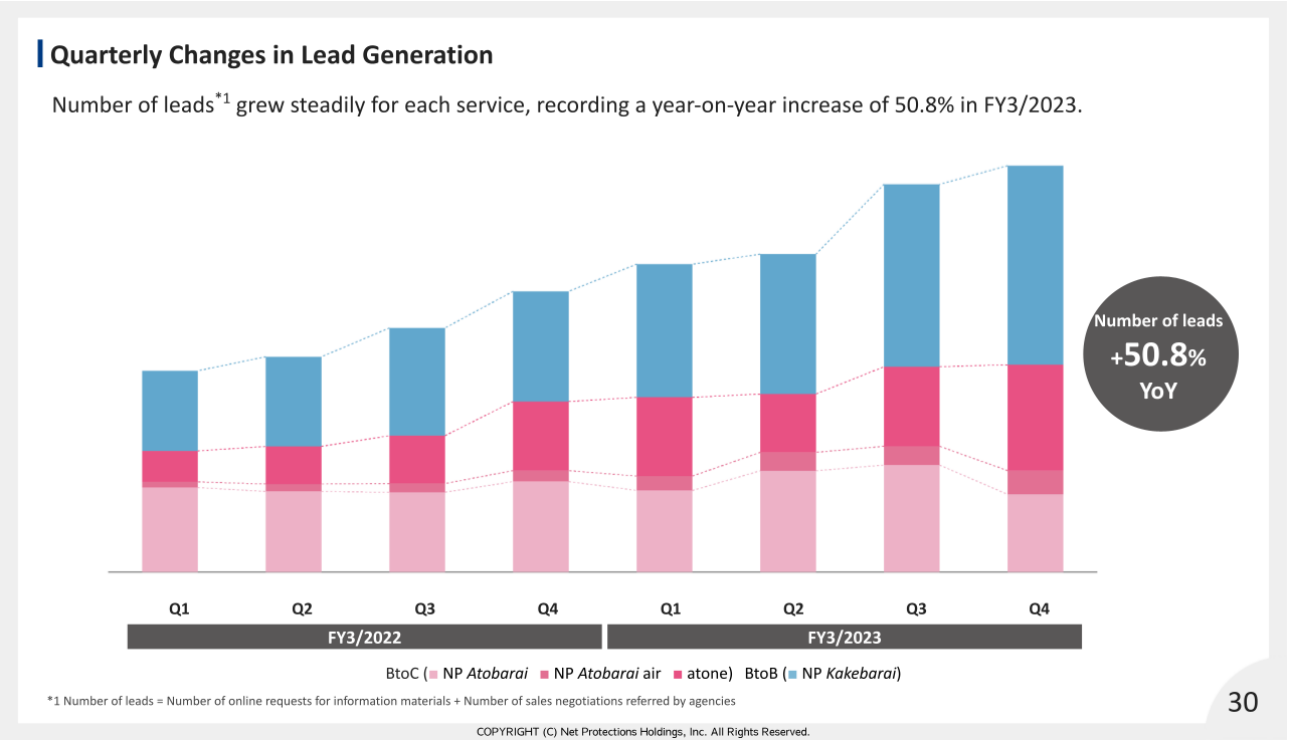
Review of Key Measures Taken during the Fiscal Year Ended March 31, 2023



We look back at the key measures taken during the last year.

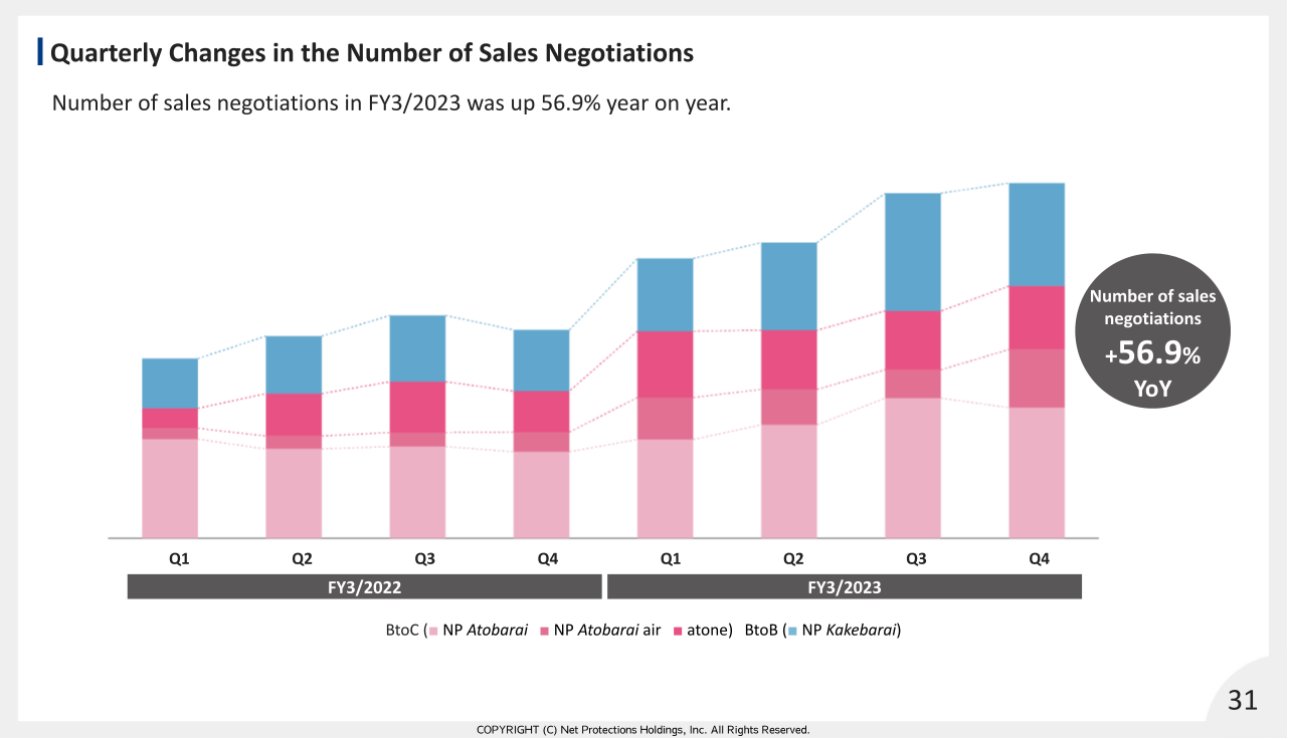
As shown on this slide, we have focused on enhancing marketing activities and seeking alliance to acquire new merchants.

Quarterly Changes in Lead Generation



As one of our marketing activities, we optimized our advertising campaigns. In seeking alliance, we formed partnerships with other companies who refer potential customers to us. These two measures worked successfully, increasing the number of leads by 1.5 times year on year.

Quarterly Changes in the Number of Sales Negotiations



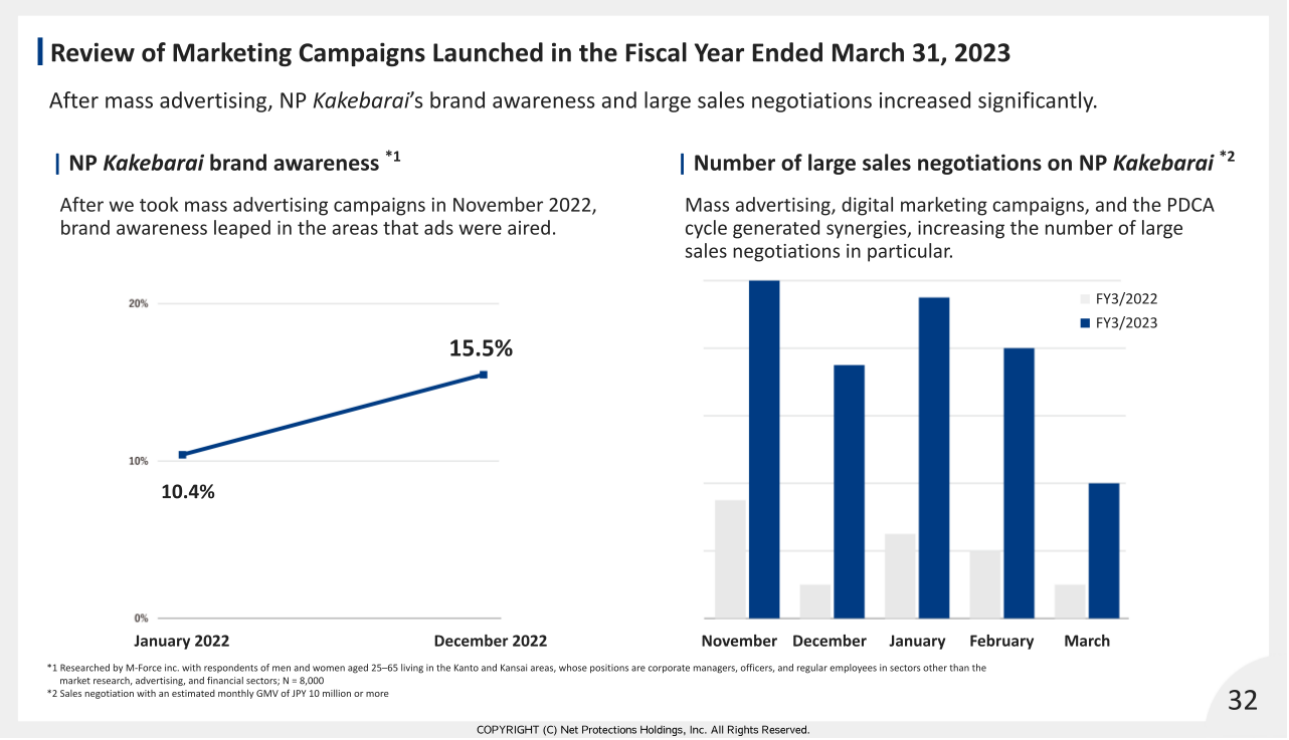
The number of sales negotiations increased by 56.9% year on year, achieving great results.

We acquired new leads through responding to requests for information materials and sales negotiations referred by agencies.

We allocated these new leads to sales professionals, and they worked on the leads swiftly.

This workflow started to work well.

Review of Marketing Campaigns Launched in the Fiscal Year Ended March 31, 2023

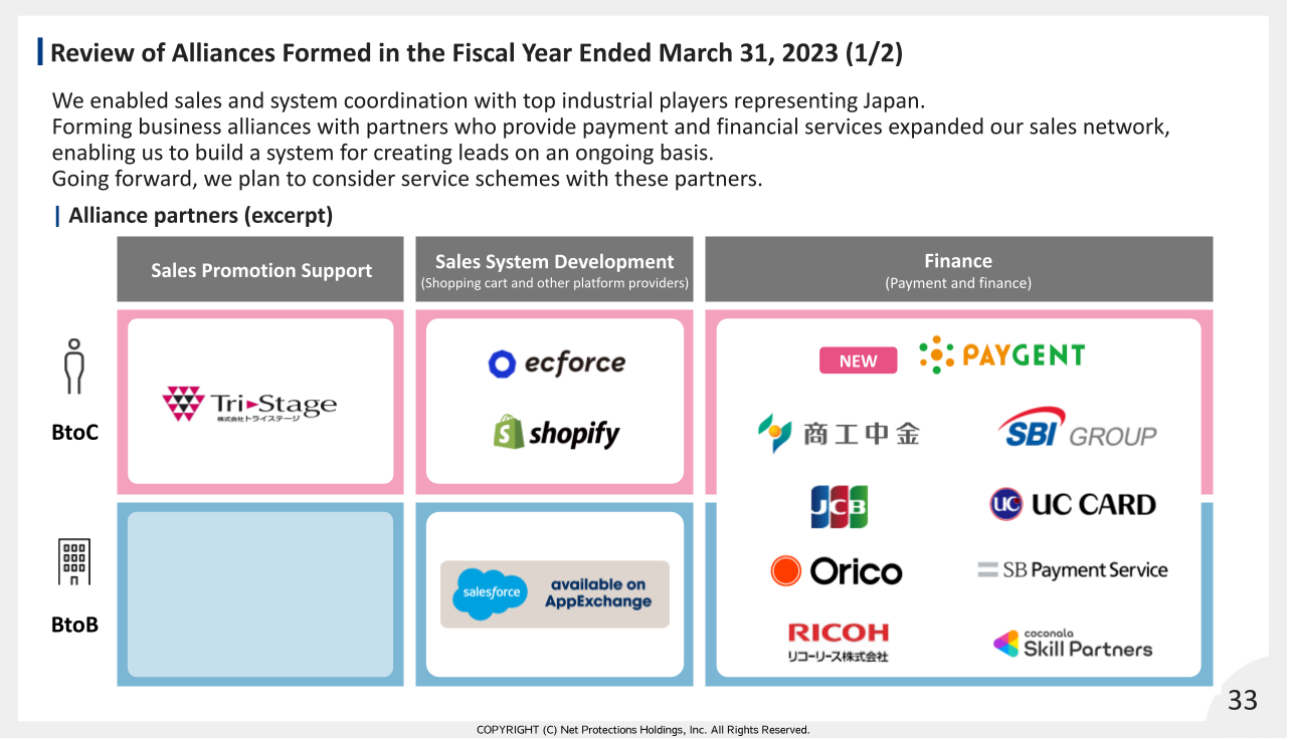


Here are the results of our marketing campaigns launched for NP Kakebarai.

We ran TV commercials to build brand awareness and used digital marketing to convert inquiries into sales negotiations.
As a result, we succeeded in increasing both brand awareness and sales negotiations as intended. The most commendable thing is an increasing number of large sales negotiations.
We often heard of unsuccessful cases that mass advertising boosts number but not quality. However, our marketing efforts boosted quality, too.

We consider factors behind this success to be not excessively depending on external partners and hiring highly professional personnel.
We hired an executive who draws up an overall marketing strategy as well as designers and advertising campaign staff. We were able to go through the PDCA cycle successfully.
As we have accumulated know-how, we believe that we will continue to produce stable outcomes.

Review of Alliances Formed in the Fiscal Year Ended March 31, 2023 (1/2)



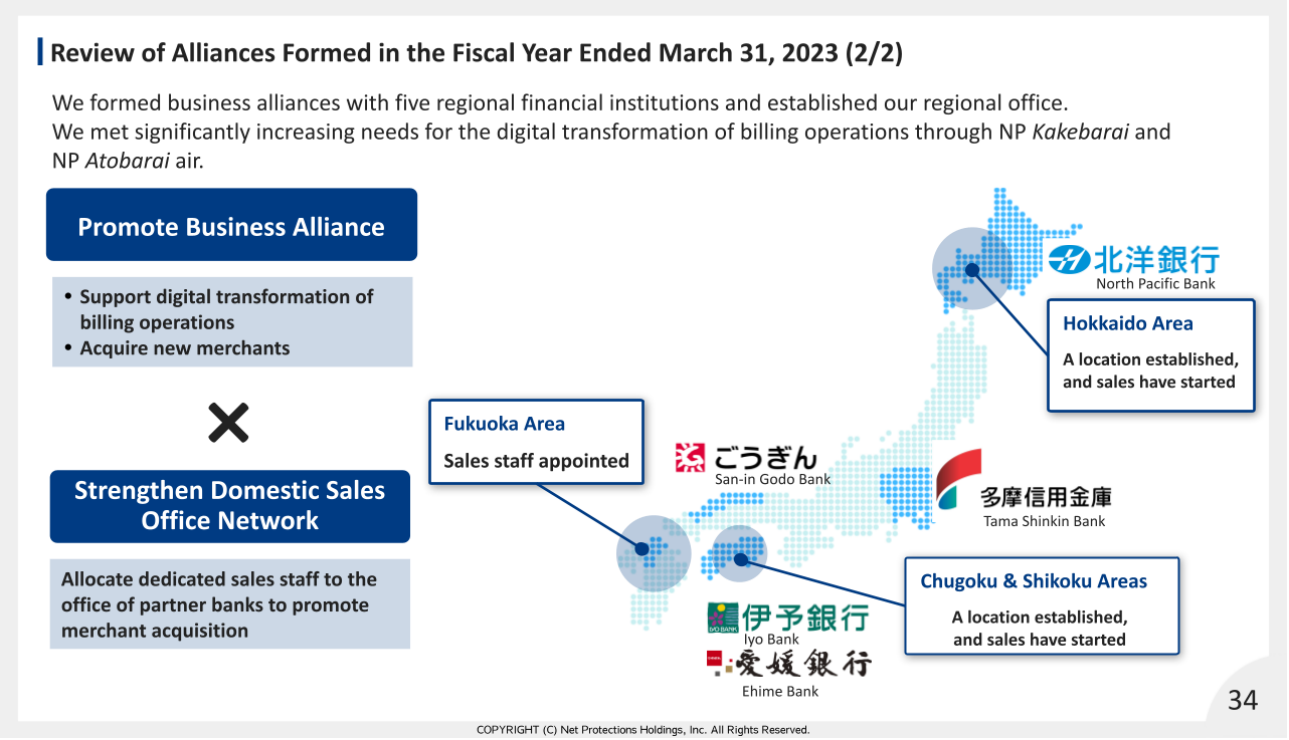
Here is our network of alliances that we succeeded in forming.

Particularly in the financial sector, we formed business alliances with famous companies representing Japan, enabling us to build a system for creating leads on an ongoing basis.

The areas that our partners are excellent at differ between them, so they connect us with various customers such as e-commerce companies, service providers, and BtoB companies.

Going forward, we plan to consider new service schemes with these alliance partners, in addition to sales negotiations referred them.

Review of Alliances Formed in the Fiscal Year Ended March 31, 2023 (2/2)



This slide shows alliances formed with regional financial institutions.

Our regional alliance strategy is aimed at promoting particularly NP Kakebarai and NP Atobarai air.

Financial institutions in rural areas have less manpower than those in large cities in Tokyo and other prefectures, so they need to implement operational reforms.

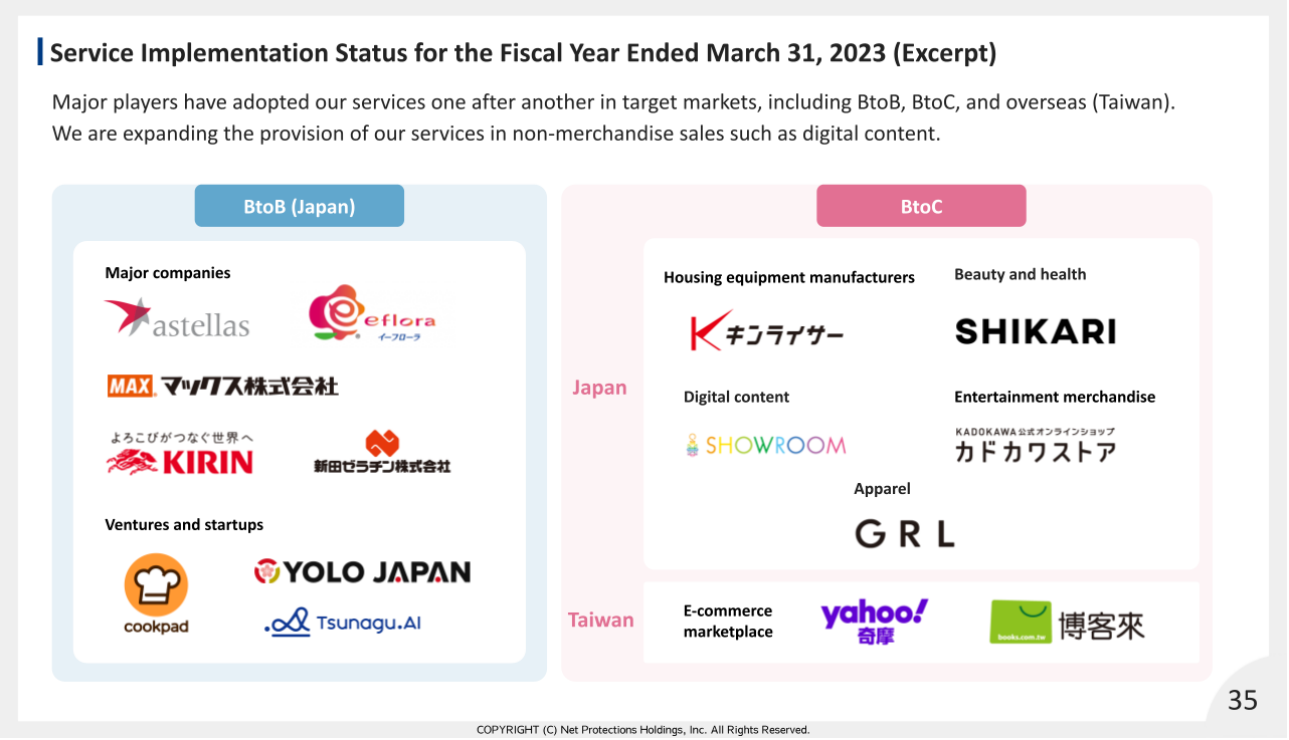
Among our services, NP Kakebarai and NP Atobarai air are Business Process Outsourcing (BPO) services that allow companies to leave the entire billing process to us.

We therefore believe that these services are helpful for companies in the digital transformation of the billing process.

We are striving to make our services widely available by forming alliances with regional banks and shinkin banks, establishing regional offices, and enhancing our sales support.

As many sales negotiations have started, hopefully, we can report good results in the future.

Service Implementation Status for the Fiscal Year Ended March 31, 2023 (Excerpt)

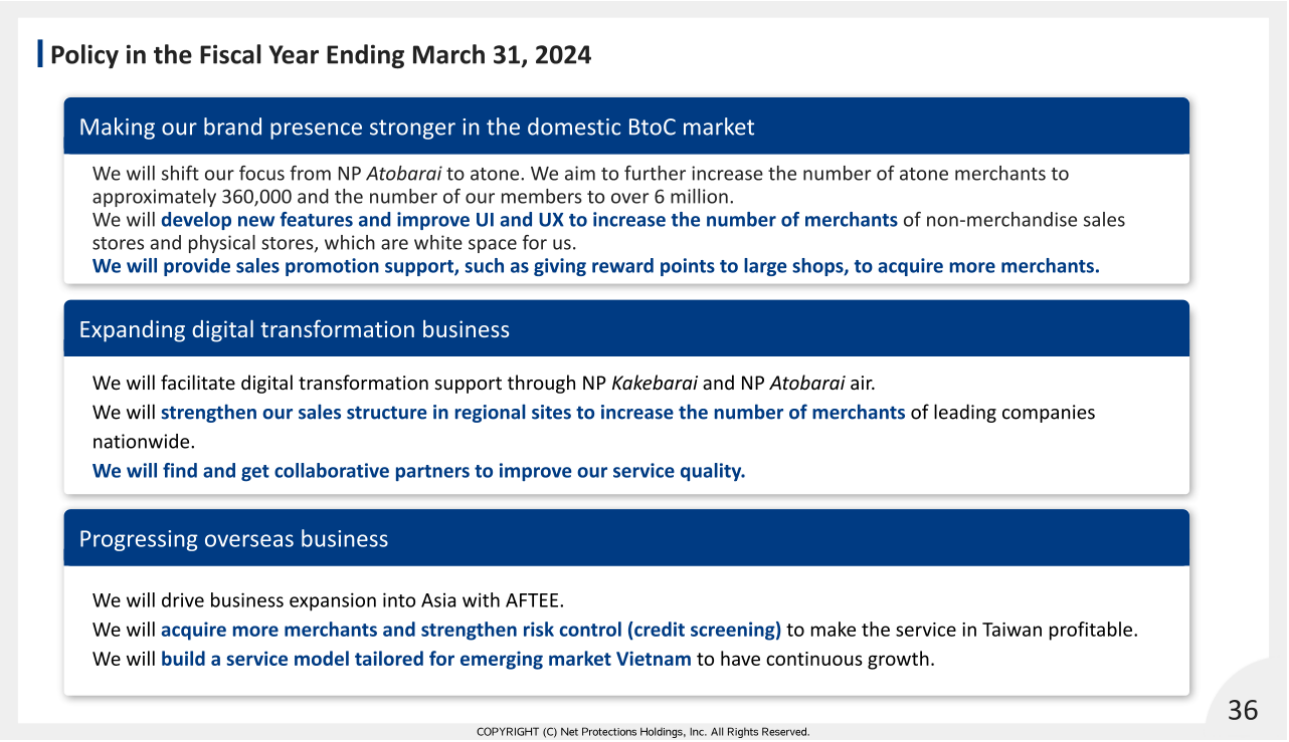


Here are just some of the companies that have newly adopted our services for the past year.

Until a few years ago, almost all companies who newly adopted our services were those in the e-commerce and merchandise sales areas. However, companies in sectors other than these two areas now account for a majority of our customers.

This suggests that categories are becoming diversified in both BtoB and BtoC.

Policy in the Fiscal Year Ending March 31, 2024



Our policy in the fiscal year ending March 31, 2024 consists of three main components.

First, we aim to make our brand presence stronger in the domestic BtoC market. To this end, we will shift more resources of people, goods, and money from NP Atobarai to atone.
Second, we will strengthen our sales structure by expanding our sales networks of NP Kakebarai and NP Atobarai air across Japan, which are considered our digital transformation business.
Third, we aim to make our overseas service AFTEE profitable. To this end, we will conduct strict credit screening while increasing the number of merchants.

We will report the progress and outcome of these efforts in our upcoming quarterly financial results briefings.
This is the end of our earnings report. As this briefing is for the full year, we also would like to briefly explain our sustainability activities.

Our Sustainability



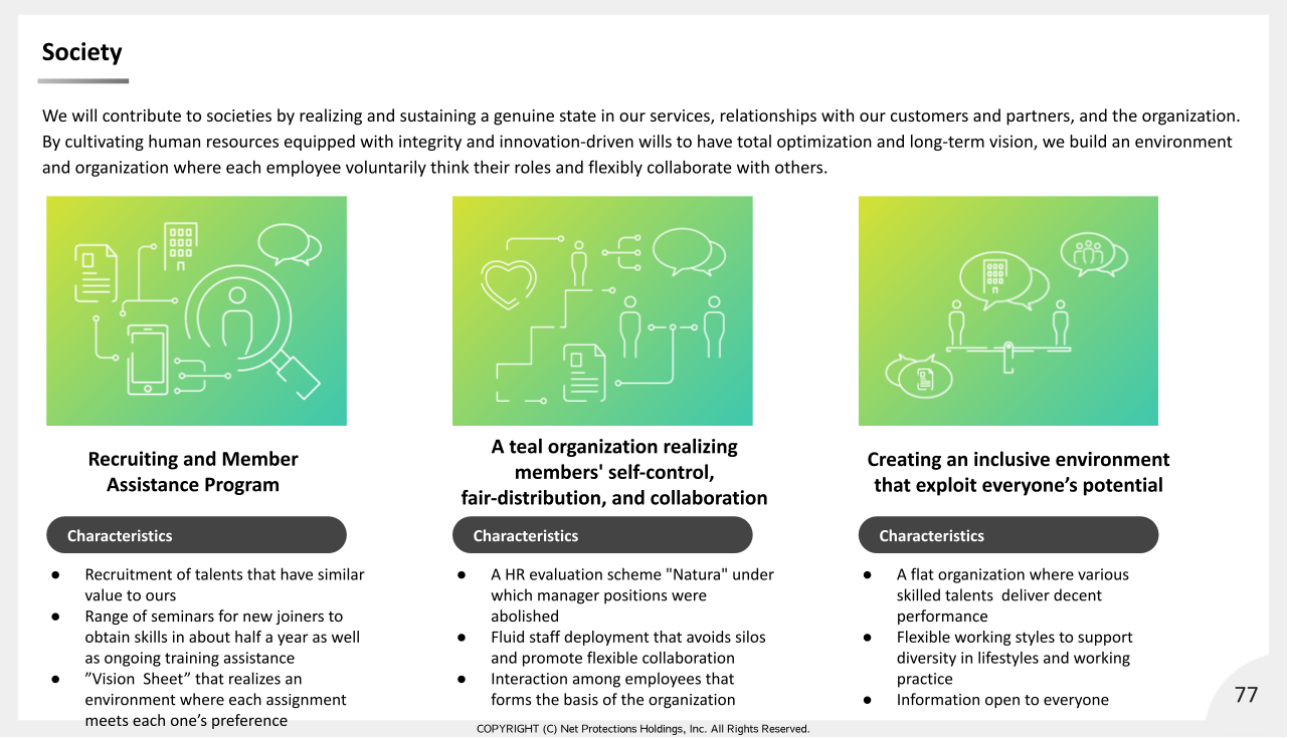
Our basic sustainability policy is to contribute to the formation of a smooth society in which we can trust each other.

By pursuing such policy with a base of our genuine organization, we believe that we can contribute to the realization of a sustainable society in which we can trust each other. In this regard, we intend to take initiatives from both the business and organizational aspects.

Precisely, our principle in the BNPL business, is to raise credibility for both sellers and buyers. So, by playing the role, we will be able to reduce frictions and inefficiencies involved in business transactions.

If we succeed to achieve a flat and open corporate culture without hierarchy as a result of our continuous effort to reduce organizational distortions in pursuing the BNPL business, we can maximize each member’ s energy to create a business with high social value.

Society



We believe these are essential in creating a genuine organization.

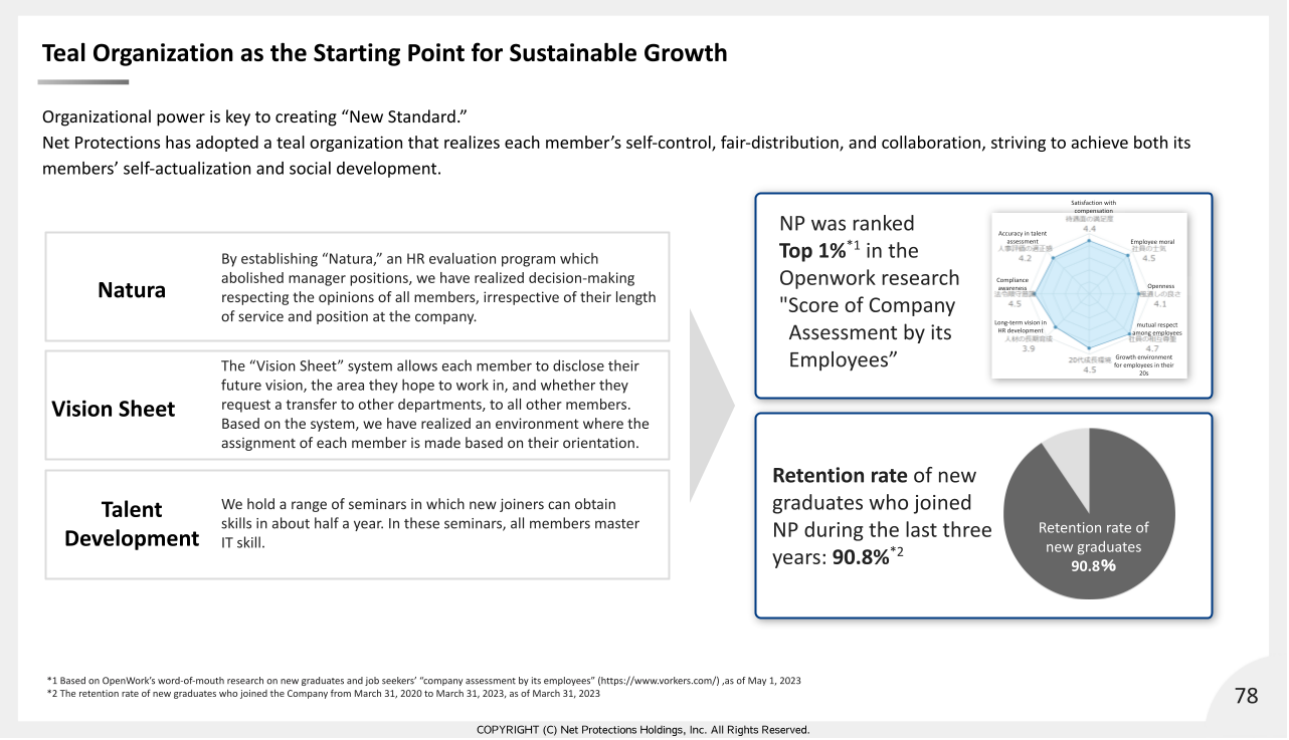
To this end, we are focusing on three major initiatives: recruiting and growth support that aims career-development, fostering an organizational philosophy that consists of self-control, fair-distribution, and collaboration, and creating an environment that can exploit each member’ s potential.

Those three are core elements in a teal organization.

It is not an organization where hierarchical relation exists, but an organization where everyone shares the same information as openly as possible and discusses agenda under a flat situation.

We believe such approach allow us to enhance team-oriented productivity while providing each individual with decent growth opportunity.

Teal Organization as the Starting Point for Sustainable Growth



Under a teal organization, we have created unique systems and structures based on this philosophy.

As a result, we believe that our members are becoming more motivated, making the company as a whole more active.

In regard to these activities aimed at achieving both self-fulfillment and social development of our members, we plan to publish a sustainability page on our corporate website in the near future.

This is the end of my presentation for the fiscal year ended March 31, 2023.

Thank you very much for your attention.

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