Financial Results Presentation
for Q4 and Fiscal Year Ended March 31, 2024

Net Protections Holdings

Net Protections Holdings, Inc.

(TSE Prime Market: 7383)

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Highlights of Group Financial Results

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Summary of Full-Year Financial Results

Group total GMV | Achieved the full-year forecast

Achieved double-digit growth of the Group total GMV with operating loss coming in JPY0.25bn better than the forecast.

Full-year GMV **JPY565.9bn** **+13.4% YoY**
(BtoC +4.6%, BtoB +36.8%)

BtoC atone

Full-year GMV **JPY27.0bn**
+28.0% YoY

Q4 alone **GMV +36.3%**

Transactions of an atone app-exclusive card increased in addition to the build-up of transactions through operations at new merchants.

BtoC NP *Atobarai* and other

Full-year GMV **JPY351.5bn**
+3.1% YoY

Q4 alone **Gross profit +16.3%**

The effect of improved fraud detection logic has helped achieve double-digit growth of gross profit although GMV was +1.5% for Q4 alone.

BtoB NP *Kakebarai*

Full-year GMV **JPY187.3bn**
+36.8% YoY

Q4 alone **GMV +33.8%**

Transactions in advertising and advertising production for recruiting increased significantly.

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Group Financial Results: Summary of Full-Year Financial Results

Operating loss came in JPY0.25bn better than the forecast.

We have kept SG&A expenses under control by improving operational efficiency of marketing.

(JPY in millions)	FY3/24 (12 months)		Full-year forecast*4		Q4 FY3/24	
	Results	YoY percentage change	Full-year forecast	Achievement rate	Results	YoY percentage change
GMV (non-GAAP)	565,987	+13.4%	574,000	98.6%	142,107	+12.6%
Total operating revenue	20,844	+7.8%	21,576	96.6%	5,071	+3.6%
Revenue	20,313		21,076	96.4%	4,918	+3.1%
Gross profit (non-GAAP) *1	7,795	+4.9%	8,100	96.2%	1,916	+11.1%
SG&A expenses	8,852	+7.5%	9,480	93.4%	2,159	-0.8%
Other operating expenses	101		–	–	78	–
Of SG&A expenses, marketing expenses*3	634	-22.0%	900	70.0%	161	-15.0%
Operating profit (loss)	(627)		(879)	–	(168)	–
EBITDA (non-GAAP)*2	1,037	-0.8%	627	159%	322	+1,271.8%

*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, plant and equipment + Impairment loss – Gain from reversal of impairment losses)
*3 Marketing expenses: Sales promotion expenses (excluding agency commissions) + Advertising expenses
*4 Consistent with Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 dated May 14, 2023

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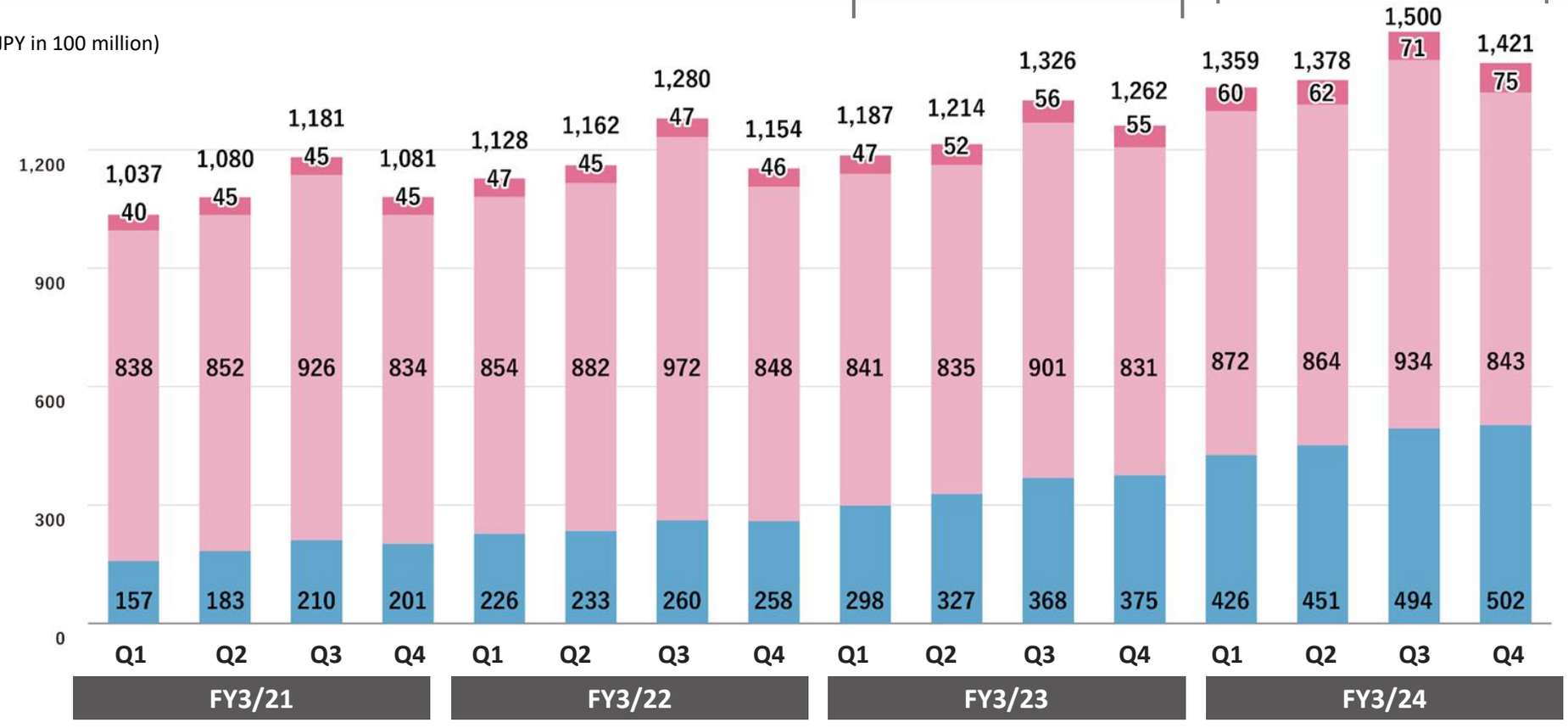
Quarterly Changes in GMV

Group total GMV increased 13.4% year on year for FY3/24, driven by a 36.8% GMV increase in BtoB NP *Kakebarai*.

+13.4% YoY

- BtoC atone*1
- BtoC NP *Atobarai* and other*2
- BtoB NP *Kakebarai**3

(JPY in 100 million)



YoY, full-year basis

atone
+28.0%

NP *Atobarai* and other
+3.1%

NP *Kakebarai*
+36.8%

*1 Total amount of payments (including consumption tax) made through atone provided by the Group
*2 Total amount of payments (including consumption tax) made through NP *Atobarai*, AFTEE, and NP Card provided by the Group
*3 Total amount of payments (including consumption tax) made through NP *Kakebarai* provided by the Group

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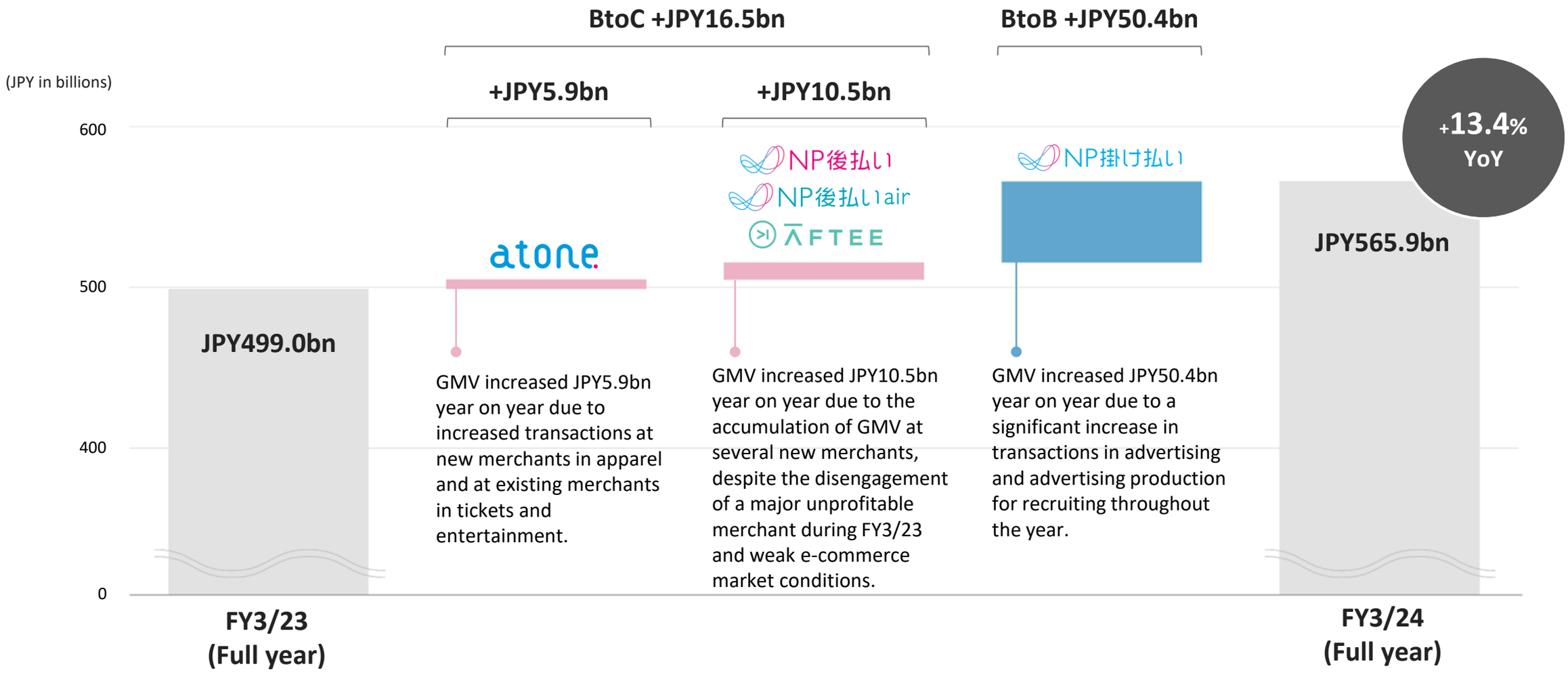
GMV for Fiscal Year Ended March 31, 2024

The Group total GMV increased 13.4% or JPY66.9bn year on year due to year-on-year increases of JPY16.5bn in BtoC and JPY50.4bn in BtoB.



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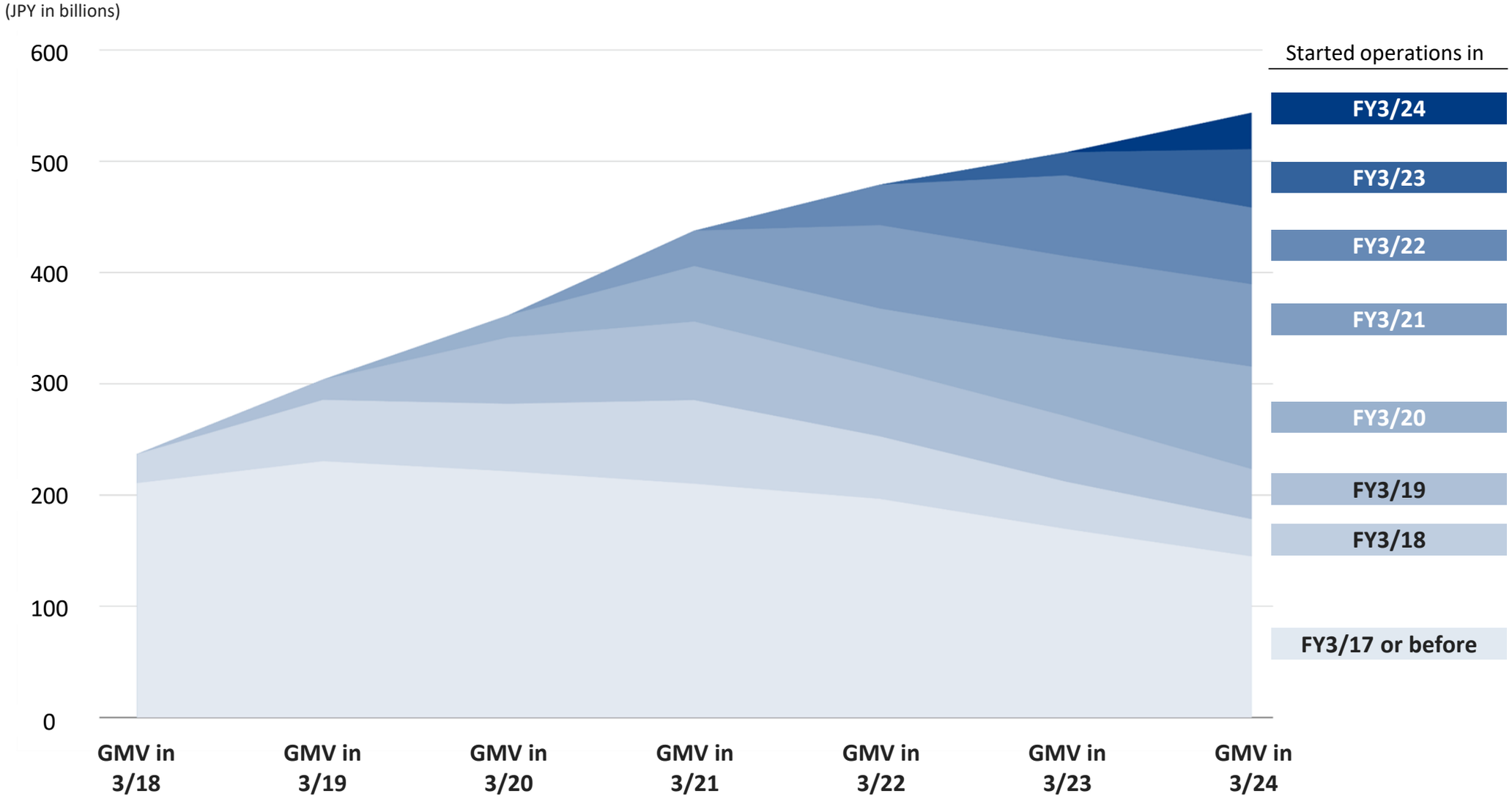
Reference: Accumulated GMV by Fiscal Year When Merchants Started Operations (Cumulative Total of All Services)

GMV has been accumulating as the retention rate after the introduction of our services at merchants is high.



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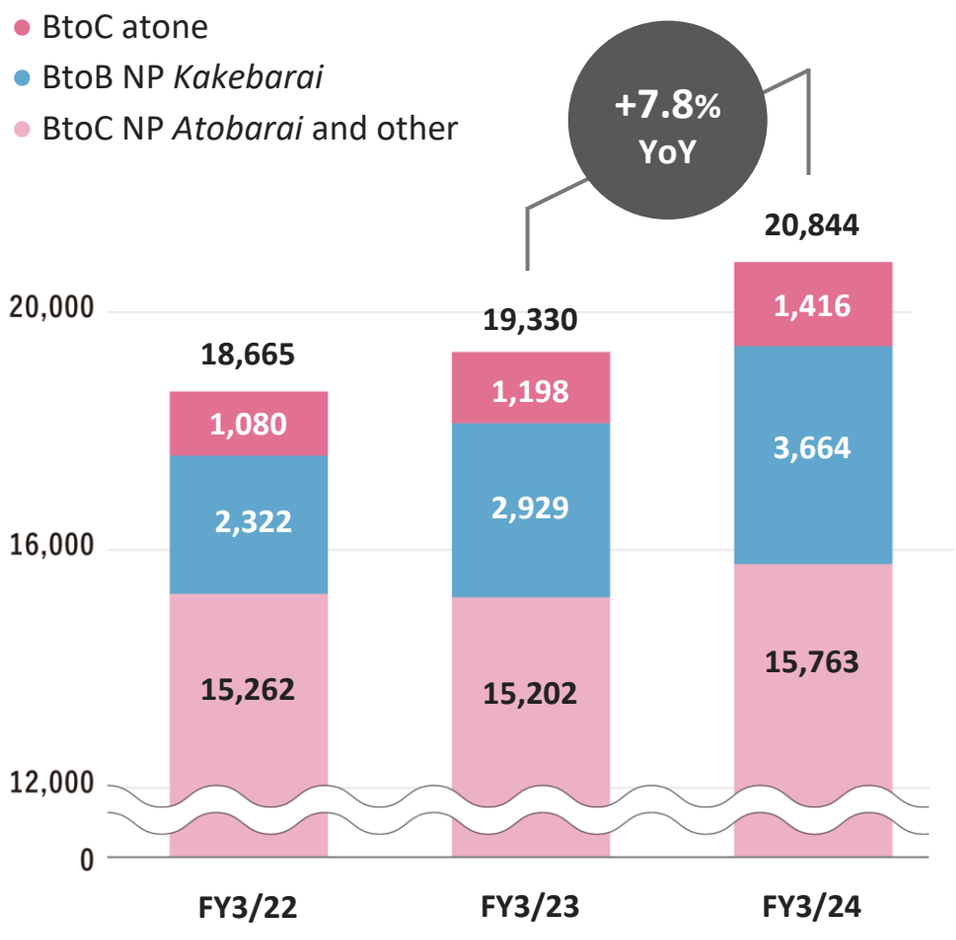
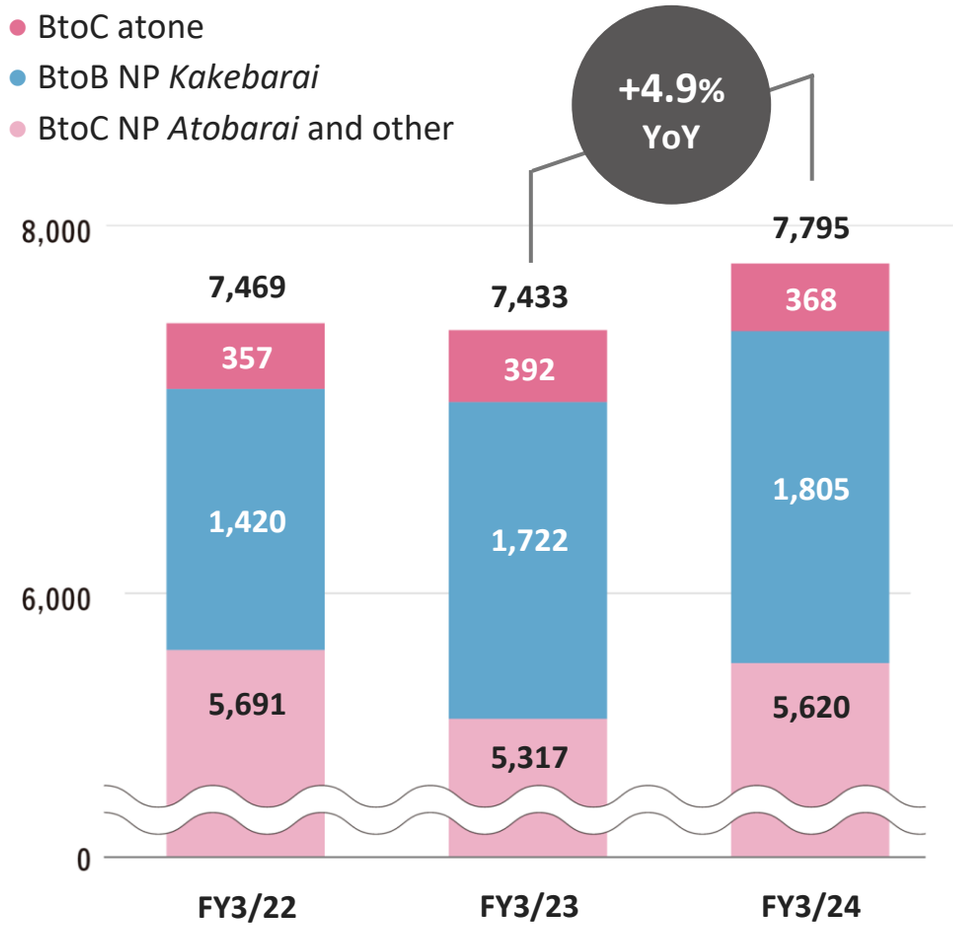
Operating Revenue and Gross Profit (Group Total)

Total operating revenue amounted to JPY20.8bn due to GMV growth in BtoC atone and BtoB NP *Kakebarai*.

Total operating revenue (JPY in millions)



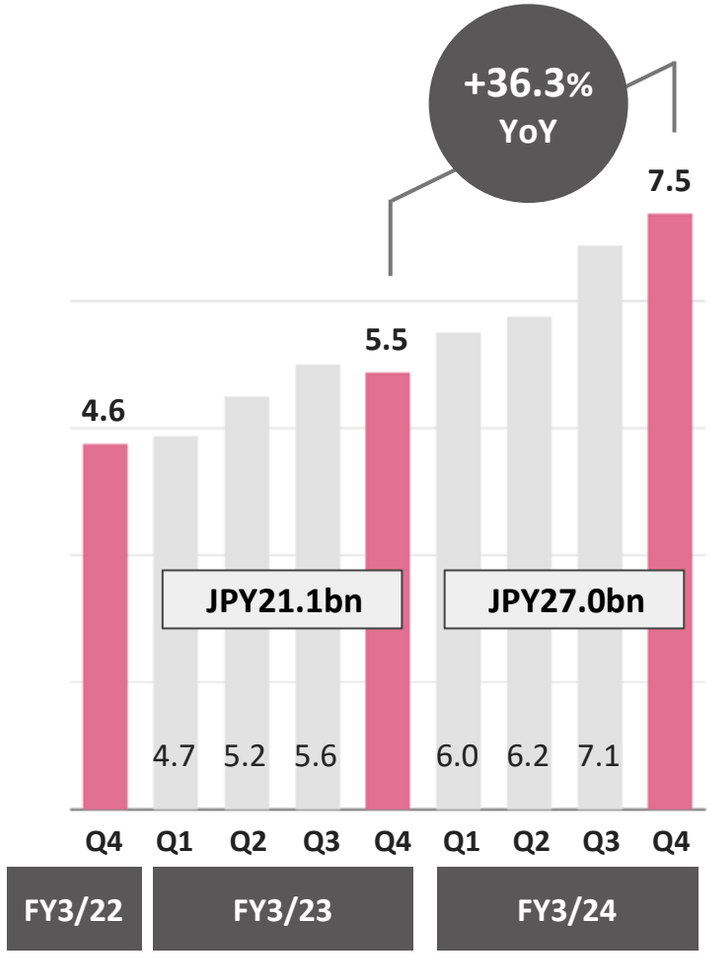
Gross profit (JPY in millions)



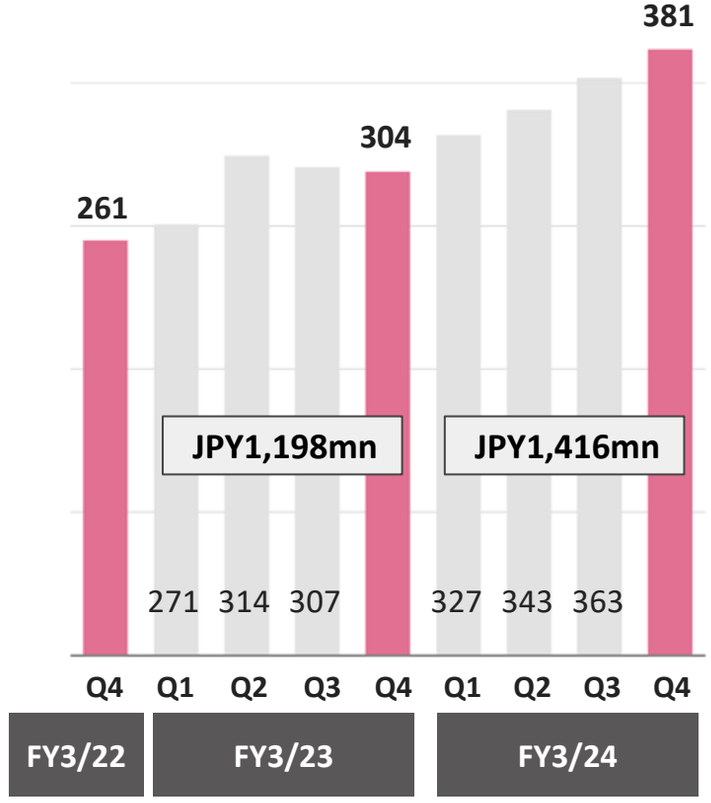
Financial Results by Service: atone

GMV increased 36.3% year on year due to the increased transactions of the app-exclusive card in addition to an increase in the number of new merchants on e-commerce.
Gross profit increased 40.0% year on year as we have kept the delinquency rate under control.

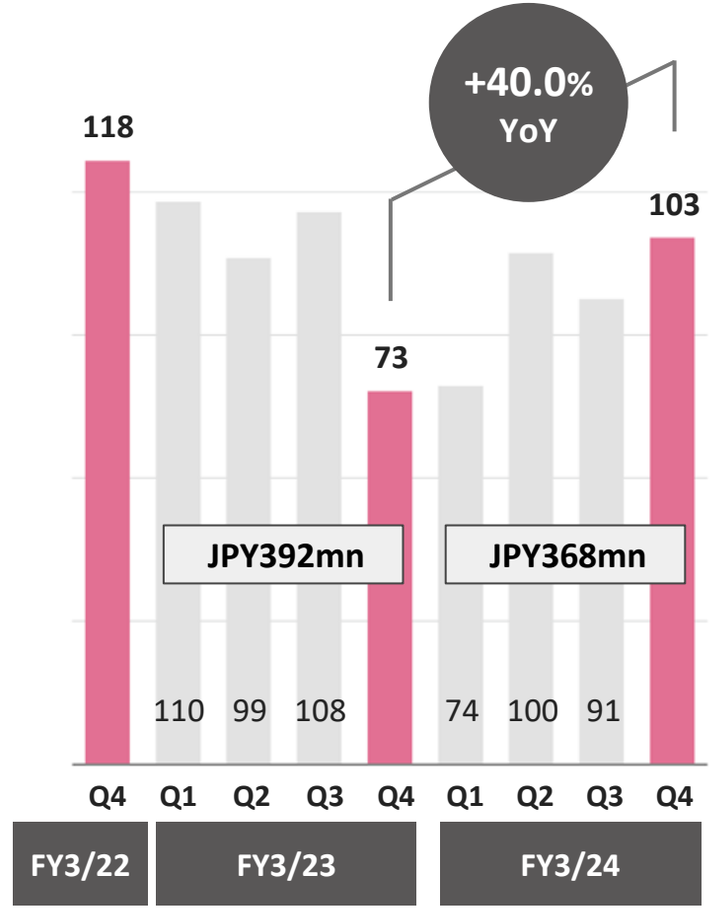
GMV (JPY in billions)



Total operating revenue (JPY in millions)



Gross profit (JPY in millions)



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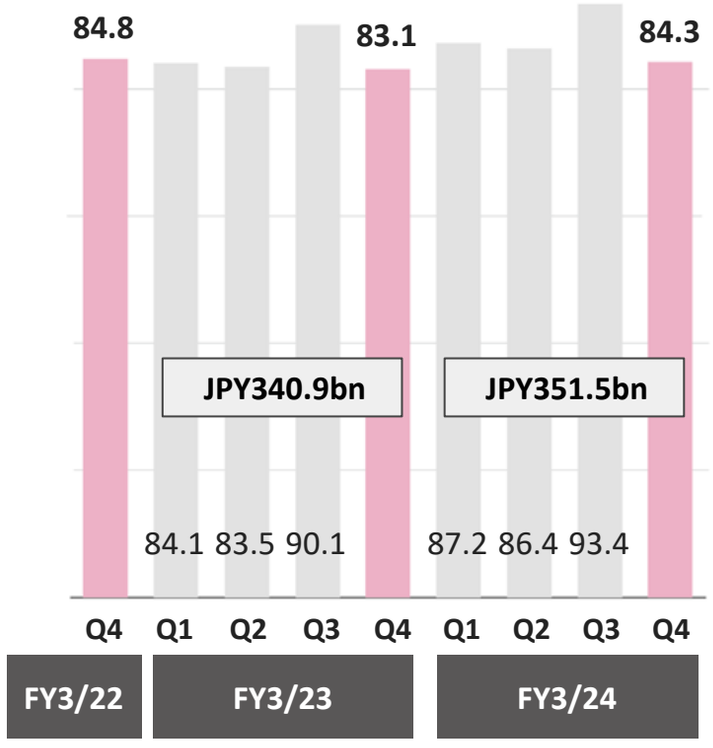
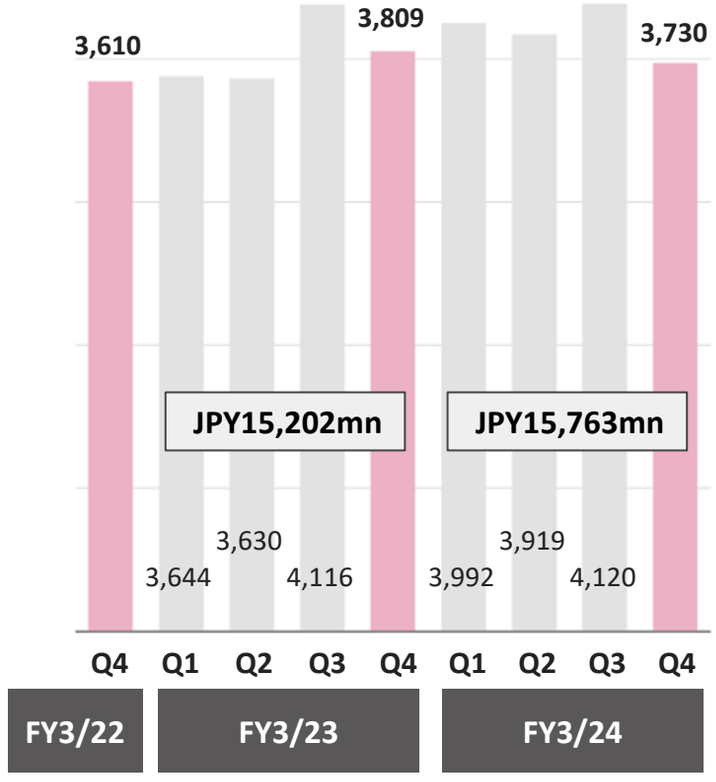
NP後払い NP後払いair AFTEE

The effect of the improved fraud detection logic in Q3 continued. Gross profit increased 16.3% year on year.

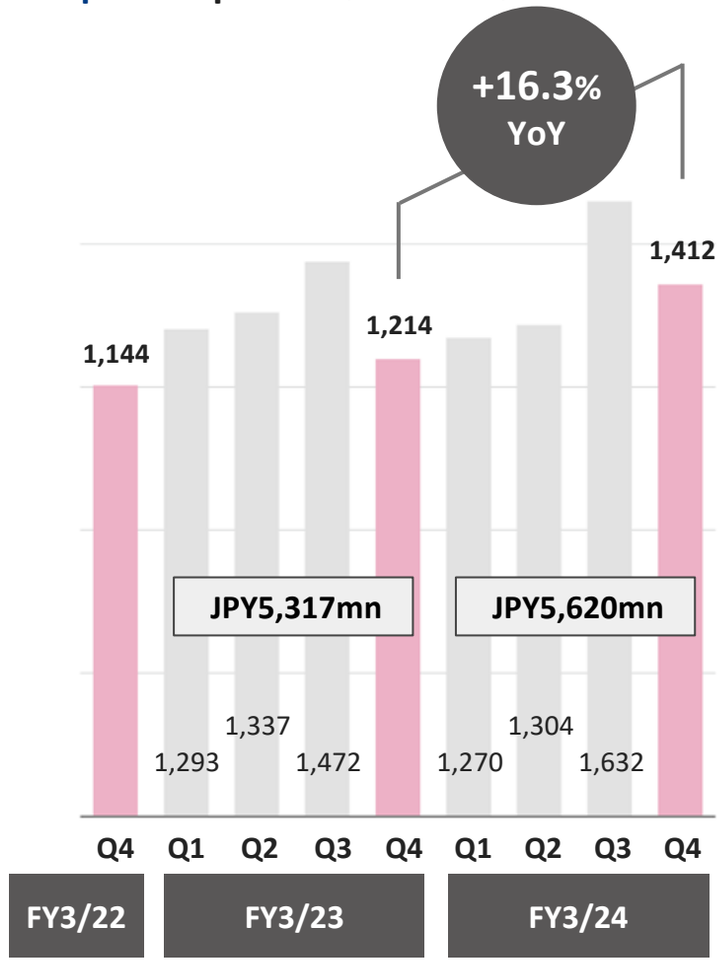
GMV (JPY in billions)



Total operating Revenue (JPY in millions)



Gross profit (JPY in millions)



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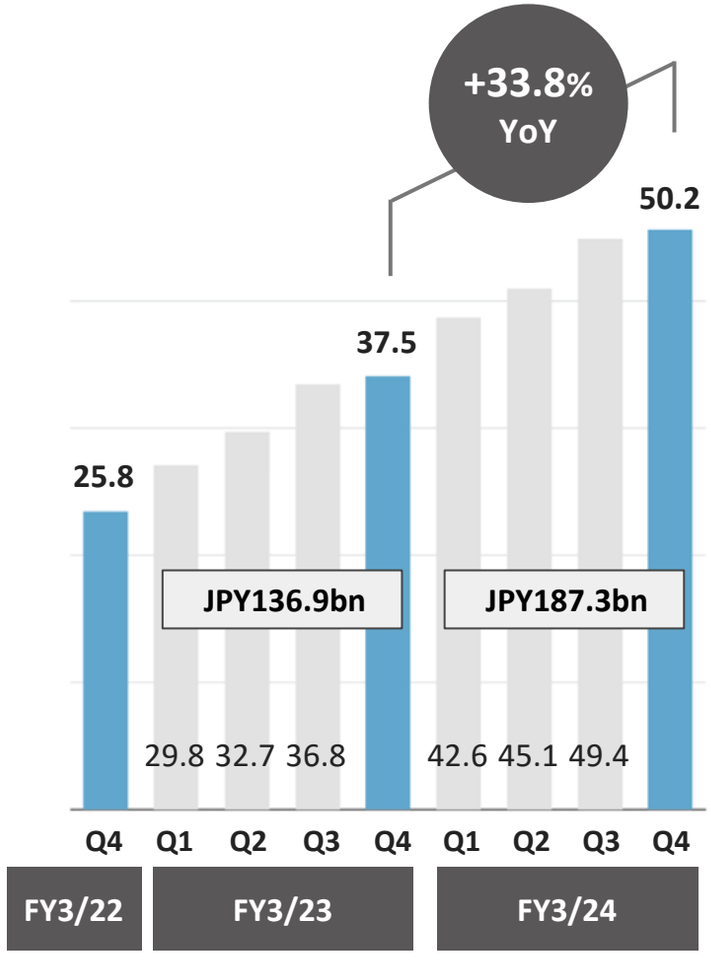
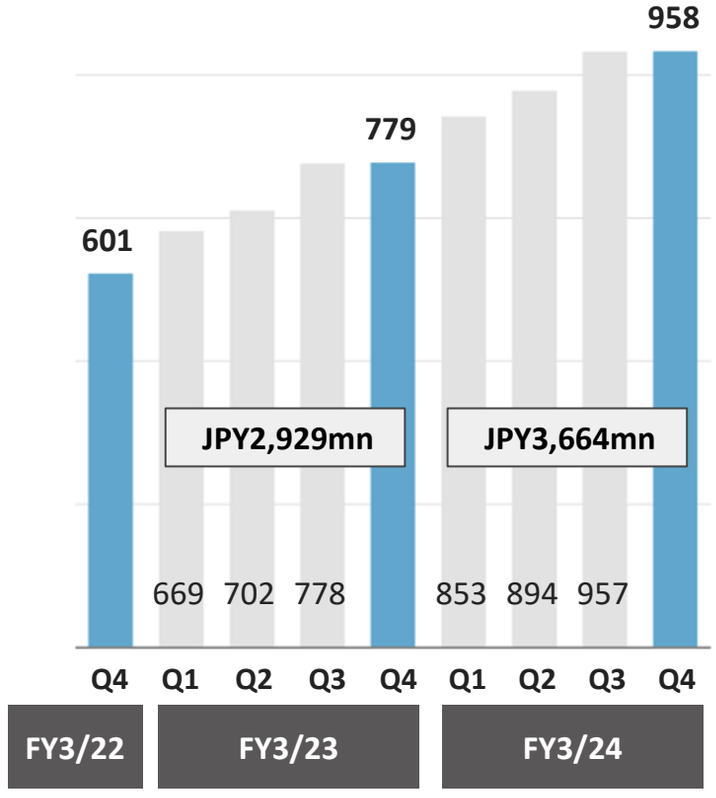
NP掛け払い

GMV increased 33.8% year on year, but gross profit did not grow due to an increase in delayed payments. This was due to deterioration caused by macroeconomic factors such as the end of zero-zero loans. We now therefore screen them more strictly for their initial use of the service.

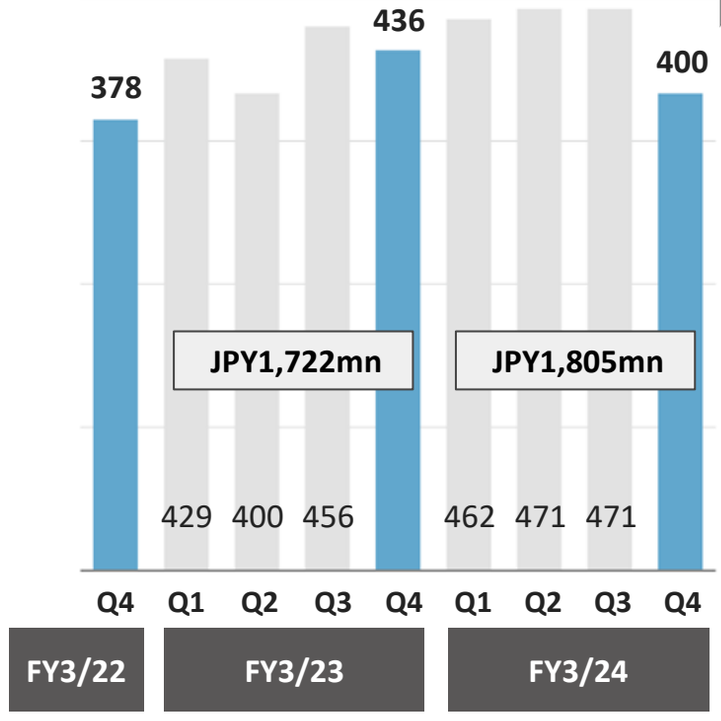
GMV (JPY in billions)



Total operating revenue (JPY in millions)



Gross profit (JPY in millions)



With the end of zero-zero loans, small and medium-sized enterprises have become increasingly cash-strapped. We now therefore screen them more strictly for their initial use of the service.

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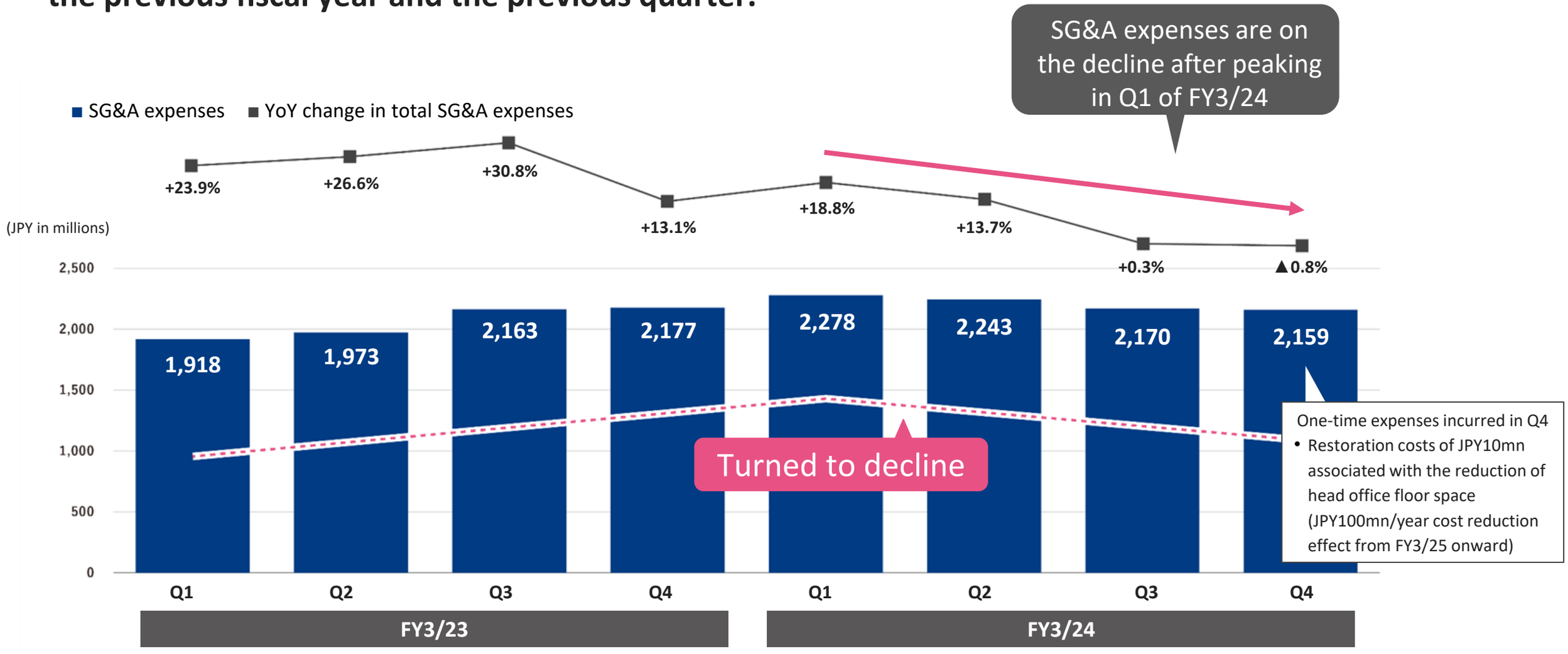
SG&A Expenses: Quarterly Trend

Despite one-time expenses incurred in Q4, SG&A expenses were lower than in the same period of the previous fiscal year and the previous quarter.



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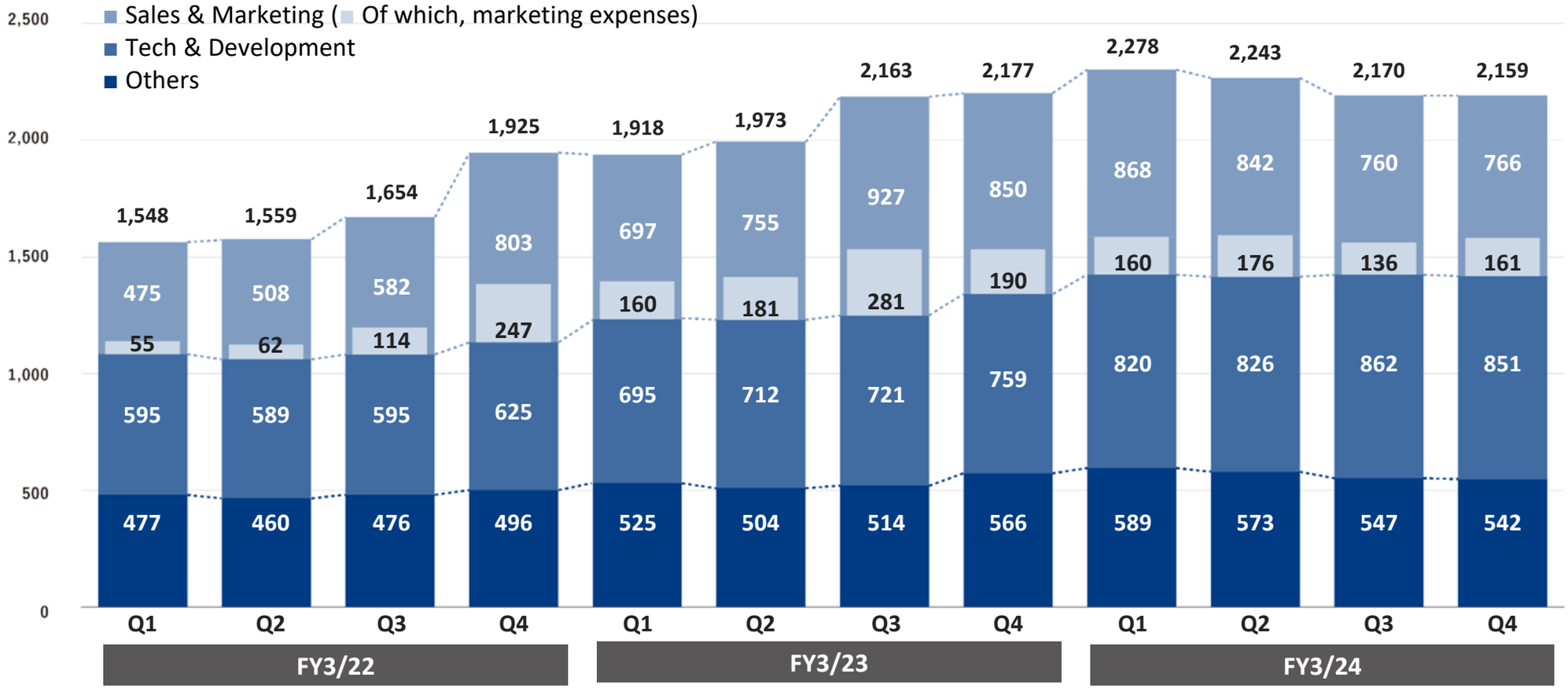
SG&A Expenses: Quarterly Changes by Function

We curbed SG&A expenses in Sales & Marketing by encouraging full-time employees to internalize outsourced operations and improving operational efficiency of marketing.

(JPY in millions)



*1 Sales & Marketing: Personnel, outsourcing, operations related, marketing, and other expenses related to sales and marketing
*2 Tech & Development: Personnel, outsourcing, operations related, and other expenses related to system development, credit related operations, and other operations.
*3 Others: SG&A expenses other than *1 and *2 (personnel and outsourcing expenses related to back-office operations, outsourcing expenses of help desk for services, etc.)

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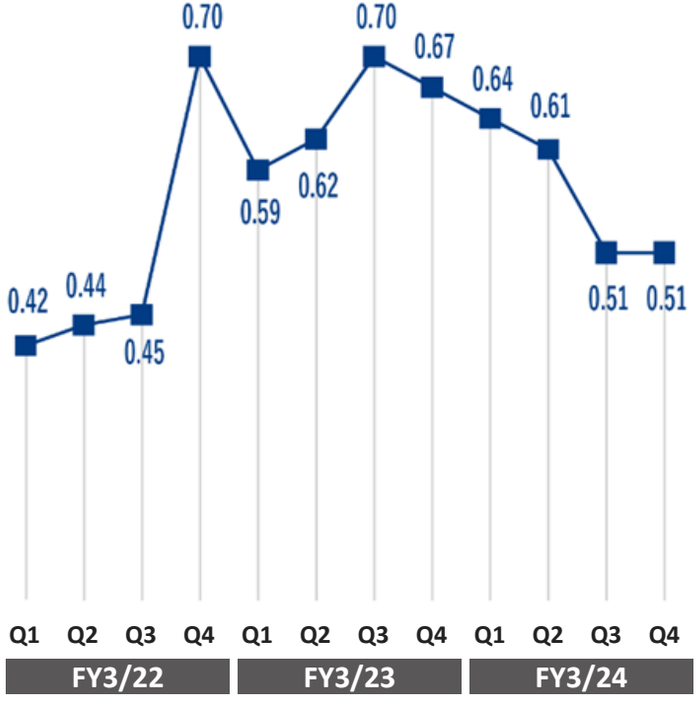
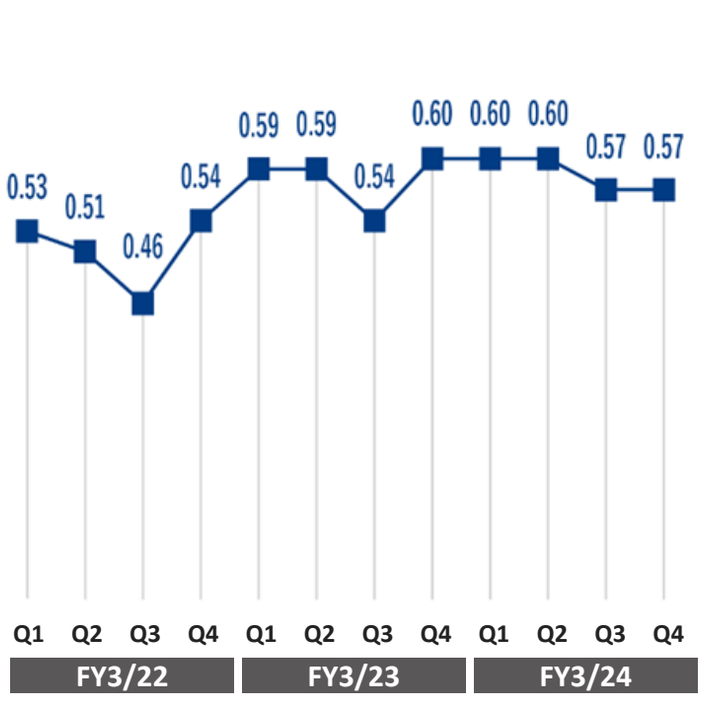
Reference: Changes in Ratio of SG&A Expenses to GMV

The SG&A to GMV ratio remained low in the fourth quarter. We started to see the effect of the operating leverage due to the improved operational efficiency of Sales & Marketing.

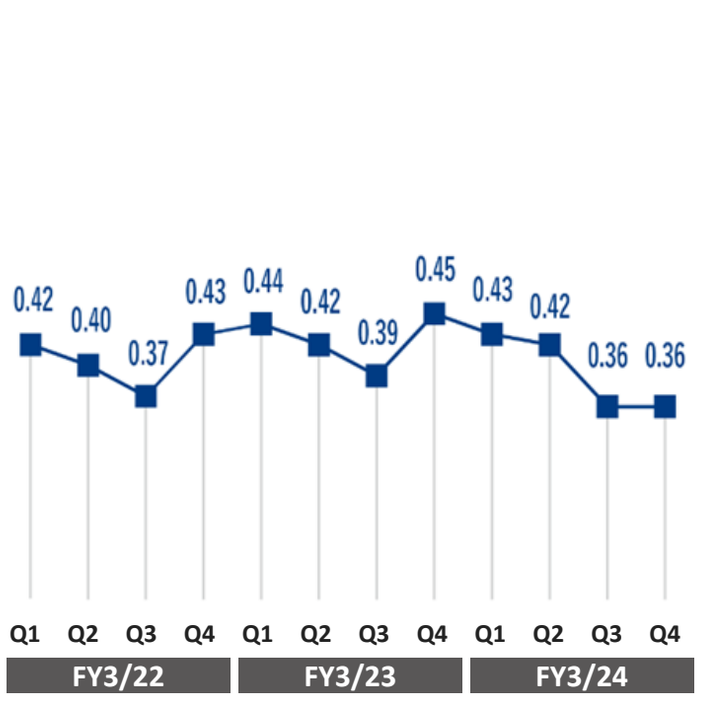
Sales & Marketing (%)



Tech & Development (%)



Others (%)



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*3 Others: SG&A expenses other than *1 and *2 (personnel and outsourcing expenses related to back-office operations, outsourcing expenses of help desk for services, etc.)

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Earnings Forecasts (Guidance) for FY3/25

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The Company aims to achieve high profitable growth through *a double-digit growth in GMV* after establishing a profit structure by *maintaining fixed costs* and *improving the contribution margin ratio*.

Double-digit growth in GMV

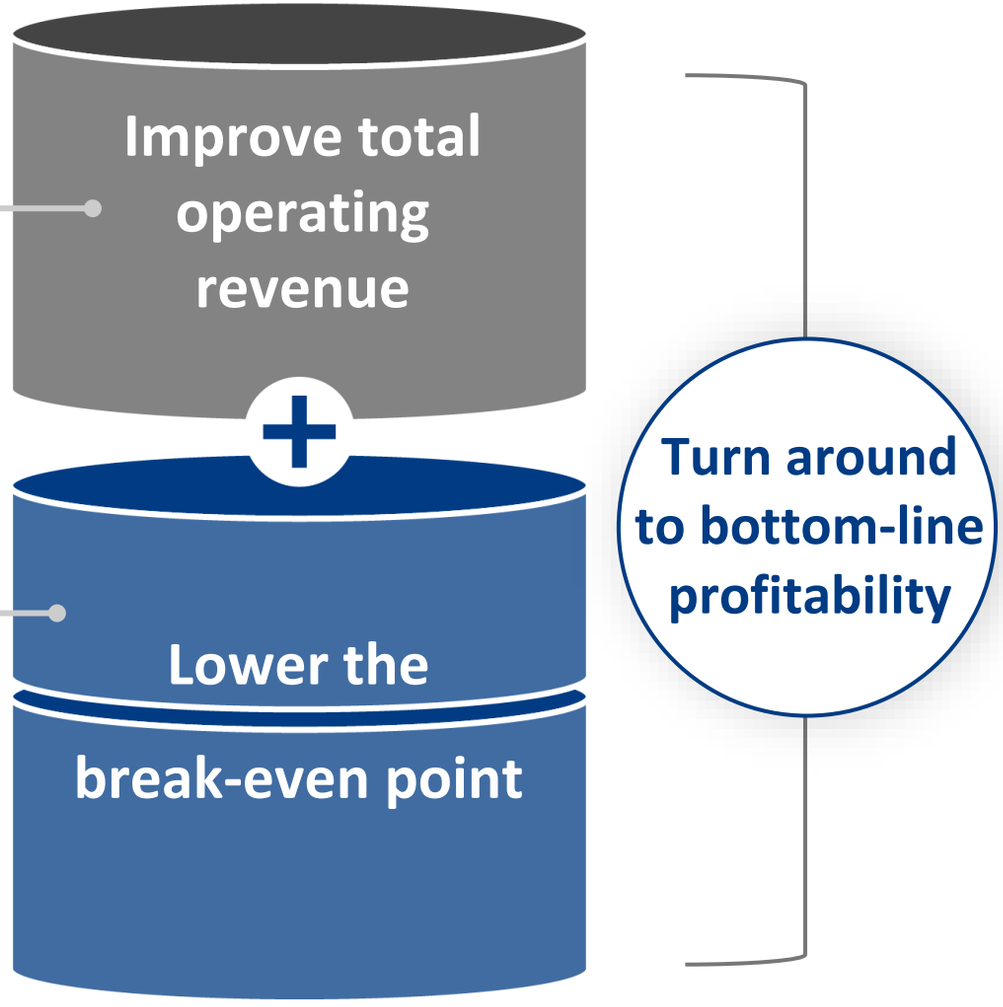
- With our sales pipeline growing large enough, we expect the double-digit growth to continue in FY3/25.
- We expect continued growth in BtoB and acceleration in GMV from atone.

Maintain fixed costs

- Now that the required reinforcement of the system is in place, no major additional investments are necessary, and we can therefore maintain fixed costs at the same level as in FY 3/24.
- GMV growth is directly linked to profit accumulation.

Improve the contribution margin ratio

- We expect to have profit contribution of JPY0.5bn to 1.0bn/year by improving BtoC fraud detection logic and charging administrative fee for late payment.
- All the above measures will help lower the break-even point and establish a profit structure that is easier to make profit.



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Earnings Forecasts: Summary for FY3/25 Earnings Forecasts

We project operating profit of JPY0.52bn (up JPY1.15bn year on year) and profit of JPY0.26bn for the fiscal year. We expect gross profit and EBITDA to increase 16.3% and 119.2% year on year, respectively, through improving profitability and curbing costs.

Earnings forecasts

(JPY in millions)

	FY3/25 forecasts				Reference: FY3/24 results
	H1	H2	Full-year	vs. FY3/24	
GMV (non-GAAP)*1	300,000	330,500	**630,500**	**+11.4%**	565,987
Total operating revenue	10,740	12,260	**23,000**	**+10.3%**	20,844
Gross profit (non-GAAP)*2	4,024	5,038	**9,062**	**+16.3%**	7,795
Operating profit (loss)	(243)	763	**520**	**In the black**	(627)
Profit (loss) before income taxes	(283)	716	**433**	**In the black**	(820)
Profit (loss) attributable to owners of parent	(167)	435	**268**	**In the black**	(828)
EBITDA (non-GAAP)*3	628	1,644	**2,273**	**+119.2%**	1,037

*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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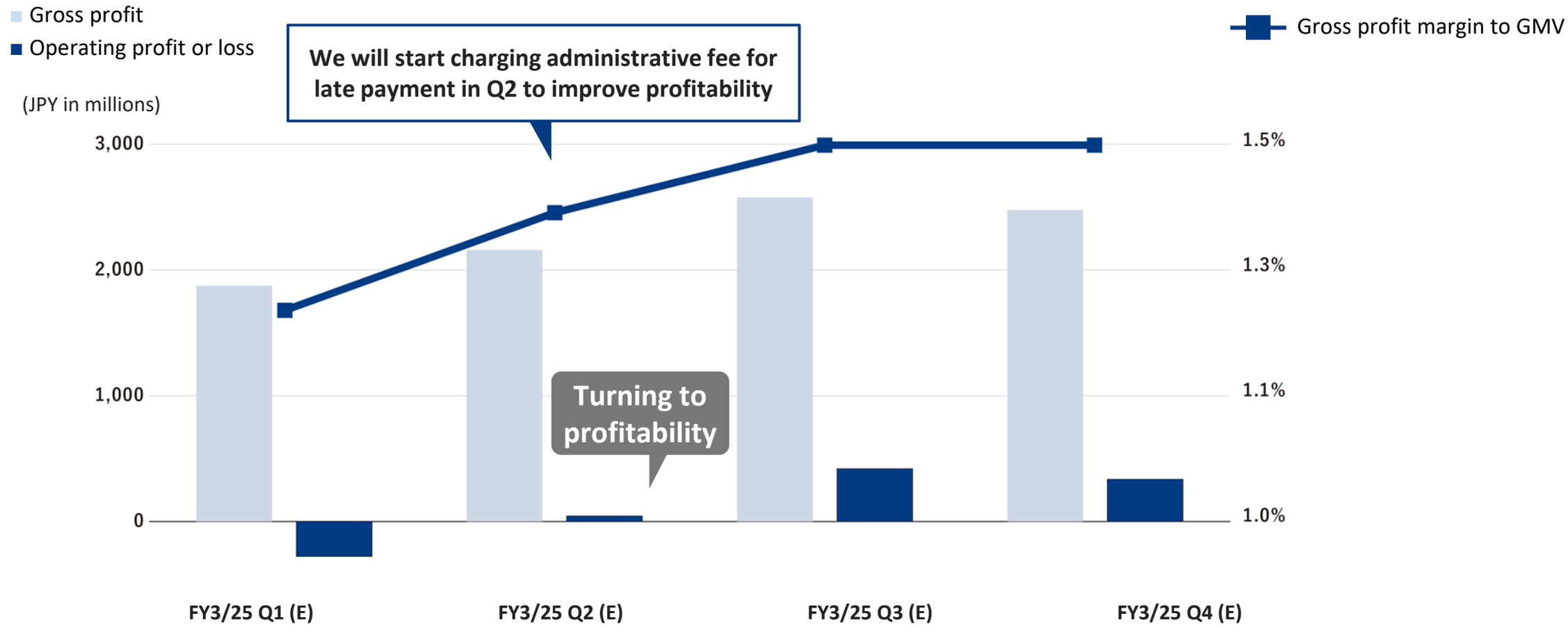
Earnings Forecasts: Quarterly Trends in Gross Profit and Operating Profit or Loss

We expect to turn profitable in Q2 and to be in the black for the fiscal year.
Charging administrative fee for late payment and other measures will help increase the gross profit margin.

Quarterly trends in gross profit and operating profit or loss



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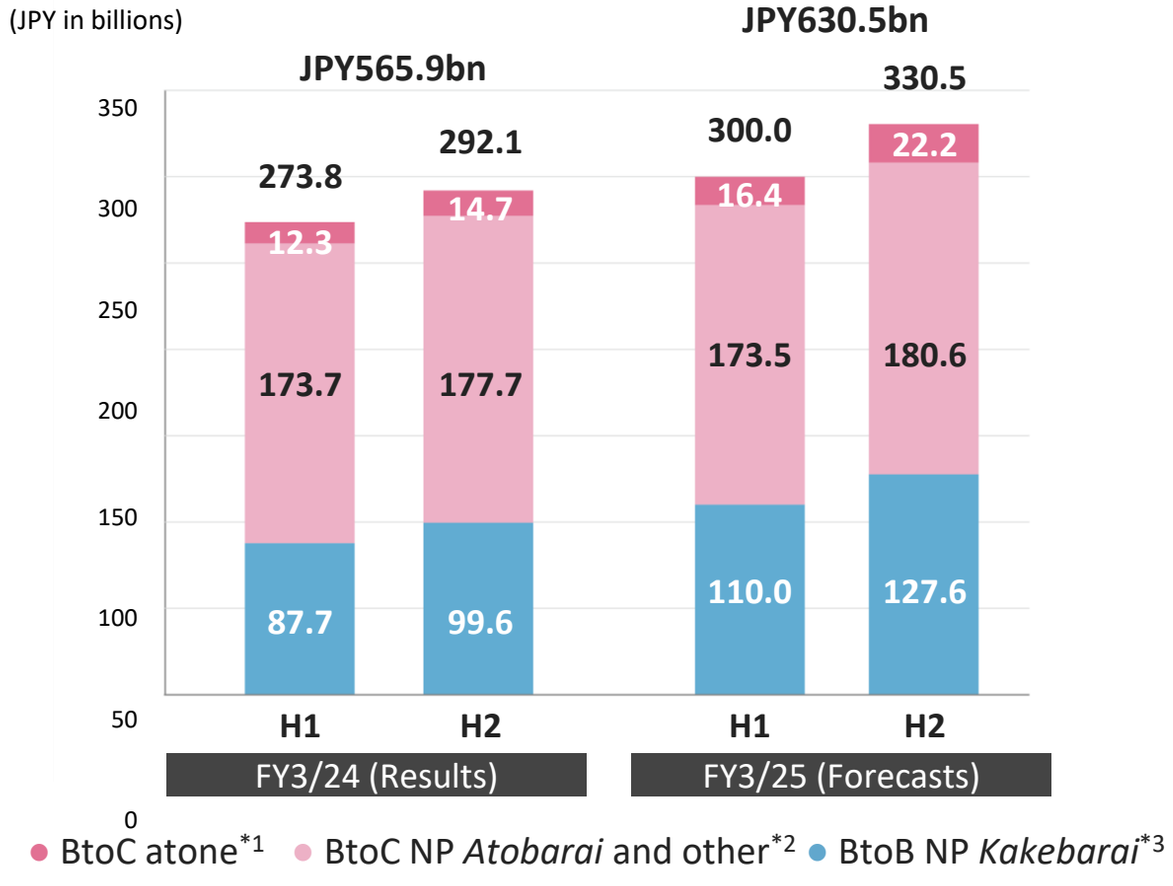
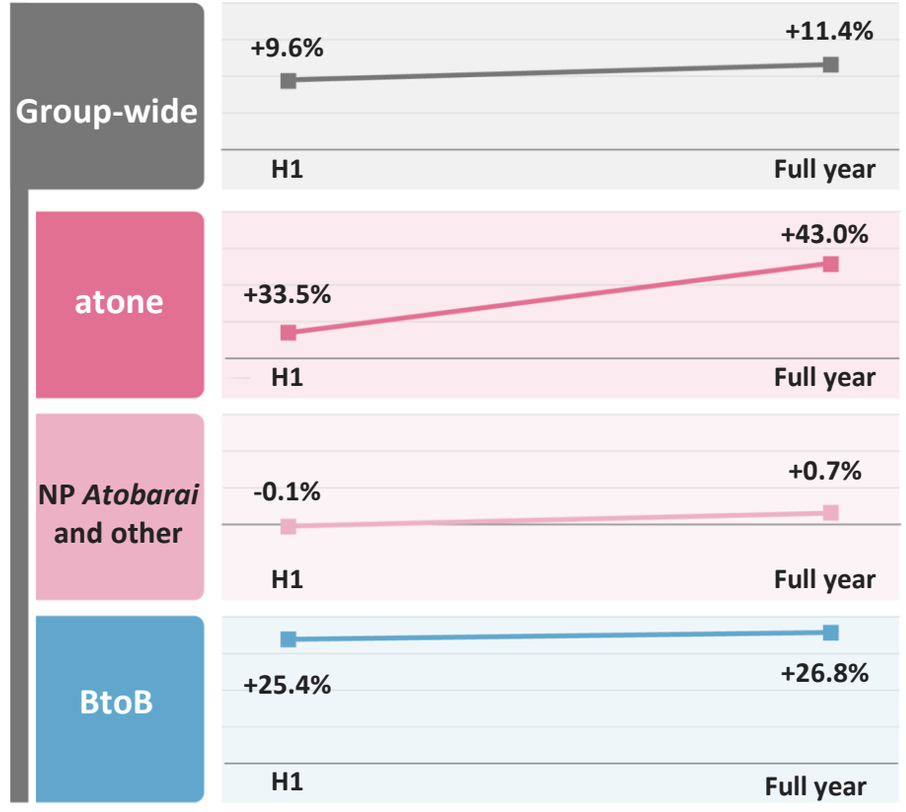
Earnings Forecasts: GMV by Service

Group total GMV is expected to achieve double-digit growth, up 11.4% year on year.
We expect GMV for atone and BtoB to achieve high growth for the fiscal year, up 43.0% for atone and up 26.8% for BtoB year on year.

GMV estimates



GMV growth rate forecasts (vs. FY3/24)



*1 Total amount of payments (including consumption tax) made through atone provided by the Group
*2 Total amount of payments (including consumption tax) made through NP *Atobarai*, AFTEE, and NP Card provided by the Group
*3 Total amount of payments (including consumption tax) made through NP *Kakebarai* provided by the Group

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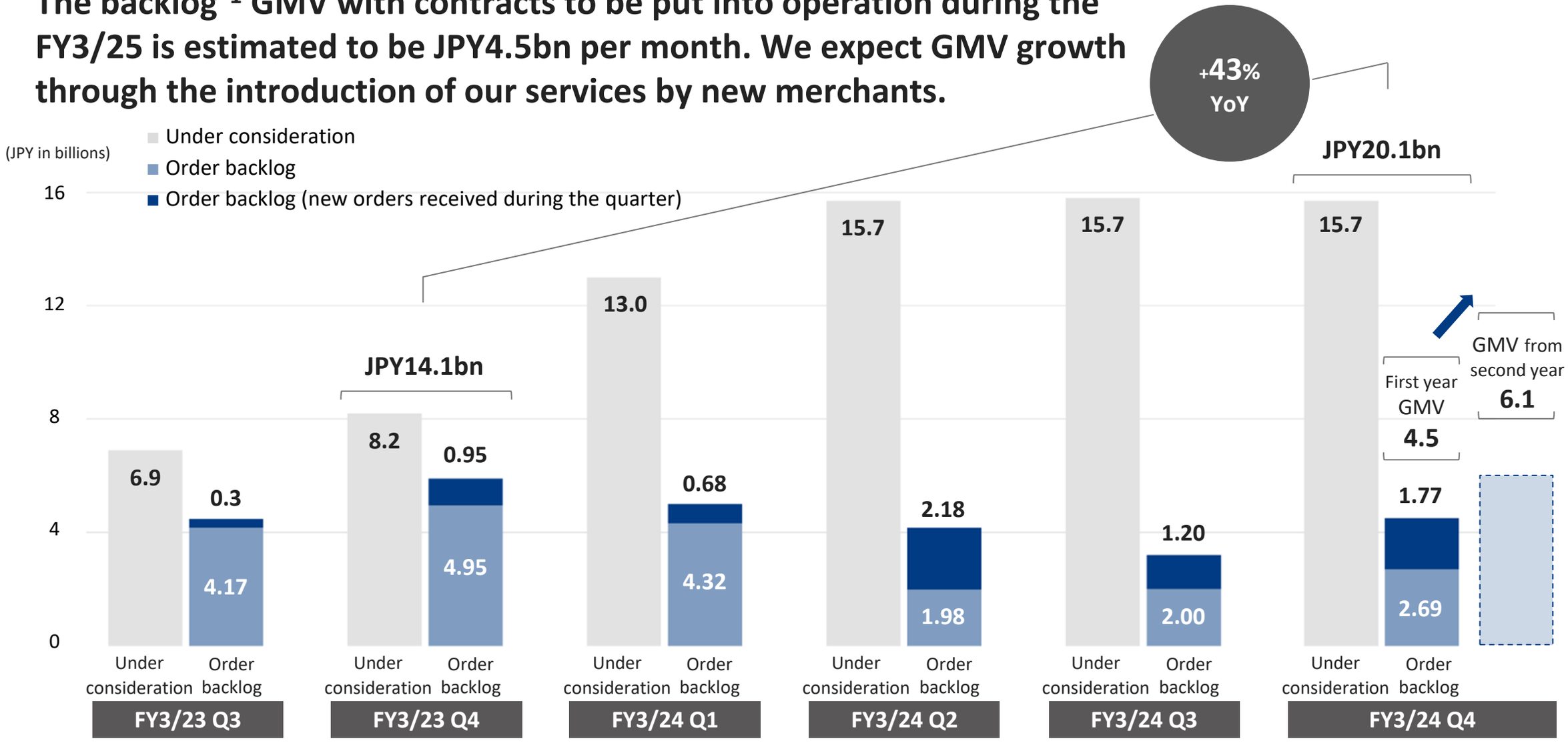
Earnings Forecasts: Sales Pipeline (GMV Outlook)

The backlog*1 GMV with contracts to be put into operation during the FY3/25 is estimated to be JPY4.5bn per month. We expect GMV growth through the introduction of our services by new merchants.



*1 Orders for which contracts have been signed and are to be put into operation within one year

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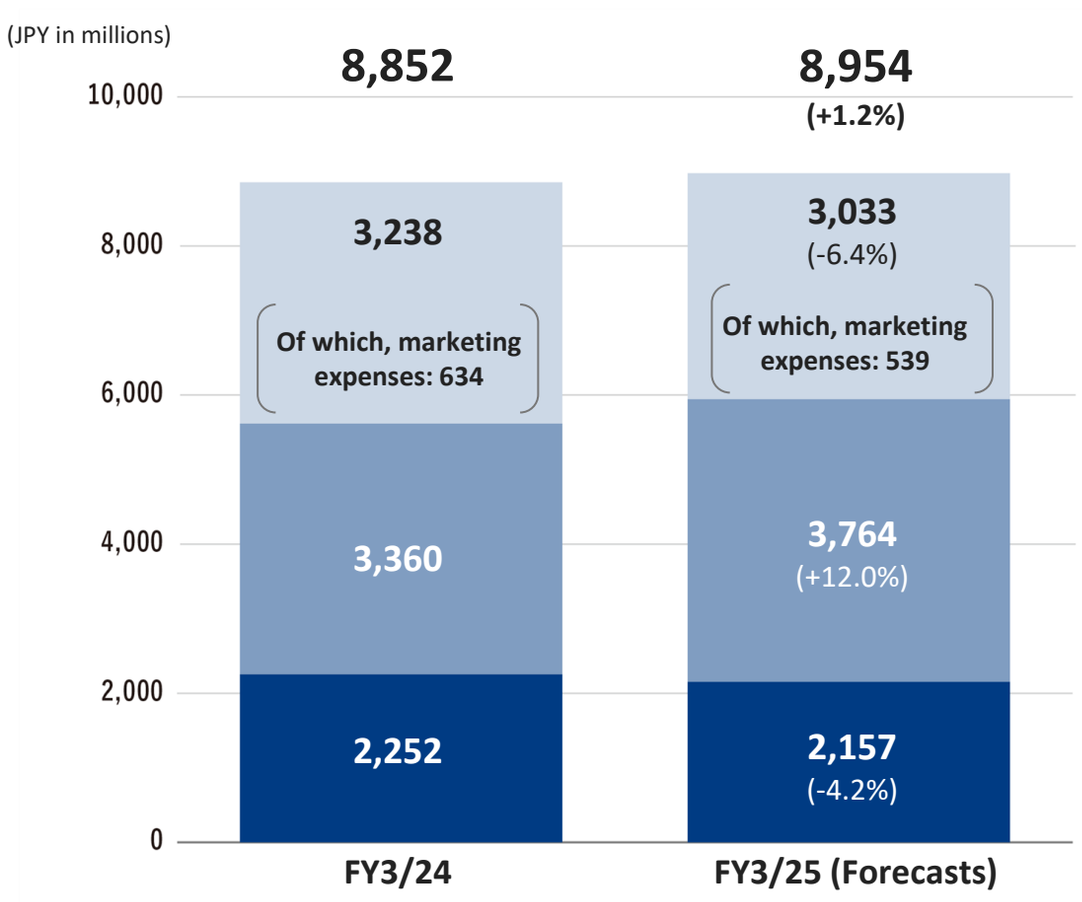
Earnings Forecasts: Breakdown of SG&A expenses

SG&A expenses are expected to remain almost unchanged from FY3/24, amounting to JPY8.95bn. Operating expenses in line with business growth and amortization will increase, but we will curb fixed costs by optimizing marketing investments and realizing the effect of the office floor space reduction.

Breakdown of SG&A expenses



Factors of increase or decrease in SG&A expenses

Sales & Marketing **Down JPY205mn** **(-6.4%)**

- Outsourced sales operations → Encouraged internalization of them
- Optimized marketing investments

Tech & Development **Up JPY403mn** **(+12.0%)**

- Increase in operating expenses (servers, etc.) in line with business growth
- Increase in amortization of software assets due to provision of new features

Others **Down JPY95mn** **(-4.2%)**

- Effect of the office floor space reduction

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*3 Others: SG&A expenses other than *1 and *2 (personnel and outsourcing expenses related to back-office operations, outsourcing expenses of help desk for services, etc.)

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Management Topics

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We have decided to launch a paid membership plan “atone plus” for atone in H2 of FY3/25. With the highest standard of points reward rate in the industry, the more users purchase products/services, the more efficiently they can save points.

Current atone

＋ **Paid membership service (JPY300/month)**

Points reward rate

1.5% all the time

From 0.5% to 1.5%!
High points reward rate will strongly incentivize repeat purchases.

Even for payment at a convenience store

Invoice fee: Free

The convenience store transaction fee of JPY209 is waived!

Stress-free

Installment payment

In addition to “Pay next month” and “Pay in 10 days,” members can select “Installment payment.” No fee required for three payments!

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We plan to launch installment payment for atone plus in H2, which enables paid members to use our service for high price range products/services such as home appliances and travel. Several merchants are already privately consented.



*Above images are for reference only

Target market

Merchandise	Home appliances, computer devices, etc.
	Clothes, fashion accessories, etc.
	Furniture, sundries, interior accessories
Service	Travel
	Ticket sales
	Correspondence courses (except regular course payment)

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atone plus is available at approx. 1.1M stores. In addition to our direct merchants, members can enjoy atone plus at physical stores accepting Smart Code payment and in-app stores with atone app-exclusive card.

Online stores

E-malls

amazon
Qoo10 an eBay company
YAHOO! JAPAN ショッピング

Apparel, cosmetics

GRL
しまむら オンラインストア
ANAP
Nailie ネイリー

Entertainment

チケットぴあ
animate
まんが王国
TAKARA TOMY タカラトミーモール

Others

ヨドバシカメラ www.yodobashi.com
dinos
ニトリ
mercari

Physical stores*

Convenience stores, supermarkets

FamilyMart
LAWSON
Seicomart
OK 高品質-Everyday Low Price

Drugstores

Kirindo Health & Beauty
サツドラ SAPPORO DRUG STORE
スギヤマ
YAKUODO 薬王堂

Restaurants

KFC
Hospitality Restaurant Royal Host
コメダ珈琲店

Daily necessity stores

Joshin
YAMADA
Toys"R"Us
BABIES"R"US

Stores planned to be in full-scale operations (non-exclusive list)

食べチョク TABE CHOKU
ticket board
and many more

*: Some stores are not available.

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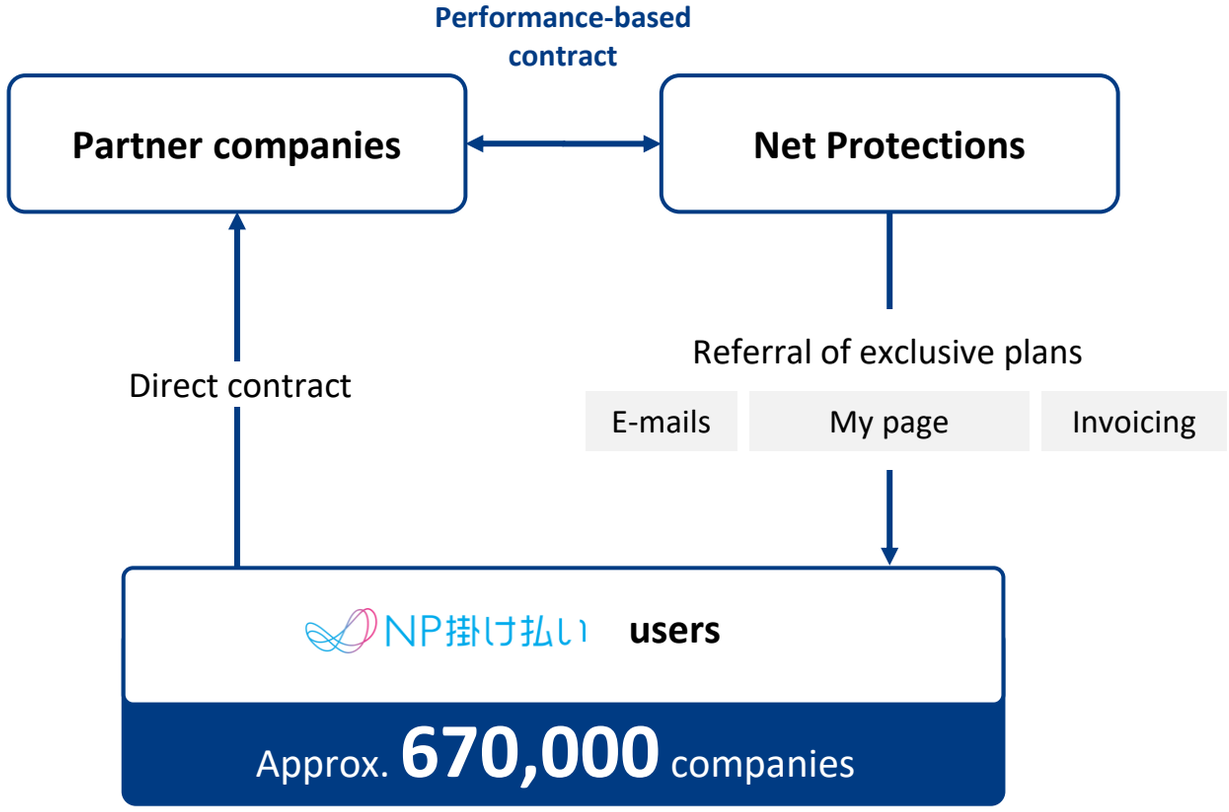
We launched “Referral Agency Service” in April 2024, targeting 670,000 corporate users of NP *Kakebarai* to assist SMEs beyond the framework of payment for more sales and better operational efficiency.

How it works



Partner companies

IVRy (アイブリー)
“IVRy,” interactive voice AI, supporting interactive voice response

Canly
“Canly” providing integrated management service for maps as well as store information and reviews/posts on websites and various social media

Benefits

Partner companies	NP *Kakebarai* users
can acquire new accounts without the initial cost	**can use paid services less expensively**

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We established NP Finance, Inc., a wholly owned subsidiary, in April 2024.
The company is to provide an online lending service to corporate users of BtoB "NP *Kakebarai*."

Services to be provided

Approx. **670,000** companies

NP掛け払い **users**

- SMEs
- Sole proprietors

Complete on the web
(no paperwork/no mailing required)

Apply for small loans

Transfer in 3~ business days

Lending service utilizing credit information collected through NP Kakebarai

Net Protections

Credit information collected through NP掛け払い

NP Finance

is scheduled to start operations by the end of FY3/25
*currently in preparation for money lending license registration

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Medium-Term Business Plan

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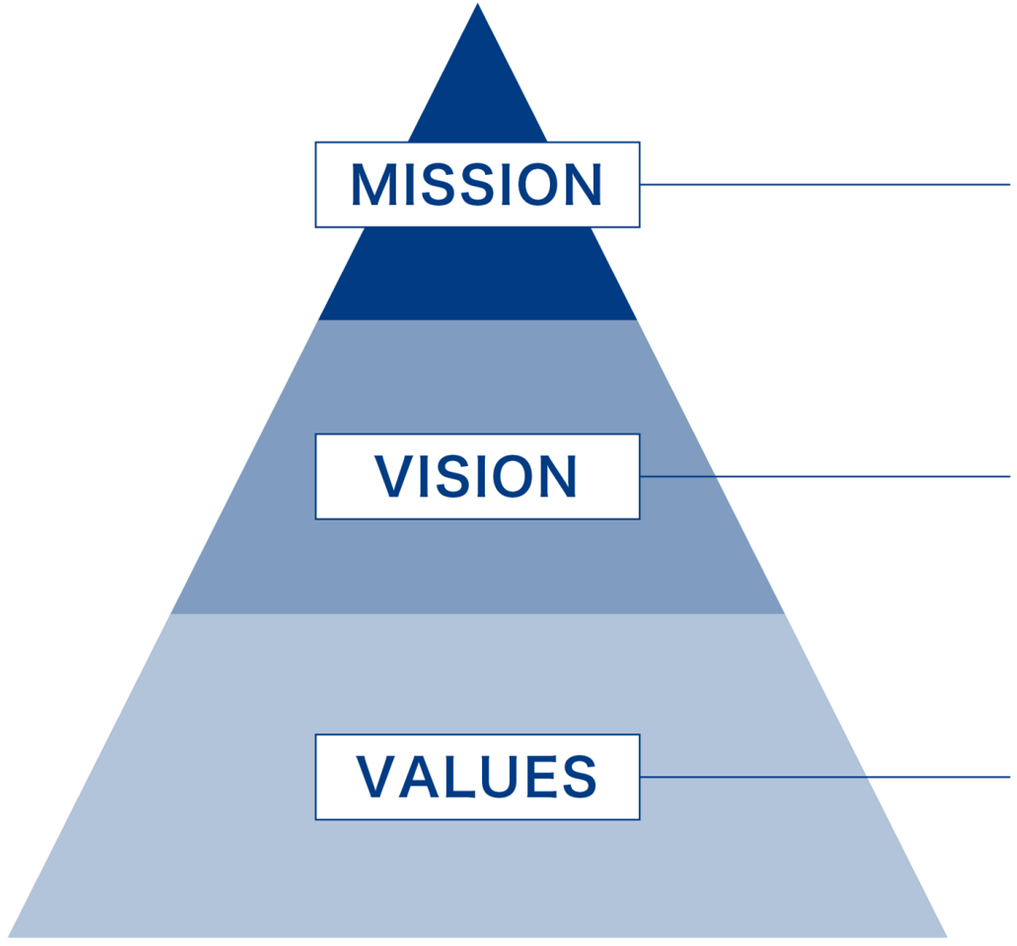
With our mission “Create New Standards,” we aim to create an innovative structure for both our business and organization.



Create New Standards

We will promote a seamless structure to create new standards.

Expand Our Possibilities

We will provide new opportunities through both our business and organization to open up the possibilities of each and every person.

Capture the Essence of Things in Order To Keep Changing

We will capture the essence from every aspect so that both our business and organization can keep changing and trying new things.

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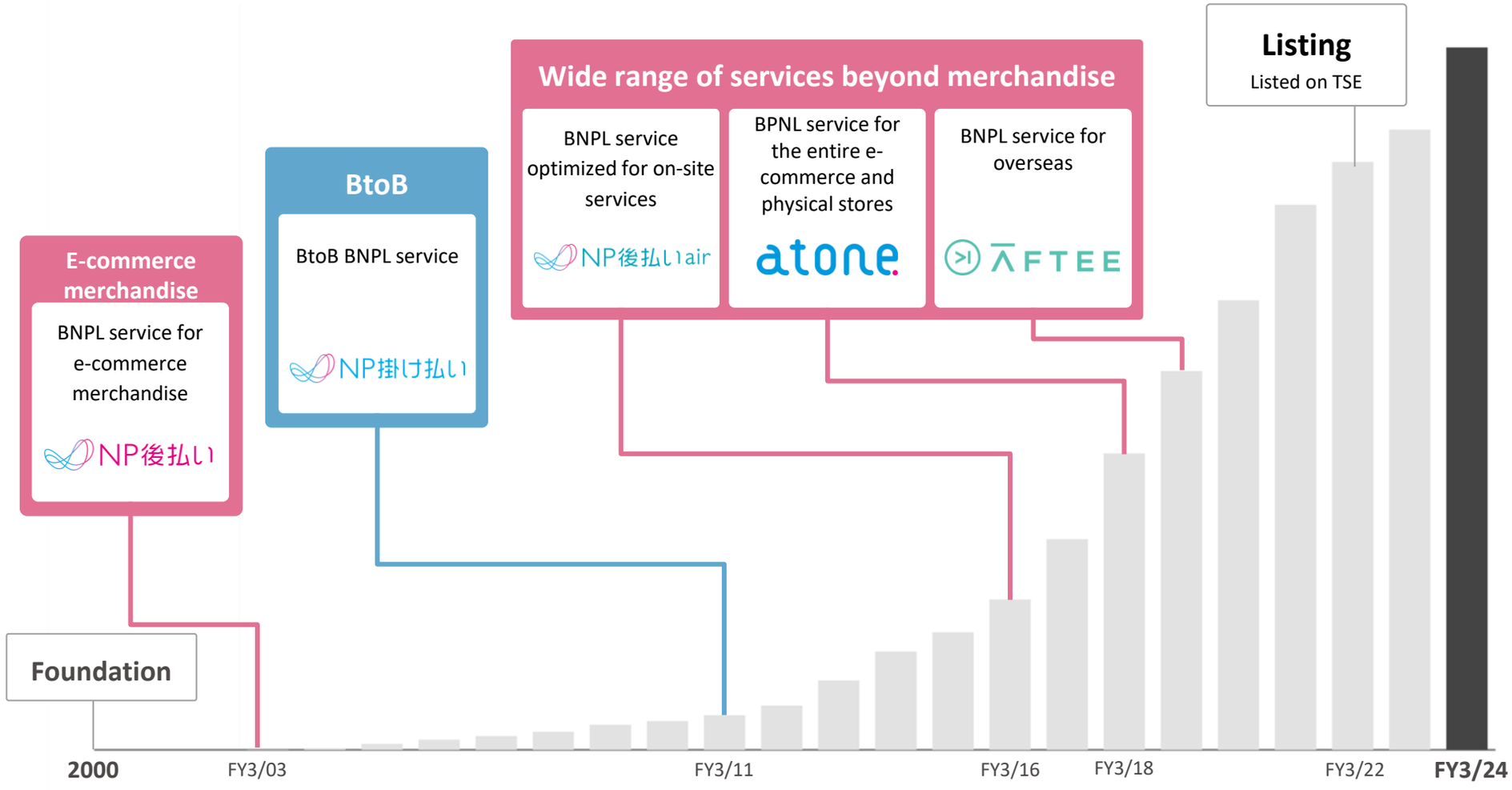
Growth Trajectory

We are boasting No. 1 market share as the leading BNPL company in Japan.

We have expanded our business in other countries such as Taiwan and Vietnam.



FY3/24
GMV
JPY565.9bn

NP *Atobarai* users[*1]
1 in 7 people

NP *Kakebarai* users[*2]
1 in 6 companies

AFTEE users[*3]
1 million

*1 Population aged 15 and over totals 110.6 mn. (Population estimates as of March 1, 2022 published by Statistic Bureau, Ministry of Internal Affairs and Communications) ÷Calculated based on the number of annual unique users, 15 million, in FY3/22
*2 There are approx. 3.67 companies in Japan. (Ministry of Internal Affairs and Communications & Ministry of Economy, Trade and Industry "2021 Economic census for business activity of Japan")÷Calculated based on the number of annual unique BtoB clients, 570,000, in FY3/23
*3 The number of unique members

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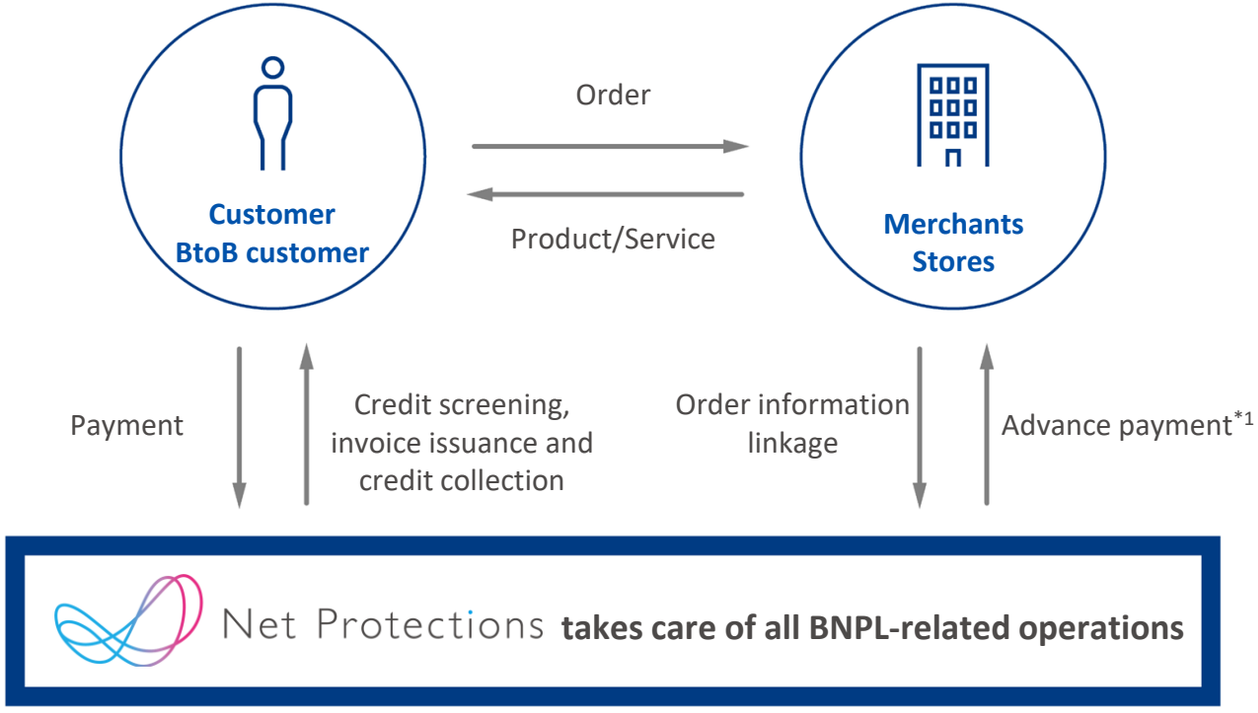
Value proposition

Customers can make a payment immediately without a credit card. Customers and BtoB customers can purchase products/services in a safe, convenient and affordable manner while merchants can expand sales opportunities and reduce their workload.

| Service scheme



| Benefits

Customers

- **Receive products first**
- **No credit card required**
- **Earn points**

Merchants

- **Increase sales**
- **Acquire new customers**
- **Risk-free guaranteed**

*1 The guarantee only covers transactions approved by our credit screening system. In the event that a dispute between a merchant and a customer 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, such a transaction will not be guaranteed, even though it has been approved.

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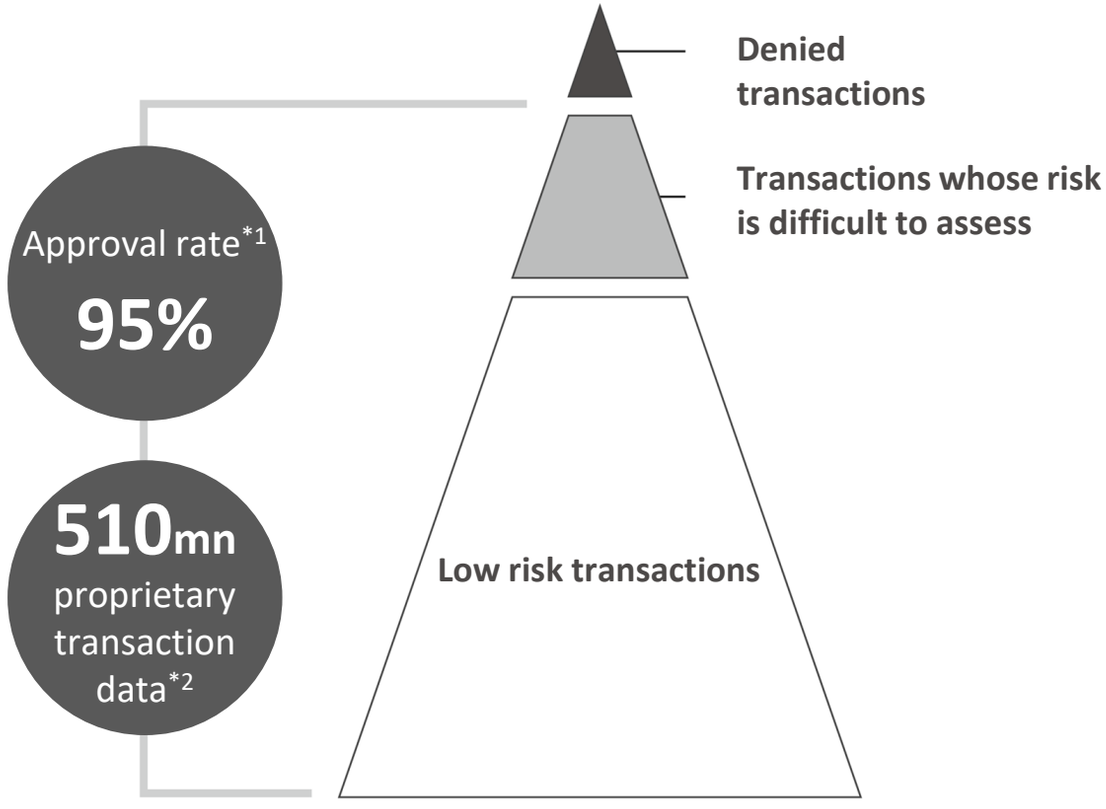
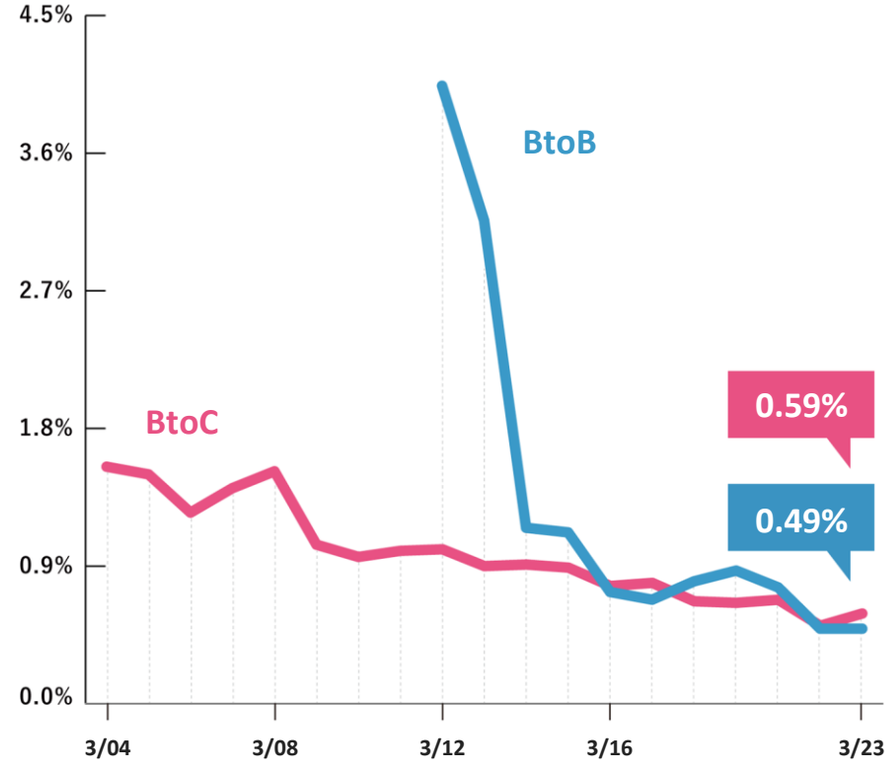
We have achieved low delinquency rate by leveraging our proprietary data accumulated over 20 years to decisively handle transactions whose risk is difficult to assess.

| Credit approval rate



| Delinquency rate*3*4



*1 The ratio of approved transactions to transactions denied by our credit screening system for NP *Atobarai* during FY3/2024 (limited to unique users).
*2 As of March 31, 2024
*3 Ratio of outstanding unpaid transactions for NP Atobarai in excess of 18 months to total transactions recorded during such fiscal period on a GMV basis. The ratio for FY3/2023 is based on unpaid transactions as of the end of March 2024 (including transactions prior to writing off of delinquent debt).
*4 Ratio of outstanding unpaid transactions for NP Kakebarai in excess of 14 months to total transactions recorded during such fiscal period on a GMV basis. The ratio for FY3/2023 is based on unpaid transactions as of the end of March 2024 (including transactions prior to sale of receivables and writing off of delinquent debt).

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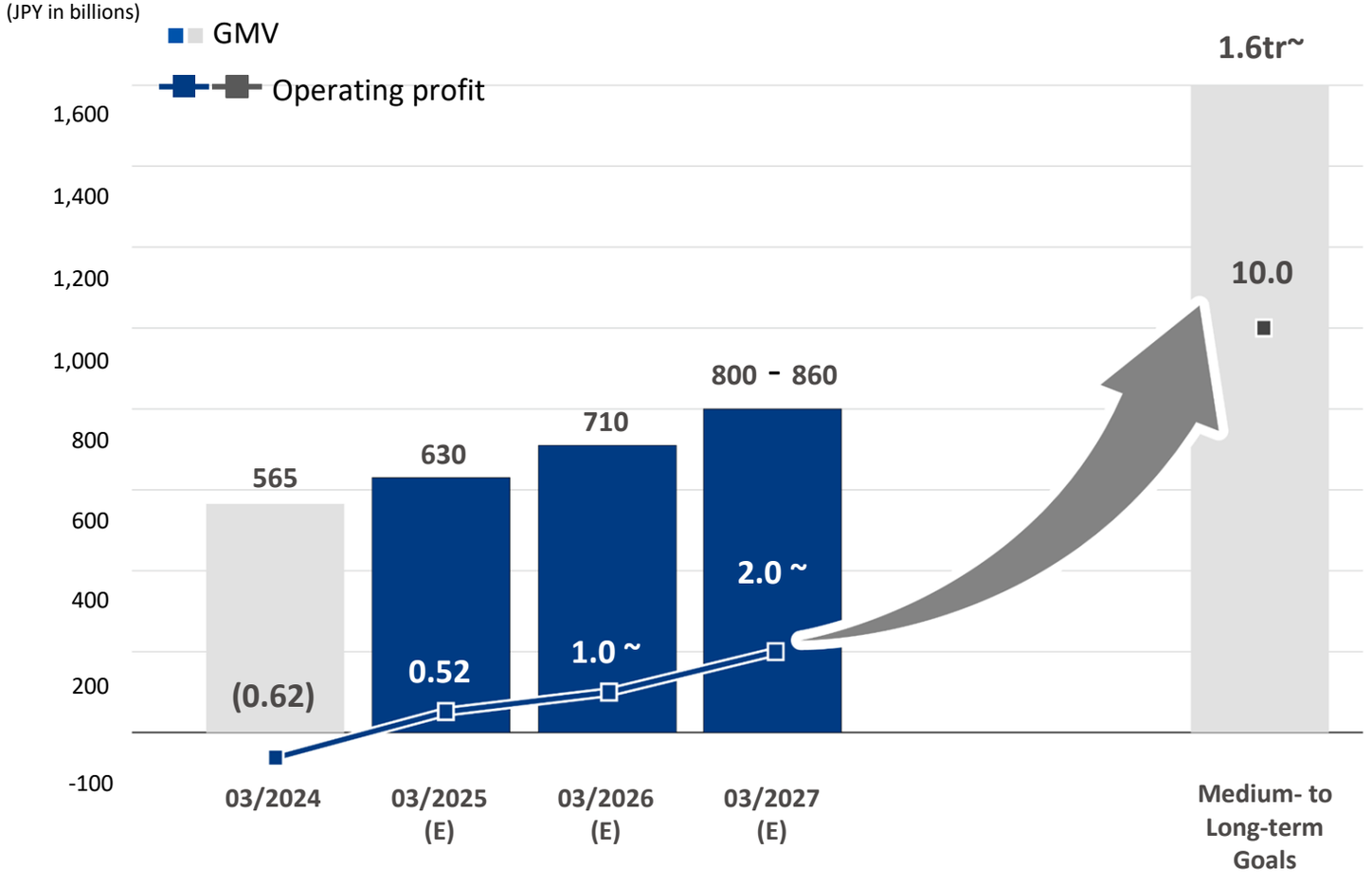
Three-Year Business Plan

(FY3/25 – FY3/27)

Three-Year Financial Policy (GMV vs Operating Profit)

For the three-year GMV, we aim a CAGR (compound annual growth rate) of 12 - 15%, with total operating revenue of at least JPY 30 billion and operating profit of at least JPY 2 billion for the fiscal year ending March 31, 2027.



Medium-term plan
(3 years from now: FY3/2027)

GMV: **JPY800bn - 860bn**

(3-year CAGR: 12% - 15%)

Total operating revenue: JPY 30bn+
Operating profit: JPY 2bn+

Medium- to Long-term Target

Operating profit: JPY 10bn

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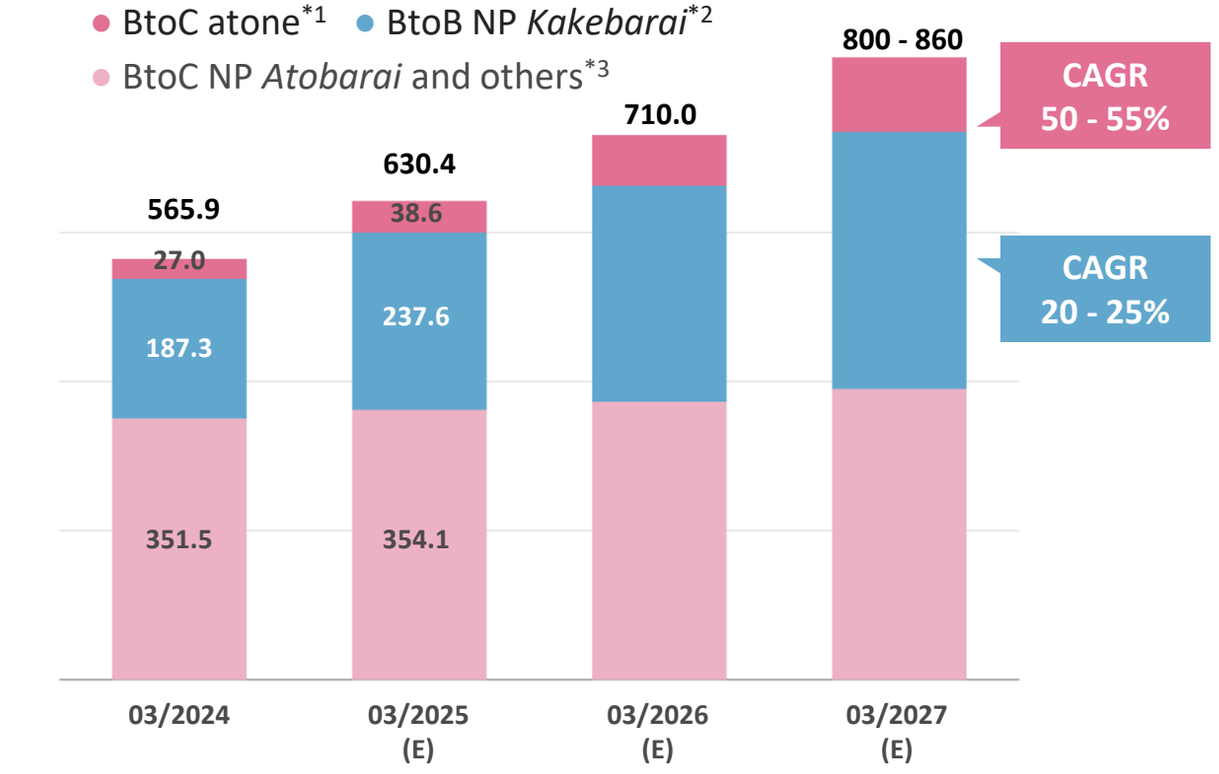
Portfolio (GMV Growth Rate and GMV Composition by Service)

For BtoC, we aim for a CAGR of 50 - 55% for atone while maintaining NP *Atobarai* as a stable profitable business.

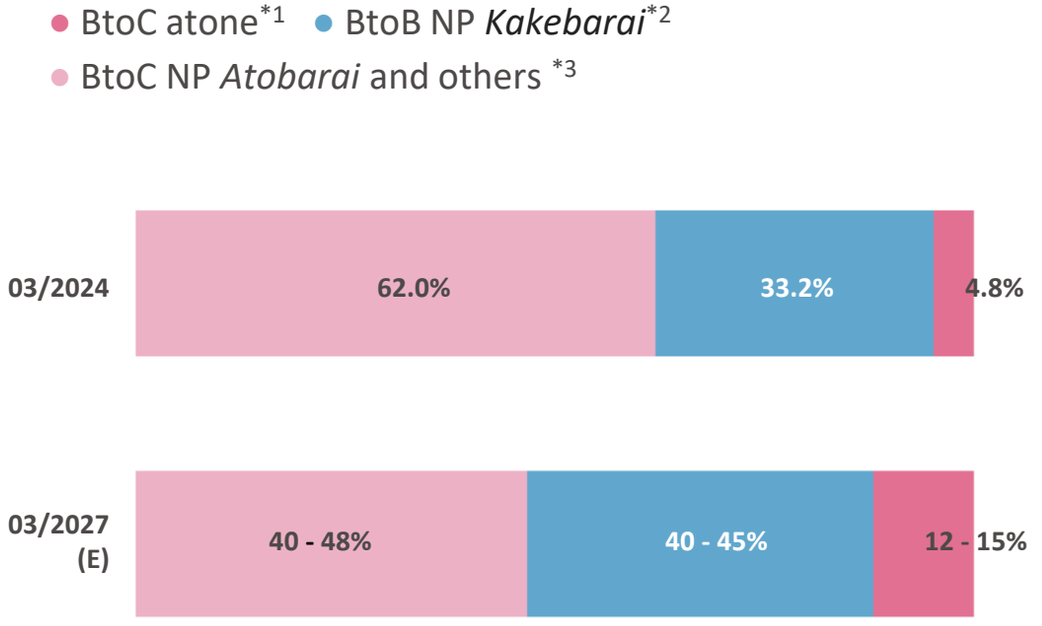
For BtoB, we aim to establish an overwhelming #1 position with a CAGR of 20 - 25%.

| GMV Growth Rate by Business Segment

(JPY in billions)



| Composition in FY3/27 (vs. to FY3/24)



*1 Total amount of payments (including consumption tax) made through atone provided by the Group
*2 Total amount of payments (including consumption tax) made through NP *Atobarai*, AFTEE, and NP Card provided by the Group
*3 Total amount of payments (including consumption tax) made through NP *Kakebarai* provided by the Group

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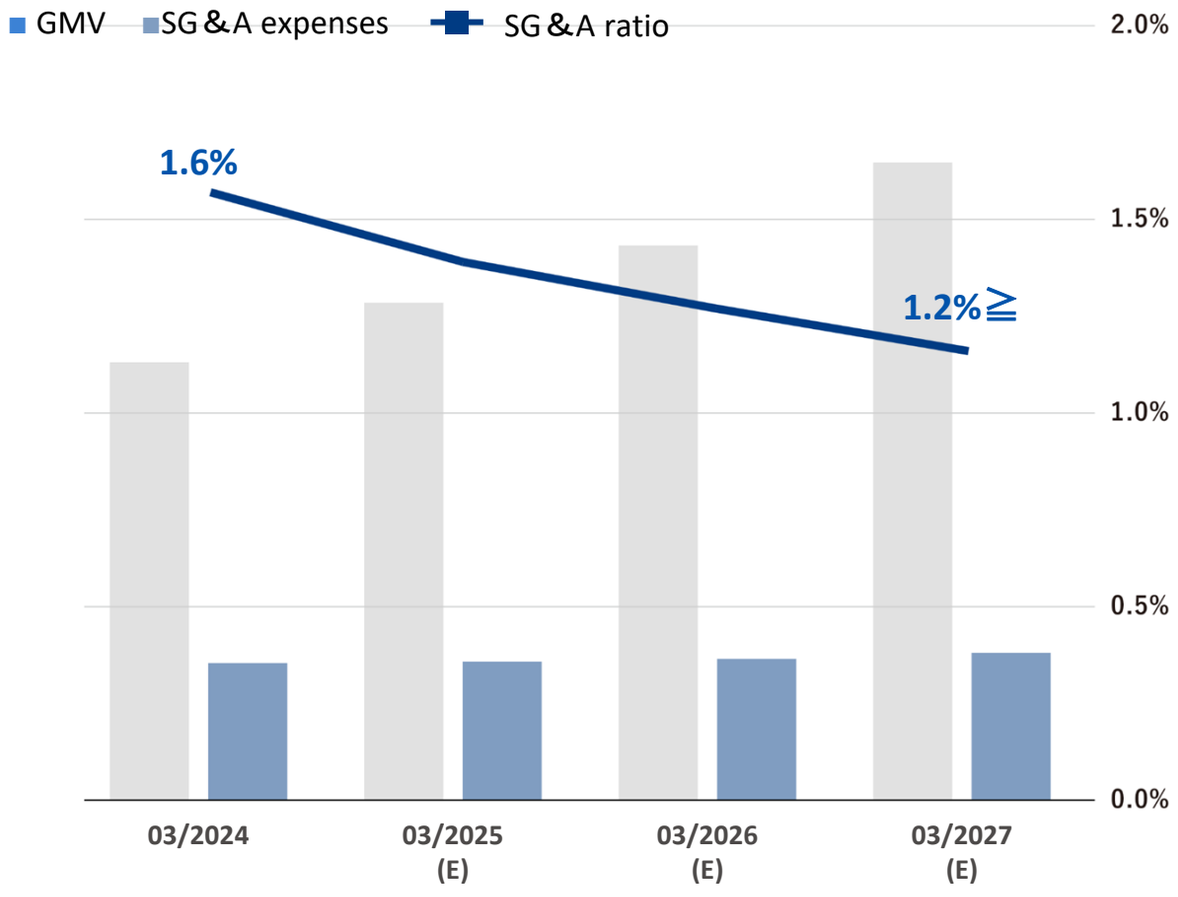
SG&A Expense Policy

Structural improvements have been completed and no major investments are required in the future.
The SG&A ratio will be lowered through disciplined investment in line with GMV and profit growth.

Trend of SG&A ratio (vs. GMV) (illustrative)



Major SG&A Expense Policy

Full-time employees

The system development was completed in FY3/24. From FY3/25 onward, the increase in personnel will be limited to what is necessary to cope with the increase in transactions.

Systems development

Assume the same level of costs for FY3/25 - FY3/27 by increasing the ratio of in-house development and optimizing the development system.

Marketing

Concentrate on growth businesses of atone, BtoB, and measures that can be expected to generate early returns. Gradually increase marketing expenses but make disciplined investments in line with profit growth.

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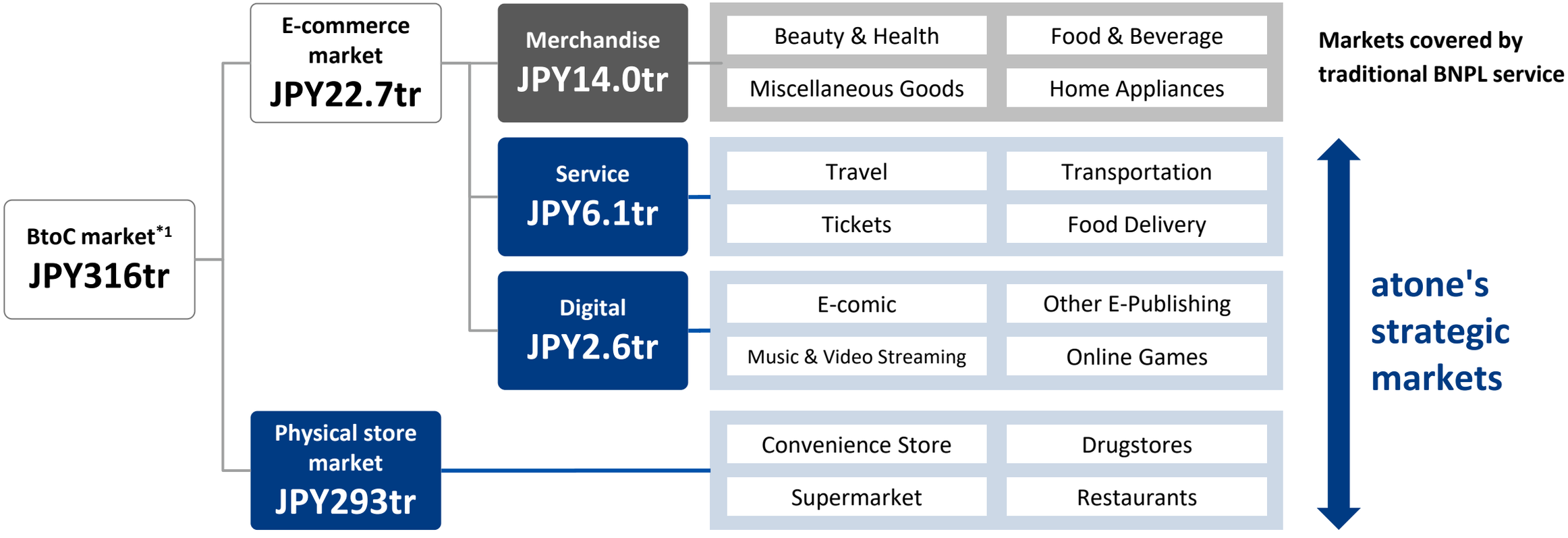
Strategy in the BtoC Market

With atone, a membership-based service, we aim to newly enter a market that has been difficult for conventional BNPL services to penetrate, and to be used in both online and offline transactions.



Examples of stores available

*1 Ministry of Economy, Trade and Industry, "FY2022 E-Commerce Market Survey," Payments Japan, "Cashless Roadmap 2023," Cabinet Office, "System of National Accounts, GDP Statistics."

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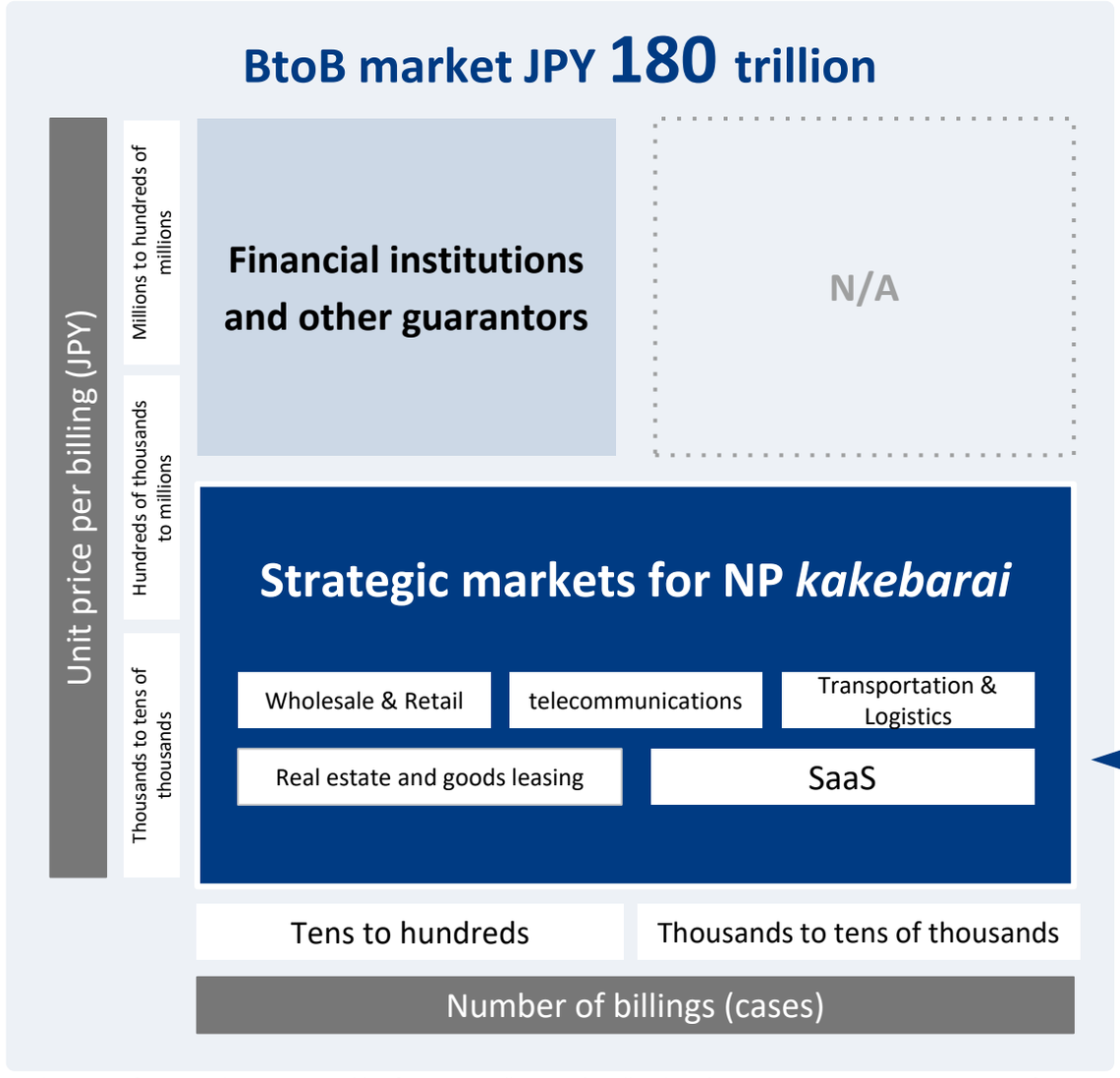
Strategy in the BtoB Market

Expand share in a market where a large volume of credit screening and billing operations for small-sized transactions are occurring against the backdrop of a declining domestic workforce and the start of the invoice system.



Customer issues (example)

- Reduce workload and concentrate on core business (Complete outsourcing of billing operations)
- Develop new small-sized sales channels and customers (high credit screening accuracy)

Examples of merchants

ミドリ安全.com / 酒のリカマン / 総合食品 エスイー 株式会社 / BEAUTY GARAGE Professional Beauty Supply / 水野産業株式会社 / RAKSUL / ジョブカン / Timee / Full Speed Ad Technology & Marketing Company / くらしのマーケット / 集英社 / 住友ゴム工業株式会社 / 三菱地所レジデンス / MORINAGA

*1 Total amount of notes and accounts payable of SMEs: 50 trillion yen (Small and Medium Enterprise Agency: Basic Survey of SMEs in 2019 (actual results at the end of FY 2018)) x Annual turnover: 3.6 times (365 days / average payment site for promissory notes of SMEs: 101.1 days (Small and Medium Enterprise Agency: Report by Study Group to Improve Payment Terms including Promissory Notes))

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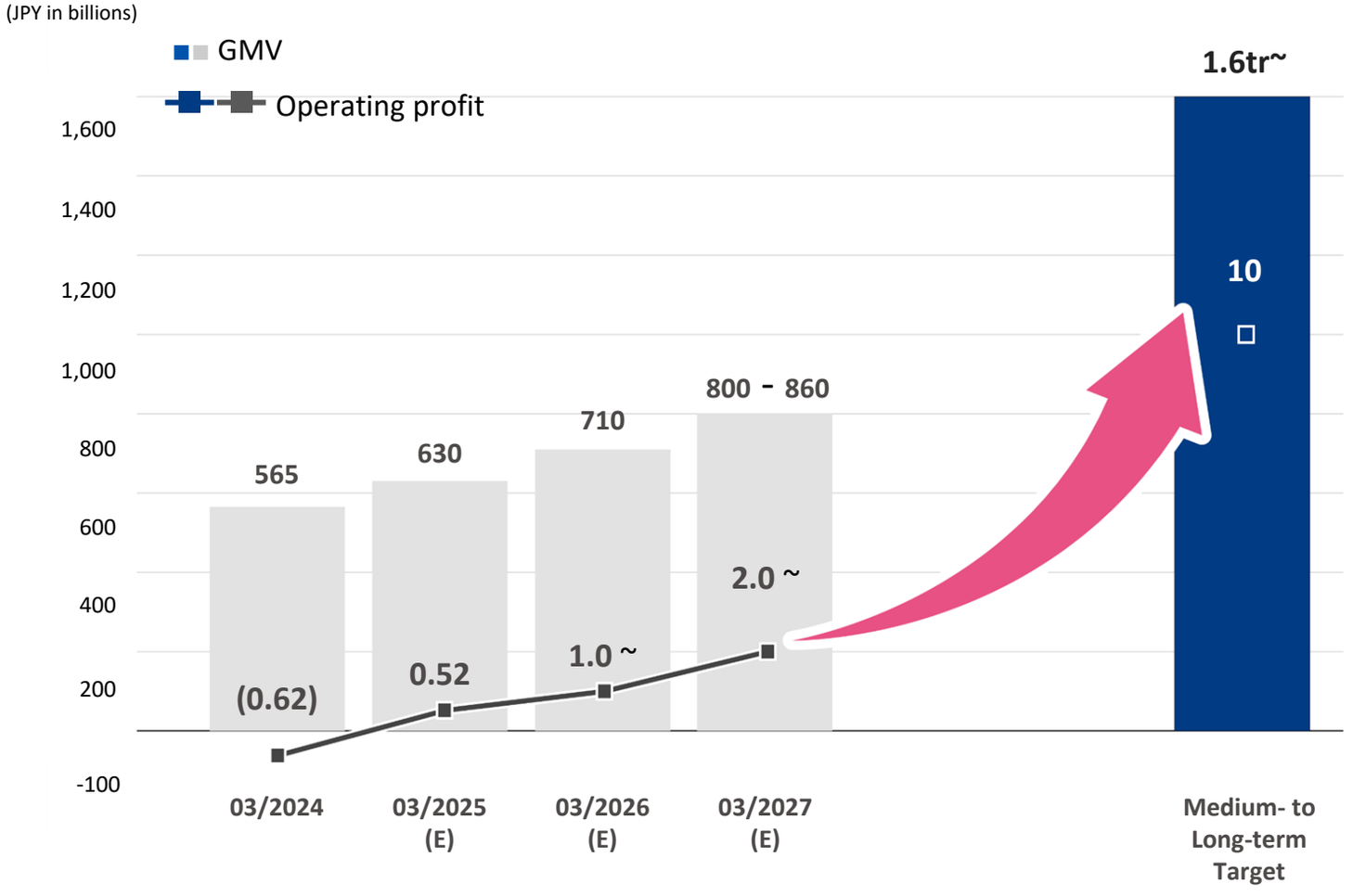
Toward Discontinuous Business Growth

Medium- to Long-term Target (GMV x Operating Profit)

Aim for operating profit of JPY 10 billion as a medium- to long-term target through discontinuous growth. Utilize customers and BtoB customers data to achieve quadratic growth.



Medium- to Long-term Target

Operating profit: JPY 10bn

Medium-term plan (3 years from now: FY3/2027)

GMV: **JPY800bn - 860bn**

(3-year CAGR: 12% - 15%)

Total operating revenue: JPY **30**bn+

Operating profit: JPY **2**bn+

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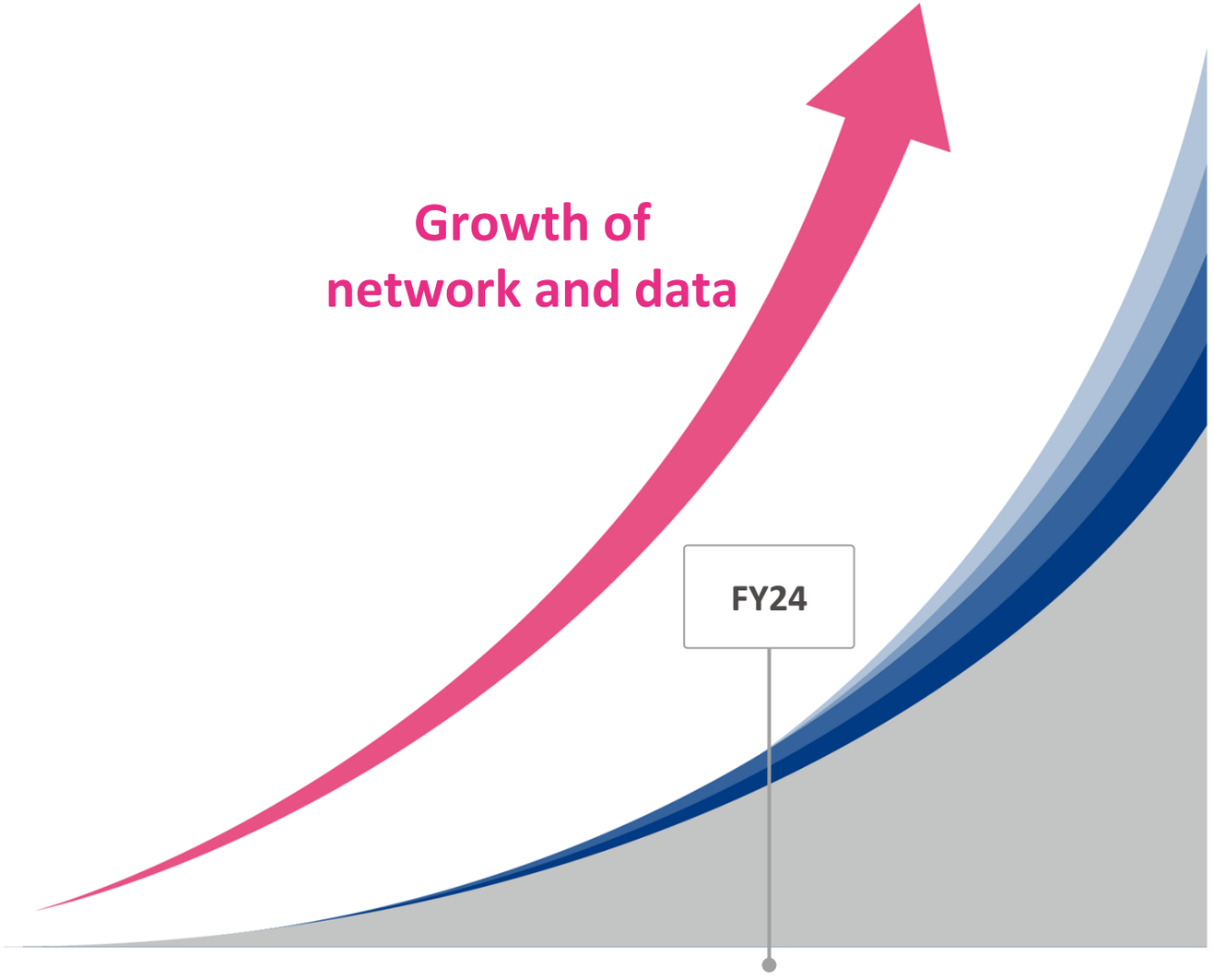
Continue to grow our network and data assets through BNPL services.

Utilize those assets to develop new services for customers and BtoB customers.



Data	Data service
Subscription	Paid membership service
Finance	Lending service
AD	Sales promotion and customer transfer services
Payment	NP後払い NP後払いair NP掛け払い atone AFTEE

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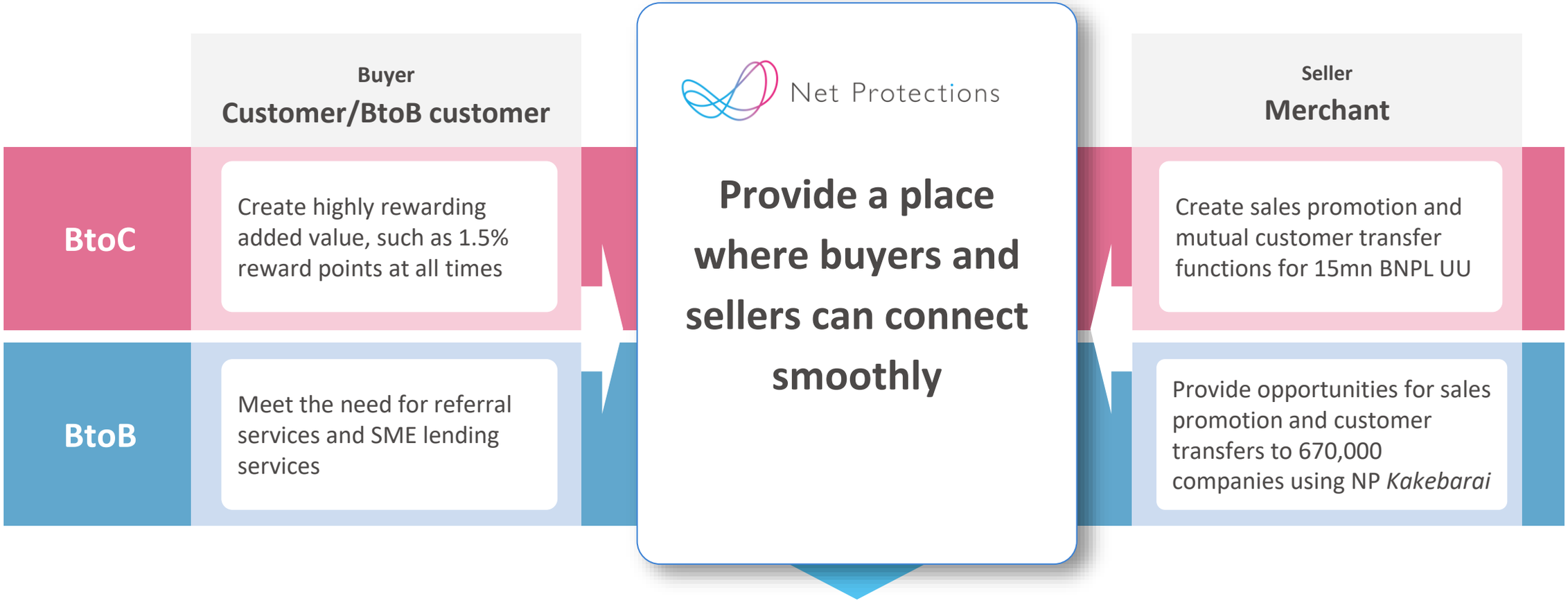
Cycle of Value Provision and Business Growth

Aim to be the first BNPL service in Japan that provides a customer transfer service that transfers customers and BtoB customers.
Create a virtuous cycle that keeps buyers and sellers connected and achieve GMV growth.



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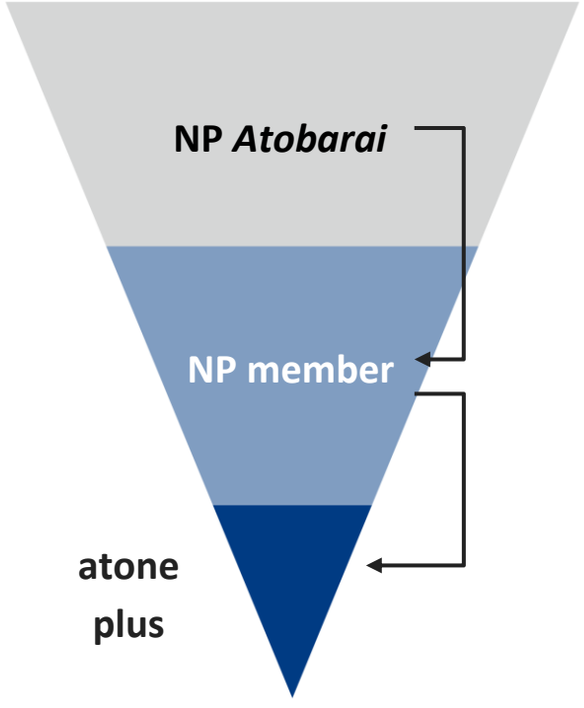
Drive 15 million NP *Atobarai* users to atone and atone plus, a paid membership service. Provide a BNPL service with the most available locations and the best value for money.

User Base



15 million Unique users

Promotes transition to membership by awarding 0.5% NP points

7 million members

Increase points reward rate to 1.5% to acquaire loyal users

1 million members (target)

BNPL with great savings available everywhere

Features of atone plus

	atone	atone plus
Available shops	○	◎
Payment method	Pay in 10 days Pay next month	Pay next month **Installment payment**
Invoicing fee	JPY 209	**Free**
Points reward	0.5%	**1.5%**
Membership fee	Free	JPY 300 per month

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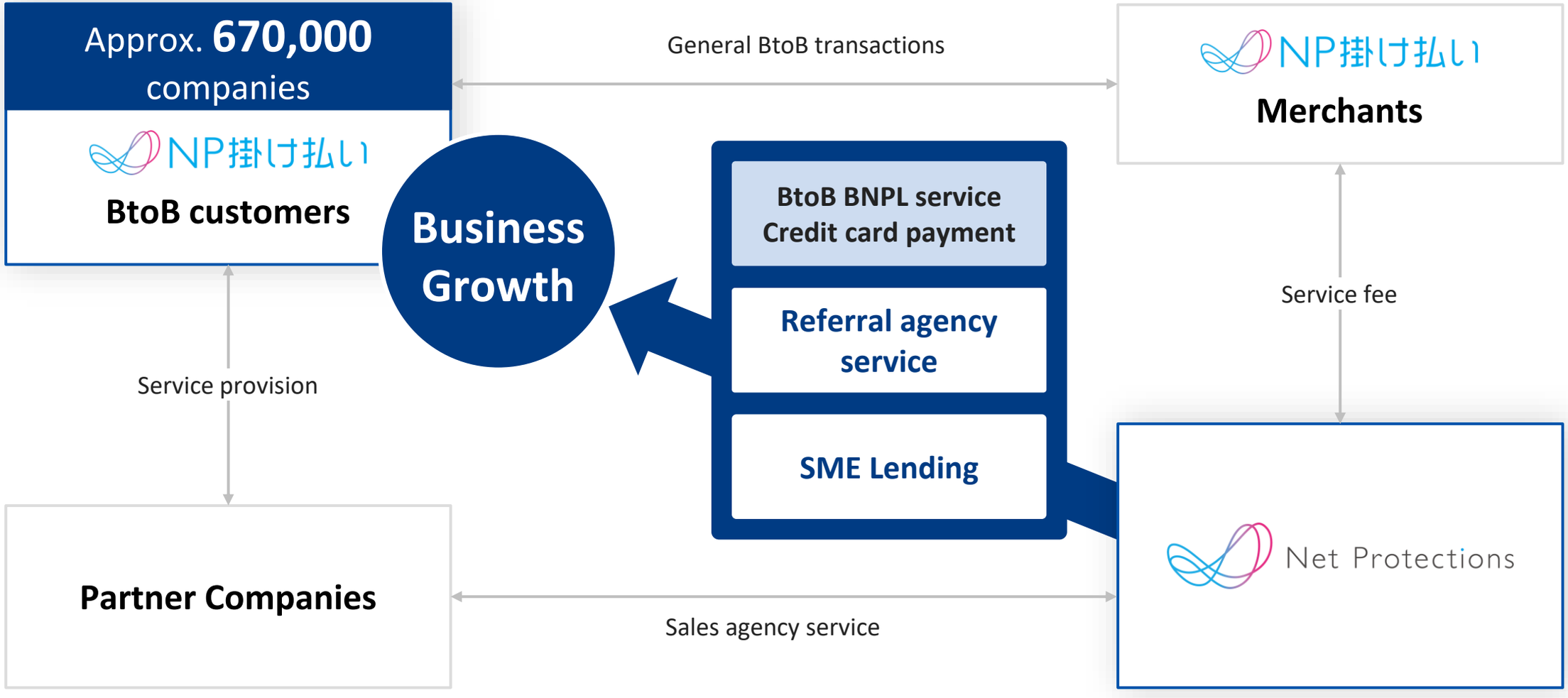
Provide business support to 670,000 NP *kakebarai* business clients through referral agency services and lending to small and medium enterprises (SMEs).



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Shift to dividend and share buybacks in line with profit build-up.

Profit build-up

Cash generation from business expansion

Gross profit is positive in all businesses, and continued full-year profitability will provide the necessary resources for shareholder returns and growth investment.

Shareholder returns

- Dividends
- Share buybacks

Once the source of dividends has been built up, we will implement return measures such as dividends and share buybacks.

Growth investment

- Development investment
- Marketing investment

Invest in functional enhancements and marketing initiatives for continued mid- to long-term growth.

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Aim for balanced growth between top line and bottom line

- Grow profits for the three years starting from FY3/25 and achieve operating profit of JPY 2 billion or more in FY3/27.
- Continued double-digit growth in GMV, to JPY 800 - 860 billion in FY3/27.
- SG&A expenses will be managed in a disciplined manner, with a benchmark of 1.2% of SG&A expenses to GMV ratio in FY3/27.

Aim for upside through “Value Added for Buyers” as a new strategy

- Monetize all services by providing value-added services based on memberships.
  - Diversify payment methods for 15 million BtoC users, and enhance convenience and benefits through points reward.
  - Provide financial services for 670,000 SMEs in addition to BNPL services.

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Appendix

- **Financial Statements, etc.**
- **IR Newsletter**
- **Business and Market Overview**

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Key Performance Indicators

	Three months ended March 31, 2023 (JPY in millions)	Three months ended March 31, 2024 (JPY in millions)	Percentage change %	Fiscal year ended March 31, 2023 (JPY in millions)	Fiscal year ended March 31, 2024 (JPY in millions)	Percentage change %
GMV (non-GAAP)*1	**126,210**	**142,107**	**12.6**	**499,035**	**565,987**	**13.4**
BtoC Services: NP *Atobarai* and other	83,131	84,345	1.5	340,952	351,547	3.1
BtoC Services: atone	5,540	7,549	36.3	21,118	27,040	28.0
BtoB Service	37,538	50,212	33.8	136,964	187,399	36.8
Total operating revenue	**4,893**	**5,071**	**3.6**	**19,330**	**20,844**	**7.8**
BtoC Services: NP *Atobarai* and other	3,809	3,730	(2.1)	15,202	15,763	3.7
BtoC Services: atone	304	381	25.5	1,198	1,416	18.2
BtoB Service	779	958	23.0	2,929	3,664	25.1
– Other operating revenue	122	152	25.0	489	531	8.5
Revenue	**4,771**	**4,918**	**3.1**	**18,840**	**20,313**	**7.8**
– Invoicing related expenses (non-GAAP)*2	2,042	1,978	(3.1)	7,888	8,326	5.5
– Bad debt related expenses (non-GAAP)*3	887	925	4.3	3,132	3,781	20.7
– Other payment related expenses (non-GAAP)*4	117	98	(16.3)	386	410	6.1
Gross profit (non-GAAP)*5	**1,724**	**1,916**	**11.1**	**7,433**	**7,795**	**4.9**
BtoC Services: NP *Atobarai* and other	1,214	1,412	16.3	5,317	5,620	5.7
BtoC Services: atone	73	103	40.0	392	368	(6.1)
BtoB Service	436	400	(8.1)	1,722	1,805	4.8
– SG&A and other operating expenses (non-GAAP)*6	2,207	2,237	1.4	8,327	8,954	7.5
Operating profit	**(361)**	**(168)**	**—**	**(404)**	**(627)**	**—**
+ Depreciation and amortization	348	422	21.0	1,383	1,577	14.1
+ Share-based payment expenses	3	3	24.1	10	9	(1.6)
+ Loss on disposal of property, plant and equipment	32	15	(51.5)	57	28	(50.2)
+ Impairment losses	—	48	—	—	48	—
– Gain from reversal of impairment losses	—	—	—	—	—	—
EBITDA (non-GAAP)*7	**23**	**322**	**—**	**1,045**	**1,037**	**(0.8)**

*1 GMV: Gross merchandise value for the Group's payment services
*2 Invoicing related expenses: Collection expense + Invoicing expense, primarily the amount of expenses incurred per invoice
*3 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
*4 Other payment related expenses: Other expenses required for providing payment services, including credit screening costs and NP point expenses
*5 Gross profit: Revenue – (Invoicing related expenses + Bad debt related expenses + Other payment-related expenses)
*6 SG&A and other operating expenses: Operating expenses – (Invoicing related expenses + Bad debt related expenses + Other payment-related expenses)
*7 EBITDA: Operating profit + (Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment loss – Gain from reversal of impairment losses)

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Consolidated Statement of Financial Position

(JPY in millions)

	As of March 31, 2023	As of March 31, 2024
Assets		
Cash and cash equivalents	10,564	10,810
Trade and other receivables	24,540	29,238
Inventories	21	11
Other current receivables	1,102	637
Total current assets	36,228	40,698
Property, plant and equipment	743	354
Goodwill	11,608	11,608
Intangible assets	4,130	4,671
Other financial assets	1,005	898
Deferred tax assets	1,514	1,784
Other non-current assets	171	262
Total non-current assets	19,175	19,580
Total Assets	55,404	60,279

	As of March 31, 2023	As of March 31, 2024
Liabilities and Equity		
Trade and other payables	27,233	32,226
Short-term loans	3,000	3,431
Lease liabilities	415	101
Other current financial liabilities	4	6
Income taxes payable	161	298
Provisions	28	57
Liabilities for employee benefits	443	564
Other current liabilities	513	688
Total current liabilities	31,801	37,374
Long-term loans	4,964	4,974
Lease liabilities	85	35
Provisions	84	113
Total non-current liabilities	5,135	5,123
Total Liabilities	36,936	42,498
Share capital	4,113	4,134
Capital surplus	14,168	14,196
Retained earnings	22	(805)
Other components of equity	64	178
Total equity attributable to owners of parent	18,369	17,704
Non-controlling interests	98	76
Total Equity	18,467	17,780
Total Liabilities and Equity	55,404	60,279

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Competitive Advantages: Balance Sheet with Low Working Capital

We do not need to borrow money or take other funding measures to raise working capital because our trade receivables and payables are well-balanced over the short term. We therefore have limited financial risk even in the current phase of rising interest rates.

Balance Sheet (as of March 31, 2024)

Collection Cycle*1

✓ Due in 14 days from the date an invoice is issued

Trade and other receivables*2

JPY 35,828 million

Total assets: JPY 60,279 million

Trade payables

JPY 32,226 million

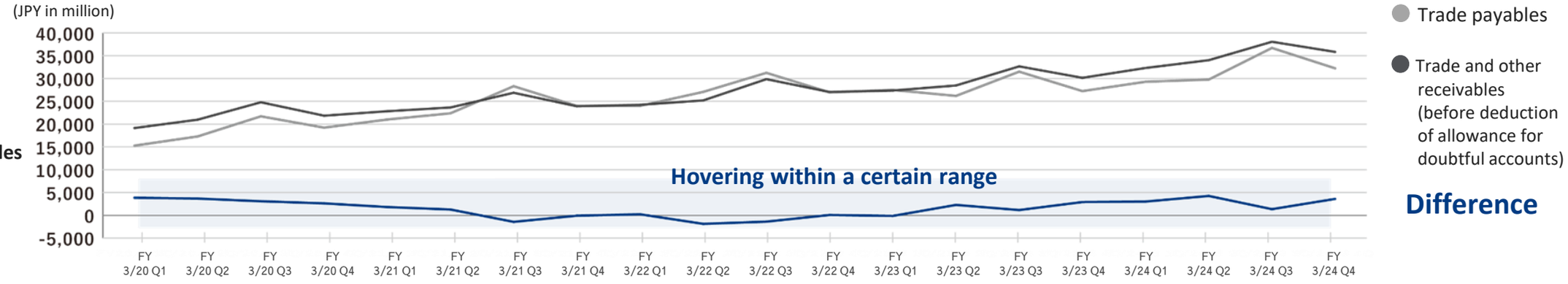
Total liabilities: JPY 42,498 million

Total equity: JPY 17,780 million

Payment Cycle*1

✓ Three payment options are available to merchants: weekly, monthly, or semimonthly payment

Quarterly changes in trade receivables & payables



*1 In case of NP *Atobarai*

*2 Trade and other receivables represent the figures before deduction of allowance for doubtful accounts.

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Consolidated Statement of Profit or Loss

(JPY in millions)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Revenue	18,840	20,313
Other operating revenue	489	531
Total operating revenue	19,330	20,844
Operating expenses	(19,735)	(21,472)
Operating profit (loss)	(404)	(627)
Financial income	0	1
Financial costs	(123)	(194)
Profit (loss) before income taxes	(527)	(820)
Income tax expense	84	(30)
Profit (loss)	(443)	(851)
Profit (loss) attributable to:		
Owners of parent	(443)	(828)
Non-controlling interests	—	(22)
Profit (loss)	(443)	(851)
Earnings (loss) per share		
Basic earnings (loss) per share (JPY)	(4.59)	(8.55)
Diluted earnings (loss) per share (JPY)	(4.59)	(8.55)

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Consolidated Statement of Cash Flows

(JPY in millions)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash Flows from Operating Activities		
Profit (loss) before income taxes	(527)	(820)
Depreciation, amortization and impairment losses	1,383	1,626
Share-based payment expenses	10	9
Finance income and finance costs	105	192
Increase (decrease) in provisions	2	57
Loss on disposal of property, plant and equipment	57	28
Decrease (increase) in inventories	(2)	9
Decrease (increase) in trade and other receivables	(2,521)	(4,698)
Increase (decrease) in trade and other payables	272	4,992
Other	(56)	187
Subtotal	(1,277)	1,585
Interest received	0	1
Interest paid	(38)	(35)
Income tax paid	(1,314)	380
Net cash provided by (used in) operating activities	(2,629)	1,931
Cash Flows from Investing Activities		
Payments into time deposits	(1)	(0)
Purchase of property, plant and equipment	(88)	(14)
Purchase of intangible assets	(1,357)	(1,726)
Payments for guarantee deposits	(79)	(4)
Proceeds from collection of guarantee deposits	76	0
Purchase of other financial assets	(315)	(15)
Net cash provided by (used in) investing activities	(1,765)	(1,760)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans	3,000	431
Repayments of lease liabilities	(383)	(391)
Proceeds from issuance of shares	27	34
Capital contribution from non-controlling interests	196	—
Net cash provided by (used in) financing activities	2,841	75
Effects of exchange rate changes on cash and cash equivalents	(0)	(0)
Net increase (decrease) in cash and cash equivalents	(1,554)	246
Cash and cash equivalents at the beginning of the period	12,119	10,564
Cash and cash equivalents at the end of the period	10,564	10,810

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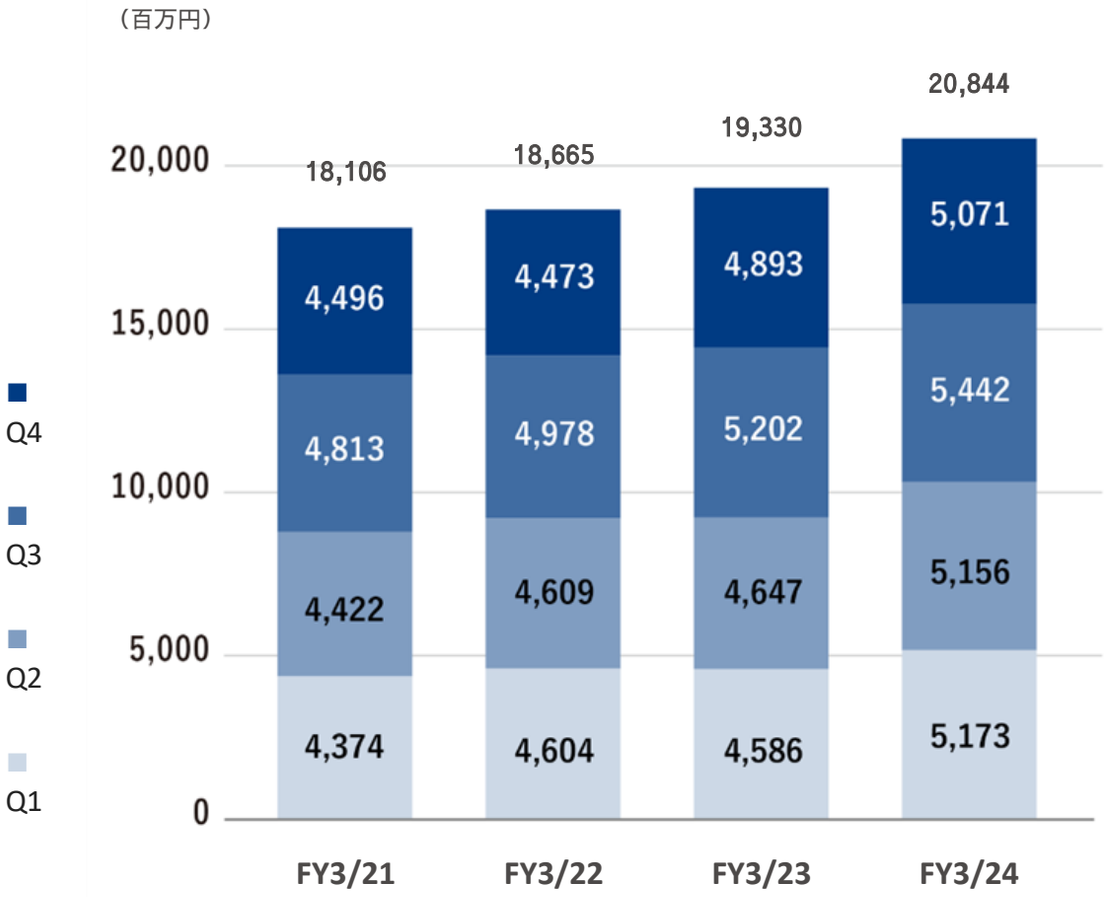
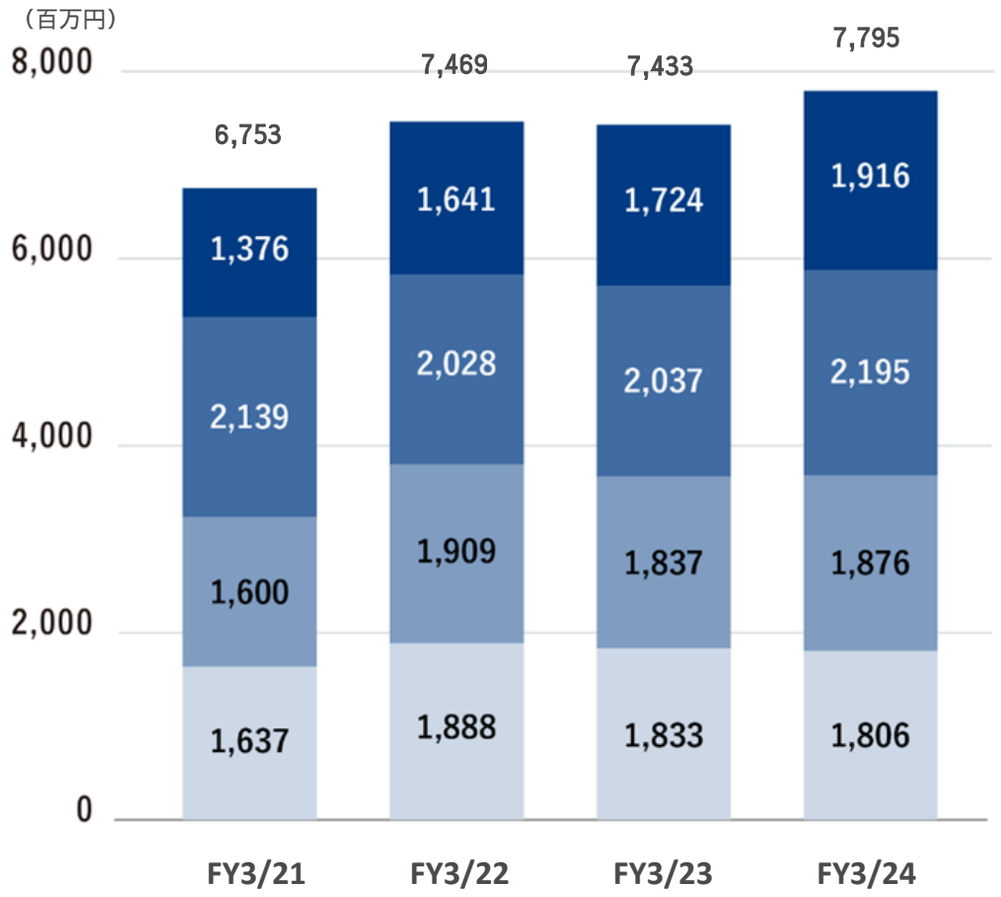
Financial Results: Quarterly Trends of Total Operating Revenue and Gross Profit

Total Operating Revenue



Gross Profit (non-GAAP) *1



*1 Gross profit: Revenue - (Collection expense + Invoicing expense + Provision for doubtful accounts + Bad debt expense + Loss on sale of trade receivables + Credit screening expense + NP point expense + Other payment related expenses)

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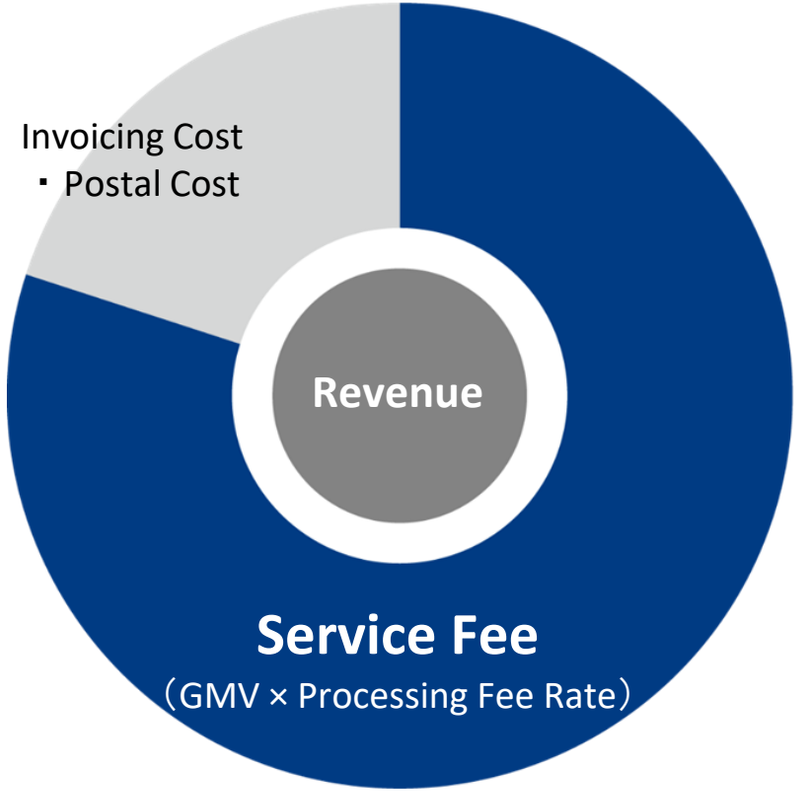
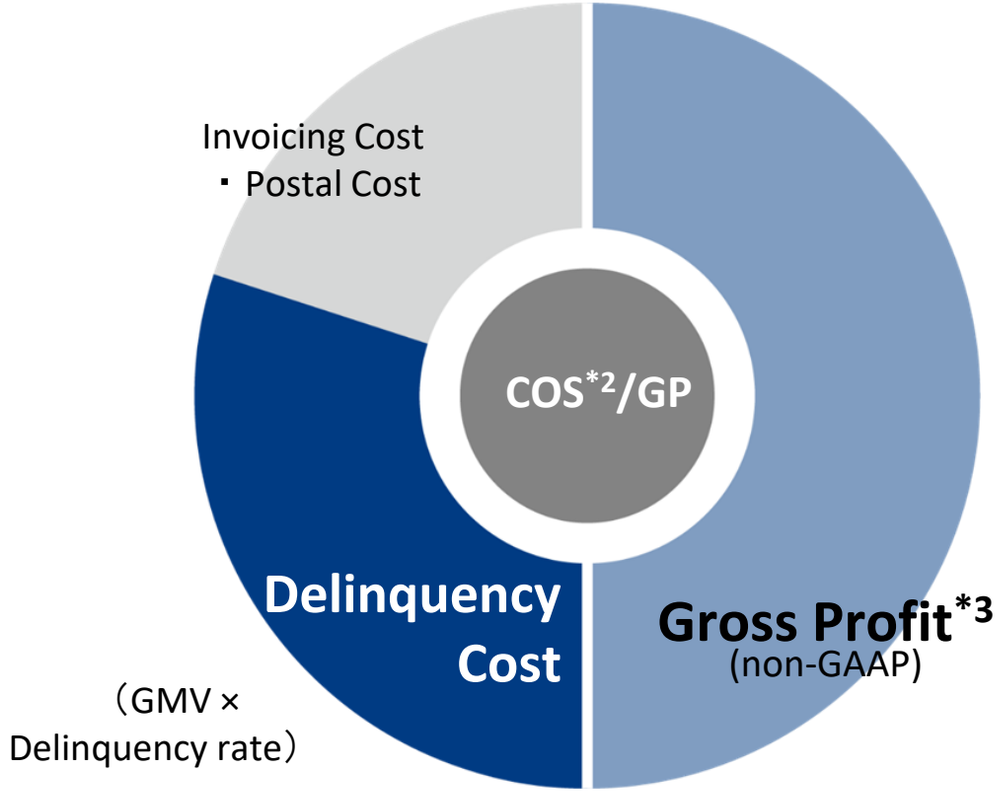
Business Metrics: Profit Structure as a Source of Corporate Value

Revenue consists of the service fees paid by merchants based on GMV(non-GAAP)*1.
The gross profit margin varies depending on delinquency cost as part of cost of sales (COS)*2.





Sales increase in line with a growth in GMV.

Profit increases as the delinquency rate declines.

*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 COS： Doubtful accounts related cost, Invoicing fee, postal fee, and operational cost.
*3 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)

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BtoC Services
(atone, NP *Atobarai* and other)

Introduction: atone

Next-generation BNPL service for both online and in-store purchases.

atone.

Easy

One-click for online shopping and with-app for in-store purchases



Flexible

Pay in 10 days
or
Pay next month



Beneficial

Earn points
every time you use it!
1 point = JPY 1 yen



7,000,000
members

Available for both
online and in-store shopping

Adaptable with White Label and OEM
(Digital optimized)

Web portal with
12 million PV / month

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Service Fee Table: atone[*1]

E-commerce merchandise		Service Fee[*2]	Transaction Fee	Monthly Fixed Fee	Invoice Fee[*3]
Standard Plan	**BNPL per purchase**	3.5% (tax-free)	0 yen	0 yen	190 yen (excluding tax)
	Next month payment				0 yen
Premium Plan	**BNPL per purchase**	2.5% (tax-free)	0 yen	48,000 yen (excluding tax)	190 yen (excluding tax)
	Next month payment				0 yen

E-commerce digital content		Service Fee[*2]	Transaction Fee	Monthly Fixed Fee	Invoice Fee[*3]
Standard Plan	**BNPL per purchase**	5.9% (tax-free)	0 yen	0 yen	190 yen (excluding tax)
	Next month payment				0 yen
Premium Plan	**BNPL per purchase**	4.9% (tax-free)	0 yen	48,000 yen (excluding tax)	190 yen (excluding tax)
	Next month payment				0 yen

*1 Our up-front payment service has adopted the ”month-end closing, next month-end payment” method.
*2 Bespoke fee proposal is available depending on the goods dealt by the businesses. A service Fee will be charged for each purchase when confirmed.
*3 The fee is charged only when the merchants are supposed to cover the cost.

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atone plus: comparison with other payments

When compared with other payment services, atone plus has more benefits such as higher point reward rate and free handling fee.

		atone plus	BNPL A *our research	BNPL B *our research	Credit card *our research
Installment	# of installment	**3 times** (6 and 12 times will be available in due course)	3, 6, 12 times	Up to 36 times	Up to 36 times
	Upper limit	**Up to 300,000 yen**	Up to 300,000 yen	Unknown	Up to millions of yen
User	Point reward	**1.5% all the time**	X	Under consideration	0.5 ~ 1.0%
	Installment fee	**0%**	0%	3 ~ 6 times: 0% 10 ~ 36 times: 13 ~ 13.25%	12.25% ~ 15%
	Other cost	**CVS transaction fee: JPY 0** Membership fee: JPY 300 / month	CVS transaction fee: JPY 371 / month	CVS transaction fee: JPY 350 / month	*No CVS payment Membership fee: JPY 0 ~ 30,000 / year

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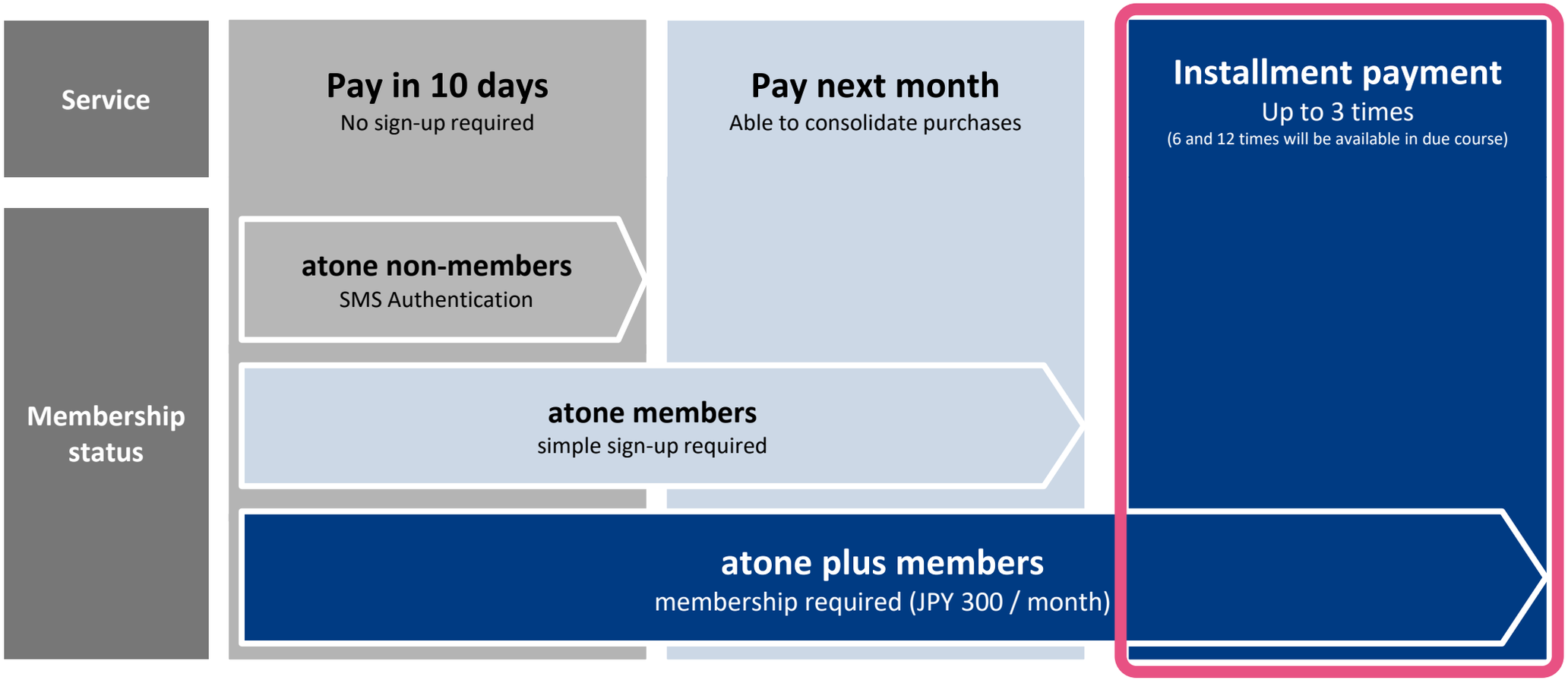
atone plus: Flexible Payment Method

Installment payment is available for atone plus members in addition to Pay next month, and the upper limit is increased up to JPY 300,000. Various payment methods is available, allowing for the purchase of higher-value products and services.



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atone plus: Beta Test Results

atone plus members tend to use nearly 20% more in both frequency and payment amount compared to atone members.

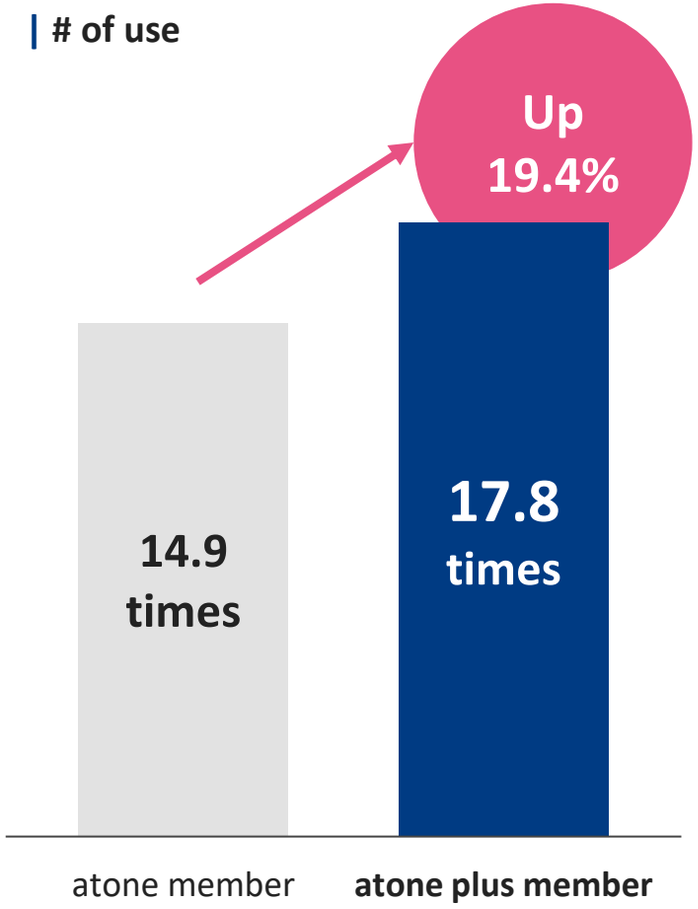
Beta test

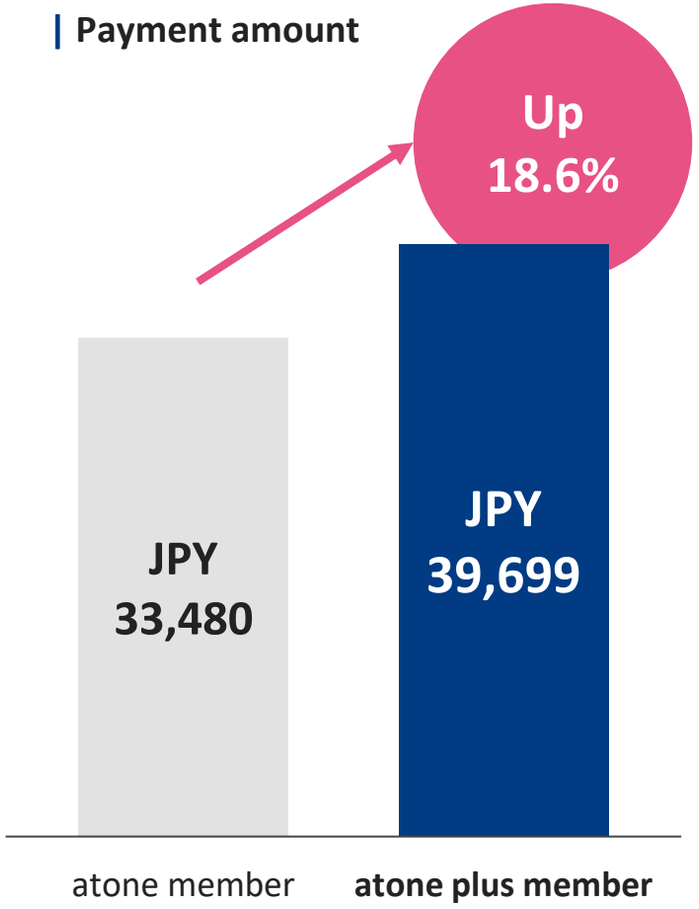
Period March 2024

Details

Point reward: 1.5% all the time

CVS payment transaction fee: free





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Strategy for atone: atone shops

atone shops is Japan's first web portal for BNPL that consolidates information on stores, hot deals, and coupons.
atone users can enjoy new stores and hot deals.



お得なお店に出会えるサイト

atone shops

Monthly PV: **12 million**

Monthly UU: approx. **220,000**



Hot deals

Coupons

- Shopping mall
- Beauty (cosmetic)
- Personal care
- Fashion
- Digital content
- Contact lens

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Introduction: NP *Atobarai*

BtoC e-commerce BNPL service with No.1 market share*1, used by 1 in 7 people.
No sign-up or credit card is required to use.

NP後払い

No credit card required

No credit card required, no worry about information leakage or unauthorized use



No sign-up required

One-click payment without complicated procedures



Payment after receiving goods

Pay easily by preferred payment method after confirming the goods



Number of annual unique users
Over 15 million*2

Accumulated transactions
exceeded 440 million

Merchants
203,000

*1 Our estimate based on the "75th E-commerce and E-learning Sales Ranking" published in the January 7, 2021 edition of the Tsuhanshimbun.
*2 The number of NP *Atobarai* users from April 1, 2021 to March 31, 2022, for whom both name and phone number match.

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Introduction: NP *Atobarai* air

NP *Atobarai* air is a risk-free guaranteed payment collection service that provides on-site service providers with an environment where they can concentrate on their main business by saving the trouble of dealing with customers' credit screening, payment collection, and unpaid invoices.

No need to pay cash on the day

No need to have cash in advance



Safe and secure with no cash handling

Those who are uncomfortable with direct cash transactions can be reassured that they can pay later with an invoice



Pay wherever you want

Pay easily anytime, anywhere



Examples of industries to use

- Renovation / Construction work
- Repair / Maintenance
- Housekeeping service
- Moving
- Rental
- Electricity / Gas

NP後払いair

Significant reduction of the burden
on cash and receivables management

No collection operations required and
100% guarantee of the invoiced amount assured

No portable device required and
immediately available for use on-site

Introduction support available for
smooth operations

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Service Fee Table: NP *Atobarai*

	Monthly Transaction Volume	NP Service Fee	Monthly Fixed Fee	Invoice Fee
Plan A	-	5.0% of customer's billing amount	0 yen	Paper invoice (sealed envelope) 225 yen (excluding tax) per transaction Electronic barcode 170 yen (excluding tax) per transaction In case of choosing an option to enclose a bill inside the box delivered. 120 yen (excluding tax) per transaction
Plan B	approx. 920,000 yen or more	4.4% of customer's billing amount	5,000 yen (excluding tax)	
Plan C	approx. 2.06 million yen or more	3.6% of customer's billing amount	20,000 yen (excluding tax)	
Plan D	approx. 4.4 million yen or more	2.9% of customer's billing amount	48,000 yen (excluding tax)	
Others	**Bespoke proposal available** according to transaction volume			

- NP service fee is tax-free -If the payment made through convenience store collection is 50,000 yen or more, the actual cost equivalent to revenue stamps of 200 yen will be charged. -If the payment made through Japan Post Bank or a post office collection is 50,000 yen or more, 210 yen of fee (including tax) from the Japan Post Bank and mailing cost will be charged. -If a transaction is canceled after the delivery slip number is registered, 225 yen (248 yen including tax) for a paper invoice (sealed envelope) and 170 yen (187 yen including tax) for an electronic barcode invoice will be charged. -Please note that the service may not be available or may be partially restricted depending on the results of the merchant screening. -Electronic barcode payment is not available for transactions for which an email address has not been obtained. -Electronic barcode payment is available at 7-Eleven, Lawson, Ministop, and Seicomart, and will be available at FamilyMart sometime in the future.

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Comparison table: BtoC Services

	NP *Atobarai*	atone	
		Pay in 10 days	Pay next month
Payment term	**Pay for each purchase** within 14 days	**Pay for each purchase** within 10 days	**Consolidated** Pay the following month
Billing method	Paper invoice (E-billing available)	E-billing (email / SMS)	E-billing (App / email / SMS)
Payment method	Convenience store, Bank, Post office, LINE Pay	Convenience store, Bank	Convenience store, Bank, Direct debit
Membership	Not required	Not required	Required
Point reward	O (0.5%)	O (sign-up required)	O (0.5%)
Target market	E-commerce merchandise	E-commerce merchandise, non-merchandise	E-commerce merchandise, non-merchandise, physical stores

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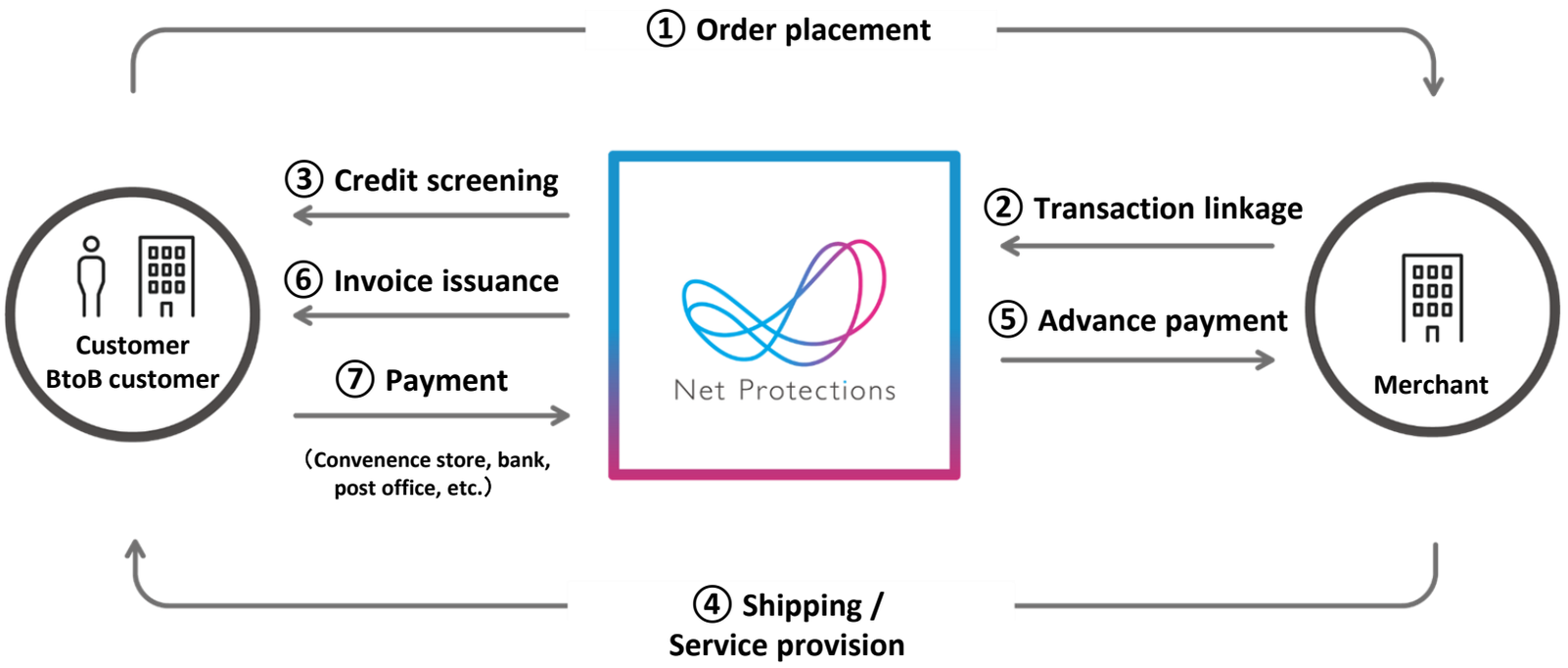
Business Overview: BNPL Scheme Providing Safe and Secured Transactions

NP guarantees delinquency risk to enable sage and secured e-commerce for both sellers and buyers.



Customer Benefits

- Receive products first
- No credit card required
- Earn points

Merchant Benefits

- Increase sales
- Acquire new customers
- Risk-free guaranteed

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Why Customers Prefer BNPL

Budget Control

1 Pay cash each time to prevent overspending



- ✓ By paying for each transaction, customers feel in control of their expenditures
- ✓ Easy to control the budget because customers only need to monitor cash movements

2 Pay when you want within the due date.



- ✓ No cash preparation is necessary, unlike in case of Cash on Delivery
- ✓ Customers do not have to wait until payday for shopping

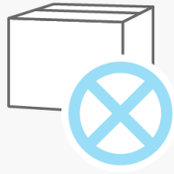
Security

3 No risk of credit card info leakage or unauthorized uses



- ✓ Credit card info is not required
- ✓ No risk of fraudulent payments, since customers must actively make the payment

4 Easy to cancel and return



- ✓ No automatic payments without notice

Convenience

5 No credit card / No sign-up is required



- ✓ One click payment
- ✓ Can purchase with confidence even with the first-visiting online store
- ✓ No need to use credit cards
- ✓ Mobile-friendly

6 Payment made after the arrival of goods



- ✓ No worry about whether goods will arrive, unlike in case of advance payments
- ✓ Easy to return, easy to exchange, easy to cancel

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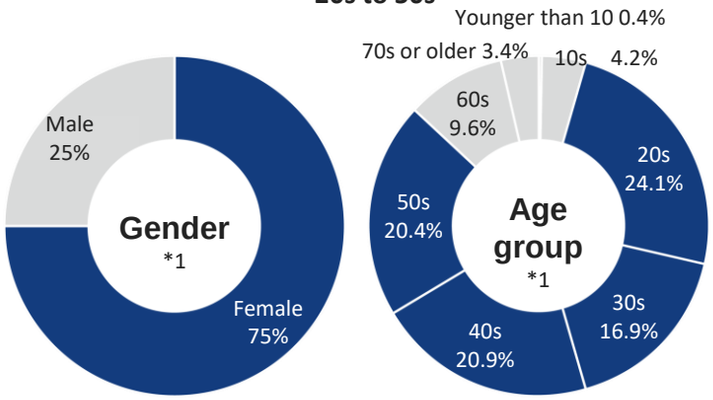
Major User Base and Market Size Forecast of BNPL Service

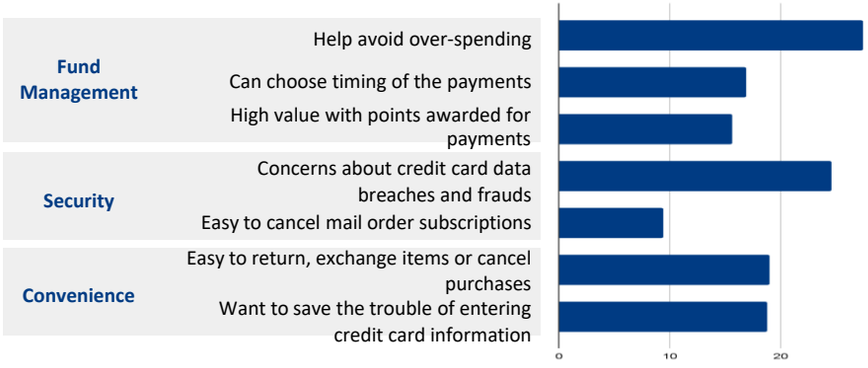
Growth has been driven by the need for fund management, security, and convenience, especially among women in their 20s to 50s.

Main user groups and reasons for use

In e-commerce, core users of BNPL service are women in their 20s to 50s

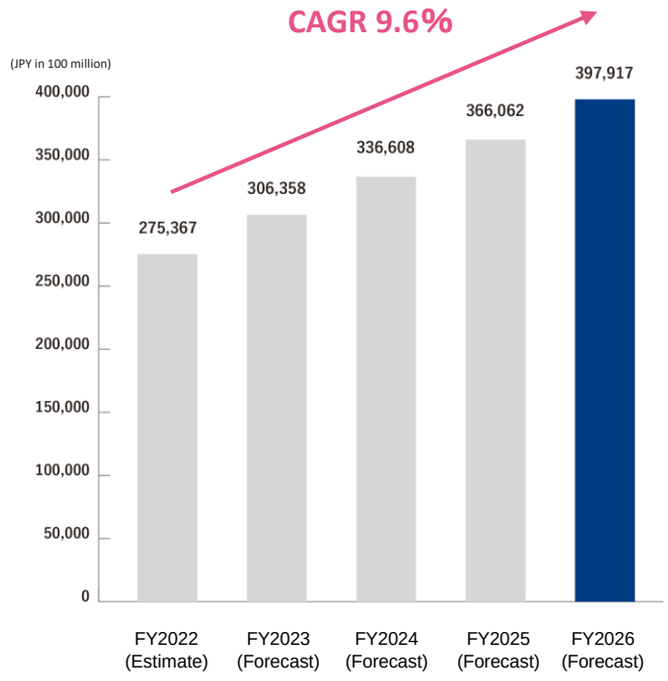


Demand in fund management, security, and convenience*2



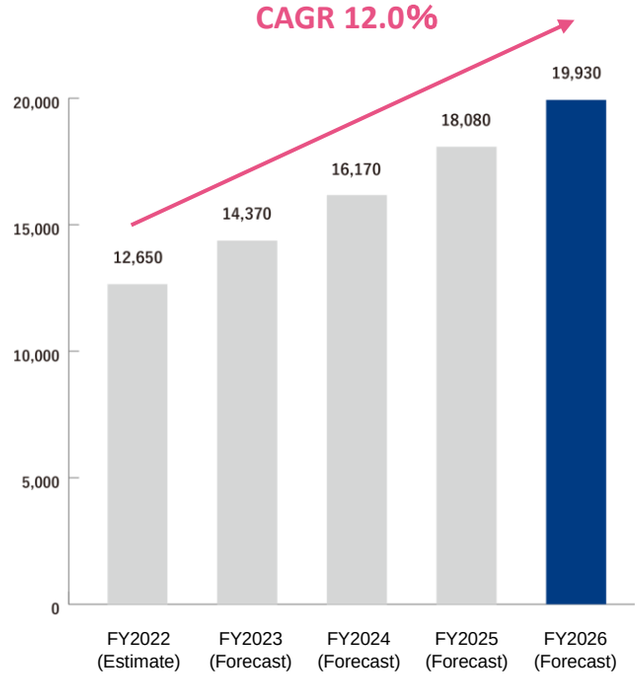
* 1 Breakdown of NP Point Club members as of March 31
* 2 Survey on our members conducted from December 28 to 30, 2018, targeting 1,738 men and women of in their twenties or older

E-commerce payment services market size forecast



Source: Yano Research Institute "E-commerce Payment Service Market in Japan 2023, " (published March 29, 2023)
* Based on transaction volume of providers that operate payment services on EC sites, etc.
* For code payment, only transaction volume of EC payment service providers is covered.
* Figures are based on presumption for 2022 and prospect after 2023.

BNPL market size forecast



Source Yano Research Institute "E-commerce Payment Service Market in Japan 2023, " (published March 29, 2023)
* Based on transaction volume of BNPL payment service providers
* Figures are based on presumption for 2022 and prospect after 2023.
* BNPL payment service market is contained in the EC payment service market.

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Service Introduction List in Target Market (BtoC Market)

E-commerce merchandise

Shopping mall	TV shopping	Online supermarket	Housing Equipment	Fashion
YAHOO! JAPAN ショッピング	Japanet	ヤオコー ネットスーパー	LIXILオンラインショップ	しまむら オンラインストア

E-commerce non-merchandise / on-site services

Tickets	E-comic	Live streaming	Housing management	Repair & inspection
チケットぴあ	まんが王国	SHOWROOM	TOKYO GAS	PURPOSE ECOTECH 株式会社パーパスエコテック

Physical stores

Supermarket	Convenience store	Restaurant	Cafe	Drugstores
OK 高品質・Everyday Low Price	FamilyMart	KFC ※1	コメダ珈琲店 ※1	welcia

*: Some stores are not available.

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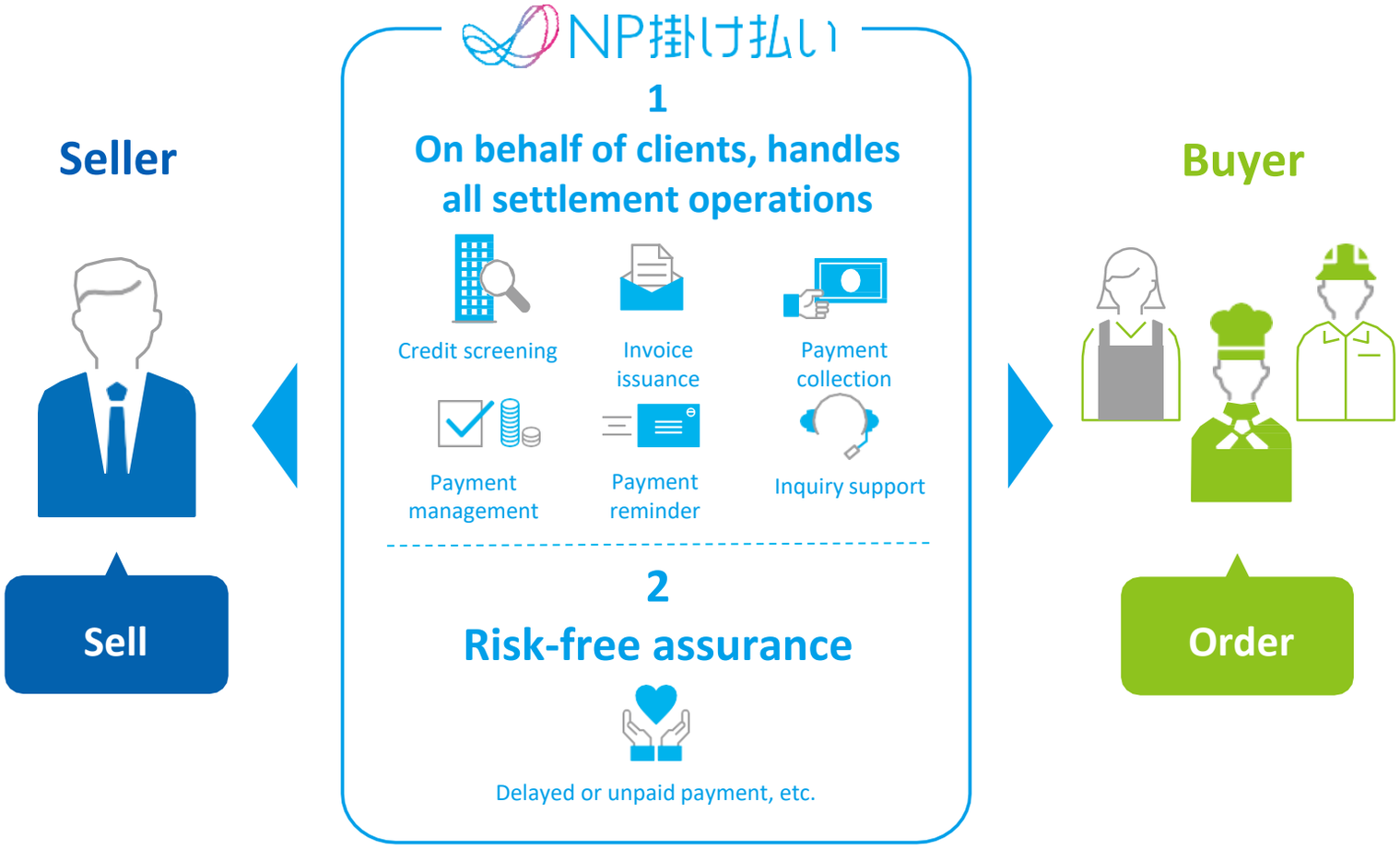
BtoB Service
(NP *Kakebarai*)

Introduction: NP *Kakebarai*

BNPL service for BtoB transactions used by 1 in 6 companies. It manages all the settlement operations from credit screening, invoicing, to payment collection between merchants and their clients.



NP掛け払い

Approx. **670,000** companies are using NP *Kakebarai*

No.1* BtoB payment service

Contributes to sales increase and **workload reduction** for merchants

Sole proprietors are also available Immediate credit screening

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Service Fee Table: NP *Kakebarai*

Initial cost for Introduction	Service Fee	Monthly Fixed Fee	Invoice Fee	
0 yen	1.2% to 3.6%	12,000 yen or more	Paper invoice	By mail (convenience store payment available) 225 yen (excluding tax) per invoice By mail (convenience store payment NOT available) 150 yen (excluding tax) per invoice By Email*1 (convenience store payment NOT available) 0 yen
			Direct debit	By mail 190 yen (excluding tax) per invoice By Email 90 yen per invoice

*1 Invoice attached in PDF format
*Service fees will be proposed on an individual basis. Please contact us for an estimate on which we calculate the risk based on the amount of money, products, sales methods, and other factors.

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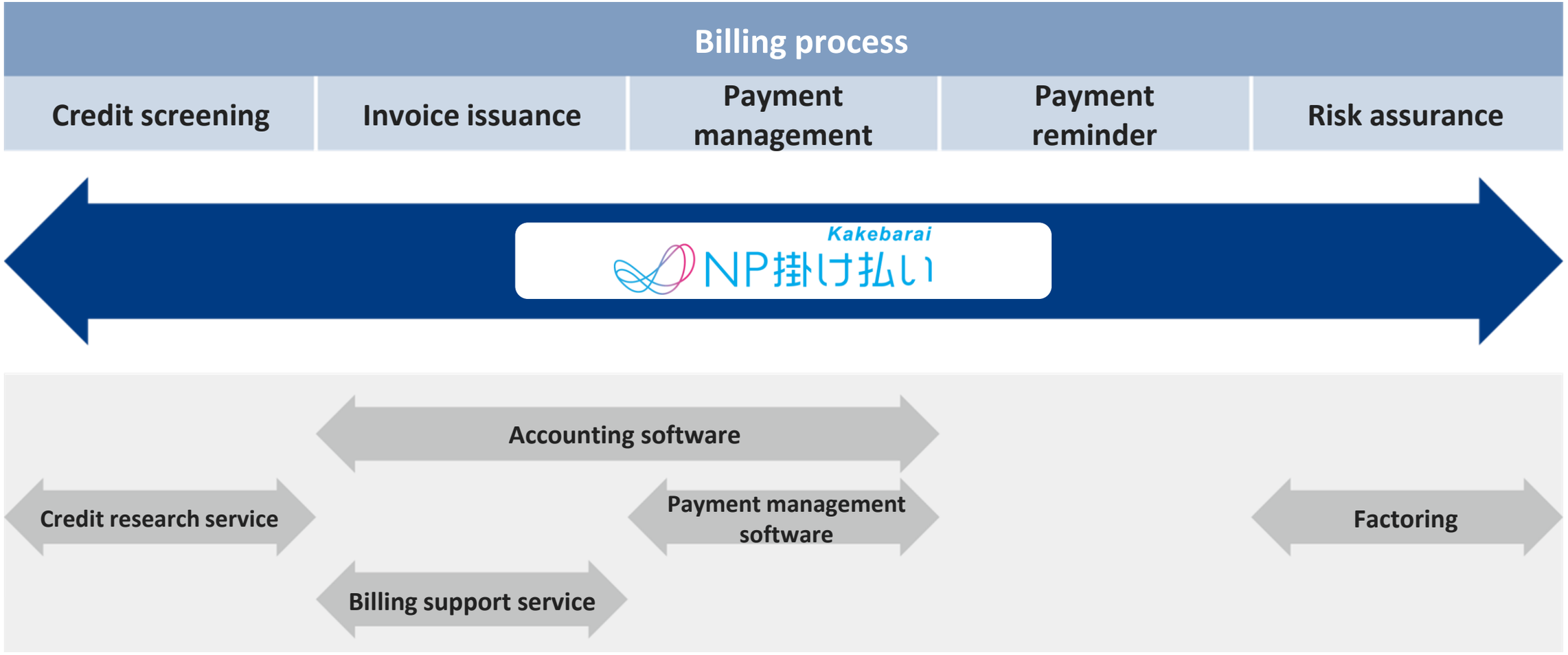
Business Overview: Reasons Why Our BtoB Service Is Chosen

NP Kakebarai, our BtoB service, is a Business Process Outsourcing (BPO) service for BtoB transactions that allows merchants to outsource the entire billing process (credit screening, invoice issuance, payment management, payment reminders, and risk-free guarantee).



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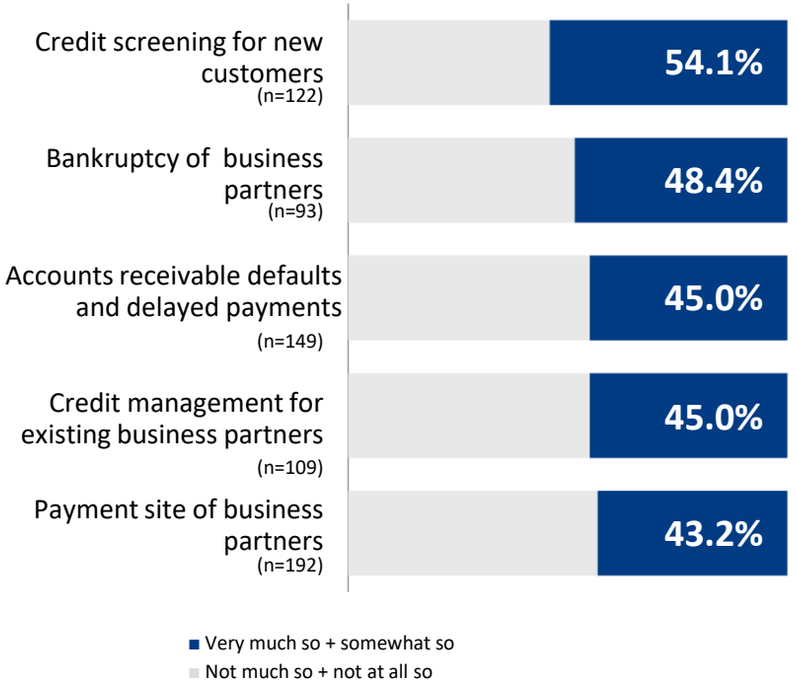
BtoB Billing Operations are Burdensome and Time-consuming

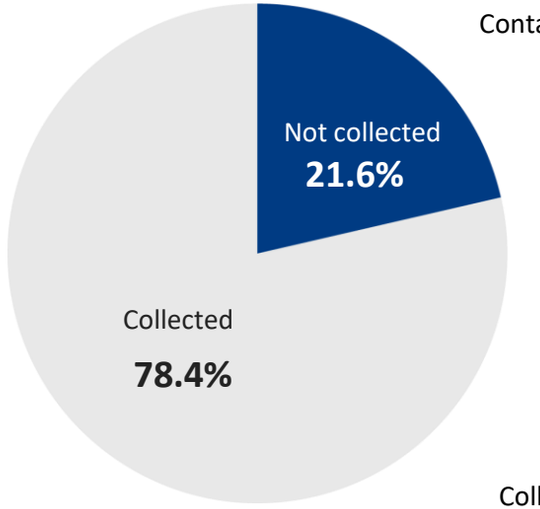
Payment delays and collection issues in billing/payment operations.

1 About half of respondents feel challenged in credit screening, bad loans, and late payments issues.



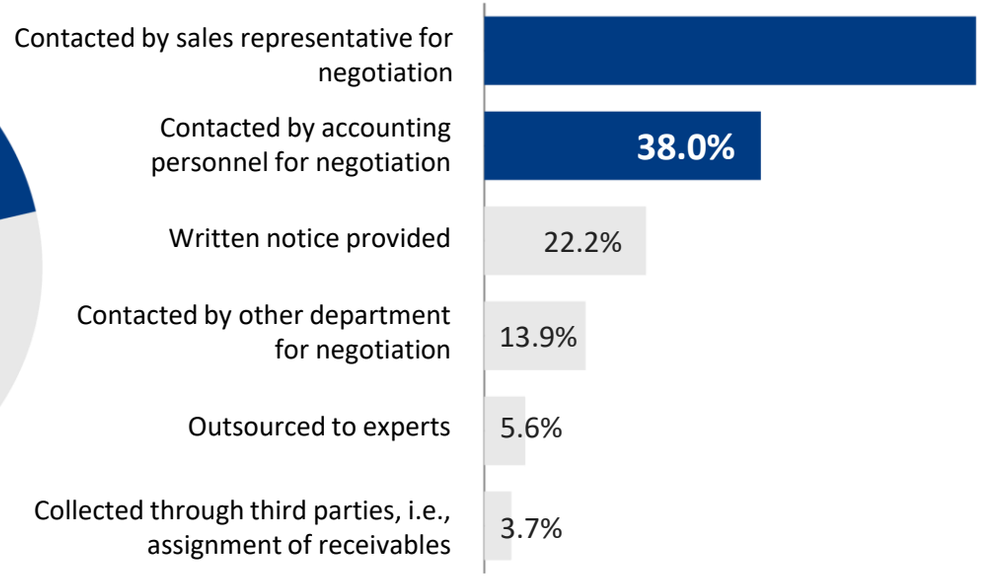
2 21.6% of the "late payments" were eventually not collected.

Collection rate of late payment that the respondents have experienced (n=113).



3 Sales representatives also have trouble in contacting and negotiating.

Underlying factors of late payment that the respondents have experienced (n=108).



Source: American Express “B2B payment among small and mid-cap businesses for the Fiscal Year 2022”

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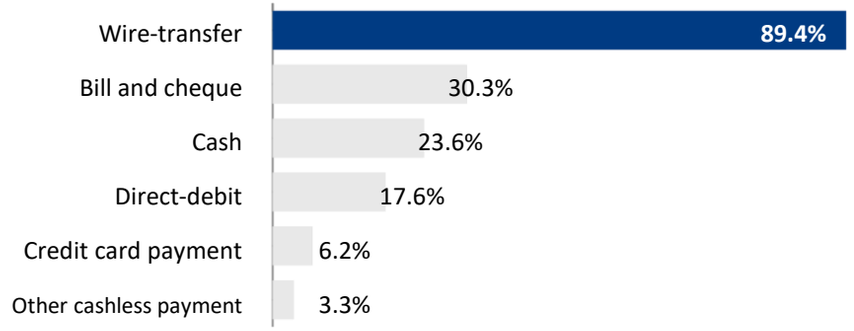
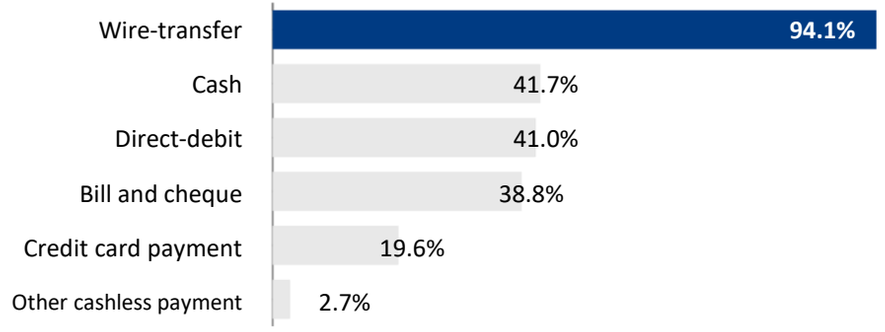
Strong Demand for Invoice Payment

Invoice payment is essential for major companies to develop new business and prevent customer abandonment.
Wire-transfer is the mainstream for BtoB transactions. The most common reason is “because it has been the custom up to now.”
In addition, the strong need for invoice payment can be seen in the reason of "because it is designated by the business partner.”

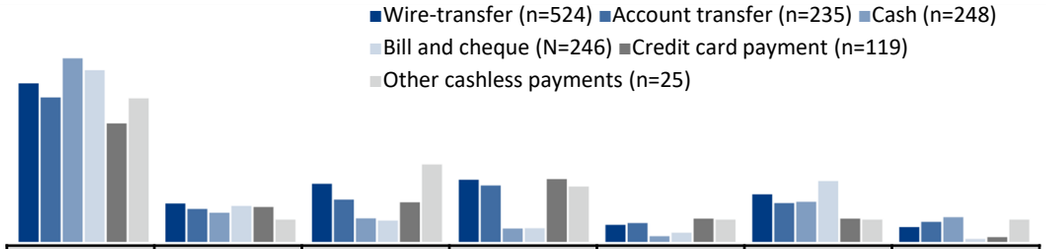
Payment method to receive payment (n=547) *multiple answers accepted



Payment method to make payment (n=556) * multiple answers accepted



Reasons for choosing a payment method



	Being accustomed to existing method	Unwilling to renew due to its tangled procedures	For security reason	Most efficient	Possibly preventing errors	Designated by the business partners	Lower cost and fees
Wire-transfer	57.4	13.9	21.0	22.5	6.1	17.2	5.3
Direct-debit	52.3	11.9	15.3	20.4	6.8	14.0	7.2
Cash	66.5	10.5	8.5	4.8	2.0	14.5	8.9
Bill and cheque	62.2	13.0	7.7	4.9	3.3	22.0	1.0
Credit card payment	42.9	12.6	14.3	22.7	8.4	8.4	1.7
Other cashless payment	52.0	8.0	28.0	20.0	8.0	8.0	8.0

Source: American Express “Research on B2B payment among small and mid-cap businesses during the Fiscal Year 2022”

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Service Introduction List in Target Market (BtoB Market)

Wholesale

Construction Material	Liquor	Food & Beverage	Beauty	Packaging
ミドリ安全.com	酒のリカマン	総合食品 エスイー 株式会社	BEAUTY GARAGE Professional Beauty Supply	水野産業株式会社

Start-ups

Sharing Economy	Back Office	Human Resource	Marketing	Marketplace
RAKSUL	ジョブカン	Timee	Full Speed Ad Technology & Marketing Company	くらしのマーケット

Major Companies

集英社　住友ゴム工業株式会社　三菱地所レジデンス　MORINAGA

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