May 15, 2024

Company name:	Net Protections Holdings, Inc.
Representative:	Shin Shibata, President and Representative Director
(Security code:	7383 the Prime Market of TSE)
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Notice Regarding Medium-Term Business Plan

Net Protections Holdings, Inc. (the “Company”) hereby announces that the Company has resolved the medium-term Business plan for the three-year period from FY3/25 to FY3/27 at the Borad of Directors held today as attached.

Medium-Term Business Plan

（FY3/25 - FY3/27）

Net Protections Holdings, Inc.
(TSE Prime Market: 7383)

Net Protections

Net Protections Holdings

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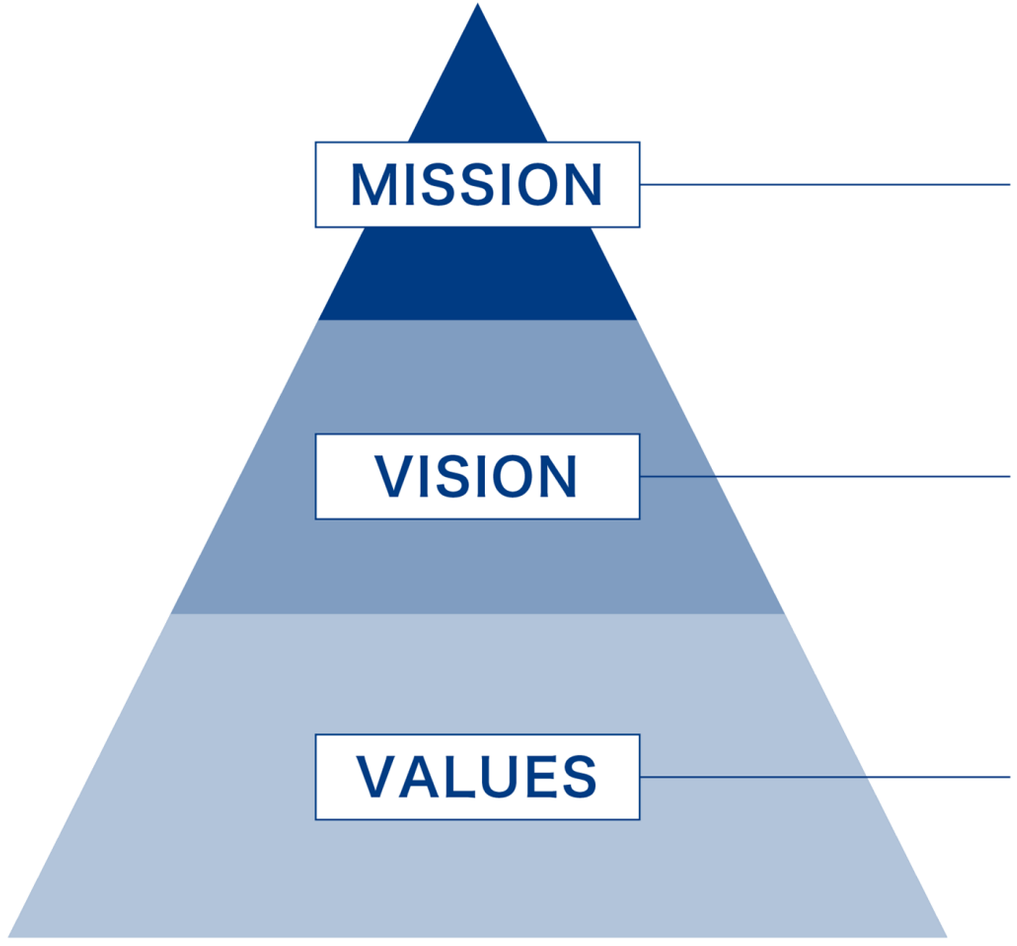
With our mission “Create New Standards,” we aim to create an innovative structure for both our business and organization.



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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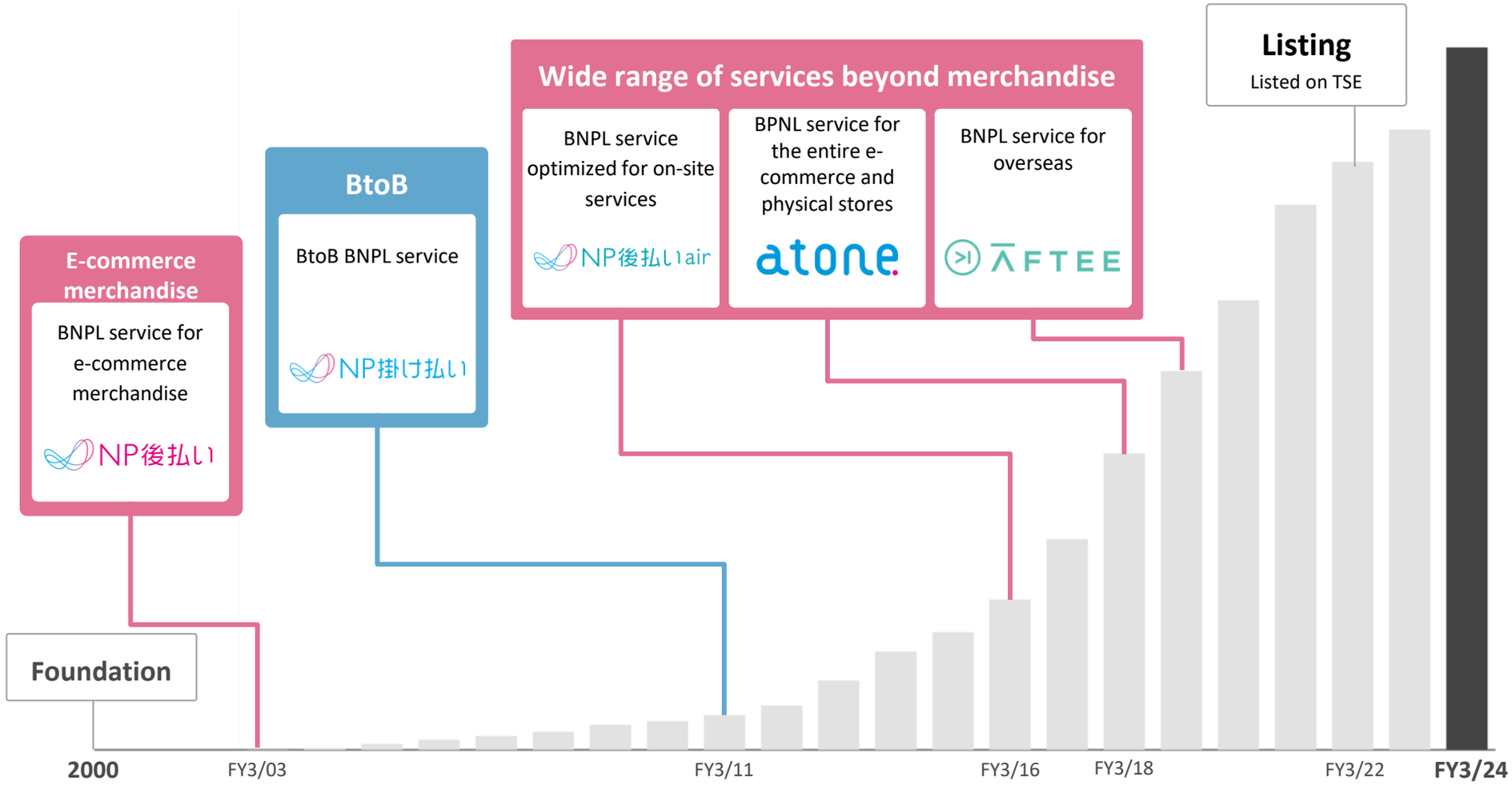
Growth Trajectory

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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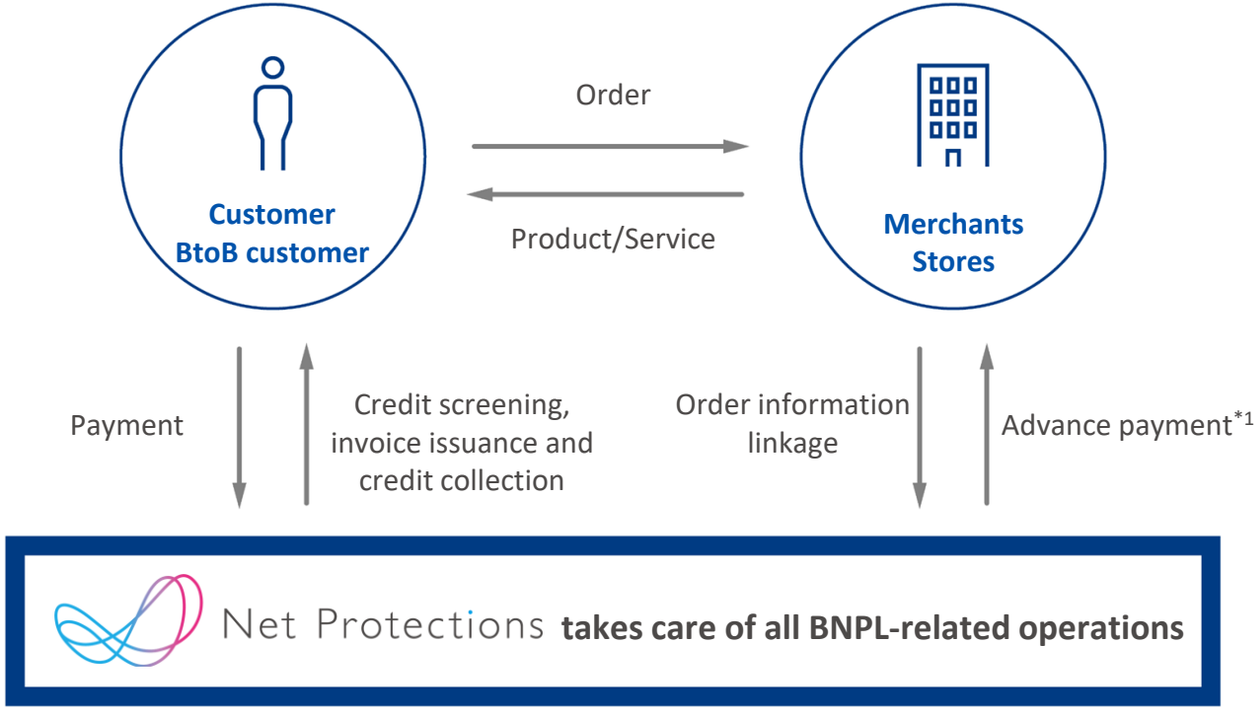
Value proposition

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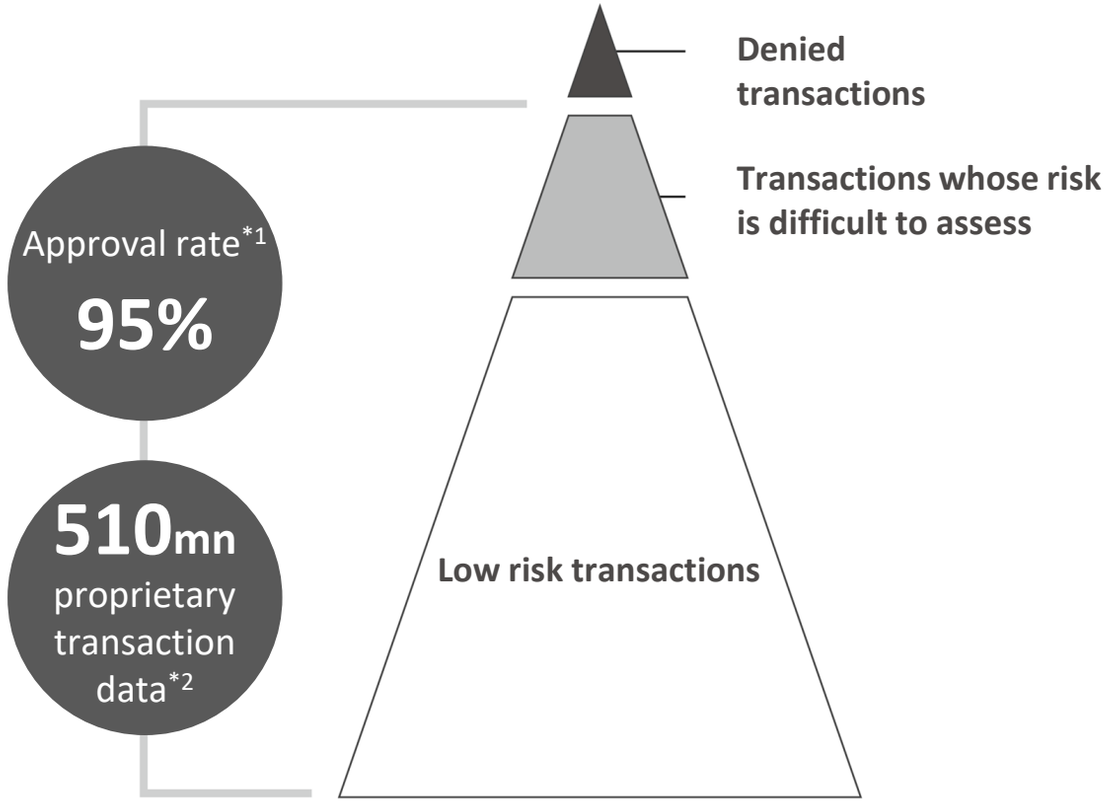
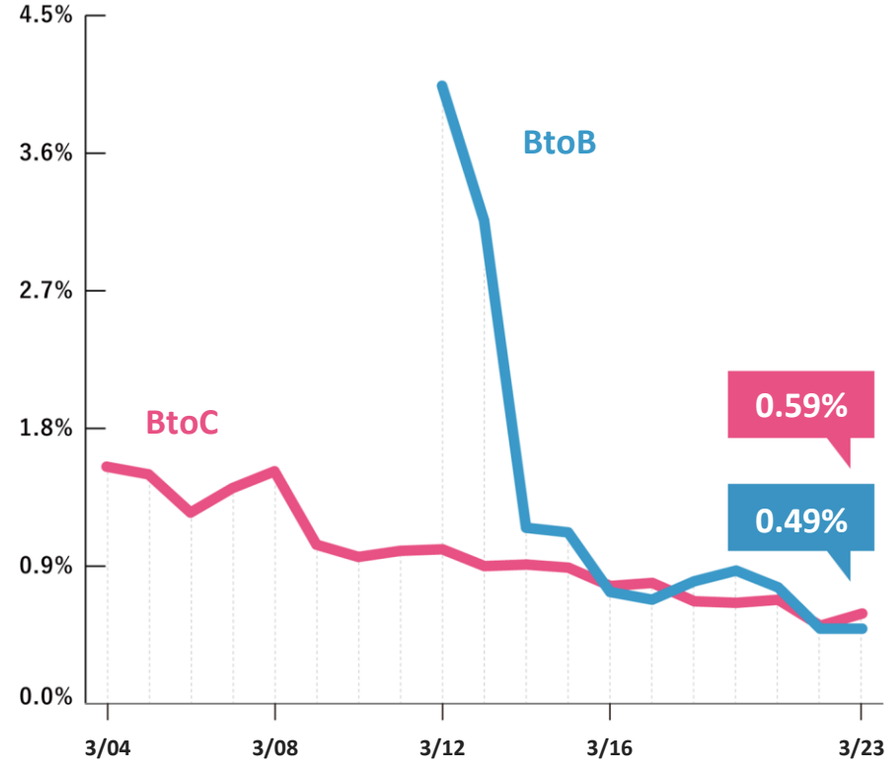
We have achieved low delinquency rate by leveraging our proprietary data accumulated over 20 years to decisively handle transactions whose risk is difficult to assess.

| 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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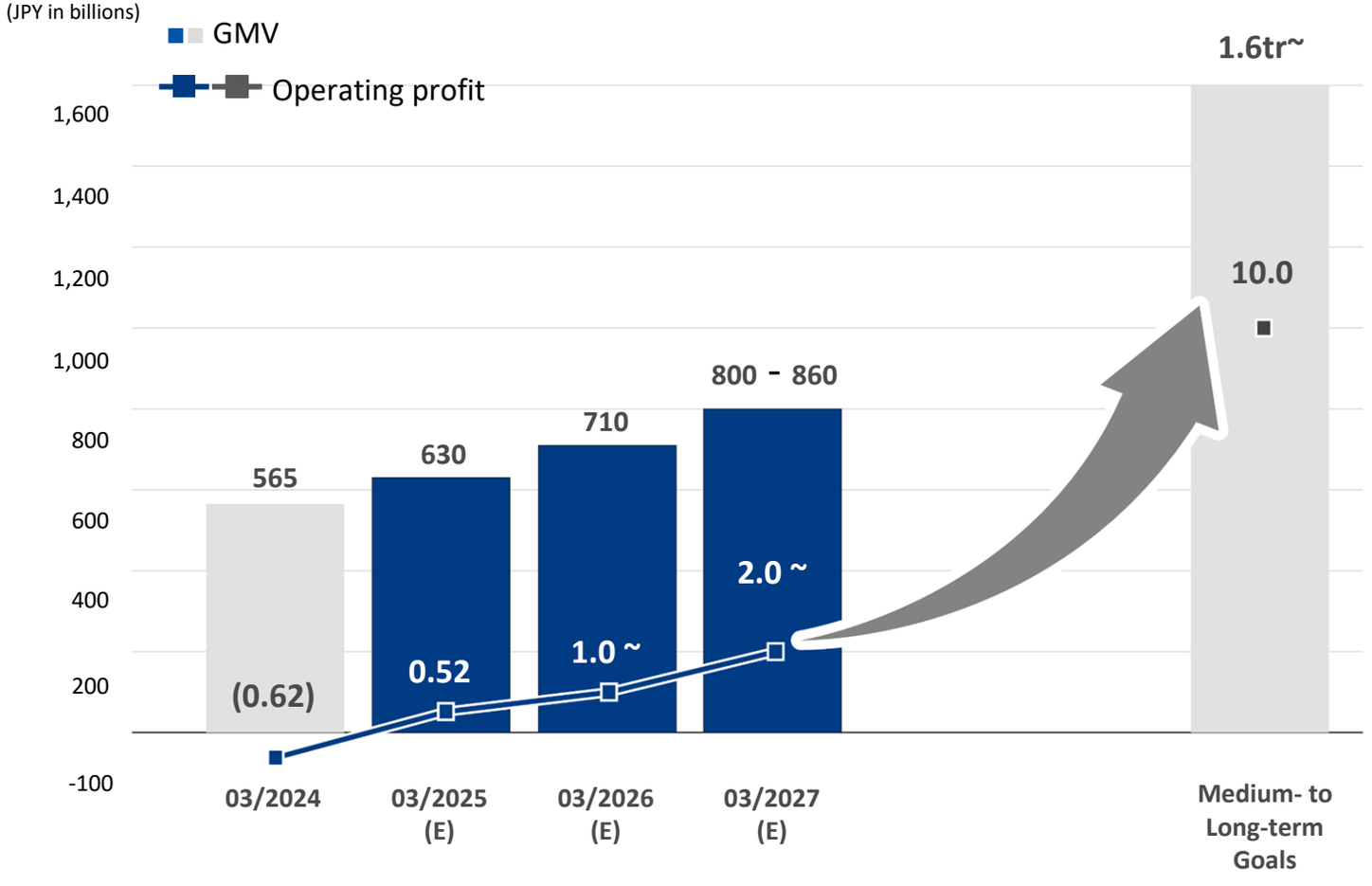
Three-Year Business Plan

(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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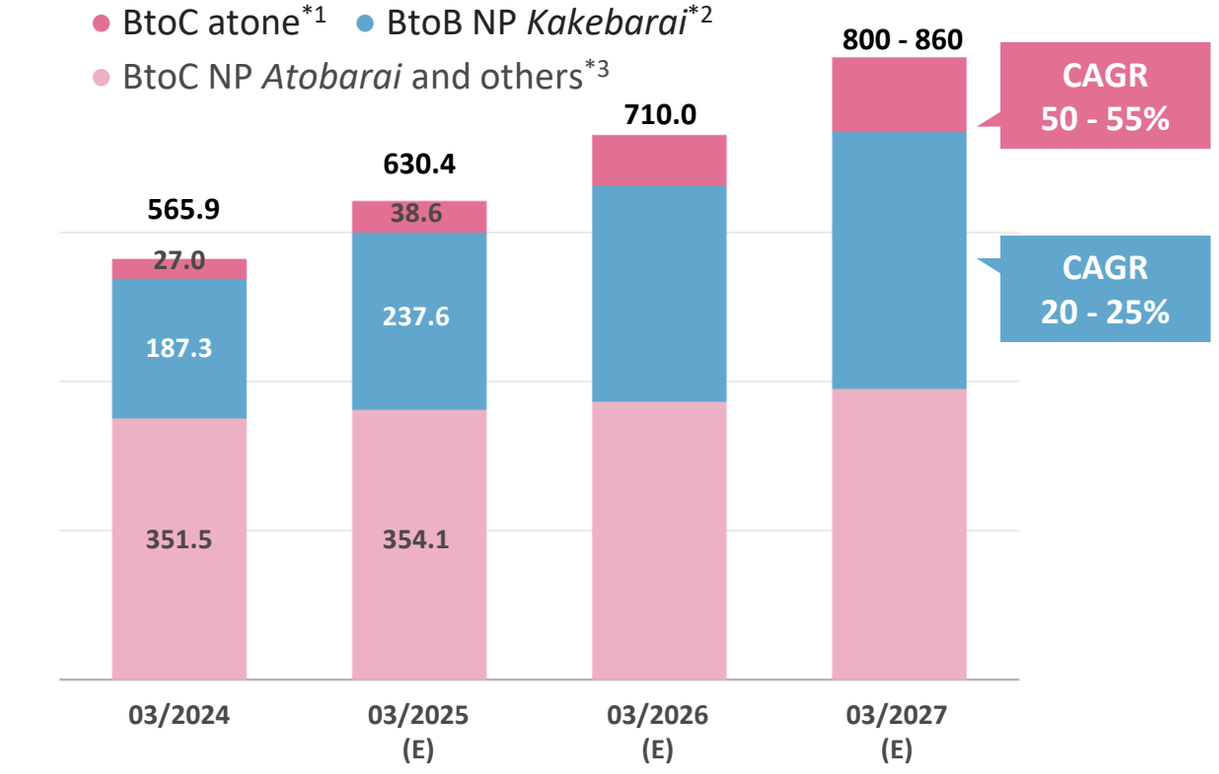
Portfolio (GMV Growth Rate and GMV Composition by Service)

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

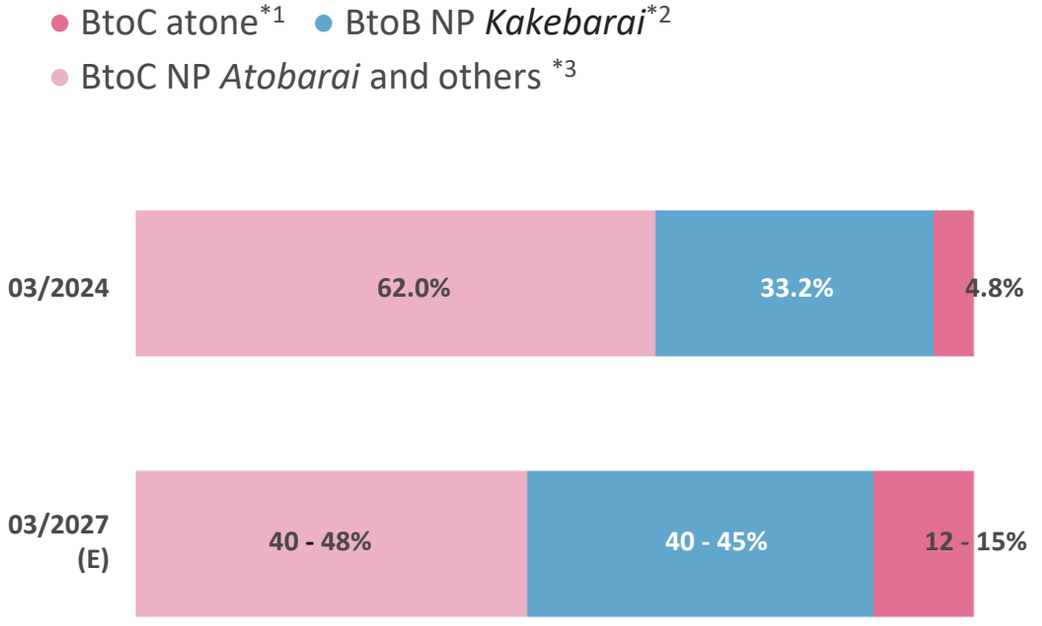
For BtoB, we aim to establish an overwhelming #1 position with a CAGR of 20 - 25%.

| 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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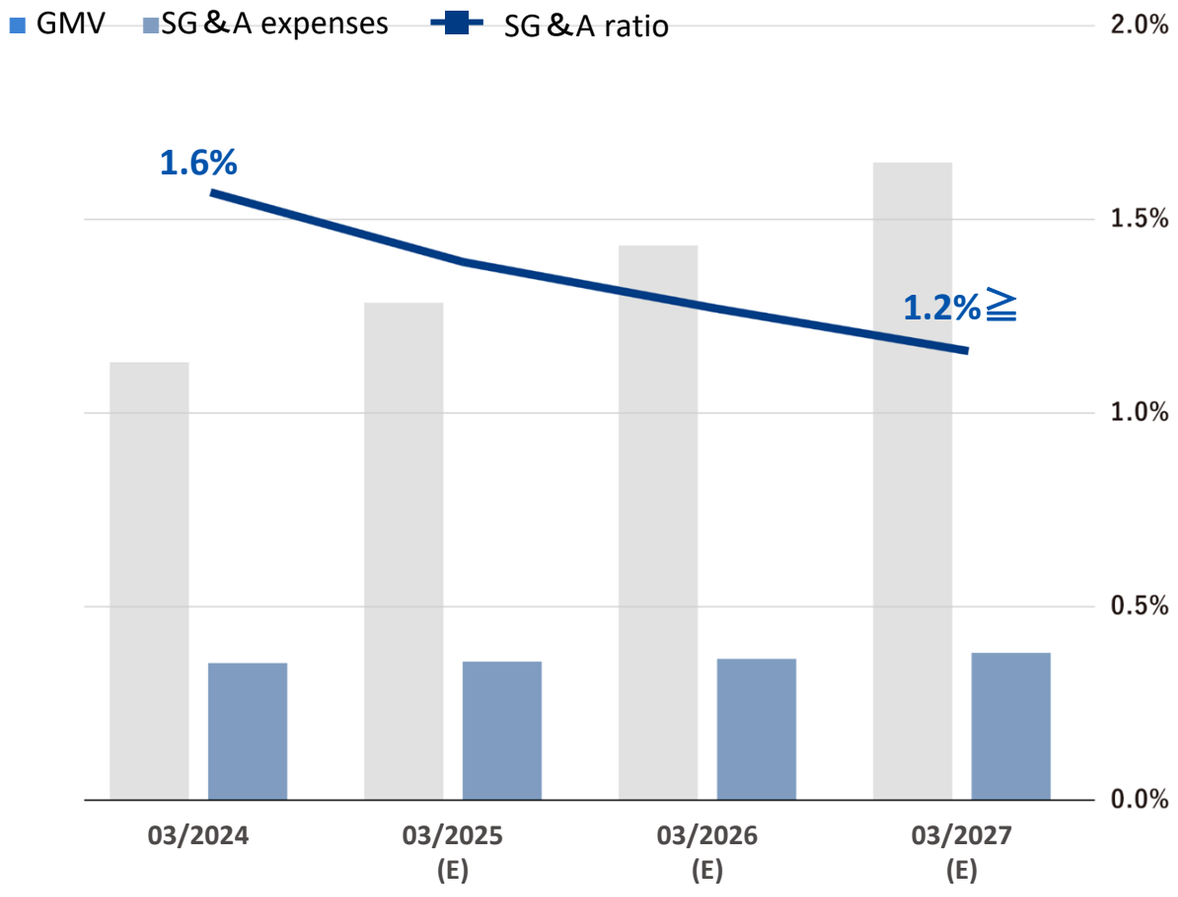
SG&A Expense Policy

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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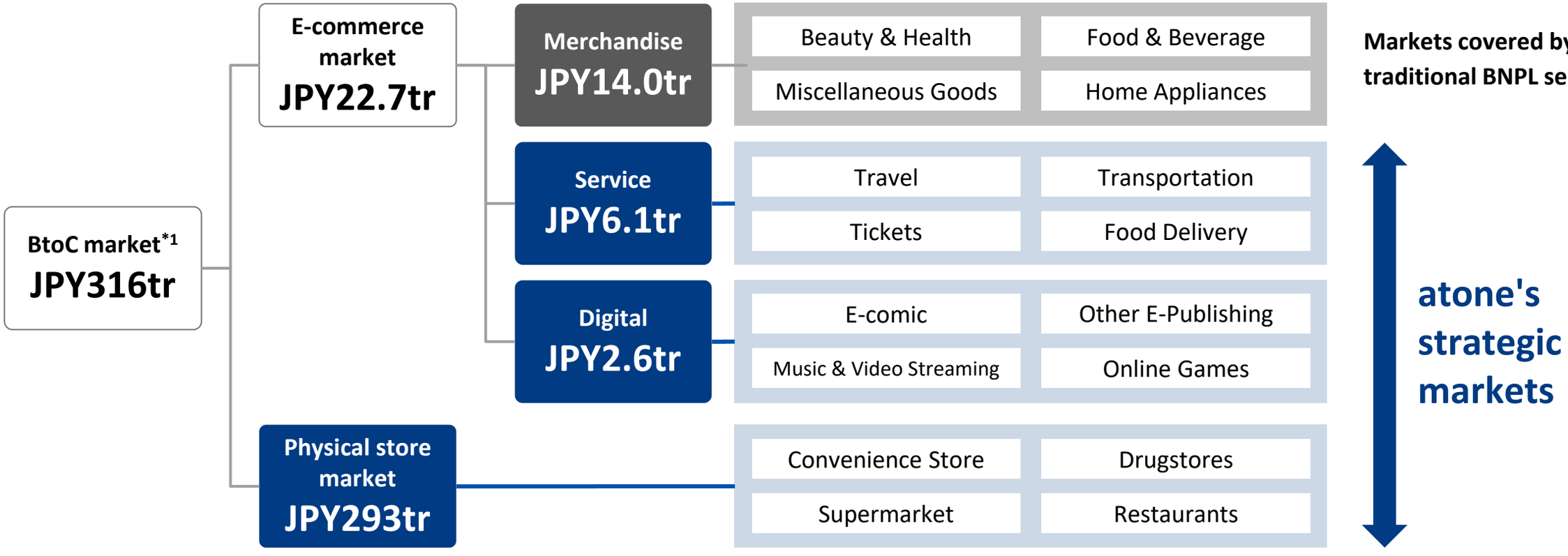
Strategy in the BtoC Market

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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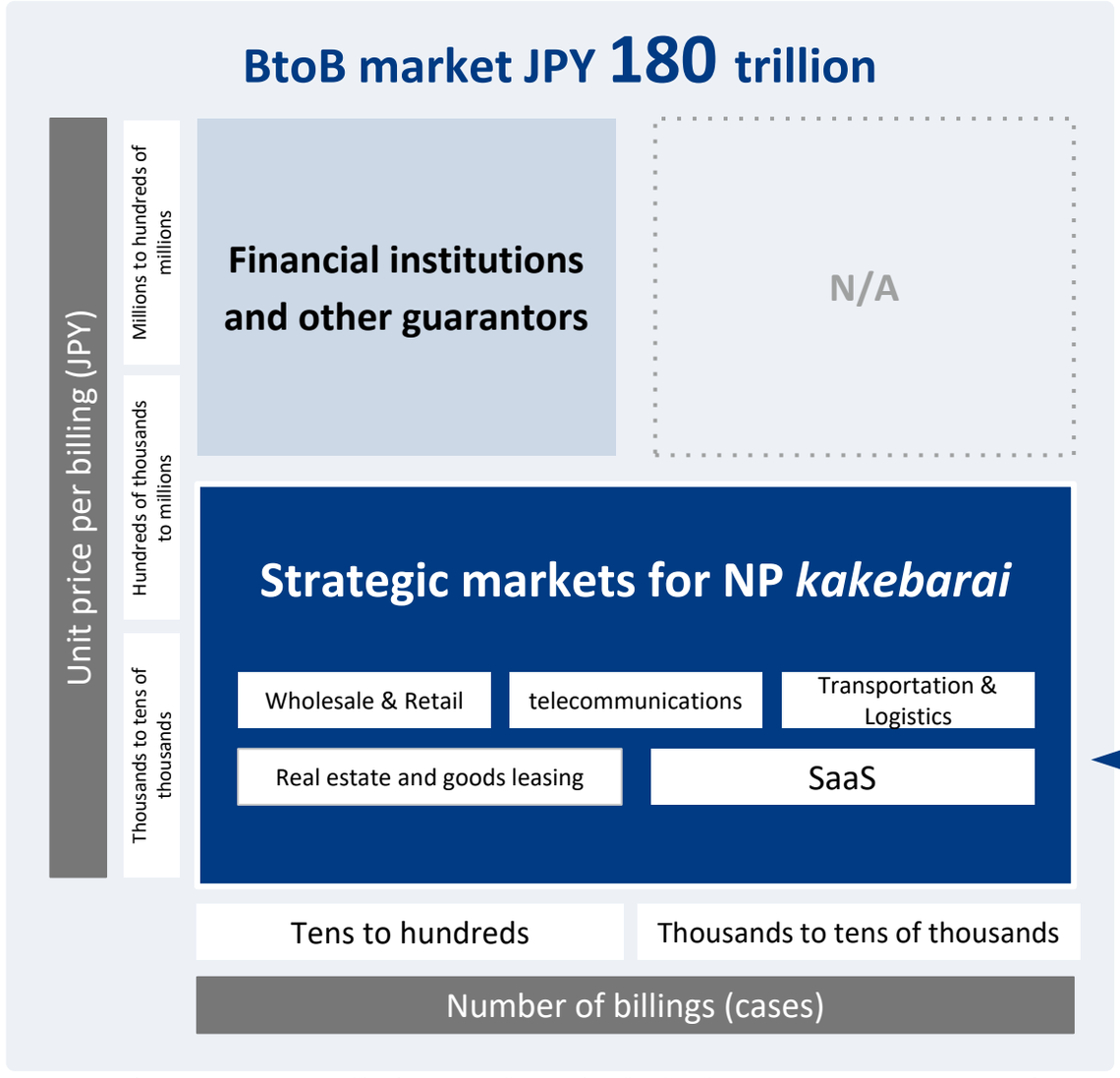
Strategy in the BtoB Market

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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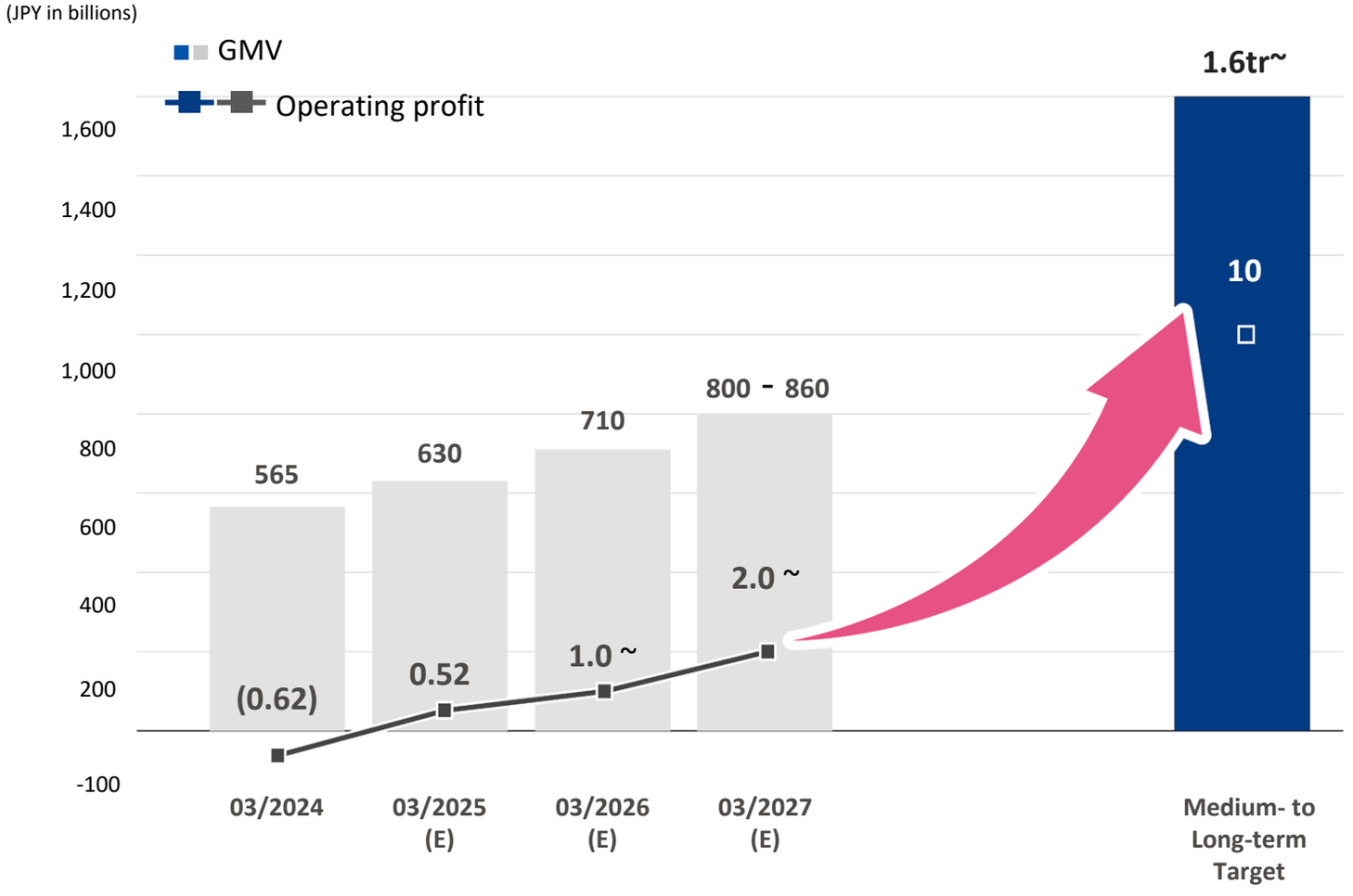
Toward Discontinuous Business Growth

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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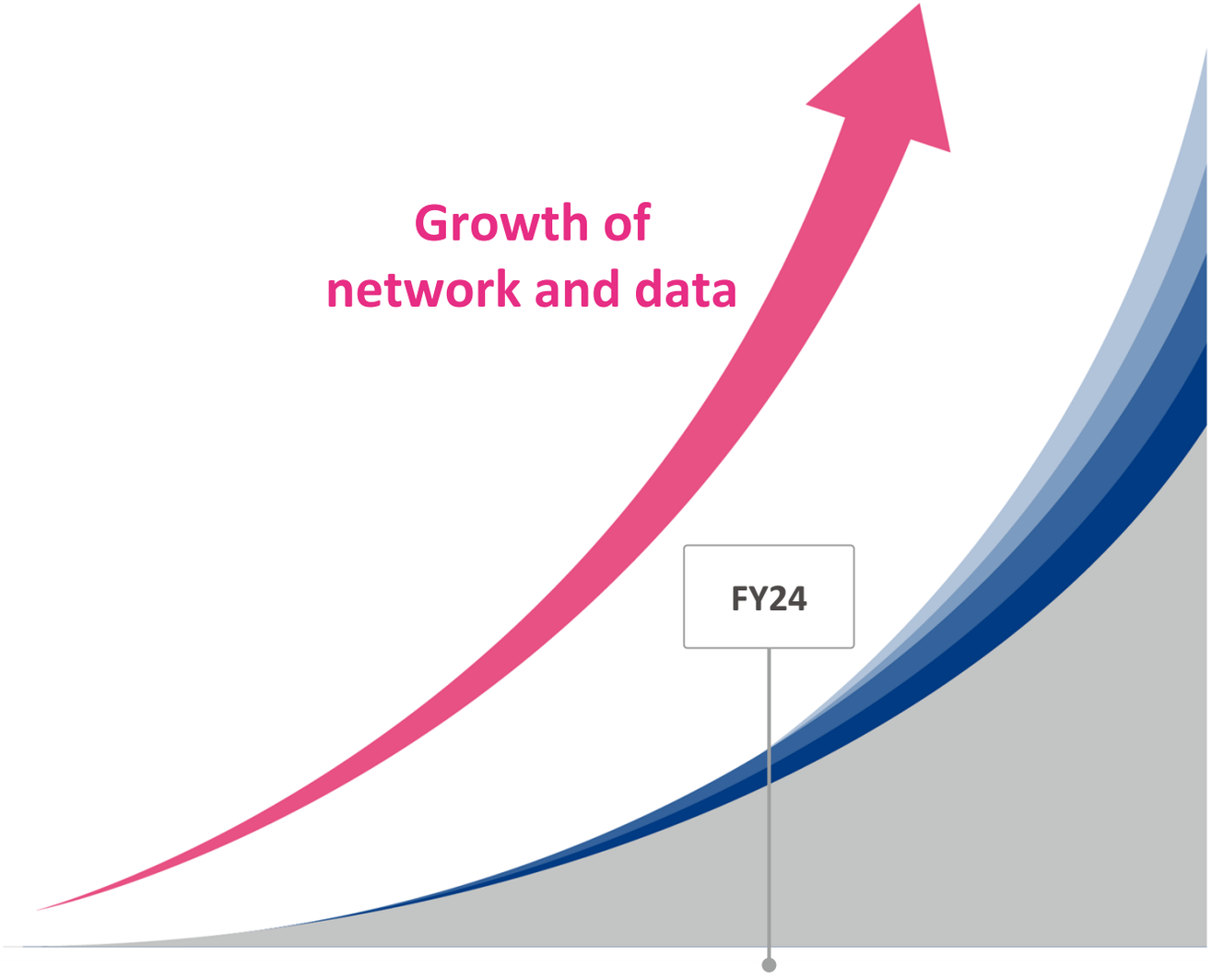
Toward Discontinuous Growth

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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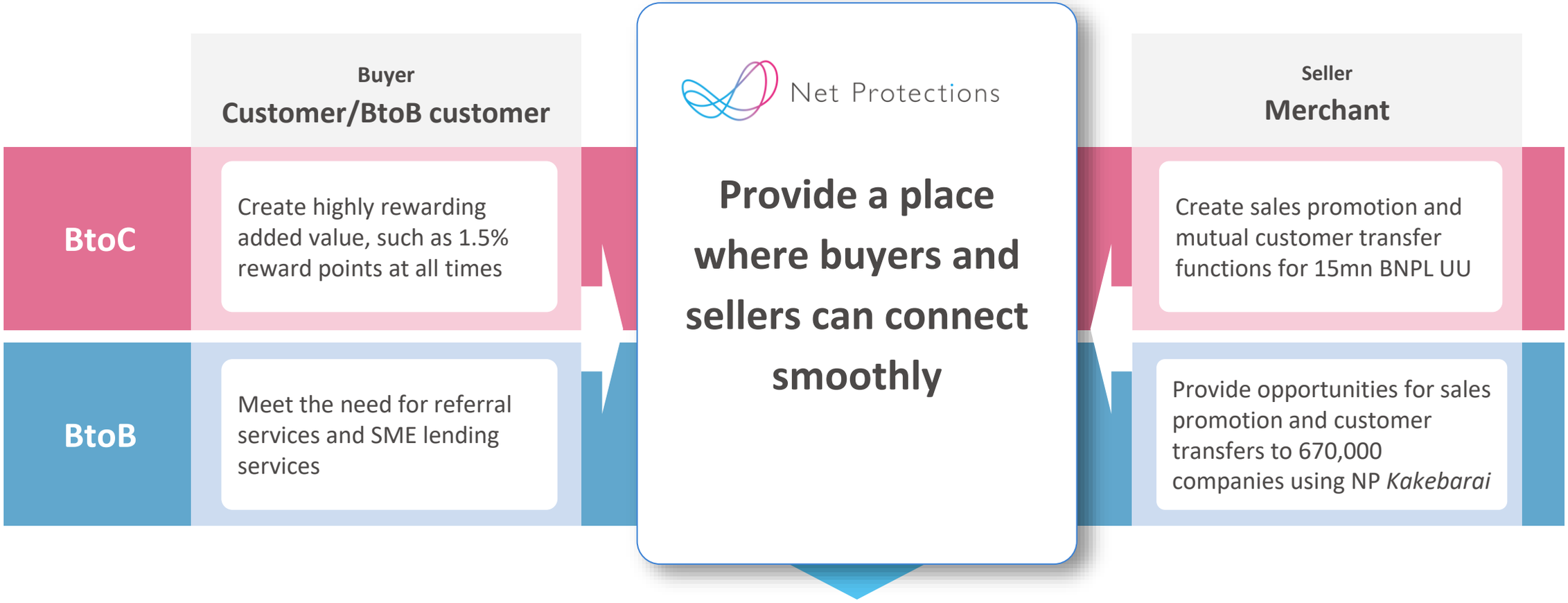
Cycle of Value Provision and Business Growth

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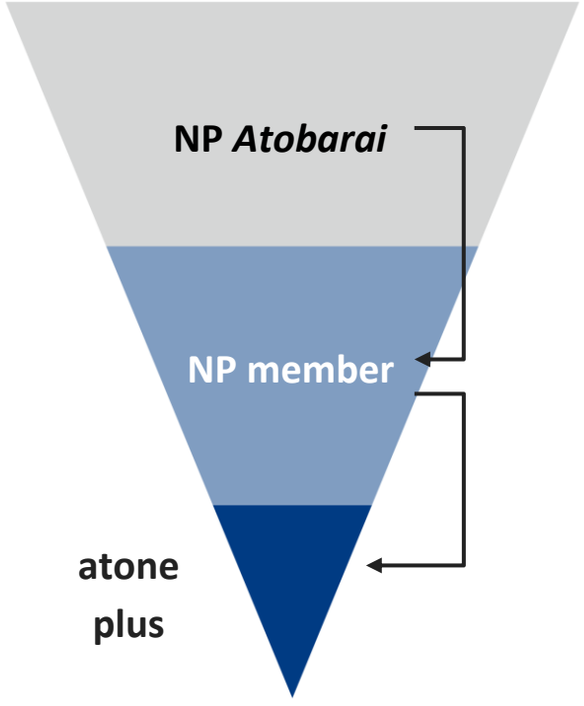
Drive 15 million NP *Atobarai* users to atone and atone plus, a paid membership service. Provide a BNPL service with the most available locations and the best value for money.

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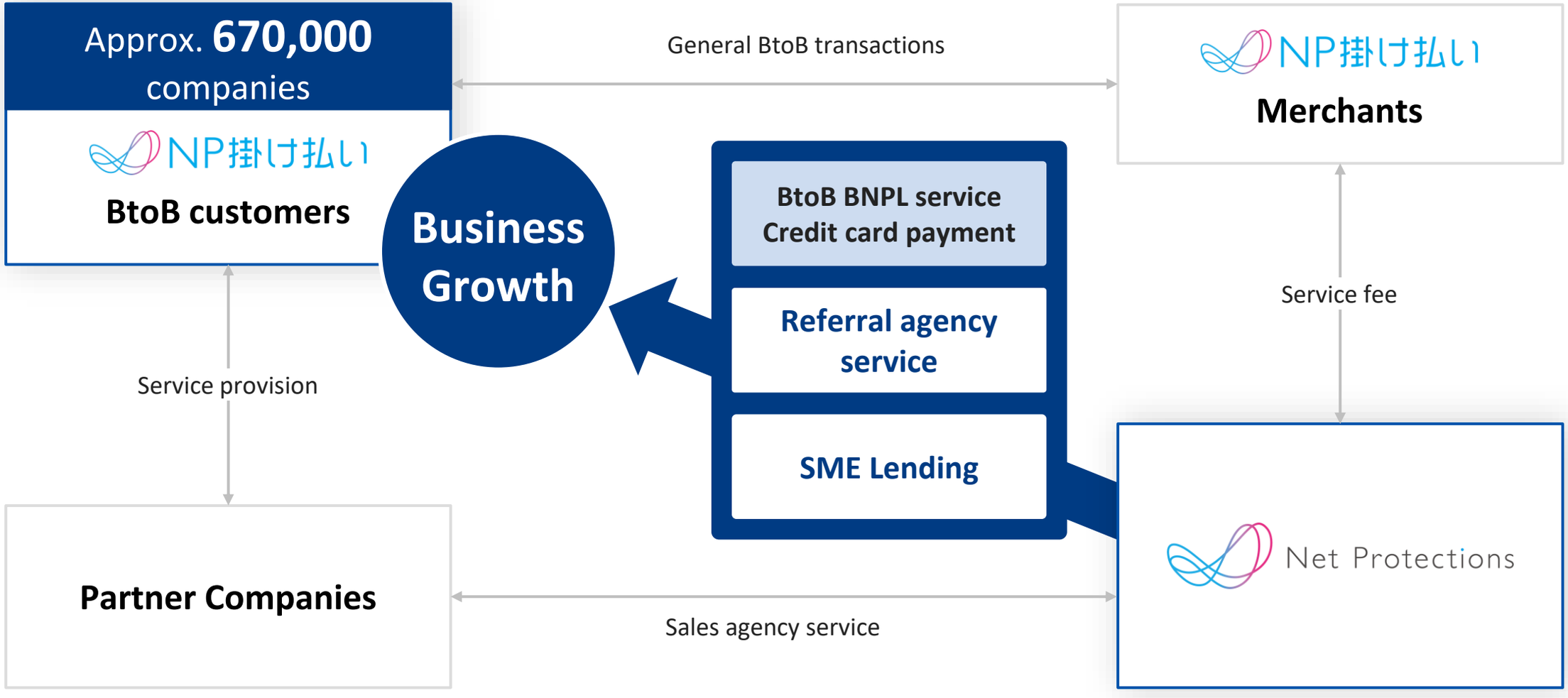
Provide business support to 670,000 NP *kakebarai* business clients through referral agency services and lending to small and medium enterprises (SMEs).



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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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