Financial Results Presentation
for the Three Months Ended June 30, 2024

Net Protections Holdings

Net Protections Holdings, Inc.

(TSE Prime Market: 7383)

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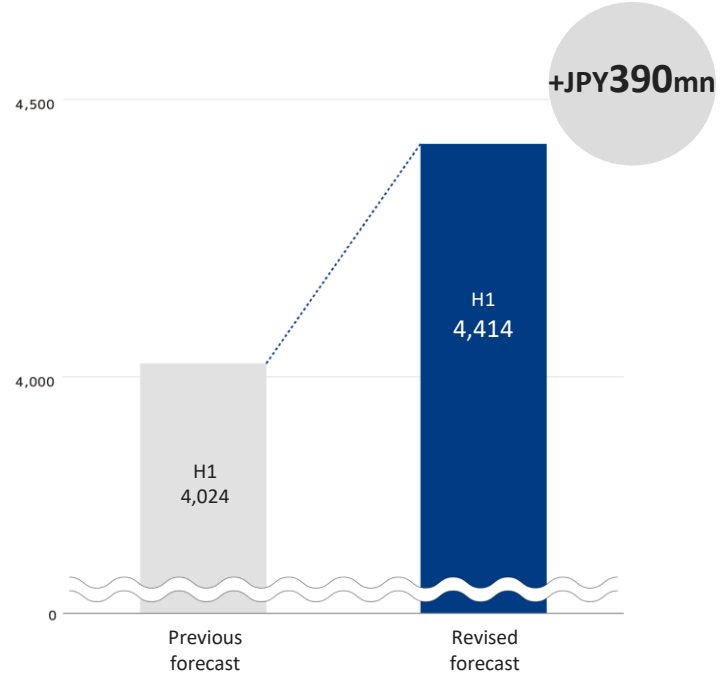
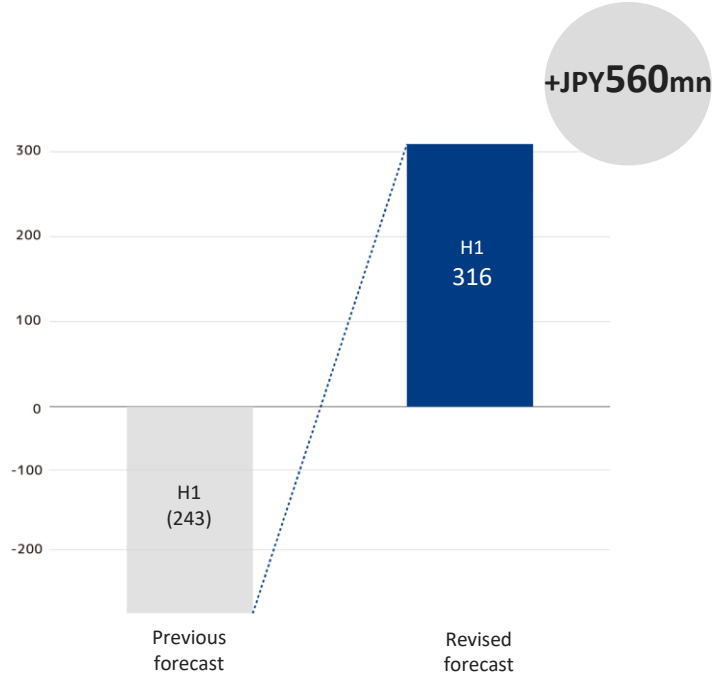
Upward Revision to FY3/25 Earnings Forecast

We expect gross profit and operating profit for H1 to improve JPY390mn and JPY560mn respectively, compared with the previous forecast. Upward revision has been made to the previous forecast as we are confident that the actual results will substantially outperform our plan.

Gross profit (non-GAAP) (JPY in millions)



Operating profit (loss) (JPY in millions)



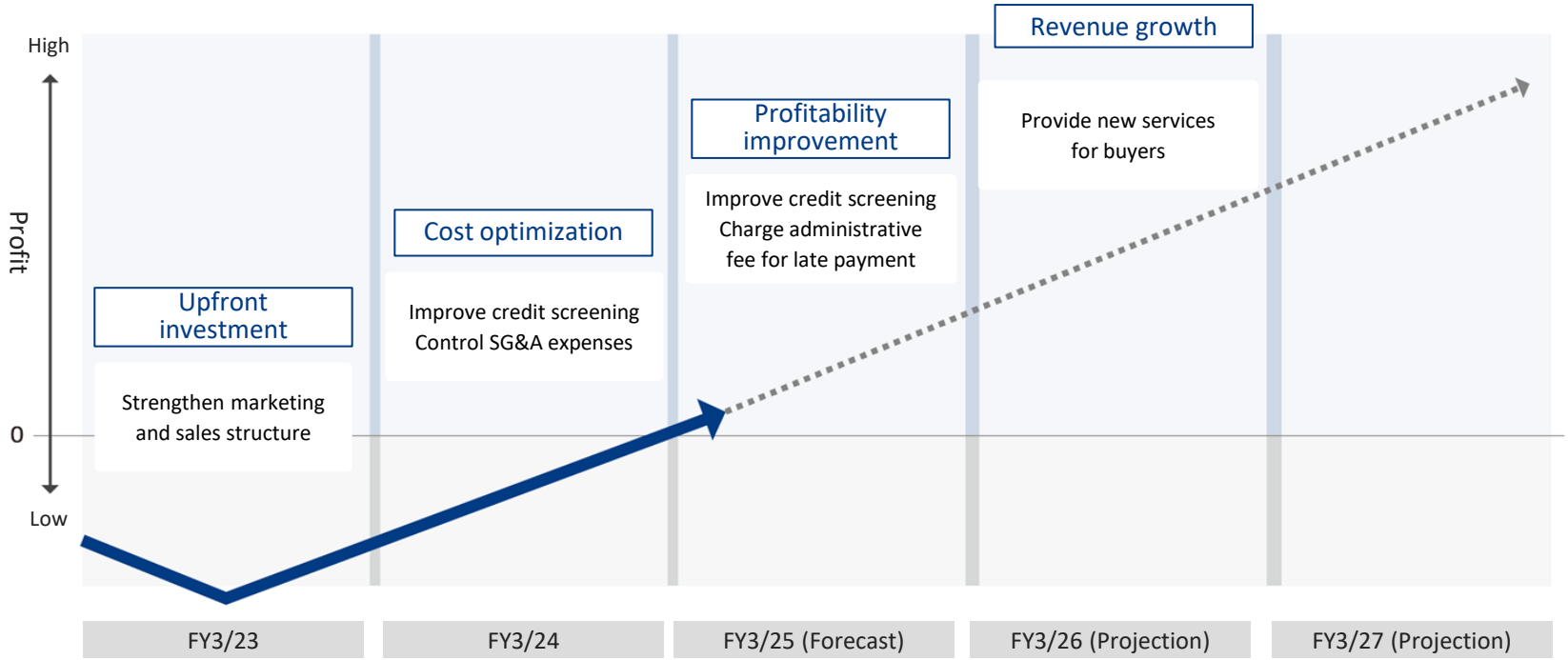
Upward Revision to FY3/25 Earnings Forecast

We have revised the full-year forecast upwards, adding the increase above the forecast for the first quarter. Operating profit will be twice the previously announced forecast (from JPY520mn to JPY1,080mn).

(JPY in millions)	Previous full-year forecast (A)		Revised full-year forecast (B)		(B) − (A) Amount change	(B) ÷ (A) Percentage change
	Full year		Full year		Full year	Full year
	H1	H2	H1	H2		
GMV (non-GAAP)*1	630,500		630,500		-	-
	300,000	330,500	300,000	330,500		
Total operating revenue	23,000		23,000		-	-
	10,740	12,260	10,740	12,260		
Gross profit (non-GAAP)*2	9,062		9,452		390	+4.3%
	4,024	5,038	4,414	5,038		
Operating profit (loss)	520		1,080		560	+107.6%
	(243)	763	316	763		
Profit (loss) before income taxes	433		983		550	+127.0%
	(283)	716	266	716		
Profit (loss) attributable to owners of parent	268		658		390	+145.5%
	(167)	435	223	435		
EBITDA	2,273		2,803		530	+23.3%
	628	1,644	1,158	1,644		

*1 GMV: Gross merchandise value for the Group's payment services
*2 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)

After the phase of upfront investment, we have successfully built a profit-generating structure by curbing costs and improving profitability. Going forward, we aim for further sales expansion while being mindful of profitability.



Continue achieving a low delinquency rate by honing our unique credit screening system.

Measures for improving credit screening system

		FY3/24 H2	FY3/25 H1	FY3/25 H2
NP *Atobarai*	Measures	Improve fraud detection logic	Fine-tune credit limits	
	Expected effect	Improved detection of fraud transactions	Higher screening approval rate / lower delinquency rate	
atone	Measures	Renew the credit scoring model	Renew the fraud detection logic	Improve the credit scoring model
	Expected effect	Improved accuracy of credit limit settings	Utilization of other business' successful model	Optimize a model based on accumulated data
NP *Kakebarai*	Measures	Tighten credit limit control		Fine-tune credit limits
	Expected effect	Stricter screening of large-value transactions		Higher screening approval rate / lower delinquency rate



Highlights of Group Financial Results

Group total

Achieved double-digit growth of GMV and turned into profitability

Group total GMV **JPY149.4bn** **+10.0% YoY** (BtoC +0.6%, BtoB +30.4%)

Q1 operating profit JPY0.27bn + JPY0.62bn YoY

BtoC atone

Q1 GMV JPY8.0bn +34.3% YoY

Topics

Successfully acquired new merchants and increased transactions with existing merchants both in the e-commerce services.

BtoC NP *Atobarai* and other

Q1 gross profit JPY1.6bn +26.2% YoY

Topics

GMV came in at JPY85.8bn (-1.7% YoY) affected by reputational damage to health products, while gross profit substantially increased with the effect of fraud detection improvement.

BtoB NP *Kakebarai*

Q1 GMV **JPY55.5bn** +30.4% YoY

Topics

Transactions in the recruiting advertisement and food wholesale categories increased.

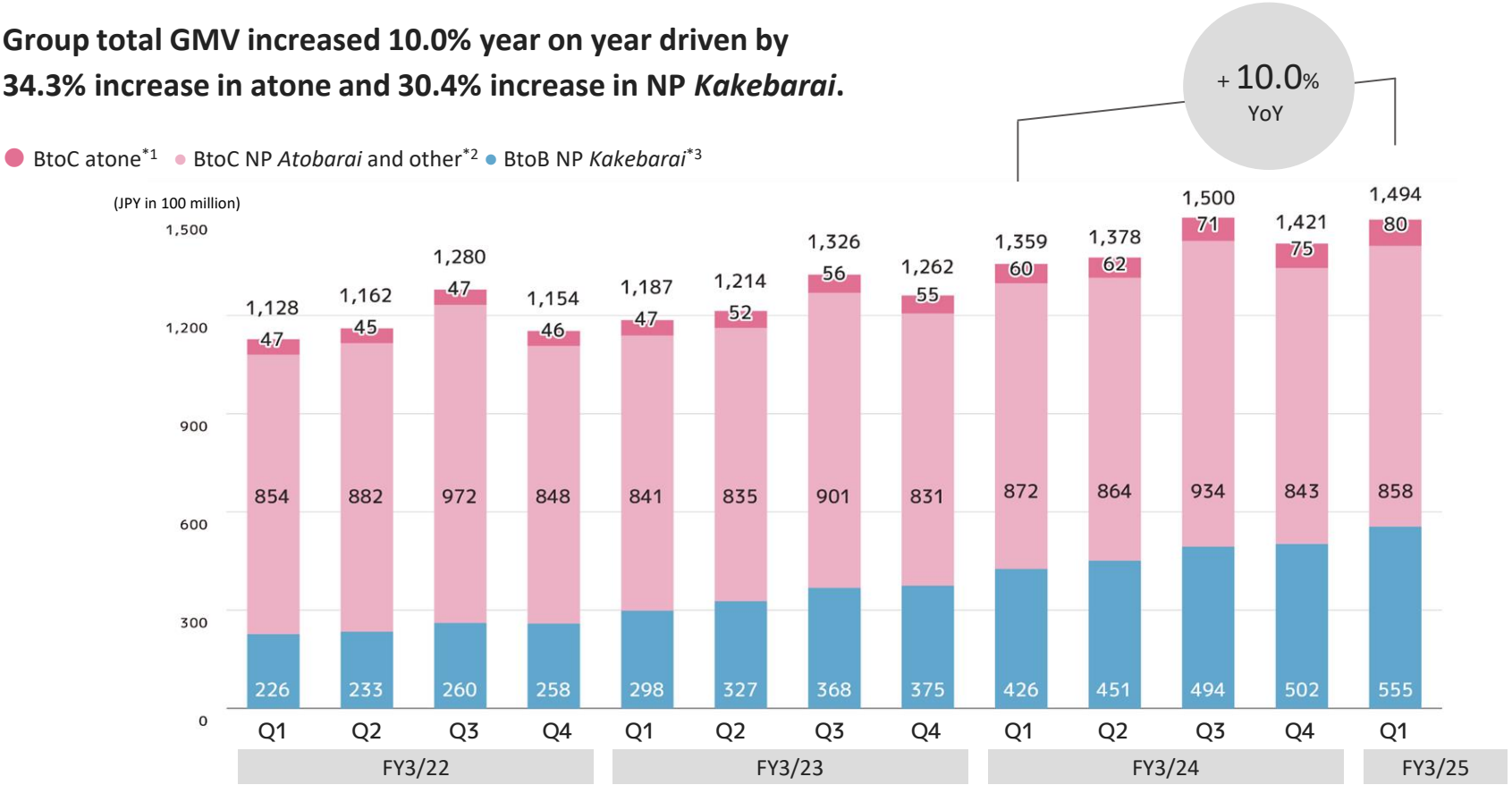
Operating profit turned into black (at JPY 273mn) earlier than planned.
Gross profit improved by keeping the delinquency rate under control.

(JPY in millions)	FY3/25 Q1		Full-year earnings forecast*4	
	Results	YoY percentage change	Amount	Progress rate
GMV (non-GAAP)	149,481	+10.0%	630,500	23.7%
Total operating revenue	5,254	+1.6%	23,000	22.8%
Revenue	5,091	+0.9%	-	-
Gross profit (non-GAAP)*1	2,257	+24.9%	9,062	24.9%
SG&A expenses	2,137	-6.2%	8,954	23.9%
Other operating expenses	8		-	-
Of SG&A expenses, marketing expenses*3	116	-27.7%	539	21.5%
Operating profit	273	Turned into black	520	52.6%
EBITDA (non-GAAP)*2	681	+4084.7%	2,273	30.0%

*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, 2024 dated May 15, 2024

Quarterly Changes in GMV

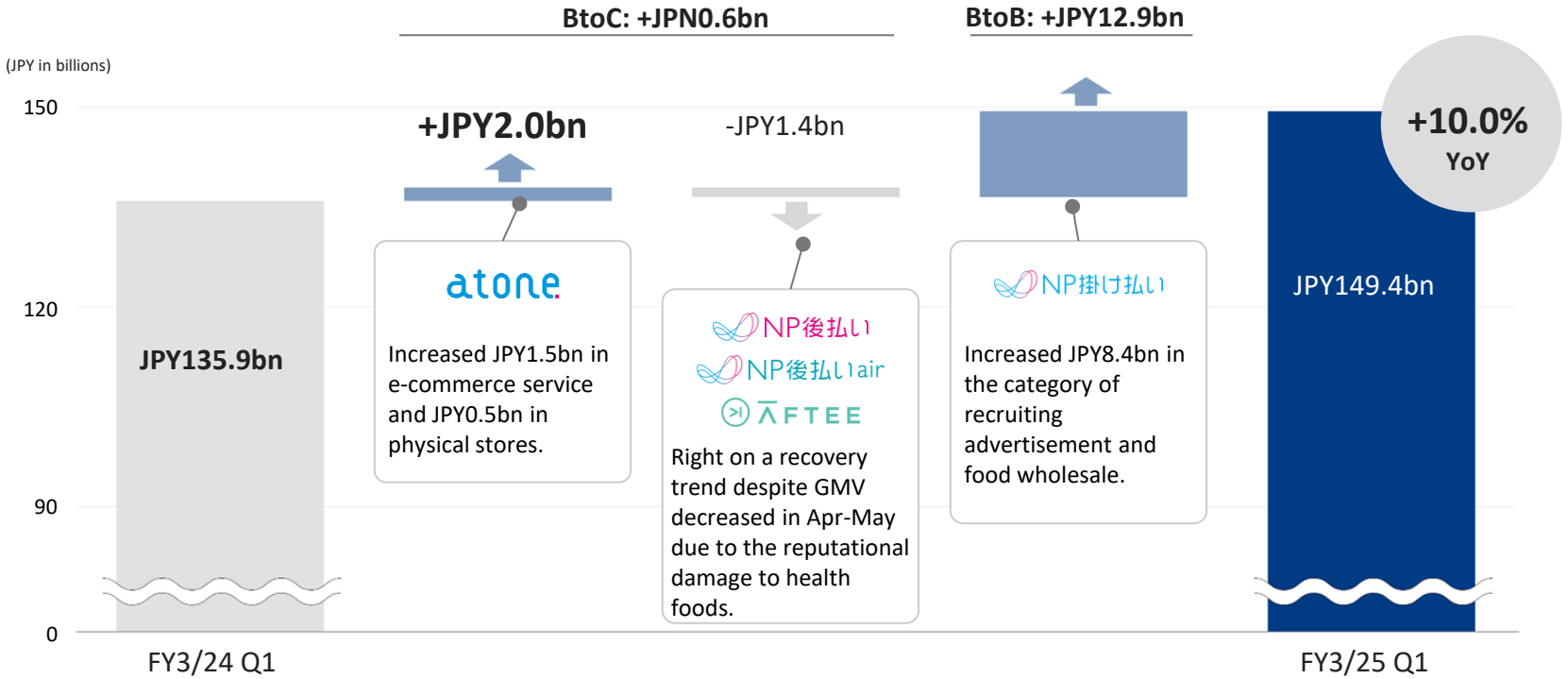
Group total GMV increased 10.0% year on year driven by 34.3% increase in atone and 30.4% increase in NP *Kakebarai*.



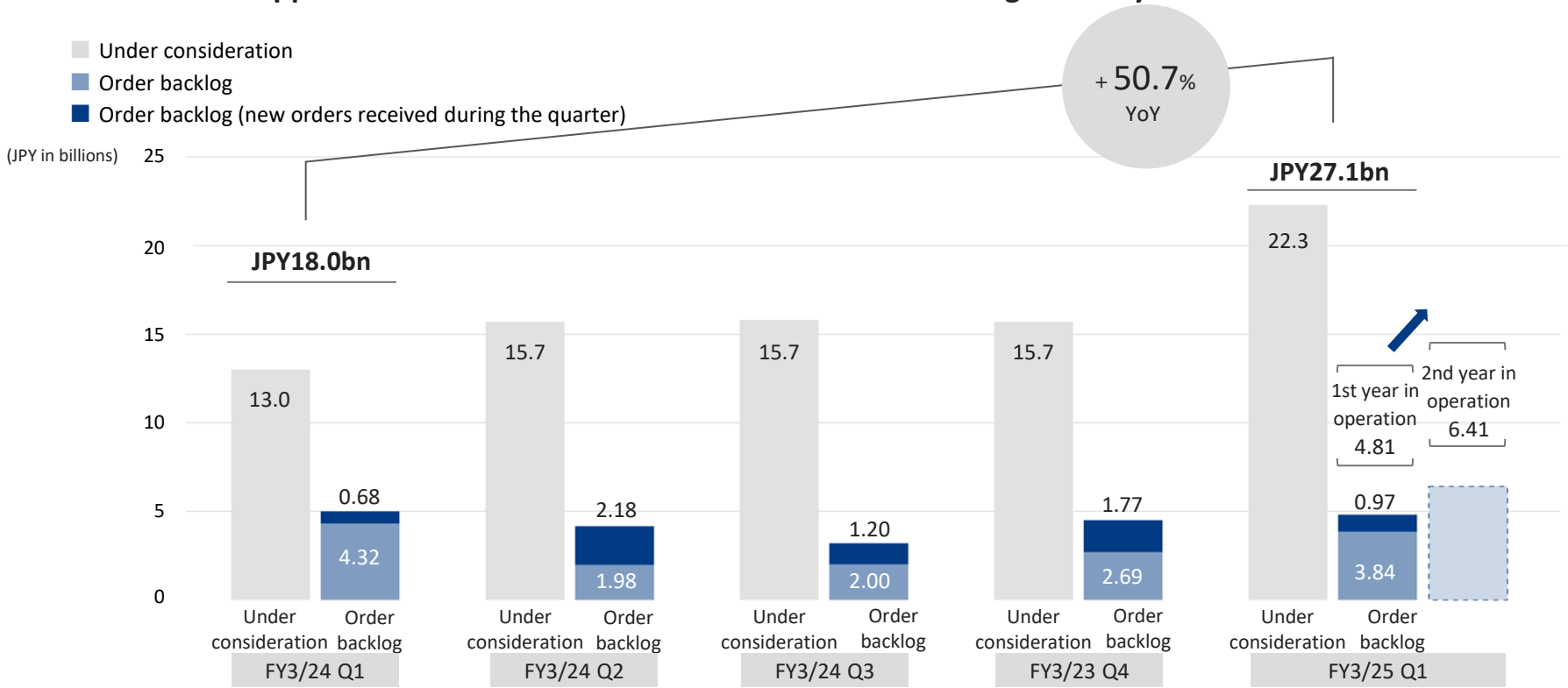
*1 Total amount of payments (including consumption tax) made through atone provided by the Group
*2 Total amount of payments (including consumption tax) made through NP *Atobarai*, AFTEE, and NP Card provided by the Group
*3 Total amount of payments (including consumption tax) made through NP *Kakebarai*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

GMV (Increase from Q1 YoY)

The Group total GMV increased JPY13.5bn, or 10.0%, year on year due to year-on-year increases of JPY0.6bn in BtoC and JPY12.9bn in BtoB.



The backlog*1 GMV with contracts to be put into operation within a year is estimated to be JPY4.81bn per month. The number of opportunities under consideration has also increased significantly.

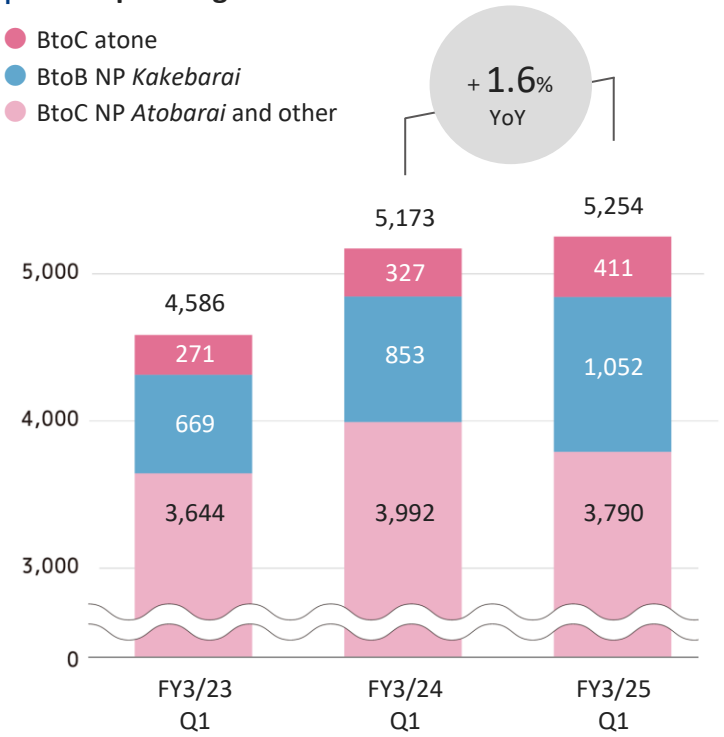


*1 Orders for which contracts have been signed and are to be put into operation within one year

Continued improvement in credit screening mainly in BtoC services has led to a year-on-year increase in gross profit 24.9% YoY.

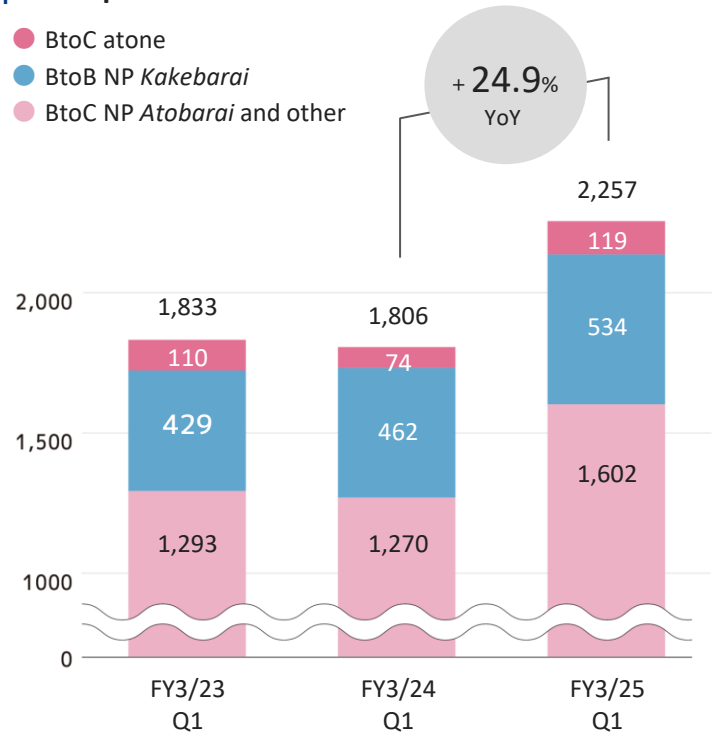
Total operating revenue

(JPY in millions)

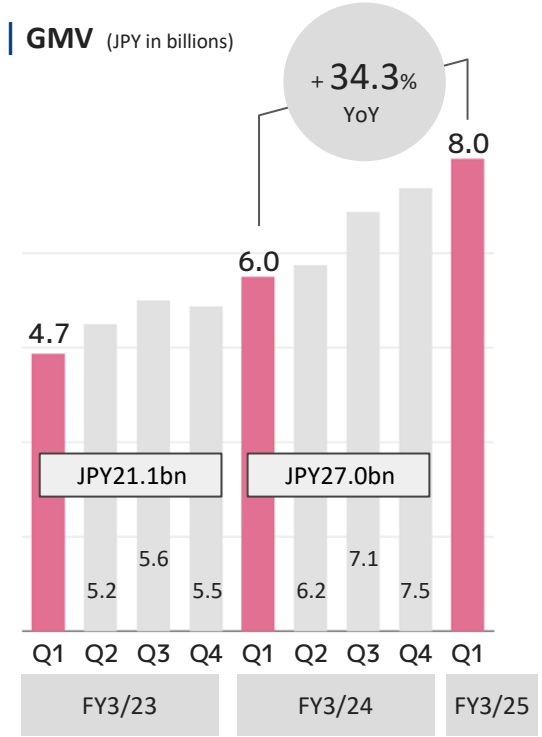


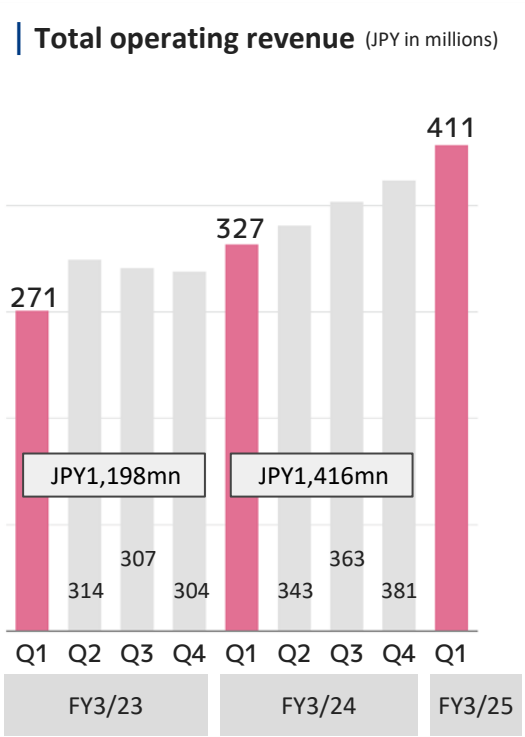
Gross profit

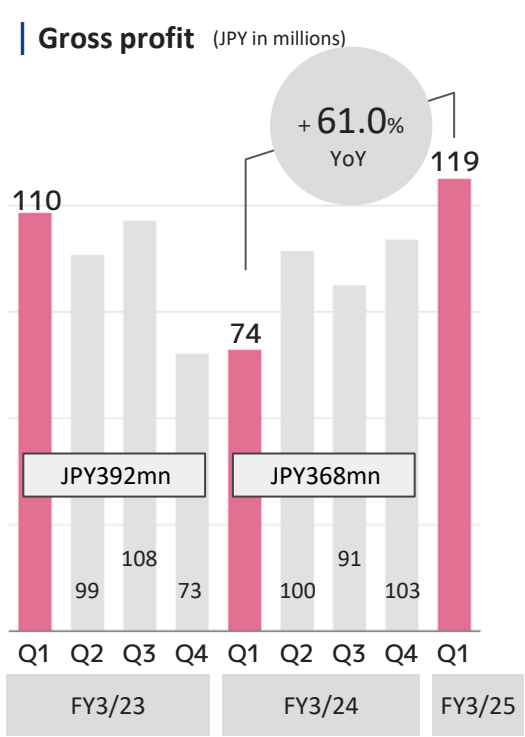
(JPY in millions)



GMV increased 34.3% YoY due to its wider market penetration across e-commerce and physical stores.
Gross profit increased 61.0% YoY as the delinquency rate is kept under control.

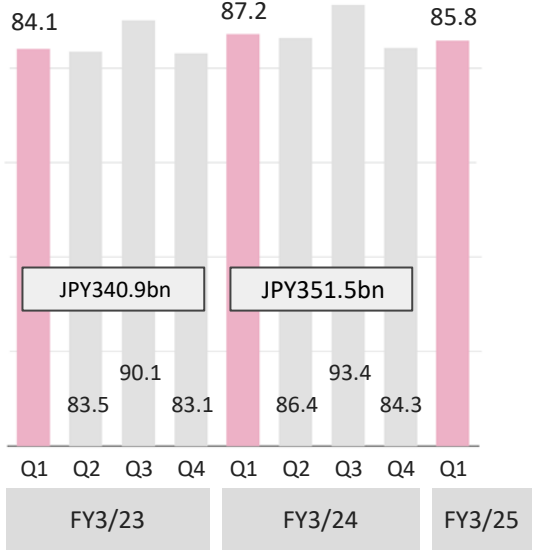




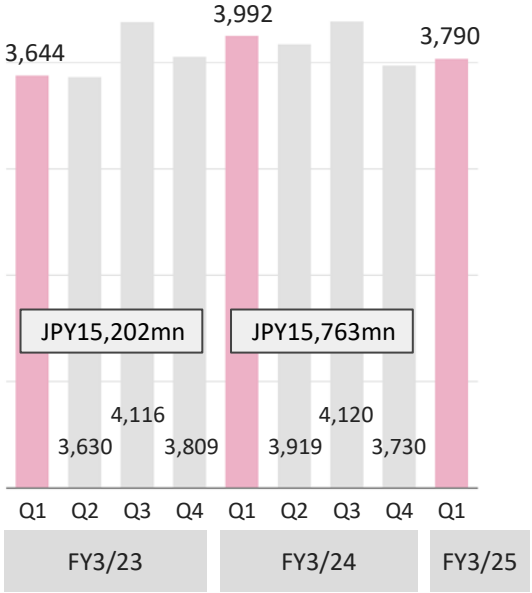


Gross profit substantially increased 26.2% YoY with continued fraud detection efforts despite GMV was temporarily affected by the reputational damage to health foods.

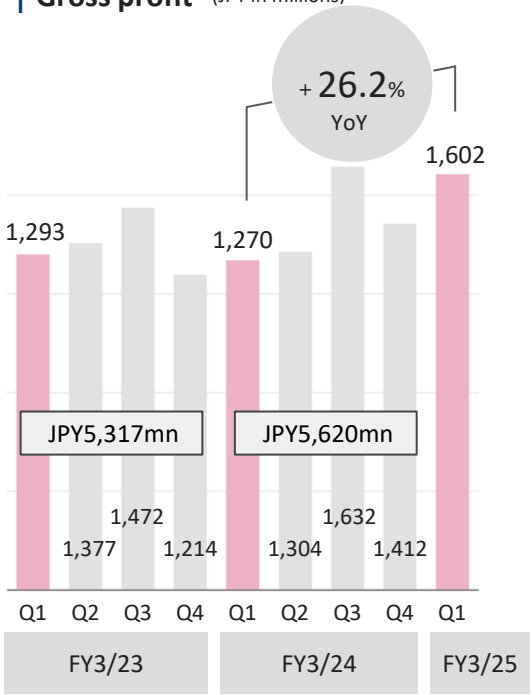
GMV (JPY in billions)



Total operating Revenue (JPY in millions)

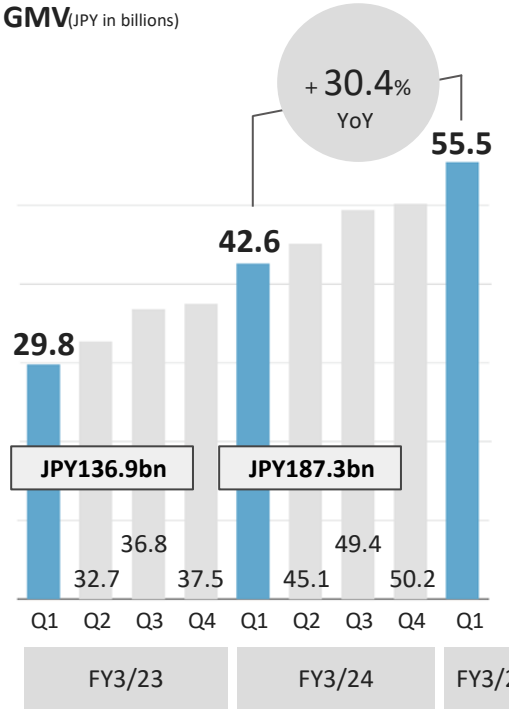


Gross profit (JPY in millions)

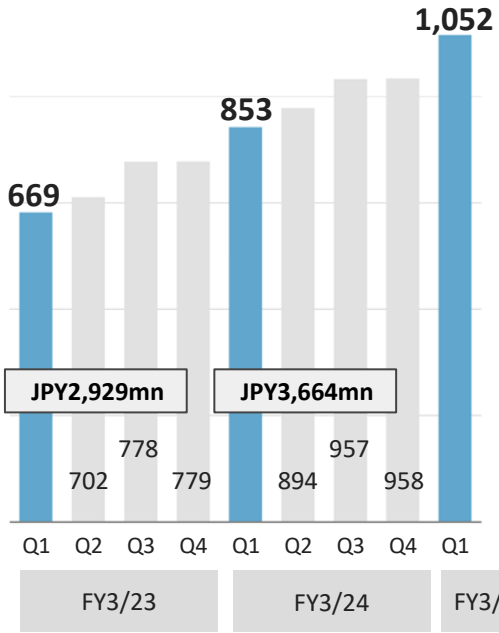


GMV continued to increase more than 30.0% YoY with total operating revenue exceeding JPY1.0bn for the first time on a quarterly basis.

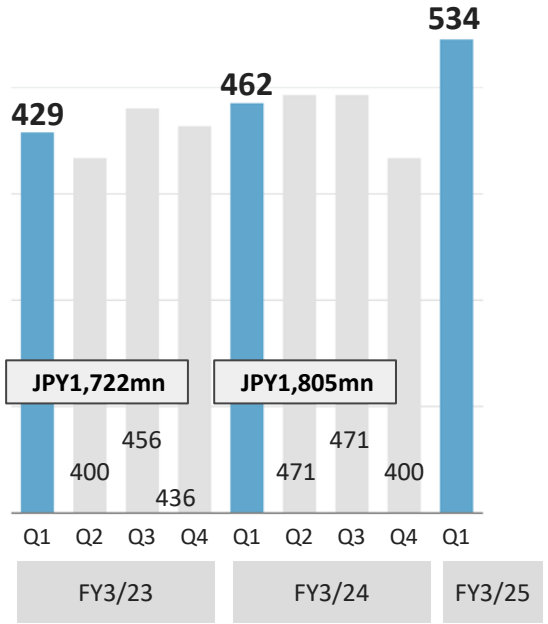
GMV (JPY in billions)



Total Operating Revenue (JPY in millions)

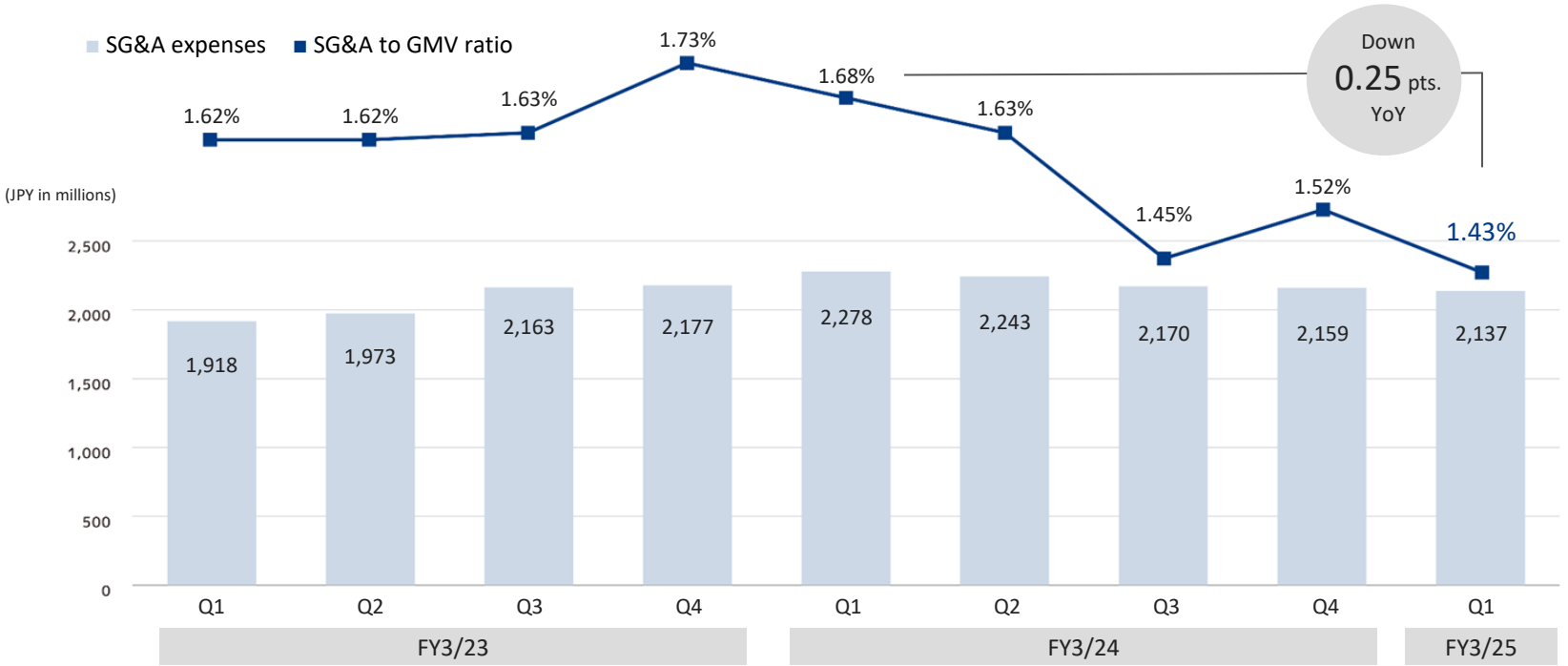


Gross Profit (JPY in millions)

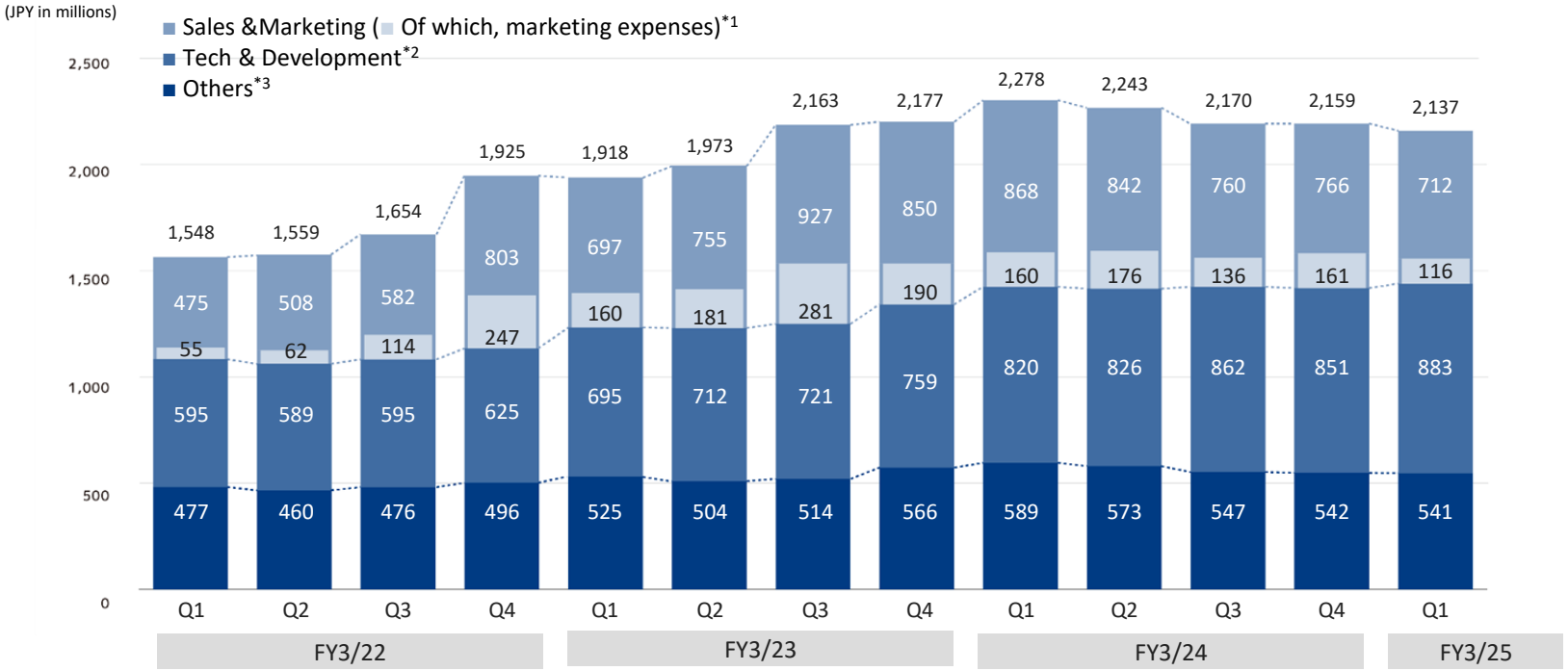


SG&A Expenses: Quarterly Trend

The SG&A ratio improved 0.25 points year on year to 1.43% through our continued effort to thoroughly control costs.



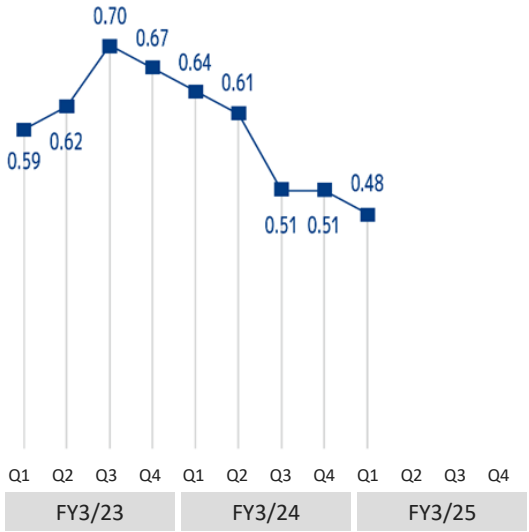
We curbed SG&A expenses in Sales & Marketing by encouraging full-time employees to internalize outsourced operations and improving operational efficiency of marketing.



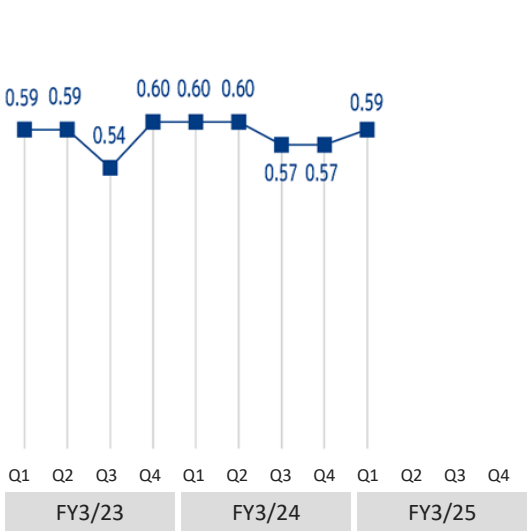
*1 Sales & Marketing: Personnel, outsourcing, operations related, marketing, and other expenses related to sales and marketing
*2 Tech & Development: Personnel, outsourcing, operations related, and other expenses related to system development, credit related operations, and other operations.
*3 Others: 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.)

We have built a structure that can take advantage of operating leverage due primarily to the improved operational efficiency of Sales & Marketing.

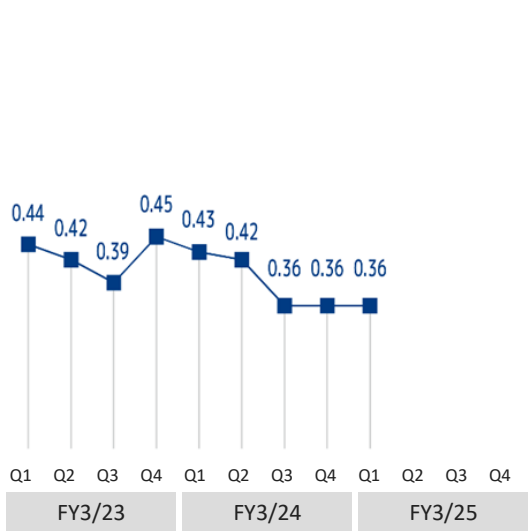
Sales & Marketing (%)



Tech & Development (%)



Others (%)

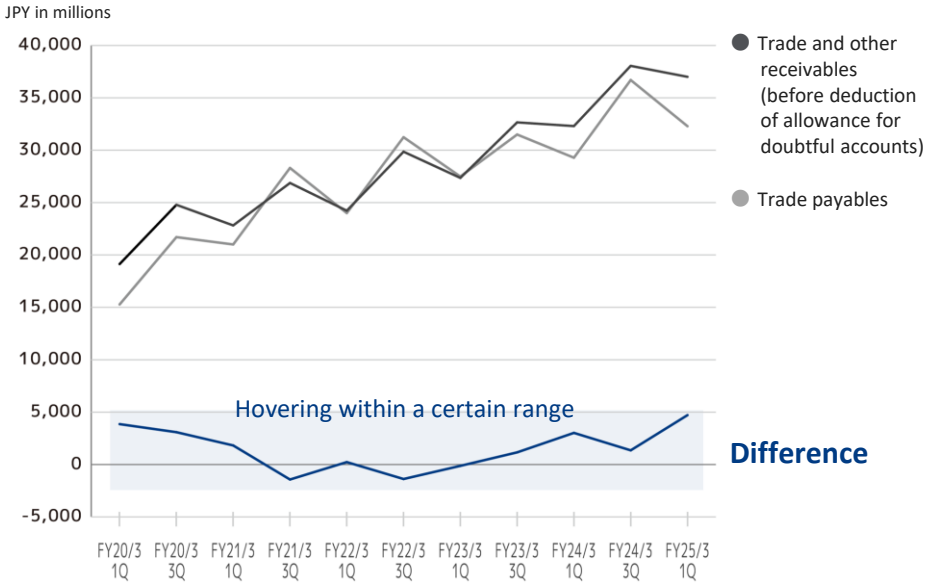


*1 Sales & Marketing: Personnel, outsourcing, operations related, marketing, and other expenses related to sales and marketing
*2 Tech & Development: Personnel, outsourcing, operations related, and other expenses related to system development, credit related operations, and other operations.
*3 Others: 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.)

The risk to the balance sheet and profit and loss statement due to factors such as rising interest rates and exchange rate fluctuations is limited.

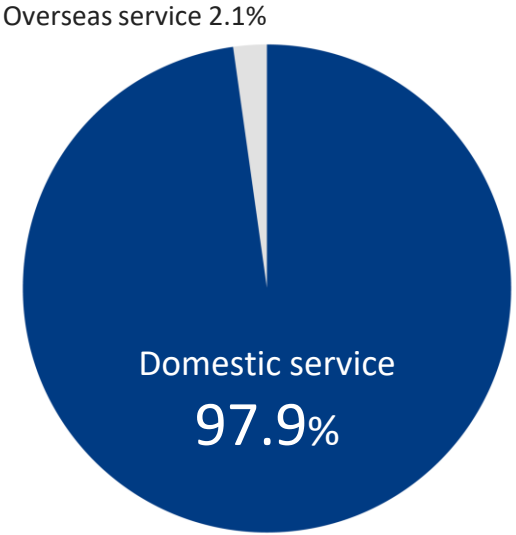
- Receivables and payables are well-balanced in the short term, thus there is no need for working capital even if GMV increases.

Changes in trade receivables & payables



- As 98% of our sales are from domestic services, there is almost no impact on the P&L due to exchange rate fluctuations.

Sales composition ratio by service (FY3/24)

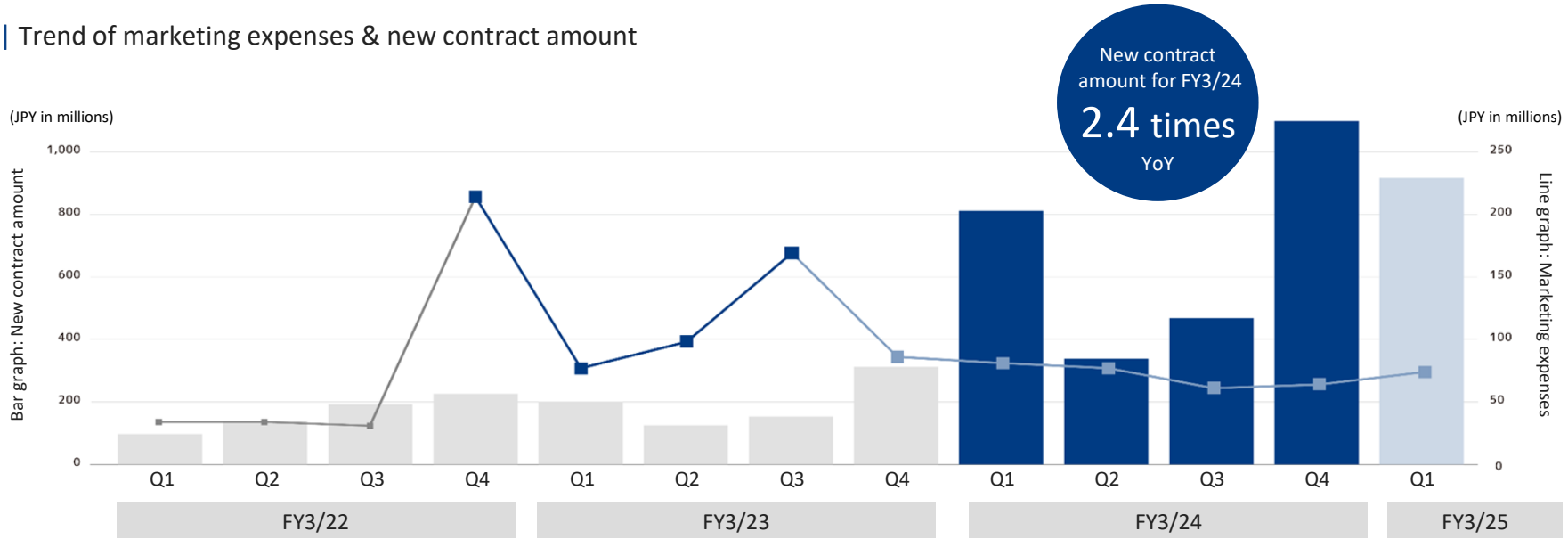




Management Topics

Aggressive marketing activities in FY3/23 boosted new contract amount for FY3/24 by 2.4 times year on year. Marketing efficiency is being improved, expecting further growth in new contract amount for FY3/25.

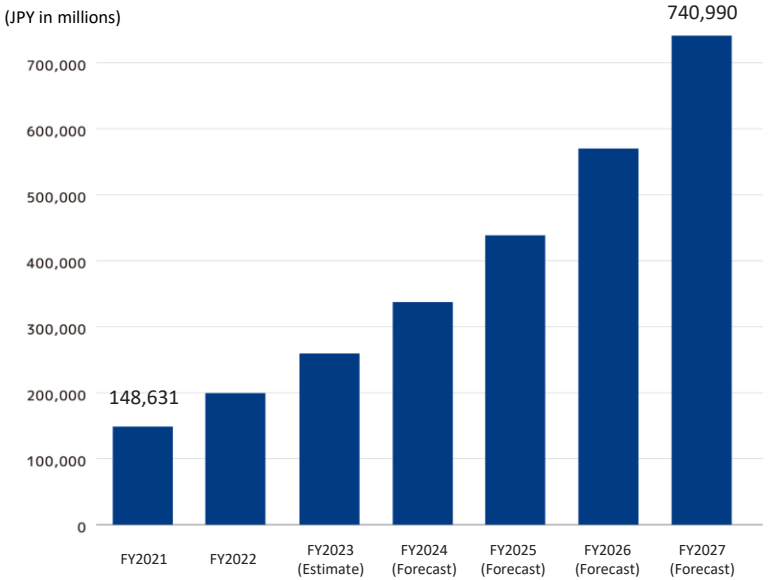
| Trend of marketing expenses & new contract amount



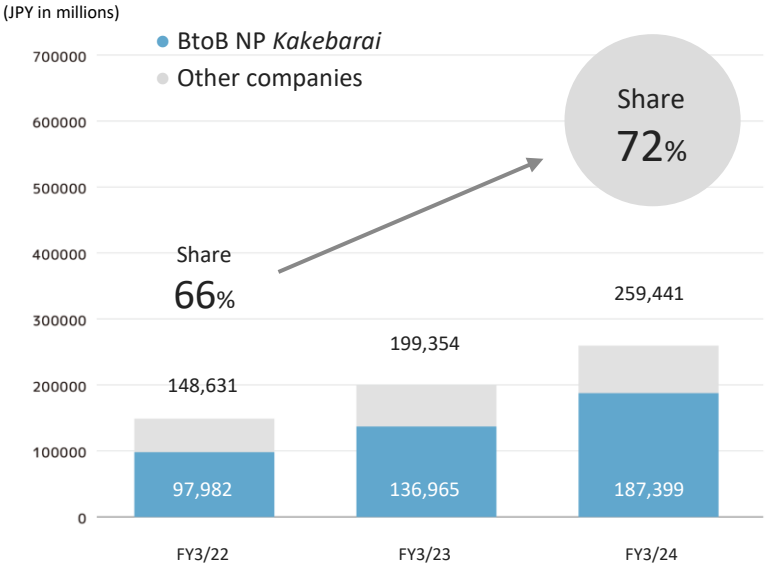
Purpose of marketing	Increase brand awareness	Strike a balance between winning contracts and increasing awareness	
Initiatives	Mass marketing through taxi ads Web advertising enhancement	Web advertising optimization Event participation as an exhibitor	

The BtoB payments service market is growing and is expected to continue to expand.
The share of NP *Kakebarai* exceeds 70%, making us the No.1 player[*1] in the market.

B2B Payments Service Market Size Transition and Forecast*



Our share in the BtoB payments service market (Our estimate[*1])



*Source: Yano Research Institute "B2B Payments Service Market in Japan: Key Research Findings 2024, " (published July 1, 2024)
Note 1: Based on transaction volume of service providers
Note 2: Figures are based on estimate for FY2023 and forecast for FY2024.
*1 Our estimate based on BtoB payment service market size data.

In Q1, large companies became our merchants, and new partnerships with new platforms have started.
We are expecting further GMV growth and more new merchants from Q2 onwards.

Online stores

OKネットスーパー 高品質・Everyday Low Price

無印良品*

Eisai

CINEMA SUNSHINE

Platforms

Online ticket booking platform

SMART THEATER®

Telemedicine platform

march

*Available at the MUJI Online store

Appendix

- Financial Statements, etc.
- Company Profile
- Medium-Term Business Plan
- Business and Market Overview
- IR Newsletter

Key Performance Indicators

	Three months ended June 30, 2023	Three months ended June 30, 2024	Percentage change
	(JPY in millions)	(JPY in millions)	%
GMV (non-GAAP)*1	**135,928**	**149,481**	**10.0**
BtoC Services: NP *Atobarai* and other	87,288	85,828	△1.7
BtoC Services: atone	6,013	8,073	34.3
BtoB Service	42,627	55,579	30.4
Total operating revenue	**5,173**	**5,254**	**1.6**
BtoC Services: NP *Atobarai* and other	3,992	3,790	△5.1
BtoC Services: atone	327	411	25.7
BtoB Service	853	1,052	23.3
– Other operating revenue	129	162	25.8
Revenue	**5,044**	**5,091**	**0.9**
– Invoicing related expenses (non-GAAP)*2	2,152	1,968	△8.6
– Bad debt related expenses (non-GAAP)*3	991	766	△22.7
– Other payment related expenses (non-GAAP)*4	94	100	6.3
Gross profit (non-GAAP)*5	**1,806**	**2,257**	**24.9**
BtoC Services: NP *Atobarai* and other	1,270	1,602	26.2
BtoC Services: atone	74	119	61.0
BtoB Service	462	534	15.7
– SG&A and other operating expenses (non-GAAP)*6	2,290	2,146	△6.3
Operating profit	**△354**	**273**	**-**
+ Depreciation and amortization	358	401	12.0
+ Share-based payment expenses	2	2	△12.1
+ Loss on disposal of property, plant and equipment	10	4	△61.2
+ Impairment losses	-	-	-
– Gain from reversal of impairment losses	-	-	-
EBITDA (non-GAAP)*7	**16**	**681**	**-**

*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)

Consolidated Statement of Financial Position

(JPY in millions)

	As of March 31, 2024	As of June 30, 2024
Assets		
Cash and cash equivalents	10,810	12,330
Trade and other receivables	29,238	30,325
Inventories	11	24
Other current receivables	637	583
Total current assets	40,698	43,263
Property, plant and equipment	354	944
Goodwill	11,608	11,608
Intangible assets	4,671	4,762
Other financial assets	898	793
Deferred tax assets	1,784	1,794
Other non-current assets	262	250
Total non-current assets	19,580	20,152
Total Assets	60,279	63,416

	As of March 31, 2024	As of June 30, 2024
Liabilities and Equity		
Trade and other payables	32,226	32,289
Short-term loans	3,431	5,946
Lease liabilities	101	284
Other current financial liabilities	6	12
Income taxes payable	298	151
Provisions	57	27
Liabilities for employee benefits	564	552
Other current liabilities	688	626
Total current liabilities	37,374	39,891
Long-term loans	4,974	4,977
Lease liabilities	35	465
Provisions	113	113
Total non-current liabilities	5,123	5,556
Total Liabilities	42,498	45,447
Share capital	4,134	4,136
Capital surplus	14,196	14,200
Retained earnings	△805	△670
Other components of equity	178	226
Total equity attributable to owners of parent	17,704	17,893
Non-controlling interests	76	75
Total Equity	17,780	17,968
Total Liabilities and Equity	60,279	63,416

Consolidated Statement of Profit or Loss

(JPY in millions)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Revenue	5,044	5,091
Other operating revenue	129	162
Total operating revenue	5,173	5,254
Operating expenses	△5,528	△4,980
Operating profit (loss)	△354	273
Financial income	0	1
Financial costs	△14	△19
Profit (loss) before income taxes	△368	254
Income tax expense	85	△123
Profit (loss)	△282	131
Profit (loss) attributable to:		
Owners of parent	△276	135
Non-controlling interests	△6	△3
Profit (loss)	△282	131
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	△2.86	1.39
Diluted earnings (loss) per share (yen)	△2.86	1.38

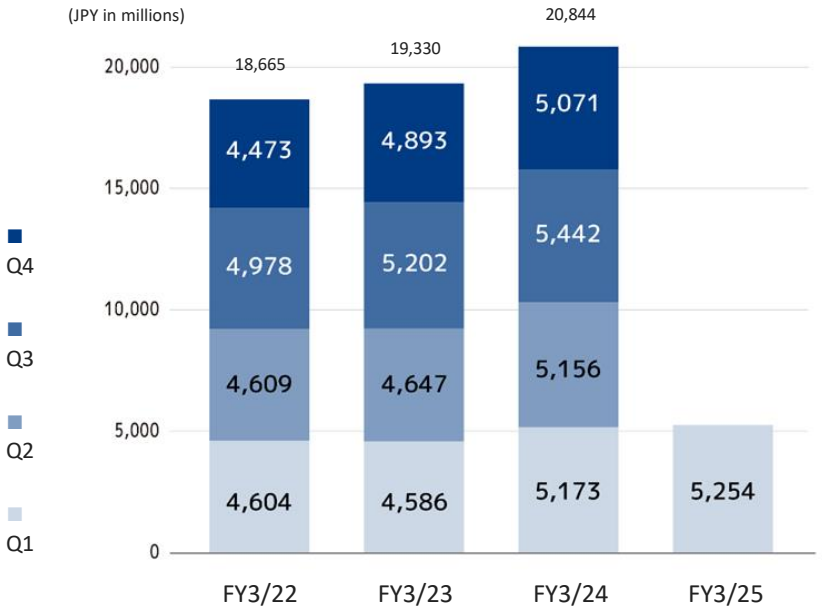
Consolidated Statement of Cash Flows

(JPY in millions)

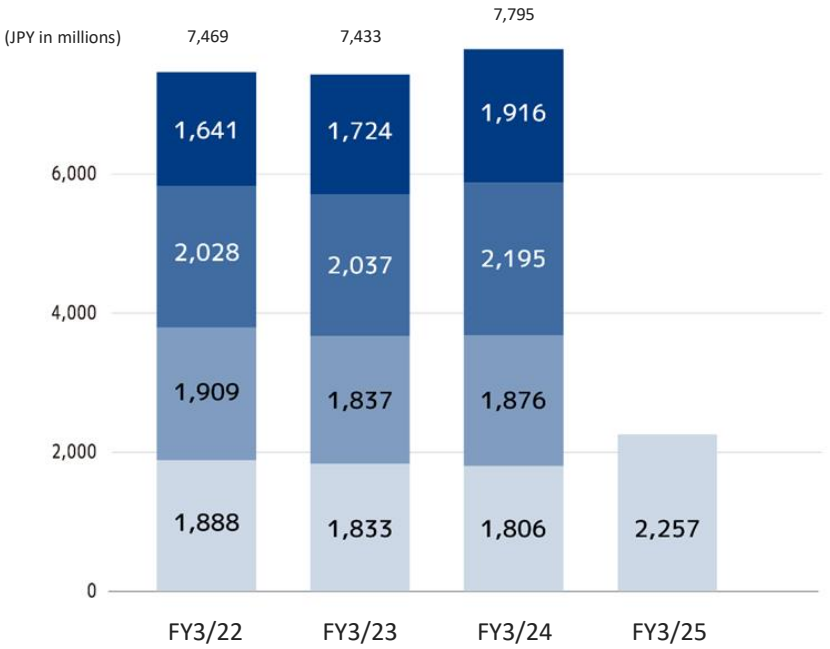
	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Cash Flows from Operating Activities		
Profit (loss) before income taxes	△368	254
Depreciation, amortization and impairment losses	358	401
Share-based payment expenses	2	2
Finance income and finance costs	11	19
Increase (decrease) in provisions	△5	△28
Loss on disposal of property, plant and equipment	10	4
Decrease (increase) in inventories	4	△12
Decrease (increase) in trade and other receivables	△1,813	△1,086
Increase (decrease) in trade and other payables	2,050	63
Other	139	41
Subtotal	390	△340
Interest received	0	0
Interest paid	△2	△2
Income tax paid	△78	△262
Net cash provided by (used in) operating activities	309	△604
Cash Flows from Investing Activities		
Payments into time deposits	△0	△0
Purchase of property, plant and equipment	△5	△39
Purchase of intangible assets	△454	△380
Payments for guarantee deposits	-	△0
Proceeds from collection of guarantee deposits	-	106
Purchase of other financial assets	△7	-
Net cash provided by (used in) investing activities	△467	△313
Cash flows from financing activities		
Net increase (decrease) in short-term loans	1,500	2,514
Repayments of lease liabilities	△96	△80
Proceeds from issuance of shares	1	4
Net cash provided by (used in) financing activities	1,404	2438
Effects of exchange rate changes on cash and cash equivalents	0	0
Net increase in cash and cash equivalents	1,246	1,520
Cash and cash equivalents at the beginning of the period	10,564	10,810
Cash and cash equivalents at the end of the period	11,810	12,330

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)

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 June 30, 2024)

Collection Cycle*1

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

Trade and other receivables*2

JPY 37,002 million

Total assets: JPY 63,416 million

Trade payables

JPY 32,289 million

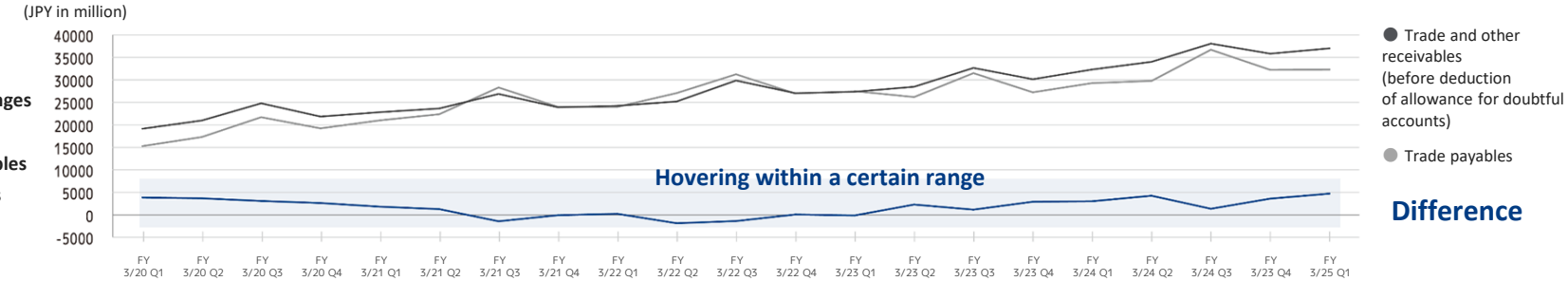
Total liabilities: JPY 45,447 million

Total equity: JPY 17,968 million

Payment Cycle*1

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

Quarterly changes in trade receivables & payables



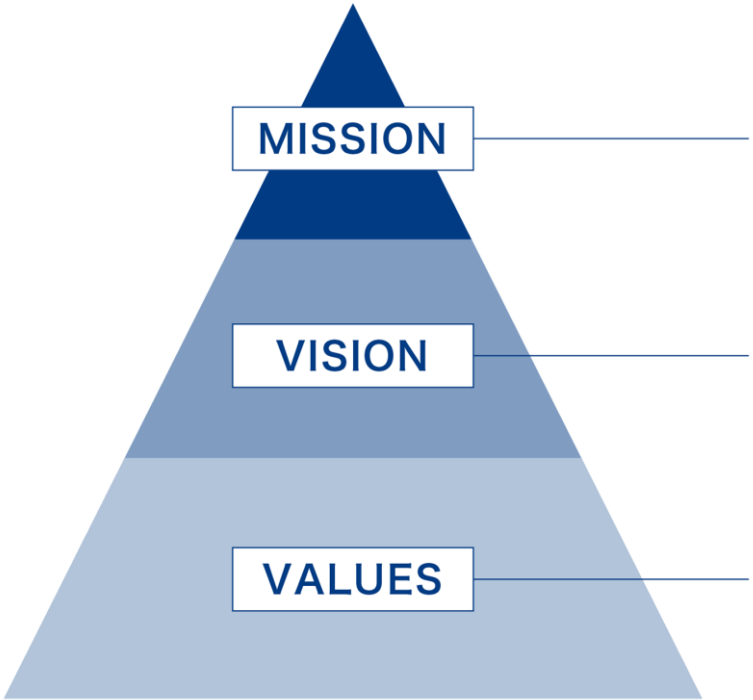
*1 In case of NP *Atobarai*

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

Appendix

Company Profile

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.

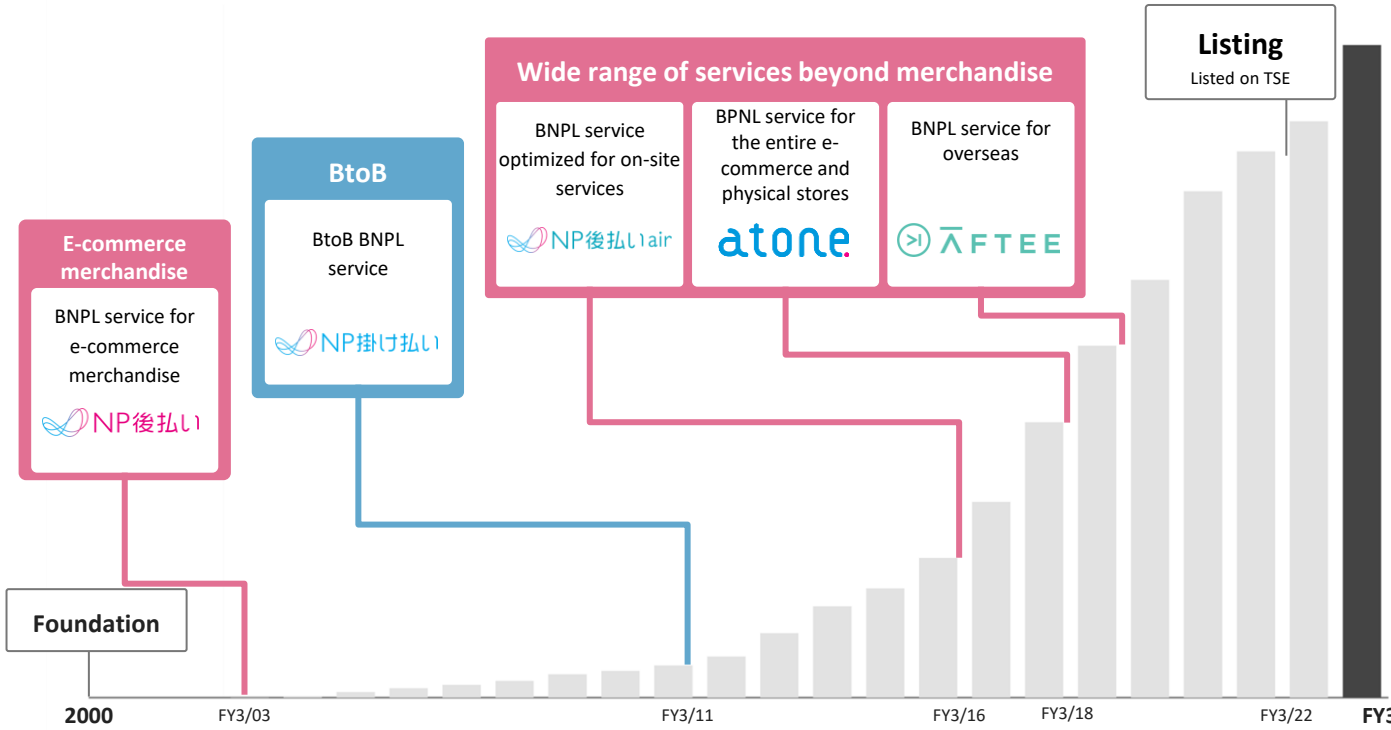
Expand Our Possibilities

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.

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

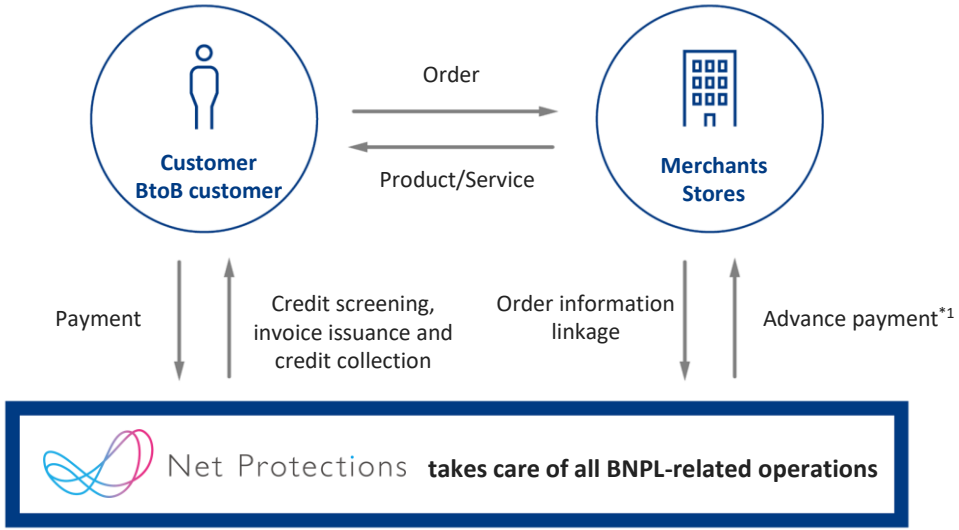
NP *Kakebarai* users*2
1 in 6 companies

AFTEE users*3
1 million

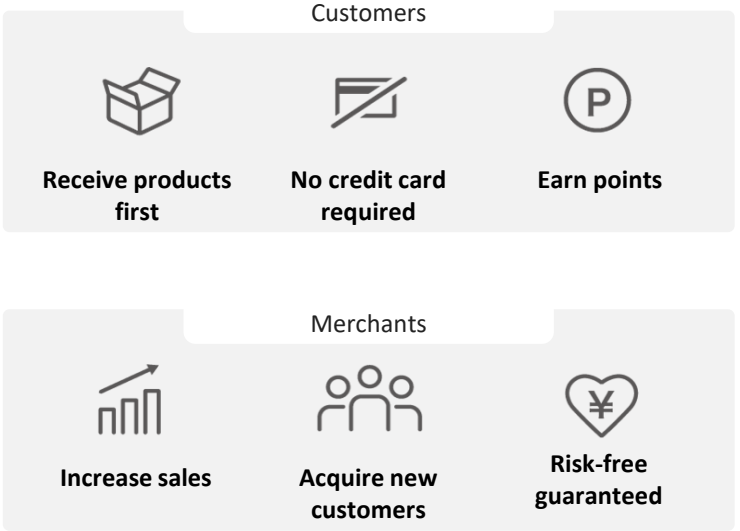
*1 Population aged 15 and over totals 110.6 mn. (Population estimates as of March 1, 2022 published by Statistic Bureau, Ministry of Internal Affairs and Communications) ÷Calculated based on the number of annual unique users, 15 million, in FY3/22
*2 There are approx. 3.67 companies in Japan. (Ministry 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

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



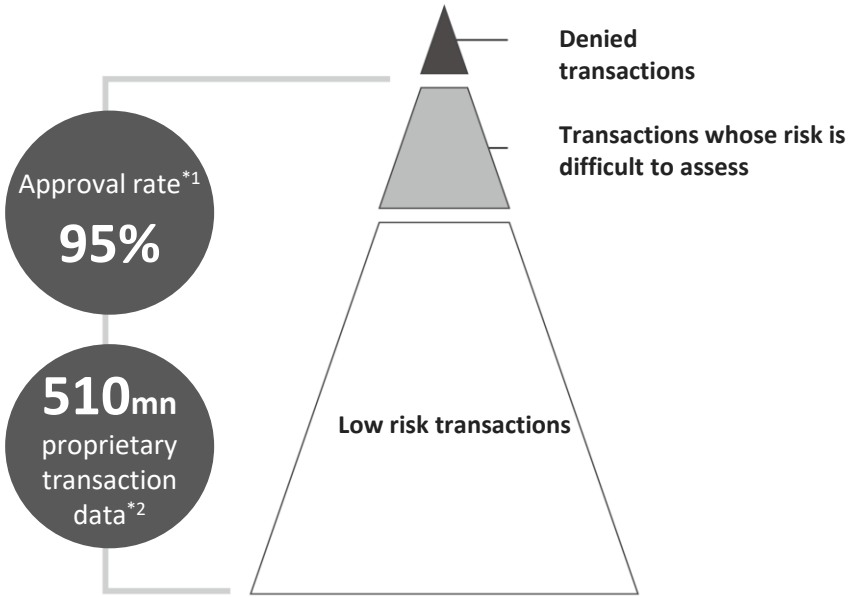
Benefits



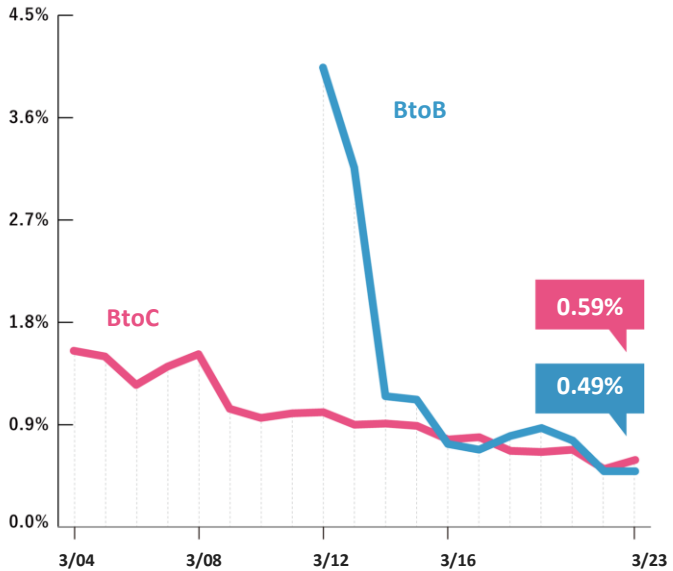
*1 The guarantee only covers transactions approved by our credit screening system. In the event that a dispute between a merchant and a customer over a transaction arises and it cannot be immediately resolved, or Net Protections deems there is a risk of such a dispute, or the transaction otherwise falls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

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).

We have valued the growth opportunities and job satisfaction of our employees, creating a high-performing organization.

Comprehensive rating ranking (n=180,186 companies)

Rank	
1位	Bain & Company Japan Incorporated
2位	McKinsey & Company Japan
3位	Cambridge Technology Partners Limited
4位	Boston Consulting Group, LLC
5位	Recruit Management Solutions Co., Ltd.
6位	IBM Japan Systems Engineering Co., Ltd.
7位	**Net Protections, Inc.**
8位	Google LLC
9位	ONE CAREER Inc.
10位	ISS REALIXE Co., Ltd.

No. 7

Comprehensive rating ranking in the Internet industry (n=5,600 companies)

1位	**Net Protections, Inc.**
2位	Google LLC
3位	Facebook Japan LLC (formerly Facebook Japan, Inc.)
4位	Feedforce, Inc.
5位	Nyle Inc.

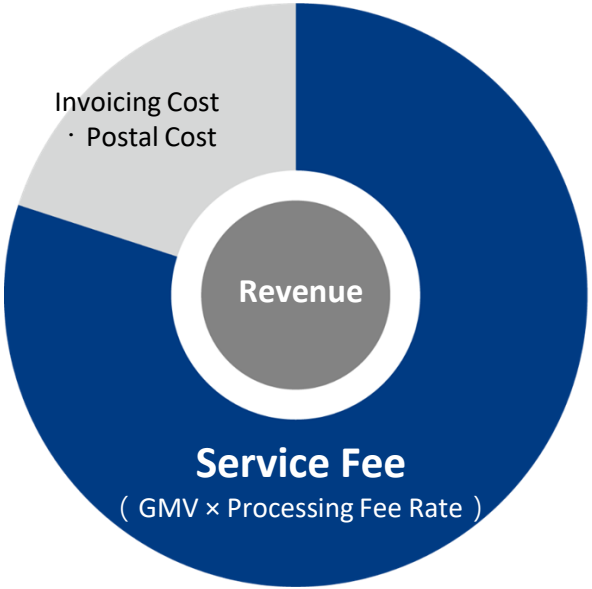
No. 1

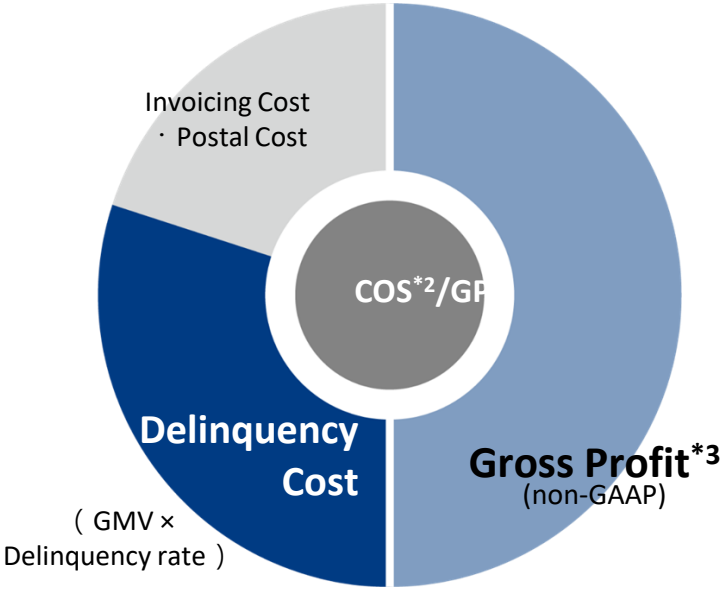
*Source: “OpenWork,” an employer review site for jobseekers (As of May 17, 2024)

Company evaluation by employees



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





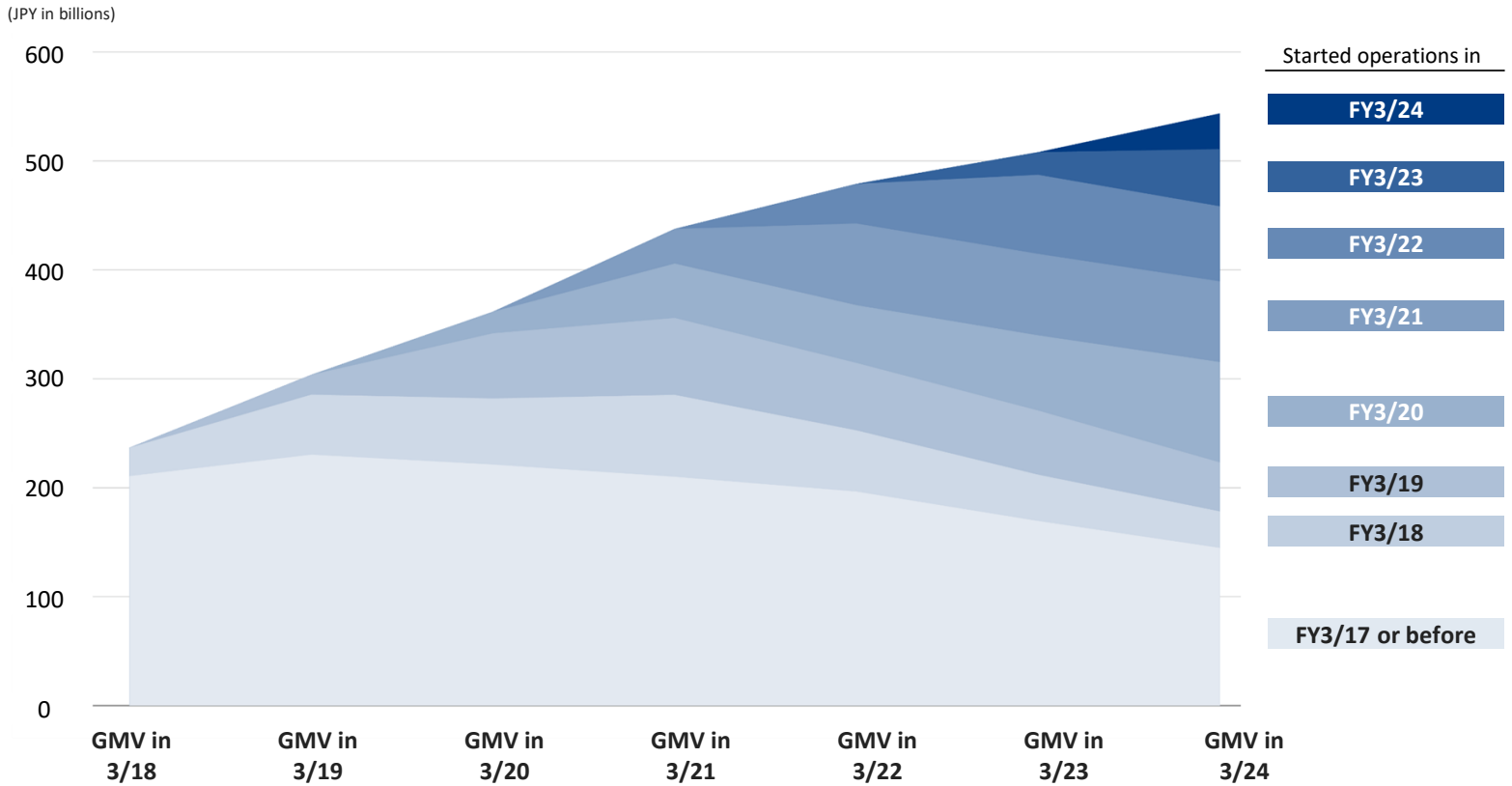
Sales increase in line with a growth in GMV.

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)

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.

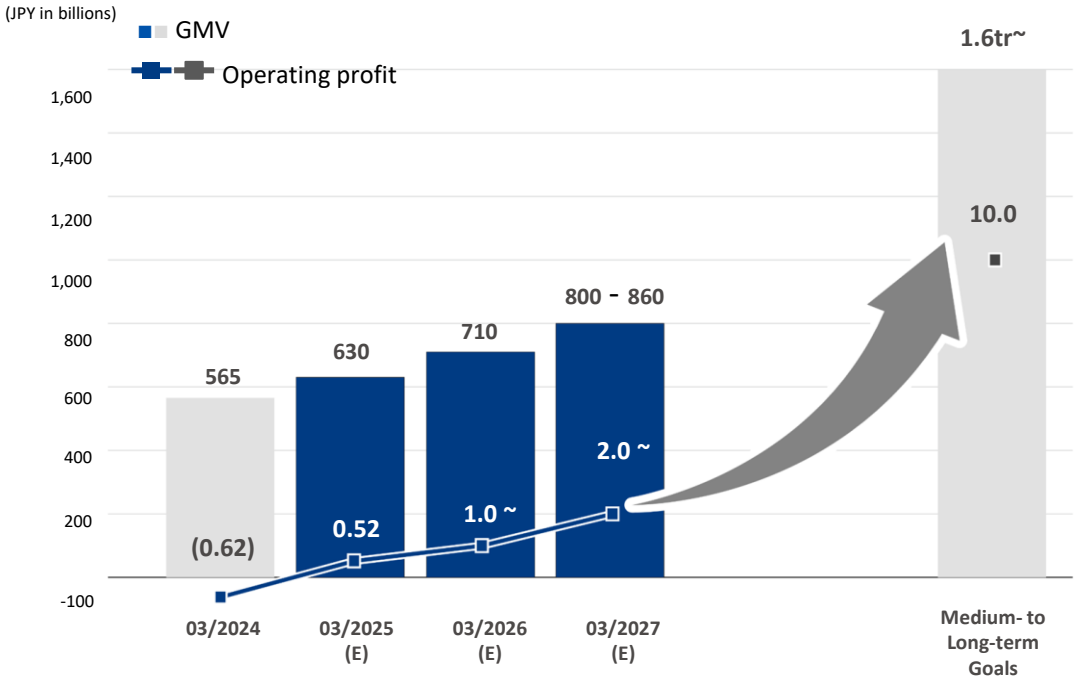


Appendix

Medium-Term Business Plan

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 **30**bn+

Operating profit: JPY **2**bn+

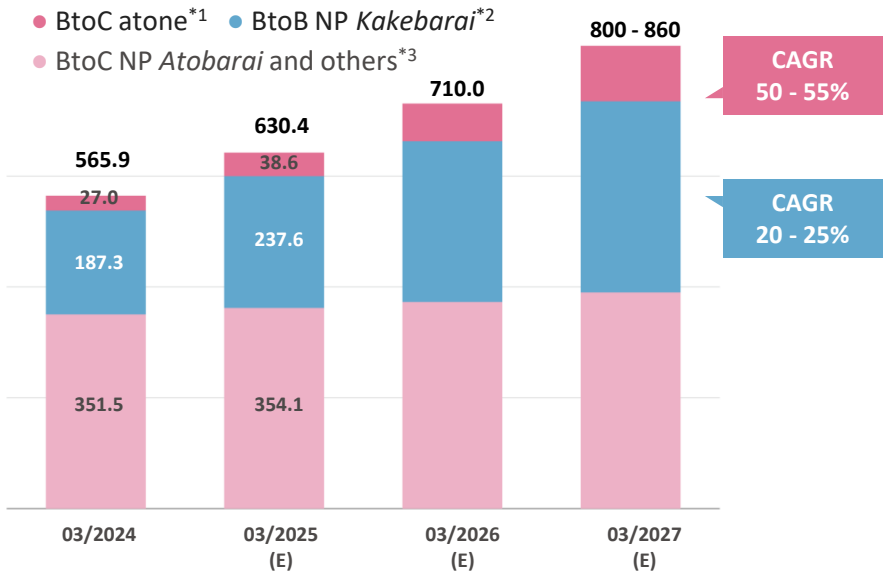
Medium- to Long-term Target

Operating profit: JPY **10**bn

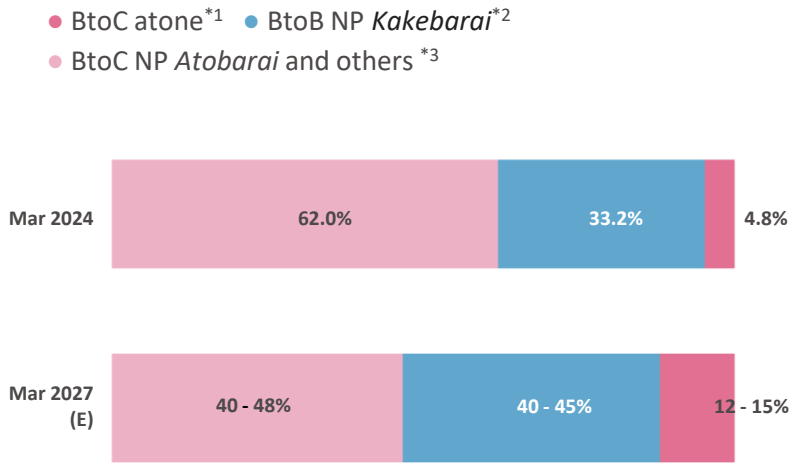
For BtoC, we aim for a CAGR of 50 - 55% for atone while maintaining NP Atobarai as a stable profitable business.
For BtoB, we aim to establish an overwhelming #1 position with a CAGR of 20 - 25%.

GMV Growth Rate by Business Segment

(JPY in billions)



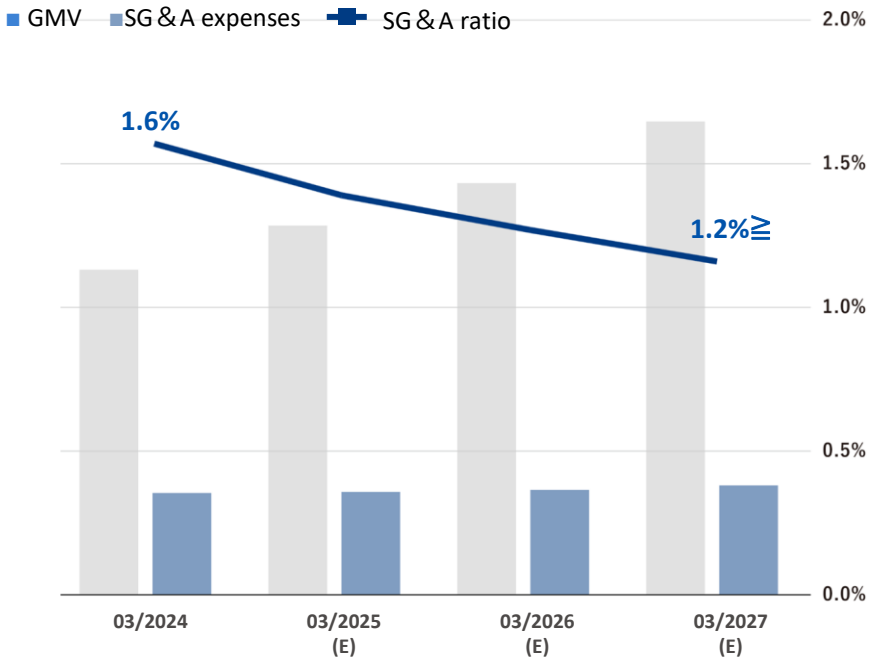
Composition in FY3/27 (vs. to FY3/24)



*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

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.

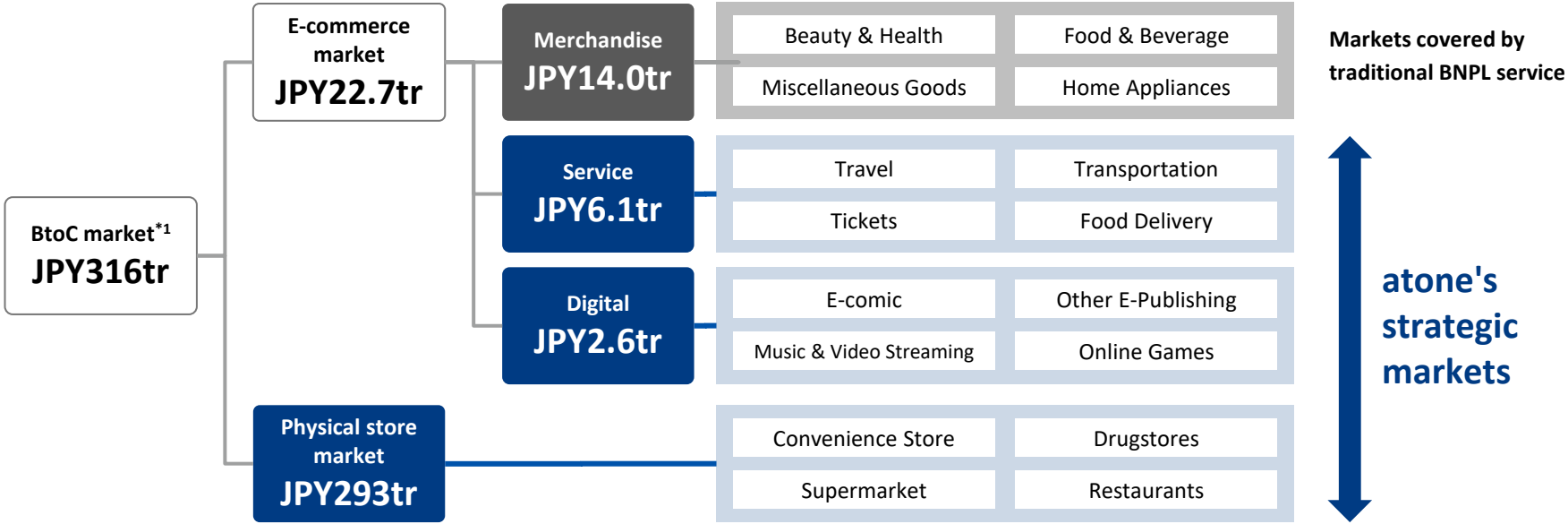
Systems development

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

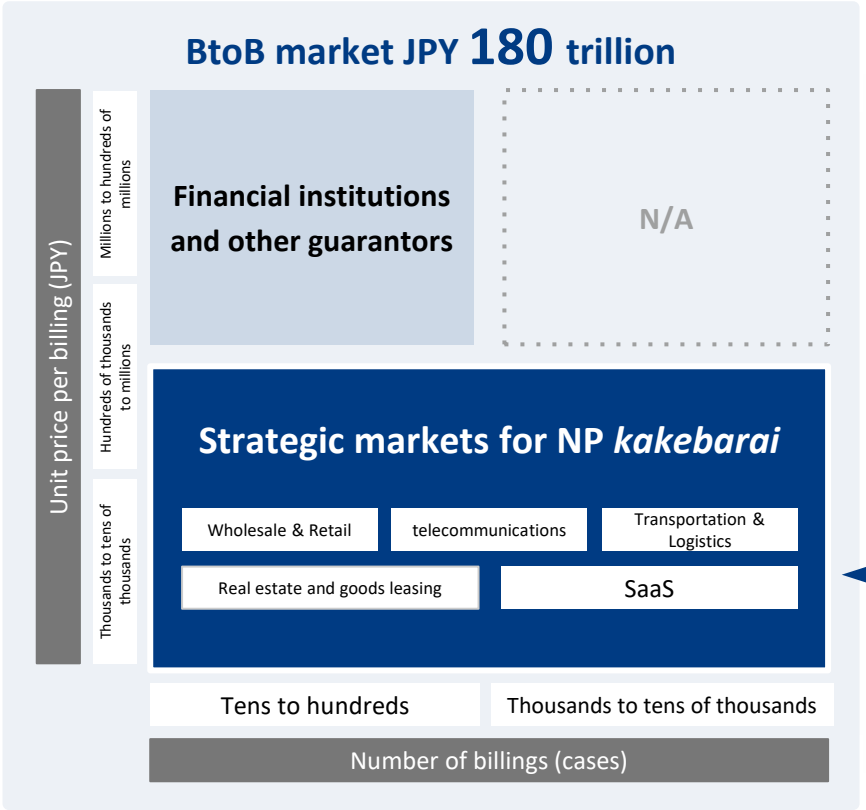
Concentrate on growth businesses of atone, BtoB, and measures that can be expected to generate early returns. Gradually increase marketing expenses but make disciplined investments in line with profit growth.

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.



*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."

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)

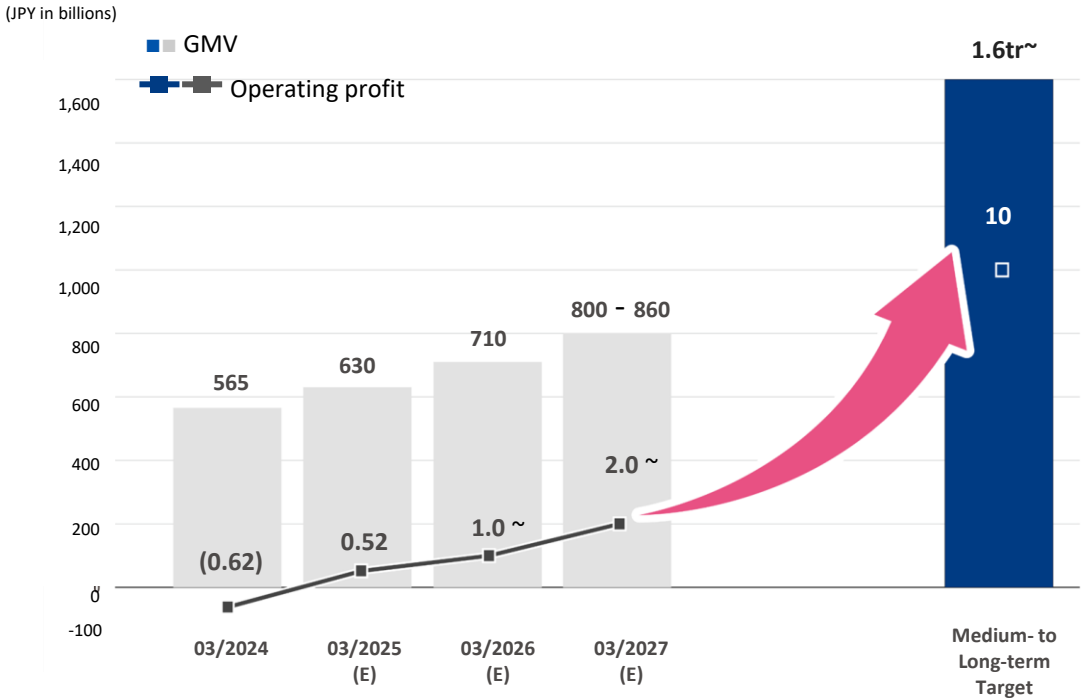
Examples of merchants

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))

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)

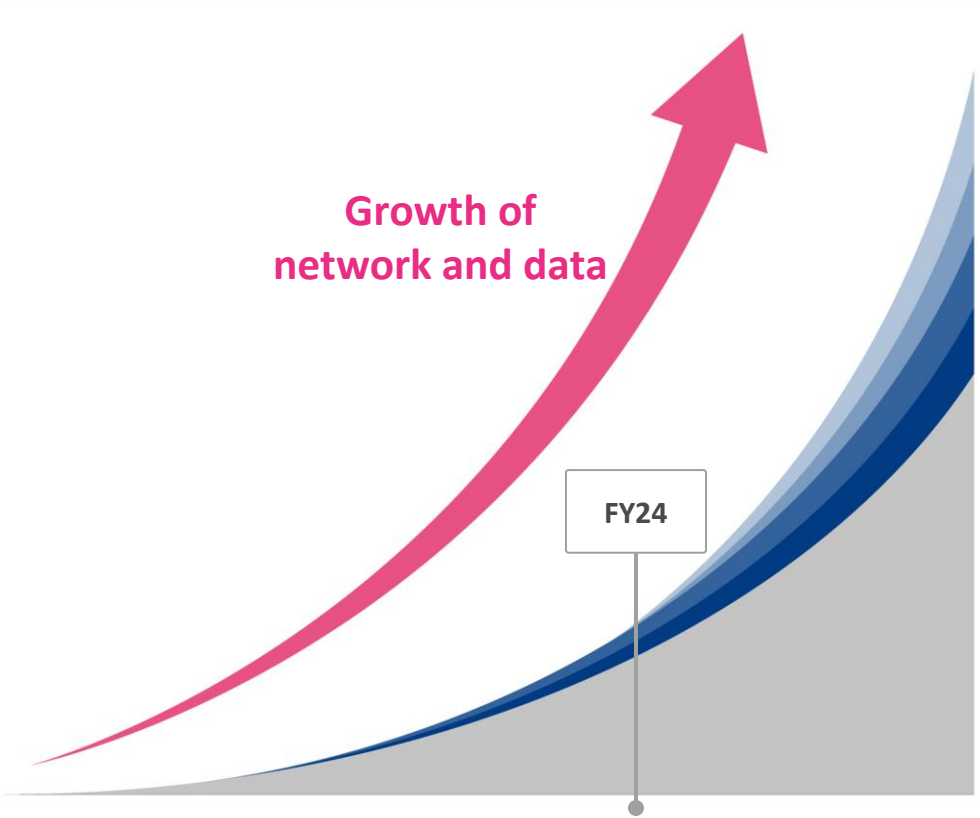
GMV: JPY800bn - 860bn

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

Total operating revenue: JPY 30bn+

Operating profit: JPY 2bn+

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

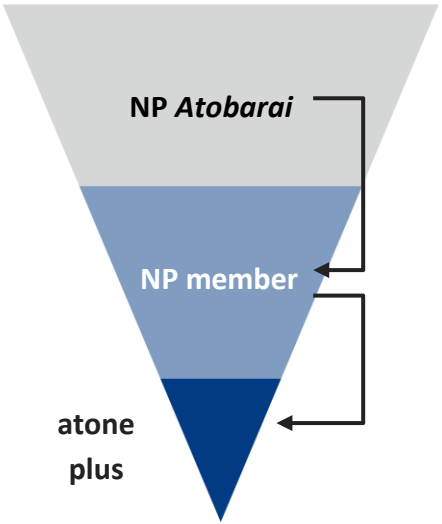
Aim to be the first BNPL service in Japan that provides a customer transfer service that transfers customers and BtoB customers.

Create a virtuous cycle that keeps buyers and sellers connected and achieve GMV growth.



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

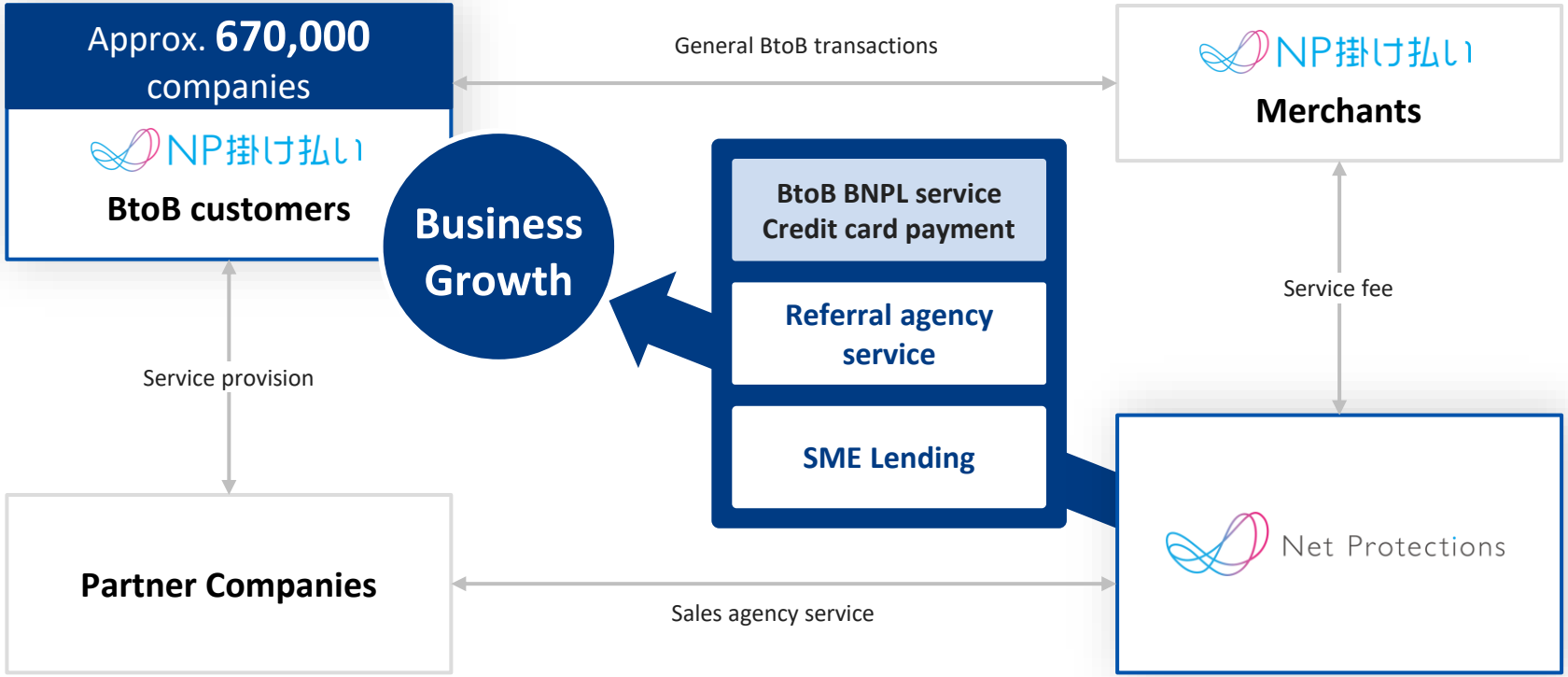
1 million members (target)

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

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



Appendix

BtoC Services
(atone, NP Atobarai and other)

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



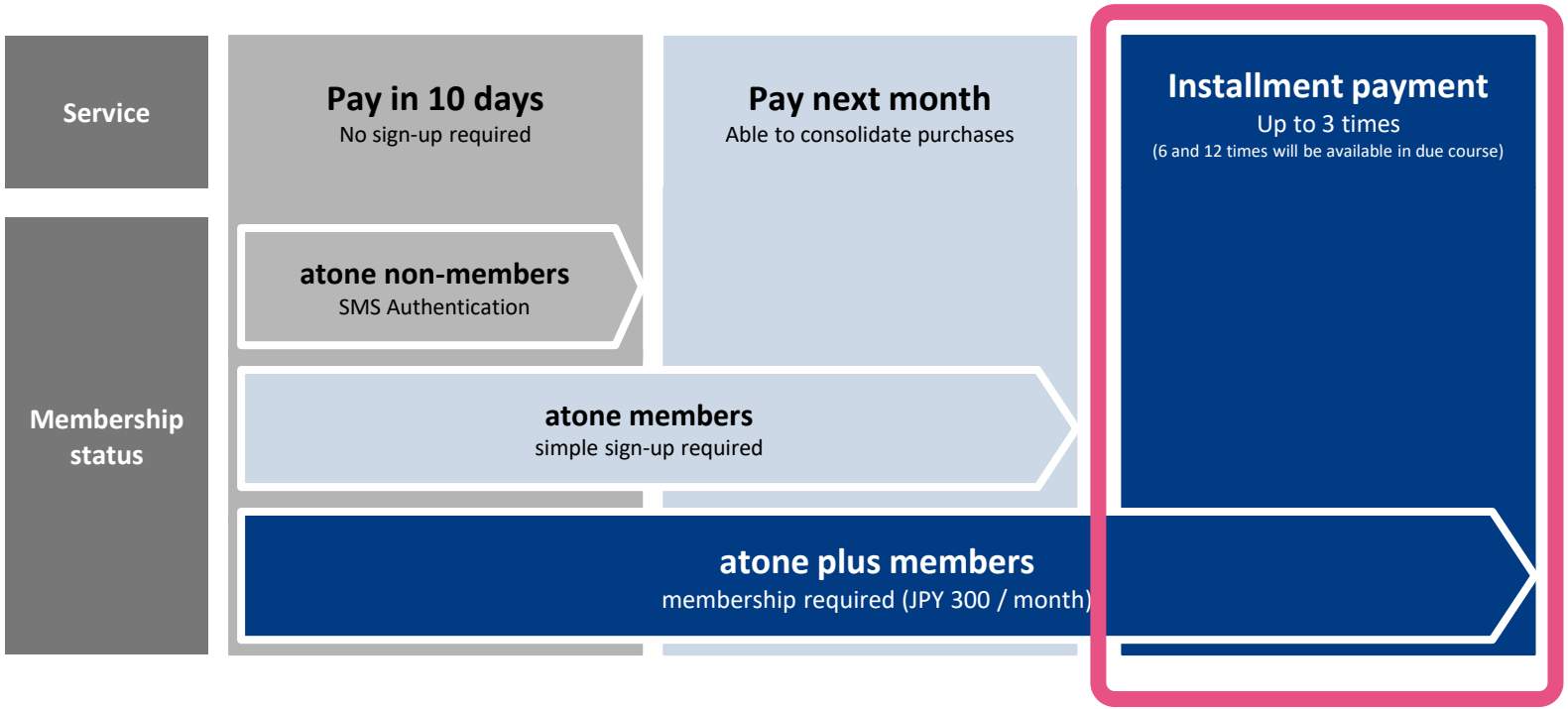
7,000,000
members

Available for both
online and in-store shopping

Adaptable with White Label and OEM
(Digital optimized)

Web portal with
12 million PV / month

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.



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

Stores where atone plus is available

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 *2
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
ticket board

Others

ヨドバシカメラ www.yodobashi.com
dinos
ニトリ
mercari
食べチョク TABE CHOKU

Physical stores *1

Convenience stores, supermarkets

FamilyMart
LAWSON
Seicomart
OK

Drugstores

Kirindo
サツドラ
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

*1 Some stores are not available.
*2 Amazon, Amazon.co.jp and their logos are trademarks of Amazon.com, Inc. or its affiliates.

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.



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.

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.

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

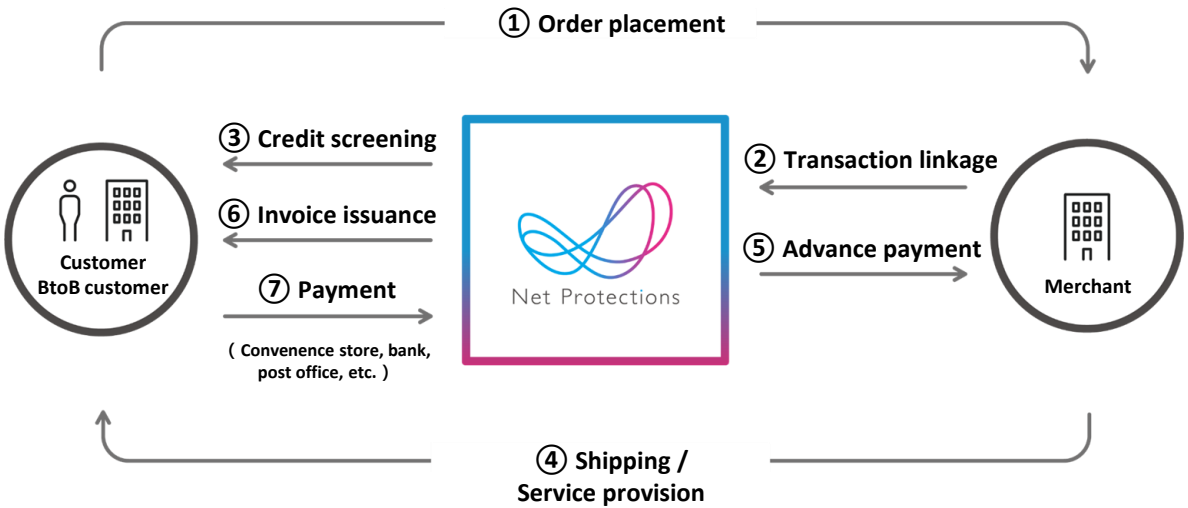
No portable device required and
immediately available for use on-site

Introduction support available for
smooth operations

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

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

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

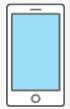


- ✓ No automatic payments without notice

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

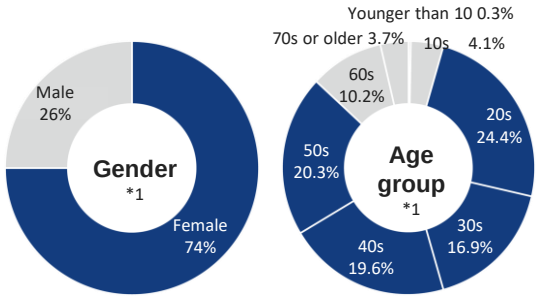


- ✓ No worry about whether goods will arrive, unlike in case of advance payments
- ✓ Easy to return, easy to exchange, easy to cancel

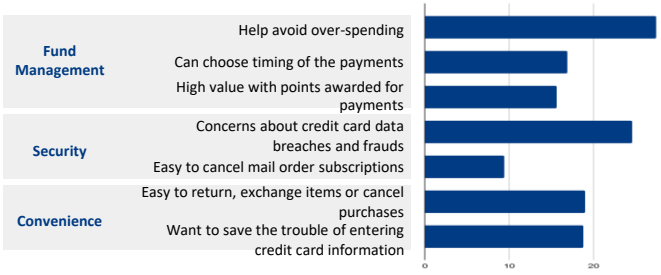
Growth has been driven by the need for fund management, security, and convenience, especially among women in their 20s to 50s.

Main user groups and reasons for use

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

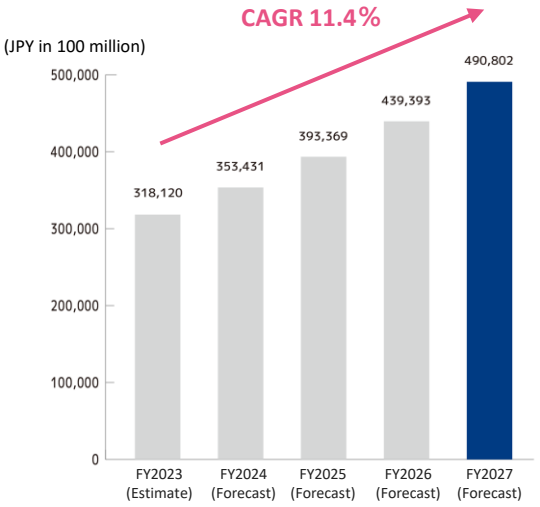


Demand in fund management, security, and convenience*2



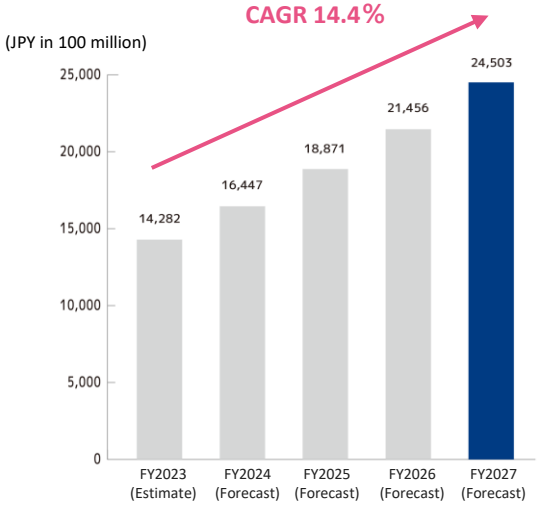
* 1 Breakdown of NP Point Club members as of March 31, 2024
* 2 Survey on our members conducted from December 28 to 30, 2018, targeting 1,738 men and women of in their twenties or older

E-commerce payment services market size forecast



Source: Yano Research Institute "E-commerce Payment Service Market in Japan 2024, " (published April 19, 2024)
* 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 2023 and prospect after 2024.

BNPL market size forecast



Source Yano Research Institute "E-commerce Payment Service Market in Japan 2024, " (published April 19, 2024)
* Based on transaction volume of BNPL payment service providers
* Figures are based on presumption for 2023 and prospect after 2024.
* BNPL payment service market is contained in the EC payment service market.

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 *	コメダ珈琲店 *	welcia

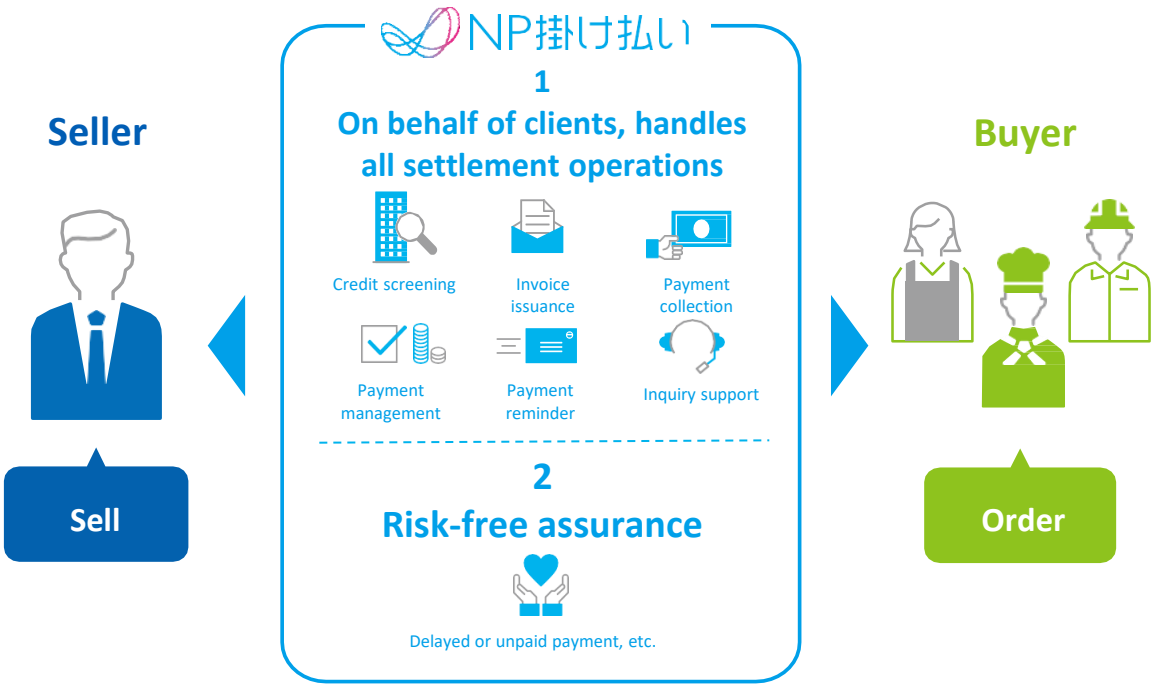
* Some stores are not available.

Appendix

BtoB Service
(NP Kakebarai)

BNPL service for BtoB transactions used by 1 in 5 companies.
It manages all the settlement operations between merchants and their clients.

NP掛け払い



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

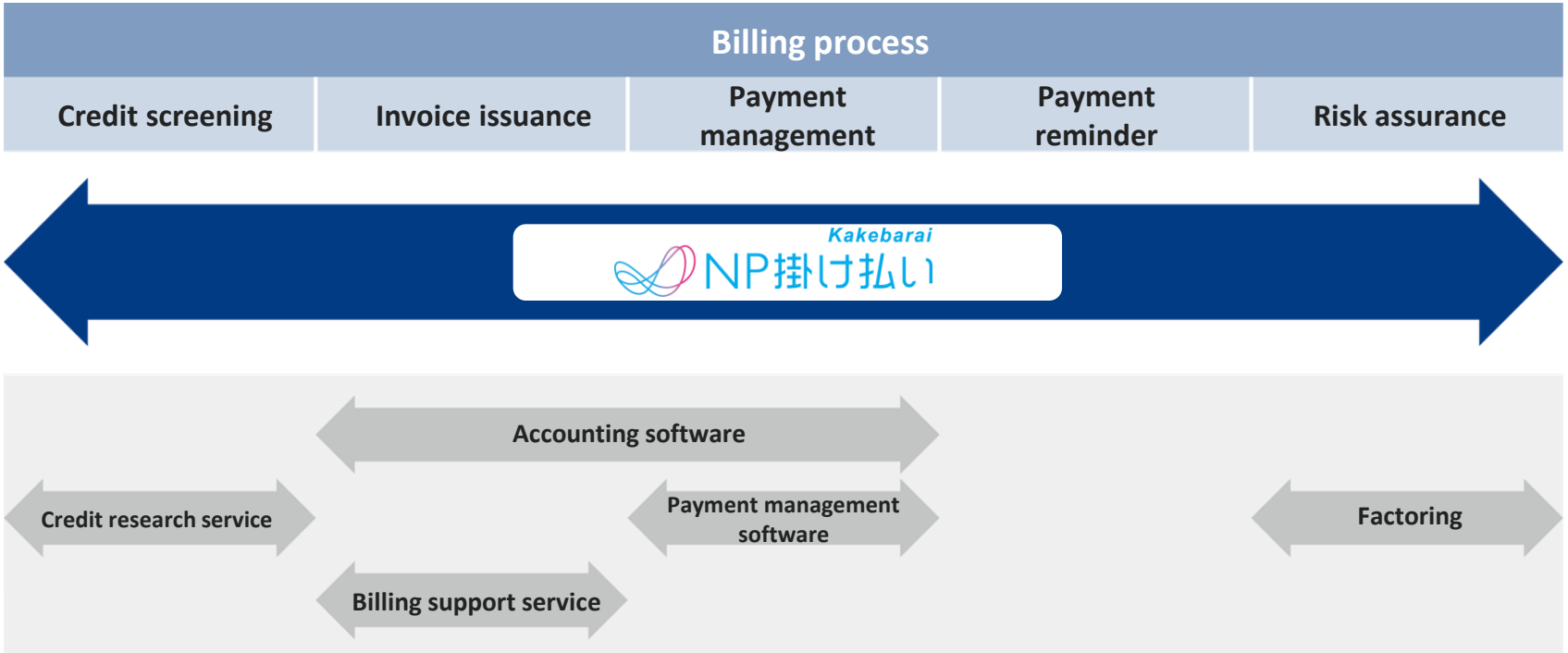
No.1* BtoB payment service

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

Sole proprietors are also available
Immediate credit screening

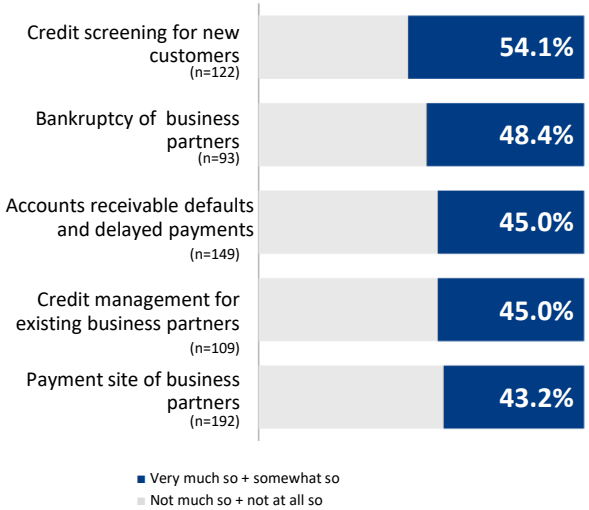
*1 Based on our annual GMV for FY2021 from Deloitte Tohmatsu MIC Research Institute "MIC IT Report October 2022 – Survey on BtoB Payment Service Provider Market (https://mic-r.co.jp/micit/2022/)."

NP Kakebarai, our BtoB service, is a Business Process Outsourcing (BPO) service for BtoB transactions that allows merchants to outsource the entire billing process.



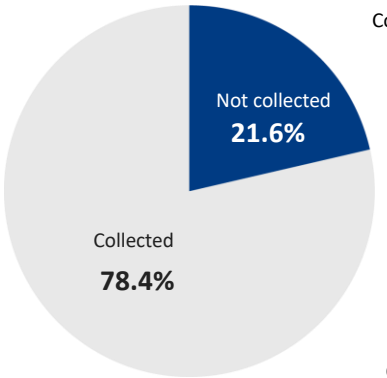
Payment delays and collection issues in billing/payment operations.

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



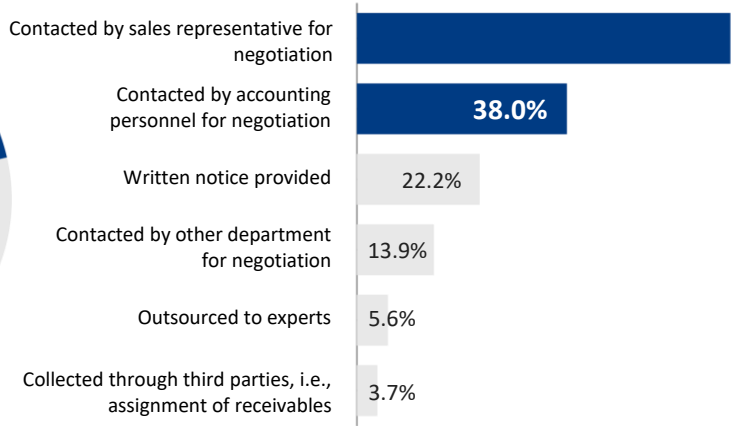
2 21.6% of the "late payments" were eventually not collected.

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



3 Sales representatives also have trouble in contacting and negotiating.

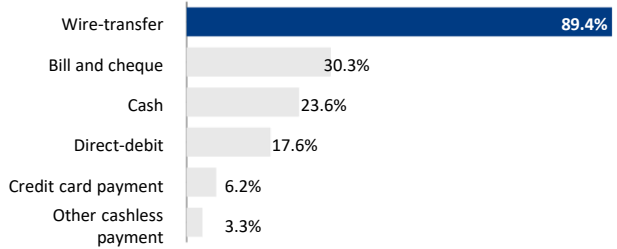
Underlying factors of late payment that the respondents have experienced (n=108).



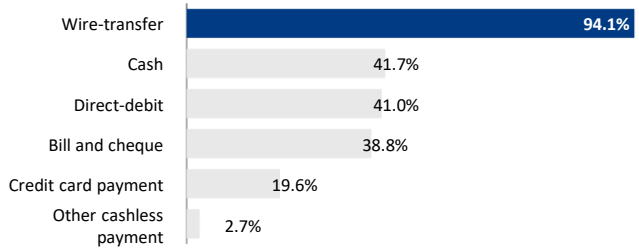
Source: American Express “B2B payment among small and mid-cap businesses for the Fiscal Year 2022”

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.”

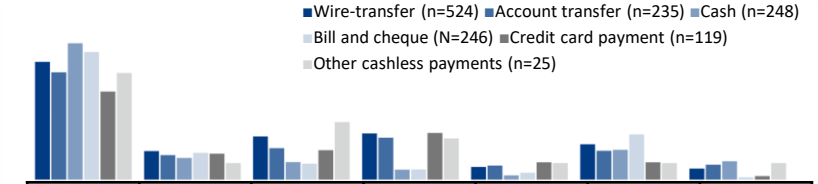
Payment method to receive payment (n=547) *multiple answers accepted



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”

Service Introduction List in Target Market (BtoB Market)

Wholesale

Construction Material

ミドリ安全.com

Liquor

酒のリカマン

Food & Beverage

総合食品 エスイー 株式会社

Beauty

BEAUTY GARAGE
Professional Beauty Supply

Packaging

水野産業株式会社

Start-ups

Sharing Economy

RAKSUL

Back Office

ジョブカン

Human Resource

Timee

Marketing

Full Speed
Ad Technology & Marketing Company

Marketplace

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

Appendix

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- Notice of financial statements uploads
- News releases

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