Financial Result Presentation
for the Six Months Ended September 30, 2024

Net Protections Holdings

Net Protections Holdings, Inc.

(TSE Prime Market: 7383)

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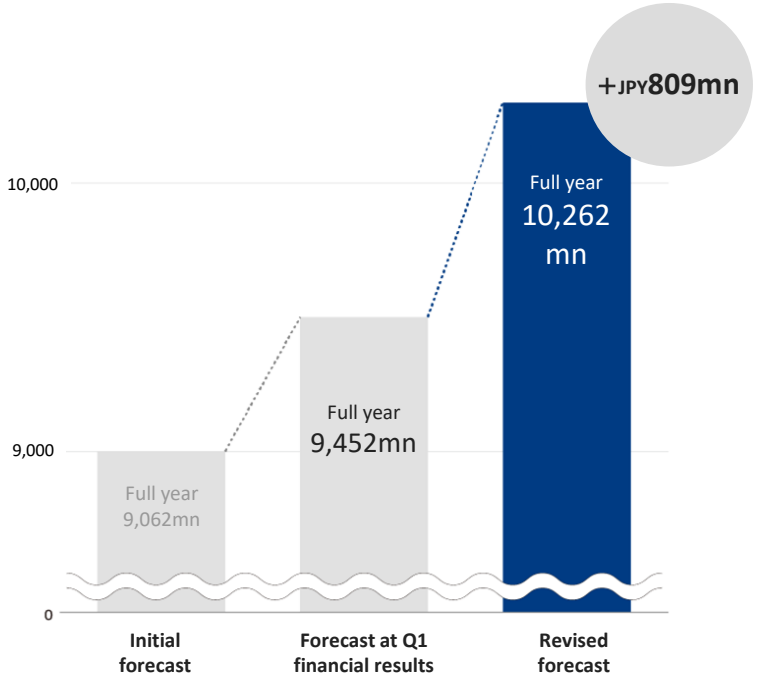
Upward Revision to FY3/25 Earnings Forecast

We expect gross profit and operating profit to improve JPY809mn and JPY619mn, respectively, compared with the previous forecast. This is due to the administrative fee for late payment, improved credit screening and billing operation.

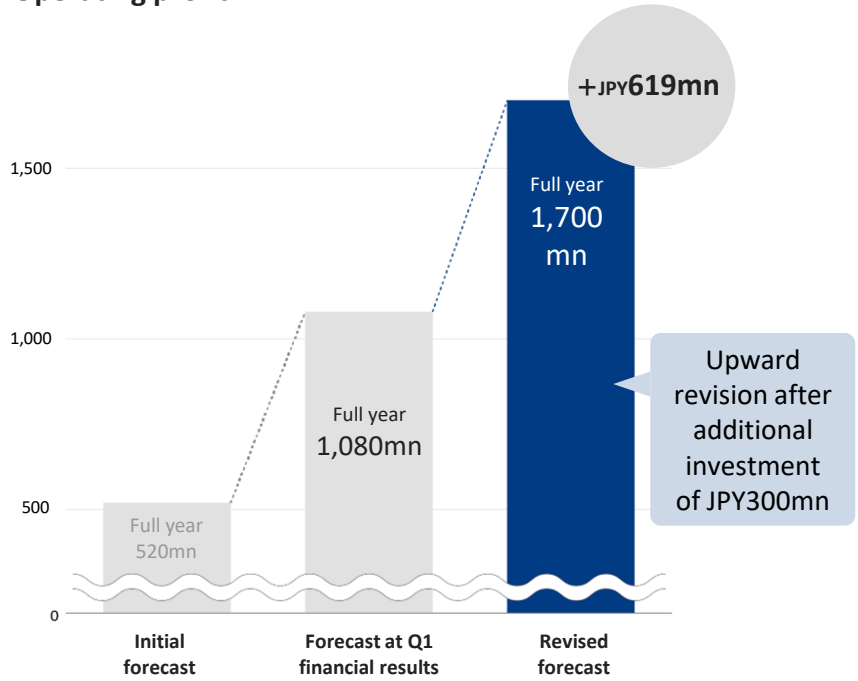
Gross profit (non-GAAP)

(JPY in millions)



Operating profit

(JPY in millions)



Upward Revision to FY3/25 Full-Year Earnings Forecast

We have once again revised the full-year forecast upward due to the upswing in the Q2 results and strong outlook for H2. Operating profit will be JPY619mn more than in the previous forecast, up from JPY1.08bn to JPY1.70bn.

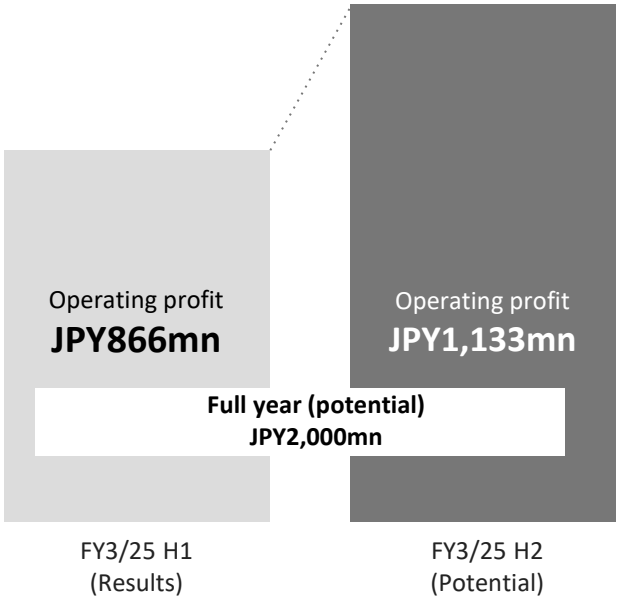
(JPY in millions)	Previous full-year forecast (A)		Revised full-year forecast (B)		(B) – (A) Amount change	(B) ÷ (A) Percentage change
	Full year		Full year		Full year	Full year
	H1	H2	H1 (results)	H2		
GMV (non-GAAP)*1	630,500		635,294		4,794	+0.8%
	300,000	330,500	304,794	330,500		
Total operating revenue	23,000		23,281		281	+1.2%
	10,740	12,260	11,021	12,260		
Gross profit (non-GAAP)*2	9,452		10,262		809	+8.6%
	4,414	5,038	4,904	5,358		
SG&A expenses (non-GAAP)	8,954		9,048		94	+1.0%
			4,259	4,789		
Of which, marketing expenses	539		763		224	+41.6%
			237	526		
Operating profit	1,080		1,700		619	+57.3%
	316	763	866	833		
Profit before income taxes	983		1,604		620	+63.1%
	266	716	829	775		
Profit attributable to owners of parent	658		1,039		381	+57.9%
	223	435	468	570		
EBITDA	2,803		3,396		592	+21.2%
	1,158	1,644	1,678	1,718		

*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 + Other expenses required for providing payment services, including credit screening costs and NP point expenses)

We will allocate part of forecast profit for H2 to investments that contribute to further GMV growth in the following fiscal year and beyond while securing profit.

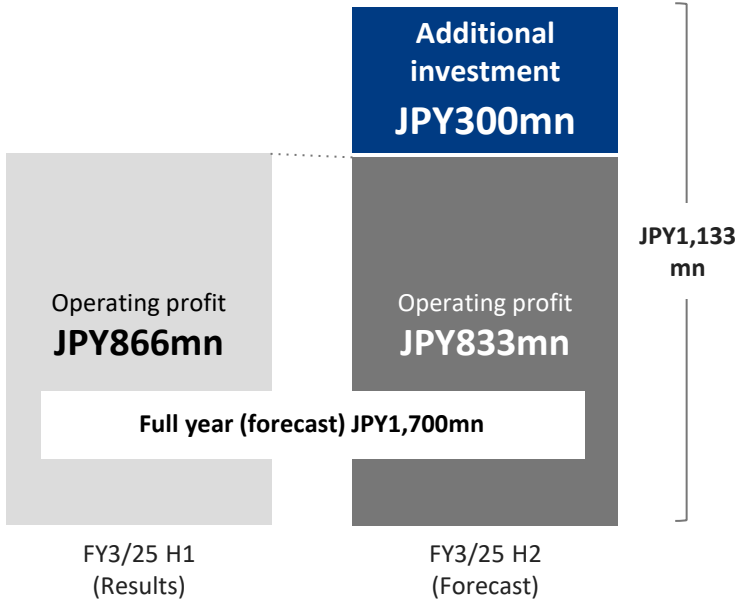
Current situation We have reached a stage where profit can stably be generated

- System where credit screening and SG&A can be stably controlled
- GMV growth that can directly lead to profit growth



Additional investment **Enables us to secure profit and make investment for growth at the same time**

Strategic marketing investment will be made for GMV growth, focusing mainly on probability and timeframe of recovery.

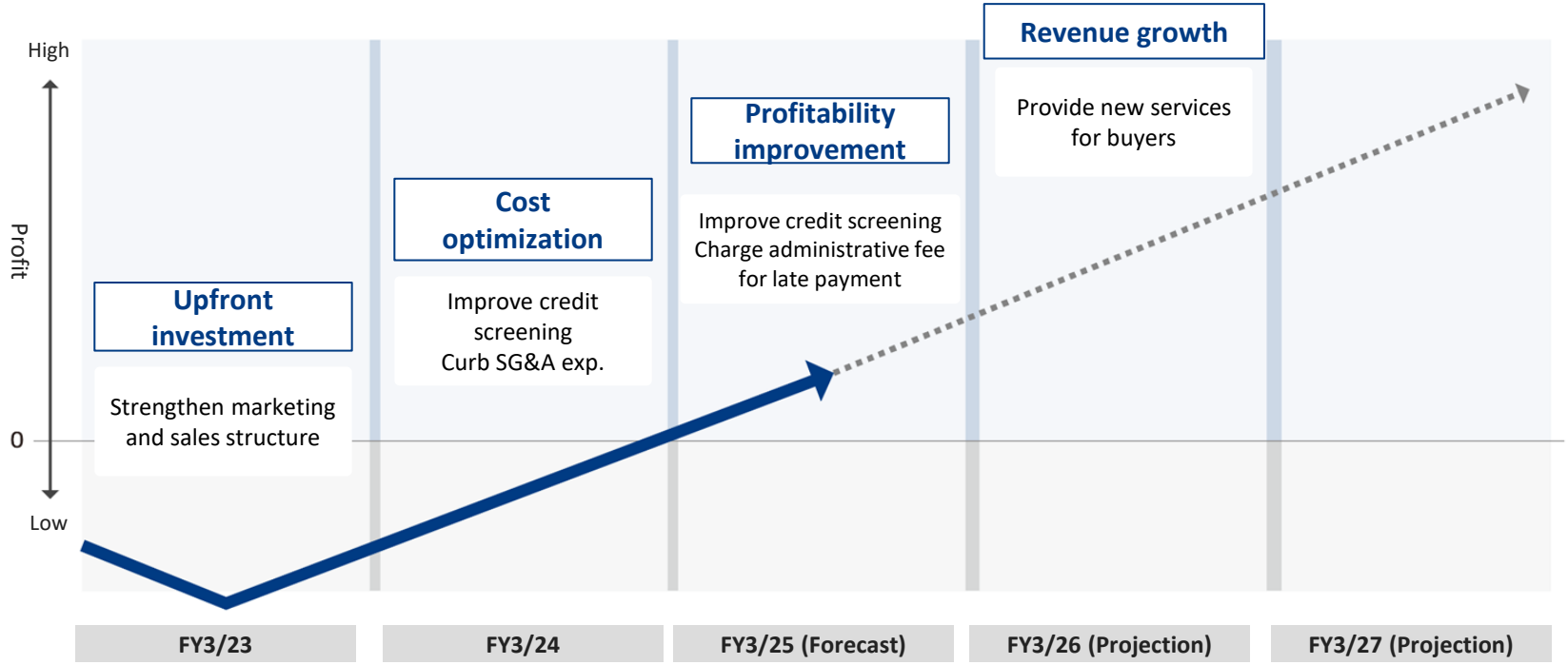


Additional investment will be limited to GMV growth measures that have proven to be highly effective in the past.

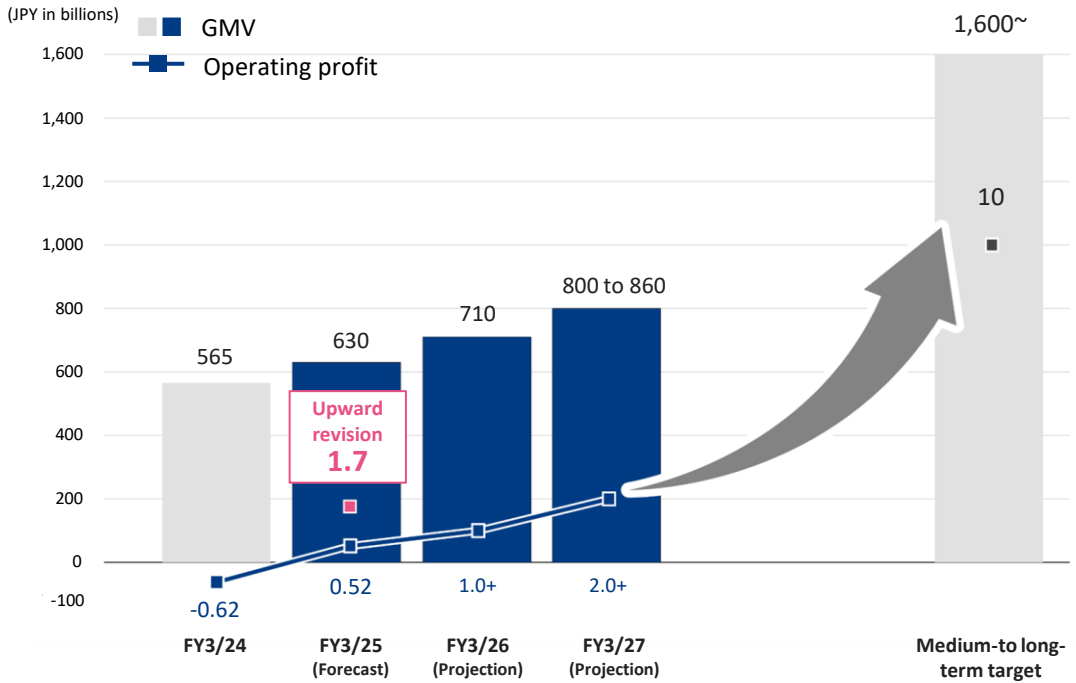
Additional marketing investment measures for H2		Additional annual effect in FY3/27 and beyond*
atone JPY160mn	Partner sales promotion Campaign for new member acquisition Exhibition/event participation	**GMV JPY7.5bn to JPY12bn**
NP *Kakebarai* JPY120mn	Digital advertising Campaign for merchants Invitation of advisors	**GMV JPY7.0bn to JPY11.5bn**
NP *Atobarai* air JPY20mn	Digital advertising	**GMV JPY0.7bn to JPY1.3bn**

* The investment effect will be realized in phases from FY3/26. In FY3/27 and beyond, a full-year effect is anticipated.

With improvement in credit screening, we can generate profit while successfully curbing SG&A expenses incurred for operation. In the following fiscal year onwards, we will strive to keep increasing revenue and profit through growth investments.



Operating profit has progressed nearly two years ahead of the plan.
The medium-term management plan will be reviewed at the end of the fiscal year.



Medium- to long-term goal
Operating profit JPY10bn

Aim to achieve the medium-to long-term goal faster with steady increase in both revenue and profit



Highlights of Group Financial Results

Group total

Upward revised forecast again due to the substantial upswing in H1 operating profit

Group total GMV[*1] **JPY304.7bn** **+11.3% YoY** (BtoC +2.8%, BtoB +29.4%)

H1 Operating profit **JPY0.86bn** +JPY1.47bn YoY

BtoC atone

H1 GMV **JPY17.1bn** +39.6% YoY

Topics

GMV growth accelerated due to newly acquired large merchants and increased transactions with existing merchants both in e-commerce market.

BtoC NP *Atobarai* and other

H1 gross profit **JPY3.5bn** +39.7% YoY

Topics

GMV grew stably at JPY174.0bn (+0.2% YoY), and gross profit substantially increased due to the charge of administrative fee for late payment and the improvement in delinquency rate.

BtoB NP *Kakebarai*

H1 GMV **JPY113.5bn** +29.4% YoY

Topics

GMV of existing merchants increased in the major categories including wholesale, advertising, and IT services.

*1 Gross merchandise value for the Group's payment services

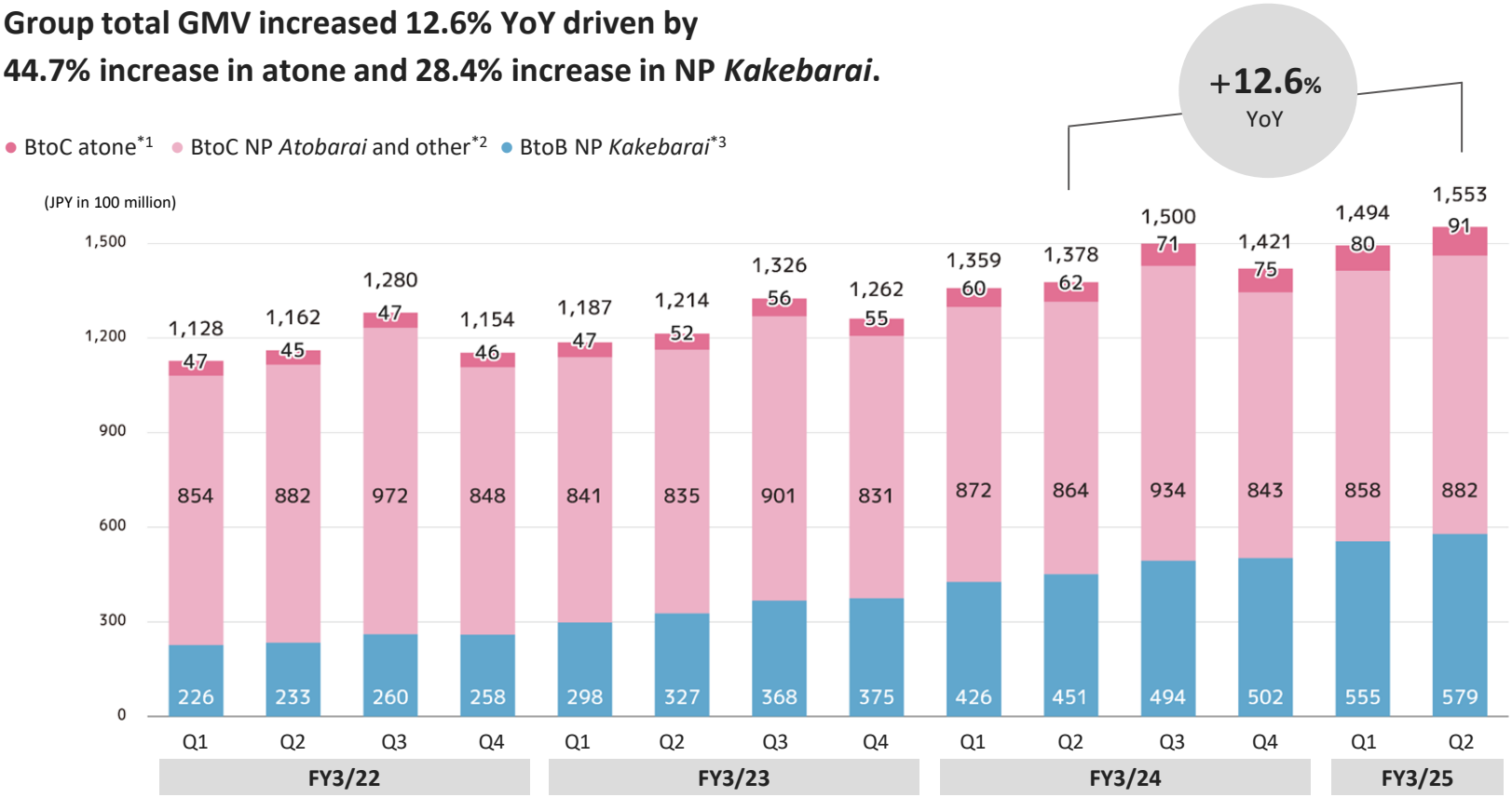
Operating profit amounted to JPY866mn, achieving the progress rate of 80.2%.
Delinquency control improvement and administrative fee for late payment have progressed ahead of the plan.

(JPY in million)	FY3/25 H1		Full-year earnings forecast*4	
	Results	YoY percentage change	Amount	Progress rate
GMV (non-GAAP)	**304,794**	**+11.3%**	630,500	48.3%
Total operating revenue	**11,021**	**+6.7%**	23,000	47.9%
Revenue	**10,747**	**+6.6%**	-	-
Gross profit (non-GAAP)*1	**4,904**	**+33.2%**	9,452	51.9%
SG&A expenses (non-GAAP)	**4,259**	**-6.2%**	-	-
Other operating expenses(non-GAAP)	**51**		-	-
Of SG&A expenses, marketing expenses*3	**237**	**-29.7%**	-	-
Operating profit	**866**	**Turned into profitability**	1,080	**80.2%**
EBITDA (non-GAAP)*2	**1,678**	**+1,076.7%**	2,803	59.9%

*1 Gross profit: Revenue – (Collection expense + Invoicing expense + Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade + Other expenses required for providing payment services, including credit screening costs and NP point expenses)
*2 EBITDA: Operating profit + (Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment losses – Gain from reversal of impairment losses)
*3 Marketing expenses: Sales promotion expenses (excluding agency commissions) + Advertising expenses
*4 Consistent with Consolidated Financial Results for the Fiscal Year Ended June 30, 2024 dated August 14, 2024

Quarterly Changes in GMV

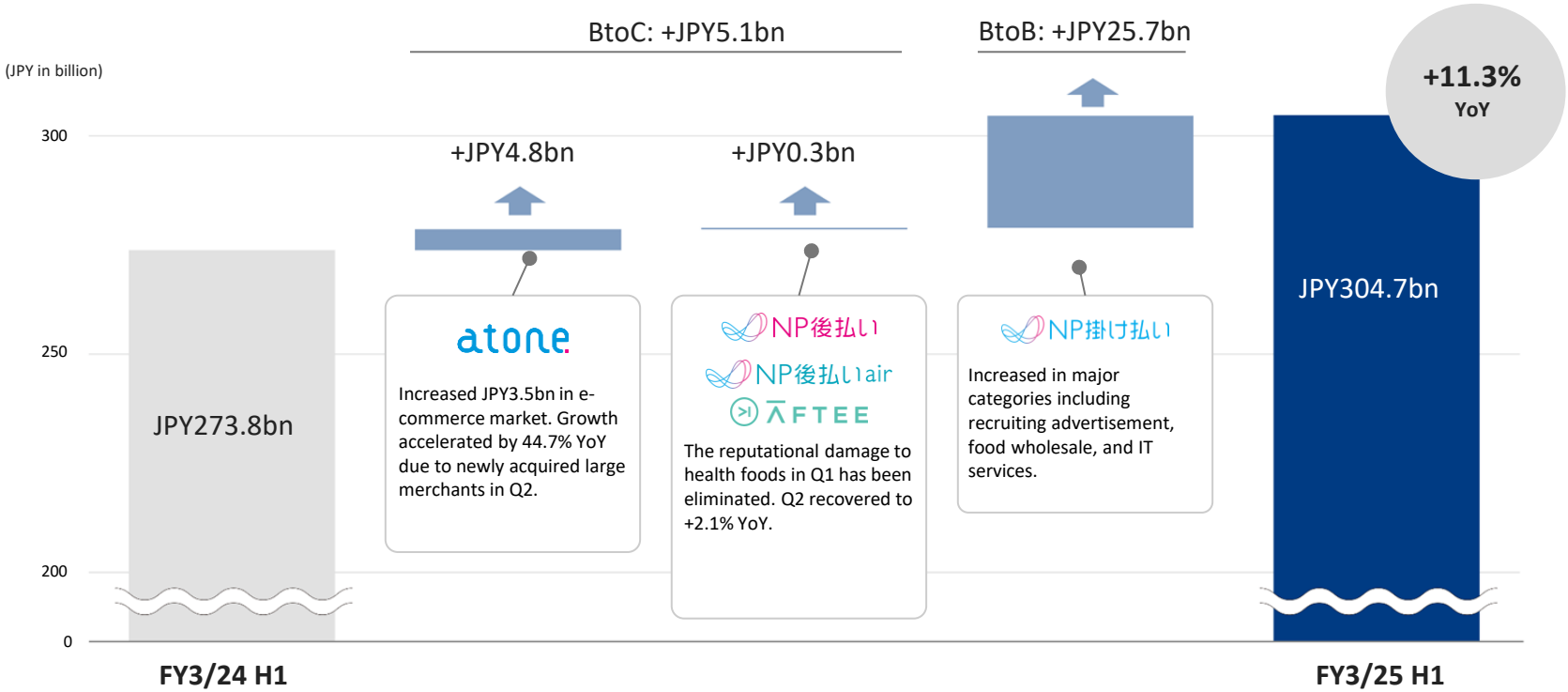
Group total GMV increased 12.6% YoY driven by 44.7% increase in atone and 28.4% increase in NP *Kakebarai*.



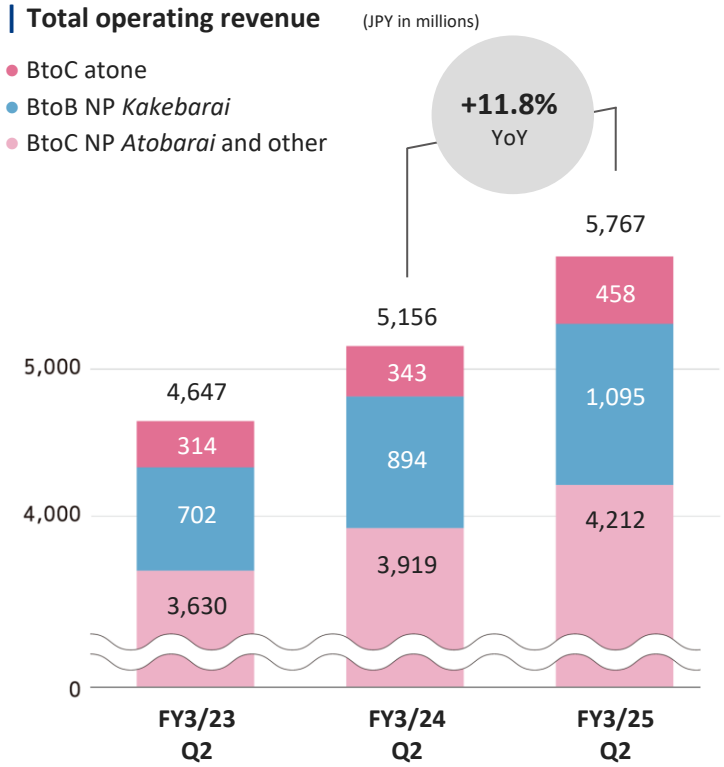
*1 Total amount of payments (including consumption tax) made through atone provided by the Group
*2 Total amount of payments (including consumption tax) made through NP *Atobarai*, AFTEE, and NP Card provided by the Group
*3 Total amount of payments (including consumption tax) made through NP *Kakebarai*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

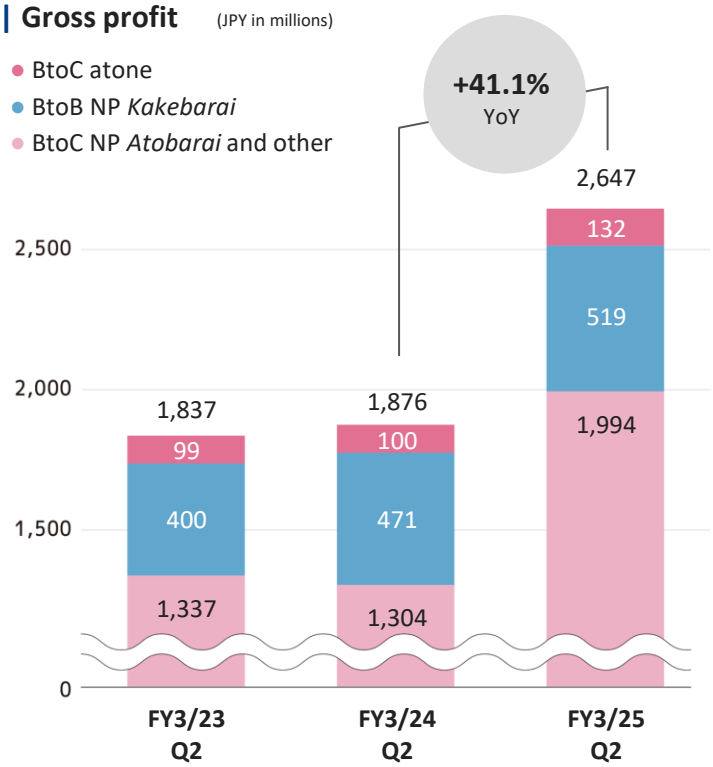
GMV for H1 (for Six Months Ended September 30, 2024)

The Group total GMV increased JPY30.9bn, or 11.3%, year on year due to year-on-year increase of JPY5.1bn in BtoC and JPY25.7bn in BtoB.

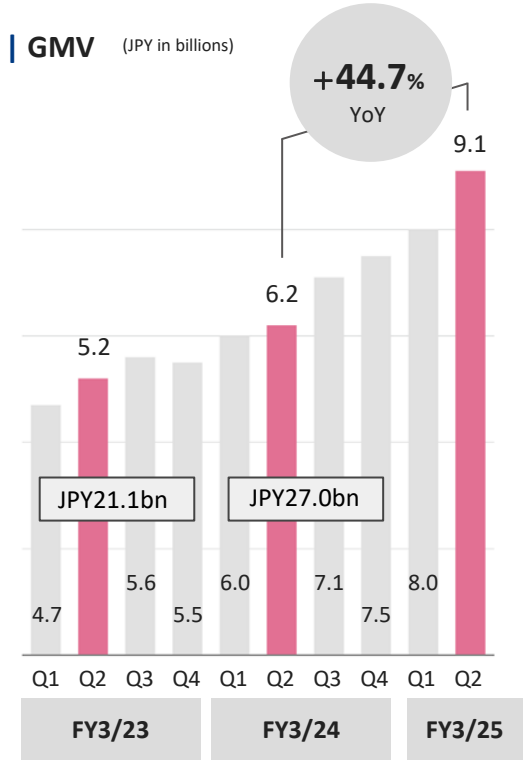


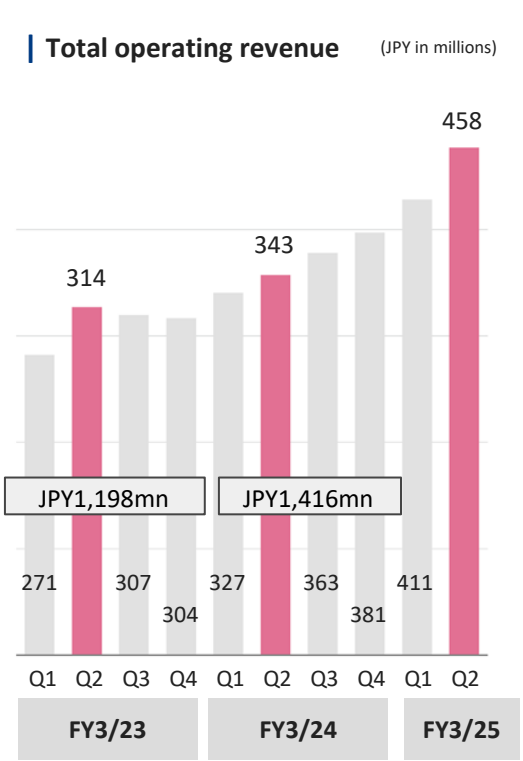
The collection of administrative fee for late payment started on July 1 in BtoC NP *Atobarai*, resulting in more-than-planned contribution to revenue, with a 41.1% YoY increase in gross profit.

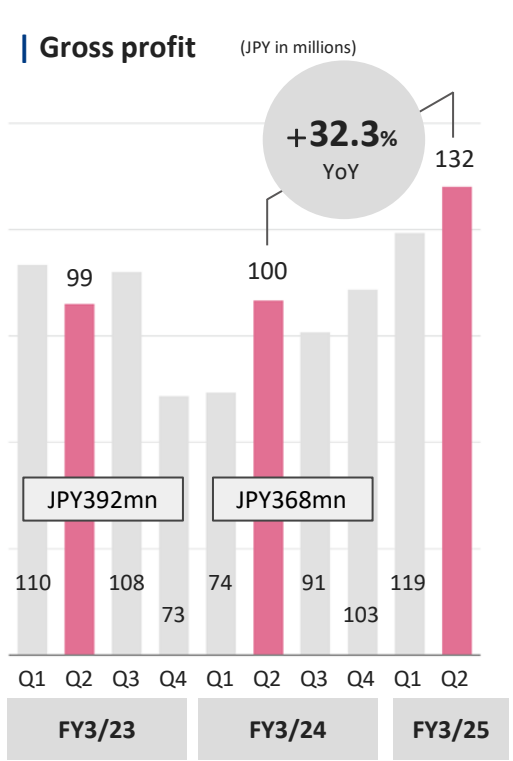




GMV increased 44.7% YoY driven by new acquisition of large merchants in e-commerce market.
Gross profit increased 32.3% YoY as the delinquency rate is kept under control.

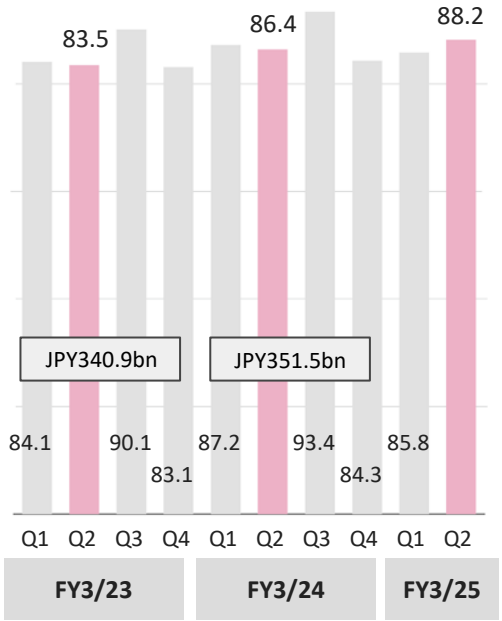




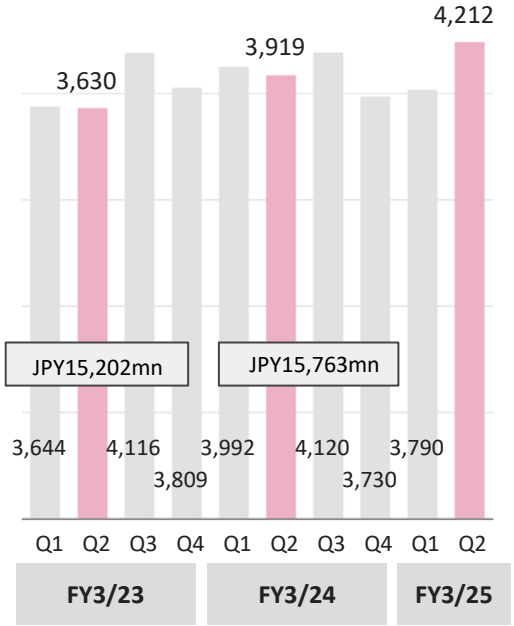


GMV recovered to +2.1% since the reputational damage to health foods was resolved. Gross profit increased by 52.9% with contribution from the administrative fee for late payment, which started from July.

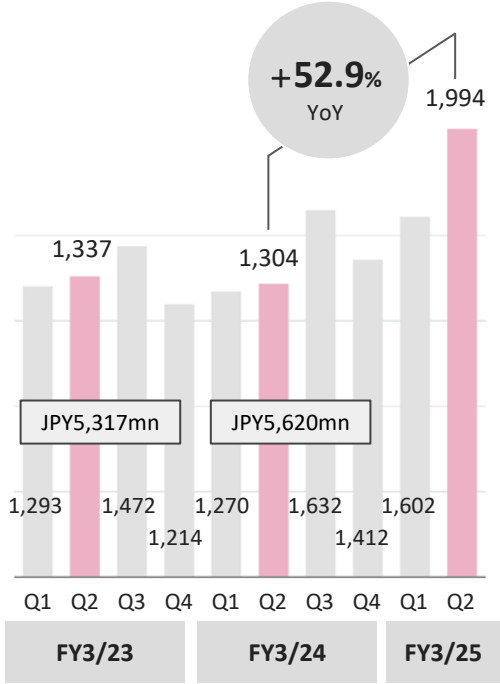
GMV (JPY in billions)



Total operating revenue (JPY in millions)

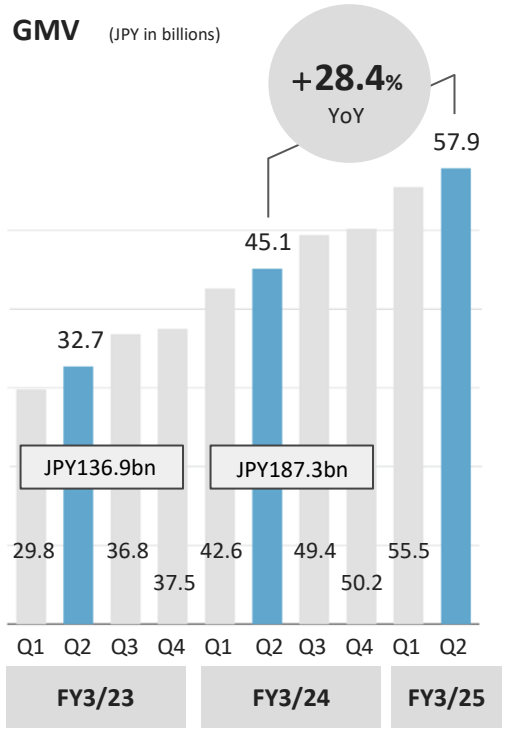


Gross profit (JPY in millions)

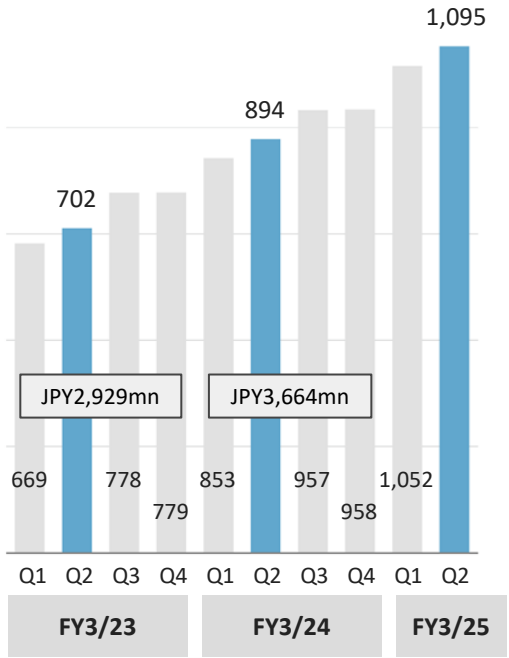


GMV increased by 28.4% due to increased transactions in all major industries.

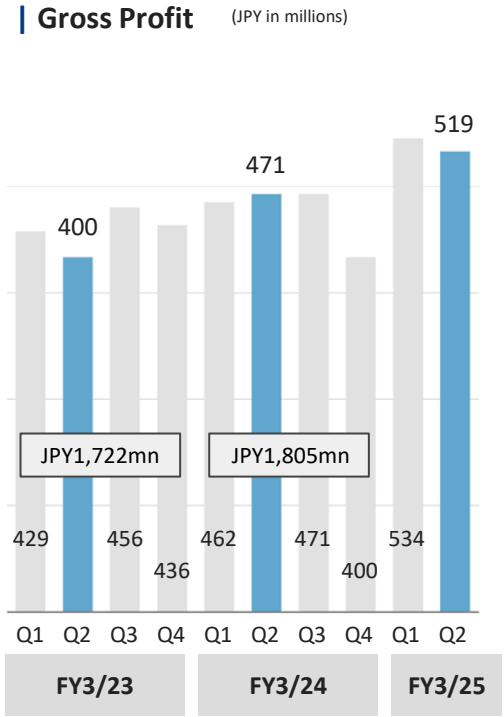
GMV (JPY in billions)



Total Operating Revenue (JPY in millions)

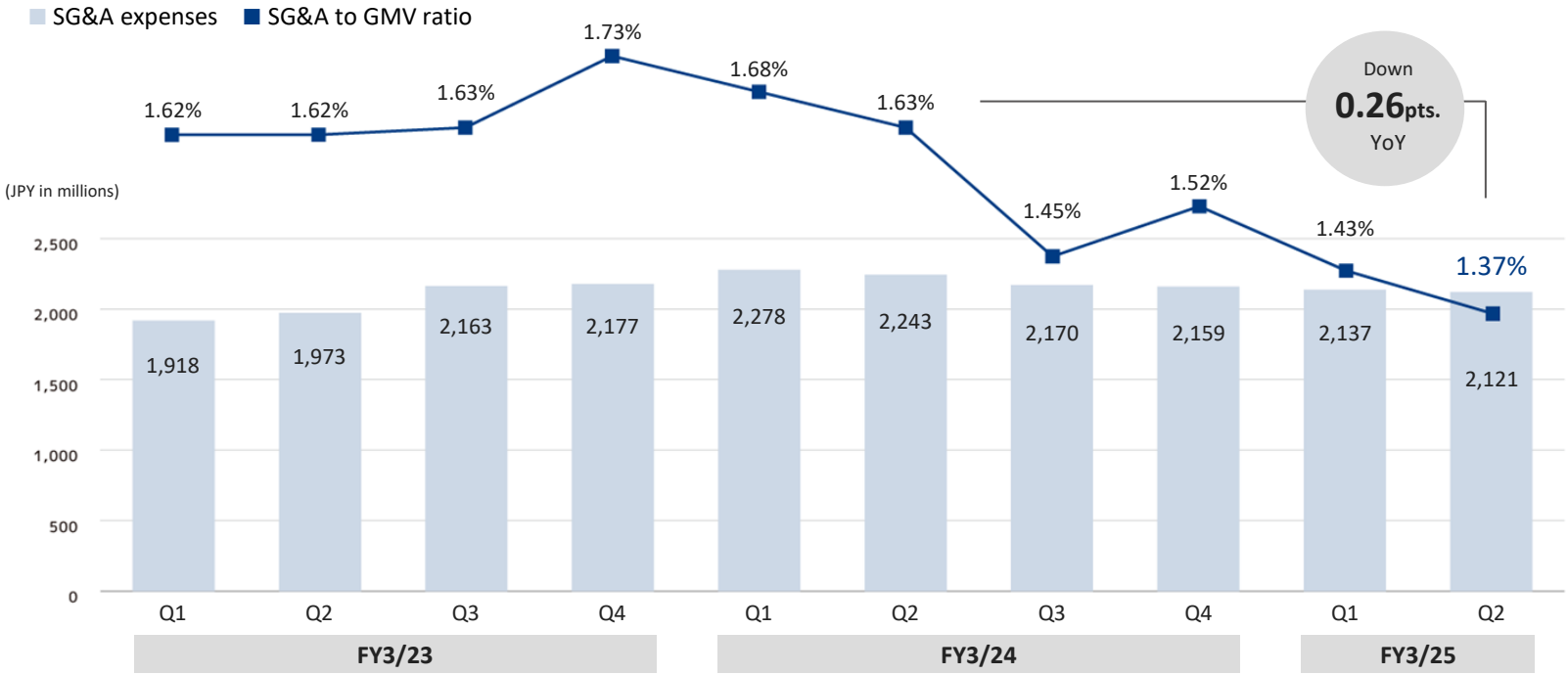


Gross Profit (JPY in millions)

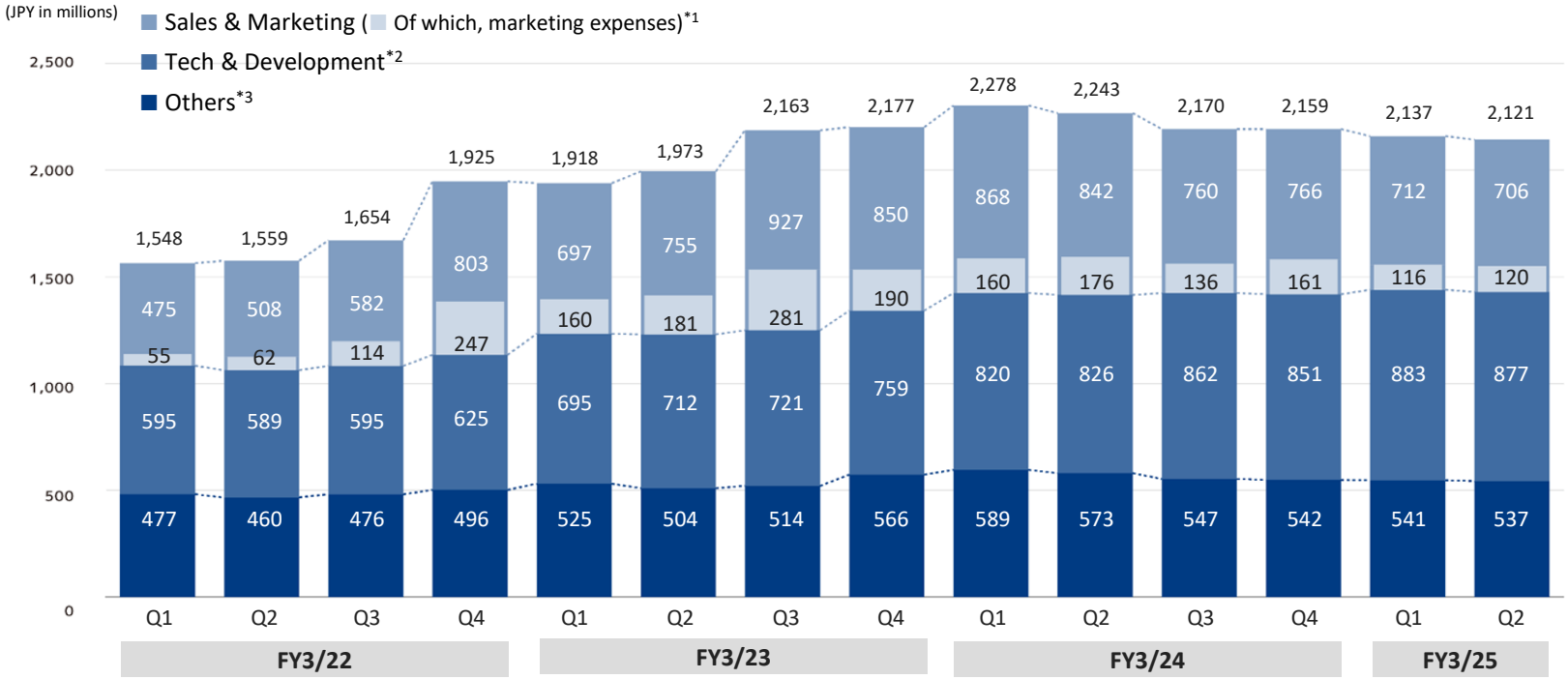


SG&A Expenses: Quarterly Trend

The SG&A ratio improved 0.26 points YoY to 1.37% through our continued efforts to thoroughly control costs.



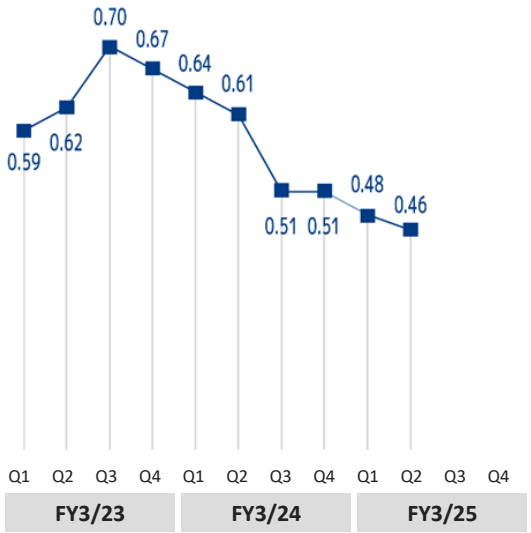
We have favorably curbed marketing expenses as referrals via external partners are strong.



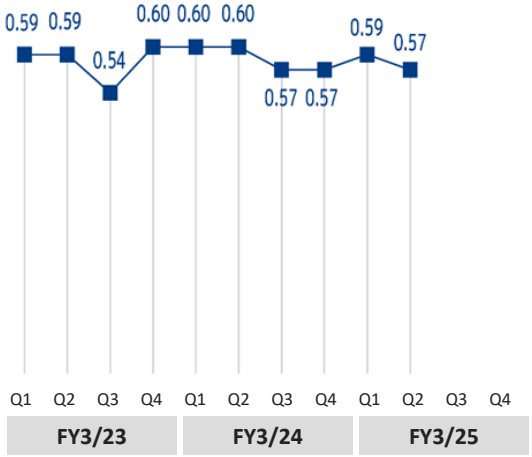
*1 Sales & Marketing: Personnel, outsourcing, operations related, marketing, and other expenses related to sales and marketing
*2 Tech & Development: Personnel, outsourcing, operations related, and other expenses related to system development, credit related operations, and other operations.
*3 Others: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

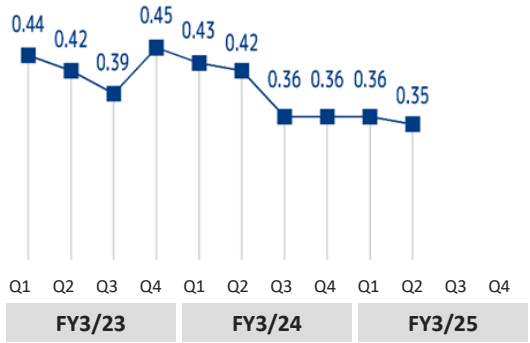
Sales & Marketing (%)



Tech & Development (%)



Others (%)



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Management Topics

New Merchants & System Integration With New Platforms (Q2)

During Q2, large players became our merchants, and new partnerships with new platforms have started. We expect further GMV growth and more new merchants as we successfully expanded our services to target markets.

atone

Skill marketplace
(newly introduced)

coconala

E-tickets
(newly introduced)

高速バスドットコム

Online supermarket
(newly introduced)

サミット

Introduced Pay in 10 Days following Pay Next Month

Qoo10 an eBay company

Interior goods
(newly introduced)

Francfranc ONLINE

Home appliances and interior goods
(started operation in July)

無印良品 *1

NP *Atobarai air*

System integration

kintone

NP *Kakebarai*

Business taxi
(newly introduced)

S.RIDE

*1 Available at the MUJI online store

The new strategic plans have progressed well, including starting the late payment administration fee collection as scheduled in the second quarter.
We will cautiously implement other measures that will have a limited impact on our performance in the short term.

NP *Atobarai*	We started collecting late payment administration fees for NP *Atobarai* in July. We have operated this system without any significant problems, making a steady contribution to earnings as expected.
atone	With the launch of the atone plus installment payment service, we completed license acquisition and system development as scheduled. However, we have decided to limit the service rollout for this fiscal year to allow for a longer operational testing period.
NP Handy Lending (loan business)	NP Finance, Inc. has obtained a money lending business license. We started small-amount, short-term lending services for companies that use NP *Kakebarai*.

This matter is an extension of the existing discussions.
We are working closely with related organizations through the BNPL Association and recognize that this is not a new issue.

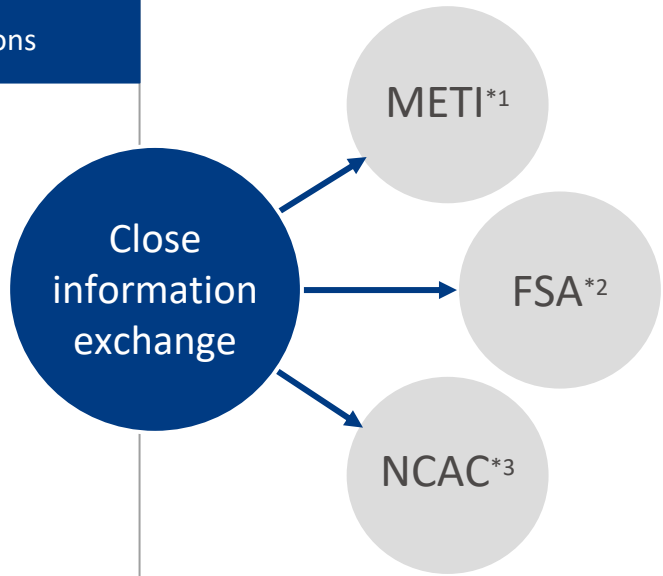
We are the chairing company

BNPL ASSOCIATION

Working to ensure the appropriateness of BNPL transactions

- **Eliminate malicious merchants**
  - Self-imposed rules for merchant management
  - Self-imposed rules status monitoring
  - Malicious merchant information sharing system
- **User education**
  - Creating pamphlets to raise awareness, etc.
- **Collect and respond to customer feedback**
  - Opinion exchange and study sessions with NCAC, etc.
  - Establish dedicated department for NCAC

Related organizations

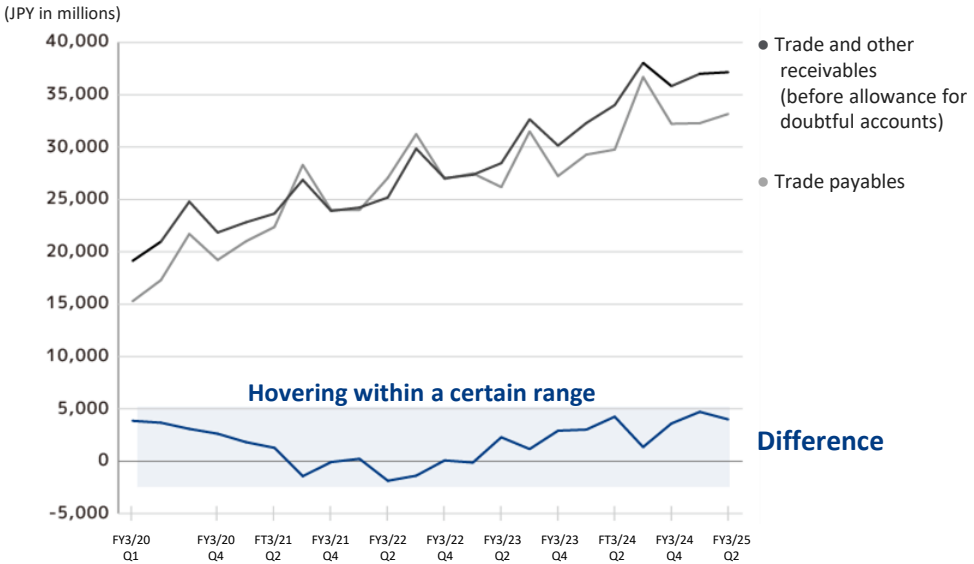


*1 Ministry of Economy, Trade and Industry
*2 Financial Services Agency
*3 National Consumer Affairs Center

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.

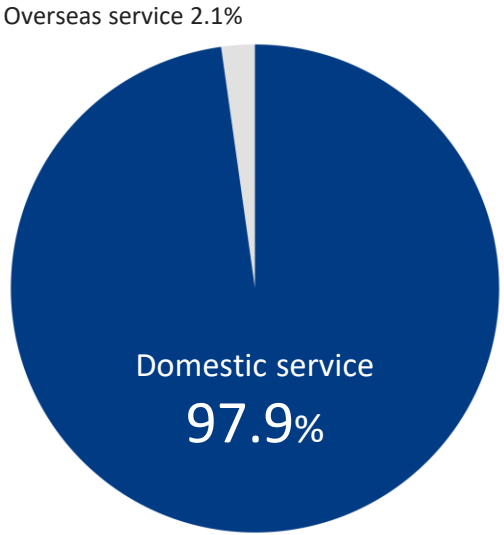
- Receivables and payables are well-balanced in the short term, eliminating the need to finance working capital by borrowings or other means even if GMV increases.

Changes in trade receivables & payables



- 98% of our sales are from domestic services, giving almost no impact of exchange rate fluctuations on P&L

Sales composition ratio by service (FY3/24)



Appendix

- Financial Statements, etc.
- Company Profile
- Medium-Term Business Plan
- BtoC Services (atone, NP *Atobarai* and other)
- BtoB Service (NP *Kakebarai*)
- IR Newsletter

Appendix

Financial Statements, etc.

Key Performance Indicators

	Three months ended September 30, 2023 (JPY in millions)	Three months ended September 30, 2024 (JPY in millions)	Percentage change (%) %	Six months ended September 30, 2023 (JPY in millions)	Six months ended September 30, 2024 (JPY in millions)	Percentage change (%) %
GMV (non-GAAP)*1	**137,893**	**155,313**	**12.6**	**273,822**	**304,794**	**11.3**
BtoC Services: NP Atobarai and other	86,496	88,271	2.1	173,784	174,099	0.2
BtoC Services: atone	6,293	9,105	44.7	12,306	17,178	39.6
BtoB Service	45,104	57,936	28.4	87,731	113,516	29.4
Total operating revenue	**5,156**	**5,767**	**11.8**	**10,330**	**11,021**	**6.7**
BtoC Services: NP Atobarai and other	3,919	4,212	7.5	7,911	8,003	1.2
BtoC Services: atone	343	458	33.6	671	870	29.7
BtoB Service	894	1,095	22.5	1,747	2,147	22.9
−Other operating revenue	121	111	(8.4)	250	273	9.2
Revenue	**5,035**	**5,655**	**12.3**	**10,080**	**10,747**	**6.6**
−Invoicing related expenses (non-GAAP)*2	2,071	1,953	(5.7)	4,223	3,921	(7.2)
−Bad debt related expenses (non-GAAP)*3	974	941	(3.4)	1,965	1,707	(13.1)
−Other payment related expenses (non-GAAP)*4	113	114	1.1	207	214	3.5
Gross profit (non-GAAP)	**1,876**	**2,647**	**41.1**	**3,682**	**4,904**	**33.2**
BtoC Services: NP Atobarai and other	1,304	1,994	52.9	2,575	3,597	39.7
BtoC Services: atone	100	132	32.3	174	251	44.5
BtoB Service	471	519	10.2	933	1,054	12.9
−SG&A and other operating expenses (non-GAAP)*6	2,248	2,165	(3.7)	4,539	4,311	(5.0)
Operating profit (loss)	**(250)**	**593**	**—**	**(605)**	**866**	**—**
+Depreciation and amortization	373	400	7.2	732	802	9.6
+Share-based payment expenses	1	1	(37.0)	3	3	(22.4)
+Loss on disposal of property, plant and equipment	1	2	65.4	12	6	(43.5)
+Impairment losses	—	—	—	—	—	—
−Gain from reversal of impairment losses	—	—	—	—	—	—
EBITDA (non-GAAP)*7	**125**	**997**	**691.7**	**142**	**1,678**	**—**

*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 September 30, 2024
Assets		
Cash and cash equivalents	10,810	14,056
Trade and other receivables	29,238	30,424
Inventories	11	26
Other current receivables	637	289
Total current assets	40,698	44,798
Property, plant and equipment	354	854
Goodwill	11,608	11,608
Intangible assets	4,671	4,821
Other financial assets	898	790
Deferred tax assets	1,784	1,796
Other non-current assets	262	240
Total non-current assets	19,580	20,111
Total assets	60,279	64,909

(JPY in millions)

	As of March 31, 2024	As of September 30, 2024
Liabilities and equity		
Trade and other payables	32,226	33,163
Short-term loans	3,431	6,005
Lease liabilities	101	276
Other current financial liabilities	6	7
Income taxes payable	298	414
Provisions	57	28
Liabilities for employee benefits	564	552
Other current liabilities	688	756
Total current liabilities	37,374	41,205
Long-term loans	4,974	4,979
Lease liabilities	35	399
Provisions	113	112
Total non-current liabilities	5,123	5,492
Total liabilities	42,498	46,697
Share capital	4,134	4,145
Capital surplus	14,196	14,204
Retained earnings	(805)	(336)
Other components of equity	178	132
Total equity attributable to owners of parent	17,704	18,146
Non-controlling interests	76	65
Total equity	17,780	18,211
Total liabilities and equity	60,279	64,909

Consolidated Statement of Profit or Loss

(JPY in millions)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Revenue	10,080	10,747
Other operating revenue	250	273
Total operating revenue	10,330	11,021
Operating expenses	(10,936)	(10,155)
Operating profit (loss)	(605)	866
Financial income	0	2
Financial costs	(28)	(39)
Profit (loss) before income taxes	(633)	829
Income tax expense	123	(367)
Profit (loss)	(510)	461
Profit (loss) attributable to:		
Owners of parent	(496)	468
Non-controlling interests	(13)	(7)
Profit (loss)	(510)	461
Earnings (loss) per share:		
Basic earnings (loss) per share (yen)	(5.13)	4.82
Diluted earnings (loss) per share (yen)	(5.13)	4.78

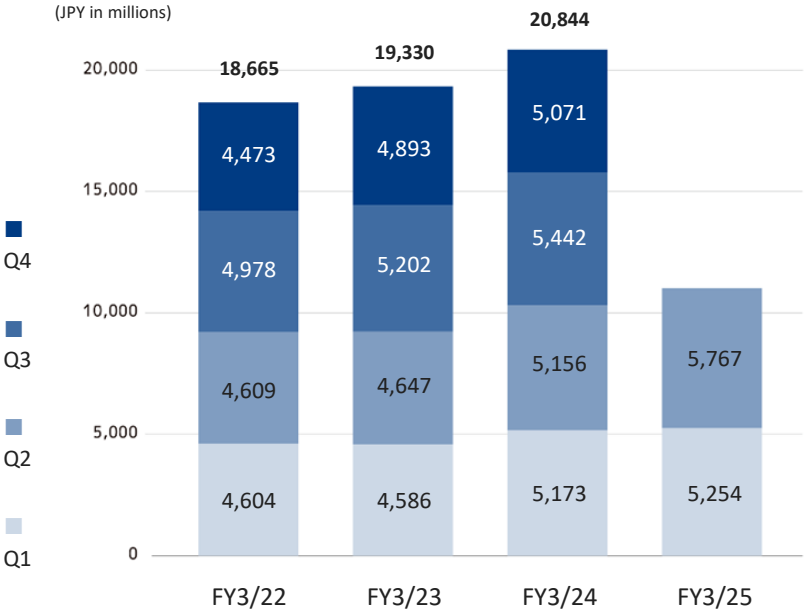
Consolidated Statement of Cash Flows

(JPY in millions)

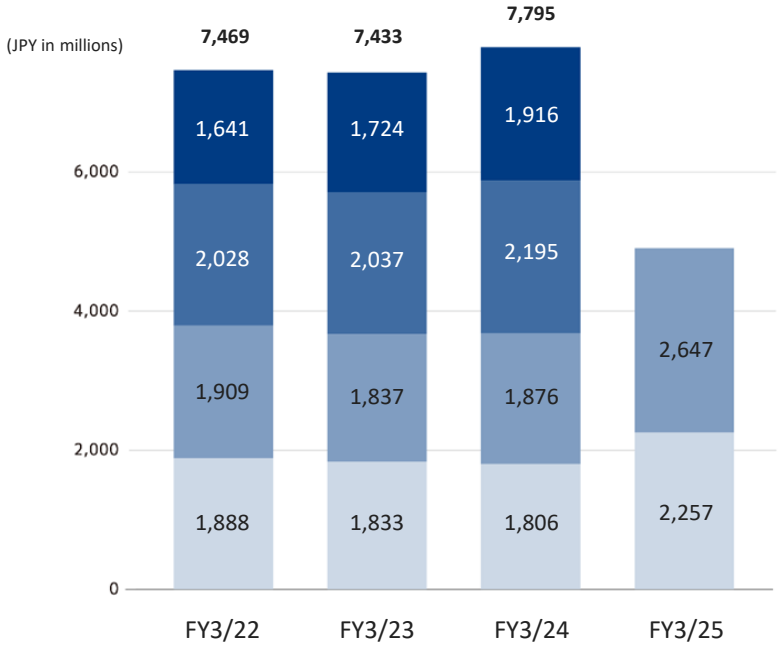
	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit (loss) before income tax	(633)	829
Depreciation, amortization and impairment losses	732	802
Share-based payment expenses	3	3
Finance income and finance costs	23	37
Increase (decrease) in provisions	9	(29)
Loss on retirement of non-current assets	12	6
Decrease (increase) in inventories	7	(15)
Decrease (increase) in trade and other receivables	(3,292)	(1,186)
Increase in trade and other payables	2,530	937
Other	448	436
Subtotal	(159)	1,822
Interest received	0	2
Interest paid	(18)	(21)
Income taxes refund (paid)	461	(259)
Net cash provided by (used in) operating activities	283	1,544
Cash flows from investing activities		
Payments into time deposits	(0)	—
Purchase of property, plant and equipment	(5)	(44)
Purchase of intangible assets	(881)	(767)
Proceeds from collection of guarantee deposits	—	106
Purchase of other financial assets	(7)	—
Net cash provided by (used in) investing activities	(895)	(704)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	1,000	2,574
Repayments of lease liabilities	(194)	(152)
Proceeds from issuance of shares	4	16
Net cash provided by (used in) financing activities	810	2,438
Effects of exchange rate changes on cash and cash equivalents	0	(32)
Net increase in cash and cash equivalents	198	3,246
Cash and cash equivalents at the beginning of the period	10,564	10,810
Cash and cash equivalents at the end of the period	10,762	14,056

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)

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 September 30, 2024)

Collection Cycle*1

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

Trade and other receivables*2

JPY 37,154 million

Total assets: JPY 64,909 million

Trade payables

JPY 33,163 million

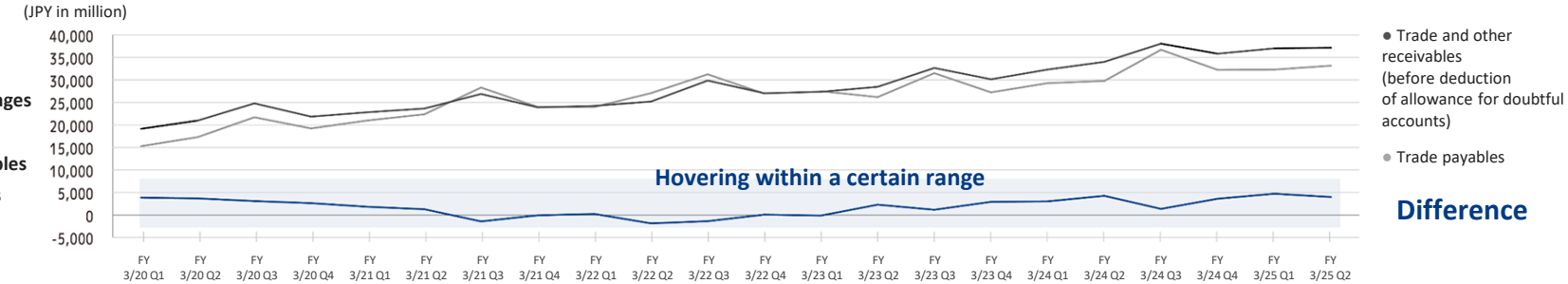
Total liabilities: JPY 46,697 million

Total equity: JPY 18,211 million

Payment Cycle*1

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

Quarterly changes in trade receivables & payables



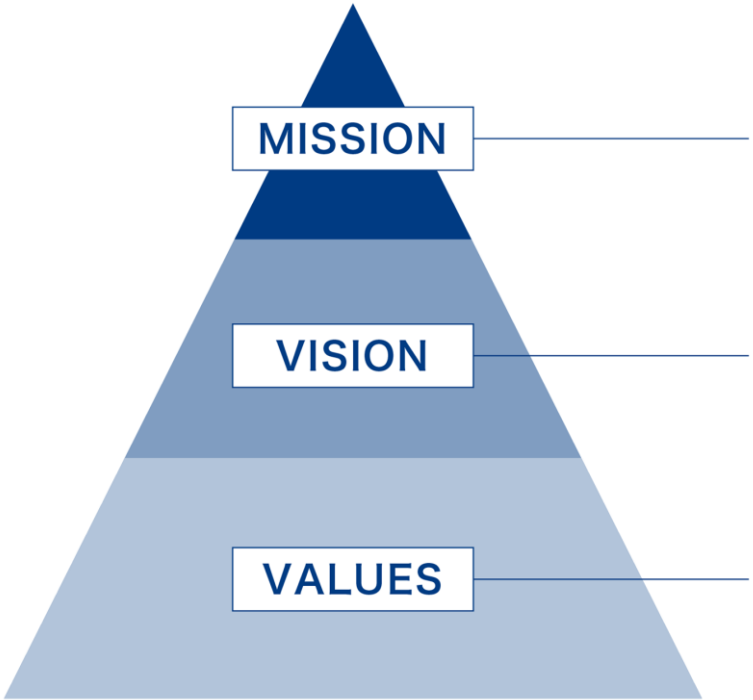
*1 In case of NP *Atobarai*

*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.

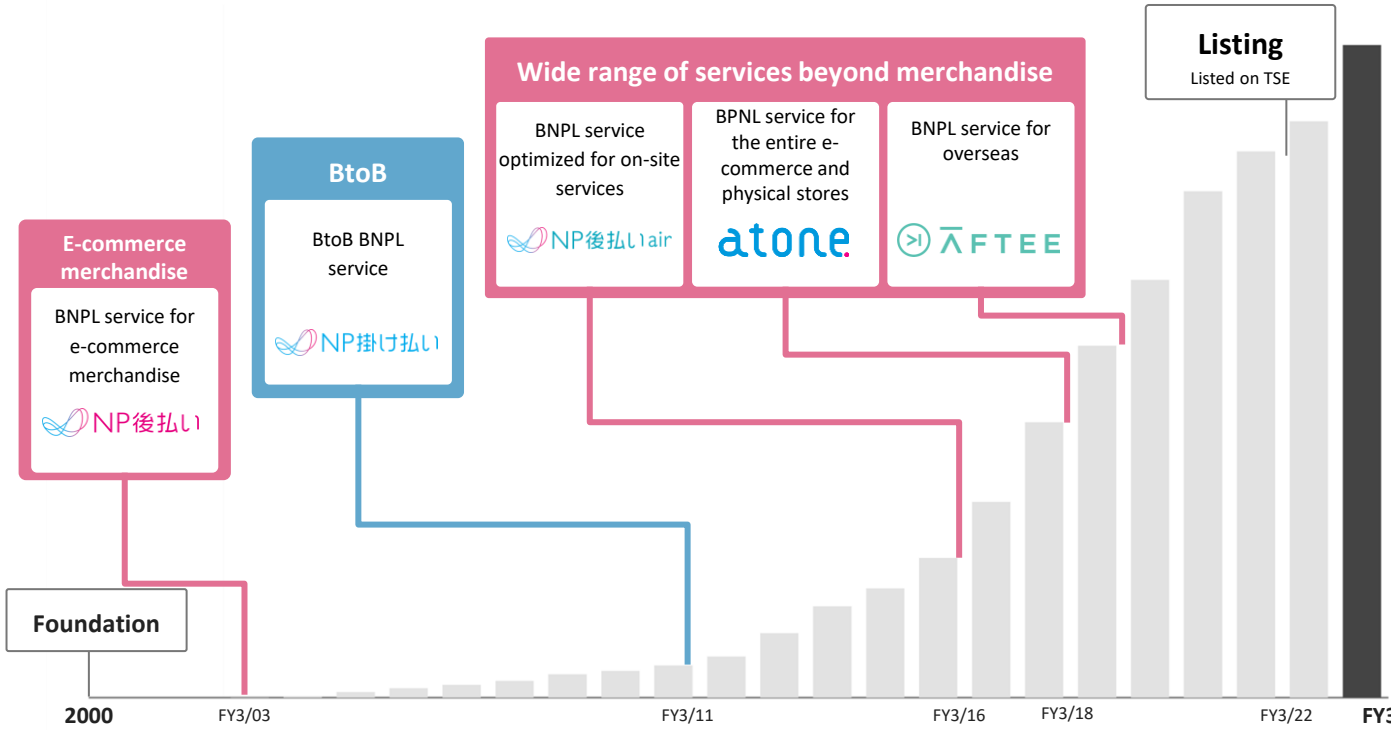
Expand Our Possibilities

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

A comprehensive BNPL provider expanding services to BtoC, BtoB, and overseas.

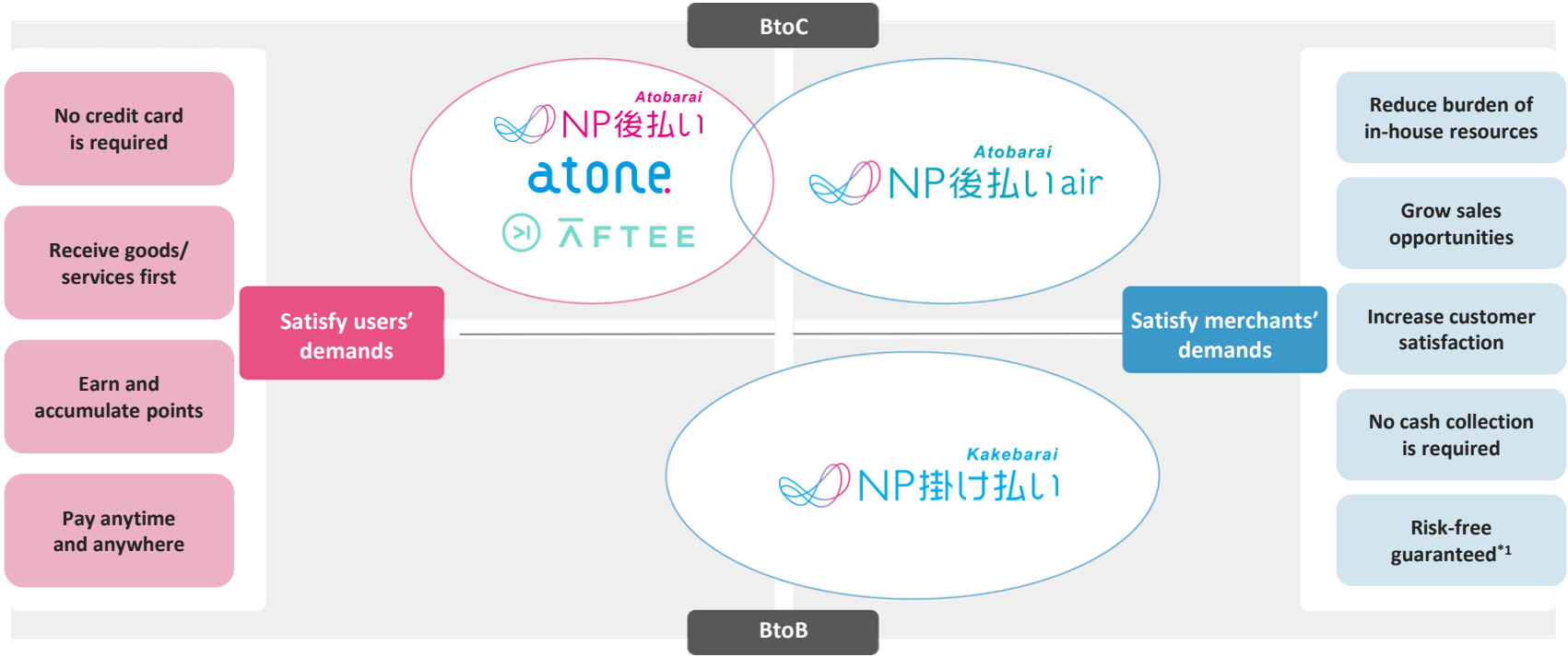
EC merchandise Market size JPY 11.9 tn	NP後払い	BNPL service for e-commerce merchandise with No. 1 market share*1
EC non-merchandise Market size JPY 10.5 tn	atone	Available not only for e-commerce merchandise and e-commerce non-merchandise, but also for physical stores by downloading the app
Physical stores Market size JPY 39.1 tn		
On-site services Market size JPY 18.6 tn	NP後払いair	BNPL service optimized for on-site services such as house renovation, housekeeping, moving, and cram schools
Overseas BtoC Market size JPY 9.8 tn	AFTEE	Localized BNPL service for overseas

NP掛け払い — BtoB BNPL service with the No. 1 track record*2 in BtoB PSP service market

Domestic BtoB Market size JPY 180 tn

*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 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/).”
Source: Those figures are calculated using our analysis based on certain assumptions with reference to the following various data:
“Cashless Vision” (P. 70), “Cashless Payment Ratio in Japan, Payment Providers, and the State’s Disclosure Policy” (P. 21), and “Current Survey of Commerce (2020)” by the Ministry of Economy, Trade and Industry,
”Taiwan Cards and Payments - Opportunities and Risks to 2024” (P. 26 and 30) by GlobalData, and “e-Conomy SEA 2022” etc.

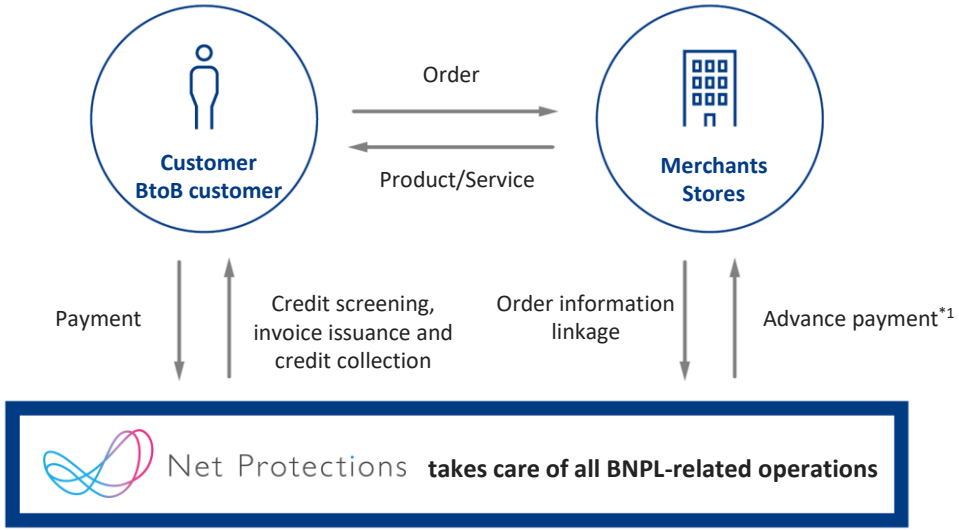
We provide various types of value: secure, convenient, beneficial shopping experience to users and reduced burden of in-house resources and growing sales opportunities to merchants.



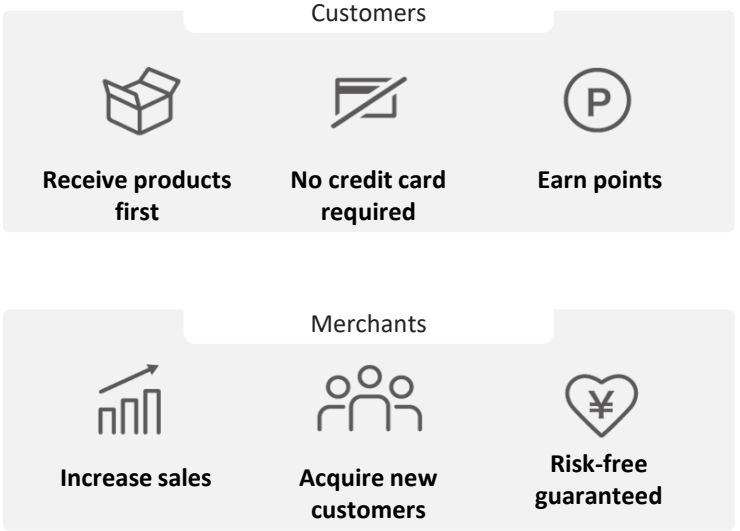
*1 The guarantee only covers transactions approved by our credit screening system. In the event that a dispute between a merchant and a customer or a merchant client over a transaction arises and it cannot be immediately resolved, or Net Protections deems there is a risk of such a dispute, or the transaction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

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

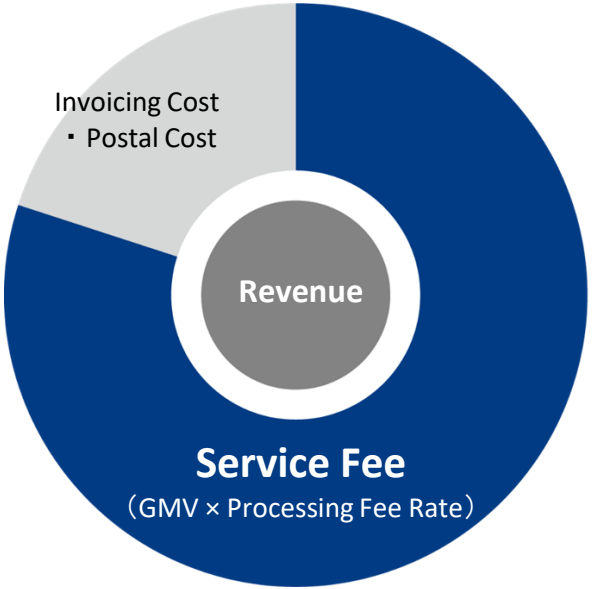


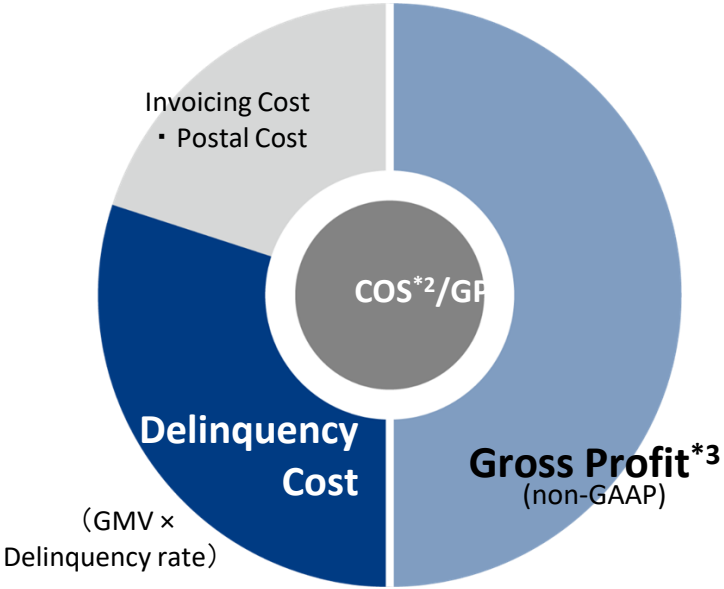
Benefits



*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.

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





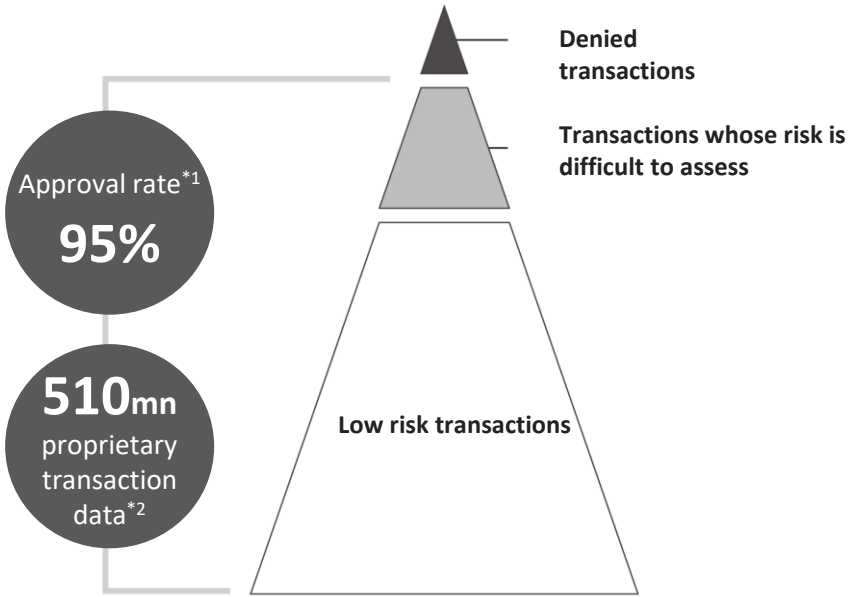
Sales increase in line with a growth in GMV.

Profit increases as the delinquency rate declines.

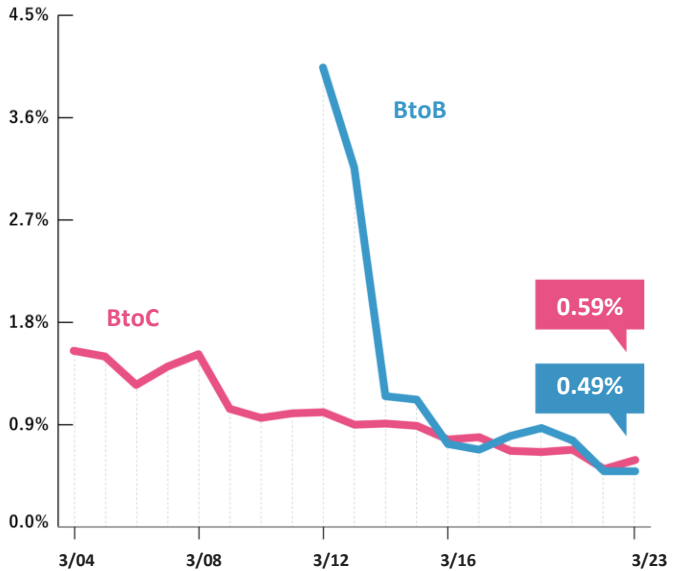
*1 GMV: The total amount of payments (including consumption tax) made through services provided by the Group, such as NP Atobarai, atone, NP Kakebarai, and AFTEE
*2 COS： Doubtful accounts related cost, Invoicing fee, postal fee, and operational cost.
*3 Gross profit: Revenue - (collection expense + invoicing 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)

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



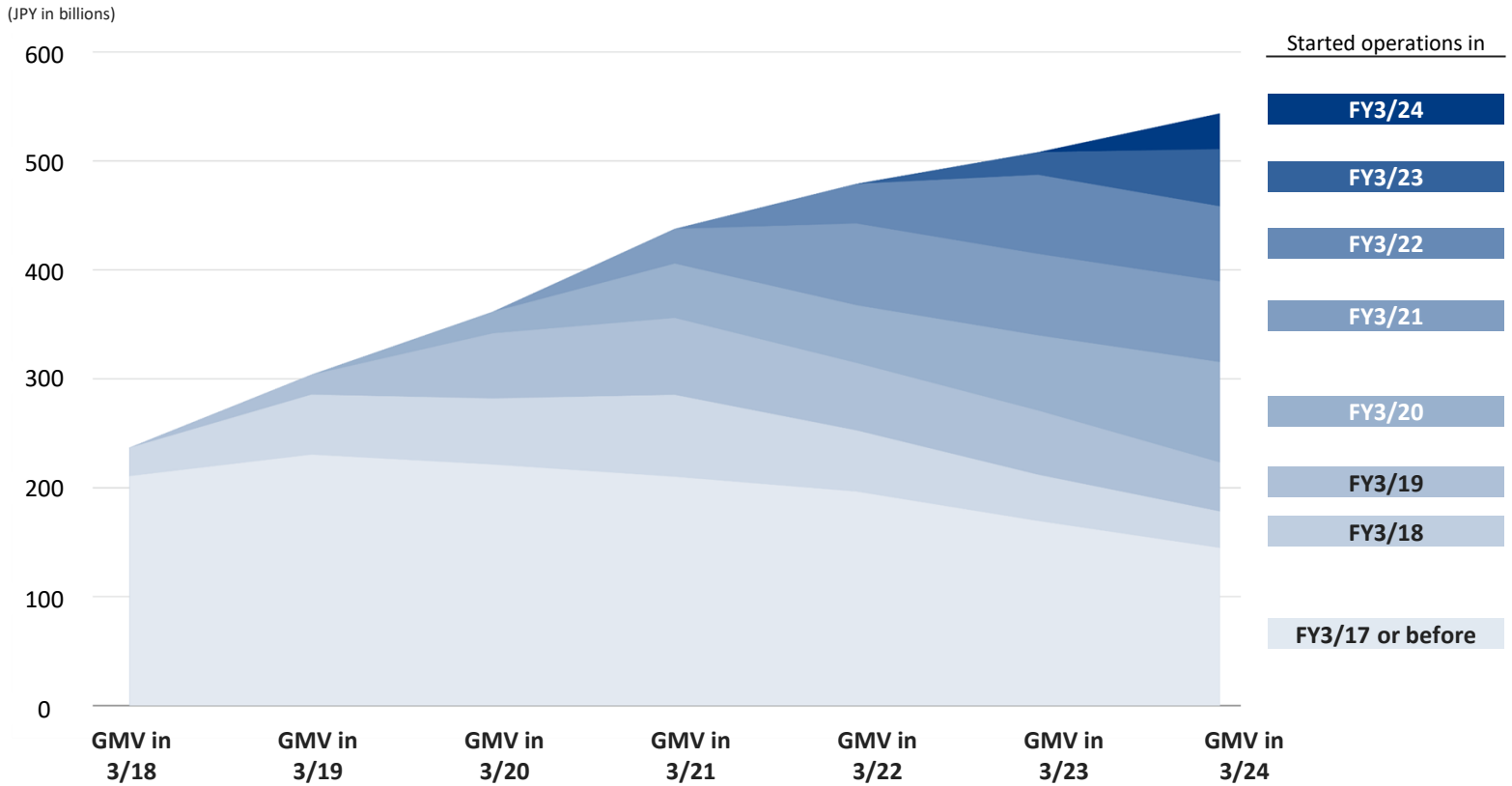
| Delinquency rate*3*4



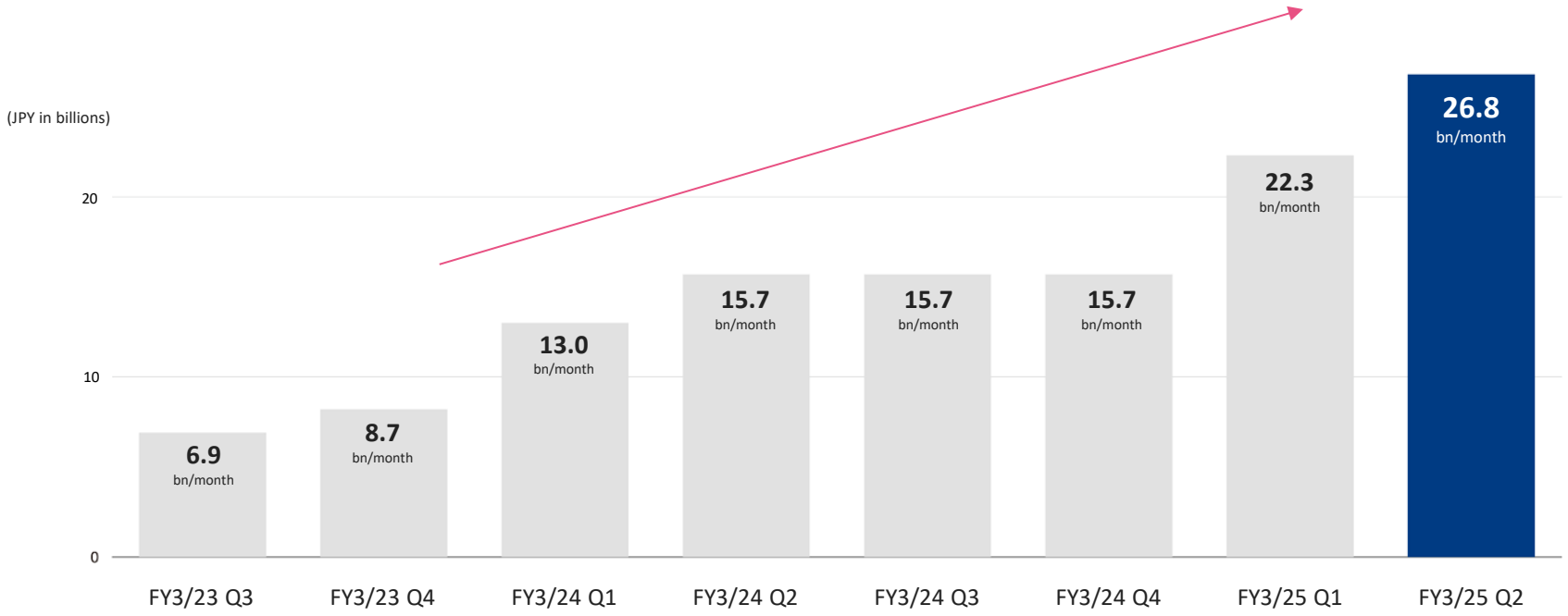
*1 The ratio of approved transactions to transactions denied by our credit screening system for NP *Atobarai* during FY3/2024 (limited to unique users).
*2 As of March 31, 2024
*3 Ratio of outstanding unpaid transactions for NP Atobarai in excess of 18 months to total transactions recorded during such 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).

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.



We are seeing an increase in the number of sales opportunities under consideration.



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

Comprehensive rating ranking (n=182,212 companies)

Rank	
1st	Boston Consulting Group, LLC
2nd	Recruit Management Solutions Co., Ltd.
3rd	Bain & Company Japan Incorporated
4th	McKinsey & Company Japan
5ht	IBM Japan Systems Engineering Co., Ltd.
6th	**Net Protections, Inc.**
7th	BOX JAPAN, Inc.
8th	ONE CAREER Inc.
9th	Google LLC
10th	Skylight Consulting Inc.

No. 6

Comprehensive rating ranking in the Internet industry (n=5,710 companies)

1st	**Net Protections, Inc.**
2nd	Google LLC
3rd	Feedforce, Inc.
4th	Nyle Inc.
5ht	Facebook Japan LLC (formerly Facebook Japan, Inc.)

No. 1

Company evaluation by employees



*Source: “OpenWork,” a one-stop job and recruitment information platform (As of October 3, 2024)

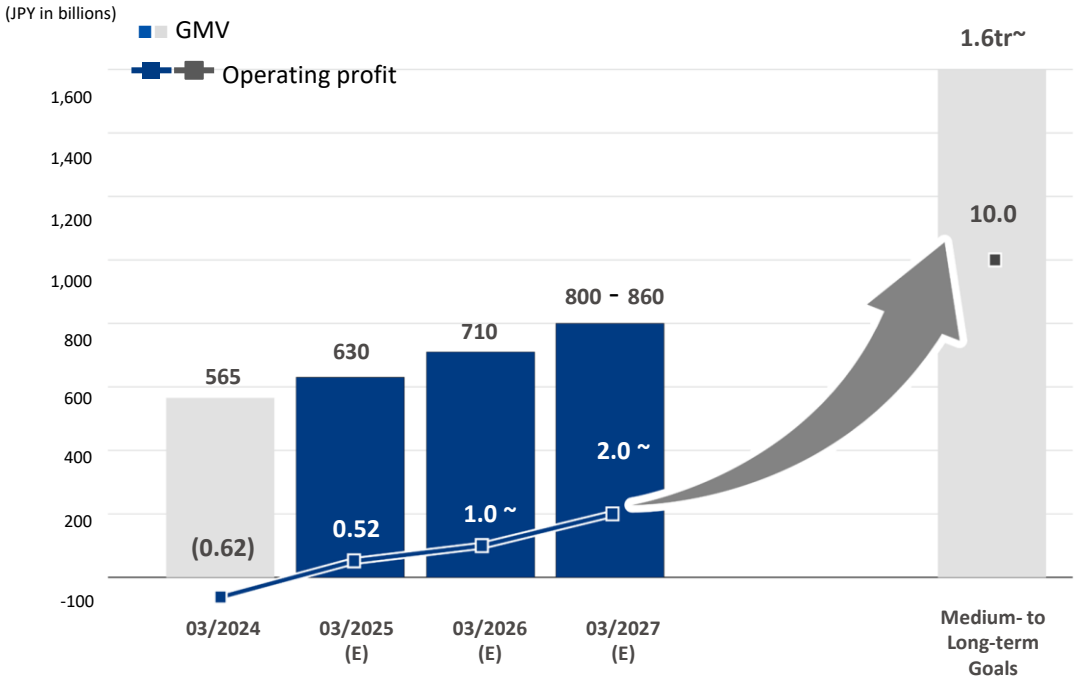
Appendix

Medium-Term Business Plan

Three-Year Financial Policy (GMV vs Operating Profit)

will be reviewed at the end of the fiscal year

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

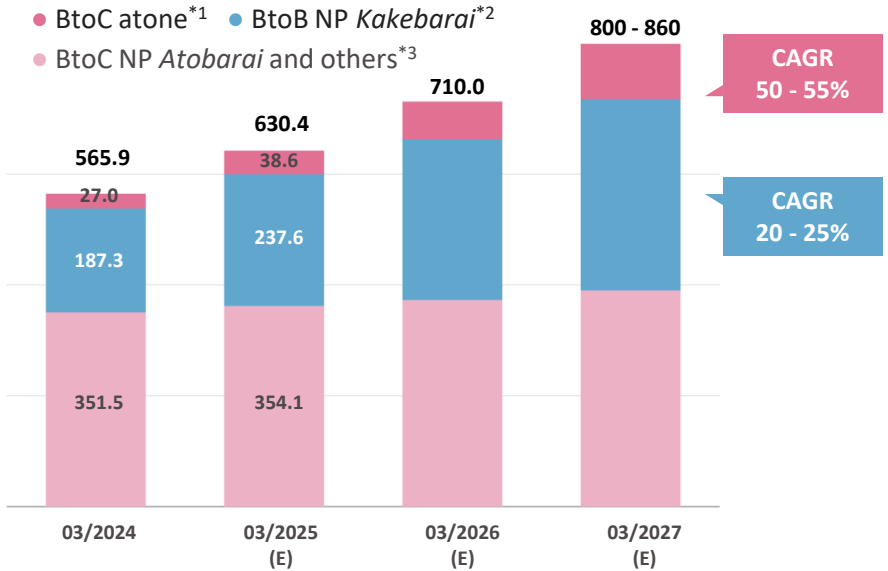
Operating profit: JPY**10**bn

will be reviewed at the end of the fiscal year

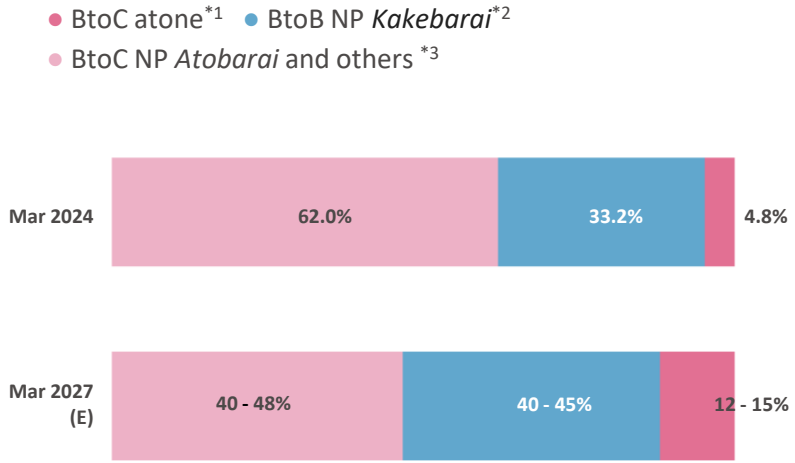
For BtoC, we aim for a CAGR of 50 - 55% for atone while maintaining NP Atobarai as a stable profitable business.
For BtoB, we aim to establish an overwhelming #1 position with a CAGR of 20 - 25%.

GMV Growth Rate by Business Segment

(JPY in billions)



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

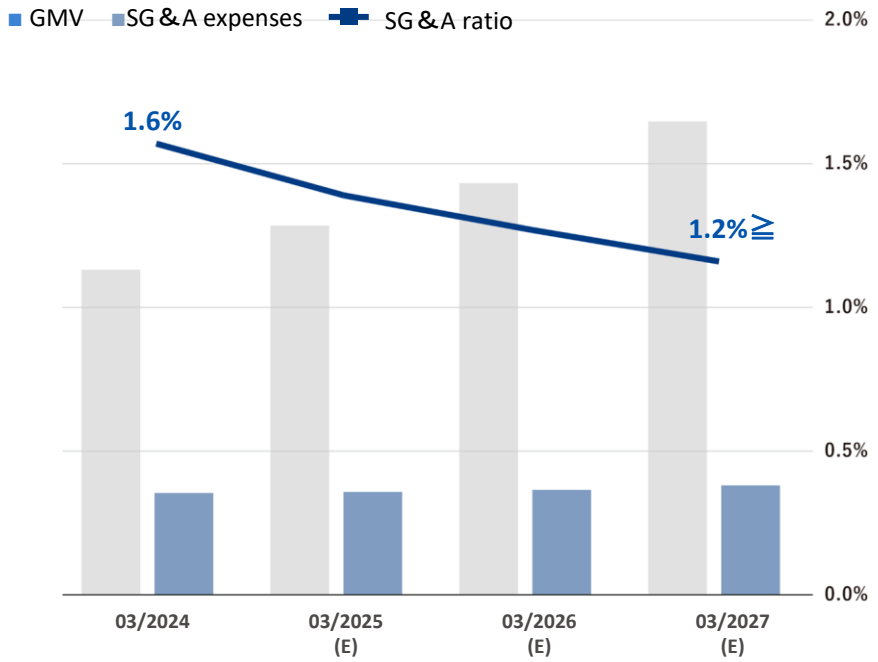


*1 Total amount of payments (including consumption tax) made through atone provided by the Group
*2 Total amount of payments (including consumption tax) made through NP *Atobarai*, AFTEE, and NP Card provided by the Group
*3 Total amount of payments (including consumption tax) made through NP *Kakebarai*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

will be reviewed at the end of the fiscal year

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.

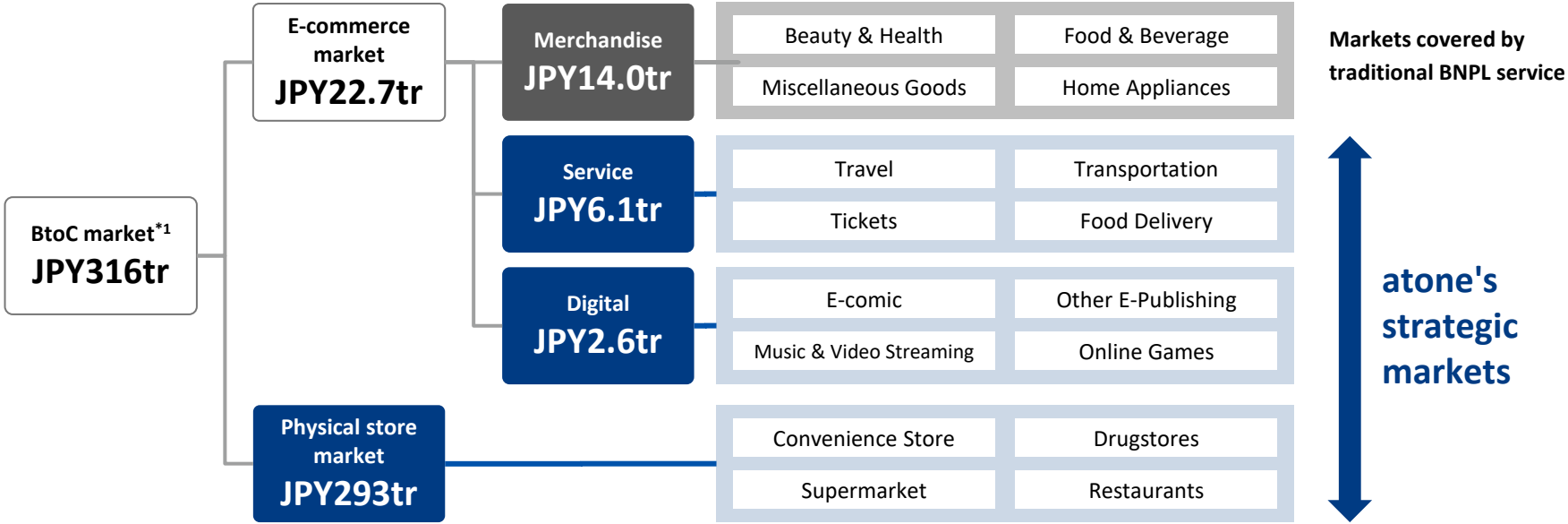
Systems development

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

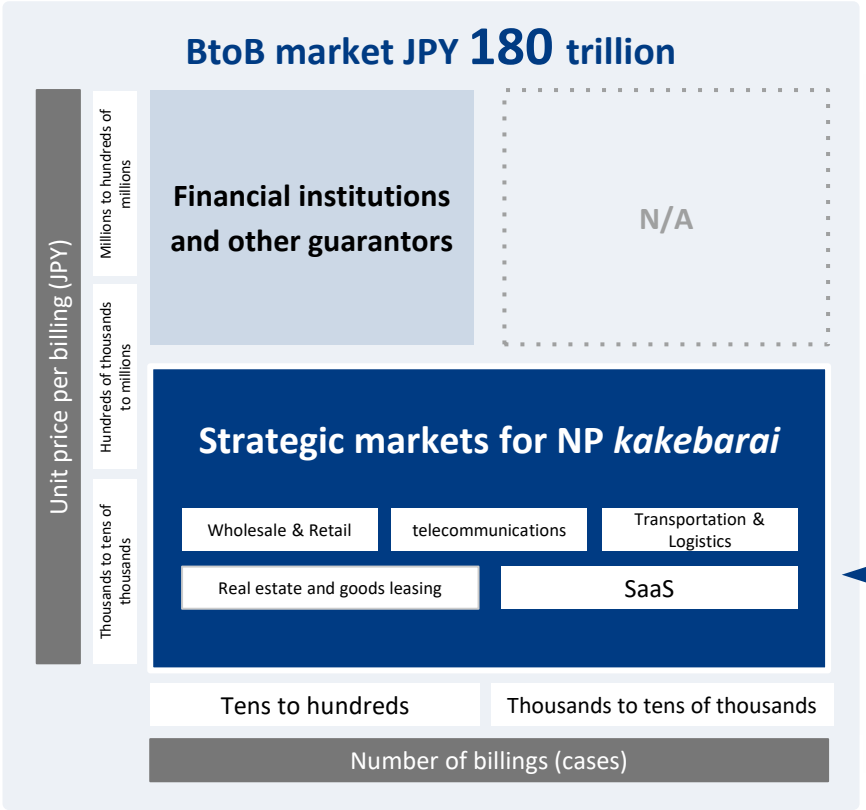
Concentrate on growth businesses of atone, BtoB, and measures that can be expected to generate early returns. Gradually increase marketing expenses but make disciplined investments in line with profit growth.

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)

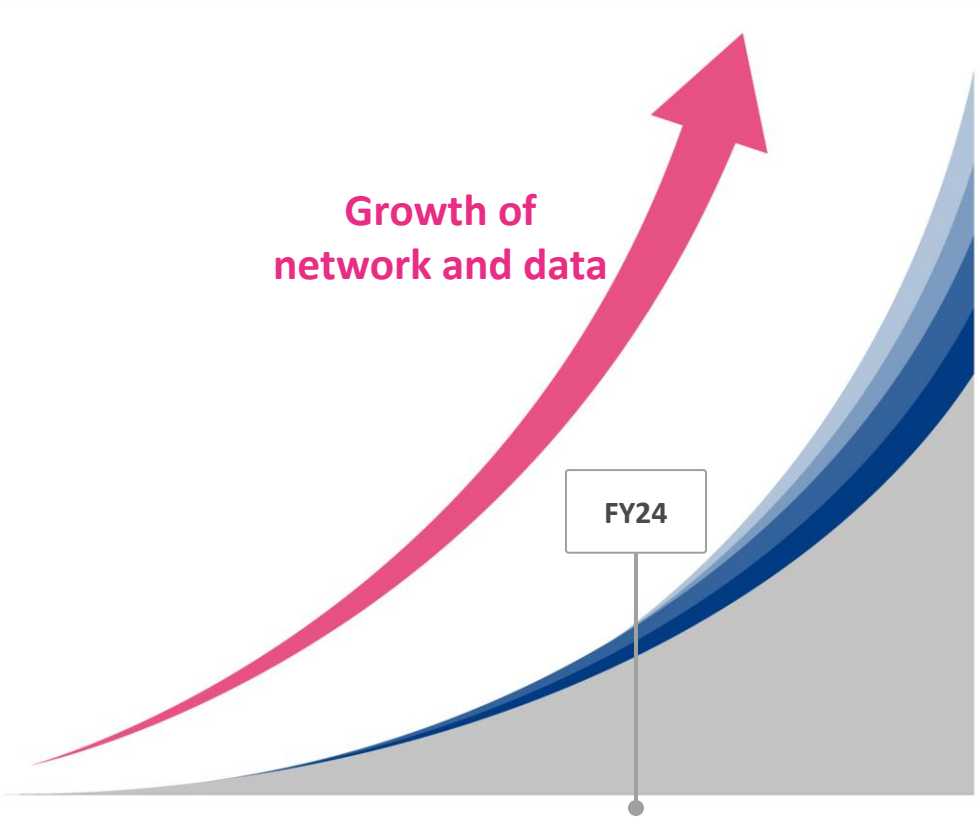
- Reduce workload and concentrate on core business (Complete outsourcing of billing operations)
- Develop new small-sized sales channels and customers (high credit screening accuracy)

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))

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

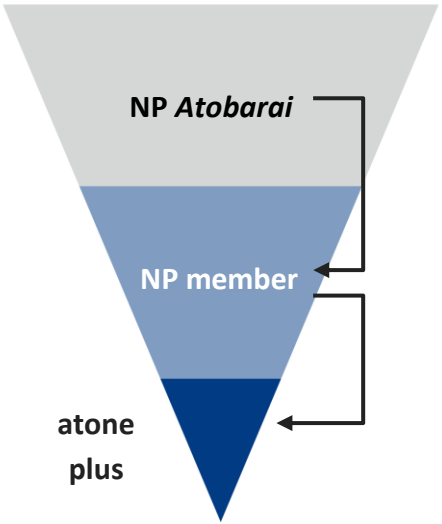
Aim to be the first BNPL service in Japan that provides a customer transfer service that transfers customers and BtoB customers.

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

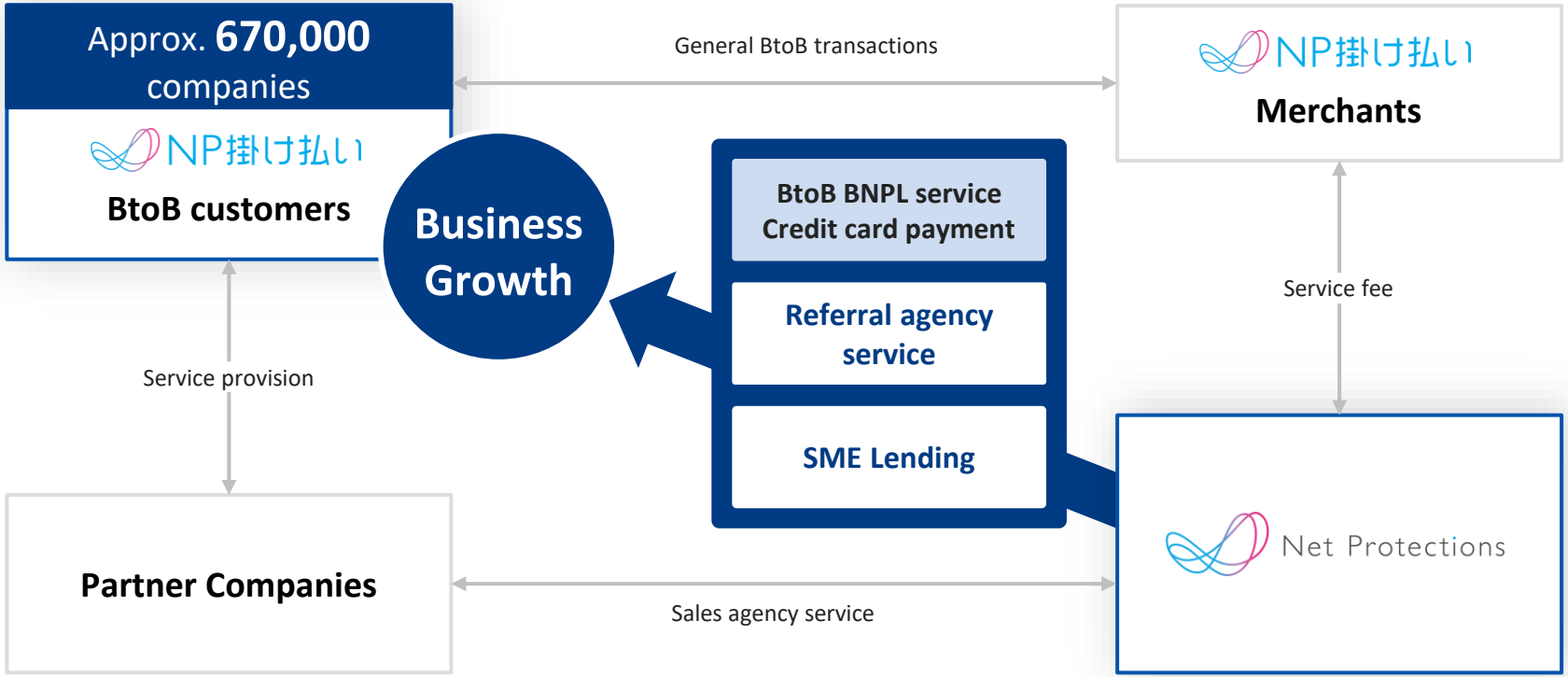
1 million members (target)

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



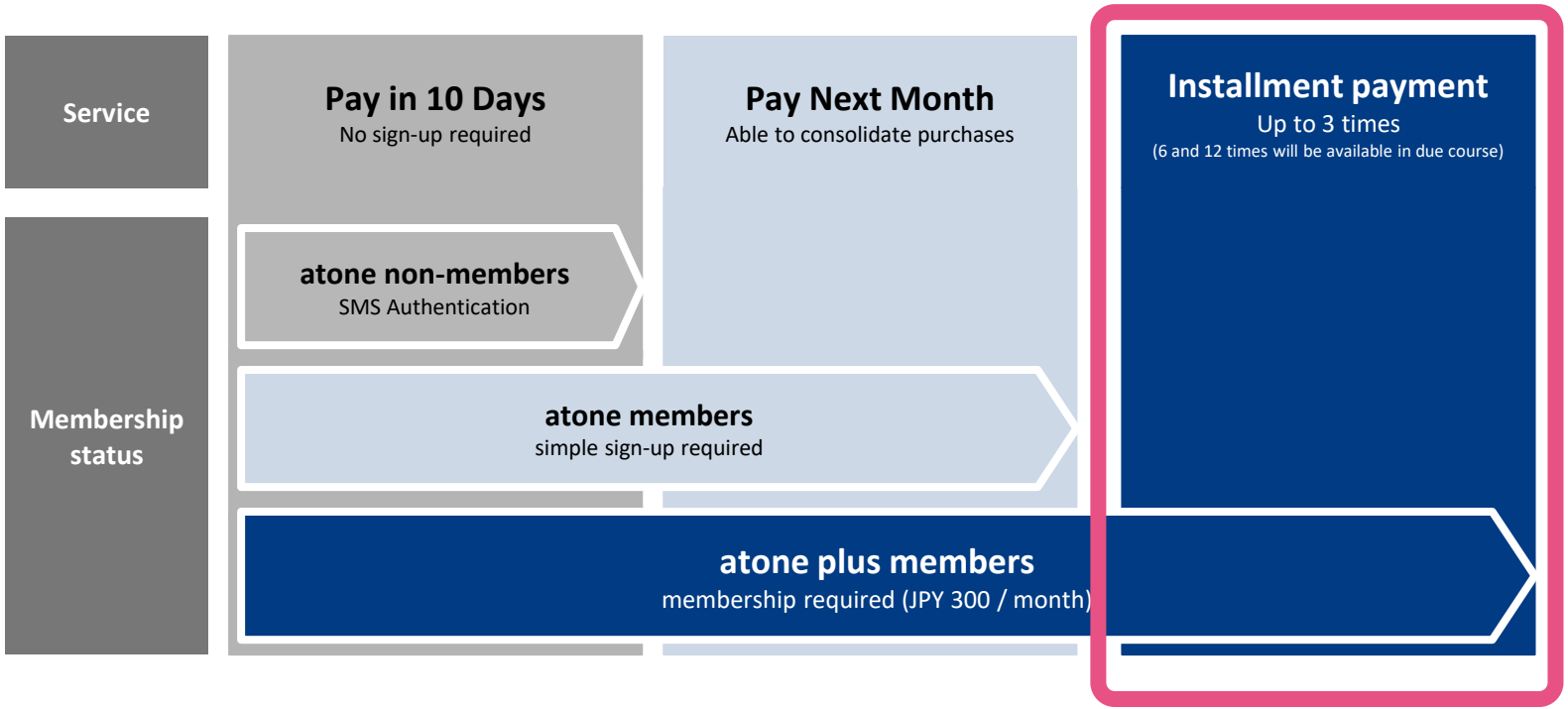
7,000,000
members

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

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

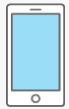


- ✓ No automatic payments without notice

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

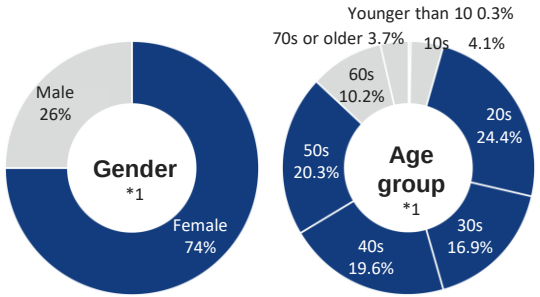


- ✓ No worry about whether goods will arrive, unlike in case of advance payments
- ✓ Easy to return, easy to exchange, easy to cancel

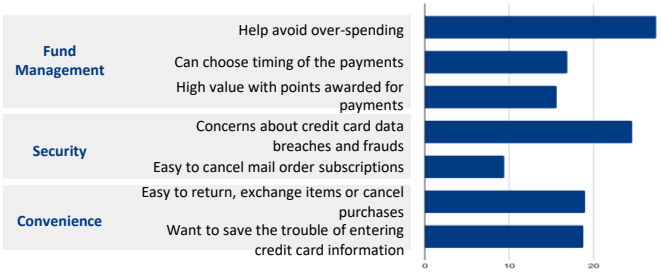
Growth has been driven by the need for fund management, security, and convenience, especially among women in their 20s to 50s.

Main user groups and reasons for use

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

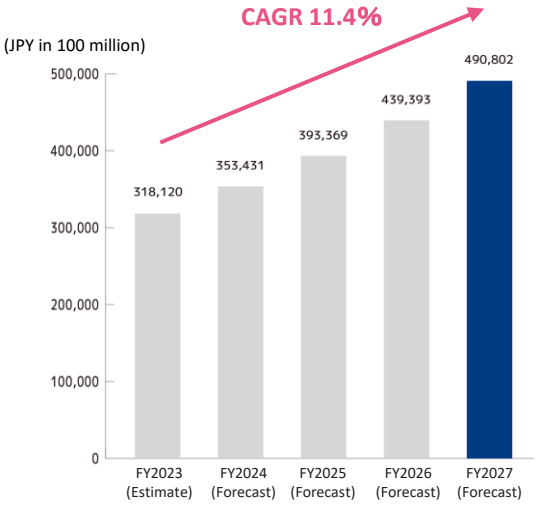


Demand in fund management, security, and convenience*2



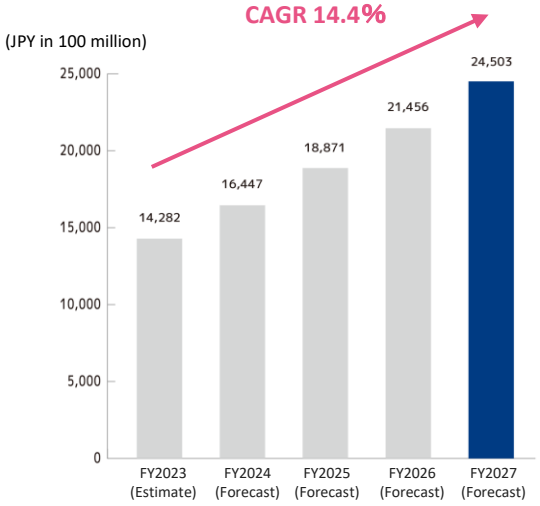
* 1 Breakdown of NP Point Club members as of March 31, 2024
* 2 Survey on our members conducted from December 28 to 30, 2018, targeting 1,738 men and women of in their twenties or older

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

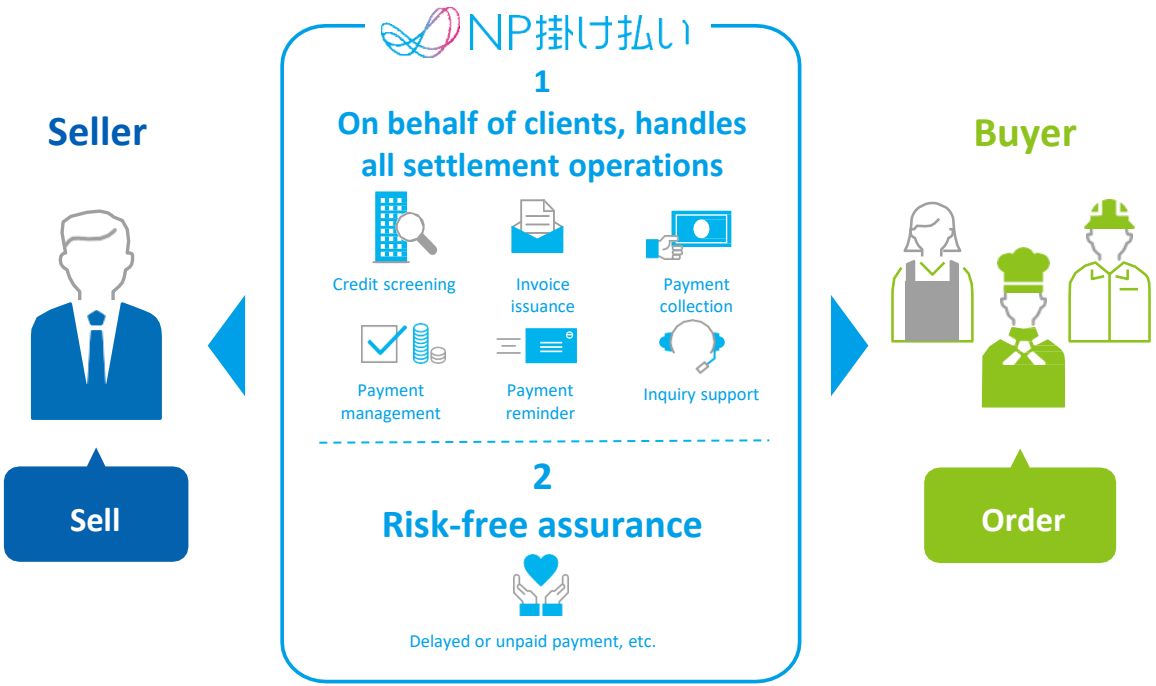
* Some stores are not available.

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*

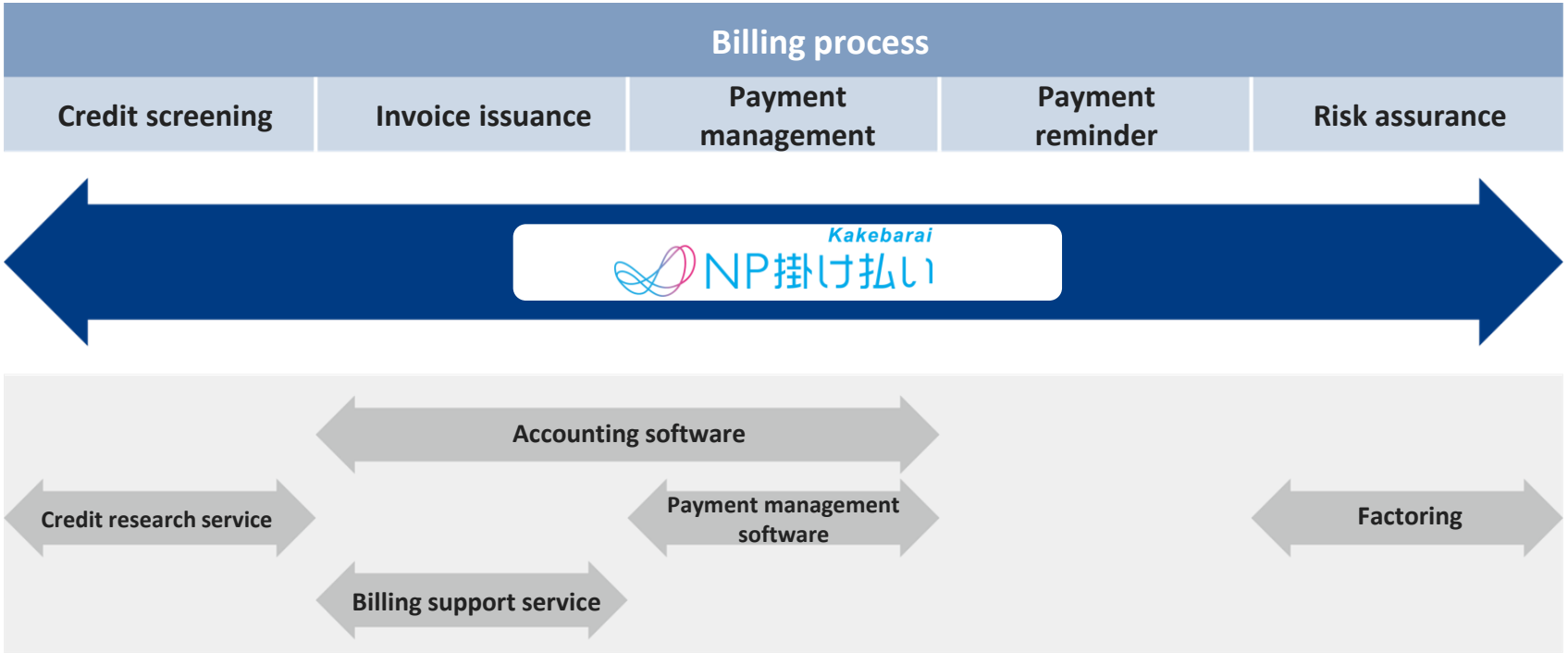
No.1* BtoB payment service

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.



Business Overview: Reasons Why Our BtoB Service Is Chosen

Merchants' concerns



The burden of payment processing is expected to increase as the business grows.



There is concern about extending credit to small and medium-sized companies.



Payment processing takes too much time, and each department can't concentrate on its core business.



There is a demand to offer more settlement options to increase customer satisfaction instantly.

NP掛け払い

Implementa-tion benefits



You can outsource entire payment operations to improve efficiency.



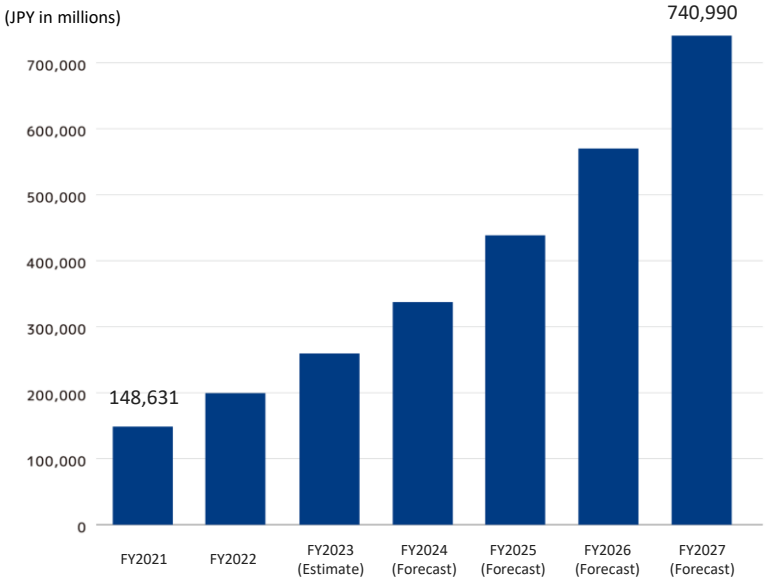
You can focus on your core business.



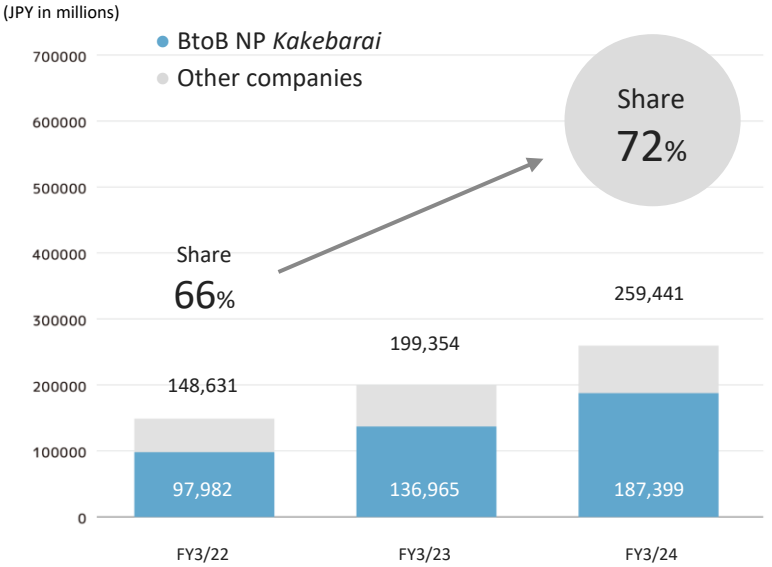
You can expand transactions and increase sales.

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*



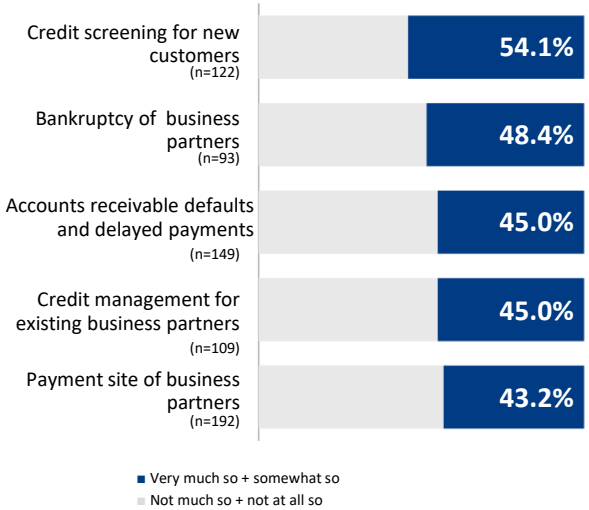
Our share in the BtoB payments service market (Our estimate[*1])



*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.

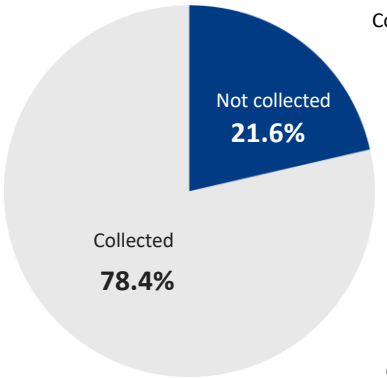
Payment delays and collection issues in billing/payment operations.

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



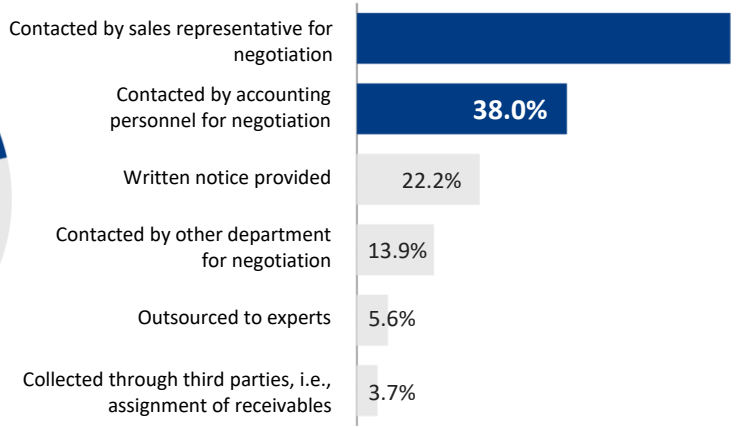
2 21.6% of the "late payments" were eventually not collected.

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



3 Sales representatives also have trouble in contacting and negotiating.

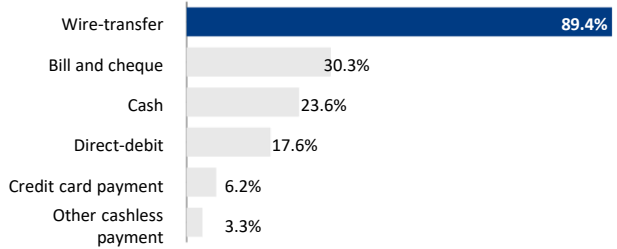
Underlying factors of late payment that the respondents have experienced (n=108).



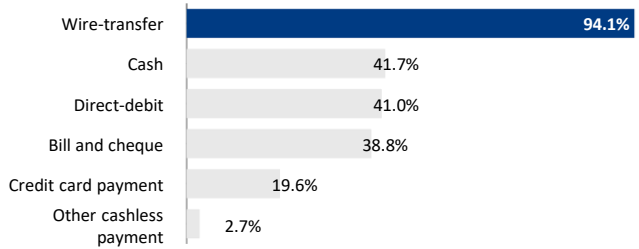
Source: American Express “B2B payment among small and mid-cap businesses for the Fiscal Year 2022”

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.”

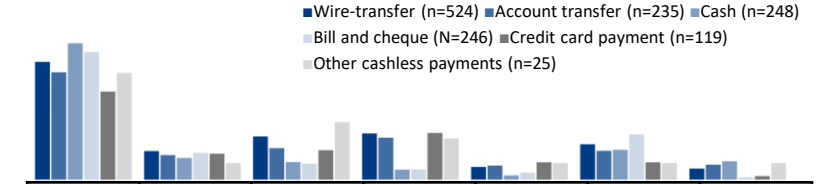
Payment method to receive payment (n=547) *multiple answers accepted



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	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

Appendix

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Subscribe to our IR Newsletter

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- Announcement of financial results presentation and IR seminars
- Notice of financial statements uploads
- News releases

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