Financial Result Presentation
for the Nine Months Ended December 31, 2024

Net Protections Holdings

Net Protections Holdings, Inc.

(TSE Prime Market: 7383)

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Highlights of Group Financial Results

Group total

Achieved full-year operating profit guidance early

Group total GMV*1 **JPY478.2bn** +12.8% YoY (BtoC +4.0%, BtoB +31.3%)

9 months operating profit **JPY1.77bn** +JPY2.23bn YoY

BtoC atone

9 months GMV **JPY28.5bn** +46.6% YoY

Q3 alone	JPY11.3bn (+58.5%)

Measures to expand GMV have been successful, such as promotion of Pay in 10 Days and conducting campaigns.

BtoC NP *Atobarai* and other

9 months gross profit **JPY5.75bn** +36.7% YoY

Q3 alone	JPY2.15bn (+32.1%)

Q3 GMV was stable at JPY95.5bn (+2.2% YoY). The delinquency rate remained consistently low, and collection of late payment administration fees was on track.

BtoB NP *Kakebarai*

9 months GMV **JPY180.1bn** +31.3% YoY

Q3 alone	JPY66.6bn (+34.7%)

In addition to increased transactions with existing merchants, the operation of newly acquired large merchants also contributed to GMV growth.

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

Cumulative operating profit amounted to JPY1.77bn, achieving the full-year guidance early. We have been working to curb costs and reduce SG&A expenses throughout this fiscal year. As a result, Profit level exceeded the plan.

Cumulative summary

(JPY in millions)

	FY3/25 Q3 (9 months)		Full-year earnings forecast*5	
	Results	YoY percentage change	Amount	Progress rate
GMV (non-GAAP)*1	478,291	+12.8%	635,294	75.3%
Total operating revenue	17,277	+9.5%	23,281	74.2%
Revenue	16,846	+9.4%	–	–
Gross profit (non-GAAP)*2	7,839	+33.4%	10,262	76.4%
SG&A expenses (non-GAAP)	6,483	-3.1%	9,048	71.7%
Of SG&A expenses, marketing expenses*3	361	-23.7%	763	47.3%
Other operating expenses (non-GAAP)	11	-50.0%	–	–
Operating profit	1,774	Turned into profitability	1,700	104.4%
EBITDA (non-GAAP)*4	2,995	+319.0%	3,396	88.2%

*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)
*3 Marketing expenses: Sales promotion expenses (excluding agency commissions) + Advertising expenses
*4 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)
*5 Consistent with Consolidated Financial Results for the Six Months Ended September 30, 2024 and Financial Results Presentation dated November 14, 2024

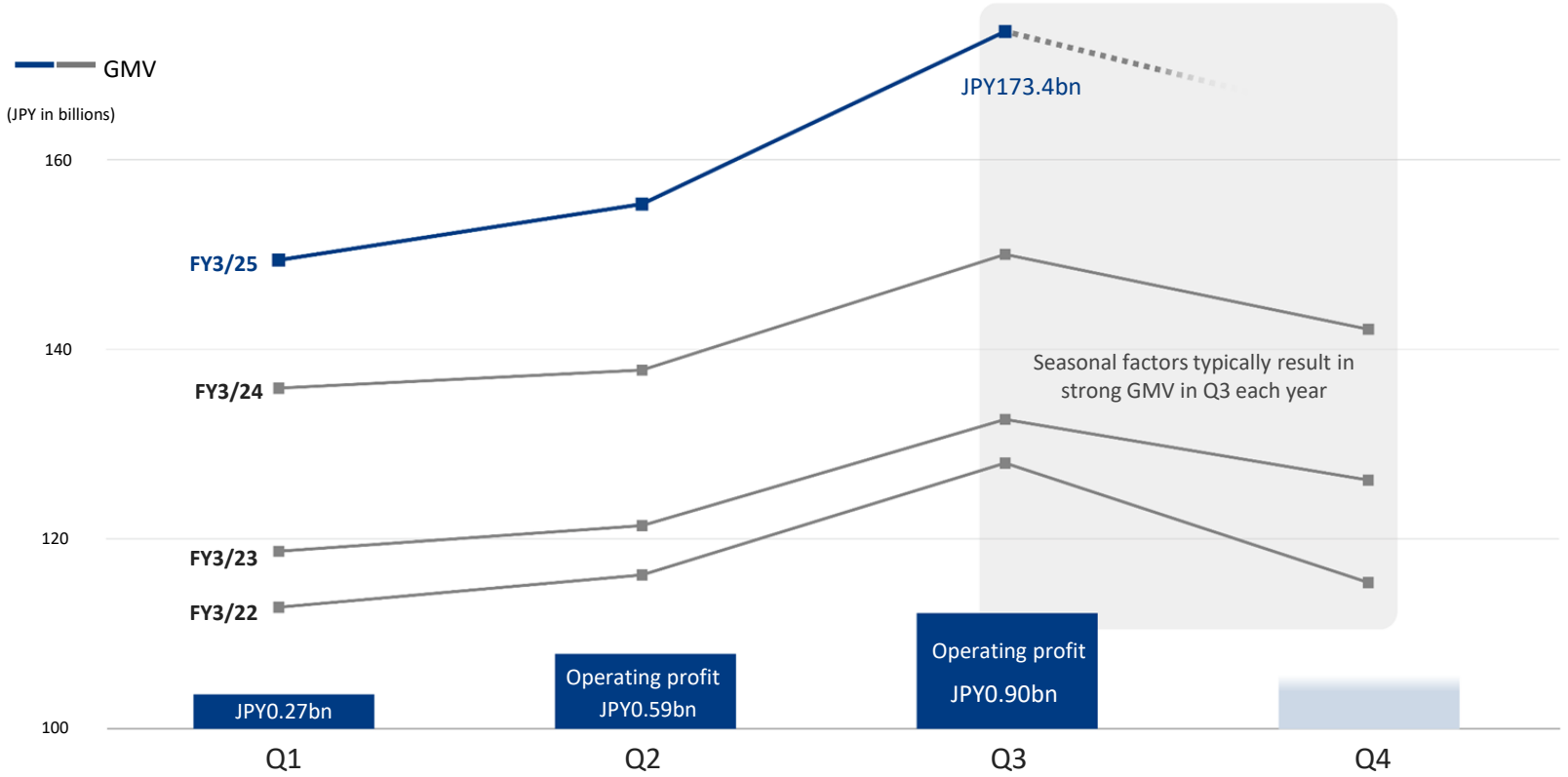
Upward Revision of Full-Year Earnings Forecast

We have revised the full-year forecast upward due to the upswing in the Q3 results.
Operating profit will be JPY0.3bn more than in the previous forecast, up from JPY1.7bn to JPY2.0bn.

(JPY in millions)	Previous full-year forecast (A)	Revised full-year forecast (B)	(B) – (A) Amount change	(B) ÷ (A) Percentage change
GMV (non-GAAP)*1	635,294	**635,294**	-	-
Total operating revenue	23,281	**23,281**	-	-
Gross profit (non-GAAP)*2	10,262	**10,300**	38	+0.4%
SG&A expenses (non-GAAP)	9,048	**8,850**	(198)	-2.2%
Operating profit	1,700	**2,000**	300	+17.6%
Profit before income taxes	1,604	**1,900**	296	+18.5%
Profit attributable to owners of parent	1,039	**1,100**	61	+5.9%
EBITDA (non-GAAP)*3	3,396	**3,600**	204	+6.0%

*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)
*3 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)

Performance is progressing steadily in H2. Operating profit is expected to peak in Q3 due to seasonal factors and the marketing investing in Q4.



Of the additional marketing investment of JPY300mn for H2, JPY84mn was used in Q3, with the remaining JPY215mn to be effectively utilized in Q4, aiming for further GMV growth.

FY3/25 H2 Investment Budget and Progress

Investment budget ■ 3Q results

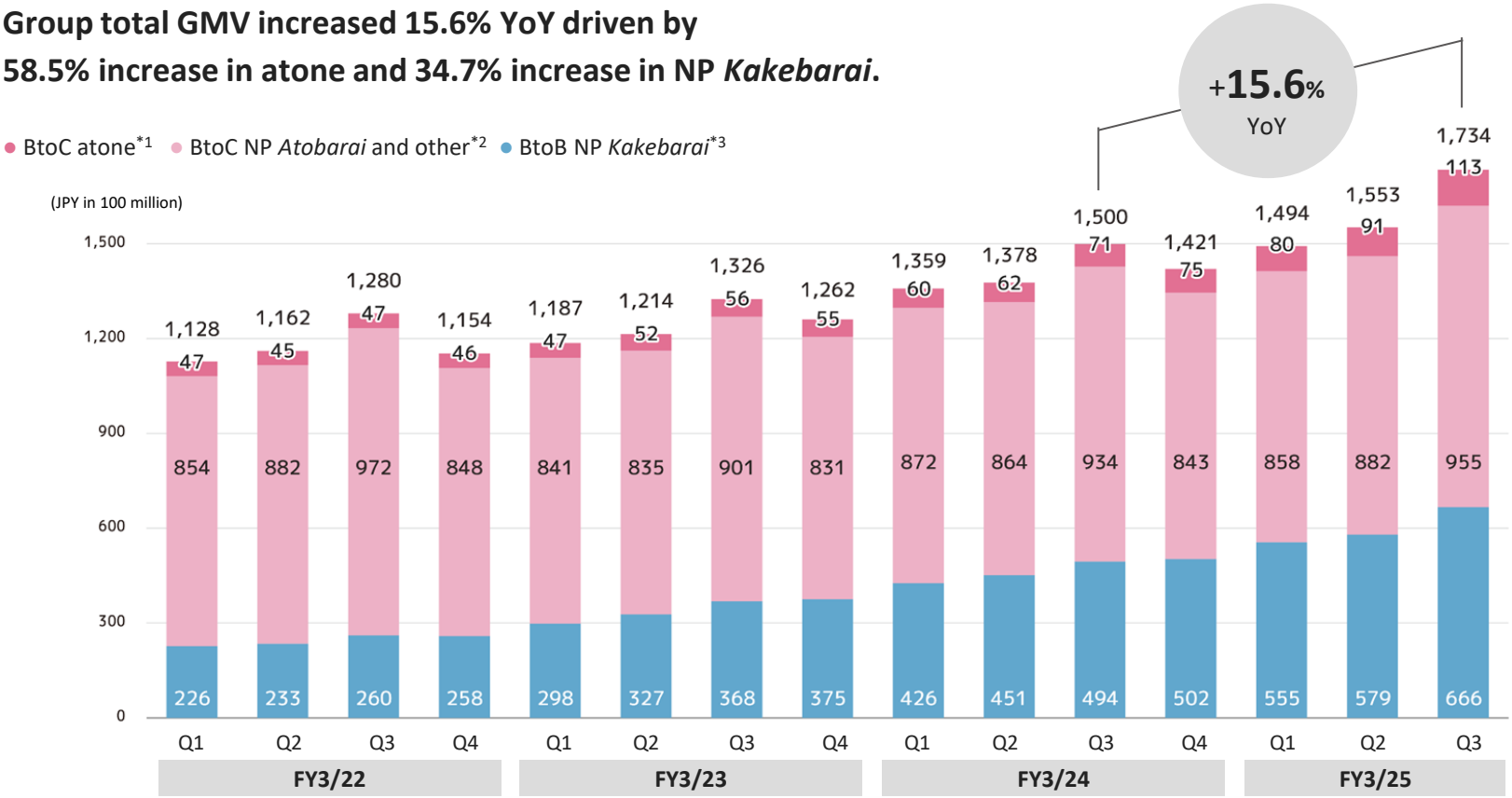
			Additional annual effect in FY3/27 and beyond*1
atone JPY160mn	Q3 results: JPY37mn / Remaining budget JPY123mn	Partner sales promotion / Campaign for new member acquisition / Exhibition and event participation	GMV JPY7.5bn to JPY12.0bn
NP *Kakebarai* JPY120mn	Q3 results: JPY46mn / Remaining budget JPY74mn	Digital advertising / Campaign for merchants / Invitation of advisors	GMV JPY7.0bn to JPY11.5bn
NP *Atobarai* air JPY20mn	Q3 results: JPY1mn / Remaining budget JPY19mn	Digital advertising	GMV JPY0.7bn to JPY1.3bn

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



Overview of Financial Results

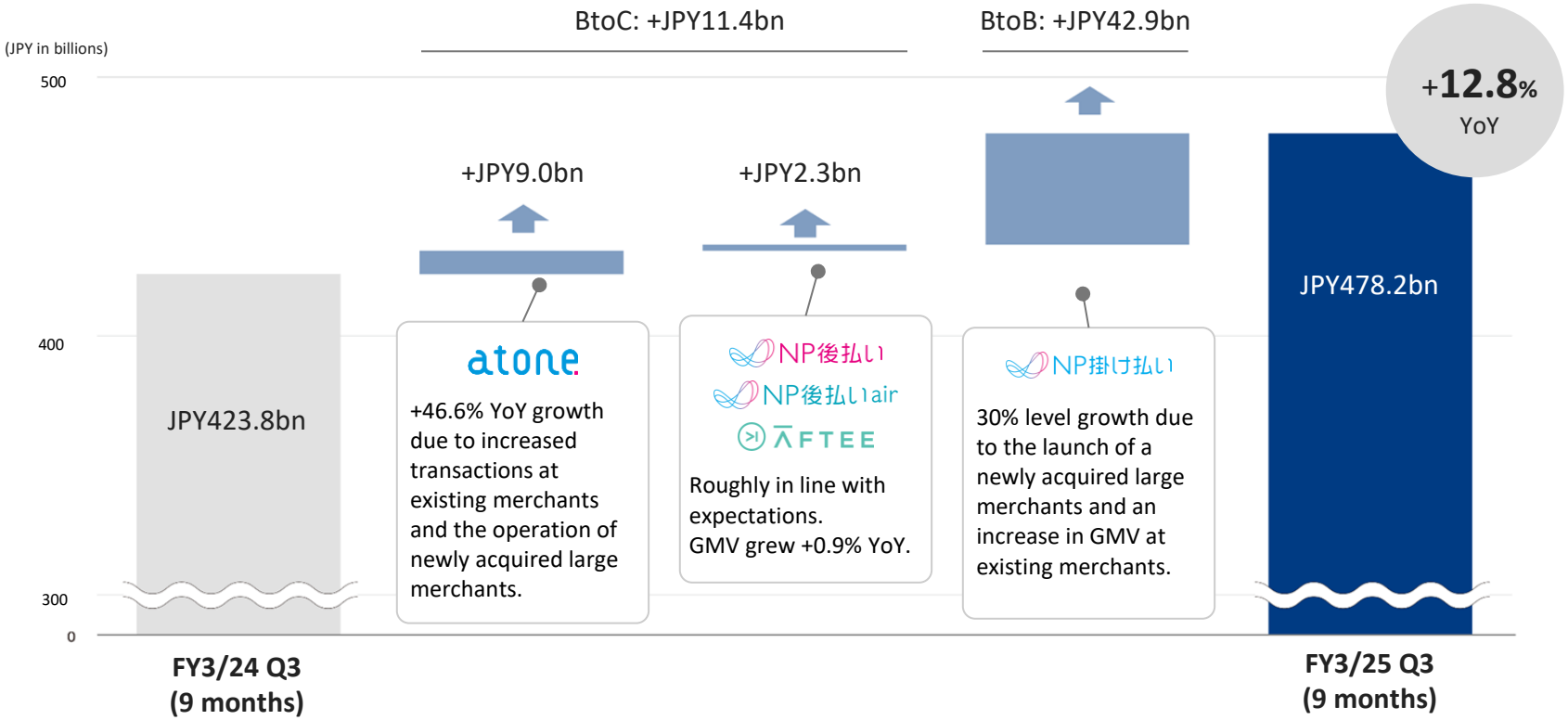
Group total GMV increased 15.6% YoY driven by 58.5% increase in atone and 34.7% increase in NP *Kakebarai*.



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

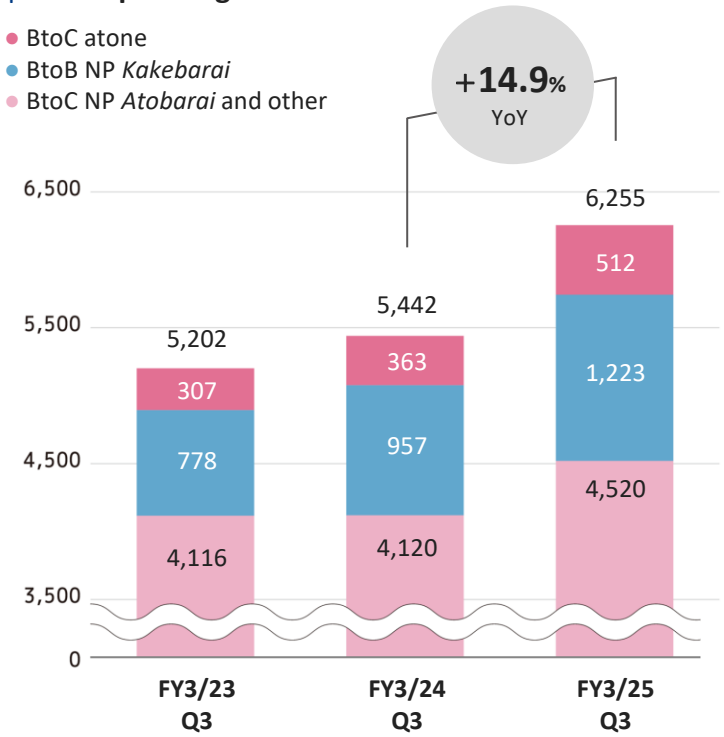
GMV for Q3 (for Nine Months Ended December 31, 2024)

The Group total GMV was JPY478.2bn, up 12.8% YoY
due to year-on-year increase of JPY11.4bn in BtoC and JPY42.9bn in BtoB.

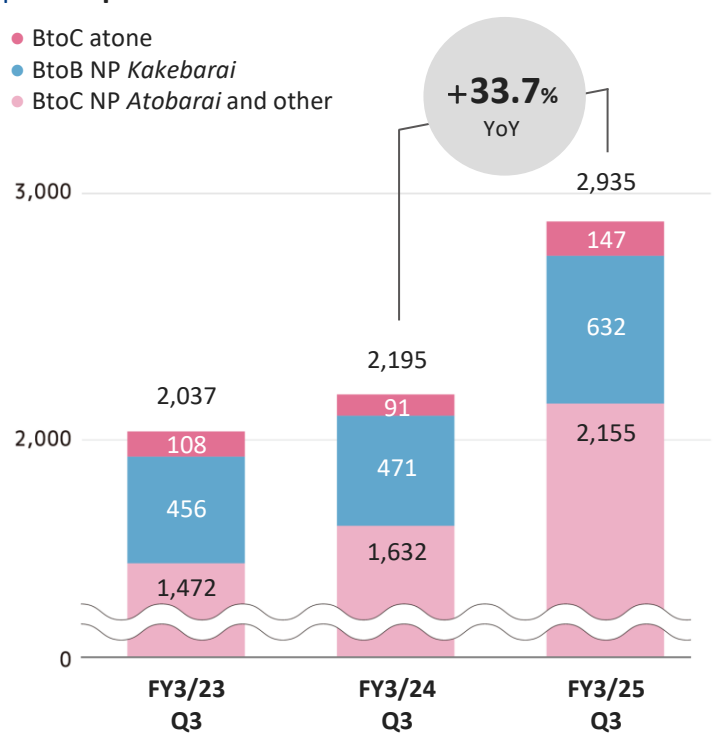


Gross profit increased 33.7% YoY due to continued cost curbing, including late payment administration fees for BtoC NP *Atobarai* and improved credit screening, as well as improvement in atone's delinquency rate.

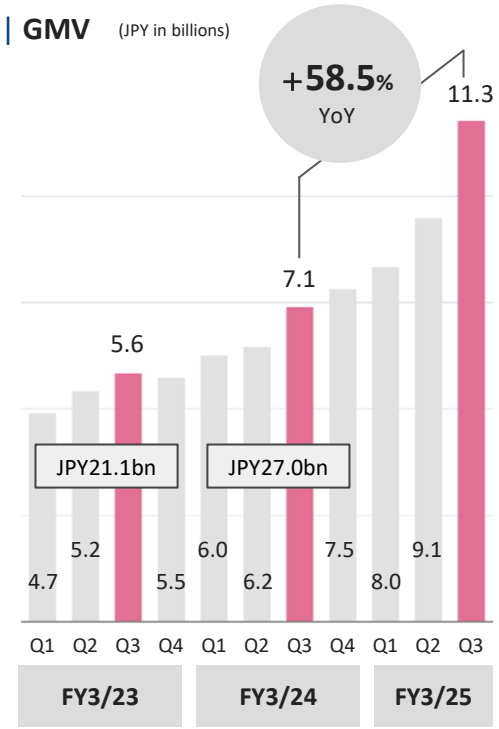
Total operating revenue (JPY in millions)

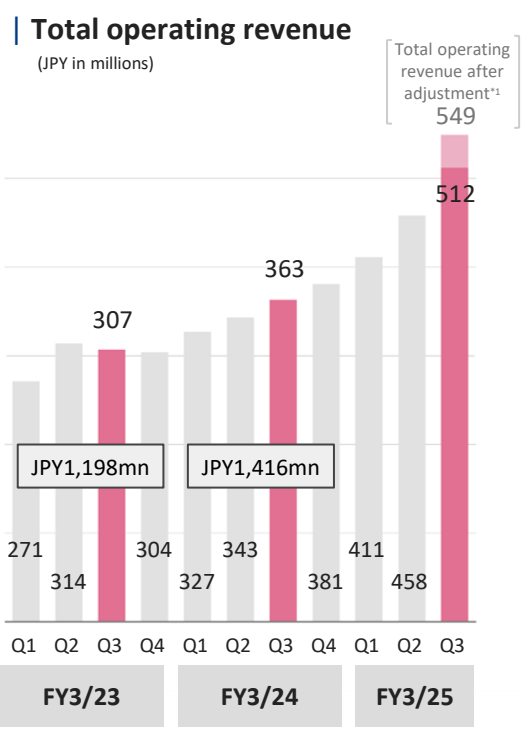


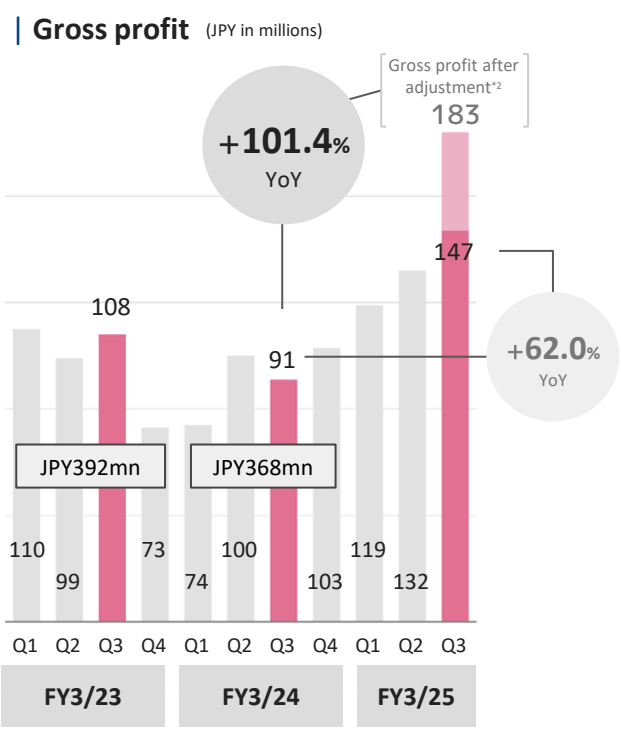
Gross profit (JPY in millions)



GMV increased 58.5% YoY due to successful measures to expand GMV, such as promotion of Pay in 10 Days and campaigns. Gross profit grew significantly by 62.0%, or 101.4% on a campaign amount adjustment basis.



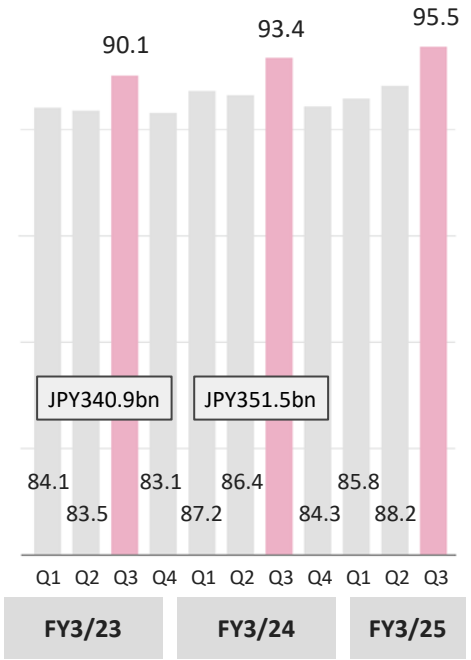




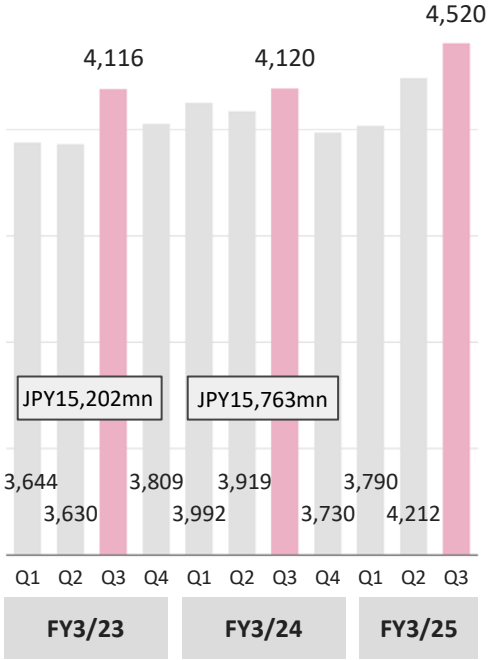
*1 Total operating revenue after adjustment: the amount by which the reduction in operating revenue due to the campaign was added back to operating revenue.
*2 Gross profit after adjustment: the amount by which the reduction in gross profit due to the campaign was added back to gross profit.

GMV increased steadily 2.2% YoY. Gross profit grew 32.1% YoY due to late payment administration fees and curbing costs, including credit risk control.

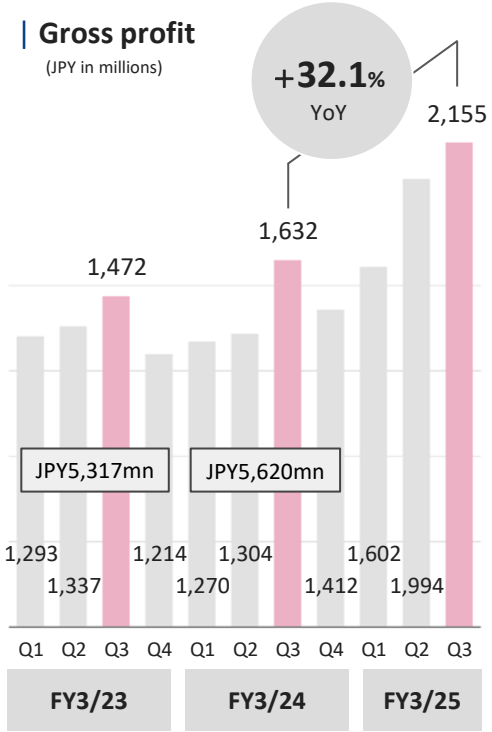
GMV (JPY in billions)



Total operating revenue (JPY in millions)

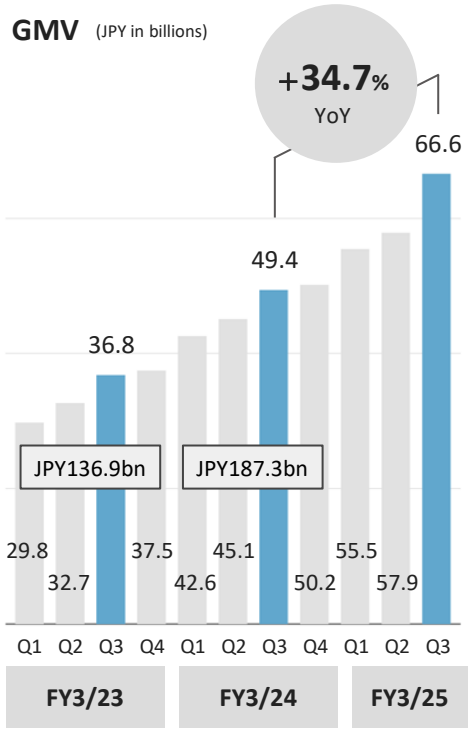


Gross profit (JPY in millions)

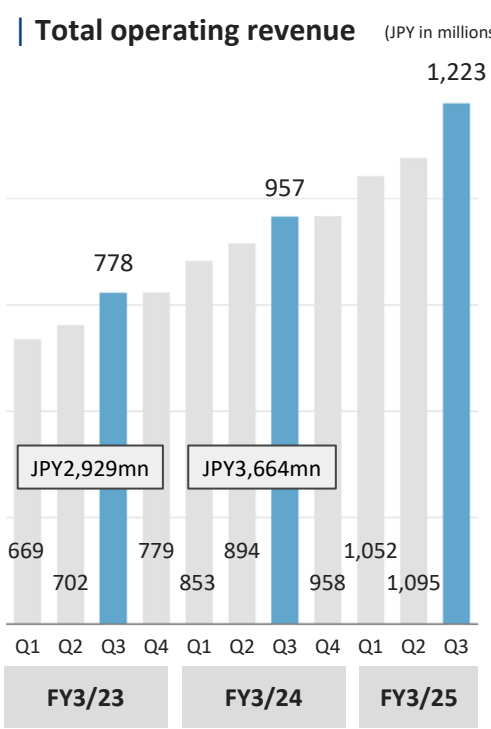


Growth at existing merchants remained strong.
GMV grew significantly by 34.7% YoY due to the operation of newly acquired new large merchants.

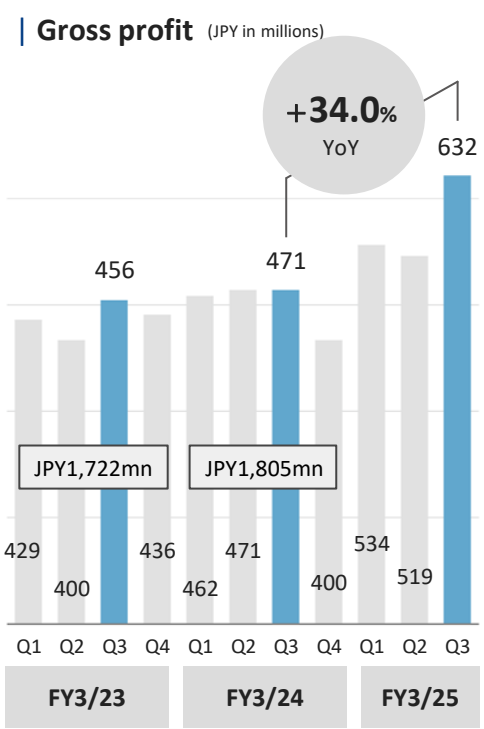
GMV (JPY in billions)



Total operating revenue (JPY in millions)

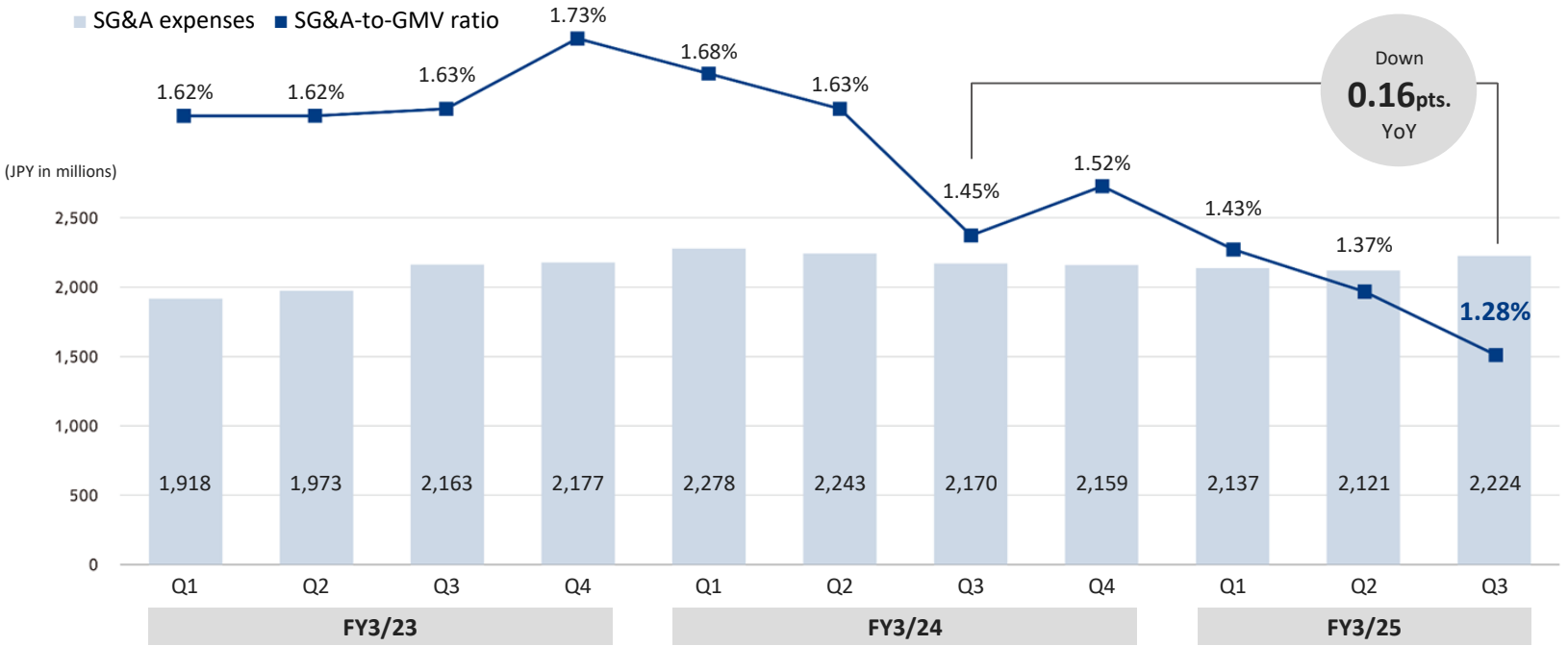


Gross profit (JPY in millions)

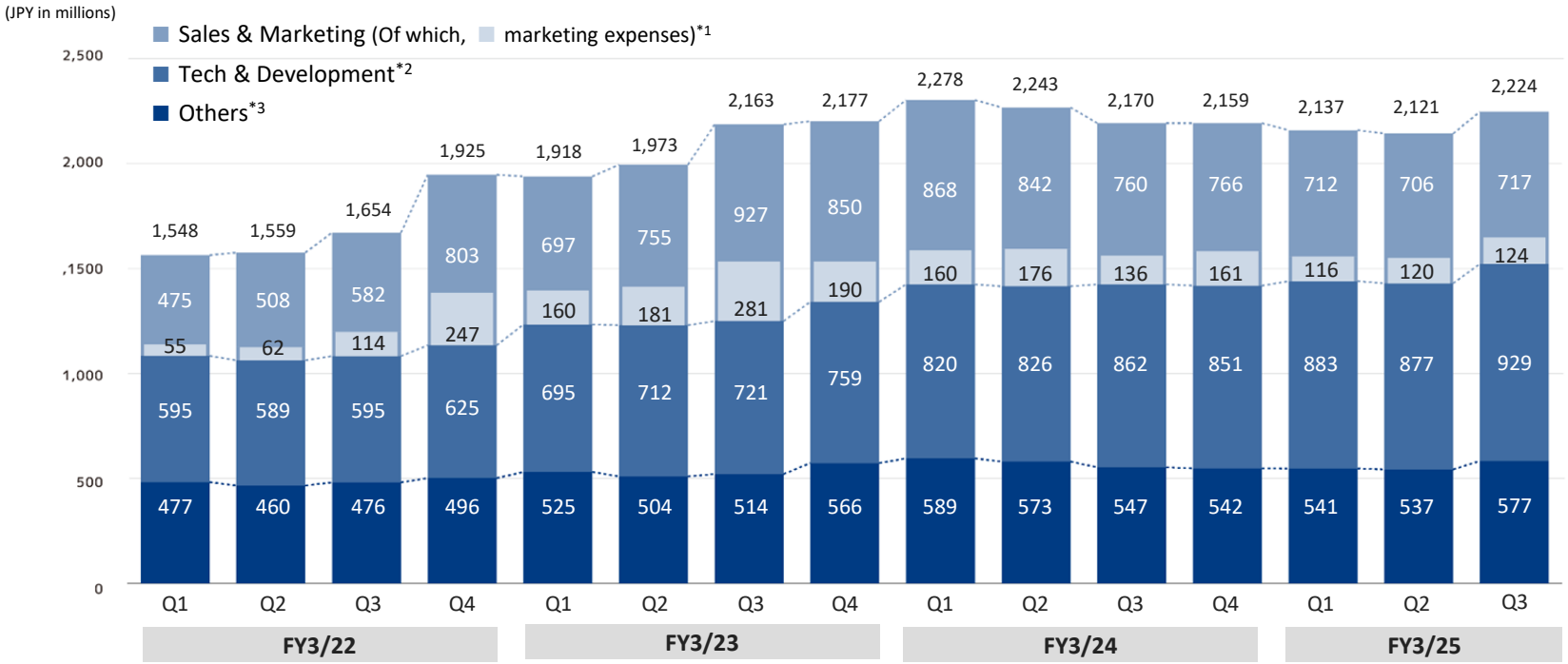


SG&A Expenses: Quarterly Trend

The SG&A ratio improved 0.16 points YoY to 1.28%.
Our continued efforts to thoroughly control costs achieved a record low.



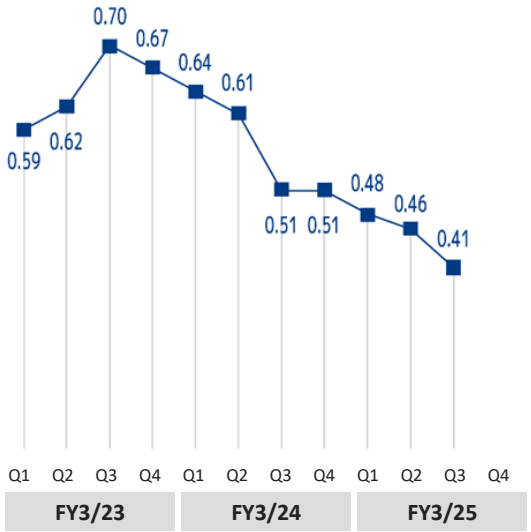
The ratio of SG&A expenses to GMV decreased.
Tech & Development expenses increased due to system development and an increase in personnel.



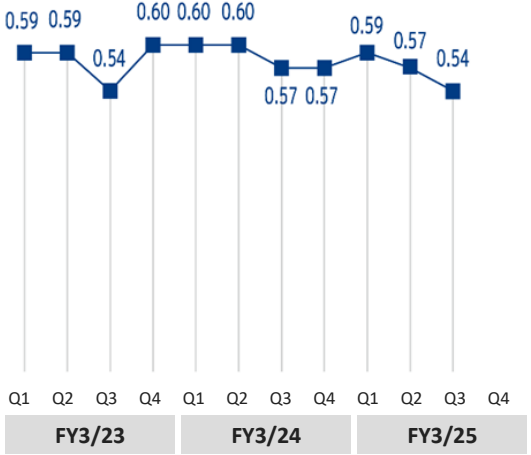
*1 Sales & Marketing: Personnel, outsourcing, operations related, marketing, and other expenses related to sales and marketing
*2 Tech & Development: Personnel, outsourcing, operations related, and other expenses related to system development, credit related operations, and other operations.
*3 Others: 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 ratio of SG&A expenses to GMV decreased.
We have built a structure that can take advantage of operating leverage.

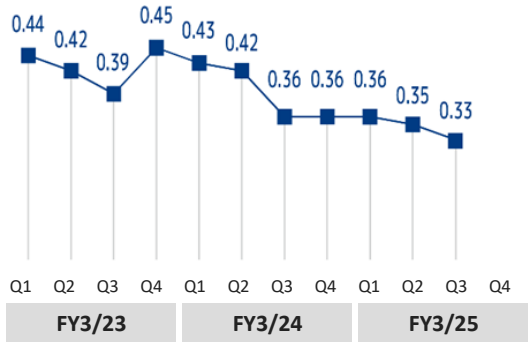
| Sales & Marketing*1 (%)



| Tech & Development*2 (%)



| Others*3 (%)



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



Management Topics

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Strong growth continued through the full-scale introduction of Pay in 10 Days and proactive campaigns.
We will focus on atone shops and atone plus as a springboard for future growth.

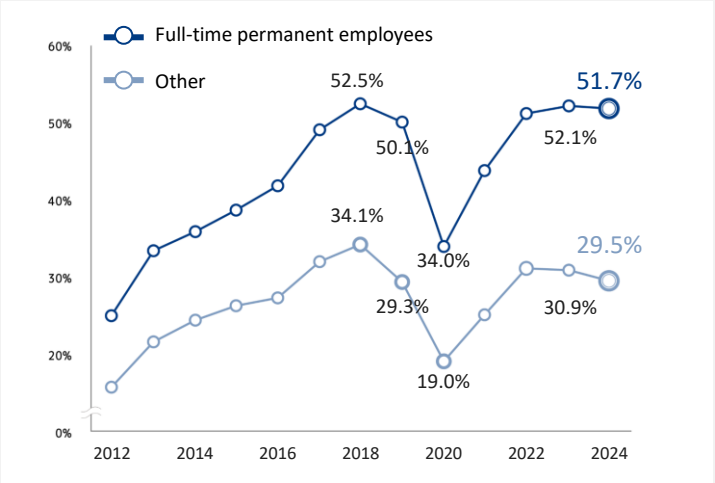
atone GMV growth	・Acquisition of new users and usage increased through Pay in 10 Days and campaigns. ・In Q4 and beyond, we will continue striving to acquire new merchants, expand usage at existing merchants, and gain new users.
atone shops	・Monthly PV has increased to 13 million and monthly UU to 450,000.*1 ・We aim to attract new members and encourage inactive members to resume use through campaigns. ・The number of users transferred to merchant stores is gradually increasing, reaching about 100,000 per month*1.
atone plus installment payment	・We are conducting operational tests with a limited number of merchants and users. ・We are flexibly considering optimal product design regarding point reward policies and other factors while monitoring testing conditions.

*1 As of December 2024

The changing economic environment post COVID-19 has created various challenges in corporate management. Our services help to solve them.

Severe Labor Shortages at Japanese Companies

51.7%, or over half of companies are experiencing a shortage of full-time permanent employees*1



Social issues

- The workforce is expected to continue to decline, and securing human resources will become increasingly difficult.
- Amid soaring raw material costs, credit risks have become apparent in some transactions. Credit management of business partners has become a management issue for companies.

Our BtoB service offers solutions

We handle outsourcing of operations,
99% credit approval rate,
payment collection and risk-free guarantee.

*1 TEIKOKU DATABANK, "Survey of Corporate Labor Shortage Trends" (October 2024). Labor shortage percentages are as of October of each year.

Usage is expanding in all industries, centered on businesses that generate a large volume of credit screening and billing operations for small-sized transactions. The number of corporate users as buyers is approx. 700,000 annually.



We are continuously releasing new services to provide new added value to the 700,000 corporate users using NP *Kakebarai*.

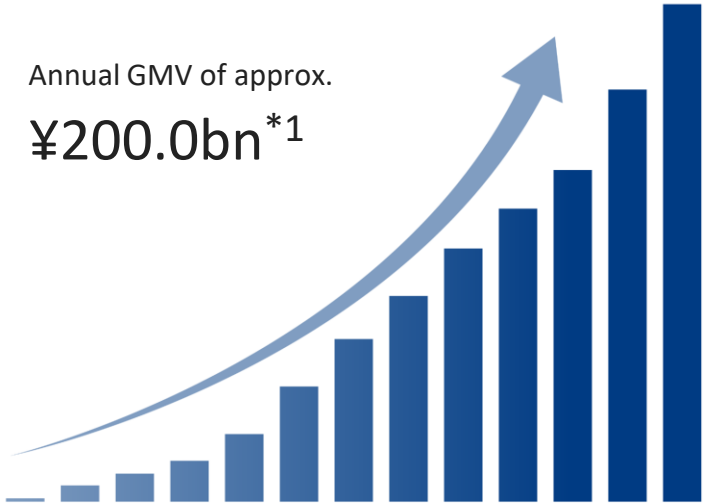
| Scale of NP *Kakebarai*

Corporate users (buyers)

700,000

Annual GMV of approx.

¥200.0bn*1



*1 Forecast for the full-year ending March 31, 2025 as of December 2024

| Launched services

Credit Card Payment	Credit card payment option for NP *Kakebarai*
Payment Deadline Extension	Payment deadline extension option for NP *Kakebarai*
NP Handy Lending	Online lending for buyer companies
NP *Kakebarai* Membership	Registered membership system for buyer companies to increase convenience

To promote the use of atone and offer shareholder benefit, we will award to shareholders NP Points, which can be redeemed for a discount when shopping with atone.

Record date

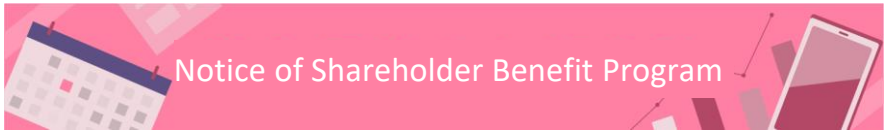
March 31, 2025

Eligible shareholders

Shareholders holding more than 100 shares (one trading unit) as of the record date

Timing of award/application method

A guide on how to apply for the benefit will be enclosed with the Notice of Convocation of the General Meeting of Shareholders to be sent in mid-June 2025.
NP Points will be awarded when the eligible shareholders register as a member following the instructions.



Number of shares held	Number of **NP Points** to be awarded
100 shares or more but less than 300 shares	1,000 points (equivalent to JPY1,000)
300 shares or more but less than 500 shares	1,500 points (equivalent to JPY1,500)
500 shares or more but less than 1,000 shares	2,000 points (equivalent to JPY2,000)
1,000 shares or more but less than 1,500 shares	3,000 points (equivalent to JPY3,000)
1,500 shares or more but less than 2,000 shares	4,000 points (equivalent to JPY4,000)
2,000 shares or more	5,000 points (equivalent to JPY5,000)

We will return profit to shareholders after comprehensively considering the business environment, business performance, and financial conditions, and other factors. As of February 14, 2025, we have not yet decided on the implementation of the shareholder benefit program in the next fiscal year.

NP Points can be used to redeem for a discount when shopping with atone (1 point is equivalent to JPY1), exchange for merchandise available at atone shops and enter a prize competition.

Stores where atone is available (non-exhaustive list)

Online stores

Marketplace

amazon *2, Qoo10, 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, タカラトミーモール, ticket board

Others

ニトリ, dinos, 食べチョク TABE CHOKU, mercari

Physical stores*1

Convenience stores, supermarkets

FamilyMart, LAWSON, Seicomart, OK ネットスーパー 高品質・Everyday Low Price

Drugstores

Kirindo, サツドラ, YAKUODO 薬王堂

Restaurants

KFC, コメダ珈琲店

Daily necessity stores

Toys"R"Us, BABIES"R"US, YAMADA

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

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 December 31, 2023 (JPY in millions)	Three months ended December 31, 2024 (JPY in millions)	Percentage change (%) %	Nine months ended December 31, 2023 (JPY in millions)	Nine months ended December 31, 2024 (JPY in millions)	Percentage change (%) %
GMV (non-GAAP)*1	**150,057**	**173,497**	**15.6**	**423.880**	**478,291**	**12.8**
BtoC Services: NP Atobarai and other	93,417	95,502	2.2	267,202	269,602	0.9
BtoC Services: atone	7,184	11,390	58.5	19,490	28,569	46.6
BtoB Service	49,455	66,604	34.7	137,187	180,120	31.3
Total operating revenue	**5,442**	**6,255**	**14.9**	**15,773**	**17,277**	**9.5**
BtoC Services: NP Atobarai and other	4,120	4,520	9.7	12,032	12,523	4.1
BtoC Services: atone	363	512	40.8	1,034	1,382	33.6
BtoB Service	957	1,223	27.7	2,705	3,370	24.6
−Other operating revenue	127	157	23.1	378	430	13.9
Revenue	**5,314**	**6,098**	**14.8**	**15,394**	**16,846**	**9.4**
−Invoicing related expenses (non-GAAP)*2	2,124	2,125	0.1	6,348	6,047	(4.7)
−Bad debt related expenses (non-GAAP)*3	890	941	5.8	2,856	2,649	(7.2)
−Other payment related expenses (non-GAAP)*4	104	95	(8.7)	312	310	(0.6)
Gross profit (non-GAAP)	**2,195**	**2,935**	**33.7**	**5,878**	**7,839**	**33.4**
BtoC Services: NP Atobarai and other	1,632	2,155	32.1	4,207	5,753	36.7
BtoC Services: atone	91	147	62.0	265	399	50.5
BtoB Service	471	632	34.0	1,405	1,686	20.0
−SG&A and other operating expenses (non-GAAP)*6	2,176	2,184	(0.3)	6,716	6,495	(3.3)
Operating profit (loss)	**146**	**908**	**521.4**	**(459)**	**1,774**	**—**
+Depreciation and amortization	358	408	13.8	1,155	1,210	4.7
+Share-based payment expenses	2	1	(44.8)	5	4	(27.7)
+Loss on disposal of property, plant and equipment	10	(1)	—	12	5	(55.3)
+Impairment losses	—	—	—	—	—	—
−Gain from reversal of impairment losses	—	—	—	—	—	—
EBITDA (non-GAAP)*7	**16**	**1,316**	**—**	**714**	**2,995**	**319.0**

*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 December 31, 2024
Assets		
Cash and cash equivalents	10,8100	14,058
Trade and other receivables	29,238	36,631
Inventories	11	26
Other current receivables	637	755
Total current assets	40,698	51,512
Property, plant and equipment	354	763
Goodwill	11,608	11,608
Intangible assets	4,671	4,858
Other financial assets	898	840
Deferred tax assets	1,784	1,798
Other non-current assets	262	242
Total non-current assets	19,580	20,112
Total assets	60,279	71,625

(JPY in millions)

	As of March 31, 2024	As of December 31, 2024
Liabilities and equity		
Trade and other payables	32,226	43,983
Short-term loans	3,431	726
Lease liabilities	101	270
Other current financial liabilities	6	17
Income taxes payable	298	772
Provisions	57	30
Liabilities for employee benefits	564	552
Other current liabilities	688	1,013
Total current liabilities	37,374	47,366
Long-term loans	4,974	4,982
Lease liabilities	35	334
Provisions	113	113
Total non-current liabilities	5,123	5,430
Total liabilities	42,498	52,7977
Share capital	4,134	4,145
Capital surplus	14,196	14,208
Retained earnings	(805)	207
Other components of equity	178	196
Total equity attributable to owners of parent	17,704	18,759
Non-controlling interests	76	68
Total equity	17,780	18,827
Total liabilities and equity	60,279	71,625

Consolidated Statement of Profit or Loss

(JPY in millions)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Revenue	15,394	16,846
Other operating revenue	378	430
Total operating revenue	15,773	17,277
Operating expenses	(16,232)	(15,502)
Operating profit (loss)	(459)	1,776
Financial income	1	4
Financial costs	(43)	(64)
Profit (loss) before income taxes	(502)	1,714
Income tax expense	43	(710)
Profit (loss)	(458)	1,003
Profit (loss) attributable to:		
Owners of parent	(440)	1,013
Non-controlling interests	(18)	(9)
Profit (loss)	(458)	1,003
Earnings (loss) per share:		
Basic earnings (loss) per share (yen)	(4.55)	10.41
Diluted earnings (loss) per share (yen)	(4.55)	10.31

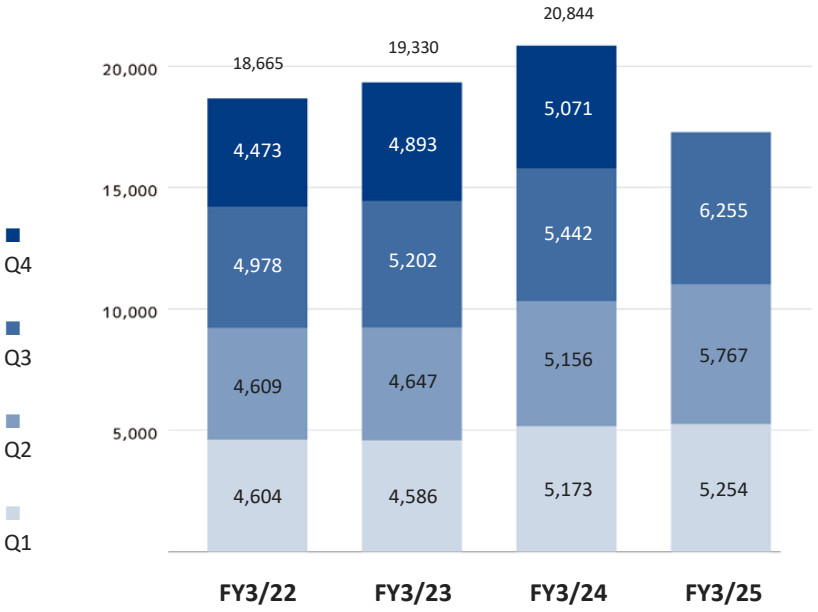
Consolidated Statement of Cash Flows

(JPY in millions)

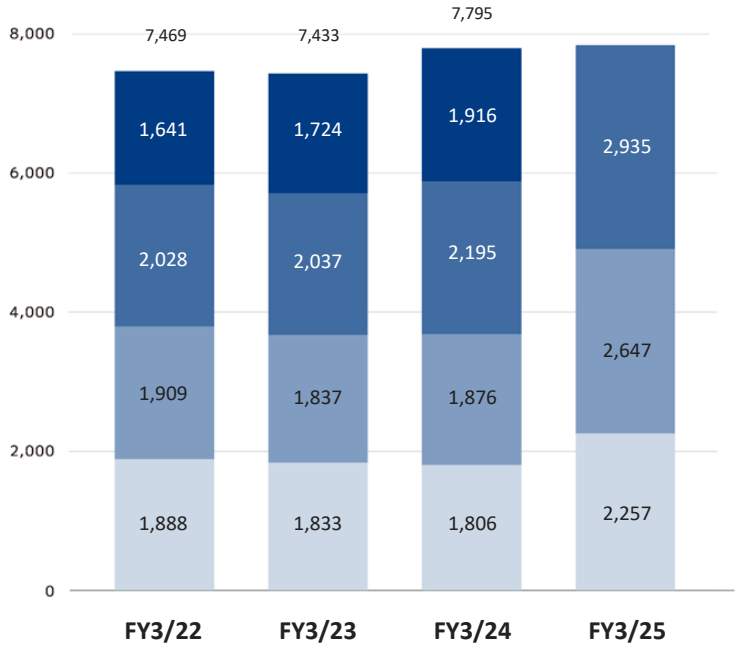
	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Cash flows from operating activities		
Profit (loss) before income tax	(502)	1,714
Depreciation, amortization and impairment losses	1,155	1,210
Share-based payment expenses	5	4
Finance income and finance costs	35	60
Increase (decrease) in provisions	34	(25)
Loss on retirement of non-current assets	12	5
Decrease (increase) in inventories	8	(14)
Decrease (increase) in trade and other receivables	(7,153)	(7,393)
Increase in trade and other payables	9,464	11,756
Other	484	418
Subtotal	3,544	7,737
Interest received	1	3
Interest paid	(21)	(25)
Income taxes refund (paid)	391	(406)
Net cash provided by (used in) operating activities	3,916	7,308
Cash flows from investing activities		
Payments into time deposits	(0)	(0)
Purchase of property, plant and equipment	(7)	(54)
Purchase of intangible assets	(1,353)	(1,128)
Payments of guarantee deposits	(3)	(50)
Proceeds from collection of guarantee deposits	—	108
Purchase of other financial assets	(15)	—
Net cash provided by (used in) investing activities	(1,380)	(1,125)
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(2,669)	(2,705)
Repayments of lease liabilities	(292)	(224)
Proceeds from issuance of shares	8	20
Net cash provided by (used in) financing activities	(2,952)	(2.909)
Effects of exchange rate changes on cash and cash equivalents	0	13
Net increase in cash and cash equivalents	(416)	3,287
Cash and cash equivalents at the beginning of the period	10,564	10,810
Cash and cash equivalents at the end of the period	10,147	14,098

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

Total Operating Revenue (JPY in millions)



Gross Profit (non-GAAP)*1 (JPY in millions)



*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 December 31, 2024)

Collection Cycle*1
Due in 14 days from the date an invoice is issued

Trade and other receivables*2
JPY43,714mn

Trade payables
JPY43,983mn

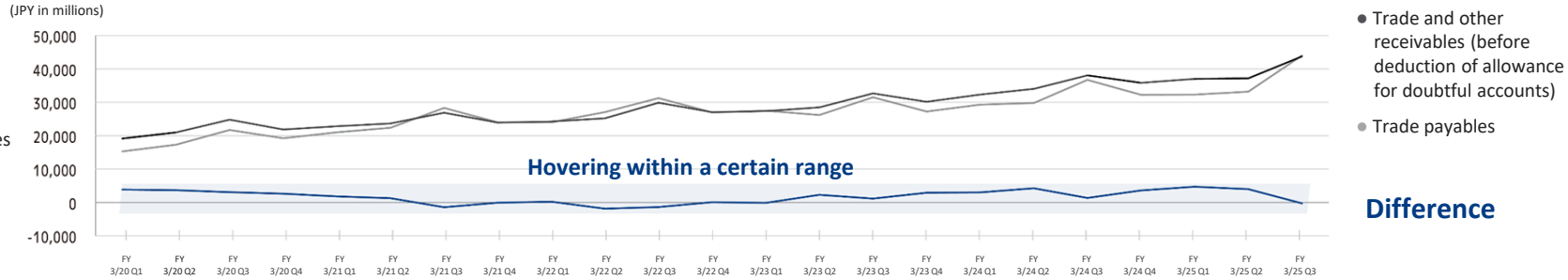
Payment Cycle*1
Two payment options are available to merchants: monthly or semimonthly payment

Total liabilities: JPY52,797mn

Total assets: JPY71,625mn

Total equity: JPY18,827mn

Quarterly changes in trade receivables & payables

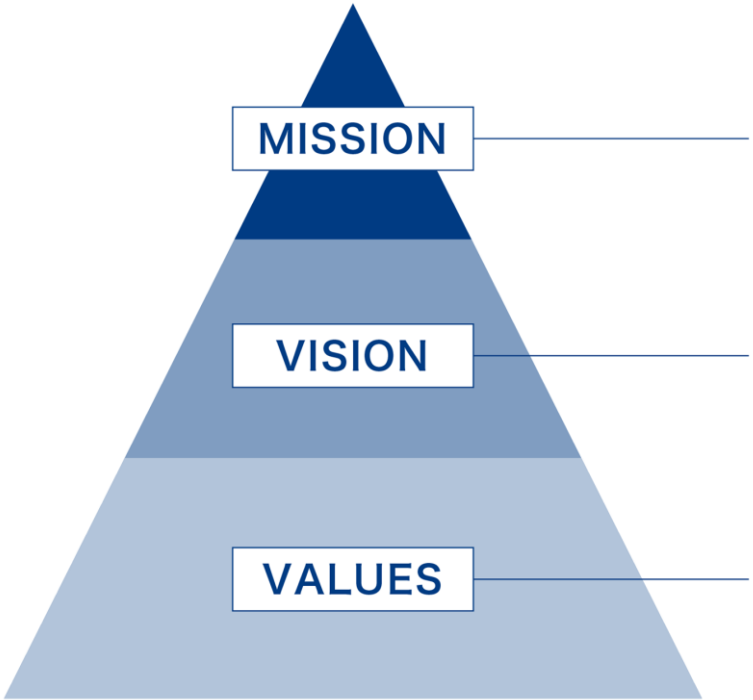


*1 In case of NP *Atobarai*
*2 Trade and other receivables represent the figures before deduction of allowance for doubtful accounts.

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.

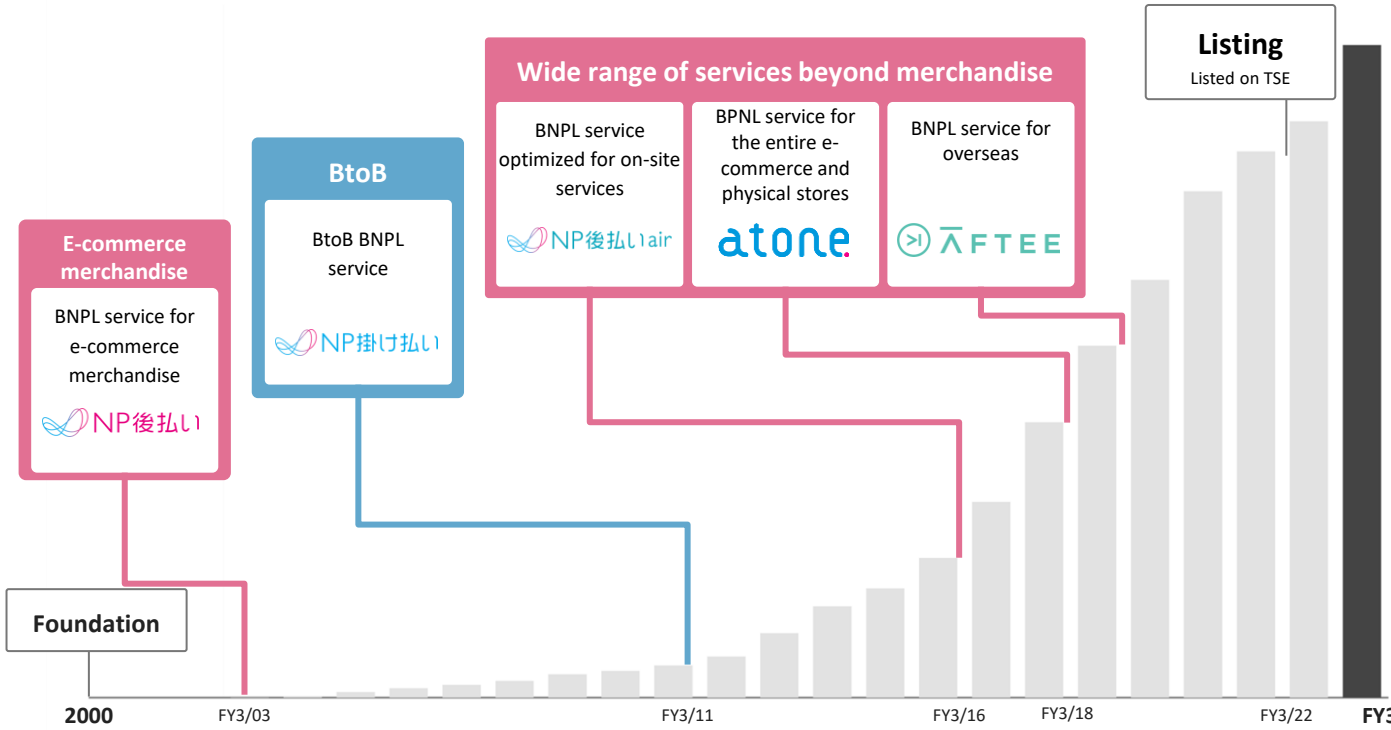
Expand Our Possibilities

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

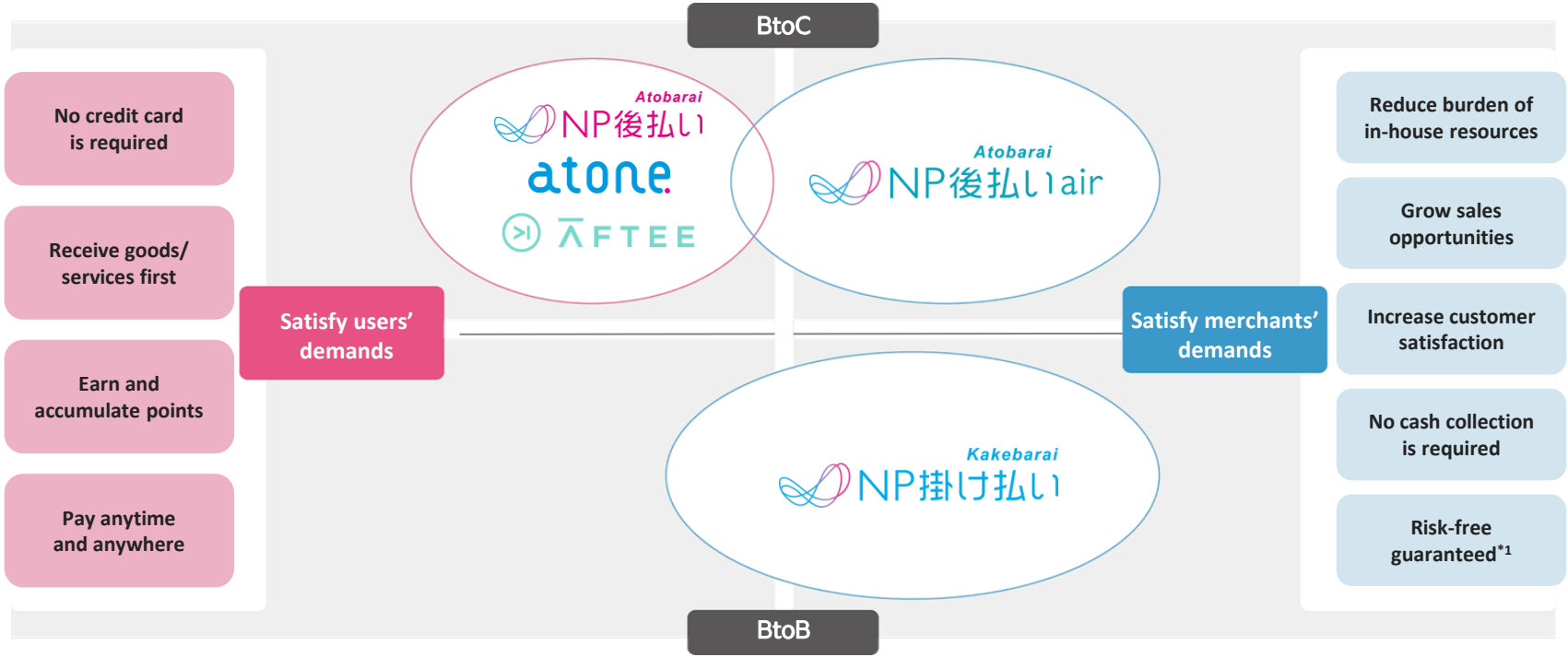
NP掛け払い

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.

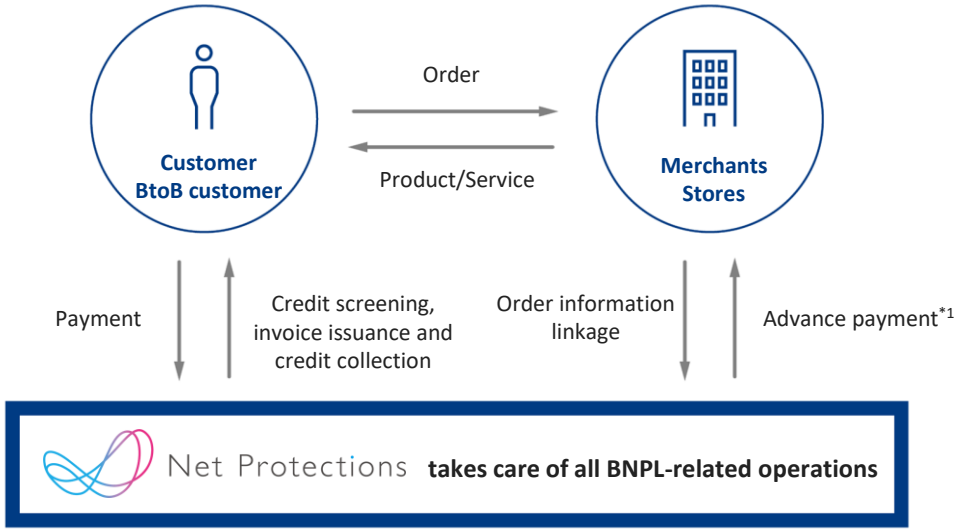
We provide various types of value: secure, convenient, beneficial shopping experience to users and reduced burden of in-house resources and growing sales opportunities to merchants.



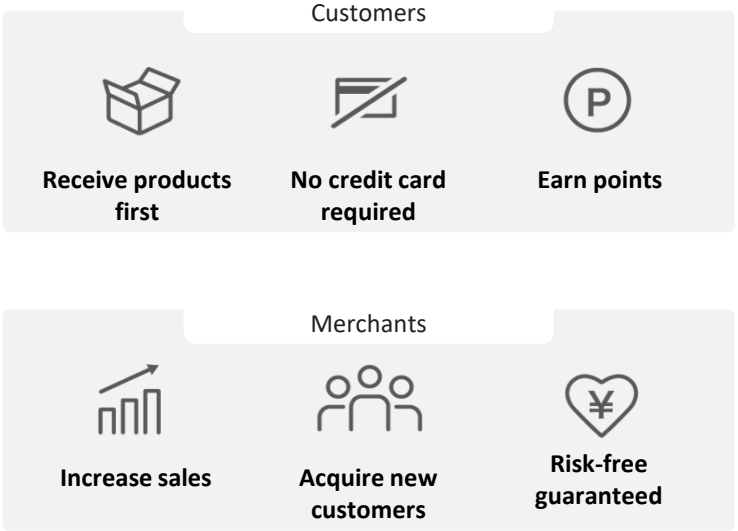
*1 The guarantee only covers transactions approved by our credit screening system. In the event that a dispute between a merchant and a customer or a merchant client over a transaction arises and it cannot be immediately resolved, or Net Protections deems there is a risk of such a dispute, or the transaction 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

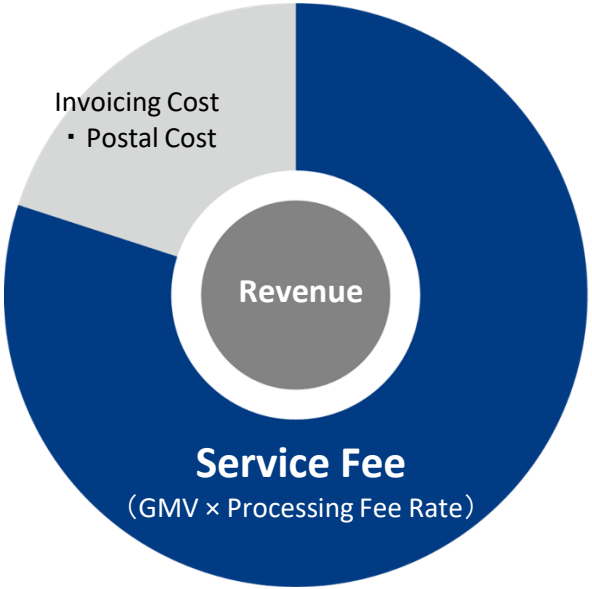


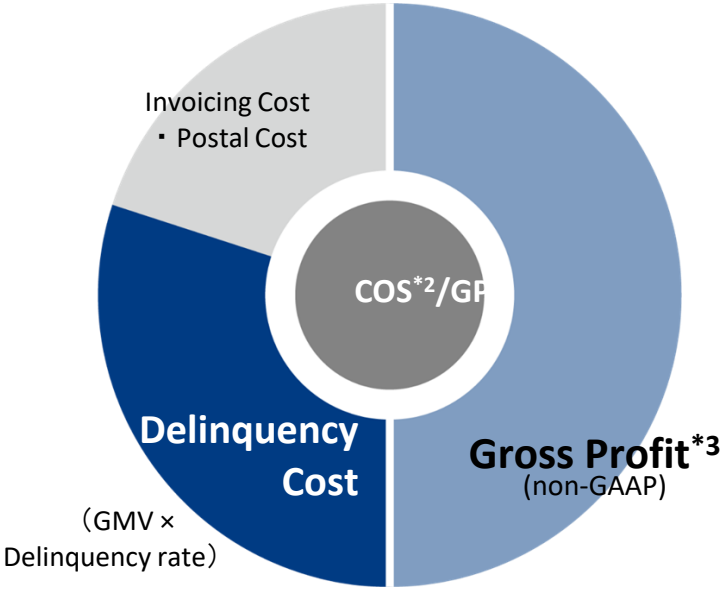
Benefits



*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





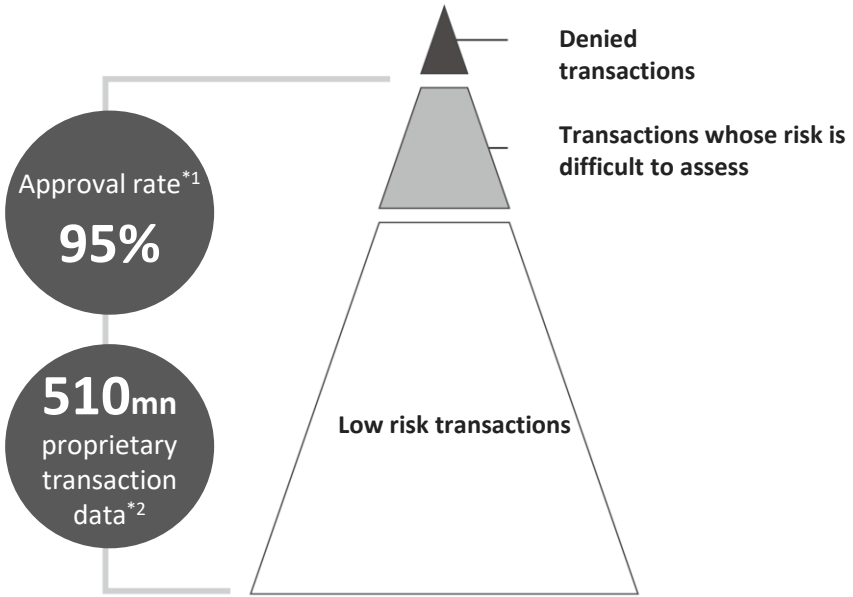
Sales increase in line with a growth in GMV.

Profit increases as the delinquency rate declines.

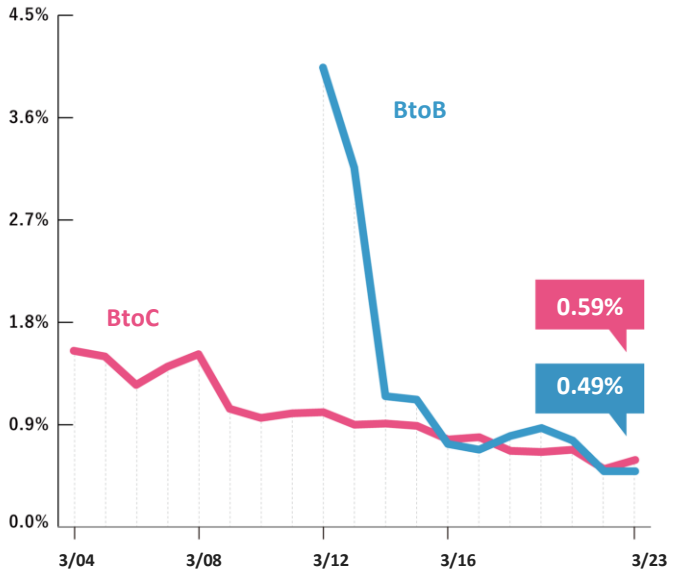
*1 GMV: The total amount of payments (including consumption tax) made through services provided by the Group, such as NP Atobarai, atone, NP Kakebarai, and AFTEE
*2 COS： Doubtful accounts related cost, Invoicing fee, postal fee, and operational cost.
*3 Gross profit: Revenue - (collection expense + invoicing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



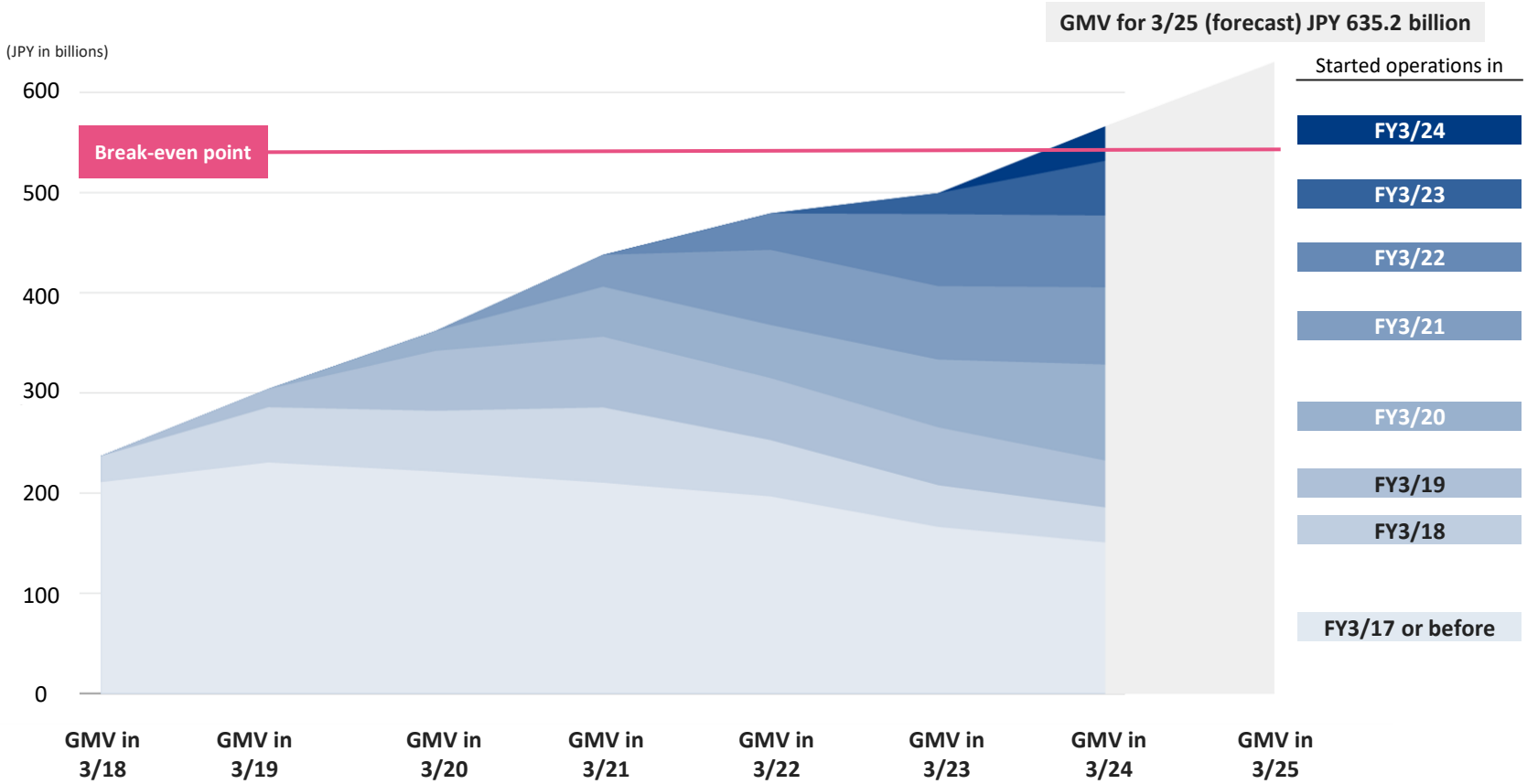
| Delinquency rate*3*4



*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).

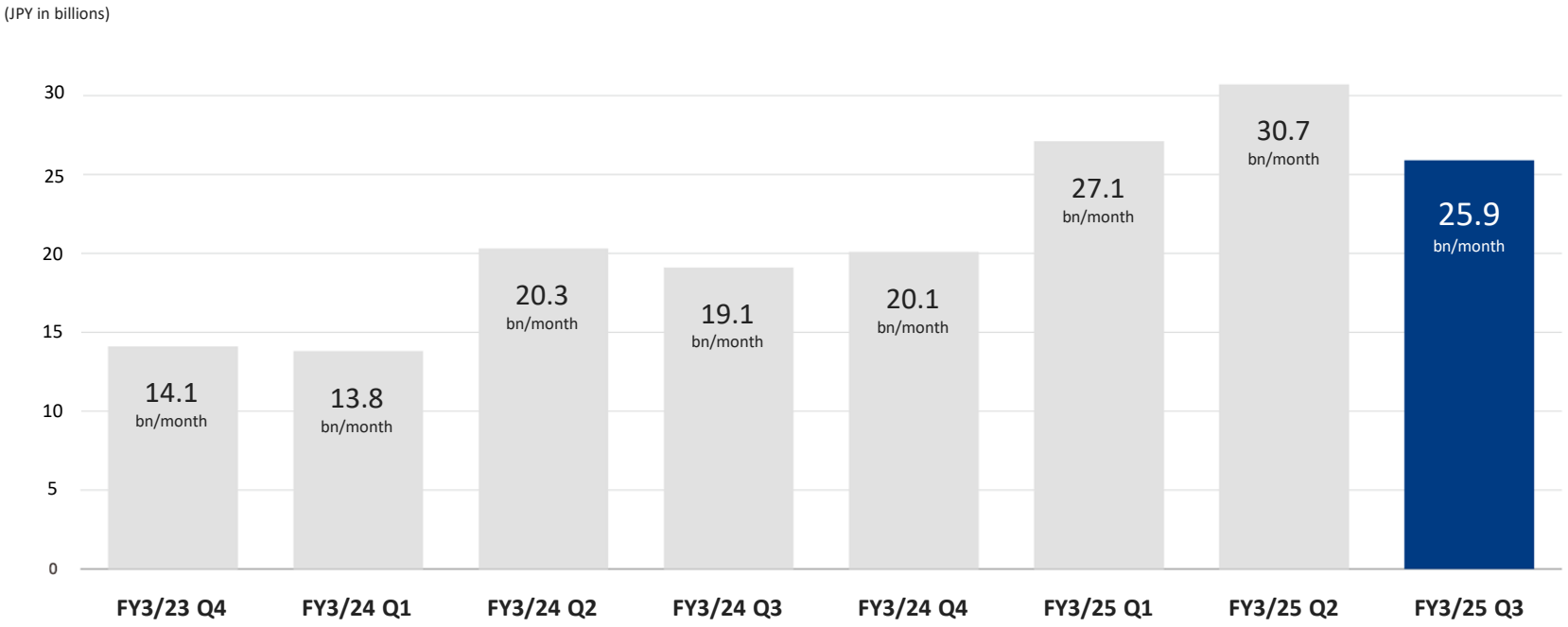
Accumulated GMV by Fiscal Year When Merchants Started Operations (Cumulative Total of All Services)

The retention rate is high, and the accumulated GMV directly translates into profits.



Sales opportunities under consideration and order backlog have been successfully finalized and launched, contributing to GMV growth.

Under consideration + Order backlog



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)

Nikkei Business, an economics and business informational magazine with a large readership among business leaders, features a dialogue between our CEO Shin Shibata and owner of FC Imabari Takeshi Okada.

Nikkei Business
Feb. 17 issue



The magazine features a discussion on the ideal organizational structure, including the vital role played by younger generations in continuously enhancing corporate value.
A Nikkei Business Online Edition article is also published alongside the print edition.

https://special.nikkeibp.co.jp/atclh/ONB/25/netprotections0213/ (Japanese only)



特別対談
岡田 武史氏 × 柴田 紳氏

「接し方が難しい」で終わらせない！

Z世代と共に歩む
組織マネジメントの勘所

日本企業が将来にわたり企業価値を高め続けていくために、不可欠なのが若手世代の活躍だ。サッカーチームFC今治を運営する今治．夢スポーツの岡田 武史氏と、マネージャーが存在しない組織でOpenWork総合評価ランキングのTOP10に入るネットプロテクションズの柴田 紳氏が、これからの組織のあり方を語り合った。

Net Protections 広告

株式会社今治．夢スポーツ
代表取締役会長
岡田 武史氏
元サッカー日本代表監督。2014年にFC今治（今期よりサッカーJ2リーグに昇格）のオーナー。2023年4月にFC今治高校 里山校の学園長に就任。多彩な組織のトップとして社員や選手、生徒の育成に努める。

株式会社ネットプロテクションズ
代表取締役社長
柴田 紳氏
IT系投資会社に転職後、2004年にネットプロテクションズ代表取締役に就任。世界初※1の後払い決済として「NP後払い」の事業化を成功させる。2021年東証プライム市場に上場。現在300名ほどの組織の舵を握る。

自己主張する若手の良さを生かす

―― 現在20代から30代前半、いわゆるZ世代の育成に悩む企業経営者が少なくありません。

岡田 当社には十分な教育体制がないため、これまで新卒採用を行ってきませんでした。一方、ネットプロテクションズは若手が主体ですね。

柴田 社員の半数以上が20代で、まさにZ世代が中核です。ただ、実は組織全体の評価で年次に関わらず業務に関連する社員を中心に全員が評価を行うため、若いメンバーでも方向性がブレないようになっています。あとは共通の目的を持つことですね。

岡田 その通りだと思います。サッカーであれば勝つこと、会社であれば利益やKPIの達成とありますが、それより企業理念やミッションステートメントなどの会社の目的が大切です。共通の目的があれば、主体性を発揮しながら

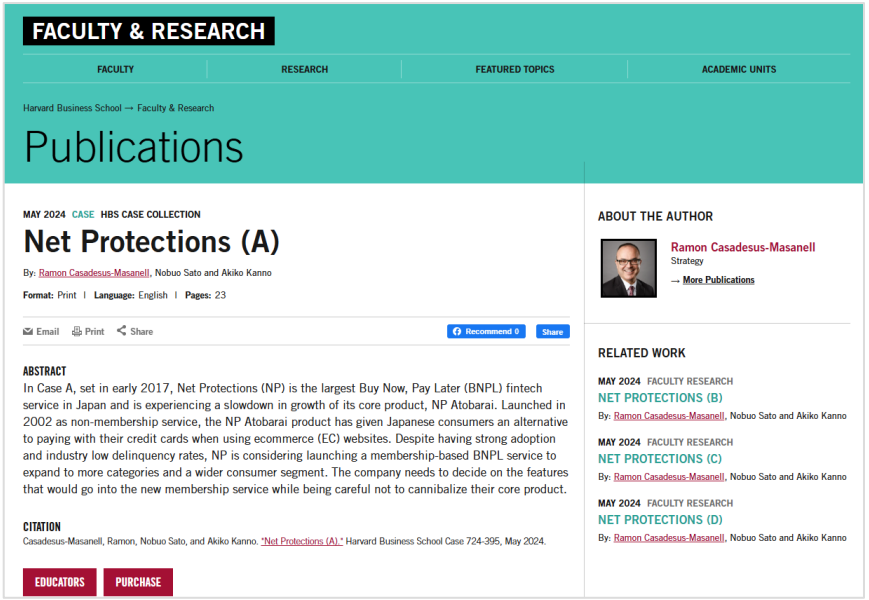
岡田 会社全体も変わる必要がありますね。また、従業員エンゲージメントを高めるために、私はなるべく一人ひとりに声をかけるようにしています。世間話程度でも「あなたのことを気にかけているぞ」というメッセージになる。相手の存在を認めることが経営者の役目だと思います。

柴田 おっしゃる通りですね。当社では、私自身が新入社員全員と座談会をやっています。新卒は月1回を1年間、

Our business was featured as a case study in a class taught by Professor Ramon Casadesus-Masanell of Harvard Business School (HBS).

The article describes our growth into Japan's largest BNPL service provider through the development of multiple BNPL services tailored to various needs.





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Publications

MAY 2024 CASE HBS CASE COLLECTION

Net Protections (A)

By: Ramon Casadesus-Masanell, Nobuo Sato and Akiko Kanno

Format: Print | **Language:** English | **Pages:** 23

Email Print Share Recommend 0 Share

ABSTRACT

In Case A, set in early 2017, Net Protections (NP) is the largest Buy Now, Pay Later (BNPL) fintech service in Japan and is experiencing a slowdown in growth of its core product, NP Atobarai. Launched in 2002 as non-membership service, the NP Atobarai product has given Japanese consumers an alternative to paying with their credit cards when using ecommerce (EC) websites. Despite having strong adoption and industry low delinquency rates, NP is considering launching a membership-based BNPL service to expand to more categories and a wider consumer segment. The company needs to decide on the features that would go into the new membership service while being careful not to cannibalize their core product.

CITATION

Casadesus-Masanell, Ramon, Nobuo Sato, and Akiko Kanno. "Net Protections (A)." Harvard Business School Case 724-395, May 2024.

EDUCATORS PURCHASE

ABOUT THE AUTHOR

Ramon Casadesus-Masanell
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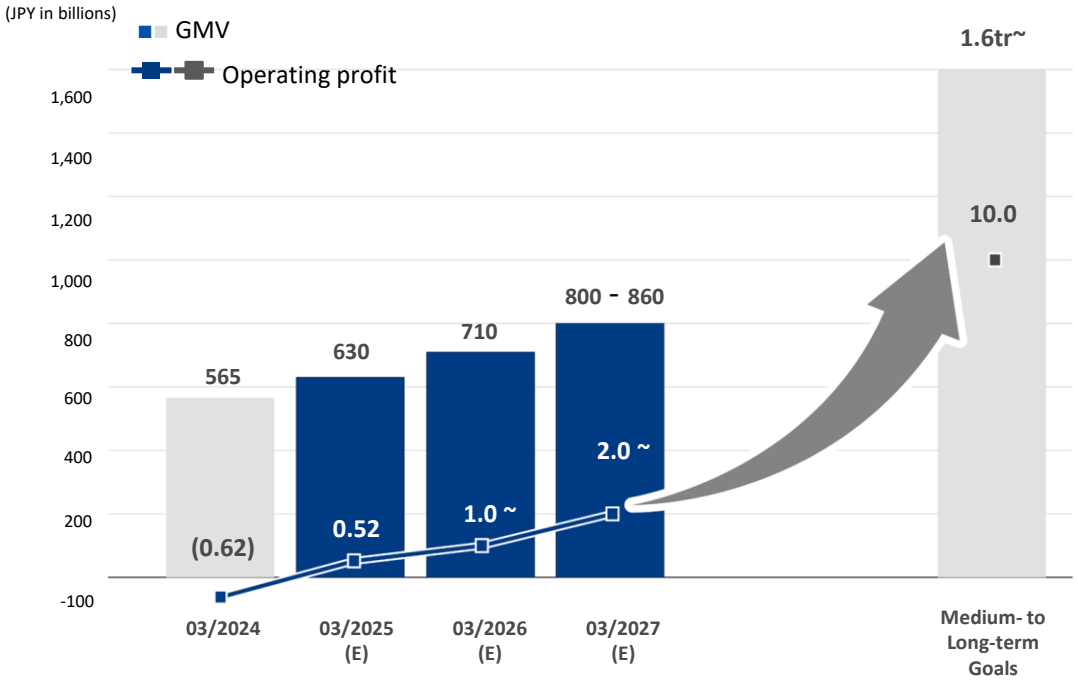
Appendix

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

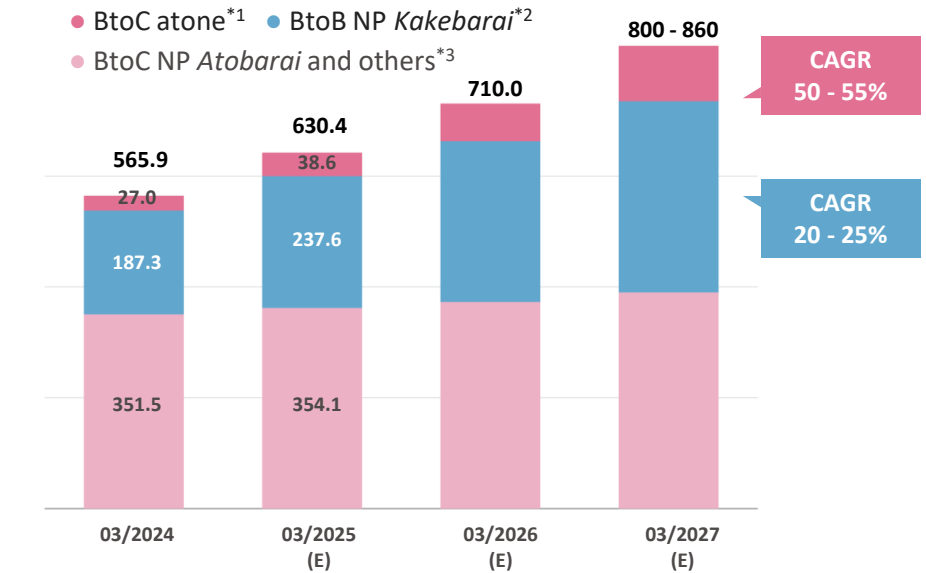
Operating profit: JPY **10**bn

will be reviewed at the end of the fiscal year

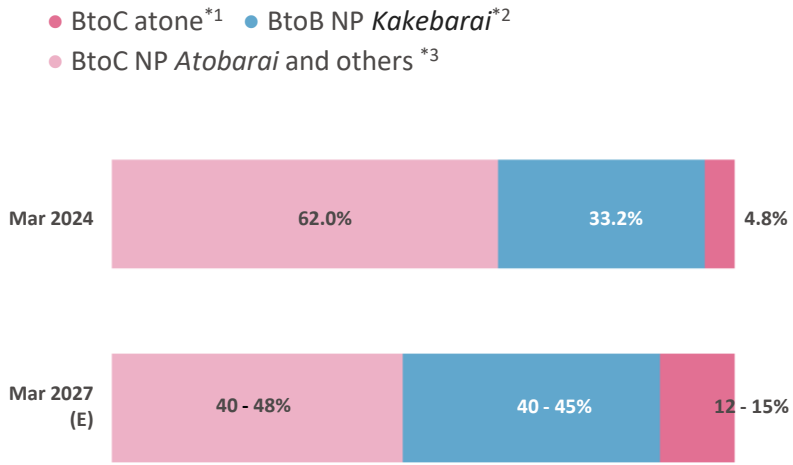
For BtoC, we aim for a CAGR of 50 - 55% for atone while maintaining NP Atobarai as a stable profitable business.
For BtoB, we aim to establish an overwhelming #1 position with a CAGR of 20 - 25%.

GMV Growth Rate by Business Segment

(JPY in billions)



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

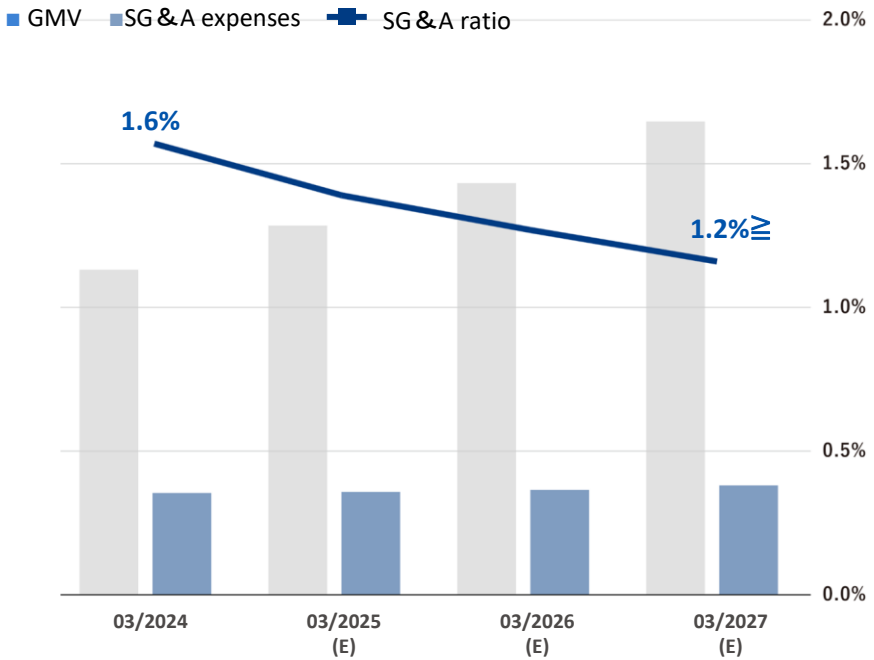


*1 Total amount of payments (including consumption tax) made through atone provided by the Group
*2 Total amount of payments (including consumption tax) made through NP *Atobarai*, AFTEE, and NP Card provided by the Group
*3 Total amount of payments (including consumption tax) made through NP *Kakebarai*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

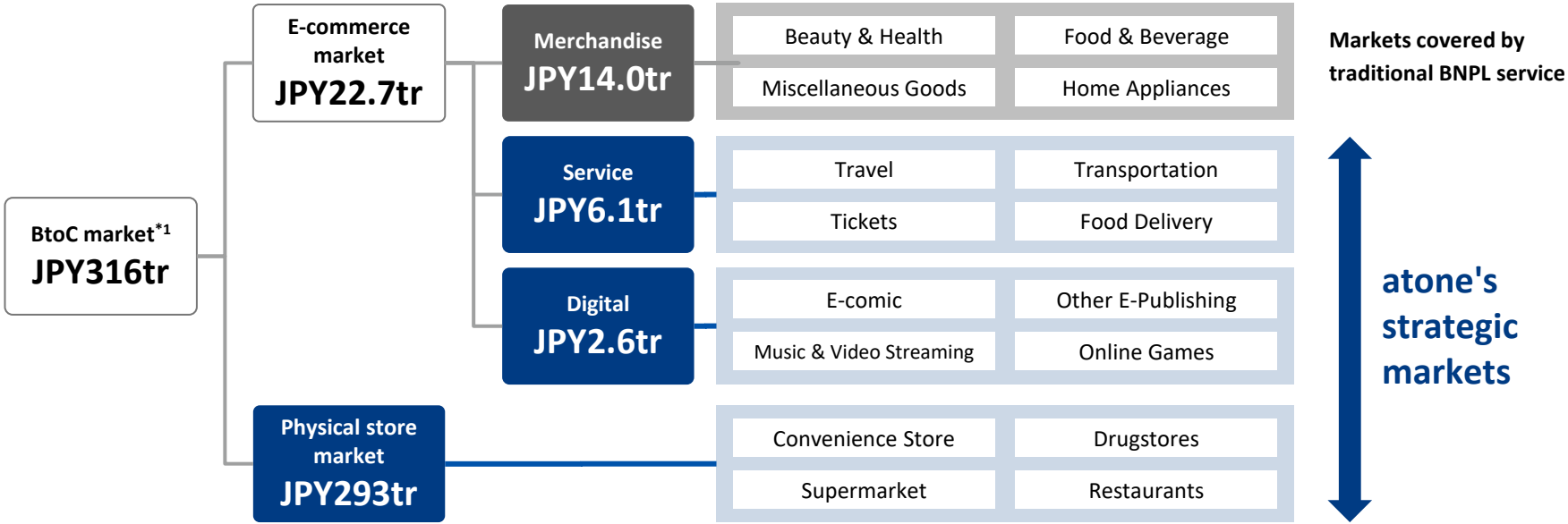
Assume the same level of costs for FY3/25 - FY3/27 by increasing the ratio of in-house development and optimizing the development system.

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.

will be reviewed at the end of the fiscal year

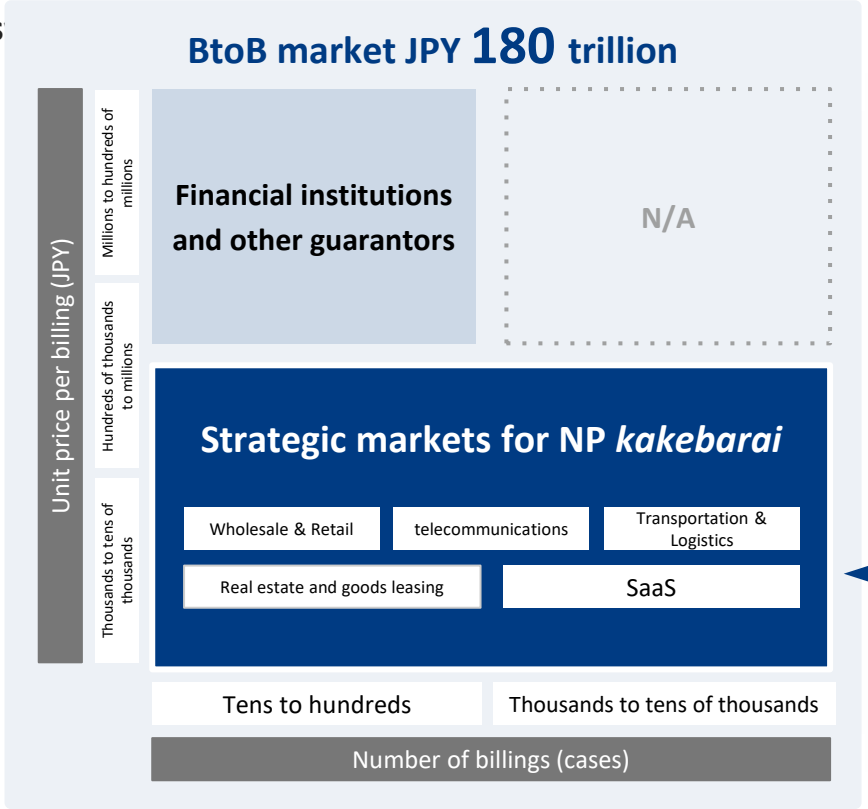
With atone, a membership-based service, we aim to newly enter a market that has been difficult for conventional BNPL services to penetrate, and to be used in both online and offline transactions.



*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."

will be reviewed at the end of the fiscal year

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 s



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)

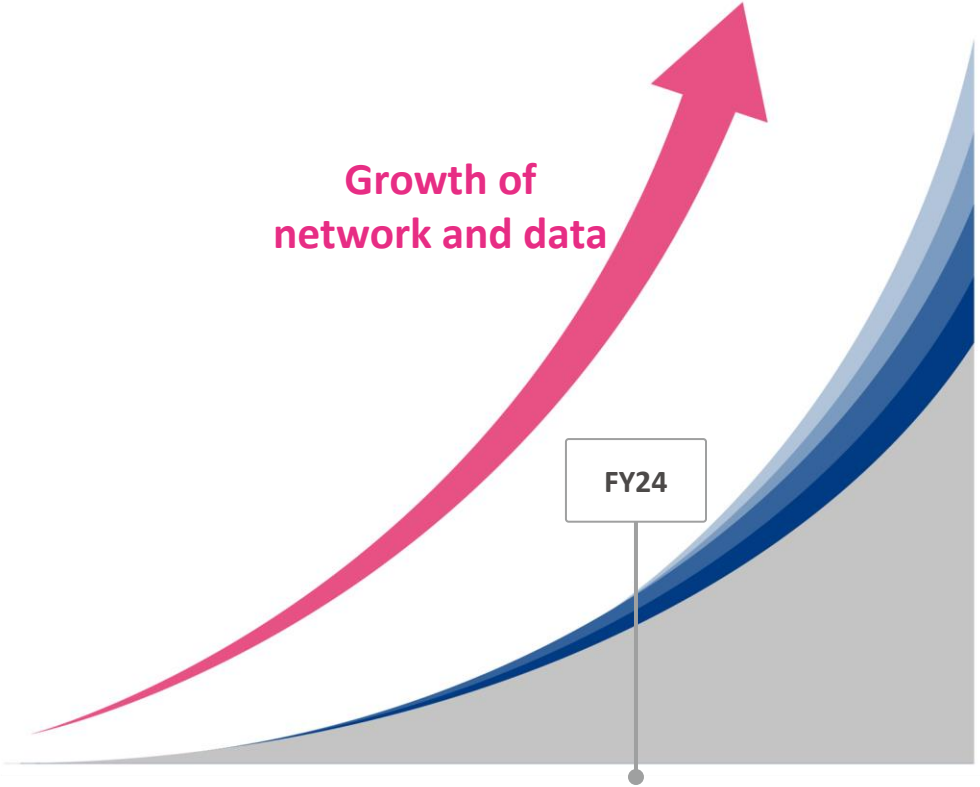
Examples of merchants

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))

will be reviewed at the end of the fiscal year

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

will be reviewed at the end of the fiscal year

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

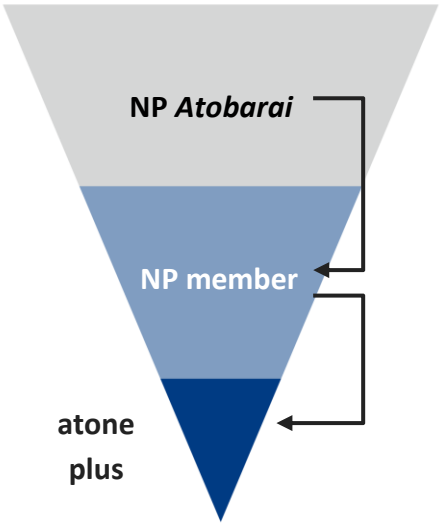
Create a virtuous cycle that keeps buyers and sellers connected and achieve GMV growth.



will be reviewed at the end of the fiscal year

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)

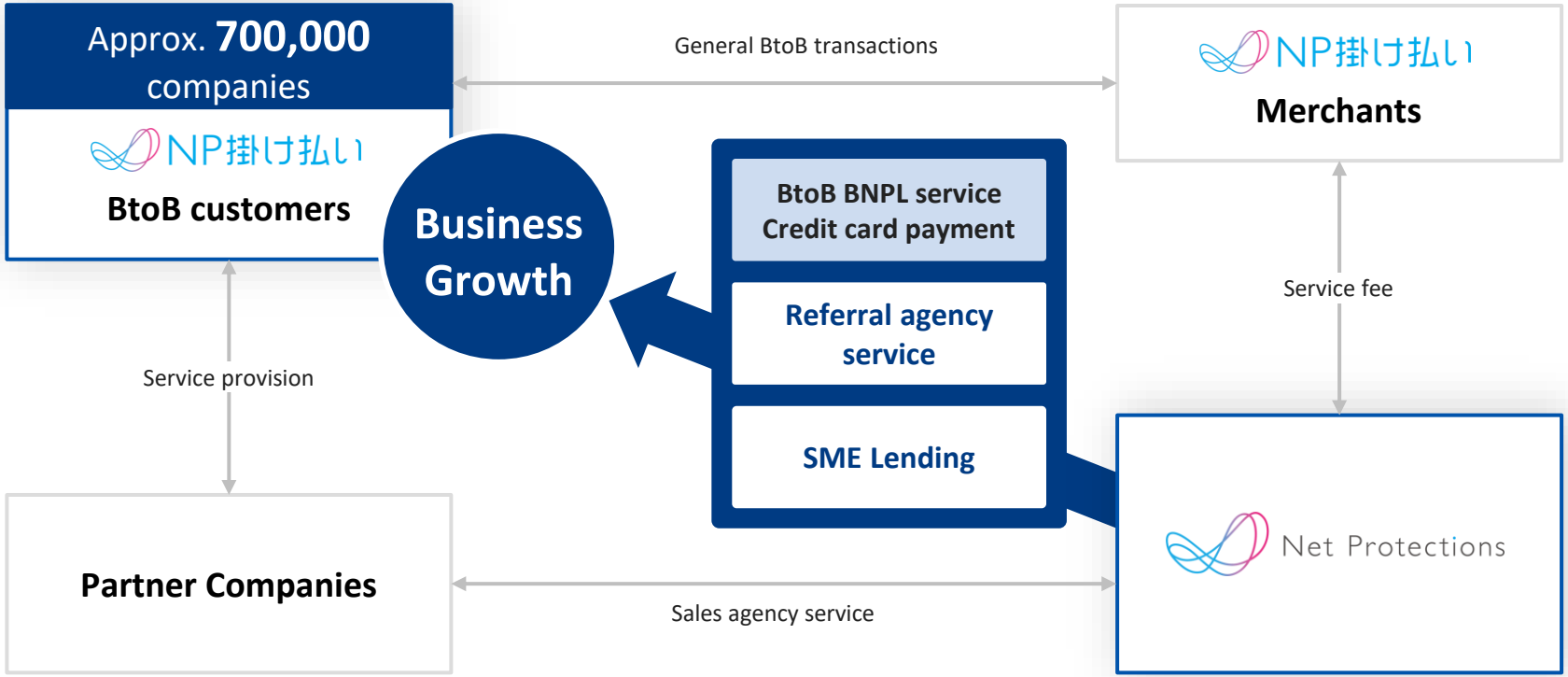
BNPL with great savings available everywhere

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

will be reviewed at the end of the fiscal year

Provide business support to 700,000 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

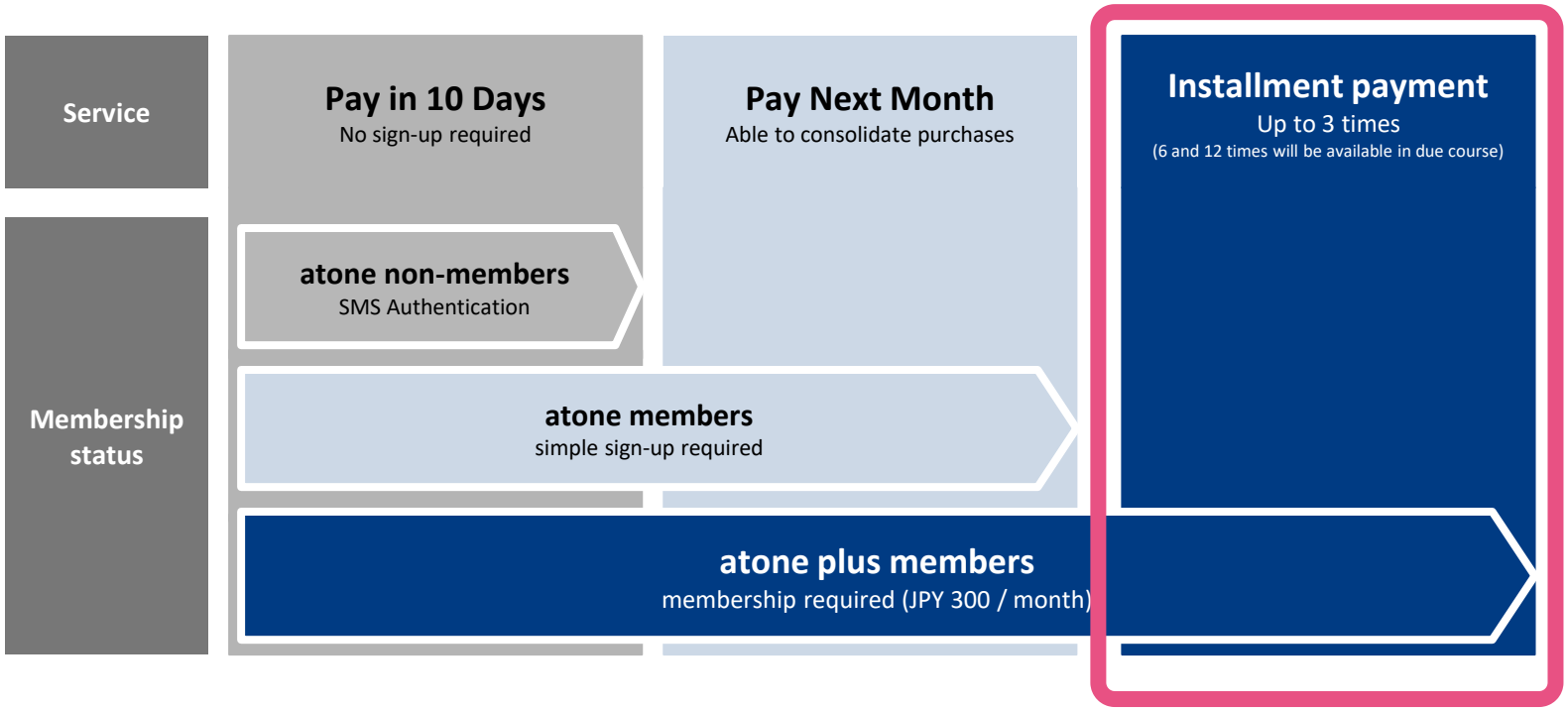
Available for both
online and in-store shopping

Adaptable with White Label and OEM
(Digital optimized)

Web portal with
13 million PV / month

Detailed product design is under review

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.



Detailed product design is under review

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

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

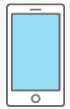


- ✓ No automatic payments without notice

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

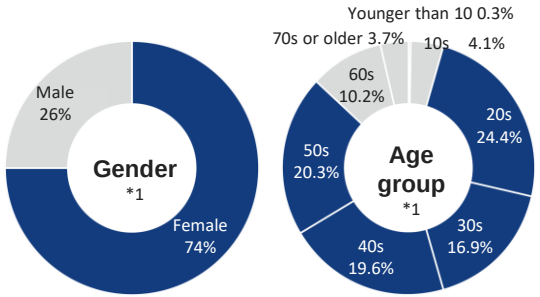


- ✓ No worry about whether goods will arrive, unlike in case of advance payments
- ✓ Easy to return, easy to exchange, easy to cancel

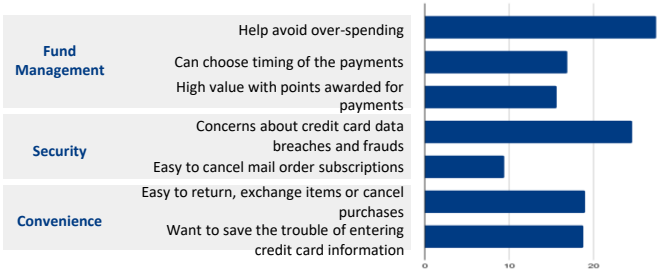
Growth has been driven by the need for fund management, security, and convenience, especially among women in their 20s to 50s.

Main user groups and reasons for use

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

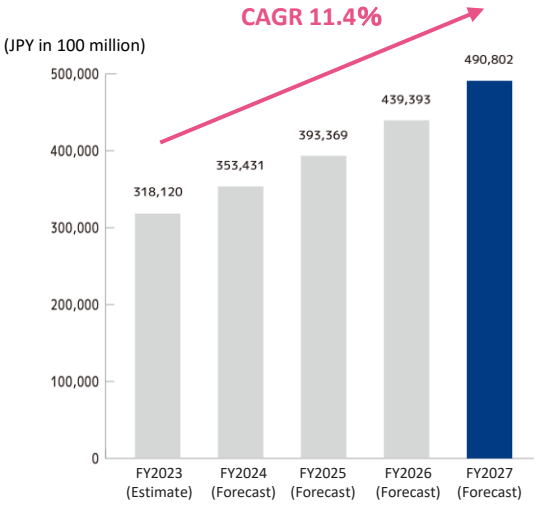


Demand in fund management, security, and convenience*2



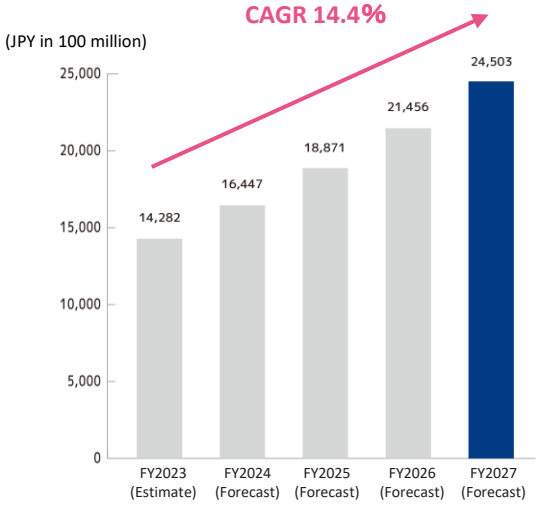
* 1 Breakdown of NP Point Club members as of March 31, 2024
* 2 Survey on our members conducted from December 28 to 30, 2018, targeting 1,738 men and women of in their twenties or older

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 ネットスーパー 高品質・Everyday Low Price	FamilyMart	KFC *1	コメダ珈琲店 *1	welcia

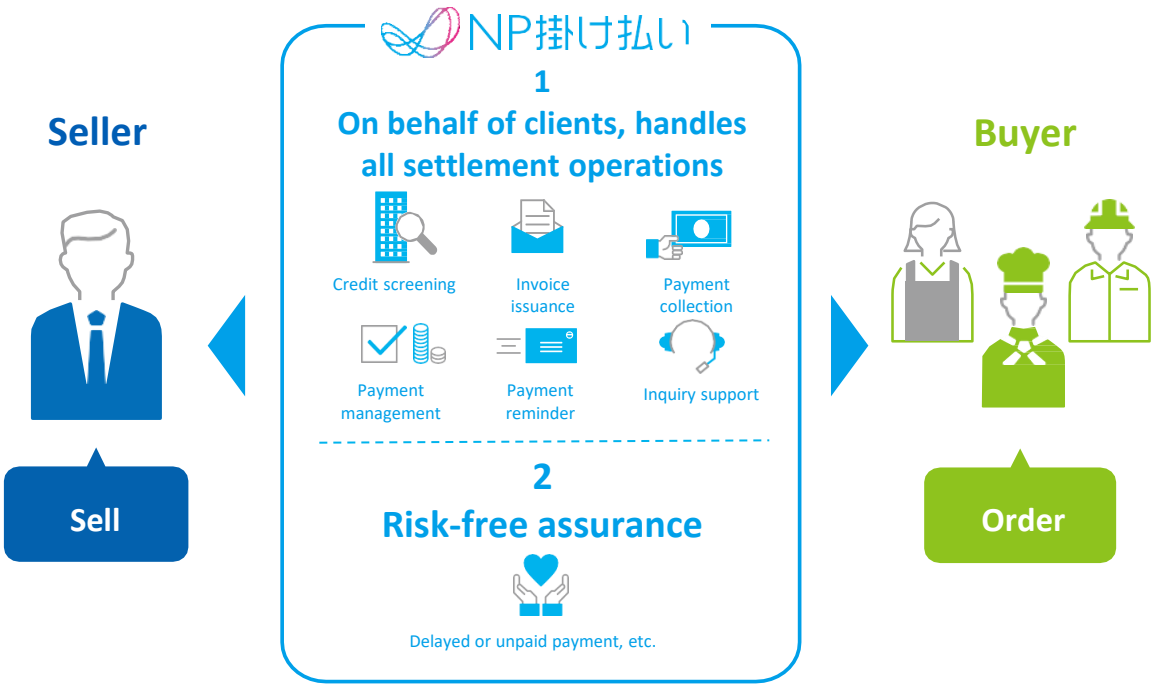
*1 Some stores are not available.

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. **700,000** companies are using NP *Kakebarai*

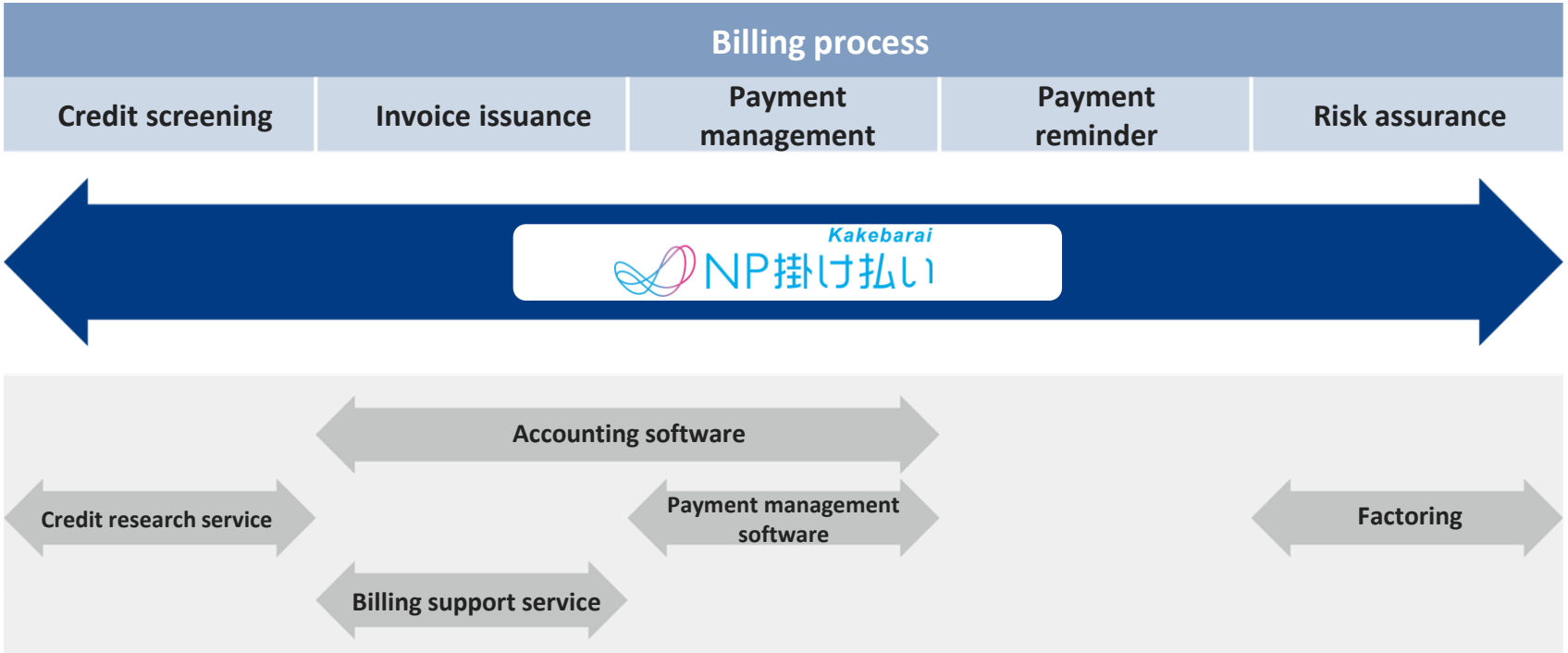
No.1* BtoB payment service

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.



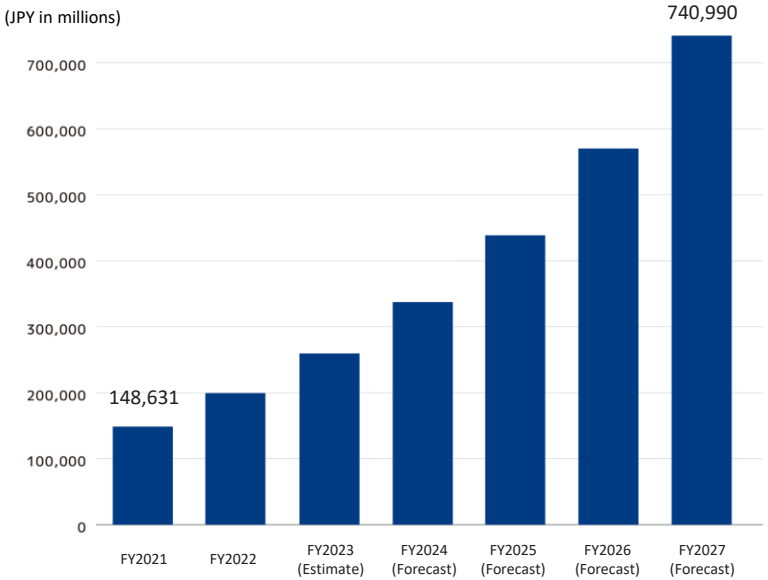
You can focus on your core business.



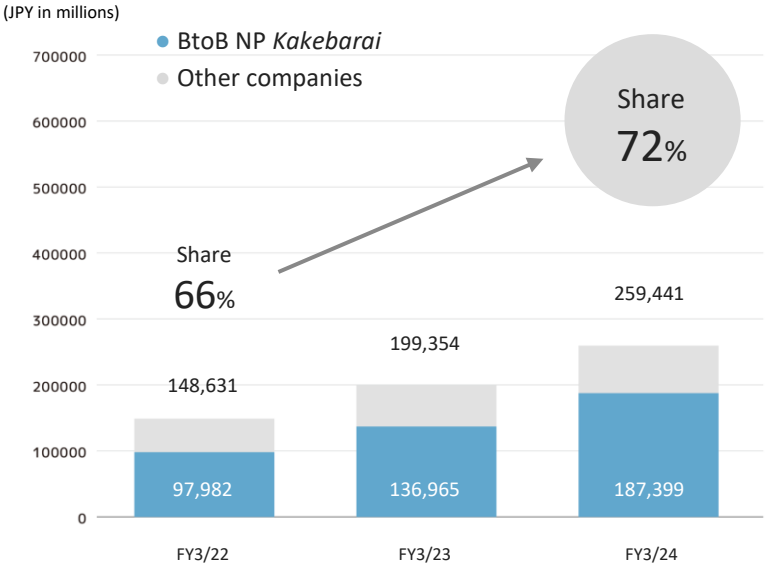
You can expand transactions and increase sales.

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*



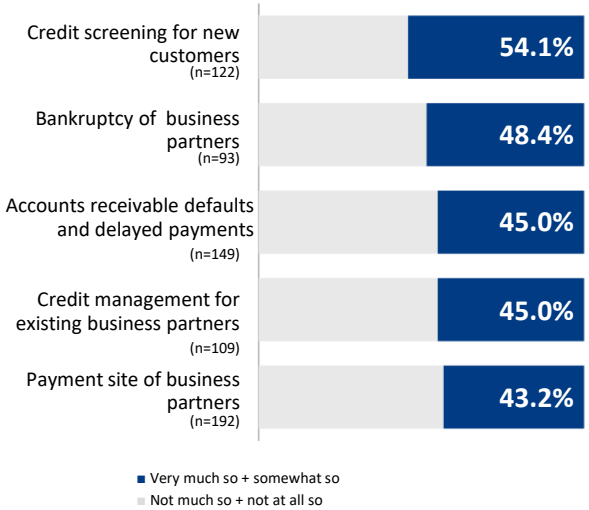
Our share in the BtoB payments service market (Our estimate[*1])



*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.

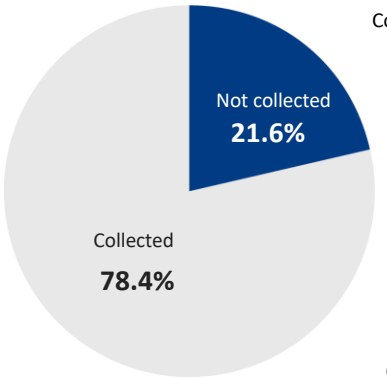
Payment delays and collection issues in billing/payment operations.

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



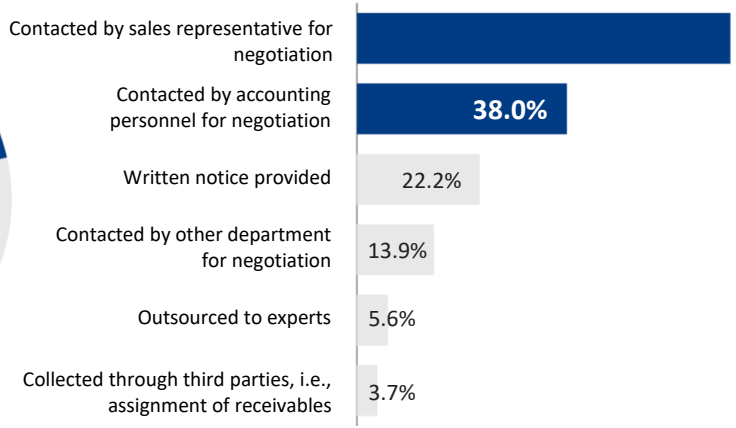
2 21.6% of the "late payments" were eventually not collected.

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



3 Sales representatives also have trouble in contacting and negotiating.

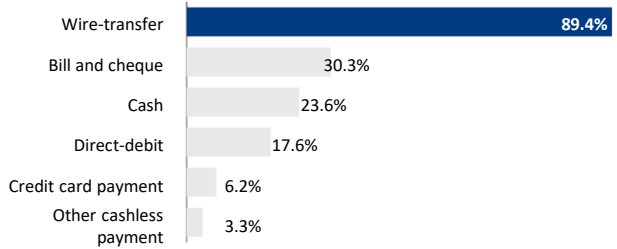
Underlying factors of late payment that the respondents have experienced (n=108).



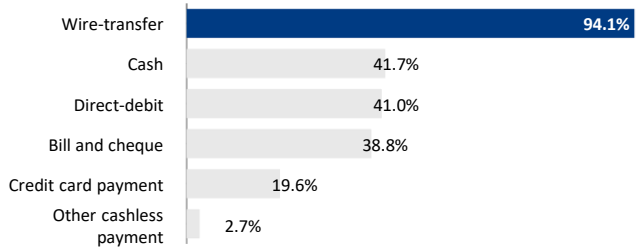
Source: American Express “B2B payment among small and mid-cap businesses for the Fiscal Year 2022”

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.”

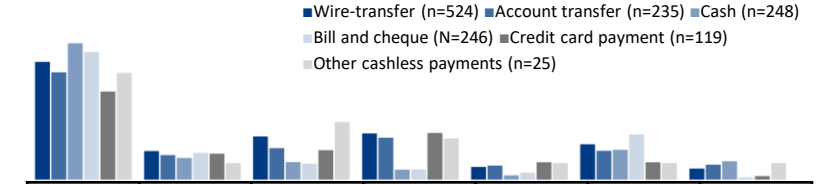
Payment method to receive payment (n=547) *multiple answers accepted



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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- Notice of financial statements uploads
- News releases

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