

Financial Results Presentation for the Three Months Ended June 30, 2022



Net Protections Holdings, Inc.

(TSE Prime Market: 7383)

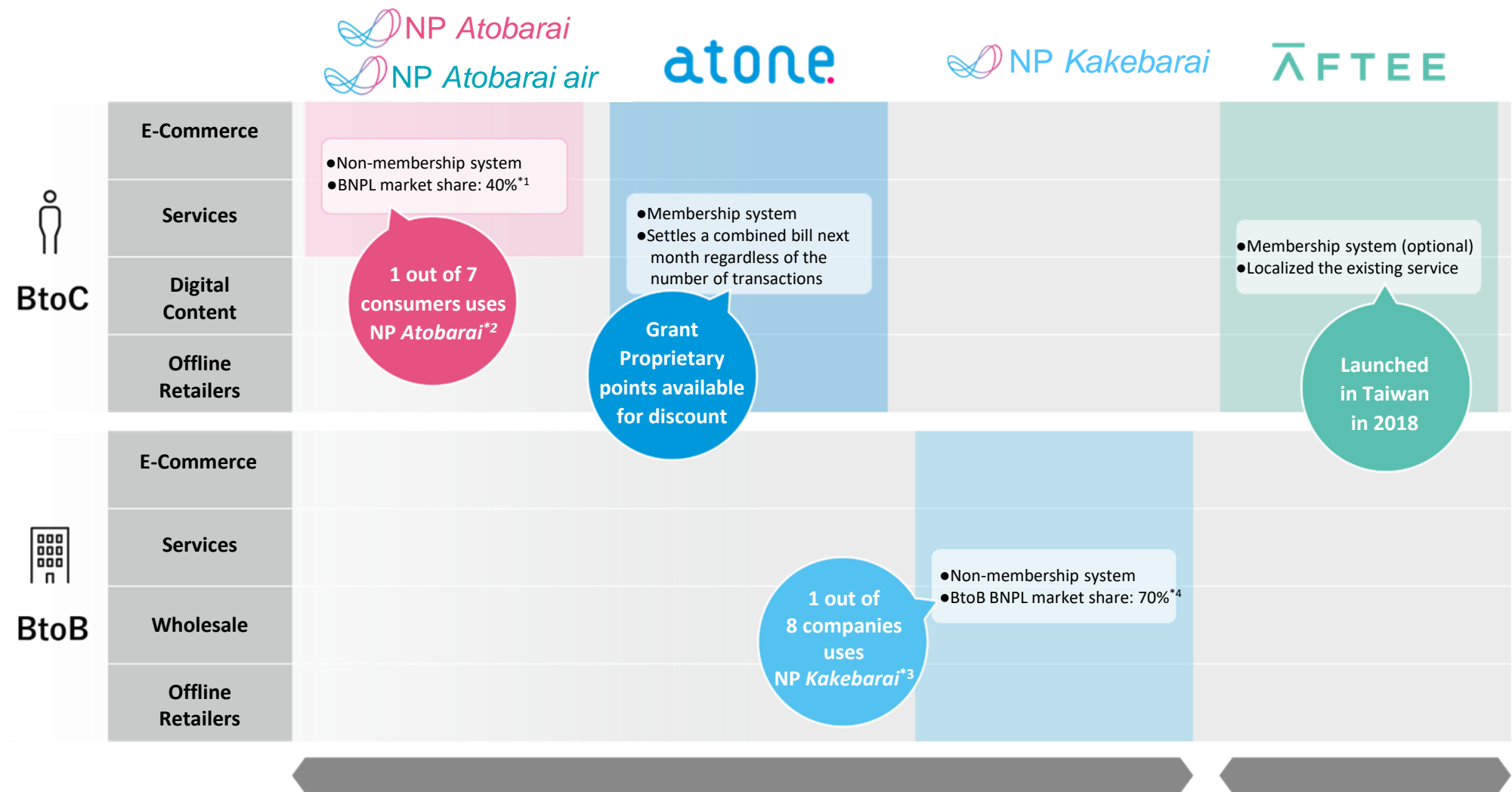
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Mission

Create New Standard

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

Business Overview: A Comprehensive BNPL Service Provider Covering Both BtoC and BtoB



*1 Calculated based on the estimated amount of BNPL market in FY2020 for JPY882.0 billion and the total GMV of NP Atobarai and atone in FY2020 for approximately JPY360.0 billion from Yano Research Institute "Online Payment/Settlement Service Providers 2021."

*2 Approximately 1 out of 7 consumers: population of 110.48 million people aged 15 and above (MIC, population statistics, 2021/4/1 estimate) ÷ FY3/2021 Annual Unique Users 15.80 million

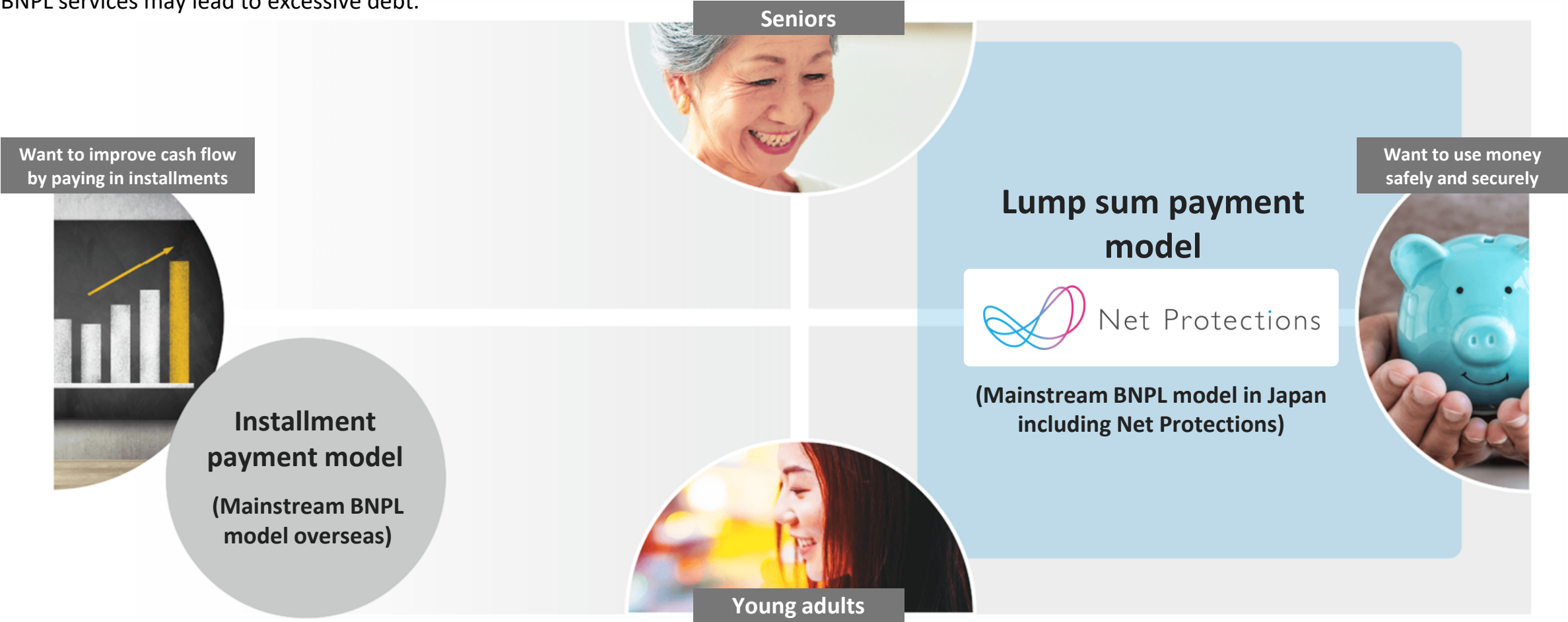
*3 Approximately 1 out of 8 companies: # of Japanese companies 3.59 million (METI 2019 White Paper on Small and Medium Enterprises) ÷ FY3/2021 BtoB customers of 410 thousands

*4 Our estimate (based on transaction volume)

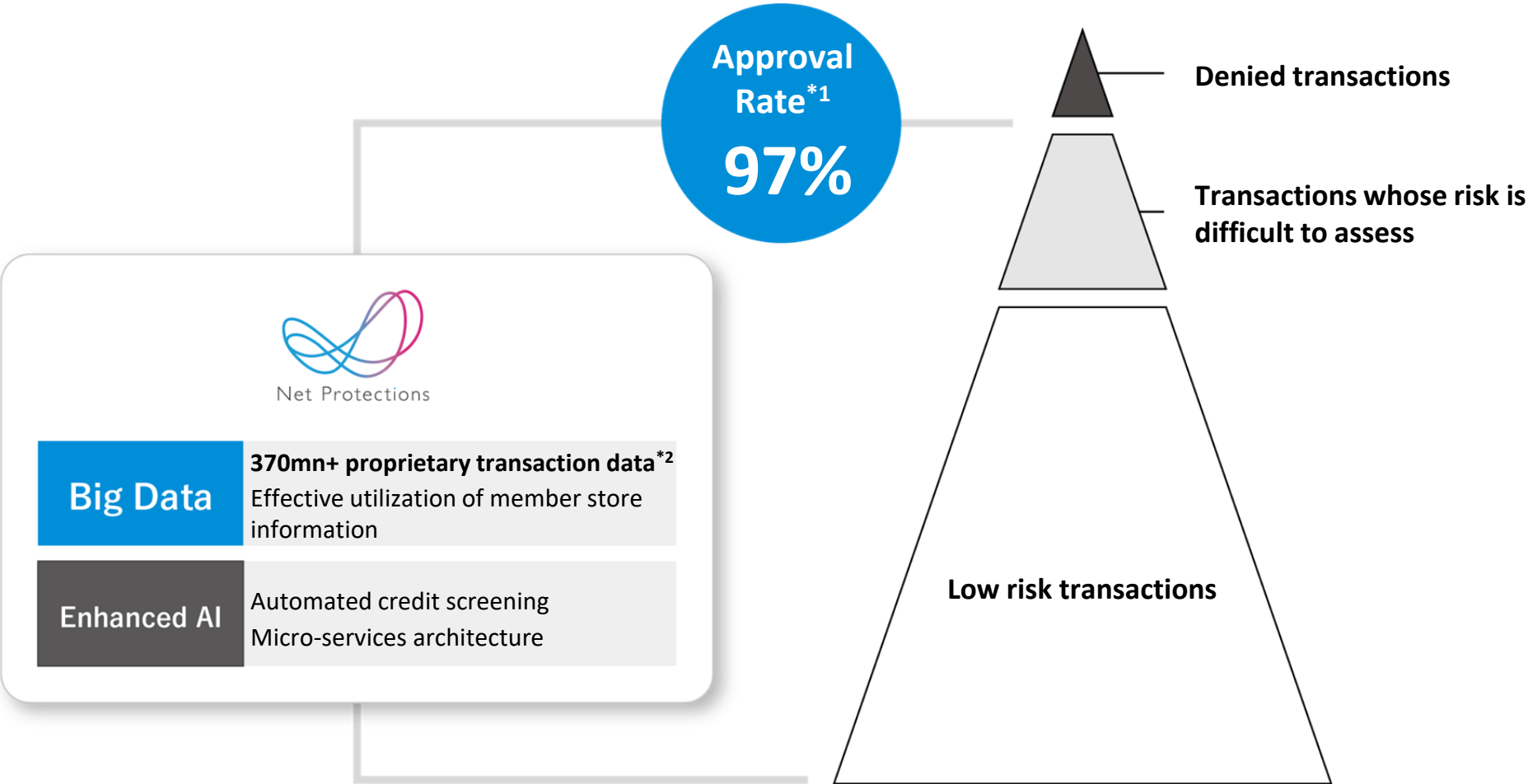
Business Overview: Positioning of Our BNPL Services versus Overseas BNPL Services

Unlike the BNPL service providers overseas, who adopt the installment payment model, our business model is based on the lump sum payment model, giving us a unique positioning in the market.

As such, our model helps limit risks of deteriorating earnings as a result of higher interest rates and of tightening regulations driven by concern that BNPL services may lead to excessive debt.



Business Overview: Performance for the Fiscal Year Ended March 31, 2022 (Credit Approval Rate)



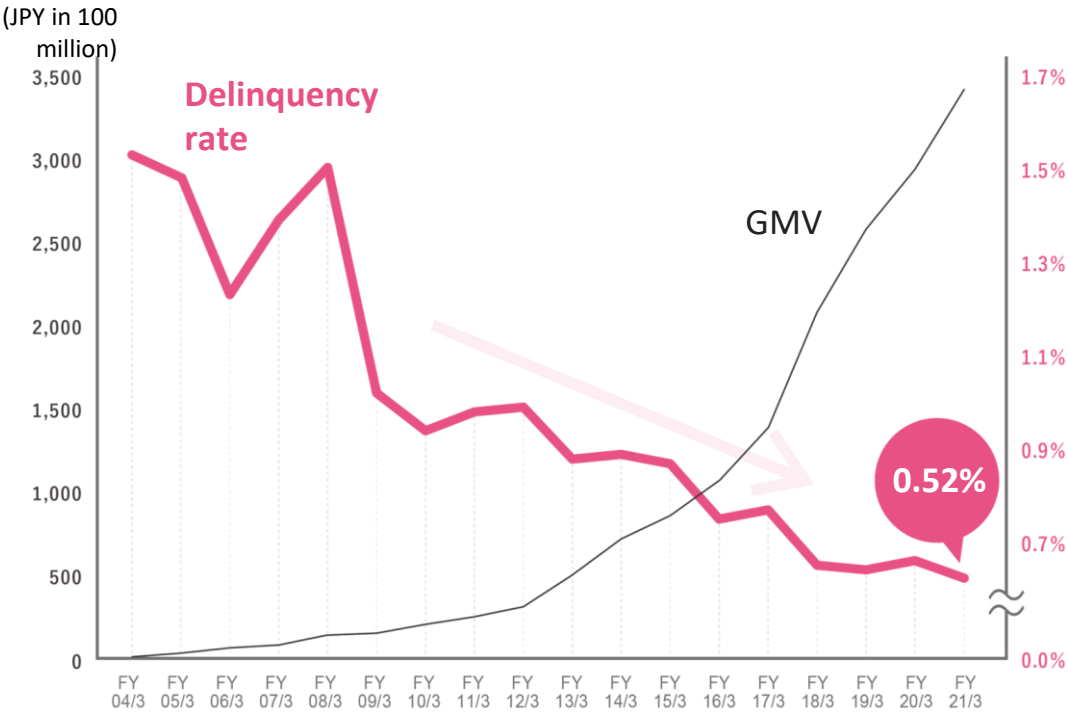
^{*1} The ratio of approved transactions to transactions denied by our credit screening system for NP Atobarai during FY3/2022 (limited to unique users).

^{*2} As of March 31, 2022

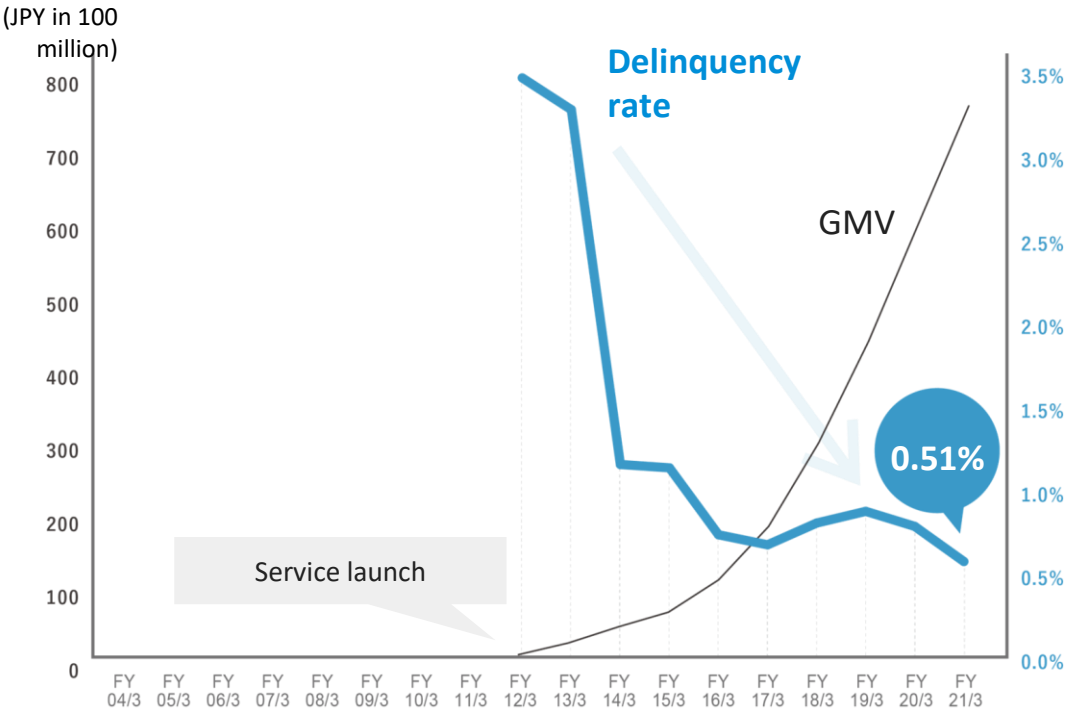
Business Overview: Performance for the Fiscal Year Ended March 31, 2022 (Delinquency Rate)

We have achieved the lowest delinquency rate in the industry by utilizing our accumulated credit screening knowledge.

Delinquency rate in BtoC (NP *Atobarai*)



Delinquency rate in BtoB (NP *Kakebarai*)



*1 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 FY3/2021 is based on unpaid transactions as of the end of June 2022 (including transactions prior to writing off of delinquent debt).

*2 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 FY3/2021 is based on unpaid transactions as of the end of June 2022 (including transactions prior to sale of receivables and writing off of delinquent debt).

Business Overview: Performance for the Fiscal Year Ended March 31, 2022 (Transactions & Member Stores)

Annual number of transactions*2

Approx. **68.0 million**
(+3.2% YoY)

Total number of member stores*2

Approx. **199,000**
(+154% YoY, +120,000 member stores)

Cumulative number
of transactions*1

More than
370 million

Cumulative number
of transactions



*1 Cumulative number of transactions at the end of each fiscal year, from the service start of NP atobarai, atone, NP Kakebarai, and AFTEE to the end of March 31, 2022
*2 Total number of member stores and annual number of transactions represent the aggregate of BtoC and BtoB transactions in FY3/2022.



Business Highlights

Business Metrics: Highlights

Business Metrics: GMV

Service Implementation Track Record

Business Metrics: Highlights

FY3/23 1Q GMV^{*1} (non-GAAP)

JPY118.7bn

(+5.2% YoY)

Total Operating Revenue

JPY4.58bn

(-0.4 % YoY)

Gross Profit^{*2} (non-GAAP)

JPY1.83bn

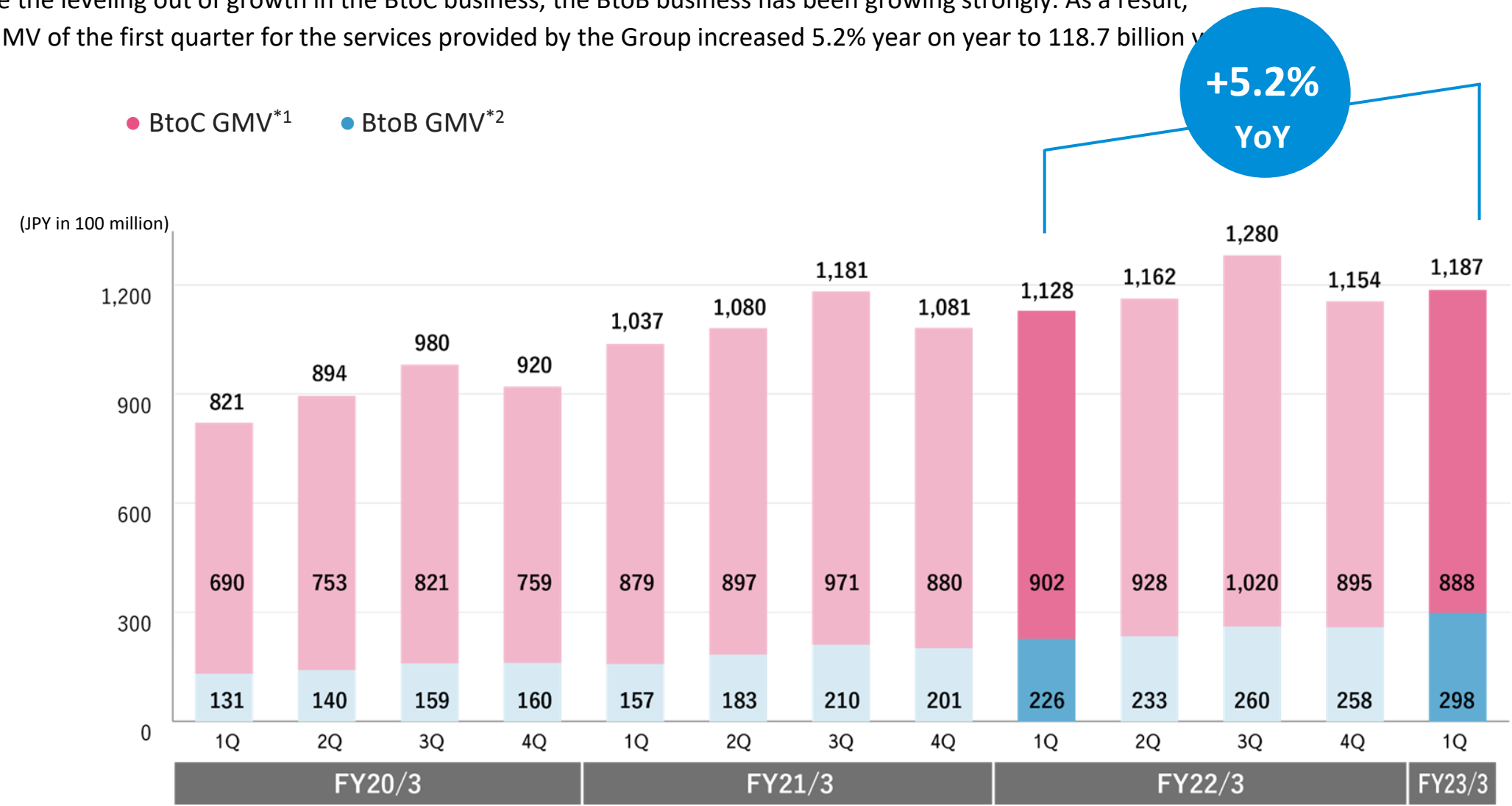
(-2.9 % YoY)

*1 GMV: The total amount of payments (including consumption taxes) made through services provided by the Group, such as NP *Atobarai*, *atone*, NP *Kakebarai*, and *AFTEE*

*2 Gross profit: Revenue - (collection expense + invoicing expense + allowance for doubtful accounts (addition) + bad debt expense + loss on sale of trade receivables + credit screening expense + NP point expense + other payment-related expenses)

Business Metrics: GMV (Quarterly Changes in Group Total GMV)

Despite the leveling out of growth in the BtoC business, the BtoB business has been growing strongly. As a result, total GMV of the first quarter for the services provided by the Group increased 5.2% year on year to 118.7 billion yen.



*1 The total amount of payments (including consumption taxes) made through services provided by the Group, such as NP Atobarai, atone, and AFTEE

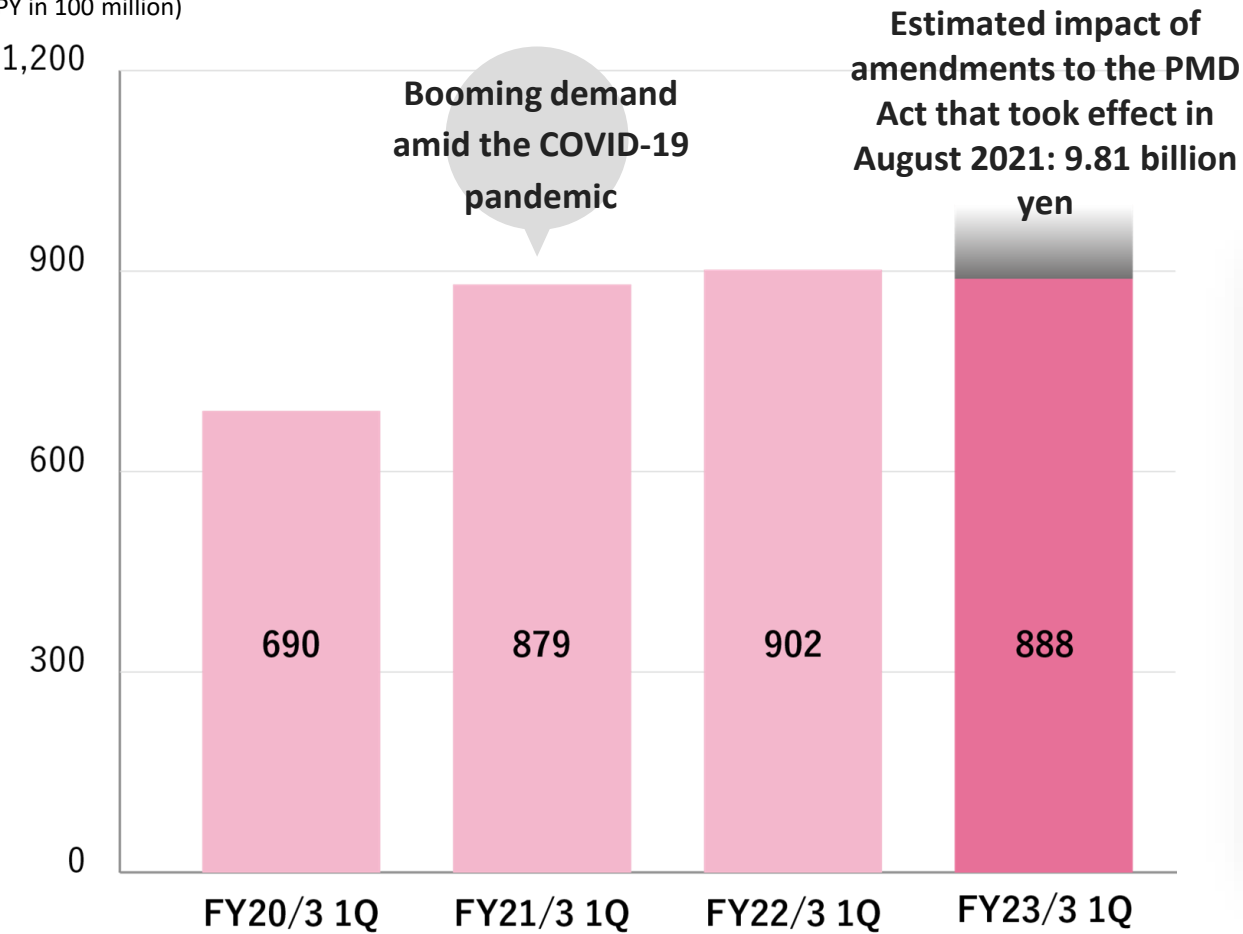
*2 The total amount of payments (including consumption taxes) made through NP Kakebarai provided by the Group

Business Metrics: BtoC GMV (1Q Trend)

GMV of the BtoC business for the first quarter of the fiscal year ending March 31, 2023 decreased 1.5% year on year to 88.8 billion yen.

BtoC GMV (1Q trend)

(JPY in 100 million)



Factor Analysis

- The number of transactions in the beauty and health category dropped as a result of the impact of amendments to the PMD Act that took effect in August 2021.
- Transactions declined due to a drop in e-commerce consumption (total domestic consumption in e-commerce during Jan - Mar 2022 was +2.1% YoY, compared to -1.1% during Apr - Jun 2022 YoY).^{*1}
- The number of inquiries for home-visit services (including installation or repair of housing equipment) increased.

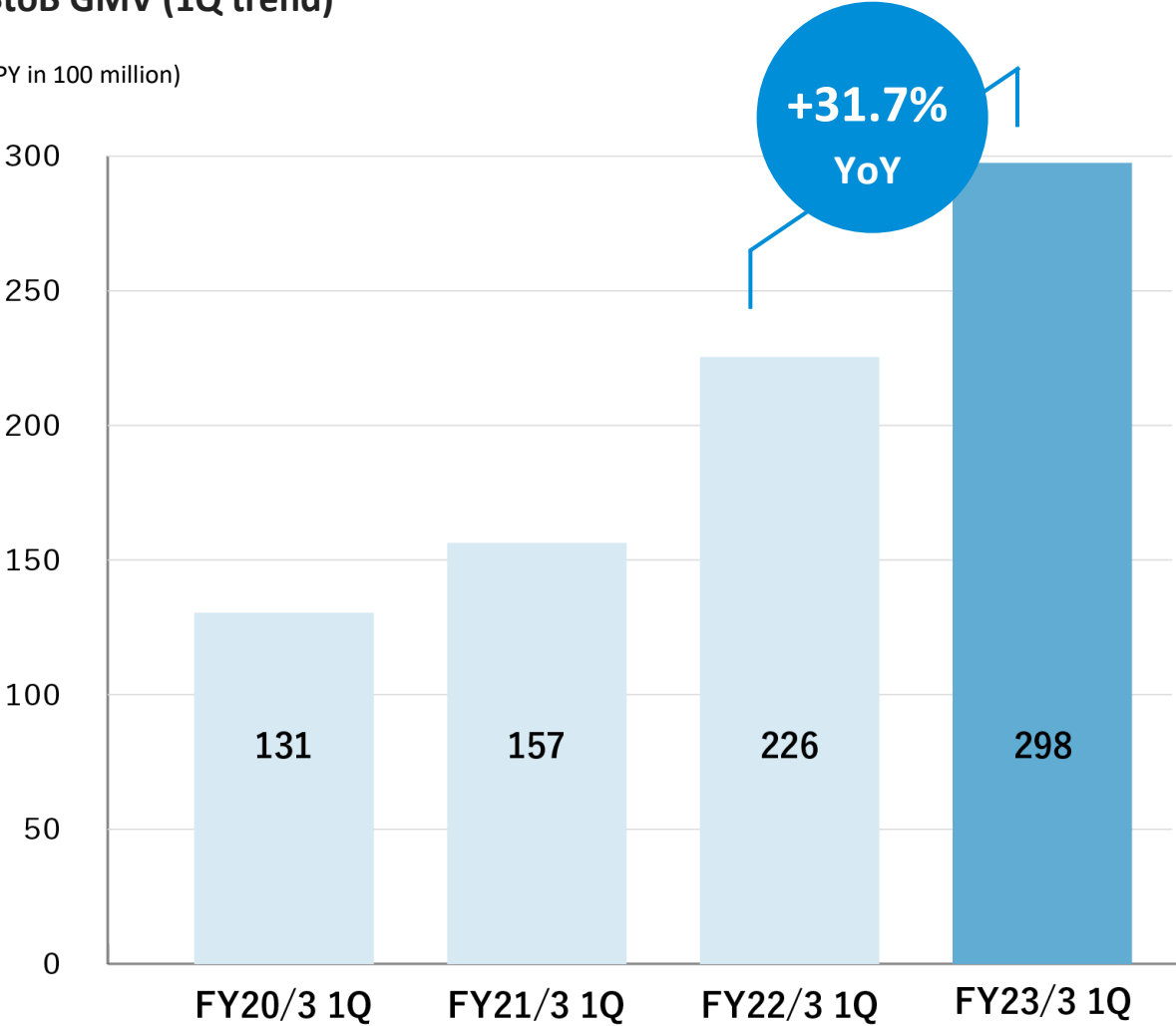
*1: Source: "JCB Consumption NOW" by NowCast /JCB

Business Metrics: BtoB GMV (1Q Trend)

GMV of the BtoB business for the first quarter of the fiscal year ending March 31, 2023 increased 31.7% year on year to 29.8 billion yen.

BtoB GMV (1Q trend)

(JPY in 100 million)



Factor Analysis

- Thanks to the resumption of economic activity, growth occurred across the full spectrum of sectors, and especially at large member stores.
Construction and other materials: +73.1%
Food wholesale: +84.8%
Advertising and advertising production: +166.3%
- Demand for our trade receivables guarantee service is expected to increase due to heightened corporate bankruptcy risk as the government’s COVID-19 related fiscal support measures come to an end.

Track Record: Service Implementation Status in Target Markets

Major players have introduced our services one after another in targets markets, including BtoB, BtoC, digital content, and overseas (Taiwan). Introduction of our services by flagship stores is expected to help acquire member stores in the same industries.

BtoB (Japan)

Office
equipment

MAX. マックス株式会社

Web services



cookpad

Media



BtoC

Japan

Housing
equipment



Entertainment/
Digital content

Newspaper



MUUU

Auto repair
and
maintenance



Apparel



Taiwan

EC malls





Financial Results for the Three Months Ended June 30, 2022

Financial Results for the Three Months Ended June 30, 2022

Total Operating Revenue/Gross Profit/Adjusted EBITDA

Breakdown of Total Operating Revenue/Gross Profit by BtoC/BtoB

Balance Sheet

Financial Results: For the Three Months Ended June 30, 2022

Total operating revenue decreased 0.4% year on year to 4,586 million yen, whereas gross profit decreased 2.9% year on year to 1,833 million yen. As a result, adjusted EBITDA amounted to 572 million yen.

(JPY in millions)	Results	YoY		1H forecast	
		Results	Percentage change	1H forecast	1H progress rate
GMV (non-GAAP) *1	118,700	112,857	+5.2%	255,199	46.5%
Total operating revenue	4,586	4,604	-0.4%	10,053	45.6%
Revenue	4,430	4,482	-1.2%	9,808	45.2%
Gross profit (non-GAAP)*2	1,833	1,888	-2.9%	3,913	46.9%
Operating profit	58	448	-87.0%	(103)	-
EBITDA (non-GAAP)*3	411	791	-48.0%	589	69.8%
(Marketing expenses)*4	160	55	187.9%	671	23.9%
Adjusted EBITDA (non-GAAP) *5	572	852	-32.8%	1,261	45.4%

*1 GMV: The total amount of payments (including consumption taxes) made through services provided by the Group, such as NP *Atobarai*, *atone*, NP *Kakebarai*, and *AFTEE*

*2 Gross profit: Revenue - (collection expense + invoicing expense + allowance for doubtful accounts (addition) + bad debt expense + loss on sale of trade receivables + credit screening expense + NP point expense + other payment-related expenses)

*3 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)

*4 Marketing expenses: Sales promotion expenses (excluding agency commissions) + Advertising expenses

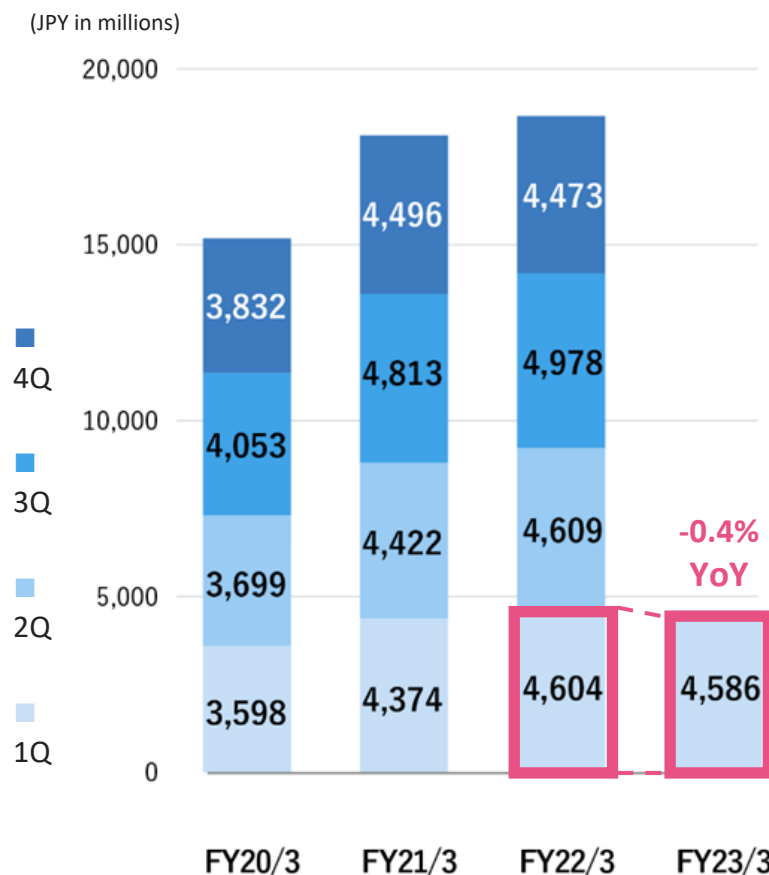
*5 Adjusted EBITDA: EBITDA + (IPO-related expenses + Marketing expenses)

Financial Results: Total Operating Revenue, Gross Profit, and Adjusted EBITDA

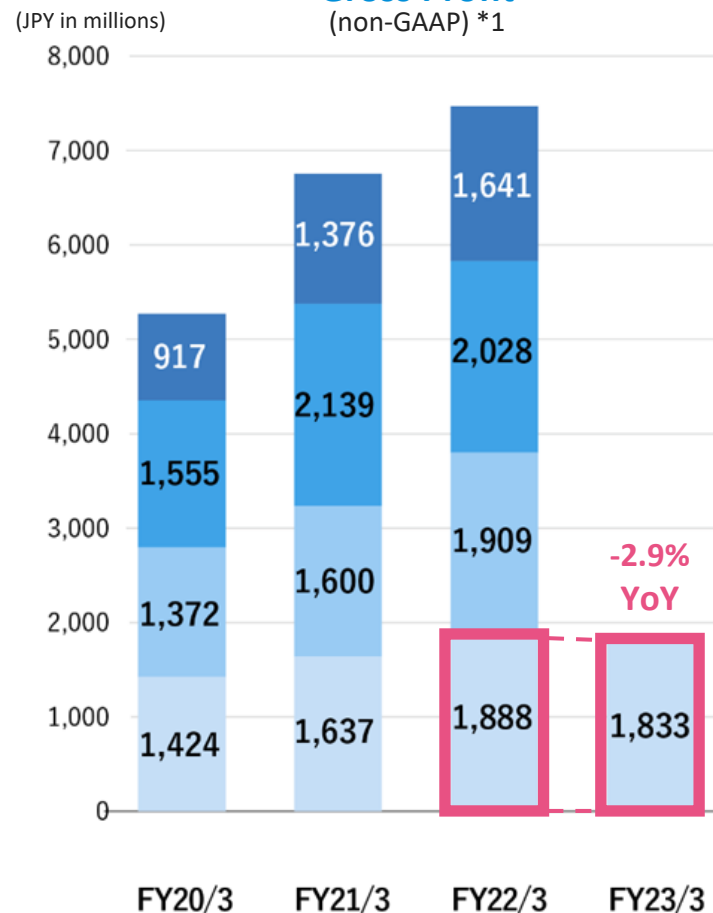
Gross profit decreased 2.9% year on year. This was attributable to the impact of increased allowance for doubtful accounts resulting from some changes of the actual collection status of receivables under collection from the forecast in the BtoC business.

Meanwhile, adjusted EBITDA decreased 32.8% year on year. This was due to an increase in SG&A expenses driven by the reinforcement of our sales structure.

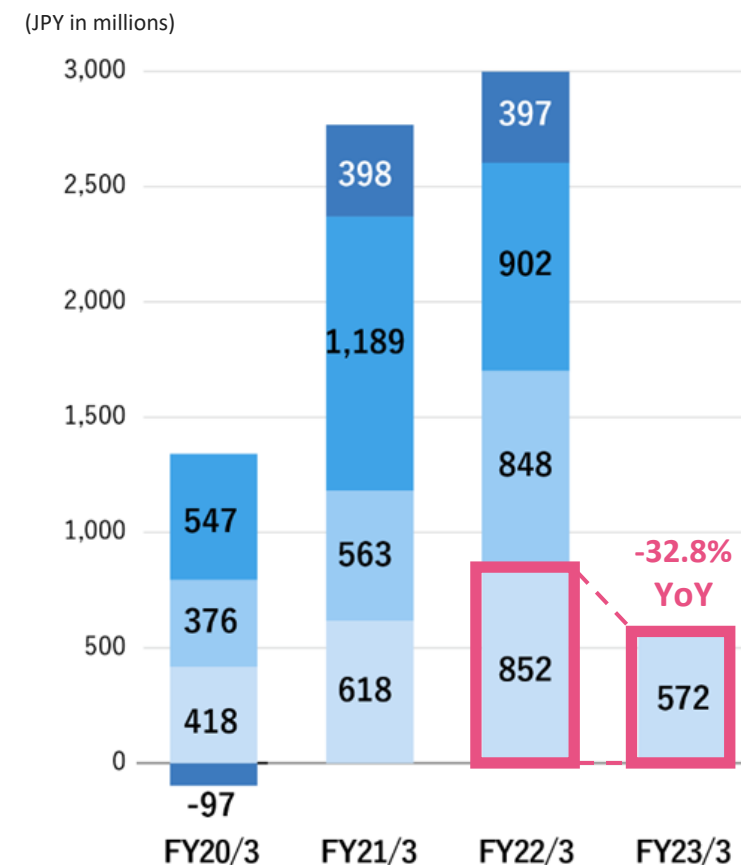
Total Operating Revenue



Gross Profit (non-GAAP) *1



Adjusted EBITDA (non-GAAP) *2



*1 Gross profit: Revenue - (collection expense + invoicing expense + allowance for doubtful accounts (addition) + bad debt expense + loss on sale of trade receivables + credit screening expense + NP point expense + other payment-related expenses)

*2 Adjusted EBITDA: EBITDA + (IPO-related expenses + Marketing expenses*3)

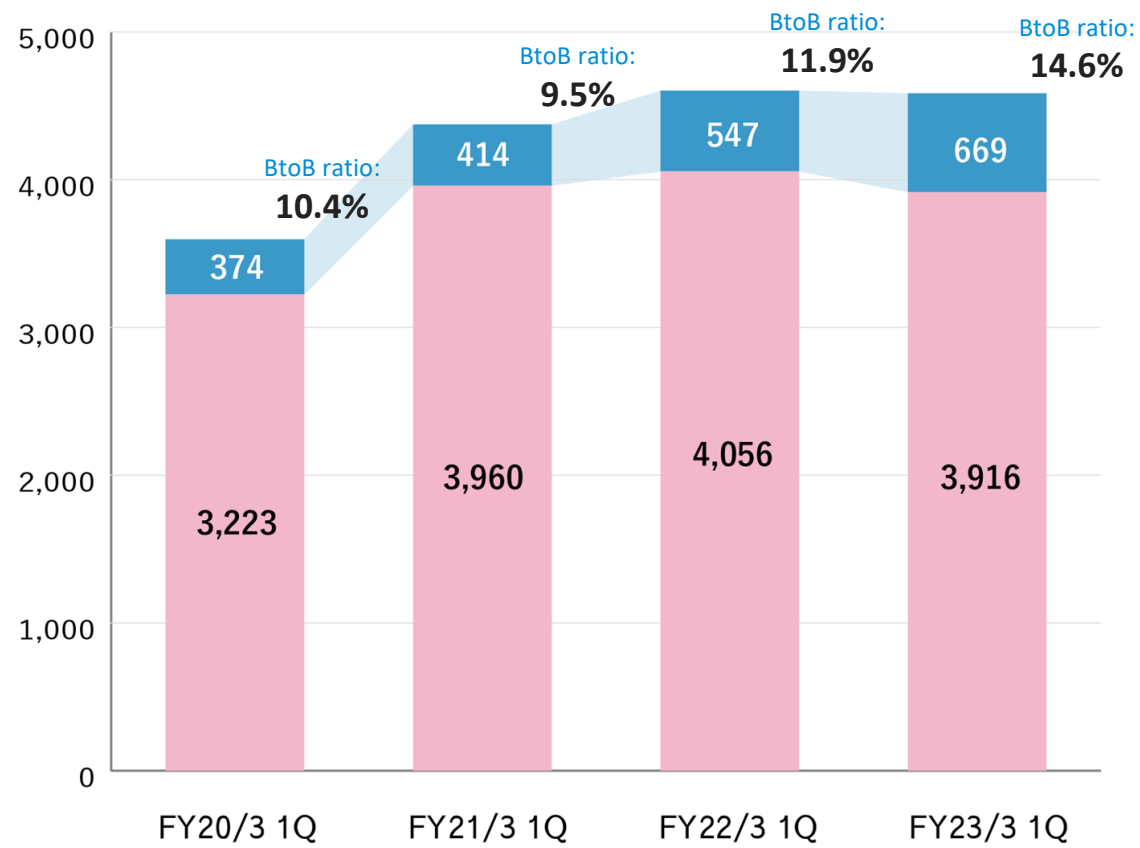
*3 Marketing expenses: Sales promotion expenses (excluding agency commissions) + Advertising expenses

Financial Results: Breakdown of Total Operating Revenue and Gross Profit by BtoC/BtoB (1Q Trend)

● BtoB ● BtoC

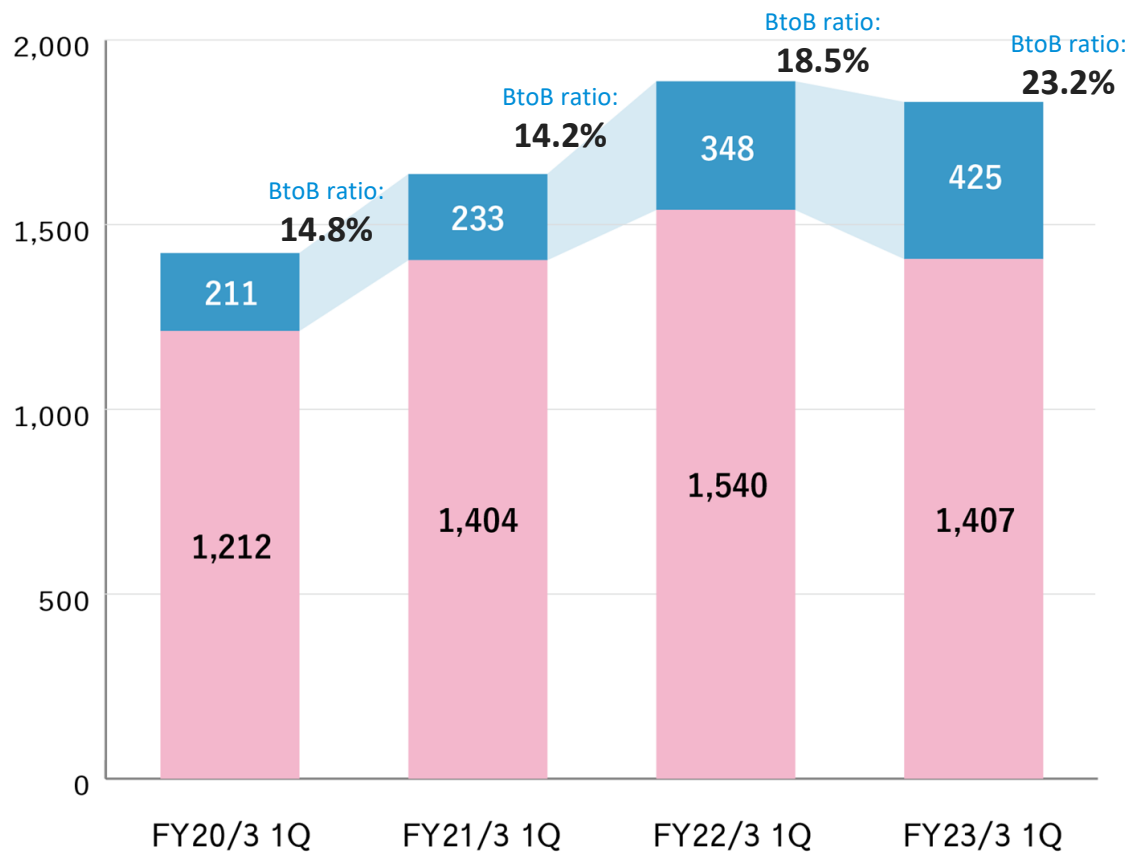
Total Operating Revenue

(JPY in millions)



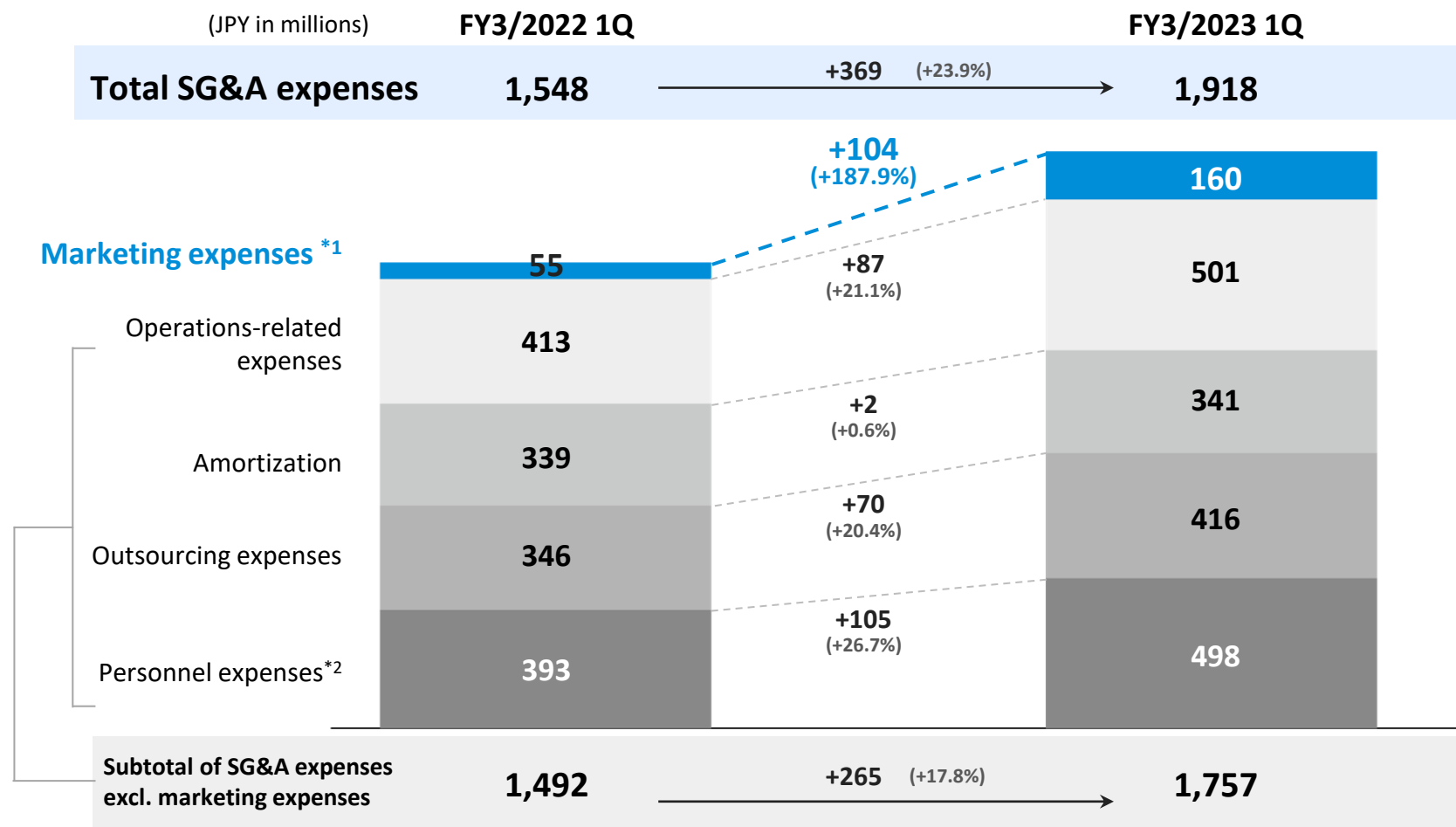
Gross Profit (non-GAAP)*1

(JPY in millions)



*1 Gross profit: Revenue - (collection expense + invoicing expense + allowance for doubtful accounts (addition) + bad debt expense + loss on sale of trade receivables + credit screening expense + NP point expense + other payment-related expenses)

Financial Results: Analysis of Year-on-Year Change in SG&A Expenses



- Market expenses increased due to increased advertising expenses for acquiring new member stores.
 - TV commercial and other advertising measures for the BtoB business will start kicking in from the second quarter onwards.
- Operations-related expenses increased as a result of the impact of weak yen on data center costs and hiring of additional personnel.
 - Data center costs are paid in a lump sum at the beginning of the fiscal year. Thus, the impact of weak yen is limited.
- Personnel and outsourcing expenses increased as we strengthened our structure for sales and IT professionals.
 - We plan to hire approx. 50 more employees (including both new graduates and mid-career recruits) than the previous fiscal year throughout the current fiscal year.

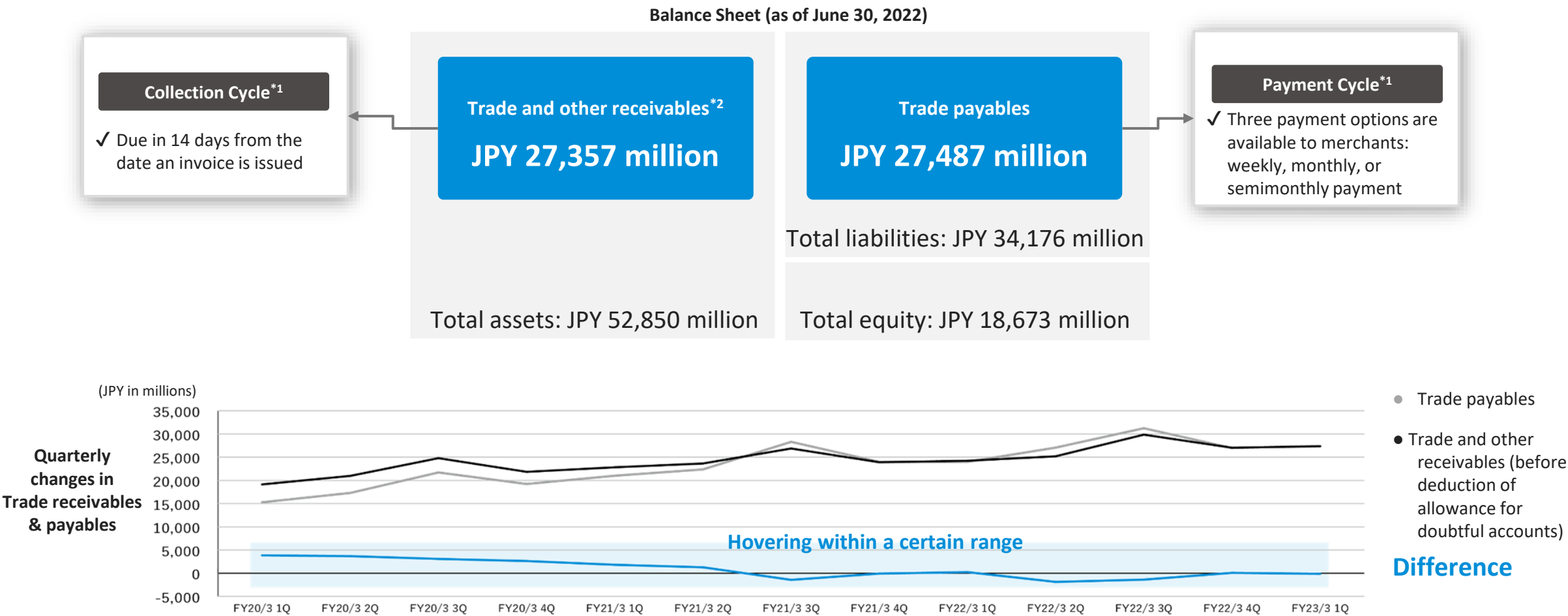
*1 Marketing expenses represent the sum of SG&A expenses and advertising expenses excluding agency commissions.

*2 Personnel expenses represent the sum of remuneration for directors (and other officers), payroll and allowances, bonuses, provision for bonuses, commuting expenses, provision for paid vacation, legal welfare expenses, welfare expenses, and retirement benefit expenses.

Financial Results: Balance Sheet with Low Working Capital

We do not need to borrow money or take other actions to raise working capital because our trade receivables and payables are well-balanced over the short term.

We therefore have limited financial risk even in the current phase of rising interest rates.



*1 Example of NP Atobarai

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



Growth Strategy

Medium-Term Business Plan

Market Size

Key Measures

- Marketing Activities
- Alliance
- Common Interface

Topics

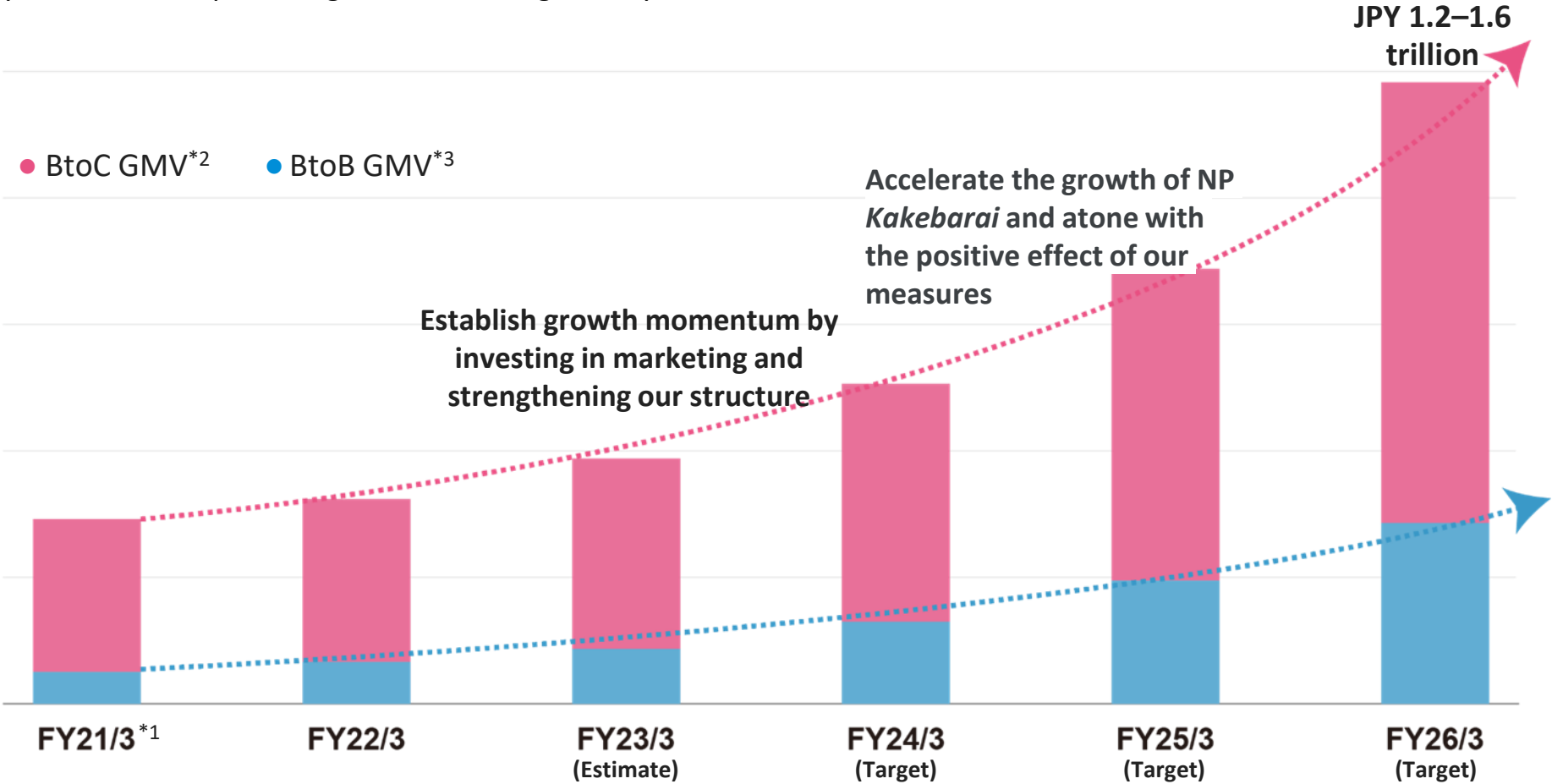
Growth Strategy: Medium-Term Business Plan

We expect GMV to reach 1.2–1.6 trillion yen in the fiscal year ending March 31, 2026. We aim for profitable growth while maintaining profitable.

The effect of investments we started from the fiscal year ending March 31, 2023 is expected to appear from the following fiscal year, thus we expect the growth rate will gradually increase.

BtoC CAGR
20–25%

BtoB CAGR
33–42%



*1 GMV in the fiscal year ended March 31, 2021: JPY438.1 billion (BtoC: JPY362.9 billion; BtoB: JPY75.3 billion)

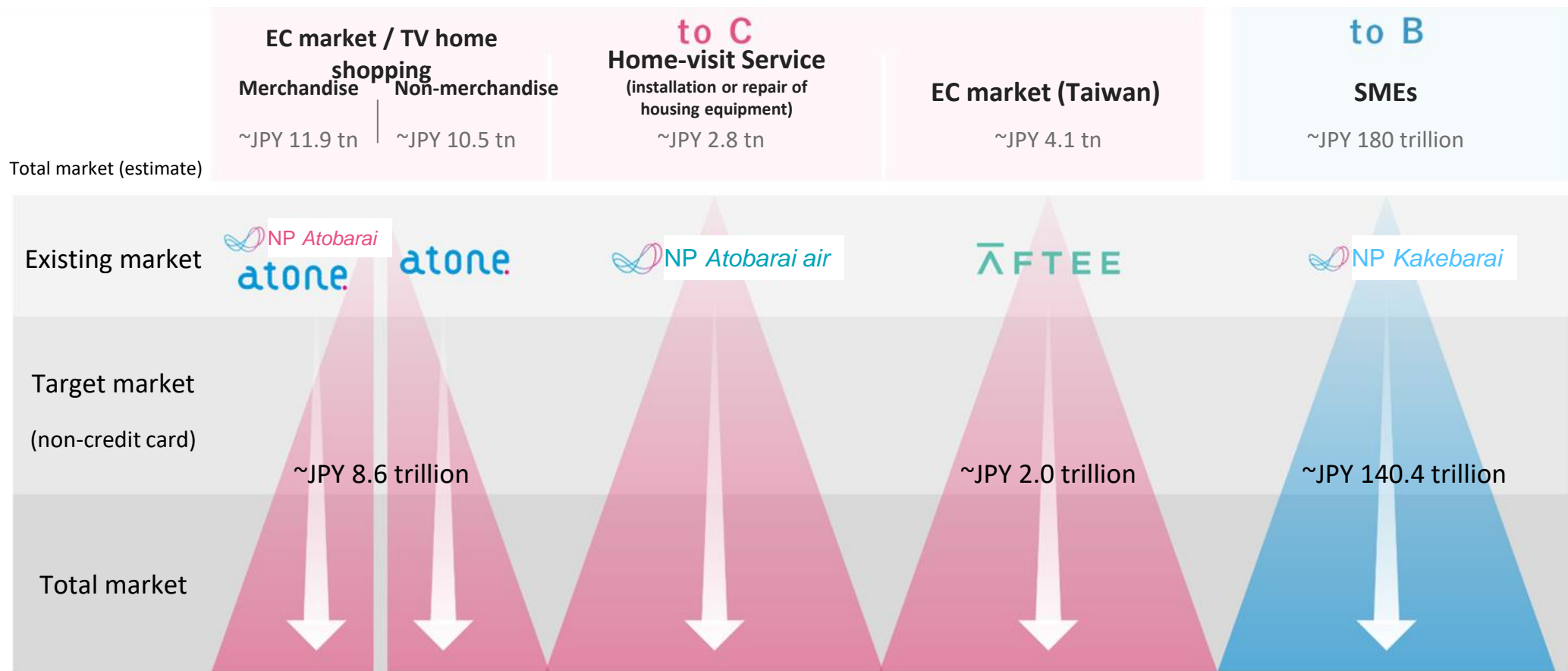
*2 The total amount of payments (including consumption taxes) made through services provided by the Group, such as NP *Atobarai*, atone, and AFTEE

*3 The total amount of payments (including consumption taxes) made through NP *Kakebarai* provided by the Group

The information above includes forward-looking statements based on our executives' discussion based on information available at this time. Therefore, there can be a variety of risks and uncertainties that can make a significant difference to the actual performance.

Growth Strategy: TAM Covering Both E-commerce and Offline Markets

As our share in the merchandise e-commerce market increases, we will bring our BNPL services into the non-merchandise e-commerce market, home-visit services, BtoB market, and overseas markets.



Note: Each of the triangles above is for illustrative purpose only, not showing the market share.

BtoC EC payment market: the TAM of each market is calculated by multiplying the FY2019 market share by the FY2020 EC payment market size; BtoC TV home shopping market: expected sales volume in FY2020; Cashless payments at BtoC real stores: FY2020 retail market size valued at JPY146 trillion x cashless payment ratio of 26.8%

See Appendix on pages 56-58 for the definitions of TAM, SAM, and SOM.

Source: Those figures are calculated using our analysis based on certain assumptions with reference to the following various data: "Online Payment/Settlement Service Providers 2021" (P. 31, 32 and 38), "Home Industry White Paper 2021" (P9) and "Distribution and Retailing Industry 2021" (P. 102) by Yano Research Institute Ltd. as well as "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

Growth Strategy: Key Measures

Key measures aimed at growth of GMV and operating revenue.

Enhance marketing activities

- ✓ Acquire member stores by raising our brand awareness
- ✓ Expand our share in the payment market in Taiwan by improving penetration rate

Seek alliance

- ✓ Partnership with major platform operators
- ✓ Promote digital transformation of invoicing operations through alliance with regional banks and shinkin banks

Promote common interface

- ✓ Introduce *atone* to the NP *Atobarai* member stores through tie-up in shopping carts
- ✓ Accelerate the introduction of our services to new e-commerce businesses through alliance with PSP*1

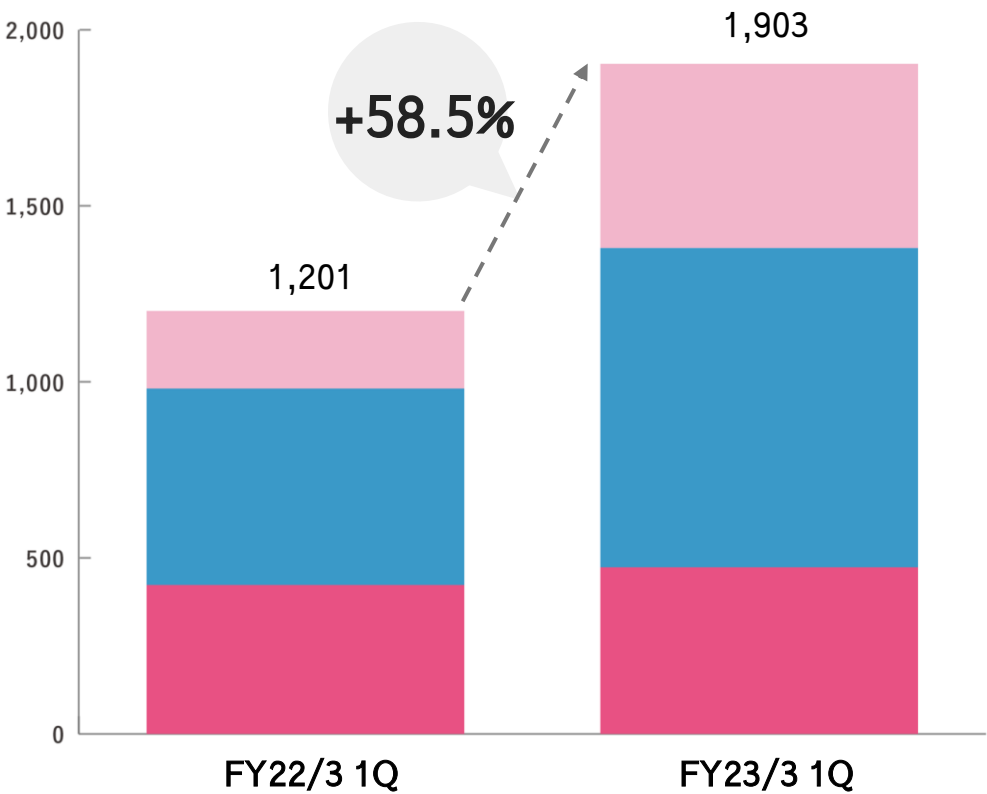
Strengthen our structure to facilitate the implementation of the key measures

*1 PSP stands for Payment Service Provider.

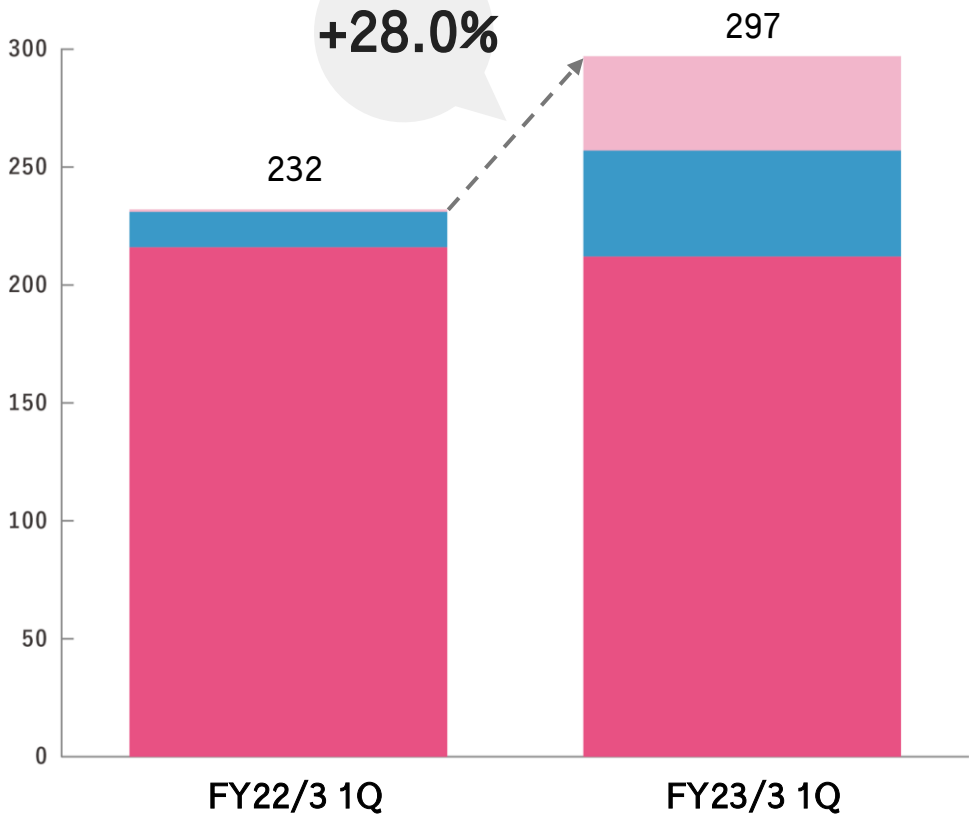
Growth Strategy: Marketing Activities (Increase in Numbers of Inquiries and Sales Negotiations Referred by Partners)

The number of web-based inquiries for information materials increased 58.5% YoY and the number of sales negotiations with potential customers referred by alliance partners increased 28.0% YoY.

Number of web-based inquiries for information materials



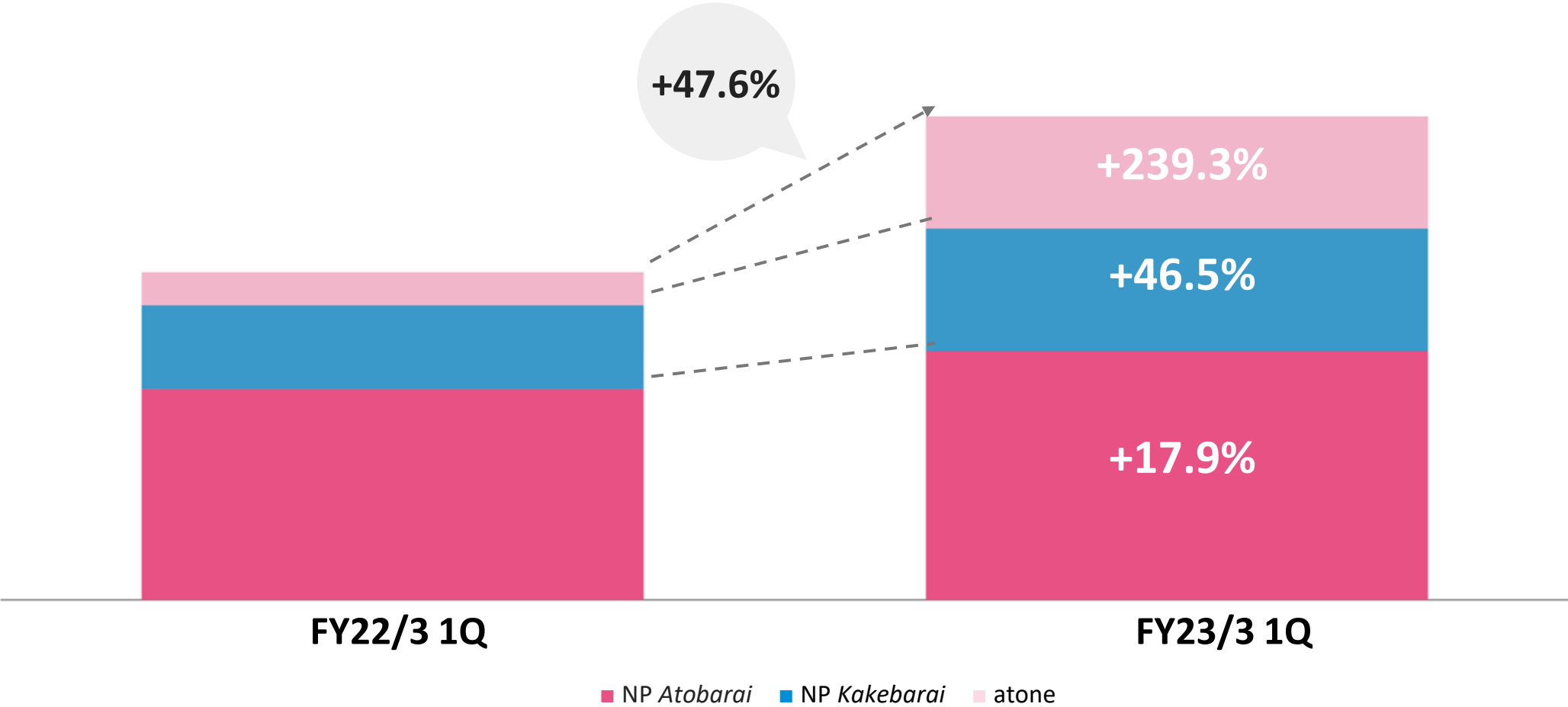
Number of sales negotiations with potential customers referred by alliance partners



■ NP Atobarai ■ NP Kakebarai ■ atone

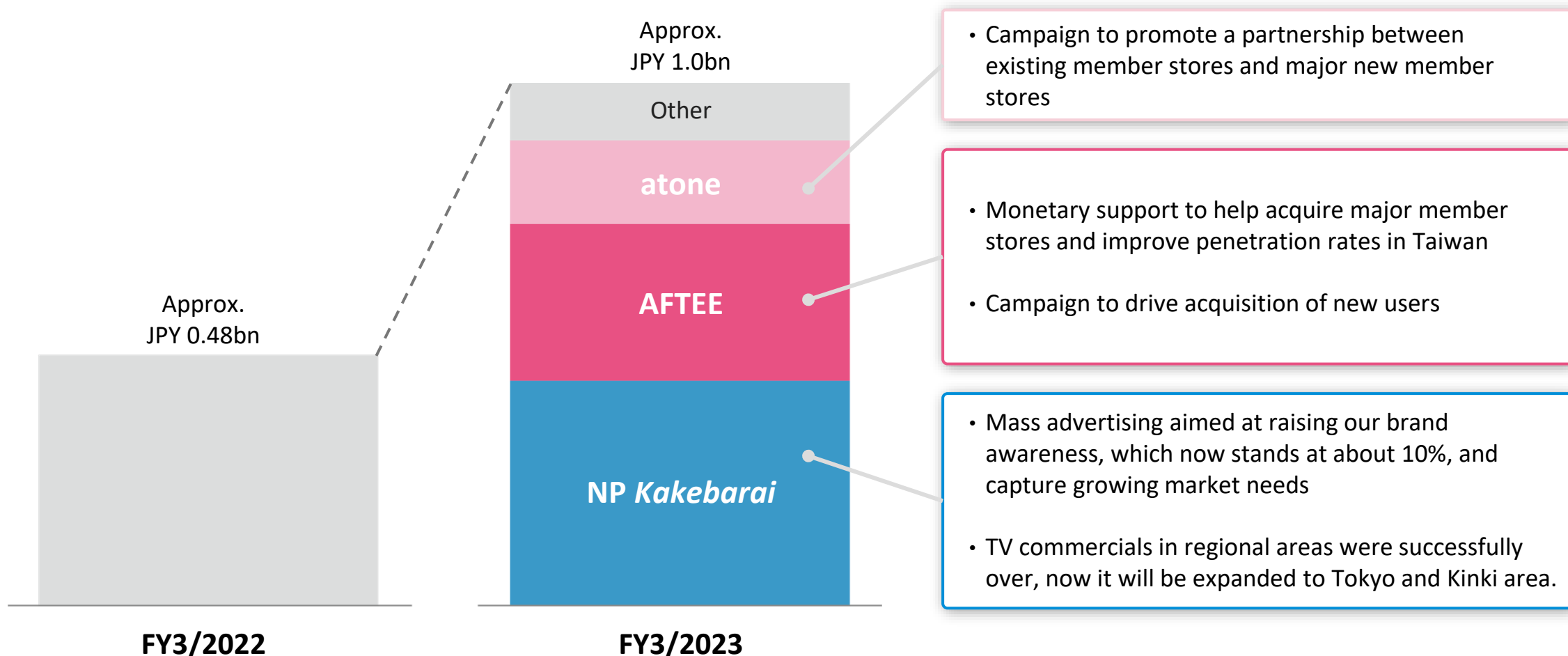
Growth Strategy: Marketing Activities (Increase in Number of Sales Negotiations)

Number of sales negotiations in each business category increased steadily, up 47.6% year on year for the first quarter of the fiscal year ending March 31, 2023.



Growth Strategy: Marketing Activities (Policy on Investments)

During the fiscal year ending March 31, 2023, we will strategically invest about JPY 1.0 billion in marketing towards GMV growth and expansion of the member store base over the medium term.



Growth Strategy: Marketing Activities (Mass-Marketing for NP *Kakebarai*)

In the BtoB business, the number of sales negotiations during the first quarter of the fiscal year ending March 31, 2023 increased 46% year on year. In this growth segment, we will invest 400 million yen in mass-marketing annually with a view to securing first mover advantage. TV commercials in regional areas were conducted in the first quarter, and we were able to see the expected increase in the number of searches, so it will be expanded to Tokyo and Kansai area in the second quarter.

Major Advertising Measures

Assessment

Major Advertising Measures Scheduled

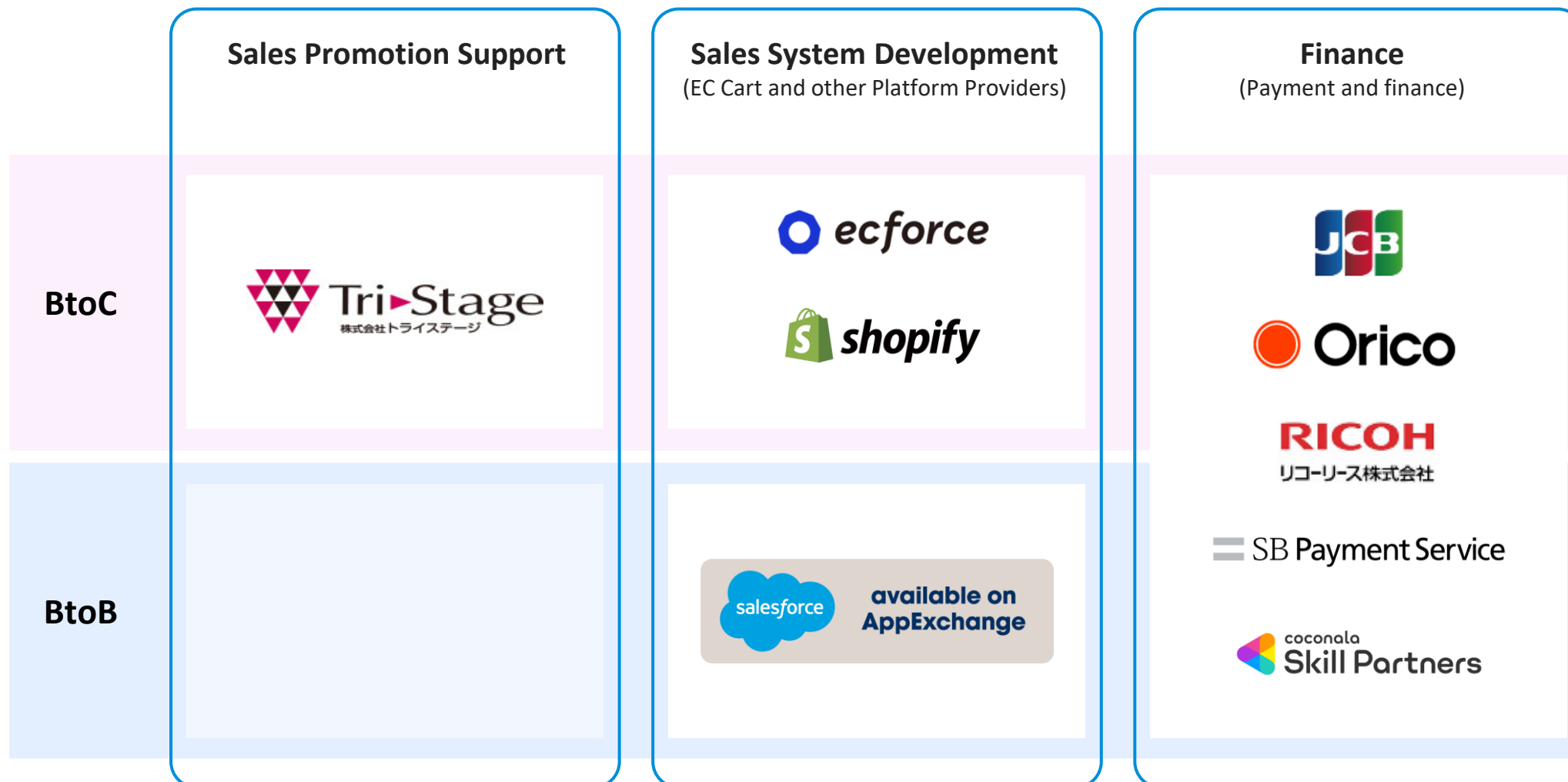
Major Advertising Measures			Assessment		Major Advertising Measures Scheduled	
April	May	June			July-September	October-December
Taxis in Kanto			Web session counts in the areas in which TV commercials were aired for trial	Brand search volume significantly grew in the areas for trial*1, reaching a level measurable also with other industries' benchmarks.	TV in Tokyo & Kansai	
Taxis in Tokyo			Ads on taxis	Ad delivery fell far below expectations, as about 70% of our applications for ad spots were not selected in the lottery amid fierce competition. Unused budget will be redistributed to TV and digital advertising.	Improve the creative of the ads	TV in Tokyo & Kansai
Test phase for commercials on local TV			Number of online requests for information in 1Q	907 requests +63% YoY	Strengthening the digital distribution	
Strengthening the digital distribution						

*1 Results are based on the broadcasting period from April 18 to May 8, 2022. Our commercials were broadcast in five prefectures: Shizuoka, Okayama, Kagawa, Hiroshima, and Miyagi.

Growth Strategy: Alliance (Moving from Payment Support to Business Support with Partners)

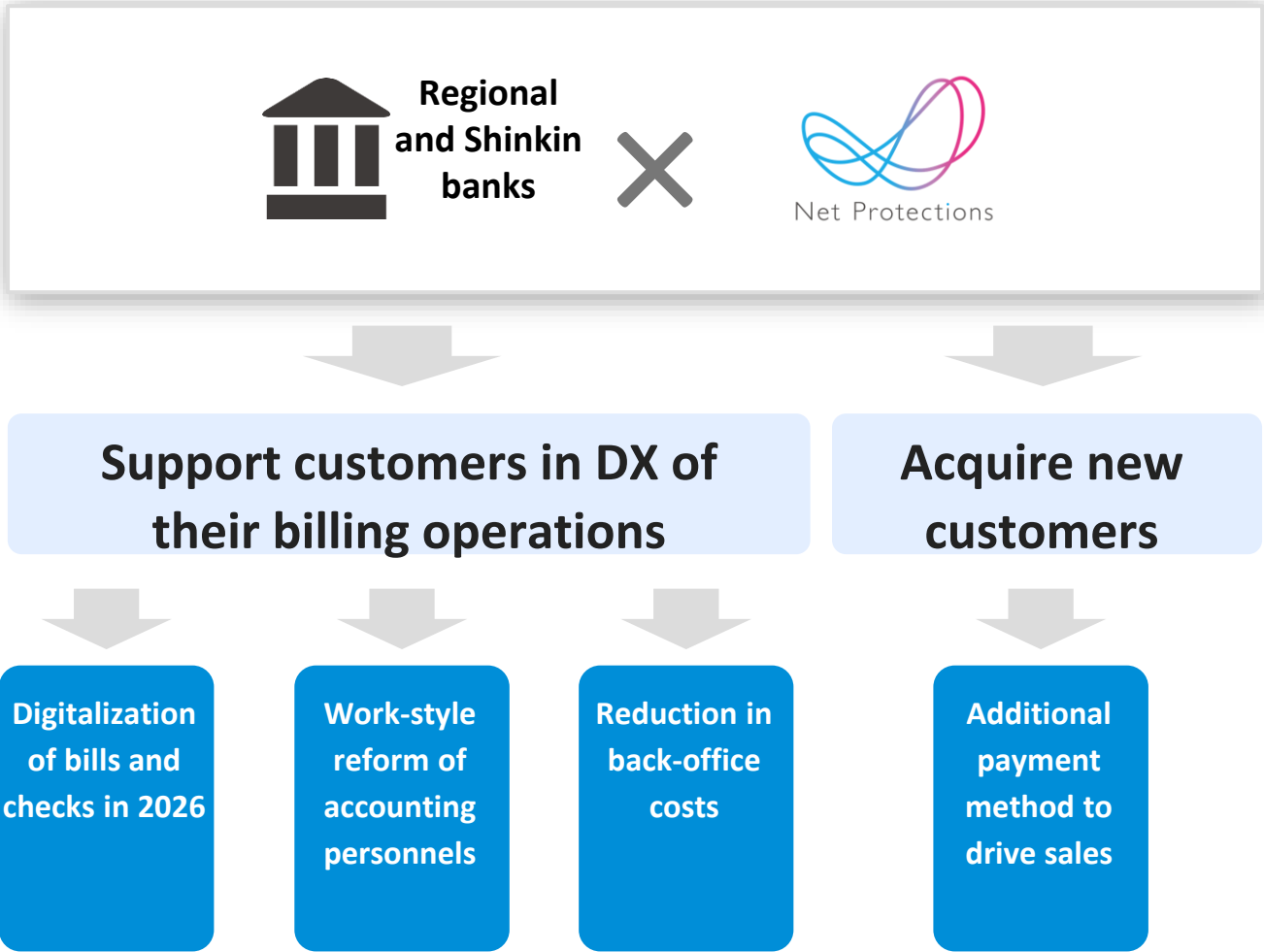
We have forged agency agreements and business partnerships with key players in the areas of sales promotion support, sales systems, and financing. Aiming to expand efficient sales network through partnerships.

Alliance partners



Growth Strategy: Alliance (Support to Local Business Operators in DX through Collaboration in Business with Regional and Shinkin Banks)

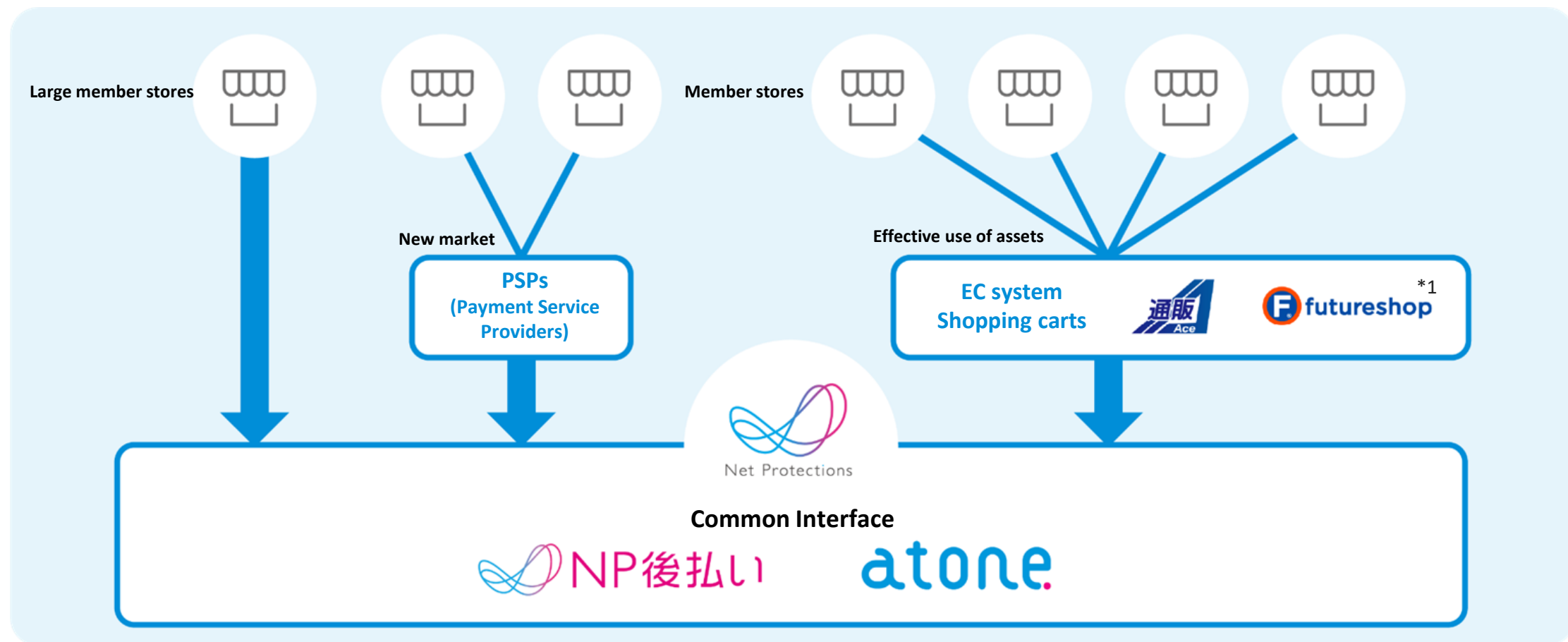
We will promote collaborations in business with regional and Shinkin banks to acquire local business operators that fall behind in DX. Our BNPL services in BtoC and BtoB will help us support all types of businesses in their DX efforts as well as acquire new customers.



Build a nationwide network of regional banks by increasing collaborations in business in the future

Growth Strategy: Common Interface (Improving Share in Payment Market through Collaboration with Other Service Providers)

The common interface, which integrates system specifications of NP *Atobarai* and atone, allows member stores to introduce both the services at the same time. We will strengthen collaborations with EC systems, shopping cart vendors and PSPs (payment service providers) and improve our share in the payment market in the future by promoting the use of atone by member stores that have already introduced NP *Atobarai*.

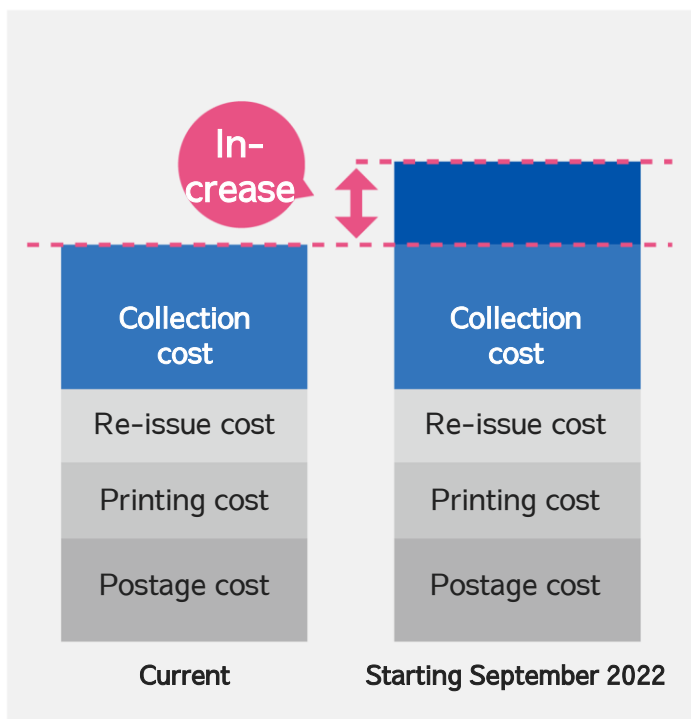


*1 Only NP *Atobarai* is available as of August 2022.

Topics: Revision of Paper Invoicing Fees and Countermeasures

At the request of the Japan Franchise Association and eight convenience store operators, fees for collection agency services will be partially revised in September 2022. Reasons for the revision include manpower shortage and soaring labor costs at convenience stores as well as increasing burden from cash and personal data management. The revision will be applied to all operators.

■ Revised paper invoicing fee^{*1}



Paper invoicing fee JPY190 per transaction (tax excluded) JPY225 per transaction (tax excluded)

Impact of the fee revisions

- BNPL usage rate may decline as some merchants pass on the fees for collection agency services to users.
- More EC shops are considering outsourcing to us in response to the price hike of fees for collection agency services.

^{*1} NP *Atobarai* wiz, an optional service to enclose a bill inside the box delivered: [Before revision] 85 yen per transaction (tax excluded) → [After revision] 120 yen per transaction (tax excluded)

Topics: Revision of Paper Invoicing Fees and Countermeasures (Launch of Electronic Barcode Billing Feature)

In response to the convenience store sector's plan to raise fees for collection agency services (from 190 yen to 225 yen), we will start offering a new service, the electronic barcode billing feature, to member stores from September 2022. The service is provided at 170 yen per transaction, lower than conventional paper invoicing fees, and also offers high usability.



Invoicing expense can be reduced by as much as around 25%!

Service can be provided at a lower cost compared to paper invoices.

No add-on development is required to implement the feature.

The electronic billing feature can be used with no additional development. No optional fees are charged for using the feature.



Appendix

- **Financial Statements**
- **Business and Market Overview**

Key Performance Indicators

	Three months ended June 30, 2021 (JPY in millions)	Three months ended June 30, 2022 (JPY in millions)	Percentage change (%)
GMV (non-GAAP)* ¹	112,857	118,700	5.2
BtoC Services	90,209	88,864	(1.5)
BtoB Services	22,648	29,835	31.7
Total Operating Revenue	4,604	4,586	(0.4)
BtoC Services	4,056	3,916	(3.5)
BtoB Services	547	669	22.3
Other operating revenue	122	155	27.5
Revenue	4,482	4,430	(1.2)
Invoicing related expenses (non-GAAP) * ²	1,867	1,808	(3.2)
Bad debt related expenses (non-GAAP) * ³	648	695	7.3
Other payment related expenses (non-GAAP) * ⁴	78	93	19.3
Gross profit (non-GAAP)* ⁵	1,888	1,833	(2.9)
BtoC Services	1,540	1,407	(8.6)
BtoB Services	348	425	22.2
Selling, general and administrative expenses, and other operating expenses (non-GAAP) * ⁶	1,562	1,931	23.6
Operating profit	448	58	(87.0)
Depreciation and amortization	337	340	1.0
Share-based payment expenses	2	0	(58.6)
Loss on disposal of property, plant and equipment	4	12	179.5
Impairment loss	–	–	–
Gain on reversal of impairment losses	–	–	–
EBITDA (non-GAAP)* ⁷	791	411	(48.0)
IPO-related expenses	4	–	–
Marketing expenses (non-GAAP)* ⁸	55	160	187.9
Adjusted EBITDA (non-GAAP)* ⁹	852	572	(32.8)

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

*2 Invoicing related expenses: Collection expense + Invoicing expense, primarily the amount of expenses incurred per invoice

*3 Bad debt related expenses: Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade receivables, primarily the expenses incurred in proportion to the amount of invoice

*4 Other payment related expenses: Other expenses required for providing payment services, including credit screening costs and NP point expenses

*5 Gross profit: Revenue – (invoicing related expenses + bad debt related expenses + other payment-related expenses)

*6 SG&A and other operating expenses: Operating expenses – (invoicing related expenses + bad debt related expenses + other payment-related expenses)

*7 EBITDA : Operating profit + (Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment loss – Gain from reversal of impairment losses)

*8 Marketing expenses: Sales promotion expenses (excluding agency commissions) + Advertising expenses

*9 Adjusted EBITDA: EBITDA + IPO-related expenses + Marketing expenses

Consolidated Statement of Financial Position

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	12,119	11,264
Trade and other receivables	22,019	22,242
Inventories	19	16
Other current receivables	473	484
Total current assets	34,631	34,008
Non-current assets		
Property, plant and equipment	982	1,019
Goodwill	11,608	11,608
Intangible assets	3,566	3,643
Other financial assets	740	1,067
Deferred tax assets	1,333	1,343
Other non-current assets	173	158
Total non-current assets	18,405	18,841
Total Assets	53,037	52,850

(JPY in millions)

	As of March 31, 2022	As of June 30, 2022
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	26,960	27,487
Short-term loans	—	—
Lease liabilities	397	402
Other current financial liabilities	5	9
Income taxes payable	816	48
Provisions	40	30
Liabilities for employee benefits	353	376
Other current liabilities	465	459
Total current liabilities	29,039	28,814
Non-current liabilities		
Long-term loans	4,955	4,957
Lease liabilities	330	320
Provisions	69	84
Total non-current liabilities	5,354	5,362
Total Liabilities	34,394	34,176
Equity		
Share capital	4,095	4,095
Capital surplus	14,046	14,047
Retained earnings	466	451
Other components of equity	34	78
Total equity attributable to owners of parent	18,642	18,673
Total Equity	18,642	18,673
Total Liabilities and Equity	53,037	52,850

Consolidated Statement of Profit or Loss

(JPY in millions)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Revenue	4,482	4,430
Other operating revenue	122	155
Total operating revenue	4,604	4,586
Operating expenses	(4,156)	(4,528)
Operating profit	448	58
Financial income	0	0
Financial costs	(69)	(16)
Profit before income taxes	378	41
Income tax expense	(141)	(56)
Profit (loss)	236	(14)
Profit (loss) attributable to:		
Owners of parent	236	(14)
Profit (loss)	236	(14)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	2.77	(0.15)
Diluted earnings (loss) per share (yen)	2.56	(0.15)

Consolidated Statement of Cash Flows

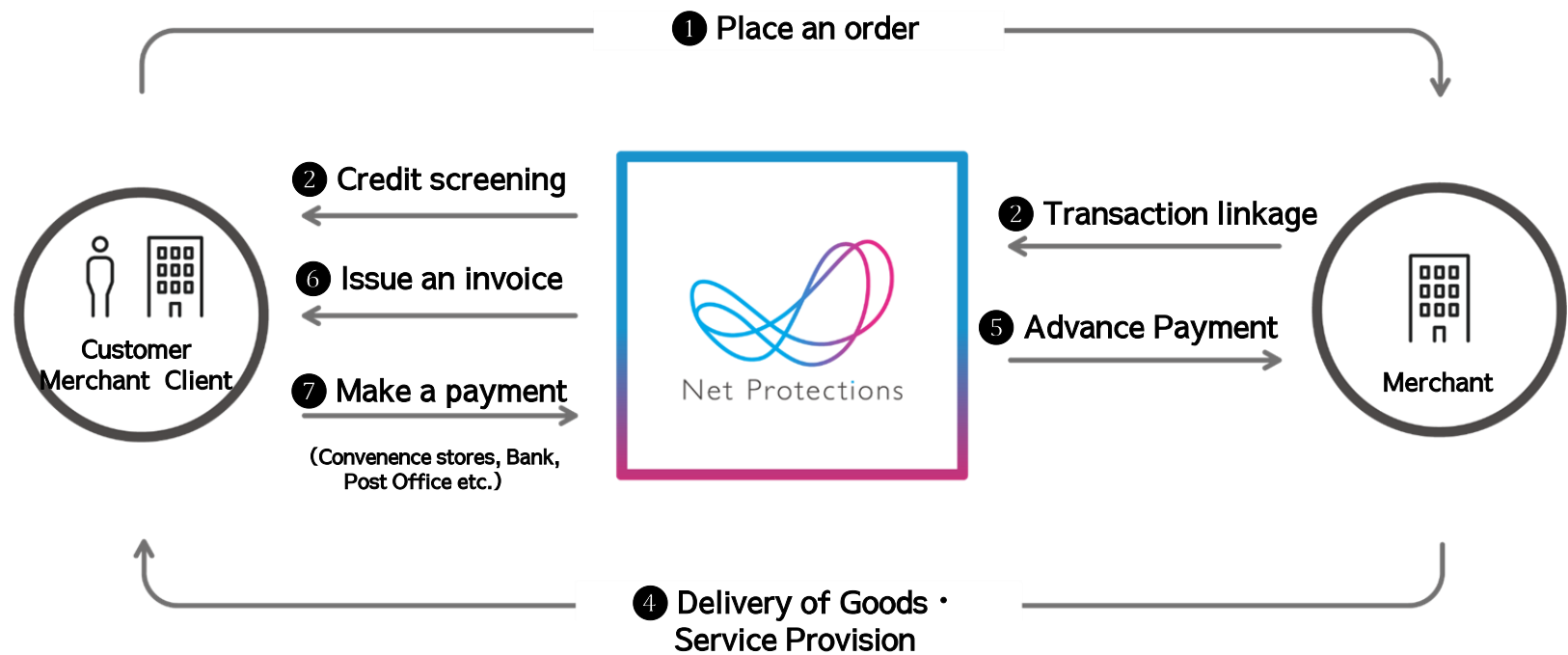
(JPY in millions)

	For the three months ended June 30, 2021	For the three months ended June 30, 2022
Cash Flows from Operating Activities		
Profit before income taxes	378	41
Depreciation, amortization and impairment losses	337	340
Share-based payment expenses	2	0
Finance income and finance costs	65	12
Increase (decrease) in provisions	(25)	5
Loss on disposal of property, plant and equipment	4	12
Decrease (increase) in inventories	(0)	2
Decrease (increase) in trade and other receivables	(445)	(223)
Increase (decrease) in trade and other payables	8	526
Other	(139)	(19)
Subtotal	183	699
Interest received	0	0
Interest paid	(3)	(2)
Income tax paid	(667)	(790)
Cash Flows from Operating Activities	(487)	(93)
Cash Flows from Investing Activities		
Payments into time deposits	–	(1)
Purchase of property, plant and equipment	(3)	(79)
Purchase of intangible assets	(114)	(265)
Payments for guarantee deposits	–	(8)
Proceeds from collection of guarantee deposits	(11)	–
Purchase of available-for-sale securities	–	(315)
Cash Flows from Investing Activities	(128)	(669)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans	–	–
Repayments of lease liabilities	(102)	(92)
Proceeds from issuance of shares	991	0
Cash Flows from Financing Activities	888	(91)
Effects of exchange rate changes on cash and cash equivalents	5	0
Net increase (decrease) in cash and cash equivalents	227	(854)
Cash and cash equivalents at the beginning of the period	8,304	12,119
Cash and cash equivalents at the end of the period	8,581	11,264

Business and Market Overview

Business Overview: BNPL Scheme Providing Safe and Secured Transactions

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



Customer Benefits



Receives goods first



No credit cards required



Earn points

Merchant Benefits



Increases sales



Acquire new customers



risk-free guaranteed

Why Customers Prefer BNPL

Budget Control

1 Pay cash each time to prevent overspending



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

2 Pay when you want within the due date.



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

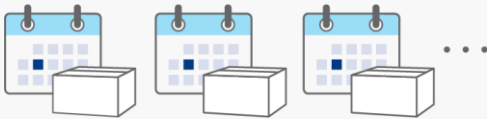
Security

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 recurring payments



- ✓ 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 e-commerce
- ✓ No need to use credit cards
- ✓ Mobile phone friendly

6 Payment made after the arrival of goods



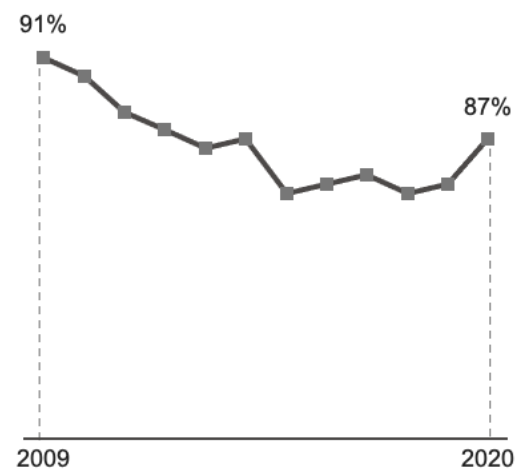
- ✓ No worry about whether goods will arrive, unlike in case of advanced payments
- ✓ Easy to return, easy to exchange, easy to cancel

Credit Cards Do Not Completely Satisfy User Demands

Facts on Credit Card Usage in Japan

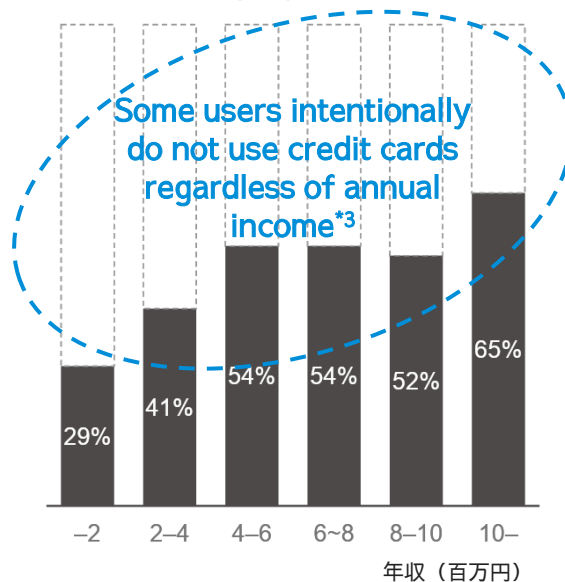
1 Credit card penetration rate*1

【Credit card penetration rate】



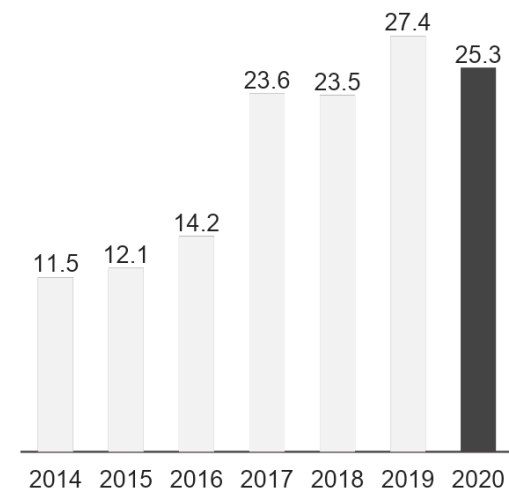
2 Some users do not use credit cards

【Credit card usage by annual income】*2



3 Credit card fraud losses are increasing

【Historical Credit Card Fraud】
(JPY in billions)



BNPL demands are increasing rapidly

*1 Penetration rate is measured by the number of people surveyed who have at least one credit card

*2 The area shown in black is the percentage of respondents who answered "I often use credit cards"

*3 Including people who do not have credit cards

Source: 1 Japan Credit Bureau Co., Ltd. "Comprehensive credit card survey (September 2013 and September 2018, February 2021)"

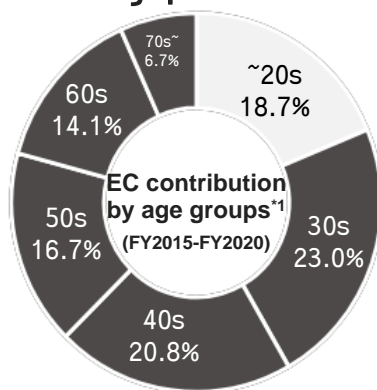
2 Nippon Institute for Research Advancement (NIRA) "Survey on cashless payment" (September 2018)

Target: "3,000 men and women between the ages of 20-69 living across Japan among the registered monitors held by Nikkei Research"

3 Japan Consumer Credit Association "Survey on credit card fraud" (as of September 2021)

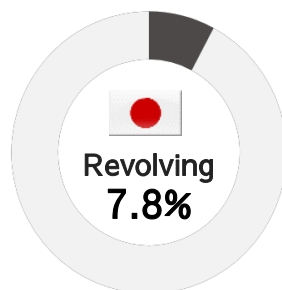
The Uniqueness of Japan Market

A wide range of age groups contributing to the growth of Japan's e-commerce

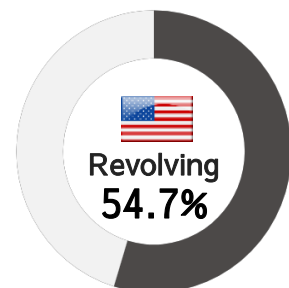


Consumers in Japan rely less on installment payments

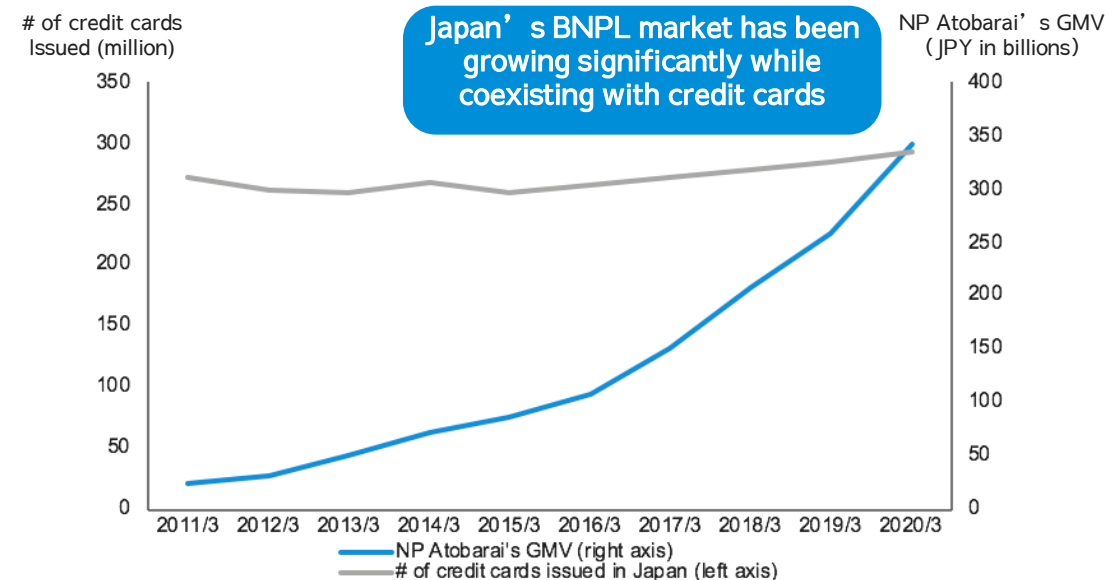
Japan: Usage of credit cards (by Volume)^{*2}



(ref.) US: Credit revolving users^{*3}



“Japan is Japan”



Attract wide range of user age groups

Prioritize customer loyalty programs over prolonged installment payments

Acquire variety of merchants / no single ecosystem reliance

Directly related to GMV increase

Source: “Survey of Household Economy” (2020), Japan Consumer Credit Association, “Japan Credit Statistics” (2020), American Bankers Association “Credit Card Market Monitor” .

^{*1} Contribution of the increase in monthly expenditures per household by each age group using EC sites (households with two or more members) from 2015 to 2020

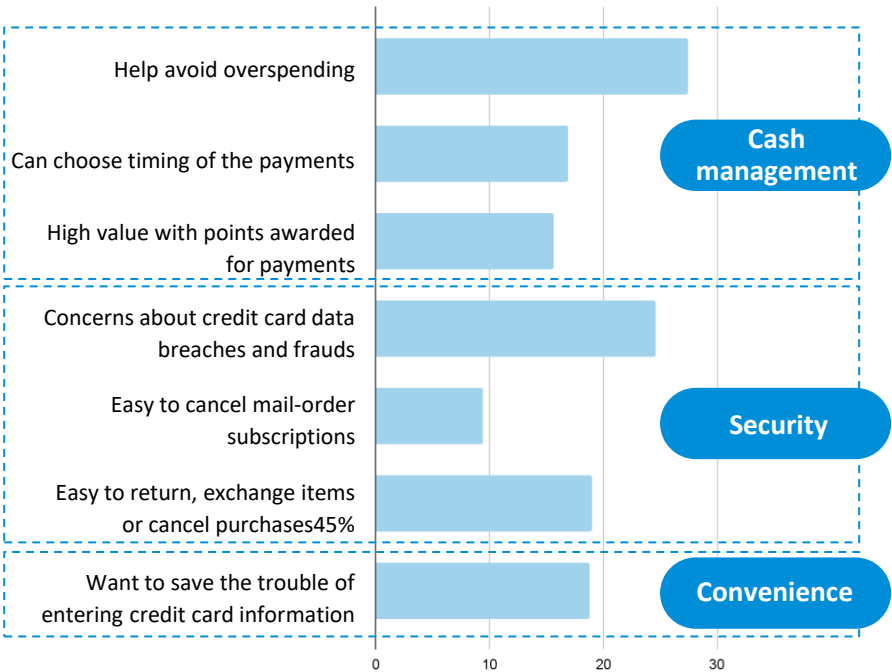
^{*2} Japan Consumer Credit Association. Based on the transaction volume in 2020. Payments exceeding 2 months are defined as “Revolving”

^{*3} American Bankers Association “Credit Card Market Monitor” , as of 2020 Q3. Excluding dormant accounts. Revolving: if monthly balance is rolled over to the next month at least once during a quarter

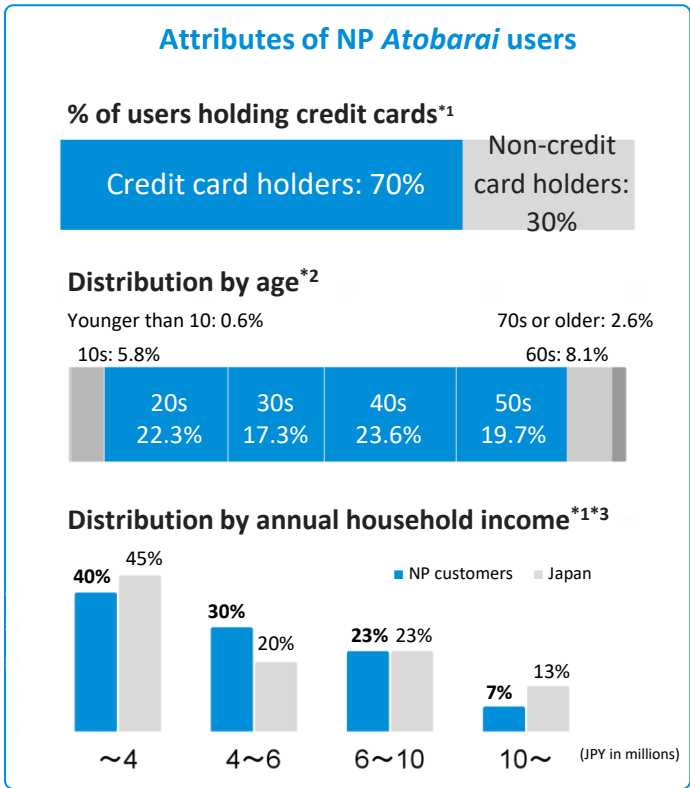
Lump Sum BNPL Service Providing Safe and Secure Transactions as Value Proposition

Many of our users hold credit cards and span a broad range of generations who hope to enjoy online shopping safely and securely. Our NP *Atobarai* is a lump sum BNPL service and thus is free from concerns over excessive debt which are drawing attention overseas.

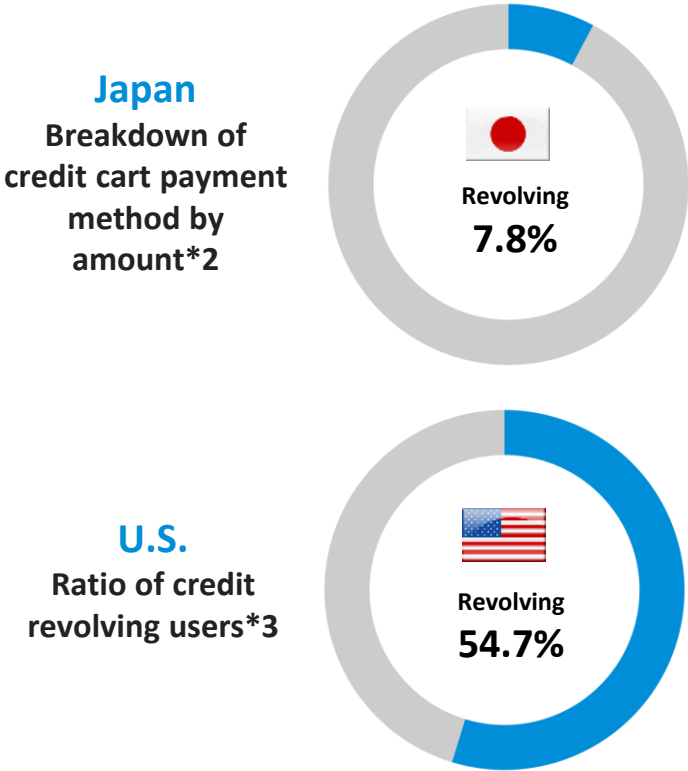
1 Reasons for using BNPL services: *1 For money management, security, and convenience



2 The user base is highly diversified.



3 The full payment is preferred in Japan, whereas the installment payment is preferred overseas.



*1 [Survey method] Internet survey on NP members [Period] From December 28 to 30, 2018 [Target] 1,738 men and women in their twenties or older nationwide

*2 Breakdown of NP Point Club members as of March 31, 2021 (Members are able to use the NP points that they accumulate by using NP *Atobarai* and atone when they make purchases from merchant clients)

*3 Ministry of Health, Labor and Welfare “Comprehensive Survey of Living Conditions in 2017” [Target] 61,000 households randomly selected by the Ministry of Health, Labor and Welfare

*4 Based on the amount used in 2020. Payments exceeding 2 months are defined as “revolving.”

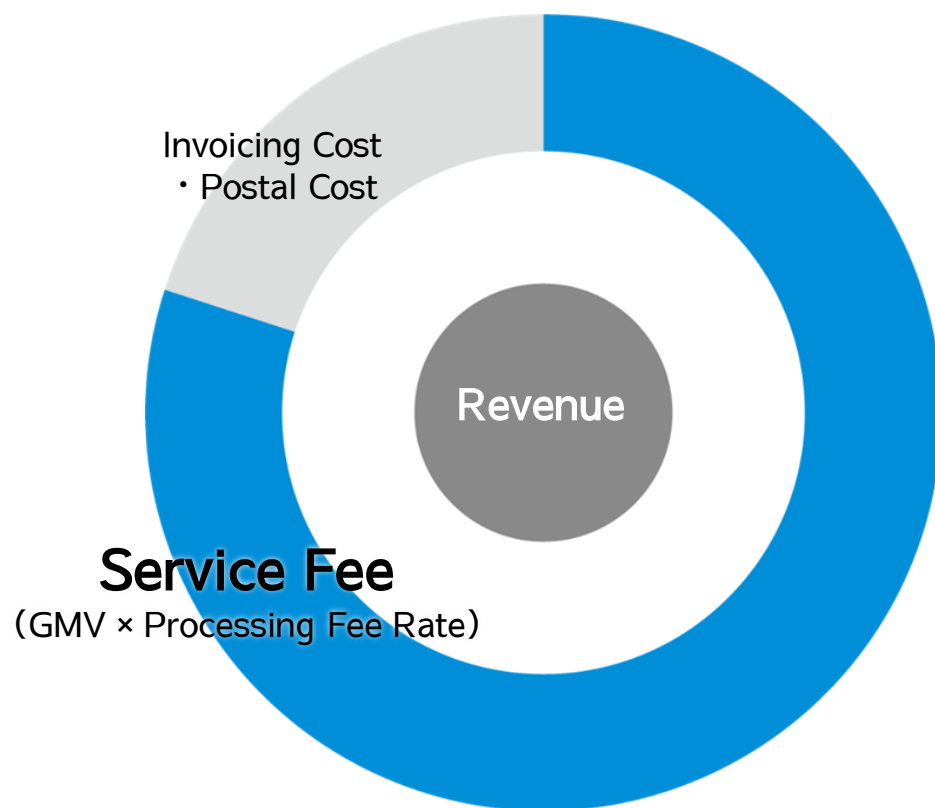
*5 Representing the ratio as of the third quarter of FY2020, excluding dormant accounts. When a monthly balance is carried over to the next month at least once during a quarter surveyed, the payment is defined as “revolving.”

Source: “Survey of Household Economy” (2020), Japan Consumer Credit Association “Japan Credit Statistics” (2020), American Bankers Association “Credit Card Market Monitor”

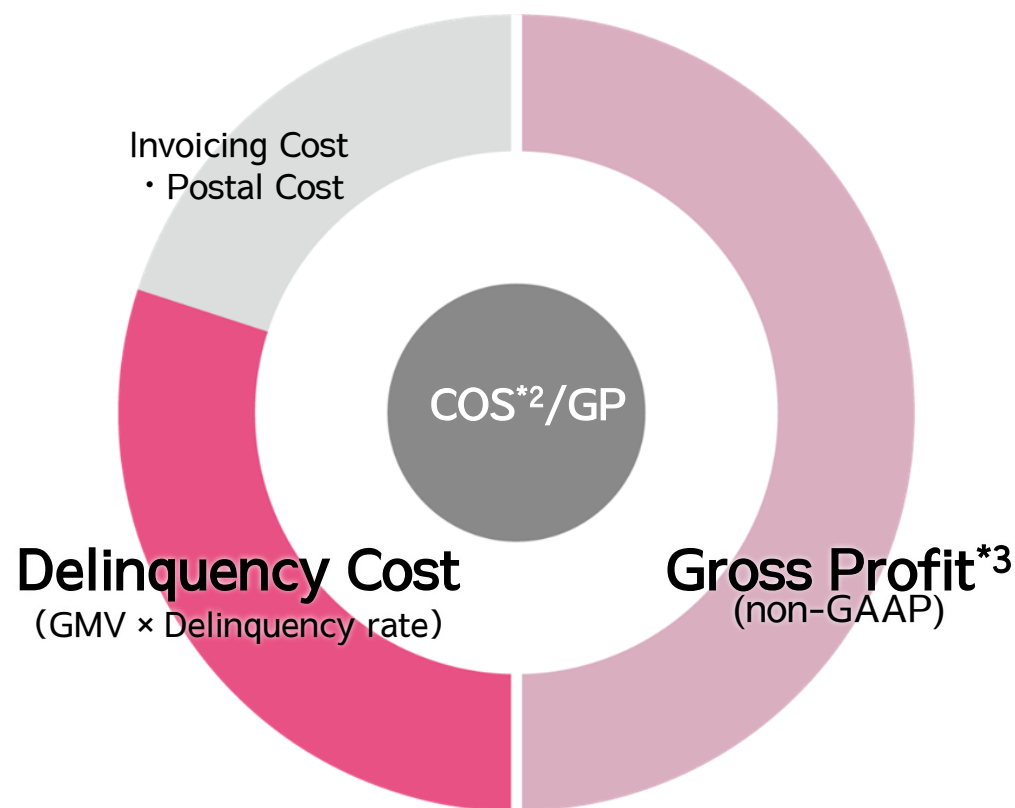
Business Metrics: Profit Structure as a Source of Corporate Value

Revenue consists of the service fees paid by merchants based on GMV(non-GAAP)*1.

The gross profit margin varies depending on delinquency cost as part of cost of sales (COS)*2.



**Sales increase
in line with a growth in GMV.**



**Profit increases
as the delinquency rate declines.**

*1 GMV: The total amount of payments (including consumption tax) made through services provided by the Group, such as NP Atobarai, atone, NP Kakebarai, and AFTEE

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

*3 Gross profit: Revenue - (collection expense + invoicing expense + allowance for doubtful accounts (addition) + bad debt expense + loss on sale of trade receivables + credit screening expense + NP point expense + other payment-related expenses)

NP Atobarai's Advance into Individual Day-to-Day Operations

Examples of Introduction : BNPL available in on-site services



Renovation /
Construction work



Repair / Maintenance



Housekeeping service



Moving



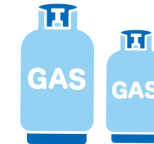
Food Delivery



Rental



Event / Seminar



Electricity / Gas

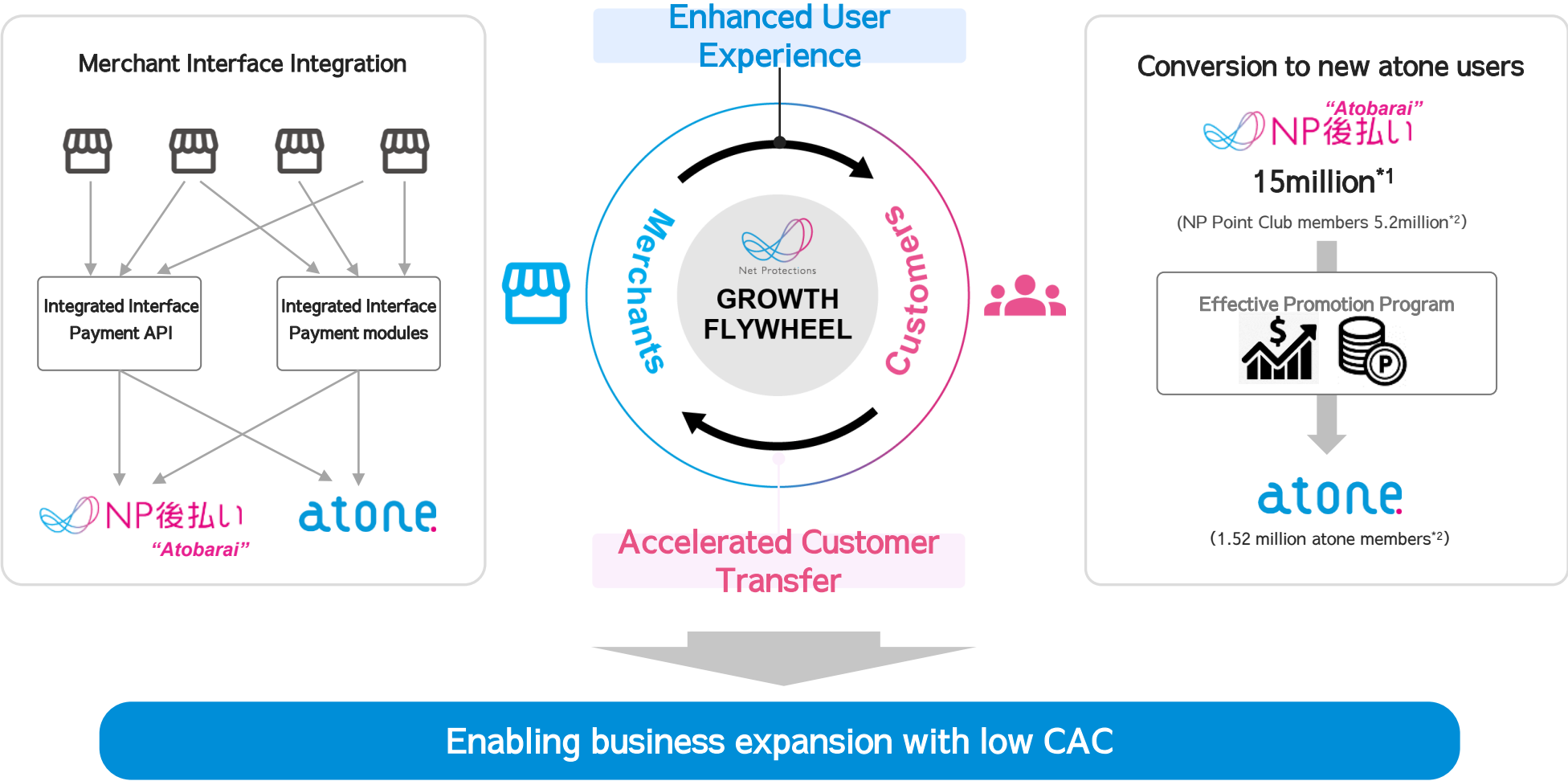
Benefits for Customers

No need to prepare cash
at the time of service

Benefits for Merchants

Eliminate cash transactions and reduce
collection and accounting procedures

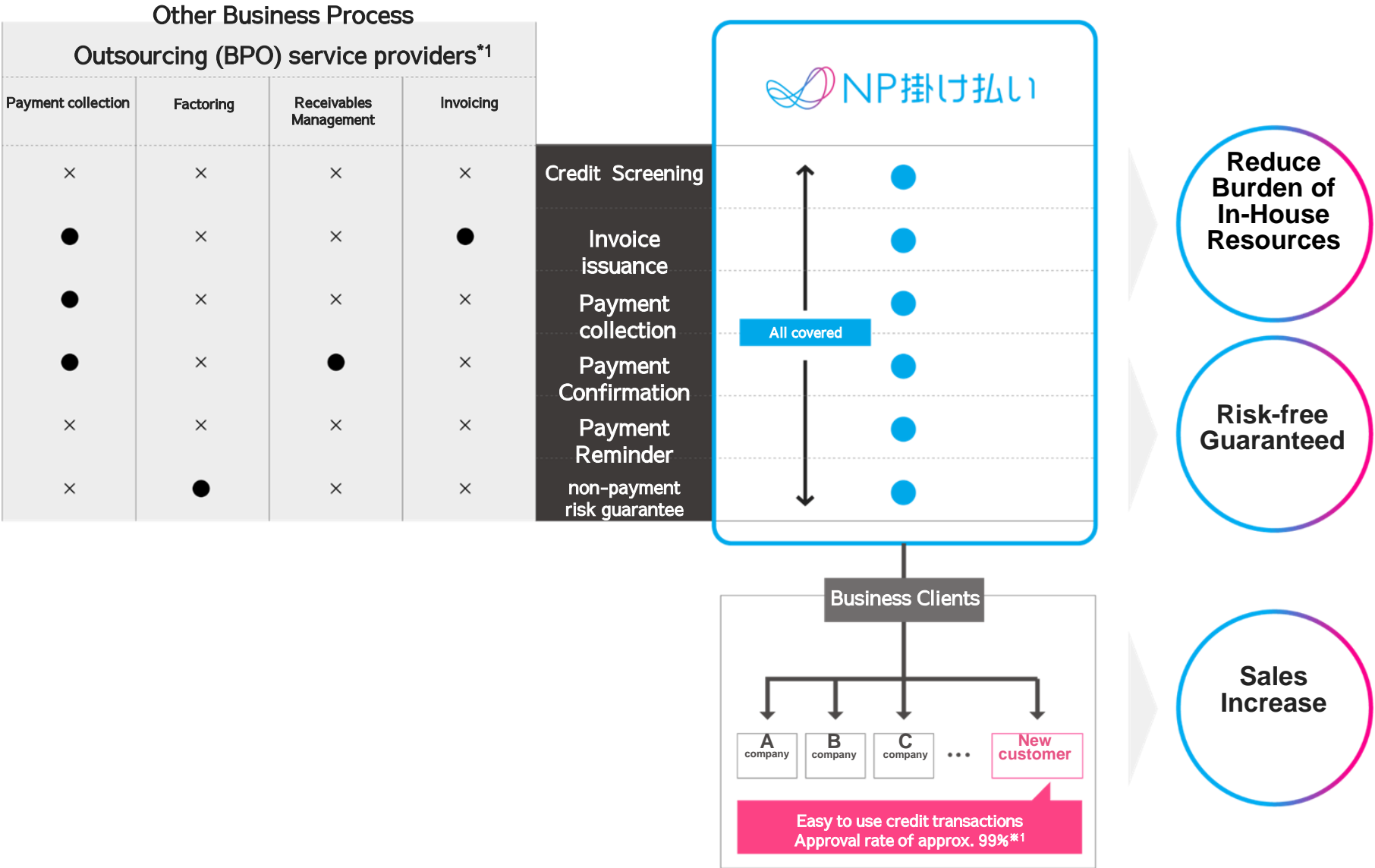
Growth Strategies for BtoC Services



*1 The number of individual Unique Users of NP Atobarai (BtoC service) based on the matching of duplicative names and phone numbers during FY3/21 (April 1, 2020 to March 31, 2021)

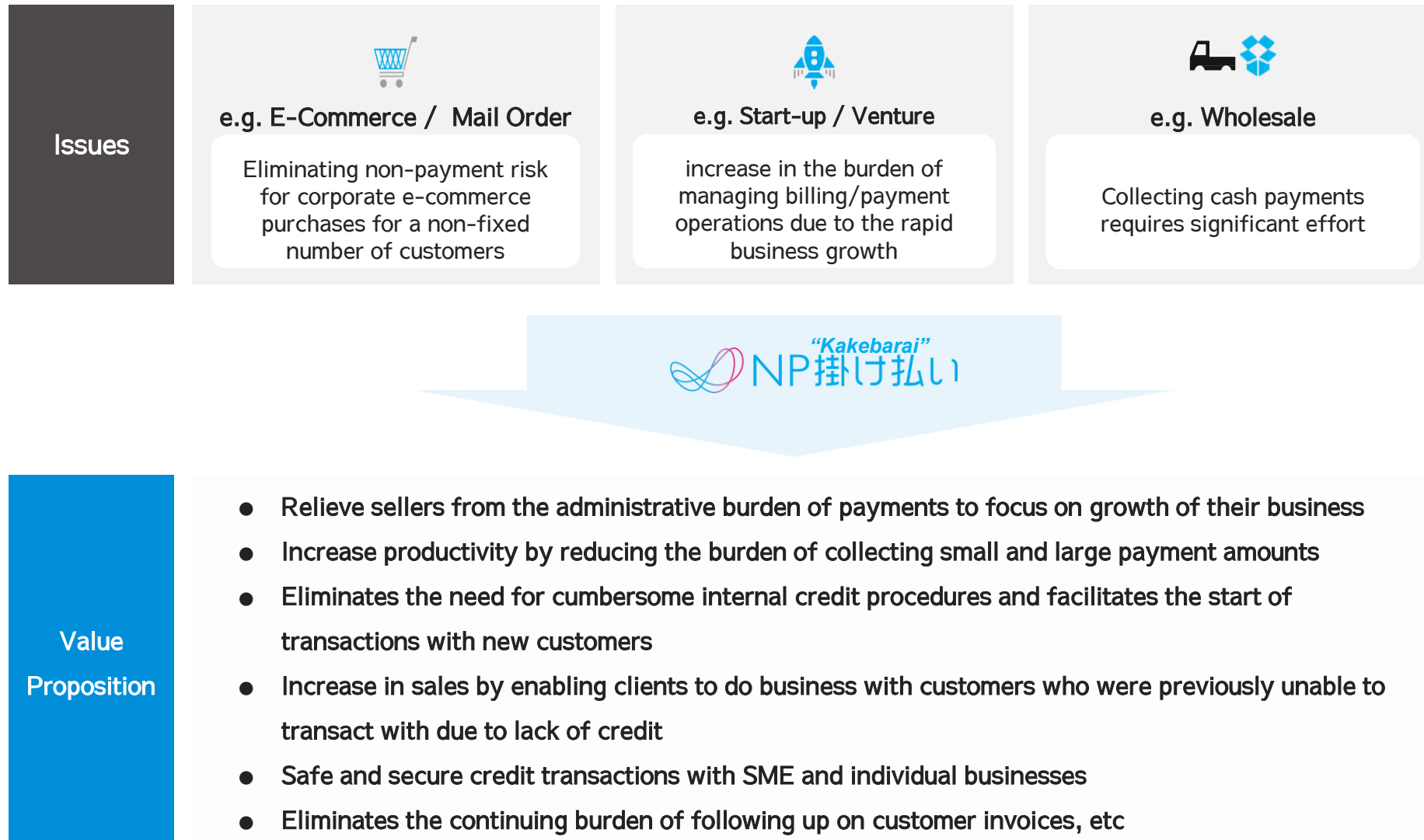
*2 The number of atone members are included in the number of NP point Club members. As of March 2022

NP Kakebarai' s Value Proposition

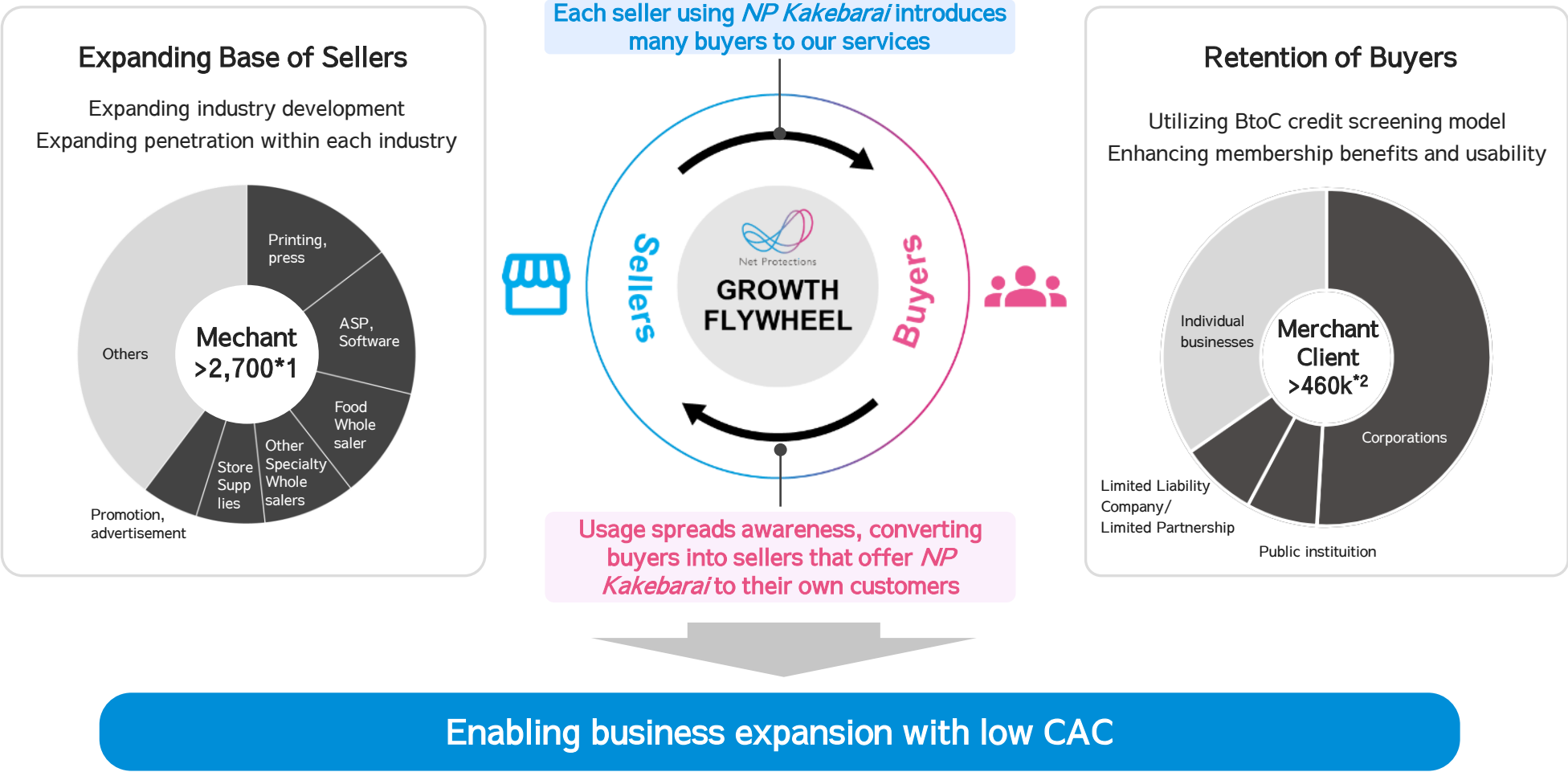


*1 Representative services offered by BPO service (business process outsourcing service) providers

NP Kakebarai's Value Proposition



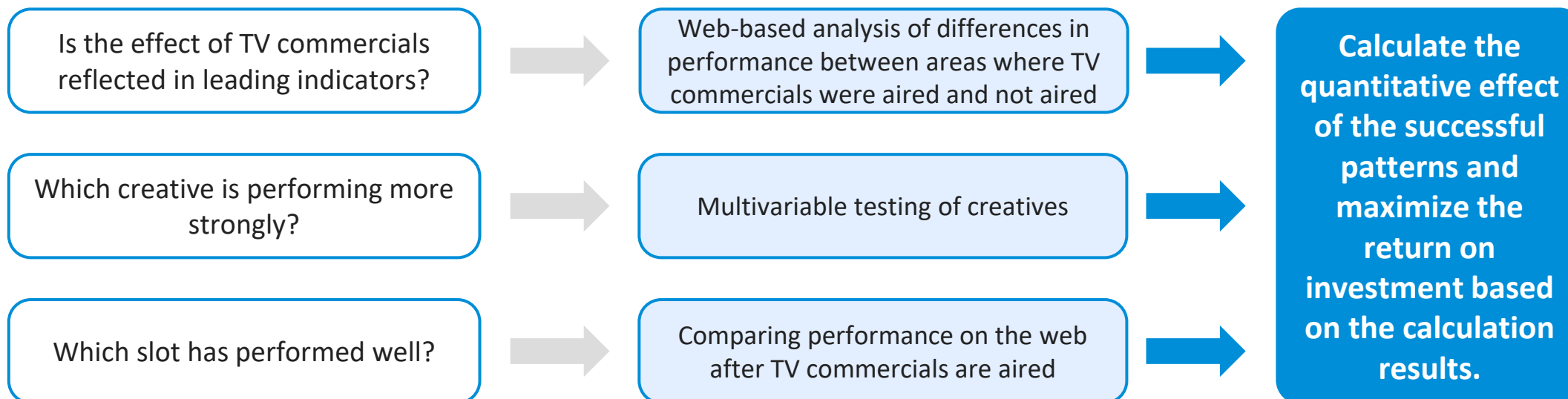
Growth Strategies for BtoB Services



*1 Number of sellers that used NP Kakebarai in FY3/2022 (certain sellers operate multiple accounts).
*2 Number of unique buyers to which NP Kakebarai issued an invoice during FY3/2022 (identified on the basis of corporate name)

Framework of PDCA for Mass Advertising

We have gained insights into the target member stores from market surveys and reflected the insights in our messages on various media.
We will maximize our performance through PDCA by testing a range of variables even after launch.



Growth Strategy: Service Introduction Status in Target Market (BtoB Market)

Wholesale

Construction Material



Liquor



Food & Beverage



Beauty



Packaging



Start-ups

Sharing Economy



Back Office



Human Resource



Marketing



Marketplace



Major Companies

集英社 (Shueisha)



Growth Strategy: Service Introduction Status in Target Market (BtoC Market)

New Target Market

House Cleaning/Repair



TV Shopping



Housekeeping



Digital Content



Newspapers



Physical Retailers



E-Commerce



E-Commerce in Taiwan



Earnings Forecasts for Fiscal Year Ending March 31, 2023

During the first half, we expect to record operating loss because marketing expenses for originating transactions arise before such transactions produce profits. During the second half, however, newly acquired member stores will start using our services driven by our marketing efforts and contributing to GMV, As such, we expect to record profit on a full-year basis.

(JPY in millions)	FY3/2022 results	FY3/2023 forecasts			
		1H	2H	Full-year	vs. FY3/2022
GMV (non-GAAP) *1	472,589	255,199	284,304	539,504	+14.2%
Total Operating Revenue	18,665	10,053	11,382	21,436	+14.8%
Gross profit (non-GAAP) *2	7,469	3,913	4,405	8,318	+11.4%
Operating profit	897	(103)	560	457	-49.0%
EBITDA (non-GAAP) *3	2,246	589	1,300	1,890	-15.8%
(Marketing expenses) *4	481	671	362	1,033	+114.8%
(IPO-related expenses)	272	—	—	—	—
Adjusted EBITDA (non-GAAP) *5	3,000	1,261	1,662	2,924	-2.5%

*1 GMV: The total amount of payments (including consumption tax) made through services provided by the Group, such as NP Atobarai, atone, NP Kakebarai, and AFTEE

*2 Gross profit: 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)

*3 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)

*4 Marketing expenses : Sales promotion excluding agency commissions + advertising expenses

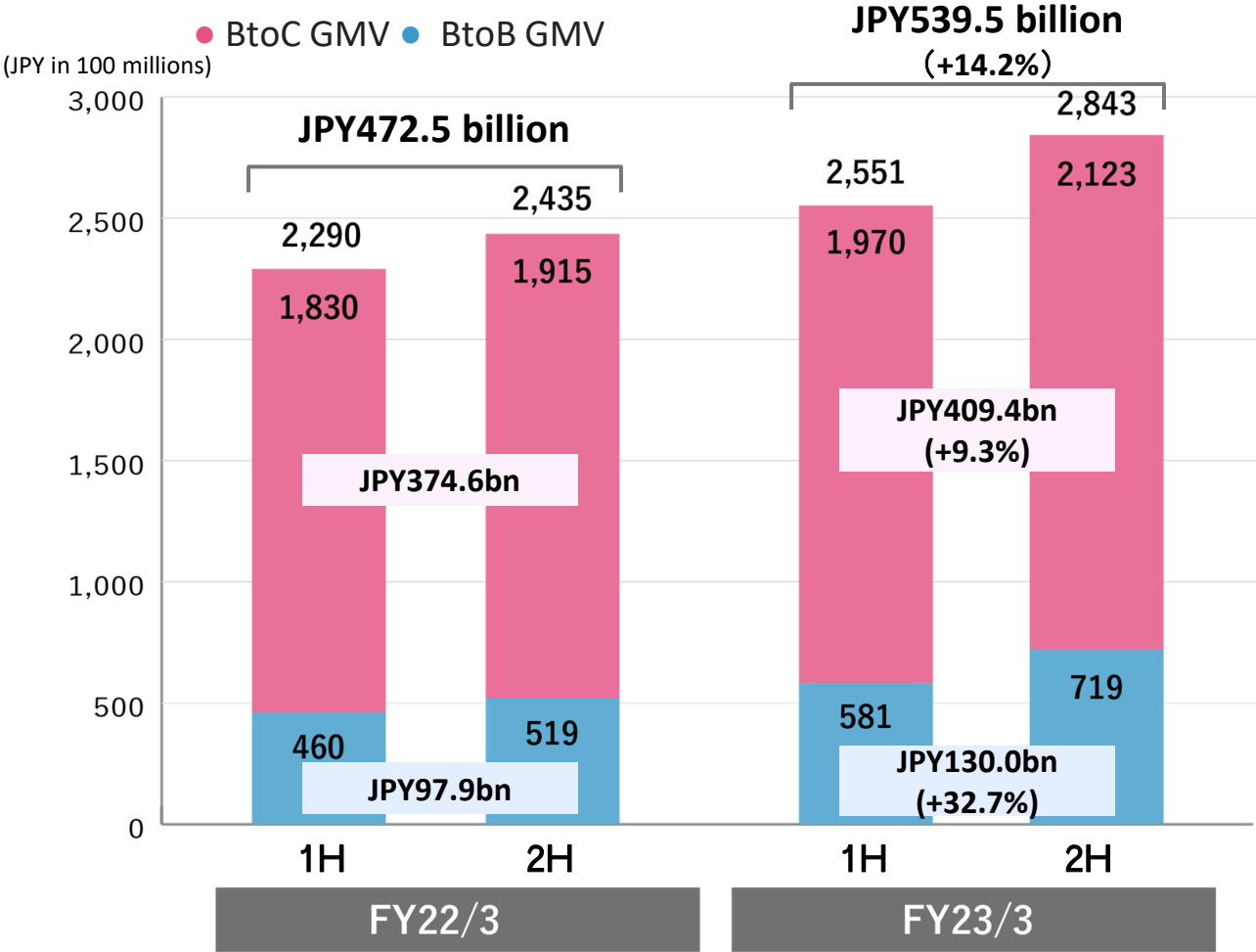
*5 Adjusted EBITDA: EBITDA + (IPO-related expenses + Marketing expenses)

GMV Forecasts for Fiscal Year Ending March 31, 2023 (BtoC/BtoB)

Full-year GMV for the fiscal year ending March 31, 2023 is expected to increase 9.3% year on year to JPY 409.4 billion in BtoC and increase 32.7% year on year to JPY 130.0 billion in BtoB.

The BtoC business is expected to grow 10.9% year on year, backed by accelerated introduction of atone beginning in the second half, although the business will remain affected by macro environment.

We see an upside potential in the BtoB business, underpinned by our investments in marketing, and expect the business to show solid growth throughout the year.



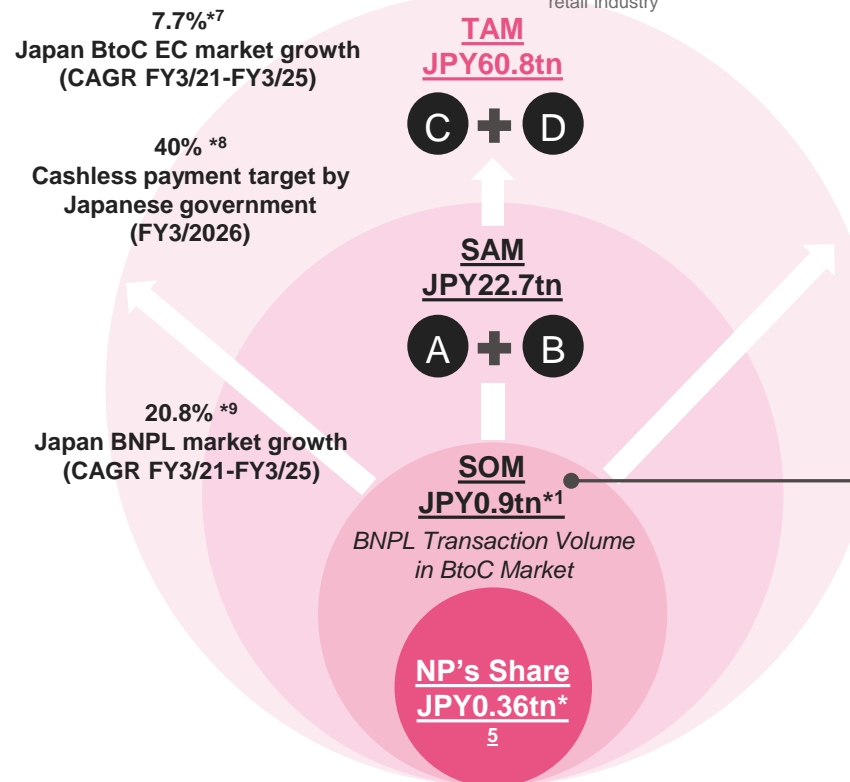
FY3/2023 Priority Measures

- Accelerate the introduction of atone with the launch of the common interface in BtoC. We have obtained informal consent from leading merchandising business.
- Drive growth of BtoB through investments in marketing. During 4Q of the fiscal year ended March 31, 2022, the number of transactions grew a record 65% year on year.
- Acquire merchants through alliance partners in the BtoB and service industries.

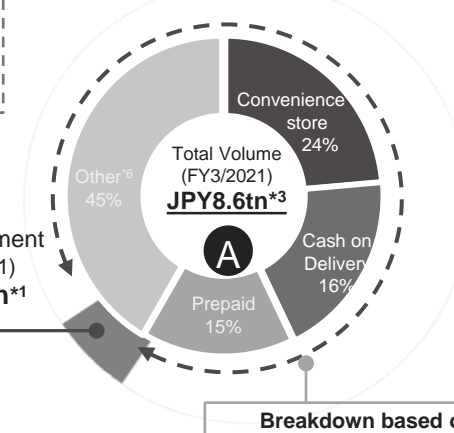
TAM / SAM / SOM of BtoC BNPL (NP Atobarai + atone)

- TAM (Total Addressable Market): The size of market that Net Protections (NPH) can theoretically target in the future
- SAM (Serviceable Available Market): The size of market the NPH can theoretically target now with NPH's current service
- SOM (Serviceable Obtainable Market): The market size of the services NPH currently provides

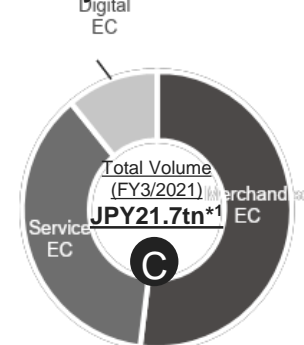
- BtoC TAM: Estimates of domestic market of online payment plus domestic market of cashless payment in retail industry
- BtoC SAM: Estimates of non-credit card payment domain in domestic market of online payment plus non-credit card payment domain of domestic market of cashless payment in retail industry



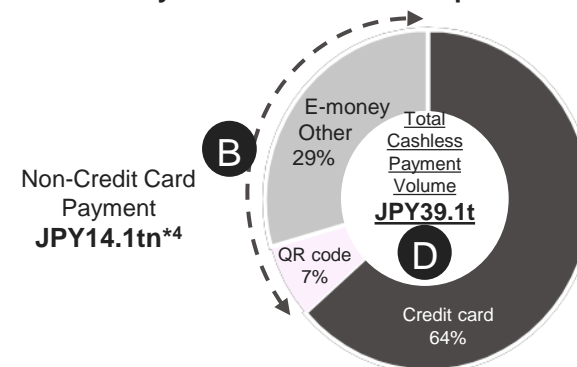
Breakdown of Online (EC) Non-credit Card Settlement Methods



Online (EC) Payment Market



Breakdown by Payment Methods of Estimated Transaction Volume in Physical Stores That Accept Cashless Payment



*1 (C) Online payment market size and SOM (BNPL settlement amount) are from (Yano Research Institute "Online Payment / Settlement Service Providers 2021" P38,99). Both figures for FY2020 are estimates by the research publisher.

*2 (D) Volume of retail market JPY146tn (2020) (Ministry of Economy, Trade and Industry (METI) "Business Statistics (2020)") × Cashless ratio 26.8% (2019) (Ministry of Economy, Trade and Industry (METI) "Cashless Payment Ratio in Japan, Payment Providers, and the State 's Disclosure Policy" P8).

*3 (A) Online (EC) payment market JPY21.7tn (Yano Research Institute "Online Payment / Settlement Service Providers 2021" P38) × Non-Credit card payment ratio 39.7% (Yano Research Institute "Online Payment / Settlement Service Providers 2021" P32).

*4 (B) Estimated total volume of cashless payment JPY39.1tn (D) × Non-Credit card payment ratio 36.0% (Ministry of Economy, Trade and Industry (METI) "Cashless Payment Ratio in Japan, Payment Providers, and the State 's Disclosure Policy" P21).

*5 GMV of NP Atobarai and atone (FY3/2021). *6 Other includes mobile carrier payment, bank transfer, online banking debit payment, and others. *7 Yano Research Institute "Online Payment / Settlement Service Providers 2021" (P38).

*8 Ministry of Economy, Trade and Industry (METI) "Cashless Vision" (P70).

*9 Yano Research Institute "Online Payment / Settlement Service Providers 2021" (P107).

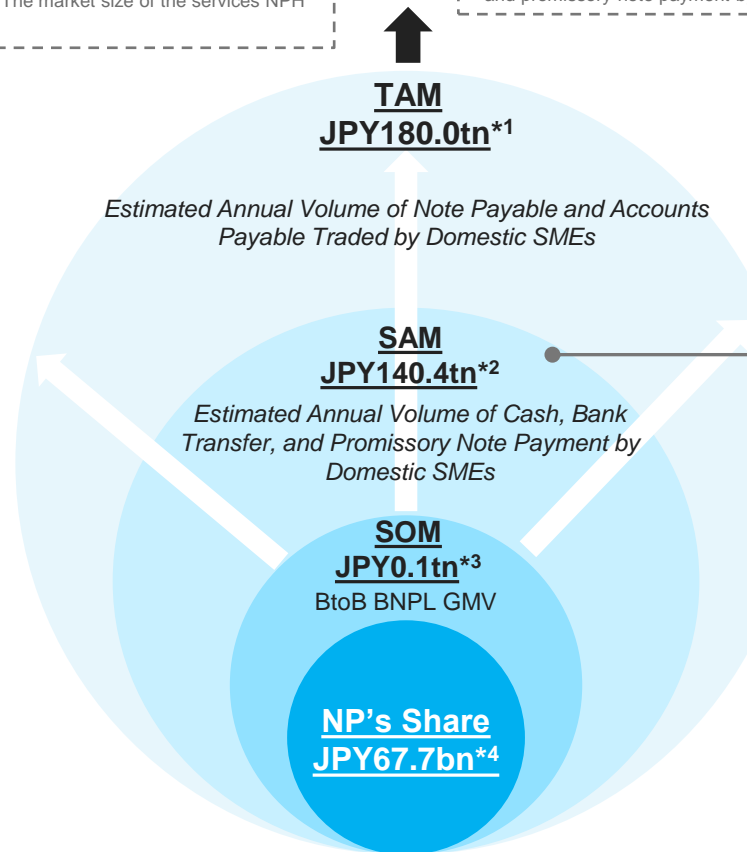
TAM / SAM / SOM of BtoB BNPL (NP Kakebarai)

- TAM (Total Addressable Market): The size of market that Net Protections (NPH) can theoretically target in the future
- SAM (Serviceable Available Market): The size of market the NPH can theoretically target now with NPH's current service
- SOM (Serviceable Obtainable Market): The market size of the services NPH currently provides

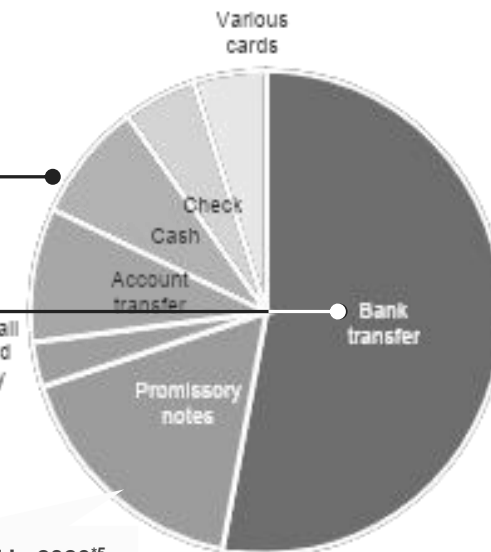
- BtoB TAM: Estimates of total volume of note payable and accounts payable traded by domestic SMEs
- BtoB SAM: Estimates of total amount of cash, bank transfer, and promissory note payment by domestic SMEs

Estimated Annual Volume of Notes Payable and Accounts Payable Traded by Domestic SMEs

JPY180tn*1



Payment Methods for BtoB (SME) Transactions*3



Likely to be abolished in 2026*5

*1 Total amount of promissory notes and accounts payable of SMEs: JPY50 trillion (Japan Small and Medium Enterprise (SME) Agency "Basic Survey on the Status of SME in 2019 (Financial Results for Fiscal Year 2018)") x annual turnover: 3.6 times (365 days / SME promissory note average payment term: 101.1 days (Japan Small and Medium Enterprise (SME) Agency "Study group for improvement of payment conditions including promissory notes")).

*2 Total amount of promissory notes and accounts payable of SMEs JPY180 trillion trillion (Japan Small and Medium Enterprise (SME) Agency "Basic Survey on the Status of SME in 2019 (Financial Results for Fiscal Year 2018)") x 78% (cash 8% + bank transfer 53% + bills 17%) (Survey conducted by Macromill, Inc. on behalf of Visa Worldwide Japan "Survey on Settlement Services for SME (8/2016)").

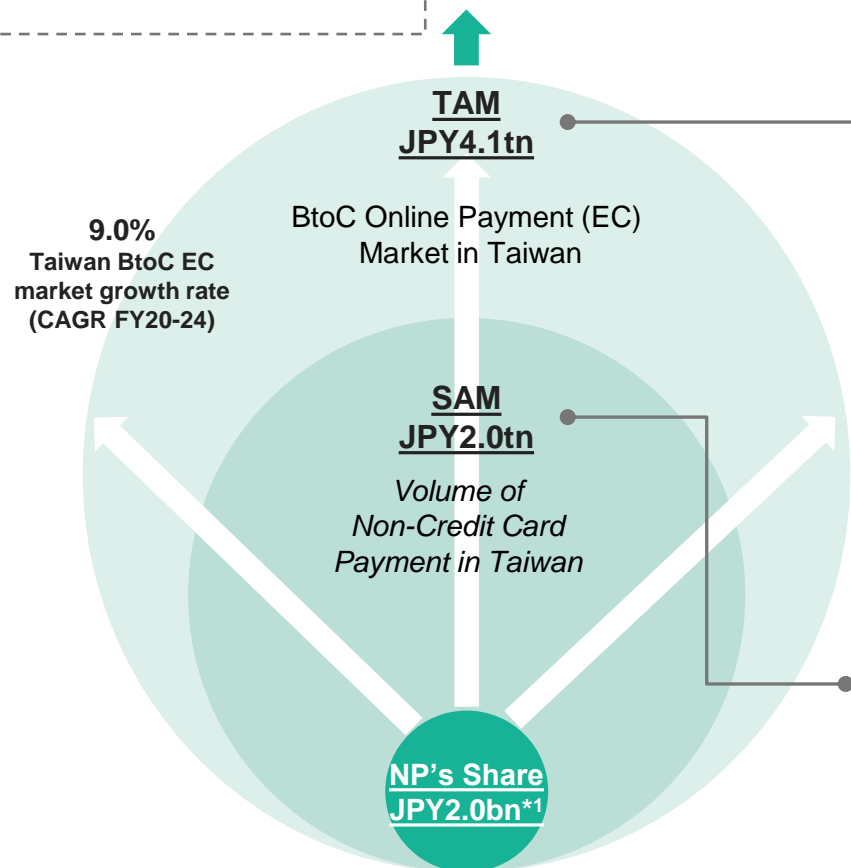
*3 GMV of NP Kakebarai: JPY67.7 billion + GMV of Paid (FY4/2021) (*only GMV from external transactions, based on RACCOON HOLDINGS, Inc. presentation materials) : JPY19.8 billion + GMV of MF Kessai (*Our group estimate based on MoneyForward Kessai Co., Ltd. press release): JPY20 billion (period: 11/2019-10/2020).

*4 GMV of NP Kakebarai (11/2019-10/2020).

*5 The Small and Medium Enterprise Agency "Report of Study Meeting for Improving Payment Terms such as Promissory Notes" (3/2021).

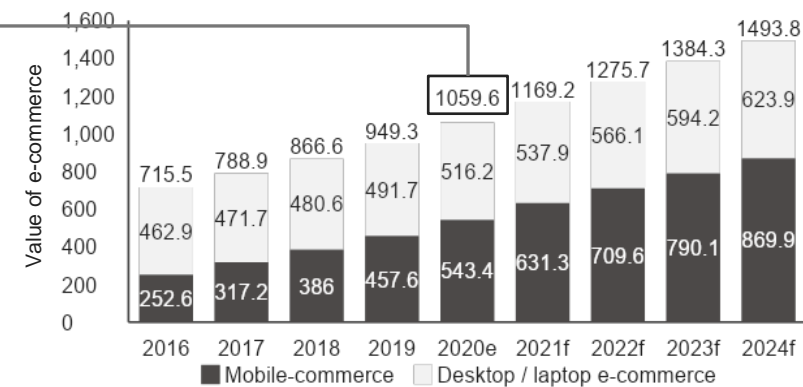
TAM / SAM / SOM of AFTEE (Taiwan)

- TAM (Total Addressable Market): The size of market that Net Protections (NPH) can theoretically target in the future
- SAM (Serviceable Available Market): The size of market the NPH can theoretically target now with NPH's current service
- SOM (Serviceable Obtainable Market): The market size of the services NPH currently provides



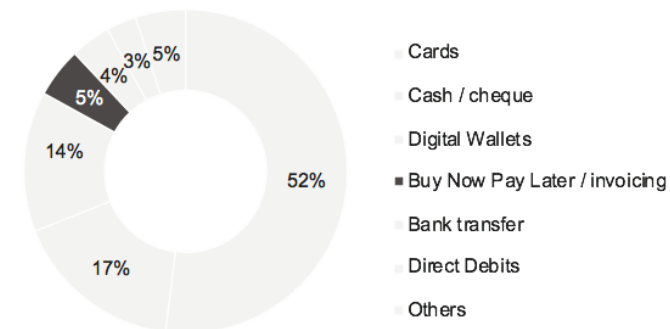
Trends in the size of the EC market in Taiwan

(TWD bn)



Breakdown of online payment method

Non-Credits
(FY2020)
JPY2.0tn*2



*1 GMV of AFTEE in FY3/2021.

*2 EC market size in Taiwan (2020e) x Non-credit card payment ratio 48%

*3 Listed in clockwise order based on "Cards=52%" .

Note : Currency Exchange Rate : TWD1=JPY3.9042 (as of 11/5/2021).

Source : GlobalData "Taiwan Cards and Payments - Opportunities and Risks to 2024" (P26,30)

Teal Organization as the Starting Point for Sustainable Growth

Organizational power is key to creating “New Standard.”

Net Protections has adopted a teal organization that realizes each member’s self-control, fair-distribution, and collaboration, striving to achieve both its members’ self-actualization and social development.

Natura

By establishing “Natura,” an HR evaluation program which abolished manager positions, we have realized decision-making respecting the opinions of all members, irrespective of their length of service and position at the company.

Vision Sheet

The “Vision Sheet” system allows each member to disclose their future vision, the area they hope to work in, and whether they request a transfer to other departments, to all other members. Based on the system, we have realized an environment where the assignment of each member is made based on their orientation.

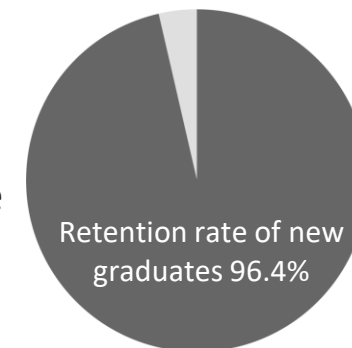
HR Development

We hold a range of seminars in which new joiners can obtain skills in about half a year. In these seminars, all members master IT skill.

NP was **ranked 16th** in the ranking of “2022 Great Place to Work” among Best Medium Workplaces in Japan (with 100 to 999 employees).



Retention rate of new graduates who joined NP during the last three years: **96.4%** *1



*1 The retention rate of new graduates who joined the Company from March 31, 2019 to March 31, 2022, as of March 31, 2022

HR Evaluation Program *Natura*

A HR evaluation program that realizes members’ self-control, specialization, and cooperation to create new standard.

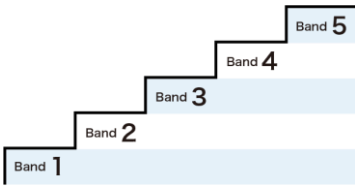
「Natura」

Abolish Manager Positions



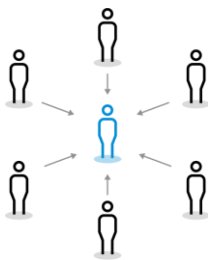
A flat organization with the position of Catalyst and the flexibility of role changes.

Implement of Band System



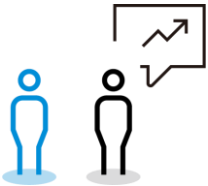
Disclose salary information to build a fair and objective environment and raise members’ morale and engagement.

360 Degree Evaluation



Competency evaluation is reviewed by members working closely with.

Employee Assistance Program



The main purpose of interview is for the growth support rather than evaluation.

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