

# Financial Results Presentation for the Six Months Ended September 30, 2023



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

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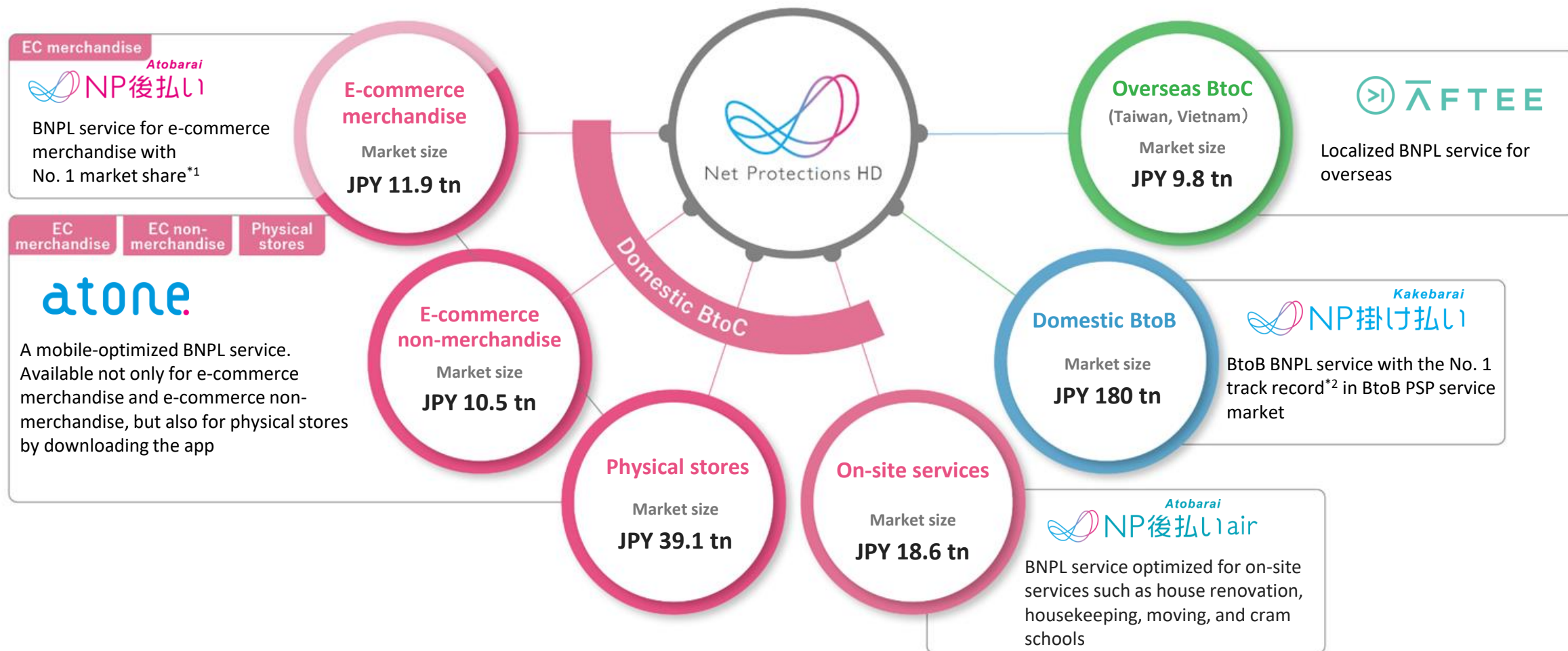
# Mission

# Create New Standards

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

## Business Overview: Service Lineup and Target Markets

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



\*1 Our estimate based on the "75th E-commerce and E-learning Sales Ranking" published in the January 7, 2021 edition of the Tsuanshimbun.

\*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/>)."

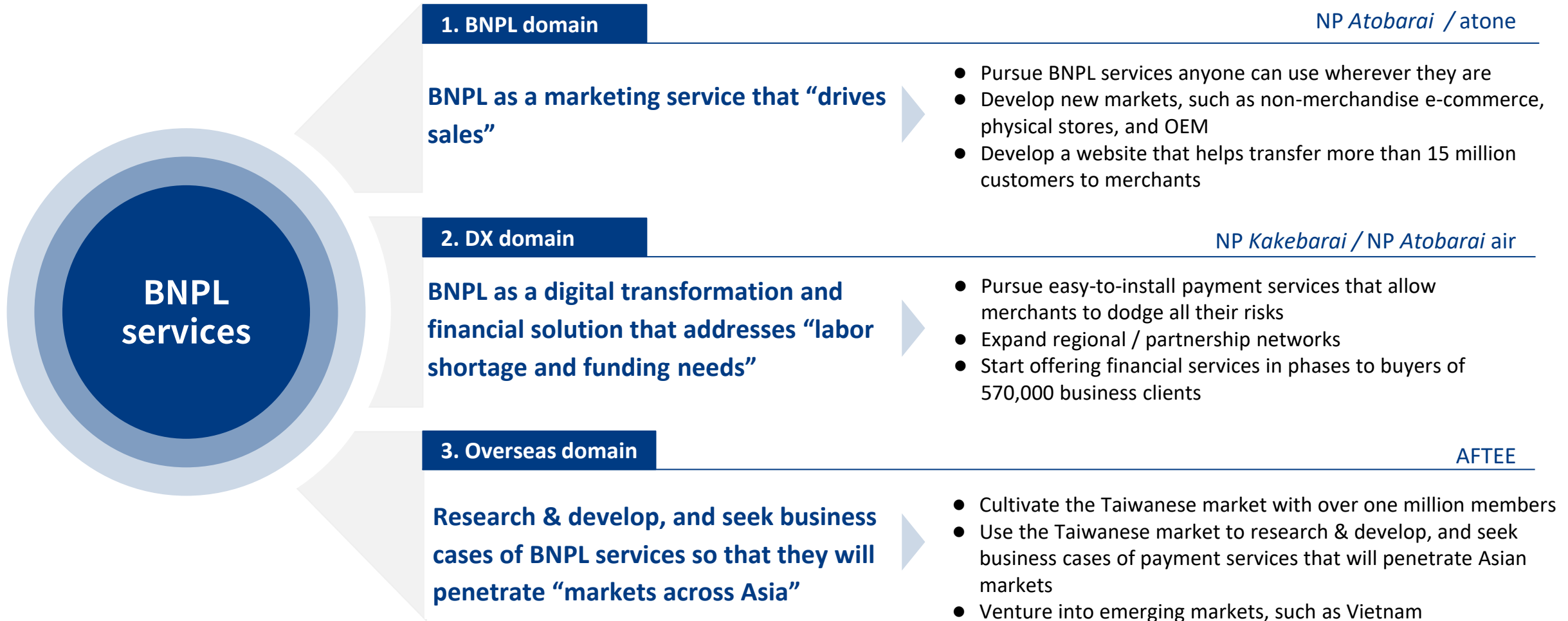
See Appendix on pages 64-66 for the definitions of TAM, SAM, and SOM.

Source: Those figures are calculated using our analysis based on certain assumptions with reference to the following various data:

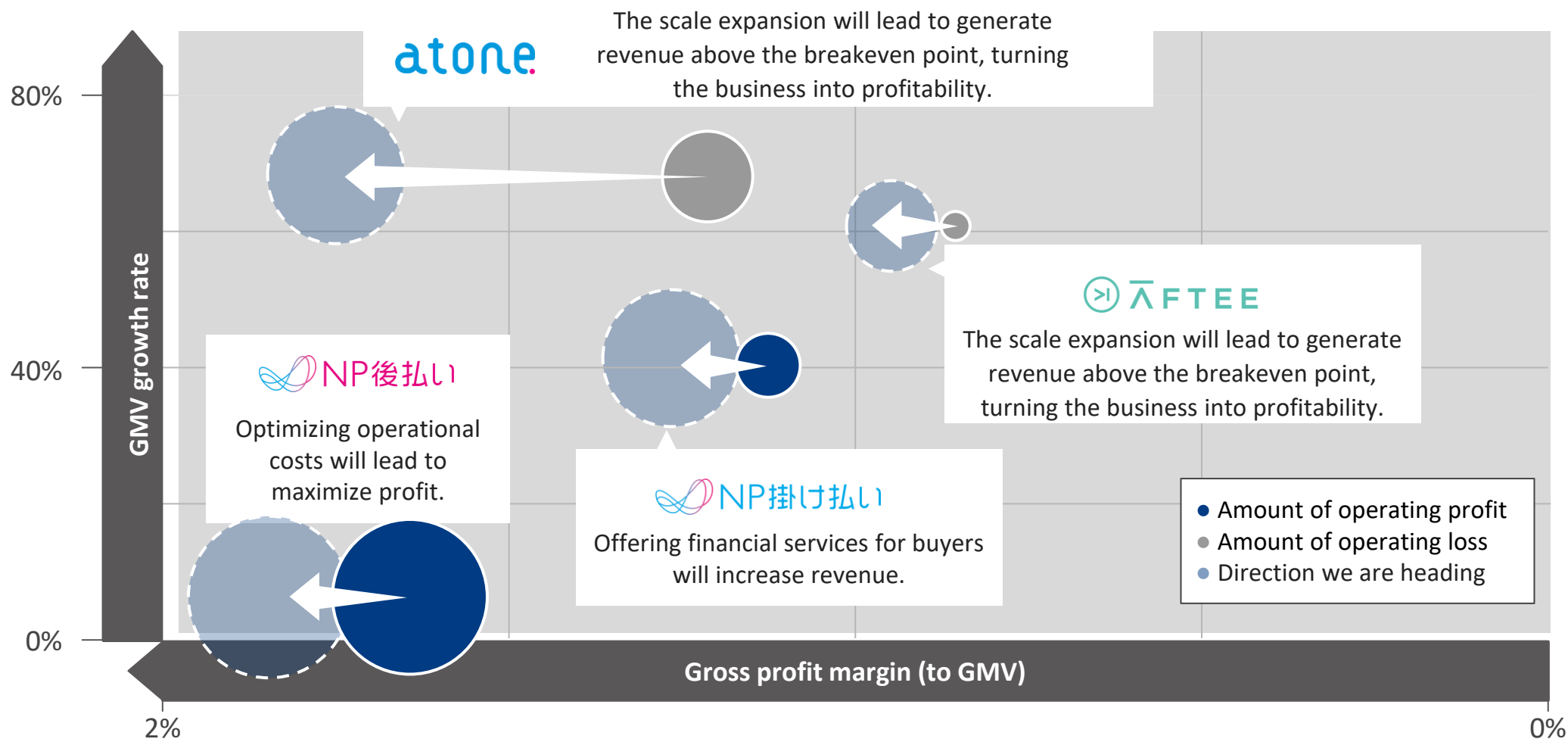
"Cashless Vision" (P. 70), "Cashless Payment Ratio in Japan, Payment Providers, and the State's Disclosure Policy" (P. 21), and "Current Survey of Commerce (2020)" by the Ministry of Economy, Trade and Industry,

"Taiwan Cards and Payments - Opportunities and Risks to 2024" (P. 26 and 30) by GlobalData, and "e-Economy SEA 2022" etc.

**We will promote BNPL services that are easy to use for everyone so they will penetrate all markets.**  
**We will also keep enhancing our services by leveraging the customer network and the payment data built up over the past 20 years.**



Now that we have completed strengthening our structure to expand in scale, we are ready to increase revenues from all service categories and build up profits.



Note) The GMV growth rates, gross profit margin, and operating profit/loss are estimated based on the earnings forecasts for the fiscal year ending March 31, 2024.

Note) Operating profit (loss) is calculated by excluding common fixed costs.

Note) AFTEE does not include service provided in Vietnam.



# Highlights of Group Financial Results



## Group Total GMV | Outpacing guidance

**H1 guidance achieved, underpinned by continued positive GMV growth in all service categories**

**GMV JPY273.8bn +14.0% YoY**  
(BtoC +4.8%, BtoB +40.2%)

### **BtoC** *NP Atobarai and other*

**GMV is on a steady growth trajectory.**

In November 2023, a major cosmetics merchant put the service into operation for its e-commerce transactions. Adoption of the service by other new merchants are also well underway.

\*See page 27

**GMV JPY173.7bn +3.7% YoY**

### **BtoC** *atone*

**GMV of new merchants has been building up strongly.**

Shopping cart integration has progressed with multiple e-commerce operators, which is expected to accelerate the timing of the service adoption and operation by new merchants.

\* See page 23-24

**GMV JPY12.3bn +23.5% YoY**

### **BtoB** *NP Kakebarai*

**GMV recorded a significant growth backed by a virtuous cycle, in which both new and existing transactions are increasing.**

**GMV JPY87.7bn +40.2% YoY**



## Financial Results: Summary of H1 Financial Results (for Six Months Ended September 30, 2023)

**We achieved the H1 guidance.**

**Operating profit/loss came in better than expected, with allowance for doubtful accounts recognized for a single merchant during Q1 being offset with reduced SG&A expenses.**

### Summary of financial results (JPY in millions)

	FY3/24 H1 results	YoY percentage change	H1 forecast*4			
			Amount	Progress rate		
<b>GMV (non-GAAP)</b>	273,822	+14.0%	267,342	102.4%	The following is the proforma results excluding the one-time increase in allowance for doubtful accounts of JPY110 million recognized for a single merchant in the NP <i>Atobarai</i> service during Q1.	
<b>Total operating revenue</b>	10,330	+11.9%	10,097	102.3%		
Revenue	10,080	+12.6%	9,857	102.3%		
<b>Gross profit (non-GAAP)*1</b>	3,682	+0.3%	3,763	97.9%		
SG&A expenses	4,522	+16.2%	4,680		<b>H1 proforma results</b>	<b>H1 forecast progress rate</b>
Other operating expenses	17	-18.2%			3,793	100.8%
Of SG&A expenses, marketing expenses*3	337	-1.4%	450			
<b>Operating profit (loss)</b>	(605)	—	(676)		(495)	—
<b>EBITDA (non-GAAP)*2</b>	142	-81.0%	61	233.0%	253	413.5%

\*1 Gross profit: Revenue - (Collection expense + Invoicing expense + Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade receivables + Credit screening expense + NP point expense + Other payment related expenses)

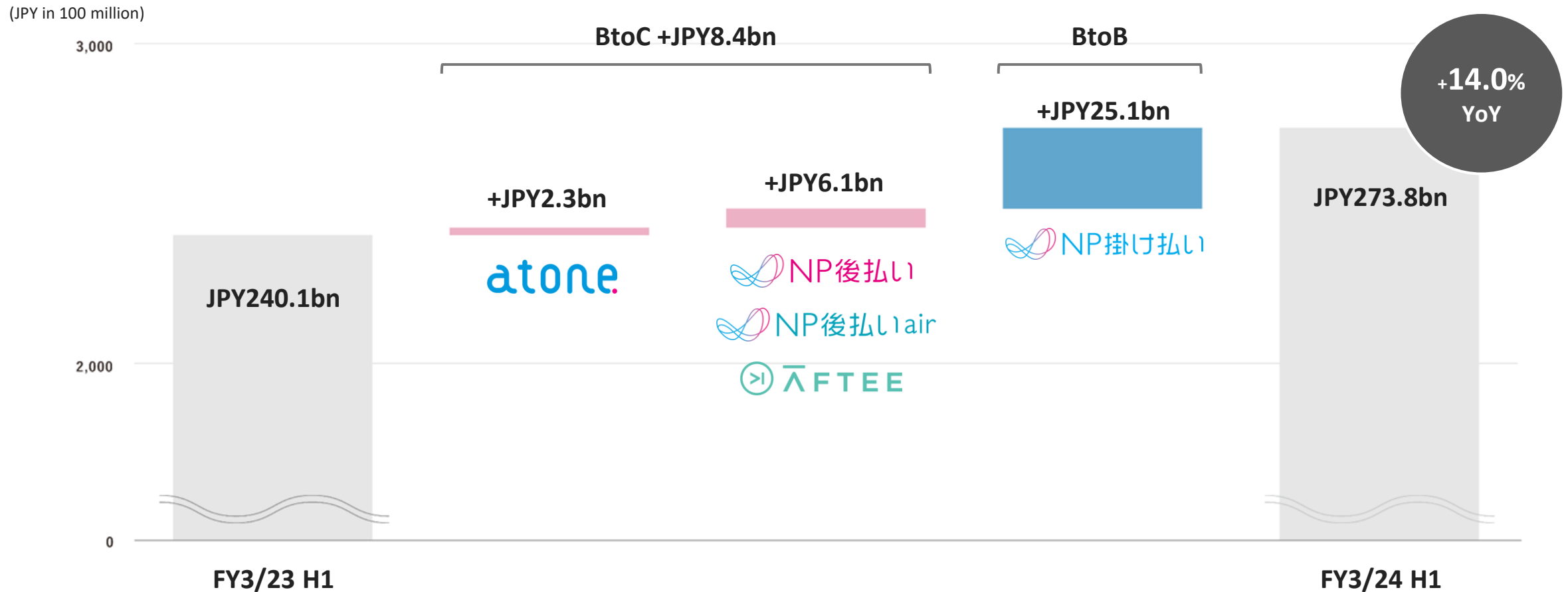
\*2 EBITDA: Operating profit + (Depreciation and amortization + Share based payment expenses + Loss on disposal of property, plant and equipment + Impairment loss – Gain from reversal of impairment losses)

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

\*4 Consistent with Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 dated May 14, 2023

Financial Results: GMV for H1 (for Six Months Ended September 30, 2023)

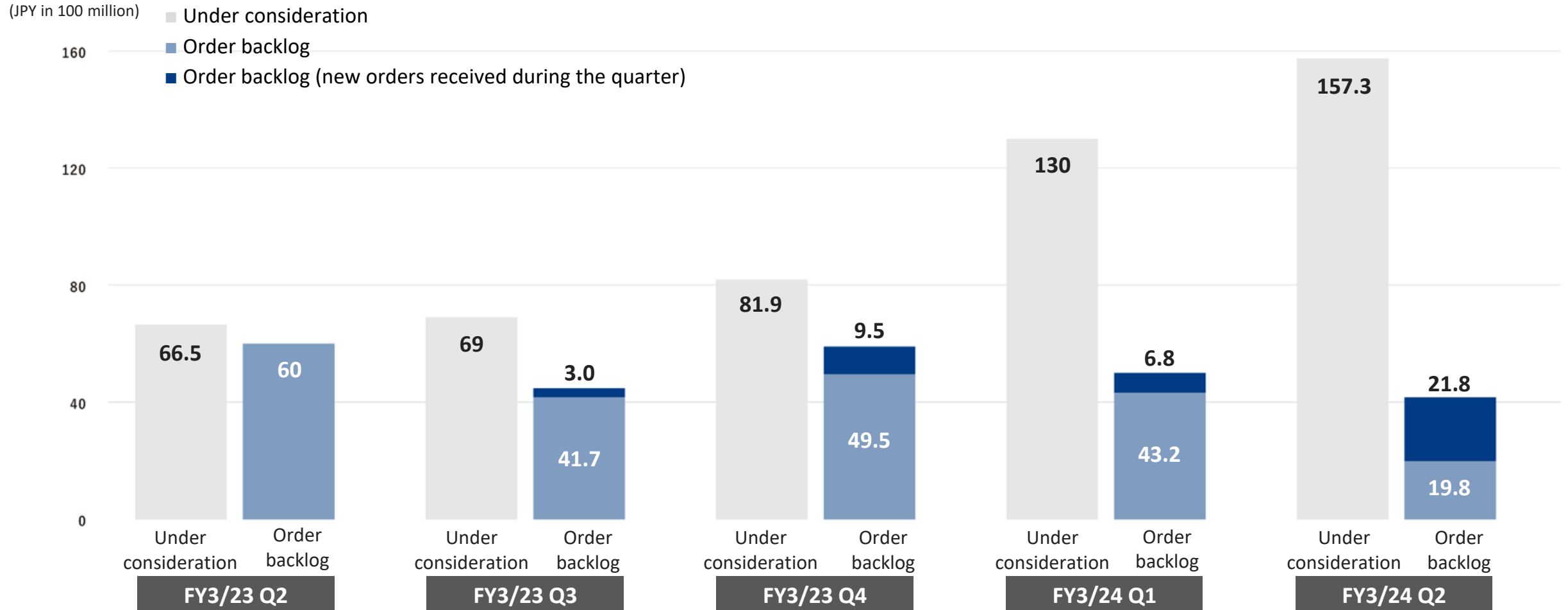
The Group total GMV increased 14.0% year on year, underpinned by continued growth of GMV in all service categories.



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

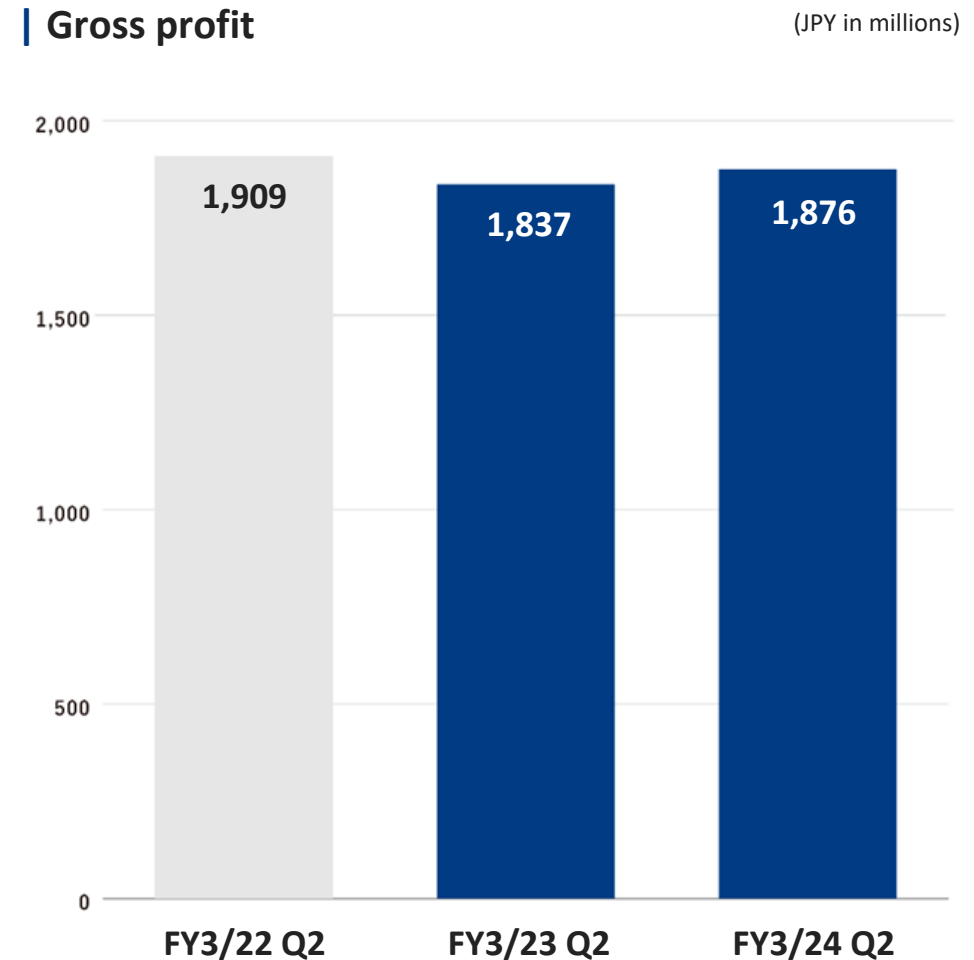
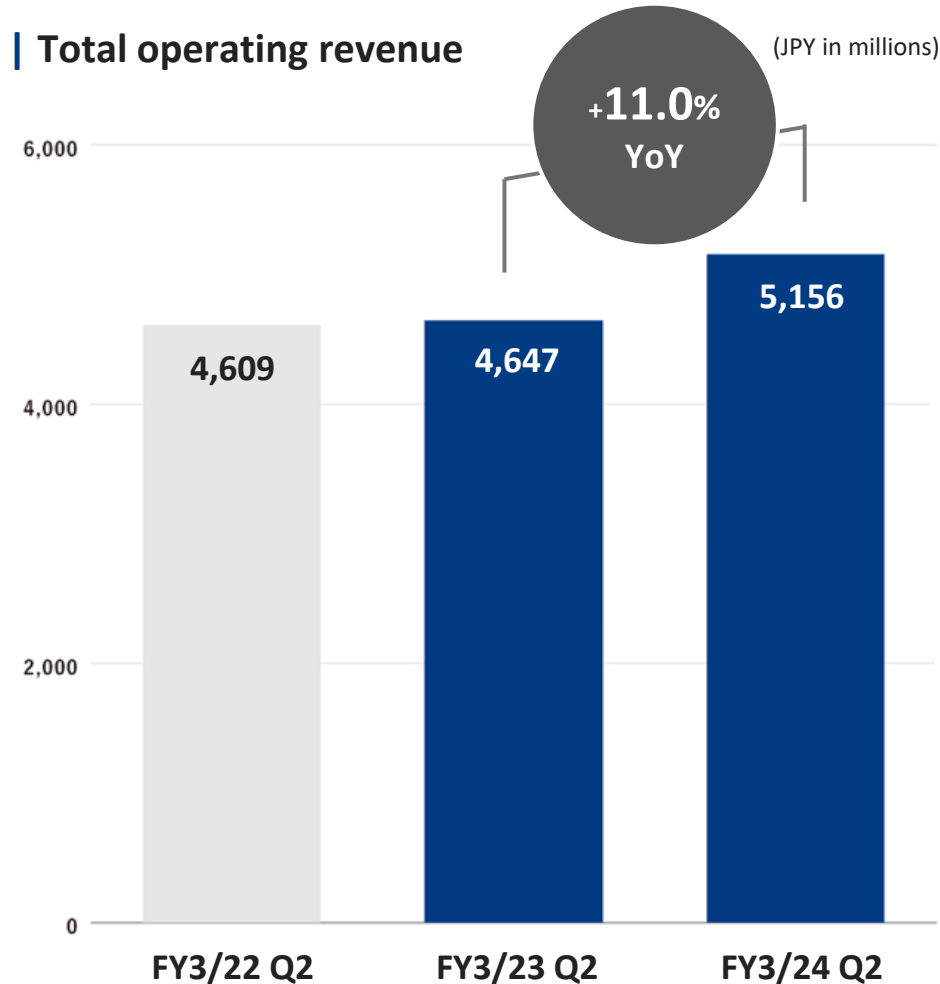
## GMV: Sales Pipeline Status

**New orders have been brisk, supported by strengthened sales structure.**  
**The number of contracts under consideration is also on the rise, which is a positive sign of a further increase in orders received.**



## Trend of Financial Results: Total Operating Revenue and Gross Profit

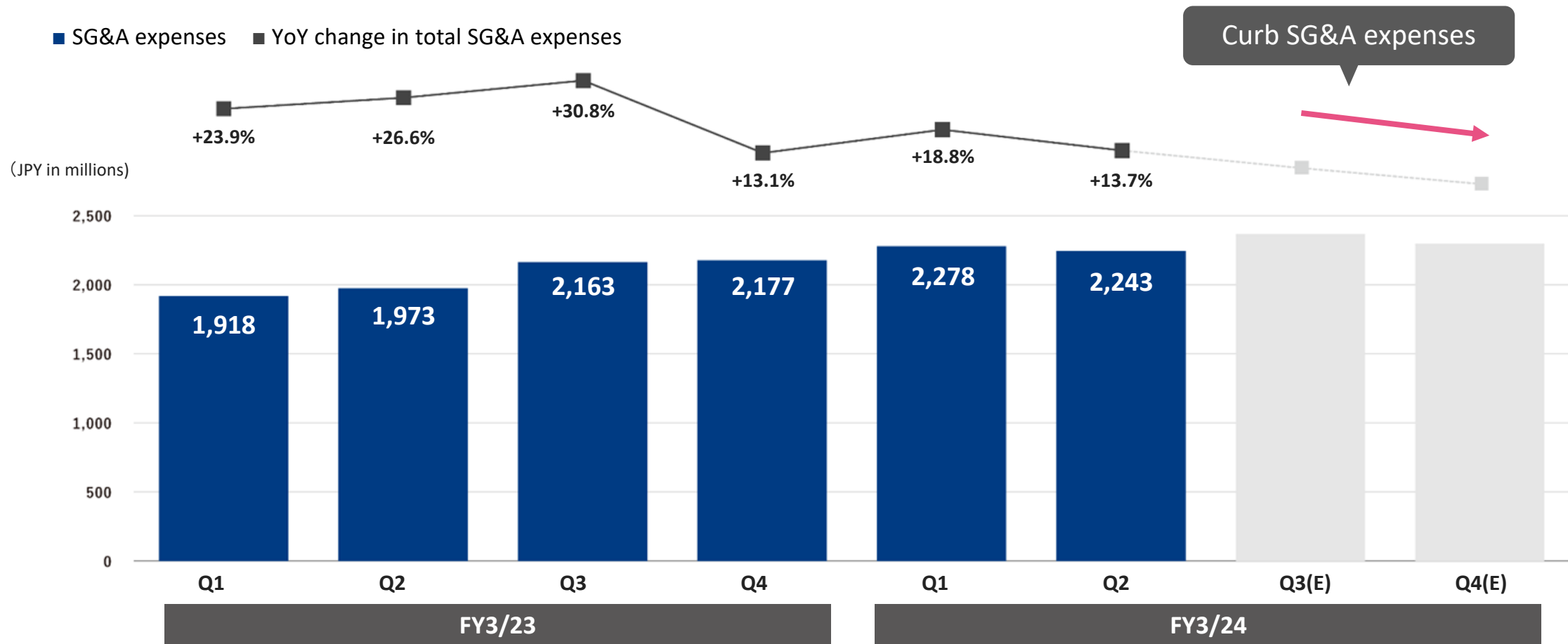
**Total operating revenue has marked a double-digit YoY growth of 11.0%, driven by GMV growth. Gross profit also has also trended up, backed by reduced delinquency rates achieved through improved credit screening processes.**



## Quarterly Trend and Outlook of SG&A Expenses

**Total SG&A expenses for Q2 fell short of those for Q1.**

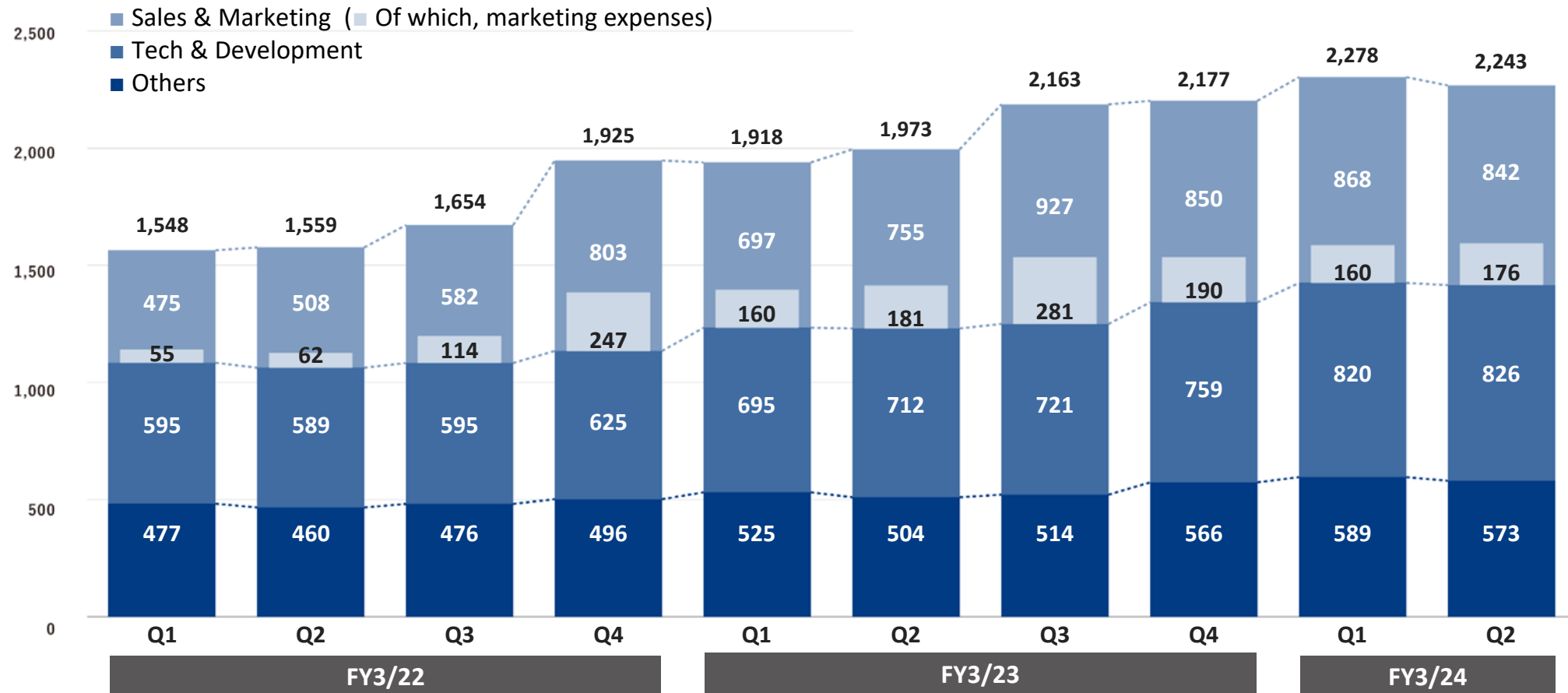
**We will continue to make efforts to curb expenses for Q3 and onward with the aim of building a structure under which an increase in revenue directly leads to an increase in profits.**



## Quarterly Changes in SG&A Expenses

**We completed strengthening our structure and promoted insourcing the previously outsourced tasks, thereby reducing total SG&A expenses.**

(JPY in millions)



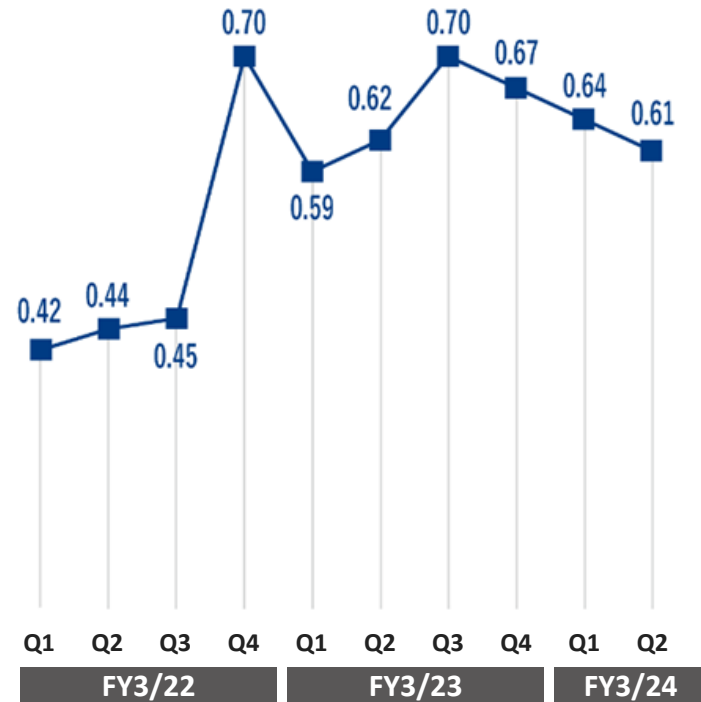
\*1 Sales & Marketing: Personnel, outsourcing, operations related, marketing, and other expenses related to sales and marketing

\*2 Tech & Development: Personnel, outsourcing, operations related, and other expenses related to system development, credit related operations, and other operations.

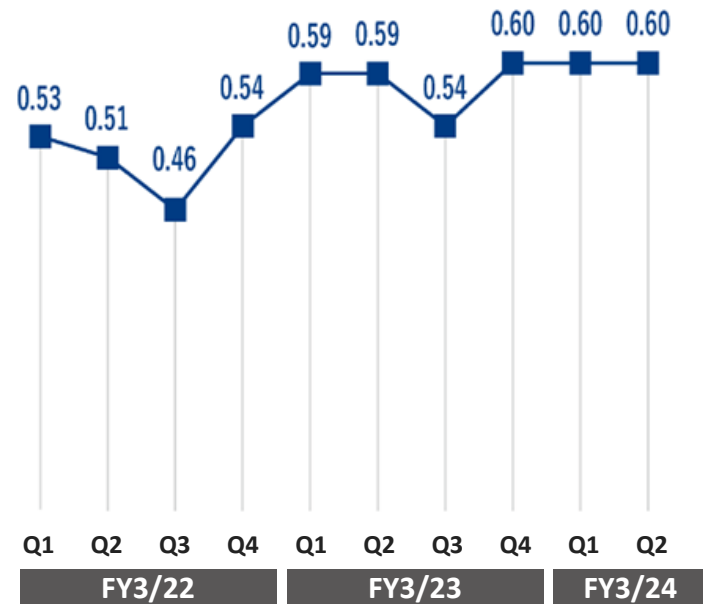
\*3 Others: SG&A expenses other than \*1 and \*2 (personnel and outsourcing expenses related to back-office operations, outsourcing expenses of help desk for services, etc.)

## (Reference) Changes in Ratio of SG&A Expenses to GMV

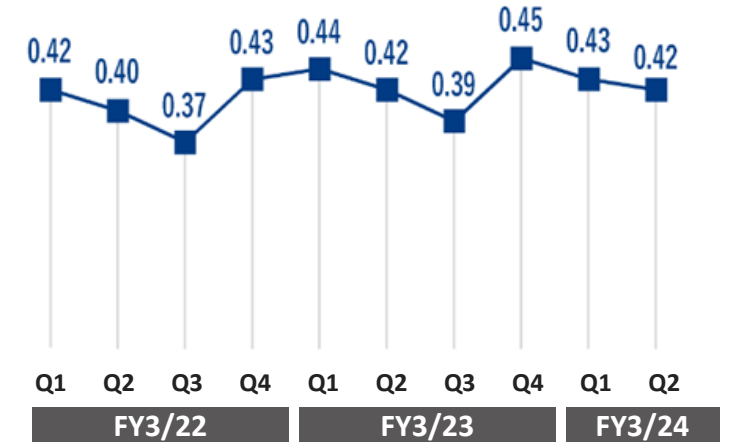
### Sales & Marketing (%)



### Tech & Development (%)



### Others (%)



\*1 Sales & Marketing: Personnel, outsourcing, operations related, marketing, and other expenses related to sales and marketing

\*2 Tech & Development: Personnel, outsourcing, operations related, and other expenses related to system development, credit related operations, and other operations.

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





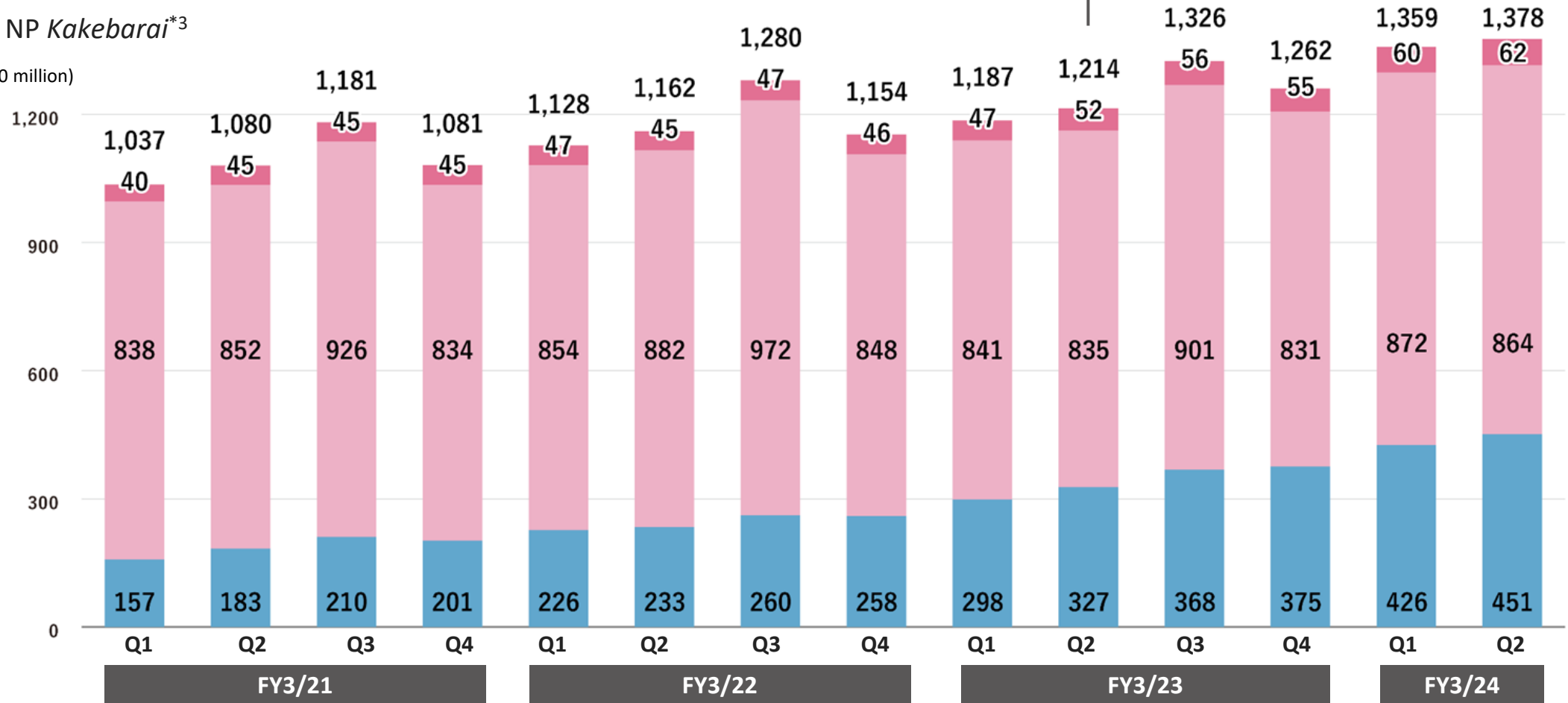
## Summary of Financial Results by Services

## Quarterly Changes in Group Total GMV

**GMV recorded a positive growth in all services: NP *Atobarai* and other, atone and NP *Kakebarai*.**

- BtoC atone\*<sup>1</sup> ● BtoC NP *Atobarai* and other\*<sup>2</sup>
- BtoB NP *Kakebarai*\*<sup>3</sup>

(JPY in 100 million)



\*1 Total amount of payments (including consumption tax) made through atone provided by the Group

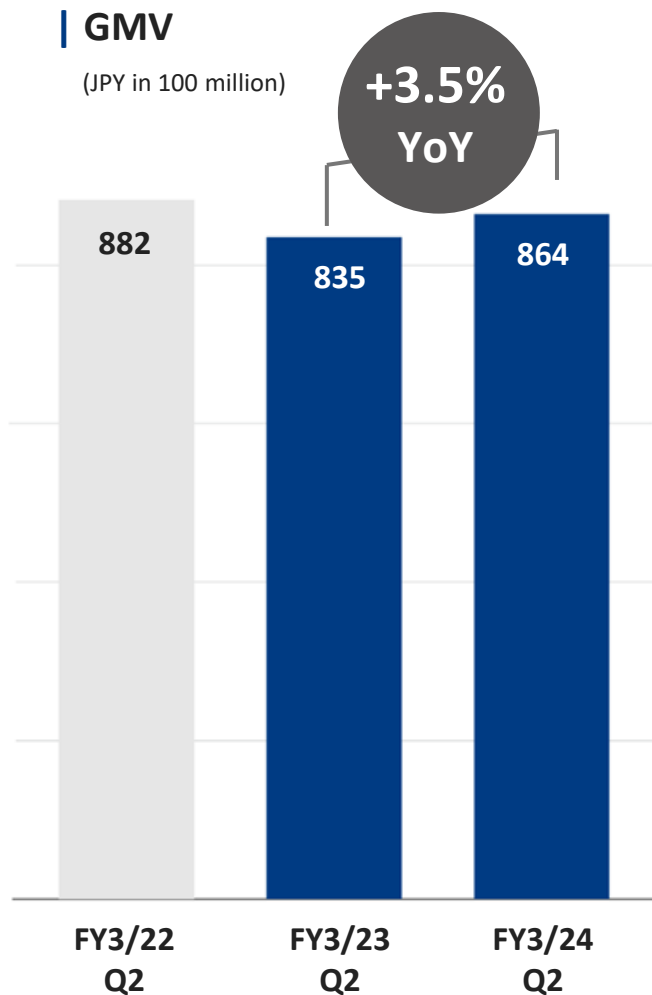
\*2 Total amount of payments (including consumption tax) made through NP *Atobarai*, AFTEE, and NP Card provided by the Group

\*3 Total amount of payments (including consumption tax) made through NP *Kakebarai* provided by the Group

GMV increased by 3.5% year on year, making steady growth.

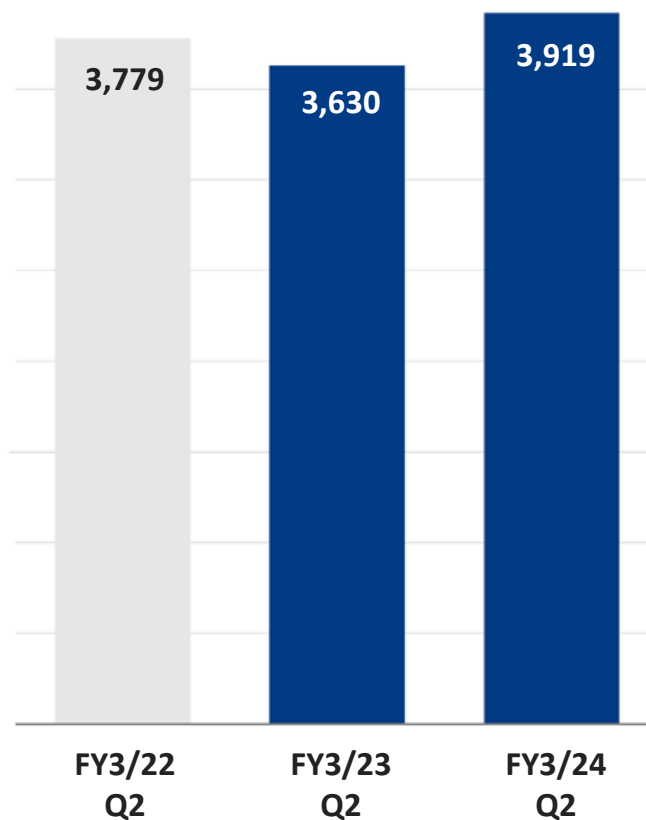
### GMV

(JPY in 100 million)



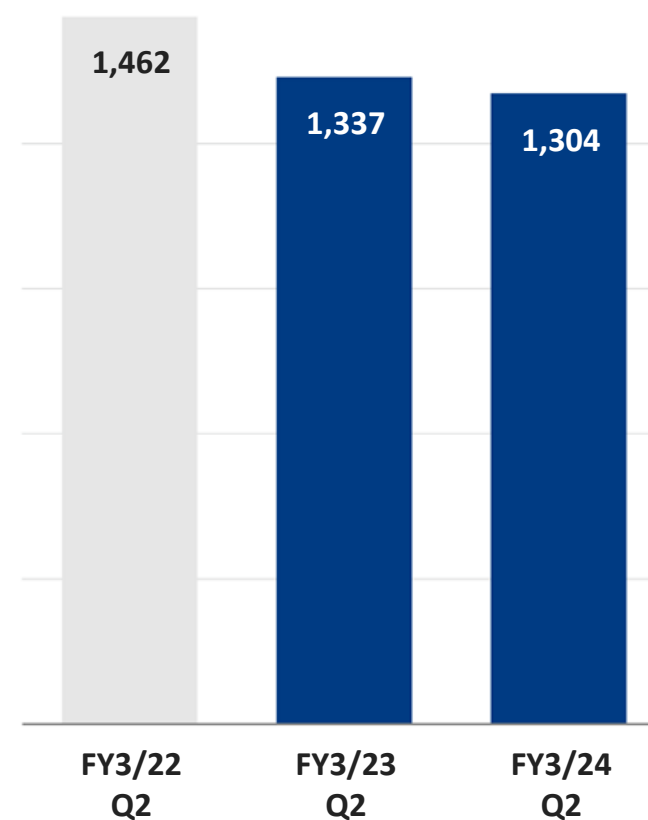
### Total Operating Revenue

(JPY in millions)

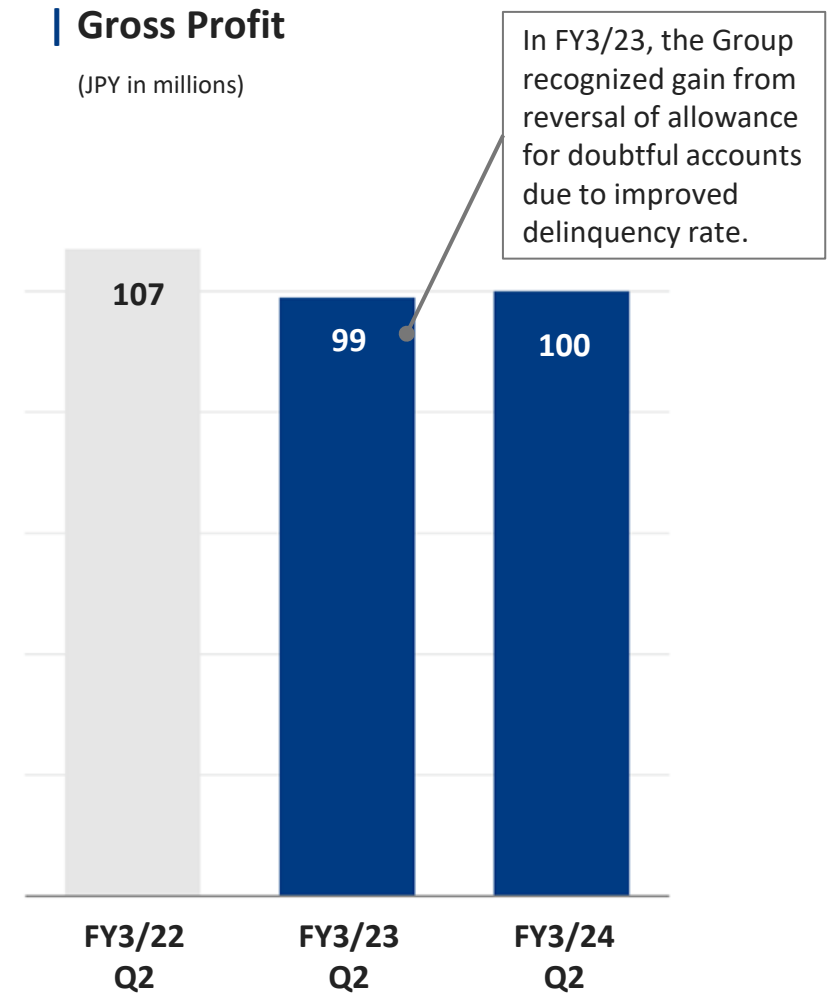
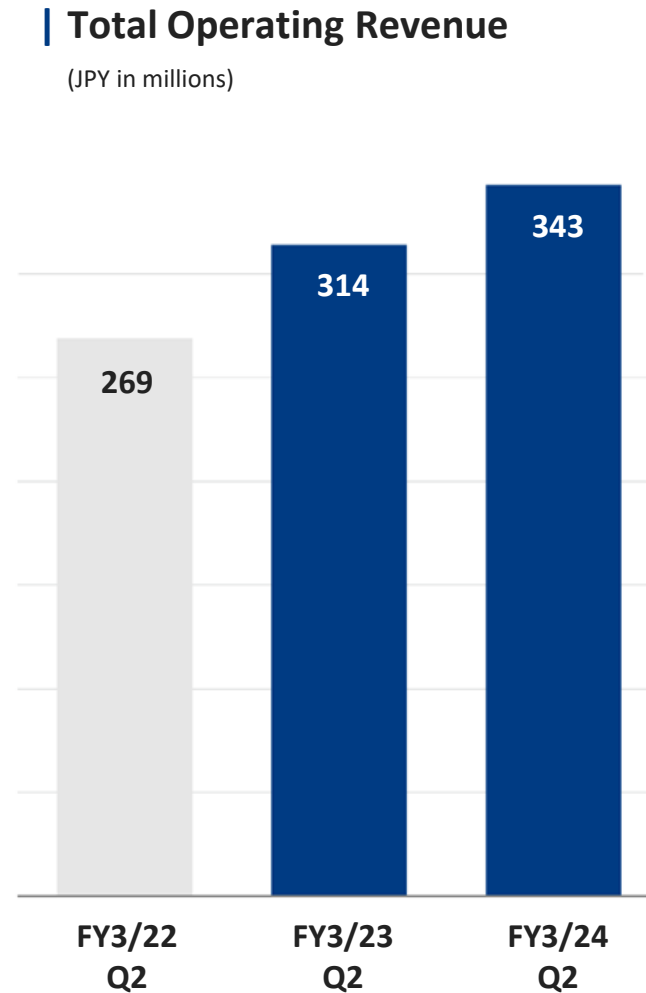
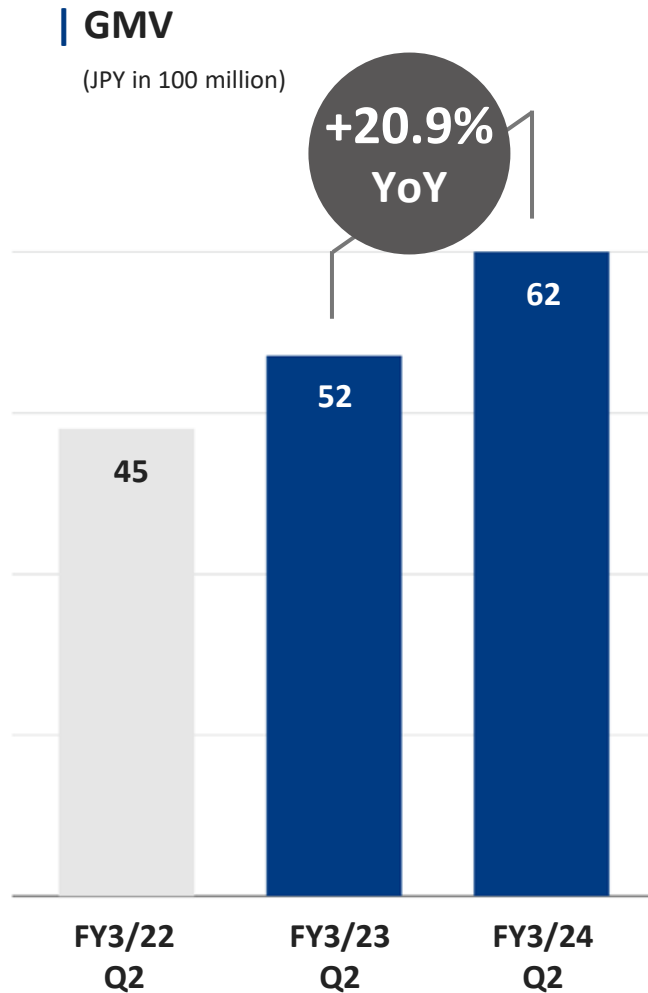


### Gross Profit

(JPY in millions)



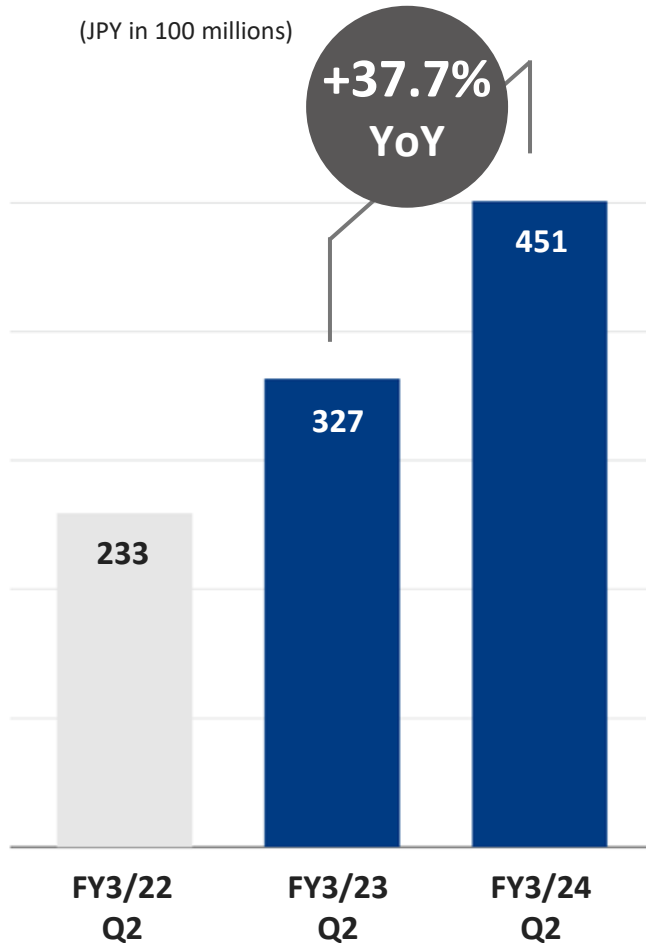
**GMV increased by 20.9% year on year, driven by an increased number of new e-commerce merchants.**



We had a virtuous cycle in which both new and existing transactions are increasing.  
GMV increased by 37.7% year on year, keeping a significant growth.

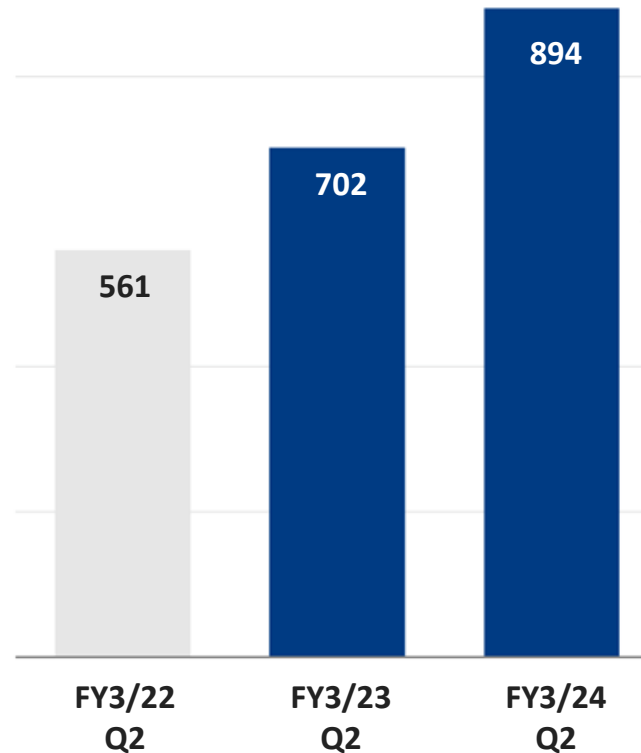
GMV

(JPY in 100 millions)



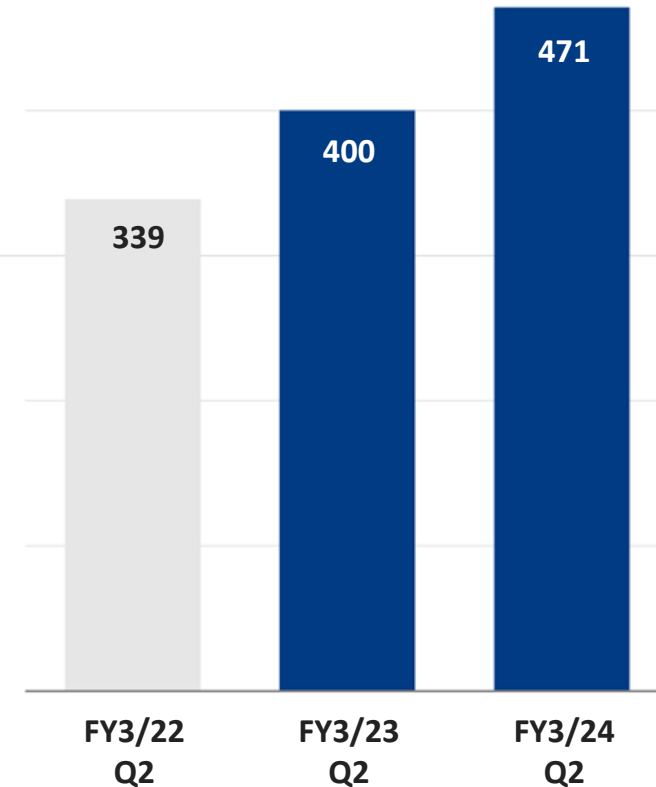
Total Operating Revenue

(JPY in millions)



Gross Profit

(JPY in millions)

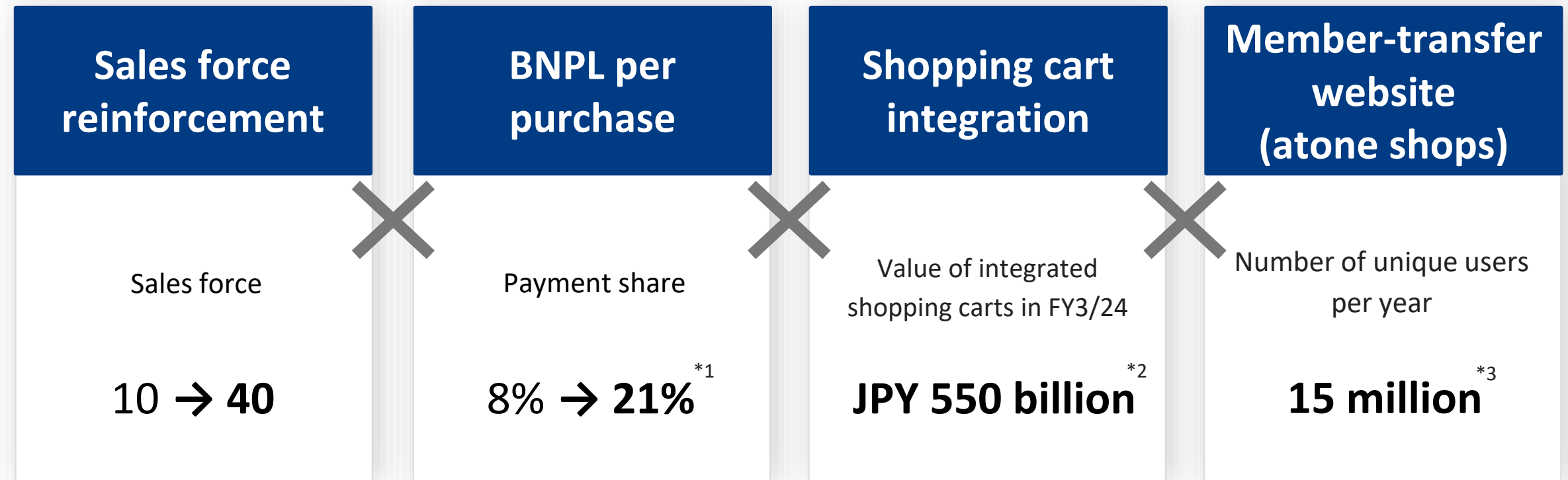




## Management Topics

**We aim for a significant growth in GMV by acquiring new merchants.**

**We also focus on developing features to be chosen by e-commerce shops and reinforcing our sales force.**



\*1 Payment share at the time of introducing BNPL per purchase to Next month payment

\*2 GMV of e-commerce shops using shopping carts to be newly integrated with our payment system or to be added to extend functionality in FY3/24.

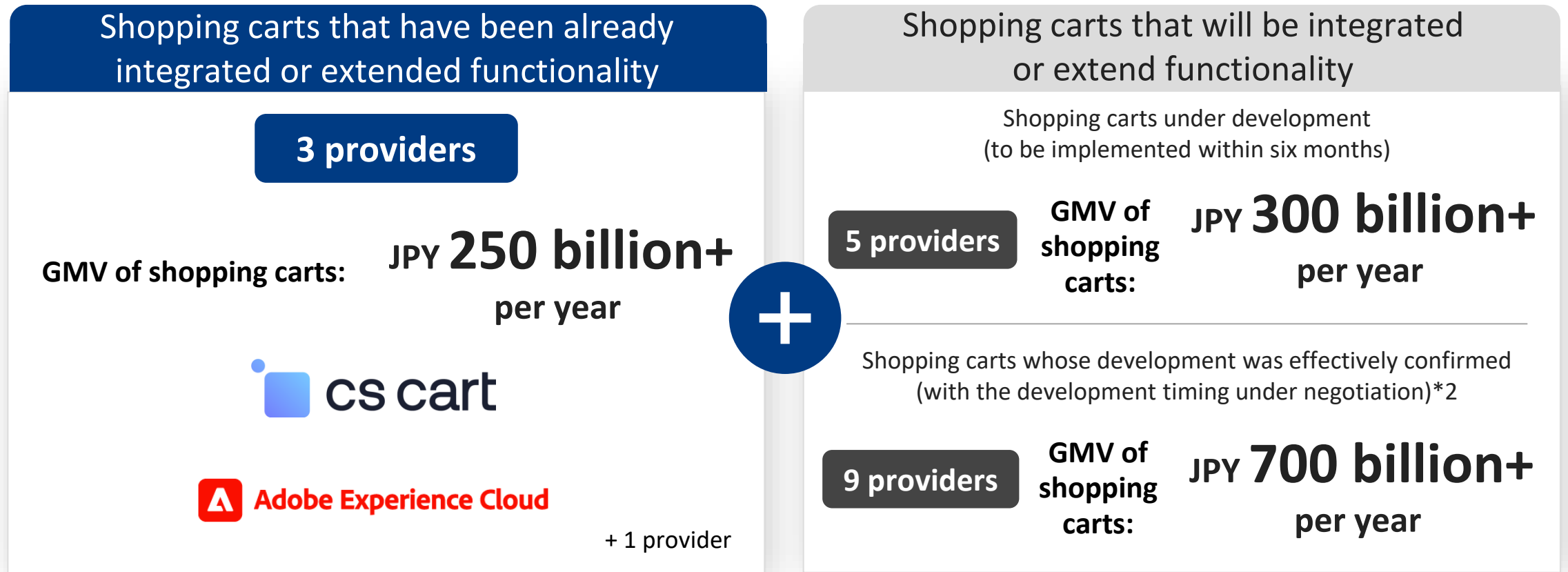
\*3 Potential number of atone shops (the annual number of unique users that use our BtoC service)



We expect GMV of shopping carts integrated with our payment system (GMV of e-commerce shops that use the shopping carts) to reach JPY 550 billion<sup>\*1</sup> in FY3/24.

E-commerce shops can use atone instantly without system development.

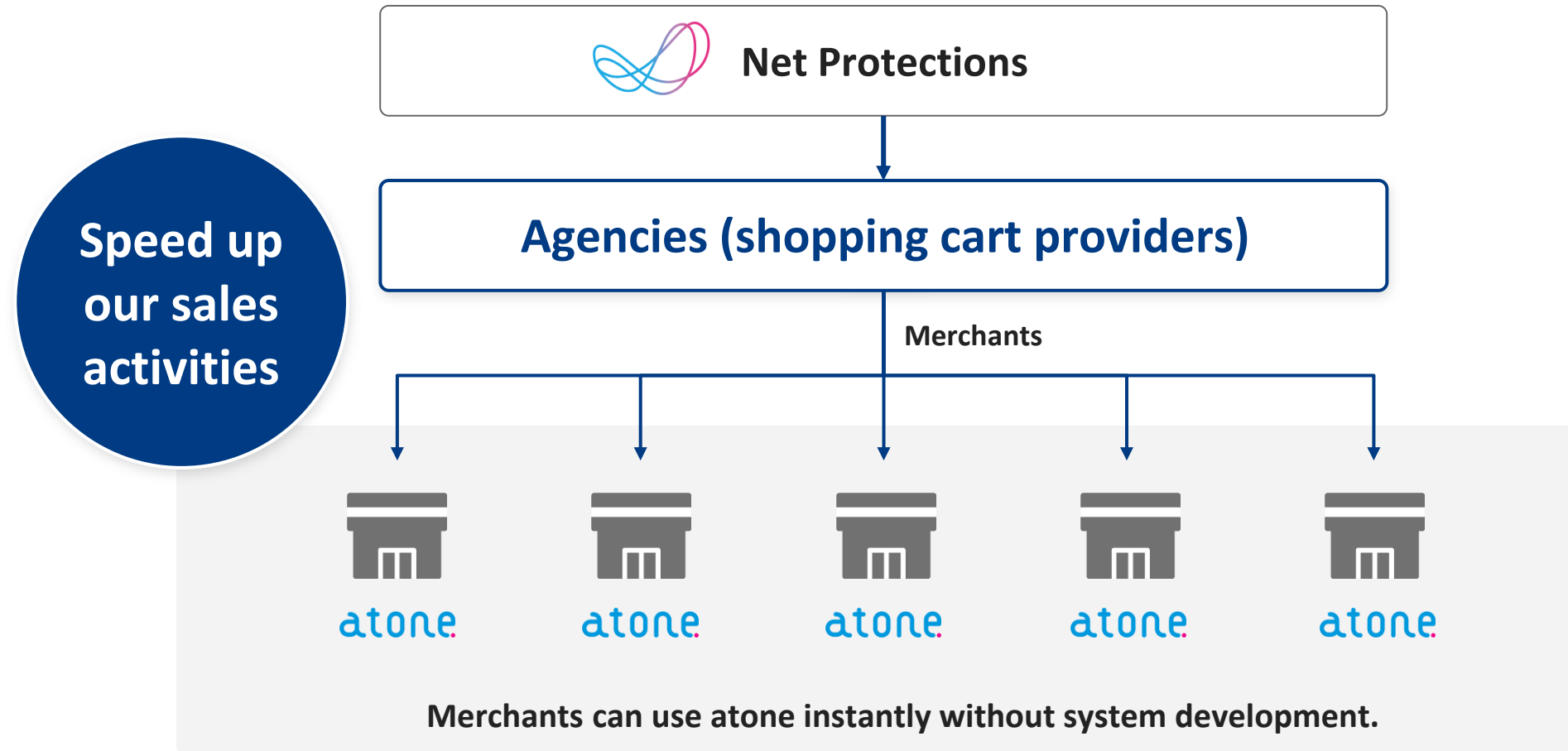
## The size of the total accessible market is expanding



\*1 Our estimate

\*2 Includes PSPs

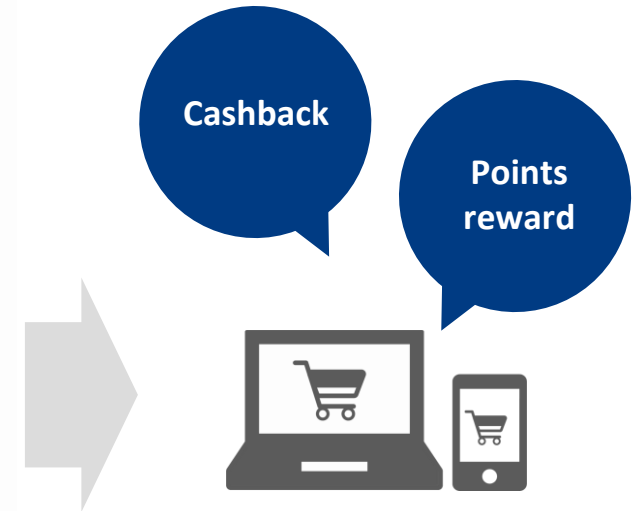
**We strengthen sales of atone with the help of shopping cart providers acting as our sales agent. By expanding the sales network, we speed up the introduction of our service.**



We have launched our campaign website, atone shops, to provide points reward and sale information. The website can transfer 15 million BNPL users to merchants' e-commerce websites.



お得なお店に出会えるサイト  
atone shops

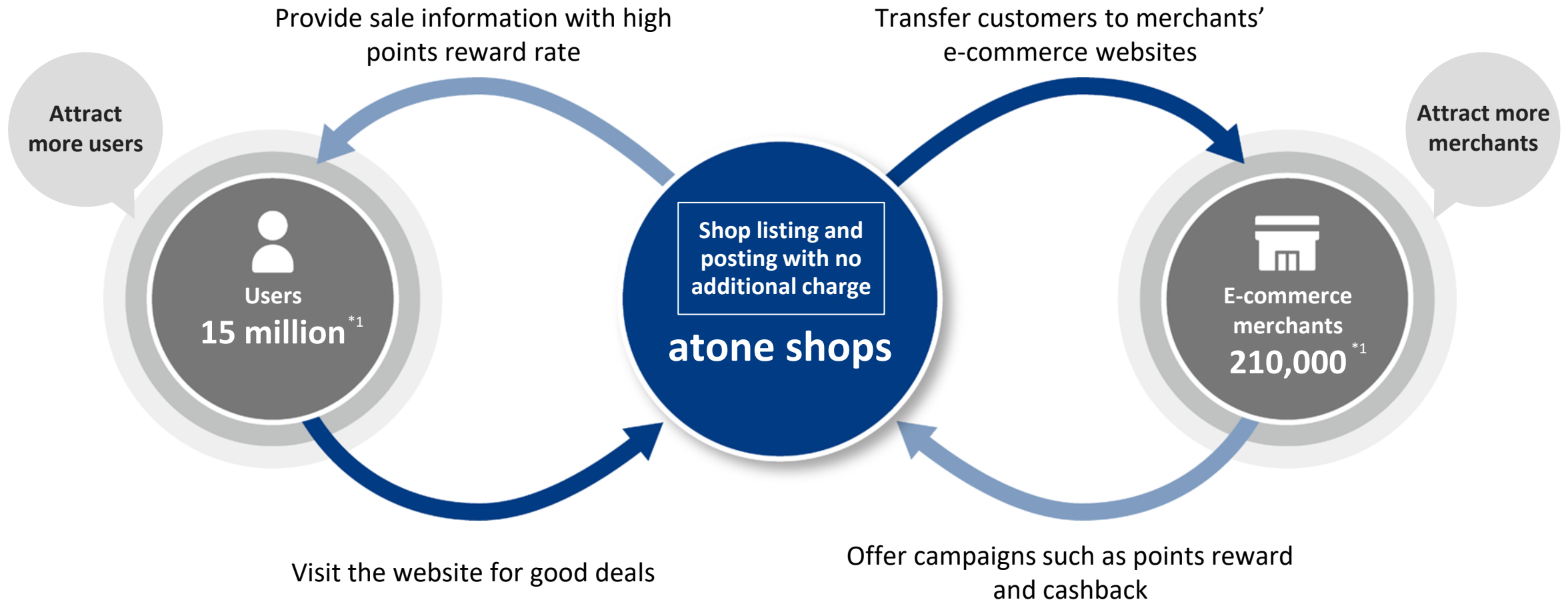


Users can enjoy good deals on shopping at merchants' e-commerce websites

**UU: 250,000 / PV: 11 million**  
**in the first 30 days after the launch**

BtoC Services: atone – atone shops' Value Proposition

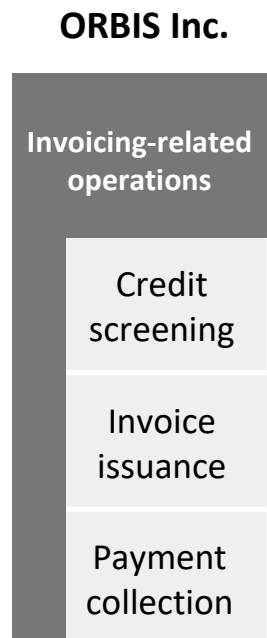
**With the industry's first BNPL services with a feature to transfer customers to merchants, we aim for GMV growth by being chosen by both e-commerce shops and users and by increasing their use of our services.**



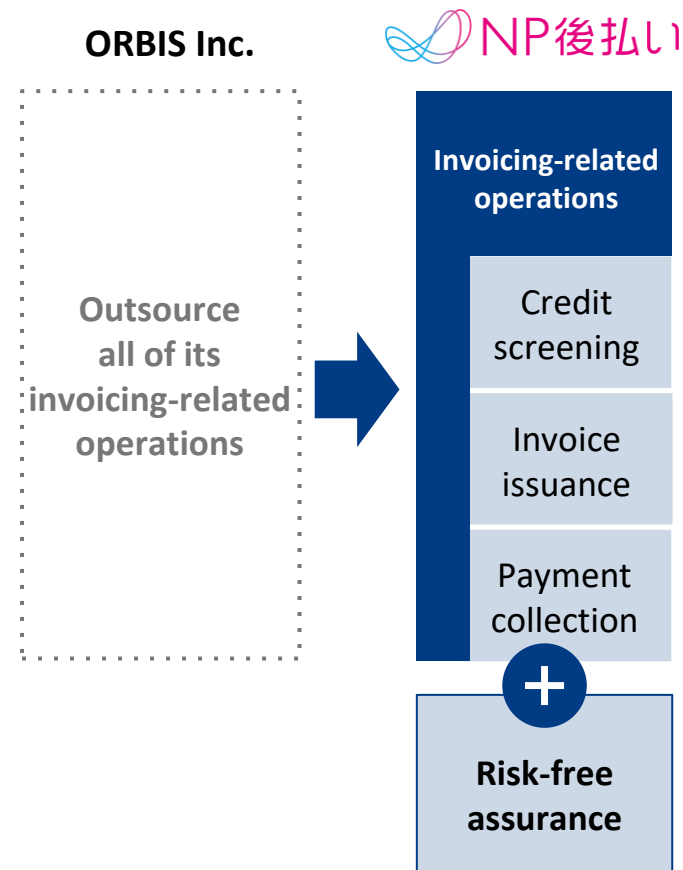
<sup>\*1</sup> The figures show the potential atone shops has —i.e., the numbers of annual unique users and e-commerce merchants using the Company's BtoC services. The BtoC services require sign-up for membership or service implementation.

**ORBIS Inc., a company offering skincare and other beauty brands, has introduced NP *Atobarai* to replace its own in-house BNPL system.**

**Before:** Use its own in-house BNPL system



**After:** Introduce NP *Atobarai*



### Background of the introduction of NP *Atobarai*

ORBIS wanted to:

- Reduce the burden on in-house resources by outsourcing invoicing and payment collection operations, and
- Realize more flexible workstyles



## **Appendix**

- **Financial Statements, etc.**
- **IR Newsletter**
- **Business and Market Overview**

# Key Performance Indicators

	Three months ended September 30, 2022	Three months ended September 30, 2023	Percentage change	Six months ended September 30, 2022	Six months ended September 30, 2023	Percentage change
	(JPY in millions)	(JPY in millions)	%	(JPY in millions)	(JPY in millions)	%
<b>GMV (non-GAAP)*<sup>1</sup></b>	<b>121,489</b>	<b>137,893</b>	<b>13.5</b>	<b>240,189</b>	<b>273,822</b>	<b>14.0</b>
BtoC Services: NP <i>Atobarai</i> and other	83,538	86,496	3.5	167,642	173,784	3.7
BtoC Services: atone	5,205	6,293	20.9	9,967	12,306	23.5
BtoB Service	32,744	45,104	37.7	62,579	87,731	40.2
<b>Total operating revenue</b>	<b>4,647</b>	<b>5,156</b>	<b>11.0</b>	<b>9,234</b>	<b>10,330</b>	<b>11.9</b>
BtoC Services: NP <i>Atobarai</i> and other	3,630	3,919	7.9	7,275	7,911	8.7
BtoC Services: atone	314	343	9.2	586	671	14.4
BtoB Service	702	894	27.3	1,372	1,747	27.4
– Other operating revenue	126	121	(3.4)	281	250	(11.0)
<b>Revenue</b>	<b>4,521</b>	<b>5,035</b>	<b>11.4</b>	<b>8,952</b>	<b>10,080</b>	<b>12.6</b>
– Invoicing related expenses (non-GAAP)* <sup>2</sup>	1,855	2,071	11.7	3,663	4,223	15.3
– Bad debt related expenses (non-GAAP)* <sup>3</sup>	743	974	31.2	1,438	1,965	36.6
– Other payment related expenses (non-GAAP)* <sup>4</sup>	86	113	31.3	179	207	15.8
<b>Gross profit (non-GAAP)*<sup>5</sup></b>	<b>1,837</b>	<b>1,876</b>	<b>2.1</b>	<b>3,671</b>	<b>3,682</b>	<b>0.3</b>
BtoC Services: NP <i>Atobarai</i> and other	1,337	1,304	(2.5)	2,631	2,575	(2.1)
BtoC Services: atone	99	100	0.4	210	174	(17.1)
BtoB Service	400	471	17.8	829	933	12.5
– SG&A and other operating expenses (non-GAAP)* <sup>6</sup>	1,981	2,248	13.5	3,912	4,539	16.0
<b>Operating profit</b>	<b>(18)</b>	<b>(250)</b>	<b>—</b>	<b>39</b>	<b>(605)</b>	<b>—</b>
+ Depreciation and amortization	347	373	7.5	687	732	6.5
+ Share-based payment expenses	2	1	(41.1)	3	3	7.2
+ Loss on disposal of property, plant and equipment	8	1	(79.0)	20	12	(40.2)
+ Impairment losses	—	—	—	—	—	—
– Gain from reversal of impairment losses	—	—	—	—	—	—
<b>EBITDA (non-GAAP)*<sup>7</sup></b>	<b>339</b>	<b>125</b>	<b>(62.9)</b>	<b>751</b>	<b>142</b>	<b>(81.0)</b>

\*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

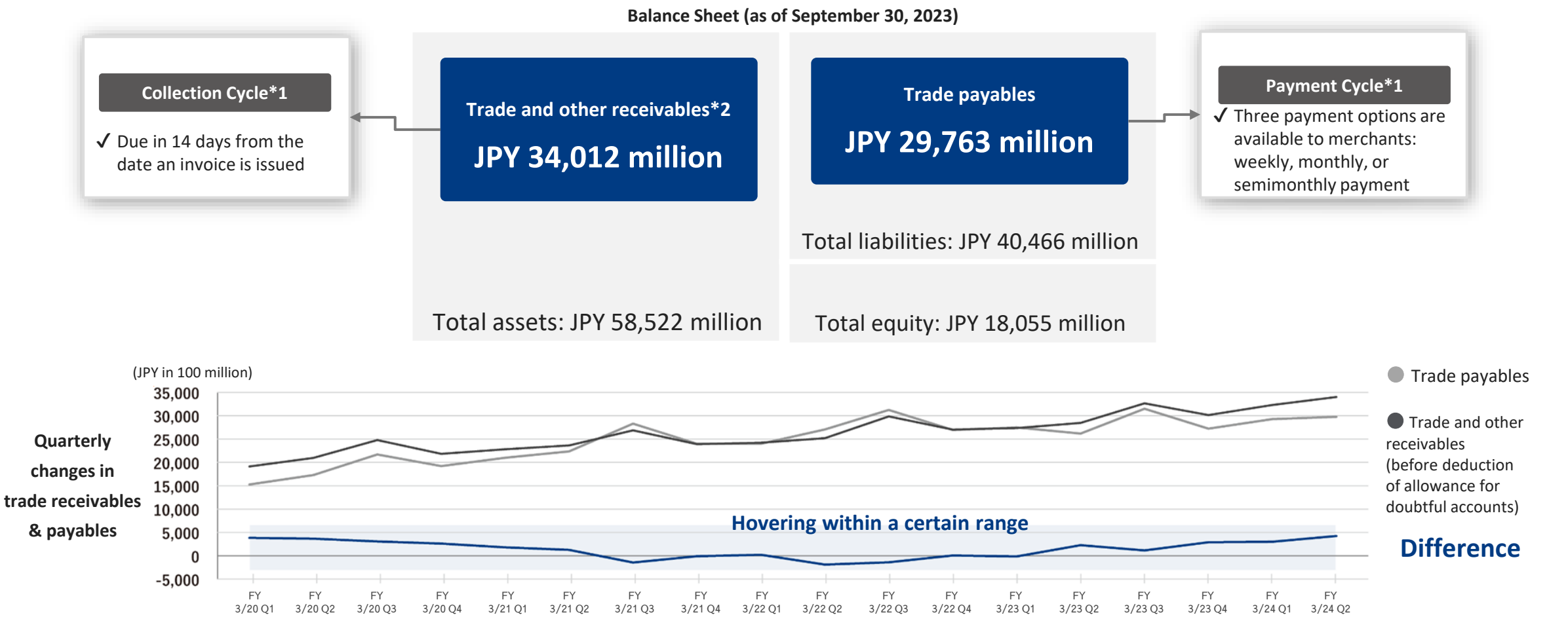
	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Cash and cash equivalents	10,564	10,762
Trade and other receivables	24,540	27,833
Inventories	21	14
Other current receivables	1,102	347
<b>Total current assets</b>	<b>36,228</b>	<b>38,958</b>
Property, plant and equipment	743	503
Goodwill	11,608	11,608
Intangible assets	4,130	4,531
Other financial assets	1,005	1,014
Deferred tax assets	1,514	1,689
Other non-current assets	171	216
<b>Total non-current assets</b>	<b>19,175</b>	<b>19,563</b>
<b>Total Assets</b>	<b>55,404</b>	<b>58,522</b>

(JPY in millions)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities and Equity</b>		
Trade and other payables	27,233	29,763
Short-term loans	3,000	4,000
Lease liabilities	415	264
Other current financial liabilities	4	4
Income taxes payable	161	96
Provisions	28	36
Liabilities for employee benefits	443	575
Other current liabilities	513	625
<b>Total current liabilities</b>	<b>31,801</b>	<b>35,366</b>
Long-term loans	4,964	4,969
Lease liabilities	85	44
Provisions	84	85
<b>Total non-current liabilities</b>	<b>5,135</b>	<b>5,100</b>
<b>Total Liabilities</b>	<b>36,936</b>	<b>40,466</b>
Share capital	4,113	4,119
Capital surplus	14,168	14,177
Retained earnings	22	(473)
Other components of equity	64	148
<b>Total equity attributable to owners of parent</b>	<b>18,369</b>	<b>17,972</b>
Non-controlling interests	98	83
<b>Total Equity</b>	<b>18,467</b>	<b>18,055</b>
<b>Total Liabilities and Equity</b>	<b>55,404</b>	<b>58,522</b>

# Competitive Advantages: Balance Sheet with Low Working Capital

We do not need to borrow money or take other funding measures to raise working capital because our trade receivables and payables are well-balanced over the short term. We therefore have limited financial risk even in the current phase of rising interest rates.



\*1 In case of NP Atobarai

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

# Consolidated Statement of Profit or Loss

(JPY in millions)

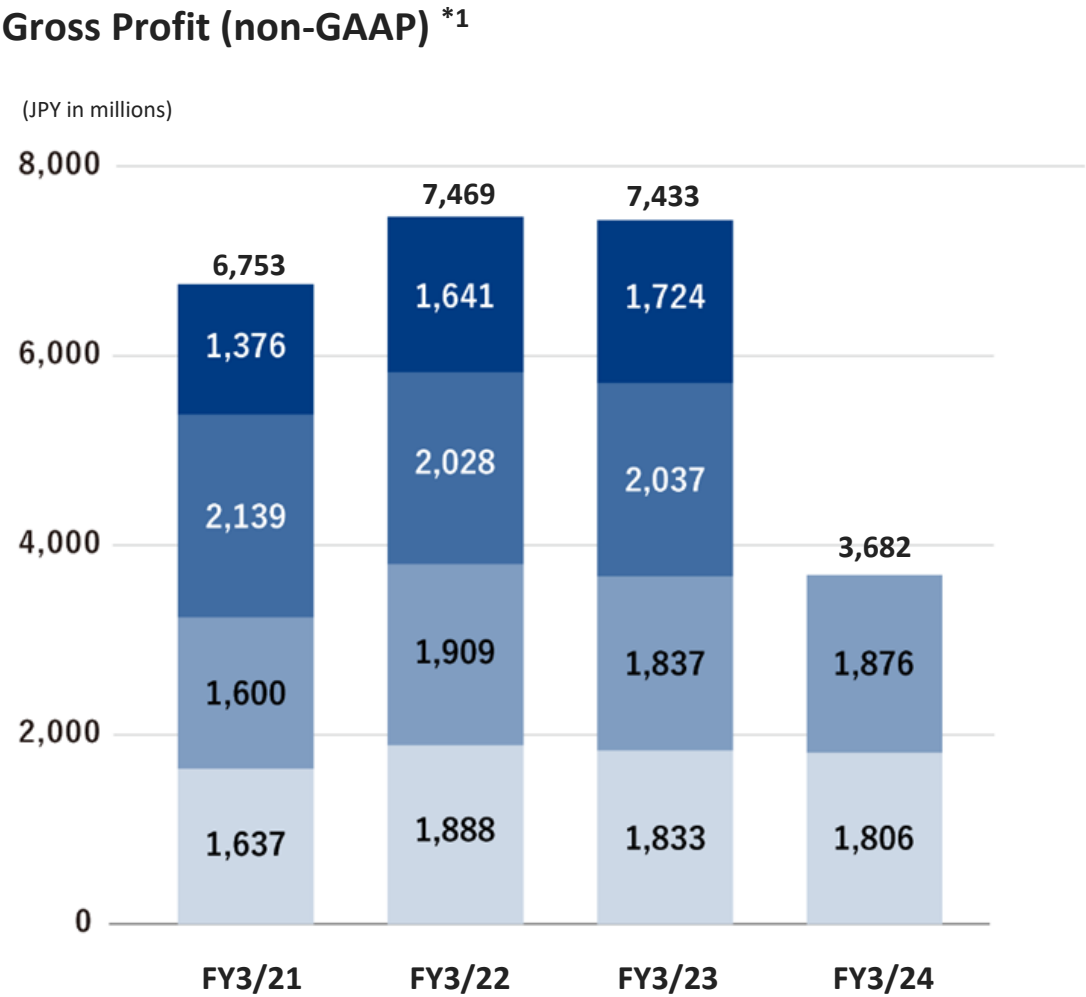
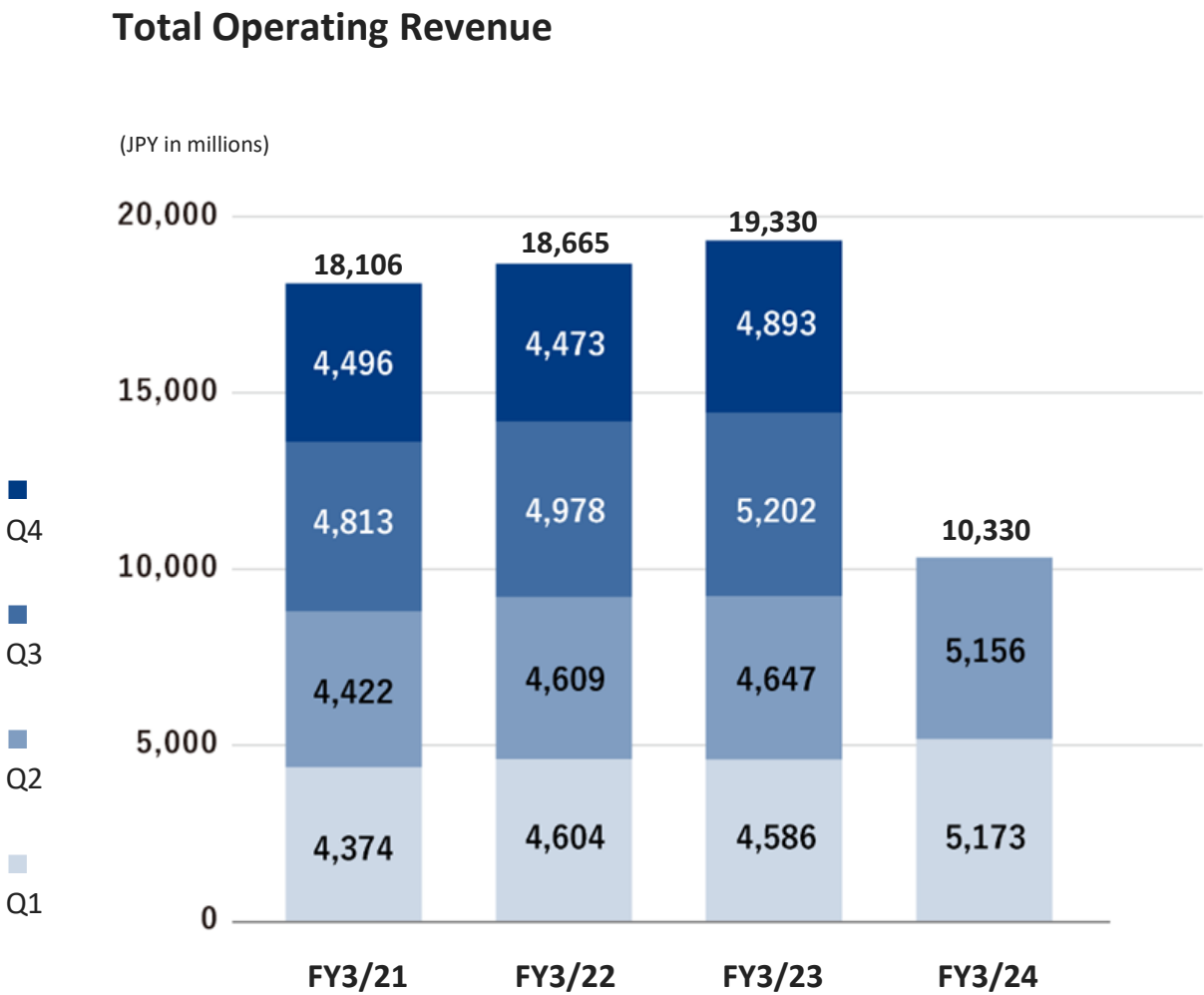
	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Revenue	8,952	10,080
Other operating revenue	281	250
Total operating revenue	9,234	10,330
Operating expenses	(9,194)	(10,936)
Operating profit (loss)	39	(605)
Financial income	0	0
Financial costs	(31)	(28)
Profit (loss) before income taxes	9	(633)
Income tax expense	(58)	123
Profit (loss)	(49)	(510)
Profit (loss) attributable to:		
Owners of parent	(49)	(496)
Non-controlling interests	—	(13)
Profit (loss)	(49)	(510)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(0.52)	(5.13)
Diluted earnings (loss) per share (yen)	(0.52)	(5.13)

# Consolidated Statement of Cash Flows

(JPY in millions)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash Flows from Operating Activities</b>		
Profit (loss) before income taxes	9	(633)
Depreciation, amortization and impairment losses	687	732
Share-based payment expenses	3	3
Finance income and finance costs	24	23
Increase (decrease) in provisions	1	9
Loss on disposal of property, plant and equipment	20	12
Decrease (increase) in inventories	(0)	7
Decrease (increase) in trade and other receivables	(1,211)	(3,292)
Increase (decrease) in trade and other payables	(778)	2,530
Other	168	448
<b>Subtotal</b>	<b>(1,075)</b>	<b>(159)</b>
Interest received	0	0
Interest paid	(19)	(18)
Income tax paid	(758)	461
<b>Net cash provided by (used in) operating activities</b>	<b>(1,853)</b>	<b>283</b>
<b>Cash Flows from Investing Activities</b>		
Payments into time deposits	(1)	(0)
Purchase of property, plant and equipment	(87)	(5)
Purchase of intangible assets	(579)	(881)
Payments for guarantee deposits	(8)	—
Proceeds from collection of guarantee deposits	6	—
Purchase of other financial assets	(315)	(7)
<b>Net cash provided by (used in) investing activities</b>	<b>(985)</b>	<b>(895)</b>
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in short-term loans	—	1,000
Repayments of lease liabilities	(190)	(194)
Proceeds from issuance of shares	13	4
<b>Net cash provided by (used in) financing activities</b>	<b>(176)</b>	<b>810</b>
Effects of exchange rate changes on cash and cash equivalents	0	0
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,015)</b>	<b>198</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>12,119</b>	<b>10,564</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>9,103</b>	<b>10,762</b>

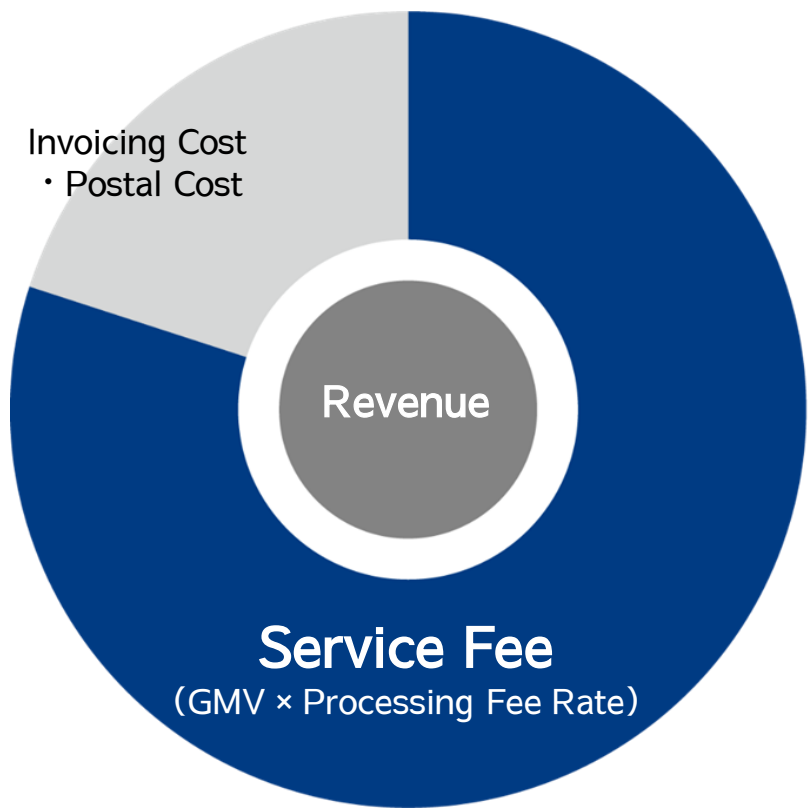
# Financial Results: Quarterly Trends of Total Operating Revenue and Gross Profit



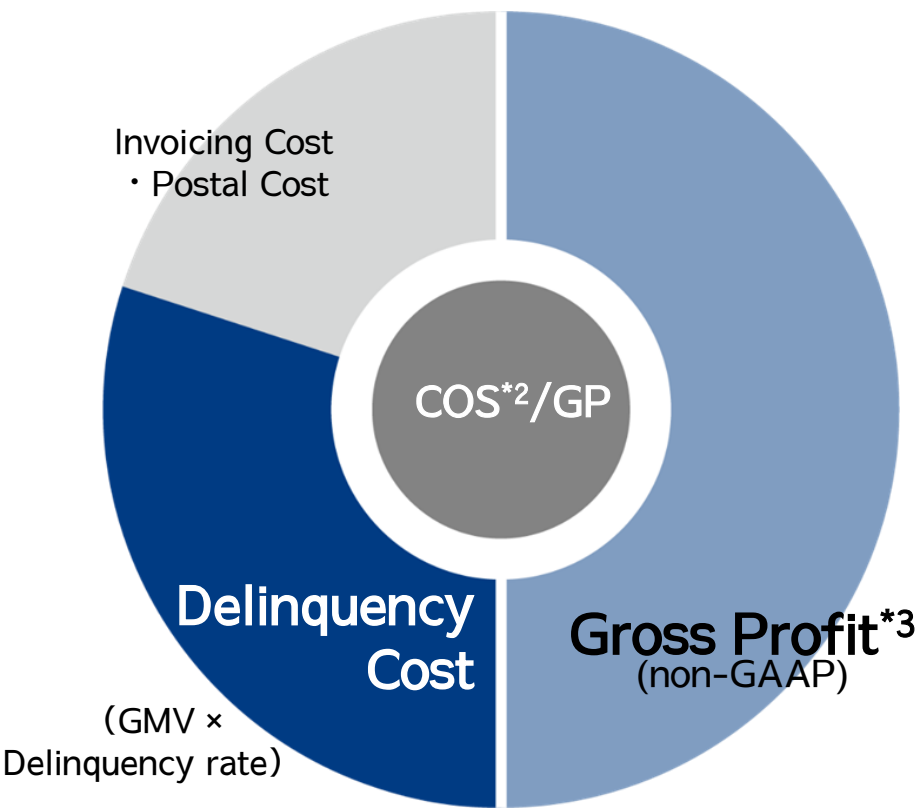
<sup>\*1</sup> Gross profit: Revenue - (Collection expense + Invoicing expense + Provision for doubtful accounts + Bad debt expense + Loss on sale of trade receivables + Credit screening expense + NP point expense + Other payment related expenses)

# 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)

## IR Newsletter

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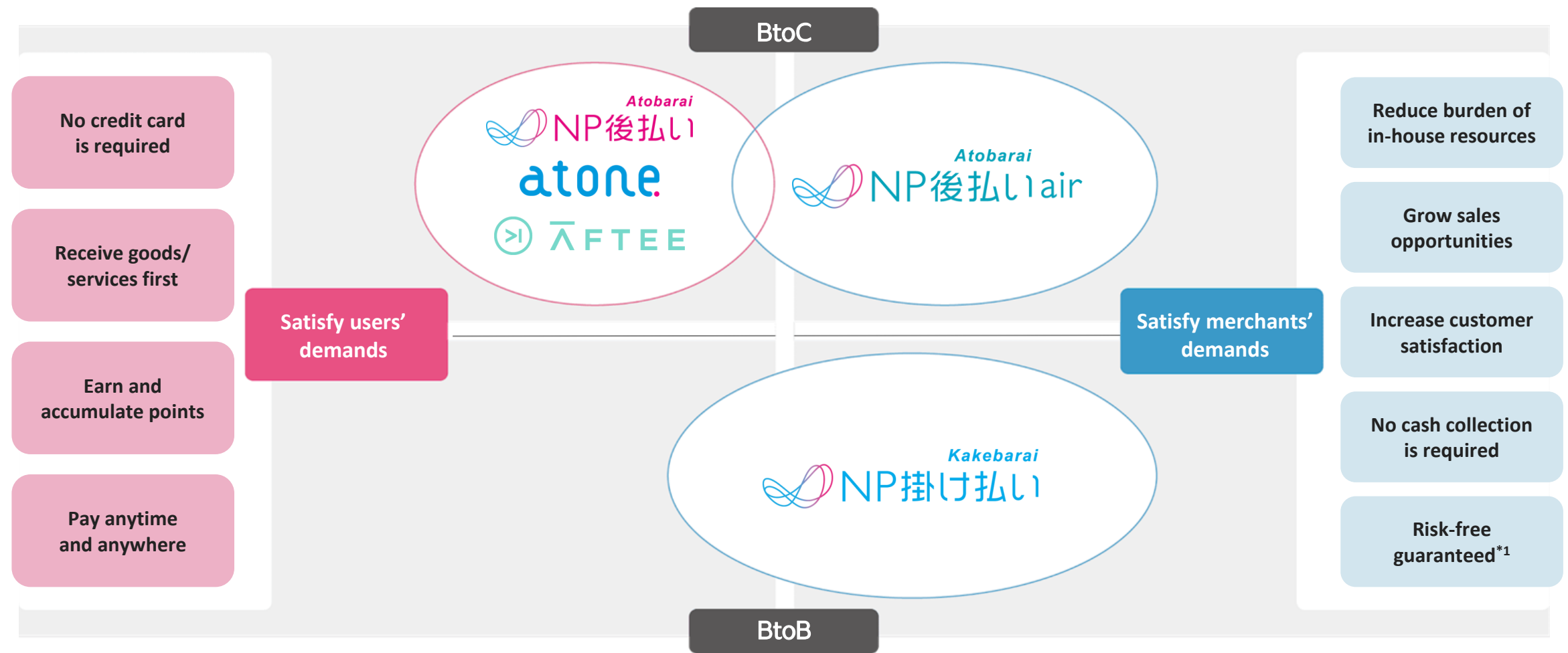


## **Business and Market Overview**

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# Business Overview: Value Proposition of Each BNPL Service

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.

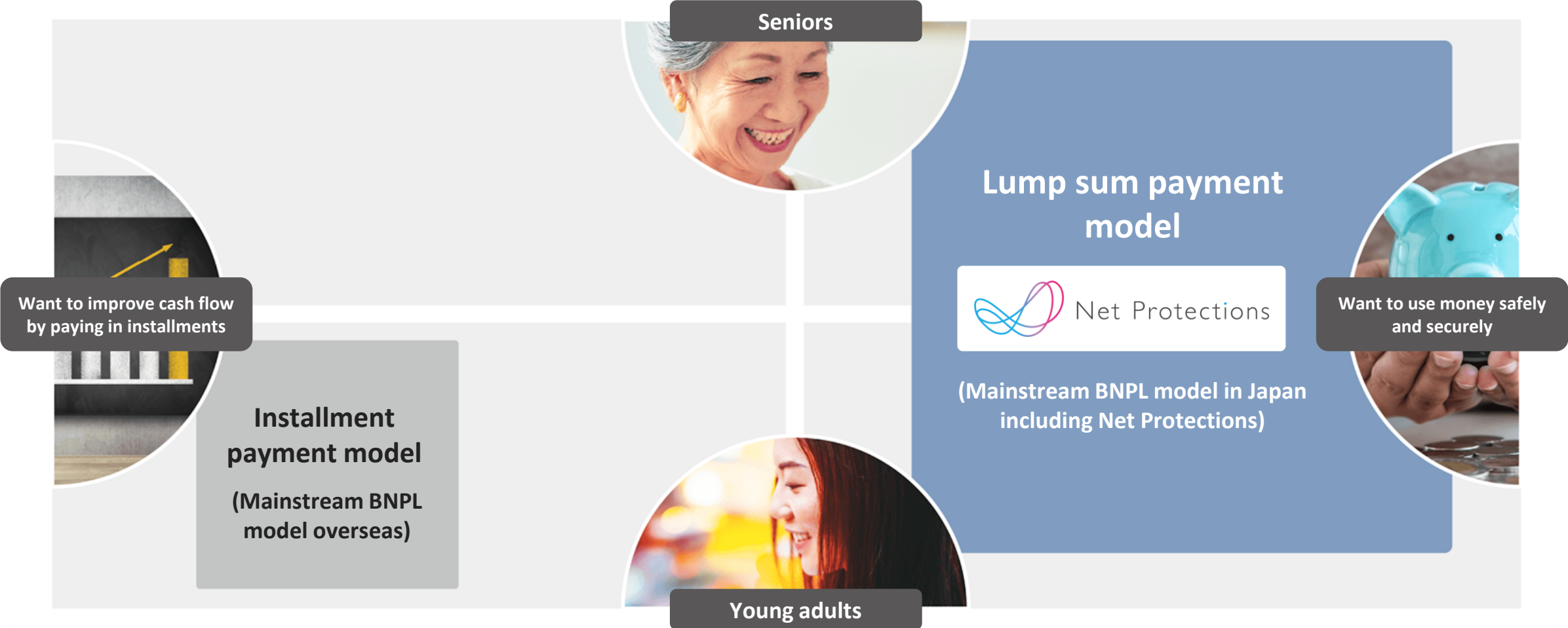


\*1 The guarantee only covers transactions approved by our credit screening system. In the event that a dispute between a merchant and a customer or a merchant client over a transaction arises and it cannot be immediately resolved, or Net Protections deems there is a risk of such a dispute, or the transaction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

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

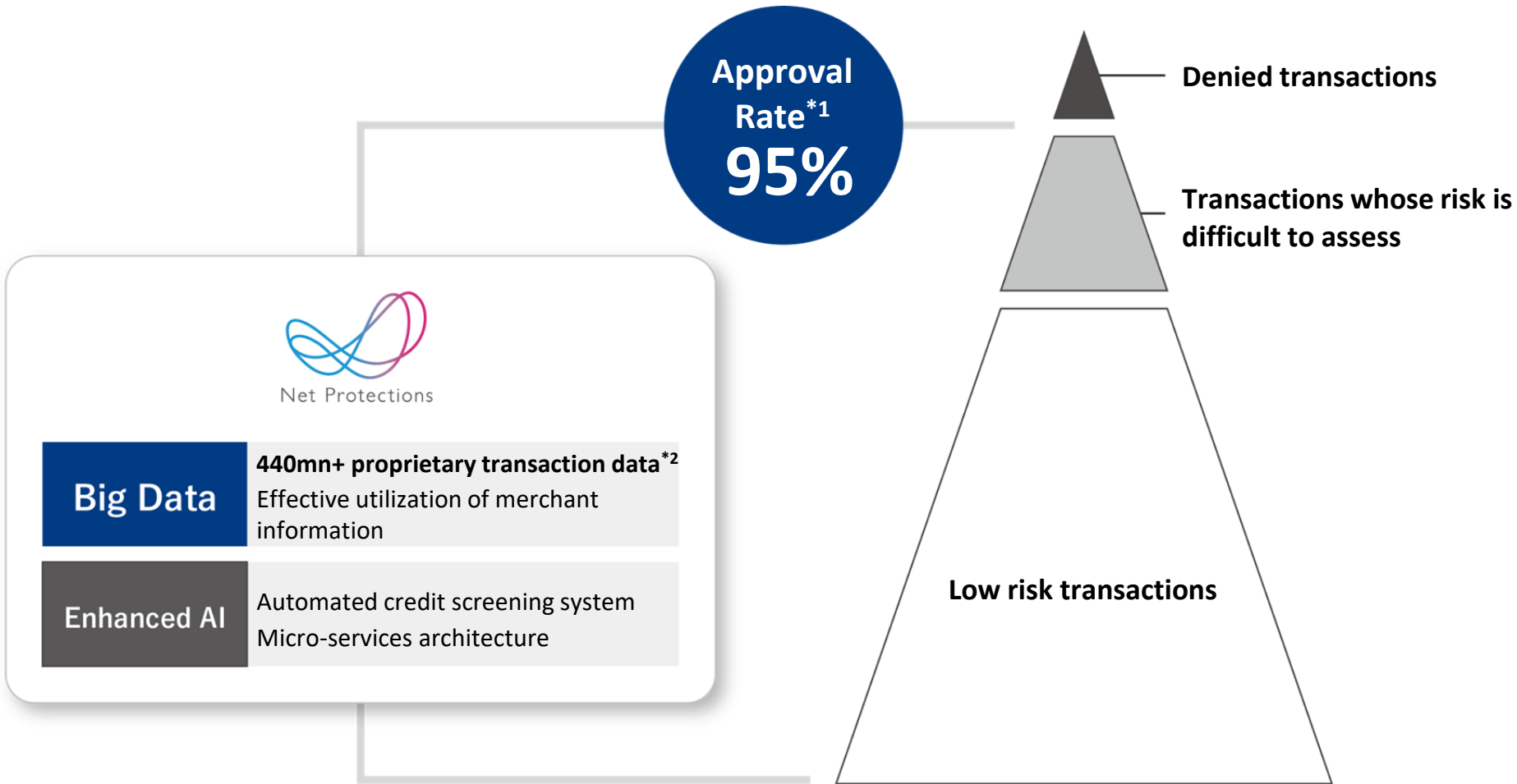
Unlike the BNPL service providers overseas, who adopt the installment payment model, our business model is based on the lump sum payment model, giving us a unique positioning in the market.

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.



# Competitive Advantages: High Credit Approval Rate and Low Delinquency Rate

We have achieved one of the industry’s highest credit approval rate at 95% by utilizing our big data and knowhow accumulated over 20 years. Maximizing credit approval rate prevents user abandonment and contributes to merchants’ sales increase.



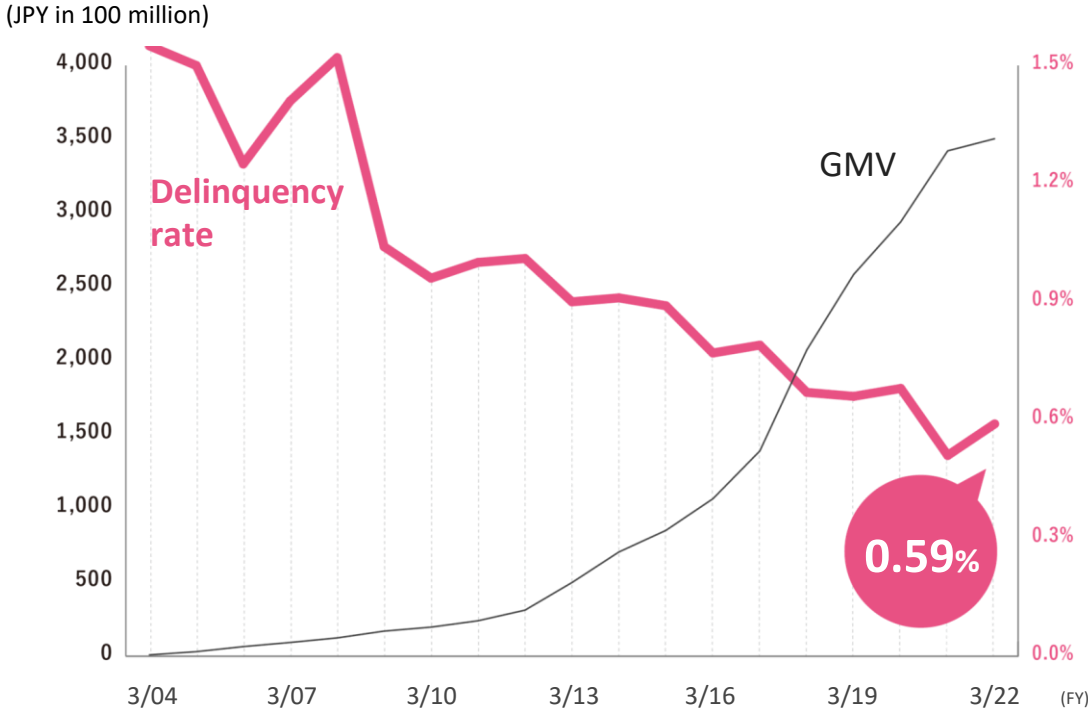
<sup>\*1</sup> The ratio of approved transactions to transactions denied by our credit screening system for NP *Atobarai* during FY3/2023 (limited to unique users).

<sup>\*2</sup> As of March 31, 2023

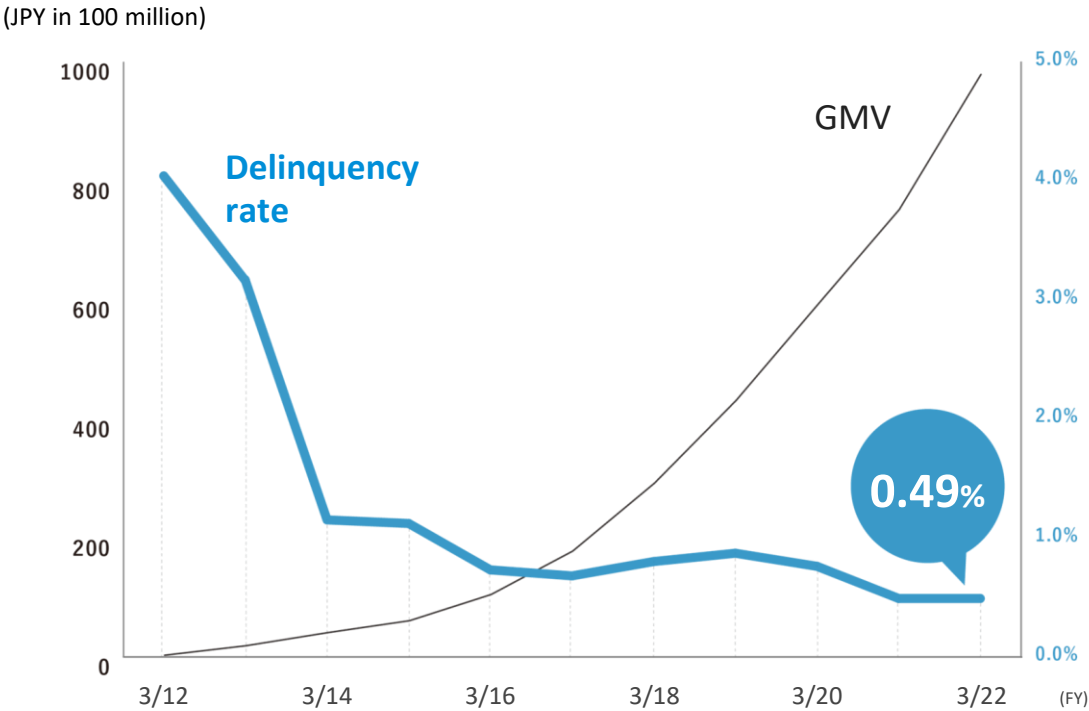
# Competitive Advantages: High Credit Approval Rate and Low Delinquency Rate

We have achieved low delinquency rates of 0.59% for BtoC and 0.49% for BtoB.

Delinquency rate in BtoC (NP Atobarai) \*1



Delinquency rate in BtoB (NP Kakebarai) \*2

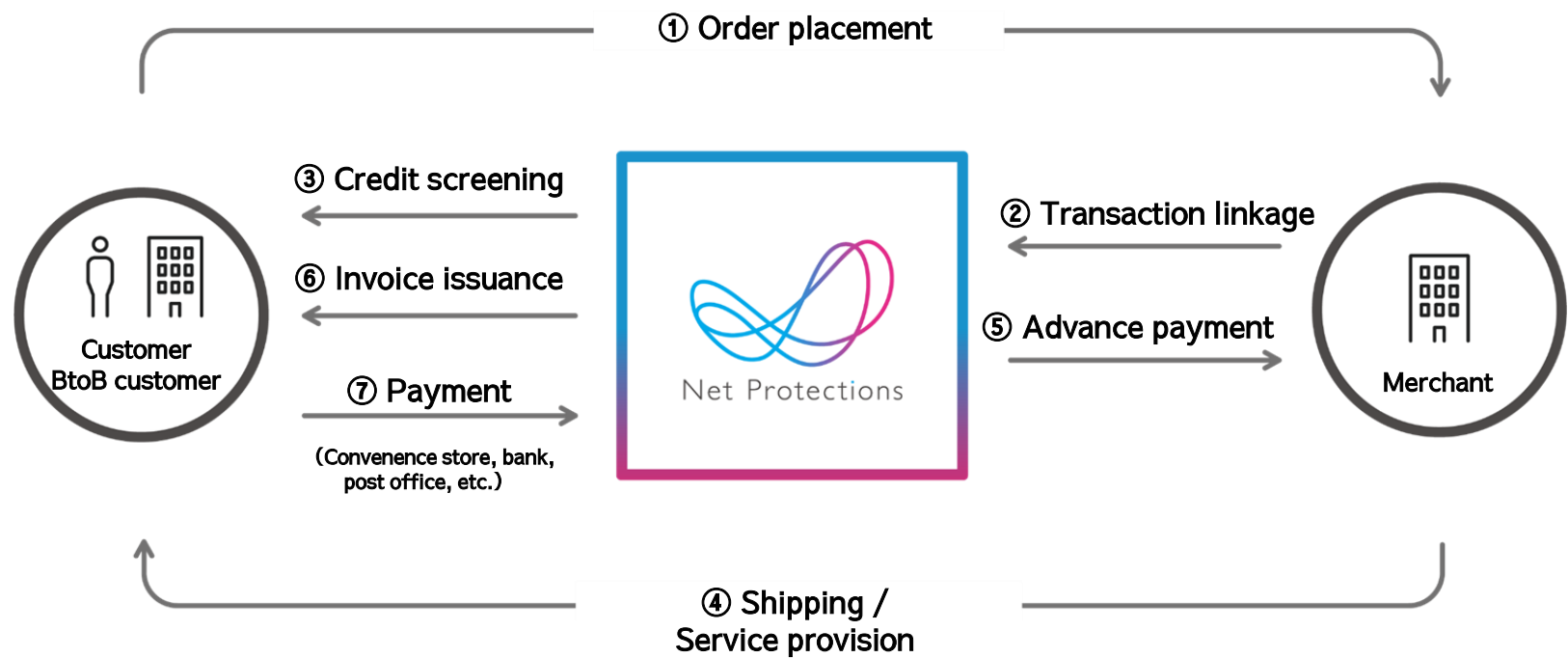


\*1 Ratio of outstanding unpaid transactions for NP Atobarai in excess of 18 months to total transactions recorded during such fiscal period on a GMV basis. The ratio for FY3/2022 is based on unpaid transactions as of the end of March 2023 (including transactions prior to writing off of delinquent debt).

\*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 FY3/2022 is based on unpaid transactions as of the end of March 2023 (including transactions prior to sale of receivables and writing off of delinquent debt).

# 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

Receive products first

No credit card required

Earn points

## Merchant Benefits

Increase sales

Acquire new customers

Risk-free guaranteed

## Introduction: atone

atone can reach over 6 million non-credit card users.

Acquiring new customers who do not use credit card and enhancing retention rate is possible with one service.

atone can be used in not only mail orders but also various industries including digital content and physical stores. Accessibility to over 6 million members\*1 through loyalty program allows

merchants to acquire new customers, boost repeat use, and LTV.

atone is a fraud-resistant, easy-to-use, flexible, and beneficial BNPL service provided by the leading BNPL company with its accumulated know-how.



# atone

Customers can choose BNPL per purchase (no sign-up needed) or next-month payment (sign-up needed)

NP Points can be used for discount

Available for white label and OEM (digitally optimized)

No impact from the collection fee increase because it is digital billing (except for paper invoice)

\*1 Number of members as of March 31, 2023, excluding withdrawn members



## Service Fee Table: atone\*1

E-commerce merchandise		Service Fee*2	Transaction Fee	Monthly Fixed Fee	Invoice Fee*3
Standard Plan	BNPL per purchase	3.5% (tax-free)	0 yen	0 yen	190 yen (excluding tax)
	Next month payment				0 yen
Premium Plan	BNPL per purchase	2.5% (tax-free)	0 yen	48,000 yen (excluding tax)	190 yen (excluding tax)
	Next month payment				0 yen

E-commerce digital content		Service Fee*2	Transaction Fee	Monthly Fixed Fee	Invoice Fee*3
Standard Plan	BNPL per purchase	5.9% (tax-free)	0 yen	0 yen	190 yen (excluding tax)
	Next month payment				0 yen
Premium Plan	BNPL per purchase	4.9% (tax-free)	0 yen	48,000 yen (excluding tax)	190 yen (excluding tax)
	Next month payment				0 yen

\*1 Our up-front payment service has adopted the "month-end closing, next month-end payment" method.

\*2 Bespoke fee proposal is available depending on the goods dealt by the businesses. A service Fee will be charged for each purchase when confirmed.

\*3 The fee is charged only when the merchants are supposed to cover the cost.

# Introduction: NP Atobarai

A BNPL service with No.1 market share\*1, NP Atobarai can be used in various sales schemes.

NP Atobarai provides BNPL service with high credit approval rate based on the overwhelming transaction data NP has accumulated since 2002 as a BNPL service provider.

It offers convenient and safe BNPL service without credit card information and sign-up.

It helps contribute to new customer acquisition through user-friendly UI & UX.

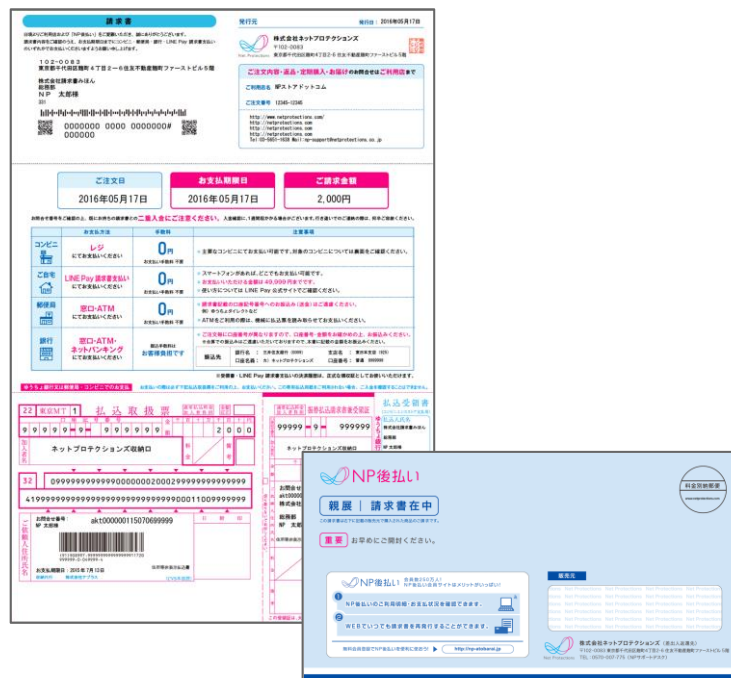


Catalog mail-order and TV mail-order Schemes are also supported

NP points can be exchanged for merchandise.  
(Sign-up required / optional)

Can create an original transaction report

Can customize scheme similar to own



\*1 Our estimate based on the "75th E-commerce and E-learning Sales Ranking" published in the January 7, 2021 edition of the Tsuhanshimibun.

# Service Fee Table: NP Atobarai

	Monthly Transaction Volume	NP Service Fee	Monthly Fixed Fee	Invoice Fee*3
Plan A	-	5.0% of customer's billing amount	0 yen	Paper invoice (sealed envelope) 225 yen (excluding tax) per transaction  Electronic barcode 170 yen (excluding tax) per transaction  In case of choosing an option to enclose a bill inside the box delivered. 120 yen (excluding tax) per transaction
Plan B	approx. 920,000 yen or more	4.4% of customer's billing amount	5,000 yen (excluding tax)	
Plan C	approx. 2.06 million yen or more	3.6% of customer's billing amount	20,000 yen (excluding tax)	
Plan D	approx. 4.4 million yen or more	2.9% of customer's billing amount	48,000 yen (excluding tax)	
Others	Bespoke proposal available according to transaction volume			

- NP service fee is tax-free -If the payment made through convenience store collection is 50,000 yen or more, the actual cost equivalent to revenue stamps of 200 yen will be charged. -If the payment made through Japan Post Bank or a post office collection is 50,000 yen or more, 210 yen of fee (including tax) from the Japan Post Bank and mailing cost will be charged. -If a transaction is canceled after the delivery slip number is registered, 225 yen (248 yen including tax) for a paper invoice (sealed envelope) and 170 yen (187 yen including tax) for an electronic barcode invoice will be charged. -Please note that the service may not be available or may be partially restricted depending on the results of the merchant screening. -Electronic barcode payment is not available for transactions for which an email address has not been obtained. -Electronic barcode payment is available at 7-Eleven, Lawson, Ministop, and Seicomart, and will be available at FamilyMart sometime in the future.

# Service Specifications

	NP Atobarai	atone - BNPL per purchase	Atone - next month payment
How to use	Select on payment screen	SMS Authentication performed with mobile number and Email address(*1)	Sign-up(*2)
Upper limit	55,000 yen (including tax)	Set by each store, with a standard limit of 50,000 yen	Set by each user, with a standard limit of 50,000 yen (up to 100,000 yen)
Payment Term	Payment for each purchase is due within 14 days from the invoice issuance	Payment for each purchase is due within 10 days from the invoice issuance	Next month payment consolidating purchases of the month Payment date: 10th, 20th and 27th of each month (*3)
Billing method	Paper invoice (sealed envelope) Email/SMS(electronic barcode)	Email/SMS	Smartphone app, Email/SMS (electronic barcode/payment number notification), paper invoice
Payment method	Payment at convenience store cash register, post office, bank, payment on invoice via LINE	Payment with convenience store terminal, bank ATM (Pay easy), paper invoice	Payment at cash register or by terminal in convenience store, bank ATM (Pay easy), account transfer, paper invoice
Point acquisition	Point awarded after registration (0.5% of transaction volume)	Point awarded after registration (0.5% of transaction volume)	Point awarded (0.5% of transaction volume)
Point usage	Prize exchange, sweepstakes entries, donation	Discount, prize exchange, sweepstakes entries, donation	Discount, prize exchange, sweepstakes entries, donation
Service fee	2.9% or more(tax-free)	2.5% or more (tax-free) + transaction fee (30 yen (excluding tax) per transaction)	
Monthly fixed fee	From 0 to 48,000 yen (excluding tax)	From 0 to 48,000 yen (excluding tax)	
Invoicing fee	Paper invoice (sealed envelope): 225 yen (excluding tax) per transaction Electronic barcode invoice: 170 yen (excluding tax) per transaction Invoice enclosed in a package: 120 yen (excluding tax) per transaction	0 yen Fee charge from NP to users: 90 yen (excluding tax)/charged only when invoice or transaction made for the month)	
Timing of up-front payment	weekly or semimonthly	month-end closing, next month-end payment	

\*1 For members, SMS authentication is performed with mobile number and password.

\*2 Registration information includes name, gender, date of birth, address, email address, mobile number, and password. Acquired information can be preset.

\*3 Due date set for paper invoice (20<sup>th</sup> of each month), account transfer (27<sup>th</sup> of each month), and other billing (10<sup>th</sup> of each month).

# Why Customers Prefer BNPL

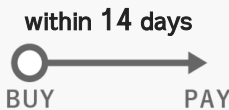
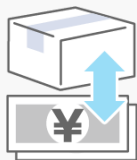
## Budget Control

### 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 online store
- ✓ No need to use credit cards
- ✓ Mobile-friendly

### 6 Payment made after the arrival of goods



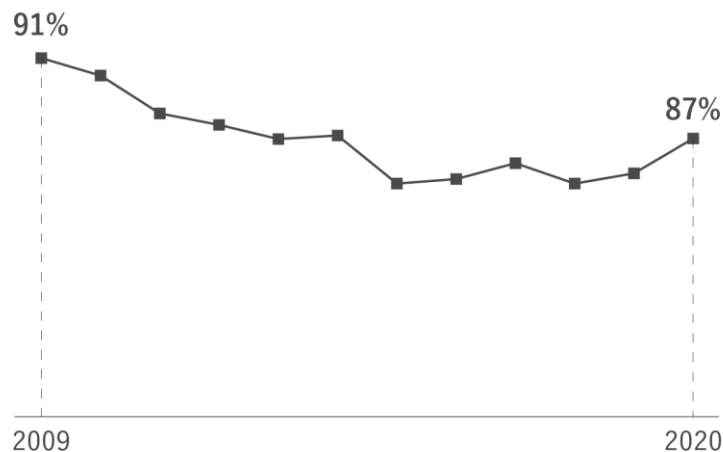
- ✓ No worry about whether goods will arrive, unlike in case of advance payments
- ✓ Easy to return, easy to exchange, easy to cancel

# Credit Cards Do Not Completely Satisfy User Demands

## Facts on Credit Card Usage in Japan

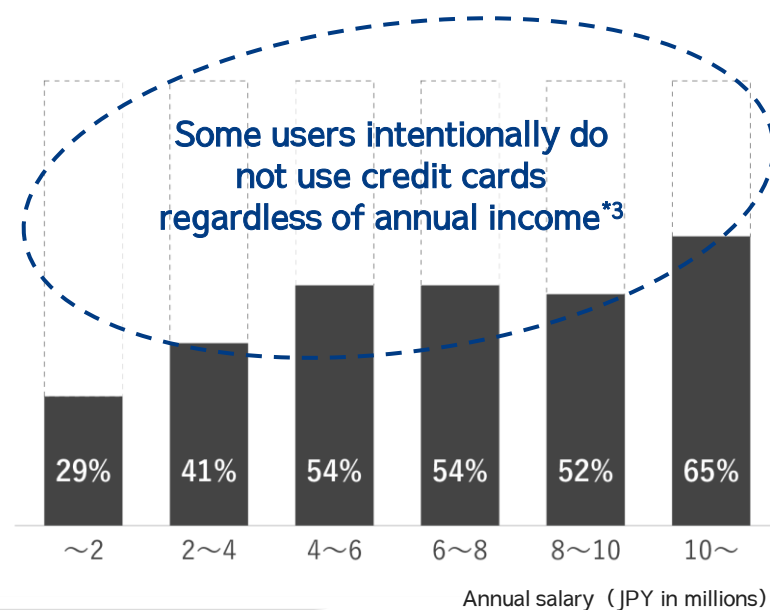
### 1 Credit card penetration rate\*1

【Credit card penetration rate】



### 2 Some users do not use credit cards

【Credit card usage by annual income】\*2



**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)

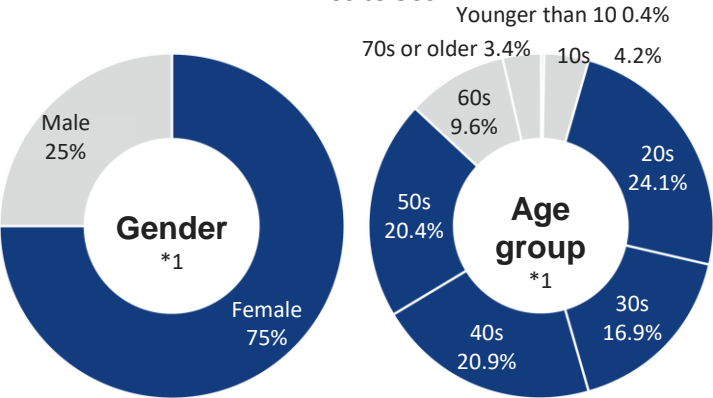
Target: "3,000 men and women between the ages of 20-69 living across Japan among the registered monitors held by Nikkei Research"

# Major User Base and Market Size Forecast of BNPL Service

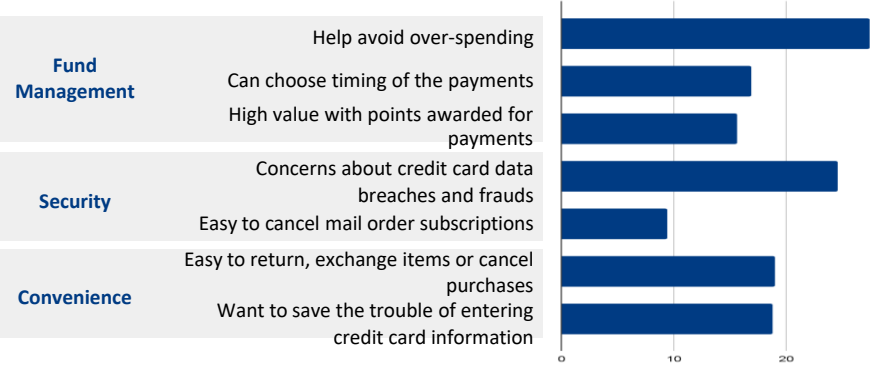
Growth has been driven by the need for fund management, security, and convenience, especially among women in their 20s to 50s.

## Main user groups and reasons for use

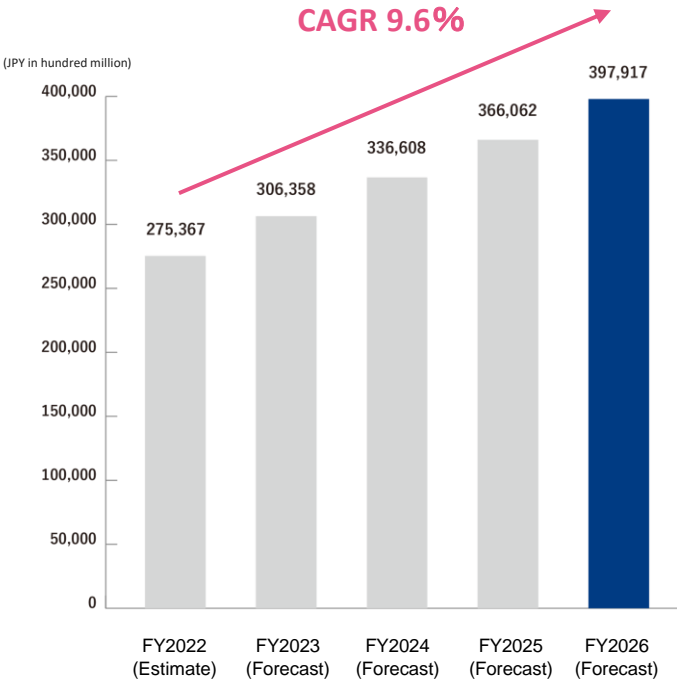
In e-commerce, core users of BNPL service are women in their 20s to 50s



## Demand in fund management, security, and convenience\*2



## E-commerce payment services market size forecast



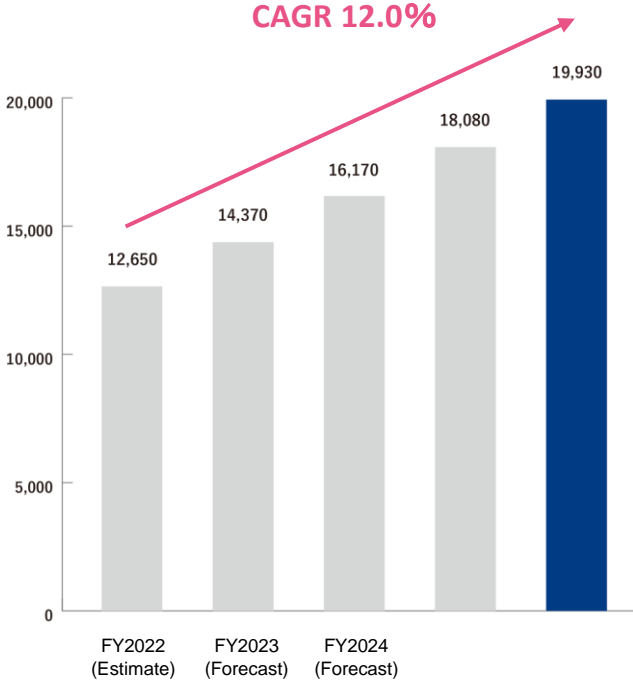
Source: Yano Research Institute "E-commerce Payment Service Market in Japan 2023," (published March 29, 2023)

\* 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 2022 and prospect after 2023.

## BNPL market size forecast



Source Yano Research Institute "E-commerce Payment Service Market in Japan 2023," (published March 29, 2023)

\* Based on transaction volume of BNPL payment service providers

\* Figures are based on presumption for 2022 and prospect after 2023.

\* BNPL payment service market is contained in the EC payment service market.

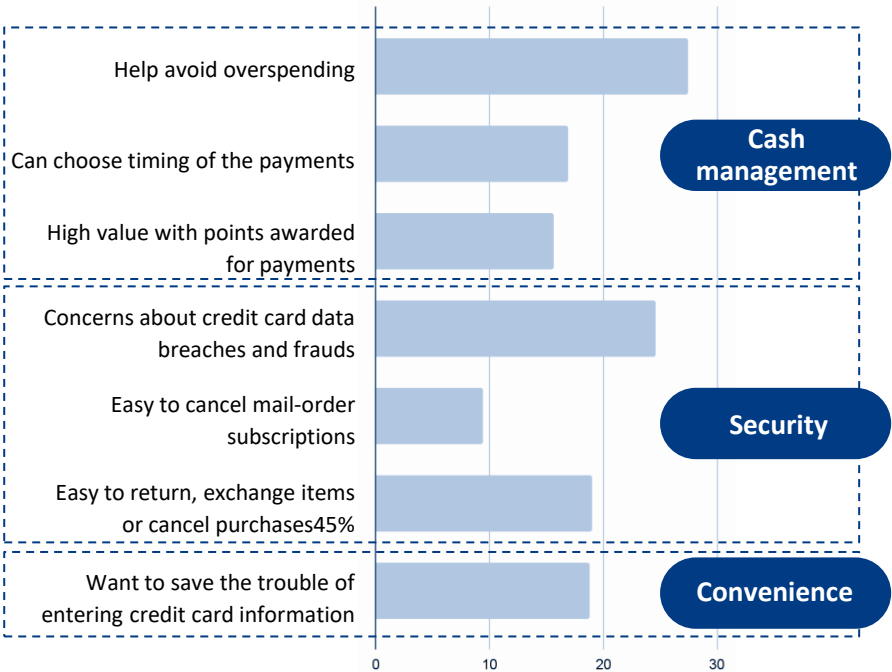
\* 1 Breakdown of NP Point Club members as of March 31

\* 2 Survey on our members conducted from December 28 to 30, 2018, targeting 1,738 men and women of in their twenties or older

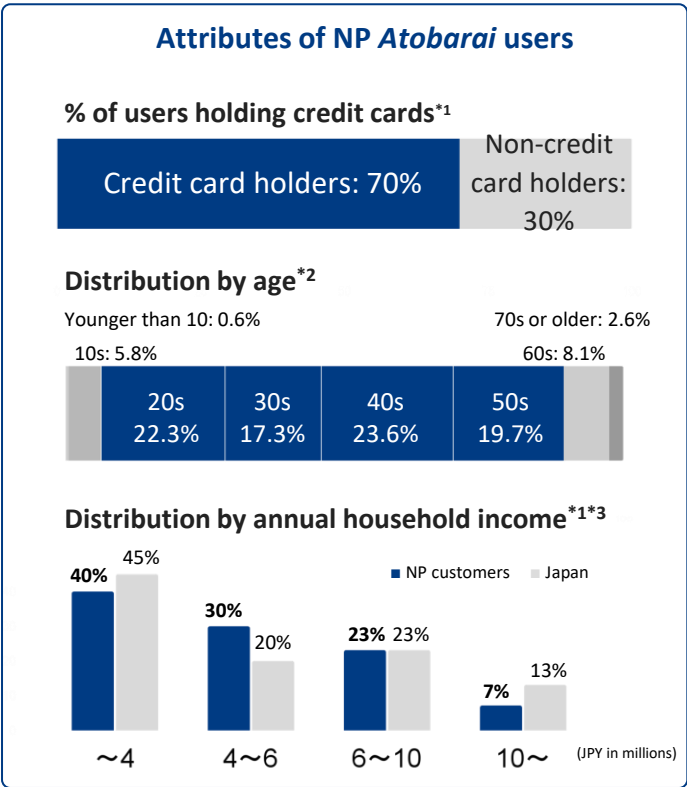
# Lump Sum BNPL Service Providing Safe and Secure Transactions as Value Proposition

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

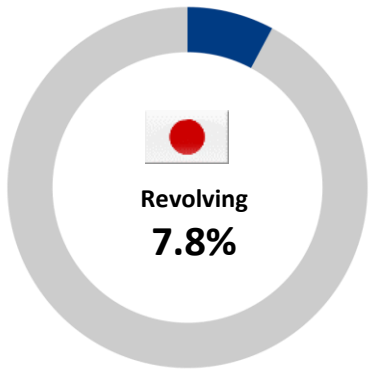


**2** The user base is highly diversified.

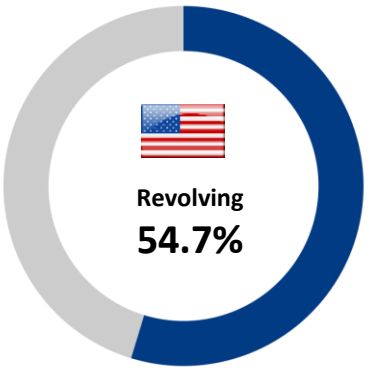


**3** The full payment is preferred in Japan, whereas the installment payment is preferred overseas.

**Japan**  
Breakdown of credit card payment method by amount\*2



**U.S.**  
Ratio of credit revolving users\*3



\*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”



# Service Introduction Status in Target Market (BtoC Market)

## New Target Market

House Cleaning/Repair



Online reservation and quotation service



Digital content



Newspaper



Housekeeping



Physical store



## E-commerce



## E-commerce (Taiwan)



## Introduction: NP *Atobarai* air

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 by saving the trouble of dealing with customers' credit screening, payment collection, and unpaid invoices.

NP *Atobarai* air has helped many minor constructors, from listed companies to venture companies, improve the efficiency of receivables management operations and supported them in reducing the burden on on-site and accounting staff and improving their productivity.



Renovation /  
Construction work



Repair / Maintenance



Housekeeping service



Moving



Rental



Electricity / Gas



Significant reduction of the burden on  
cash and receivables management

No collection operations required and  
100% guarantee of the invoiced  
amount<sup>\*1</sup> assured

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

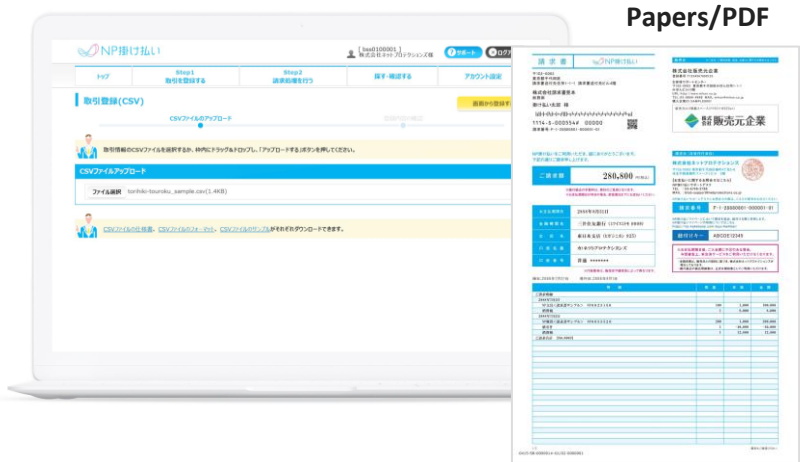
Introduction support available for  
smooth operations

<sup>\*1</sup> 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 for NP *Atobarai* air, such a transaction will not be guaranteed, even though it has been approved.

# Introduction: NP Kakebarai

A service that supports operations in billing/payment and risk assurance in BtoB transactions, allowing merchants to focus on their core business with peace in mind.

NP Kakebarai is a proven BtoB payment service available at any corporations, industries, and sales channel. The service covers all processes from credit screening, and invoice issuing to risk assurance.



- No prior procedures required to start transactions
- Open to sole proprietors / immediate credit screening available
- Various payment methods available
- Flexible closing and payment date

## Corporate users by segment\*1



Public institutions 7.6%      Limited Liability Company/ Limited Partnership 6.8%

\*1 Breakdown of our billing companies as of the fiscal year ended March 31, 2022

# Service Fee Table: NP *Kakebarai*

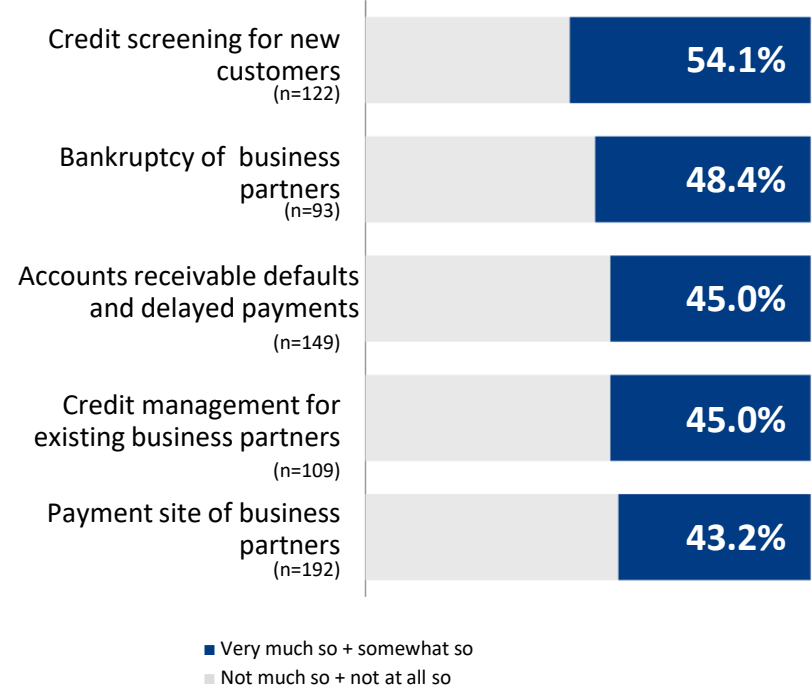
Initial cost for Introduction	Service Fee	Monthly Fixed Fee	Invoice Fee	
0 yen	1.2% to 3.6%	12,000 yen or more	Paper invoice	By mail (convenience store payment available) 225 yen (excluding tax) per invoice  By mail (convenience store payment NOT available) 150 yen (excluding tax) per invoice  By Email*1 (convenience store payment NOT available) 0 yen
			Direct debit	By mail 190 yen (excluding tax) per invoice  By Email 90 yen per invoice

\*1 Invoice attached in PDF format  
\*Service fees will be proposed on an individual basis. Please contact us for an estimate on which we calculate the risk based on the amount of money, products, sales methods, and other factors.

# BtoB Billing Operations are Burdensome and Time-consuming

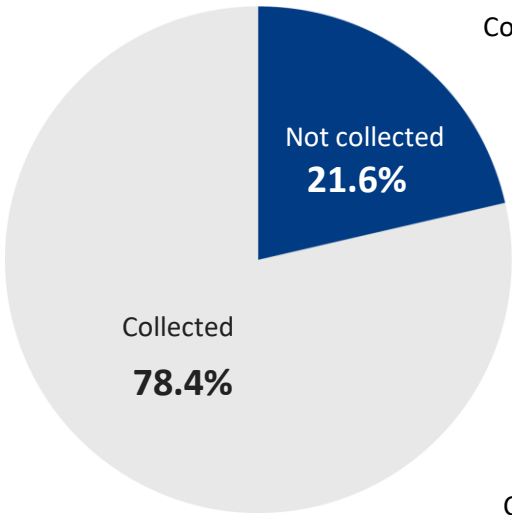
Payment delays and collection issues in billing/payment operations.

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



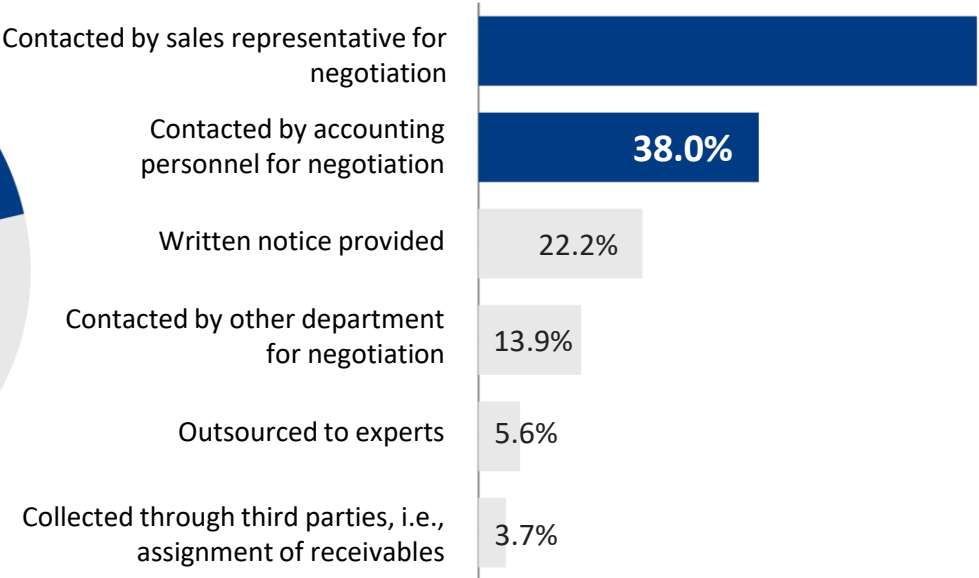
**2 21.6% of the "late payments" were eventually not collected.**

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"

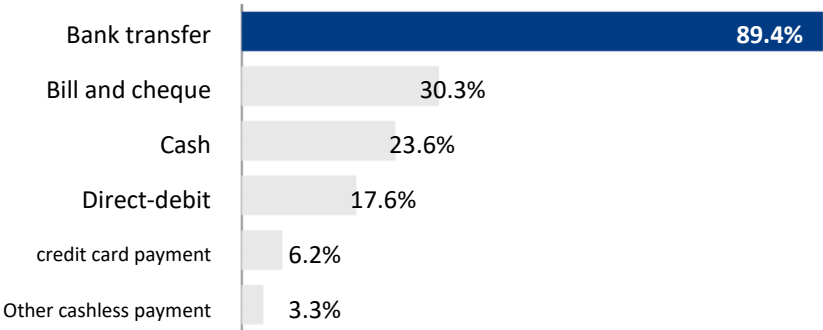
# Strong Demand for Invoice Payment

Invoice payment is essential for major companies to develop new business and prevent customer abandonment.

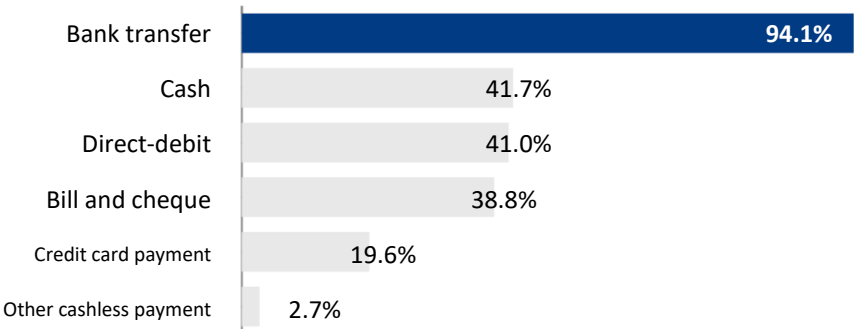
Wire-transfer is the mainstream for BtoB transactions. The most common reason is “because it has been the custom up to now.”

In addition, the strong need for invoice payment can be seen in the reason of "because it is designated by the business partner.”

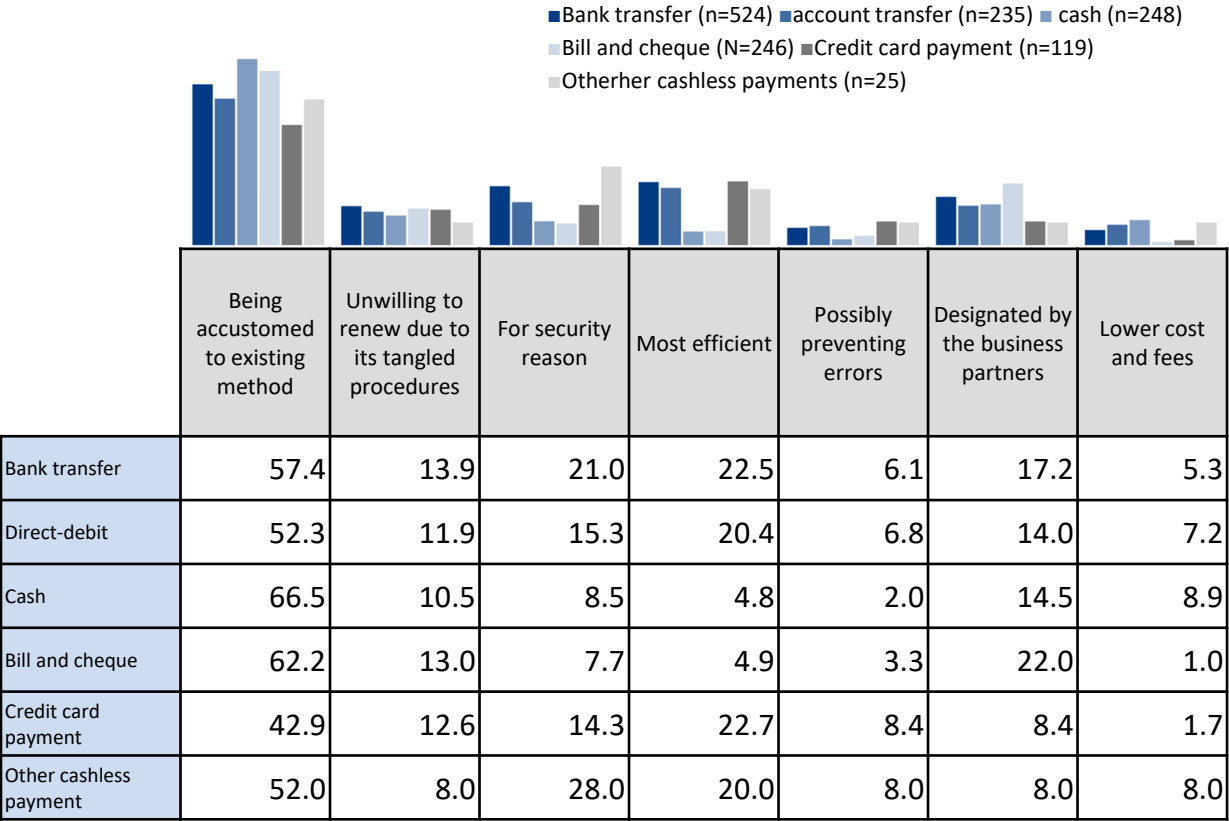
Payment method to receive payment (n=547) \* multiple answers accepted



Payment method to make payment (n=556) \* multiple answers accepted



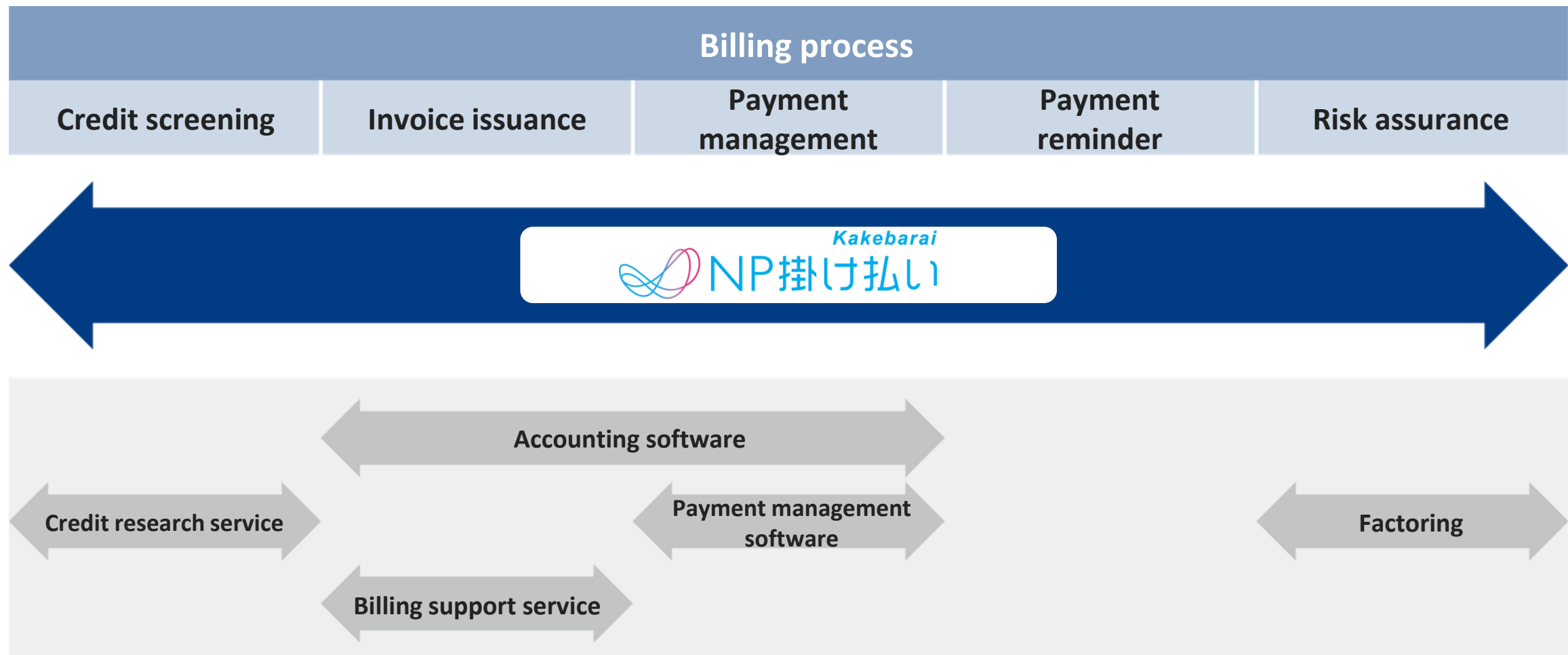
Reasons for choosing a payment method



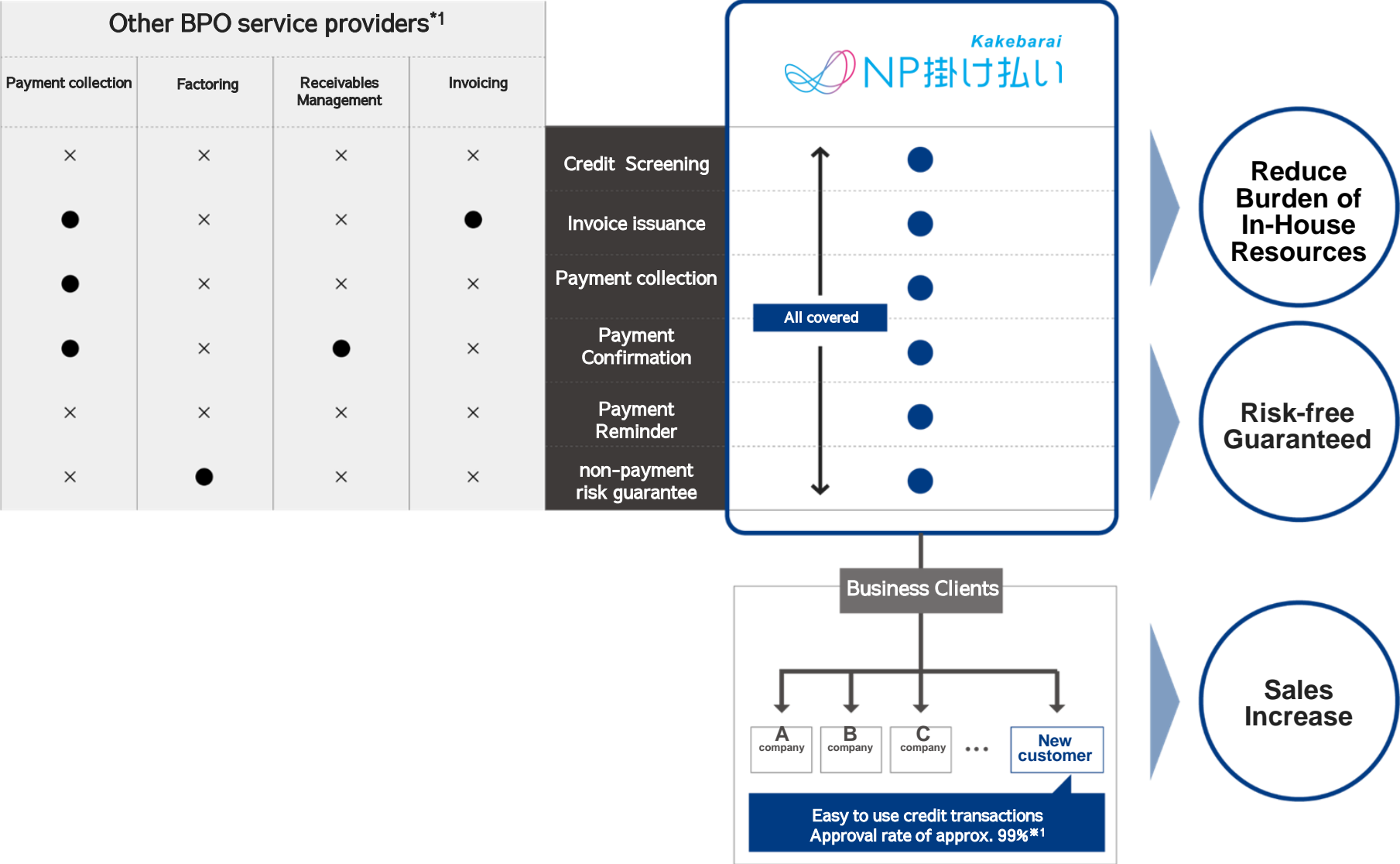
Source: American Express “Research on B2B payment among small and mid-cap businesses during the Fiscal Year 2022”

# Business Overview: Reasons Why Our BtoB Service Is Chosen

NP Kakebarai, our BtoB service, is a Business Process Outsourcing (BPO) service for BtoB transactions that allows merchants to outsource the entire billing process (credit screening, invoice issuance, payment management, payment reminders, and risk-free guarantee).



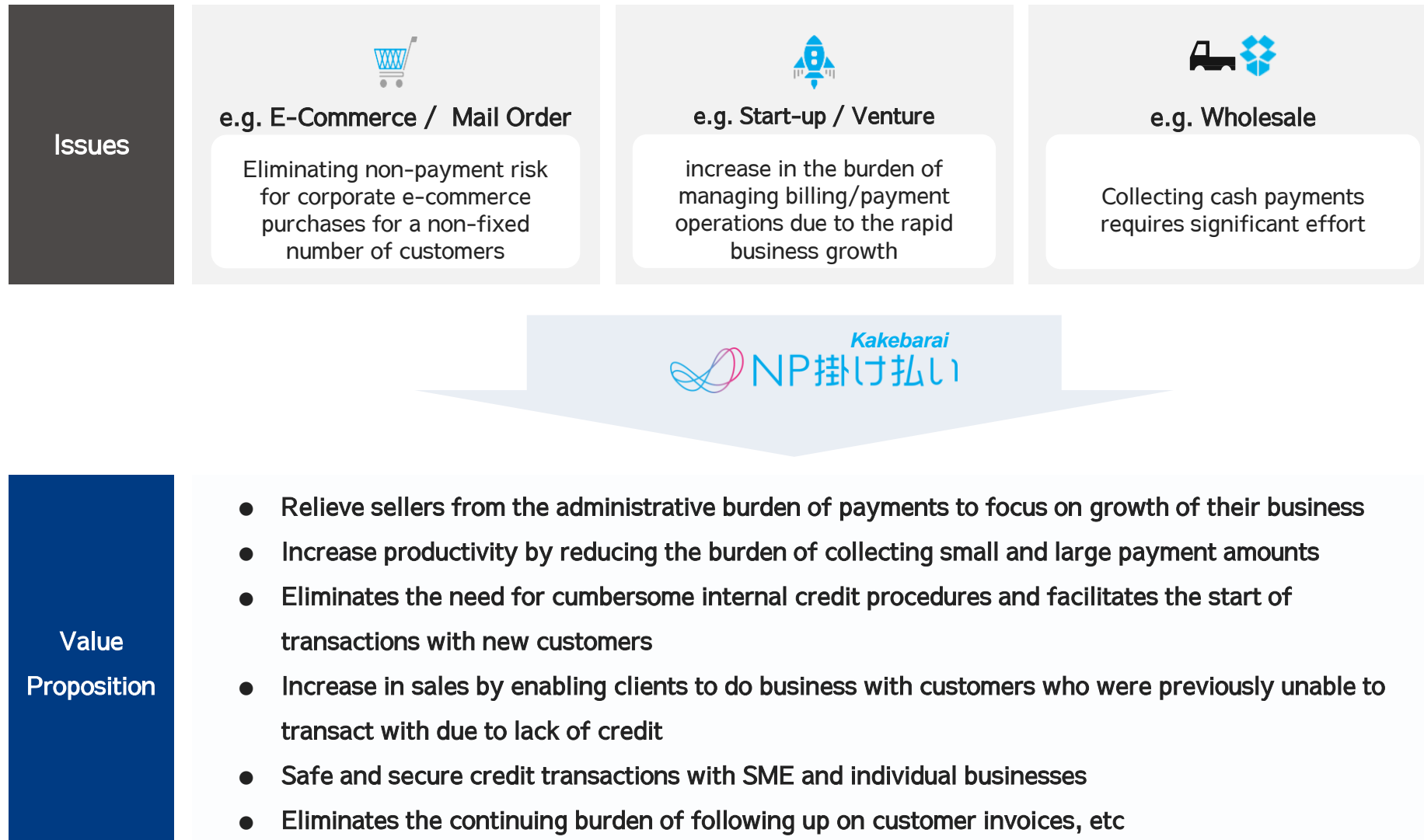
# NP Kakebarai's Value Proposition



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



# NP Kakebarai's Value Proposition



## 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



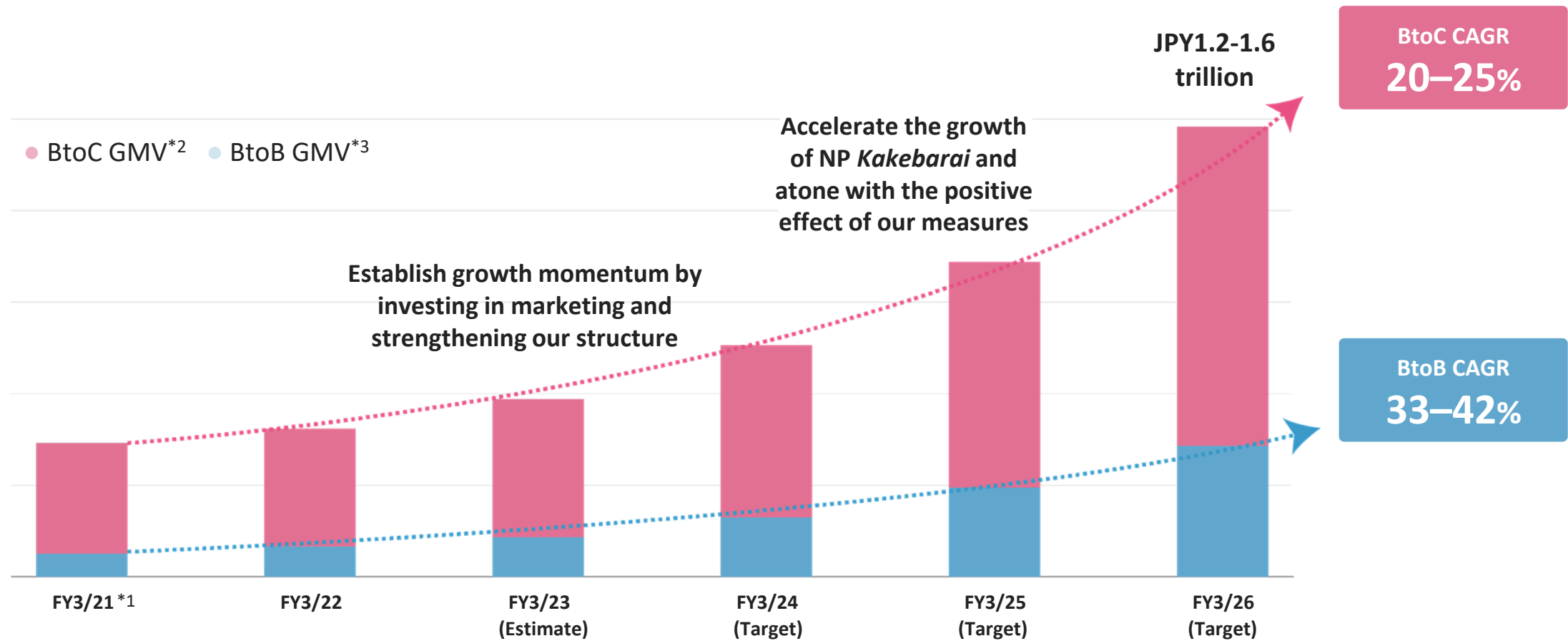
### Major Companies

集英社



# Growth Strategy: Medium-Term Business Plan

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 increase in phases.



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

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

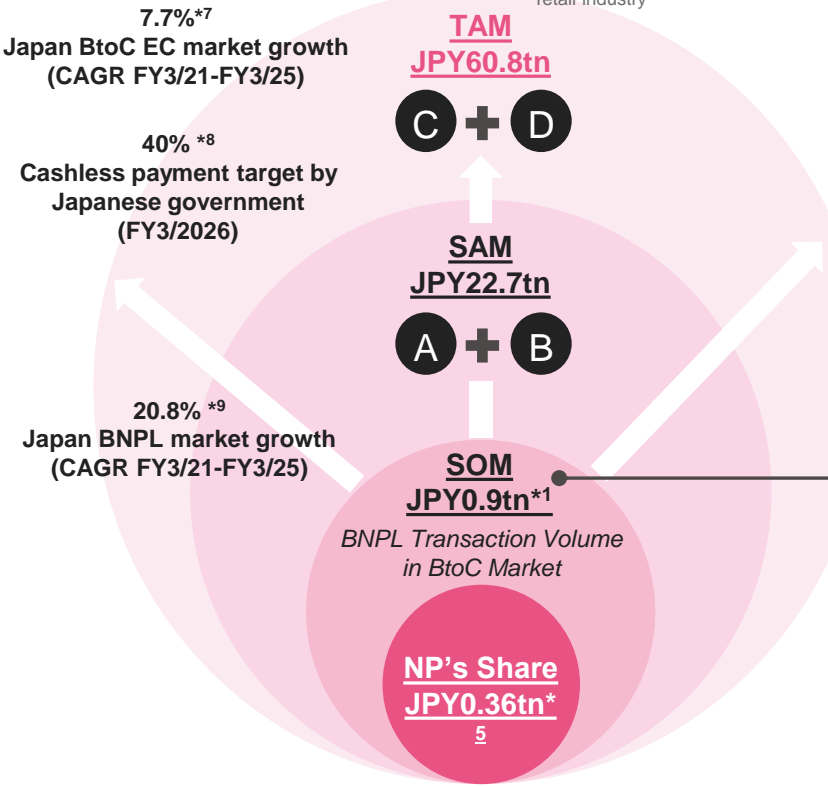
<sup>\*3</sup> The total amount of payments (including consumption taxes) made through NP *Kakebarai* provided by the Group

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.

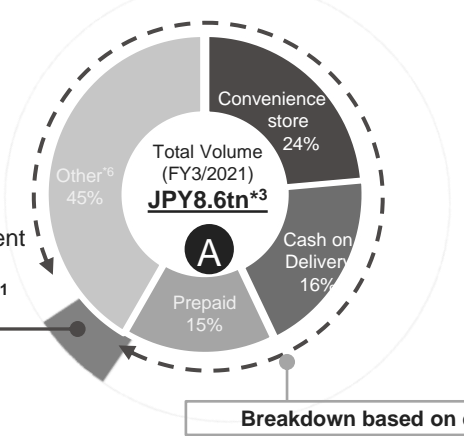
# TAM / SAM / SOM of BtoC BNPL (NP Atobarai + atone)

- 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

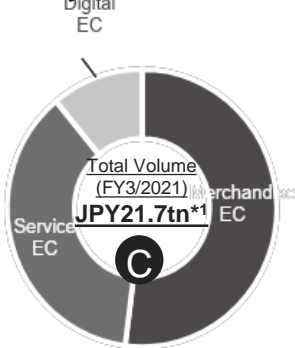
- BtoC TAM: Estimates of domestic market of online payment plus domestic market of cashless payment in retail industry
- BtoC SAM: Estimates of non-credit card payment domain in domestic market of online payment plus non-credit card payment domain of domestic market of cashless payment in retail industry



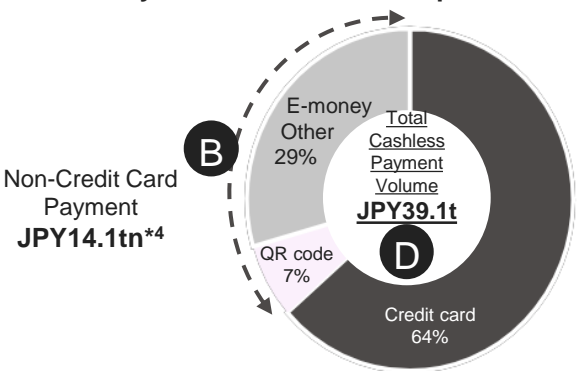
Breakdown of Online (EC) Non-credit Card Settlement Methods



Online (EC) Payment Market



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



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, etc.

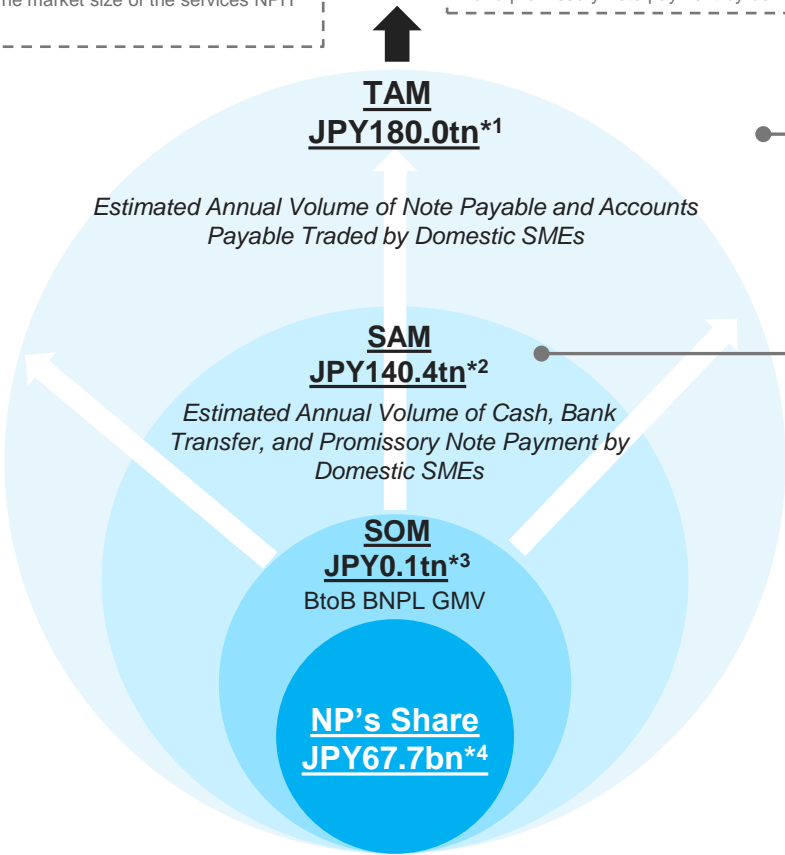
# TAM / SAM / SOM of BtoB BNPL (NP Kakebarai)

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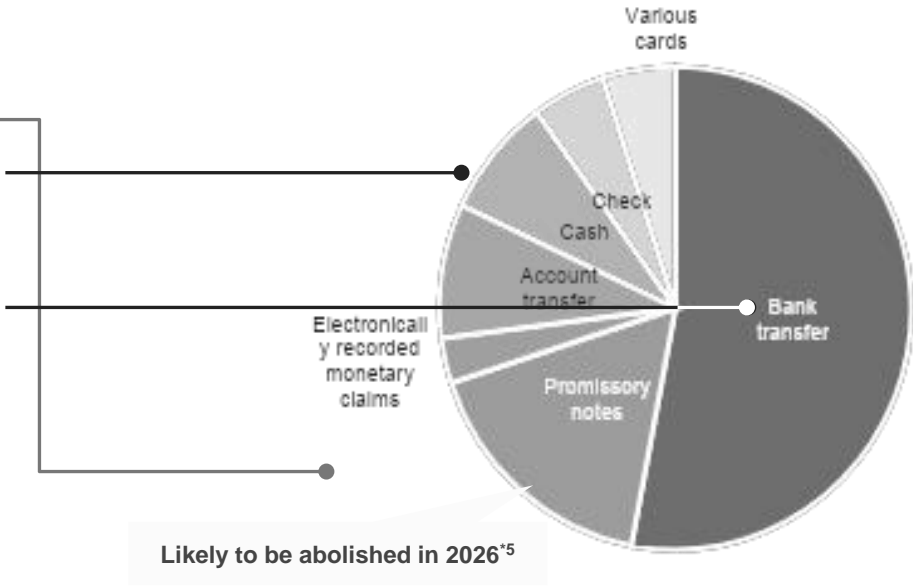
- BtoB TAM: Estimates of total volume of note payable and accounts payable traded by domestic SMEs
- BtoB SAM: Estimates of total amount of cash, bank transfer, and promissory note payment by domestic SMEs

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

**JPY180tn\*1**



Payment Methods for BtoB (SME) Transactions\*3



\*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 (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)").

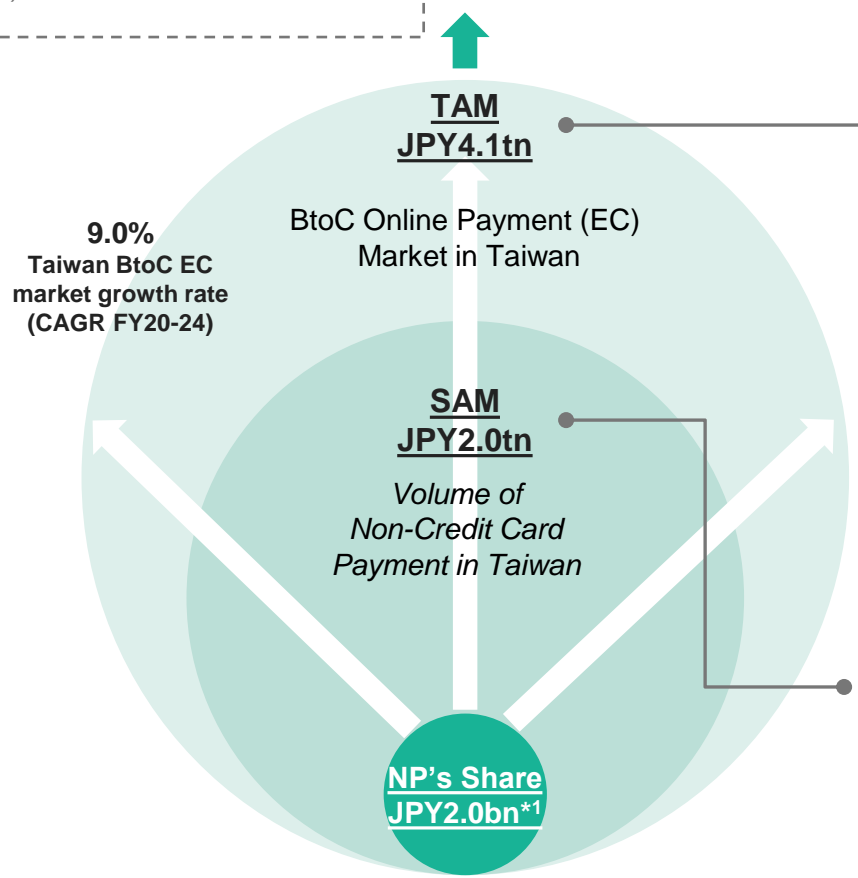
\*3 GMV of NP Kakebarai: JPY67.7 billion + GMV of Paid (FY4/2021) (\*only GMV from external transactions, based on RACCOON HOLDINGS, Inc. presentation materials) : JPY19.8 billion + GMV of MF Kessai (\*Our group estimate based on MoneyForward Kessai Co., Ltd. press release): JPY20 billion (period: 11/2019-10/2020).

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

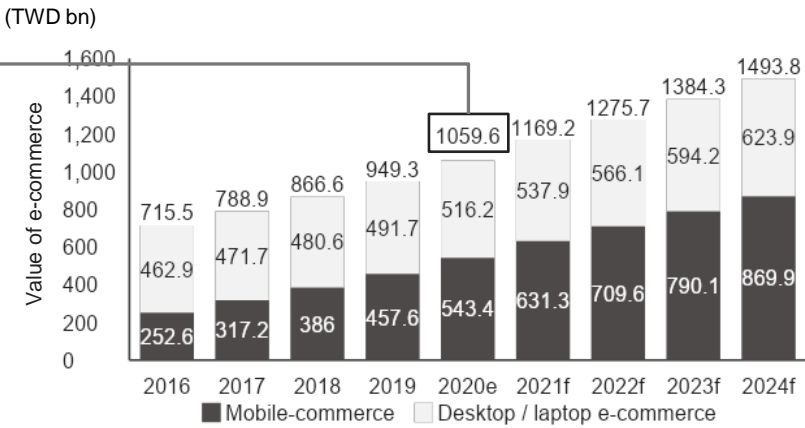
\*5 The Small and Medium Enterprise Agency "Report of Study Meeting for Improving Payment Terms such as Promissory Notes" (3/2021).

# TAM / SAM / SOM of AFTEE (Taiwan)

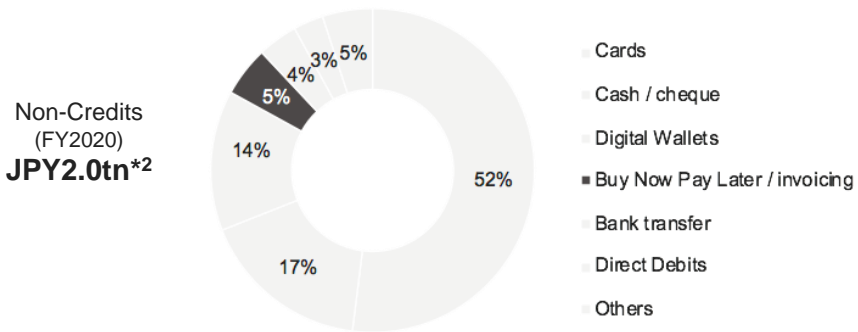
- TAM (Total Addressable Market): The size of market that Net Protections (NPH) can theoretically target in the future
- SAM (Serviceable Available Market): The size of market the NPH can theoretically target now with NPH's current service
- SOM (Serviceable Obtainable Market): The market size of the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



Trends in the size of the EC market in Taiwan



Breakdown of online payment method



\*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)

## Disclaimer

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