

# Financial Results Presentation

## for the Nine Months Ended December 31, 2023



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

Highlights of Group Financial Results	<b>7</b>
Management Policy to Achieve Bottom-Line Profitability for FY3/25	<b>19</b>
Progress of Strategy by Service	<b>25</b>
Appendix	<b>39</b>

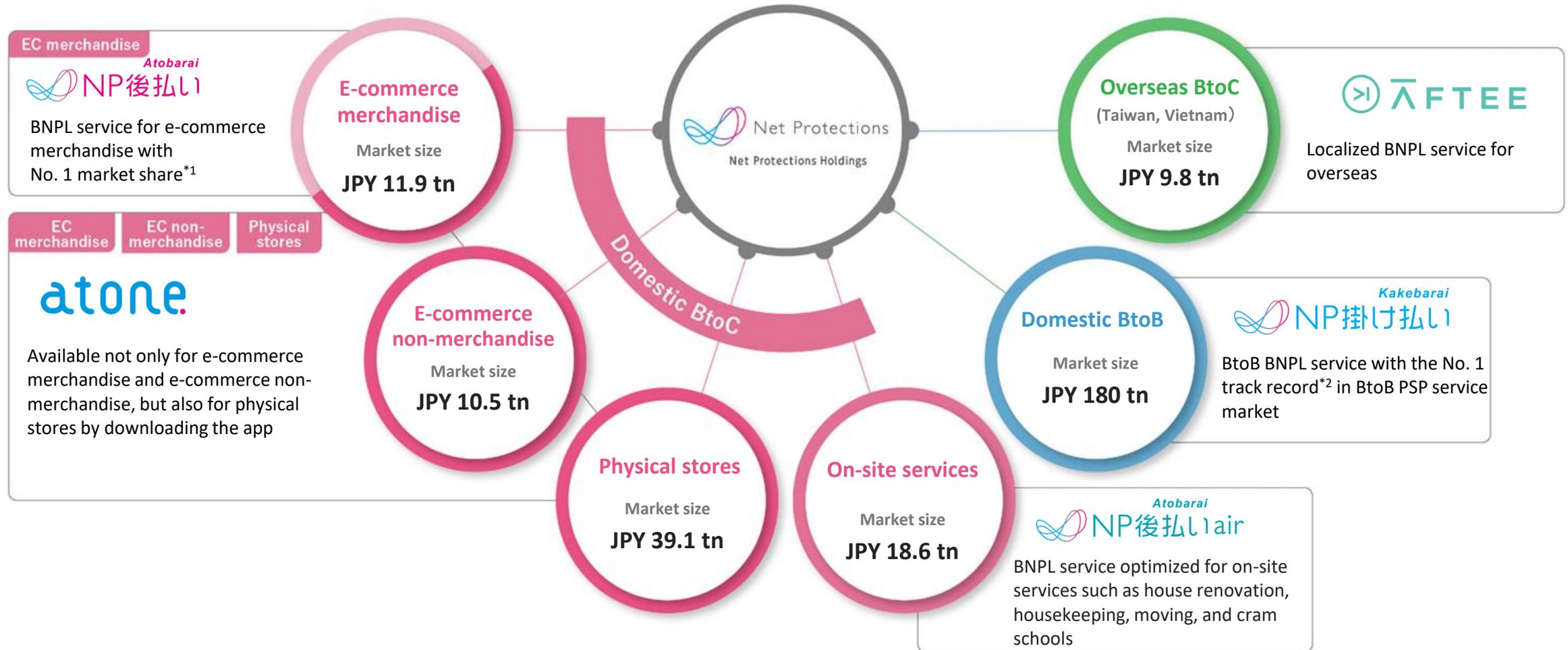
# Mission

# 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 Tsuhanshimibun.

\*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 76-78 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-Conomy SEA 2022" etc.

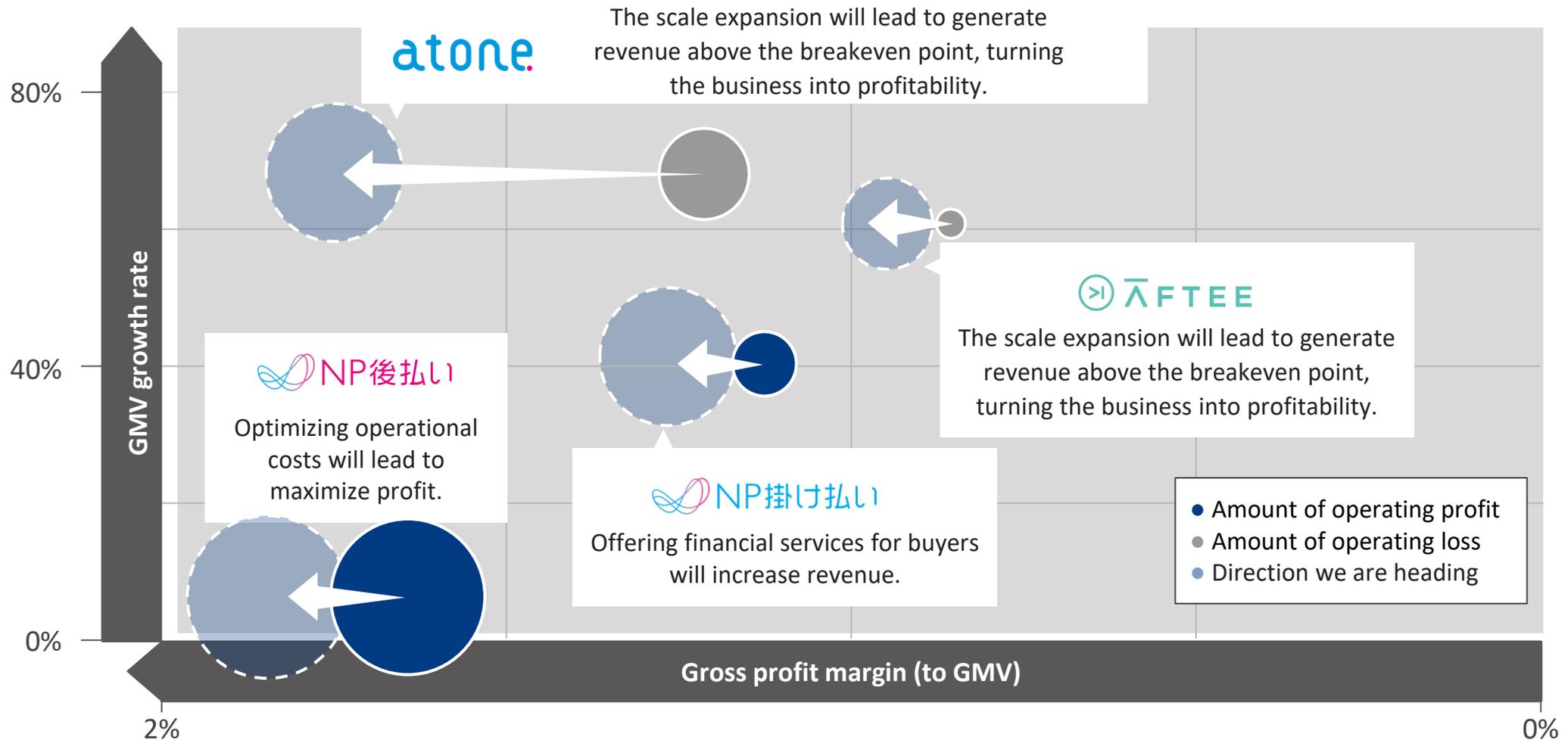
## Medium-term Growth Story

**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 transaction data built up over the past 20 years.**



## Business Portfolio and Its Direction

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 | Achieved profitability for Q3 alone

**Achieved profitability for Q3 alone while maintaining double-digit growth of the Group total GMV!**

9 months GMV **JPY423.8bn** **+13.7% YoY**  
(BtoC +4.9%, BtoB +38.0%)

Q3 alone	<b>JPY146mn</b>
Operating Profit	

**BtoC atone**

9 months GMV **JPY19.4bn**

+25.1% YoY

Q3 alone GMV **+28.1%**

Growth accelerated due to increased transactions in mainly e-commerce apparel, tickets, and entertainment.

**BtoC NP Atobarai and other**

9 months GMV **JPY267.2bn**

+3.6% YoY

Q3 alone Gross profit **+10.9%**

Improved fraud detection logic has helped build up gross profit by bringing the delinquency rates under control.

**BtoB NP Kakebarai**

9 months GMV **JPY137.1bn**

+38.0% YoY

Q3 alone GMV **+34.2%**

Achieved GMV growth in substantially all categories including advertising and advertising production for recruiting.

## Group Financial Results: Summary of Q3 Financial Results (for 9 Months Ended December 31, 2023)

**Achieved operating profit of 146 million yen for Q3 alone, turning business into profitability. To achieve full-year profitability for FY3/25, we will build a profit structure that can achieve a double-digit GMV growth while keeping SG&A expenses under control.**

### Summary of financial results

(JPY in millions)

	FY3/24 Q3 (9 months)		Full-year forecast <sup>*4</sup>		FY3/24 Q3	
	Results	YoY percentage change	Full-year forecast	Progress rate	Results	YoY percentage change
<b>GMV (non-GAAP)</b>	423,880	+13.7%	574,000	73.8%	150,057	+13.1%
<b>Total operating revenue</b>	15,773	+9.3%	21,576	73.1%	5,442	+4.6%
Revenue	15,394	+9.4%	21,076	73.0%	5,314	+3.9%
<b>Gross profit (non-GAAP)<sup>*1</sup></b>	5,878	+3.0%	8,100	72.6%	2,195	+7.7%
SG&A expenses	6,692	+10.5%	9,480	70.8%	2,170	+0.3%
Other operating expenses	23	-63.5%	–	–	6	-85.3%
Of SG&A expenses, marketing expenses <sup>*3</sup>	473	-24.1%	900	52.6%	136	-51.7%
<b>Operating profit (loss)</b>	(459)	–	(879)	–	<b>146</b>	–
<b>EBITDA (non-GAAP)<sup>*2</sup></b>	714	-30.0%	627	113.9%	572	+111.8%

<sup>\*1</sup> 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)

<sup>\*2</sup> 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)

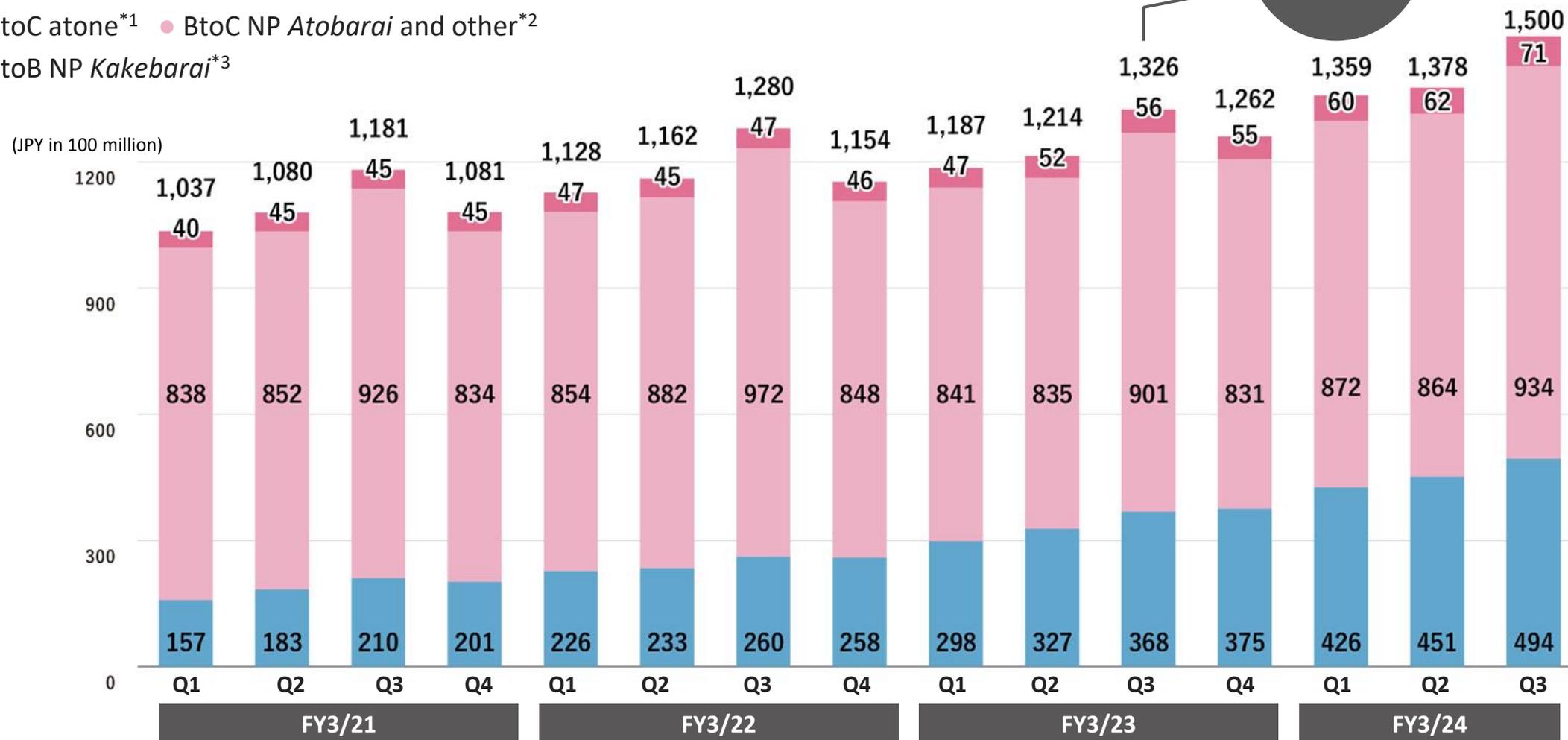
<sup>\*3</sup> Marketing expenses: Sales promotion expenses (excluding agency commissions) + Advertising expenses

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

## Quarterly Changes in GMV

All services accumulated GMV, and Group total GMV reached a record high for the third consecutive quarter.

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



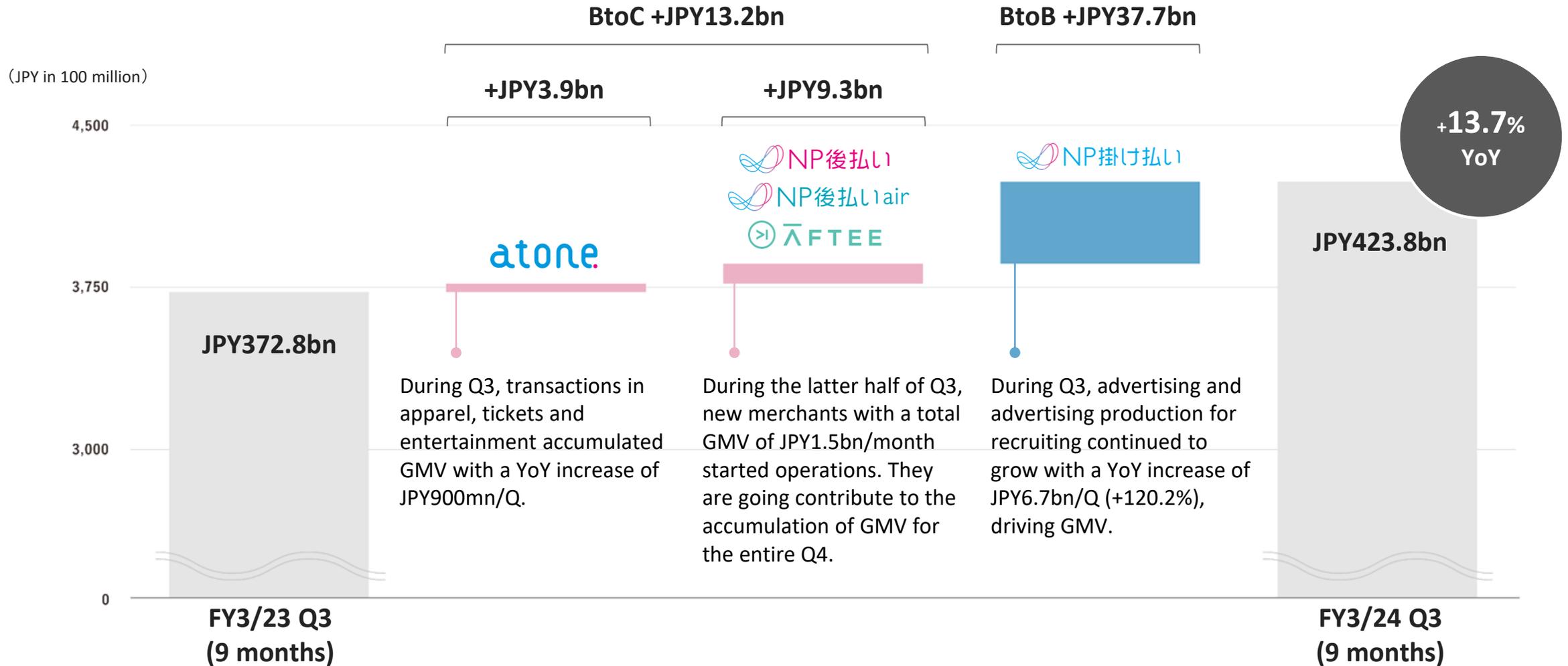
\*1 Total amount of payments (including consumption tax) made through atone provided by the Group

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

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

GMV for Q3 (for 9 Months Ended December 31, 2023)

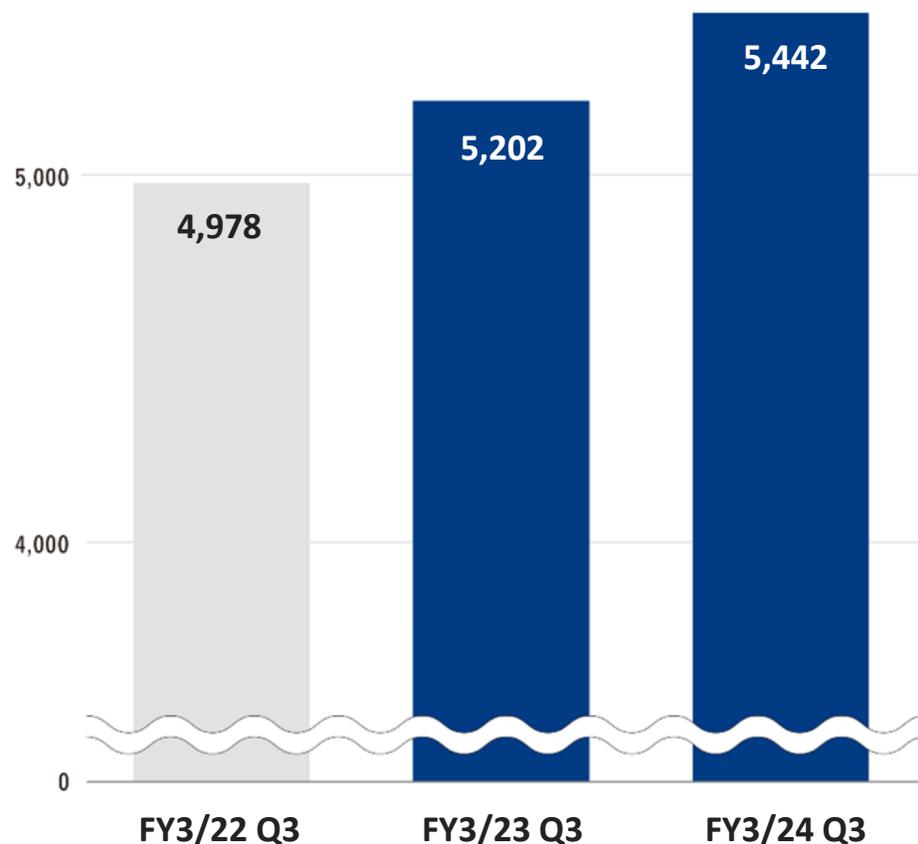
The Group total GMV increased 13.7% year on year due to an increase in new merchants in BtoC and an increase in transactions at existing merchants in BtoB.



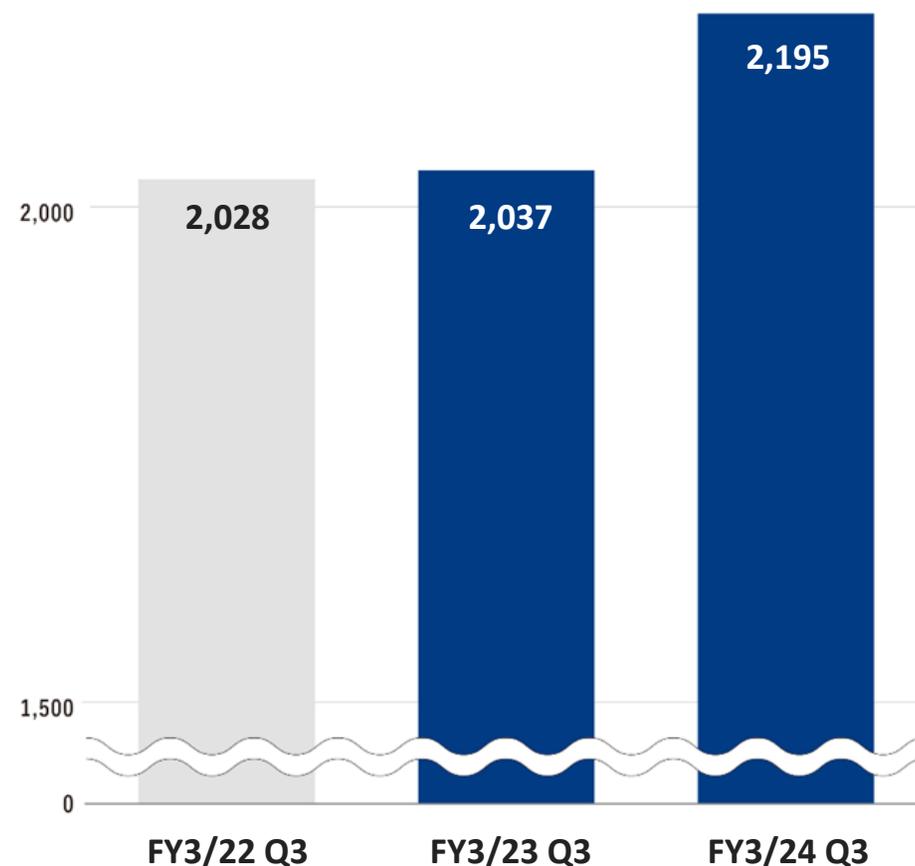
## Operating Revenue and Gross Profit (Group Total)

Improved fraud detection logic mainly in NP *Atobarai* helped increase profitability, resulting in total operating revenue and gross profit up by 4.6% and 7.7% YoY, respectively.

**Total operating revenue** (JPY in millions)



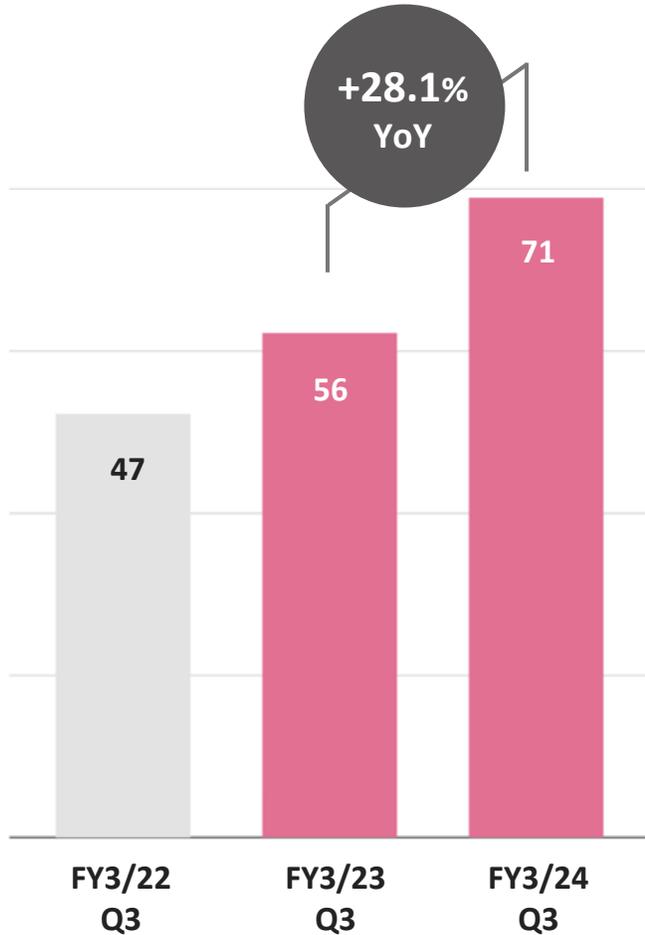
**Gross profit** (JPY in millions)



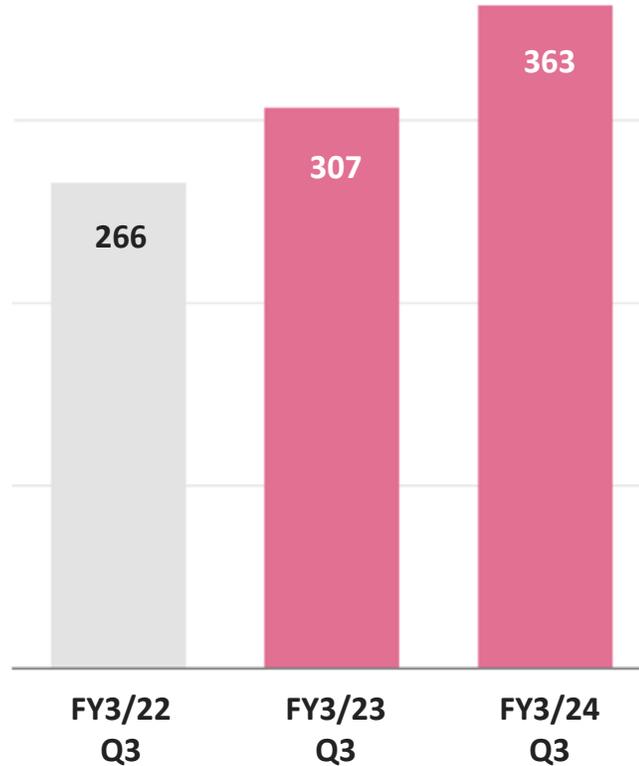
Financial Results by Service: BtoC: atone

**GMV growth accelerated to +28.1% YoY due to increased transactions in apparel, tickets, and entertainment.**

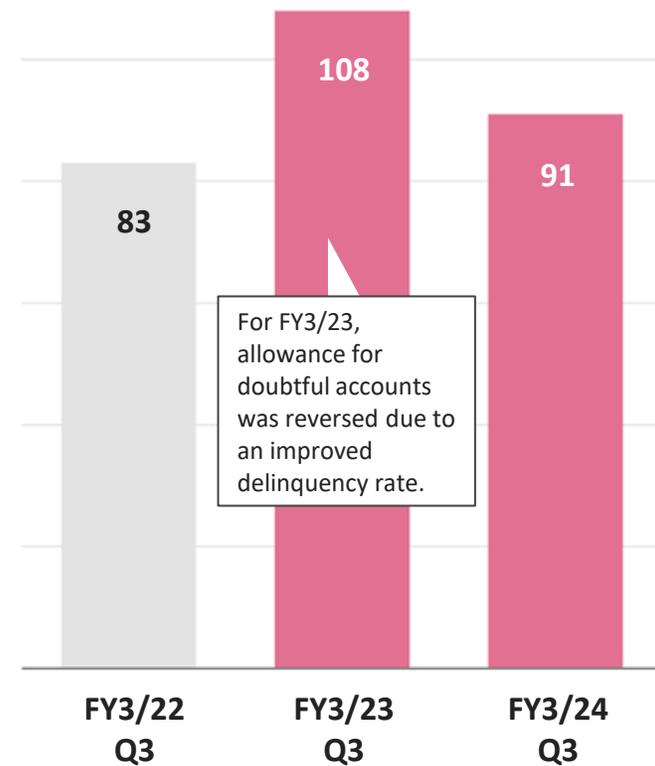
**GMV** (JPY in 100 million)



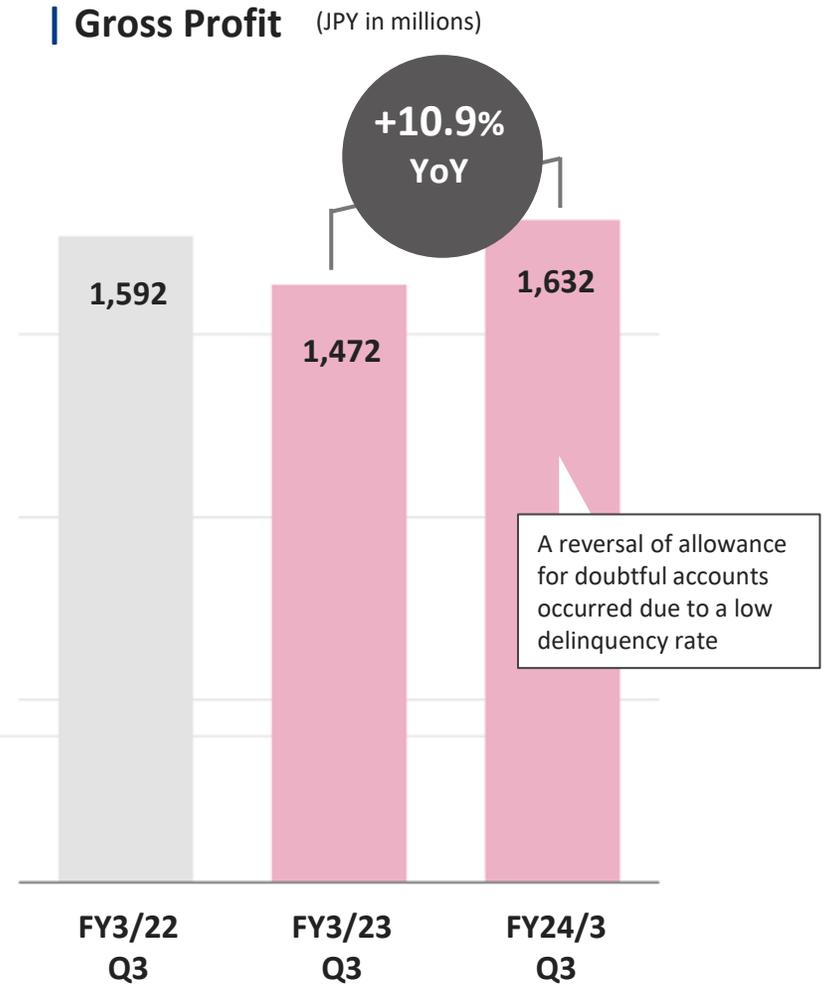
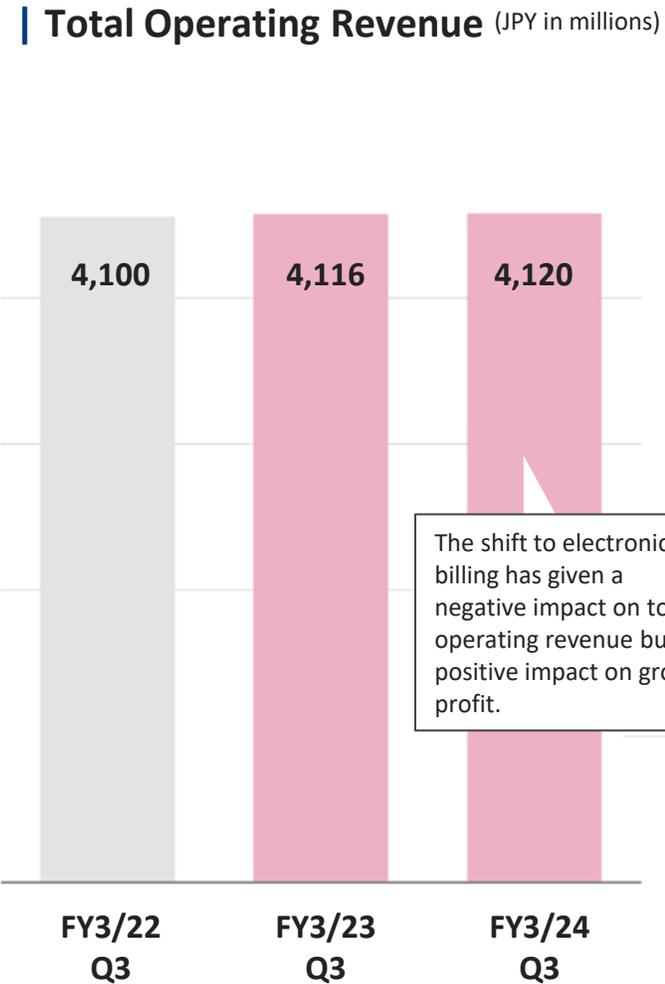
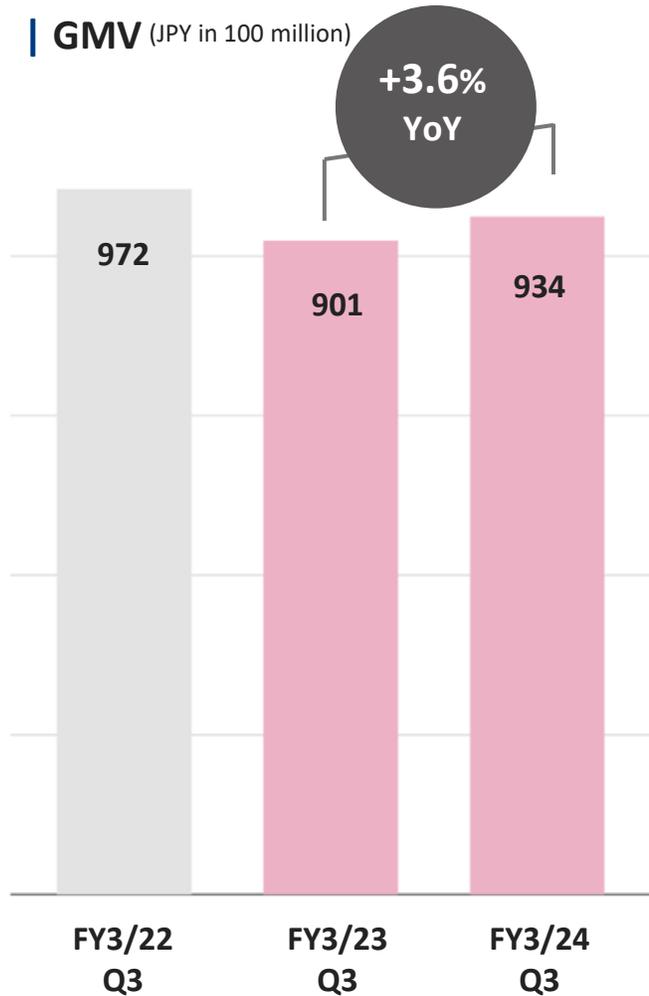
**Total Operating Revenue** (JPY in millions)



**Gross Profit** (JPY in millions)

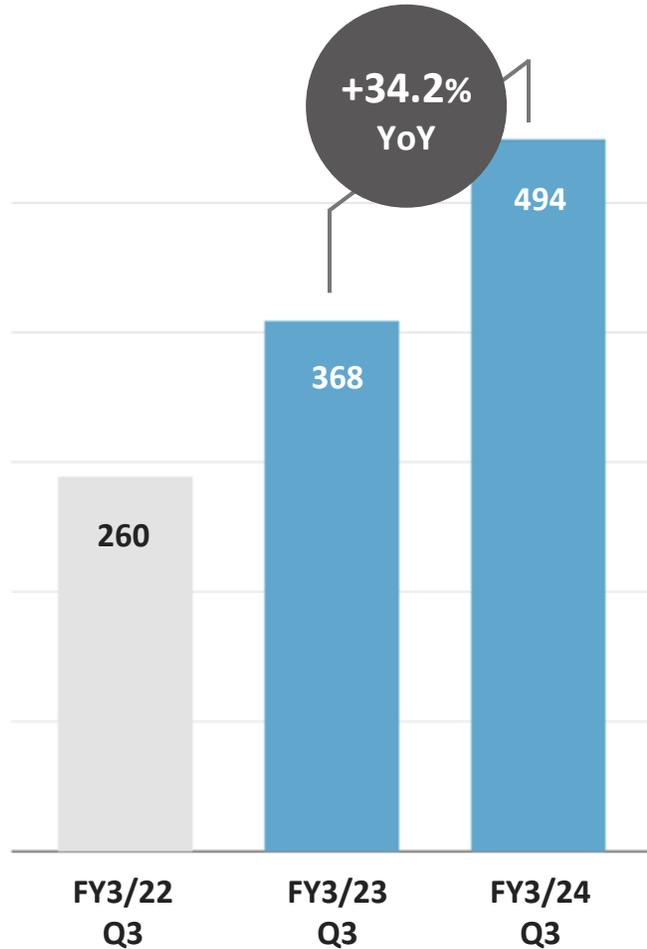


**GMV grew steadily, and gross profit increased by 10.9% YoY due to the improved fraud detection logic.**

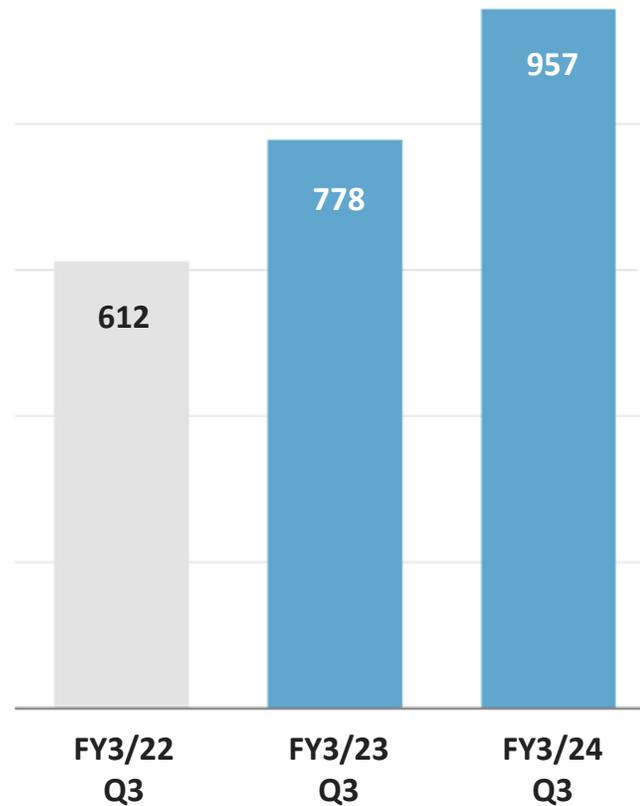


**Advertising and advertising production for recruiting drove performance with a YoY increase of 120.2%, while GMV maintained high growth with a YoY increase of 34.2%.**

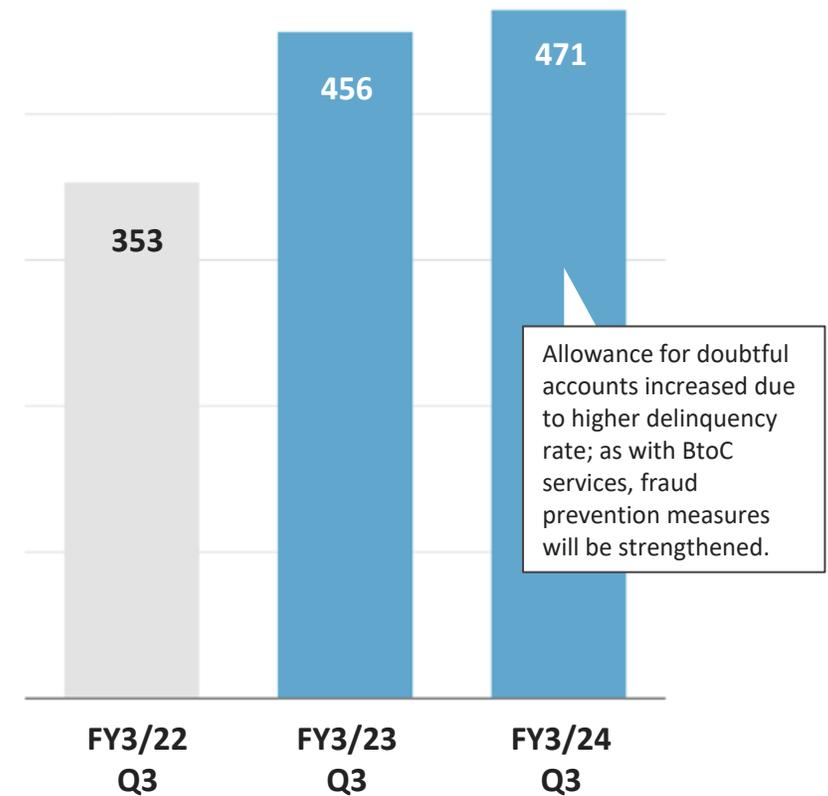
**GMV** (JPY in 100 million)



**Total Operating Revenue** (JPY in millions)

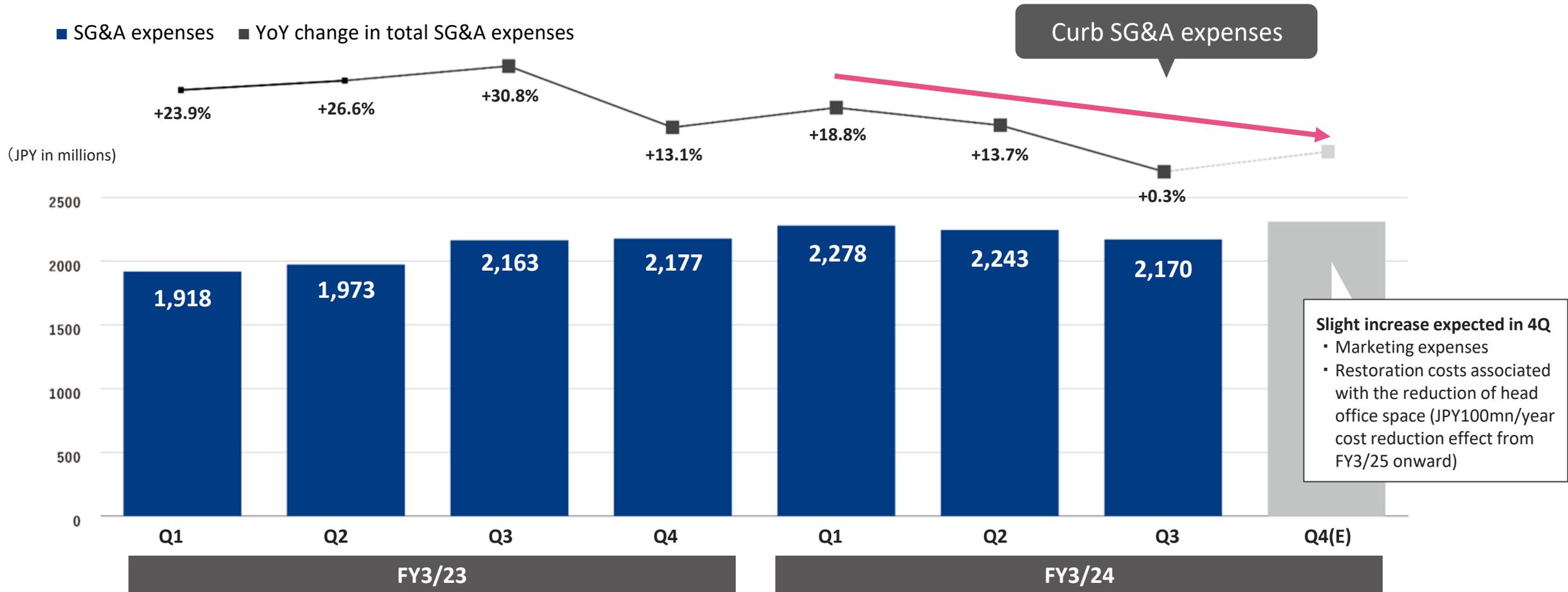


**Gross Profit** (JPY in millions)



## SG&A Expenses: Quarterly Trend and Outlook

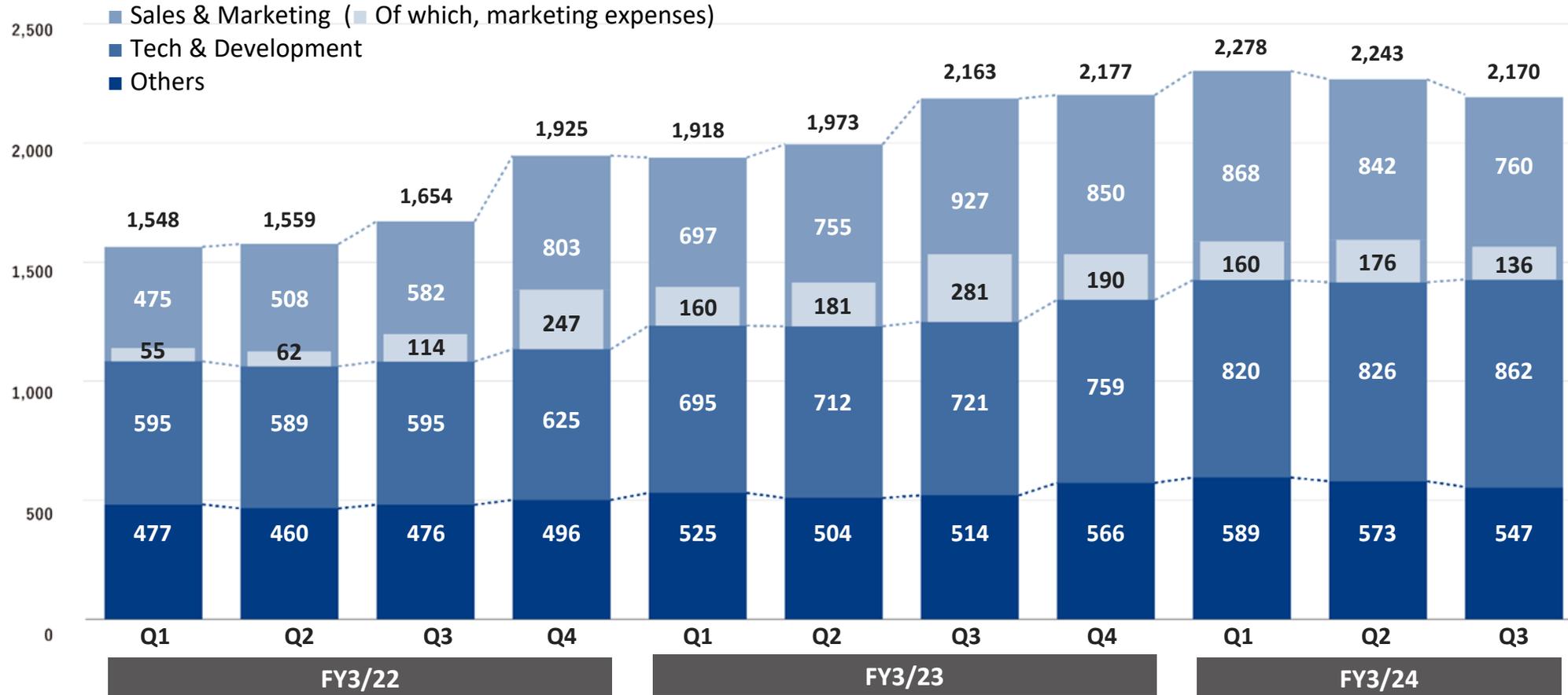
Following Q2, SG&A expenses continued to decrease in Q3. In FY3/25, we plan to maintain SG&A expenses at the same level as FY3/24. Therefore, sales growth will directly contribute to profit.



## SG&A Expenses: Quarterly Changes by Function

SG&A expenses decreased as the increased number of full-time employees hired last year became more productive and were encouraged to internalize outsourced operations. Among others, Sales & Marketing increased operational efficiency.

(JPY in millions)



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

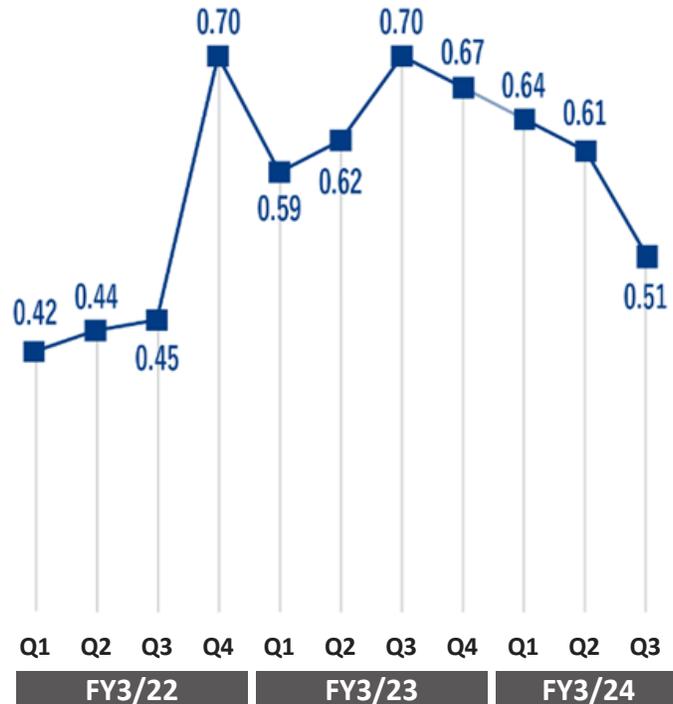
\*2 Tech & Development: Personnel, outsourcing, operations related, and other expenses related to system development, credit related operations, and other operations.

\*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.)

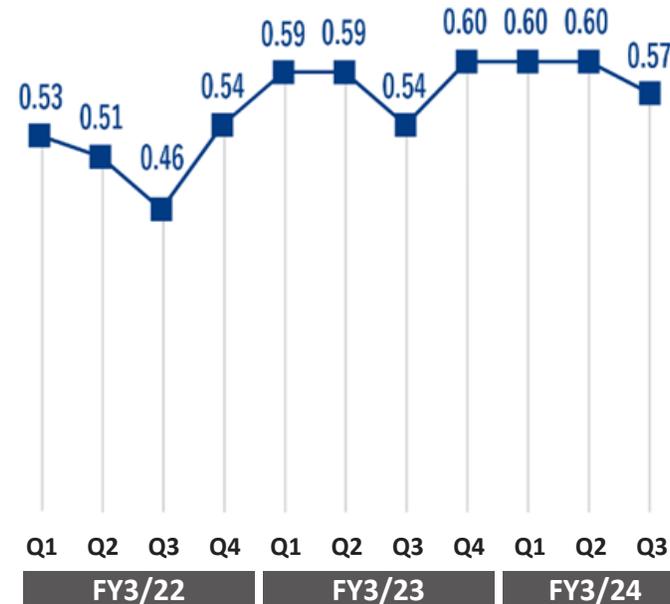
(Reference) Changes in Ratio of SG&A Expenses to GMV

**We started to see the effect of the operating leverage due to the improved operational efficiency of Sales & Marketing.**

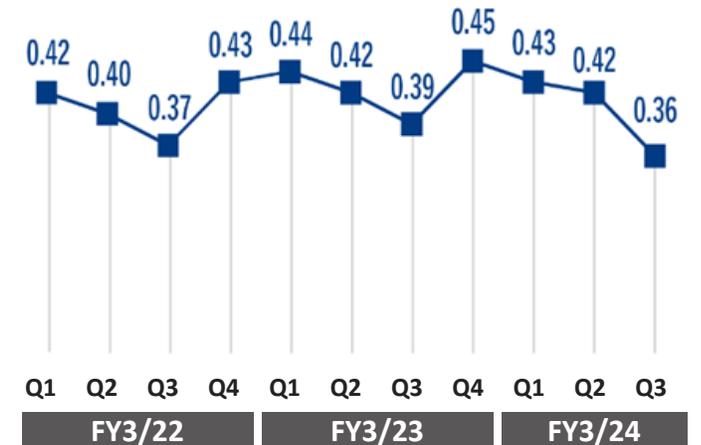
**| Sales & Marketing (%)**



**| Tech & Development (%)**



**| Others (%)**



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

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

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



## **Management Policy to Achieve Bottom-Line Profitability for FY3/25**

The Company aims to achieve high profitable growth through *a double-digit growth in GMV* after establishing a profit structure by *maintaining fixed costs* and *improving the contribution margin ratio*.

### Double-digit growth in GMV

- With our sales pipeline growing large enough, we expect the double-digit growth to continue in FY3/25.
- We expect **continued growth in BtoB and acceleration in GMV from atone.**

### Maintain fixed costs

- Now that the required reinforcement of the system is in place, **no major additional investments are necessary, and we can therefore maintain fixed costs at the same level as in FY 3/24.**
- GMV growth is directly linked to profit accumulation.

### Improve the contribution margin ratio

- We expect to **have profit contribution of JPY0.5bn to 1.0bn/year by improving BtoC fraud detection logic and charging administrative fee for late payment.**
- All the above measures will help lower the break-even point and establish a profit structure that is easier to make profit.

Improve total  
operating  
revenue

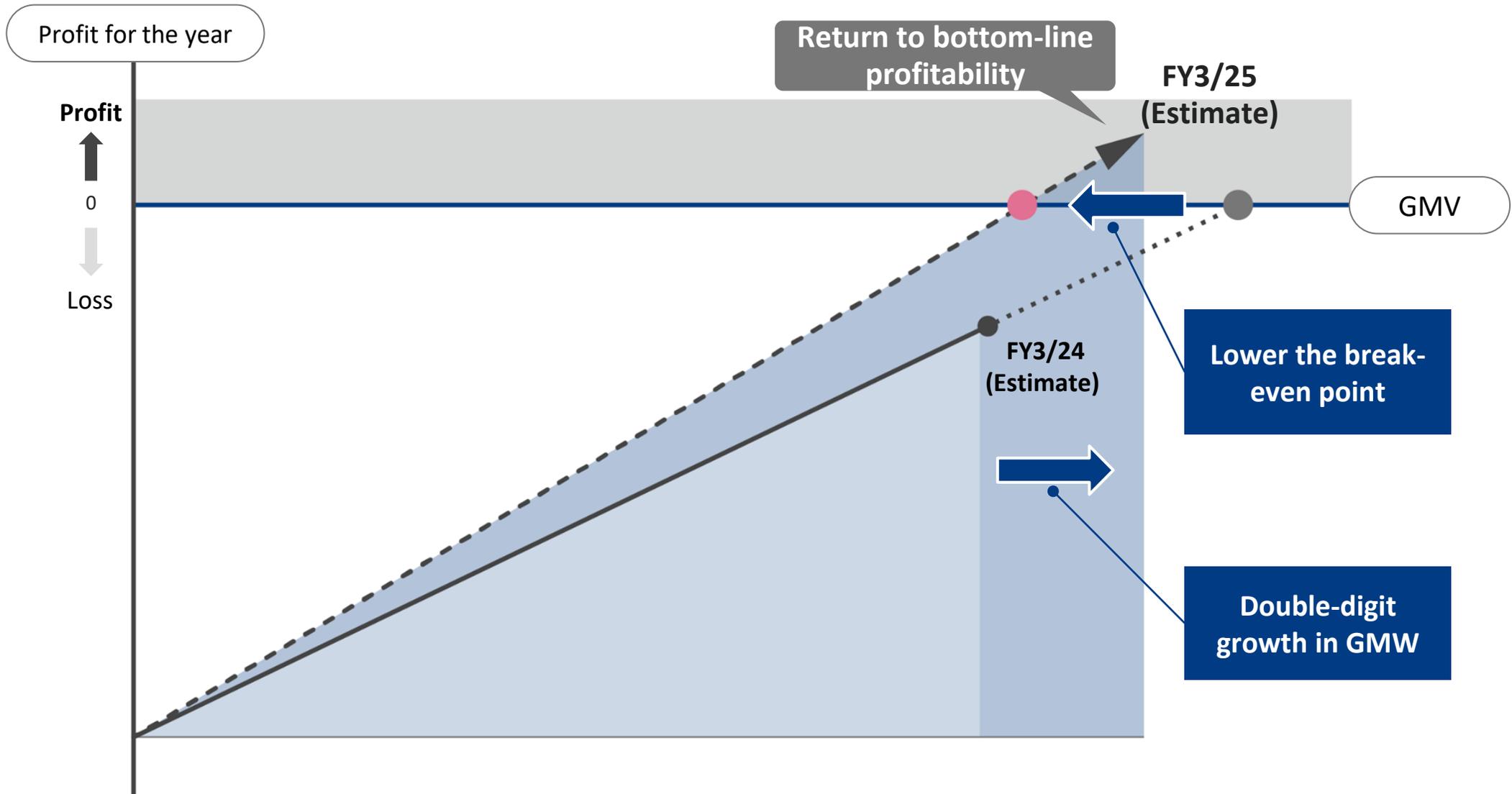


Lower the  
break-even point

Turn around  
to bottom-line  
profitability

(Reference) Illustrative Presentation of Operating Results for FY3/25

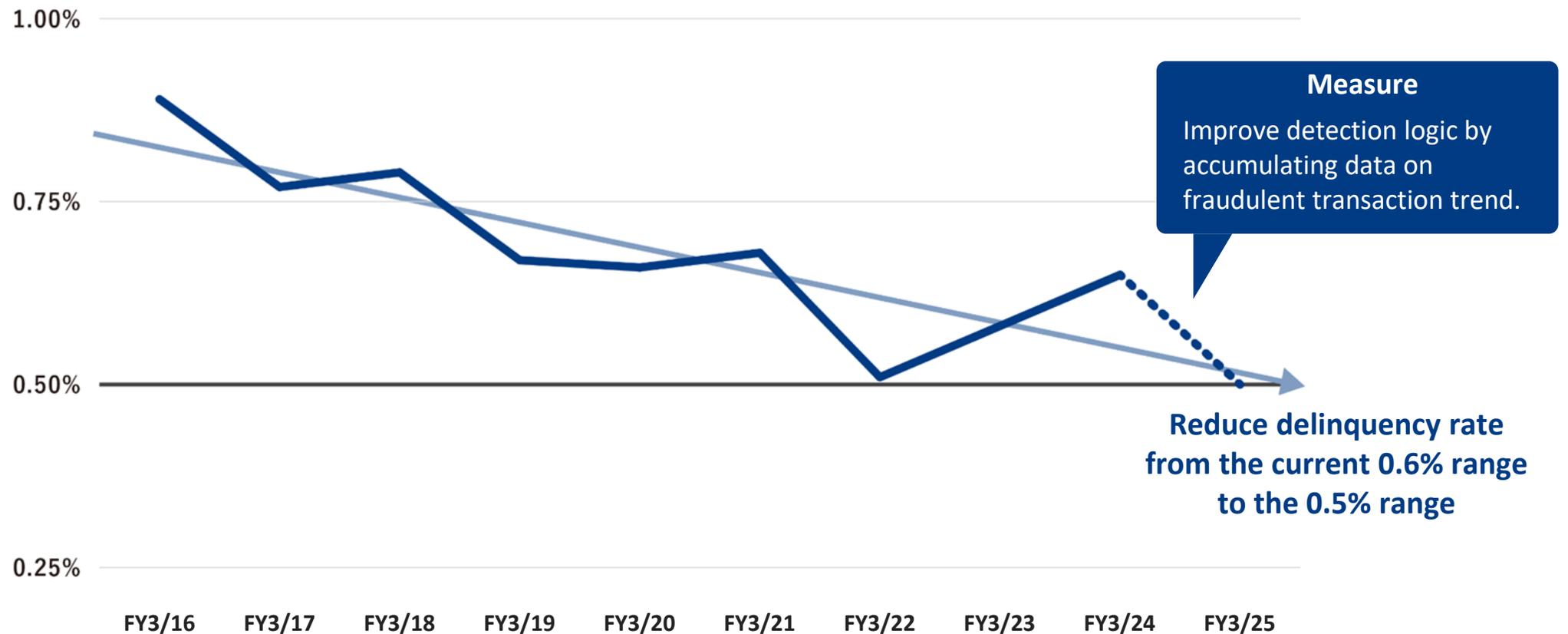
**We are going to establish a profit structure under which GMV exceeds the break-even point and GMV growth will directly translate into profit accumulation.**



Measures to Improve Contribution Margin Ratio: Improve Fraud Detection Logic for Domestic BtoC Services

**We aim for the lowest-ever delinquency rate by improving fraud detection logic for BtoC services. This measure already started in Q3, and we expect to see the effect for the full FY3/25.**

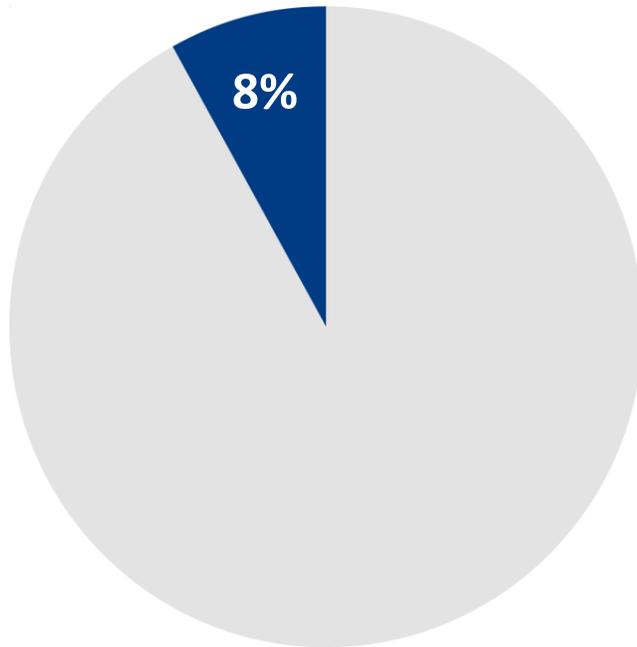
**Delinquency rate in BtoC NP *Atobarai***



Measures to Improve Contribution Margin Ratio: Administrative Fee for Late Payment of NP *Atobarai*

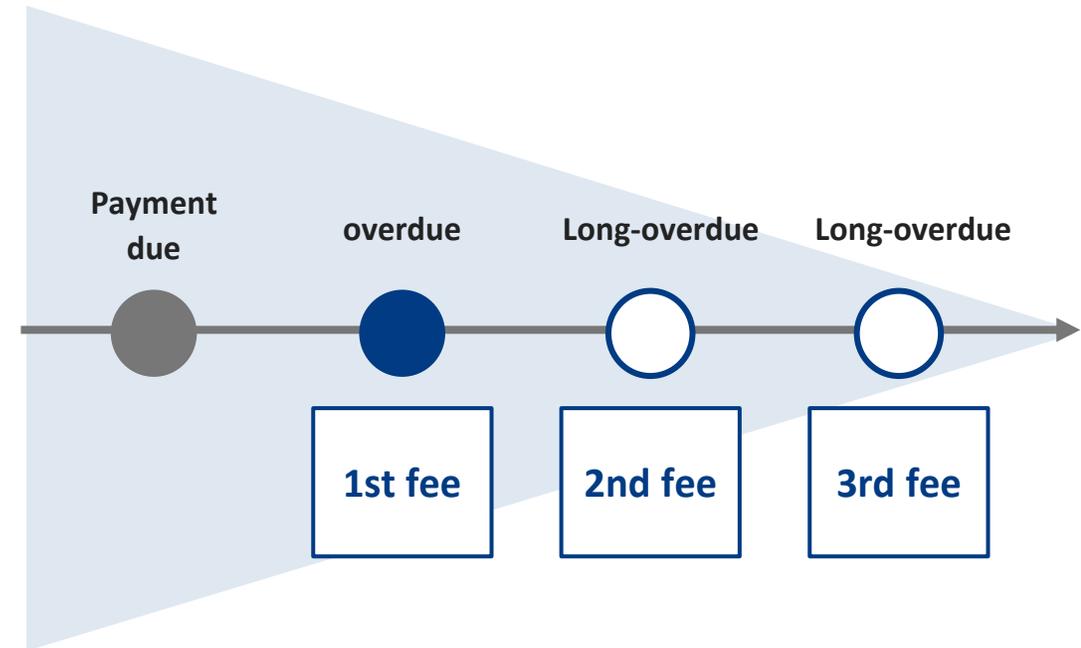
**We will collect administrative fee for late payment for the overdue period from a delinquent user of NP *Atobarai* (average 8%). This will start in H1 of the fiscal year ending March 31, 2025.**

Delinquency rate (1st payment due)



■ Paid within due date ■ Delinquent user

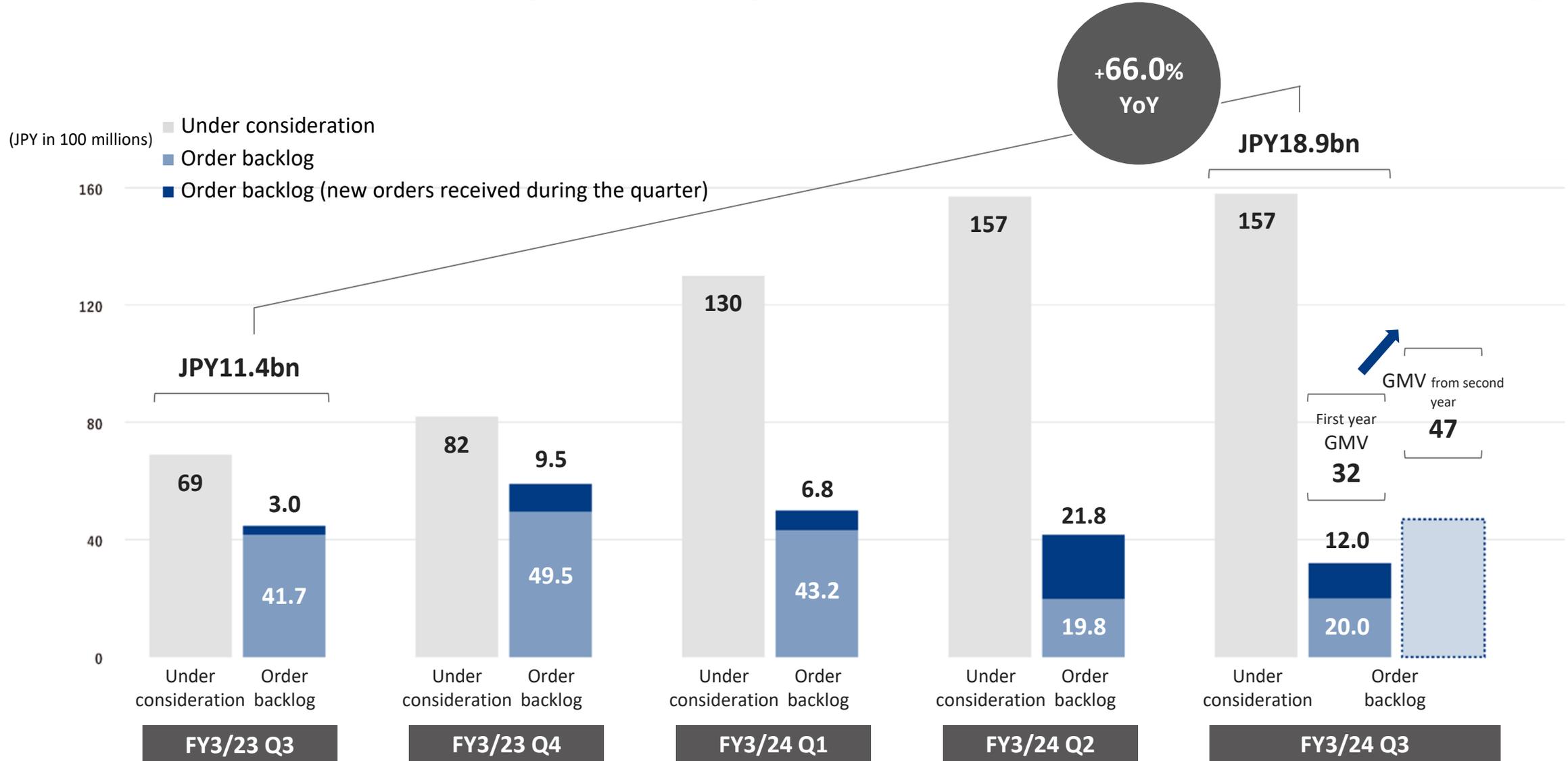
Collection process of administrative fee for late payment



Control late payments and reduce costs related to sending out a payment reminder/collecting payment

## GMV Outlook: Sales Pipeline

The Group total sales pipeline increased 66.0% year on year. Contracts with large stores were put into operation, and new order backlog estimated to generate GMV of over JPY100mn/month is increasing.





## Progress of Strategy by Service



## Progress of Strategy

## Growth Strategy for BtoC Services: atone

We aim to efficiently acquire new merchants through system integration with EC platforms\*<sup>1</sup>. We also aim for GMV growth by leveraging campaigns as a hook to transfer members from atone shops to merchants' websites.

# GMV growth

## Payment share increase

Increase in payment share led by BNPL per purchase

Payment share at stores that introduced the function

5% → **23%**

(Without BNPL per purchase) (With BNPL per purchase)

## New merchant acquisition

Business network expansion through EC platforms and PSP partnership

System integration

with **36 providers**

## Repeat use promotion

Member transfer from atone shops, our membership website, to merchants

NP *Atobarai* users

**15 million**

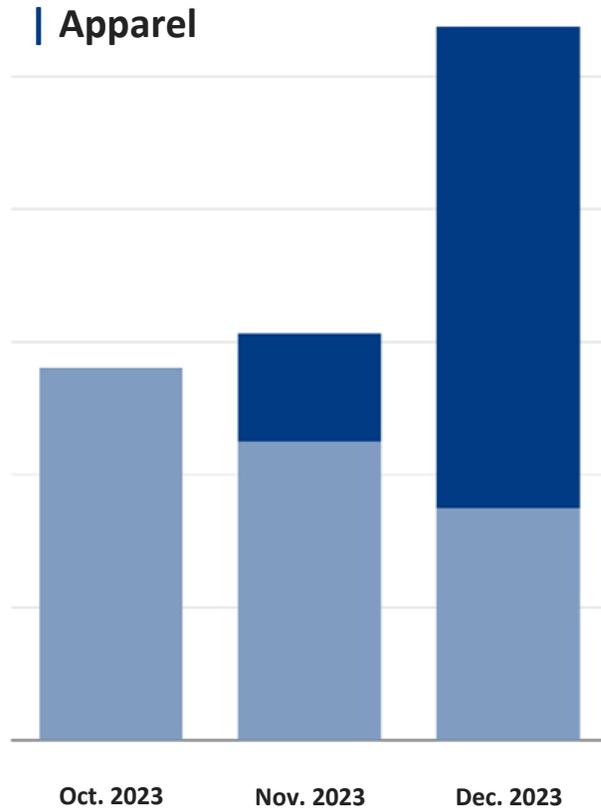
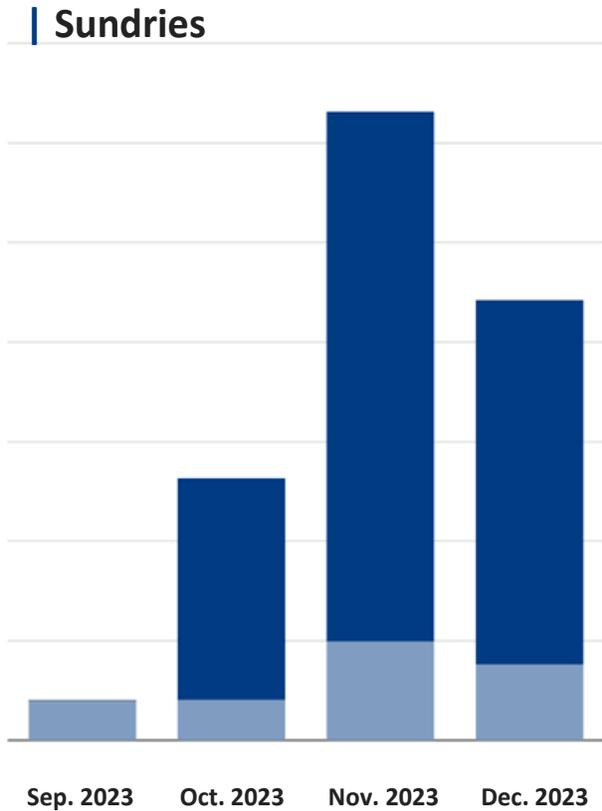
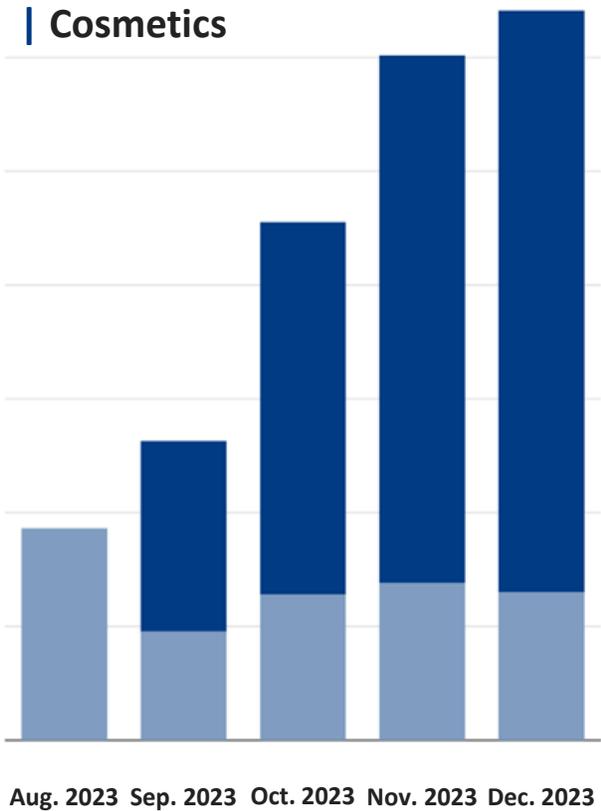
\*1 Collective noun for shopping cart softwares and PSPs (Payment Service Providers)

Growth Strategy for BtoC Services: atone (Payment share increase)

The addition of BNPL per purchase pushed atone’s payment share up to over 20% and significantly increased GMV. atone has become an important payment method following credit cards for both merchants and users.

atone’s GMV trend after adding BNPL per purchase

■ Next-month payment ■ BNPL per purchase



atone system was integrated into several EC platforms. E-commerce shops (GMV: JPY2 trillion yearly) using each platform are our potential revenue source.

### New e-commerce platforms partnering with atone Total GMV of the platforms: JPY2 trillion\*<sup>1</sup> or more yearly

Integrated in FY3/24

CAFIS by NTT DATA Pitt  
cs cart  
shopify  
EC|CUBE.  
Salesforce Commerce Cloud

Under development

ebisumart  
makeshop by GMO  
SMART THEATER®  
Smile Tools™  
楽天レポート by NETSHOP SUPPORTERS  
+2 provider

**BNPL per purchase is available for all the above platforms.  
Several other platforms are privately consented.**

\*1 Our estimate

Growth Strategy for BtoC Services: atone (Repeat use promotion)

atone shops achieved unique user of 380,000 and page view of 8.8 million.

atone app is also expected to create a new user flow to atone shops in the future.

atone shops works as a hook to increase the number of merchants who consider introducing atone.

お得なお店に出会えるサイト  
atone shops



\*1

UU: 380,000

PV: 8,800,000

Planned implementation

To users

Smartphone and atone app improvement

- Access to atone shops
- Campaign notifications & recommendations

To merchants

Development of campaign management screen

- Campaign application & management

\*1 Average result for December 2023 and January 2024

(Reference) Expansion into New BtoC Markets

atone will enable us to enter a market where traditional BNPL services do not fit.

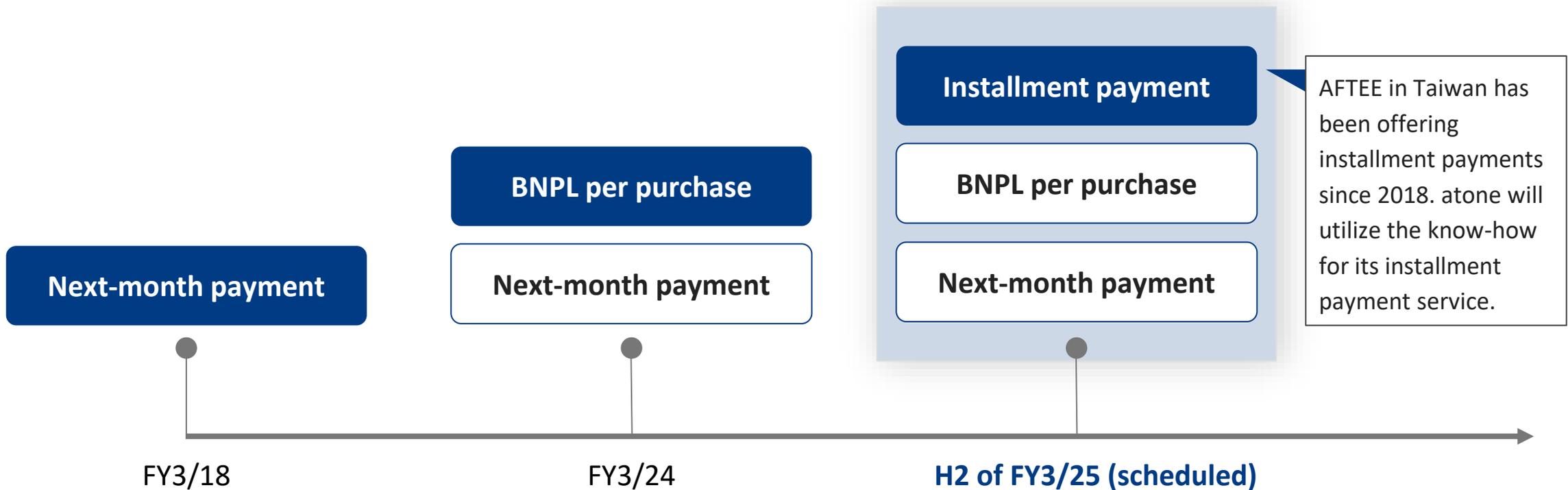
Our target is all the BtoC markets where a credit card payment is a norm.



Growth Strategy for BtoC Services: atone (New Strategy)

We have decided to offer an installment payment as a new atone service in H2 of FY3/25 (scheduled). atone will be available for all types of shopping, even for high-value goods.

**atone evolves into BNPL that supports a variety of payment methods**



BtoC



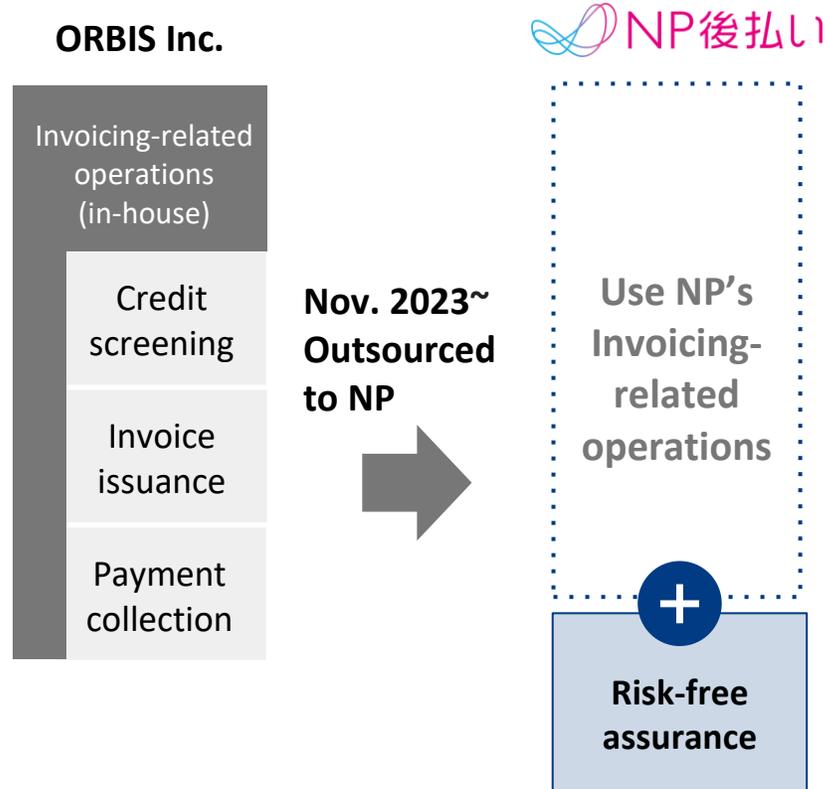
## Progress of Strategy

Growth Strategy for BtoC Services: NP *Atobarai* and other

Steady approach made to in-house BNPL system and TV shopping markets.

- ORBIS Inc. introduced NP *Atobarai* to replace its own BNPL system.
- Japanet Takata introduced NP *Atobarai* to its official online store and TV shopping channel.

In-house BNPL system



Expanding into TV shopping market



Growth Strategy for BtoC Services: NP *Atobarai* and other

AFTEE in Taiwan has introduced its service for non-merchandise goods, and GMV for Q3 (9 months) recorded a high growth of +39.5% year on year.

AFTEE in Vietnam has launched in full-scale the service for Sendo, a major local e-commerce mall.



Global companies are introducing AFTEE also in non-merchandise areas.

“Sendo”, an e-commerce mall that belongs to FPT Corporation, the largest IT company in Vietnam started its AFTEE operation. Sendo plans to extend AFTEE to other online OEM marketplaces.

Flight tickets

E-book



E-learning

Rental service  
(mobile battery)





## Other Management Topics

## Shareholder Benefit Program: Outline

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

### Record date

March 31, 2024

### Eligible shareholders

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

### Timing of award/application method

A guide on how to apply for the benefit will be enclosed with the Notice of Convocation of the General Meeting of Shareholders to be sent in mid-June 2024.

NP Points will be awarded when the eligible shareholders register as a member following the instructions.



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

We will return profit to shareholders after comprehensively considering the business environment, business performance, and financial conditions, and other factors. As of February 14 2024, we have not yet decided on the implementation of the shareholder benefit program in the next fiscal year.

## Shareholder Benefit Program: NP Points

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

### Stores where atone is available (non-exhaustive list)

#### Online stores

##### GMS, daily necessity stores, food

##### Apparel

#### Physical stores\*2

##### Convenience stores, supermarkets

##### Drugstores

##### Entertainment

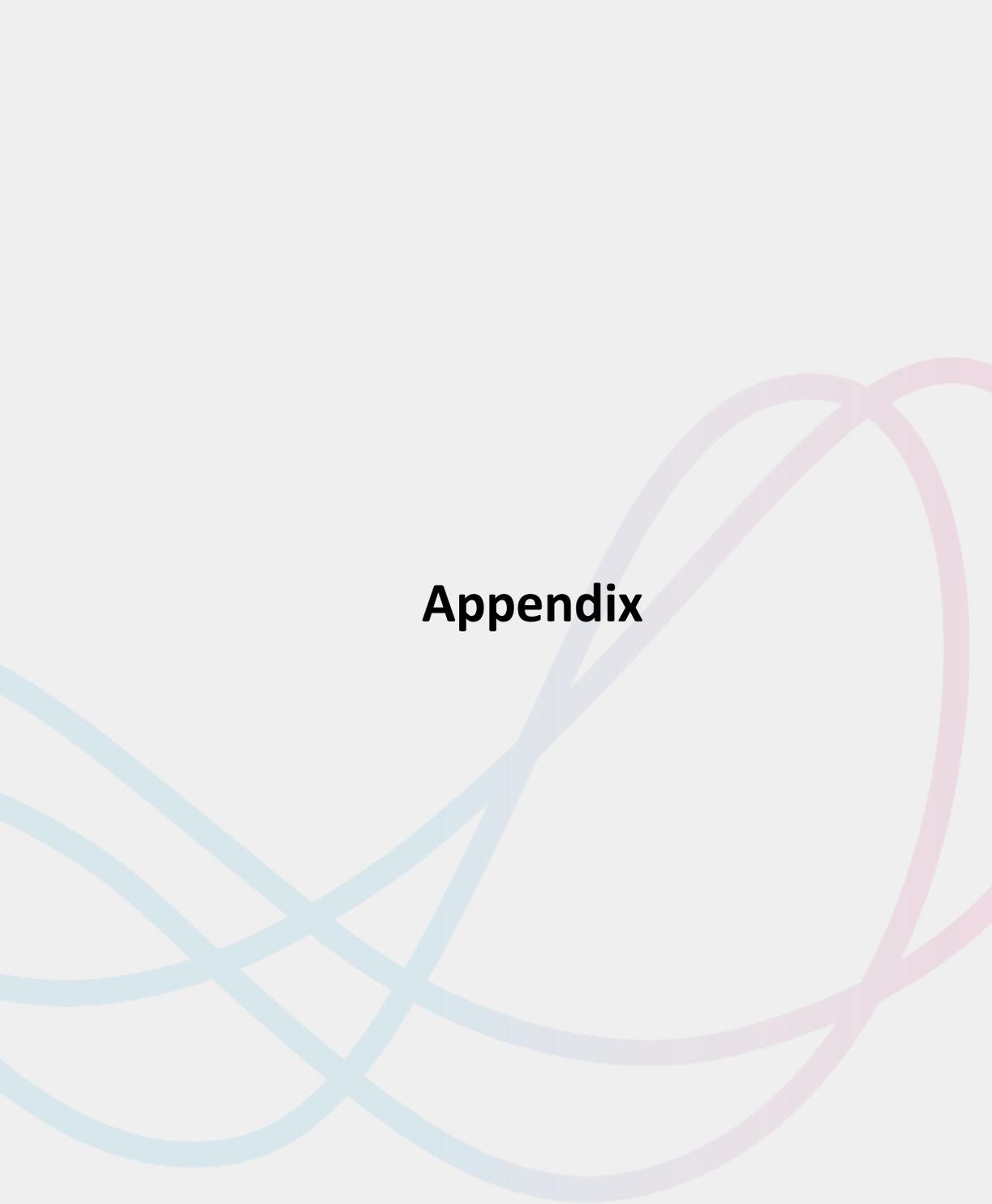
##### Digital content

##### Restaurants

##### Daily necessity stores

\*1 Some stores are not available.

\*2 Payment at physical stores requires our credit screening.



## Appendix

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

# Key Performance Indicators

	Three months ended December 31, 2022	Three months ended December 31, 2023	Percentage change	Nine months ended December 31, 2022	Nine months ended December 31, 2023	Percentage change
	(JPY in millions)	(JPY in millions)	%	(JPY in millions)	(JPY in millions)	%
<b>GMV (non-GAAP)*1</b>	<b>132,635</b>	<b>150,057</b>	<b>13.1</b>	<b>372,824</b>	<b>423,880</b>	<b>13.7</b>
BtoC Services: NP <i>Atobarai</i> and other	90,178	93,417	3.6	257,820	267,202	3.6
BtoC Services: atone	5,610	7,184	28.1	15,577	19,490	25.1
BtoB Service	36,846	49,455	34.2	99,426	137,187	38.0
<b>Total operating revenue</b>	<b>5,202</b>	<b>5,442</b>	<b>4.6</b>	<b>14,436</b>	<b>15,773</b>	<b>9.3</b>
BtoC Services: NP <i>Atobarai</i> and other	4,116	4,120	0.1	11,392	12,032	5.6
BtoC Services: atone	307	363	18.3	893	1,034	15.8
BtoB Service	778	957	23.0	2,150	2,705	25.8
– Other operating revenue	85	127	49.0	367	378	3.0
<b>Revenue</b>	<b>5,117</b>	<b>5,314</b>	<b>3.9</b>	<b>14,069</b>	<b>15,394</b>	<b>9.4</b>
– Invoicing related expenses (non-GAAP)*2	2,183	2,124	(2.7)	5,846	6,348	8.6
– Bad debt related expenses (non-GAAP)*3	806	890	10.5	2,244	2,856	27.2
– Other payment related expenses (non-GAAP)*4	90	104	15.9	269	312	15.9
<b>Gross profit (non-GAAP)*5</b>	<b>2,037</b>	<b>2,195</b>	<b>7.7</b>	<b>5,708</b>	<b>5,878</b>	<b>3.0</b>
BtoC Services: NP <i>Atobarai</i> and other	1,472	1,632	10.9	4,103	4,207	2.5
BtoC Services: atone	108	91	(16.1)	318	265	(16.8)
BtoB Service	456	471	3.3	1,286	1,405	9.2
– SG&A and other operating expenses (non-GAAP)*6	2,206	2,176	(1.4)	6,119	6,716	9.7
<b>Operating profit</b>	<b>(83)</b>	<b>146</b>	<b>—</b>	<b>(43)</b>	<b>(459)</b>	<b>—</b>
+ Depreciation and amortization	346	423	22.2	1,034	1,155	11.8
+ Share-based payment expenses	3	2	(36.8)	6	5	(13.4)
+ Loss on disposal of property, plant and equipment	3	0	(92.9)	24	12	(48.5)
+ Impairment losses	—	—	—	—	—	—
– Gain from reversal of impairment losses	—	—	—	—	—	—
<b>EBITDA (non-GAAP)*7</b>	<b>270</b>	<b>572</b>	<b>111.8</b>	<b>1,021</b>	<b>714</b>	<b>△30.0</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

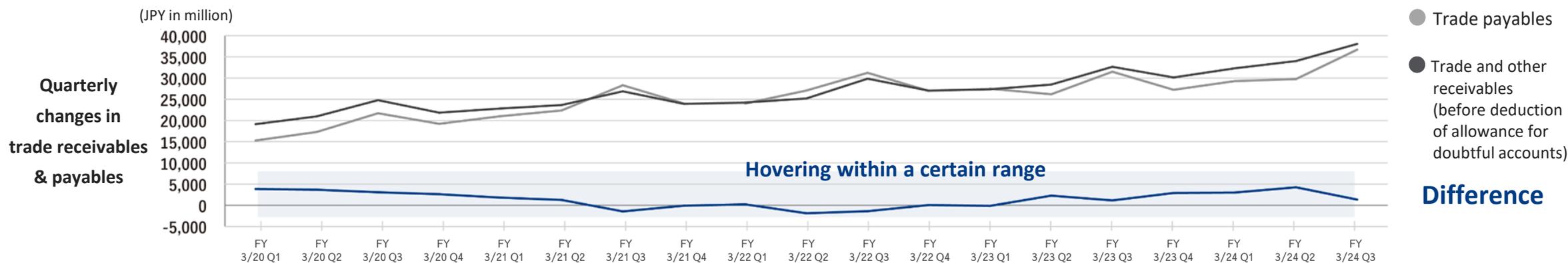
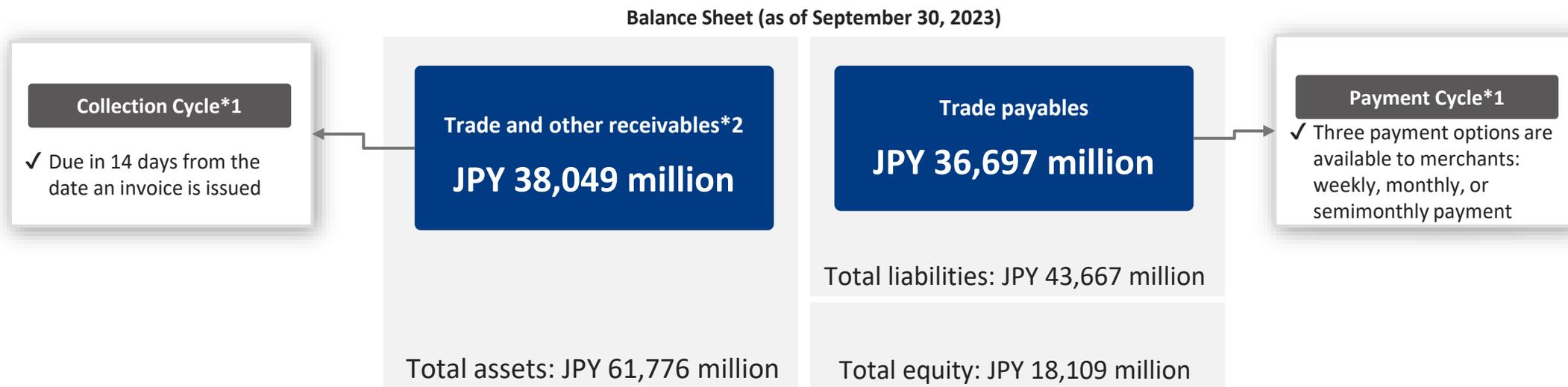
	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Cash and cash equivalents	10,564	10,147
Trade and other receivables	24,540	31,694
Inventories	21	13
Other current receivables	1,102	426
<b>Total current assets</b>	<b>36,228</b>	<b>42,281</b>
Property, plant and equipment	743	404
Goodwill	11,608	11,608
Intangible assets	4,130	4,614
Other financial assets	1,005	1,026
Deferred tax assets	1,514	1,625
Other non-current assets	171	213
<b>Total non-current assets</b>	<b>19,175</b>	<b>19,495</b>
<b>Total Assets</b>	<b>55,404</b>	<b>61,776</b>

(JPY in millions)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities and Equity</b>		
Trade and other payables	27,233	36,697
Short-term loans	3,000	330
Lease liabilities	415	177
Other current financial liabilities	4	10
Income taxes payable	161	67
Provisions	28	62
Liabilities for employee benefits	443	516
Other current liabilities	513	716
<b>Total current liabilities</b>	<b>31,801</b>	<b>38,578</b>
Long-term loans	4,964	4,972
Lease liabilities	85	31
Provisions	84	84
<b>Total non-current liabilities</b>	<b>5,135</b>	<b>5,088</b>
<b>Total Liabilities</b>	<b>36,936</b>	<b>43,667</b>
Share capital	4,113	4,121
Capital surplus	14,168	14,181
Retained earnings	22	(417)
Other components of equity	64	145
<b>Total equity attributable to owners of parent</b>	<b>18,369</b>	<b>18,031</b>
Non-controlling interests	98	78
<b>Total Equity</b>	<b>18,467</b>	<b>18,109</b>
<b>Total Liabilities and Equity</b>	<b>55,404</b>	<b>61,776</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 nine months ended December 31, 2022	For the nine months ended December 31, 2023
Revenue	14,069	15,394
Other operating revenue	367	378
<b>Total operating revenue</b>	<b>14,436</b>	<b>15,773</b>
Operating expenses	(14,480)	(16,232)
<b>Operating profit (loss)</b>	<b>(43)</b>	<b>(459)</b>
Financial income	0	1
Financial costs	(46)	(43)
<b>Profit (loss) before income taxes</b>	<b>(89)</b>	<b>(502)</b>
Income tax expense	(36)	43
<b>Profit (loss)</b>	<b>(126)</b>	<b>(458)</b>
<b>Profit (loss) attributable to:</b>		
Owners of parent	(126)	(440)
Non-controlling interests	—	(18)
<b>Profit (loss)</b>	<b>(126)</b>	<b>(458)</b>
<b>Earnings (loss) per share</b>		
Basic earnings (loss) per share (JPY)	(1.31)	(4.55)
Diluted earnings (loss) per share (JPY)	(1.31)	(4.55)

# Consolidated Statement of Cash Flows

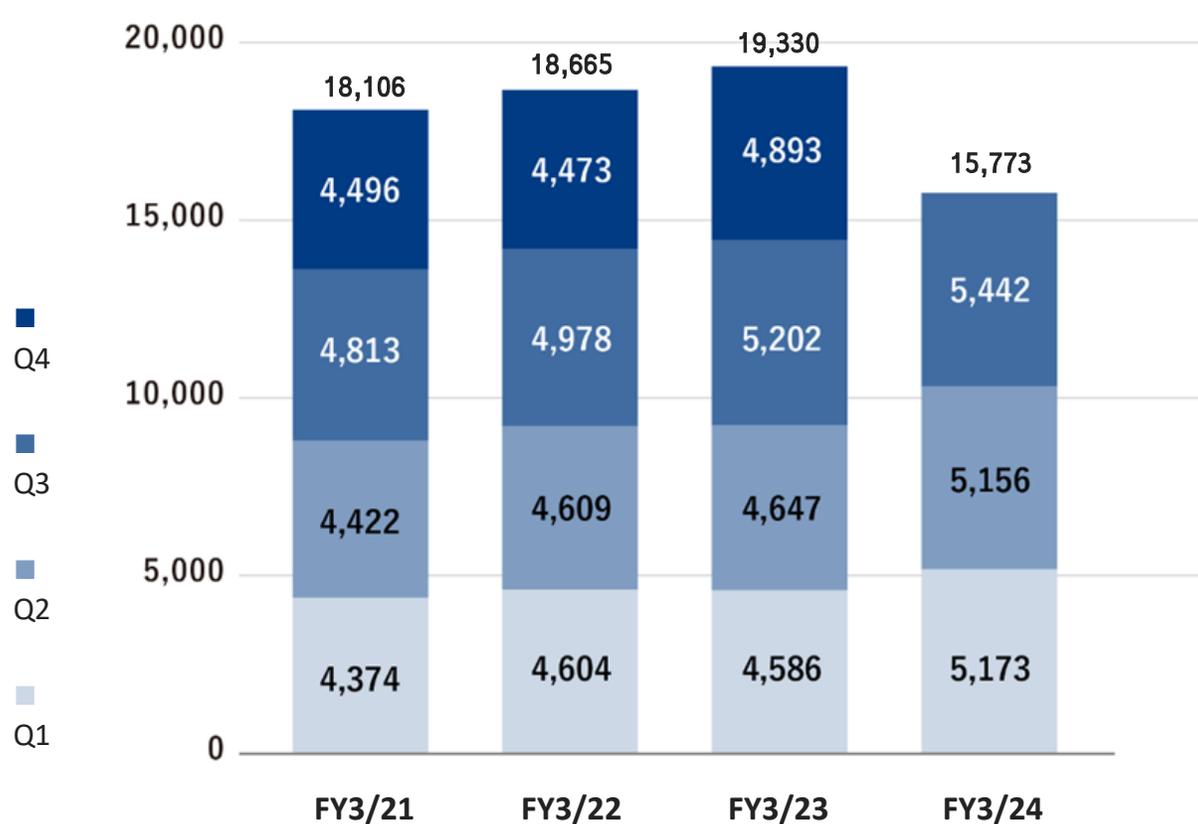
(JPY in millions)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
<b>Cash Flows from Operating Activities</b>		
Profit (loss) before income taxes	(89)	(502)
Depreciation, amortization and impairment losses	1,034	1,155
Share-based payment expenses	6	5
Finance income and finance costs	36	35
Increase (decrease) in provisions	6	34
Loss on disposal of property, plant and equipment	24	12
Decrease (increase) in inventories	4	8
Decrease (increase) in trade and other receivables	(5,300)	(7,153)
Increase (decrease) in trade and other payables	4,535	9,464
Other	256	484
<b>Subtotal</b>	<b>515</b>	<b>3,544</b>
Interest received	0	1
Interest paid	(21)	(21)
Income tax paid	(1,193)	391
<b>Net cash provided by (used in) operating activities</b>	<b>(698)</b>	<b>3,916</b>
<b>Cash Flows from Investing Activities</b>		
Payments into time deposits	(2)	(0)
Purchase of property, plant and equipment	(87)	(7)
Purchase of intangible assets	(937)	(1,353)
Payments for guarantee deposits	(78)	(3)
Proceeds from collection of guarantee deposits	76	—
Purchase of other financial assets	(315)	(15)
<b>Net cash provided by (used in) investing activities</b>	<b>(1,344)</b>	<b>(1,380)</b>
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in short-term loans	—	(2,669)
Repayments of lease liabilities	(281)	(292)
Proceeds from issuance of shares	14	8
<b>Net cash provided by (used in) financing activities</b>	<b>(266)</b>	<b>(2,952)</b>
Effects of exchange rate changes on cash and cash equivalents	0	0
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,310)</b>	<b>(416)</b>
Cash and cash equivalents at the beginning of the period	12,119	10,564
Cash and cash equivalents at the end of the period	9,808	10,147

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

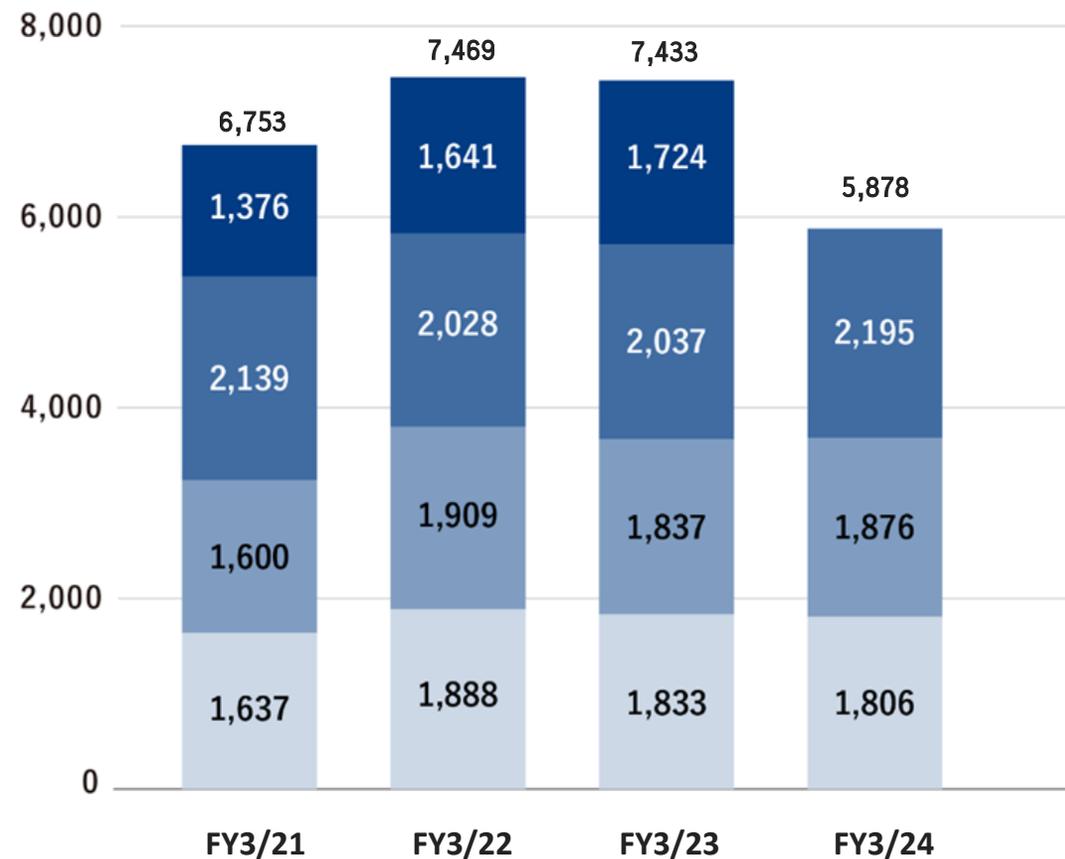
## Total Operating Revenue

(JPY in millions)



## Gross Profit (non-GAAP) \*1

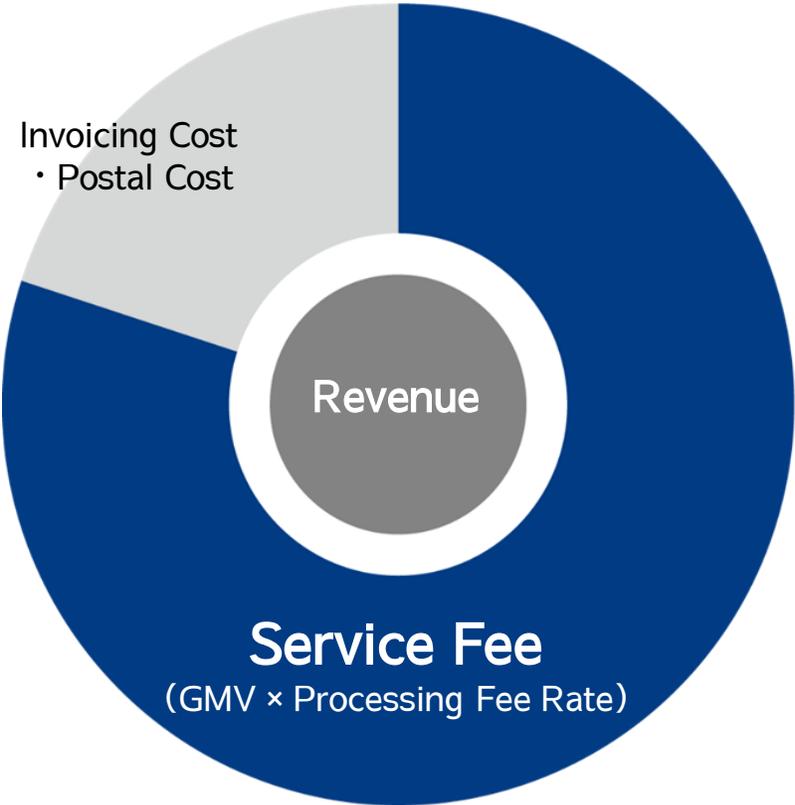
(JPY in millions)



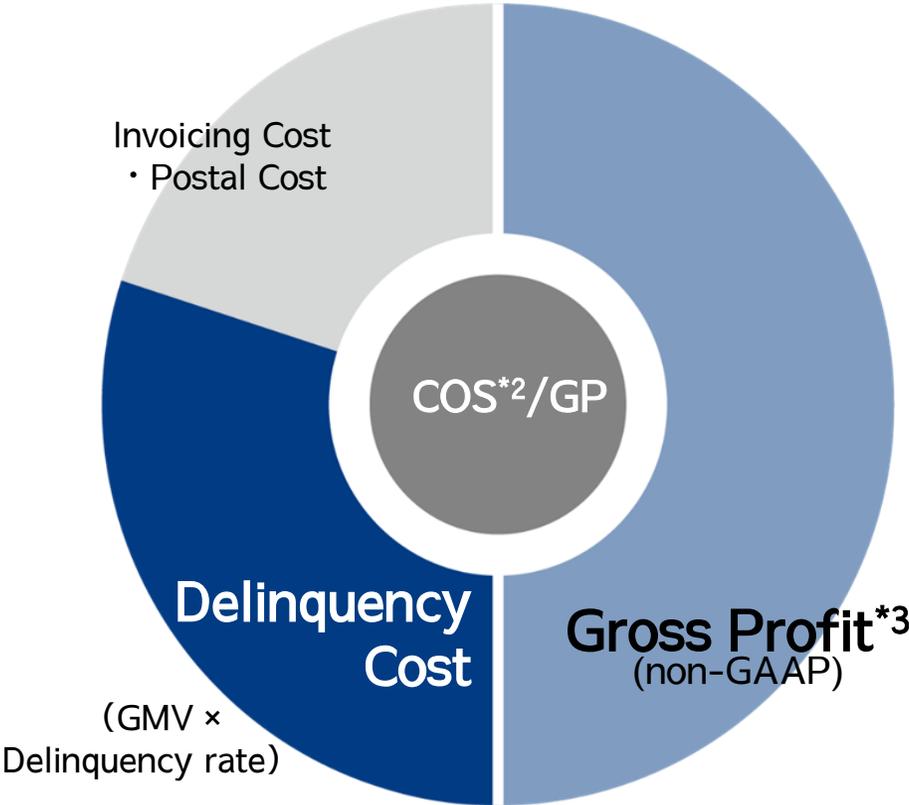
\*1 Gross profit: Revenue - (Collection expense + Invoicing expense + Provision for doubtful accounts + Bad debt expense + Loss on sale of trade receivables + Credit screening expense + NP point expense + Other payment related expenses)

# 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

---

## Subscribe to our IR Newsletter

The following information is delivered via email:

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

If you would like to receive our newsletter, please register using the form below or the QR code on the right.

[https://www.magicalir.net/7383/mail/index\\_en.php](https://www.magicalir.net/7383/mail/index_en.php)

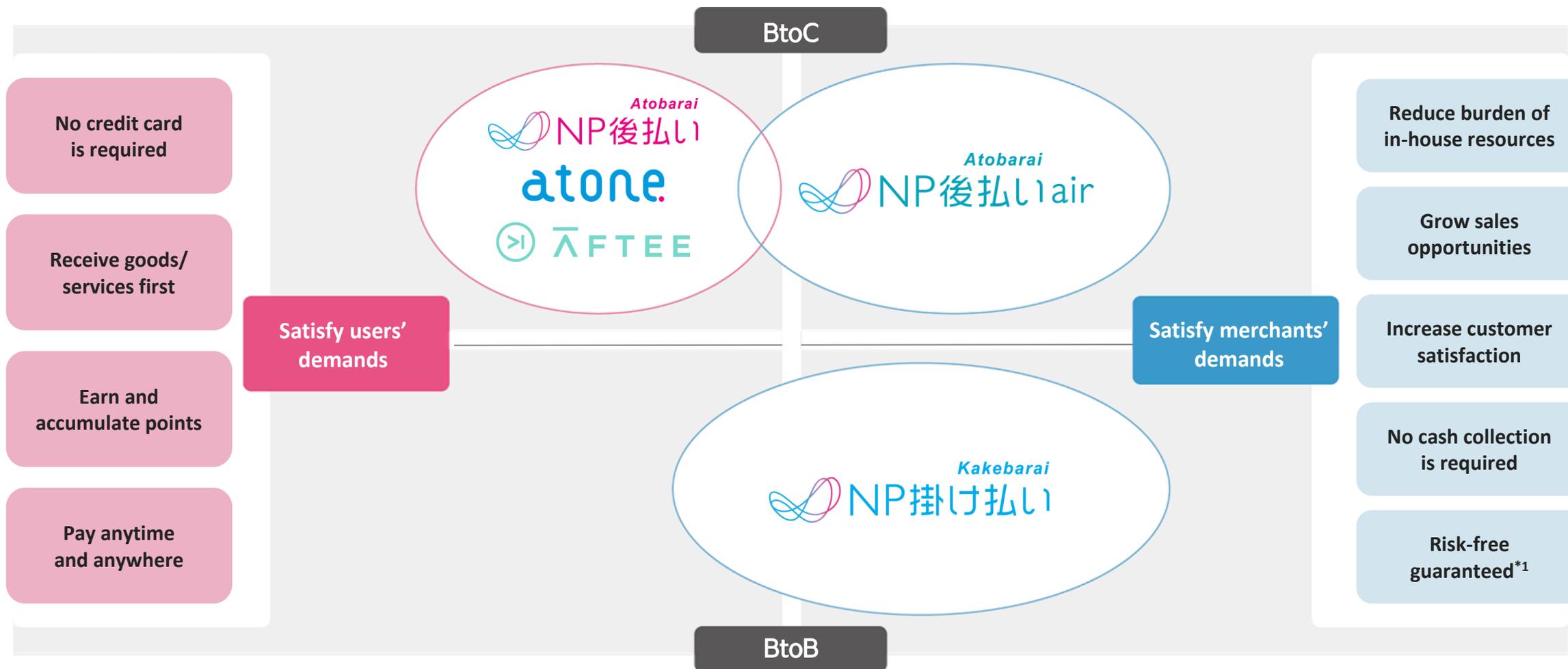


# **Business and Market Overview**

---

# Business Overview: Value Proposition of Each BNPL Service

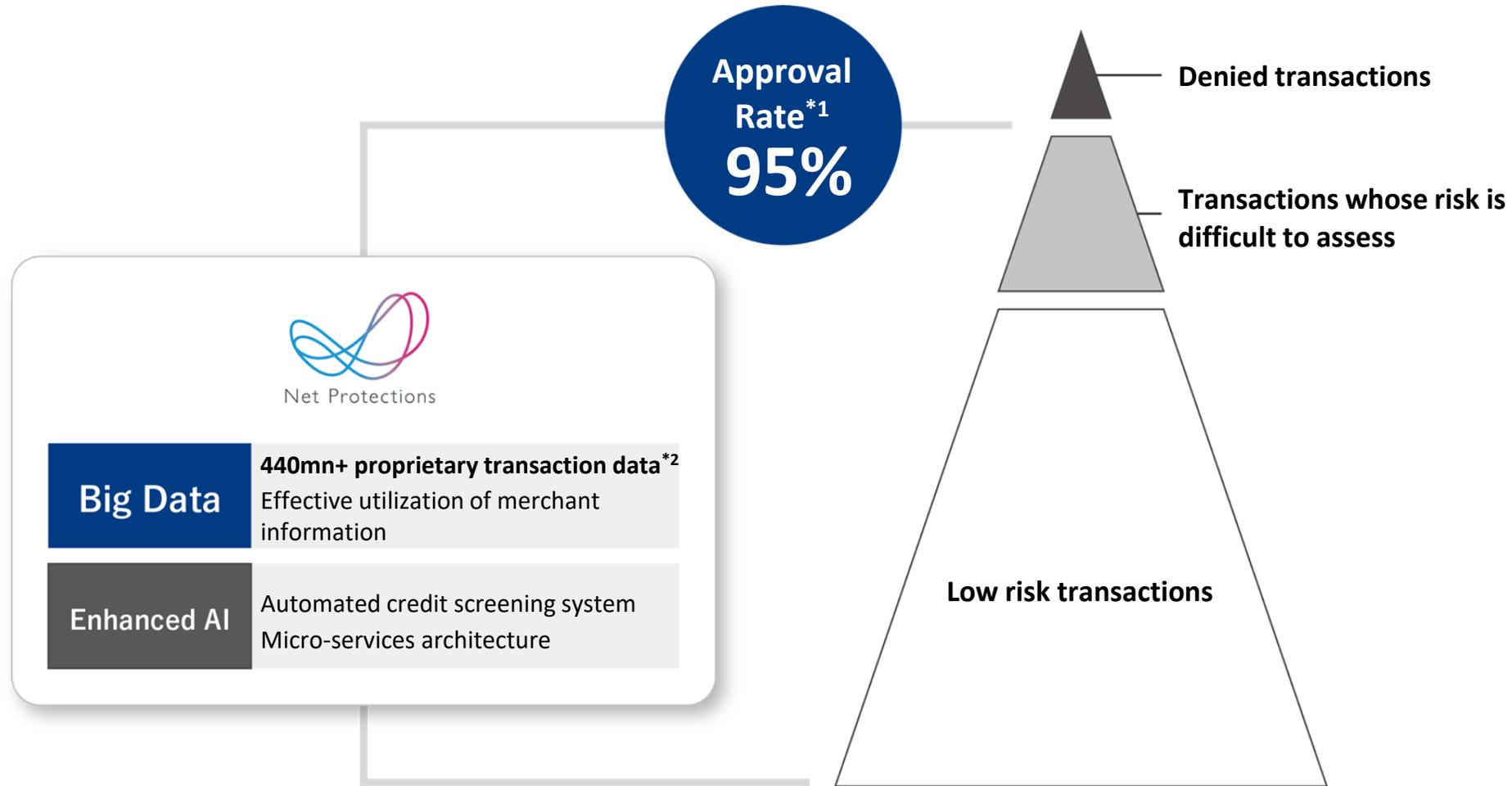
We provide various types of value: secure, convenient, beneficial shopping experience to users and reduced burden of in-house resources and growing sales opportunities to merchants.



\*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.

# 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.



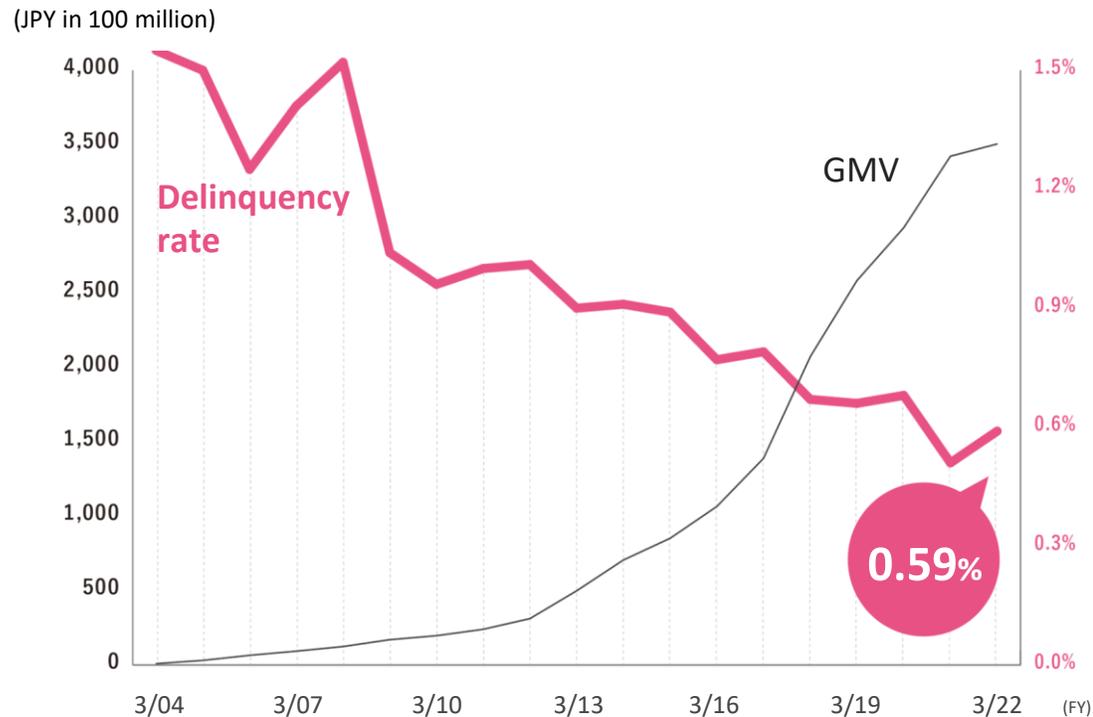
\*1 The ratio of approved transactions to transactions denied by our credit screening system for NP *Atobarai* during FY3/2023 (limited to unique users).

\*2 As of March 31, 2023

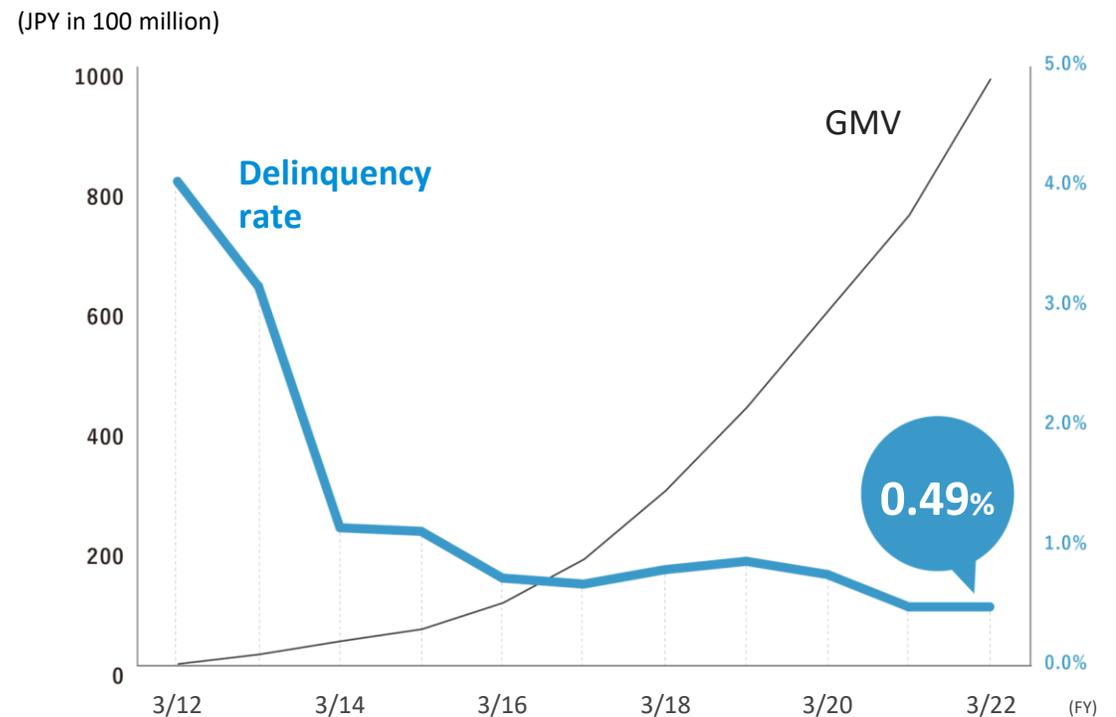
# Competitive Advantages: High Credit Approval Rate and Low Delinquency Rate

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

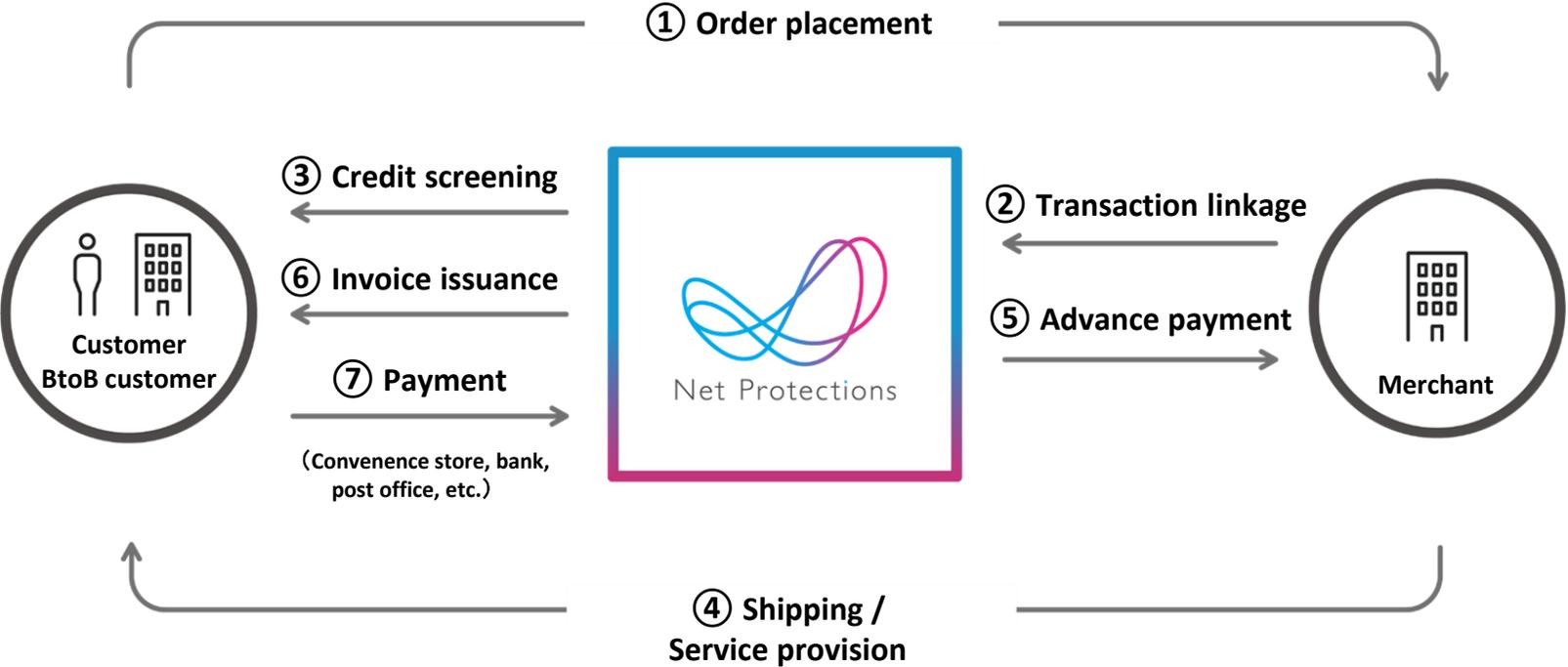


\*1 Ratio of outstanding unpaid transactions for NP Atobarai in excess of 18 months to total transactions recorded during such fiscal period on a GMV basis. The ratio for FY3/2022 is based on unpaid transactions as of the end of March 2023 (including transactions prior to writing off of delinquent debt).

\*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 safe 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

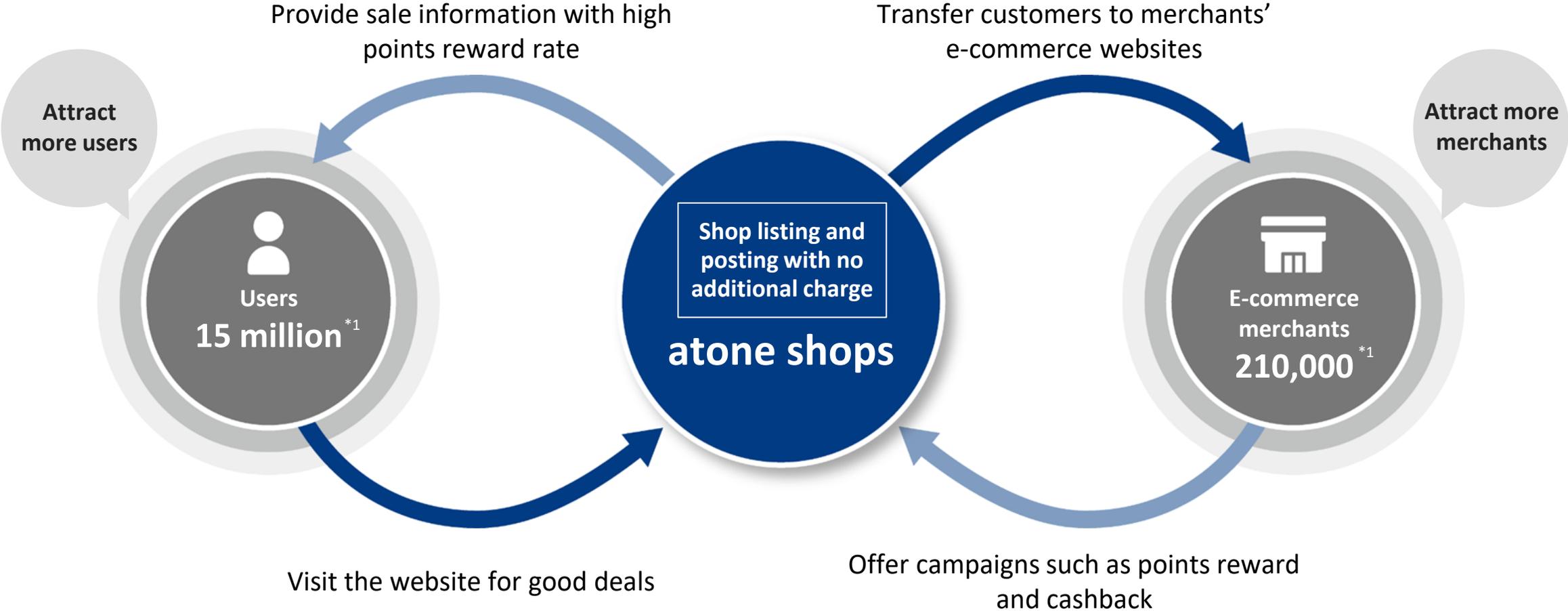
\*1 Our up-front payment service has adopted the "month-end closing, next month-end payment" method.

\*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.

# 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.

# 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.

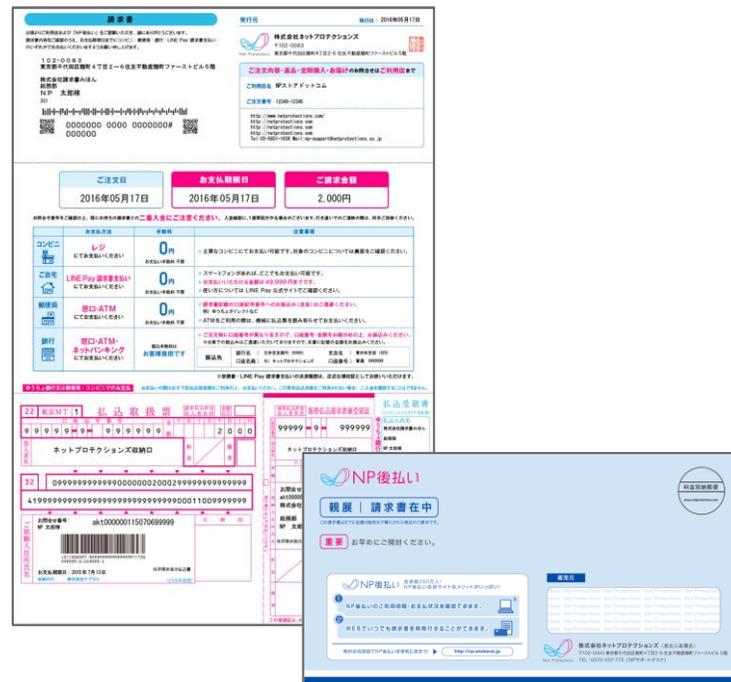


Catalog mail-order and TV mail-order Schemes are also supported

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
<b>Plan A</b>	-	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
<b>Plan B</b>	approx. 920,000 yen or more	4.4% of customer's billing amount	5,000 yen (excluding tax)	
<b>Plan C</b>	approx. 2.06 million yen or more	3.6% of customer's billing amount	20,000 yen (excluding tax)	
<b>Plan D</b>	approx. 4.4 million yen or more	2.9% of customer's billing amount	48,000 yen (excluding tax)	
<b>Others</b>	<b>Bespoke proposal available</b> 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



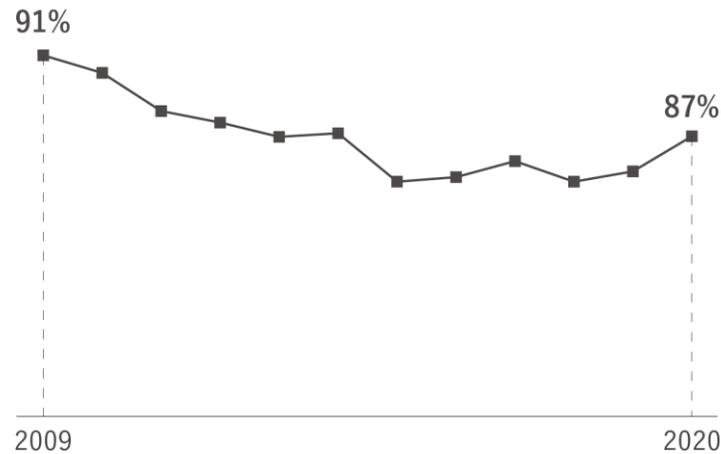
- ✓ No worry about whether goods will arrive, unlike in case of advance payments
- ✓ Easy to return, easy to exchange, easy to cancel

# Credit Cards Do Not Completely Satisfy User Demands

## Facts on Credit Card Usage in Japan

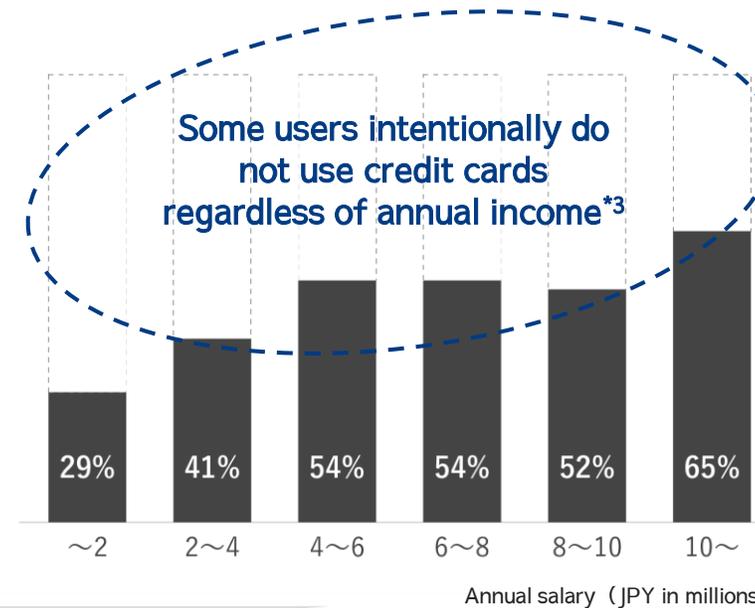
### 1 Credit card penetration rate\*1

【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)

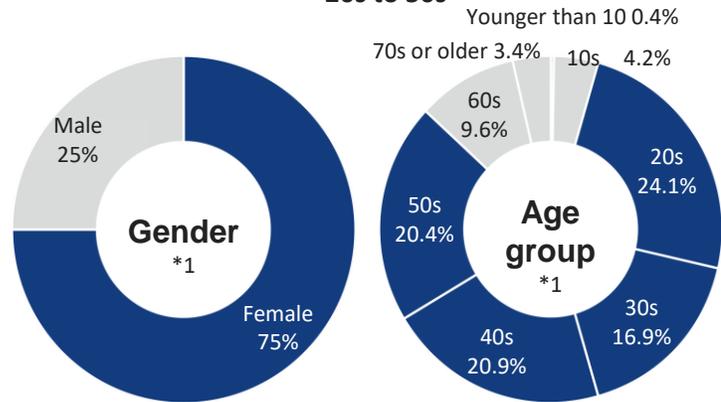
Target: "3,000 men and women between the ages of 20-69 living across Japan among the registered monitors held by Nikkei Research"

# Major User Base and Market Size Forecast of BNPL Service

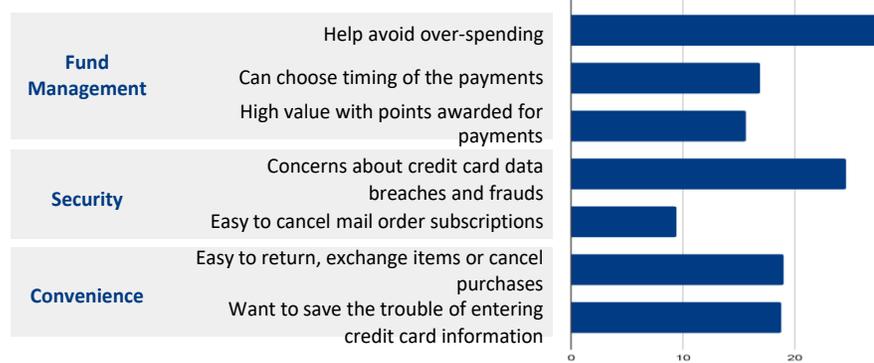
Growth has been driven by the need for fund management, security, and convenience, especially among women in their 20s to 50s.

## Main user groups and reasons for use

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



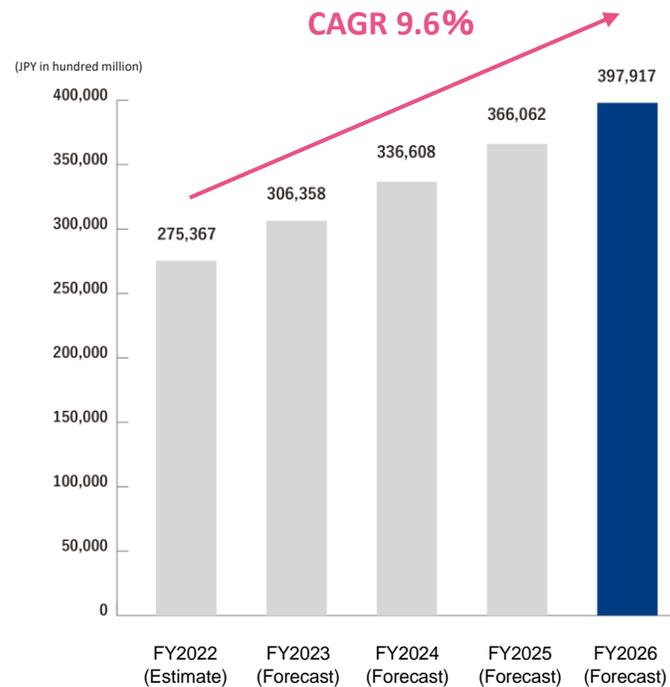
## Demand in fund management, security, and convenience\*2



\* 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

## E-commerce payment services market size forecast



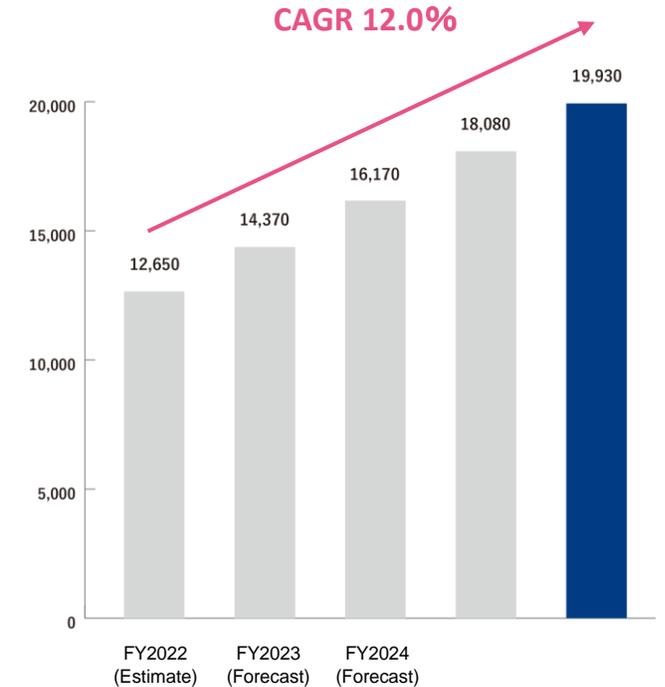
Source: Yano Research Institute "E-commerce Payment Service Market in Japan 2023," (published March 29, 2023)

\* 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

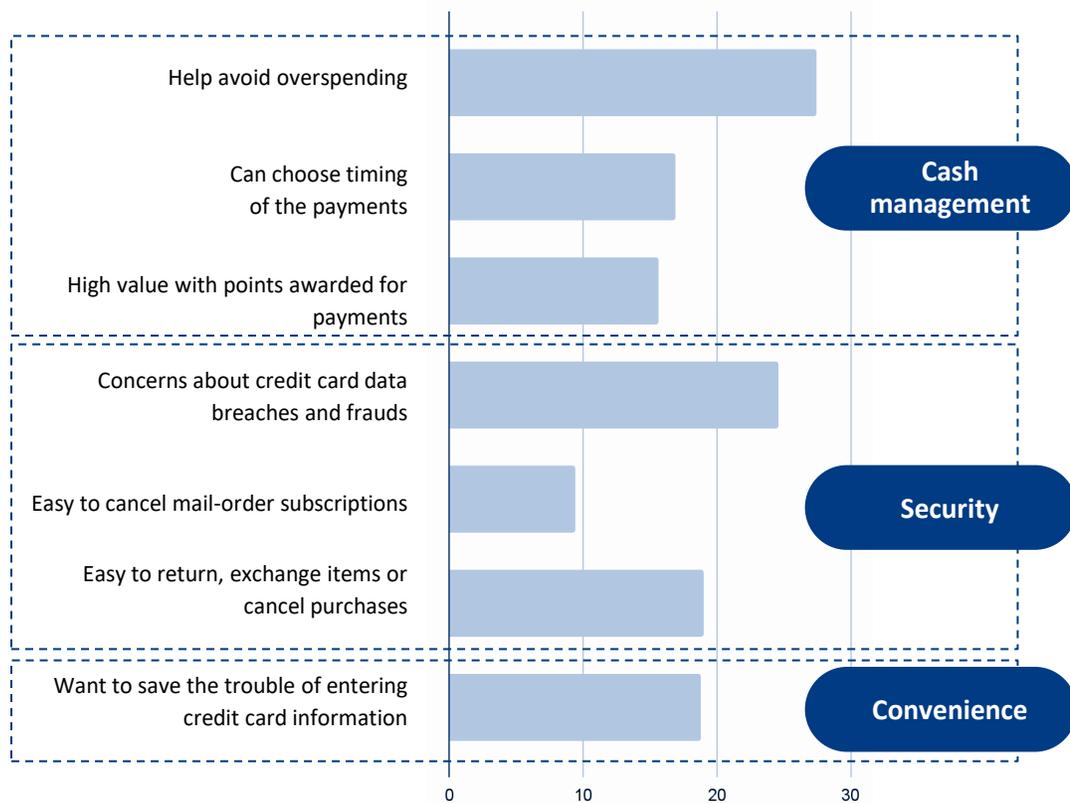
\* Figures are based on presumption for 2022 and prospect after 2023.

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

# 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.

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



## 2 The user base is highly diversified.

### Attributes of NP Atobarai users

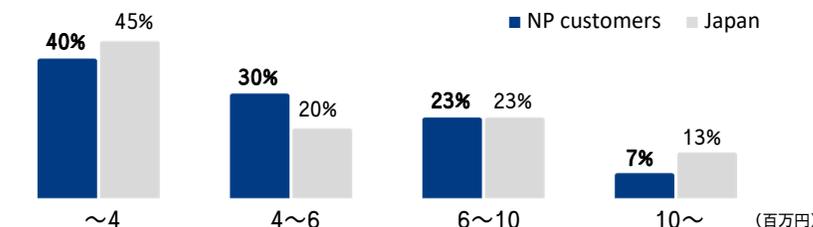
#### % of users holding credit cards\*1



#### Distribution by age\*2



#### 世帯年収別分布\*1\*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, 2023 (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

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

# Service Introduction List 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.



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

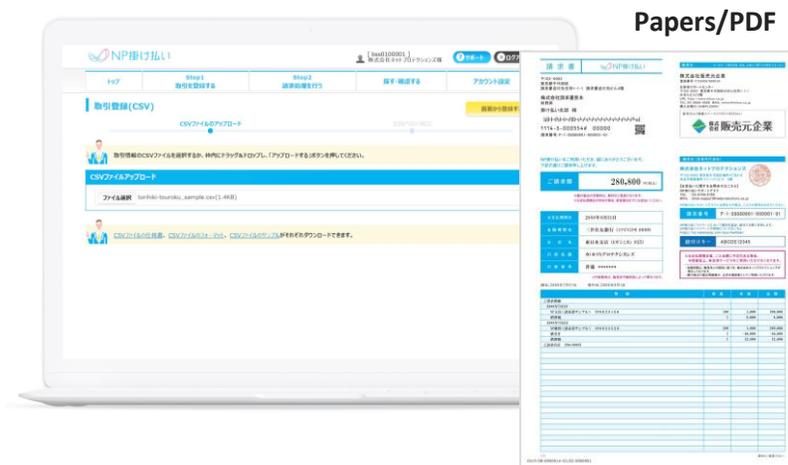
Introduction support available for smooth operations

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



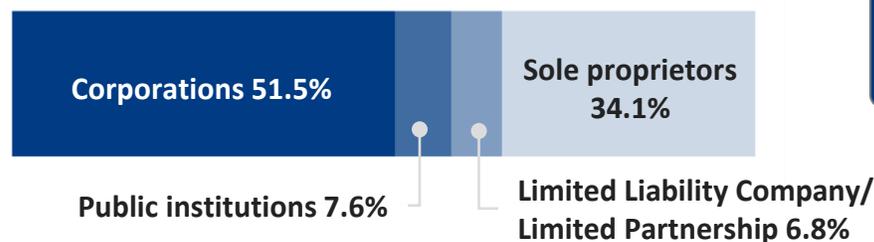
No prior procedures required to start transactions

Open to sole proprietors / immediate credit screening available

Various payment methods available

Flexible closing and payment date

### Corporate users by segment\*1



\*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* <sup>1</sup> (convenience store payment NOT available) 0 yen
			Direct debit	By mail 190 yen (excluding tax) per invoice  By Email 90 yen per invoice

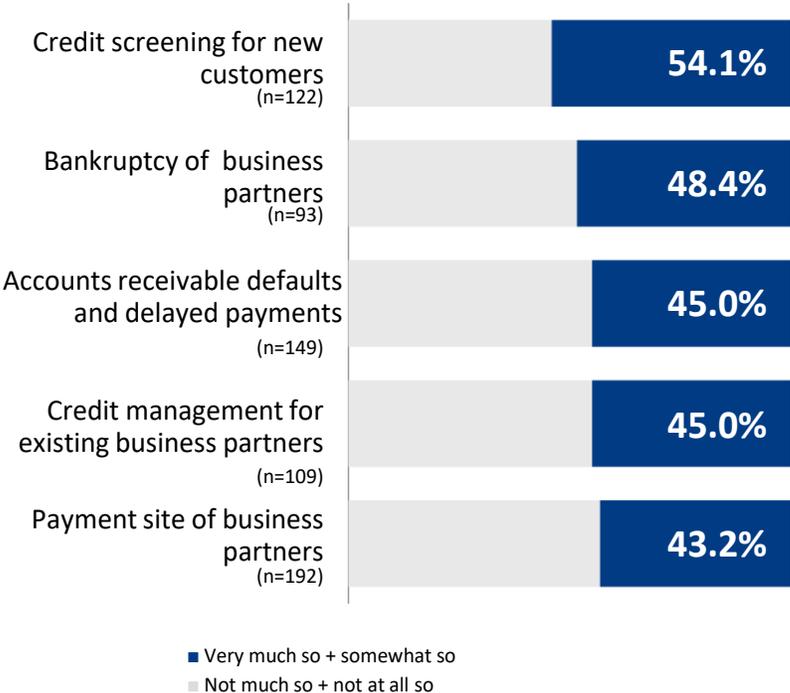
\*1 Invoice attached in PDF format

\*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

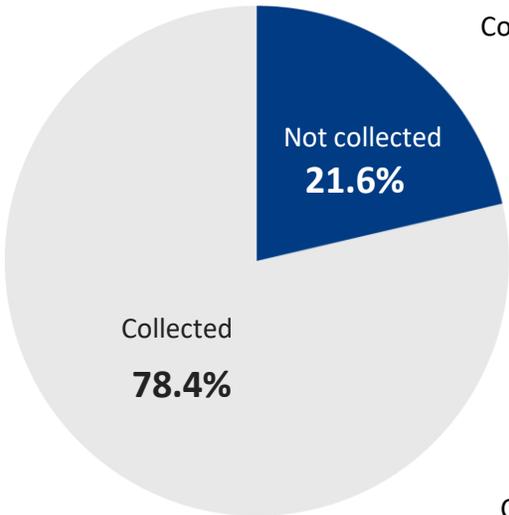
Payment delays and collection issues in billing/payment operations.

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



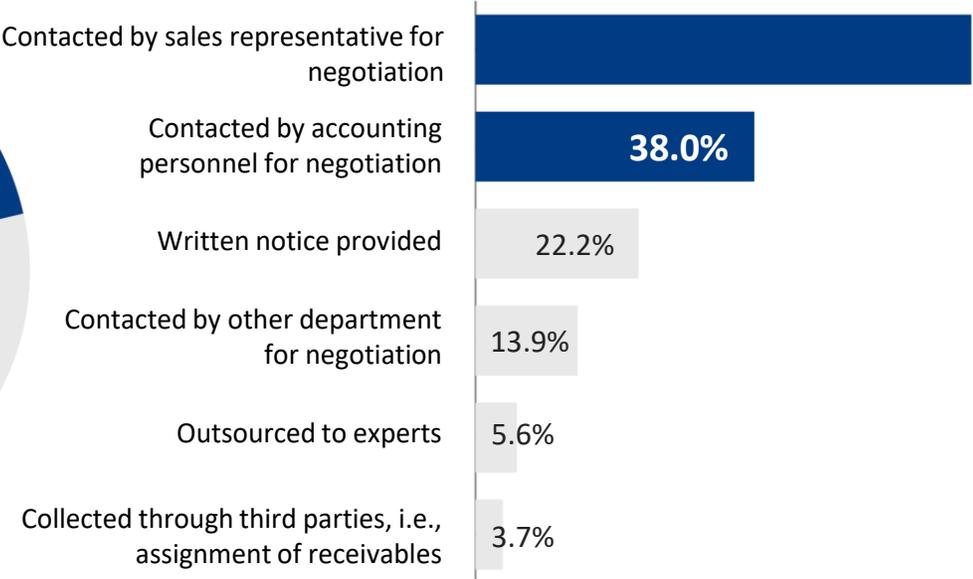
**2** 21.6% of the "late payments" were eventually not collected.

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"

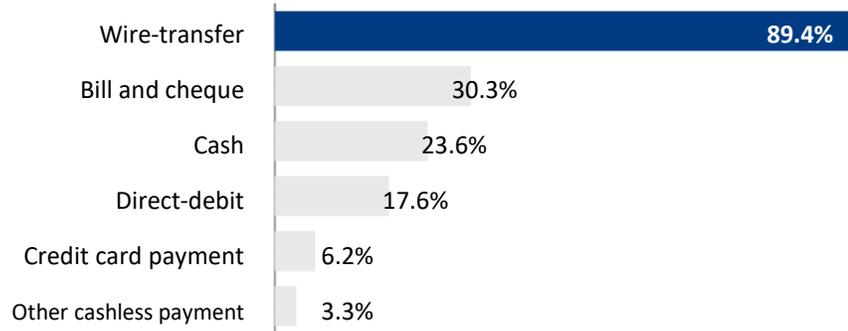
# Strong Demand for Invoice Payment

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

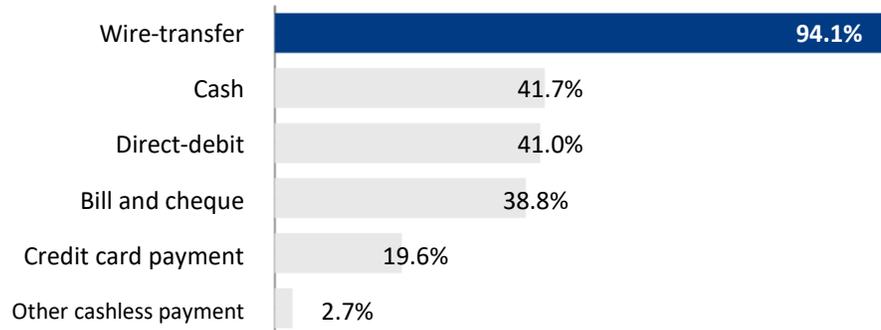
Wire-transfer is the mainstream for BtoB transactions. The most common reason is “because it has been the custom up to now.”

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

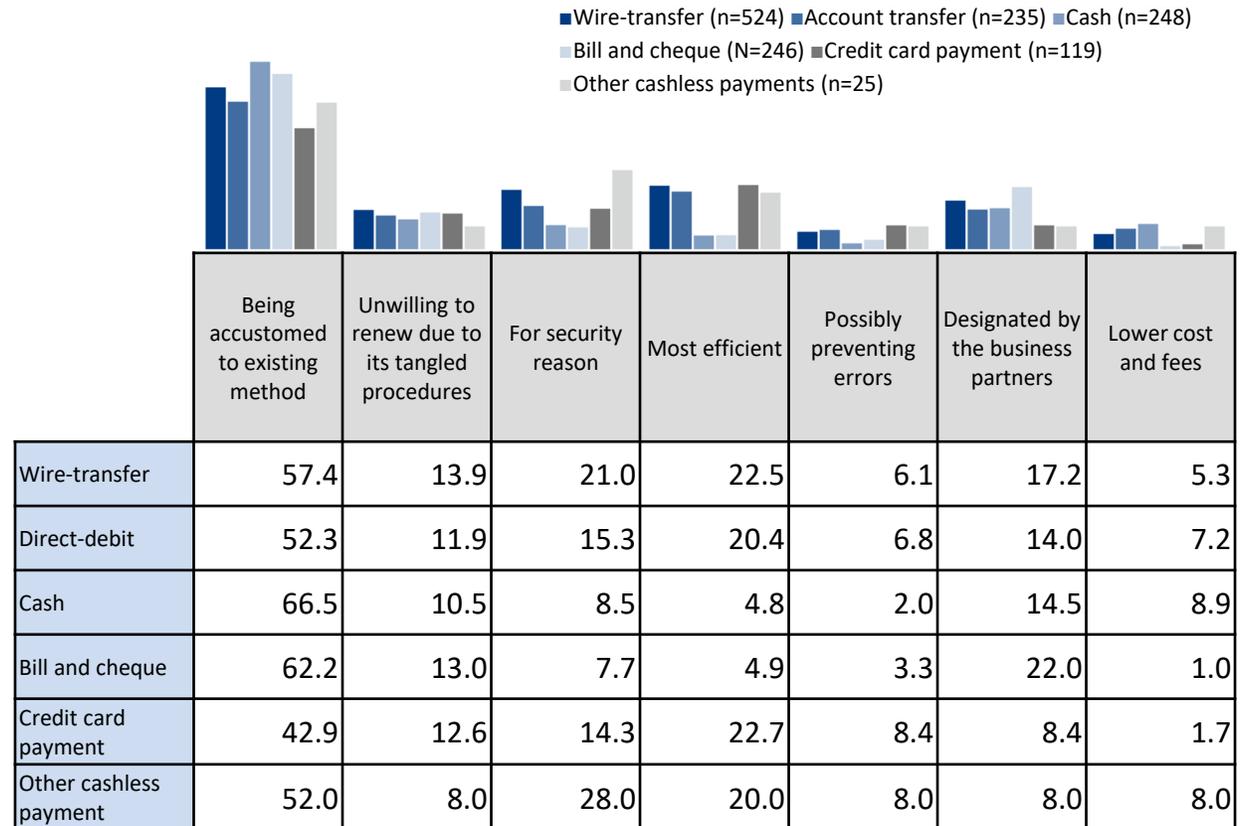
**Payment method to receive payment (n=547) \*multiple answers accepted**



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



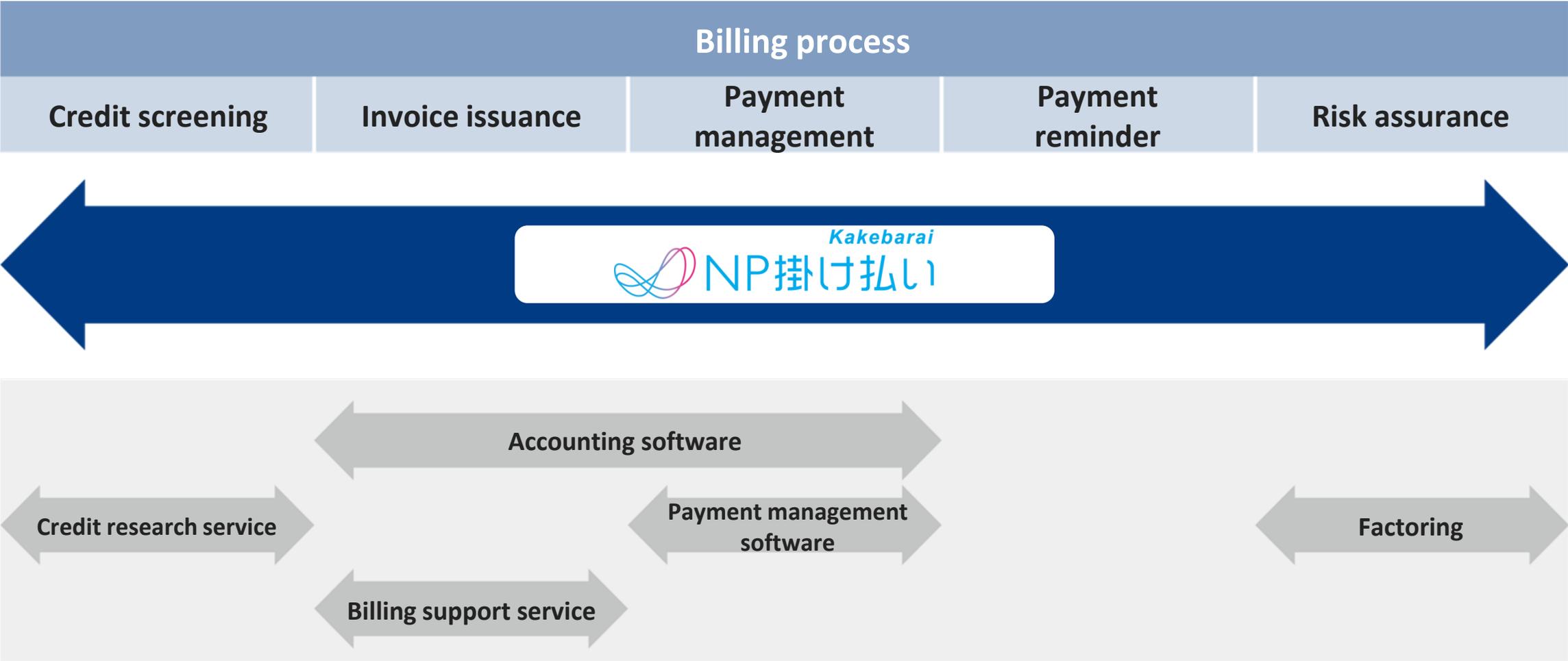
**Reasons for choosing a payment method**



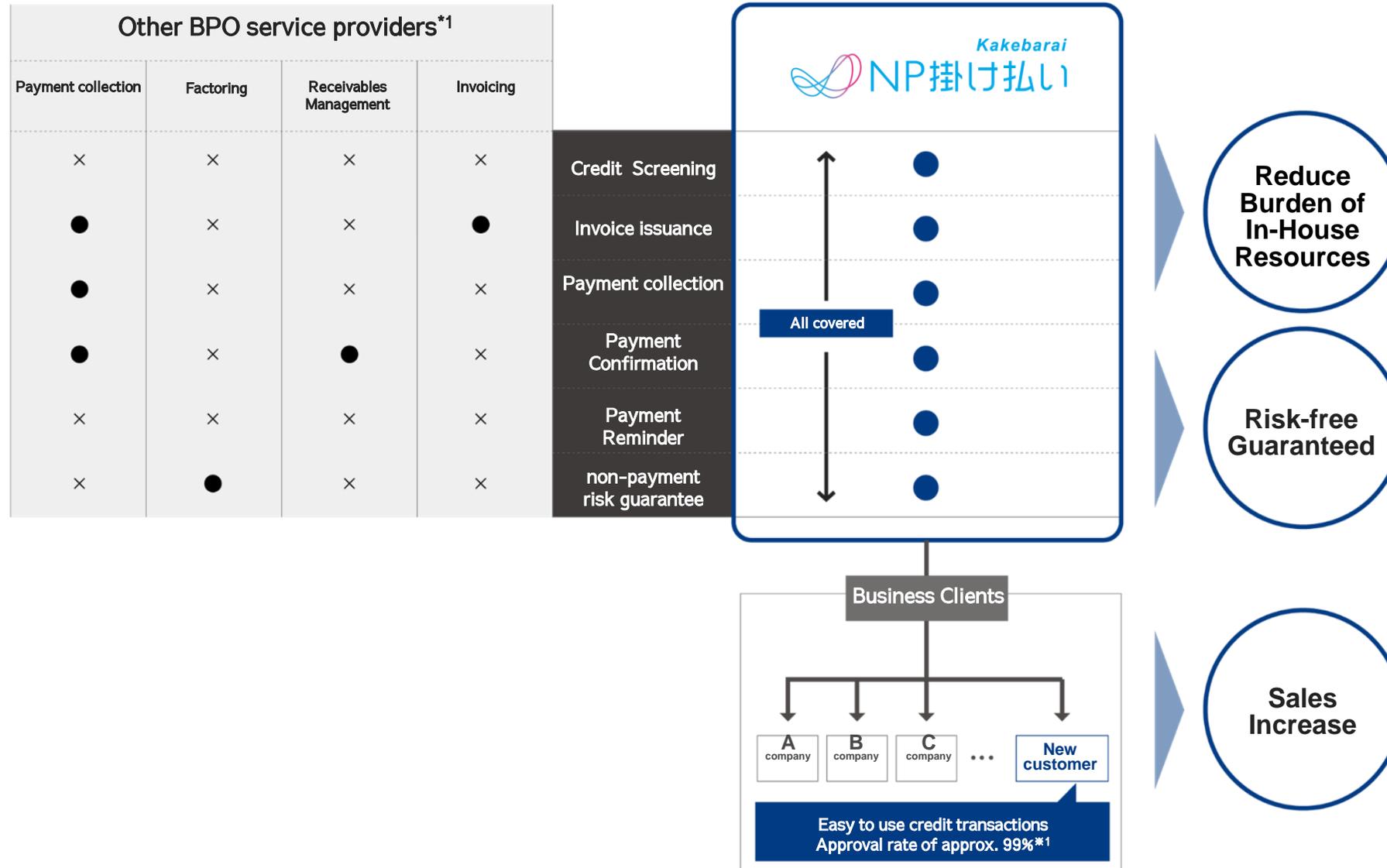
Source: American Express “Research on B2B payment among small and mid-cap businesses during the Fiscal Year 2022”

# 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).

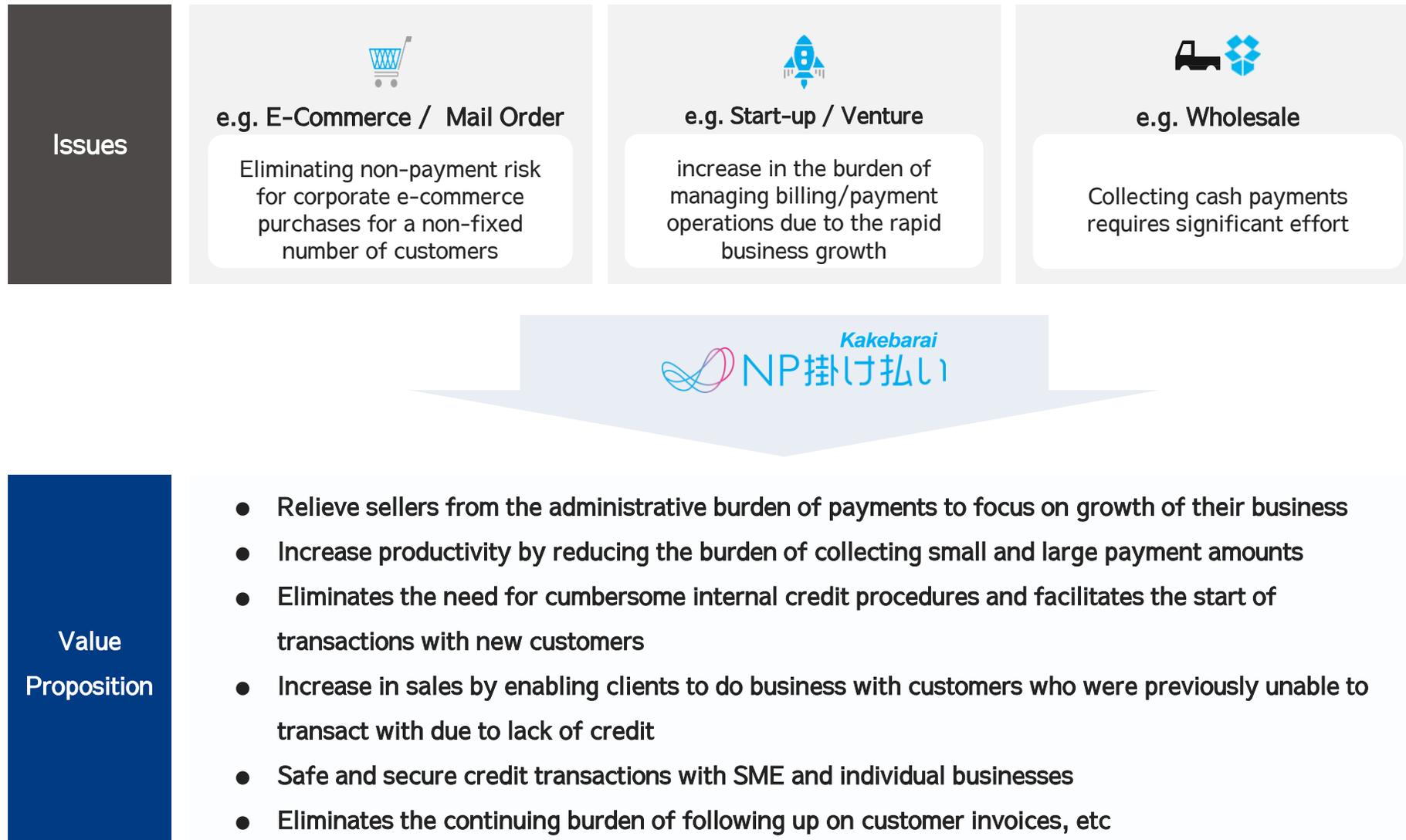


# NP Kakebarai's Value Proposition



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

# NP Kakebarai's Value Proposition



## Service Introduction List in Target Market (BtoB Market)

### Wholesale

Construction Material



Liquor



Food & Beverage



Beauty



Packaging



### Start-ups

Sharing Economy



Back Office



Human Resource



Marketing



Marketplace



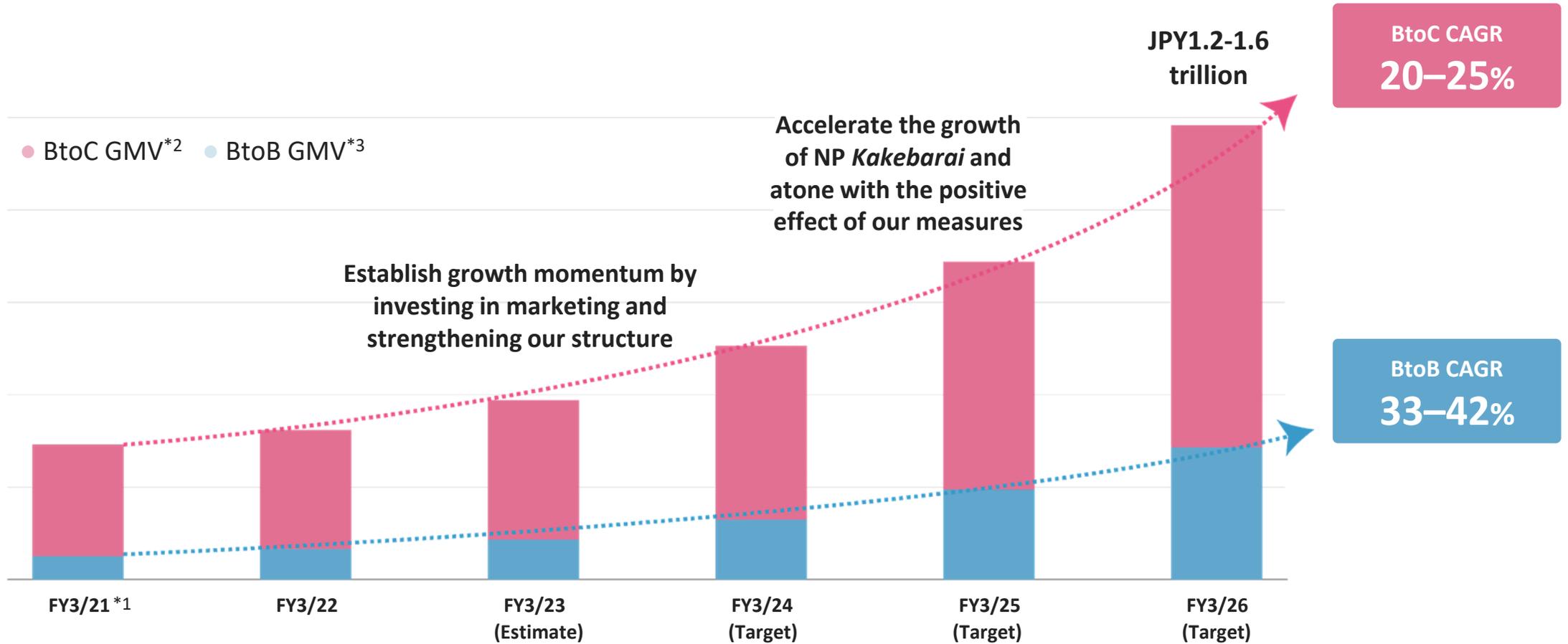
### Major Companies

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.



\*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

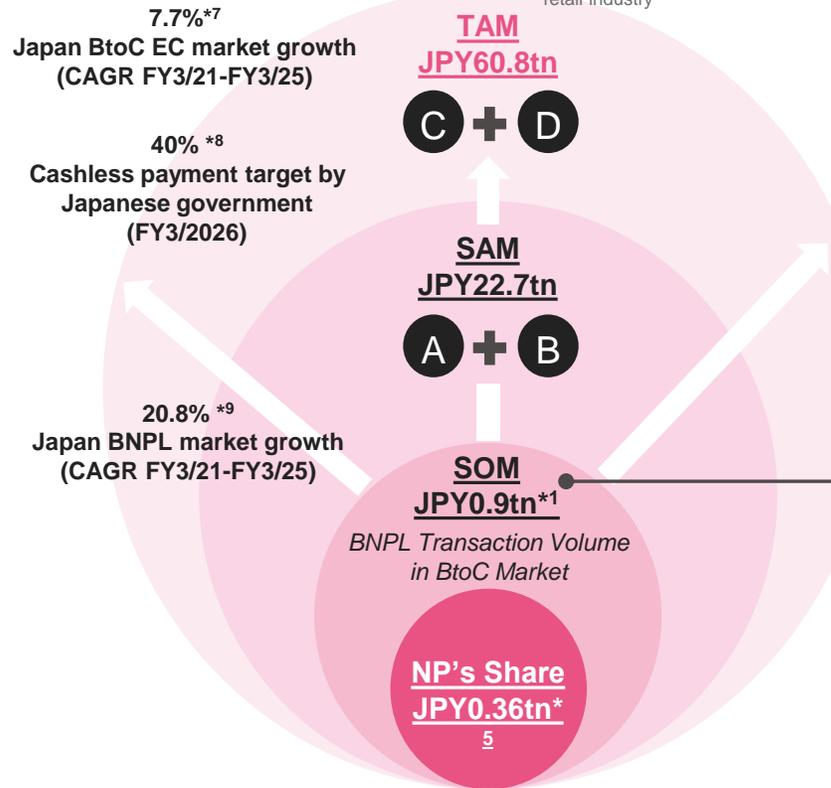
\*3 The total amount of payments (including consumption taxes) made through NP *Kekebarai* provided by the Group

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.

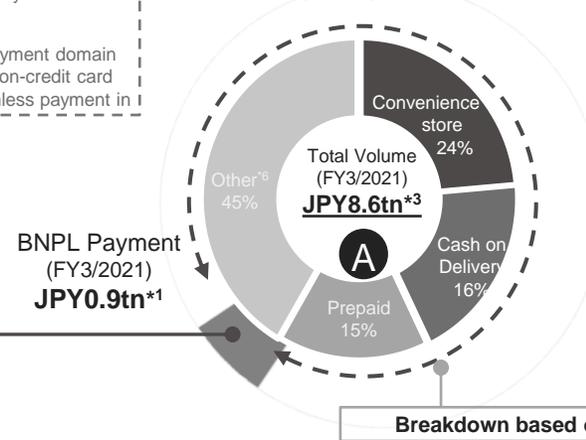
# TAM / SAM / SOM of BtoC BNPL (NP Atobarai + atone)

- 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

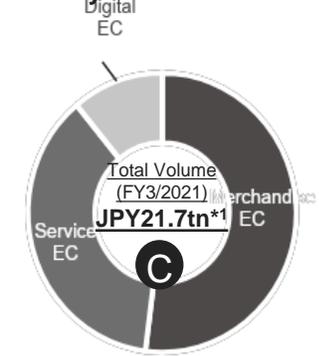
- BtoC TAM: Estimates of domestic market of online payment plus domestic market of cashless payment in retail industry
- BtoC SAM: Estimates of non-credit card payment domain in domestic market of online payment plus non-credit card payment domain of domestic market of cashless payment in retail industry



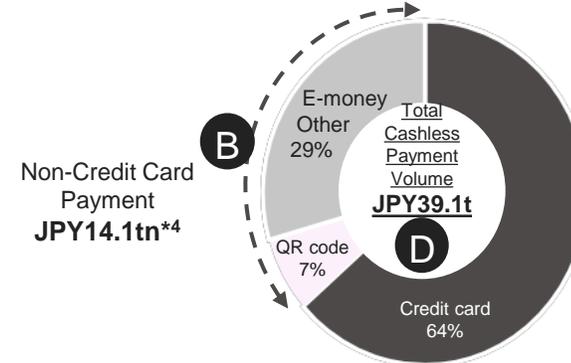
## Breakdown of Online (EC) Non-credit Card Settlement Methods



## Online (EC) Payment Market



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

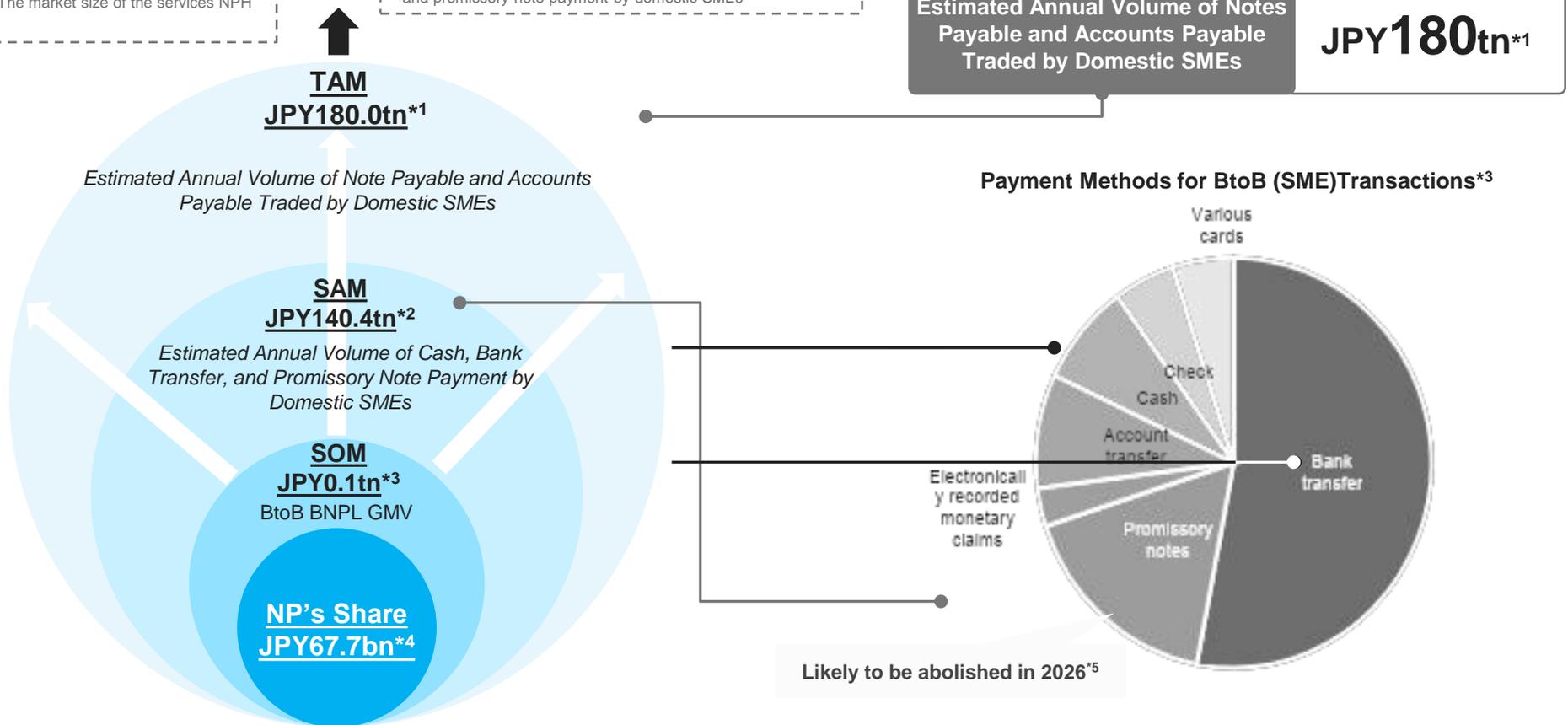


Source: Those figures are calculated using our analysis based on certain assumptions with reference to the following various data: "Cashless Vision" (P. 70), "Cashless Payment Ratio in Japan, Payment Providers, and the State's Disclosure Policy" (P. 21), and "Current Survey of Commerce (2020)" by the 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
- 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



\*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)")

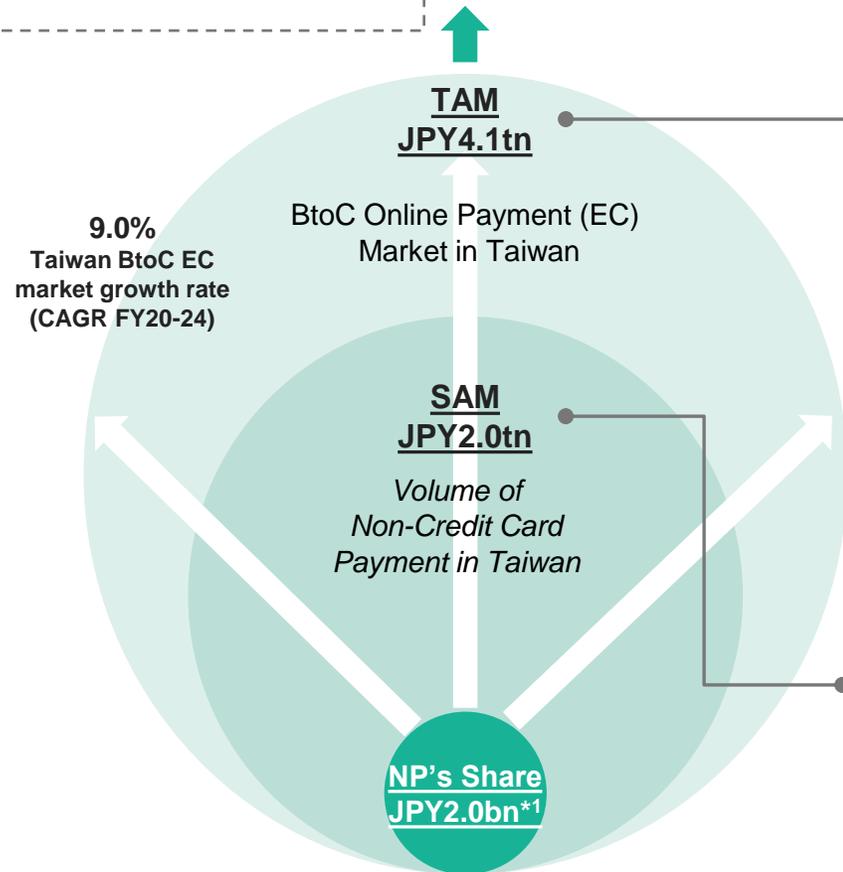
\*3 GMV of NP Kakebarai: JPY67.7 billion + GMV of Paid (FY4/2021) (\*only GMV from external transactions, based on RACCOON HOLDINGS, Inc. presentation materials) : JPY19.8 billion + GMV of MF Kessai (\*Our group estimate based on MoneyForward Kessai Co., Ltd. press release): JPY20 billion (period: 11/2019-10/2020).

\*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).

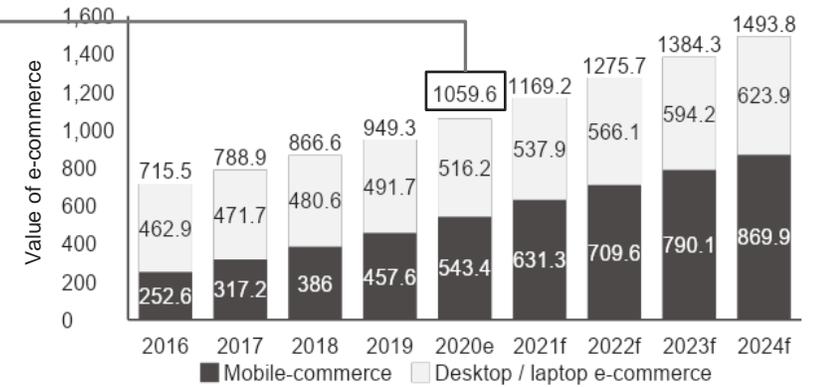
# TAM / SAM / SOM of AFTEE (Taiwan)

- 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



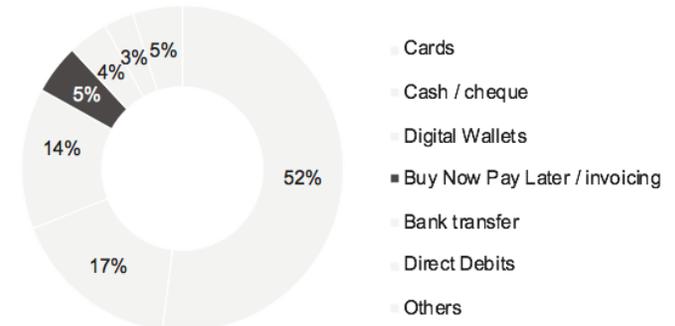
## Trends in the size of the EC market in Taiwan

(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)

## Disclaimer

---

- This document was prepared by Net Protections Holdings, Inc. (referred to as the “Company” or “we” herein) solely for informational purposes. This document does not constitute an offer to sell or a solicitation of an offer to buy any security of the Company in the United States, Japan or any other jurisdiction.
- This document contains forward-looking statements, which reflect the Company's assumptions and outlook for the future and estimates based on information available to the Company and the Company's plans and expectations as of the date of this document or other date indicated.
- Please note that significant differences between the forecasts and other forward-looking statements and actual results may arise due to various factors.
- Accordingly, readers are cautioned against placing undue reliance on any such forward-looking statements.
- The Company has no obligation to update or revise any information contained in this document based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.