

Financial Results Presentation

for the Three Months Ended June 30, 2023



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

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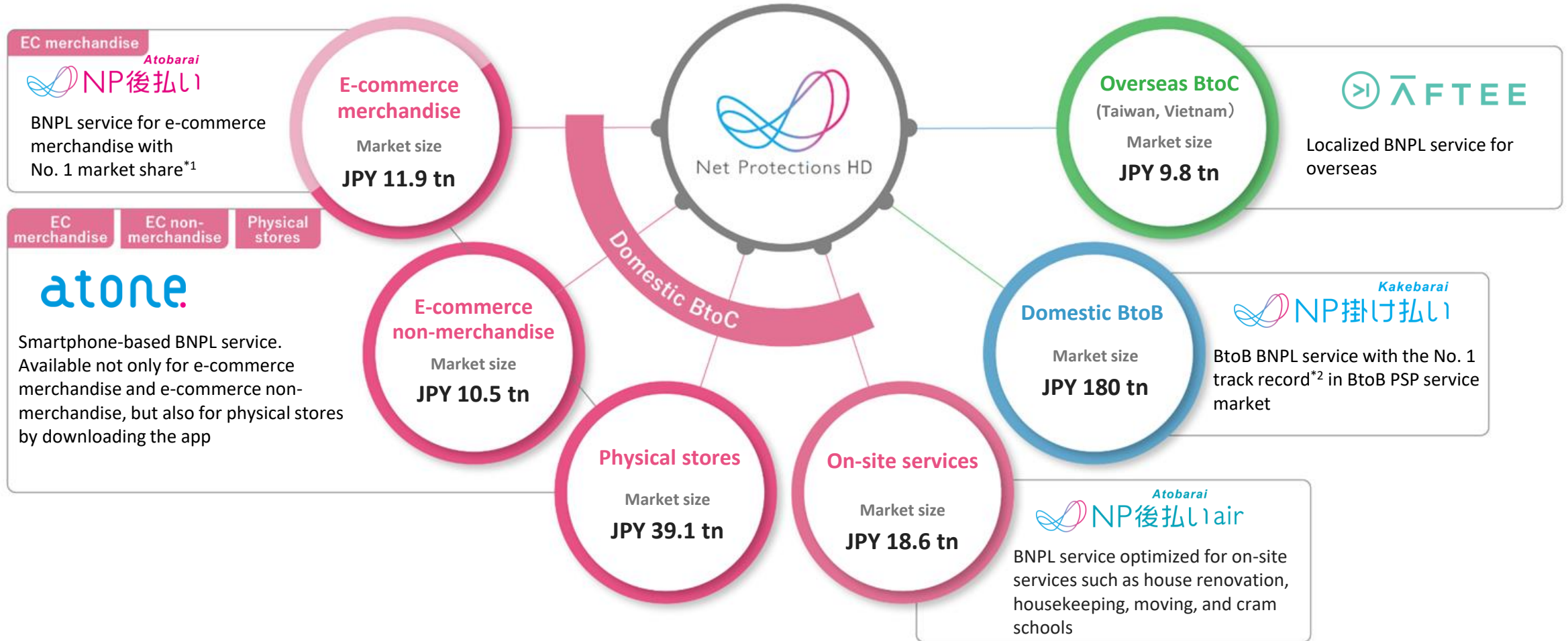
Mission

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 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 67-69 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.

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 payment data built up over the past 20 years.





Highlights of Group Financial Results

Group Total GMV | Trending up in line with guidance

Back on track for double-digit growth driven by BtoB

JPY135.9bn +14.5% YoY (BtoC +5.0%, BtoB +42.9%)

BtoC *NP Atobarai and other*

The growth rate turned positive.

GMV JPY87.2bn +3.8% YoY

Despite the provision for doubtful accounts of 110 million yen for a specific merchant, it remained profitable excluding this one-time expense.

BtoC *atone*

Sales pipeline also remained strong.

GMV JPY6.0bn +26.3% YoY

With addition of “BNPL per purchase,” the percentage of customers who chose to pay by atone jumped from 8% to 21% at stores that have introduced the service.

*See page 24-27.

BtoB *NP Kakebarai*

Growth in most categories.

GMV JPY42.6bn +42.9% YoY

We addressed a declined take rate, caused by an increase in the proportion of large-scale merchants, by offering an option of card payment as our new revenue stream.

Financial Results: Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023

GMV has progressed 50.8% against the guidance for H1.

We have kept the full-year guidance unchanged as we can offset the one-time increase in allowance for doubtful accounts by holding down SG&A expenses.

Summary of financial results

(JPY in millions)

	FY24/3 Q1 results	YoY percentage change	H1 forecast* ⁴		Provision for doubtful accounts of 110 million yen was posted for a specific merchant in the NP <i>Atobarai</i> business. Proforma financial results excluding this one-time factor are as shown below.	
			Amount	Progress rate		
GMV (non-GAAP)	135,928	+14.5%	267,342	50.8%		
Total operating revenue	5,173	+12.8%	10,097	51.2%		
Revenue	5,044	+13.9%	9,857	51.2%	Q1 proforma results	YoY percentage change
Gross profit (non-GAAP)*¹	1,806	-1.5%	3,763	48.0%	1,917	+4.6%
SG&A expenses	2,278	+18.8%	4,680	48.9%		
Other operating expenses	11	-6.7%				
Of SG&A expenses, marketing expenses* ³	160	+0.0%	450	35.7%		
Operating profit (loss)	(354)	-	(676)	-	(244)	-
EBITDA (non-GAAP)*²	16	-95.9%	61	27.2%	127	-69.1%

*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)

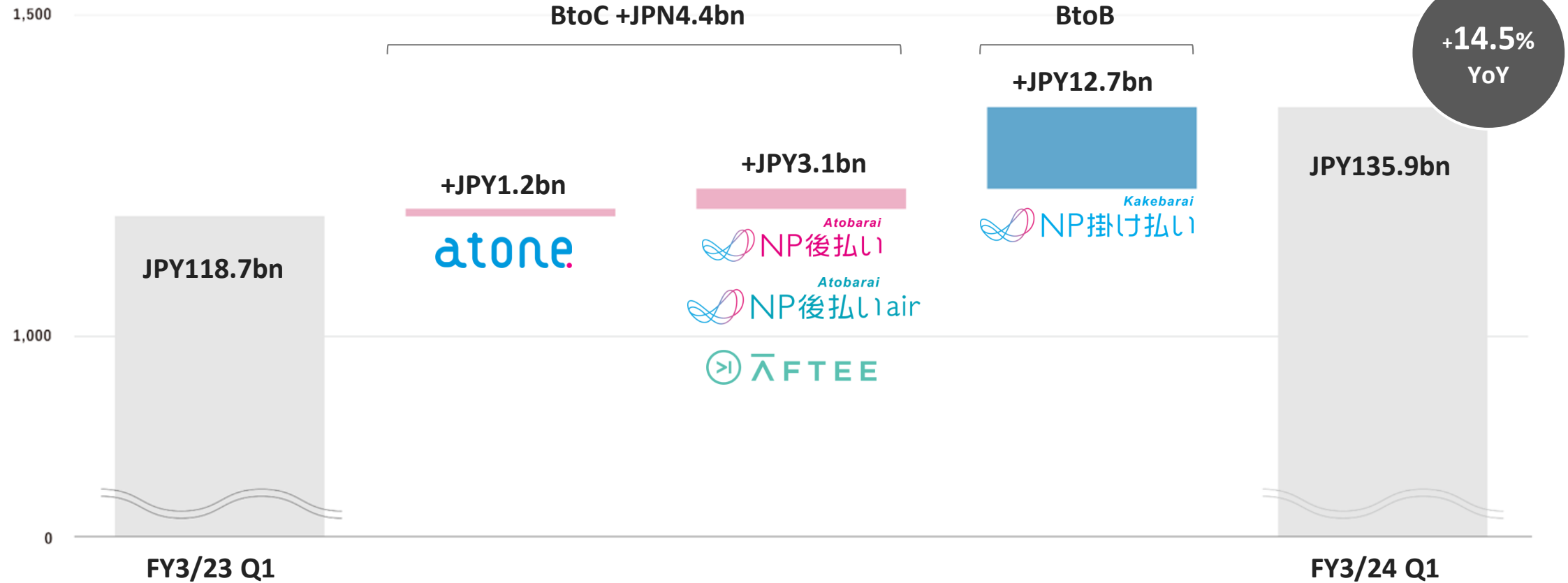
*3 Marketing expenses: Sales promotion expenses (excluding agency commissions) + Advertising expenses

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

Financial Results: GMV

The Group total GMV increased 14.5% year on year, underpinned by the recovery of BtoC services coupled with the solid growth of BtoB service in most categories.

(JPY in 100 million)



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

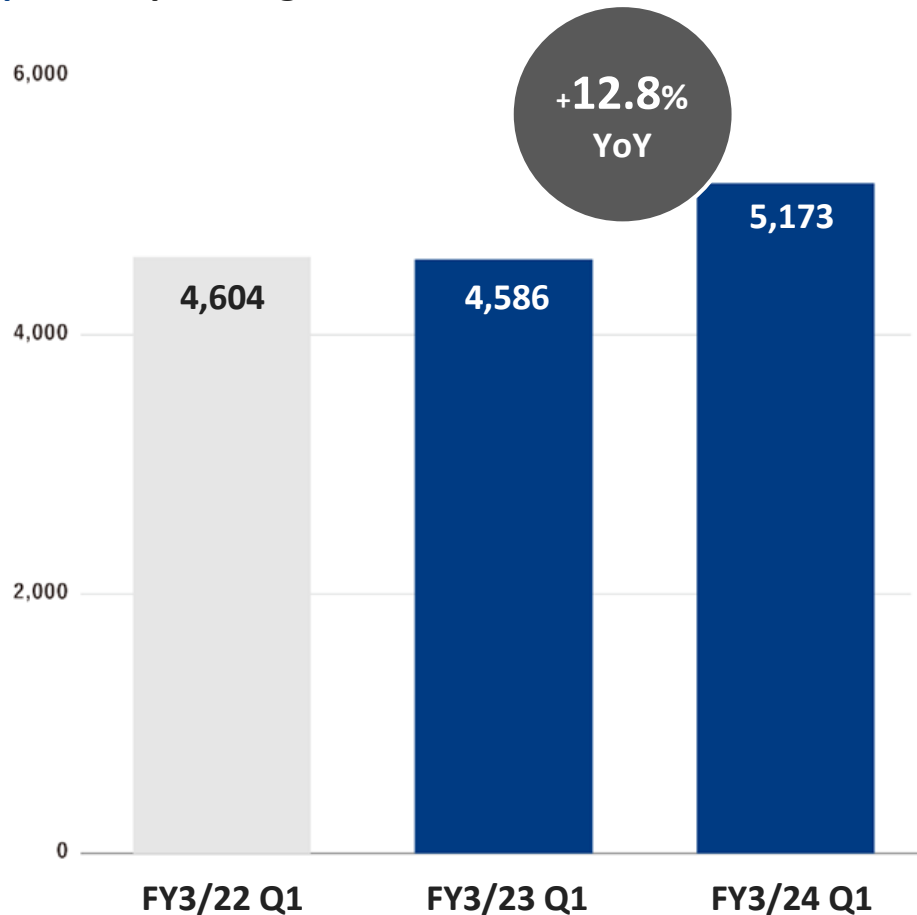
*2 Total amount of payments (including consumption tax) made through NP Atobarai, AFTEE, and NP Card provided by the Group

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

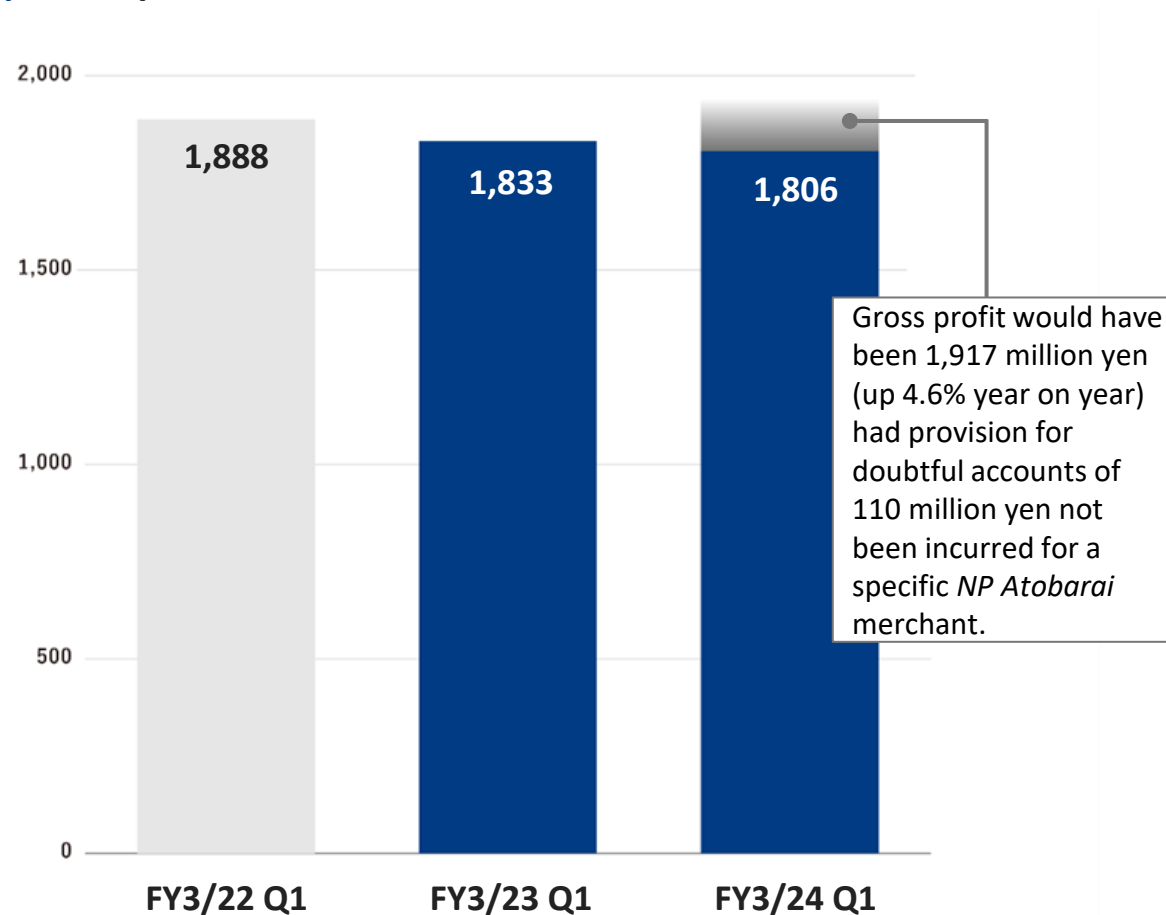
Trend of Financial Results: Total Operating Revenue and Gross Profit

With the the solid growth of BtoB service, total operating revenue increased 12.8% year on year. Gross profit, adjusted by one-time provision for doubtful accounts, increased 4.6% year on year.

Total operating revenue (JPY in millions)



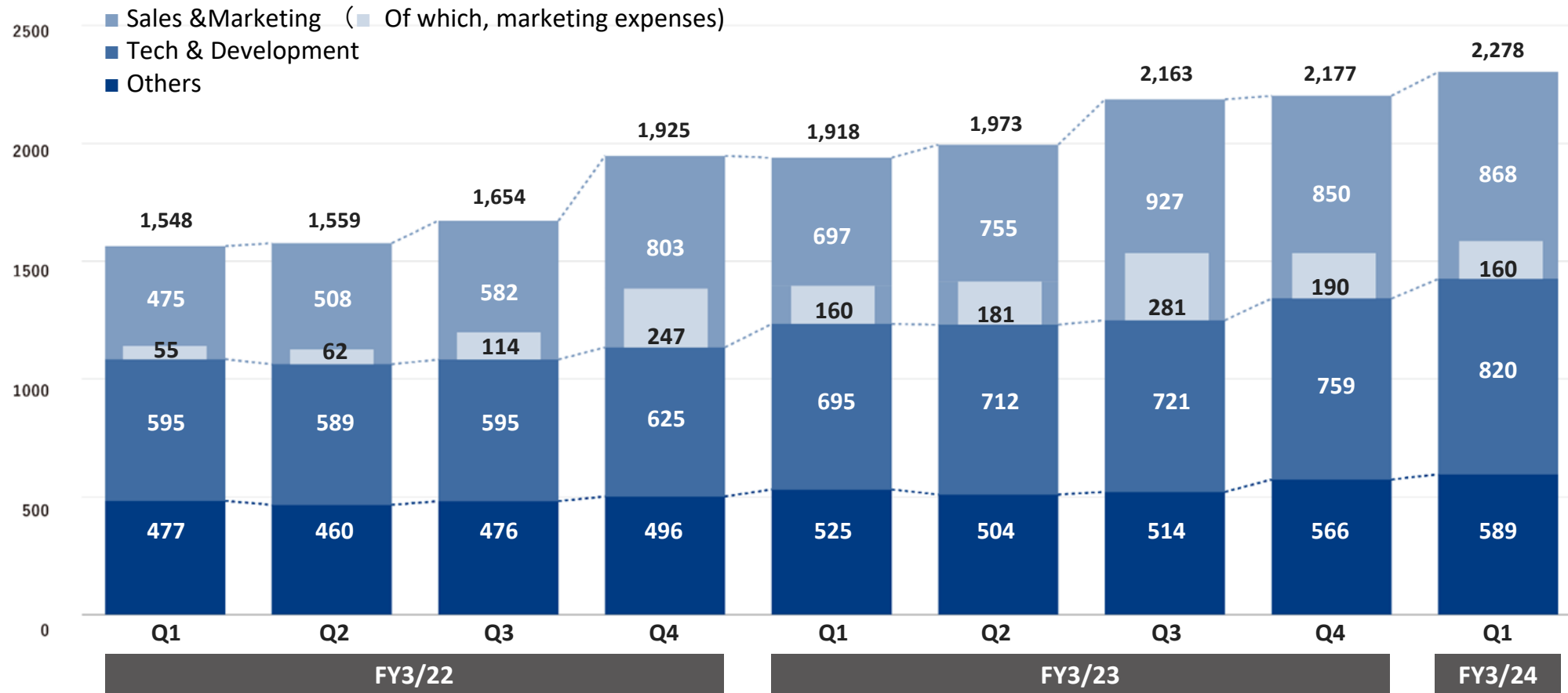
Gross profit (JPY in millions)



Quarterly Trend of SG&A Expenses

Since Q4 of the previous fiscal year, we have continued efforts to strengthen the functions of Sales & Marketing and Tech & Development as an upfront investment to expand the scale of operations. The reinforcement was completed in FY3/24 Q1, and there will be no significant growth going forward.

(JPY in millions)



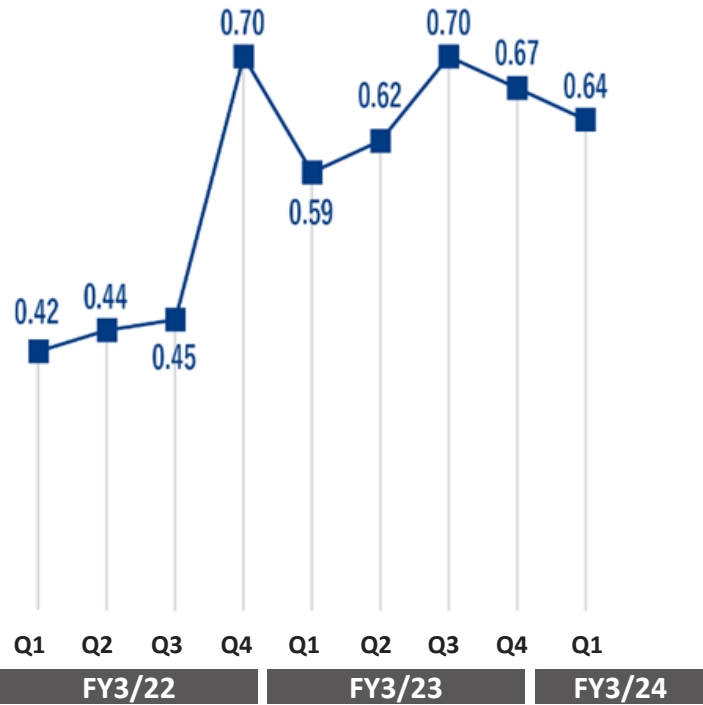
*1 Sales & Marketing: Personnel, outsourcing, operations related, marketing, and other expenses related to sales and marketing

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

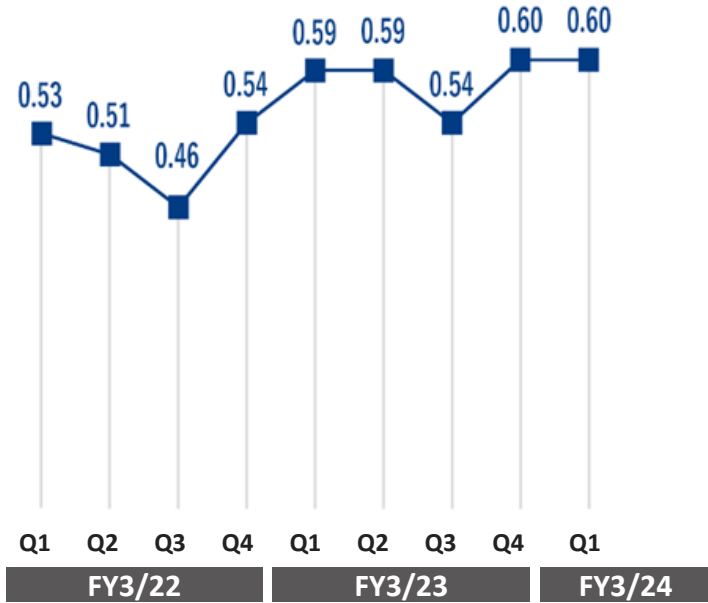
*3 Others: SG&A expenses other than *1 and *2 (personnel and outsourcing expenses related to back-office operations, outsourcing expenses of help desk for services, etc.)

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

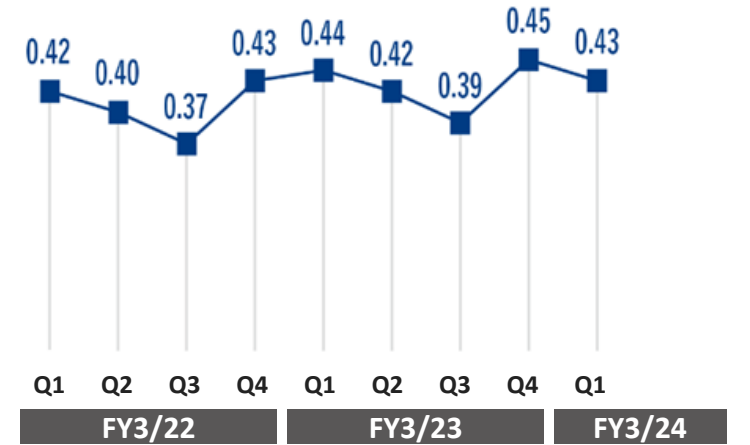
Sales & Marketing (%)



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

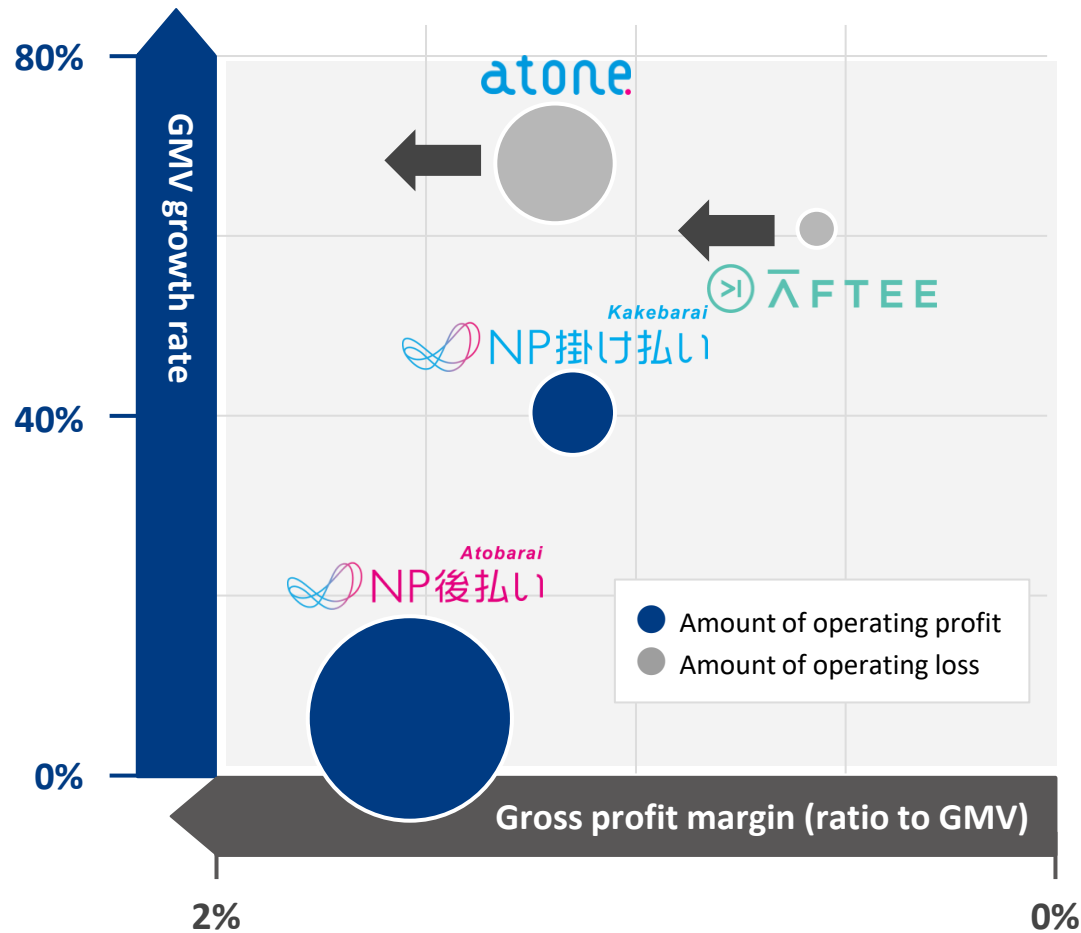
*3 Others: SG&A expenses other than *1 and *2 (personnel and outsourcing expenses related to back-office operations, outsourcing expenses of help desk for services, etc.)



Future Direction

Business Portfolio

As is: NP *Atobarai* & NP *Kakebarai* recorded operating profit, while *atone* & AFTEE posted operating loss.
To be: We aim to expand in scale while increasing profitability in all services from H2.



Profit improvement process

NP *Atobarai*

Increase profitability further by optimizing operational costs while sustaining stable growth.

NP *Kakebarai*

While sustaining high growth to expand multifaceted businesses, gradually implement financing services for 570,000 business clients.

atone

Its gross profit margin to GMV in e-commerce is higher than that of NP *Atobarai*.

Scale expansion directly leads to an increase in earnings.

AFTEE

As in *atone*, expansion of scale directly results in increased earnings.

Note) The business growth rate, gross profit margin and operating profit/loss are estimated based on the earnings forecast for the year ending March 2024.

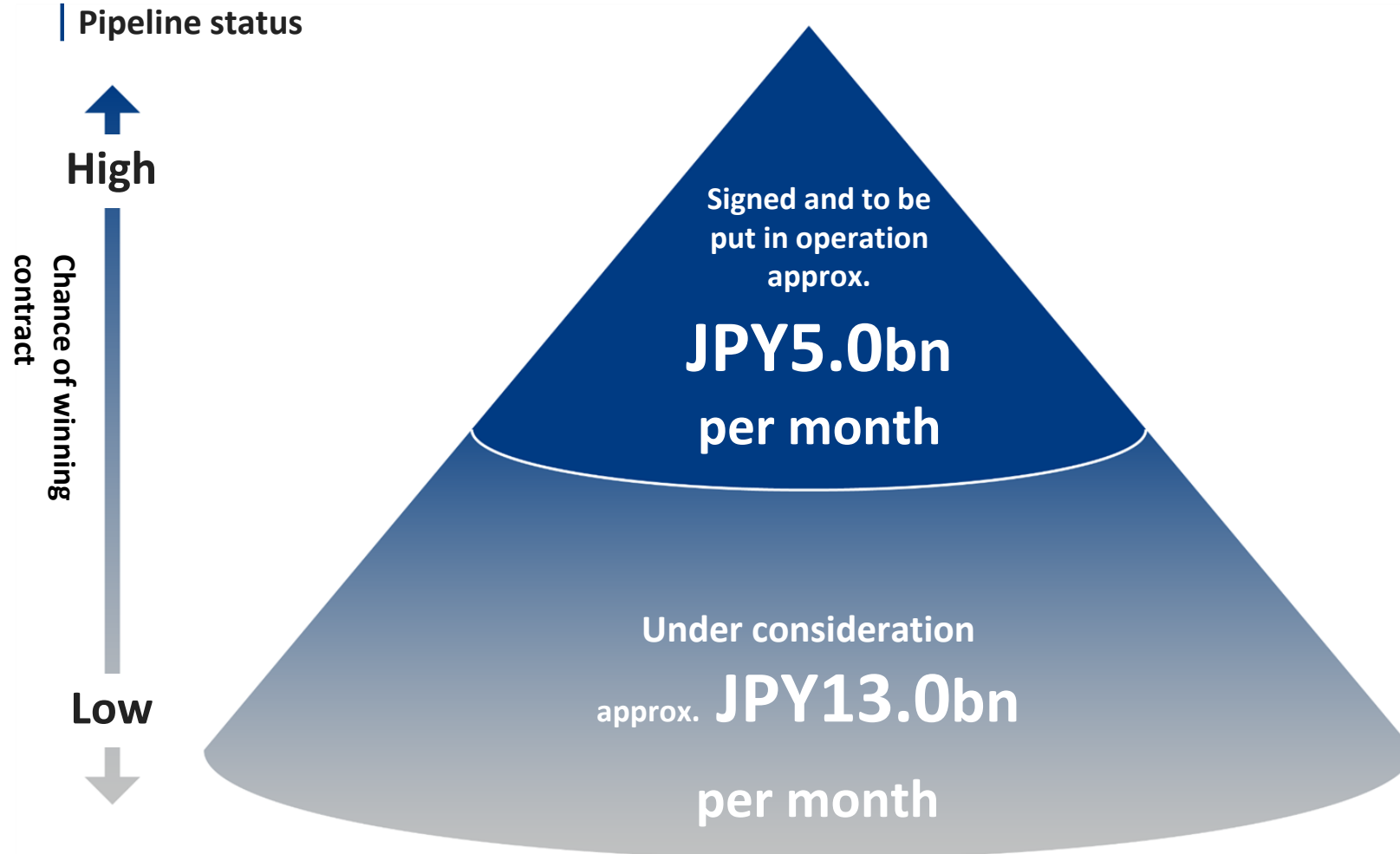
Note) Operating profit is calculated by excluding common fixed costs.

Note) AFTEE does not include service provided in Vietnam.

GMV: Sales Pipeline Status

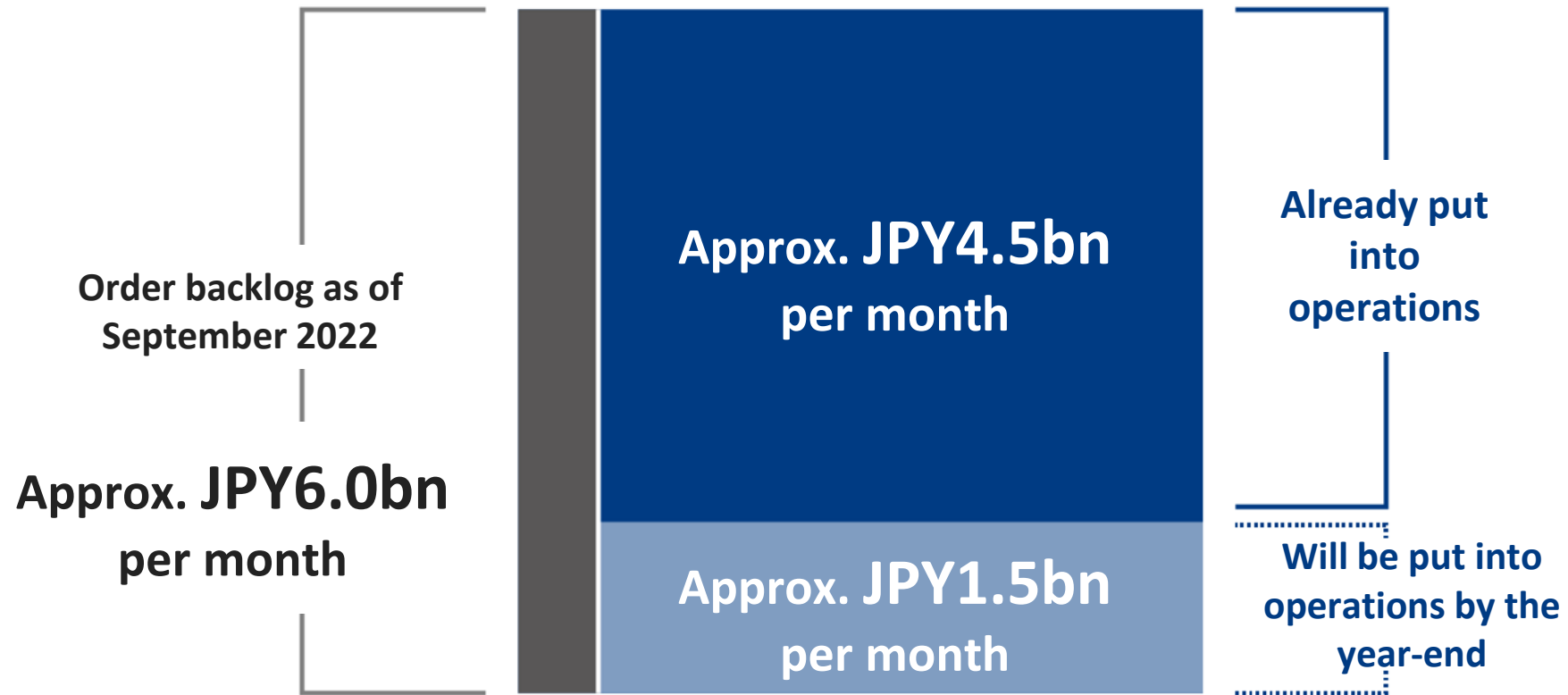
As of June 2023, the backlog GMV with contracts yet to be put in operation was 5.0 billion yen per month (estimate).

Pipeline has been built up to its highest-ever level.



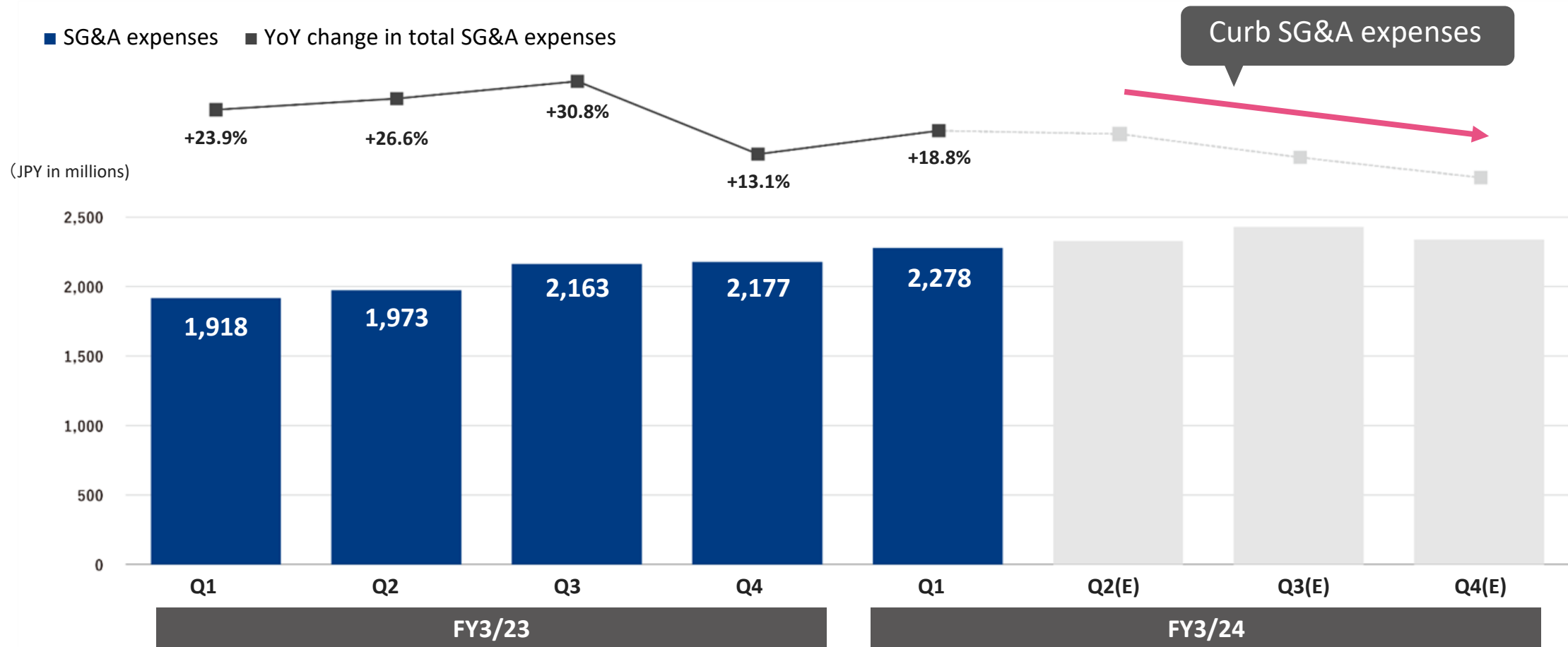
Reference: Progress of the past sales pipeline

Of order backlog of 6.0 billion yen per month as of September 2022, contracts with 4.5 billion yen per month have been put into operation.



Quarterly Changes and Outlook of SG&A

We will reduce SG&A expenses by increasing sales & marketing productivity, aiming to achieving profitability in the fiscal year ending March 2025.





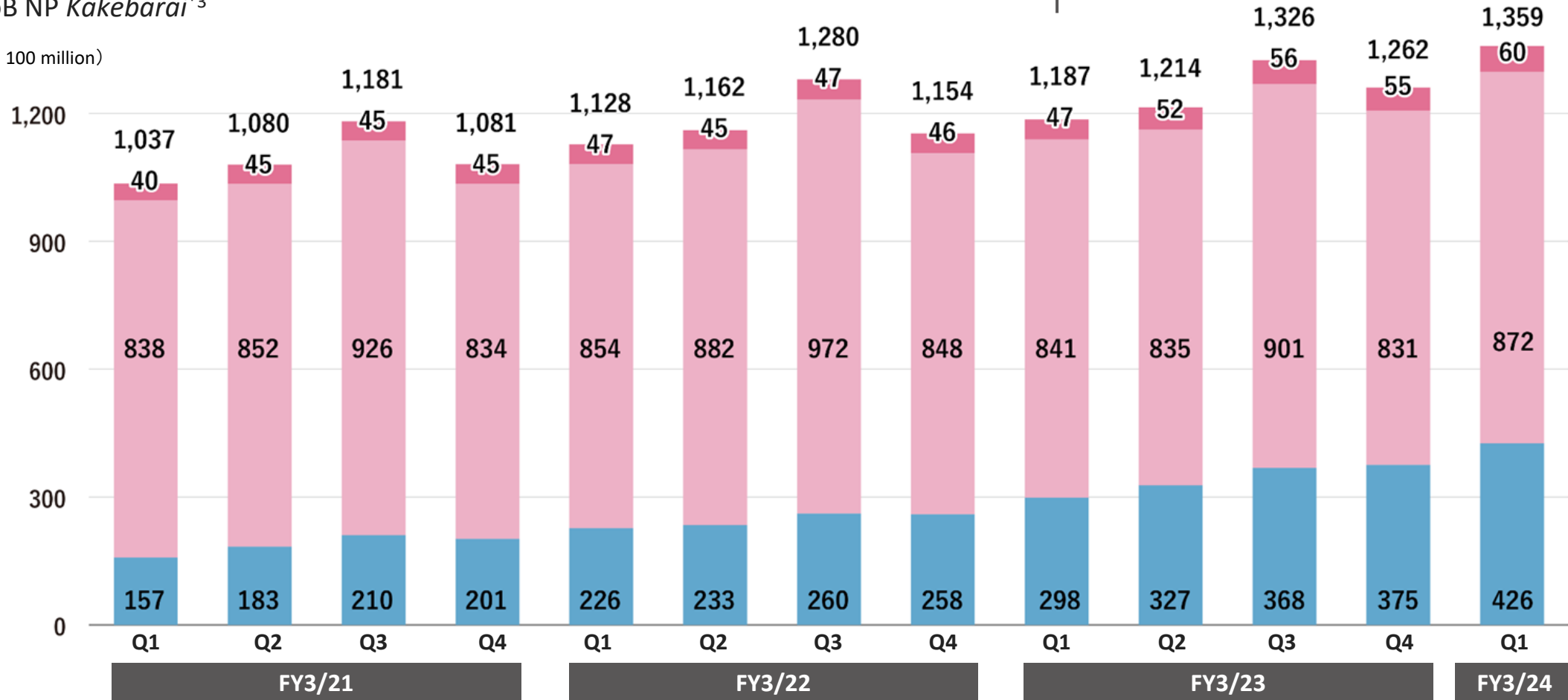
Summary of Financial Results by Services

Quarterly Changes in Group Total GMV

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

- BtoC atone*¹
- BtoC NP *Atobarai* and other*²
- BtoB NP *Kakebarai**³

(JPY in 100 million)

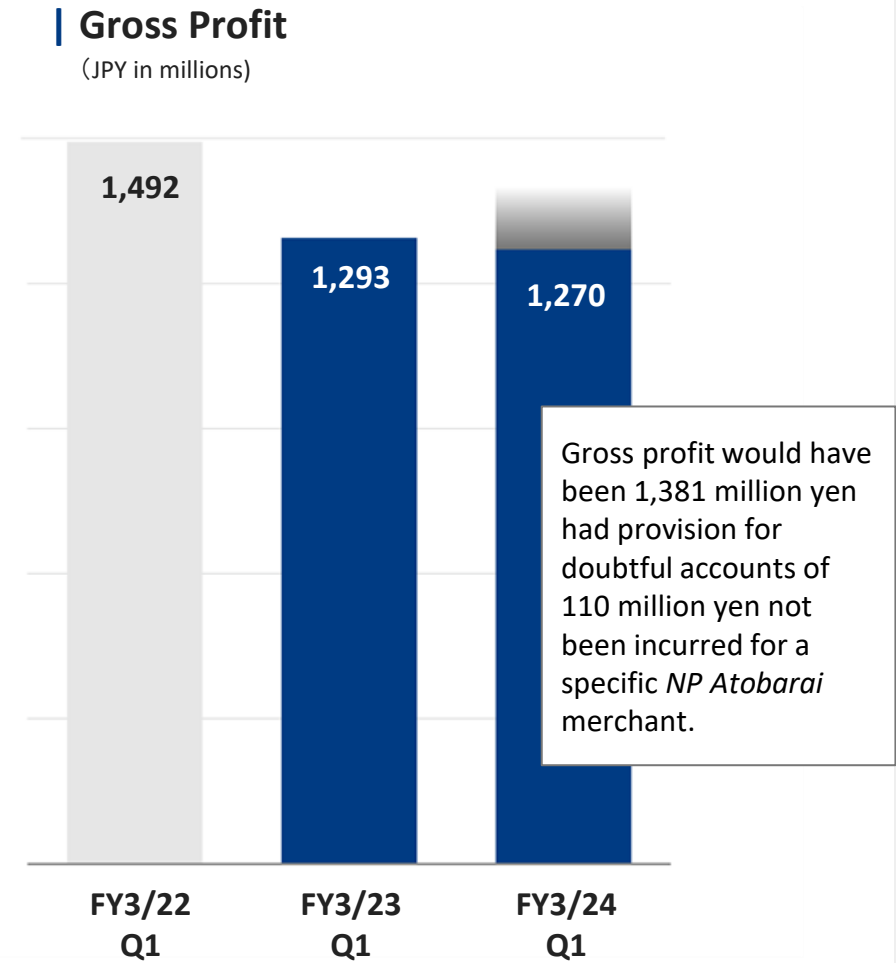
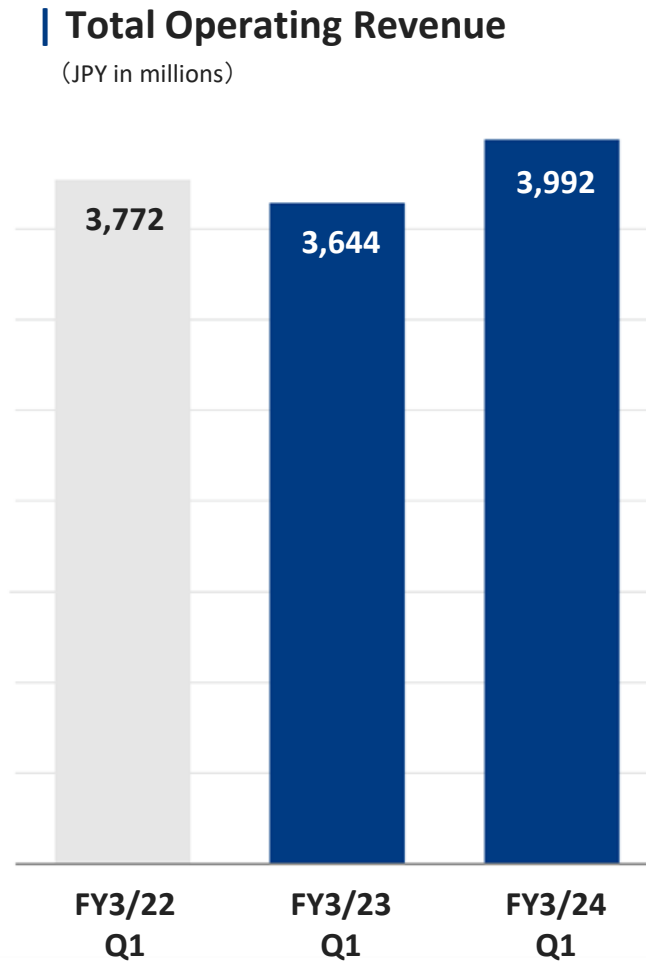
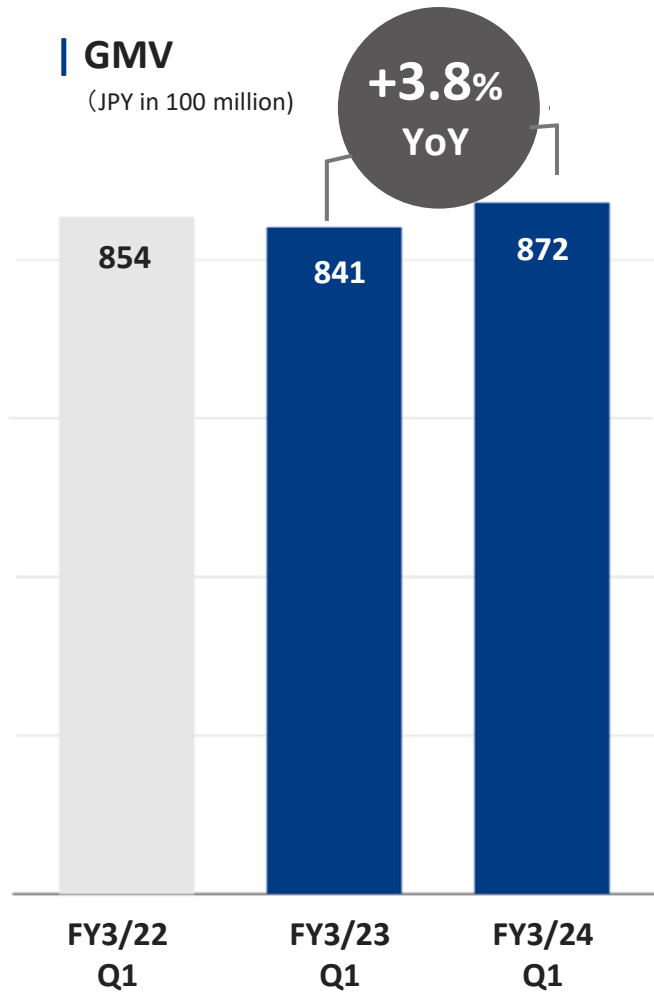


*1 Total amount of payments (including consumption tax) made through atone provided by the Group

*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

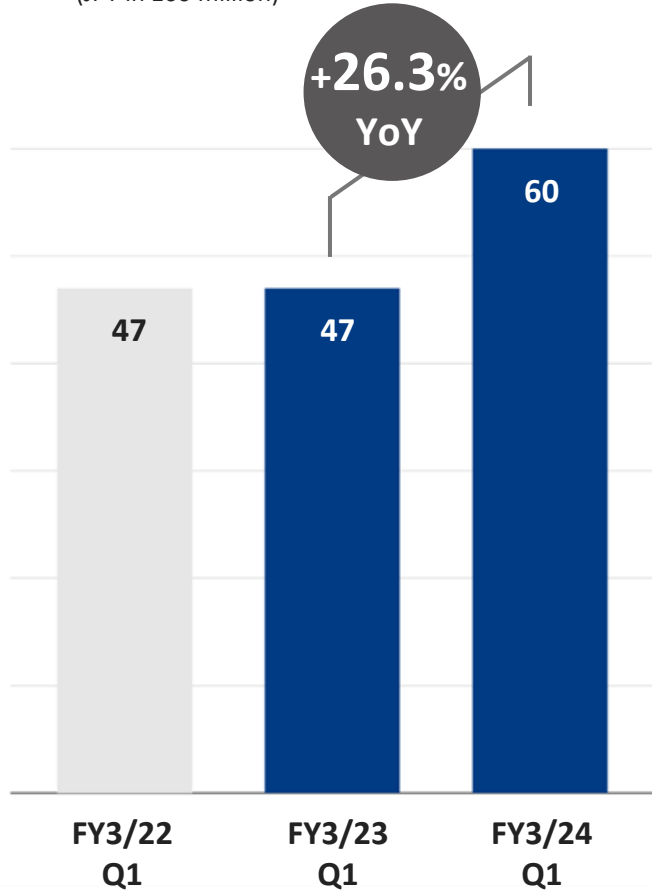
GMV's year-on-year growth turned positive, with the impact of the amendments to the PMD Act almost subsided and an increase in contracts shifted from the services of other companies.



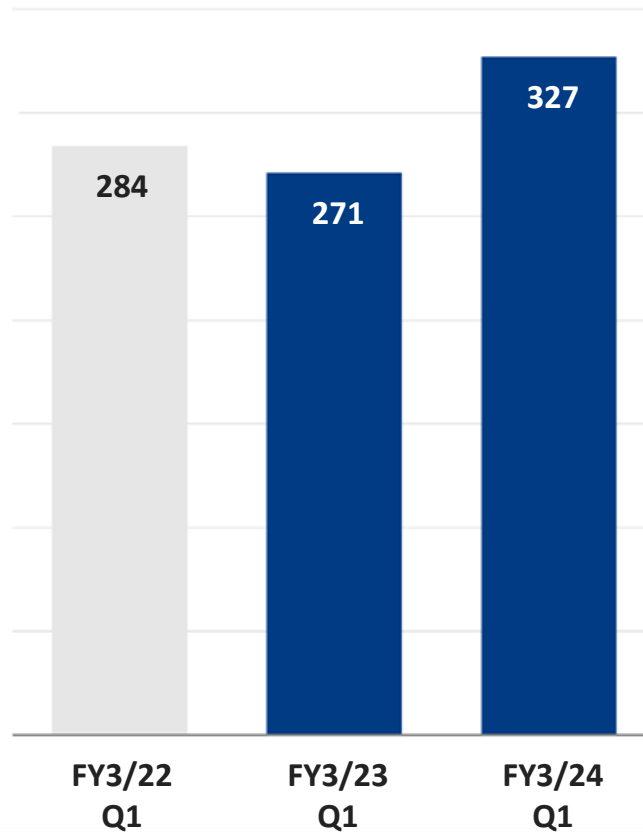
Key Performance Indicators of BtoC Services: atone

GMV increased +26.3% year on year, driven by accelerated growth in the number of new e-commerce merchants.

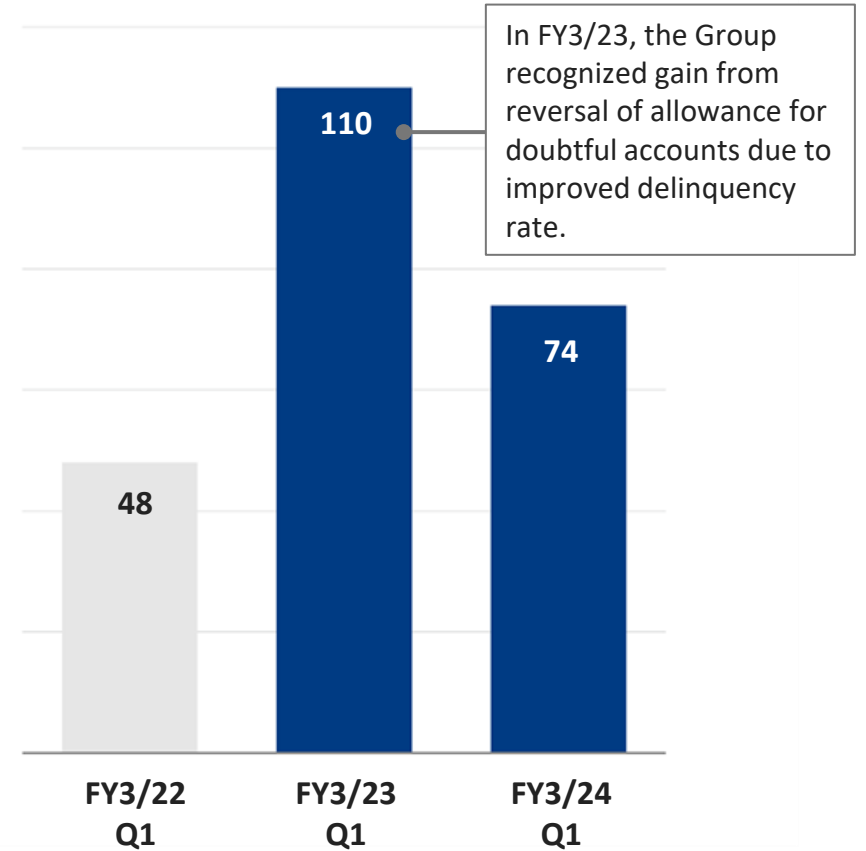
GMV
(JPY in 100 million)



Total Operating Revenue
(JPY in millions)



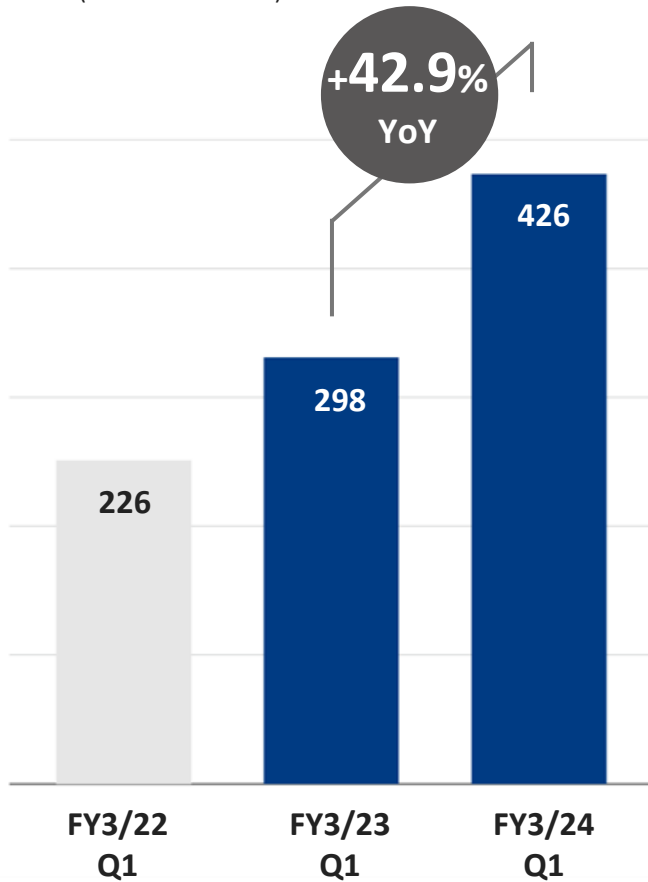
Gross Profit
(JPY in millions)



GMV significantly increased +42.9% year on year, exceeding the guidance.

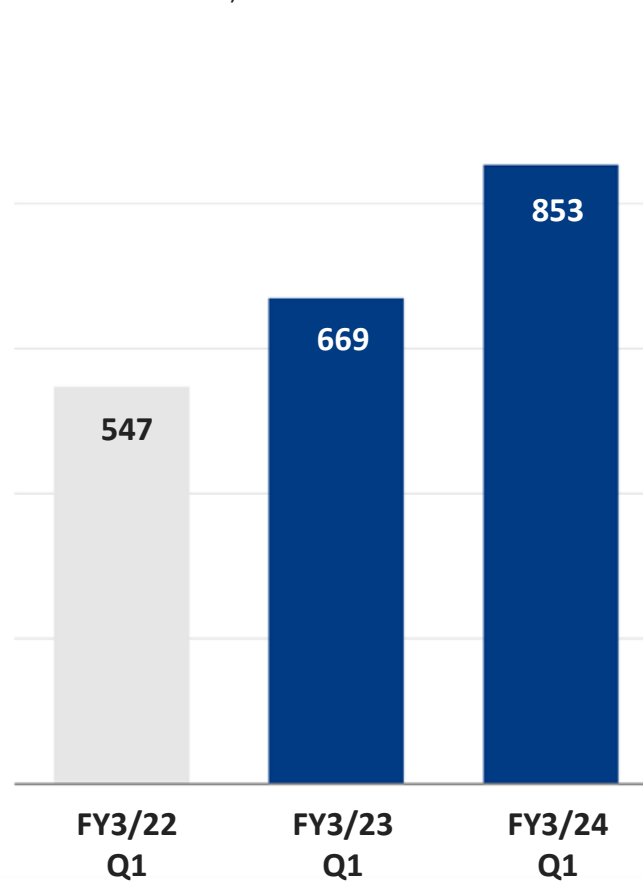
GMV

(JPY in 100 million)



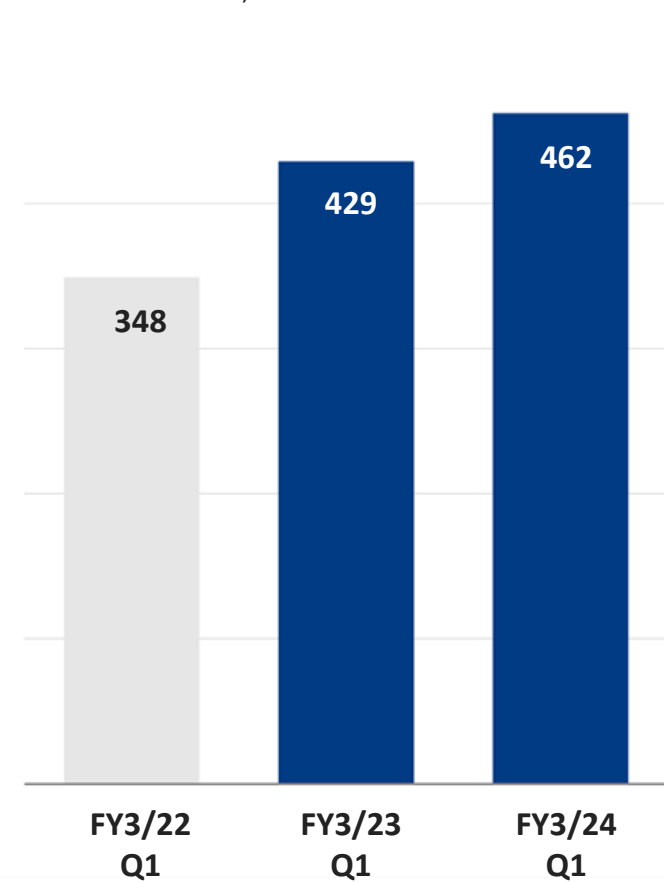
Total Operating Revenue

(JPY in millions)



Gross Profit

(JPY in millions)





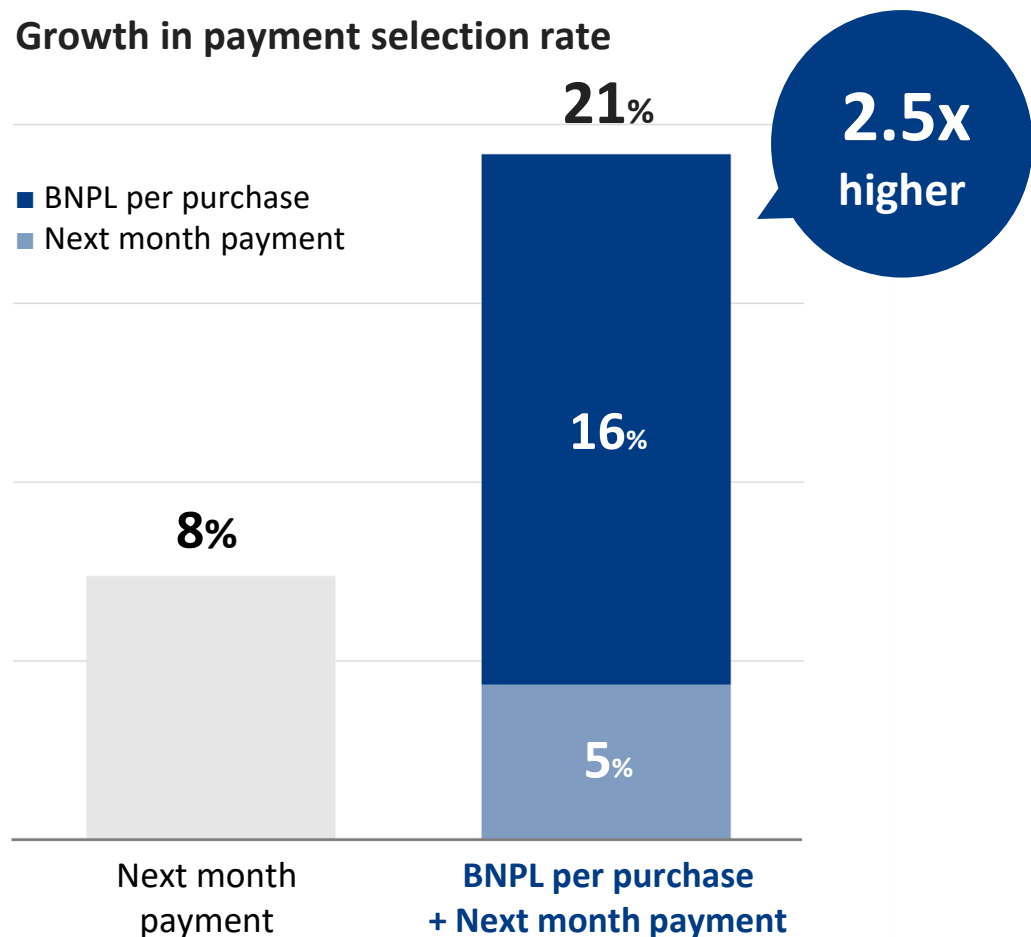
Management Topics

Unlike our existing next month payment, atone BNPL Per Purchase does not require sign-up. As all they need to do is SMS authentication to start shopping, the feature contributes greatly to acquiring new users.

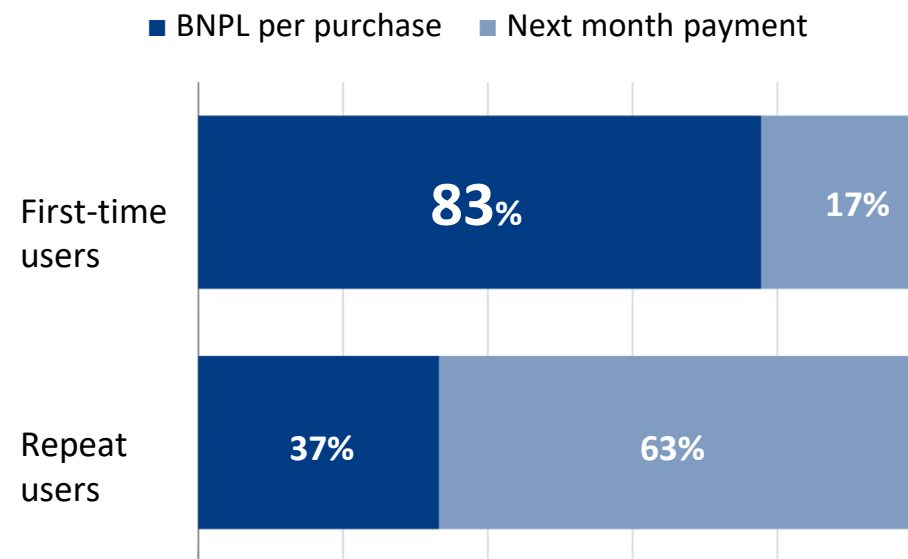
	BNPL Per Purchase	Next month payment
Sign-up	<p>Not required SMS authentication</p>	<p>Required Easy online sign-up</p>
Reward points	None	<p>0.5% *Campaigns are eligible for members only</p>
Payment method	<p>Convenience store, wire-transfer *Paperless</p>	<p>Direct debit, convenience store, wire-transfer *Paperless</p>
Benefits	Simple, easy to use	<p>Reward points earned on shopping Easy payment with direct debit</p>

Non-signup BNPL per purchase and point-rewarding next month payment boosted the payment selection rate of atone to over 20%. BNPL per purchase turned out to be the choice for 83% of first-time users.

Growth in payment selection rate

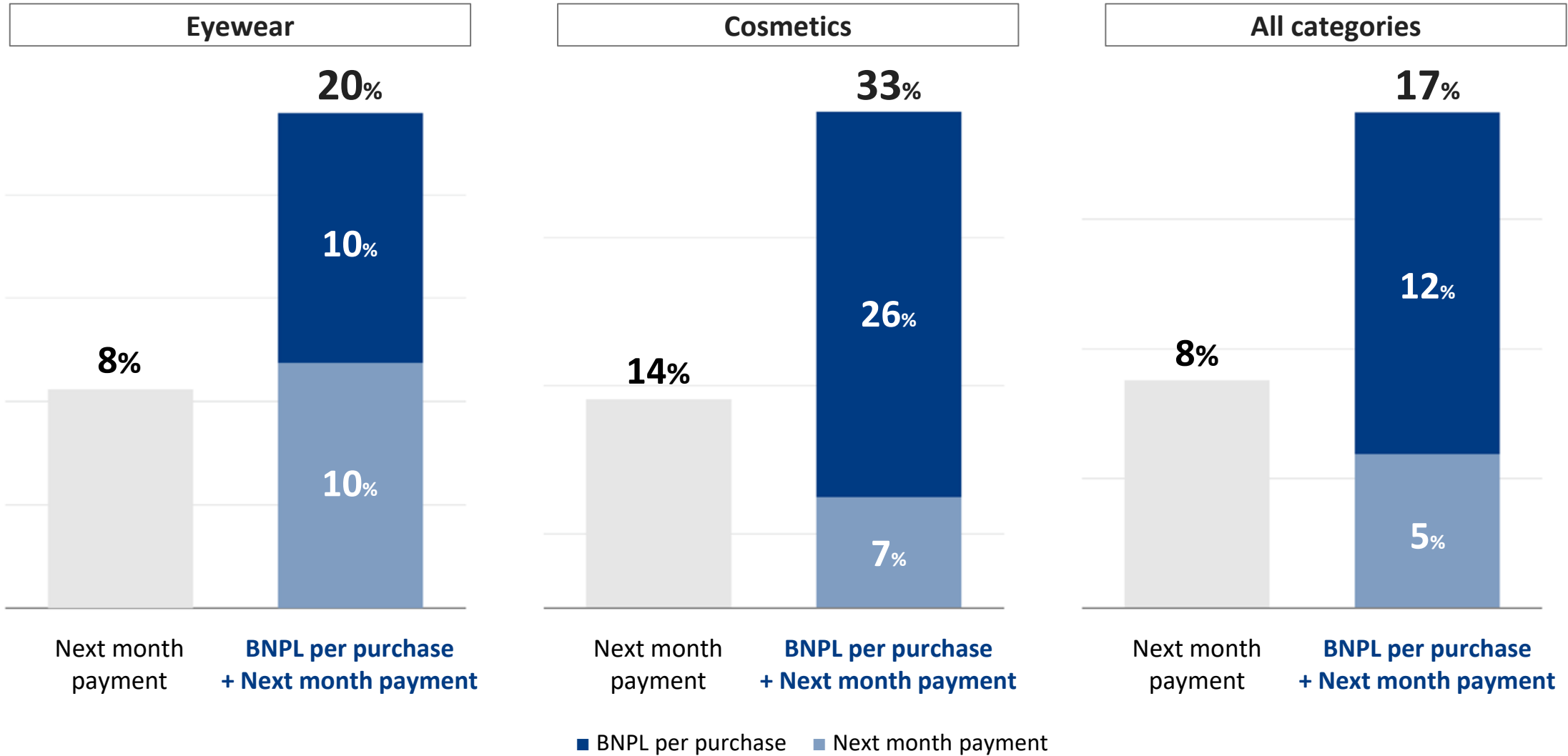


Breakdown for first-time users and repeat users



The payment selection rate of atone jumped in all categories, with over 30% in some shops.

Payment selection rate



Aiming for significant growth in GMV through the combination of the three measures.

Accelerate merchant acquisition

Sales force reinforcement

Integrated the sales departments of atone and NP Atobarai

10 → 40



Increase payment share

BNPL per purchase

Payment share

8% → 21%



Enhance ability to transfer customers

Development of member-transfer website

R&D is underway for a new feature that enables transfer of 6 million members to various e-commerce websites.

Larger share of electronic barcode billing expected to improve profitability

From the end of June, *NP Atobarai* top merchants have been switching to electronic barcode billing. The gross profit margin for *NP Atobarai* as a whole is expected to increase by about 2%.



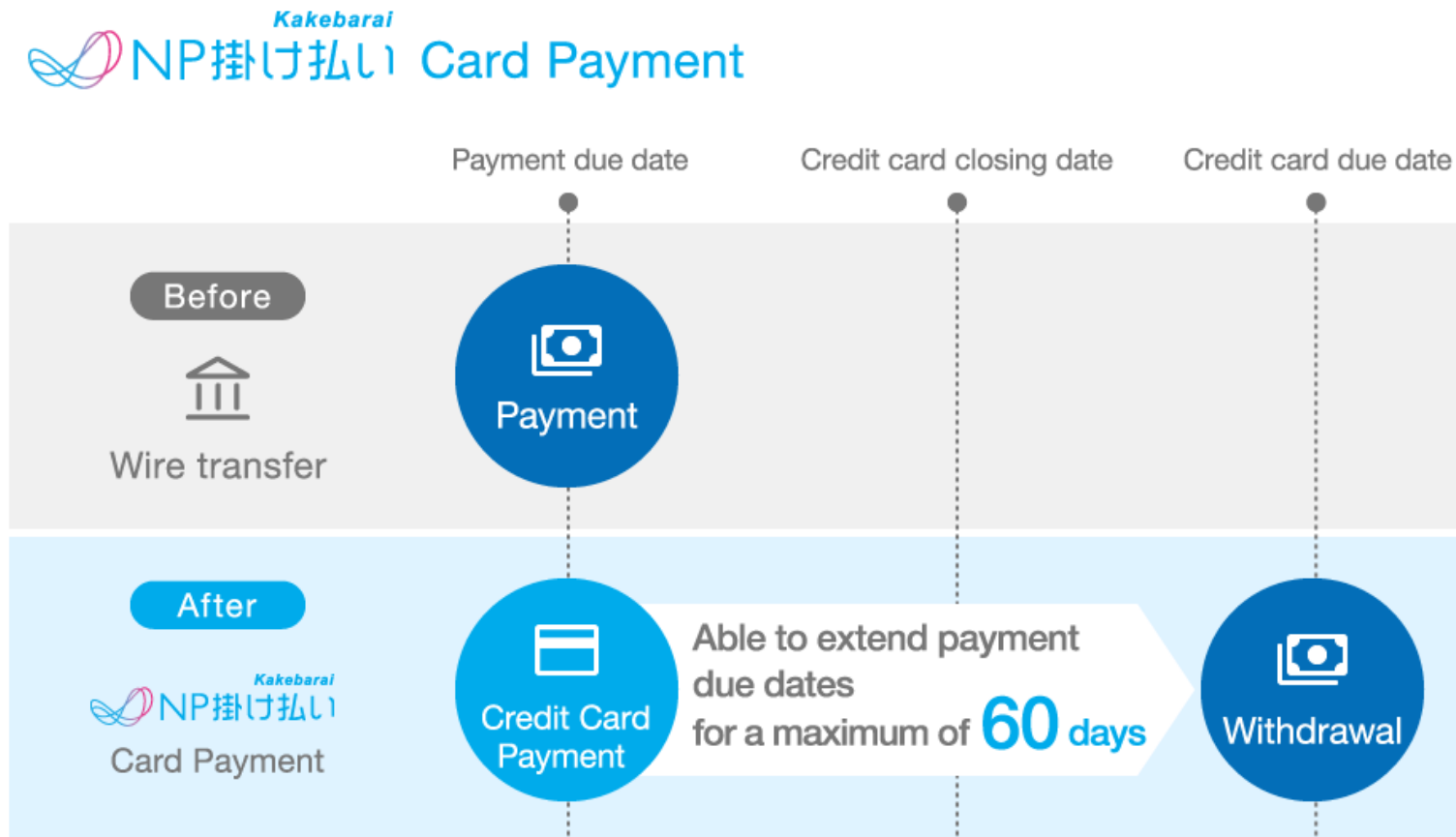
The number of AFTEE members exceeded one million in Taiwan

AFTEE in Taiwan has crossed the 1 million mark in membership.
We will continue to expand our merchant base and membership.

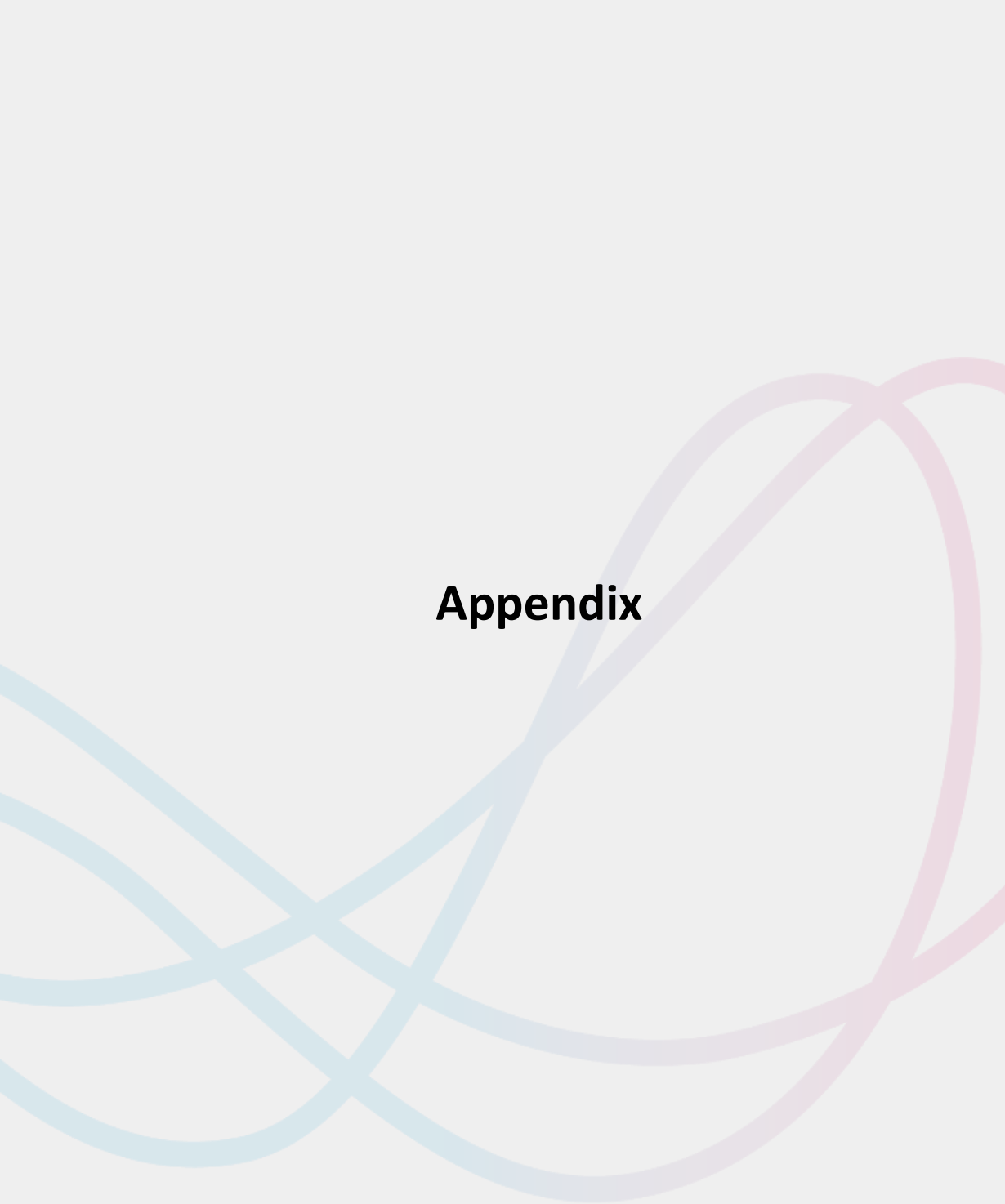


NP Kakebarai Card Payment - a feature newly available for *NP Kakebarai*

NP Kakebarai allows 570,000 business clients to pay by credit card after they receive invoices. The new feature will be tested at certain stores first, to be expanded in phases. Research is also underway to offer other financial services.



*The number of days carried over depends on the date of the card payment application and the due date on the card being used.



Appendix

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

Key Performance Indicators

	Three months ended June 30, 2022	Three months ended June 30, 2023	Percentage change
	(JPY in millions)	(JPY in millions)	%
GMV (non-GAAP)^{*1}	118,700	135,928	14.5
BtoC Services: NP <i>Atobarai</i> and other	84,103	87,288	3.8
BtoC Services: atone	4,761	6,013	26.3
BtoB Service	29,835	42,627	42.9
Total operating revenue	4,586	5,173	12.8
BtoC Services: NP <i>Atobarai</i> and other	3,644	3,992	9.5
BtoC Services: atone	271	327	20.5
BtoB Service	669	853	27.5
– Other operating revenue	155	129	(17.1)
Revenue	4,430	5,044	13.9
– Invoicing related expenses (non-GAAP) ^{*2}	1,808	2,152	19.0
– Bad debt related expenses (non-GAAP) ^{*3}	695	991	42.5
– Other payment related expenses (non-GAAP) ^{*4}	93	94	1.5
Gross profit (non-GAAP)^{*5}	1,833	1,806	(1.5)
BtoC Services: NP <i>Atobarai</i> and other	1,293	1,270	(1.8)
BtoC Services: atone	110	74	(32.9)
BtoB Service	429	462	7.6
– SG&A and other operating expenses (non-GAAP) ^{*6}	1,931	2,290	18.6
Operating profit	58	(354)	–
+ Depreciation and amortization	340	358	5.4
+ Share-based payment expenses	0	2	153.5
+ Loss on disposal of property, plant and equipment	12	10	(14.6)
+ Impairment losses	–	–	–
– Gain from reversal of impairment losses	–	–	–
EBITDA (non-GAAP)^{*7}	411	16	(95.9)

*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

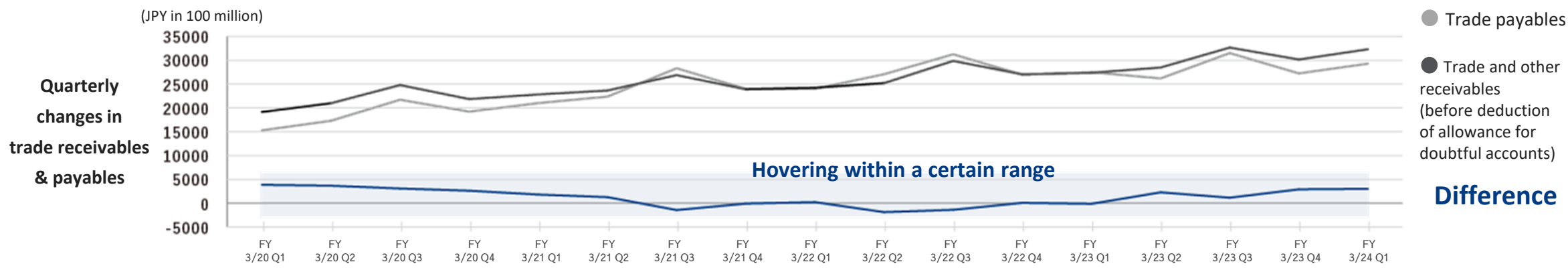
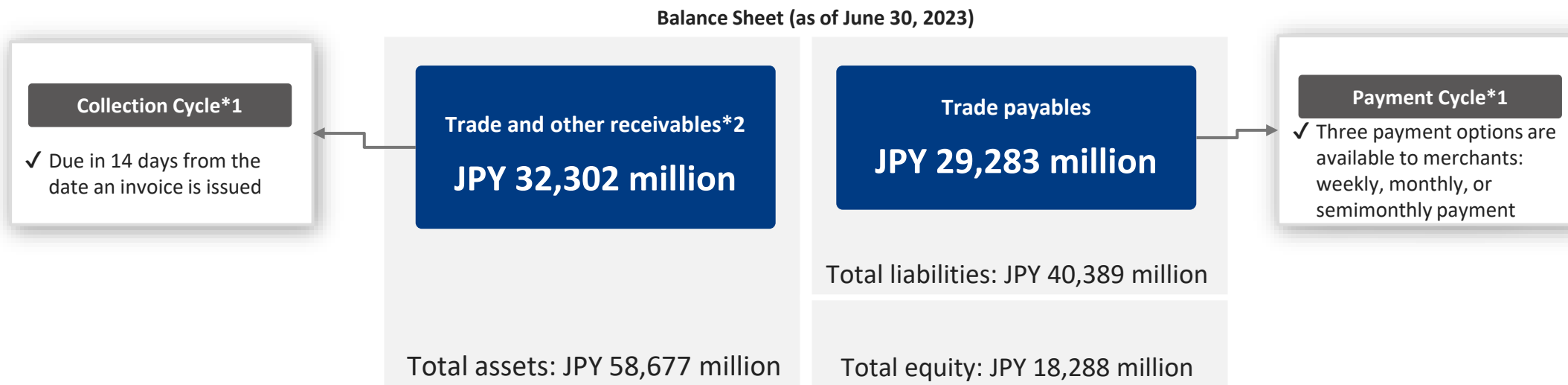
	As of March 31, 2023	As of June 30, 2023
Assets		
Cash and cash equivalents	10,564	11,810
Trade and other receivables	24,540	26,353
Inventories	21	16
Other current receivables	1,102	1,087
Total current assets	36,228	39,269
Property, plant and equipment	743	615
Goodwill	11,608	11,608
Intangible assets	4,130	4,344
Other financial assets	1,005	1,015
Deferred tax assets	1,514	1,634
Other non-current assets	171	190
Total non-current assets	19,175	19,408
Total Assets	55,404	58,677

(JPY in millions)

	As of March 31, 2023	As of June 30, 2023
Liabilities and Equity		
Trade and other payables	27,233	29,283
Short-term loans	3,000	4,500
Lease liabilities	415	349
Other current financial liabilities	4	9
Income taxes payable	161	69
Provisions	28	21
Liabilities for employee benefits	443	476
Other current liabilities	513	569
Total current liabilities	31,801	35,278
Long-term loans	4,964	4,967
Lease liabilities	85	57
Provisions	84	85
Total non-current liabilities	5,135	5,110
Total Liabilities	36,936	40,389
Share capital	4,113	4,113
Capital surplus	14,168	14,177
Retained earnings	22	(253)
Other components of equity	64	159
Total equity attributable to owners of parent	18,369	18,196
Non-controlling interests	98	91
Total Equity	18,467	18,288
Total Liabilities and Equity	55,404	58,677

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 three months ended June 30, 2022	For the three months ended June 30, 2023
Revenue	4,430	5,044
Other operating revenue	155	129
Total operating revenue	4,586	5,173
Operating expenses	(4,528)	(5,528)
Operating profit (loss)	58	(354)
Financial income	0	0
Financial costs	(16)	(14)
Profit (loss) before income taxes	41	(368)
Income tax expense	(56)	85
Profit (loss)	(14)	(282)
Profit (loss) attributable to:		
Owners of parent	(14)	(276)
Non-controlling interests	–	(6)
Profit (loss)	(14)	(272)
Earnings (loss) per share		
Basic earnings (loss) per share (yen)	(0.15)	(2.86)
Diluted earnings (loss) per share (yen)	(0.15)	(2.86)

Consolidated Statement of Cash Flows

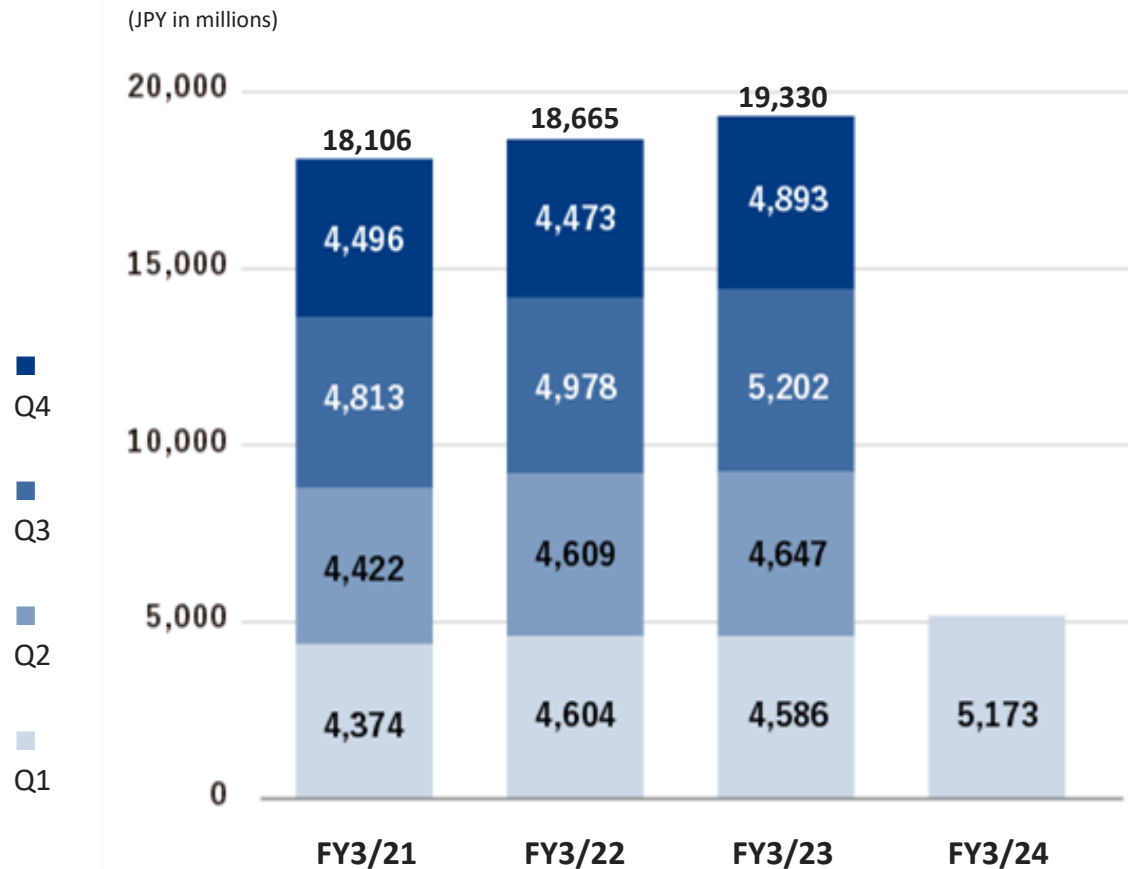
(JPY in millions)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Cash Flows from Operating Activities		
Profit (loss) before income taxes	41	(368)
Depreciation, amortization and impairment losses	340	358
Share-based payment expenses	0	2
Finance income and finance costs	12	11
Increase (decrease) in provisions	5	(5)
Loss on disposal of property, plant and equipment	12	10
Decrease (increase) in inventories	2	4
Decrease (increase) in trade and other receivables	(223)	(1,813)
Increase (decrease) in trade and other payables	526	2,050
Other	(19)	139
Subtotal	699	390
Interest received	0	0
Interest paid	(2)	(2)
Income tax paid	(790)	(78)
Net cash provided by (used in) operating activities	(93)	309
Cash Flows from Investing Activities		
Payments into time deposits	(1)	(0)
Purchase of property, plant and equipment	(79)	(5)
Purchase of intangible assets	(265)	(454)
Payments for guarantee deposits	(8)	–
Purchase of available-for-sale securities	(315)	(7)
Net cash provided by (used in) investing activities	(669)	(467)
Cash Flows from Financing Activities		
Net increase (decrease) in short-term loans	–	1,500
Repayments of lease liabilities	(92)	(96)
Proceeds from issuance of shares	0	1
Net cash provided by (used in) financing activities	(91)	1,404
Effects of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(854)	1,246
Cash and cash equivalents at the beginning of the period	12,119	10,564
Cash and cash equivalents at the end of the period	11,264	11,810

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

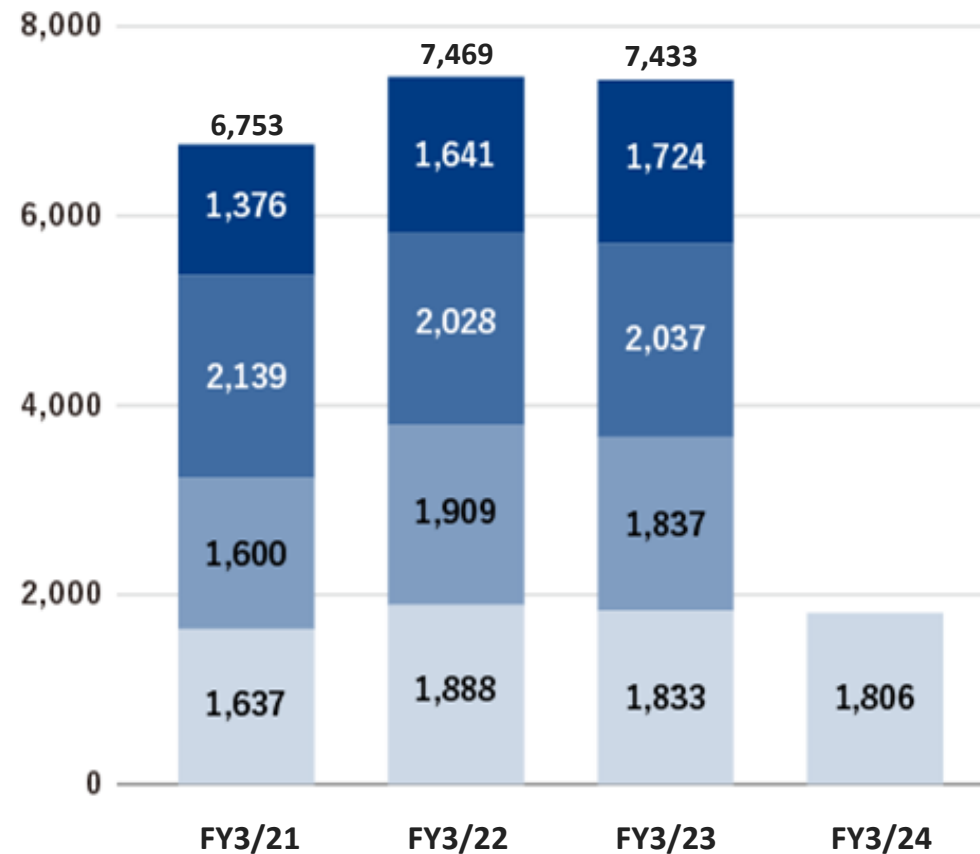
Total Operating Revenue

(JPY in millions)



Gross Profit (non-GAAP) *1

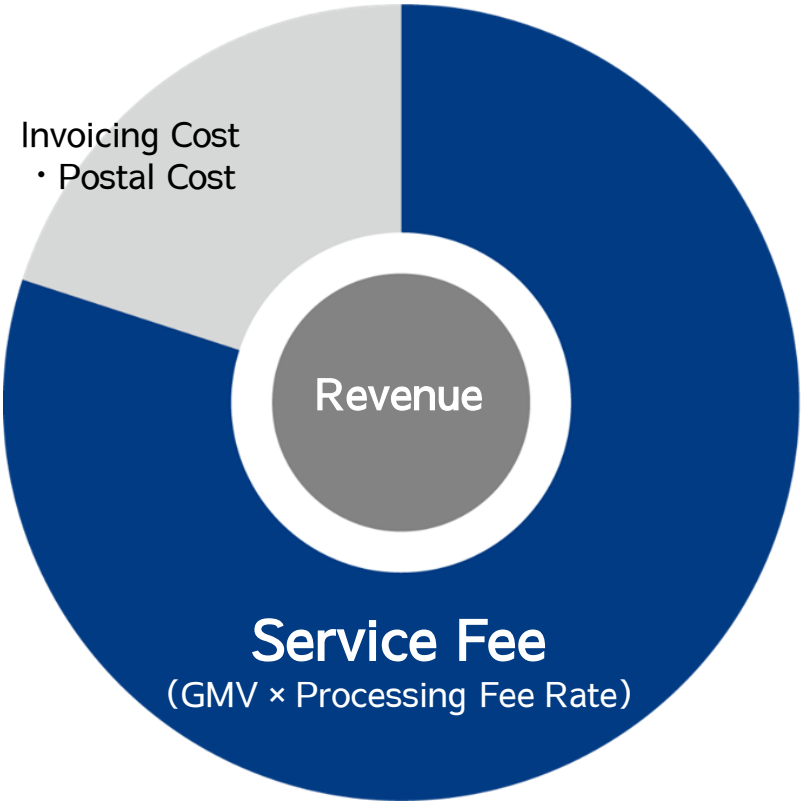
(JPY in millions)



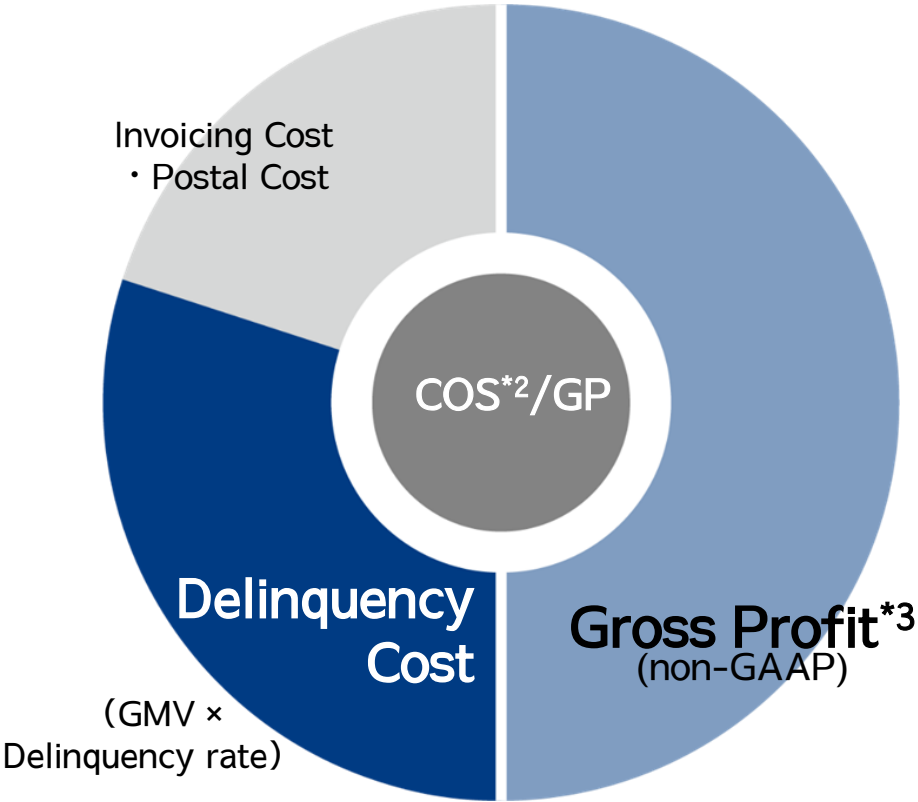
*1 Gross profit: Revenue - (Collection expense + Invoicing expense + Provision for doubtful accounts + Bad debt expense + Loss on sale of trade receivables + Credit screening expense + NP point expense + Other payment related expenses)

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

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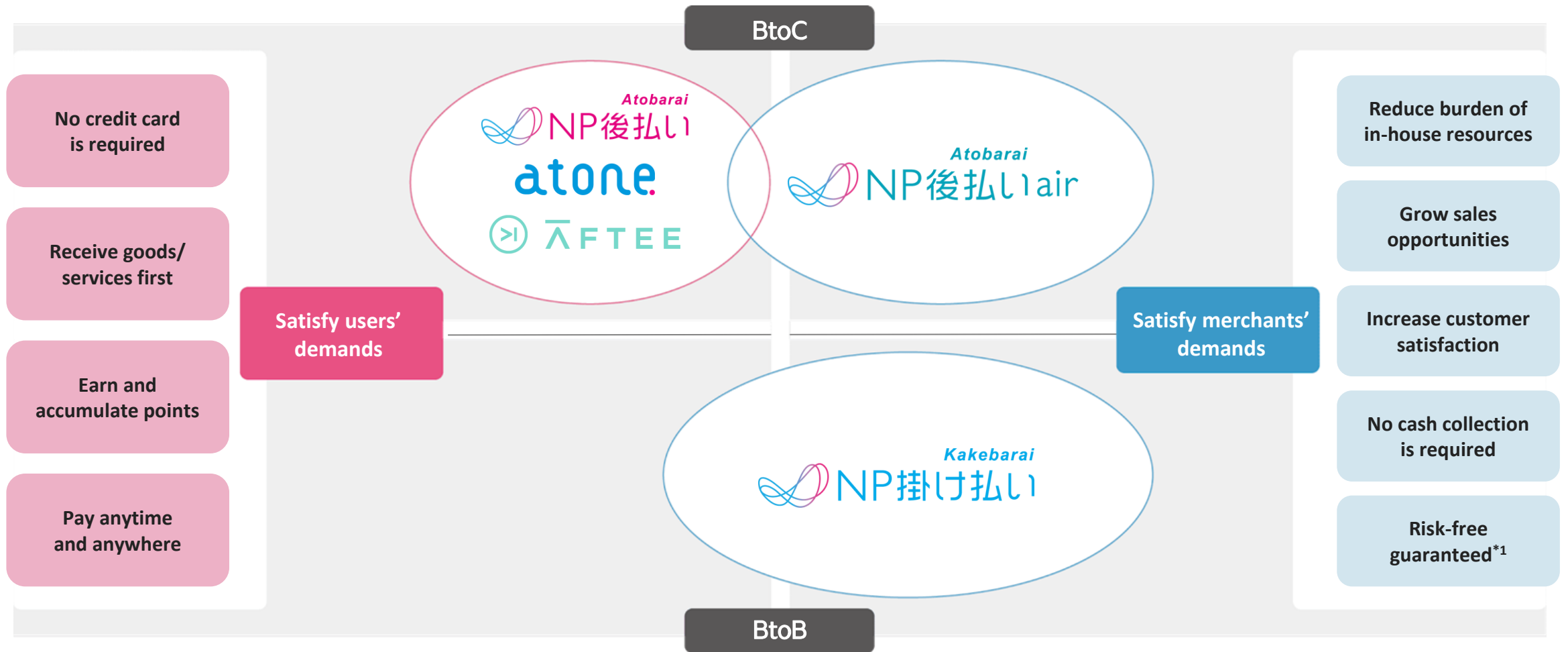
<https://share.hsforms.com/1hz-HTwboSK2xYNq0TLIMswcwzc4>



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.

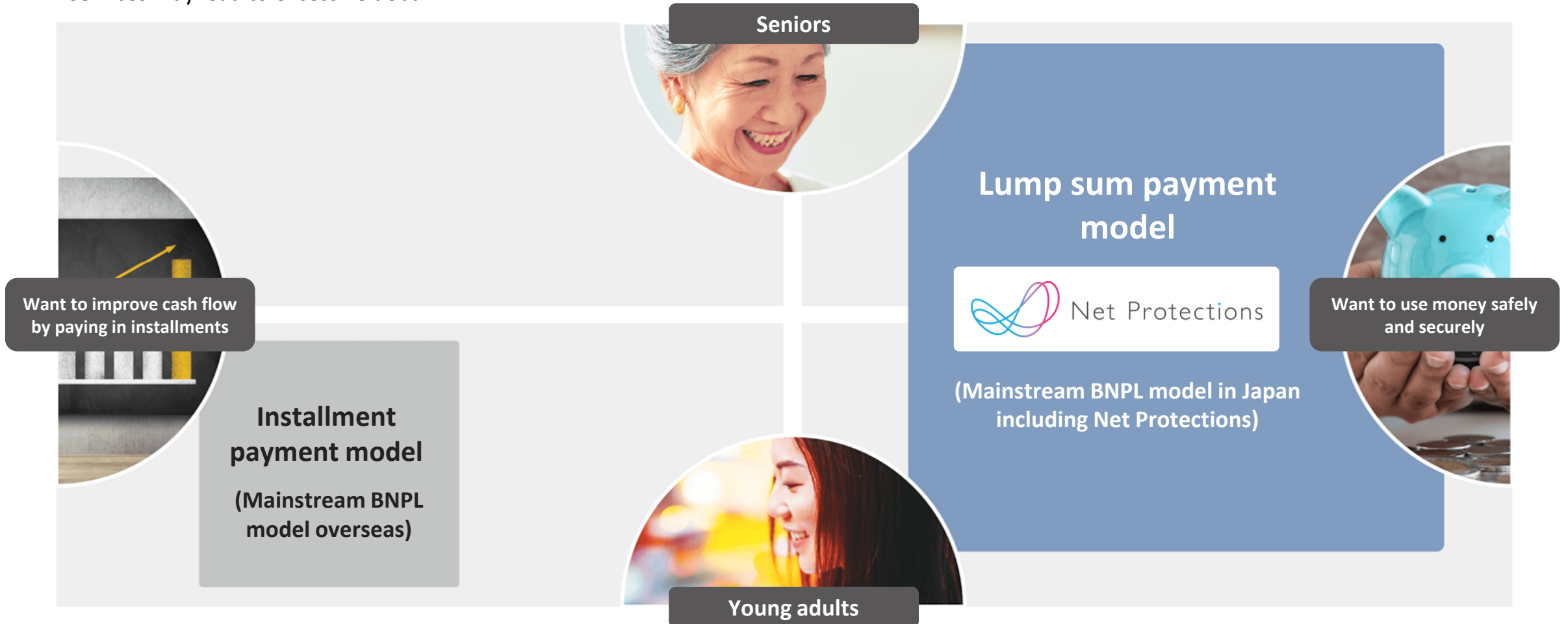


*1 The guarantee only covers transactions approved by our credit screening system. In the event that a dispute between a merchant and a customer or a merchant client over a transaction arises and it cannot be immediately resolved, or Net Protections deems there is a risk of such a dispute, or the transaction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

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

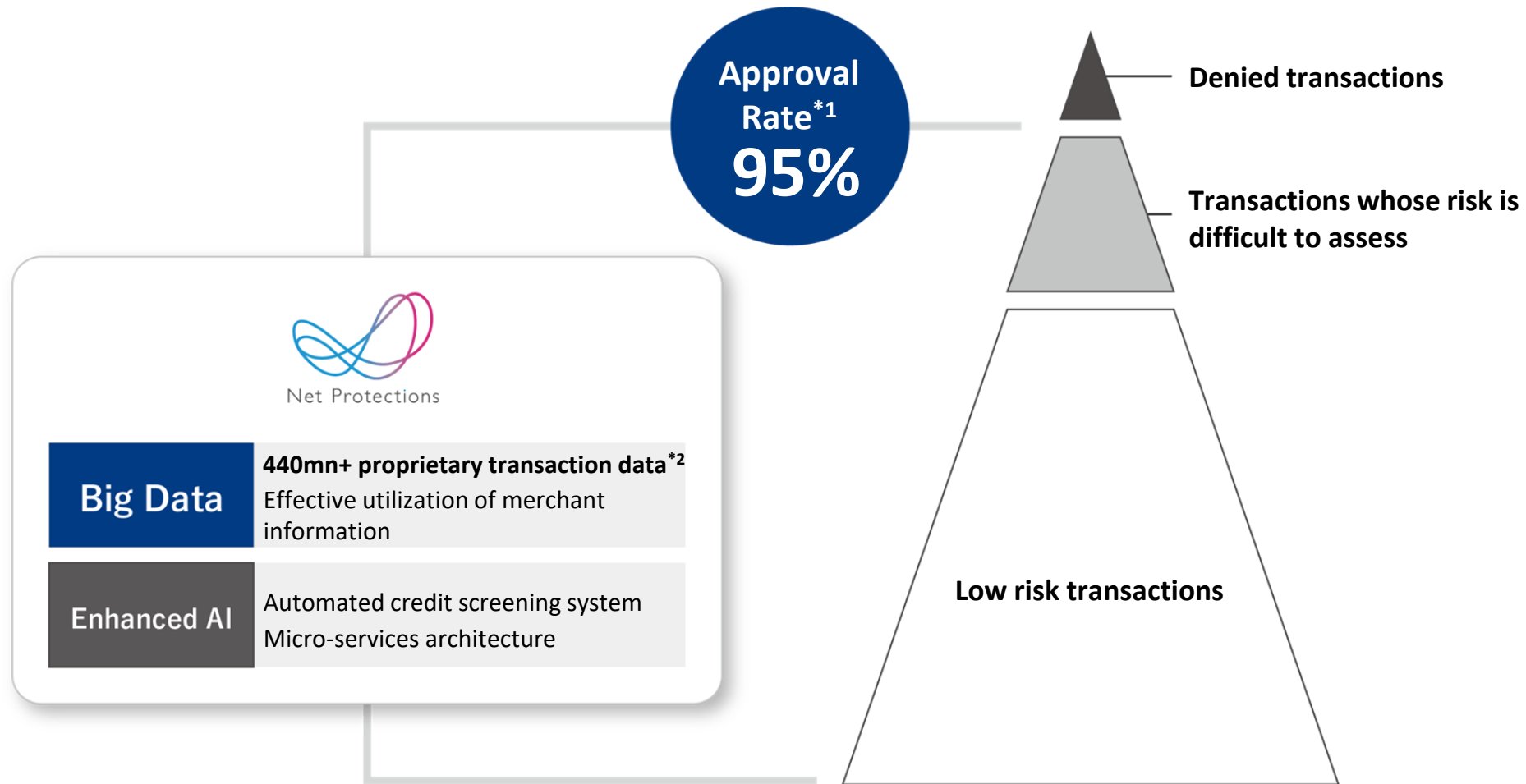
Unlike the BNPL service providers overseas, who adopt the installment payment model, our business model is based on the lump sum payment model, giving us a unique positioning in the market.

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.



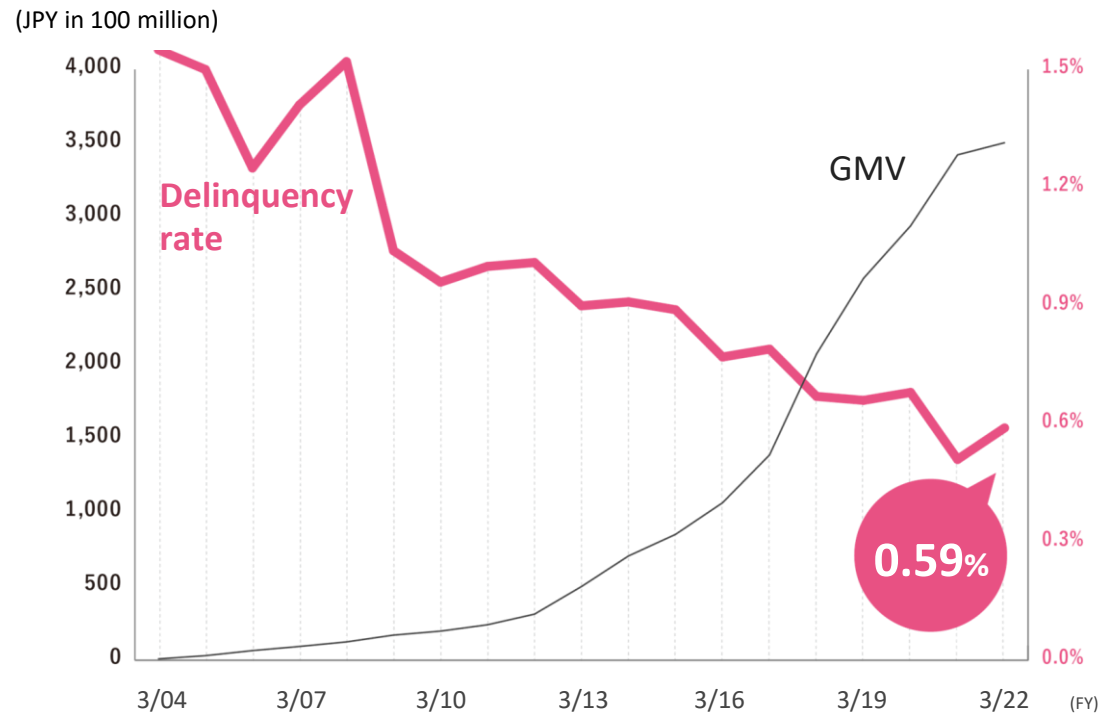
*1 The ratio of approved transactions to transactions denied by our credit screening system for NP *Atobarai* during FY3/2023 (limited to unique users).

*2 As of March 31, 2023

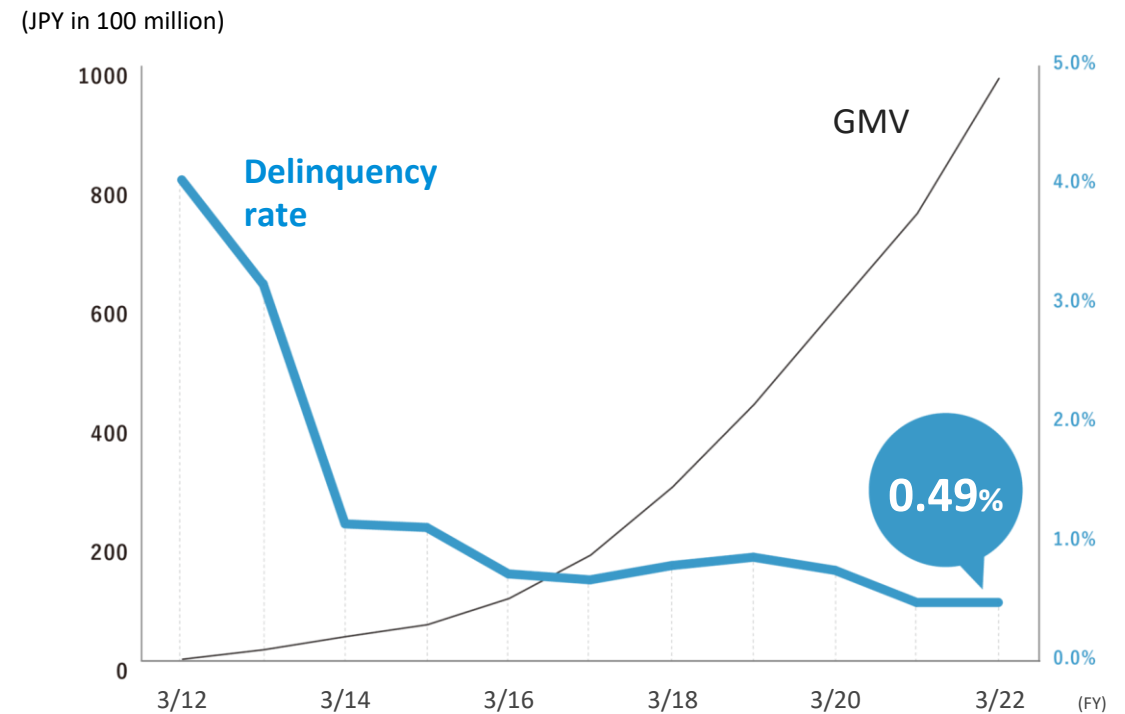
Competitive Advantages: High Credit Approval Rate and Low Delinquency Rate

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 *Takebarai*) *2

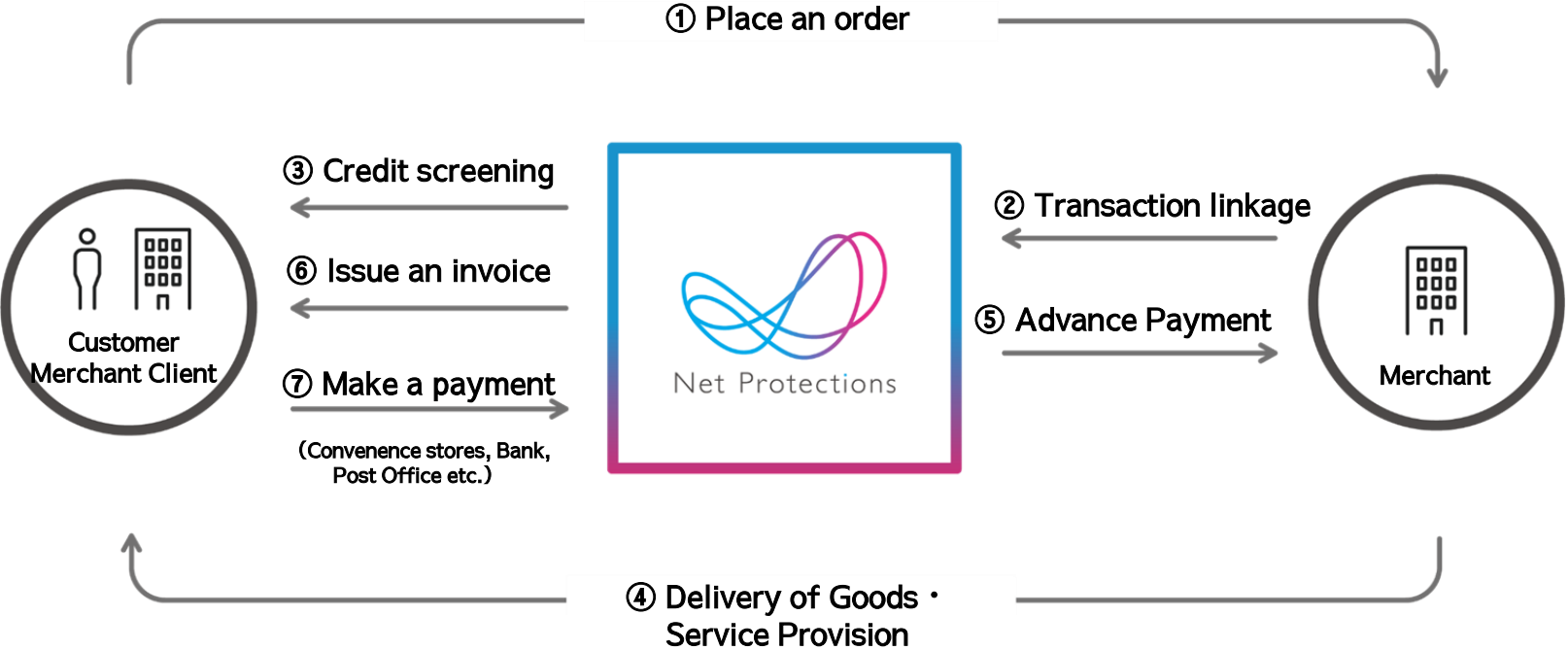


*1 Ratio of outstanding unpaid transactions for NP *Atobarai* in excess of 18 months to total transactions recorded during such fiscal period on a GMV basis. The ratio for FY3/2022 is based on unpaid transactions as of the end of March 2023 (including transactions prior to writing off of delinquent debt).

*2 Ratio of outstanding unpaid transactions for NP *Takebarai* 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

- Receives goods first
- No credit cards required
- Earn points

Merchant Benefits

- Increases 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.

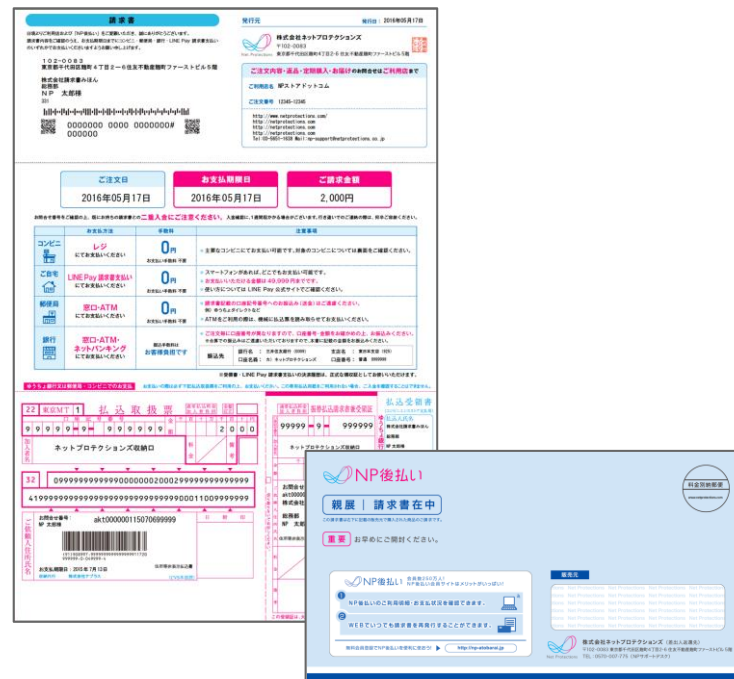


Catalog mail-order and TV mail-order Schemes are also supported

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	
Plan B	approx. 920,000 yen or more	4.4% of customer's billing amount	5,000 yen (excluding tax)	Paper invoice (sealed envelope) 225 yen (248 yen including tax) per transaction
Plan C	approx. 2.06 million yen or more	3.6% of customer's billing amount	20,000 yen (excluding tax)	Electronic barcode 170 yen (187 yen including tax) per transaction
Plan D	approx. 4.4 million yen or more	2.9% of customer's billing amount	48,000 yen (excluding tax)	In case of choosing an option to enclose a bill inside the box delivered. 120 yen (132 yen including tax) per transaction
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 (20th of each month), account transfer (27th of each month), and other billing (10th 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 phone friendly

6 Payment made after the arrival of goods



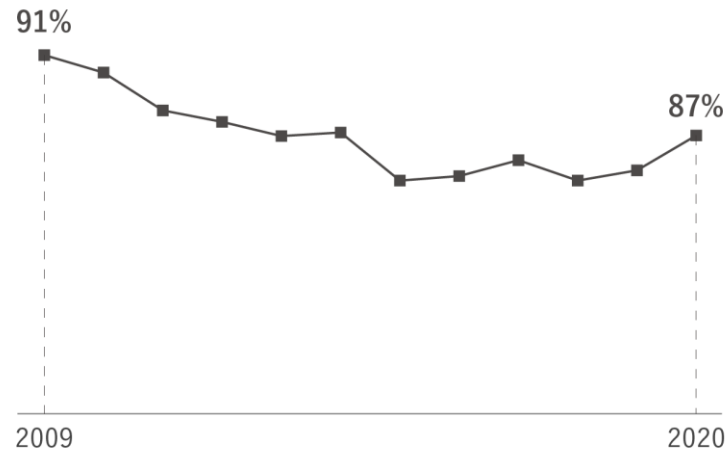
- ✓ No worry about whether goods will arrive, unlike in case of advance payments
- ✓ Easy to return, easy to exchange, easy to cancel

Credit Cards Do Not Completely Satisfy User Demands

Facts on Credit Card Usage in Japan

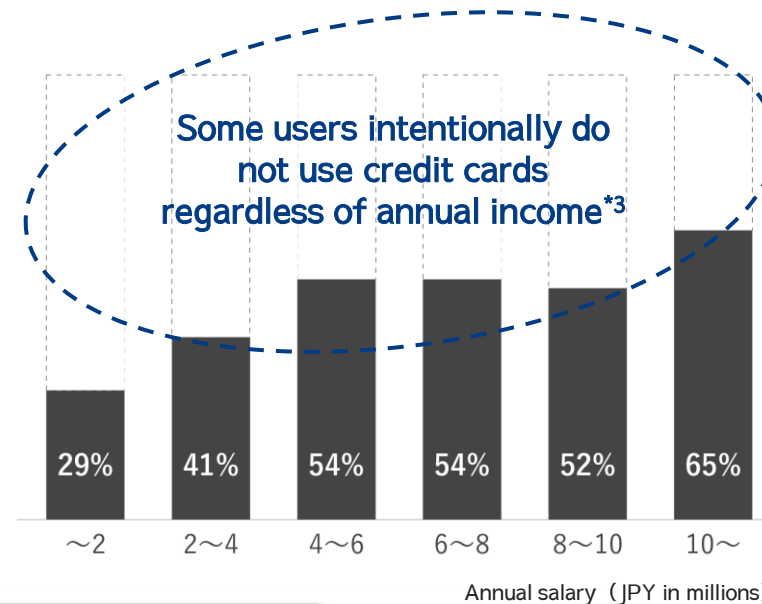
1 Credit card penetration rate*1

【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)

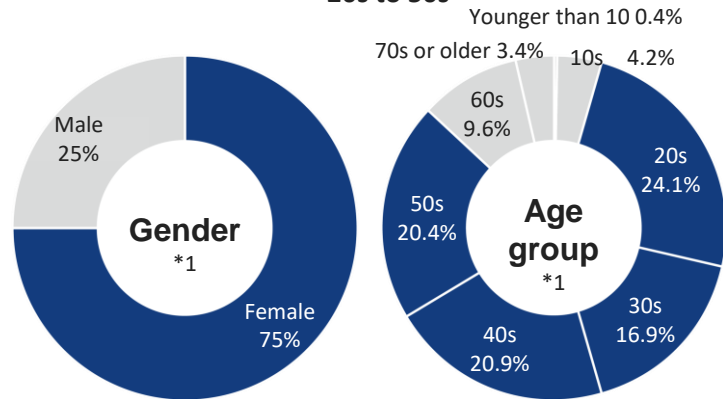
Target: "3,000 men and women between the ages of 20-69 living across Japan among the registered monitors held by Nikkei Research"

Major User Base and Market Size Forecast of BNPL Service

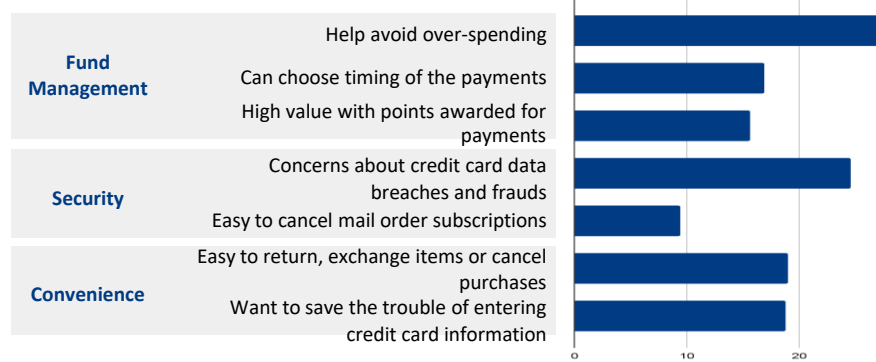
Growth has been driven by the need for fund management, security, and convenience, especially among women in their 20s to 50s.

Main user groups and reasons for use

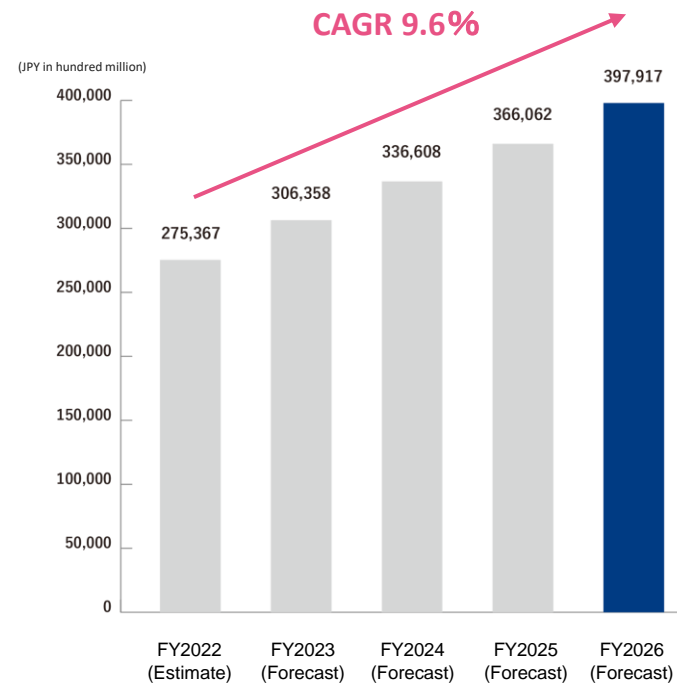
In e-commerce, core users of BNPL service are women in their 20s to 50s



Demand in fund management, security, and convenience*2



E-commerce payment services market size forecast



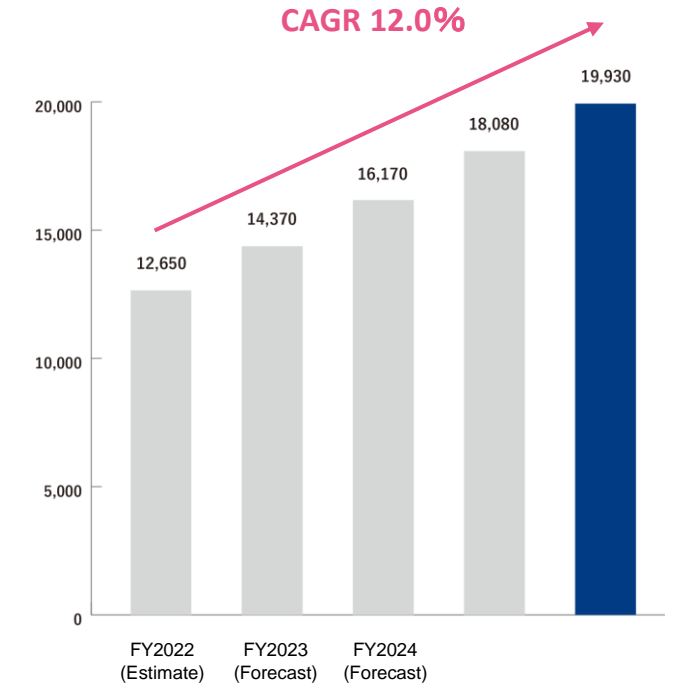
Source: Yano Research Institute "E-commerce Payment Service Market in Japan 2023," (published March 29, 2023)

* 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.

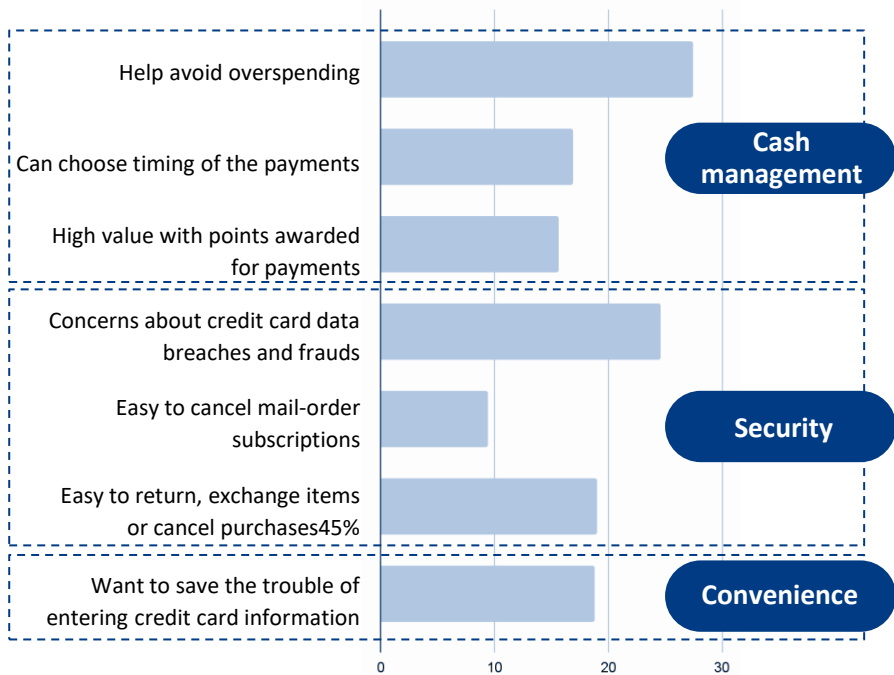
* 1 Breakdown of NP Point Club members as of March 31

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

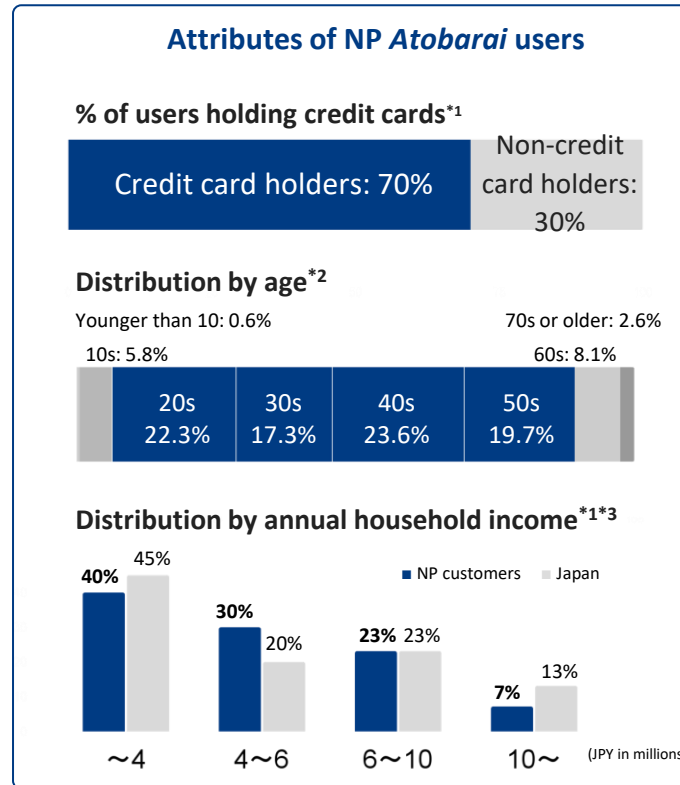
Lump Sum BNPL Service Providing Safe and Secure Transactions as Value Proposition

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

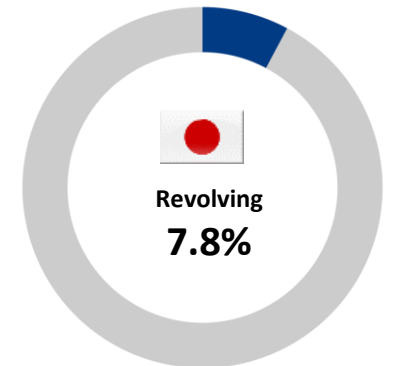


2 The user base is highly diversified.

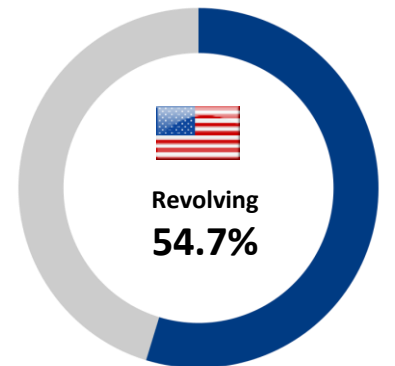


3 The full payment is preferred in Japan, whereas the installment payment is preferred overseas.

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)



NP Atobarai's Advance into Home-Visit and On-Site Services

Examples of Introduction : BNPL available in on-site services



Renovation /
Construction work



Repair / Maintenance



Housekeeping service



Moving



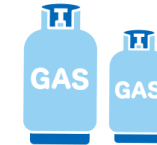
Food Delivery



Rental



Event / Seminar



Electricity / Gas

Benefits for Customers

No need to prepare cash
at the time of service

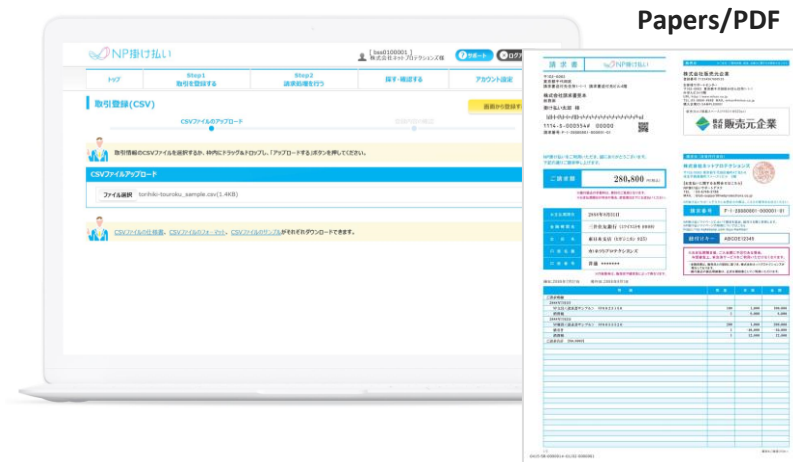
Benefits for Merchants

Eliminate cash transactions and reduce
collection and accounting procedures

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.



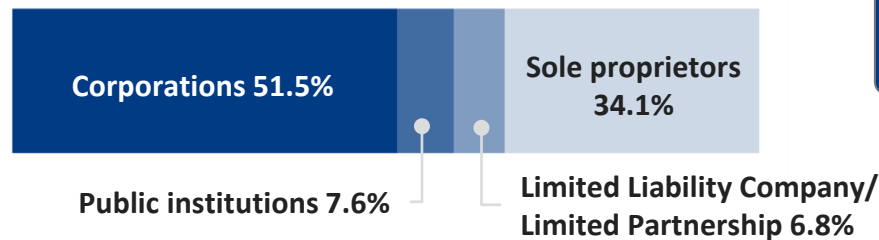
No prior procedures required to start transactions

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

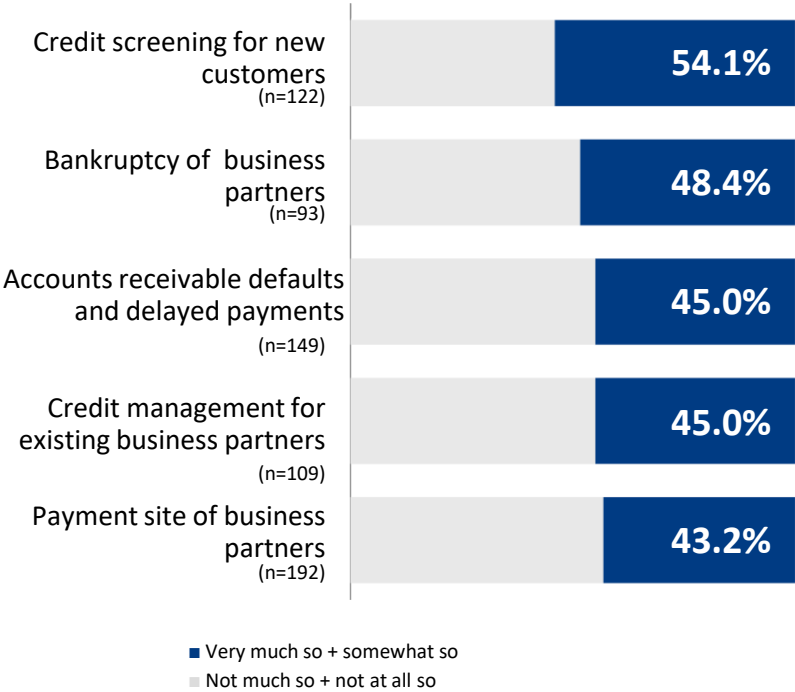
*1 Invoice attached in PDF format

*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

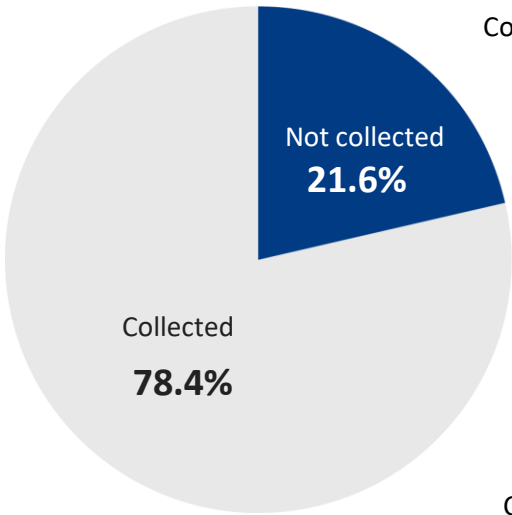
Payment delays and collection issues in billing/payment operations.

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



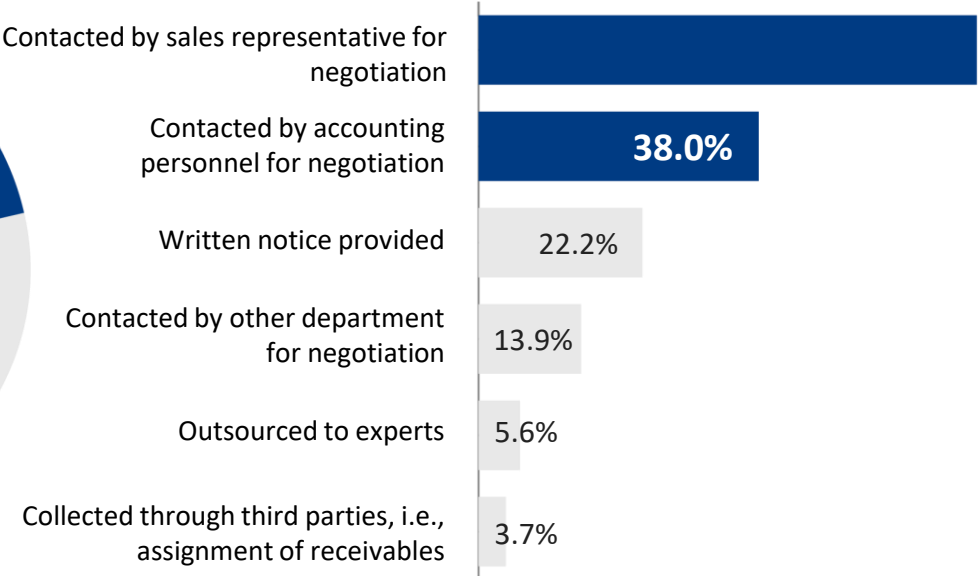
2 21.6% of the "late payments" were eventually not collected.

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"

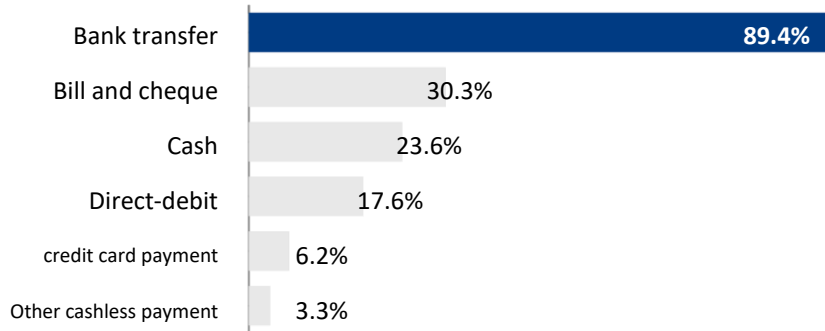
Strong Demand for Invoice Payment

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

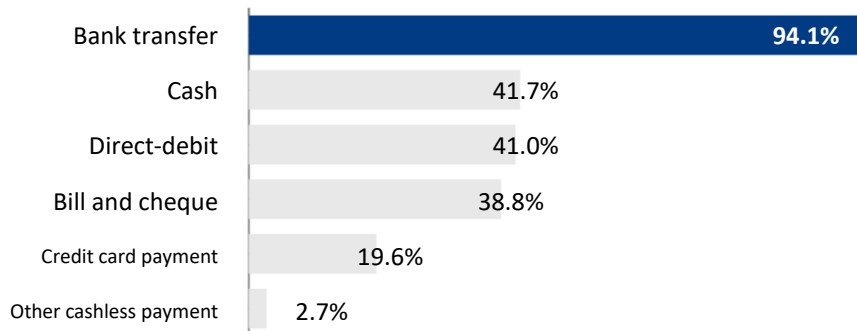
Wire-transfer is the mainstream for BtoB transactions. The most common reason is “because it has been the custom up to now.”

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

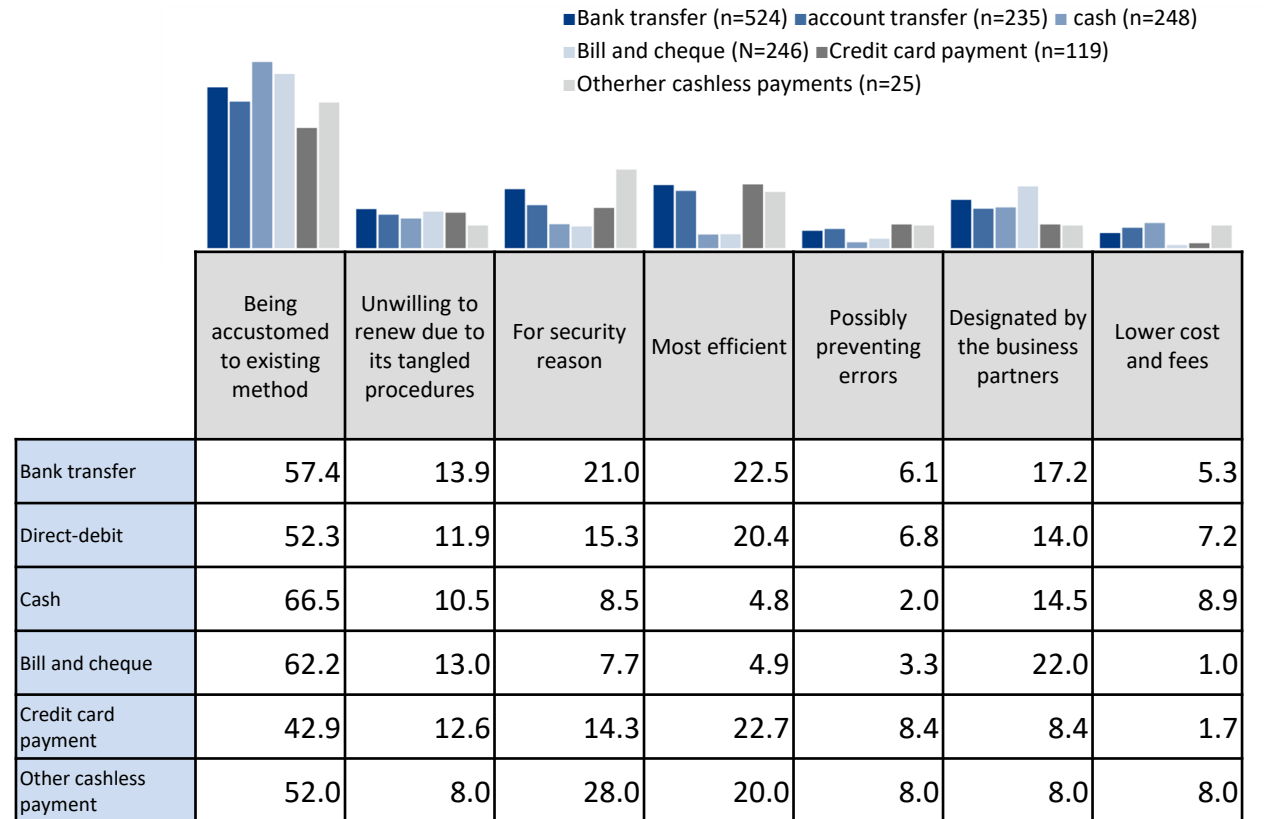
Payment method to receive payment (n=547) *multiple answers accepted



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



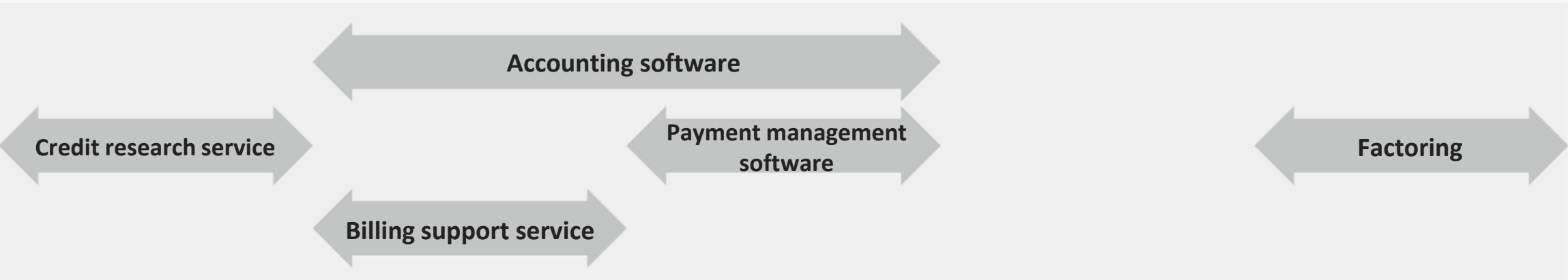
Reasons for choosing a payment method



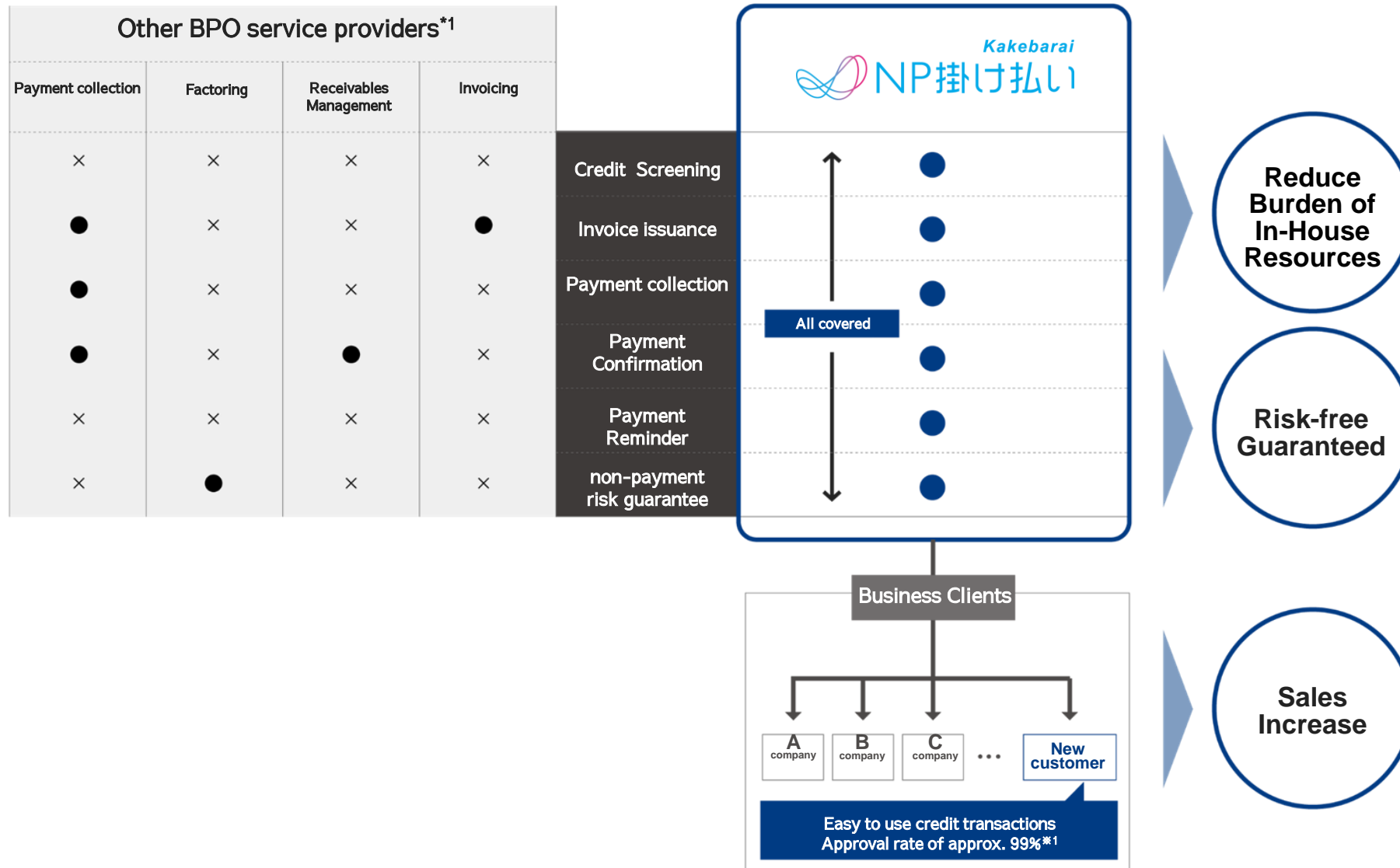
Source: American Express “Research on B2B payment among small and mid-cap businesses during the Fiscal Year 2022”

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).

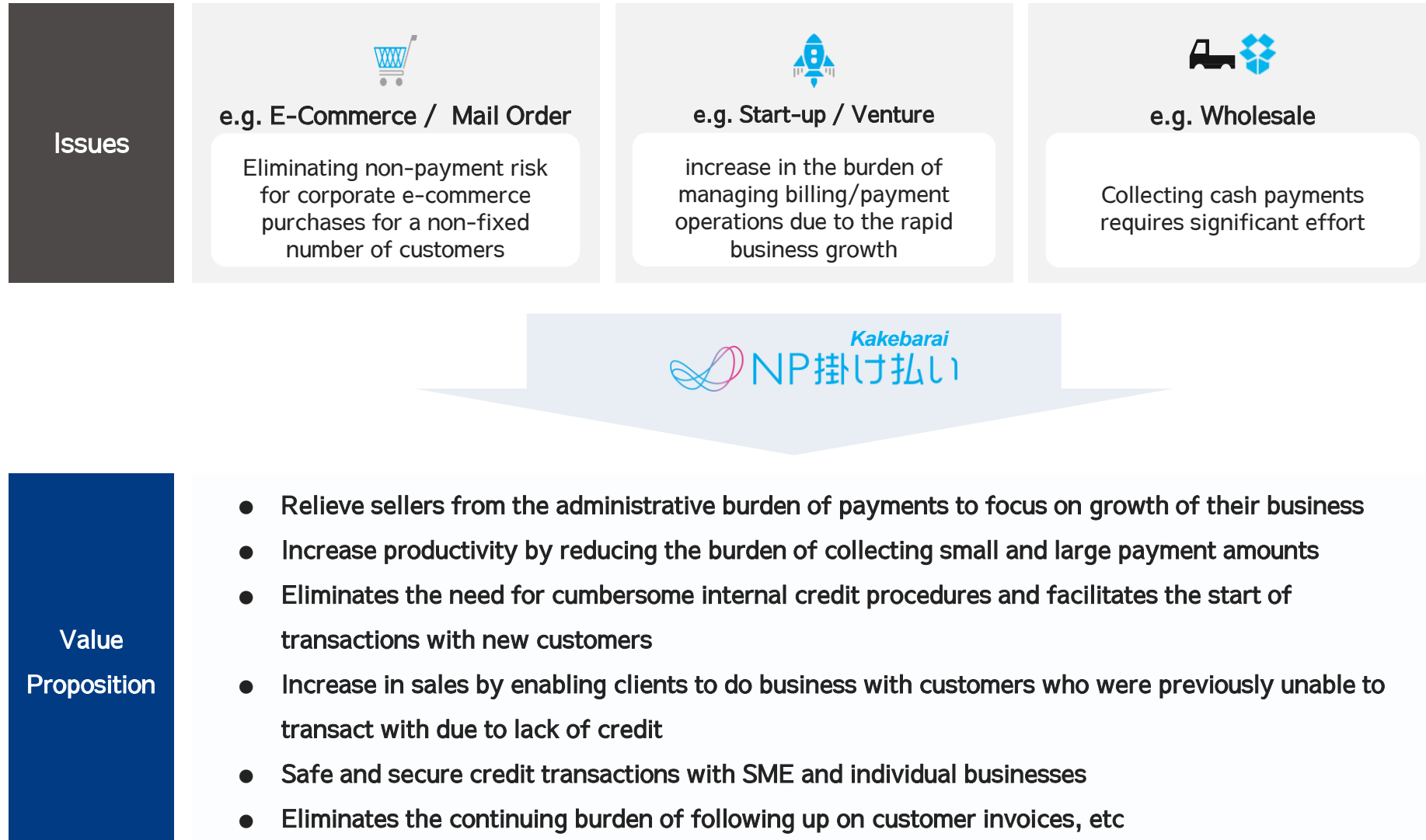


NP Kakebarai's Value Proposition



*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



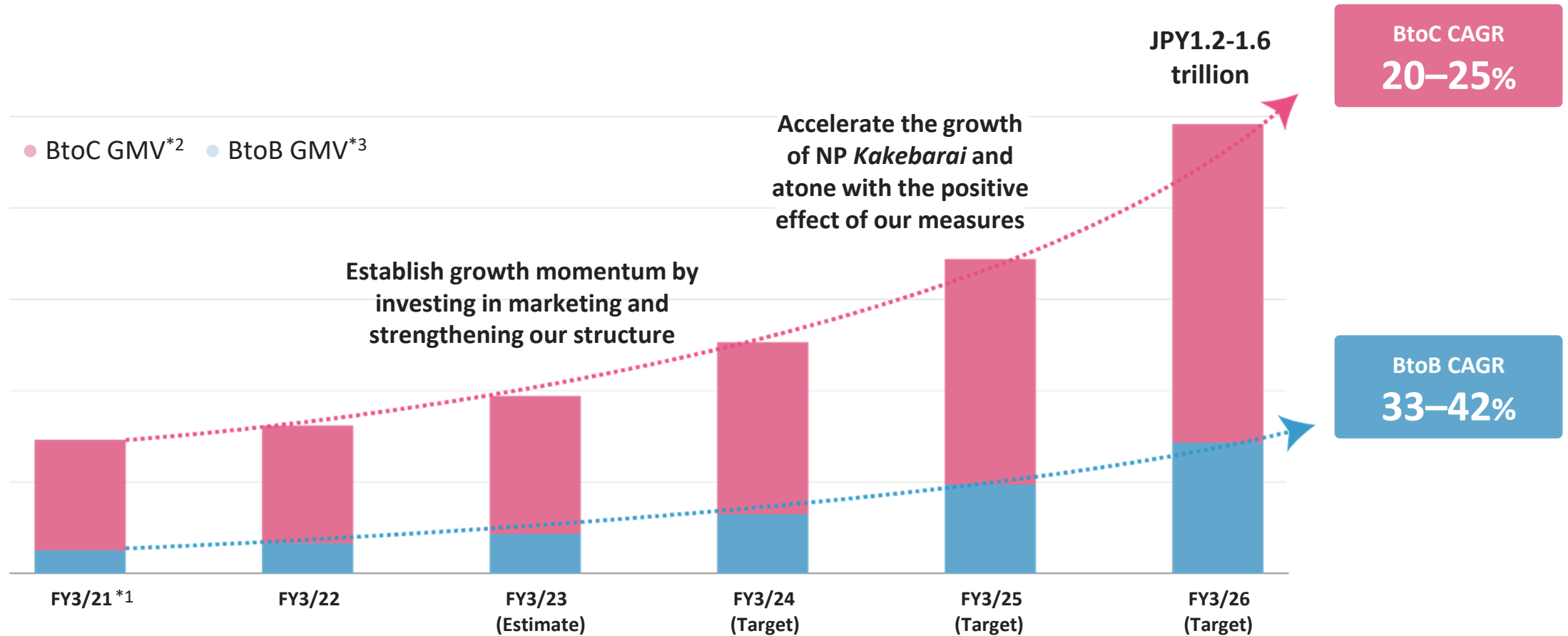
Major Companies

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.



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

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

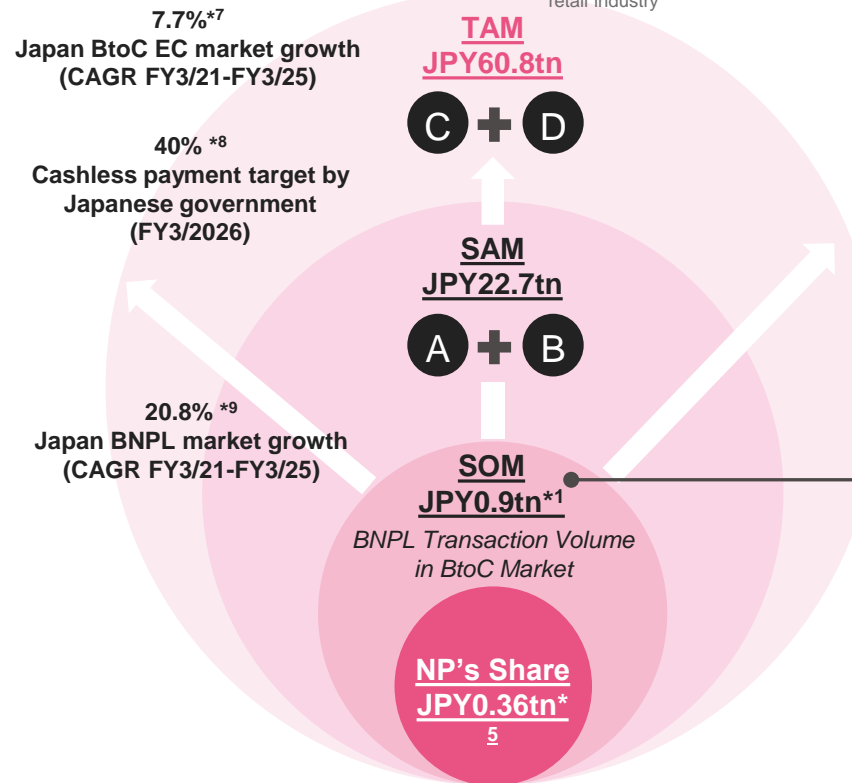
*3 The total amount of payments (including consumption taxes) made through NP *Kakebarai* provided by the Group

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

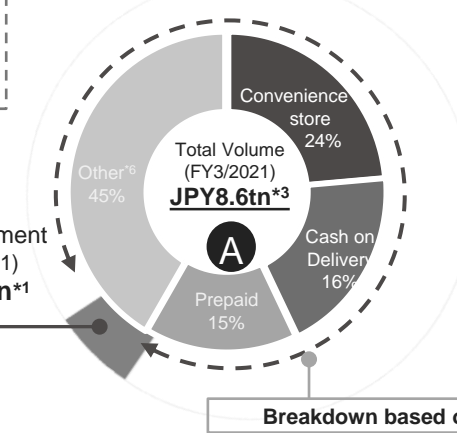
TAM / SAM / SOM of BtoC BNPL (NP Atobarai + atone)

- 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

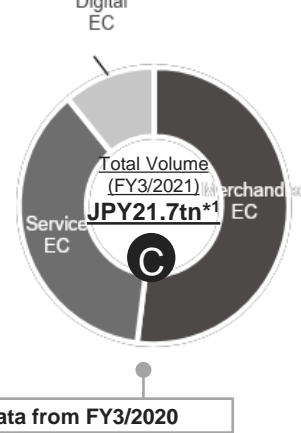
- BtoC TAM: Estimates of domestic market of online payment plus domestic market of cashless payment in retail industry
- BtoC SAM: Estimates of non-credit card payment domain in domestic market of online payment plus non-credit card payment domain of domestic market of cashless payment in retail industry



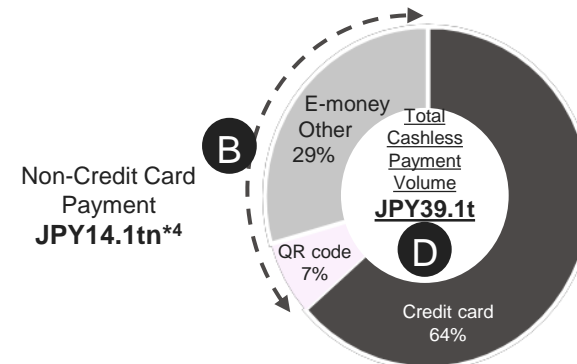
Breakdown of Online (EC) Non-credit Card Settlement Methods



Online (EC) Payment Market



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



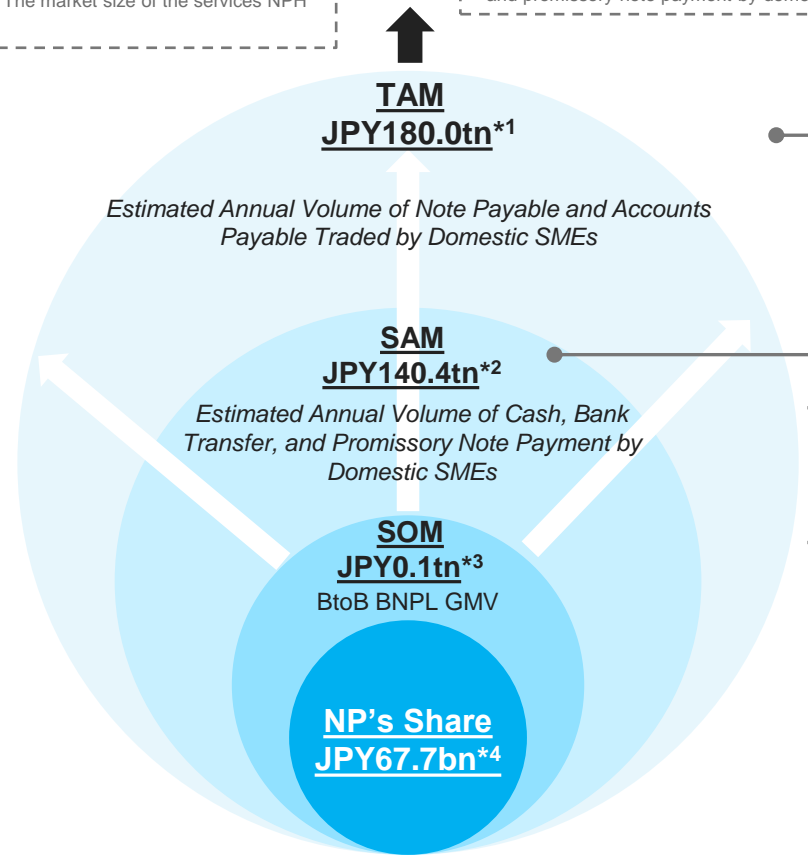
Source: Those figures are calculated using our analysis based on certain assumptions with reference to the following various data: "Cashless Vision" (P. 70), "Cashless Payment Ratio in Japan, Payment Providers, and the State's Disclosure Policy" (P. 21), and "Current Survey of Commerce (2020)" by the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

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

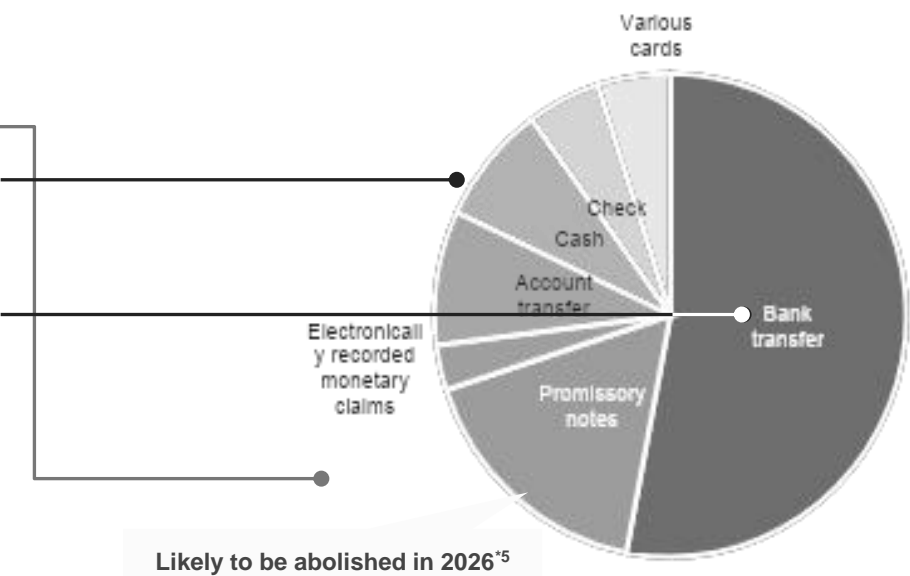
- TAM (Total Addressable Market): The size of market that Net Protections (NPH) can theoretically target in the future
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- BtoB TAM: Estimates of total volume of note payable and accounts payable traded by domestic SMEs
- BtoB SAM: Estimates of total 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 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)").

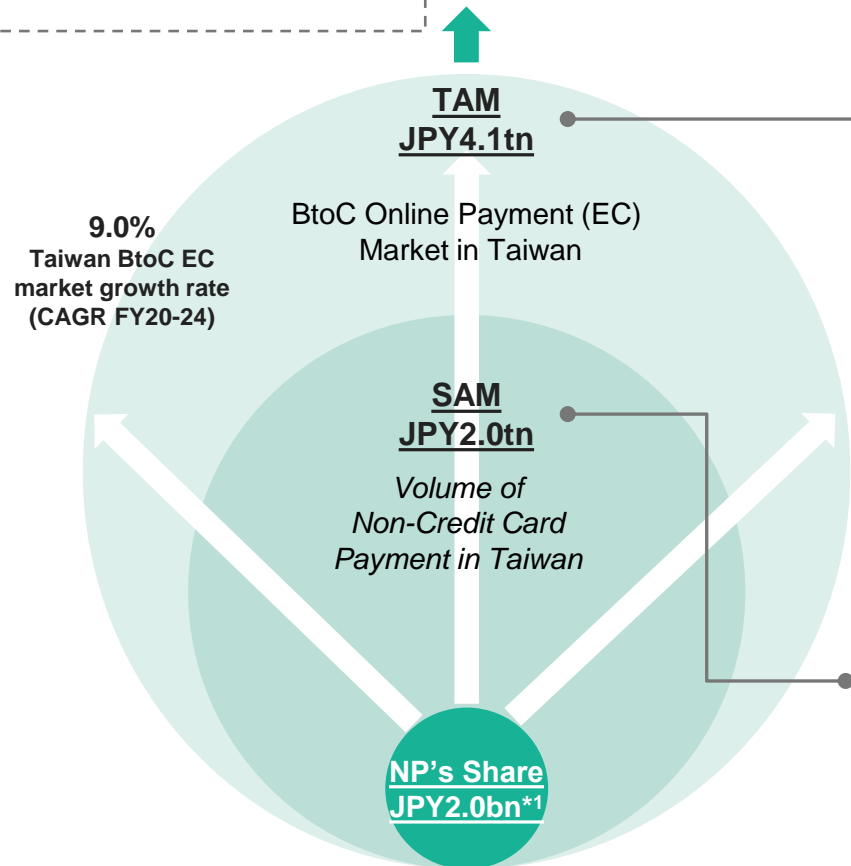
*3 GMV of NP Kakebarai: JPY67.7 billion + GMV of Paid (FY4/2021) (*only GMV from external transactions, based on RACCOON HOLDINGS, Inc. presentation materials) : JPY19.8 billion + GMV of MF Kessai (*Our group estimate based on MoneyForward Kessai Co., Ltd. press release): JPY20 billion (period: 11/2019-10/2020).

*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).

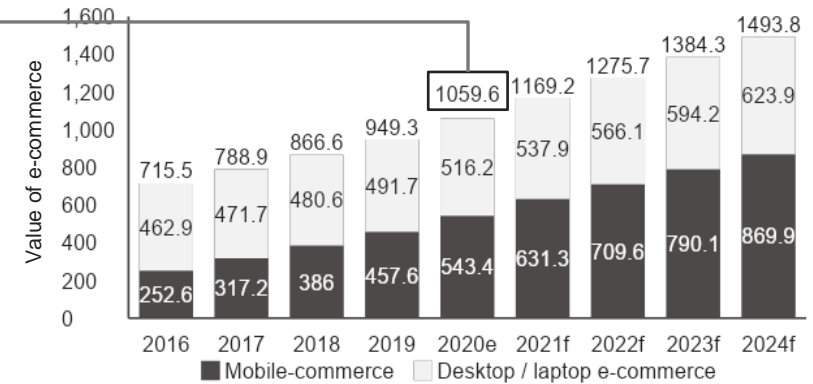
TAM / SAM / SOM of AFTEE (Taiwan)

- 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



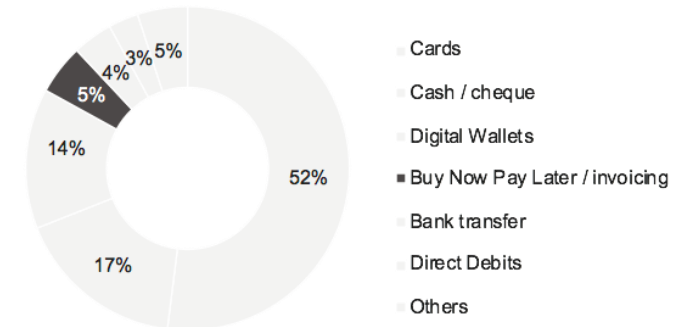
Trends in the size of the EC market in Taiwan

(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)

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