

# Financial Results Presentation

## for the Fiscal Year Ended March 31, 2023

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



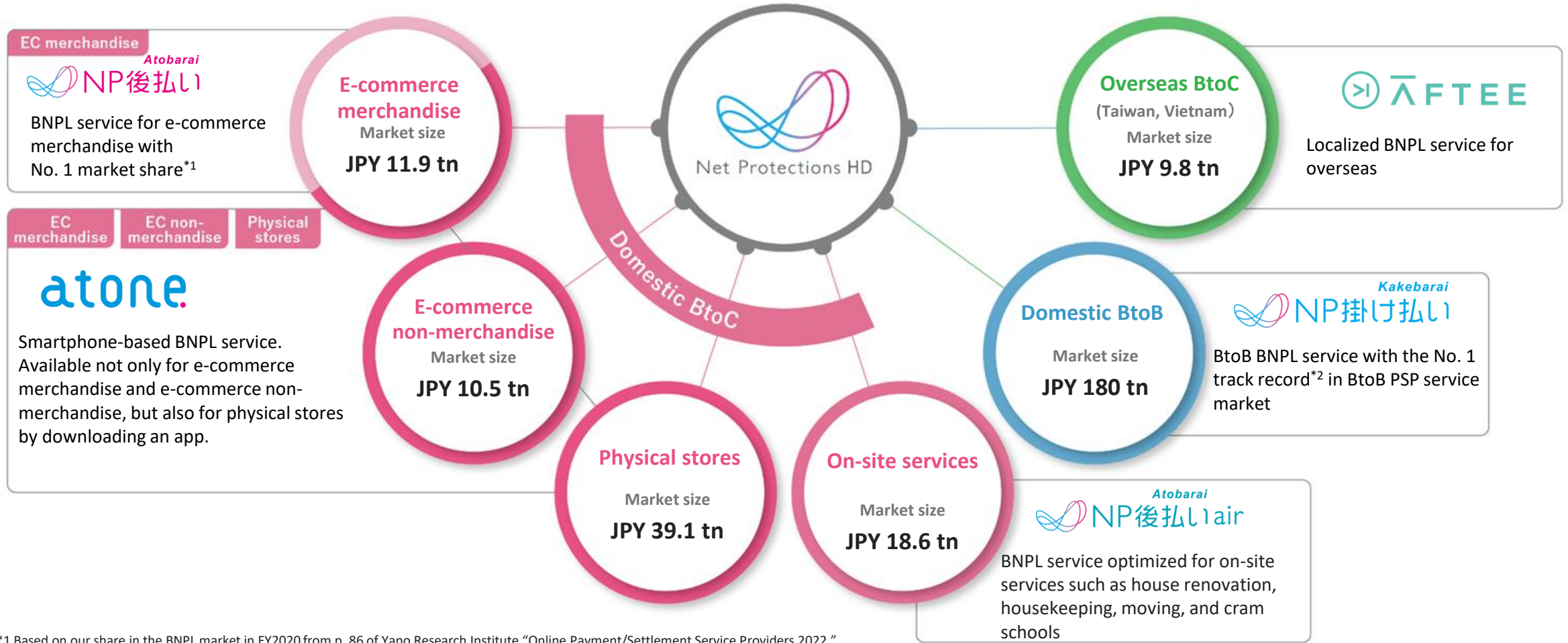
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# Mission

# Create New Standard

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

# Business Overview: Service Lineup and Target Markets



\*1 Based on our share in the BNPL market in FY2020 from p. 86 of Yano Research Institute "Online Payment/Settlement Service Providers 2022."

\*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 70-72 for the definitions of TAM, SAM, and SOM.

Japan BtoC EC payment market: the TAM of each market is calculated by multiplying the FY2019 market share by the FY2020 EC payment market size; BtoC TV home shopping market: expected sales volume in FY2020; Cashless payments at BtoC real stores:

FY2020 retail market size valued at JPY 146 trillion x cashless payment ratio of 26.8%

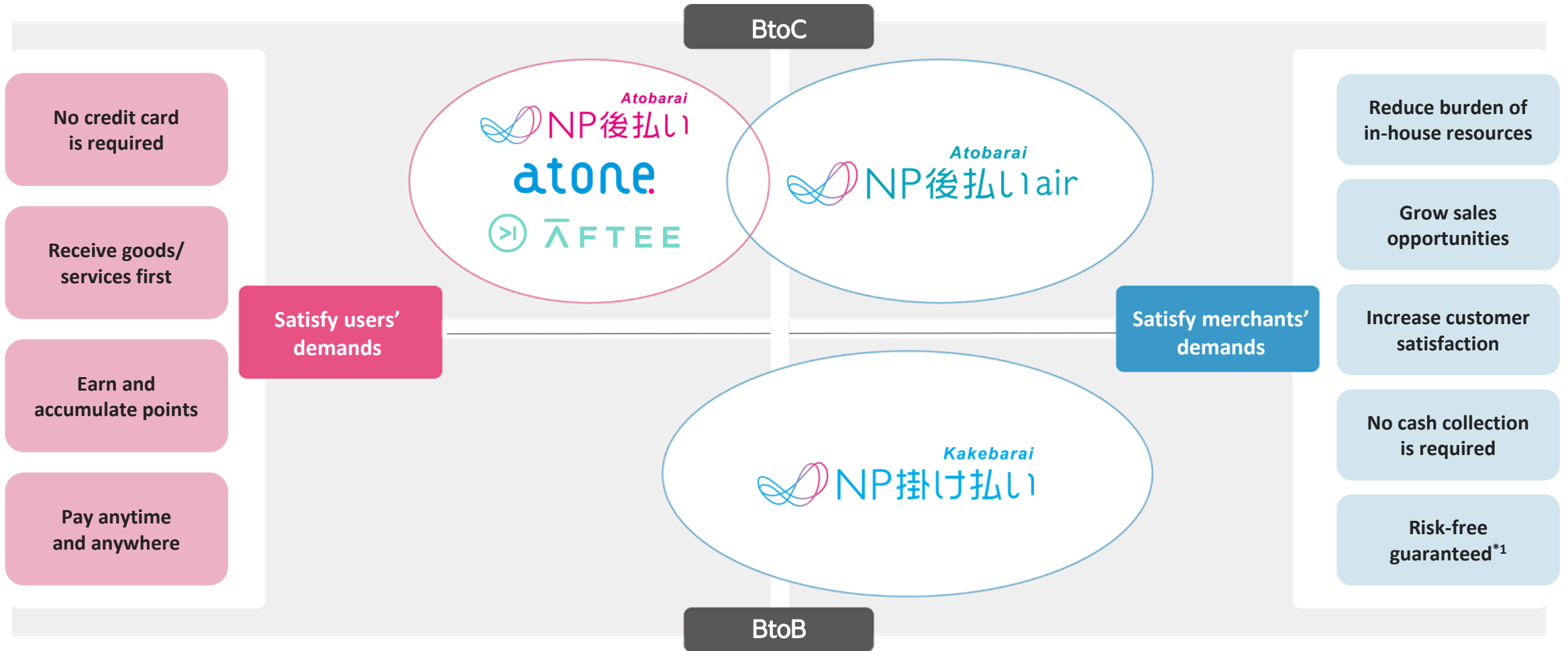
Overseas BtoC markets: Taiwan market valued at JPY 4.1 trillion + Vietnam market valued at JPY 5.7 trillion (converted at USD 1 = JPY 132.7 as of April 1, 2023)

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

"Online Payment/Settlement Service Providers 2021" (P. 31, 32 and 38) and "Home Industry White Paper 2021" (P9) by Yano Research Institute Ltd., "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"

# 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.

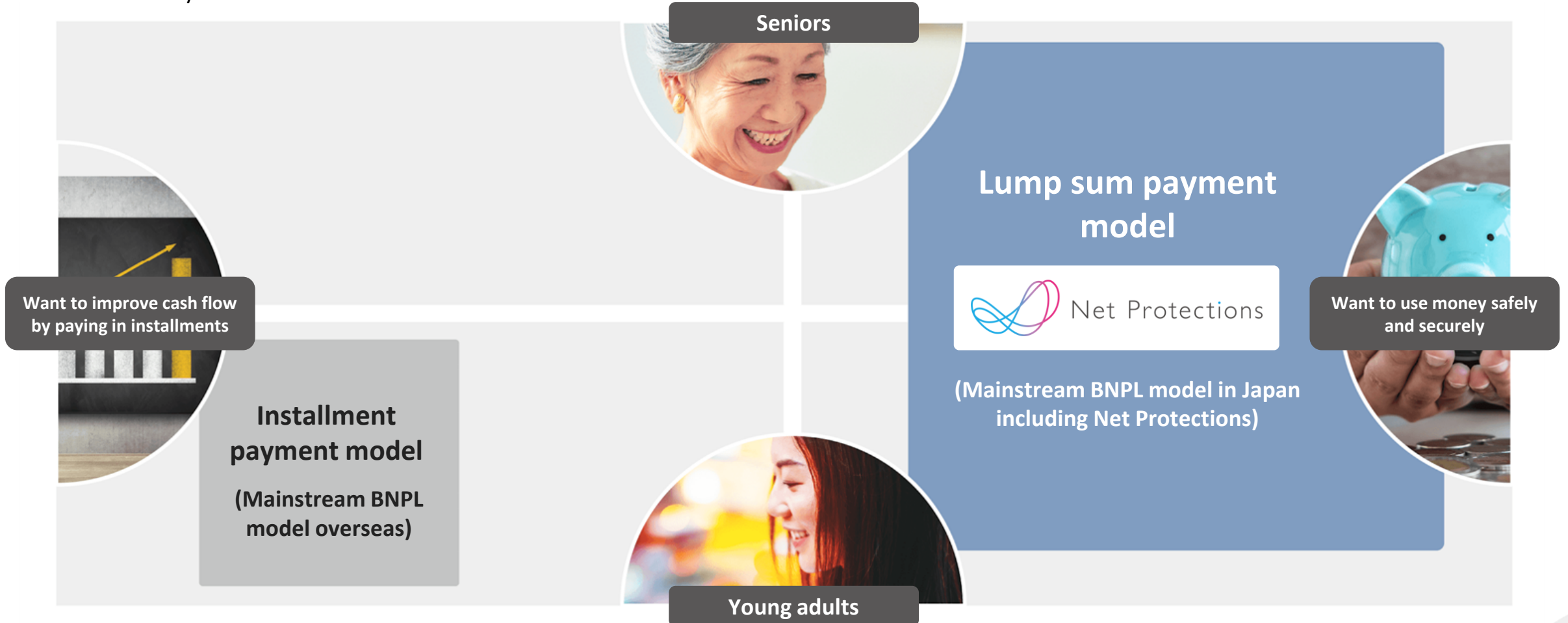


\*1 The guarantee only covers transactions approved by our credit screening system. In the event that a dispute between a merchant and a customer or a merchant client over a transaction arises and it cannot be immediately resolved, or Net Protections deems there is a risk of such a dispute, or the transaction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

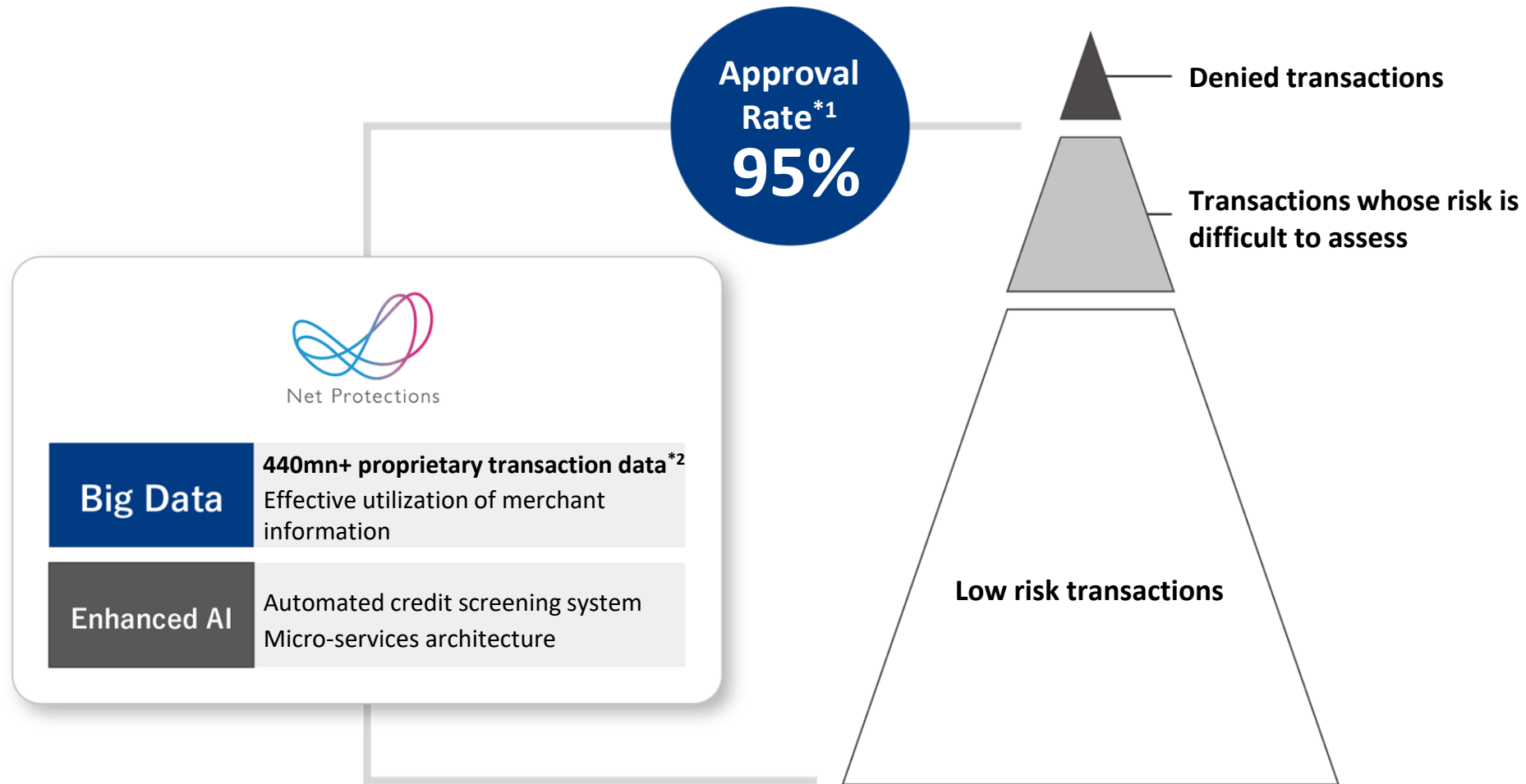
Unlike the BNPL service providers overseas, who adopt the installment payment model, our business model is based on the lump sum payment model, giving us a unique positioning in the market.

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.



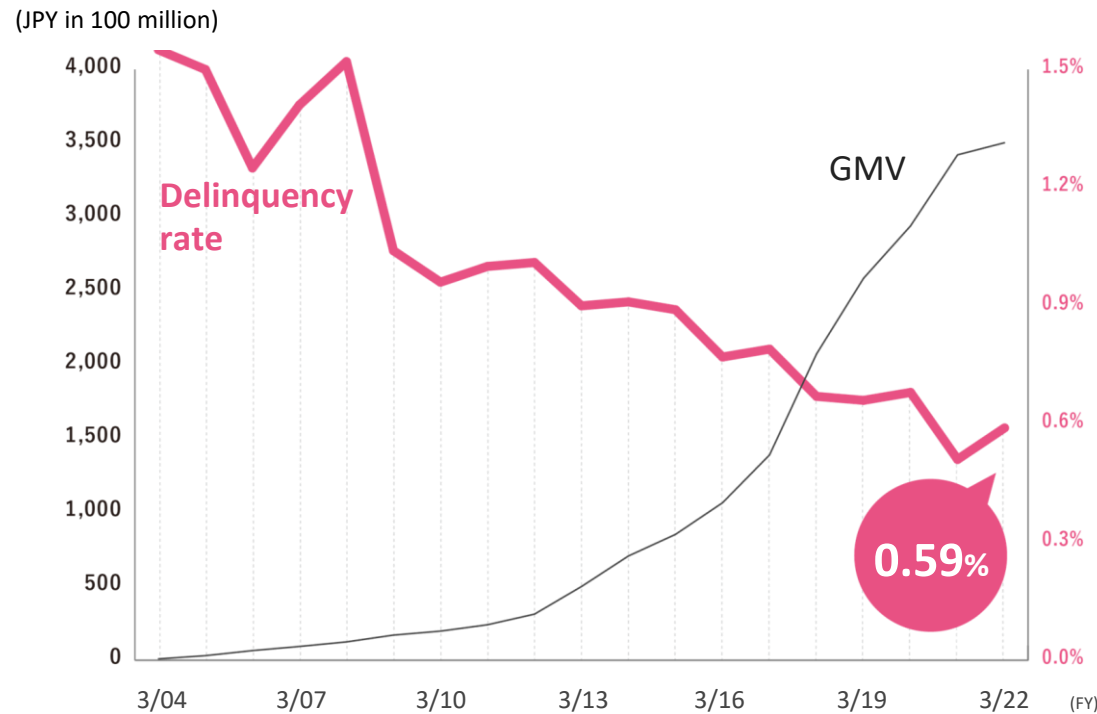
\*1 The ratio of approved transactions to transactions denied by our credit screening system for NP *Atobarai* during FY3/2023 (limited to unique users).

\*2 As of March 31, 2023

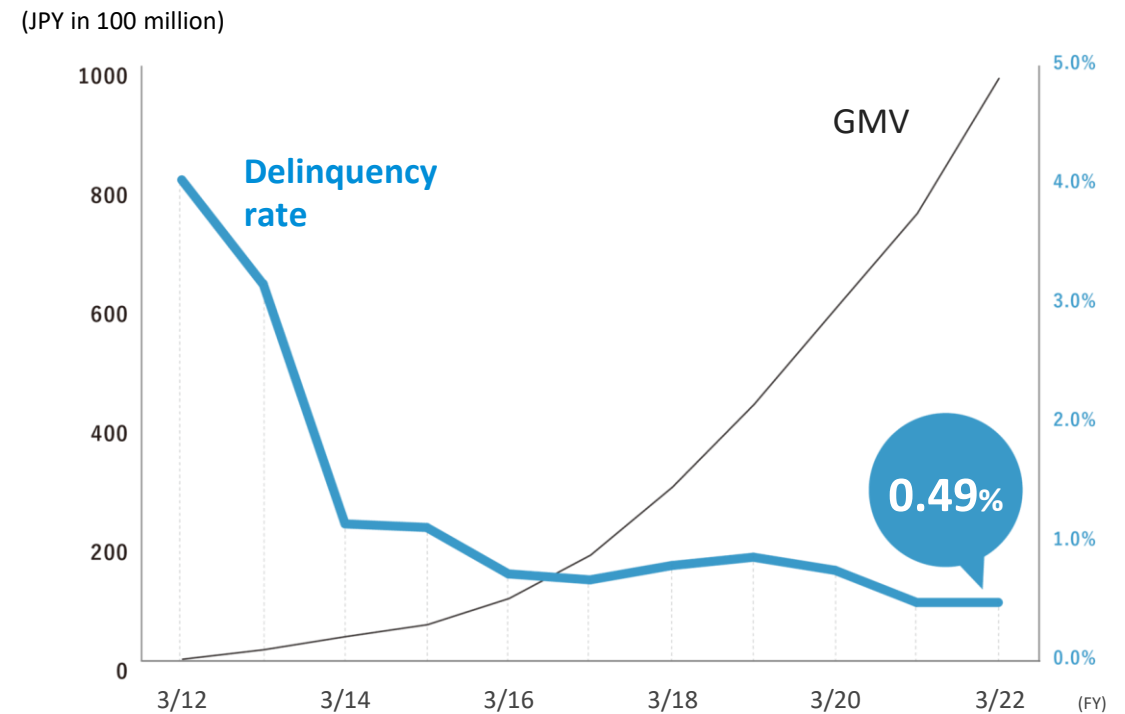
# Competitive Advantages: High Credit Approval Rate and Low Delinquency Rate

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).

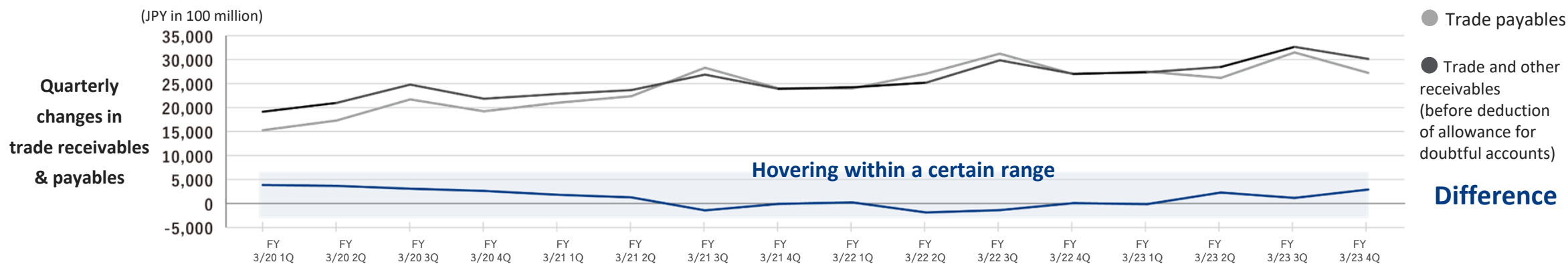
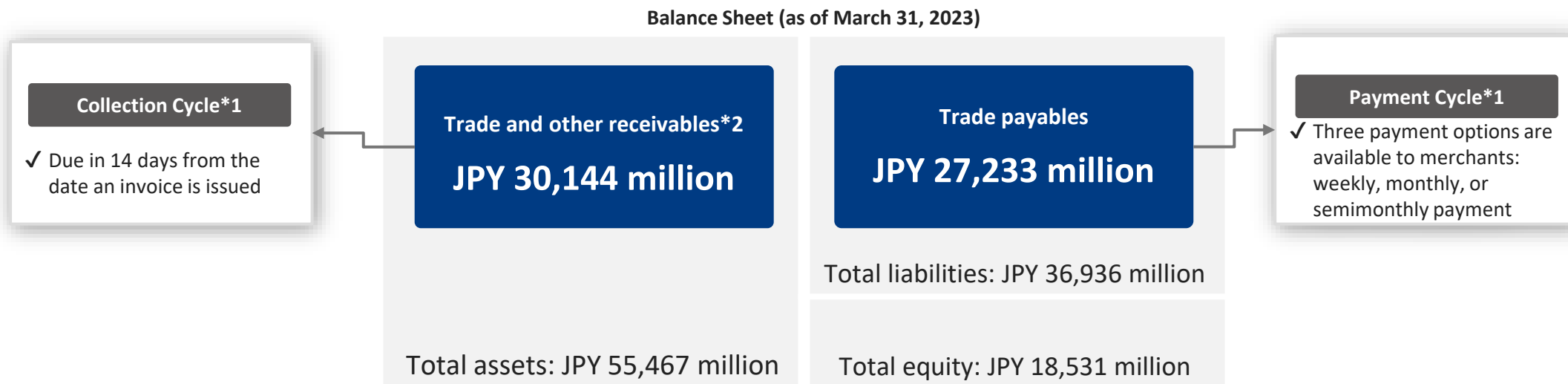
\*2 Ratio of outstanding unpaid transactions for NP *Takebarai* in excess of 14 months to total transactions recorded during such fiscal period on a GMV basis. The ratio for FY3/2022 is based on unpaid transactions as of the end of March 2023 (including transactions prior to sale of receivables and writing off of delinquent debt).



# 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.



# Business Highlights

- Executive Summary
- Highlights
- GMV

## Results of Fiscal Year Ended March 31, 2023: Executive Summary

### Domestic BtoC (NP *Atobarai*, NP *Atobarai* air, atone)

While the amendments to the PMD Act affected the beauty and health category, which accounts for about 60% of the GMV of NP *Atobarai*, **the monthly GMV of the BtoC business turned positive year on year for the month of March 2023, up 1.4%**. In addition, **the fundamentals are in good shape**, as the number of new large projects is increasing rapidly.

**The GMV of NP *Atobarai* air and atone both achieved double-digit growth.**

Confident of high growth in the future, as the number of stores introducing BNPL is increasing in the e-commerce of non-merchandise such as digital contents.

### Domestic BtoB (NP *Kakebarai*)

By strengthening mass advertising, **our brand awareness increased from 10.4% to 15.5%, and the number of leads grew by +75% year on year**, exceeding expectations.

With the tailwind from the resumption of economic activity after COVID-19, **full-year GMV achieved high growth of +39.8% year on year.**

### Overseas (AFTEE)

In Taiwan, **GMV achieved high growth of +80.7% year on year** thanks to the introduction of our service by a series of major malls, such as Yahoo!

**Established a subsidiary in Vietnam**, steadily expanding our service into the Asian market.

# Results of Fiscal Year Ended March 31, 2023: Full Year Highlights

**FY3/23 GMV (non-GAAP) <sup>\*1</sup>**

**+5.6% YoY**

**JPY499.0bn**

**Breakdown**

BtoC	JPY362.0bn (-3.3% YoY)
BtoB	JPY136.9bn (+39.8% YoY)

**Number of Merchants <sup>\*2</sup>**

**+58.0% YoY**

**579,000**

**Breakdown**

BtoC EC and others	211,000	(+7.4% YoY)
BtoC physical stores	365,000	(+118.3% YoY)
BtoB	3,000	(+8.5% YoY)

**Total Operating Revenue**

**+3.6% YoY**

**JPY19.33bn**

**Gross Profit (non-GAAP) <sup>\*3</sup>**

**-0.5% YoY**

**JPY7.43bn**

**Number of NP Members <sup>\*4</sup>**

**+13.5% YoY**

**6.00mn**

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

<sup>\*2</sup> Total number of merchants with our BtoC and BtoB services as of March 31, 2023

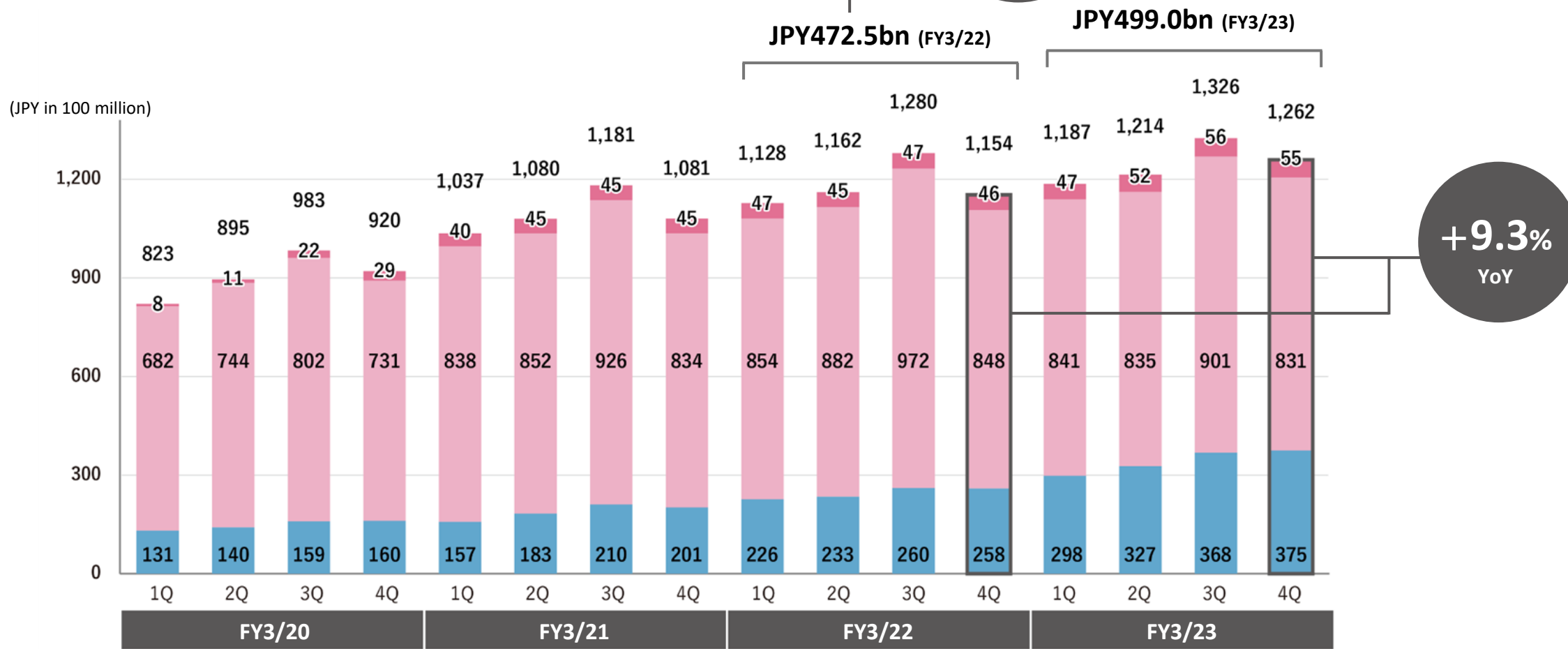
<sup>\*3</sup> Gross profit: Revenue - (Collection expense + Invoicing expense + Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade receivables + Credit screening expense + NP point expense + Other payment related expenses)

<sup>\*4</sup> Number of NP Point Club members (Members are able to use the NP points that they accumulate by using NP *Atobarai* and atone when they make purchases from merchant clients) as of March 31, 2023

# GMV (Group Total)

Full-year total GMV for the fiscal year ended March 31, 2023 of the services provided by the Group increased 5.6% year on year to 499.0 billion yen.

- BtoC atone\*<sup>1</sup>
- BtoC NP *Atobarai* and others\*<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

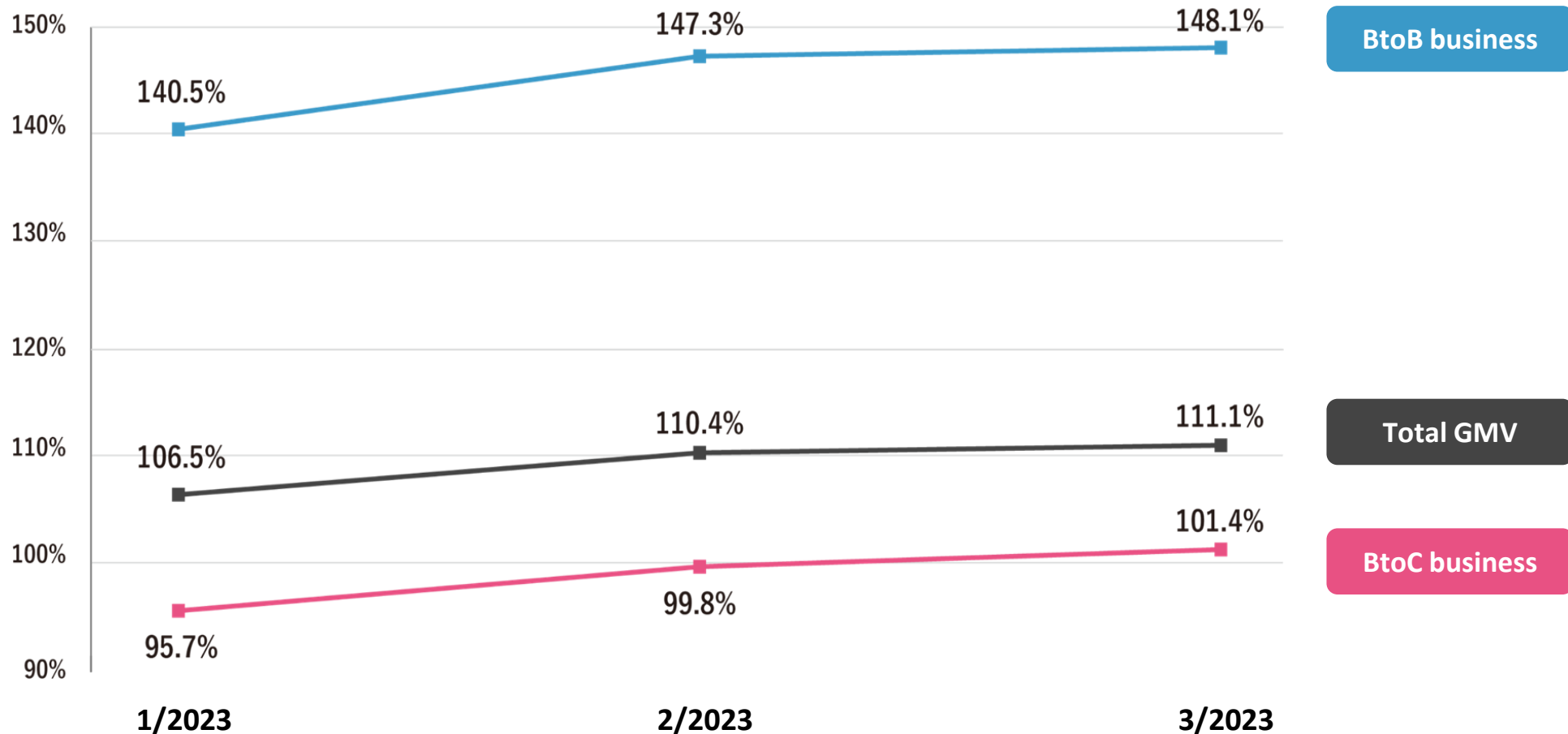
\*3 Total amount of payments (including consumption tax) made through NP *Kakebarai* provided by the Group

## 4Q: Monthly GMV Trend (Year on Year)

Total GMV achieved double-digit growth in February (+10.4% YoY) and March (+11.1% YoY).

The monthly GMV of the BtoC business turned positive year on year for the month of March, up 1.4%, partly because the impact of the amendments to the PMD Act almost subsided.

### Monthly GMV Year-on-Year Trend (January 2023 to March 2023)

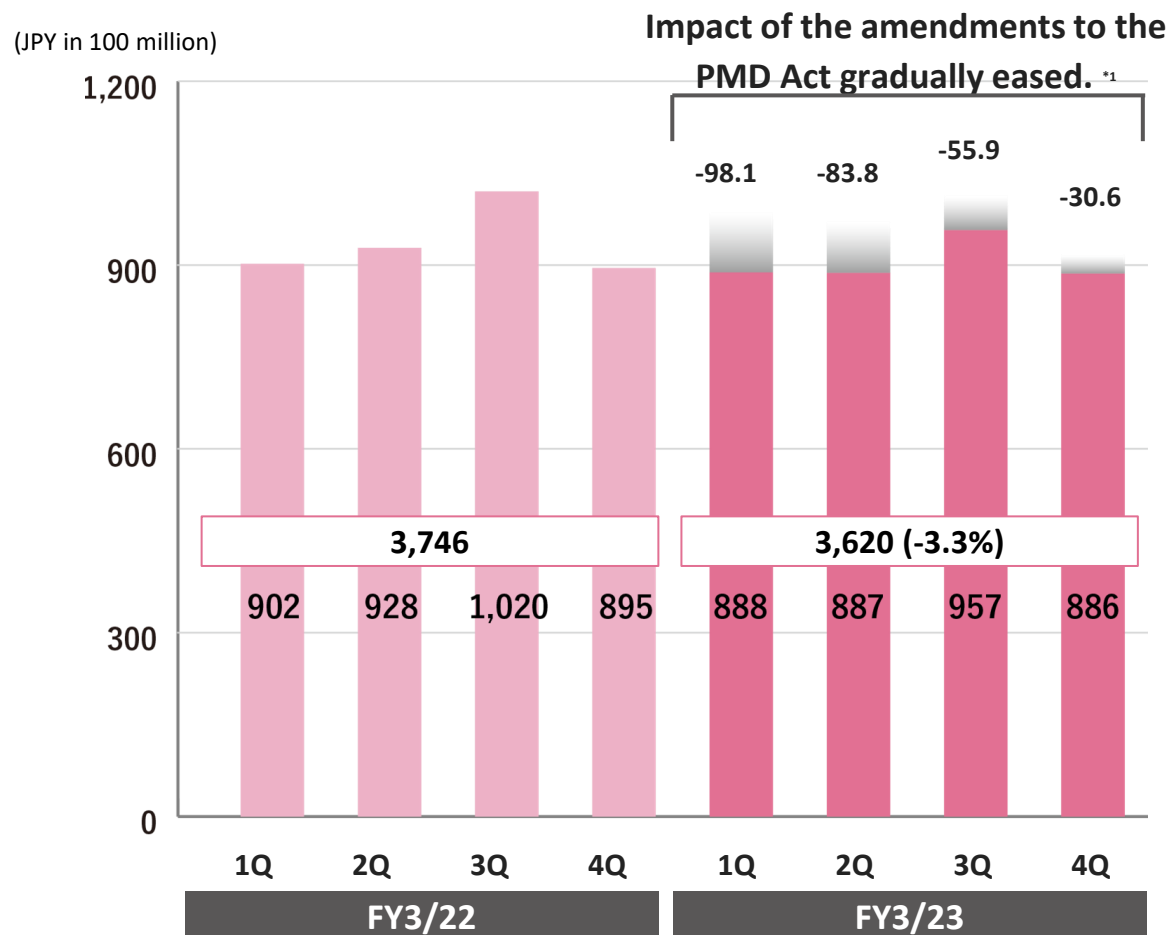


# BtoC Full-year GMV

GMV of the BtoC business for the fourth quarter decreased 1.0% year on year.

GMV of the BtoC business for the full year decreased 3.3% year on year to 362.0 billion yen.

## BtoC GMV Trend



\*1 Calculated by Net Protections.

### Factors

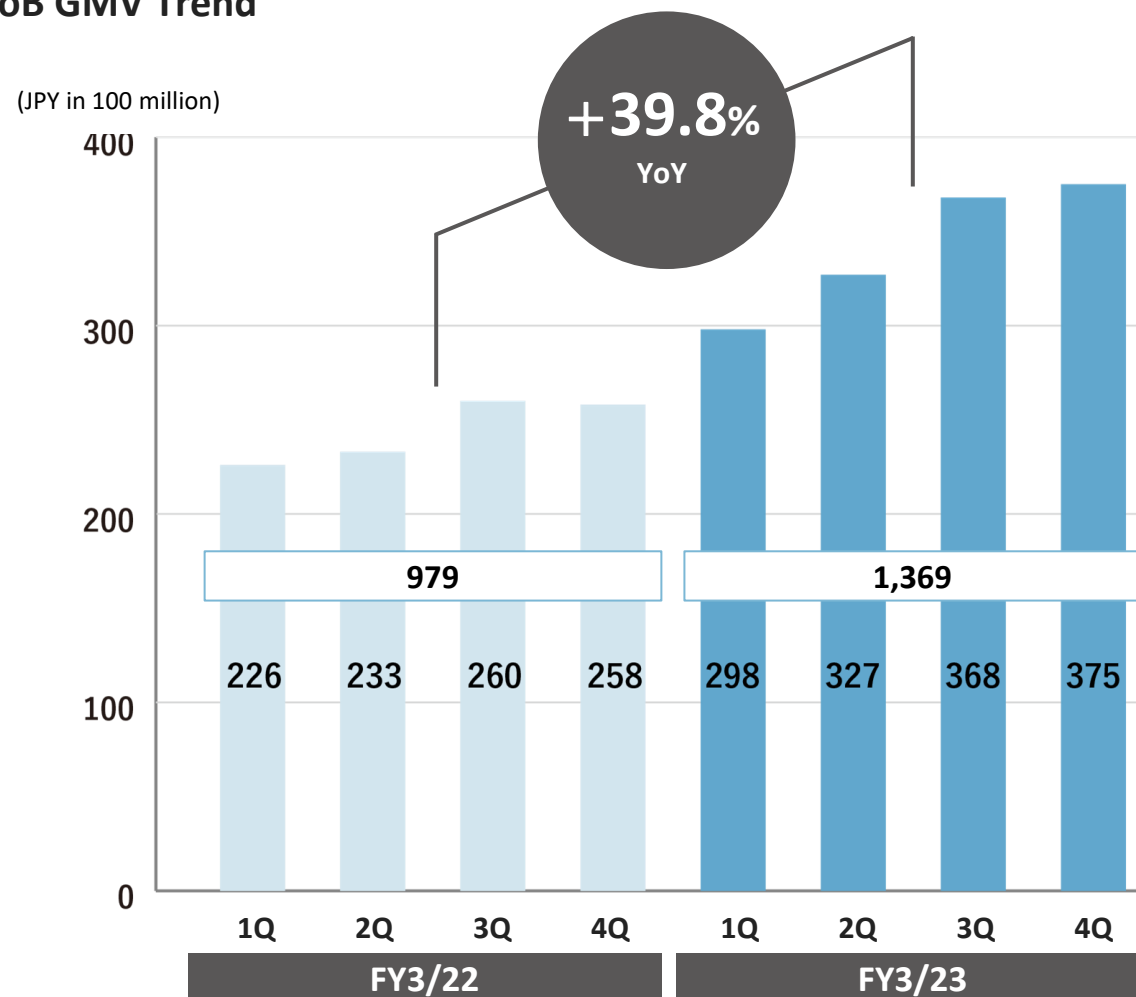
- The negative impact of the amendments to the PMD Act has almost subsided, easing from 9.81 billion yen for the first quarter to 3.06 billion yen for the fourth quarter.
- GMV for the month of March 2023 turned positive year on year, up 1.4%, due to the addition of new merchants.
- The contribution of atone increased 18.6% year on year to 5.5 billion yen in the fourth quarter.

## BtoB Full-year GMV

GMV of the BtoB business for the fourth quarter increased 45.1% year on year.

GMV of the BtoB business for the full year increased 39.8% year on year to 136.9 billion yen.

### BtoB GMV Trend



#### Factors

High growth was achieved, driven by businesses related to the food and beverage industry thanks to the resumption of economic activity.

[YoY changes of top GMV categories]

- Related to the food and beverage industry
  - Advertising and advertising production: + 274.3%
  - Food wholesale: + 78.0%
- Others
  - ASP, Software: + 18.9%
  - Printing: + 5.7%
  - Construction and other materials: + 64.5%





# Financial Results for the Fiscal Year Ended March 31, 2023

- Financial Results for the Fiscal Year Ended March 31, 2023
- Breakdown of Total Operating Revenue/Gross Profit by BtoC/BtoB
- Total Operating Revenue/Gross Profit/Adjusted EBITDA
- Analysis of Year-on-Year Increase in SG&A Expenses

## Financial Results: Summary for Fiscal Year Ended March 31, 2023

Total operating revenue was 19,330 million yen (+3.6% YoY), achieving 99.7% of the earnings forecast.

Gross profit (non-GAAP) was 7,433 million yen (-0.5% YoY), achieving 102.0% of the earnings forecast.

Results Summary (JPY in millions)	FY3/23 Results	YoY (FY3/22)		(Reference) Full-year forecast for FY3/23*5	
		Results	Percentage change	Full-year forecast	Progress rate
<b>GMV (non-GAAP)</b>	<b>499,035</b>	472,589	+5.6%	496,200	100.6%
<b>Total operating revenue</b>	<b>19,330</b>	18,665	+3.6%	19,390	99.7%
Revenue	18,840	18,224	+3.4%	18,886	99.8%
<b>Gross profit (non-GAAP)*1</b>	<b>7,433</b>	7,469	-0.5%	7,290	102.0%
Operating profit (loss)	(404)	897	-	(730)	Loss narrower than forecast
<b>EBITDA (non-GAAP)*2</b>	<b>1,045</b>	2,246	-53.5%	756	138.1%
Marketing expenses*3	813	481	+69.2%	993	81.9%
IPO-related expenses	-	272	-	-	-
<b>Adjusted EBITDA (non-GAAP)*4</b>	<b>1,859</b>	3,000	-38.0%	1,750	106.2%

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

\*2 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

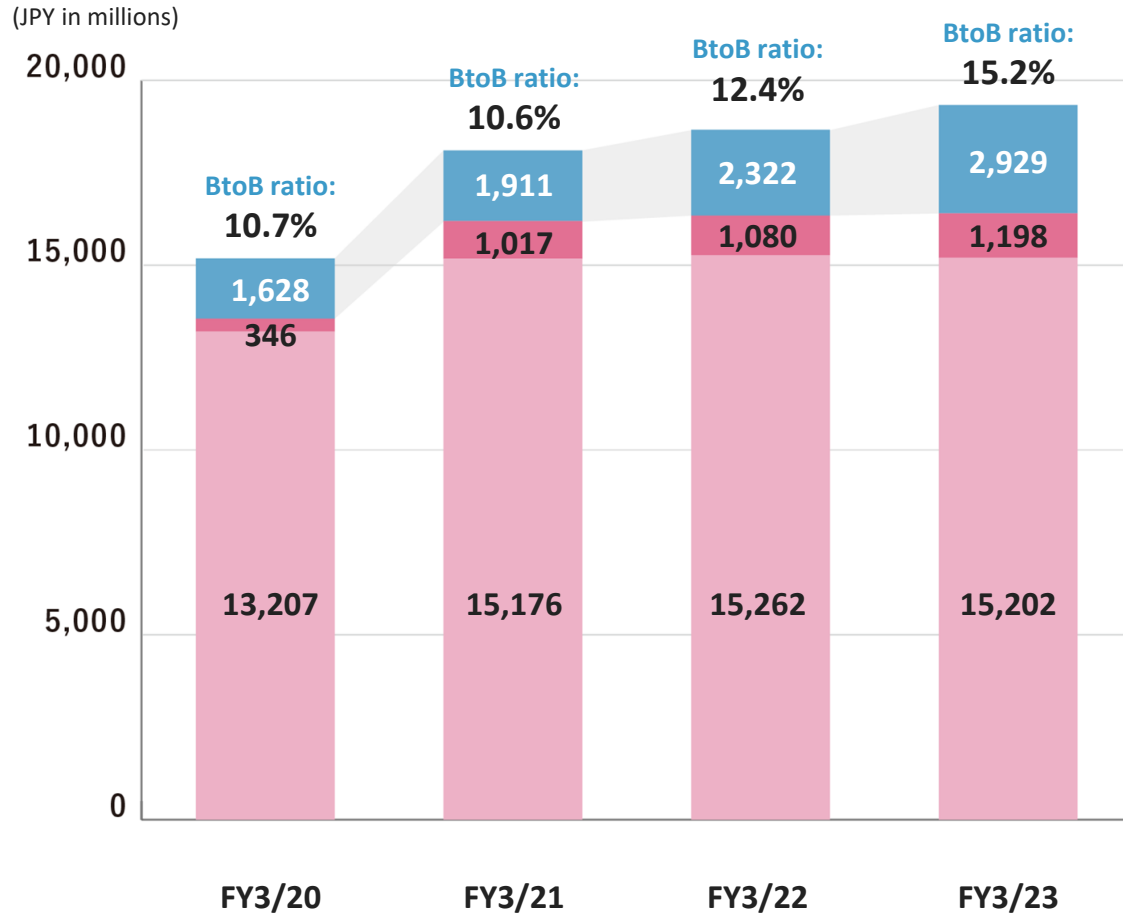
\*4 Adjusted EBITDA: EBITDA + (IPO related expenses + Marketing expenses)

\*5 Figures disclosed in the "Notice Concerning Variance between Consolidated Financial Forecasts and Actual Results for Six Months Ended September 30, 2022 and Revision to Full-Year Consolidated Financial Forecasts for Fiscal Year Ending March 31, 2023" released on November 14, 2022

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

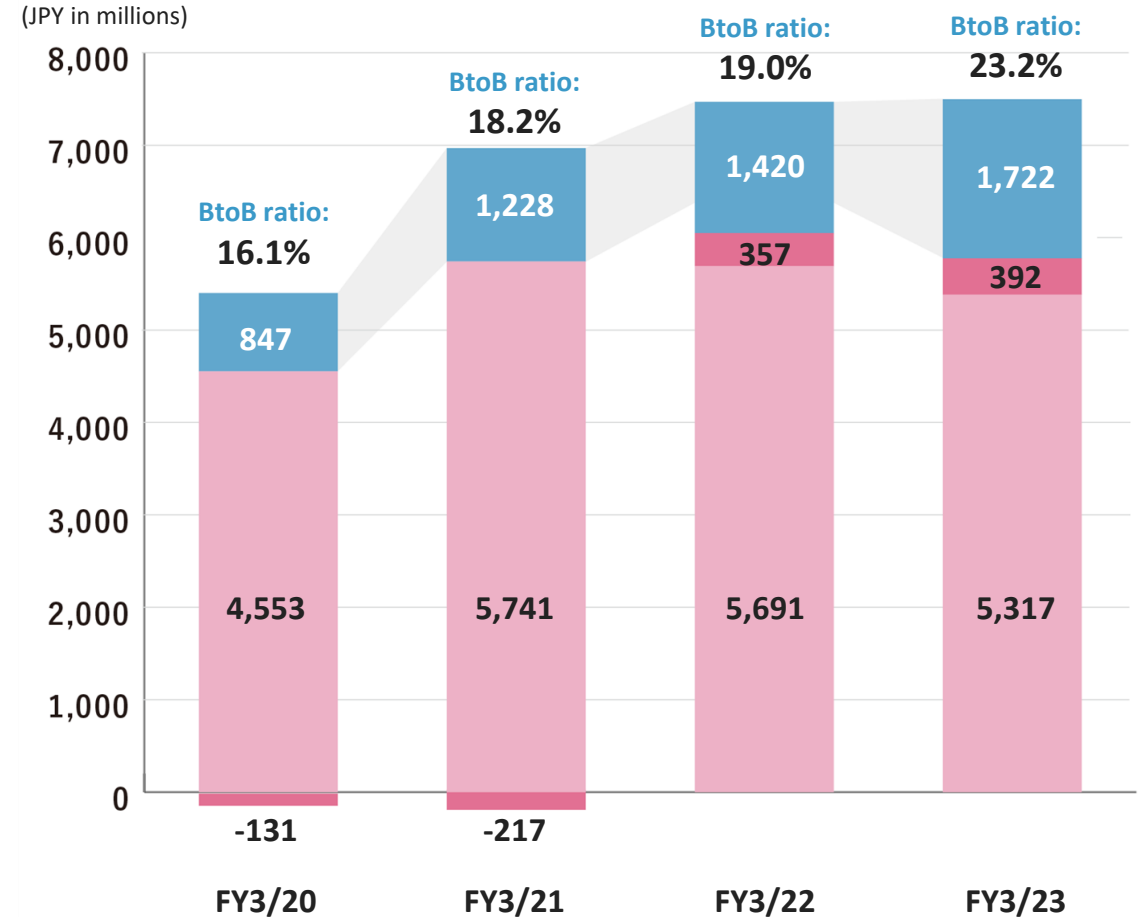
## Total Operating Revenue

- BtoC atone
- BtoC NP *Atobarai* and others
- BtoB NP *Kakebarai*



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

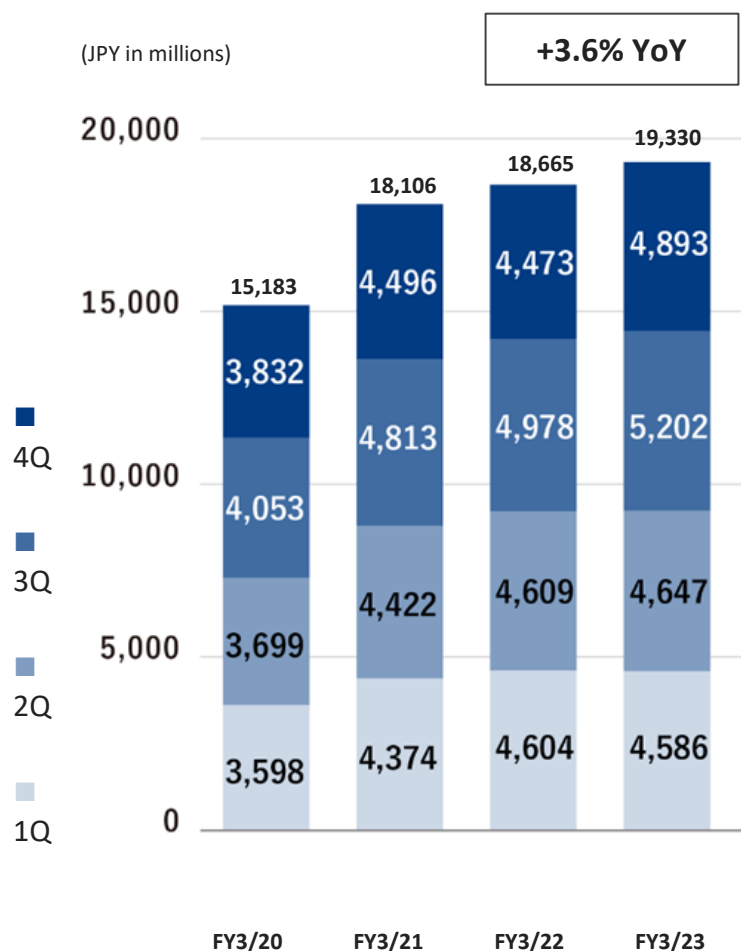
- BtoC atone
- BtoC NP *Atobarai* and others
- BtoB NP *Kakebarai*



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

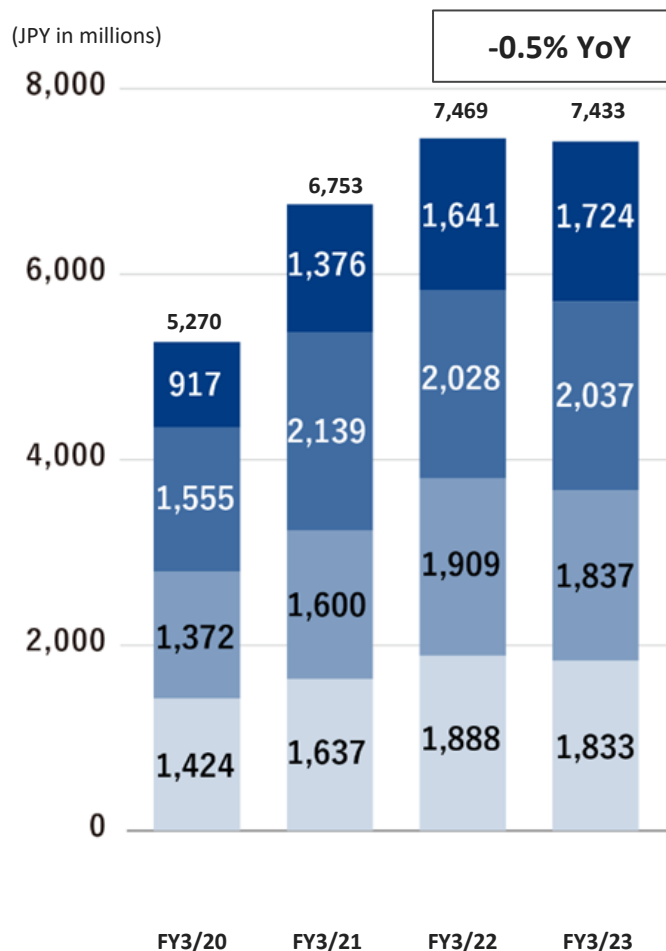
# Financial Results: Total Operating Revenue, Gross Profit, and Adjusted EBITDA

## Total Operating Revenue



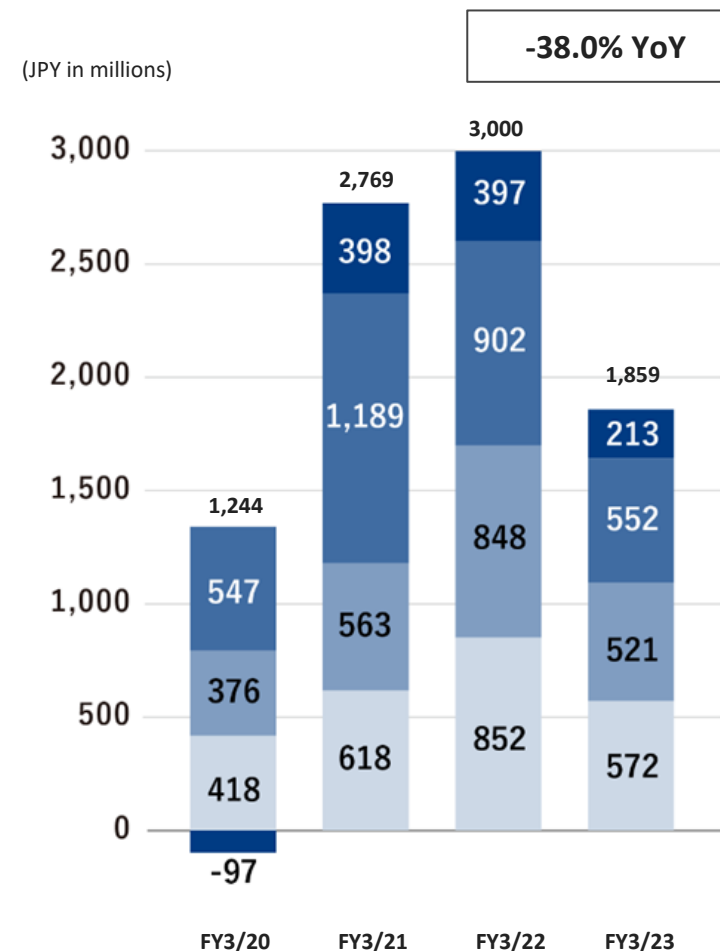
## Gross Profit

(non-GAAP)\*1



## Adjusted EBITDA

(non-GAAP)\*2

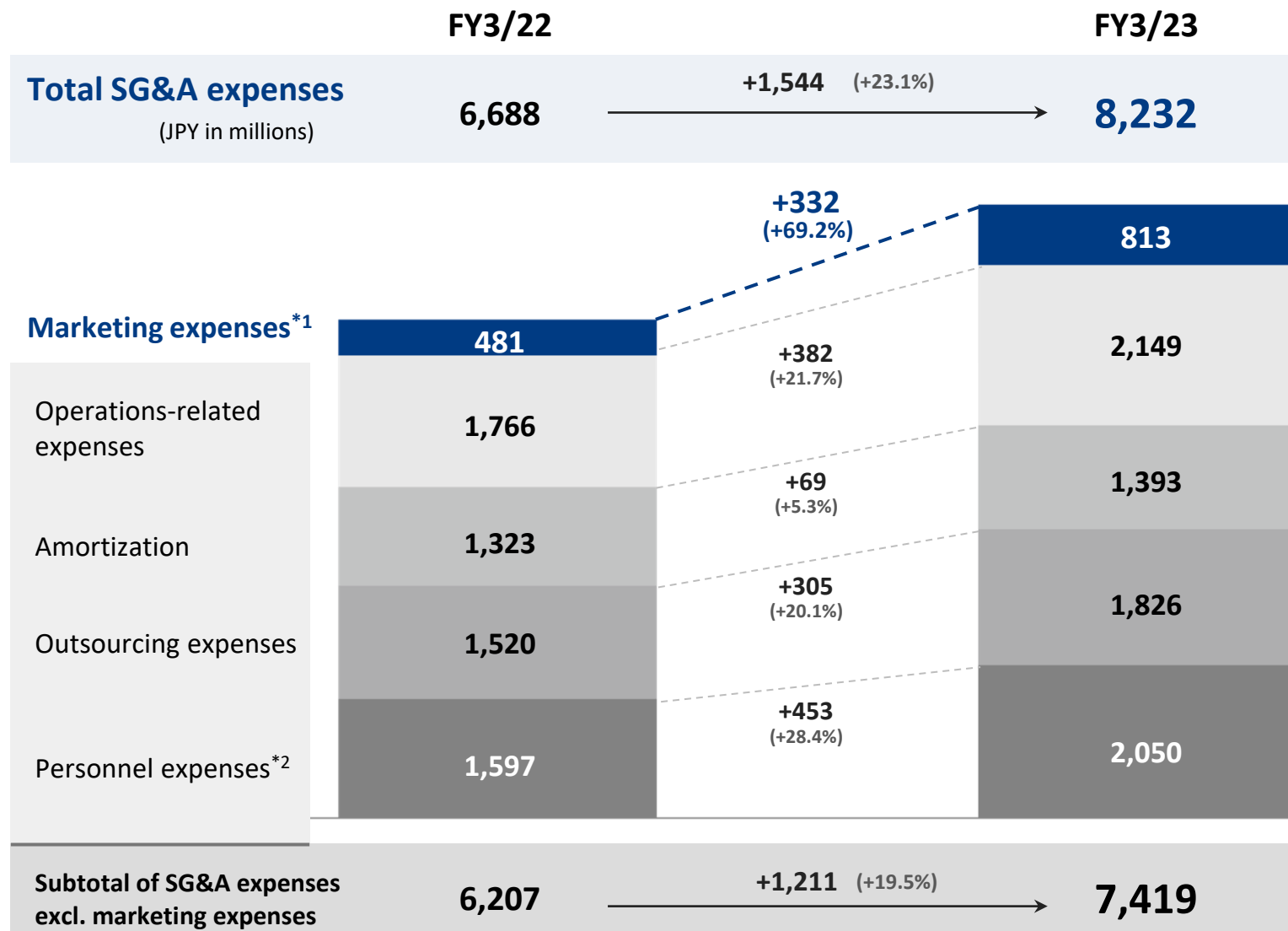


\*1 Gross profit: Revenue --(Collection expense + Invoicing expense + Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade receivables + Credit screening expense + NP point expense + Other payment related expenses)

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

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

# Financial Results: Analysis of Year-on-Year Increase in SG&A Expenses (Full-year)



- | Factors   |
|---|
| <ul style="list-style-type: none"> <li>● Marketing expenses: +332 million yen                             <ul style="list-style-type: none"> <li>○ Mass advertising for BtoB</li> </ul> </li> <li>● Outsourcing expenses: +305 million yen                             <ul style="list-style-type: none"> <li>○ System development</li> <li>○ Sales consignment</li> <li>○ Design and marketing operations</li> </ul> </li> <li>● Personnel expenses: +453 million yen                             <ul style="list-style-type: none"> <li>○ 41 mid career recruits</li> <li>○ 32 new graduate recruits</li> </ul> </li> </ul> |

\*1 Marketing expenses represent the sum of sales promotion expenses and advertising expenses excluding agency commissions.

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



## Earnings Forecasts for the Fiscal Year Ending March 31, 2024

- Earnings Forecasts
- GMV Estimates
- Estimates of SG&A Expenses
- BtoC: Key measures for atone

## Earnings Forecasts for the Fiscal Year Ending March 31, 2024

We are going to be committed to double-digit growth of GMV and total operating revenue. As we will continue to make investments, operating loss is expected to increase year on year, but we will end a series of efforts necessary to strengthen our structure during the fiscal year ending March 31, 2024. Afterward, we intend to increase the efficiency of SG&A expenses to improve profitability.

Earnings Forecasts (JPY in millions)	FY3/2024 forecasts				Reference: FY3/2023 Results
	1H	2H	Full-year	vs. FY3/2023	
<b>GMV (non-GAAP) *1</b>	267,342	306,657	<b>574,000</b>	<b>+15.0%</b>	499,035
BtoC	183,105	210,894	<b>394,000</b>	+8.8%	362,070
BtoB	84,237	95,762	<b>180,000</b>	+31.4%	136,964
<b>Total operating revenue</b>	10,097	11,478	<b>21,576</b>	<b>+11.6%</b>	19,330
Gross profit (non-GAAP) *2	3,763	4,336	<b>8,100</b>	+9.0%	7,433
<b>Operating profit (loss)</b>	(676)	(203)	<b>(879)</b>	–	(404)
EBITDA (non-GAAP) *3	61	566	<b>627</b>	-40.0%	1,045

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

\*2 Gross profit: Total operating revenue less operating expenses related to bad debt and invoicing (including invoice issuing fee, collection agency fee, and postal charges)

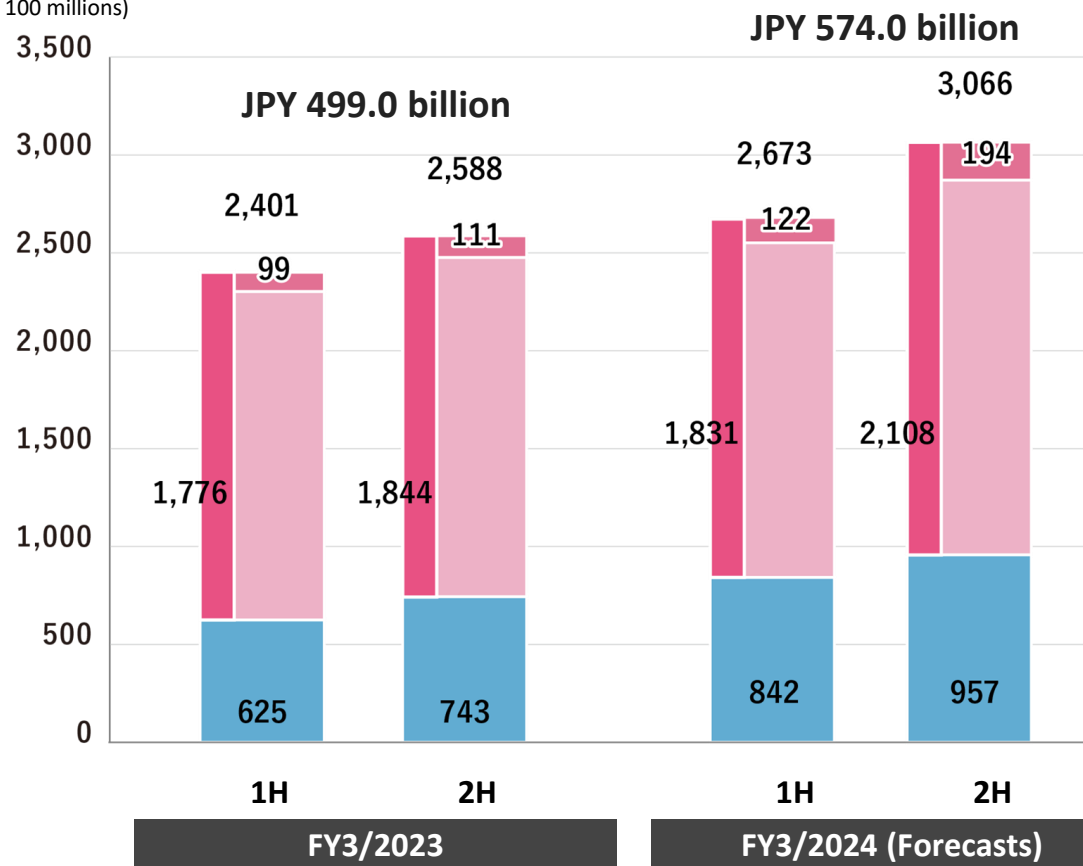
\*3 EBITDA: Operating profit or loss + Depreciation and amortization + Share-based payment expenses + Loss on disposal of fixed assets + Impairment losses - Gain on reversal of impairment losses

# GMV Estimates for the Fiscal Year Ending March 31, 2024

The Group's full-year GMV for the fiscal year ending March 31, 2024 is projected to be JPY 574.0 billion (BtoC atone: JPY 31.6 billion, BtoC NP *Atobarai* and others: JPY 362.3 billion, and BtoB: JPY 180.0 billion).

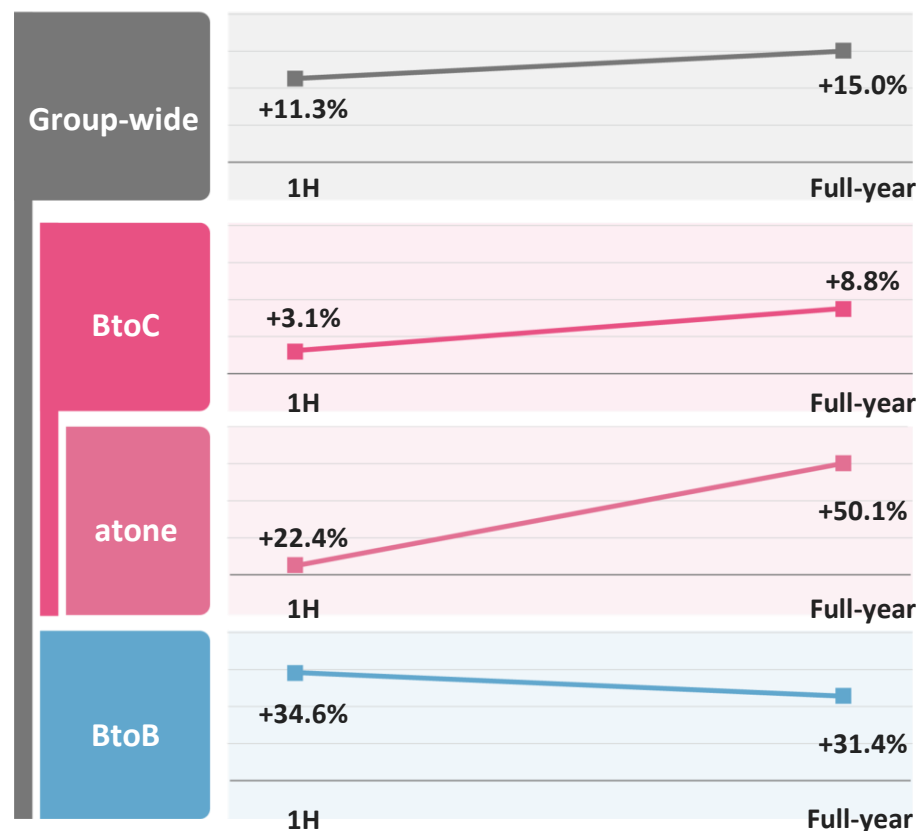
We aim to increase the full-year GMV by 15.0% year on year, backed by rapid growth in BtoC atone from the second half in addition to solid growth in BtoB.

(JPY in 100 millions)



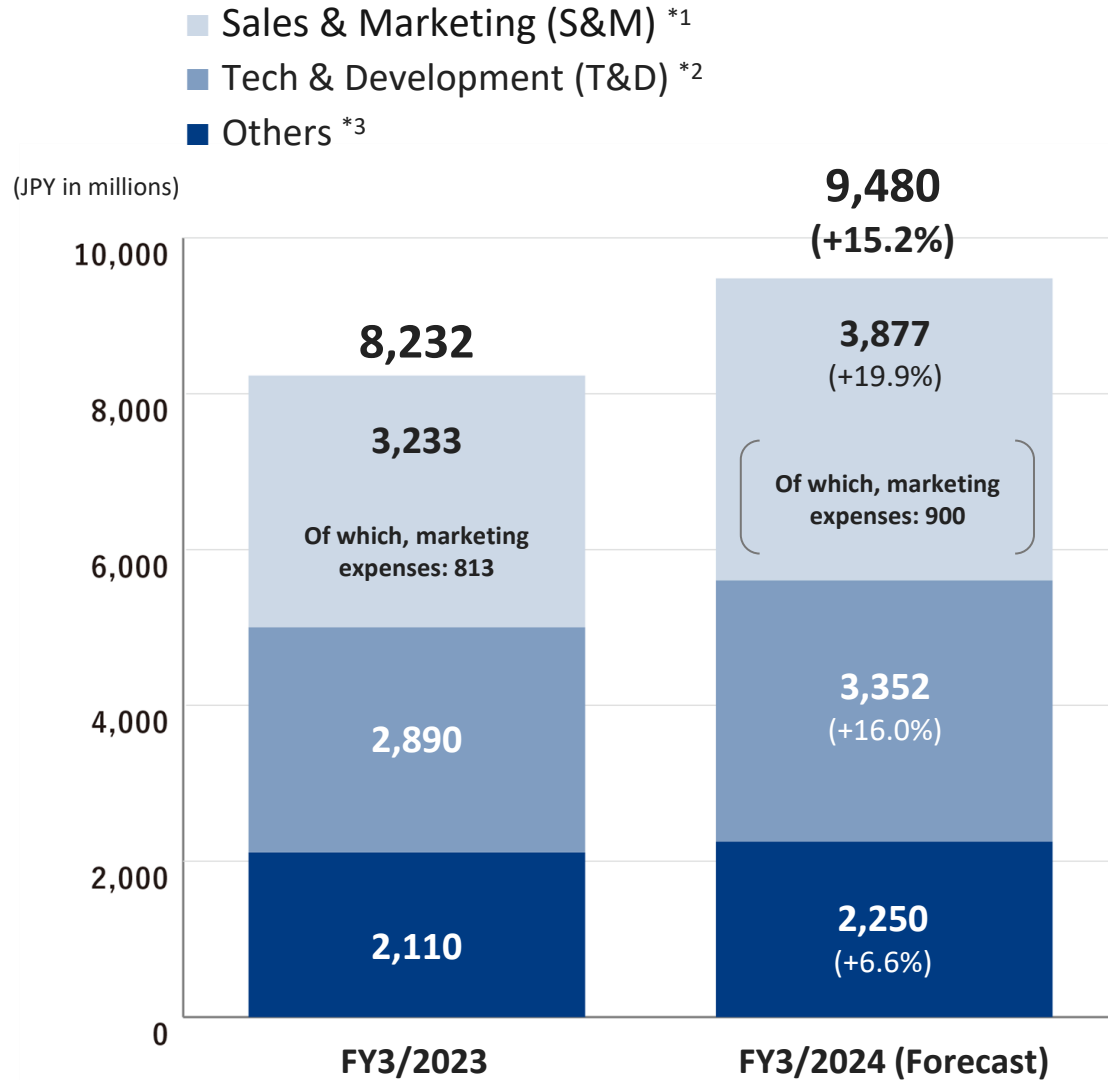
● BtoC GMV (● BtoC atone ● BtoC NP *Atobarai* and others) ● BtoB GMV

## GMV growth rate forecasts (vs. FY3/2023)





# Estimates of SG&A Expenses for the Fiscal Year Ending March 31, 2024 (by Function)



Factors	
● S&M: + JPY 644 million (+19.9%)	○ Expenses to be incurred in recruiting sales professionals and outsourcing
	○ Marketing expenses: + JPY 86 million
● T&D: + JPY 462 million (+16.0%)	○ Development expenses of atone and NP <i>Kakebarai</i>
● Others: + JPY 140 million (+6.6%)	○ Reduced increase from the previous fiscal year through the streamlining of back-office operations

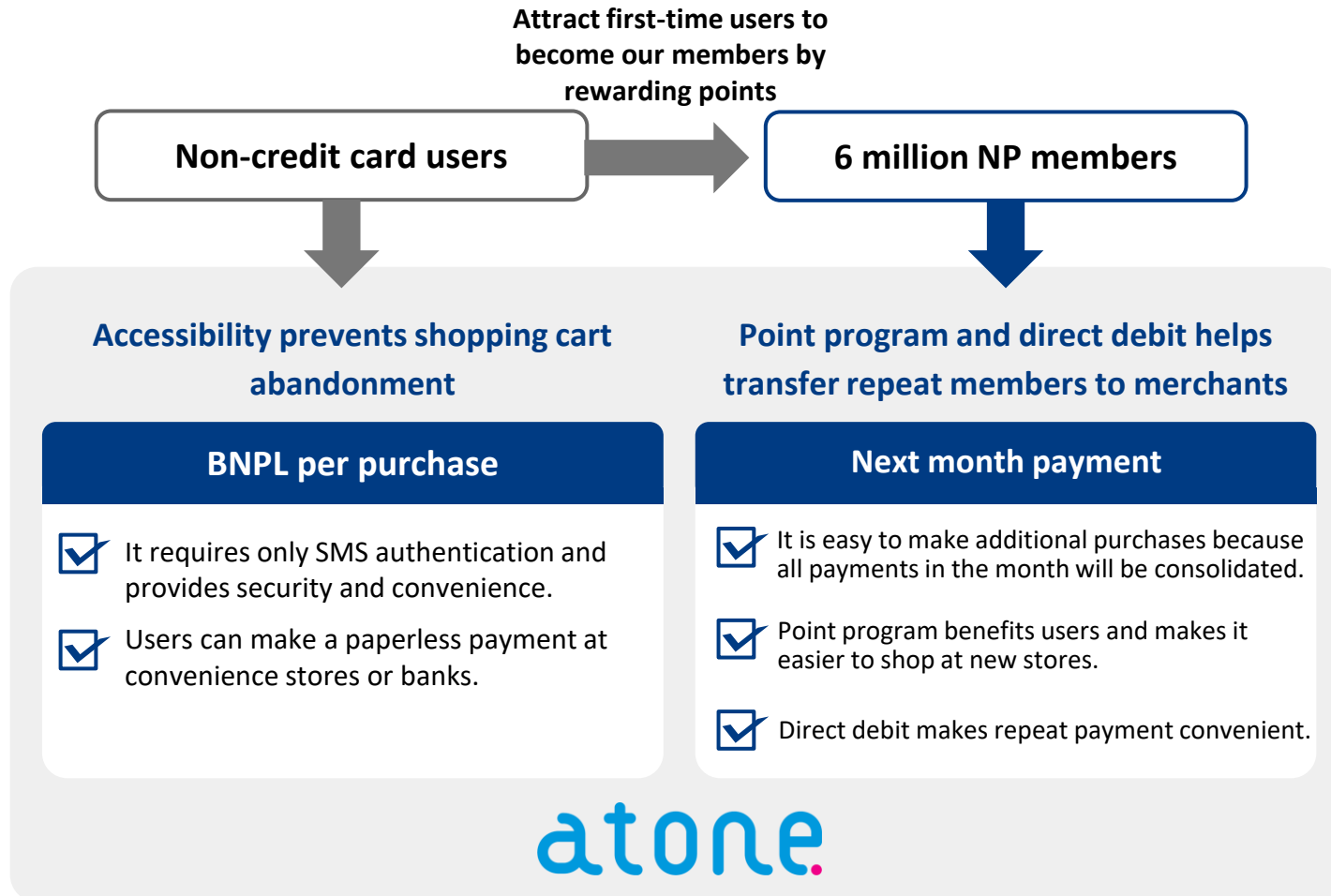
\*1 Sales & Marketing: Personnel, outsourcing, operations related, marketing, and other expenses related to sales and marketing

\*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 above (personnel and outsourcing expenses related to back-office operations, outsourcing expenses of help desk for services, etc.)

# BtoC: Key Measures for atone (BNPL per purchase enables us to acquire first-time users)

The BNPL per purchase feature allows customers to use atone without sign-up. We aim to increase CVR of first-time users. We prepare high value-added services and encourage first-time users to become our members to increase user LTV.



## Benefits for merchants that have adopted atone, which could lead to an increase in GMV

### 1. Increased CVR

Users can choose their desired BNPL option. This prevents shopping cart abandonment.

### 2. New customer acquisition

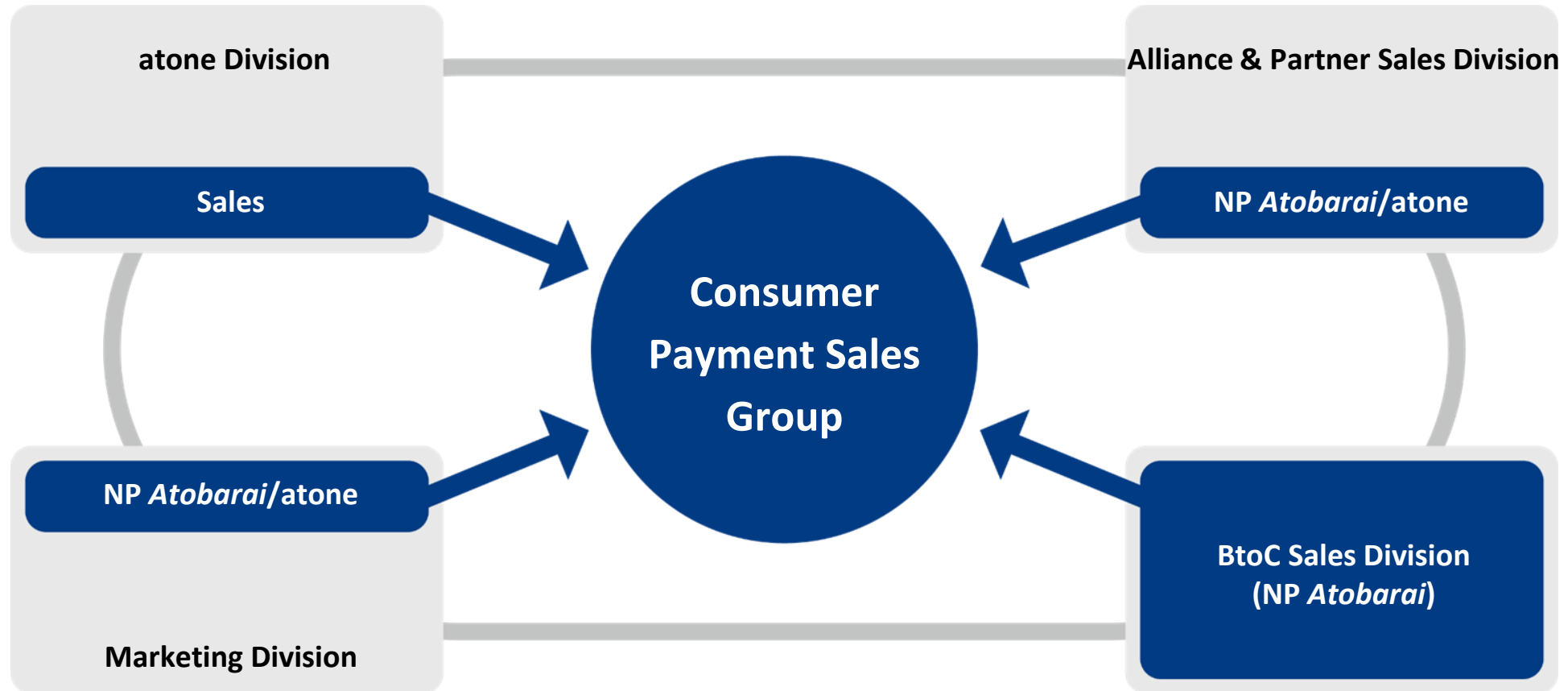
Additional features enable merchants to appeal to their customers

### 3. Increased retention rate

Point program and various payment methods make it easier to repeatedly use

## BtoC: Key Measures for atone (the sales divisions of atone and NP *Atobarai* have been integrated into one)

We have established a group that covers the functions of corporate customer sales, partner sales, and marketing activities for atone and NP *Atobarai*. The previous divisions have transitioned to this group. This will enable us to both further increase sales of atone and improve the efficiency of sales expenses.



Sales and marketing structure for atone: 10 professionals → **40 professionals**



# Review of Growth Strategy

## Key Measures

- Review of Marketing Activities
- Review of Alliances
- Key Measures to Be Taken during the Fiscal Year Ending March 31, 2024

# Review of Key Measures Taken during the Fiscal Year Ended March 31, 2023

Key measures aimed at growth of GMV and operating revenue.

## Enhance marketing activities



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

## Seek alliance



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

## Extend atone functions & services

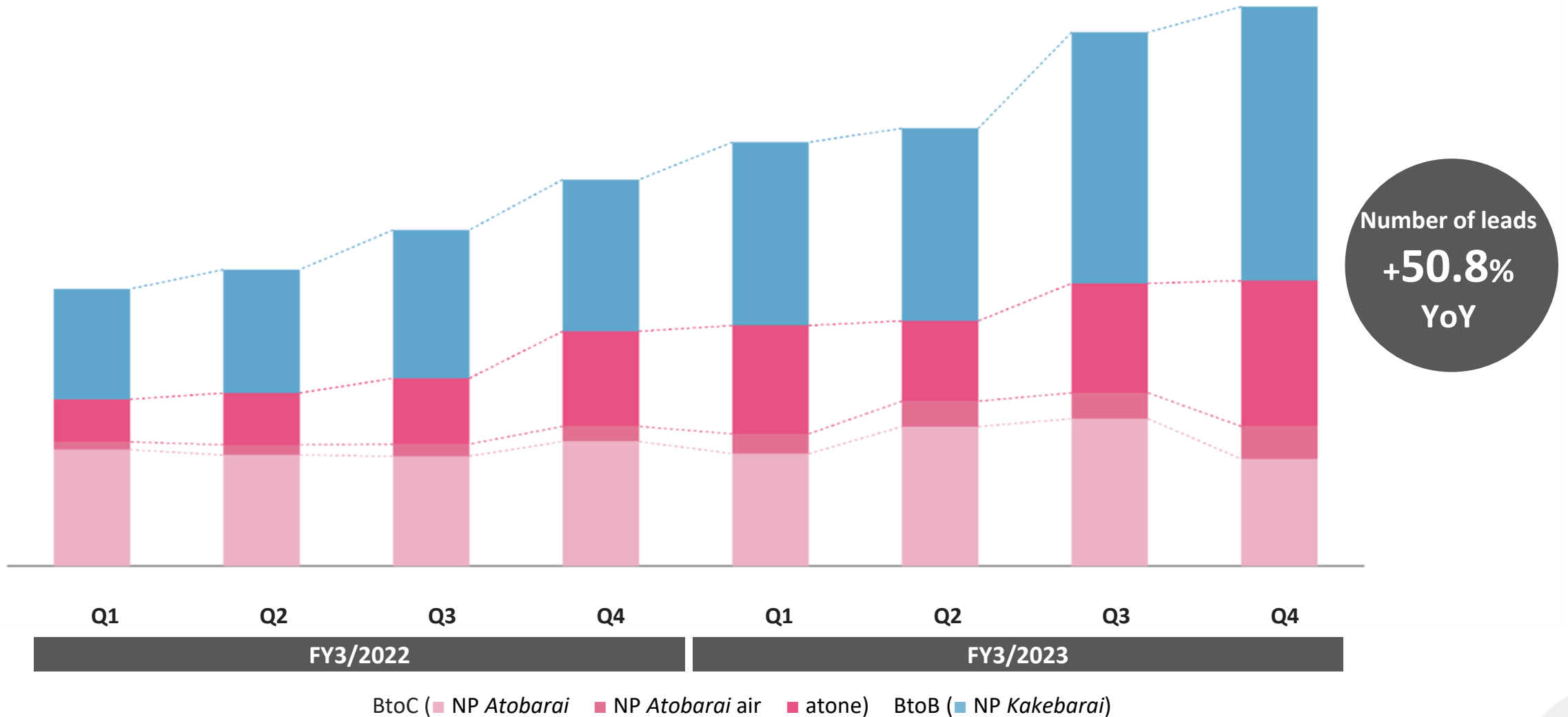


- ✓ Implement a new function, BNPL without sign-up
- ✓ Accelerate use of atone at physical stores
- ✓ Enhance transfer of users for merchants

**Strengthen our structure to facilitate the implementation of the key measures**

# Quarterly Changes in Lead Generation

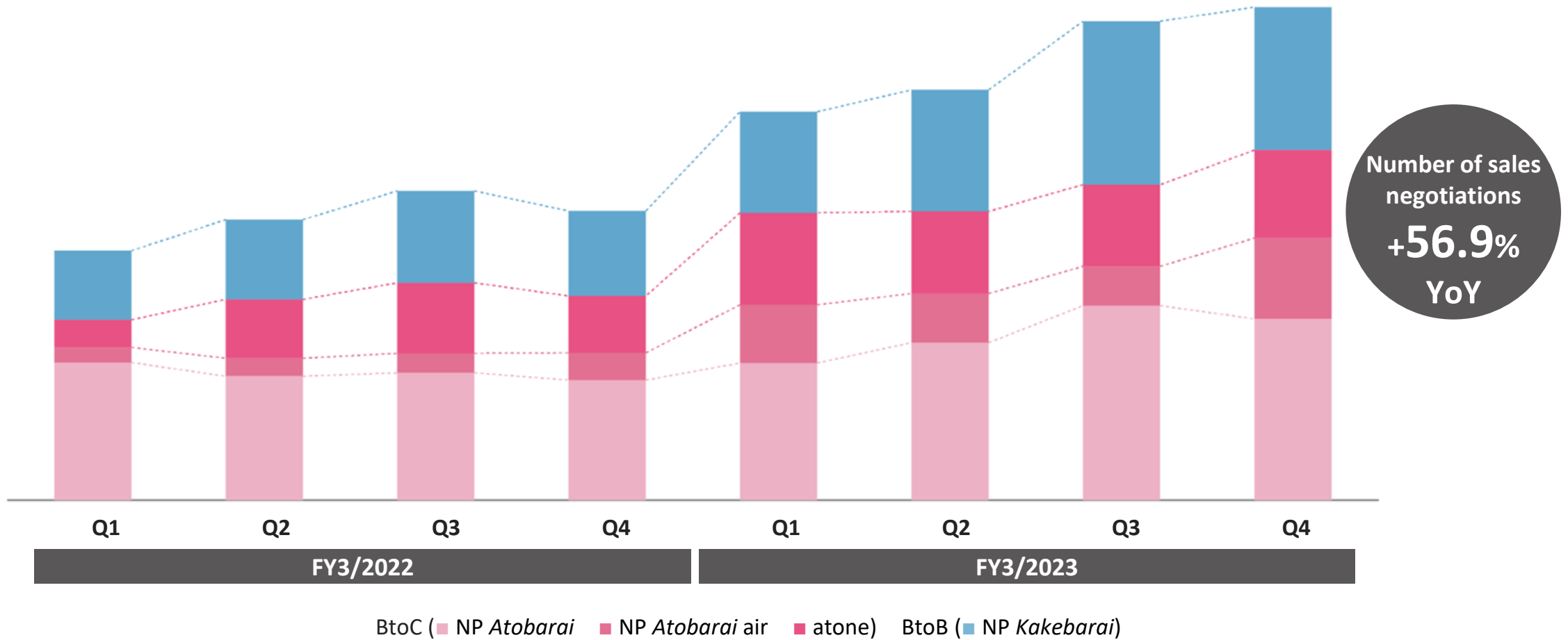
Number of leads\*<sup>1</sup> grew steadily for each service, recording a year-on-year increase of 50.8% in FY3/2023.



\*1 Number of leads = Number of online requests for information materials + Number of sales negotiations referred by agencies

# Quarterly Changes in the Number of Sales Negotiations

Number of sales negotiations in FY3/2023 was up 56.9% year on year.

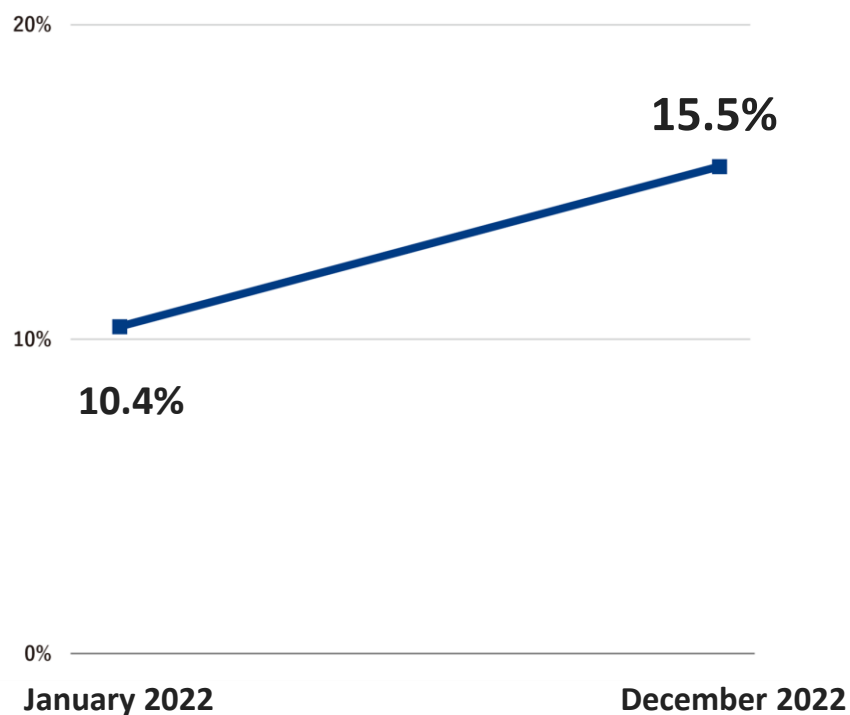


# Review of Marketing Campaigns Launched in the Fiscal Year Ended March 31, 2023

After mass advertising, NP *Kakebarai*'s brand awareness and large sales negotiations increased significantly.

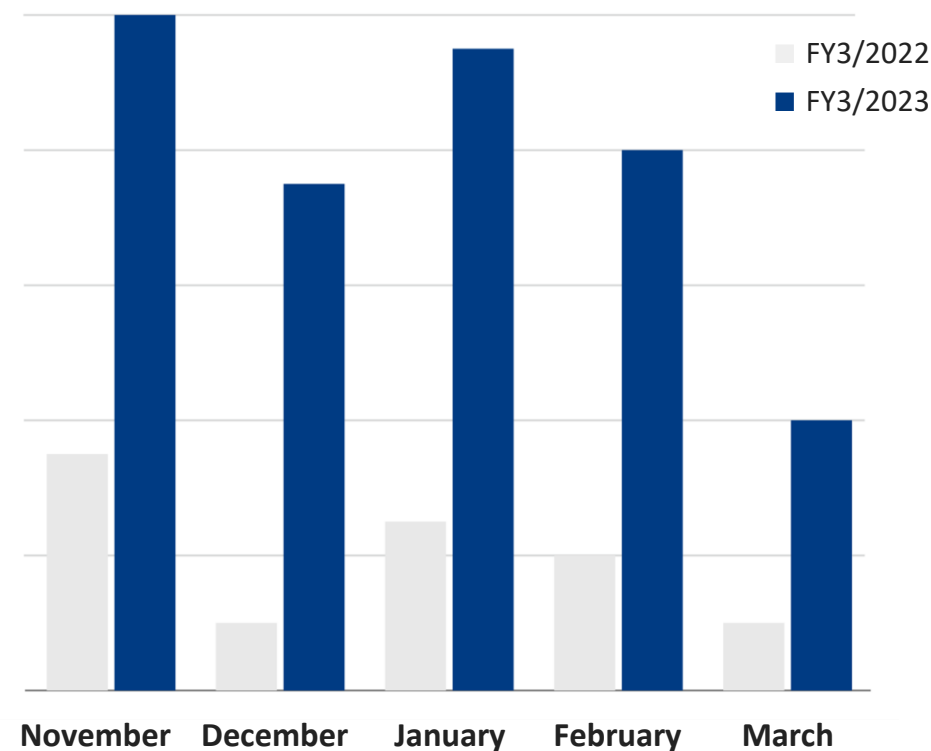
## NP *Kakebarai* brand awareness \*1

After we took mass advertising campaigns in November 2022, brand awareness leaped in the areas that ads were aired.



## Number of large sales negotiations on NP *Kakebarai* \*2

Mass advertising, digital marketing campaigns, and the PDCA cycle generated synergies, increasing the number of large sales negotiations in particular.



\*1 Researched by M-Force inc. with respondents of men and women aged 25–65 living in the Kanto and Kansai areas, whose positions are corporate managers, officers, and regular employees in sectors other than the market research, advertising, and financial sectors; N = 8,000


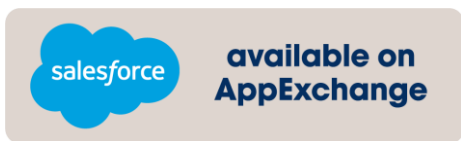
\*2 Sales negotiation with an estimated monthly GMV of JPY 10 million or more



## Review of Alliances Formed in the Fiscal Year Ended March 31, 2023 (1/2)

We enabled sales and system coordination with top industrial players representing Japan. Forming business alliances with partners who provide payment and financial services expanded our sales network, enabling us to build a system for creating leads on an ongoing basis. Going forward, we plan to consider service schemes with these partners.

### Alliance partners (excerpt)

	Sales Promotion Support	Sales System Development (Shopping cart and other platform providers)	Finance (Payment and finance)
 BtoC		 	  
 BtoB			     

## Review of Alliances Formed in the Fiscal Year Ended March 31, 2023 (2/2)

We formed business alliances with five regional financial institutions and established our regional office. We met significantly increasing needs for the digital transformation of billing operations through NP *Kakebarai* and NP *Atobarai* air.

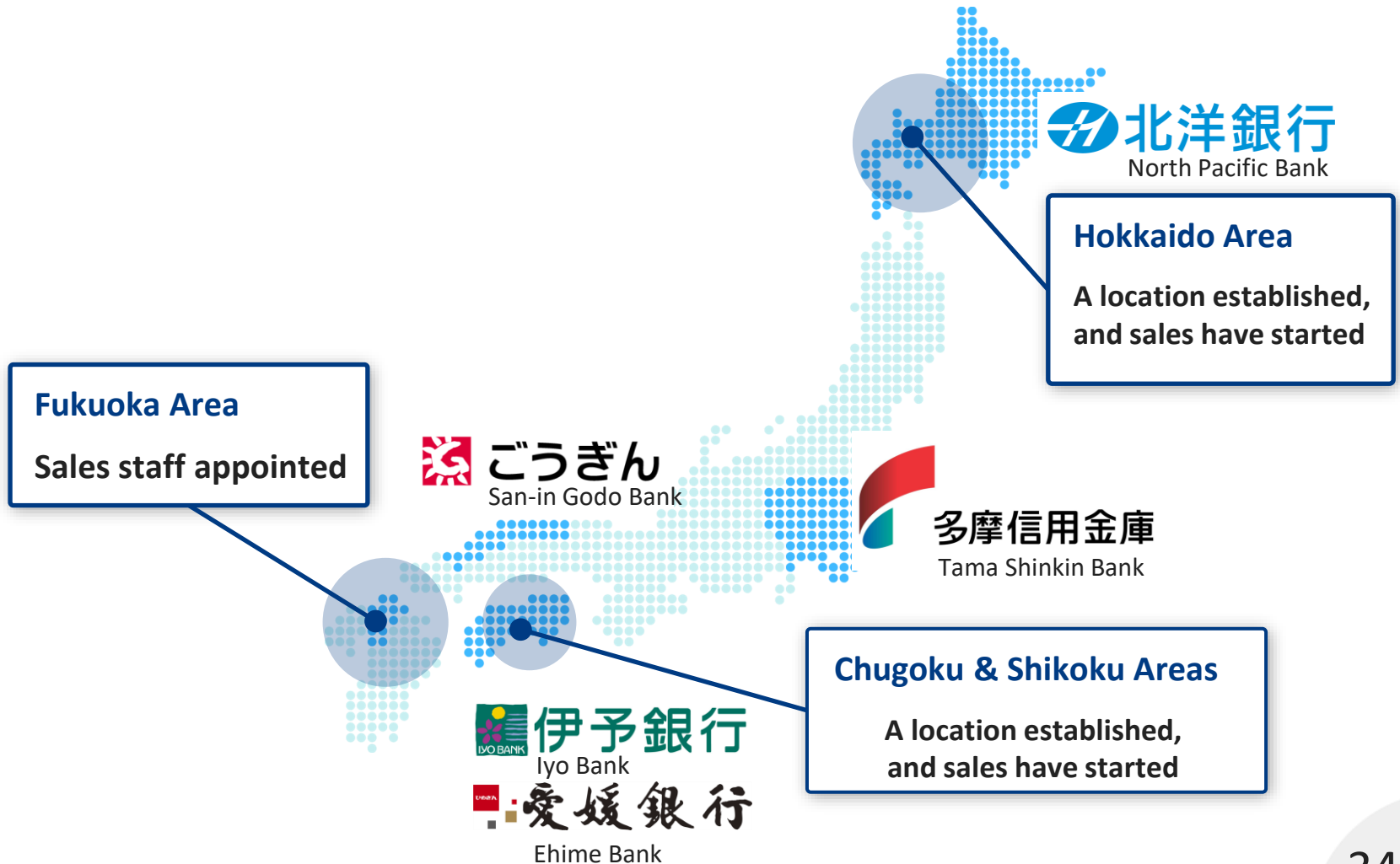
### Promote Business Alliance

- Support digital transformation of billing operations
- Acquire new merchants



### Strengthen Domestic Sales Office Network

Allocate dedicated sales staff to the office of partner banks to promote merchant acquisition



# Service Implementation Status for the Fiscal Year Ended March 31, 2023 (Excerpt)

Major players have adopted our services one after another in target markets, including BtoB, BtoC, and overseas (Taiwan). We are expanding the provision of our services in non-merchandise sales such as digital content.

## BtoB (Japan)

### Major companies



### Ventures and startups



cookpad



## BtoC

### Housing equipment manufacturers



### Beauty and health

**SHIKARI**

### Digital content



### Entertainment merchandise

KADOKAWA 公式オンラインショップ  
**カドカワストア**

### Apparel

**G R L**

Japan

Taiwan

E-commerce marketplace



博客來

## Policy in the Fiscal Year Ending March 31, 2024

### Making our brand presence stronger in the domestic BtoC market

We will shift our focus from NP *Atobarai* to *atone*. We aim to further increase the number of *atone* merchants to approximately 360,000 and the number of our members to over 6 million.

We will **develop new features and improve UI and UX to increase the number of merchants** of non-merchandise sales stores and physical stores, which are white space for us.

**We will provide sales promotion support, such as giving reward points to large shops, to acquire more merchants.**

### Expanding digital transformation business

We will facilitate digital transformation support through NP *Kakebarai* and NP *Atobarai* air.

We will **strengthen our sales structure in regional sites to increase the number of merchants** of leading companies nationwide.

**We will find and get collaborative partners to improve our service quality.**

### Progressing overseas business

We will drive business expansion into Asia with AFTEE.

We will **acquire more merchants and strengthen risk control (credit screening)** to make the service in Taiwan profitable.

We will **build a service model tailored for emerging market Vietnam** to have continuous growth.



## **Appendix**

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

# Key Performance Indicators

	Three months ended March 31, 2022	Three months ended March 31, 2023	Percentage change	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Percentage change
	(JPY in millions)	(JPY in millions)	(%)	(JPY in millions)	(JPY in millions)	(%)
<b>GMV (non-GAAP)*<sup>1</sup></b>	115,437	126,210	9.3	472,589	499,035	5.6
BtoC Services	89,558	88,672	△1.0	374,606	362,070	(3.3)
BtoB Service	25,879	37,538	45.1	97,982	136,964	39.8
<b>Total Operating Revenue</b>	<b>4,473</b>	<b>4,893</b>	<b>9.4</b>	<b>18,665</b>	<b>19,330</b>	<b>3.6</b>
BtoC Services	3,872	4,114	6.3	16,343	16,400	0.4
BtoB Service	601	779	29.5	2,322	2,929	26.1
Other operating revenue	101	122	20.4	441	489	10.9
<b>Revenue</b>	<b>4,372</b>	<b>4,771</b>	<b>9.1</b>	<b>18,224</b>	<b>18,840</b>	<b>3.4</b>
Invoicing related expenses (non-GAAP)* <sup>2</sup>	1,788	2,042	14.2	7,429	7,888	6.2
Bad debt related expenses (non-GAAP)* <sup>3</sup>	856	887	3.6	2,952	3,132	6.1
Other payment related expenses (non-GAAP)* <sup>4</sup>	86	117	36.3	373	386	3.7
<b>Gross profit (non-GAAP)*<sup>5</sup></b>	<b>1,641</b>	<b>1,724</b>	<b>5.0</b>	<b>7,469</b>	<b>7,433</b>	<b>(0.5)</b>
BtoC Services	1,262	1,288	2.0	6,049	5,710	(5.6)
BtoB Services	378	436	15.2	1,420	1,722	21.3
Selling, general and administrative expenses, and other operating expenses (non-GAAP)* <sup>6</sup>	1,941	2,207	13.7	7,013	8,327	18.7
<b>Operating profit (loss)</b>	<b>(198)</b>	<b>(361)</b>	<b>—</b>	<b>897</b>	<b>(404)</b>	<b>—</b>
Depreciation and amortization	333	348	4.5	1,315	1,383	5.2
Share-based payment expenses	1	3	67.2	8	10	25.6
Loss on disposal of property, plant and equipment	9	32	234.3	25	57	120.3
Impairment loss	—	—	—	—	—	—
Gain on reversal of impairment losses	—	—	—	—	—	—
<b>EBITDA (non-GAAP)*<sup>7</sup></b>	<b>147</b>	<b>23</b>	<b>(84.1)</b>	<b>2,246</b>	<b>1,045</b>	<b>(53.5)</b>
IPO-related expenses	2	—	(100.0)	272	—	(100.0)
Marketing expenses (non-GAAP)* <sup>8</sup>	247	190	(23.2)	481	813	69.2
<b>Adjusted EBITDA (non-GAAP)*<sup>9</sup></b>	<b>397</b>	<b>213</b>	<b>(46.3)</b>	<b>3,000</b>	<b>1,859</b>	<b>(38.0)</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)

\*8 Marketing expenses: Sales promotion excluding agency commissions + advertising expenses

\*9 Adjusted EBITDA: EBITDA + (IPO-related expenses + Marketing expenses)

# Consolidated Statement of Financial Position

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	12,119	10,564
Trade and other receivables	22,019	24,540
Inventories	19	21
Other current receivables	473	1,102
<b>Total current assets</b>	<b>34,631</b>	<b>36,228</b>
Non-current assets		
Property, plant and equipment	982	743
Goodwill	11,608	11,608
Intangible assets	3,566	4,130
Other financial assets	740	1,005
Deferred tax assets	1,333	1,578
Other non-current assets	173	171
<b>Total non-current assets</b>	<b>18,405</b>	<b>19,239</b>
<b>Total Assets</b>	<b>53,037</b>	<b>55,467</b>

(JPY in millions)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities and Equity</b>		
Liabilities		
Current liabilities		
Trade and other payables	26,960	27,223
Short-term loans	—	3,000
Lease liabilities	397	415
Other current financial liabilities	5	4
Income taxes payable	816	161
Provisions	40	28
Liabilities for employee benefits	353	443
Other current liabilities	465	513
<b>Total current liabilities</b>	<b>29,039</b>	<b>31,801</b>
Non-current liabilities		
Long-term loans	4,955	4,964
Lease liabilities	330	85
Provisions	69	84
<b>Total non-current liabilities</b>	<b>5,354</b>	<b>5,135</b>
<b>Total Liabilities</b>	<b>34,394</b>	<b>36,936</b>
Equity		
Share capital	4,095	4,113
Capital surplus	14,046	14,168
Retained earnings	466	86
Other components of equity	34	64
<b>Total equity attributable to owners of parent</b>	<b>18,642</b>	<b>18,433</b>
Non-controlling interests	—	98
<b>Total Equity</b>	<b>18,642</b>	<b>18,531</b>
<b>Total Liabilities and Equity</b>	<b>53,037</b>	<b>55,467</b>

# Consolidated Statement of Profit or Loss

(JPY in millions)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Revenue	18,224	18,840
Other operating revenue	441	489
<b>Total operating revenue</b>	<b>18,665</b>	<b>19,330</b>
Operating expenses	(17,768)	(19,735)
<b>Operating profit (loss)</b>	<b>897</b>	<b>(404)</b>
Financial income	0	0
Financial costs	(266)	(123)
<b>Profit (loss) before income taxes</b>	<b>630</b>	<b>(527)</b>
Income tax expense	(395)	148
<b>Profit (loss)</b>	<b>235</b>	<b>(379)</b>
<b>Profit (loss) attributable to:</b>		
Owners of parent	235	379
<b>Profit (loss)</b>	<b>235</b>	<b>379</b>
<b>Earnings (loss) per share</b>		
Basic earnings (loss) per share (yen)	2.62	(3.93)
Diluted earnings (loss) per share (yen)	2.55	(3.93)



# Consolidated Statement of Cash Flows

(JPY in millions)

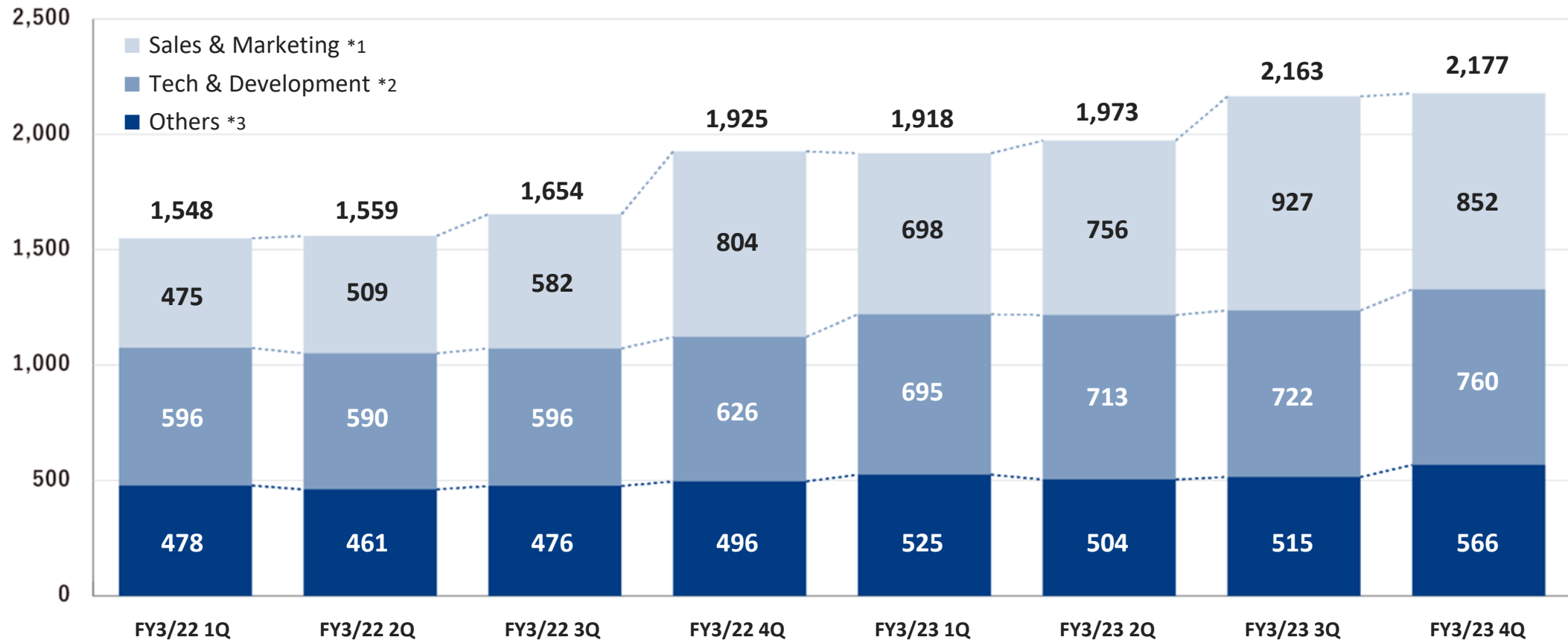
	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
<b>Cash Flows from Operating Activities</b>		
Profit (loss) before income taxes	630	(527)
Depreciation, amortization and impairment losses	1,315	1,383
Share-based payment expenses	8	10
Financial income and financial costs	228	105
Increase (decrease) in provisions	(28)	2
Loss on disposal of property, plant and equipment	25	57
Decrease (increase) in inventories	(0)	(2)
Decrease (increase) in trade and other receivables	(2,861)	(2,521)
Increase (decrease) in trade and other payables	2,971	272
Other	(190)	(56)
<b>Subtotal</b>	<b>2,099</b>	<b>(1,277)</b>
Interest received	0	0
Interest paid	(258)	(38)
Income tax paid	(890)	(1,314)
<b>Net cash provided by (used in) operating activities</b>	<b>951</b>	<b>(2,629)</b>
<b>Cash Flows from Investing Activities</b>		
Payments into time deposits	—	(1)
Purchase of property, plant and equipment	(9)	(88)
Purchase of intangible assets	(799)	(1,357)
Payments for guarantee deposits	(11)	(79)
Proceeds from collection of guarantee deposits	52	76
Purchase of other financial assets	—	(315)
<b>Net cash used in investing activities</b>	<b>(767)</b>	<b>(1,765)</b>
<b>Cash Flows from Financing Activities</b>		
Net increase (decrease) in short-term loans	—	3,000
Proceeds from long-term loans	5,000	—
Repayments of long-term loans	(6,855)	—
Purchase of debt instruments	(1,994)	—
Repayments of lease liabilities	(379)	(383)
Proceeds from issuance of shares	7,854	27
Capital contribution from non-controlling interests	—	196
<b>Net cash provided by financing activities</b>	<b>3,625</b>	<b>(2,841)</b>
Effects of exchange rate changes on cash and cash equivalents	5	(0)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,814</b>	<b>(1,554)</b>
Cash and cash equivalents at the beginning of the period	8,304	12,119
Cash and cash equivalents at the end of the period	12,119	10,564

# SG&A Expenses

We made efficient investments by focusing on advertising, sales personnel increase, and system development to acquire new merchants, while containing other expenses.

## | SG&A Expenses (Quarterly Trend by Function)

(JPY in millions)



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

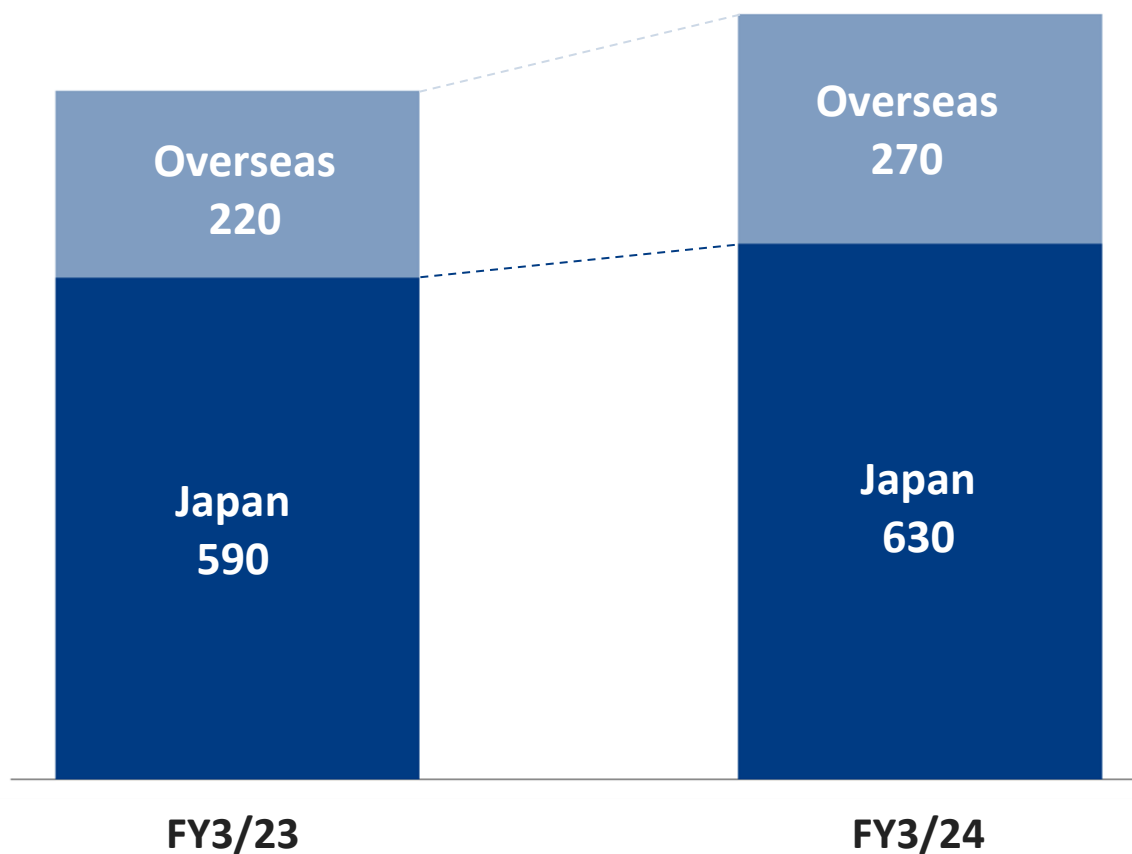
\*2 Tech & Development: Personnel, outsourcing, operations-related, and other expenses related to system development, credit-related operations, and other operations

\*3 Others: SG&A expenses other than \*1 and \*2 above (personnel and outsourcing expenses related to back-office operations, and service support desks outsourcing expenses, etc.)

## Our Vision in Marketing Policy for the Fiscal Year Ending March 31, 2024

Investment in marketing activities will be maintained at the same level as the fiscal year ended March 31, 2023, generating a greater return by benefiting from the promotion of merchant acquisition reinforced in the previous fiscal year.

### Investment in Marketing (JPY in millions)

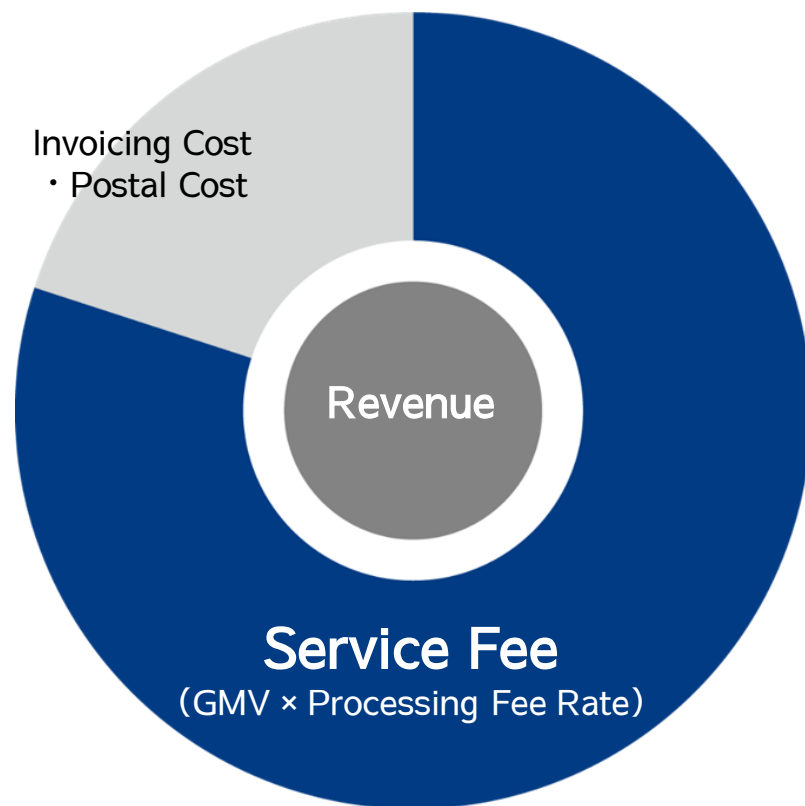


Possible Factors	
● Overseas	○ Support sales promotion for large scale merchants
● Japan	○ For merchants
	■ Intensify efforts to acquire lead and sales negotiations
	■ Focus on large sales negotiations
	○ For members
	■ Develop measures such as new customer acquisition and LTV improvement

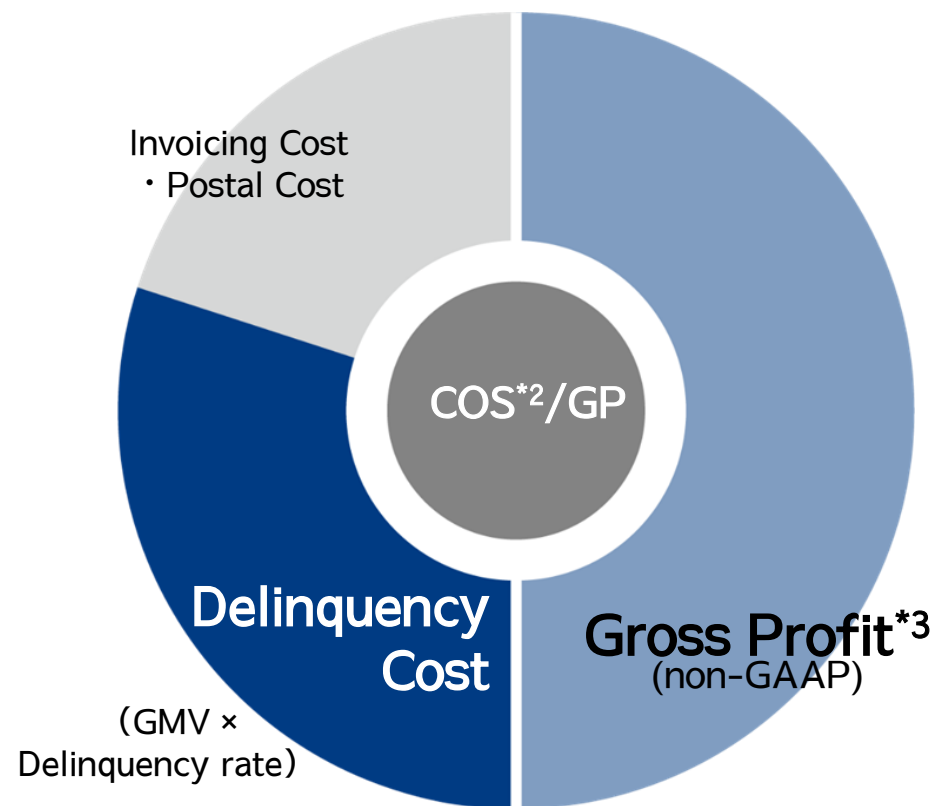
## Business Metrics: Profit Structure as a Source of Corporate Value

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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## 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://share.hsforms.com/1hz-HTwboSK2xYNq0TLIMswcwzc4>

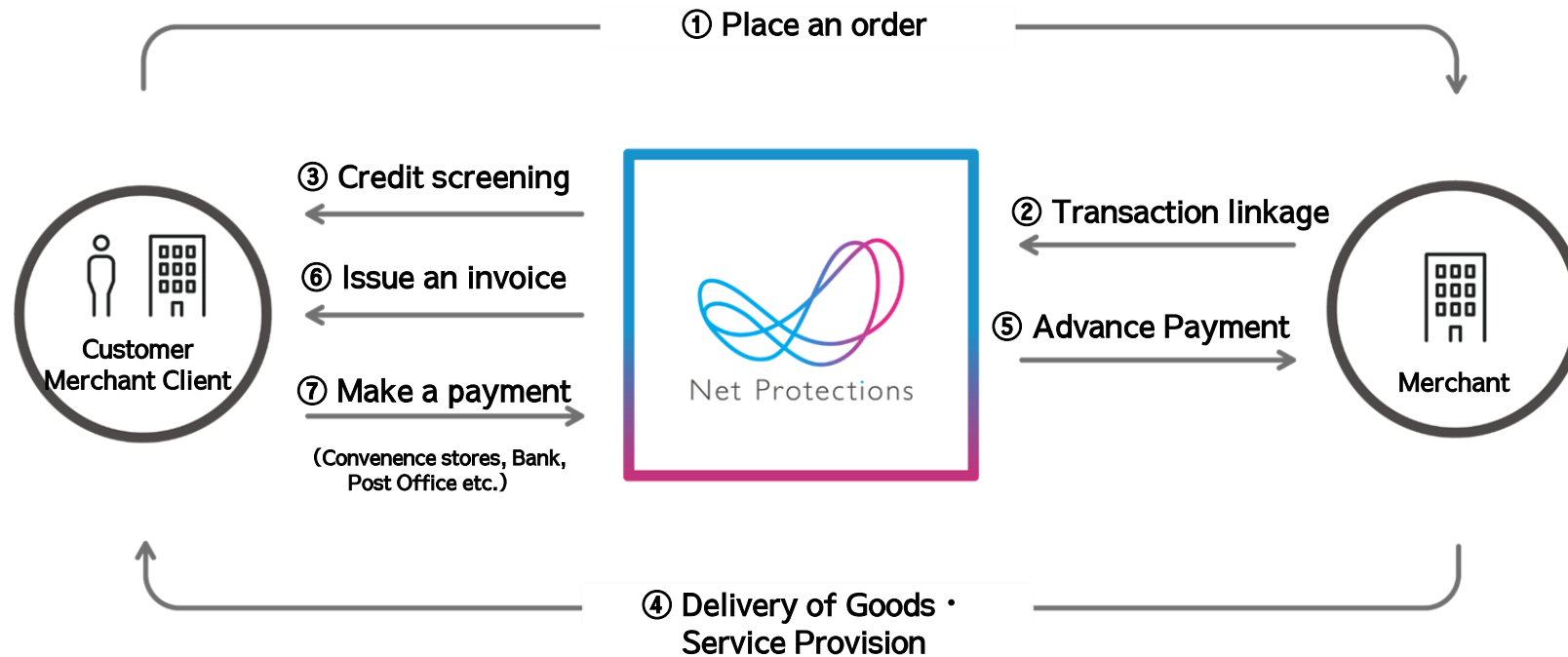


# **Business and Market Overview**

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# 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.

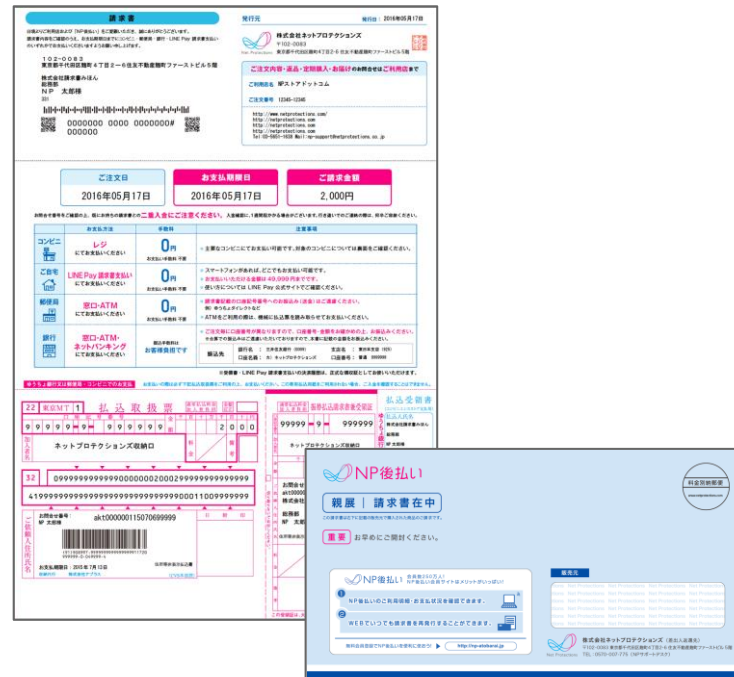


Catalog mail-order and TV mail-order Schemes are also supported

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

Can create an original transaction report

Can customize scheme similar to own



\*1 Based on our share in the BNPL market in FY2020 from p. 86 of Yano Research Institute "Online Payment/Settlement Service Providers 2022."

## Service Fee Table: NP Atobarai

	Monthly Transaction Volume	NP Service Fee	Monthly Fixed Fee	Invoice Fee <sup>*3</sup>
<b>Plan A</b>	-	5.0% of customer's billing amount	0 yen	
<b>Plan B</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
<b>Plan C</b>	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
<b>Plan D</b>	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
<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

	<b>NP Atobarai</b>	<b>atone - BNPL per purchase</b>	<b>Atone - next month payment</b>
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	

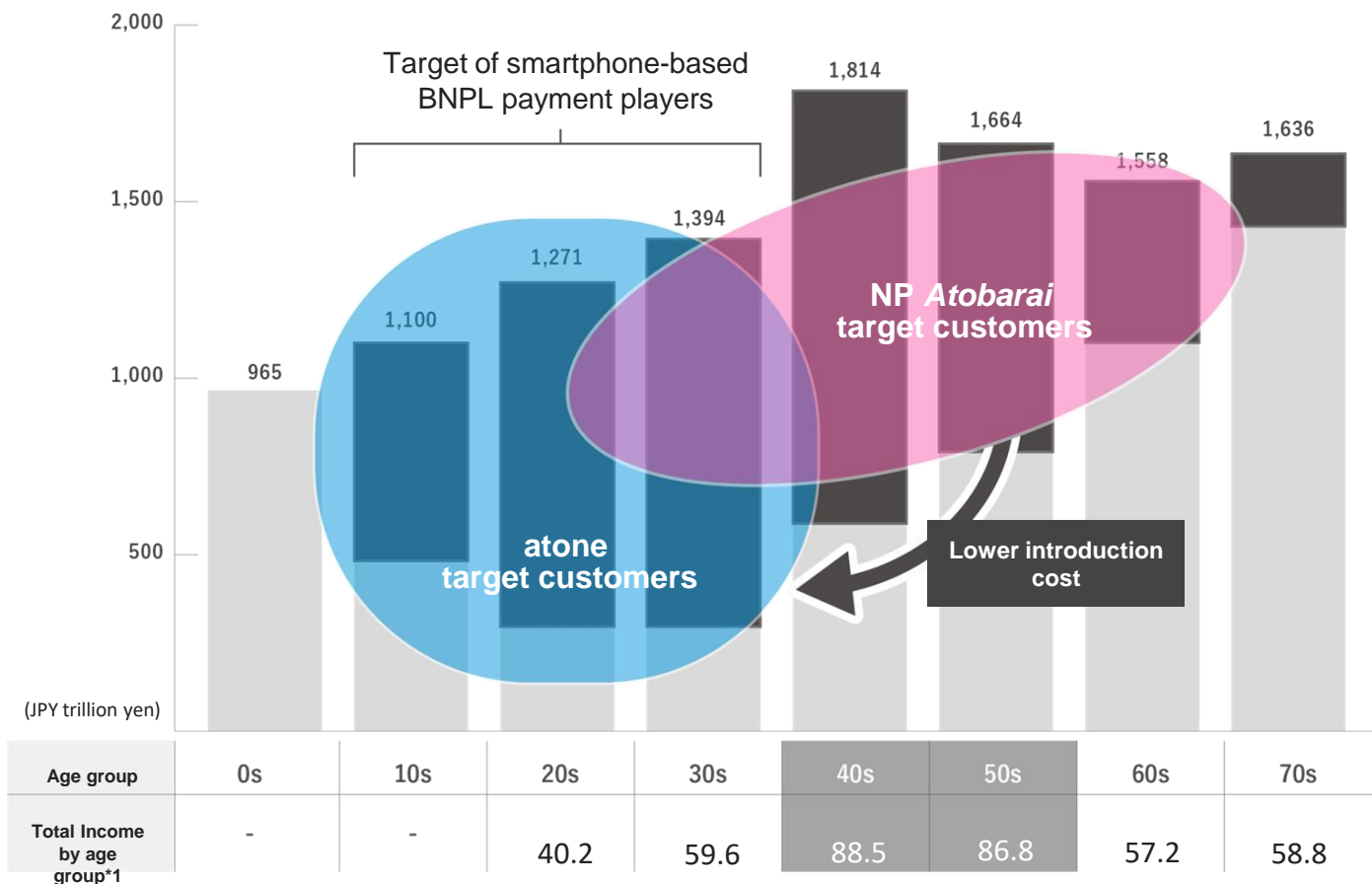
\*1 For members, SMS authentication is performed with mobile number and password.

\*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).

# Expand Use of BNPL service for Young Generations through atone

- Approach white spaces that were inaccessible by NP *Atobarai*
- More profitable than NP *Atobarai* because it is digital billing
- Reward points program increases users' LTV and transfer customers to other merchants



## Characteristics: *Atobarai*

Age groups: 40s to 50s

Core merchandise categories: beauty, health and apparel

## Characteristics: *atone*

Age groups: 10s to 30s

Core merchandise categories: apparel, entertainment, digital content

Note Population distribution: As of December 1, 2020, Annual income: subject to withholding taxpayers as of December 31, 2020

\*1 Total annual income by age group = Population \* Average salary (70s average salary: average of those aged 70 and over)

Source: Statistic Bureau, Ministry of Internal Affairs and Communications "Population Estimates", National Tax Administration Agency "Statistical Survey of Actual Status for Salary in the Private Sector", Nomura Research Institute "Survey of 10,000 Consumers", JCB "Comprehensive survey on credit cards, February 2021

# 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



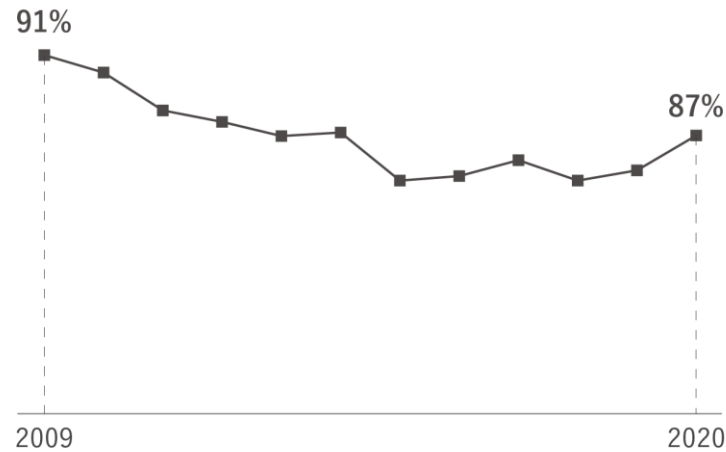
- ✓ No worry about whether goods will arrive, unlike in case of advance payments
- ✓ Easy to return, easy to exchange, easy to cancel

# Credit Cards Do Not Completely Satisfy User Demands

## Facts on Credit Card Usage in Japan

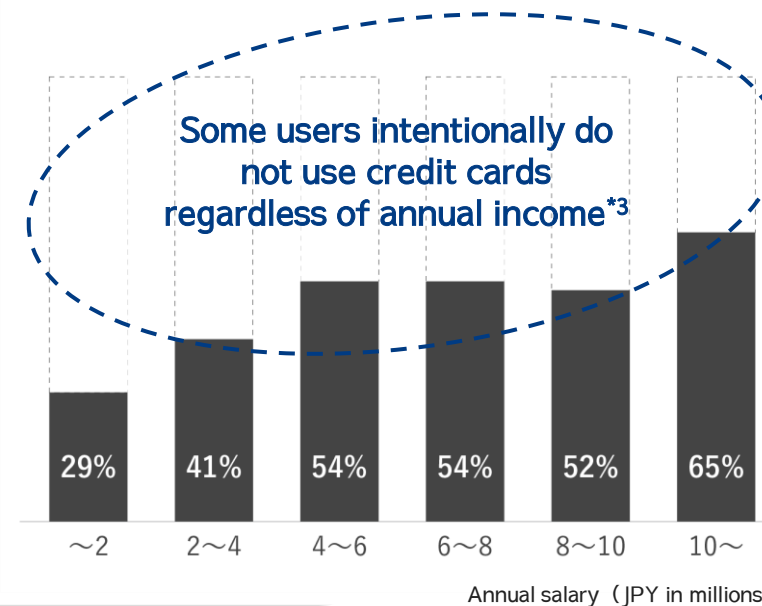
### 1 Credit card penetration rate\*1

【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"

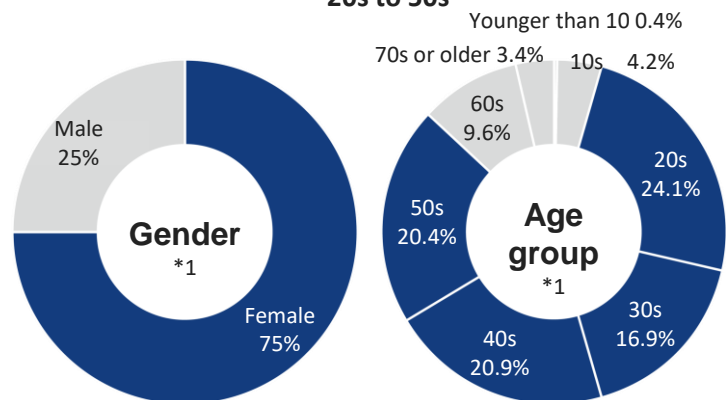


# Major User Base and Market Size Forecast of BNPL Service

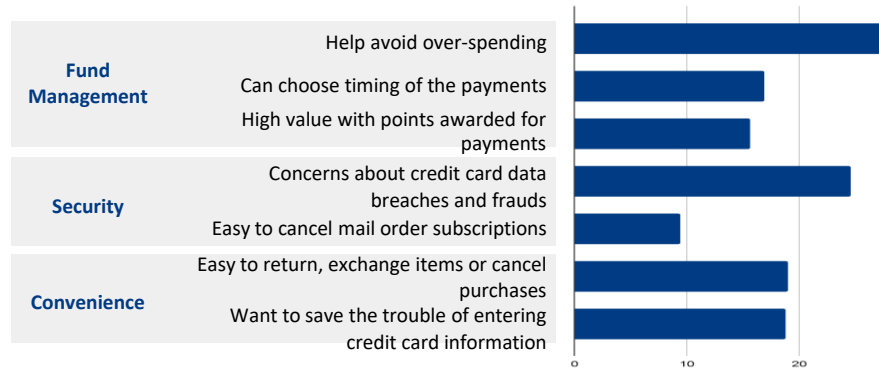
Growth has been driven by the need for fund management, security, and convenience, especially among women in their 20s to 50s.

## Main user groups and reasons for use

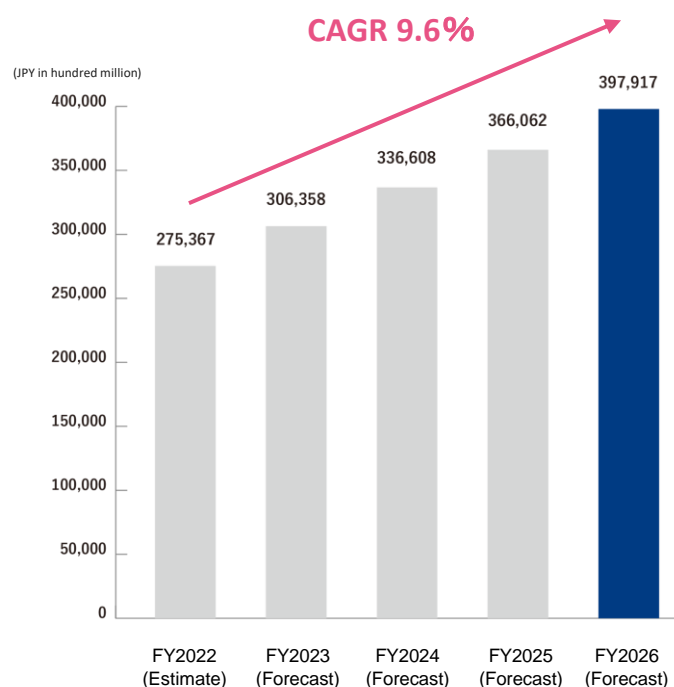
In e-commerce, core users of BNPL service are women in their 20s to 50s



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



## E-commerce payment services market size forecast



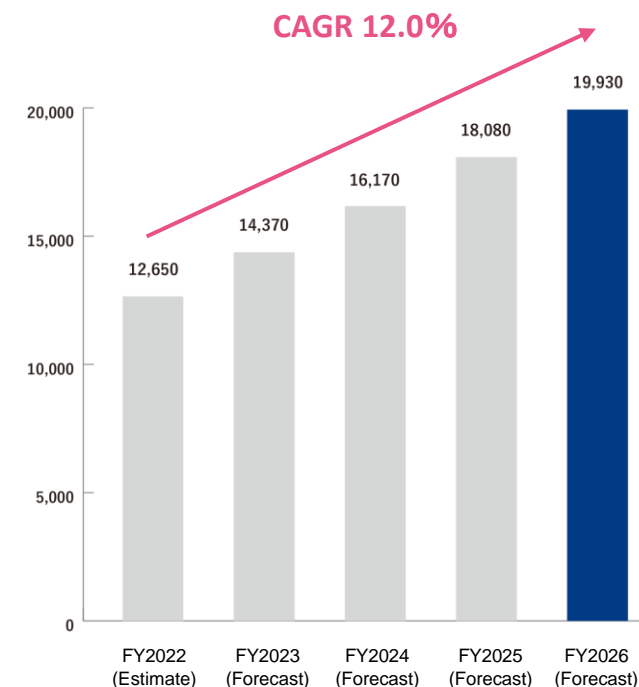
Source: Yano Research Institute "E-commerce Payment Service Market in Japan 2023," (published March 29, 2023)

\* 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.

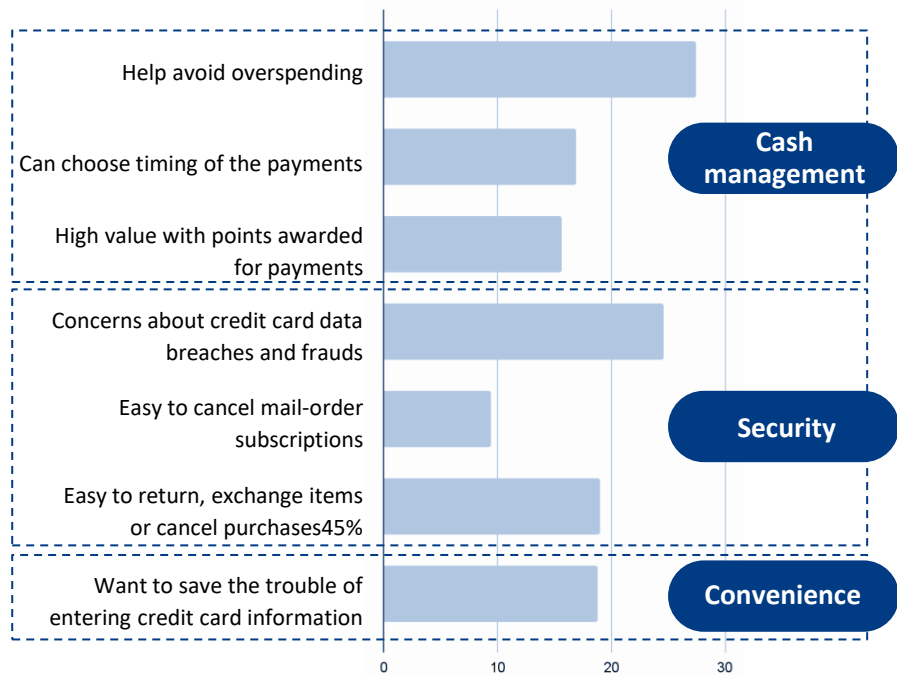
\* 1 Breakdown of NP Point Club members as of March 31. \* 2 [Survey method] Internet survey on NP members [Period] From December 28 to 30, 2018 [Target] 1,738 men and women in their twenties or older nationwide.

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

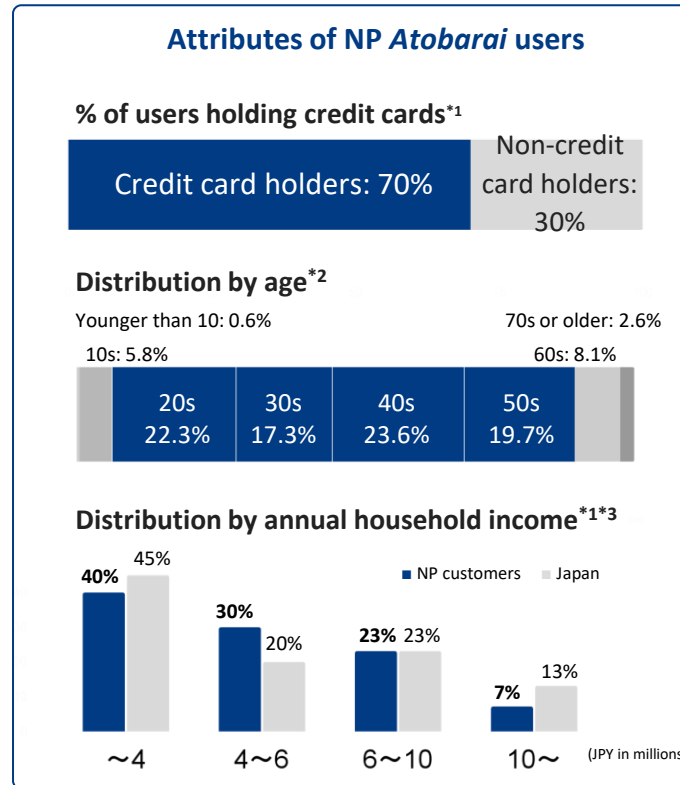
# Lump Sum BNPL Service Providing Safe and Secure Transactions as Value Proposition

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.

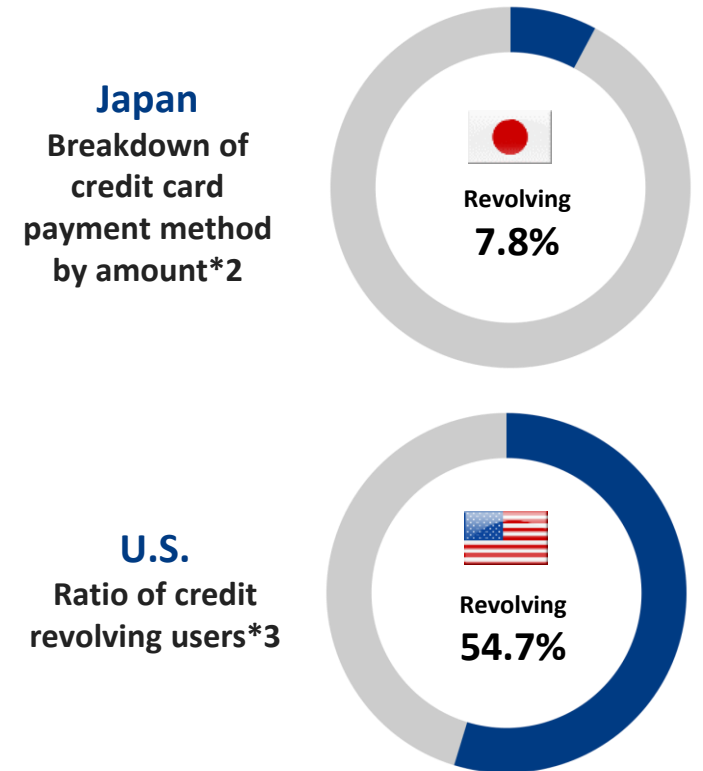
## 1 Reasons for using BNPL services: \*1 For money management, security, and convenience



## 2 The user base is highly diversified.



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



\*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



## E-commerce



## E-commerce (Taiwan)



Digital content



Newspaper



Housekeeping



Physical store



# 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.

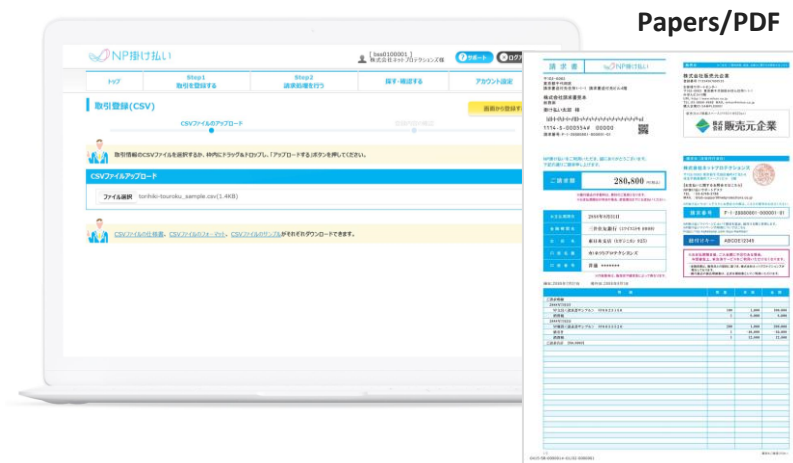


No prior procedures required to start transactions

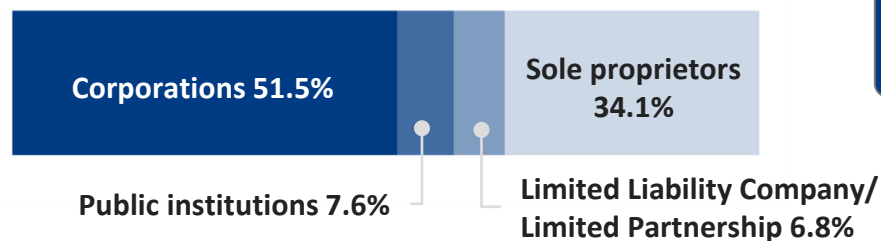
Open to sole proprietors / immediate credit screening available

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* <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

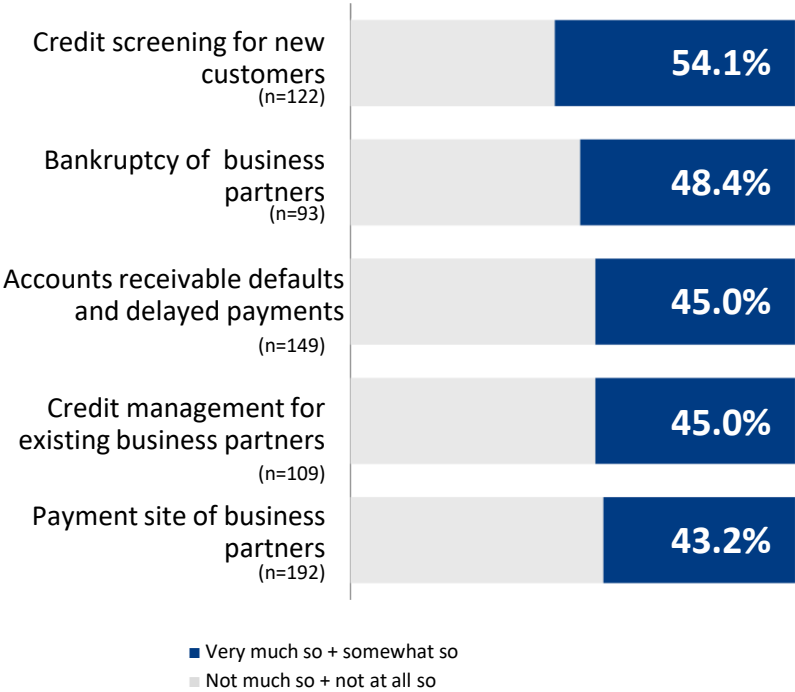
\*1 Invoice attached in PDF format

\*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

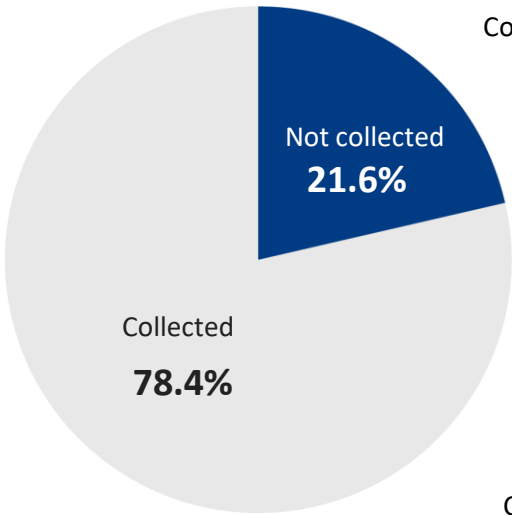
Payment delays and collection issues in billing/payment operations.

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



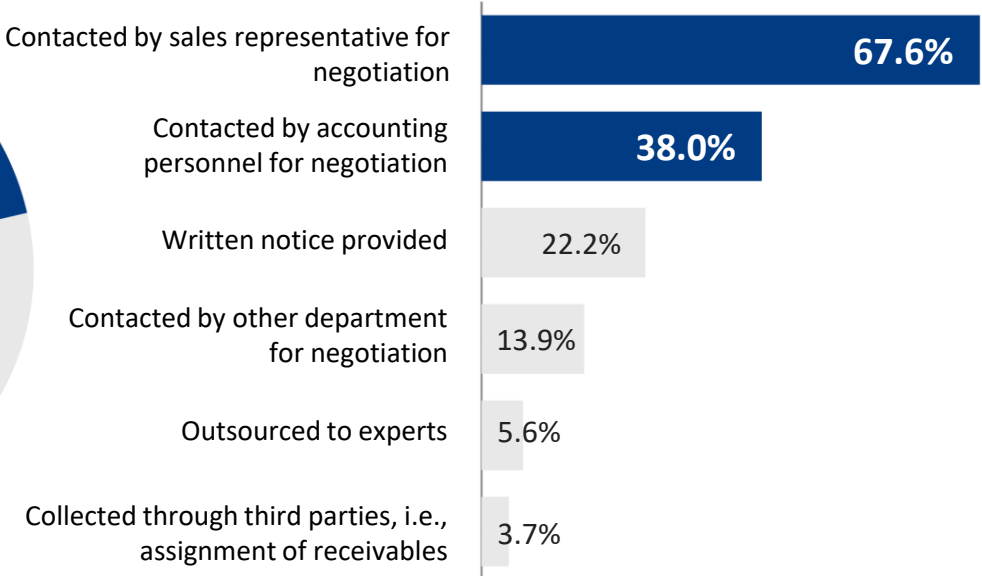
**2** 21.6% of the "late payments" were eventually not collected.

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"

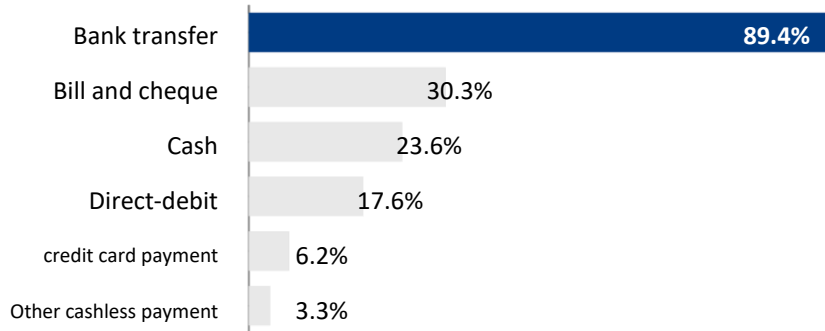
# Strong Demand for Invoice Payment

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

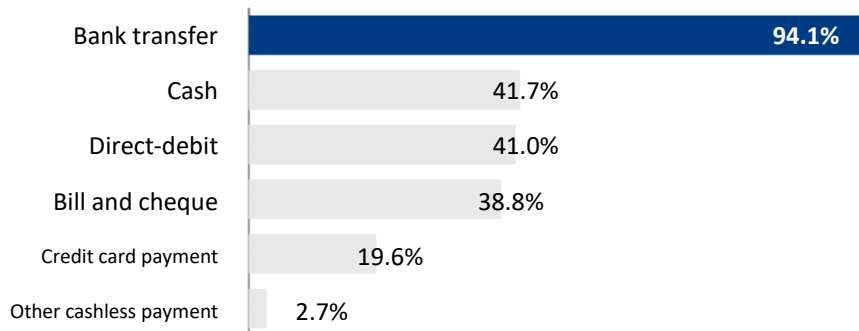
Wire-transfer is the mainstream for BtoB transactions. The most common reason is “because it has been the custom up to now.”

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

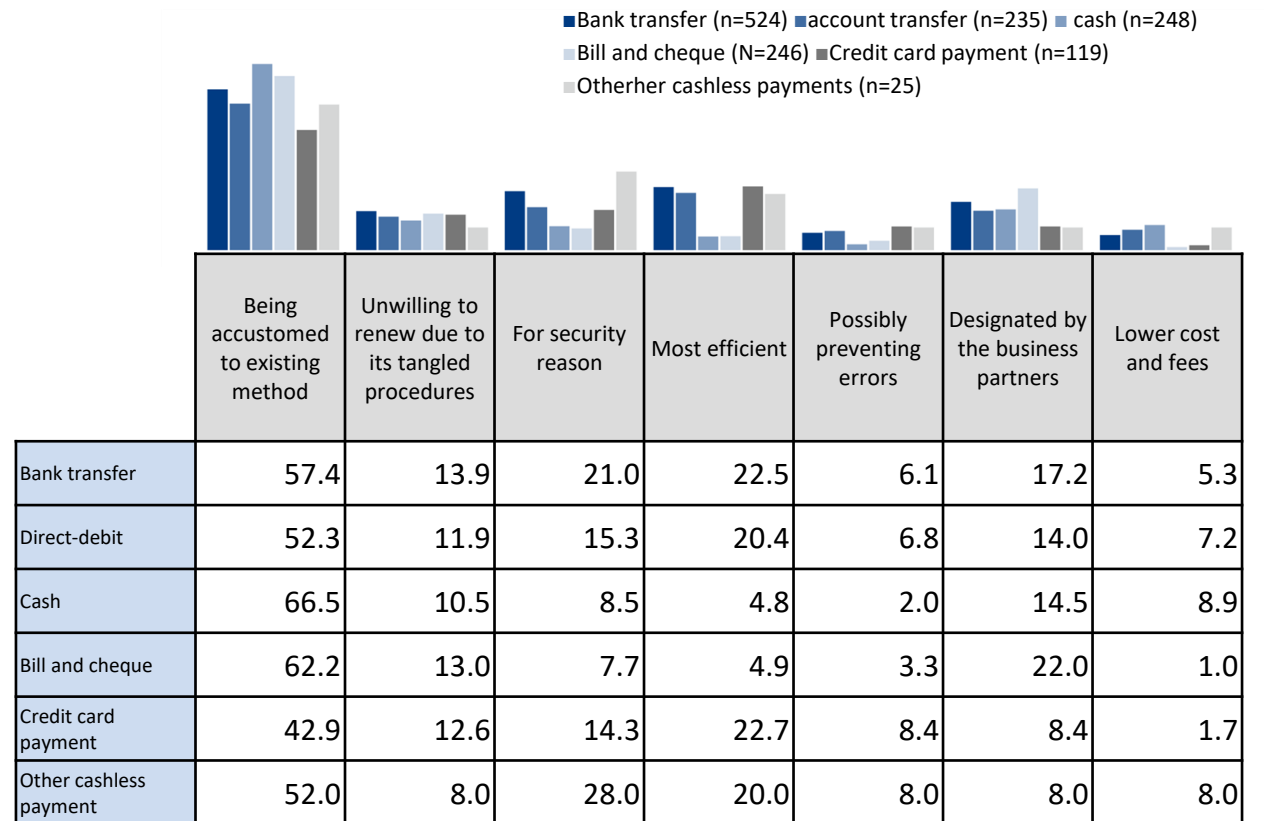
Payment method to receive payment (n=547) \*multiple answers accepted



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



Reasons for choosing a payment method

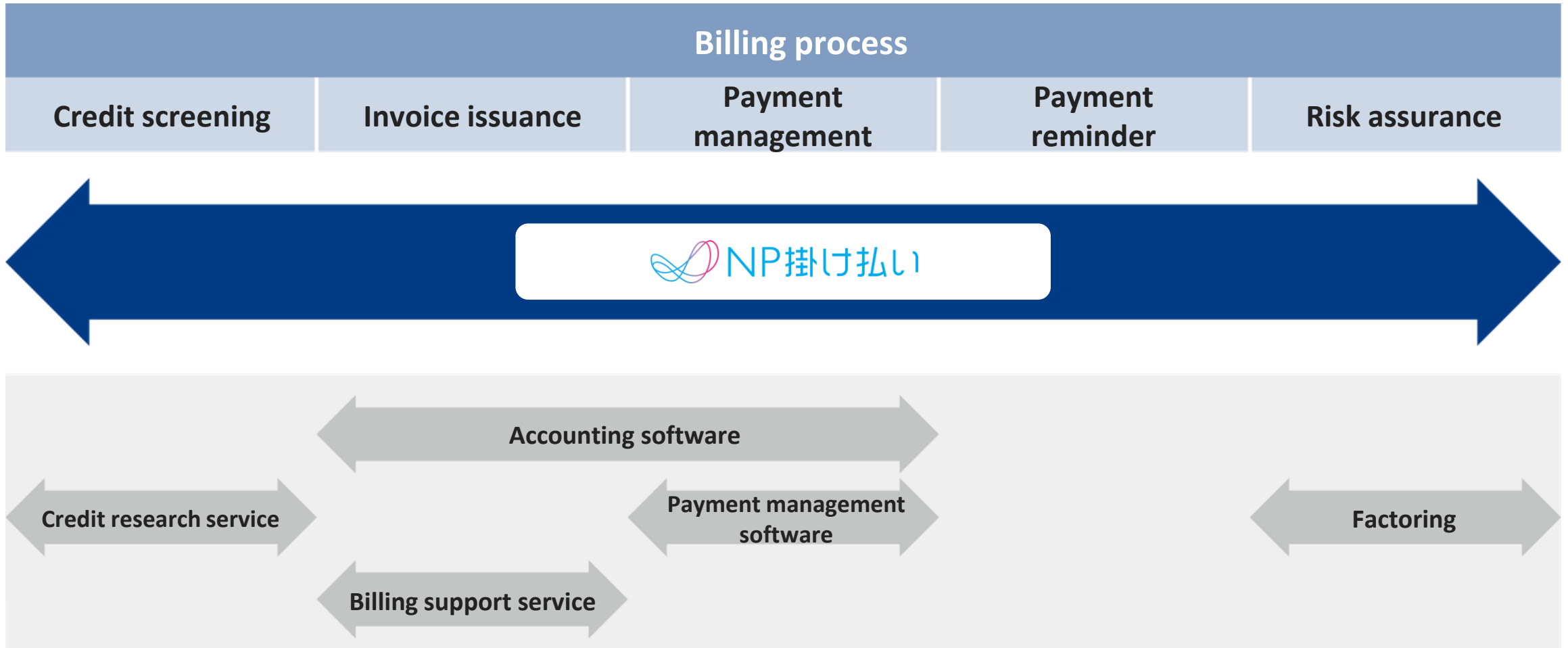


Source: American Express “Research on B2B payment among small and mid-cap businesses during the Fiscal Year 2022”

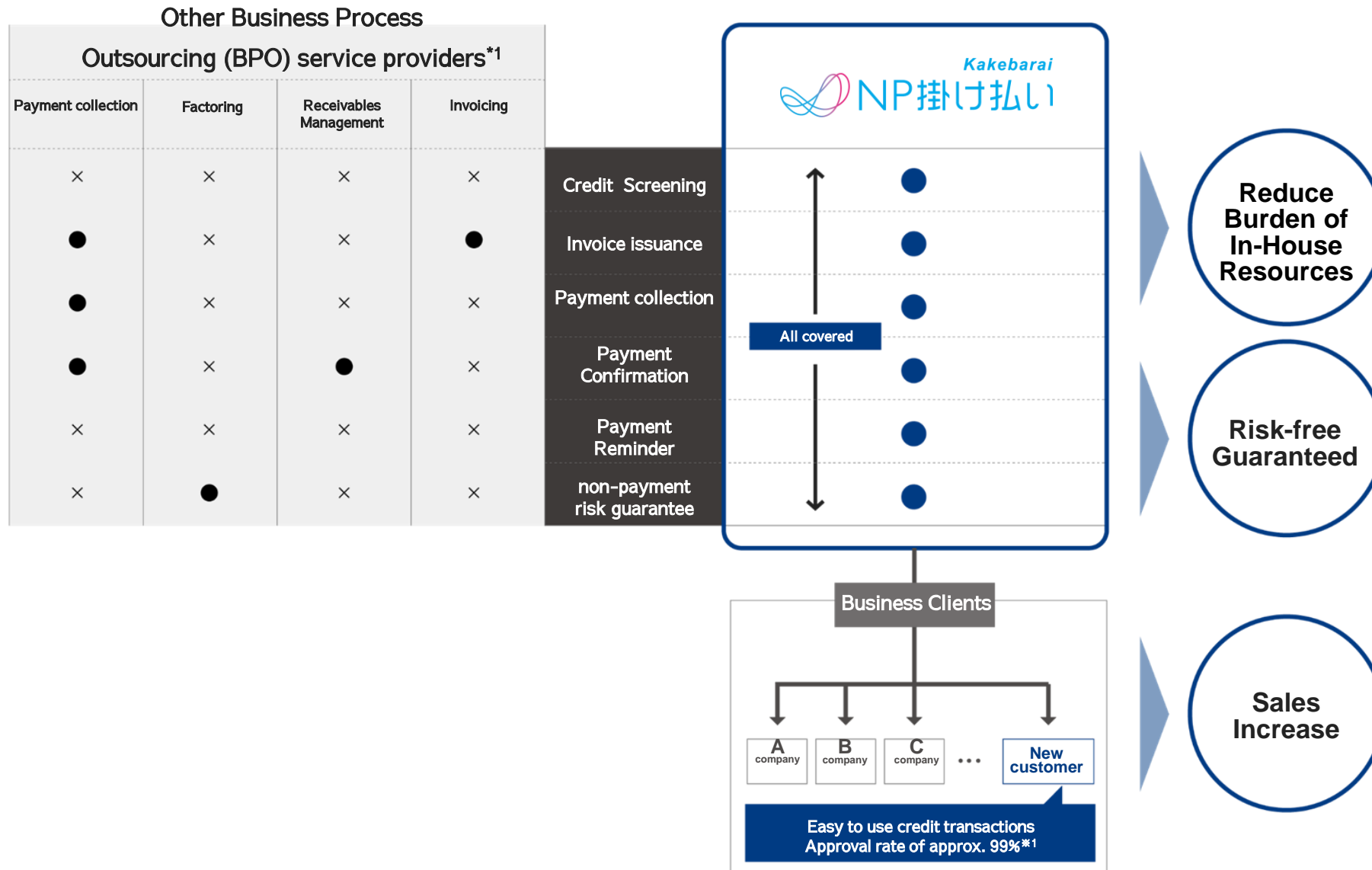


## Business Overview: Reasons Why Our BtoB Service Is Chosen

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).

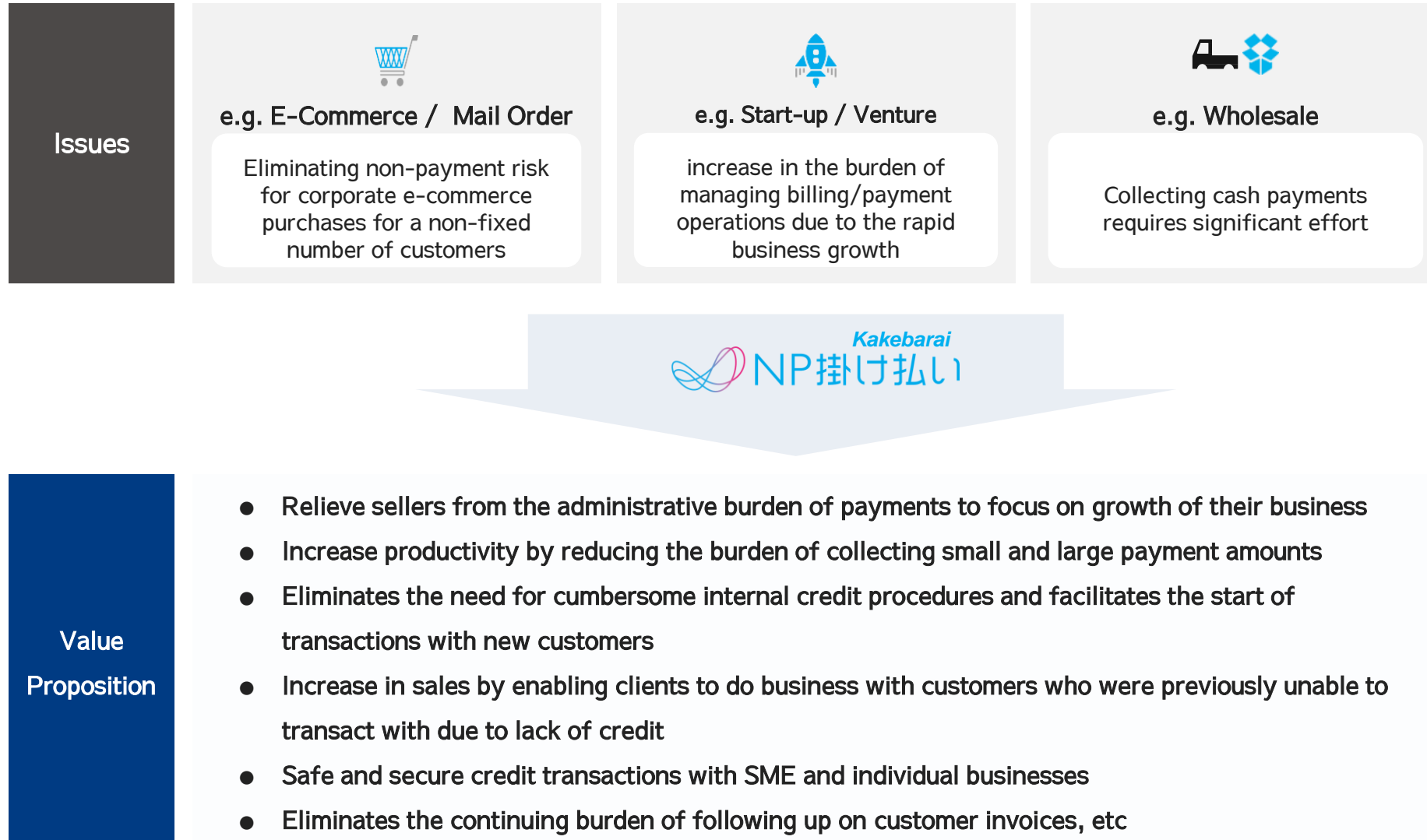


# NP Kakebarai's Value Proposition



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

# NP Kakebarai's Value Proposition



## 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



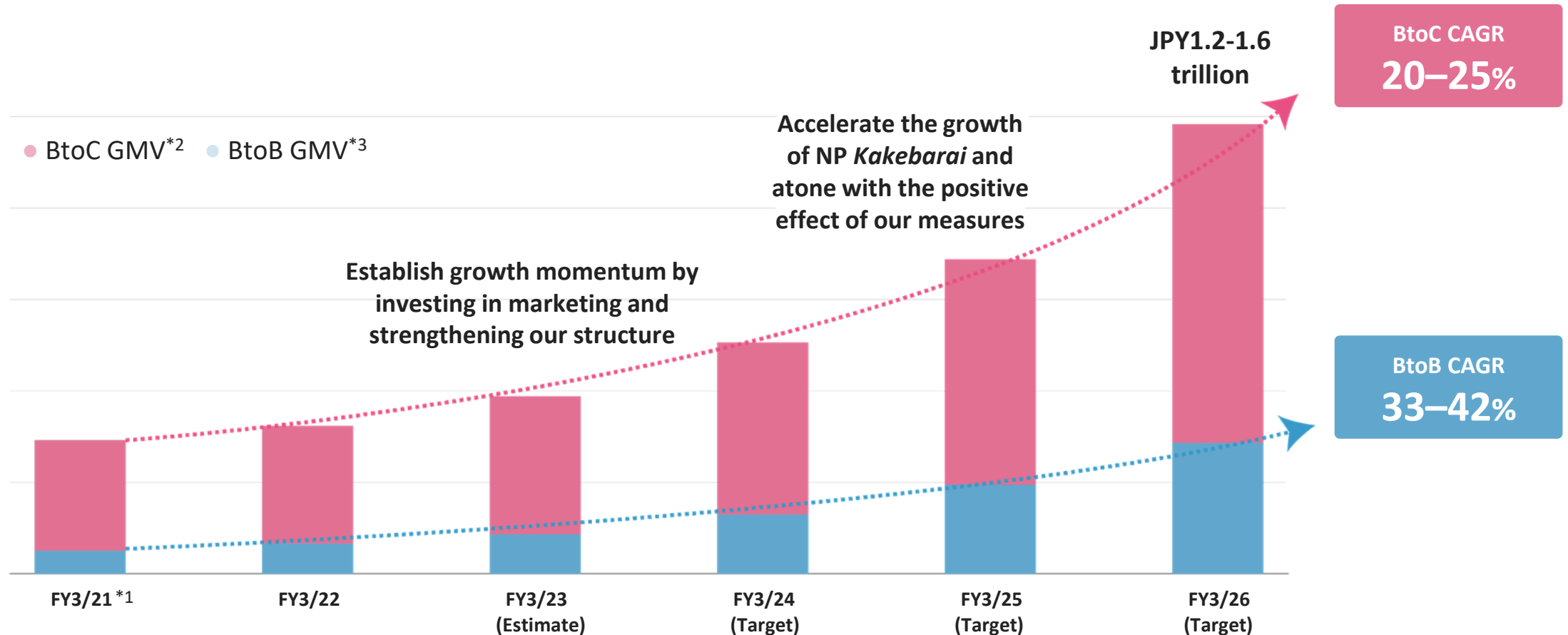
### Major Companies

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

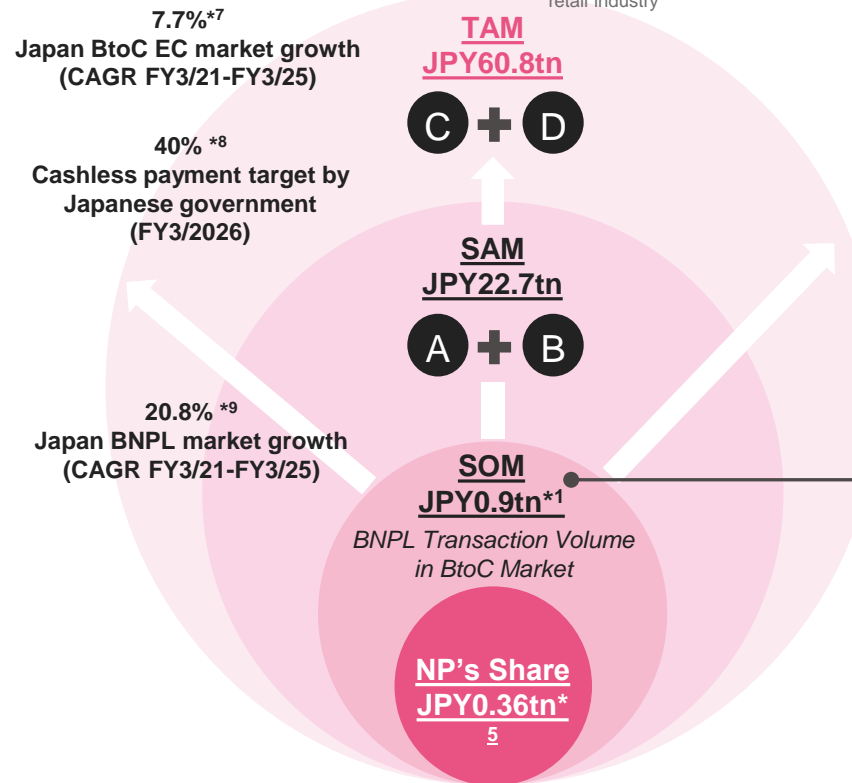
\*3 The total amount of payments (including consumption taxes) made through NP *Kakebarai* provided by the Group

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.

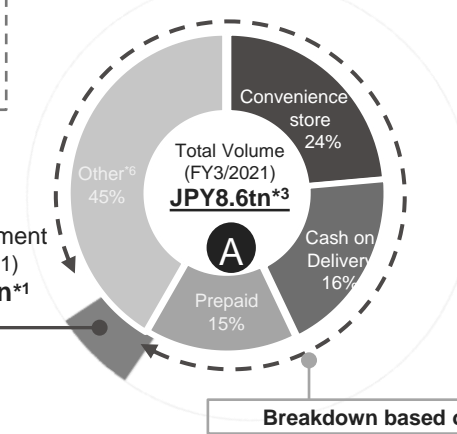
# TAM / SAM / SOM of BtoC BNPL (NP Atobarai + atone)

- 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

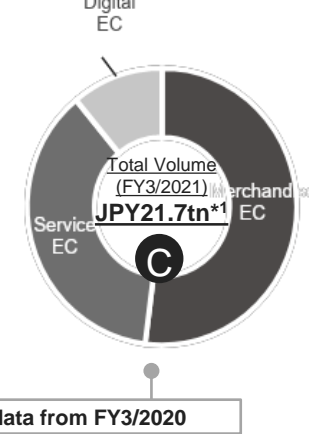
- BtoC TAM: Estimates of domestic market of online payment plus domestic market of cashless payment in retail industry
- BtoC SAM: Estimates of non-credit card payment domain in domestic market of online payment plus non-credit card payment domain of domestic market of cashless payment in retail industry



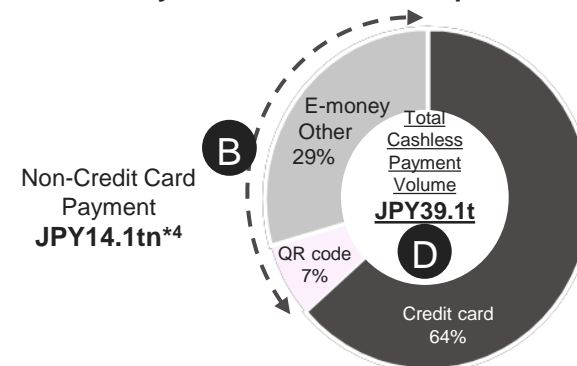
## Breakdown of Online (EC) Non-credit Card Settlement Methods



## Online (EC) Payment Market



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



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

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

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

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

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

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

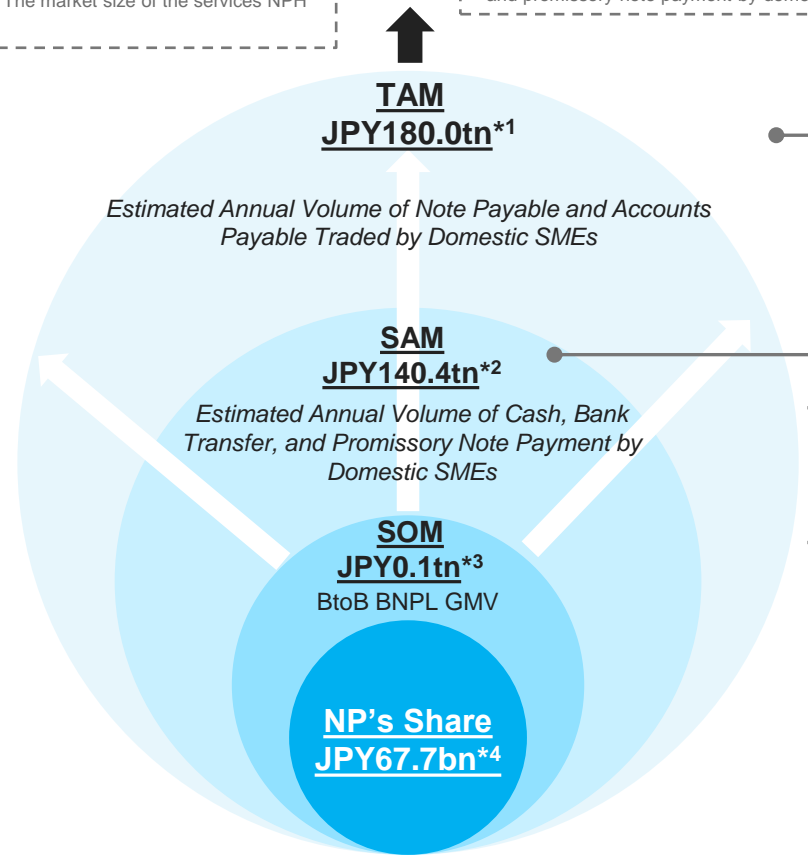
\*9 Yano Research Institute "Online Payment / Settlement Service Providers 2021" (P107).

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

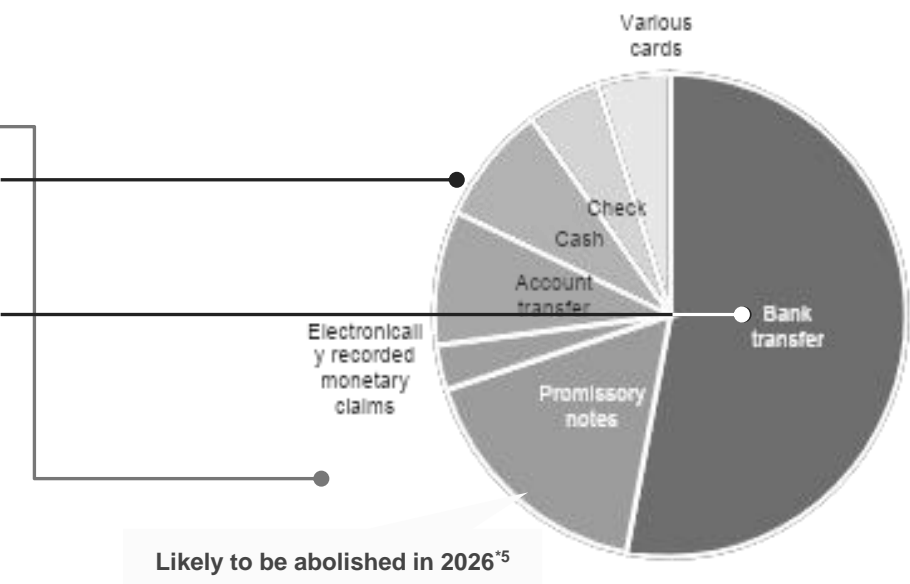
- TAM (Total Addressable Market): The size of market that Net Protections (NPH) can theoretically target in the future
- SAM (Serviceable Available Market): The size of market the NPH can theoretically target now with NPH's current service
- SOM (Serviceable Obtainable Market): The market size of the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

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

**Estimated Annual Volume of Notes Payable and Accounts Payable Traded by Domestic SMEs** **JPY180tn\*1**



**Payment Methods for BtoB (SME) Transactions\*3**



\*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)" ).

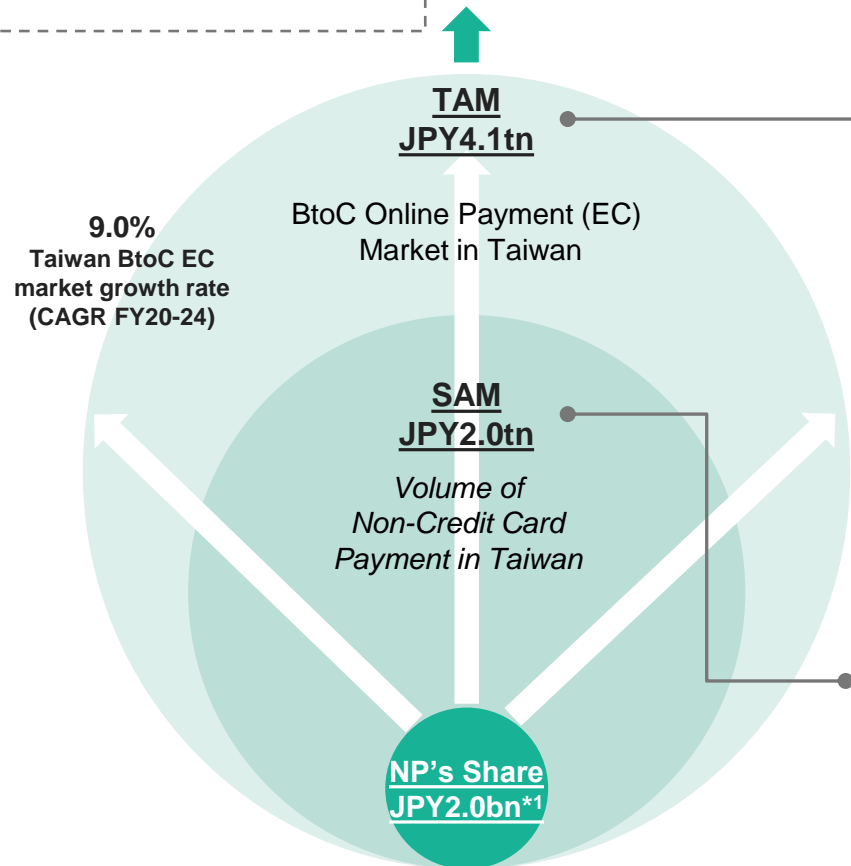
\*3 GMV of NP Kakebarai: JPY67.7 billion + GMV of Paid (FY4/2021) (\*only GMV from external transactions, based on RACCOON HOLDINGS, Inc. presentation materials) : JPY19.8 billion + GMV of MF Kessai (\*Our group estimate based on MoneyForward Kessai Co., Ltd. press release): JPY20 billion (period: 11/2019-10/2020).

\*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).

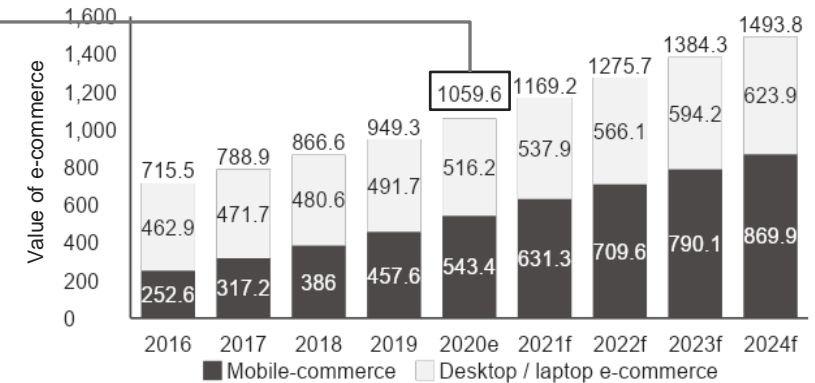
# TAM / SAM / SOM of AFTEE (Taiwan)

- 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



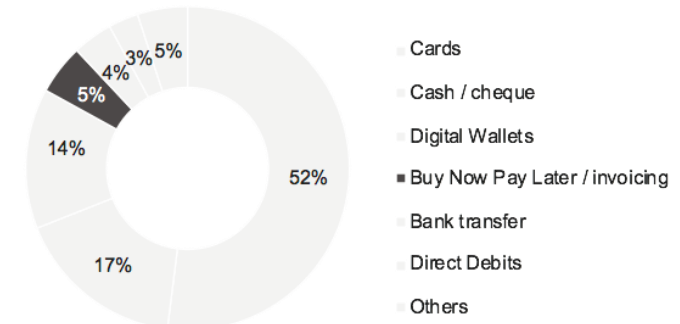
## Trends in the size of the EC market in Taiwan

(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%

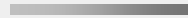
\*3 Listed in clockwise order based on "Cards=52%" .

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)



# Sustainability



## Management Team Profile (Director)

President and Representative Director

### Shin Shibata



After graduated from Hitotsubashi University in 1998, he joined Nissho Iwai Corporation (now as Sojitz Corporation). Then entered the IT investment industry by joining ITX Corporation in 2001 and was responsible for the acquisition of Net Protections, Inc.. Soon afterward, he was dispatched to Net Protections, Inc. to build the first zero-risk Buy Now Pay Later service in Japan- NP Atobarai- from scratch. In 2017, he received Entrepreneur Of The Year special prize. He is currently the Executive Committee Chairman of Japan BNPL Association.

CTO and Director  
Shiro Suzuki



After graduated from the Graduate School of Information Science and Engineering at the Tokyo Institute of Technology in 1996, he joined Kozo Keikaku Engineering, Inc.. Until he joined TechMatrix Corporation later, he had been engaging with mathematical researching work such as computer systems simulation and financial calculations. In 2002, he participated in the launch project of NP Atobarai in Net Protections, Inc..

After that, he assisted in new ventures and overseas business development. Currently, he is committed to promoting the development of data science centered on CreditTech.

CFO and Director  
Kazuharu Watanabe



Certified Public Accountant. He joined Asahi & Co. (current KPMG AZSA LLC) and engaged in auditing listed companies and supporting IPOs. After that, he worked at consulting division at New York office of Arthur Andersen and then he was involved in starting up Asahi Arthur Andersen Ltd., a consulting company in Japan with over 600 employees. He served as Management Strategy Group Leader for DISCO Corporation and Director of SQUARE ENIX Co., Ltd. prior to joining Net Protections Holdings, Inc in July 2020.

## Management Team Profile (Outside Director)

### Outside Director Ryoji Nagai



After graduated from the School of Law of Meiji University, he started the career at RICOH LEASING COMPANY, LTD. in 1990 and had served positions in the financial services sectors. He has been an Outside Director of Net Protections Holdings, Inc. since June 2019.

### Outside Director Kumi Fujisawa



She started her career at International investment trusts companies and established the first investment trust fund evaluation company in Japan in 1995. Then in 1999, she sold the company to Standard & Poor's, one of the major credit rating companies in the world and participated in the establishment of Sophia Bank in 2000. In 2007, she was selected as a young global leader at the World Economic Forum and visited more than 40 countries. Besides serving as Counsel of The Investment Trusts Association and Public Council of Japan Securities Dealers Association, she also serves as a director of NPOs working on a global issue, and an independent director of listed companies such as Toyota Tsusho Corporation and Shizuoka Bank. In April 2022, she was inaugurated as the chairperson of the Institute for International Socio-Economic Studies.

### Outside Director and Member of the Audit and Supervisory Committee

### Noshi Ono



He started his career at the Development Bank of Japan Inc. (former Japan Development Bank). After working in the international department, Kansai branch, human resources department, project finance department, corporate finance department 2, and the Research Institute of Capital Formation, he was transferred to KDDI Corporation's global business division in April, 2012. After serving as a full-time auditor at KDDI Engineering Corporation and au Jibun Bank Corporation, he has been a director, a member of the audit committee and an auditor of Net Protections, Inc. since January 2023. Master of Science in Engineering Management from MIT.

### Outside Director and Member of the Audit and Supervisory Committee

### Yusuke Ichikawa



He started his career at The Industrial Bank of Japan, Limited (currently Mizuho Financial Group, Inc.) and joined Advantage Partners in 2003. Apart from his position in Advantage Partners, he is currently the Executive Director of VISIONARYHOLDINGS Co., Ltd., Director of OISHES Co., Ltd., and External Director of companies such as KURAYA Co., Ltd.

### Outside Director and Member of the Audit and Supervisory Committee

### Yuki Sato



Graduated from the Faculty of Law of Hitotsubashi University and the University of Southern California Gould Law School (LL.M.). She is qualified as a Japanese lawyer and New York State attorney. Once worked at a global law firm's Tokyo office. Then she holds the position of Partner of SO & SATO Law Offices since January 2019. Providing advice regarding investment, M&A, financial regulation, and legislation for various startups, she is also the External Director of listed companies.

# Contributing to forming a smooth society where people can trust each other

Under the flat organization, we believe we can serve in achieving a sustainable society by materializing a smoother society where people trust each other. In this way, we commit to our business from operational and organizational perspective.



### SOCIETY

Aiming at both social development and self-realization among members, we will assist human resources equipped with integrity and innovation-driven wills, manage a teal organization backed by self-control, fair distribution, and collaboration, and generate an inclusive environment that exploits everyone's potential.



### ENVIRONMENT

Viewing our planet, where the stakeholders live, as one of them, we intend to take a sincere attitude toward the global environment.



### GOVERNANCE

We will ensure the effectiveness and efficiency of our sustainability measures by establishing the innovation risk management committee and reviewing governance profoundly under cross-sectional team including outside experts, when necessary.

# Society

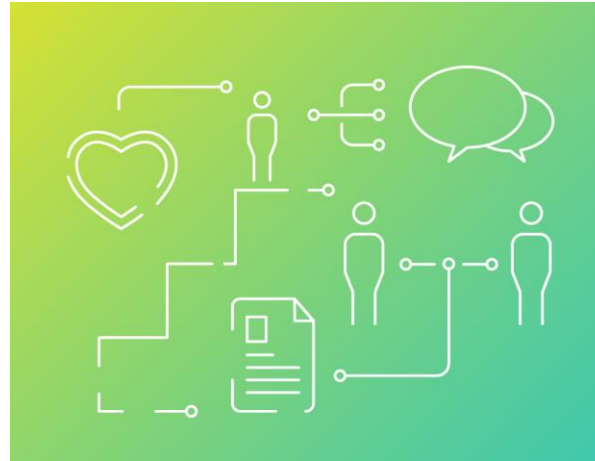
We will contribute to societies by realizing and sustaining a genuine state in our services, relationships with our customers and partners, and the organization. By cultivating human resources equipped with integrity and innovation-driven wills to have total optimization and long-term vision, we build an environment and organization where each employee voluntarily think their roles and flexibly collaborate with others.



## Recruiting and Member Assistance Program

### Characteristics

- Recruitment of talents that have similar value to ours
- Range of seminars for new joiners to obtain skills in about half a year as well as ongoing training assistance
- "Vision Sheet" that realizes an environment where each assignment meets each one's preference



## A teal organization realizing members' self-control, fair-distribution, and collaboration

### Characteristics

- A HR evaluation scheme "Natura" under which manager positions were abolished
- Fluid staff deployment that avoids silos and promote flexible collaboration
- Interaction among employees that forms the basis of the organization



## Creating an inclusive environment that exploit everyone's potential

### Characteristics

- A flat organization where various skilled talents deliver decent performance
- Flexible working styles to support diversity in lifestyles and working practice
- Information open to everyone

# Teal Organization as the Starting Point for Sustainable Growth

Organizational power is key to creating “New Standard.”

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

<h2>Natura</h2>	<p>By establishing “Natura,” an HR evaluation program which abolished manager positions, we have realized decision-making respecting the opinions of all members, irrespective of their length of service and position at the company.</p>
<h2>Vision Sheet</h2>	<p>The “Vision Sheet” system allows each member to disclose their future vision, the area they hope to work in, and whether they request a transfer to other departments, to all other members. Based on the system, we have realized an environment where the assignment of each member is made based on their orientation.</p>
<h2>Talent Development</h2>	<p>We hold a range of seminars in which new joiners can obtain skills in about half a year. In these seminars, all members master IT skill.</p>



NP was ranked **Top 1%\*1** in the Openwork research "Score of Company Assessment by its Employees"

Metric (English)	Metric (Japanese)	Score
Satisfaction with compensation	待遇面の満足度	4.4
Employee moral	社員の士気	4.5
Openness	風通しの良さ	4.1
mutual respect among employees	社員の相互尊重	4.7
Growth environment for employees in their 20s	20代成長環境	4.5
Long-term vision in HR development	人材の長期育成	3.9
Accuracy in talent assessment	人事評価の適正感	4.2
Compliance awareness	法令遵守意識	4.5

**Retention rate of new graduates who joined NP during the last three years: 90.8%\*2**

Retention rate of new graduates: **90.8%**

\*1 Based on OpenWork’s word-of-mouth research on new graduates and job seekers’ “company assessment by its employees” (<https://www.vorkers.com/>) , as of May 1, 2023

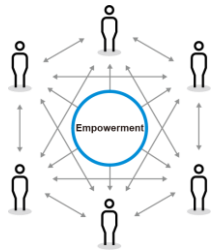
\*2 The retention rate of new graduates who joined the Company from March 31, 2020 to March 31, 2023, as of March 31, 2023

## HR Evaluation Program *Natura*

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

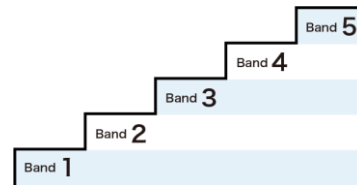
# 「Natura」

### Abolish Manager Positions



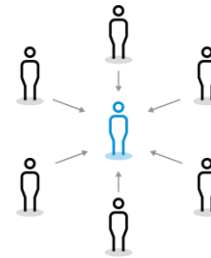
A flat organization with the position of Catalyst and the flexibility of role changes.

### Implement of Band System



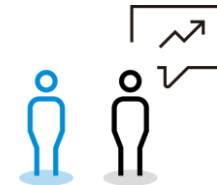
Disclose salary information to build a fair and objective environment and raise members' morale and engagement.

### 360 Degree Evaluation



Competency evaluation is reviewed by members working closely with.

### Employee Assistance Program



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

## Disclaimer

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