

Financial Result Presentation for the Nine Months Ended December 31, 2024



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

Good afternoon, everyone. I am Shin Shibata, CEO of Net Protections Holdings.
I would like to begin the financial results presentation for the nine months ended December 31, 2024.

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These are the agendas for today.

We will first explain our financial results highlights, followed by the details of each business segment.

Last of all, we will discuss management topics.



Highlights of Group Financial Results

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CFO Watanabe will explain the highlights of the Group financial results.

Group total			
Achieved full-year operating profit guidance early			
Group total GMV*1	JPY478.2bn	+12.8% YoY (BtoC +4.0%, BtoB +31.3%)	9 months operating profit JPY1.77bn +JPY2.23bn YoY
BtoC	atone	BtoC	NP Atobarai and other
9 months GMV	JPY28.5bn +46.6% YoY	9 months gross profit	JPY5.75bn +36.7% YoY
Q3 alone	JPY11.3bn (+58.5%)	Q3 alone	JPY2.15bn (+32.1%)
Measures to expand GMV have been successful, such as promotion of Pay in 10 Days and conducting campaigns.		Q3 GMV was stable at JPY95.5bn (+2.2% YoY). The delinquency rate remained consistently low, and collection of late payment administration fees was on track.	
BtoB	NP Kakebarai		
9 months GMV	JPY180.1bn +31.3% YoY		
Q3 alone	JPY66.6bn (+34.7%)		
		In addition to increased transactions with existing merchants, the operation of newly acquired large merchants also contributed to GMV growth.	

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

Following the first half, the third quarter results were also favorable. Operating profit for the nine months amounted to 1.77 billion yen. Last year in November, we announced an operating profit forecast of 1.7 billion yen, but we met this goal ahead of schedule.

Now I will explain details by service.

First, for atone, GMV grew nearly 60% in the third quarter alone, and 47% for the nine months.

In the third quarter, we took steps to expand GMV, such as promoting the use of Pay in 10 Days, which does not require member registration, and we also implemented cash-back campaigns. These measures are showing solid results.

Second, for NP Atobarai, we have set gross profit as a key performance indicator because it is a “cash cow” business for us. We have achieved a 37% increase year on year. We kept the delinquency rate at a low level throughout the period, and the collection of late payment administration fees, which we began in the second quarter, is also on track.

Finally, for NP Kakebarai, GMV increased 35% to 66.6 billion yen in the third quarter alone. In addition to an increase in transactions at existing merchants in sectors such as advertising, wholesale, and construction, there were also contributions from new large merchants that started operation in this quarter.

Group Financial Results: Summary for Q3 (for Nine Months Ended December 31, 2024)

Cumulative operating profit amounted to JPY1.77bn, achieving the full-year guidance early. We have been working to curb costs and reduce SG&A expenses throughout this fiscal year. As a result, Profit level exceeded the plan.

Cumulative summary

(JPY in millions)	FY3/25 Q3 (9 months)		Full-year earnings forecast*5	
	Results	YoY percentage change	Amount	Progress rate
GMV (non-GAAP)*1	478,291	+12.8%	635,294	75.3%
Total operating revenue	17,277	+9.5%	23,281	74.2%
Revenue	16,846	+9.4%	—	—
Gross profit (non-GAAP)*2	7,839	+33.4%	10,262	76.4%
SG&A expenses (non-GAAP)	6,483	-3.1%	9,048	71.7%
Of SG&A expenses, marketing expenses*3	361	-23.7%	763	47.3%
Other operating expenses (non-GAAP)	11	-50.0%	—	—
Operating profit	1,774	Turned into profitability	1,700	104.4%
EBITDA (non-GAAP)*4	2,995	+319.0%	3,396	88.2%

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

*2 Gross profit: Revenue - (Collection expense + Invoicing expense + Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade + Other expenses required for providing payment services, including credit screening costs and NP point expenses)

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

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

*5 Consistent with Consolidated Financial Results for the Six Months Ended September 30, 2024 and Financial Results Presentation dated November 14, 2024

This slide shows the financial results for the nine months.

GMV and total operating revenue are progressing as expected against the full-year forecast. By curbing costs and SG&A expenses throughout this fiscal year, we achieved operating profit of 1.77 billion yen for the nine months.

Upward Revision of Full-Year Earnings Forecast

We have revised the full-year forecast upward due to the upswing in the Q3 results.

Operating profit will be JPY0.3bn more than in the previous forecast, up from JPY1.7bn to JPY2.0bn.

(JPY in millions)	Previous full-year forecast (A)	Revised full-year forecast (B)	(B) – (A) Amount change	(B) ÷ (A) Percentage change
GMV (non-GAAP) ^{*1}	635,294	635,294	-	-
Total operating revenue	23,281	23,281	-	-
Gross profit (non-GAAP) ^{*2}	10,262	10,300	38	+0.4%
SG&A expenses (non-GAAP)	9,048	8,850	(198)	-2.2%
Operating profit	1,700	2,000	300	+17.6%
Profit before income taxes	1,604	1,900	296	+18.5%
Profit attributable to owners of parent	1,039	1,100	61	+5.9%
EBITDA (non-GAAP) ^{*3}	3,396	3,600	204	+6.0%

^{*1} GMV: Gross merchandise value for the Group's payment services

^{*2} Gross profit: Revenue – (Collection expense + Issuing expense + Allowance for doubtful accounts (addition) + Bad debt expense + Loss on sale of trade + Other expenses required for providing payment services, including credit screening costs and NP point expenses)

^{*3} EBITDA: Operating profit + (Depreciation and amortization + Share-based payment expenses + Loss on disposal of property, plant and equipment + Impairment losses – Gain from reversal of impairment losses)

We have revised our full-year forecast upwards, as we expect to maintain profitability in the fourth quarter with our marketing-related investments, following on from the strong performance in the first half of the year.

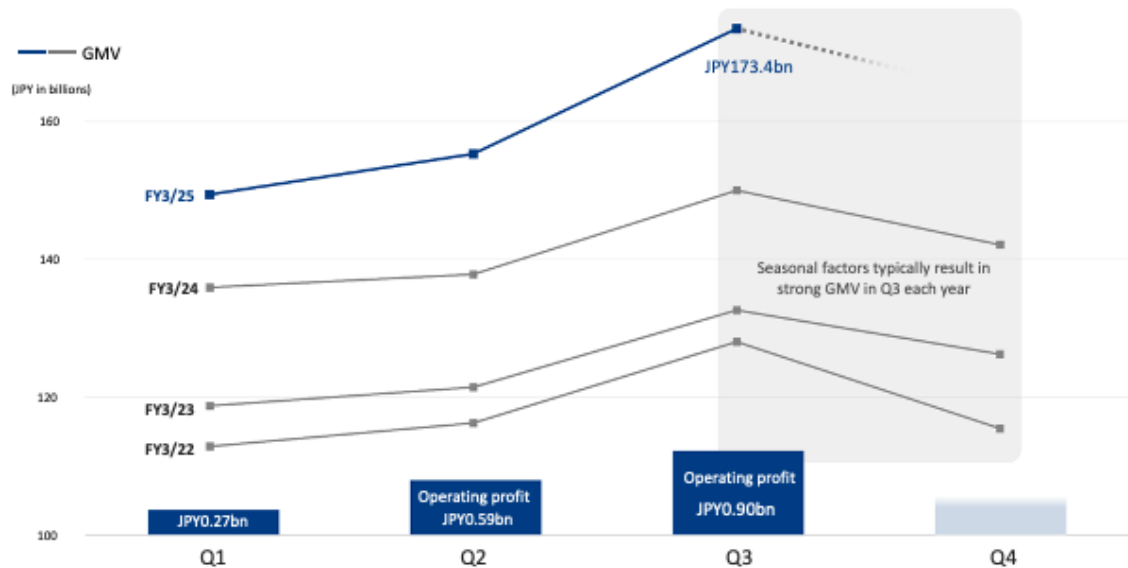
We see that GMV and total operating revenue will be in line with our forecasts.

Meanwhile, in the third quarter, we were able to control credit risk at a level that exceeded expectations, thus we were also able to reduce SG&A expenses.

As a result, we have revised our full-year forecasts for each stage of profit upwards, and we are forecasting operating income of 2 billion yen for the full year.

Factors Driving Strong Q3 Results and Q4 Outlook

Performance is progressing steadily in H2. Operating profit is expected to peak in Q3 due to seasonal factors and the marketing investing in Q4.



Typically, our transaction volume tends to peak in the third quarter, as it includes the year-end sales season.

The current fiscal year also followed this trend.

Furthermore, when we announced the financial results for the first half, we also announced that we would invest an additional 300 million yen for marketing in the second half of the year.

In the third quarter, we focused primarily on preparation and consideration for this investment. In the fourth quarter, we plan to thoroughly execute the actual investment.

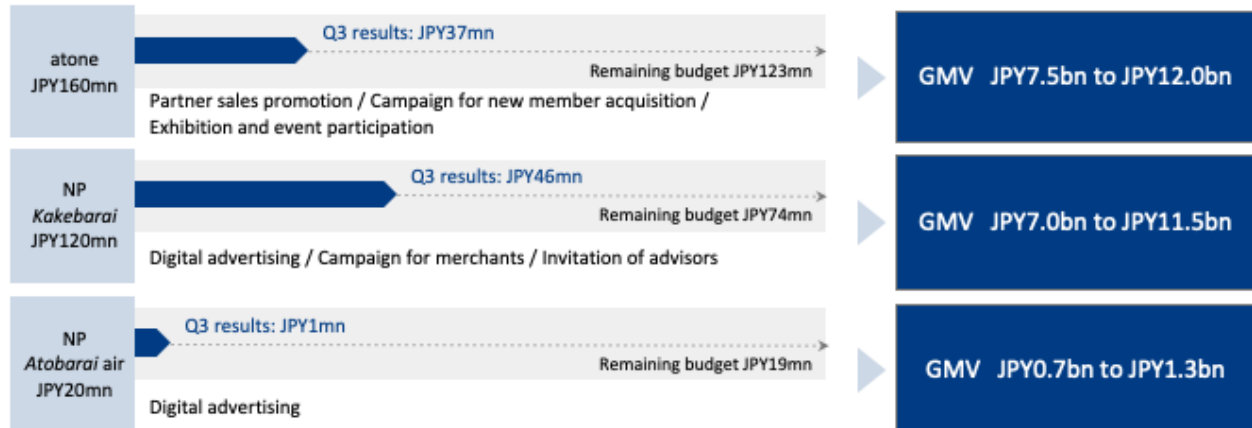
Taking these factors into account, we expect operating profit in the fourth quarter to be smaller than in the third quarter, so we have revised the full-year operating profit forecast to 2 billion yen.

Progress on the Additional Marketing Investment Measures in H2

Of the additional marketing investment of JPY300mn for H2, JPY84mn was used in Q3, with the remaining JPY215mn to be effectively utilized in Q4, aiming for further GMV growth.

FY3/25 H2 Investment Budget and Progress

■ Investment budget ■ 3Q results



*1 The investment effect will be realized in phases from FY3/26. In FY3/27 and beyond, a full-year effect is anticipated.

Let me explain our progress on the additional investment measures in the second half and our plans for the fourth quarter.

Of the planned 300 million yen, only 84 million yen was invested in the third quarter.

In the third quarter, we focused on carefully working with merchants and partners with the goal of maximizing investment benefit.

In the fourth quarter, we intend to effectively utilize the amount remaining of the 300 million yen.

In particular, we are looking forward to the effect of atone campaigns, which are scheduled to be held at multiple large merchants.

Many of the measures will take some time to contribute to GMV growth.

We still anticipate additional annual effect in the fiscal year ending March 2027 and beyond as shown on the right side of the slide.



Overview of Financial Results

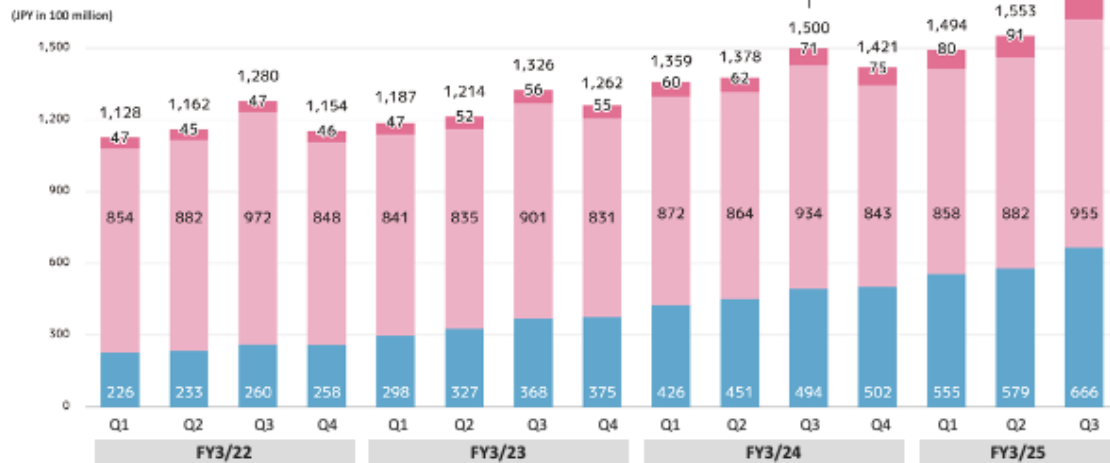
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Next, I will give an overview of the financial results.

Quarterly Changes in GMV

Group total GMV increased 15.6% YoY driven by 58.5% increase in atone and 34.7% increase in NP Kakebarai.

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



*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, NP Atobarai air, and AFTEE provided by the Group

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

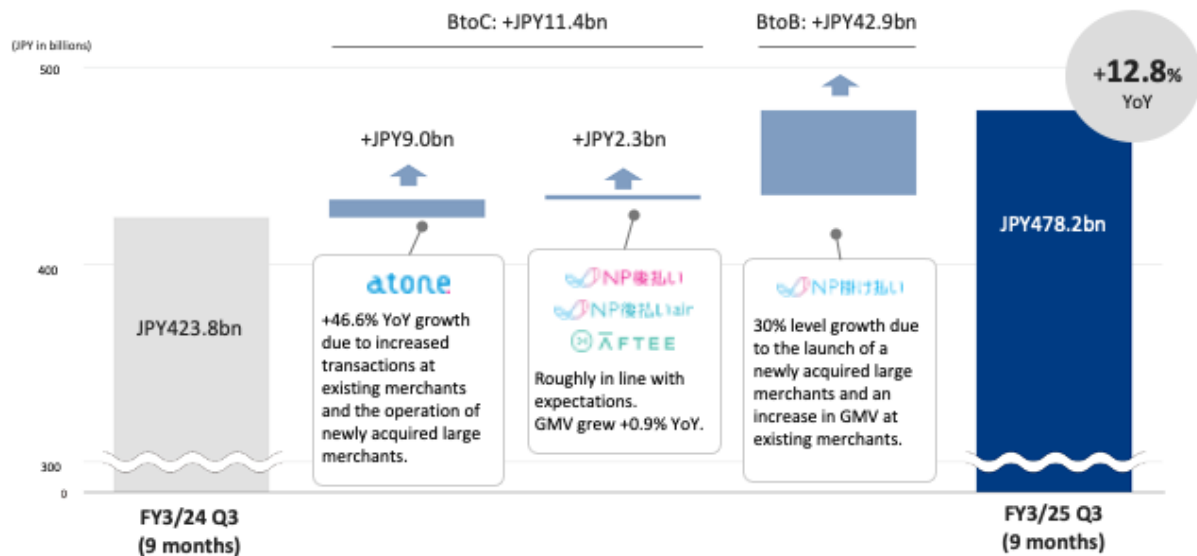
This is the trend of each service's share in GMV.

GMV for BtoC atone achieved 59% growth year on year, and GMV for BtoB NP Kakebarai achieved 35% growth year on year.

With these two services as our growth drivers, the group total GMV increased 16% YoY in the third quarter alone.

GMV for Q3 (for Nine Months Ended December 31, 2024)

**The Group total GMV was JPY478.2bn, up 12.8% YoY
due to year-on-year increase of JPY11.4bn in BtoC and JPY42.9bn in BtoB.**



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This slide shows how our GMV increased year on year.

For atone, the third quarter results were affected by focused measures to expand service use at existing merchants.

On a cumulative basis, GMV grew 9 billion yen due to the contribution of new large merchants and the increase in transactions at existing merchants.

For BtoB NP Kakebarai, new large merchants began operations in the third quarter.

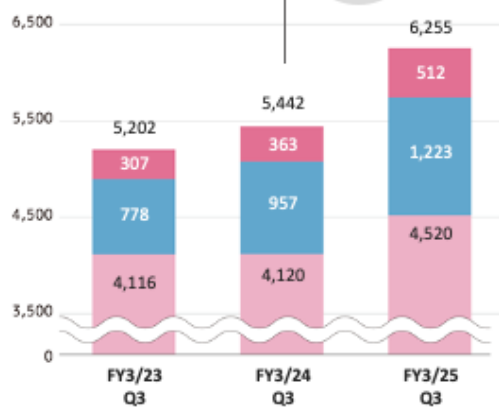
On a cumulative basis, GMV grew over 40 billion yen thanks to the significant contribution of increased transactions at existing merchants, such as advertising, food wholesale, and construction industries.

Total Operating Revenue and Gross Profit (Group Total)

Gross profit increased 33.7% YoY due to continued cost curbing, including late payment administration fees for BtoC NP Atobarai and improved credit screening, as well as improvement in atone's delinquency rate.

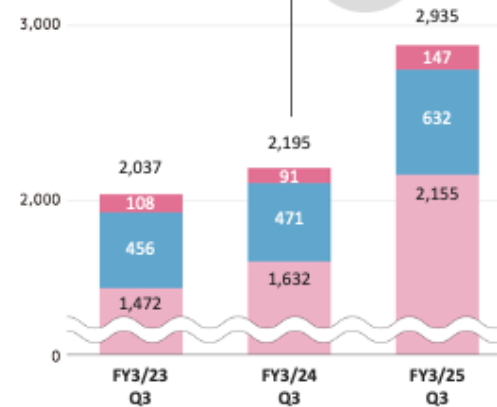
Total operating revenue (JPY in millions)

- BtoC atone
- BtoB NP Kakebarai
- BtoC NP Atobarai and other



Gross profit (JPY in millions)

- BtoC atone
- BtoB NP Kakebarai
- BtoC NP Atobarai and other

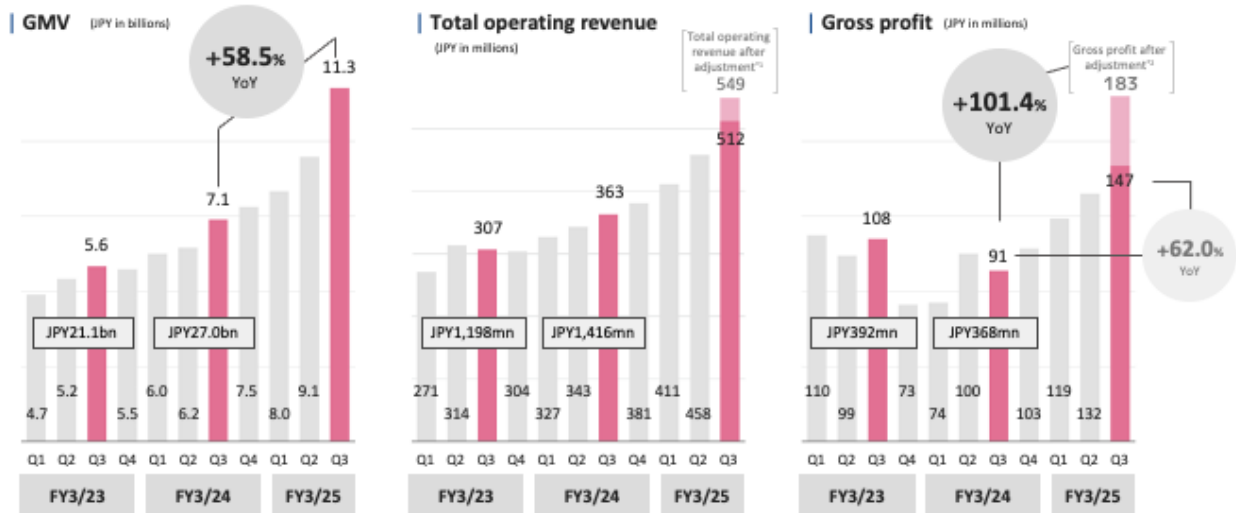


This slide shows the trends of Group total operating revenue and gross profit.

Total operating revenue is growing as planned, but gross profit has increased significantly thanks to the improved credit screening system.

As compared with the past two years, you can see that now we have successfully built a business fundamental that can generate profit.

GMV increased 58.5% YoY due to successful measures to expand GMV, such as promotion of Pay in 10 Days and campaigns. Gross profit grew significantly by 62.0%, or 101.4% on a campaign amount adjustment basis.



From this slide, I will discuss key indicators in each of our services.

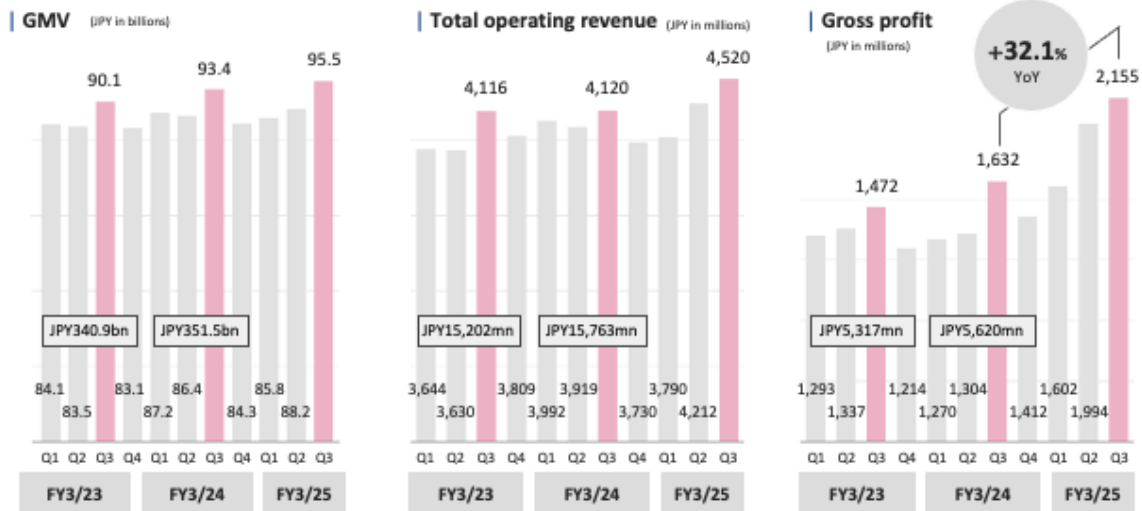
GMV for atone increased 59% year on year for the third quarter, achieving robust growth. We took measures to increase GMV at existing merchants, such as promoting the use of Pay in 10 Days and cashback campaigns, which were successful.

Due in part to the improvement in the delinquency rate, gross profit has grown significantly as a matter of fact.

atone's strategy has been to focus on acquiring new merchants so far, but from now on we will also be focusing on expanding our user base. In line with this, we plan to continue investing in user-oriented campaigns from this quarter onwards.

in accordance with this policy, in addition to total operating revenue and gross profit, we also display adjusted figures to show the reductions due to the campaigns.

GMV increased steadily 2.2% YoY. Gross profit grew 32.1% YoY due to late payment administration fees and curbing costs, including credit risk control.

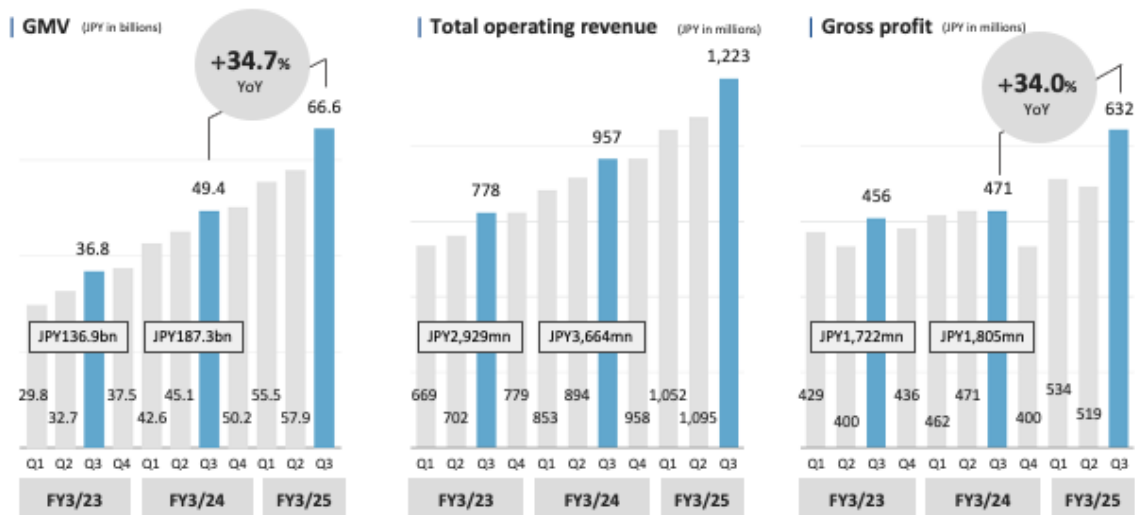


GMV for NP Atobarai growing steadily, mainly due to the impact of increased transaction volume at some existing merchants.
Gross profit grew 32% YoY.

Continued from the first half, we have successfully kept the delinquency rate at a low level. In addition, the collection of administrative fee for late payment remained favorable.

Growth at existing merchants remained strong.

GMV grew significantly by 34.7% YoY due to the operation of newly acquired new large merchants.



GMV for BtoB NP Kakebarai remains solid, achieving 35% growth.

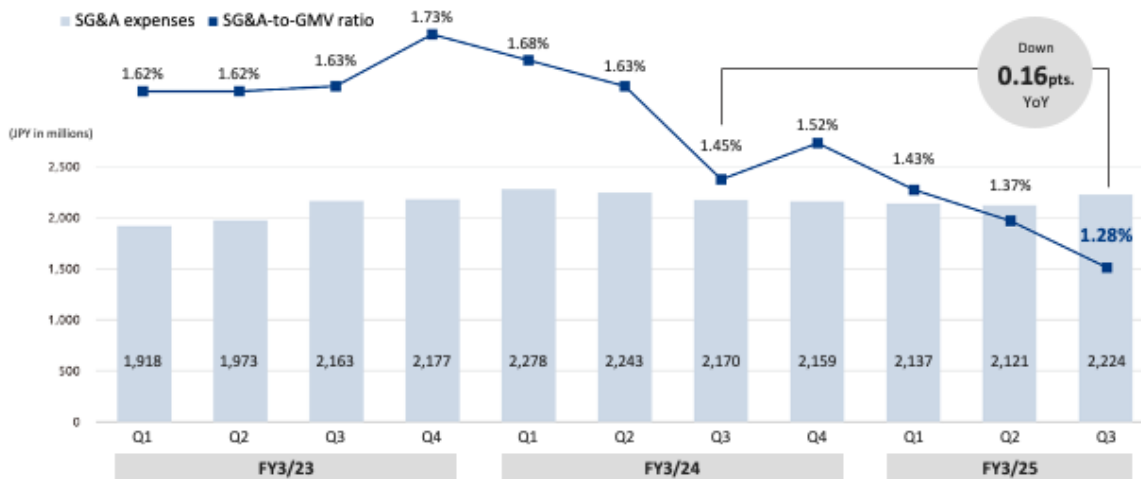
In addition to growth at existing merchants, the operation of newly acquired large merchants also contributed to GMV growth.

We were also able to keep the delinquency rate at a low level, and gross profit increased 34% year on year.

SG&A Expenses: Quarterly Trend

The SG&A ratio improved 0.16 points YoY to 1.28%.

Our continued efforts to thoroughly control costs achieved a record low.



This slide shows the trend of SG&A expenses and the ratio of SG&A expenses to GMV.

We have been focusing on the ratio of SG&A expenses to GMV, which reached the 1.2% level in the third quarter.

The seasonal factor that the third quarter has the largest GMV of the year has also had an effect, resulting in a very low ratio.

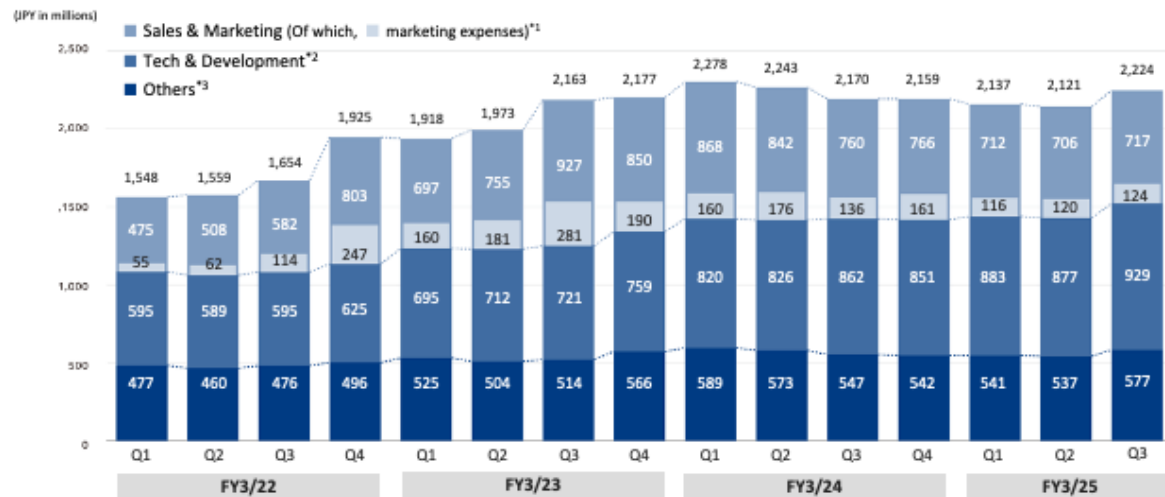
We will continue this policy of keeping the ratio of SG&A expenses to GMV at a low level in the future,

but at the same time, we will make the necessary investments for future growth, while ensuring that we maintain our profit levels.

SG&A Expenses: Quarterly Changes by Function

The ratio of SG&A expenses to GMV decreased.

Tech & Development expenses increased due to system development and an increase in personnel.



*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.)

The amount of SG&A expenses for the third quarter was approximately 2.22 billion yen.

Tech & Development expenses increased compared to those until the second quarter.

This was due to an increase in personnel and investments related to system development.

Reference: Changes in Ratio of SG&A Expenses to GMV

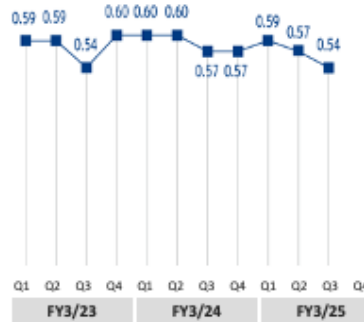
The ratio of SG&A expenses to GMV decreased.

We have built a structure that can take advantage of operating leverage.

| Sales & Marketing^{*1} (%)



| Tech & Development^{*2} (%)



| Others^{*3} (%)



^{*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.)

This slide shows the ratio of SG&A expenses to GMV by function.

Having built a structure that can take advantage of operating leverage, the ratio of SG&A expenses to GMV has decreased for each function.

For Tech & Development expenses, although the amount of SG&A expenses has increased from the previous quarters, the ratio of SG&A expenses to GMV has decreased, and we are continuing to make disciplined investments.



Management Topics

Now, I, Shibata, would like to explain the management topics.

Strong growth continued through the full-scale introduction of Pay in 10 Days and proactive campaigns. We will focus on atone shops and atone plus as a springboard for future growth.

**atone
GMV growth**

- Acquisition of new users and usage increased through Pay in 10 Days and campaigns.
- In Q4 and beyond, we will continue striving to acquire new merchants, expand usage at existing merchants, and gain new users.

atone shops

- Monthly PV has increased to 13 million and monthly UU to 450,000.*¹
- We aim to attract new members and encourage inactive members to resume use through campaigns.
- The number of users transferred to merchant stores is gradually increasing, reaching about 100,000 per month*¹.

**atone plus
installment
payment**

- We are conducting operational tests with a limited number of merchants and users.
- We are flexibly considering optimal product design regarding point reward policies and other factors while monitoring testing conditions.

*1 As of December 2024

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BtoC atone is steadily expanding GMV.

In the third quarter, we saw solid results thanks to the promotion of Pay in 10 Days, which does not require member registration, and cashback campaigns.

atone shops is a web portal where users can check stores where atone can be used and ongoing campaigns.

The numbers of PVs and UUs are increasing steadily, and the number of users transferred to merchant stores is also gradually expanding.

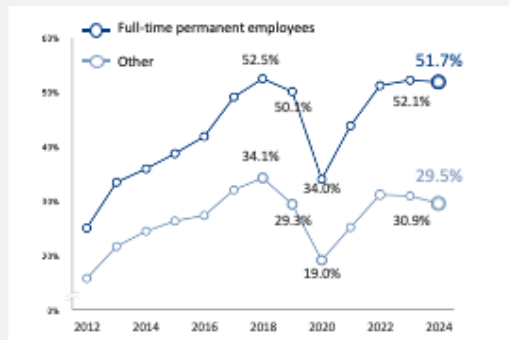
Finally, we would like to inform you about the status of the operational testing of atone plus. We are still considering the release of atone plus with installment payments.

We are looking at the status of testing to date and considering the optimal product design for all of us—the Company, users, and merchants.

The changing economic environment post COVID-19 has created various challenges in corporate management. Our services help to solve them.

Severe Labor Shortages at Japanese Companies

51.7%, or over half of companies are experiencing a shortage of full-time permanent employees*¹



Social issues

- The workforce is expected to continue to decline, and securing human resources will become increasingly difficult.
- Amid soaring raw material costs, credit risks have become apparent in some transactions. Credit management of business partners has become a management issue for companies.

Our BtoB service offers solutions

We handle outsourcing of operations,
99% credit approval rate,
payment collection and risk-free guarantee.

*¹ TEIKOKU DATABANK, "Survey of Corporate Labor Shortage Trends" (October 2024). Labor shortage percentages are as of October of each year.

GMV in BtoB NP Kakebarai is also increasing steadily.

As a broad trend, we believe that the changing economic environment is providing a tailwind.

As the workforce continues to decline and the labor environment changes, many companies will find it even more difficult to secure human resources.

We anticipate that the need to outsource entire billing-related operations will continue to grow.

In addition, managing credit risk in commercial transactions has also become a challenge for many companies, given the significant changes in the economic environment post COVID-19. From this perspective, we believe that our services, which excel in credit control, are becoming even more advantageous.

Context for Growth of BtoB Services: NP Kakebarai

Usage is expanding in all industries, centered on businesses that generate a large volume of credit screening and billing operations for small-sized transactions. The number of corporate users as buyers is approx. 700,000 annually.



This slide shows some of the companies that are using NP Kakebarai.

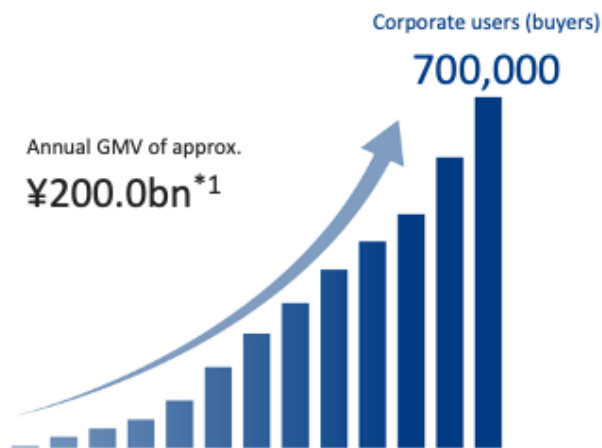
Usage is expanding particularly among businesses that generate a large volume of credit screening and billing operations for small-sized transactions.

In response to the changes in the economic environment mentioned earlier, usage by large companies is also increasing.

Growth Strategy for BtoB Services: NP Kakebarai

We are continuously releasing new services to provide new added value to the 700,000 corporate users using NP Kakebarai.

Scale of NP Kakebarai



*1 Forecast for the full-year ending March 31, 2025 as of December 2024

Launched services

Credit Card Payment	Credit card payment option for NP Kakebarai
Payment Deadline Extension	Payment deadline extension option for NP Kakebarai
NP Handy Lending	Online lending for buyer companies
NP Kakebarai Membership	Registered membership system for buyer companies to increase convenience

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Next, I would like to discuss the growth strategy for NP Kakebarai.

The annual GMV is expected to greatly exceed 200 billion yen this term, and the number of corporate users is approximately 700,000.

We already have connections with these companies, and we have accumulated transaction data.

We have been releasing new services continuously utilizing this broad network and these data assets to further expand our services.

Following the launch of the credit card payment service in the second quarter of the previous fiscal year, we launched the NP Handy Lending and payment deadline extension services in the third quarter of this fiscal year.

Although these services have only been running for a short time, the response from buyer companies has been positive as expected.

For the time being, we intend to gradually expand each of these services while paying sufficient attention to risk management.

Shareholder Benefit Program: Outline

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

Record date

March 31, 2025

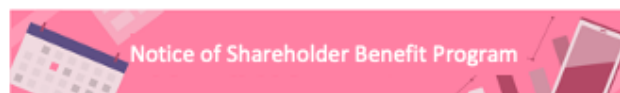
Eligible shareholders

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

Timing of award/application method

A guide on how to apply for the benefit will be enclosed with the Notice of Convocation of the General Meeting of Shareholders to be sent in mid-June 2025.

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



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

We will return profit to shareholders after comprehensively considering the business environment, business performance, and financial conditions, and other factors. As of February 14, 2025, we have not yet decided on the implementation of the shareholder benefit program in the next fiscal year.

Lastly, this slide shows our shareholder benefit program.

We will award NP Points, which can be used for our payment service to eligible shareholders who own more than one trading unit of shares as of the end of March 2025.

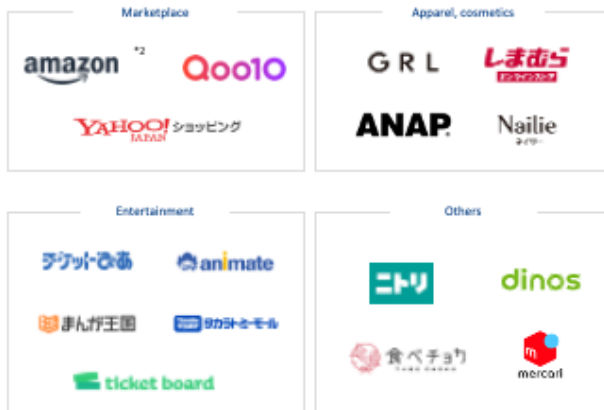
We hope our shareholders will experience atone with this benefit program.

Shareholder Benefit Program: NP Points

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

Stores where atone is available (non-exhaustive list)

Online stores



Physical stores^{*1}



^{*1} Some stores are not available.

^{*2} Amazon, Amazon.co.jp and their logos are trademarks of Amazon.com, Inc. or its affiliates.

atone is widely available at stores ranging from specialty stores to general merchandise stores (GMS).

You can use NP Points for a discount when shopping at these stores and others.

We hope shareholders will enjoy shopping with atone redeeming their reward points in this benefit program.

This is the end of our results briefing for the nine months ended December 31, 2024. Thank you for your attention.

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