



Net Protections Holdings, Inc.

Q&A of Financial Results Presentation for the Fiscal Year Ended March 31,
2025

May 15, 2025

※ This is a transcript of the Q&A. The main part was disclosed on the day of the results briefing.

Question & Answer

Participant [Q]: Regarding the recently released DMM, ecbeing, and Indeed Recruit Partners, can you give me an idea of the amount of GMV for each?

Shibata [A]: It is difficult to say the exact amounts, but for example, DMM would be one of the major merchants in atone.

As for ecbeing, we do not have specific amounts at this time, we expect that it will become much easier to conduct sales activities for shops using ecbeing in the future, so we have high expectations for its future growth.

Regarding Indeed Recruit Partners, it is one of the largest merchants in NP Kakebarai, so we have very high expectations for future growth.

Participant [Q]: I believe there have been previous releases related to Indeed. Is this release different from those previous ones?

Shibata [A]: This is an extension of those previous releases, and now they are fully in operation.

Participant [Q]: Please explain the background behind the significant upward revision of the Three-Year Financial Policy. Is it correct to assume that GMV is a highly accurate forecast made ahead of time for a project that is somewhat visible and has some upside left?

Shibata [A]: I don't think it's a low figure, but I believe that the current plan is based on something that is reasonably achievable. In that sense, there is potential upside, and we intend to work hard to achieve that.

Watanabe [A]: Yes, I agree. We have presented figures that we are confident we can achieve, so I believe that there is sufficient potential upside.

Participant [Q]: Aside from the high level of certainty on page 49, do you have any other impressions regarding the status of the sales pipeline, such as the CEO's sense that it is stronger than before, or has not changed?

Shibata [A]: This is precisely what we are focusing on for the medium to long term. Currently, the status of ongoing opportunities is clearly at an all-time high, and major client opportunities are progressing across all services.

Therefore, in response to your question, I feel that it is indeed strengthening significantly. Additionally, as a characteristic of our services, once we secure one or two major clients, this often acts as a catalyst to attract other similarly sized major clients. In that sense as well, we are feeling a strong sense of anticipation for the future.

Participant [Q]: Regarding page 27, could you provide a breakdown of the projected gross profit by business segment? If that is difficult, please provide a projection of promotional costs.

Watanabe [A]: The gross profit level for BtoC is expected to remain similar. Regarding BtoB, we plan to focus on large-scale stores moving forward, which may result in a slight decrease in gross profit. However, overall, we aim to continue increasing gross profit.

Shibata [A]: We are currently projecting figures that are slightly conservative based on the current trend. For example, for NP Atobarai, we are looking at around 2% or slightly higher, for atone, around 1.5% or slightly lower, and for NP Kakebarai, below 1%. We are taking a conservative approach on top of these figures.

Participant [Q]: Is this the first time that the slide regarding consideration of shareholder return has been disclosed? Does this mean that you are nearing the time when shareholder returns in the form of dividends or share buybacks will begin?

Watanabe [A]: This slide has been disclosed previously and reflects our policy. This fiscal year, we achieved profitability, and the retained earnings that serve as the basis for dividends have turned from negative to positive. As you can see from the three-year plan we mentioned earlier, we expect profits to continue growing steadily in the future. We plan to consider dividends based on the accumulation of these profits, and we are considering both dividends and share buybacks.

Participant [Q]: Is there any upside potential for this fiscal year's GMV plan depending on the status of deal acquisitions? If the top line increases, is there a possibility of increasing SG&A expenses such as marketing expenses?

Shibata [A]: We have based our current figures on projects we are confident we can secure. However, if we are able to secure additional projects that we currently consider as “possibly to win,” there is certainly room for upward revision.

In such a scenario, we will discuss with our investors and consider whether to allocate more funds to SG&A expenses to accelerate growth or to prioritize profit improvement.

Participant [Q]: How effective were the additional marketing investments made in H2? You mentioned that the S&M level for the current fiscal year will return to the usual level, but if the marketing efforts are deemed effective, will you implement them again this fiscal year?

Shibata [A]: First of all, I would like to say that we are very pleased with the effect of the additional marketing investment made in H2. First of all, in the campaign for atone users, I think it has really contributed to the expansion of users. We are also very pleased with the success of our plans for partners, which have generated a significant number of projects for us.

Watanabe [A]: That's correct. For FY3/26, we plan to allocate the same amount as FY3/25, including the additional investment. If we generate excess profits as we did last year, we intend to reinvest those funds into marketing to accelerate growth.

Participant [Q]: What are the factors behind the YoY acceleration in H2 of FY26/3 for NP Atobarai?

Shibata [A]: We expect to acquire several major companies, and I believe this is reflected in the figures.

Participant [Q]: Regarding the forecast for FY26/3, GMV is plus 16%, operating revenue is plus a little more than 10%, and gross profit is plus a little less than 9%. Please explain the reasons for the differences in growth rates.

Watanabe [A]: The 16% growth in GMV and 10% growth in operating revenue are largely due to the mixed factors. The BtoB has a higher growth rate but lower take rates, so this difference is reflected. The gross profit margin is also influenced by this.

Shibata [A]: We anticipate that the growth in new business, particularly from large BtoB clients, will be significant. This is why GMV is expected to grow sharply, but the increase in operating revenue or gross profit may be somewhat weaker.

Watanabe [A]: That's correct. Since there is no significant decline in existing business, we do not anticipate any major concerns.

Participant [Q]: It seems that a competitor changed its sales structure in March and is stepping up efforts to acquire new customers. Has there been any change in the competitive environment?

Shibata [A]: I cannot comment specifically on other companies, and it is difficult to evaluate the situation based on information other than what we hear from our sales teams. At least, we hear that competition is becoming less intense, so it is difficult to say whether we are in a different market or not, but at least for now, we are not feeling any particular difficulties.

Participant [Q]: There has been an increase in credit card fraud. Have there been any cases of fraud involving your services?

Shibata [A]: Various forms of fraud are possible, so we cannot say that there have been no cases at all. However, we are closely monitoring the numbers and taking corrective measures to prevent fraud, so the amount involved has not been significant.

Participant [Q]: Will the monthly fee for atone Plus remain free even after the official release?

Watanabe [A]: Based on our current calculations, we believe we can maintain atone Plus without a monthly fee, so unless something significant occurs, we plan to proceed without a monthly fee.

We think a plan with no monthly fees and a consistent 1.5% point reward rate, especially when shopping online, is quite rare among competitors. If consumers respond well to this, we expect it has the potential to grow significantly.

Participant [Q]: Could you please provide an update on NP Finance's small loan business?

Shibata [A]: We are still in the testing phase, so there are no significant figures yet, but we have heard that things are going very well.

This is because there are strong demands for loans from small and medium-sized businesses, and we are currently testing with a certain amount, several hundred million yen, and the repayment situation is also very good. Considering this, we are hopeful that small-scale lending will develop into a proper business in the future.

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