Disclosure date: November 17, 2026

Net Protections

Net Protections Holdings, Inc.

Q&A of Financial Results Presentation for the Six Months Ended September 30, 2026

November 16, 2026

※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 B2B business (NP *Kakebarai)*, could you share your outlook on merchant acquisition for the second half of this fiscal year and beyond?

Shibata CEO [A]: First, as I mentioned earlier, regarding GMV in the second half, we think it will be difficult to see a sharp acceleration from here. However, our current sales pipeline is probably in the best shape it has ever been.

We have built up a very substantial pipeline ranging from mid-sized to large-scale deals, so we feel very confident about the next fiscal year and the fiscal year after next.

Participant [Q]: Could you give us an update on your partnership with SMCC, as well as your outlook on how it will contribute to merchant acquisition and GMV?

Shibata CEO [A]: This partnership is starting to gain momentum. We have already received dozens of referrals from them, and through our follow-up sales efforts, several have already progressed to the application stage. They are introducing us to large-scale prospects, and the leads are quite warm, which makes it much easier to move discussions forward. We are truly grateful for their support.

Participant [Q]: Could you provide more details on the partial churn by a large-scale merchant mentioned in the presentation materials, and how much of an impact it had?

Shibata CEO [A]: I cannot disclose the merchant's name, but while they rated our service itself very highly, it resulted in a partial churn due to internal strategic reviews on their end.

As for whether similar churns could happen one after another with other large-scale merchants, we think that is quite unlikely.

Okada CFO [A]: We cannot disclose the exact figures, but compared to our initial expectation of around the 20% level, growth came in lower by a high single-digit percentage, and please understand that this

churn accounts for a portion of that shortfall. It is difficult to share any further details, so I will refrain from commenting further.

Participant [Q]: For NP *Atobarai*, while GMV and operating revenue increased, gross profit continued to decline. Could you explain why you expect to achieve positive gross profit growth in the second half, and how confident you are in reaching that goal?

Shibata CEO [A]: Whether we look at NP *Atobarai* alone or include a few other related businesses, assuming we include them, GMV is expanding for NP *Atobarai*, and particularly for NP *Atobarai air*. We expect performance to remain steady across both the first and second halves. Looking at the previous fiscal year, the gross profit margin was particularly high and strong in the first half, which means that dynamic should reverse in the second half. Consequently, looking at the full fiscal year, we expect to end up slightly positive.

Participant [Q]: It seems that the overall e-commerce market had a low growth rate this quarter. Breaking down the GMV growth rate for each of your businesses, how do the contributions from existing merchants compare to those from new merchants?

Shibata CEO [A]: For NP *Atobarai* and NP *Atobarai air*, growth is being driven primarily by new merchants. Conversely, for NP *Kakebarai*, existing merchants are driving the growth. As for *atone*, both existing and new merchants are growing nicely.

Participant [Q]: You mentioned that you expect gross profit for NP *Atobarai* to turn positive in the second half. Specifically, what will be the main drivers behind this?

Shibata CEO [A]: This ties closely into what I just mentioned, but our current performance is tracking steadily with slight growth. In contrast, the previous fiscal year was exceptionally strong in the first half and weaker in the second half. Therefore, on a full-year basis, we expect to end up slightly higher. In particular, our sales momentum for NP *Atobarai air* is very strong, so that is acting as a key driver right now and should continue to drive growth going forward.

Participant [Q]: How much of an impact is the billing fee revision having?

Shibata CEO [A]: For atone, both the take rate and the gross profit margin to GMV have improved by 0.4 percentage points as a result of this, starting in September.

Participant [Q]: Could you tell us about the impact of the personal data leak caused by unauthorized access to NP *Atobarai* that occurred in October? Has there been any impact on existing merchant churn, new merchant acquisition, or user activity?

Shibata CEO [A]: First of all, we sincerely apologize for the inconvenience and concern this has caused. Since this incident occurred, a very small number of merchants have indeed temporarily suspended their use of the service as they take a wait-and-see approach. However, the overall impact is not that large, and we have not seen any negative effects on other areas, such as our sales momentum.

Participant [Q]: Despite the partial churn and other factors in NP *Kakebarai*, you have not revised your full-year company forecast. Does this mean the impact will be absorbed by the first-half outperformance? Also, are there any signs of moderation in specific metrics such as GMV or gross profit?

Okada CFO [A]: Regarding NP *Kakebarai*, we currently expect GMV to be somewhat moderate heading into the second half, so compared to the company forecast we announced at the beginning of the fiscal year, we anticipate that consolidated GMV will land slightly below plan. However, the variance is not large enough to warrant a formal revision, so we have left our forecast unchanged, though in reality it will likely fall slightly short. As for gross profit, first at the operating revenue level, positive factors such as the billing fee increase mentioned earlier will help offset the softness in NP *Kakebarai* to some extent. As a result, we currently expect operating revenue to land roughly in line with our forecast. On top of that, since we expect cost reductions to continue progressing, we do not anticipate gross profit falling short of our forecast either. That is where things stand.

Shibata CEO [A]: Just to clarify, the billing fee increase is for *atone*, so that is unrelated to NP *Kakebarai*, right?

Okada CFO [A]: That is right. I was speaking on a consolidated, company-wide basis. For NP *Kakebarai* alone, GMV will fall short of plan, and gross profit will likely come in slightly below plan as well.

Participant [Q]: Regarding the churn by a major merchant, did they switch to a competitor, or did they withdraw from the business? Will there be an impact in the second half, and roughly how many merchants are involved?

Shibata CEO [A]: We may have phrased it a bit too strongly in our materials, as this only involves a single merchant. Furthermore, they have not stopped using our service entirely; rather, they have simply narrowed the scope of their usage. Also, we did not lose them to a competitor. From what we have heard, they brought those operations back in-house. In addition, to give you a rough sense of scale, this is not something that would cause our monthly GMV to drop by 1 billion yen or more, for example, so we do not view it as having a massive impact.

Participant [Q]: You mentioned updating your funding and cash management framework to make it more sophisticated and flexible. Could you explain specifically what this refers to?

Okada CFO [A]: Currently, we borrow from banks under a syndicated loan framework, which consists of a combination of a term loan and a commitment line to support our day-to-day cash management. First, with respect to day-to-day cash management, to make it more sophisticated and flexible, we are in discussions with our banks to establish an overdraft facility, and we are currently working through the various arrangements. While the overdraft facility will replace the existing role of the commitment line for daily liquidity, given that we are a payment company, we are also looking to enhance the commitment line with multi-layered safeguards to further ensure payment settlement security. As the agreements have not yet been finalized, I cannot share further details, but as we have already announced, our existing borrowings mature in December, and we are currently in discussions with the banks toward refinancing them.

Participant [Q]: In light of your funding updates, could you explain your approach to required capital?

Okada CFO [A]: Regarding our core B2C and B2B BNPL businesses, our business model is structured so that accounts receivable and accounts payable turn over on a short cycle. Therefore, our basic view is that they do not require a large amount of working capital.

Based on this, we do not believe a substantial amount of capital is required simply to grow our existing businesses. On the other hand, we may gradually expand into new initiatives, such as installment payments, step by step going forward.

As we consider various future initiatives and advance those plans, we recognize that it may become prudent to secure a certain level of capital. However, at this point in time, we do not see a major need for additional capital.

Participant [Q]: What is the rationale behind the 1.2 billion yen share buyback amount? Is it based on something like a total payout ratio target?

Okada CFO [A]: If you look at it in terms of a total payout ratio, it comes out to roughly 50%. However, our decision was driven more by the view that our current share price is undervalued, which led us to pursue a buyback. Based on that, we calculated 1.2 billion yen as an appropriate size to execute buybacks steadily over a reasonable period of time.

Participant [Q]: I understand that achieving this fiscal year's GMV plan for NP *Kakebarai* has become challenging. How should we view the impact on your mid-term plan outlook? Is there a risk that your targets will be lowered going forward? Also, it seems that deal acquisition through your partnership with the Sumitomo Mitsui Financial Group is becoming increasingly important, so could you tell us if there have been any changes in how your pipeline is expanding?

Shibata CEO [A]: First, regarding achieving this fiscal year's GMV plan for NP *Kakebarai*, it has indeed become somewhat challenging.

While we had originally expected GMV to build up steadily, the growth rate has softened and will remain somewhat muted for a little while. Beyond that, however, future performance ultimately depends on our current deal pipeline, and right now, that pipeline is very strong. Because of this, I actually feel even more confident about our future growth potential. That said, we will thoroughly discuss internally how to approach and update the specific figures in our mid-term plan.

As for the expansion of our pipeline, we continue to receive referrals from both JCB and SMCC, and we have also increased the number of advisors we contract with, which is generating a steady stream of introductions. Overall, I believe we are building a very healthy set of lead sources.

Participant [Q]: I had understood that the shortfall from the 20% growth level in NP *Kakebarai* was due to the partial churn by a large-scale merchant, but if the impact is less than 1 billion yen per month, is the main cause of the downside actually sluggish growth among existing merchants? Also, are there any other cancellations? Could it be that the market itself is maturing?

Shibata CEO [A]: First of all, I do not think the market itself is maturing at all. As I have mentioned repeatedly, looking at our current pipeline, we are actually seeing much more clearly the specific use cases where our service is needed.

To put it somewhat boldly, we launched NP *Kakebarai* around 2010 and have been running it for over 15 years, and the exact patterns of how this service will expand are becoming clearer than ever. So, our confidence in the future is actually growing stronger.

On the other hand, regarding why our current growth rate is falling short of the 20% mark, I believe there are three main reasons: first, the impact of this large-scale merchant; second, as I mentioned earlier, the lack of new merchant onboardings so far this fiscal year, which has had a significant impact; and third, although we had planned to make up for that by driving solid growth among existing merchants, they did not grow as much as originally planned. Aside from that, there have been no other major churns.

Okada CFO [A]: As we noted in our presentation materials, there was still room to upsell to our existing merchants, and the fact that we did not execute sufficiently on that contributed to the sluggish growth rate. Therefore, we believe this is something we can recover from by strengthening our organizational structure and improving our sales execution. We have been bringing in talent along these lines this fiscal year, and we have a clear sense of direction that continuing to gradually expand our team alongside business growth will be essential for achieving long-term, sustainable growth.

We intend to thoroughly refine these plans as we formulate next fiscal year's budget and rebuild our three-year mid-term plan.

Participant [Q]: Could you tell us about the impact of introducing credit card payments to NP *Atobarai*? While it helps positively with merchant acquisition, won't it result in lost revenue opportunities for you?

Shibata CEO [A]: This feature works in a way where, for subscription-based merchants using NP *Atobarai*, after a customer completes their first payment with NP *Atobarai*, they are prompted to ask if they would like to switch to credit card payments going forward. It is not as though 30% or 40% of users switch over to credit cards through this, so we view the negative impact as minor. On the other hand, this serves as a very strong selling point during merchant acquisition, so we intend to actively leverage it in our sales activities.

Participant [Q]: When comparing your B2C and B2B BNPL services with credit cards, there is a general perception that credit card networks have stricter security simply because they are massive, established infrastructures. Is that the case, or is the security for your BNPL services equally strong? Also, are you seeing an increase in BNPL usage due to consumers moving away from credit cards?

Shibata CEO [A]: First, looking at the very most recent figures, while I cannot share exact numbers yet, particularly in the B2C e-commerce market, we do have a sense, though I apologize this is still anecdotal, that more consumers are turning to BNPL because they are hesitant or fearful about using credit cards. Additionally, during our sales activities, we are increasingly hearing from merchants that their customers are somewhat wary of using cards. Credit card security itself is extremely strict, but because the value chain is so long, if a data leak occurs at even a single point along that chain, it compromises trust in the

broader infrastructure. I think that is partly why some users are starting to feel uneasy about using them. As for us, security is obviously of paramount importance, and we have always focused heavily on it. Following the recent incident, we are conducting a comprehensive review of all our systems and plan to further step up our security investments. On our end, we are committed to reinforcing our security measures even more thoroughly.

Okada CFO [A]: We actually added a section to the Appendix of our presentation materials this time. Although it is based on our own internal survey, we included results examining how online shoppers' attitudes and behaviors are changing in light of the recent wave of unauthorized access incidents, so please take a look at that for your reference.

Participant [Q]: GMO Payment Gateway is increasing its security spending; does your company not need to do the same? Also, are partners such as SMCC, SBPS, and Otsuka Corporation satisfied with your security? Furthermore, what specific aspects of your security are your strengths?

Shibata CEO [A]: Security is inherently an area where there is never really a final finish line. Given its growing importance, we believe we need to add a modest amount of spending this fiscal year as well, though not enough to significantly impact our financial results. For the next fiscal year, we intend to prioritize allocating a certain budget toward security investments. For example, we are prepared to push back some functional product development if needed in order to invest further in security first. In addition, we communicate closely with our partners, and I do not believe any of them are dissatisfied with our security. As for what specifically characterizes our security approach, right now we place particular emphasis on using AI to run simulated cyberattacks to thoroughly identify any potential vulnerabilities. Performing these tests at a high frequency is crucial, and we have started running this cycle effectively.

Participant [Q]: You mentioned strengthening upselling for NP *Kakebarai* heading into the second half. Will that cause SG&A expenses to go up?

Shibata CEO [A]: SG&A expenses will not go up significantly for this, as we are not looking to add 10 or 20 people. To give you more detail, while we already have a fairly large number of members in customer success teams, mostly younger members, they lacked sufficient skills and experience to translate their efforts into solid results. However, we have already hired and onboarded a leader capable of overseeing the entire team and supporting their skill development. Because of this, our expectations for upselling in the second half have actually grown quite strong, and we are already seeing a lot of active discussions moving forward right in front of us.

Okada CFO [A]: Rather than expecting an immediate impact in the second half, please view this as strengthening our foundation heading into the next fiscal year.

Participant [Q]: NP *Kakebarai* is a business that handles highly critical corporate data. How should we as investors interpret and assess the risks associated with that?

Shibata CEO [A]: That is exactly right, and precisely for that reason, we believe our only path forward is to make security our top investment priority and reduce those risks as much as possible.

Participant [Q]: I view your company as the frontrunner in B2C and B2B BNPL. With security costs becoming heavier, are more players considering exiting the market, and are you seeing opportunities to capture their market share as a result?

Shibata CEO [A]: Even in our internal discussions, security is an area where we have a solid level of confidence. When we consider that competitors with smaller GMV scales would find it difficult to prioritize making the same level of investment, I do think this will create certain opportunities for us.

Participant [Q]: How should we view NP *Kakebarai* for the next fiscal year? Given the strong performance of your partners, is it fair to expect GMV next fiscal year to return to the trajectory of your mid-term plan, or will that take a bit longer?

Shibata CEO [A]: We do not have full visibility on that yet, and there could still be some variance. If we look at it very optimistically, we have large-scale deals lined up in the pipeline, which gives us hope that we could exceed expectations. On the other hand, the exact timing of those onboardings is inherently hard to predict, so if we take a conservative view, it is still uncertain whether we can fully return to the original mid-term plan trajectory next year.

Okada CFO [A]: As we mentioned, growth will slow down somewhat in the second half of this fiscal year, and I think there will still be some uncertainty in the next fiscal year. If large-scale merchants onboard smoothly, there could be upside, though we are not in a position to make any definitive statements on that yet. Meanwhile, in terms of returning to a sustainable growth posture, including our growth rate, we believe we will be back on a proper footing from the fiscal year after next. So, the period from this second half through the next fiscal year will serve as a transitional phase, and over the course of this second half, we plan to carefully assess what level of growth rate we can commit to for next fiscal year.

Participant [Q]: Once the moderation among existing merchants runs its course and new large-scale merchants come on board, wouldn't you return to 20% growth at some point during the next fiscal year?

Shibata CEO [A]: I think there is certainly a good possibility of that, and we do have specific deals in the pipeline. However, whether that level of volume will actually launch within that timeframe depends heavily on the clients' schedules and circumstances, so we cannot say anything for certain yet. In that sense, there is definitely potential for upside.

Okada CFO [A]: We intend to plan with the goal of getting back to that level as much as possible.

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