



Net Protections Holdings, Inc.

Q&A of Financial Results Presentation for the Three Months Ended June
30, 2025

August 14, 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]: Please explain the factors behind Q1's performance relative to the plan, broken down by segment GMV and cost reductions.

Watanabe CFO [A]: I will provide a more qualitative explanation rather than a precise quantitative breakdown.

As highlighted on page 4, the growth of *atone* and NP *Takebarai* was exceptionally strong. *atone* grew by 65.3% and NP *Takebarai* by 43.4%, both showing very significant increases. As for cost reductions, the main driver was an improvement in the delinquency rate, an initiative that is progressing across all our businesses.

Regarding the upward revision on page 6, the revised figures are the white numbers in the blue section. We raised our forecast for the fiscal year ended March 2025 based on the Q1 performance, but we kept our top-line forecast unchanged. This was primarily because the improvement in delinquency rate was a significant factor.

We began charging late payment administration fees in Q2 of last fiscal year. A key difference from last year, when our revisions were mainly driven by factors at the profit level, is that this time a top-line item is also contributing to the upward revision. I believe this is a particularly noteworthy aspect.

Participant [Q]: What was the reason for the cost improvements in Q1 exceeding the company plan? Were there any specific initiatives that contributed to this?

Shibata CEO [A]: There are two factors here. First, it's somewhat inherent to our business model, but we tend to be conservative when forecasting delinquency rates for all our businesses. This naturally results in our planned figures being on the conservative side.

On the other hand, we are actively implementing measures, particularly around credit risk management, by building strong, dedicated teams and fostering collaboration between them. I believe our overall capabilities have genuinely improved, leading to a decreasing delinquency rate across all business segments. This has been the largest contributing factor.

Participant [Q]: The B2B's GMV growth of 43% in Q1 seems quite high. Was this driven by high-growth clients like Recruit? Also, do you think this growth rate is sustainable?

Shibata CEO [A]: Yes, as we announced in a press release, Recruit began using our NP *Kakebarai* in May, and we recognize that they have been a significant driver of this growth. For that reason, we expect a similar level of high growth to continue into Q2.

However, looking ahead to the fall and beyond, the YoY growth contribution from a major client that went live last November will end. Therefore, whether we can maintain such a high growth rate will depend on the initial transaction volumes generated by the new large merchants we expect to launch.

Participant [Q]: How many new merchants in what industries have driven *atone's* growth? Also, can we still expect new merchants for Q2 and beyond?

Shibata CEO [A]: We are acquiring a good balance of new merchants, including several large clients in the digital content market as well as multiple mid-sized companies. In addition, transaction volume with our existing merchants is growing, and the number of members using the service continues to increase. This provides a solid boost to our growth, so I believe we are in a very healthy position.

As for our new pipeline for Q2 and beyond, it is currently very strong. We are also seeing that our service is a good fit for out-of-app payments, so including that area, we have very high expectations for the future.

Participant [Q]: The GMV growth rate for B2B has accelerated. Please explain how much of that growth was driven by new merchants?

Watanabe CFO [A]: As mentioned earlier, the impact of our new client, Recruit, going live was significant, and we also saw growth in transaction volume from our existing merchants. If you look at the sources of the growth, the contribution was split roughly 50-50 between new and existing merchants.

Participant [Q]: Since the upward revision was driven by GMV outperformance and cost reductions, both of which seem sustainable, why have you maintained the original forecast for the second half?

Watanabe CFO [A]: For this revision, we have simply incorporated the amount by which our Q1 results exceeded our guidance. We have not changed our forecast for Q2 onwards.

The reason for this is that we want to wait and see our Q2 performance. We are confident about the Q2, and once we see those results, if we generate excess profit, we may reinvest it into areas like marketing. At that point, we believe we will be in a better position to discuss our outlook for the full fiscal year. This is the thinking behind the way we have handled the current revision.

Participant [Q]: If we look at the implied forecast for Q2, it appears that GMV will be flat and operating profit will decrease significantly compared to Q1. Does this mean you are planning for strategic investments in Q2? Are you factoring in seasonal weakness for GMV? Or have you simply kept your conservative initial forecast in place?

Watanabe CFO [A]: It's the third reason you mentioned. We have conservatively maintained our initial forecast. Given how strong our GMV was in Q1, we believe we can actually achieve better results in Q2. Also, we had a conservative view on the delinquency rate, but we now feel we can control it better, so we expect to be able to post solid numbers for Q2 as well.

Shibata CEO [A]: To add a point on seasonality, last year was somewhat unique because we started charging late payment administration fees in Q2. However, historically, our GMV and operating profit for Q1 and Q2 have often been at similar levels.

Participant [Q]: Please clarify your comment about being confident in Q2. Do you mean that you expect the final results to beat the guidance even after potential marketing investments? Or does it mean that a Q2 outperformance would simply provide the funds for that additional marketing spend?

Watanabe CFO [A]: First, regarding Q2, we do expect to exceed our current guidance. Additionally, once we see the Q2 numbers, we will be able to forecast the second half with greater accuracy. At that point, we can calculate how much additional investment we can afford to accelerate growth and plan to present all of that to you clearly.

Shibata CEO [A]: Last year, for example, our Q2 profits exceeded our guidance. Our approach was to deliver an upside that would meet shareholder and investor expectations, and then channel any further excess profit into marketing. We intend to follow a similar approach this year.

Participant [Q]: The B2C GMV, excluding *atone*, also posted a slight YoY increase, which seems positive. Is this trend of slight growth sustainable?

Shibata CEO [A]: The B2C segment includes the figures for NP *Atobarai*, NP *Atobarai air*, and *AFTEE*. NP *Atobarai air* and *AFTEE*, in particular, are growing steadily. For NP *Atobarai air* specifically, we also expect some major merchants to go live in the future, so we anticipate its growth rate will accelerate significantly at some point.

Therefore, looking at the segment as a whole, we expect this trend of slight growth to continue, and we are optimistic that it could potentially become even stronger down the road.

Participant [Q]: Regarding marketing investments for *atone Plus*, if we assume a gradual start, is it correct to think that any major P&L impacting spend will be concentrated in the second half, or perhaps the fourth quarter, of this fiscal year?

Shibata CEO [A]: Actually, we are not planning any marketing investment for *atone Plus* this fiscal year. The reason, as I briefly mentioned earlier, is that we are working to make *atone Plus* available at our 200,000 NP *Atobarai* stores. We are aiming to do this by Q1 or Q2 of next fiscal year. We believe the marketing investment will come after that integration is largely complete.

Participant [Q]: Regarding your press release from July 23 about the client referral partnership with Recruit for NP *Kakebarai*, could you comment on the expected financial impact? Also, does it have the potential to become a major referral channel for you in the future, similar to your partnership with JCB?

Shibata CEO [A]: We believe the long-term potential is quite significant. However, with these types of referral partnerships, it inevitably takes some time for the efforts to translate into actual financial results. Therefore, in terms of immediate impact, we don't expect much at this stage.

Participant [Q]: Following up on the NP *Kakebarai* referral partnership with Recruit, my impression is that Recruit's client base consists mostly of small companies. What is the profile, in terms of industry and size, of the companies you expect to be referred?

Shibata CEO [A]: While it's true that many of their clients are small businesses, they also have extensive relationships with large corporations, particularly in areas like recruitment services. We believe referrals from those segments would be an excellent fit for us. However, we are still in the process of working out the specific details.

Participant [Q]: Please outline your key growth drivers for the current fiscal year, the next, and the year after that?

Shibata CEO [A]: For the current fiscal year, as our results indicate, B2B is our primary growth driver. Given the large size of the B2B market, we expect it to continue driving our growth next year and the year after as well.

Next, *atone* is also showing very strong growth and is really starting to gain momentum. We expect its contribution to become more significant from next fiscal year onward. So, starting next year, we envision a "twin-engine" model where NP *Kakebarai* and *atone* fully drive our growth.

In addition, while we have not spoken about it much, NP *Atobarai air* is also performing very well from a sales perspective. We expect it to become a third growth engine for us either next fiscal year or the year after.

Beyond that, *AFTEE* in Taiwan is doing well, and we see significant potential in ancillary businesses like lending services. Our goal for the next two to three years is to have all our main payment services acting as growth engines, with our other related businesses expanding alongside them.

Participant [Q]: Regarding the initiation of shareholder returns, what kind of timeframe should we have in mind? Can you provide any guidance you can?

Watanabe CFO [A]: I will answer to the extent that I can. Given that we expect to be profitable going forward, we have begun discussions with various investors and have started to consider this matter. While I cannot give you a specific timeline right now, we view shareholder returns as a fundamental responsibility for a public company, and it is something we intend to address in the future.

Disclaimer

- This document was prepared by Net Protections Holdings, Inc. (referred to as the “Company” or “we” herein) solely for informational purposes. This document does not constitute an offer to sell or a solicitation of an offer to buy any security of the Company in the United States, Japan or any other jurisdiction.
- This document contains forward-looking statements, which reflect the Company's assumptions and outlook for the future and estimates based on information available to the Company and the Company's plans and expectations as of the date of this document or other date indicated.
- Please note that significant differences between the forecasts and other forward-looking statements and actual results may arise due to various factors.
- Accordingly, readers are cautioned against placing undue reliance on any such forward-looking statements.
- The Company has no obligation to update or revise any information contained in this document based on any subsequent developments except as required by applicable law or stock exchange rules and regulations.