INFORMATION DISCLOSURE ON THE INTERNET REGARDING THE NOTICE OF THE 9TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

- This document has been posted on the Company’s website (https://binc.jp/en/ir/meeting) in accordance with laws and regulations as well as Article 15 of the Company’s Articles of Incorporation.
- The document herein was audited by the Board of Auditors and Accounting Auditor when they prepared the Audit Reports.

Matters Concerning Share Acquisition Rights, etc. of the Company

(1) Outline of the details of share acquisition rights, etc. granted as compensation for execution of duties that are held by the Company’s Directors and Auditors at the end of the fiscal year under review

Name	2nd series of share acquisition rights	4th series of share acquisition rights	5th series of share acquisition rights
Date of resolution for issue	September 30, 2015	December 14, 2017	March 30, 2018
Number of share acquisition rights	83	918	240
Category	Directors	Directors	Directors
Number of holders	2	2	1
Type and number of shares issuable upon exercise of share acquisition rights	166,000 common shares of the Company (Note 1)	1,836,000 common shares of the Company (Note 1)	480,000 common shares of the Company (Note 1)
Consideration for issue of share acquisition rights	No consideration	No consideration	No consideration
Price payable for capitalization upon exercise of each share acquisition right	14 yen per share (Note 1)	14 yen per share (Note 1)	14 yen per share (Note 1)
Period for exercising share acquisition rights	From October 1, 2017 to September 30, 2025	From December 15, 2019 to December 14, 2027	From March 31, 2020 to March 30, 2028
Key conditions for exercise of share acquisition rights	(Note 2)	(Note 2)	(Note 2)

(Notes) 1. The Company conducted a stock split at a ratio of 400 shares per one common share on August 31, 2019. In addition, the Company conducted a stock split at a ratio of five shares per one common share on April 1, 2021. Accordingly, the “type and number of underlying shares” and “price payable for capitalization upon exercise of each share acquisition right” have been adjusted.

2. (i) Share acquisition rights may be exercised during the following periods after October 25, 2019 (hereinafter, the “Date of Listing”), which is the date on which the Company’s common shares were listed, up to the portion stated in each of the following items. The portion includes the share acquisition rights that have already been exercised.
If the Date of Listing is prior to the date on which two years have passed after the date of resolution for issue of the share acquisition rights, the Date of Listing in item 1 below shall be read as “the date on which two years have passed after the date of resolution for issue” instead.
1. From the day after the Date of Listing to the date which is one year after the Date of Listing: 25%
2. From the date on which one year has passed after the Date of Listing to the date which is two years after the Date of Listing: 50%
3. From the date on which two years have passed after the Date of Listing to the date which is three years after the Date of Listing: 75%
4. From the date on which three years have passed after the Date of Listing onward: 100%

(ii) A holder of the share acquisition rights must be a Director, Auditor, or employee of the Company or its subsidiary at the time of exercising the share acquisition rights; provided, however, that this requirement shall not apply if the Company has specifically approved the exercise.

(iii) The share acquisition rights may not be exercised by successors to the holders of the share acquisition rights.

(iv) The share acquisition rights may not be exercised in part less than one share acquisition right.

(2) Outline of the details of share acquisition rights granted as compensation for execution of duties to the Company’s employees, etc., during the fiscal year under review

Not applicable.

(3) Other significant matters concerning share acquisition rights, etc.

Not applicable.

System to Ensure the Adequacy of Businesses and the Operation Status of Such System

(1) System to ensure the adequacy of businesses

The following is the outline of the details of decisions on the systems to ensure that the execution of the duties of Directors complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the adequacy of businesses of the Company.

(i) Systems to ensure that the execution of the duties of Directors and employees complies with laws and regulations and the Articles of Incorporation

a. To raise awareness of Directors and employees on compliance with laws and regulations, the Company's Articles of Incorporation, and social norms, the Company shall establish the Code of Ethics and the Risk Management and Compliance Rules, and strive to foster high ethical standards by conducting education and other training, etc. according to their duties as appropriate.

b. Directors and employees shall be fully aware of corporate social responsibilities and strive to comply with related laws and regulations and practice actions that conform to social ethics in their everyday duties.

c. Auditors shall audit the adequacy of the execution of the duties of Directors in accordance with the Board of Auditors Rules and the Rules for Audits by Auditors.

d. Representative Director shall appoint an internal audit manager. The internal audit manager shall, based on the Internal Audit Rules, conduct regular internal audits on matters including the status of compliance with laws and regulations, the Company's Articles of Incorporation, and internal rules, as well as the appropriateness of procedures for and details of the execution of duties, concerning overall businesses.

e. For the purpose of quickly identifying and rectifying acts in violation of laws and regulations as well as other issues related to compliance, the Company shall establish a whistleblowing system whose recipients of the information are the whistleblowing hotline, Auditors, and external attorneys, and aim to quickly identify and prevent issues.

f. The Company shall establish the Rules on Measures against Anti-social Forces, under which any relationships with anti-social forces and organizations that pose a threat to public order and sound corporate activities will be eliminated, and respond to undue requests, etc. with a tough stance while coordinating with external expert organizations such as the police and legal counsels.

(ii) Systems regarding retention and management of information in relation to the execution of the duties of Directors

Based on laws and regulations as well as the Document Management Rules, Directors shall appropriately retain and manage documents on important decision-making and reports in writing or as electromagnetic records. The Company shall maintain those documents so that they can be reviewed promptly if an Auditor makes a request.

(iii) Rules and other systems related to management of the risk of loss

Based on the Risk Management and Compliance Rules, the Company shall establish a Risk Management and Compliance Committee with the aim of preventing risks at each department and minimizing losses of the Company. In addition, the Company shall periodically hold meetings of the Committee and report the results thereof to the Board of Directors and the Board of Auditors as needed.

(iv) Systems to ensure that the execution of the duties of Directors is performed efficiently

To streamline the execution of the duties based on decisions by the Board of Directors, the Company shall strive to clarify the duties and responsibilities of Directors and each department based on the Board of Directors Rules, Organization Rules, Rules on Division of Duties, and Administrative Authority Rules. In addition, based on the Board of Directors Rules, the Company shall hold ordinary meetings of the Board of Directors once every month, and hold extraordinary meetings of the Board of Directors as needed, to make important business decisions and supervise and confirm the execution of the businesses. Furthermore, the Company shall hold meetings of the Management Council, comprising Senior Executive Officers, twice every month based on the Management Council Rules to deliberate on and coordinate a basic policy and a basic plan for management and execution and other material issues relating to management, while also deliberating on and discussing material issues relating to operations that need to be presented to the Board of Directors.

(v) Systems to ensure the adequacy of businesses in the corporate group comprised of the Company and its subsidiaries

Based on the Rules on Management of Subsidiaries and Associates, the Corporate Division shall be responsible for the management of subsidiaries, and appropriate approvals shall be obtained on regular reports to the Company concerning the state of business and significant matters. An internal audit manager at the Company shall conduct internal audits of the Group and shall strive to ensure the efficacy of internal control throughout the Group's businesses.

(vi) If Auditors have requested that employees be appointed to assist with the duties of the Auditors, particulars related to the employees

If Auditors have requested that employees be appointed to assist with the duties of the Auditors, the Board of Directors shall appoint employees to assist the Auditors upon discussion with the Auditors.

(vii) Particulars regarding independence of the employees of the preceding item from Directors and particulars related to ensuring the effectiveness of instructions given by Auditors to the said employees

If employees are to be appointed to assist with the duties of the Auditors, the Auditors shall be consulted when determining and changing the employees. In addition, employees who assist with the duties of the Auditors shall follow instructions given by Auditors concerning the said work.

(viii) Systems related to reporting to the Auditors

a. Auditors may attend meetings of the Board of Directors and other meetings that are deemed important, ask Directors, etc. on the status of the execution of their duties, and review related documents.

b. Directors and employees shall promptly report to the Auditors if they become aware of matters that could incur significant damage to the Company, wrongdoings, or significant acts in violation of laws and regulations or the Company's Articles of Incorporation. In addition, important decision-making, significant accounting policies, accounting standards, the status of conducting internal audits, important monthly reports, and other necessary important matters shall be reported to the Auditors based on the laws and regulations as well as internal rules.

(ix) Systems for ensuring that persons who make a report under the preceding item are not treated disadvantageously due to making the report

Applying the Whistleblowing Rules mutatis mutandis, dismissal and any other disadvantageous treatment of the persons making a report shall be prohibited.

(x) Particulars related to policies concerning the processing of expenses or obligations that arise with regard to the execution of the duties of Auditors

When an Auditor has made a claim for expenses with regard to the execution of their duties, the Company shall accept the claim unless it can be proven that such expenses, etc. are unnecessary for the execution of the duties of the said Auditor.

(xi) Other systems to ensure that audits by Auditors are performed effectively

Auditors shall be able to request a report from Directors on matters necessary for audits and to demand Directors to make corrections as needed. In addition, the Auditors shall collect necessary information through hearing sessions with those responsible for each department and periodically conduct exchanges of information and opinions with the Representative Director and the Accounting Auditor.

(2) Operation status of the system to ensure the adequacy of businesses

The outline of the operation status of the system to ensure the adequacy of businesses of the Company for the fiscal year under review is as follows.

(i) Status of the measures regarding risk management and compliance

The Risk Management and Compliance Committee ascertained and identified the status of compliance with laws and regulations and various risks within the Group, and considered response measures. In addition, compliance training was conducted throughout the Group to raise awareness of compliance among all officers and employees.

(ii) Status of the measures with which the execution of the duties of Directors was performed efficiently

The Board of Directors met 25 times during the fiscal year under review. With Directors and Auditors in attendance, important business strategies and management policies were discussed, in addition to resolving and reporting on individual agenda items.

(iii) Status of the measures to ensure the adequacy of businesses at the Company and its subsidiaries

The Company's internal audit manager conducted internal audits of the Group, and the efficacy of internal control throughout the Group's businesses was ensured.

(iv) Status of measures regarding the effective performance of audits by Auditors

The Board of Auditors, comprised of three Outside Auditors including one Full-time Auditor, met 22 times during the fiscal year under review. Auditors collected necessary information through hearing sessions with those responsible for each department and periodically conducted exchanges of information and opinions with the Representative Director and the Accounting Auditor.

Consolidated Statement of Changes in Equity

(January 1, 2021 - December 31, 2021)

(Million yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	8,513	7,323	380	16,218
Changes in items during period				
Issuance of new shares	38	38		77
Net loss attributable to owners of parent			(1,194)	(1,194)
Net changes in items other than shareholders' equity				
Total changes in items during period	38	38	(1,194)	(1,116)
Balance at end of current period	8,552	7,362	(813)	15,102

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	(0)	(0)	16,217
Changes in items during period			
Issuance of new shares			77
Net loss attributable to owners of parent			(1,194)
Net changes in items other than shareholders' equity	4	4	4
Total changes in items during period	4	4	(1,112)
Balance at end of current period	3	3	15,105

Notes to the Consolidated Financial Statements

1. Notes on Significant Accounting Policies for Preparation of Consolidated Financial Statements

(1) Disclosure of scope of consolidation

(i) Number of consolidated subsidiaries 2

Names of consolidated subsidiaries
PAY, Inc.
BASE BANK, Inc.

(ii) Names, etc. of non-consolidated subsidiaries

Not applicable.

(2) Disclosure about application of equity method

(i) Number of entities accounted for using equity method

Not applicable.

(ii) Names, etc. of non-consolidated subsidiaries not accounted for using equity method

Not applicable.

(3) Disclosure about fiscal years, etc. of consolidated subsidiaries

Account closing dates of consolidated subsidiaries are the same as the consolidated account closing date.

(4) Disclosure of accounting policies

(i) Accounting policy for measuring significant assets

Accounting policy for measuring securities

Available-for-sale securities

Securities without market quotations

Stated at cost using the moving-average method

(ii) Accounting policy for depreciation of significant assets

a. Property, plant and equipment

The declining-balance method is applied.
However, the straight-line method is applied for buildings and facilities attached to buildings.
Main useful lives are as follows:

Buildings	4-6 years
Others	4-20 years

b. Intangible assets

The straight-line method is applied. Main useful lives are as follows:

Patent right	8 years
Trademark right	10 years
Software (for internal use)	5 years (estimated internal useful life)

(iii) Accounting policy for significant provisions

a. Allowance for doubtful accounts

To prepare for losses on uncollectible receivables, estimated uncollectible amounts are recorded based on the historical percentage of uncollectibles concerning general receivables, and by individually considering the probability of collection of respective receivables concerning doubtful receivables.

b. Provision for chargeback

In case of a credit card company making a claim for refund of payments or denying payments to the Company in the future due to reasons including fraudulent usage of a credit card by a third party, expected amount of losses where such payments cannot be collected from shops due to reasons such as a fraudulent claim of sales or bankruptcy of the shops is recorded as provision for chargeback.

(iv) Other significant information for preparation of consolidated financial statements

a. Accounting policy for deferred assets
Share issuance cost
Share issuance cost is accounted for as expenses in full at the time of expenditure.

b. Accounting policy for significant foreign currency translation
Securities denominated in foreign currencies (available-for-sale securities) are translated into Japanese yen using the spot exchange rate at the consolidated account closing date, and translation differences are included in valuation difference on available-for-sale securities under net assets.

c. Accounting policy for consumption taxes
Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

2. Changes in Presentation

(Adoption of the Accounting Standard for Disclosure of Accounting Estimates)
The Company has adopted the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) beginning with the consolidated financial statements pertaining to the fiscal year-end of the fiscal year under review, and has included notes on accounting estimates in the consolidated financial statements.

3. Notes on Accounting Estimates

Valuation of investment securities

(i) Amounts posted on the consolidated financial statements for the fiscal year under review

Investment securities (unlisted shares)	183 million yen
Loss on valuation of investment securities	258 million yen

(ii) Information on the details of significant accounting estimates pertaining to the identified item
Unlisted shares are shares whose market values are deemed extremely difficult to ascertain. Accordingly, they are posted on the balance sheets at their acquisition costs. While the Company records a suitable impairment if there has been a significant decline in their substantial values, the Company may opt not to record an impairment if sufficient recoverability can be estimated.
Such estimates may be affected by fluctuations of economic conditions and other future uncertainties, and if the actual performance of investees differ from the estimates, it may have a significant impact on the consolidated financial statements for the following fiscal year.

4. Notes on Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 149 million yen

(2) Overdraft agreements and commitment line agreements
The Company has entered into overdraft agreements and commitment line agreements with five partner banks in order to procure operating funds flexibly. The balances of unexecuted loans, etc. pertaining to these agreements are as follows:

Total amount of maximum overdrafts	11,000 million yen
Total amount of commitment lines	1,000 million yen
Balance of executed loans	—
Difference	12,000 million yen

The following financial covenants are attached to the overdraft agreements and commitment line agreements above. (Although the covenants vary for each agreement, key covenants are stated.)

(i) The amount of net assets in the consolidated balance sheet at the end of each fiscal year or at the end of the second quarter of each fiscal year shall not fall below 70% of the amount of net assets in the consolidated balance sheet at the end of the fiscal year ended December 31, 2019.

(ii) The amount of profit in the consolidated statement of income for each fiscal year shall not record a loss for two consecutive fiscal years.

5. Notes on Consolidated Statement of Changes in Equity

(1) Type and number of shares issued at the end of the fiscal year under review

Type of shares	Number of shares at the beginning of the fiscal year under review (shares)	Increases during the fiscal year under review (shares)	Decreases during the fiscal year under review (shares)	Number of shares at the end of the fiscal year under review (shares)
Common shares	21,939,400	89,561,349	—	111,500,749

(Note) Outline of causes for changes

Increase due to stock split	87,816,800 shares
Increase due to issuance of new shares following exercise of share acquisition rights	1,718,800 shares
Increase due to issuance of new shares as restricted stock-based compensation	25,749 shares

(2) Type and number of shares underlying share acquisition rights (excluding share acquisition rights whose first day of the period for exercising share acquisition rights has not arrived) at the end of the fiscal year under review

Common shares 3,204,000 shares

6. Notes on Financial Instruments

(1) Disclosure of the status of financial instruments

(i) Policies for initiatives pertaining to financial instruments

The Group procures necessary funds based on funding plans. Temporary surplus funds are managed through financial assets that are highly stable. In addition, concerning operating funds and capital investment funds, the Group procures necessary funds primarily through borrowings from banks and issuance of new shares. The Group’s policy is not to conduct derivative transactions.

(ii) Details of financial instruments and risks thereof

Although accounts receivable - other, which are operating receivables, are exposed to the customer credit risk, most of it is receivable from collection agencies such as credit card companies, and the risk is limited.

Investment securities include shares related to capital and business alliances with business partners, and they are exposed to the credit risk of the issuers.

Trade accounts payable and deposits received, which are operating payables, are those settled in a short term.

(iii) System to manage risks pertaining to financial instruments

a. Management of credit risk (risk concerning customers not fulfilling their obligations per agreements, etc.)

In the event of the occurrence of accounts receivable - other from customers, the Company manages due dates and balances per customer and periodically ascertains the status of credit in accordance with the Credit Management Rules. The Company has a system to quickly ascertain and reduce concerns on collection due to reasons such as worsening of financial conditions, etc.

For investment securities, the Company strives to reduce risks such as by periodically ascertaining the financial conditions, etc. of the issuers.

b. Management of liquidity risk (risk of being unable to make payments on due dates) pertaining to funds procurement

The Company manages liquidity on hand with the aim of quickly ascertaining the situation and reducing risk, such as by ascertaining the monthly payment schedule.

(iv) Supplementary explanations on market value, etc. of financial instruments

Market values of financial instruments include values that have been reasonably calculated if they are unmarketable, in addition to values based on market prices. As fluctuating factors are incorporated when calculating such values, the said values may fluctuate due to the adoption of different assumptions, etc.

(2) Market value, etc. of financial instruments

Amounts posted on the consolidated balance sheet, market values, and the corresponding differences between the two are as follows. Financial instruments whose market values are deemed extremely difficult to ascertain are not included (refer to (Note 2)).

(Million yen)

	Amount posted on the consolidated balance sheet	Market value	Difference
(1) Cash and deposits	24,053	24,053	—
(2) Accounts receivable - other	6,631		
Allowance for doubtful accounts (*)	(95)		
	6,536	6,536	—
Total assets	30,590	30,590	—
(1) Trade accounts payable	12,745	12,745	—
(2) Deposits received	3,707	3,707	—
Total liabilities	16,453	16,453	—

(*) Allowance for doubtful accounts pertaining to accounts receivable - other has been deducted.

(Note 1) Calculation methods for the market value of financial instruments

Assets

(1) Cash and deposits, (2) Accounts receivable - other

These are all settled within a short time frame and therefore have a market value nearly equivalent to their book value. Accordingly, these are posted according to their book value.

Liabilities

(1) Trade accounts payable, (2) Deposits received

These are all settled within a short time frame and therefore have a market value nearly equivalent to their book value. Accordingly, these are posted according to their book value.

(Note 2) Financial instruments whose market values are deemed extremely difficult to ascertain

(Million yen)

Category	Amount posted on the consolidated balance sheet
Unlisted shares, etc.	183

The above item does not have a market price, and it is deemed extremely difficult to ascertain the fair value. Accordingly, it is not included in the above table.

(Note 3) Scheduled amounts of redemption for monetary claims after the account closing date

(Million yen)

	Within 1 year	Over 1 year and within 5 years	Over 5 years and within 10 years	Over 10 years
Cash and deposits	24,053	—	—	—
Accounts receivable - other	6,631	—	—	—
Total	30,685	—	—	—

7. Notes on Per Share Information

(1) Net assets per share 135.48 yen

(2) Net loss per share (10.80) yen

(Note) The Company conducted a stock split at a ratio of five shares per one common share on April 1, 2021. The calculation of net loss per share is based on the assumption that the stock split was conducted at the beginning of the fiscal year under review.

8. Notes on Significant Subsequent Events

(Merger of consolidated subsidiaries)

At a meeting of the Board of Directors held on November 11, 2021, the Company resolved to absorb and merge with its wholly owned subsidiary, BASE BANK, Inc., and conducted the absorption-type merger on January 1, 2022.

1. Outline of the transaction
   - (1) Name and business description of the combining entity
     Name of the acquired entity BASE BANK Inc.
     Business description Trading of various receivables and other financial businesses
   - (2) Date of the business combination
     January 1, 2022
   - (3) Statutory type of the business combination
     Absorption-type merger where the Company is the surviving entity and BASE BANK Inc. is the absorbed entity.
   - (4) Name of the entity after the business combination
     BASE, Inc.
   - (5) Other matters concerning the outline of transactions
     The Company has decided to absorb its wholly owned subsidiary BASE BANK Inc. with the aim of consolidating management resources and improving operational efficiency of the Group.

2. Outline of the accounting procedures implemented
   For accounting purposes, this merger was treated as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

(Reduction in legal capital surplus)

At a meeting of the Board of Directors held on February 9, 2022, the Company resolved to submit a proposal related to the reduction in legal capital surplus as a matter to be resolved at the Annual General Meeting of Shareholders to be held on March 23, 2022.

1. Purpose of Reduction in Legal Capital Surplus
   With the aim of ensuring flexibility of financial strategies while allowing for a responsive capital policy in the future, the Company proposes to reduce the amount of legal capital surplus pursuant to Article 448, paragraph (1) of the Companies Act and transfer the amount of the decrease to other capital surplus.

2. Details of reduction in legal capital surplus
   - (1) Amount of legal capital surplus reduced
     Legal capital surplus 7,362 million yen
   - (2) Amount of other capital surplus increased
     Other capital surplus 7,362 million yen

3. Effective date of reduction of legal capital surplus

(1)	Date of resolution of the Board of Directors	February 9, 2022
(2)	Date of resolution of the Annual General Meeting of Shareholders	March 23, 2022
(3)	Initial date of public notice for creditors to make objections	February 22, 2022
(4)	Final due date for creditors to make objections	March 22, 2022 (planned)
(5)	Effective date	March 31, 2022 (planned)

9. Other Notes

(Change in presentation unit of monetary amounts)

Beginning with the fiscal year under review, the presentation unit of monetary amounts has been changed from thousands of yen to millions of yen.

Non-consolidated Statement of Changes in Equity

(January 1, 2021 - December 31, 2021)

(Million yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	
Balance at beginning of current period	8,513	7,323	7,323	380	380	16,218
Changes in items during period						
Issuance of new shares	38	38	38			77
Net loss				(1,147)	(1,147)	(1,147)
Net changes in items other than shareholders' equity						
Total changes in items during period	38	38	38	(1,147)	(1,147)	(1,069)
Balance at end of current period	8,552	7,362	7,362	(766)	(766)	15,149

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of current period	(0)	(0)	16,217
Changes in items during period			
Issuance of new shares			77
Net loss			(1,147)
Net changes in items other than shareholders' equity	4	4	4
Total changes in items during period	4	4	(1,065)
Balance at end of current period	3	3	15,152

Notes to the Non-consolidated Financial Statements

1. Notes on Significant Accounting Policies

(1) Accounting policy for measuring assets

Accounting policy for measuring securities

a. Shares of subsidiaries

Stated at cost using the moving-average method

b. Available-for-sale securities

Securities without market prices

Stated at cost using the moving-average method

(2) Accounting policy for depreciation of assets

(i) Property, plant and equipment

The declining-balance method is applied.

However, the straight-line method is applied for buildings and facilities attached to buildings. Main useful lives are as follows:

Buildings	4-6 years
Tools, furniture and fixtures	4-20 years

(ii) Intangible assets

The straight-line method is applied. Main useful lives are as follows:

Patent right	8 years
Trademark right	10 years
Software (for internal use)	5 years (estimated internal useful life)

(3) Accounting policy for provisions

(i) Allowance for doubtful accounts

To prepare for losses on uncollectible receivables, estimated uncollectible amounts are recorded based on the historical percentage of uncollectibles concerning general receivables, and by individually considering the probability of collection of respective receivables concerning doubtful receivables.

(ii) Provision for chargeback

In case of a credit card company making a claim for refund of payments or denying payments to the Company in the future due to reasons including fraudulent usage of a credit card by a third party, an expected amount of losses where such payments cannot be collected from shops due to reasons such as a fraudulent claim of sales or bankruptcy of the shops is recorded as provision for chargeback.

(4) Other significant information for preparation of non-consolidated financial statements

(i) Accounting policy for deferred assets

Share issuance cost

Share issuance cost is accounted for as expenses in full at the time of expenditure.

(ii) Accounting policy for significant foreign currency translation

Securities denominated in foreign currencies (available-for-sale securities) are translated into Japanese yen using the spot exchange rate at the account closing date, and translation differences are included in valuation difference on available-for-sale securities under net assets.

(iii) Accounting policy for consumption taxes

Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.

2. Changes in Presentation

(Adoption of the Accounting Standard for Disclosure of Accounting Estimates)

The Company has adopted the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) beginning with the non-consolidated financial statements pertaining to the fiscal year-end of the fiscal year under review, and has included notes on accounting estimates in the non-consolidated financial statements.

3. Notes on Accounting Estimates

(1) Valuation of shares of subsidiaries and associates

(i) Amounts posted on the non-consolidated financial statements for the fiscal year under review

Shares of subsidiaries and associates	167 million yen
Loss on valuation of shares of subsidiaries and associates	53 million yen

(ii) Information on the details of significant accounting estimates pertaining to the identified item

Shares of subsidiaries and associates are posted on the balance sheets at their acquisition costs. In the valuation of shares of subsidiaries and associates, their substantial values are compared with their book values to decide whether there has been a significant decline in their substantial values. If there has been a significant decline in their substantial values, the Company records an impairment, provided, however, that the Company may opt not to record an impairment if it has decided that the values may recover.

Such estimates may be affected by fluctuations of economic conditions and other future uncertainties, and if actual financial results of subsidiaries and associates differ from the estimates, it may have a significant impact on the non-consolidated financial statements for the following fiscal year.

(2) Valuation of investment securities

(i) Amounts posted on the non-consolidated financial statements for the fiscal year under review

Investment securities (unlisted shares)	183 million yen
Loss on valuation of investment securities	258 million yen

(ii) Information on the details of significant accounting estimates pertaining to the identified item

The note has been omitted because the same details are stated in “3. Notes on Accounting Estimates” in Notes to the Consolidated Financial Statements.

4. Notes on Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 149 million yen

(2) Overdraft agreements and commitment line agreements

The Company has entered into overdraft agreements and commitment line agreements with five partner banks in order to procure operating funds flexibly. The balances of unexecuted loans, etc. pertaining to these agreements are as follows:

Total amount of maximum overdrafts	11,000 million yen
Total amount of commitment lines	1,000 million yen
Balance of executed loans	—
Difference	12,000 million yen

The following financial covenants are attached to the overdraft agreements and commitment line agreements above. (Although the covenants vary for each agreement, key covenants are stated.)

(i) The amount of net assets in the consolidated balance sheet at the end of each fiscal year or at the end of the second quarter of each fiscal year shall not fall below 70% of the amount of net assets in the consolidated balance sheet at the end of the fiscal year ended December 31, 2019.

(ii) The amount of profit in the consolidated statement of income for each fiscal year shall not record a loss for two consecutive fiscal years.

(3) Monetary claims and monetary obligations to subsidiaries and associates

Short-term monetary claims to subsidiaries and associates	151 million yen
Short-term monetary obligations to subsidiaries and associates	13 million yen

5. Notes on Non-consolidated Statement of Income

Amount of transactions with subsidiaries and associates

Amount of transactions from transactions other than operating transactions 2 million yen

6. Notes on Non-consolidated Statement of Changes in Equity

Type and number of treasury shares at the end of the fiscal year under review

Not applicable.

7. Notes on Tax Effect Accounting

The main causes of occurrence of deferred tax assets include tax loss carried forward, loss on valuation of shares of subsidiaries and associates, loss on valuation of investment securities, asset retirement obligations, and disallowed allowance for doubtful accounts. As a result of considering factors such as recoverability, a valuation allowance has been posted. The main cause of the occurrence of deferred tax liabilities is the disallowance of assets corresponding to asset retirement obligations.

8. Notes on Related Party Transactions

(1) Subsidiaries, etc.

Type	Name of company or entity	Ratio of voting rights held (%)	Relationship with related party	Description of transactions	Amount of transactions (Million yen)	Item	Balance at end of period (Million yen)
Subsidiary	PAY, Inc.	The Company directly holds 100%	Interlocking officers	Lending funds Collecting loans Receiving interest (Note)	345 345 1	—	—

(Note) The Company makes decisions on lending funds taking into account the market interest rates.

(2) Officers, major individual shareholders, etc.

Type	Name of company or entity	Ratio of voting rights held (%)	Relationship with related party	Description of transactions	Amount of transactions (Million yen)	Item	Balance at end of period (Million yen)
Officer	Yuta Tsuruoka	Directly holds 14.4% of the Company	Representative Director of the Company	Exercising stock options (Note)	11	—	—

(Note) The amount stated is the amount paid upon exercise of stock option rights during the fiscal year under review.

9. Notes on Per Share Information

(1) Net assets per share 135.90 yen

(2) Net loss per share (10.37) yen

(Note) The Company conducted a stock split at a ratio of five shares per one common share on April 1, 2021. The calculation of net loss per share is based on the assumption that the stock split was conducted at the beginning of the fiscal year under review.

10. Notes on Significant Subsequent Events

The note has been omitted because the same details are stated in “8. Notes on Significant Subsequent Events” in Notes to the Consolidated Financial Statements.

11. Other Notes

(Change in presentation unit of monetary amounts)

Beginning with the fiscal year under review, the presentation unit of monetary amounts has been changed from thousands of yen to millions of yen.