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(Stock Exchange Code 4477)
March 6, 2025
(Start date of electronic provision measures: March 5, 2025)

To Shareholders with Voting Rights:

Yuta Tsuruoka
Representative Director and CEO
BASE, Inc.
37F, Sumitomo Real Estate Roppongi Grand Tower
3-2-1 Roppongi, Minato-ku, Tokyo

NOTICE OF THE 12TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your continued support and patronage.

You are cordially notified that the 12th Annual General Meeting of Shareholders of BASE, Inc. (the "Company") will be held for the purposes as described below.

In accordance with the Company's Articles of Incorporation, this meeting will be conducted as a general meeting of shareholders without a fixed place (hereinafter a "virtual-only general meeting of shareholders").

Since this meeting will not be held in a physical venue, please attend via the Company's designated website. For detailed information regarding attendance and the procedures for exercising your voting rights, please refer to the "Guide to the Virtual-only General Meeting of Shareholders" starting on page 5.

The Company has taken measures for electronic provision of materials for this General Meeting of Shareholders. The electronically provided materials are available on the Company's website (https://binc.jp/en/ir/meeting).

In addition to the website above, the electronically provided materials are also available on the Tokyo Stock Exchange website

(Listed Company Search: https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show). Please access the Tokyo Stock Exchange website above, enter the Company name or the Stock Exchange Code to find the Company, and select "Basic information" and then "Documents for public inspection/PR information."

In lieu of attending the meeting in person, you can exercise your voting rights in writing or via the Internet in advance. Please review the electronically provided Reference Documents for the General Meeting of Shareholders, and follow the guides (pages 3 and 4) to exercise your voting rights by 7 p.m. Japan time on Wednesday, March 26, 2025.

1. Date and Time: Thursday, March 27, 2025 at 11:00 a.m. Japan time (Live streaming is expected to start at 10:30 a.m.)

2. Meeting Method: A virtual-only general meeting of shareholders
*Since this meeting will be conducted entirely online, there will not be a physical venue for shareholders to attend. For further details, please refer to the "Guide to the Virtual-only General Meeting of Shareholders" starting on page 5.

3. Meeting Agenda:

1. Matters to be reported:
1. The Business Report, Consolidated Financial Statements for the Company's 12th Fiscal Year (January 1, 2024 - December 31, 2024) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors
2. Non-consolidated Financial Statements for the Company's 12th Fiscal Year (January 1, 2024 - December 31, 2024)

2. Proposals to be resolved:

Proposal 1: Partial Amendment to the Articles of Incorporation
Proposal 2: Election of 5 Directors
Proposal 3: Election of 1 Substitute Auditor
Proposal 4: Revision of Remuneration for Granting Restricted Stock to Directors

4. Matters Decided upon Convocation

1. The communication method for exchanging information during this meeting will be exclusively via the Internet.
2. Should there be significant disruptions during this meeting due to network failure or other factors, the chairperson reserves the right to postpone or continue the meeting. A resolution regarding this matter will be presented at the beginning of the meeting. If the chairperson decides to postpone or continue based on the resolution, the meeting will reconvene at 11:00 a.m. on Friday, March 28, 2025.
In such an event, notification will be promptly provided on the Company website (https://binc.jp/en/ir/meeting). Please follow the procedures outlined in the "Guide to the Virtual-only General Meeting of Shareholders" starting on page 5, and attend the meeting accordingly.

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Guide for Exercising Voting Rights

Voting rights at the General Meeting of Shareholders are important rights for shareholders. Please review the electronically provided Reference Documents for the General Meeting of Shareholders, and exercise your voting rights. The following methods are available for exercising voting rights.

Via the Internet

Please review "Guide for Exercising Voting Rights via the Internet" (page 4) and follow the onscreen instructions to enter your approval or disapproval.

Exercise deadline: Entry before 7 p.m. Japan time on Wednesday, March 26, 2025.

In writing (by postal mail)

Please indicate "for" or "against" the proposals on the enclosed Voting Rights Exercise Form and mail the form back without affixing a stamp. (Please return it to the Company for receipt by the deadline below.)
If no vote is indicated on the Voting Rights Exercise Form, it will be treated as an expression of approval.

Exercise deadline: Arrival by 7 p.m. Japan time on Wednesday, March 26, 2025.

Attending the Virtual-only General Meeting of Shareholders

Please refer to the "Guide to the Virtual-only General Meeting of Shareholders" starting on page 5, and attend the meeting accordingly.
Date and Time: Thursday, March 27, 2025 at 11:00 a.m. Japan time

[To institutional investors]
Institutional investors may exercise voting rights at the Company's general meeting of shareholders via the Electronic Voting System Platform for institutional investors operated by ICJ, Inc.

Guide for Exercising Voting Rights via the Internet

For the exercise of voting rights via the Internet, please access the website for exercising voting rights from a smartphone or a personal computer and follow the onscreen instructions to exercise.

How to scan the QR code using a smartphone, etc.

By scanning the "QR code" printed on the Voting Rights Exercise Form using a smartphone, etc., you can automatically connect to the website for exercising voting rights and cast your vote without having to enter the "log-in ID" or "password."

1. Scan the QR code
   Please scan the "QR code" printed on the enclosed Voting Rights Exercise Form using a smartphone or a tablet device.
   * "QR code" is a registered trademark of DENSO WAVE INCORPORATED.
2. Then, please enter your approval or disapproval of the proposals following the onscreen instructions.

Procedures for exercising voting rights from a personal computer

1. Access the website
   Please access the website to exercise voting rights (https://evote.tr.mufg.jp/).
2. Enter "log-in ID" and "temporary password" printed on the side slip (right side) of your Voting Rights Exercise Form.

   Enter log-in ID and temporary password, and click "Log in."

3. Then, please enter your approval or disapproval of the proposals following the onscreen instructions.

Notes when exercising voting rights via the Internet.

1. The website for exercising voting rights will be unavailable from 2:30 a.m. to 4:30 a.m. due to maintenance and inspection.
2. If you have exercised your voting rights in duplicate in writing and via the Internet, your vote via the Internet will be deemed valid.
3. If you have exercised your voting rights multiple times via the Internet, your last vote will be deemed valid.
4. Please note that fees charged for accessing the website for exercising voting rights (Internet connection fee, etc.) is the shareholder's responsibility.

[Inquiries]
In case of inquiries regarding exercising voting rights via the Internet, please contact the following.

Helpdesk at Securities Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Telephone: 0120-173-027 (free of charge in Japan)
Business hours: 9 a.m. to 9 p.m.

Guide to the Virtual-only General Meeting of Shareholders

This meeting will be a "Virtual-only General Meeting of Shareholders," held exclusively via the Internet.

Since there will be no physical venue for this meeting, we kindly request that you attend online.

Details regarding the website URL, access methods, and procedures necessary for attendance are provided below.

On the day of the meeting, please access the designated website (https://web.sharely.app/login/base-12). You can view the live stream, exercise your voting rights, submit questions related to the meeting agenda, and propose motions. Additionally, the website allows for the submission of questions in advance.

1. Date and time
   Thursday, March 27, 2025 at 11:00 a.m. Japan time (Live streaming is expected to start at 10:30 a.m.)

2. Access methods on the day of the meeting
   1. When you attend the virtual-only general meeting of shareholders, please access the live streaming page via the following website.
      https://web.sharely.app/login/base-12

   2. To log in, follow the onscreen instructions and enter the required information as printed on your Voting Rights Exercise Form: your "Shareholder Number," "Zip Code," and "Number of Shares of the Company Held."

      [Required information for login]
      Shareholder Number (8-digit number in the log-in ID section on your Voting Rights Exercise Form), Zip Code, and Number of Shares of the Company Held

   Notes:
   - If you choose to exercise your voting rights in writing (by postal mail) before the meeting, please have your "Shareholder Number," "Zip Code," and "Number of Shares of the Company Held" readily available when submitting your Voting Rights Exercise Form.
   - Please note that the only language supported for this meeting is Japanese.
   - For any inquiries, please visit the FAQ website below.
     https://sharely.zendesk.com/hc/ja/sections/360009585533

3. Exercising voting rights and submitting questions and motions during the meeting
   Please log in to the live streaming page indicated on the previous page and follow the chairperson's instructions to execute the necessary procedures below.
   1. Exercising voting rights:
      To cast your vote, please indicate your approval or disapproval using the "Resolution" button at the bottom of the screen.
      *If the shareholder has previously exercised the voting rights in writing (by postal mail) or via the Internet and subsequently attends the meeting, the Company will address the votes based on the following conditions:
      (1) If the vote is confirmed on the day of the meeting, any prior vote will be invalid.
      (2) If the vote is not confirmed on the day of the meeting, your prior vote will remain valid.

   2. Submitting questions:
      For any questions related to the meeting agenda, please use the "Question" button at the bottom of the screen. Each question may contain a maximum of 150 characters.

   3. Submitting a motion:
      If you wish to submit a motion, please use the "Motion" button at the bottom of the screen to select the appropriate category and provide the required details.

4. Submitting questions in advance

Shareholders can submit questions related to the meeting agenda before this meeting.

1. Access the pre-meeting question form via the following URL.
   https://web.sharely.app/e/base-12/pre_question

2. Upon reaching the question form, log in by following the onscreen instructions and entering the required information as printed on your Voting Rights Exercise Form: your "Shareholder Number," "Zip Code," and "Number of Shares of the Company Held."

   [Required information for login]
   Shareholder Number (8-digit number in the log-in ID section on your Voting Rights Exercise Form), Zip Code, and Number of Shares of the Company Held

3. Enter your questions related to the meeting agenda. Each question may contain a maximum of 150 characters.

[Submission deadline]
7 p.m. Japan time on Friday, March 21, 2025

Notes:

- We will address questions during the meeting, focusing on topics of significant interest to our shareholders.
- Please note that due to the flow of the meeting or the nature of specific questions, we may not be able to respond to all submissions.

5. Attendance by proxy

Shareholders may exercise the voting rights by appointing one proxy, who must also be a shareholder with voting rights. If you wish to utilize your proxy voting rights, please submit a "Letter of Proxy (document stating your intention to appoint a proxy)" to the Company before this meeting. Should you have any questions or require the form for the Letter of Proxy, please contact the email address below.

[Email address for inquiries regarding proxy voting]
shareholdersmeeting2025@binc.jp

[Address for letter submission]
General Meeting of Shareholders Administration Office
BASE, Inc.
37F, Sumitomo Real Estate Roppongi Grand Tower
3-2-1 Roppongi, Minato-ku, Tokyo, 106-6237

[Submission deadline]
7 p.m. Japan time on Friday, March 21, 2025

Notes:

- The proxy will not be permitted to attend if the necessary documents are not received by the deadline.
- We may not recognize your delegation as valid if the submitted documents are deemed defective.

6. Other notes

- Shareholders who have difficulty accessing the Internet are encouraged to exercise voting rights in writing (by postal mail) in advance. For detailed instructions, please refer to the "Guide for Exercising Voting Rights" on page 3.
- This meeting will utilize a system designed to prevent the risk of network issues. Additionally, if a network failure occurs on the day of the meeting, measures will be in place to ensure a quick recovery and maintain the continuity of the meeting.
- We strive to ensure smooth live streaming on the day of the meeting and have prepared a manual outlining specific measures to address potential network failure. However, please be aware that shareholders' Internet environments may cause network issues, such as video and audio distortion, interruptions, or minor transmission delays.
- The Company will not be liable for connection issues, delays, or audio problems arising from shareholders' Internet environments.
- Any incidental fees associated with attending the meeting, such as telecommunication equipment, Internet connection fees, communication charges, etc., shall be borne by shareholders.
- Recording or sharing the video and audio data, providing it to third parties, posting it on social media platforms, or reprinting and reproducing such data is strictly prohibited. Additionally, sharing login instructions or any required information with third parties is also prohibited.
- For any inquiries regarding the live streaming system, please visit the FAQ website below.
  https://sharely.zendesk.com/hc/ja/sections/360009585533

[Telephone number for inquiries regarding login and operations on the meeting day]
03-6683-7661
Sharely Co., Ltd. (System operating company)
(Business Hours: 10 a.m. until the conclusion of the meeting, only available on Thursday, March 27, 2025)

Reference Documents for the General Meeting of Shareholders

Proposal 1: Partial Amendment to the Articles of Incorporation

1. Reasons for the proposal

To address the diversification of business activities going forward, the Company proposes the necessary amendments to Article 2 (Purposes) of the existing Articles of Incorporation, such as adding new business purposes.

2. Details of changes

The changes are as follows. The changes are underlined.

Current Articles of Incorporation	Proposed change
(Purposes) Article 2: The purpose of the Company shall be to engage in the following businesses:	(Purposes) Article 2: (as currently written)
1. – 7. (omitted)	1. – 7. (as currently written)
8. Consulting services in management	8. Consulting services in management and other fields
9. Online sales of products through the Internet	9. Online sales of products through the Internet, personal digital assistants, or other digital platforms
10. – 18. (omitted)	10. – 18. (as currently written)
(Newly established)	19. Operations related to specified prepaid transactions, intermediation of credit purchases, intermediation of two-month installment purchases, and transactions as a maker of contract for handling credit card numbers, under the Installment Sales Act
(Newly established)	20. Insurance business, insurance agency and insurance brokerage services
(Newly established)	21. Bank agency services
(Newly established)	22. Domain acquisition agency services
(Newly established)	23. Secondhand goods dealership under the Secondhand Goods Business Act
(Newly established)	24. Warehouse business
(Newly established)	25. Transportation and freight forwarding business
(Newly established)	26. Mail item receipt agency services
(Newly established)	27. Storage and forwarding services for postal items and parcels
(Newly established)	28. Packaging and related agency services
(Newly established)	29. Import and export activities and the sale of imported goods
(Newly established)	30. Investment in investment partnerships and limited partnerships
(Newly established)	31. Investment activities and associated consulting services
(Newly established)	32. Event planning and management services
(Newly established)	33. Planning, production, sales, import, and export of character merchandise
(Newly established)	34. Management services for TV personalities, models, artists, and athletes, including their image rights
19. (omitted)	35. (as currently written)

Proposal 2: Election of 5 Directors

The terms of office of all 4 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, in order to strengthen the monitoring function of the Board of Directors, the Company proposes increasing the number of Outside Directors by 1, thereby electing 5 Directors in total. This Proposal is made based on the results of deliberation by the Nomination and Remuneration Committee, a voluntary advisory committee to the Board of Directors, the majority of whose committee members are Outside Directors.

The candidates are as follows.

No.	Name	Gender	Attributes	Current position and responsibilities at the Company	Attendance at Board of Directors meetings held during the fiscal year under review	Years in office (at the conclusion of this meeting)
1	Yuta Tsuruoka	Male	[Reelection]	Representative Director, Senior Executive Officer and CEO	100% (21/21 meetings)	12 years and 3 months
2	Ken Harada	Male	[Reelection]	Director, Senior Executive Officer and CFO	100% (21/21 meetings)	9 years and 1 month
3	Masayuki Shimura	Male	[Reelection] [Outside] [Independent]	Outside Director	100% (21/21 meetings)	5 years and 7 months
4	Misa Matsuzaki	Female	[Reelection] [Outside] [Independent]	Outside Director	100% (21/21 meetings)	3 years
5	Naoko Suzuki	Female	[Newly appointed] [Outside] [Independent]	-	-	-

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Yuta Tsuruoka (December 28, 1989) [Reelection]	December 2012 Established the Company, Representative Director and CEO January 2018 Director, PAY, Inc. December 2020 Director, CAMPFIRE, Inc. (current position) March 2021 Representative Director, Senior Executive Officer and CEO, the Company (current position) [Significant concurrent positions] Director, CAMPFIRE, Inc.	18,559,096

Reasons for nomination as candidate for Director

Mr. Yuta Tsuruoka has been directing the Company's management as Representative Director since the establishment of the Company in December 2012 and contributing to the improvement of its corporate value. He also has abundant knowledge in the e-commerce and settlement sectors and is expected to strengthen the monitoring and decision-making functions of the Board of Directors. Therefore, the Company nominates him again as a candidate for Director.

After his appointment, he is also expected to serve as a member of the Nomination Committee and Remuneration Committee.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
2	Ken Harada (March 28, 1977) [Reelection]	April 2000 Joined ANDO Corporation (currently HAZAMA ANDO CORPORATION) September 2007 Joined mixi, Inc. (currently MIXI, Inc.) August 2013 Joined FreakOut, inc. (currently FreakOut Holdings, inc.) June 2015 Joined the Company February 2016 Director and CFO, the Company January 2018 Director, PAY, Inc. (current position) March 2021 Director, Senior Executive Officer and CFO, the Company (current position) August 2024 Director, want.jp Inc. (current position) [Significant concurrent positions] Director, PAY, Inc. Director, want.jp Inc.	522,458

Reasons for nomination as candidate for Director

Mr. Ken Harada has consistently led the Company's growth by supervising the entire Corporate Division since he joined the Company. In particular, he has abundant experience and considerable insight into the area of financial strategy as CFO. He is well versed in the Company's business and is expected to strengthen the monitoring and decision-making functions of the Board of Directors. Therefore, the Company nominates him again as a candidate for Director.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	Masayuki Shimura (September 7, 1958) [Reelection] [Outside] [Independent]	April 1982 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) April 2010 Executive Officer and General Manager, Asia Pacific Division, Sumitomo Mitsui Banking Corporation April 2015 Senior Managing Executive Officer (Member of the Management Committee), Sumitomo Mitsui Banking Corporation May 2017 Senior Managing Executive Officer, Sumitomo Mitsui Card Company, Limited June 2018 Representative Director and Senior Managing Executive Officer, Sumitomo Mitsui Card Company, Limited July 2019 Established Shimura & Partners, CEO (current position) August 2019 Outside Director, the Company (current position) March 2020 Auditing Committee Director, bitFlyer Holdings, Inc. (current position) December 2020 Outside Director, MedPeer, Inc. (current position) April 2021 External Board Director, HashPort Inc. (current position) December 2022 Outside Director (Audit and Supervisory Committee Member), DIGITAL PLUS, Inc. (current position) [Significant concurrent positions] CEO, Shimura & Partners	40,205

Reasons for nomination as candidate for Outside Director and expected roles

Mr. Masayuki Shimura has deep insight and experience in the financial and settlement sectors and has contributed to provide supervision and advice on the management of the Company as Outside Director. He is expected to strengthen the monitoring and decision-making functions of the Board of Directors. Therefore, the Company nominates him again as a candidate for Outside Director.

After his appointment, he is also expected to serve as a member of the Nomination Committee and Remuneration Committee.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
4	Misa Matsuzaki (November 18, 1970) [Reelection] [Outside] [Independent]	April 1993 Joined Movera Co., Ltd. June 1997 Established AGASTA CO., LTD., CEO December 2010 Established Natural Beauty Association, Representative Director June 2014 Established People Worldwide co., Ltd, Representative Director June 2014 Outside Director, GENDAI AGENCY INC. July 2017 Established WORK JAPAN Co., Ltd, CEO (current position) November 2021 Established Apricot Planet Pte.Ltd, CEO (current position) March 2022 Outside Director, the Company (current position) [Significant concurrent positions] CEO, WORK JAPAN Co., Ltd CEO, Apricot Planet Pte.Ltd	32,259

Reasons for nomination as candidate for Outside Director and expected roles

Ms. Misa Matsuzaki has experience in management as Representative Director and Director at multiple companies, including companies she established, and has contributed to provide supervision and advice on the management of the Company as Outside Director. She is expected to strengthen the monitoring and decision-making functions of the Board of Directors. Therefore, the Company nominates her again as a candidate for Outside Director.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Naoko Suzuki (May 4, 1971) [Newly appointed] [Outside] [Independent]	April 1994 Joined Mitsubishi Corporation August 2007 Joined BP Japan K.K. August 2008 Vice President, Gas Japan, IST, BP Japan K.K. May 2016 Joined F-Power Inc. Executive Officer July 2016 Representative Director and President, F-Power Inc. November 2018 Joined RENOVA, Inc. CHRO January 2019 Executive Officer and CHRO, RENOVA, Inc. June 2023 Outside Director, KSK CO.,LTD. (current position) July 2023 Executive Officer, MedPeer, Inc.	0

Reasons for nomination as candidate for Outside Director and expected roles

Ms. Naoko Suzuki has extensive insight shaped by her diverse experiences, such as in corporate management as Representative Director, as well as in the development of human resources organizations as Executive Officer and CHRO. Furthermore, she has engaged with various operations across different organizational cultures, including Japanese companies, foreign affiliates, start-ups, and large corporations. She is expected to strengthen the monitoring and decision-making functions of the Board of Directors. Therefore, the Company nominates her as a candidate for Outside Director.

After her appointment, she is also expected to serve as a member of the Nomination Committee and Remuneration Committee.

(Notes)
1. There are no special interests between the candidates and the Company.
2. Ms. Misa Matsuzaki's name on her family register is Misa Edo.
3. Ms. Naoko Suzuki's name on her family register is Naoko Ohara.
4. Mr. Masayuki Shimura, Ms. Misa Matsuzaki, and Ms. Naoko Suzuki are candidates for Outside Directors.
5. Mr. Masayuki Shimura is currently serving as Outside Director of the Company. His period in office as Outside Director at the conclusion of this meeting is 5 years and 7 months.
6. Ms. Misa Matsuzaki is currently serving as Outside Director of the Company. Her period in office as Outside Director at the conclusion of this meeting is 3 years.
7. The Company has registered Mr. Masayuki Shimura and Ms. Misa Matsuzaki as Independent Directors prescribed by Tokyo Stock Exchange, Inc. If the elections of Mr. Masayuki Shimura and Ms. Misa Matsuzaki are approved, the Company plans for them to continue serving as Independent Directors.
8. If the election of Ms. Naoko Suzuki is approved, the Company plans to register her as Independent Director prescribed by Tokyo Stock Exchange, Inc.
9. Mr. Masayuki Shimura and Ms. Misa Matsuzaki have entered into a liability limitation agreement with the Company in accordance with provisions of the Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act to limit their liability pursuant to Article 423, Paragraph 1 of the same act. The maximum amount of

liability pursuant to the agreement is the amount stipulated by laws and regulations. If the elections of Mr. Masayuki Shimura and Ms. Misa Matsuzaki are approved, the Company plans to continue such liability limitation agreement with them. If the election of Ms. Naoko Suzuki is approved, the Company plans to enter into the same liability limitation agreement with her. Please refer to "4. (2) Overview of limited liability agreement" of the Business Report for an overview of the agreement.

10. The Company has entered into indemnity agreements with Mr. Yuta Tsuruoka, Mr. Ken Harada, Mr. Masayuki Shimura, and Ms. Misa Matsuzaki, pursuant to the provisions of Article 430-2, Paragraph 1 of the Companies Act. Under the agreements, the Company shall indemnify expenses provided for in Item 1 and losses provided for in Item 2 of the same paragraph within the scope stipulated by laws and regulations. If the election of each candidate is approved, the Company plans to continue such indemnity agreement with them. If the election of Ms. Naoko Suzuki is approved, the Company plans to enter into the same indemnity agreement with her. Please refer to "4. (3) Overview of indemnity agreement" of the Business Report for an overview of the agreement.
11. The Company has concluded with an insurance firm a directors and officers liability insurance contract, by which payment for damages to be borne by an insured person shall be covered. All Directors of the Group shall be insured persons, and the Company is responsible for the full amount of the insurance premium for all of the insured persons. If the election of each candidate is approved, each candidate will become an insured person under the insurance contract. Please refer to "4. (4) Overview of directors and officers liability insurance contract" of the Business Report for an overview of the insurance contract.

(Reference)
If the candidates are elected as Directors, the skill matrix of Directors will be as follows. This matrix is intended to provide an overview of the primary areas, up to five, in which the Company expects each Director to contribute to discussions at Board of Directors meetings based on their expertise and experience. It does not include all the skills possessed by each Director.

Name	Position at the Company	Corporate management	Finance and accounting	Legal, compliance, and risk management	ESG and sustainability	Human resources and organizational development	Technology	Industry knowledge (EC, finance and settlement)	International experience	Investment and M&A
Yuta Tsuruoka	Representative Director	●			●	●	●	●		
Ken Harada	Director	●	●	●	●					●
Masayuki Shimura	Director [Independent outside]	●		●				●	●	●
Misa Matsuzaki	Director [Independent outside]	●				●			●	●
Naoko Suzuki	Director [Independent outside]	●			●	●			●	

(Reference) Independence Criteria for Outside Directors

The Company defines the following criteria on independence of outside directors. A person is judged to be independent when all of the following requirements are met.

1. Executive
   Not having been for the past 10 years and not currently being an executive director, an executive officer, or an employee (hereinafter "executive") of the Company or its subsidiaries (hereinafter "the Group").
2. Entity whose major business partner is the Company
   Not being an entity whose major business partner is the Group or an executive of such an entity. An entity whose major business partner is the Group refers to an entity that received payments from the Group representing more than 2% of the entity's consolidated net sales for the most recent fiscal year.
3. Major business partner of the Company
   Not being a major business partner of the Group or an executive of such a partner. A major business partner of the Group refers to an entity that made payments to the Group representing more than 2% of the Group's consolidated net sales for the most recent fiscal year.
4. Voting right holder
   Not being a major shareholder who directly or indirectly holds 10% or more of the total voting rights of the Company or an executive of such a shareholder.
5. Consultant, etc.
   Not being a consultant, a certified public accountant or other professional accountant, or an attorney or other legal expert who receives monetary consideration or other property exceeding 10 million yen per year (excluding remuneration as an officer) from the Group. Also, not being a person who belongs to a corporation, union, or other organization that receives such consideration.
6. Recipient of a donation or aid
   Not being an executive of an organization that receives a donation or aid exceeding 10 million yen per year from the Group.
7. Accounting auditor
   Not being a person who belongs to an audit corporation that is the accounting auditor of the Group.
8. Person who has fallen under the criteria in past years
   Not being a person who has fallen under criteria 2 to 7 above in the past 3 years.
9. Relative
   Not being a spouse or relative within the second degree of kinship of an important person who has fallen under criterion 1 above. An important person refers to an executive director, an executive, an executive officer, or an employee who executes important operation such as a head of a business unit.

Proposal 3: Election of 1 Substitute Auditor

In preparation for the event where the number of Auditors falls below the number stipulated by laws and regulations, the Company proposes the election of 1 Substitute Auditor in advance. The effectiveness of the election under this proposal may be canceled by a resolution of the Board of Directors, with approval of the Board of Auditors, only before the Substitute Auditor assumes office. The Board of Auditors has given its consent to the submission of this Proposal.

The candidate is as follows.

Name (Date of birth)	Career summary and significant concurrent positions		Number of shares of the Company held
Kaori Matsubara (November 6, 1982)	December 2008	Registered as attorney (member of Dai-Ichi Tokyo Bar Association)	0
	December 2008	Joined Tanabe & Partners	
	February 2013	Associate (civil advocacy practice), The Legal Training and Research Institute of Japan	
	January 2018	Partner, Tanabe & Partners (current position)	

(Notes)
1. There are no special interests between Ms. Kaori Matsubara and the Company.
2. Ms. Kaori Matsubara is a candidate for Substitute Outside Auditor, stipulated in Article 2, Paragraph 3, item (viii) of the Ordinance for Enforcement of the Companies Act.
3. Ms. Kaori Matsubara meets the qualifications for Independent Auditor as stipulated by Tokyo Stock Exchange, Inc. If she assumes office as Outside Auditor, the Company plans to register her as Independent Auditor.
4. Ms. Kaori Matsubara was nominated as a candidate for Outside Auditor because of her ability to conduct audits with an objective perspective based on her advanced legal expertise and comprehensive knowledge of relevant laws and regulations as an attorney. Additionally, she has a professional demeanor. While she has not been directly engaged in corporate management, her extensive background encompasses corporate legal affairs, corporate governance, mergers and acquisitions, revitalization, and handling corporate crises. The Company has determined that Ms. Kaori Matsubara is well-qualified to execute her duties as Outside Auditor, providing effective oversight as the Company continues to pursue its growth objectives.
5. If she assumes office as Auditor, the Company plans to enter into an agreement with her in accordance with provisions of the Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act to limit her liability pursuant to Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. Please refer to “4. (2) Overview of limited liability agreement” of the Business Report for an overview of the agreement.
6. If she assumes office as Auditor, the Company plans to enter into indemnity agreements with her, pursuant to the provisions of Article 430-2, Paragraph 1 of the Companies Act. Under the agreements, the Company shall indemnify expenses provided for in Item 1 and losses provided for in Item 2 of the same paragraph within the scope stipulated by laws and regulations. Please refer to “4. (3) Overview of indemnity agreement” of the Business Report for an overview of the agreement.
7. The Company has concluded with an insurance firm a directors and officers liability insurance contract, by which payment for damages to be borne by an insured person shall be covered. All Auditors of the Group shall be insured persons, and the Company is responsible for the full amount of the insurance premium for all of the insured persons. If she assumes office as Auditor, she will become an insured person under the insurance contract. Please refer to “4. (4) Overview of directors and officers liability insurance contract” of the Business Report for an overview of the insurance contract.

Proposal 4: Revision of Remuneration for Granting Restricted Stock to Directors

At the 8th Annual General Meeting of Shareholders held on March 25, 2021, the amount of remuneration, etc. for Directors of the Company was approved to be not more than 300 million yen per year (including not more than 30 million yen for Outside Directors; however, the amount does not include the portion of employee's salaries for Directors who concurrently serve as employees).

Moreover, at the same Annual General Meeting of Shareholders, apart from the said amount of remuneration, as remuneration, etc. related to the common shares of the Company, which are subject to a certain restriction period and to provisions such as grounds for the Company to acquire the shares without contribution (hereinafter "Restricted Stock"), the total monetary remuneration allocated for granting Restricted Stock to Directors was approved to be not more than 500 million yen per year (including not more than 50 million yen for Outside Directors), with the total number of common shares to be newly issued or disposed of by the Company limited to not more than 285,000 shares per year (including not more than 28,500 shares for Outside Directors).While this resolution limited the number of shares that may be allocated to Directors for each fiscal year to not more than 57,000 shares (including not more than 5,700 shares for Outside Directors), adjustments have been made in association with the stock split conducted on April 1, 2021 at a ratio of five shares per one common share.

In response to the increase in the number of Outside Directors, aimed at strengthening the monitoring function of the Board of Directors, as well as considering the fluctuations in the Company's stock price and other relevant factors, the Company wishes to amend the maximum number of common shares to be allocated to 570,000 shares per year (including a maximum of 57,000 shares for Outside Directors).

The Company determines that the proposal is appropriate, having been resolved by the Board of Directors through a comprehensive evaluation of the Company's management structure, the number of Directors, changes in the Company's stock price, anticipated shifts in economic conditions, and other factors. Furthermore, the Nomination and Remuneration Committee has made deliberations that this proposal aligns with the statement outlined in "4. (5) (i) Matters regarding the decision-making policy on the amount of individual remuneration for Directors or the method of calculating such amount" of the Business Report.

If Proposal 2 is approved as proposed, the Company will have five eligible Directors (including three Outside Directors).

In addition, the eligible Directors shall, based on a resolution by the Board of Directors of the Company, pay all monetary remuneration claims paid under this proposal as property contributed in kind, and shall receive common stock of the Company through issuance or disposal, where the total number of shares of the Company's common stock issued or disposed of shall not exceed 570,000 shares per year (including not more than 57,000 shares for Outside Directors; however, in the event of a stock split (including an allotment of the Company's common shares without contribution), consolidation of shares or any other occurrences requiring an adjustment to the total number of common shares issued or disposed of as Restricted Stock on and after the day on which this proposal is approved, such adjustments shall be made within a reasonable range.). The amount to be paid in for each share shall be determined by the Board of Directors, ensuring that it is not excessively favorable to the eligible Directors, based on the closing price of the Company's common shares on the Tokyo Stock Exchange, Inc. on the business day preceding the Board of Directors' resolution date (if no transaction occurs on that day, the last closing price prior to that business day). Furthermore, regarding the execution of issuance or disposal of the Company's common shares in accordance with this proposal, the Company and the eligible Directors shall enter into an allotment agreement for Restricted Stock (hereinafter "Allotment Agreement") which includes the following details.

(1) Eligible Directors shall not transfer the Company's common shares allocated under the Allotment Agreement (hereinafter "Allotted Shares"), use them to create security interests, or otherwise dispose of them (hereinafter "Transfer Restrictions"), for a period specified by the Company's Board of Directors, which shall be no less than three years, or a period from the date of delivery of the Allotted Shares until the date on which they resign or retire from their position of Director or other position designated by the Board of Directors (hereinafter "Restriction Period"). If the Director resigns or retires before three months have passed since the beginning of the fiscal year, which includes the date of delivery of the Allotted Shares, a date separately designated by the Board of Directors will apply, which will be within six months from the start of that fiscal year.

(2) If the eligible Director resigns or retires from the position mentioned in the provision (1) above before the end of the period designated by the Company's Board of Directors (hereinafter "Duty Execution Period"), the Company shall naturally acquire the Allotted Shares without contribution, unless there are grounds deemed justifiable by the Board of Directors.

(3) The Company will lift Transfer Restrictions for all of the Allotted Shares upon the expiration of the Restriction Period, on the condition that the eligible Directors have continuously held the positions referred to in the provision (1) above during the Duty Execution Period. However, if, due to grounds deemed justifiable by the Board of Directors mentioned in the provision (2) above, such eligible Directors resign or retire from their position mentioned in the provision (1) above during the Duty Execution Period, the Company will make reasonable adjustments, as necessary, to the number of Allotted Shares for which Transfer Restrictions will be lifted.

(4) Based on the provision (3) above, the Company shall naturally acquire, without contribution, the Allotted Shares for which the Transfer Restrictions have not been lifted upon the expiration of the Restriction Period.

(5) Notwithstanding the provision (1) above, during the Restriction Period, if matters concerning a merger agreement in which the Company becomes a disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matter concerning organizational restructuring, etc., are approved by the Company's general meeting of shareholders (or by the Board of Directors in cases where approval by a general meeting of shareholders is not required for such reorganization, etc.), the Company shall, by a resolution of the Board of Directors, lift the Transfer Restrictions prior to the effective date of such organizational restructuring, etc., for the number of Allotted Shares that is reasonably determined based on the period from the date of commencement of the Duty Execution Period until the date of approval of such organizational restructuring, etc.

(6) In the event described in the provision (5) above, the Company shall naturally acquire, without contribution, the Allotted Shares for which Transfer Restrictions have not been lifted at the time immediately after the Transfer Restrictions are lifted, in accordance with the provision (5) above.

(7) The provisions of the Allotment Agreement shall include the methods for indicating intention and providing notification thereof under the Allotment Agreement, the method for amending the Allotment Agreement, and other matters determined by the Board of Directors.

END

Business Report

1. Current Circumstances of the Corporate Group

(1) Progress and performance of business operations

Advocating “Payment to the People, Power to the People.” as its mission, the Company group (the “Group”) actively operates the BASE Business, which provides the online shop creation service “BASE” as well as “Pay ID” shopping service for purchasers, and the PAY.JP Business, which provides the online payment service “PAY.JP.” The Group also operates the YELL BANK Business, offering services such as “YELL BANK” for providing business funds, and the want.jp Business, which provides cross-border EC service “want.jp.” Through these services, the Group focuses on empowering individuals and small teams and supporting start-up companies.

According to the results of FY2023 E-Commerce Market Survey by METI, the scale of the domestic B-to-C EC market grew steadily in 2023, though moderately compared to 2020 and 2021 during the COVID-19 pandemic, and sales via smartphone grew at a level exceeding the market average. The domestic service sector grew extremely strongly in 2023, to the market scale exceeding the level before the COVID-19 infection expansion. We recognize that these situations have continued during the fiscal year ended December 31, 2024, which is a key factor for the sustainable growth of the BASE Business centered on merchandising EC, and the PAY.JP Business in which a certain part of the merchants is of the service sector.

In the midst of this business environment, the BASE Business continues efforts to strengthen its products to maintain its position as the overwhelming first choice for a wide range of individuals and small teams, and to achieve sustainable growth over the medium to long term. In the PAY.JP Business, the Group aims to support the growth of its existing merchants while also expanding the number of new merchants by targeting start-up companies and venture companies and strengthening its products with the aim of creating online payment functions that are simpler and easier to implement and operate. In the YELL BANK Business, we focus on solving cash flow-related issues of all of the Group’s merchants by providing a low-risk funding method. Moreover, the want.jp Business operated by want.jp Inc., which became a subsidiary in August 2024, provides cross-border EC services designed to facilitate easy access for Japanese EC operators to local sales networks worldwide. (Note)

As a result of the above, the Group’s consolidated net sales for the fiscal year ended December 31, 2024 were ¥15,981 million (36.8% increase year on year), operating profit was ¥772 million (operating loss of ¥425 million in the same period of the previous fiscal year), ordinary profit was ¥796 million (ordinary loss of ¥409 million in the same period of the previous fiscal year), and profit attributable to owners of parent was ¥340 million (loss attributable to owners of parent of ¥606 million in the same period of the previous fiscal year).

In addition, following the acquisition of want.jp Inc. as a consolidated subsidiary, the Company has integrated its business into a reportable segment for the consolidated accounting period under review. Furthermore, the reportable segment previously referred to as “Other Business” has been officially renamed to “YELL BANK Business.”

The results of the segments are as follows.

Note: The consolidated statement of income for the fiscal year ended December 31, 2024, incorporates the profits and losses of want.jp Inc. only for the three months from October to December.

(i) BASE Business

During the fiscal year ended December 31, 2024, GMV of the BASE business increased YoY, in terms of both the number of active shops per month and the monthly average GMV per shop. In addition, the monthly fee for the Monthly-Fee Plan (Growth Plan) was increased from 5,980 yen to 19,980 yen from January 16, 2024, but during the fiscal year ended December 31, 2024, the churn to other companies continued to be more restrained than expected and users have continued to use the service. This engagement has resulted in improved profitability while maintaining growth in GMV.

As a result of the above, GMV for the fiscal year ended December 31, 2024 was ¥154,184 million (order amount) and ¥146,766 million (payment amount) (13.4% increase for order amount and 13.7% increase for payment amount year on year), net sales for the fiscal year ended December 31, 2024 were ¥9,092 million (17.1% increase year on year), and segment profit was ¥691 million (segment loss of ¥60 million in the same period of the previous fiscal year).

(ii) PAY.JP Business

GMV of the PAY.JP Business for the fiscal year ended December 31, 2024 continued to increase, driven by both existing and new merchants. Furthermore, the gross profit margin improved significantly as a result of a reduction in the cost of sales ratio (as a percentage of GMV) in the 1H of the fiscal year under review, leading to improved profitability while maintaining growth in GMV.

As a result of the above, GMV for the fiscal year ended December 31, 2024 was ¥207,588 million (47.1% increase year on year), net sales were ¥5,726 million (58.8% increase year on year), and segment profit was ¥245 million (segment loss of ¥84 million in the same period of the previous fiscal year).

(iii) YELL BANK Business

In the YELL BANK Business for the fiscal year ended December 31, 2024, the number of its users and its usage amount significantly increased more than expected at the beginning of the fiscal year due to ongoing product improvements and other initiatives.

As a result of the above, net sales for the fiscal year ended December 31, 2024 were ¥902 million (192.8% increase year on year), and segment profit was ¥394 million (segment loss of ¥25 million in the same period of the previous fiscal year).

(iv) want.jp Business

As a result of making want.jp Inc. a consolidated subsidiary in August 2024, the Company started incorporating its profits and losses into the statement of income in October 2024. Net sales for the fiscal year ended December 31, 2024 were ¥258 million, and the segment loss was ¥47 million.

In the fourth quarter of the fiscal year under review, the business results were below expectations due to fluctuations in foreign exchange rates and the significant impacts of changes in the policies of overseas EC platforms where “want.jp” operates. Therefore, the excess earning power and other factors anticipated at the time of the acquisition of want.jp shares were found to have decreased. As a result, the Company recorded extraordinary losses of ¥867 million in its consolidated financial results, including goodwill related to the acquisition and impairment losses of the entire value of non-current assets associated with want.jp Inc.

(2) Capital investments

The total amount of capital investments in the fiscal year ended December 31, 2024 was ¥23 million. Major investments include ¥17 million for the purchase of PCs associated with an increase in employees.

(3) Financing

In order to finance working capital in a flexible manner, the Group has entered into overdraft agreements and commitment line agreements with six banks for a total of ¥12,500 million.

(4) Issues to be addressed

The Company considers the following as the Group's key issues to be addressed:

(i) Realizing a sustainable society

The Group's mission is "Payment to the People, Power to the People." Through the power of Internet technology, the Group aims to increase the accessibility to payment and financial services that many people need, but are not able to benefit from. By empowering individuals and small teams, the Group aims to realize a society in which all people can play an active role. With the aim of achieving the Group's mission as soon as possible, the Group considers it important to face our responsibilities and roles as a platform that provides payment and financial services open for all of society, and promote ESG initiatives throughout the Group to realize a sustainable society.

To address this, the Group has established a Sustainability Committee that discusses sustainability-related matters, monitors the progress of promotional initiatives and established KPIs, and makes regular reports to the Board of Directors, ensuring a structure to move forward with ESG activities. In the fiscal year ended December 31, 2024, the Group implemented initiatives related to DE&I and climate change, such as receiving a "Gold" ranking in the PRIDE Index 2024, and calculating and disclosing information for some categories of Scope 3 (GHG emissions) in preparation for the mandatory reporting.

The Group will continue to drive ESG activities, focusing on the materiality (key issues) identified in 2022.

(ii) Balancing top-line growth with profitability improvement

The Group had previously established a target to achieve full-year profitability in operating profit for the fiscal year ending December 31, 2025. However, due to the increase in the Group's GMV, growth in the YELL BANK Business, and improvements in profitability across all businesses, along with the diligent execution of reduction measures for the cost of sales and enhanced efficiency in selling, general, and administrative expenses, we successfully achieved profitability one year ahead of our initial timeline during the fiscal year under review. Going forward, the Group will further increase gross profit and enhance profitability under a disciplined investment policy, aiming to maximize value creation for the Group as a whole.

(iii) Inorganic growth strategy through M&A and other means

The businesses of BASE, PAY.JP, and YELL BANK (hereinafter "existing businesses") served as foundational elements of the Group, playing a significant role in driving our growth.

Going forward, the Group aims to sustain growth in the existing businesses while also pursuing inorganic growth through M&A and other strategies, leveraging our strong financial position.

M&A pursuits will focus on companies that not only expand our target customer base but also have the potential to enhance profitability through synergies with the existing businesses. In addition to

fostering growth within the acquired entities, we are committed to generating new added value through their integration into the Group.

(iv) Enhancing human capital

In order to achieve continued growth and improve business value, the Group considers human resources to be the unique core management resource.

The Group believes that it is important to support employees in taking initiative in their work and careers while continuously challenging themselves to acquire new skills and improve their work processes. To this end, the Group is working to improve educational and personnel systems and is implementing specific personnel measures.

Specifically, the Group is implementing initiatives such as planning and conducting various training programs, creating an environment of diversity and fairness through DE&I promotion, establishing and executing human resource development strategies, and introducing childcare support programs.

Through these, the Group supports human resource development and autonomous career building.

(v) Strengthening product development and technological capabilities

The Group's business is deeply engaged in the Internet sector. To launch competitive products in the EC market, the Group considers it important to adopt the sector's information technology and services in a timely manner and to constantly create new products.

To this end, the Group will efficiently adapt to changes in the EC environment and respond to requests from users of the Group's services to offer quality products.

(vi) Ensuring the security and soundness of services

As an enterprise that offers platforms for transactions and payment services, the Group considers it important to ensure the security and soundness of its services to enable safe transactions for all stakeholders.

To ensure this, in the BASE business, in addition to providing a dedicated team that is on call 365 days a year, the Company analyzes the transaction data of the Group with the help of machine learning and other methods, uses the databases of fraudulent destination addresses provided from credit card companies, detects and prevents unauthorized settlements and the sale of inappropriate products by introducing 3-D Secure, and strengths login authentication methods for online shop operators and others. Furthermore, in the PAY.JP business, the Company works to ensure the security and soundness of its services by managing credit card information in full compliance with the global security standard in the credit card industry, PCI-DSS.

(vii) Strengthening the information management system

The Group provides services that hold the personal information of service users and other various types of information, and therefore the Group considers it important to strengthen systems that manage information properly.

In this context, the Group defines and observes internal rules including basic rules on information security to enforce adequate management.

The Group also enhances information security measures, such as setting up a team dedicated to information security and conducting information security training for all employees, as well as regularly holding Information Security Committee meetings to identify and discuss information security risks.

The Group will continue to provide education and training and develop and improve security systems

across the Group to ensure more robust information management.

(viii) Strengthening the internal control system

The Group aims for further expansion of its business and considers it important to increase operational efficiency and strengthen the internal control system in order to fulfill the Group's social responsibilities and achieve continued growth and improved corporate value.

To this end, the Group will improve the back office operations and strengthen the internal control system to ensure fair and transparent management. Specifically, the Risk Management and Compliance Committee has been established to identify and manage operational risks, provide education including regular training programs for officers and employees, strengthen the compliance system such as through periodic internal audits, and enhance corporate governance functions with audits by Auditors.

(5) Assets, profits, and losses

(i) Assets, profits, and losses of the corporate group

Item		9th fiscal year ended December 31, 2021	10th fiscal year ended December 31, 2022	11th fiscal year ended December 31, 2023	12th fiscal year ended December 31, 2024 (under review)
Net sales	(million yen)	9,931	9,739	11,680	15,981
Ordinary profit (loss)	(million yen)	(960)	(1,495)	(409)	796
Profit (loss) attributable to owners of parent	(million yen)	(1,194)	(1,732)	(606)	340
Net profit (loss) per share	(yen)	(10.80)	(15.46)	(5.31)	2.94
Total assets	(million yen)	31,991	31,278	37,297	46,288
Net assets	(million yen)	15,105	13,501	13,000	13,600
Net assets per share	(yen)	135.48	118.81	112.87	115.77

(Note) The Company conducted a stock split at a ratio of five shares per one common share on April 1, 2021. Net profit (loss) per share and net assets per share were calculated on the assumption that the stock split was conducted at the beginning of the 9th fiscal year.

(ii) Assets, profits, and losses of the Company

Item		9th fiscal year ended December 31, 2021	10th fiscal year ended December 31, 2022	11th fiscal year ended December 31, 2023	12th fiscal year ended December 31, 2024 (under review)
Net sales	(million yen)	8,420	7,635	8,073	9,995
Ordinary profit (loss)	(million yen)	(860)	(1,446)	(322)	682
Net profit (loss)	(million yen)	(1,147)	(1,779)	(520)	63
Net profit (loss) per share	(yen)	(10.37)	(15.88)	(4.55)	0.55
Total assets	(million yen)	28,390	25,819	27,026	31,214
Net assets	(million yen)	15,152	13,501	13,087	13,410
Net assets per share	(yen)	135.90	118.81	113.63	114.14

(Note) The Company conducted a stock split at a ratio of five shares per one common share on April 1, 2021. Net profit (loss) per share and net assets per share were calculated on the assumption that the stock split was conducted at the beginning of the 9th fiscal year.

(6) Significant parent company and subsidiaries

(i) Parent company

Not applicable.

(ii) Subsidiaries

Name	Capital	Ownership ratio	Business activities
PAY, Inc.	100 million yen	100%	Provision of payment services
want.jp Inc.	50 million yen	94.2%	Provision of cross-border EC services

(Note) The Company completed the acquisition of want.jp Inc. shares on August 9, 2024, making want.jp Inc. a consolidated subsidiary.

(7) Major business activities

Advocating “Payment to the People, Power to the People.” as its mission, the Group consists of the Company and its consolidated subsidiaries, PAY, Inc. and want.jp Inc. The Group specializes in online shop creation services, a shopping service for purchasers, online payment services, funding services, and cross-border EC services.

The Company operates the BASE Business, which provides the online shop creation service “BASE” and the shopping service for purchasers “Pay ID.” Additionally, the Company operates the YELL BANK Business, offering services such as “YELL BANK,” which provides business funds to shop owners* using “BASE.” Consolidated subsidiary PAY, Inc. operates the PAY.JP Business, which offers “PAY.JP,” an online payment service that enables easy introduction of a credit card payment platform. Furthermore, want.jp Inc., which became a subsidiary in August 2024, operates the want.jp Business, focusing on cross-border EC services designed to facilitate easy access for Japanese EC operators to local sales networks worldwide.

Through these services, the Group focuses on empowering individuals and small teams and supporting start-up businesses.

* Online shop operators

(i) BASE Business

BASE is a web service that provides a simple and easy method for users to open online shops. The clientele includes not only individuals producing handicrafts, but also corporations engaging in business and government bodies, including municipalities.

BASE allows its users to easily open a well-designed online shop by selecting a web design from the Company’s design templates, without use of specialist website building or web design technologies. Furthermore, the Company has provided its proprietary payment system “BASE Easy Pay system,” which offers a one-stop service covering every step from opening an online shop to introducing a payment function, to shorten the time required for installing a payment function, thereby addressing issues in running an online shop. The system enables people to open and run online shops more easily by eliminating barriers, such as time required for opening a shop, running costs and web technologies.

Pay ID is a shopping service for purchasers that provides an ID payment function and a shopping app. The ID payment function enables the purchasers to log in with their ID and purchase products smoothly without having to enter their information each time they shop, simply by registering their address and other information with Pay ID. They can register their own credit card for use, and the “Pay Later (Pay ID)” post-pay settlement option also offers a seamless purchase experience that takes only a few taps to complete from login to payment completion. In 2024, the “Pay Later (Pay ID)” option also started

offering an installment payment service. With the shopping app, users can purchase products from shops opened on BASE. The follow function also makes it easy to obtain the latest information and new arrivals from their favorite shops, facilitating repeat purchases at shops they have purchased from before.

(ii) PAY.JP Business

PAY.JP is an online payment service that readily enables web services and online shops (excluding online shops set up via BASE) to start accepting credit card payments. Designed in line with the concept of "Simplifying all your payments," the system is easy to install for all developers, whether they are individuals or corporate customers. By resolving issues concerning the long time needed for application, high costs and difficulty of use found in conventional, complicated online payment services and making the installation extremely easy, the system expands opportunities for buying and selling online and facilitates people's online economic activities.

(iii) YELL BANK Business

YELL BANK is a funding service that uses shop data of BASE to predict future sales of shops using BASE and offers business funds for shop owners by purchasing future receivables based on the prediction. The service supports further growth of shops using BASE.

Furthermore, in June 2024, the Company expanded its offerings by introducing "PAY.JP YELL BANK," specifically aimed at PAY.JP member merchants. This extension broadens the support available for merchants seeking to raise funds.

(iv) want.jp Business

After making want.jp Inc. a consolidated subsidiary in August 2024, the Group integrated its business, which provides cross-border EC services to facilitate easy access for Japanese EC operators to local sales networks worldwide, into the product portfolio from the fiscal year ended December 31, 2024.

"want.jp" supports Japanese EC operators in enhancing their overseas sales by establishing a global supply chain based on data and providing its own pricing and logistics solutions.

(8) Major business locations

(i) The Company

Name	Location
Head office	Minato-ku, Tokyo

(ii) Subsidiaries

Name	Location
PAY, Inc.	Minato-ku, Tokyo
want.jp Inc.	Minato-ku, Tokyo

(9) Employees

Number of employees	Year-on-year change	Average age	Average years of service
277	Increased by 3	35.1 years old	3.82 years

(Note) The number of employees includes Senior Executive Officers and Executive Officers.
The number of employees excludes temporary employees (1 part-time employee).
The number of employees excludes secondees from other companies (2 persons).

2. Shares of the Company (as of December 31, 2024)

(1) Total number of shares authorized to be issued 376,440,000

(2) Total number of shares issued and outstanding 116,350,048
(excluding 36,542 treasury shares)

(3) Number of shareholders at the end of the fiscal year ended December 31, 2024 32,773

(4) Major shareholders (top 10)

Name	Shares held	Shareholding ratio (%)
Yuta Tsuruoka	18,559,096	15.95
MARUI GROUP CO., LTD.	6,306,000	5.41
Custody Bank of Japan, Ltd. (trust account)	3,995,300	3.43
SBI SECURITIES Co., Ltd.	3,481,521	2.99
GOLDMAN, SACHS & CO. REG	2,902,900	2.49
MORGAN STANLEY SMITH BARNEY LLC CLIENTS FULLY PAID SEG ACCOUNT	2,709,370	2.32
Yasuyoshi Yanagisawa	2,640,000	2.26
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	2,293,732	1.97
CyberAgent, Inc.	2,255,000	1.93
The Master Trust Bank of Japan, Ltd. (trust account)	2,220,000	1.90

(Note) The shareholding ratio is calculated excluding treasury shares (36,542 shares) and rounded down to two decimal places.

(5) Shares granted during the fiscal year under review to Directors and Auditors of the Company (including those who had been a Director or Auditor) as consideration for execution of duties

	Number of shares	Number of recipients
Directors (excluding Outside Directors)	103,912 shares	2 persons
Outside Directors	28,008 shares	2 persons

(Note) Details of share-based remuneration are as described in “4. (5) Remuneration for Directors and Auditors.”

3. Matters Concerning Share Acquisition Rights, etc. of the Company

(1) Outline of the details of share acquisition rights, etc. granted as remuneration for execution of duties that are held by the Company's Directors and Auditors at the end of the fiscal year under review
Not applicable.

(2) Outline of the details of share acquisition rights granted as remunerationfor 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.
Following a resolution passed by the Board of Directors held on April 18, 2024, the Company has issued and granted share acquisition rights, which require cash payment, to its Directors and Senior Executive Officers with the purpose of further increasing motivation and morale and further enhancing the Company's cohesion in order to expand the Company's medium- to long-term performance and increase its corporate value. However, the share acquisition rights may only be exercised upon the achievement of performance targets. Furthermore, the share acquisition rights were not issued as remuneration; each recipient undertook the rights based on their investment decisions.

Name		8th series of share acquisition rights
Date of resolution for issue		April 18, 2024
Number of share acquisition rights		34,600
Type and number of shares issuable upon exercise of share acquisition rights		3,460,000 common shares of the Company (100 shares per share acquisition right)
Amount to be paid for share acquisition rights		100 yen per share acquisition right
Price payable for capitalization upon exercise of each share acquisition right		27,100 yen per share acquisition right (271 yen per share)
Period for exercising share acquisition rights		From April 1, 2027 to May 8, 2034
Conditions for exercise of share acquisition rights		(Notes)
Holders	Directors of the Company	Number of share acquisition rights: 21,625 Number of shares issuable upon exercise of share acquisition rights: 2,162,500 Number of holders: 2
	Senior Executive Officers of the Company	Number of share acquisition rights: 12,975 Number of shares issuable upon exercise of share acquisition rights: 1,297,500 Number of holders: 3

(Notes) 1. Holders of share acquisition rights may exercise the Share Acquisition Rights, only if gross profit stated in the Company's consolidated statements of income (or, non-consolidated statements of income if no consolidated statements of income have been prepared) for the two fiscal years, FY2026 and FY2027, satisfies any of the conditions stated in (a) through (c) below, up to the number of shares in the ratio stated in each relevant condition (the "Exercisable Ratio"), respectively. However, if both conditions (b) and (c) are satisfied, the Exercisable Ratio shall be 66%. In addition, the maximum Exercisable Ratio shall be 100%, and any fraction less than one unit in the number of units of share acquisition rights that become exercisable shall be discarded.
(a) If gross profit for FY2026 or FY2027 exceeds ¥10,000 million: Exercisable Ratio 100%
(b) If gross profit exceeds ¥8,455 million for FY2026: Exercisable Ratio 33%
(c) If gross profit exceeds ¥9,265 million for FY2027: Exercisable Ratio 33%
In determining gross profit in the above, the Company shall judge based on the amount in the consolidated statements of income (or, non-consolidated statements of income if no consolidated statements of income have been prepared) stated in the securities report for the relevant fiscal year submitted by the Company in accordance with the Financial Instruments and Exchange Act, and if the Board of Directors determines that it is not appropriate to judge based on the actual figures stated in its consolidated statements of income due to a change in applicable accounting standards or the occurrence of an event such as a corporate acquisition that has a significant impact on the Company's performance,

the Company may, to the extent reasonable, eliminate the impact of such corporate acquisition, etc. and adjust the actual figures used for the judgment.

2. Holders of share acquisition rights shall be required to be Directors, Senior Executive Officers, Executive Officers, or employees of the Company or its subsidiaries at the time of the exercise of share acquisition rights. However, this shall not apply if the Board of Directors of the Company acknowledges that there is a justifiable reason such as the expiration of the term of office.
3. Heirs of the holders of share acquisition rights may not exercise the Share Acquisition Rights.
4. If the exercise of the Share Acquisition Rights would cause the total number of issued shares of the Company to exceed the total number of shares authorized to be issued at the time of such exercise, such Share Acquisition Rights may not be exercised.
5. Each Share Acquisition Right of less than one unit may not be exercised.

4. Directors and Auditors

(1) Names of Directors and Auditors, etc. (as of December 31, 2024)

Name	Positions and responsibilities	Significant concurrent positions
Yuta Tsuruoka	Representative Director, Senior Executive Officer and CEO	Director, CAMPFIRE, Inc.
Ken Harada	Director, Senior Executive Officer and CFO	Director, PAY, Inc. Director, want.jp Inc.
Masayuki Shimura	Director	CEO, Shimura & Partners
Misa Matsuzaki	Director	CEO, WORK JAPAN Co., Ltd CEO, Apricot Planet Pte.Ltd
Fumio Utagawa	Full-time Auditor	Auditor, PAY, Inc. Auditor, want.jp Inc.
Yohei Yamaguchi	Auditor	President, Yohei Yamaguchi Certified Public Accountant Firm Director and CFO, Kurashicom Inc.
Chie Hoshi	Auditor	Attorney, Tanabe&Partners

(Notes) 1. Directors Masayuki Shimura and Misa Matsuzaki are Outside Directors stipulated in Article 2, Item 15 of the Companies Act.
2. Full-time Auditor Fumio Utagawa and Auditors Yohei Yamaguchi and Chie Hoshi are Outside Auditors stipulated in Article 2, Item 16 of the Companies Act.
3. Auditor Yohei Yamaguchi is qualified as a certified public accountant and has considerable knowledge of finance and accounting.
4. Auditor Chie Hoshi is qualified as an attorney and has considerable knowledge of laws and regulations.
5. The Company has appointed Director Masayuki Shimura, Director Misa Matsuzaki, Auditor Fumio Utagawa, Auditor Yohei Yamaguchi, and Auditor Chie Hoshi as Independent Directors and Independent Auditors prescribed by Tokyo Stock Exchange, Inc., and has informed the Exchange to that effect.
6. Senior Executive Officers not concurrently serving as Directors are as follows:

Name	Positions and responsibilities
Kenji Yamamura	Senior Executive Officer and COO
Shinichi Fujikawa	Senior Executive Officer and SVP of Development
Nao Takahashi	Senior Executive Officer

(2) Overview of limited liability agreement

The Company has entered into agreements with Outside Directors Masayuki Shimura and Misa Matsuzaki as well as with Outside Auditors Fumio Utagawa, Yohei Yamaguchi, and Chie Hoshi in accordance with Article 427, Paragraph 1 of the Companies Act to limit their liability for damages pursuant to Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to the agreement is the minimum amount stipulated by Article 425, Paragraph 1 of the same act, so long as the Outside Directors and Auditors have performed their duties in good faith and without gross negligence.

(3) Overview of indemnity agreement

The Company has entered into indemnity agreements with Mr. Yuta Tsuruoka, Mr. Ken Harada, Mr. Masayuki Shimura, Ms. Misa Matsuzaki, Mr. Fumio Utagawa, Mr. Yohei Yamaguchi, and Ms. Chie Hoshi, pursuant to the provisions of Article 430-2, Paragraph 1 of the Companies Act. Under the agreements, the Company shall indemnify expenses provided for in Item 1 and losses provided for in Item 2 of the same paragraph within the scope stipulated by laws and regulations. However, in order to ensure that the appropriate execution of duties by the Company's officers is not impaired by said indemnity agreements, the Company defines certain conditions, such as excluding damages for which the officer is liable due to the officer's malicious intent or gross negligence in performing the officer's duties.

(4) Overview of directors and officers liability insurance contract

(i) Scope of insured persons

All Directors, Auditors, Executive Officers, and employees in managerial or supervisory positions of the Group

(ii) Overview of the contract

The Company has concluded with an insurance firm a directors and officers liability insurance contract, which covers damages that may arise from insured parties assuming liability for the execution of their duties or being subject to a claim for the pursuit of such liability. The Company is responsible for the full amount of the insurance premium for all of the insured persons. However, in order to ensure that the appropriate execution of duties by the insured persons is not impaired, there are certain exemptions, such as no coverage for liability arising from actions taken with knowledge that they were in violation of laws and regulations.

(5) Remuneration for Directors and Auditors

(i) Matters regarding the decision-making policy on the amount of individual remuneration for Directors or the method of calculating such amount

A. Basic policy

The basic policy on remuneration for Directors of the Company is to ensure a remuneration system linked with shareholder benefits so that the remuneration sufficiently functions as incentives to sustainably increase the Company's corporate value, and to maintain an appropriate level commensurate with each Director's position and responsibilities when determining remuneration for them. Specifically, remuneration for executive Directors shall consist of basic remuneration, which is a fixed remuneration, and share-based remuneration. For Outside Directors who are responsible for the monitoring function, the Company shall also provide basic remuneration, which is fixed remuneration, and share-based remuneration.

B. Process of determining the policy

The policy is determined by resolution of the Board of Directors based on deliberations by the Nomination and Remuneration Committee, an advisory committee to the Board of Directors, the majority of whose committee members are Outside Directors.

C. Outline of the contents of the said policy

a. Decision-making policy on the amount of individual remuneration for Directors or the method of calculating such amount

Basic remuneration for Directors of the Company shall be a monthly fixed remuneration, determined by comprehensively taking into account the duties and responsibilities of each Director, contribution to the Company, state of execution, the Company's performance, and economic conditions.

b. Details of non-monetary remuneration and decision-making policy on the amount or number thereof, or the method of calculating such number

Non-monetary remuneration shall be provided in the form of qualified stock options or restricted stock whose lifting condition is a restriction period of at least 3 years from the share delivery date or retirement, determined by comprehensively taking into account the duties and responsibilities of each Director, contribution to the Company, state of execution, the Company's performance, and economic conditions.

c. Decision-making policy on the ratio of monetary remuneration, performance-linked remuneration, and non-monetary remuneration within individual remuneration for Directors

The Company maintains the most appropriate payment ratio to ensure shareholders and management share the same benefits and risks and to drive a sustained increase of corporate value.

d. Matters to be described when delegating all or part of decisions on the details of individual remuneration for Directors to a Director or another third party

Based on a resolution of the Board of Directors, the authority to determine the specific details of individual amounts of remuneration shall be delegated to Representative Director, Senior Executive Officer and CEO Yuta Tsuruoka. Such specific details shall be determined based on the amount of basic remuneration for each Director, duties and responsibilities of each Director, contribution to the Company, state of execution, the Company's performance, and economic conditions. The reason for the delegation is that the Company has determined that the Representative Director is suited to evaluate each Director based on the Company's performance and other factors. The Board of Directors shall consult with and receive a report from the Nomination and Remuneration Committee about a draft to ensure this authority will be appropriately exercised by the Representative Director and CEO. The Representative Director who has been delegated the authority must determine the amounts of individual remuneration based on this report. As for share-based remuneration, the Board of Directors shall make resolutions on the numbers of shares allotted to individual Directors based on reports from the Nomination and Remuneration Committee.

D. Reasons why the Board of Directors has determined that the individual remuneration for Directors pertaining to the fiscal year under review is in line with the said policy

The Board of Directors has confirmed that, with respect to the individual remuneration for Directors pertaining to the fiscal year under review, the method of determining the details of remuneration and the details of remuneration that have been determined are consistent with the decision-making policies resolved by the Board of Directors, and that reports from the Nomination and Remuneration Committee have been given serious consideration. Accordingly, the Board of Directors has determined that the individual remuneration is in line with the said decision-making policy.

(ii) Matters regarding the resolutions of the General Meeting of Shareholders on remuneration for Directors and Auditors

At the 8th Annual General Meeting of Shareholders held on March 25, 2021, the amount of monetary remuneration for Directors of the Company was approved to be not more than 300 million yen per year (including not more than 30 million yen for Outside Directors; however, the amount does not include the portion of employee's salaries for Directors who concurrently serve as employees). Moreover, apart from the said monetary remuneration, at the same Annual General Meeting of Shareholders, the amount of share-based remuneration was resolved to be not more than 500 million yen per year (including not more than 50 million yen for Outside Directors), with the number of shares limited to not more than 285,000 shares (including not more than 28,500 shares for Outside Directors). While this resolution limited the number of shares that may be allocated to Directors for each fiscal year to not more than 57,000 shares (including not more than 5,700 shares for Outside Directors), adjustments have been made in association with the stock split conducted on April 1, 2021 at a ratio of five shares per one common share. The number of Directors at the conclusion of the said Annual General Meeting of Shareholders was four (including two Outside Directors).

At the 9th Annual General Meeting of Shareholders held on March 23, 2022, the amount of remuneration for Auditors of the Company was approved to be not more than 30 million yen per year. The number of Auditors at the conclusion of the said Annual General Meeting of Shareholders was three.

(iii) Matters regarding delegation of the decision-making on the details of individual remuneration for Directors

These matters are as described in "4. (5) (i) C d. Matters to be described when delegating all or part of decisions on the details of individual remuneration for Directors to a Director or another third party."

(iv) Matters regarding non-monetary remuneration

For the purpose of further promoting shared value between the Directors and shareholders and driving a sustained increase of the Company's corporate value, the Company grants restricted stock-based remuneration. The maximum amount of remuneration and the number of Directors subject to this resolution are as described in "4. (5) (ii) Matters regarding the resolutions of the General Meeting of Shareholders on remuneration for Directors and Auditors." The status of granting such stock-based remuneration is as described in "2. Shares of the Company."

(v) Total amounts of remuneration for Directors and Auditors

Category	Number of people who received remuneration	Total amount of remuneration	Total amount by type of remuneration	
			Basic remuneration	Non-monetary remuneration
Directors (Outside Directors)	4 (2)	82 million yen (15 million yen)	49 million yen (8 million yen)	32 million yen (6 million yen)
Auditors (Outside Auditors)	3 (3)	22 million yen (22 million yen)	22 million yen (22 million yen)	－million yen (－million yen)
Total (Outside Directors/Auditors)	7 (5)	105 million yen (38 million yen)	72 million yen (31 million yen)	32 million yen (6 million yen)

(Note) 1. The above non-monetary remuneration (restricted stock-based remuneration) represents the amount recognized as an expense during the fiscal year under review.

(6) Outside Directors and Auditors

(i) Significant concurrent positions at other corporations and relationships between the Company and the corporations

- Director Masayuki Shimura serves as CEO of Shimura & Partners. There are no special relationships between the Company and Shimura & Partners.
- Director Misa Matsuzaki serves as CEO of WORK JAPAN Co., Ltd and Apricot Planet Pte.Ltd. There are no special relationships between the Company and WORK JAPAN Co., Ltd or Apricot Planet Pte.Ltd.
- Auditor Yohei Yamaguchi serves as President at Yohei Yamaguchi Certified Public Accountant Firm and Director and CFO of Kurashicom Inc. There are no special relationships between the Company and Yohei Yamaguchi Certified Public Accountant Firm or Kurashicom Inc.
- Auditor Chie Hoshi serves as an attorney of Tanabe&Partners. There are no special relationships between the Company and Tanabe&Partners.

(ii) Major activities during the fiscal year under review

Category	Name	Attendance, remarks and outline of duties performed in relation to the expected roles of Outside Directors/Auditors
Outside Director	Masayuki Shimura	He attended all 21 meetings of the Board of Directors held during the fiscal year under review. He gave advice and opinions on proposals based on his deep knowledge and broad range of experience in the financial/payment industry.
Outside Director	Misa Matsuzaki	She attended all 21 meetings of the Board of Directors held during the fiscal year under review. She gave advice and opinions on proposals based on her experience as Representative Director and Director of multiple companies.
Outside Auditor	Fumio Utagawa	He attended all 21 meetings of the Board of Directors and all 21 meetings of the Board of Auditors held during the fiscal year under review. He gave advice and opinions on proposals based on his abundant experience and broad insight gained over the years into general administrative work.
Outside Auditor	Yohei Yamaguchi	He attended all 21 meetings of the Board of Directors and all 21 meetings of the Board of Auditors held during the fiscal year under review. He is well-versed in corporate accounting as a certified public accountant and gave advice and opinions on proposals based on his abundant experience as an accounting expert and considerable insight into accounting and auditing.
Outside Auditor	Chie Hoshi	She attended 19 of the 21 meetings of the Board of Directors and 19 of the 21 meetings of the Board of Auditors held during the fiscal year under review. She gave advice and opinions on proposals from an objective standpoint based on a high level of legal expertise and insight on laws and regulations as an attorney.

5. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of remuneration, etc.

Category	Total amount of remuneration, etc.
Total amount of remuneration, etc. to the Accounting Auditor for the fiscal year under review	38 million yen
Total amount of cash and other financial benefits to be paid by the Company and its subsidiaries	38 million yen

(Notes) 1. The amount of audit fees for audits under the Companies Act and that for audits under the Financial Instruments and Exchange Act are not clearly distinguished in the audit agreement between the Company and the Accounting Auditor, and as it is not practically possible to categorize them, the sum of these amounts is recorded in the total amount of remuneration, etc. to Accounting Auditor for the fiscal year under review.

2. The Board of Auditors examined the content of the Accounting Auditor's audit plan and the basis for calculating the estimated remuneration by obtaining necessary materials and receiving reports from the Board of Directors, relevant departments within the Company and the Accounting Auditor, and thereupon judged and agreed that the amount of remuneration, etc. to the Accounting Auditor was appropriate.

(3) Contents of non-audit services

Not applicable.

(4) Policy regarding decisions on the dismissal or non-reappointment of the Accounting Auditor

If the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and the Accounting Auditor's dismissal is accordingly deemed to be appropriate, the Board of Auditors shall dismiss the Accounting Auditor with the unanimous consent of all Auditors. Further, if it is recognized that the execution of appropriate audits by the Accounting Auditor is hindered, the Board of Auditors shall decide the content of a proposal for dismissal or non-reappointment of the Accounting Auditor, which is to be submitted to the general meeting of shareholders.

6. 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 and employees 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. Moreover, the Company shall establish Business Continuity Plan (BCP) Rules to ensure preparedness in the event of natural disasters, including significant earthquakes. In response to unforeseen circumstances, the Company shall establish a Crisis Management Headquarters, with the Representative Director serving as the head of crisis management. This framework promotes collaboration between Directors and employees to address crises, prevent potential damage, and minimize losses.

(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

The Group shall implement the following measures to ensure the adequacy of its businesses.

A. The Governance Department 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.

B. Matters related to management of the risk of loss in subsidiaries shall be addressed in accordance with the Company's rules and managed as a collective risk of loss for the entire Group.

C. To ensure that the execution of the duties of Directors and employees within subsidiaries is performed efficiently, the authorities and responsibilities shall be clarified in the Rules on Division of Duties, Administrative Authority Rules, and other internal rules.

D. 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. Systems related to reporting to the Auditors by Directors and employees of the Company

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 of the Company 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.

B. Systems related to reporting to the Auditors by Directors and employees of subsidiaries

a. Directors and employees of subsidiaries shall promptly and appropriately report to the Auditors when requested to provide information concerning the execution of the businesses.

b. Directors and employees of subsidiaries shall promptly report to the Auditors if they become aware of matters that could incur significant damage to the Company or subsidiaries, wrongdoings, or significant acts in violation of laws and regulations or the Company's Articles of Incorporation.

(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 21 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

In addition to the measures outlined in "(i) Status of the measures regarding risk management and compliance," 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 21 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.

7. Policy Concerning the Decision on the Distribution of Surplus

Given that the Company is currently in the process of growth, it has not paid dividends ever since it was established, as it believes that it is important to enhance internal reserves for business expansion in addition to strengthening its financial position. However, the Company also recognizes that returning profits to shareholders is an essential management issue.

The Company will consider its fundamental policy on future dividend payments, by finding a balance with internal reserves and taking into account the business environment in which it operates, while strengthening its profitability and developing its business base. It will effectively use its internal reserves as funds for improving its future profitability by strengthening its financial position and maintaining and enhancing its competitiveness.

Regarding the acquisition and use of treasury shares, the assessment of optimal capital policy will be conducted to facilitate the Group’s growth and development, and decisions shall be made in a timely manner.

Consolidated Balance Sheet (as of December 31, 2024)

(Million yen)

Assets	
Item	Amount
Current assets	45,252
Cash and deposits	25,730
Accounts receivable - other	17,861
Other	1,989
Allowance for doubtful accounts	(329)
Non-current assets	1,036
Property, plant and equipment	17
Intangible assets	1
Investments and other assets	1,017
Investment securities	32
Deferred tax assets	614
Other	370
Total assets	46,288

Liabilities	
Item	Amount
Current liabilities	31,888
Accounts payable - trade	30,642
Contract liabilities	195
Other	1,051
Non-current liabilities	799
Corporate bonds	300
Long-term borrowings	427
Other	71
Total liabilities	32,687
Net assets	
Shareholders' equity	13,468
Capital stock	8,735
Capital surplus	4,999
Retained earnings	(266)
Treasury shares	(0)
Accumulated other comprehensive income	1
Valuation difference on available-for-sale securities	1
Share acquisition rights	130
Total net assets	13,600
Total liabilities and net assets	46,288

Consolidated Statement of Income (January 1, 2024 - December 31, 2024)

(Million yen)

Item	Amount	
Net sales		15,981
Cost of sales		8,814
Gross profit		7,166
Selling, general and administrative expenses		6,393
Operating profit		772
Non-operating income		
Interest income	2	
Commission income	20	
Lecturer's fee income	4	
Other	4	32
Non-operating expenses		
Interest expenses	1	
Interest expenses on bonds	2	
Exchange loss	0	
Share issuance cost	0	
Commitment fee	3	8
Ordinary profit		796
Extraordinary loss		
Impairment losses	867	867
Loss before income taxes		(71)
Income taxes - current	203	
Income taxes - deferred	(615)	(411)
Net profit		340
Profit attributable to owners of parent		340

Consolidated Statement of Changes in Equity

(January 1, 2024 - December 31, 2024)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,669	4,933	(606)	(0)	12,995
Changes in items during period					
Issuance of new shares	66	66			132
Net profit attributable to owners of parent			340		340
Net changes in items other than shareholders' equity				(0)	(0)
Total changes in items during period	66	66	340	(0)	472
Balance at end of current period	8,735	4,999	(266)	(0)	13,468

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of current period	5	5	－	13,000
Changes in items during period				
Issuance of new shares				132
Net profit attributable to owners of parent				340
Net changes in items other than shareholders' equity	(3)	(3)	130	127
Total changes in items during period	(3)	(3)	130	600
Balance at end of current period	1	1	130	13,600

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.

want.jp Inc.

The Company completed the acquisition of want.jp Inc. shares on August 9, 2024, making want.jp Inc. a consolidated subsidiary from the fiscal year ended December 31, 2024.

(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 other than shares, etc., that do not have a market price

Stated at fair value (the amount of valuation difference is directly included in net assets, and the cost of sold securities is calculated mainly based on the moving-average method)

Shares, etc., that do not have a market price

Stated at cost by the moving-average method

With regard to investments in investment limited partnerships and similar partnerships (items deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), net amounts equivalent to equity interests are recognized based on the latest financial statements available according to the financial reporting date stipulated in the partnership agreement.

(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	3-20 years

b. Intangible assets (excluding goodwill)

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)

c. Calculation Method and Period for Amortization of Goodwill

Goodwill is amortized by the straight-line method over the period when its effect manifests (10 years).

(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) Revenue and expense recognition standards

The details of the main performance obligations in the major businesses of the Group and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

(BASE Business)

The revenue is mainly composed of payment processing commissions and service commissions charged based on payment amounts at the BASE shops. A performance obligation is deemed to be satisfied when the purchaser buys goods and completes the payment at the shop, and revenue is recognized in the amount of the commission and others calculated by multiplying the payment amount by a certain rate. For fixed monthly service commissions in the Monthly-Fee Plan, a performance obligation is satisfied by providing the service over the contract duration, and revenue is recorded over the time.

(PAY.JP Business)

The revenue is mainly composed of payment processing commissions charged based on payment amounts at the PAY.JP member merchants. A performance obligation is deemed to be satisfied when the purchaser uses the payment method at the web service or online shop of the member merchant (customer), and revenue is recognized in the amount of the commission calculated by multiplying the payment amount by a certain rate. For fixed monthly service commissions in the Monthly-Fee Plan, a performance obligation is satisfied by providing the service over the contract duration, and revenue is recorded over the time.

(YELL BANK Business)

YELL BANK is a financing service to offer business funds for shop owners by forecasting future sales of shops and purchasing future receivables based on the prediction. The revenue from this business is mainly recognized in accordance with the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

(want.jp Business)

The revenue is mainly generated from the sale of products through the EC platform. A performance obligation is deemed to be satisfied when products are shipped, and revenue is recognized in the amount of the sales value of the products.

(v) 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

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen using the spot exchange rate at the consolidated account closing date, and translation differences are accounted for as profit or loss.

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.

2. Notes on Changes in Presentation

(Consolidated Balance Sheet)

For the previous consolidated fiscal year, deposits received - trade (in the amount of 10,299 million yen in the previous consolidated fiscal year) was presented separately. For the consolidated fiscal year ended December 31, 2024, deposits received - trade is included in "Other" under "Current liabilities" because its amount became insignificant.

3. Notes on Accounting Estimates

Valuation of recoverability of deferred tax assets

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

Deferred tax assets 614 million yen

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

Deferred tax assets are recorded for deductible temporary differences and tax loss carried forward that occurred at the end of the fiscal year under review to the extent that they can potentially reduce future tax paid. The recording adheres to the company classification outlined in the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, February 16, 2018).

The Group accounts for deferred tax assets based on the future plans and has conducted a comprehensive assessment of the recoverability, considering anticipated amounts and the timing of taxable income occurrence. However, should there be discrepancies between the actual timing and amounts of the taxable income and the estimated figures due to fluctuations in the expected amounts or timing of future taxable income, the discrepancies may significantly impact the deferred tax assets reported in the following fiscal year's consolidated financial statements.

4. Notes on Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 161 million yen

(2) Overdraft agreements and commitment line agreements

The Company has entered into overdraft agreements and commitment line agreements with six 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	11,500 million yen
Total amount of commitment lines	1,000 million yen
Balance of executed loans	－ million yen
Difference	12,500 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.)

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.

5. Notes on Consolidated Statement of Income

Impairment losses

During the consolidated fiscal year ended December 31, 2024, the impairment loss was recognized for the following asset group.

(1) Overview of the asset or asset group for which impairment loss was recognized and the amount of impairment loss

Location	Use	Type	Amount (Million yen)
Minato-ku, Tokyo	want.jp Business	Buildings	12
		Other (Machinery and equipment, Tools, furniture and fixtures)	3
		Software	5
		Investments and other assets	2
Minato-ku, Tokyo	－	Goodwill	843
Total			867

(2) Asset grouping method

The Group groups assets by management accounting segment based on the business units.

(3) Details on recognition of impairment loss

For the consolidated fiscal year ended December 31, 2024, as a result of considering projected business results, the Company estimated that the carrying value of the asset group is not recoverable with future cash flows. The Company devalued the carrying value of the asset group to the recoverable amount and recorded the decreased amount as impairment losses under extraordinary loss.

(4) Calculation method of recoverable amount

Although the recoverable amount is measured by value in use, it is stated as zero due to the projection of negative future cash flows, which results from the uncertainties in the growth rate of sales. Additionally, the discount rate has been excluded, as the future cash flows are negative.

6. 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	115,197,823	1,188,767	−	116,386,590

(Note) Outline of causes for changes

Increase due to issuance of new shares following exercise of share acquisition rights 738,000 shares

Increase due to issuance of new shares as restricted stock-based remuneration 450,767 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 1,388,000 shares

7. 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, 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.

Corporate bonds and long-term borrowings are financing sources for expanding the business activities of the consolidated subsidiaries, and they are exposed to liquidity risk, specifically the

risk of being unable to make payments on due dates.

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

As fluctuating factors are incorporated when calculating the market values of financial instruments, the 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.

(Million yen)

	Amount posted on the consolidated balance sheet	Market value	Difference
Investment securities	24	24	―
Total assets	24	24	―
Corporate bonds	300	314	14
Long-term borrowings	468	445	(23)
Total liabilities	768	760	(8)

(Note 1) Because “Cash and deposits” is composed of cash and deposits that are short-term instruments, and “Accounts receivable - other” and “Accounts payable - trade” comprise short-term instruments whose carrying amount approximates their fair value, they are omitted.

(Note 2) Long-term borrowings include amounts that are due within one year.

(Note 3) Shares, etc., that do not have a market price are not included in “Investment securities” in the table above. The carrying amount of these financial instruments on the consolidated balance sheet are as follows:

(Million yen)

Category	Amount posted on the consolidated balance sheet
Unlisted shares, etc.	7
Investments in capital	52

(Note 4) Redemption schedule of monetary claims and securities with fixed maturities after the consolidated 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	25,730	－	－	－
Accounts receivable - other	17,861	－	－	－
Total	43,591	－	－	－

(Note 5) Repayment schedule of corporate bonds and long-term borrowings after the consolidated closing date

(Million yen)

	Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years	Over 5 years
Corporate Bonds	－	－	－	300	－	－
Long-term borrowings	41	41	38	30	17	300
Total	41	41	38	330	17	300

(*1) Long-term borrowings include amounts that are due within one year.

(3) Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.
Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.
Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(i) Financial instruments stated at fair value

(Million yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	24	—	—	24
Total	24	—	—	24

(ii) Financial instruments other than those stated at fair value

(Million yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Corporate bonds	—	314	—	314
Long-term borrowings	—	445	—	445
Total	—	760	—	760

(Note 1) Long-term borrowings include amounts that are due within one year.
(Note 2) A description of the valuation technique(s) and inputs used in the fair value measurements
Investment securities
The fair value of listed shares is determined based on their market prices at the end of the consolidated fiscal year under review, and the fair value is classified as Level 1 as they are traded in active markets.
Corporate bonds and long-term borrowings (including current portion of long-term borrowings)
They are calculated by discounting the total amount of principal and interest at the interest rates assumed for comparable new borrowings, and are classified as Level 2.

8. Notes on Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

(Million yen)

	BASE Business	PAY.JP Business	YELL BANK Business	want.jp Business	Total
Goods or services transferred at a point in time	8,502	5,673	36	258	14,470
Goods or services transferred over time	531	53	−	−	585
Revenue from contracts with customers	9,034	5,726	36	258	15,056
Revenue from other sources	58	0	866	−	925
Net sales to external customers	9,092	5,726	902	258	15,981

(2) Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue is as presented in “1. Notes on Significant Accounting Policies for Preparation of Consolidated Financial Statements, (4) Disclosure of accounting policies, (iv) Revenue and expense recognition standards.”

(3) Useful information in understanding revenue for the consolidated fiscal year under review and subsequent consolidated fiscal years

(i) Contract asset and contract liability balances

(Million yen)

	Beginning balance	Ending balance
Receivables from contracts with customers	–	41
Contract liabilities	115	195

(Note) Contract liabilities primarily relate to the Monthly-Fee Plan. Contract liabilities are reversed as revenue is recognized.

(ii) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient and omits information about remaining performance obligations, as there is no important transaction whose individual contract duration exceeds 1 year.

Consideration promised in contracts with customers does not have any amount not included in the transaction price.

9. Notes on Per Share Information

(1) Net assets per share 115.77 yen

(2) Net profit per share 2.94 yen

10. Other notes

(Business combinations)

Business Combination through Acquisition

1. Overview of Business Combination

(1) Name of Acquired Business and Description of its Business

Company name: want.jp Inc.

Description: Global EC

(2) Purpose

To further strengthen the cross-border EC function of our BASE business, realizing “easy cross-border EC even for individuals.”

(3) Date of Business Combination

August 9, 2024 (share acquisition date)

September 30, 2024 (deemed share acquisition date)

(4) Legal Form of Business Combination

Acquisition of shares

(5) Name of Company after Business Combination

No change

(6) Shareholding Ratio after Acquisition

94.2%

(7) Main reason for deciding the acquiring company

Through acquisition of stock in cash.

2. Period during which Performance of the Acquired Company is Included in the Consolidated Fiscal Statements for the consolidated fiscal year under review

Three months from October to December, 2024

3. Acquisition Cost of the Acquired Company and Breakdown by Type of Consideration

Consideration for Acquisition	Cash	¥100 million
Acquisition cost		¥100 million

4. Costs Relating to the Acquisition

Advisory cost: ¥5 million

5. Goodwill Amount, Reason for Goodwill, and the Calculation Method and Period for Amortization

(1) Goodwill Amount: ¥865 million

(2) Reason for Goodwill

Excess earning power expected from the future business development of want.jp. Inc.

(3) Calculation Method and Period for Amortization

Amortization is conducted by cost evenly over the period in which it is estimated that the effect will be realized (10 years).

Non-consolidated Balance Sheet (as of December 31, 2024)

(Million yen)

Assets	
Item	Amount
Current assets	30,092
Cash and deposits	22,868
Supplies	1
Prepaid expenses	403
Accounts receivable - other	5,624
Other	1,538
Allowance for doubtful accounts	(342)
Non-current assets	1,121
Property, plant and equipment	17
Tools, furniture and fixtures	17
Intangible assets	1
Patent right	1
Investments and other assets	1,102
Investment securities	32
Shares of subsidiaries and associates	246
Long-term prepaid expenses	65
Leasehold and guarantee deposits	238
Deferred tax assets	466
Other	52
Total assets	31,214

Liabilities	
Item	Amount
Current liabilities	16,974
Accounts payable - other	432
Accrued expenses	17
Income taxes payable	223
Accounts payable - trade	15,970
Deposits received - trade	51
Deposits received - other	36
Contract liabilities	195
Other	47
Non-current liabilities	828
Asset retirement obligations	52
Provision for loss on guarantees of subsidiaries and associates	438
Provision for loss on business of subsidiaries and associates	336
Total liabilities	17,803
Net assets	
Shareholders' equity	13,278
Capital stock	8,735
Capital surplus	4,999
Legal capital surplus	182
Other capital surplus	4,817
Retained earnings	(456)
Other retained earnings	(456)
Retained earnings brought forward	(456)
Treasury shares	(0)
Valuation and translation adjustments	1
Valuation difference on available-for-sale securities	1
Share acquisition rights	130
Total net assets	13,410
Total liabilities and net assets	31,214

Non-consolidated Statement of Income (January 1, 2024 - December 31, 2024)

(Million yen)

Item	Amount	
Net sales		9,995
Cost of sales		3,673
Gross profit		6,321
Selling, general and administrative expenses		5,659
Operating profit		662
Non-operating income		
Interest income	2	
Commission income	15	
Lecturer's fee income	4	
Other	2	24
Non-operating expenses		
Exchange loss	0	
Share issuance cost	0	
Commitment fee	3	4
Ordinary profit		682
Extraordinary loss		
Loss on valuation of shares of subsidiaries and associates	105	
Provision for loss on guarantees of subsidiaries and associates	438	
Provision for loss on business of subsidiaries and associates	336	
Provision of allowance for doubtful accounts	40	921
Loss before income taxes		(239)
Income taxes - current	163	
Income taxes - deferred	(466)	(303)
Net profit		63

Non-consolidated Statement of Changes in Equity
(January 1, 2024 - December 31, 2024)

(Million yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,669	116	4,817	4,933	(520)	(520)	(0)	13,082
Changes in items during period								
Issuance of new shares	66	66		66				132
Net profit					63	63		63
Net changes in items other than shareholders' equity							(0)	(0)
Total changes in items during period	66	66	—	66	63	63	(0)	196
Balance at end of current period	8,735	182	4,817	4,999	(456)	(456)	(0)	13,278

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	5	5	—	13,087
Changes in items during period				
Issuance of new shares				132
Net profit				63
Net changes in items other than shareholders' equity	(3)	(3)	130	127
Total changes in items during period	(3)	(3)	130	323
Balance at end of current period	1	1	130	13,410

Notes to the Non-consolidated Financial Statements

1. Notes on Significant Accounting Policies

(1) Accounting policy for measuring assets

(i) Accounting policy for measuring securities

a. Shares of subsidiaries and associates

Stated at cost by the moving-average method

b. Available-for-sale securities

Securities other than shares, etc., that do not have a market price

Stated at fair value (the amount of valuation difference is directly included in net assets, and the cost of sold securities is calculated mainly based on the moving-average method)

Shares, etc., that do not have a market price

Stated at cost by the moving-average method

With regard to investments in investment limited partnerships and similar partnerships (items deemed to be securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), net amounts equivalent to equity interests are recognized based on the latest financial statements available according to the financial reporting date stipulated in the partnership agreement.

(ii) Accounting policy and method for inventories

Supplies

Specific identification 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	3-20 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.

(iii) Provision for loss on guarantees of subsidiaries and associates

To prepare for losses from guarantees and other commitments for subsidiaries and associates, an expected amount of losses is recorded based on the assessment of their financial conditions and related factors.

(iv) Provision for loss on business of subsidiaries and associates

To prepare for business losses by subsidiaries and associates, the amount deemed necessary is recorded based on the assessment of their financial conditions and related factors.

(4) Revenue and expense recognition standards

The details of the main performance obligations in the major businesses of the Company and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

(BASE Business)

The revenue is mainly composed of payment processing commissions and service commissions charged based on payment amounts at the BASE shops. A performance obligation is deemed to be satisfied when the purchaser buys goods and completes the payment at the shop, and revenue is recognized in the amount of the commission and others calculated by multiplying the payment amount by a certain rate. For fixed monthly service commissions in the Monthly-Fee Plan, a performance obligation is satisfied by providing the service over the contract duration, and revenue is recorded over the time.

(YELL BANK Business)

The revenue is mainly composed of service commissions charged on funds provided to BASE shop operators. Revenue is recognized when the funds are collected from the service users, in the amount of the commission calculated by multiplying the total amount of funds by a certain rate.

(5) 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

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen using the spot exchange rate at the account closing date, and translation differences are accounted for as profit or loss.

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.

2. Notes on Accounting Estimates

(1) Valuation of investment and lending of subsidiaries and associates

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

Shares of subsidiaries and associates	246 million yen
Short-term loans receivable from subsidiaries and associates	40 million yen
Allowance for doubtful accounts	40 million yen
Provision for loss on guarantees of subsidiaries and associates	438 million yen
Provision for loss on business of subsidiaries and associates	336 million yen
Loss on valuation of shares of subsidiaries and associates	105 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.

Regarding provisions, estimated loss amounts are recorded following the statement outlined in "1. Notes on Significant Accounting Policies (3) Accounting policy for provisions."

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 recoverability of deferred tax assets

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

Deferred tax assets 466 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.

3. Notes on Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 151 million yen

(2) Overdraft agreements and commitment line agreements

The Company has entered into overdraft agreements and commitment line agreements with six 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	11,500 million yen
Total amount of commitment lines	1,000 million yen
Balance of executed loans	－ million yen
Difference	12,500 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.)

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.

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

Short-term monetary claims to subsidiaries and associates 190 million yen

(4) Guarantee Obligations

The Company provided guarantees of the following subsidiary to its business partners.

PAY, Inc. 2,606 million yen

4. Notes on Non-consolidated Statement of Income

Amounts of transactions with subsidiaries and associates

Operating transactions 1 million yen

Transactions other than operating transactions 0 million yen

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

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

Common shares 36,542 shares

6. 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, software, impairment losses, asset retirement obligations, provision for loss on guarantees of subsidiaries and associates, provision for loss on business of subsidiaries and associates, and disallowed allowance for doubtful accounts. As a result of considering factors such as recoverability, a valuation allowance has been posted for items deemed uncollectible.

7. 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	Guarantee (Note 1)	2,606	—	—
Subsidiary	want.jp Inc.	The Company directly holds 94.2%	Interlocking officers	Lending funds Collecting loans Receiving interest (Note 2, 3)	40 — 0	Other	40
				Guarantee (Note 1, 4)	438	—	—

(Note 1) The guarantees relate to the obligations of our business partners. The transaction amount is the guaranteed balance at the end of the current period. The Company does not receive any guarantee fees.

(Note 2) The Company makes decisions on lending funds taking into account the market interest rates.

(Note 3) Allowance for doubtful accounts in the amount of 40 million yen has been established for lending funds to want.jp Inc. Additionally, provision of allowance for doubtful accounts in the amount of 40 million yen is recorded in the fiscal year under review.

(Note 4) The Company provides guarantees for borrowings from financial institutions and for corporate bonds of want.jp Inc. The amount of guarantees corresponds to the balance as of December 31, 2024.
Regarding guarantees, provision for loss on guarantees of subsidiaries and associates amounting to 438 million yen has been recognized. During the fiscal year under review, provision for loss on guarantees of subsidiaries and associates amounting to 438 million yen is recorded. Additionally, provision for loss on business of subsidiaries and associates amounting to 336 million yen is recorded for the aforementioned company.

8. Notes on Per Share Information

(1) Net assets per share 114.14 yen

(2) Net profit per share 0.55 yen

Independent Auditor's Audit Report on the Consolidated Financial Statements

Independent Auditor's Report

February 13, 2025

To: The Board of Directors of
BASE, Inc.

KPMG AZSA LLC
Tokyo Office

Hiroto Yamane
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Masateru Sadakuni
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 444, Paragraph 4 of the Companies Act, the consolidated financial statements of BASE, Inc., namely, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to the consolidated financial statements for the consolidated fiscal year from January 1, 2024 to December 31, 2024.

In our opinion, the above consolidated financial statements, which were prepared in accordance with accounting principles generally accepted in Japan, present fairly, in all material respects, the assets and profit and loss during the period related to the said consolidated financial statements of the corporate group consisting of Base, Inc. and its consolidated subsidiaries.

Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of this report. We are independent from the Company and its consolidated subsidiaries in accordance with the ethical requirements in Japan, and we have fulfilled other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplemental schedules. Management is responsible for the preparation and presentation of the other information. Corporate Auditors and the Board of Auditors are responsible for overseeing the directors' performance of their duties related to the design, implementation, and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditors and the Board of Auditors for the Consolidated Financial Statements

Management is responsible for preparing and appropriately presenting consolidated financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes establishing and operating internal control that management deems necessary to prepare and appropriately represent the consolidated financial statements without any material misstatement caused by fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to the going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The corporate Auditors and the Board of Auditors are responsible for overseeing the directors' performance of their duties related to establishing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain, based on the audit that we conduct, reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement caused by fraud or error, and to express our opinion from an independent perspective on the consolidated financial statements in an auditor's report. Misstatements can arise from fraud or error and are considered material if they, individually or collectively, could reasonably be expected to influence the decision making of the users of the consolidated financial statements.

In accordance with the auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Audit procedures are selected and applied at our discretion. We also obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies and their application method used by management and the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is significant uncertainty in regard to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If there is significant uncertainty concerning the premise of a going concern, we are required to draw attention in our auditor's report to the related notes in the consolidated financial statements or, if such notes are inadequate, to issue a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and notes of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, and evaluate the overall presentation, structure, and content of the consolidated financial statements, including the relevant notes, and whether the consolidated financial statements fairly represent the transactions and events on which they are based.
- Plan and conduct an audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries. This audit evidence will serve as a foundation for expressing opinions on the consolidated financial statements. We are responsible for the direction, supervision, and inspection of the audit on the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the corporate Auditors and the Board of Auditors regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards.

We also report to the corporate Auditors and the Board of Auditors that we have complied with the relevant ethical requirements in Japan regarding independence, as well as the matters that might reasonably be considered to impact our independence, and, where applicable, the details of any measures applied to eliminate obstacles or the safeguards in place to mitigate such obstacles to acceptable levels.

Conflicts of Interest

There are no conflicts of interest between the Company and its consolidated subsidiaries and the auditor or its engagement partners that should be described in accordance with the provisions of the Certified Public Accountants Act.

END

Independent Auditor's Audit Report on the Non-consolidated Financial Statements

Independent Auditor's Report

February 13, 2025

To: The Board of Directors of
BASE, Inc.

KPMG AZSA LLC
Tokyo Office

Hiroto Yamane
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Masateru Sadakuni
Certified Public Accountant
Designated Limited Liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, the financial statements of BASE, Inc., namely, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements, and supplementary schedules attached thereto (hereafter the "financial statements") for the 12th fiscal year from January 1, 2024 to December 31, 2024.

In our opinion, the above financial statements, which were prepared in accordance with accounting principles generally accepted in Japan, present fairly, in all material respects, the assets and profit and loss during the period related to the said financial statements.

Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are independent from the Company in accordance with the ethical requirements in Japan, and we have fulfilled other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplemental schedules. Management is responsible for the preparation and presentation of the other information. Corporate Auditors and the Board of Auditors are responsible for overseeing the directors' performance of their duties related to the design, implementation, and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditors and the Board of Auditors for the Financial Statements

Management is responsible for preparing and appropriately presenting financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes establishing and operating internal control that management deems necessary to prepare and appropriately represent the financial statements without any material misstatement caused by fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements in accordance with the premise of a going concern, and for disclosing matters relating to the going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The corporate Auditors and the Board of Auditors are responsible for overseeing the directors' performance of their duties related to establishing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibilities are to obtain, based on the audit that we conduct, reasonable assurance about whether the financial statements as a whole are free from material misstatement caused by fraud or error, and to express our opinion from an independent perspective on the financial statements in an auditor's report. Misstatements can arise from fraud or error and are considered material if they, individually or collectively, could reasonably be expected to influence the decision making of the users of the financial statements.

In accordance with the auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Audit procedures are selected and applied at our discretion. We also obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies and their application method used by management and the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is significant uncertainty in regard to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If there is significant uncertainty concerning the premise of a going concern, we are required to draw attention in our auditor's report to the related notes in the financial statements or, if such notes are inadequate, to issue a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and notes of the financial statements are in accordance with accounting principles generally accepted in Japan, and evaluate the overall presentation, structure, and content of the financial statements, including the relevant notes, and whether the financial statements fairly represent the transactions and events on which they are based.

We communicate with the corporate Auditors and the Board of Auditors regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards.

We also report to the corporate Auditors and the Board of Auditors that we have complied with the relevant ethical requirements in Japan regarding independence, as well as the matters that might reasonably be considered to impact our independence, and, where applicable, the details of any measures applied to eliminate obstacles or the safeguards in place to mitigate such obstacles to acceptable levels.

Conflicts of Interest

There are no conflicts of interest between the Company and the auditor or its engagement partners that should be described in accordance with the provisions of the Certified Public Accountants Act.

END

Board of Auditors' Audit Report

Board of Auditors' Audit Report

With respect to the performance of duties by Directors during the 12th fiscal year from January 1, 2024 to December 31, 2024, the Board of Auditors has examined the reports from each Auditor and prepared this Audit Report as follows:

1. Method and details of the audit by Auditors and the Board of Auditors

(1) The Board of Auditors determined the auditing policy, the division of duties, and other relevant matters, received reports from the Auditors on the progress and the results of the audit, received reports from the Directors and the Accounting Auditor on the status of the performance of duties, and requested explanations when necessary.

(2) In compliance with the rules for auditing by Auditors and in accordance with the auditing policies and the division of duties determined by the Board of Auditors, the Auditors communicated with Directors and employees of the internal auditing and other divisions, made efforts to collect information and establish the audit environment, and performed the audit using the following methods:

(i) The Auditors attended the meetings of the Board of Directors and other important meetings, received reports from Directors, employees, etc. on the performance of their duties, requested explanations when necessary, reviewed documents of important decisions, etc. and investigated the status of business operations and assets at the headquarters and major business locations. Further, as to the subsidiaries, the Auditors communicated and exchanged information with their Directors and Auditors, and received their business reports when necessary.

(ii) The Auditors have received regular reports from Directors, employees, etc., requested explanations as necessary and expressed opinions on the details of resolutions made by the Board of Directors concerning the establishment of systems to ensure that the performance of duties by the Directors, which are described in the business report, are compliant with the laws and regulations of Japan and with the Company's Articles of Incorporation and other systems provided in Article 100, paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act to ensure that the operations of the corporate group consisting of the Company and its affiliated companies will be conducted appropriately, as well as the status of construction and operation of such systems established by such resolutions (internal control system).

(iii) The Auditors monitored and verified whether or not the Accounting Auditor maintained its independence and appropriately performed audits, received reports from the Accounting Auditor on the progress of its duties, and requested explanations when necessary. The Auditors also received notification from the Accounting Auditors that they have taken steps to establish the "System to Ensure Appropriate Execution of the Duties of the Accounting Auditors" (as enumerated in each item of Article 131 of the Regulation on Corporate Accounting) in compliance with the "Quality Control Standards Relating to Auditing" (Business Accounting Council), etc. When necessary, the Auditors requested explanations on such notifications.

Based on the methods described above, the Auditors examined the Business Report and supplementary schedules attached thereto, the financial statements (the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements) and supplementary schedules attached thereto, and the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to the consolidated financial statements), for the fiscal year under review.

2. Audit results

(1) Audit results of the Business Report, etc.

(i) The Board of Auditors finds that the Business Report and supplementary schedules attached thereto fairly present the situation of the Company in accordance with laws and regulations and the Articles of Incorporation.

(ii) The Board of Auditors acknowledges that there is no fraudulent act or fact of a material breach of applicable laws and regulations or the Articles of Incorporation with respect to the performance of duties by Directors.

(iii) The Board of Auditors finds the details of the resolution of the meeting of the Board of Directors concerning the internal control system to be adequate. In addition, the Board of Auditors acknowledges that there is no matter that needs to be indicated with respect to the contents of the Business Report concerning the internal control system and the performance of duties by Directors.

(2) Audit results of financial statements and supplementary schedules attached thereto

The Board of Auditors finds the method and results of the audit by the Accounting Auditor, KPMG AZSA LLC, to be adequate.

(3) Audit results of consolidated financial statements

The Board of Auditors finds the method and results of the audit by the Accounting Auditor, KPMG AZSA LLC, to be adequate.

February 14, 2025

Board of Auditors, BASE, Inc.

Fumio Utagawa, Full-time Auditor (Outside Auditor)

Yohei Yamaguchi, Outside Auditor

Chie Hoshi, Outside Auditor