

Compensation Policy for Unauthorized Transactions in the Funds Transfer Service

1. Unauthorized Use Compensation System

To ensure our customers can use our Funds Transfer Service (hereinafter referred to as “the Remittance Service”) with peace of mind, we have established the following policy regarding compensation for those who have suffered damages from unauthorized use of the Remittance Service. This policy is applied in conjunction with our Smiles-Terms of Money Transfer (hereinafter referred to as “the Terms of Service”).

2. Basic Policy on Compensation

The Company shall handle losses arising from instructions given by a person who is not authorized to act against the will of a member of this remittance service (hereinafter, a “User”), as well as damages arising from malicious third parties fraudulently impersonating a User and engaging in unauthorized use such as opening an account, changing registered information, or closing an account (collectively, the “Covered Losses”), in accordance with this Policy and the Terms of Service, as set forth below.

(1) Basic Principle

With respect to losses incurred by a legitimate User in connection with the use of the Remittance Service (including, but not limited to, unauthorized remittances resulting from unauthorized access by a third party, impersonation, or theft of passwords), the Company shall not provide any compensation whatsoever unless intent or negligence on the part of the Company is clearly present.

(2) Compensation by the Company

If the Company determines that unauthorized use has occurred due to a clear cause attributable to the Company, the Company shall compensate the User, in accordance with Article 3 of this Policy, for direct and ordinary damages suffered by such User. Provided,

however, that if intent or negligence on the part of the legitimate User is found in relation to the occurrence of the Covered Losses, the Company shall determine the amount of compensation on an individual basis after comprehensively taking into account the circumstances surrounding the occurrence of the Covered Losses, the degree of the User's cooperation in the related investigation, and the respective degree of fault.

(3) Exclusions from Compensation

Notwithstanding the preceding paragraph, the following cases shall be excluded from compensation for the Covered Losses.

- Where the cases that fall under the provisions of the [Liability Exemptions] clauses of the Terms of Service.
- Where the user has received compensation, reimbursement, or recovery of unjust enrichment from a third party relating to such losses.

3. Compensation Procedures

(1) Notification of Loss

If a user becomes aware of Covered Damages, they must notify the Company within 60 days of the date of discovery (or the date of the last loss if there have been multiple, continuous losses). The user must also promptly report the incident to the police and cooperate with the Company's investigation.

(2) Information to be Reported

After notifying the Company, the user must promptly submit a report with the following details and necessary documents, in accordance with the Company's instructions:

- Amount and date of the loss

- Circumstances of the loss (including the management status of ID, password, the Company's remittance app, mobile device, etc.)
- Status of the police report (e.g., report number)
- Any other information deemed necessary by the Company for the investigation

(3) Implementation of Compensation

The Company will determine the eligibility for and amount of compensation based on the submitted report and the results of the investigation. If compensation is to be provided, it will generally be implemented within 30 days of the investigation's completion, using a method prescribed by the Company.

4. Direct Claims in the Event of Bankruptcy

In accordance with the revised Payment Services Act (effective 2025), if the Company becomes bankrupt, users can directly claim compensation from the guaranteeing institution or trustee with which the Company has a contract (see Articles 44 and 45 of the Act and Articles 45-3 to 45-5 of the revised Act).

5. Contact for Inquiries Regarding Compensation

Inquiry Desk:

Digital Wallet Corporation, Customer Center

3-6, Kioicho, Chiyoda-ku, Tokyo 102-0094

Contact: Email: remit.support@digitalwallet.co.jp

6. Dispute Resolution Bodies

For disputes related to this policy, you may use the following designated dispute resolution bodies as stipulated in the Terms of Service [Financial ADR Complaint Handling and Dispute Resolution Measures]:

- 東京弁護士会紛争解決センター (Tokyo Bar Association Dispute Resolution Center)
Phone: 03-3581-0031
- 第一東京弁護士会仲裁センター (Dai-ichi Tokyo Bar Association Arbitration Center)
Phone: 03-3595-8588
- 第二東京弁護士会仲裁センター (Dai-ni Tokyo Bar Association Arbitration Center)
Phone: 03-3581-2249

7. Criteria for Public Disclosure of Unauthorized Transactions

In accordance with Article 54 of the Payment Services Act, we will report the details of any unauthorized transactions to the authorities upon request. Furthermore, depending on the nature of the unauthorized transaction, if we deem it necessary to prevent the spread of damages (secondary damages), we will promptly disclose the necessary information.

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Digital Wallet Corporation