

Quarterly Securities Report

(The third quarter of the 44th fiscal year)

ACOM CO., LTD.

Quarterly Securities Report

1. This document has been outputted and printed by adding a table of contents and page numbers to the data contained in the quarterly securities report which has been submitted through the usage of Electronic Disclosure for Investors' NETwork (EDINET) that is stipulated in Article 27-30-2 of the Financial Instruments and Exchange Act of Japan.

This document is a translation of the Third Quarter Securities Report (original text: Japanese) submitted to the Prime Minister pursuant to Article 24-4-7 of the Financial Instruments and Exchange Act. It does not bear any responsibility pertaining to the aforementioned Financial Instruments and Exchange Act regarding the content of the English text. We recommend that the determination of the authenticity of the content be based on the Japanese text of the Third Quarter Securities Report.

Contents

[Cover]	1
Part I Information on the Company	2
I. Overview of the Company	2
1. Key Financial Data and Trends	2
2. Description of Business	2
II. Business Overview	3
1. Risks Related to Business	3
2. Analyses of Consolidated Business Results, Financial Position and Cash Flows by the Corporate Managers	3
3. Material Business Agreements, etc.	5
III. Information on the Filing Company.....	6
1. Information on the Company’s Shares.....	6
2. Directors.....	7
IV. Financial Information	8
1. Quarterly Consolidated Financial Statements	9
2. Others	22
Part II Information on Guarantors for the Filing Company	23

[Cover]

[Document Submitted]	Quarterly Securities Report (“Shihanki-Hokokusho”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	February 15, 2021
[Quarterly Accounting Period]	Third Quarter of the 44th Fiscal Year (from October 1, 2020, to December 31, 2020)
[Company Name]	ACOM Kabushiki-Kaisha
[Company Name in English]	ACOM CO., LTD. (the “Company”)
[Position and Name of Representative]	Shigeyoshi Kinoshita, Chairman, President & CEO
[Location of Head Office]	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-5533-0811 (main)
[Contact for Communications]	Akifumi Kinoshita, Chief General Manager of Treasury Department
[Nearest Contact]	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
[Phone No.]	03-5533-0811 (main)
[Contact for Communications]	Akifumi Kinoshita, Chief General Manager of Treasury Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data and Trends

(Millions of yen, unless otherwise stated)

Fiscal period	For the nine months ended December 31, 2019	For the nine months ended December 31, 2020	43rd fiscal year
Period of account	From April 1, 2019 to December 31, 2019	From April 1, 2020 to December 31, 2020	From April 1, 2019 to March 31, 2020
Operating revenue	208,986	201,021	279,510
Ordinary profit	74,769	82,889	75,104
Profit attributable to owners of parent	64,702	66,188	59,600
Comprehensive income	73,528	62,990	70,918
Net assets	445,106	496,137	442,496
Total assets	1,272,413	1,205,021	1,282,389
Basic earnings per share (yen)	41.30	42.25	38.04
Diluted earnings per share (yen)	—	—	—
Shareholders' equity ratio (%)	32.99	38.90	32.39

Fiscal period	For the third quarter of the 43rd fiscal year	For the third quarter of the 44th fiscal year
Period of account	From October 1, 2019 to December 31, 2019	From October 1, 2020 to December 31, 2020
Basic earnings per share (yen)	12.51	14.48

- (Notes)
1. Operating revenue is presented exclusive of consumption tax, etc.
 2. Key financial data and trends of the Filing Company are not stated since the Filing Company has prepared its quarterly consolidated financial statements.
 3. "Diluted earnings per share" is not shown since there was no dilutive security.

2. Description of Business

During the nine months ended December 31, 2020, there was no material change in the businesses conducted by the Company Group (the Company and its subsidiaries and affiliates).

There was no change in the status of the Company's major subsidiaries and affiliates either.

II. Business Overview

1. Risks Related to Business

There were no significant events or conditions which may cast significant doubt about the going-concern assumption, or other events having material impact on the Company's operations, during the nine months ended December 31, 2020.

There were no significant changes to the "Risks Related to Business" described in the Securities Report for the prior fiscal year.

Close attention will be paid to the further spread of COVID-19 infections, a situation that could have an impact on the Group's business performance.

2. Analyses of Consolidated Business Results, Financial Position and Cash Flows by the Corporate Managers

(1) Analysis of business results

During the nine months ended December 31, 2020, the Japanese economy remained, as in the six months ended September 30, 2020, under preventive measures against COVID-19 infections in order to sustain social and economic activities, and the situation remained uncertain with the ongoing possibility of a re-spread of the infection. Meanwhile, overseas economy remained harshly restrained due in part to the impact of limitations in activities, though situations differ from country to country.

In the nonbank business sector, the market is contracting as a result of a decrease in consumer spending due to the impact of the spread of COVID-19 infection, and while consumer sentiment has begun to show signs of recovery, buoyed in part by the effects of the various economic policies, the outlook has become uncertain due to the second declaration of a state of emergency. Although requests for interest repayment have steadily decreased, future trends need to be closely monitored on an ongoing basis, as requests for interest repayment are susceptible to the impacts of changes in the external environment.

In such an environment, the Company Group will continue its operating activities while paying due attention to the safety of customers and employees, and will provide flexible and courteous support for repayment, etc.

The Company Group has upheld its management vision of "strive to become the leading company in personal loan market which provides prime satisfaction to the utmost number of customers and win their trust in return." The target of achieving a "balance of 2.5 trillion yen in the total three core businesses" at the end of the fiscal year ending March 31, 2022, as set out in the medium-term management plan, is becoming extremely difficult amid the spread of COVID-19 infection and other changes in the external environment. Nonetheless, the Company Group will continue endeavoring to achieve the goals of the medium-term management plan under a medium-term management policy of "with expeditious reactions to environmental changes, ACOM will strive for sustainable growth and increasing corporate value, while creating services which exceed customers' expectations."

Consolidated operating revenue for the nine months ended December 31, 2020, decreased to 201,021 million yen (down 3.8% year-on-year). This is attributable to: the decreases in accounts receivable - operating loans and guaranteed receivables due to the spread of COVID-19 which led to decreases in interest on operating loans and revenue from credit guarantee; and the effect of the exclusion of PT. Bank Nusantara Parahyangan, Tbk. from the scope of consolidation upon sales of all its shares held by the Company in April 2019. Operating expenses, on the other hand, decreased to 119,143 million yen (down 10.8% year-on-year), mainly due to decreases in provision of allowance for doubtful accounts and allowance for loss on guarantees resulting from decreases in accounts receivable - operating loans and guaranteed receivables, a decrease in advertising expenses resulting from curtailed advertisement for gathering and acquiring new customers associated with the partial reduction in operating activities in response to commuting controls requested by the government. As a result, operating profit increased to 81,878 million yen (up 8.6% year-on-year), ordinary profit increased to 82,889 million yen (up 10.9% year-on-year), and profit attributable to owners of parent increased to 66,188 million yen (up 2.3% year-on-year).

Business results for each segment are as follows:

1) Loan and credit card business

In the domestic loan and credit card business, new lending to and additional borrowing by customers saw drastic decrease following decline in the demand for funds associated with voluntary restrictions in economic activities amid the growing impact of COVID-19 infection. Accordingly, accounts receivable - operating loans amounted to 787,109 million yen as of December 31, 2020 (down 5.8% year-on-year, down by 6.4% from the prior fiscal year-end), and accounts receivable - installment, which increased steadily in

the previous fiscal year, slackened its pace, amounting to 77,216 million yen (up 6.9% year-on-year, up 2.9% from the prior fiscal year-end).

As a result, the business segment's operating revenue was 109,381 million yen (down 2.5% year-on-year) for the nine months ended December 31, 2020, mainly due to the decreases in interest on operating loans in accordance with a decrease in accounts receivable - operating loans. However, operating profit was 44,391 million yen (up 16.5% year-on-year), buoyed by significant year-on-year decreases in provision for bad debts and advertising expenses under operating expenses.

2) Guarantee business

In the guarantee business, spread of COVID-19 caused adverse impacts. The total balance of guaranteed receivables in the guarantee operation of the Company and MU Credit Guarantee Co., LTD. was 1,169,373 million yen as of December 31, 2020 (down 4.1% year-on-year, down 5.2% from the prior fiscal year-end).

As a result, the business segment's operating revenue was 48,245 million yen (down 5.5% year-on-year) for the nine months ended December 31, 2020, due primarily to a decrease in revenue from credit guarantee attributable to a decrease in the balance of guaranteed receivables, whereas operating profit was 19,957 million yen (up 0.9% year-on-year), buoyed by a significant year-on-year decrease in provision for bad debts.

3) Overseas financial business

In the overseas financial business, the Company Group temporarily closed its operating outlets and took other measures in accordance with requests from local governments amid the growing global impact of COVID-19.

As a result, the business segment's operating revenue amounted to 39,573 million yen (down 5.3% year-on-year) while operating profit amounted to 16,740 million yen (down 0.9% year-on-year) for the nine months ended December 31, 2020, due to the followings. The exclusion of PT. Bank Nusantara Parahyangan, Tbk. in the Republic of Indonesia from the scope of consolidation upon sales of all its shares held by the Company resulted in decreases in operating revenue, operating expenses and operating profit. Meanwhile, EASY BUY Public Company Limited in the Kingdom of Thailand recorded a decrease in operating profit, owing to the decline in operating revenue due primarily to a drop in interest on operating loans led by lowered maximum interest rate in accordance with an order issued by Bank of Thailand and exchange fluctuation.

4) Loan servicing business

In the loan servicing business, the Company Group has been making efforts to strengthen its business structure and increase profitability while paying due attention to the safety of customers and employees amid the growing impact of COVID-19.

As a result, the business segment's operating revenue was 3,827 million yen (down 3.6% year-on-year) for the nine months ended December 31, 2020, mainly due to a decrease in amount of collection from purchased receivables, while operating profit was 559 million yen (up 9.1% year-on-year) primarily due to a decline in cost of purchased receivables.

(2) Analysis of financial position

Compared with the end of the prior fiscal year, total assets decreased by 77,367 million yen, whereas net assets increased by 53,640 million yen as of December 31, 2020. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets decreased by 72,545 million yen and non-current assets decreased by 4,821 million yen. Consequently, total assets decreased by 77,367 million yen. The breakdown of major changes in current assets is as follows: cash and deposits (down 7,271 million yen), accounts receivable - operating loans (down 70,285 million yen) and accounts receivable - installment (up 2,029 million yen). The breakdown of major decreases in non-current assets is as follows: deferred tax assets (down 3,134 million yen). The combined total of allowance for doubtful accounts recorded under current assets and non-current assets decreased by 8,614 million yen.

(Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were a decrease of 49,446 million yen and a decrease of 81,562 million yen, respectively, resulting in a decrease of 131,008 million yen in total liabilities. The breakdown of major decreases in liabilities includes: the outstanding

balance of funds procured mainly in the form of loans and bonds payable (down 101,236 million yen) and provision for loss on interest repayment (down 22,687 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 58,355 million yen mainly due to an increase in retained earnings, accumulated other comprehensive income decreased by 4,926 million yen due in part to a decrease in foreign currency translation adjustment, and non-controlling interests increased by 212 million yen. As a result, total net assets increased by 53,640 million yen, and the shareholders' equity ratio increased by 6.5 percentage points to 38.9%.

(3) Business and financial issues to address

The nine months ended December 31, 2020, saw no significant change in business and financial issues to address, or presented new issue that the Company needed to address.

(4) Research and development activities

Not applicable

3. Material Business Agreements, etc.

During the current third quarter, no material business agreement, etc. was finalized or concluded.

III. Information on the Filing Company

1. Information on the Company's Shares

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued
Common stock	5,321,974,000
Total	5,321,974,000

2) Total number of shares issued

Class	As of the end of the current third quarter (December 31, 2020)	As of the submission date (February 15, 2021)	Stock exchange on which the Company is listed	Description
Common stock	1,596,282,800	1,596,282,800	First Section of the Tokyo Stock Exchange	These are the Company's standard shares with no restricted rights. One unit of stock constitutes 100 common shares.
Total	1,596,282,800	1,596,282,800	—	—

(2) Status of the stock acquisition rights

1) Details of stock option plans

Not applicable

2) Other stock acquisition rights

Not applicable

(3) Status in the exercise of bonds with stock acquisition rights with exercise price amendment

Not applicable

(4) Changes in the total number of shares issued and the amount of capital stock and other

(Millions of yen, unless otherwise stated)

Period	Changes in the total number of shares issued (Thousands of shares)	Balance of the total number of shares issued (Thousands of shares)	Changes in capital stock	Balance of capital stock	Changes in legal capital surplus	Balance of legal capital surplus
From October 1, 2020 to December 31, 2020	—	1,596,282	—	63,832	—	72,322

(5) Major shareholders

No entry is made, since the current quarter was the third quarter.

(6) Status of voting rights

Details of registered shareholders as of December 31, 2020, have not yet been confirmed, and therefore we are unable to present the status of voting rights on that date. The information regarding voting rights presented below relates to the shareholders registered as of September 30, 2020.

1) Issued shares

As of September 30, 2020

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury stock, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 29,668,700	—	—
Shares with full voting rights (others)	Common stock 1,566,595,900	15,665,959	—
Shares less than one unit	Common stock 18,200	—	—
Total number of shares issued	1,596,282,800	—	—
Total voting rights held by all shareholders	—	15,665,959	—

- (Notes) 1. The number of shares of common stock in the “Shares with full voting rights (others)” box includes 3,000 shares (30 units of voting rights) held by Japan Securities Depository Center, Inc.
2. The number of shares of common stock in the “Shares less than one unit” box includes 2 shares of treasury stock held by the Company.

2) Treasury stock, etc.

As of September 30, 2020

Shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total (Shares)	Percentage of shares held to the total number of issued shares (%)
(Treasury stock) ACOM CO., LTD.	1-1, Marunouchi 2-chome, Chiyoda- ku, Tokyo	29,668,700	—	29,668,700	1.85
Total	—	29,668,700	—	29,668,700	1.85

2. Directors

There was no change in directors for the nine months ended December 31, 2020, after the filing date of the securities report for the prior fiscal year.

IV. Financial Information

1. Basis of preparation of the quarterly consolidated financial statements

The quarterly consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64, 2007) and the “Ordinance on Reorganization of Accounting Methods for Special Finance Corporations, etc.” (Ordinance of General Administrative Agency of the Cabinet/the Finance Ministry No. 32 of 1999).

2. Audit and review reports

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, the Company’s quarterly consolidated financial statements for the current third quarter (from October 1, 2020, to December 31, 2020) and for the nine months ended December 31, 2020 (from April 1, 2020, to December 31, 2020) were reviewed by Deloitte Touche Tohmatsu LLC.

1. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2020)		Current third quarter (As of December 31, 2020)	
Assets				
Current assets				
Cash and deposits		82,545		75,273
Accounts receivable - operating loans	*2	1,041,711	*2	971,425
Accounts receivable - installment		75,726		77,756
Purchased receivables		9,188		9,143
Raw materials and supplies		42		34
Other		87,162		81,635
Allowance for doubtful accounts		(82,974)		(74,412)
Total current assets		1,213,402		1,140,856
Non-current assets				
Property, plant and equipment				
Buildings and structures, net		3,516		3,262
Equipment, net		7,606		7,494
Land		3,123		2,881
Other, net		910		625
Total property, plant and equipment		15,156		14,263
Intangible assets				
Goodwill		2,436		1,899
Software		5,056		4,942
Other		49		48
Total intangible assets		7,542		6,891
Investments and other assets				
Investment securities		1,165		1,203
Retirement benefit asset		2,379		2,766
Deferred tax assets		33,835		30,700
Guarantee deposits		5,041		5,092
Other	*2	4,839	*2	4,167
Allowance for doubtful accounts		(973)		(921)
Total investments and other assets		46,287		43,009
Total non-current assets		68,986		64,165
Total assets		1,282,389		1,205,021

(Millions of yen)

	Prior fiscal year (As of March 31, 2020)	Current third quarter (As of December 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	682	747
Short-term borrowings	15,330	9,822
Commercial papers	29,998	—
Current portion of long-term borrowings	91,048	78,784
Current portion of bonds payable	48,026	53,030
Income taxes payable	7,888	3,885
Provision for loss on guarantees	*1 9,475	*1 8,045
Asset retirement obligations	32	259
Deferred installment income	36	21
Other	14,173	12,652
Total current liabilities	216,694	167,248
Non-current liabilities		
Bonds payable	196,300	168,390
Long-term borrowings	333,388	302,830
Provision for retirement benefits for directors (and other officers)	28	—
Provision for loss on interest repayment	87,600	64,912
Retirement benefit liability	676	671
Asset retirement obligations	4,375	4,010
Other	828	821
Total non-current liabilities	623,198	541,635
Total liabilities	839,892	708,884
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	73,549	73,549
Retained earnings	291,959	350,315
Treasury shares	(19,794)	(19,794)
Total shareholders' equity	409,547	467,902
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	6
Foreign currency translation adjustment	7,956	2,445
Remeasurements of defined benefit plans	(2,180)	(1,603)
Total accumulated other comprehensive income	5,775	848
Non-controlling interests	27,173	27,386
Total net assets	442,496	496,137
Total liabilities and net assets	1,282,389	1,205,021

(2) Quarterly Consolidated Statement of Income and
Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Operating revenue		
Interest on operating loans	131,731	127,381
Interest on loans of banking business	1,567	—
Revenue from credit card business	6,777	7,462
Revenue from installment sales finance business	48	44
Revenue from credit guarantee	45,015	42,189
Proceeds from purchased receivables	3,124	2,957
Other financial revenue	*1 198	*1 7
Other operating revenue	20,522	20,978
Total operating revenue	208,986	201,021
Operating expenses		
Financial expenses	*2 6,364	*2 4,539
Cost of purchased receivables	1,326	1,123
Other operating expenses	125,925	113,480
Total operating expenses	133,616	119,143
Operating profit	75,370	81,878
Non-operating income		
Interest income	52	1
Dividend income	25	25
Share of profit of entities accounted for using equity method	2	32
Rental income from buildings	194	139
Subsidy income	—	760
Other	84	102
Total non-operating income	359	1,061
Non-operating expenses		
Interest expenses	18	12
Foreign exchange losses	922	22
Loss on cancellation of insurance policies	6	11
Other	12	4
Total non-operating expenses	960	50
Ordinary profit	74,769	82,889

(Millions of yen)

	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	—	23
Gain on sales of shares of subsidiaries and associates	9,875	—
Total extraordinary income	9,875	23
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	121	99
Impairment loss	*3 2,370	*3 270
Loss on sales of investment securities	1	—
Merger expenses	*4 2,363	—
Other	1	0
Total extraordinary losses	4,859	369
Profit before income taxes	79,785	82,543
Income taxes - current	10,307	9,779
Income taxes - deferred	1,555	2,602
Total income taxes	11,862	12,381
Profit	67,922	70,161
Profit attributable to non-controlling interests	3,220	3,972
Profit attributable to owners of parent	64,702	66,188

(Quarterly Consolidated Statement of Comprehensive Income)
 Nine months ended December 31

(Millions of yen)

	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Profit	67,922	70,161
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	6
Foreign currency translation adjustment	5,292	(7,764)
Remeasurements of defined benefit plans, net of tax	313	586
Total other comprehensive income	5,606	(7,171)
Comprehensive income	73,528	62,990
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	68,342	61,262
Comprehensive income attributable to non-controlling interests	5,185	1,728

[Notes]

(Additional Information)

<Adoption of tax effect accounting relating to a transition from the consolidation taxation system to the group tax sharing system>

As for the transition to the group tax sharing system established in the “Act for Partial Amendment to the Income Tax Act, etc. (Act No. 8 of 2020)” as well as the items reviewed under the non-consolidated taxation system in conjunction with the transition to the group tax sharing system, the Company and its domestic consolidated subsidiaries have not applied the provision of Paragraph 44 of the “Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28; February 16, 2018),” in accordance with the treatment under Paragraph 3 of the “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39; March 31, 2020).” The amounts of deferred tax assets and deferred tax liabilities are calculated based on the provisions of the Income Tax Act before the revision.

<Accounting estimates regarding the impact of COVID-19 infections>

There were no significant changes in the assumptions regarding the status of COVID-19 infections or its impact on economy described in “(Additional Information) <Accounting estimates regarding the impact of COVID-19 infections>” in the Annual Securities Report for the prior fiscal year.

The estimates on recoverability of deferred tax assets were recalculated based on business performance forecasts, etc. released on October 23, 2020.

(Notes to Quarterly Consolidated Balance Sheet)

*1. Contingent liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2020)	Current third quarter (As of December 31, 2020)
Outstanding guarantee obligation in the guarantee business	1,233,228	1,169,373
Provision for loss on guarantees	9,475	8,045
Net	1,223,753	1,161,328

*2. Status of non-performing loans in accounts receivable - operating loans

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2020)	Current third quarter (As of December 31, 2020)
Loans to bankrupt parties	652	591
Loans in arrears	25,821	23,032
Loans overdue by three months or more	5,964	4,708
Restructured loans	31,862	33,981
Total	64,301	62,312

(Notes) 1. Loans to bankrupt parties refer to loans to bankrupt parties, parties in rehabilitation and reorganization, and others which are loans where interest is not accrued.

2. Loans in arrears refer to other loans where interest is not accrued, excluding loans on which interest payment is deferred for the purpose of reconstructing or assisting debtors.

3. Loans overdue by three months or more refer to loans other than the above that are overdue by three months or more.

4. Restructured loans refer to loans other than the above that are restructured by favorable terms for debtors, such as reduction or waiving of interest, in order to facilitate collection of an outstanding balance.

(Notes to Quarterly Consolidated Statement of Income)

*1. Major items of other financial revenue

	(Millions of yen)	
	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Interest on deposits	10	7
Interest on securities	11	0
Interest on loans	59	—
Interest on deposits with banks	43	—

*2. Major items of financial expenses

	(Millions of yen)	
	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Interest expenses	2,990	2,134
Interest on bonds	2,057	1,757
Amortization of bond issuance cost	72	6
Interest expenses of banking business	745	—

*3. The following losses on impairment of non-current assets are recorded.

For the nine months ended December 31, 2019 (from April 1, 2019, to December 31, 2019)

(1) Assets recognized as having suffered impairment

Location	Usage	Type
Chiyoda-ku, Tokyo	Idle assets (paintings)	Equipment

(2) Method of grouping assets

The smallest units the Group has adopted for the grouping of assets are as below:

(a) For the domestic loan and credit card business and guarantee business: each business

(b) For other financial businesses: each company

(c) For the overseas financial business: each company

For leasehold estate, property to be sold and idle assets, the smallest units are the individual assets themselves. Our headquarters and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.

(3) Process through which impairment loss was recognized

Some paintings (artworks) were designated as idle assets, as they were expected to have no future use due to layout changes in the head office building. The book values of these paintings were reduced to the recoverable amount and the amount of reduction was recognized as an impairment loss.

(4) Amount of impairment loss

Equipment 2,370 million yen

(5) Calculation method of recoverable amount

The recoverable amount of the idle assets is measured by net selling price and evaluated based on appraisal value.

For the nine months ended December 31, 2020 (from April 1, 2020, to December 31, 2020)

(1) Assets recognized as having suffered impairment

Location	Usage	Type
Yokohama-shi, Kanagawa	Properties to be sold	Land, buildings and structures, and equipment

(2) Method of grouping assets

The smallest units the Group has adopted for the grouping of assets are as below:

(a) For the domestic loan and credit card business and guarantee business: each business

(b) For other financial businesses: each company

(c) For the overseas financial business: each company

For leasehold estate, property to be sold and idle assets, the smallest units are the individual assets themselves. Our headquarters and welfare/leisure facilities for our employees are treated as common assets because they do not generate their own cash flows.

(3) Process through which impairment loss was recognized

An impairment loss was recognized on properties to be sold because the expected sale prices were significantly lower than the assets' book value.

(4) Amount of impairment loss

	(Millions of yen)
Land	241
Buildings and structures	28
Equipment	0
Total	270

(5) Calculation method of recoverable amount

The recoverable amount of the properties to be sold is measured by net selling price and evaluated based on the minimum limit of the appraised selling price.

*4. For the nine months ended December 31, 2019 (From April 1, 2019, to December 31, 2019)

Merger expenses under extraordinary loss includes retirement payments (2,158 million yen), office closing expenses (68 million yen) and inventory disposal expenses (136 million yen), which were recorded as expenses pertaining to merger between PT Bank Danamon Indonesia, Tbk. and PT. Bank Nusantara Parahyangan, Tbk., a former consolidated subsidiary of the Company.

For the nine months ended December 31, 2020 (From April 1, 2020, to December 31, 2020)

Not applicable

5. Basis for classification of financial revenue and financial expenses on quarterly consolidated statement of income is as follows:

(1) Financial revenue stated as operating revenue

Includes all financial revenue earned by the Company and its consolidated subsidiaries which engage in the financial service business, excluding dividends and interest on investment securities, etc.

(2) Financial expenses stated as operating expenses

Include all financial expenses spent by the Company and its consolidated subsidiaries which engage in the financial service business, excluding interest expenses, etc. which have no relationship to operating revenue.

(Notes to Quarterly Consolidated Statement of Cash Flows)

Quarterly Consolidated Statement of Cash Flows has not been prepared for the nine months ended December 31, 2020. The amounts of depreciation (including amortization of intangible assets except goodwill) and amortization of goodwill for the nine months are as follows.

	(Millions of yen)	
	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Depreciation and amortization	2,646	2,342
Amortization of goodwill	610	536

(Notes to Shareholders' Equity)

For the nine months ended December 31, 2019 (From April 1, 2019, to December 31, 2019)

1. Dividends paid

Resolution	Class of shares	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date	Sources of dividend
Ordinary General Meeting of Shareholders held on June 21, 2019	Common stock	1,566	1.00	March 31, 2019	June 24, 2019	Retained earnings
Board of Directors Meeting held on November 5, 2019	Common stock	3,133	2.00	September 30, 2019	December 6, 2019	Retained earnings

2. Dividends whose record date fell in the nine months ended December 31, 2019, but whose effective date was after December 31, 2019
Not applicable

For the nine months ended December 31, 2020 (From April 1, 2020, to December 31, 2020)

1. Dividends paid

Resolution	Class of shares	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date	Sources of dividend
Ordinary General Meeting of Shareholders held on June 23, 2020	Common stock	3,133	2.00	March 31, 2020	June 24, 2020	Retained earnings
Board of Directors Meeting held on November 5, 2020	Common stock	4,699	3.00	September 30, 2020	December 7, 2020	Retained earnings

2. Dividends whose record date fell in the nine months ended December 31, 2020, but whose effective date is after December 31, 2020
Not applicable

(Segments and related information)
 [Segment information]

I. For the nine months ended December 31, 2019 (From April 1, 2019, to December 31, 2019)

1. Operating revenue and profit or loss by reported segments

(Millions of yen)

	Reported segments					Others (Note)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	112,189	51,052	41,773	3,971	208,986	0	208,986
Revenues from transactions with other operating segments	—	—	—	—	—	51	51
Total	112,189	51,052	41,773	3,971	208,986	51	209,038
Segment profit	38,099	19,772	16,885	513	75,270	51	75,322

(Note) The “Others” category refers to operating revenue and profit which are not included in the reported segments.

2. Information about assets by reported segments

(Significant decreases in assets due to a decrease in the number of subsidiaries)

Segment assets in the “Overseas financial business” decreased by 52,349 million yen from the end of the prior fiscal year. This was mainly because the Company sold all holding shares of PT. Bank Nusantara Parahyangan, Tbk., which had been a consolidated subsidiary until the prior fiscal year, and thereby excluded that company from the scope of consolidation.

3. Reconciliation between the total segment profit or loss and operating profit in quarterly consolidated statement of income

Profit	Amount (Millions of yen)
Total reported segments	75,270
Profit of “Others” category	51
Elimination of intersegment transactions	11
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	37
Operating profit in quarterly consolidated statement of income	75,370

4. Information about impairment loss on non-current assets or goodwill, etc. of each reported segment

(Significant impairment loss on non-current asset)

The Company Group recognized Impairment loss on idle assets which are not allocated to the reported segments. The amount of such impairment loss was 2,370 million yen for the nine months ended December 31, 2019.

II. For the nine months ended December 31, 2020 (From April 1, 2020, to December 31, 2020)

1. Operating revenue and profit or loss by reported segments

(Millions of yen)

	Reported segments					Others (Note)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	109,375	48,245	39,573	3,827	201,021	0	201,021
Revenues from transactions with other operating segments	6	—	—	—	6	51	57
Total	109,381	48,245	39,573	3,827	201,027	51	201,079
Segment profit	44,391	19,957	16,740	559	81,649	51	81,701

(Note) The “Others” category refers to operating revenue and profit which are not included in the reported segments.

2. Information about assets by reported segments

Not applicable

3. Reconciliation between the total segment profit or loss and operating profit in quarterly consolidated statement of income

Profit	Amount (Millions of yen)
Total reported segments	81,649
Profit of “Others” category	51
Elimination of intersegment transactions	2
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	174
Operating profit in quarterly consolidated statement of income	81,878

4. Information about impairment loss on non-current assets or goodwill, etc. of each reported segment

(Significant impairment loss on non-current asset)

The Company Group recognized Impairment loss on properties to be sold which are not allocated to the reported segments. The amount of such impairment loss was 270 million yen for the nine months ended December 31, 2020.

(Per share information)

The amount and basis for calculation of basic earnings per share are as follows:

(Millions of yen, unless otherwise stated)

Item	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Basic earnings per share	41.30 yen	42.25 yen
(Basis for calculation)		
Profit attributable to owners of parent	64,702	66,188
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent in relation to common stock	64,702	66,188
Weighted average number of common stock during the quarter	1,566,614,207 shares	1,566,614,120 shares

(Note) “Diluted earnings per share” is not stated because there is no dilutive security.

2. Others

The Board of Directors Meeting, held on November 5, 2020, made resolutions on interim dividend as follows:

- 1) Total amount of interim dividend: 4,699 million yen
- 2) Interim dividend per share: 3.00 yen
- 3) Effective date for demanding payment and commencement date of payment: December 7, 2020

(Note) Dividend was paid to the final registered shareholders as of September 30, 2020.

Part II Information on Guarantors for the Filing Company

Not applicable