

Annual Securities Report

(The 47th fiscal year)

ACOM CO., LTD.

Annual Securities Report

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This document is a translation of the Annual Securities Report (original text: Japanese) submitted to the Prime Minister pursuant to Article 24-1 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 Annual Securities Report. The independent auditor's reports are not translated and not included in this document.

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[Cover]	
[Document Submitted]	Annual Securities Report (“Yukashoken Hokokusho”)
[Article of the Applicable Law Requiring Submission of This Document]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Submitted to]	Director, Kanto Local Finance Bureau
[Date of Submission]	June 21, 2024
[Accounting Period]	The 47 th Fiscal Year (from April 1, 2023 to March 31, 2024)
[Company Name]	ACOM Kabushiki-Kaisha
[Company Name in English]	ACOM CO., LTD. (the “Company”)
[Position and Name of Representative]	Masataka Kinoshita, President & CEO
[Location of Head Office]	9-1, Higashi Shinbashi 1-chome, Minato-ku, Tokyo
[Phone No.]	03-6865-0001 (main)
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[Phone No.]	03-6865-0001 (main)
[Contact for Communications]	Akifumi Kinoshita, Executive Officer, Chief General Manager of Treasury Department
[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data and Trends

(1) Consolidated financial data, etc.

(Millions of yen, unless otherwise stated)

Fiscal period	43 rd fiscal year	44 th fiscal year	45 th fiscal year	46 th fiscal year	47 th fiscal year
Period of account	March 2020	March 2021	March 2022	March 2023	March 2024
Operating Revenue	279,510	266,316	262,155	273,793	294,730
Ordinary Profit	75,104	100,014	35,441	87,485	86,715
Profit attributable to owners of parent	59,600	78,864	55,678	54,926	53,091
Comprehensive income	70,918	81,545	59,673	71,409	72,242
Net assets	442,496	515,128	563,963	619,837	674,175
Total assets	1,282,389	1,219,109	1,263,296	1,297,316	1,417,403
Net assets per share (yen)	265.11	310.02	339.51	370.92	400.87
Basic earnings per share (yen)	38.04	50.34	35.54	35.06	33.89
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	32.39	39.84	42.10	44.79	44.31
Return on equity (%)	15.45	17.51	10.94	9.87	8.78
Price earnings ratio (times)	11.54	10.23	8.98	9.10	11.89
Net cash provided by (used in) operating activities	19,698	113,179	46,089	(1,318)	(36,759)
Net cash provided by (used in) investing activities	6,214	(4,566)	(4,032)	(2,692)	(6,178)
Net cash provided by (used in) financing activities	(24,339)	(108,786)	(50,162)	(12,933)	57,163
Cash and cash equivalents at end of period	82,545	82,233	74,242	57,666	71,900
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	5,335 [104]	5,424 [103]	5,317 [113]	5,333 [122]	5,404 [131]

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

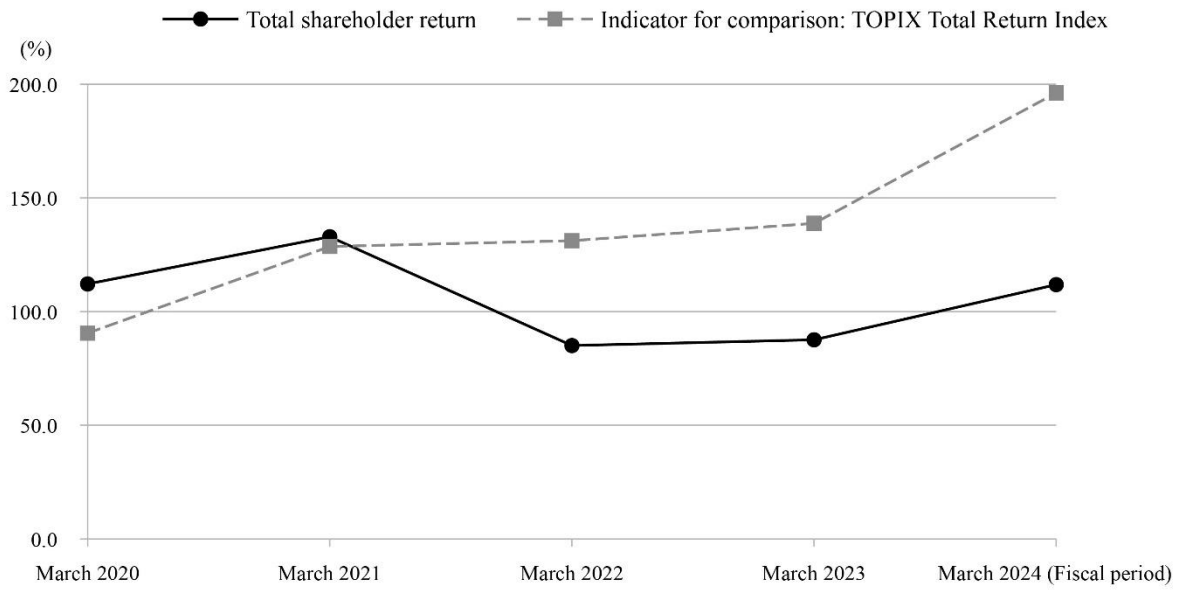
(2) Financial data etc. of the Filing Company

(Millions of yen, unless otherwise stated)

Fiscal period	43 rd fiscal year	44 th fiscal year	45 th fiscal year	46 th fiscal year	47 th fiscal year
Period of account	March 2020	March 2021	March 2022	March 2023	March 2024
Operating Revenue	206,968	197,986	194,670	200,679	215,467
Ordinary Profit	56,352	81,254	17,962	70,417	66,986
Profit	53,673	70,915	48,082	48,985	46,290
Share capital	63,832	63,832	63,832	63,832	63,832
Total number of shares issued (thousands of shares)	1,596,282	1,596,282	1,566,614	1,566,614	1,566,614
Net assets	359,765	422,847	461,531	496,416	525,474
Total assets	1,090,351	1,034,887	1,080,514	1,090,256	1,184,819
Net assets per share (yen)	229.65	269.91	294.60	316.87	335.42
Dividends per share [Of the above, interim dividends per share] (yen)	4.00 [2.00]	6.00 [3.00]	7.00 [3.00]	10.00 [5.00]	12.00 [6.00]
Basic earnings per share (yen)	34.26	45.27	30.69	31.27	29.55
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	33.00	40.86	42.71	45.53	44.35
Return on equity (%)	16.01	18.12	10.87	10.23	9.06
Price earnings ratio (times)	12.81	11.38	10.39	10.20	13.63
Dividend payout ratio (%)	11.68	13.25	22.81	31.98	40.61
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	2,063 [84]	2,112 [87]	2,111 [96]	2,071 [104]	2,042 [113]
Total shareholder return (%) [Indicator for comparison: TOPIX Total Return Index] (%)	112.15 [90.50]	132.91 [128.63]	85.06 [131.18]	87.59 [138.81]	111.85 [196.19]
The highest share price (yen)	544	546	529	360	409
The lowest share price (yen)	346	366	276	301	315

- (Notes) 1. Diluted earnings per share is not stated because there is no dilutive security.
2. The highest and lowest share prices were those recorded on the First Section of the Tokyo Stock Exchange before April 3, 2022, and on the Standard Market of the Tokyo Stock Exchange after April 4, 2022.

3. Total shareholder return changes over the latest five years are as follows:



2. ACOM History

Year/Month	ACOM History
1978 Oct.	“ACOM CO., LTD.” was founded with paid-in capital of 500 million yen as the business of consumer finance, and established its office in Nihonbashi, Chuo-ku, Tokyo.
1978 Dec.	Acquired 69 consumer finance outlets and receivable-outstanding from “Maruito Co., Ltd.” and “Joy Co., Ltd.” and started consumer finance business.
1979 Dec.	Installed an automatic teller machine (ATM), which provides a 24-hour/365-day service, at the Ginza branch (located in Ginza, Chuo-ku), as the first in the industry.
1986 Dec.	Established “ACOM (U.S.A.) INC.” in Delaware, U.S.A. as the business of real estate lease (dissolved in December 2015).
1992 Mar.	Absorbed “N.S.K. Shinpan Co., Ltd.” and started the business of installment sales finance, golf membership mortgage loan, and commercial loan.
1993 July	Installed “MUJINKUN,” automatic contract machine, at the Shinjuku branch and the Hakata branch as the first in the industry.
1993 Oct.	Listed ACOM stock on the over-the-counter market at Japan Securities Dealers Association.
1994 Dec.	Listed ACOM stock on the second section of the Tokyo Stock Exchange.
1996 Sept.	Established “SIAM A&C CO., LTD.” as a joint venture of hire purchase business in Kingdom of Thailand.
1996 Sept.	Listed ACOM stock on the first section of the Tokyo Stock Exchange.
1998 July	Acquired principal membership of MasterCard International and obtained a license to issue credit cards.
1999 Apr.	Started issuing MasterCard® and advanced into credit card business.
2000 Oct.	Acquired all shares of “JUKI CREDIT CO., LTD.”
2000 Nov.	Established “A B PARTNER CO., LTD.” as the business of temporary employment agencies and back-office services.
2001 Mar.	Invested capital in “IR Loan Servicing, Inc.” (present, a consolidated subsidiary) to advance into the servicing business.
2001 Aug.	Established “Tokyo-Mitsubishi Cash One Ltd.” with “The Bank of Tokyo-Mitsubishi, Ltd.” (present, “MUFG Bank, Ltd.”), “The Mitsubishi Trust and Banking Corporation” (present, “The Mitsubishi UFJ Trust and Banking Corporation”), “DC CARD Co., Ltd.” (present, “Mitsubishi UFJ NICOS Co., Ltd.”), and “JACCS CO., LTD.”
2001 Sept.	“JUKI CREDIT CO., LTD.” changed its corporate name to “JCK CREDIT CO., LTD.”
2004 Mar.	Reached an agreement with respect to a strategic business and capital alliance with “Mitsubishi Tokyo Financial Group, Inc.” (present, “Mitsubishi UFJ Financial Group, Inc.”).
2005 Jan.	Partially acquired shares of “Tokyo-Mitsubishi Cash One Ltd.” and changed its corporate name into “DC Cash One Ltd.”
2005 Jan.	Established “RELATES CO., LTD.,” which operated entrusted call center functions from banks.
2005 Mar.	Acquired all shares of “MTB Capital Co., Ltd.” and changed its corporate name to “AC Ventures Co., Ltd.”
2005 Apr.	“SIAM A&C CO., LTD.” changed its corporate name to “EASY BUY Public Company Limited” (present, a consolidated subsidiary).
2007 Apr.	“JCK CREDIT CO., LTD.” succeeded to installment sales finance business split up from ACOM and changed its corporate name into “AFRESH CREDIT CO., LTD.”
2007 Dec.	Jointly acquired “PT. Bank Nusantara Parahyangan, Tbk.” In Republic of Indonesia with “The Bank of Tokyo-Mitsubishi UFJ, Ltd.” (present, “MUFG Bank, Ltd.”)
2008 Feb.	Acquired all shares of “IR Loan Servicing, Inc.”
2008 Sept.	Agreed upon further strengthening strategic business and capital alliance with “Mitsubishi UFJ Financial Group, Inc.” and “The Bank of Tokyo-Mitsubishi UFJ, Ltd.” (present, “MUFG Bank, Ltd.”)
2008 Dec.	Became a consolidated subsidiary of “Mitsubishi UFJ Financial Group, Inc.” as the parent company.
2009 Apr.	“RELATES CO., Ltd.” was dissolved due to absorption-type merger with “MU Communication Co., Ltd.” (present, an equity-method affiliate), a subsidiary of “The Bank of Tokyo-Mitsubishi UFJ, Ltd.” (present, “MUFG Bank, Ltd.”), where “MU Communication Co., Ltd.” was the surviving company.
2009 May	“DC Cash One Ltd.” was dissolved due to absorption-type merger with the Company where the Company was the surviving company.

Year/Month		ACOM History
2010	Aug.	“A B PARTNER CO., LTD.” was dissolved due to absorption-type merger with “IR Loan Servicing, Inc.,” where “IR Loan Servicing, Inc.” was the surviving company.
2012	Apr.	“AC Ventures Co., Ltd.,” was dissolved due to absorption-type merger with the Company where the Company was the surviving company.
2013	Sept.	Established “MU Credit Guarantee Co., LTD.,” which operates in the guarantee business (present, a consolidated subsidiary).
2014	Sept.	“AFRESH CREDIT CO., LTD.” was dissolved due to absorption-type merger with “IR Loan Servicing, Inc.” where “IR Loan Servicing, Inc.” was the surviving company.
2015	Dec.	Acquired all shares of “MU Credit Guarantee Co., LTD.”
2017	July	Established “ACOM CONSUMER FINANCE CORPORATION,” a joint venture which operates the unsecured loan business (present, a consolidated subsidiary), in the Republic of the Philippines.
2019	May	“PT. Bank Nusantara Parahyangan, Tbk.” In the Republic of Indonesia merged with “PT Bank Danamon Indonesia, Tbk.” (the surviving company), a consolidated subsidiary of “Mitsubishi UFJ Financial Group, Inc.”
2021	July	Established ACOM (M) SDN. BHD., an unsecured loan business, in Malaysia (present, a consolidated subsidiary).
2022	Apr.	Established GeNiE Inc. to start an embedded finance business (present, a consolidated subsidiary).
2022	Apr.	Shifted to the Standard Market of the Tokyo Stock Exchange (TSE) following the TSE’s transition to new market segmentation.
2022	Dec.	Moved headquarters location to Higashi Shinbashi, Minato-ku, Tokyo.

3. Description of Business

ACOM is a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc. (hereinafter, “MUFG”), and MUFG is the “Parent company” of ACOM.

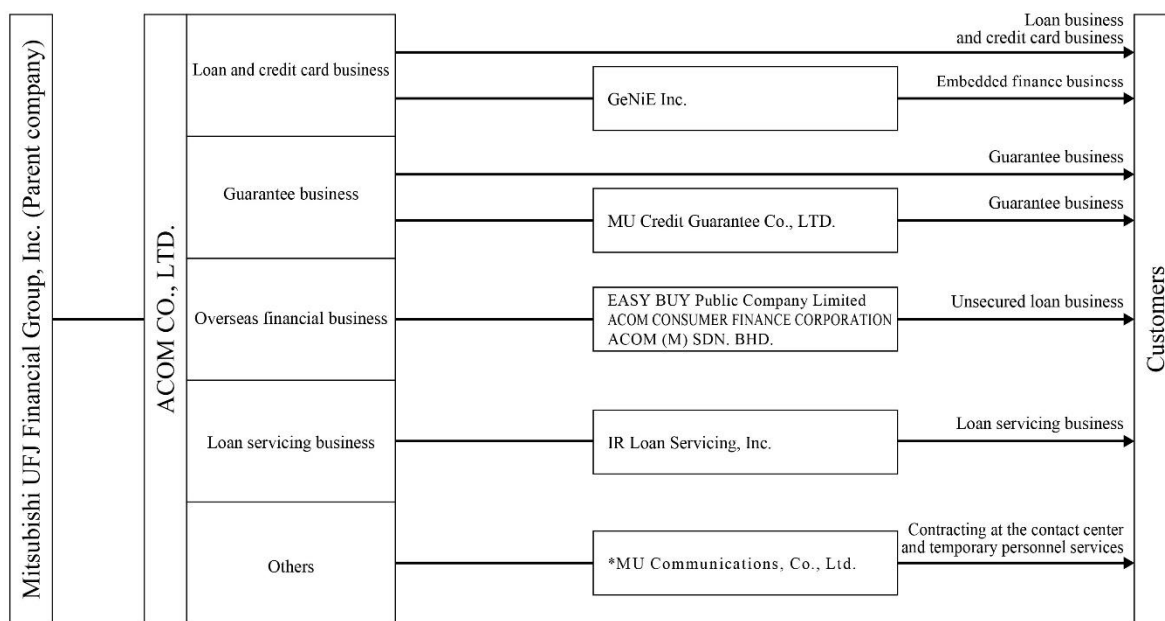
The Company Group consists of ACOM and 6 subsidiaries and 1 affiliate. The Company Group’s main line of business are loan and credit card business, guarantee business, overseas financial business and loan servicing business.

The table below explains the positioning of group companies and their relevant segments.

The following four segments are consistent with those stated in [Notes], (1) Consolidated Financial Statements in 1. Consolidated Financial Statements, etc. of V. Financial Information.

Segment	Company Name	Business Outline
Loan and credit card business	ACOM CO., LTD.	Loan business and credit card business
	GeNiE Inc.	Embedded finance business
Guarantee business	ACOM CO., LTD.	Guarantee business
	MU Credit Guarantee Co., LTD.	
Overseas financial business	EASY BUY Public Company Limited	Unsecured loan business and installment loan business (installment sales finance business) in Kingdom of Thailand
	ACOM CONSUMER FINANCE CORPORATION	Unsecured loan business in Republic of the Philippines
	ACOM (M) SDN. BHD.	Unsecured loan business in Malaysia
Loan servicing business	IR Loan Servicing, Inc.	Servicing business (Loan servicing business)
Others	MU Communications Co., Ltd.	Contracting at the contact center and temporary personnel services

The diagram below illustrates the businesses of the ACOM Group companies.



Not otherwise stated: Consolidated subsidiary * : Equity-method affiliate

4. Information on Subsidiaries and Associates

Company name	Location	Paid in capital (Million yen)	Principal business	Ratio of voting rights holding or held		Relationship
				Ratio of voting rights holding (%)	Ratio of voting rights held (%)	
(Parent company) Mitsubishi UFJ Financial Group, Inc. (Note) 3	Chiyoda-ku, Tokyo	2,141,513	Bank holding company	—	40.18 (2.60)	Business management, business and capital alliance
(Consolidated subsidiaries) GeNiE Inc.	Chuo-ku, Tokyo	250	Loan and credit card business	100.00	—	—
MU Credit Guarantee Co., LTD.	Chiyoda-ku, Tokyo	300	Guarantee business	100.00	—	—
EASY BUY Public Company Limited (Note) 4, 5	Bangkok, Kingdom of Thailand	(Million THB) 6,000	Overseas financial business	71.00	—	—
ACOM CONSUMER FINANCE CORPORATION (Note) 6	Pasig, Republic of the Philippines	(Million PHP) 1,500	Overseas financial business	80.00	—	Provision of credit guarantee
ACOM (M) SDN. BHD.	Kuala Lumpur, Malaysia	(Million RM) 32	Overseas financial business	100.00	—	—
IR Loan Servicing, Inc.	Chiyoda-ku, Tokyo	520	Loan servicing business	100.00	—	—
(Equity-method affiliate) MU Communications, Co., Ltd.	Shibuya-ku, Tokyo	1,020	Other	23.15	—	Consulting contracts with companies with which the Company has dispatched workers and/or forged guarantee tie-ups

- (Notes)
1. Name of business segments of consolidated subsidiaries in the box of “Principal business” are the same as those stated in the segment information.
 2. The ratio of voting rights holding (held) indirectly is shown in parentheses “()” in the boxes of “Ratio of voting rights holding or held.”
 3. The Company files Securities Reports.
 4. EASY BUY Public Company Limited falls under a specified subsidiary.
 5. EASY BUY’s operating revenue (excluding intercompany revenue among consolidated subsidiaries) accounted for 10% or more of the total operating revenue for the consolidated financial statements.
Key profit/loss information:
 - (1) Operating revenue 60,158 million yen (14,890 million THB)
 - (2) Ordinary Profit 23,628 million yen (5,848 million THB)
 - (3) Profit 18,413 million yen (4,557 million THB)
 - (4) Net assets 155,038 million yen (37,539 million THB)
 - (5) Total assets 237,872 million yen (57,596 million THB)
 6. The Company invested an additional capital of 1,500 million PHP in ACOM CONSUMER FINANCE CORPORATION in November 2023, and share capital amounted to 3,000 million PHP upon receiving approval by the Philippine authorities in January 2024.

5. Employees

(1) Consolidated Companies

As of March 31, 2024

Name of business segments	Number of employees
Loan and credit card business	1,414 [83]
Guarantee business	269 [24]
Overseas financial business	3,140 [2]
Loan servicing business	126 [7]
Corporate wide (shared)	455 [15]
Total	5,404 [131]

(Notes) 1. The number of employees represents the number of workers employed by the consolidated companies (excluding employees transferred to extra-group companies and including employees transferred into intragroup companies) but excludes fixed-term employees.

2. The bracketed figure is the average number of fixed-term employees during the current fiscal year.

(The average number of fixed-term employees was 128 including the number of temporary employees converted at the rate of one person per eight hour workday.)

3. The employees in Corporate wide (shared) section are those belonging to the administration department of the Filing Company and thus do not fall into any business segment.

(2) The Filing Company

As of March 31, 2024

Number of employees	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of yen)
2,042 [113]	41.3	15.5	6,363

Name of business segments	Number of employees
Loan and credit card business	1,404 [83]
Guarantee business	183 [15]
Corporate wide (shared)	455 [15]
Total	2,042 [113]

(Notes) 1. The number of employees represents the number of workers employed by the Company (excluding employees transferred to external companies and including employees transferred into the Company) but excludes fixed-term employees.

2. Bonus and extra remuneration are included in the average annual salary.

3. The bracketed figure is the average number of fixed-term employees during the current fiscal year.

(The average number of fixed-term employees was 111 including the number of temporary employees converted at the rate of one person per eight hour workday.)

4. The employees in the Corporate wide (shared) section are those belonging to the administration department of the Head Office and thus do not fall into any business segment.

(3) Status of labor union

Relationship between management and labor union is stable.

(4) Ratio of female managers, rate of male employees taking childcare leave and gender pay gap

The Filing Company

Current fiscal year				
Ratio of female managers (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Gender pay gap (%) (Note 3)		
		All employees	Of which regular employees	Of which part-time and fixed-term employees
8.2	103.8	68.4	68.2	77.0

- (Notes) 1. The rate is calculated according to the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
2. The rate is calculated based on the percentage of employees taking childcare leave under Article 71-4, Paragraph 1 of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).
3. The rate is calculated as the average annual salary of female employees divided by the average annual salary of male employees multiplied by 100%. In addition, the average annual salary is calculated as the total amount of salaries divided by the number of employees. The same standard is applied to employees’ salary regardless of gender. The main reason for the differences in salary is the difference in the ratio of male and female managers.

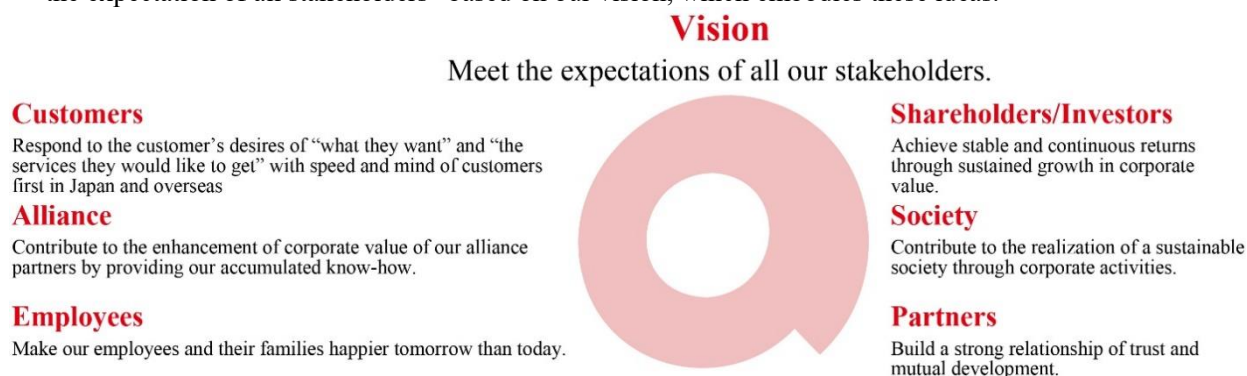
II. Business Overview

1. Management Policy, Business Environment, and Issues to be Addressed

The forward-looking statements included in the following description are based on our judgment as of the end of the fiscal year.

(1) Basic management policy

The Company Group has established our “Circle of Trust” spirit of foundation and a corporate philosophy that “ACOM, based on the spirit of human dignity and in putting customers first, is contributing to the realization of an enjoyable and affluent personal life, and to improving lifestyle, through creative and innovative management” as universal values and beliefs, and strives to engage in activities that are “meeting the expectation of all stakeholders” based on our vision, which embodies these ideas.



(2) Targeted management indices

With regard to the management indices the Company Group targets, the Company Group will place an emphasis on return on equity (ROE), return on assets (ROA), earnings per share, conventional shareholders’ equity ratio and the shareholders’ equity ratio calculated by adding total assets to the balance of guaranteed receivables in order to increase shareholders’ value and maintain stable management.

(3) Management strategy in the medium-to-long term

The business environment surrounding the Company Group is expected to continue facing an intensifying competitive environment, as well as changes in the social structure such as the drop in birthrate coupled with aging society and changes in lifestyle amid the growing impact of the spread of COVID-19 infection.

Under these circumstances, the Company Group will focus on expanding the scope of its operations by promoting embedded finance in the loan and credit card business segment; entering into alliance in guarantee with non-financial companies in the guarantee business segment; and expanding the scale of the financial business in the Asian region in the overseas financial business segment, by drawing on the expertise it has nurtured in diverse areas, including the consumer finance business in Japan and abroad, and low-cost operations through concentration of operations and other initiatives. Also, based on the medium-term management policy outlined below, we will aim to thrive with society by addressing social issues incorporated in SDGs through a range of efforts such as the promotion of diversity and health & productivity management.

Medium-term Management Plan

What we will do in the 3 years to realize our “Vision”

Customers

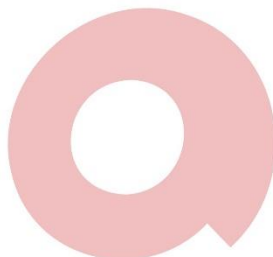
- Provide more comfortable services with speed through a superior UI that utilizes digital technology.
- As a leading company, we will continue to be easy to consult with and dependable.

Alliance

- Work with our alliance partners to accurately understand customer needs and provide better services.
- Promote alliances not only with financial institutions but also with other companies that require the expertise of the ACOM Group.

Employees

- Foster an open corporate culture that is free from discrimination and harassment and that recognizes diverse values.
- Mutually support each other's actions toward growth and create a workplace where people can feel pride and satisfaction in their work.



Shareholders/Investors

- We will increase shareholder returns based on high profitability and appropriate capital adequacy.

Society

- As a member of society, actively work to resolve environmental and other social issues.

Partners













- Work together as business partners, building trust through good communication.

(4) Issues to be addressed

In developing the three-year medium-term management plan ending in the fiscal year ended March 31, 2025, we reviewed our vision and have set forth a medium-term management policy of making clearer our commitment to each of our stakeholders and making efforts to achieve the vision. Further, we will focus on what we should address in order to expand the scope of each business, as well as seek to enhance corporate value.

We have adopted our Basic Policies on Sustainability, aiming to reconcile solutions to social issues with enhancing corporate value. In addition, we have selected five materialities (key areas) in which we can solve the issues that we are uniquely suited to solve, and contribute to progress in society, in the course of our corporate activities. They are based on the corporate philosophy that embodies the universal values we must give the highest priority, and on the expectations of our stakeholders for our action on social issues.

[Materiality (key areas)]

Materiality	SDG's Items
<ul style="list-style-type: none"> ■ Promote environment-friendly corporate activities 	   
<ul style="list-style-type: none"> ■ Promote diversity based on The Spirit of Human Dignity 	   
<ul style="list-style-type: none"> ■ Provide financial services that put the customers first 	 
<ul style="list-style-type: none"> ■ Pursue creative and innovative management utilizing digital technology 	
<ul style="list-style-type: none"> ■ Strengthen governance 	

During the fiscal year under review, to contribute to the realization of a sustainable society, we sought to enhance materiality-based initiatives and proactively strived to disclose information through the Company's website and other channels, mainly through the Sustainability Promotion Office, a sub-organization of the Corporate Planning Department. Please refer to “2. Policy and Initiatives on Sustainability” for the details.

In order to fulfill the social responsibility and mission expected of the Company and become a company that grows together with society, the Company aims to enhance corporate value in the future.

For the fiscal year ending March 31, 2025, the final year of the medium-term management plan, the Company has set targets for the balances of the businesses of the Group as a whole. These targets are, in the domestic market, of 984.2 billion yen in the balance of the loan and credit card business, and 1,319.4 billion yen in the balance of the guarantee business, totaling 2,303.6 billion yen; and in overseas markets, targets of 57.3 billion Thai baht in the balance of the loan business for EASY BUY Public Company Limited

in the Kingdom of Thailand, and 3.1 billion Philippine pesos in the balance of the loan business for ACOM CONSUMER FINANCE CORPORATION in the Republic of the Philippines. The Group as a whole aims to achieve a total balance of the businesses amounting to 2,500 billion yen. During the fiscal year under review, we reached a total balance of the businesses amounting to 2,522.9 billion yen, meaning we were able to achieve our target one year early. We will continue to focus on increasing the balances of our businesses.

Targets and other forward-looking statements are based on information currently available to the Company and on certain assumptions deemed to be reasonable, and do not constitute a promise by the Company that the anticipated results will be achieved. The actual results may differ due mainly to the impacts of changes in external environments unexpected by the Company.

In the fiscal year ending March 31, 2025, the final year of the medium-term management plan, the Company will continue working to expand business and address the following issues.

(Loan and credit card business)

In the loan and credit card business, the Company will appropriately and speedily grasp the rapidly evolving digital landscape, and will strive to further expand the scope of our business operations by promoting efforts such as expanding transactions with existing customers, strengthening its ability to attract new customers, and maintaining the soundness of our loan profile. In addition to conventional efforts, GeNiE Inc. launched into embedded finance and will deliver new experiences to the customers using the partner's services by providing them with financial services. Moreover, the Company is committed to increasing its brand strength through a range of activities, including "Challenge What You Want to Start," a project aimed at creating a society where everyone in Japan can try something new, launched in November 2021, as well as other activities contributing to society.

(Guarantee business)

In the guarantee business, we will expand the scope of our business operations by realizing guarantee partnerships with non-financial companies that serve customers in need of credit card loans and newly entering into alliance in the guarantee business with financial institutions, and will also further deepen collaboration with existing partners through in-depth communication with them. To meet the increasingly complex needs of each and every financial institution, the Company Group will make the best use of its expertise gained from its loan and credit card business to enhance and improve service functions, while working to ensure appropriate screening and responding to the customers' needs for sound financing.

(Overseas financial business)

In the overseas financial business, we will strive to expand business and maintain the soundness of the loan portfolio at EASY BUY Public Company Limited in the Kingdom of Thailand, while concentrating our efforts on making ACOM CONSUMER FINANCE CORPORATION in the Republic of the Philippines and ACOM (M) SDN. BHD in Malaysia, the second and third pillars of profit in the overseas financial business.

We will also steadily pursue research and analysis activities aimed at realization of starting operations in other Asian countries with a view to expanding our overseas finance business.

2. Policy and Initiatives on Sustainability

The Company is promoting initiatives on sustainability to contribute to the realization of a sustainable society, aiming to solve social issues and enhance corporate value.

The section “Policy and Initiatives on Sustainability” contains information on the filing company, ACOM CO., LTD. In addition, forward-looking statements are based on our judgments made as of the end of the current fiscal year.

(1) Governance

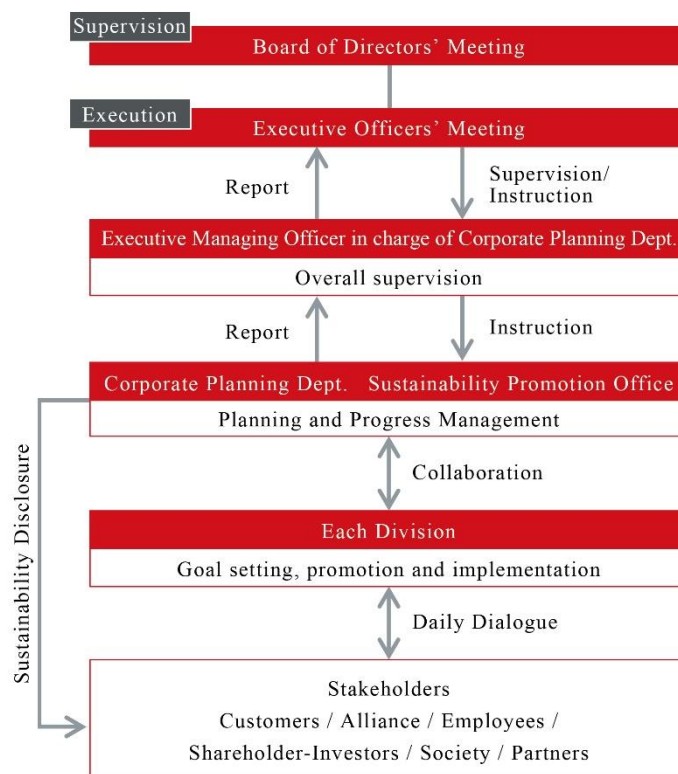
1) Basic Policy on Sustainability

The Company has formulated its Basic Policy as follows: Based on our founding spirit of “Circle of Trust,” and through our corporate philosophy of “The Spirit of Human Dignity,” “Customers First,” and “Creative and Innovative Management,” we aim to solve social issues and enhance corporate value, thereby contributing to the realization of a sustainable society.

2) The Sustainability Promotion Organization

The Company has established the Sustainability Promotion Office under the Corporate Planning Department to examine and formulate companywide sustainability plans. Key matters are deliberated and decided at the Executive Officers’ Meeting and Board of Directors meeting, and through this, we are working to develop the Company’s sustainability promotion organization.

[Sustainability promotion organization]



(2) Strategy

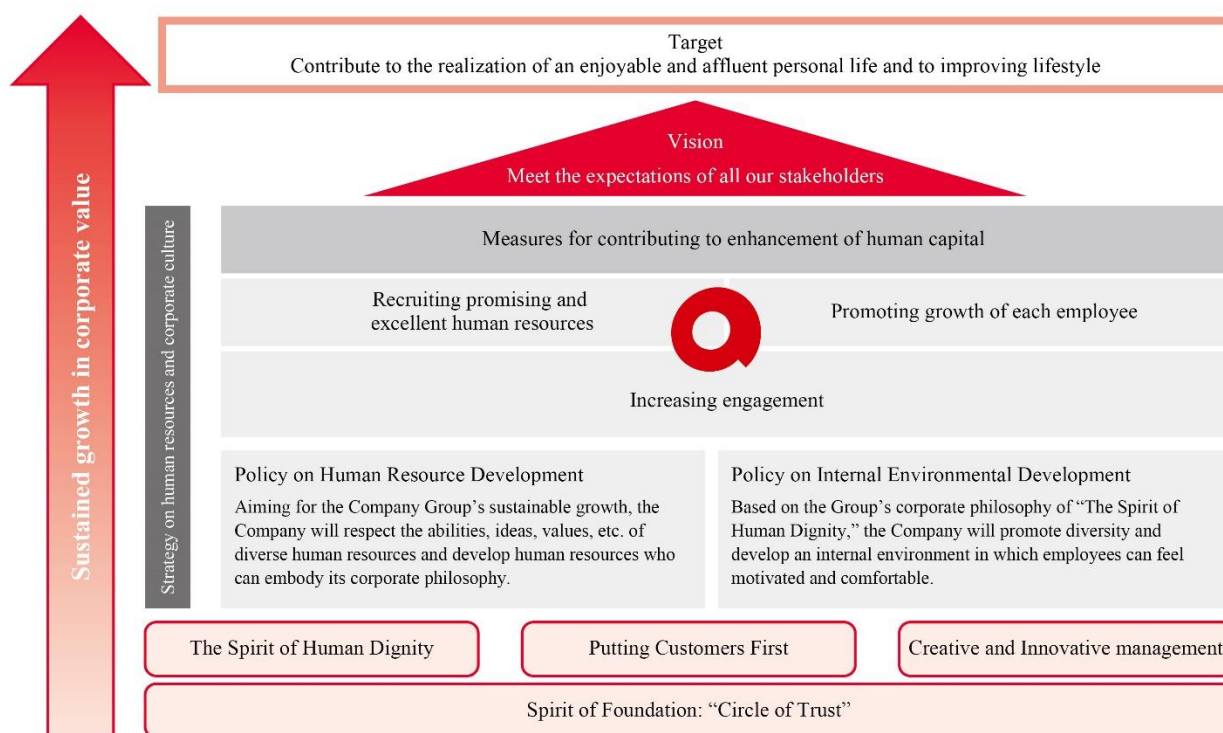
The Company is engaged in various activities to contribute to the realization of a sustainable society. Among these activities, the Company considers “human capital” to be a material item for sustainability in view of the

scale of impact on the Company’s business.

When identifying a material item, the Company decides it at the Executive Officers’ meeting and Board of Directors meeting based on the sustainability promotion organization, as described in “(1) Governance.” The Company will continue to review the material items for sustainability while paying close attention to changes in the social conditions and business environment in the future.

1) Human capital

The Company promotes its operating activities with an aim toward “Contributing to the realization of an enjoyable and affluent personal life, and to improving lifestyle,” based on the stipulations of our corporate philosophy of “The Spirit of Human Dignity,” “Customers First,” and “Creative and Innovative Management,” under our founding spirit of “Circle of Trust.” In order to reach our vision of meeting the expectations of all stakeholders, we believe it is essential to maintain sustainable growth for both the Company and each employee, and we are promoting measures that contribute to enhancing human capital based on our “Policy on Human Resource Development” and “Policy on Internal Environmental Development.”



Measures that contribute to enhancing human capital are as follows:

a. Recruitment of promising and excellent human resources

The Company is focused on securing human resources who respect the abilities, ideas, values, etc. of diverse human resources and embody its corporate philosophy. We believe that striving for overall optimization of human resources as well as improving the quality of human resources are important management issues, and develop relevant measures. In regard to recruitment, we are working to secure excellent and promising professionals through recruitment activities for new graduates and mid-career employees.

[Description of specific initiatives related to “Recruitment of promising and excellent human

resources”]

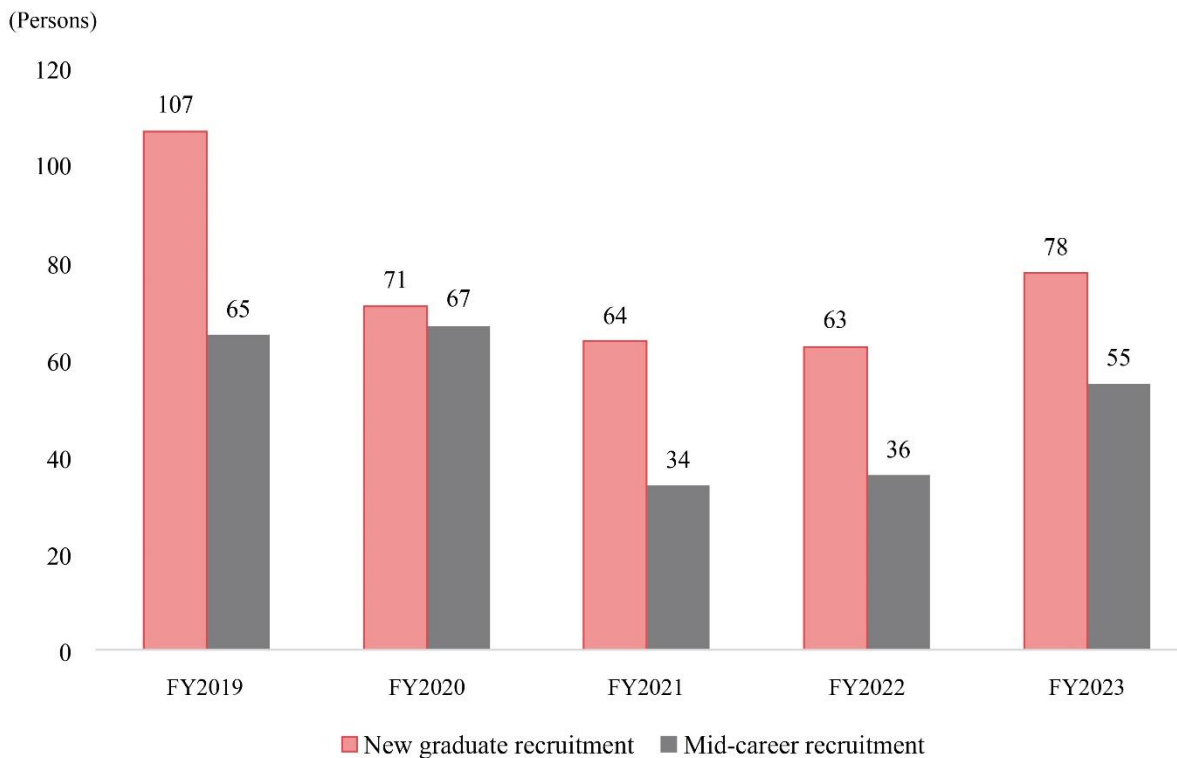
(a) Recruitment activities for new graduates and mid-career hires

Under the situation where competition between companies is intensifying and changes in needs are accelerating, in order to implement “creative and innovative management” and meet the expectations of stakeholders, we believe it is necessary to create a new value by fusing abilities, ideas, values, etc. of diverse human resources. Based on this thought process, we are promoting recruitment activities for new graduates and mid-career hires to secure the necessary human resources to carry out business strategies and further enhance corporate value. We engage in creating working environments which provide job satisfaction and workplace comfort. Our recruitment activities for new graduates were ranked second place in the “Credit, Consumer Credit, Leasing, and Other Finance” category of the “MyNavi/Nikkei 2025 Ranking of Popular Employers for University Graduates.” We will strive to improve job satisfaction and workplace comfort and to reinforce the foundation of human resources in the future.

In our recruitment activities for mid-career employees, we actively recruit human resources with specialized skills to speedily respond to operational issues and seek further expansion in each business domain. We will strive to ensure diversity and maximize organizational capabilities in the future.

- Trends in new graduate and mid-career recruitment

* New graduate recruitment is the number of employees who join the company on April 1 of the next fiscal year



b. Promoting growth of each employee

In reaching toward meeting the expectations of all stakeholders, we believe it is essential to maintain sustainable growth for both the company and each employee. The Company is promoting the quality of human resources through various measures for education and career development

support based on our “Policy on Human Resource Development.”

[Description of specific initiatives related to “Promoting growth of each employee”]

(g) Started the digital human resource development program

For the purpose of developing human resources that contribute to digital promotion, the Company started “a digital human resource development program.” In the fiscal year ended March 31, 2024, we selected 50 employees who applied for this program and provided them with basic digital training. In addition, we have supported employees who had joined the program or in positions above Manager to improve digital literacy by providing accounts for video learning services.

From April 2024, we will provide advanced training (data analysis, programming, AI, UI/UX, etc.) to develop core human resources for digital promotion.

(b) ACOM Leadership Principles (promoting development of leaders)

The leaders of the Company are human resources who can lead our organization to sustainable growth and have the capacity as managers with excellent administrative skills and the ability to support the growth of members. We are committed to developing such outstanding leaders. In April 2023, we formulated the “ACOM Leadership Principles” as the requirements for leaders, and held eight town hall meetings in the fiscal year ended March 31, 2024 based around the theme of these requirements for leaders.

(c) Implemented Job Challenge

Aiming to realize an environment where diverse human resources can work with vitality, in the fiscal year ended March 31, 2024, we planned an internal recruitment system called “Job Challenge” and some employees moved to four different departments. By encouraging employees to seize growth opportunities through their own volition, we are committed to promoting their autonomous career development.

(d) Other support for human resource development and career development

The Company actively works on measures to promote employees’ autonomous career development through means such as various training programs, including selective training and level-based training for the purpose of systematically developing future management candidates, correspondence education, support for acquisition of official qualifications, in-house study meetings, and open recruitment for business school.

c. Increasing engagement

Based on the Policy on Internal Environmental Development and under our corporate philosophy of “The Spirit of Human Dignity,” the Company is working on promoting DEI (diversity, equity, and inclusion) and creating a working environment in which employees can feel motivated and comfortable. We are working on fixed-point observations of engagement, identifying issues and making improvements to ensure that each relevant measure maximizes the performance of the organization and employees and leads to enhancing corporate value as a result.

[Description of specific initiatives related to “Increasing engagement”]

(a) Conducted engagement surveys

Since 2019, we have been conducting employee engagement surveys (through Motivation Cloud provided by Link and Motivation Inc.) that measure employee expectations and satisfaction and provides a fixed-point observation of the state of engagement in the organization. In addition, we were ranked in the top 10 in the Large Companies category in the Best Motivation Company Award organized by Link and Motivation for the fifth consecutive year. Based on the results of these survey, we are working to improve engagement for our employees and the organization while maintaining communication between officers, chief general managers, and the Human Resources Department.



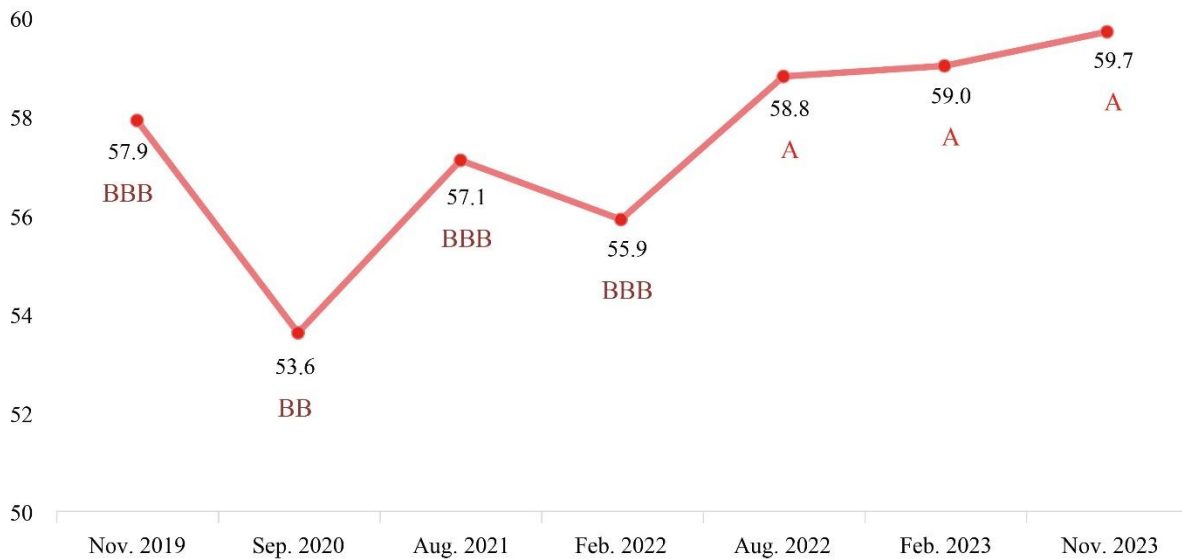
- Trends in engagement scores and ratings

Received an engagement score of 59.7, an A rating, in the most recent evaluation conducted in November 2023

* 50.0 is considered to be the average engagement score (deviation value)

* Engagement ratings are grouped into 11 ranks, from AAA (scores above 67.0) to DD (scores under 33.0)

* Figures stated represent the entire Company, including employees to domestic Group companies and overseas Group companies



(b) Vision Ingraining Program

On developing the medium-term management plan (fiscal year ended March 31, 2023 to fiscal year ended March 31, 2025), the Company reviewed and revised its vision and has made clearer its commitment to each of its stakeholders. In addition, the Company created a Vision Book and distributed it to all employees. Since September 2022, this Vision Book has been used in the Vision Ingraining Program, which designed to provide an opportunity for the officers and employees to discuss the Company's vision. In the fiscal year ended March 31, 2024, the second year of the program, aiming to instill meaning in business operations and enhance employees' senses of pride, duty, and ownership, each employee was tasked with drafting a specific action plan for realizing the Company's vision based on discussions between the officers and employees.

(c) Established the business contest "DRIVE" across the ACOM Group

The Company believes that providing incentives for employees to take on challenges and aiming to be an organization that practices "Creative and Innovative Management" leads to enhancing corporate value. We held a business contest across the ACOM Group (total of 97 proposals) in the fiscal year ended March 31, 2023. In addition to general business proposals, the contest accepted entries related to all types of improvements and functional variations, promoting a structure that provides the opportunity for any employee to look forward toward new challenges.

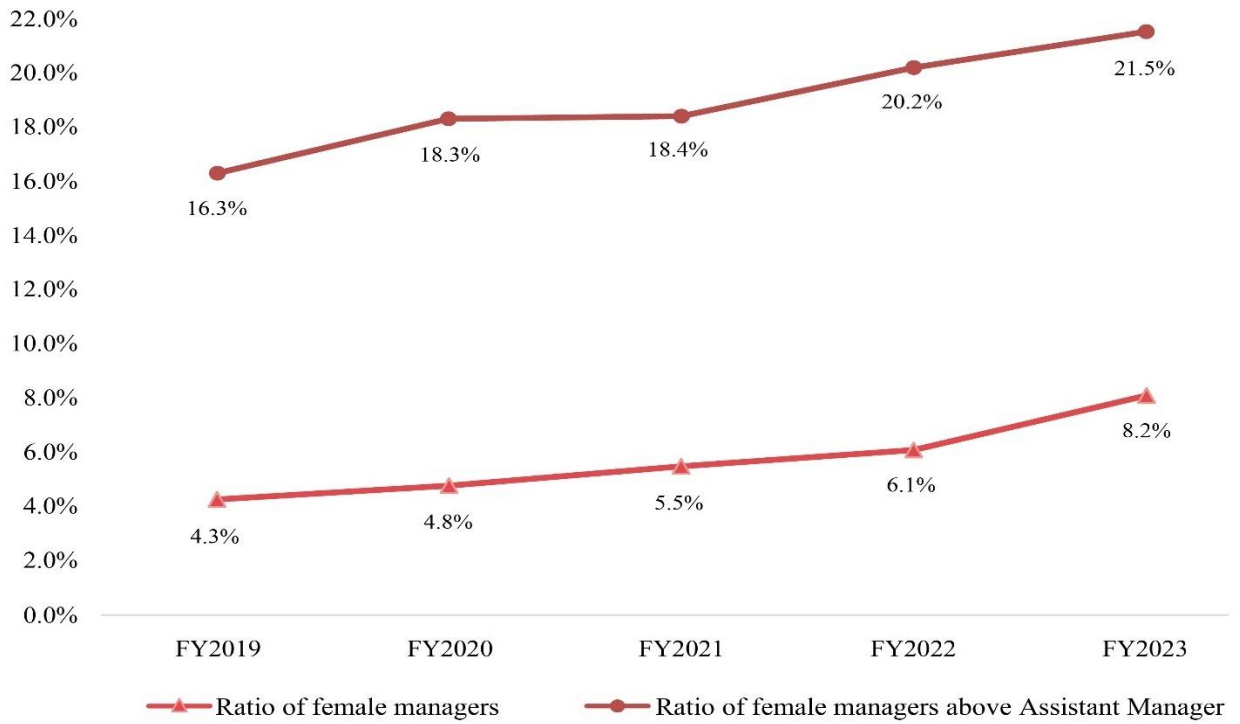
(d) Participation and advancement of female employees

The Company established the "Woman Career Program" in the fiscal year ended March 2023, a training program to support female employees recognize the need for autonomous career development and their challenges. As of the current point in time, 32 women have participated in this program. Joining this program has led directly to further action, including 10 participants who have applied for selective training that is available for the purpose of developing future management candidates. We will engage in the creation of a working environment where female employees can actively participate and work with vitality in the future.

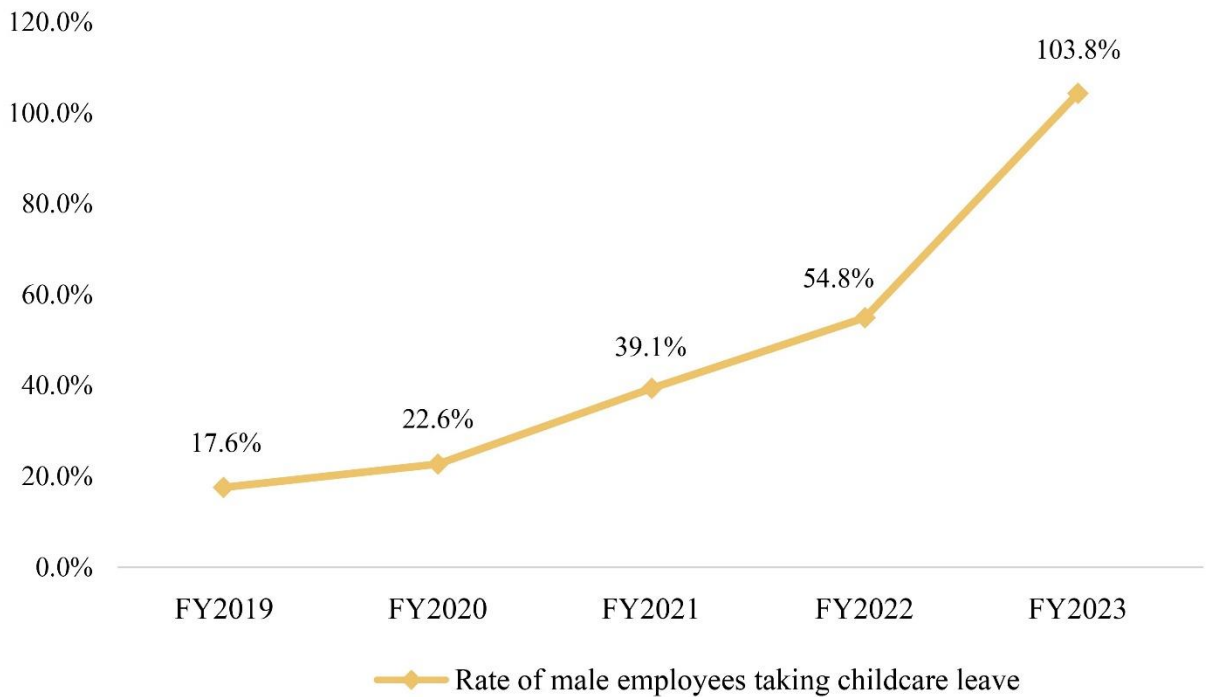
(e) Promoted male employees taking childcare leave

The Company has set a target for the rate of male employees taking childcare leave to be 100%. In the fiscal year ended March 31, 2024, President & CEO Masataka Kinoshita send a message to encourage male employees to take childcare leave and featuring personal stories male employees who have taken childcare leave in our company newsletter.

- Trends in ratio of female managers and ratio of female managers above Assistant Manager



- Trends in rate of male employees taking childcare leave



(f) Promoted health management

We believe that the physical and mental health of employees leads to happiness for employees and progress for the company. Under the Declaration of Health and Productivity Management from President & CEO Masataka Kinoshita, our officers, the Human Resource Department, the Hygiene Committee, industrial physicians, the ACOM Health Insurance Association, etc. are cooperating so that we can engage in the creation of a working environment where employees can work with vitality.



As a result of this endeavor, the Company has been recognized as a Superior Health Management Corporation by the Nippon Kenko Kaigi for the third consecutive year.

For more details on these initiatives, please refer to the Company's website.

<https://www.acom.co.jp/corp/english/csr/theme/staff/>

(g) Other initiatives related to "Increasing engagement"

- Introduced a secondary job system, mainly for individual business owner
- Added 7-hour workday system to the shorter work hours system for employees returning to work after childcare leave (previously, only 6-hour workdays were available)
- Introduced allowance to support returning to work for employees who wish to return to work from childcare leave early
- Established new salary system for senior employees with specialized skill based on the expertise in order to promote active participation
- Developed a follow-up system for employees with disabilities (conducted annual questionnaires and interviews with their supervisor and Human Resources Department several times a year)
- Certified for three consecutive years with the "Superior Company Welfare (General) Award" through "Hataraku Yell" (selected by the Executive Committee of the Welfare Award and Certification System)
- Acquired the Kurumin Mark for the fiscal year ended March 2021



(3) Risk management

The Company believes that it can create new business opportunities through timely and appropriate efforts and disclosure to resolve issues related to the environment, society, etc. On the other hand, insufficient efforts or disclosure may lead to risks such as damaging its brand value.

For example, although timely and appropriate promotion and disclosure of initiatives on digital transformation and human resource development can generate a differentiation and strengthen

competitiveness, delay in such initiatives may lead to risks such as declining brand value and competitiveness.

Therefore, under the overall supervision of the director in charge of the Corporate Planning Department, each division identifies, evaluates and manages risks and opportunities through daily dialogue with stakeholders, while deliberation, decision, supervision, and instruction are made at the Executive Officers' Meeting and Board of Directors meeting, based on its sustainability promotion organization. Please refer to "3. Risks Related to Business [Top risks]" for details of risk events that the management recognizes could have significant impacts on business in the future in the Company's business environment.

(4) Indicators and targets

The Company Group considers "human capital" to be a material item for sustainability as described in "(2) Strategy" above.

As for the indicators related to the "Policy on Human Resource Development," including securing diversity of human resources and the "Policy on Internal Environmental Development," the Company is working on specific initiatives, in addition to data management of relevant indicators. However, not every consolidated subsidiary engages in these initiatives, making it difficult to state on a consolidated basis. Therefore, targets and results for the following indicators represent those of the filling company, which operates the main business in the consolidated group.

Indicator	Target	Result (Current fiscal year)
Rate of male employees taking childcare leave	Maintain at 100%	103.8%
Ratio of female managers above Assistant Manager	26.0% by March 2026	21.5%
Ratio of female managers (Note)	10.0% by March 2026	8.1%

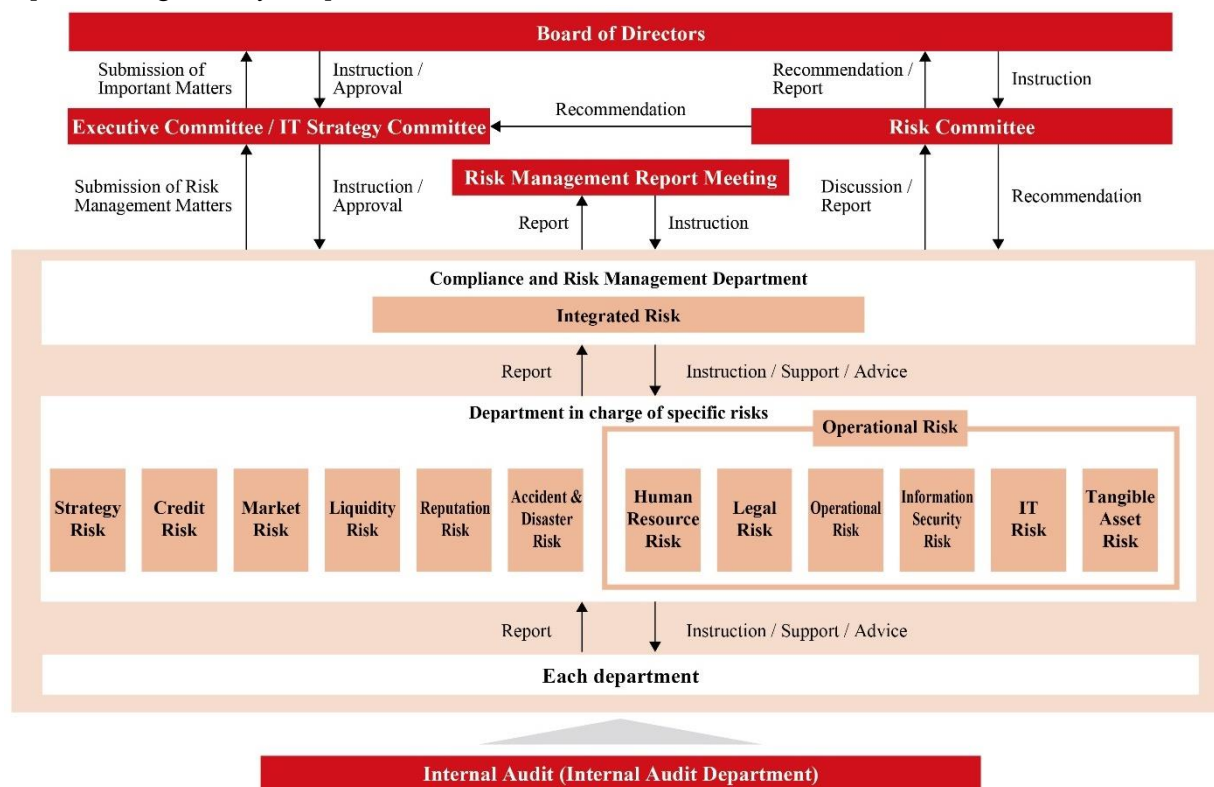
(Note) The rate is calculated according to the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

3. Risks Related to Business

[Risk management system of the Company]

As the management environment surrounding the Company changes, risks to be managed are becoming more complex and diverse. Under such circumstance, the Company recognizes that one of the most important management issues is to enhance and strengthen the Company's risk management system to fully recognize risks, maintain sound management, and ensure stable profitability and growth. The Company identifies, evaluates, and controls risks through the departments and sections in charge of risks to be managed as stipulated in the Risk Management Regulations, and these risks are managed by the Compliance and Risk Management Department in an integrated manner. Activities for managing risks arising in execution of business operations are discussed and reported at the Compliance and Risk Management Report Meeting. The Risk Committee deliberates on important matters related to risk management, monitors the status of risk management and other activities, and reports the results or makes recommendations to the Board of Directors.

[Risk management system]



The Company determines the magnitude of risks based on the probability of risk scenarios and the degree of their impact, and identifies the risk events that require the most attention as top risks. For the identified top risks, the Company assesses increases and signs of such risks and takes necessary countermeasures to control them.

In addition, in the event that a risk materializes, the Company has a system in place to respond promptly. Top risks are discussed by the Risk Committee and resolved by the Executive Committee each fiscal year.

[Top risks]

Risk events	Risk scenarios
Decrease in revenues from business	<ul style="list-style-type: none"> Decreases in revenues from the loan and credit card business, the guarantee business, and the overseas financial business Decrease in competitiveness due to lack of ability to provide IT services that suit to customers' needs
Increase in credit costs	<ul style="list-style-type: none"> Increases in provision for bad debts for the loan and credit card business, the guarantee business, and the overseas financial business
Impact of external factors	<ul style="list-style-type: none"> Situations in which the Company's business performance is materially affected by external factors such as an epidemic, natural disaster, and terrorist attacks
IT Risk	<ul style="list-style-type: none"> Situations in which the Company's business continuity is affected by delay in the planning and development of important IT system projects Leakage of customer information, and the suspension of service to customers, etc. due to cyberattacks Material impact of IT system failures on customer transactions
Interest repayment	Larger-than-expected amount of interest repayment resulting in an additional provision for loss on interest repayment
Conduct risk	Situations that may significantly affect stakeholders from the viewpoint of consumer protection, maintenance of market integrity, etc.
Deterioration of fund procurement	Deteriorated cash flows of the Company due to rising market interest rates, declining operating results of the Company, rating downgrades, etc.
Shortage of human resources	Decreased competitiveness due to shortage of necessary human resources

Of the risks associated with the businesses and others of the Company Group, we have listed major items that could materially affect the decision of investors based on the analysis of the top risks stated above.

This section includes forward-looking statements that are based on assumptions made as of the submission date of this securities report if not stated otherwise.

(1) Decrease in business revenue

The Company Group has positioned the loan and credit card business, the guarantee business, and the overseas financial business as its three core businesses, and is working on a range of initiatives in a bid to increase revenues from these businesses in a stable and sustainable manner. For the fiscal year ended March 31, 2024, operating revenue came in at 294,730 million yen (up 7.6% year-on-year), of which revenue from the loan and credit card business amounted to 156,036 million yen (up 7.5% year-on-year), revenue from the guarantee business amounted to 70,787 million yen (up 6.8% year-on-year), and revenue from the overseas financial business amounted to 61,892 million yen (up 9.5% year-on-year). These three core businesses represented 98.0% of the consolidated operating revenue.

Risks that could drive down revenues from these businesses are as follows:

1) Loan and credit card business

Revenue from the loan and credit card business fluctuates depending on increases/decreases in the number of customer accounts, increases/decreases in the loan balance per customer account, the average contracted interest rates received from customers, and other factors. Therefore, external factors related to these elements could affect the segment's business performance.

In addition, a decrease in competitiveness with rival companies due to a lack of ability to provide IT services that suit to customers' needs could also affect the segment's business performance.

Such external factors include changes in judicial rulings and legal regulations applicable to the consumer finance industry, intensified competition with rival companies, entry of new companies, a slowdown in consumer spending in the wake of large-scale accidents, disasters and the spread of epidemics.

The loan and credit card business represented 52.9% of total operating revenue, and in light of the fact that a decrease in revenues from this business segment would have a significant impact, the Company is striving to attract new customers, improve product/service functions and take other initiatives.

In addition, the Group has systems to regularly manage and analyze changes in interest on operating loans from the plan and report these changes and various countermeasures to the Risk Management Report Meeting and the Risk Committee, and appropriately controls risks.

2) Guarantee business

Revenue from the guarantee business fluctuates depending on increases/decreases in the number of guarantee accounts, increases/decreases in the balance per account, guarantee commission rates from partnering financial institutions, and other factors. Therefore, external factors related to these matters could affect the business performance of the Company and MU Credit Guarantee Co., LTD.

Such external factors include changes in judicial rulings and legal regulations applicable to financial institutions such as banks and a slowdown in consumer spending in the wake of large-scale accidents, disasters and the spread of epidemics.

The guarantee business represented 24.0% of total operating revenue, and in light of the fact that a decrease in revenue from this business segment would have a significant impact, the Company and MU Credit Guarantee Co., LTD. worked on measures to enhance partnerships with existing partners, continued appropriate screening, provided the results of analysis about loan portfolio and the effect of advertisement, and offered various support to existing partners with a view to enhancing their business results and stabilizing their growth.

In addition, the Group has systems to regularly manage and analyze changes in revenue of the guarantee business from the plan and report these changes and various countermeasures to the Risk Management Report Meeting and the Risk Committee, and appropriately controls risks.

3) Overseas financial business

Revenue from the overseas financial business fluctuates depending on increases/decreases in the number of customer accounts, increases/decreases in the loan balance per customer account, the contracted interest rates received from customers and other factors. Therefore, external factors related to these matters could affect the business performance of EASY BUY Public Company Limited (hereinafter “EASY BUY”) in the Kingdom of Thailand and ACOM CONSUMER FINANCE CORPORATION (hereinafter “ACF”) in the Republic of the Philippines, in addition to ACOM (M) SDN. BHD. (hereinafter “ACM”) in Malaysia which started its business in September 2023.

Such external factors include changes in the impact of interstate conflicts and resulting economic sanctions, judicial rulings and legal regulations applicable in countries where these companies operate, intensified competition with rival companies, a slowdown in consumer spending in the wake of large-scale accidents, disasters and the spread of epidemics, as well as fluctuations in foreign exchange rates.

The overseas financial business represented 21.0% of total operating revenue, and in light of the fact that a decrease in revenue from this business segment would have a significant impact, the Company is striving to attract new customers, improve product/service functions and taking other initiatives at three subsidiaries: EASY BUY, ACF and ACM.

In addition, the Group has systems to regularly manage and analyze changes in operating revenue of EASY BUY, the largest consolidated subsidiary in the overseas finance business, from the plan, and

report these changes and various countermeasures to the Risk Management Report Meeting and the Risk Committee, and appropriately controls risks.

(2) Increase in credit costs

For accounts receivable - operating loans, accounts receivable – installment and right to reimbursement, which constitute the majority of total assets of the Company Group, we have recognized provision for bad debts (the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.) and estimated values of collaterals pledged, etc. However, an increase of payment delays might occur as a result of decline in customers' creditworthiness due to potential future changes in economic conditions, the market environment, and the social structure in Japan as well as revisions in legislation . Such events could require further increases in provision for bad debts, and as a result, may have a negative effect on the business performance of the Company Group.

Therefore, the Group will regularly monitor customers' creditworthiness to maintain the soundness of the loan portfolio.

(3) Situations in which the Company's business performance is materially affected by external factors, accidents, and disasters, etc.

Natural disasters, such as earthquakes, volcanic eruptions, wind and flood damage, conflicts, or terrorist attacks in the highest concentrated areas of our business bases such as the Tokyo metropolitan area could cause damage to our facilities and equipment or physical damage to employees or customers, and as a result, could have a negative effect on the performance and business continuity of the Company Group.

To prepare for unforeseen events such as these, the Group has established a business continuity plan and prepared a backup system that includes call centers and core systems.

As for responses in the event of disasters, the Group strives to develop and strengthen systems to ensure the continuity of material business operations by ensuring an appropriate stockpile of emergency supplies and regularly conducting education and training to confirm the effectiveness of such responses.

(4) IT related risks

The Company Group has a large-scale computer system and processes personal data and other information using a communication network and systems at each of our business locations, as well as those of our customers and other external parties connected to our group, and strives to appropriately manage and handle information.

However, the Group may not be able to completely prevent system outages, malfunctions or unauthorized use of systems, falsification or leakage of electronic data, or the suspension of support services by telecommunications carriers and computer system companies in the event of delay in the planning and development of important IT system projects, system failures, cyber-attacks, unauthorized access, computer virus infections, disasters, or other exogenous events.

In such cases, the provision of customer services and our group's business operations may be hindered, trust in our group may be damaged, and our business performance may be affected.

To ensure the stable operation of its systems, the Company Group has made efforts to prevent system failures and other problems by monitoring throughout system planning, development, and operation, and has put in place management structure and procedures to reallocate resources and prepare for unforeseen events, as well as training and other measures.

(5) Interest repayment

The interest rates charged on some loan products by the Company, in which customers entered into contracts before June 17, 2007, exceed the interest rate ceilings specified in the Interest Rate Restriction Act.

Although the interest exceeding the interest ceilings specified in the Interest Rate Restriction Act is stipulated to be invalid, before the revised Money Lending Business Act was fully reinforced on June 18, 2010, it was determined under the Interest Rate Restriction Act that debtors who had voluntarily paid said excessive interest could not request for interest reimbursement. In addition, Article 13 of the supplementary provisions of the Money Lending Business Act before its full enforcement stipulated that such payment of interest exceeding the interest ceilings could be deemed an effective interest repayment under the condition that certain requirements be satisfied.

However, the verdict handed down by the Supreme Court on January 13, 2006, stated that in the case of a delayed repayment of the agreed interest, to which a contractual clause of “forfeiture of benefit of time” was attached, said payment of the interest exceeding the interest ceilings could be considered enforced without satisfying the “deemed repayment requirements,” which need specific voluntariness in payment. Consequently, by reason of the above verdict of the Supreme Court, several consumers have taken legal action against consumer finance companies, calling for a reimbursement of payments made, in some recent court precedents, the plaintiffs’ demands were accepted.

In case our customers request a reduction in the loan amount or reimbursement of excess interest paid, the Company may accept to write off such loan or reimburse payments.

Though the costs of write-off and reimbursing repayments (hereinafter referred to as “loss on interest repayment”) have steadily decreased, close attention should be paid to the number of requests for interest repayment. Future potential for loss on interest repayment, further booking of the provision for loss on interest repayment, and court rulings from lawsuits demanding refunds of interest paid that put the Company and other money lenders at a clear disadvantage, could have an impact on the Company’s business performance.

Considering that loss on interest repayment has been consistently decreasing each fiscal year since the fiscal year ended March 31, 2011, the peak period, it is thought that the possibility of a sharp increase in interest repayment is limited. However, future trends need to be closely monitored on an ongoing basis, as loss on interest repayment is susceptible to the impacts of changes in the external environment.

In addition, we determine, in advance, a standard value for loss on interest repayment at each quarter end, and have a system to manage and report on the status of disparity between actual results and standard value for loss on interest repayment, thereby appropriately controlling risk.

(6) Conduct risk

A loss of confidence from customers and the consumer finance market due to inappropriate behavior by officers and employees or deviation from social norms could have an impact on the Company Group’s business performance.

The Company Group has established the ACOM Group Code of Ethics and Code of Conduct, which set forth the basic values and policies we must be aware of when practicing compliance and the standards for behavior we must observe in order to put these values and policies into practice. Through training programs for officers and employees, the Company has been striving to foster a culture of correct behavior.

In addition, the Company has taken measures to prevent violations of laws and regulations and internal and external misconduct, and is engaged in consumer education activities, stricter credit operations, and transaction monitoring to protect customers.

(7) Deterioration of fund procurement

The Company Group secures the necessary funds for its operations and liabilities repayments through borrowings from financial institutions, etc. and financing from capital markets, including via bond and commercial paper issues.

On the other hand, there is a possibility that its existing main banks and lenders will change their current lending policy due to a potential reorganization of the financial industry or other factors. Furthermore, there is no assurance that capital markets will always be available as a reliable financing resource in the future.

In addition, if the Company Group's business environment deteriorates due to a sharp rise in market interest rates, deterioration in the Company Group's business performance, changes in credit ratings and other factors, it could increase financial expenses or limit the amount of funds to be procured, thereby affecting the Company Group's business performance.

Therefore, the Company Group flexibly responds to the business environment and appropriately controls risks by fixing interest rates, maintaining long- and short-term financing ratios, leveling amounts involved in repayments of borrowings, and diversifying financing methods, while maintaining a certain amount of liquidity.

In order to smoothly raise funds from capital markets, as of June 21, 2024, the Company has acquired ratings of AA- for long-term debt from Rating and Investment Information, INC. (R&I), and AA- for long-term debt and J-1 for commercial papers from Japan Credit Rating Agency, Ltd. (JCR).

(8) Shortage of human resources

If the necessary human resources cannot be adequately secured due to the external environment, such as the shrinking workforce and the mobilization of human resources, it could have an impact on the Company Group's sustainable growth.

Promoting diversity based on the corporate philosophy, we respect the abilities, ideas and values of our diverse human resources and engage in making a working environment where employees can feel job satisfaction and comfort.

We strive to improve job satisfaction and workplace comfort through enhancing various personnel systems such as increasing base salary and introducing secondary job/concurrent employment system, etc., initiatives to ingrain the Vision and offering support for self-development.

In addition, we engage in developing human resources by recruiting excellent and promising new graduates and mid-career employees and enhancing the training system including selective training and digital human resource development program based on the Policy on Human Resource Development.

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

The forward-looking statements included in the following description are based on our judgment as of the end of the fiscal year.

(1) Business results

During the fiscal year ended March 31, 2024, Japanese socio-economic activities are returning to normal against a backdrop of COVID-19 being classified as a Category V Infectious Disease and various government policies, resulting in economic conditions showing signs of gradual recovery. However, there are some risks that could push down Japan's economic momentum, such as a slowdown in global economy coupled with growing tension in the international situation and prolonged monetary tightening in response to high global inflation. The impact of those factors on consumer spending and financial markets needs to be closely monitored.

Overseas, while the situation varied from country to country, economic conditions in the Kingdom of

Thailand, where we operate the business, continue to grow gradually led by inbound demand and recovery of consumer spending despite the economic growth rate has slowed down due to slowdown of global economy. In both the Republic of the Philippines and Malaysia, the steady economic growth is expected associated with a recovery of inbound demand and consumer spending.

In the nonbank business sector in Japan, the demand for funds is in good conditions while future trends need to be closely monitored, as well as the Japanese economy. Although requests for interest repayment are decreasing, 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 formulated a medium-term management plan ending in the fiscal year ended March 31, 2025. Based on this plan, the Company Group has articulated its commitment to each of its stakeholders in the “vision,” and has set forth a medium-term policy to promote initiatives to realize this vision in the next three years. Even amid changes in the external environment, the Company Group will continue to promote its operating activities in accordance with its vision and medium-term policy.

1) Analyses on year-on-year basis

(Millions of yen, unless otherwise stated)

	Prior fiscal year (result)	Current fiscal year (result)	YoY	
	Amount	Amount	Amount	%
Operating revenue	273,793	294,730	20,936	7.6%
Loan and credit card business	145,174	156,036	10,862	7.5%
Guarantee Business	66,278	70,787	4,508	6.8%
Overseas financial business	56,537	61,892	5,355	9.5%
Loan servicing business	5,680	5,864	184	3.2%
Operating profit	87,287	86,347	(940)	(1.1)%
Loan and credit card business	40,686	41,771	1,084	2.7%
Guarantee business	25,643	22,673	(2,970)	(11.6)%
Overseas financial business	19,681	22,374	2,693	13.7%
Loan servicing business	1,050	1,182	131	12.5%
Ordinary profit	87,485	86,715	(770)	(0.9)%
Profit attributable to owners of parent	54,926	53,091	(1,834)	(3.3)%

(Note) The amounts of operating revenue and operating profit for the prior fiscal year (result) and the current fiscal year (result) are different from the sum of financial service businesses. For details of the differences, please refer to “4. Reconciliation between the total amounts of reported segments and amounts in the consolidated financial statements of Segment Information, in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.”

Consolidated operating revenue for the fiscal year ended March 31, 2024, increased to 294,730 million yen (up 7.6% year-on-year). This is attributable to: increases in interest on operating loans due to an increase in accounts receivable - operating loans and the impact of depreciation of the yen. Operating expenses also increased to 208,383 million yen (up 11.7% year-on-year) due to an increase in provision for bad debts associated with the expansion of business scale and an increase in advertising expenses associated with strengthening attracting new customers. As a result, operating profit decreased to 86,347 million yen (down 1.1% year-on-year). Ordinary profit also decreased to 86,715 million yen (down 0.9% year-on-year). Profit attributable to owners of parent decreased to 53,091 million yen (down 3.3% year-on-year)

Please refer to “(2) Overview of business results in each financial service business” for the details.

2) Analyses on comparison with plan target

(Millions of yen, unless otherwise stated)

	Current fiscal year (plan)	Current fiscal year (result)	Compared to plan	
	Amount	Amount	Amount	%
Operating revenue	293,100	294,730	1,630	0.6%
Loan and credit card business	155,200	156,036	836	0.5%
Guarantee business	70,900	70,787	(112)	(0.2)%
Overseas financial business	61,000	61,892	892	1.5%
Loan servicing business	5,800	5,864	64	1.1%
Operating profit	84,500	86,347	1,847	2.2%
Ordinary profit	84,800	86,715	1,915	2.3%
Profit attributable to owners of parent	52,900	53,091	191	0.4%

(Note) The amounts of operating revenue for current fiscal year (result) are different from sum of financial service businesses. For details of the differences, please refer to “4. Reconciliation between the total amounts of reported segments and amounts in the consolidated financial statements of Segment Information, in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.”

Consolidated operating revenue for the fiscal year ended March 31, 2024 was 1,630 million yen better than the plan target (up 0.6%) primarily due to a better-than-planned increase in accounts receivable - operating loans and foreign exchange impacts on the depreciation of the yen. Consolidated operating profit was 1,847 million yen better than the plan target (up 2.2%). Ordinary profit was 1,915 million yen better than the plan target (up 2.3%). Profit attributable to owners of parent was 191 million yen better than the plan target (up 0.4%).

Please refer to “(2) Overview of business results in each financial service business” for the details.

(2) Overview of business results in each financial service business

1) Loan and credit card business

In the domestic loan and credit card business, we made efforts to strengthen our ability to attract new customers, improve product/service functions, and maintain the soundness of our loan portfolio.

As a measure to strengthen our ability to attract new customers, we have worked on initiatives to enhance the brand appeal of “Hajimete-no (First time at) ACOM” through activities including the “Samurai Big 3” series of commercials and the “Challenge What You Want to Start” project.

Also, to improve product/service functions, we have worked on measures to boost customer convenience, including the release of a provisioning function to register the MasterCard® issued by the Company with Apple Pay® *1 from the Company’s official smartphone application “myac” as well as efforts to simplify the application form for new customers.

In addition to these marketing activities, we have endeavored to maintain the soundness of our loan portfolio and improve the customer-reception quality of our employees by reinforcing the development of human resources through training for credit control, and customer reception including the improvement of the accuracy of credit screenings.

GeNiE Inc., a subsidiary of the Company, has postponed the start of its embedded finance business mainly due to a delay in system development, but will continue to engage in efforts to pursue the system’s release and the start of its business in the first half of fiscal year 2024.

In the loan business, accounts receivable - operating loans at the end of the fiscal year ended March 31, 2024 increased to 879,021 million yen (up 8.4% year-on-year), amid a sign of recovery in consumer spending. In the credit card business, accounts receivable - installment increased to 122,303 million yen (up 18.1% year-on-year) driven by an increase in transaction volume.

As a result, the segment’s operating revenue for the current fiscal year totaled 156,036 million yen (up 7.5% year-on-year) mainly due to higher accounts receivable - operating loans and accounts receivable –

installment. Operating profit increased to 41,771 million yen (up 2.7% year-on-year) after an increase in provision for bad debts caused by business expansion and an increase in advertising expenses caused by efforts to attract new customers resulted in an increase in operating expenses.

*1 Apple Pay® is a trademark of Apple Inc.

2) Guarantee business

In the guarantee business, we worked to deepen communication with existing partners and continued appropriate screening. Specifically, we have worked on reinforcing our partners' abilities to attract new customers through joint advertisements in which multiple partners use common advertisement materials and on providing support for a variety of sales measures and improvement of business efficiency, etc. through temporary transfer of personnel for technical guidance.

Furthermore, we have continued to strive to develop new partners including non-financial companies following the business alliance with LINE Credit Corporation in March 2023. During the fiscal year under review, MU Credit Guarantee Co., LTD. started a new business alliance with Minna Bank Co., Ltd. in February 2024.

The balance of guaranteed receivables for the current fiscal year increased to 1,278,261 million yen (up 5.4% year-on-year), amid a sign of recovery in consumer spending.

As a result, the segment's operating revenue for the current fiscal year totaled 70,787 million yen (up 6.8% year-on-year) due in part to an increase in guarantee income attributable to an increase in the balance of guaranteed receivables and guarantee fee rates. However, operating profit totaled 22,673 million yen (down 11.6% year-on-year) following an increase in operating expenses attributable to an increase in provision for bad debts caused by business expansion.

3) Overseas financial business

In the overseas financial business, we carried out business operations in the pursuit of reconciling the expansion of scale and provision of appropriate credit for relevant businesses.

EASY BUY Public Company Limited, a subsidiary of the Company which engages in the loan business in the Kingdom of Thailand, actively conducted marketing activities of the Umay+ brand with the aim of enhancing the brand image and gathering and acquiring new customers, thereby building the top-brand position in the country. In this business segment, EASY BUY has also worked to strengthen its services by using mobile apps for purposes such as the issuance of virtual cards in addition to the release of the e-wallet payment service "DREAM wallet."

ACOM CONSUMER FINANCE CORPORATION, a subsidiary of the Company which engages in the loan business in the Republic of the Philippines, has been working on improving the quality of loans through efforts such as promoting the acquisition of preferred customers.

ACOM (M) SDN. BHD., a subsidiary of the Company, established in Malaysia, started its business in September 2023. We will continue to focus on expanding our business base. In addition, we have also promoted necessary surveys in other Asian countries to explore the feasibility of business development.

The balance of the overseas financial business at the end of the fiscal year ended March 31, 2024 increased to 243,277 million yen (up 10.8% year-on-year) for reasons such as foreign exchange impact on the depreciation of the yen and a sign of recovery in consumer spending.

As a result, the segment's operating revenue for the current fiscal year was 61,892 million yen (up 9.5% year-on-year) due to an increase in interest on operating loans and foreign exchange impact on the depreciation of the yen, and operating profit increased to 22,374 million yen (up 13.7% year-on-year).

4) Loan servicing business

In the loan servicing business, with the servicer market continuing to shrink, IR Loan Servicing, Inc., a

subsidiary of the Company, worked to enhance its sales and collection capabilities such as focusing on strengthening relationships with existing business partners and sophisticating collection methods mainly of retail receivables.

As a result, the segment's operating revenue totaled 5,864 million yen (up 3.2% year-on-year), owing to an increase in the proceeds from purchased receivables. Operating profit totaled 1,182 million yen (up 12.5% year-on-year).

(3) Analysis of financial position

Compared with the end of the prior fiscal year, total assets increased by 120,087 million yen, total liabilities increased by 65,749 million yen, and net assets increased by 54,337 million yen as of March 31, 2024. Details of changes in assets, liabilities and net assets are as follows:

(Assets)

Current assets increased by 124,698 million yen and non-current assets decreased by 4,611 million yen. Consequently, total assets increased by 120,087 million yen. The breakdown of major increases in current assets is as follows: accounts receivable - operating loans (up 91,826 million yen) and accounts receivable - installment (up 18,763 million yen). The factors increasing accounts receivable - operating loans include foreign exchange impacts. The breakdown of major changes in non-current assets is as follows: deferred tax assets (down 11,129 million yen) and an increase in retirement benefit asset (up 4,416 million yen). The combined total of allowance for doubtful accounts recorded under current assets and non-current assets increased by 8,776 million yen.

(Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were an increase of 53,241 million yen and an increase of 12,508 million yen, respectively, resulting in an increase of 65,749 million yen in total liabilities. The breakdown of major changes in liabilities includes the outstanding balance of funds procured mainly in the form of loans and bonds payable (up 82,303 million yen) and provision for loss on interest repayment (down 27,376 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 35,859 million yen due to an increase in retained earnings, accumulated other comprehensive income increased by 11,064 million yen due in part to an increase in foreign currency translation adjustment, and non-controlling interests increased by 7,413 million yen. As a result, total net assets increased by 54,337 million yen, and the shareholders' equity ratio decreased by 0.5 percentage points to 44.3%.

(4) Status of cash flows

Cash and cash equivalents (hereinafter, "funds") at the end of the current fiscal year increased by 14,233 million yen from the end of the prior fiscal year to 71,900 million yen. The changes in the respective cash flows and the reasons thereof are as follows:

(Net cash provided by (used in) operating activities)

With respect to net cash used by operating activities, funds saw a decrease of 36,759 million yen (down 35,441 million yen year-on-year), mainly reflecting 86,736 million yen in profit before income taxes, a decrease of 27,376 million yen in provision for loss on interest repayment, and funds-decreasing factors such as an increase of 72,755 million yen in accounts receivable - operating loans, an increase of 18,701 million yen in accounts receivable - installment, income taxes paid of 12,571 million yen.

(Net cash provided by (used in) investing activities)

With respect to net cash used by investing activities, funds saw a decrease of 6,178 million yen (down 3,485 million yen year-on-year). This was primarily due to funds-decreasing factors such as the purchase of intangible assets, and the purchase of property, plant and equipment, which combined amounted to 4,635 million yen.

(Net cash provided by (used in) financing activities)

With respect to net cash used in financing activities, funds saw an increase of 57,163 million yen (up 70,097 million yen year-on-year). This was primarily due to the fact that the total amount of proceeds from

loans and issuance of bonds was 75,307 million yen more than the amount of repayments of borrowings and payments at maturity of bonds.

With regard to the financial resources of capital, the Company Group raised funds by way of borrowings from financial institutions, bond issuance, etc. With regard to the liquidity of funds, the Group has secured sufficient liquidity through various fundraising measures, along with a commitment line agreement and overdraft agreement concluded with a major bank.

(5) Significant accounting estimates and assumptions used for the estimates

The consolidated financial statements of the Company Group are prepared on the basis of accounting principles generally accepted in Japan. In preparing the consolidated financial statements, the Group uses estimates and assumptions that have an impact on the reported amounts of assets, liabilities, revenue and expenses. However, the figures based on these estimates and assumptions may differ from the actual results.

Significant accounting estimates and assumptions used when preparing the consolidated financial statements are stated in “(Significant accounting estimates) of Notes under 1. Consolidated Financial Statements, etc. of V. Financial Information” including calculation of provision for loss on interest repayment, calculation of allowance for doubtful accounts and calculation of deferred tax assets.

(6) Consolidated operating results

1) Operating revenue by business segment

Business segment			Prior fiscal year (From April 1, 2022 to March 31, 2023)		Current fiscal year (From April 1, 2023 to March 31, 2024)	
			Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Financial service businesses	Japan	Loan business	131,829	48.2	140,260	47.6
		Credit card business	13,340	4.9	15,769	5.3
		Guarantee business	66,278	24.2	70,787	24.0
		Loan servicing business	5,680	2.1	5,864	2.0
		Others	130	0.0	158	0.1
	Overseas	Loan business	56,456	20.6	61,811	21.0
		Installment loan business	77	0.0	78	0.0
Total			273,793	100.0	294,730	100.0

(Note) Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

2) Transaction volume and outstanding receivables at the end of the fiscal year for the financial service business segments

a. Transaction volume

Business segment		Prior fiscal year (From April 1, 2022 to March 31, 2023)		Current fiscal year (From April 1, 2023 to March 31, 2024)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	375,703	63.3	450,922	64.3
	Credit card business	62,048	10.4	71,451	10.2
	Loan servicing business	2,400	0.4	3,286	0.5
Overseas	Loan business	152,380	25.7	175,089	24.9
	Installment loan business	938	0.2	965	0.1
Total		593,471	100.0	701,715	100.0

(Notes) 1. Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

2. Details and transaction volume of the above Financial Service business segments are as follows:

Loan business	Provision of loans directly to customers. The scope of this segment's transaction volume is the amount of loans to customers during the current fiscal year.
Credit card business	Provision of general financial services through the use of credit cards, based on comprehensive credit administration. The scope of transaction volume is the total amount of credit extended for shopping through the use of credit cards during the current fiscal year.
Loan servicing business	The amount of purchased receivables.
Installment loan business	Provision of financial services without using credit cards. Each transaction of this service involves customer screening and review. The scope of transaction volume is the sum of credit amount and commission fees.

b. Receivables outstanding

Business segment		Prior fiscal year (As of March 31, 2023)		Current fiscal year (As of March 31, 2024)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	810,974	71.0	879,032	70.2
	Credit card business	103,575	9.1	122,303	9.8
	Loan servicing business	7,630	0.7	8,212	0.6
Overseas	Loan business	218,753	19.1	242,522	19.3
	Installment loan business	719	0.1	754	0.1
Total		1,141,653	100.0	1,252,825	100.0

(Note) Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

3) Number of outlets

Category	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Outlets	865	781

4) Number of customer accounts

Business segment		Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Japan	Loan business	1,609,378	1,790,412
	Credit card business	629,988	822,470
	Loan servicing business	410,289	425,676
Overseas	Loan business	1,471,495	1,471,348
	Installment loan business	12,997	11,935

(Notes) 1. Category of business above applies the category of business stated in [Segment information] in [Notes] under 1. Consolidated Financial Statements, etc. of V. Financial Information.

2. The number of customer accounts by business segment shown above is as follows:

Loan business	Number of accounts with outstanding accounts receivable - operating loans
Credit card business	Number of "MasterCard®" holders
Loan servicing business	Number of accounts with outstanding purchased receivables
Installment loan business	Number of contracts with outstanding accounts receivable - installment

5) Breakdown of operating loans

a. By loan type

Loan type		Prior fiscal year (As of March 31, 2023)					Current fiscal year (As of March 31, 2024)				
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)
Consumer loans	Unsecured loans (excluding housing loans)	3,079,927	100.0	1,027,209	99.8	17.17	3,260,945	100.0	1,119,458	99.8	17.29
	Secured loans (excluding housing loans)	938	0.0	2,500	0.2	11.30	808	0.0	2,081	0.2	11.23
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Total	3,080,865	100.0	1,029,709	100.0	17.16	3,261,753	100.0	1,121,540	100.0	17.28
Commercial loans	Unsecured loans	2	0.0	2	0.0	15.00	1	0.0	0	0.0	15.00
	Secured loans	6	0.0	16	0.0	8.83	6	0.0	14	0.0	9.03
	Total	8	0.0	18	0.0	9.56	7	0.0	14	0.0	9.25
Total		3,080,873	100.0	1,029,728	100.0	17.16	3,261,760	100.0	1,121,554	100.0	17.28

(ii) By industry

Industry	Prior fiscal year (As of March 31, 2023)				Current fiscal year (As of March 31, 2024)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Agriculture, forestry and fishery	—	—	—	—	—	—	—	—
Construction	2	0.0	—	5	0.0	—	4	0.0
Manufacturing	1	0.0	—	0	0.0	—	0	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	—	—	—	—	—	—	—	—
Transport and postal services	—	—	—	—	—	—	—	—
Wholesale and retail	—	—	—	—	—	—	—	—
Finance and insurance	1	0.0	—	2	0.0	—	1	0.0
Real estate, and goods rental and leasing	—	—	—	—	—	—	—	—
Accommodation, and food and beverage services	—	—	—	—	—	—	—	—
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	—	—	—	—	—	—	—	—
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	4	0.0	—	9	0.0	—	8	0.0
Individuals	3,080,865	100.0	1,029,709	100.0	3,261,753	100.0	1,121,540	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	3,080,873	100.0	1,029,728	100.0	3,261,760	100.0	1,121,554	100.0

(Note) Commercial loans to sole proprietors are included in corresponding categories other than “Individuals.”

(iii) By collateral type

Collateral	Prior fiscal year (As of March 31, 2023)		Current fiscal year (As of March 31, 2024)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Securities	—	—	—	—
[Stocks included in the above]	[—]	[—]	[—]	[—]
Credit	—	—	—	—
[Deposits included in the above]	[—]	[—]	[—]	[—]
Merchandise	—	—	—	—
Real estate	2,516	0.2	2,095	0.2
Foundations	—	—	—	—
Others	—	—	—	—
Total	2,516	0.2	2,095	0.2
Guarantee	—	—	—	—
Unsecured	1,027,211	99.8	1,119,459	99.8
Total	1,029,728	100.0	1,121,554	100.0

(iv) By loan term

Loan period		Prior fiscal year (As of March 31, 2023)				Current fiscal year (As of March 31, 2024)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Revolving	2,903,293	94.3	971,893	94.4	3,076,755	94.3	1,062,914	94.8
	Due within 1 year	1,271	0.0	141	0.0	1,687	0.0	168	0.0
	Due after 1 year through 5 years	144,298	4.7	44,278	4.3	158,758	4.9	46,503	4.1
	Due after 5 years through 10 years	24,514	0.8	6,428	0.6	18,409	0.6	6,235	0.6
	Due after 10 years through 15 years	6,472	0.2	4,410	0.5	5,258	0.2	3,584	0.3
	Due after 15 years through 20 years	67	0.0	49	0.0	60	0.0	41	0.0
	Due after 20 years through 25 years	10	0.0	7	0.0	15	0.0	9	0.0
	Due after 25 years	4	0.0	1	0.0	4	0.0	1	0.0
	Subtotal	3,079,929	100.0	1,027,211	99.8	3,260,946	100.0	1,119,459	99.8
	Secured loans	Revolving	729	0.0	1,857	0.2	624	0.0	1,578
Due within 1 year		2	0.0	7	0.0	4	0.0	12	0.0
Due after 1 year through 5 years		39	0.0	51	0.0	38	0.0	53	0.0
Due after 5 years through 10 years		92	0.0	242	0.0	83	0.0	207	0.0
Due after 10 years through 15 years		40	0.0	113	0.0	32	0.0	74	0.0
Due after 15 years through 20 years		6	0.0	16	0.0	7	0.0	17	0.0
Due after 20 years through 25 years		36	0.0	228	0.0	26	0.0	150	0.0
Due after 25 years		—	—	—	—	—	—	—	—
Subtotal		944	0.0	2,516	0.2	814	0.0	2,095	0.2

Loan period	Prior fiscal year (As of March 31, 2023)				Current fiscal year (As of March 31, 2024)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Revolving	2,904,022	94.3	973,751	94.6	3,077,379	94.3	1,064,493	94.9
Due within 1 year	1,273	0.0	149	0.0	1,691	0.0	181	0.0
Due after 1 year through 5 years	144,337	4.7	44,329	4.3	158,796	4.9	46,557	4.2
Due after 5 years through 10 years	24,606	0.8	6,670	0.7	18,492	0.6	6,443	0.6
Due after 10 years through 15 years	6,512	0.2	4,524	0.4	5,290	0.2	3,658	0.3
Due after 15 years through 20 years	73	0.0	66	0.0	67	0.0	58	0.0
Due after 20 years through 25 years	46	0.0	235	0.0	41	0.0	160	0.0
Due after 25 years	4	0.0	1	0.0	4	0.0	1	0.0
Total	3,080,873	100.0	1,029,728	100.0	3,261,760	100.0	1,121,554	100.0
Average term per contract	—				—			

(Note) “Average term per contract” is not calculated since revolving loan contracts are included in the table above.

6) Breakdown of funds

Funding sources, etc.	Prior fiscal year (As of March 31, 2023)		Current fiscal year (As of March 31, 2024)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	421,767	0.59	468,603	0.66
Others	159,258	0.65	194,725	0.72
[Corporate bonds, CPs]	[159,258]	[0.65]	[194,725]	[0.72]
Total	581,025	0.60	663,329	0.68
Owners' equity	723,242	—	752,795	—
[Share capital]	[63,832]	[—]	[63,832]	[—]

(Note) "Owners' equity" was calculated by deducting total liabilities, the amount of non-controlling interests in the "net assets" section, and the planned amount of dividend from total assets, and then adding the total amount of reserves (including reserves under special laws).

7) Operating results of the Filing Company

a. The number of outlets and customer accounts by business segment

(a) The number of outlets and automated teller machines

Category	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Outlets	754	671
Staffed outlets	1	—
Unstaffed outlets	753	671
Automatic contract machines	754 locations [769]	671 locations [685]
ATMs	50,146	49,779
Proprietary	772	684
Tie-up	49,374	49,095
[Number of tie-up companies]	[16]	15

(Note) In addition to the above 671 loan business outlets, based on the Money Lending Business Act, we registered 1 automatic contract machine installed in staffed outlets (they stood at 1 as of March 31, 2023), 1 automated teller machines installed outside outlets (6 as of March 31, 2023) and 1 service center (1 as of March 31, 2023) for the various applications and registration acceptance via automatic contract machines and other means as outlets.

(b) Number of customer accounts

Business segment	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Loan business	1,609,356	1,790,395
Credit card business	629,988	822,470

(Note) The number of customer accounts by business segment shown above is as follows:

Loan business Number of accounts with outstanding accounts receivable - operating loans
Credit card business Number of “MasterCard®” holders

(ii) Breakdown of operating revenue

Operating revenue by business segment

Business segment	Prior fiscal year (From April 1, 2022 to March 31, 2023)		Current fiscal year (From April 1, 2023 to March 31, 2024)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	131,833	65.7	140,260	65.1
Unsecured loans	131,525	65.5	140,008	65.0
Consumer loans	131,524	65.5	140,008	65.0
Commercial loans	0	0.0	0	0.0
Secured loans	308	0.2	252	0.1
Credit card business	13,340	6.6	15,769	7.3
Guarantee business	55,288	27.6	59,208	27.5
Others	217	0.1	229	0.1
Total	200,679	100.0	215,467	100.0

(iii) Transaction volume and outstanding receivables at the end of the fiscal year for the financial service business segments

(a) Transaction volume

Business segment		Prior fiscal year (From April 1, 2022 to March 31, 2023)		Current fiscal year (From April 1, 2023 to March 31, 2024)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	375,696	85.8	450,914	86.3
	Consumer loans	375,696	85.8	450,914	86.3
	Commercial loans	—	—	—	—
	Secured loans	7	0.0	7	0.0
	Subtotal	375,703	85.8	450,922	86.3
Credit card business		62,048	14.2	71,451	13.7
Total		437,752	100.0	522,373	100.0

(Note) Details and transaction volume of the above Financial Service business segments are as follows:

Loan business Provision of loans by the Filing Company directly to customers. The scope of this segment's transaction volume is the amount of loans to customers during the current fiscal year.

Credit card business Provision of general financial services through the use of credit cards, based on comprehensive credit administration. The scope of transaction volume is the total amount of credit extended for shopping through the use of credit cards during the current fiscal year.

(b) Receivables outstanding

Business segment		Prior fiscal year (As of March 31, 2023)		Current fiscal year (As of March 31, 2024)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	808,441	88.4	876,926	87.6
	Consumer loans	808,439	88.4	876,925	87.6
	Commercial loans	2	0.0	0	0.0
	Secured loans	2,516	0.3	2,095	0.2
	Subtotal	810,958	88.7	879,021	87.8
Credit card business		103,575	11.3	122,303	12.2
Total		914,533	100.0	1,001,325	100.0

(iv) Increase/decrease and outstanding balance of operating loans

(Millions of yen)

Item	Prior fiscal year (As of March 31, 2023)			Current fiscal year (As of March 31, 2024)		
	Total amount	Unsecured loans	Secured loans	Total amount	Unsecured loans	Secured loans
Beginning balance	783,155	780,183	2,972	810,958	808,441	2,516
Loans made during the period	375,703	375,696	7	450,922	450,914	7
Collection during the period	319,410	318,996	413	350,105	349,716	388
Transfer of claims on bankruptcy and reorganization, etc.	397	381	15	396	396	—
Write-off of bad debts during the period	28,093	28,059	33	32,356	32,316	39
Final balance	810,958	808,441	2,516	879,021	876,926	2,095
Average loans receivable	792,326	789,560	2,765	841,912	839,593	2,319

(v) Breakdown of operating loans

(a) By loan type

Loan type		Prior fiscal year (As of March 31, 2023)					Current fiscal year (As of March 31, 2024)				
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Average contracted interest rate (%)
Consumer loans	Unsecured loans (excluding housing loans)	1,608,410	99.9	808,439	99.7	15.32	1,789,580	100.0	876,925	99.8	15.49
	Secured loans (excluding housing loans)	938	0.1	2,500	0.3	11.30	808	0.0	2,081	0.2	11.23
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	1,609,348	100.0	810,939	100.0	15.30	1,790,388	100.0	879,007	100.0	15.48
Commercial loans	Unsecured loans	2	0.0	2	0.0	15.00	1	0.0	0	0.0	15.00
	Secured loans	6	0.0	16	0.0	8.83	6	0.0	14	0.0	9.03
	Subtotal	8	0.0	18	0.0	9.56	7	0.0	14	0.0	9.25
Total		1,609,356	100.0	810,958	100.0	15.30	1,790,395	100.0	879,021	100.0	15.48

(b) By industry

Industry	Prior fiscal year (As of March 31, 2023)				Current fiscal year (As of March 31, 2024)			
	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Agriculture, forestry and fishery	—	—	—	—	—	—	—	—
Construction	2	0.0	5	0.0	1	0.0	4	0.0
Manufacturing	1	0.0	0	0.0	1	0.0	0	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	—	—	—	—	—	—	—	—
Transport and postal services	—	—	—	—	—	—	—	—
Wholesale and retail	—	—	—	—	—	—	—	—
Finance and insurance	1	0.0	2	0.0	1	0.0	1	0.0
Real estate, and goods rental and leasing	—	—	—	—	—	—	—	—
Accommodation, and food and beverage services	—	—	—	—	—	—	—	—
Education and educational support	—	—	—	—	—	—	—	—
Healthcare and welfare	—	—	—	—	—	—	—	—
Multiple services	—	—	—	—	—	—	—	—
Other services (Does not fall under any other category)	4	0.0	9	0.0	4	0.0	8	0.0
Individuals	1,609,348	100.0	810,939	100.0	1,790,388	100.0	879,007	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	1,609,356	100.0	810,958	100.0	1,790,395	100.0	879,021	100.0

(Note) Commercial loans to sole proprietors are included in corresponding categories other than “Individuals.”

(c) Breakdown of unsecured consumer loans receivable by consumers' sex and age

Sex and age		Prior fiscal year (As of March 31, 2023)				Current fiscal year (As of March 31, 2024)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Male	18-19 years	3,899	0.2	342	0.0	535	0.0	47	0.0
	20-29	340,016	21.1	131,128	16.2	400,430	22.4	151,258	17.3
	30-39	271,839	16.9	156,653	19.4	295,132	16.5	167,571	19.1
	40-49	218,892	13.6	152,570	18.9	227,511	12.7	155,776	17.8
	50-59	185,687	11.6	139,751	17.3	196,568	11.0	145,618	16.6
	60 years and older	120,386	7.5	64,473	8.0	127,897	7.1	68,631	7.8
	Subtotal	1,140,719	70.9	644,920	79.8	1,248,073	69.7	688,904	78.6
Female	18-19 years	1,884	0.1	161	0.0	334	0.0	28	0.0
	20-29	146,807	9.1	42,894	5.3	182,321	10.2	53,703	6.1
	30-39	95,150	5.9	33,962	4.2	111,278	6.2	39,645	4.5
	40-49	89,281	5.6	34,618	4.3	98,214	5.5	37,514	4.3
	50-59	81,878	5.1	33,496	4.1	90,940	5.1	36,590	4.2
	60 years and older	52,691	3.3	18,385	2.3	58,420	3.3	20,538	2.3
	Subtotal	467,691	29.1	163,519	20.2	541,507	30.3	188,021	21.4
Total	1,608,410	100.0	808,439	100.0	1,789,580	100.0	876,925	100.0	

(d) By collateral type

Collateral accepted	Prior fiscal year (As of March 31, 2023)		Current fiscal year (As of March 31, 2024)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Securities	—	—	—	—
[Stocks included in the above]	[—]	[—]	[—]	[—]
Credit	—	—	—	—
[Deposits included in the above]	[—]	[—]	[—]	[—]
Merchandise	—	—	—	—
Real estate	2,516	0.3	2,095	0.2
Foundations	—	—	—	—
Others	—	—	—	—
Subtotal	2,516	0.3	2,095	0.2
Guarantee	—	—	—	—
Unsecured	808,441	99.7	876,926	99.8
Total	810,958	100.0	879,021	100.0

(e) By loan amount

Loan amount		Prior fiscal year (As of March 31, 2023)				Current fiscal year (As of March 31, 2024)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Due within 100,000 yen	276,582	17.2	17,643	2.2	306,661	17.1	18,778	2.1
	Due over 100,000 yen through 300,000 yen	375,241	23.3	77,572	9.6	438,007	24.5	91,585	10.4
	Due over 300,000 yen through 500,000 yen	507,930	31.5	219,630	27.1	569,986	31.9	246,618	28.1
	Due over 500,000 yen	448,659	27.9	493,595	60.9	474,927	26.5	519,943	59.2
	Subtotal	1,608,412	99.9	808,441	99.7	1,789,581	100.0	876,926	99.8
Secured loans	Due within 1 million yen	233	0.0	121	0.0	223	0.0	118	0.0
	Due over 1 million yen through 5 million yen	604	0.1	1,564	0.2	504	0.0	1,314	0.1
	Due over 5 million yen through 10 million yen	91	0.0	609	0.1	75	0.0	504	0.1
	Due over 10 million yen through 50 million yen	16	0.0	220	0.0	12	0.0	157	0.0
	Due over 50 million yen through 100 million yen	—	—	—	—	—	—	—	—
	Due over 100 million yen	—	—	—	—	—	—	—	—
	Subtotal	944	0.1	2,516	0.3	814	0.0	2,095	0.2
	Total	1,609,356	100.0	810,958	100.0	1,790,395	100.0	879,021	100.0
Average loans receivable per contract (Thousands of yen)		—	—	503	—	—	—	490	—
Unsecured loans		—	—	502	—	—	—	490	—
Secured loans		—	—	2,665	—	—	—	2,574	—

(f) By loan term

Loan term		Prior fiscal year (As of March 31, 2023)				Current fiscal year (As of March 31, 2024)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Revolving	1,477,343	91.8	760,454	93.8	1,656,026	92.5	829,608	94.4
	Due within 1 year	1,256	0.1	141	0.0	1,206	0.1	140	0.0
	Due after 1 year through 5 years	98,753	6.1	36,954	4.6	108,606	6.1	37,307	4.3
	Due after 5 years through 10 years	24,507	1.5	6,422	0.8	18,406	1.0	6,232	0.7
	Due after 10 years through 15 years	6,472	0.4	4,410	0.5	5,258	0.3	3,584	0.4
	Due after 15 years through 20 years	67	0.0	49	0.0	60	0.0	41	0.0
	Due after 20 years through 25 years	10	0.0	7	0.0	15	0.0	9	0.0
	Due after 25 years	4	0.0	1	0.0	4	0.0	1	0.0
	Subtotal	1,608,412	99.9	808,441	99.7	1,789,581	100.0	876,926	99.8
Secured loans	Revolving	729	0.1	1,857	0.2	624	0.0	1,578	0.2
	Due within 1 year	2	0.0	7	0.0	4	0.0	12	0.0
	Due after 1 year through 5 years	39	0.0	51	0.0	38	0.0	53	0.0
	Due after 5 years through 10 years	92	0.0	242	0.1	83	0.0	207	0.0
	Due after 10 years through 15 years	40	0.0	113	0.0	32	0.0	74	0.0
	Due after 15 years through 20 years	6	0.0	16	0.0	7	0.0	17	0.0
	Due after 20 years through 25 years	36	0.0	228	0.0	26	0.0	150	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	944	0.1	2,516	0.3	814	0.0	2,095	0.2
Revolving	1,478,072	91.9	762,311	94.0	1,656,650	92.5	831,187	94.6	
Due within 1 year	1,258	0.1	148	0.0	1,210	0.1	153	0.0	
Due after 1 year through 5 years	98,792	6.1	37,005	4.6	108,644	6.1	37,361	4.3	
Due after 5 years through 10 years	24,599	1.5	6,664	0.8	18,489	1.0	6,440	0.7	
Due after 10 years through 15 years	6,512	0.4	4,524	0.6	5,290	0.3	3,658	0.4	
Due after 15 years through 20 years	73	0.0	66	0.0	67	0.0	58	0.0	
Due after 20 years through 25 years	46	0.0	235	0.0	41	0.0	160	0.0	
Due after 25 years	4	0.0	1	0.0	4	0.0	1	0.0	
Total	1,609,356	100.0	810,958	100.0	1,790,395	100.0	879,021	100.0	
Average term per contract	—				—				

(Note) “Average term per contract” is not calculated since revolving loan contracts are included in the table above.

(g) By interest rate

Interest rate		Prior fiscal year (As of March 31, 2023)				Current fiscal year (As of March 31, 2024)			
		Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)	Number of loan contracts	Proportion (%)	Outstanding balance (Millions of yen)	Proportion (%)
Unsecured loans	Below 10.0% p.a.	127,983	7.9	55,466	6.8	129,964	7.3	55,791	6.4
	From 10.0% to 15.0% p.a.	355,575	22.1	379,932	46.9	367,462	20.5	394,102	44.8
	From 15.0% to 18.0% p.a.	1,124,854	69.9	373,042	46.0	1,292,155	72.2	427,032	48.6
	From 18.0% to 20.0% p.a.	—	—	—	—	—	—	—	—
	Above 20.0% p.a.	—	—	—	—	—	—	—	—
	Subtotal	1,608,412	99.9	808,441	99.7	1,789,581	100.0	876,926	99.8
Secured loans	Below 10.0% p.a.	236	0.0	833	0.1	211	0.0	703	0.1
	From 10.0% to 15.0% p.a.	708	0.1	1,683	0.2	603	0.0	1,392	0.1
	From 15.0% to 18.0% p.a.	—	—	—	—	—	—	—	—
	Subtotal	944	0.1	2,516	0.3	814	0.0	2,095	0.2
Total		1,609,356	100.0	810,958	100.0	1,790,395	100.0	879,021	100.0

(vi) Breakdown of funds

(a) Breakdown by funding sources

Funding sources	Prior fiscal year (As of March 31, 2023)		Current fiscal year (As of March 31, 2024)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	375,179	0.41	423,425	0.44
Others	129,998	0.38	164,989	0.49
[Corporate bonds, CPs]	[129,998]	[0.38]	[164,989]	[0.49]
Total	505,177	0.40	588,414	0.46
Owners' equity	616,677	—	625,591	—
[Share capital]	[63,832]	[—]	[63,832]	[—]

(Note) "Owners' equity" was calculated by deducting total liabilities and the planned amount of dividend from total assets, and then adding the total amount of reserves (including reserves under special laws).

(b) Breakdown by financial institution

Financial institution		Prior fiscal year (As of March 31, 2023)				Current fiscal year (As of March 31, 2024)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	267,639	188,500	163,025	293,114	293,114	173,000	152,255	313,859
	Regional banks	35,235	24,500	12,234	47,501	47,501	27,200	14,019	60,682
	Trust banks	—	—	—	—	—	—	—	—
	Foreign banks	2,000	—	1,000	1,000	1,000	—	—	1,000
	Life insurance companies	2,670	1,000	1,070	2,600	2,600	500	820	2,280
	Non-life insurance companies	1,500	1,000	1,000	1,500	1,500	—	—	1,500
	Business corporations (leasing and financing companies, etc.)	132	200	68	264	264	—	160	104
	Other financial institutions	22,825	13,000	6,625	29,200	29,200	21,500	6,700	44,000
Subtotal		332,001	228,200	185,022	375,179	375,179	222,200	173,954	423,425
Commercial papers		24,999	244,998	235,000	34,998	34,998	251,991	257,000	29,989
Corporate bonds (including current portion of bonds payable)		140,000	—	45,000	95,000	95,000	65,000	25,000	135,000
Subtotal		164,999	244,998	280,000	129,998	129,998	316,991	282,000	164,989
Total		497,000	473,198	465,022	505,177	505,177	539,191	455,954	588,414

(Notes) 1. "City banks, etc." includes SBI Shinsei Bank, Limited and Aozora Bank, Ltd.

2. "Other financial institutions" includes syndicated loans.

5. Material Business Agreements, etc.

Not applicable

6. Research and Development Activities

Not applicable

III. Equipment and Facilities

1. Status of Capital Expenditures, etc.

During this fiscal year, there were no noteworthy capital investments, etc.

2. Situation of Major Equipment

The major equipment in the Company Group is the following:

(1) The Filing Company

As of March 31, 2024

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Book value (Millions of yen)				Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)
			Buildings and structures	Furniture and fixtures	Leased assets	Total	
Head Office (Note) 1 (Minato-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	209	30	1	240	407 [17]
Contact Center (Yokohama City, Kanagawa) and 671 other unstaffed outlets, data centers, etc.	Loan and credit card business	Contact center, unstaffed outlets	1,459	743	—	2,202	1,091 [53]
	Corporate wide (shared)	Data centers	246	920	1,259	2,426	—

(Notes) 1. Part of the building has been on lease and the leasing fee is 404 million yen.

2. The rent for part of the building and land on lease other than the above (Note) 1 is 3,002 million yen.

3. There are no major facilities that are not operating.

4. Major facilities on lease from other than the consolidated subsidiaries are:

Business Place (Location)	Name of business segments	Details of major facilities and equipment	Number of units	Lease period	Annual leasing fee (Millions of yen)	Lease contracts with receivable outstanding (Millions of yen)
Head office (Minato-ku, Tokyo)	Corporate wide (shared)	Vehicles	1	3 years	2	1
ACOM Ikegami Building (Ota-ku, Tokyo) (Ota-ku, Tokyo) and 2 other places	Corporate wide (shared)	Computer equipment	20	Primarily 5 years	176	1,302

(2) Domestic subsidiaries

Not applicable

(3) Overseas subsidiaries

Not applicable

3. Plans for Equipment Introduction, Disposals, etc.

(1) Major equipment introduction, etc.

Not applicable

(2) Major equipment disposal, etc.

Not applicable

IV. 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) Issued shares

Class	As of the end of the current fiscal year (March 31, 2024)	As of the submission date (June 21, 2024)	Stock exchange on which the Company is listed	Description
Common stock	1,566,614,098	1,566,614,098	Tokyo Stock Exchange Standard Market	These are the Company's standard shares with no restricted rights. One unit of stock constitutes 100 common shares.
Total	1,566,614,098	1,566,614,098	—	—

(2) Status of the stock acquisition rights

1) Details of stock option plans

Not applicable

2) Rights plans

Not applicable

3) 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 share capital and other

(Millions of yen, unless otherwise stated)

Date	Changes in the total number of shares issued (Thousands of shares)	Balance of the total number of shares issued (Thousands of shares)	Changes in share capital	Balance of share capital	Changes in legal capital surplus	Balance of legal capital surplus
June 3, 2021 (Note)	(29,668)	1,566,614	—	63,832	—	72,322

(Note) Pursuant to the resolution at the Board of Directors meeting held on May 20, 2021, the Company cancelled its treasury shares on June 3, 2021, resulting in a decrease of 29,668,702 shares in the total number of shares issued.

(5) Status of shareholders

As of March 31, 2024

Classification	Status of shares (the number of minimum unit is 100 shares)								Status of shares below unit (Shares)
	Government and local municipalities	Japanese financial institutions and insurance companies	Financial instruments business operators	Other Japanese corporations	Foreign corporations, etc.		Individuals, others	Total	
					Others	Individuals			
Number of shareholders	0	18	37	100	236	25	16,123	16,539	—
Number of shares held (Units)	0	1,869,264	87,530	11,461,693	642,581	409	1,604,303	15,665,780	36,098
Ratio of shares held (%)	0.00	11.93	0.56	73.16	4.10	0.00	10.25	100.00	—

(Notes) 1. 120 shares of treasury shares are included in one unit in “Individuals, others” and 20 shares in the “Status of shares below unit” box.

2. The number of shares in the “Other Japanese corporations” box includes 30 units of shares under the name of Japan Securities Depository Center, Inc.

(6) Major shareholders

As of March 31, 2024

Name	Address	Number of shares held (Thousands of shares)	Percentage of shares held to the total number of issued shares (excluding shares of treasury shares) (%)
Mitsubishi UFJ Financial Group, Inc.	2-7-1 Marunouchi, Chiyoda-ku, Tokyo	588,723	37.57
Maruito Shokusan Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City, Osaka	273,467	17.45
Maruito Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City, Osaka	125,533	8.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	96,920	6.18
Foundation of Kinoshita Memorial Enterprise	6-2-14 Motomachi-dori, Chuo-ku, Kobe City, Hyogo	92,192	5.88
Maruito Shoten Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City, Osaka	38,733	2.47
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	31,572	2.01
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo	27,352	1.74
Aroa Shokusan LLC	3-2-4 Shibuya, Shibuya-ku, Tokyo	17,000	1.08
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	13,819	0.88
Total	—	1,305,314	83.32

(Note) In “Number of shares held,” figures less than one thousand are truncated.

(7) Status of voting rights

1) Issued shares

As of March 31, 2024

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Shares without voting rights	—	—	—
Shares with limited voting rights (treasury shares, etc.)	—	—	—
Shares with limited voting rights (others)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 100	—	—
Shares with full voting rights (others)	Common stock 1,566,577,900	15,665,779	—
Shares less than one unit	Common stock 36,098	—	—
Total number of shares issued	1,566,614,098	—	—
Total voting rights held by all shareholders	—	15,665,779	—

- (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 20 shares of treasury shares held by the Company.

2) Treasury shares, etc.

As of March 31, 2024

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 shares) ACOM CO., LTD.	9-1, Higashi Shinbashi 1-chome, Minato-ku, Tokyo	100	—	100	0.00
Total	—	100	—	100	0.00

2. Status of Acquisition of Treasury Shares, etc.

Class of stocks, etc.: Common stock

(1) Status of the acquisition of treasury shares resolved at shareholders' meetings

Not applicable

(2) Status of the acquisition of treasury shares resolved at the meetings of the Board of Directors

Not applicable

(3) Details of the acquisition of treasury shares not based on the resolutions of shareholders' meetings or the meetings of the Board of Directors

Category	Number of shares (shares)	Total amount disposed (Thousands of yen)
Acquired treasury shares during the current fiscal year	70	27
Acquired treasury shares during the current term	—	—

(4) Status of the disposition and holding of acquired treasury shares

Category	Current fiscal year		Current term	
	Number of shares (shares)	Total amount disposed (Thousands of yen)	Number of shares (shares)	Total amount disposed (Thousands of yen)
Acquired treasury shares for which subscribers were solicited	—	—	—	—
Acquired treasury shares that was disposed of	—	—	—	—
Treasury shares transferred due to merger, stock exchange, stock delivery or corporate separation	—	—	—	—
Others	—	—	—	—
Number of shares of treasury shares held	120	—	120	—

(Note) “The number of shares of treasury shares held” during the current term does not include the number of shares acquired for purchase of shares less than one unit from June 1, 2024, to the submission date of the Annual Securities Report.

3. Basic Policy on Dividends

With regard to profit distribution to shareholders, it is our basic policy to increase shareholder returns based on high profitability and appropriate capital adequacy.

As for the fiscal year ended March 2024, year-end dividend is 6 yen per share as planned.

As for the fiscal year ending March 31, 2025, annual dividend of 14 yen is planned. This consists of 7 yen at the second quarter and 7 yen at the fourth quarter.

The Company intends to use its internal reserves to enhance its financial base.

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends.

The Company Group intends to strive for its long-term stable growth in the future.

(Note) Dividends whose record date falls in the current fiscal year are as follows:

Date of resolution	Total amount of dividends	Dividends per share
Resolution at the Board of Directors meeting held on November 9, 2023	9,399 million yen	6.00 yen
Resolution at the Ordinary General Meeting of Shareholders held on June 21, 2024	9,399 million yen	6.00 yen

4. Corporate Governance

(1) Overview of Corporate Governance

1) Basic Policy on Corporate Governance

The Company Group, guided by its lifelong “Circle of Trust” spirit, maintains an ongoing corporate commitment to respecting other people, putting the customer first, and conducting creative and innovative management. Based on this commitment, we are seeking to deepen mutual trust between our stakeholders and ourselves and thus progress in partnership with society.

In order to meet the expectations of stakeholders and build stronger trust, we will strengthen corporate governance as a key management priority. To this end, we will take steps to enhance the soundness, transparency, and efficiency of our operations and achieve sustained increases in our shareholder value.

We recognize that effective internal control systems are essential to creating an appropriate corporate governance framework. Based on this recognition, we are encouraging all members of our organization to join forces in building internal control systems and assuring their effectiveness, under the leadership of the management. At the same time, we are constantly evaluating, verifying, and improving the effectiveness of internal control mechanisms already in place.

2) Corporate Governance Structure

(i) An overview of corporate governance structure and reasons for employing said structure

The Company is a company with an Audit and Supervisory Committee and aims to enable swift decision-making and enhance the Board of Directors’ supervisory functions by significantly delegating decision-making on material business executions to directors from the Board of Directors. The Board of Directors, in turn, performs thorough monitoring and other measures on delegated matters.

The Company aims to improve the transparency and objectivity of its management by having an Audit and Supervisory Committee composed mainly of outside directors conduct audit and supervisory functions.

The organs installed by the Company are as follows:

(a) Board of Directors

The Board of Directors of the Company consists of ten members: President & CEO Masataka Kinoshita who chairs the Board, Directors Shigeyoshi Kinoshita, Hiroshi Naruse, Takashi Kiribuchi, Tomomi Uchida, Tadashi Yamamoto, and Michelle Tan (Outside Director), and Audit and Supervisory Committee Members Toshihiko Yamashita (Outside Director), Akihiro Kiyooka, and Takuji Akiyama (Outside Director).

The Board deliberates and decides important business management matters, such as management strategies and business planning, and basic policies for building corporate governance and internal control systems, while ensuring objective and rational judgment. Furthermore, the Board delegates decision-making on matters related to the execution of business operations other than matters to be resolved at the Board of Directors to President and Director, and monitors and supervises the execution of duties by thorough monitoring and other measures on delegated matters.

It meets at least once every quarter, in principle, and more as deemed necessary.

During the current fiscal year, the Company held a total of 12 Board of Directors meetings. Status of attendance at meetings of each Board of Directors member is as follows:

Name	Number of meetings held	Number of meetings attended	Number of attendance
Shigeyoshi Kinoshita	12	12	100%
Hiroshi Naruse	12	12	100%
Masataka Kinoshita	12	12	100%
Takashi Kiribuchi	12	12	100%
Tomomi Uchida	12	12	100%
Masakazu Osawa (*1)	4	4	100%
Tadashi Yamamoto (*2)	8	7	87.5%
Michelle Tan (*3)	—	—	—
Masahide Ishikawa (*1)	4	4	100%
Toshihiko Yamashita (*2)	8	8	100%
Kazuo Fukumoto (*4)	12	12	100%
Akihiro Kiyooka (*3)	—	—	—
Takuji Akiyama	12	12	100%

(*1) Those members have retired from the position of Director as of June 23, 2023. Thus, the status of attendance includes attendance at Board of Directors meetings held during the period prior to their retirement.

(*2) Those members were appointed to the position of Director as of June 23, 2023. Thus, the status of attendance includes attendance at Board of Directors meetings held during the period following their appointment.

(*3) No data is available as those members assumed the position of Director as of June 21, 2024.

(*4) This member has retired from the position of Director as of June 21, 2024.

The Board of Directors has determined the following items mainly as details to be deliberated in the current fiscal year.

[Details of management strategy-related matters]

- Items relating to single-year management plans
- Items relating to the revision of full-year performance forecasts
- Items relating to interim and year-end dividends

[Details of business management-related matters]

- Items relating to Basic Policy of Establishing ACOM Group's Internal Control System
- Items relating to the enhancement of stances on risk management

[Details of financial results and accounting-related matters]

- Items relating to financial statements
- Items relating to business reports

[Corporate management-related items]

- Items relating to the selection of the positions of Representative Directors and Directors
- Items relating to basic compensation, performance-linked compensation and stock price-linked compensation for Directors

(b) Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three members: Toshihiko Yamashita (Outside Director) who chairs the committee, Akihiro Kiyooka and Takuji Akiyama (Outside Director).

It meets regularly to receive reports concerning important audit-related matters, hold discussions, and pass resolutions.

To support the Audit and Supervisory Committee's duties, the Company established "the Administration for Audit and Supervisory Committee" and assigned persons to assist its duties. Employees to assist the Audit and Supervisory Committee will be exclusively in charge of work that

assists the Audit and Supervisory Committee, and will not be subject to instructions and orders from the Directors (excluding those serving as Audit and Supervisory Committee Members) and other operational organizations. Assignment, transfer, evaluation and disciplinary action of such employees are decided after consultation with the Audit and Supervisory Committee.

(c) Committees

i. Appointment and Remuneration Committee

The Appointment and Remuneration Committee consists of six members: President & CEO Masataka Kinoshita who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Hiroshi Naruse, and Audit and Supervisory Committee Members Toshihiko Yamashita (Outside Director), Akihiro Kiyooka and Takuji Akiyama (Outside Director).

The Appointment and Remuneration Committee reviews and proposes the appointment of candidates and remuneration for Directors (excluding those serving as Audit and Supervisory Committee Members) for resolution at the Board of Directors Meeting.

The Committee also checks management and the status of training for candidates for management and provides an overview of the same to the Board of Directors.

The Appointment and Remuneration Committee meets three times a year, in principle, and more as deemed necessary. During the current fiscal year, the Company held a total of 6 Appointment and Remuneration Committee meetings. Status of attendance at meetings of each Appointment and Remuneration Committee member is as follows:

Name	Number of meetings held	Number of meetings attended	Number of attendance
Shigeyoshi Kinoshita	6	6	100%
Hiroshi Naruse	6	6	100%
Masataka Kinoshita	6	6	100%
Masahide Ishikawa (*1)	3	3	100%
Toshihiko Yamashita (*2)	3	3	100%
Kazuo Fukumoto (*3)	6	6	100%
Akihiro Kiyooka (*4)	—	—	—
Takuji Akiyama	6	6	100%

(*1) This member has retired from the position of Director as of June 23, 2023. Thus, the status of attendance includes attendance at Appointment and Remuneration Committee meetings held during the period prior to the retirement.

(*2) This member was appointed to the position of Appointment and Remuneration Committee Member as of June 23, 2023. Thus, the status of attendance includes attendance at Appointment and Remuneration Committee meetings held during the period prior to the appointment.

(*3) This member has retired from the position of Director as of June 21, 2024.

(*4) No data is available as this member assumed the position of Appointment and Remuneration Committee Member as of June 21, 2024.

The Appointment and Remuneration Committee has determined the following items mainly as details to be deliberated in the current fiscal year.

- Items relating to Evaluation of Directors
- Items relating to candidates for Directors and Representative Directors of subsidiaries
- Items relating to the selection of the positions of Representative Directors and Directors
- Items relating to basic compensation, performance-linked compensation and stock price-linked compensation for Directors
- Items relating to the status of training for management and candidates for management

ii. Conflict of Interest Advisory Committee

The Conflict of Interest Advisory Committee consists of three independent directors, chaired by independent director (outside) Toshihiko Yamashita, the independent director (outside) Takuji Akiyama, and lawyer from Nozomi Sogo Attorneys at Law, Hitoshi Shimbo. The Committee

deliberates on material transactions, etc. where the controlling shareholders' interest conflicts with minority shareholders' from the perspective of protecting the interests of minority shareholders and makes recommendations to the Board of Directors, etc.

The Conflict of Interest Advisory Committee meets, in principle, each time there is a material transaction, etc. where controlling shareholders' interest conflicts with the minority shareholders' interest. The Committee did not meet in the current fiscal year.

iii. Compliance Committee

The Compliance Committee consists of five members: chaired by director (outside) Michelle Tan, experts from outside the Company Yasunari Takaura, Outside Director Toshihiko Yamashita and Representative Directors Hiroshi Naruse and Masataka Kinoshita. It discusses and, as necessary, makes recommendations to the Board of Directors about the following compliance-related matters.

- Items relating to formulation, revision or abolishment of the ACOM Group Code of Ethics and Code of Conduct;
- Important items related to establishment and operation of compliance systems
- Items relating to formulation of basic plans
- Items relating to the correction of major violations related to compliance, actions for improvement and recurrence prevention measures
- Important items related to other compliance issues

The Compliance Committee meets four times a year, in principle, and more as deemed necessary.

iv) Risk Committee

The Corporate Risk Committee consists of seven members: Deputy Chairman Hiroshi Naruse who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Masataka Kinoshita, and Audit and Supervisory Committee Members Toshihiko Yamashita (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director), and an executive officer who concurrently serve as director in charge of Compliance and Corporate Risk Management Department Masatoshi Nabeoka.

The Corporate Risk Committee discusses important items related to risk management and makes proposals and reports to the Board of Directors as deemed necessary. The Committee also monitors the status of risk management and other matters and reports the results to the Board of Directors.

The Corporate Risk Committee meets once every quarter, in principle, and more as deemed necessary.

v) Information Disclosure Committee

The Information Disclosure Committee consists of seven members: a deputy chairman Hiroshi Naruse who chairs the committee, a director Takashi Kiribuchi, a member of Audit and Supervisory Committee Akihiro Kiyooka, and executive officers who concurrently serve as directors in charge of the relevant departments, Tomomi Uchida, Masaru Kuroda, Masatoshi Nabeoka and Kazuki Morishita.

To ensure accurate, timely and appropriate information disclosure, the Committee deliberates on matters such as statutory disclosure materials based on the Companies Act and Financial Instruments and Exchange Act, timely disclosure materials based on the Securities Listing Regulations, and matters related to the development of information disclosure systems.

The Information Disclosure Committee meets twice every quarter, in principle, and more as deemed necessary.

(d) Executive Officers' Meeting, etc.

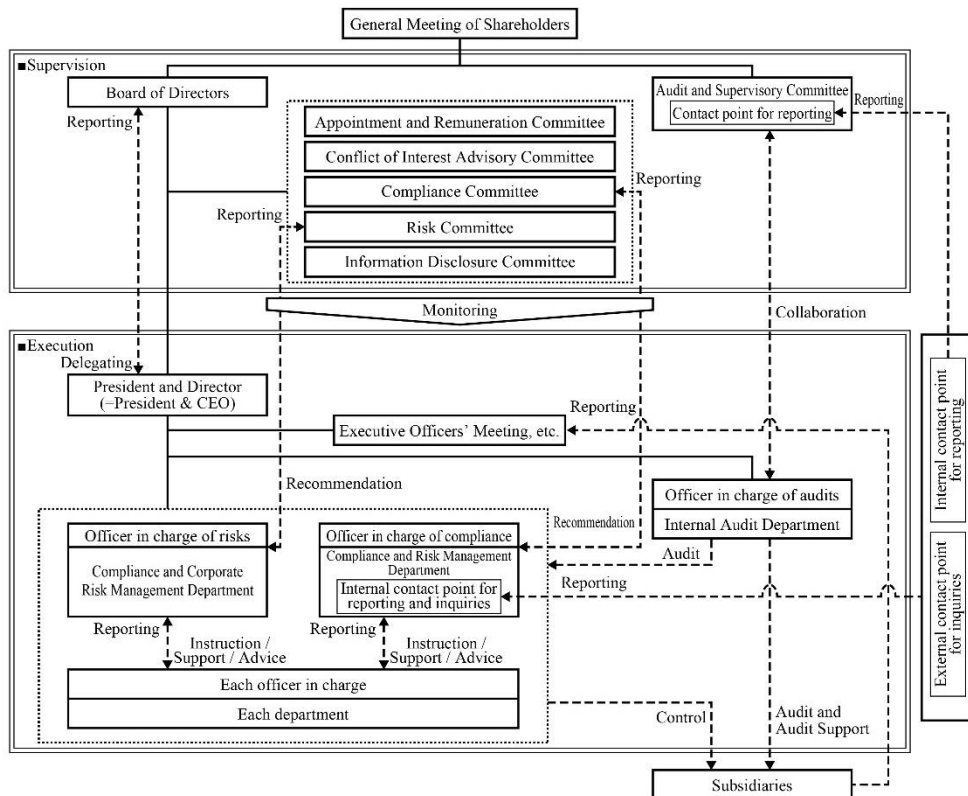
The Executive Officers' Meeting consists of eleven members: President & CEO Masataka Kinoshita who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Hiroshi Naruse, executive officers who serve concurrently as directors Takashi Kiribuchi, Tomomi Uchida, Michihito Onodera, Masashi Yoshiba, Masaru Kuroda, Yuji Kinoshita, Masatoshi Nabeoka and Kazuki Morishita.

In the presence of Audit and Supervisory Committee Members, the Executive Officers' Meeting discusses and makes decisions related to the execution of important business operations delegated by the Board of Directors to the President and Director, and deliberates management policies and management plans in advance for resolution at the Board of Directors Meeting in accordance with basic policies determined by the Board of Directors.

The Executive Officers' Meeting assembles three times a month, in principle, and more as deemed necessary.

b. Corporate governance structure and internal control system structure

(As of June 21, 2024)



c. Other corporate governance related matters

(a) Basic stance on internal control system and the improvement of such system

The Company resolved as described below to improve its internal control system to ensure the appropriateness of its business activities, in accordance with Article 399-13, Paragraph 1, Item 1-(ii) and Item 1-(iii) of the Companies Act, as well as Article 110-4 of the Enforcement Regulations of the Companies Act.

The Company strives to periodically evaluate the status of improvement of the internal control system, take remedial measures as necessary, review the system to respond to changes in the business environment, etc. and improve the effectiveness of the internal control system.

[Basic Policy of Establishing ACOM Group's Internal Control System]

1. System to ensure that execution of duties by the Directors and employees of the Company and its subsidiaries complies with laws, regulations and the Articles of Incorporation of the Company
 - (1) The Company regards compliance as the highest priority in the corporate management, and establishes the ACOM Group Code of Ethics and Code of Conduct, while developing the rules for compliance and various internal rules and making employees fully aware of them.
 - (2) The Company and its subsidiaries establish a committee on compliance, etc. and place officers in charge of compliance and departments with across-the-board responsibilities for compliance.
 - (3) The Company and its subsidiaries formulate compliance plans, while managing their progress.
 - (4) The Company and its subsidiaries establish contact points for reporting and inquiry by employees concerning the act of violations or possible violations of compliance.
 - (5) In accordance with the ACOM Group Code of Ethics and the Company Group's basic policy with respect to antisocial forces, the Company and its subsidiaries develop a system to prevent relations with antisocial forces and ensure appropriate business operations.
 - (6) The Company and its subsidiaries shall be aware of the possibility that financial services they offer may be used for financial crimes, including money laundering and terrorism financing and will develop a system to detect, deter and prevent the crimes.
 - (7) The Company shall establish a system for accurate, timely, and appropriate disclosure of information by establishing a policy on information disclosure and a committee to deliberate on information disclosure.
 - (8) In accordance with the Company Group's basic policy for the internal control over financial reporting, the Company shall strive to develop and operate internal control over financial reporting to ensure transparency, accuracy, and reliability of financial reporting.
 - (9) The Company establishes an internal audit department and ensures its independence and specialties. It also develops an internal audit system in accordance with the rules on internal audit to ensure the soundness and appropriateness of its business activities. In order to contribute to the development of internal controls at the subsidiaries of the Company, an internal audit department of the Company audits the subsidiaries and assists the subsidiaries with their audits.
2. System concerning storage and management of information on the execution of duties by Directors of the Company and its subsidiaries
 - (1) In accordance with the rules for confidential information management and related rules, the Company and its subsidiaries establish procedures for managing documents related to the execution of duties by the Directors (including electromagnetic records), store and manage such information in an appropriate manner, ensuring that such documents are available for inspection by directors when necessary.
 - (2) The Company and its subsidiaries place officers in charge of information management and establish departments with across-the-board responsibilities for information management.
 - (3) In order to maintain the appropriateness of information storage and management, the Company and its subsidiaries appoint personnel responsible for information security management, determine the roles of respective organizations, officers and employees, and store and manage information in a systematic manner. The Company and its subsidiaries regularly verify the status of information storage and management.
3. Rules concerning loss risk management and other systems of the Company and its subsidiaries
 - (1) The Company and its subsidiaries establish a system for proper and efficient risk management in accordance with the rules for risk management.
 - (2) In order to manage risks in an integrated manner, the Company and its subsidiaries establish a committee on risk management, etc. and officers and responsible departments in charge of risk management.
 - (3) The Company and its subsidiaries formulate risk management plans, while managing their progress.
 - (4) The Company and its subsidiaries establish a system to minimize economic losses and loss of credibility and to continue or swiftly resume business operations in cases where risks that may have significant internal or external impacts arise.
4. System to ensure efficient execution of duties by the Directors of the Company and its subsidiaries
 - (1) The Company Group formulates management policies and management plans of the Company Group and carries out business management based on appropriate methods.
 - (2) The Board of Directors delegates decision-making on matters related to the execution of business operations other than matters to be resolved at the Board of Directors to President and Director. The Company establishes the Executive Officer's Meeting presided over by President and Director and other bodies to discuss and decide on delegated matters.
 - (3) The Company and its subsidiaries, based on internal rules, etc., determine the division of duties by each organization and the criteria of decision making for each position so as to make decisions more quickly and execute duties more efficiently.

5. System to ensure the propriety of business carried out by the group consisting of the Company, parent company and subsidiaries
 - (1) While maintaining independence as a publicly-traded company, the Company coordinates with the parent company in accordance with the rules for consultation and reporting with the parent company. The Company Group also establishes the Group's business management systems in accordance with the parent company's policy for its group management so as to contribute to the appropriate business operations of both of the groups.
 - (2) The Company establishes departments for managing its subsidiaries, and manages its subsidiaries in accordance with the rules for management of subsidiaries, etc. The subsidiaries of the Company report important matters related to management and business execution to the Executive Officers' Meeting of the Company.
 - (3) Since the transactions with Mitsubishi UFJ Financial Group, Inc., the parent company, and its subsidiaries may cause conflicts of interest between the controlling shareholder and minority shareholders, the Company establishes a committee to deliberate and make recommendations to the Board of Directors on important transactions, etc. that may cause conflicts of interest between the controlling shareholder and minority shareholders.

6. System for employees to assist the Audit and Supervisory Committee of the Company in the execution of their duties
 - (1) The Company establishes the Administration for Audit and Supervisory Committee to assist in the Audit and Supervisory Committee's duties, and assign assistants for the Audit and Supervisory Committee.
 - (2) The number of employees to assist the Audit and Supervisory Committee and their requirements are decided after discussion with the Audit and Supervisory Committee.
 - (3) Employees to assist the Audit and Supervisory Committee will be exclusively in charge of work that assists the Audit and Supervisory Committee, and are not subject to instructions and orders from the Directors (excluding those serving as Audit and Supervisory Committee Members) and other operational organizations.
 - (4) Assignment, transfer, evaluation and disciplinary action of employees who assist the Audit and Supervisory Committee are decided after discussion with the Audit and Supervisory Committee.

7. System for reporting to the Audit and Supervisory Committee of the Company
 The Company reports the following matters at the Company and its subsidiaries to the Audit and Supervisory Committee. In addition, the Company will not treat any person who has reported to the Audit and Supervisory Committee unfavorably as a reprisal to such reports.
 - (i) Matters which may significantly damage the company
 - (ii) Material breach of laws and regulations, etc.
 - (iii) Implementation status and results of an internal audit
 - (iv) Status of whistleblowing and the details of cases reported
 - (v) Other matters that the Audit and Supervisory Committee ask the company to report

8. Other systems to ensure that audits are effectively implemented by the Audit and Supervisory Committee of the Company
 - (1) The Company ensures a system that allows Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee to: attend the Executive Officers' meetings, and other important meetings and committees; and have access to the important documents concerning the execution of duties, such as statutory documents.
 - (2) President and Director have regular meetings with Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee to exchange opinions on issues with which the Company should deal, issues concerning the execution of duties, and primary issues on audits. They also take actions regarding the matters that the Audit and Supervisory Committee deems necessary to be addressed.
 - (3) Directors (excluding those serving as Audit and Supervisory Committee Members) and employees respect the rules of the Audit and Supervisory Committee and other rules, including audit policies, and cooperate with the Audit and Supervisory Committee for inspection and consultation requests.
 - (4) The internal audit department establishes a cooperation system with the Audit and Supervisory Committee in order to contribute to ensuring the effectiveness of audits by the Audit and Supervisory Committee.
 - (5) In cases where the internal audit department recognizes any breach or possible breach of laws and regulations (whether or not it is in breach of internal regulations), which is allegedly involving Directors (excluding those serving as Audit and Supervisory Committee Members), the internal audit department shall report to the Audit and Supervisory Committee before reporting to Directors (excluding those serving as Audit and Supervisory Committee Members).
 - (6) The Audit and Supervisory Committee specifies a budget for expenses acknowledged by the Audit and Supervisory Committee to be necessary for the execution of their duties. Any expenses expended urgently or extraordinarily beyond the budget can be claimed after the event.

(b) Development of risk management system

For details of development of risk management system at the Company, please refer to “[Risk management system of the Company] in 3. Risks Related to Business of II. Business Overview.”

3) Number of Directors and Resolution Requirement for Election of Directors

The Articles of Incorporation stipulate that the number of Directors (excluding those serving as Audit and Supervisory Committee Members) shall be ten or less and that the number of Directors serving as Audit and Supervisory Committee Members shall be five or less.

The Articles of Incorporation stipulates that voting on resolutions for election of directors shall take place under the presence of shareholders who represent one-third or more of total voting rights, and the majority of the votes of those shareholders and those which are not contingent upon cumulative votes shall be the requisite for adoption of the resolution.

4) Purchase of Treasury Shares

Pursuant to Article 165, Paragraph 2 of the Companies Act, the Company has included in its Articles of Incorporation a clause allowing purchase of its own shares via the market, subject to a resolution of the Board of Directors. Such inclusion was made to permit flexible share buybacks according to the Company's business and financial conditions and other circumstances.

5) Liability Exemption for Directors

a. Provisions of the Articles of Incorporation

To ensure that directors can adequately carry out the duties they are entrusted with, the Company has stipulated in its Articles of Incorporation to provide liability exemption for directors as follows:

(A) The Company may allow the exemption of Directors (including former Directors), by decision of the Board of Directors and within the limits allowed by the law, from liability resulting from dereliction of duty, pursuant to Article 426, Paragraph 1 of the Companies Act.

(B) The Company may conclude an agreement with each Director (excluding those with authority on business execution, etc.) to limit his/her liability resulting from dereliction of duty, pursuant to Article 427, Paragraph 1 of the Companies Act; provided, however, that the limit of the amount under this agreement shall be within the amount stipulated in the law.

b. Limited Liability Agreement

The Company has concluded a limited liability agreement with each of the four non-executive Directors (two of whom are Outside Directors), which limits the liability for damage under Article 423, Paragraph 1, of the Companies Act to the minimum amount stipulated in the law, in accordance with the provision of Article 427, Paragraph 1, of the Act.

c. Directors and Officers (D&O) Liability Insurance Contract

The Company has entered into a directors and officers (D&O) liability insurance contract with an insurance company as stipulated in Article 430-3 of the Companies Act to cover legal damages and litigation expenses incurred by the insured.

Provided, however, liability incurred by directors and officers themselves who have committed criminal offenses such as bribery or any intentional misconduct is not covered as a measure not to impair the appropriateness of the execution of duties by directors and officers.

The insurance contract insures the Company's Directors and Executive Officers, including persons who have already retired from the above positions and officers who have been newly elected during the term of the insurance contract. Insurance premiums for all of the insured are fully paid by the Company.

6) Interim Dividend

Pursuant to Article 454, Paragraph 5 of the Companies Act, the Company may, by a resolution of the Board of Directors, pay interim dividends each year with September 30 as the base date.

7) Special Resolutions at the General Meeting of Shareholders

For purpose of maintaining smooth operation of the General Meeting of Shareholders, the Articles of Incorporation stipulates that special resolutions pursuant to Article 309, Paragraph 2 of the Companies Act, shall be passed if at least two-thirds of voting rights are cast in favor, if shareholders representing at least one-third of eligible votes are present.

(2) Directors and Audit and Supervisory Committee Members

1) List of Directors and Audit and Supervisory Committee Members

Male: 9, Female: 1 (Ratio of females to Directors and Audit and Supervisory Committee Members: 10%)

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Chairman	Shigeyoshi Kinoshita	April 14, 1949	April 1973 April 1978 December 1980 February 1983 May 1984 August 1986 June 1988 October 1991 October 1992 October 1996 June 2000 June 2003 June 2010 June 2021	Joined Marubeni Corporation Joined Japan Consumer Finance Co., Ltd. Joined the Company Director and Chief General Manager, General Affairs Dept. of the Company Director and Chief General Manager, Accounting Dept. of the Company Managing Director of the Company Managing Director and Head of Business Promotion Division of the Company Representative and Senior Managing Director of the Company Representative and Senior Managing Director, and Head of the Loan Sales Division of the Company Representative Director and Deputy President of the Company Representative Director and President of the Company President and Chief Executive Officer of the Company Chairman, President and Chief Executive Officer of the Company Chairman of the Company (to present)	(Note) 3	3,507
Deputy Chairman in charge of: Compliance Dept. and Internal Audit Dept.	Hiroshi Naruse	December 4, 1958	April 1981 June 2008 June 2008 May 2010 June 2010 April 2011 June 2011 June 2013 June 2013 June 2014 June 2016 May 2018 April 2019 April 2021 June 2021	Joined The Mitsubishi Trust and Banking Corporation Executive Officer, Assistant Director and General Manager, Trust Assets Planning Division of Mitsubishi UFJ Trust and Banking Corporation Director and President of Mitsubishi UFJ Global Custody S.A. Executive Officer and General Manager, System Planning Division of Mitsubishi UFJ Trust and Banking Corporation Executive Officer of Mitsubishi UFJ Financial Group, Inc. Representative Director and President of Mitsubishi UFJ Trust Systems Co., Ltd. Managing Director of Mitsubishi UFJ Trust and Banking Corporation Senior Managing Director of Mitsubishi UFJ Trust and Banking Corporation Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc. Representative Director and President of MU Trust Apple Planning Company, Ltd. Director, Deputy President and Executive Officer of Mitsubishi UFJ Trust and Banking Corporation Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc. Representative Director, President of The Master Trust Bank of Japan, Ltd. Advisor to The Master Trust Bank of Japan, Ltd. Deputy Chairman of the Company (to present)	(Note) 3	—

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
President and Chief Executive Officer	Masataka Kinoshita	September 19, 1977	April 2003 September 2005 October 2009 January 2010 April 2010 April 2012 April 2013 April 2014 June 2014 April 2015 June 2015 June 2015 June 2016 June 2017 June 2017 June 2021 June 2021	Joined ABeam Consulting Ltd. Joined the Company General Manager, Credit Supervision Division of the Company General Manager, Corporate Planning Dept. of the Company General Manager, Guarantee Business Dept. of the Company General Manager, Business Promotion Dept. of the Company Chief General Manager, Business Planning Dept. of the Company Executive Officer and Chief General Manager, Business Planning Dept. of the Company Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Dept. of the Company Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company Managing Director of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Executive Managing Officer of the Company Deputy President of the Company Deputy Chief Executive Officer of the Company President of the Company (to present) Chief Executive Officer of the Company (to present)	(Note) 3	12,203
Deputy President and Deputy Chief Executive Officer Head of System Development & Administration Division in charge of: Corporate Planning Dept., System Development Dept., System Operation Dept., System Planning Office and System Management Office	Takashi Kiribuchi	October 25, 1961	March 1982 April 2004 July 2005 October 2005 April 2011 April 2015 June 2017 June 2020 June 2020 April 2021 June 2021 June 2021 June 2023 June 2023	Joined the Company General Manager, System Dept. of the Company General Manager, Public Relations Dept. of the Company Chief General Manager, Public Relations Dept. of the Company Chief General Manager, Treasury Dept. of the Company Executive Officer and Chief General Manager, Treasury Dept. of the Company Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company Managing Director of the Company Executive Managing Officer and Chief General Manager, System Development & Administration Division of the Company Executive Managing Officer and Head of System Development & Administration Division of the Company Senior Managing Director of the Company Senior Executive Managing Officer and Head of System Development & Administration Division of the Company Deputy President of the Company (to present) Deputy Chief Executive Officer and Head of System Development & Administration Division of the Company (to present)	(Note) 3	16

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Senior Managing Director and Senior Executive Managing Officer in charge of: General Affairs Dept., Credit Supervision Dept. and Compliance for Credit Supervision Office	Tomomi Uchida	December 27, 1961	October 1982	Joined the Company	(Note) 3	3
			April 2003	General Manager, Business Promotion Dept. III of the Company		
			October 2005	General Manager, Business Promotion Dept. II of the Company		
			April 2007	Chief General Manager, Credit Business Management Dept. of the Company		
			December 2007	Chief General Manager, Marketing Dept. of the Company		
			October 2008	Head of East Japan Branch of the Company		
			April 2011	Chief General Manager, Business Promotion Dept. of the Company		
			April 2013	Executive Officer and Chief General Manager, Business Promotion Dept. of the Company		
			June 2015	Executive Managing Officer, Deputy Head of Credit Business Promotion Division, and Chief General Manager, Business Promotion Dept. of the Company		
			April 2016	Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company		
			June 2016	Executive Managing Officer and Head of Credit Business Promotion Division of the Company		
			June 2018	Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. I of the Company		
			October 2018	Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. II of the Company		
			June 2019	Managing Director of the Company		
			April 2020	Executive Managing Officer and Head of Credit Supervision Division of the Company		
			June 2021	Senior Managing Director of the Company (to present)		
			June 2021	Senior Executive Managing Officer and Head of Credit Supervision Division of the Company		
May 2022	Director of GeNiE Inc. (to present)					
April 2024	Senior Executive Managing Officer of the Company (to present)					

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director	Tadashi Yamamoto	May 23, 1969	April 1992	Joined The Bank of Tokyo, Ltd.	(Note) 3	—
			May 2017	Deputy General Manager, East Asia Planning Division, East Asia Headquarters of The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
			April 2018	Deputy General Manager, East Asia Planning Division, East Asia Headquarters of MUFG Bank, Ltd.		
			May 2018	General Manager, Credit Policy & Planning Division of MUFG Bank, Ltd.		
			May 2018	General Manager, Credit Policy & Planning Division of Mitsubishi UFJ Financial Group Inc.		
			June 2018	Executive Officer, General Manager, Credit Policy & Planning Division of MUFG Bank, Ltd.		
			June 2018	Executive Officer, General Manager, Credit Policy & Planning Division of Mitsubishi UFJ Financial Group, Inc.		
			April 2021	Executive Officer, General Manager, Corporate Planning Division of MUFG Bank, Ltd.		
			April 2021	Executive Officer, General Manager, Corporate Planning Division of Mitsubishi UFJ Financial Group Inc.		
			April 2022	Managing Executive Officer & CSO (in charge of Corporate Planning Division excluding Finances & Resources Management, Global Business, and Chairmanship Bank Office) & in charge of CPM and Corporate Administration Division, of MUFG Bank, Ltd.		
			April 2022	Managing Executive Officer & Group Deputy CSO of Mitsubishi UFJ Financial Group, Inc.		
			June 2022	Member of the Board of Directors, Managing Executive Officer & CSO (in charge of Corporate Planning Division excluding Finances & Resources Management, Global Business, and Chairmanship Bank Office) & in charge of CPM and Corporate Administration Division, of MUFG Bank, Ltd.		
			April 2023	Member of the Board of Directors, Managing Executive Officer, Unit Head, and CDTO (CEO), Digital Service Unit (in charge of Digital Service Planning Division) of MUFG Bank, Ltd.		
			April 2023	Managing Corporate Executive, Group Head and CDTO, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc.		
			June 2023	Director of the Company (to present)		
			April 2024	Managing Corporate Executive, Group Head and CDTO, Retail & Digital Business Group of Mitsubishi UFJ Financial Group, Inc. (to present)		
			April 2024	Member of the Board of Directors, Managing Executive Officer, Unit Head, and CDTO (CEO), Retail & Digital Business Group (in charge of Digital Service Planning Division) of MUFG Bank, Ltd. (to present)		

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director	Michelle Tan	July 30, 1961	April 1997	Director of The Society for the Consumers of Kansai	(Note) 3	—
			April 1997	Assistant Professor, Faculty of Law and Policy Studies of Tezukayama University		
			April 2005	Professor, Faculty of Law and Policy Studies of Tezukayama University		
			June 2007	Chief Director of NPO Japan Consumer Network (JACONET)		
			April 2010	Professor, Faculty of Law of Tezukayama University		
			June 2013	Trustee of The Society for the Consumers of Kansai (to present)		
			June 2013	Director of IntaSect Research Institute, Inc. (Currently, IntaSect Global Communications) (to present)		
			June 2018	President of OSAKA CONSUMERS' CO-OPERATIVE UNION		
			October 2022	Director of Ethical Business Research Institute (to present)		
			June 2024	Director of the Company (to present)		

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director, Full-time Audit and Supervisory Committee Member	Toshihiko Yamashita	December 25, 1955	April 1979	Joined Meiji Life Insurance Company	(Note) 4	—
			January 2004	President of Meiji Yasuda America Incorporated		
			April 2006	General Manager, Real Estate Investment Department of Meiji Yasuda Life Insurance Company		
			April 2008	General Manager, Investment Planning & Research Department of Meiji Yasuda Life Insurance Company		
			April 2008	Director (Non-executive) of Meiji Dresdner Asset Management Co., Ltd.		
			July 2010	Executive Officer, General Manager, Investment Planning & Research Department of Meiji Yasuda Life Insurance Company		
			April 2012	Executive Officer of Meiji Yasuda Life Insurance Company		
			July 2012	Managing Executive Officer, Chief Executive, Investment Division of Meiji Yasuda Life Insurance Company		
			April 2014	Senior Managing Executive Officer, Chief Executive, Investment Division of Meiji Yasuda Life Insurance Company		
			June 2014	Auditor (part-time) of The Yamaguchi Bank, Ltd.		
			June 2015	Director, Audit and Supervisory Committee Member (part-time) of The Yamaguchi Bank, Ltd.		
			April 2016	Deputy President, Chief Executive, Investment Division of Meiji Yasuda Life Insurance Company		
			July 2016	Director, Deputy President, Chief Executive, Investment Division of Meiji Yasuda Life Insurance Company		
			June 2018	Audit & Supervisory Board Member (part-time) of Nippon Kayaku Co., Ltd.		
			April 2019	Director of Meiji Yasuda Life Insurance Company		
July 2019	Representative Director and Chairman of the Board of Meiji Yasuda Asset Management Company Ltd.					
April 2023	Executive Advisor of Meiji Yasuda Life Insurance Company					
June 2023	Director, Full-time Audit and Supervisory Committee Member of the Company (to present)					
Director, Full-time Audit and Supervisory Committee Member	Akihiro Kiyooka	December 4, 1967	April 1990	Joined National Mutual Insurance Federation of Agricultural Cooperatives	(Note) 4 (Note) 5	10
			April 2006	Joined the Company		
			October 2009	Director and General Manager, Business Administration Department of IR Loan Servicing, Inc.		
			April 2011	General Manager, Treasury Department of the Company		
			April 2013	General Manager, Corporate Planning Department of the Company		
			April 2014	Chief General Manager, Finance Department of the Company		
			June 2015	Executive Officer and Chief General Manager, Finance Department of the Company		
			April 2017	Executive Officer (Special mission, General Affairs Department) of the Company		
			June 2017	Executive Officer and Chief General Manager, General Affairs Department of the Company		
			April 2019	Executive Officer (Special mission, Corporate Planning Department) of the Company		

Title and position	Name	Date of birth	Career summary	Term	Number of shares of the Company held (Thousands)
			April 2019 Executive Managing Officer of IR Loan Servicing, Inc. June 2019 President and CEO of IR Loan Servicing, Inc. June 2019 Chief Executive Officer of IR Loan Servicing, Inc. April 2020 Executive Officer (Special mission, Credit Supervision Division) of the Company April 2024 Executive Officer (Special mission, Credit Management Department) of the Company June 2024 Director, Full-time Audit and Supervisory Committee Member of the Company (to present)		
Director, Audit and Supervisory Committee Member	Takuji Akiyama	February 17, 1958	March 1982 Joined Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC) April 1986 Registered as a certified public accountant August 2018 Retired from Deloitte Touche Tohmatsu LLC September 2018 Representative of Takuji Akiyama CPA Office (to present) February 2019 Outside Auditor of IWAKI & CO., LTD. (currently Astena Holdings Co., Ltd.) (to present) June 2021 Director, Audit and Supervisory Committee Member of the Company (to present)	(Note) 4	—
Total					15,739

- (Notes) 1. Director Michelle Tan, Director serving as Full-time Audit and Supervisory Committee Member Toshihiko Yamashita and Director serving as Audit and Supervisory Committee Member Takuji Akiyama are Outside Directors.
2. Director serving as Full-time Audit and Supervisory Committee Member Toshihiko Yamashita chairs the Audit and Supervisory Committee
3. The term of office for Directors (excluding those serving as Audit and Supervisory Committee Members) is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2024, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025.
4. The term of office for Directors serving as Audit and Supervisory Committee Members is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2023, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2025.
5. In accordance with the provisions of the Company's Articles of Incorporation, the term of office of a Director serving as an Audit and Supervisory Committee Member Akihiro Kiyooka shall expire when the term of office of his or her predecessor Director serving as an Audit and Supervisory Committee Member would expire, due to the appointment following the resignation of the predecessor.
6. President Masataka Kinoshita is a biological son of Chairman Shigeyoshi Kinoshita.
7. We have an executive officer system in order to establish a corporate structure to quickly and accurately respond to issues of management by expanding the scope of corporate governance, strengthening the function of the Board of Directors, separating decision making from business execution, and reinforcing the function of audit.

Executive officers who are not Directors as of June 21, 2024, are as follows:

Title	Name	Position
Executive Managing Officer	Michihito Onodera	<ul style="list-style-type: none"> Head of Guarantee Business Division In charge of Guarantee Business Dept. and Guarantee Alliance Promotion Dept.
Executive Managing Officer	Masashi Yoshiba	<ul style="list-style-type: none"> In charge of Human Resources Dept. and Business Process Management Dept.
Executive Managing Officer	Masaru Kuroda	<ul style="list-style-type: none"> In charge of Overseas Business Management Dept. and Treasury Dept.

Executive Managing Officer	Yuji Kinoshita	<ul style="list-style-type: none"> • Head of Credit Business Promotion Division • In charge of Business Promotion Dept., East Japan Business Promotion Dept., West Japan Business Promotion Dept. and Compliance for Credit Business Promotion Office • Vice in charge of Credit Supervision Dept. and Compliance for Credit Supervision Office
Executive Managing Officer	Masatoshi Nabeoka	<ul style="list-style-type: none"> • In charge of Compliance and Risk Management Dept.
Executive Managing Officer	Kazuki Morishita	<ul style="list-style-type: none"> • In charge of Finance Dept. • Chief General Manager of Corporate Planning Dept.
Executive Officer	Hidehiko Shibata	<ul style="list-style-type: none"> • Chief General Manager of East Japan Business Promotion Dept.
Executive Officer	Masahiko Machida	<ul style="list-style-type: none"> • Chief General Manager of Internal Audit Dept.
Executive Officer	Hitoshi Yokohama	<ul style="list-style-type: none"> • Guarantee Business Division (Special Mission)
Executive Officer	Takeo Noda	<ul style="list-style-type: none"> • Overseas Business Management Dept. (Special Mission)
Executive Officer	Tai Wakikawa	<ul style="list-style-type: none"> • Chief General Manager of Human Resources Dept.
Executive Officer	Akifumi Kinoshita	<ul style="list-style-type: none"> • Chief General Manager of Treasury Dept.
Executive Officer	Osamu Morimoto	<ul style="list-style-type: none"> • Chief General Manager of Business Process Management Dept.
Executive Officer	Tomohiro Nakazawa	<ul style="list-style-type: none"> • Chief General Manager of System Development Dept.
Executive Officer	Masayuki Kurita	<ul style="list-style-type: none"> • Chief General Manager of Overseas Business Management Dept.
Executive Officer	Masato Takami	<ul style="list-style-type: none"> • Overseas Business Management Dept. (Special Mission)

8. In preparation for the contingency that the number of Directors serving as Audit and Supervisory Committee Members falls below the required number stipulated in laws and ordinances, the Company has appointed a Substitute Director serving as an Audit and Supervisory Committee Member as stipulated under the provisions in Article 329, Paragraph 3 of the Companies Act. Career summary of the Substitute Director serving as Audit and Supervisory Committee Member is as follows:

Name	Date of birth	Career summary	Number of shares of the Company held (Thousands)
Hitoshi Shimbo	July 10, 1952	<p>April 1983 Appointed Prosecutor, the Tokyo District Public Prosecutor's Office</p> <p>April 1990 Assistant Judge, Tokyo District Court</p> <p>April 1993 Prosecutor, the Tokyo District Public Prosecutor's Office</p> <p>June 1995 Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present)</p> <p>June 1995 Joined Nozomi Sogo Attorneys at Law (to present)</p> <p>March 2009 Outside Company Auditor, EMCOM Holdings Co., Ltd.</p> <p>April 2012 Managing Director, Kanto Federation of Bar Associations</p> <p>April 2012 Vice President, Daini Tokyo Bar Association</p> <p>April 2012 Managing Director, Japan Federation of Bar Associations</p> <p>April 2013 Mediator, Nuclear Damage Compensation Dispute Resolution Centre (to present)</p> <p>June 2015 Outside Director of the Company</p>	—

2) Outside Directors

The Company has three Outside Directors. Their relationships with the Company and reasons for appointment are as shown in the chart below. The Company has formulated the following “Independence Standards for Outside Directors,” which focuses on ensuring the independence of Independent Outside Directors.

Name of Outside Director	Relations with the Company and Reasons for Appointment
Michelle Tan	<ul style="list-style-type: none"> - No special interests in the Company - She has conducted comparative research on consumer protection systems in Japan and Australia, and has many years of experience and extensive knowledge as an expert on international consumer policy. It is anticipated that she will perform her duties as an Outside Director appropriately from a neutral and global perspective as she has abundant knowledge of domestic and international consumer protection trends, gained through her career as a professor at Tezukayama University and Chief Director at non-profit organization Japan Consumer Network (JACONET), etc. - As an Outside Director, she is expected to provide advice to accelerate the Company’s sustainable growth and strive towards enhancement of medium- to long-term corporate value based on her insight, and to supervise the management from an independent viewpoint through important decision-making at the Board of Directors meetings. - As she meets all requirements for “Independence Standards for Outside Directors” the Company has formulated, she has been designated as an independent director.
Toshihiko Yamashita	<ul style="list-style-type: none"> - No special interests in the Company - He has a wealth of knowledge and experience acquired in the finance industry over many years, and accomplishments as a corporate manager. He also has achievements as Auditor, Director and Audit and Supervisory Committee Member outside of the Company. Therefore, the Company believes that he can supervise and provide appropriate advice for the management of the Company from an external viewpoint based on his knowledge and experience. - He is expected to play the role as an Outside Director to provide advice on management policies and improvements to be made from a standpoint of accelerating sustainable growth and striving towards enhancement of medium- to long-term corporate value based on his insight, and to supervise the management from an independent viewpoint through the appointment and dismissal of its members and other important decision-making at the Board of Directors meetings. - As he meets all requirements for “Independence Standards for Outside Directors” the Company has formulated, he has been designated as an independent director.
Takuji Akiyama	<ul style="list-style-type: none"> - No special interests in the Company - He is expected to supervise and audit the management of the Company from a neutral and objective viewpoint based on his advanced expertise and abundant experience gained in finance and accounting audits through his career as a certified public accountant over many years. Although he has not been directly involved in corporate management other than as an outside company auditor, it is anticipated that he will perform his duties as an Outside Director appropriately for the aforementioned reasons. - He is expected to play the role as an Outside Director to provide advice on management policies and improvements to be made from a standpoint of accelerating sustainable growth and striving towards enhancement of medium- to long-term corporate value based on his insight, and to supervise the management from an independent viewpoint through the appointment and dismissal of its members and other important decision-making at the Board of Directors meetings. - As he meets all requirements for “Independence Standards for Outside Directors” the Company has formulated, he has been designated as an independent director.

“Independence Standards for Outside Directors”

The Company appoints Independent Outside Directors who meet all requirement items 1 through 7 below.

1. Meet all requirements stipulated under Article 2, Paragraph 15 of the Companies Act;
2. Do not fall under any of items (1) through (3) below.
 - (1) Major creditors of the Company¹ or their executors of operations, and were executors of operations in the last three years;
 - (2) Those for whom the Company is a major business partner² or their executors of operations, and were executors of operations in the last three years;
 - (3) Major business partners of the Company³ or their executors of operations, and were executors of operations in the three years;
3. Are not consultants, accountants or legal experts who receive, in terms of the average for the past three years, ¥10 million or more of monetary or other property benefits other than executive remunerations from the Company, nor belong to accounting or law firms where the Company is a major business partner⁴;
4. Are not Directors, officers or executive officers of the Company or its subsidiaries, nor spouses or relatives within the second degree of kinship of those whom the Company judges their independences are not ensured as provided in items 2 and 3;
5. Are not current major shareholders⁵ of the Company or their executors of operations;
6. Those who do not belong to auditing firms of the Company or its subsidiaries, nor were in charge of auditing operations of the Company or its subsidiaries as employees of said auditing firms.
7. Were not executors of operations at the parent company and/or fellow subsidiary of the Company in the last ten years.

(Notes)

1. “Major creditors of the Company” refers to those the Company procures 3% or more of its consolidated amount of borrowings.
2. “Those for whom the Company is a major business partner” refers to those the Company accounted for 2% or more of their consolidated sales.
3. “Major business partners of the Company” refers to those who accounted for 2% or more of the Company’s consolidated operating revenue.
4. “Accounting or law firms where the Company is a major business partner” refers to those the Company for 2% or more of their consolidated sales.
5. “Major shareholders” refers to those who hold 10% or more of the Company’s total voting rights.

(3) Status of Audits

1) Status of Audits by the Audit and Supervisory Committee

a. Organization, members, and procedures of audit by the Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Audit and Supervisory Committee Members, of whom two are selected as a Full-time Audit and Supervisory Committee Member. The Company has selected two Outside Audit and Supervisory Committee Members who have been registered as independent directors with the Tokyo Stock Exchange in accordance with its regulations. Furthermore, with a view to enhancing the effectiveness of audits, all Audit and Supervisory Committee Members have been selected as Selected Audit and Supervisory Committee Members who are authorized to investigate pursuant to Article 399-3 of the Companies Act. Kazuo Fukumoto has years of experience in accounting departments, and Takuji Akiyama has abundant experience as a certified public accountant, whereby both of them accumulated abundant knowledge on finance and accounting.

b. Status of Activities of the Audit and Supervisory Committee and Audit and Supervisory Committee Members

During the current fiscal year, the Group held a total of 15 Audit and Supervisory Committee meetings. Status of attendance at meetings of each Audit and Supervisory Committee Member is as follows:

Category	Name	Number of meetings held	Number of meetings attended	Number of attendance
Full-time Audit and Supervisory Committee Member of the Company (Outside)	Toshihiko Yamashita	11	11	100%
Full-time Audit and Supervisory Committee Member of the Company	Kazuo Fukumoto	15	15	100%
Audit and Supervisory Committee Member of the Company (Outside)	Takuji Akiyama	15	15	100%

(Note) The number of Audit and Supervisory Committee meetings attended by Toshihiko Yamashita is based on those held after his appointment as Audit and Supervisory Committee Member of the Company on June 23, 2023.

The Audit and Supervisory Committee has determined the following material audit items as details to be deliberated, and has formulated an audit plan.

- Status of implementation of the operation of the Group governance system
- Status of implementation of the ingraining and qualitative improvement of risk management system
- Status of implementation of the qualitative improvement of internal audit

- Status of response to breach of laws and regulations, whistleblowing, unforeseen circumstances, and deficiencies detected through internal audit and other matters
- Status of implementation of the qualitative improvement of information disclosure
- Sufficiency of provision for loss on interest repayment and allowance for doubtful accounts, etc.

Audit and Supervisory Committee Members mainly engage in the following activities in accordance with audit plans, etc.

- Attend the Board of Directors meetings and other important meetings, committees and management-related meetings
- Exchange opinions with Representative Directors, Directors and executive officers who concurrently serve as directors

- Review important approval documents and other materials
- Examine the business and financial situation at the head offices, other offices and subsidiaries in accordance with audit plans
- Exchange opinions with representative directors and full-time corporate auditors, etc. of major subsidiaries
- Cooperate with the Accounting Auditor, receive audit reports and exchange opinions
- Cooperate with the Internal Audit Department, receive internal audit reports and exchange opinions

For key audit matters, the Committee discussed with Deloitte Touche Tohmatsu LLC, received reporting on status of the audits, and requested explanations as necessary.

2) Status of Internal Audits

a. Internal Audits

With an auditing staff of 18 people, the Internal Audit Department verifies, evaluates, and recommends ways to address problems pertaining to compliance status, including observance of relevant laws, internal control initiatives, and other activities of the Company's business execution departments. In addition to ensuring conformity with various rules, the Department obtains an accurate understanding of the risks facing the Company. Based on this understanding, it conducts risk approach audits to evaluate the risk management stance of each relevant entity within the Company, and reports the results of such audits regularly to Representative Directors, the Board of Directors and the Audit and Supervisory Committee.

In addition, the Internal Audit Department conducts direct audits of subsidiaries in the ACOM Group and provides assistance to auditing staff of such subsidiaries, thus ensuring establishment of an effective Group auditing system.

3) Status of Accounting Audits

a. Name of the audit corporation

Deloitte Touche Tohmatsu LLC

b. Continuous audit period

15 years

c. Names of Certified Public Accountants (CPAs) who audited the Company's Accounts

Designated employee, managing partner: Masanori Matsuzaki

Designated employee, managing partner: Hiroshi Tajima

d. Breakdown of team auditing the Company's accounts

CPAs: 15 persons

Assistant certified public accountants, etc.: 14 persons

Other staff: 31 persons

e. Reasons for selecting Certified Public Accountants

Policies set forth by the Company prescribe that if the Audit and Supervisory Committee determines that the accounting auditor falls under the provisions specified in each item of Article 340, Paragraph 1, of the Companies Act, the Audit and Supervisory Committee shall dismiss the accounting auditor conditional upon its unanimous approval, and if the Audit and Supervisory Committee determines that dismissal or non-reappointment of the accounting auditor is appropriate mainly including the fact that

the accounting auditor has difficulty in execution of duties, the Audit and Supervisory Committee shall decide the contents of proposal for the General Meeting of Shareholders to dismiss or not to reappoint the accounting auditor. In accordance with these policies, the Audit and Supervisory Committee has examined the suitability of the accounting auditor mainly from a viewpoint of independence and auditing quality. As a result, the Audit and Supervisory Committee has judged that it is appropriate to reappoint the accounting auditor.

f. Evaluation of Certified Public Accountants and details of the evaluation

The Audit and Supervisory Committee has set the items for appropriately evaluating an accounting auditor and evaluates the accounting auditor by obtaining the required materials and receiving reports from directors, the relevant internal departments and offices, and the accounting auditor on the details of activities, etc. of the accounting auditor. As a result, the Audit and Supervisory Committee has judged that it is appropriate to reappoint the accounting auditor.

4) Details of Compensation for Auditors

a. Details of Compensation for Certified Public Accountants

Category	Prior fiscal year		Current fiscal year	
	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)
The Filing Company	119,000	—	122,000	3,900
Consolidated subsidiaries	22,500	—	22,500	—
Total	141,500	—	144,500	3,900

* Details of non-audit work

(Prior fiscal year)

Not applicable

(Current fiscal year)

The Company entrusted certified public accountants with the preparation of a comfort letter, which are considered services other than the services prescribed in Article 2, Paragraph 1 of the Certified Public Accountant Act and paid compensation to them.

b. Details of compensation (excluding a.) for the same network as Certified Public Accountants

Type	Prior fiscal year		Current fiscal year	
	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)	Compensation in accordance with audit certification (Thousands of yen)	Compensation in accordance with non-audit certification (Thousands of yen)
The Filing Company	4,263	2,400	4,339	2,400
Consolidated subsidiaries	17,892	285	20,307	—
Total	22,155	2,685	24,646	2,400

* Details of non-audit work

(Prior fiscal year)

The Company entrusted the same network as certified public accountants with the tax advisory works, which are considered services other than the services prescribed in Article 2, Paragraph 1 of the Certified Public Accountant Act, and paid compensation to them.

In addition, the consolidated subsidiaries entrusted the same network as certified public accountants with training services to deepen knowledge in the areas of accounting, which are considered services other than the services prescribed in Article 2, Paragraph 1 of the Certified Public Accountant Act, and paid compensation to them.

(Current fiscal year)

The Company entrusted the same network as certified public accountants with the tax advisory works, which are considered services other than the services prescribed in Article 2, Paragraph 1 of the Certified Public Accountant Act, and paid compensation to them.

c. Details of remuneration for other important audit certification

Not applicable

d. Policies concerning auditing remuneration

Not applicable

e. Reasons for the agreement by the Audit and Supervisory Committee on the compensation payable to Accounting Auditors

The Audit and Supervisory Committee agreed to the amount of compensation to the accounting auditor, as it decided that such amount was reasonable based on the examination thereof, following the analysis and evaluation on the results of accounting audit carried out in the prior fiscal year by the accounting auditor, as well as the verification of the audit plan for the current fiscal year and the basis for calculating the estimated compensation, etc.

(4) Compensation to Directors and Audit and Supervisory Committee Members

1) Matters concerning the policy for the decision on the amounts of compensation to Directors and Audit and Supervisory Committee Members or the calculation method thereof

The Board of Directors determined a policy concerning the decision on the details of individual compensation payable to Directors (excluding those serving as Audit and Supervisory Committee Members). In summary, compensation payable to Directors (excluding those serving as Audit and Supervisory Committee Members) is designed to sufficiently function as an incentive to aim for sustainable increase in corporate value by benchmarking the compensation levels of peer companies in related industries and segments with similar business scale. Compensation to Representative Directors and Directors serving as Executive Officers consists of basic compensation, performance-linked compensation and stock price-linked compensation, while compensation to part-time Directors consists of basic compensation only. Basic compensation is fixed compensation to be paid once monthly, performance-linked compensation is variable compensation to be paid once yearly according to business results, and stock price-linked compensation is variable compensation to be paid upon retirement according to stock price.

The Company determines the amount of basic compensation payable to Directors (excluding those serving as Audit and Supervisory Committee Members) at the Board of Directors after the Appointment and Remuneration Committee deliberates and proposes the respective amounts to be paid according to the position and other factors, in consideration of the compensation levels at other companies, the business results of the Company, the levels of employees' salaries and other factors. The Company determines the amount of performance-linked compensation payable to Directors (excluding those serving as Audit and Supervisory Committee Members) at the Board of Directors after the Appointment and Remuneration Committee calculates the basic source of distribution using "Profit attributable to owners of parent" as an indicator to make a comprehensive measurement of the results of the management, and deliberates and proposes the respective amounts to be paid according to the positions, individual evaluations and other factors. The amount of stock price-linked compensation is calculated by multiplying the number of phantom stocks which are granted every year by the stock price three years late and the Company determines as to the grant of phantom stocks at the Board of Directors after the Appointment and Remuneration Committee deliberates and proposes such grant in consideration of its business condition, etc.

The target percentage of variable compensation (performance-linked compensation and stock price-linked compensation) out of total compensation is approximately 25% (assuming a standard amount of performance-linked compensation and stock price-linked compensation). The amount of performance-linked compensation is decided by a method whereby the Appointment and Remuneration Committee first determines a range of profit attributable to shareholders of the parent company, which becomes a standard for basic source of distribution, by taking into consideration special factors such as extraordinary income or losses from profit attributable to shareholders of the parent company, and the Board of Directors determines a specific amount of performance-linked compensation by multiplying the basic source of distribution by a ratio corresponding to the ratio of distribution for each title and individual evaluation of Directors. The amount of stock price-linked compensation is decided by a method whereby the Appointment and Remuneration Committee first determines a number of phantom stocks calculated based on a standard amount set every year for each Representative Director and Director serving as an Executive Officer, and the Company determines as to the grant thereof at the Board of Directors. The phantom stocks are converted into points by multiplying the number of phantom stocks by the stock price three years later, and the points accumulated during the term of office are converted into a specific amount to be paid upon retirement.

While target figures for the indicator for performance-linked compensation have not been determined for the current fiscal year, the actual figure of the basic source of distribution amounted to 35 million yen, with the standard range of profit attributable to shareholders of the parent company from 50,000 million yen or more to less than 60,000 million yen.

Other details of the compensation payable to Directors are deliberated and proposed by the Appointment and Remuneration Committee and thereupon determined by the Board of Directors. The amount of compensation payable to Audit and Supervisory Committee Members is determined through consultation among Audit and Supervisory Committee Members in consideration of their duties and responsibilities. The stock price-linked compensation system (phantom stocks) decided at the Board of Directors meeting held on January 31, 2023, was introduced and started in June 2023 for the purpose of incentivizing management to demonstrate sound entrepreneurial spirit as well as further promoting value sharing with shareholders, toward the Company's sustainable growth and enhancement of medium- to long-term corporate value.

At the 40th Ordinary General Meeting of Shareholders held on June 22, 2017, it was resolved that compensation payable to Directors (excluding those serving as Audit and Supervisory Committee Members) per year shall be no more than 400 million yen (excluding the portion of employee's salary payable to Directors who concurrently serve as employees). The number of Directors (excluding those serving as Audit and Supervisory Committee Members) as of the conclusion of the above Ordinary General Meeting of Shareholders was six. In addition, at the same Ordinary General Meeting of Shareholders, it was resolved that compensation payable to Directors serving as Audit and Supervisory Committee Members per year shall be no more than 100 million yen. The number of Directors serving as Audit and Supervisory Committee Members as of the conclusion of the above Ordinary General Meeting of Shareholders was four. As of March 31, 2024, the number of Directors (excluding those serving as Audit and Supervisory Committee Members) was six and the number of Directors serving as Audit and Supervisory Committee Members was three.

The details of the individual compensation payable to each Director for the fiscal year under review were determined by the Board of Directors within the compensation limit approved by the general meeting of shareholders respecting the proposal from the Appointment and Remuneration Committee submitted upon deliberation based on the Director's position, evaluation, and other factors. Therefore, the Company believes that the details are in line with the Policy.

For the composition of the Appointment and Remuneration Committee and the Audit and Supervisory Committee and details of the committees' activities, please see (a) Appointment and Remuneration Committee in 4. Corporate Governance, (1) Overview of Corporate Governance, 2) Corporate Governance Structure, a. An overview of corporate governance structure and reasons for employing said structure, (c) Committees, and (b) Audit and Supervisory Committee.

2) Total amount of compensations by categories for the Filing Company, total amount of compensations by type, and the number of paid officers

Category	Total amount (Millions of yen)	Total amount of compensations by type (Millions of yen)			Number of Persons
		Fixed compensation	Performance- linked compensation	Stock price- linked compensation	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	197	154	31	11	7
Audit and Supervisory Committee Members (excluding Outside Directors)	20	20	—	—	1
Outside Directors and Outside Audit and Supervisory Committee Members	32	32	—	—	3
Total	250	207	31	11	11

- (Notes)
1. There are no employee-directors.
 2. “Number of persons” represents the cumulative number of officers who received compensation during the current fiscal year.
 3. Stock price-linked compensation is the amount reported as expenses in the current fiscal year.

3) Total amount of consolidated compensations by Filing Company’s officers

This is omitted as none of officers of the Filing Company received aggregated consolidated compensation of 100 million yen and above.

(5) Status of securities held by the Company

1) Criteria and basic stance of classification of investment securities

For classification between investment securities held for pure investment purposes and investment securities held for other than pure investment purposes, the Company does not hold any investment securities held for other than pure investment purposes and does not have a plan to hold them in the future.

2) Investment securities held for other than pure investment purposes

Not applicable

3) Investment securities held for pure investment purposes

Classification	Current fiscal year		Prior fiscal year	
	Number of names (Name)	Value in balance sheet (Millions of yen)	Number of names (Name)	Value in balance sheet (Millions of yen)
Non-listed securities	18	950	18	950
Securities other than the above	1	0	2	0

Classification	Current fiscal year		
	Total dividend received (Millions of yen)	Total gain or loss on sale (Millions of yen)	Total valuation gain or loss (Millions of yen)
Non-listed securities	29	—	(Note)
Securities other than the above	0	0	—

(Note) “Total valuation gain or loss” is not shown for non-listed securities since they have no market values.

4) Investment securities, of which holding purpose has been changed from pure investment to other than pure investment

Not applicable

5) Investment securities, of which holding purpose has been changed from other than pure investment to pure investment

Not applicable

V. Financial Information

1. Basis of preparation of the consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Finance Ministry No. 28 of 1976) 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) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulations Concerning Terminology, Forms, and Preparation Methods of Non-Consolidated Financial Statements” (Ordinance of the Finance Ministry No. 59 of 1963) 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 reports

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements and non-consolidated financial statements for the fiscal year (from April 1, 2023, to March 31, 2024) were audited by Deloitte Touche Tohmatsu LLC.

3. Specific efforts to ensure the appropriateness of the consolidated financial statements, etc.

As specific efforts to ensure the appropriateness of the consolidated financial statements, etc., the Company holds membership in the Financial Accounting Standards Foundation, etc., and attends seminars provided by the Accounting Standards Board of Japan, etc., to ensure an appropriate understanding of the corporate accounting standards and prepare to adopt any applicable changes in accounting standards, etc.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	57,666	73,486
Accounts receivable - operating loans	*3,*4, *6 1,029,728	*3,*4, *6 1,121,554
Accounts receivable - installment	*7 104,295	*7 123,058
Purchased receivables	7,630	8,212
Other	*4 89,590	*4 96,167
Allowance for doubtful accounts	(83,418)	(92,289)
Total current assets	1,205,491	1,330,190
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,879	18,201
Accumulated depreciation	(16,711)	(15,323)
Buildings and structures, net	3,168	2,878
Vehicles	0	—
Accumulated depreciation	(0)	—
Vehicles, net	0	—
Equipment	12,841	13,263
Accumulated depreciation	(8,568)	(9,020)
Equipment, net	4,272	4,243
Leased assets	2,144	3,127
Accumulated depreciation	(2,029)	(1,864)
Leased assets, net	115	1,263
Total property, plant and equipment	7,556	8,384
Intangible assets		
Goodwill	734	215
Software	6,829	8,755
Other	43	14
Total intangible assets	7,606	8,985

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)		Current fiscal year (As of March 31, 2024)	
Investments and other assets				
Investment securities	*1	1,396	*1	1,414
Retirement benefit asset		5,906		10,322
Deferred tax assets		61,637		50,507
Guarantee deposits		4,572		4,309
Other	*4	3,817	*4	3,861
Allowance for doubtful accounts		(667)		(572)
Total investments and other assets		76,661		69,843
Total non-current assets		91,824		87,213
Total assets		1,297,316		1,417,403
Liabilities				
Current liabilities				
Notes and accounts payable - trade		344		769
Short-term borrowings	*5	18,528	*5	19,242
Commercial papers		34,998		29,989
Current portion of long-term borrowings	*5	104,381	*5	123,808
Current portion of bonds payable		32,600		60,650
Lease obligations		117		350
Income taxes payable		6,644		13,160
Provision for loss on guarantees	*2	9,612	*2	11,973
Asset retirement obligations		709		579
Other		14,553		15,208
Total current liabilities		222,491		275,732
Non-current liabilities				
Bonds payable		91,660		104,086
Long-term borrowings	*5	298,857	*5	325,553
Lease obligations		25		1,070
Provision for loss on interest repayment		57,723		30,346
Retirement benefit liability		789		983
Asset retirement obligations		5,653		5,061
Other		277		394
Total non-current liabilities		454,987		467,495
Total liabilities		677,478		743,228

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	69,861	69,861
Retained earnings	433,990	469,849
Treasury shares	(0)	(0)
Total shareholders' equity	567,683	603,543
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	12,943	21,153
Remeasurements of defined benefit plans	459	3,314
Total accumulated other comprehensive income	13,403	24,468
Non-controlling interests	38,750	46,164
Total net assets	619,837	674,175
Total liabilities and net assets	1,297,316	1,417,403

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
(Consolidated Statement of Income)

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Operating Revenue		
Interest on operating loans	168,872	181,925
Revenue from credit card business	12,377	14,693
Revenue from installment sales finance business	66	66
Revenue from credit guarantee	56,646	61,223
Proceeds from purchased receivables	4,633	4,659
Other financial revenue		
Interest on deposits	0	41
Interest on securities	0	0
Other	130	158
Total other financial revenue	131	199
Other operating revenue	31,067	31,961
Total operating revenue	*6 273,793	*6 294,730
Operating expenses		
Financial expenses		
Interest expenses	2,246	2,693
Interest on bonds	1,212	1,229
Amortization of bond issuance cost	6	302
Other	546	702
Total financial expenses	4,012	4,927
Cost of purchased receivables	1,657	1,764
Other operating expenses		
Advertising expenses	17,848	19,686
Provision of allowance for doubtful accounts	70,855	85,852
Provision for loss on guarantees	9,662	12,100
Employees' salaries, allowances and bonuses	21,160	22,409
Retirement benefit expenses	876	1,013
Welfare expenses	2,897	3,058
Rent expenses	6,107	5,737
Depreciation	3,647	3,462
Commission fee	22,258	24,177
Amortization of goodwill	518	518
Other	25,005	23,674
Total other operating expenses	180,836	201,690
Total operating expenses	186,506	208,383
Operating Profit	87,287	86,347

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)		
Non-operating income				
Interest income	1	1		
Dividend income	25	29		
Share of profit of entities accounted for using equity method	24	18		
Rental income from buildings	185	187		
Other	105	150		
Total non-operating income	342	387		
Non-operating expenses				
Interest expenses	1	2		
Foreign exchange losses	130	—		
Other	12	16		
Total non-operating expenses	144	19		
Ordinary Profit	87,485	86,715		
Extraordinary income				
Gain on sale of non-current assets	*1	1,117	*1	258
Gain on sale of investment securities		—		0
Total extraordinary income		1,117		258
Extraordinary losses				
Loss on sale of non-current assets	*2	67	*2	0
Loss on retirement of non-current assets	*3	205	*3	234
Impairment loss	*4	3,523		—
Other	*5	3	*5	1
Total extraordinary losses		3,799		236
Profit before income taxes		84,803		86,736
Income taxes - current		12,482		18,699
Income taxes - deferred		12,845		10,211
Total income taxes		25,327		28,910
Profit		59,476		57,825
Profit attributable to non-controlling interests		4,549		4,734
Profit attributable to owners of parent		54,926		53,091

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Profit	59,476	57,825
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment	12,147	11,571
Remeasurements of defined benefit plans, net of tax	(214)	2,845
Total other comprehensive income	* 11,933	* 14,416
Comprehensive income	71,409	72,242
Comprehensive income attributable to		
Owners of parent	63,305	64,156
Non-controlling interests	8,103	8,086

3) Consolidated Statement of Changes in Net Assets
For the prior fiscal year (From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	63,832	69,861	393,163	(0)	526,857
Changes of items during the period					
Dividends of surplus			(14,099)		(14,099)
Profit attributable to owners of parent			54,926		54,926
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	40,826	—	40,826
Ending balance	63,832	69,861	433,990	(0)	567,683

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	0	4,306	716	5,023	32,082	563,963
Changes of items during the period						
Dividends of surplus						(14,099)
Profit attributable to owners of parent						54,926
Purchase of treasury shares						—
Net changes of items other than shareholders' equity	0	8,636	(256)	8,379	6,668	15,048
Total changes of items during the period	0	8,636	(256)	8,379	6,668	55,874
Ending balance	0	12,943	459	13,403	38,750	619,837

For the current fiscal year (From April 1, 2023, to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	63,832	69,861	433,990	(0)	567,683
Changes of items during the period					
Dividends of surplus			(17,232)		(17,232)
Profit attributable to owners of parent			53,091		53,091
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	35,859	(0)	35,859
Ending balance	63,832	69,861	469,849	(0)	603,543

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	0	12,943	459	13,403	38,750	619,837
Changes of items during the period						
Dividends of surplus						(17,232)
Profit attributable to owners of parent						53,091
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	(0)	8,209	2,854	11,064	7,413	18,478
Total changes of items during the period	(0)	8,209	2,854	11,064	7,413	54,337
Ending balance	0	21,153	3,314	24,468	46,164	674,175

4) Consolidated Statement of Cash Flows

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net cash provided by (used in) operating activities		
Profit before income taxes	84,803	86,736
Depreciation and amortization	3,647	3,462
Impairment loss	3,523	—
Amortization of goodwill	518	518
Increase (decrease) in allowance for doubtful accounts	4,029	7,265
Increase (decrease) in provision for loss on guarantees	739	2,360
Increase (decrease) in retirement benefit liability	125	89
Increase (decrease) in provision for loss on interest repayment	(28,476)	(27,376)
Interest and dividend income	(27)	(30)
Interest expenses	1	2
Amortization of bond issuance cost	6	302
Foreign exchange losses (gains)	(130)	(158)
Share of loss (profit) of entities accounted for using equity method	(24)	(18)
Loss (gain) on sale of property, plant and equipment	(1,050)	(257)
Loss on retirement of property, plant and equipment	205	206
Decrease (increase) in accounts receivable - operating loans	(33,768)	(72,755)
Decrease (increase) in accounts receivable - installment	(15,582)	(18,701)
Decrease (increase) in purchased receivables	357	(581)
Decrease (increase) in retirement benefit asset	(439)	(268)
Decrease (increase) in other current assets	(3,359)	(5,843)
Increase (decrease) in notes and accounts payable - trade	(454)	424
Increase (decrease) in other current liabilities	1,729	57
Increase (decrease) by other operating activities	1,513	349
Subtotal	17,889	(24,216)
Interest and dividend income received	27	30
Interest expenses paid	(1)	(2)
Income taxes paid	(19,233)	(12,571)
Net cash provided by (used in) operating activities	(1,318)	(36,759)

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,829)	(1,252)
Proceeds from sale of property, plant and equipment	2,772	293
Purchase of intangible assets	(2,851)	(3,383)
Purchase of investment securities	(133)	—
Increase (decrease) by other investing activities	(650)	(1,835)
Net cash provided by (used in) investing activities	(2,692)	(6,178)
Net cash provided by (used in) financing activities		
Proceeds from short-term borrowings	248,647	328,335
Repayments of short-term borrowings	(246,654)	(329,457)
Proceeds from issuance of commercial papers	244,981	251,965
Redemption of commercial papers	(235,000)	(257,000)
Proceeds from issuance of bonds	2,618	70,757
Redemption of bonds	(60,000)	(33,080)
Proceeds from long-term borrowings	146,200	159,108
Repayments of long-term borrowings	(98,022)	(115,322)
Repayments of finance lease obligations	(170)	(242)
Purchase of treasury shares	—	(0)
Proceeds from share issuance to non-controlling shareholders	—	801
Dividends paid	(14,098)	(17,229)
Dividends paid to non-controlling interests	(1,434)	(1,473)
Net cash provided by (used in) financing activities	(12,933)	57,163
Effect of exchange rate change on cash and cash equivalents	368	7
Net increase (decrease) in cash and cash equivalents	(16,576)	14,233
Cash and cash equivalents at beginning of period	74,242	57,666
Cash and cash equivalents at end of period	* 57,666	* 71,900

[Notes]

(Significant matters providing the basis for the preparation of consolidated financial statements)

1. Matters concerning the scope of consolidation

All subsidiaries are consolidated.

Number of consolidated subsidiaries: 6

Names of principal consolidated subsidiaries are referred to in “4. Information on Subsidiaries and Associates” under “I. Overview of the Company,” therefore they are omitted here.

2. Matters concerning application of the equity-method

Number of equity-method-affiliate: 1

Name of the equity-method-affiliate: MU Communications Co., Ltd.

3. Matters concerning accounting period of consolidated subsidiaries

Fiscal year of the following consolidated subsidiaries ends on December 31:

EASY BUY Public Company Limited

ACOM CONSUMER FINANCE CORPORATION

ACOM (M) SDN. BHD.

Consolidated financial statements hereof are prepared by using financial statements as of the abovementioned closing date and significant matters that occurred between the closing date and the consolidated closing date are subject to the adjustments necessary for consolidation.

4. Matters concerning accounting policies

(1) Evaluation standards and methods for significant assets

1) Securities

Available for sale securities

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

Stated at fair value

Unrealized gains or losses are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method.

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

Stated at cost by the moving-average method

The investments in limited investment partnerships and other similar partnerships (those deemed as “securities” according to the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported, using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.

2) Derivative transactions, etc.

Derivatives:

Market value method

(2) Depreciation and amortization methods for significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries use the declining balance method, and overseas consolidated subsidiaries use the straight-line method.

Useful lives of assets are principally as follows:

Buildings and structures: 3 to 45 years

Equipment: 2 to 20 years

2) Intangible assets (excluding leased assets)

The Company and its consolidated subsidiaries use the straight-line method.

Software for internal use is amortized over an estimated useful life of 5 to 10 years.

3) Leased assets

Leased assets concerning transfer ownership finance lease transactions:

Depreciated by the same depreciation method applied to non-current assets owned by the Company

Leased assets concerning non-transfer ownership finance lease transactions:

Depreciated by the straight-line method, defining the lease term of respective assets as their useful lives, with residual value of zero

4) Long-term prepaid expenses

The Company and its consolidated subsidiaries use the equal installment method over the estimated useful life.

5) Deferred assets

Bond issuance cost:

These costs are fully charged to expenses when they are paid.

Start-up cost:

These costs are fully charged to expenses when they are paid.

(3) Accounting standards for significant allowances and provisions

1) Allowance for doubtful accounts

To provide for potential loss on accounts receivable - operating loans and other receivables, the Company and its consolidated subsidiaries make an allowance for the expected amount of irrecoverable loans. Allowances for general receivables are computed, based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis.

2) Provision for loss on guarantees

To provide for loss on guarantees, the Company and its consolidated subsidiaries make an allowance for potential losses at the end of the current fiscal year.

3) Provision for loss on interest repayment

To prepare for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, considering the past actual results and the latest interest repayment situations.

(4) Accounting method for retirement benefits

1) Periodic allocation of projected retirement benefits

In calculating retirement benefit obligations, the attribution on a benefit formula basis is applied for allocation of projected benefits to the periods until the end of the current fiscal year.

2) Amortization of actuarial differences and past service costs

Past service costs are charged to expenses, using the straight-line method, over the determined years (5 years) that are not longer than average remaining service years of the employees at the time of occurrence.

Actuarial differences are amortized evenly using the straight-line method over the determined years (5 years) that are not longer than the average remaining service years of employees at the time of occurrence in each fiscal year, beginning from the fiscal year following the time of occurrence.

(5) Accounting standards for significant revenue and expenses

1) Revenues from financial instruments transactions

Interest on operating loans

Interest is recorded on an accrual basis.

Accrued interest on operating loans is recorded using the interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate of the Company, whichever the lower.

Revenue from credit card business

Fees from customers:

Recorded by the credit balance method

Under the credit balance method, fees to be recorded as revenue are calculated pursuant to the prescribed rates applicable to the relevant credit balance.

Revenue from credit guarantee

Recorded by the credit balance method

2) Fees and commissions

Revenue from contracts with customers is recognized in the consolidated statement of income based on the progress toward satisfaction of performance obligations identified in each contract in accordance with the substance of transactions under the contract.

Fees and commissions mainly include fees for ATM usage and fees from MasterCard member stores. Fees for ATM usage are recognized as revenue when the customers have used ATMs at partnering financial institutions. Fees from MasterCard member stores are recognized as revenue when the customers have used their credit cards (at the time of sale-on-credit transaction).

(6) Accounting standards for the translation of significant foreign currency-denominated assets and liabilities into Japanese yen used in preparing the financial statements of consolidated companies on which consolidated financial statements are based

Foreign currency-denominated monetary claims and obligations are translated into Japanese yen, using the spot exchange rates on the closing date of consolidated accounting and the resulting translation gains and losses are recognized as income and expenses.

Assets and liabilities and income and expenses of overseas subsidiaries are translated into Japanese yen at the spot exchange rates on the account closing date and average exchange rates, respectively. The resulting translation gains and losses are recorded as foreign currency translation adjustments and non-controlling interests under the net assets section.

(7) Significant hedge accounting method

1) Hedge accounting method

The Company adopts the deferred hedge accounting. However, exceptional accounting treatments are applied to certain interest-rate swaps which meet specific conditions.

2) Hedging instruments and hedging items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

Borrowings with variable interest rates

3) Hedging policy

The Company and its subsidiaries enter into derivatives contracts to hedge against various risks in accordance with its internal rules. These contracts include the following: Interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to borrowings with variable interest rates for the purpose of protecting cash flows.

4) Method for evaluating hedging effectiveness

With regard to interest rate-related hedging, important requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Company can assume that fluctuations in interest rates and cash flows are fully offset by the fluctuations in hedging instruments on an ongoing basis since the implementation of hedging contracts. Therefore, the judgment of hedging effectiveness is omitted.

(8) Method and period for amortization of goodwill

Goodwill is amortized by the equal installments method over a period of 15 years. However, those with insignificant value are fully amortized in the fiscal year in which they were incurred.

(9) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents include cash at hand, demand deposits at banks and highly liquid short-term investments with negligible risk of fluctuation in value and maturities of less than three months.

(10) Other significant matters for the preparation of consolidated financial statements

1) Accounting method for consumption tax and other taxes imposed on non tax-deductible assets

Consumption tax and other taxes imposed on non tax-deductible assets are recorded as an expense for the fiscal year they were incurred.

In addition, accrued consumption taxes are included in “Other” in current liabilities on the consolidated balance sheet.

2) Adoption of the group tax sharing system

The Company and its domestic consolidated subsidiaries adopt the group tax sharing system.

(Significant accounting estimates)

1. Provision for loss on interest repayment

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Provision for loss on interest repayment	57,723	30,346

In the loan business of the Company, the interest rates charged on some loan products in which customers entered into contracts before June 17, 2007 exceed the interest rate ceilings specified in the Interest Rate Restriction Act. In case our customers request forgiveness of the loan amount or reimbursement of excess interest paid, demanding to fulfill obligations based on these maximum interest rates, the Company may accept to write off such loan or reimburse payments in response. To provide for requests for such reimbursement, the Company provides necessary amounts of provision for loss on interest repayment estimated in consideration of the past actual results and the latest interest repayment situations.

Provision for loss on interest repayment recorded on the consolidated financial statements for the fiscal year under review was 30,346 million yen.

Provision for loss on interest repayment is calculated mainly in accordance with predetermined internal regulations and is determined based on deliberations at the Executive Officers' Meeting. Although uncertainty remains about estimates and major assumptions when calculating provision for loss on interest repayment, the Company makes the best possible estimates ensuring objectivity and reasonableness based on effective internal control. With respect to the above estimates, the Company evaluates the status of disparity between the estimates and actual results each quarter and accordingly reviews the need for additional provision, reversal, etc.

(2) Information on the details of significant accounting estimates for identified items

(i) Methods used for the calculation of an amount recorded on the consolidated financial statements for the fiscal year under review

To prepare for potential loss on interest repayment in the future, the Company makes a forecast in consideration of the past actual results and the latest interest repayment situations and estimates a reasonable amount of requests for interest repayment. When estimating the amount, the Company primarily supposes the future estimated figures of the number of requests for interest repayment and the average unit price of requests for interest repayment, respectively, from the past actual results. Then, the Company calculates an estimated number of requests for interest repayment over a certain period in the future. When projecting the future estimated figures of the number of requests for interest repayment, figures that are especially uncertain, the Company groups the future estimated figures per law firm and judicial scrivener office according to the trends in the requests for interest repayment. Then, the Company calculates the estimated amount of requests for interest repayment in the future based on the past actual rates of requests for interest repayment as calculated from the past actual results of each group as well as the latest environmental analysis and the latest trend of requests for interest repayment.

(ii) Major assumptions used in the methods for the calculation of an amount recorded on the consolidated financial statements for the fiscal year under review

Major assumptions are the respective future estimated figures of the number of requests for interest repayment (the estimated number of requests for interest repayment in the future per law firm or judicial scrivener office) and the average unit price of requests for interest repayment.

(iii) Impact on the consolidated financial statements for the next fiscal year

The major assumptions, which are the respective future estimated figures of the number of requests for interest repayment and the average unit price of requests for interest repayment per law firm or

judicial scrivener office, are calculated based on the past actual rates of requests for interest repayment as calculated from past actual results as well as the latest environmental analysis and the latest trend of requests for interest repayment. Given the uncertainty of such estimates, provision for loss on interest repayment for the next fiscal year may increase or decrease.

2. Allowance for doubtful accounts

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Allowance for doubtful accounts	84,086	92,862

For accounts receivable - operating loans, accounts receivable - installment and right to reimbursement, which constitute the majority of total assets of the Company Group, an allowance for doubtful accounts is provided for all or part of the outstanding balance of loans, based on the types and conditions at the end of the fiscal year under review.

Allowance for doubtful accounts recorded on the consolidated financial statements for the fiscal year under review was 92,862 million yen.

Allowance for doubtful accounts is calculated mainly in accordance with predetermined internal regulations, and the Company makes the best possible estimates ensuring objectivity and reasonableness based on effective internal control. In the case of an event not stipulated in the internal regulations and other rules, the Company will respond to the event based on deliberations at the Executive Officers' Meeting and other meetings.

(2) Information on the details of significant accounting estimates for identified items

(i) Methods used for the calculation of an amount recorded on the consolidated financial statements for the fiscal year under review

Unsecured loans receivable and installments receivable with which the Company deals are classified into "General receivables" and "Specific receivables" with the aim of preventive attachment. Right to reimbursement belongs to "Specific receivables" only.

a) General receivables

Unsecured loans receivable are calculated mainly using the historical rate of annual defaults according to classifications based on a credit risk management model, and installments receivable are calculated using the historical rate of annual defaults.

b) Specific receivables

Receivables on which the Company has concluded out-of-court settlement agreement are calculated using the historical rate of defaults over their average remaining periods and receivables other than the above are estimated in the total amount net of that based on the collected percentage.

* If "General receivables" and "Specific receivables" are recorded in duplicate with provision for loss on interest repayment, the relevant amount is reduced from the allowance for doubtful accounts.

(ii) Major assumptions used in the methods for the calculation of an amount recorded on the consolidated financial statements for the fiscal year under review

With respect to the credit risk management model stated in the methods used for calculation as above, the Company comprehensively evaluates the attributes of receivables in correlation with the write-off of bad debts, the details of transactions, etc., and converts the probability of the future occurrence of write-off of bad debts to customers into a numerical value using a statistical method. Therefore, the classification based on said value is a major assumption.

(iii) Impact on the consolidated financial statements for the next fiscal year

The Company continuously reviews and revises classifications based on a credit risk management model, a major assumption. If the above classification needs to be revised because of changes in the external management environment due to future uncertainties and other factors, it may have an impact on the amount of allowance for doubtful accounts to be recognized in the consolidated financial statements for the next fiscal year and thereafter.

3. Deferred tax assets

(1) Amount recorded on the consolidated financial statements for the fiscal year under review

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Deferred tax assets	61,637	50,507

The Company Group records deferred tax assets in the amount deemed recoverable for deductible temporary differences and retained tax losses.

Deferred tax assets recorded on the consolidated financial statements for the fiscal year under review were 50,507 million yen.

Deferred tax assets are calculated in accordance with predetermined internal regulations, and the Company makes the best possible estimates ensuring objectivity and reasonableness based on effective internal control. In the case of an event not stipulated in the internal regulations and other rules, the Company will respond to the event based on deliberations at the Executive Officers' Meeting and other meetings.

(2) Information on the details of significant accounting estimates for identified items

(i) Methods used for the calculation of an amount recorded on the consolidated financial statements for the fiscal year under review

The Company Group records deferred tax assets in the amount deemed recoverable for deductible temporary differences. The recoverability is determined by scheduling temporary differences, etc. against the future taxable income before additions and subtractions of temporary differences, etc. which is estimated primarily based on the projected profits in the three-year medium-term management plan beginning from the next fiscal year, considering external factors such as the business environment, the Company Group's operating results, and the achievement level of past medium-term management plans.

Of the deductible temporary differences, for provision for loss on interest repayment, the amount of requests for interest repayment is reasonably estimated in consideration of the past actual results and the latest interest repayment situations; and for allowance for doubtful accounts and provision for loss on guarantees, the resolution amount is estimated by considering the historical rate of default and other factors.

(ii) Major assumptions used in the methods for the calculation of an amount recorded on the consolidated financial statements for the fiscal year under review

Taxable income is calculated based on the profits, etc. of the medium-term management plan, incorporating key assumptions such as plans for outstanding balances of accounts receivable - operating loans and accounts receivable - installment in the loan and credit card business, guarantee obligations in the guarantee business, and accounts receivable - operating loans in the overseas financial business.

(iii) Impact on the consolidated financial statements for the next fiscal year

The consolidated financial statements for the next fiscal year may be affected by uncertain future changes in the business environment, an increase in requests for interest repayment, and other unforeseen reasons.

(Changes in Presentation)

<Consolidated Balance Sheet>

“Deferred installment income” was listed separately under current liabilities in the prior fiscal year. As its quantitative materiality became insignificant, “Deferred installment income” has been included in “Other” in the current fiscal year. To reflect this change in presentation, the consolidated financial statements for the prior fiscal year have been reclassified.

As a result, 26 million yen of “Deferred installment income” and 14,527 million yen of “Other” under current liabilities of the consolidated balance sheet for the prior fiscal year have been reclassified into 14,553 million yen of “Other.”

<Consolidated Statement of Cash Flows>

“Increase (decrease) in deferred installment income” was listed separately under net cash provided by (used in) operating activities in the prior fiscal year. As its quantitative materiality became insignificant, “Increase (decrease) in deferred installment income” has been included in “Increase (decrease) in other current assets” in the current fiscal year. To reflect this change in presentation, the consolidated financial statements for the prior fiscal year have been reclassified.

As a result, (1) million yen of “Increase (decrease) in deferred installment income” and 1,731 million yen of “Increase (decrease) in other current liabilities” under net cash provided by (used in) operating activities of the consolidated statement of cash flows for the prior fiscal year have been reclassified into 1,729 million yen of “Increase (decrease) in other current liabilities.”

(Notes to Consolidated Balance Sheet)

*1. Amount of subsidiaries and associates' stocks included in investment securities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Investment securities	445	463

*2. Contingent liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Outstanding guarantee obligation in the guarantee business	1,212,883	1,278,261
Provision for loss on guarantees	9,612	11,973
Net	1,203,270	1,266,287

*3. Commitment line contracts for accounts receivable - operating loans

Prior fiscal year (As of March 31, 2023)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 691,568 million yen at the end of the fiscal year. This included a total of 509,980 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and its consolidated subsidiaries.

Contracts contain provisions allowing the Company and its consolidated subsidiaries to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

Current fiscal year (As of March 31, 2024)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 751,259 million yen at the end of the fiscal year. This included a total of 561,064 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company and its consolidated subsidiaries.

Contracts contain provisions allowing the Company and its consolidated subsidiaries to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

*4. Status of non-performing loans

Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, Bankrupt or De facto Bankrupt includes those to debtors who have petitioned for bankruptcy as of the end of the fiscal year, but have not yet been declared bankrupt. This entire amount is charged to the allowance for doubtful accounts.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	183	213

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Bankrupt or De facto Bankrupt	442	441
Doubtful receivables	23,236	23,039
Receivables past due for three months or more	6,648	7,785
Restructured receivables	41,183	41,262
Performing loans (*)	970,206	1,062,429
Total	1,041,717	1,134,958

* Accrued interest (prior fiscal year: 11,736 million yen, current fiscal year: 13,180 million yen) is included in Performing loans.

Notes:

1. Bankrupt or De facto Bankrupt are loans to borrowers who have fallen into bankruptcy due to declared bankrupt, rehabilitation and reorganization, or other similar circumstances.
2. Doubtful receivables are other than the above, where the borrower has not yet entered into bankruptcy, but the financial condition and business performance of the borrower have deteriorated and it is highly probable that the principal of the loan will not be collected and interest will not be received in accordance with the contract.
3. Receivables past due for three months or more are loans other than the above that are overdue by 3 months or more.
4. Restructured receivables are loans other than the above on which favorable terms have been granted, such as the waiving of interest.
5. Performing loans are classified as other than the above as there are no particular problems with the borrower's financial condition or business performance.

*5. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company and some of its consolidated subsidiaries maintain overdraft contracts and designated commitment line contracts with financial institutions and others. The unexercised portion of facilities based on these contracts is as follows:

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Amount of agreement for overdraft and commitment line	148,443	154,815
Amount of borrowing	34,445	34,505
Net	113,998	120,309

*6. Amount of unsecured consumer loans in accounts receivable - operating loans

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Unsecured consumer loans in accounts receivable - operating loans	1,027,209	1,119,458

*7. Balances of accounts receivable - installment by business categories

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Fees from the credit card business	103,575	122,303
Fees from installment sales finance business	719	754
Total	104,295	123,058

(Notes to Consolidated Statement of Income)

*1. Breakdown of gain on sale of non-current assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Buildings and structures	273	—
Equipment	1	258
Land	842	—
Total	1,117	258

*2. Breakdown of loss on sale of non-current assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Buildings and structures	12	—
Vehicles	—	0
Equipment	2	0
Land	51	—
Total	67	0

*3. Loss on retirement of non-current assets mainly results from closing of operating outlets, remodeling of interior, etc. The breakdown thereof is set out below.

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Buildings and structures	184	175
Equipment	20	30
Telephone subscription right	—	28
Leased assets	0	—
Software	—	0
Total	205	234

*4. Impairment loss

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

Prior fiscal year (from April 1, 2022, to March 31, 2023)

(1) Assets recognized as having suffered impairment

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

(2) Method of grouping assets

The smallest units the Company 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 property to be sold and idle assets, the smallest units are the individual assets themselves. Our headquarters and other facilities are treated as common assets because they do not generate their own cash flows.

(3) Process through which impairment loss was recognized

Due to the relocation of the head office, some business assets (equipment) were designated as idle assets as the future uses have not been determined. Their book value was reduced to the recoverable amount and the amount of reduction was recognized as an impairment loss.

(4) Amount of impairment loss

	(Millions of yen)
Equipment	3,523

(5) Calculation method of recoverable amount

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

Current fiscal year (From April 1, 2023, to March 31, 2024)

Not applicable

*5. Breakdown of other extraordinary losses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Lump sum amortization of long-term prepaid expenses	2	1
Losses on retirement, including amortization of lease and guarantee deposits	0	0
Total	3	1

*6. Revenue from contracts with customers

For operating revenue, revenue from contracts with customers and other revenues are not separately presented. The amount of revenue from contracts with customers is as presented in “3. Operating revenue, profit or loss, assets and other items by reported segments and disaggregation of revenue, under [Segment information], (Segments of an Enterprise and Related Information) of [Notes].”

*7. Basis for classification of financial revenue and financial expenses on consolidated statement of income

(1) Financial revenue stated as operating revenue

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

(Notes to Consolidated Statement of Comprehensive Income)

* Reclassification adjustments and tax effects relating to other comprehensive income:

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities		
Gains arising during the year	0	0
Reclassification adjustments	—	(0)
Amount before income tax effect	0	(0)
Income tax effect	—	—
Valuation difference on available-for-sale securities	0	(0)
Foreign currency translation adjustment		
Gains arising during the year	12,147	11,571
Reclassification adjustments	—	—
Amount before income tax effect	12,147	11,571
Income tax effect	—	—
Foreign currency translation adjustment	12,147	11,571
Remeasurements of defined benefit plans, net of tax		
Gains arising during the year	(233)	4,099
Reclassification adjustments	(104)	8
Amount before income tax effect	(338)	4,107
Income tax effect	123	(1,262)
Remeasurements of defined benefit plans, net of tax	(214)	2,845
Total other comprehensive income	11,933	14,416

(Notes to Consolidated Statement of Changes in Net Assets)

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common stock	1,566,614,098	—	—	1,566,614,098

2. Matters related to treasury shares

(Shares)

Class of shares	As of April 1, 2022	Increase	Decrease	As of March 31, 2023
Common stock	50	—	—	50

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2022	Common stock	6,266	4.00	March 31, 2022	June 27, 2022
Board of Directors meeting held on November 8, 2022	Common stock	7,833	5.00	September 30, 2022	December 5, 2022

(2) Dividends whose record date fell in the fiscal year, but whose effective date is after March 31, 2023

Resolution	Class of shares	Sources of dividend	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2023	Common stock	Retained earnings	7,833	5.00	March 31, 2023	June 26, 2023

For the current fiscal year (From April 1, 2023, to March 31, 2024)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock	1,566,614,098	—	—	1,566,614,098

2. Matters related to treasury shares

(Shares)

Class of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock	50	70	—	120

3. Matters related to stock acquisition rights, etc.

Not applicable

4. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2023	Common stock	7,833	5.00	March 31, 2023	June 26, 2023
Board of Directors meeting held on November 9, 2023	Common stock	9,399	6.00	September 30, 2023	December 1, 2023

(2) Dividends whose record date fell in the fiscal year, but whose effective date is after March 31, 2024

Resolution	Class of shares	Sources of dividend	Total amount (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 21, 2024	Common stock	Retained earnings	9,399	6.00	March 31, 2024	June 24, 2024

(Notes to Consolidated Statement of Cash Flows)

* Relationship between the fiscal year-end balance of cash and cash equivalents and the amount of consolidated balance sheet items

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Cash and deposits	57,666	73,486
Time deposits with original maturities of more than three months	—	(1,586)
Cash and cash equivalents	57,666	71,900

(Notes to Lease Transactions)

1. Finance lease transactions

(1) Finance lease transactions that transfer ownership

1) Details of leased assets

Property, plant and equipment

They are mainly tape devices, etc.

2) Depreciation of leased assets

Same depreciation method as that applied to our non-current assets

(2) Finance lease transactions that do not transfer ownership

1) Details of leased assets

Property, plant and equipment

They are mainly disk devices, etc.

2) Depreciation of leased assets

Depreciated using the straight-line method, with the lease term of respective assets as their useful lives, without residual value

2. Operating lease transactions

The rental commitments under noncancellable operating leases are as follows:

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Due within 1 year	456	525
Due after 1 year	1,444	1,086
Total	1,901	1,611

(Notes to Financial Instruments)

1. Matters concerning the financial instruments

(1) The Group's policy for financial instruments

The Company Group conducts financial service businesses. These include loan business, credit card business, guarantee business and loan servicing business. To finance the operation of these businesses, the Group raises funds through indirect financing, i.e., borrowings from financial institutions, as well as direct financing, such as issuing bonds, etc., in light of the market situation and balance between variable interest rates and fixed interest rates. The Group conducts derivative transactions primarily for the purpose of hedging against the risk of fluctuations in interest rates associated with these financing operations, and does not have a policy to conduct speculative trading.

(2) Details of financial instruments and associated risks

Major financial assets held by the Company Group are accounts receivable - operating loans and accounts receivable - installment; these assets are exposed to credit risk resulting from customers' default of payments. In addition, the Company Group holds shares, investments in partnership, etc. on a portfolio investment basis. These assets are exposed to the risk of market price fluctuations and some are open to the risks of issuer's credit.

Financial liabilities including borrowings, bonds and commercial papers are exposed to liquidity risk, giving some indication of the possibility that the Company Group may not be able to make payment at the due date as a result of a change in the Group's credit standings or the market environment. Likewise, liabilities with variable interest rates have a certain degree of interest-rate risk, but the Group mitigates this risk through interest rate swap transactions.

Derivative transactions include interest rate swap agreements for the purpose of hedging against the risk of fluctuations in interest rates associated with borrowings. For details of hedging instruments, hedging items, hedging policy and the method for evaluating hedging effectiveness concerning hedge accounting, please refer to aforementioned "Significant matters providing the basis for the preparation of consolidated financial statements, 4. Matters concerning accounting policies, (7) Significant hedge accounting method."

(3) Risk management system for financial instruments

1) Credit risk management

According to internal rules, the Company incorporates and operates a structure to cope with individual transaction-based credit administration, credit information management, a credit rating system, a self-assessment system, problem loans and to regularly monitor its credit portfolios. The credit management and credit business promotion divisions separately conduct individual transaction-based screening and credit management, designed to facilitate a mutual surveillance function. In addition, the Company holds a regular management meeting to report and discuss important matters on credit risk management and operations. Separately it has a system under which the internal audit department reviews the appropriateness of the Company's credit business operations, ensuring that the Company engages in a proper credit business. Consolidated subsidiaries also have similar management systems in place.

2) Market risk management

The Company and some of its consolidated subsidiaries utilize interest rate swap agreements to mitigate the risk of fluctuations in interest payments on their borrowings.

The Group conducts derivative transactions primarily with the aim of optimizing financing costs and adjustment of the fixed/variable interest rates proportion. It has a policy to not conduct derivatives trading for speculative purposes. Further, execution and administration of derivatives transactions are conducted in accordance with the Company's internal rules that stipulate the trading authority, trading limits, etc., under the basic policy approved at meetings of management.

Consolidated subsidiaries also have similar market risk management systems in place.

In addition, all the accounts receivable - operating loans, which are the Company Group's principal financial assets, are fixed interest rates, and a large part of borrowings and bonds, which are the Group's principal financial liabilities, is also fixed interest rates, therefore they have low sensitivity to

fluctuations in interest rates. That is why the Group does not conduct a quantitative analysis on the market risk.

With regards to the items of which fair values are determined using the market interest rate, the estimated effects of a change of 1 basis point (0.01%) in the fiscal year-end market interest rate on their net amount (asset side)—relevant financial assets after deduction of financial liabilities—are as follows. This estimation assumes that there are no changes in any risk variables other than the market interest rate.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
If the market interest rate had been:		
higher by 1 basis point	(69)	(211)
lower by 1 basis point	69	211

3) Management of liquidity risk associated with financing activities

The Company manages the liquidity risk by reviewing its financing plan on a timely basis according to past financing results, changes in market conditions or interest rate situations, etc., based on the financing plan approved at meetings of management. Also for that purpose, it maintains a certain amount of liquidity at all times, secures commitment lines, seeking diversity and appropriate balance of financing methods in light of the market environment. Consolidated subsidiaries also have similar financing systems in place.

(4) Supplementary explanations on fair value of financial instruments

The fair value of financial instruments is calculated based on certain assumptions, and the value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described below in “Notes to Derivative Transactions” does not represent the market risk of the derivative transactions.

2. Matters concerning the fair value of financial instruments

The book value on the consolidated balance sheet and fair value of financial instruments, as well as the differences between these values are described below.

For the prior fiscal year (As of March 31, 2023)

(Millions of yen)

	Book value	Fair value	Difference
(1) Accounts receivable - operating loans	1,029,728		
Allowance for doubtful accounts	(48,707)		
Provision for loss on interest repayment (Amount of voluntary waiver of repayments)	(6,194)		
	974,825	1,240,158	265,332
(2) Accounts receivable - installment	104,295		
Allowance for doubtful accounts	(5,768)		
Deferred installment income (Current Liabilities Others)	(26)		
	98,500	121,676	23,175
(3) Purchased receivables	7,630		
Allowance for doubtful accounts	(2,025)		
	5,605	5,605	—
(4) Marketable securities and investment securities			
Other securities (*2)	0	0	—
Total assets	1,078,931	1,367,440	288,508
(1) Current portion of bonds payable and bonds payable	124,260	124,032	(227)
(2) Current portion of long-term borrowings and long-term borrowings	403,238	400,397	(2,840)
Total liabilities	527,498	524,430	(3,067)
Derivative transaction (*3)	[64]	[64]	—

(*1) “Deposits,” “short-term borrowings,” and “commercial papers” are omitted, because they comprise cash and short-term instruments whose book value approximates their fair value.

(*2) Shares, etc. that do not have a market price are not included in “(4) Marketable securities and investment securities.” The book values of these financial instruments are as follows:

(Millions of yen)

Item	As of March 31, 2023
1) Unlisted shares	1,395
2) Investments in investment partnerships	0
Total	1,396

(*3) Receivables and payables incurred by derivative transactions are presented in net. Net payables are presented in brackets “[].”

For the current fiscal year (As of March 31, 2024)

(Millions of yen)

	Book value	Fair value	Difference
(1) Accounts receivable - operating loans	1,121,554		
Allowance for doubtful accounts	(54,997)		
Provision for loss on interest repayment (Amount of voluntary waiver of repayments)	(3,318)		
	1,063,238	1,352,971	289,733
(2) Accounts receivable - installment	123,058		
Allowance for doubtful accounts	(7,199)		
Deferred installment income (Current Liabilities Others)	(28)		
	115,830	144,063	28,233
(3) Purchased receivables	8,212		
Allowance for doubtful accounts	(1,991)		
	6,220	6,220	—
(4) Marketable securities and investment securities			
Other securities (*2)	—	—	—
Total assets	1,185,290	1,503,256	317,966
(1) Current portion of bonds payable and bonds payable	164,736	164,065	(670)
(2) Current portion of long-term borrowings and long-term borrowings	449,361	445,200	(4,160)
Total liabilities	614,097	609,265	(4,831)
Derivative transaction (*3)	[(165)]	[(165)]	—

(*1) “Deposits,” “short-term borrowings,” and “commercial papers” are omitted, because they comprise cash and short-term instruments whose book value approximates their fair value.

(*2) Shares, etc. that do not have a market price are not included in “(4) Marketable securities and investment securities.” The book values of these financial instruments are as follows:

(Millions of yen)

Item	As of March 31, 2024
1) Unlisted shares	1,413
2) Investments in investment partnerships	0
Total	1,414

(*3) Receivables and payables incurred by derivative transactions are presented in net. Net payables are presented in brackets “[].”

(Note 1) Scheduled redemption amount of monetary claims and marketable securities with maturity

For the prior fiscal year (As of March 31, 2023)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	57,666	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	192,319	181,558	175,295	170,256	166,202	97,746
Accounts receivable - installment (*1) (*2)	19,504	18,784	18,784	18,784	18,784	3,661
Marketable securities and investment securities	—	—	—	—	—	—
Total	269,490	200,343	194,079	189,040	184,987	101,407

For the current fiscal year (As of March 31, 2024)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	73,486	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	211,024	199,342	192,527	187,035	182,609	99,806
Accounts receivable - installment (*1) (*2)	23,219	22,464	22,464	22,464	22,464	3,215
Marketable securities and investment securities	—	—	—	—	—	—
Total	307,730	221,807	214,992	209,499	205,073	103,022

(*1) Accounts receivable - operating loans and accounts receivable - installment do not include loans whose recovery is doubtful because their redemption schedule is unclear (amounts: 50,434 million yen for the prior fiscal year and 54,393 million yen for the current fiscal year).

(*2) The amounts of accounts receivable - operating loans and accounts receivable - installment of the credit card business are the expected amounts assuming that average minimum payments are to be made on a fixed date each month.

(Note 2) Scheduled repayment amount of bonds payable, long-term borrowings, lease obligations and other interest-bearing liabilities

For the prior fiscal year (As of March 31, 2023)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term borrowings	18,528	—	—	—	—	—
Commercial papers	34,998	—	—	—	—	—
Current portion of bonds payable and bonds payable	32,600	59,000	12,660	20,000	—	—
Current portion of long-term borrowings and long-term borrowings	104,381	105,490	120,680	10,656	62,031	—
Lease obligations	117	24	1	—	—	—
Total	190,625	164,514	133,341	30,656	62,031	—

For the current fiscal year (As of March 31, 2024)

(Millions of yen)

	Due within 1 year	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term borrowings	19,242	—	—	—	—	—
Commercial papers	29,989	—	—	—	—	—
Current portion of bonds payable and bonds payable	60,650	12,891	61,195	—	30,000	—
Current portion of long-term borrowings and long-term borrowings	123,808	145,679	103,586	65,787	10,500	—
Lease obligations	350	328	328	330	82	—
Total	234,040	158,898	165,110	66,118	40,582	—

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 inputs other than Level 1 inputs, out of observable inputs for fair value measurement.

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 is categorized into the lowest level of priority in the fair value measurement among the levels to which each input belongs.

(1) Financial instruments measured at fair value

For the prior fiscal year (As of March 31, 2023)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available for sale securities				
Stocks	0	—	—	0
Total assets	0	—	—	0
Derivative transaction				
Interest rate-related derivatives	—	64	—	64
Total liabilities	—	64	—	64

For the current fiscal year (As of March 31, 2024)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Derivative transaction				
Interest rate-related derivatives	—	165	—	165
Total liabilities	—	165	—	165

(2) Financial instruments other than those measured at fair value

For the prior fiscal year (As of March 31, 2023)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable - operating loans	—	—	1,240,158	1,240,158
Accounts receivable - installment	—	—	121,676	121,676
Purchased receivables	—	—	5,605	5,605
Total assets	—	—	1,367,440	1,367,440
Current portion of bonds payable and bonds payable	—	124,032	—	124,032
Current portion of long-term borrowings and long-term borrowings	—	400,397	—	400,397
Total liabilities	—	524,430	—	524,430

For the current fiscal year (As of March 31, 2024)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable - operating loans	—	—	1,352,971	1,352,971
Accounts receivable - installment	—	—	144,063	144,063
Purchased receivables	—	—	6,220	6,220
Total assets	—	—	1,503,256	1,503,256
Current portion of bonds payable and bonds payable	—	164,065	—	164,065
Current portion of long-term borrowings and long-term borrowings	—	445,200	—	445,200
Total liabilities	—	609,265	—	609,265

(Note) A description of the valuation technique(s) and inputs used in the fair value measurements

Marketable securities and investment securities

As listed shares are valued using quoted prices and traded in active markets, their fair value is classified as Level 1. For notes to securities according to holding purposes, please refer to “Notes to Securities.”

Derivative transactions

The fair value of derivative transactions is measured using the discounted cash flow method based on observable inputs, such as interest rates, and is classified as Level 2. For notes to derivative transactions, please refer to “Notes to Derivative Transactions.”

Accounts receivable - operating loans and accounts receivable - installment

Accounts receivable - operating loans and accounts receivable - installment are stated at their present values, which are calculated by discounting expected future cash flows of the potentially recoverable principal and interest by the current market interest rate. These exclude secured loans and accounts receivable - installment, which are stated at adjusted book value; the expected amount of loan losses on these assets are calculated based on the expected recoverable amount of their collateral securities, hence their fair values approximate their balance sheet values at the closing date, less the current expected amount of loan losses. These fair values are classified as Level 3. Meanwhile, accounts receivable - operating loans and the assets related to the installment sales finance business at certain consolidated subsidiaries are stated at adjusted book value, as their average remaining periods are roughly one year and their fair values approximate their balance sheet values net of an allowance for doubtful accounts. These fair values are also classified as Level 3.

Purchased receivables

These are stated at adjusted book value. The expected amount of loan losses on these assets are calculated based on either the present value of expected future cash flows or expected recoverable amount of their collateral securities or guarantees; hence their fair values approximate their balance sheet values at the closing date, less the current expected amount of loan losses. These fair values are classified as Level 3.

Current portion of bonds payable and bonds payable

Bonds with fair value are stated at market price. Bonds without market price and privately offered bonds are stated at the present value which is calculated by discounting the sum of principal and interest (the sum of exchanged principal and interest through swaps, in the case of bonds subject to the exceptional accounting treatments of interest rate swaps) by the discount rate (i.e., the current market interest rate in consideration of credit risk). These fair values are classified as Level 2.

Current portion of long-term borrowings and long-term borrowings

Long-term borrowings with fixed interest rates are stated at the present value which is calculated by discounting the sum of principal and interest (the sum of exchanged principal and interest through swaps, in the case of borrowings subject to the exceptional accounting treatments of interest rate swaps) by the discount rate (i.e., the current market interest rate in consideration of credit risk). Those with variable interest rates are stated at their book value, which approximates their fair value because they reflect market interest rates in the short term and the credit conditions of the Company and its subsidiaries have not changed significantly since they were executed. These fair values are classified as Level 2.

(Notes to Securities)

1. Other marketable securities

For the prior fiscal year (As of March 31, 2023)

(Millions of yen)

Category	Book value	Acquisition cost	Unrealized gain (loss)
Acquisition cost not greater than book value			
(1) Stocks	0	0	0
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	0	0	0
Acquisition cost greater than book value			
(1) Stocks	—	—	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Subtotal	—	—	—
Total	0	0	0

For the current fiscal year (As of March 31, 2024)

Not applicable

2. Other marketable securities sold in the fiscal year.

For the prior fiscal year (As of March 31, 2023)

Not applicable

For the current fiscal year (As of March 31, 2024)

(Millions of yen)

Category	Book value	Acquisition cost	Unrealized gain (loss)
Acquisition cost not greater than book value			
(1) Stocks	0	0	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	0	0	—

(Notes to Derivative Transactions)

1. Derivative transactions not subject to hedge accounting

(1) Interest rate-related derivatives

For the prior fiscal year (As of March 31, 2023)

(Millions of yen)

Category	Type of derivatives	Contract amount	Contract amount due after 1 year-period	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Interest-rate swap agreements Fixed interest payments and floating interest receivables	9,120	7,904	(64)	(64)

For the current fiscal year (As of March 31, 2024)

(Millions of yen)

Category	Type of derivatives	Contract amount	Contract amount due after 1 year-period	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Interest-rate swap agreements Fixed interest payments and floating interest receivables	13,959	9,333	(165)	(165)

2. Derivative transactions subject to hedge accounting

(1) Interest rate-related derivatives

For the prior fiscal year (As of March 31, 2023)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Interest rate swap agreements subject to the application of exceptional accounting treatments	Interest-rate swap agreements Fixed interest payments and floating interest receivables	Long-term borrowings	4,600	4,600	(Note)

(Note) Interest rate swap agreements subject to the application of exceptional treatments are recognized together with hedging items (i.e., long-term borrowings); therefore, their fair values are included in the fair value of the relevant long-term borrowings.

For the current fiscal year (As of March 31, 2024)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Interest rate swap agreements subject to the application of exceptional accounting treatments	Interest-rate swap agreements Fixed interest payments and floating interest receivables	Long-term borrowings	4,765	1,700	(Note)

(Note) Interest rate swap agreements subject to the application of exceptional treatments are recognized together with hedging items (i.e., long-term borrowings); therefore, their fair values are included in the fair value of the relevant long-term borrowings.

(Notes to Retirement Benefits)

1. Overview of retirement benefit plans

The Company and consolidated subsidiaries utilize funded and unfunded types of defined-benefit plans and defined-contribution plans to provide for retirement benefits to employees.

Defined-benefit pension plans, all of which are funded plans, offer retirement lump sum grants or pensions according to the salary and service period of the eligible employees.

Retirement lump sum payment plans (unfunded plans) offer retirement lump sum grants according to the salary and service period of the eligible employees.

2. Defined-benefit plans

(1) Changes in retirement benefit obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Balance at the beginning of the year	23,565	23,164
Service cost	1,444	1,410
Interest cost	66	121
Actuarial differences generated	(537)	(473)
Retirement benefits paid	(1,453)	(1,177)
Other	78	55
Balance at the end of year	23,164	23,100

(2) Changes in plan assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Balance at the beginning of the year	28,767	28,280
Expected return on plan assets	863	848
Actuarial differences generated	(772)	3,626
Contribution from employers	875	861
Retirement benefits paid	(1,453)	(1,177)
Balance at the end of the year	28,280	32,440

(3) Adjustments between the ending balances of retirement benefit obligations and plan assets and the retirement benefit liability and retirement benefit asset reported on the consolidated balance sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Retirement benefit obligations for funded type plans	22,374	22,117
Plan assets	(28,280)	(32,440)
	(5,906)	(10,322)
Retirement benefit obligations for unfunded type plans	789	983
Net asset and liability reported on the consolidated balance sheet	(5,116)	(9,339)
Retirement benefit liability	789	983
Retirement benefit asset	(5,906)	(10,322)
Net asset and liability reported on the consolidated balance sheet	(5,116)	(9,339)

(4) Breakdown of retirement benefit expenses

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Service cost	1,444	1,410
Interest cost	66	121
Expected return on plan assets	(863)	(848)
Recognized actuarial gain or loss	(96)	0
Special severance pay premium	2	7
Retirement benefit expenses for defined benefit plans	554	690

(5) Remeasurements of defined benefit plans, net of tax

Remeasurements of defined benefit plans, net of tax (before tax effect) consist of the following.

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Actuarial gain or loss	(338)	4,107

(6) Remeasurements of defined benefit plans

Remeasurements of defined benefit plans (before tax effect) consist of the following.

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Unrecognized actuarial gain or loss	679	4,787

(7) Plan assets

1) Components of plan assets

Plan assets consist of the following:

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Domestic stocks	19%	21%
Domestic bonds	28%	26%
Foreign stocks	20%	20%
Foreign bonds	10%	11%
Alternative investments	11%	11%
Insurer's general accounts	3%	3%
Other	9%	8%
Total	100%	100%

2) Method for determining the long-term expected rates of return on plan assets

To determine the long-term expected rates of return on plan assets, the current and expected portfolios of the plan assets held, as well as the current and future long-term expected rates of return on the various pension plan assets, are considered.

(8) Assumptions used in actuarial calculations

The major assumptions (on the weighted average basis) used in actuarial calculations are as follows:

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Discount rates	Primarily 0.41%	Primarily 0.67%
Long-term expected rates of return on plan assets	Primarily 3.00%	Primarily 3.00%
Expected rates of salary raises	Primarily 6.50%	Primarily 6.50%

(Note) Point system is used as the basis for calculation of expected rates of salary raises.

3. Defined-contribution plans

The required amounts of contribution to the defined-contribution plans of the Company and its consolidated subsidiaries were 322 million yen for the prior fiscal year and 322 million yen for the current fiscal year.

(Notes to the Method of Tax Effect Accounting)

1. Breakdown of major factors that resulted in deferred tax assets and liabilities

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Deferred tax assets		
Bad debt expenses	22,828	26,055
Allowance for doubtful accounts	22,934	25,317
Provision for loss on guarantees	2,943	3,666
Provision for loss on interest repayment	17,674	9,292
Accrued bonuses	553	571
Accrued retirement benefits for directors (and other officers)	44	44
Unrecognized accrued interest	729	756
Software	7,111	7,067
Deferred assets	168	209
Deferred consumption taxes	688	748
Loss on valuation of securities	132	132
Loss on valuation of golf club memberships	11	11
Impairment loss	2,213	1,779
Asset retirement obligations	1,780	1,569
Stock dividends	3,493	3,493
Retirement benefit liability	155	190
Retained tax loss (Note 2)	4,421	409
Other	992	1,421
Deferred tax assets (subtotal)	88,880	82,738
Valuation allowance pertaining to retained tax loss (Note 2)	(154)	(409)
Valuation allowance pertaining to total deductible temporary difference	(16,435)	(17,943)
Valuation allowance (subtotal) (Note 1)	(16,589)	(18,353)
Total deferred tax assets	72,290	64,385
Deferred tax liabilities		
Retained earnings of subsidiaries	8,837	10,707
Retirement benefit asset	1,808	3,160
Other	7	8
Total deferred tax liabilities	10,653	13,877
Balance of net deferred tax assets	61,637	50,507

(Notes) 1. Valuation allowance showed an increase of 1,763 million yen composed mainly of a 2,072 million yen increase in valuation allowance pertaining allowance for doubtful accounts.

2. Amounts classified by the deadline for retention of retained tax loss and related deferred tax assets

Prior fiscal year (As of March 31, 2023)

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Retained tax loss (a)	4,212	—	80	24	42	61	4,421
Valuation allowance	—	—	(80)	(24)	(42)	(6)	(154)
Deferred tax assets	4,212	—	—	—	—	54	(b) 4,267

- (a) Retained tax loss is shown as an amount multiplied by the effective tax rate.
- (b) The Company recorded deferred tax assets of 4,267 million yen for a retained tax loss of 4,421 million yen (an amount multiplied by the effective tax rate). The deferred tax assets were recognized for the balance of a retained tax loss (an amount multiplied by the effective tax rate) of 4,267 million yen in the Company. We believe that the above retained tax loss will be recoverable mainly by the estimated future taxable income

Current fiscal year (As of March 31, 2024)

(Millions of yen)

	Within 1 year	After 1 year through 2 years	After 2 years through 3 years	After 3 years through 4 years	After 4 years through 5 years	After 5 years	Total
Retained tax loss (a)	—	86	257	45	—	19	409
Valuation allowance	—	(86)	(257)	(45)	—	(19)	(409)
Deferred tax assets	—	—	—	—	—	—	—

Retained tax loss is shown as an amount multiplied by the effective tax rate.

2. Breakdown of items which caused the difference between the normal statutory tax rate and the effective tax rate after adoption of tax effect accounting

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Normal effective statutory tax rate	— %	30.6 %
(Adjustment)		
Changes in valuation allowance	— %	1.8 %
Amortization of goodwill	— %	0.2 %
Dividends income and other items not counted for tax purposes	— %	0.1 %
Retained earnings of subsidiaries	— %	2.2 %
Difference in tax rates for consolidated subsidiaries	— %	(2.6 %)
Withholding income tax relating to dividends from overseas subsidiaries	— %	0.4 %
Other	— %	0.7 %
Actual effective tax rate	— %	33.3 %

(Note) As the difference between the normal statutory tax rate and the effective tax rate after adoption of tax effect accounting was 5% or less of the normal statutory tax rate, this information is omitted for the fiscal year under review.

3. Accounting treatment of income taxes (including local income taxes) and tax effect accounting

The Company and its domestic consolidated subsidiaries adopt the group tax sharing system. The Company carries out the accounting treatment and disclosure of income taxes (including local income taxes) and tax effect accounting in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42; August 12, 2021).

(Notes to Asset Retirement Obligations)

Asset retirement obligations reported in the consolidated balance sheet

(1) Description of relevant asset retirement obligations

Asset retirement obligations are recognized for internal equipment, etc. furnished in leased properties where restoration is required in lease contracts.

(2) Calculation method for the amount of relevant asset retirement obligations

Assumed use period of 5 to 16 years following acquisition, and discount rate at market rate corresponding to rebate period are used for calculation of asset retirement obligations.

(3) Changes in asset retirement obligations

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Balance at the beginning of the year	5,390	6,363
Additional provisions associated with the acquisition of property, plant and equipment	228	33
Accretion with passage of time	7	6
Reduction associated with meeting asset retirement obligations	(784)	(780)
Changes associated with changes in estimates	1,500	—
Foreign currency translation adjustment	21	19
Balance at the end of the year	6,363	5,641

(Notes to Revenue Recognition)

1. Information on disaggregation of revenue from contracts with customers

Information on disaggregation of revenue from contracts with customers is as presented in “3. Operating revenue, profit or loss, assets and other items by reported segments and disaggregation of revenue, under [Segment information], (Segments of an Enterprise and Related Information) of [Notes].”

2. Information useful in understanding revenue from contracts with customers

Information useful in understanding revenue is as presented in “[Notes], (Significant matters providing the basis for the preparation of consolidated financial statements), 4. Matters concerning accounting policies, (5) Accounting standards for significant revenue and expenses.”

(Segments of an Enterprise and Related Information)

[Segment information]

1. Summary of reported segment information

The reported segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic review to determine distribution of management resources and evaluate their business results.

The Company conducts finance businesses comprised mainly of loan and credit card business in Japan and overseas.

In Japan, the Company mainly conducts guarantee business and loan servicing business in addition to loan and credit card business. In overseas, the Company also conducts finance businesses in Asia.

Accordingly, the Company's four reported segments are "Loan and credit card business," "Guarantee business," "Overseas financial business" and "Loan servicing business."

2. Methods of measurement for the amounts of operating revenue, profit or loss, assets and other items by reported segments

The accounting treatment regarding the reported business segments is the same as described in the "Significant matters providing the basis for the preparation of consolidated financial statements." The profit of business segments is based on operating profit. Intersegment operating revenue is based on trading prices in the market.

3. Operating revenue, profit or loss, assets and other items by reported segments and disaggregation of revenue

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Reported segments					Others (Note 1)	Subtotal
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Total		
Operating Revenue							
Operating revenue from external customers	145,170	66,278	56,533	5,680	273,663	130	273,793
Revenues from financial instruments transactions	141,718	63,856	55,964	5,674	267,213	130	267,344
Fees and commissions (Note 2)	3,451	2,422	568	6	6,449	—	6,449
Revenues from transactions with other operating segments	4	—	3	—	7	86	94
Total	145,174	66,278	56,537	5,680	273,670	217	273,887
Segment profit	40,686	25,643	19,681	1,050	87,062	217	87,279
Segment assets	911,017	44,606	215,596	7,485	1,178,706	5,564	1,184,271
Other items							
Depreciation	2,562	630	1,347	26	4,566	—	4,566
Amortization of goodwill	—	518	—	—	518	—	518
Provision for bad debts (Note 3)	33,460	25,997	20,137	1,076	80,671	—	80,671
Increase of property, plant and equipment and intangible assets	2,699	138	163	9	3,009	—	3,009

(Notes) 1. The "Others" category represents operating revenue, profit, assets, and other items which are not included in the reported segments.

2. The "fees and commissions" is revenue from contracts with customers that are subject to the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29).

3. This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.
4. The standard for the distribution of non-current assets to segments differs from the standard for the distribution of the relevant depreciation.

For the current fiscal year (From April 1, 2023, to March 31, 2024)

(Millions of yen)

	Reported segments					Other (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Total		
Operating Revenue							
Operating revenue from external customers	156,029	70,787	61,890	5,864	294,571	158	294,730
Revenues from financial instruments transactions	152,255	68,636	61,360	5,860	288,111	158	288,270
Fees and commissions (Note 2)	3,774	2,151	529	4	6,459	—	6,459
Revenues from transactions with other operating segments	7	—	2	—	9	70	80
Total	156,036	70,787	61,892	5,864	294,581	229	294,810
Segment profit	41,771	22,673	22,374	1,182	88,001	229	88,230
Segment assets	988,156	45,195	243,739	8,339	1,285,430	3,508	1,288,939
Other items							
Depreciation	2,523	555	1,325	28	4,433	—	4,433
Amortization of goodwill	—	518	—	—	518	—	518
Provision for bad debts (Note 3)	41,191	33,284	20,590	922	95,989	—	95,989
Increase of property, plant and equipment and intangible assets	1,949	134	372	37	2,493	—	2,493

(Notes) 1. The “Others” category represents operating revenue, profit, assets, and other items which are not included in the reported segments.

2. The “fees and commissions” is revenue from contracts with customers that are subject to the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29).
3. This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.
4. The standard for the distribution of non-current assets to segments differs from the standard for the distribution of the relevant depreciation.

4. Reconciliation between the total amounts of reported segments and amounts in the consolidated financial statements

(Millions of yen)

Operating Revenue	For the prior fiscal year	For the current fiscal year
Total reported segments	273,670	294,581
Operating revenue of "Others" category	217	229
Elimination of intersegment transactions	(90)	(78)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(3)	(2)
Operating revenue in the consolidated financial statements	273,793	294,730

(Millions of yen)

Profit	For the prior fiscal year	For the current fiscal year
Total reported segments	87,062	88,001
Profit of "Others" category	217	229
Elimination of intersegment transactions	5	7
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	2	(1,890)
Operating profit in the consolidated financial statements	87,287	86,347

(Millions of yen)

Assets	For the prior fiscal year	For the current fiscal year
Total reported segments	1,178,706	1,285,430
Assets of "Others" category	5,564	3,508
Elimination of intersegment assets	(16,966)	(22,046)
Corporate assets	137,577	159,011
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(7,565)	(8,501)
Total assets in the consolidated financial statements	1,297,316	1,417,403

(Millions of yen)

Other items	Total reported segments		Others		Adjustment amount		Amounts in the consolidated financial statements	
	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year	For the prior fiscal year	For the current fiscal year
Depreciation	4,566	4,433	—	—	(919)	(971)	3,647	3,462
Amortization of goodwill	518	518	—	—	—	—	518	518
Provision for bad debts	80,671	95,989	—	—	(154)	1,963	80,517	97,952
Increase of property, plant and equipment and intangible assets	3,009	2,493	—	—	3,287	4,058	6,297	6,552

(Note) The adjustment amount of increase of property, plant and equipment and intangible assets represents the amount of capital investment in corporate assets.

[Related information]

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

1. Information about products and services

Information about products and services is omitted as operating revenue from external customers in “financial service businesses” accounts for more than 90% of operating revenue in the consolidated statement of income.

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)		
Japan	Overseas	Total
217,140	56,653	273,793

(Note) Operating revenue is categorized by country or region based on customers' location.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as amounts of property, plant and equipment located in Japan account for more than 90% of all property, plant and equipment listed in the consolidated balance sheet.

3. Information about major customers

No single external customer accounts for more than 10% of operating revenue in the consolidated statement of income.

For the current fiscal year (From April 1, 2023, to March 31, 2024)

1. Information about products and services

Information about products and services is omitted as operating revenue from external customers in “financial service businesses” accounts for more than 90% of operating revenue in the consolidated statement of income.

2. Information about geographic areas

(1) Operating revenue

(Millions of yen)		
Japan	Overseas	Total
232,714	62,016	294,730

(Note) Operating revenue is categorized by country or region based on customers' location.

(2) Property, plant and equipment

Details of property, plant and equipment are omitted as amounts of property, plant and equipment located in Japan account for more than 90% of all property, plant and equipment listed in the consolidated balance sheet.

3. Information about major customers

No single external customer accounts for more than 10% of operating revenue in the consolidated statement of income.

[Information about impairment loss on non-current assets of each reported segment]

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination (Note)	Total
Impairment loss	—	—	—	—	—	3,523	3,523

(Note) Represents impairment loss of our headquarters, etc. that is not allocated to reported segments.

For the current fiscal year (From April 1, 2023, to March 31, 2024)

Not applicable

(Note) Represents impairment loss of our headquarters, etc. that is not allocated to reported segments.

[Information about amortization of goodwill and unamortized balance of each reported segment]

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	518	—	—	—	—	518
Goodwill at the end of the fiscal year	—	734	—	—	—	—	734

For the current fiscal year (From April 1, 2023, to March 31, 2024)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	518	—	—	—	—	518
Goodwill at the end of the fiscal year	—	215	—	—	—	—	215

[Information about gain on negative goodwill of each reported segment]

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

Not applicable

For the current fiscal year (From April 1, 2023, to March 31, 2024)

Not applicable

[Information on related parties]

1. Transactions between related parties

(1) Transactions between the Company and related parties

(i) Subsidiaries of the Company's parent company and the subsidiaries of other related companies of the Company

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	MUFG Bank, Ltd.	Chiyoda-ku, Tokyo	1,711,958	Banking business	—

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Companies of the same parent company	MUFG Bank, Ltd.	Borrowing	Borrowing of the capital	Borrowing 261,991	Commercial papers	19,999
				Repayment 240,729	Current portion of long-term borrowings	53,156
					Long-term borrowings	146,427
			Payment of interest	737	Other current liabilities	14
		Guarantee of liabilities	Receiving of guarantee fees for unsecured loans of the bank	17,819	Other current assets	4,572
	Outstanding guarantee obligation for unsecured loans issued by the bank	541,560	—	—		

(Notes) Terms and conditions of transactions and their policies

- Interest rates of borrowing from MUFG Bank, Ltd. are the money market rates.
- Guarantee commission rates on the debt guarantees for consumer loan by MUFG Bank, Ltd. are determined after negotiation by taking the market of guarantee commission into consideration. In the event that consumer loan debtors of MUFG Bank, Ltd. are deemed to have difficulty in performing debt payments, in accordance with the agreement with MUFG Bank, Ltd., the Company performs subrogation. Terms and conditions of this subrogation performance are determined through mutual consultation by both parties.

For the current fiscal year (From April 1, 2023, to March 31, 2024)

(Millions of yen)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	MUFG Bank, Ltd.	Chiyoda-ku, Tokyo	1,711,958	Banking business	—

(Millions of yen)

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Companies of the same parent company	MUFG Bank, Ltd.	Borrowing	Borrowing of the capital	Borrowing 218,994	Commercial papers	9,998
				Repayment 213,655	Current portion of long-term borrowings	76,324
					Long-term borrowings	138,604
		Payment of interest	798	Other current liabilities	26	
		Guarantee of liabilities	Receiving of guarantee fees for unsecured loans of the bank	18,796	Other current assets	4,871
				Outstanding guarantee obligation for unsecured loans issued by the bank	548,313	—

(Notes) Terms and conditions of transactions and their policies

1. Interest rates of borrowing from MUFG Bank, Ltd. are the money market rates.
2. Guarantee commission rates on the debt guarantees for consumer loan by MUFG Bank, Ltd. are determined after negotiation by taking the market of guarantee commission into consideration. In the event that consumer loan debtors of MUFG Bank, Ltd. are deemed to have difficulty in performing debt payments, in accordance with the agreement with MUFG Bank, Ltd., the Company performs subrogation. Terms and conditions of this subrogation performance are determined through mutual consultation by both parties.

(ii) Directors of the Company and major individual shareholders, etc.

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

Not applicable

For the current fiscal year (From April 1, 2023, to March 31, 2024)

Not applicable

(2) Transactions between consolidated subsidiaries of the Company and related parties

(i) Subsidiaries of the Company's parent company and the subsidiaries of other related companies of the Company

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	(Million THB) 73,557	Banking business	—

Type	Name	Relationship	Summary of transactions	Amount of transaction (Million yen)	Item	Outstanding amount at the end of the fiscal year (Million yen)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Borrowing	Borrowing of the capital	Borrowing 34,310	Short-term borrowings	608
				Repayment 36,204	Current portion of long-term borrowings	6,095
					Long-term borrowings	10,944
			Payment of interest	394	Other current liabilities	93

(Note) Terms and conditions of transactions and their policies

Interest rates of borrowing from Bank of Ayudhya Public Company Limited are the money market rates.

For the current fiscal year (From April 1, 2023, to March 31, 2024)

Type	Name	Location	Paid-in capital	Business outline	Ratio of voting rights holding (held)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Bangkok, Kingdom of Thailand	(Million THB) 73,557	Banking business	—

Type	Name	Relationship	Summary of transactions	Amount of transaction (Million yen)	Item	Outstanding amount at the end of the fiscal year (Million yen)
Companies of the same parent company	Bank of Ayudhya Public Company Limited	Borrowing	Borrowing of the capital	Borrowing 10,994	Short-term borrowings	—
				Repayment 12,869	Current portion of long-term borrowings	7,516
					Long-term borrowings	9,746
			Payment of interest	375	Other current liabilities	106

(Note) Terms and conditions of transactions and their policies

Interest rates of borrowing from Bank of Ayudhya Public Company Limited are the money market rates.

(ii) Directors of the Company and major individual shareholders, etc.

For the prior fiscal year (From April 1, 2022, to March 31, 2023)

Not applicable

For the current fiscal year (From April 1, 2023, to March 31, 2024)

Not applicable

2. Notes to the parent company or other significant affiliated companies

(1) Information on the parent company

Mitsubishi UFJ Financial Group, Inc.

(Listed on the Tokyo Stock Exchange, Nagoya Stock Exchange, and New York Stock Exchange)

(2) Financial statements of other significant affiliated company

Disclosure is omitted as the information for the current fiscal year is not significant.

(Per Share Information)

Item	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net assets per share	370.92 yen	400.87 yen
Basic earnings per share	35.06 yen	33.89 yen

Notes: 1. Diluted earnings per share is not stated because there is no dilutive security.

2. The basis for calculation of Basic earnings per share is as follows:

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent	54,926	53,091
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent in relation to common stock	54,926	53,091
Weighted average number of common stock during the fiscal year	1,566,614,048 shares	1,566,614,042 shares

3. The basis for calculation of net assets per share is as follows:

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Total net assets	619,837	674,175
Amount deducted from total net assets	38,750	46,164
[Non-controlling interests included in the above]	[38,750]	[46,164]
Amounts of net assets related to common stock at the end of the fiscal year	581,087	628,011
Number of common stock used to calculate net assets per share at the end of the fiscal year	1,566,614,048 shares	1,566,613,978 shares

(Significant Subsequent Events)

Not applicable

5) Consolidated supplemental schedules

[Schedule of bonds]

Company	Description	Date of issuance	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Interest rate (%)	Collateral	Maturity
The Company	69th Issuance of Domestic Unsecured Bonds (Public Offering)	September 26, 2014	20,000	20,000 (20,000)	1.210	—	September 26, 2024
	74th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2017	10,000	—	—	—	—
	77th Issuance of Domestic Unsecured Bonds (Public Offering)	August 30, 2018	15,000	—	—	—	—
	78th Issuance of Domestic Unsecured Bonds (Public Offering)	August 30, 2019	10,000	10,000 (—)	0.380	—	August 28, 2026
	79th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2020	20,000	20,000 (20,000)	0.290	—	February 28, 2025
	80th Issuance of Domestic Unsecured Bonds (Public Offering)	February 26, 2021	10,000	10,000 (—)	0.280	—	February 26, 2026
	81st Issuance of Domestic Unsecured Bonds (Public Offering)	September 3, 2021	10,000	10,000 (—)	0.170	—	September 3, 2026
	82nd Issuance of Domestic Unsecured Bonds (Public Offering)	July 6, 2023	—	10,000 (—)	0.340	—	July 6, 2026
	83rd Issuance of Domestic Unsecured Bonds (Public Offering)	July 6, 2023	—	10,000 (—)	0.530	—	July 6, 2028
	84th Issuance of Domestic Unsecured Bonds (Public Offering)	December 19, 2023	—	25,000 (—)	0.550	—	December 18, 2026
	85th Issuance of Domestic Unsecured Bonds (Public Offering)	February 29, 2024	—	20,000 (—)	0.742	—	February 28, 2029
	EASY BUY Public Company Limited	14th privately offered unsecured bonds	September 15, 2016	3,800 [1,000 million baht]	—	—	—
17th privately offered unsecured bonds		June 7, 2017	3,800 [1,000 million baht]	4,130 (4,130) [1,000 million baht]	3.370	—	June 7, 2024
23rd privately offered unsecured bonds		January 24, 2020	5,700 [1,500 million baht]	6,195 (6,195) [1,500 million baht]	1.790	—	January 24, 2024
24th privately offered unsecured bonds		April 30, 2021	7,600 [2,000 million baht]	8,260 (8,260) [2,000 million baht]	1.160	—	April 26, 2024
25th privately offered unsecured bonds		October 14, 2021	3,800 [1,000 million baht]	—	—	—	—
26th privately offered unsecured bonds		October 14, 2021	1,900 [500 million baht]	2,065 (2,065) [500 million baht]	1.270	—	October 11, 2024
27th privately offered unsecured bonds		April 8, 2022	2,660 [700 million baht]	2,891 (—) [700 million baht]	1.850	—	April 4, 2025
28th privately offered unsecured bonds		March 29, 2023	—	6,195 (—) [1,500 million baht]	2.700	—	March 27, 2026
Total	—	—	124,260	164,736 (60,650)	—	—	—

(Notes) 1. Figures in parentheses “()” in the columns of “Balance at the end of current fiscal year” represent the current portions.

2. Figures in brackets “[]” in the columns of “Balance at the beginning of current fiscal year” and “Balance at the end of current fiscal year” are stated in a foreign currency.

3. The redemption schedule of bonds for 5 years subsequent to March 31, 2024, is summarized as follows:

(Millions of yen)

Due within 1 year	Due after 1 year through 2 years	Due after 2 year through 3 years	Due after 3 year through 4 years	Due after 4 year through 5 years
60,650	12,891	61,195	—	30,000

[Schedule of loans]

Category	Balance at the beginning of current fiscal year (Millions of yen)	Balance at the end of current fiscal year (Millions of yen)	Average interest rate (%)	Maturity
Short-term borrowings	18,528	19,242	2.72	—
Commercial papers	34,998	29,989	0.20	—
Current portion of long-term borrowings	104,381	123,808	0.62	—
Current portion of lease obligations	117	350	0.54	—
Long-term borrowings (excluding current portion)	298,857	325,553	0.57	From February 9, 2024 to March 30, 2029
Lease obligations (excluding current portion)	25	1,070	0.53	From January 31, 2025 to June 30, 2028
Other interest-bearing debt	—	—	—	—
Total	456,908	500,014	—	—

(Notes) 1. To calculate “Average interest rate,” fiscal year-end interest rates and balances are used.

2. The redemption schedule of long-term borrowings and lease obligations (excluding current portion) for 5 years subsequent to March 31, 2024, is summarized as follows:

Category	(Millions of yen)			
	Due after 1 year through 2 years	Due after 2 year through 3 years	Due after 3 year through 4 years	Due after 4 year through 5 years
Long-term borrowings	145,679	103,586	65,787	10,500
Lease obligations	328	328	330	82

[Schedule of asset retirement obligations]

The amounts of asset retirement obligations at the beginning and the end of the current fiscal year are not larger than 1% of the total liabilities and net assets at the beginning and the end of the current fiscal year. Therefore, the schedule of asset retirement obligations is not disclosed in accordance with Article 92-2 of the Regulations for Consolidated Financial Statements.

(2) [Others]

Quarterly Information for the current fiscal year

(Millions of yen unless otherwise stated)

Cumulative period	First Quarter (Three months ended June 30, 2023)	Second Quarter (Six months ended Sept. 30, 2023)	Third Quarter (Nine months ended Dec. 31, 2023)	Fourth Quarter (Fiscal year ended March 31, 2024)
Operating Revenue	70,926	144,299	218,986	294,730
Profit before income taxes	22,038	44,255	66,818	86,736
Profit attributable to owners of parent	13,776	27,287	41,717	53,091
Basic earnings per share (Yen)	8.79	17.42	26.63	33.89

Each quarter	First Quarter (From April 1, 2023 to June 30, 2023)	Second Quarter (From July 1, 2023 to Sept. 30, 2023)	Third Quarter (From Oct. 1, 2023 to Dec. 31, 2023)	Fourth Quarter (From Jan. 1, 2024 to March 31, 2024)
Basic earnings per share (Yen)	8.79	8.62	9.21	7.26

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	52,957	64,292
Accounts receivable - operating loans	*2, *3, *5 810,958	*2, *3, *5 879,021
Accounts receivable - installment	*6 103,575	*6 122,303
Prepaid expenses	1,091	1,987
Accrued income	*3 14,420	*3 15,667
Right to reimbursement	57,192	58,359
Other	3,373	4,574
Allowance for doubtful accounts	(61,050)	(67,740)
Total current assets	982,519	1,078,467
Non-current assets		
Property, plant and equipment		
Buildings	15,956	14,420
Accumulated depreciation	(13,715)	(12,429)
Buildings, net	2,240	1,990
Structures	2,342	2,097
Accumulated depreciation	(1,856)	(1,641)
Structures, net	486	456
Equipment	10,660	10,923
Accumulated depreciation	(6,725)	(6,986)
Equipment, net	3,935	3,936
Leased assets	2,133	3,122
Accumulated depreciation	(2,021)	(1,861)
Leased assets, net	111	1,260
Total property, plant and equipment	6,773	7,644
Intangible assets		
Goodwill	734	215
Software	6,566	7,732
Other	38	9
Total intangible assets	7,338	7,958

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Investments and other assets		
Investment securities	951	951
Shares of subsidiaries and associates	15,916	21,452
Distressed receivables	*3 1,122	*3 975
Long-term prepaid expenses	1,637	1,861
Deferred tax assets	64,656	56,034
Guarantee deposits	4,041	3,837
Prepaid pension costs	5,165	5,416
Other	782	780
Allowance for doubtful accounts	(650)	(560)
Total investments and other assets	93,623	90,749
Total non-current assets	107,736	106,352
Total assets	1,090,256	1,184,819
Liabilities		
Current liabilities		
Accounts payable - trade	334	750
Commercial papers	34,998	29,989
Current portion of long-term borrowings	*4 89,926	*4 112,285
Current portion of bonds payable	25,000	40,000
Lease obligations	115	349
Accounts payable - other	1,759	1,997
Accrued expenses	9,570	9,636
Income taxes payable	3,622	9,659
Deposits received	321	424
Provision for loss on guarantees	*1 8,670	*1 10,870
Asset retirement obligations	709	579
Other	262	298
Total current liabilities	175,290	216,840
Non-current liabilities		
Bonds payable	70,000	95,000
Long-term borrowings	*4 285,253	*4 311,139
Lease obligations	23	1,069
Provision for loss on interest repayment	57,723	30,346
Asset retirement obligations	5,393	4,781
Other	154	167
Total non-current liabilities	418,549	442,504
Total liabilities	593,839	659,345

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus		
Legal capital surplus	72,322	72,322
Total capital surplus	72,322	72,322
Retained earnings		
Legal retained earnings	4,320	4,320
Other retained earnings		
General reserve	80,000	80,000
Retained earnings brought forward	275,941	304,998
Total retained earnings	360,261	389,319
Treasury shares	(0)	(0)
Total shareholders' equity	496,416	525,474
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	496,416	525,474
Total liabilities and net assets	1,090,256	1,184,819

2) Non-consolidated Statement of Income

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Operating Revenue		
Interest on operating loans	117,875	126,020
Revenue from credit card business	12,377	14,693
Revenue from credit guarantee	46,285	50,326
Other financial revenue		
Interest on deposits	0	0
Interest on securities	0	0
Foreign exchange gains	130	158
Total other financial revenue	130	158
Other operating revenue	24,011	24,269
Total operating revenue	200,679	215,467
Operating expenses		
Financial expenses		
Interest expenses	1,487	1,640
Interest on bonds	588	569
Amortization of bond issuance cost	—	293
Other	505	581
Total financial expenses	2,581	3,084
Other operating expenses		
Advertising expenses	17,767	19,546
Provision of allowance for doubtful accounts	47,886	60,119
Provision for loss on guarantees	8,670	10,870
Employees' salaries, allowances and bonuses	13,675	13,972
Retirement benefit expenses	610	763
Welfare expenses	2,345	2,409
Rent expenses	4,477	3,957
Depreciation	3,156	3,043
Commission fee	18,236	20,185
Amortization of goodwill	518	518
Other	17,927	16,193
Total other operating expenses	135,271	151,579
Total operating expenses	137,852	154,664
Operating Profit	62,826	60,803

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Non-operating income		
Interest income	1	1
Dividend income	*1 7,444	*1 5,860
Other	*1 288	*1 336
Total non-operating income	7,733	6,197
Non-operating expenses		
Interest expenses	1	2
Foreign exchange losses	132	—
Other	9	12
Total non-operating expenses	143	14
Ordinary Profit	70,417	66,986
Extraordinary income		
Gain on sale of non-current assets	*2 1,115	*2 257
Gain on sale of investment securities	—	0
Total extraordinary income	1,115	257
Extraordinary losses		
Loss on sale of non-current assets	*3 67	—
Loss on retirement of non-current assets	*4 191	*4 190
Impairment loss	3,523	—
Loss on valuation of shares of subsidiaries and associates	1,190	—
Other	*5 3	*5 1
Total extraordinary losses	4,975	191
Profit before income taxes	66,557	67,051
Income taxes - current	6,511	12,138
Income taxes - deferred	11,061	8,622
Total income taxes	17,572	20,761
Profit	48,985	46,290

3) Non-consolidated Statement of Changes in Net Assets
For the prior fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					General reserve	Retained earnings brought forward			
Beginning balance	63,832	72,322	72,322	4,320	80,000	241,055	325,375	(0)	461,531
Changes of items during the period									
Dividends of surplus						(14,099)	(14,099)		(14,099)
Profit						48,985	48,985		48,985
Purchase of treasury shares									
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	34,885	34,885	0	34,885
Ending balance	63,832	72,322	72,322	4,320	80,000	275,941	360,261	(0)	496,416

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	0	0	461,531
Changes of items during the period			
Dividends of surplus			(14,099)
Profit			48,985
Purchase of treasury shares			—
Net changes of items other than shareholders' equity	0	0	0
Total changes of items during the period	0	0	34,885
Ending balance	0	0	496,416

For the current fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
					General reserve	Retained earnings brought forward			
Beginning balance	63,832	72,322	72,322	4,320	80,000	275,941	360,261	(0)	496,416
Changes of items during the period									
Dividends of surplus						(17,232)	(17,232)		(17,232)
Profit						46,290	46,290		46,290
Purchase of treasury shares								(0)	(0)
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	29,057	29,057	(0)	29,057
Ending balance	63,832	72,322	72,322	4,320	80,000	304,998	389,319	(0)	525,474

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	0	0	496,416
Changes of items during the period			
Dividends of surplus			(17,232)
Profit			46,290
Purchase of treasury shares			(0)
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes of items during the period	(0)	(0)	29,057
Ending balance	0	0	525,474

[Notes]

(Significant accounting policies)

1. Evaluation standards and methods for securities

(1) Stocks of subsidiaries and associates

Stated at cost by the moving-average method

(2) Available for sale securities

1) Securities other than shares, etc. that do not have a market price: Stated at fair value

Unrealized gains or losses are comprehensively reported as a component of net assets and the cost of securities sold is computed using the moving average method.

2) Shares, etc. that do not have a market price: Stated at cost by the moving-average method

The investments in limited investment partnerships and other similar partnerships (those deemed as “securities” according to the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported, using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.

2. Evaluation standards and methods for derivatives

Derivatives: Market value method

3. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment (excluding leased assets): Declining balance method

Useful lives of assets are principally as follows:

Buildings: 3 to 39 years

Structures: 3 to 45 years

Equipment: 2 to 20 years

(2) Intangible assets (excluding leased assets): Straight-line method

Period of amortization is principally as follows:

Goodwill: 15 years

Software for internal use: Estimated useful life of 5 to 10 years

(3) Leased assets

Leased assets concerning transfer ownership finance lease transactions:

Depreciated by the same depreciation method applied to non-current assets owned by the Company

Leased assets concerning non-transfer ownership finance lease transactions:

Depreciated by the straight-line method, defining the lease term of respective assets as their useful lives, with residual value of zero

(4) Long-term prepaid expenses: Depreciated by the equal installment method

4. Accounting policies for the translation of foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency monetary-denominated claims and obligations are translated into Japanese yen, using the spot exchange rates on the closing date of accounting and the resulting translation gains and losses are recognized as income and expenses.

5. Accounting standards for allowances and provisions

(1) Allowance for doubtful accounts

To provide for potential loss on accounts receivable - operating loans and other receivables, the Company makes an allowance for the expected amount of irrecoverable loans. Allowances for general receivables are computed based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis.

(2) Provision for loss on guarantees

To provide for loss on guarantees, the Company makes an allowance for potential losses at the end of the fiscal year.

(3) Provision for retirement benefits

To provide for employees' retirement benefits, the Company makes a provision for retirement benefits, based on the projected amount of retirement benefit obligations and related pension assets at the end of the current fiscal year. If the projected amount of pension assets exceeds the projected amount of retirement benefit obligations after addition or deduction of unrecognized past service liabilities and unrecognized actuarial differences, the excess amount is recorded as prepaid pension cost.

1) Periodic allocation of projected retirement benefits

In calculating retirement benefit obligations, the attribution on a benefit formula basis is applied for allocation of projected benefits to the periods until the end of the current fiscal year.

2) Amortization of actuarial differences and past service costs

Past service costs are charged to expenses, using the straight-line method, over the determined years (5 years) that are not longer than average remaining service years of the employees at the time of occurrence. Actuarial differences are amortized evenly using the straight-line method over the determined years (5 years) that are not longer than the average remaining service years of employees at the time of occurrence in each fiscal year, beginning from the fiscal year following the time of occurrence.

(4) Provision for loss on interest repayment

To prepare for potential loss on interest repayment in the future, the Company estimates and provides a reasonable amount of provision for loss on interest repayment, considering the past actual results and the latest interest repayment situations.

6. Accounting standards for revenue and expenses

(1) Revenues from financial instruments transactions

1) Interest on operating loans

Interest is recorded on an accrual basis.

Accrued interest on operating loans is recorded using the lower of interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate of the Company.

2) Revenue from credit card business

Fees from customers: Recorded by the credit balance method.

Under the credit balance method, fees to be recorded as revenue are calculated pursuant to the prescribed rates applicable to the relevant credit balance.

3) Revenue from credit guarantee

Recorded by the credit balance method.

(2) Fees and commissions

Revenue from contracts with customers is recognized in the non-consolidated statement of income based on the progress toward satisfaction of performance obligations identified in each contract in accordance with the substance of transactions under the contract.

Fees and commissions mainly include fees for ATM usage and fees from MasterCard member stores. Fees for ATM usage are recognized as revenue when the customers use ATMs at partnering financial institutions. Fees from MasterCard member stores are recognized as revenue when the customers have

used their credit cards (at the time of sale-on-credit transaction).

7. Hedge accounting method

(1) Hedge accounting method

The Company adopts the deferred hedge accounting. However, exceptional accounting treatments are applied to certain interest-rate swaps which meet specific conditions.

(2) Hedging instruments and hedging items

Hedging instruments: Interest-rate swap agreements

Hedging items: Borrowings with variable interest rates

(3) Hedging policy

The Company enters into derivatives contracts to hedge against various risks in accordance with its internal rules. These contracts include the following: Interest-rate swaps to hedge against the risk of fluctuations in interest rates relating to borrowings with variable interest rates for the purpose of protecting cash flows.

(4) Method for evaluating hedging effectiveness

Important requirements concerning hedging instruments and hedging items are closely matched with each other. Also, the Company can assume that fluctuations in interest rates and cash flows are fully offset by the fluctuations in hedging instruments on an ongoing basis since the implementation of hedging contracts. Therefore, the judgment of hedging effectiveness is omitted.

8. Other significant matters providing the basis for the preparation of financial statements

(1) Accounting for retirement benefits

The method for accounting for unrecognized actuarial differences and unrecognized past service costs is different from that applied for the consolidated financial statements.

(2) Accounting method for consumption tax and other taxes imposed on non tax-deductible assets

Consumption tax and other taxes imposed on non tax-deductible assets are recorded as an expense when incurred.

In addition, accrued consumption taxes are included in “Other” in current liabilities on the balance sheet.

(3) Adoption of the group tax sharing system

The Company adopts the group tax sharing system.

(Significant accounting estimates)

1. Provision for loss on interest repayment

(1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Provision for loss on interest repayment	57,723	30,346

In the loan business of the Company, the interest rates charged on some loan products in which customers entered into contracts before June 17, 2007 exceed the interest rate ceilings specified in the Interest Rate Restriction Act. In case our customers request forgiveness of the loan amount or reimbursement of excess interest paid, demanding to fulfill obligations based on these maximum interest rates, the Company may accept to write off such loan or reimburse payments in response. To provide for requests for such reimbursement, the Company provides necessary amounts of provision for loss on interest repayment estimated in consideration of the past actual results and the latest interest repayment situations.

Provision for loss on interest repayment recorded on the non-consolidated financial statements for the fiscal year under review was 30,346 million yen.

Provision for loss on interest repayment is calculated mainly in accordance with predetermined internal regulations and is determined based on deliberations at the Executive Officers' Meeting. Although uncertainty remains about estimates and major assumptions when calculating provision for loss on interest repayment, the Company makes the best possible estimates ensuring objectivity and reasonableness based on effective internal control. With respect to the above estimates, the Company evaluates the status of disparity between the estimates and actual results each quarter and accordingly reviews the need for additional provision, reversal, etc.

(2) Information on the details of significant accounting estimates for identified items

Details are described in (Significant accounting estimates) in [Notes] under "1. Consolidated Financial Statements, etc."

2. Allowance for doubtful accounts

(1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Allowance for doubtful accounts	61,700	68,300

For accounts receivable - operating loans, accounts receivable - installment and right to reimbursement, which constitute the majority of total assets of the Company, an allowance for doubtful accounts is provided for all or part of the outstanding balance of loans based on the types and conditions at the end of the fiscal year under review.

Allowance for doubtful accounts recorded on the non-consolidated financial statements for the fiscal year under review was 68,300 million yen.

Allowance for doubtful accounts is calculated mainly in accordance with predetermined internal regulations, and the Company makes the best possible estimates ensuring objectivity and reasonableness based on effective internal control. In the case of an event not stipulated in the internal regulations and other rules, the Company will respond to the event based on deliberations at the Executive Officers' Meeting and other meetings.

(2) Information on the details of significant accounting estimates for identified items

Details are described in (Significant accounting estimates) in [Notes] under "1. Consolidated Financial Statements, etc."

3. Deferred tax assets

(1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

(Millions of yen)

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Deferred tax assets	64,656	56,034

The Company records deferred tax assets in the amount deemed recoverable for deductible temporary differences and retained tax losses.

Deferred tax assets recorded on the non-consolidated financial statements for the fiscal year under review were 56,034 million yen.

Deferred tax assets are calculated mainly in accordance with predetermined internal regulations, and the Company makes the best possible estimates ensuring objectivity and reasonableness based on effective internal control. In the case of an event not stipulated in the internal regulations and other rules, the Company will respond to the event based on deliberations at the Executive Officers' Meeting and other meetings.

(2) Information on the details of significant accounting estimates for identified items

Details are described in (Significant accounting estimates) in [Notes] under "1. Consolidated Financial Statements, etc."

(Notes to Non-consolidated Balance Sheet)

*1. Contingent liabilities

(1) Outstanding guarantee obligation in the guarantee business

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Guarantee obligation	1,044,499	1,098,471
Provision for loss on guarantees	8,670	10,870
Net	1,035,829	1,087,601

(2) Outstanding guarantee obligation to loans payable of subsidiaries and associates

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
ACOM CONSUMER FINANCE CORPORATION	2,223	—

*2. Commitment line contracts for accounts receivable - operating loans

Prior fiscal year (As of March 31, 2023)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 515,746 million yen at the end of the fiscal year. This included a total of 342,842 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.

Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

Current fiscal year (As of March 31, 2024)

Contracts for accounts receivable - operating loans primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 555,224 million yen at the end of the fiscal year. This included a total of 370,610 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

A certain portion of revolving credit-line contracts lapse without being used. Therefore, the amount of outstanding unexercised facilities will not necessarily affect the future cash flow of the Company.

Contracts contain provisions allowing the Company to reject applications for additional borrowing or reduce the facility in case of changes in the customer's credit standing or other material reasons. Outstanding contracts are regularly examined according to internal procedures to determine the credit standing of customers and other pertinent information. When necessary, contracts are reviewed and measures are taken to preserve loan assets.

*3. Status of non-performing loans

Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, Bankrupt or De facto Bankrupt includes those to debtors who have petitioned for bankruptcy as of the end of the fiscal year, but have not yet been declared bankrupt. This entire amount is charged to the allowance for doubtful accounts.

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	183	213

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Bankrupt or De facto Bankrupt	442	441
Doubtful receivables	22,820	22,635
Receivables past due for three months or more	2,665	2,918
Restructured receivables	40,996	41,104
Performing loans (*)	749,933	818,518
Total	816,858	885,618

* Accrued interest (prior fiscal year: 5,647 million yen, current fiscal year: 6,373 million yen) is included in Performing loans.

Notes:

1. Bankrupt or De facto Bankrupt are loans to borrowers who have fallen into bankruptcy due to declared bankrupt, rehabilitation and reorganization, or other similar circumstances.
2. Doubtful receivables are other than the above, where the borrower has not yet entered into bankruptcy, but the financial condition and business performance of the borrower have deteriorated and it is highly probable that the principal of the loan will not be collected and interest will not be received in accordance with the contract.
3. Receivables past due for three months or more are loans other than the above that are overdue by 3 months or more.
4. Restructured receivables are loans other than the above on which favorable terms have been granted, such as the waiving of interest.
5. Performing loans are classified as other than the above as there are no particular problems with the borrower's financial condition or business performance.

*4. Agreements for overdraft and commitment facilities

For efficient procurement of working capital, the Company maintains overdraft contracts and designated commitment line contracts with financial institutions. The unexercised portion of facilities based on these contracts is as follows:

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Amount of agreement for overdraft and commitment line	65,000	65,000
Amount of borrowing	—	—
Net	65,000	65,000

*5. Amount of unsecured consumer loans in accounts receivable - operating loans

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Unsecured consumer loans in accounts receivable - operating loans	808,439	876,925

*6. Balances of accounts receivable - installment by business categories

All of accounts receivable - installment is from the credit card business.

(Notes to Non-consolidated Statement of Income)

*1. The business operation results with subsidiaries and associates are included into non-operating income as follows:

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Dividends income	7,418	5,830
Guarantee commission received	7	7
Part-time director's bonus	3	3
Total	7,428	5,841

*2. Breakdown of gain on sale of non-current assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Buildings	273	—
Equipment	0	257
Land	842	—
Total	1,115	257

*3. Breakdown of loss on sale of non-current assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Structures	12	—
Equipment	2	—
Land	51	—
Total	67	—

*4. Loss on retirement of non-current assets mainly results from closing of operating outlets, remodeling of interior, etc. The breakdown thereof is set out below.

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Buildings	132	103
Structures	40	39
Equipment	18	19
Telephone subscription right	—	28
Leased assets	0	—
Software	—	0
Total	191	190

*5. Breakdown of other extraordinary losses

(Millions of yen)

	Prior fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Lump sum amortization of long-term prepaid expenses	2	1
Losses on retirement, including amortization of lease and guarantee deposits	0	0
Total	3	1

6. Basis for classification of financial revenue and financial expenses on non-consolidated statement of income

(1) Financial revenue stated as operating revenue

Includes all financial revenue, excluding interest on loans and dividends income related to subsidiaries and associates, and dividends and interest on investment securities.

(2) Financial expenses stated as operating expenses

Include all financial expenses, excluding interest expenses, etc. which have no relationship to operating revenue.

(Notes to Securities)

Subsidiaries and associates' stocks

For the prior fiscal year (As of March 31, 2023)

Not applicable

(Note) Shares of subsidiaries and associates classified as shares, etc. that do not have a market price:

(Millions of yen)

Category	Prior fiscal year (As of March 31, 2023)
Subsidiaries' stocks	15,416
Affiliates' stocks	500
Total	15,916

For the current fiscal year (As of March 31, 2024)

Not applicable

(Note) Shares of subsidiaries and associates classified as shares, etc. that do not have a market price:
(Millions of yen)

Category	Current fiscal year (As of March 31, 2024)
Subsidiaries' stocks	20,952
Affiliates' stocks	500
Total	21,452

(Notes to the Method of Tax Effect Accounting)

1. Breakdown of major factors that resulted in deferred tax assets and liabilities

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Deferred tax assets		
Bad debt expenses	21,191	24,240
Allowance for doubtful accounts	18,892	20,913
Provision for loss on guarantees	2,654	3,328
Provision for loss on interest repayment	17,674	9,292
Accrued bonuses	489	500
Unrecognized accrued interest	727	753
Software	6,867	6,849
Deferred assets	168	209
Deferred consumption taxes	669	730
Loss on valuation of securities	132	132
Loss on valuation of shares of subsidiaries and associates	503	503
Enterprise tax payable	331	527
Impairment loss	2,213	1,779
Asset retirement obligations	1,733	1,519
Stock dividends	3,493	3,493
Retained tax loss	4,267	—
Other	552	743
Deferred tax assets (subtotal)	82,566	75,517
Valuation allowance pertaining to retained tax loss	—	—
Valuation allowance pertaining to total deductible temporary difference	(16,328)	(17,825)
Valuation allowance (subtotal)	(16,328)	(17,825)
Deferred tax assets (total)	66,238	57,692
Deferred tax liabilities		
Prepaid pension costs	1,581	1,658
Total deferred tax liabilities	1,581	1,658
Balance of net deferred tax assets	64,656	56,034

2. Breakdown of items which caused the difference between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

	Prior fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Normal effective statutory tax rate	30.6%	—%
(Adjustment)		
Changes in valuation allowance	(1.6)%	—%
Amortization of goodwill	0.3%	—%
Dividends income and other items not counted for tax purposes	(3.3)%	—%
Withholding income tax relating to dividends from overseas subsidiaries	0.5%	—%
Expiration of retained loss	0.0%	—%
Other	(0.1)%	—%
Actual effective tax rate	26.4%	—%

(Note) As the difference between the normal statutory tax rate and the effective tax rate after adoption of tax effect accounting was 5% or less of the normal statutory tax rate, this information is omitted for the fiscal year under review.

3. Accounting treatment of income taxes (including local income taxes) and tax effect accounting

The Company and its domestic consolidated subsidiaries adopts the group tax sharing system. The Company carries out the accounting treatment and disclosure of income taxes (including local income taxes) and tax effect accounting in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42; August 12, 2021).

(Notes to Revenue Recognition)

Information useful in understanding revenue from contracts with customers is as presented in “[Notes], (Significant accounting policies), 6. Accounting standards for revenue and expenses.”

(Significant Subsequent Events)

Not applicable

4) [Supplemental schedules]
 [Schedule of securities]
 [Stocks]

		Name	Number of shares	Book value (Millions of yen)
Investment securities	Available for sale securities	Japan Credit Information Reference Center Corp.	24,912	767
		Credit Information Center CORP.	11,000	118
		Koganei Golf Co., Ltd.	1	40
		Others (16 brands)	1,118,749	24
		Total	1,154,662	950

[Others]

		Classification and name	Number of units invested, etc.	Book value (Millions of yen)
Investment securities	Available for sale securities	Equity in limited investment partnership (one brand)	5	0
		Total	5	0

[Schedule of property, plant and equipment, etc.]

(Millions of yen)

Type of asset	Balance at the beginning of current period	Increase during the period	Decrease during the period	Balance at the end of current period	Accumulated depreciation or amortization at the end of current fiscal year	Depreciation or amortization during the period	Balance at the end of current fiscal year, net of accumulated depreciation or amortization
Property, plant and equipment							
Buildings	15,956	197	1,733	14,420	12,429	343	1,990
Structures	2,342	64	309	2,097	1,641	54	456
Equipment	10,660	807	545	10,923	6,986	751	3,936
Leased assets	2,133	1,337	349	3,122	1,861	188	1,260
Total property, plant and equipment	31,092	2,407	2,937	30,562	22,918	1,338	7,644
Intangible assets							
Goodwill	12,008	—	—	12,008	11,792	518	215
Software	19,873	2,876	0	22,750	15,018	1,710	7,732
Other (telephone subscription right, etc.)	38	—	28	9	—	—	9
Total intangible assets	31,920	2,876	28	34,768	26,810	2,229	7,958
Long-term prepaid expenses	3,078	1,027	941	3,164	1,303	19	1,861

[Schedule of allowances]

(Millions of yen)

Category	Balance at the beginning of current fiscal year	Increase during the period	Decrease during the period		Balance at the end of current fiscal year
			Used for primary purposes	Others	
Allowance for doubtful accounts	61,700	68,795	62,189	6	68,300
Provision for loss on guarantees	8,670	10,870	8,670	—	10,870
Provision for loss on interest repayment	57,723	—	27,376	—	30,346

(Note) “Decrease during the period (others)” in the amount of “Allowance for doubtful accounts” consists of the following.

Reversal due to payment 6 million yen

(2) Details of major assets and liabilities

This information is omitted because the Company prepares the consolidated financial statements.

(3) Others

Not applicable

VI. Stock-Related Administration for the Filing Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	In June
Record date	March 31
Record date for distribution from surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Purchase of shares of less than one unit	
Handling office	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency Department
Transfer agent	(Special account) 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Forward office	—
Purchasing fee	Amount separately specified as an amount equivalent to the fees pertaining to the entrustment of sale and purchase of shares
Method of public notice	The Company's method of public notice is through electronic public notice. However, if the above-mentioned method of public notice is not possible due to an accident or through other compelling reasons, then Nihon Keizai Shimbun will be adopted as its medium. The Company's electronic public notice is posted on our home page, and the following is the address: https://www.acom.co.jp
Shareholders' privileges	None

(Note) The Company's shareholders, concerning the possession of shares of less than one unit, are not able to exercise their rights other than the rights that are stipulated in the following:

- (1) The rights stipulated in each item of Article 189, Paragraph 2, of the Companies Act;
- (2) The right to demand what is stipulated under Article 166, Paragraph 1, of the Companies Act;
and
- (3) The right to receive an allotment of offered shares and offered new stock acquisition rights in proportion to the number of shares held.

VII. Reference Information on the Filing Company

1. Information on a Parent Company, etc. of the Filing Company

The Company does not have a parent company or other entity that is provided in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

The Company submitted the following documents during the period from the starting date of the current fiscal year to the date on which the Annual Securities Report was submitted.

(1) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

The Annual Securities Report for the 46th fiscal year (From April 1, 2022, to March 31, 2023) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2023.

(2) Internal Control Report

Submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2023

(3) Quarterly Securities Report and Confirmation Letter thereof

The Quarterly Securities Report for the 1st Quarter (from April 1, 2023, to June 30, 2023) of the 47th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on August 14, 2023.

The Quarterly Securities Report for the 2nd Quarter (from July 1, 2023, to September 30, 2023) of the 47th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 14, 2023.

The Quarterly Securities Report for the 3rd Quarter (from October 1, 2023, to December 31, 2023) of the 47th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on February 13, 2024.

(4) Extraordinary Report

The Extraordinary Report according to the provision of Article 19, Paragraph 2, Item 9-2 (Results of exercise of voting rights at the shareholders' general meetings) of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. was submitted to the Director-General of the Kanto Local Finance Bureau on June 26, 2023.

(5) Shelf Registration Statement (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on June 30, 2023

(6) Shelf Registration Supplement (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on December 13, 2023

Submitted to the Director-General of the Kanto Local Finance Bureau on February 22, 2024

Part II Information on Guarantors for the Filing Company

Not applicable

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 18, 2024

To the Board of Directors of
ACOM CO., LTD.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:
Masanori Matsuzaki

Designated Engagement Partner,
Certified Public Accountant:
Hiroshi Tajima

Audit of Consolidated Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of ACOM CO., LTD. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2023 to March 31, 2024, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated

Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Estimates of potential loss on interest repayment (Notes: (Significant accounting estimates) 1 Provision for loss on interest repayment)	
Key Audit Matter Description	How the Key Audit Matter was Addressed in the Audit
<p>To prepare for a potential loss on interest repayment in the future, ACOM CO., LTD. (here in after “the Company”) reasonably estimates the amount of interest repayments based on the past actual repayments and the latest interest repayments and provides a provision for loss on interest repayments. The provision for loss on interest repayments recorded on the consolidated balance sheet as of March 31, 2024 was 30,346 million yen.</p> <p>The provision for loss on interest repayment is calculated in accordance with predetermined internal policies. The following major assumptions and estimates involve management's judgment and uncertainty:</p> <ul style="list-style-type: none"> ● The future estimated number of requests for interest repayment ● The future estimated average unit price of requests for interest repayment <p>In particular, the estimated number of requests for interest repayment is calculated based on the number of contracts subject to requests for interest repayment and the expected rate of requests. However, the expected rate of requests, which is estimated based on the actual rates of requests for a certain period in the past, may be</p>	<p>Our audit procedures related to estimates of potential losses on interest repayment included the followings, among others:</p> <p>(1) Test of Internal Control We tested the design and operating effectiveness of internal controls over the estimated number of requests for interest repayment. We inquired of management and inspected related documents. We focused on the followings:</p> <p>– We evaluated controls over the evaluation and approval of the calculation method used in the estimated number of requests for interest repayment in the future, including the estimated interest repayment rate based on the characteristics of each law firm or judicial scrivener office involved and the current trends in the actual rates of requests for interest repayment.</p> <p>–We tested the accuracy and completeness of the underlying data for past actual rates for a certain period used in the calculation of the estimated interest repayment rate.</p> <p>(2) Test of accounting estimates We tested the accounting estimates made by management to assess the reasonableness of the</p>

<p>more dependent on management judgment resulting from changes in the external business environment and involve more uncertainty in the estimates.</p> <p>Performing audit procedures to evaluate the provision for loss on interest repayments, including the major assumptions and estimates, requires a high degree of auditor judgment. Accordingly, we identified it as a key audit matter.</p>	<p>estimates of the provision for loss on interest repayments. Especially, we performed the following audit procedures for the estimation methods, major assumptions and underlying data to evaluate management's accounting estimates.</p> <p>(Estimation methods and major assumptions) Based on the nature of the accounting estimates and changes in the business environment, we evaluated whether the estimation methods were appropriate under the circumstances. We retrospectively tested the estimated interest repayment rates used in determining the estimated number of requests for interest repayment in past years by comparing them with the actual requests for interest repayment to assess the reasonableness of the major assumptions developed by management.</p> <p>To assess the reasonableness of major assumptions regarding the estimated number of requests for interest repayment, we evaluated the appropriateness of the disaggregation of the population based on the characteristics of each law firm or judicial scrivener office according to the trend in request for interest repayment, and then examined the number of requests based on the current trends in the number of actual requests.</p> <p>(Underlying data) We tested that the data of the past numbers of requests for interest repayment which was the basis for the calculation of the provision was accurately prepared based on data from the core system. We also tested the accuracy of the data from the core system by checking it against acceptance letters from the law firm or judicial scrivener office.</p>
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Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

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 and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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 of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected

depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our 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 Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that

were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of ACOM CO., LTD. as of March 31, 2024.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of ACOM CO., LTD. as of March 31, 2024, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. The Audit and Supervisory Committee is responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Fee-Related Information

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to ACOM CO., LTD. and its subsidiaries are disclosed in the information of (3) Status of Audits in the section of 4. Corporate Governance of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 18, 2024

To the Board of Directors of
ACOM CO., LTD.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:
Masanori Matsuzaki

Designated Engagement Partner,
Certified Public Accountant:
Hiroshi Tajima

Audit of Nonconsolidated Financial Statements

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of ACOM CO., LTD. (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as of March 31, 2024, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 47th fiscal year from April 1, 2023 to March 31, 2024, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance and for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities

under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the nonconsolidated financial statements of the current period. The matter was addressed in the context of our audit of the nonconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Estimates of potential loss on interest repayment (Notes: (Significant accounting estimates) 1 Provision for loss on interest repayment)
Description of the matter is omitted as the contents is same as the key audit matter (estimates of potential loss on interest repayment) written on independent auditor's report of the consolidated financial statements.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the nonconsolidated financial statements and our auditor's report thereon.

Our opinion on the nonconsolidated 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 nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated 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 and the Audit and Supervisory Committee for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with 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 of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our 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 overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the nonconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-Related Information

Fee-related information are disclosed in independent auditor's report on the consolidated financial statements as of and for the year ended March 31, 2024.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.