

# Annual Securities Report

(The 45th 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.

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[Cover]

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[Submitted to]	Director, Kanto Local Finance Bureau
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[Accounting Period]	The 45th Fiscal Year (from April 1, 2021, to March 31, 2022)
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## 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	41st fiscal year	42nd fiscal year	43rd fiscal year	44th fiscal year	45th fiscal year
Period of account	March 2018	March 2019	March 2020	March 2021	March 2022
Operating revenue	263,453	277,069	279,510	266,316	262,155
Ordinary profit	81,694	58,205	75,104	100,014	35,441
Profit attributable to owners of parent	70,572	37,781	59,600	78,864	55,678
Comprehensive income	77,461	40,643	70,918	81,545	59,673
Net assets	344,437	381,501	442,496	515,128	563,963
Total assets	1,275,957	1,301,908	1,282,389	1,219,109	1,263,296
Net assets per share (yen)	206.12	227.35	265.11	310.02	339.51
Basic earnings per share (yen)	45.05	24.12	38.04	50.34	35.54
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	25.31	27.36	32.39	39.84	42.10
Return on equity (%)	24.64	11.13	15.45	17.51	10.94
Price earnings ratio (times)	10.52	16.38	11.54	10.23	8.98
Net cash provided by (used in) operating activities	(32,634)	7,329	19,698	113,179	46,089
Net cash provided by (used in) investing activities	(1,711)	(1,165)	6,214	(4,566)	(4,032)
Net cash provided by (used in) financing activities	21,259	(12,573)	(24,339)	(108,786)	(50,162)
Cash and cash equivalents at end of period	88,551	82,346	82,545	82,233	74,242
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	6,202 [592]	6,623 [284]	5,335 [104]	5,424 [103]	5,317 [113]

(Note) “Diluted earnings per share” for the 41st, 42nd, 43rd, 44th and 45th fiscal years are not shown since there was no dilutive security.

## (2) Financial data etc. of the Filing Company

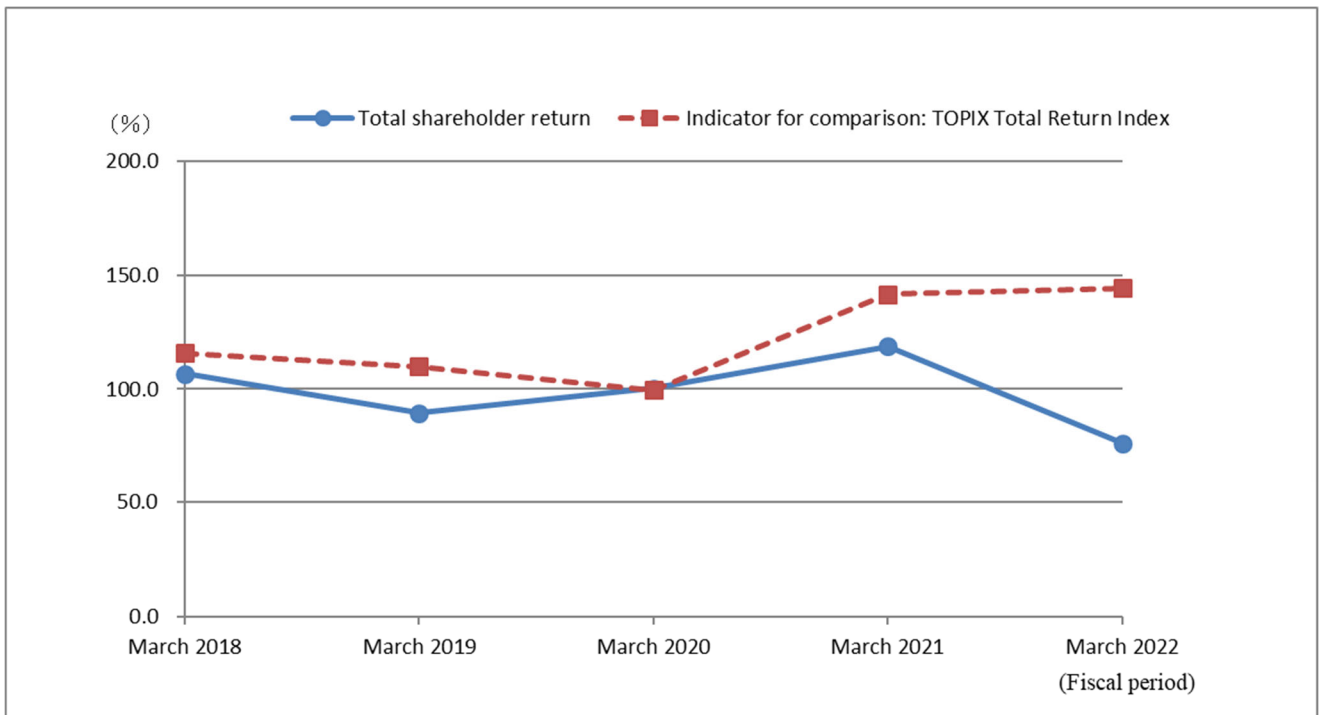
(Millions of yen, unless otherwise stated)

Fiscal period	41st fiscal year	42nd fiscal year	43rd fiscal year	44th fiscal year	45th fiscal year
Period of account	March 2018	March 2019	March 2020	March 2021	March 2022
Operating revenue	195,310	203,636	206,968	197,986	194,670
Ordinary profit	65,471	37,472	56,352	81,254	17,962
Profit	63,184	29,927	53,673	70,915	48,082
Share capital	63,832	63,832	63,832	63,832	63,832
Total number of outstanding shares (thousands of shares)	1,596,282	1,596,282	1,596,282	1,596,282	1,566,614
Net assets	283,997	310,792	359,765	422,847	461,531
Total assets	1,048,349	1,070,518	1,090,351	1,034,887	1,080,514
Net assets per share (yen)	181.28	198.38	229.65	269.91	294.60
Dividends per share [Of the above, interim dividends per share] (yen)	1.00 [—]	2.00 [1.00]	4.00 [2.00]	6.00 [3.00]	7.00 [3.00]
Basic earnings per share (yen)	40.33	19.10	34.26	45.27	30.69
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	27.09	29.03	33.00	40.86	42.71
Return on equity (%)	25.03	10.06	16.01	18.12	10.87
Price earnings ratio (times)	11.75	20.68	12.81	11.38	10.39
Dividend payout ratio (%)	2.48	10.47	11.68	13.25	22.81
Number of employees [Average number of fixed-term employees not included in the above numbers] (persons)	1,936 [116]	2,020 [113]	2,063 [84]	2,112 [87]	2,111 [96]
Total shareholder return (%) [Indicator for comparison: TOPIX Total Return Index] (%)	106.74 [115.87]	89.44 [110.03]	100.22 [99.57]	118.65 [141.53]	76.18 [144.34]
The highest share price (yen)	540	511	544	546	529
The lowest share price (yen)	422	331	346	366	276

(Notes) 1. "Diluted earnings per share" for the 41st, 42nd, 43rd, 44th and 45th fiscal years are not shown since there was no dilutive security.

2. The highest and lowest share prices were those recorded on the First Section of the Tokyo Stock Exchange.

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 Nihombashi, 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.
1983	Dec.	Registered to Kanto Local Finance Bureau as a money-lending company along with enforcement of “Money-Lending Business Control and Regulations Law.”
1984	Aug.	Moved headquarters location to Fujimi, Chiyoda-ku, Tokyo.
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.”).
2004	June	Was granted the “Privacy Mark” authorized by Japan Information Processing Development Corporation (present, Japan Institute for Promotion of Digital Economy and Community (JIPDEC)).
2004	Dec.	Moved headquarters location to Marunouchi, Chiyoda-ku, Tokyo.
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.”)



Year/Month		ACOM History
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.
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).
2021	Aug.	Added a new corporate logo to gain new recognition and create a familiar image.

(Notes) 1. The Company established GeNiE Inc. on April 1, 2022 to start an embedded finance business.  
2. Since April 4, 2022, the Company has shifted from the First Section to the Standard Market of the Tokyo Stock Exchange (TSE) following the TSE’s transition to new market segmentation.

### 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.

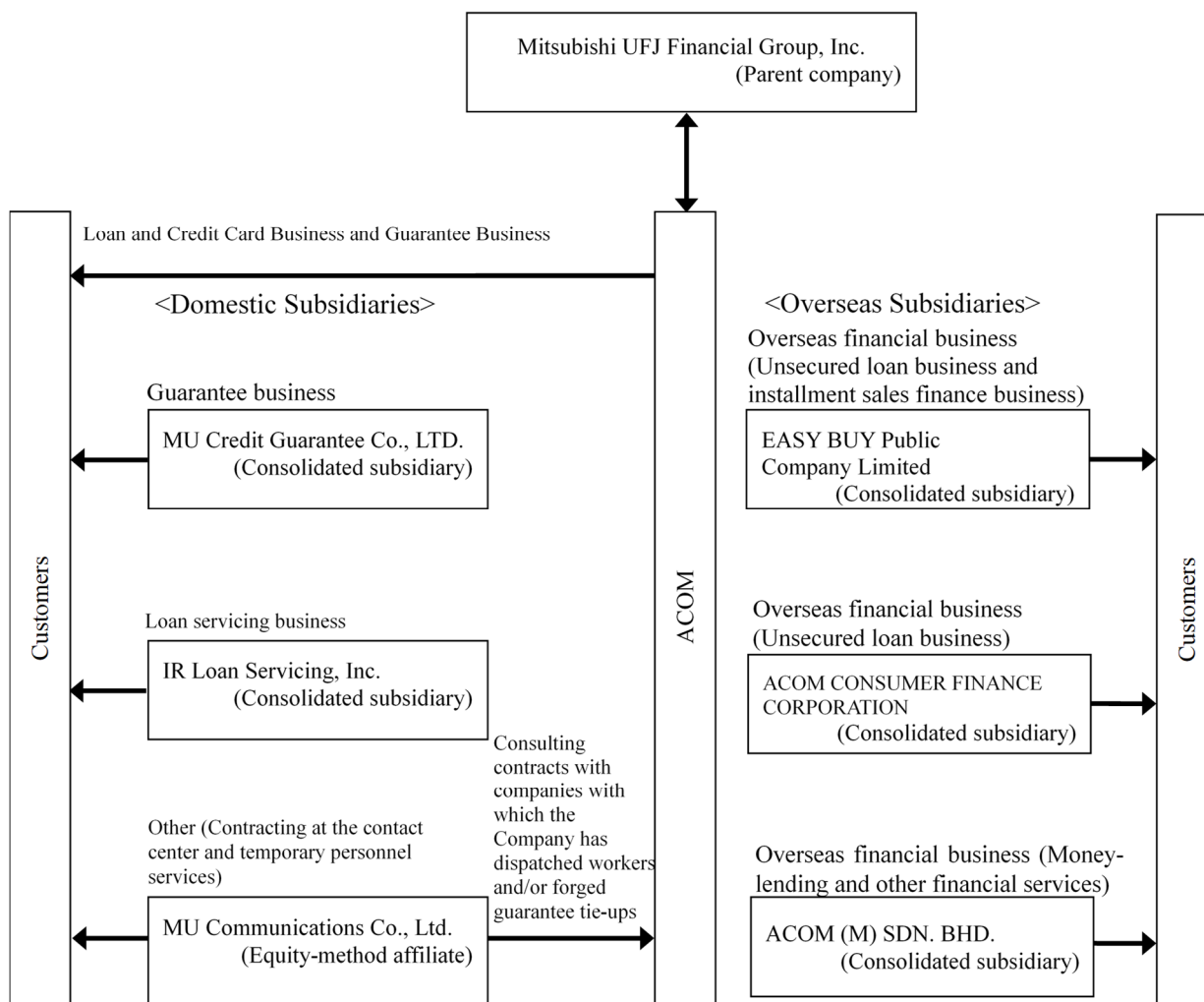
The ACOM Group consists of ACOM and 5 subsidiaries and 1 affiliate. The Group’s main line of business is [loan and credit card business, guarantee business, overseas financial business and loan servicing business].

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
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.	Money lending and related services 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.



#### 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	—	40.19 (2.61)	Business management, business and capital alliance
(Consolidated subsidiaries)						
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	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 Malaysian ringgit) 2	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 intragroup operating 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	50,545 million yen	(14,693 million THB)
(2) Ordinary profit	19,255 million yen	(5,597 million THB)
(3) Profit	15,110 million yen	(4,392 million THB)
(4) Net assets	106,982 million yen	(31,190 million THB)
(5) Total assets	187,897 million yen	(54,780 million THB)

## 5. Employees

### (1) Consolidated Companies

As of March 31, 2022

Name of business segment	Number of employees
Loan and credit card business	1,460 [70]
Guarantee business	243 [11]
Overseas financial business	2,994 [4]
Loan servicing business	129 [8]
Corporate wide (shared)	491 [20]
Total	5,317 [113]

(Notes) 1. The number of employees represents the number of workers employed by the consolidated companies (excluding employees from intragroup to extra-group companies and including those from extra-group to 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 108 if the number of temporary employees among fixed-term employees is converted at the rate of one (1) person per 8-working-hour shift a day.)

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, 2022

Number of employees	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousands of yen)
2,111 [96]	40.8	15.0	6,299

Name of business segment	Number of employees
Loan and credit card business	1,460 [70]
Guarantee business	160 [6]
Corporate wide (shared)	491 [20]
Total	2,111 [96]

(Notes) 1. The number of employees represents the number of workers employed by the Company (excluding employees from the Company to external companies and including those from external companies to 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 91 if the number of temporary employees among fixed-term employees is converted at the rate of one (1) person per 8-working-hour shift a day.)

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.

## 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 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,” under our “Circle of Trust” spirit of foundation. Positioning the loan and credit card business, guarantee business, and overseas financial business as the three core business categories, the Company strived to become a “leading company that wins trust from the market.”

Also, in the new three-year medium-term management plan beginning in the fiscal year ending March 31, 2023, the Company reviewed and revised its “vision” as shown below and has made clearer its commitment to each of its stakeholders.



#### (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 remain stringent due to the 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 the Credit as a Service type embedded finance business 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 next 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.

### Society

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



### Shareholders/Investors

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

### Partners

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

### 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.

#### (4) Issues to be addressed

There is a risk of further economic downturn within and outside Japan, due to the impact from the spread of COVID-19 infection. The Company Group will place top priority on COVID-19 response measures, such as ensuring the safety of customers and employees, and strive to collect information regarding the spread of COVID-19 infection while providing customers with flexible and courteous support for repayment, etc.

In newly developing the three-year medium-term management plan beginning from the fiscal year ending March 31, 2023, we have defined what we should address in the next three years towards achieving our revised “vision” as our medium-term management policy. Further, we will focus on what we should address in order to expand the scope of each business, as well as seek to enhance our corporate value.

For the fiscal year ending March 31, 2025, the final year of the new medium-term management plan, the Company has set targets, 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 2.5 trillion yen.

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. In particular, the actual results may differ significantly due mainly to the impacts of changes in external environments including a re-spread of COVID-19 infection.

In 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 focus on expanding transactions with existing customers, strengthening its ability to attract new customers, and recovering earlier its business operations which have been contracting in the wake of the COVID-19 pandemic. In addition, we newly established GeNiE Inc. in alliance with a partner that has end users, with the aim of entering the Credit as a Service type embedded finance business to expand our business operations. Through this newly established consolidated subsidiary, we 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 new 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. The Company will also make efforts to accurately meet new customer needs, which are emerging from the evolution of ICT, and deliver high-quality customer experience.

(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 demand of each and every financial institution, the 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' need 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 the second pillar of profit in the overseas financial business.

In addition, we will make efforts to start business operations earlier in Malaysia where we established ACOM (M) SDN. BHD.

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.

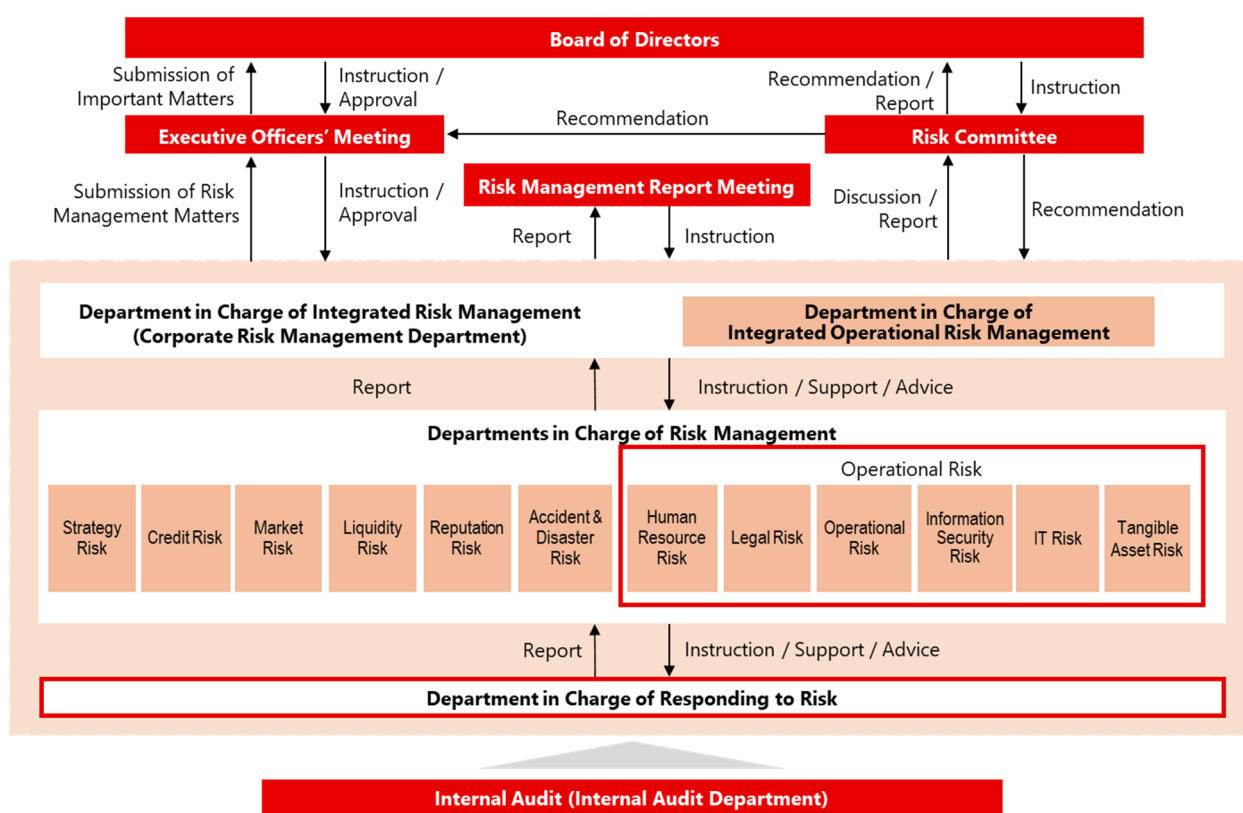


## 2. Risks Related to Business

### [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 Corporate Risk Management Department in an integrated manner. Activities for managing risks arising in execution of business operations are discussed and reported at the 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 structure]



The Company determines the magnitude of risks based on the probability of each of risk scenarios and the degree of their impact, and identifies the risk events that require the most attention during the year 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.

[Major top risks]

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

Of the risks associated with the businesses and others of the Company and the 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 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, 2022, operating revenue came in at 262,155 million yen, of which revenue from the loan and credit card business amounted to 142,302 million yen, revenue from the guarantee business amounted to 62,861 million yen, and revenue from the overseas financial business amounted to 51,239 million yen. These three core businesses represented 97.8% of the consolidated operating revenue.

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

1) Loan and credit card business

In this business segment, the Company is striving to attract new customers, improve product/service functions and taking other initiatives. 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.

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

2) Guarantee business

In the guarantee business, 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. 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.

3) Overseas financial business

Two subsidiaries, 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, are engaged in the unsecured loan business targeting consumers. 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, the exchange rates between the Japanese yen and the local currencies, and other factors. Therefore, external factors related to these matters could affect the business performance of EASY BUY and ACF.

Such external factors include changes in 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.

(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 Group, we have recognized provision for bad debts (the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.) based on the conditions of customers and estimated values of collaterals pledged, etc. However, an increase of payment delays and uncollected loans receivable might occur as a result of 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 Group.

(3) Situations in which the Company's business performance is materially affected by external factors

1) COVID-19

COVID-19 has yet to be fully contained. In the event of resurgence, the economies both in Japan and abroad could decline further. The following descriptions may affect our group's business results.

- Temporary closure of branches, reductions in the operating hours of automatic contract machines and some operations based on reviews of operating days and operating hours at call centers, etc.; as well as decreases in the balances of the loan and credit card business, the guarantee business and the overseas financial business, as well as operating revenue, attributable to the decline in the demand for funds mainly associated with voluntary restrictions in customer activities outside of the home.
- Increased provision for bad debts caused by a deteriorated loan portfolio mainly attributable to decreased customer income.

2) Accidents and disasters, etc.

Although we endeavor to verify and improve various measures to cope with the occurrence of accidents and disasters due to external factors including natural disasters, such as large-scale earthquakes, wind and flood damage, and the outbreak of new infectious diseases, the occurrence of these phenomena could have a negative effect on the business performance of the Group attributable to damage to our store and facilities and/or physical damage to employees or customers.

(4) IT related risks

The Group has a large-scale computer system and processes 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.

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

(5) Increase in 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.

(6) Conduct risk

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 preventive measures to deter and detect violations of laws and regulations and misconduct, and is engaged in consumer education activities, stricter credit operations, and transaction monitoring to protect customers.

However, inappropriate behavior by officers and employees or deviation from social norms could cause a loss of confidence among customers and the consumer finance market, and as a result, could have an impact on the Company's business performance.

(7) Fund procurement

The Group secures the necessary funds for its operations and liabilities repayments through financing activities such as borrowings from financial institutions, etc. and direct financing from capital markets, including via bond 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, a sharp rise in market interest rates, deterioration in the Company's business performance, or changes in credit ratings could reduce the Company's ability to procure funds, which could increase financial expenses or limit the amount of funds to be procured, thereby affecting the Group's business performance.

3. Analyses of Consolidated Business Results, Financial Position and Cash Flows by the 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, 2022, the Japanese economy remained under preventive measures against the spread of COVID-19 infection in order to sustain social and economic activities. However, economic conditions showed signs of recovery as harsh conditions gradually eased due in part to the lifting of the priority measures to prevent the spread of the virus. Meanwhile, the economic conditions overseas remained harsh primarily owing to the impact of limitations in activities, although the situation varied from country to country. Moreover, the economic outlook was uncertain for reasons such as the situation in Ukraine and a subsequent surge in raw materials prices.

In the nonbank business sector, while the market is contracting as a result of the prolonged stagnation of consumer spending due to the impact of COVID-19 infection, consumer sentiment showed signs of recovery, buoyed in part by the effects of the various economic policies. Although requests for interest repayment are steadily 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 focused on key themes set out in its medium-term management plan, which covers the period up to the fiscal year ended March 31, 2022, under the medium-term management policy: “With expeditious reactions to environmental changes, ACOM will strive for sustainable growth and increasing corporate value, while creating services which exceed customers’ expectations.”

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	266,316	262,155	(4,160)	(1.6)
Loan and Credit Card Business	144,417	142,302	(2,114)	(1.5)
Guarantee Business	64,245	62,861	(1,383)	(2.2)
Overseas Financial Business	52,136	51,239	(897)	(1.7)
Loan Servicing Business	5,504	5,662	158	2.9
Operating Profit	98,896	34,779	(64,117)	(64.8)
Loan and Credit Card Business	52,725	(8,879)	(61,605)	(116.8)
Guarantee Business	25,041	23,991	(1,049)	(4.2)
Overseas Financial Business	19,879	18,347	(1,532)	(7.7)
Loan Servicing Business	528	1,641	1,113	210.8
Ordinary Profit	100,014	35,441	(64,573)	(64.6)
Profit attributable to owners of parent	78,864	55,678	(23,186)	(29.4)

(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 difference, 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, 2022 decreased to 262,155 million yen (down 1.6% year-on-year). This is mainly attributable to: a decrease in accounts receivable - operating loans due to the spread of COVID-19 infection which led to a decrease in interest on operating loans. Operating expenses, on the other hand, increased to 227,376 million yen (up 35.8% year-on-year) primarily due to additions made to provision for loss on interest repayment recorded, as requests for interest repayment did not decrease as expected. As a result, operating profit decreased to 34,779 million yen (down 64.8% year-on-year), and ordinary profit decreased to 35,441 million yen (down 64.6% year-on-year). Profit attributable to owners of parent decreased to 55,678 million yen (down 29.4% year-on-year) as income taxes - deferred increased in a manner positive to profit following the revision to the classification of companies in relation to the recoverability of deferred tax assets.

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	260,700	262,155	1,455	0.6
Loan and Credit Card Business	142,000	142,302	302	0.2
Guarantee Business	62,400	62,861	461	0.7
Overseas Financial Business	51,200	51,239	39	0.1
Loan Servicing Business	5,100	5,662	562	11.0
Operating Profit	79,900	34,779	(45,120)	(56.5)
Ordinary Profit	80,100	35,441	(44,658)	(55.8)
Profit attributable to owners of parent	61,000	55,678	(5,321)	(8.7)

(Note) The amounts of operating revenue for current fiscal year (result) are different from sum of financial service businesses. 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” for the explanation of difference.

Consolidated operating revenue for the fiscal year ended March 31, 2022 was 1,455 million yen better than the plan target (up 0.6%) primarily due to better-than-planned revenue from three core businesses. Consolidated operating profit fell short of the plan target by 45,120 million yen (down 56.5%) mainly due to unexpected additions to provision for loss on interest repayment. Ordinary profit fell short of the plan target by 44,658 million yen (down 55.8%). Profit attributable to owners of parent fell short of the plan target by 5,321 million yen (down 8.7%) since income taxes - deferred increased in a manner positive to profit following the change in the classification of companies in relation to the recoverability of deferred tax assets, and thus, helped reduce the difference from the plan.

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 loan portfolio.

As a measure to strengthen our ability to attract new customers, we refreshed the content of our advertisements, primarily TV commercials. Also, to improve product/service functions, we have worked on measures to boost customer convenience, including the launch of cardless credit contracts.

In addition to these marketing activities, we have endeavored to maintain the soundness of our loan portfolio and improve the customer-reception quality and other forms of customer service 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.

In the domestic loan business, additional borrowing by customers saw a decrease following decline in the demand for funds associated with voluntary restrictions in economic activities amid the growing impact of COVID-19 infection. Accordingly, accounts receivable - operating loans for the fiscal year ended March 31, 2022 amounted to 783,155 million yen (down 0.1% year-on-year). In the domestic credit card business, on the other hand, transaction volume increased following the increase in needs for cashless transactions. Accordingly, accounts receivable - installment amounted to 87,962 million yen (up 11.6% year-on-year).

As a result, during the fiscal year ended March 31, 2022, the business segment's operating revenue was 142,302 million yen (down 1.5% year-on-year), better than the plan target by 302million yen (up 0.2% compared to the plan target), mainly due to the decrease in interest on operating loans. In addition, operating loss was 8,879 million yen (compared to operating profit of 52,725 million yen for the prior fiscal year) due to an increase in operating expenses led by additions made to provision for loss on interest repayment and an increase in bad debts expenses in operating expenses.

### 2) Guarantee business

In the guarantee business, we worked to deepen communication with existing partners, continued appropriate screening, and provided a range of supports for marketing activities, thereby further

strengthening our partnerships.

Specifically, to further strengthen collaborative relationships with the existing partners, we reinforced our partners' ability to attract new customers through joint advertisements, continued appropriate screening, provided the results of our analyses about loan portfolio and the effect of advertisements, and provided them with various supports with a view to improving their business results and stabilizing their growth.

As a result, the total balance of guaranteed receivables in the guarantee operation of the Company and MU Credit Guarantee Co., LTD. at the end of the current fiscal year was 1,173,059 million yen (up 0.3% year-on-year).

The business segment's operating revenue was 62,861 million yen (down 2.2% year-on-year), better than the plan target by 461 million yen (up 0.7% compared to the plan target) primarily due to a decrease in revenue from credit guarantee. In addition, operating profit was 23,991 million yen (down 4.2% year-on-year).

### 3) Overseas financial business

In the overseas financial business, we carried out business operations in the pursuit of expanding the scale of the relevant businesses.

EASY BUY Public Company Limited ("EASY BUY"), 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, we have also worked to strengthen our services by using mobile apps for purposes such as the issuance of virtual cards and the electromagnetic delivery of receipts.

ACOM CONSUMER FINANCE CORPORATION, which engages in the loan business in the Republic of the Philippines and launched a full-fledged business in July 2018, has proactively promoted marketing activities. The company also has been making efforts to attract more new customers, such as strengthening web-based marketing and accepting applications via mobile apps.

ACOM (M) SDN. BHD., a company newly established in Malaysia, has been striving to obtain a license so it can start business earlier. We have also promoted necessary surveys in other Asian countries to explore the feasibility of business development.

Consolidated receivables outstanding for EASY BUY for the fiscal year ended March 31, 2022 was 190,207 million yen (down 1.1% year-on-year) for reasons such as limited marketing activities in the wake of the COVID-19 outbreak and a negative impact of foreign exchange fluctuations.

As a result, the business segment's operating revenue for the current fiscal year amounted to 51,239 million yen (down 1.7% year-on-year), better than the plan target by 39 million yen (up 0.1% compared to the plan target) due primarily to a drop in interest led mainly by a decline in operating loans at EASY BUY and a lowered maximum interest rate in the Kingdom of Thailand. In addition, operating profit was 18,347 million yen (down 7.7% year-on-year), mainly due to an increase in provision for bad debts in operating expenses.

### 4) Loan servicing business

In the loan servicing business, the Company Group has endeavored to strengthen its business structure and increase profitability. Specifically, to strengthen our business structure, we made efforts to reinforce the foundation of human resources, and to improve and stabilize our system environment, through training programs and other initiatives.

As a result, the business segment's operating revenue amounted to 5,662 million yen (up 2.9% year-on-year), better than the plan target by 562 million yen (up 11.0% compared to the plan target), mainly owing to an increase in the amount of proceeds from purchased receivables. Operating profit increased to 1,641 million yen (up 210.8% year-on-year) as operating expenses decreased for reasons such as a decrease in provision for bad debts.



### (3) Analysis of financial position

Compared with the end of the prior fiscal year, total assets increased by 44,186 million yen and total liabilities decreased by 4,648 million yen, whereas net assets increased by 48,835 million yen as of March 31, 2022. Details of changes in assets, liabilities and net assets are as follows:

#### (Assets)

Current assets increased by 652 million yen and non-current assets increased by 43,533 million yen. Consequently, total assets increased by 44,186 million yen. The breakdown of major changes in current assets is as follows: accounts receivable - installment (up 9,216 million yen) and accounts receivable - operating loans (down 1,870 million yen). The breakdown of major changes in non-current assets is as follows: deferred tax assets (up 44,284 million yen) following the change in the classification of companies in relation to the recoverability of deferred tax assets, and a decrease in land due to impairment and sale of the residence owned by the Company (down 1,124 million yen). The combined total of allowance for doubtful accounts recorded under current assets and non-current assets increased by 42 million yen.

#### (Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were an increase of 55,083 million yen and a decrease of 59,732 million yen, respectively, resulting in a decrease of 4,648 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 (down 39,057 million yen) and provision for loss on interest repayment (up 29,458 million yen).

#### (Net assets)

In terms of net assets, capital surplus and retained earnings decreased because of the cancellation of treasury shares as of June 3, 2021, shareholders' equity increased by 46,278 million yen mainly due to the recording of profit attributable to owners of parent under retained earnings, accumulated other comprehensive income decreased by 81 million yen due in part to a decrease in foreign currency translation adjustment, and non-controlling interests increased by 2,638 million yen. As a result, total net assets increased by 48,835 million yen, and the shareholders' equity ratio increased by 2.3 percentage points to 42.1%.

### (4) Status of cash flows during the current fiscal year

Cash and cash equivalents (hereinafter, "funds") at the end of the current fiscal year decreased by 7,991 million yen from the end of the prior fiscal year to 74,242 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 provided by operating activities, funds saw an increase of 46,089 million yen (down 67,090 million yen year-on-year), mainly reflecting 33,726 million yen in profit before income taxes, an increase of 29,458 million yen in provision for loss on interest repayment, and funds-increasing factors such as a decrease of 1,345 million yen in accounts receivable - operating loans, as well as funds-decreasing factors such as an increase of 9,218 million yen in accounts receivable - installment.

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

With respect to net cash provided by investing activities, funds saw a decrease of 4,032 million yen (up 533 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 4,483 million yen.

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

With respect to net cash used in financing activities, funds saw a decrease of 50,162 million yen (up 58,624 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 38,965 million yen less than the amount of repayments of borrowings and payments at maturity of bonds, and that cash dividends paid amounted to 9,399 million yen.

With regard to the financial resources of capital, the 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 main bank.

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

The consolidated financial statements of the 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, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
			Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Financial service businesses	Japan	Loan business	133,812	50.2	130,690	49.9
		Credit card business	10,594	4.0	11,605	4.4
		Guarantee business	64,245	24.1	62,861	24.0
		Loan servicing business	5,504	2.1	5,662	2.2
		Others	22	0.0	71	0.0
	Overseas	Loan business	52,059	19.6	51,190	19.5
		Installment loan business	77	0.0	72	0.0
Total			266,316	100.0	262,155	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 of the financial service business segments

(i) Transaction volume

Business segment		Prior fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	299,931	64.1	337,063	65.0
	Credit card business	45,389	9.7	52,224	10.1
	Loan servicing business	2,551	0.5	2,176	0.4
Overseas	Loan business	119,366	25.5	125,782	24.3
	Installment loan business	681	0.2	864	0.2
Total		467,921	100.0	518,111	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.

(ii) Receivables outstanding

Business segment		Prior fiscal year (As of March 31, 2021)		Current fiscal year (As of March 31, 2022)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Japan	Loan business	784,078	73.6	783,174	73.1
	Credit card business	78,788	7.4	87,962	8.2
	Loan servicing business	8,477	0.8	7,988	0.7
Overseas	Loan business	193,074	18.1	192,107	17.9
	Installment loan business	635	0.1	677	0.1
Total		1,065,053	100.0	1,071,910	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, 2021)	Current fiscal year (As of March 31, 2022)
Outlets	1,008	945

4) Number of customer accounts

Business segment		Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Japan	Loan business	1,502,730	1,516,128
	Credit card business	456,382	500,298
	Loan servicing business	386,824	435,090
Overseas	Loan business	1,482,248	1,465,711
	Installment loan business	14,269	15,145

(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 credit card “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 accounts receivable - operating loans

### (i) By loan type

Loan type		Prior fiscal year (As of March 31, 2021)					Current fiscal year (As of March 31, 2022)				
		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)	2,983,625	100.0	973,575	99.6	17.07	2,980,717	100.0	972,307	99.7	17.02
	Secured loans (excluding housing loans)	1,342	0.0	3,548	0.4	11.43	1,112	0.0	2,949	0.3	11.44
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	2,984,967	100.0	977,124	100.0	17.05	2,981,829	100.0	975,256	100.0	17.00
Commercial loans	Unsecured loans	2	0.0	2	0.0	15.00	2	0.0	2	0.0	15.00
	Secured loans	9	0.0	26	0.0	6.13	8	0.0	23	0.0	6.55
	Subtotal	11	0.0	28	0.0	6.84	10	0.0	25	0.0	7.28
Total		2,984,978	100.0	977,152	100.0	17.05	2,981,839	100.0	975,282	100.0	17.00

### (ii) By industry

Industry	Prior fiscal year (As of March 31, 2021)				Current fiscal year (As of March 31, 2022)			
	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	2	0.0	5	0.0
Manufacturing	1	0.0	1	0.0	1	0.0	1	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	—	—	—	—	—	—	—	—
Transport and postal services	1	0.0	3	0.0	1	0.0	3	0.0
Wholesale and retail	2	0.0	3	0.0	1	0.0	2	0.0
Finance and insurance	1	0.0	3	0.0	1	0.0	2	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	11	0.0	4	0.0	10	0.0
Individuals	2,984,967	100.0	977,124	100.0	2,981,829	100.0	975,256	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	2,984,978	100.0	977,152	100.0	2,981,839	100.0	975,282	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, 2021)		Current fiscal year (As of March 31, 2022)	
	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	3,574	0.4	2,972	0.3
Foundations	—	—	—	—
Others	—	—	—	—
Subtotal	3,574	0.4	2,972	0.3
Guarantee	—	—	—	—
Unsecured	973,577	99.6	972,309	99.7
Total	977,152	100.0	975,282	100.0

## (iv) By loan term

Loan period		Prior fiscal year (As of March 31, 2021)				Current fiscal year (As of March 31, 2022)			
		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	2,811,358	94.2	919,552	94.1	2,811,321	94.3	918,416	94.2
	Due within 1 year	5,879	0.2	248	0.0	1,332	0.0	126	0.0
	Due after 1 year through 5 years	115,944	3.9	32,312	3.3	127,165	4.3	38,278	3.9
	Due after 5 years through 10 years	40,039	1.3	14,215	1.5	32,622	1.1	9,823	1.0
	Due after 10 years through 15 years	10,336	0.4	7,203	0.7	8,208	0.3	5,624	0.6
	Due after 15 years through 20 years	62	0.0	40	0.0	60	0.0	36	0.0
	Due after 20 years through 25 years	5	0.0	3	0.0	8	0.0	4	0.0
	Due after 25 years	4	0.0	1	0.0	3	0.0	0	0.0
	Subtotal	2,983,627	100.0	973,577	99.6	2,980,719	100.0	972,309	99.7
Secured loans	Revolving	1,028	0.0	2,589	0.3	856	0.0	2,168	0.2
	Due within 1 year	7	0.0	18	0.0	1	0.0	4	0.0
	Due after 1 year through 5 years	57	0.0	72	0.0	40	0.0	50	0.0
	Due after 5 years through 10 years	139	0.0	294	0.0	123	0.0	291	0.1
	Due after 10 years through 15 years	56	0.0	180	0.0	48	0.0	155	0.0
	Due after 15 years through 20 years	7	0.0	45	0.0	7	0.0	27	0.0
	Due after 20 years through 25 years	57	0.0	373	0.1	45	0.0	273	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	1,351	0.0	3,574	0.4	1,120	0.0	2,972	0.3
Revolving		2,812,386	94.2	922,142	94.4	2,812,177	94.3	920,584	94.4
Due within 1 year		5,886	0.2	266	0.0	1,333	0.0	131	0.0
Due after 1 year through 5 years		116,001	3.9	32,384	3.3	127,205	4.3	38,328	3.9
Due after 5 years through 10 years		40,178	1.3	14,509	1.5	32,745	1.1	10,115	1.1
Due after 10 years through 15 years		10,392	0.4	7,383	0.8	8,256	0.3	5,779	0.6
Due after 15 years through 20 years		69	0.0	86	0.0	67	0.0	63	0.0
Due after 20 years through 25 years		62	0.0	376	0.0	53	0.0	278	0.0
Due after 25 years		4	0.0	1	0.0	3	0.0	0	0.0
Total		2,984,978	100.0	977,152	100.0	2,981,839	100.0	975,282	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, 2021)		Current fiscal year (As of March 31, 2022)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	394,840	0.67	367,613	0.59
Others [Corporate bonds, CPs]	214,560 [214,560]	0.91 [0.91]	202,729 [202,729]	0.76 [0.76]
Total	609,400	0.75	570,343	0.65
Owners' equity [Share capital]	623,500 [63,832]	— [—]	697,763 [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

(i) 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, 2021)	Current fiscal year (As of March 31, 2022)
Outlets		897	834
	Staffed outlets	4	4
	Unstaffed outlets	893	830
Automatic contract machines		897 locations [936]	834 locations [852]
ATMs		50,974	50,656
	Proprietary	928	857
	Tie-up	50,046	49,799
	[Number of tie-up companies]	[16]	[16]

(Note) In addition to the above 834 loan business outlets, based on the Money Lending Business Act, we registered 4 automatic contract machines installed in staffed outlets (they stood at 4 as of March 31, 2021), 6 automated teller machines installed outside outlets (6 as of March 31, 2021) and 1 service center (1 as of March 31, 2021) 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, 2021)	Current fiscal year (As of March 31, 2022)
Loan business	1,502,695	1,516,101
Credit card business	456,382	500,298

(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, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
	Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan Business	133,822	67.6	130,696	67.1
Unsecured loans	133,387	67.4	130,320	66.9
Consumer loans	133,387	67.4	130,320	66.9
Commercial loans	0	0.0	0	0.0
Secured loans	434	0.2	375	0.2
Credit card business	10,594	5.4	11,605	6.0
Guarantee business	53,478	27.0	52,228	26.8
Others	90	0.0	139	0.1
Total	197,986	100.0	194,670	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, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	299,918	86.9	337,051	86.6
	Consumer loans	299,918	86.9	337,051	86.6
	Commercial loans	—	—	—	—
	Secured loans	12	0.0	11	0.0
	Subtotal	299,931	86.9	337,063	86.6
Credit card business		45,389	13.1	52,224	13.4
Total		345,320	100.0	389,287	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, 2021)		Current fiscal year (As of March 31, 2022)	
		Amount (Millions of yen)	Proportion (%)	Amount (Millions of yen)	Proportion (%)
Loan business	Unsecured loans	780,476	90.5	780,183	89.6
	Consumer loans	780,474	90.5	780,181	89.6
	Commercial loans	2	0.0	2	0.0
	Secured loans	3,574	0.4	2,972	0.3
	Subtotal	784,051	90.9	783,155	89.9
Credit card business		78,788	9.1	87,962	10.1
Total		862,839	100.0	871,118	100.0

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

(Millions of yen)

Item	Prior fiscal year (As of March 31, 2021)			Current fiscal year (As of March 31, 2022)		
	Total amount	Unsecured loans	Secured loans	Total amount	Unsecured loans	Secured loans
Beginning balance	840,847	836,608	4,239	784,051	780,476	3,574
Loans made during the period	299,931	299,918	12	337,063	337,051	11
Collection during the period	327,653	327,009	644	311,822	311,230	592
Transfer of claims on bankruptcy and reorganization, etc.	541	539	1	464	461	2
Write-off of bad debts during the period	28,531	28,501	29	25,671	25,653	18
Final balance	784,051	780,476	3,574	783,155	780,183	2,972
Average loans receivable	804,169	800,242	3,926	781,993	778,696	3,297

## (v) Breakdown of operating loans

## (A) By loan type

Loan type		Prior fiscal year (As of March 31, 2021)					Current fiscal year (As of March 31, 2022)				
		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)	1,501,342	99.9	780,474	99.5	15.42	1,514,979	99.9	780,181	99.6	15.33
	Secured loans (excluding housing loans)	1,342	0.1	3,548	0.5	11.43	1,112	0.1	2,949	0.4	11.44
	Housing loans	—	—	—	—	—	—	—	—	—	—
	Subtotal	1,502,684	100.0	784,022	100.0	15.40	1,516,091	100.0	783,130	100.0	15.31
Commercial loans	Unsecured loans	2	0.0	2	0.0	15.00	2	0.0	2	0.0	15.00
	Secured loans	9	0.0	26	0.0	6.13	8	0.0	23	0.0	6.55
	Subtotal	11	0.0	28	0.0	6.84	10	0.0	25	0.0	7.28
Total		1,502,695	100.0	784,051	100.0	15.40	1,516,101	100.0	783,155	100.0	15.31

## (B) By industry

Industry	Prior fiscal year (As of March 31, 2021)				Current fiscal year (As of March 31, 2022)			
	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	2	0.0	5	0.0
Manufacturing	1	0.0	1	0.0	1	0.0	1	0.0
Electricity; gas; heat supply; water supply	—	—	—	—	—	—	—	—
Information and communications	—	—	—	—	—	—	—	—
Transport and postal services	1	0.0	3	0.0	1	0.0	3	0.0
Wholesale and retail	2	0.0	3	0.0	1	0.0	2	0.0
Finance and insurance	1	0.0	3	0.0	1	0.0	2	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	11	0.0	4	0.0	10	0.0
Individuals	1,502,684	100.0	784,022	100.0	1,516,091	100.0	783,130	100.0
Specified nonprofit organization	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—
Total	1,502,695	100.0	784,051	100.0	1,516,101	100.0	783,155	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, 2021)				Current fiscal year (As of March 31, 2022)			
		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	—	—	—	—	—	—	—	—
	20-29	304,532	20.3	122,155	15.7	310,070	20.5	123,022	15.8
	30-39	258,256	17.2	150,971	19.3	260,784	17.2	151,783	19.4
	40-49	228,056	15.2	161,500	20.7	220,034	14.5	154,910	19.9
	50-59	179,251	11.9	136,282	17.5	180,638	11.9	136,645	17.5
	60 years and older	116,057	7.7	60,900	7.8	116,635	7.7	62,010	7.9
	Subtotal	1,086,152	72.3	631,810	81.0	1,088,161	71.8	628,372	80.5
Female	18-19 years	—	—	—	—	—	—	—	—
	20-29	115,794	7.7	35,160	4.5	125,265	8.3	37,527	4.8
	30-39	84,390	5.6	30,663	3.9	86,663	5.7	31,308	4.0
	40-49	90,409	6.0	35,250	4.5	87,404	5.8	34,011	4.4
	50-59	75,447	5.1	31,037	4.0	77,644	5.1	31,864	4.1
	60 years and older	49,150	3.3	16,552	2.1	49,842	3.3	17,096	2.2
	Subtotal	415,190	27.7	148,664	19.0	426,818	28.2	151,809	19.5
Total		1,501,342	100.0	780,474	100.0	1,514,979	100.0	780,181	100.0

(D) By collateral type

Collateral accepted	Prior fiscal year (As of March 31, 2021)		Current fiscal year (As of March 31, 2022)	
	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	3,574	0.5	2,972	0.4
Foundations	—	—	—	—
Others	—	—	—	—
Subtotal	3,574	0.5	2,972	0.4
Guarantee	—	—	—	—
Unsecured	780,476	99.5	780,183	99.6
Total	784,051	100.0	783,155	100.0

## (E) By loan amount

Loan amount		Prior fiscal year (As of March 31, 2021)				Current fiscal year (As of March 31, 2022)			
		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	207,053	13.8	12,682	1.6	228,992	15.1	14,350	1.8
	Due over 100,000 yen through 300,000 yen	365,512	24.3	76,374	9.7	360,113	23.8	74,677	9.5
	Due over 300,000 yen through 500,000 yen	487,105	32.4	208,415	26.6	485,563	32.0	208,918	26.7
	Due over 500,000 yen	441,674	29.4	483,004	61.6	440,313	29.0	482,236	61.6
	Subtotal	1,501,344	99.9	780,476	99.5	1,514,981	99.9	780,183	99.6
Secured loans	Due within 1 million yen	359	0.0	176	0.0	296	0.0	149	0.0
	Due over 1 million yen through 5 million yen	830	0.1	2,155	0.3	695	0.1	1,827	0.2
	Due over 5 million yen through 10 million yen	137	0.0	900	0.1	110	0.0	731	0.1
	Due over 10 million yen through 50 million yen	25	0.0	342	0.1	19	0.0	264	0.1
	Due over 50 million yen through 100 million yen	—	—	—	—	—	—	—	—
	Due over 100 million yen	—	—	—	—	—	—	—	—
	Subtotal	1,351	0.1	3,574	0.5	1,120	0.1	2,972	0.4
Total		1,502,695	100.0	784,051	100.0	1,516,101	100.0	783,155	100.0
Average loans receivable per contract (Thousands of yen)		—	—	521	—	—	—	516	—
	Unsecured loans	—	—	519	—	—	—	514	—
	Secured loans	—	—	2,646	—	—	—	2,653	—

## (F) By loan term

Loan term		Prior fiscal year (As of March 31, 2021)				Current fiscal year (As of March 31, 2022)			
		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	1,390,094	92.5	735,328	93.8	1,393,841	91.9	733,395	93.6
	Due within 1 year	873	0.0	112	0.0	1,041	0.1	119	0.0
	Due after 1 year through 5 years	59,939	4.0	23,577	3.0	79,205	5.2	31,185	4.0
	Due after 5 years through 10 years	40,031	2.7	14,208	1.8	32,615	2.2	9,816	1.3
	Due after 10 years through 15 years	10,336	0.7	7,203	0.9	8,208	0.5	5,624	0.7
	Due after 15 years through 20 years	62	0.0	40	0.0	60	0.0	36	0.0
	Due after 20 years through 25 years	5	0.0	3	0.0	8	0.0	4	0.0
	Due after 25 years	4	0.0	1	0.0	3	0.0	0	0.0
	Subtotal	1,501,344	99.9	780,476	99.5	1,514,981	99.9	780,183	99.6
Secured loans	Revolving	1,028	0.1	2,589	0.3	856	0.1	2,168	0.3
	Due within 1 year	7	0.0	18	0.0	1	0.0	4	0.0
	Due after 1 year through 5 years	57	0.0	72	0.0	40	0.0	50	0.0
	Due after 5 years through 10 years	139	0.0	294	0.1	123	0.0	291	0.1
	Due after 10 years through 15 years	56	0.0	180	0.0	48	0.0	155	0.0
	Due after 15 years through 20 years	7	0.0	45	0.0	7	0.0	27	0.0
	Due after 20 years through 25 years	57	0.0	373	0.1	45	0.0	273	0.0
	Due after 25 years	—	—	—	—	—	—	—	—
	Subtotal	1,351	0.1	3,574	0.5	1,120	0.1	2,972	0.4
Revolving		1,391,122	92.6	737,918	94.1	1,394,697	92.0	735,564	93.9
Due within 1 year		880	0.0	131	0.0	1,042	0.1	124	0.0
Due after 1 year through 5 years		59,996	4.0	23,650	3.0	79,245	5.2	31,235	4.0
Due after 5 years through 10 years		40,170	2.7	14,502	1.9	32,738	2.2	10,108	1.3
Due after 10 years through 15 years		10,392	0.7	7,383	0.9	8,256	0.5	5,779	0.8
Due after 15 years through 20 years		69	0.0	86	0.0	67	0.0	63	0.0
Due after 20 years through 25 years		62	0.0	376	0.1	53	0.0	278	0.0
Due after 25 years		4	0.0	1	0.0	3	0.0	0	0.0
Total		1,502,695	100.0	784,051	100.0	1,516,101	100.0	783,155	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, 2021)				Current fiscal year (As of March 31, 2022)			
		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.	105,121	7.0	47,788	6.1	116,353	7.7	51,843	6.6
	From 10.0% to 15.0% p.a.	346,542	23.1	369,879	47.2	349,119	23.0	370,944	47.4
	From 15.0% to 18.0% p.a.	1,049,680	69.8	362,808	46.2	1,049,509	69.2	357,395	45.6
	From 18.0% to 20.0% p.a.	—	—	—	—	—	—	—	—
	Above 20.0% p.a.	1	0.0	0	0.0	—	—	—	—
	Subtotal	1,501,344	99.9	780,476	99.5	1,514,981	99.9	780,183	99.6
Secured loans	Below 10.0% p.a.	341	0.0	1,166	0.2	280	0.0	959	0.1
	From 10.0% to 15.0% p.a.	1,010	0.1	2,408	0.3	840	0.1	2,013	0.3
	From 15.0% to 18.0% p.a.	—	—	—	—	—	—	—	—
	Subtotal	1,351	0.1	3,574	0.5	1,120	0.1	2,972	0.4
Total		1,502,695	100.0	784,051	100.0	1,516,101	100.0	783,155	100.0

## vi) Breakdown of funds

## (A) Breakdown by funding sources

Funding sources	Prior fiscal year (As of March 31, 2021)		Current fiscal year (As of March 31, 2022)	
	Outstanding balance (Millions of yen)	Average interest rate (%)	Outstanding balance (Millions of yen)	Average interest rate (%)
Borrowings from financial institutions, etc.	349,437	0.49	332,001	0.47
Others	175,000	0.55	164,999	0.45
[Corporate bonds, CPs]	[175,000]	[0.55]	[164,999]	[0.45]
Total	524,437	0.51	497,000	0.46
Owners' equity	539,929	—	606,774	—
[Share capital]	[63,832]	[—]	[63,832]	[—]

(Notes) "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

(Millions of yen)

Financial institution		Prior fiscal year (As of March 31, 2021)				Current fiscal year (As of March 31, 2022)			
		Beginning balance	Amount procured	Amount repaid	Final balance	Beginning balance	Amount procured	Amount repaid	Final balance
Borrowings	City banks, etc.	304,197	24,300	52,134	276,363	276,363	43,500	52,224	267,639
	Regional banks	41,912	10,200	14,893	37,219	37,219	9,400	11,384	35,235
	Trust banks	500	—	—	500	500	—	500	—
	Foreign banks	2,350	—	350	2,000	2,000	—	—	2,000
	Life insurance companies	10,712	2,000	7,482	5,230	5,230	1,500	4,060	2,670
	Non-life insurance companies	3,500	500	1,500	2,500	2,500	—	1,000	1,500
	Business corporations (leasing and financing companies, etc.)	964	200	964	200	200	—	68	132
	Other financial institutions	25,210	3,500	3,285	25,425	25,425	—	2,600	22,825
Subtotal		389,345	40,700	80,608	349,437	349,437	54,400	71,836	332,001
Commercial papers		29,998	17,001	42,000	5,000	5,000	32,999	13,000	24,999
Corporate bonds (including current portion of bonds payable)		193,000	10,000	33,000	170,000	170,000	10,000	40,000	140,000
Subtotal		222,998	27,001	75,000	175,000	175,000	42,999	53,000	164,999
Total		612,343	67,701	155,608	524,437	524,437	97,399	124,836	497,000

(Note) "City banks, etc." includes Shinsei Bank, Limited and Aozora Bank, Ltd.

4. Material Business Agreements, etc.  
Not applicable5. Research and Development Activities  
Not applicable



### III. Equipment and Facilities

#### 1. Status of Capital Expenditures, etc.

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

#### 2. Situation of Major Equipment

The major equipment in ACOM Group is the following:

##### (1) The Filing Company

As of March 31, 2022

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]
			Buildings and structures	Furniture and fixtures	Land [Area in m <sup>2</sup> ]	Leased Assets	Total	
Head Office (Note) 1 (Chiyoda-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	29	5,671	—	7	5,709	379 [9]
ACOM Ikegami Building (Ota-ku, Tokyo)	Corporate wide (shared)	Other facilities and equipment	327	431	—	117	876	—
Toritsu Daigaku Company Residence (Meguro-ku, Tokyo) 2 other residential buildings	Corporate wide (shared)	Company residence	374	2	1,351 [1,976.23]	—	1,728	—
Nishishinjuku (Shinjuku-ku, Tokyo) and 833 other outlets, etc.	Loan and credit card business	Outlets Other facilities and equipment	1,748 9	677 272	— —	2 64	2,428 346	1,142 [44]

(Notes) 1. Part of the building has been on lease since December 2004 and the leasing fee is 496 million yen.

2. The rent for part of the building and land other than the above (Note) 1 that is on lease is 3,483 million yen.

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

4. The Company plans to relocate its head office to Minato-ku, Tokyo in December 2022.

5. Major facilities on lease other than the consolidated subsidiaries stated above 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 (Chiyoda-ku, Tokyo) and 1 other place	Corporate wide (shared)	Automatic contract machines	1	5 years	0	0
		Vehicles	2	3 years	4	7
ACOM Ikegami Building (Ota-ku, Tokyo) and 1 other place	Corporate wide (shared)	Computer equipment	71	Primarily 5 years	324	210
Nishishinjuku (Shinjuku-ku, Tokyo) and 833 other outlets	Loan and credit card business	Automatic contract machines	9	5 years	7	2

(Note) Consumption tax, etc., are not included in the above amounts.

##### (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) Total number of shares issued

Class	As of the end of the current fiscal year (March 31, 2022)	As of the submission date (June 24, 2022)	Stock exchange on which the Company is listed	Description
Common stock	1,566,614,098	1,566,614,098	Tokyo Stock Exchange First Section (as of the end of the current fiscal year) Standard Market (as of the submission date)	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, 2022

AS OF March 31, 2022

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	25	43	94	208	19	10,982	11,371	—
Number of shares held (Units)	0	2,041,993	82,473	11,426,847	518,897	400	1,595,153	15,665,763	37,798
Ratio of shares held (%)	0.00	13.03	0.53	72.94	3.32	0.00	10.18	100.00	—

(Notes) 1. 50 shares of treasury shares are included in 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, 2022

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	273,467	17.45
Maruito Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	125,533	8.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	106,843	6.81
Foundation of Kinoshita Memorial Enterprise	6-2-14 Motomachi-dori, Chuo-ku, Kobe City	92,192	5.88
Maruito Shoten Co., Ltd.	1-2-3 Minato-machi, Naniwa-ku, Osaka City	38,733	2.47
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1-4-5 Marunouchi, Chiyoda-ku, Tokyo (22-11-3 Hamamatsu-cho, Minato-ku, Tokyo)	31,572	2.01
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo	27,496	1.75
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	16,704	1.06
Masataka Kinoshita	Minato-ku, Tokyo	12,203	0.77
Total	—	1,313,470	83.84

(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, 2022

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.)	—	—	—
Shares with full voting rights (others)	Common stock 1,566,576,300	15,665,763	—
Shares less than one unit	Common stock 37,798	—	—
Total number of shares issued	1,566,614,098	—	—
Total voting rights held by all shareholders	—	15,665,763	—

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

## 2) Treasury shares, etc.

As of March 31, 2022

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.	1-1, Marunouchi 2- chome, Chiyoda-ku, Tokyo	—	—	—	—
Total	—	—	—	—	—

2. Status of Acquisition of Treasury Shares, etc.

Class of stocks, etc.: Acquisition of common stock pursuant to Article 155, Item 7 of the Companies Act

(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 (Thousands of yen)
Acquired treasury shares during the current fiscal year	50	16
Acquired treasury shares during the current term	—	—

(Note) "Acquired treasury shares during the current term" does not include the number of shares acquired for purchase of shares less than one unit from June 1, 2022, to the submission date of the Securities Report.

(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	29,668,702	—	—	—
Treasury shares transferred due to merger, stock exchange, stock delivery or corporate separation	—	—	—	—
Others	—	—	—	—
Number of shares of treasury shares held	50	—	50	—

(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, 2022, 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 attempt stable and continuous profit distribution taking the business environment surrounding us, shareholders' equity, and our own performance into consideration.

As for the fiscal year ended March 2022, year-end dividend is 4 yen per share as announced in the news release on April 20, 2022.

As for the fiscal year ending March 31, 2023, based on the policy stated as “Increase shareholder returns based on high profitability and appropriate capital adequacy,” annual dividend of 10 yen is planned. This consists of 5 yen at the second quarter and 5 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 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, 2021	4,699 million yen	3.00 yen
Resolution at the General Meeting of Shareholders to be held on June 24, 2022	6,266 million yen	4.00 yen

#### 4. Corporate Governance

##### (1) Overview of Corporate Governance

###### 1) Basic Policy on Corporate Governance

The ACOM 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 nine members: President & CEO Masataka Kinoshita who chairs the Board, Directors Shigeyoshi Kinoshita, Hiroshi Naruse, Tomomi Uchida, Takashi Kiribuchi and Masakazu Osawa, and Audit and Supervisory Committee Members Masahide Ishikawa (Outside Director), Kazuo Fukumoto 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.

###### (B) Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three members: Masahide Ishikawa (Outside Director) who chairs the committee, Kazuo Fukumoto 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

###### (a) 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 Masahide Ishikawa (Outside



Director), Kazuo Fukumoto 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.

(b) Compliance Committee

The Compliance Committee consists of five members: an expert from outside the Company Tan Mitchell who chairs the committee, experts from outside the Company Yasunari Takaura, Outside Director Masahide Ishikawa and Representative Directors Hiroshi Naruse and Masataka Kinoshita.

In the presence of Audit and Supervisory Committee Members, 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, actions for improvement and recurrence prevention measures; and
- Important items related to other compliance issues.

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

(c) Financial Information Disclosure Committee

The Financial Information Disclosure Committee consists of eleven members: an executive officer who concurrently serve as director in charge of Treasury Department Tomoo Shikanoya who chairs the committee, executive officers who concurrently serve as directors in charge of the relevant departments, Tomomi Uchida, Takashi Kiribuchi, Masatoshi Nabeoka, and chief general managers in charge of the relevant departments, Masahiko Machida, Akifumi Kinoshita, Kazuki Morishita, Masamitsu Iwamura, Takafumi Kikuchi, Daishi Haraguchi and Takashi Okamoto.

In the presence of Audit and Supervisory Committee Members, the Committee deliberates in advance the items related to the improvement of the financial disclosure system and the financial information to be disclosed for resolution at the Board of Directors Meeting, in order for the disclosure of the financial information and internal control of financial reports to be made in accordance with the relevant laws in a timely and in an appropriate manner.

The Financial Information Disclosure Committee meets at least once every quarter, in principle, and more as deemed necessary.

(d) Corporate 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 Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director), and an executive officer who concurrently serve as director in charge of 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 at least once every quarter, in principle, and more as deemed necessary.

(e) Conflict of Interest Advisory Committee

The Conflict of Interest Advisory Committee consists of three independent persons, chaired by independent director (outside) Masahide Ishikawa, 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 when there is a material transaction, etc. where controlling shareholder's interest conflicts with the minority shareholders' interest.

(D) Executive Officers' Meeting

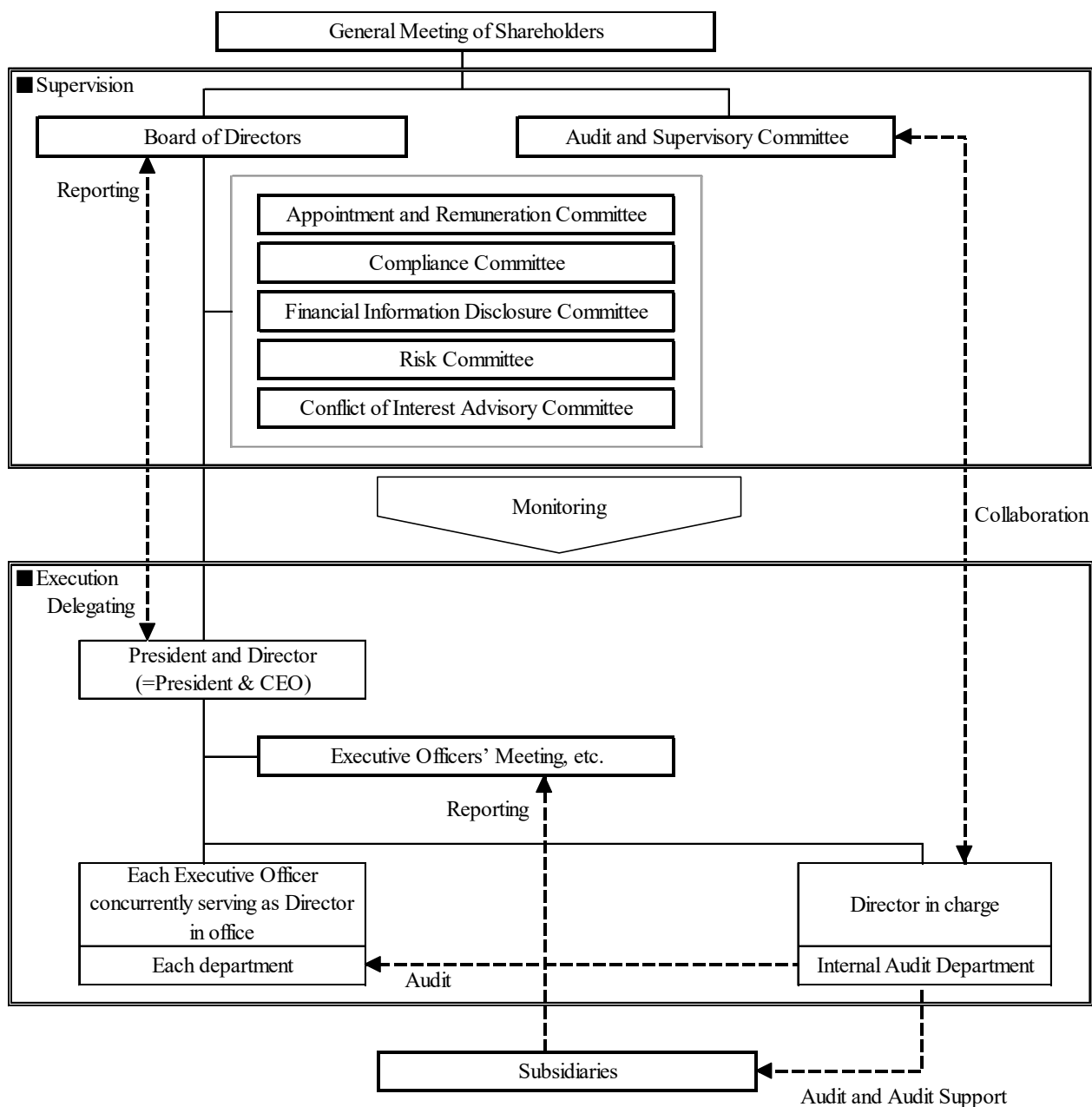
The Executive Officers' Meeting consists of eleven members: President & CEO Masataka Kinoshita who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Hiroshi Naruse, executive officers who serve concurrently as directors Tomomi Uchida, Takashi Kiribuchi, Masaru Kuroda, Michihito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

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.

(ii) Corporate governance structure and internal control system structure

(As of June 24, 2022)



(iii) 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) In accordance with the Company Group's basic policy for the internal control over financial reporting, the Company develops a system to ensure the accuracy and reliability of financial reporting. The Company also establishes a system to disclose financial information by setting up a Financial Information Disclosure Committee.
  - (8) 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
  - (1) In accordance with the rules for confidential information management and related rules, the Company establishes procedures for managing documents related to the execution of duties by the Directors (including electromagnetic records), stores and manages such information in an appropriate manner, ensuring that such documents are available for inspection by directors when necessary.
  - (2) In order to maintain the appropriateness of information storage and management, the Company appoints personnel responsible for information security management, determines the roles of respective organizations, officers and employees, and stores and manages information in a systematic manner. The Company regularly verifies 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 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 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 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 Directors serving as Audit and Supervisory Committee Members), the internal audit department shall report to the Audit and Supervisory Committee before reporting to Directors (excluding Directors 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 2. 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

##### (i) 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.

(ii) 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.

(iii) 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 (excluding Directors serving as Audit and Supervisory Committee Members), Audit and Supervisory Committee Members 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 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: – (Ratio of females to Directors and Audit and Supervisory Committee Members: –%)

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) 2	10,507



Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Deputy Chairman In Charge of: Compliance Dept. and Internal Audit Dept.	Hiroshi Naruse	December 4, 1958	April 1981	Joined The Mitsubishi Trust and Banking Corporation	(Note) 2	—
			June 2008	Executive Officer, Assistant Director and General Manager, Trust Assets Planning Division of Mitsubishi UFJ Trust and Banking Corporation		
			June 2008	Director and President of Mitsubishi UFJ Global Custody S.A.		
			May 2010	Executive Officer and General Manager, System Planning Division of Mitsubishi UFJ Trust and Banking Corporation		
			June 2010	Executive Officer of Mitsubishi UFJ Financial Group, Inc.		
			April 2011	Representative Director and President of Mitsubishi UFJ Trust Systems Co., Ltd.		
			June 2011	Managing Director of Mitsubishi UFJ Trust and Banking Corporation		
			June 2013	Senior Managing Director of Mitsubishi UFJ Trust and Banking Corporation		
			June 2013	Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.		
			June 2014	Representative Director and President of MU Trust Apple Planning Company, Ltd.		
			June 2016	Director, Deputy President and Executive Officer of Mitsubishi UFJ Trust and Banking Corporation		
			May 2018	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.		
			April 2019	Representative Director, President of The Master Trust Bank of Japan, Ltd.		
			April 2021	Advisor to The Master Trust Bank of Japan, Ltd.		
			June 2021	Deputy Chairman of the Company (to present)		

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	Joined ABeam Consulting Ltd.	(Note) 2	12,203
			September 2005	Joined the Company		
			October 2009	General Manager, Credit Supervision Division of the Company		
			January 2010	General Manager, Corporate Planning Dept. of the Company		
			April 2010	General Manager, Guarantee Business Dept. of the Company		
			April 2012	General Manager, Business Promotion Dept. of the Company		
			April 2013	Chief General Manager, Business Planning Dept. of the Company		
			April 2014	Executive Officer and Chief General Manager, Business Planning Dept. of the Company		
			June 2014	Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Dept. of the Company		
			April 2015	Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company		
			June 2015	Managing Director of the Company		
			June 2015	Executive Managing Officer and Head of Credit Business Promotion Division of the Company		
			June 2016	Executive Managing Officer of the Company		
			June 2017	Deputy President of the Company		
			June 2017	Deputy Chief Executive Officer of the Company		
			June 2021	President of the Company (to present)		
			June 2021	Chief Executive Officer of the Company (to present)		

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 Head of Credit Supervision Division In charge of: General Affairs Dept., Credit Supervision Dept. I, Credit Supervision Dept. II and Compliance for Credit Supervision Office	Tomomi Uchida	December 27, 1961	October 1982 April 2003 October 2005 April 2007 December 2007 October 2008 April 2011 April 2013 June 2015 April 2016 June 2016 June 2018 October 2018 June 2019 April 2020 June 2021 June 2021	Joined the Company General Manager, Business Promotion Dept. III of the Company General Manager, Business Promotion Dept. II of the Company Chief General Manager, Credit Business Management Dept. of the Company Chief General Manager, Marketing Dept. of the Company Head of East Japan Branch of the Company Chief General Manager, Business Promotion Dept. of the Company Executive Officer and Chief General Manager, Business Promotion Dept. of the Company Executive Managing Officer, Deputy Head of Credit Business Promotion Division, and Chief General Manager, Business Promotion Dept. of the Company Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. I of the Company Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. II of the Company Managing Director of the Company Executive Managing Officer and Head of Credit Supervision Division of the Company Senior Managing Director of the Company (to present) Senior Executive Managing Officer and Head of Credit Supervision Division of the Company (to present)	(Note) 2	3

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 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	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 (to present) Senior Executive Managing Officer and Head of System Development & Administration Division of the Company (to present)	(Note) 2	16

Title and position	Name	Date of birth	Career summary		Term	Number of shares of the Company held (Thousands)
Director	Masakazu Osawa	June 20, 1968	April 1991 May 2015	Joined The Mitsubishi Bank, Ltd. General Manager, Europe Planning Division, Europe Headquarters of The Bank of Tokyo-Mitsubishi UFJ, Ltd.	(Note) 2	—
			May 2015	General Manager, Europe Control Division of Mitsubishi UFJ Financial Group, Inc.		
			May 2017	General Manager, Management Planning Division (in charge of special mission) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
			May 2017	General Manager, Management Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.		
			June 2017	Executive Officer and General Manager, Management Planning Division (in charge of special mission) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.		
			June 2017	Executive Officer and General Manager, Management Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.		
			November 2017	Executive Officer, General Manager, Management Planning Division and Co-General Manager, Digital Planning Division (in charge of special mission) of The Bank of Tokyo-Mitsubishi UFJ, Ltd..		
			November 2017	Executive Officer, General Manager, Management Planning Division and Co-General Manager, Digital Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.		
			May 2018	Executive Officer, General Manager, Digital Planning Division, Co-General Manager, Management Planning Division (in charge of special mission) and Co-General Manager, Financial Planning Division (in charge of special mission) of MUFG Bank, Ltd.		
			May 2018	Executive Officer, General Manager, Digital Planning Division, Co-General Manager, Management Planning Division (in charge of special mission) and Co-General Manager, Financial Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.		
			April 2020	Managing Executive Officer and General Manager, Digital Planning Division of MUFG Bank, Ltd.		
			April 2020	Managing Corporate Executive and General Manager, Digital Planning Division of Mitsubishi UFJ Financial Group, Inc.		
			June 2020	Member of the Board of Directors, Managing Executive Officer and Co-General Manager, Digital Planning Division of MUFG Bank, Ltd.		
			April 2021	Member of the Board of Directors, Managing Executive Officer and Unit Head, Digital Service Unit, CDTO of MUFG Bank, Ltd. (to present)		
			April 2021	Managing Corporate Executive and Group Head and Group CDTO, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc. (to present)		
			June 2021	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	Kazuo Fukumoto	February 27, 1958	March 1980 April 2002 June 2003 October 2005 April 2007 June 2012 June 2013 June 2015 June 2017	Joined the Company General Manager, Corporate Management Dept. of the Company Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Management Dept. of the Company Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company Executive Managing Officer and Head of Credit Business Promotion Division of the Company Managing Director of the Company Executive Managing Officer of the Company Director, Full-time Audit and Supervisory Committee Member of the Company (to present)	(Note) 3	10

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	Masahide Ishikawa	March 15, 1956	April 1978	Joined Meiji Mutual Life Insurance Company	(Note) 3	—
			April 2002	General Manager, Financial Affairs Department, Investment Division of Meiji Mutual Life Insurance Company		
			January 2004	General Manager, Investment Planning & Research Department of Meiji Yasuda Life Insurance Company		
			April 2005	Managing Director and Managing Operating Officer of Meiji Dresdner Asset Management Ltd.		
			April 2007	General Manager, Credit Analysis & Investment Risk Management Department of Meiji Yasuda Life Insurance Company		
			July 2007	Operating Officer and General Manager, Credit Analysis & Investment Risk Management Department of Meiji Yasuda Life Insurance Company		
			April 2009	Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company		
			April 2010	Managing Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company		
			April 2011	Managing Operating Officer of Meiji Yasuda Life Insurance Company		
			April 2013	Representative Director and President of Meiji Yasuda Asset Management Company Ltd.		
			July 2014	Vice Chairman of Japan Investment Advisers Association		
			July 2017	Vice Chairman of Japan Investment Advisers Association		
			April 2018	Representative Director and Chairman of the Board of Meiji Yasuda Asset Management Company Ltd.		
			June 2019	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)	(Note) 3	—
			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	Auditor (Outside) of IWAKI & CO., LTD. (currently Astena Holdings Co., Ltd.) (to present)		
			June 2021	Director, Audit and Supervisory Committee Member of the Company (to present)		
Total						22,739

- (Notes) 1. Directors serving as Audit and Supervisory Committee Members, Masahide Ishikawa and Takuji Akiyama are all Outside Directors.
2. 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, 2022, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2023.
3. 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, 2022, to the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2023.
4. President Masataka Kinoshita is a biological son of Chairman Shigeyoshi Kinoshita.
5. 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 24, 2022, are as follows:

Title	Name	Position
Executive Managing Officer	Masaru Kuroda	<ul style="list-style-type: none"> <li>• In charge of Overseas Business Management Dept.</li> <li>• Vice in charge of Compliance Dept.</li> </ul>
Executive Managing Officer	Michihito Onodera	<ul style="list-style-type: none"> <li>• Head of Guarantee Business Division</li> <li>• In charge of Guarantee Business Dept. and Guarantee Alliance Promotion Dept.</li> </ul>
Executive Managing Officer	Tomoo Shikanoya	<ul style="list-style-type: none"> <li>• Chairman of Financial Information Disclosure Committee</li> <li>• In charge of Finance Dept. and Treasury Dept.</li> </ul>
Executive Managing Officer	Masashi Yoshiba	<ul style="list-style-type: none"> <li>• In charge of Human Resources Dept. and Business Process Management Dept.</li> </ul>
Executive Managing Officer	Yuji Kinoshita	<ul style="list-style-type: none"> <li>• Head of Credit Business Promotion Division</li> <li>• In charge of Business Planning Dept., Business Promotion Dept., East Japan Business Promotion Dept., West Japan Business Promotion Dept. and Compliance for Credit Business Promotion Office</li> </ul>
Executive Managing Officer	Masatoshi Nabeoka	<ul style="list-style-type: none"> <li>• In charge of Corporate Risk Management Dept.</li> <li>• Chief General Manager of Corporate Risk Management Dept.</li> </ul>
Executive Officer	Masayuki Sone	<ul style="list-style-type: none"> <li>• Chief General Manager of West Japan Business Promotion Dept.</li> </ul>
Executive Officer	Akihiro Kiyooka	<ul style="list-style-type: none"> <li>• Credit Supervision Division (Special Mission)</li> </ul>
Executive Officer	Hidehiko Shibata	<ul style="list-style-type: none"> <li>• Chief General Manager of East Japan Business Promotion Dept.</li> </ul>
Executive Officer	Masahiko Machida	<ul style="list-style-type: none"> <li>• Chief General Manager of Internal Audit Dept.</li> </ul>
Executive Officer	Hitoshi Yokohama	<ul style="list-style-type: none"> <li>• Guarantee Business Division (Special Mission)</li> </ul>
Executive Officer	Takeo Noda	<ul style="list-style-type: none"> <li>• Overseas Business Management Dept. (Special Mission)</li> </ul>
Executive Officer	Tai Wakikawa	<ul style="list-style-type: none"> <li>• Chief General Manager of Human Resources Dept.</li> </ul>
Executive Officer	Akifumi Kinoshita	<ul style="list-style-type: none"> <li>• Chief General Manager of Treasury Dept.</li> </ul>
Executive Officer	Kazuki Morishita	<ul style="list-style-type: none"> <li>• Chief General Manager of Corporate Planning Dept.</li> </ul>
Executive Officer	Osamu Morimoto	<ul style="list-style-type: none"> <li>• Chief General Manager of Business Process Management Dept.</li> </ul>

6. After the Japan Consumer Finance Inc. changed its company name to NSK Guarantee Inc. on April 1, 1980, ACOM CO., LTD. absorbed it on March 1, 1992.
7. Shares below one thousand shares have been truncated.



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	April 1983	Appointed Prosecutor, the Tokyo District Public Prosecutor's Office	—
		April 1990	Assistant Judge, Tokyo District Court	
		April 1993	Prosecutor, the Tokyo District Public Prosecutor's Office	
		June 1995	Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present)	
		June 1995	Joined Nozomi Sogo Attorneys at Law (to present)	
		March 2009	Outside Company Auditor, EMCOM Holdings Co., Ltd.	
		April 2012	Managing Director, Kanto Federation of Bar Associations	
		April 2012	Vice President, Daini Tokyo Bar Association	
		April 2012	Managing Director, Japan Federation of Bar Associations	
		April 2013	Mediator, Nuclear Damage Compensation Dispute Resolution Centre (to present)	
		June 2015	Outside Director of the Company	

## 2) Outside Directors

The Company has two Outside Directors. Their relationships with the Company 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
Masahide Ishikawa	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- He has a wealth of knowledge and experience acquired in the finance industry over many years, and accomplishments as a corporate manager. He has also served as Vice Chairman of the Japan Investment Advisers Association twice, and thus has wide-ranging insight. 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.</li> <li>- Upon his election, 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.</li> <li>- As he meets all requirements for “Independence Standards for Outside Directors” the Company has formulated, he has been designated as an independent director.</li> </ul>

Takuji Akiyama	<ul style="list-style-type: none"> <li>- No special interests in the Company</li> <li>- 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.</li> <li>- Upon his election, 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.</li> <li>- As he meets all requirements for “Independence Standards for Outside Directors” the Company has formulated, he has been designated as an independent director.</li> </ul>
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“Independence Standards for Outside Directors”

<p>The Company appoints Independent Outside Directors who meet all requirement items 1 through 7 below.</p> <ol style="list-style-type: none"> <li>1. Meet all requirements stipulated under Article 2, Paragraph 15 of the Companies Act;</li> <li>2. Do not fall under any of items (1) through (3) below. <ol style="list-style-type: none"> <li>(1) Major creditors of the Company<sup>1</sup> or their executors of operations, and were executors of operations in the last three years;</li> <li>(2) Those for whom the Company is a major business partner<sup>2</sup> or their executors of operations, and were executors of operations in the last three years;</li> <li>(3) Major business partners of the Company<sup>3</sup> or their executors of operations, and were executors of operations in the three years;</li> </ol> </li> <li>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 partner<sup>4</sup>;</li> <li>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;</li> <li>5. Are not current major shareholders<sup>5</sup> of the Company or their executors of operations;</li> <li>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.</li> <li>7. Were not executors of operations at the parent company and/or fellow subsidiary of the Company in the last ten years.</li> </ol> <p>(Notes)</p> <ol style="list-style-type: none"> <li>1. “Major creditors of the Company” refer to those the Company procures 3% or more of its consolidated amount of borrowings.</li> <li>2. “Those for whom the Company is a major business partner” refer to those the Company accounted for 2% or more of their consolidated sales.</li> <li>3. “Major business partners of the Company” refer to those who accounted for 2% or more of the Company’s consolidated operating revenue.</li> <li>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.</li> <li>5. “Major shareholders” refer to those who hold 10% or more of the Company’s total voting rights.</li> </ol>
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### (3) Status of Audits

#### 1) Status of Audits by the Audit and Supervisory Committee

##### (i) 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.

##### (ii) Status of Activities of the Audit and Supervisory Committee and Audit and Supervisory Committee Members

Category	Name	Number of meetings held	Number of meetings attended
Full-time Audit and Supervisory Committee Member of the Company (Outside)	Masahide Ishikawa	14	14
Full-time Audit and Supervisory Committee Member of the Company	Kazuo Fukumoto	14	14
Audit and Supervisory Committee Member of the Company (Outside)	Takuji Akiyama	10	10

(Note) The difference in number of meetings arises from the staggered timing of assuming office.

The Audit and Supervisory Committee attended the Board of Directors Meetings and other important meetings, received reports from Directors, employees, etc. on matters regarding their execution of duties, requested explanations as necessary, and expressed opinions, and also reviewed important approval documents and other materials and examined the Company's business and financial situation at the head office and principal offices, in accordance with resolved auditing policies, audit plan, etc., and in cooperation with the Company's Internal Audit Department and other departments. As for subsidiaries, the Audit and Supervisory Committee endeavored to communicate and share information with the directors and corporate auditors of subsidiaries and received reports on business from subsidiaries, as necessary. In addition, the Audit and Supervisory Committee monitored and verified whether the Accounting Auditor maintained its independent position and performed appropriate audits, received reports from the Accounting Auditor on the status of the execution of its duties and requested explanations, as necessary. For key audit matters, the Committee discussed with Deloitte Touche Tohmatsu LLC, received reporting on status of the audits, and requested explanations as necessary. Each Audit and Supervisory Committee Member conducted the above auditing activities based on the division of duties prescribed in the audit plan and reported results to the Audit and Supervisory Committee each time. The Audit and Supervisory Committee discussed matters set forth in the Companies Act, such as the approval of transactions involving conflict of interest and the reappointment of the Accounting Auditor, and performed audits while paying due attention to the establishment of an internal control system and the status of its operation.

#### 2) Status of Internal Audits

##### (i) Internal Audits

With an auditing staff of 20 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 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

#### (i) Name of the audit corporation

Deloitte Touche Tohmatsu LLC

#### (ii) Continuous audit period

13 years

#### (iii) Names of Certified Public Accountants (CPAs) who audited the Company's Accounts

Designated employee, managing partner: Masanori Matsuzaki

Designated employee, managing partner: Hiroshi Tajima

#### (iv) Breakdown of team auditing the Company's accounts

CPAs: 8 persons

Assistant certified public accountants, etc.: 11 persons

Other staffs: 22 persons

#### (v) 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.

#### (vi) 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

#### (i) 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	125,000	1,200	122,000	1,200
Consolidated subsidiaries	23,000	—	22,500	—
Total	148,000	1,200	144,500	1,200

\* Details of non-audit work  
(Prior 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.

(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.

(ii) Details of compensation (excluding (i)) for the same network as 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	3,936	2,400	3,780	2,200
Consolidated subsidiaries	11,982	963	14,788	464
Total	15,919	3,363	18,569	2,664

\* 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 such as seminars to deepen knowledge in the areas of accounting and taxation, and services pertaining to application for capital increase, 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.

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.

(iii) Details of remuneration for other important audit certification  
Not applicable

(iv) Policies concerning auditing remuneration  
Not applicable

(v) 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 Directors serving as Audit and Supervisory Committee Members). In summary, compensation payable to Directors (excluding Directors 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 each Director is to be payable in cash. Compensation to full-time Directors (excluding Directors serving as Audit and Supervisory Committee Members) consists of basic compensation and performance-linked compensation, while compensation to part-time Directors consists of basic compensation only. Basic compensation is fixed compensation to be paid once monthly, and performance-linked compensation is variable compensation to be paid once yearly according to business results.

The Company determines the amount of basic compensation payable to Directors (excluding Directors 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 Directors 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, and deliberates and proposes the respective amounts to be paid according to the positions, individual evaluations and other factors.

The target percentage of performance-linked compensation out of total compensation is approximately 20% (assuming a standard amount of performance-linked compensation). The reason for the selection of this indicator ("Profit attributable to owners of parent") for performance-linked compensation payable to full-time Directors (excluding Directors serving as Audit and Supervisory Committee Members) was to establish an objective and transparent compensation system for full-time Directors (excluding Directors serving as Audit and Supervisory Committee Members) by firstly linking it to single-year performance, in light of the situation where dividends were not distributed continuously until the interim dividend for the fiscal year ended March 31, 2018. The amount of performance-linked compensation is decided by a method whereby the Appointment and Remuneration Committee first determines a range of profit, which becomes a standard for basic source of distribution, by taking into consideration special factors in the future such as tax burden and extraordinary income or losses, 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.

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 from 50,000 million yen 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.

At the 40th Ordinary General Meeting of Shareholders held on June 22, 2017, it was resolved that compensation payable to Directors (excluding Directors 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 Directors 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.

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, (i) 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	Retirement benefits	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	182	150	32	—	8
Audit and Supervisory Committee Members (excluding Outside Directors)	20	20	—	—	1
Outside Directors and Outside Audit and Supervisory Committee Members	32	32	—	—	3
Total	235	203	32	—	12

(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) Total amount of consolidated compensations by Filing Company's officers

This is omitted as none of officers of the Filing Company received aggregated consolidated compensations 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	817	18	817
Securities other than the above	2	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	13	—	(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, 2021, to March 31, 2022) 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, 2021)	Current fiscal year (As of March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	83,323	74,242
Accounts receivable - operating loans	*3, *4, *6 977,152	*3, *4, *6 975,282
Accounts receivable - installment	*7 79,423	*7 88,640
Purchased receivables	8,477	7,988
Other	*4 82,397	*4 85,479
Allowance for doubtful accounts	(77,428)	(77,632)
Total current assets	1,153,346	1,153,999
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,991	22,270
Accumulated depreciation	(20,605)	(18,818)
Buildings and structures, net	3,386	3,451
Vehicles	0	0
Accumulated depreciation	(0)	(0)
Vehicles, net	0	0
Equipment	18,018	16,472
Accumulated depreciation	(10,378)	(8,883)
Equipment, net	7,640	7,589
Land	2,476	1,351
Leased assets	3,867	3,292
Accumulated depreciation	(3,371)	(3,094)
Leased assets, net	495	197
Total property, plant and equipment	13,998	12,590
Intangible assets		
Goodwill	1,770	1,252
Leasehold interests in right	4	—
Software	4,984	5,856
Other	44	43
Total intangible assets	6,803	7,152
Investments and other assets		
Investment securities	*1 1,207	*1 1,238
Retirement benefit asset	5,618	5,986
Deferred tax assets	29,677	73,961
Guarantee deposits	4,990	5,133
Other	*4 4,367	*4 3,970
Allowance for doubtful accounts	(900)	(737)
Total investments and other assets	44,960	89,553
Total non-current assets	65,763	109,296
Total assets	1,219,109	1,263,296

	(Millions of yen)			
	Prior fiscal year (As of March 31, 2021)		Current fiscal year (As of March 31, 2022)	
Liabilities				
Current liabilities				
Notes and accounts payable - trade		696		797
Short-term borrowings	*5	15,992	*5	15,284
Commercial papers		5,000		24,999
Current portion of long-term borrowings	*5	69,416	*5	94,429
Current portion of bonds payable		53,760		58,720
Lease obligations		354		170
Income taxes payable		7,258		13,648
Provision for loss on guarantees	*2	8,876	*2	8,873
Asset retirement obligations		408		611
Deferred installment income	*8	28	*8	25
Other		13,479		12,794
Total current liabilities		175,271		230,355
Non-current liabilities				
Bonds payable		155,800		119,010
Long-term borrowings	*5	309,431	*5	257,899
Lease obligations		238		75
Provision for loss on interest repayment		56,741		86,200
Retirement benefit liability		721		784
Asset retirement obligations		5,420		4,779
Other		357		230
Total non-current liabilities		528,710		468,978
Total liabilities		703,981		699,333
Net assets				
Shareholders' equity				
Share capital		63,832		63,832
Capital surplus		73,549		69,861
Retained earnings		362,991		393,163
Treasury shares		(19,794)		(0)
Total shareholders' equity		480,578		526,857
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		0		0
Foreign currency translation adjustment		4,444		4,306
Remeasurements of defined benefit plans		661		716
Total accumulated other comprehensive income		5,105		5,023
Non-controlling interests		29,443		32,082
Total net assets		515,128		563,963
Total liabilities and net assets		1,219,109		1,263,296

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Operating revenue		
Interest on operating loans	167,833	163,272
Revenue from credit card business	9,985	10,853
Revenue from installment sales finance business	56	62
Revenue from credit guarantee	55,675	53,658
Proceeds from purchased receivables	4,358	4,411
Other financial revenue		
Interest on deposits	12	3
Interest on securities	0	0
Other	21	100
Total other financial revenue	34	104
Other operating revenue	28,372	29,792
Total operating revenue	266,316	*6 262,155
Operating expenses		
Financial expenses		
Interest expenses	2,735	2,381
Interest on bonds	2,274	1,796
Amortization of bond issuance cost	64	73
Other	796	913
Total financial expenses	5,870	5,165
Cost of purchased receivables	1,844	1,649
Other operating expenses		
Advertising expenses	11,165	15,226
Provision of allowance for doubtful accounts	57,449	59,446
Provision for loss on guarantees	8,749	8,990
Provision for loss on interest repayment	—	58,923
Employees' salaries, allowances and bonuses	20,150	20,509
Retirement benefit expenses	2,190	973
Welfare expenses	2,764	2,841
Rent expenses	5,931	5,883
Depreciation	3,170	3,285
Commission fee	24,689	21,727
Amortization of goodwill	665	518
Other	22,776	22,236
Total other operating expenses	159,704	220,561
Total operating expenses	167,419	227,376
Operating profit	98,896	34,779

	(Millions of yen)			
	Prior fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
Non-operating income				
Interest income		2		1
Dividend income		25		13
Share of profit of entities accounted for using equity method		43		31
Rental income from buildings		184		179
Subsidy income		767		363
Other		154		109
Total non-operating income		1,177		700
Non-operating expenses				
Interest expenses		15		7
Foreign exchange losses		26		17
Other		18		13
Total non-operating expenses		60		38
Ordinary profit		100,014		35,441
Extraordinary income				
Gain on sale of non-current assets	*1	40	*1	25
Gain on sale of investment securities		28		—
Total extraordinary income		68		25
Extraordinary losses				
Loss on sale of non-current assets	*2	52	*2	53
Loss on retirement of non-current assets	*3	177	*3	164
Impairment loss	*4	555	*4	1,520
Other	*5	0	*5	2
Total extraordinary losses		785		1,740
Profit before income taxes		99,297		33,726
Income taxes - current		12,925		18,233
Income taxes - deferred		2,729		(44,317)
Total income taxes		15,654		(26,084)
Profit		83,643		59,810
Profit attributable to non-controlling interests		4,778		4,132
Profit attributable to owners of parent		78,864		55,678

## (Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Profit	83,643	59,810
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	(4,946)	(204)
Remeasurements of defined benefit plans, net of tax	2,848	67
Total other comprehensive income	* (2,097)	* (137)
Comprehensive income	81,545	59,673
Comprehensive income attributable to		
Owners of parent	78,194	55,596
Non-controlling interests	3,350	4,077

3) Consolidated Statement of Changes in Net Assets  
For the prior fiscal year (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	63,832	73,549	291,959	(19,794)	409,547
Changes of items during the period					
Dividends of surplus			(7,833)		(7,833)
Profit attributable to owners of parent			78,864		78,864
Purchase of treasury shares				(0)	(0)
Cancellation of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	71,031	(0)	71,031
Ending balance	63,832	73,549	362,991	(19,794)	480,578

	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	7,956	(2,180)	5,775	27,173	442,496
Changes of items during the period						
Dividends of surplus						(7,833)
Profit attributable to owners of parent						78,864
Purchase of treasury shares						(0)
Cancellation of treasury shares						
Net changes of items other than shareholders' equity	0	(3,511)	2,841	(669)	2,269	1,599
Total changes of items during the period	0	(3,511)	2,841	(669)	2,269	72,631
Ending balance	0	4,444	661	5,105	29,443	515,128

For the current fiscal year (From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	63,832	73,549	362,991	(19,794)	480,578
Changes of items during the period					
Dividends of surplus			(9,399)		(9,399)
Profit attributable to owners of parent			55,678		55,678
Purchase of treasury shares				(0)	(0)
Cancellation of treasury shares		(3,687)	(16,106)	19,794	—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(3,687)	30,172	19,794	46,278
Ending balance	63,832	69,861	393,163	(0)	526,857

	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	4,444	661	5,105	29,443	515,128
Changes of items during the period						
Dividends of surplus						(9,399)
Profit attributable to owners of parent						55,678
Purchase of treasury shares						(0)
Cancellation of treasury shares						—
Net changes of items other than shareholders' equity	0	(137)	55	(81)	2,638	2,556
Total changes of items during the period	0	(137)	55	(81)	2,638	48,835
Ending balance	0	4,306	716	5,023	32,082	563,963



#### 4) Consolidated Statement of Cash Flows

(Millions of yen)

	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net cash provided by (used in) operating activities		
Profit before income taxes	99,297	33,726
Depreciation and amortization	3,170	3,285
Impairment loss	555	1,520
Amortization of goodwill	665	518
Increase (decrease) in allowance for doubtful accounts	(4,971)	78
Increase (decrease) in provision for loss on guarantees	(598)	(3)
Increase (decrease) in retirement benefit liability	95	115
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(28)	—
Increase (decrease) in provision for loss on interest repayment	(30,858)	29,458
Interest and dividend income	(28)	(15)
Interest expenses	15	7
Amortization of bond issuance cost	64	73
Foreign exchange losses (gains)	(21)	(71)
Share of loss (profit) of entities accounted for using equity method	(43)	(31)
Loss (gain) on sale of property, plant and equipment	11	27
Loss on retirement of property, plant and equipment	159	164
Loss (gain) on sale of investment securities	(28)	—
Decrease (increase) in accounts receivable - operating loans	54,081	1,345
Decrease (increase) in accounts receivable - installment	(3,733)	(9,218)
Decrease (increase) in purchased receivables	711	489
Decrease (increase) in retirement benefit asset	834	(329)
Decrease (increase) in other current assets	4,512	(3,124)
Increase (decrease) in notes and accounts payable - trade	14	101
Increase (decrease) in deferred installment income	(6)	(3)
Increase (decrease) in other current liabilities	380	(800)
Increase (decrease) by other operating activities	2,322	1,004
Subtotal	126,575	58,319
Interest and dividend income received	28	15
Interest expenses paid	(15)	(7)
Income taxes paid	(13,408)	(12,237)
Net cash provided by (used in) operating activities	113,179	46,089

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,113)	(1,682)
Proceeds from sale of property, plant and equipment	161	225
Purchase of intangible assets	(2,235)	(2,801)
Proceeds from sale of investment securities	25	—
Increase (decrease) by other investing activities	(1,404)	225
Net cash provided by (used in) investing activities	(4,566)	(4,032)
Net cash provided by (used in) financing activities		
Proceeds from short-term borrowings	129,084	197,926
Repayments of short-term borrowings	(127,669)	(198,651)
Proceeds from issuance of commercial papers	16,995	32,998
Redemption of commercial papers	(42,000)	(13,000)
Proceeds from issuance of bonds	15,065	21,966
Redemption of bonds	(47,157)	(53,760)
Proceeds from long-term borrowings	48,224	44,656
Repayments of long-term borrowings	(91,954)	(71,101)
Repayments of finance lease obligations	(462)	(358)
Purchase of treasury shares	(0)	(0)
Proceeds from share issuance to non-controlling shareholders	436	—
Dividends paid	(7,831)	(9,399)
Dividends paid to non-controlling interests	(1,516)	(1,438)
Net cash provided by (used in) financing activities	(108,786)	(50,162)
Effect of exchange rate change on cash and cash equivalents	(138)	113
Net increase (decrease) in cash and cash equivalents	(311)	(7,991)
Cash and cash equivalents at beginning of period	82,545	82,233
Cash and cash equivalents at end of period	* 82,233	* 74,242

[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: 5

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.

ACOM (M) SDN. BHD., which was established in Malaysia on July 23, 2021, has been included in the scope of consolidation starting from the fiscal year under review.

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) Marketable securities

Other marketable 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

3) Inventories

Supplies:

Mainly at cost, based on the first-in first-out 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 47 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 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 equaling 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.
- (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, in consideration of the past actual results and the latest interest repayment situations.
- (4) Accounting method for retirement benefits
- 1) Periodic allocation of projected retirement benefit  
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
- 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  
Fees from member stores:  
Recorded as fees at the time of transaction
- Revenue from credit guarantee  
Recorded by the credit balance method
- (Note) Details of each recording method are as follows:  
Credit balance method:  
Fees to be recorded as revenue are calculated pursuant to the prescribed rates applicable to the relevant

credit balance.

#### 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 and designation transactions are applied to those that conform to the requirements of designated currency swap.

2) Hedging instruments and hedging items

Interest rate-related items

Hedging instruments:

Interest-rate swap agreements

Hedging items:

Borrowings with variable interest rates and bonds payable with variable interest rates

Currency-related items

Hedging instruments:

Currency swap agreements

Hedging items:

Foreign currency-denominated borrowings

3) Hedging policy

The Company and its subsidiaries enter into derivatives contracts to hedge against various risks in accordance with 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 and bonds payable with variable interest rates for the purpose of protecting cash flows. Currency swap contracts to hedge against the risk of fluctuations in exchange rates relating to borrowings and interest on borrowings relating to foreign currency-denominated borrowings 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. On currency-related hedging, currency swap contracts are entered into on the same conditions as hedging items, thus the Company can assume that fluctuations in exchange rates or cash flows are fully offset by the fluctuations of hedge instruments. 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 taxes

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax. However, 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, unpaid consumption tax is included in “Other” in current liabilities on the consolidated balance sheet.

2) Adoption of consolidated taxation system

The Company and its domestic consolidated subsidiaries adopt the consolidated taxation system.

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

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

In addition, from the beginning of the next fiscal year, the Company and its domestic consolidated subsidiaries plan to apply the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42; August 12, 2021),” which prescribes the accounting treatment and disclosure of income taxes (including local income taxes) and tax effect accounting in applying 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, 2021)	Current fiscal year (As of March 31, 2022)
Provision for loss on interest repayment	56,741	86,200

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 86,200 million yen. Additional provision for loss on interest repayment was 58,923 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 amount 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 shiho-shoshi lawyer's office according to the trends in the requests for interest repayment. Then, the Company calculates the estimated number 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 shiho-shoshi lawyer's 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 shiho-shoshi lawyer's 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, 2021)	Current fiscal year (As of March 31, 2022)
Allowance for doubtful accounts	78,328	78,370

For accounts receivable - operating loans, accounts receivable - installment and right to reimbursement, which constitute the majority of total assets of the 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 78,370 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 the 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, 2021)	Current fiscal year (As of March 31, 2022)
Deferred tax assets	29,677	73,961

The 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 73,961 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 Group records deferred tax assets in the amount deemed recoverable for deductible temporary differences and retained tax losses. 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 mid-term management plan beginning from the next fiscal year, considering external factors such as the business environment, the Group’s operating results, and the achievement level of past mid-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 of the mid-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, which have been developed assuming that the COVID-19 infection will gradually subside from April 2022



onwards.

The Group supposes that the impact of the COVID-19 infection may have a certain impact on the Group's operating results mainly due to the sluggish economy and consumer spending. Although a full-fledged recovery of the economy and other conditions is not expected immediately, the Group has forecast revenues and expenses, such as operating revenues and bad debt-related expenses for each business in the mid-term management plan, based on the expectation that consumer spending will gradually recover from April 2022 onwards mainly thanks to the effects of various policies.

(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, the spread of COVID-19 infection, and other unforeseen reasons.

(Additional Information)

In prior years, the Company incurred significant tax losses or experienced the expiration of the deadline for retention of retained tax losses. Therefore, in accordance with ASBJ Guidance No. 26 "Implementation Guidance on Recoverability of Deferred Tax Assets," the Company has been classified as Entity Category 4. Accordingly, the Company has recorded deferred tax assets deemed recoverable for the next fiscal year by scheduling temporary differences, etc. against the future taxable income before additions and subtractions of temporary differences, etc. Then, at the end of the fiscal year under review, as the Company was able to reasonably estimate taxable income before additions and subtractions of temporary differences, etc. to be generated for the three years from the next fiscal year, which is the period of the Group's mid-term management plan, the Company has been classified as Entity Category 3. Accordingly, the Company has determined the recoverability of deferred tax assets based on the results of scheduling of temporary differences for that period.

(Changes in Presentation)

<Consolidated Balance Sheet>

"Raw materials and supplies" was listed separately under current assets in the prior fiscal year. As its quantitative materiality became insignificant, "Raw materials and supplies" 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, 63 million yen of "Raw materials and supplies" and 82,334 million yen of "Other" under current assets of the consolidated balance sheet for the prior fiscal year have been reclassified into 82,397 million yen of "Other."

"Telephone subscription right" was listed separately under intangible assets in the prior fiscal year. As its quantitative materiality became insignificant, "Telephone subscription right" 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, 37 million yen of "Telephone subscription right" and 7 million yen of "Other" under intangible assets of the consolidated balance sheet for the prior fiscal year have been reclassified into 44 million yen of "Other."

<Consolidated Statement of Income>

"Loss on cancellation of insurance policies" was listed separately under non-operating expenses in the prior fiscal year. As its quantitative materiality became insignificant, "Loss on cancellation of insurance policies" 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, 11 million yen of "Loss on cancellation of insurance policies" and 7 million yen of "Other" under non-operating expenses of the consolidated statement of income for the prior fiscal year have been reclassified into 18 million yen of "Other."

<Consolidated Statement of Cash Flows>

"Decrease (increase) in inventories" was listed separately under net cash provided by (used in) operating activities in the prior fiscal year. As its quantitative materiality became insignificant, "Decrease (increase) in inventories" has been included in "Decrease (increase) 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, (20) million yen of “Decrease (increase) in inventories” and 4,532 million yen of “Decrease (increase) in other current assets” 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 4,512 million yen of “Decrease (increase) in other current assets.”

<Changes resulting from Application of “Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Banking Act, etc.”>

The Company has applied the “Cabinet Office Ordinance on Account Management of Specified Finance Companies” under the “Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Banking Act, etc.” (January 24, 2020) from the consolidated financial statements at the end of the current fiscal year. Notes to the status of non-performing loans after the revision are described in the consolidated financial statements. To reflect this change in presentation, the consolidated financial statements for the prior fiscal year have been reclassified.

As a result, 552 million yen of “Loans to bankrupt parties,” 22,498 million yen of “Loans in arrears,” and 7,564 million yen of “Loans overdue by three months or more” under notes to the status of non-performing loans in accounts receivable - operating loans for the prior fiscal year have been reclassified into 552 million yen of “Bankrupt or De facto Bankrupt,” 22,498 million yen of “Doubtful receivables,” and 7,564 million yen of “Receivables past due for three months or more,” respectively.

<Applying of Accounting Standard for Revenue Recognition, etc.>

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020; hereinafter ‘Revenue Recognition Standard’), etc. have been adopted from the beginning of the fiscal year under review. The adoption has no impact on the consolidated financial statements. “Notes to Revenue Recognition” are presented in the consolidated financial statements; however, description for the prior fiscal year is omitted in accordance with the transitional treatment provided in Paragraph 89-3 of the Revenue Recognition Standard.

<Applying of Accounting Standard for Fair Value Measurement, etc.>

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; July 4, 2019; hereinafter ‘Fair Value Measurement Standard’), etc. have been adopted from the beginning of the fiscal year under review. The adoption has no impact on the consolidated financial statements. The new accounting policies stipulated by the Fair Value Measurement Standard, etc. will be prospectively applied in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). In addition, “Notes to Financial Instruments” provide notes on fair value information by level within the fair value hierarchy; however, description for the prior fiscal year is omitted in accordance with the transitional treatment provided in Paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19; July 4, 2019).

(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, 2021)	Current fiscal year (As of March 31, 2022)
Investment securities	389	420

\*2. Contingent liabilities (Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Outstanding guarantee obligation in the guarantee business	1,170,094	1,173,059
Provision for loss on guarantees	8,876	8,873
Net	1,161,217	1,164,186

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

Prior fiscal year (As of March 31, 2021)

Contracts for accounts receivable - operating loans extended by the Company and some of its consolidated subsidiaries 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 606,557 million yen at the end of the fiscal year. This included a total of 423,164 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, 2022)

Contracts for accounts receivable - operating loans extended by the Company and some of its consolidated subsidiaries 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 644,661 million yen at the end of the fiscal year. This included a total of 463,179 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, 2021)	Current fiscal year (As of March 31, 2022)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	235	195

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Bankrupt or De facto Bankrupt	552	487
Doubtful receivables	22,498	22,767
Receivables past due for three months or more	7,564	5,617
Restructured receivables	34,892	38,560
Performing loans (*)	923,033	918,902
Total	988,542	986,334

\* Accrued interest (prior fiscal year: 11,083 million yen, current fiscal year: 10,767 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 bankruptcy, 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, 2021)	Current fiscal year (As of March 31, 2022)
Amount of agreement for overdraft and commitment line	119,315	119,634
Amount of borrowing	38,654	35,472
Net	80,661	84,162

\*6. Amount of unsecured consumer loans in accounts receivable - operating loans (Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
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Unsecured consumer loans in accounts receivable - operating loans	973,575	972,307
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\*7. Balances of accounts receivable - installment by business categories (Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
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Fees from the credit card business	78,788	87,962
Fees from installment sales finance business	635	677
Total	79,423	88,640

\*8. Balance of deferred installment income

The balance of deferred installment income belongs entirely to the installment sales finance business.

The breakdown of the amount during the period is as follows: (Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Balance at the beginning of period	36 [30]	28 [27]
Accrued during the period	48 [36]	58 [38]
Realized during the period	56 [38]	62 [43]
Balance at the end of period	28 [27]	25 [22]

Figures in brackets “[ ]” represent fees from member outlets.

(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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Buildings and structures	40	24
Equipment	0	0
Total	40	25

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

(Millions of yen)

	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Buildings and structures	0	0
Equipment	0	0
Land	51	53
Total	52	53

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

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Buildings and structures	101	144
Equipment	6	17
Leased assets	51	2
Software	17	—
Total	177	164

\*4. Impairment loss

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

Prior fiscal year (From April 1, 2020, to March 31, 2021)

(1) Assets recognized as having suffered impairment

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

(2) Method of grouping assets

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

- (a) For the domestic loan and credit card business and guarantee business: each business
- (b) For other financial businesses: each company
- (c) For the overseas financial business: each company

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

(3) Process through which impairment loss was recognized

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

(4) Amount of impairment loss

	(Millions of yen)
Land	490
Buildings and structures	64
Equipment	0
Total	555

(5) Calculation method of recoverable amount

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

Current fiscal year (from April 1, 2021, to March 31, 2022)

(1) Assets recognized as having suffered impairment

Location	Usage	Type
Meguro-ku, Tokyo and others	Properties to be sold	Land, buildings and structures, and equipment
Chuo-ku, Tokyo	Idle asset	Software

(2) Method of grouping assets

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

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

(b) For other financial businesses: each company

(c) For the overseas financial business: each company

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

(3) Process through which impairment loss was recognized

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

Additionally, with regard to software, as more than one year has passed since the system development was suspended and the time for redevelopment has not been determined, it was designated as an idle asset. As the Company judged that the value was significantly impaired, the amount of reduction was recognized as an impairment loss.

(4) Amount of impairment loss

	(Millions of yen)
Land	904
Buildings and structures	113
Equipment	0
Software	501
Total	1,520

(5) Calculation method of recoverable amount

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

Additionally, the recoverable amount of software is measured by the net selling price and the value in use. As both are zero, it is evaluated by the memorandum value.

\*5. Breakdown of other extraordinary losses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Lump sum amortization of long-term prepaid expenses	0	1
Losses on retirement, including amortization of lease and guarantee deposits	0	0
Loss on liquidation of investment securities	0	—
Total	0	2

\*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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Valuation difference on available-for-sale securities		
Gains arising during the year	0	0
Reclassification adjustments	—	—
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	(4,946)	(204)
Reclassification adjustments	—	—
Amount before income tax effect	(4,946)	(204)
Income tax effect	—	—
Foreign currency translation adjustment	(4,946)	(204)
Remeasurements of defined benefit plans, net of tax		
Gains arising during the year	2,989	57
Reclassification adjustments	1,111	32
Amount before income tax effect	4,100	89
Income tax effect	(1,252)	(22)
Remeasurements of defined benefit plans, net of tax	2,848	67
Total other comprehensive income	(2,097)	(137)



(Notes to Consolidated Statement of Changes in Net Assets)

For the prior fiscal year (From April 1, 2020, to March 31, 2021)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common stock	1,596,282,800	—	—	1,596,282,800

2. Matters related to treasury shares

(Shares)

Class of shares	As of April 1, 2020	Increase	Decrease	As of March 31, 2021
Common stock	29,668,632	70	—	29,668,702

(Outline of the cause of changes)

The increase of treasury shares by 70 shares was due to the purchase of shares less than one unit.

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, 2020	Common stock	3,133	2.00	March 31, 2020	June 24, 2020
Board of Directors meeting held on November 5, 2020	Common stock	4,699	3.00	September 30, 2020	December 7, 2020

(2) Dividends whose record date fell in the fiscal year, but whose effective date is after March 31, 2021

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, 2021	Common stock	Retained earnings	4,699	3.00	March 31, 2021	June 24, 2021

For the current fiscal year (from April 1, 2021, to March 31, 2022)

1. Matters related to outstanding shares

(Shares)

Class of shares	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common stock	1,596,282,800	—	29,668,702	1,566,614,098

(Outline of the cause of changes)

The decrease of outstanding shares by 29,668,702 shares was due to the cancellation of treasury shares based on the resolution at the Board of Directors meeting held on May 20, 2021.

2. Matters related to treasury shares

(Shares)

Class of shares	As of April 1, 2021	Increase	Decrease	As of March 31, 2022
Common stock	29,668,702	50	29,668,702	50

(Outline of the cause of changes)

The increase of treasury shares by 50 shares was due to the purchase of shares less than one unit.

The decrease of treasury shares by 29,668,702 shares was due to the cancellation of treasury shares based on the resolution at the Board of Directors meeting held on May 20, 2021.

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, 2021	Common stock	4,699	3.00	March 31, 2021	June 24, 2021
Board of Directors meeting held on November 9, 2021	Common stock	4,699	3.00	September 30, 2021	December 6, 2021

(2) Dividends whose record date fell in the fiscal year, but whose effective date is after March 31, 2022

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 24, 2022	Common stock	Retained earnings	6,266	4.00	March 31, 2022	June 27, 2022

(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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Cash and deposits	83,323	74,242
Time deposits with original maturities of more than three months	(1,090)	—
Cash and cash equivalents	82,233	74,242

(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 servers, 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 servers, automatic contract machines, 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, 2021)	Current fiscal year (As of March 31, 2022)
Due within 1 year	76	16
Due after 1 year	18	20
Total	94	36

## (Notes to Financial Instruments)

### 1. Matters concerning the financial instruments

#### (1) The Group's policy for financial instruments

The 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 and exchange 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 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 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 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. On the other hand, foreign currency-denominated liabilities are exposed to the risk of fluctuations in foreign currency exchange rates, which is averted with the help of currency swap agreements.

Derivative transactions include interest rate swap agreements for the purpose of hedging against the risk of fluctuations in interest rates associated with borrowings, etc.; and currency swap agreements that aim to hedge against the risk of fluctuations in exchange rates concerning foreign currency-denominated borrowings and foreign currency-denominated bonds payable. 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 financial liabilities such as borrowings. Also, they basically enter into currency swap agreements to hedge against the risk of fluctuations in exchange rate related to their foreign currency-denominated liabilities.

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 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, 2021	As of March 31, 2022
If the market interest rate had been:		
higher by 1 basis point	0	(47)
lower by 1 basis point	(34)	2

### 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, 2021)

	(Millions of yen)		
	Book value	Fair value	Difference
(1) Accounts receivable - operating loans	977,152		
Allowance for doubtful accounts	(44,772)		
Provision for loss on interest repayment (Amount of voluntary waiver of repayments)	(4,991)		
	927,388	1,206,513	279,124
(2) Accounts receivable - installment	79,423		
Allowance for doubtful accounts	(4,451)		
Deferred installment income	(28)		
	74,943	93,875	18,931
(3) Purchased receivables	8,477		
Allowance for doubtful accounts	(2,633)		
	5,843	5,843	—
(4) Marketable securities and investment securities			
Other securities (*2)	0	0	—
Total assets	1,008,176	1,306,232	298,055
(1) Current portion of bonds payable and bonds payable	209,560	210,805	1,245
(2) Current portion of long-term borrowings and long-term borrowings	378,848	377,260	(1,587)
Total liabilities	588,408	588,065	(342)
Derivative transaction (*3)	[72]	[72]	—

(\*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) The financial instruments below, which do not have a market price and whose fair values appear to be extremely difficult to determine, are not included in “(4) Marketable securities and investment securities.” The book values of these financial instruments are as follows:

(Millions of yen)	
Item	Book value
1) Unlisted shares	1,206
2) Investments in investment partnerships	0
Total	1,207

(\*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, 2022)

(Millions of yen)

	Book value	Fair value	Difference
(1) Accounts receivable - operating loans	975,282		
Allowance for doubtful accounts	(44,322)		
Provision for loss on interest repayment			
(Amount of voluntary waiver of repayments)	(9,500)		
	921,460	1,215,480	294,020
(2) Accounts receivable - installment	88,640		
Allowance for doubtful accounts	(4,656)		
Deferred installment income	(25)		
	83,958	104,654	20,695
(3) Purchased receivables	7,988		
Allowance for doubtful accounts	(2,062)		
	5,925	5,925	—
(4) Marketable securities and investment securities			
Other securities (*2)	0	0	—
Total assets	1,011,344	1,326,060	314,716
(1) Current portion of bonds payable and bonds payable	177,730	177,870	140
(2) Current portion of long-term borrowings and long-term borrowings	352,328	351,060	(1,267)
Total liabilities	530,058	528,931	(1,126)
Derivative transaction (*3)	[42]	[42]	—

(\*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	Book value
1) Unlisted shares	1,238
2) Investments in investment partnerships	0
Total	1,238

(\*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, 2021)

	(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	83,323	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	177,927	172,794	167,214	162,694	158,967	93,067
Accounts receivable - installment (*1) (*2)	14,240	13,605	13,605	13,605	13,605	3,158
Marketable securities and investment securities						
Other securities with maturities						
Government bond	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	275,492	186,400	180,819	176,300	172,572	96,226

For the current fiscal year (As of March 31, 2022)

	(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	74,242	—	—	—	—	—
Accounts receivable - operating loans (*1) (*2)	179,868	170,819	165,181	160,426	156,637	100,611
Accounts receivable - installment (*1) (*2)	15,465	14,788	14,788	14,788	14,788	4,415
Marketable securities and investment securities						
Other securities with maturities						
Government bond	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	269,576	185,607	179,970	175,214	171,425	105,027

(\*1) Accounts receivable - operating loans and accounts receivable - installment do not include loans whose recovery is doubtful because their redemption schedule is unclear (amounts: 49,239 million yen for the prior fiscal year and 49,060 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, 2021)

(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	15,992	—	—	—	—	—
Commercial papers	5,000	—	—	—	—	—
Current portion of bonds payable and bonds payable	53,760	58,760	28,440	48,600	10,000	10,000
Current portion of long-term borrowings and long-term borrowings	69,416	85,654	74,480	74,572	64,725	10,000
Lease obligations	354	168	61	9	—	—
Total	144,523	144,582	102,981	123,181	74,725	20,000

For the current fiscal year (As of March 31, 2022)

(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	15,284	—	—	—	—	—
Commercial papers	24,999	—	—	—	—	—
Current portion of bonds payable and bonds payable	58,720	31,860	57,150	10,000	20,000	—
Current portion of long-term borrowings and long-term borrowings	94,429	83,162	84,812	64,825	5,100	20,000
Lease obligations	170	63	11	0	—	—
Total	193,604	115,085	141,973	74,825	25,100	20,000

### 3. Fair value information by level within the fair value hierarchy

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

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

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value 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 current fiscal year (As of March 31, 2022)

(Millions of yen)

Type	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Other securities				
Stocks	0	—	—	0
Total assets	0	—	—	0
Derivative transaction				
Interest-related derivatives	—	42	—	42
Total liabilities	—	42	—	42

(2) Financial instruments other than those measured at fair value  
For the current fiscal year (As of March 31, 2022)

(Millions of yen)

Type	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable - operating loans	—	—	1,215,480	1,215,480
Accounts receivable - installment	—	—	104,654	104,654
Purchased receivables	—	—	5,925	5,925
Total assets	—	—	1,326,060	1,326,060
Current portion of bonds payable and bonds payable	—	177,870	—	177,870
Current portion of long-term borrowings and long-term borrowings	—	351,060	—	351,060
Total liabilities	—	528,931	—	528,931

(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 and the designation transactions of currency 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 and the designation transactions of currency 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, 2021)

(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, 2022)

(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

2. Other marketable securities sold during the fiscal year  
For the prior fiscal year (From April 1, 2020, to March 31, 2021)

(Millions of yen)

Category	Amount of proceeds	Total gains on sales	Total losses on sales
(1) Stocks	28	28	—
(2) Bonds			
Government/municipal	—	—	—
Corporate	—	—	—
Other	—	—	—
(3) Other	—	—	—
Total	28	28	—

For the current fiscal year (from April 1, 2021, to March 31, 2022)  
Not applicable

(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, 2021)

(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	2,752	2,752	(72)	(72)

(Note) Calculation of fair value

Fair value is calculated based on price offered by the correspondent financial institutions.

For the current fiscal year (As of March 31, 2022)

(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	4,802	4,116	(42)	(42)

## 2. Derivative transactions subject to hedge accounting

### (1) Interest rate-related derivatives

For the prior fiscal year (As of March 31, 2021)

(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 and bonds payable	26,052	9,580	(Note)

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

For the current fiscal year (As of March 31, 2022)

(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	9,560	3,415	(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.

### (2) Currency-related derivatives

For the prior fiscal year (As of March 31, 2021)

(Millions of yen)

Hedge accounting method	Type of derivatives	Major hedging items	Contract amount	Contract amount due after 1 year-period	Fair value
Forward exchange contracts, etc. subject to the application of designation transactions	Currency swap agreements	Long-term borrowings	3,321	—	(Note)

(Note) Forward exchange contracts, etc. subject to the application of designation transactions 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, 2022)

Not applicable

(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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Balance at the beginning of the year	23,464	23,574
Service cost	1,428	1,430
Interest cost	22	36
Actuarial differences generated	(26)	(103)
Retirement benefits paid	(1,272)	(1,369)
Other	(42)	(3)
Balance at the end of year	23,574	23,565

(2) Changes in plan assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Balance at the beginning of the year	25,168	28,471
Expected return on plan assets	755	854
Actuarial differences generated	2,963	(46)
Contribution from employers	857	857
Retirement benefits paid	(1,272)	(1,369)
Other	—	—
Balance at the end of the year	28,471	28,767

(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, 2021)	Current fiscal year (As of March 31, 2022)
Retirement benefit obligations for funded type plans	22,853	22,780
Plan assets	(28,471)	(28,767)
	(5,618)	(5,986)
Retirement benefit obligations for unfunded type plans	721	784
Net asset and liability reported on the consolidated balance sheet	(4,897)	(5,202)
Retirement benefit liability	721	784
Retirement benefit asset	(5,618)	(5,986)
Net asset and liability reported on the consolidated balance sheet	(4,897)	(5,202)

(4) Breakdown of retirement benefit expenses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Service cost	1,428	1,430
Interest cost	22	36
Expected return on plan assets	(755)	(854)
Recognized actuarial gain or loss	1,102	32
Special severance pay premium	77	0
Retirement benefit expenses for defined benefit plans	1,875	645

(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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Actuarial gain or loss	4,100	89

(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, 2021)	Current fiscal year (As of March 31, 2022)
Unrecognized actuarial gain or loss	928	1,018



(7) Plan assets

1) Components of plan assets

Plan assets consist of the following:

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Domestic stocks	18%	19%
Domestic bonds	23%	27%
Foreign stocks	17%	20%
Foreign bonds	10%	11%
Alternative investments	17%	11%
Insurer's general accounts	4%	4%
Other	11%	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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Discount rates	Primarily 0.10%	Primarily 0.22%
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 314 million yen for the prior fiscal year and 327 million yen for the current fiscal year.

(Notes to Stock Options, etc.)

For the prior fiscal year (From April 1, 2020, to March 31, 2021)

Not applicable

For the current fiscal year (From April 1, 2021, to March 31, 2022)

Not applicable

## (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, 2021)	Current fiscal year (As of March 31, 2022)
Deferred tax assets		
Bad debt expenses	22,740	21,455
Allowance for doubtful accounts	7,863	21,291
Provision for loss on guarantees	2,718	2,716
Provision for loss on interest repayment	17,374	26,394
Accrued bonuses	536	537
Accrued retirement benefits for directors (and other officers)	44	44
Unrecognized accrued interest	688	724
Software	6,425	6,996
Deferred assets	265	190
Deferred consumption taxes	641	670
Loss on valuation of securities	133	132
Loss on valuation of golf club memberships	11	11
Impairment loss	1,068	1,446
Asset retirement obligations	1,656	1,529
Stock dividends	3,493	3,493
Retirement benefit liability	144	156
Retained tax loss (Note 2)	29,788	11,583
Other	1,039	1,307
Deferred tax assets (subtotal)	96,635	100,683
Valuation allowance pertaining to retained tax loss (Note 2)	(24,747)	(199)
Valuation allowance pertaining to total deductible temporary difference	(34,183)	(17,565)
Valuation allowance (subtotal) (Note 1)	(58,930)	(17,765)
Total deferred tax assets	37,705	82,917
Deferred tax liabilities		
Retained earnings of subsidiaries	6,299	7,116
Retirement benefit asset	1,720	1,833
Other	7	6
Total deferred tax liabilities	8,028	8,955
Balance of net deferred tax assets	29,677	73,961

(Notes) 1. Valuation allowance showed a decrease of 41,164 million yen composed mainly of a 24,547 million yen decrease in valuation allowance pertaining to retained tax loss and a 5,401 million yen decrease in valuation allowance pertaining to provision for loss on interest repayment.

2. Amounts classified by the deadline for retention of retained tax loss and related deferred tax assets  
Prior fiscal year (As of March 31, 2021)

	(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)	18,207	6,826	4,755	—	—	—	29,788
Valuation allowance	(13,165)	(6,826)	(4,755)	—	—	—	(24,747)

Deferred tax assets	5,041	—	—	—	—	—	(b) 5,041
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- (a) Retained tax loss is shown as an amount multiplied by the effective tax rate.
- (b) The Company recorded deferred tax assets of 5,041 million yen for a retained tax loss of 29,788 million yen (an amount multiplied by the effective tax rate). The deferred tax assets of 5,041 million yen were recognized for the balance of a retained tax loss (an amount multiplied by the effective tax rate) of 29,591 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, 2022)

(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)	6,817	4,667	—	76	23	—	11,583
Valuation allowance	(100)	—	—	(76)	(23)	—	(199)
Deferred tax assets	6,716	4,667	—	—	—	—	(b) 11,384

- (a) Retained tax loss is shown as an amount multiplied by the effective tax rate.
- (b) The Company recorded deferred tax assets of 11,384 million yen for a retained tax loss of 11,583 million yen (an amount multiplied by the effective tax rate). The deferred tax assets of 11,384 million yen were recognized for the balance of a retained tax loss (an amount multiplied by the effective tax rate) of 11,426 million yen in the Company. We believe that the above retained tax loss will be recoverable mainly by the estimated future taxable income.

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, 2021)	Current fiscal year (As of March 31, 2022)
Normal effective statutory tax rate	30.6%	30.6%
(Adjustment)		
Changes in valuation allowance	(37.0%)	(121.7%)
Amortization of goodwill	0.2%	0.5%
Dividends income and other items not counted for tax purposes	0.1%	0.2%
Retained earnings of subsidiaries	0.4%	2.4%
Difference in tax rates for consolidated subsidiaries	(2.2%)	(5.9%)
Withholding income tax relating to dividends from overseas subsidiaries	0.4%	1.0%
Expiration of retained loss	22.9%	14.7%
Other	0.4%	0.9%
Actual effective tax rate	15.8%	(77.3%)

(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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Balance at the beginning of the year	4,407	5,828
Additional provisions associated with the acquisition of property, plant and equipment	123	88
Accretion with passage of time	14	8
Reduction associated with meeting asset retirement obligations	(205)	(623)
Changes associated with changes in estimates	1,499	88
Foreign currency translation adjustment	(12)	(0)
Balance at the end of the year	5,828	5,390

(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, 2020, to March 31, 2021)

(Millions of yen)

	Reported segments					Others (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	144,407	64,245	52,136	5,504	266,294	22	266,316
Revenues from transactions with other operating segments	9	—	—	—	9	68	77
Total	144,417	64,245	52,136	5,504	266,303	90	266,394
Segment profit	52,725	25,041	19,879	528	98,174	90	98,264
Segment assets	864,767	40,358	191,645	7,172	1,103,944	16,889	1,120,834
Other items							
Depreciation	2,151	588	432	18	3,192	—	3,192
Amortization of goodwill	—	665	—	—	665	—	665
Provision for bad debts (Note 2)	24,443	24,777	16,321	1,148	66,690	—	66,690
Provision for loss on interest repayment	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible assets	3,305	62	164	1	3,533	—	3,533

- (Notes) 1. The "Others" category represents operating revenue, profit, assets, and other items which are not included in the reported segments.
2. This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.
3. 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, 2021, to March 31, 2022)

(Millions of yen)

	Reported segments					Others (Note 1)	Total
	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Subtotal		
Operating revenue							
Operating revenue from external customers	142,296	62,861	51,262	5,662	262,083	71	262,155
Revenues from financial instruments transactions	139,053	60,392	50,775	5,655	255,877	71	255,948
Fees and commissions (Note 2)	3,242	2,469	487	7	6,206	—	6,206
Revenues from transactions with other operating segments	5	—	(23)	—	(17)	67	50
Total	142,302	62,861	51,239	5,662	262,066	139	262,205
Segment profit (loss)	(8,879)	23,991	18,347	1,641	35,100	139	35,239
Segment assets	873,155	41,947	189,990	8,373	1,113,467	6,270	1,119,738
Other items							
Depreciation	2,232	571	1,367	18	4,190	—	4,190
Amortization of goodwill	—	518	—	—	518	—	518
Provision for bad debts (Note 3)	25,911	24,619	17,518	443	68,493	—	68,493
Provision for loss on interest repayment	58,923	—	—	—	58,923	—	58,923
Increase in property, plant and equipment and intangible assets	1,133	53	591	36	1,814	—	1,814

(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	266,303	262,066
Operating revenue of “Others” category	90	139
Elimination of intersegment transactions	(77)	(73)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	—	23
Operating revenue in the consolidated financial statements	266,316	262,155

(Millions of yen)

Profit	For the prior fiscal year	For the current fiscal year
Total reported segments	98,174	35,100
Profit of “Others” category	90	139
Elimination of intersegment transactions	1	(0)
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	630	(459)
Operating profit in the consolidated financial statements	98,896	34,779

(Millions of yen)

Assets	For the prior fiscal year	For the current fiscal year
Total reported segments	1,103,944	1,113,467
Assets of “Others” category	16,889	6,270
Elimination of intersegment assets	(17,370)	(17,173)
Corporate assets	120,731	167,008
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	(5,085)	(6,276)
Total assets in the consolidated financial statements	1,219,109	1,263,296

(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	3,192	4,190	—	—	(21)	(904)	3,170	3,285
Amortization of goodwill	665	518	—	—	—	—	665	518
Provision for bad debts	66,690	68,493	—	—	(491)	(56)	66,198	68,437
Provision for loss on interest repayment	—	58,923	—	—	—	—	—	58,923
Increase of property, plant and equipment and intangible assets	3,533	1,814	—	—	829	2,956	4,363	4,771

(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, 2020, to March 31, 2021)

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
214,096	52,219	266,316

(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, 2021, to March 31, 2022)

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
210,804	51,350	262,155

(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, 2020, to March 31, 2021)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination (Note)	Total
Impairment loss	—	—	—	—	—	555	555

(Note) Represents impairment loss of our headquarters' welfare/leisure facilities for our employees that is not allocated to reported segments.

For the current fiscal year (From April 1, 2021, to March 31, 2022)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination (Note)	Total
Impairment loss	419	81	—	—	—	1,018	1,520

(Note) Represents impairment loss of our headquarters' welfare/leisure facilities for our employees 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, 2020, to March 31, 2021)

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Corporate/elimination	Total
Amortization of goodwill	—	665	—	—	—	—	665
Goodwill at the end of the fiscal year	—	1,770	—	—	—	—	1,770

For the current fiscal year (From April 1, 2021, to March 31, 2022)

(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	—	1,252	—	—	—	—	1,252

[Information about gain on negative goodwill of each reported segment]  
For the prior fiscal year (From April 1, 2020, to March 31, 2021)

Not applicable

For the current fiscal year (From April 1, 2021, to March 31, 2022)

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, 2020, to March 31, 2021)

(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 21,997	Current portion of long-term borrowings	18,626
				Repayment 62,384	Long-term loans payable	168,312
			Payment of interest	1,157	Other current liabilities	1
		Guarantee of liabilities	Receiving of guarantee fees for unsecured loans of the bank	19,084	Other current assets	4,465
			Outstanding guarantee obligation for unsecured loans issued by the bank	560,095	—	—

(Notes) Terms and conditions of the 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, 2021, to March 31, 2022)

(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 42,999	Short-term borrowings	5,000
					Commercial papers	4,999
				Repayment 31,626	Current portion of long-term borrowings	43,480
					Long-term borrowings	144,832
		Guarantee of liabilities	Payment of interest	986	Other current liabilities	1
			Receiving of guarantee fees for unsecured loans of the bank	17,229	Other current assets	4,374
			Outstanding guarantee obligation for unsecured loans issued by the bank	543,229	—	—

(Notes) Terms and conditions of the 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, 2020, to March 31, 2021)

Not applicable

For the current fiscal year (From April 1, 2021, to March 31, 2022)

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, 2020, to March 31, 2021)

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 25,889	Short-term borrowings	2,992
					Current portion of long-term borrowings	3,440
				Repayment 22,572	Long-term borrowings	13,361
			Payment of interest	457	Other current liabilities	98

(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, 2021, to March 31, 2022)

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 30,739	Short-term borrowings	2,280
					Current portion of long-term borrowings	5,831
				Repayment 32,821	Long-term borrowings	9,549
			Payment of interest	433	Other current liabilities	89

(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, 2020, to March 31, 2021)

Not applicable

For the current fiscal year (From April 1, 2021, to March 31, 2022)

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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	310.02 yen	339.51 yen
Basic earnings per share	50.34 yen	35.54 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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent	78,864	55,678
Profit not attributable to common shareholders	—	—
Profit attributable to owners of parent in relation to common stock	78,864	55,678
Weighted average number of common stock during the fiscal year	1,566,614,115 shares	1,566,614,094 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, 2021)	Current fiscal year (As of March 31, 2022)
Total net assets	515,128	563,963
Amount deducted from total net assets	29,443	32,082
[Non-controlling interests included in the above]	[29,443]	[32,082]
Amounts of net assets related to common stock at the end of the fiscal year	485,684	531,880
Number of common stock used to calculate net assets per share at the end of the fiscal year	1,566,614,098 shares	1,566,614,048 shares

(Significant Subsequent Events)

The Company and Crezit Holdings, Inc. (hereinafter, “Crezit”) made an agreement on March 18, 2022, regarding implementation of “Credit as a Service Platform (CaaS PF) \*” into the Company’s newly established subsidiary and creation of new business. The new subsidiary was established on April 1, 2022 as a wholly owned subsidiary of the Company.

\* A platform that provides the system infrastructure and operations required to build financial services.

1. Overview of the business alliance

1) Implementation of CaaS PF to the newly established subsidiary

By implementing a CaaS PF, we will achieve all types of businesses for a rapid and efficient entry into the consumer credit business by promptly building a system infrastructure from utilizing speedy and flexible system infrastructure Crezit possesses.

2) Creation of “Credit as a Service” by the newly established subsidiary

The newly established subsidiary of the Company will be the bearer of financial services and, while using the CaaS PF provided by Crezit, will partner with companies that have end users to provide new experiences of financial services to customers who use the services of those companies.

2. Establishment of the subsidiary

Under the above business alliance agreement, the subsidiary was established on April 1, 2022.

3. Overview of the newly established company

(1) Company Name	GeNiE Inc.
(2) Business Outline	Embedded finance
(3) Date of establishment	April 1, 2022
(4) Capital stock (including legal capital surplus)	500 million yen
(5) Composition of shareholders	100% by ACOM CO., LTD.



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	68th Issuance of Domestic Unsecured Bonds (Public Offering)	June 6, 2014	20,000	20,000 (20,000)	0.950	—	June 6, 2022
	69th Issuance of Domestic Unsecured Bonds (Public Offering)	September 26, 2014	20,000	20,000 (—)	1.210	—	September 26, 2024
	8th Issuance of Domestic Unsecured Bonds (Private Placement)	March 31, 2015	10,000	—	—	—	—
	72nd Issuance of Domestic Unsecured Bonds (Public Offering)	June 3, 2016	10,000	—	—	—	—
	73rd Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2017	10,000	—	—	—	—
	74th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2017	10,000	10,000 (—)	0.590	—	February 28, 2024
	75th Issuance of Domestic Unsecured Bonds (Public Offering)	February 28, 2018	25,000	25,000 (25,000)	0.309	—	February 28, 2023
	76th Issuance of Domestic Unsecured Bonds (Public Offering)	August 30, 2018	10,000	—	—	—	—
	77th Issuance of Domestic Unsecured Bonds (Public Offering)	August 30, 2018	15,000	15,000 (—)	0.274	—	August 30, 2023
	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 (—)	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 (—)	0.170	—	September 3, 2026

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
EASY BUY Public Company Limited	13th privately offered unsecured bonds	February 25, 2016	6,880 [2,000 million baht]	—	—	—	—
	14th privately offered unsecured bonds	September 15, 2016	3,440 [1,000 million baht]	3,430 (—) [1,000 million baht]	2.990	—	September 15, 2023
	16th privately offered unsecured bonds	March 30, 2017	5,160 [1,500 million baht]	5,145 (5,145) [1,500 million baht]	3.020	—	March 30, 2022
	17th privately offered unsecured bonds	June 7, 2017	3,440 [1,000 million baht]	3,430 (—) [1,000 million baht]	3.370	—	June 7, 2024
	18th privately offered unsecured bonds	November 24, 2017	3,440 [1,000 million baht]	—	—	—	—
	19th privately offered unsecured bonds	April 27, 2018	3,440 [1,000 million baht]	—	—	—	—
	21st privately offered unsecured bonds	April 29, 2019	5,160 [1,500 million baht]	5,145 (5,145) [1,500 million baht]	2.460	—	January 28, 2022
	22nd privately offered unsecured bonds	July 26, 2019	3,440 [1,000 million baht]	3,430 (3,430) [1,000 million baht]	2.240	—	July 22, 2022
	23rd privately offered unsecured bonds	January 24, 2020	5,160 [1,500 million baht]	5,145 (—) [1,500 million baht]	1.790	—	January 24, 2024
	24th privately offered unsecured bonds	April 30, 2021	—	6,860 (—) [2,000 million baht]	1.160	—	April 26, 2024
	25th privately offered unsecured bonds	October 14, 2021	—	3,430 (—) [1,000 million baht]	1.080	—	October 12, 2023
	26th privately offered unsecured bonds	October 14, 2021	—	1,715 (—) [500 million baht]	1.270	—	October 11, 2024
Total	—	—	209,560	177,730 (58,720)	—	—	—

- (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, 2022, is summarized as follows:

(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
58,720	31,860	57,150	10,000	20,000

[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	15,992	15,284	0.59	—
Commercial papers	5,000	24,999	0.01	—
Current portion of long-term borrowings	69,416	94,429	0.82	—
Current portion of lease obligations	354	170	1.79	—
Long-term borrowings (excluding current portion)	309,431	257,899	0.51	From February 10, 2023 to December 30, 2027
Lease obligations (excluding current portion)	238	75	0.61	From January 1, 2023 to December 31, 2025
Other interest-bearing debt	—	—	—	—
Total	400,433	392,859	—	—

- (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, 2022, is summarized as follows:

Category	(Millions of yen)			
	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
Long-term borrowings	83,162	84,812	64,825	5,100
Lease obligations	63	11	0	—

[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, 2021)	Second Quarter (Six months ended Sept. 30, 2021)	Third Quarter (Nine months ended Dec. 31, 2021)	Fourth Quarter (Fiscal year ended March 31, 2022)
Operating revenue	65,467	131,423	196,922	262,155
Profit before income taxes	25,112	48,704	59,291	33,726
Profit attributable to owners of parent	19,921	39,147	46,584	55,678
Basic earnings per share (Yen)	12.72	24.99	29.74	35.54

Each quarter	First Quarter (From April 1, 2021 to June 30, 2021)	Second Quarter (From July 1, 2021 to Sept. 30, 2021)	Third Quarter (From Oct. 1, 2021 to Dec. 31, 2021)	Fourth Quarter (From Jan. 1, 2022 to March 31, 2022)
Basic earnings per share (Yen)	12.72	12.27	4.75	5.80

## 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, 2021)	Current fiscal year (As of March 31, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	78,168	69,334
Accounts receivable - operating loans	*2, *3, *5 784,051	*2, *3, *5 783,155
Accounts receivable - installment	*6 78,788	*6 87,962
Prepaid expenses	1,328	1,154
Accrued income	*3 13,591	*3 13,552
Short-term loans receivable from subsidiaries and associates	250	—
Right to reimbursement	51,591	54,519
Other	3,162	3,585
Allowance for doubtful accounts	(56,040)	(56,600)
Total current assets	954,892	956,664
Non-current assets		
Property, plant and equipment		
Buildings	19,543	18,147
Accumulated depreciation	(16,887)	(15,694)
Buildings, net	2,656	2,452
Structures	2,947	2,662
Accumulated depreciation	(2,409)	(2,153)
Structures, net	538	508
Equipment	15,371	14,262
Accumulated depreciation	(8,181)	(7,060)
Equipment, net	7,189	7,201
Land	2,476	1,351
Leased assets	3,857	3,281
Accumulated depreciation	(3,365)	(3,089)
Leased assets, net	492	192
Total property, plant and equipment	13,354	11,705
Intangible assets		
Goodwill	1,770	1,252
Leasehold interest in right	4	—
Software	4,651	5,637
Other	38	38
Total intangible assets	6,464	6,928
Investments and other assets		
Investment securities	818	818
Shares of subsidiaries and associates	16,154	16,209
Distressed receivables	*3 1,423	*3 1,288
Long-term prepaid expenses	2,104	1,656
Deferred tax assets	30,960	75,717
Guarantee deposits	4,579	4,726
Prepaid pension costs	4,443	4,750
Other	552	747
Allowance for doubtful accounts	(860)	(700)
Total investments and other assets	60,176	105,215
Total non-current assets	79,995	123,849
<b>Total assets</b>	<b>1,034,887</b>	<b>1,080,514</b>

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	677	784
Short-term borrowings	—	*4 5,000
Commercial papers	5,000	24,999
Current portion of long-term borrowings	*4 58,183	*4 86,540
Current portion of bonds payable	40,000	45,000
Lease obligations	352	168
Accounts payable - other	1,836	1,991
Accrued expenses	8,988	7,772
Income taxes payable	4,317	11,087
Deposits received	289	290
Provision for loss on guarantees	*1 8,140	*1 8,010
Asset retirement obligations	306	611
Other	192	293
Total current liabilities	128,284	192,551
Non-current liabilities		
Bonds payable	130,000	95,000
Long-term borrowings	*4 291,254	*4 240,461
Lease obligations	236	71
Provision for loss on interest repayment	56,741	86,200
Asset retirement obligations	5,267	4,545
Other	255	153
Total non-current liabilities	483,755	426,431
Total liabilities	612,039	618,982
<b>Net assets</b>		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus		
Legal capital surplus	72,322	72,322
Other capital surplus	3,687	—
Total capital surpluses	76,010	72,322
Retained earnings		
Legal retained earnings	4,320	4,320
Other retained earnings		
General reserve	80,000	80,000
Retained earnings brought forward	218,478	241,055
Total retained earnings	302,798	325,375
Treasury shares	(19,794)	(0)
Total shareholders' equity	422,847	461,531
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	422,847	461,531
Total liabilities and net assets	1,034,887	1,080,514

## 2) Non-consolidated Statement of Income

(Millions of yen)

	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Operating revenue		
Interest on operating loans	120,688	117,003
Revenue from credit card business	9,985	10,853
Revenue from credit guarantee	45,382	43,579
Other financial revenue		
Interest on deposits	0	0
Interest on securities	0	0
Foreign exchange gains	21	71
Total other financial revenue	22	71
Other operating revenue	21,907	23,162
Total operating revenue	197,986	194,670
Operating expenses		
Financial expenses		
Interest expenses	1,976	1,636
Interest on bonds	1,109	942
Amortization of bond issuance cost	57	57
Other	698	617
Total financial expenses	3,841	3,254
Other operating expenses		
Advertising expenses	11,092	15,157
Provision of allowance for doubtful accounts	38,332	39,698
Provision for loss on guarantees	8,140	8,010
Provision for loss on interest repayment	—	58,923
Employees' salaries, allowances and bonuses	13,376	13,471
Retirement benefit expenses	1,888	693
Welfare expenses	2,214	2,299
Rent expenses	4,591	4,417
Depreciation	2,655	2,741
Commission fee	21,285	18,209
Amortization of goodwill	665	518
Other	15,963	15,614
Total other operating expenses	120,205	179,755
Total operating expenses	124,047	183,009
Operating profit	73,938	11,660

	(Millions of yen)			
	Prior fiscal year (From April 1, 2020 to March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)	
Non-operating income				
Interest income	*1	7	*1	2
Dividend income	*1	6,339	*1	5,736
Other	*1	1,025	*1	599
Total non-operating income		7,372		6,337
Non-operating expenses				
Interest expenses		14		7
Foreign exchange losses		24		16
Other		16		12
Total non-operating expenses		56		36
Ordinary profit		81,254		17,962
Extraordinary income				
Gain on sale of non-current assets	*2	40	*2	24
Gain on sale of investment securities		28		—
Total extraordinary income		68		24
Extraordinary losses				
Loss on sale of non-current assets	*3	52	*3	53
Loss on retirement of non-current assets	*4	172	*4	156
Impairment loss		555		1,520
Other	*5	0	*5	2
Total extraordinary losses		780		1,732
Profit before income taxes		80,542		16,254
Income taxes - current		6,666		12,929
Income taxes - deferred		2,960		(44,757)
Total income taxes		9,627		(31,828)
Profit		70,915		48,082



3) Non-consolidated Statement of Changes in Net Assets  
For the prior fiscal year (From April 1, 2020, to March 31, 2021)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other 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	3,687	76,010	4,320	80,000	155,396	239,716	(19,794)	359,765
Changes of items during the period										
Dividends of surplus							(7,833)	(7,833)		(7,833)
Profit							70,915	70,915		70,915
Purchase of treasury shares									(0)	(0)
Cancellation of treasury shares										
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	—	—	—	—	63,081	63,081	(0)	63,081
Ending balance	63,832	72,322	3,687	76,010	4,320	80,000	218,478	302,798	(19,794)	422,847

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	0	0	359,765
Changes of items during the period			
Dividends of surplus			(7,833)
Profit			70,915
Purchase of treasury shares			(0)
Cancellation of treasury shares			
Net changes of items other than shareholders' equity	0	0	0
Total changes of items during the period	0	0	63,081
Ending balance	0	0	422,847

For the current fiscal year (from April 1, 2021, to March 31, 2022)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other 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	3,687	76,010	4,320	80,000	218,478	302,798	(19,794)	422,847
Changes of items during the period										
Dividends of surplus							(9,399)	(9,399)		(9,399)
Profit							48,082	48,082		48,082
Purchase of treasury shares									(0)	(0)
Cancellation of treasury shares			(3,687)	(3,687)			(16,106)	(16,106)	19,794	—
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	(3,687)	(3,687)	—	—	22,577	22,577	19,794	38,683
Ending balance	63,832	72,322	—	72,322	4,320	80,000	241,055	325,375	(0)	461,531

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	0	0	422,847
Changes of items during the period			
Dividends of surplus			(9,399)
Profit			48,082
Purchase of treasury shares			(0)
Cancellation of treasury shares			—
Net changes of items other than shareholders' equity	0	0	0
Total changes of items during the period	0	0	38,683
Ending balance	0	0	461,531

[Notes]

(Significant accounting policies)

1. Evaluation standards and methods for marketable securities

(1) Stocks of subsidiaries and associates

Stated at cost by the moving-average method

(2) Other marketable 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. Evaluation standards and methods for inventories

Supplies: Mainly at cost, based on the first-in first-out method

4. 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 47 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 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 equaling zero

(4) Long-term prepaid expenses: Depreciated by the equal installment method

5. Accounting method for deferred assets

Bond issuance costs are fully charged to expenses when they are paid.

6. 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.

7. 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, in consideration of the past actual results and the latest interest repayment situations.

8. Accounting standards for revenue and expenses

(1) 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.

(2) Revenue from credit card business

Fees from customers:

Recorded by the credit balance method

Fees from member stores:

Recorded as fees at the time of transaction

(3) Revenue from credit guarantee

Recorded by the credit balance method

(Note) Details of each recording method are as follows:

Credit balance method:

Fees to be recorded as revenue are calculated pursuant to the prescribed rates applicable to the relevant credit balance.

(4) 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).

9. 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 and bonds payable 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 and bonds payable 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.

10. 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

Transactions subject to consumption tax are recorded at the amount exclusive of consumption tax.

However, consumption tax and other taxes imposed on non tax-deductible assets are recorded as an expense when incurred.

In addition, accrued consumption tax payable is included in “Other” in current liabilities on the balance sheet.

(3) Adoption of consolidated taxation system

The Company adopts the consolidated taxation system.

(4) Adoption of tax effect accounting relating to a transition from the consolidation taxation system to the group tax sharing system

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

In addition, from the beginning of the next fiscal year, the Company plans to apply the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42; August 12, 2021),” which prescribes the accounting treatment and disclosure of income taxes (including local income taxes) and tax effect accounting in applying 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, 2021)	Current fiscal year (As of March 31, 2022)
Provision for loss on interest repayment	56,741	86,200

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 86,200 million yen. Additional provision for loss on interest repayment was 58,923 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) of [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, 2021)	Current fiscal year (As of March 31, 2022)
Allowance for doubtful accounts	56,900	57,300

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 57,300 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) of [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, 2021)	Current fiscal year (As of March 31, 2022)
Deferred tax assets	30,960	75,717

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 75,717 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."

(Changes in Presentation)

<Non-consolidated Balance Sheet>

“Raw materials and supplies” was listed separately under current assets in the prior fiscal year. As its quantitative materiality became insignificant, “Raw materials and supplies” has been included in “Other” in the current fiscal year. To reflect this change in presentation, the non-consolidated financial statements for the prior fiscal year have been reclassified.

As a result, 47 million yen of “Raw materials and supplies” and 3,115 million yen of “Other” under current assets of the non-consolidated balance sheet for the prior fiscal year have been reclassified into 3,162 million yen of “Other.”

“Telephone subscription right” was listed separately under intangible assets in the prior fiscal year. As its quantitative materiality became insignificant, “Telephone subscription right” has been included in “Other” in the current fiscal year. To reflect this change in presentation, the non-consolidated financial statements for the prior fiscal year have been reclassified.

As a result, 36 million yen of “Telephone subscription right” and 1 million yen of “Other” under intangible assets of the non-consolidated balance sheet for the prior fiscal year have been reclassified into 38 million yen of “Other.”

<Non-consolidated Statement of Income>

“Loss on cancellation of insurance policies” was listed separately under non-operating expenses in the prior fiscal year. As its quantitative materiality became insignificant, “Loss on cancellation of insurance policies” has been included in “Other” in the current fiscal year. To reflect this change in presentation, the non-consolidated financial statements for the prior fiscal year have been reclassified.

As a result, 11 million yen of “Loss on cancellation of insurance policies” and 5 million yen of “Other” under non-operating expenses of the non-consolidated statement of income for the prior fiscal year have been reclassified into 16 million yen of “Other.”

<Changes resulting from Application of “Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Banking Act, etc.”>

The Company has applied the “Cabinet Office Ordinance on Account Management of Specified Finance Companies” under the “Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Banking Act, etc.” (January 24, 2020) starting from the non-consolidated financial statements at the end of the fiscal year under review. Notes to the status of non-performing loans after the revision are described in the non-consolidated financial statements. To reflect this change in presentation, the non-consolidated financial statements for the prior fiscal year have been reclassified.

As a result, 552 million yen of “Loans to bankrupt parties,” 22,405 million yen of “Loans in arrears,” and 2,341 million yen of “Loans overdue by three months or more” under notes to the status of non-performing loans in accounts receivable - operating loans for the prior fiscal year have been reclassified into 552 million yen of “Bankrupt or De facto Bankrupt,” 22,405 million yen of “Doubtful receivables,” and 2,341 million yen of “Receivables past due for three months or more,” respectively.

<Applying of Accounting Standard for Revenue Recognition, etc.>

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29; March 31, 2020), etc. have been adopted from the beginning of the fiscal year under review. The adoption has no impact on the non-consolidated financial statements. “Notes to Revenue Recognition” are presented in the non-consolidated financial statements.

(Additional Information)

<Applying of Accounting Standard for Fair Value Measurement, etc.>

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30; July 4, 2019), etc. have been adopted from the beginning of the fiscal year under review. The adoption has no impact on the non-consolidated financial statements.

(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, 2021)	Current fiscal year (As of March 31, 2022)
Guarantee obligation	1,012,297	1,012,303
Provision for loss on guarantees	8,140	8,010
Net	1,004,157	1,004,293

(2) Outstanding guarantee obligation to loans payable of subsidiaries and associates

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
ACOM CONSUMER FINANCE CORPORATION	—	474

\*2. Commitment line contracts for accounts receivable - operating loans

Prior fiscal year (As of March 31, 2021)

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 469,362 million yen at the end of the fiscal year. This included a total of 294,332 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, 2022)

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 494,861 million yen at the end of the fiscal year. This included a total of 321,562 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, 2021)	Current fiscal year (As of March 31, 2022)
Loans to debtors who have petitioned for bankruptcy, but have not yet been declared bankrupt	235	195

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Bankrupt or De facto Bankrupt	552	487
Doubtful receivables	22,405	22,625
Receivables past due for three months or more	2,341	2,597
Restructured receivables	34,439	38,300
Performing loans (*)	729,989	724,788
Total	789,728	788,799

\* Accrued interest (prior fiscal year: 5,371 million yen, current fiscal year: 5,358 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, 2021)	Current fiscal year (As of March 31, 2022)
Amount of agreement for overdraft and commitment line	40,000	45,000
Amount of borrowing	—	5,000
Net	40,000	40,000

\*5. Amount of unsecured consumer loans in accounts receivable - operating loans (Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Unsecured consumer loans in accounts receivable - operating loans	780,474	780,181

\*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, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Interest income	5	0
Dividends income	6,313	5,722
Guarantee commission received	0	0
Part-time director's bonus	3	3
Total	6,322	5,726

\*2. Breakdown of gain on sale of non-current assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Buildings	40	24
Equipment	0	0
Total	40	24

\*3. Breakdown of loss on sale of non-current assets

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Structures	0	0
Equipment	0	0
Land	51	53
Total	52	53

\*4. Loss on retirement of non-current assets mainly results from closing of operating outlets, remodeling of interior and change of signboards. The breakdown thereof is set out below.

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Buildings	61	88
Structures	38	50
Equipment	3	15
Leased assets	51	2
Software	17	—
Total	172	156

\*5. Breakdown of other extraordinary losses

	(Millions of yen)	
	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Lump sum amortization of long-term prepaid expenses	0	—
Losses on retirement, including amortization of lease and guarantee deposits	0	2
Total	0	2

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, 2021)

Not applicable

(Note) Shares of subsidiaries and associates whose fair values appear to be extremely difficult to determine:

(Millions of yen)

Category	Prior fiscal year (As of March 31, 2021)
Subsidiaries' stocks	15,654
Affiliates' stocks	500
Total	16,154

For the current fiscal year (As of March 31, 2022)

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, 2022)
Subsidiaries' stocks	15,709
Affiliates' stocks	500
Total	16,209

## (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, 2021)	Current fiscal year (As of March 31, 2022)
Deferred tax assets		
Bad debt expenses	21,128	19,938
Allowance for doubtful accounts	3,963	17,545
Provision for loss on guarantees	2,492	2,452
Provision for loss on interest repayment	17,374	26,394
Accrued bonuses	477	475
Unrecognized accrued interest	686	721
Software	6,255	6,807
Deferred assets	265	190
Deferred consumption taxes	627	655
Loss on valuation of securities	132	132
Loss on valuation of shares of subsidiaries and associates	139	139
Enterprise tax payable	383	724
Impairment loss	1,068	1,446
Asset retirement obligations	1,600	1,489
Stock dividends	3,493	3,493
Retained tax loss	29,591	11,426
Other	562	522
Deferred tax assets (subtotal)	90,245	94,557
Valuation allowance pertaining to retained tax loss	(24,550)	(42)
Valuation allowance pertaining to total deductible temporary difference	(33,373)	(17,342)
Valuation allowance (subtotal)	(57,924)	(17,385)
Deferred tax assets (total)	32,321	77,172
Deferred tax liabilities		
Prepaid pension costs	1,360	1,454
Total deferred tax liabilities	1,360	1,454
Balance of net deferred tax assets	30,960	75,717

## 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, 2021)	Current fiscal year (As of March 31, 2022)
Normal effective statutory tax rate	30.6%	30.6%
(Adjustment)		
Changes in valuation allowance	(45.5%)	(249.4%)
Amortization of goodwill	0.2%	1.0%
Dividends income and other items not counted for tax purposes	(2.3%)	(10.5%)
Withholding income tax relating to dividends from overseas subsidiaries	0.5%	2.2%
Expiration of retained loss	28.3%	30.3%
Other	0.2%	0.0%
Actual effective tax rate	12.0%	(195.8%)

(Notes to Revenue Recognition)

Information useful in understanding revenue from contracts with customers is as presented in “[Notes], (Significant accounting policies), 8. Accounting standards for revenue and expenses.”

(Significant Subsequent Events)

The Company and Crezit Holdings, Inc. (hereinafter, “Crezit”) made an agreement on March 18, 2022, regarding implementation of “Credit as a Service Platform (CaaS PF) \*” into the Company’s newly established subsidiary and creation of new business. The new subsidiary was established on April 1, 2022 as a wholly owned subsidiary of the Company.

\* A platform that provides the system infrastructure and operations required to build financial services.

Details are described in (Significant Subsequent Events) of [Notes] to “(1) Consolidated Financial Statements” under “1. Consolidated Financial Statements, etc.”

4) [Supplemental schedules]  
 [Schedule of marketable securities]  
 [Stocks]

Name			Number of shares	Book value (Millions of yen)
Investment securities	Other securities	Japan Credit Information Reference Center Corp.	24,234	737
		Koganei Golf Co., Ltd.	1	40
		Others (18 brands)	1,120,849	39
		Total	1,145,084	817

[Others]

Classification and name			Number of units invested, etc.	Book value (Millions of yen)
Investment securities	Other 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 end of current fiscal year	Depreciation or amortization during the period	Balance at end of current fiscal year, net of accumulated depreciation or amortization
Property, plant and equipment							
Buildings	19,543	519	1,915 (113)	18,147	15,694	399	2,452
Structures	2,947	81	367 (0)	2,662	2,153	61	508
Equipment	15,371	564	1,673 (0)	14,262	7,060	536	7,201
Land	2,476	—	1,124 (904)	1,351	—	—	1,351
Leased assets	3,857	6	582	3,281	3,089	304	192
Total property, plant and equipment	44,197	1,171	5,663 (1,018)	39,704	27,999	1,302	11,705
Intangible assets							
Goodwill	12,008	—	—	12,008	10,756	518	1,252
Leasehold interests in right	4	—	4	—	—	—	—
Software	14,629	2,929	501 (501)	17,056	11,418	1,440	5,637
Other (telephone subscription right, etc.)	49	—	10	38	—	—	38
Total intangible assets	26,690	2,929	516 (501)	29,103	22,175	1,959	6,928
Long-term prepaid expenses	3,908	296	916	3,289	1,632	25	1,656

(Note) Figures in brackets “( )” in the column of “Decrease during the period” represent the amounts of impairment losses for the current fiscal year.

[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	56,900	47,851	47,438	12	57,300
Provision for loss on guarantees	8,140	8,010	8,140	—	8,010
Provision for loss on interest repayment	56,741	58,923	29,465	—	86,200

(Note) “Decrease during the period (others)” in the amount of “Allowance for doubtful accounts” consists of the following.

Reversal due to payment 12 million yen

(2) Details of major assets and liabilities

This information is omitted because the Company prepares 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: <a href="https://www.acom.co.jp">https://www.acom.co.jp</a>
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) Shelf Registration Statement (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on July 2, 2021

#### (2) Shelf Registration Supplement (straight bond) and documents attached thereto

Submitted to the Director-General of the Kanto Local Finance Bureau on August 27, 2021

#### (3) Correction of Shelf Registration Statement (straight bond)

Submitted to the Director-General of the Kanto Local Finance Bureau on November 9, 2021

#### (4) Annual Securities Report and documents attached thereto, and Confirmation Letter thereof

The Annual Securities Report for the 44th fiscal year (From April 1, 2020, to March 31, 2021) and documents attached thereto, and Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2021.

#### (5) Internal Control Report

The Internal Control Report was submitted to the Director-General of the Kanto Local Finance Bureau on June 24, 2021.

#### (6) Quarterly Securities Report and Confirmation Letter thereof

The Quarterly Securities Report for the 1st Quarter (from April 1, 2021, to June 30, 2021) of the 45th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on August 13, 2021.

The Quarterly Securities Report for the 2nd Quarter (from July 1, 2021, to September 30, 2021) of the 45th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 12, 2021.

The Quarterly Securities Report for the 3rd Quarter (from October 1, 2021, to December 31, 2021) of the 45th fiscal year and the Confirmation Letter thereof were submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2022.

#### (7) 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 24, 2021.

#### (8) Amended Reports for the Annual Securities Reports, and Confirmation Letters thereof

Amended Reports for the 43rd fiscal year (From April 1, 2019, to March 31, 2020) and 44th fiscal year (From April 1, 2020, to March 31, 2021), and Confirmation Letters thereof were submitted to the Director-General of the Kanto Local Finance Bureau on November 9, 2021.

Part II Information on Guarantors for the Filing Company

Not applicable