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Convocation Notice

Securities Code: 8572  
June 1, 2021

### To Shareholders with Voting Rights

Shigeyoshi Kinoshita  
Chairman & President  
ACOM CO., LTD.  
1-1, Marunouchi 2-chome,  
Chiyoda-ku, Tokyo, Japan

## CONVOCAION NOTICE FOR THE 44TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to inform you that the 44th Ordinary General Meeting of Shareholders of the Company will be held as described below.

To prevent the spread of the COVID-19 infectious disease, we kindly ask you to exercise your voting rights in writing (by mail) or via the Internet, etc. insofar as possible, after a careful review of the Reference Documents for the General Meeting of Shareholders presented hereunder.

- 1. Date and Time:** Wednesday, June 23, 2021, at 10:00 a.m. (Reception scheduled to open at 9:30 a.m.)
- 2. Place:** MY PLAZA HALL, 4th floor, Meiji Yasuda Seimei Building (Marunouchi MY PLAZA), located at 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
- 3. Agenda of the Meeting:**
  - Matters to be reported:**
    1. The Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee for the 44th fiscal year (from April 1, 2020, to March 31, 2021)
    2. Non-consolidated Financial Statements for the 44th fiscal year (from April 1, 2020, to March 31, 2021)
  - Proposal to be resolved:**
    - Proposal No. 1:** Dividends from Surplus
    - Proposal No. 2:** Election of Six Directors (Excluding Those Serving as Audit and Supervisory Committee Members)
    - Proposal No. 3:** Election of Three Directors Serving as Audit and Supervisory Committee Members
    - Proposal No. 4:** Election of One Substitute Director Serving as an Audit and Supervisory Committee Member

#### 4. Internet-based disclosure on the Company's website:

- (1) In accordance with relevant laws and regulations, and the provisions of Article 15 of the Articles of Incorporation of the Company, the Company has posted the following information on its website on the Internet, and so these notes have not been included in the documents attached to this convocation notice. Therefore, the documents attached to this convocation notice are part of the documents audited by the Audit and Supervisory Committee and Accounting Auditor in preparing the Audit Report.
  - Notes to the Consolidated Financial Statements
  - Notes to the Non-consolidated Financial Statements
- (2) If there is any amendment to the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements, such amendment will be posted on the Company's website on the Internet.

The Company's website (Japanese):

[https://www.acom.co.jp/corp/ir/stock/shareholders\\_meeting/](https://www.acom.co.jp/corp/ir/stock/shareholders_meeting/)

\*Please access the following for information in English:

[https://www.acom.co.jp/corp/english/ir/stock/shareholders\\_meeting/](https://www.acom.co.jp/corp/english/ir/stock/shareholders_meeting/)

- If you exercise your voting rights by proxy, you may only delegate your voting rights to a proxy who is a shareholder holding voting rights in the Company. In such cases, only one proxy is allowed.
- If you are attending the General Meeting of Shareholders, please submit the enclosed voting rights exercise form at the reception desk. For the purpose of saving resources, we kindly ask you to bring this convocation notice with you.

We make it our practice to refrain from providing gifts to shareholders attending the meeting. We appreciate your understanding.

## Reference Documents for General Meeting of Shareholders

### Proposal No. 1: Dividends from Surplus

With regard to the Company's basic policy on dividends, we intend to ensure stable and continuous returns of profit to the shareholders, taking into consideration the Company's business performance and equity capital as well as the business environment surrounding the Company.

The Company proposes to pay a year-end dividend for the 44th fiscal year as follows.

Matters concerning the year-end dividend

- (1) Type of dividend property  
Cash
- (2) Matters concerning the distribution of dividend property and the total amount to be distributed  
3 yen per share (common stock)                      Total amount: 4,699,842,294 yen
- (3) Effective date of dividends from surplus  
June 24, 2021

**Proposal No. 2: Election of Six Directors (Excluding Those Serving as Audit and Supervisory Committee Members)**

All six Directors (excluding those serving as Audit and Supervisory Committee Members; the same shall apply hereinafter in this proposal) will complete their terms of office at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that six Directors be elected.

We have received an opinion from the Audit and Supervisory Committee to the effect that there were no matters of concern with respect to this proposal.

Candidates for Directors are as follows.

List of candidates for Directors:

No.	Name	Current position and assignment at the Company and significant concurrent positions	Remarks
1	Shigeyoshi Kinoshita	Chairman, President and Chief Executive Officer	Reappointed
2	Masataka Kinoshita	Deputy President and Deputy Chief Executive Officer In charge of Corporate Planning Dept. and Human Resources Dept.	Reappointed
3	Tomomi Uchida	Managing Director and Executive Managing Officer Head of Credit Supervision Division In charge of General Affairs Dept., Business Process Management Dept., Credit Supervision Dept. I, Credit Supervision Dept. II and Compliance for Credit Supervision Office	Reappointed
4	Takashi Kiribuchi	Managing Director and Executive Managing Officer Head of System Development & Administration Division In charge of System Development Dept., System Operation Dept., System Planning Office and System Management Office Vice in Charge of Corporate Planning Dept.	Reappointed
5	Hiroshi Naruse		Newly appointed
6	Masakazu Osawa	Managing Corporate Executive and Group Head, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc. Member of the Board of Directors, Managing Executive Officer and Unit Head, Digital Service Unit of MUFG Bank, Ltd. Representative Director and Chief Executive Officer (CEO) of Global Open Network, Inc. Representative Director and Chairman of Global Open Network Japan, Inc.	Newly appointed

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
1	<p style="text-align: center;"><u>Reappointed</u> Shigeyoshi Kinoshita (April 14, 1949)</p> <p>Cumulative years of service as Director of the Company: 38 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2021: Attendance at 12 out of 12 meetings (100%)</p> <p>Number of shares of the Company held: 26,507,260 shares</p>	<p>April 1973    Joined Marubeni Corporation April 1978    Joined Japan Consumer Finance Co., Ltd. February 1983    Director and Chief General Manager, General Affairs Dept. of the Company May 1984    Director and Chief General Manager, Accounting Dept. of the Company August 1986    Managing Director of the Company June 1988    Managing Director and Head of Business Promotion Division of the Company October 1991    Representative and Senior Managing Director of the Company October 1992    Representative and Senior Managing Director and Head of the Loan Sales Division of the Company October 1996    Representative Director and Deputy President of the Company June 2000    Representative Director and President of the Company June 2003    President and Chief Executive Officer of the Company (to present) June 2010    Chairman, President and Chief Executive Officer of the Company (to present)</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>As President, Mr. Shigeyoshi Kinoshita has an excellent track record of serving as the driving force of the Company and the Group for a number of years, backed by his wealth of experience and sophisticated insight into general management. It is believed he will contribute further to the growth and development of the Company and the Group. Therefore, the Company proposes his election as a Director.</p>		

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
2	<p style="text-align: center;"><u>Reappointed</u></p> <p style="text-align: center;">Masataka Kinoshita (September 19, 1977)</p> <p>Cumulative years of service as Director of the Company: 6 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2021: Attendance at 12 out of 12 meetings (100%)</p> <p>Number of shares of the Company held: 12,203,120 shares</p>	<p>April 2003      Joined ABeam Consulting Ltd.</p> <p>September 2005      Joined the Company</p> <p>October 2009      General Manager, Credit Supervision Division of the Company</p> <p>January 2010      General Manager, Corporate Planning Dept. of the Company</p> <p>April 2010      General Manager, Guarantee Business Dept. of the Company</p> <p>April 2012      General Manager, Business Promotion Dept. of the Company</p> <p>April 2013      Chief General Manager, Business Planning Dept. of the Company</p> <p>April 2014      Executive Officer and Chief General Manager, Business Planning Dept. of the Company</p> <p>June 2014      Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Dept. of the Company</p> <p>April 2015      Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company</p> <p>June 2015      Managing Director of the Company</p> <p>June 2015      Executive Managing Officer and Head of Credit Business Promotion Division of the Company</p> <p>June 2016      Executive Managing Officer of the Company</p> <p>June 2017      Deputy President of the Company (to present)</p> <p>June 2017      Deputy Chief Executive Officer of the Company (to present)</p> <p>(Assignment) In charge of Corporate Planning Dept. and Human Resources Dept.</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>Mr. Masataka Kinoshita has served as General Manager of the loan and guarantee business divisions as well as Executive Officer of the Company, and has the wealth of knowledge and track record necessary to promote operations accurately and efficiently. Since assuming the position of Director, he has used that knowledge and experience in leading the Company and the Group as Deputy President, thereby fulfilling his role and responsibilities. He is expected to contribute further to the growth and development of the Company and the Group. Therefore, the Company proposes his election as a Director.</p>		

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
3	<p style="text-align: center;"><u>Reappointed</u> Tomomi Uchida (December 27, 1961)</p> <p>Cumulative years of service as Director of the Company: 2 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2021: Attendance at 12 out of 12 meetings (100%)</p> <p>Number of shares of the Company held: 3,000 shares</p>	<p>October 1982    Joined the Company April 2003    General Manager, Business Promotion Dept. III of the Company October 2005    General Manager, Business Promotion Dept. II of the Company April 2007    Chief General Manager, Credit Business Management Dept. of the Company December 2007    Chief General Manager, Marketing Dept. of the Company October 2008    Head of East Japan Branch of the Company April 2011    Chief General Manager, Business Promotion Dept. of the Company April 2013    Executive Officer and Chief General Manager, Business Promotion Dept. of the Company June 2015    Executive Managing Officer, Deputy Head of Credit Business Promotion Division, and Chief General Manager, Business Promotion Dept. of the Company April 2016    Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company June 2016    Executive Managing Officer and Head of Credit Business Promotion Division of the Company June 2018    Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. I of the Company October 2018    Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. II of the Company June 2019    Managing Director of the Company (to present) April 2020    Executive Managing Officer, Head of Credit Supervision Division of the Company (to present)</p> <p>(Assignment) Head of Credit Supervision Division In charge of General Affairs Dept., Business Process Management Dept., Credit Supervision Dept. I, Credit Supervision Dept. II and Compliance for Credit Supervision Office</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>Mr. Tomomi Uchida has a wealth of knowledge and a strong track record related to promoting the loan business, the Company's major business, gained through his career as General Manager of the Loan Business divisions and Credit Supervision divisions, as well as an Executive Officer of the Company. Since assuming the position of Director, he has used that knowledge and record of performance to perform his role and responsibilities. He is expected to contribute to promoting the Company's and the Group's strategies for further growth. Therefore, the Company proposes his election as a Director.</p>		

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
4	<p><u>Reappointed</u> Takashi Kiribuchi (October 25, 1961)</p> <p>Cumulative years of service as Director of the Company: 1 year</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2021: Attendance at 8 out of 8 meetings (100%)</p> <p>*The Board of Directors meetings held before Mr. Kiribuchi's assumption of office as Director on June 23, 2020 are not counted.</p> <p>Number of shares of the Company held: 16,300 shares</p>	<p>March 1982    Joined the Company April 2004    General Manager, System Dept. of the Company July 2005    General Manager, Public Relations Dept. of the Company October 2005    Chief General Manager, Public Relations Dept. of the Company April 2011    Chief General Manager, Treasury Dept. of the Company April 2015    Executive Officer and Chief General Manager, Treasury Dept. of the Company June 2017    Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company June 2020    Managing Director of the Company (to present) June 2020    Executive Managing Officer and Chief General Manager, System Development &amp; Administration Division of the Company April 2021    Executive Managing Officer, Head of System Development &amp; Administration Division (to present)</p> <p>(Assignment) Head of System Development &amp; Administration Division In charge of System Development Dept., System Operation Dept., System Planning Office and System Management Office Vice in Charge of Corporate Planning Dept.</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>Mr. Takashi Kiribuchi has served as General Manager of the Accounting, System, Public Relations, Investor Relations and Corporate Planning divisions as well as Executive Officer, and has a wealth of experience with, and extensive insight into, corporate divisions. Since assuming the position of Director, he has used his wealth of experience and sophisticated insight to perform his role and responsibilities. He is expected to contribute to the implementation of strategies towards further business growth and enhanced business performance of the Company and the Group. Therefore, the Company proposes his election as a Director.</p>		



No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
5	<p style="text-align: center;"><u>Newly appointed</u> Hiroshi Naruse (December 4, 1958)</p> <p>Number of shares of the Company held: <span style="float: right;">0 shares</span></p>	<p>April 1981 June 2008</p> <p>Joined The Mitsubishi Trust and Banking Corporation Executive Officer, Assistant Director and General Manager, Trust Assets Planning Division of Mitsubishi UFJ Trust and Banking Corporation (MUTB) Director and President of Mitsubishi UFJ Global Custody S.A.</p> <p>May 2010</p> <p>Executive Officer and General Manager, System Planning Division of MUTB</p> <p>June 2010</p> <p>Executive Officer of Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2011</p> <p>Representative Director and President of Mitsubishi UFJ Trust Systems Co., Ltd.</p> <p>June 2011</p> <p>Managing Director of MUTB</p> <p>June 2013</p> <p>Senior Managing Director of MUTB Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2014</p> <p>Representative Director and President of MU Trust Apple Planning Company, Ltd.</p> <p>June 2016</p> <p>Director, Deputy President and Executive Officer of MUTB</p> <p>May 2018</p> <p>Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.</p> <p>April 2019</p> <p>Representative Director, President of The Master Trust Bank of Japan, Ltd.</p> <p>April 2021</p> <p>Advisor to The Master Trust Bank of Japan, Ltd. (to present)</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>Mr. Hiroshi Naruse has extensive insight and an excellent track record as a corporate manager, gained through his career as Executive Officer and Corporate Executive at Mitsubishi UFJ Financial Group, Inc. and as General Manager, Executive Officer and Director at The Mitsubishi UFJ Trust and Banking Corporation. Based on this insight and track record, he is expected to fully play a role in conducting highly effective supervision of the management of the Company. Therefore, the Company proposes his election as a Director.</p>		

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
6	<p data-bbox="336 949 536 1043"><u>Newly appointed</u> Masakazu Osawa (June 20, 1968)</p> <p data-bbox="256 1084 612 1178">Number of shares of the Company held: 0 shares</p>	<p data-bbox="639 248 1465 353">April 1991 May 2015 Joined The Mitsubishi Bank, Ltd. General Manager, Europe Planning Division, Europe Headquarters of The Bank of Tokyo-Mitsubishi UFJ, Ltd. General Manager, Europe Control Division of Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="639 416 1465 584">May 2017 General Manager, Management Planning Division (in charge of special mission) of The Bank of Tokyo-Mitsubishi UFJ, Ltd. General Manager, Management Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="639 584 1465 752">June 2017 Executive Officer and General Manager, Management Planning Division (in charge of special mission) of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Executive Officer and General Manager, Management Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="639 752 1465 976">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.] 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.</p> <p data-bbox="639 976 1465 1256">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. 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.</p> <p data-bbox="639 1256 1465 1402">April 2020 Managing Executive Officer and General Manager, Digital Planning Division of MUFG Bank, Ltd. Managing Corporate Executive and General Manager, Digital Planning Division of Mitsubishi UFJ Financial Group, Inc.</p> <p data-bbox="639 1402 1465 1480">June 2020 Member of the Board of Directors, Managing Executive Officer and Co-General Manager, Digital Planning Division of MUFG Bank, Ltd.</p> <p data-bbox="639 1480 1465 1648">April 2021 Member of the Board of Directors, Managing Executive Officer and Unit Head, Digital Service Unit of MUFG Bank, Ltd. (to present) Managing Corporate Executive and Group Head, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc. (to present)</p> <p data-bbox="639 1648 1465 1877">(Significant concurrent positions) Managing Corporate Executive and Group Head, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc. Member of the Board of Directors, Managing Executive Officer and Unit Head, Digital Service Unit of MUFG Bank, Ltd. Representative Director and Chief Executive Officer (CEO) of Global Open Network, Inc. Representative Director and Chairman of Global Open Network Japan, Inc.</p>
<p data-bbox="256 1883 847 1910">(Reason for nomination as a candidate for Director)</p> <p data-bbox="256 1917 1474 2056">Mr. Masakazu Osawa has a wealth of knowledge and experience, gained through his career as General Manager, Executive Officer and Corporate Executive at Mitsubishi UFJ Financial Group, Inc. and as General Manager, Executive Officer and Member of the Board of Directors at MUFG Bank, Ltd. Based on his knowledge and experience, he is expected to fully play a role in conducting highly effective supervision of the management of the Company. Therefore, the Company proposes his election as a Director.</p>		

- Notes: 1. Mr. Masakazu Osawa is a Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc. and a Member of the Board of Directors and a Managing Executive Officer of MUFG Bank, Ltd., both of which are in competition with the Company. There is no conflict of interest between the Company and any of the other candidates.
2. Mr. Masakazu Osawa is a Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc., which is the Company's parent company, and a Member of the Board of Directors and a Managing Executive Officer of MUFG Bank, Ltd., which is a subsidiary of the Company's parent company.
3. The Company plans to enter into a limited liability agreement with Mr. Masakazu Osawa that limits his liability for damage under Article 423, Paragraph 1 of the Companies Act, based on the provisions of Article 427, Paragraph 1 of the Act upon his appointment. The liability for damage under that agreement is limited to the minimum amount stipulated in relevant laws and regulations.
4. The Company has entered into a Director and Officer (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover any legal damages and litigation expenses to be borne by the insured parties. It is provided, however, that the insurance policy includes measures that do not impair the appropriateness of the execution of duties by Directors and Officers, by offering no coverage for liability incurred by any Directors or Officers themselves who have committed extortion, bribery or other criminal offenses or intentional illegal acts. The candidates are covered by this insurance policy. In addition, the Company plans to renew it under the same terms and conditions at the time of renewal.
5. Mr. Hiroshi Naruse was an executive officer of Mitsubishi UFJ Financial Group, Inc., which is the Company's parent company, and The Master Trust Bank of Japan, Ltd., which is a subsidiary of the Company's parent company, within the past ten years. His position and assignment both currently and over a period of the past ten years at each company are as stated in the above "Career summary, position, assignment and significant concurrent positions" column.

**Proposal No. 3:** Election of Three Directors Serving as Audit and Supervisory Committee Members

All three Directors serving as Audit and Supervisory Committee Members will complete their terms of office at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes that three Directors serving as Audit and Supervisory Committee Members be elected

The consent of the Audit and Supervisory Committee has been obtained with respect to this proposal. Candidates for Directors serving as Audit and Supervisory Committee Members are as follows.

List of candidates for Directors serving as Audit and Supervisory Committee Members:

No.	Name	Current position at the Company and significant concurrent positions	Remarks
1	Kazuo Fukumoto	Director Full-time Member of the Audit and Supervisory Committee	Reappointed
2	Masahide Ishikawa	Director Full-time Member of the Audit and Supervisory Committee	Reappointed Outside Director Independent Director
3	Takuji Akiyama	Representative of Takuji Akiyama CPA Office Auditor (Outside) of IWAKI & CO., LTD. (currently Astena Holdings Co., Ltd.)	Newly appointed Outside Director Independent Director

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
1	<p style="text-align: center;"><u>Reappointed</u></p> <p style="text-align: center;">Kazuo Fukumoto (February 27, 1958)</p> <p>Cumulative years of service as Director of the Company (cumulative years of service as a Director serving as an Audit and Supervisory Committee Member): 8 years (4 years)</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2021: Attendance at 12 out of 12 meetings (100%)</p> <p>Record of attendance at the Audit and Supervisory Committee meetings in the fiscal year ended March 31, 2021: Attendance at 14 out of 14 meetings (100%)</p> <p>Number of shares of the Company held: 10,000 shares</p>	<p>March 1980 April 2002 June 2003 October 2005 April 2007 June 2012 June 2013 June 2015 June 2017</p> <p>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 Member of the Audit and Supervisory Committee of the Company (to present)</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>Mr. Kazuo Fukumoto has a wealth of experience and excellent insight from serving as General Manager of the Corporate Planning, Management, and Accounting divisions as well as Executive Officer of the Company over many years. Since assuming the position of Director, he has been in charge of the Accounting divisions, has demonstrated considerable knowledge of finance and accounting, and has expressed opinions and made recommendations at various in-house meetings and on other occasions. Based on that knowledge and experience, he is expected to be instrumental to the further reinforcement of the supervisory function within the Company in the future as well. Therefore, the Company proposes his election as a Director serving as an Audit and Supervisory Committee Member.</p>		

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
2	<p style="text-align: center;"><u>Reappointed</u> <u>Outside Director</u> <u>Independent Director</u></p> <p style="text-align: center;">Masahide Ishikawa (March 15, 1956)</p> <p>Cumulative years of service as Outside Director of the Company: 2 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2021: Attendance at 12 out of 12 meetings (100%)</p> <p>Record of attendance at the Audit and Supervisory Committee meetings in the fiscal year ended March 31, 2021: Attendance at 14 out of 14 meetings (100%)</p> <p>Number of shares of the Company held: 0 shares</p>	<p>April 1978 April 2002 January 2004 April 2005 April 2007 July 2007 April 2009 April 2010 April 2011 April 2013 July 2014 July 2017 April 2018 June 2019</p> <p>Joined Meiji Mutual Life Insurance Company General Manager, Financial Affairs Dept., Investment Division of Meiji Mutual Life Insurance Company General Manager, Investment Planning &amp; Research Dept. of Meiji Yasuda Life Insurance Company Managing Director and Managing Operating Officer of Meiji Dresdner Asset Management Ltd. General Manager, Credit Analysis &amp; Investment Risk Management Dept. of Meiji Yasuda Life Insurance Company Operating Officer and General Manager, Credit Analysis &amp; Investment Risk Management Dept. of Meiji Yasuda Life Insurance Company Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company Managing Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company Managing Operating Officer of Meiji Yasuda Life Insurance Company Representative Director and President of Meiji Yasuda Asset Management Company Ltd. Vice Chairman of Japan Investment Advisers Association Vice Chairman of Japan Investment Advisers Association Representative Director and Chairman of the Board of Meiji Yasuda Asset Management Company Ltd. Director, Full-time Member of the Audit and Supervisory Committee of the Company (to present)</p>
<p>(Reason for nomination as a candidate for Outside Director and a summary of expected roles)</p> <p>Mr. Masahide Ishikawa 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 in total, and thus has wide-ranging insight. He is expected to supervise and provide appropriate advice for the management of the Company from an external viewpoint based on his knowledge and experience. Therefore, the Company proposes his election as an Outside Director serving as an Audit and Supervisory Committee Member.</p> <p>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.</p>		

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
	<p style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">Newly appointed</span>  <span style="border: 1px solid black; padding: 2px;">Outside Director</span>  <span style="border: 1px solid black; padding: 2px;">Independent Director</span> </p> <p style="text-align: center;">           Takuji Akiyama            (February 17, 1958)         </p> <p>           Number of shares of the Company held:  <div style="text-align: right;">0 shares</div> </p>	<p>           March 1982    Joined Tohmatsu &amp; Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC)            April 1986    Registered as a certified public accountant            August 2018   Retired from Deloitte Touche Tohmatsu LLC            September 2018 Representative of Takuji Akiyama CPA Office (to present)            February 2019 Auditor (Outside) of IWAKI &amp; CO., LTD. (currently Astena Holdings Co., Ltd.) (to present)         </p> <p>           (Significant concurrent positions)            Representative of Takuji Akiyama CPA Office            Auditor (Outside) of IWAKI &amp; CO., LTD. (currently Astena Holdings Co., Ltd.)         </p>
3	<p>(Reason for nomination as a candidate for Outside Director and a summary of expected roles)</p> <p>Mr. Takuji Akiyama 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. Therefore, the Company proposes his election as an Outside Director serving as an Audit and Supervisory Committee Member.</p> <p>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.</p> <p>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.</p>	

- Notes:
1. There is no conflict of interest between the Company and any of the candidates.
  2. Mr. Masahide Ishikawa and Mr. Takuji Akiyama are candidates for Outside Directors.
  3. The Company has entered into limited liability agreements with Mr. Kazuo Fukumoto and Mr. Masahide Ishikawa that limit their liability for damage under Article 423, Paragraph 1 of the Companies Act, based on the provisions of Article 427, Paragraph 1 of the Act. The liability for damage under those agreements is limited to the minimum amount stipulated in relevant laws and regulations, and similar agreements with them are scheduled to be executed upon their respective appointments. The Company will enter into the same agreement with Mr. Takuji Akiyama upon his appointment.
  4. The Company has reported to the Tokyo Stock Exchange that Mr. Masahide Ishikawa is an independent director subject to the rules of the exchange, and the Company plans to continue to designate him as an independent director upon his reappointment. The Company also plans to designate Mr. Takuji Akiyama as an independent director upon his appointment.
  5. The Company has entered into a Director and Officer (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover any legal damages and litigation expenses to be borne by the insured parties.  
It is provided, however, that the insurance policy includes measures that do not impair the appropriateness of the execution of duties by Directors and Officers, by offering no coverage for liability incurred by any Directors or Officers themselves who have committed extortion, bribery or other criminal offenses or intentional illegal acts.  
The candidates are covered by this insurance policy. In addition, the Company plans to renew it under the same terms and conditions at the time of renewal.



**Proposal No. 4:** Election of One Substitute Director Serving as an Audit and Supervisory Committee Member

In preparation for the contingency that the number of Directors serving as Audit and Supervisory Committee Members falls below the required number stipulated in relevant laws and regulations, the Company proposes that one Substitute Director serving as an Audit and Supervisory Committee Member be elected.

The consent of the Audit and Supervisory Committee has been obtained with respect to this proposal.

The candidate for the Substitute Director serving as an Audit and Supervisory Committee Member is as follows.

Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
<p style="text-align: center;">Hitoshi Shimbo (July 10, 1952)</p> <p>Number of shares of the Company held: <span style="float: right;">0 shares</span></p>	<p>April 1983      Appointed Prosecutor, Tokyo District Public Prosecutors Office</p> <p>April 1990      Assistant Judge, Tokyo District Court</p> <p>April 1993      Prosecutor, Tokyo District Public Prosecutors Office</p> <p>June 1995      Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present)</p> <p>June 1995      Joined Nozomi Sogo Attorneys at Law (to present)</p> <p>March 2009     Outside Company Auditor, EMCOM Holdings Co., Ltd.</p> <p>April 2012      Managing Director, Kanto Federation of Bar Associations</p> <p>April 2012      Vice President, Daini Tokyo Bar Association</p> <p>April 2012      Managing Director, Japan Federation of Bar Associations</p> <p>April 2013      Mediator, Nuclear Damage Compensation Dispute Resolution Centre (to present)</p> <p>June 2015      Outside Director of the Company (Significant concurrent position)</p> <p>Attorney-at-law, Nozomi Sogo Attorneys at Law</p>
<p>(Reason for nomination as a candidate for Substitute Outside Director and a summary of expected roles)</p> <p>Mr. Hitoshi Shimbo, as a legal professional, has abundant knowledge of corporate legal affairs as well as advanced expertise and a wealth of practical experience developed over many years, and accordingly is qualified to engage in the further reinforcement of the supervisory function within the Company. Therefore, the Company proposes his election as Substitute Outside Director serving as an Audit and Supervisory Committee Member.</p> <p>Although he has not been directly involved in corporate management other than as an outside director or company auditor, it is anticipated that he will perform his duties as an Outside Director appropriately for the aforementioned reasons.</p> <p>Upon his election and assumption of office as an Outside Director, he is expected to play the role of providing 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.</p>	

- Notes:
1. There is no conflict of interest between the Company and the candidate.
  2. Mr. Hitoshi Shimbo is a candidate for Substitute Outside Director serving as an Audit and Supervisory Committee Member.
  3. The Company intends to appoint Mr. Hitoshi Shimbo as an independent director upon his appointment as an Outside Director serving as an Audit and Supervisory Committee Member.
  4. If Mr. Hitoshi Shimbo assumes the position of Outside Director serving as an Audit and Supervisory Committee Member, the Company will enter into a limited liability agreement with him that limits his liability for damage under Article 423, Paragraph 1 of the Companies Act, based on the provisions of Article 427, Paragraph 1 of the Act. The liability for damage under the agreement is limited to the minimum amount stipulated in relevant laws and regulations.
  5. The Company has entered into a Director and Officer (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover any legal damages and litigation expenses to be borne by the insured parties.  
It is provided, however, that the insurance policy includes measures that do not impair the

appropriateness of the execution of duties by Directors and Officers, by offering no coverage for liability incurred by any Directors or Officers themselves who have committed extortion, bribery or other criminal offenses or intentional illegal acts.

The candidate will be covered by this insurance policy if he assumes the position of Outside Director serving as an Audit and Supervisory Committee Member. The Company plans to renew it under the same terms and conditions at the time of renewal.

6. Mr. Hitoshi Shimbo has previously served as a non-executive officer (outside director) of the Company.

End

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(Appendix to the Convocation Notice for the 44th Ordinary General Meeting of Shareholders)

## **Business Report**

(April 1, 2020 - March 31, 2021)

### **1. Overview of Consolidated Business Activities**

#### **(1) Developments and Results of Business Activities**

During the fiscal year ended March 31, 2021, the Japanese economy remained under preventive measures against COVID-19 infection in order to sustain social and economic activities, and the situation remained uncertain with the ongoing possibility of a re-spread of the infection. Meanwhile, overseas economy remained harshly restrained due in part to the impact of limitations in activities, though situations differ from country to country.

In the nonbank business sector, the market is contracting as a result of the prolonged stagnation of consumer spending due to the impact of the spread of COVID-19 infection, and the outlook remains uncertain, partly due to the second declaration of a state of emergency. Although requests for interest repayment have steadily decreased, future trends need to be closely monitored on an ongoing basis, as requests for interest repayment are susceptible to the impacts of changes in the external environment.

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

The Company Group has upheld its management vision of “strive to become the leading company in personal loan market which provides prime satisfaction to the utmost number of customers and win their trust in return.” Amid the spread of COVID-19 infection and other changes in the external environment, the Company Group will continue to make concerted efforts under a medium-term management policy of “with expeditious reactions to environmental changes, ACOM will strive for sustainable growth and increasing corporate value, while creating services which exceed customers’ expectations.”

Consolidated operating revenue for the fiscal year ended March 31, 2021, decreased to 266,316 million yen (down 4.7% year-on-year). This is mainly attributable to: the decreases in accounts receivable - operating loans and guaranteed receivables due to the spread of COVID-19 infection which led to decreases in interest on operating loans and revenue from credit guarantee.

Operating expenses, on the other hand, decreased to 167,419 million yen (down 17.9% year-on-year) mainly due to decreases in provision of allowance for doubtful accounts and allowance for loss on guarantees resulting chiefly from decreases in accounts receivable - operating loans and guaranteed receivables and the absence of addition made to provision for loss on interest repayment (19,700 million yen for the prior fiscal year). Additional provision of allowance for doubtful accounts and provision for loss on guarantees was partially recorded because of the concern that the allowance and provision would be insufficient in consideration of the impact of the spread of COVID-19 infection. As a result, operating profit increased to 98,896 million yen (up 30.8% year-on-year), ordinary profit increased to 100,014 million yen (up 33.2% year-on-year), and profit attributable to owners of parent increased to 78,864 million yen (up 32.3% year-on-year).

Details of main financial service businesses by segment are as follows:

1) Loan and credit card business

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

As for measures for increasing the number of new customers, we continued to appeal to customers through advertisements tailored to their attributes and place advertisements on YouTube, etc., while newly opening a Twitter account and taking other measures. Through these efforts, we strove to expand recognition and earn favorable public image for targets.

As for the improvement of product/service functions, we made continuous efforts to enhance the quality of UI/UX such as our website, for the purpose of further enhancing convenience for customers.

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

However, new lending to and additional borrowing by customers saw drastic decrease following decline in the demand for funds associated with the move to adopt voluntary restrictions in economic activities amid the growing impact of COVID-19 infection. As a result, accounts receivable - operating loans at the end of the current fiscal year decreased to 784,051 million yen (down 6.8% year-on-year), and accounts receivable – installment, which had been increasing steadily until the previous fiscal year, slackened its pace from the previous fiscal year (expansion rate: up 18.8%), amounting to 78,788 million yen (up 5.0% year-on-year).

As a result, the business segment's operating revenue was 144,417 million yen (down 3.2% year-on-year) mainly due to a decrease in interest on operating loans.

Operating profit was 52,725 million yen (up 87.9% year-on-year) mainly due to a decrease in provision of allowance for doubtful accounts and the absence of addition made to provision for loss on interest repayment (19,700 million yen for the prior fiscal year) under operating expenses.

2) Guarantee business

In the guarantee business, we worked to deepen communication with existing partners even amid the COVID-19 pandemic. We continued appropriate screening, provided various supports, and thereby further strengthened our partnerships.

To enhance partnerships with existing partners, the Company continued appropriate screening, provided the results of analysis about loan portfolio and the effect of advertisement, and provided various support for existing partners with a view to improving their business results and stabilizing their growth.

However, the number of new applications saw a drastic decrease following a decline in the demand for funds associated with voluntary restrictions on economic activities due to the impact of the spread of COVID-19 infection.

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 1,170,094 million yen (down 5.1% year-on-year).

The business segment's operating revenue was 64,245 million yen (down 6.3% year-on-year) primarily due to a decrease in revenue from credit guarantee, whereas operating profit was 25,041 million yen (up 0.2% year-on-year) owing to a decrease in provision of allowance for doubtful accounts.

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.

ACOM CONSUMER FINANCE CORPORATION, which engages in the loan business in the Republic of the Philippines, launched a full-fledged business in July 2018 and proactively promoted marketing activities.

The Company has promoted necessary surveys in other Asian countries to explore the feasibility of business development.

As a result, the business segment's operating revenue for the current fiscal year amounted to 52,136

million yen (down 7.4% year-on-year) due to a drop in interest on operating loans at EASY BUY led mainly by lowered maximum interest rate and foreign exchange impact in the Kingdom of Thailand, and operating profit was 19,879 million yen (down 11.2% year-on-year).

The business segment's operating revenue and operating expenses reflect downward effect of the exclusion of PT. Bank Nusantara Parahyangan, Tbk. from the scope of consolidation.

4) Loan servicing business

In the loan servicing business, IR Loan Servicing, Inc. has endeavored to strengthen its business structure and increase profitability amid intensified competition in the purchased receivables market.

As a result, the business segment's operating revenue was 5,504 million yen (up 2.7% year-on-year), mainly owing to an increase in amount of proceeds from purchased receivables. Operating profit increased to 528 million yen (up 13.8% year-on-year).

**(2) Capital Investment**

During the fiscal year under review, there was no notable capital investment to report.

**(3) Financing**

1) The Company has issued the Domestic Unsecured Straight Bonds and Commercial Papers for purposes such as repayment of a part of long-term borrowings as follows:

February 2021	80th Domestic Unsecured Straight Bond	10.0 billion yen
April 2020	Commercial Paper	12.0 billion yen
March 2021	Commercial Paper	5.0 billion yen

2) EASY BUY Public Company Limited, the Company's consolidated subsidiary, has issued bonds payable for the purpose of appropriation for repayment of borrowings, funds for redemption of bonds payable, and working capital as follows:

January 2020            1.5 billion Thai baht

(Note) The fiscal year end for EASY BUY Public Company Limited is December 31.

3) ACOM CONSUMER FINANCE CORPORATION, the Company's consolidated subsidiary, raised funds amounting to 1.0 billion Philippine pesos by carrying out a capital increase through shareholder allotment in December 2020.

(Notes) 1. The fiscal year end for ACOM CONSUMER FINANCE CORPORATION is December 31.

2. The share capital of ACOM CONSUMER FINANCE CORPORATION increased from 500 million to 1.5 billion Philippine pesos, with approval from the regulatory authority, effective on January 25, 2021.

**(4) Issues to be Addressed**

There is risk of further economic downturn within and outside Japan, due to the impact from 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 spread of COVID-19 infection while providing customers with flexible and courteous support for repayment, etc.

In the three-year medium-term management plan beginning from the fiscal year ended March 31, 2020, the Company has set forth a medium-term management policy of "with expeditious reactions to environmental changes, ACOM will create services which exceed customers' expectations, while endeavoring to achieve continuous growth and increase corporate value." The Company will speedily respond to diversifying trends of customer needs and changes in environment such as the evolution of ICT and women's increasing participation in the workforce to create services that exceed customer expectations. Furthermore, in order to fulfill the social responsibility and mission expected of loan and credit card business and guarantee business and become a company that grows together with society, the Company aims to enhance corporate value by strengthening the human resources, computer systems, financial foundations, and governance that support the business, in addition to further promoting compliance and CS management. At the same time, the Company will strive to work toward the resolution of social issues under the SDGs such as the promotion of diversity and advancement of work-style reforms.

For the fiscal year ending March 31, 2022, the Company has set targets, in the domestic market, of

878.0 billion yen in balance of the loan and credit card business, and 1,204.8 billion yen in balance of guaranteed business, a total of 2,082.8 billion yen, and in overseas markets, a target of 57.3 billion Thai baht in balance of the loan business of EASY BUY Public Company Limited in the Kingdom of Thailand.

For the fiscal year ending March 31, 2022, the Company forecasts consolidated operating revenue of 260.7 billion yen, consolidated ordinary profit of 80.1 billion yen, and profit attributable to owners of parent of 61.0 billion 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 plans formulated by the Company rest on the assumption that the stagnant economic activities on the impact of the spread of COVID-19 infection will gradually recover. Therefore, the actual results may differ significantly.

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 grasp new customer needs arising from the progress of ICT and strive to provide customers with favorable experiences by strengthening the customer-reception quality of our employees and promoting digitization while enhancing its promotion activities and improving credit screening accuracy as a means to increase the number of new customers, grow the number of members, and maintain the soundness of its loan portfolio.

- Guarantee business

The Group will promote guarantee business with a firm grasp on the environmental changes in the market for personal card loans provided by financial institutions, while endeavoring to deepen communication with existing partners to further strengthen our partnerships. In order to meet the increasingly complex needs of each and every financial institution in alliance, the Group will make the best use of its expertise gained from loan business to enhance and improve service functions while working for appropriate screening and responding to the customer needs for sound financing as well.

- Overseas financial business

In the overseas financial business, we will strive to expand business and maintain the soundness of loan portfolio at EASY BUY Public Company Limited, while concentrating our efforts on making ACOM CONSUMER FINANCE CORPORATION the second pillar of profit in the overseas financial business.

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

**(5) Changes in Assets and Income of the Company**

(Millions of yen, unless otherwise stated)

Item	41st fiscal year ended March 31, 2018	42nd fiscal year ended March 31, 2019	43rd fiscal year ended March 31, 2020	44th fiscal year ended March 31, 2021
Operating revenue	263,453	277,069	279,510	266,316
Ordinary profit	81,694	58,205	75,104	100,014
Profit attributable to owners of parent	70,572	37,781	59,600	78,864
Basic earnings per share (yen)	45.05	24.12	38.04	50.34
Total assets	1,275,957	1,301,908	1,282,389	1,219,109
Net assets	344,437	381,501	442,496	515,128
Net assets per share (yen)	206.12	227.35	265.11	310.02
Accounts receivable - operating loans at fiscal year-end	975,116	1,000,428	1,041,711	977,152
Accounts receivable - installment at fiscal year-end	53,034	63,740	75,726	79,423
Shareholders' equity ratio (%)	25.31 [13.04]	27.36 [14.17]	32.39 [16.51]	39.84 [20.33]

- (Notes) 1. Basic earnings per share is calculated based on the average number of shares issued during each fiscal year excluding treasury shares. Net assets per share are calculated based on the total number of shares issued as of the end of each fiscal year excluding treasury shares.
2. The numbers in brackets in the lower row of "Shareholders' equity ratio" indicate the shareholders' equity ratios based on total assets including the total balance of guaranteed receivables.
3. The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the 42nd fiscal year. Accordingly, the figures in the assets and income of the Company for the 41st fiscal year to which the said accounting standard has been retrospectively applied are used.

**(6) Principal Parent Company and Subsidiaries (as of March 31, 2021)**

## 1) Relationship with the parent company

Company Name	Number of shares held (Thousands)	Parent company's percentage of voting rights held (%)	Remarks
Mitsubishi UFJ Financial Group, Inc.	629,675 (40,952)	40.19 (2.61)	Conclusion of business management agreement Conclusion of business and capital alliance agreement

- (Notes) 1. The numbers in parentheses in the "Number of shares held" and "Parent company's percentage of voting rights held" represent the included number of shares indirectly held and the percentage of voting rights indirectly held, respectively.
2. With regard to the Company's principal financial and business policies, the Company agreed with Mitsubishi UFJ Financial Group, Inc., the parent company, that important decisions on business plans and business strategies are to require prior approval.

2) Principal subsidiaries

Subsidiaries with capital exceeding 100 million yen are as follows:

Company name	Capital	The Company's percentage of voting rights holding (%)	Main business
MU Credit Guarantee Co., LTD.	300 (Millions of yen)	100.00	Credit guarantee business
IR Loan Servicing, Inc.	520 (Millions of yen)	100.00	Loan servicing business
EASY BUY Public Company Limited	6.0 (Billions of Thai baht)	71.00	Unsecured loan business and installment loan business (installment sales finance business)
ACOM CONSUMER FINANCE CORPORATION	1.5 (Billions of Philippine pesos)	80.00	Unsecured loan business

(Note) ACOM CONSUMER FINANCE CORPORATION raised funds amounting to 1.0 billion Philippine pesos by carrying out a capital increase through shareholder allotment in December 2020, thereby increasing its share capital from 500 million to 1.5 billion Philippine pesos, with approval from the regulatory authority, effective on January 25, 2021.

(7) Principal Businesses (as of March 31, 2021)

The principal businesses of the Group include loan and credit card business, guarantee business, overseas financial business, and loan servicing business.

(8) Principal Offices (as of March 31, 2021)

1) Principal offices of the Company

Head office: 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo

Business outlets

Loan business outlets	897
Staffed outlets	4
Unstaffed outlets	893
Automatic contract machine corners	897 locations (936)

(Note) The following are the numbers of automated teller machines:

ATMs	50,974
Proprietary	928
Tie-up	50,046

2) Principal offices of the subsidiaries

Name	Location	Name	Location
MU Credit Guarantee Co., LTD.	Chiyoda-ku, Tokyo	EASY BUY Public Company Limited	Bangkok, Kingdom of Thailand
IR Loan Servicing, Inc.	Chiyoda-ku, Tokyo	ACOM CONSUMER FINANCE CORPORATION	Pasig, Republic of the Philippines

(Note) The head office of MU Credit Guarantee Co., LTD. was relocated from Shinjuku-ku, Tokyo in June 2020.



**(9) Employees (as of March 31, 2021)**

## 1) Number of employees of the consolidated group

Category	Number of employees
Loan and credit card business	1,448 (66)
Guarantee business	229 (9)
Overseas financial business	3,104 (6)
Loan servicing business	133 (6)
Company-wide (common)	510 (16)
Total	5,424 (103)

(Notes) 1. The number of employees represents the number of employees at work (excluding the number of employees transferred from the Group companies to non-Group companies and including the number of employees transferred to the Group companies from non-Group companies) and does not include the number of fixed-term employees.

2. The figures in parentheses in “Number of employees” are the annual average number of fixed-term employees. (If the number of temporary employees of fixed-term employees is counted as 1 person per 8 work hours a day, the annual average number of fixed-term employees will be 97.)

3. The number of employees in the “Company-wide (common)” is the number of employees belonging to the administration departments of the Head Office and thus do not fall into any business segment.

## 2) Employees of the Company

Category	Number of employees	Year-on-year increase (decrease)	Average age	Average length of service
Male	1,263	14	43 years and 4 months	18 years and 9 months
Female	849	35	36 years and 3 months	8 years and 10 months
Total	2,112	49	40 years and 6 months	14 years and 9 months

(Note) The number of employees represents the number of employees at work (excluding the number of employees transferred out of the Company and including the number of employees transferred in the Company), and does not include the number of fixed-term employees.

**(10) Major Creditors (as of March 31, 2021)**

The Company’s major creditors and amounts borrowed are as follows.

Creditor	Amount borrowed (Millions of yen)
MUFG Bank, Ltd.	197,888
Shinsei Bank, Limited	44,125
Aozora Bank, Ltd.	30,300
Shinkin Central Bank	25,425
Bank of Ayudhya Public Company Limited	19,794
Sumitomo Mitsui Banking Corporation	18,413

(Note) The amount borrowed from MUFG Bank, Ltd. includes borrowings by privately placed bonds.

## 2. Matters concerning Shares of the Company (as of March 31, 2021)

### (1) Shares

Total number of shares authorized to be issued	Total number of shares issued	Number of shareholders
5,321,974,000	1,596,282,800	10,602

### (2) Major Shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Percentage of ownership (%)
Mitsubishi UFJ Financial Group, Inc.	588,723	37.57
Maruito Shokusan Co., Ltd.	273,467	17.45
Maruito Co., Ltd.	125,533	8.01
Foundation of Kinoshita Memorial Enterprise	92,192	5.88
The Master Trust Bank of Japan, Ltd. (Trust account)	77,163	4.92
Maruito Shoten Co., Ltd.	38,733	2.47
Mitsubishi UFJ Trust and Banking Corporation	31,572	2.01
Custody Bank of Japan, Ltd. (Trust account 4)	27,356	1.74
Shigeyoshi Kinoshita	26,507	1.69
Custody Bank of Japan, Ltd. (Trust account)	14,109	0.90

- (Notes) 1. For the number of shares held, the amount is rounded down to the nearest thousand.  
2. The Company holds 29,668,702 shares of treasury stock but is excluded from the list of major shareholders above.  
3. The percentage of ownership is calculated excluding treasury stock.

## 3. Matters concerning the Stock Acquisition Rights, etc.

### (1) Stock acquisition rights held by the Directors of the Company and issued in consideration of their execution of duties as of the end of this fiscal year

Not applicable.

### (2) Stock acquisition rights issued to employees, etc. in consideration of their execution of duties during this fiscal year

Not applicable.

#### 4. Matters concerning Directors and Audit & Supervisory Committee Members of the Company

##### (1) Directors (as of March 31, 2021)

Position	Name	Responsibility within the Company and significant concurrent positions
Chairman, President & CEO	Shigeyoshi Kinoshita	Chief Executive Officer
Deputy Chairman	Kaoru Wachi	In charge of Compliance Department and Internal Audit Department
Deputy President & Deputy CEO	Masataka Kinoshita	Deputy Chief Executive Officer (In charge of Corporate Planning Department and Human Resources Department)
Managing Director	Tomomi Uchida	Executive Managing Officer (Head of Credit Supervision Division; In charge of General Affairs Department, Business Process Management Department, Credit Supervision Department I, Credit Supervision Department II and Compliance for Credit Supervision Office)
Managing Director	Takashi Kiribuchi	Executive Managing Officer (In charge of System Development & Administration Division; Vice in charge of Corporate Planning Department; Chief General Manager of System Development & Administration Division)
Director	Naoki Hori	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc. Member of the Board of Directors (representative) and Deputy President of MUFG Bank, Ltd.
Director, Full-time Member of the Audit & Supervisory Committee	Tatsuya Ito	
Director, Full-time Member of the Audit & Supervisory Committee	Kazuo Fukumoto	
Director, Full-time Member of the Audit & Supervisory Committee	Masahide Ishikawa	

- (Notes)
1. Directors, Audit & Supervisory Committee Members Tatsuya Ito and Masahide Ishikawa are Outside Directors, and have been designated and registered as independent directors with the Tokyo Stock Exchange in accordance with its regulations.
  2. Director, Audit & Supervisory Committee Member Kazuo Fukumoto has considerable knowledge regarding finance and accounting gained from serving as General Manager and Executive Officer of Corporate Planning, Management, and Accounting divisions of the Company over many years and taking charge of Accounting divisions since assuming the position of Director.
  3. All of the three Audit & Supervisory Committee Members have been elected as Full-time Members of the Audit & Supervisory Committee in order to strengthen the effective auditing function, etc. by regularly supervising and verifying the status of the establishment and operation of the internal control system while enhancing the development of the environment for information collection and audits.

4. Executive Officers who do not hold concurrent positions as Directors (as of March 31, 2021)

Position	Name	Responsibility within the Company and significant concurrent positions
Executive Managing Officer	Makoto Kondo	In charge of Corporate Risk Management Department Vice in charge of Compliance Department
Executive Managing Officer	Yasuhiro Kamura	Head of Credit Business Promotion Division In charge of Business Planning Department, Business Promotion Department, East Japan Business Promotion Department, West Japan Business Promotion Department and Compliance for Credit Business Promotion Office
Executive Managing Officer	Masaru Kuroda	In charge of Overseas Business Department
Executive Managing Officer	Michihito Onodera	In charge of Guarantee Business Department
Executive Managing Officer	Tomoo Shikanoya	In charge of Finance Department, Treasury Department and Public Relations & CSR Department
Executive Officer	Masayuki Sone	Chief General Manager of West Japan Business Promotion Department
Executive Officer	Akihiro Kiyooka	Credit Supervision Division (Special mission)
Executive Officer	Yasuhide Doi	Chief General Manager of Credit Supervision Department II
Executive Officer	Masashi Yoshiba	Chief General Manager of Business Process Management Department
Executive Officer	Hidehiko Shibata	Chief General Manager of East Japan Business Promotion Department
Executive Officer	Yuji Kinoshita	Chief General Manager of Business Promotion Department
Executive Officer	Masahiko Machida	Chief General Manager of Internal Audit Department
Executive Officer	Masatoshi Nabeoka	Chief General Manager of Corporate Risk Management Department
Executive Officer	Hitoshi Yokohama	Guarantee Business Department (Special mission)
Executive Officer	Takeo Noda	Overseas Business Department (Special mission)

5. Change in Executive Officer during the fiscal year under review

Name	Position before change	Position after change	Date of change
Masatoshi Nabeoka	—	Executive Officer	April 1, 2020
Takashi Kiribuchi	Executive Officer	Executive Managing Officer	June 23, 2020
Tomoo Shikanoya	Executive Officer	Executive Managing Officer	June 23, 2020
Nobuyoshi Matsutani	Executive Managing Officer	—	June 23, 2020
Hitoshi Yokohama	—	Executive Officer	June 23, 2020
Takeo Noda	—	Executive Officer	June 23, 2020

**(2) Directors Who Retired during the Fiscal Year under Review**

Name	Date of retirement	Reason for retirement	Position, responsibility within the Company and significant concurrent positions at the time of retirement
Teruyuki Sagehashi	June 23, 2020	Expiration of term	Senior Managing Director Senior Executive Managing Officer (In charge of Finance Department and Public Relations & CSR Department)

**(3) Compensation to Directors for the Fiscal Year under Review**

## 1) Policy concerning the Decision on the Details of Individual Compensation to Directors

The Board of Directors determined a policy concerning the decision on the details of individual compensation payable to Directors (excluding Directors serving as Audit & Supervisory Committee Members). In summary, with regard to compensation payable to Directors (excluding Directors serving as Audit & Supervisory Committee Members), the Company has established a compensation system sufficient to function as an incentive to seek sustainably increasing corporate value, by setting the compensation levels at companies that have the same business scale as the Company or that belong to the relevant business types and business categories as benchmarks. Compensation to each Director is to be payable in cash. Compensation to full-time Directors (excluding Directors serving as Audit & 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 & 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 positions 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 & Supervisory Committee Members) at the Board of Directors after the Appointment and Remuneration Committee calculates basic distribution funds with "Profit attributable to owners of parent" as an indicator and thereupon 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 twenty percent (if the amount of performance-linked compensation is a standard one). An indicator ("Profit attributable to owners of parent") of performance-linked compensation payable to full-time Directors (excluding Directors serving as Audit & Supervisory Committee Members) is selected because the Company has first established an objective and transparent compensation system for full-time Directors (excluding Directors serving as Audit & Supervisory Committee Members) linked to business results for a single fiscal year in consideration of the fact that the Company had consecutively paid no dividend until an interim dividend for the fiscal year ended March 2018. With regard to the method used for determining the amount of performance-linked compensation, the Company determines the range of profit as a standard for the basic distribution funds at the Appointment and Remuneration Committee in consideration of special factors such as future increases in the tax burden and extraordinary income and losses out of profit. Then, the Company determines the amount of performance-linked compensation by multiplying the basic distribution funds by a rate according to the percentage of distribution per position and an individual Director's evaluation at the Board of Directors.

Changes in profit attributable to owners of parent including the fiscal year under review are stated at 1. (5) Changes in Assets and Income of the Company.

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 & Supervisory Committee Members is determined through consultation among Audit & Supervisory Committee Members in consideration of their duties and responsibilities.

## 2) Resolutions at a General Meeting of Shareholders on Compensation to Directors

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 & 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 & 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 & Supervisory Committee Members per year shall be no more than 100 million. The number of Directors serving as Audit & Supervisory Committee Members as of the conclusion of the above Ordinary General Meeting of Shareholders was four.

3) Reasons Why the Board of Directors Deemed that the Details of Individual Compensation Payable to Directors were in line with the Policy

The details of the individual compensation payable to each Director for the fiscal year under review were deliberated and proposed by the Appointment and Remuneration Committee within the compensation limit approved at the general meeting of shareholders based on the Director's position, evaluation, and other factors, and were thereupon determined by the Board of Directors in due consideration of the contents of the proposal. Therefore, the Board of Director deemed that the details were in line with the policy.

**(4) Total Amount of Compensation to Directors**

Category	Total amount of compensation (Millions of yen)	Total amount of compensation by type (Millions of yen)			Number of eligible Directors
		Basic compensation	Performance-linked compensation	Non-monetary compensation	
Directors (excluding those serving as Audit & Supervisory Committee Members)	187	148	39	—	7
Directors serving as Audit & Supervisory Committee Members	57	57	—	—	3
(of which Outside Directors)	(37)	(37)	(—)	(—)	(2)
Total	245	205	39	—	10
(of which Outside Directors)	(37)	(37)	(—)	(—)	(2)

(Note) The above table includes one Director (excluding a Director serving as an Audit & Supervisory Committee Member) who retired at the close of the 43rd Ordinary General Meeting of Shareholders held on June 23, 2020, due to the expiration of his/her term of office.

**(5) Summary of Limited Liability Agreement**

Based on the provisions in Paragraph 1, Article 427 of the Companies Act, the Company has concluded a limited liability agreement under Paragraph 1, Article 423 of the Companies Act with each Director (excluding those with authority on business execution, etc.). In addition, liability for damage under such agreement will be limited to the minimum amount stipulated in the law.

**(6) Summary of Details of Directors and Officers (D&O) Liability Insurance**

The Company has entered into a Director and Officer (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3 of the Companies Act to cover legal damages and litigation expenses to be borne by the insured parties.

It is provided, however, that the insurance policy takes measures so as not to impair the appropriateness of the execution of duties by Directors and Officers, by offering no coverage for liability incurred by Directors and Officers themselves who have committed bribery or other criminal offenses or intentional illegal acts.

The insured parties of the insurance policy are Directors (excluding Directors serving as Audit & Supervisory Committee Members) of the Company, Audit & Supervisory Committee Members and Executive Officers of the Company, including persons who have already retired from the above offices and Directors and Officers who have been newly elected during the term of the policy. In addition, the Company bears the entire premium for all the insured parties.

**(7) Matters concerning Outside Directors**

- 1) Significant concurrent positions in other companies and relationship between the Company and these companies.  
Not applicable.

2) Major activities of Outside Directors during the fiscal year under review

Name	Position	Summary of attendance, comments made and duties carried out concerning roles expected of Outside Directors
Tatsuya Ito	Director, Audit & Supervisory Committee Member	He attended all 12 Board of Directors meetings and all 14 Audit & Supervisory Committee meetings held during the fiscal year under review and actively offered opinions and advice and posed questions from an independent standpoint, drawing on his wealth of experience and knowledge gained through his career at a financial institution, as well as his insight as an attorney at law. In addition, he maintained active cooperation with accounting auditors and the internal audit department, etc. Furthermore, as an Outside Director he attended, in addition to the above, the Appointment and Remuneration Committee meetings and the Risk Committee meetings as a member, and supervised the management from an independent viewpoint when selecting the top management, deliberating evaluation and compensation, and reporting to the Board of Directors through risk monitoring.
Masahide Ishikawa	Director, Audit & Supervisory Committee Member	He attended all 12 Board of Directors meetings and all 14 Audit & Supervisory Committee meetings held during the fiscal year under review and actively offered opinions and advice and posed questions from an independent standpoint, drawing on his wealth of experience and knowledge, as well as his experience gained through his past career as corporate executive. In addition, he maintained active cooperation with accounting auditors and the internal audit department, etc. Furthermore, as an Outside Director he attended, in addition to the above, the Appointment and Remuneration Committee meetings and the Risk Committee meetings as a member, and supervised the management from an independent viewpoint when selecting the top management, deliberating evaluation and compensation, and reporting to the Board of Directors through risk monitoring.



## 5. Accounting Auditor

### (1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

### (2) Amount of Compensation to Accounting Auditor for the Fiscal Year under Review

1) Compensation to the accounting auditor for the fiscal year under review	125,000 thousand yen
2) Total amount of monetary and other financial benefits payable to the accounting auditor by the Company and its consolidated subsidiaries	149,200 thousand yen

- (Notes)
1. The audit agreement entered into by the Company and the accounting auditor does not clearly distinguish the amount of compensation for audits prescribed in the Companies Act and those prescribed in the Financial Instruments and Exchange Act, and practically it cannot be distinguished. Therefore, 1) above shows the total amount of such compensation.
  2. The Audit & 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.
  3. Among the Company's principal subsidiaries, EASY BUY Public Company Limited and ACOM CONSUMER FINANCE CORPORATION have been subject to statutory audit by accounting auditors other than the Company's accounting auditor.
  4. The Company entrusts the accounting auditor with the preparation of a comfort letter, which is a service outside the scope of services stipulated in Paragraph 1, Article 2 of the Certified Public Accountants Act, and pays the accounting auditor for performing such service.

### (3) Policy on Determination of Dismissal or Non-Reappointment of the Accounting Auditor

In case the Audit & Supervisory Committee determines that the accounting auditor falls under the provisions specified in each item, Paragraph 1, Article 340 of the Companies Act, the Audit & Supervisory Committee shall dismiss the accounting auditor conditional upon its unanimous approval.

In cases that the Audit & 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 & Supervisory Committee shall decide the contents of proposal for the General Meeting of Shareholders to dismiss or not to reappoint the accounting auditor.

## 6. The Company's System and Policy

System to Ensure the Appropriateness of Business Activities and Overview of the Status of Operation of the System

[System to Ensure the Appropriateness of Business Activities]

The Company resolved, at the Board of Directors meeting held on January 30, 2020, a partial amendment to the basic policy for the development of the system to ensure the appropriateness of business activities of the Company and its subsidiaries (“Basic Policy of Establishing ACOM Group’s Internal Control System”), to be effectuated on April 1, 2020. The following are stated based on the contents after amendment.

- 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
  - (a) 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.
  - (b) The Company and its subsidiaries establish a committee on compliance, etc., officers responsible for compliance, and departments with across-the-board responsibilities for compliance.
  - (c) The Company and its subsidiaries formulate compliance plans and manage its progress.
  - (d) The Company and its subsidiaries establish contact points for reporting and inquiries concerning the act of violations or possible violations of compliance.
  - (e) In accordance with the ACOM Group Code of Ethics and the 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.
  - (f) The Company and its subsidiaries closely monitor the possibility that funds provided by the Company and its subsidiaries may be used for various crimes and terrorist acts, and strive to prevent money laundering.
  - (g) In accordance with the 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.
  - (h) 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 businesses. Additionally, the Company’s internal audit department implements audits on its subsidiaries or supports their audits in order to contribute to development of the internal control system of its subsidiaries.
- 2) System concerning storage and management of information on the execution of duties by Directors of the Company
  - (a) 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.
  - (b) 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
  - (a) The Company and its subsidiaries establish systems for proper and efficient risk management in accordance with the rules for risk management.
  - (b) In order to manage risks in an integrated manner, the Company and its subsidiaries establish a committee on risk management, etc., officers responsible for risk management, and departments with across-the-board responsibilities for risk management.
  - (c) The Company and its subsidiaries establish systems 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
  - (a) The Company formulates the Group's management policies and management plans and carries out business management based on appropriate methods.
  - (b) The Board of Directors delegates decision making concerning the execution of business operations other than matters to be resolved by the Board of Directors to President. The Company establishes the Executive Officers' Meeting chaired by President to conduct deliberations and make decisions on delegated matters.
  - (c) 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
  - (a) 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.
  - (b) The Company establishes departments for managing its subsidiaries, and manages subsidiaries in accordance with the rules for management of subsidiaries, etc. The Company's subsidiaries report important matters with business operations and management to the Company's Executive Officers' Meeting.
  
- 6) System concerning employees to assist the Audit & Supervisory Committee of the Company in execution of their duties
  - (a) The Company will establish the Administration for Audit & Supervisory Committee to assist the Audit & Supervisory Committee in execution of their duties, and assigns employees to assist the Audit & Supervisory Committee.
  - (b) The number of employees to assist the Audit & Supervisory Committee and their required qualifications will be decided after discussion with the Audit & Supervisory Committee.
  - (c) Employees to assist the Audit & Supervisory Committee will be exclusively in charge of work that assists the Audit & Supervisory Committee, and will not be subject to instructions and orders from Directors (excluding those serving as Audit & Supervisory Committee Members) and other operational organizations.
  - (d) Assignment, transfer, evaluation and disciplinary action of employees to assist the Audit & Supervisory Committee will be decided after discussion with the Audit & Supervisory Committee.
  
- 7) System for reporting to the Audit & Supervisory Committee
 

The Company reports to the Audit & Supervisory Committee the following matters concerning the Company and its subsidiaries. The person who reports to the Audit & Supervisory Committee shall not be treated unfavorably due to the reporting.

  - (i) Matters which may significantly damage the Company
  - (ii) Any material violation of laws and regulations, etc.
  - (iii) Implementation Status and results of internal audits
  - (iv) Status of whistleblowing and details of the reporting
  - (v) Other matters the Audit & Supervisory Committee ask to be reported
  
- 8) Other systems to ensure that audits are effectively implemented by the Audit & Supervisory Committee of the Company
  - (a) The Company ensures a system that allows Audit & Supervisory Committee Members elected by the Audit & Supervisory Committee to: attend the Executive Officers' Meeting and other important meetings and committees; and have access to the important documents concerning the execution of duties, such as statutory documents.
  - (b) President will have regular meetings with Audit & Supervisory Committee Members elected by the Audit & Supervisory Committee to exchange opinions on issues with which the Company should deal, issues concerning the execution of duties, and primary issues on audits. President will also take actions regarding the matters that the Audit & Supervisory Committee deems necessary to be addressed.

- (c) Directors (excluding those serving as Audit & Supervisory Committee Members) and employees will esteem the rules of the Audit & Supervisory Committee and other rules, including audit policies, and cooperate with the Audit & Supervisory Committee for inspection and consultation requests.
- (d) The internal audit department will establish a cooperation system for exchanging information with the Audit & Supervisory Committee in order to contribute to ensuring the effectiveness of audits.
- (e) When the internal audit department recognizes an act in violation of laws and regulations or an act that may correspond to a violation of laws and regulations (whether or not they breach internal rules) in which any Directors (excluding those serving as Audit & Supervisory Committee Members) are suspected to be involved, the internal audit department will report the said facts to the Audit & Supervisory Committee before reporting them to the Directors (excluding those serving as Audit & Supervisory Committee Members).
- (f) The Audit & Supervisory Committee will prepare budgets for expenses necessary for the execution of their duties and present them to the Company. Expenses incurred over the budget, in an urgent or temporary manner, may be requested for reimbursement afterwards.

[Overview of the Status of Operation of the System to Ensure the Appropriateness of Business Activities]  
Overview of the status of operation based on the basic policy for the development of the system to ensure the appropriateness of business activities (“Basic Policy of Establishing ACOM Group’s Internal Control System”) for the fiscal year under review is as follows.

- 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
  - \* The Company has formulated the ACOM Group Code of Ethics and Code of Conduct and issued copies thereof to all officers and employees while posting it on the Company’s website, in-house network, etc.
  - \* The Company and its subsidiaries have appointed officers responsible for compliance and established departments with across-the-board responsibilities for compliance, and striven to promote compliance through compliance training, etc.
  - \* The Company has arranged quarterly reports to the Board of Directors on the progress of the compliance plan.
  - \* The Compliance Committee has held six meetings, carrying out deliberation on the important matters concerning the development and operation of the compliance system, matters concerning the formulation of the basic compliance plan, etc.
  - \* The Company and its subsidiaries have established contact points for reporting and consultations concerning the act of violations or possible violations of compliance.
  - \* The Company and its subsidiaries manage prevention of transactions involving antisocial forces in accordance with the ACOM Group Code of Ethics and other related provisions.
  - \* The Company and its subsidiaries manage the prevention of financial crimes, including money laundering, in accordance with the ACOM Group Code of Ethics and other related provisions.
  - \* The Financial Information Disclosure Committee has held eight meetings, conducting prior deliberation of the matters to be discussed at the Board of Directors, on issues such as the financial information subject to disclosure.
  - \* The Company has established an internal audit department and ensured its independence and specialties. It has also developed an internal audit system in accordance with the rules on internal audit to ensure the soundness and appropriateness of businesses. Additionally, the Company’s internal audit department has implemented or supported the audits of its subsidiaries in order to contribute to development of the internal control system of its subsidiaries, and has reported quarterly to the Board of Directors on the results of audits including audits on its subsidiaries.
- 2) System concerning storage and management of information on the execution of duties by Directors of the Company
  - \* The Company makes amendments to the rules, etc. concerning information management, such as the “Information Security Management Rules” and the “Information Management Rules,” and reviews the framework for storage and management of information as appropriate.
  - \* The Company has appointed personnel responsible for information security management, and regularly verifies the roles of respective organizations, officers and employees involved in information security, as well as the status of storage and management of information.
- 3) Rules concerning loss risk management and other systems of the Company and its subsidiaries
  - \* The Company and its subsidiaries have appointed officers responsible for risk management and established departments with across-the-board responsibilities for risk management.
  - \* The Company makes amendments to the rules, etc. concerning business continuity and reviews the framework for business continuity and prompt restoration of business operations as appropriate.
  - \* The Risk Committee has held four meetings, deliberating on matters concerning the development of the risk management system in general and important matters concerning risk management.
  - \* The Risk Management Report Meeting has held four meetings, reporting on the status of risk management and matters concerning risk management.
- 4) System to ensure efficient execution of duties by the Directors of the Company and its subsidiaries
  - \* The Board of Directors makes resolutions on the Group’s management policies and management plans. The progress of the management plans is reported to the Board of Directors on a quarterly basis.
  - \* The Executive Officers’ Meeting has held 32 meetings to deliberate and decide on matters delegated

- from the Board of Directors, and conduct prior deliberation on the matters to be discussed at the Board of Directors.
- \* The Company and its subsidiaries amend internal rules pertaining to the decision-making criteria as necessary 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
- \* 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.
  - \* The Company manages subsidiaries based on the "Affiliates Management Rules."
  - \* Each subsidiary of the Company reports on the status of various aspects of operation including budgetary control, main qualitative management data and the progress of credit business measures to the business report meeting on a monthly basis and to the Executive Officers' Meeting on a quarterly basis.
- 6) System concerning employees to assist the Audit & Supervisory Committee of the Company in execution of their duties
- \* The Company has established the Administration for Audit & Supervisory Committee to assist the Audit & Supervisory Committee in execution of their duties, and assigned three dedicated employees to assist the Audit & Supervisory Committee, who are not subject to instructions and orders from Directors (excluding those serving as Audit & Supervisory Committee Members) and other operational organizations.
- 7) System for reporting to the Audit & Supervisory Committee
- \* Status of the execution of Directors' duties, status of internal audits, etc., are reported to the Audit & Supervisory Committee on a regular basis, while matters which are deemed likely to significantly damage the Company and any like cases are reported to the Audit & Supervisory Committee without delay when such matters occur.
  - \* The Company has stipulated that the person who reports to the Audit & Supervisory Committee shall not be treated unfavorably due to the reporting.
- 8) Other systems to ensure that audits are effectively implemented by the Audit & Supervisory Committee of the Company
- \* The "Rules of the Executive Officers' Meeting" and the rules of other Committees, etc. stipulate the authority of Audit & Supervisory Committee Members elected by the Audit & Supervisory Committee to attend meetings, and Audit & Supervisory Committee Members elected by the Audit & Supervisory Committee attend the Executive Officers' Meeting, the Compliance Committee, the Financial Information Disclosure Committee, the Risk Committee and other meetings.
  - \* The "Rules for Ensuring the Effectiveness of Audits by the Audit & Supervisory Committee" stipulates the authority of Audit & Supervisory Committee Members elected by the Audit & Supervisory Committee to access statutory documents and other important documents concerning the execution of duties.
  - \* Directors (excluding those serving as Audit & Supervisory Committee Members) have regular meetings with Audit & Supervisory Committee Members elected by the Audit & Supervisory Committee to exchange opinions on issues which the Company should address, issues concerning the execution of duties, and primary issues on audits.
  - \* The internal audit department maintains cooperation with the Audit & Supervisory Committee by regularly reporting the status of correction of defects found as a result of the internal audit while discussing in advance the internal audit plan.
  - \* The Company has stipulated that when the internal audit department recognizes an act in violation of laws and regulations or act that may correspond to a violation of laws and regulations in which any Directors (excluding those serving as Audit & Supervisory Committee Members) are suspected to be involved, the internal audit department will report the said facts to the Audit & Supervisory Committee before reporting them to the Directors (excluding those serving as Audit & Supervisory Committee Members).

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## Consolidated Financial Statements

(April 1, 2020 - March 31, 2021)

### Consolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>1,153,346</b>	<b>Current liabilities</b>	<b>175,271</b>
Cash and deposits	83,323	Accounts payable - trade	696
Accounts receivable - operating loans	977,152	Short-term borrowings	15,992
Accounts receivable - installment	79,423	Commercial papers	5,000
Purchased receivables	8,477	Current portion of long-term borrowings	69,416
Supplies	63	Current portion of bonds payable	53,760
Other	82,334	Lease obligations	354
Allowance for doubtful accounts	(77,428)	Income taxes payable	7,258
<b>Non-current assets</b>	<b>65,763</b>	Provision for loss on guarantees	8,876
Property, plant and equipment	13,998	Asset retirement obligations	408
Buildings and structures	3,386	Deferred installment income	28
Vehicles	0	Other	13,479
Equipment	7,640	<b>Non-current liabilities</b>	<b>528,710</b>
Land	2,476	Bonds payable	155,800
Lease assets	495	Long-term borrowings	309,431
Intangible assets	6,803	Lease obligations	238
Software	4,984	Provision for loss on interest repayment	56,741
Goodwill	1,770	Retirement benefit liability	721
Leasehold right	4	Asset retirement obligations	5,420
Telephone subscription right	37	Other	357
Other	7	<b>Total liabilities</b>	<b>703,981</b>
Investments and other assets	44,960	<b>(Net assets)</b>	
Investment securities	1,207	<b>Shareholders' equity</b>	<b>480,578</b>
Retirement benefit asset	5,618	Share capital	63,832
Deferred tax assets	29,677	Capital surplus	73,549
Guarantee deposits	4,990	Retained earnings	362,991
Other	4,367	Treasury shares	(19,794)
Allowance for doubtful accounts	(900)	<b>Accumulated other comprehensive income</b>	<b>5,105</b>
		Valuation difference on available-for-sale securities	0
		Foreign currency translation adjustment	4,444
		Remeasurements of defined benefit plans	661
		<b>Non-controlling interests</b>	<b>29,443</b>
		<b>Total net assets</b>	<b>515,128</b>
<b>Total assets</b>	<b>1,219,109</b>	<b>Total liabilities and net assets</b>	<b>1,219,109</b>

## Consolidated Statement of Income

(April 1, 2020 - March 31, 2021)

(Millions of yen)

Description	Amount	
Operating revenue		266,316
Interest on operating loans	167,833	
Revenue from credit card business	9,985	
Revenue from installment sales finance business	56	
Revenue from credit guarantee	55,675	
Proceeds from purchased receivables	4,358	
Other financial revenue	34	
Other operating revenue	28,372	
Operating expenses		167,419
Financial expenses	5,870	
Cost of purchased receivables	1,884	
Other operating expenses	159,704	
<b>Operating profit</b>		<b>98,896</b>
Non-operating income		1,177
Interest income	2	
Dividend income	25	
Share of profit of entities accounted for using equity method	43	
Rental income from buildings	184	
Subsidy income	767	
Other	154	
Non-operating expenses		60
Interest expenses	15	
Foreign exchange losses	26	
Loss on cancellation of insurance policies	11	
Other	7	
<b>Ordinary profit</b>		<b>100,014</b>
Extraordinary income		68
Gain on sales of non-current assets	40	
Gain on sales of investment securities	28	
Extraordinary losses		785
Loss on sales of non-current assets	52	
Loss on retirement of non-current assets	177	
Impairment loss	555	
Other	0	
<b>Profit before income taxes</b>		<b>99,297</b>
Income taxes-current	12,925	
Income taxes-deferred	2,729	15,654
<b>Profit</b>		<b>83,643</b>
<b>Profit attributable to non-controlling interests</b>		<b>4,778</b>
<b>Profit attributable to owners of parent</b>		<b>78,864</b>



## Consolidated Statement of Changes in Net Assets

(April 1, 2020 - 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)
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)
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

## Notes to the Consolidated Financial Statements

(From April 1, 2020 to March 31, 2021)

### 1. Notes to Significant Matters Providing the Basis for the Preparation of Consolidated Financial Statements

#### (1) Matters concerning the scope of consolidation

Number of consolidated subsidiaries: 4

Names of principal consolidated subsidiaries are referred to in “(6) Principal Parent Company and Subsidiaries of 1. Overview of Consolidated Business Activities,” therefore they are omitted here.

#### (2) Matters concerning application of the equity method

Number of equity-method-affiliate: 1

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

#### (3) Matters concerning accounting policies

##### 1) Evaluation standards and methods for significant assets

###### (a) Marketable securities

Other marketable securities

Securities with market quotations

Stated at market value at the end of the fiscal year  
(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)

Securities without market quotations

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.

###### (b) Derivative transactions, etc.

Derivatives

Market value method

###### (c) Inventories

Supplies

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

##### 2) Depreciation and amortization methods for significant depreciable assets

###### (a) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries

Declining balance method

Overseas consolidated subsidiaries

Straight-line method

###### (b) Intangible assets (excluding lease assets)

Software for internal use

Amortized by the straight-line method over their  
estimated useful lives (5 years) in the Company.

Other intangible assets

Straight-line method

###### (c) Lease assets

Lease assets concerning transfer ownership finance lease transactions

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

Lease 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

###### (d) Long-term prepaid expenses

Depreciated by the equal installment method

###### (e) Deferred assets

Bond issuance cost

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

3) Accounting standards for the translation of foreign currency-denominated assets and liabilities into Japanese yen

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.

4) Accounting standards for significant allowances and provisions

Allowance for doubtful accounts

To provide for potential loss on consumer loans and other loans, the Company and its consolidated subsidiaries make an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts 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.

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 fiscal year.

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.

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 is calculated pursuant to the prescribed rates applicable to the relevant credit balance.

6) Significant hedge accounting method

(a) 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.

(b) 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

(c) Hedging policy

The Company and its subsidiaries enter into derivatives contracts to hedge against various risks. 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 loans relating to foreign-currency-denominated borrowings for the purpose of protecting cash flows.

(d) 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.

7) 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.

8) Other significant matters for the preparation of consolidated financial statements

(a) Accounting method for retirement benefits

Retirement benefit liability is recorded at the amount obtained by subtracting pension assets from retirement benefit obligations based on their projected amounts at the end of the current fiscal year, in order to provide for employees' retirement benefits. If the projected amount of pension assets exceeds the projected amount of retirement benefit obligations, the excess amount is recorded as retirement benefit asset.

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.

Actuarial differences and unrecognized past service costs are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under the net assets section, after adjustments for tax effect.

(b) 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 for the fiscal year they were incurred.

(c) Adoption of consolidated taxation system

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

(d) 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 have transitioned to a group tax sharing system instituted in the "Act for Partial Amendment to the Income Tax Act, etc. (Act No. 8 of 2020)." With regard to matters that have been reviewed in the non-consolidated taxation system in tandem 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)," pursuant to 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 (ASBJ PITF No. 39; March 31, 2020)." Accordingly, the stated amounts of deferred tax assets and deferred tax liabilities are subject to the provisions of tax acts in effect before the revisions.

2. Notes to changes in presentation

<Application of "Accounting Standard for Disclosure of Accounting Estimates">

The Company has applied the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) to the consolidated financial statements at the end of the fiscal year under review. Notes to significant accounting estimates are described in the consolidated financial statements.

<Consolidated Statement of Income>

“Loss on cancellation of insurance policies” was included in “Other” under non-operating expenses in the prior fiscal year. As its quantitative materiality became significant, “Loss on cancellation of insurance policies” has been listed separately.

“Loss on cancellation of insurance policies” in the prior fiscal year was 6 million yen.

3. Notes to accounting estimates

(1) Provision for loss on interest repayment

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

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 56,741 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 conducive to the understanding of the details of accounting estimates

(a) 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 excess 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 future estimated figures of the average unit price of requests for interest repayment from the past actual results of the number of requests for interest repayment and the past actual results of the average unit price of requests for interest repayment. Then, the Company calculates the total estimated figures in the future based on an estimated amount of requests for interest repayment per year 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 per law firm or shiho-shoshi lawyer’s office as calculated from past actual results as well as the latest environmental analysis and the latest trend of requests for interest repayment per law firm or shiho-shoshi lawyer’s office.

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

Major assumptions are the 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 future estimated figures of the average unit price of requests for interest repayment.

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

Assumptions that have significant impact on an amount recorded on the consolidated financial statements are the future estimated figures of the number of requests for interest repayment and the future estimated figures of the average unit price of requests for interest repayment per law firm or shiho-shoshi lawyer’s office. Their past actual results are corrected based on the latest environmental analysis and the latest trend in requests for repayment per law firm or shiho-shoshi lawyer’s office. Accordingly, if the forecast of the Company’s environmental analysis and the trend in requests for interest repayment per law firm or shiho-shoshi lawyer’s office differ from the actual results, provision for loss on interest repayment for the next consolidated 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

For accounts receivable - operating loans, accounts receivable - installment and right to reimbursement, which constitute the majority of total assets of the Company Group, an allowance for doubtful accounts is provided for all or part of the outstanding balance of loans, based on the types and conditions at the end of the consolidated fiscal year under review. Further, an additional provision of allowance for doubtful accounts in the amount of 2,500 million yen was recorded in consideration of the impact of the spread of COVID-19 infection in the fiscal year under review.

Allowance for doubtful accounts recorded on the consolidated financial statements for the fiscal year under review was 78,328 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 conducive to the understanding of the details of accounting estimates

(a) 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.

i) 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.

ii) Bad debts under the Head Office control

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

(b) Major assumptions used 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.

(c) 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.

(Additional Information)

Amid the growing impact of COVID-19 infection, widening gap between the credit line and the outstanding debt balance and bad debts decreased due to a decrease in additional borrowing following the decline in the demand for funds associated with stagnant consumer spending activities. As a result, credit risk decreased and the level of allowance for doubtful accounts became low.

In addition, with respect to the future prospect of COVID-19 infection, the Company makes a certain assumption that sluggish economic activities will recover gradually in the next fiscal year. Based on the said assumptions, it is expected that the reverse rate of the allowance will become higher due to expanding additional borrowing, and that unrecognized bad debts risk will materialize, stoking concern that the allowance could become insufficient.

In light of a certain assumption and a matter of concern as above, the Company corrects the allowance for doubtful accounts using the following method.

\* For receivables that the Company continues to hold from the prior fiscal year, the Company corrects

the ratings of the receivables to those before the said impact.

\* For a customer for whom the due date is extended and a certain period has passed from the initial date of reckoning, the Company estimates the total amount of the receivables.

(3) Provision for loss on guarantees

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

With respect to a guarantee obligation, the Company provides a part of the outstanding guarantee obligation as provision for loss on guarantees according to the status of the obligation at the end of the consolidated fiscal year under review. In addition, an additional allowance for loss on guarantees in the amount of 1,400 million yen was recorded in consideration of the impact of the spread of COVID-19 infection in the consolidated fiscal year under review.

Provision for loss on guarantees recorded on the consolidated financial statements for the fiscal year under review was 8,876 million yen.

Provision for loss on guarantees 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 conducive to the understanding of the details of accounting estimates

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

Provision for loss on guarantees is calculated mainly using the historical rate of annual defaults according to the classifications of guarantee obligation based on a credit risk management model.

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

With respect to the receivables risk management model stated in the methods used for calculation 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 of guarantee obligation based on the said value is a major assumption.

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

The Company continuously reviews and revises the classifications of guarantee obligation 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 a significant impact on the amount of provision for loss on guarantees to be recognized in the consolidated financial statements for the next fiscal year and thereafter.

(Additional Information)

Prompted by the concern that the provision for loss on guarantees could become insufficient for the same reason as the allowance for doubtful accounts amid the spread of COVID-19 infection, the Company calculates provision for loss on guarantees after correcting credit ratings to those before the said impact.

4. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 34,354 million yen

(2) Guaranteed liabilities (Millions of yen)

Outstanding guarantee obligation in the guarantee business 1,170,094

Provision for loss on guarantees 8,876

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Net 1,161,217

5. Notes to Consolidated Statement of Changes in Net Assets

(1) Class and total number of shares issued as of the end of the current fiscal year

Common stock 1,596,282,800 shares

(2) Matters concerning dividends from surplus

1) Dividends paid

At the Ordinary General Meeting of Shareholders held on June 23, 2020 the resolution was adopted as follows.

Type of stock	Common stock
Total amount of dividends	3,133 million yen
Capital of dividends	Retained earnings
Dividends per share	2 yen
Record date	March 31, 2020
Effective date	June 24, 2020

At the Board of Directors meeting held on November 5, 2020, the resolution was adopted as follows.

Type of stock	Common stock
Total amount of dividends	4,699 million yen
Capital of dividends	Retained earnings
Dividends per share	3 yen
Record date	September 30, 2020
Effective date	December 7, 2020



- 2) Dividends whose record date fell in the current fiscal year, but whose effective date comes after March 31, 2021

At the Ordinary General Meeting of Shareholders to be held on June 23, 2021, the resolution is scheduled as follows.

Type of stock	Common stock
Total amount of dividends	4,699 million yen
Capital of dividends	Retained earnings
Dividends per share	3 yen
Record date	March 31, 2021
Effective date	June 24, 2021

- (3) Class and number of shares to be issued upon the exercise of the stock acquisition rights as of the end of the current fiscal year  
Not applicable.

## 6. 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 value fluctuations and some are open to the risks of issuer's credit and interest rate fluctuations.

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 "1. Notes to Significant Matters Providing the Basis for the Preparation of Consolidated Financial Statements, (3) Matters concerning accounting policies, 6) Significant hedge accounting method."

#### 3) Risk management system for financial instruments

##### (a) 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.

(b) 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 does not have a policy of conducting 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 large part of borrowings and bonds, which are the Group's principal financial liabilities, are 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 market values are determined using the market interest rate, if the interest rate as of March 31, 2021, had been 1 basis point (0.01%) lower, the market value of their net amount (asset side) - relevant financial assets after deduction of financial liabilities - would decrease by 34 million yen on the condition that all risk variables other than interest rate are constant. To the contrary, if the interest rate had been higher by 1 basis point (0.01%), the net amount would increase by 0 million yen.

(c) 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 market value of financial instruments

Market value of financial instruments are measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Market value of financial instruments which quoted market price is not available 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 "(2) Matters concerning the market value of financial instruments" does not represent the market risk of the derivative transactions.

## (2) Matters concerning the market value of financial instruments

The book value on the consolidated balance sheet and market value of financial instruments as of March 31, 2021, as well as the differences between these values are described below. Financial instruments whose market values appear to be extremely difficult to determine are not included in the table. (See (Note 2))

(Millions of yen)

	Book Value	Market Value	Difference
1) Cash and deposits	83,323	83,323	-
2) 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
3) Accounts receivable - installment	79,423		
Allowance for doubtful accounts	(4,451)		
Deferred installment income	(28)		
	74,943	93,875	18,931
4) Purchased receivables	8,477		
Allowance for doubtful accounts	(2,633)		
	5,843	5,843	-
5) Marketable securities and investment securities			
(a) Other securities	0	0	-
Total assets	1,091,500	1,389,556	298,055
1) Short-term borrowings	15,992	15,992	-
2) Commercial papers	5,000	5,000	-
3) Current portion of bonds payable and bonds payable	209,560	210,805	1,245
4) Current portion of long-term borrowings and long-term borrowings	378,848	377,260	(1,587)
Total liabilities	609,400	609,058	(342)
Derivative transaction (*)			
(a) Transactions not subject to the application of hedge accounting	(72)	(72)	-
(b) Transactions subject to the application of hedge accounting	-	-	-
Total derivative transactions	(72)	(72)	-

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

Note 1: Matters concerning the calculation method for the market value of financial instruments, marketable securities and derivatives trading

#### Assets

##### 1) Cash and deposits

Deposits without maturity are stated at their book values, as their market values approximate book values. Deposits with maturity are stated at their book values, as their remaining periods are short (within a year) and their market values approximate book values.

##### 2) Accounts receivable - operating loans and 3) accounts receivable - installment

The fiscal year-end outstanding balances 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 market values approximate their balance sheet values at the closing date, less the current expected amount of loan losses. 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 market values approximate their balance sheet values net of an allowance for doubtful accounts.

##### 4) 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 market values approximate their balance sheet values at the closing date, less the current expected amount of loan losses.

##### 5) Marketable securities and investment securities

Shares are stated at the stock exchange quoted price.

Notes to securities are as follows.

##### (a) Other securities

Sale value for other securities during the current fiscal year is 28 million yen; the total gain on sales is 28 million yen. The acquisition costs of other securities, their value on the consolidated balance sheet and differences by type are as follows.

(Millions of yen)			
Type	Book Value	Acquisition cost	Difference
Acquisition cost not greater than book value on the consolidated balance sheet			
(a) Stocks	0	0	0
(b) Bonds			
Government/municipal	-	-	-
Corporate	-	-	-
Other	-	-	-
(c) Other	-	-	-
Subtotal	0	0	0
Acquisition cost greater than book value on the consolidated balance sheet			
(a) Stocks	-	-	-
(b) Bonds			
Government/municipal	-	-	-
Corporate	-	-	-
Other	-	-	-
(c) Other	-	-	-
Subtotal	-	-	-
Total	0	0	0

##### (b) Impaired securities that were written off to their fair values

No securities were written off to their fair values during the fiscal year under review.

#### Liabilities

##### 1) Short-term borrowings and 2) commercial papers

These liabilities are stated at book value as they are settled in the short-term and their market values approximate their book values.

3) Current portion of bonds payable and bonds payable

Bonds with market value are stated at market price. Bonds without market value and privately offered bonds are stated at the present value which is calculated by discounting a principal with interest income by the discount rate (i.e. the current market interest rate in consideration of credit risk).

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

Long-term borrowings are stated at the present value which is calculated by discounting a principal with interest income by the discount rate (i.e. the current market interest rate in consideration of credit risk).

## Derivative transactions

### 1) Derivative transactions not subject to the application of hedge accounting

With regard to derivative transactions which are not subject to the application of hedge accounting, the contract amount or equivalent of the principal amount prescribed by the contract as of the closing date of consolidated accounting according to transaction type of investments, market value, and unrealized gain or loss, as well as a method for calculating the said market value, are as follows.

#### (a) Interest-related derivatives

(Millions of yen)

Category	Transaction type	Contract amount	Amount of more than 1 year-period contracts	Market 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 market value

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

### 2) Derivative transactions subject to the application of hedge accounting

With regard to derivative transactions which are subject to the application of hedge accounting, the contract amount or equivalent of the principal amount prescribed by the contract as of the closing date of consolidated accounting according to hedge accounting methods are as follows.

#### (a) Interest-related derivatives

(Millions of yen)

Hedge accounting method	Transaction type	Major hedging items	Contract amount	Amount of more than 1 year-period contracts	Market 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 market values are included in the market value of the relevant long-term borrowings, etc.

#### (b) Currency-related derivatives

(Millions of yen)

Hedge accounting method	Transaction type	Major hedging items	Contract amount	Amount of more than 1 year-period contracts	Market value
Exchange contracts subject to the application of designation transactions	Currency swap agreements	Long-term borrowings	3,321	-	(Note)

(Note) Exchange contracts, etc. subject to the application of designation transactions are recognized together with hedging items (i.e. long-term borrowings), therefore, their market values are included in the market value of the relevant long-term borrowings.

Note 2: Financial instruments whose market values appear to be extremely difficult to determine are as follows.  
(Millions of yen)

Item	Book value
1) Unlisted shares (*1) (*2)	1,206
2) Investments in investment partnerships (*1) (*3)	0
Total	1,207

(\*1) These shares are not included in “Asset 5) Marketable securities and investment securities” which contain information about the market value of financial instruments.

(\*2) The market value of unlisted shares is not disclosed, as they are not quoted on a stock exchange and it appears to be extremely difficult to determine their market values.

(\*3) The market value of investments in investment partnerships is not disclosed, as partnerships’ assets comprise unlisted shares and other investment instruments whose market values appear to be extremely difficult to determine.

#### 7. Notes to Per Share Information

(1) Net assets per share 310.02 yen

(2) Basic earnings per share 50.34 yen

#### 8. Other

Figures less than one million yen are rounded down to the nearest one million yen.

## Non-consolidated Financial Statements

(April 1, 2020 - March 31, 2021)

### Non-consolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>954,892</b>	<b>Current liabilities</b>	<b>128,284</b>
Cash and deposits	78,168	Accounts payable - trade	677
Accounts receivable - operating loans	784,051	Commercial papers	5,000
Accounts receivable - installment	78,788	Current portion of long-term borrowings	58,183
Supplies	47	Current portion of bonds payable	40,000
Prepaid expenses	1,328	Lease obligations	352
Accrued income	13,591	Accounts payable - other	1,836
Short-term loans receivable from subsidiaries and affiliates	250	Accrued expenses	8,988
Right to reimbursement	51,591	Income taxes payable	4,317
Other	3,115	Deposits received	289
Allowance for doubtful accounts	(56,040)	Provision for loss on guarantees	8,140
<b>Non-current assets</b>	<b>79,995</b>	Asset retirement obligations	306
Property, plant and equipment	13,354	Other	192
Buildings	2,656	<b>Non-current liabilities</b>	<b>483,755</b>
Structures	538	Bonds payable	130,000
Equipment	7,189	Long-term borrowings	291,254
Land	2,476	Lease obligations	236
Lease assets	492	Provision for loss on interest repayment	56,741
Intangible assets	6,464	Asset retirement obligations	5,267
Software	4,651	Other	255
Goodwill	1,770	<b>Total liabilities</b>	<b>612,039</b>
Leasehold right	4		
Telephone subscription right	36	<b>(Net assets)</b>	
Other	1	<b>Shareholders' equity</b>	<b>422,847</b>
Investments and other assets	60,176	Share capital	63,832
Investment securities	818	Capital surplus	76,010
Shares of subsidiaries and affiliates	16,154	Legal capital surplus	72,322
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,423	Other capital surplus	3,687
Long-term prepaid expenses	2,104	Retained earnings	302,798
Deferred tax assets	30,960	Legal retained earnings	4,320
Guarantee deposits	4,579	Other retained earnings	298,478
Prepaid pension costs	4,443	General reserve	80,000
Other	552	Retained earnings brought forward	218,478
Allowance for doubtful accounts	(860)	Treasury shares	(19,794)
		<b>Valuation and translation adjustments</b>	<b>0</b>
		Valuation difference on available-for-sale securities	0
		<b>Total net assets</b>	<b>422,847</b>
<b>Total assets</b>	<b>1,034,887</b>	<b>Total liabilities and net assets</b>	<b>1,034,887</b>



## Non-consolidated Statement of Income

(April 1, 2020 - March 31, 2021)

(Millions of yen)

Description	Amount	
Operating revenue		197,986
Interest on operating loans	120,688	
Revenue from credit card business	9,985	
Revenue from credit guarantee	45,382	
Other financial revenue	22	
Other operating revenue	21,907	
Operating expenses		124,047
Financial expenses	3,841	
Other operating expenses	120,205	
<b>Operating profit</b>		<b>73,938</b>
Non-operating income		7,372
Interest income	7	
Dividend income	6,339	
Other	1,025	
Non-operating expenses		56
Interest expenses	14	
Foreign exchange losses	24	
Loss on cancellation of insurance policies	11	
Other	5	
<b>Ordinary profit</b>		<b>81,254</b>
Extraordinary income		68
Gain on sales of non-current assets	40	
Gain on sales of investment securities	28	
Extraordinary losses		780
Loss on sales of non-current assets	52	
Loss on retirement of non-current assets	172	
Impairment loss	555	
Other	0	
<b>Profit before income taxes</b>		<b>80,542</b>
Income taxes-current	6,666	
Income taxes-deferred	2,960	9,627
<b>Profit</b>		<b>70,915</b>

## Non-consolidated Statement of Changes in Net Assets

(April 1, 2020 - March 31, 2021)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	Total retained earnings		
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)
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)
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

## Notes to Non-consolidated Financial Statements

### 1. Notes to Matters concerning Significant Accounting Policies

#### (1) Evaluation standards and methods for assets

##### 1) Evaluation standards and methods for marketable securities

Shares of subsidiaries and affiliates	Stated at cost by the moving-average method
Other marketable securities	
Securities with market quotations	Stated at market value at the end of the fiscal year (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)
Securities without market quotations	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

Swap transactions	Market value method
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##### 3) Evaluation standards and methods for inventories

Supplies	Mainly at cost, based on the first-in first-out method
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#### (2) Depreciation and amortization methods for non-current assets

Property, plant and equipment (excluding lease assets)	Declining balance method
Intangible assets (excluding lease assets)	
Software for internal use	Amortized by the straight-line method over their estimated useful lives (5 years) in the Company
Goodwill	Amortized by the equal installments method over a period of 15 years
Other intangible assets	Straight-line method
Lease assets	
Transfer ownership finance lease transactions	Depreciated by the same depreciation method applied to non-current assets owned by the Company
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
Long-term prepaid expenses	Depreciated by the equal installment method

#### (3) Accounting method for deferred assets

Bond issuance cost	These costs are fully charged to expenses when they are paid.
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#### (4) Accounting standards for allowances and provisions

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 ordinary bad debts 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.
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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.
Provision for retirement benefits	To provide for employees' retirement benefits, the amount obtained by subtracting pension assets from retirement benefit obligations is recorded, based on their projected amounts as of the end of this 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 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.
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.
 (5) Accounting standards for 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 is calculated pursuant to the prescribed rates applicable to the relevant credit balance.
 (6) 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. 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.

(7) Other significant matters providing the basis for the preparation of financial statements

1) 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 for the fiscal year they were incurred.

2) Adoption of consolidated taxation system

The Company adopts 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

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 (ASBJ 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.

2. Notes to changes in presentation

<Application of “Accounting Standard for Disclosure of Accounting Estimates”>

The Company has applied the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) to the non-consolidated financial statements at the end of the fiscal year under review. Notes to significant accounting estimates are described in the non-consolidated financial statements.

<Non-consolidated Statement of Income>

“Loss on cancellation of insurance policies” was included in “Other” under non-operating expenses in the prior fiscal year. As its quantitative materiality became significant, “Loss on cancellation of insurance policies” has been listed separately in the current fiscal year.

“Loss on cancellation of insurance policies” in the prior fiscal year was 6 million yen.

### 3. Notes to accounting estimates

#### (1) Provision for loss on interest repayment

##### 1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

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 56,741 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 conducive to the understanding of the details of accounting estimates

Details are described in "3. Notes to accounting estimates" of the Notes to the Consolidated Financial Statements.

#### (2) Allowance for doubtful accounts

##### 1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

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. Further, an additional provision of allowance for doubtful accounts in the amount of 2,500 million yen was recorded in consideration of the impact of the spread of COVID-19 infection in the fiscal year under review.

Allowance for doubtful accounts recorded on the non-consolidated financial statements for the fiscal year under review was 56,900 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 conducive to the understanding of the details of accounting estimates

Details are described in "3. Notes to accounting estimates" of the Notes to the Consolidated Financial Statements.

#### (3) Provision for loss on guarantees

##### 1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

With respect to a guarantee obligation, the Company provides a part of the outstanding guarantee obligation as provision for loss on guarantees according to the status of the obligation at the end of the fiscal year under review. In addition, an additional allowance for loss on guarantees in the amount of 1,400 million yen was recorded in consideration of the impact of the spread of COVID-19 infection in the fiscal year under review.

Provision for loss on guarantees recorded on the non-consolidated financial statements for the fiscal year under review was 8,140 million yen.

Provision for loss on guarantees 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 conducive to the understanding of the details of accounting estimates

Details are described in “3. Notes to accounting estimates” of the Notes to the Consolidated Financial Statements.

4. Notes to Non-consolidated Balance Sheet	
(1) Accumulated depreciation of property, plant and equipment	30,843 million yen
(2) Guaranteed liabilities	(Millions of yen)
Outstanding guarantee obligation in the guarantee business	1,012,297
Provision for loss on guarantees	8,140
Net	1,004,157
(3) Monetary claims and liabilities to subsidiaries and affiliates	(Millions of yen)
Short-term monetary claims	1,182
Short-term monetary liabilities	11
5. Notes to Non-consolidated Statement of Income	
Transactions with subsidiaries and affiliates	(Millions of yen)
Operating transactions	
Operating revenue	78
Operating expenses	483
Transactions other than operating transactions	6,321
6. Notes to Non-consolidated Statement of Changes in Net Assets	
Class and number of shares of treasury stock as of March 31, 2021	
Common stock	29,668,702 shares

7. Notes to tax effect accounting

Breakdown of major factors that caused deferred tax assets and liabilities (Millions of yen)

Deferred tax assets	
Bad debts expenses	21,128
Allowance for doubtful accounts	3,963
Provision for loss on guarantees	2,492
Provision for loss on interest repayment	17,374
Accrued bonuses	477
Unrecognized accrued interest	686
Software	6,255
Asset retirement obligations	1,600
Deferred assets	265
Deferred consumption taxes	627
Loss on valuation of securities	132
Loss on valuation of shares of subsidiaries and affiliates	139
Enterprise tax payable	383
Impairment loss	1,068
Dividends on shares	3,493
Retained loss	29,591
Other	<u>562</u>
Deferred tax assets (subtotal)	90,245
Valuation allowance	<u>(57,924)</u>
Total deferred tax assets	32,321
Deferred tax liabilities	
Prepaid pension costs	<u>1,360</u>
Total deferred tax liabilities	<u>1,360</u>
Net deferred tax assets	<u><u>30,960</u></u>



8. Notes to Transactions between Related Parties  
Fellow subsidiaries, etc. of the Company

(Millions of yen)

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

Type	Name	Relationship	Summary of transactions	Amount of transaction	Item	Outstanding amount at the end of the fiscal year
Subsidiaries of the 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 borrowings	168,312
			Payment of interest	1,157	Accrued expenses	1
		Guarantee of liabilities	Receiving of guarantee fees for unsecured loans provided by the Company	19,084	Accrued income	4,465
Outstanding guarantee obligation	560,095		-	-		

(Note) Terms and conditions of the transaction and its policies

- Interest rates of the borrowing from MUFG Bank, Ltd. are the money market rates.
- Guarantee commission rates on the debt guarantees for consumer loan by MUFG Bank, Ltd. is 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.

9. Notes to Per Share Information

(1) Net assets per share	269.91 yen
(2) Basic earnings per share	45.27 yen

10. Other

Figures less than one million yen are rounded down to the nearest one million yen.