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Convocation Notice

Securities Code: 8572

(Date of dispatch) May 31, 2024

(Commencement date of measures for electronic provision of information) May 24, 2024

To Shareholders with Voting Rights

Masataka Kinoshita
President & CEO
ACOM CO., LTD.
9-1, Higashi Shinbashi 1-chome,
Minato-ku, Tokyo, Japan

CONVOCAION NOTICE FOR THE 47TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We are pleased to inform you that the 47th Ordinary General Meeting of Shareholders of the Company will be held as described below.

In convening this General Meeting of Shareholders, the Company provides information contained in the reference documents, etc. for the general meeting of shareholders electronically (matters to be provided electronically), which is posted on the Company's website on the Internet. Please access the Company's website below to confirm the available information.

Company's website (https://www.acom.co.jp/corp/english/ir/stock/shareholders_meeting/)

In addition to the Company's website, the matters to be provided electronically have been posted on the website of the Tokyo Stock Exchange (TSE) and can be viewed by accessing the TSE website (TSE Listed Company Search) below, entering and searching the issue name (ACOM) or securities code (8572), selecting "Basic information" and "Documents for public inspection/PR information," and then check the field of "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" under "Filed information available for public inspection."

TSE website (TSE Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are unable to attend the General Meeting, you may exercise your voting rights via the Internet or in writing, so we kindly ask you to exercise your voting rights by 5:00 p.m. on Thursday, June 20, 2024, Japan time after a careful review of the Reference Documents for the General Meeting of Shareholders.

- 1. Date and Time:** Friday, June 21, 2024, at 10:00 a.m. (Reception scheduled to open at 9:30 a.m.)
- 2. Place:** 15th floor, Tokyo Shiodome Building, located at 9-1, Higashi Shinbashi 1-chome, Minato-ku, Tokyo, Japan

Live Streaming of General Meeting of Shareholders

We will live stream this General Meeting of Shareholders via the Internet and will accept questions on this General Meeting of Shareholders in advance of the meeting. For more details, please refer to the Guidance on Live Streaming of General Meeting of Shareholders.

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 47th fiscal year (from April 1, 2023, to March 31, 2024)
 2. Non-consolidated Financial Statements for the 47th fiscal year (from April 1, 2023, to March 31, 2024)

Matters to be resolved:

- Proposal No. 1:** Dividends from Surplus
- Proposal No. 2:** Election of Seven Directors (Excluding Those Serving as Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of One Director Serving as an Audit and Supervisory Committee Member

Reference Documents for General Meeting of Shareholders

Proposal No. 1: Dividends from Surplus

We position returns of profit to shareholders as one of our management issues, and our basic policy is to “increase shareholder returns based on high profitability and appropriate capital adequacy.”

The Company proposes to pay a year-end dividend for the 47th 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
6 yen per share (common stock) Total amount: 9,399,683,868 yen
- (3) Effective date of dividends from surplus
June 24, 2024

Proposal No. 2: Election of Seven 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, in order to further reinforce the supervisory function, the Company proposes that the number of Outside Directors be increased by one and that seven 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	Reappointed
2	Hiroshi Naruse	Deputy Chairman In charge of Internal Audit Department	Reappointed
3	Masataka Kinoshita	President and Chief Executive Officer	Reappointed
4	Takashi Kiribuchi	Deputy President and Deputy Chief Executive Officer Head of System Development & Administration Division In charge of Corporate Planning Department, System Development Department, System Operation Department, System Planning Office, and System Management Office	Reappointed
5	Tomomi Uchida	Senior Managing Director and Senior Executive Managing Officer In charge of General Affairs Department, Credit Supervision Department, and Compliance for Credit Supervision Office (Significant concurrent positions) Director of GeNiE Inc.	Reappointed
6	Tadashi Yamamoto	Director (Significant concurrent positions) Managing Corporate Executive, Group Head and CDTO, Retail & Digital Business Group of Mitsubishi UFJ Financial Group, Inc. Member of the Board of Directors, Managing Executive Officer, Unit Head, and CDTO (CEO), Retail & Digital Business Group (in charge of Digital Service Planning Division) of MUFG Bank, Ltd. Director of Biz Forward, Inc.	Reappointed
7	Michelle Tan	(Significant concurrent positions) Trustee of The Society for the Consumers of Kansai (scheduled to retire) Director of IntaSect Research Institute, Inc. President of OSAKA CONSUMERS' CO-OPERATIVE UNION (scheduled to retire) Director of Ethical Business Research Institute	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;">Shigeyoshi Kinoshita (April 14, 1949)</p> <p>Cumulative years of service as Director of the Company: 41 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2024: Attendance at 12 out of 12 meetings (100%)</p> <p>Number of shares of the Company held: 3,507,260 shares</p>	<p>April 1973 Joined Marubeni Corporation</p> <p>April 1978 Joined Japan Consumer Finance Co., Ltd.</p> <p>December 1980 Joined the Company</p> <p>February 1983 Director and Chief General Manager, General Affairs Department of the Company</p> <p>May 1984 Director and Chief General Manager, Accounting Department of the Company</p> <p>August 1986 Managing Director of the Company</p> <p>June 1988 Managing Director and Head of Business Promotion Division of the Company</p> <p>October 1991 Representative and Senior Managing Director of the Company</p> <p>October 1992 Representative and Senior Managing Director and Head of the Loan Sales Division of the Company</p> <p>October 1996 Representative Director and Deputy President of the Company</p> <p>June 2000 Representative Director and President of the Company</p> <p>June 2003 President and Chief Executive Officer of the Company</p> <p>June 2010 Chairman, President and Chief Executive Officer of the Company</p> <p>June 2021 Chairman of the Company (to present)</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>As Director, 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 as Representative Director of the Company. 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> Hiroshi Naruse (December 4, 1958)</p> <p>Cumulative years of service as Director of the Company: 3 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2024: Attendance at 12 out of 12 meetings (100%)</p> <p>Number of shares of the Company held: 0 shares</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.</p> <p>June 2021</p> <p>Deputy Chairman of the Company (to present) (Assignment) In charge of Internal Audit Department</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. Since assuming the position of Director, he has used his insight and track record to contribute to strengthening the functions of the Board of Directors of the Company. He is expected to fully play a role further in conducting highly effective supervision of the management 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></p> <p style="text-align: center;">Masataka Kinoshita (September 19, 1977)</p> <p>Cumulative years of service as Director of the Company: 9 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2024: 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 Department of the Company</p> <p>April 2010 General Manager, Guarantee Business Department of the Company</p> <p>April 2012 General Manager, Business Promotion Department of the Company</p> <p>April 2013 Chief General Manager, Business Planning Department of the Company</p> <p>April 2014 Executive Officer and Chief General Manager, Business Planning Department of the Company</p> <p>June 2014 Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Department 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</p> <p>June 2017 Deputy Chief Executive Officer of the Company</p> <p>June 2021 President of the Company (to present)</p> <p>June 2021 Chief Executive Officer of the Company (to present)</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>Mr. Masataka Kinoshita has served as General Manager, Executive Officer, and Officer in charge of the loan business, guarantee business, business planning, human resources, system, corporate planning and other divisions of the Company, and has the wealth of knowledge and track. Since assuming the position of Director, he has used that knowledge and experience in leading the Company and the Group as 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
4	<p style="text-align: center;"><u>Reappointed</u> Takashi Kiribuchi (October 25, 1961)</p> <p>Cumulative years of service as Director of the Company: 4 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2024: Attendance at 12 out of 12 meetings (100%)</p> <p>Number of shares of the Company held: 16,300 shares</p>	<p>March 1982 Joined the Company April 2004 General Manager, System Department of the Company July 2005 General Manager, Public Relations Department of the Company October 2005 Chief General Manager, Public Relations Department of the Company April 2011 Chief General Manager, Treasury Department of the Company April 2015 Executive Officer and Chief General Manager, Treasury Department of the Company June 2017 Executive Officer and Chief General Manager, Corporate Planning Department of the Company June 2020 Managing Director of the Company June 2020 Executive Managing Officer and Chief General Manager, System Development & Administration Division of the Company April 2021 Executive Managing Officer, Head of System Development & Administration Division of the Company June 2021 Senior Managing Director of the Company June 2021 Senior Executive Managing Officer and Head of System Development & Administration Division of the Company June 2023 Deputy President of the Company (to present) June 2023 Deputy Chief Executive Officer and Head of System Development & Administration Division of the Company (to present)</p> <p>(Assignment) Head of System Development & Administration Division In charge of Corporate Planning Department, System Development Department, System Operation Department, System Planning Office and System Management Office</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 as Senior Managing Director. 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
5	<p style="text-align: center;"><u>Reappointed</u> Tomomi Uchida (December 27, 1961)</p> <p>Cumulative years of service as Director of the Company: 5 years</p> <p>Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2024: 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</p> <p>April 2003 General Manager, Business Promotion Department III of the Company</p> <p>October 2005 General Manager, Business Promotion Department II of the Company</p> <p>April 2007 Chief General Manager, Credit Business Management Department of the Company</p> <p>December 2007 Chief General Manager, Marketing Department of the Company</p> <p>October 2008 Head of East Japan Branch of the Company</p> <p>April 2011 Chief General Manager, Business Promotion Department of the Company</p> <p>April 2013 Executive Officer and Chief General Manager, Business Promotion Department of the Company</p> <p>June 2015 Executive Managing Officer, Deputy Head of Credit Business Promotion Division, and Chief General Manager, Business Promotion Department of the Company</p> <p>April 2016 Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company</p> <p>June 2016 Executive Managing Officer and Head of Credit Business Promotion Division of the Company</p> <p>June 2018 Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Department I of the Company</p> <p>October 2018 Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Department II of the Company</p> <p>June 2019 Managing Director of the Company</p> <p>April 2020 Executive Managing Officer, Head of Credit Supervision Division of the Company</p> <p>June 2021 Senior Managing Director of the Company (to present)</p> <p>June 2021 Senior Executive Managing Officer and Head of Credit Supervision Division of the Company</p> <p>May 2022 Director of GeNiE Inc. (to present)</p> <p>April 2024 Senior Executive Managing Officer of the Company (to present)</p> <p>(Assignment) In charge of General Affairs Department, Credit Supervision Department and Compliance for Credit Supervision Office (Significant concurrent positions) Director of GeNiE Inc.</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 as Senior Managing Director. He is expected to contribute to 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
6	<p style="text-align: center;"><u>Reappointed</u> Tadashi Yamamoto (May 23, 1969)</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, 2024: Attendance at 7 out of 7 meetings (100%)</p> <p>*The Board of Directors meetings held before Mr. Yamamoto's assumption of office as Director on June 23, 2023 are not counted.</p> <p>Number of shares of the Company held: 0 shares</p>	<p>April 1992 May 2017 April 2018 May 2018 June 2018 April 2021 April 2022 June 2022 April 2023 June 2023 April 2024</p> <p>Joined The Bank of Tokyo, Ltd. Deputy General Manager, East Asia Planning Division, East Asia Headquarters of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Deputy General Manager, East Asia Planning Division, East Asia Headquarters of MUFG Bank, Ltd. General Manager, Credit Policy & Planning Division of MUFG Bank, Ltd. General Manager, Credit Policy & Planning Division of Mitsubishi UFJ Financial Group Inc. Executive Officer, General Manager, Credit Policy & Planning Division of MUFG Bank, Ltd. Executive Officer, General Manager, Credit Policy & Planning Division of Mitsubishi UFJ Financial Group, Inc. Executive Officer, General Manager, Corporate Planning Division of MUFG Bank, Ltd. Executive Officer, General Manager, Corporate Planning Division of Mitsubishi UFJ Financial Group Inc. Managing Executive Officer & CSO (in charge of Corporate Planning Division excluding Finances & Resources Management, Global Business, and Chairmanship Bank Office) & in charge of CPM and Corporate Administration Division, of MUFG Bank, Ltd. Managing Executive Officer & Group Deputy CSO of Mitsubishi UFJ Financial Group, Inc. Member of the Board of Directors, Managing Executive Officer & CSO (in charge of Corporate Planning Division excluding Finances & Resources Management, Global Business, and Chairmanship Bank Office) & in charge of CPM and Corporate Administration Division, of MUFG Bank, Ltd. Member of the Board of Directors, Managing Executive Officer, Unit Head, and CDTO (CEO), Digital Service Unit (in charge of Digital Service Planning Division) of MUFG Bank, Ltd. Managing Corporate Executive, Group Head and CDTO, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc. Director of the Company (to present) Managing Corporate Executive, Group Head and CDTO, Retail & Digital Business Group of Mitsubishi UFJ Financial Group, Inc. (to present) Member of the Board of Directors, Managing Executive Officer, Unit Head, and CDTO (CEO), Retail & Digital Business Group (in charge of Digital Service Planning Division) of MUFG Bank, Ltd. (to present)</p> <p>(Significant concurrent positions) Managing Corporate Executive, Group Head and CDTO, Retail & Digital Business Group of Mitsubishi UFJ Financial Group, Inc. Member of the Board of Directors, Managing Executive Officer, Unit Head, and CDTO (CEO), Retail & Digital Business Group (in charge of Digital Service Planning Division) of MUFG Bank, Ltd. Director of Biz Forward, Inc.</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>Mr. Tadashi Yamamoto 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. After his assumption of the position of Director, he is expected to fully play a role in conducting supervision of the management of the Company based on his knowledge and experience. 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
7	<p style="text-align: center;"> Newly appointed Outside Director Independent Director </p> <p style="text-align: center;">Michelle Tan (July 30, 1961)</p> <p>Number of shares of the Company held: 0 shares</p>	<p>April 1997 Director of The Society for the Consumers of Kansai</p> <p>April 1997 Assistant Professor, Faculty of Law and Policy Studies of Tezukayama University</p> <p>April 2005 Professor, Faculty of Law and Policy Studies of Tezukayama University</p> <p>June 2007 Chief Director of NPO Japan Consumer Network (JACONET)</p> <p>April 2010 Professor, Faculty of Law of Tezukayama University</p> <p>June 2013 Trustee of The Society for the Consumers of Kansai (to present) (Scheduled to retire on June 24, 2024)</p> <p>June 2013 Director of IntaSect Research Institute, Inc. (to present)</p> <p>June 2018 President of OSAKA CONSUMERS' CO-OPERATIVE UNION (to present) (Scheduled to retire on June 20, 2024)</p> <p>October 2022 Director of Ethical Business Research Institute (to present)</p> <p>(Significant concurrent positions)</p> <p>Trustee of The Society for the Consumers of Kansai (scheduled to retire)</p> <p>Director of IntaSect Research Institute, Inc.</p> <p>President of OSAKA CONSUMERS' CO-OPERATIVE UNION (scheduled to retire)</p> <p>Director of Ethical Business Research Institute</p>
<p>(Reason for nomination as a candidate for Outside Director and a summary of expected roles)</p> <p>Ms. Michelle Tan has conducted comparative research, etc. on consumer protection systems in Japan and Australia, and has many years of experience and extensive knowledge as an expert on international consumer policy. It is anticipated that she will perform her duties as an Outside Director appropriately from a neutral and global perspective as she has abundant knowledge of domestic and international consumer protection trends, gained through her career as a professor at Tezukayama University and Chief Director at non-profit organization Japan Consumer Network (JACONET), etc. Therefore, the Company proposes her election as an Outside Director.</p> <p>Upon her election as on Outside Director, she is expected to provide advice to be made from a standpoint of accelerating the Company's sustainable growth and striving towards enhancement of medium- to long-term corporate value based on her insight, and to supervise the management from an independent viewpoint through important decision-making at the Board of Directors meetings.</p>		

- Notes: 1. Mr. Tadashi Yamamoto 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. Tadashi Yamamoto 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. Ms. Michelle Tan is a candidate for Outside Director. She satisfies the requirements for independent directors subject to the rules of the Tokyo Stock Exchange, and will be reported as an independent director.
4. Of the candidates, Ms. Michelle Tan has served as an outside member of the Company's Compliance Committee since April 2007 and as a chair of the Compliance Committee since April 2022, and has made recommendations for the Company's compliance practices, strengthening of its compliance system, etc.
5. The Company has entered into a limited liability agreement with Mr. Tadashi Yamamoto 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, and a similar agreement with him is scheduled to be executed upon his appointment. The Company will enter into the same agreement with Ms. Michelle Tan upon her appointment.
6. 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.

7. 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 One Director Serving as an Audit and Supervisory Committee Member

Director serving as an Audit and Supervisory Committee Member Mr. Kazuo Fukumoto will resign at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the Company proposes that one Director serving as an Audit and Supervisory Committee Member be elected to fill the vacancy of the Director serving as an Audit and Supervisory Member.

In accordance with the provisions of the Company’s Articles of Incorporation, the term of office of a Director serving as an Audit and Supervisory Committee Member to be elected to fill the vacancy of the resigning Director serving as an Audit and Supervisory Committee Member shall expire when the term of office of his or her predecessor Director serving as an Audit and Supervisory Committee Member would expire.

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

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

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
1	<p style="text-align: center;">Newly appointed Akihiro Kiyooka (December 4, 1967)</p> <p>Number of shares of the Company held: 10,000 shares</p>	<p>April 1990 Joined National Mutual Insurance Federation of Agricultural Cooperatives</p> <p>April 2006 Joined the Company</p> <p>October 2009 Director and General Manager, Business Administration Department of IR Loan Servicing, Inc.</p> <p>April 2011 General Manager, Treasury Department of the Company</p> <p>April 2013 General Manager, Corporate Planning Department of the Company</p> <p>April 2014 Chief General Manager, Finance Department of the Company</p> <p>June 2015 Executive Officer and Chief General Manager, Finance Department of the Company</p> <p>April 2017 Executive Officer (Special mission, General Affairs Department) of the Company</p> <p>June 2017 Executive Officer and Chief General Manager, General Affairs Department of the Company</p> <p>April 2019 Executive Officer (Special mission, Corporate Planning Department) of the Company</p> <p>April 2019 Executive Managing Officer of IR Loan Servicing, Inc.</p> <p>June 2019 President and CEO of IR Loan Servicing, Inc. (to present) (scheduled to retire on June 20, 2024)</p> <p>June 2019 Chief Executive Officer of IR Loan Servicing, Inc. (to present) (scheduled to retire on June 20, 2024)</p> <p>April 2020 Executive Officer (Special mission, Credit Supervision Division) of the Company</p> <p>April 2024 Executive Officer (Special mission, Credit Management Department) of the Company</p> <p>(Significant concurrent positions) President and CEO and Executive Officer of IR Loan Servicing, Inc. (scheduled to retire)</p>
<p>(Reason for nomination as a candidate for Director)</p> <p>Mr. Akihiro Kiyooka has a wealth of experience and excellent insight from serving as General Manager of the Accounting, Corporate Planning, Financing, and General Affairs divisions as well as Executive Officer of the Company. He has been also serving as President of a subsidiary of the Company. 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. Therefore, the Company proposes his election as a Director serving as an Audit and Supervisory Committee Member.</p>		

Notes: 1. There is no conflict of interest between the Company and the candidate.

2. The Company will enter into a limited liability agreement with Mr. Akihiro Kiyooka 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 the agreement is limited to the minimum amount stipulated in relevant laws and regulations.

3. 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 is covered by this insurance policy. In addition, the Company plans to renew it under the same terms and conditions at the time of renewal.

(Reference)

The skill matrix of the (proposed) Directors after the Ordinary General Meeting of Shareholders on June 21, 2024 is as follows:

Name	Corporate Management and Planning	Business Management	Execution of Duties	System and Digital	Finance and Accounting	Law, Compliance, and Risk Management
Shigeyoshi Kinoshita	○	○			○	
Hiroshi Naruse	○			○		○
Masataka Kinoshita	○		○	○		
Takashi Kiribuchi	○			○	○	
Tomomi Uchida		○	○			○
Tadashi Yamamoto	○	○				○
Michelle Tan	○					○
Toshihiko Yamashita	○				○	○
Akihiro Kiyooka	○				○	○
Takuji Akiyama		○			○	○

(Note) The table above does not list all skills possessed by each candidate for Director, but the three most significant.

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(Appendix to the Convocation Notice for the 47th Ordinary General Meeting of Shareholders)

Business Report

(April 1, 2023 - March 31, 2024)

1. Overview of Consolidated Business Activities

(1) Developments and Results of Business Activities

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

Overseas, while the situation varied from country to country, economic conditions in the Kingdom of Thailand, where we operate the business, continue to grow gradually led by inbound demand and the recovery of consumer spending, although the economic growth rate has slowed down due to the slowdown of the global economy. In both the Republic of the Philippines and Malaysia, steady economic growth is expected, associated with a recovery of inbound demand and consumer spending.

In the nonbank business sector in Japan, the demand for funds is in good condition while future trends need to be closely monitored, as does the Japanese economy. Although requests for interest repayment are decreasing, future trends need to be closely monitored on an ongoing basis, as requests for interest repayment are susceptible to the impacts of changes in the external environment.

In such an environment, the Company Group formulated a medium-term management plan ending in the fiscal year ending March 31, 2025. Based on this plan, the Company Group has articulated its commitment to each of its stakeholders in the "vision" and has set forth a medium-term policy to promote initiatives to realize this vision in the next three years. Even amid changes in the external environment, the Company Group will continue to promote its operating activities in accordance with its vision and medium-term policy.

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

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 strengthen our ability to attract new customers, improve product/service functions, and maintain the soundness of loan portfolio.

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

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

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

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

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

As a result, the segment’s operating revenue for the current fiscal year totaled 156,036 million yen (up 7.5% year-on-year) mainly due to higher accounts receivable - operating loans and accounts receivable - installment, and operating profit increased to 41,771 million yen (up 2.7% year-on-year) after an increase in provision for bad debts caused by business expansion and an increase in advertising expenses caused by efforts to attract new customers resulted in an increase in operating expenses.

*Apple Pay® is a trademark of Apple Inc.

2) Guarantee business

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

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

The balance of guaranteed receivables in the guarantee operation at the end of the current fiscal year was 1,278,261 million yen (up 5.4% year-on-year) due to a sign of recovery in consumer spending.

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

3) Overseas financial business

In the overseas financial business, we carried out business operations in the pursuit of both expanding the scale of relevant businesses and proper credit management.

EASY BUY Public Company Limited, which is a subsidiary of the Company engaging in the loan business in the Kingdom of Thailand, actively conducted marketing activities of the Umay+ brand with the aim of enhancing the brand image and gathering and acquiring new customers, thereby building the top-brand position in the country. In this business segment, EASY BUY has also worked to strengthen its

services by using mobile apps for purposes such as the issuance of virtual cards in addition to the release of the e-wallet payment service “DREAM wallet.”

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

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

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

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

4) Loan servicing business

In the loan servicing business, with the servicer market continuing to shrink, IR Loan Servicing, Inc., which is a subsidiary of the Company, worked to enhance its sales and collection capabilities such as focusing on strengthening relationships with existing business partners and sophisticating collection methods mainly of retail receivables.

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

(2) Capital Investment

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

(3) Financing

- 1) The Company has raised funds for the purpose of appropriation for working capital, repayment of borrowings, and funds for redemption of bonds as follows:

(Millions of yen)

	At the end of the fiscal year ended March 31, 2024	At the end of the fiscal year ended March 31, 2023	Increase (Decrease)		
				Borrowing/ issuance	Repayment/ redemption
CP *	29,989	34,998	(5,009)	251,991	257,000
Bonds	135,000	95,000	40,000	65,000	25,000
Borrowings	423,425	375,179	48,246	222,200	173,954
Total	588,414	505,177	83,237	539,191	455,954

* Commercial Paper

- 2) GeNiE Inc., a consolidated subsidiary of the Company, has raised funds by carrying out a capital increase through shareholder allotment as follows:

November 2023 1,800 million yen

(Note) The share capital of 900 million yen and legal capital surplus of 900 million yen that came into effect as a result of the capital increase were transferred to other capital surplus.

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

March 2023 1,500 million Thai baht

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

- 4) ACOM CONSUMER FINANCE CORPORATION, a consolidated subsidiary of the Company, has raised funds by carrying out a capital increase through shareholder allotment as follows:

November 2023 1,500 million Philippine pesos

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

2. Upon approval by the authorities in January 2024, the capital was increased from 1,500 million Philippine pesos to 3,000 million Philippine pesos.

- 5) ACOM (M) SDN. BHD., a consolidated subsidiary of the Company, has raised funds by carrying out a capital increase through shareholder allotment as follows:

February 2023 13 million Malaysian ringgit

August 2023 17 million Malaysian ringgit

(Note) The fiscal year end for ACOM (M) SDN. BHD. is December 31.

(4) Major Creditors (as of March 31, 2024)

The major creditors and amounts borrowed are as follows.

Creditor	Amount borrowed (Millions of yen)
MUFG Bank, Ltd.	214,928
SBI Shinsei Bank, Limited	45,100
Shinkin Central Bank	32,000
Aozora Bank, Ltd.	31,700
Sumitomo Mitsui Banking Corporation	27,163

(Note) The balance of borrowings from SBI Shinsei Bank, Limited includes a portion of the syndicated loan of 12,000 million yen by four financial institutions, etc. led by SBI Shinsei Bank, Limited.

(5) Issues to be Addressed

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

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

During the fiscal year under review, under the leadership of the Sustainability Promotion Office, we have promoted management that contributes to the realization of a sustainable society, promoted efforts based on materialities and proactively strived to disclose information on the Company's website. In order to fulfill the social responsibility and mission expected of the Company and become a company that grows together with society, the Company aims to enhance corporate value.

For the fiscal year ending March 31, 2025, the final year of the mid-term management plan, the Company has set targets, in the domestic market, of 984.2 billion yen in the balance of the loan and credit card business, and 1,319.4 billion yen in the balance of the guarantee business, totaling 2,303.6 billion yen; and in overseas markets, targets of 57.3 billion Thai baht in the balance of the loan business for EASY BUY Public Company Limited in the Kingdom of Thailand, and 3.1 billion Philippine pesos in the balance of the loan business for ACOM CONSUMER FINANCE CORPORATION in the Republic of the Philippines. The Group as a whole has been aiming to achieve a total balance of the businesses amounting to 2.5 trillion yen. During the fiscal year under review, the total balance of the group-wide businesses amounted to 2,522.9 billion yen. As a result, we achieved our goal one year earlier than we planned. We will continue our efforts to expand the balance of the businesses.

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

In the fiscal year ending March 31, 2025, the final year of the mid-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, we will appropriately and speedily grasp the rapidly evolving digital landscape, and will strive to expand our business operations by promoting expansion of transactions with existing customers, strengthening of our ability to attract new customers, maintenance of the soundness of our credit profile, etc. In addition, we will steadily realize the start of embedded finance services at GeNiE Inc. in alliance with a partner that has end users. Through this, we will deliver new experiences to the customers using the partner's services by providing them with financial services. Moreover, the Company is committed to increasing its brand strength through a range of activities, including "Challenge What You Want to Start!," a new project aimed at creating a society where everyone in Japan can try something new, launched in November 2021, as well as other activities contributing to society.

- Guarantee business

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

- Overseas financial business

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

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

(6) Changes in Assets and Income of the Company

(Millions of yen, unless otherwise stated)

Item	44th fiscal year ended March 31, 2021	45th fiscal year ended March 31, 2022	46th fiscal year ended March 31, 2023	47th fiscal year ended March 31, 2024
Operating revenue	266,316	262,155	273,793	294,730
Ordinary profit	100,014	35,441	87,485	86,715
Profit attributable to owners of parent	78,864	55,678	54,926	53,091
Basic earnings per share (yen)	50.34	35.54	35.06	33.89
Total assets	1,219,109	1,263,296	1,297,316	1,417,403
Net assets	515,128	563,963	619,837	674,175
Net assets per share (yen)	310.02	339.51	370.92	400.87
Accounts receivable - operating loans at fiscal year-end	977,152	975,282	1,029,728	1,121,554
Accounts receivable - installment at fiscal year-end	79,423	88,640	104,295	123,058
Shareholders' equity ratio (%)	39.84 [20.33]	42.10 [21.83]	44.79 [23.15]	44.31 [23.30]

(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.

(7) Principal Parent Company and Subsidiaries (as of March 31, 2024)

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.	629,476 (40,753)	40.18 (2.60)	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

Company name	Capital	The Company's percentage of voting rights holding (%)	Main business
MU Credit Guarantee Co., LTD.	300 (Millions of yen)	100.00	Guarantee business
IR Loan Servicing, Inc.	520 (Millions of yen)	100.00	Loan servicing business (Servicing business)
GeNiE Inc.	250 (Millions of yen)	100.00	Embedded finance 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	3.0 (Billions of Philippine pesos)	80.00	Unsecured loan business
ACOM (M) SDN. BHD.	32 (Millions of Malaysian ringgit)	100.00	Unsecured loan business

(Notes) 1. ACOM CONSUMER FINANCE CORPORATION raised funds amounting to 1,500 million Philippine pesos by carrying out a capital increase through shareholder allotment in November 2023, and upon approval by the authorities in January 2024, the capital was increased from 1,500 million Philippine pesos to 3,000 million Philippine pesos.

2. ACOM (M) SDN. BHD. raised funds amounting to 17 million Malaysian ringgit by carrying out a capital increase through shareholder allotment in August 2023, resulting in a capital increase from 15 million Malaysian ringgit to 32 million Malaysian ringgit.

(8) Principal Businesses (as of March 31, 2024)

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

(9) Principal Offices (as of March 31, 2024)

1) Principal offices of the Company

Head office: 9-1, Higashi Shinbashi 1-chome, Minato-ku, Tokyo

Business outlets

Loan business outlets	671
Automatic contract machine outlets (automatic contract machines)	671 (685 machines)
Automated teller machines (ATMs)	684

(Note) In addition to the ATMs installed by the Company, there are 49,095 partner ATMs available to customers.

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
GeNiE Inc.	Chuo-ku, Tokyo	ACOM (M) SDN. BHD.	Kuala Lumpur, Malaysia

(10) Employees (as of March 31, 2024)

1) Number of employees of the consolidated group

Category	Number of employees
Loan and credit card business	1,414 (83)
Guarantee business	269 (24)
Overseas financial business	3,140 (2)
Loan servicing business	126 (7)
Company-wide (common)	455 (15)
Total	5,404 (131)

(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 128.)

3. The number of employees in “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	1,222	(7)	43 years and 7 months	18 years and 8 months
Female	820	(22)	38 years and 0 months	10 years and 8 months
Total	2,042	(29)	41 years and 4 months	15 years and 6 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 to the Company), and does not include the number of fixed-term employees.

2. Matters concerning Shares of the Company (as of March 31, 2024)

(1) Shares

Total number of shares authorized to be issued	Total number of shares issued	Number of shareholders
5,321,974,000	1,566,614,098	16,539

(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
The Master Trust Bank of Japan, Ltd. (Trust account)	96,920	6.18
Foundation of Kinoshita Memorial Enterprise	92,192	5.88
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)	27,352	1.74
Aroa Shokusan LLC	17,000	1.08
Custody Bank of Japan, Ltd. (Trust account)	13,819	0.88

(Notes) 1. For the number of shares held, the amount is rounded down to the nearest thousand.
2. The percentage of ownership is calculated excluding treasury shares (120 shares).

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 and Supervisory Committee Members of the Company

(1) Directors (as of March 31, 2024)

Position	Name	Responsibility within the Company and significant concurrent positions
Chairman	Shigeyoshi Kinoshita	
Deputy Chairman	Hiroshi Naruse	In charge of Compliance Department and Internal Audit Department
President & CEO	Masataka Kinoshita	Chief Executive Officer
Deputy President	Takashi Kiribuchi	Deputy Chief Executive Officer (Head of System Development & Administration Division; In charge of Corporate Planning Department, System Development Department, System Operation Department, System Planning Office, and System Management Office)
Senior Managing Director	Tomomi Uchida	Senior Executive Managing Officer (Head of Credit Supervision Division; In charge of General Affairs Department, Credit Supervision Department I, Credit Supervision Department II, and Compliance for Credit Supervision Office) Director of GeNiE Inc.
Director	Tadashi Yamamoto	Managing Corporate Executive, Group Head and CDTO, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc. Member of the Board of Directors, Managing Executive Officer, Unit Head, and CDTO (CEO), Digital Service Unit (in charge of Digital Service Planning Division) of MUFG Bank, Ltd. Director of Biz Forward, Inc.
Director, Full-time Member of the Audit and Supervisory Committee	Toshihiko Yamashita	
Director, Full-time Member of the Audit and Supervisory Committee	Kazuo Fukumoto	
Director, Member of the Audit and Supervisory Committee	Takuji Akiyama	Representative of Takuji Akiyama CPA Office Outside Auditor of Astena Holdings Co., Ltd.

- (Notes)
1. Audit and Supervisory Committee Members Toshihiko Yamashita and Takuji Akiyama are Outside Directors, and have been designated and registered as independent directors with the Tokyo Stock Exchange in accordance with its regulations.
 2. Audit and Supervisory Committee Member Kazuo Fukumoto has considerable knowledge regarding finance and accounting gained from his experience in accounting divisions of the Company over many years, while Audit and Supervisory Committee Member Takuji Akiyama has considerable knowledge regarding finance and accounting gained through a wealth of experience as a certified public accountant.
 3. The Company has elected two Audit and Supervisory Committee Members as Full-time Members of the 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, 2024)

Position	Name	Responsibility within the Company and significant concurrent positions
Executive Managing Officer	Masaru Kuroda	In charge of Overseas Business Management Department and Treasury Department
Executive Managing Officer	Michihito Onodera	Head of Guarantee Business Division In charge of Guarantee Planning Department and Guarantee Alliance Promotion Department
Executive Managing Officer	Masashi Yoshiba	In charge of Human Resources Department and Business Process Management Department
Executive Managing Officer	Yuji Kinoshita	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	Masatoshi Nabeoka	In charge of Corporate Risk Management Department Vice in charge of Compliance Department Chief General Manager of Corporate Risk Management Department
Executive Managing Officer	Kazuki Morishita	In charge of Finance Department Vice in charge of Corporate Planning Department Chief General Manager of Corporate Planning Department
Executive Officer	Akihiro Kiyooka	Credit Supervision Division (Special mission)
Executive Officer	Hidehiko Shibata	Chief General Manager of East Japan Business Promotion Department
Executive Officer	Masahiko Machida	Chief General Manager of Internal Audit Department
Executive Officer	Hitoshi Yokohama	Guarantee Business Division (Special mission)
Executive Officer	Takeo Noda	Overseas Business Management Department (Special mission)
Executive Officer	Tai Wakikawa	Chief General Manager of Human Resources Department
Executive Officer	Akifumi Kinoshita	Chief General Manager of Treasury Department
Executive Officer	Osamu Morimoto	Chief General Manager of Business Process Management Department

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

Name	Position before change	Position after change	Date of change
Takashi Kiribuchi	Senior Executive Managing Officer	Deputy Chief Executive Officer	June 23, 2023
Tomoo Shikanoya	Executive Managing Officer	—	June 23, 2023
Kazuki Morishita	Executive Officer	Executive Managing Officer	June 23, 2023

6. Change in Executive Officer after the end of the fiscal year under review

Name	Position before change	Position after change	Date of change
Tomohiro Nakazawa	—	Executive Officer	April 1, 2024
Masayuki Kurita	—	Executive Officer	April 1, 2024
Masato Takami	—	Executive Officer	April 1, 2024

(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
Masakazu Osawa	June 23, 2023	Expiration of term	Director Executive Managing Officer and Group Deputy COO-I, Deputy Head in charge of Global Corporate & Investment Banking Business and Asia, Global Commercial Banking Business Group of Mitsubishi UFJ Financial Group, Inc. Managing Executive Officer and Deputy COO-I, Deputy Head (in charge of Asia), Global Corporate Investment Banking Business Unit, Deputy Unit Head in charge of Asia, Global Commercial Banking Business Unit and Group Head (in charge of Asia and Oceania), Corporate Banking Group of MUFG Bank, Ltd. Representative Director and Chief Executive Officer (CEO) of Global Open Network, Inc. Representative Director and Chairman and Chief Executive Officer (CEO) of Global Open Network Japan, Inc.
Masahide Ishikawa	June 23, 2023	Expiration of term	Director and Full-time Member of the Audit and Supervisory Committee (Outside)

(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 those serving as Audit and Supervisory Committee Members). In summary, with regard to compensation payable to Directors (excluding those serving as Audit and 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 Representative Directors and Directors serving as Executive Officers consists of basic compensation, performance-linked compensation and stock price-linked compensation, while compensation to part-time Directors consists of basic compensation only. Basic compensation is fixed compensation to be paid once monthly, performance-linked compensation is variable compensation to be paid once yearly according to business results, and stock price-linked compensation is variable compensation to be paid upon retirement according to stock price.

The Company determines the amount of basic compensation payable to Directors (excluding those serving as Audit and Supervisory Committee Members) at the Board of Directors after the Appointment and Remuneration Committee deliberates and proposes the respective amounts to be paid according to the 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 those serving as Audit and 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 to comprehensively measure the results of management and thereupon deliberates and proposes the respective amounts to be paid according to the positions, individual evaluations and other factors. The amount of stock price-linked compensation is calculated by multiplying the number of phantom shares which are granted every year by the stock price three years later and the Company determines as to the grant of phantom shares at the Board of Directors after the Appointment and Remuneration Committee deliberates and proposes such grant in consideration of its business condition, etc.

The target percentage of variable compensation (performance-linked compensation and stock price-linked compensation) out of total compensation is approximately twenty-five percent (if the amount of performance-linked compensation and stock price-linked compensation is a standard one). 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 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. In determining the amount of stock price-linked compensation, the Appointment and Remuneration Committee determines the number of phantom shares calculated according to a base amount set annually for each Representative Director and each Director serving as an Executive Officer, and the Board of Directors determines the grant of such stock. The phantom shares are converted into points by multiplying the stock price three years later. Points accumulated during the term of office are converted into a monetary amount and paid upon retirement.

Changes in profit attributable to owners of parent including the fiscal year under review are stated at 1.

(6) 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 and Supervisory Committee Members is determined through consultation among Audit and 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 those serving as Audit and Supervisory Committee Members) per year shall be no more than 400 million yen (excluding the portion of employee's salary payable to Directors who concurrently serve as employees). The number of Directors (excluding those serving as Audit and Supervisory Committee Members) as of the conclusion of the above Ordinary General Meeting of Shareholders was six. In addition, at the same Ordinary General Meeting of Shareholders, it was resolved that compensation payable to Directors serving as Audit and Supervisory Committee Members per year shall be no more than 100 million yen. The number of Directors serving as Audit and Supervisory Committee Members as of the conclusion of the above Ordinary General Meeting of Shareholders was four.

As of March 31, 2024, the number of Directors (excluding those serving as Audit and Supervisory Committee Members) was six and the number of Directors serving as Audit and Supervisory Committee Members was three.

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 Directors (excluding those serving as Audit and Supervisory Committee Members) 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	Stock price-linked compensation	
Directors (excluding those serving as Audit and Supervisory Committee Members)	197	154	31	11	7
Directors serving as Audit and Supervisory Committee Members	52	52	—	—	4
(of which Outside Directors)	(32)	(32)	(—)	(—)	(3)
Total	250	207	31	11	11
(of which Outside Directors)	(32)	(32)	(—)	(—)	(3)

(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, Paragraph 1 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 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.

Director, Audit and Supervisory Committee Member Takuji Akiyama is Representative of Takuji Akiyama CPA Office, and Outside Auditor of Astena Holdings Co., Ltd. There is no conflict of interest between the Company and any of these two organizations.

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
Toshihiko Yamashita	Director, Full-time Audit and Supervisory Committee Member	<p>After assuming the position of Director serving as an Audit and Supervisory Committee Member on June 23, 2023 (elected at the 46th Ordinary General Meeting of Shareholders), he attended all 8 Board of Directors meetings and all 11 Audit and 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. He periodically had dialogues with Representative Directors, Directors, and Executive Officers who concurrently serve as Directors to hear from them about the execution status of duties concerning primary issues, etc. and strived to improve audit environment and raise awareness of audit. In addition, he maintained close cooperation with accounting auditors and the internal audit department, etc. by periodically holding briefing sessions with them. Furthermore, with respect to duties carried out concerning roles expected of Outside Directors, he attended the Appointment and Remuneration Committee meetings, the Compliance Committee meetings, and the Risk Committee meetings as a member, and supervised the management from an independent viewpoint when selecting the top management, deliberating on evaluation and compensation, and reporting to the Board of Directors through monitoring. Moreover, he monitored the progress of the mid-term management plan and provided advice with a view to promoting sustainable growth of the Company and enhancing its corporate value from the medium- to long-term perspective.</p>

Name	Position	Summary of attendance, comments made and duties carried out concerning roles expected of Outside Directors
Takuji Akiyama	Director, Audit and Supervisory Committee Member	<p>He attended all 12 Board of Directors meetings and all 15 Audit and Supervisory Committee meetings held during the fiscal year under review. Based on his advanced expertise and abundant experience gained in the audit of finance and accounting through his career as a certified public accountant, he actively offered opinions and advice and posed questions from an independent standpoint. He periodically had dialogues with Representative Directors, etc. to hear from them about the execution status of duties concerning primary issues, etc. and strived to improve audit environment and raise awareness of audit. In addition, he maintained close cooperation with accounting auditors and the internal audit department, etc. by periodically holding briefing sessions with them. Furthermore, with respect to duties carried out concerning roles expected of Outside Directors, he attended 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 on evaluation and compensation, and reporting to the Board of Directors through monitoring. Moreover, he monitored the progress of the mid-term management plan and provided advice with a view to promoting sustainable growth of the Company and enhancing its corporate value from the medium- to long-term perspective.</p>

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	122,000 thousand yen
2) Total amount of monetary and other financial benefits payable to the accounting auditor by the Company and its consolidated subsidiaries	148,400 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 and Supervisory Committee agreed to the amount of compensation to the accounting auditor, as it decided that such amount was reasonable based on the examination thereof, following the analysis and evaluation on the results of accounting audit carried out in the prior fiscal year by the accounting auditor, as well as the verification of the audit plan for the current fiscal year and the basis for calculating the estimated compensation, etc.
 3. Among the Company's principal subsidiaries, EASY BUY Public Company Limited, ACOM CONSUMER FINANCE CORPORATION and ACOM (M) SDN. BHD. have been subject to statutory audit by accounting auditors other than the Company's accounting auditor.
 4. The Company commissions and pays the accounting auditor for the preparation of comfort letters, which is a service other than the services provided in Article 2, Paragraph 1 of the Certified Public Accountants Act.

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

In case the Audit and 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 and Supervisory Committee shall dismiss the accounting auditor conditional upon its unanimous approval.

In cases that the Audit and Supervisory Committee determines that dismissal or non-reappointment of the accounting auditor is appropriate mainly including the fact that the accounting auditor has difficulty in execution of duties, the Audit and Supervisory Committee shall decide the contents of proposal for the General Meeting of Shareholders to dismiss or not to reappoint the accounting auditor.

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 March 22, 2023, 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, 2023. 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-related plans and manage their 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 financial services provided by the Company and its subsidiaries may be used for financial crimes such as money laundering and terrorist financing, and develop a system to detect and prevent financial crimes.
 - (g) The Company develops a system to disclose information accurately, timely and appropriately, including the establishment of the policy on information disclosure and the committee that deliberates on information disclosure.
 - (h) In accordance with the Group's basic policy for the internal control over financial reporting, the Company strives to develop and operate the internal control system over financial reporting and ensures the transparency, accuracy, and reliability of financial reporting.
 - (i) 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 and its subsidiaries
 - (a) In accordance with the rules for confidential information management and related rules, the Company and its subsidiaries establish procedures for managing documents related to the execution of duties by the Directors (including electromagnetic records), store and manage such information in an appropriate manner, ensuring that such documents are available for inspection by directors when necessary.
 - (b) The Company and its subsidiaries appoint officers responsible for information management and departments with across-the-board responsibilities for information management.
 - (c) In order to maintain the appropriateness of information storage and management, the Company and its subsidiaries appoint personnel responsible for information security management, determine the roles of respective organizations, officers and employees, and store and manage information in a systematic manner. The Company 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 formulate plans for risk management and manage their progress.
 - (d) 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, etc. 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.
 - (c) Considering that transaction between Mitsubishi UFJ Financial Group, Inc. which is the Company's parent company, and any of its subsidiaries, etc. may cause conflict of interests between a controlling shareholder and minority shareholders, the Company establishes a committee that deliberates on material transactions, etc. where the controlling shareholders' interest conflicts with minority shareholders and makes recommendations to the Board of Directors.
- 6) System concerning employees to assist the Audit and Supervisory Committee of the Company in execution of their duties
- (a) The Company will establish the Administration for Audit and Supervisory Committee to assist the Audit and Supervisory Committee in execution of their duties, and assigns employees to assist the Audit and Supervisory Committee.
 - (b) The number of employees to assist the Audit and Supervisory Committee and their required qualifications will be decided after discussion with the Audit and Supervisory Committee.
 - (c) Employees to assist the Audit and Supervisory Committee will be exclusively in charge of work that assists the Audit and Supervisory Committee, and will not be subject to instructions and orders from Directors (excluding those serving as Audit and Supervisory Committee Members) and other operational organizations.
 - (d) Assignment, transfer, evaluation, and disciplinary action of employees to assist the Audit and Supervisory Committee will be decided after discussion with the Audit and Supervisory Committee.
- 7) System for reporting to the Audit and Supervisory Committee
- The Company reports to the Audit and Supervisory Committee the following matters concerning the Company and its subsidiaries. The person who reports to the Audit and 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 and Supervisory Committee ask to be reported

- 8) Other systems to ensure that audits are effectively implemented by the Audit and Supervisory Committee of the Company
- (a) The Company ensures a system that allows Audit and Supervisory Committee Members elected by the Audit and 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 and Supervisory Committee Members elected by the Audit and Supervisory Committee to exchange opinions on issues with which the Company should deal, issues concerning the execution of duties, and primary issues on audits. President will also take actions regarding the matters that the Audit and Supervisory Committee deems necessary to be addressed.
 - (c) Directors (excluding those serving as Audit and Supervisory Committee Members) and employees will esteem the rules of the Audit and Supervisory Committee and other rules, including audit policies, and cooperate with the Audit and Supervisory Committee for inspection and consultation requests.
 - (d) The internal audit department will establish a cooperation system for exchanging information with the Audit and 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 and Supervisory Committee Members) are suspected to be involved, the internal audit department will report the said facts to the Audit and Supervisory Committee before reporting them to the Directors (excluding those serving as Audit and Supervisory Committee Members).
 - (f) The Audit and 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 distributed them via its in-house network and other media to all officers and employees. In addition, to raise awareness of the ACOM Group Code of Ethics and Code of Conduct, the Company has issued messages regarding compliance through its top management, Executive Officers who concurrently serve as Directors, 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 basic compliance plan.
 - * The Compliance Committee holds four meetings a year, in principle, 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 work on management and other activities in relation to the prevention of transactions involving antisocial forces, as well as the prevention of financial crimes including money laundering and terrorist financing, in accordance with the ACOM Group Code of Ethics and other related provisions.
 - * The Information Disclosure Committee holds two meetings each quarter, in principle, making resolutions on the 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 and its subsidiaries
 - * The Company and its subsidiaries make amendments to the rules, etc. concerning information management and review the framework for storage and management of information as appropriate.
 - * The Company and its subsidiaries have appointed officers responsible for information management and established departments with across-the-board responsibilities for information management and have striven to promote information management through information management training, etc.
 - * The Company and its subsidiaries regularly verify 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 and formulated plans for risk management. The progress of the plans is reported to the respective company’s meeting body.
 - * 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. In addition, to raise awareness of its policy on business continuity and to ensure the effectiveness of its business continuity framework, the Company holds training sessions to practice its business continuity plan.
 - * The Risk Committee is held once a quarter, in principle, deliberating on matters concerning the development of the risk management system in general, important matters concerning risk

- management, and issues concerning the preparation of a basic risk management plan, etc.
- * The Risk Management Report Meeting is held once a quarter, in principle, 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 and the IT Strategy Meeting are held three times a month, in principle, 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.
 - * The Company establishes the Conflict of Interest Advisory Committee from the perspective of protecting the interests of minority shareholders and makes recommendations to the Board of Directors.
- 6) System concerning employees to assist the Audit and Supervisory Committee of the Company in execution of their duties
- * The Company has established the Administration for Audit and Supervisory Committee to assist the Audit and Supervisory Committee in execution of their duties, and assigned three dedicated employees to assist the Audit and Supervisory Committee, who are not subject to instructions and orders from Directors (excluding those serving as Audit and Supervisory Committee Members) and other operational organizations.
- 7) System for reporting to the Audit and Supervisory Committee
- * Status of the execution of Directors' duties, status of internal audits, etc., are reported to the Audit and 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 and Supervisory Committee without delay when such matters occur.
 - * The Company has stipulated that the person who reports to the Audit and Supervisory Committee shall not be treated unfavorably due to the reporting.
- 8) Other systems to ensure that audits are effectively implemented by the Audit and Supervisory Committee of the Company
- * The rules of meetings and the rules of committees, etc. stipulate the authority of Audit and Supervisory Committee Members elected by the Audit and Supervisory Committee to attend meetings, and Audit and Supervisory Committee Members elected by the Audit and Supervisory Committee attend the Executive Officers' Meeting, the IT Strategy Meeting, the Compliance Committee, the Information Disclosure Committee, the Risk Committee and other meetings.
 - * The "Rules for Ensuring the Effectiveness of Audits by the Audit and Supervisory Committee" stipulates the authority of Audit and Supervisory Committee Members elected by the Audit and Supervisory Committee to access statutory documents and other important documents concerning the execution of duties.
 - * Directors (excluding those serving as Audit and Supervisory Committee Members) have regular meetings with Audit and Supervisory Committee Members elected by the Audit and 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 and Supervisory Committee by regularly reporting the results of internal audit and 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 and Supervisory Committee Members) are suspected to be involved, the internal audit department will report the said facts to the Audit and Supervisory Committee before reporting them to the Directors (excluding those serving as Audit and Supervisory Committee Members).

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Consolidated Financial Statements

(April 1, 2023–March 31, 2024)

Consolidated Balance Sheet

(As of March 31, 2024)

		(Millions of yen)	
Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	1,330,190	Current liabilities	275,732
Cash and deposits	73,486	Accounts payable - trade	769
Accounts receivable - operating loans	1,121,554	Short-term borrowings	19,242
Accounts receivable - installment	123,058	Commercial papers	29,989
Purchased receivables	8,212	Current portion of long-term borrowings	123,808
Other	96,167	Current portion of bonds payable	60,650
Allowance for doubtful accounts	(92,289)	Lease obligations	350
Non-current assets	87,213	Income taxes payable	13,160
Property, plant and equipment	8,384	Provision for loss on guarantees	11,973
Buildings and structures	2,878	Asset retirement obligations	579
Equipment	4,243	Other	15,208
Lease assets	1,263	Non-current liabilities	467,495
Intangible assets	8,985	Bonds payable	104,086
Software	8,755	Long-term borrowings	325,553
Goodwill	215	Lease obligations	1,070
Other	14	Provision for loss on interest repayment	30,346
Investments and other assets	69,843	Retirement benefit liability	983
Investment securities	1,414	Asset retirement obligations	5,061
Retirement benefit asset	10,322	Other	394
Deferred tax assets	50,507	Total liabilities	743,228
Guarantee deposits	4,309		
Other	3,861	(Net assets)	
Allowance for doubtful accounts	(572)	Shareholders' equity	603,543
		Share capital	63,832
		Capital surplus	69,861
		Retained earnings	469,849
		Treasury shares	(0)
		Accumulated other comprehensive income	24,468
		Valuation difference on available-for-sale securities	0
		Foreign currency translation adjustment	21,153
		Remeasurements of defined benefit plans	3,314
		Non-controlling interests	46,164
		Total net assets	674,175
Total assets	1,417,403	Total liabilities and net assets	1,417,403

Consolidated Statement of Income

(April 1, 2023–March 31, 2024)

(Millions of yen)

Description	Amount	
Operating revenue		294,730
Interest on operating loans	181,925	
Revenue from credit card business	14,693	
Revenue from installment sales finance business	66	
Revenue from credit guarantee	61,223	
Proceeds from purchased receivables	4,659	
Other financial revenue	199	
Other operating revenue	31,961	
Operating expenses		208,383
Financial expenses	4,927	
Cost of purchased receivables	1,764	
Other operating expenses	201,690	
Operating profit		86,347
Non-operating income		387
Interest income	1	
Dividend income	29	
Share of profit of entities accounted for using equity method	18	
Rental income from buildings	187	
Other	150	
Non-operating expenses		19
Interest expenses	2	
Other	16	
Ordinary profit		86,715
Extraordinary income		258
Gain on sale of non-current assets	258	
Gain on sale of investment securities	0	
Extraordinary losses		236
Loss on sale of non-current assets	0	
Loss on retirement of non-current assets	234	
Other	1	
Profit before income taxes		86,736
Income taxes-current	18,699	
Income taxes-deferred	10,211	28,910
Profit		57,825
Profit attributable to non-controlling interests		4,734
Profit attributable to owners of parent		53,091

Consolidated Statement of Changes in Net Assets

(April 1, 2023–March 31, 2024)

(Millions of yen)

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

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

Notes to the Consolidated Financial Statements

(From April 1, 2023 to March 31, 2024)

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: 6

Names of principal consolidated subsidiaries are referred to in “(7) 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

Shares, etc. that do not have a market price

Stated at cost by the moving-average method

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

(b) Derivative transactions, etc.

Derivatives

Fair value 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 (5-10 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

(a) Revenues from financial instruments transactions

Interest on operating loans	Interest is recorded on an accrual basis. Accrued interest on operating loans is recorded, using the interest rate stipulated in the Interest Rate Restriction Act or the contracted interest rate of the Company, whichever the lower.
Revenue from credit card business	
Fees from customers	Recorded by the credit balance method Under the credit balance method, fees to be recorded as revenue is calculated pursuant to the prescribed rates applicable to the relevant credit balance.
Revenue from credit guarantee	Recorded by the credit balance method

(b) Fees and commissions

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

Fees and commissions mainly include fees for ATM usage and fees from MasterCard member stores. Fees for ATM usage are recognized as revenue at the time that the customers use ATMs at financial institutions in alliance and other partners. Fees from MasterCard member stores are recognized as revenue at the time that the customers pay by their credit cards at the stores (at the time of sale-on-credit transaction).

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

(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 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.

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 and other taxes imposed on non-tax-deductible assets

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

(c) Adoption of the group tax sharing system

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

2. Notes to revenue recognition

(1) Disaggregation of revenue

The Group is engaged in the loan and credit card business, the guarantee business, the overseas financial business, the loan servicing business, and other businesses. The fees and commissions from each business (revenue from contracts with customers that is subject to the “Accounting Standard for Revenue Recognition” (ASBJ statement No. 29) and revenues from financial instruments transactions (revenues other than revenue from contracts with customers) are as follows:

(Millions of yen)

	Loan and credit card business	Guarantee business	Overseas financial business	Loan servicing business	Others	Total
Operating revenue from external customers	156,029	70,787	61,890	5,864	158	294,730
Revenues from financial instruments transactions	152,255	68,636	61,360	5,860	158	288,270
Fees and commissions	3,774	2,151	529	4	—	6,459

(2) Information useful in understanding revenue

Information useful in understanding revenue from contracts with customers is as presented in “1. Notes to Significant Matters Providing the Basis for the Preparation of Consolidated Financial Statements, (3) Matters concerning accounting policies, 5) Accounting standards for significant revenue and expenses.”

3. Notes to changes in presentation methods

<Consolidated balance sheets>

Deferred installment income had been presented under Current liabilities as a separate line item in the fiscal year ended March 31, 2023, however, it has been included in Other from the fiscal year under review because the result was not a material amount.

The amount of deferred installment income in the fiscal year under review was 28 million yen.

4. 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 30,346 million yen.

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

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

- (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 judicial scrivener's office) and the average unit price of requests for interest repayment.

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

The major assumptions, which are the future estimated figures of the number of requests for interest repayment and the average unit price of requests for interest repayment per law firm or judicial scrivener's office, are calculated based on the past actual rates of requests for interest repayment as calculated from past actual results as well as the latest environmental analysis and the latest trend of requests for interest repayment. Given the uncertainty of such estimates, provision for loss on interest repayment for the next fiscal year may increase or decrease.

(2) Allowance for doubtful accounts

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

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.

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

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

- 2) Information 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 allowance" and "specific receivables" with the aim of preventive attachment. Right to reimbursement belongs to "specific receivables" only.

- i) General allowance

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) Specific allowance

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 allowance" and "specific allowance" 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.

(3) Deferred tax assets

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

The Group records deferred tax assets in the amount deemed recoverable for deductible temporary differences, etc.

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

Deferred tax assets are calculated 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

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

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

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

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

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

The amount of deferred tax assets to be recorded on the consolidated financial statements for the next fiscal year may be affected by uncertain future changes in the business environment, an increase in requests for interest repayment, and other unforeseen reasons.

5. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 26,208 million yen

(2) Guaranteed liabilities	(Millions of yen)
Outstanding guarantee obligation in the guarantee business	1,278,261
Provision for loss on guarantees	11,973
Net	1,266,287

6. 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 1,566,614,098 shares

(2) Matters concerning dividends from surplus

1) Dividends paid

At the Ordinary General Meeting of Shareholders held on June 23, 2023, the resolution was adopted as follows.

Type of stock	Common stock
Total amount of dividends	7,833 million yen
Capital of dividends	Retained earnings
Dividends per share	5 yen
Record date	March 31, 2023
Effective date	June 26, 2023

At the Board of Directors meeting held on November 9, 2023, the resolution was adopted as follows.

Type of stock	Common stock
Total amount of dividends	9,399 million yen
Capital of dividends	Retained earnings
Dividends per share	6 yen
Record date	September 30, 2023
Effective date	December 1, 2023

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

At the Ordinary General Meeting of Shareholders to be held on June 21, 2024, the resolution is scheduled as follows.

Type of stock	Common stock
Total amount of dividends	9,399 million yen
Capital of dividends	Retained earnings
Dividends per share	6 yen
Record date	March 31, 2024
Effective date	June 24, 2024

(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.

7. 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 fixed interest rates and variable interest rates. The Group conducts derivative transactions primarily for the purpose of hedging against the risk of fluctuations in interest rates associated with these financing operations, and does not have a policy to conduct speculative trading.

2) Details of financial instruments and associated risks

Major financial assets held by the Group are accounts receivable - operating loans and accounts receivable - installment; these assets are exposed to credit risk resulting from customers' default of payments. In addition, the Group holds shares, investments in partnership, etc. on a portfolio investment basis. These assets are exposed to the risk of market price fluctuations and some are open to the risks of issuer's credit. Financial liabilities including borrowings, bonds and commercial papers are exposed to liquidity risk, giving some indication of the possibility that the Group may not be able to make payment at the due date as a result of a change in the Group's credit standings or the market environment. Likewise, liabilities with variable interest rates have a certain degree of interest-rate risk, but the Group mitigates this risk

through interest rate swap transactions.

Derivative transactions include interest rate swap agreements for the purpose of hedging against the risk of fluctuations in interest rates associated with borrowings, etc. 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 borrowings.

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 fair values are determined using the market interest rate, if the interest rate as of March 31, 2024, had been 1 basis point (0.01%) lower, the fair value of their net amount (asset side) -relevant financial assets after deduction of financial liabilities- would increase by 211 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 decrease by 211 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 fair value of financial instruments

The fair value of financial instruments is calculated based on certain assumptions, and the value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described below in “(2) Matters concerning the fair value of financial instruments” does not represent the market risk of the derivative transactions.

(2) Matters concerning the fair value of financial instruments

The book value on the consolidated balance sheet and fair value of financial instruments as of March 31, 2024, as well as the differences between these values are described below. “Deposits,” “short-term borrowings,” and “commercial papers” are omitted, because they comprise cash and short-term instruments whose book value approximates their fair value.

(Millions of yen)

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

(*) Receivables and payables incurred by derivative transactions are presented in net. Net payables are presented in parentheses “().”

(Note) The amount of other securities sold during the fiscal year under review was 0 million yen, and the sum of gain on sale of other securities was 0 million yen. The book values of shares, etc. that do not have a market price are as follows:

(Millions of yen)

Item	Book value
1) Unlisted shares	1,413
2) Investments in investment partnerships	0
Total	1,414

(3) Fair value information by level within the fair value hierarchy

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

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

Level 2 fair value: Fair value measured using inputs other than Level 1 inputs, out of observable inputs for fair value measurement.

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

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

1) Financial instruments measured at fair value

(Millions of yen)

Type	Fair value			
	Level 1	Level 2	Level 3	Total
Derivative transaction				
Interest-related derivatives	–	165	–	165
Total liabilities	–	165	–	165

2) Financial instruments other than those measured at fair value

(Millions of yen)

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

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

Derivative transactions

The fair value of derivative transactions is measured using the discounted cash flow method based on observable inputs, such as interest rates, and is classified as Level 2.

Notes to derivative transactions are as follows.

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, fair value, and unrealized gain or loss as of the closing date of consolidated accounting according to transaction type of investments are as follows:

(a) Interest-related derivatives

(Millions of yen)

Category	Transaction type	Contract amount	Amount of more than 1 year-period contracts	Fair value	Unrealized gain (loss)
Over-the-counter transactions	Interest rate swap agreements Fixed interest payments and floating interest receivables	13,959	9,333	(165)	(165)

2) Derivative transactions subject to 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	Fair value
Interest rate swap agreements subject to the application of exceptional accounting treatments	Interest rate swap agreements Fixed interest payments and floating interest receivables	Long-term borrowings	4,765	1,700	(Note)

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

Accounts receivable - operating loans and accounts receivable - installment

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

Purchased receivables

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

Current portion of bonds payable and bonds payable

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

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

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

8. Notes to Per Share Information

- | | |
|------------------------------|------------|
| (1) Net assets per share | 400.87 yen |
| (2) Basic earnings per share | 33.89 yen |

9. Other

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

Non-consolidated Financial Statements

(April 1, 2023–March 31, 2024)

Non-consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Description (Assets)	Amount	Description (Liabilities)	Amount
Current assets	1,078,467	Current liabilities	216,840
Cash and deposits	64,292	Accounts payable - trade	750
Accounts receivable - operating loans	879,021	Commercial papers	29,989
Accounts receivable - installment	122,303	Current portion of long-term borrowings	112,285
Prepaid expenses	1,987	Current portion of bonds payable	40,000
Accrued income	15,667	Lease obligations	349
Right to reimbursement	58,359	Accounts payable - other	1,997
Other	4,574	Accrued expenses	9,636
Allowance for doubtful accounts	(67,740)	Income taxes payable	9,659
Non-current assets	106,352	Deposits received	424
Property, plant and equipment	7,644	Provision for loss on guarantees	10,870
Buildings	1,990	Asset retirement obligations	579
Structures	456	Other	298
Equipment	3,936	Non-current liabilities	442,504
Lease assets	1,260	Bonds payable	95,000
Intangible assets	7,958	Long-term borrowings	311,139
Software	7,732	Lease obligations	1,069
Goodwill	215	Provision for loss on interest repayment	30,346
Other	9	Asset retirement obligations	4,781
Investments and other assets	90,749	Other	167
Investment securities	951	Total liabilities	659,345
Shares of subsidiaries and associates	21,452		
Claims provable in bankruptcy, claims provable in rehabilitation and other	975	(Net assets)	
Long-term prepaid expenses	1,861	Shareholders' equity	525,474
Deferred tax assets	56,034	Share capital	63,832
Guarantee deposits	3,837	Capital surplus	72,322
Prepaid pension costs	5,416	Legal capital surplus	72,322
Other	780	Retained earnings	389,319
Allowance for doubtful accounts	(560)	Legal retained earnings	4,320
		Other retained earnings	384,998
		General reserve	80,000
		Retained earnings brought forward	304,998
		Treasury shares	(0)
		Valuation and translation adjustments	0
		Valuation difference on available-for-sale securities	0
		Total net assets	525,474
Total assets	1,184,819	Total liabilities and net assets	1,184,819

Non-consolidated Statement of Income

(April 1, 2023 - March 31, 2024)

(Millions of yen)

Description	Amount	
Operating revenue		215,467
Interest on operating loans	126,020	
Revenue from credit card business	14,693	
Revenue from credit guarantee	50,326	
Other financial revenue	158	
Other operating revenue	24,269	
Operating expenses		154,664
Financial expenses	3,084	
Other operating expenses	151,579	
Operating profit		60,803
Non-operating income		6,197
Interest income	1	
Dividend income	5,860	
Other	336	
Non-operating expenses		14
Interest expenses	2	
Other	12	
Ordinary profit		66,986
Extraordinary income		257
Gain on sale of non-current assets	257	
Gain on sale of investment securities	0	
Extraordinary losses		191
Loss on retirement of non-current assets	190	
Other	1	
Profit before income taxes		67,051
Income taxes-current	12,138	
Income taxes-deferred	8,622	20,761
Profit		46,290

Non-consolidated Statement of Changes in Net Assets

(April 1, 2023–March 31, 2024)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Legal retained earnings	Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus		Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Beginning balance	63,832	72,322	72,322	4,320	80,000	275,941	360,261	(0)	496,416
Changes of items during the period									
Dividends of surplus						(17,232)	(17,232)		(17,232)
Profit						46,290	46,290		46,290
Purchase of treasury shares								(0)	(0)
Net changes of items other than shareholders' equity									
Total changes of items during the period	–	–	–	–	–	29,057	29,057	(0)	29,057
Ending balance	63,832	72,322	72,322	4,320	80,000	304,998	389,319	(0)	525,474

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	0	0	496,416
Changes of items during the period			
Dividends of surplus			(17,232)
Profit			46,290
Purchase of treasury shares			(0)
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes of items during the period	(0)	(0)	29,057
Ending balance	0	0	525,474

Notes 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 associates Stated at cost by the moving-average method

Other marketable securities

Shares, etc. that do not have a market price Stated at cost by the moving-average method
The investments in limited investment partnerships and other similar partnerships (those deemed as “securities” according to the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported, using the equity method, based on the latest financial statements available as at the closing dates stipulated by the respective partnership contracts.

2) Evaluation standards and methods for derivatives

Derivatives Fair value method

(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 (5-10 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) Method of accounting of deferred assets

Bond issuance cost

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

(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.

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

1) Revenues from financial instruments transactions

Interest on operating loans

Interest is recorded on an accrual basis.

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

Revenue from credit card business

Fees from customers

Recorded by the credit balance method

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

Revenue from credit guarantee

Recorded by the credit balance method

2) Fees and commissions

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

Fees and commissions mainly include fees for ATM usage and fees from MasterCard member stores. Fees for ATM usage are recognized as revenue at the time that the customers use ATMs at financial institutions in alliance and other partners. Fees from MasterCard member stores are recognized as revenue at the time that the customers pay by their credit cards at the stores (at the time of sale-on-credit transaction).

(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

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 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 and other taxes imposed on non-tax-deductible assets

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

2) Adoption of the group tax sharing system

The Company has applied the group tax sharing system.

2. Notes to revenue recognition

(1) Useful information in understanding revenue

Useful information in understanding revenue from contracts with customers is as presented in “1. Notes to Matters concerning Significant Accounting Policies, (5) Accounting standards for revenue and expenses.”

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 30,346 million yen.

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

2) Information conducive to the understanding of the details of accounting estimates

Details are described in “4. 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.

Allowance for doubtful accounts recorded on the non-consolidated financial statements for the fiscal year under review was 68,300 million yen.

Allowance for doubtful accounts is calculated mainly in accordance with predetermined internal regulations, and the Company makes the best possible estimates ensuring objectivity and

reasonableness based on effective internal control. In the case of an event not stipulated in the internal regulations and other rules, the Company will respond to the event based on deliberations at the Executive Officers' Meeting and other meetings.

2) Information conducive to the understanding of the details of accounting estimates

Details are described in "4. Notes to accounting estimates" of the Notes to the Consolidated Financial Statements.

(3) Deferred tax assets

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

The Company records deferred tax assets in the amount deemed recoverable for deductible temporary differences, etc.

Deferred tax assets recorded on the non-consolidated financial statements for the fiscal year under review were 56,034 million yen.

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

2) Information conducive to the understanding of the details of accounting estimates

Details are described in "4. 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	22,918 million yen
(2) Guaranteed liabilities	(Millions of yen)
Outstanding guarantee obligation in the guarantee business	1,098,471
Provision for loss on guarantees	10,870
Net	<u>1,087,601</u>
(3) Monetary claims and liabilities to subsidiaries and affiliates	(Millions of yen)
Short-term monetary claims	708
Short-term monetary liabilities	63
5. Notes to Non-consolidated Statement of Income	
Transactions with subsidiaries and affiliates	(Millions of yen)
Operating transactions	
Operating revenue	78
Operating expenses	378
Transactions other than operating transactions	5,841
6. Notes to Non-consolidated Statement of Changes in Net Assets	
Class and number of shares of treasury stock as of March 31, 2024	
Common stock	120 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	24,240
Allowance for doubtful accounts	20,913
Provision for loss on guarantees	3,328
Provision for loss on interest repayment	9,292
Accrued bonuses	500
Unrecognized accrued interest	753
Software	6,849
Asset retirement obligations	1,519
Deferred assets	209
Deferred consumption taxes	730
Loss on valuation of securities	132
Loss on valuation of shares of subsidiaries and associates	503
Enterprise tax payable	527
Impairment loss	1,779
Dividends on shares	3,493
Other	743
Deferred tax assets (subtotal)	<u>75,517</u>
Valuation allowance	<u>(17,825)</u>
Total deferred tax assets	57,692
Deferred tax liabilities	
Prepaid pension costs	<u>1,658</u>
Total deferred tax liabilities	<u>1,658</u>
Net deferred tax assets	<u><u>56,034</u></u>

8. Notes to Transactions between Related Parties

(1) 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 218,994	Commercial papers	9,998
				Repayment 213,655	Current portion of long-term borrowings	76,324
					Long-term borrowings	138,604
			Payment of interest	798	Accrued expenses	26
		Guarantee of liabilities	Receiving of guarantee fees for unsecured loans provided by the Company	18,796	Accrued income	4,871
	Outstanding guarantee obligation	548,313	–	–		

(Notes) 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 | 335.42 yen |
| (2) Basic earnings per share | 29.55 yen |

10. Other

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