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Convocation Notice

Securities Code: 8572

(Date of dispatch) June 2, 2025

(Commencement date of measures for electronic provision of information) May 23, 2025

To Shareholders with Voting Rights

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

**CONVOCATION NOTICE FOR THE 48TH ORDINARY GENERAL MEETING OF
SHAREHOLDERS**

We are pleased to inform you that the 48th 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 19, 2025, Japan time after a careful review of the Reference Documents for the General Meeting of Shareholders.

- 1. Date and Time:** Friday, June 20, 2025, 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 48th fiscal year (from April 1, 2024, to March 31, 2025)
 2. Non-consolidated Financial Statements for the 48th fiscal year (from April 1, 2024, to March 31, 2025)

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 Three Directors Serving as Audit and Supervisory Committee Members

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

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 48th 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
7 yen per share (common stock) Total amount: 10,966,297,846 yen
- (3) Effective date of dividends from surplus
June 23, 2025

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

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

Accordingly, the Company proposes that 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 (Male)	Chairman	Reappointment
2	Hiroshi Naruse (Male)	Deputy Chairman In charge of Internal Audit Department	Reappointment
3	Masataka Kinoshita (Male)	President and Chief Executive Officer	Reappointment
4	Takashi Kiribuchi (Male)	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	Reappointment
5	Tadashi Yamamoto (Male)	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.	Reappointment
6	Michelle Tan (Female)	Director (Significant concurrent positions) Director of IntaSect Global Solutions Director of Ethical Business Research Institute Director of IntaSect Global Solutions Australia Pty Ltd	Reappointment Outside Director Independent Director
7	Masashi Yoshiba (Male)	Senior Executive Managing Officer In charge of Human Resources Department and Business Process Management Department	New appointment

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
1	<u>Reappointment</u> Shigeyoshi Kinoshita (April 14, 1949) Cumulative years of service as Director of the Company: 42 years Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2025: Attendance at 12 out of 12 meetings (100%) Number of shares of the Company held: 3,507,260 shares	April 1973 Joined Marubeni Corporation April 1978 Joined Japan Consumer Finance Co., Ltd. December 1980 Joined the Company February 1983 Director and Chief General Manager, General Affairs Department of the Company May 1984 Director and Chief General Manager, Accounting Department of the Company August 1986 Managing Director of the Company June 1988 Managing Director and Head of Business Promotion Division of the Company October 1991 Representative and Senior Managing Director of the Company October 1992 Representative and Senior Managing Director and Head of the Loan Sales Division of the Company October 1996 Representative Director and Deputy President of the Company June 2000 Representative Director and President of the Company June 2003 President and Chief Executive Officer of the Company June 2010 Chairman, President and Chief Executive Officer of the Company June 2021 Chairman of the Company (to present) (Reason for nomination as a candidate for Director) 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.

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions	
2	Reappointment Hiroshi Naruse (December 4, 1958)	April 1981 June 2008	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.
	Cumulative years of service as Director of the Company: 4 years	May 2010	Executive Officer and General Manager, System Planning Division of MUTB
		June 2010	Executive Officer of Mitsubishi UFJ Financial Group, Inc.
		April 2011	Representative Director and President of Mitsubishi UFJ Trust Systems Co., Ltd.
		June 2011	Managing Director of MUTB
	Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2025: Attendance at 12 out of 12 meetings (100%)	June 2013	Senior Managing Director of MUTB Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.
		June 2014	Representative Director and President of MU Trust Apple Planning Company, Ltd.
	Number of shares of the Company held: 0 shares	June 2016	Director, Deputy President and Executive Officer of MUTB
		May 2018	Senior Managing Corporate Executive of Mitsubishi UFJ Financial Group, Inc.
		April 2019	Representative Director, President of The Master Trust Bank of Japan, Ltd.
		April 2021 June 2021	Advisor to The Master Trust Bank of Japan, Ltd. Deputy Chairman of the Company (to present)
		(Assignment)	In charge of Internal Audit Department
(Reason for nomination as a candidate for Director) 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.			

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
3	<u>Reappointment</u> Masataka Kinoshita (September 19, 1977) Cumulative years of service as Director of the Company: 10 years Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2025: Attendance at 12 out of 12 meetings (100%) Number of shares of the Company held: 1,203,120 shares	April 2003 Joined ABeam Consulting Ltd. September 2005 Joined the Company October 2009 General Manager, Credit Supervision Division of the Company January 2010 General Manager, Corporate Planning Department of the Company April 2010 General Manager, Guarantee Business Department of the Company April 2012 General Manager, Business Promotion Department of the Company April 2013 Chief General Manager, Business Planning Department of the Company April 2014 Executive Officer and Chief General Manager, Business Planning Department of the Company June 2014 Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Department of the Company April 2015 Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company June 2015 Managing Director of the Company June 2015 Executive Managing Officer and Head of Credit Business Promotion Division of the Company June 2016 Executive Managing Officer of the Company June 2017 Deputy President of the Company June 2017 Deputy Chief Executive Officer of the Company June 2021 President of the Company (to present) June 2021 Chief Executive Officer of the Company (to present) (Reason for nomination as a candidate for Director) 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.

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
4	<u>Reappointment</u> Takashi Kiribuchi (October 25, 1961) Cumulative years of service as Director of the Company: 5 years Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2025: Attendance at 12 out of 12 meetings (100%) Number of shares of the Company held: 16,300 shares	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) (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
	(Reason for nomination as a candidate for Director) 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.	

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions	
5	<u>Reappointment</u> Tadashi Yamamoto (May 23, 1969) Cumulative years of service as Director of the Company: 2 years Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2025: Attendance at 11 out of 12 meetings (91.7%) Number of shares of the Company held: 0 shares	April 1992 May 2017 April 2018 May 2018 June 2018 April 2021 April 2022 June 2022 April 2023 June 2023 April 2024 (Significant concurrent positions)	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) 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.
(Reason for nomination as a candidate for Director) 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.			

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions	
6	<u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Michelle Tan (July 30, 1961) Cumulative years of service as Director of the Company: 1 year Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2025: Attendance at 8 out of 8 meetings (100%) *The Board of Directors meetings held before Ms. Tan's assumption of office as Director on June 21, 2024 are not counted. Number of shares of the Company held: 0 shares	April 1997 April 1997 April 2005 June 2007 April 2010 June 2013 June 2013 June 2018 October 2022 June 2024 March 2025 Director of The Society for the Consumers of Kansai Assistant Professor, Faculty of Law and Policy Studies of Tezukayama University Professor, Faculty of Law and Policy Studies of Tezukayama University Chief Director of NPO Japan Consumer Network (JACONET) Professor, Faculty of Law of Tezukayama University Trustee of The Society for the Consumers of Kansai Director of IntaSect Research Institute, Inc. (currently IntaSect Global Solutions) (to present) President of OSAKA CONSUMERS' CO-OPERATIVE UNION Director of Ethical Business Research Institute (to present) Director of the Company (to present) Director of IntaSect Global Solutions Australia Pty Ltd (to present) (Significant concurrent positions) Director of IntaSect Global Solutions Director of Ethical Business Research Institute Director of IntaSect Global Solutions Australia Pty Ltd	
	(Reason for nomination as a candidate for Outside Director and a summary of expected roles) 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. She has abundant knowledge of domestic and international consumer protection trends, gained through her career as Chief Director at non-profit organization Japan Consumer Network (JACONET), etc. It is anticipated that she will perform her duties as an Outside Director appropriately from a neutral and global perspective. Therefore, the Company proposes her election as an Outside Director. Upon her election, she is expected, as an Outside Director, 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.		

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
7	<u>New appointment</u> Masashi Yoshiba (March 26, 1963) Number of shares of the Company held: 0 shares	November 1987 Joined the Company April 2012 General Manager, East Japan Business Promotion Department, Senior Manager, Business Management Group of the Company April 2014 General Manager, Credit Business Promotion Division, Chief General Manager, Compliance for Credit Business Promotion Office of the Company April 2015 General Manager, West Japan Business Promotion Department of the Company June 2015 Chief General Manager, West Japan Business Promotion Department of the Company April 2017 Executive Officer and Chief General Manager, Compliance Department of the Company April 2020 Executive Officer and Chief General Manager, Business Process Management Department of the Company June 2021 Executive Managing Officer of the Company June 2024 Senior Executive Managing Officer of the Company (to present) (Assignment) In charge of Human Resources Department and Business Process Management Department
	(Reason for nomination as a candidate for Director) Mr. Masashi Yoshiba has served as General Manager of the Loan Business, Compliance, Business Process Management, and Human Resources divisions, as well as Executive Officer, and has a wealth of knowledge and track record in both business and corporate divisions. He is expected to contribute to the further growth and development of the Company and the Group by leveraging this wealth of knowledge and track record. Therefore, the Company proposes his election as a Director.	

- 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.
4. The Company has reported to the Tokyo Stock Exchange that Ms. Michelle Tan is an independent director subject to the rules of the exchange, and the Company plans to continue to designate her as an independent director upon her reappointment.
5. 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.
6. The Company has entered into a limited liability agreement with Mr. Tadashi Yamamoto and Ms. Michelle Tan that limits their liability for damage under Article 423, Paragraph 1 of the Companies Act, based on the provisions of Article 427, Paragraph 1 of the Act. The liability for damage under the agreement is limited to the minimum amount stipulated in relevant laws and regulations, and a similar agreement with them is scheduled to be executed upon their appointments.
7. 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.
8. Mr. Hiroshi Naruse was an executive officer of Mitsubishi UFJ Financial Group, Inc., which is the Company's parent company, and The Master Trust Bank of Japan, Ltd., which is a subsidiary of the Company's parent company, within the past ten years. His position and assignment both currently and over a period of the past ten years at each company are as stated in the above "Career summary, position, assignment and significant concurrent positions" column.

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

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

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

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

Candidates for Directors serving as Audit and Supervisory Committee Members are as follows.

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

No.	Name	Current position at the Company and significant concurrent positions	Remarks
1	Akihiro Kiyooka (Male)	Director Full-time Member of the Audit and Supervisory Committee	Reappointment
2	Takuji Akiyama (Male)	Director Member of the Audit and Supervisory Committee (Significant concurrent positions) Representative of Takuji Akiyama CPA Office Outside Auditor of Astena Holdings Co., Ltd.	Reappointment Outside Director Independent Director
3	Kikuo Asano (Male)	(Significant concurrent positions) Representative Director and Chairman of Meiji Yasuda System Technology Company Limited	New appointment Outside Director Independent Director

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions	
1	<u>Reappointment</u> Akihiro Kiyooka (December 4, 1967) Cumulative years of service as Director of the Company (cumulative years of service as a Director serving as an Audit and Supervisory Committee Member): 1 year Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2025: Attendance at 8 out of 8 meetings (100%) Record of attendance at the Audit and Supervisory Committee meetings in the fiscal year ended March 31, 2025: Attendance at 10 out of 10 meetings (100%) *The Board of Directors meetings and Audit and Supervisory Committee meetings held before Mr. Kiyooka's assumption of office as Director on June 21, 2024 are not counted. Number of shares of the Company held: 15,500 shares	April 1990 April 2006 October 2009 April 2011 April 2013 April 2014 June 2015 April 2017 June 2017 April 2019 April 2019 June 2019 June 2019 April 2020 April 2024 June 2024	Joined National Mutual Insurance Federation of Agricultural Cooperatives Joined the Company Director and General Manager, Business Administration Department of IR Loan Servicing, Inc. General Manager, Treasury Department of the Company General Manager, Corporate Planning Department of the Company Chief General Manager, Finance Department of the Company Executive Officer and Chief General Manager, Finance Department of the Company Executive Officer (Special mission, General Affairs Department) of the Company Executive Officer and Chief General Manager, General Affairs Department of the Company Executive Officer (Special mission, Corporate Planning Department) of the Company Executive Managing Officer of IR Loan Servicing, Inc. President and CEO of IR Loan Servicing, Inc. Chief Executive Officer of IR Loan Servicing, Inc. Executive Officer (Special mission, Credit Supervision Division) of the Company Executive Officer (Special mission, Credit Management Department) of the Company Director, Full-time Member of the Audit and Supervisory Committee of the Company (to present)
	(Reason for nomination as a candidate for Director) 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 as well. Therefore, the Company proposes his election as a Director serving as an Audit and Supervisory Committee Member.		

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
2	<u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Takuji Akiyama (February 17, 1958) Cumulative years of service as Director serving as an Audit and Supervisory Committee Member of the Company: 4 years Record of attendance at the Board of Directors meetings in the fiscal year ended March 31, 2025: Attendance at 12 out of 12 meetings (100%) Record of attendance at the Audit and Supervisory Committee meetings in the fiscal year ended March 31, 2025: Attendance at 14 out of 14 meetings (100%) Number of shares of the Company held: 0 shares	March 1982 Joined Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC) April 1986 Registered as a certified public accountant August 2018 Retired from Deloitte Touche Tohmatsu LLC September 2018 Representative of Takuji Akiyama CPA Office (to present) February 2019 Outside Auditor of IWAKI & CO., LTD. (currently Astena Holdings Co., Ltd.) (to present) June 2021 Director, Member of the Audit and Supervisory Committee of the Company (to present) (Significant concurrent positions) Representative of Takuji Akiyama CPA Office Outside Auditor of Astena Holdings Co., Ltd.
	(Reason for nomination as a candidate for Outside Director and a summary of expected roles) Mr. Takuji Akiyama is expected to supervise and audit the management of the Company from a neutral and objective viewpoint based on his advanced expertise and abundant experience gained in finance and accounting audits through his career as a certified public accountant over many years. Therefore, the Company proposes his election as an Outside Director serving as an Audit and Supervisory Committee Member. Although he has not been directly involved in corporate management other than as an outside company auditor, it is anticipated that he will perform his duties as an Outside Director appropriately for the aforementioned reasons. Upon his election, he is expected to play the role as an Outside Director to provide advice on management policies and improvements to be made from a standpoint of accelerating sustainable growth and striving towards enhancement of medium- to long-term corporate value based on his insight, and to supervise the management from an independent viewpoint through the appointment and dismissal of its members and other important decision-making at the Board of Directors meetings.	

No.	Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
3	New appointment Outside Director Independent Director Kikuo Asano (February 13, 1959) Number of shares of the Company held: 0 shares	April 1982 April 2005 April 2012 April 2013 June 2013 July 2013 April 2015 April 2017 November 2018 June 2019 April 2023 April 2024 (Significant concurrent positions) Representative Director and Chairman of Meiji Yasuda System Technology Company Limited Joined Meiji Life Insurance Company General Manager, Profit Management & Actuarial Department of Meiji Yasuda Life Insurance Company Executive Officer, General Manager, Profit Management & Actuarial Department of Meiji Yasuda Life Insurance Company Executive Officer of Meiji Yasuda Life Insurance Company President of The Institute of Actuaries of Japan Managing Executive Officer of Meiji Yasuda Life Insurance Company Senior Managing Executive Officer of Meiji Yasuda Life Insurance Company Representative Director and President of Meiji Yasuda Real Estate Management Company Limited Deputy Chairperson of Pension Actuarial Subcommittee of Social Security Council Outside Director of The Juroku Bank, Ltd. (currently Juroku Financial Group, Inc.) Representative Director and Chairman of Meiji Yasuda Real Estate Management Company Limited Representative Director and Chairman of Meiji Yasuda System Technology Company Limited (to present)
	(Reason for nomination as a candidate for Outside Director and a summary of expected roles) Mr. Kikuo Asano has a wealth of knowledge and experience acquired in the finance industry over many years and accomplishments as a corporate manager and Outside Director. He also has considerable expertise in finance and accounting, having been engaged in related operations in his previous position. Accordingly, he is expected to supervise and provide appropriate advice for the management of the Company from an objective viewpoint based on his knowledge, experience, and accomplishments. Therefore, the Company proposes his election as an Outside Director serving as an Audit and Supervisory Committee Member. Upon his election, he is expected to play the role as an Outside Director to provide advice on management policies and improvements to be made from a standpoint of accelerating sustainable growth and striving towards enhancement of medium- to long-term corporate value based on his insight, and to supervise the management from an independent viewpoint through the appointment and dismissal of its members and other important decision-making at the Board of Directors meetings.	

- Notes: 1. There is no conflict of interest between the Company and the candidates.
2. Mr. Takuji Akiyama and Mr. Kikuo Asano are candidates for Outside Director.
3. The Company has entered into a limited liability agreement with Mr. Akihiro Kiyooka and Mr. Takuji Akiyama that limits their liability for damage under Article 423, Paragraph 1 of the Companies Act, based on the provisions of Article 427, Paragraph 1 of the Act. The liability for damage under the agreement is limited to the minimum amount stipulated in relevant laws and regulations, and a similar agreement with them is scheduled to be executed upon their appointments. The Company will enter into the same agreement with Mr. Kikuo Asano upon his appointment.
4. The Company has reported to the Tokyo Stock Exchange that Mr. Takuji Akiyama is an independent director subject to the rules of the exchange, and the Company plans to continue to designate him as an independent director upon his reappointment. Mr. Kikuo Asano satisfies the requirements for independent directors subject to the rules of the Tokyo Stock Exchange, and the Company plans to report him as an independent director upon his appointment.
5. The Company has entered into a Director and Officer (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover any legal damages and litigation expenses to be borne by the insured parties.

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

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

(Reference)

To ensure that the Board of Directors can effectively fulfill its roles and responsibilities, the Company has outlined the Policy of the Composition of the Board of Directors as below.

<Policy of the Composition of the Board of Directors>

- Balance of expertise, experience, and ability

The Board of Directors shall define skills that should be particularly possessed by the Company's Directors in view of management strategies as outlined below, and shall ensure that these skills are collectively balanced in an appropriate manner.

Skill	Definition
Corporate Management and Planning	Either in-house (including subsidiaries) or at another company, the individual has experience as a director or in the formulation and implementation of management strategies, and boasts a high level of relevant insight.
Business Management	The individual has experience in corporate governance or personnel management, and boasts a high level of relevant insight.
Execution of Duties	The individual has experience in one of our core businesses—namely the Loan and Credit Card Business, the Guarantee Business, or the Overseas Financial Business—and boasts a high level of relevant insight.
System and Digital	The individual has experience with our system- and digital-related projects, and boasts a high level of relevant insight.
Finance and Accounting	The individual has experience in financial affairs and accounting and boasts a high level of relevant insight, or the individual is a certified public accountant and is well-versed in accounting with a high level of expertise.
Law, Compliance, and Risk Management	The individual has experience in corporate legal affairs, compliance, and risk management, and boasts a high level of relevant insight, or the individual is a qualified lawyer and is well-versed in law with a high level of expertise.

*In principle, Directors who are Members of the Audit and Supervisory Committee will also have a wealth of knowledge in financial affairs and accounting, while Independent Outside Directors will have experience in management at other companies.

- Diversity

The Board of Directors shall be comprised of a diverse range of individuals in terms of gender, international experience, professional background, and age, etc.

- Scale

To speed up decision-making processes and to ensure effective mutual supervision of Director duties, the scale of the Board of Directors shall be relative to the range and size of the Company's business.

The skill matrix of the (proposed) Directors after the Ordinary General Meeting of Shareholders on June 20, 2025 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	○			○	○	
Masashi Yoshiba		○	○			○
Tadashi Yamamoto	○	○				○
Michelle Tan	○					○
Kikuo Asano	○	○			○	
Akihiro Kiyooka	○				○	○
Takuji Akiyama		○			○	○

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

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

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

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

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

Name (date of birth) and other remarks	Career summary, position, assignment and significant concurrent positions
Hitoshi Shimbo (July 10, 1952) Number of shares of the Company held: 0 shares	April 1983 Appointed Prosecutor of Tokyo District Public Prosecutors Office April 1990 Assistant Judge of Tokyo District Court April 1993 Prosecutor of Tokyo District Public Prosecutors Office June 1995 Registered as an attorney-at-law (Daini Tokyo Bar Association) (to present) June 1995 Joined Nozomi Sogo Attorneys at Law (to present) March 2009 Outside Company Auditor of EMCOM Holdings Co., Ltd. April 2012 Managing Director of Kanto Federation of Bar Associations April 2012 Vice President of Daini Tokyo Bar Association April 2012 Managing Director of Japan Federation of Bar Associations April 2013 Mediator of Nuclear Damage Compensation Dispute Resolution Centre (to present) June 2015 Outside Director of the Company (Significant concurrent position) Attorney-at-law Nozomi Sogo Attorneys at Law
(Reason for nomination as a candidate for Substitute Outside Director and a summary of expected roles) Mr. Hitoshi Shimbo, as a legal professional, has abundant knowledge of corporate legal affairs as well as advanced expertise and a wealth of practical experience developed over many years, and accordingly is qualified to engage in the further reinforcement of the supervisory function within the Company. Therefore, the Company proposes his election as Substitute Outside Director serving as an Audit and Supervisory Committee Member. Although he has not been directly involved in corporate management other than as an outside director or company auditor, it is anticipated that he will perform his duties as an Outside Director appropriately for the aforementioned reasons. Upon his election and assumption of office as an Outside Director, he is expected to play the role of providing advice on management policies and improvements to be made from a standpoint of accelerating sustainable growth and striving towards enhancement of medium- to long-term corporate value based on his insight, and to supervise the management from an independent viewpoint through the appointment and dismissal of its members and other important decision-making at the Board of Directors meetings.	

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

2. Mr. Hitoshi Shimbo is a candidate for Substitute Outside Director serving as an Audit and Supervisory Committee Member.
 3. Mr. Hitoshi Shimbo satisfies the requirements for independent directors subject to the rules of the Tokyo Stock Exchange, and the Company intends to appoint him as an independent director subject to the rules of the Tokyo Stock Exchange upon his appointment as an Outside Director serving as an Audit and Supervisory Committee Member.
 4. If Mr. Hitoshi Shimbo assumes the position of Outside Director serving as an Audit and Supervisory Committee Member, the Company will enter into a limited liability agreement with him that limits his liability for damage under Article 423, Paragraph 1 of the Companies Act, based on the provisions of Article 427, Paragraph 1 of the Act. The liability for damage under the agreement is limited to the minimum amount stipulated in relevant laws and regulations.
 5. The Company has entered into a Director and Officer (D&O) liability insurance policy with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover any legal damages and litigation expenses to be borne by the insured parties.
- It is provided, however, that the insurance policy includes measures that do not impair the

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

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

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

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(Appendix to the Convocation Notice for the 48th Ordinary General Meeting of Shareholders)

Business Report

(April 1, 2024 - March 31, 2025)

1. Overview of Consolidated Business Activities

(1) Developments and Results of Business Activities

During the fiscal year ended March 31, 2025, the Japanese economy kept showing a gradual recovery partly due to various government policies as the employment and income environment continued to improve. However, there are some risks that could slow down Japan's economic momentum, due to fluctuations in financial markets and economies in various countries. The impact of those factors on consumer spending and financial markets needs to be closely monitored.

For overseas, the economic conditions in the Kingdom of Thailand, continue to grow gradually led by the expansion in consumer spending and exports. Steady economic growth is expected in the Republic of the Philippines driven by a recovery of consumer spending and exports, as well as in Malaysia, by a recovery of inbound demand and consumer spending.

The demand for funds remains strong in the nonbank business sector in Japan. However, future trends need to be closely monitored as the sector is significantly impacted by consumer spending. Although the 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 Group has been promoting its operating activities under the medium-term management plan, which the final year was the fiscal year ended March 31, 2025. This plan sets forth the vision of "Meeting the expectations of all our stakeholders" and defines the initiatives to be undertaken over the three-year period as its medium-term policy for realizing this vision.

Consolidated operating revenue for the fiscal year ended March 31, 2025, increased to 317,742 million yen (up 7.8% year-on-year) mainly due to an increase in interest on operating loans resulting from an increase in accounts receivable - operating loans and the impact of the depreciation of Japanese yen. On the other hand, operating expenses increased to 259,181 million yen (up 24.4% year-on-year) mainly due to the recording of 40,033 million yen in provision for loss on interest repayment based on a recalculation in light of the recent trend in requests for interest repayment. As a result, operating profit decreased to 58,561 million yen (down 32.2% year-on-year), ordinary profit decreased to 58,919 million yen (down 32.1% year-on-year), and profit attributable to owners of parent decreased to 32,124 million yen (down 39.5% 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 attract new customers and maintain the soundness of our loan portfolio.

As measures to attract new customers, we have worked on initiatives to enhance the brand appeal of “Hajimete-no (First time at) ACOM” through activities such as revamping our television commercials and the “Challenge What You Want to Start” project.”

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 improving the accuracy of credit screenings and reinforcing the development of human resources through training for credit control and customer reception.

Furthermore, GeNiE Inc., a subsidiary of the Company, launched its unsecured loan business in October 2024. We will continue to take efforts to strengthen the business foundation.

In the loan business, accounts receivable - operating loans at the end of the fiscal year ended March 31, 2025 increased to 936,015 million yen (up 6.5% year-on-year), amid a sign of recovery in consumer spending. In the credit card business, accounts receivable - installment increased to 137,371 million yen (up 12.3% year-on-year) driven by an increase in transaction volume.

As a result, the segment's operating revenue for the current fiscal year totaled 169,464 million yen (up 8.6% year-on-year) mainly due to higher accounts receivable - operating loans and accounts receivable – installment. Operating profit decreased to 14,033 million yen (down 66.4% year-on-year) mainly due to the recording of 40,033 million yen in provision for loss on interest repayment.

2) Guarantee business

In the guarantee business, we worked to deepen communication with existing partners and continued appropriate screening. We have worked on attracting 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. In addition to these initiatives, we have continued to strive to develop new partners including non-financial companies.

The balance of guaranteed receivables for the current fiscal year increased to 1,364,525 million yen (up 6.7% year-on-year), amid a sign of recovery in consumer spending.

As a result, the segment's operating revenue for the current fiscal year totaled 76,332 million yen (up 7.8% year-on-year) due to an increase in the balance of guaranteed receivables and a revision of guarantee fee rates, and operating profit totaled 23,657 million yen (up 4.3% year-on-year).

3) Overseas financial business

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

EASY BUY Public Company Limited (hereinafter “EASY BUY”), a subsidiary of the Company which engages in the loan business in the Kingdom of Thailand, actively conducted marketing activities of the Umay+ brand with the aim of enhancing the brand image and gathering and acquiring new customers, thereby building the top-brand position in the country. In addition, EASY BUY has worked to promote digitalization through efforts, such as organizing data within its mobile application.

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

ACOM (M) SDN. BHD., a subsidiary of the Company established in Malaysia, has been working to establish its business operations and strengthen sales since starting its business in September 2023, and will continue taking efforts to enhance the business foundation going forward. In addition, we have also promoted necessary surveys in other Asian countries to explore the feasibility of business development.

The balance of the overseas financial business at the end of the fiscal year ended March 31, 2025 increased to 266,794 million yen (up 9.7% year-on-year) due to the foreign exchange impact on the depreciation of the yen, although the outstanding balance on a local currency basis decreased due to restrictions on household debt of the Kingdom of Thailand.

As a result, the segment's operating revenue for the current fiscal year was 65,449 million yen (up 5.7% year-on-year) due to the foreign exchange impact on the depreciation of the yen. However, operating profit decreased to 19,355 million yen (down 13.5% year-on-year) as a result of an increase in operating expenses mainly due to an increase in provision for bad debts.

4) Loan servicing business

In the loan servicing business, as the servicer market's contraction trend slows, IR Loan Servicing, Inc., a subsidiary of the Company, worked to enhance its sales and collection capabilities, such as focusing on strengthening relationships with existing business partners and upgrading collection methods, particularly for retail.

As a result, the segment's operating revenue totaled 6,517 million yen (up 11.1% year-on-year), owing to an increase in the proceeds from purchased receivables. Operating profit totaled 1,277 million yen (up 8.0% 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, 2025	At the end of the fiscal year ended March 31, 2024	Increase (Decrease)	Borrowing/ issuance	Repayment/ redemption
CP *	54,914	29,989	24,924	232,924	208,000
Bonds	140,000	135,000	5,000	45,000	40,000
Borrowings	430,085	423,425	6,660	172,500	165,839
Total	624,999	588,414	36,585	450,424	413,839

* Commercial Paper

- 2) 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:

April 2024 1,889 million Thai baht

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

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

January 2024 1,500 million Philippine pesos

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

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

January 2025 48 million Malaysian ringgit

(Notes) 1. The fiscal year end for ACOM (M) SDN. BHD. is December 31.
2. In January 2025, with the approval of the relevant authorities, the capital was increased from 32 million Malaysian ringgit to 80 million Malaysian ringgit.

(4) Major Creditors (as of March 31, 2025)

The major creditors and amounts borrowed are as follows.

Creditor	Amount borrowed (Millions of yen)
MUFG Bank, Ltd.	210,272
SBI Shinsei Bank, Limited	44,767
Shinkin Central Bank	33,501
Aozora Bank, Ltd.	31,700
Sumitomo Mitsui Banking Corporation	27,939

(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 formulating a new three-year medium-term management plan beginning with the fiscal year ending March 31, 2026, we have set forth “Accelerating the Growth Cycle to Achieve Our Vision” as our medium-term policy. In order to continuously meet the expectations of all stakeholders, “Growth” is essential, not only for our Group as a whole but also for each of our employees. To achieve such growth, it is necessary to make “Investments” in both business and talent. Furthermore, to enable such investments, it is required to achieve continuous “Profit” expansion. These profits are generated through “Customer Satisfaction,” both among our customers and alliance partners. In turn, in order to deliver such satisfaction, “Growth” is again indispensable. We refer to this cycle as the “Growth Cycle.” 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.

In addition, 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.

Under the medium-term management plan starting from the fiscal year ending March 31, 2026, we will continue to promote initiatives based on the materialities under the leadership of the Sustainability Promotion Office to advance management that contributes to the realization of a sustainable society. 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 medium-term management plan starting from the fiscal year ending March 31, 2026, the Group has set the targets for its consolidated outstanding balance, 1,314.9 billion yen in the balance of the loan and credit card business, and 1,696.0 billion yen in the balance of the guarantee business, totaling 3,010.9 billion yen in the domestic market; and in overseas markets, targets of 53.1 billion Thai baht in the balance of the loan business for EASY BUY Public Company Limited in the Kingdom of Thailand, 2.1 billion Philippine pesos in the balance of the loan business for ACOM CONSUMER FINANCE CORPORATION in the Republic of the Philippines, and 0.1 billion Malaysian ringgit in the balance of loan business for ACOM (M) SDN. BHD. in Malaysia.

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.

Under the medium-term management plan, the Company will continue working to expand business and address the following issues.

- Loan and credit card business

In the loan and credit card business, 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, in order to expand unsecured loan services at GeNiE Inc. in alliance with a partner that has end users, 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 the new "Challenge What You Want to Start! 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 the market share of EASY BUY Public Company Limited in the Kingdom of Thailand, and maintain the soundness of its loan portfolio, 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	45th fiscal year ended March 31, 2022	46th fiscal year ended March 31, 2023	47th fiscal year ended March 31, 2024	48th fiscal year ended March 31, 2025
Operating revenue	262,155	273,793	294,730	317,742
Ordinary profit	35,441	87,485	86,715	58,919
Profit attributable to owners of parent	55,678	54,926	53,091	32,124
Basic earnings per share (yen)	35.54	35.06	33.89	20.51
Total assets	1,263,296	1,297,316	1,417,403	1,486,409
Net assets	563,963	619,837	674,175	709,035
Net assets per share (yen)	339.51	370.92	400.87	417.18
Accounts receivable - operating loans at fiscal year-end	975,282	1,029,728	1,121,554	1,202,085
Accounts receivable - installment at fiscal year-end	88,640	104,295	123,058	138,106
Shareholders' equity ratio (%)	42.10 [21.83]	44.79 [23.15]	44.31 [23.30]	43.97 [22.92]

(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, 2025)**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.	629,536 (40,812)	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	Unsecured loan 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.	80 (Millions of Malaysian ringgit)	100.00	Unsecured loan business

(Note) In January 2025, ACOM (M) SDN. BHD. raised 48 million Malaysian ringgit by carrying out a capital increase through shareholder allotment. In the same month, with the approval of the relevant authorities, its capital increased from 32 million Malaysian ringgit to 80 million Malaysian ringgit.

(8) Principal Businesses (as of March 31, 2025)

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, 2025)**1) Principal offices of the Company**

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

Business outlets

Loan business outlets		585
Automatic contract machine outlets (automatic contract machines)		585 (587 machines)
Automated teller machines (ATMs)		569

(Note) In addition to the ATMs installed by the Company, there are 63,928 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, 2025)

1) Number of employees of the consolidated group

Category	Number of employees
Loan and credit card business	1,474 (76)
Guarantee business	289 (22)
Overseas financial business	3,163 (3)
Loan servicing business	130 (8)
Company-wide (common)	442 (18)
Total	5,498 (127)

(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.

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	1,236	14	43 years and 2 months	18 years and 3 months
Female	852	32	38 years and 3 months	10 years and 10 months
Total	2,088	46	41 years and 2 months	15 years and 2 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, 2025)

(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	16,652

(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
The Master Trust Bank of Japan, Ltd. (Trust account)	130,967	8.35
Maruito Co., Ltd.	125,533	8.01
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)	17,548	1.12
Custody Bank of Japan, Ltd. (Trust account 4)	16,504	1.05
MASA & COMPANY Co., Ltd.	11,000	0.70

(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, 2025)

Position	Name	Responsibility within the Company and significant concurrent positions
Chairman	Shigeyoshi Kinoshita	
Deputy Chairman	Hiroshi Naruse	In charge of 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 (In charge of General Affairs Department, Credit Supervision Department, Compliance for Credit Supervision Office) Director of GeNiE Inc.
Director	Tadashi Yamamoto	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.
Director	Michelle Tan	Director of Intasect Global Solutions Director of Ethical Business Research Institute Director of Intasect Global Solutions Australia Pty Ltd.
Director, Full-time Member of the Audit and Supervisory Committee	Toshihiko Yamashita	
Director, Full-time Member of the Audit and Supervisory Committee	Akihiro Kiyooka	
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. Director Michelle Tan, Director, Full-time Audit and Supervisory Committee Member Toshihiko Yamashita, and Director, Audit and Supervisory Committee Member 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. Director, Full-time Audit and Supervisory Committee Member Akihiro Kiyooka has considerable knowledge regarding finance and accounting gained from his experience in accounting divisions of the Company over many years, while Director, 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, 2025)

Position	Name	Responsibility within the Company and significant concurrent positions
Senior Executive Managing Officer	Michihito Onodera	Head of Guarantee Business Division In charge of Guarantee Planning Department and Guarantee Alliance Promotion Department
Senior Executive Managing Officer	Masashi Yoshiba	In charge of Human Resources Department and Business Process Management Department
Executive Managing Officer	Masaru Kuroda	In charge of Overseas Business Management Department and Accounting Department
Executive Managing Officer	Yuji Kinoshita	Head of Credit Business Promotion Division In charge of Business Promotion Department, East Japan Business Promotion Department, West Japan Business Promotion Department, and Compliance for Credit Business Promotion Office Vice in charge of Credit Management Department and Compliance for Credit Management Office Chief General Manager of East Japan Business Promotion Department
Executive Managing Officer	Masatoshi Nabeoka	In charge of Compliance and Risk Management Department
Executive Managing Officer	Kazuki Morishita	In charge of Finance Department and Business Planning 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 Accounting Department
Executive Officer	Osamu Morimoto	Chief General Manager of Corporate Planning Department
Executive Officer	Tomohiro Nakazawa	Chief General Manager of System Development Department
Executive Officer	Masayuki Kurita	Chief General Manager of Overseas Business Management Department
Executive Officer	Masato Takami	Overseas Business Management Department (Special mission)

5. Change in Executive Officer during 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
Michihito Onodera	Executive Managing Officers	Senior Executive Managing Officer	June 21, 2024
Masashi Yoshiba	Executive Managing Officer	Senior Executive Managing Officer	June 21, 2024
Akihiro Kiyooka	Executive Officer	—	June 21, 2024
Hidehiko Shibata	Executive Officer	—	January 31, 2025

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

Name	Position before change	Position after change	Date of change
Wataru Yoshioka	—	Executive Officer	April 1, 2025
Masahiko Machida	Executive Officer	—	April 30, 2025
Hideo Nomura	—	Executive Officer	May 1, 2025
Tai Wakikawa	Executive Officer	—	May 31, 2025

(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
Kazuo Fukumoto	June 21, 2024	Resignation	Director and Full-time Member of the Audit and Supervisory Committee

(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 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 Directors serving as Audit and Supervisory Committee Members) as of the conclusion of the above Ordinary General Meeting of Shareholders was six. In addition, at the same Ordinary General Meeting of Shareholders, it was resolved that compensation payable to Directors serving as Audit and Supervisory Committee Members per year shall be no more than 100 million yen. The number of Directors serving as Audit and Supervisory Committee Members as of the conclusion of the above Ordinary General Meeting of Shareholders was four.

As of March 31, 2025, the number of Directors (excluding those serving as Audit and Supervisory Committee Members) was seven 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)	200	159	28	12	7
Directors serving as Audit and Supervisory Committee Members	52	52	—	—	4
Total (of which Outside Directors)	253 (37)	212 (37)	28 (—)	12 (—)	11 (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 Michelle Tan is Director of Intasect Global Solutions, Director of Ethical Business Research Institute, and Director of Intasect Global Solutions Australia Pty Ltd. There is no conflict of interest between the Company and any of these two organizations.

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
Michelle Tan	Director	After assuming the position of Outside Director on June 21, 2024 (elected at the 47th Ordinary General Meeting of Shareholders), she attended all 8 Board of Directors meetings held during the fiscal year under review and actively offered opinions from a neutral and global perspective, drawing on her wealth of experience in international consumer policy. Furthermore, she supervised management from an independent standpoint by providing advice with a view to promoting sustainable growth of the Company and is enhancing its corporate value from the medium- to long-term perspective, through important decisions made by the Board of Directors. In addition, as Chair of the Compliance Committee, she also supervised the Company's compliance framework from an independent perspective.
Toshihiko Yamashita	Director, Full-time Audit and Supervisory Committee Member	He attended all 12 Board of Directors meetings and all 14 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 medium-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.

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	He attended all 12 Board of Directors meetings and all 14 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 medium-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.

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 | 109,000 thousand yen |
| 2) Total amount of monetary and other financial benefits payable to the accounting auditor by the Company and its consolidated subsidiaries | 138,430 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 has established a system whereby, if there are material transactions, etc., where the interest of controlling shareholders conflicts with the interest of minority shareholders, the Conflict of Interest Advisory Committee is held to deliberate from the perspective of protecting the interests of minority shareholders and make 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, 2024–March 31, 2025)

Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	1,408,775	Current liabilities	299,224
Cash and deposits	60,268	Accounts payable - trade	816
Accounts receivable - operating loans	1,202,085	Short-term borrowings	16,054
Accounts receivable - installment	138,106	Commercial papers	54,914
Purchased receivables	9,388	Current portion of long-term borrowings	179,334
Other	99,330	Current portion of bonds payable	13,248
Allowance for doubtful accounts	(100,403)	Lease obligations	333
Non-current assets	77,634	Income taxes payable	7,843
Property, plant and equipment	7,614	Provision for loss on guarantees	12,661
Buildings and structures	2,464	Asset retirement obligations	839
Equipment	4,194	Other	13,179
Lease assets	955	Non-current liabilities	478,149
Intangible assets	11,359	Bonds payable	145,727
Software	11,345	Long-term borrowings	277,848
Other	13	Lease obligations	749
Investments and other assets	58,660	Provision for loss on interest repayment	48,000
Investment securities	1,454	Retirement benefit liability	1,331
Retirement benefit asset	10,727	Asset retirement obligations	4,043
Deferred tax assets	39,255	Other	448
Guarantee deposits	4,006	Total liabilities	777,374
Other	3,793		
Allowance for doubtful accounts	(576)	(Net assets)	
		Shareholders' equity	615,301
		Share capital	63,832
		Capital surplus	69,861
		Retained earnings	481,608
		Treasury shares	(0)
		Accumulated other comprehensive income	38,260
		Valuation difference on available-for-sale securities	0
		Foreign currency translation adjustment	35,736
		Remeasurements of defined benefit plans	2,523
		Non-controlling interests	55,473
		Total net assets	709,035
Total assets	1,486,409	Total liabilities and net assets	1,486,409

Consolidated Statement of Income

(April 1, 2024–March 31, 2025)

(Millions of yen)

Description	Amount	
Operating revenue		317,742
Interest on operating loans	196,122	
Revenue from credit card business	17,033	
Revenue from installment sales finance business	64	
Revenue from credit guarantee	66,667	
Proceeds from purchased receivables	4,880	
Other financial revenue	83	
Other operating revenue	32,890	
Operating expenses		259,181
Financial expenses	5,747	
Cost of purchased receivables	2,024	
Other operating expenses	251,409	
Operating profit		58,561
Non-operating income		386
Interest income	1	
Dividend income	5	
Share of profit of entities accounted for using equity method	23	
Rental income from buildings	237	
Compensation income	57	
Other	62	
Non-operating expenses		28
Interest expenses	6	
Foreign exchange losses	13	
Other	7	
Ordinary profit		58,919
Extraordinary income		159
Gain on sale of non-current assets	159	
Extraordinary losses		437
Loss on sale of non-current assets	10	
Loss on retirement of non-current assets	425	
Other	1	
Profit before income taxes		58,641
Income taxes-current	9,939	
Income taxes-deferred	12,131	22,070
Profit		36,571
Profit attributable to non-controlling interests		4,446
Profit attributable to owners of parent		32,124

Consolidated Statement of Changes in Net Assets

(April 1, 2024–March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	63,832	69,861	469,849	(0)	603,543
Changes of items during the period					
Dividends of surplus			(20,365)		(20,365)
Profit attributable to owners of parent			32,124		32,124
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	11,758	—	11,758
Ending balance	63,832	69,861	481,608	(0)	615,301

	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	21,153	3,314	24,468	46,164	674,175
Changes of items during the period						
Dividends of surplus						(20,365)
Profit attributable to owners of parent						32,124
Net changes of items other than shareholders' equity	(0)	14,583	(791)	13,792	9,309	23,101
Total changes of items during the period	(0)	14,583	(791)	13,792	9,309	34,860
Ending balance	0	35,736	2,523	38,260	55,473	709,035

Notes to the Consolidated Financial Statements

(From April 1, 2024 to March 31, 2025)

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 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

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	169,454	76,332	65,436	6,517	2	317,742
Revenues from financial instruments transactions	165,542	74,084	64,973	6,514	2	311,117
Fees and commissions	3,911	2,248	462	2	—	6,625

(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 Statement of Income>

“Compensation income,” which had been included in “Other” under “Non-operating income” in the prior fiscal year, is presented separately in the current fiscal year as it has increased its quantitative significance. The amount of “Compensation income” in the prior fiscal year was 40 million yen.

4. Additional information

<Adjustment to Deferred Tax Assets and Liabilities Due to Changes in Corporate Tax Rate>

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, and as a result, a new “Defense Special Corporate Tax” will be imposed from the fiscal year beginning on and after April 1, 2026.

Accordingly, for the temporary differences expected to be realized or settled in or after the fiscal year beginning on and after April 1, 2026, deferred tax assets and deferred tax liabilities have been calculated by using the revised effective statutory tax rate of 31.52%, up from 30.62%.

As a result of this change, net deferred tax assets (the amount after deducting the deferred tax liabilities) for the current fiscal year increased by 463 million yen, income taxes - deferred decreased by 496 million yen, and remeasurements of defined benefit plans decreased by 33 million yen.

5. 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 48,000 million yen, and provision for loss on interest repayment recorded as expense was 40,033 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., and the provision for loss on interest repayment recorded in the current fiscal year.

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 100,979 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 39,255 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 medium-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 medium-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 medium-term management plan, incorporating key assumptions such as plans for outstanding balances of accounts receivable - operating loans and accounts receivable - installment in the loan and credit card business, guarantee obligations in the guarantee business, and accounts receivable - operating loans in the overseas financial business.

(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.

6. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 21,440 million yen

(2) Guaranteed liabilities	(Millions of yen)
Outstanding guarantee obligation in the guarantee business	1,364,525
Provision for loss on guarantees	12,661
Net	1,351,863

7. 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 21, 2024, 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	March 31, 2024
Effective date	June 24, 2024

At the Board of Directors meeting held on November 11, 2024, the resolution was adopted as follows.

Type of stock	Common stock
Total amount of dividends	10,966 million yen
Capital of dividends	Retained earnings
Dividends per share	7 yen
Record date	September 30, 2024
Effective date	December 2, 2024

2) Dividends whose record date fell in the current fiscal year, but whose effective date comes after March 31, 2025

At the Ordinary General Meeting of Shareholders to be held on June 20, 2025, the resolution is scheduled as follows.

Type of stock	Common stock
Total amount of dividends	10,966 million yen
Capital of dividends	Retained earnings
Dividends per share	7 yen
Record date	March 31, 2025
Effective date	June 23, 2025

(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.

8. 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, 2025, 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 238 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 238 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, 2025, 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	1,202,085		
Allowance for doubtful accounts	(59,492)		
Provision for loss on interest repayment			
(Amount of voluntary waiver of repayments)	(4,140)		
	1,138,452	1,442,083	303,631
2) Accounts receivable - installment	138,106		
Allowance for doubtful accounts	(8,198)		
Deferred installment income	(26)		
	129,881	162,563	32,682
3) Purchased receivables	9,388		
Allowance for doubtful accounts	(2,062)		
	7,326	7,326	—
Total assets	1,275,660	1,611,974	336,313
1) Current portion of bonds payable and bonds payable	158,975	156,849	(2,126)
2) Current portion of long-term borrowings and long-term borrowings	457,183	453,015	(4,167)
Total liabilities	616,158	609,864	(6,294)
Derivative transaction (*)	(250)	(250)	—

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

(Note) 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	1,453
2) Investments in investment partnerships	0
Total	1,454

(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	—	250	—	250
Total liabilities	—	250	—	250

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	—	—	1,442,083	1,442,083
Accounts receivable - installment	—	—	162,563	162,563
Purchased receivables	—	—	7,326	7,326
Total assets	—	—	1,611,974	1,611,974
Current portion of bonds payable and bonds payable	—	156,849	—	156,849
Current portion of long-term borrowings and long-term borrowings	—	453,015	—	453,015
Total liabilities	—	609,864	—	609,864

(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	16,750	10,161	(250)	(250)

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	1,700	1,000	(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.

9. Notes to Per Share Information

- | | |
|------------------------------|------------|
| (1) Net assets per share | 417.18 yen |
| (2) Basic earnings per share | 20.51 yen |

10. Other

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

Non-consolidated Financial Statements

(April 1, 2024–March 31, 2025)

Non-consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Description (Assets)	Amount	Description (Liabilities)	Amount
Current assets	1,136,032	Current liabilities	259,540
Cash and deposits	51,223	Accounts payable - trade	808
Accounts receivable - operating loans	934,096	Commercial papers	54,914
Accounts receivable - installment	137,371	Current portion of long-term borrowings	167,317
Prepaid expenses	1,087	Current portion of bonds payable	10,000
Accrued income	16,840	Lease obligations	333
Short-term loans receivable from subsidiaries and associates	4,000	Accounts payable - other	1,040
Right to reimbursement	59,060	Accrued expenses	8,773
Other	4,191	Income taxes payable	3,574
Allowance for doubtful accounts	(71,840)	Deposits received	334
Non-current assets	100,051	Provision for loss on guarantees	11,380
Property, plant and equipment	6,943	Asset retirement obligations	783
Buildings	1,701	Other	279
Structures	391	Non-current liabilities	445,511
Equipment	3,895	Bonds payable	130,000
Lease assets	955	Long-term borrowings	262,768
Intangible assets	10,187	Lease obligations	749
Software	10,178	Provision for loss on interest repayment	48,000
Other	9	Asset retirement obligations	3,813
Investments and other assets	82,920	Other	179
Investment securities	967	Total liabilities	705,052
Shares of subsidiaries and associates	23,151		
Claims provable in bankruptcy, claims provable in rehabilitation and other	991	(Net assets)	
Long-term prepaid expenses	1,867	Shareholders' equity	531,031
Deferred tax assets	45,494	Share capital	63,832
Guarantee deposits	3,536	Capital surplus	72,322
Prepaid pension costs	6,766	Legal capital surplus	72,322
Other	704	Retained earnings	394,876
Allowance for doubtful accounts	(560)	Legal retained earnings	4,320
		Other retained earnings	390,555
		General reserve	80,000
		Retained earnings brought forward	310,555
		Treasury shares	(0)
		Valuation and translation adjustments	0
		Valuation difference on available-for-sale securities	0
		Total net assets	531,031
Total assets	1,236,083	Total liabilities and net assets	1,236,083

Non-consolidated Statement of Income

(April 1, 2024–March 31, 2025)

(Millions of yen)

Description	Amount	
Operating revenue		233,250
Interest on operating loans	136,525	
Revenue from credit card business	17,033	
Revenue from credit guarantee	54,728	
Other financial revenue	2	
Other operating revenue	24,960	
Operating expenses		197,665
Financial expenses	3,855	
Other operating expenses	193,810	
Operating profit		35,585
Non-operating income		4,480
Interest income	7	
Dividend income	4,135	
Other	337	
Non-operating expenses		29
Interest expenses	6	
Foreign exchange losses	15	
Other	7	
Ordinary profit		40,036
Extraordinary income		155
Gain on sale of non-current assets	155	
Extraordinary losses		427
Loss on sale of non-current assets	10	
Loss on retirement of non-current assets	416	
Other	1	
Profit before income taxes		39,764
Income taxes-current	3,301	
Income taxes-deferred	10,539	13,841
Profit		25,922

Non-consolidated Statement of Changes in Net Assets

(April 1, 2024–March 31, 2025)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Beginning balance	63,832	72,322	72,322	4,320	80,000	304,998	389,319	(0)	525,474
Changes of items during the period									
Dividends of surplus						(20,365)	(20,365)		(20,365)
Profit						25,922	25,922		25,922
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	5,556	5,556	—	5,556
Ending balance	63,832	72,322	72,322	4,320	80,000	310,555	394,876	(0)	531,031

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	0	0	525,474
Changes of items during the period			
Dividends of surplus			(20,365)
Profit			25,922
Net changes of items other than shareholders' equity	(0)	(0)	(0)
Total changes of items during the period	(0)	(0)	5,556
Ending balance	0	0	531,031

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
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(2) Depreciation and amortization methods for non-current assets

Property, plant and equipment (excluding lease assets)	Declining balance method
Intangible assets (excluding lease assets)	
Software for internal use	Amortized by the straight-line method over their estimated useful lives (5-10 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	
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.
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(4) Accounting standards for allowances and provisions

Allowance for doubtful accounts	To provide for potential loss on accounts receivable - operating loans and other receivables, the Company makes an allowance for the expected amount of irrecoverable loans. Allowances for ordinary bad debts are computed, based on the historical rate of default. For specific debts where recovery is doubtful, the Company considers the likelihood of recovery on an individual basis.
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 48,000 million yen, and provision for loss on interest repayment recorded as expense was 40,033 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., and the provision for loss on interest repayment recorded in the current fiscal year.

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

Details are described in “5. 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 72,400 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 "5. 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 45,494 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 "5. 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 18,602 million yen

(2) Guaranteed liabilities (Millions of yen)

Outstanding guarantee obligation in the guarantee business	1,168,865
Provision for loss on guarantees	11,380
Net	1,157,485

(3) Monetary claims and liabilities to subsidiaries and affiliates (Millions of yen)

Short-term monetary claims	151
Short-term monetary liabilities	210

5. Notes to Non-consolidated Statement of Income

Transactions with subsidiaries and affiliates (Millions of yen)

Operating transactions	
Operating revenue	245
Operating expenses	351
Transactions other than operating transactions	4,140

6. Notes to Non-consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock as of March 31, 2025

Common stock 120 shares

7. Notes to tax effect accounting

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

Deferred tax assets	
Bad debts expenses	27,919
Allowance for doubtful accounts	4,823
Provision for loss on guarantees	3,559
Provision for loss on interest repayment	14,976
Accrued bonuses	638
Unrecognized accrued interest	827
Software	7,047
Asset retirement obligations	1,312
Deferred assets	225
Deferred consumption taxes	788
Loss on valuation of securities	136
Loss on valuation of shares of subsidiaries and associates	518
Enterprise tax payable	318
Impairment loss	1,693
Dividends on shares	3,596
Other	<u>965</u>
Deferred tax assets (subtotal)	69,346
Valuation allowance	<u>(21,719)</u>
Total deferred tax assets	47,627
Deferred tax liabilities	
Prepaid pension costs	<u>2,132</u>
Total deferred tax liabilities	<u>2,132</u>
Net deferred tax assets	<u><u>45,494</u></u>

(2) Adjustment to Deferred Tax Assets and Liabilities Due to Changes in Corporate Tax Rate

The “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) was enacted by the National Diet on March 31, 2025, and as a result, a new “Defense Special Corporate Tax” will be imposed from the fiscal year beginning on and after April 1, 2026. Accordingly, for the temporary differences expected to be realized or settled in or after the fiscal year beginning on and after April 1, 2026, deferred tax assets and deferred tax liabilities have been calculated using the revised effective statutory tax rate of 31.52%, up from 30.62%. As a result of this change, net deferred tax assets (the amount after deducting the deferred tax liabilities) for the current fiscal year increased by 514 million yen, income taxes - deferred decreased by 514 million yen.

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 204,955	Short-term borrowings	—
					Commercial papers	14,994
				Repayment 204,656	Current portion of long-term borrowings	104,755
					Long-term borrowings	105,517
		Guarantee of liabilities	Payment of interest	1,007	Accrued expenses	14
			Receiving of guarantee fees for unsecured loans provided by the Company	19,773	Accrued income	5,233
			Outstanding guarantee obligation	559,154	—	—

(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

- Net assets per share 338.97 yen
- Basic earnings per share 16.55 yen

10. Other

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