

Brief Statement of Financial Results for the Fiscal Year Ended March 2022
[Japanese GAAP (Consolidated)]

May 13, 2022

Forward-looking Statement

The statements and figures contained in this Brief Statement of Financial Results for the fiscal year ended March 2022 (the "Brief Statement") with respect to ACOM Group's plans and strategies and other statements that are not historical facts are based on information available at the date of announcement of this Brief Statement. However, there are some potential risk factors in the Group's business management. In particular, the plans formulated by the Company rest on the assumption that the stagnant economic activities on the impact of the spread of COVID-19 will gradually recover. Therefore, the actual results may differ significantly based the converges of COVID-19 infection.

The trend of requests for interest repayment is also highly uncertain, due to its sensitivity to changes in external environmental changes. The Group may have to make additional provision for loss on interest repayment.

Actual results may differ from forecast values due to various risk factors, not limited to those mentioned above.

Name of the company:	ACOM CO., LTD. ("ACOM" or "the Company")
Stock market:	Tokyo Stock Exchange
Code Number:	8572
Location of the head office:	Tokyo
URL:	https://www.acom.co.jp/corp/english/ir/
Position of the representative:	President & Chief Executive Officer
Name:	Masataka Kinoshita
Position of the person in charge:	Chief PR & IR Officer
Name:	Takashi Okamoto
Telephone Number:	(03) 5533-0861
Date of the shareholders' meeting:	June 24, 2022
Registration date of annual securities report:	June 24, 2022
Commencement date of dividend payment:	June 27, 2022
Material to supplement the financial results:	Applicable
Financial results conference:	Applicable (For domestic and foreign institutional investors and financial analysts)

Note: 1. All amounts under minimum units appearing in each of the tables have been disregarded throughout this brief statement and the annexed materials.

Note: 2. The figures in percentages show the year-on-year change from prior fiscal year.

1. Consolidated Business Results for the Fiscal Year Ended March 2022 (from April 1, 2021, to March 31, 2022)

(1) Consolidated Operating Results

(Millions of yen)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
3/2022	262,155	-1.6%	34,779	-64.8%	35,441	-64.6%	55,678	-29.4%
3/2021	266,316	-4.7%	98,896	30.8%	100,014	33.2%	78,864	32.3%

[Note] Comprehensive income 3/2022: 59,673 million yen [-26.8%] 3/2021: 81,545 million yen [15.0%]

	Basic Earnings per Share (Yen)	Net Income per Share Diluted (Yen)	Return on Equity (ROE)	Ordinary Profit to Total Assets	Operating Margin
3/2022	35.54	—	10.9%	2.9%	13.3%
3/2021	50.34	—	17.5%	8.0%	37.1%

<Reference> Equity in earnings of affiliates 3/2022: 31 million yen 3/2021: 43 million yen

(2) Consolidated Financial Status

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share (Yen)
3/2022	1,263,296	563,963	42.1%	339.51
3/2021	1,219,109	515,128	39.8%	310.02

<Reference> Shareholders' Equity 3/2022: 531,880 million yen 3/2021: 485,684 million yen

(3) Consolidated Cash Flow Status

(Millions of yen)

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at the End of Year
3/2022	46,089	-4,032	-50,162	74,242
3/2021	113,179	-4,566	-108,786	82,233

2. Dividend Status

	Dividend per Share					Total Amount of Dividend (Year) (Millions of Yen)	Payout Ratio (Consolidated) (%)	Ratio of Payout to Net Assets (Consolidated) (%)
	1Q (Yen)	2Q (Yen)	3Q (Yen)	4Q (Yen)	Annual (Yen)			
3/2021	—	3.00	—	3.00	6.00	9,399	11.9	2.1
3/2022	—	3.00	—	4.00	7.00	10,966	19.7	2.2
3/2023 (Forecast)	—	5.00	—	5.00	10.00		25.1	

3. Forecasts for the Fiscal Year Ending March 31, 2023 (from April 1, 2022, to March 31, 2023)

(Millions of yen)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of the Parent		Basic Earnings per Share (Yen)
First Half	132,800	1.0%	44,300	-8.4%	44,400	-9.1%	31,800	-18.8%	20.30
Annual	268,300	2.3%	87,900	152.7%	88,200	148.9%	62,400	12.1%	39.83

(Notes)

(1) Change in Important Subsidiaries for the Year ended March 2022 (Change in scope of consolidation): None

(2) Changes in Accounting Policy, Accounting Estimates and Restatement

A) Change in accounting policy due to revision of accounting standards, etc.: None

B) Changes other than A): None

C) Change in accounting estimates: None

D) Restatement: None

(3) Outstanding shares (common stock)

A) Number of shares outstanding (including treasury shares)

FY March 31, 2022: 1,566,614,098 shares FY March 31, 2021: 1,596,282,800 shares

B) Number of treasury shares at the end of period

FY March 31, 2022: 50 shares FY March 31, 2021: 29,668,702 shares

C) Number of average shares outstanding

FY March 31, 2022: 1,566,614,094 shares FY March 31, 2021: 1,566,614,115 shares

(Reference) Outline of non-consolidated business results

1. Non-consolidated Business Results for the Fiscal Year Ended March 2022 (from April 1, 2021, to March 31, 2022)

(1) Non-consolidated Operating Results

(Millions of yen)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit	
3/2022	194,670	-1.7%	11,660	-84.2%	17,962	-77.9%	48,082	-32.2%
3/2021	197,986	-4.3%	73,938	50.1%	81,254	44.2%	70,915	32.1%

	Basic Earnings per Share (Yen)	Net Income per Share Diluted (Yen)
3/2022	30.69	-
3/2021	45.27	-

(2) Non-consolidated Financial Status

(Millions of yen)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share (Yen)
3/2022	1,080,514	461,531	42.7%	294.60
3/2021	1,034,887	422,847	40.9%	269.91

<Reference> Shareholders' Equity 3/2022: 461,531 million yen 3/2021: 422,847 million yen

2. Forecasts for the Fiscal Year Ending March 31, 2023 (from April 1, 2022, to March 31, 2023)

(Millions of yen)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit		Basic earnings per Share (Yen)
First Half	99,200	1.9%	33,000	-5.6%	38,900	-2.3%	31,700	-11.9%	20.23
Annual	201,100	3.3%	65,700	463.5%	73,400	308.6%	57,900	20.4%	36.96

(Note) Brief Statement of financial results is not subject to review procedures of CPAs nor an accounting firm.

(Note) Explanation regarding proper use of the business forecast and other notes

(Notes to Forward-looking Statement)

The statements about the future performance of ACOM are based on management's assumptions and beliefs in light of the information currently available to it. These statements do not guarantee our future performance: actual results may differ from those in the forward-looking statements as a result of various factors. Please refer to "(4) Outlook for the Next Fiscal Year" of "1. Analyses of Business Results and Financial Position" on page 4 for conditions which are basis of forecasts and notes for using the forecast.

(Accessing financial results materials and archive of financial results conference)

ACOM plans to hold a financial results conference for the year ended March 2022 for domestic institutional investors and financial analysts, and a video conferencing for foreign institutional investors and analysts on May 16, 2022. The materials used at the conference will be available on ACOM's website after disclosure of financial results. The archive of the conference will be also available on the website after the conference is held.

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1. Analyses of Business Results and Financial Position

(1) Analysis of Business Results

During the fiscal year ended March 31, 2022, the Japanese economy remained under preventive measures against the spread of COVID-19 infection in order to sustain social and economic activities. However, economic conditions showed signs of recovery as harsh conditions gradually eased due in part to the lifting of the priority measures to prevent the spread of the virus. Meanwhile, the economic conditions overseas remained harsh primarily owing to the impact of limitations in activities, although the situation varied from country to country. Moreover, the economic outlook was uncertain for reasons such as the situation in Ukraine and a subsequent surge in raw materials prices.

In the nonbank business sector, while the market is contracting as a result of the prolonged stagnation of consumer spending due to the impact of COVID-19 infection, consumer sentiment showed signs of recovery, buoyed in part by the effects of the various economic policies. Although requests for interest repayment are steadily decreasing, future trends need to be closely monitored on an ongoing basis, as requests for interest repayment are susceptible to the impacts of changes in the external environment.

In such an environment, the Company Group focused on key themes set out in its medium-term management plan, which covers the period up to the fiscal year ended March 31, 2022, under the medium-term management policy: "With expeditious reactions to environmental changes, ACOM will strive for sustainable growth and increasing corporate value, while creating services which exceed customers' expectations."

Consolidated operating revenue for the fiscal year ended March 31, 2022 decreased to 262,155 million yen (down 1.6% year-on-year). This is mainly attributable to: the decreases in accounts receivable - operating loans due to the spread of COVID-19 infection which led to decreases in interest on operating loans. Operating expenses, on the other hand, increased to 227,376 million yen (up 35.8% year-on-year) primarily due to additions made to provision for loss on interest repayment recorded, as requests for interest repayment did not decrease as expected. As a result, operating profit decreased to 34,779 million yen (down 64.8% year-on-year), and ordinary profit decreased to 35,441 million yen (down 64.6% year-on-year). Profit attributable to owners of parent decreased to 55,678 million yen (down 29.4% year-on-year) as income taxes - deferred increased in a manner positive to profit following the revision to the classification of companies in relation to the recoverability of deferred tax assets.

Business results for each segment are as follows:

(Loan and credit card business)

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

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

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

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

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

(Guarantee business)

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

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

As a result, the total balance of guaranteed receivables in the guarantee operation of the Company and MU

Credit Guarantee Co., LTD. at the end of the current fiscal year was 1,173,059 million yen (up 0.3% year-on-year).

The business segment's operating revenue was 62,861 million yen (down 2.2% year-on-year) primarily due to a decrease in revenue from credit guarantee, and operating profit was 23,991 million yen (down 4.2% year-on-year)..

(Overseas financial business)

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

EASY BUY Public Company Limited ("EASY BUY"), which engages in the loan business in the Kingdom of Thailand, actively conducted marketing activities of the Umay+ brand with the aim of enhancing the brand image and gathering and acquiring new customers, thereby building the top-brand position in the country. In this business segment, we have also worked to strengthen our services by using mobile apps for purposes such as the issuance of virtual cards and the electromagnetic delivery of receipts.

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

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

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

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

(Loan servicing business)

In the loan servicing business, IR Loan Servicing, Inc. has endeavored to strengthen its business structure and increase profitability. With respect to the strengthening of its structure, IR Loan Servicing, Inc. has been working to strengthen our human resource base through training and other measures, and to improve and stabilize our system environment.

As a result, the business segment's operating revenue was 5,662 million yen (up 2.9% year-on-year), mainly owing to an increase in the amount of proceeds from purchased receivables. In addition, owing to a decrease in operating expenses led by a decrease in provision for bad debts, operating profit increased to 1,641 million yen (up 210.8% year-on-year).

(2) Analysis of Financial Position

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

(Assets)

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

(Liabilities)

With regard to the liabilities account, changes in current and non-current liabilities were an increase of 55,083 million yen and a decrease of 59,732 million yen, respectively, resulting in a decrease of 4,648 million yen in total liabilities. The breakdown of major changes in liabilities includes: the outstanding balance of funds procured mainly in the form of loans and bonds payable (down 39,057 million yen) and provision for loss on interest repayment (up 29,458 million yen).

(Net assets)

In terms of net assets, shareholders' equity increased by 46,278 million yen mainly due to decreases in capital surplus and retained earnings in line with cancellation of treasury shares on June 3, 2021 and the recording of profit

attributable to owners of parent under retained earnings. Accumulated other comprehensive income decreased by 81 million yen due in part to a decrease in foreign currency translation adjustment, and non-controlling interests increased by 2,638 million yen. As a result, total net assets increased by 48,835 million yen, and the shareholders' equity ratio increased by 2.3 percentage points to 42.1%.

(3) Status of Cash Flows

Cash and cash equivalents (hereinafter, "funds") at the end of the current fiscal year decreased by 7,991 million yen from the end of the prior fiscal year to 74,242 million yen. The changes in the respective cash flows and the reasons thereof are as follows:

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

With respect to net cash provided by operating activities, funds saw an increase of 46,089 million yen (down 67,090 million yen year-on-year), mainly reflecting 33,726 million yen in profit before income taxes, an increase of 29,458 million yen in provision for loss on interest repayment, and funds-increasing factors such as a decrease of 1,345 million yen in accounts receivable - operating loans, as well as funds-decreasing factors such as an increase of 9,218 million yen in accounts receivable - installment.

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

With respect to net cash provided by investing activities, funds saw a decrease of 4,032 million yen (up 533 million yen year-on-year). This was primarily due to funds-decreasing factors such as the purchase of intangible assets, and the purchase of property, plant and equipment, which combined amounted to 4,483 million yen.

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

With respect to net cash used in financing activities, funds saw a decrease of 50,162 million yen (up 58,624 million yen year-on-year). This was primarily due to the fact that the total amount of proceeds from loans and issuance of bonds was 38,965 million yen less than the amount of repayments of borrowings and payments at maturity of bonds, and that cash dividends paid amounted to 9,399 million yen.

(4) Outlook for the Next Fiscal Year

In such an environment, the Company has set the outlook for the fiscal year ending March 2023. Its quantitative outlook of combined receivables from loan & credit card business and guarantee business is 2 trillion and 106.0 billion yen. The outlook of receivable of loan & credit card business is 908.5 billion yen, and receivable of guarantee business is 1 trillion and 197.9 billion yen in the domestic domain. As for the overseas domain, the Company aims to attain loans receivable of 56.2 billion THB for EASY BUY Public Company Limited in the Kingdom of Thailand and 1.5 billion PHP for ACOM CONSUMER FINANCE CORPORATION in Republic of the Philippines.

With regard to quantitative targets, the Group forecasts consolidated operating revenue of 268.3 billion yen, ordinary profit of 88.2 billion yen and profit attributable to owners of parent of 62.4 billion yen.

Outlook above is forecast based on information available at the date of announcement of this brief statement. However, there are some potential risk factors in the Group's business management. In particular, the plans formulated by the Company rest on the assumption that the stagnant economic activities on the impact of the spread of COVID-19 will recover. Therefore, the actual results may differ significantly.

The trend of requests for interest repayment is also highly uncertain, due to its sensitivity to changes in external environmental changes. The Group may have to make additional provision for loss on interest repayment.

Actual results may differ from forecast values due to various risk factors, not limited to those mentioned above.

(5) Basic Policy on Profit Distribution and Dividend for This and Next Fiscal Year

With regard to profit distribution to shareholders, it is our basic policy to attempt stable and continuous profit distribution taking the business environment surrounding us, shareholders' equity, and our own performance into consideration.

As for the fiscal year ended March 2022, year-end dividend of 4 yen per share is planned as announced in the news release on April 20, 2022. This dividend payment will be subject to approval at the ordinary general meeting of shareholders scheduled in June 2022.

As for the fiscal year ending March 2023, based on the policy stated as "Increase shareholder returns based on high profitability and appropriate capital adequacy," annual dividend of 10 yen is planned. This consists of 5 yen at the second quarter and 5 yen at the fourth quarter.

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

2. Basic Stance on Selection of Accounting Policy

The company's financial statements are prepared in accordance with generally accepted accounting practices in Japan (J-GAAP). The company is currently under consideration of the necessity of application of IFRS in the future.

3. Consolidated Financial Statements and Major Notes
(1) Consolidated Balance Sheet

(Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	83,323	74,242
Accounts receivable - operating loans	977,152	975,282
Accounts receivable - installment	79,423	88,640
Purchased receivables	8,477	7,988
Other	82,397	85,479
Allowance for doubtful accounts	-77,428	-77,632
Total current assets	1,153,346	1,153,999
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,991	22,270
Accumulated depreciation	-20,605	-18,818
Buildings and structures, net	3,386	3,451
Vehicles	0	0
Accumulated depreciation	-0	-0
Vehicles, net	0	0
Equipment	18,018	16,472
Accumulated depreciation	-10,378	-8,883
Equipment, net	7,640	7,589
Land	2,476	1,351
Leased assets	3,867	3,292
Accumulated depreciation	-3,371	-3,094
Leased assets, net	495	197
Total property, plant and equipment	13,998	12,590
Intangible assets		
Goodwill	1,770	1,252
Leasehold interests in land	4	-
Software	4,984	5,856
Other	44	43
Total intangible assets	6,803	7,152

(Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Investments and other assets		
Investment securities	1,207	1,238
Retirement benefit asset	5,618	5,986
Deferred tax assets	29,677	73,961
Guarantee deposits	4,990	5,133
Other	4,367	3,970
Allowance for doubtful accounts	-900	-737
Total investments and other assets	44,960	89,553
Total non-current assets	65,763	109,296
Total assets	1,219,109	1,263,296
Liabilities		
Current liabilities		
Notes and accounts payable-trade	696	797
Short-term borrowings	15,992	15,284
Commercial papers	5,000	24,999
Current portion of long-term borrowings	69,416	94,429
Current portion of bonds payable	53,760	58,720
Lease obligations	354	170
Income taxes payable	7,258	13,648
Provision for loss on guarantees	8,876	8,873
Asset retirement obligations	408	611
Deferred installment income	28	25
Other	13,479	12,794
Total current liabilities	175,271	230,355
Non-current liabilities		
Bonds payable	155,800	119,010
Long-term borrowings	309,431	257,899
Lease obligations	238	75
Provision for loss on interest repayment	56,741	86,200
Retirement benefit liability	721	784
Asset retirement obligations	5,420	4,779
Other	357	230
Total non-current liabilities	528,710	468,978
Total liabilities	703,981	699,333

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus	73,549	69,861
Retained earnings	362,991	393,163
Treasury shares	-19,794	-0
Total shareholders' equity	480,578	526,857
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	4,444	4,306
Remeasurements of defined benefit plans	661	716
Total accumulated other comprehensive income	5,105	5,023
Non-controlling interests	29,443	32,082
Total net assets	515,128	563,963
Total liabilities and net assets	1,219,109	1,263,296

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

(Millions of yen)

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

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

Consolidated Statement of Comprehensive Income

(Millions of yen)

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

(3) Consolidated Statement of Changes in Net Assets
 Prior fiscal year (from April 1, 2020, to March 31, 2021)

(Millions of yen)

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

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	0	7,956	-2,180	5,775	27,173	442,496
Changes of items during the period						
Dividends of surplus						-7,833
Profit attributable to owners of parent						78,864
Purchase of treasury shares						-0
Cancellation of treasury shares						
Net changes of items other than shareholders' equity	0	-3,511	2,841	-669	2,269	1,599
Total changes of items during the period	0	-3,511	2,841	-669	2,269	72,631
Ending balance	0	4,444	661	5,105	29,443	515,128

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

(Millions of yen)

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

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	0	4,444	661	5,105	29,443	515,128
Changes of items during the period						
Dividends of surplus						-9,399
Profit attributable to owners of parent						55,678
Purchase of treasury shares						-0
Cancellation of treasury shares						-
Net changes of items other than shareholders' equity	0	-137	55	-81	2,638	2,556
Total changes of items during the period	0	-137	55	-81	2,638	48,835
Ending balance	0	4,306	716	5,023	32,082	563,963

(4) Consolidated Statement of Cash Flows

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

(Millions of yen)

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

(5) Notes on Consolidated Financial Statements

(Going-concern Assumption)

Not applicable

(Changes in Presentation)

<Consolidated Balance Sheet>

"Raw materials and supplies" in current assets was separately listed for the prior fiscal year. As it has decreased its quantitative significance, "Raw materials and supplies" has been included in "Other" effective from the current fiscal year. To reflect these changes in presentation, the financial statements for the prior fiscal year have been reclassified.

To reflect this change in the balance sheet for the prior fiscal year, 63 million yen of "Raw materials and supplies" and 82,334 million yen of "Other" in current assets have been reclassified into 82,397 million yen of "Other."

In addition, "Telephone subscription right" in intangible assets was separately listed for the prior fiscal year. As it has decreased its quantitative significance, "Telephone subscription right" has been included in "Other" effective from the current fiscal year. To reflect these changes in presentation, the financial statements for the prior fiscal year have been reclassified.

To reflect this change in the balance sheet for the prior fiscal year, 37 million yen of "Telephone subscription right" and 7 million yen of "Other" in intangible assets have been reclassified into 44 million yen of "Other."

<Consolidated Statement of Income>

"Insurance cancellation losses" in non-operating income was separately listed for the prior fiscal year. As it has decreased its quantitative significance, "Insurance cancellation losses" has been included in "Other" for the current fiscal year. To reflect these changes in presentation, the financial statements for the prior fiscal year have been reclassified.

To reflect this change in the statement of income for the prior fiscal year, 11 million yen of "Insurance cancellation losses" and 7 million yen of "Other" in non-operating income have been reclassified into 18 million yen of "Other."

<Consolidated Statement of Cash Flows>

"Decrease (increase) in inventories" in net cash provided by (used in) operating activities was separately listed for the prior fiscal year. As it has decreased its quantitative significance, "Decrease (increase) in inventories" has been included in "Decrease (increase) in other current assets" effective from the current fiscal year. To reflect these changes in presentation, the financial statements for the prior fiscal year have been reclassified.

To reflect this change in the statement of cash flows for the prior fiscal year, -20 million yen of "Decrease (increase) in inventories" and 4,532 million yen of "Decrease (increase) in other current assets" in net cash provided by (used in) operating activities have been reclassified into 4,512 million yen of "Decrease (increase) in other current assets."

<Changes due to application of "Cabinet Office Ordinance for Partial Revision of Ordinance for Enforcement of the Banking Act, etc.">

The "Cabinet Office Ordinance on Keeping of Accounts by Specified Financial Companies, etc." in the "Cabinet Office Ordinance for Partial Revision of Ordinance for Enforcement of the Banking Act, etc." (January 24, 2020) has been applied from the consolidated financial statements for the current fiscal year end, and notes regarding the post-revision status of non-performing loans are presented in the consolidated financial statements. To reflect these changes in presentation, the financial statements for the prior fiscal year have been reclassified.

To reflect this change in notes regarding status of non-performing loans of accounts receivable - operating loans for the prior fiscal year, 552 million yen of "Loans to bankrupt parties," 22,498 million yen of "Loans in arrears" and 7,564 million yen of "Loans overdue by 3 months or more" have been reclassified into 552 million yen of "Bankrupt or De facto Bankrupt," 22,498 million yen of "Doubtful receivables" and 7,564 million yen of "Receivables past due for three months or more."

(Additional Information)

<Adoption of accounting standard for revenue recognition, etc.>

The "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020)," etc. have been adopted from the beginning of the first quarter of the current fiscal year." The adoption has no impact on the quarterly consolidated financial statements.

<Adoption of accounting standard for fair value measurement, etc.>

The "Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30; July 4, 2019)," etc. have been adopted from the beginning of the first quarter of the current fiscal year. The adoption has no impact on the quarterly consolidated financial statements.

(Consolidated Balance Sheet)

1. Amount of shares of subsidiaries and associates included in investment securities

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

2. Contingent liabilities

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

3. Commitment line contracts for accounts receivable - operating loans

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

Loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 606,557 million yen at the end of the accounting period. This included a total of 423,164 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

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

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

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

Loans extended by the Company and some of consolidated subsidiaries primarily take the form of revolving credit-line contracts whereby a facility indicating a maximum loanable amount is assigned to a customer who is then able to borrow repeatedly within the limit of the facility, provided that contract terms have not been violated. Outstanding unexercised portions of such facilities amounted to 644,661 million yen at the end of the accounting period. This included a total of 463,179 million yen of unexercised amounts remaining in the accounts of customers with zero outstanding balances at the end of the fiscal year.

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

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

4. Status of non-performing loans of accounts receivable - operating loans

Losses on unsecured consumer loans to bankrupt parties are written off at the time bankruptcy is declared. For this reason, loans to borrowers in bankruptcy or under reorganization include receivables for debtors who have petitioned for bankruptcy as of the end of the fiscal year, but not yet declared bankrupt. This entire amount is booked to on allowance for doubtful accounts.

(Millions of yen)		
	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Loans to parties who have petitioned for bankruptcy, but not yet declared bankrupt	235	195
(Millions of yen)		
	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Bankrupt or De facto Bankrupt	552	487
Doubtful receivables	22,498	22,767
Receivables past due for three months or more	7,564	5,617
Restructured receivables	34,892	38,560
Performing loans(*)	923,033	918,902
Total	988,542	986,334

(*) Accrued interest (Prior fiscal year: 11,083 million yen, Current fiscal year: 10,767 million yen) is included in Performing loans.

(Note 1) Bankrupt or De facto Bankrupt are loans to borrowers who have fallen into bankruptcy due to declared bankrupt, rehabilitation and reorganization, or other similar circumstances.

(Note 2) Doubtful receivables are other than the above, where the borrower has not yet entered into bankruptcy, but the financial condition and business performance of the borrower have deteriorated and it is highly probable that the principal of the loan will not be collected and interest will not be received in accordance with the contract.

(Note 3) Receivables past due for three months or more are loans other than the above that are overdue by 3 months or more.

(Note 4) Restructured receivables are loans other than the above on which favorable terms have been granted, such as the waiving of interest.

(Note 5) Performing loans are classified as other than the above as there are no particular problems with the borrower's financial condition or business performance.

5. Agreements for overdraft and commitment facilities

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

(Millions of yen)		
	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Agreed amount of agreement for overdraft and commitment line	119,315	119,634
Amount of borrowing	38,654	35,472
Net	80,661	84,162

(Segment and Related Information)

(Segment Information)

1. Outline of reported segment information

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

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

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

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

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

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

3. Information about operating revenue, income or loss, assets and other items by reported segments

For the year ended March 31, 2021 (from April 1, 2020, to March 31, 2021)

(Millions of yen)

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

(Note 1) "Others" category consist of operating revenue, income, and assets and other items which are not included in the reported segments.

(Note 2) This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.

(Note 3) Different criteria are applied for allocation of non-current assets to each segment and for allocation of relevant depreciation to each segment, respectively.

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

(Millions of yen)

	Reported Segments					Others (Note 1)	Total
	Loan and Credit Card Business	Guarantee Business	Overseas Financial Business	Loan Servicing Business	Subtotal		
Operating revenue							
Operating revenue from external customers	142,296	62,861	51,262	5,662	262,083	71	262,155
Revenues from transactions with other operating segments	5	-	-23	-	-17	67	50
Total	142,302	62,861	51,239	5,662	262,066	139	262,205
Segment Income	-8,879	23,991	18,347	1,641	35,100	139	35,239
Segment Assets	873,155	41,947	189,990	8,373	1,113,467	6,270	1,119,738
Other Items							
Depreciation	2,232	571	1,367	18	4,190	-	4,190
Amortization of goodwill	-	518	-	-	518	-	518
Provision for bad debts(Note 2)	25,911	24,619	17,518	443	68,493	-	68,493
Provision for loss on interest repayment	58,923	-	-	-	58,923	-	58,923
Increase of tangible and intangible assets	1,133	53	591	36	1,814	-	1,814

(Note 1) "Others" category consist of operating revenue, income, and assets and other items which are not included in the reported segments.

(Note 2) This item is the sum of provision of allowance for doubtful accounts and provision for loss on guarantees, etc.

(Note 3) Different criteria are applied for allocation of non-current assets to each segment and for allocation of relevant depreciation to each segment, respectively.

4. Amount and outline of difference between the total amounts of reported segments and amounts of consolidated financial statements

(Millions of yen)

Operating revenue	For the year ended March 31, 2021	For the year ended March 31, 2022
Total reported segments	266,303	262,066
Operating revenue of "Others" category	90	139
Elimination of intersegment transactions	-77	-73
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	-	23
Operating revenue in consolidated financial statements	266,316	262,155

(Millions of yen)

Income	For the year ended March 31, 2021	For the year ended March 31, 2022
Total reported segments	98,174	35,100
Profit of "Others" category	90	139
Elimination of intersegment transactions	1	-0
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	630	-459
Operating profit in consolidated financial statements	98,896	34,779

(Millions of yen)

Assets	As of March 31, 2021	As of March 31, 2022
Total reported segments	1,103,944	1,113,467
Assets of "Others" category	16,889	6,270
Elimination of intersegment asset	-17,370	-17,173
Assets at head office	120,731	167,008
Adjustment due to unification of accounting treatment between parent company and subsidiaries, etc.	-5,085	-6,276
Total assets in consolidated financial statements	1,219,109	1,263,296

(Millions of yen)

Other Items	Sum of Reported Segments		Others		Adjustment Amount		Amounts in the Consolidated Financial Statements	
	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022
Depreciation	3,192	4,190	-	-	-21	-904	3,170	3,285
Amortization of goodwill	665	518	-	-	-	-	665	518
Provision for bad debts	66,690	68,493	-	-	-491	-56	66,198	68,437
Provision for loss on interest repayment	-	58,923	-	-	-	-	-	58,923
Increase of tangible and intangible asset	3,533	1,814	-	-	829	2,956	4,363	4,771

(Note) The adjustment amount of increase of tangible and intangible assets is the amount of capital investment in assets at head office.

(Per Share Information)

(Yen)

Item	For the year ended March 31, 2021	For the year ended March 31, 2022
	(From April 1, 2020 to March 31, 2021)	(From April 1, 2021 to March 31, 2022)
Net assets per share	310.02	339.51
Basic earnings (loss) per share	50.34	35.54

Notes: 1. Dilutive earnings per share is not stated as there is no dilutive security.

2. Basic earnings per share is calculated based on the following data.

(Millions of yen unless otherwise stated)

Item	For the year ended March 31, 2021	For the year ended March 31, 2022
	(From April 1, 2020 to March 31, 2021)	(From April 1, 2021 to March 31, 2022)
Profit attributable to owners of parent	78,864	55,678
Profit not attributable to common shareholders	-	-
Profit attributable to owners of parent related to common stock	78,864	55,678
Weighted average number of common stock during the consolidated fiscal year	1,566,614,115 shares	1,566,614,094 shares

3. Net assets per share is calculated based on the following data.

(Millions of yen unless otherwise stated)

Item	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
	Total net assets	515,128
Amount deducted from total net assets [Non-controlling interests included in the above]	29,443 [29,443]	32,082 [32,082]
Amounts of net assets related to common stock at the end of fiscal year	485,684	531,880
Number of common shares to calculate net assets per share at the end of fiscal year	1,566,614,098 shares	1,566,614,048 shares

(Significant Subsequent Events)

The Company made an agreement with Crezit Holdings, Inc. on March 18, 2022, regarding implementation of "Credit as a Service Platform (CaaS PF) *" and creation of new business, and established fully owned subsidiary on April 1, 2022.

(Note) A platform that provides the system infrastructure and operations required to build financial services.

1. Overview of the Business Alliance

(1) Implementation of CaaS PF to the newly established subsidiary

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

(2) Creation of "Credit as a Service" by the newly established subsidiary

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

2. Establishment of a subsidiary

Based on the contract of the business alliance above, a subsidiary is established on April 1, 2022.

3. Overview of the subsidiary

- (1) Name: GeNiE Inc.
- (2) Description of the business: Embedded Finance
- (3) Date of Incorporation: April 1, 2022
- (4) Amount of Capital: 500 million yen
- (5) Composition of Shareholders: 100% by the Company

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

	(Millions of yen)	
	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	78,168	69,334
Accounts receivable - operating loans	784,051	783,155
Accounts receivable - installment	78,788	87,962
Prepaid expenses	1,328	1,154
Accrued income	13,591	13,552
Short-term loans receivable from subsidiaries and associates	250	-
Right to reimbursement	51,591	54,519
Other	3,162	3,585
Allowance for doubtful accounts	-56,040	-56,600
Total current assets	954,892	956,664
Non-current assets		
Property, plant and equipment		
Buildings	19,543	18,147
Accumulated depreciation	-16,887	-15,694
Buildings, net	2,656	2,452
Structures	2,947	2,662
Accumulated depreciation	-2,409	-2,153
Structures, net	538	508
Equipment	15,371	14,262
Accumulated depreciation	-8,181	-7,060
Equipment, net	7,189	7,201
Land	2,476	1,351
Leased assets	3,857	3,281
Accumulated depreciation	-3,365	-3,089
Leased assets, net	492	192
Total property, plant and equipment	13,354	11,705
Intangible assets		
Goodwill	1,770	1,252
Leasehold interests in land	4	-
Software	4,651	5,637
Other	38	38
Total intangible assets	6,464	6,928

(Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Investments and other assets		
Investment securities	818	818
Shares of subsidiaries and associates	16,154	16,209
Claims provable in bankruptcy, claims provable in rehabilitation and other	1,423	1,288
Long-term prepaid expenses	2,104	1,656
Deferred tax assets	30,960	75,717
Guarantee deposits	4,579	4,726
Prepaid pension costs	4,443	4,750
Other	552	747
Allowance for doubtful accounts	-860	-700
Total investments and other assets	60,176	105,215
Total non-current assets	79,995	123,849
Total assets	1,034,887	1,080,514
Liabilities		
Current liabilities		
Accounts payable-trade	677	784
Short-term borrowings	-	5,000
Commercial papers	5,000	24,999
Current portion of long-term borrowings	58,183	86,540
Current portion of bonds	40,000	45,000
Lease obligations	352	168
Accounts payable-other	1,836	1,991
Accrued expenses	8,988	7,772
Income taxes payable	4,317	11,087
Deposits received	289	290
Provision for loss on guarantees	8,140	8,010
Asset retirement obligations	306	611
Other	192	293
Total current liabilities	128,284	192,551
Non-current liabilities		
Bonds payable	130,000	95,000
Long-term loans borrowings	291,254	240,461
Lease obligations	236	71
Provision for loss on interest repayment	56,741	86,200
Asset retirement obligations	5,267	4,545
Other	255	153
Total non-current liabilities	483,755	426,431
Total liabilities	612,039	618,982

(Millions of yen)

	Prior fiscal year (As of March 31, 2021)	Current fiscal year (As of March 31, 2022)
Net assets		
Shareholders' equity		
Share capital	63,832	63,832
Capital surplus		
Legal capital surplus	72,322	72,322
Other capital surplus	3,687	-
Total capital surplus	76,010	72,322
Retained earnings		
Legal retained earnings	4,320	4,320
Other retained earnings		
General reserve	80,000	80,000
Retained earnings brought forward	218,478	241,055
Total retained earnings	302,798	325,375
Treasury shares	-19,794	-0
Total shareholders' equity	422,847	461,531
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	422,847	461,531
Total liabilities and net assets	1,034,887	1,080,514

(2) Non-consolidated Statement of Income

(Millions of yen)

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

(Millions of yen)

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

(3) Non-consolidated Statement of Changes in Net Assets

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

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Beginning balance	63,832	72,322	3,687	76,010
Changes of items during the period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Cancellation of treasury shares				
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	-	-
Ending balance	63,832	72,322	3,687	76,010

	Shareholders' equity			
	Legal retained earnings	Retained earnings		Total retained earnings
		Other retained earnings	Retained earnings brought forward	
	General reserve			
Beginning balance	4,320	80,000	155,396	239,716
Changes of items during the period				
Dividends of surplus			-7,833	-7,833
Profit			70,915	70,915
Purchase of treasury shares				
Cancellation of treasury shares				
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	63,081	63,081
Ending balance	4,320	80,000	218,478	302,798

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	-19,794	359,765	0	0	359,765
Changes of items during the period					
Dividends of surplus		-7,833			-7,833
Profit		70,915			70,915
Purchase of treasury shares	-0	-0			-0
Cancellation of treasury shares					
Net changes of items other than shareholders' equity			0	0	0
Total changes of items during the period	-0	63,081	0	0	63,081
Ending balance	-19,794	422,847	0	0	422,847

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

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Beginning balance	63,832	72,322	3,687	76,010
Changes of items during the period				
Dividends of surplus				
Profit				
Purchase of treasury shares				
Cancellation of treasury shares			-3,687	-3,687
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	-3,687	-3,687
Ending balance	63,832	72,322	-	72,322

	Shareholders' equity			
	Legal retained earnings	Other retained earnings		Total retained earnings
		General reserve	Retained earnings brought forward	
Beginning balance	4,320	80,000	218,478	302,798
Changes of items during the period				
Dividends of surplus			-9,399	-9,399
Profit			48,082	48,082
Purchase of treasury shares				
Cancellation of treasury shares			-16,106	-16,106
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	22,577	22,577
Ending balance	4,320	80,000	241,055	325,375

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Beginning balance	-19,794	422,847	0	0	422,847
Changes of items during the period					
Dividends of surplus		-9,399			-9,399
Profit		48,082			48,082
Purchase of treasury shares	-0	-0			-0
Cancellation of treasury shares	19,794	-			-
Net changes of items other than shareholders' equity			0	0	0
Total changes of items during the period	19,794	38,683	0	0	38,683
Ending balance	-0	461,531	0	0	461,531