ANNUAL REPORT **2022**

Year Ended March 31, 2022

Orient Corporation

Orico

Profile

The Orico Group consists of Orient Corporation (Orico or the Company), 14 consolidated subsidiaries and five associates accounted for by the equity method. The Orico Group's main operations are consumer finance services. The Orico Group also offers a wide variety of other services to meet customers' needs such as credit collection services, and credit-related outsourcing business. As one of the largest consumer credit companies in Japan, Orico provides installment credit services, credit cards and direct cash loans services, and bank loan guarantee services through a network of 106 domestic branches. These financial services are also available nationwide through more than 839,000 member merchants. Orico's business dates back to 1954, when Hiroshima Coupon was founded. In 1974, all businesses were merged and succeeded by Orient Finance, the former name of Orico, which was incorporated in 1951.

Contents

Cautionary Remark Regarding Forward-Looking Statements

Statements made in this document with respect to Orico's plans, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements based on the assumptions and beliefs of the Company's management in light of the information currently available to it and involve risks and uncertainties that may affect the Company's future performance. Potential risks and uncertainties in Orico's areas of business include, without limitation, social, economic and financial conditions.

Financial Highlights

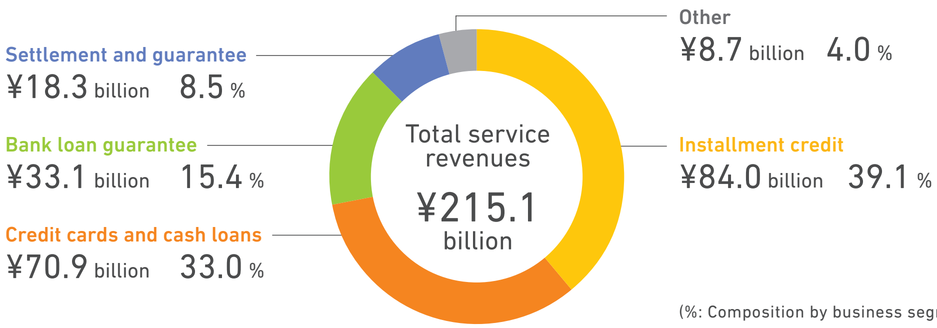
Highlights of Fiscal Year-End Results

Operating revenues reached the same level as the previous fiscal year due to growth in the settlement and guarantee business, despite sales falling below the previous fiscal year in the cash loans business and the bank loan guarantee business.

Operating expenses decreased by 3% from the previous fiscal year, mainly due to a decrease in general expenses because of the effect of process innovation initiatives, such as expanding the scope of web-based credit card statements and optimizing IT costs.

As a result, ordinary profit increased by 29% year on year. Furthermore, profit attributable to owners of parent decreased by 1% year on year.

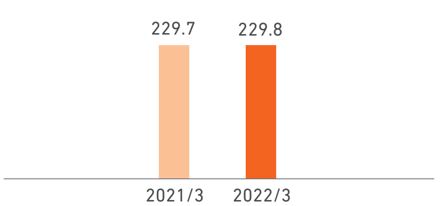
Service Revenues (Consolidated)



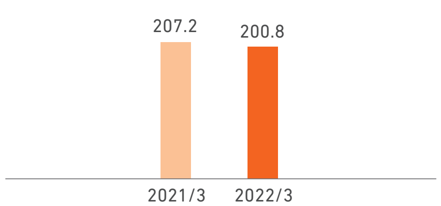
(%: Composition by business segment)

Financial Highlights (Consolidated)

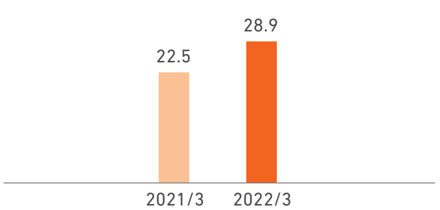
Operating Revenues
(Billions of yen)



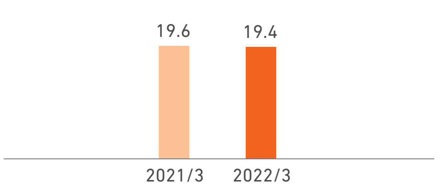
Operating Expenses
(Billions of yen)



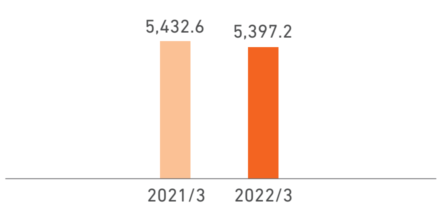
Ordinary Profit
(Billions of yen)



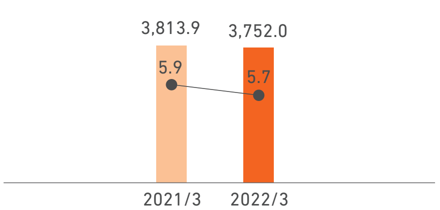
Profit Attributable to Owners of Parent
(Billions of yen)



Balance of Operating Assets
(Billions of yen)



Total Assets (Billions of yen)
Equity Ratio (%)



* Accounting policies, etc. have changed from the fiscal year ended March 31, 2022. The figures for the fiscal year ended March 31, 2021 (excluding the balance of operating assets) are figures after retrospective application of the changes to accounting policies, etc.

Detailed information related to financial and business performance is available on our website.
https://www.orico.co.jp/en/company/ir/financial/

Message from Management

We will strengthen our DX strategy in the aim of being a financial services group of a new era that creates new value from the perspective of customers.

Tetsuo Iimori
President and Representative Director

Summary of Financial Results for the Fiscal Year Ended March 31, 2022 and Outlook for the Fiscal Year Ending March 31, 2023

After the lifting of the government's state of emergency declaration in September 2021, consumer activity began to recover. However, consumer spending has recovered only modestly due to factors such as sluggish sales of new cars due to a shortage of semiconductors and the rapid spread of Omicron infections.

The economic outlook became more uncertain due to the Russian invasion of Ukraine in February 2022, the rise in resource prices due to the impact of sanctions related to the aforementioned, and the depreciation of the yen accompanying the rise in long-term interest rates in the U.S.

Operating revenues were flat year on year at ¥229.8 billion, due to growth in the credit card shopping and the settlement and guarantee businesses, despite the impact of lower loan and bank guarantee balances.

Operating expenses decreased by ¥6.4 billion from the previous fiscal year to ¥200.8 billion, mainly due to a ¥7.9 billion decrease in general expenses from the previous fiscal year as a result of cost reduction efforts through process innovation.

As a result, ordinary profit increased by ¥6.4 billion from the previous fiscal year to ¥28.9 billion, and profit attributable to owners of parent remained at the same level as the previous fiscal year at ¥19.4 billion.

Regarding the business plan for the fiscal year ending March 31, 2023, operating revenues are expected to increase mainly due to the expansion of service revenues in the settlement and guarantee business and the overseas business.

On the other hand, ordinary profit is expected to decrease, mainly due to investments in growth into the future, such as training DX personnel and launching a new collection system, but profit is expected to increase.

Overview of Previous Medium-Term Management Policy

Initiatives for management issues

- Completion of redemption of Class I Preferred Stock
- Selection of the Tokyo Stock Exchange Prime Market
- Improvement in ratings given by external credit rating agencies
- Transition to a company with an audit and supervisory committee
- Commencement of business portfolio management

Major achievements of the six basic strategies

1 Implementation of digital innovation
- We initiated initiatives for new business models, including collaboration with EC-CUBE and CrowdLoan
- We strengthened collaboration with start-ups by leveraging the Orico Digital Fund

2 Implementation of process innovation
- We made credit card statements viewable over the Internet, achieved cost optimization such as reduction of computing expenses, and streamlined services for credit inquiries, etc.
- We achieved the initial plan for contribution to profit at an early stage, achieving ¥16.5 billion

3 Business expansion in Asia
- We entered the markets of the Philippines and Indonesia following Thailand to establish a three-country organization overseas
- We achieved steady growth of the auto loan business in Thailand by expanding the sales areas, refining credit models, strengthening the collection system, etc.

4 Expansion of synergies within the Orico Group
- We commenced integrated operations with a subsidiary in the rent guarantee field
- We began soliciting consumers to become card members of the "Mizuho Mileage Club Card/THE POINT"
- We were contracted from LINE Credit Corporation to perform demand collection operations through a servicer subsidiary

5 Enhancement of consulting sales
- We developed new products with a sense of speed to meet needs, such as a scheme for responding with the results of an early credit review and web-based group credit life insurance applications
- We focused on product introductions based on needs of member merchants and markets, business matching and other initiatives

6 Enhancement of sustainability initiatives
- We issued ESG bonds for the third consecutive year
- We published the sustainability report, and enhanced external disclosures
- We launched the Orico Forest Project based on the Agreement on Forest Generation in Saitama with Saitama Prefecture and Chichibu City

Overview of Previous Medium-Term Management Policy

Under the previous medium-term management policy, the Company engaged in initiatives for various management challenges with "Innovation for Next Orico" as the basic policy, and worked to create a management base for the next-generation Orico, such as "rebuild a strong earnings structure" and "create new business models" in accordance with the six basic strategies.

As a result, the "implementation of process innovation" contributed to achieving profits that exceeded the plan, and for "business expansion in Asia," the Company established a three-country organization overseas in Thailand, the Philippines and Indonesia.

Through the completion of redemption of Class I Preferred Stock and improvement in ratings given by external credit rating agencies for the second consecutive year, the Company gained more freedom in its capital policy and procurement of funds, and was also able to achieve certain results through the advancement of business administration, such as the commencement of business portfolio management.

Furthermore, the Company transitioned to a company with an audit and supervisory committee in order to further enhance governance.

On the other hand, as a result of the continuing difficult business environment that was not anticipated when the policy was drawn up due to the spread of COVID-19 and other factors, the Company has not reached any of the three initial management targets and is in the middle of the initiatives to "rebuild a strong earnings structure" and "create new business models."

In light of these circumstances, the Company will further proceed with initiatives based on the new Medium-Term Management Plan.

New Medium-Term Management Plan

For the new Medium-Term Management Plan, which concludes in the fiscal year ending March 31, 2025, the Company set “Sustainability” as the axis of management, aiming to achieve a balance of both social value and corporate value from a long-term perspective, organized six significant issues (materiality) for realizing the desired society and the vision for the Company ten years later, and formulated the plan by backcasting.

As the values and environment surrounding society change drastically, such as the transition to a decarbonized society and further use of the Internet and digitalization, the Company has established “an innovative, leading company that continues to contribute to resolving various social issues by remaining close to customers, dealing with them face to face and providing financial services that meet their needs” and “a company that has a strong financial base and sustainable and stable profitability and is recognized by stakeholders as having a genuine reason for existing more than ever before” as the vision for the Company.

The slogan of the new Medium-Term Management Plan is “Transformation Now!”—*Becoming a Financial Services Group of a New Era That Creates Value From the Perspective of Customers*.

Six significant issues (materiality)

1. Contribution to realization of a highly convenient cashless society offering safety and security
2. Creation of new value in customer experiences by utilizing our financial expertise
3. Contribution to realization of a decarbonized and recycling-oriented society
4. Contribution to development of sustainable communities
5. Human resource diversification and development, and working style reforms
6. Enhancement of governance

Business operations that place “Sustainability,” which balances both social value and corporate value through business, as a high-level concept at the core of management

Achievement in three years (Backcast from 2030)

Make a progressive departure from the conventional credit sales model, and based on the approaches of green, digital and open innovation, create value from the perspective of customers, contribute to society and enhance corporate value

Key strategies

Business strategies

Business portfolio management based on risk return and cost return

1. Cultivate key markets and explore new businesses
2. Establish a market-in type of sales
3. Create new products and services through collaboration with other industries or leading companies
4. Explore process innovation in detail

Management base

- Governance
- New human resource strategy

Financial discipline/Capital policy

- Balance of both financial soundness and profitability
- New capital policy after redemption of Class I Preferred Stock

The Group will make a progressive departure from the conventional credit sales model, and based on the three approaches of green, digital and open innovation, create value from the perspective of customers, contribute to society and enhance corporate value.

2030 Goal

Desired society

Sustainable society in which everyone can realize prosperous lives

Vision for the Company

- An innovative, leading company that continues to contribute to resolving various social issues
- A company that is recognized by stakeholders as having a genuine reason for existing more than ever before

CX
Customer Experience

Providing new customer experiences

DX
Digital Transformation

Becoming an innovative, leading technology company

EX
Employee Experience

Advancing new working-style experiences

April 2022

March 2025

New Medium-Term Management Plan

Transformation Now!

Becoming a Financial Services Group of a New Era That Creates Value From the Perspective of Customers

For the management targets of the fiscal year ending March 31, 2025, which is the final fiscal year of the new Medium-Term Management Plan, the Company aims for ordinary profit of ¥40.0 billion or more, ROE of 10% or higher, and ratio of general expenses to operating revenues of less than 60%.

In addition, the target for ordinary profit of ¥40.0 billion exceeds the target of ¥35.0 billion that was not achieved in the previous fiscal year.

[Management Targets (Consolidated)]

Item	Target
Ordinary profit	¥40.0 billion or more
ROE (return on equity)	10% or higher
Ratio of general expenses to operating revenues	Less than 60%

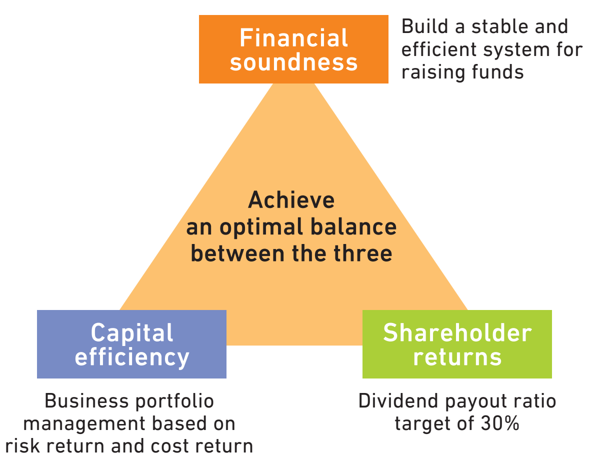
For the capital policy, the Company has formulated a new basic policy that aims to achieve the optimal balance between "financial soundness," "shareholder returns," and "capital efficiency," in consideration of completing the redemption of Class I Preferred Stock in the previous fiscal year.

The forecast for dividends on common stock for the fiscal year ending March 31, 2023 is ¥4 per share.

In addition, the Company implemented a consolidation of shares of common stock of the Company in October 2022 at the ratio of ten shares to one share.

Through the consolidation of shares, the Company believes that the flexibility of capital management will be increased because it will be possible to set a more precise amount of dividends per share.

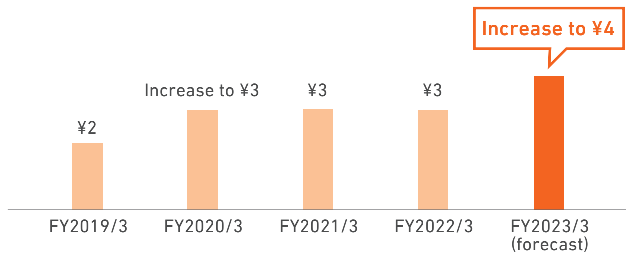
Basic policy of new capital policy



Dividend forecast for FY2023/3

¥4 per share
(increase of ¥1 from the previous fiscal year)

- Based on the new shareholder return policy, the Company plans to increase dividends (raise dividend payout ratio from 20% to 30%)
- The Company will continue without changing the basic policy of stable and continuous dividends



Process for Formulating New Medium-Term Management Plan (Sustainability Management)

In formulating this new Medium-Term Management Plan, we were aware that we were at a turning point in time, and while reflecting on the past and after organizing and reconsidering future mega-trends, the anticipated future business environment, and the Company's current strengths and areas that need to be improved, we drew up the vision for the Company and desired society that we aim to achieve in ten years.

In order to realize this, because it is necessary to aim to achieve a balance of both social value and corporate value from a long-term perspective, we placed sustainability as a high-level concept following the basic philosophy, etc. at the core of management.

After reorganizing the vision for the Company ten years from now and significant issues (materiality) for the realization of the desired society, we backcasted the next three years, and formulated the new Medium-Term Management Plan in the fiscal year ending March 31, 2023, which is the first year of the Medium-Term Management Plan.

Process for Formulating New Medium-Term Management Plan

- Make "sustainability," which encapsulates our aim to achieve a balance of both social value and corporate value from a long-term perspective, as an axis for management

Redefine Business Portfolio and Four Business Strategies

With regard to the business plan, we redefined our portfolio based on the growth potential of existing businesses and competitive advantage in the market, and established the following four business strategies.

With regard to the profitability of each business, we will appropriately allocate management resources and execute strategies based on business portfolio management operated on the basis of risk return (gross profit/credit and capital costs) and cost return (direct costs/marginal profit).

Strategy 1.

Cultivate key markets and explore new businesses

We will proactively invest management resources in rent settlement guarantees and receivables settlement guarantees in order to create asset-independent revenue opportunities.

Furthermore, by positioning the settlement and guarantee business as a key market, we will expand business by establishing a head office organization that will respond to B2B payments with broad market prospects.

In addition, we will expand auto loans in Asian markets and take on new businesses with a view to the next stage.

Strategy 2.

Establish a market-in type of sales

The market-in type of sales is classified into three areas: "with B to C," "to B" and "to C," and we will provide high-value-added products, services and solutions without being bound by existing fields.

In the "with B to C" area, we will provide new value through high-value-added products according to the needs of our customers, and in the "to C" area, we will use digital technologies to increase the value in customer experiences directly based on e-Orico, an Internet-based service for customers.

Strategy 3.

Create new products and services through collaboration with other industries or leading companies

We will create new customer experiences, such as introducing an online business negotiation system that enables the auto loan application process to be completed online.
By generating multi-level synergy with customers, member merchants and external companies and by building strong relationships with customers through a one-stop approach, we aim to make the Orico economic domain more active.

Strategy 4.

Explore process innovation in detail

While promoting the shift to digital communication in our businesses, services and internal operations and also focusing on improving the quality of operations and increasing productivity, we will promote the creation of new working style systems.
With a view toward further improvements in customer convenience, we will also advance initiatives to reduce business and environmental costs.

Business portfolio direction

Market growth potential × Competitive advantage × Risk return × Cost return

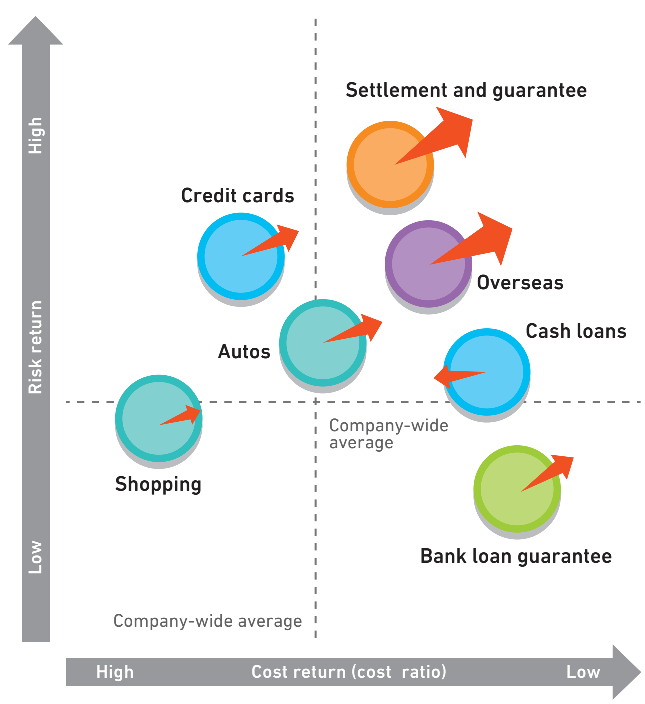
Cultivate key markets & **Explore new businesses**

Portfolio direction indication		Market growth potential
Credit cards and cash loans	A growth market; conduct thorough management of quality over quantity in consideration of rapid changes in the business environment	○
Settlement and guarantee	As a pillar of the non-cash business, invest management resources	◎
Installment credit	Thoroughly promote sales based on customer needs while improving efficiency and profitability	△
Bank loan guarantee	Expand the scope of the guarantee business by responding to the needs of financial institutions and resolving management issues	△
Overseas	Strengthen appropriate risk-taking and capabilities based on knowledge and experience gained through auto loans	◎
New businesses	Leverage digital technologies to create new portfolios through open innovation	–

Risk return: Gross profit/credit and capital costs; The higher the score, the better the return efficiency relative to risk (approximately equivalent to low risk, high return)
Cost return: Direct costs/marginal profit; The lower the score, the better the cost efficiency (approximately equivalent to low cost, high return)

Analyses of risk return and cost return

Image as of March 31, 2022 (based on management accounting)
Arrows indicate the direction toward March 31, 2025.



By appropriately allocating management resources to businesses that are consistent with the Company's vision while developing a reserve of management resources to divert to new businesses and other growth investments, we will strive to maximize corporate value.

The Company's DX Strategy Supporting the New Medium-Term Management Plan

In order to strengthen the management base that supports business growth, the Company will establish the "new human resource strategy" by training highly diverse personnel and establishing a human resource foundation for the new era, and the "enhancement of governance" centered on the transition to a company with an audit and supervisory committee and the establishment of a governance system that is compatible with the Prime Market.

Another pillar that supports the promotion of business is the strengthening of the DX strategy.

The Company will aim to be a company that contributes to solving environmental and social issues through business by analyzing the areas of DX strategy initiatives from the perspectives of CX (providing new customer experiences) and EX (advancing new working-style experiences), under the three strategies of "create new business models that utilize digital technologies," "implement DX in existing business models" and "train DX personnel and foster DX culture" and working on them and promoting them within each business strategy.

DX

CX Providing new customer experiences

Strategy 1 Create new business models that utilize digital technologies

Business models

- Cooperation and collaboration with fintech companies in the credit cards business and the bank loan guarantee business
- Establishment of new business models (BNPL, embedded finance, and data business)

Business areas

- Promotion of reuse of the Company's products for customers and development of market-in type business models
- Improvement of the nature of products in strategic areas through digitalization (B to B)

Services and products

- Establishment of API foundation for "e-Orico services" for customers, introduction of CMS (content management system), and UI/UX improvement
- Expansion of functions for web services for member merchants and financial institutions

Customer approach

- Expansion of Orico app and collaboration on business partners' apps for mobile devices
- Direct promotion via digital channels to member merchants and customers

EX Advancing new working-style experiences

Strategy 2 Implement DX in existing business models

Operation

- Enhancement of credit scoring models and automation of operations
- Implementation of BPR centered on RPA through company-wide initiatives
- Improvement of quality of customer service and productivity through digitalization of paper and voice

Working style

- Enhancement of office DX, telework and remote work environments
- New style of doing business that utilizes digital technologies

Strategy 3 Train DX personnel and foster DX culture

Personnel

- Establishment of training program for DX personnel, and reskilling and improvement of skills that adapt to environmental changes
- Increase of dispatching outside the company and trainees that contribute to DX

Culture

- Development of a system to pick up and realize DX ideas
- Contests and awards for DX initiatives

By steadily implementing each of the above key strategies, the Company will create new business models and establish a stronger earnings structure in addition to aiming to achieve the management targets for the fiscal year ending March 31, 2025, and become a finance company that is truly necessary to society even after 10 years.

I thank our shareholders for your understanding and further support for the Group's business going forward.

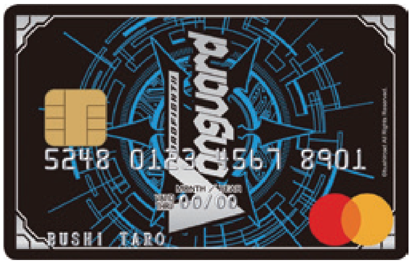
Topics April 2021-March 2022

TOPIC 1

Issuance of “Bushiroad Card,” Which Grants a Variety of Benefits

We have collaborated with Bushiroad Inc., which has developed a diverse entertainment business that includes trading card games, and its group company Bushiroad Move and issued the “Bushiroad Card.”

In addition to granting a variety of benefits limited to card members, this card realizes a lineup with an abundance of designs through the utilization of an on-demand printing technology that makes it possible to easily issue cards even if only a small amount due to collaboration with Toppan Inc.

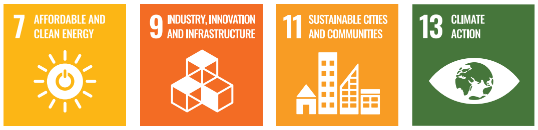


TOPIC 2

First in Japan! Issuance of Green Bonds Specifically for the Purpose of EV Loans

In response to the growing demand for funds to purchase electric vehicles (EV) in auto loans, which are the Company’s core business, we have issued green bonds to raise funds for the purpose of EV loans.

Through the issuance of these green bonds, we will diversify our fund procurement and further promote initiatives aimed at building a low-carbon, recycling-oriented society, thereby contributing to the realization of a sustainable society.



As a third-party evaluation of these green bonds, the Company has received an evaluation of “Green1,” which is the highest rating of the “JCR Green Bond Evaluation,” from Japan Credit Rating Agency, Ltd. (JCR).

TOPIC 3

First in the Credit Industry! Began Providing Credit Contract Detail Confirmation Service That Utilizes SMS

Aiming to improve customer convenience in the credit contract process and improve the efficiency of member merchant operations, we have started providing a service for confirming contract details with customers using a short message service (SMS).

By confirming the contract details, which were made through a telephone call to the customer, on a website via SMS, it has become possible for customers to confirm the contract details anytime and anywhere at their convenience, and we have shortened the time associated with credit agreements.

TOPIC 4

Began Business Matching for "ec-cube.co Orico Plan"

We started business matching for the "ec-cube.co Orico Plan," which provides a one-stop service from the establishment of online stores to the introduction of settlement system upgrades for business partners of financial institutions.

We are expanding the number of financial institutions with which we have entered into business matching agreements, such as Hokusei Shinkin Bank in December 2021, Azuma Shinyo Kumiai, and Shonan Shinkin Bank.

Through these initiatives, we will support the expansion of the sales channels of our business partners and promote the shift to cashless transactions in local economies.

OricoPayment Plus × EC-CUBE

TOPIC 5

Held Lectures for Teachers in Collaboration with the Tokyo Metropolitan Board of Education

Lectures regarding "initiatives for companies for a cashless society" were held, with the Company as the lecturer, for teachers at the "Consumer Education Liaison Conference" sponsored by the Tokyo Metropolitan Board of Education with the aim of supporting consumer education for high school students due to the lowering of the age of adulthood.

Going forward, we will engage in financial literacy education related to credit cards, etc. through collaborations with local governments, etc.

TOPIC 6

Credit Rating Increased for the Second Consecutive year

The credit rating obtained from Rating and Investment Information, Inc. (R&I) changed from "A–" to "A," which is an increase for the second consecutive year.

Business Activities

Number of credit card holders

11,100 thousand

Transaction volume of credit card shopping

¥2,672.8 billion

Credit cards and cash loans business

We operate a credit cards and cash loans business that offers customers peace of mind and convenience. We cater to a wide range of customer needs, through attractive reward-point programs, a wide selection of co-branded credit cards, etc.

Principal business

- Proper credit cards: We offer diverse products featuring outstanding designs and functionality with attractive reward-point programs tailored to wide-ranging customer needs.
- Co-branded credit cards: By establishing partnerships with various corporations and organizations across Japan, we provide the very best value-added offerings and attractive services to cardholders.
- Cash loans: We meet a wide range of customer financial needs. By providing convenient services that offer peace of mind, we support the daily lives of customers.

Transaction volume of settlement and guarantees

¥1,452.8 billion

Of which, transaction volume of rent settlement guarantees

¥1,059.9 billion

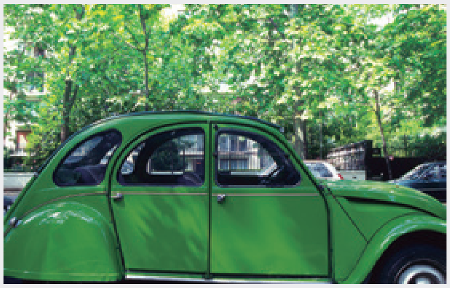
Settlement and guarantee business

We offer a wide range of settlement services to suit the needs of customers and member merchants, such as rent settlement guarantees and receivables settlement guarantees.

Principal business

- Rent settlement guarantee: We provide rent collection services based on our many years of experience and expertise. By reducing the risk of delinquent rent payments, etc., we contribute to increasing the business efficiency of real estate management companies.
- Receivables settlement guarantees: We provide receivables settlement guarantee services according to the needs of our business partners that reduce the exposure to risk with respect to business-to-business transactions and enhance business efficiency.
- Small-lease guarantees: We offer lease products for small and mid-sized business customers for low-priced items, focusing on commercial equipment and devices, etc.
- Payment collection: We provide payment-collection services, including efficient payment collection and accounting operations for selling products and providing services, that match customers' lifestyles.

As of March 31, 2022 (consolidated)



Installment credit business

We offer settlement services such as installment payments under a three-party agreement with customers, member merchants, and Orico. This is a principal business which is in the top class of the industry in terms of transaction volume.

Principal business

- Auto loans: As the first company in the credit industry to offer auto loans, we have various products that meet customers' needs such as loans with deferred and flexible repayment options.
- Auto leasing: We provide a new means to drive a car using fixed monthly payments, which includes a package of vehicle inspection, maintenance, tax and insurance.
- Shopping: We provide credit to support various consumer lifecycle stages, such as purchasing electronic goods and paying for remodeling or education costs.

Number of auto loan contracts

1,570 thousand

Transaction volume of installment credit

¥1,250.9 billion

Bank loan guarantee business

We have been offering guarantee services involving consumer loans in partnership with financial institutions since 1983. Our expertise in credit review and bank guarantees cultivated over many years has gained a high reputation from financial institutions.

Principal business

- Loan-on-deed: These loans include specific-purpose loans, such as those for autos, education and remodeling, and multipurpose loans (free loans).
- Credit card loans: We provide credit card-based credit card loans featuring revolving credit up to maximum amounts.
- Web bank loans: In addition to web-based loan applications, we offer a paperless scheme that allows all contract procedures to be performed via websites without visiting a bank branch, etc.

Affiliated financial institutions

565 institutions

Balance of bank loan guarantees

¥1,126.1 billion

Corporate Governance

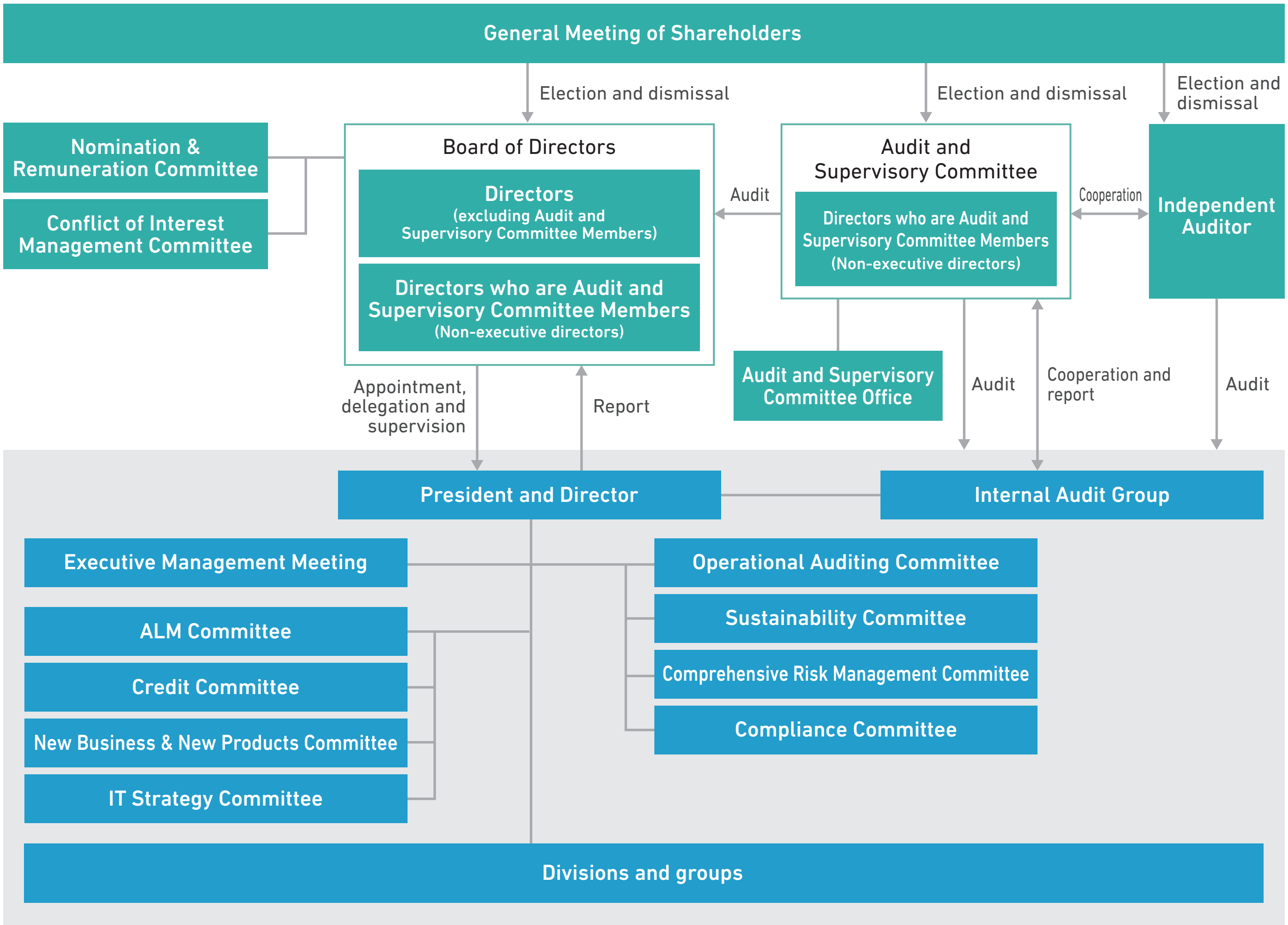
Basic Concept on Corporate Governance

The Company has established "an innovative, leading company that continues to contribute to resolving various social issues by remaining close to customers, dealing with them face to face and providing financial services that meet their needs" and "a company that has a strong financial base and sustainable and stable profitability and is recognized by stakeholders as having a genuine reason for existing more than ever before" as the vision for the Company.

To this end, we believe in the importance of ensuring management transparency and fairness to stakeholders, as well as swift and decisive decision making. We are undertaking initiatives to enhance our corporate governance, taking our management environment into account.

Basic Policy regarding Corporate Governance

1. The Company respects shareholders' rights and takes appropriate actions to create an environment in which shareholders can exercise their rights appropriately and to ensure equal treatment of shareholders.
2. The Company recognizes the importance of its social responsibility and strives to cooperate appropriately with stakeholders other than shareholders.
3. The Company discloses financial and non-financial information appropriately as required by laws and regulations, and also actively provides information beyond that required by laws and regulations.
4. The Company's Board of Directors appropriately fulfills its roles and responsibilities toward the goal of achieving sustainable growth and enhancing corporate value over the medium and long term based on its fiduciary responsibility and accountability to shareholders.
5. The Company discloses information related to its business strategies, financial condition, business performance, etc. in a timely and appropriate manner, and also enhances investor



relations activities to earn the trust and recognition of shareholders, investors, etc.

The Company has transitioned to a company with an audit and supervisory committee per resolution of its 62nd Annual General Meeting of Shareholders held on June 24, 2022, with the aims of strengthening the strategy formulation and supervisory function of the Board of Directors and enhancing the flexibility of its business execution.

At its meeting held on the same day, the Board of Directors also resolved to revise the Basic Policy regarding Internal Control System.

Overview of the Corporate Governance Structure and Reasons for Adopting the System

a. Reasons for adopting a company with an audit and supervisory committee

The Company has adopted a company with an audit and supervisory committee with the aims of strengthening the strategy formulation and supervisory function of the Board of Directors and enhancing the flexibility of its business execution.

b. Corporate governance structure

(a) Board of Directors

The Company's Board of Directors is comprised of 13 members, eight of whom are directors (excluding directors who are audit and supervisory committee members) and five of whom are directors who are audit and supervisory committee members.

In addition, whereas the Company provides disclosure of a skills matrix summarizing directors' attributes including their knowledge, experience and ability, it also seeks to ensure objectivity and transparency with respect to the Board of Directors in terms of it engaging in multifaceted consideration and decision-making, and has accordingly increased the ratio of independent outside directors to no less than one-third the membership of the Board of Directors.

The Company delegates part of decisions on important business execution (excluding matters prescribed in the items under Article 399-13, paragraph (5) of the Companies Act) to the President and Director, pursuant to provisions of the Articles of Incorporation. In so doing, the Company seeks to achieve aims that include accelerating managerial decision-making, prioritizing matters for deliberation by the Board of Directors, and further enhancing discussions on matters that include formulation of management policies and business strategies.

The Company has established the Nomination & Remuneration Committee and the Conflict of Interest Management Committee to serve as advisory bodies to the Board of Directors, a majority of whose members are independent outside directors.

The Nomination & Remuneration Committee deliberates on matters relevant to personnel affairs and remuneration of officers who are subject to consultation from the Board of Directors. Meanwhile, the Conflict of Interest Management Committee deliberates on important business transactions carried out with the Company's major shareholders.

Remuneration for Officers

1. Total amount of remuneration, total amount of remuneration by type and the number of officers receiving remuneration by category

Category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)						Number of officers receiving remuneration
		Fixed remuneration	Bonus	Stock-based remuneration	Stock options	Retirement benefits	Non-monetary remuneration included in the total amount	
Directors (excluding outside directors)	275	214	32	28	—	—	28	8
Audit & supervisory board members (excluding outside audit & supervisory board members)	37	37	—	—	—	—	—	2
Outside officers	74	74	—	—	—	—	—	8

2. Total amount of consolidated remuneration per officer

The total amount of consolidated remuneration per officer is omitted.
Please note that there are no officers receiving over ¥100 million of total consolidated remuneration.

The Board of Directors met 13 times in fiscal 2022, which included regular meetings held once a month and extraordinary meetings held as necessary. Meeting discussions consisted of primary matters for consideration, such that included progress achieved with respect to the Medium-Term Management Plan and formulation of the new Medium-Term Management Plan, strengthening of corporate governance including the transition to a company with an audit and supervisory committee, initiatives to address sustainability, and the operational status of the internal control system consisting of compliance and risk management.

The average attendance rate among directors was 98%.

(b) Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of five directors who are audit and supervisory committee members (of whom, two are full-time audit and supervisory committee members). Meanwhile, three of the five directors, a majority, are outside directors.

Whereas the Company has established the Audit and Supervisory Committee Office to serve as an organization dedicated to facilitating audit activities and other initiatives of the Audit and Supervisory Committee, it has also established a structure for appropriately conducting audits, whereby the Audit and Supervisory Committee coordinates efforts with the Internal Audit Group.

(c) Business execution structure

The Company has the Board of Directors assign priority to the strategy formulation and supervisory function, and furthermore delegates the maximum authority for execution of business to the President and Director.

In addition, the Company has developed a structure for ensuring that the President and Director makes decisions appropriately, having accordingly established the Executive Management Meeting, Operational Auditing Committee, Sustainability Committee, Comprehensive Risk Management Committee, Compliance Committee, and other advisory bodies to the President and Director to ensure that the President and Director makes decisions appropriately.

Executive Management Meeting

The Executive Management Meeting has been established for the purposes of performing preliminary deliberation on matters that require resolution by the Board of Directors and deliberating on important matters concerning business execution and business operation based on the basic management policy determined by the Board of Directors.

It is currently chaired by President and Director Tetsuo Iimori and is comprised of all division heads, group heads, and others.

Operational Auditing Committee

The Operational Auditing Committee has been established to enhance the internal audits by introducing the knowledge and professional and objective opinions related to the business execution in the internal audits.

It is currently chaired by the President and Director Tetsuo Iimori and is comprised of nine members.

In addition, the status of the activities of the Committee is regularly reported to the Board of Directors.

Sustainability Committee

The Sustainability Committee has been established to deliberate on important matters related to sustainability.

It is currently chaired by President and Director Tetsuo Iimori and is comprised of 19 members.

In addition, the status of the activities of the Committee is regularly reported to the Board of Directors.

Comprehensive Risk Management Committee

The Comprehensive Risk Management Committee has been established to comprehensively understand and manage various types of risk.

It is currently chaired by Director and Senior Managing Executive Officer Tetsuro Mizuno and is comprised of 16 members.

In addition, the status of the activities of the Committee is regularly reported to the Board of Directors and the Executive Management Meeting.

Compliance Committee

The Compliance Committee has been established to ensure that the Company and its subsidiaries are compliant with laws and regulations and to increase corporate value as a company that contributes to society.

It is currently chaired by Managing Executive Officer Kazuaki Baba and is comprised of 18 members.

In addition, the status of the activities of the Committee is regularly reported to the Board of Directors and the Executive Management Meeting.

ALM Committee

The ALM Committee has been established to properly control market risk and funding liquidity risk.

It is currently chaired by Director and Senior Managing Executive Officer Tetsuro Mizuno and is comprised of five members.

In addition, the status of the activities of the Committee is regularly reported to the Executive Management Meeting.

Credit Committee

The Credit Committee has been established to deliberate on important matters related to properly strengthening credit management and member merchants management.

It is currently chaired by Representative Director and Senior Managing Executive Officer Yoshinori Yokoyama and is comprised of eight members.

In addition, the status of the activities of the Committee is regularly reported to the Executive Management Meeting.

New Business & New Products Committee

The New Business & New Products Committee has been established to perform evaluation and verification particularly of risks related to important new businesses and new products.

It is currently chaired by Managing Executive Officer Shinya Uda and is comprised of nine members.

In addition, the status of the activities of the Committee is regularly reported to the Executive Management Meeting.

IT Strategy Committee

The IT Strategy Committee has been established to deliberate on important IT strategies, IT investment plans, and IT investment projects.

It is currently chaired by Representative Director and Senior Managing Executive Officer Ichiro Watanabe and is comprised of 12 members.

In addition, the status of the activities of the Committee is regularly reported to the Executive Management Meeting.

Financial Summary

Orient Corporation and Subsidiaries
For the years ended March 31, 2022 and 2021

Consolidated

	Millions of yen		Thousands of U.S. dollars (Note)
	2022	2021	2022
For the year:			
Operating revenues	¥ 229,806	¥ 229,793	$ 1,877,346
Operating expenses	200,811	207,240	1,640,478
Profit before income taxes	29,375	23,542	239,972
Profit	19,549	19,713	159,701
At year-end:			
Long-term debt	¥ 753,106	¥ 813,572	$ 6,152,324
Equity capital	214,519	226,350	1,752,463
Total assets	3,752,049	3,813,957	30,651,490
	Yen		U.S. dollars (Note)
Per share data:			
Basic earnings	¥ 10.55	¥ 10.54	$ 0.08
Diluted earnings	10.55	10.54	0.08
Cash dividends			
Common stock	3.00	3.00	0.02
Preferred stock:			
1st Series Class I Preferred Stock	—	28.81	—
Net assets	124.98	119.90	1.02
Ratios:			
Net profit margin	8.6%	8.5%	
Return on average assets	0.8%	0.6%	
Return on average equity	8.8%	8.9%	
Equity ratio	5.7%	5.9%	
Current ratio	136.5%	137.9%	
Dividend payout ratio	28.4%	28.5%	
Other:			
Number of employees	6,084	4,966	

Note: U.S. dollar figures in this annual report are translated, for convenience only, at the rate of ¥122.41=U.S.$1, the approximate rate of exchange prevailing at March 31, 2022. See Note 1 on page 28.

Operating Assets by Business

As of March 31, 2022 and 2021

	Billions of yen					
	2022		2021		Increase/decrease	
Consumer finance business						
Credit cards and cash loans						
Credit card shopping	¥ 140.8	[398.1]	¥ 135.6	[395.0]	¥ 5.2	[3.0]
Cash advances	29.9	[68.6]	28.9	[74.4]	0.9	[(5.8)]
Cash loans	123.1	[153.8]	143.5	[172.8]	(20.3)	[(18.9)]
	293.9	[620.6]	308.2	[642.3]	(14.2)	[(21.7)]
Settlement and guarantee	119.8		114.2		5.5	
Installment credit						
Auto loans	1,278.6	[2,183.5]	1,273.2	[2,144.3]	5.3	[39.1]
Shopping credit	743.3	[1,287.9]	808.4	[1,303.5]	(65.1)	[(15.6)]
	2,021.9	[3,471.4]	2,081.7	[3,447.9]	(59.8)	[23.5]
Bank loan guarantee	1,126.1		1,156.8		(30.7)	
Other (Housing loans)	55.4	[59.1]	66.6	[71.2]	(11.2)	[(12.1)]
Total	¥3,617.2	[5,397.2]	¥3,727.7	[5,432.6]	¥(110.4)	[(35.4)]

Note: The figures in square brackets show the balances including securitized receivables.

Management's Discussion & Analysis

1. Overview of Operations

(1) Operating results

The Company, in the final year of its medium-term management policy, sets "Innovation for Next Orico - Making Steady Progress Toward Creating an 'Orico for the New Era'" as its basic policy. The Company has made steady progress in its six basic strategies of 1) implementation of digital innovation, 2) implementation of process innovation, 3) business expansion in Asia, 4) expansion of synergies within the Orico Group, 5) enhancement of consulting sales, and 6) enhancement of sustainability initiatives to rebuild a strong earnings structure and create new business models, aiming to realize a sustainable society and further increase its corporate value.

As a result, operating results in the fiscal year under review were as follows.

Operating revenues reached the same level as previous fiscal year to ¥229.8 billion.

Per business segment, whereas revenues decreased in the credit cards and cash loans business and bank loan guarantee business, revenues have been maintaining an upward trend in the settlement and guarantee business even amid the COVID-19 pandemic.

Operating expenses decreased ¥6.4 billion year on year to ¥200.8 billion.

General expenses decreased ¥7.9 billion year on year to ¥139.5 billion.

In addition to the decrease due to one-off factors, cost controls brought about by process innovation, such as expanding the scope of web-based credit card statements and optimizing IT costs, were successful.

In addition, bad debt-related expenses decreased ¥0.4 billion year on year to ¥49.0 billion, due to a decrease in provision of allowance for credit losses resulting from the low level of delinquent receivables throughout the year, despite an increase in provision of allowance for losses on interest refunds due to an increase in the amount of overpaid interest refunds.

As a result of these factors, ordinary profit increased ¥6.4 billion year on year to ¥28.9 billion.

Profit attributable to owners of parent decreased ¥0.2 billion year on year to ¥19.4 billion.

Operating results of each segment are shown below.

(Reference) Breakdown of business revenues by business

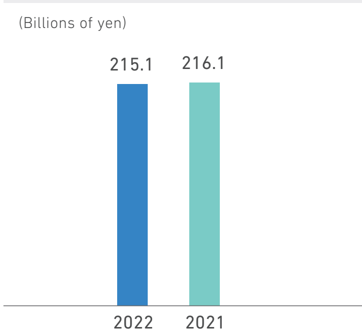
Business	Fiscal 2022	Fiscal 2021	Change
	Amount (Billions of yen)	Amount (Billions of yen)	(%)
Credit cards and cash loans	70.9	71.9	(1.4)
[Of which: credit card shopping]	[51.8]	[50.1]	[3.4]
Settlement and guarantee	18.3	16.1	13.5
Installment credit	84.0	82.2	2.2
Bank loan guarantee	33.1	37.8	(12.5)
Other	8.7	8.0	8.5
Total	215.1	216.1	(0.5)

Credit cards and cash loans business

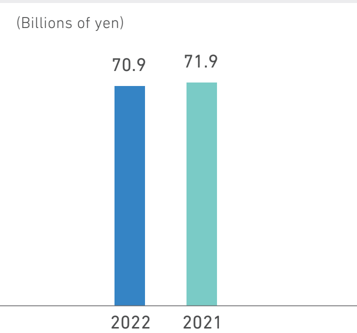
In the credit cards and cash loans business, transaction volume for credit card shopping in the fiscal year under review exceeded the previous year's level due to capturing daily living-related consumption, and expansion of new products, among others.

With regard to cash loans, although the loan balance decreased from the end of the previous fiscal year due to a decline in demand for funds caused by a drop in consumer spending in the previous fiscal year, new transaction volume increased from the previous fiscal year, indicating that the bottom has been reached.

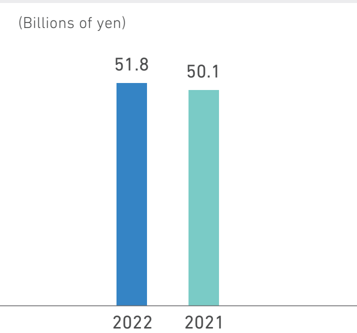
Business Revenue



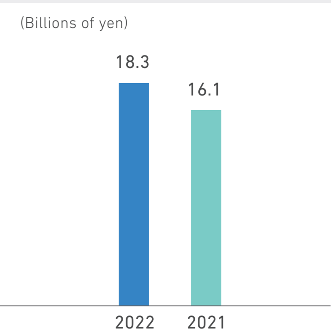
Revenue/ Credit Cards and Cash Loans



Revenue/Credit Card Shopping



Revenue/ Settlement and Guarantee



As a result, revenues in the credit card shopping increased 3.4% year on year to ¥51.8 billion, and revenues from cash loans decreased 12.5% year on year to ¥19.0 billion. Total revenues in the credit cards and cash loans business decreased 1.4% year on year to ¥70.9 billion.

Settlement and guarantee business

In the settlement and guarantee business, rent settlement guarantee increased year on year due to market expansion in the form of an increase in the number of single-person households and growing demand in response to the revision of the Civil Code, as well as a result of strengthened marketing to business partners and share expansion.

Also, in the accounts receivable settlement guarantee business, transaction volume increased year on year due to increased adoption by major corporations as well as strong performance mainly in the refueling industry.

As a result, revenues in the settlement and guarantee business increased 13.5% year on year to ¥18.3 billion.

Installment credit business

In the installment credit business, transaction volume involving auto loans remained unchanged year on year, because of the impact on the distribution market due to a shortage of semiconductors in the new car sector.

Shopping credit transaction volume declined year on year due to the delay in construction work caused by a shortage of materials in the home renovation loans.

The Company will continue to increase transaction volume due to strengthen differentiation from competitors by promoting of its online products and the others.

Revenues in the installment credit business increased 2.2% year on year to ¥84.0 billion.

Bank loan guarantee business

In the bank loan guarantee business, the balance of guarantees declined from the previous fiscal year-end; however, the balance from new loans on deeds has been on a recovery trend mainly due to the alliance with major financial institutions and introduction of the housing-related products that meet customer needs.

As a result, revenues in the bank loan guarantee business decreased 12.5% year on year to ¥33.1 billion.

Other businesses

In the servicer business, revenues increased year on year due to an increase in the number of large loans collected through the promotion of efficient collection methods and initiatives toward viable business areas, among others.

As a result, revenues in other businesses increased 8.5% year on year to ¥8.7 billion.

(2) Financial position

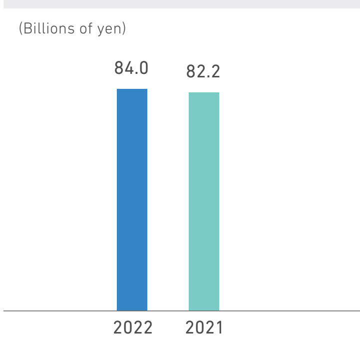
(a) Assets

Total assets as of the end of fiscal 2022 decreased ¥61.9 billion to ¥3,752.0 billion compared with the end of the previous fiscal year.

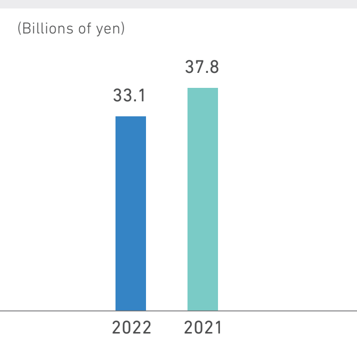
The sum total of direct installment receivables and guaranteed loan receivables, operating assets of the customer finance service, was ¥2,493.1 billion, a decrease of ¥77.2 billion compared with the end of the previous fiscal year, and the total amount with the addition to those operating assets of beneficiary certificates retained for receivable securitization was ¥3,078.5 billion, a decrease of ¥64.4 billion compared with the end of the previous fiscal year, thereby accounting for 82.0% of total assets.

Direct installment receivables decreased ¥48.7 billion to ¥1,211.4 billion compared with the end of the previous fiscal year.

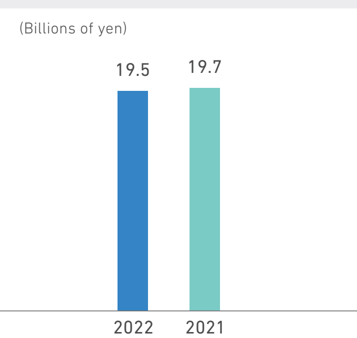
Revenue/Installment Credit



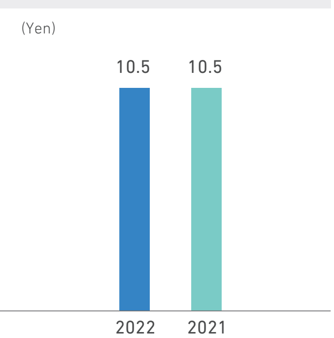
Revenue/Bank Loan Guarantee



Profit



Basic Earnings per Share



Guaranteed loan receivables decreased ¥28.4 billion to ¥1,281.6 billion compared with the end of the previous fiscal year.

(b) Liabilities

Total liabilities as of the end of fiscal 2022 decreased ¥50.2 billion to ¥3,535.2 billion compared with the end of the previous fiscal year.

Guaranteed loan payables decreased ¥28.4 billion to ¥1,281.6 billion compared with the end of the previous fiscal year.

Total amount of interest-bearing debt including short-term bank loans, commercial papers, current portion of unsecured corporate bonds, current portion of long-term debt, unsecured corporate bonds and long-term debt was ¥1,804.9 billion, a decrease of ¥12.9 billion compared with the end of the previous fiscal year.

To cover interest refund claims for the interest rates charged in excess of the upper limit imposed by the Interest Rate Restriction Act, the Company recorded an allowance for losses on interest refunds of ¥16.1 billion as of the end of fiscal 2022, an increase of ¥3.5 billion compared with the end of the previous fiscal year, upon having taken into account the historical amount of refunds and recent refund conditions.

(c) Net assets

Net assets as of the end of fiscal 2022 decreased ¥11.6 billion to ¥216.8 billion compared with the end of the previous fiscal year.

Retained earnings decreased ¥7.2 billion to ¥53.2 billion compared with the end of the previous fiscal year.

The equity ratio fell by 0.2 percentage points to 5.7% compared with the equity ratio of 5.9% as of the end of the previous fiscal year.

(3) Cash flows

The respective cash flow positions in fiscal 2022 and the factors thereof are as follows.

(Cash flows from operating activities)

Cash provided by operating activities in fiscal 2022 amounted to ¥81.7 billion, an increase in cash provided by ¥27.1 billion from the previous fiscal year.

This was due to the lack of an increase in trade receivables as a result of continuing sluggish consumption following the spread of COVID-19 from the previous fiscal year.

(Cash flows from investing activities)

Cash used in investing activities in fiscal 2022 amounted to ¥19.0 billion, an increase in cash used of ¥5.0 billion from the previous fiscal year.

This was the result of factors that include acquisition of intangible assets (software) associated with the Company's strategic systems investment to achieve growth.

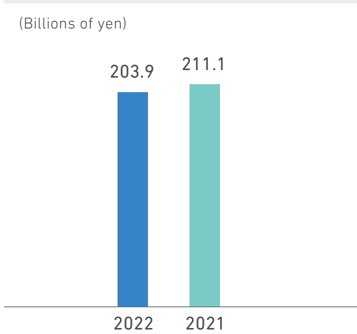
(Cash flows from financing activities)

Cash used by financing activities in fiscal 2022 amounted to ¥40.1 billion, an increase in cash used of ¥84.3 billion compared with the previous fiscal year.

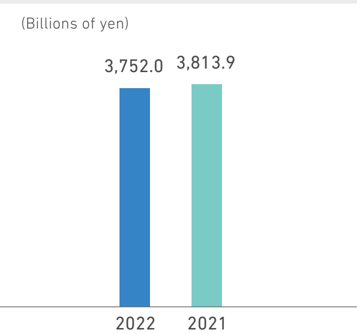
This was mainly due to progress in the redemption of commercial paper.

As a result, cash and cash equivalents as of the end of fiscal 2022 were ¥408.1 billion, an increase of ¥23.0 billion compared with the end of the previous fiscal year.

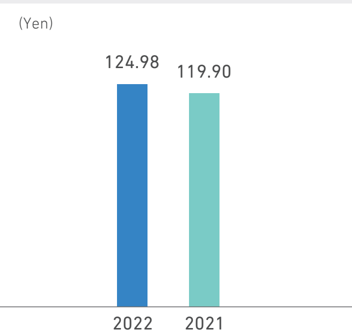
Total Shareholders' Equity



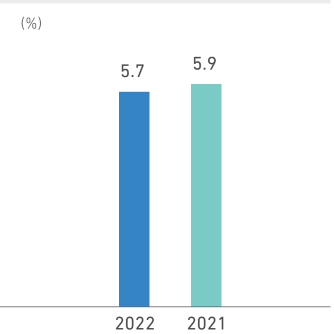
Total Assets



Net Assets per Share



Equity Ratio



Consolidated Balance Sheet

Orient Corporation and Subsidiaries
As of March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
ASSETS			
Current Assets:			
Cash and bank deposits (Notes 13 and 19)	¥ 218,189	¥ 315,176	$ 1,782,444
Finance receivables, including amounts maturing after one year:			
Direct installment receivables (Notes 4 and 13)	1,211,492	1,260,281	9,897,001
Guaranteed loan receivables (Notes 5 and 13)	1,281,664	1,310,080	10,470,255
Beneficiary certificates retained for receivable securitization (Notes 6, 8 and 13)	585,380	572,623	4,782,125
Short-term loans receivable	190,221	70,867	1,553,966
Other receivables	216	251	1,764
Less: Allowance for credit losses (Notes 2 (3) and 2 (18))	(128,517)	(139,875)	(1,049,889)
	3,358,647	3,389,405	27,437,684
Real estate for sale (Note 2 (7))	2,765	704	22,588
Other current assets	97,438	109,893	795,997
Total current assets	3,458,851	3,500,003	28,256,278
Property and Equipment:			
Land	63,046	67,179	515,039
Buildings and structures (Note 2 (8))	55,353	56,485	452,193
Machinery, equipment and vehicles (Note 2 (8))	178	148	1,454
Lease assets (Note 2 (10))	3,280	3,548	26,795
Construction in progress	—	496	—
Other (Note 2 (8))	4,948	4,927	40,421
	126,807	132,786	1,035,920
Less: Accumulated depreciation	(38,628)	(38,569)	(315,562)
Property and equipment, net	88,179	94,216	720,357
Investments, Advances and Other Assets:			
Investment securities (Notes 2 (6), 3 and 13)	17,383	15,554	142,006
Long-term loans receivable	15,602	11,770	127,456
Long-term advances to employees	9	13	73
Defined benefit assets (Notes 2 (4) and 10)	12,868	16,428	105,122
Deferred tax assets (Notes 2 (12), 2 (18) and 9)	34,921	40,562	285,278
Intangible assets			
Goodwill (Note 2 (14))	1,359	1,606	11,102
Other intangible assets (Note 2 (9))	108,976	122,167	890,254
Deferred assets			
Bond issue cost (Note 2 (11))	792	758	6,470
Other assets	13,104	10,873	107,050
Total investments, advances and other assets	205,018	219,736	1,674,846
Total Assets	¥3,752,049	¥3,813,957	$30,651,490

The accompanying notes are an integral part of these statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Short-term bank loans (Notes 8 and 14)	¥ 95,652	¥ 92,774	$ 781,406
Current portion of unsecured corporate bonds (Notes 8 and 13)	40,000	40,000	326,770
Current portion of long-term debt (Notes 8 and 13)	433,845	375,836	3,544,195
Commercial papers (Note 8)	277,300	295,700	2,265,337
Notes and accounts payable	133,807	147,241	1,093,105
Guaranteed loan payables (Note 5)	1,281,664	1,310,080	10,470,255
Current portion of lease obligations (Note 8)	354	345	2,891
Unearned finance income (Note 2 (2))	62,561	65,079	511,077
Income taxes payable	2,369	1,873	19,352
Accrued bonuses (Note 2 (3))	3,886	3,971	31,745
Accrued bonuses for directors and executive officers (Note 2 (3))	78	60	637
Allowance for point program (Note 2 (3))	1,796	3,546	14,672
Allowance for losses on guarantees (Note 2 (3))	1,445	1,587	11,804
Accrued expenses and other current liabilities	199,025	199,335	1,625,888
Total current liabilities	2,533,789	2,537,433	20,699,199
Long-Term Liabilities:			
Unsecured corporate bonds (Notes 8 and 13)	205,000	200,000	1,674,699
Long-term debt (Notes 8 and 13)	753,106	813,572	6,152,324
Long-term debt under securitization of receivables (Notes 7 and 8)	15,602	11,770	127,456
Lease obligations (Note 8)	759	615	6,200
Accrued retirement benefits to directors and corporate auditors (Note 2 (3))	25	29	204
Allowance for board benefit trust (Note 2 (3))	229	172	1,870
Allowance for point program (Note 2 (3))	3,387	3,370	27,669
Allowance for losses on interest refunds (Note 2 (3))	16,147	12,558	131,909
Defined benefit liabilities (Notes 2 (4) and 10)	577	551	4,713
Other long-term liabilities (Notes 8, 13 and 14)	6,587	5,418	53,810
Total long-term liabilities	1,001,422	1,048,059	8,180,883
Total liabilities	3,535,211	3,585,492	28,880,083
Commitments and Contingent Liabilities (Note 22)			
Net Assets (Note 11):			
Shareholders' equity:			
Capital stock	150,069	150,067	1,225,953
Capital surplus	926	924	7,564
Retained earnings	53,267	60,546	435,152
Treasury stock, at cost	(353)	(375)	(2,883)
Total shareholders' equity	203,909	211,162	1,665,787
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	1,854	1,750	15,145
Deferred losses on hedges	(193)	(266)	(1,576)
Foreign currency translation adjustments	430	188	3,512
Remeasurements of defined benefit plans	8,519	13,516	69,593
Total accumulated other comprehensive income	10,610	15,188	86,675
Subscription rights to shares	20	25	163
Non-controlling interests	2,296	2,088	18,756
Total net assets	216,837	228,464	1,771,399
Total Liabilities and Net Assets	¥3,752,049	¥3,813,957	$30,651,490

	Yen		U.S. dollars (Note 1)
Per Share (Note 25):			
Net assets, adjusted—basic	¥124.98	¥119.90	$1.02

The accompanying notes are an integral part of these statements.

Consolidated Statement of Income

Orient Corporation and Subsidiaries
For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	**2022**
Operating Revenues (Note 16):			
Service revenues			
Consumer finance service revenue (Notes 2 (1) and 15)	**¥208,323**	¥209,964	**$1,701,846**
Non-finance service revenue	**6,796**	6,226	**55,518**
Finance income			
Interest and dividend income	**413**	289	**3,373**
Other finance income	**2,325**	1,909	**18,993**
Other operating revenues	**11,947**	11,403	**97,598**
	229,806	229,793	**1,877,346**
Operating Expenses:			
Selling, general and administrative expenses (Note 17)	**188,563**	197,017	**1,540,421**
Financial expenses			
Interest expenses	**8,831**	8,528	**72,142**
Other financial expenses	**1,051**	1,120	**8,585**
Other operating expenses	**2,364**	573	**19,312**
	200,811	207,240	**1,640,478**
Operating profit	**28,994**	22,553	**236,859**
Special Gain (Loss):			
Gain on sale of property and equipment (Note 18)	**147**	0	**1,200**
Gain on sale of investment securities	**81**	31	**661**
Gain on change in equity	**333**	—	**2,720**
Gain on bargain purchase	**—**	1,215	**—**
Loss on sale of property and equipment (Note 18)	**(139)**	—	**(1,135)**
Loss on retirement of property and equipment	**(42)**	(47)	**(343)**
Loss on retirement of software	**—**	(17)	**—**
Impairment losses on fixed assets	**—**	(28)	**—**
Loss on valuation of investment securities (Note 3)	**—**	(104)	**—**
Loss on valuation of investments in capital	**—**	(59)	**—**
Profit before Income Taxes	**29,375**	23,542	**239,972**
Income Taxes (Note 9):			
Current	**2,992**	2,403	**24,442**
Deferred	**6,833**	1,426	**55,820**
	9,825	3,829	**80,263**
Profit	**19,549**	19,713	**159,701**
Profit Attributable to:			
Non-controlling interests	**73**	17	**596**
Owners of parent	**¥ 19,476**	¥ 19,695	**$ 159,104**

	Yen		U.S. dollars (Note 1)
Per Share (Notes 2 (16) and 25):			
Basic earnings (common stock)	**¥ 10.55**	¥10.54	**$0.08**
Basic earnings (preferred stock)	**108.45**	54.35	**0.88**
Diluted earnings	**10.55**	10.54	**0.08**

The accompanying notes are an integral part of these statements.

Consolidated Statement of Comprehensive Income

Orient Corporation and Subsidiaries
For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	**2022**
Profit	**¥19,549**	¥19,713	**$159,701**
Other Comprehensive Income (Note 20):			
Valuation difference on available-for-sale securities	**104**	348	**849**
Deferred gains (losses) on hedges	**95**	(130)	**776**
Foreign currency translation adjustments	**354**	180	**2,891**
Remeasurements of defined benefit plans, net of tax	**(4,997)**	13,023	**(40,821)**
Share of other comprehensive (loss) income of associates accounted for using equity method	**(0)**	0	**(0)**
Total other comprehensive income	**(4,443)**	13,423	**(36,296)**
Comprehensive Income	**¥15,106**	¥33,136	**$123,404**
Comprehensive Income Attributable to:			
Owners of parent	**¥14,898**	¥33,085	**$121,705**
Non-controlling interests	**207**	50	**1,691**

The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Net Assets

Orient Corporation and Subsidiaries

For the years ended March 31, 2022 and 2021

	Millions of yen												
	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at April 1, 2020	¥150,051	¥ 904	¥98,826	¥ (268)	¥249,513	¥1,400	¥(143)	¥ 48	¥ 492	¥ 1,797	¥55	¥ 202	¥251,569
Cumulative effects of changes in accounting policies	—	—	(35,790)	—	(35,790)	—	—	—	—	—	—	—	(35,790)
Restated balance at April 1, 2020	150,051	904	63,035	(268)	213,723	1,400	(143)	48	492	1,797	55	202	215,779
Changes in the year from April 1, 2020 to March 31, 2021													
Issuance of new shares - exercise of subscription rights to shares	15	15	—	—	30	—	—	—	—	—	—	—	30
Dividends of surplus	—	—	(6,162)	—	(6,162)	—	—	—	—	—	—	—	(6,162)
Profit attributable to owners of parent	—	—	19,695	—	19,695	—	—	—	—	—	—	—	19,695
Purchase of treasury stock	—	—	—	(16,175)	(16,175)	—	—	—	—	—	—	—	(16,175)
Disposal of treasury stock	—	—	—	46	46	—	—	—	—	—	—	—	46
Retirement of treasury stock	—	(16,022)	—	16,022	—	—	—	—	—	—	—	—	—
Transfer to capital surplus from retained earnings	—	16,022	(16,022)	—	—	—	—	—	—	—	—	—	—
Purchase of shares of consolidated subsidiary	—	4	—	—	4	—	—	—	—	—	—	—	4
Changes in items other than shareholders' equity – net	—	—	—	—	—	349	(123)	140	13,023	13,390	(30)	1,886	15,246
Total changes in the year from April 1, 2020 to March 31, 2021	15	19	(2,488)	(106)	(2,560)	349	(123)	140	13,023	13,390	(30)	1,886	12,685
Balance at March 31, 2021	¥150,067	¥ 924	¥60,546	¥ (375)	¥211,162	¥1,750	¥(266)	¥188	¥13,516	¥15,188	¥25	¥2,088	¥228,464
Changes in the year from April 1, 2021 to March 31, 2022													
Issuance of new shares - exercise of subscription rights to shares	2	2	—	—	4	—	—	—	—	—	—	—	4
Dividends of surplus	—	—	(5,732)	—	(5,732)	—	—	—	—	—	—	—	(5,732)
Profit attributable to owners of parent	—	—	19,476	—	19,476	—	—	—	—	—	—	—	19,476
Purchase of treasury stock	—	—	—	(21,360)	(21,360)	—	—	—	—	—	—	—	(21,360)
Disposal of treasury stock	—	—	—	21	21	—	—	—	—	—	—	—	21
Retirement of treasury stock	—	(21,360)	—	21,360	—	—	—	—	—	—	—	—	—
Transfer to capital surplus from retained earnings	—	21,360	(21,360)	—	—	—	—	—	—	—	—	—	—
Change in scope of equity method	—	—	337	—	337	—	—	—	—	—	—	—	337
Changes in items other than shareholders' equity – net	—	—	—	—	—	104	73	241	(4,997)	(4,577)	(4)	207	(4,373)
Total changes in the year from April 1, 2021 to March 31, 2022	2	2	(7,278)	21	(7,253)	104	73	241	(4,997)	(4,577)	(4)	207	(11,627)
Balance at March 31, 2022	**¥150,069**	**¥ 926**	**¥53,267**	**¥ (353)**	**¥203,909**	**¥1,854**	**¥(193)**	**¥430**	**¥ 8,519**	**¥10,610**	**¥20**	**¥2,296**	**¥216,837**

	Thousands of U.S. dollars (Note 1)												
	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at March 31, 2021	$1,225,937	$7,548	$494,616	$(3,063)	$1,725,038	$14,296	$(2,173)	$1,535	$110,415	$124,074	$204	$17,057	$1,866,383
Changes in the year from April 1, 2021 to March 31, 2022													
Issuance of new shares - exercise of subscription rights to shares	16	16	—	—	32	—	—	—	—	—	—	—	32
Dividends of surplus	—	—	(46,826)	—	(46,826)	—	—	—	—	—	—	—	(46,826)
Profit attributable to owners of parent	—	—	159,104	—	159,104	—	—	—	—	—	—	—	159,104
Purchase of treasury stock	—	—	—	(174,495)	(174,495)	—	—	—	—	—	—	—	(174,495)
Disposal of treasury stock	—	—	—	171	171	—	—	—	—	—	—	—	171
Retirement of treasury stock	—	(174,495)	—	174,495	—	—	—	—	—	—	—	—	—
Transfer to capital surplus from retained earnings	—	174,495	(174,495)	—	—	—	—	—	—	—	—	—	—
Change in scope of equity method	—	—	2,753	—	2,753	—	—	—	—	—	—	—	2,753
Changes in items other than shareholders' equity – net	—	—	—	—	—	849	596	1,968	(40,821)	(37,390)	(32)	1,691	(35,724)
Total changes in the year from April 1, 2021 to March 31, 2022	16	16	(59,455)	171	(59,251)	849	596	1,968	(40,821)	(37,390)	(32)	1,691	(94,984)
Balance at March 31, 2022	**$1,225,953**	**$7,564**	**$435,152**	**$(2,883)**	**$1,665,787**	**$15,145**	**$(1,576)**	**$3,512**	**$ 69,593**	**$ 86,675**	**$163**	**$18,756**	**$1,771,399**

The accompanying notes are an integral part of these statements.

Consolidated Statement of Cash Flows

Orient Corporation and Subsidiaries
For the years ended March 31, 2022 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2022	2021	2022
Cash Flows from Operating Activities:			
Profit before income taxes	¥ 29,375	¥ 23,542	$ 239,972
Depreciation	25,406	23,909	207,548
Impairment losses on fixed assets	—	28	—
Loss on sale or retirement of property and equipment and intangible assets	183	65	1,494
Decrease in allowance for credit losses	(11,449)	(6,620)	(93,529)
Decrease in allowance for losses on guarantees	(142)	(135)	(1,160)
Decrease in accrued bonuses	(78)	(70)	(637)
Increase (decrease) in accrued bonuses for directors and executive officers	18	(10)	147
Increase in allowance for board benefit trust	77	54	629
Decrease in defined benefit liabilities	(1,161)	(864)	(9,484)
Increase (decrease) in allowance for losses on interest refunds	3,588	(1,175)	29,311
Interest and dividend income	(413)	(289)	(3,373)
Interest expenses	8,831	8,528	72,142
Gain on bargain purchase	—	(1,093)	—
Gain on sale of property and equipment and intangible assets	(147)	(0)	(1,200)
Decrease in trade receivables	69,188	48,735	565,215
Decrease in inventories	1,945	272	15,889
Decrease in trade payables	(41,857)	(15,970)	(341,941)
Decrease in unearned finance income	(3,182)	(3,233)	(25,994)
Decrease (increase) in other assets	12,047	(1,713)	98,415
Increase (decrease) in other liabilities	2,048	(12,582)	16,730
Other, net	(3,070)	2,445	(25,079)
Subtotal	91,211	63,823	745,127
Interest and dividend received	1,628	1,077	13,299
Interest paid	(8,768)	(8,245)	(71,628)
Income taxes paid	(2,313)	(2,075)	(18,895)
Net cash provided by operating activities	81,757	54,580	667,894
Cash Flows from Investing Activities:			
Purchase of property and equipment and intangible assets	(12,752)	(12,836)	(104,174)
Proceeds from sale of property and equipment and intangible assets	430	0	3,512
Purchase of investment securities	(62)	(155)	(506)
Proceeds from sale of investment securities	80	67	653
Purchase of shares of subsidiary	—	(176)	—
Purchase of shares of subsidiary resulting in change in scope of consolidation	—	(218)	—
Proceeds from sale of shares of subsidiary resulting in change in scope of consolidation	1,383	—	11,298
Payments of long-term loans receivable	(6,200)	(3,600)	(50,649)
Collection of long-term loans receivable	3,014	4,646	24,622
Purchase of long-term prepaid expenses	(3,924)	(417)	(32,056)
Other, net	(982)	(1,314)	(8,022)
Net cash used in investing activities	(19,013)	(14,002)	(155,322)
Cash Flows from Financing Activities:			
Net increase in short-term bank loans	164	16,256	1,339
Net (decrease) increase in commercial papers	(18,400)	15,300	(150,314)
Proceeds from long-term bank loans	393,023	387,960	3,210,709
Repayments of long-term debt	(395,989)	(375,576)	(3,234,939)
Proceeds from issuance of unsecured corporate bonds	44,734	49,700	365,443
Redemption of unsecured corporate bonds	(40,000)	(25,000)	(326,770)
Proceeds from long-term debt under securitization of receivables	6,200	3,600	50,649
Repayments of long-term debt under securitization of receivables	(2,367)	(5,287)	(19,336)
Repayments of finance lease obligations	(429)	(454)	(3,504)
Purchase of treasury stock	(0)	(153)	(0)
Purchase of preferred stock	(21,360)	(16,022)	(174,495)
Cash dividends paid	(5,725)	(6,151)	(46,769)
Other, net	0	3	0
Net cash (used in) provided by financing activities	(40,150)	44,174	(327,996)
Effect of exchange rate changes on cash and cash equivalents	418	142	3,414
Change in cash and cash equivalents	23,011	84,896	187,983
Cash and cash equivalents at beginning of year	385,176	300,279	3,146,605
Cash and cash equivalents at end of year (Note 19)	¥408,187	¥385,176	$3,334,588

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

Orient Corporation and Subsidiaries

1. Basis of Presentation

(1) Accounting principles and presentation

Orient Corporation (the "Company") and its domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan, and its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries and associates (the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (IFRS), and are compiled from the consolidated financial statements prepared by the Companies as required by the Financial Instruments and Exchange Act of Japan.

As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in yen do not necessarily agree with the sum of the individual amounts.

The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto were translated from the presented Japanese yen amounts into U.S. dollar amounts at the rate of ¥122.41 = U.S. $1, the rate of exchange prevailing at March 31, 2022, and were then rounded down to the nearest thousand. As a result, the totals shown in U.S. dollars do not necessarily agree with the sum of the individual amounts. This translation of Japanese yen amounts into U.S. dollar amounts is included solely for convenience of readers outside Japan. Such translation is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

(2) Scope of consolidation

The Company had 14 and 16 subsidiaries ("controlled companies," the decision-making body of the entity is controlled) at March 31, 2022 and 2021, respectively. The consolidated financial statements include the accounts of the Company and all subsidiaries. The major consolidated subsidiaries are listed below:

	At March 31, 2022	
	Equity ownership percentage, including indirect ownership	Capital stock (Millions of yen/baht/ Philippine peso/ Indonesian rupiah)
CAL Credit Guarantee Co., Ltd.	100.0%	¥50
Orico Auto Leasing (Thailand) Ltd.	100.0	฿937
Orico Auto Finance Philippines Inc.	100.0	₱600
PT Orico Balimor Finance	51.0	Rp 149,165
Orico Forrent Insure Co., Ltd.	100.0	¥391
Orico Business & Communications Co., Ltd.	100.0	¥100
Japan Collection Service Co., Ltd.	100.0	¥700
ORIFA Servicer Corporation	100.0	¥500

During the year ended March 31, 2022, the Company transferred all its shares in Ohtori Corporation and therefore excluded the said company from the scope of consolidation. In addition, the Company and one of its subsidiary merged.

(3) Consolidation and elimination

For the purposes of preparing consolidated financial statements, all significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated, and the portion thereof attributable to non-controlling interests has been charged to non-controlling interests. One consolidated subsidiary has a different fiscal year-end date (the end of December), and necessary adjustments have been made for consolidation. Other consolidated subsidiaries have the same fiscal year-end date as that for the consolidation.

The cost of investments in the common stock of consolidated subsidiaries is eliminated with the underlying equity in net assets of such subsidiaries. The material differences between the cost of investments and the amount of underlying equity in net assets of such subsidiaries are deferred and amortized within 20 years on a straight-line basis. If the difference is not material, it is directly charged or credited to profit for the year.

(4) Investments in associates

The Company had five associates ("influenced companies," financial and operating or business decision making of the entity that is not a subsidiary can be influenced to a material degree) at March 31, 2022 (six associates in 2021). In the year ended March 31, 2022, the Company no longer applied the equity method to LINE Credit Corporation due to a decrease in the Company's ownership interest in said company.

All associates are accounted for by the equity method, under which the Company's share of profit of these associates was included in consolidated profit for the years ended March 31, 2022 and 2021.

All associates accounted for by the equity method have the same fiscal year-end date as that for the consolidation.

(5) Foreign currency translation

Asset and liability items of foreign consolidated subsidiaries are translated into yen at the rate of exchange in effect at the balance sheet date. Revenue and expense items are translated at the average rate of exchange in effect during the year. Differences arising from the translation are presented as foreign currency translation adjustments and non-controlling interests under net assets section.

2. Summary of Significant Accounting Policies

(1) Basis for recognizing revenue and expenses

The Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan ("ASBJ") Statement No. 29, revised on March 31, 2020) and the "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, revised on March 31, 2020) at the beginning of the year ended March 31, 2022.

The Companies' major business is "consumer finance service," and the Companies recognize commissions from customers as revenue using accounting methods that are regarded as industry accounting practices.

As for commissions from member merchants, credit card annual fees and some other revenues, the Companies recognize revenue in the amount to which the Companies expect to be entitled in exchange for a service when a customer obtains control of the service in accordance with the Accounting Standard for Revenue Recognition and the related guidance.

The Companies recognize major revenues in the consumer finance service using the following methods.

- Commissions from customers

The Companies' revenues by reportable segment are recognized using the following methods when the monthly installments become due in principle.

Reportable segment	Method
Credit cards and cash loans	Sum-of-the-months' digits method and declining-balance method
Settlement and guarantee	Sum-of-the-months' digits method and declining-balance method
Installment credit	Sum-of-the-months' digits method and declining-balance method
Bank loan guarantee	Declining-balance method

- Commissions from member merchants

The Companies determine that a performance obligation of the Companies is satisfied at the point in time when the Companies temporarily pay for a member merchant, to recognize revenue.

- Credit card annual fees

The Companies determine that a performance obligation of the Companies is satisfied over time in accordance with a contract with a cardholder and recognize revenue over the contract term.

(2) Unearned finance income

As described in (1) above, commissions from customers are recognized as earned when the monthly installments become due. To achieve this, the commissions recorded as earned in their entirety at the inception of the contracts are adjusted at the balance sheet date, by setting up an unearned finance income account for the unearned portion of commissions applicable to installments which have not yet become due by that date.

(3) Allowances

(a) Allowance for credit losses

To provide for bad debt expenses on direct installment receivables and other accounts, the Companies recognize an allowance for credit losses at the amount expected to be uncollectible taking into account the collectability, using expected loss ratios based on a statistical technique in the light of historical bad debts for normal receivables and receivables that require special management, such as receivables that are three months or more overdue, and on an individual basis for specific receivables.

(b) Accrued bonuses

Accrued bonuses for employees are recorded at the amount expected to be paid to employees for bonuses.

(c) Accrued bonuses for directors and executive officers

Accrued bonuses for directors and executive officers are recorded at the amount expected to be paid to directors (excluding outside directors) and executive officers (collectively, the "Directors, etc.") for bonuses.

(d) Allowance for point program

Allowance for point program is provided by the Company to cover possible future expenses arising from the redemption of accumulated points on credit cards by credit cardholders and for installment points by customers at the end of each fiscal year.

(e) Allowance for losses on guarantees

To provide for losses on debt guarantees, allowance for losses on guarantees is recorded at the expected amount of loss using expected loss ratios based on a statistical technique in the light of historical losses.

(f) Accrued retirement benefits to directors and corporate auditors

Accrued retirement benefits to directors and corporate auditors in certain consolidated subsidiaries are provided for at an amount required in accordance with the rules at the end of the fiscal year.

(g) Allowance for board benefit trust

Allowance for board benefit trust is recorded by the Company at the expected amount of obligations on stock-based compensation to Directors, etc. at the end of the fiscal year.

(h) Allowance for losses on interest refunds

To cover interest refund claims for the interest rates charged in excess of the upper limit imposed by the Interest Rate Restriction Act, the Company has set up an allowance for losses on interest refunds at the end of each fiscal year. Provision for the allowance is estimated based on the historical amount of refunds, taking into consideration the recent refund conditions.

(4) Retirement benefits

(a) Method of attributing expected retirement benefits to periods

In determining retirement benefit obligations, the benefit formula basis is used for the method of attributing expected retirement benefits to periods.

(b) Accounting treatment of actuarial gains and losses and past service costs

Past service costs of the Company are recognized in profit or loss by the straight-line method over a certain period (13 years), which is within the average remaining years of service of the employees. Actuarial gains and losses are recognized in profit or loss by the straight-line method over certain periods (13 years for the Company and five years for a consolidated subsidiary), which are within the average remaining years of service of the employees, commencing from the following fiscal year.

(5) Performance-based stock compensation plan

The Company introduced a performance-based stock compensation plan, "Board Benefit Trust," (the "Plan") for Directors, etc. in the year ended March 31, 2018 with a view to increase their consciousness to contribute to performance improvement and corporate value increase in the medium- and long-term by clarifying the linkage between compensation for Directors, etc. and the Company's financial performance and stock value, and sharing not only benefits of an increase in the Company's equity value but risks of its decline.

Overview of Plan

The Plan is a performance-based stock compensation plan where a trust (a trust established under the Plan is referred to as the "Trust") acquired the Company's stock using money contributed by the Company and provides Directors, etc. with the Company's stock and money equivalent to the amount of the Company's stock as converted using fair value (the "Company's Stock, etc.") in accordance with the Rules for Stock Compensation Granted to Directors, etc. established by the Company. The timing of Directors, etc. receiving the Company's Stock, etc. is at their retirement from Directors, etc., in principle.

(6) Financial instruments

(a) Derivatives

The Companies adopt hedge accounting to all derivatives (see (c) Hedge accounting below).

(b) Securities

Securities held by the Companies are classified as available-for-sale securities.

Marketable securities classified as available-for-sale securities are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, directly included in net assets. Costs of securities sold are calculated by the moving-average method.

Non-marketable securities classified as available-for-sale securities are carried at cost determined by the moving-average method.

In cases where the fair value of available-for-sale securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in profit or loss for the period.

(c) Hedge accounting

Gains or losses arising from changes in fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in net profit or loss in the period during which the gains or losses on the hedged items or transactions are recognized. The special treatment is applied to the interest rate swaps that meet certain criteria.

The derivatives designated as hedging instruments by the Companies are principally interest rate swap, interest rate option, and currency swap transactions. The related hedged items are interest rates on bank loans and foreign currency fluctuation.

The Companies enter into derivative transactions in order to avoid interest rate and exchange rate fluctuation risks in future.

The Companies evaluate the effectiveness of their hedging activities by seeking the correlation of the benchmark interest rate and exchange rate fluctuation ranges between the hedging instruments and the related hedged items.

(7) Real estate for sale

Real estate for sale, in principle, is stated at acquisition cost, cost being determined by the specific identification method. In cases where the net selling value falls below the acquisition cost at the end of the period, real estate for sale on the consolidated balance sheet is written down to the net selling value, when profitability of assets has decreased. The Companies apply the non-reversal method which prohibits reversal of write-downs of inventories.

(8) Property and equipment (excluding lease assets)

Depreciation of property and equipment is calculated principally by the declining-balance method, except for buildings and other non-building structures, which are depreciated by the straight-line method (certain facilities attached to buildings and other non-building structures acquired on or before March 31, 2016 are depreciated by the declining-balance method), over the estimated useful lives which are the same standards as prescribed by tax laws.

(9) Intangible assets

Other intangible assets are mainly comprised of software for internal use, which is amortized by the straight-line method over the estimated internal useful lives of 5 to 15 years. As for goodwill, please refer to 2 (14).

(10) Lease assets

Lease assets under finance lease transactions which do not transfer ownership of the lease assets to the lessee are depreciated by the straight-line method over the period of the lease, with zero residual value.

(11) Accounting for deferred assets

Bond issue cost is amortized by the straight-line method over the maturity period.

(12) Income taxes

Deferred tax assets and liabilities are recognized in the consolidated financial statements with respect to the differences between the financial reporting and tax bases of the assets and liabilities, and measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(13) Accounting for leased offices and other

The Companies use offices leased under cancellable long-term lease agreements. In connection with such agreements, lessors in Japan demand leasehold deposits relative to the amount of annual lease rental payments. Such leasehold deposits do not bear interest and are generally returned only when the lease is terminated. The lease terms are generally two years with options for renewals for a similar period, subject to renegotiation of lease rentals. Also, the Companies have cancellable long-term lease commitments for computer equipment and housing for employees. As the lessee of these cancellable lease commitments, the Companies charge the relevant lease rentals to income as incurred.

(14) Amortization method and amortization period of goodwill

Goodwill is amortized by the straight-line method over 20 years or less.

(15) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows are composed of cash on hand, bank deposits that can be withdrawn on demand and short-term investments with no significant risk of change in value that have original maturity of three months or less.

(16) Earnings per share

Basic earnings per share is calculated by deducting the total amount not attributable to common stock shareholders from profit, divided by the weighted average number of shares of common stock outstanding exclusive of the number of shares of treasury stock during the year.

The computation of diluted earnings per share reflects the maximum possible dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock.

(17) Applied principles and procedures of accounting when there are no specific provisions involved such as accounting standards

The following are the major items that the Companies have accounted for in accordance with accounting principles and procedures that are regarded as industry practices.

- Consolidated balance sheet
  Guaranteed receivables and payables related to the guarantee and loan agent service that the Companies are liable to collect are recognized as "Guaranteed loan receivables" and "Guaranteed loan payables" in the consolidated balance sheet.

Furthermore, receivables related to collection guarantees that are paid with promissory notes or bills of exchange are recognized as "Advance payments for guaranteeing collection" in the consolidated balance sheet.

- Consolidated statement of income
  "Service revenues" and "Finance income," which are main business revenues of the Companies, are presented as disaggregated operating revenues, and "Selling, general and administrative expenses" and "Financial expenses" are presented as disaggregated operating expenses, in the consolidated statement of income.
- Recognition of operating revenues
  The Company's revenues by reportable segment are recognized using the following methods when the monthly installments become due in principle.
  Credit cards and cash loans Sum-of-the-months' digits method and declining-balance method
  Settlement and guarantee Sum-of-the-months' digits method and declining-balance method
  Installment credit Sum-of-the-months' digits method and declining-balance method
  Bank loan guarantee Declining-balance method
  Note: The following is a summary of the revenue recognition methods.
  Sum-of-the-months' digits method: The total amount of commissions is divided proportionately by the sum of the months' digits, which is recognized as revenue when the monthly installment becomes due.
  Declining-balance method: Commission is calculated by multiplying the principal balance by a flat percentage, which is recognized as revenue when the monthly installment becomes due.

(18) Significant accounting estimates

(a) Allowance for credit losses

(i) Amount in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Allowance for credit losses	¥128,517	¥139,875	$1,049,889

(ii) Information on details of significant accounting estimate of identified item

- Calculation method
  The Companies calculate and recognize an allowance for credit losses in accordance with the predetermined "Allowance for credit losses and write-offs rules, bylaws and related operating principles." As for receivables related to the consumer finance service, which constitute a large portion of operating assets, the Companies calculate the respective expected loss ratios based on a statistical technique in the light of historical bad debts for normal receivables and for receivables that require special management, such as receivables that are three months or more overdue, to recognize an allowance for credit losses and as for specific receivables, recognize an allowance for credit losses at the amount expected to be uncollectible taking into account the collectability on an individual basis.
- Major assumptions
  The Companies assumed that the growing effects of novel coronavirus disease ("COVID-19") would have a certain influence mainly on credit risk on direct installment receivables and debtors' ability to pay them would decline; however, during the year ended March 31, 2022, there was no increase in delinquent receivables on the grounds that consumer spending remained low from the year ended March 31, 2021. It is assumed that consumer spending for the year ending March 31, 2023 will recover slowly; accordingly, the Companies determined the amount of allowance for credit losses on the assumption that the expected loss ratios would not rise significantly.
- Impact on the consolidated financial statements for the year ending March 31, 2023
  The Companies believe that the estimate is reasonable, but it may be affected by future economic trends, an increase in individual bankruptcy filings and other unexpected reasons.
  Furthermore, in the case where economic conditions get worse due to the effects of COVID-19, the Companies may provide an additional allowance for credit losses due to a rise in expected loss ratios and other reasons.

(b) Deferred tax assets

(i) Amount in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Deferred tax assets	¥34,921	¥40,562	$285,278

(ii) Information on details of significant accounting estimate of identified item

- Calculation method
  The Companies recognize deferred tax assets for deductible temporary differences and assess the recoverability on the basis of future taxable income in the business plan for the next three years. Some uncertainties are factored in when the Companies estimate future taxable income.
  The Companies estimate the amount of deductible temporary differences associated with allowance for credit losses that are expected to reverse in the light of historical bad debts and the amount of other deductible temporary differences that are expected to reverse based on the scheduling of each temporary difference.
- Major assumptions
  The Companies assumed that the growing effects of COVID-19 would have a certain influence on the Companies' operating results and forecasted operating revenues and expenses related to bad debts and financial expenses of their respective services in the business plan on the assumption that consumer spending for the year ending March 31, 2023 would recover slowly while economic conditions are not likely to firmly recover right away since certain measures against COVID-19 continue to be taken.
- Impact on the consolidated financial statements for the year ending March 31, 2023
  The Companies believe that the estimate is reasonable, but it may be affected by future economic trends, an increase in individual bankruptcy filings and other unexpected reasons.
  Furthermore, in the case where economic conditions get worse due to the effects of COVID-19, the outlook for operating revenues and expenses related to bad debts and financial expenses of their respective services in the business plan may be significantly affected, and the estimate of future taxable income may be changed. The Companies may reverse some or all of the deferred tax assets of the Companies and recognize the same amount in income taxes - deferred.

(19) Changes in accounting policies

(a) Adoption of Accounting Standard for Revenue Recognition

The Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, revised on March 31, 2020) and the related guidance at the beginning of the year ended March 31, 2022 and recognize revenue in the amount to which they expect to be entitled in exchange for a good or service when a customer obtains control of the promised good or service.

Credit card annual fees were previously recognized as revenue upon receipt. Under the standard, they are recognized as revenue over the period of service.

This change in accounting policies was retrospectively applied, and the consolidated financial statements for the year ended March 31, 2021 were retrospectively restated.

As a result of the above, compared to the amounts reported prior to the retrospective application, deferred tax assets under investments, advances and other assets and unearned revenue included in accrued expenses and other current liabilities as of March 31, 2021 increased by ¥562 million and ¥1,843 million, respectively, and retained earnings decreased by ¥1,281 million. Both operating revenues and operating profit for the year ended March 31, 2021 increased by ¥2 million, and both profit and profit attributable to owners of parent increased by ¥1 million.

Due to the cumulative effect adjustment reflected in net assets as of the beginning of the year ended March 31, 2021, retained earnings as of April 1, 2020 decreased by ¥1,282 million. The effect on per share information for the year ended March 31, 2022 was insignificant.

In accordance with the transitional provision in paragraph 89-3 of the Accounting Standard for Revenue Recognition, a note on "Revenue Recognition" for the year ended March 31, 2021 is not disclosed.

(b) Changes in accounting policies on guarantee and loan agent service

The Company reviewed accounting policies for guarantee transactions overall in the light of the business environment in and out of the Company including the cost structure of guarantee transactions and changes in components of guarantee transaction balances as well as the adoption of a new accounting standard, and changed its accounting policies as follows to reflect actual guarantee transactions more appropriately than ever before in financial statements taking into account the comparability with the financial statements of other companies:

(i) Change in method of recognizing revenue for guarantee and loan agent service

For the guarantee and loan agent service, the Company recognized revenue in a lump sum basis at the time a guarantee contract with a member merchant was executed in order to report an expense in the same period in which the corresponding revenue was earned since financing costs, which are major expenses of other transactions, do not occur and sales clerical expenses occur mostly at the time contracts are executed.

The Company, however, deemed it would be more appropriate to recognize revenue over the contract term because (i) the timing of major expenses had changed, (ii) indirect expenses such as system costs are incurred over a longer period of time than ever before, (iii) the number of payments from customers for a home renovation loan and an auto loan has increased, and (iv) the fact that the Company's guarantee services are provided over the contract term is conform to the provision in the "Accounting Standard for Revenue Recognition" and the related guidance that revenue shall be recognized as a performance obligation is satisfied. Accordingly, the Company changed the revenue recognition method from the method where revenue is recognized in a lump sum basis at the time a guarantee contract with a member merchant is executed to the method where revenue is recognized over the contract term (the sum-of-the-months' digits method when the monthly installments become due) at the beginning of the year ended March 31, 2022.

This change in accounting policies was retrospectively applied, and the consolidated financial statements for the year ended March 31, 2021 were retrospectively restated.

As a result of the above, compared to the amounts reported prior to the retrospective application, deferred tax assets under investments, advances and other assets and unearned finance income as of March 31, 2021 increased by ¥10,239 million and ¥42,844 million, respectively, and retained earnings decreased by ¥32,604 million. Both operating revenues and operating profit for the year ended March 31, 2021 increased by ¥1,741 million, and both profit and profit attributable to owners of parent increased by ¥1,903 million.

Net assets per share as of March 31, 2021 decreased by ¥19.00, and both basic earnings per share and diluted earnings per share for the year ended March 31, 2021 increased by ¥1.11.

Due to the cumulative effect adjustment reflected in net assets as of the beginning of the year ended March 31, 2021, retained earnings as of April 1, 2020 decreased by ¥34,507 million.

(ii) Change in accounting method for guaranteed loan receivables and guaranteed loan payables

Guaranteed loan receivables and guaranteed loan payables are comprised of "guarantees of debts only" and "collection of receivables in addition to debt guarantees."

The Company previously recognized the both in the consolidated balance sheet because the Company considered that they were of the same nature with an emphasis on their contract type regardless of the presence or absence of collection by the Company. After considering the accounting policy taking into account the diversification of products in recent years, the Company determined that not recognizing "guarantees of debts only" without collection in the consolidated balance sheet but disclosing them as a note on contingent liabilities would more fairly present the financial position of the Company focusing on the difference in the quality of products, that is, the presence or absence of collection. Accordingly, in the year ended March 31, 2022, the Company changed to the method where only "collection of receivables in addition to debt guarantees" are recognized in the consolidated balance sheet.

"Guarantees of debts only" are disclosed in a note on contingent liabilities in the consolidated financial statements for the year ended March 31, 2022.

This change in accounting policies was retrospectively applied, and the consolidated financial statements for the year ended March 31, 2021 were retrospectively restated. As a result of the above, compared to the amounts reported prior to the retrospective application, both guaranteed loan receivables and guaranteed loan payables as of March 31, 2021 decreased by ¥1,193,970 million, and the corresponding allowance for credit losses of ¥1,587 million was reclassified to allowance for losses on guarantees.

There was no effect on the consolidated statement of income for the year ended March 31, 2021.

(iii) Change in accounting method for advance payments for guaranteeing collection

Advance payments for guaranteeing collection are paid to member merchants covering collection guarantees "with promissory notes or bills of exchange" or "with cash." The Company previously recognized the both in the consolidated balance sheet because the Company considered that they were of the same nature with an emphasis on their contract type regardless of the payment methods.

After considering the accounting policy taking into account the change in their transaction types in recent years, in the year ended March 31, 2022, the Company changed to the method where those paid "with cash" are not recognized in the consolidated balance sheet and only those paid "with promissory notes or bills of exchange" are recognized as advance payments for guaranteeing collection in order to more fairly present the financial position of the Company focusing on the difference in the quality of products, that is, the payment methods.

This change in accounting policies was retrospectively applied, and the consolidated financial statements for the year ended March 31, 2021 were retrospectively restated. As a result of the above, compared to the amounts reported prior to the retrospective application, both advance payments for guaranteeing collection in other current assets and notes and accounts payable as of March 31, 2021 decreased by ¥553,127 million.

Due to this change, advance payments for guaranteeing collection, which was previously set down separately under current assets, have been included in other current assets in the consolidated balance sheet as of March 31, 2022 since the significance of the amount has decreased. To reflect such change in presentation, the amounts as of March 31, 2021 have been reclassified. There was no effect on the consolidated statement of income for the year ended March 31, 2021.

(c) Adoption of Accounting Standard for Fair Value Measurement

The Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, issued on July 4, 2019; the "Standard" in this section) and the related standards and guidance at the beginning of the year ended March 31, 2022 and prospectively applied the new accounting policies prescribed by the Standard and the related standards and guidance as of the beginning of the year ended March 31, 2022 in accordance with the transitional provision in paragraph 19 of the Standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ statement No. 10, revised on July 4, 2019). There was no effect of this change on the consolidated financial statements.

In addition, fair values of financial instruments by level and other items are disclosed in Note 13. Financial Instruments. Such information as of March 31, 2021, however, is not disclosed in accordance with the transitional provision in paragraph 7-4 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, revised on July 4, 2019).

(20) Changes in presentation

(a) Consolidated balance sheet

(i) "Advance payments for guaranteeing collection," which were previously set down separately under current assets, have been included in other current assets as of March 31, 2022 since the significance of the amount has decreased. To reflect such change in presentation, the amounts as of March 31, 2021 have been reclassified.
As a result, "Advance payments for guaranteeing collection" of ¥26,221 million under current assets and "Other current assets" of ¥154,540 million in the consolidated balance sheet as of March 31, 2021 have been reclassified to "Other current assets" of ¥109,893 million.
(ii) "Short-term loans receivable," which were previously included in "Other current assets," have been set down separately in the consolidated balance sheet as of March 31, 2022 since the significance of the amount has increased. To reflect such change in presentation, the amounts as of March 31, 2021 have been reclassified.
As a result, "Other current assets" of ¥154,540 million in the consolidated balance sheet as of March 31, 2021 have been reclassified to "Short-term loans receivable" of ¥70,867 million and "Other current assets" of ¥109,893 million.
(iii) "Commercial papers," which were included in "Accrued expenses and other current liabilities," have been set down separately in the consolidated balance sheet as of March 31, 2022 since the significance of the amount has increased. To reflect such change in presentation, the amounts as of March 31, 2021 have been reclassified.
As a result, "Accrued expenses and other current liabilities" of ¥495,035 million in the consolidated balance sheet as of March 31, 2021 have been reclassified to "Commercial papers" of ¥295,700 million and "Accrued expenses and other current liabilities" of ¥199,335 million.

(b) Change in presentation of sales rebates

Sales rebates of certain consolidated subsidiaries, which were previously presented in "Selling, general and administrative expenses," have been deducted from "Consumer finance service revenue" in the consolidated statement of income for the year ended March 31, 2022.

Since the significance of the amount has increased due to an increase in the transaction volume, this change has been made to present the results of the Companies' operating activities more appropriately by reclassifying sales rebates of the subsidiaries for the purpose of presenting them in the same manner as the parent.

To reflect such change in presentation, the amount for the year ended March 31, 2021 has been reclassified.

As a result, sales rebates recognized in "Selling, general and administrative expenses" of ¥2,546 million in the consolidated statement of income for the year ended March 31, 2021 have been deducted from "Consumer finance service revenue."

In addition, prepaid sales rebates of ¥760 million recognized in other current assets in the consolidated balance sheet as of March 31, 2021 have been deducted from accrued expenses and other current liabilities.

(c) Change in note on service revenues

Divisional revenues were previously disclosed as components of service revenues, but "revenues by reportable segment" have been disclosed in the note for the year ended March 31, 2022.

This change has been made because, at the beginning of the year ended March 31, 2022, the Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Revenue Recognition" and the related guidance that provide an appropriate account title shall be used to present revenue from contracts with customers and it was considered that disclosing "revenues by reportable segment" would provide more useful information to stakeholders.

The amounts of "revenues by reportable segment" for the year ended March 31, 2021 were as stated in Note 15. Breakdown of Consumer Finance Service Revenue.

(d) Consolidated statement of cash flows

"Purchase of long-term prepaid expenses," which was previously included in "Other, net" under cash flows from investing activities, has been set down separately in the consolidated statement of cash flows for the year ended March 31, 2022 since the significance of the amount has increased.

To reflect such change in presentation, the amounts for the year ended March 31, 2021 have been reclassified.

As a result, "Other, net" of ¥(1,731) million under cash flows from investing activities in the consolidated statement of cash flows for the year ended March 31, 2021 has been reclassified to "Purchase of long-term prepaid expenses" of ¥(417) million and "Other, net" of ¥(1,314) million.

(21) Accounting standards issued but not yet effective

- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021)

(a) Overview

The revised "Implementation Guidance on Accounting Standard for Fair Value Measurement" on June 17, 2021 includes revisions of the following matters after about one year of consideration and discussions with parties concerned, following the "Accounting Standard for Fair Value Measurement" issued on July 4, 2019, which were considered necessary when the original guidance was issued on the same day: "fair value measurement of investment trusts" and a note on fair value of "investments in partnerships for which an amount equivalent to a company's share is recognized on a net basis in its balance sheet."

(b) Scheduled date of adoption

The Company and its domestic consolidated subsidiaries adopted the guidance at the beginning of the year ending March 31, 2023.

(c) Impact of adopting the guidance

There are no effects of adopting the guidance on the consolidated financial statements for the year ending March 31, 2023.

3. Securities and Investment Securities

Investments in associates included in "Investment securities" at March 31, 2022 and 2021 were ¥10,775 million ($88,023 thousand) and ¥9,859 million, respectively.

Carrying amount on the consolidated balance sheet, cost and their difference of available-for-sale securities at March 31, 2022 and 2021 were as follows:

		Millions of yen		
		2022		
	Type	Carrying amount on the consolidated balance sheet	Cost	Difference
Securities whose carrying amount exceeds their cost	Equity securities	¥4,025	¥1,299	¥2,726
	Bond securities	—	—	—
	Other	23	23	0
	Subtotal	4,048	1,322	2,726
Securities whose carrying amount does not exceed their cost	Equity securities	202	268	(65)
	Bond securities	—	—	—
	Other	—	—	—
	Subtotal	202	268	(65)
Total		¥4,250	¥1,590	¥2,660

		Millions of yen		
		2021		
	Type	Carrying amount on the consolidated balance sheet	Cost	Difference
Securities whose carrying amount exceeds their cost	Equity securities	¥3,965	¥1,414	¥2,550
	Bond securities	—	—	—
	Other	—	—	—
	Subtotal	3,965	1,414	2,550
Securities whose carrying amount does not exceed their cost	Equity securities	127	168	(41)
	Bond securities	—	—	—
	Other	—	—	—
	Subtotal	127	168	(41)
Total		¥4,092	¥1,583	¥2,508

		Thousands of U.S. dollars		
		2022		
	Type	Carrying amount on the consolidated balance sheet	Cost	Difference
Securities whose carrying amount exceeds their cost	Equity securities	$32,881	$10,611	$22,269
	Bond securities	—	—	—
	Other	187	187	0
	Subtotal	33,069	10,799	22,269
Securities whose carrying amount does not exceed their cost	Equity securities	1,650	2,189	(531)
	Bond securities	—	—	—
	Other	—	—	—
	Subtotal	1,650	2,189	(531)
Total		$34,719	$12,989	$21,730

Note Unlisted equity securities, the carrying amount of which at March 31, 2022 was ¥2,357 million ($19,254 thousand), are not included in the above table because there were no quoted market prices available. Unlisted equity securities, the carrying amount of which at March 31, 2021 was ¥1,603 million, are not included in the above table because there were no quoted market prices available and it is extremely difficult to determine the fair value.

Proceeds, gain on sale and loss on sale from the sale of available-for-sale securities for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		
	2022		
Type	Proceeds	Gain on sale	Loss on sale
Equity securities	¥80	¥62	¥0
Bond securities	—	—	—
Other	—	—	—
Total	¥80	¥62	¥0

	Millions of yen		
	2021		
Type	Proceeds	Gain on sale	Loss on sale
Equity securities	¥67	¥31	¥0
Bond securities	—	—	—
Other	—	—	—
Total	¥67	¥31	¥0

	Thousands of U.S. dollars		
	2022		
Type	Proceeds	Gain on sale	Loss on sale
Equity securities	$653	$506	$0
Bond securities	—	—	—
Other	—	—	—
Total	$653	$506	$0

During the year ended March 31, 2022, equity securities in a company, which had been classified as investments in associates and accounted for by using the equity method, were classified as available-for-sale (carrying amount at March 31, 2022 was ¥753 million ($6,151 thousand)) due to a decrease in the Company's ownership interest in this company.

During the year ended March 31, 2022, the Companies did not recognize any impairment loss. During the year ended March 31, 2021, the Companies recognized an impairment loss on available-for-sale securities of ¥104 million.

4. Direct Installment Receivables

Direct installment receivables are recorded in an amount equivalent to the retail purchase price on installments, plus commissions charged by the Companies to the individual customers, or, as the case may be, at the principal amount of loans plus commissions charged to the customers computed by the add-on method.

Regarding cash advances on loan cards and credit cards, the unused facility balance (including securitized amounts) out of the total facility limit available to customers was ¥1,611,896 million ($13,168,009 thousand) and ¥1,608,429 million as of March 31, 2022 and 2021, respectively.

The full amount of this unused facility balance may not necessarily be used since the Companies can deny loans to any customer when a reasonable reason exists, such as changes in the credit status of the customer, under the terms of the contract.

5. Guaranteed Loan Receivables (Payables)

The Companies have adopted a policy to show the outstanding balance of loan guarantees for which the Companies are liable to collect receivables as an asset ("Guaranteed loan receivables") and the same amount as a liability ("Guaranteed loan payables") on the consolidated balance sheet.

The balance of guaranteed loan receivables represents monthly repayments which have not become due at the consolidated balance sheet date.

6. Beneficiary Certificates Retained for Receivable Securitization

Beneficiary certificates retained for receivable securitization represent receivables such as trust beneficiary rights that the Company holds due to the securitization of direct installment receivables.

7. Long-Term Debt under Securitization of Receivables

Long-term debt under securitization of receivables is debt resulting from securitization of direct installment receivables.

8. Short-Term Bank Loans, Long-Term Debt, Lease Obligations and Others

The annual average interest rates applicable to short-term bank loans at March 31, 2022 and 2021 were 1.10% and 0.81%, respectively.

The annual average interest rates applicable to commercial papers at March 31, 2022 and 2021 were 0.03% and 0.11%, respectively.

Short-term bank loans, long-term debt, lease obligations and others at March 31, 2022 and 2021 consisted of the following. The balances of short-term bank loans, current portion of long-term debt and long-term debt include borrowings of an overseas subsidiary.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Short-term bank loans	¥ 95,652	¥ 92,774	$ 781,406
Commercial papers	277,300	295,700	2,265,337
	¥ 372,952	¥ 388,474	$ 3,046,744
Long-term debt from banks and other financial institutions, maturing through 2032	¥1,186,952	¥1,189,409	$ 9,696,528
Lease obligations	1,114	940	9,100
Guarantee deposits received and other	6,279	5,096	51,294
Long-term debt under securitization of receivables, maturing through 2029	15,602	11,770	127,456
Unsecured corporate bonds due on various dates through January 20, 2032 — generally at 0.09 to 0.88% (0.11 to 0.88% in 2021)	245,000	240,000	2,001,470
Less: Portion due within one year	(474,708)	(417,719)	(3,878,016)
	¥ 980,240	¥1,029,496	$ 8,007,842

The annual average interest rates applicable to long-term debt from banks and other financial institutions at March 31, 2022 and 2021 were 0.54% and 0.52%, respectively.

The annual average interest rates applicable to lease obligations are not presented since lease obligations are presented on the consolidated balance sheet at the amount from which the amount equivalent to interest included in the total lease payment is not deducted.

The annual average interest rates applicable to long-term debt under securitization of receivables at March 31, 2022 and 2021 were 1.04% and 1.11%, respectively.

The Companies' assets pledged as collateral at March 31, 2022 and 2021 were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Beneficiary certificates retained for receivable securitization	¥15,602	¥11,770	$127,456

The liabilities secured by the above assets pledged as collateral were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Long-term debt under securitization of receivables	¥15,602	¥11,770	$127,456

The aggregate annual maturities of long-term debt from banks and other financial institutions at March 31, 2022 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2023	¥ 434,353	$3,548,345
2024	307,322	2,510,595
2025	234,543	1,916,044
2026	127,422	1,040,944
2027	76,494	624,899
2028 and thereafter	6,816	55,681
	¥1,186,952	$9,696,528

The aggregate annual maturities of lease obligations at March 31, 2022 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2023	¥ 354	$2,891
2024	310	2,532
2025	239	1,952
2026	170	1,388
2027	38	310
2028 and thereafter	—	—
	¥1,114	$9,100

The aggregate annual maturities of other interest-bearing debt at March 31, 2022 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2023	¥277,300	$2,265,337
2024	0	0
2025	8	65
2026	2,689	21,967
2027	3,105	25,365
2028 and thereafter	9,800	80,058
	¥292,902	$2,392,794

The aggregate annual maturities of unsecured corporate bonds outstanding at March 31, 2022 were as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2023	¥ 40,000	$ 326,770
2024	40,000	326,770
2025	30,000	245,078
2026	40,000	326,770
2027	15,000	122,539
2028 and thereafter	80,000	653,541
	¥245,000	$2,001,470

9. Income Taxes

At March 31, 2022 and 2021, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Deferred tax assets due to:			
Allowance for credit losses in excess of tax limit	¥24,468	¥28,445	$199,885
Provision of allowance for losses on interest refunds	4,924	3,830	40,225
Impairment losses on fixed assets	6,884	6,923	56,237
Defined benefit liabilities	184	187	1,503
Difference in revenue recognition	8,400	14,255	68,621
Net operating loss carryforwards (Notes 1 and 3)	9,091	15,397	74,266
Other	9,401	16,080	76,799
Total gross deferred tax assets	63,355	85,119	517,563
Valuation allowance for net operating loss carryforwards (Note 3)	(8,008)	(15,393)	(65,419)
Valuation allowance for deductible temporary differences	(16,626)	(24,856)	(135,822)
Total valuation allowances (Note 2)	(24,634)	(40,250)	(201,241)
Total deferred tax assets	38,721	44,869	316,322
Deferred tax liabilities	(3,800)	(4,325)	(31,043)
Net deferred tax assets	¥34,921	¥40,544	$285,278

Notes 1. Deferred tax assets related to operating loss carryforwards are recorded because the Japanese accounting standard requires that the benefit of operating loss carryforwards be estimated and recorded as an asset with deduction of valuation allowance if it is expected that some portions or all of the deferred tax assets will not be realized.

2. Valuation allowances decreased by ¥15,615 million ($127,563 thousand) since valuation allowance for net operating loss carryforwards decreased by ¥7,168 million ($58,557 thousand) and valuation allowance for deductible temporary differences decreased by ¥5,961 million ($48,697 thousand) in the Company.

3. The amounts of net operating loss carryforwards and related deferred tax assets disaggregated by period of expiration were as follows:

	Millions of yen						
	2022						
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Net operating loss carryforwards *1	¥ 99	¥ 54	¥—	¥ 90	¥ 74	¥ 8,773	¥ 9,091
Valuation allowance	(99)	(54)	—	(90)	(74)	(7,689)	(8,008)
Deferred tax assets	—	—	—	—	—	1,083	(*2) 1,083

	Millions of yen						
	2021						
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Net operating loss carryforwards *1	¥ 14,635	¥ 292	¥ 100	¥—	¥ 50	¥ 317	¥ 15,397
Valuation allowance	(14,631)	(292)	(100)	—	(50)	(317)	(15,393)
Deferred tax assets	3	—	—	—	—	—	3

	Thousands of U.S. dollars						
	2022						
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Net operating loss carryforwards *1	$ 808	$ 441	$—	$ 735	$ 604	$ 71,668	$ 74,266
Valuation allowance	(808)	(441)	—	(735)	(604)	(62,813)	(65,419)
Deferred tax assets	—	—	—	—	—	8,847	(*2) 8,847

*1. Net operating loss carryforwards represent the amounts computed by multiplying the statutory tax rate.
*2. The Company expects that some portions of net operating loss carryforwards can be utilized since it will have taxable income.

4. In the year ended March 31, 2022, the Companies changed their accounting policies, and therefore information for the year ended March 31, 2021 was retrospectively restated. In addition, information for the year ended March 31, 2021 was based on the adjusted acquisition cost allocation due to the completion of the accounting for the business combination that had been effected in the year ended March 31, 2021.

Reconciliations between the statutory tax rates and the effective tax rates for the years ended March 31, 2022 and 2021 were as follows:

	2022	2021
Statutory tax rate	30.5%	30.5%
Add (deduct):		
Valuation allowances	2.2	(12.1)
Per capita inhabitant tax	0.5	0.7
Entertainment expenses, etc., not deductible for income tax purposes	1.3	1.0
Share of loss or profit of associates accounted for using equity method	(2.1)	(2.2)
Gain on bargain purchase	—	(1.6)
Other	1.0	0.0
Effective tax rate	33.4%	16.3%

Notes 1. "Gain on bargain purchase," which was included in "Other" in the year ended March 31, 2021, has been set down separately since the significance has increased due to retrospective adjustments. As a result, "Other" of (1.5)% for the year ended March 31, 2021 has been reclassified to "Gain on bargain purchase" of (1.6)% and "Other" of 0.0%.
2. In the year ended March 31, 2022, the Companies changed their accounting policies, and therefore information for the year ended March 31, 2021 was retrospectively restated. In addition, information for the year ended March 31, 2021 was based on the adjusted acquisition cost allocation due to the completion of the accounting for the business combination that had been effected in the year ended March 31, 2021.

10. Retirement Benefit Plans

(1) Overview of retirement benefit plans

The Company and its consolidated subsidiaries have funded and unfunded defined benefit plans and a defined contribution plan for employees' retirement benefits.

The defined benefit corporate pension plans, all of which are funded, provide lump-sum or pension benefits based on salaries and the length of service. The lump-sum payment plans, which are unfunded (some of which are funded due to the establishment of a retirement benefit trust), provide lump-sum benefits based on salaries and the length of service.

Certain consolidated subsidiaries use the simplified method, where the amount required for voluntary retirement at the end of the fiscal year is treated as retirement benefit obligations, to calculate defined benefit liabilities and retirement benefit expenses for their defined benefit corporate pension plans and lump-sum payment plans.

(2) Defined benefit plans

(a) Reconciliation between retirement benefit obligations at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Retirement benefit obligations at beginning of period	¥43,218	¥47,267	$353,059
Current service costs	1,376	1,530	11,240
Interest costs	—	—	—
Actuarial gains and losses	94	(2,498)	767
Retirement benefits paid	(2,849)	(3,283)	(23,274)
Past service costs	—	—	—
Other	78	90	637
Retirement benefit obligations at end of period	¥41,917	¥43,106	$342,431

Note The above table includes plans applying the simplified method.

(b) Reconciliation between plan assets at beginning and end of period

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Plan assets at beginning of period	¥59,095	¥46,639	$482,762
Expected return on plan assets	745	493	6,086
Actuarial gains and losses	(4,657)	13,254	(38,044)
Contribution from employer	1,176	1,199	9,607
Retirement benefits paid	(2,155)	(2,499)	(17,604)
Other	5	6	40
Plan assets at end of period	¥54,208	¥59,095	$442,839

Note The above table includes plans applying the simplified method.

(c) Reconciliation between retirement benefit obligations and plan assets at end of period and defined benefit liabilities and defined benefit assets on the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Funded retirement benefit obligations	¥ 41,261	¥ 42,599	$ 337,072
Plan assets	(54,208)	(59,095)	(442,839)
	(12,947)	(16,495)	(105,767)
Unfunded retirement benefit obligations	656	618	5,359
Net balance of liability and asset on consolidated balance sheet	(12,291)	(15,876)	(100,408)
Defined benefit liabilities	577	551	4,713
Defined benefit assets	(12,868)	(16,428)	(105,122)
Net balance of liability and asset on consolidated balance sheet	¥(12,291)	¥(15,876)	$(100,408)

Note The above table includes plans applying the simplified method.

(d) Retirement benefit expenses and breakdown

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Current service costs	¥1,376	¥1,530	$11,240
Interest costs	—	—	—
Expected return on plan assets	(745)	(493)	(6,086)
Amortization of actuarial gains and losses	(1,402)	121	(11,453)
Amortization of past service costs	(142)	(142)	(1,160)
Other	373	241	3,047
Retirement benefit expenses on defined benefit plans	¥ (540)	¥1,257	$ (4,411)

Note The above table includes plans applying the simplified method.

(e) Remeasurements of defined benefit plans in other comprehensive income

The breakdown of items recorded as remeasurements of defined benefit plans, before tax, in other comprehensive income was as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Past service costs	**¥ (142)**	¥ (142)	**$ (1,160)**
Actuarial gains and losses	**(6,154)**	15,874	**(50,273)**
Total	**¥(6,297)**	¥15,732	**$(51,441)**

(f) Remeasurements of defined benefit plans in accumulated other comprehensive income

The breakdown of items recorded as remeasurements of defined benefit plans, before tax, in accumulated other comprehensive income was as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Unrecognized past service costs	**¥ (853)**	¥ (996)	**$ (6,968)**
Unrecognized actuarial gains and losses	**(8,955)**	(15,110)	**(73,155)**
Total	**¥(9,809)**	¥(16,106)	**$(80,132)**

(g) Plan assets

(i) Breakdown of plan assets

Percentages to total plan assets by major category were as follows:

	2022	2021
Debt securities	**29.9%**	26.2%
Equity securities	**39.6**	48.7
Other (Note 2)	**30.5**	25.1
Total	**100.0%**	100.0%

Notes 1. Total plan assets include a retirement benefit trust of 30.5% and 36.7% for the years ended March 31, 2022 and 2021, respectively.
2. Other mainly includes life insurance general accounts and alternative investments.

(ii) Determination of expected long-term rate of return

In order to determine an expected long-term rate of return on plan assets, the Companies consider current and expected allocation of plan assets and current and expected long-term rates of return from various assets constituting plan assets.

(h) Actuarial assumptions

Major actuarial assumptions (in weighted average)

	2022	2021
Discount rate	**0.0%**	0.0%
Expected long-term rate of return	**2.0%**	2.0%

Note Actuarial assumptions include expected salary increase rates and other factors in addition to the above. The Company has adopted a point system.
Expected point increase rates for the year ended March 31, 2022 were 0.8% to 16.2% (0.8% to 16.2% for the year ended March 31, 2021). Expected salary increase rates in certain consolidated subsidiaries for the year ended March 31, 2022 were 0.0% to 3.4% (0.0% to 3.4% for the year ended March 31, 2021).

(3) Defined contribution plan

The amounts to be paid by the Company and certain consolidated subsidiaries to the defined contribution plan were ¥394 million ($3,218 thousand) and ¥389 million for the years ended March 31, 2022 and 2021, respectively.

11. Net Assets

(1) Common stock and preferred stock at March 31, 2022 and 2021 were as follows:

	Thousands of shares				
		Issued			
Class of stock	Authorized	At April 1, 2021	Increase	Decrease	At March 31, 2022
Stock Issued and Outstanding:					
Common Stock *1	1,825,000	1,718,727	19	—	1,718,747
1st Series Class I Preferred Stock *2	140,000	20,000	—	20,000	—
	1,965,000	1,738,727	19	20,000	1,718,747
Treasury Stock:					
Common Stock *3 and 4		2,448	0	144	2,303
1st Series Class I Preferred Stock *5		—	20,000	20,000	—
		2,448	20,000	20,144	2,303

*1. The number of outstanding shares of common stock increased by 19 thousand shares since subscription rights to shares (stock options) were exercised and common stock was issued in exchange.
*2. The number of outstanding shares of 1st series class I preferred stock decreased by 20,000 thousand shares due to the retirement.
*3. The number of shares of common stock for treasury increased by 0 thousand shares due to the purchase of shares less than one unit and decreased by 144 thousand shares due to the grant of the Company's stock by the Company's Board Benefit Trust (BBT).
*4. The number of shares of common stock for treasury includes the Company's stock owned by the Company's Board Benefit Trust (BBT) (2,279 thousand shares).
*5. The number of shares of 1st series class I preferred stock for treasury increased by 20,000 thousand shares due to the purchase (mandatory redemption) and decreased by 20,000 thousand shares due to the retirement.

	Thousands of shares					Per share	
		Issued					
Class of stock	Authorized	At April 1, 2020	Increase	Decrease	At March 31, 2021	Annual dividend ratio *6	Liquidation value (yen)
Stock Issued and Outstanding:							
Common Stock *1	1,825,000	1,718,494	233	—	1,718,727	—	—
1st Series Class I Preferred Stock *2	140,000	35,000	—	15,000	20,000	+2.75%	1,000
	1,965,000	1,753,494	233	15,000	1,738,727		
Treasury Stock:							
Common Stock *3 and 4		1,404	1,298	255	2,448	—	—
1st Series Class I Preferred Stock *5		—	15,000	15,000	—	—	—
		1,404	16,298	15,255	2,448		

*1. The number of outstanding shares of common stock increased by 233 thousand shares since subscription rights to shares (stock options) were exercised and common stock was issued in exchange.
*2. The number of outstanding shares of 1st series class I preferred stock decreased by 15,000 thousand shares due to the retirement.
*3. The number of shares of common stock for treasury increased by 1,298 thousand shares due to the purchase of the Company's stock by the Company's Board Benefit Trust (BBT) (1,297 thousand shares) and the purchase of shares less than one unit (0 thousand shares) and decreased by 255 thousand shares due to the grant of the Company's stock by the Company's Board Benefit Trust (BBT).
*4. The number of shares of common stock for treasury includes the Company's stock owned by the Company's Board Benefit Trust (BBT) (2,424 thousand shares).
*5. The number of shares of 1st series class I preferred stock for treasury increased by 15,000 thousand shares due to the purchase (mandatory redemption) and decreased by 15,000 thousand shares due to the retirement.
*6. Spread against yen TIBOR (six months).

Holders or registered pledgees of preferred stock are entitled to receive annual dividends and distribution of residual assets of the Company as set out above in priority to holders of the common stock but pari passu among themselves. The Company may pay one-half of the annual dividend payable on preferred stock as an interim dividend. Dividends on the preferred stock are not cumulative. Holders of preferred stock are not entitled to vote at a general meeting of shareholders. During the year ended March 31, 2022, the Company completed the redemption of preferred stock.

Japanese companies are subject to the Companies Act. The significant areas in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends at any time during the fiscal year (except for dividends-in-kind) if the company has prescribed so in its articles of incorporation.

The Company does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company stipulate so.

The Companies Act also provides certain limitations on the amounts available for dividends and the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases or decreases and transfer of capital stock, reserve and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the capital stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold.

The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution at the shareholders' meeting.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of net assets.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of net assets or deducted directly from stock acquisition rights.

The appropriation of retained earnings reflected in the accompanying consolidated statement of changes in net assets represents the results of an appropriation made in the fiscal year in which it was approved by the shareholders' meeting and disposed of during the fiscal year, rather than those in the years to which they relate.

(2) Subscription rights to shares for the years ended March 31, 2022 and 2021 were as follows:

			Number of shares issued				Balance at March 31, 2022	
Company	Description	Class of stock issued	At April 1, 2021	Increase	Decrease	At March 31, 2022	Millions of yen	Thousands of U.S. dollars
Parent company	Subscription rights to shares as stock options	Common stock	—	—	—	—	¥20	$163

			Number of shares issued				Balance at March 31, 2021
Company	Description	Class of stock issued	At April 1, 2020	Increase	Decrease	At March 31, 2021	Millions of yen
Parent company	Subscription rights to shares as stock options	Common stock	—	—	—	—	¥25

(3) Dividends for the years ended March 31, 2022 and 2021 were as follows:

Year ended March 31, 2022

(a) Dividends paid

		Total dividends		Dividends per share			
Resolution	Class of stock	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars	Cut-off date	Effective date
Annual general meeting of shareholders on June 25, 2021	Common stock	¥ 5,156	$ 42,120	¥ 3.00	$ 0.02	March 31, 2021	June 28, 2021
	1st series class I preferred stock	576	4,705	28.81	0.23	March 31, 2021	June 28, 2021

Note Total dividends by the resolution at the annual general meeting of shareholders held on June 25, 2021 include dividends on the Company's stock held by the Company's Board Benefit Trust (BBT) of ¥7 million ($57 thousand).

(b) Dividends with the cut-off date in the year ended March 31, 2022 and the effective date in the year ending March 31, 2023

			Total dividends		Dividends per share			
Resolution	Class of stock	Source of dividends	Millions of yen	Thousands of U.S. dollars	Yen	U.S. dollars	Cut-off date	Effective date
Annual general meeting of shareholders on June 24, 2022	Common stock	Retained earnings	¥ 5,156	$42,120	¥ 3.00	$ 0.02	March 31, 2022	June 27, 2022

Note Total dividends by the resolution at the annual general meeting of shareholders held on June 24, 2022 include dividends on the Company's stock held by the Company's Board Benefit Trust (BBT) of ¥6 million ($49 thousand).

Year ended March 31, 2021

(a) Dividends paid

Resolution	Class of stock	Total dividends	Dividends per share	Cut-off date	Effective date
		Millions of yen	Yen		
Annual general meeting of shareholders on June 26, 2020	Common stock	¥5,155	¥ 3.00	March 31, 2020	June 29, 2020
	1st series class I preferred stock	1,006	28.76	March 31, 2020	June 29, 2020

Note Total dividends by the resolution at the annual general meeting of shareholders held on June 26, 2020 include dividends on the Company's stock held by the Company's Board Benefit Trust (BBT) of ¥4 million.

(b) Dividends with the cut-off date in the year ended March 31, 2021 and the effective date in the year ended March 31, 2022

Resolution	Class of stock	Source of dividends	Total dividends	Dividends per share	Cut-off date	Effective date
			Millions of yen	Yen		
Annual general meeting of shareholders on June 25, 2021	Common stock	Retained earnings	¥5,156	¥ 3.00	March 31, 2021	June 28, 2021
	1st series class I preferred stock	Retained earnings	576	28.81	March 31, 2021	June 28, 2021

Note Total dividends by the resolution at the annual general meeting of shareholders held on June 25, 2021 include dividends on the Company's stock held by the Company's Board Benefit Trust (BBT) of ¥7 million.

12. Stock Options

On June 25, 2010, the annual general meeting of shareholders resolved on compensation for the Company's directors (excluding outside directors) of subscription rights to shares as stock options in accordance with provisions in Article 361 of the Companies Act since the retirement benefit plan for the Company's directors, corporate auditors and executive officers had been abolished. The Company has not established any compensation on subscription rights to shares for outside directors or corporate auditors.

On June 27, 2017, the 57th annual general meeting of shareholders resolved to introduce a performance-based stock compensation plan using a trust and abolish compensation on subscription rights to shares as stock options. The Company has not granted any additional subscription rights to shares as stock options since then and will not in future.

Details of the performance-based stock compensation plan are presented in Note 2. Summary of Significant Accounting Policies (5) Performance-based stock compensation plan.

The stock options outstanding as of March 31, 2022 were as follows:

	2010 Stock Option	2011 Stock Option
Resolved on:	July 29, 2010	July 29, 2011
Grantees:	11 directors 21 executive officers	10 directors 21 executive officers
Number of options granted*1:	Common stock, 476,500 shares	Common stock, 335,000 shares
Grant date:	August 26, 2010	August 25, 2011
Vesting conditions:	(i) Those who receive allotment of these subscription rights to shares (the "Grantees") may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. (ii) When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves. (iii) Other conditions for the exercise of these subscription rights to shares are as prescribed in the "Subscription Rights to Shares Allotment Agreement" entered into by and between the Company and each subscription rights holder in accordance with a resolution of the Board of Directors.	
Vesting period:	From June 25, 2010 to June 29, 2011	From June 29, 2011 to June 27, 2012
Exercise period:	From August 27, 2010 to August 26, 2030	From August 26, 2011 to August 25, 2031
Number of subscription rights to shares:	36	34
Number of treasury subscription rights to shares out of subscription rights to shares:	—	—
Class of stock underlying subscription rights to shares:	Common stock of the Company *2	
Number of shares underlying subscription rights to shares:	18,000 shares	17,000 shares
Amount to be paid in at the time of exercise of subscription rights to shares:	The exercise price of ¥1 per share ($0.00 per share) multiplied by the number of shares granted.	
Share issue price and capital stock in the event of issuance of shares upon exercise of subscription rights to shares:	Issue price: ¥29,000 per 500 shares Capital stock: ¥14,500 per 500 shares	Issue price: ¥38,000 per 500 shares Capital stock: ¥19,000 per 500 shares

Conditions for exercising subscription rights to shares:	• The Grantees may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. • When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves. • Other conditions for the exercise of these subscription rights to shares are as prescribed in the "Subscription Rights to Shares Allotment Agreement" entered into by and between the Company and each subscription rights holder in accordance with a resolution of the Board of Directors.
Matters relating to transfer of subscription rights to shares:	Transfer of the subscription rights to shares shall be subject to approval of the Board of Directors of the Company.
Matters relating to substitute payment:	— —
Matters relating to granting of subscription rights to shares in association with acts of organizational restructuring:	In cases where the Company effects a merger (limited to cases where the Company is to be extinguished as a result of the merger), absorption-type company split, incorporation-type company split, share exchange, or share transfer (limited to cases where the Company becomes a wholly-owned subsidiary in either case) (collectively, hereinafter, "Reorganization"), the Company shall, in each case, under the following conditions, grant subscription rights to shares of the company as listed in Article 236, paragraph (1), item (viii), sub-items (a) to (e) of the Companies Act (hereinafter, the "Company Subject to Reorganization") to holders of these subscription rights to shares that have subscription rights to shares existing as of the effective date of the Reorganization (hereinafter, "Remaining Subscription Rights to Shares"). In this event, the Remaining Subscription Rights to Shares shall become null and void, and the Company Subject to Reorganization shall newly issue subscription rights to shares. However, it is subject to a condition that the provision that the subscription rights to shares of the Company Subject to Reorganization shall be delivered pursuant to the following conditions is specified in the absorption-type merger contract, consolidation-type merger contract, absorption-type company split contract, incorporation-type company split plan, share exchange contract, or share transfer plan, and the provision is approved by the shareholders' meeting of the Company. (i) Number of subscription rights to shares of the Company Subject to Reorganization to be granted The same number of subscription rights to shares as that of Remaining Subscription Rights to Shares held by each holder of these subscription rights to shares (ii) Class of stock underlying subscription rights to shares Common stock of the Company Subject to Reorganization (iii) Number of shares underlying subscription rights to shares The number of shares shall be rationally adjusted in accordance with the conditions for Reorganization and any fractions less than one share resulting from said adjustment shall be rounded down. (iv) Value of property to be contributed when subscription rights to shares are exercised The value shall be the amount obtained by multiplying the exercise price after reorganization by the number of shares of the Company Subject to Reorganization underlying each subscription right to shares, which is decided pursuant to (iii) above. The exercise price after reorganization shall be ¥1 per share of the shares of the Company Subject to Reorganization that would be granted by exercising the granted subscription rights to shares. (v) Exercise period of subscription rights to shares From the latter of the start date of the period during which these subscription rights to shares can be exercised as specified in the aforementioned "Exercise period" and the effective date of Reorganization, until the expiry date of the period during which such subscription rights to shares can be exercised as specified in the "Exercise period." (vi) Other conditions on exercise and terms of acquisition To be determined in accordance with the aforementioned "Conditions for exercising subscription rights to shares" and *3. (vii) Matters relating to capital stock and additional paid-in capital that will be increased in the event of issuance of shares upon exercise of subscription rights to shares To be determined in accordance with *4. (viii) Approval of acquisition of subscription rights to shares Acquisition of subscription rights to shares by transfer shall require the approval of the Company Subject to Reorganization.

The information as of March 31, 2022 is presented.
As of May 31, 2022, there have been no changes in regard to these matters.
*1. The number of stock options is shown in the number of shares.
*2. Details of common stock are presented in Note 11. Net Assets.
*3. In the event that the following (i), (ii), (iii), (iv), or (v) is approved at a shareholders' meeting of the Company (or at a meeting of the Board of Directors if a resolution at a shareholders' meeting is not necessary), the Company may acquire these subscription rights to shares without compensation on a date separately determined by the Board of Directors of the Company or a Representative Director of the Company to whom authority has been delegated.
(i) a proposal for the approval of a merger contract under which the Company becomes an absorbed company;
(ii) a proposal for the approval of a company split contract or a company split plan under which the Company becomes a split company;
(iii) a proposal for the approval of a share exchange contract or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company;
(iv) a proposal for the approval of an amendment to the Articles of Incorporation of the Company to provide, as a feature of all of its shares, that the approval of the Company is required for the acquisition of such shares by transfer; or
(v) a proposal for the approval of an amendment to the Articles of Incorporation of the Company to provide, as a feature of stock underlying these subscription rights to shares, that the approval of the Company is required for the acquisition of such shares by transfer or that the Company acquires all of such class shares by a resolution at the shareholders' meeting.
*4. The amount of capital stock increased by the issuance of shares upon the exercise of these subscription rights to shares shall be the amount obtained by multiplying the maximum limit of capital increase as calculated in accordance with the provisions of Article 17, paragraph (1) of the Regulation on Corporate Accounting by 0.5 (Any fractions less the one yen shall be rounded up to the nearest yen.). Any amounts not recorded as capital stock shall be treated as additional paid-in capital.

	2012 Stock Option	2013 Stock Option
Resolved on:	July 30, 2012	July 30, 2013
Grantees:	10 directors 20 executive officers	10 directors 20 executive officers
Number of options granted*1:	Common stock, 223,500 shares	Common stock, 91,500 shares
Grant date:	August 23, 2012	August 22, 2013
Vesting conditions:	(i) Those who receive allotment of these subscription rights to shares (the "Grantees") may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. (ii) When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves.	
Vesting period:	From June 27, 2012 to June 27, 2013	From June 27, 2013 to June 26, 2014
Exercise period:	From August 24, 2012 to August 23, 2032	From August 23, 2013 to August 22, 2033
Number of subscription rights to shares:	43	18
Number of treasury subscription rights to shares out of subscription rights to shares:	—	—
Class of stock underlying subscription rights to shares:	Common stock of the Company *2	
Number of shares underlying subscription rights to shares:	21,500 shares	9,000 shares
Amount to be paid in at the time of exercise of subscription rights to shares:	The exercise price of ¥1 per share ($0.00 per share) multiplied by the number of shares granted.	
Share issue price and capital stock in the event of issuance of shares upon exercise of subscription rights to shares:	Issue price: ¥53,000 per 500 shares Capital stock: ¥26,500 per 500 shares	Issue price: ¥126,000 per 500 shares Capital stock: ¥63,000 per 500 shares
Conditions for exercising subscription rights to shares:	• The Grantees may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. • When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves.	
Matters relating to transfer of subscription rights to shares:	Transfer of the subscription rights to shares shall be subject to approval of the Board of Directors of the Company.	
Matters relating to substitute payment:	—	—
Matters relating to granting of subscription rights to shares in association with acts of organizational restructuring:	In cases where the Company effects a merger (limited to cases where the Company is to be extinguished as a result of the merger), absorption-type company split (limited to cases where the Company becomes a split company), incorporation-type company split, share exchange (limited to cases where the Company becomes a wholly-owned subsidiary), or share transfer (collectively, hereinafter, "Reorganization"), the Company shall, in each case, under the following conditions, grant subscription rights to shares of the company as listed in Article 236, paragraph (1), item (viii), sub-items (a) to (e) of the Companies Act (hereinafter, the "Company Subject to Reorganization") to holders of these subscription rights to shares that have subscription rights to shares existing as of the effective date of the Reorganization (hereinafter, "Remaining Subscription Rights to Shares"). In this event, the Remaining Subscription Rights to Shares shall become null and void, and the Company Subject to Reorganization shall newly issue subscription rights to shares. However, it is subject to a condition that the provision that the subscription rights to shares of the Company Subject to Reorganization shall be delivered pursuant to the following conditions is specified in the absorption-type merger contract, consolidation-type merger contract, absorption-type company split contract, incorporation-type company split plan, share exchange contract, or share transfer plan, and the provision is approved by the shareholders' meeting of the Company (when a resolution at the shareholders' meeting is not required, a resolution is made at the Board of Directors' meeting of the Company). (i) Number of subscription rights to shares of the Company Subject to Reorganization to be granted The same number of subscription rights to shares as that of Remaining Subscription Rights to Shares held by each holder of these subscription rights to shares (ii) Class of stock underlying subscription rights to shares Common stock of the Company Subject to Reorganization (iii) Number of shares underlying subscription rights to shares The number of shares shall be rationally adjusted in accordance with the conditions for Reorganization and any fractions less than one share resulting from said adjustment shall be rounded down. (iv) Value of property to be contributed when subscription rights to shares are exercised The value shall be the amount obtained by multiplying the exercise price after reorganization by the number of shares of the Company Subject to Reorganization underlying each subscription right to shares, which is decided pursuant to (iii) above. The exercise price after reorganization shall be ¥1 per share of the shares of the Company Subject to Reorganization that would be granted by exercising the granted subscription rights to shares. (v) Exercise period of subscription rights to shares From the latter of the start date of the period during which these subscription rights to shares can be exercised as specified in the aforementioned "Exercise period" and the effective date of Reorganization, until the expiry date of the period during which such subscription rights to shares can be exercised as specified in the "Exercise period." (vi) Other conditions on exercise and terms of acquisition To be determined in accordance with the aforementioned "Conditions for exercising subscription rights to shares" and *3. (vii) Matters relating to capital stock and additional paid-in capital that will be increased in the event of issuance of shares upon exercise of subscription rights to shares To be determined in accordance with *4. (viii) Approval of acquisition of subscription rights to shares Acquisition of subscription rights to shares by transfer shall require the approval of the Company Subject to Reorganization.	

The information as of March 31, 2022 is presented.
As of May 31, 2022, there have been no changes in regard to these matters.
As for *1 through *4, please refer to the information below the table for 2010 Stock Option and 2011 Stock Option.

	2014 Stock Option	2015 Stock Option	2016 Stock Option
Resolved on:	July 30, 2014	July 30, 2015	July 28, 2016
Grantees:	10 directors 19 executive officers	10 directors 20 executive officers	10 directors 20 executive officers
Number of options granted*1:	Common stock, 89,000 shares	Common stock, 116,000 shares	Common stock, 116,000 shares
Grant date:	August 21, 2014	August 20, 2015	August 23, 2016
Vesting conditions:	(i) Those who receive allotment of these subscription rights to shares (the "Grantees") may exercise the rights during the exercisable period and 10 days from the day following the date on which they lose their positions of both directors and executive officers of the Company. (ii) When the Grantees exercise these subscription rights to shares, they shall collectively exercise all subscription rights to shares held by themselves.		
Vesting period:	From June 26, 2014 to June 25, 2015	From June 25, 2015 to June 28, 2016	From June 28, 2016 to June 27, 2017
Exercise period:	From August 22, 2014 to August 21, 2034	From August 21, 2015 to August 20, 2035	From August 24, 2016 to August 23, 2036
Number of subscription rights to shares:	22	38	75
Number of treasury subscription rights to shares out of subscription rights to shares:	—	—	—
Class of stock underlying subscription rights to shares:	Common stock of the Company *2		
Number of shares underlying subscription rights to shares:	11,000 shares	19,000 shares	37,500 shares
Amount to be paid in at the time of exercise of subscription rights to shares:	The exercise price of ¥1 per share ($0.00 per share) multiplied by the number of shares granted.		
Share issue price and capital stock in the event of issuance of shares upon exercise of subscription rights to shares:	Issue price: ¥123,500 per 500 shares Capital stock: ¥61,750 per 500 shares	Issue price: ¥103,500 per 500 shares Capital stock: ¥51,750 per 500 shares	Issue price: ¥100,500 per 500 shares Capital stock: ¥50,250 per 500 shares

The information as of March 31, 2022 is presented.
As of May 31, 2022, there have been no changes in regard to these matters.
As for the "conditions for exercising subscription rights to shares," "matters relating to transfer of subscription rights to shares," "matters relating to substitute payment," and "matters relating to granting of subscription rights to shares in association with acts of organizational restructuring," please refer to the table for 2012 Stock Option and 2013 Stock Option, and as for *1 through *4, please refer to the information below the table for 2010 Stock Option and 2011 Stock Option.

The movement in stock options for the years ended March 31, 2022 and 2021 was as follows. The number of stock options is shown in the number of shares.

Year ended March 31, 2022

	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option
Non-vested:	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)
Outstanding as of March 31, 2021	18,000	17,000	21,500	11,000	13,000	21,500	43,500
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	2,000	2,000	2,500	6,000
Outstanding as of March 31, 2022	18,000	17,000	21,500	9,000	11,000	19,000	37,500
Vested:							
Outstanding as of March 31, 2021	—	—	—	—	2,000	2,500	2,500
Vested	—	—	—	2,000	2,000	2,500	6,000
Exercised	—	—	—	2,000	4,000	5,000	8,500
Forfeited	—	—	—	—	—	—	—
Outstanding as of March 31, 2022	—	—	—	—	—	—	—
Exercise price	¥1 per share ($0.00 per share)	¥1 per share ($0.00 per share)	¥1 per share ($0.00 per share)	¥1 per share ($0.00 per share)	¥1 per share ($0.00 per share)	¥1 per share ($0.00 per share)	¥1 per share ($0.00 per share)
Average stock price upon exercise	—	—	—	¥146.00 ($1.19)	¥151.50 ($1.23)	¥151.50 ($1.23)	¥153.76 ($1.25)
Fair value per share at grant date	¥57.00 per share ($0.46 per share)	¥75.00 per share ($0.61 per share)	¥105.00 per share ($0.85 per share)	¥251.00 per share ($2.05 per share)	¥246.00 per share ($2.00 per share)	¥206.00 per share ($1.68 per share)	¥200.00 per share ($1.63 per share)

Year ended March 31, 2021

	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option	2015 Stock Option	2016 Stock Option
Non-vested:	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)	(Number of shares)
Outstanding as of March 31, 2020	72,500	67,500	64,500	30,000	34,000	47,000	70,000
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	54,500	50,500	43,000	19,000	21,000	25,500	26,500
Outstanding as of March 31, 2021	18,000	17,000	21,500	11,000	13,000	21,500	43,500
Vested:							
Outstanding as of March 31, 2020	—	—	—	—	—	—	—
Vested	54,500	50,500	43,000	19,000	21,000	25,500	26,500
Exercised	54,500	50,500	43,000	19,000	19,000	23,000	24,000
Forfeited	—	—	—	—	—	—	—
Outstanding as of March 31, 2021	—	—	—	—	2,000	2,500	2,500

Since it is extremely difficult to estimate the number of future forfeitures, the Company has applied a method where the actual number of forfeitures is used.

13. Financial Instruments

Overview

(1) Policy on financial instruments

The Companies' main business is "consumer finance service," and the Companies also engage in the credit collection and credit-related businesses. The Companies raise funds by direct finance such as loans, corporate bonds, commercial papers and securitization of receivables. Also, the Companies enter into interest rate option transactions such as interest rate cap transactions and interest rate swap transactions to cut down and equalize finance costs.

(2) Types of financial instruments and related risk

Financial assets held by the Companies are mainly operating receivables from individuals and are exposed to credit risk. Due to changes such as customers' income environment, there is a possibility of failure to perform their contractual obligations. Investment securities mainly consist of equity securities. The Companies own the above securities for business promotion purpose. They are exposed to credit risk of the issuers, interest rate fluctuation risk, and market fluctuation risk. Assets and liabilities denominated in foreign currencies are exposed to foreign currency risk.

Loans, unsecured corporate bonds and commercial papers are exposed to liquidity risk which is the risk of insufficient financing because the Companies cannot access to market under certain environment. The Companies have floating interest rate loans which are exposed to interest rate fluctuation risk; however, the Companies utilize derivative transactions such as interest rate swap transactions and interest rate cap transactions to hedge the above risk.

In the interest rate swap transactions, the Company adopts deferral hedge accounting to reduce interest rate fluctuation risk in loans as hedged items. The Company evaluates the effectiveness of their hedging activities by seeking the correlation of the benchmark interest rate fluctuation ranges between the hedging instruments and the related hedged items. No interest rate cap transactions are currently executed. There is no derivative transaction for speculative purpose.

(3) Risk management of financial instruments

(a) Credit risk management

The Company has established the "risk management group" as a separate and independent body from sales promotion function to manage credit risk. The "credit division" in the "risk management group" manages the individual customers' credit condition and credit standing.

The credit condition and credit standing are periodically reported to the "credit committee," in which the measures for appropriate credit are discussed and determined.

For operating receivables, the Company has established a system to perform credit inspection individually in accordance with the "work authorization rules" and "credit procedures." For delinquent receivables, the Company has established the "administration group" as a specialized group in relation to collection of receivables and manages receivables in the early stage to mitigate the risk. In addition, the Company corresponds to the effect of the risk exposure by recognizing appropriate allowance in accordance with the "allowance for credit losses and write-offs rules, bylaws and related operating principles."

The Company has established a system in which the status of these credit risk management is discussed in the "overall risk management committee" that is held once every three months, and the contents are reviewed at the management meeting and the Board of Directors' meeting.

(b) Market risk management

(i) Interest rate risk management

The Company has established the "ALM division" in the "finance department," as a specialized division for ALM. In accordance with the ALM operation principles determined by the management meeting, the "ALM committee" that is held monthly in principle controls interest rate risk through gap position and maturity ladder approach.

The Company has established a system in which the status of these interest rate risk management is reported in the "overall risk management committee" that is held once every three months, and the contents are reviewed at the management meeting and the Board of Directors' meeting.

Also, interest rate swap transactions are utilized to hedge interest rate fluctuation risk.

(ii) Foreign currency risk management

The Companies manage foreign currency risk on an individual transaction basis.

(iii) Price fluctuation risk management

Most of the investment securities the Companies own are for business promotion purpose, and the Companies manage the risk by monitoring counterparties' market environment and financial condition periodically.

(iv) Derivative transactions

The Company established internal rules for derivative transactions which were determined by the Board of Directors and defined the related policies, standards of treatment, management method and reporting structure.

Execution of derivative transactions requires the approval from the Board of Directors, and the execution and management are operated under mutual supervision system.

(v) Quantitative information in connection with market risk

The Company quantitatively analyzes, for all financial instruments, the impact on profit and loss for the immediate five years using a reasonably anticipated range of interest rate fluctuations to manage interest rate fluctuation risk. The impact is calculated by classifying applicable financial instruments into a fixed-rate group and a floating-rate group and breaking down the balances by the appropriate durations based on respective rollover dates.

The major financial instruments exposed to interest rate risk, which is the primary risk factor for the Companies, are short-term bank loans, long-term debt, commercial papers, securitized receivables, unsecured corporate bonds and interest rate swaps.

Assuming risk factors other than interest rates stay constant, as of March 31, 2022, the Companies estimate that profit before income taxes would decrease by ¥656 million ($5,359 thousand) for the year ending March 31, 2023 (and decrease by ¥759 million for the year ended March 31, 2022, as of March 31, 2021) if the benchmark interest rate rose by 10 basis points (0.1%), and that profit before income taxes would increase by ¥656 million ($5,359 thousand) for the year ending March 31, 2023 (and increase by ¥759 million for the year ended March 31, 2022, as of March 31, 2021) if the benchmark interest rate fell by 10 basis points (0.1%). This impact was calculated based on the assumption that risk factors other than interest rates stay constant, and a correlation between interest rates and other risk factors was not taken into account.

In addition, if any interest rate fluctuation exceeds the reasonably anticipated range, the impact may exceed the calculated amounts.

(c) Liquidity risk management in connection with financing

The Company has established the "ALM division" in the "finance department," as a specialized division for ALM. The "ALM committee" that is held monthly in principle performs liquidity risk management by such means as diversification of the financing method, acquisition of commitment lines from multiple financial institutions, and adjustment between current and long-term balances considering the market environment.

The Company has established a system in which the status of these liquidity risk management is reported in the "overall risk management committee," which is held once every three months, and the contents are reviewed at the management meeting and the Board of Directors' meeting.

(4) Supplemental explanation on fair value of financial instruments

The fair values of financial instruments include values which are reasonably calculated in case market prices do not exist as well as the values based on market prices. As the calculation of those values includes certain assumptions, those values may vary when different assumptions are applied. Also, for the contract amount regarding derivative transactions in "Estimated fair value of financial instruments," the contract amount itself does not indicate market risk related to derivative transactions.

Estimated fair value of financial instruments

Carrying amount on the consolidated balance sheet, fair value and their difference of financial instruments at March 31, 2022 and 2021 were as follows:

		Millions of yen		
		2022		
		Carrying amount on the consolidated balance sheet *4	Fair value *4	Difference
(i)	Operating receivables *2	¥ 1,674,802	¥ 1,700,114	¥25,312
(ii)	Investment securities Available-for-sale securities *3	4,227	4,227	—
(iii)	Unsecured corporate bonds (including current portion of unsecured corporate bonds)	(245,000)	(246,655)	(1,655)
(iv)	Long-term debt (including current portion of long-term debt)	(1,186,952)	(1,187,181)	(229)
(v)	Derivative transactions *5 Hedge accounting was applied	(737)	(737)	—

		Millions of yen		
		2021		
		Carrying amount on the consolidated balance sheet *4	Fair value *4	Difference
(i)	Operating receivables *2	¥ 1,700,171	¥ 1,738,578	¥38,406
(ii)	Investment securities Available-for-sale securities *3	4,092	4,092	—
(iii)	Unsecured corporate bonds (including current portion of unsecured corporate bonds)	(240,000)	(241,115)	(1,155)
(iv)	Long-term debt (including current portion of long-term debt)	(1,189,409)	(1,189,995)	(585)
(v)	Derivative transactions *5 Hedge accounting was applied	(294)	(294)	—

		Thousands of U.S. dollars		
		2022		
		Carrying amount on the consolidated balance sheet *4	Fair value *4	Difference
(i)	Operating receivables *2	$13,681,905	$13,888,685	$206,780
(ii)	Investment securities Available-for-sale securities *3	34,531	34,531	—
(iii)	Unsecured corporate bonds (including current portion of unsecured corporate bonds)	(2,001,470)	(2,014,990)	(13,520)
(iv)	Long-term debt (including current portion of long-term debt)	(9,696,528)	(9,698,398)	(1,870)
(v)	Derivative transactions *5 Hedge accounting was applied	(6,020)	(6,020)	—

*1. Since "Cash and bank deposits" are cash or settled in a short period of time, their carrying amount approximates fair value. Since "Notes and accounts payable," "Short-term loans receivable" and "Commercial papers" are settled in a short period of time, their carrying amount approximates fair value. Accordingly, information about these items is omitted.

*2. Operating receivables include direct installment receivables and beneficiary certificates retained for receivable securitization, and allowance for credit losses is deducted from the amount. Carrying amount on the consolidated balance sheet of the direct installment receivables includes the amount equivalent to unearned finance income. Fair values of debt guarantees (fair values of guaranteed loan receivables and guaranteed loan payables, and fair value of off-balance sheet debt guarantees) as of March 31, 2022 and 2021 were ¥28,365 million ($231,721 thousand) and ¥24,707 million, respectively.

*3. Non-marketable securities are excluded from "(ii) Investment securities." The following table shows the carrying amount of such financial instruments.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Unlisted equity securities	¥13,156	¥11,462	$107,474

*4. The liability position is shown as negative.

*5. Net receivables and payables arising from derivative transactions are presented on a net basis, and the payables position is shown as negative.

Notes 1. Redemption schedule for financial receivables and securities with maturities subsequent to March 31, 2022 and 2021

	Millions of yen					
	2022					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bank deposits	¥218,169	¥ —	¥ —	¥ —	¥ —	¥ —
Operating receivables	643,620	213,084	163,420	122,130	106,897	360,580
Total	¥861,789	¥213,084	¥163,420	¥122,130	¥106,897	¥360,580

	Millions of yen					
	2021					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bank deposits	¥315,158	¥ —	¥ —	¥ —	¥ —	¥ —
Operating receivables	684,347	206,933	155,964	114,860	98,856	367,142
Total	¥999,505	¥206,933	¥155,964	¥114,860	¥98,856	¥367,142

	Thousands of U.S. dollars					
	2022					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bank deposits	$1,782,280	$ —	$ —	$ —	$ —	$ —
Operating receivables	5,257,903	1,740,740	1,335,021	997,712	873,270	2,945,674
Total	$7,040,184	$1,740,740	$1,335,021	$997,712	$873,270	$2,945,674

2. The repayment schedules for long-term debt, unsecured corporate bonds and other interest-bearing debt are disclosed in Note 8. Short-Term Bank Loans, Long-Term Debt, Lease Obligations and Others.

Fair values of financial instruments by level

The fair values of financial instruments are categorized into the following three levels depending on the observability and the significance of inputs used in the fair value measurements.

Level 1 Fair Values: Of observable inputs used in fair value measurement, fair values measured at quoted prices in active markets for identical assets or liabilities

Level 2 Fair Values: Of observable inputs used in fair value measurement, fair values measured using inputs other than Level 1 inputs

Level 3 Fair Values: Fair values measured using unobservable inputs

When using more than one input that is significant to fair value measurement, the Companies categorize the fair value on the basis of the lowest priority level input.

(1) Financial instruments measured at fair value in the consolidated balance sheet

	Millions of yen			
	2022			
	Level 1	Level 2	Level 3	Total
Investment securities: Available-for-sale securities	¥4,227	¥ —	¥—	¥4,227
Derivative transactions: Hedge accounting was applied	—	(737)	—	(737)

	Thousands of U.S. dollars			
	2022			
	Level 1	Level 2	Level 3	Total
Investment securities: Available-for-sale securities	$34,531	$ —	$—	$34,531
Derivative transactions: Hedge accounting was applied	—	(6,020)	—	(6,020)

(2) Financial instruments not measured at fair value in the consolidated balance sheet

	Millions of yen			
	2022			
	Level 1	Level 2	Level 3	Total
Operating receivables	¥—	¥ —	¥1,700,114	¥ 1,700,114
Unsecured corporate bonds (including current portion of unsecured corporate bonds)	—	(246,655)	—	(246,655)
Long-term debt (including current portion of long-term debt)	—	(1,187,181)	—	(1,187,181)

	Thousands of U.S. dollars			
	2022			
	Level 1	Level 2	Level 3	Total
Operating receivables	$—	$ —	$13,888,685	$13,888,685
Unsecured corporate bonds (including current portion of unsecured corporate bonds)	—	(2,014,990)	—	(2,014,990)
Long-term debt (including current portion of long-term debt)	—	(9,698,398)	—	(9,698,398)

Note: Valuation techniques used to measure fair value and inputs used in fair value measurement

Operating receivables

Operating receivables include direct installment receivables and beneficiary certificates retained for receivable securitization. The fair values of operating receivables are estimated by discounting the future cash flows of the amounts to be collected after taking into account credit risk using the market interest rates. Since such credit risk is unobservable, the fair values are categorized within Level 3 Fair Values. The amount expected to be uncollectible of delinquent receivables is estimated taking into account the collectability. Their fair value approximates the carrying amount less the estimated amount of bad debts and is categorized within Level 3 Fair Values.

Investment securities

The fair values of investment securities are estimated based on the unadjusted quoted prices in active markets and categorized within Level 1 Fair Values. The fair values of investment trusts are estimated based on the public daily net asset value per unit, and the categorization was not applied to their fair values in accordance with the transitional provision in paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (prior to revision).

Unsecured corporate bonds

The fair values of unsecured corporate bonds are estimated by discounting the total amount of principal and interest using the interest rates for similar unsecured corporate bonds and categorized within Level 2 Fair Values.

Long-term debt

The fair value of long-term debt is mainly estimated by discounting the total amount of principal and interest by period using the interest rate for similar debt and categorized within Level 2 Fair Values.

Derivative transactions
The fair values of interest rate swaps are estimated applying present value techniques using observable inputs such as interest rates and categorized within Level 2 Fair Values.

*Debt guarantees
The fair values of debt guarantees are estimated by discounting the future cash flows of contractual guarantee fees after taking into account credit risk using the market interest rates and categorized within Level 3 Fair Values.

14. Derivative Transactions

Derivative transactions to which hedge accounting was applied at March 31, 2022 and 2021 were as follows:

Interest-rate related:

		Millions of yen		
		2022		
		Contract amount, etc.		
Hedge accounting method and transaction type	Hedged item	Total	Over one year	Fair value
Principle method				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	¥63,484	¥43,537	¥(737)
Exceptional treatment				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	—	—	—
		¥63,484	¥43,537	¥(737)

		Millions of yen		
		2021		
		Contract amount, etc.		
Hedge accounting method and transaction type	Hedged item	Total	Over one year	Fair value*
Principle method				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	¥74,128	¥59,467	¥(294)
Exceptional treatment				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	—	—	—
		¥74,128	¥59,467	¥(294)

		Thousands of U.S. dollars		
		2022		
		Contract amount, etc.		
Hedge accounting method and transaction type	Hedged item	Total	Over one year	Fair value
Principle method				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	$518,617	$355,665	$(6,020)
Exceptional treatment				
Interest rate swap transactions (Payable fixed/ Receivable floating)	Loans	—	—	—
		$518,617	$355,665	$(6,020)

* Fair value is determined at the quoted price obtained from the counterparty financial institutions.

15. Breakdown of Consumer Finance Service Revenue

Consumer finance service revenue for the years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Credit cards and cash loans	¥ 70,932	¥ 71,932	$ 579,462
Settlement and guarantee	18,309	16,134	149,571
Installment credit	84,018	82,239	686,365
Bank loan guarantee	33,123	37,834	270,590
Other	1,939	1,824	15,840
	¥208,323	¥ 209,964	$1,701,846

Each service revenue included revenue from the securitization of direct installment receivables as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Credit cards and cash loans	¥27,938	¥28,809	$228,232
Installment credit	50,657	48,555	413,830
Other	99	18	808
	¥78,696	¥77,383	$642,888

16. Revenue Recognition

(1) Disaggregated revenue from contracts with customers

Disaggregated revenue from contracts with customers is as disclosed in Note 26. Segment Information.

(2) Information to enable users to understand revenue

Information to enable users to understand revenue is omitted because the same information is disclosed in Note 2. Summary of Significant Accounting Policies (1) Basis for recognizing revenue and expenses.

(3) Information to enable users to understand the amount of revenue for the years ended on or after March 31, 2022

(a) Balances of contract assets and contract liabilities

The following table shows the Companies' contract liabilities from contracts with customers in the year ended March 31, 2022.

	Millions of yen	Thousands of U.S. dollars
	2022	2022
Contract liabilities at beginning of period	¥1,843	$15,055
Contract liabilities at end of period	1,775	14,500

Contract liabilities were included in "Accrued expenses and other current liabilities" in the consolidated balance sheet. Contract liabilities represent the outstanding balance of credit card annual fees for which the Company has not satisfied its performance obligation at the fiscal year-end.

Revenue recognized in the year ended March 31, 2022 that was included in the contract liabilities at the beginning of the year ended March 31, 2022 was ¥1,843 million ($15,055 thousand).

(b) Transaction price allocated to the remaining performance obligations

The aggregate amount of the transaction price allocated to the remaining performance obligations related to credit card annual fees as of March 31, 2022 was ¥1,775 million ($14,500 thousand). The Companies expect to recognize revenue for such remaining performance obligations over time within one year.

17. Breakdown of Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Provision of allowance for credit losses	¥ 36,020	¥ 43,090	$ 294,257
Employees' salaries	28,900	29,251	236,091
Retirement benefit expenses	(145)	1,646	(1,184)
Provision of accrued bonuses	3,910	3,841	31,941
Provision of accrued bonuses for directors and executive officers	78	79	637
Provision of allowance for board benefit trust	83	62	678
Provision of allowance for point program	3,160	4,789	25,814
Provision of allowance for losses on guarantees	(142)	(135)	(1,160)
Provision of allowance for losses on interest refunds	13,183	6,601	107,695
Outsourcing fee	41,518	40,505	339,171
Other	61,995	67,284	506,453
	¥188,563	¥197,017	$1,540,421

18. Breakdown of Gain and Loss on Sale of Property and Equipment

Gain on sale of property and equipment for the years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Land	¥147	¥—	$1,200
Other	—	0	—
	¥147	¥ 0	$1,200

Loss on sale of property and equipment for the years ended March 31, 2022 and 2021 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Buildings and structures	¥131	¥—	$1,070
Land	8	—	65
	¥139	¥—	$1,135

19. Cash Flow Information

Reconciliation of cash and cash equivalents on the consolidated statement of cash flows and cash and bank deposits on the consolidated balance sheet was as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Cash and bank deposits	¥218,189	¥315,176	$1,782,444
Short-term loans receivable including repurchase agreements	189,999	69,999	1,552,152
Cash and cash equivalents	¥408,187	¥385,176	$3,334,588

20. Comprehensive Income

Reclassification adjustments and income tax effects on components of other comprehensive income for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Valuation difference on available-for-sale securities:			
Gains arising during the year	¥ 213	¥ 398	$ 1,740
Reclassification adjustments	(62)	102	(506)
Amount before income tax effect	151	501	1,233
Income tax effect	(47)	(152)	(383)
Total	104	348	849
Deferred gains (losses) on hedges:			
Losses arising during the year	(289)	(125)	(2,360)
Reclassification adjustments	431	(3)	3,520
Amount before income tax effect	141	(129)	1,151
Income tax effect	(46)	(0)	(375)
Total	95	(130)	776
Foreign currency translation adjustments:			
Gains arising during the year	354	180	2,891
Reclassification adjustments	—	—	—
Amount before income tax effect	354	180	2,891
Income tax effect	—	—	—
Total	354	180	2,891
Remeasurements of defined benefit plans, net of tax:			
(Losses) gains arising during the year	(4,752)	15,753	(38,820)
Reclassification adjustments	(1,544)	(20)	(12,613)
Amount before income tax effect	(6,297)	15,733	(51,441)
Income tax effect	1,299	(2,709)	10,611
Total	(4,997)	13,023	(40,821)
Share of other comprehensive (loss) income of associates accounted for using equity method:			
(Losses) gains arising during the year	(0)	0	(0)
Reclassification adjustments	—	—	—
Total	(0)	0	(0)
Total other comprehensive income	¥(4,443)	¥13,423	$(36,296)

21. Business Combinations

Completion of accounting for business combination

In the year ended March 31, 2021, the Companies provisionally accounted for the business combination with PT Orico Balimor Finance effected on March 31, 2021 and, in the year ended March 31, 2022, completed the accounting.

Due to the completion of the accounting, adjustments to the acquisition cost allocation were made in comparative information included in the consolidated financial statements for the year ended March 31, 2022, and total assets as of March 31, 2021 increased by ¥205 million, total liabilities decreased by ¥38 million, and net assets increased by ¥244 million.

Gain on bargain purchase of ¥1,093 million, which had been provisionally determined at March 31, 2021, increased to ¥1,215 million mainly due to a decrease in allowance for credit losses of ¥191 million.

Transfer of shares in subsidiary

(1) Overview of share transfer

(a) Name and business description of subsidiary

Name of subsidiary: Ohtori Corporation

Business description: Development, management and operation of parking facilities

(b) Name of transferee

ICHINEN HOLDINGS CO., LTD.

(c) Major reason for share transfer

The Company set "Innovation for Next Orico" as its basic policy in the medium-term management policy that ended in the year ended March 31, 2022 and consistently advanced efforts following basic strategies such as cost reduction through process innovation, business expansion to the Philippines and Indonesia, and e-commerce support in cooperation with a company in another industry during the COVID-19 pandemic. In the medium-term management plan, the Company, in the light of future environmental changes, would like to further focus on priority business areas and new business fields in which the Company can use its strengths. Under such circumstances, as part of a review of businesses in the group, the Company decided that it was best to leave the operation of the parking business of Ohtori to a third party and determined to transfer all its shares in Ohtori. ICHINEN HOLDINGS to which the Company transferred its shares in Ohtori has a consolidated subsidiary, ICHINEN PARKING CO., LTD., operating approximately 1,500 parking facilities all over Japan mainly in Kansai area. Accordingly, the Company considered that there would be high synergy between ICHINEN GROUP and Ohtori which operates parking facilities mainly in areas around Tokyo.

(d) Date of share transfer
March 31, 2022

(e) Overview of other transaction including legal form
Share transfer in exchange for cash only

(2) Summary of applied accounting treatment

(a) Amount of gain (loss) on transfer of shares
The transfer price is not disclosed because the Company entered into a non-disclosure agreement with ICHINEN HOLDINGS.

(b) Accounting treatment
The Company applied accounting treatments prescribed in the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, revised on September 13, 2013) and the "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (Accounting Practice Committee Statement No. 7, issued on June 9, 2009).

(3) Reportable segment that included such subsidiary
Other

(4) Such subsidiary's operating revenues and operating profit recognized in the consolidated statement of income for the year ended March 31, 2022

	Millions of yen	Thousands of U.S. dollars
Operating revenues	**¥686**	**$5,604**
Operating profit	**86**	**702**

22. Contingent Liabilities

At March 31, 2022 and 2021, the Companies had the following guarantee obligations.

	Millions of yen		Thousands of U.S. dollars
	2022	2021	**2022**
Guarantees of loans to customers from affiliated financial institutions	**¥1,158,749**	¥1,193,970	**$9,466,130**

23. Related Party Transactions

For the year ended March 31, 2022

(1) Transactions with a major shareholder (other affiliated company) of the Company were as follows:

					Transaction amount			Balance	
Name	Voting rights (%)	Business relationship	Details of transaction		Millions of yen	Thousands of U.S. dollars	Account	Millions of yen	Thousands of U.S. dollars
Mizuho Bank, Ltd.	Direct 48.66	Borrowing of funds	Borrowing of funds, net		¥ (11,516)	$ (94,077)	Short-term bank loans	¥ 6,796	$ 55,518
							Current portion of long-term debt	87,420	714,157
							Long-term debt	102,580	838,003
			Interest payments		1,074	8,773	Accrued expenses	16	130
		Loan business alliance	Loan guarantee	Debt guarantee	—	—	Guaranteed loan payables	110,983	906,649
				Receipt of guarantee fees	—	—	—	—	—
			Bank guarantee	Debt guarantee	154,576	1,262,772	(Note 3)	423,688	3,461,220
				Receipt of guarantee fees	14,431	117,890	Other current assets	1,213	9,909

Notes 1. Interest and guarantee fee rates were determined based on the terms and conditions generally applied to other third-party transactions.
2. Mizuho Bank, Ltd. also falls under subsidiaries of other affiliated company.
3. The balance represents the amount of debt guarantees for which the Company does not collect the related receivables which is disclosed as guarantee obligations.

(2) Transactions with a subsidiary of the Company's other affiliated company were as follows:

				Transaction amount			Balance	
Name	Voting rights (%)	Business relationship	Details of transaction	Millions of yen	Thousands of U.S. dollars	Account	Millions of yen	Thousands of U.S. dollars
Mizuho Trust & Banking Co., Ltd.	Direct 0.06	Borrowing of funds	Borrowing of funds, net	¥(5,000)	$(40,846)	Current portion of long-term debt	¥22,244	$181,717
						Long-term debt	37,756	308,438
			Interest payments	380	3,104	Accrued expenses	0	0

Note Interest rate was determined based on the terms and conditions generally applied to other third-party transactions.

For the year ended March 31, 2021

(1) Transactions with a major shareholder (other affiliated company) of the Company were as follows:

Name	Voting rights (%)	Business relationship	Details of transaction		Transaction amount Millions of yen	Account	Balance Millions of yen
Mizuho Bank, Ltd.	Direct 48.66	Borrowing of funds	Borrowing of funds, net		¥ 8,313	Short-term bank loans	¥ 8,313
						Current portion of long-term debt	57,320
						Long-term debt	142,680
			Interest payments		1,090	Accrued expenses	61
		Loan business alliance	Loan guarantee	Debt guarantee	—	Guaranteed loan payables	151,583
				Receipt of guarantee fees	—	—	—
			Bank guarantee	Debt guarantee	166,351	(Note 3)	460,849
				Receipt of guarantee fees	17,656	Other current assets	1,395

Notes 1. Interest and guarantee fee rates were determined based on the terms and conditions generally applied to other third-party transactions.
2. Mizuho Bank, Ltd. also falls under subsidiaries of other affiliated company.
3. The balance represents the amount of debt guarantees for which the Company does not collect the related receivables which is disclosed as guarantee obligations.

(2) Transactions with a subsidiary of the Company's other affiliated company were as follows:

Name	Voting rights (%)	Business relationship	Details of transaction	Transaction amount Millions of yen	Account	Balance Millions of yen
Mizuho Trust & Banking Co., Ltd.	Direct 0.06	Borrowing of funds	Borrowing of funds, net	¥—	Current portion of long-term debt	¥22,961
					Long-term debt	42,039
			Interest payments	377	Accrued expenses	3

Note Interest rate was determined based on the terms and conditions generally applied to other third-party transactions.

24. Special Purpose Companies Subject to Disclosure

The Company securitizes credit receivables and other receivables in order to diversify sources of funding and secure stable financing. For a certain part of such securitization, the Company uses limited liability companies as special purpose companies.

The Company entrusts the receivables described above to a trust bank, and certain senior portions of the trust beneficiary rights are transferred to the special purpose companies. The special purpose companies raise funds through issuing bonds and other securities backed by asset-based lending based on the senior trust beneficiary rights transferred by the Company, and the Company receives the funds as proceeds from the sale of the senior trust beneficiary rights for financing. Moreover, loans have been executed in certain securitization matters.

The Company did not hold stock and other securities with voting rights of the special purpose companies and did not dispatch any officers or employees to these companies.

	2022	2021	2022
Number of special purpose companies	14	11	—
Total assets as of the latest fiscal year-end (simple total)	¥181,749 million	¥177,377 million	$1,484,756 thousand
Total liabilities as of the latest fiscal year-end (simple total)	¥177,132 million	¥176,634 million	$1,447,038 thousand

Note The number of companies whose accounts for the first business year were not settled was three for the year ended March 31, 2022 (one for the year ended March 31, 2021), and their accounts were not added to the total assets or total liabilities.
Initial net assets of the companies whose accounts for the first business year were not settled (simple total) were ¥115 million ($939 thousand) for the year ended March 31, 2022 (¥43 million for the year ended March 31, 2021).

Amounts of transactions with the special purpose companies for the years ended March 31, 2022 and 2021 were as follows:

	Millions of yen		Millions of yen
	2022		
	Amount or balance at March 31, 2022 of main transactions	Gains or losses: Item	Gains or losses: Amount
Transferred assets			
Senior trust beneficiary rights *1	¥114,400	—	¥ —
Loans receivable *2	15,824	Interest income	143

	Millions of yen		Millions of yen
	2021		
	Amount or balance at March 31, 2021 of main transactions	Gains or losses	
		Item	Amount
Transferred assets			
Senior trust beneficiary rights *1	¥85,600	—	¥ —
Loans receivable *2	12,638	Interest income	132

	Thousands of U.S. dollars		Thousands of U.S. dollars
	2022		
	Amount or balance at March 31, 2022 of main transactions	Gains or losses	
		Item	Amount
Transferred assets			
Senior trust beneficiary rights *1	$934,564	—	$ —
Loans receivable *2	129,270	Interest income	1,168

*1 Amounts of transfer value are stated.
*2 Balances at the end of the respective fiscal years are stated.

25. Per Share Information

The bases for calculating basic earnings per share and diluted earnings per share were as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Basic earnings per share:			
Profit attributable to owners of parent	¥ 19,476	¥ 19,695	$159,104
Profit not attributable to common stock shareholders:	1,360	1,598	11,110
Preferred dividends	—	576	—
Difference arising from retirement of preferred stock	1,360	1,022	11,110
Profit attributable to owners of parent related to common stock	18,115	18,097	147,986
Weighted average number of shares of common stock (thousands of shares)	1,716,404	1,716,914	
Weighted average number of shares of preferred stock (thousands of shares)	12,547	29,410	
Diluted earnings per share:			
Profit adjustment attributable to owners of parent	—	—	—
Increase in shares of common stock (thousands of shares):	134	209	
Subscription rights to shares	134	209	

Note The number of shares of the Company's stock owned by Custody Bank of Japan, Ltd. in the Company's Board Benefit Trust (BBT) was included in the number of shares of treasury stock that was deducted from the number of outstanding shares for calculating net assets per share. The number of such shares as of March 31, 2022 and 2021 was 2,279 thousand shares and 2,424 thousand shares, respectively.
For calculating basic earnings per share and diluted earnings per share, the number of such shares was included in the number of shares of treasury stock that was deducted to calculate the weighted average number of shares. The weighted average number of such shares for the years ended March 31, 2022 and 2021 was 2,315 thousand shares and 1,731 thousand shares, respectively.

26. Segment Information

(1) Overview of reportable segments

The reportable segments of the Company are components for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors to assess their business performance and make decisions about resources allocation.

The Company consists of the four reportable segments of "credit cards and cash loans" and "settlement and guarantee," which are growing businesses, and "installment credit" and "bank loan guarantee," which are core businesses of the Company.

The brief overview of the businesses is as follows:

- "Credit cards and cash loans" – consumer credit cards, credit card shopping service focusing on individual customers, and consumer loans service;
- "Settlement and guarantee" – guarantee of settlement for rent and accounts receivable, guarantee service for small leases, and collection agent service;
- "Installment credit" – consumer credit service and credit guarantee service focusing on auto loans and shopping credit; and
- "Bank loan guarantee" – guarantee service for personal loans provided by affiliated financial institutions.

(2) Calculation method for the amounts of operating revenues, profit and assets for each reportable segment

The accounting policies of the reportable segments are consistent with those described in Note 2. Summary of Significant Accounting Policies. Inter-segment revenues or transfers are recorded based on the prices used in ordinary transactions with independent third parties.

As stated in Note 2. Summary of Significant Accounting Policies (19) Changes in accounting policies and (20) Changes in presentation, the Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Revenue Recognition" and related guidance at the beginning of the year ended March 31, 2022, and the Companies changed accounting policies on guarantee and loan agent service and the presentation of sales rebates. In addition, as stated in Note 21. Business Combinations, during the year ended March 31, 2022, the Companies completed the accounting for the business combination that had been effected in the year ended March 31, 2021.

Segment information for the year ended March 31, 2021 was retrospectively adjusted due to the above changes.

(3) Information about operating revenues, profit and assets by reportable segment

	Millions of yen						
	2022						
	Reportable segments						
	Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee	Total	Other *1	Total
Operating revenues:							
Revenue from contracts with customers	¥ 38,276	¥ 4,338	¥ 5,840	¥ 8	¥ 48,463	¥ 3,201	¥ 51,665
Other revenue	32,656	13,971	78,177	33,115	157,920	5,534	163,455
Operating revenues to external customers	70,932	18,309	84,018	33,123	206,383	8,736	215,120
Inter-segment revenues or transfers	0	0	—	—	0	5,151	5,152
Total	70,932	18,309	84,018	33,123	206,384	13,888	220,272
Segment profit	59,797	9,568	63,782	19,792	152,940	3,469	156,410
Segment assets *2	585,536	123,118	3,437,480	1,086,798	5,232,933	84,821	5,317,755

	Millions of yen						
	2021						
	Reportable segments						
	Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee	Total	Other *1	Total
Operating revenues							
Operating revenues to external customers	¥ 71,932	¥ 16,134	¥ 82,239	¥ 37,834	¥ 208,140	¥ 8,050	¥ 216,191
Inter-segment revenues or transfers	1	0	—	—	2	6,830	6,833
Total	71,933	16,134	82,239	37,834	208,143	14,881	223,024
Segment profit	58,569	8,015	62,520	20,816	149,921	2,894	152,816
Segment assets *2	604,433	117,693	3,408,347	1,112,866	5,243,340	101,360	5,344,701

	Thousands of U.S. dollars						
	2022						
	Reportable segments						
	Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee	Total	Other *1	Total
Operating revenues:							
Revenue from contracts with customers	$ 312,686	$ 35,438	$ 47,708	$ 65	$ 395,907	$ 26,149	$ 422,065
Other revenue	266,775	114,132	638,648	270,525	1,290,090	45,208	1,335,307
Operating revenues to external customers	579,462	149,571	686,365	270,590	1,685,997	71,366	1,757,372
Inter-segment revenues or transfers	0	0	—	—	0	42,079	42,088
Total	579,462	149,571	686,365	270,590	1,686,006	113,454	1,799,460
Segment profit	488,497	78,163	521,052	161,686	1,249,407	28,339	1,277,755
Segment assets *2	4,783,400	1,005,783	28,081,692	8,878,343	42,749,228	692,925	43,442,161

*1. "Other" represents business segments that are not included in the reportable segments and includes a servicer business.
*2. Segment assets include guarantee obligations that were not recognized in the consolidated balance sheet and the balance of securitized receivables.
*3. Segment information for the year ended March 31, 2021 was based on the adjusted acquisition cost allocation due to the completion of the accounting for the business combination as stated in Note 21. Business Combinations.

(4) Reconciliations between total of operating revenues, segment profit and segment assets of the reportable segments and the amounts recorded on the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
Operating revenues:			
Total reportable segments	¥ 206,384	¥ 208,143	$ 1,686,006
Other business segments	13,888	14,881	113,454
Corporate revenues	14,686	13,602	119,973
Inter-segment eliminations	(5,152)	(6,833)	(42,088)
Operating revenues on the consolidated financial statements	¥ 229,806	¥ 229,793	$ 1,877,346
Segment profit:			
Total reportable segments	¥ 152,940	¥ 149,921	$ 1,249,407
Other business segments	3,469	2,894	28,339
Corporate expenses *	(123,434)	(124,165)	(1,008,365)
Other	(3,980)	(6,098)	(32,513)
Operating profit on the consolidated financial statements	¥ 28,994	¥ 22,553	$ 236,859
Segment assets:			
Total reportable segments	¥ 5,232,933	¥ 5,243,340	$ 42,749,228
Other business segments	84,821	101,360	692,925
Corporate assets	1,342,452	1,336,781	10,966,849
Securitized direct installment receivables	(1,745,302)	(1,668,312)	(14,257,838)
Guarantee obligations not recognized in the consolidated balance sheet	(1,158,749)	(1,193,970)	(9,466,130)
Other	(4,106)	(5,242)	(33,543)
Total assets on the consolidated financial statements	¥ 3,752,049	¥ 3,813,957	$ 30,651,490

* Corporate expenses represent mainly selling, general and administrative expenses excluding provision of allowance for credit losses and provision of allowance for losses on guarantees.

(5) Related information

(a) Information by product and service has been omitted for the years ended March 31, 2022 and 2021 since it is consistent with the reportable segment information.

(b) Information by geographical area has been omitted for the years ended March 31, 2022 and 2021 since operating revenues to external customers in Japan constituted more than 90% of operating revenues in the consolidated statement of income and the balance of property and equipment located in Japan constituted more than 90% of the balance in the consolidated balance sheet.

(c) Information by major customer has been omitted for the years ended March 31, 2022 and 2021 since there was no specific external customer representing 10% or more of operating revenues in the consolidated statement of income.

(d) Information about impairment losses on fixed assets

For the year ended March 31, 2022, no impairment loss was recognized. Information for the year ended March 31, 2021 has been omitted due to its immateriality.

(e) Information about goodwill

	Millions of yen				
	2022				
	Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee	Total
Amortization	¥—	¥ 247	¥—	¥—	¥ 247
Balance at end of year	—	1,359	—	—	1,359

	Millions of yen				
	2021				
	Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee	Total
Amortization	¥—	¥ 247	¥—	¥—	¥ 247
Balance at end of year	—	1,606	—	—	1,606

	Thousands of U.S. dollars				
	2022				
	Credit cards and cash loans	Settlement and guarantee	Installment credit	Bank loan guarantee	Total
Amortization	$—	$ 2,017	$—	$—	$ 2,017
Balance at end of year	—	11,102	—	—	11,102

Note The amount of "settlement and guarantee" arose from the consolidation of Orico Forrent Insure Co., Ltd. because the Company acquired its shares.

(f) Information about gain on bargain purchase

For the year ended March 31, 2022, no gain on bargain purchase was recognized. During the year ended March 31, 2021, the Company recognized a gain on bargain purchase in the "installment credit" since the Company acquired the shares of PT. Mizuho Balimor Finance and it became a consolidated subsidiary of the Company. Details are shown in Note 21. Business Combination. The amount recognized as gain on bargain purchase was ¥1,215 million.

Note The information about gain on bargain purchase by reportable segment for the year ended March 31, 2021 was based on the adjusted acquisition cost allocation due to the completion of the accounting for the business combination as stated in Note 21. Business Combinations.

27. Subsequent Events

On May 6, 2022, the Board of Directors of the Company resolved to submit a proposal on the consolidation of the Company's shares at the Company's 62nd annual general meeting of shareholders (the "Annual General Shareholders' Meeting"), which was held on June 24, 2022, and the proposal was approved and adopted at the Annual General Shareholders' Meeting.

(1) Purpose of consolidation

The Company's share price is substantially below the desirable investment unit standard, "between ¥50,000 and ¥500,000," in the Tokyo Stock Exchange Securities Listing Regulation.

The total number of issued shares of common stock of the Company was 1,718,747,203 shares as of March 31, 2022 and was more than that of other companies in the same industry listed on the Tokyo Stock Exchange.

To improve such circumstances, the Company's Board of Directors resolved to submit the proposal on the consolidation of the Company's shares at the Annual General Shareholders' Meeting.

(2) Details of share consolidation

(a) Class of shares to be consolidated

Common stock shares

(b) Consolidation ratio

1 share per 10 shares of common stock

(Based on the number of shares of common stock held by shareholders registered or recorded in the Company's shareholder register on September 30, 2022)

(c) Effective date

October 1, 2022

(d) Decrease in number of shares of common stock due to consolidation (may fluctuate)

Number of issued shares before consolidation (as of March 31, 2022):	1,718,747,203 shares
Decrease in number of shares due to consolidation:	1,546,872,483 shares
Total number of issued shares after consolidation:	171,874,720 shares

Note The "decrease in number of shares due to consolidation" and the "total number of issued shares after consolidation" are theoretical values based on the number of issued shares before consolidation and the consolidation ratio.

(3) Effect on per share information

The following is per share information as of and for the year ended March 31, 2022 as though the share consolidation was effected as of the beginning of the year ended March 31, 2022.

Net assets per share	¥1,249.79 ($10.20)
Basic earnings per share	¥105.54 ($0.86)
Diluted earnings per share	¥105.54 ($0.86)

Independent Auditor's Report

The Board of Directors
Orient Corporation

Opinion

We have audited the accompanying consolidated financial statements of Orient Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2022, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2(19)(b) to the consolidated financial statements, which describes the Group changed *(i)* method of recognizing revenue for guarantee and loan agent service, *(ii)* accounting method for guaranteed loan receivables and guaranteed loan payables, and (*iii*) accounting method for advance payments for guaranteeing collection from the current consolidated fiscal year. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Ernst & Young ShinNihon LLC

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<table>
<tr><th colspan="2">Validity of reason for changing method of recognizing revenue from guarantee and loan agent service and appropriateness of notes to the consolidated financial statements</th></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>As described in (i) Method of recognizing revenue for guarantee and loan agent service, 2(19)(b). Changes in accounting policies related to credit guarantees, (Changes in accounting policies) under notes to the consolidated financial statements, the Group previously recognized the entire amount of revenue at once upon entering into guarantee contracts, but beginning from the fiscal year ended March 31, 2022, adopted a method of recognizing revenue over the contract period (Sum-of-the-months' digits method based on the standard under which revenue is recognized at each installment payment date). This change in accounting policy was applied retrospectively and compared to before the retrospective application, deferred tax assets (included in Investments, Advances and Other Assets) and unearned finance income for the fiscal year ended March 31, 2021 increased by 10,239 millions of Japanese yen and 42,844 millions of Japanese yen, respectively, and retained earnings for the fiscal year ended March 31, 2021 decreased by 32,604 millions of Japanese yen. Additionally, operating revenues, and operating profit for the fiscal year ended March 31, 2021 each increased by 1,741 millions of Japanese yen and profit and profit attributable to owners of parent for the fiscal year ended March 31, 2021 increased by 1,903 millions of Japanese yen. Although accounting policies are consistently applied in principle, they may be changed if there is a valid reason. Changes in accounting policies are deemed to have been made for a valid reason if they were made in response to changes in the nature of the entity's business and changes in the operating environment in and out of the entity and to appropriately reflect accounting events and the like in the consolidated financial statements.</td><td>We mainly performed the following procedures to consider the validity of the reason for changing the accounting policy related to recognizing revenue from guarantee and loan agent service and the appropriateness of the notes to the consolidated financial statements.

1. Assessment on validity of reason for change in accounting policy
・ We made inquiries of the executive in charge regarding the basis for determining that the change in the accounting policy related to recognizing revenue from guarantee and loan agent service was made in response to changes in the nature of the entity's business and changes in the operating environment within and outside of the entity and to appropriately reflect accounting events and the like in the consolidated financial statements.
・ We inspected the periods in which major costs and indirect costs (e.g., system costs) related to guarantee and loan agent service arise and reperformed calculations to verify that the proportion of costs incurred upon entering into guarantee contracts is decreasing and that the proportion of costs incurred over guarantee contract periods is increasing.
・ We obtained data about changes in the number of payments made by customers on loans such as reform loans and auto loans, which are key products in guarantee and loan agent service, and verified from the standpoint of the satisfaction of performance obligations that the number of payments made by customers for both types of loans is increasing.</td></tr>
</table>

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Management determined that it is appropriate to recognize revenue over the contract period based on the reasoning that changes in the Group's business are consistent with the approach to revenue recognition such as that described in Accounting Standard for Revenue Recognition where revenue is recognized as performance obligations are satisfied; specifically, the timing with which major costs related to guarantee and loan agent service arise is changing, indirect costs related to such transactions (e.g., system costs) are arising over longer periods of time, the number of payments made by customers on loans such as reform loans and auto loans are increasing, and guarantee services are provided over contract periods. Given that the timing of the above change in accounting policy involves subjective judgment by management in consideration of changes in the cost structure of guarantee and loan agent service, the shift to transactions taking place over longer periods of time, and other such changes, we must make significant judgments in assessing whether such change in accounting policy was made for a valid reason. In addition, considering that the effect of this change in accounting policy on the beginning balance of retained earnings is material, it is necessary for the purpose of our audit that we consider whether the notes to the consolidated financial statements that include this impact are appropriately prepared. Therefore, we determined that the validity of the reason for changing the accounting policy related to recognizing revenue from guarantee and loan agent service and the appropriateness of the notes to the consolidated financial statements are of particular significance for the fiscal year ended March 31, 2022 and, accordingly, that this is a key audit matter. Further, we determined that the notes to the consolidated financial statements regarding the change in the accounting policy related to recognizing revenue from guarantee and loan agent service are also important in that they are fundamental to users' understanding of the consolidated financial statements.	2. Assessment on appropriateness of notes to the consolidated financial statements We performed the following procedures to assess whether notes to the consolidated financial statements regarding the aforementioned change were appropriately prepared. ・ We assessed the accuracy and completeness of the data that was used to determine the effect of the noted change and reperformed the calculation of the effect. ・ We verified that the details of the change in accounting policy, the valid reason for making the change, and the effect of the change are appropriately reflected in the notes to the consolidated financial statements.

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Estimate of allowance for credit losses	
Description of Key Audit Matter	**Auditor's Response**
As of March 31, 2022, the Group recorded allowance for credit losses of 128,517 millions of Japanese yen (1,049,889 thousands of U.S. dollars) on its consolidated balance sheet and the specific method of estimating this allowance is described in Note 2 (3)(a) to the consolidated financial statements. In accordance with the Group's policy "Allowance for credit losses and write-offs rules, bylaws and related operating principles.", the Group calculates the respective expected loss ratios based on a statistical technique in the light of historical bad debts for normal receivables and for receivables that require special management, such as receivables that are three months or more overdue, to recognize an allowance for credit losses and as for specific receivables, recognize an allowance for credit losses at the amount expected to be uncollectible taking into account the collectability on an individual basis. In calculating the expected loss ratio, the Group assumes that consumer spending will gradually recover in the fiscal year ending March 31, 2023 despite a certain degree of the impact of COVID-19. The Group determined the amount of allowance for credit losses on the assumption that the expected loss ratios would not rise significantly. The Group primarily engages in consumer credit business as its core business and the collectability of installment account receivables and other operating receivables may be affected by future economic trends, an increase in individual bankruptcy filings and other unexpected reasons. Furthermore, in the case where economic conditions get worse due to the effects of COVID-19, the Group may provide an additional allowance for credit losses due to a rise in expected loss ratios and other reasons, and the degree of uncertainty in the estimate and the degree of reliance on management's judgment are high.	In assessing the estimate of the allowance for credit losses, we mainly performed the following audit procedures. 1. Assessment on internal controls related to estimating the allowance for credit losses ・ We assessed the design and operating effectiveness of internal controls for ensuring the accuracy of credit classification and internal controls for ensuring the accuracy of the determination of the allowance for credit losses. 2. Assessment on accuracy of credit classification of receivables ・ For receivables selected through sampling, we assessed the accuracy of the credit classification by inspecting the collection status, negotiation records, etc., and by conducting inquiries with the risk management group as necessary. 3. Assessment on reasonableness of estimation method and estimate of allowance for credit losses ・ We assessed the method used to estimate the allowance for credit losses in the past by performing a comparative analysis of actual losses on installment account receivables and other receivables with historical expected losses. ・ In order to examine changes in the credit status of the portfolio as a whole, we conducted a trend analysis for each credit classification and inspected the status of recent credit losses on nonperforming receivables. ・ We considered whether data in the core system is consistent with materials which was the basis for the calculation of the allowance for credit losses and whether data in the core system is consistent with materials which was the basis for the calculation of the historical loss rate, and also conducted procedures to recalculate the credit loss rate.

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Therefore, based on the above factors, we determined the estimate of the allowance for credit losses to be a key audit matter.	・ Regarding the impact of COVID-19 on credit classification and expected loss ratios, we assessed the assumptions adopted by management by carrying out inquiries with the management and the risk management group and comparing them with available external information on the outlook for consumer spending and capital needs.

Recoverability of deferred tax assets	
Description of Key Audit Matter	**Auditor's Response**
As of March 31, 2022 the Group recorded deferred tax assets of 34,921 millions of Japanese yen (285,278 thousands of U.S. dollars) on its consolidated balance sheet and provided related disclosures in Note 2(18)(b) to the consolidated financial statements. The Group recognizes deferred tax assets for deductible temporary differences and assesses their recoverability on the basis of future taxable income in the business plan for the next three years. Some uncertainties are factored in when the Group estimates future taxable income. The Group estimates the amount of deductible temporary differences associated with the allowance for credit losses that is expected to reverse in light of historical bad debts and the amount of other deductible temporary differences that are expected to reverse based on the scheduling for each temporary difference. In formulating future business plans, the Group forecasts operating revenues and expenses related to bad debts and financial expenses for each of the Group's services in the business plan based on the assumption that consumer spending for the year ending March 31, 2023 will gradually recover despite a certain degree of the impact of COVID-19. The Group has described the key assumptions and the impact of COVID-19 in Note 2(18)(b) to the consolidated financial statements.	In assessing the recoverability of deferred tax assets, we mainly performed the following audit procedures. 1. Assessment on internal controls related to recording deferred tax assets ・ We assessed the design and operating effectiveness of internal controls for ensuring the accuracy of the determination of deferred tax assets. 2. Assessment on reasonableness of estimating future taxable income ・ With respect to the major assumptions included in the future business plans, such as the forecast of operating revenues, bad debt expenses and operating expenses such as finance costs for each business, we assessed the assumptions by carrying out inquiries with the management and the corporate planning department, analyzing trends from past results and comparing them with available external information. Regarding the impact of COVID-19 on business plans, etc., we assessed the assumptions adopted by management by carrying out inquiries with the management and the corporate planning department and comparing them with available external information on the future outlook for consumer spending and capital needs. ・ In order to assess certain uncertainties involved in estimating future taxable income, we compared business plans with actual results for previous years.

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The recoverability of deferred tax assets may be affected by future economic trends, an increase in individual bankruptcy filings and other unexpected reasons. Furthermore, in the case where economic conditions get worse due to the effects of COVID-19, the outlook for operating revenues and expenses related to bad debts and financial expenses of their respective services in the business plan may be significantly affected, and the estimate of future taxable income may be changed and the degree of uncertainty in the estimate and the degree of reliance on management's judgment are high. Therefore, based on above factors, we determined the recoverability of deferred tax assets to be a key audit matter.	3. Assessment on reasonableness related to the scheduling around the reversal of the deductible temporary differences and the net operating loss carryforwards ・ We considered the reasonableness on the timing of reversal of deductible temporary differences, which management determined, by inspecting the timing of actual reversal of deductible temporary differences and net operating loss carryforwards were reversed in past periods.

Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2022 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1(1) to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 15, 2022

Nobuko Kubo
Designated Engagement Partner
Certified Public Accountant

Takashi Hasegawa
Designated Engagement Partner
Certified Public Accountant

Ernst & Young ShinNihon LLC

Corporate Directory

As of June 24, 2022

Officers

Directors

(Excluding Directors Who Are Audit and Supervisory Committee Members)

* Outside Directors

Chairman and Director	Masaaki Kono
President and Representative Director	Tetsuo Iimori
Representative Director and Senior Managing Executive Officer	Yoshinori Yokoyama
Representative Director and Senior Managing Executive Officer	Ichiro Watanabe
Director and Senior Managing Executive Officer	Tetsuro Mizuno
Director and Managing Executive Officer	Chiharu Higuchi
Director*	Kazumi Nishino
Director*	Shigeaki Honjo

Directors Who Are Audit and Supervisory Committee Members

* Outside Directors

Director and Audit and Supervisory Committee Member	Yuji Fukasawa
Director and Audit and Supervisory Committee Member	Hiroshi Nagao
Director and Audit and Supervisory Committee Member*	Naoki Ohgo
Director and Audit and Supervisory Committee Member*	Yuki Sakurai
Director and Audit and Supervisory Committee Member*	Gan Matsui

Executive Officers

Managing Executive Officer	Hitoshi Kasama
Managing Executive Officer	Makoto Nakanishi
Managing Executive Officer	Masahiro Kosugi
Managing Executive Officer	Hideyuki Matsuoka
Managing Executive Officer	Shoji Yakabe
Managing Executive Officer	Yohei Senba
Managing Executive Officer	Shinya Uda
Managing Executive Officer	Minoru Kusano
Managing Executive Officer	Kazuhiro Mukai
Managing Executive Officer	Kazuaki Baba
Managing Executive Officer	Hidenobu Mukai
Executive Officer	Minoru Oda
Executive Officer	Hiromi Inukai
Executive Officer	Tomoya Sasajima
Executive Officer	Shoji Shimamoto
Executive Officer	Yasushi Maeda
Executive Officer	Seigo Yamauchi
Executive Officer	Toshifumi Murata
Executive Officer	Hirotoshi Tamura
Executive Officer	Masatoshi Kawaminami
Executive Officer	Hiroki Kosai
Executive Officer	Shigeyuki Kaneko
Executive Officer	Hiroshi Shinoda
Executive Officer	Tatsuhiro Iwakiri
Executive Officer	Toshiro Koroyasu
Executive Officer	Koji Oketani

Corporate Data / Investor Information

As of March 31, 2022

Head Office

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Chiyoda-ku, Tokyo 102-8503, Japan
Phone: +81-3-5877-5912 (Main)
Fax: +81-3-5877-5179
https://www.orico.co.jp/

Date of Establishment

March 15, 1951

Number of Employees

6,084 (Consolidated)

2,419 (Consolidated; average number of temporary employees not included above)

Paid-in Capital

¥150,069 million

Stock Exchange Listing

Tokyo Stock Exchange

Number of Shareholders

32,499

Common Stock:	32,498
1st Series Class I Preferred Stock:	1

Shares Authorized to Be Issued

1,965,000,000 shares

Common Stock:	1,825,000,000 shares
Preferred Stock:	140,000,000 shares

Issued Shares

1,718,747,203 shares

Common Stock:	1,718,747,203 shares

Principal Shareholders (Common Stock)

Name of shareholders	Number of shares held (Thousands)	Percentage of shares held (%)
Mizuho Bank, Ltd.	836,403	48.66
ITOCHU Corporation	284,049	16.52
Custody Bank of Japan, Ltd. (Trust Account)	117,826	6.85
The Master Trust Bank of Japan, Ltd. (Trust Account)	77,413	4.50
Chuo-Nittochi Co., Ltd.	19,175	1.11
Tokyo Century Corporation	15,362	0.89
STATE STREET BANK WEST CLIENT - TREATY 505234	9,367	0.54
Hiroyoshi Morimoto	7,646	0.44
JP MORGAN CHASE BANK 385781	7,567	0.44
Custody Bank of Japan, Ltd. (Trust Account 4)	6,824	0.39

Orico's Principal Subsidiaries and Associates

[14 Consolidated Subsidiaries]		
Consumer Finance Service:	CAL Credit Guarantee Co., Ltd. Orico Auto Leasing (Thailand) Ltd. Orico Auto Finance Philippines Inc.	PT Orico Balimor Finance Orico Forrent Insure Co., Ltd.
Other Services	Orico Business & Communications Co., Ltd. Ohtori Corporation Japan Collection Service CO., Ltd.	ORIFA Servicer Corporation and 6 other companies
[5 Associates Accounted for Using Equity Method]	ITOCHU Orico Insurance Services Co., Ltd. Orico Auto Leasing CO., Ltd. Orico Business Leasing CO., Ltd.	and 2 other companies

Orient Corporation

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