

## Balance Sheet

As of March 31, 2021

(In thousands of yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	10,973,987	Current liabilities	8,038,012
Cash and deposits	188,024	Accounts payable	4,042,948
Accounts receivable	5,205,808	Accounts payable to affiliates	1,946,685
Accounts receivable from affiliates	224,087	Lease obligations of affiliates (short-term)	218,656
Undelivered coupons	11,531	Accrued payments	271,614
Business prepayments	12,274	Retirement benefits payable	564,401
Prepayments	58,493	Accrued expenses	6,000
Prepaid expenses	25,923	Accrued bonuses	2,142
Short-term loans to affiliates	4,436,354	Advances received	897,831
Accounts due	169,080	Deposits	81,215
Corporate taxes receivable	304,198	Income in advance	6,516
Consumption taxes receivable	303,482		
Advances	34,727	Fixed liabilities	1,460,692
		Lease obligations of affiliates (long-term)	272,893
Fixed assets	1,057,211	Deposits on contracts	460,193
Property, plant and equipment	47,991	Allowance for retirement benefits	673,591
Equipment attached to buildings	24,045	Allowance for retirement benefits for officers	18,380
Equipment and fixtures	23,946	Long-term accounts payable to affiliates	23,503
Lease assets		Long-term accrued expenses	12,129
Intangible fixed assets	225,795		
Software	91,717	<b>Total liabilities</b>	<b>9,498,704</b>
Lease assets	133,904	<b>Net assets</b>	
Telephone rights	172	Shareholders' equity	2,532,494
		Capital stock	490,000
Investments and other assets	783,424	Capital surplus	413,028
Long-term loan to affiliates	500,000	Other capital surplus	413,028
Guarantee deposits	240,550	Earned surplus	1,629,466
Long-term prepaid expenses	18,446	Earned reserve	122,500
Deferred tax assets	24,388	Other earned surplus	1,506,966
Long-term receivables	9,402	Contingent reserve	1,900,000
Other	40	Earned surplus carried forward	△ 393,033
Allowance for bad debts	△ 9,402	(Incl. net loss)	(3,957,290)
		<b>Total net assets</b>	<b>2,532,494</b>
<b>Total assets</b>	<b>12,031,199</b>	<b>Total liabilities and net assets</b>	<b>12,031,199</b>

## Notes to Financial Statements

[Notes for the matters associated with the important accounting policy]

### 1. Asset evaluation standards and method

Inventory asset evaluation standards and method

Cost method by the first-in first-out system is used. (Values in the balance sheet are calculated by a write-down of book values due to lowering profitability.)

### 2. Method of depreciation of fixed assets

(1) Property, plant and equipment: Declining-balance method is used.

(Other than lease assets) For the equipment attached to buildings acquired no earlier than April 1, 2016, however, the straight-line method is used.

(2) Intangible fixed assets: The straight-line method is used.

(Other than lease assets) For the software, however, the straight-line method is used subject to the availability period internally expected (five years).

(3) Lease assets: Lease assets associated with the finance lease transactions under ownership transfer

The same depreciation method is used as for the depreciation for self-owned fixed assets.

Lease assets associated with the finance lease transactions under other than ownership transfer.

The straight-line method is used by assuming the lease period as durable life and the remaining value as zero.

### 3. Standards for recording allowances

(1) Allowance for bad debts: In preparation for a loss from the non-collection of accounts receivable and other credits, the amount expected to be unrecoverable is recorded by individually considering the recoverability for doubtful accounts receivable and other credits.

(2) Allowance for retirement benefits: In preparation for the retirement benefits for employees, the amount considered to have accrued as of the end of such fiscal year is recorded in accordance with the obligations for retirement benefits and the estimated amount of pension assets as of the end of this fiscal year.

For the actuarial difference, the amount prorated under the straight-line method for certain years within the average remaining service period of employee at that time (i.e., 10 years) is recorded as expenses in the fiscal year next to the year when the difference occurs.

(3) Allowance for retirement benefits for officers: In preparation for the payment of retirement benefits

for officers and executive officers, the amounts payable at the end of year are recorded in accordance with internal rules.

4. Other important matters underlying the preparation of financial statements

(1) Accounting of consumption tax, etc.: Net-of-tax method is used.

(2) Others: In the Balance Sheet values less than one thousand yen are discarded.