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(Securities Code 7164)

June 4, 2025

(Commencement date of measures for electronic provision: May 28, 2025)

To Shareholders with Voting Rights:

Yuichi Aoki
President & Representative Director
ZENKOKU HOSHO Co., Ltd.
2-1-1 Otemachi,
Chiyoda-ku, Tokyo, Japan

**NOTICE OF CONVOCATION OF
THE 45TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 45th Annual General Meeting of Shareholders of ZENKOKU HOSHO Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

In convening this Annual General Meeting of Shareholders, the Company has adopted measures for electronic provision, and has posted information contained in Reference Documents for the General Meeting of Shareholders, etc. (matters subject to electronic provision measures) as the Notice of Convocation of the 45th Annual General Meeting of Shareholders on the following website.

The Company website:

https://www.zenkoku.co.jp/english/ir/ir_library.html

In addition to the above website, matters subject to electronic provision measures are also posted on the Tokyo Stock Exchange (TSE) website, and can be viewed by accessing the following TSE website (Listed Company Search), entering “Zenkoku Hosho” or “7164” in the issue name (company name) or securities code field, performing a search, and selecting “Basic information,” then “Documents for public inspection/PR information.”

TSE website (Listed Company Search):

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

If you are unable to attend the meeting, you can exercise your voting rights in writing by submitting the Voting Rights Exercise Form, or via electromagnetic method (the Internet, etc.). Please review the Reference Documents for the General Meeting of Shareholders and cast your vote by 5 p.m. on Thursday, June 19, 2025 Japan time.

1.Date and Time: Friday, June 20, 2025 at 10 a.m. Japan time (reception will open at 9 a.m.)

2.Place: JP Tower Hall and Conference, Fourth floor of JP Tower, located at 2-7-2 Marunouchi, Chiyoda-ku, Tokyo, Japan

3.Meeting Agenda:

- Matters to be reported:**
1. The Business Report and Consolidated Financial Statements for the Company's 45th Fiscal Year (April 1, 2024 - March 31, 2025), and the Results of Audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the Company's 45th Fiscal Year (April 1, 2024 - March 31, 2025)

Proposal to be resolved:

Proposal No. 1: Distribution of Surplus

Proposal No. 2: Election of Nine (9) Directors

4. Matters concerning the convocation

- (1) If there is no indication for or against each proposal on the Voting Rights Exercise Form, the vote will be deemed to be for a proposal.
- (2) In the event that voting rights are exercised multiple times via the Voting Rights Exercise Form, the most recent one to arrive will be deemed valid.
- (3) In the event that voting rights are exercised multiple times via the Internet, etc., the most recent one to arrive will be deemed valid.
- (4) In the event that voting rights are exercised both via the Voting Rights Exercise Form and the Internet, etc., the vote via the Internet, etc., will be deemed valid.

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- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
 - ◎ If exercising voting rights via proxy, you may designate one (1) other shareholder with voting rights to act as your proxy and exercise your voting rights. However, please understand that documentation proving agency privileges will be required to be submitted.
 - ◎ Of the matters subject to electronic provision measures, the following items have not been included in the documents to be delivered to shareholders who have requested delivery of documents pursuant to the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation. The Audit & Supervisory Board Members and the Accounting Auditor have audited the documents subject to audit, including the following matters:
 - Of the Consolidated Financial Statements, the "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements"
 - Of the Non-consolidated Financial Statements, "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements"
 - ◎ Any updates to matters subject to electronic provision measures will be posted on the relevant websites.
 - ◎ On the day of the meeting, as a method to conserve electricity, employees will be wearing light clothing ("Cool Biz"). We ask that shareholders attend in light clothing as well.

Reference Documents for the General Meeting of Shareholders

Proposal and References

Proposal No. 1: Distribution of Surplus

The Company considers profit distribution to its shareholders as one of the important aspects of its business. Its basic dividend policy is to pay stable, continuous cash dividends based on comprehensive consideration of the entire business, while securing internal reserves to maintain a solid financial foundation as a housing loan guarantee company. Under this policy, the Company proposes the following year-end dividends and distribution of surplus for the fiscal year under review.

1. Matters concerning year-end dividends
 - (1) Type of dividend property
Cash
 - (2) Matters concerning the allotment of dividend property and the total amount
212 yen per share of common shares
Total amount of 14,342,554,932 yen
 - (3) Effective date of distribution of surplus
June 23, 2025
2. Other matters concerning the distribution of surplus
 - (1) Item and the amount of surplus to be increased
Reserve for loss on guarantees 11,300,000,000 yen
 - (2) Item and amount of surplus to be decreased
Retained earnings brought forward 11,300,000,000 yen

(Note) The Company has conducted a two-for-one share split, effective April 1, 2025. Since the record date for the year-end dividend for the fiscal year under review is March 31, 2025, the dividend for the fiscal year ended March 31, 2025 will be paid based on the number of shares held before the share split.

Proposal No. 2: Election of Nine (9) Directors

The term of office of all nine (9) Directors will have expired as of the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company hereby proposes the election of nine (9) Directors.

The candidates are as follows:


[Reference] List of candidates for Directors


No.	Name		Current positions and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Eiji Ishikawa	Reappointment	Chairman & Representative Director	14/14 (100%)
2	Yuichi Aoki	Reappointment	President & Representative Director (Responsible for Audit Division)	14/14 (100%)
3	Takashi Yamaguchi	Reappointment	Senior Managing Director (Responsible for Compliance and Risk Management Division, General Affairs Division, Human Resources Division, Accounting Division, and System Division)	14/14 (100%)
4	Keiichi Asada	Reappointment	Director (Responsible for Guarantee Service Planning Division, Sales Management Division, and Head Office and Branches)	14/14 (100%)
5	Noriyoshi Yoneta	Reappointment	Director General Manager, Operations Management Division (Responsible for Operations Management Division, Credit Division, and Credit Management Division)	10/10 (100%)
6	Ko Mizuguchi	Reappointment	Director General Manager, Corporate Planning Division (Responsible for Corporate Planning Division)	10/10 (100%)
7	Masahito Kamijo	Reappointment Outside Independent	Director	14/14 (100%)
8	Yoshiro Nagashima	Reappointment Outside Independent	Director	14/14 (100%)
9	Tomoe Imado	Reappointment Outside Independent	Director	13/14 (92.8%)

(Note) The attendance figures for Messrs. Noriyoshi Yoneta and Ko Mizuguchi reflect those held after their appointment on June 14, 2024.


No.	Name (Date of birth)	Past experience and positions at the Company	Number of shares of the Company held
1 Reappointment	 <p>Eiji Ishikawa (September 20, 1964)</p> <p>Years in office as Director: 19 years</p> <p>Attendance at the Board of Directors meetings: 14/14 (100%)</p>	<p>January 1990 Joined the Company</p> <p>February 1997 General Manager, Yokohama Branch</p> <p>April 2002 General Manager, Claims Management Division</p> <p>October 2002 General Manager, Fukuoka Branch</p> <p>June 2003 Executive Officer and General Manager, Fukuoka Branch</p> <p>October 2004 Executive Officer and General Manager, General Affairs Division, Executive Secretary</p> <p>April 2005 Executive Officer and General Manager, Management Headquarters, General Manager, Related Business Division</p> <p>September 2005 Executive Officer and General Manager, Listing Preparation Headquarters, General Manager, Related Business Division</p> <p>June 2006 Director and Managing Executive Officer</p> <p>July 2006 President & Representative Director</p> <p>March 2015 President & Representative Director and General Manager, Management Headquarters</p> <p>June 2015 President & Representative Director</p> <p>April 2023 Chairman & Representative Director (current position)</p> <p>June 2023 Chairman & Representative Director, Tsukuba Shinyo Hosho Co., Ltd. (current position)</p> <p>[Significant concurrent position] Chairman & Representative Director, Tsukuba Shinyo Hosho Co., Ltd.</p>	50,946 shares
<p><Reasons for nomination as a candidate for Director></p> <p>Mr. Eiji Ishikawa has appropriately conducted important management decision-making and supervision of business execution as Chairman & Representative Director, and demonstrates ability. Additionally, he has served as Chairman since April 2023, provides timely and appropriate advice to Directors based on his many years of leadership experience as President, and is responsible for external activities as a representative of the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience and positions at the Company	Number of shares of the Company held
2 Reappointment	 <p>Yuichi Aoki (September 10, 1971)</p> <p>Years in office as Director: 10 years</p> <p>Attendance at the Board of Directors meetings: 14/14 (100%)</p>	<p>August 2002 Joined the Company</p> <p>June 2011 General Manager, Corporate Planning Division</p> <p>June 2013 Executive Officer and General Manager, Corporate Planning Division</p> <p>December 2014 Audit & Supervisory Board Member, Zenkoku Business Partner, K.K.</p> <p>June 2015 Director and General Manager, Management Headquarters, General Manager, Corporate Planning Division, the Company</p> <p>June 2018 Managing Director and General Manager, Management Headquarters, General Manager, Corporate Planning Division</p> <p>February 2020 Managing Director and General Manager, Management Headquarters President & Representative Director, Towa Shinyo Hosho Co., Ltd. (currently MINORI GUARANTEE Co., Ltd.)</p> <p>March 2021 President & Representative Director, Tsukuba Shinyo Hosho Co., Ltd.</p> <p>April 2023 President & Representative Director and General Manager, Management Headquarters, the Company</p> <p>July 2023 President & Representative Director (current position)</p> <p>[Responsibilities] Responsible for Audit Division</p>	13,694 shares
<p><Reasons for nomination as a candidate for Director></p> <p>Mr. Yuichi Aoki has appropriately conducted direction and supervision of management as President & Representative Director, and demonstrates ability as a leader of the management team. Additionally, he serves as President, the responsible person for business execution, directs and integrates all corporate business execution, and contributes to the advancement of the corporate management plan, possessing a wealth of experience and insights in the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.</p>			


No.	Name (Date of birth)	Past experience and positions at the Company	Number of shares of the Company held
3 Reappointment	 <p>Takashi Yamaguchi (January 3, 1970)</p> <p>Years in office as Director: 14 years</p> <p>Attendance at the Board of Directors meetings: 14/14 (100%)</p>	<p>November 1995 Joined the Company</p> <p>April 2002 General Manager, Nagoya Branch</p> <p>June 2006 Executive Officer and General Manager, Nagoya Branch</p> <p>April 2007 Executive Officer and General Manager, Head Office</p> <p>February 2009 Executive Officer and General Manager, Corporate Planning Division</p> <p>April 2010 Audit & Supervisory Board Member, Zenkoku Business Partner, K.K.</p> <p>June 2011 Director and General Manager, Operations Headquarters, the Company</p> <p>June 2016 Managing Director and General Manager, Operations Headquarters</p> <p>June 2018 Senior Managing Director and General Manager, Operations Headquarters</p> <p>December 2018 President & Representative Director, Yutori Servicer Co., Ltd. (currently AKEBONO Servicer Co., Ltd.) (current position)</p> <p>June 2020 President & Representative Director, Zenkoku Business Partner, K.K.</p> <p>July 2023 Senior Managing Director, the Company (current position)</p> <p>[Responsibilities] Responsible for Compliance and Risk Management Division, General Affairs Division, Human Resources Division, Accounting Division, and System Division</p> <p>[Significant concurrent position] President & Representative Director, AKEBONO Servicer Co., Ltd.</p>	27,900 shares
<p><Reasons for nomination as a candidate for Director></p> <p>Mr. Takashi Yamaguchi engages in corporate management as Director, and is fulfilling his duties and responsibilities. Additionally, he is contributing to various measures to improve efficiency of operations through system development and increase employee engagement, and possesses a wealth of experience and insights in the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.</p>			


No.	Name (Date of birth)	Past experience and positions at the Company	Number of shares of the Company held
4 Reappointment	 <p>Keiichi Asada (August 22, 1961)</p> <p>Years in office as Director: 7 years</p> <p>Attendance at the Board of Directors meetings: 14/14 (100%)</p>	<p>April 1984 Joined The Nippon Credit Trust Bank, Ltd. (currently Aozora Bank, Ltd.)</p> <p>July 2013 Executive Officer and General Manager, Kansai Branch, Aozora Bank, Ltd.</p> <p>April 2014 Executive Officer and Head of Business Banking Group</p> <p>July 2016 Director and Vice President, GLION Co., Ltd. Director and Vice Chairman, Hanshin BMW</p> <p>February 2018 Joined the Company Executive Officer and Deputy General Manager, Sales Headquarters</p> <p>June 2018 Director and General Manager, Sales Headquarters</p> <p>June 2020 Director, Zenkoku Business Partner, K.K.</p> <p>June 2022 Director, Shikoku Sogo Shinyo Co., Ltd. (current position)</p> <p>June 2023 President & Representative Director, Zenkoku Business Partner, K.K. President & Representative Director, MINORI GUARANTEE Co., Ltd. (current position)</p> <p>July 2023 Director, the Company (current position)</p> <p>February 2025 President & Representative Director, Mie Sogo-Shinyo Co., Ltd. (current position)</p> <p>[Responsibilities] Responsible for Guarantee Service Planning Division, Sales Management Division, and Head Office and Branches</p> <p>[Significant concurrent position] President & Representative Director, MINORI GUARANTEE Co., Ltd. President & Representative Director, Mie Sogo-Shinyo Co., Ltd. Director, Shikoku Sogo Shinyo Co., Ltd.</p>	1,839 shares
<p><Reasons for nomination as a candidate for Director></p> <p>Mr. Keiichi Asada engages in corporate management as Director, and is fulfilling his duties and responsibilities. Additionally, he is contributing to the expansion of the business base through product planning and development, cultivating new transaction partners, strengthening relationships with existing transaction partners, and fostering growth of sales representatives, and possesses a wealth of experience and insights in the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience and positions at the Company	Number of shares of the Company held
5 Reappointment	 <p>Noriyoshi Yoneta (October 25, 1975)</p> <p>Years in office as Director: 1 year</p> <p>Attendance at the Board of Directors meetings: 10/10 (100%)</p>	<p>April 2000 Joined the Company</p> <p>April 2005 General Manager, Accounting Division</p> <p>April 2006 General Manager, Finance Division</p> <p>February 2009 Deputy General Manager, Head Office</p> <p>October 2009 General Manager, Sapporo Branch</p> <p>February 2012 General Manager, General Affairs Division</p> <p>February 2016 General Manager, Operations Planning Division, General Manager, Legal Office</p> <p> Director, Zenkoku Business Partner, K.K.</p> <p>June 2018 Executive Officer and General Manager, Operations Planning Division, General Manager, Legal Office, the Company</p> <p>April 2020 Executive Officer and General Manager, Operations Planning Division</p> <p>October 2022 Executive Officer and General Manager, Operations Management Division</p> <p>June 2024 Director and General Manager, Operations Management Division (current position)</p> <p> President & Representative Director, Zenkoku Business Partner, K.K. (current position)</p> <p>[Responsibilities] Responsible for Operations Management Division, Credit Division, and Credit Management Division</p> <p>[Significant concurrent position] President & Representative Director, Zenkoku Business Partner, K.K.</p>	40,805 shares
<p><Reasons for nomination as a candidate for Director></p> <p>Mr. Noriyoshi Yoneta engages in corporate management as Director, and is fulfilling his duties and responsibilities. Additionally, he is contributing to improving efficiency of operations by introducing new technologies and systems of IT and DX, and possesses a wealth of experience and insights in the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience and positions at the Company	Number of shares of the Company held
6 Reappointment	 <p>Ko Mizuguchi (November 15, 1974)</p> <p>Years in office as Director: 1 year</p> <p>Attendance at the Board of Directors meetings: 10/10 (100%)</p>	<p>February 2006 Joined the Company</p> <p>February 2020 General Manager, Corporate Planning Division Director, MINORI GUARANTEE Co., Ltd.</p> <p>March 2021 Director, Tsukuba Shinyo Hosho Co., Ltd.</p> <p>June 2022 Executive Officer and General Manager, Corporate Planning Division, the Company</p> <p>June 2024 Director and General Manager, Corporate Planning Division (current position) President & Representative Director, ChibaKoginCard Service Co., Ltd. (current position)</p> <p>[Responsibilities] Responsible for Corporate Planning Division [Significant concurrent position] President & Representative Director, ChibaKoginCard Service Co., Ltd.</p>	7,270 shares
<p><Reasons for nomination as a candidate for Director></p> <p>Mr. Ko Mizuguchi engages in corporate management as Director, and is fulfilling his duties and responsibilities. Additionally, he is contributing to expanding core businesses and entering related businesses through corporate management, M&As and investment at the Group, and possesses a wealth of experience and insights in the Company. Due to the above, the Company has judged that he is suitable for continuous growth and improvement of corporate value of the Company, and requests his continued election as Director.</p>			

No.	Name (Date of birth)	Past experience and positions at the Company	Number of shares of the Company held
7 Reappointment Outside Independent	 <p>Masahito Kamijo (July 12, 1954)</p> <p>Years in office as Director: 7 years</p> <p>Attendance at the Board of Directors meetings: 14/14 (100%)</p>	<p>April 1977 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>June 2006 Representative Director and Managing Executive Officer, Sales Support Headquarters, in charge of Cash Securities Department, Saitama Resona Bank, Limited</p> <p>June 2008 Director and Senior Managing Executive Officer, in charge of Corporate Business Division, Corporate Solutions Sales Division and Public Corporation Division, Resona Bank, Limited</p> <p>June 2009 President & Representative Director, Saitama Resona Bank, Limited Executive Officer, in charge of Group Strategy Division (corporate management of Saitama Resona Bank, Limited), Resona Holdings, Inc.</p> <p>April 2014 Chairman of the Board, Saitama Resona Bank, Limited</p> <p>April 2015 Chairman, Resona Research Institute Co., Ltd.</p> <p>June 2015 Outside Director, Hakuto Co., Ltd.</p> <p>June 2016 Outside Director, Clarion Co., Ltd.</p> <p>June 2018 Outside Director, the Company (current position)</p> <p>March 2021 Outside Audit & Supervisory Board Member, MiraBiologics Inc. (current position)</p> <p>June 2024 Outside Director, AZ-COM MARUWA Holdings Inc. (current position)</p> <p>[Significant concurrent position] Outside Audit & Supervisory Board Member, MiraBiologics Inc. Outside Director, AZ-COM MARUWA Holdings Inc.</p>	1,482 shares
<p><Reasons for nomination as candidate for Outside Director and outline of expected roles></p> <p>Mr. Masahito Kamijo possesses a wealth of experience and a high level of insights in finance and corporate management through serving as President & Representative Director of major financial institutions, and he provides recommendations and supervision toward decisions on important matters of the Company's management and oversight of business execution as Outside Director. Due to the above, the Company expects that he will contribute to the further enhancement of the Company's corporate governance, and requests his continued election as Outside Director. Additionally, although Mr. Masahito Kamijo has been the Company's Outside Director since June 2018 and will be in office for approximately seven years as of the conclusion of this Annual General Meeting of Shareholders, the Company proposes his continued election in consideration of the fact that he has maintained independence from the Company.</p>			

No.	Name (Date of birth)	Past experience and positions at the Company	Number of shares of the Company held
8 Reappointment Outside Independent	 <p>Yoshiro Nagashima (April 7, 1952)</p> <p>Years in office as Director: 7 years</p> <p>Attendance at the Board of Directors meetings: 14/14 (100%)</p>	<p>April 1975 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)</p> <p>May 2002 Managing Director of Toranomon Branch, The Bank of Tokyo- Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)</p> <p>June 2004 President & Representative Director, Tokyo Diamond Rehabilitation and Servicer Co., Ltd (currently MU Frontier Servicer Co., Ltd)</p> <p>October 2005 Representative Director and Executive Vice President, MU Frontier Servicer Co., Ltd</p> <p>June 2009 Full-time Corporate Auditor, NIPPON CARBIDE INDUSTRIES CO., INC.</p> <p>June 2016 Outside Director, KANADEN CORPORATION (current position)</p> <p>June 2018 Outside Director, the Company (current position)</p> <p>December 2018 Audit & Supervisory Board Member, Yutori Servicer Co., Ltd. (currently AKEBONO Servicer Co., Ltd.) (current position)</p> <p>September 2019 Outside Director, Nakashima Holdings K.K.</p> <p>June 2020 Audit & Supervisory Board Member, Zenkoku Business Partner, K.K.</p> <p>March 2021 Audit & Supervisory Board Member, Tsukuba Shinyo Hosho Co., Ltd. (current position)</p> <p>January 2022 Outside Auditor, NetLearning Holdings, Inc. (current position)</p> <p>[Significant concurrent position] Outside Director, KANADEN CORPORATION Audit & Supervisory Board Member, AKEBONO Servicer Co., Ltd. Audit & Supervisory Board Member, Tsukuba Shinyo Hosho Co., Ltd. Outside Auditor, NetLearning Holdings, Inc.</p>	1,240 shares
<p><Reasons for nomination as candidate for Outside Director and outline of expected roles></p> <p>Mr. Yoshiro Nagashima possesses a wealth of experience and wide insights in corporate management through serving as Director and Corporate Auditor of business companies, and he provides recommendations and supervision toward decisions on important matters of the Company's management and oversight of business execution as Outside Director. Due to the above, the Company expects that he will contribute to the further enhancement of the Company's corporate governance, and requests his continued election as Outside Director. Additionally, although Mr. Yoshiro Nagashima has been the Company's Outside Director since June 2018 and will be in office for approximately seven years as of the conclusion of this Annual General Meeting of Shareholders, the Company proposes his continued election in consideration of the fact that he has maintained independence from the Company.</p>			

No.	Name (Date of birth)	Past experience and positions at the Company	Number of shares of the Company held
9 Reappointment Outside Independent	 <p>Tomoe Imado (March 3, 1975)</p> <p>Years in office as Director: 5 years</p> <p>Attendance at the Board of Directors meetings: 13/14 (92.8%)</p>	<p>October 2003 Registered as an attorney Joined Mori Hamada & Matsumoto Law Office</p> <p>April 2008 Joined Ministry of Foreign Affairs as Assistant Manager, Economic Treaties Division, International Legal Affairs Bureau</p> <p>July 2010 Joined Okuno & Partners</p> <p>January 2019 Joined Miura & Partners as Partner (current position)</p> <p>July 2019 Outside Statutory Auditor, OneBe, Inc.</p> <p>June 2020 Outside Director, the Company (current position)</p> <p>June 2022 Outside Director, KANADEN CORPORATION (current position)</p> <p>[Significant concurrent position] Partner, Miura & Partners Outside Director, KANADEN CORPORATION</p>	- shares
<p><Reasons for nomination as candidate for Outside Director and outline of expected roles></p> <p>Ms. Tomoe Imado has been engaged in service at law firms for many years and possesses a wealth of experience and a high level of insights as an attorney, and she provides recommendations and supervision toward decisions on important matters of the Company's management and oversight of business operation as Outside Director. Due to the above, the Company expects that she will contribute to the further enhancement of the Company's corporate governance, and requests her continued election as Outside Director. Although she has no experience of direct involvement in corporate management to date, the Company judges that she is capable of appropriately executing the duty of Outside Director for the reasons above. Additionally, although Ms. Tomoe Imado has been the Company's Outside Director since June 2020 and will be in office for approximately five years as of the conclusion of this Annual General Meeting of Shareholders, the Company proposes her continued election in consideration of the fact that she has maintained independence from the Company.</p>			

Directors' Skills Matrix

Name	Attribute	Particularly expected roles						
		Corporate management	Finance	Risk Management	Finance & Accounting	Legal Affairs	Sales	Product Planning
Eiji Ishikawa		●	●					
Yuichi Aoki		●	●					
Takashi Yamaguchi			●	●	●	●		
Keiichi Asada			●				●	●
Noriyoshi Yoneta			●					
Ko Mizuguchi			●		●			
Masahito Kamijo	Outside Independent	●	●	●	●			
Yoshiro Nagashima	Outside Independent	●	●		●			●
Tomoe Imado	Outside Independent			●		●		

(Notes)

1. No material conflict of interest exists between the Company and each candidate for Director.
2. Messrs. Masahito Kamijo and Yoshiro Nagashima and Ms. Tomoe Imado are candidates for Outside Director.
3. With regard to liability limitation agreements with Directors, in order to invite capable individuals as Directors, and to allow them to adequately fulfill their expected duties, the Company has stipulated in its Articles of Incorporation, pursuant to Article 427, Paragraph 1 of the Companies Act, that the Company may conclude agreements with Directors not involved in the execution of business to limit their liabilities for damages caused by their negligence of duties as Directors within a certain range.
Accordingly, the Company has concluded the above agreement with Messrs. Masahito Kamijo and Yoshiro Nagashima and Ms. Tomoe Imado. If the reappointment of each candidate is approved, the Company intends to continue the above agreement with each of them. The agreements stipulate that the liabilities specified in Article 423, Paragraph 1 of the Companies Act will be limited to the higher of 2 million yen or the amount provided by laws and regulations, if they have acted in good faith and without gross negligence in performing their duties.
4. The Company has concluded a Directors and Officers Liability Insurance Agreement provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover legal damages and litigation expenses to be borne by the insured parties. Each of the candidates shall be included in the insured parties in the insurance agreement. The Company plans to renew the insurance agreement with the same details at the time of the next renewal.
5. Mr. Yoshiro Nagashima serves as Audit & Supervisory Board Member (current position) of AKEBONO Servicer Co., Ltd. and Tsukuba Shinyo Hosho Co., Ltd, both of which are the Company's subsidiaries. He previously served as Audit & Supervisory Board Member of Zenkoku Business Partner, K.K., the Company's subsidiary, but retired on March 31, 2021.
6. The Company has registered Messrs. Masahito Kamijo and Yoshiro Nagashima and Ms. Tomoe Imado as Independent Directors/Auditors as stipulated by the Tokyo Stock Exchange.
7. The numbers of shares held by the candidates as Director include those held by them under the ZENKOKU HOSHO Officer's Shareholding Association, and reflect the share count as of March 31, 2025 before the share split conducted on April 1, 2025.

Business Report

(April 1, 2024 - March 31, 2025)

I. Overview of the Corporate Group

1. Business Progress and Results

(1) Economic Environment and Business Environment

During the fiscal year ended March 31, 2025, the Japanese economy showed some signs of improvement in employment and income conditions, as well as consumer spending and corporate earnings, and continued its gradual recovery trend. Meanwhile, the outlook remains uncertain due to the risk of a downturn in overseas economies against the backdrop of the unstable international situation.

In the housing market, despite ongoing government policies to support housing acquisitions, the number of new housing starts continued to trend weakly due to a decline in consumer willingness to purchase houses resulting from the soaring building materials and labor costs that pushed up housing prices and interest rate for housing loans. On the other hand, the number of used home sales transactions trended above the previous year's level. The housing loan market was steady due partly to an increase in the amount of borrowings in conjunction with the effects of rising housing prices.

(2) Business Summary

In such a business environment, the Group has been implementing various measures based on the “expansion of core businesses,” “entry into related businesses,” and “enhancement of corporate value,” the basic policies of our medium-term management plan “Next Phase ~ Growth and Value Creation ~.”

In the expansion of core businesses, we worked to expand our guarantee business in the new housing loan market (organic growth) and to acquire outstanding guarantee exposure from the existing housing loan market (inorganic growth). With regard to the expansion of the guarantee business in the new housing loan market (organic growth), we implemented campaigns targeting child-rearing generation to improve product competitiveness. We also succeeded in acquiring guarantees by promoting differentiation from other companies, such as by providing systems that streamline the operations of financial institutions. In addition, with regard to new contracts with financial institutions that were not previously affiliated, we concluded agreements with a total of five institutions including one internet bank, one first-tier regional bank, and three JA associations during the consolidated fiscal year. With respect to the acquisition of outstanding guarantee exposure from the existing housing loan market (inorganic growth), we increased our outstanding guarantee exposure through means such as M&As with three other guarantee companies.

In entry into related businesses, through corporate venture capital (CVC), we invested in four startup companies that are expected to generate synergies in the housing life field and carried out initiatives aimed at creating new value. In addition, we carried out measures to utilize Group companies to expand the guarantee area and expand revenue sources in credit management and collection areas.

For the enhancement of corporate value, we steadily carried out our capital policy including growth investments. Additionally, we made progress in initiatives to resolve important issues, including investments in human capital through succession planning, and implementing measures for vacant houses in cooperation with local governments and financial institutions.

As a result of such efforts, we recorded operating revenue of 56,972 million yen (up 10.3% year-on year), operating profit of 41,974 million yen (up 7.3% year-on year), ordinary profit of 44,518 million yen (up 7.1% year-on year), and profit attributable to owners of parent of 32,089 million yen (up 11.4% year-on year).

The Group's results of guarantees for the 45th fiscal year were as follows.

(Amounts: institutions, guarantees, million yen)

Item	The 42nd fiscal year ended March 31, 2022	The 43rd fiscal year ended March 31, 2023	The 44th fiscal year ended March 31, 2024	The 45th fiscal year ended March 31, 2025
Number of partnering financial institutions	733	722	719	712
Number of new guarantees granted	61,188	54,563	56,446	56,751
Amount of new guarantees granted	1,669,604	1,573,082	1,716,451	1,788,956
Outstanding guarantee exposure at the end of the period	15,394,174	16,156,086	17,688,870	19,459,182

- (Notes) 1. The number of partnering financial institutions is the non-consolidated number for the Company. In the 45th fiscal year, the number of partnering financial institutions increased by five through new contracts and decreased by 12 due to mergers. The total number of partnering financial institutions is now 712.
2. Figures for the number of new guarantees granted and the amount of new guarantees are results of housing loans extended by private financial institutions. Figures for the 42nd fiscal year do not include those for subsidiaries.
3. The outstanding guarantee exposure at the end of the period includes the amount of eligible receivables such as residential mortgage-backed securities.

2. Status of Capital Investments

Not applicable.

3. Status of Financing, etc.

During the fiscal year under review, the Company secured 30,000 million yen through a subordinated syndicated loan to enhance capital efficiency and maintain a solid financial foundation.

The existing subordinated syndicated loan was repaid through this financing.

4. Status of Business Transfers, etc.

- (1) Status of Business Transfers, Absorption-type Splits, or Incorporation-type Splits

Not applicable.

- (2) Status of Acceptance of Business Transfers from Other Companies

Not applicable.

- (3) Status of Acquisition or Disposal of Stock, Other Equity, or Share Acquisition Rights, etc., of Other Companies

The status of stock acquisitions and disposals for the fiscal year under review is as follows.

Company name	Number of shares acquired	Ownership	Acquisition date
ChibaKoginCard Service Co., Ltd.	276,192	100%	July 1, 2024
Mie Sogo-Shinyo Co., Ltd.	80,000	100%	February 28, 2025
Tohoku Guarantee Service Co., Ltd.	600	100%	February 28, 2025

- (4) Status of Continuation of Rights Obligations Regarding Business of Other Companies due to Absorption-type Mergers or Absorption-type Splits

Not applicable.

5. Trends in Assets and Income

(1) Status of Assets and Income of the Corporate Group

(Amount: million yen)

Item	The 42nd fiscal year ended March 31, 2022	The 43rd fiscal year ended March 31, 2023	The 44th fiscal year ended March 31, 2024	The 45th fiscal year ended March 31, 2025
Operating revenue	—	50,272	51,638	56,972
Ordinary profit	—	41,456	41,581	44,518
Profit attributable to owners of parent	—	28,584	28,796	32,089
Profit per share	—	207.98 yen	209.54 yen	236.54 yen
Net assets	—	205,619	225,082	238,678
Total assets	—	442,945	466,618	492,398

- (Notes) 1. Profit per share is calculated using the average number of outstanding shares for the fiscal year, minus treasury shares.
2. Consolidated financial statements started to be prepared from the 43rd fiscal year and therefore figures for the 42nd fiscal year are not shown.
3. The Company has conducted a two-for-one share split, effective April 1, 2025. Accordingly, profit per share has been calculated assuming that this share split conducted at the beginning of the 43rd fiscal year.
4. The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the 45th fiscal year.

(2) Status of Assets and Income of the Company

(Amount: million yen)

Item	The 42nd fiscal year ended March 31, 2022	The 43rd fiscal year ended March 31, 2023	The 44th fiscal year ended March 31, 2024	The 45th fiscal year ended March 31, 2025
Operating revenue	48,842	49,242	50,580	54,806
Ordinary profit	40,551	40,852	40,972	44,981
Profit	27,835	28,180	27,895	31,714
Profit per share	202.45 yen	205.04 yen	202.98 yen	233.78 yen
Net assets	184,827	203,764	222,291	235,493
Total assets	415,814	435,692	458,260	474,570

- (Notes) 1. Profit per share is calculated using the average number of outstanding shares for the fiscal year, minus treasury shares.
2. The Company has conducted a two-for-one share split, effective April 1, 2025. Accordingly, profit per share has been calculated assuming that this share split conducted at the beginning of the 42nd fiscal year.
3. The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the 45th fiscal year.

6. Issues to Be Addressed

(1) Basic Management Policies

Under our management philosophy, “Helping customers realize their dreams and happiness by offering the highest-quality guarantee instruments and services to all customers who need credit guarantees, and contributing to the development of regional communities through our credit guarantee service business,” we aim to raise our corporate value and achieve long-term development and the growth of our business by implementing managerial measures from the standpoint of all stakeholders.

(2) Issues to Be Addressed by the Group

Regarding the business environment surrounding the Group, the housing and housing loan markets are expected to remain solid for the time being, backed by a stable employment environment and government policies designed to support home acquisitions, but over the long term, the new housing market is expected to shrink due to a decrease in the number of population and households resulting from the falling birthrate and aging population.

In this business environment, the Group has formulated “Next Phase ~ Growth and Value Creation ~,” a medium-term management plan for a period of three fiscal years from FY2023 to FY2025. The plan sets out a vision of becoming a “housing loan platformer” to achieve further growth and value creation. We recognize that achieving this plan will contribute to enhancing our corporate value, and we will address the following challenges.

[Expansion of core businesses]

We recognize that building a housing loan platform requires a solid business foundation, which depends on expanding our core business of housing loan credit guarantees. The domestic market for housing loans by private financial institutions is immense, with annual new loans of approximately 20 trillion yen and existing loans of approximately 200 trillion yen, and we aim for growth by expanding market share.

In order to expand our share of the new loan market (organic growth), we will strengthen coordination between frontline staff and headquarters and work to further sharpen the Group’s sales and proposal capabilities, which are our core strengths. We will also work to discover new demand through the development and provision of products and services. Furthermore, by leveraging the East-West regional system for sales bases introduced in FY2025, we will strengthen regional analysis and demand exploration to deepen ties with our partner financial institutions.

In order to expand our market share of the existing loan market (inorganic growth), we will work to build up its outstanding guarantee exposure through M&As with other companies in the same industry and ABLs, etc. To meet the needs of financial institutions, we will draw on our own expertise to advance this initiative.

[Entry into related businesses]

We aim to drive further growth and create value by building a housing loan platform centered on our core housing loan credit guarantee business, while entering into related businesses. Specifically, we will expand schemes to acquire guarantees and new revenue from various business types such as real estate search sites and real estate companies. We also plan to utilize a group company so that it will be commissioned by financial institutions to provide credit management and collection services, thereby expanding revenue sources. In addition, we will pursue M&A with companies in other industries where synergies are expected, as well as investments and collaborations through a corporate venture capital (CVC).

[Enhancing capital utilization]

We recognize the importance of improving capital efficiency in realizing various initiatives and are committed to pursuing active growth investments and shareholder returns. We will prioritize growth investments to expand our core businesses and enter related businesses. For shareholder returns, we will maintain steady, ongoing dividends and also conduct flexible buybacks of own shares.

[Resolving various ESG issues]

The Group is working to resolve material issues based on the “ZENKOKU HOSHO SDGs Declaration,” in order to contribute to solving social issues through our credit guarantee business toward the realization of sustainable growth. Specifically, we will share our vision through direct dialogue between executives and employees. We will also address issues identified in employee satisfaction and engagement surveys, and work to improve the workplace environment so that each employee can reach their full potential. In addition, we will strengthen corporate governance, and cooperate with local governments to address the vacant house issue.

We ask for the continued support of shareholders.

7. Principal Businesses

Business category	Category
Credit guarantee business	Housing loan guarantees Education loan guarantees Card loan guarantees

8. Principal Business Locations

Category	Store name / Company name	Location
The Company	Headquarters	Chiyoda-ku, Tokyo
	Sales Division I, Head Office	Chiyoda-ku, Tokyo
	Sales Division II, Head Office	Chiyoda-ku, Tokyo
	Sapporo Branch	Kita-ku, Sapporo-shi, Hokkaido
	Sendai Branch	Aoba-ku, Sendai-shi, Miyagi
	Yokohama Branch	Nishi-ku, Yokohama-shi, Kanagawa
	Niigata Office	Chuo-ku, Niigata-shi, Niigata
	Nagoya Branch	Naka-ku, Nagoya-shi, Aichi
	Kanazawa Branch	Kanazawa-shi, Ishikawa
	Osaka Branch	Chuo-ku, Osaka-shi, Osaka
	Hiroshima Branch	Naka-ku, Hiroshima-shi, Hiroshima
	Takamatsu Office	Takamatsu-shi, Kagawa
	Fukuoka Branch	Hakata-ku, Fukuoka-shi, Fukuoka
	Miyazaki Office	Miyazaki-shi, Miyazaki
Subsidiaries	Zenkoku Business Partner, K.K.	Koto-ku, Tokyo
	AKEBONO Servicer Co., Ltd.	Chuo-ku, Tokyo
	MINORI GUARANTEE Co., Ltd.	Chuo-ku, Tokyo
	Tsukuba Shinyo Hosho Co., Ltd.	Tsukuba-shi, Ibaraki
	ChibaKoginCard Service Co., Ltd.	Chuo-ku, Chiba-shi, Chiba
	Mie Sogo-Shinyo Co., Ltd.	Matsusaka-shi, Mie
	Tohoku Guarantee Service Co., Ltd.	Morioka-shi, Iwate

9. Status of Employees

(1) Number of Employees of the Corporate Group

Number of employees	Increase or decrease from previous fiscal year-end
369 persons	38 persons (increase)

(Notes) 1. Employees refer to all full-time employees, including two Executive Officers, and the number of employees includes eight persons seconded to the Group.

2. Employees do not include 158 contract, part-time, and temporary employees.

(2) Number of Employees of the Company

Number of employees	Increase or decrease from previous fiscal year-end	Average age	Average years of service
305 persons	13 persons (increase)	38.5 years	10 years and 10 months

(Notes) 1. Employees refer to all full-time employees, including two Executive Officers, and do not include 21 persons seconded to outside the Company.

2. Employees do not include 92 contract, part-time, and temporary employees.

10. Principal Counterparties to Borrowings and Amount of Borrowings

Counterparties to borrowings	Loan balance
Syndicated loan	30,000 million yen

(Note) The syndicated loan is a syndicated loan from three banks.

11. Status of Significant Parent Companies and Subsidiaries

(1) Relationship with Parent Company

Not applicable.

(2) Status of Significant Subsidiaries

Company name	Capital	Ownership	Main businesses
Zenkoku Business Partner, K.K.	9 million yen	100%	Contract, entrustment, and agency of clerical operations
AKEBONO Servicer Co., Ltd	516 million yen	100%	Claim management and collection based on the Act on Special Measures Concerning Claim Management and Collection Business
MINORI GUARANTEE Co., Ltd.	495 million yen	100%	Credit guarantee business
Tsukuba Shinyo Hosho Co., Ltd.	91 million yen	100%	Credit guarantee business
ChibaKoginCard Service Co., Ltd.	100 million yen	100%	Credit guarantee business and credit card business
Mie Sogo-Shinyo Co., Ltd.	40 million yen	100%	Credit guarantee business
Tohoku Guarantee Service Co., Ltd.	30 million yen	100%	Credit guarantee business

(3) Status of Wholly-owned Specified Subsidiaries as of the End of the Fiscal Year

Not applicable.

12. Other Significant Items Regarding Status of the Corporate Group

Not applicable.

II. Status of Shares (As of March 31, 2025)

1. **Total number of shares authorized to be issued** 160,000,000 shares
2. **Total number of shares outstanding** 68,871,790 shares
3. **Number of shareholders** 99,042 persons
4. **Major shareholders (Top 10)**

Shareholder name	Number of shares held (shares)	Ownership ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,076,800	10.48
Fukoku Mutual Life Insurance Company	6,200,000	9.18
Meiji Yasuda Life Insurance Company	6,200,000	9.18
Custody Bank of Japan, Ltd. (Trust account)	5,606,000	8.30
TAIYO LIFE INSURANCE COMPANY	4,271,000	6.32
BBH FOR FIDELITY LOW-PRICED STOCK FUND	1,485,494	2.20
STATE STREET BANK AND TRUST COMPANY 505001	1,456,867	2.15
SMBC Nikko Securities Inc.	1,117,400	1.65
The Dai-ichi Life Insurance Company, Limited	1,074,800	1.59
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	823,600	1.22

(Note) The ownership ratio is calculated after eliminating 1,218,229 shares of treasury stock, 43,750 shares held by the Employee Stock Ownership Plan (J-ESOP), and 109,400 shares held by the Board Benefit Trust, and fractional figures are rounded down to two decimal places.

5. Shares Issued to Company Officers as Consideration for Execution of Duties During the Term

Not applicable.

6. Other Important Items Regarding Stock

(1) Performance-based Stock Compensation Plan for Executive Directors

Based on the resolution at the 41st Annual General Meeting of Shareholders held on June 18, 2021, the Company has introduced a performance-based stock compensation plan (hereinafter the "Plan") for Directors (excluding Outside Directors, and the same applies hereinafter), aimed at raising the awareness of Directors to contribute to enhancing the Company's business performance on a medium- to long-term basis and improving corporate value, by clarifying the linkage between Directors' compensation, etc., the Company's performance, and the value of the Company's stock, and having Directors share the profits and risks of fluctuations in stock prices with shareholders.

Under this Plan, the trust established with the money contributed by the Company (hereinafter "the Trust") acquires shares of the Company, and the number of shares of the Company equivalent to the number of points the Company grants to each Director is issued to each of the Directors through the Trust.

The number of shares held by the trust account at the end of the fiscal year is 109,400 shares.

(2) Acquisition of Treasury Shares

Based on the resolution of the Board of Directors on May 9, 2024, the Company conducted share buybacks during the period from May 10, 2024 to September 9, 2024. During this period, the Company acquired a total of 1,217,500 shares and the total amount of share acquisition costs was 6,999 million yen.

(3) Share Split

Based on the resolution of the Board of Directors on November 5, 2024, the Company conducted a two-for-one share split, effective April 1, 2025. As a result, the total number of shares outstanding as of that date stands at 137,743,580.

Also, following the share split, we have amended our Articles of Incorporation regarding the total number of shares authorized to be issued in accordance with Article 184, Paragraph 2 of the Companies Act. As of April 1, 2025, the total number of shares authorized to be issued is 320,000,000.

Since the effective date for this share split is April 1, 2025, the figures related to the number of shares in this Business Report are based on the number of shares before the effective date of the share split, unless otherwise specified.

III. Matters Regarding Share Acquisition Rights, etc., of the Company

- 1. Status of Share Acquisition Rights, etc. Held by Officers of the Company as of the Fiscal Year-end**
Not applicable.
- 2. Status of Share Acquisition Rights, etc., Granted to Employees, etc., During the Term**
Not applicable.
- 3. Other Significant Items Regarding Share Acquisition Rights**
Not applicable.

IV. Company Officers

1. Status of Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members

(As of March 31, 2025)

Name	Position and areas of responsibility within the Company	Significant concurrent positions
Eiji Ishikawa	Chairman & Representative Director	Chairman & Representative Director, Tsukuba Shinyo Hosho Co., Ltd.
Yuichi Aoki	President & Representative Director Responsible for Risk Management Division and Audit Division	
Takashi Yamaguchi	Senior Managing Director Responsible for General Affairs Division, Accounting Division, and System Division	President & Representative Director, AKEBONO Servicer Co., Ltd.
Keiichi Asada	Director Responsible for Guarantee Service Planning Division, Sales Management Division, and Head Office and Branches	President & Representative Director, MINORI GUARANTEE Co., Ltd. President & Representative Director, Mie Sogo-Shinyo Co., Ltd. Director, Shikoku Sogo Shinyo Co., Ltd.
Noriyoshi Yoneta	Director General Manager, Operations Management Division Responsible for Operations Management Division, Credit Division, and Credit Management Division	President & Representative Director, Zenkoku Business Partner, K.K.
Ko Mizuguchi	Director General Manager, Corporate Planning Division Responsible for Corporate Planning Division	President & Representative Director, ChibaKoginCard Service Co., Ltd.
Masahito Kamijo	Director (Outside Director)	Outside Audit & Supervisory Board Member, MiraBiologics Inc. Outside Director, AZ-COM MARUWA Holdings Inc.
Yoshiro Nagashima	Director (Outside Director)	Outside Director, KANADEN CORPORATION Audit & Supervisory Board Member, AKEBONO Servicer Co., Ltd. Audit & Supervisory Board Member, Tsukuba Shinyo Hosho Co., Ltd. Outside Auditor, NetLearning Holdings, Inc.
Tomoe Imado	Director (Outside Director)	Partner, Miura & Partners Outside Director, KANADEN CORPORATION
Mamoru Fujino	Full-time Audit & Supervisory Board Member	
Takafumi Sato	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Member of the Supervisory Committee, The Norinchukin Bank
Yuko Furumoto	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Corporate Auditor, Mynavi Corporation Outside Director, I-ne Co., Ltd.

Name	Position and areas of responsibility within the Company	Significant concurrent positions
Makoto Nakajima	Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	Standing Outside Audit & Supervisory Board Member, MEDIA DO Co., Ltd. Outside Audit & Supervisory Board Member, CEL Corporation

(Notes) 1. Directors Masahito Kamijo, Yoshiro Nagashima, and Tomoe Imado are Outside Directors.

2. Audit & Supervisory Board Members Takafumi Sato, Yuko Furumoto, and Makoto Nakajima are Outside Audit & Supervisory Board Members.
3. Directors Noriyoshi Yoneta and Ko Mizuguchi were newly appointed at the 44th Annual General Meeting of Shareholders held on June 14, 2024.
4. Audit & Supervisory Board Members Yuko Furumoto and Makoto Nakajima were newly appointed at the 44th Annual General Meeting of Shareholders held on June 14, 2024.
5. Audit & Supervisory Board Members Eri Itagaki and Hidehiko Suzuki retired at the end of their terms upon the close of the 44th Annual General Meeting of Shareholders held on June 14, 2024.
6. Directors Masahito Kamijo, Yoshiro Nagashima, and Tomoe Imado, and Audit & Supervisory Board Members Takafumi Sato, Yuko Furumoto, and Makoto Nakajima have been registered as Independent Directors/Auditors as stipulated by the Tokyo Stock Exchange.
7. Audit & Supervisory Board Member Yuko Furumoto is scheduled to assume the position of Outside Audit & Supervisory Board Member of UACJ Corporation as of June 20, 2025.
8. Audit & Supervisory Board Member Makoto Nakajima has broad expertise in finance and accounting, gained through experience in public-sector audits at a major audit firm and as the general manager of internal audit office at a listed company.
9. As of April 1, 2025, the positions and responsibilities of Directors have been changed as follows.

Name	After the change in positions and responsibilities	Before the change in positions and responsibilities
Yuichi Aoki	President & Representative Director Responsible for Audit Division	President & Representative Director Responsible for Risk Management Division and Audit Division
Takashi Yamaguchi	Senior Managing Director Responsible for Compliance and Risk Management Division, General Affairs Division, Human Resources Division, Accounting Division, and System Division	Senior Managing Director Responsible for General Affairs Division, Accounting Division, and System Division

(2) Summary of Liability Limitation Agreements

The Company's Articles of Incorporation allows for the limitation of liability of Article 423, Paragraph 1 of the Companies Act, for its Directors and Audit & Supervisory Board Members excluding Executive Directors as stipulated by Article 427, Paragraph 1 of the same Act, and the Company has concluded liability limitation agreements with Messrs. Masahito Kamijo, Yoshiro Nagashima, and Takafumi Sato, and Ms. Tomoe Imado, Yuko Furumoto, and Makoto Nakajima.

The limit of liability for Directors and Audit & Supervisory Board Members under the liability limitation agreement is 2 million yen or the lower liability limit stipulated in laws and regulations, whichever is higher.

(3) Summary of Indemnity Agreement

Not applicable.

(4) Summary of Directors and Officers Liability Insurance Agreement

The Company has concluded a Directors and Officers Liability Insurance Agreement with an insurance company covering all Directors, Audit & Supervisory Board Members and Executive Officers, etc. of the Company and its seven subsidiaries (Zenkoku Business Partner, K.K., AKEBONO Servicer Co., Ltd., MINORI GUARANTEE Co., Ltd., Tsukuba Shinyo Hoshio Co., Ltd., ChibaKoginCard Service Co., Ltd., Mie Sogo-Shinyo Co., Ltd., and Tohoku Guarantee Service Co., Ltd.) as the insured parties, and the Company bears the entire insurance premium. The agreement

covers litigation expenses and compensation for loss or damage to be borne by insured parties that arise from third party litigation, shareholder derivative litigation, and corporate litigation.

However, there are certain exemptions. For example, loss or damage caused by an insured party illegally obtaining private benefits or favors, or loss or damage caused by acts committed by an insured party in the knowledge that the act violates laws and regulations will not be covered.

(5) Matters Concerning Policies for Determining the Details of Compensation, etc. for Individual Directors and Audit & Supervisory Board Members

1) Method for determining policies

At the Board of Directors meeting held on June 18, 2021, the Company resolved to adopt policies concerning the determination of the details of compensation, etc. for individual Directors. In addition, at the Board of Directors meeting held on April 17, 2023, the Company partially revised its policies for determining compensation, etc.

The process for determining compensation, etc. for the Company's Directors shall be determined by the Board of Directors following consultations with the Nomination and Compensation Committee and based on their advice and recommendations, and the Board of Directors has the authority to make such decisions. The Nomination and Compensation Committee is chaired by an independent Outside Director, and is comprised of three members in total, two independent Outside Directors and one internal Director, thereby ensuring the fairness, transparency, and objectivity of the procedures regarding decisions on compensation, etc. for Directors. Compensation, etc. for Audit & Supervisory Board Members shall be determined based on discussions among the Audit & Supervisory Board.

2) Summary of policy details

The Company's compensation, etc. for Executive Directors is comprised of basic compensation for each position in accordance with the level of responsibility, and performance-based compensation, etc. that varies depending on business results and other factors. Performance-based compensation, etc. is comprised of performance-based bonuses paid in cash, and performance-based stock compensation paid in shares.

Performance-based compensation, etc. is included as a part of compensation, etc. in order for Executive Directors to share the awareness in profit due to fluctuations in business performance and stock prices with shareholders, and to strengthen their awareness of improving corporate value.

A resolution on performance-based stock compensation was adopted at the 41st Annual General Meeting of Shareholders held on June 18, 2021.

Compensation, etc. for Outside Directors and Audit & Supervisory Board Members consists only of basic compensation, from the perspective of judging the appropriateness and legality of business execution from an objective standpoint independent from business execution and ensuring appropriate corporate supervisory and audit functions.

3) Linked indicators

The Company places importance on management indicators such as ordinary profit in a single fiscal year for the short-term, and the outstanding guarantee exposure for the medium- to long-term, for the sustainable development of its business. Consequently, in terms of the linked indicators for performance-based compensation, etc., performance-based bonuses, which by its nature is a short-term incentive compensation, etc., is based on ordinary profit, while performance-based stock compensation, which by its nature is a medium- to long-term incentive compensation, etc., is based on the outstanding guarantee exposure, etc.

4) Percentage of performance-based compensation, etc. in compensation, etc.

The composition of compensation, etc. for the Company's Directors and Audit & Supervisory Board Members is as follows.

Officer category	Basic compensation	Performance-based compensation, etc.	
		Bonuses	Stock
Executive Directors	60%	20%	20%
Outside Directors Audit & Supervisory Board Members	100%	—	—

(Note) The percentage of compensation, etc. for Executive Directors represents the percentage of the

performance-based compensation, etc., when the achievement of the performance indicator plan is 100%.

5) Upper limit on compensation

At the 41st Annual General Meeting of Shareholders held on June 18, 2021, the upper limit on compensation for Directors was resolved not to exceed 600 million yen per year (of which, up to 50 million yen for Outside Directors, excluding salary for employees concurrently serving as Director), and the upper limit on compensation for Audit & Supervisory Board Members was resolved not to exceed 240 million yen per year. The number of Directors at the conclusion of such Annual General Meeting of Shareholders is seven (including three Outside Directors) and the number of Audit & Supervisory Board Members is four (including three Outside Audit & Supervisory Board Members).

Separately, for performance-based stock compensation, it was resolved at the 41st Annual General Meeting of Shareholders held on June 18, 2021, that the maximum amount of contribution as funds to acquire shares of the Company shall be no more than 200 million yen for the applicable period of two fiscal years (if the applicable period is extended, the amount of up to the value derived by multiplying the number of fiscal years of the applicable period for the extended portion by 100 million yen), and the maximum amount of points granted shall be no more than 40,000 points per fiscal year (one point shall be equivalent to one share of the Company; however, if a share split or similar event occurs, the number of shares per point will be adjusted in accordance with the split ratio). In accordance with the resolution of such Annual General Meeting of Shareholders, the Company decided to extend the applicable period to three fiscal years (from FY2023 to FY2025) by the resolution of the Board of Directors on June 16, 2023. Following the two-for-one share split conducted on April 1, 2025, in which each common share was split into two shares, one point shall be equivalent to two shares of the Company. The number of Directors eligible to the performance-based stock compensation plan is six.

6) Method for calculating performance-based bonuses

The method for calculating performance-based bonuses is as follows.

<Eligible persons>

Six Executive Directors

<Amount of individual payments>

Amount of individual payments = bonus base amount by position (*1) x payment coefficient by performance achievement (*2)

*1 Bonus base amount by position

Position	Number of persons	Base amount	Maximum amount
Chairman & Director	1	15,000 thousand yen	18,000 thousand yen
President & Director	1	16,000 thousand yen	19,200 thousand yen
Vice President & Director	0	12,600 thousand yen	15,120 thousand yen
Senior Managing Director	1	10,000 thousand yen	12,000 thousand yen
Managing Director	0	8,000 thousand yen	9,600 thousand yen
Director	3	6,400 thousand yen	7,680 thousand yen

- (Notes)
1. Although no Vice President & Director or Managing Director has been appointed at present, figures are set assuming their appointment in the future.
 2. The base and maximum amounts are amounts per person in each position.
 3. In the event of a change in position during the fiscal year, the new position will be applied.
 4. If a Director is newly appointed during the fiscal year, payments will be made on a monthly basis starting from the following month of the appointment.
 5. No payments will be made if a Director retires or is dismissed during the fiscal year.

*2 Payment coefficient by performance achievement

Performance achievement	Payment coefficient	Performance achievement	Payment coefficient
Less than 50%	0	95% or more but less than 105%	1.0
50% or more but less than 75%	0.5	105% or more but less than 120%	1.1
75% or more but less than 85%	0.8	120% or more	1.2
85% or more but less than 95%	0.9		

- (Notes)
1. Formula for calculating performance achievement: ordinary profit (actual) ÷ ordinary profit (planned).
 2. Ordinary profit (planned) for the fiscal year ended March 31, 2025 is 43,200 million yen, which is the financial forecast figure announced on May 9, 2024.

<Total amount of payments>

Total amount of payments = total of amount of individual payments calculated per Director

7) Performance-based stock compensation

The Company has introduced a performance-based stock compensation plan (hereinafter the “Plan”), aimed at raising the awareness of Executive Directors to contribute to enhancing the Company’s business performance on a medium- to long-term basis and improving corporate value, by clarifying the linkage between Executive Directors’ compensation, etc., the Company’s performance, and the value of the Company’s stock, and having Executive Directors share the profits and risks of fluctuations in stock prices with shareholders. Under this Plan, the trust established with the money contributed by the Company (hereinafter, the “Trust”) acquires shares of the Company, and the number of shares equivalent to the number of points the Company grants to each Director is issued to each of the Directors through the Trust. The Plan covers the period of the medium-term management plan (hereinafter, the “Applicable Period”). The amount of compensation for the Company’s Directors who are in office during the Applicable Period shall be determined within a range of 0% to 120% depending on their position and the achievement of the planned performance indicator values (outstanding guarantee exposure, etc.) during the Applicable Period, and points shall be granted in accordance with the share issuance rules established by the Board of Directors. The maximum total amount of points granted shall be no more than 40,000 points per fiscal year (one point shall be equivalent to one

share of the Company; however, if a share split or similar event occurs, the number of shares per point will be adjusted in accordance with the split ratio). Following the two-for-one share split conducted on April 1, 2025, in which each common share was split into two shares, one point shall be equivalent to two shares of the Company.

As a general rule, the Directors receive the shares of the Company according to accumulated points at the time of their retirement from office.

8) Targets and results of evaluation indicators for performance-based compensation, etc.

The fiscal year under review (April 1, 2024 - March 31, 2025)

Evaluation indicator	Planned value	Actual value
Ordinary profit	43,200 million yen	44,518 million yen
Outstanding guarantee exposure, etc.	3,055,095 million yen	3,303,096 million yen

(Note) The planned value for outstanding guarantee exposure, etc. represents the net increase necessary to achieve the target for outstanding guarantee exposure, etc. in the final year of the medium-term management plan (FY2025).

9) Reason for the Board of Directors to have determined that the details of compensation, etc. for individual Directors observe the decision policies

The details of compensation, etc. for individual Directors for the fiscal year under review are discussed by the Nomination and Compensation Committee in consultation with the Board of Directors and advice and recommendations are made to the Board of Directors. The Board of Directors determines compensation, etc. for individual Directors after reviewing the advice and recommendations. Therefore, the Board of Directors has determined that compensation, etc. observes the policies for determining compensation, etc. for individual Directors.

(6) Total Amount of Compensation to Directors and Audit & Supervisory Board Members

Category	Persons	Total compensation, etc. (million yen)	Amount of compensation, etc., by type (million yen)		
			Monetary compensation, etc.		Non-monetary compensation, etc.
			Basic compensation	Performance-based compensation, etc.	
				Bonuses	Stock
Directors (Of which, Outside Directors)	9 persons (3 persons)	359 (27)	196 (27)	57 (—)	105 (—)
Audit & Supervisory Board Members (Of which, Outside Audit & Supervisory Board Members)	6 persons (5 persons)	44 (22)	44 (22)	— (—)	— (—)
Total (Of which, Outside Officers)	15 persons (8 persons)	404 (49)	241 (49)	57 (—)	105 (—)

- (Notes)
- At the 41st Annual General Meeting of Shareholders on June 18, 2021, a resolution was adopted to establish an upper limit on compensation to Directors of 600 million yen per year (of which, up to 50 million yen for Outside Directors, excluding compensation as employees concurrently serving as Director). However, a resolution regarding performance-based stock compensation was adopted separately as follows.
 - At the 41st Annual General Meeting of Shareholders on June 18, 2021, a resolution was adopted to establish an upper limit on compensation to Audit & Supervisory Board Members of 240 million yen per year.
 - At the 41st Annual General Meeting of Shareholders on June 18, 2021, a resolution was adopted regarding performance-based stock compensation, that the maximum amount of contribution as funds to acquire shares of the Company shall be no more than 200 million yen for the Applicable Period for two fiscal years (if the Applicable Period is extended, the amount of up to the value derived by multiplying the number of fiscal years of the Applicable Period for the extended portion by 100 million yen), and the maximum amount of points granted shall be no more than 40,000 points per fiscal year (one point shall be equivalent to one share of the Company; however, if a share split or similar event occurs, the number of shares per point will be adjusted in accordance with the split ratio). Following the two-for-one share split conducted on April 1, 2025, in which each common share was split into two shares, one point shall be equivalent to two shares

of the Company.

4. The number of persons as of March 31, 2025 is nine Directors and four Audit & Supervisory Board Members.
5. In addition to the above, the amount of compensation Outside Officers received from subsidiaries of the Company as Officers was 6 million yen.

2. Matters Regarding Outside Officers

(1) Status of Significant Concurrent Positions of Outside Officers

Name	Position	Significant concurrent positions
Masahito Kamijo	Outside Director	Outside Audit & Supervisory Board Member, MiraBiologics Inc. Outside Director, AZ-COM MARUWA Holdings Inc.
Yoshiro Nagashima	Outside Director	Outside Director, KANADEN CORPORATION Audit & Supervisory Board Member, AKEBONO Servicer Co., Ltd. Audit & Supervisory Board Member, Tsukuba Shinyo Hosho Co., Ltd. Outside Auditor, NetLearning Holdings, Inc.
Tomoe Imado	Outside Director	Partner, Miura & Partners Outside Director, KANADEN CORPORATION
Takafumi Sato	Outside Audit & Supervisory Board Member	Member of the Supervisory Committee, The Norinchukin Bank
Yuko Furumoto	Outside Audit & Supervisory Board Member	Corporate Auditor, Mynavi Corporation Outside Director, I-ne Co., Ltd.
Makoto Nakajima	Outside Audit & Supervisory Board Member	Standing Outside Audit & Supervisory Board Member, MEDIA DO Co., Ltd. Outside Audit & Supervisory Board Member, CEL Corporation

(Notes) 1. AKEBONO Servicer Co., Ltd. and Tsukuba Shinyo Hosho Co., Ltd. are wholly-owned subsidiaries of the Company.

2. There are no significant transactions or other relationships between the Company and other companies at which concurrent positions are held.

(2) Conflicts of Interest with Outside Officers

The Company does not have any conflicts of interest with Outside Officers concerning personal relationships, capital relationships, transaction relationships, or other relationships. Furthermore, the Company, persons involved in business execution at designated related parties, or Officers (excluding persons involved in business execution) do not have family relationships, transaction relationships, or other relationships that constitute conflicts of interest with Outside Officers.

(3) Principal Activities of Outside Officers During the Fiscal Year Under Review

Name	Position	Status of Comments
Masahito Kamijo	Outside Director	Attended all 14 Board of Directors meetings during the fiscal year under review. Based primarily on his wealth of experience and high level of knowledge in finance and corporate management, he actively asked questions at the Board of Directors meetings and provided suggestions from a specialist perspective, thereby fulfilling his expected role of making decisions on important management matters of the Company and supervising the execution of duties. As Chairperson of the Nomination and Compensation Committee, he also played an important role in the selection of Directors and determining compensation, etc.
Yoshiro Nagashima	Outside Director	Attended all 14 Board of Directors meetings during the fiscal year under review. Based primarily on his wealth of experience and wide range of knowledge in corporate management, he actively asked questions at the Board of Directors meetings and provided suggestions from a specialist perspective, thereby fulfilling his expected role of making decisions on important management matters of the Company and supervising the execution of duties. As a member of the Nomination and Compensation Committee, he also played an important role in the selection of Directors and determining compensation, etc.
Tomoe Imado	Outside Director	Attended 13 of the 14 Board of Directors meetings during the fiscal year under review. Based primarily on her wealth of experience and specialized knowledge in judicial affairs, she actively asked questions at the Board of Directors meetings, and provided suggestions from a specialist perspective, thereby fulfilling her expected role of making decisions on important management matters of the Company and supervising the execution of duties.
Takafumi Sato	Outside Audit & Supervisory Board Member	Attended all 14 Board of Directors meetings and 14 Audit & Supervisory Board meetings during the fiscal year under review. At Board of Directors meetings and Audit & Supervisory Board meetings, he made appropriate comments based on his wealth of experience and high level of knowledge acquired through many years of experience at the Ministry of Finance and service in important posts such as Commissioner of the Financial Services Agency. Furthermore, under the audit policies defined by the Audit & Supervisory Board, he conducted audits, etc., of each department, adequately fulfilling audit functions as an Audit & Supervisory Board Member.
Yuko Furumoto	Outside Audit & Supervisory Board Member	Attended all 10 Board of Directors meetings and 10 Audit & Supervisory Board meetings held during the fiscal year under review after her appointment on June 14, 2024. At Board of Directors meetings and Audit & Supervisory Board meetings, she made appropriate comments based on her wealth of experience and high level of knowledge in corporate legal affairs and compliance acquired through service in important posts in the compliance division of a major company. Furthermore, under the audit policies defined by the Audit & Supervisory Board, she conducted audits, etc., of each department, adequately fulfilling audit functions as an Audit & Supervisory Board Member.
Makoto Nakajima	Outside Audit & Supervisory Board Member	Attended all 10 Board of Directors meetings and 10 Audit & Supervisory Board meetings held during the fiscal year under review after her appointment on June 14, 2024. At Board of Directors meetings and Audit & Supervisory Board meetings, she made appropriate comments based on her wealth of experience and high level of knowledge in corporate governance, risk management, and accounting, acquired through her experience that includes account auditing in the public sector at a major audit firm and serving as head of the internal audit office at a listed company. Furthermore, under the audit policies defined by the Audit & Supervisory Board, she conducted audits, etc., of each department, adequately fulfilling audit functions as an Audit & Supervisory Board Member.

3. Other Information Regarding Independence of Outside Officers

Concerning criteria for assessing independence of Outside Directors, the Company determines, under the Basic Policy on Corporate Governance, that an Outside Directors is independent when he or she does not contravene the requirements of the Independence Standard stipulated by the Tokyo Stock Exchange.

V. Accounting Auditor

1. Accounting Auditor's Name

Grant Thornton Taiyo LLC

2. Accounting Auditor's Compensation, etc.

	Amount paid
Compensation, etc., for the Accounting Auditor for the fiscal year under review	36 million yen
Total cash and other profits payable by the Company and its subsidiaries to Accounting Auditor	38 million yen

- (Notes)
1. As a result of confirmation and assessment of the contents of the audit plan for the Accounting Auditor, their performance of duties, and calculation of remuneration estimates, the Audit & Supervisory Board agreed to compensation, etc., for the Accounting Auditor based on their judgment that is reasonable and appropriate in order to maintain and improve audit quality.
 2. Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated, and otherwise cannot be separated. Consequently, the above amount reflects total compensation.

3. Description of Non-Audit Services

Not applicable.

4. Policy Regarding Determination of Termination or Nonrenewal of Appointment of Accounting Auditors

In the event that significant doubt is cast upon the ability of the Accounting Auditor to continue to perform its duties, the Company's policy is for a resolution of the Audit & Supervisory Board to present a proposal to a General Meeting of Shareholders to either terminate or not renew the agreement.

5. Liability Limitation Agreement

Not applicable.

6. Summary of Indemnity Agreement

Not applicable.

7. Matters Regarding Suspension of Business Received by the Accounting Auditor for the Past Two Years

Summary of disciplinary action announced by the Financial Services Agency on December 26, 2023

- (1) Subject to disciplinary action
Grant Thornton Taiyo LLC
- (2) Details of disciplinary action
 - 1) Suspension of business related to the conclusion of new contracts for three months (from January 1, 2024 to March 31 of the same year; excluding, however, the renewal of the period of audit contracts and the conclusion of new contracts associated with the listing of audited companies with which an audit contract already exists)
 - 2) Business improvement order (improvement of business management systems)
 - 3) Prohibition of the partner seriously responsible for falling under the grounds for the disciplinary action from involving in a part of audit services (examination pertaining to audit services) for three months (from January 1, 2024 to March 31 of the same year)
- (3) Reason for disciplinary action
Two certified public accountants, who are partners of the said audit firm, failed to exercise due care in auditing another company's correction report, etc., and certified the financial documents with material misstatements as not having material misstatements.

VI. Company's Systems and Policies

1. System to ensure proper execution of business

At a meeting held on May 1, 2006, the Board of Directors decided upon a basic policy toward creating systems to ensure proper execution of business, based on Article 362, Paragraph 4, Item 6 of the Companies Act and Article 100, Paragraph 1 and Paragraph 3 of the Ordinance for Enforcement of the Companies Act, and most recently, partially revised the basic policy at a meeting held on February 5, 2018.

The contents are as follows.

- (1) System to ensure that Directors' and employees' execution of duties complies with law and regulations and the Articles of Incorporation
 - 1) The Board of Directors and Directors recognize and practice compliance with laws and regulations as a basic principle of all corporate actions based on the Corporate Code of Ethics and Code of Conduct with the basic philosophy of the core principle of compliance with laws and regulations, and ensure officers and employees have a thorough awareness of compliance so that it is established as the corporate culture.
 - 2) The Board of Directors and Directors, in accordance with Compliance Regulations, establish and reinforce compliance systems by means such as the establishment of the General Compliance Department and General Manager in charge of Compliance, and a Compliance Committee, which is a monitoring institution.
 - 3) The Board of Directors and Directors, in accordance with Compliance Regulations, develop a compliance program for each fiscal year, which is a specific implementation plan. In addition, General Compliance Department prepares manuals, etc. for compliance, and enhance effectiveness of compliance by fostering awareness through training, etc.
 - 4) The Board of Directors and Directors, in accordance with the Whistle-blower Regulations, assign third parties as external contact points, in addition to internal contact points. If officers and employees identified material facts concerning compliance, those officers and employees shall take appropriate measures using these contact points.
- (2) System for storage and management of information related to Directors' execution of duties
 - 1) In line with Regulations on the Storage of Documents and related detailed regulations, etc., the Company will record information relating to Directors' execution of duties in document form or as electronic media, and store, manage, and utilize such information in an appropriate manner.
 - 2) Directors and Audit & Supervisory Board Members may consult these records in the form of documents and electronic media at any time.
- (3) Regulations or any other systems for management of risk of loss (risk management)
 - 1) The Board of Directors and Directors, under Risk Management Regulations, establish and reinforce risk management systems by means such as the General Risk Department and General Manager in Charge of Risk Management, and the establishment of a Risk Management Committee, which is a monitoring institution.
 - 2) In order to address each risk intrinsic to our business operation, the Board of Directors and Directors, striking an appropriate balance with return, etc., conduct risk management by quantifying and integrating credit risks, market risks and operational risks (system risk and administrative risk) to compare them with the operational capacity (risk capital) of the Company.
 - 3) Based on the "Regulations for Crisis Management" and "Regulations for Business Continuity," the Company will strive to strengthen and enrich its crisis management structure by thorough implementation of crisis control and efforts to maintain external credit by early recovery of business operations in case of business interruption.
- (4) System to ensure that Directors' execution of duties is efficient
 - 1) In order to establish company-wide targets shared by Directors and employees, the Company clarifies management issues in light of changes in the external and internal environments, and formulates a Medium-term Management Plan for a period of three fiscal years.
 - 2) Based on the Medium-term Management Plan, the Board of Directors and Directors set business results targets and efficient budgets for each business division (branch office) every fiscal year, and in order to make functional a PDCA cycle to advance and achieve these goals, appropriate

- distribution of management resources will be made to each business division according to the basic risks and profitability of operation.
- 3) The status of business execution at each business department (branch office) is reported regularly to the Board of Directors, deliberations are held, and measures are taken as necessary.
 - 4) Regarding monthly business performance, performance against targets is reported to the Board of Directors each month, and in the event that the result differs from the target figure, the reason for the difference is reported and measures to ensure the achievement of targets are discussed.
 - 5) The Director in charge of each business division (branch office) will maintain regulations regarding division of operations and delegation of duties, and while cooperating with each business division (branch office), implement efficient operational management such that control functions are effectively exhibited.
- (5) System to ensure proper business execution within the Company group
 - 1) The Company establishes a system concerning reporting to the Company of matters regarding execution of duties by Directors of subsidiaries. Particularly, the Company takes measures to increase the effectiveness of internal control systems at subsidiaries and provides the necessary guidance and support that enable reporting the result of these efforts to the Parent.
 - 2) The Company establishes regulations or any other systems for management of risk of loss at subsidiaries.
 - 3) The Company establishes a system that ensures efficient execution of duties by Directors, etc. of its subsidiaries.
 - 4) The Company establishes a system that ensures execution of duties by Directors, etc. and employees of subsidiaries is in compliance with laws and regulations and the Articles of Incorporations.
 - (6) Matters relating to employees assigned to assist Audit & Supervisory Board Members in their duties, in the event that Audit & Supervisory Board Members have requested such employees
 - 1) Directors appoint Audit & Supervisory Board Member staff whose duty is to assist Audit & Supervisory Board Members with audits.
 - 2) Employees appointed as Audit & Supervisory Board Member staff focus solely on their duty to assist Audit & Supervisory Board Members with audits.
 - (7) Matters relating to the independence of employees assigned to assist Audit & Supervisory Board Members from Directors, and matters relating to ensuring effectiveness of directions to employees assigned to assist Audit & Supervisory Board Members
 - 1) Concerning personnel transfers, etc. regarding Audit & Supervisory Board Member staff, the Company hears and respects views of Audit and Supervisory Board Members, and ensure independence from Directors.
 - 2) Audit & Supervisory Board Member staff shall carry out their duties under the direction of Audit & Supervisory Board Member, and do not receive directions from Directors, etc.
 - (8) Systems described below and other systems related to reports to Audit & Supervisory Board Members of the Company
 - 1) The Company establishes systems to allow Directors and employees to report to Audit & Supervisory Board Members. Especially, a system shall be established that allows matters that have a significant impact on the Company or its subsidiaries and the status of matters that raise suspicions related to compliance to be quickly reported to Audit & Supervisory Board Members.
 - 2) The Company establishes systems to allow Directors, Audit & Supervisory Board Members and employees of subsidiaries or persons that receive reports therefrom to report to Audit & Supervisory Board Members. Especially, a system shall be established that allows Directors or employees of subsidiaries to quickly report to Audit & Supervisory Board Members matters that have a significant impact on the Company or its subsidiaries and the status of matters that raise suspicions related to compliance.
 - (9) System to ensure that persons reporting to Audit & Supervisory Board Members not be treated unfavorably because of the report
 - 1) In order to assure reliability of the whistle-blower system, the Company prohibits to treat whistle-

blowers that made the report unfavorably, and thoroughly inform Directors and employees to that effect.

- (10) Matters concerning a policy with regard to treatment of costs and liabilities incurred on execution of duties by Audit & Supervisory Board Members
 - 1) Audit & Supervisory Board Members, in accordance with Standards for Audits by Audit & Supervisory Board Members, appropriate a budget for costs that are necessary for their execution of duties in advance. However, Audit & Supervisory Board Members may subsequently request reimbursement for costs incurred in emergent or incidental circumstances.
- (11) Other systems to ensure Audit & Supervisory Board Members' audits are effective
 - 1) The President & Representative Director regularly holds meetings with Audit & Supervisory Board Members to exchange opinions on matters such as issues that the Company should address, the status of improvement of environment for audit by Audit & Supervisory Board Members, and important audit issues.
 - 2) A three-pronged Auditor Liaison Committee comprised of Audit & Supervisory Board Members, the Audit Division, and the Accounting Auditor is regularly held to exchange opinions on the results of audits and other businesses.
- (12) System to ensure reliability of financial reporting and to provide such reporting in an appropriate and timely manner
 - 1) The Company provides reliable financial reporting to all stakeholders including shareholders in an appropriate and timely manner, in response to the internal control reporting system regarding financial reporting under the Financial Instruments and Exchange Act.
 - 2) The Company recognizes importance of the role of internal control over financial reporting, and appropriately establishes and operates basic components of internal control (i.e., control environment, risk assessment and response, control activities, information and communication, monitoring, and response to IT).
 - 3) The Company determines a department in charge of related businesses so that internal control over financial reporting works effectively.
- (13) System to eliminate antisocial forces
 - 1) The Company establishes a basic policy and strives to establish an internal consensus for dealing with antisocial forces, in order to prevent the damage caused by so-called antisocial forces, namely groups or individuals that use violence, force, and fraudulent methods in the pursuit of economic gain.
 - 2) The Company ensures Directors and employees have a thorough awareness of the basic policy for dealing with antisocial forces, while also taking a firm stance against antisocial forces and completely forbidding any relationship with such forces.

2. Overview of the status of implementation of systems to ensure proper execution of business

Overview of the status of implementation of systems to ensure proper execution of business is as follows:

- (1) Matters concerning compliance
 - 1) Under the Compliance Regulations, the Company, by developing a compliance program, has held regular internal training sessions, position-based education sessions and periodic testing according to job classes, and has made efforts to ensure thorough understanding and awareness among officers and employees.
 - 2) Compliance Committee has met monthly in principle to monitor the status of implementation of the compliance program, and to discuss and determine important matters concerning compliance to report to the Board of Directors.
 - 3) Under the Whistle-blower Regulations, the Company has set up multiple external contact points such as a law firm, in addition to an internal contact point to reinforce the consulting system.
- (2) Matters concerning risks
 - 1) Risk Management Committee has met monthly in principle to review the status of occurrence of each risk, status of management and status of implementation of risk management system, analyze risks from various viewpoints including an analysis utilizing the comprehensive risk management system, and make reports to the Board of Directors.
 - 2) The Company has formulated Regulations for Crisis Management that stipulate establishment of crisis management headquarters and Regulations for Business Continuity that stipulate the way of business resumption upon the occurrence of events affecting business continuity such as natural disasters, and has established a system for emergency preparedness.
- (3) Matters concerning execution of duties by Directors
 - 1) The Company has appropriately been storing and managing documents related to Directors' execution of duties in accordance with Regulations on the Storage of Documents and related detailed regulations, etc. Such documents have been made available to Directors and Audit & Supervisory Board Members at any time.
 - 2) The Board of Directors has been receiving reports regarding the status of implementation of the business plan for every quarter, and regarding comparison of budget plan and actual results for every month, and has been overseeing efficient execution of duties by Directors. In addition, the Board of Directors has discussed measures to be taken as necessary, in the event that the result differs from the budget plan.
- (4) Matters concerning Audit & Supervisory Board Members
 - 1) In order to facilitate activities of Audit & Supervisory Board Members, the Company has appointed one dedicated Audit & Supervisory Board Member staff whose duty is to assist Audit & Supervisory Board Members with audits. The appointment of the Audit & Supervisory Board Member staff has been decided in consultation with Audit & Supervisory Board Members, and independence has been ensured for such appointment.
 - 2) Full-time Audit & Supervisory Board Members, under the audit policies and plan developed by the Audit & Supervisory Board, have attended important meetings including the meetings of the Board of Directors and the management meetings, and conducted audits of execution of duties by Directors regarding overall management and individual matters, through conducting interviews to, and receiving reports from, each department as necessary. Furthermore, monthly meetings have been held among President & Representative Director, Accounting Auditor and the Audit Division to exchange opinions.

Consolidated Balance Sheet

(As of March 31, 2025)

(Amount: million yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	160,396	Current liabilities	39,498
Cash and deposits	137,577	Unearned revenue	18,892
Right to reimbursement	17,268	Income taxes payable	7,908
Securities	9,532	Provision for loss on guarantees	8,528
Other	4,357	Other provisions	1,108
Allowance for doubtful accounts	(8,339)	Other	3,060
Non-current assets	332,001	Non-current liabilities	214,221
Property, plant and equipment	656	Long-term borrowings	30,000
Buildings and structures	416	Long-term unearned revenue	183,552
Accumulated depreciation	(203)	Other provisions	573
Machinery, equipment and vehicles	58	Retirement benefit liability	82
Accumulated depreciation	(42)	Other	13
Tools, furniture and fixtures	978	Total liabilities	253,719
Accumulated depreciation	(564)	Net assets	
Other	13	Shareholders' equity	237,613
Intangible assets	2,757	Share capital	10,703
Software	2,640	Capital surplus	637
Software in progress	110	Retained earnings	233,963
Other	6	Treasury shares	(7,691)
Investments and other assets	328,588	Accumulated other comprehensive income	1,065
Investment securities	285,124	Valuation difference on available-for-sale securities	1,014
Long-term loans receivable	14,515	Remeasurements of defined benefit plans	51
Long-term time deposits	23,000		
Deferred tax assets	4,846	Total net assets	238,678
Other	1,101		
Total assets	492,398	Total liabilities and net assets	492,398

Consolidated Statement of Income

(April 1, 2024 - March 31, 2025)

(Amount: million yen)

Description	Amount	
Operating revenue		56,972
Operating expenses		
Provision for loss on guarantees	4,430	
Provision of allowance for doubtful accounts	(334)	
Salaries, allowances and bonuses	2,594	
Other	8,306	14,997
Operating profit		41,974
Non-operating income		
Interest income	3,970	
Dividend income	140	
Other	59	4,169
Non-operating expenses		
Interest expenses	851	
Commission expenses	615	
Other	158	1,626
Ordinary profit		44,518
Extraordinary income		
Gain on sale of investment securities	0	
Gain on bargain purchase	1,257	1,257
Extraordinary losses		
Loss on sale of investment securities	22	22
Profit before income taxes		45,753
Income taxes - current	13,957	
Income taxes - deferred	(293)	13,664
Profit		32,089
Profit attributable to owners of parent		32,089

Consolidated Statement of Changes in Equity

(April 1, 2024 – March 31, 2025)

(Amount: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,703	637	213,582	(722)	224,200
Changes during period					
Dividends of surplus			(11,708)		(11,708)
Profit attributable to owners of parent			32,089		32,089
Purchase of treasury shares				(7,000)	(7,000)
Disposal of treasury shares				31	31
Net changes in items other than shareholders' equity					
Total changes during period	–	–	20,381	(6,968)	13,412
Balance at end of period	10,703	637	233,963	(7,691)	237,613

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	881	–	881	225,082
Changes during period				
Dividends of surplus				(11,708)
Profit attributable to owners of parent				32,089
Purchase of treasury shares				(7,000)
Disposal of treasury shares				31
Net changes in items other than shareholders' equity	132	51	183	183
Total changes during period	132	51	183	13,596
Balance at end of period	1,014	51	1,065	238,678

Notes to Consolidated Financial Statements

1. Notes on Important Matters as Basis for Preparing Consolidated Financial Statements

(1) Matters concerning the scope of consolidation

Number of consolidated subsidiaries	Seven
Names of consolidated subsidiaries	Zenkoku Business Partner, K.K. AKEBONO Servicer Co., Ltd. MINORI GUARANTEE Co., Ltd. Tsukuba Shinyo Hosho Co., Ltd. ChibaKoginCard Service Co., Ltd. Mie Sogo-Shinyo Co., Ltd. Tohoku Guarantee Service Co., Ltd.

(Change in the scope of consolidation)

Following the new acquisition of shares in the fiscal year under review, ChibaKoginCard Service Co., Ltd., Mie Sogo-Shinyo Co., Ltd., and Tohoku Guarantee Service Co., Ltd. have been included in the scope of consolidation. As the deemed acquisition date for Mie Sogo-Shinyo Co., Ltd. and Tohoku Guarantee Service Co., Ltd. is the last day of the fiscal year under review, only their balance sheets have been consolidated for this fiscal year. The results of these acquired companies are not included in the consolidated statement of income.

Names, etc. of non-consolidated subsidiaries

Non-consolidated subsidiaries

Zenkoku Hosho Innovation Investment Limited Partnership

(Reason for exclusion from scope of consolidation)

Non-consolidated subsidiaries are excluded from the scope of consolidation because they are small, and their total assets, net sales, profit and loss (amount commensurate with equity), and retained earnings (amount commensurate with equity), etc. do not materially impact the Consolidated Financial Statements.

(2) Matters concerning the application of the equity method

Names, etc. of non-consolidated subsidiaries not accounted for by the equity method

Zenkoku Hosho Innovation Investment Limited Partnership

(Reason for not applying the equity method)

Non-consolidated subsidiaries not accounted for by the equity method are excluded from the application of the equity method because their impact on the Consolidated Financial Statements is minimal and immaterial, even if they are excluded from the application of the equity method in terms of profit and loss (amount commensurate with equity) and retained earnings (amount commensurate with equity), etc.

2. Matters Concerning the Fiscal Year, etc. at Consolidated Subsidiaries

The closing date for consolidated subsidiaries is the same as the consolidated closing date.

3. Matters Concerning Accounting Policies

(1) Valuation standards and valuation method for material assets

Securities

1) Held-to-maturity bonds	Stated at amortized cost (straight-line method).
2) Available-for-sale securities	
Securities other than shares, etc. that do not have a market price	Stated at fair value (with valuation difference wholly included directly in net assets while selling cost determined by the moving-average method).
Shares, etc. that do not have a market price	Stated at cost using the moving-average method.
	Investments in investment limited partnerships and other similar partnerships (which are deemed to be securities pursuant to

Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are recorded at the net amount equivalent to equity based on the most recent financial statements available in accordance with the reporting date specified in the partnership agreement.

(2) Depreciation and amortization methods for material depreciable and amortizable assets

- | | | | | | | | |
|-----------------------------------|---|--------------------------|---------------|-----------------------------------|--------------|-------------------------------|---------------|
| 1) Property, plant and equipment | <p>Depreciated using the declining-balance method. However, buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.</p> <p>Major useful lives are as follows:</p> <table border="0"> <tr> <td>Buildings and structures</td> <td>3 to 22 years</td> </tr> <tr> <td>Machinery, equipment and vehicles</td> <td>2 to 6 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>2 to 20 years</td> </tr> </table> | Buildings and structures | 3 to 22 years | Machinery, equipment and vehicles | 2 to 6 years | Tools, furniture and fixtures | 2 to 20 years |
| Buildings and structures | 3 to 22 years | | | | | | |
| Machinery, equipment and vehicles | 2 to 6 years | | | | | | |
| Tools, furniture and fixtures | 2 to 20 years | | | | | | |
| 2) Intangible assets | <p>Depreciated using the straight-line method (software for internal use is amortized using the straight-line method based on their estimated useful lives (5 years)).</p> | | | | | | |

(3) Recording standards for material reserves

- | | |
|-------------------------------------|--|
| 1) Allowance for doubtful accounts | <p>To provide for losses on bad debts, an allowance for rights to reimbursement is recorded as follows, in accordance with the standard for depreciation and allowances provided in advance.</p> <p>The allowance for rights to reimbursement receivable from debtors who are legally bankrupt, such as those in bankruptcy or in special liquidation (“bankrupt borrowers”), or debtors in an equivalent state (“substantially bankrupt borrowers”), is recorded at the full amount of the non-secured portion after deducting amounts expected to be recovered from the disposal of collateral, etc., from the amount receivable. In addition, the allowance for rights to reimbursement receivable from debtors who are not currently bankrupt but for whom it is deemed that there is a significant possibility of future bankruptcy (“borrowers in danger of bankruptcy”) is recorded at an estimated loss which is deemed necessary upon a comprehensive assessment of the payment ability of each individual debtor that takes into account factors such as the amount collected over a certain period. The said allowance is calculated by deducting amounts expected to be recovered from the disposal of collateral from the amount receivable.</p> <p>The above allowances for rights to reimbursement are recorded based on the results of an asset assessment conducted by the sales branch or the Screening Management Department in accordance with the standards for self-assessment of assets, and audited by the Internal Audit Department, which is independent from the Screening Management Department.</p> <p>With regard to other receivables, to provide for losses on bad debts, an expected unrecoverable amount is recorded at an amount calculated based on the past loan loss ratio for general receivables, and an amount determined in consideration of the recoverability of individual receivables with respect to doubtful accounts and certain other receivables.</p> |
| 2) Provision for loss on guarantees | <p>To provide for losses on guarantees, a provision is recorded as follows, in accordance with the standard for depreciation and allowances provided in advance.</p> <p>The provision for debt guarantees for bankrupt borrowers and substantially bankrupt borrowers is recorded at the full amount of the non-secured portion after deducting amounts expected to be recovered from the disposal of collateral, etc., from the amount of debt guarantees. In addition, the provision for debt guarantees for borrowers in danger of bankruptcy is recorded at an estimated loss which is deemed necessary upon a comprehensive assessment of the payment ability of debtors that takes into account factors such as the amount collected over a certain period. The</p> |

said provision is calculated by deducting amounts expected to be recovered from the disposal of collateral from the amount of debt guarantees.

The provision for debt guarantees other than the above is recorded based on historical rates of losses, etc., over a certain period.

The above provisions for debt guarantees are made based on the results of an asset assessment conducted by the sales branch or the Screening Management Department in accordance with the standards for self-assessment of assets, and audited by the Internal Audit Department, which is independent from the Screening Management Department.

(4) Method of accounting for retirement benefits

1) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, the method of attributing estimated retirement benefits to the period up to the end of the fiscal year under review is based on the benefit formula standard.

2) Method of amortizing actuarial differences

Actuarial differences are amortized using the straight-line method over a certain number of years (five years) within the average remaining service period of the employees at the time such differences occur, and allocated proportionately from the fiscal year following the respective fiscal year of the occurrence.

3) Adoption of simplified method by small enterprises, etc.

For some consolidated subsidiaries, in the calculation of retirement benefit liabilities and retirement benefit expenses, the simplified method is applied, using the amount payable at the end of the fiscal year for personal convenience as benefit obligations.

(5) Recording standards for material revenue and expenses

Recording standards for revenue related to credit guarantee service business

With respect to income guarantee fee derived from the undertaking of guarantees, the Group receives, as consideration for the service, guarantee fee from the clients in a lump sum at the time of commencement of guarantee, or in installments in each month of the guarantee period. Revenue in the form of guarantee fee received in a lump sum is recorded as unearned revenue and charged on the declining balance (the method whereby income guarantee fees are calculated using a certain percentage of the estimated balance of debt guarantees) in each year during the guarantee period. For guarantee fees received each month, income guarantee fees are calculated using a certain percentage of the balance of guarantee obligations, etc. at the end of the previous month, and revenues are reported every month.

The Group undertakes guarantee subject basically to each client taking out creditor group life insurance policy. In the event of default due to the client's death or other contingency, the Group makes repayment to the lending financial institution by way of subrogation, using the payment from the creditor group life insurance policy. In this arrangement, the Group is acting as agent to the life insurance company. With respect to the income guarantee fee associated with such agency, the Group receives consideration in the form of specific guarantee fee from the lending financial institution in each month of the guarantee period. In this transaction, insurance is provided by the life insurance company and the Group's performance obligations are to arrange as agent to have the payment of life insurance properly made by the life insurance company. Thus, revenue in the form of income guarantee fee is recorded at an amount of consideration on a net basis.

(6) Amortization method and period of goodwill

Goodwill is amortized using the straight-line method over a reasonably estimated period during which the effect of the goodwill will be realized.

(7) Other important matters for preparing consolidated financial statements

Accounting for non-deductible consumption taxes relating to assets

Of non-deductible consumption taxes relating to assets, those defined as deferred consumption taxes, etc., under the Corporation Tax Act are reported as long-term prepaid expenses (other under investments and other assets) and amortized over a five-year period on a straight-line basis.

4. Notes on Changes in Accounting Policies

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standards 2022”), etc. from the beginning of the fiscal year under review.

With regard to the amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standards 2022 and the transitional treatment prescribed in the proviso of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “Revised Guidance 2022”). This change in accounting policy has no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gain or loss on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the fiscal year ended March 31, 2025. This change in accounting policy has no impact on the consolidated financial statements.

5. Notes on Changes in Presentation Methods

Consolidated Statement of Income

“Commission expenses,” which were included under “Other” in “Non-operating expenses” in the previous fiscal year, are presented separately in the fiscal year under review due to an increase in monetary materiality.

6. Notes on Accounting Estimates

(1) Detail of provision for loss on guarantees and the estimates

1) The amount recorded for the fiscal year under review 8,528 million yen

2) Other useful information in understanding the estimates

(a) Method for calculating the estimates and major assumptions used therein

To provide for losses on guarantees, based on the standards for self-assessment of assets as well as for depreciation and allowances provided in advance, guarantee consignors as debtors of such guarantees are classified into the following five debtor categories, namely, “normal borrowers,” “borrowers requiring caution,” “borrowers in danger of bankruptcy,” “substantially bankrupt borrowers,” and “bankrupt borrowers.” An estimated loss calculated for each such category is recorded as the provision for loss on guarantees.

Debtor category	Definitions
Normal borrowers	Debtors who are making repayment on schedule and deemed to have no particular problems with their financial balance and position.
Borrowers requiring caution	Debtors with unstable financial balance and position, who have a possibility of future delinquency or are already delinquent, or for whom easing of repayment terms is under way.
Borrowers in danger of bankruptcy	Debtors who are not currently bankrupt, but for whom it is deemed that there is a significant possibility of future bankruptcy
Substantially bankrupt borrowers	Debtors who are legally bankrupt, such as those in bankruptcy or in special liquidation, or have excessive debt with no prospects of rehabilitation, and for whom preparations for subrogation are under way.
Bankrupt borrowers	Debtors in an equivalent state as substantially bankrupt borrowers, and for whom requests for the performance of subrogation are under way.

The provision for debt guarantees for normal borrowers and borrowers requiring caution is recorded mainly at an estimated loss for a period of next one year or an estimated loss for a period of next three years, for each debtor category. The estimated loss is calculated based on the balance of debt guarantees, the estimated subrogation rate, and the estimated recovery rate for each debtor category. The estimated subrogation rate is calculated based on the average of the actual subrogation rate for the past five

calculation periods, where each calculation period shall be a one-year period or a three-year period, in light of the latest situation. In addition, the estimated recovery rate is calculated based on the accumulated amount recovered from subrogation payments for each product category as well as each category of a similar situation of collateral.

The provision for debt guarantees for borrowers in danger of bankruptcy is recorded at an estimated loss which is deemed necessary based on the past track record, after a comprehensive assessment of the payment ability of guarantee consignors that takes into account factors such as the amount collected over a certain period. The said provision is calculated by deducting amounts expected to be recovered from the disposal of collateral from the amount of debt guarantees. In addition, the provision for debt guarantees for substantially bankrupt borrowers and bankrupt borrowers is recorded at the full amount of the non-secured portion as an estimated loss after deducting amounts expected to be recovered from the disposal of collateral, etc., from the amount of debt guarantees. With regard to the amount expected to be recovered from the disposal of collateral, the appraisal value made by an external expert is used, based mainly on the assumption that the collateral will be sold in the second-hand housing market.

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

It is believed that the accounting estimates used for calculating the provision for loss on guarantees as well as the assumption used for preparing such accounting estimates are reasonable, and that a sufficient amount to provide for losses on guarantees has been recorded. However, the assumption used for preparing the accounting estimates is based on figures on the basis of historical subrogation and collection data, involving a certain degree of uncertainty. Accordingly, there is a possibility that the provision for loss on guarantees may be increased or decreased due to factors such as changes in the situation of clients, economic environment, and real estate market condition.

(2) Detail of allowance for doubtful accounts for right to reimbursement and the estimates

1) The amount recorded for the fiscal year under review 8,303 million yen

2) Other useful information in understanding the estimates

(a) Method for calculating the estimates and major assumptions used therein

To provide for losses on bad debts in terms of an allowance for rights to reimbursement, based on the standards for self-assessment of assets as well as for depreciation and allowances provided in advance, debtors are classified into the following three debtor categories, namely, “bankrupt borrowers,” “substantially bankrupt borrowers,” and “borrowers in danger of bankruptcy.” An estimated loss calculated for each such category is recorded as the allowance for doubtful accounts.

Debtor category	Definitions
Bankrupt borrowers	Debtors who are legally bankrupt, such as those in bankruptcy or in special liquidation, but classified as neither borrowers in danger of bankruptcy nor substantially bankrupt borrowers.
Substantially bankrupt borrowers	Debtors who have continued to make partial advanced repayment for a considerable period of time after subrogation, but are expected to require a very long time before the debt is paid off, and for whom it is judged that there is a substantially high possibility that rights to reimbursement will not be recovered in full.
Borrowers in danger of bankruptcy	Debtors who have continued to make partial advanced repayment for a considerable period of time after subrogation, and for whom it is judged that there is a low possibility that rights to reimbursement will not be recovered in full.

The allowance for rights to reimbursement receivable from bankrupt borrowers and substantially bankrupt borrowers is recorded at the full amount of the non-secured portion as an estimated loss after deducting amounts expected to be recovered from the disposal of collateral, etc., from the amount receivable. In addition, the allowance for rights to reimbursement receivable from borrowers in danger of bankruptcy is recorded at an estimated loss which is deemed necessary upon a comprehensive assessment

of the payment ability of each individual debtor that takes into account factors such as the amount collected over a certain period. The said allowance is calculated by deducting amounts expected to be recovered from the disposal of collateral from the amount receivable. With regard to the amount expected to be recovered from the disposal of collateral, the appraisal value made by an external expert is used, based mainly on the assumption that the collateral will be sold in the second-hand housing market.

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

It is believed that the accounting estimates used for calculating the allowance for doubtful accounts as well as the assumption used for preparing such accounting estimates are reasonable, and that a sufficient amount to provide for losses on bad debts has been recorded. However, the assumption used for preparing the accounting estimates is based on figures on the basis of past loan loss record and collection record, involving a certain degree of uncertainty. Accordingly, there is a possibility that the allowance for doubtful accounts may be increased or decreased due to factors such as changes in the situation of debtors, economic environment, and real estate market condition.

7. Additional Information

(1) Transactions where the Company's shares are issued to employees, etc., through a fund

1) Overview of the transaction

The Company and some consolidated subsidiaries have introduced the Employee Stock Ownership Plan (J-ESOP) (hereinafter the "Plan"), which is an incentive plan where shares of the Company are paid to employees, etc., in order to strengthen the link between the Company's share price, business performance, and the treatment of employees, etc. (including employees of the Company along with Directors and employees of some consolidated subsidiaries; the same applies below). The Plan also aims to increase the morale and desire of employees, etc., to increase the Company's share price and business performance by sharing the economic effects with shareholders.

Under the Plan, the Company and some consolidated subsidiaries will pay shares in the Company to employees, etc., who fulfill certain conditions, based on the Share Payment Regulations provided in advance by the Company and some consolidated subsidiaries.

The Company and some consolidated subsidiaries will grant points to employees, etc., according to their individual degree of contribution and other factors, and pay shares in the Company equivalent to the number of points granted when employees, etc., have acquired the right to receive shares by fulfilling certain conditions. The shares to be paid to employees, etc., including those required in future, are acquired with money held in trust in advance and managed separately as trust assets.

2) Shares in the Company remaining in the trust

Shares in the Company remaining in the trust are reported under net assets as treasury shares, based on their carrying value in the trust (excluding the amount of any associated expenses). The carrying value of these treasury shares and number of shares were 117 million yen and 87,500 shares in the fiscal year under review.

(Note) The Company has conducted a two-for-one share split, effective April 1, 2025. Accordingly, the number of shares above refers to the number of shares after the share split.

(2) Transactions where the Company's shares are issued to officers, etc., through a fund

1) Overview of the transaction

The Company has introduced the performance-based stock compensation plan using Board Benefit Trust (hereinafter the "Executive Plan") for Directors (excluding Outside Directors, hereinafter the same) of the Company, in order to motivate Directors to contribute to enhancing medium- to long-term business performance and corporate value, by clarifying the linkage between Directors' remuneration, etc. and the Company's business performance as well as its equity value, and by having Directors share the benefits and risks of fluctuations in stock prices with shareholders.

The Executive Plan is a stock compensation plan, in which a trust established using the funds contributed by the Company (hereinafter "the Trust") purchases shares of the Company, and the number of shares of the Company equivalent to the number of points the Company grants to each Director is delivered to individual Directors through the Trust.

Remuneration through the Executive Plan covers Directors in office during the period of the medium-term management plan (hereinafter the “Applicable Period”).

Such points are granted to Directors of the Company who are in office during the Applicable Period in accordance with the Share Delivery Regulations established by the Board of Directors of the Company, commensurate with their position and the level of achieving the numerical targets under the medium-term management plan. Directors receive a number of shares of the Company commensurate with the cumulative number of points at the time of their retirement in principle.

2) Shares of the Company remaining held in the trust

Shares in the Company remaining in the trust are reported under net assets as treasury shares, based on their carrying value in the trust (excluding the amount of any associated expenses). The carrying value of these treasury shares and number of shares were 571 million yen and 218,800 shares in the fiscal year under review.

(Note) The Company has conducted a two-for-one share split, effective April 1, 2025. Accordingly, the number of shares above refers to the number of shares after the share split.

8. Notes to Consolidated Balance Sheet

(1) Amounts related to non-consolidated subsidiaries are as follows.

Investment securities (paid-in capital)	2,766 million yen
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(2) Contingent liabilities

1) Guarantee obligations

The balance of guarantee obligations is as follows. Guarantee obligations for interest in arrears are not included as they cannot be estimated.

Guarantee obligations for housing loans, etc.	18,218,033 million yen
Provision for loss on guarantees	8,528 million yen
Balance	18,209,504 million yen

2) Loss compensation contracts

The balance of subordinated beneficiary rights to be covered is as follows.

Subordinated beneficiary rights backed by housing loan receivables	42,491 million yen
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9. Notes to Consolidated Statement of Income

Gain on bargain purchase arose from the acquisition of shares of ChibaKoginCard Service Co., Ltd., Mie Sogo-Shinyo Co., Ltd., and Tohoku Guarantee Service Co., Ltd. to make them consolidated subsidiaries.

10. Notes to Consolidated Statement of Changes in Equity

(1) Matters concerning issued shares

Class of shares	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Common shares	68,871,790	–	–	68,871,790

(Note) The Company has conducted a two-for-one share split, effective April 1, 2025. The above figures are based on the number of shares before the share split.

(2) Matters related to treasury shares

Class of shares	Number of shares at beginning of period	Increase during period	Decrease during period	Number of shares at end of period
Common shares	165,578	1,217,616	11,815	1,371,379

(Notes) 1. The number of treasury shares at beginning and end of period includes the Company’s shares held by J-ESOP of 55,565 shares and 43,750 shares, respectively. The number of treasury shares at beginning and end of period includes the Company’s shares held by the Board Benefit Trust of 109,400 shares and 109,400 shares, respectively.

2. Outline of reasons for the changes

Increase owing to the acquisition of the Company's shares by the resolution of the Board of Directors	1,217,500 shares
Increase owing to the purchase of fractional shares	116 shares
Decrease owing to the payment of the Company's shares based on J-ESOP	11,815 shares

3. The Company has conducted a two-for-one share split, effective April 1, 2025. The above figures are based on the number of shares before the share split.

(3) Matters concerning dividends

1) Cash dividends paid

Resolution	Class of shares	Total cash dividends (million yen)	Dividend per share (yen)	Record date	Effective date
The Annual General Meeting of Shareholders held on June 14, 2024	Common shares	11,708	170.00	March 31, 2024	June 17, 2024

(Notes) 1. The total cash dividends approved by resolution at the Annual General Meeting of Shareholders held on June 14, 2024 includes 9 million yen in dividends to the Company's shares held by J-ESOP, along with 18 million yen in dividends to the Company's shares held by the Board Benefit Trust.

2. The Company has conducted a two-for-one share split, effective April 1, 2025. The above dividend per share refers to the actual dividends paid before the share split.

2) Dividends for which the record date falls in the current fiscal year, but the effective date falls in the following fiscal year

The following item is scheduled to be submitted as a proposal at the Annual General Meeting of Shareholders to be held on June 20, 2025.

Resolution	Class of Shares	Dividend resource	Total cash dividends (million yen)	Dividend per share (yen)	Record date	Effective date
The Annual General Meeting of Shareholders to be held on June 20, 2025	Common shares	Retained earnings	14,342	212.00	March 31, 2025	June 23, 2025

(Notes) 1. The total cash dividends to be approved by resolution at the Annual General Meeting of Shareholders on June 20, 2025 includes 9 million yen in dividends to the Company's shares held by J-ESOP, along with 23 million yen in dividends to the Company's shares held by the Board Benefit Trust.

2. The Company has conducted a two-for-one share split, effective April 1, 2025. The above dividend per share refers to the actual dividends paid before the share split.

(4) Matters concerning share acquisition rights, etc.

There is no relevant information.

11. Notes on Financial Instruments

(1) Matters relating to the status of financial instruments

1) Policy on financial instruments

The Group engages in a credit guarantee business centered on a housing loan guarantee business. As the Group engages in these businesses, our policy is to manage guarantee fees received as a lump sum from guarantee consignors from a long-term perspective with an awareness of asset preservation, while following the basic principle of highly safe, certain, and liquid management, and not engaging in high risk transactions. The Group also raises funds through borrowings from banks and other financial institutions.

2) Details of financial instruments and related risks

Financial assets held by the Group are mainly cash and deposits received as lump-sum guarantee fees, rights to reimbursement acquired from requests for the performance of debt guarantees, securities, investment securities, and long-term loans receivable. Financial liabilities are long-term borrowings.

Rights to reimbursement are exposed to credit risk from the non-fulfillment of obligations by guarantee consignors, and there is a possibility that obligations may not be fulfilled in accordance with guarantee entrustment agreements owing to a difficult business environment or other factors.

Securities, investment securities and long-term loans receivable are mainly government bonds, public bonds, corporate bonds, equities, investment trusts, etc. and holdings are divided into held-to-maturity bonds and available-for-sale securities. These assets are exposed to the respective credit risk of the issuer and the risk of fluctuation in market prices.

Long-term borrowings are necessary long-term funds that have been raised in line with the management plan. They are exposed to the risk of fluctuation in interest rates.

3) Structure for managing risks relating to financial instruments

(a) Management of credit risks

In the housing loan guarantee business, the Group has developed a structure relating to guarantees, in accordance with Screening Regulations and Guarantee Obligations and Right to Reimbursement Management Regulations.

In screening operations, screening is conducted after a comprehensive evaluation of quantitative and qualitative data by an authorized person or person in charge of screening with the knowledge and experience for an appropriate credit assessment, in accordance with rigorous screening standards. In addition, in cases with high credit risk, screening and approval is conducted by the Credit Division, and thus the Group strives to maintain the soundness of its debt guarantees through the establishment of a screening structure that accommodates the credit risk.

The Group strives to suppress credit costs in credit management operations, and its basic policy is to lower the incidence of subrogation, and shorten collection periods of rights to reimbursement and maximize the amount collected. In lowering the incidence of subrogation, the Group coordinates with partner financial institutions and strives to prevent long-term delinquencies by understanding the reasons for the delinquency of first-time delinquent borrowers and offering appropriate advice. In addition, the Group strives to understand the current status and repayment ability of guarantee consignors at an early stage, and responds to changes in terms after determining that there is a possibility of repayment normalization. As a measure for reducing collection periods of rights to reimbursement and maximizing the amount thereof, the Group quickly disposes of properties pledged as collateral in accordance with the status of individual cases, or encourages the voluntary sale thereof.

Furthermore, to avoid circumstances where there occurs a possibility that the materialization of risk has an unforeseen impact on the management of the Group, the Group strives to maintain the soundness and stability of management by quantifying credit risk and using advanced credit risk management, calculating provisions, and utilizing it in capital management.

The credit risk for securities and investment securities is insignificant, as they are mainly highly rated bonds, etc., in accordance with the Fund Management Regulations. In addition, long-term time deposits and certain investment securities, etc. are investments in issuers with high creditworthiness only, and the risk of loss of principal owing to credit risk is insignificant.

(b) Management of market risks

Market risks for the Group are defined as fluctuations in the value of rights to reimbursement and assets managed, such as securities, which account for a large proportion of assets, as well as the risk of fluctuation of interest payable on long-term borrowings. As the main source of the Group's assets is guarantee fees received as consideration for guarantees on housing loans, the Group strives to preserve assets and minimize losses by reviewing the asset management policy in accordance with circumstances and strictly enforcing the appropriate disposal of real estate pledged as collateral.

Specifically, the Group monitors, analyzes, and verifies the fair value of securities, investment securities, long-term loans receivable, etc., and the trends of interest payable on long-term borrowings on a daily basis. With regard to the status of the disposal of real estate pledged as collateral, the Group analyzes and verifies the methods of disposal for collateral properties by region (voluntary sale, real estate auction) and collection periods, and reports the respective findings to the Risk Management Committee.

(c) Management of liquidity risks relating to fund-raising

The Group manages its liquidity risks by maintaining liquidity on hand, while preparing and renewing financing plans on a timely basis.

4) Supplementary information on matters relating to the fair value of financial instruments, etc.

In calculating fair value of financial instruments, certain assumptions, etc., are used, so the value may differ if different assumptions, etc., are used.

(2) Matters related to the fair value of financial instruments, etc.

Consolidated balance sheet amounts, fair values and their differences as at March 31, 2025 are as follows. Shares, etc. that have no market price are not included in the table below (Please refer to (Note 2)). As for “cash and deposits” and “income taxes payable,” no reference is made as they are cash or otherwise financial instruments settled on short-term basis whose fair values approximate book value.

(Amount: million yen)

	Consolidated balance sheet amounts	Fair value	Difference
(1) Right to reimbursement Allowance for doubtful accounts (*1)	17,268 (8,303)		
	8,965	8,965	-
(2) Securities and investment securities			
a. Held-to-maturity bonds			
Government bonds/local government bonds, etc.	11,090	11,412	321
Corporate bonds	259,108	247,894	(11,214)
Other	3,104	3,011	(93)
b. Available-for-sale securities			
Shares	3,645	3,645	-
Bonds	954	954	-
Other	11,144	11,144	-
(3) Long-term loans receivable (*2)	14,720	14,616	(103)
(4) Long-term time deposits	23,000	20,425	(2,574)
Total assets	335,732	322,068	(13,664)
(1) Long-term borrowings	30,000	30,000	-
Total liabilities	30,000	30,000	-

(*1) The allowance for doubtful accounts corresponding to rights to reimbursement is excluded.

(*2) Long-term loans receivable include the current portion of long-term loans receivable included in “other” of current assets.

(Note 1) Matters related to securities

Points to be noted regarding securities by purpose of holding are as follows.

- 1) Consolidated balance sheet amounts, fair values and their differences of held-to-maturity bonds are as follows. None of held-to-maturity bonds were sold in the fiscal year under review.

(Amount: million yen)

	Type	Consolidated balance sheet amounts	Fair value	Difference
Those with fair values exceeding consolidated balance sheet amounts	Government bonds/local government bonds, etc.	10,990	11,312	321
	Corporate bonds	12,750	12,863	112
	Other	-	-	-
	Subtotal	23,741	24,175	434
Those with fair values not exceeding consolidated balance sheet amounts	Government bonds/local government bonds, etc.	100	99	(0)
	Corporate bonds	246,358	235,031	(11,327)
	Other	3,104	3,011	(93)
	Subtotal	249,562	238,142	(11,420)
Total		273,303	262,317	(10,985)

2) In the fiscal year under review, sales of available-for-sale securities amounted to 352 million yen, while profit on sales of available-for-sale securities was 0 million yen, and loss on sales of available-for-sale securities was 22 million yen. Acquisition costs (or amortized costs), consolidated balance sheet amounts, and their differences of available-for-sale securities by type are as follows.

(Amount: million yen)

	Type	Consolidated balance sheet amounts	Acquisition costs or amortized costs	Difference
Those with consolidated balance sheet amounts exceeding acquisition costs or amortized costs	Shares	2,942	1,974	967
	Bonds	-	-	-
	Other	6,244	5,766	478
	Subtotal	9,186	7,741	1,445
Those with consolidated balance sheet amounts not exceeding acquisition costs or amortized costs	Shares	702	740	(37)
	Bonds	954	1,000	(45)
	Other	4,899	5,000	(100)
	Subtotal	6,556	6,740	(183)
Total		15,743	14,481	1,262

(Note 2) Shares, etc. that have no market price

(Amount: million yen)

Categories	Consolidated balance sheet amounts
Unlisted shares	2,553
Investments in investment limited partnerships and other similar partnerships	3,057
Total	5,610

These are not included in “securities and investment securities.”

(Note 3) Guarantee liabilities and other contingent liabilities are not included in the notes on fair value as they have no market price. For the balance of this financial instrument, please refer to “8. Notes to Consolidated Balance Sheet.”

(Note 4) Scheduled redemption amount after the consolidated closing date of monetary claims and securities with a maturity

(Amount: million yen)

	Within 1 year	Over 1 year but 5 years or less	Over 5 years but 10 years or less	Over 10 years
(1) Cash and deposits	137,577	-	-	-
(2) Right to reimbursement (*)	-	-	-	-
(3) Securities and investment securities				
1) Held-to-maturity bonds				
Government bonds/local government bonds, etc.	1,720	6,080	3,250	-
Corporate bonds	6,580	35,690	39,600	177,400
Other	1,200	500	1,400	-
2) Available-for-sale securities				
Bonds	-	-	1,000	-
Other	-	-	-	2,770
(4) Long-term loans receivable	199	4,072	10,292	87
(5) Long-term time deposits	-	5,000	-	18,000
Total	147,277	51,342	55,542	198,257

(*) As the scheduled redemption amount of rights to reimbursement cannot be forecast, it is not stated.

(Note 5) Scheduled repayment amount of long-term borrowings after the consolidated closing date

(Amount: million yen)

	Within 1 year	Over 1 year but 2 years or less	Over 2 years but 3 years or less	Over 3 years but 4 years or less	Over 4 years but 5 years or less	Over 5 years
Long-term borrowings	-	-	-	-	-	30,000

(3) Matters related to the grouping of fair value of financial instruments based on appropriate fair value classification

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

Level 1 fair value: Fair value measured by using (unadjusted) market price in an active market of the identical assets and liabilities

Level 2 fair value: Fair value measured by using directly or indirectly observable inputs other than those used for Level 1 fair value

Level 3 fair value: Fair value measured by using significant but unobservable inputs

In the case involving the use of multiple inputs that have significant impacts on fair value measurement, such fair value is classified into the level with the lowest priority in fair value measurement of all the levels respective inputs belong to.

1) Financial assets and financial liabilities measured at fair value represented by their consolidated balance sheet amounts

(Amount: million yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	3,645	-	-	3,645
Bonds	-	954	-	954
Other	3,025	8,118	-	11,144
Total asset	6,670	9,072	-	15,743

2) Financial assets and financial liabilities measured at fair value not represented by their consolidated balance sheet amounts

(Amount: million yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Right to reimbursement	-	-	8,965	8,965
Securities and investment securities				
Held-to-maturity bonds				
Government bonds/local government bonds, etc.	11,312	99	-	11,412
Corporate bonds	-	247,894	-	247,894
Other	-	3,011	-	3,011
Long-term loans receivable	-	14,616	-	14,616
Long-term time deposits	-	20,425	-	20,425
Total assets	11,312	286,047	8,965	306,325
Long-term borrowings	-	30,000	-	30,000
Total liabilities	-	30,000	-	30,000

(Note) Explanation regarding the valuation techniques and inputs used for measuring fair value

Right to reimbursement

With respect to recourse receivables, estimated loan loss is determined by estimating the collateral-based collectible amount. Thus the fair value is considered to approximate and deemed to be represented by the consolidated balance sheet amount as at the consolidated closing date less estimated loan loss at present, which is classified into Level 3. For the method for measuring estimated loan loss, please refer to “6. Notes on Accounting Estimates.”

Securities and investment securities

Fair value of listed shares and listed investment trusts is measured in reference to the share price quoted on the stock exchange which is deemed to be a sufficiently active market, thus classified into Level 1. Fair value of bonds and trust beneficiary rights is measured in reference to the price indicated by the correspondent financial institutions, which is deemed to represent a sufficiently active market, thus fair value of government bonds is classified into Level 1. Fair value of bonds and trust beneficiary rights other than the above is classified into Level 2.

Long-term loans receivable

Fair value of long-term loans receivable is measured at present value calculated by discounting the future cash flows reflecting collectability, by using the yield of government bond applicable to the remaining period, which is classified into Level 2.

Long-term time deposits

Fair value of long-term deposits is measured in reference to the price indicated by the correspondent financial institutions, which is classified into Level 2.

Long-term borrowings

Fair value of long-term borrowings is measured at present value calculated by discounting future cash flows, by using a discount rate reflecting remaining period and credit risk, and classified into Level 2. Practically, fair value of long-term borrowings approximates book value, and thus book value is used as fair value.

12. Notes on Revenue Recognition

Since loan guarantee contract is a financial instrument, the transactions related thereto are outside the scope of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. Other transactions applicable under this accounting standard, etc. are not material, thus omitted.

13. Notes on Per Share Information

Net assets per share 1,767.98 yen

Profit per share 236.54 yen

(Note 1) Profit per share after full dilution are not stated because there were no dilutive shares.

(Note 2) The basis for the calculation of profit per share

Profit attributable to owners of parent on the consolidated statement of income 32,089 million yen

Amount not attributable to common shareholders - million yen

Profit attributable to owners of parent relating to common shares 32,089 million yen

Average number of common shares outstanding during the period 135,660,699 shares

(Note 3) The Company's shares remaining in J-ESOP and the Board Benefit Trust reported as treasury shares under shareholders' equity are included in treasury shares that are excluded from the calculation of the average number of shares outstanding during the period when calculating profit per share. They are also included in treasury shares that are excluded from the calculation of the total number of shares issued at the end of the period when calculating net assets per share.

The average number of these treasury shares during the period that are excluded from the calculation of profit per share was 319,082 shares. The total number of these treasury shares at the end of the period that are excluded from the calculation of net assets per share was 306,300 shares.

(Note 4) The Company has conducted a two-for-one share split, effective April 1, 2025. Accordingly, net assets per share and profit per share have been calculated assuming that this share split conducted at the beginning of the fiscal year under review.

14. Notes on Significant Subsequent Events

Share split and partial amendments to the Articles of Incorporation following the share split

Based on the resolution at a meeting of its Board of Directors held on November 5, 2024, the Company has conducted share split and partial amendments to the Articles of Incorporation following the share split effective April 1, 2025.

1. Share split

(1) Purpose of the share split

The purpose of the share split is to create an investor-friendly environment by reducing the transaction amount per investment unit of the Company's shares, thereby expanding the investor base and improving the liquidity of the shares.

(2) Overview of the share split

1) Method of the share split

The Company has conducted a share split at a ratio of two shares for every one common share held by shareholders listed or recorded in the final shareholder registry on March 31, 2025.

2) Number of shares to be increased by the share split

Total number of issued shares before the share split	68,871,790 shares
Number of shares to be increased by this share split	68,871,790 shares
Total number of issued shares after the share split	137,743,580 shares
Total number of shares authorized to be issued after the share split	320,000,000 shares

3) Timetable of the share split

Date of public notice of the record date (schedule)	March 14, 2025 (Friday)
Record date	March 31, 2025 (Monday)
Effective date	April 1, 2025 (Tuesday)

4) Change in the amount of capital

There will be no change in the amount of capital as a result of the share split.

(3) Effect on per share information

Effect on per share information is stated under “13. Notes on Per Share Information.”

2. Partial amendments to the Articles of Incorporation following the share split

(1) Reason for the amendments

Following the share split, the total number of shares authorized to be issued as provided in Article 6 of the Articles of Incorporation was amended effective April 1, 2025, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act.

(2) Details of the amendments

(Amended parts are underlined.)

Before amendment	After amendment
(Total number of shares authorized to be issued) Article 6 The company’s total number of shares authorized to be issued shall be <u>160,000,000 shares.</u>	(Total number of shares authorized to be issued) Article 6 The company’s total number of shares authorized to be issued shall be <u>320,000,000 shares.</u>

(3) Date of the amendments

Effective date: April 1, 2025 (Tuesday)

3. Dividends

The share split is effective on April 1, 2025. Therefore, the dividend for the fiscal year ended March 31, 2025 with the record date of March 31, 2025 is calculated based on the number of shares held before the share split.

Acquisition of treasury shares

At a meeting of its Board of Directors held on May 8, 2025, the Company resolved to acquire treasury shares, pursuant to the provisions of Article 156 of the Companies Act as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Act.

1. Reason for acquisition of treasury shares

To enhance the corporate value through improved capital efficiency and return of profits to shareholders

2. Details of matters related to acquisition

- | | |
|---|--|
| (1) Class of shares to be acquired: | Common shares |
| (2) Total number of acquirable shares | 3,500,000 shares (maximum)
(2.59% of total number of issued shares (excluding treasury shares)) |
| (3) Total amount of share acquisition costs | 7.0 billion yen (maximum) |
| (4) Acquisition period | May 9, 2025 to September 30, 2025 |
| (5) Acquisition method | Market purchase on the Tokyo Stock Exchange |

15. Notes on Business Combination, etc.

Business combination through acquisition

(Becoming a subsidiary through the acquisition of shares of ChibaKoginCard Service Co., Ltd.)

The Company resolved at a meeting of its Board of Directors held on May 29, 2024 to acquire shares in ChibaKoginCard Service Co., Ltd. and make it a subsidiary. Furthermore, the Company concluded a share transfer agreement on June 14, 2024 and acquired the said shares on July 1, 2024.

(1) Overview of business combination

1) Name of the acquired company and its business description

Name of the acquired company: ChibaKoginCard Service Co., Ltd.

Business description: Credit guarantee service, credit card service

2) Main reason for business combination

In its medium-term management plan, the Company has set “expansion of core businesses” as one of its strategies. The Company has determined that the abovementioned acquisition will lead to an increase in the outstanding guarantee exposure, and in turn to the expansion of the core businesses of the Company.

3) Date of business combination

July 1, 2024

4) Legal form of business combination

Acquisition of shares in consideration of cash

5) Company name after business combination

There will be no change in the company name.

6) Ratio of voting rights acquired

100%

7) Main reason for determining to acquire the company

The Company has acquired shares in consideration of cash.

(2) Period of the acquired company’s results included in the consolidated financial statements

From July 1, 2024 to March 31, 2025

(3) Acquisition cost related to the acquired company and components thereof

Consideration for acquisition	Cash	1,563 million yen
Cost of acquisition		1,563 million yen

(4) Major component of acquisition-related expenses and the amount thereof

Advisory fees, etc. 2 million yen

(5) Amount of gain on bargain purchase and reason for gain on bargain purchase

1) Amount of gain on bargain purchase

810 million yen

2) Reason for gain on bargain purchase

As the fair value of net assets at the time of the business combination exceeded the acquisition cost, we recognized the difference as a gain on bargain purchase.

(6) Amounts of assets accepted and liabilities assumed on the date of business combination, and major components thereof

Current assets	8,601 million yen
Non-current assets	521 million yen
Total assets	9,122 million yen
Current liabilities	6,707 million yen
Non-current liabilities	41 million yen
Total liabilities	6,748 million yen

The outstanding balance of guarantee liabilities related to the credit guarantee business underwritten stands at 558,438 million yen.

- (7) Estimated impact on the consolidated financial statements for the fiscal year under review, assuming the business combination had been completed at the beginning of the fiscal year under review, and method of calculation
The estimated impact amount is not disclosed, as it is not material.

(Becoming a subsidiary through the acquisition of shares of Mie Sogo-Shinyo Co., Ltd.)

The Company resolved at a meeting of its Board of Directors held on December 25, 2024 to acquire shares in Mie Sogo-Shinyo Co., Ltd. and make it a subsidiary. Furthermore, the Company concluded a share transfer agreement as of the same date and acquired the said shares on February 28, 2025.

(1) Overview of business combination

1) Name of the acquired company and its business description

Name of the acquired company: Mie Sogo-Shinyo Co., Ltd.

Business description: Credit guarantee service

2) Main reason for business combination

In its medium-term management plan, the Company has set “expansion of core businesses” as one of its strategies. The Company has determined that the abovementioned acquisition will lead to an increase in the outstanding guarantee exposure, and in turn to the expansion of the core businesses of the Company.

3) Date of business combination

February 28, 2025

4) Legal form of business combination

Acquisition of shares in consideration of cash

5) Company name after business combination

There will be no change in the company name.

6) Ratio of voting rights acquired

100%

7) Main reason for determining to acquire the company

The Company has acquired shares in consideration of cash.

(2) Period of the acquired company's results included in the consolidated financial statements

As the deemed acquisition date for Mie Sogo-Shinyo Co., Ltd. is March 31, 2025, only its balance sheets have been consolidated for the fiscal year under review. The results of the acquired company are not included in the consolidated statement of income.

(3) Acquisition cost related to the acquired company and components thereof

Consideration for acquisition	Cash	1,894 million yen
Cost of acquisition		1,894 million yen

(4) Major component of acquisition-related expenses and the amount thereof

Advisory fees, etc.	1 million yen
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(5) Amount of gain on bargain purchase and reason for gain on bargain purchase

1) Amount of gain on bargain purchase

142 million yen

2) Reason for gain on bargain purchase

As the fair value of net assets at the time of the business combination exceeded the acquisition cost, we recognized the difference as a gain on bargain purchase.

(6) Amounts of assets accepted and liabilities assumed on the date of business combination, and major components thereof

Current assets	4,179 million yen
Non-current assets	452 million yen
Total assets	4,631 million yen
Current liabilities	1,097 million yen
Non-current liabilities	1,497 million yen
Total liabilities	2,594 million yen

The outstanding balance of guarantee liabilities related to the credit guarantee business underwritten stands at 227,179 million yen.

- (7) Estimated impact on the consolidated financial statements for the fiscal year under review, assuming the business combination had been completed at the beginning of the fiscal year under review, and method of calculation
The estimated impact amount is not disclosed, as it is not material.

(Becoming a subsidiary through the acquisition of shares of Tohoku Guarantee Service Co., Ltd.)

The Company resolved at a meeting of its Board of Directors held on January 31, 2025 to acquire shares in Tohoku Guarantee Service Co., Ltd. and make it a subsidiary. Furthermore, the Company concluded a share transfer agreement as of the same date and acquired the said shares on February 28, 2025.

(1) Overview of business combination

1) Name of the acquired company and its business description

Name of the acquired company: Tohoku Guarantee Service Co., Ltd.

Business description: Credit guarantee service

2) Main reason for business combination

In its medium-term management plan, the Company has set “expansion of core businesses” as one of its strategies. The Company has determined that the abovementioned acquisition will lead to an increase in the outstanding guarantee exposure, and in turn to the expansion of the core businesses of the Company.

3) Date of business combination

February 28, 2025

4) Legal form of business combination

Acquisition of shares in consideration of cash

5) Company name after business combination

There will be no change in the company name.

6) Ratio of voting rights acquired

100%

7) Main reason for determining to acquire the company

The Company has acquired shares in consideration of cash.

(2) Period of the acquired company's results included in the consolidated financial statements

As the deemed acquisition date for Tohoku Guarantee Service Co., Ltd. is March 31, 2025, only its balance sheets have been consolidated for the fiscal year under review. The results of the acquired company are not included in the consolidated statement of income.

(3) Acquisition cost related to the acquired company and components thereof

Consideration for acquisition	Cash	16 million yen
Cost of acquisition		16 million yen

(4) Major component of acquisition-related expenses and the amount thereof

Advisory fees, etc. 1 million yen

(5) Amount of gain on bargain purchase and reason for gain on bargain purchase

1) Amount of gain on bargain purchase

304 million yen

2) Reason for gain on bargain purchase

As the fair value of net assets at the time of the business combination exceeded the acquisition cost, we recognized the difference as a gain on bargain purchase.

(6) Amounts of assets accepted and liabilities assumed on the date of business combination, and major components thereof

Current assets	1,181 million yen
Non-current assets	51 million yen
Total assets	1,233 million yen
Current liabilities	202 million yen
Non-current liabilities	710 million yen
Total liabilities	912 million yen

The outstanding balance of guarantee liabilities related to the credit guarantee business underwritten stands at 83,886 million yen.

- (7) Estimated impact on the consolidated financial statements for the fiscal year under review, assuming the business combination had been completed at the beginning of the fiscal year under review, and method of calculation
The estimated impact amount is not disclosed, as it is not material.

(Note) All amounts are rounded down to the nearest integers.

Non-consolidated Balance Sheet

(As of March 31, 2025)

(Amount: million yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	140,140	Current liabilities	34,289
Cash and deposits	120,595	Unearned revenue	17,776
Right to reimbursement	16,127	Income taxes payable	7,507
Securities	9,532	Provision for loss on guarantees	6,307
Other	1,551	Other provisions	872
Allowance for doubtful accounts	(7,667)	Other	1,825
Non-current assets	334,430	Non-current liabilities	204,787
Property, plant and equipment	588	Long-term borrowings	30,000
Buildings	358	Long-term unearned revenue	174,116
Accumulated depreciation	(171)	Other provisions	671
Vehicles	57	Total liabilities	239,077
Accumulated depreciation	(41)	Net assets	
Tools, furniture and fixtures	860	Shareholders' equity	234,449
Accumulated depreciation	(476)	Share capital	10,703
Intangible assets	2,611	Capital surplus	637
Software	2,497	Legal capital surplus	637
Software in progress	110	Retained earnings	230,799
Other	3	Legal retained earnings	2,055
Investments and other assets	331,230	Other retained earnings	228,744
Investment securities	277,851	Reserve for loss on guarantees	197,000
Shares of subsidiaries and associates	10,970	Retained earnings brought forward	31,744
Long-term loans receivable	14,515	Treasury shares	(7,691)
Long-term time deposits	23,000	Valuation and translation adjustments	1,044
Deferred tax assets	3,840	Valuation difference on available-for-sale securities	1,044
Other	1,053	Total net assets	235,493
Total assets	474,570	Total liabilities and net assets	474,570

Non-consolidated Statement of Income

(April 1, 2024 - March 31, 2025)

(Amount: million yen)

Description	Amount	
Operating revenue		54,806
Operating expenses		
Provision for loss on guarantees	4,355	
Provision of allowance for doubtful accounts	(216)	
Salaries, allowances and bonuses	2,172	
Other	7,694	14,005
Operating profit		40,800
Non-operating income		
Interest income	3,882	
Dividend income	1,863	
Other	61	5,807
Non-operating expenses		
Interest expenses	851	
Commission expenses	615	
Other	158	1,626
Ordinary profit		44,981
Extraordinary income		
Gain on sale of investment securities	0	0
Extraordinary losses		
Loss on sale of investment securities	22	22
Profit before income taxes		44,959
Income taxes - current	13,616	
Income taxes - deferred	(371)	13,245
Profit		31,714

Non-consolidated Statement of Changes in Equity

(April 1, 2024 – March 31, 2025)

(Amount: million yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					Reserve for loss on guarantees	Retained earnings brought forward			
Balance at beginning of period	10,703	637	637	2,055	180,800	27,938	210,793	(722)	221,411
Changes during period									
Dividends of surplus						(11,708)	(11,708)		(11,708)
Provision of reserve for loss on guarantees					16,200	(16,200)	—		—
Profit						31,714	31,714		31,714
Purchase of treasury shares								(7,000)	(7,000)
Disposal of treasury shares								31	31
Net changes in items other than shareholders' equity									
Total changes during period	—	—	—	—	16,200	3,806	20,006	(6,968)	13,038
Balance at end of period	10,703	637	637	2,055	197,000	31,744	230,799	(7,691)	234,449

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	879	879	222,291
Changes during period			
Dividends of surplus			(11,708)
Provision of reserve for loss on guarantees			–
Profit			31,714
Purchase of treasury shares			(7,000)
Disposal of treasury shares			31
Net changes in items other than shareholders' equity	164	164	164
Total changes during period	164	164	13,202
Balance at end of period	1,044	1,044	235,493

Notes to Non-consolidated Financial Statements

1. Notes on Matters Concerning Significant Accounting Policies

(1) Valuation standards and methods for securities

Held-to-maturity bonds	Stated at amortized cost (straight-line method).
Shares in subsidiaries	Stated at cost using the moving-average method.
Available-for-sale securities	
Securities other than shares, etc. that do not have a market price	Stated at fair value (with valuation difference wholly included directly in net assets while selling cost determined by the moving-average method).
Shares, etc. that do not have a market price	Stated at cost using the moving-average method.
Investments in investment limited partnerships and other similar partnerships (which are deemed to be securities pursuant to Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are recorded at the net amount equivalent to equity based on the most recent financial statements available in accordance with the reporting date specified in the partnership agreement.	

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

Property, plant and equipment	Depreciated using the declining-balance method. However, buildings (excluding building fixtures) acquired on or after April 1, 1998 and building fixtures and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. Major useful lives are as follows: <table><tr><td>Buildings</td><td>3 to 18 years</td></tr><tr><td>Vehicles</td><td>6 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2 to 20 years</td></tr></table>	Buildings	3 to 18 years	Vehicles	6 years	Tools, furniture and fixtures	2 to 20 years
Buildings	3 to 18 years						
Vehicles	6 years						
Tools, furniture and fixtures	2 to 20 years						
Intangible assets	Depreciated using the straight-line method (software for internal use is amortized using the straight-line method based on their estimated useful lives (5 years)).						

(3) Recording standards for reserves

Allowance for doubtful accounts	<p>To provide for losses on bad debts, an allowance for rights to reimbursement is recorded as follows, in accordance with the standard for depreciation and allowances provided in advance.</p> <p>The allowance for rights to reimbursement receivable from debtors who are legally bankrupt, such as those in bankruptcy or in special liquidation (“bankrupt borrowers”), or debtors in an equivalent state (“substantially bankrupt borrowers”), is recorded at the full amount of the non-secured portion after deducting amounts expected to be recovered from the disposal of collateral, etc., from the amount receivable. In addition, the allowance for rights to reimbursement receivable from debtors who are not currently bankrupt but for whom it is deemed that there is a significant possibility of future bankruptcy (“borrowers in danger of bankruptcy”) is recorded at an estimated loss which is deemed necessary upon a comprehensive assessment of the payment ability of each individual debtor that takes into account factors such as the amount collected over a certain period. The said allowance is calculated by deducting amounts expected to be recovered from the disposal of collateral from the amount receivable.</p> <p>The above allowances for rights to reimbursement are recorded based on the results of an asset assessment conducted by the sales branch or the Screening Management Department in accordance with the standards for self-assessment of assets, and audited by the Internal Audit Department, which is independent from the Screening Management Department.</p> <p>With regard to other receivables, to provide for losses on bad debts, an expected unrecoverable amount is recorded at an amount calculated based on the past loan loss ratio for general receivables, and an amount determined in consideration of the</p>
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	<p>recoverability of individual receivables with respect to doubtful accounts and certain other receivables.</p>
Provision for loss on guarantees	<p>To provide for losses on guarantees, a provision is recorded as follows, in accordance with the standard for depreciation and allowances provided in advance.</p> <p>The provision for debt guarantees for bankrupt borrowers and substantially bankrupt borrowers is recorded at the full amount of the non-secured portion after deducting amounts expected to be recovered from the disposal of collateral, etc., from the amount of debt guarantees. In addition, the provision for debt guarantees for borrowers in danger of bankruptcy is recorded at an estimated loss which is deemed necessary upon a comprehensive assessment of the payment ability of debtors that takes into account factors such as the amount collected over a certain period. The said provision is calculated by deducting amounts expected to be recovered from the disposal of collateral from the amount of debt guarantees.</p> <p>The provision for debt guarantees other than the above is recorded based on historical rates of losses, etc., over a certain period.</p> <p>The above provisions for debt guarantees are made based on the results of an asset assessment conducted by the sales branch or the Screening Management Department in accordance with the standards for self-assessment of assets, and audited by the Internal Audit Department, which is independent from the Screening Management Department.</p>
(4) Recording standards for revenue and expenses	
Revenue related to credit guarantee service business	<p>With respect to income guarantee fee derived from the undertaking of guarantees, the Company receives, as consideration for the service, guarantee fee from the clients in a lump sum at the time of commencement of guarantee, or in installments in each month of the guarantee period. Revenue in the form of guarantee fee received in a lump sum is recorded as unearned revenue and charged on the declining balance (the method whereby income guarantee fees are calculated using a certain percentage of the estimated balance of debt guarantees) in each year during the guarantee period. For guarantee fees received each month, income guarantee fees are calculated using a certain percentage of the balance of guarantee obligations at the end of the previous month, and revenues are reported every month.</p> <p>The Company undertakes guarantee subject basically to each client taking out creditor group life insurance policy. In the event of default due to the client's death or other contingency, the Company makes repayment to the lending financial institution by way of subrogation, using the payment from the creditor group life insurance policy. In this arrangement, the Company is acting as agent to the life insurance company. With respect to the income guarantee fee associated with such agency, the Company receives consideration in the form of specific guarantee fee from the lending financial institution in each month of the guarantee period. In this transaction, insurance is provided by the life insurance company and the Company's performance obligations are to arrange as agent to have the payment of life insurance properly made by the life insurance company. Thus, revenue in the form of income guarantee fee is recorded at an amount of consideration on a net basis.</p>
(5) Other important matters as basis for preparing non-consolidated financial statements	
Accounting for non-deductible consumption taxes relating to assets	<p>Of non-deductible consumption taxes relating to assets, those defined as deferred consumption taxes, etc., under the Corporation Tax Act are reported as long-term prepaid expenses (other under investments and other assets) and amortized over a five-year period on a straight-line basis.</p>

2. Notes on Changes in Accounting Policies

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standards 2022”), etc. from the beginning of the fiscal year ended March 31, 2025.

With regard to the amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standards 2022. This change in accounting policy has no impact on the non-consolidated financial statements.

3. Notes on Changes in Presentation Methods

Consolidated Statement of Income

“Commission expenses,” which were included under “Other” in “Non-operating expenses” in the previous fiscal year, are presented separately in the fiscal year under review due to an increase in monetary materiality.

4. Notes on Accounting Estimates

(1) Detail of provision for loss on guarantees and the estimates

1) The amount recorded for the fiscal year under review 6,307 million yen

2) Other useful information in understanding the estimates

Same as described in “Notes to Consolidated Financial Statements, 6. Notes on Accounting Estimates” of the Consolidated Financial Statements.

(2) Detail of allowance for doubtful accounts for right to reimbursement and the estimates

1) The amount recorded for the fiscal year under review 7,667 million yen

2) Other useful information in understanding the estimates

Same as described in “Notes to Consolidated Financial Statements, 6. Notes on Accounting Estimates” of the Consolidated Financial Statements.

5. Additional Information

Same as described in “Notes to Consolidated Financial Statements, 7. Additional Information” of the Consolidated Financial Statements.

6. Notes to Non-consolidated Balance Sheet

(1) Contingent liabilities

1) Guarantee obligations

The balance of guarantee obligations is as follows. Guarantee obligations for interest in arrears are not included as they cannot be estimated.

Guarantee obligations for housing loans, etc.	17,076,606 million yen
Provision for loss on guarantees	6,307 million yen
Balance	17,070,298 million yen

Apart from the above, the Company is under blanket guarantee contract that provides guarantee for the guarantee exposure related to housing loans at a subsidiary, whose balance is as follows.

MINORI GUARANTEE Co., Ltd.	208 million yen
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2) Loss compensation contracts

The balance of subordinated beneficiary rights to be covered is as follows.

Subordinated beneficiary rights backed by housing loan receivables	42,491 million yen
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(2) Monetary claims against and monetary liabilities to subsidiaries and associates are as follows.

Short-term monetary claims	26 million yen
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Short-term monetary liabilities

50 million yen

7. Notes to Non-consolidated Statement of Income

Transactions with subsidiaries and associates are as follows.

Operating transactions (outgoing)	692 million yen
Non-operating transactions (incoming)	1,727 million yen

8. Notes to Non-consolidated Statement of Changes in Equity

Type and total number of treasury shares at the end of the fiscal year under review

Common shares 1,371,379 shares

(Note) The Company has conducted a two-for-one share split, effective April 1, 2025. The number of shares above is the number of shares before the share split.

9. Notes on Tax Effect Accounting

Details of deferred tax assets and liabilities by major cause

Deferred tax assets	
Allowance for doubtful accounts	1,314 million yen
Intangible assets	211 million yen
Loss on valuation of investment securities	34 million yen
Loss on valuation of shares of subsidiaries and associates	58 million yen
Accrued enterprise tax	361 million yen
Provision for loss on guarantees	1,931 million yen
Other provisions	478 million yen
Valuation difference on available-for-sale securities	3 million yen
Other	100 million yen
Deferred tax assets subtotal	4,494 million yen
Valuation reserve	(390) million yen
Total deferred tax assets	4,104 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(264) million yen
Other	(0) million yen
Total deferred tax liabilities	(264) million yen
Deferred tax assets, net	3,840 million yen

10. Notes on Transactions with Related Parties

Subsidiaries

Type	Name of company or individual	Holding (held) ratio of voting rights, etc. (%)	Relationship with related parties	Description of transactions	Transaction Amount (Million yen)	Accounting item	Year-end Balance (Million yen)
Subsidiary	MINORI GUARANTEE Co., Ltd.	(Owning) 100% directly	Guarantee of guarantee liabilities Concurrent positions held by officers	Blanket financial guarantee contract	208	-	-

(Note) The Company is under a blanket financial guarantee contract that guarantees whole portfolio of housing loan guarantee exposures.

11. Notes on Revenue Recognition

Same as described in “Notes to Consolidated Financial Statements, 12. Notes on Revenue Recognition” of the Consolidated Financial Statements.

12. Notes on Per Share Information

Net assets per share 1,744.39 yen

Profit per share 233.78 yen

(Note 1) Profit per share after full dilution are not stated because there were no dilutive shares.

(Note 2) The basis for the calculation of profit per share

Profit on the non-consolidated statement of income 31,714 million yen

Amount not attributable to common shareholders - million yen

Profit relating to common shares 31,714 million yen

Average number of common shares outstanding during the period 135,660,699 shares

(Note 3) The Company's shares remaining in J-ESOP and the Board Benefit Trust reported as treasury shares under shareholders' equity are included in treasury shares that are excluded from the calculation of the average number of shares outstanding during the period when calculating profit per share. They are also included in treasury shares that are excluded from the calculation of the total number of shares issued at the end of the period when calculating net assets per share.

The average number of these treasury shares during the period that are excluded from the calculation of profit per share was 319,082 shares. The total number of these treasury shares at the end of the period that are excluded from the calculation of net assets per share was 306,300 shares.

(Note 4) The Company has conducted a two-for-one share split, effective April 1, 2025. Accordingly, net assets per share and profit per share have been calculated assuming that this share split conducted at the beginning of the fiscal year under review.

13. Notes on Significant Subsequent Events

Same as described in "Notes to Consolidated Financial Statements, 14. Notes on Significant Subsequent Events" of the Consolidated Financial Statements.

(Note) All amounts are rounded down to the nearest integers.

Independent Auditor's Report
(English Translation)

May 15, 2025

To the Board of Directors
ZENKOKU HOSHO Co., Ltd.

Grant Thornton Taiyo LLC
Tokyo Office
Certified Public Accountant
Designated Limited Liability Partner Masaya Ishii
Engagement Partner
Certified Public Accountant
Designated Limited Liability Partner Daisuke Noda
Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the related consolidated notes of ZENKOKU HOSHO Co., Ltd. (the "Company") for the fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the corporate group that consists of the Company and its consolidated subsidiaries as of March 31, 2025, and the results of its operations for the year then ended in conformity 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 the auditing standards are stated in "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information consists of the business report and the accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Those Charged with Governance are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for the other information.

Our audit opinion on the consolidated financial statements does not include the other information, and we express no opinion on the other information.

Our responsibility in the audit of the consolidated financial statements is to read through the other information and, in the course of that reading, to consider whether there are material differences between the other information and the consolidated financial statements or our knowledge obtained in the audit, and to pay attention to whether there is any indication of material errors in the other information besides such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report those facts.

We have no other matters to report in respect to the other information.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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 whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Those Charged with Governance are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

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

Our responsibilities 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 express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Plan and conduct the audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence on the financial information of the Company and its consolidated subsidiaries, which forms the basis for our opinion on the consolidated financial statements. We are responsible for instructions, supervision, and implementation with regard to the audit of the consolidated financial statements. We are solely responsible for the audit opinions.

We report to Those Charged with Governance regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We report to Those Charged with Governance regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

Interest

Neither Grant Thornton Taiyo LLC nor any of the Engagement Partners has any interest in the Company or its consolidated subsidiaries which should be disclosed under the provisions of the Certified Public Accountants Act.

Independent Auditor's Report
(English Translation)

May 15, 2025

To the Board of Directors
ZENKOKU HOSHO Co., Ltd.

Grant Thornton Taiyo LLC
Tokyo Office
Certified Public Accountant
Designated Limited Liability Partner Masaya Ishii
Engagement Partner
Certified Public Accountant
Designated Limited Liability Partner Daisuke Noda
Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity and the related notes, and the related supplementary schedules of ZENKOKU HOSHO Co., Ltd. (the "Company") for the 45th fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the non-consolidated financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and the results of its operations for the year then ended in conformity 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 the auditing standards are stated in "Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements and the Related Supplementary Schedules" section of our report. We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information consists of the business report and the accompanying supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Those Charged with Governance are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for the other information.

Our audit opinion on the non-consolidated financial statements does not include the other information, and we express no opinion on the other information.

Our responsibility in the audit of the non-consolidated financial statements and the related supplementary schedules is to read through the other information and, in the course of that reading, to consider whether there are material differences between the other information and the non-consolidated financial statements or our knowledge obtained in the audit, and to pay attention to whether there is any indication of material errors in the other information besides such material differences.

If, based on the work we have performed, we determine that there are material errors in the other information, we are required to report those facts.

We have no other matters to report in respect to the other information.

Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements and the Related Supplementary Schedules

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

In preparing the non-consolidated financial statements and the related supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements and the related supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Those Charged with Governance are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements and the Related Supplementary Schedules

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements and the related supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the non-consolidated financial statements and the related supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the non-consolidated financial statements and the related supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the non-consolidated financial statements and the related supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the non-consolidated financial statements and the related supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the non-consolidated financial statements and the related supplementary schedules in the audit report, or if the notes to the non-consolidated financial statements and the related supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the non-consolidated financial statements and the related supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the non-consolidated financial statements and the related supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the non-consolidated financial statements and the related supplementary schedules including related notes, and whether the non-consolidated financial statements and the related supplementary schedules fairly present the transactions and accounting events on which they are based.

We report to Those Charged with Governance regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We report to Those Charged with Governance regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

Interest

Neither Grant Thornton Taiyo LLC nor any of the Engagement Partners has any interest in the Company which should be disclosed under the provisions of the Certified Public Accountants Act.

Audit Report

The Audit & Supervisory Board, upon deliberation, prepared this audit report regarding the Directors' execution of their duties during the 45th fiscal year from April 1, 2024 to March 31, 2025, based on the audit reports prepared by each Audit & Supervisory Board Member and hereby reports as follows:

1. Auditing Method Employed by Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof
 - (1) The Audit & Supervisory Board established audit policies, audit plan, etc. and received reports from all the Audit & Supervisory Board Members regarding the execution of audits and the results thereof. In addition, we requested reports, and explanations as necessary, from Directors, etc. and the Accounting Auditor regarding the execution of their duties.
 - (2) In accordance with the audit policies, established by the Audit & Supervisory Board, and pursuant to audit policies, audit plan, etc., we attempted communication with Directors, the Audit Department, and other employees, etc. while utilizing means via the Internet, etc., and worked to gather information and establish an auditing environment, and carried out audits in the following manner:
 - 1) We attended the Board of Directors' meetings and other important meetings, received reports from the Directors and other employees, etc. regarding the execution of their duties, requested explanations as necessary, inspected documents, etc., related to important decisions, and examined the operations and assets at the Company's headquarters and principal offices. With regard to the Company's subsidiary, the Audit & Supervisory Board attempted communication with its Directors, Audit & Supervisory Board Members, etc., and received report as necessary from the subsidiary.
 - 2) With respect to the resolution of the Board of Directors concerning the development of the system to ensure the compliance of Directors with laws, regulations and the Articles of Incorporation in the execution of their duties described in the Business Report and other systems required to ensure the properness of the operations of corporate group consisting of joint stock company (kabushiki-kaisha) and its subsidiaries as stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, as well as the system (internal control system) developed based on said resolution of the Board of Directors, we received regular reports regarding the status of implementation and operation thereof from the Directors and other employees, sought explanations as necessary, and expressed opinion thereon.
 - 3) We monitored and verified whether the Accounting Auditor had maintained its independence and conducted audits appropriately, and received reports, and sought explanations as necessary, from the Accounting Auditor regarding the execution of its duties. The Audit & Supervisory Board received notification from the Accounting Auditor to the effect that "systems for ensuring appropriate execution of duties" (matters listed in each item of Article 131 of the Ordinance on Accounting of Companies) has been established in accordance with "Quality Control Standards for Auditing" (Business Accounting Council), etc., and we requested explanations as necessary.

Based on the above, we examined the Business Report and the related supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, and the notes to non-consolidated financial statements) and the related supplementary schedules, and the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to consolidated financial statements) for the fiscal year under review.

2. Audit Results

- (1) Results of Audit of Business Report, etc.
 1. In our opinion, the business report and the supplementary schedules are in accordance with the related laws and regulations and Articles of Incorporation, and fairly represent the Company's condition.
 2. No inappropriate conduct concerning the execution of duties by Directors or material facts in violation of laws, regulations or the Articles of Incorporation were found.
 3. We found that the Board of Directors' resolutions concerning the internal control system are appropriate in content. We also found no matters requiring note with respect to the description of the

- Business Report and the execution of duties by Directors concerning the said internal control system.
- (2) Results of Audit of Non-consolidated Financial Statements and Related Supplementary Schedules
We found that the methods and the results of the audit conducted by Accounting Auditor, Grant Thornton Taiyo LLC, are appropriate.
- (3) Results of Audit of Consolidated Financial Statements
We found that the methods and the results of the audit conducted by Accounting Auditor, Grant Thornton Taiyo LLC, are appropriate.

May 16, 2025

Audit & Supervisory Board
ZENKOKU HOSHO Co., Ltd.

Full-time Audit & Supervisory Board Member	Mamoru Fujino
Outside Audit & Supervisory Board Member	Takafumi Sato
Outside Audit & Supervisory Board Member	Yuko Furumoto
Outside Audit & Supervisory Board Member	Makoto Nakajima