アイフル AG

INTEGRATED REPORT 2025

AIFUL CORPORATION



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Editing Policy

To ensure that a broad range of stakeholders gain an accurate understanding of the AIFUL Group, we actively engage in timely and fair information disclosure.

This Integrated Report is based on our Medium-Term Management Plan 2024 and aims to clearly communicate how we create sustainable corporate value. It highlights changes in the AIFUL Group's business model, management strategies, and sustainability initiatives through a visual and accessible format to enhance understanding.

Target readers	All stakeholders of AIFUL Group
Period of report	Fiscal year ended March 2025 (Apr 1, 2024 - Mar 31, 2025) (Some information includes periods before and after the reporting period.)
Scope of report	AIFUL CORPORATION, and its domestic and international group companies
Referred guideline	"International Integrated Report Framework", IFRS Foundation

Disclaimer

All statements regarding plans, policies, and other forward-looking information in this report are based on information available to the AIFUL Group at the time of publication.

Such statements are subject to risks and uncertainties. Actual results may differ materially from the outlook due to changes in the economic environment, market trends, and other factors.

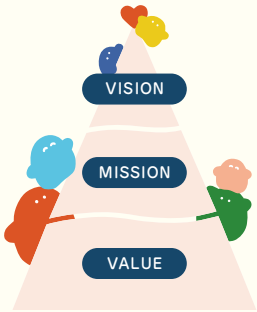


Introduction

AIFUL's Corporate Philosophy

Earn the trust of society through corporate activity based in integrity

The AIFUL Group has upheld the corporate philosophy: “Earn the trust of society through corporate activity based in integrity” as an unalterable underlying philosophy, and in April 2021, we defined our Vision, Mission, and Value as concrete goals suited for the present age for redeveloping the system of our philosophy.



VISION	
For Colorful Life.	For realizing a society where each person can play an active role

MISSION	
Go beyond	We go beyond customers’ expectations.
Step forward	We work towards a better tomorrow.
Be unique	We respect each other’s individuality.

VALUE			
Be honest	Sincerity	Try harder	Effort
Build relationship	Trust	Be grateful	Grateful

For Colorful Life.

自分の色が輝く社会に

We believe that when each person brings their own unique colors to the world, society becomes brighter and more vibrant.
To create a future where everyone can live authentically, we honor and celebrate the individuality of every person.

About the Design of this Integrated Report

CONCEPT

“Excitement that Brings New Encounters”

This expresses the sense of "expansion" and "anticipation for the future embodied" by the AIFUL Group as it continues to take on new challenges.

Designed and produced by our internal design team.



AIFUL Group’s friends



Chiisakimono

Characters that symbolize the AIFUL Group's "Vision Mission Value".Symbols of diversity and a positive image, where each individual shines in their own way.



(left) (righ)
Poppo-kun/Pomame-kun

Official AIFUL characters. Being the elder of these two brothers, Poppo-kun is laid back while Pomame-kun is a bit shy.



Yell-kun

Official LIFECARD character. An honest and diligent character, looking up to sophisticated adults.



(left) (righ)
Lon-kun/Lai-chan

Official characters of FPC, the pet insurance company. Lon-kun is calm and carefree. Lai-chan is independent and sensitive.

Links

AIFUL Group website
https://www.aiful.co.jp/group/en/about/

IR Information
https://www.aiful.co.jp/group/en/ir/

Sustainability
https://www.aiful.co.jp/group/en/sustainability/



AIFUL Group's Vision For The Future

President and Representative Director
AIFUL
Mitsuhide Fukuda

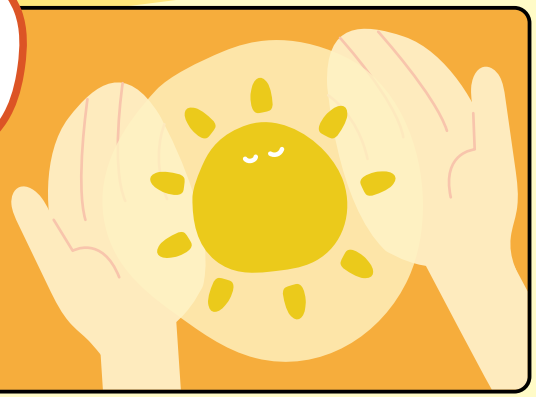


Profile

2003/4 Joined Daiwa Securities Co., Ltd.
2009/4 Joined OGI Capital Partners, Ltd.
2011/3 Joined AIFUL
2011/6 Executive Officer
2012/6 Director and Executive Officer
2020/6 President and Representative Director (Current)

A company like the Sun

in Aesop's fable "The North Wind and the Sun"— I want our company to be warm and inspiring, not forceful and cold.



First and foremost, we want AIFUL to be a company where **our employees genuinely enjoy working.**

The most important mindset we hold is this:
If the people who work here feel happy and energized, then naturally—

I want to join AIFUL!

I want to work with them!

—those are the kinds of thoughts we want others to have when they see us.

A company that tries to control its employees like the harsh North Wind will eventually hit a wall.



That's why…

We aspire to be a company that **values individuality** and **continues to shine with its own light, like the Sun.**



To do so,
we must be a company that we ourselves feel is cool and exciting

Ultimately, it is society that decides how we are seen and perceived.

What matters most is not others' judgments, but **staying true to who we are.**



Most important of all is that we ourselves can feel:

This is fun!
This is cool!



And of course, we want our people's lives to be richer —We want to

increase everyone's salaries and make life more fulfilling.

To achieve this, we must be a company capable of generating steady profits.

Which means—We need to build **excellent services** and **products with our own hands,** and deliver them with pride to society.





In the end,
it's all about this:
We grow as a company, so our employees can live better lives.

AIFUL Group's Goals and Future Business Strategy

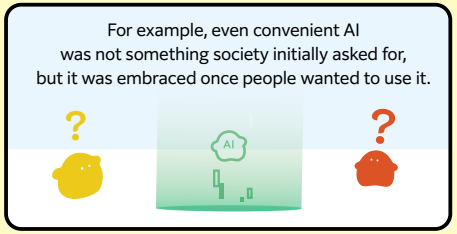
Providing products that society "embraces"



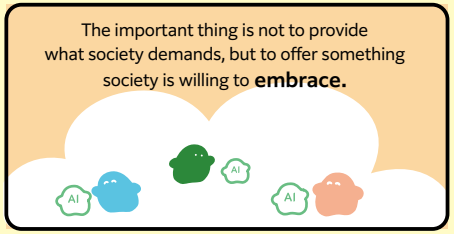
We believe **there is nothing** that society inherently demands from us.



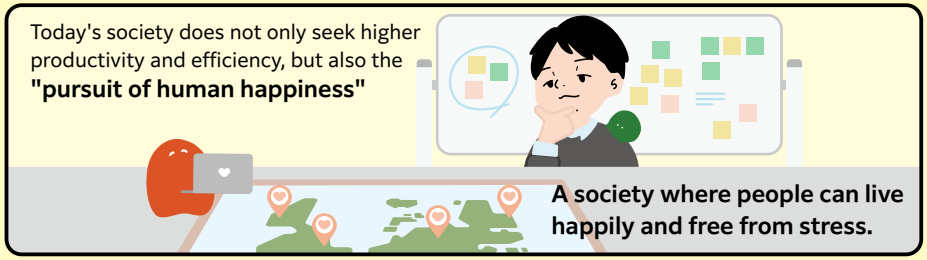
For example, even convenient AI was not something society initially asked for, but it was embraced once people wanted to use it.



The important thing is not to provide what society demands, but to offer something society is willing to **embrace.**

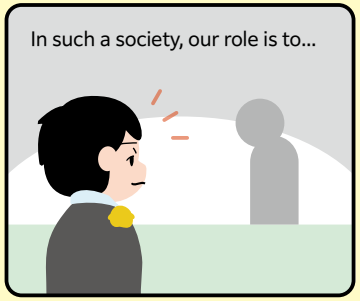


Today's society does not only seek higher productivity and efficiency, but also the **"pursuit of human happiness"**



A society where people can live happily and free from stress.

In such a society, our role is to...

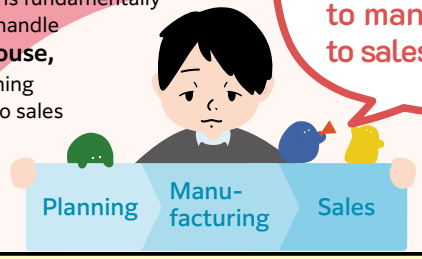




… to offer services and products that society is willing to **embrace.**

Moving toward an SPA model where everything from planning to manufacturing to sales is carried out in-house

As a company that is fundamentally profitable, we will handle **everything in-house,** from product planning to manufacturing to sales



We see **SPA** as the ideal business model.

SPA···Speciality store retailer of Private label Apparel

IT and digital transformation (DX) are merely means to an end.
As we work toward the SPA business model,



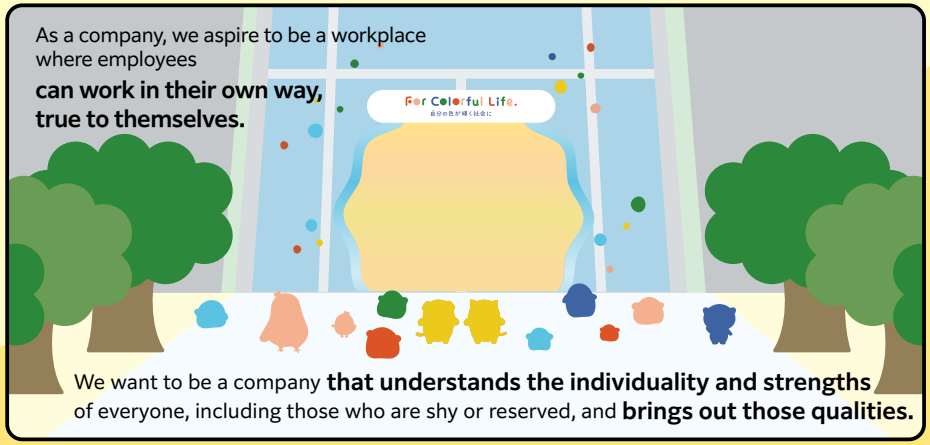
we are **promoting DX and recruiting engineers** as part of putting these means in place.

We are identifying what is needed now, and what must be done,



and by offering them as services and products, we aim to remain a **company embraced by society.**

As a company, we aspire to be a workplace where employees **can work in their own way, true to themselves.**



We want to be a company **that understands the individuality and strengths** of everyone, including those who are shy or reserved, and **brings out those qualities.**

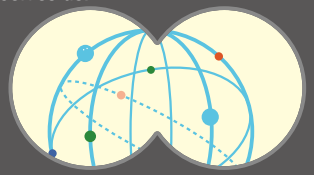
Changes from Transitioning to a Holding Company

From “Financial AIFUL” to a New Identity —Expectations for the Future

With the transition to a holdings structure, each operating company will be positioned **in parallel,** while the holding company will drive **group-wide management** with an optimal, big-picture perspective.



As our group’s organizational structure evolves, so too will the way society perceives us.



While maintaining our existing recognition and brand equity,

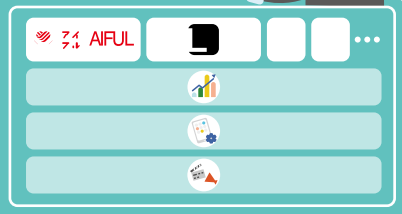


we believe a transition to a holdings structure, unbound by a finance-centric image, will create a more flexible environment—especially from the standpoint of **recruitment, business expansion,** and **M&A activity.**

Rather than managing the group on a company-by-company basis,



we are shifting to a function-based structure—across areas like marketing and analytics.



This will simplify roles, promote specialization through shared expertise and know-how, and raise the overall quality of our products.



The name “Muninova Holdings” reflects our belief in meaning and intention.



“Muni” comes from “unique” or “one and only,” expressing our vision to build **a new core for the group.**

"Nova" refers to a **“new star”** in astronomy,



it refers to a phenomenon where a typically unnoticed star suddenly emits brilliant light and appears in the night sky.

We believe in and respect the **the natural brilliance** each individual possesses.

For Colorful Life.
自分の色が輝く社会に

This phrase captures our vision, which we are committed to making a reality.

-Five Key Goals We Aim to Achieve-

① Balance Domestic and Overseas Profits
→ 50:50 split
② Develop All Systems from Scratch
③ Achieve Operating Profit of at Least ¥100 Billion
④ Become a Cool, Sensible Company
→ Where people are proud to work
⑤ Create a Campus-Style Office
→ A lush, riverside, low-rise environment with a university-like atmosphere



Interview with Outside Director



I'm a big fan of Nagoya Grampus Eight!

Outside Director
AIFUL
Shinichiro Maeda

Profile

1992/4	Joined Nomura Research Institute, Ltd.
2004/1	Head Researcher, Senior Analyst of Financial & Economic Research Center of Nomura Securities Co., Ltd
2015/4	Professor of Department of International Business Management, Faculty of Business Management, Meijo University
2022/6	Outside Director of AIFUL (Audit and Supervisory Committee Member) (Current)
2025/3	Associated Professor of Faculty of Economics, Kyushu University (Current)

Interviewer



General Manager
Operation Management Department
AIFUL
Ikumi Abe





Abe

In your opinion, what are the strengths and competitive advantages of AIFUL Group ?



Maeda

Our strengths and competitive advantages are in our

information production capabilities.

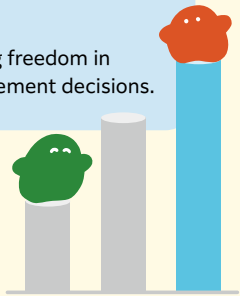
AIFUL Group has the history and experience of collecting, analyzing, and assessing the information of repayment abilities of debtors.

Looking into the history of retail finance of America, we realize that companies with strong credit assessment capabilities have been the ones to survive in the end.

Our group has internalized IT to improve the capabilities of data analysis. Obtaining

the independence of management

is the basis of having freedom in making such management decisions.





Abe

How has your perception of AIFUL changed between the past and the present?



Maeda

I was surprised by the

changes in its business model.

In the 1990s, the company expanded its business by establishing numerous stores and automated contract machines, supported by extensive advertising. In those times, its brand and branches were its sources of competitive power.

Now, 97% of customers are engaged through online transactions.

The ability to produce information is still the foundation of operations, but

it is transforming into a company that utilizes IT.





Abe

What were your motivations and background to become an outside director?



Maeda

It goes way back to 1993 when I first came across this company. At the time, I was a securities analyst, and I participated in a non-bank stock listing.

As an analyst, I remember working very hard to explain the situation to investors from Japan and overseas, in order to cover the gap between the reality of non-banks and their views of them.

After that, I pursued an academic career, but a valuable encounter with the founding family of AIFUL led to an opportunity, and I was honored to accept the position of outside director at AIFUL.

Interview with Outside Director



Abe

In your opinion, what is expected of you as an outside director?



Maeda

As an outside director, my role is to oversee business execution from a broad perspective that reflects changes in society as a whole.

Through my experience as a securities analyst, I have been deeply involved in the world of investment. I also bring a background of working not only in Japan, but also in the United States.

I hope to contribute to the company's pursuit of globally minded management by incorporating dialogue with the capital markets.

To that end, I intend to continuously gather information on my own initiative, enhance my ability to assess risks, and deepen my insights to better grasp the essence of management.



Abe

Could you tell us what you have observed or felt through your engagement in investor relations activities?



Maeda

According to our mid-term management plans, we outline our capital policy based on the required capital adequacy ratio, specifying the allocation of capital for growth investments and shareholder returns.

Once again, AIFUL Group is in the growing stage, making growth investments, but we are also expanding shareholder returns.

It is necessary to improve performance in line with the medium-term management plan and deepen dialogue with the market.

We are committed to IR activities with an eye to the future so that we can rebuild not only short-term but also long-term trust.



Abe

Could you tell us your thoughts on how you see our business evolving and growing in the future?



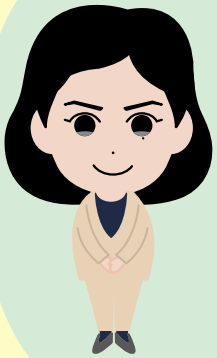
Maeda

I suppose it is achieving AIFUL Group's growth beyond the boundaries of the financial industry.

The financial industry has continued changed with the development of IT. From 2026, we will be transitioning to a holding company structure. As a group working in the financial industry for a long time, I hope we can represent a group that grows with collecting information out of the current financial industry.

I'm sure there is a path that only AIFUL Group can show to the world.

Message from the Newly Appointed Director



Outside Director
AIFUL
Ayako Kitazawa

Profile

1997/4	Joined Lehman Brothers Securities Co., Ltd.
2000/3	Joined Merrill Lynch Japan Securities Co., Ltd. (current BofA Securities Co., Ltd.)
2012/2	Joined Simplex Advisors Co., Ltd. Managing Director (current)
2025/6	Outside Director of AIFUL (current)

My name is Kitazawa, and I have recently been appointed as an outside director of AIFUL.

M&A is an extremely important strategy for the sustainable growth and enhancement of AIFUL Group's corporate value. The true value of M&A lies in the post-acquisition PMI※, namely the integration process with new talent and organizations.

Our strength lies in a corporate culture that, while grounded in the strict discipline of a regulated industry, enables each employee to fully realize their potential and transform diverse values into organizational vitality.

I am confident that making full use of this unique corporate culture and executing a smooth PMI will create business synergy and ensure the success of this M&A.

As an external director, I will continue offering constructive ideas to help our organization shine with diverse characteristics, in addition to ensuring the success of our M&A strategy.

※PMI stands for Post-Merger Integration and refers to the management integration process that takes place after the completion of a merger or acquisition.

Our Journey of Value Creation

START

1967
Yoshitaka Fukuda(current chairman), established a sole proprietorship as a consumer finance company (currently AIFUL CORPORATION).

1985
Introduced the Scoring System (automated credit check system).

1994
Opened current Contact Center.

1995
Installed “Ojidousan”, an automated loan agreement machine.

2000
Listed on First Section, Tokyo Stock Exchange

2001
SMEs Loan Current AG BUSINESS SUPPORT Corporation was established.

Credit Card LIFE Co., Ltd. became wholly owned subsidiary.※

Servicer Current AG Servicer Corporation was established.

※LIFECARD CO.,LTD. was newly established in 2010, took over part of LIFE Co., Ltd. business in July 2011.

2014
Installment Sale Current AG Payment Service CO.,LTD commenced operations.

Overseas (Kingdom of Thailand)

AIRA & AIFUL Public Company Limited was established.

2020
Mitsuhide Fukuda,was appointed as president.

Medical Fee Receivables-Backed Loan

AG Medical Corporation was established.

2022
Transferred to the Prime Market of the Tokyo Stock Exchange.

Renewal group Visual Identity.

2023
Insurance FPC Co., Ltd.,

SES Seven Seas Co., Ltd. and

SES Liblock Inc. became wholly owned subsidiaries.

Total receivable exceeded ¥1 trillion for the first time in 12 years.

External credit rating upgraded to A category (JCR: A−).

2024
Announced Medium-term Management Plan 2024.

SES Salop, Inc. became wholly owned subsidiaries.

Issuance/Settlement of Prepaid Electronic Money

Bitcash Inc., became wholly owned subsidiaries.

2025
SES Template co., ltd.

SES Smart Link co., ltd. became wholly owned subsidiaries.

2026～
Scheduled to establish Muninova Holdings Inc.

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Medium-Term Management Plan

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Value Creation Process

We will implement “For Colorful Life.” and aim for a society with no stress.

Social issues・External environment

- Decrease in population of Japan / labor population
- Wave of digital technology innovation
- Expansion of cashless payment
- Economic growth of ASEAN nations
- Climate change

Input
Management Capital

Financial capital
Powerful financial foundation

Manufacturing capital
Digital channels
Call center

Human capital
Talented professionals with rich diversity

Intellectual capital
Diverse business knowledge
Know-how

Social capital
Powerful customer base
Partnership network

Priority issue (Materiality)

- Expand the lifestyle options of customers
- Reduce inconvenience for customers
- Expand scope of business
  Develop new product
- Enhance corporate value
- Secure skilled human resources, Reform HR/ training systems
- Create comfortable work environment

Output
Provide a wide variety of financial services through business diversification

Data × Digital × Design

- M&A Promotion
- In-house production of system and UI/UX
- Pursuit of operational efficiency (cost reduction)

Outcome
Results we deliver

Financial capital
Improvement of economic value

Manufacturing capital
Cost reduction through IT implementation

Human capital
Workplace Comfort & Growth-Oriented Training

Intellectual capital
Enhance brand strength and customer acquisition capabilities
Provide new products and added value

Social capital
Expanding the value delivered through our services

Vision

For Colorful Life.

自分の色が輝く社会に

Priority Issues to be Solved (Materiality)

Business

**We aim to realize "For Colorful Life."
for our customers through our products and services.**

Important area 1 | Important area 2



Materiality

- **Expand the lifestyle options of customers**
  To expand the lifestyle options of customers who feel that their life is unfulfilled due to not being able to acquire what they want, we will provide highly convenient services in a stable manner.
- **Reduce inconvenience for customers**
  We will make efforts to eliminate the hassle of the customers while using our services and provide seamless service utilizing IT and data analysis.
- **Expand scope of business and develop new product**
  We will support the healthy consumption of the customers and business activities in various areas by providing various products and services.



Management Base

**Empowering every employee to realize their
"For Colorful Life." through the sustainable
enhancement of corporate value.**

Important area 3 | Important area 4



Materiality

- **Enhance corporate value**
  We will aim for sustainable growth by diversifying our business portfolio, leveraging digital technology, and making proactive growth investments.
- **Secure skilled human resources and reform HR/ training systems**
  We will secure skilled manpower both in Japan and overseas, and aim for the system and environment where each employee can maximize their abilities.
- **Create comfortable work environment**
  To support various working styles, we will improve our internal systems and infrastructure to promote work-life balance for our employees.



Analysis of Inputs and Outcomes

(As of 2025/3)

Capital classification	Input - Management Capital -		Outcome - Results we deliver -	
Financial capital	**Powerful financial foundation** ● Total receivable outstanding — ¥**1,339.7**bn ● Stockholders' equity — ¥**215.8**bn ● Equity ratio — **15.0**% ● External rating — **A-** (JCR)	• Double-digit growth in total receivable driven by a solid financial foundation and strong core business performance • Improved creditworthiness (external ratings) through stable business operations	**Increased economic value** ● Operating revenue — ¥**189.0**bn ● Adjusted operating profit※1 — ¥**41.6**bn ● Ordinary profit — ¥**26.8**bn ● ROA — **2.0**% ● Real ROE※2 — **8.2**%	• Revenue and profit are progressing in line with the plan • M&A activities and cost structure reforms aimed at future profit generation are also progressing smoothly
Manufacturing capital	**Digital channel / Call center of each business** ● Digital Channels for Delivering a Wide Range of Services ● Employees at Call center— approximately **1,100**	• Release of a highly convenient app enabled by in-house development and rapid updates • Operational efficiency achieved by consolidating tasks into the call center	**Cost reduction by IT promotion (Plan 2025/3-2027/3)** ● Cost reduction due to in-house development — ¥**1.5**bn ● Center operating cost reduction by productivity improvement — ¥**1.0**bn	• Reduced development costs through in-house system development by internal engineers • Improved operational efficiency driven by systemization and changes in center operations
Human capital	**Talented professionals with rich diversity** ● Employees — **5,003** (consolidated basis **4,043**) ● Establishment of IT specialized department / M&A of SES business ● Established Design specialized department ● Role model of female executive	• Strengthening organizational capabilities and securing talent for sustainable corporate management • Recruitment and promotion of women, non-Japanese employees, and individuals with diverse backgrounds	**Creating a Supportive Work Environment / Developing a Training System That Enables Employees to Experience Growth** ● In-house engineers — **327** ● In-house designers — **23** ● Employees with foreign nationality (includes locally hired) — **1,034** ● Female employee rate (AIFUL) — **31.2**%	• Improvements in the workplace environment, including the development of a training system that enables employees to experience growth, enhanced support for childbirth and childcare, and the introduction of office casual attire • Increase in internal specialists, non-Japanese employees, and women in managerial positions
Intellectual capital	**Diverse business expertise / Know-how** ● Release of various products developed by business diversification ● Credit and screening capabilities developed over the years ● Brand-driven initiatives to enhance recognition	• Credit expertise based on proprietary information collection and analysis, developed through our dedicated focus on the business, along with a diverse range of financial products • Robust brand strength, led by core group companies such as AIFUL and LIFECARD	**Improve Brand - Customer attraction / Provide New products - New added value** ● TVCM — Likeability **NO.1** (Financial part)※3 ● Newly acquired personal loans number — **320,000**	• The TV commercial continues to maintain high favorability, contributing to a further strengthening of the Group's overall brand power • New customers are being acquired effectively at a stable cost per acquisition (CPA)
Social capital	**Strong customer base/ Partnership network** ● Group companies — **20** companies (**8** consolidated companies) ● B-to-B Nationwide sales base — **26** stores ● Overseas expansion — **3** countries	• 26 nationwide sales branches conducting B2B sales • Collaboration with business partners, such as affiliated card programs	**Expansion of provided value through service** ● Loan business accounts — **1.79**million ● Credit card holders — **5.03**million ● Individual Installment Credit Accounts — **170,000** ● Guarantee business partners — **254**	• Providing customer-centric products in collaboration with business partners • Total number of customers across the Group has grown to approximately 7 million

※1 Definition of Adjusted operating profit: 1.Operating profit + 2. Profit adjustment (credit cost + provision for loss on interest repayment+ depreciation - write offs) + 3.Profit generated from M&A (profit from each company, excluding Goodwill amortization)
※2 Calculated based on "Profit attributable to owners of parent" using an effective tax rate of 30%
※3 Survey results of CM integrated lab.

Long-Term Vision

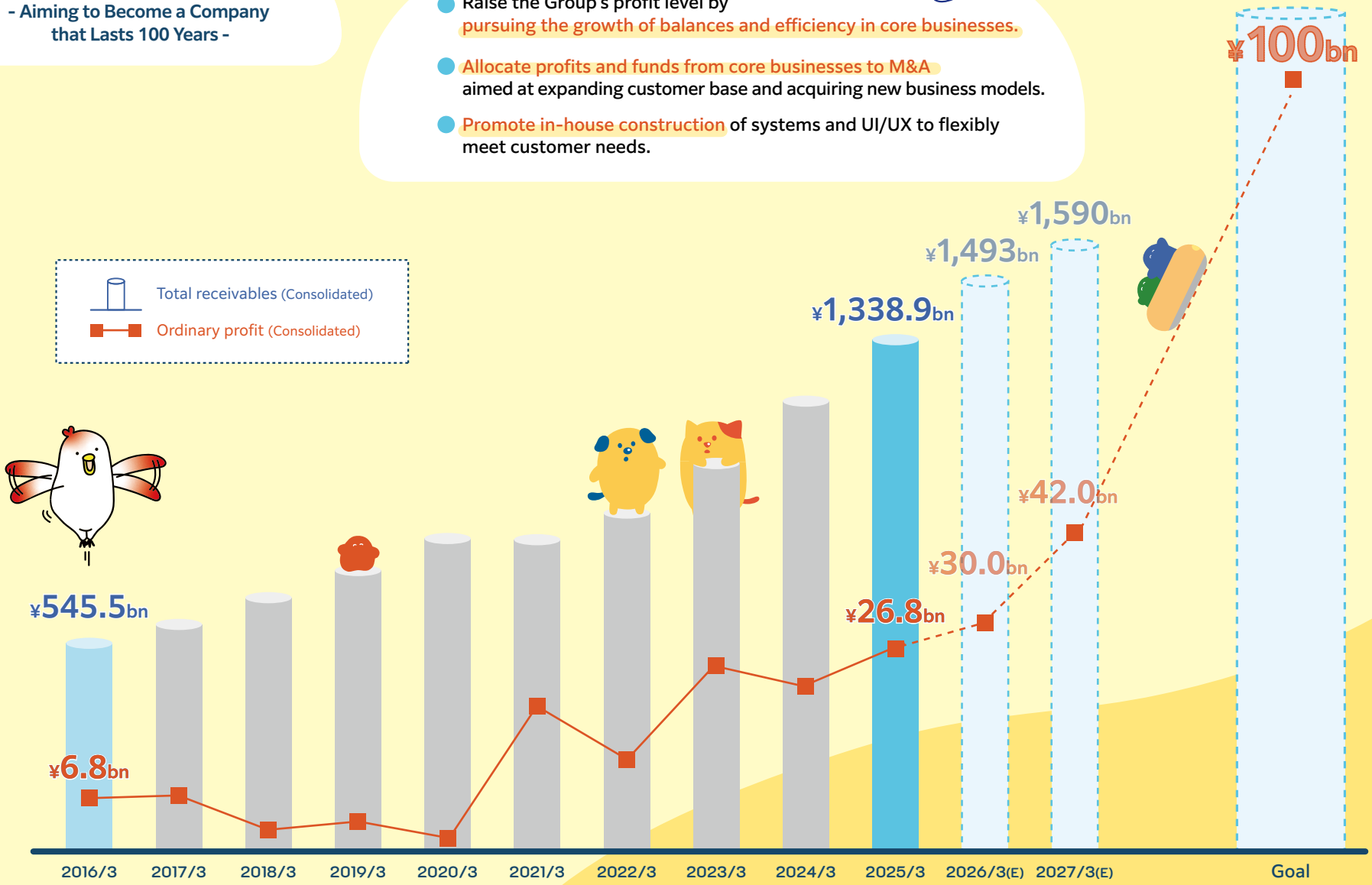
Transformation Towards an IT COMPANY

- Aiming to Become a Company that Lasts 100 Years -

Growth Strategy

- Raise the Group's profit level by pursuing the growth of balances and efficiency in core businesses.
- Allocate profits and funds from core businesses to M&A aimed at expanding customer base and acquiring new business models.
- Promote in-house construction of systems and UI/UX to flexibly meet customer needs.

More than ¥2tr



Medium-Term Management Plan (2025/3～2027/3) Overview and Progress

Fundamental Policy

3-year cumulative total

M&A Activity Promotion	Total investment of ¥60.0 bn max
Cost Structure Reform	Total cost reduction effect of ¥5.0 bn or more

Management Indices

ROA	More than 2%
Real ROE※	More than 10%
Equity Ratio	15% or more

Shareholder Return

	2027/3(E)
Total Payout Ratio	Around 20%

Consolidated Results Forecast

	2024/3	2027/3(E)
Total Receivables	¥1,178.9 bn	¥1,590.0 bn
Operating Revenue	¥163.1 bn	¥218.0 bn
Ordinary Profit	¥22.0 bn	¥42.0 bn

Progress (2025/3)

M&A Activity Promotion	¥10.0 bn
Cost Structure Reform	¥0.8 bn
ROA	2.0%
Real ROE※	8.2%
Equity Ratio	15.0%
Total Payout Ratio	11.0% (26/3(E) 24.1%)
Total Receivables	¥1,339.7 bn
Operating Revenue	¥189.0 bn
Ordinary Profit	¥26.8 bn



※ Real ROE is calculated based on the 'Profit attributable to owners of parent' assuming an effective tax rate of 30%

Medium-Term Management Plan 2024



General Manager
Operation Management
Department
AIFUL
Ikumi Abe

Progress in the First Year of the Medium-Term Management Plan

The AIFUL Group has formulated its Medium-Term Management Plan 2024 (for the FY2025/3 to FY2027/3), and is working to enhance corporate value under the management theme: "Try Harder – Toward a New Stage of Growth." In addition to the growth of our core businesses, M&A promotion and cost structure reform are positioned as basic policies. As we conclude the first year of the plan, we would like to report on the AIFUL Group's initiatives and outlook going forward.

In the fiscal year ending March 2025, our core businesses—unsecured consumer loans, business loans, credit guarantees, and installment sales finance—have all performed in line with plan, giving us a strong sense of steady progress in our business strategy. M&A initiatives and cost structure reforms are also progressing smoothly, and we feel confident about achieving the goals set forth in our current plan.

In addition to our financial performance, we are also making steady progress in non-financial initiatives such as promoting digitalization, recruiting, and talent development. In today's rapidly changing business environment—driven by technological innovation and evolving consumer behavior—digital transformation has become a key enabler of improved operational efficiency and enhanced customer service quality.

To achieve sustainable growth, flexibility and speed are essential. The AIFUL will continue to strengthen its competitiveness by deepening its core businesses and generating future profit opportunities, while also embracing change and maintaining a spirit of continuous challenge.



Aiming to Become a Company that Lasts 100 Years

We have a long-term vision of "Aiming to Become a Company that Lasts 100 Years", and to keep up the continuous growth, we are working on the following three growth strategies.

First, we aim to raise the overall profit level of the AIFUL Group by securing a stable earnings base through loan balance growth in our core businesses, and by pursuing greater operational efficiency through economies of scale and IT-driven transformation.

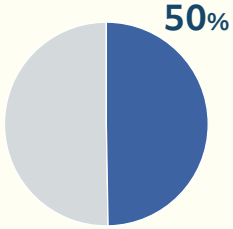
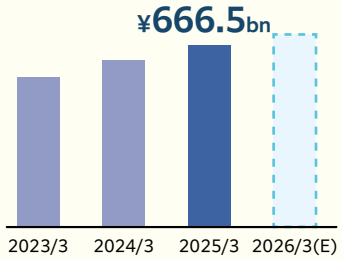
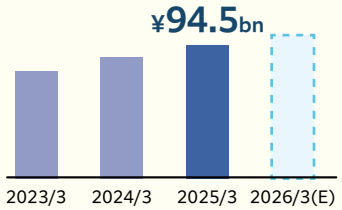
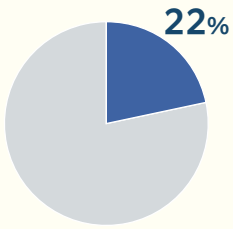
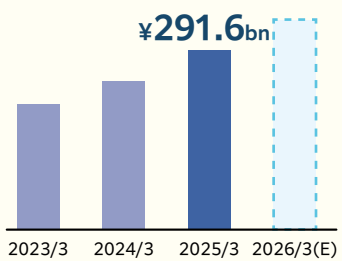
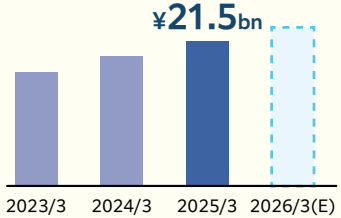
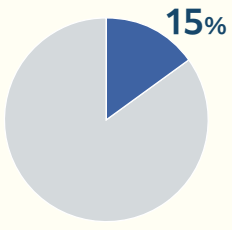
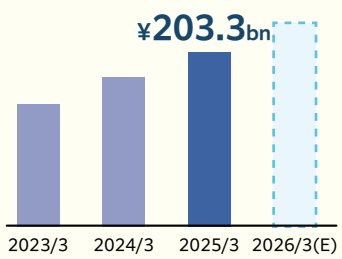
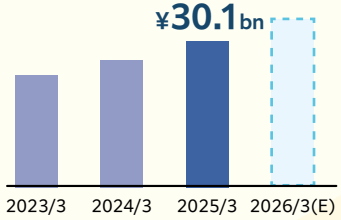
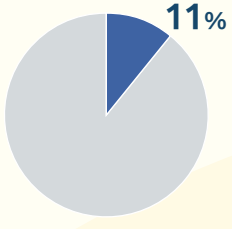
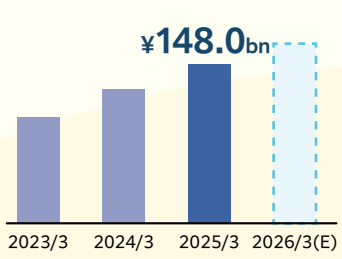
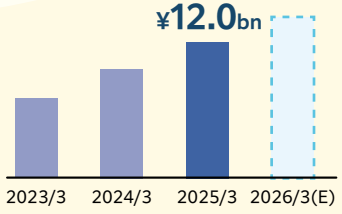
Second, we will reinvest profits earned from our core businesses into M&A initiatives that drive future profit creation, including expansion of our customer base and the development of new business domains. Through this, we intend to enhance our competitiveness and capture emerging market opportunities.

Third, by internalizing system development, we are building a framework that enables rapid responses to customer needs. This approach allows us to improve UI/UX, increase customer satisfaction, and enhance operational efficiency, all of which contribute to delivering better services.

Through these strategies, we are laying the foundation for realizing our long-term vision and pursuing sustainable growth. All of us at AIFUL will continue to embrace challenges together as one team, striving toward the future we envision.

Lastly, I would like to express my sincere appreciation to our shareholders and investors, as well as to our dedicated employees and all stakeholders who are working hard to advance this plan. We look forward to your continued support.

Segment Portfolio

Business clasiification	Company name	Portfolio (2025/3)	Total receivables	Operating revenue
Unsecured loan 	● AIFUL ● AIRA & AIFUL (Kingdom of Thailand)			
Credit guarantee 	● AIFUL ● LIFECARD			
Credit / Paymnet 	● LIFECARD ● AG Payment service ● BitCash			
Small business loan／ Secured loan 	● AG BUSINESS SUPPORT ● AG MEDICAL			

Unsecured Consumer Loan

AIFUL

Business Overview:
- Unsecured consumer loan

Key Features:
- Speedy loan approval in as little as 18 minutes
- Fully smartphone-based application process (card-less)
- User-friendly mobile app with enhanced UI/UX design

Voices from the Frontlines:

How the Personal Loan Business Is Evolving

What are the current trends in unsecured consumer loan market?



Iida: Funding demand temporarily declined due to the impact of COVID-19, and the market was shrinking, but as the COVID-19 ends, demand for funds is on the rebound.

AIFUL, too, has acquired more than 300,000 new customers in the fiscal years ended March 2024 and March 2025, and I think it will keep expanding.

Hamada: It seems to me that the customers' needs are on the increase, due to increased activity following the end of the COVID-19.

Iida: As salaries continue to rise, and with the legal borrowing limit set at one-third of annual income, I believe this income growth will significantly drive market expansion.



How was the performance of AIFUL in FY2025/3?

Hamada: With the steady progress of new acquisitions, loan balances are also increasing steadily. New usage unit value is approximately 150,000 yen, and this increases with further additions. The expansion of loan balance is a result of positive increase in additional usage, along with new acquisitions.

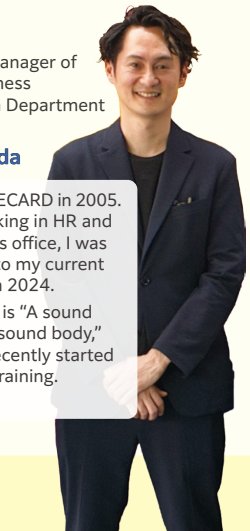
Iida: One key factor behind the strong performance in additional usage is the availability of sufficient credit limits. I'd say that, because we can keep on providing the most appropriate limit to the customers with our (patented) appropriate credit screening, the customers can use it whenever necessary.

Matsumura: To offer customers the most appropriate credit limits, obtaining the proof of income plays an important role. Each year from January to March, we run an income verification submission campaign, which saw strong results in both FY2024/3 and FY2025/3. We believe one key factor behind this success is the app update that made it easier for customers to submit their documents digitally.

Yano: From a loan balance growth perspective, debt consolidation loans have also contributed to the increase. These loans offer customers key benefits such as the ability to combine multiple borrowings into a single loan and access preferential interest rates.





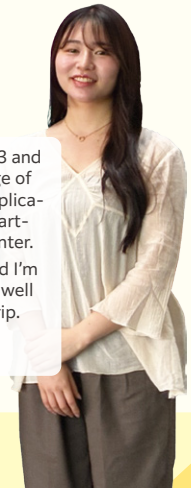


General Manager of Loan Business Promotion Department AIFUL

Junpei Iida

Joined LIFECARD in 2005. After working in HR and President's office, I was assigned to my current position in 2024.

My motto is "A sound mind in a sound body," and I've recently started strength training.

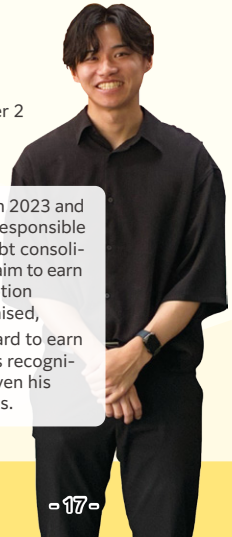


Contact Center 1 AIFUL

Aoi Watanabe

Joined AIFUL in 2023 and is currently in charge of assessing online applications in the 1st department of Contact center.

My MBTI is INTJ, and I'm the type who plans well before going on a trip.



Contact Center 2 AIFUL

Uta Yano

Joined AIFUL in 2023 and am currently responsible for sales of debt consolidation loans.I aim to earn a quick promotion —and as promised,

I'm working hard to earn Manager Iida's recognition, maybe even his famous glasses.

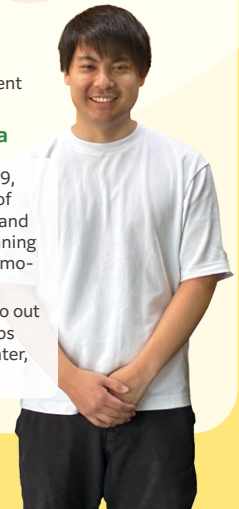


Loan Business Promotion Department AIFUL

Soichirou Hamada

Joined AIFUL in 2019, currently in charge of sales support in the Sales promotion department around the Contact center.

Lately, I'm feeling a bit anxious as many of my peers are getting married.



Loan Business Promotion Department AIFUL

Taishi Matsumura

Joined AIFUL in 2019, currently in charge of Accounting system and in charge of DX planning within the Sales Promotion Department.

Recently, it's fun to go out to lunch, as the shops around Kusatsu Center, Shiga, are booming.



Have customer needs changed?

Watanabe: Customer needs continue to center around convenience and speed. At AIFUL, we offer loan approvals in as little as 18 minutes, which directly addresses those expectations.

Matsumura: One major shift has been the move from store-based to web-based applications—currently, 97% of applications are submitted online. The ability to complete the entire process without visiting a store is now a fundamental expectation. Even more important, however, is the ease of use of the application form and our mobile app.

Iida: One of AIFUL's key strengths is that we develop our app in-house, thanks to our Digital Promotion Department and Design Office. Because we handle improvements internally, there's a strong culture of open dialogue—people regularly share ideas like, "This would make it easier to use," or "Let's try this out." In fact, two proposals from new graduates who joined us in 2025 have already been implemented. It's rare to see so many suggestions for app improvements coming from within the organization.
…Though I'll admit, the team that has to process all those requests does have their hands full! (laughs)



Watanabe: Customer inquiries have shifted from phone calls to chat. We've also enhanced our FAQs to support more self-service, allowing customers to resolve issues on their own. Since frontline staff are empowered to update the FAQ content, we can make timely changes to better meet customer needs.

Iida: We've also seen an increase in female customers. This may be due to the growing number of working women, as well as improved perceptions of card loans and the convenience of being able to complete the entire application process online.

What is the contact center like today?

Matsumura: It's a bit different from the traditional image of a call center, where many people answer ringing phones, with non-regular staff (communicators) handling customer calls and paperwork. That image no longer fits today's center.



Yano: In my department, I used to handle everything from sales to contract completion on my own, but we've now moved to a more segmented structure, which allows people to get up to speed and contribute faster.
That said, different teams experience peaks and lulls in demand at different times, which made staffing allocation quite difficult. But after we implemented Salesforce, we were able to visualize various data points, which made efficient workforce planning much easier.



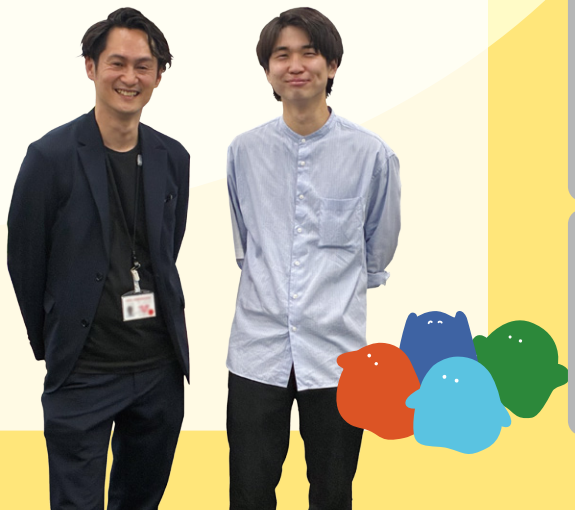
Watanabe: We have over 300 university student part-timers working at the contact center, creating a very vibrant atmosphere.
One reason is the nearby university, but I also believe it reflects how AIFUL's image has changed.Every March, we hold a graduation ceremony to thank the student workers who are leaving—and some of them even join us as full-time employees in April! (laughs)



Iida: Things get busy after December when year-end tax documents are issued. That's when we're especially grateful to have the student part-timers.

Hamada: With increasing automation at the center, operations have shifted from being led by full-time staff to being primarily supported by communicators.
It's a business that sees sharp fluctuations between peak and off-peak periods, so having a flexible workforce is one of AIUFL's key strengths. I believe the way we operate the center will continue to evolve.

Iida: Thanks to all these efforts, we were proud to achieve the No.1 ranking※ in the Oricon Customer Satisfaction survey for the first time. We topped the rankings in all categories —application process, screening responsiveness, interest rates, loan support, ease of repayment, and customer service.
It was deeply rewarding to see our efforts recognized like that.



Small Business Loan / Factoring

AG BusinessSupport

Business Overview:
- Small business loan
- Factoring

Key Features:
- Same-day loan approval available
- No branch visit required

With web-based applications and usage becoming the mainstream in business loans, we remain committed to sincerely understanding customer needs and providing optimal financial solutions.

What are the trends in business loan markets?

Following the implementation of the zero-interest, zero-collateral loan program ("Zero-Zero Loans*") during the COVID-19, demand for business loans temporarily declined. However, the market has since rebounded, and we expect the need for business financing to continue growing going forward.

In particular, the market for unsecured business loans presents a significant opportunity for us, as it remains relatively untapped by major non-bank competitors. We believe this gives us a unique opportunity to establish a strong, differentiated position in the market.

Have there been any changes in small business loans?

In the small business loan segment, online applications and usage are increasingly becoming the mainstream. In particular, for unsecured small business loans, we have been promoting internal development of our web application platform, and currently, over 90% of applications are submitted online. Additionally, these loans can now be fully completed online, significantly enhancing convenience. We believe this trend will continue going forward.



Could you share the background behind the growth of real estate-backed loans and your outlook for the future?

In addition to our traditional real estate-backed business loans, we have recently been strengthening the sales of two other products: loans for for-sale properties and loans for real estate investment. For for-sale property loans, demand is increasing in urban areas, and our flexible nationwide lending structure has contributed to a growing loan balance.

These loans also meet the funding needs of real estate brokers for property acquisition. For real estate investment loans, strong demand for capital continues, especially for used properties in regional areas, which is a key driver of growth.

Please tell us about your recent focus on factoring

Factoring is a financing method where customers sell their accounts receivable to us in exchange for funds. We are currently strengthening our offering of two-party factoring that does not require notification to or consent from the account debtor. This financing solution is gaining attention as it responds to the needs of businesses who "*don't want to be seen as struggling with cash flow*" or "*want to preserve trust with clients.*"

It is also a good fit for small and medium-sized businesses or sole proprietors with low credit scores or negative earnings, who have difficulty obtaining loans. The product features flexible screening and fast processing, making same-day funding possible.

※A government-backed financing program introduced during the COVID-19 to support small and medium-sized enterprises (SMEs) whose revenues had declined significantly. The program offered interest-free and collateral-free loans to help ease cash flow pressures.

What was the purpose of developing a factoring purchasing and customer management system?



To meet the growing demand for factoring, we jointly developed the system with in-house engineers. Since the system is internally developed, it was easier to implement.

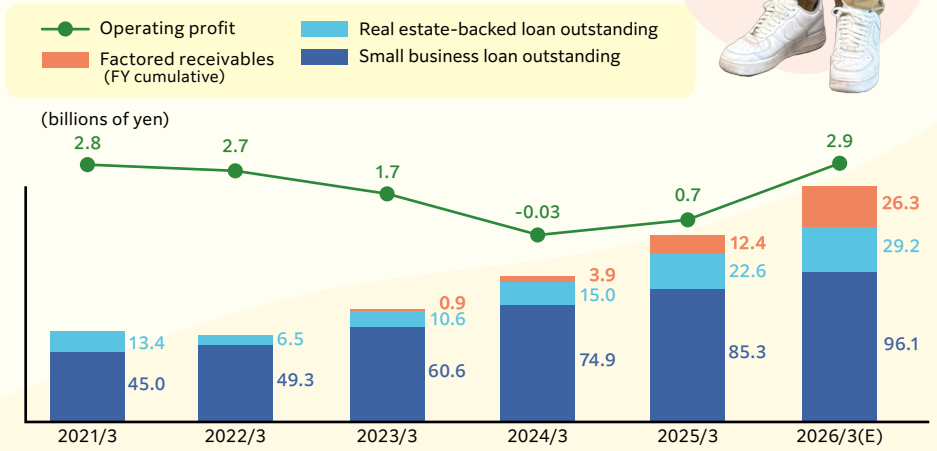
Internal development not only enhances customer convenience but also enables us to improve productivity and expand features smoothly—ultimately allowing us to deliver faster and more efficient services.

Finally, we remain committed to sincerely addressing customer needs and will continue to provide optimal solutions by leveraging AI-based scoring and risk analysis, while also pursuing low-cost operations.



Managing Director
AG BUSINESS SUPPORT
Yoshihiro Nakazawa

After gaining experience in business loans (both unsecured and real estate-backed) at a previous company, joined the AIFUL Group mid-career in 2012. Since then, has worked in the Corporate Sales Promotion Department at AIFUL, the Sales Department 3 at LIFECARD and in 2023 was appointed to AG BUSINESS SUPPORT. Throughout their career, has consistently been engaged in BtoB-related operations.

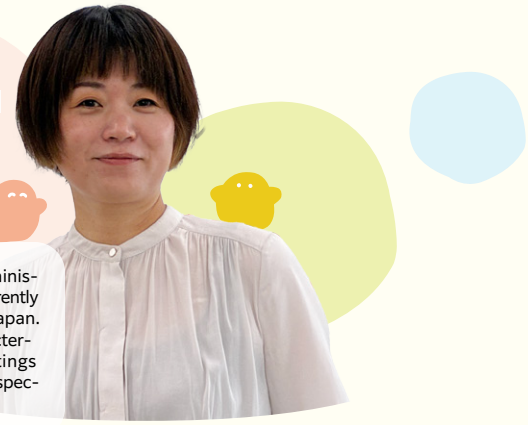


Credit Guarantee

Business Overview:
- Credit Guarantee Business

Key Features:
- Tailored loan products for financial institutions
- Support for loan center operations

Exceeding expectations with specialized credit screening expertise and diverse product offerings



General Manager
of Guarantee Business
Sales Department 2
AIFUL
Sumie Hosaka

Joined Cities in 2005 and have worked in administrative roles, corporate sales, and retail sales. Currently in charge of financial institutions in western Japan. Each prefecture presents its own unique characteristics, and direct dialogue during client meetings continues to provide valuable insights and perspectives.

What is the business model of Credit guarantee business?

The credit guarantee business involves providing debt guarantees to customers who use loan products offered by financial institutions, and generating revenue by charging guarantee fees for those guarantees.

This is a collaborative initiative that leverages the regional brand strength of each financial institution together with AIFUL's credit expertise to support the expansion of loan products.

For financial institutions, the advantages include reduced credit risk and supplemental credit assessment support. For the AIFUL Group, leveraging credit screening expertise enables fee-based revenue growth.

Who are the partner financial institutions?

The partners include nationwide banks, savings companies, and credit unions. Since last year, we have also begun forming partnerships with major Japanese megabanks.

Why do financial institutions choose you as their partner?

One of the key reasons is our diverse lineup of guarantee products, which allows partners to select offerings tailored to their customers' needs and business stages.
As an independent, non-affiliated company, we are able to respond flexibly and efficiently to customization requests—this level of adaptability is highly valued by our partners.

By leveraging the AIFUL Group's well-established operational expertise, we also provide comprehensive support for loan center operations at partner financial institutions. This integrated approach has been highly valued by our partners.

What is the background of the credit guarantee balance expansion?

Our employees have been making efforts for supporting financial institution's loan center operations, and currently we are promoting loans at 30+ financial institutions every day. This is the result of that achievement-driven motivation of our members.

We have also launched real estate-secured loans in recent years, and the loan balance has been steadily increasing. We interpret this as the parts that fully utilize the characteristics of AIFUL are highly esteemed.





What are your future goals?

Our credit guarantee balance has reached ¥300 billion. Looking ahead, we aim to further expand the credit guarantee balance and increase profitability. To achieve this, we recognize the importance of deepening communication with our partner financial institutions and continuously developing products that align with their evolving needs.

Also, we aim to enhance our value as a credit guarantee company that provides services to a wide range of financial institutions and customers, by fully leveraging AIFUL's originality.



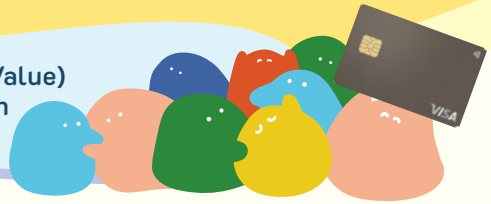
Credit Card

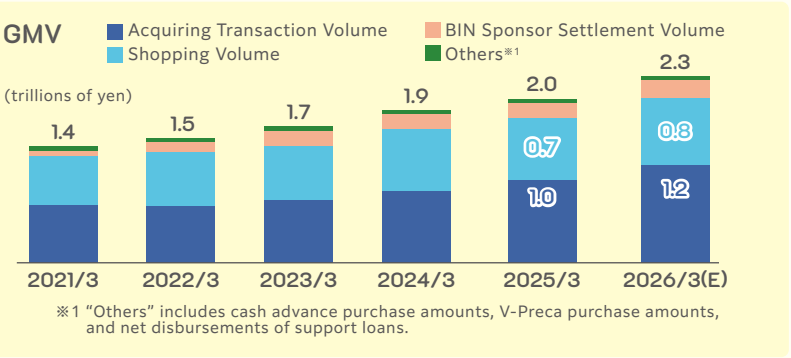
LIFE CARD

Business Overview:
- Credit card
- Acquiring

Key Features:
- Annual fee-free, value-added cards
- Industry-leading point program
- Diverse lineup of co-branded cards

Driving GMV (Gross Merchandise Value) growth through strategic expansion and innovation.





※1 "Others" includes cash advance purchase amounts, V-Preca purchase amounts, and net disbursements of support loans.

Please share your thoughts on cash-less market and LIFECARD's efforts toward it.

Okano: The government has been promoting cashless transactions, and the rate of cashless payments in Japan is now over 40%. The future target is to achieve 80% cashless, and the credit card transaction volume is also showing a steady increase.

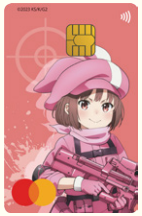
At LIFECARD, we are making efforts to increase awareness and enhance sales by investing in advertisement-related costs and setting the expansion of GMV as the highest priority. At LIFECARD, there are many employees working on enhancing sales, here we'll introduce some of the efforts of each department.

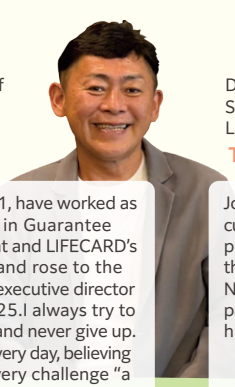
Sato: I am responsible for expanding our tie-up card business, with a focus on launching new co-branded cards and executing promotional campaigns to acquire new cardholders. We currently issue various tie-up cards such as the AOYAMA Card for Aoyama Tailor, and Club Amway Card for Amway. In addition, we have developed a series of entertainment-themed cards, including the HYDE CARD, which is a collaboration with the artist Hyde, and Sword Art Online Card, a collaboration with the animation based on the light novel.

Okano: When encouraging customers to use LIFECARD products, two key factors are whether the card offers tangible benefits and whether the customer feels an emotional connection to the brand. For tie-up cards, we highlight the practical advantages, while for entertainment cards, we emphasize emotional appeal. In doing so, we aim to steadily expand our co-branded card portfolio.

Sato: We engage in active outreach and negotiations with potential partners to launch tie-up credit cards. Once launched, we carry out targeted promotional initiatives to drive card acquisition and usage. When selecting partners, we consider companies with strong existing customer bases—such as major retail chains—and, in the case of entertainment-related businesses, metrics like social media follower counts.
A recent highlight was the launch of AOYAMA Pay※, a cashless payment service available at Aoyama retail stores. The service features a seamless credit screening process that can be completed in as little as five minutes, enabling immediate use upon approval.

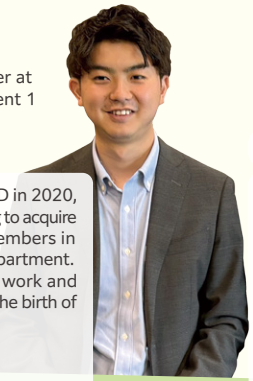


Executive Officer of Sales Division LIFECARD
Yuki Okano

Joined AIFUL in 1991, have worked as a general manager in Guarantee business department and LIFECARD's Sales department and rose to the current position of executive director of LIFECARD in 2025.I always try to smile, stay patient, and never give up. I keep that in mind every day, believing that would make every challenge "a good memory".



Deputy Manager at Sales Department 1 LIFECARD
Taiichi Sato

Joined LIFECARD in 2020, currently working to acquire partner card members in the 1st sales department. Now balancing work and parenting after the birth of his daughter!



Sales Department 2 LIFECARD
Yusuke Fukuma

Joined LIFECARD in 2021, currently working with branch sales for the expansion of ACQ. Spends weekends playing sports to stay active and energized!



Sales Department 3 LIFECARD
Genta Hisada

Joined LIFECARD in 2023, currently in charge of corporate card sales acquisitions and working on sales to expand transaction volume. My personal goal for 2025 is to find a girlfriend!



Deputy Manager at Sales Department 4 LIFECARD
Ren Fujimori

Joined LIFECARD in 2021, currently working on V-Preca sales. From the real jungle in my hometown of Nagano to the concrete jungle...I want to become someone who's stylish enough for Ginza soon.

LIFECARD's annual ACQ (acquiring) transaction amount has reached 1 trillion yen



Please tell me more about your efforts to expand the GMV.

Fukuma: I am responsible for acquiring merchants to enable credit card payments for their customers. Today, cashless payments—including credit cards—have become part of the social infrastructure. These solutions provide greater convenience for consumers and help merchants expand their sales opportunities.

Okano: Last year, for the first time, our acquiring business surpassed ¥1 trillion in annual transaction volume.
It has now become one of the key focus areas for LIFECARD.

Fukuma: Our sales activities are divided between the e-commerce and brick-and-mortar channels. For e-commerce, we work primarily with payment service providers, while for physical stores, we focus on the aesthetic medical sector by leveraging our collaboration with AG Payment Service. Across the AIFUL Group, we operate 26 branches in major cities nationwide, and these branches play a central role in merchant sales for face-to-face transactions.

We also provide solutions tailored to merchant needs—such as introducing email link payment functionality for businesses that previously accepted only in-person payments, enabling them to offer online payment options as well.



Hisada: I am responsible for sales of corporate cards. As card-based transactions are becoming essential even in B2B business, demand for business cards is on the rise. In addition to normal corporate cards, LIFE CARD is issuing a corporate card with usage limited to specific partners, allowing higher transaction amounts.

Okano: Our business cards also offer point rewards and limited-time cashback promotions, providing a more cost-effective alternative to traditional invoice-based payments. They help improve cash flow, facilitate expense management, and support cost optimization—delivering multiple advantages to corporate users.

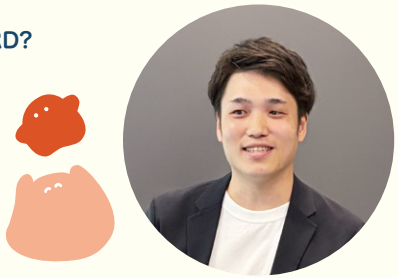
Hisada: To further expand the scale of our corporate card operations, we aim to develop more convenient and user-friendly products by deeply understanding customer needs. Most recently, we launched the Prostock Professional Card in partnership with KOIZUMI Co., Ltd., a leading wholesale distributor of housing equipment.

This card is designed to support professional tradespeople in their day-to-day work, and we continue to actively pursue new card issuance opportunities.

As a welcome gift, this year's new employees received a V-Preca Gift card with our charming "Chiisakimono" design.



What products are unique to LIFECARD?



Fujimori: I work in the department in charge of V-Preca, our Visa-branded prepaid card that is easy to purchase at convenience stores and simple to use. In May 2024, we upgraded the product so that it can now be used not only online but also in physical stores. This renewal has enabled us to better meet the needs of users who prefer to use V-Preca for in-person transactions.

Okano: There has been an increase in debit card usage among younger generations, but I believe prepaid cards still meet a clear need—especially for those concerned about overspending or seeking stronger security.

Fujimori: We also offer a single-use version called V-Preca Gift, which is suitable for gift-giving. There is growing demand for it as a corporate novelty item. In fact, this year we gave new hires a V-Preca Gift Card featuring a "Chiisakimono" design, and it was very well received.

Okano: In addition, in response to the diversification of payment methods and growing demand for cashless options, we are actively investing in our BIN sponsorship business.※ LIFECARD is committed to expanding GMV by offering a broader range of payment solutions.

※BIN sponsorship refers to a business model in which we provide companies with access to international payment network licenses, enabling them to issue credit cards under their own brand.





Installment Sales Finance

AG PaymentService × AIFUL (BtoB sales)

Business Overview:
- Installment sales finance

Key Features:
- Credit screening in as little as two minutes
- High approval rate backed by robust credit assessment capabilities

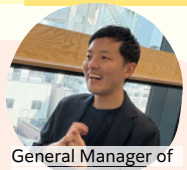
Achieved more than a tenfold increase in outstanding balance over the past four years.



Managing Director
AG Payment Service
Ryoji Shibata

Joined LIFECARD in 2002 and gained experience in the Partnership development and Finance departments. In 2025, I was appointed to my current position at AG Payment Service. My hobby is cooking, and I enjoy preparing meals for my family on weekends.





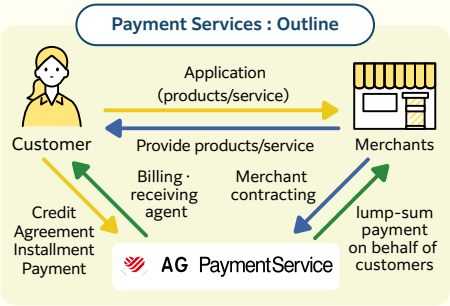
General Manager of
Corporate Sales
Promotion Department
AIFUL
Masaki Shiina

Joined LIFECARD in 2005 and held roles in the Management planning department and Secretary office before assuming the current position in the Corporate Sales Promotion Department in 2024.
On weekends, I enjoy tending to my garden—even in the heat, always in long sleeves!

What services are provided by AG Payment Service?

Shibata: At AG Payment Service, we provide AG shopping credit (installment sales finance) which enables installment payments for the customers who use our affiliated merchants.

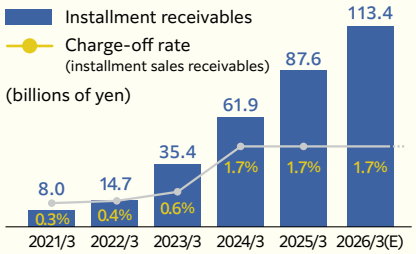
This has the advantages of sales opportunities, planned fund management, and avoiding the risk of non-payment for affiliate merchants, and allows installment payment service for the customers.



What is the background of achieving such rapid growth in balance?

Shibata: The installment receivable balance of AG Payment Service has expanded more than 10 times in 4 years, from 8 billion yen in fiscal year of March 2021, to 87.6 billion in March 2025. The reason for such leap in the balance lies in the credit power and speed of examination of the AIFUL Group. Approval rate for examinations is over 90%, and we provide strong support for sales opportunities for affiliate merchants with normal examinations taking only two minutes at best.

Shiina: Another point is the cultivation of affiliate merchants that use AG Payment Service. The number of affiliate merchants has increased by 180%, from 1,900 affiliates at the end of March 2021, to 3,500 merchants by the end of March 2025. This affiliate merchant cultivation, and the products and services selected by the affiliates are both important for balance growth.



How do you cultivate affiliate stores?

Shiina: The AIFUL Group operates corporate sales branches in major cities across Japan. These branches handle a wide range of products and services offered by the Group, including merchant acquisition activities for AG Payment Service.
Interestingly, these branches were originally AIFUL's consumer-facing retail branches. As smartphone use spread and more customers began applying online, the company repurposed these retail locations in 2019 to serve as corporate sales offices.
At the time of this transition, many employees lacked experience in B2B sales, and it took time and effort to learn about the products and how to promote them effectively. Through trial and error, the team gradually built expertise. Today, the branches handle not only merchant acquisition for AG Payment Service, but also promote LIFECARD's business cards, acquiring (ACQ) transactions, and other corporate solutions across the Group.

Shibata: Sales branches are essential organizations for expanding the affiliate stores of AG Payment Service. AG Payment Service is expanding the affiliate merchants focusing on aesthetic salons and cosmetic medical clinics, and I think that narrowing down the business led to additional growth.

What was the reason for focusing your business development efforts on the aesthetic salons and cosmetic medical clinics?

Shiina: With the expansion of affiliate merchants in various businesses going on, we noticed aesthetic and cosmetic medical needs. With our competitors that provide similar services not being very proactive with their sales, we saw an opportunity and turned to the active offensive. By focusing on the same line of business, the agencies organization had the benefit of easier sales, and everyone at the agencies organization became very knowledgeable about aesthetic and cosmetic medical.

How do you manage credit risk, given the recent rise in bankruptcies among aesthetic salons and cosmetic medical clinics?

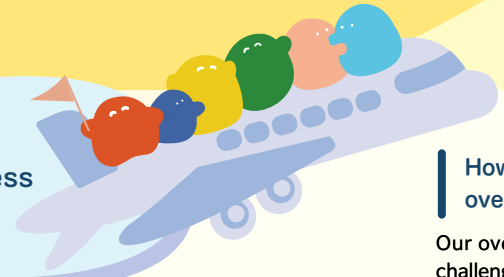
Shibata: From what I understand, the reason our competitors are not proactively cultivating aesthetic and cosmetic medicine is due to the related risks.

Shiina: Even if one of our affiliate merchant goes bankrupt, we can maintain service continuity by introducing alternative stores and ensuring uninterrupted support until the end.

Shibata: In addition, we leverage our accumulated know-how in merchant screening—such as evaluating new merchants and conducting ongoing credit monitoring—to appropriately manage transaction volumes within acceptable risk parameters. Looking ahead, our goal is to grow our outstanding balance to ¥140 billion, as outlined in our medium-term management plan. We also plan to expand into the education sector to further accelerate balance growth.

Overseas

Aiming for 50:50 ratio for domestic business and overseas business in the long term





General Manager
of Group Companies
Management Department
AIFUL
Shin Nakauchi

Joined AIFUL in 2006.
After working in Credit management division and AIRA and AIFUL, I was assigned to my current position in 2023.

Can you tell us about AIFUL's overseas expansion?

Currently, we have expanded our operations into three countries.



1 AIRA & AIFUL

AIRA & AIFUL Public Company Limited
Consumer finance
(Established 2014)

2 REKSA FINANCE

PT REKSA FINANCE
Used car loans
(Joined group in 2017)

3 AIFUL FINANCE PHILIPPINES

AIFUL FINANCE PHILIPPINES INC.
Consumer finance
& Auto and motorcycle loans
(Established in 2024 / Operation scheduled to commence in 2025)

How is the current state of overseas business?

Our overseas business is facing difficult challenges due to the impact of COVID-19 and deteriorating economic environment, especially in Thailand.
Due to these reasons, we are planning to improve our profit levels by enhancing the collections and thorough control of lending, in addition to reducing fixed costs by reviewing our manpower system and streamlining the store network.
By building an effective and solid management system with these cost-structure innovations, we aim to establish a stable earnings base and sustainable growth that is adaptable to the changes in the external environment.



What is the purpose behind your overseas expansion?

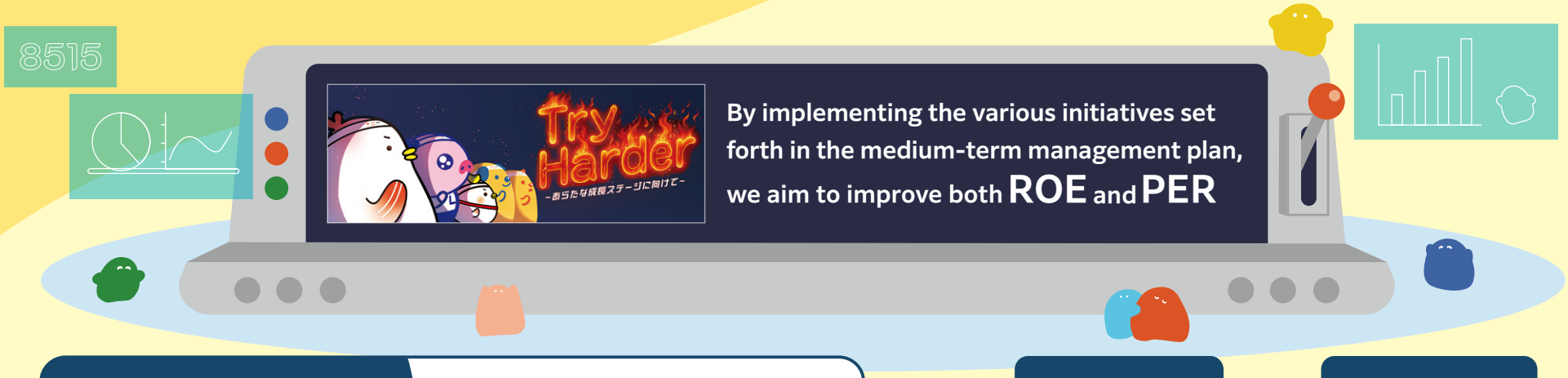
The main goal of our overseas expansion is to drive business growth. Given Japan's declining population and birthrate, we believe the domestic market has limited growth potential.
At the same time, advances in digital technology are helping to shrink the physical distance between Japan and overseas markets. We see this as an opportunity to expand our business globally with greater ease moving forward.



What countries and industries will you be expanding to in the future?

For the target countries where we will expand to in the future, we are considering Southeastern Asia's emerging countries that are experiencing increase in population and economic growth, especially the countries with developing financial markets. We believe that in these markets, demand for financial services is on the rise due to personal consumption led by the economic development, and we could anticipate future growth in scale.
Regarding the business and products, we are considering expansion in financial business where we can utilize the know-how that we have cultivated both locally and globally. We will figure out the level of income and stage of market growth for these countries, and continue to contribute to the development of the local economy by providing financial services that align with local needs, such as personal loans and auto loans.
In the long run, we are aiming for 50:50 ratio for domestic business and overseas business. We will enhance and diversify our overseas business portfolio, and contribute to the sustainable growth of the whole group.

Initiatives to Enhance Corporate Value (Logic Tree Toward Enhanced Corporate Value)



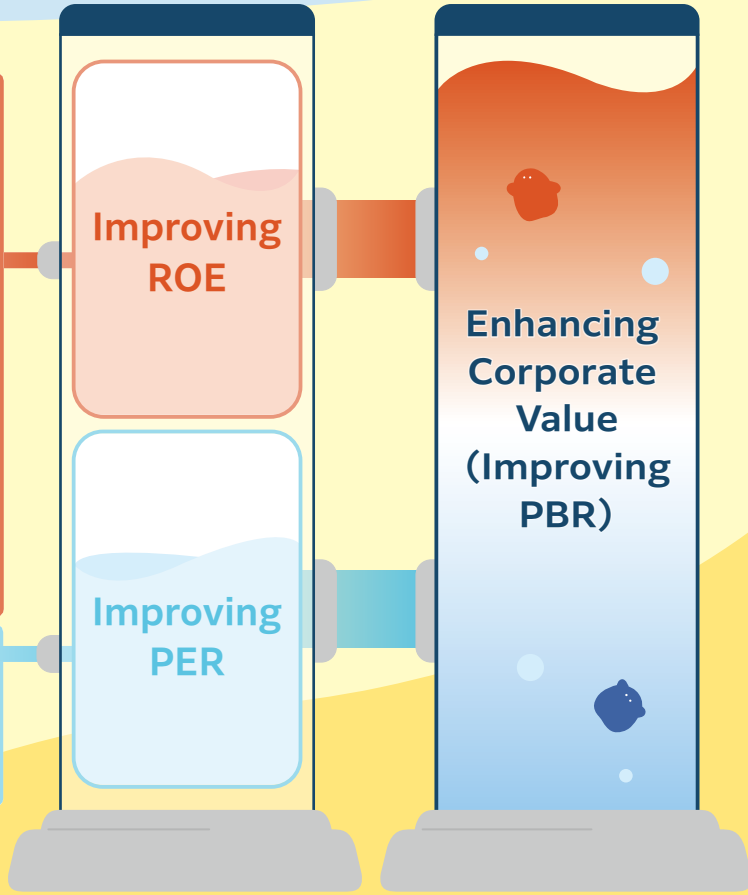
1 Enhancing Profitability
- Growth investments and balance expansion in the loan/guarantee businesses
- Expansion of fee-based businesses

2 Cost Control
- Reducing fixed costs (streamlining branch network and optimizing workforce structure)
- Reducing external IT outsourcing costs through in-house system development

3 Optimizing Capital Structure
- Maintaining an appropriate equity ratio
- Enhancing shareholder returns

4 M&A
- Creating new profit sources
- Transforming the business portfolio

5 Strengthening Engagement with Capital Markets
- Proactive dialogue with shareholders and investors
- Enhancing IR activities



Initiatives to Enhance Corporate Value (Dialogue With The Market)

Dialogue with Shareholders and Investors

Dialogue Activities (2025/3)

Meetings with investors and securities analysts

201 times

Number of times management attended

President: 8 times

Management: 24 times



Participation in conferences (Domestic and overseas)

4 times

18 investors



Result of IR briefing (2025/3)

Financial results briefings (On-site & Online)

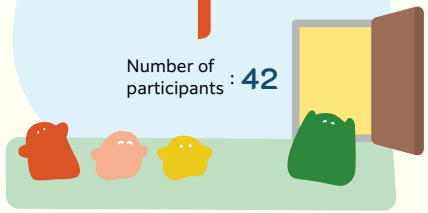
3 times



Individual shareholder briefing

1

Number of participants : 42



Internal Feedback from Investor Dialogue

Opportunities	Frequency
Feedback and insights from shareholders, investors, and securities analysts are regularly reported to the Management Committee.	Before, after and during each quarterly settlement

Key Feedback from Shareholders and Investors

M&A policy

Request for disclosure of the M&A policies and targets

Financial result briefing

Request for online earnings briefings

Request to disclose Q&A from the briefing

Performance of consolidated subsidiaries

Request for enhanced disclosure of financial performance of consolidated subsidiaries

Actions Taken in Response

M&A policy

Disclosed M&A target in the FY2025/3 Presentation material

Performance of consolidated subsidiaries

Enhanced disclosure of consolidated subsidiary performance in the FY2025/3 Data Book

Financial result briefing

Initiated online earnings briefings from Q3 FY2025/3

Published Q&A from earnings briefings on IR website (starting with FY2025/3 full-year briefing)

Various disclosures and published data

https://www.aiful.co.jp/group/en/ir/



AIFUL IR Team

Financial Highlights/ Non-Financial Highlights

Financial Highlights

Financial base

		2021/3	2025/3
Assets	Total operating receivables	816.5	1,339.7
	Loans business	553.3	815.2
	Credit business	108.7	203.3
	Credit guarantee business	144.4	291.6
Profit and Loss	Operating revenue	127.4	189.0
	Loans business	74.0	106.5
	Credit business	19.3	30.1
	Credit guarantee business	14.5	21.5
	Ordinary profit	19.3	26.8
	Profit attributable to owners of parent	18.4	22.5
Interest repayment	Number of interest repayment claims (num)	12,500	2,600
	Withdrawal amount	13.0	3.3
Funding	Interest bearing liabilities (AIFUL)	510.7	834.4
	Funding rate	1.38%	1.42%
Credit Rating	JCR	BB+	A-
	R&I	BB	BBB+

(billions of yen)



Non-Financial Highlights

Human capital

	2021/3	2025/3
Number of employees (including non-consolidated subsidiaries, etc.)	4,005	5,003
Number of non-Japanese employees (of which, based in Japan)	989(10)	1,013(78)
Ratio of full-time female employees	23.1%	31.2%
Ratio of young managers	5.0%	7.5%
Ratio of female managers	3.0%	6.3%
Number of "3D" talent (Data analysts / Digital (Engineers) / Designers)	48	418
Number of employees reskilled (Programing Training)	Total participants: 107 (over 5 years)	

Customer base & Brand Improvement

App rating- iOS	2.1	4.6
App rating- Android	3.7	4.7
Number of group companies	23	26
Number of group customers (thousands)	6,833	7,003
Incoming call rate per account (as indicator of improved UI/UX on website/app)	13%	11%
Number of data analyses reports	80	294
Number of in-house designed products	756(in 2023/3)	990

ESG

Ratio of outside directors	22.0%	33.3%
Number of financial results briefings held	2	3
CO2 emissions (t-CO2)	7,729	5,672
Number of part-time student employees	78	381
Town hall meetings (Cumulative)	Total participants: 522 Total questions submitted: 1,122 (Period: June 2024 – June 2025)	
Hackathons (Cumulative)	Total participants: 633 Total events held: 10 (Period: Over 4 years)	
Financial Literacy Seminars (Cumulative)	Total participants: 1,652 Total seminars held: 19 (Period: Over 3 years)	

※Real ROE is calculated using profit attributable to owners of the parent, with an assumed effective tax rate of 30%

03 Business Strategies Of Value Creation

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Supporting Sustainable Growth Through Finance

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Transition to a Holding Company Structure

April 1, 2026

Transitioning to a holding company structure with Muninova Holdings as the new holding entity

This move marks a strategic shift toward building a new business model that is not overly reliant on our existing core businesses, but instead promotes a well-balanced portfolio. Through this transformation, we aim to maximize synergies across the entire group.

NEXT **Business strategies to drive value creation**



Business Strategy 1 : M&A P.30



Business Strategy 2 : IT Promotion P.33



Business Strategy 3 : Branding P.38



Business Strategy 4 : Human Resources P.43

M&A Strategy

Long-term Vision

Transformation Towards an IT COMPANY
- Aiming to Become a Company that Lasts 100 Years -

- Growth and optimization of core businesses
- Development of new business model

M&A Targets

- Businesses with high affinity, where value enhancement through roll-ups, etc., is expected
- Targets where the Group's know-how can be leveraged, mainly in financial businesses

	Domestic・Overseas	
M&A Target	Non-bank area in general ・Loan & guarantee business ・Payment business ・Other financial business areas	High affinity to existing business ・SES Business ・Real estate-related business ・Other businesses with high affinity

Investment Amount

Max ¥60.0bn

2025/3
Approx.¥10.0bn

2026/3~2027/3
Approx.¥50.0bn

~2025/3

Prepaid electronic money: BitCash
Insurance: FPC
SES: Liblock, Seven Seas, SALOP

※ FPC Co., Ltd. and Seven Seas Co., Ltd. joined the Group in 2023/3, followed by Liblock Inc. in 2024/3, and BitCash Inc. and Salop, Inc. in 2025/3.

2026/3~

SES: Smart Link, TEMPLATE

The number of M&A deals introduced by financial institutions is increasing.



Accelerating M&A process aiming for generating future profits

To fulfill our Long-term Vision of "Enhance group profit and corporate value through M&A (acquisitions, alliances, and investments)," we established the Corporate Strategy Department in April 2024.
The team has been strengthened by mid-career hires with specialized expertise, including individuals from banking and securities backgrounds. Together, we are fully committed to advancing M&A initiatives and generating future profit.



General Manager
of Corporate Strategy Department
AIFUL
Kenta Tanaka

Number of member

As of 2024/4: 8 members → As of 2025/7: 15 members

Reasons for Promoting M&A

To achieve our medium- to long-term goals of 15% ROE and ¥100 billion in ordinary profit, the AIFUL Group recognizes M&A as a key strategic lever. Considering Japan's demographic trends, including a declining and aging population, the growth potential of the domestic consumer finance market is expected to slow. Currently, a large portion of the Group's profit is still concentrated within the AIFUL. To expand our business domains and elevate our overall profitability, advancing M&A initiatives is indispensable.





Operating from two locations: Tokyo office and Kyoto headquarters

Future M&A Policy

❶ Maximizing Group Synergies

As a holding company, we oversee and manage the entire Group from a cross-functional perspective. We aim to maximize synergies and enhance value through M&A activities that complement our existing businesses.

❷ Embracing New Business Models

Beyond the non-bank sector, we are committed to entering new fields where we can leverage our existing expertise. Through these efforts, we aim to establish new business models and drive further growth and expansion for the Group.

M&A Strategy

Group Company Introduction



Career

CEO of BitCash Inc.
Kotaro Matsuura

After graduating from university, Matsuura began his career at an insurance company, where he worked in corporate lending. In his 30s, he made a major career shift and spent over 15 years in the Finance department of FP&A in a major financial institution. He joined BitCash Inc. in March 2019 as Director, CFO and COO, and assumed the role of President and CEO in January 2020.

BitCash Inc.

BitCash

BitCash provides prepaid cards that can be used for online services. These cards are designed to protect user privacy by eliminating the need to enter personal information during purchase or payment. This appeals particularly to individuals who are reluctant to share credit card details or place a high value on security.

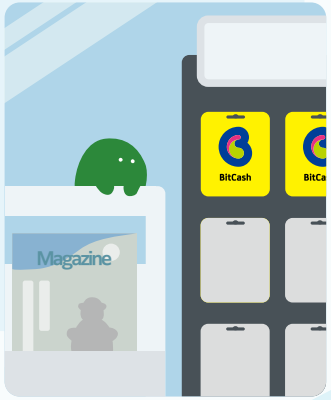
Through numerous promotional campaigns in collaboration with partner merchants and retail outlets, BitCash has gained a large and loyal customer base. The cards are available not only at convenience stores and drugstores but can also be purchased through a variety of methods, including credit card, direct banking, and code-based payment options, significantly enhancing user convenience.

Business outline

- Issue prepaid electronic money
- Provide electronic payment services

Characteristics of prepaid electronic money

- No risk of overspending
- Privacy protection
- Low risk of information leakage
- Can be purchased at convenience stores and drug stores



After Joining the AIFUL Group



What was your impression of the AIFUL Group?

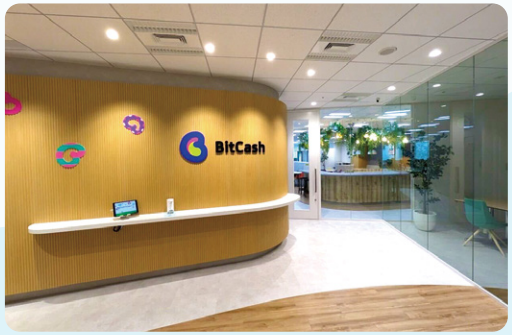
The impression I got from the AIFUL Group changed significantly before and after joining the group. In short, their level of skills and awareness as an organization is outstanding. The thorough accountability for achieving KGI and KPI targets, commitment to cost-efficiency, their way of thinking like an IT corporation, high awareness of compliance, the culture where everybody can freely speak their opinions, their stance of never being satisfied with the current situation and always aiming for higher standards... the list goes on and on.
Since the ADR in 2009, AIFUL has grown a striking amount until today, and I can see exactly how that was possible.

What kind of changes have you seen since joining the Group?

Becoming a part of the Group brought us a significant advantage in enhancing our sales capabilities and establishing strategic superiority.
For instance, by leveraging the strong merchant acquisition expertise of LIFECARD, we have already seen substantial improvements in our sales performance and have successfully built strategic advantages in new markets.
We are beginning to achieve results that were previously unattainable for BitCash alone, and we can feel the impact directly at the operational level.

What challenges do you see, and how do you envision the future?

There are still many opportunities for operational improvement. Recently, with support from the Group's operational improvement team, we launched a new company-wide initiative to enhance our workflows.
Through this initiative, our employees are actively learning best practices in process improvement. By continuously adopting and internalizing the Group's best practices, we aim to grow as a company that remains the preferred choice—even in an increasingly competitive market.
Please look forward to what's next.



M&A Strategy

Group Company Introduction



Career

Joined AIFUL in 1998 and has worked in roles involving direct customer interaction, mainly at branch offices and the contact center. From 2014, served for 10 years in Thailand at AIRA & AIFUL from its establishment, before being assigned to FPC in 2025.

Representative Director
Senior Managing officer
FPC
Susumu Ito

Career

Worked for seven years in a general administrative role at a comprehensive plant engineering company beginning in 2009. Joined FPC in 2016, where responsibilities have included insurance claim processing and accounting. Appointed as General Manager of both the Business Management Department and the Compliance & Risk Management Department in 2024.



General Manager
of Business Management Department
and Compliance & Risk Management
FPC
Masatoshi Fujita

FPC Co., Ltd.

FPC provides insurance products for dogs and cats. Established in 2008 in Fukuyama City, Hiroshima Prefecture, the company now has approximately 150 employees. Originally engaged in mutual aid services, the company has since evolved under the leadership of its current President and CEO, who was inspired by personal experiences to build a system that enables pets to live with the same sense of security as humans.
Guided by its vision—"Establishing pet insurance as a social infrastructure to create a society where everyone can easily access veterinary care"—FPC strives to contribute to a world where people and their pets can live healthy and fulfilling lives, both physically and emotionally.

Insurance products

- Comprehensive Pet Insurance
- First-time Pet Insurance
- Pet Hospitalization & Surgery Insurance Super Plan
- Pet Insurance Fit
- Pet Insurance Max

Reasons for being chosen FPC

- No deductible amount set
- No limit of hospitalization period for hospitalization compensation
- Accepted at all veterinary hospitals in Japan
- No waiting period
- Easy billing via app

After Joining the AIFUL Group



What was your impression of the AIFUL Group?

Since becoming part of the AIFUL Group in January 2023, we have experienced significant transformation across multiple areas, including strengthened management foundations and standardized business processes. We have also come to deeply appreciate the Group's strong commitment to compliance and customer service, as well as its sense of responsibility and integrity as a financial services provider. Moving forward, we aim to further enhance group synergies while leveraging our own strengths to contribute to the overall value of the Group.

What kind of changes have you seen since joining the Group?

We have steadily increased our sales by leveraging synergies with the diversified businesses of the AIFUL Group. With the support of AIFUL's nationwide branch network, we were able to raise awareness and strengthen the distribution of our services, which led us to rank first in number of applications on pet insurance comparison websites. In addition, we are adopting various aspects of the Group's HR and training systems. Looking ahead, we will proactively embrace changes in systems and workplace environments while staying aligned with group-wide strategies and continue to evolve both our business and our organization.

What challenges do you see, and how do you envision the future?

Over the past two years since joining the Group, we have undergone many changes in our working styles and organizational structure. Our ideal is to create a more comfortable working environment for each employee, which in turn will lead to higher service quality. While valuing the foundation we have built at FPC, we aim to adopt the Group's scale advantages and best practices and grow into a company that not only supports but helps drive the Group's overall growth. Guided by our vision—"To establish pet insurance as a social infrastructure and create a society where everyone can easily access veterinary care"—we will continue to move forward with sincerity and purpose.

Official characters of FPC
"Lon-kun", the dog and "Lai-chan", the cat



IT Promotion Strategy

Long-term Vision

Transformation Towards an IT COMPANY
- Aiming to Become a Company that Lasts 100 Years -

External Environment

Changing Customer Needs
- Digital shift
- UX-oriented demand
- Demand for non-face-to-face interactions

Regulatory and Market
- Interest rate cap regulations

Profitability Challenges
- Declining working population
- Rising labor costs

Response Measures

Achieve a 25% ratio of engineers among total employees, and internalize every product development
(Aiming for full-scratch development)

Initiatives

Talent Acquisition
- In-house training programs
- Hiring of specialized personnel both in Japan and overseas
- Workforce expansion through M&A

In-house Development
- In-house development of web/apps
- Gradual internalization of tasks previously outsourced
- Introduction of internal-use AI tools

SES Business Roll-up
- Expansion of the SES business
- Improvement in profitability (through better earnings contribution)

Goal

Enhance profitability through internal development and enhancement of in-house products, leading to improved operational efficiency, increased productivity, and cost reduction.

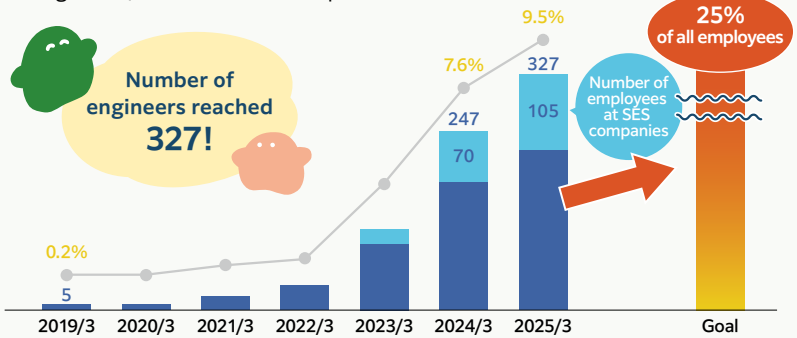
Speed, Agility, and Beyond Expectations

~Redefining Finance Through In-House Development~



General Manager
of Digital Promotion Department 2
AIFUL
Hajime Yoshino

At AIFUL Group, we are enhancing our systems and UI/UX through in-house development to respond to customer needs with greater speed and flexibility than ever before. We have also come to recognize the added value that internal development brings—not only in improving cost efficiency and accumulating technical knowledge, but also in positively impacting talent acquisition.
Looking ahead, we will continue to expand our in-house capabilities and leverage technology to increase product value. By doing so, we aim to deliver long-lasting, high-quality services that consistently exceed customer expectations—this is the future we envision.



Responding to Change, Creating Value

~Unlocking New Corporate Value Through Roll-Up Strategy~



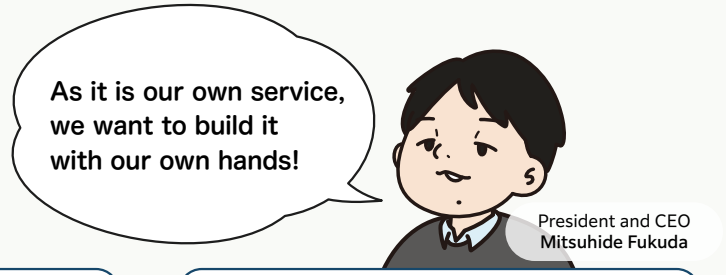
President and Representative Director
of AG Solution Technology Inc.
Ichiro Yamaguchi

At AIFUL Group, we are expanding our footprint in the System Engineering Services (SES) industry through M&A, while pursuing greater operational efficiency through a roll-up strategy as a core policy. This strategy involves integrating acquired SES companies under our intermediate holding company, AG Solutions Technology Inc., while leveraging each company's unique strengths and characteristics. The goal is to enhance management efficiency across the group, particularly in areas such as corporate governance and back-office operations. As of August 2025, our SES portfolio includes five group companies. We plan to continue expanding this number by welcoming new partners into the group. Going forward, we remain committed to further improving operational efficiency and enhancing our overall profitability.

IT Promotion Strategy

IT Promotion Through In-house Development

System changes and impacts on operation through the " in-house development" of the AIFUL Group, as well as IT promotion efforts such as the background of the UI/UX renewal.



President and CEO
Mitsuhide Fukuda

❶ Background of Digital department internalization

Industry-specific restrictions

The financial industry faces challenges in differentiating on conditions such as interest rates

The Key to Competitive Advantage :UI/UX

Providing easy-to-understand and user-friendly services is essential for product differentiation

Faster Delivery Through In-House Development

Shift from outsourcing-centered development style to in-house development

❷ The process leading up to our current in-house development structure

2020/3
- Decided to move forward with an in-house development strategy
- Hired engineers for the first time
- Started preparing for in-house development

2021/3
- Started in-house development of AIFUL smartphone app
- Introduced scrum development (Started in-house development with sales department)
- Revised dress code, allowing employees to wear casual clothes to work

2022/3
- CVR rates improved by 10 or more points
- AIFUL smartphone app's store evaluation improved
- **Number of engineers reached to 20**

2023/3
- Group companies' app and website's in-house development completed
- **Number of engineers exceeds 70**
- Introduced flexible working hours and telecommunication system

2024/3
- Promoted in-house development of areas previously handled by external web vendors
- **Number of engineers exceeds 150**
- Divisions expanded from 1 department and 3 sections to 2 departments and 5 sections

2025/3
- Promoted security cost and cost optimization for the Group by setting the CCoE (Cloud center of excellence)
- Improved in-house training system

Present
- Expanded to 2 departments and 10 sections
- **Number of engineers reached 327 at AIFUL Group**

❸ Focusing in in-house development

Completely renewed UI/UX from the users' perspective



The greatest challenge in renewing the UI/UX was ensuring meticulous attention to detail.
In particular, creating animations such as the splash screen at app launch required close coordination with the design team and took a considerable amount of time.
Animation timing and duration were repeatedly adjusted to capture the precise motion the designers were aiming for. The result was a sophisticated and impactful UI/UX experience for users.
This process reaffirmed our recognition that close collaboration between designers and developers is essential to building outstanding UI/UX.

Adapting to Rapid Technological and Market Shifts

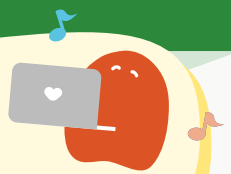


To support both business growth and customer satisfaction, we actively incorporate the latest technologies and market trends in response to rapid external changes. Compared to relying on external vendors, our in-housel development capabilities now allow us to swiftly implement updates and adjustments as needed, enabling smoother project execution.Furthermore, the knowledge and expertise accumulated internally are leveraged across subsequent projects, promoting continuous improvement and innovation.Our IT transformation initiatives go beyond the simple adoption of new technologies—they represent a broader shift in corporate culture and a drive to create new forms of value. We remain fully committed to accelerating these efforts across the organization.

IT Promotion Strategy

Efficiency Of Contact Center

To meet customer needs and provide more convenient services by enhancing smartphone compatibility and advancing DX



In the past, customer inquiries were primarily handled via telephone. However, today, a growing number of customers prefer self-service options—seeking to resolve issues independently using their smartphones.
In response, we have strengthened our chat capabilities, improved the UI/UX of website and mobile app, and enriched its FAQ content to build a support system that minimizes customer inconvenience.
By leveraging a range of digital tools for both inbound and outbound interactions, we are accelerating our digital transformation (DX). We also manage customer data centrally to ensure timely and appropriate service delivery.
Looking ahead, we will continue to enhance diverse customer touchpoints such as chat, email, and apps. Through mobile-first design and automation of guidance, we aim to deliver even more convenient and seamless service experiences.

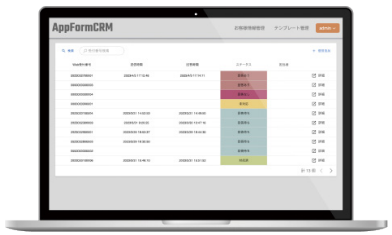
In-House Developed Systems

Online Loan Application Form

A mobile-first web-based loan application form designed for smartphone users.
It is fully integrated via API with AIFUL' s internal credit scoring and underwriting system.

Application Status Management Tool

A proprietary tool developed to enhance call center efficiency.
It enables centralized management of customer interactions throughout the loan application and screening process, based on data received from the Online Loan Application Form.





Efficiency measures

Introducing Amazon Connect ～Customer service for the contemporary world～

We introduced Amazon Connect to reduce telephone handling and improve operational efficiency. With Amazon Connect, information such as "Why was the call made?", "When was the call made?", and "Operator availability status" can now be visualized. We implemented auto call function by using this visualized data, increasing daily outbound calls from 1,400 to 2,900 and reducing each operator's workload by four hours per day. This also lowered the risk of misdials and made it easier for new staff to handle calls.

Introduction of Salesforce Service Cloud

To address the challenges of analog processes remaining in our contact center, we introduced Salesforce Service Cloud to streamline customer information management. As a result, we achieved labor savings equivalent to 30 million yen annually and created an environment where operators can focus on high value-added tasks. We also implemented Einstein Next Best Action, enabling real-time optimal suggestions for operators and fostering a proactive approach to data analysis. The AIFUL Group continues to advance in-house operations while working to enhance the market value of its employees.





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※Salesforce Service Cloud and Einstein Next Best Action are trademarks of salesforce.com

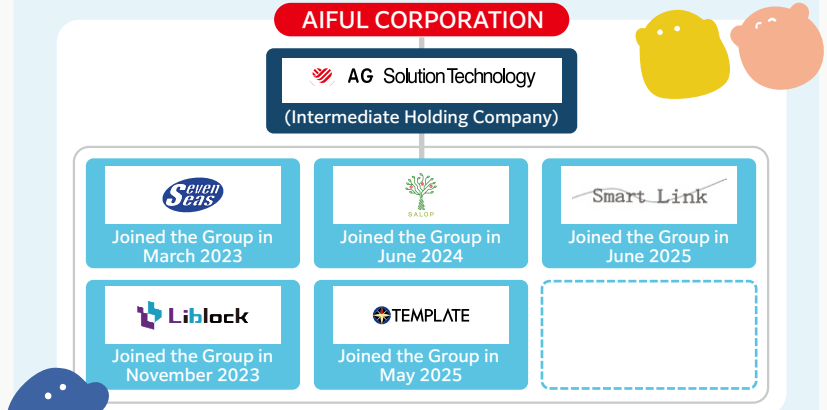


IT Promotion Strategy

Roll-up Strategy for the SES Business

The AIFUL Group is pursuing a roll-up strategy to achieve sustainable growth and strengthen competitiveness. This strategy aims to enhance service quality by integrating multiple SES companies to generate synergy.
As part of our “Transformation Towards an IT COMPANY- Aiming to Become a Company that Lasts 100 Years -,” we are actively expanding our SES business, internalizing system and UI/UX development, and growing our engineering team.

As the Group continues to expand its SES (System Engineering Services) business through M&A, we established a new company, AG Solution Technology Inc., to support this growth.
AG Solution Technology Inc. functions as an intermediate holding company for newly acquired SES subsidiaries. By centralizing management and sales resources, AG Solution Technology enables the Group to build a more efficient management structure while allowing each operating company to fully leverage its unique strengths.
The company also assumes back-office functions to streamline operations and reduce costs, aiming for optimal utilization of managerial resources.
With the establishment of AG Solution Technology, a structure is now in place to strengthen coordination among SES subsidiaries and accelerate further M&A activity. This enables the Group to maximize synergies, expand its SES business, and move forward with its transformation into a technology-driven enterprise.
In parallel, we are committed to improving the profitability of the SES business as a whole and pursuing sustainable growth through structural and operational enhancements.



Group Company Introduction

Seven Seas Co., Ltd.

Seven Seas Co., Ltd. has been primarily engaged in development for the financial sector, employing approximately 50 engineers specializing in four key areas: web, infrastructure, testing, and mainframe systems. When including partner companies and freelancers, number of employees is about 150, forming a broad network of engineers that is one of the company's key strengths.



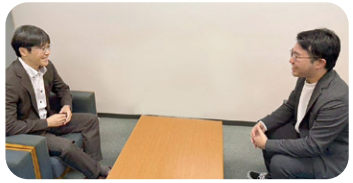
CEO
Seven Seas Co., Ltd.
Shigeru Ando

Career

After graduating from high school, Ando joined a system development company. After working as an engineer for two years, he became a freelancer after being offered a transfer to Ibaraki Prefecture. After working as a freelancer for about three years, he changed careers to work in digital signage advertising sales. Worked in advertising sales for five years and then joined Seven Seas. Worked in sales and administration, utilizing the experience in both engineering and sales, and became CEO in April 2021.

Growth Expectations and Transformation Through M&A
Message from CEO Ando

While managing operations at Seven Seas, I was informed by my predecessor of his wish to retire through M&A. This marked the beginning of our search for a suitable M&A partner. Entrusted with the final decision, I considered various candidates, including B2B service companies. Ultimately, I chose AIFUL Group. With its diverse business portfolio—including card loan services—AIFUL offers a wide range of needs, from web systems and mobile applications to COBOL-based core banking systems and both on-premise and cloud infrastructure. I believed that such an environment would allow Seven Seas' engineers to thrive across multiple fields. That belief drove my decision to join the AIFUL Group.



IT Promotion Strategy

Group Company Introduction

Liblock Inc.

Liblock's strength lies in its ability to deliver end-to-end services, from system design to development and operations, based on a broad business scope and in close collaboration with customers. Approximately 40 engineers are employed. We deliver high-quality services through a flexible, well-coordinated team composed of highly skilled professionals.



CEO
Liblock Inc.
Takashi Otou

Career

Joined a major SIer after graduating college. Worked as a SE for 4 years. After his supervisor retired, he transitioned to a freelance career, working for about 2 years and building various connections before co-founding LifeBox Co., Ltd. with a friend. After working there for around 8 years, he established Liblock Inc. in August 2015, where he currently serves as CEO.

Accelerating Growth with the AIFUL Group's Brand Power
Message from CEO Otou

Joining the AIFUL Group marked a major turning point for Liblock. While preserving our unique identity, becoming part of a larger corporate group has opened up access to a broader network and more resources—an opportunity we are eager to leverage for further growth.
With the establishment of AG Solution Technology, collaboration among the AIFUL Group's SES companies has become even stronger. We believe this will generate significant synergies, particularly in recruitment and talent development. By utilizing the scale of the AIFUL Group, we aim to build a robust structure for hiring and nurturing top engineering talent.

Our goal is to become an all-in-one company capable of not only application development but also infrastructure design and implementation.
As our team at Liblock continues to grow, we aspire to expand our client base to four or five major partners, contributing not only to Liblock's growth but also to the broader success of the AIFUL Group.



Group Company Introduction

Salop, Inc.

Salop, Inc. has approximately 30 IT engineers who can develop both applications and server-side. They are skilled in developing applications using "Flutter," the mobile app framework developed by Google, and have extensive development experience.



CEO
Salop, Inc.
Kiyonobu Fukuoka

Career

Won the president's award for all 19 project proposals in the first company he worked full-time for. In the second company, he began building the foundation of Salop by learning system value creation, and worked with various projects such as a call center system, database transition, and application development in various companies.

Creating Synergies and a Shared Vision for the Future with the AIFUL Group
Message from CEO Fukuoka

At present, we recognize challenges in the recruitment and development of both sales and back-office personnel. Moving forward, we aim to work closely with the AIFUL Group to establish a more robust training framework. Our top priority is to provide engineers with a stable and supportive working environment —one that enables us to grow together within the Group. While continuing to uphold Salop's founding principle of creating an engineer-friendly workplace, we are also committed to expanding our business. By leveraging the AIFUL Group's resources and networks, we hope to explore initiatives such as cost reduction and increased in-house development. We are especially interested in collaborating with other group companies that specialize in mobile application development, as a means to accelerate our digital transformation and unlock greater synergies across the Group.
Looking ahead, we aspire to further enhance our in-house development capabilities and support the Group's diversified business strategies. Beyond SES, we also seek to develop talent who can manage complex projects and drive enterprise transformation through IT. In doing so, we aim to play a key role in advancing both our company and the AIFUL Group as a whole.



Branding Strategy

Long-term Vision

Transformation Towards an IT COMPANY
- Aiming to Become a Company that Lasts 100 Years -

Current situation

Business Activities Centered Around AIFUL

- The Group's business development has been primarily driven by AIFUL's consumer finance business, which remains at the core of our financial services.
- AIFUL continues to play a central role across the Group, overseeing recruitment, M&A initiatives, and other key functions, resulting in a strong "AIFUL identity" across affiliated companies.
- As we pursue further growth—through scaling our core businesses and expanding into new IT-centered domains—we face challenges in building a diversified profit structure, evolving our branding, and establishing effective governance across the Group.

Initiatives

Internal Branding

- Sharing updates via our publicly accessible internal news blog on Note※
- Hosting town hall meetings to encourage open dialogue with management
- Enhancing employee engagement through internal events and award programs
- Conducting training programs focused on branding and design awareness

×

External Branding

- Disseminating company updates through our publicly accessible internal news blog on Note※
- Expanding brand presence through commercials on social media and TV
- Enhancing the UX across our websites and apps
- Increasing media exposure through third-party platforms
- Hosting financial literacy seminars targeted at younger generations etc.

Going forward

Enhancing adaptability to a diversified business environment by strengthening group governance functions

Promoting M&A through enhanced brand value and strengthening talent acquisition

Implementing further efficiency by transitioning to a holding company structure

※note is a Japanese content platform that allows individuals and companies to publish and share various content such as articles, manga, and videos

Group Communications Department: Driving "Brand Communication" and "Visual Appeal"

The Group Communications Department plays a pivotal role in enhancing the AIFUL Group's brand value. Combining both public relations and design functions, the department operates as the "face of the Group," responsible for shaping and communicating the corporate image. As of the end of June 2025, the division consists of 31 members across the Group Communications Section and the Design Office. It delivers information through multifaceted approaches to promote trust and recognition.

"Communicating" the Brand

Leveraging the brand strength cultivated by individual group companies over the years, the department now focuses on strengthening external communications on behalf of the entire Group. By overseeing both internal and external communication strategies, it strives to establish a robust and sustainable corporate brand.
One of its signature initiatives is the use of note—a publicly accessible corporate blog originally designed as an internal newsletter—to share stories and updates. This has helped foster a relatable and approachable group brand, resonating with internal and external stakeholders alike.



Manager of
Group Communications
Department (GC Section)
AIFUL
Takahiro Matsuo

"Visually Expressing" the Brand

While respecting the individuality of each group company, the department seeks to ensure coherence and consistency in the Group's overall branding. Its mission is to express the corporate identity visually and meaningfully across all touchpoints, creating design outputs that are both recognizable and emotionally resonant. Through diverse creative executions, the department promotes empathetic and enduring design solutions that lay the foundation for the Group's long-term brand value.



Manager of
Group Communications
Department (Design Office)
AIFUL
Mayo Morimoto

Why Brand Matters

Each Group company has built customer trust through its own products and services. However, in order to deliver a unified and strategic branding message, the Group Communications Department was established.
Today, "brand" is recognized as a vital management resource—defining relationships with customers, society, and employees. It is not merely a logo or visual identity, but a driver of corporate trust and growth. By positioning brand as the foundation of long-term stakeholder trust, the AIFUL Group is committed to enhancing sustainable corporate value through branding excellence.

Branding Strategy

Branding measures

With attractive designs and proactive communications,
we will “close the gap with the public”
and “increase our fan base!”



Disseminating company updates through note
Internal External

Sharing updates and insights about the AIFUL Group via “note” to reach as many people as possible

Town hall meetings
Internal

Face-to-face meetings where employees can share their views directly with the CEO, chairman, and HR director

Imple-mentation Status

Target (Domestic)	About 2,000 employees
Result	About 26% (522employees)

※As of the end of June 2025

Aiful Best Player Award
Internal

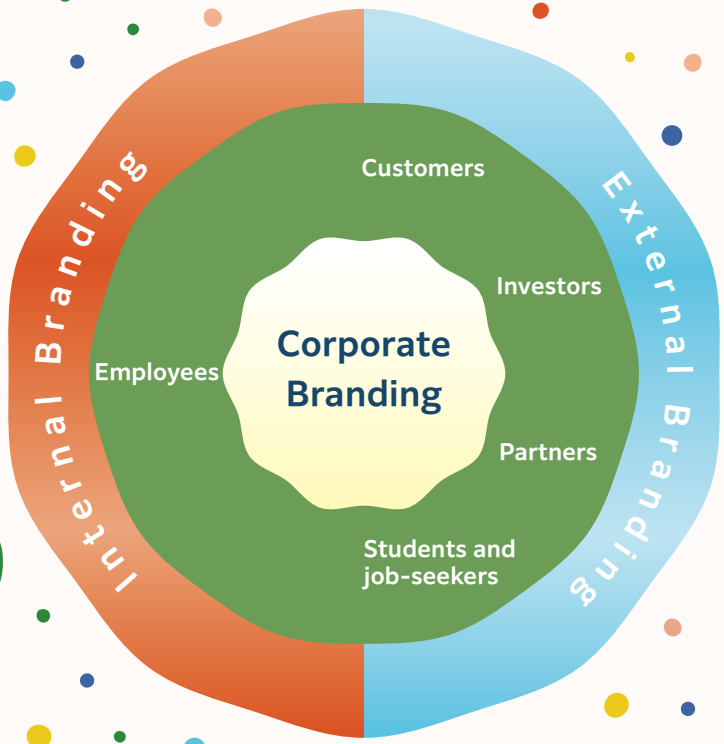
The Aiful Best Player Award is held once a year, to recognize the achievements of employees

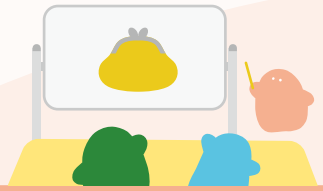


“Take your kids to work”
Family day Internal event
Internal

An in-office event held during school holidays, offering employees and their families the opportunity to experience the workplace together.







Launch TV and WEB commercials
External

AIFUL and LIFECARD are running TV and WEB commercials.
AIFUL appointed the actress "Mao Daichi", and LIFECARD appointed the talent "Ano" for their respective main characters.

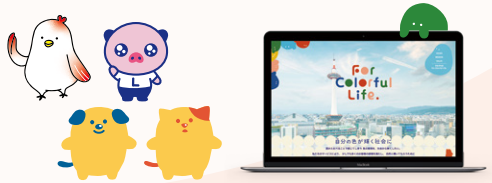
Utilization of Social Media
External

Social media platforms such as X and Instagram are being utilized for promotional and recruitment purposes. Broader use of social media is also being explored, including the distribution of short-form dramas on TikTok.

Renewal of Visual Identities
External

アイフル LIFE CARD MUNINOVA

Website Design· Original Company Characters
External



Financial literacy seminar
External

To promote financial literacy and prevent financial-related issues, financial education seminars are being conducted at universities and other institutions.

Branding Strategy

Support Younger People's Education

Hosting The Hackathon "aihack"

Through our Hackathon “aihack,” we aim to raise awareness of our company by deepening outstanding science and technology students’ understanding of our business model, while contributing to the development of healthy retail finance.



Since we began sponsoring the Hackathon "aihack" in March 2019, we have been continuously holding hackathons domestically and globally, including our first overseas Hackathon in December 2021.
Interest from students is also on the rise, with over 200 students making requests to participate in December 2024. From 2025, we began recruiting students nationwide by holding qualifiers and tournaments. Providing the opportunity to try practical as well as advanced problems, we were able to expand our contact points with outstanding students.
We will continue to hold hackathons both domestically and globally.



Finance × Technology Education

Since 2023, as an organization skilled in IT internalization, our digital promotion department have been holding a seminar at Kobe Gakuin University based on the perspective of financial technology. Engineers hardened with on-site experience took to the stage, and explained digital technology utilization and the importance of information security in the financial services from a practical perspective. This received great feedback from participating students as an opportunity to consider their career after graduation and to deepen their knowledge of finance sector.
We will continue the financial education to contribute to building a society where everyone can deal in finance without worries.



Financial Literacy Seminar

Financial Literacy Seminar



We held nationwide financial literacy seminars at educational institutions to help young people, including high school and college students, confidently engage with finance of their own will.
Recently, sophisticated and malicious financial troubles targeting young people—such as fraud involving start-ups, side jobs, and investments—have been increasing.
To address these social challenges, the AIFUL Group actively provides financial education to equip people with correct knowledge and prevent problems.

Financial Literacy Improvement Consortium



In June 2023, to address industry-wide challenges, we co-founded the “FLIC: Financial Literacy Improvement Consortium” with three other major consumer finance companies and the Japan Financial Services Association. Working to provide information and enhance educational programs to prevent fraud and other troubles.
In fiscal 2024, we contributed by holding 134 seminars for a total of 10,317 attendees.

Started Publishing News Blog on “note”





https://aiful-group.com/

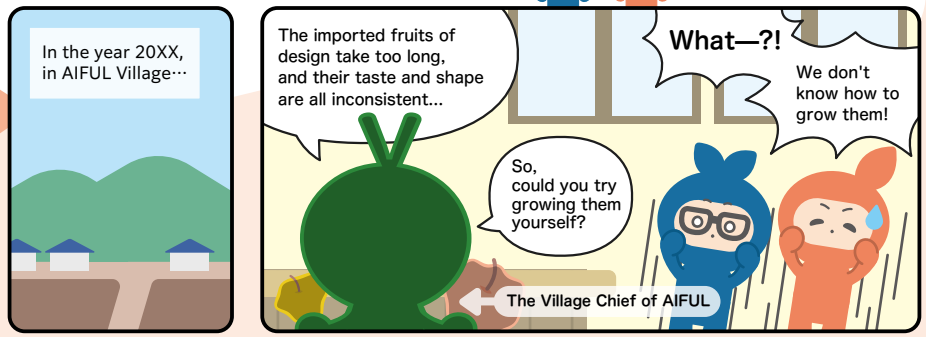
To bridge the gap between the general public's perception of the financial industry and the reality, the AIFUL Group has been sharing information through an open internal newsletter on "note" since September 2024.
Aiming for the implementation of a corporate brand that is loved from both inside and outside of the company, we are working on articles with a sharp, wide-ranged perspective on such topics as "recruiting", "IT", "design", "business strategy", etc. Our efforts in IT internalization, developing young employees’ careers, and creating a better work environment have especially attracted attention from outside the company, serving as a source of “pleasant surprises” that create new points of contact with stakeholders and build a brand of trust and empathy.

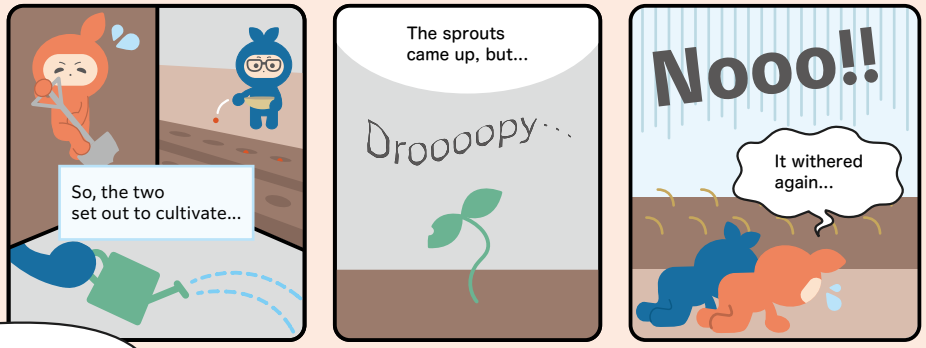
A Manga Guide to Our Branding :

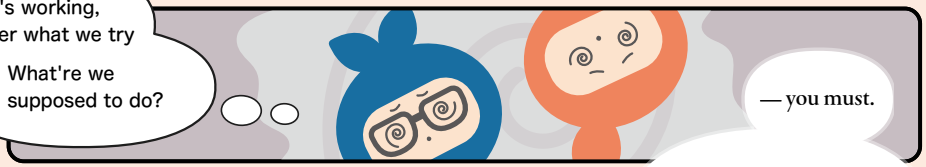
The Tale of Design – Then and Now
~In Search of the Fruit of Design~

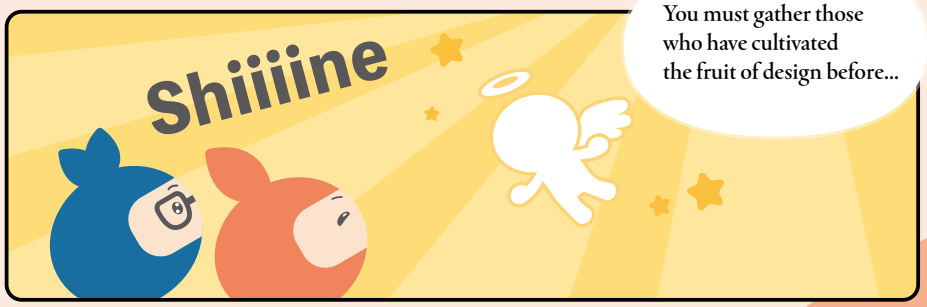


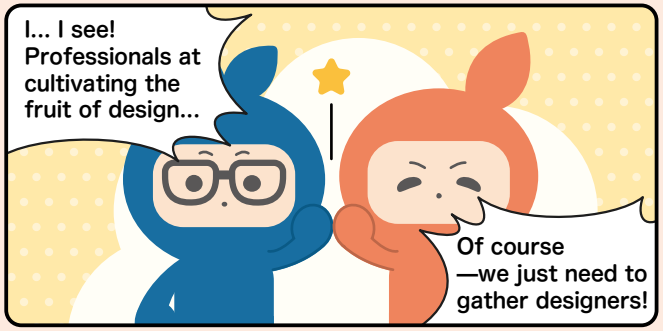
Youngsters of AIFUL Village
The Village's PR Manager
(Left) Ikumin & (Right) Casey



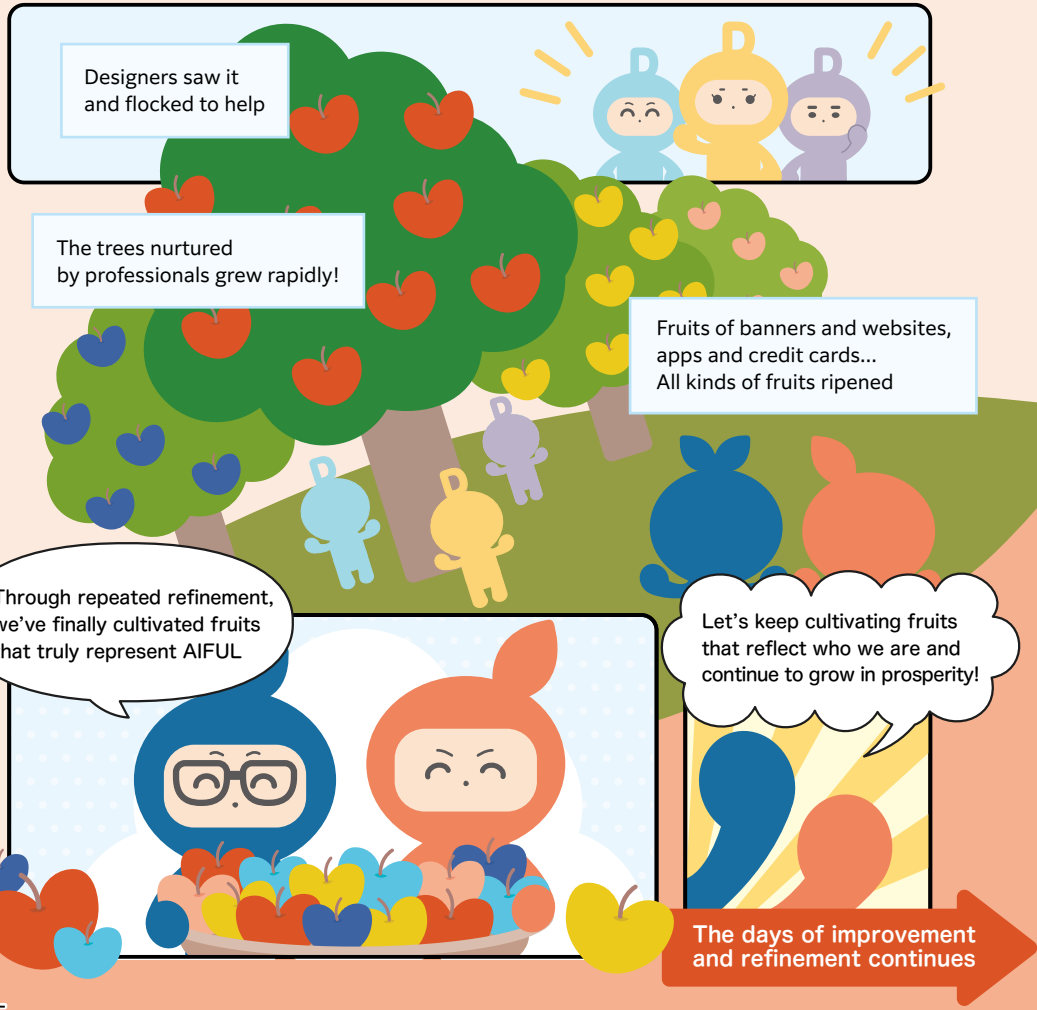








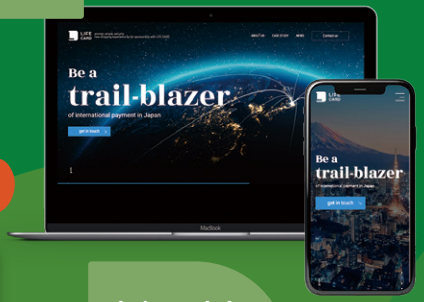




Branding Strategy

Becoming an organization that can rapidly execute the PDCA cycle through in-house development

WEB site



Print materials (Flyers)

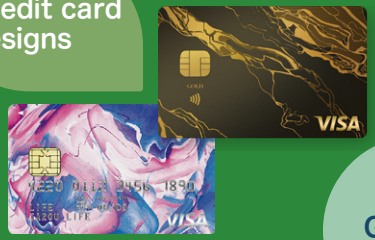




App



Credit card designs



Internal branding



Advertising banner







Graphic

UI Web

Writing

Research Analytics

Concept Making

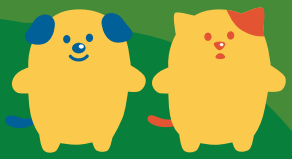
Video / Motion Graphics

Branding

Project Management

UX

Character design



Video production



Outdoor advertising



Landing page



Number of in-house design projects
Approx.990
(2024/4～2025/3)

I want to try creating something fresh and edgy

I see
Let's give it a try!

We've grown a new fruit!

Looks great!

And fast!

Human Resource Strategy

Long-term Vision

Transformation Towards an IT COMPANY
- Aiming to Become a Company that Lasts 100 Years -

Past Challenges

Due to industry-wide shifts and a resulting contraction in business scale, new graduate hiring had been paused, leading to stagnation in workforce development and a lack of diversity.

Drivers of Change

External

- Rapid evolution of technology
- Increasing globalization
- Changes in Japanese demographics

Internal (AIFUL Group)

- Expansion of existing businesses
- Diversification into new businesses
- Streamlining business growth through IT adoption

HR Initiatives

To adapt to internal and external changes and ensure continued group-wide growth, we are implementing the following HR measures:

Recruitment

- Recruitment in Japan and overseas
- Enhancement of recruiting specialists in addition to existing general positions
- Enhancement of employee benefits and environment of workplace

Talent development

- Updating training frameworks to reflect a changing business landscape
- Introducing self-directed e-learning programs to support career development and individual growth

Goal

To remain a company that continues to meet stakeholder expectations through sustainable growth and value creation, by securing talent with the adaptability and competitiveness to thrive regardless of market conditions.

Foster an environment where employees can express their individuality, continuously improve their skills, and find purpose in their work

Achieve corporate competitiveness, improved productivity, and a stable life for employees by appropriate allocation of labor costs

Build a flexible HR system that enables strategic talent management and a competitive advantage in a rapidly changing world

Embracing Diversity and Growth to Reach the Next Stage

AIFUL Group Human Resource Strategy





Executive Officer Responsible for Personnel Department
AIFUL
Yorihiro Fujii

At AIFUL Group, we have set forth a long-term vision of "Transformation Towards an IT COMPANY-Aiming to Become a Company that Lasts 100 Years" To achieve this goal, we aim to remain a company that continues to meet stakeholder expectations by securing and developing exceptional talent and building organizational competitiveness that is resilient to external and internal changes. As a part of our human resource strategy to achieve this goal, the Group is taking measures to build up a system for the next stage of growth. This includes acquiring engineers and other diverse experts through M&A, reviewing our staff composition, innovating cost structure by utilizing in-house engineers, hiring young employees, and hiring women as managers.

Talent Development Initiatives

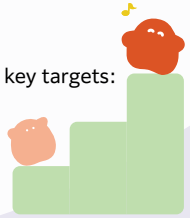
Until now, our training programs primarily "managerial-level employees※". However, as the pace of change in the business environment accelerates, employees are now required to think and act independently and respond flexibly. Recognizing this, we have shifted our training system to one that "supports the growth of all employees" and have implemented the following initiatives.

- Implementation of "basic business skills training" aimed at enabling employees to gradually acquire essential business skills (such as manners, communication, business writing, presentations, finance, and marketing)
- To support self-development, we have introduced flexible e-learning programs that can be accessed "anytime" and "as much as desired", depending on each employee's department and career plan.

We will continue to expand and enhance our systems to support the growth of every individual within the Group.

About The Potential Of Human Resources

Under our human capital strategy, AIFUL Group has set the following key targets:



- Percentage of female managers to reach 20% by March 2030
  (as of March 31, 2025: 6.3%)
- Percentage of engineers to reach 25% by March 2033
  (same as above: 12.2%)
- Percentage of young managers to reach 30% by March 31, 2026
  (same as above: 15.2%)

We are steadily progressing toward our targets for increasing the number of engineers and promoting young employees to managerial roles. However, the gap remains wide for the promotion of women into management, making it a critical issue. To address this, we are focused on creating an environment where women can continue and grow their careers. Specific initiatives include strengthening development programs, increasing the visibility of role models, and promoting flexible workstyles. These efforts aim to broaden the pool of female managerial candidates and accelerate progress toward our target.

※ Managerial-level employees include managers and assistant managers.

Human Resource Strategy

Empowering Women in the Workplace

To promote women's advancement, we have set a target of 20% female managers by the fiscal year ending March 2030. We have formulated and published an Action Plan, actively working to expand the recruitment of female employees, obtain Platinum Kurumin certification, and implement initiatives for development and promotion to managerial positions.

Action plan April 2022 to March 2025

Numerical Targets	Results
1. (2025/3) Increase the percentage of women hired as regular employees to **40%** or more※1	**40%**
2. (2025/3) Increase the percentage of female officers by **140%** compared to 2022/3※2	**233%**
(1) Increase the percentage of female managers by **140%**, compared to 2022/3	**214%**
(2) Increase the number of female section chiefs by **140%**, compared to 2022/3	**238%**

※1 Percentage of female regular employees directly employed by AIFUL (including those seconded to Group companies).

※2 Refers to female employees in managerial positions directly employed by AIFUL (including those seconded to Group companies).

The ratio of female full-time employees

Result	**23.1%** as of March 31, 2021	**31.0%** as of March 31, 2025

※Percentage of women in full-time positions who are directly employed by AIFUL (including those seconded to Group companies).

Percentage of Women in Managerial Positions

Goal	**20%** by March 31, 2030	
Result	**3.0%** as of March 31, 2021	**6.3%** as of March 31, 2025

※Percentage of women in managerial positions who are directly employed by AIFUL (including those seconded to Group companies).

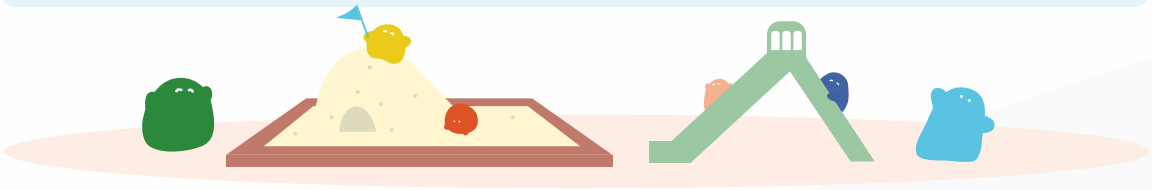
Number of Women Directors

Result	**0 director** as of June 2022	**1 director** as of June 2025

At the Annual general shareholders' meeting, held on June 2025, we appointed Ms. Kitazawa as an outside director, making her the first female board member.

Internal Policies

- Adoption of the positions of department heads who stay in a specific area
- Director mentor system exclusively for women in managerial roles
- Shortened work hours (for employees raising children up to the sixth grade of elementary school)
- Leave for fertility treatment
- Wellness leave (one day of sick leave per month per granted to female employees)
- Childcare support leave (Two days leave for employees raising children up to the junior high school)





Manager of Personnel Department AIFUL
Takako Yamagishi

Introducing Managerial Positions in Regionally Limited Work Courses

We recognize that many employees must choose regionally limited work courses due to various personal circumstances such as childcare or caregiving responsibilities. By establishing a system that allows such employees to pursue managerial positions, we aim to broaden the spectrum of diverse work styles. We hope this initiative will become a meaningful first step in expanding future career options for all.

Insights Gained Through the Executive Mentorship Program

I learned the importance of making bold decisions and taking risks, rather than relying solely on past or present achievements. I have also developed the mindset of always doing my best to avoid future regrets—even when facing ambitious and difficult goals.



Manager of Customer Center LIFECARD
Akiko Sasaki

Balancing Work and Parenting through Shortened Working Hours

By utilizing a shortened work schedule, I have been able to manage both work and parenting responsibilities.
I've learned the value of making courageous decisions without being constrained by past performance, and of putting forth my best effort even when tackling tough challenges—so that I never have regrets about the path I chose.

Human Resource Strategy

Strengthening IT Talent

To respond swiftly to rapid changes in the business environment driven by technological innovation, it is essential to advance IT initiatives and expand capabilities through the development and recruitment of IT talent.
AIFUL Group will expand its IT workforce through proactive recruitment and development of IT talent, as well as M&A of SES business companies, aiming to provide optimal services and achieve sustainable growth.

Securing Skilled IT Experts

IT experts (IT engineers, data analysts, and designers)

Goal	**25%**: as of March 31, 2031	
Result	**1.8%** (48/2,634 employees) as of March 31, 2021	**12.2%** (418/3,428 employees) as of March31, 2025

IT engineers

Goal	**25%**: as of March 31, 2033	
Result	**0.6%** as of March 31, 2021	**9.5%** as of March31, 2025

Number of data analysts

Result	**0.9%** as of March31, 2021	**2.0%** as of March31, 2025

Number of designers

Result	**0.3%** as of March 31, 2021	**0.7%** as of March31, 2025

※Ratio of IT personnel among employees in the domestic Group companies (excluding Anshin Guarantor Service Co., Ltd.).

Internal Policies

- Conducting external programming training open to all employees on a voluntary basis. A total of 107 employees have completed this training as of March 31, 2025.
- External training programs (such as Udemy, PM, and AWS courses) were introduced specifically for the Digital Department.
- The annual limit for the book purchase support program was raised to 10,000 yen.
- The career course system has been improved, enabling employees to shift more easily to specialized professional tracks.



Manager of Digital Promotion Department 1
AIFUL
Toshiki Tomachi

Reskilling: From Sales to the Digital Division

To enhance my market value, I enrolled in an external programming course. After completing the program, I transferred to the digital division. Although I initially struggled due to a lack of specialized knowledge, with the support of my colleagues, I was eventually promoted to section manager.
Through this experience, I truly realized how acquiring new skills can transform one's mindset and behavior —and lead to tangible results.



System 1
AIFUL
Chih Ching Hsieh

Attracted by Opportunities for Personal Growth and Strong Employee Benefits

I was drawn to the company by its many opportunities for personal development and its well-established employee benefits. Taking advantage of the qualification support program, I obtained AWS certification and continue to pursue studies in IT.
The comprehensive training system reflects the company's commitment to talent development. On the benefits side, the promotion of paid leave and the flexible working hours system allow me to maintain a healthy balance between work and private life.

Human Resource Strategy

Active Promotion Of Young Employees

We are fostering our younger employees※ as future leaders and specialists through active promotion to managerial positions and strategic assignments to administrative departments.

※Employees who joined the Group in or after fiscal year 2016 and are under 35 years old

Managerial positions

Goal	**30%**: as of March 31, 2026
Result	**0%** as of March 31, 2021 ▶ **15.2%** as of March 31, 2025

※Percentage of young employees in managerial position among those directly employed by AIFUL (including those seconded to Group companies).

Percentage of young employees who were promoted in 2025/3 compared to 2021/3

Result	**0%** as of March 31, 2021 ▶ **49.1%** as of March 31, 2025

※Percentage of full-time young employees among those who were promoted and are directly employed by AIFUL (including those seconded to Group companies).

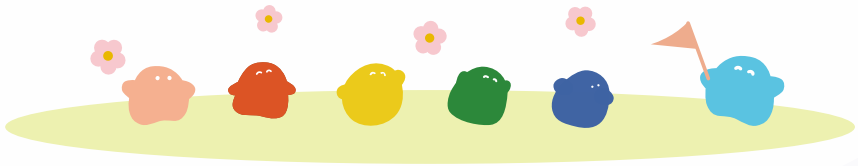
Internal Policies

- Leader system

  Some departments appoint leader employees as part of a training program for future assistant section managers. They acquire necessary skills through supporting section managers in their duties.

- Increase in Starting Salary for New Graduate Employees to ¥300,000

  Beginning with the new graduates joining the Company in April 2025 (nationwide transfer course), the starting salary for graduates was increased to 300,000 yen. We will continue to review our salary system as needed to attract outstanding human resources.

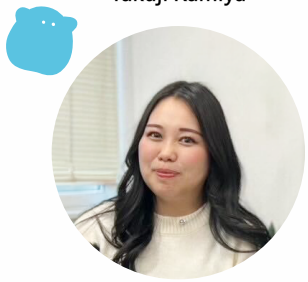




Director (Manager at AIFUL)
AIFUL FINANCE PHILLIPINES
Takuji Kamiya

From Manager in My 20s to Director of an Overseas Subsidiary

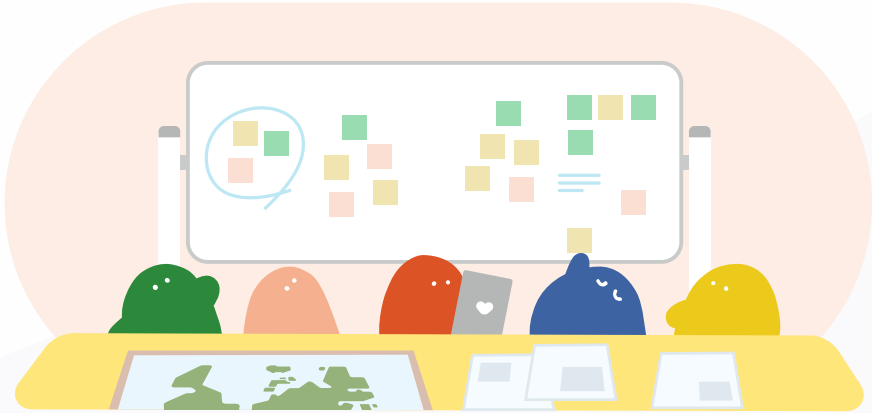
I was appointed as a department manager in my twenties and later took part in an overseas project for our expansion into the Philippines. Today, I serve as a Director of our group company there, overseeing local operations.
Looking back, I believe my promotion came from having a clear vision of the kind of leader I wanted to become —and constantly taking action toward it. Going forward, I want to keep growing and contribute to making more people fans of AIFUL Group around the world.



Deputy Manager of
Group Communications Department
AIFUL
Reina Adachi

From Team Leader to Assistant Manager in PR

After working as a team leader, I spent about a year and a half in the customer service division as a section chief. Eventually, I moved to the PR section. Honestly, I was nervous at first, but thanks to the warm support of my colleagues, I was able to adjust smoothly.
Our PR section is going through a major shift, and I'm aiming to be someone who can help guide our direction during this transformation. I want to be a part of shaping what AIFUL Group looks like to the outside world.



Town Hall Meetings
~Changing Management Through the Voices of Employees~

What Are Town Hall Meetings?

Since June 2024, we have been holding in-person Q&A sessions where the CEO, chairperson, and HR director respond directly to employees' questions, expectations, and suggestions for improvement. Employees' input has brought previously overlooked issues to light and led to tangible improvements.
So far, 522 employees have participated, submitting 1,122 questions and comments as of June 2025.

Example that led to an actual improvement

Human Resource Development

- Introduced external training by providing Udemy (E-learning) accounts to digital promotion related department.
- English conversation lessons were offered to managers of relevant departments to facilitate communication with foreign staff.
- To meet practical training needs, support was added for over 100 IT-related certifications and expensive reference books.

New Department Established

- Established a specialized department to enhance SEO (Search Engine Optimization) across the entire group.

Internal Policies

- Wellness leave was made paid leave.

Facilities (Kyoto Headquarters)

- Updated the flooring in the conference rooms.


Town Hall Meetings with non-Japanese employees

Examples Currently Under Review for Improvement

- In response to concerns over perceived unfairness in compensation differences based on willingness to accept nationwide transfers, a revision of the current system is under consideration.
- The creation of English-language versions of onboarding training materials is being considered to improve accessibility for new hires.
- The evaluation system for specialized personnel is being reviewed to better reflect the actual nature of their roles and responsibilities.
- A review of workplace support systems and environments for pregnant employees is underway, incorporating feedback from those with firsthand experience.

AIFUL Best Player Award

To recognize and celebrate employee achievements, we hold the Aiful Best Player Award, where the company presents awards to outstanding team members.

Diverse Award Categories to Recognize a Wide Range of Employees

Award Name	Description
MVP	Outstanding employee of the entire AIFUL Group
Young MVP	Most outstanding young employee
New Comer	Outstanding employee (who transferred or joined within the past year)
Best Defense	An employee who actively promoted compliance by engaging those around them
MIP※	Outstanding associate, contracted, or non-regular employee
Heartwarming Episode	Employee recognized for the most heartwarming response on the job both inside and outside the company
Best Team	Most outstanding section, branch, or task team

※ Most Impressive Player

(Examples of Awards)





Many Awardees Are In Their 20s

In the past four rounds of the Aiful Best Player Award, 54% of the recipients were in their 20s. In fiscal 2024, Ms. Arimaden, then a student part-time worker, received the MIP Award in recognition of maintaining high productivity while successfully leading fellow student part-timers.



Contact Center 1※
AIFUL
Mato Arimaden

Award Introduced to Recognize Heartwarming Actions and Shared Values

The Heartwarming Episode Award, established in 2024, recognizes employees for positive actions and shares the "core values of the AIFUL Group". In its first year, Ms. Murayama received the award for earning client trust through her attentive follow-up sales.



Eastern Japan Business Department※
AIFUL
Yuko Murayama

Voice from the MVP Awardee

I'm truly honored to receive the MVP award, which recognized not only my sales performance but also my dedication to my work. I believe this achievement was made possible by my sincere and timely response to our merchants' needs, which helped build strong relationships of trust. I will continue to take on new challenges, keeping in mind our President's words: "If there's something you want to do, raise your hand and go for it."



Deputy Manager of Eastern Japan Business Department※
AIFUL
Takuho Ishikawa

※Affiliation and position are as of the time of the award.

Human Resource Strategy

A Roundtable with Overseas Employees

~ Diverse Perspectives Drive Corporate Growth ~

What made you decide to join the AIFUL?

Park: I was looking for a company where the financial skills and stock market knowledge I gained at my previous job would be useful. I felt the company could be trusted because it is a listed company that operates with transparency, which gave me confidence in joining.

Hsu: While searching for an in-house designer position, which is rare in Kyoto, I discovered the AIFUL Group and decided to join.

Kim: I joined AIFUL because I was drawn to agile development. The benefit of agile is that everyone works on an equal footing and takes ownership of their tasks. Through the interview process, I was convinced that this matched my personal views, so I joined.

Goyal: I spent five years in Japan engaged in automotive R&D, but I wanted to take on challenges in a new field. I learned that the AIFUL Group was building teams from scratch and is aiming to become a data-driven organization. While I understood that building something from scratch might involve failures, I saw it as a valuable opportunity to gain both knowledge and growth, which led me to join the company.

Do: I was looking for an in-house development company that creates services for the public, and the AIFUL Group was a perfect match. That is why I joined.

What challenges have you faced, and what enables you to thrive at the AIFUL Group now?

Park: I struggled with the language barrier at first. However, I studied using TV and radio, and over the course of a year or two, my Japanese improved significantly. I was also confused by company-specific terminology, but I overcame that thanks to the support of my colleagues. What allows me to thrive today is the company's flexible environment, where individual aspirations are respected. In my second year, I expressed interest in working on new business development and M&A operations, and I was later transferred to the Management Planning Department, where I've been engaged in M&A work ever since.

Hsu: When discussing branding concepts, I often felt the language barrier—especially with abstract ideas, as they can be interpreted differently by each person. It was difficult to align our understanding. I also struggled with trendy Japanese phrases, but thanks to the support from my colleagues, I was able to get through it. I believe I'm able to thrive now because



I can apply my previous experience in branding and because we work in an environment that encourages us to propose improvements. For example, I suggested to my manager that we create a space to discuss design improvements, and now our team holds skill-up discussions every two weeks.

Kim: : Since Korean and Japanese cultures are quite similar, I didn't experience any major cultural barriers. As for language, there were times I thought I could express myself more clearly in my native language, but I handled that by organizing my thoughts into documents. I think the reason I've been able to succeed is the flexibility of our agile development environment. Our team has a flat structure, so we can freely exchange ideas. Also, since we're expected to oversee not just our own specialties but broader areas as well, I've been able to expand my knowledge and skills significantly.



Deputy Manager of Management Strategy Department
AIFUL
Sungbum Park

From South Korea.
Joined in 2016.
Responsible for driving and supporting M&A.



Chief engineer of Digital Promotion Department 1
AIFUL
Junyoung Kim

From South Korea.
Joined in 2021. Works as a Scrum Master, supporting team building and project promotion, while also providing technical guidance across all areas and handling system development.



Group Communication Department
(Design Office)
AIFUL
Fangyu Hsu

From Taiwan.
Joined in 2022. Responsible for branding initiatives and training designers.



Data Analytics Department
LIFECARD
Aman Goyal

From India.
Joined in 2023. Handles optimization of credit score models and credit limit setting.



Digital Promotion Department 1
AIFUL
Yeseul Do

From South Korea.
Joined in 2023.
Engaged in agile system development.

Human Resource Strategy

Goyal: I initially struggled to communicate technical content in Japanese, but now more executives and division heads understand English, which has been a great help. I also struggled with our company-specific terminology, but by actively asking questions and engaging in discussions, I was able to deepen my understanding and build strong relationships. Another appealing point is that proposals actually lead to action, with about half of them either implemented or under consideration. AIFUL's culture of mutual respect and cooperation, regardless of Japanese proficiency or department, also supports our success. Going forward, I aim to further expand my knowledge and become someone who can solve problems.

Do: Like Kim, I have not felt any major barriers. The cultural differences between South Korea and Japan are small, making it easy to adapt. It is thanks to the supportive environment where I can easily seek advice and make proposals. The Digital Promotion Division is a new organization, but its commitment to creating a good environment is clear to employees. The monthly one-on-one meetings with managers creates a relaxed atmosphere to share opinions. The sense that my proposals are contributing to the Company's growth is what motivates me. I will continue to build experience and work toward becoming a specialist.



What do you see as challenges at AIFUL?

Park: I believe there's still room for improvement in the work-life balance for managers.
To foster and retain talented individuals in the long run, we need to create an environment where managers can also take paid leave more easily. That means boldly reducing unnecessary tasks is essential.
In terms of job transfers, I hope we can further develop systems that allow employees to work in departments where their individual strengths and aptitudes can truly shine.
While we already have a specialist career track, I think it would also be effective for the company to proactively guide employees toward that track based on their aptitude.

Kim: I feel that there is a shortage of engineers with professional knowledge and advanced technical skills.
While we can handle internal development with current resources, to grow as an "IT company," we need to secure high-level talent. Offering competitive compensation is important but so is creating an environment where engineers can grow and develop—this will be key to improving retention rates.
Also, for organizations that require specialization, managers should ideally have practical experience in that field. Furthermore, transfers of operational staff should, in principle, occur within the same specialized department to ensure expertise is maintained.

Hsu: I agree with Park's point on work-life balance. In addition, I feel that expanding opportunities for knowledge-sharing and exchange across the Group, starting with the design division, will contribute to our growth.



Goyal: To secure and retain talent, it is important to build an organizational structure that values evidence-based action and execution. It is also vital that work be assigned and evaluated based on skills, regardless of gender, nationality, or age. Specialist personnel outside of management should also be given responsibility and authority.
To prevent the loss of expertise from employee turnover, we need to create an organization that inspires employees to stay and continue working with strong motivation.

Do: The work-life balance of managers is important. Compensation is sometimes among the reasons for resignations. I am satisfied myself, now in my second year with the Company. In light of these other challenges, I believe further consideration is essential from the perspective of securing talent.



Closing Remarks on the Roundtable

Through this roundtable, we reaffirmed that one of AIFUL Group's greatest strengths lies in its flat and open culture, where suggestions are welcomed and often put into action. It is this environment—where individuals can exchange ideas and take initiative regardless of title or nationality—that empowers employee growth and fuels organizational vitality.
At the same time, the discussion also highlighted areas for future improvement, such as the recruitment of professional talent, the assignment of managerial roles based on working styles and expertise, and the need for stronger collaboration across the Group.

We will continue to work across the entire Group to create an environment where employees remain motivated and can thrive over the long term.

Interviewer



Operation Management Department
AIFUL
Khaliunaa

From Mongolia.Joined in 2009.
Manages Investor Relations, fostering relationships with investors, analysts, and shareholders.

Supporting Sustainable Growth Through Finance

Industry First: Social Finance Framework

The AIFUL Group is working on product development based on the concept of financial inclusion, contributing to society by supporting companies taking on new challenges, and businesses in medical and welfare fields, and providing access to financial services in emerging countries experiencing a shortage of financial infrastructures. Since such initiatives will be further accelerated in the future, we have made a social finance framework for the first time in the consumer finance industry, and obtained loans through social bonds and social loans.
Funds raised through social bonds and social loans will be allocated via group companies to new expenditures or the refinancing of the eligible social projects listed below.

※Social Bond Framework Evaluation Results by Japan Credit Rating Agency, Ltd. (JCR)
https://www.aiful.co.jp/group/sustainability/pdf/esg_finance/spoe20250331.pdf

Provide Financial Services In Emerging Countries



In Thailand, financial infrastructure is catching up, yet access to loans from financial institutions such as banks remains limited, and many people still borrow from informal financial institutions. In this way, to address the lack of financial literacy in emerging countries, AIFUL established "AIRA & AIFUL Public Company Limited" in December 2014 as a joint venture with its local subsidiary, AIRA Capital.



We will contribute to building a healthy financial system and consumption activities by conducting consumer financial businesses. The economy of Republic of Indonesia has grown rapidly, but it is facing the challenge of economic disparities between the urban and rural areas and underdeveloped traffic infrastructure. We are supporting the sustainable economic development of Indonesia with "PT REKSA FINANCE" operating in auto loan business which allows low- to middle-income earners to buy automobiles at reasonable prices, enhancing the mobility of individuals and businesses to promote economic participation, revitalize local commerce, and create jobs, thereby supporting the sustainable economic development of the Republic of Indonesia.

<Qualified Social Project>

Project category	SBP※ category	Overview of eligible projects Project	SDGs
Small and medium business support	Providing funds and creating jobs for small- to medium-sized companies	Business funding support for small and medium businesses in need of funds for business growth and continuance ● **Projects** • AG Business Support small business loans that provide business funding support to small and medium businesses • Supports growth funds for medium business and venture companies through AG Capital ● **Target audience** Small and medium businesses in need of funds for business growth and their corporation	8, 9
Medical and health care facilities support	Access to essential services	Support of business funds to medical and health care facilities ● **Projects** Business funding support for medical and health care facilities by AG Medical ● **Target audience** People in need of medical and nursing care services and business owners requiring funds to maintain or continue such services	3, 9
Provide financial services to individuals in emerging countries	Access to essential services	Improving financial literacy in emerging countries with immature financial systems by providing individuals with access to financial services ● **Projects** Providing access to financial services for individuals in Thailand through A&A (AIRA & AIFUL) ● **Target audience** Individuals having difficulties in acquiring funds in countries with immature financial services	8, 9, 10

※Social Bond Principles

Supporting Sustainable Growth Through Finance

Business and Social Contribution

Contribution to Improving Health and Building A Sustainable Society Through Pet Insurance



FPC operates a small-amount, short-term insurance business (pet insurance), aiming to help maintain pet health and ensure a safe and secure daily life for pets and their owners. As more families welcome pets as beloved members of the family, the relationship between people and animals is undergoing a significant transformation. In response to this societal shift, FPC strives to build social infrastructure that supports veterinary care through its pet insurance offerings. By providing financial protection against pet illnesses and injuries, we help improve the quality of life for pet owners and contribute to creating a society where pets and people can live together in peace and security.

Revitalizing Local Communities Through Credit Guarantee Business



We support local small and medium-sized businesses, as well as sole proprietors, in securing funds by collaborating with regional financial institutions such as local banks and credit unions and providing them with the AIFUL Group's credit expertise.

As of the end of March 2025, we are collaborating with 222 financial institutions nationwide.

Support of Medical and Health Care Industry Through Medical Fee Secured Loans

AG Medical provides businesses in the medical and nursing care sectors with loans for working capital and other purposes, along with planned repayment schemes. Through our support in funds, we are supporting the development of the medical and health care industry in Japan, where the aging population is growing.



Promote Innovation Through Venture Capital and Sustainable Growth

AG Capital established its 1st fund in 1986 with the purpose of providing investment opportunities to mid-sized companies and venture companies with high potential in growth. Since then, we have launched 21 funds, with a cumulative investment amount exceeding ¥50 billion, supporting the growth of numerous companies. We not only provide funds but also actively support companies in solving problems, creating value, and building sustainable business models by leveraging management expertise and our extensive network.

Investment examples

unito, mento, STACK, LPIXEL, movus, JPYC, GOOD VIBES ONLY, SUMATEN, Tie Ups, POCKETALK, AiHearth, miive, FOODCODE, Sharing Energy, SOCIAL INTERIOR, DELIPICKS, SPACER, chipee, KAUCHE, ROXX, PETOKOTO, LAMP, 収益ローン投資カンパニー, Brave group, Kaldo, ヴァレイ, CLUE, fufu, Radiotalk, SORABITO, LEADING MARK, クラウドローン, olta, dricos, リノベる。, BlueBank, -EMERADA-, Biophilia, 採用係長。, B/43, BiStar, レスタス, DROBE, GO TODAY SHARE SALON, RUNTEQ, パズルリング, Paytner, Overflow, Active and Company, Toysub!, TORANOTEC, PAN-A-YOU, 納太刀, novera, Slibo, REGALI, REJECT, Refcome, 辻・本郷 ITコンサルティング, LAFCOL, FOCUS, Jiraffe, famione, GOOPASS, LEAN BODY, SMat, HRBrain, TakeMe, よりそう, Asobica

Supporting Sustainable Growth Through Finance

Business And Social Contribution

Social Contribution Through Credit Cards

LIFECARD issues socially responsible credit cards and donates a portion of the revenue to partner organizations. Through our donations, we support the “Dream Realization” initiative, which helps children with serious illnesses, and also assist in protecting endangered wild animals.







Social Contribution Overseas

~Initiatives of the local corporation, AIRA & AIFUL Public Company Limited~

AIRA & AIFUL Public Company Limited (Thailand) places importance on coexisting with the local community and carries out various CSR activities that help solve local issues. With actions such as education support, support for children with disabilities, and making efforts on environmental conservation, we contribute to building a sustainable society.

Supporting children with disabilities through art

As part of the “Colors of Hope and Smiles” project, employees visited Camillian Home, a facility for children with disabilities in Lat Krabang, Bangkok, and held a painting workshop with them. We help improve learning opportunities and quality of life by fostering creativity and expressiveness, and by providing meal support and educational scholarships.



Support for environment and education by recycling



Now in its fourth year, the “A money × Teijin Buddy” project turns plastic bottles into T-shirts for children and also conducts awareness-raising activities and recycling education in local schools. We also run the “A money × PPB Buddy” project, which upcycles plastic bottle caps into household goods.

Aiming to eliminate disparities in educational opportunities

In 2024, 200 computers were donated to Wat Sa Kaeo School in Ang Thong Province, Thailand, which is attended by orphans and children from impoverished families. This was the largest number of computers ever donated to the school, greatly expanding opportunities for ICT education.



Measures Against Climate Change

Strategy

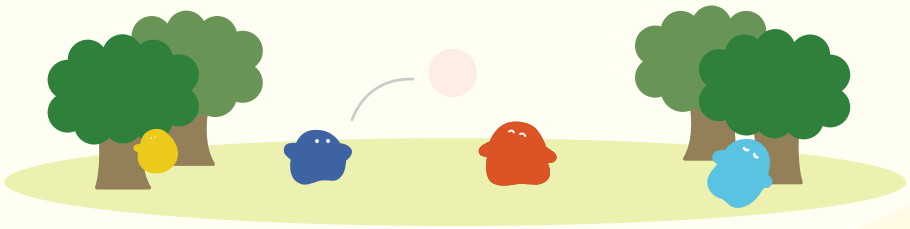
The manifestation of climate change will lead not only to physical losses for the Group, but also to lower service levels and damage to customers, resulting in lower earnings and higher credit-related costs. On the other hand, we will work to resolve the issue, as it could create business opportunities to meet customers' expectations as well as strengthen our business infrastructure by accelerating energy conservation measures and BCP measures.

Indicators and Targets

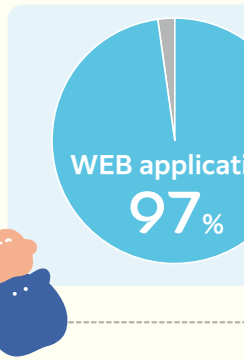
In accordance with the TCFD's recommendations, we will continue to analyze scenarios and, if necessary, estimate the financial impact and consider measures based on the results, and work to set indicators and targets.

Environmental Impact Data	2024/3	2025/3
Bunker A (KL)	0	1
City gas (m^3)	333,868	298,021
Electric power (Thousand kwh)	12,687	11,163
CO2 emissions (t-CO2)※4	5,798	5,672

(note) 1. The scope of aggregation is AIFUL and its domestic consolidated subsidiaries.
2. Prior year data has been retroactively adjusted due to a review of the calculation method to improve the accuracy of acquired data.
3. Figures for Bunker A are rounded down to the nearest whole number.
4. Emission coefficients are based on the applicable coefficients in the "Greenhouse Gas Emissions Calculation, Reporting and Publication System" based on the "Law Concerning the Promotion of the Measures to Cope with Global Warming".



Promotion of card-less contracts





More than 90% of unsecured loan applications are completed online and about 70% of new contracts are card less, and we are promoting paperless and environmentally friendly services by making credit card statements available online, etc.

Discontinuation of stores (unmanned stores) / Discontinuation of ATMs



	2021/3	2022/3	2023/3	2024/3	2025/3
Unmanned stores	835	828	817	776	625
ATM	441	436	249	0	0

Cool Biz·Warm Biz

Adoption of office casual dress code





Conversion of lighting equipment to LED



Measures Against Climate Change

Details of the Group's risks related to TCFD

Risk item			Indicator	Description	Assess-ment	Measure against the risk	Opportunity
Category	Broad category	Subcategory					
Transition risks	Policy Laws and regulations	• Increase in carbon tax • Energy-saving policies, • GHG emission regulations • Increase in renewable energy prices	Expenditure	● Increase in infrastructure operating costs	Medium	• Setting the targets of energy use and CO2 reduction	• Reducing business activity costs by promoting energy-saving measures
	Reputation	• Change in reputation in society and among investors	Capital	● Decline in the support from customers ● Increased anxiety of stakeholders and worsened reputation • Increased difficulty in securing human resources and decreased employee retention rate • Increased difficulty in procuring funds • Decline in stock prices	Medium	• Disclosing information on climate change initiatives • Clearly explaining them to investors	• Receiving proper assessment from customers and stock and bond market
Physical risks	Acute	• Flood damage due to typhoons, torrential rains, etc.	Expenditure Revenue	● Limited employee attendance due to public transportation shutdown • Decline in customer service levels ● Increase in claims eligible for relief due to customers impacted by disaster ● Physical damage to our corporate group's facilities, etc. • Direct Impact on Business Performance	Medium	• Renewing the contingency plan • Developing the support system of consultation services for customers impacted by disaster	• Strengthening infrastructure by BCP • Promoting the stabilization of customer service levels
	Chronic	• Increase in average temperature • Changes in precipitation and weather patterns	Expenditure Revenue	● Increase in operating costs for air conditioning equipment in summer ● Drop in employee productivity, restriction on commuting, and deterioration of workplace comfort and safety • Decline in customer service levels	Medium	• Rebuilding a comfortable working environment	• Enhancing productivity by improving a working environment

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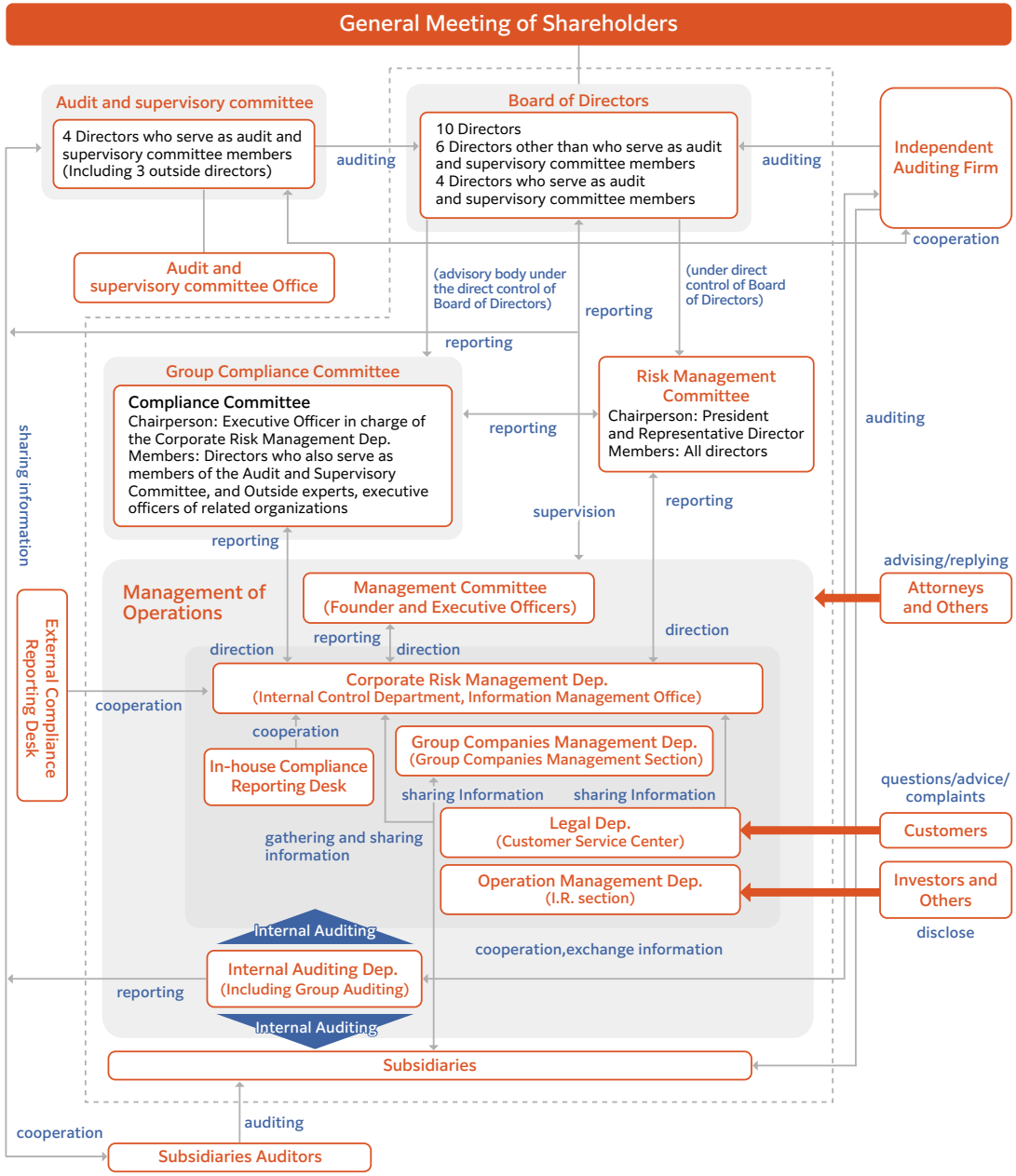
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Basic Views and Basic Policy on Corporate Governance

The AIFUL Group understands that a key objective of corporate governance is to achieve corporate management with transparency, impartiality and efficiency by conducting corporate activities premised on compliance in accordance with our management philosophy of Earn the trust of society through corporate activity based in integrity to contribute to the development of the economy and society and thereby to gain the trust of society.
In line with the basic views on corporate governance, AIFUL will undertake enhancement to upgrade our corporate governance in accordance with the Basic Policy on Corporate Governance set out below in a bid to achieve continued growth and a medium- and long-term increase in corporate value through transparent, impartial, prompt and bold decision making.

1. We will respect the rights of shareholders and ensure their equality.
2. We will work on appropriate collaboration with all stakeholders including shareholders.
3. We will appropriately disclose our financial, non-financial and other corporate information to ensure transparency.
4. Our Board of Directors will recognize its fiduciary responsibility to shareholders and fulfill their roles and duties including making and keeping its function of supervising business execution effective.
5. We will hold constructive dialogues with shareholders for the sake of achieving continued growth and a medium- and long-term increase in corporate value.



Corporate Governance

In order to strengthen the supervisory function of the Board of Directors and to enhance corporate governance, we have made the change from a company with a Board of Auditors to a company with an Audit and Supervisory Committee. This change went into effect on June 23, 2015.

The Audit and Supervisory Committee and directors belonging to the committee

The Audit and Supervisory Committee consists of four directors (including three directors who are outside members).
It determines items such as the audit policy and plan, and discusses and decides on important audit matters based on the reports it receives. In addition to these performing these duties, it also audits legitimacy and appropriateness through the use of the internal control system. A meeting will generally be held every month, with extraordinary meetings held when necessary.
The directors who are members of the Audit and Supervisory Committee will cooperate with the Internal Auditing Department and the accounting auditors to enhance management's supervisory functions. They will also share information with the auditors of affiliated companies in an effort to strengthen the auditing structure for the operations of the entire Group.
To improve these audit functions, the Group will establish an Auditor's office as the exclusive organization for supporting the duties of directors who belong to the Audit and Supervisory Committee. It will also take the necessary steps to secure independence, such as by requiring that the Auditor's office does not follow any directions or orders from directors (other than directors belonging to the Audit and Supervisory Committee) when carrying out their duties.

Board of Directors and Directors

The Board of Directors consists of ten directors in total, with six directors (directors who are not on the Audit and Supervisory Committee) and four directors who are on the Audit and Supervisory Committee. It deliberates and decides on matters that cannot be delegated to directors pursuant to the provisions of laws, regulations, and the Articles of Incorporation, as well as important matters such as management strategies, and monitors these matters regularly.
It generally holds semimonthly meetings and extraordinary meetings when necessary. The Company's Articles of Incorporation also stipulate that there be no more than fifteen directors (excluding directors on the Audit and Supervisory Committee) and no more than five directors on the Audit and Supervisory Committee.

Major skills and experiences that each director possesses

Name	Position and title	Gender	Skills / Experience							
			Corporate Management	Legal Risk Management	Finance Accounting	Global	Human Resource Development	Credit Marketing	IT Digital DX	Diversity
Mitsuhide Fukuda	President and Representative Director	Male	○		○	○	○	○	○	○
Yoshitaka Fukuda	Chairman and Representative Director	Male	○		○		○	○		
Keiji Masui	Representative Director, Vice President Executive Officer	Male	○		○			○		
Masayuki Sato	Director and Vice Chairman Executive Officer	Male	○		○	○	○	○	○	
Akira Kamiyo	Director and Vice President Executive Officer	Male	○	○	○		○	○	○	○
Ryoko Kitazawa	Outside Director	Female	○		○	○				○
Hitoshi Shimura	Outside Director, Audit and Supervisory Committee member	Male		○	○	○				○
Takaya Tsutsumi	Director and Audit and Supervisory Committee Member	Male	○						○	
Haruichi Suzuki	Outside Director, Audit and Supervisory Committee member	Male		○						○
Shinichiro Maeda	Outside Director, Audit and Supervisory Committee member	Male		○	○	○				○

(note) 1. The column “Corporate Management” explains that a Director possesses experience of Executive Director for one year or more in the Company or other companies.
2. The columns other than “Corporate Management” explains that a Director possesses experience for one year or more of Senior General Manager in the applied business area at the Company or other companies.

Skill item	Explanation	Skill item	Explanation
Corporate Management	A person who has been appointed Executive Director or has work experience that requires specialized knowledge of corporate management at the Company (including subsidiaries) and other companies, and is recognized as having insight / experience in Corporate Management.	Human Resource Development	A person who has expertise in personnel and labor and is recognized as having insight / experience on the appropriate allocation of employees, who are management resources, human resources development, diversity, working style, etc.
Legal Risk Management	A person who is highly specialized in law and risk management. Or a person who is qualified as an attorney and is recognized as having insight / experience in law and compliance.	Credit Screening, Marketing	A person who has specialized knowledge and experience in “Credit screening,” the essence of finance, and is recognized as having insight / experience that will contribute to the maximization of profit by marketing based on data analysis.
Finance, Accounting	A person who has expertise in finance and accounting. Or a person who is qualified as a certified public tax accountant or having experience as an analyst and is recognized as having insight / experience in finance and accounting.	IT, Digital, DX	A person who has specialized knowledge in the IT digital field, DX, and information systems, and is recognized as having insight / experience that will contribute to the maximization of profit by reforming new service provisions and business structures.
Global	A person who has experience developing overseas businesses, has experience as an officer of an overseas subsidiary, or has experienced overseas assignment, and is recognized as having management insight / experience in a global environment.	Diversity	A person who is recognized as having insight / experience that contributes to the innovation of the AIFUL Group through various backgrounds that are not bound by common sense and experience in the Company such as academic knowledge (as an attorney or a doctoral degree, etc.), important posts of government offices, gender, internationality, etc.

Outside Directors

One out of six directors (excluding those who are members of the audit and supervisory committee) and three out of four directors on the Audit and Supervisory Committee are outside directors (as of July 1, 2025). A structure is in place whereby outside directors can attend Compliance Committee meetings and other important meetings and committees to express their views.

Executive Officers

The Company introduced an executive officer system to speed up the decision-making process and the performance of duties, and enhance the separation of supervisory and executive functions. The Board of Directors appoints executive officers and delegates its business by establishing the division of duties and authority.

Management Committee

The Management Committee comprises all executive officers and founder (as of the date the Securities Report was submitted).
It conducts prior discussion on matters to be submitted to the Board of Directors and, discusses or makes resolutions on important matters in business execution.
It also coordinates information and mutually checks issues and strategies based on policies resolved by the Board of Directors while striving to ensure that there are no discrepancies in decision-making. It holds meetings on a weekly basis, in general.

Compliance Committee

The Compliance Committee is placed as an advisory body under the direct control of the Board of Directors. The head of this committee is the executive officer in charge of the Corporate Risk Management Department, and it is composed of outside experts, directors also serving as members of the Audit and Supervisory Committee and executive officers of related organizations. Its objectives are to create a corporate culture in which compliance is emphasized, to establish corporate ethics and to promote compliance programs. It makes deliberations and recommendations regarding compliance related important matters and delivers reports to the Board of Directors as required.
In addition to meetings held four times a year in general, it holds extraordinary meetings as necessary (as of the date the Securities Report was submitted).

Risk Management Committee

AIFUL has the Risk Management Committee under the direct control of the Board of Directors.
Headed by the President, Representative Director and Chief Executive Officer, it is composed of all the directors. For the purposes of preventing risks and mitigating losses in the event of a crisis by constructing a reasonable risk management structure, it regularly receives risk status reports to enable it to be constantly aware of risks and continuously review the risk management system to submit reports to the Board of Directors. In addition to quarterly meetings in general, it holds extraordinary meetings as necessary.

Reasons for the current structure

As we have an auditor system, we appoint three outside corporate auditors for our four corporate auditors. We have ensured independent audits by developing a system where all corporate auditors attend Board of Directors meetings and other important meetings and committee meetings, including Management Committee meetings, to express their opinions. We have also ensured audits by establishing an Auditor's office as the exclusive organization for supporting the duties of corporate auditors.

Further, we separate management's supervisory functions and business execution functions by implementing an executive officer system and strengthening supervisory functions by establishing a Compliance Committee including outside experts and a Risk Management Committee, etc. We have adopted our current system to achieve corporate management that is transparent, fair, and efficient.

Remunerations for executives

The Company has a policy for determining the amount of remuneration, etc., for directors and corporate auditors and the method for calculating such amount, based on its management philosophy of "Earn the trust of society through corporate activity based in integrity," which is intended to function as compensation for the fulfillment of their roles and as an incentive to improve corporate performance and increase corporate value over the medium to long term. The Company's policy is to make the compensation function effectively as compensation for the fulfillment of their roles and as an incentive to improve the Company's performance and increase its corporate value over the medium to long term.

The Board of Directors and the Audit and Supervisory Committee have authority to decide the amount of remuneration for the Company's officers and the policy on the calculation method thereof. The Board of Directors and the Audit and Supervisory Committee review the system and standards of remuneration as necessary based on the business environment and the status of business performance, and the allocation to each person is determined according to the size of the role for each position, the nature of each person's administrative duties, and the scope of their responsibilities.

The date of resolution of the General Meeting of Shareholders on remuneration, etc. for our officers is June 23, 2015. The contents of the resolution are as follows: the amount of remuneration for directors (excluding Audit and Supervisory Committee members) is within 500 million yen per annum, and the amount of remuneration for directors who are Audit and Supervisory Committee members is within 80 million yen per annum. The Company resolved at the 45th General Meeting of Shareholders held on June 21, 2022, that the total amount of monetary claims to be paid to Directors (excluding directors serving on the Audit and Supervisory Committee and outside directors and non-residents of Japan) as compensation in the form of restricted stock compensation shall be not more than 50 million yen per annum (excluding salaries for employees of the Board of Directors concurrently serving as employees) and the total number of shares of common stock newly issued or disposed of by the Company shall be not more than 333 thousand shares per annum.

In addition, the Company resolved at the 38th Annual General Meeting of Shareholders held on June 23, 2015 that the amount of remuneration for directors who are Audit and Supervisory Committee members is within 80 million yen per year.

Compliance structure

The Compliance Committee is held 4 times, and compiles a compliance program, engages in awareness-raising, management and validation activities, and reports on the status of operations to the Board of Directors as necessary.

The Group Compliance Committee is also held 4 times, producing progress reports as well as sharing information.

The Internal Auditing Department performs audits of each division of the Group, reports the results to the Board of Directors and Audit and Supervisory Committee and makes proposals on improvement measures as necessary.

The Company has formulated reporting rules in the event of discovery, etc. of violations of laws and regulations, the Articles of Incorporation and internal rules and other major issues. It has also established an internal whistle-blowing system, drawn up and publicized rules that prohibit actions prejudicial to the interests of whistle-blowers, and has taken measures for prevention and early detection of incidents.

The Company has formulated and made public basic policy relating to exclusion of antisocial forces, as well as carried out prior review and post-event verification of business partners including customers.

The Company conducts monitoring to detect suspicious transactions in order to prevent the use of financial services provided by the AIFUL Group for financial crimes such as money laundering and financing of terrorism.

Approaches to antisocial forces

In its 10-point Code of Conduct and Compliance Standards of Conduct, which have been formulated as action guidelines for achieving its management philosophy of Earn the trust of society through corporate activity based in integrity, the AIFUL Group prescribes that it shall never have any relationships with any anti-social forces. The specific provisions of the 10-point Code of Conduct and Compliance Standards of Conduct are formulated in our internal rules.

(1) Setup of a handling and controlling organization and a manager for deterrence of unreasonable claims The General Affairs Department is designated as the handling and controlling organization concerning the issues related to anti-social forces. Under the instruction of the executive officer in charge of the General Affairs Department, it works with other relevant organizations to carry out investigations and deal with the issues.

(2) Collaboration with outside specialist organizations AIFUL is able to consult with and closely notify police-related organizations, lawyers and equivalent professionals.

(3) Collection and management of information concerning anti-social forces AIFUL participates in training sessions, conferences and other events organized by outside bodies and joins some outside bodies for the purpose of collecting information. We established the Risk Management Committee as an organization for the prompt detection of internal risks to collect and centrally manage risk information.

(4) Creation of Action Manual AIFUL has created the Rules for prevention of damage by anti-social forces, Manual for Group Response to transactions with anti-social forces if such transactions are found and Action manual against anti-social forces as a response action that is obligatory in business. In addition, it has prepared different manuals for blocking relationships with anti-social forces.

Management

(As of June 30, 2025)

Directors / Executive Officers of AIFUL CORPORATION

President and Representative Director Chief Executive Officer
Mitsuhide Fukuda
Chairperson of Risk Management Committee, In charge of Internal Auditing Department
- Chairman and Representative Director of LIFECARD Co., Ltd.

Chairman and Representative Director
Yoshitaka Fukuda
- Director of LIFECARD Co., Ltd.

Representative Director Vice President Executive Officer
Keiji Masui
Senior General Manager of Guarantee Business Division and Corporate Sales Division
- President and Representative Director of LIFECARD Co., Ltd.
- Chairman and Representative Director of BitCash Inc.

Director/Vice Chairman Executive Officer
Masayuki Sato
Senior General Manager of Loan Business Division and Credit Management Division, In charge of Group Data Analytics Department 1
- Director, Executive Officer of LIFECARD Co., Ltd.

Director / Vice President Executive Officer
Akira Kamiyo
Chairperson of Compliance Committee, Senior General Manager of Management Planning Division, In charge of Personnel Department, Group Communications Department, Legal Department, Corporate Risk Management Department and Credit Assessment Department
- Director, Executive Officer of LIFECARD Co., Ltd.

Director (Outside)
Ryoko Kitazawa

Director, Audit and Supervisory Committee Members

Director (Outside)
Hitoshi Shimura

Director
Takaya Tsutsumi

Director (Outside)
Haruichi Suzuki

Director (Outside)
Shinichiro Maeda

Executive Officers of Group Companies

Senior Managing Executive Officer of AIFUL
Fumihiko Hirose
Senior General Manager of Finance Division

Managing Executive Officer of AIFUL
Shinichiro Okuyama
In charge of Group Data Analytics Department 2,Responsible for Group Data Analytics Department 1

Managing Executive Officer of AIFUL
Kazuhiko Tsuda
In charge of Accounting Department

Managing Executive Officer of AIFUL
Atsushi Suda
Assistant Senior General Manager of Corporate Sales Division, In charge of General Affairs Department

Managing Executive Officer of AIFUL
Takayuki Nakata
Senior General Manager of Group Systems Division

Managing Executive Officer of AIFUL
Akitaka Domoto
Responsible for Corporate Strategy Departmentand Group Companies Management Department

Managing Executive Officer of AIFUL
Toshiaki Ando
Assistant Senior General Manager of Guarantee Business Division, Responsible for the Operation Management Department and Credit Assessment Department

Managing Executive Officer of AIFUL
Yuji Fukuda
- President and Representative Director of AG BUSINESS SUPPORT CORPORATION
- President and Representative Director of AG MEDICAL CORPORATION
- President and Representative Director of AG Capital Co., Ltd.

Managing Executive Officer of AIFUL
Ikuo Yamauchi
Assistant Senior General Manager of Finance Division, Counsel of Accounting Department, Responsible for Group Communications Department

Managing Executive Officer of AIFUL
Hiroshi Azuma
Assistant Senior General Manager of Loan Business Division

Managing Executive Officer of AIFUL
Yasuhiko Hashimoto
- COO of PT REKSA FINANCE

Managing Executive Officer of AIFUL
Junichi Niizuma
Responsible for Internal Auditing Department, Legal Department and Corporate Risk Management Department

Managing Executive Officer of AIFUL
Etsushi Yamada
Assistant Senior General Manager of Credit Management Division
- President and Representative Director of AG Loan Services Corporation

Executive Officer of AIFUL
Yoshihiro Fujii
Responsible for Personnel Department
- President and Representative Director of AG Payment Service CO.,LTD

Executive Officer of AIFUL
Ichiro Yamaguchi
Assistant Senior General Manager of Group Systems Division

Executive Officer of AIFUL
Jun Mitsuishi
Responsible for Management Planning Department, General Manager of Management Planning Department

Executive Officer of AIFUL
Yuki Okano
- Executive Officer of LIFECARD Co., Ltd.

Executive Officer of AIFUL
Kotaro Matsuura
- President and Representative Director of BitCash Inc.

Director, Senior Managing Executive Officer of LIFECARD Co., Ltd.
Yasuo Hanashita

Managing Executive Officer of LIFECARD Co., Ltd.
Hisashi Shimojo

Executive Officer of LIFECARD Co., Ltd.
Atsuki Inagaki

CEO of AIRA & AIFUL Public Company Limited
Kimihiro Omori



The company's risk management structure

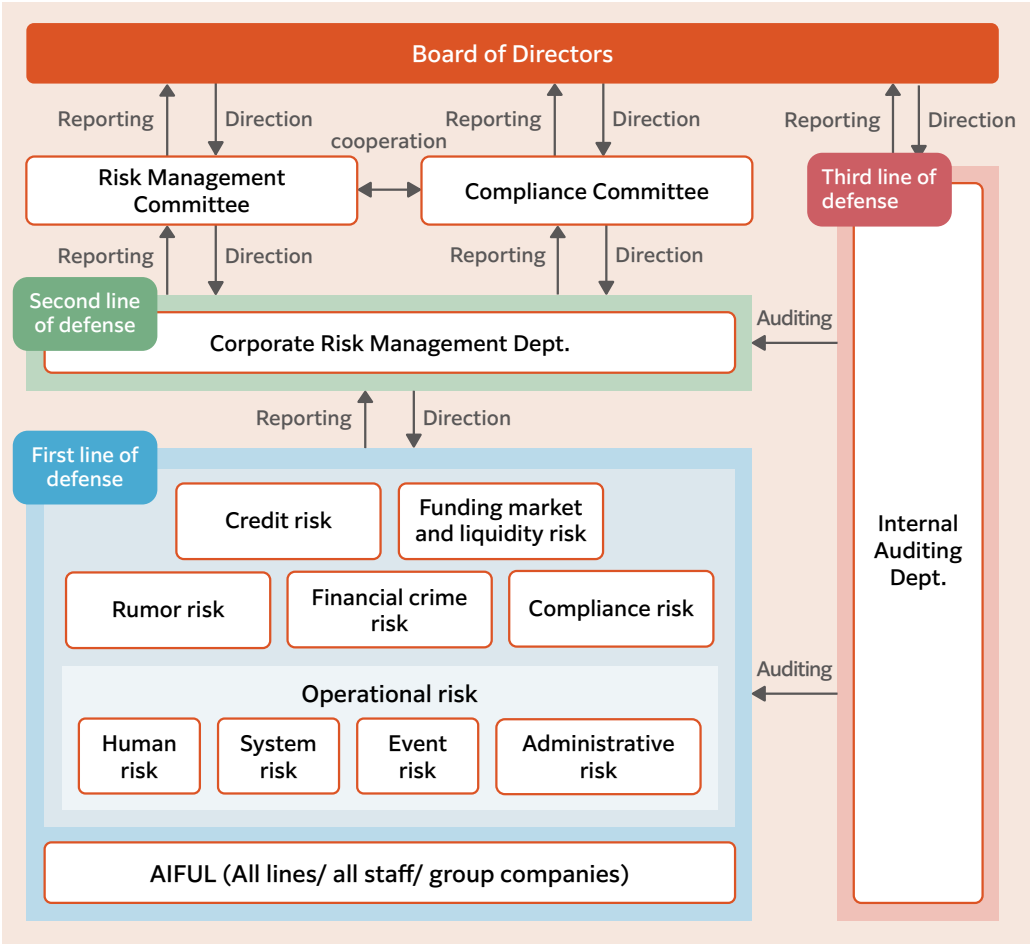
AIFUL established the Risk Management Committee under the direct control of the Board of Directors in April 2007. The Company has established systems to prevent the rise of risks in advance and during emergencies to control and handle risks arising in each department and risks threatening corporate activities across the organization.

Specifically, we estimate and assess risks based on risk information collected continuously from departments and discuss measures to avoid and mitigate risks based on the Risk Management Rules. The Corporate Risk Management Dept. manages all the risk information reported by departments.

The Risk Management Committee regularly identifies risks, examines and instructs measures to avoid and mitigate risks, and takes the lead and gives instructions in the case of a crisis. The committee formulates a policy or method when it deems necessary in collecting risk information or taking measures or actions for a crisis, and obtains approval at the Board of Directors.
It also shares risk information related to the Compliance Committee with the Compliance Committee as necessary.

However, despite these actions, the Group's financial position and business performance may be affected by the change of management environment including the strengthening or relaxing of legal regulations, the situation of our competitors, and economic fluctuations, which may forcibly lead to the review of the Group's strategy.

[Structure diagram]



First line of defense … Departments executing businesses have roles of managing risks, following risk prevention policies, formulating a risk management plan as necessary, identifying and assessing risks in business execution, determining whether to avoid or take risks, and promptly controlling risks when they surface.

Second line of defense … The Corporate Risk Management Dept. has roles of supervising the first line of defense by category, as well as verifying, instructing, and supporting risk control conducted by departments managing risks by category in the first line of defense, and building a risk governance system for the entire Group as the department managing risks comprehensively.

Third line of defense … The Internal Auditing Dept. has a role of verifying the effectiveness and appropriateness of the systems and processes from a standpoint independent of the first and second lines of defense.

Risk Factor

Top Risks

The Company has selected risks that the management recognized may have a significant impact on the business as top risks for FY2025/3 and beyond, based on the probability of a risk scenario and its impact on the business. The top risks will be discussed and determined every fiscal year at the Risk Management Committee. For the top risks, we will assess the heightening of risks and their signs and take necessary measures to control them.

	Risk event	Risk scenario	Our Group's Measures	Opportunities
①	Risk related to violation of laws and regulations and inappropriate actions by an employee(s)	Risk of undermining the trust of stakeholders when an employee(s) does not take appropriate actions in accordance with laws and regulations, social norms, business/market practices, and a customer perspective (this is so-called “misconduct”).	● Set up the Group Compliance Committee with the goals of sharing the unified corporate ethics of the entire Group and establishing a compliance system for the whole Group ● Enhance organizations and systems as an internal control function and address operational risks with these systems ● Carry out Inspections and ongoing improvements by implementing three lines (Each business execution department, Risk Management Department, Internal Audit Department) of defense	● Reform the compliance system and long-term organizational strengthening corporate culture ● Improve brand value by restoring trust
②	Risk of reduced competitiveness	Risk of reduced competitiveness in the market which occurs when the Company cannot appropriately respond to changing customers' expectations.	● Conduct activities to proactively gather market trends andcustomers' voices ● Enhance convenience utilizing digital technology by strengthening measures for improving UI/UX ● Diversify its business portfolio through business diversification and business expansion to overseas	● Develop products and services that capture new needs ● Create new services and markets through technological innovation
③	Risk of increase in credit cost	Risk of an increase in customers who have difficulty paying loans due to financial difficulties caused by worsening economic conditions.	● Build a system to instantly identify any signs, including periodic surveys of regular investigation of customers ‘ creditability to maintain the soundness of receivables	● Reduce bad debt risk ● Improve profit structure through better quality of loan portfolio
④	Risk of rising interest rates	Risk of the rise of funding rate due to the fluctuating market environment, affecting the Company's business performance.	● Mitigate the risk of fluctuating interest rates by fixing the funding rate and diversifying procurement means based on the interest rate outlook and costs ● Manage the risk of interest rates with ALM (Asset Liability Management)	● Shift to a funding model that utilizes retained earnings and equity capital ● Shift to management that emphasizes capital efficiency indicators (ROIC, etc.)
⑤	Risk of funding liquidity	Risk of having difficulty procuring funds due to the market environment, a decrease in the Company's creditability.	● Manage funding liquidity with ALM ● Manage and report the financial covenants or early redemption clauses ● Diversify procurement, devise new procurement methods, and undertake measures to boost its rating	● Improve cash flow and reform financial structure ● Diversify procurement methods
⑥	Risk of cyber-attacks and system failures	Risk of having an impact of human error, natural disasters, and cyber-attacks and others similar events from outside the Group on the business.	● Strengthen its infrastructure such as duplicating core systems and establishing back-up systems ● Establish a system for information linkage inside and outside the industry based on in-house CSIRT, eliminate computer viruses, monitor the possibility of cyber-threats from outside the Group, implement measures to diagnose vulnerabilities from multiple aspects ● Reduce damage by implementing concrete measures such as the adoption of two-step authentication, holding regular in-house training etc.	● Evolution of Resilient IT Infrastructure ● Promote employee awareness of system risks
⑦	Risk of an impact of human resource shortage on the business plan	Risk of failure to secure personnel and human resources, making it impossible to execute the business plan and project.	● Recruit employees and provide ongoing training for employees to secure and develop a diverse workforce to ensure continued recruitment and retention of talented personnel ● Implement measures to optimize recruitment, placement, and evaluation through active use of a talent management system ● Carry out effective human resource development through clarification of requirements for organizations and positions ● Make continuous improvement of internal loyalty to enhance employee satisfaction.	● Acquire diverse and highly skilled human resources from outside ● Promote organizational renewal

Eleven-Year Summary (2015/3-2019/3)

For the Year (Millions of yen)	2015/3	2016/3	2017/3	2018/3	2019/3
Operating revenue	86,352	87,708	91,450	115,389	115,328
Operating expenses	125,914	81,032	84,440	112,897	112,297
Financial expenses	8,606	7,780	8,030	7,560	7,949
Provision for doubtful account	2,234	16,126	20,744	20,497	30,628
Personnel expenses	13,417	13,761	14,270	15,680	16,540
Interest repayment related expenses	-	2,897	-	12,384	11,501
Operating profit (loss)	(39,562)	6,676	7,009	2,492	3,031
Ordinary profit (loss)	(36,498)	6,860	7,399	2,823	4,110
Profit (loss) before income taxes	(35,853)	6,860	7,399	3,527	3,420
Profit (loss)	(36,499)	7,044	7,276	2,945	8,183
Profit (loss) attributable to owners of parent	(36,499)	7,044	7,276	3,958	9,346

At Year-End (Millions of yen)	2015/3	2016/3	2017/3	2018/3	2019/3
Loans outstanding	350,017	376,224	412,649	472,018	521,823
Non-performing loans*	70,418	66,158	66,401	71,515	79,294
Total assets	560,323	567,514	616,651	682,645	760,587
Allowance for doubtful accounts	79,708	72,643	70,172	66,959	70,469
Total liabilities	462,848	463,263	505,002	563,238	632,570
Interest-bearing debt	226,955	249,059	300,222	365,836	418,708
Net assets	97,475	104,250	111,649	119,407	128,016

Per Share Data (yen)	2015/3	2016/3	2017/3	2018/3	2019/3
Total number of shares issued	483,506,536	483,794,536	484,619,136	484,620,136	484,620,136
Basic profit (loss) (EPS)	(75.74)	14.59	15.05	8.18	19.32
Net assets (BPS)	200.45	214.16	228.94	236.13	256.45

Ratios (%)	2015/3	2016/3	2017/3	2018/3	2019/3
Equity ratio	17.3	18.2	18.0	16.7	16.3
ROE	(31.8)	7.0	6.8	3.5	7.8
ROA	(6.4)	1.2	1.2	0.4	0.6

*As the "Notes on Non-Performing Loans" in the "Cabinet Office Order on Account Management of specified finance companies" was revised on March 31, 2022, the classification is presented based on the classification after the revision of the said Cabinet Office Order from 2021/3.

Eleven-Year Summary (2020/3-2025/3)

For the Year (Millions of yen)	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Operating revenue	127,038	127,481	132,097	144,152	163,109	189,054
Operating expenses	125,358	109,950	120,855	120,427	142,045	163,751
Financial expenses	7,522	7,248	7,041	7,068	7,246	9,512
Provision for doubtful account	35,277	38,818	27,918	36,004	52,546	56,904
Personnel expenses	16,853	16,902	16,704	17,386	19,095	21,697
Interest repayment related expenses	16,927	-	19,929	-	-	-
Operating profit (loss)	1,679	17,530	11,242	23,724	21,064	25,302
Ordinary profit (loss)	1,716	19,305	12,265	24,428	22,067	26,817
Profit (loss) before income taxes	1,569	18,149	12,265	23,959	21,493	24,240
Profit (loss)	300	17,794	13,037	22,946	21,502	22,089
Profit (loss) attributable to owners of parent	1,390	184,375	12,334	22,343	21,818	22,516

At Year-End (Millions of yen)	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Loans outstanding	573,080	553,389	582,349	648,760	738,676	815,259
Non-performing loans*	86,422	87,393	97,121	104,904	120,627	125,910
Total assets	860,507	863,354	935,642	1,070,485	1,266,374	1,448,451
Allowance for doubtful accounts	72,294	77,830	78,246	79,623	92,601	102,675
Total liabilities	731,576	715,662	779,116	890,892	1,064,962	1,227,054
Interest-bearing debt	475,893	457,639	480,401	561,236	664,905	789,617
Net assets	128,931	147,692	156,526	179,593	201,412	221,396

Per Share Data (yen)	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Total number of shares issued	484,620,136	484,620,136	484,620,136	484,620,136	484,620,136	484,620,136
Basic profit (loss) (EPS)	2.88	38.12	25.50	46.19	45.10	46.91
Net assets (BPS)	260.53	300.92	318.17	364.01	409.04	455.12

Ratios (%)	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Equity ratio	14.6	16.9	16.4	16.4	15.6	15.0
ROE	1.1	13.6	8.2	13.5	11.7	10.8
ROA	0.2	2.2	1.4	2.4	1.9	2.0

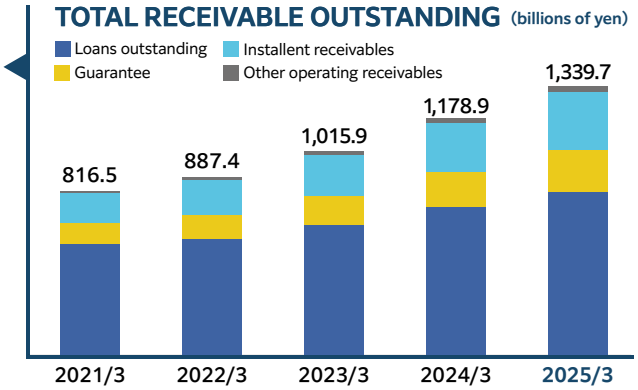
*As the "Notes on Non-Performing Loans" in the "Cabinet Office Order on Account Management of specified finance companies" was revised on March 31, 2022, the classification is presented based on the classification after the revision of the said Cabinet Office Order from 2021/3.

Consolidated Business Data

TOTAL RECEIVABLE OUTSTANDING

(Millions of yen)

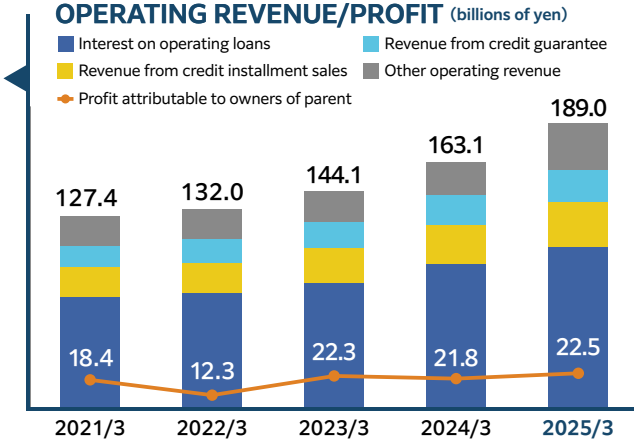
	2021/3	2022/3	2023/3	2024/3	2025/3
Total receivable outstanding	816,579	887,407	1,015,910	1,178,983	1,339,705
Loans outstanding	553,389	582,349	648,760	738,676	815,259
Unsecured	481,687	505,255	550,647	614,131	666,528
Small business	53,421	58,810	72,133	89,145	102,257
Secured	18,281	18,282	25,979	35,399	45,794
Installment receivables	108,714	116,780	142,899	173,790	203,332
Guarantee	145,725	172,697	204,078	241,562	291,858
Other operating receivables	8,749	15,579	20,171	24,953	29,254



OPERATING REVENUE/PROFIT

(Millions of yen)

	2021/3	2022/3	2023/3	2024/3	2025/3
Operating revenue	127,481	132,097	144,152	163,109	189,054
Interest on operating loans	74,041	76,332	83,230	95,400	106,590
Unsecured	68,242	70,842	76,143	85,722	94,515
Small business	3,965	3,865	5,137	7,055	8,668
Secured	1,834	1,624	1,949	2,622	3,406
Revenue from installment sales	19,387	20,099	23,158	26,290	30,145
Revenue from credit guarantee	14,524	15,730	17,030	19,408	21,526
Other operating revenue	19,528	19,934	20,732	22,010	30,791
Operating expense	109,950	120,855	120,427	142,045	163,751
Operating profit	17,530	11,242	23,724	21,064	25,302
Profit attributable to owners of parent	18,437	12,334	22,343	21,818	22,516



NUMBER OF CUSTOMER ACCOUNTS (Thousands)

	2021/3	2022/3	2023/3	2024/3	2025/3
Number of customer accounts	1,425	1,464	1,625	1,716	1,795
Unsecured	1,387	1,425	1,582	1,666	1,739
Small business	33	35	40	46	52
Secured	3	3	3	3	4
Credit card holders	5,382	5,240	5,141	5,051	5,035
Number of customer accounts of Installment credit sales	26	42	81	130	173

AVERAGE FUNDING COST (%)

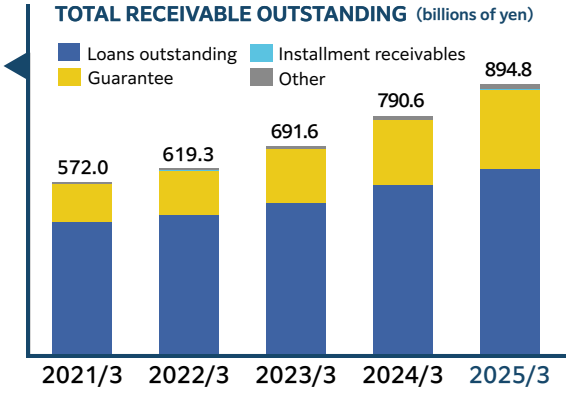
	2021/3	2022/3	2023/3	2024/3	2025/3
Average funding cost	1.38	1.22	1.11	1.10	1.42
Indirect	1.54	1.39	1.27	1.20	1.57
Direct	1.13	0.95	0.81	0.86	1.11
Share of indirect	59.6	62.0	66.2	68.4	66.7
Share of direct	40.4	38.0	33.8	31.6	33.3

AIFUL CORPORATION Business Data

TOTAL RECEIVABLE OUTSTANDING

(Millions of yen)

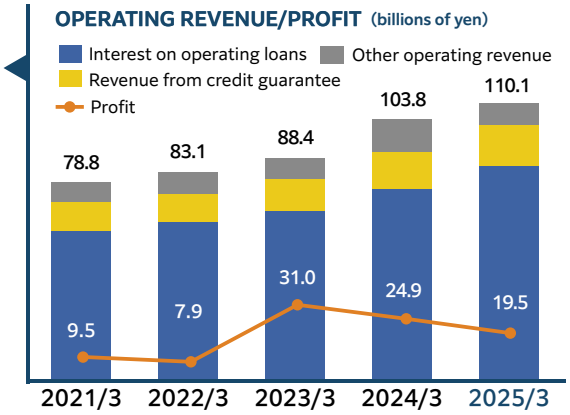
	2021/3	2022/3	2023/3	2024/3	2025/3
Total receivable outstanding	572,070	619,388	691,689	790,608	894,844
Loans outstanding	438,300	461,884	502,874	562,913	614,222
Unsecured	425,848	449,747	490,096	548,554	597,976
Small business	7,638	8,635	10,275	12,522	14,860
Secured	4,813	3,501	2,502	1,836	1,385
Guarantee	125,984	148,475	177,303	213,333	263,788
Installment receivables	268	226	185	162	140
Other	7,517	8,802	11,326	14,198	16,693



OPERATING REVENUE/PROFIT

(Millions of yen)

	2021/3	2022/3	2023/3	2024/3	2025/3
Operating revenue	78,826	83,117	88,449	103,867	110,158
Interest on operating loans	59,732	63,071	67,596	76,323	85,603
Unsecured	58,559	61,872	66,274	74,753	83,736
Small business	697	809	1,040	1,359	1,265
Secured	475	388	281	210	146
Revenue from credit guarantee	11,136	11,447	12,447	14,397	16,198
Other operating revenue	7,957	8,598	8,406	13,146	8,356
Operating profit	10,473	4,757	19,127	24,339	20,391
Profit	9,583	7,912	31,028	24,998	19,562



NUMBER OF CUSTOMER ACCOUNTS

(Thousands)

	2021/3	2022/3	2023/3	2024/3	2025/3
Number of loan accounts	933	980	1,115	1,256	1,348
Unsecured	922	968	1,103	1,243	1,335
Small business	8	9	10	11	12
Secured	2	2	1	1	0

AVERAGE YIELD (%)

	2021/3	2022/3	2023/3	2024/3	2025/3
Average yield	14.3	14.4	14.3	14.5	14.6
Unsecured	14.4	14.5	14.3	14.5	14.6
Small business	12.8	13.4	13.4	13.3	13.4
Secured	8.1	9.4	9.4	9.7	9.1

NEW ACCOUNTS

	2021/3	2022/3	2023/3	2024/3	2025/3
New accounts (Operating loans)	161,186	210,104	301,262	338,783	325,676
Unsecured	161,111	210,014	301,183	338,657	325,528

AMOUNT OF WRITE-OFFS/ RATIO OF WRITE-OFFS

	2021/3	2022/3	2023/3	2024/3	2025/3
Amount of write-offs (Millions of yen)	22,457	20,521	21,795	24,696	1.42
Ratio of write-offs (%)	3.9	3.3	3.2	3.1	3.2

Non-financial Data

Human resource

	2022/3	2023/3	2024/3	2025/3
Number of employees (including non-consolidated)	3,969	4,409	4,982	5,003
Number of employees (consolidated only)	3,148	3,275	3,716	4,043
Number of foreign employees (including non-consolidated)	892	928	993	1,034
Number of employees with disabilities ※1	23	19	25	25
Rate of female employees taking childcare leave ※1(%)	74	100	100	100
Rate of male employees taking childcare leave ※1(%)	106.7	63.6	96.7	175.0
Rate of annual paid leaves taken ※2(%)	73.4	77.8	74.3	68.2
Employees' average years of service ※2	15.4	15.1	12.7	12.5
Average age ※2	40.1	39.9	38.5	38.46
Number of in-house engineers (including non-consolidated)	30	110	247	327
Number of in-house data analysts, data scientists (including non-consolidated)	30	39	63	68
Number of in-house designers (including non-consolidated)	12	15	19	23

Environment·Society·Governance

	2022/3	2023/3	2024/3	2025/3
Inside directors	6	6	6	6
Outside directors	3	3	3	3
Ratio of outside directors	33.30%	33.30%	33.30%	33.30%
Number of Board of Directors Meetings	43	42	39	31
Number of IR Briefings (Financial Results Briefings / Individual Shareholder Briefings)	3	3	3	4
Number of compliance study sessions	4	4	4	4
Amount of donation through credit card (Yen)	11,250,000	12,160,000	11,200,000	9,460,000
Total (t-CO2) ※3	6,767	6,545	5,798	5,672
Scope1 Direct CO2 emissions (t-CO2)	791	691	684	610
Scope2 Indirect CO2 emissions (t-CO2)	5,975	5,854	5,114	5,061

Customer base·brands

	2022/3	2023/3	2024/3	2025/3
App evaluation iOS (AIFUL)	4.6	4.6	4.6	4.6
App evaluation Android (AIFUL)	4.5	4.6	4.3	4.7
Incoming call rate per account (AIFUL) (HP, application renovation, and QA enhancement)	16%	16%	14%	11%
Number of data analysis	133	168	239	294
Number of in-house design products ※4	-	756	948	990

※1 Employee of the AIFUL
※2 AIFUL only
※3 Effective from the FY ended March 2023, the calculation method has been revised to improve the accuracy of acquired data.
※4 The number of in-house designers began being tallied starting with the FY ended March 2023.

Financial Report by the Management Team

① Consolidated business results

During the consolidated fiscal year under review, Japanese economy showed a gradual recovery as restrictions on activities due to COVID-19 have been lifted and socioeconomic activities have normalized. However, the outlook remains uncertain due to factors such as rising interest rates resulting from changes in the Bank of Japan's monetary easing policy, fluctuations in foreign exchange rates, and rising prices against the backdrop of soaring energy and raw material prices.

In the non-bank industry surrounding the AIFUL Group, the number of new contracts and the balance of operating loans outstanding business have continued to increase against a backdrop of brisk capital needs. Although the status of interest repayment claims is susceptible to changes in the external environment and certain considerations are necessary, the number of claims is steadily decreasing.

Under these circumstances, AIFUL Group has aimed to grow the balance of operating loans and the top line by enhancing UI/UX from a customer's perspective as well as by investing in advertising with an emphasis on efficiency. In addition, we will continue to invest in IT human resources to promote DX and in-house production in order to optimize costs and raise the profit level.

In the consolidated fiscal year under review, AIFUL Group's operating revenue amounted to 189,054 million yen (up 15.9 % year on year). The principal components were 106,590 million yen in interest on loans receivable (up 11.7 % year on year), 22,891 million yen in revenue from the credit card business (up 5.9 % year on year) and 21,526 million yen in revenue from the credit guarantee business (up 10.9 % year on year).

Operating expenses increased 15.3 % year on year to 163,751 million yen. This was mainly due to financial expenses of 9,512 million yen (up 31.3% year on year), advertising expenses of 18,557 million yen (up 4.3% year on year) and provision for doubtful accounts of 56,904 million yen (up 8.3 % year on year).

In addition, due to an increase in the number of consolidated subsidiaries, operating revenue increased by 4,728 million yen in insurance premiums and 3,127 million yen in fee income, and operating expenses increased by 3,582 million yen in insurance claims.

As a result, AIFUL Group's operating profit for the fiscal year under review was 25,302 million yen (up 20.1% year on year), and ordinary profit was 26,817 million yen (up 21.5% year on year). Profit attributable to owners of the parent was 22,516 million yen (up 3.2% year on year) as a result of posting impairment loss of 1,582 million yen due to review of system development policy, bad debt write offs of 498 million yen incurred as a result of phishing scams and provision of allowance for doubtful accounts of 366 million yen for loans to subsidiaries.

② By business

Unsecured loan

The market for unsecured loans to individuals has continued to expand on the back of solid demand for funds, and the market stood at 9.9 trillion yen, up 4.3% year on year, as of December 2024. Of this, financial institutions accounted for 5.5 trillion yen, up 3.5% year on year, and the total of companies specializing in consumer finance and credit card companies for 4.4 trillion yen, up 5.4% year on year.

In the loan business, in addition to effective and efficient advertising strategies on TV commercials and web advertising, the Company has been implementing initiatives to improve UI/UX and customer satisfaction, such as speedily upgrading official sites, smartphone apps, and application forms through in-house production in the digital field.

The AIFUL Group's balance of unsecured loans was 666,528 million yen, up 8.5% year on year, and AIFUL's non-consolidated one was 597,976 million yen, up 9.0% year on year.

Small business loan

In the small business loan market for small- and medium-sized companies, the number of corporate bankruptcies has increased due to labor shortages and higher costs for raw materials, supplies, energy, etc. However, since the resumption of economic activity after Corona, demand for funds has continued to recover.

As a result, the balance for small business loans was 102,257 million yen, an increase of 14.7% year on year. Of this, AG Business Support accounted for 85,358 million yen, up 13.8% year on year, and AIFUL's non-consolidated balance was 14,860 million yen, up 18.7% year on year.

Credit card

In the credit card market, domestic transaction volume of credit card increased 11.1% year on year to 101 trillion yen in fiscal 2024 due to the recovery of consumer expenditure, the increase in cashless payments, and spread of corporate cards, indicating that the market will continue to expand in the future.

In the credit business, LIFECARD has worked to acquire new members and increase active cardholders by issuing new tie-up cards, adding app functions to meet customer needs, expansion of courtesy service and developing new acquisition sales channels.

As a result, the transaction volume for the consolidated fiscal year under review was 771,942 million yen (up 4.1 % year on year), and the balance of installment receivables for credit card business at the end of the fiscal year under review was 115,491 million yen (up 3.4% year on year).

Credit guarantee

In the credit guarantee business, AIFUL has leveraged its credit screening know-how for individuals and small- and medium-sized enterprises as well as its unique strengths as an independent entity to increase the credit guarantee balance by promoting the diversification of credit guarantee products and increasing the number of guarantee partners.

As a result, the balance of credit guarantees at the end of the fiscal year under review was 291,858 million yen (up 20.8% year on year), of which AIFUL's credit guarantee balance was 263,788 million yen (up 23.7 % year on year) and LIFECARD's credit guarantee balance was 28,926 million yen (down 2.2 % year on year).

③ Overview of balance sheet

Assets at the end of the consolidated fiscal year under review increased by 182,076 million yen from the end of the previous fiscal year to 1,448,451 million yen (up 14.4% from the end of the previous fiscal year). This was primarily due to an increase of 76,536 million yen in operating loans, an increase of 29,546 million yen in installment receivables and an increase of 9,707 million yen of goodwill.

Liabilities increased by 162,092 million yen to 1,227,054 million yen (up 15.2% from the end of the previous fiscal year). This was primarily due to an increase related to fund procurement through borrowings from financial institutions.

Net assets increased by 19,984 million yen to 221,396 million yen (up 9.9% from the end of the previous fiscal year). The increase was mainly attributable to an increase in retained earnings.

④ Overview of cash flows

Cash and cash equivalents ("funds") increased 3,993 million yen or 7.7%, compared with the end of the previous fiscal year, to 55,928 million yen. The situation of each category of cash flow for the current fiscal year and the contributing factors are as follows.

Cash flows from operating activities

Net cash used for operating activities amounted to 82,874 million yen, an increase of 11.7% compared with the previous fiscal year. This was mainly due to a decline in funds reflecting an increase in operating loans and installment receivables.

Cash flows from investing activities

Net cash used for investing activities amounted to 35,099 million yen, an increase of 175.0% compared with the previous fiscal year. This was mainly due to purchases of property, plant and equipment and purchases of shares of subsidiaries resulting in a change in scope of consolidation.

Cash flows from financing activities

Net cash provided by financing activities amounted to 119,822 million yen an increase of 18.7%, compared with the previous fiscal year. This was mainly due to borrowings exceeding repayments.

⑤ Fund procurement trends

The AIFUL Group, which conducts mainly financial business, procures funds required for business expansion from outside the Group. The Group adjusts for market conditions and the balance between long- and short-term borrowings and procures funds both indirectly from financial institutions and directly through corporate bonds in order to build a safe and robust procurement platform.

At the end of fiscal 2024, the balance of loans, including off-balance sheet borrowings, was 834,482 million yen, a rise of 17.6% year on year. The balance of loans via indirect procurement stood at 556,580 million yen. This accounted for 66.7% of total borrowings. The interest rate on indirect financing was 1.57%, up 0.37 points year on year.

The balance of loans via direct procurement, accounting for 33.3% of total borrowings, was 277,902 million yen. This breaks down to 174 million yen in commercial papers, 110,000 million yen in regular corporate bonds and securitization of 150,502 million yen. The interest rate on direct financing was 1.11%, up 0.25 points year on year, and the funding interest rate which includes interest rates on direct and indirect financing was 1.42%, up 0.32 points year on year. At the end of fiscal 2024, short-term borrowings amounted to 111,382 million yen, and long-term borrowings stood at 723,099 million yen.

⑥ Non-performing loan

According to the judicial statistics of the Supreme Court, it still stays at a low level compared to the early 2000s, when bankruptcy due to multiple debts became an issue.

In fiscal 2024, the Group's total non-performing loans stood at 125,910 million yen, a rise of 4.4% year on year. Of this, the amount of non-performing loans on unsecured loans, a mainstay product, was 100,540 million yen, an increase of 4.8% year on year and the amount of non-performing loans, consisting mainly of real estate-secured loans and other than unsecured loans, totaled 25,369 million yen, an increase of 2.7% year on year. Meanwhile, restructured loans with a high share of non-performing unsecured loans stood at 56,127 million yen, a rise of 2.6% year on year. However, we think that the collectability of restructured loans is high, and that they are not directly related to bad debt.

Status of four categories of non-performing loans

(Millions of yen)

2024/3	Operating loans and claims in bankruptcy		Other	Total
	Unsecured loans	Other than unsecured loans		
Loans in legal bankruptcy	660	12,854	582	14,098
Doubtful loans	28,519	8,807	9,865	47,192
Loans 3 months more in arrears	10,913	464	-	11,377
Restructured loans	55,820	2,587	6,725	65,133
Performing loans	513,496	89,544	261,966	865,007
Total	609,410	114,258	279,140	1,002,809

2025/3	Operating loans and claims in bankruptcy		Other	Total
	Unsecured loans	Other than unsecured loans		
Loans in legal bankruptcy	841	11,142	733	12,716
Doubtful loans	32,728	10,492	11,934	55,156
Loans 3 months more in arrears	10,843	324	-	11,167
Restructured loans	56,127	3,410	7,435	66,972
Performing loans	566,277	106,648	310,467	983,393
Total	666,818	132,017	330,570	1,129,406

⑦ Write-offs

In fiscal 2024, the amount of write-offs, including debt waived in tandem with interest repayment claims, totaled 45,852 million yen, an increase of 25.4%, in comparison with a year earlier.

Write-off debt waived in tandem with interest repayment claims was 367 million yen, a decline of 38.5% year on year, indicating a declining trend. Other ordinary bad debts were 45,485 million yen (up 26.4% year on year), and the write-off ratio excluding debt forgiveness arising from interest repayment claims accounted for 3.5% of total operating receivables (up 0.4 percentage points year on year), which indicates that the write-off ratio remains stable and low.

Accordingly, provisions to the allowance for doubtful accounts in fiscal 2025 totaled 56,904 million yen, an increase of 8.3%, in contrast with the previous fiscal year. At the end of fiscal 2025, the balance for the allowance for doubtful accounts came to 102,675 million yen (including 1,196 million yen in allowance for debt waived in tandem with interest repayment claims).

⑧ Dividend policy

The return of profits to shareholders is a management priority for the AIFUL Group. The Group's basic policy calls for stable retained earnings and the return of profits in line with business results, while aiming to maximize shareholder value through medium- to long-term profit growth.

We have decided to pay year-end dividend of 1 yen/share in fiscal 2024. For the next fiscal year, we plan to pay an annual dividend of 12.00 yen per share (6.00 yen per share at the end of the second quarter, 6.00 yen per share at the end of the fiscal year).

Internal reserves are to be utilized flexibly and efficiently for M&A promotion with a view to generating future profits and for stable and continuous shareholder returns in accordance with the medium-term management plan for the fiscal year ended March 2025 through the fiscal year ending March 2027 with targets of an "equity ratio of 15% or more" and "total return ratio of approximately 20%"

	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3 (Forecast)
Full Year(yen)	-	1	1	1	1	1	12
Interim	-	0	0	0	0	0	6
Year-end	-	1	1	1	1	1	6
Stock Buy-back (yen)	-	-	-	-	1.9billion	-	-
Total Payout ratio(%)	-	2.6	3.9	2.2	2.1	11.0	24.1

Consolidated Balance Sheets

Assets (Millions of yen)	2024/3	2025/3
Current assets		
Cash and deposits	56,917	60,608
Operating loans	709,137	785,674
Accounts receivables - installment	167,753	197,300
Operational investment securities	2,989	3,361
Customers' liabilities for acceptances and guarantees	256,096	303,943
Other operating receivables	16,573	19,376
Purchased receivables	8,380	9,877
Accrued receivables	23,570	18,090
Other	28,181	28,723
Allowance for doubtful accounts	(79,021)	(90,017)
Total current assets	1,190,579	1,336,938
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,730	26,667
Accumulated depreciation	(18,156)	(17,881)
Buildings and structures, net	5,574	8,786
Machinery, equipment and vehicles	451	546
Accumulated depreciation	(315)	(332)
Machinery, equipment and vehicles, net	136	214
Furniture and fixtures	5,729	4,773
Accumulated depreciation	(4,786)	(3,908)
Furniture and fixtures, net	942	865
Land	8,816	23,962
Leased assets	4,564	4,657
Accumulated depreciation	(3,946)	(4,434)
Leased assets, net	618	223
Construction in progress	1,003	102
Total property, plant and equipment	17,092	34,154
Intangible assets		
Software	6,728	7,890
Software in progress	7,448	9,456
Goodwill	-	9,707
Customer-related assets	-	2,283
Other	173	164
Total intangible assets	14,349	29,502
Investment and other assets		
Investment securities	12,086	8,247
Claims provable in bankruptcy	15,131	13,924
Deferred tax assets	20,212	24,535
Lease and guarantee deposits	3,979	1,830
Other	6,522	11,975
Allowance for doubtful accounts	(13,579)	(12,657)
Total investments and other assets	44,353	47,855
Total non-current assets	75,794	111,512
Total non-current assets	1,266,374	1,448,451

Liabilities (Millions of yen)	2024/3	2025/3
Current liabilities		
Notes & accounts payable-trade	68,069	60,961
Acceptances and guarantees	256,096	303,943
Short-term borrowings	101,627	84,894
Short-term loans payable to subsidiaries and associates	959	488
Commercial papers	-	17,400
Current portion of bonds	30,000	15,000
Current portion of long-term borrowings	233,660	252,042
Income taxes payable	3,871	4,171
Allowance for bonuses	1,671	1,858
Provision for share-based remuneration	58	70
Deferred installment income	12,854	18,332
Other	38,728	30,306
Total current liabilities	747,598	789,470
Non-current liabilities		
Bonds payable	50,000	95,000
Long-term borrowings	248,657	324,792
Deferred tax liabilities	107	343
Provision for loss on interest repayment	11,760	8,772
Policy reserves and others	-	1,868
Other	6,838	6,808
Total non-current liabilities	317,364	437,584
Total liabilities	1,064,962	1,227,054

Net Assets (Millions of yen)	2024/3	2025/3
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	14,017	14,017
Retained earnings	90,345	112,319
Treasury shares	(2,655)	(4,541)
Total shareholders' equity	195,735	215,824
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,283	813
Foreign currency translation adjustment	890	1,285
Total accumulated other comprehensive income	2,174	2,098
Non-controlling interests	3,502	3,473
Total net assets	201,412	221,396
Total liabilities and net assets	1,266,374	1,448,451

Consolidated Statements of Income

(Millions of yen)	2024/3	2025/3
Operating revenue		
Interest on loans receivable	95,400	106,590
Revenue from credit card business	21,625	22,891
Revenue from installment sales	4,665	7,253
Revenue from credit guarantee	19,408	21,526
Other financial revenue	8	29
Insurance premiums	-	4,728
Commission income	2,942	6,966
Other operating revenue		
Collection from purchased receivable	1,341	1,865
Recoveries of written off claims	7,428	6,707
Other	10,290	10,495
Total other operating revenue	19,060	19,068
Total operating revenue	163,109	189,054
Operating expenses		
Financial expenses		
Interest expenses	5,984	7,534
Interest on bonds	568	853
Other	692	1,124
Total financial expenses	7,246	9,512
Cost of sales		
Other	332	355
Total cost of sales	332	355
Insurance claims and others	-	3,582
Other operating expenses		
Advertising expenses	17,788	18,557
Commissions	19,499	24,371
Provision of allowance for doubtful accounts	52,546	56,904
Employees' salaries, allowances and bonuses	13,673	15,609
Provision for bonuses	1,567	1,741
Retirement benefit expenses	520	519
Welfare expenses	2,945	3,329
Other	25,925	29,268
Total other operating expenses	134,466	150,300
Total operating expenses	142,045	163,751
Operating profit	21,064	25,302

(Millions of yen)	2024/3	2025/3
Non-operating income		
Interest on loans receivable	83	64
Share of profit of entities accounted for using equity method	63	31
Foreign exchange gains	551	1,208
Other	342	259
Total non-operating income	1,041	1,563
Non-operating expenses		
Provision for doubtful accounts	-	2
Loss on liquidation of subsidiaries	-	20
Other	37	26
Total non-operating expenses	37	49
Ordinary profit	22,067	26,817
Extraordinary income		
Gain on the sale of fixed assets	79	-
Total extraordinary income	79	-
Extraordinary losses		
Bad debt write offs	-	498
Impairment loss	-	1,582
Loss on valuation of investment securities	47	-
Loss on valuation of stocks of subsidiaries and affiliates	420	119
Provision for doubtful accounts	186	366
Other	-	10
Total extraordinary losses	653	2,576
Profit before income taxes	21,493	24,240
Income taxes – current	5,007	5,989
Income taxes – deferred	(5,016)	(3,838)
Total income taxes	(8)	2,151
Profit	21,502	22,089
Profit (loss) attributable to non-controlling interests	(316)	(427)
Profit attributable to owners of parent	21,818	22,516

Consolidated Statements of Comprehensive Income (Millions of yen)

	2024/3	2025/3
Profit	21,502	22,089
Other Comprehensive income		
Valuation difference on available-for-sale securities	160	(470)
Foreign currency translation adjustment	594	793
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	754	323
Comprehensive income	22,256	22,412
Comprehensive income attributable to		
Owners of parent	22,274	22,441
Non-controlling interests	(18)	(28)

Consolidated Statements of Change in Shareholders' Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity
Balance at April 1, 2023	94,028	14,017	69,419	(3,110)	174,354
Changes during the period					
Dividends of surplus			(483)		(483)
Profit attributable to owners of parent			21,818		21,818
Purchase of treasury shares				(0)	(0)
Transfer from retained earnings to capital surplus		409	(409)		-
Restricted stock compensation		(409)		455	45
Net changes in accounts other than shareholders' equity	-	-	-	-	-
Total change during fiscal year	-	-	20,925	455	21,380
Balance at March 31, 2024	94,028	14,017	90,345	(2,655)	195,735

(Millions of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total		
Balance at April 1, 2023	1,123	595	1,718	3,520	179,593
Changes during the period					
Dividends of surplus					(483)
Profit attributable to owners of parent					21,818
Purchase of treasury stock					(0)
Transfer from retained earnings to capital surplus					-
Restricted stock compensation					45
Net changes in accounts other than shareholders' equity	160	295	456	(18)	437
Total change during fiscal year	160	295	456	(18)	21,818
Balance at March 31, 2024	1,283	890	2,174	3,502	201,412

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total share-, holders' equity
Balance at April 1, 2024	94,028	14,017	90,345	(2,655)	195,735
Changes during the period					
Dividends of surplus			(483)		(483)
Profit attributable to owners of parent			22,516		22,516
Purchase of treasury shares				(2,000)	(2,000)
ransfer from retained earnings to capital surplus		58	(58)		-
Restricted stock compensation		(58)		114	56
Net changes in accounts other than shareholders' equity	-	-	-	-	-
Total change during fiscal year	-	-	21,974	(1,885)	20,088
Balance at March 31, 2025	94,028	14,017	112,319	(4,541)	215,824

(Millions of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total		
Balance at April 1, 2024	1,283	890	2,174	3,502	201,412
Changes during the period					
Dividends of surplus					(483)
Profit attributable to owners of parent					22,516
Purchase of treasury stock					(2,000)
Transfer from retained earnings to capital surplus					-
Restricted stock compensation					56
Net changes in accounts other than shareholders' equity	(470)	394	(75)	(28)	(104)
Total change during fiscal year	(470)	394	(75)	(28)	19,984
Balance at March 31, 2025	813	1,285	2,098	3,473	221,396

Consolidated Statements of Cash Flows

Cash flows from operating activities

(Millions of yen)

	FY ended March 31, 2024 (Apr. 1 2023 to Mar. 31 2024)	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)
Profit before income taxes	21,493	24,240
Depreciation	3,913	4,347
Impairment loss	-	1,582
Amortization of goodwill	-	775
Increase (decrease) in policy reserves and others	-	(184)
Increase (decrease) in allowance for doubtful accounts	12,424	9,042
Increase (decrease) in provision for bonuses	112	161
Increase (decrease) in provision for directors' bonuses	(44)	-
Increase (decrease) in provision for share-based remuneration	7	12
Increase (decrease) in allowance for loss on interest repayment	(5,623)	(2,988)
Interest and dividend income	(146)	(98)
Decrease (increase) in foreign exchange gains	(551)	(1,142)
Loss on valuation of shares of subsidiaries and associates	420	119
Loss (gain) on valuation of investment securities	47	-
Share of loss (profit) of entities accounted for using equity method	(63)	(31)
Loss (gain) on sale of fixed assets	(79)	-
Loss on liquidation of subsidiaries	-	20
Decrease (increase) in operating loans receivable	(92,280)	(72,152)
Decrease (increase) in accounts receivable – installment	(31,194)	(29,546)
Decrease (increase) in other operating receivables	(3,387)	(2,803)
Decrease (increase) in purchased receivable	(1,394)	(1,497)
Decrease (increase) in accrued receivables	(9,291)	9,217
Decrease (increase) in deposits	10,157	(10,056)
Decrease (increase) in claims provable in bankruptcy	3,035	1,207
Decrease (increase) in business guarantee deposits, etc.	(41)	2,610
Decrease (increase) in other current assets	(8,036)	(560)
Increase (decrease) in other current liabilities	29,117	(8,024)
Other	147	(1,840)
Subtotal	(71,260)	(77,588)
Interest and dividend income	167	118
Income taxes refund	54	84
Income taxes paid	(3,169)	(5,489)
Cash flow from operating activities	(74,208)	(82,874)

Cash flows from investing activities

(Millions of yen)

	FY ended March 31, 2024 (Apr. 1 2023 to Mar. 31 2024)	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)
Payments into time deposits	(4,949)	(4,646)
Proceeds from withdrawal of time deposits	5,332	4,949
Purchase of property, plant and equipment	(2,296)	(18,189)
Proceeds from sales of property, plant and equipment	175	-
Purchase of intangible assets	(7,806)	(7,048)
Purchase of investment securities	(1,302)	(1,504)
Proceeds from liquidation of subsidiaries	-	1,242
Payments of long-term loans receivable	(2,354)	(2,627)
Proceeds from collection of long-term loans receivable	137	210
Purchase of shares of subsidiaries resulting in a change in scope of consolidation	-	(6,759)
Other	301	(726)
Cash flows from investing activities	(12,762)	(35,099)

Cash flows from financing activities

(Millions of yen)

	FY ended March 31, 2024 (Apr. 1 2023 to Mar. 31 2024)	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)
Proceeds from short-term borrowings	1,635,716	2,284,179
Repayments of short-term borrowings	(1,605,238)	(2,303,074)
Proceeds from issuance of commercial papers	184,400	273,200
Redemption of commercial papers	(196,400)	(255,800)
Proceeds from long-term loans payable	259,187	365,698
Repayments of long-term loans payable	(210,131)	(271,428)
Proceeds from issuance of bonds	35,000	60,000
Redemption of bonds	-	(30,000)
Cash dividends paid	(483)	(483)
Purchase of treasury stock	-	(2,000)
Other	(1,119)	(468)
Cash flows from financing activities	100,929	119,822
Effect of exchange rate changes on cash and cash equivalents	89	60
Net increase (decrease) in cash and cash equivalents	14,048	1,907
Cash and cash equivalents at beginning of period	37,885	51,934
Increase in cash and cash equivalents from newly consolidated subsidiaries	-	2,086
Cash and cash equivalents at end of period	51,934	55,928

Significant items forming the basis for the preparation of consolidated financial statements

1. Matters concerning the scope of consolidation

❶ Number of consolidated subsidiaries: 9
Names of consolidated subsidiaries
LIFECARD Co., Ltd., AG Business Support Corporation, AG Loan Services Corporation,AG Payment Service CO., LTD., AIRA & AIFUL Public Company Limited, and four other companies.
FPC Co., Ltd., a non-consolidated subsidiary to which the equity method was applied until the previous fiscal year, became a consolidated subsidiary from the beginning of the current fiscal year due to an increase in its materiality. In addition, in the current fiscal year, the Company acquired shares of BitCash Inc. on June 28, 2024, making it a consolidated subsidiary, and the deemed acquisition date was June 30, 2024.

❷ Name, etc., of non-consolidated subsidiaries
- AG Partners Corporation
- AG Smile Leaseback Corporation
- and thirteen other companies

(Reason for exclusion from the scope of consolidation)
Each of the non-consolidated subsidiaries are small in scale and the total assets, operating revenue, profit or loss (corresponding to equity) and retained earnings (corresponding to equity) of those companies in aggregate have an insignificant impact on the consolidated financial statements.
Therefore, they have been excluded from the scope of consolidation.

2. Matters concerning application of the equity method

❶ Number of non-consolidated subsidiaries and affiliated companies accounted for using the equity method: 1
Name of company: Anshin Guarantor Service Co., Ltd.

❷ Name of major non-consolidated subsidiaries or affiliated companies not accounted for using the equity method AG Partners Co., Ltd., AG Smile Leaseback Corporation and thirteen other companies (Reason for not applying the equity method) Each of the non-consolidated subsidiaries or affiliated companies not accounted forusing the equity method are small in scale and the profit or loss (corresponding to equity), retained earnings (corresponding to equity), etc. of those companies in aggregate have an insignificant impact on the consolidated financial statements.
Therefore, they have been excluded from the scope of application of the equity method. There are no affiliated companies to which the equity method does not apply.

3. Matters concerning the fiscal year, etc., of consolidated subsidiaries

Of the consolidated subsidiaries, the closing date of AIRA & AIFUL Public Company Limited is December 31. In preparing the consolidated financial statements, the financial statements as of the above date were used and the necessary justments for consolidation were made for important transactions occurring between said date and the consolidated closing date.

4. Matters concerning accounting policies

❶ Valuation standards and valuation method for significant assets

(i) Securities Held-to-maturity securities Amortized cost method (straight line method)Available-for-sale securities

*Items other than shares with no market value Stated at fair value by the market value method, based on market price, etc., as of the consolidated closing date. (All differences in valuation are fully included in the net asset method, and sales costs are calculated by the moving average method.)

*Shares with no market value Stated at cost determined by the moving average method.

The net amount of equity included in the Company's financial statements from limited liability investment partnerships and similar investments, regarded as marketable securities under paragraph 2, Article 2 of the Financial Instruments and Exchanges Act, is calculated based on the most recent financial statements for the partnership available as of the reporting date stipulated in the partnership agreement.

② Depreciation method of significant depreciable assets

(i) Property, plant and equipment (excluding leased assets)

The Company and its consolidated subsidiaries adopt the declining balance method.
However, buildings (excluding attached facilities) acquired on or after April 1, 1998 are depreciated using the straight-line method at consolidated subsidiaries.
The useful life of major assets is as follows:
Buildings and structures: 2 to 62 years
Machinery, equipment and vehicles: 2 to 17 years
Furniture and fixtures: 2 to 20 years

(ii) Intangible assets (excluding leased assets)

Straight-line method Software for internal use is amortized based on the period of internal use (five years).

(iii) Leased assets

Leased assets pertaining to finance lease transactions involving the transfer of ownership Depreciated by the same method applied to non-cur rent assets owned by the Company.
Leased assets pertaining to finance lease transactions not involving the transfer of ownership Depreciated over the lease period by the straight-line method, assuming the residual value is zero.
Overseas consolidated subsidiaries, which prepare financial statements based on the International Financial Reporting Standards, have adopted the International Financial Reporting Standard 16 “Lease” (hereinafter referred to as “IFRS 16”) from the consolidated fiscal year under review, as described in (Changes in accounting policies). Due to this adoption, the lessees book all leases on their balance sheets as assets and liabilities.
Right-of-use assets booked as assets are depreciated using the straight-line method.

③ Booking of major allowances

(i) Allowance for doubtful accounts

To provide for losses on operating loans caused by bad debt, an amount deemed necessary based on historical losses is booked as an allowance for ordinary receivables, and an estimated uncollectible amount in consideration of individual collectability is booked for doubtful receivables and other certain receivables.

(ii) Allowance for bonuses

To provide for the payment of bonuses to employees, the portion of the estimated amount of future bonus payment as attributable to the consolidated fiscal year under review is booked as a provision.

(iii) Allowance for bonuses for executives

To provide for the payment of bonuses to directors, the portion of the estimated amount of future bonus payment as attributable to the consolidated fiscal year under review is booked as a provision.

(iv) Allowance for share-based remuneration

To provide for the issuance of shares for directors and others (excluding directors who belong to the audit and supervisory committee as well as outside directors and directors who do not reside in Japan) in relation to the transfer-restricted stock compensation system, estimated expenses as attributable to the end of the consolidated fiscal year under review is booked as a provision.

(v) Provision for loss on interest repayment

To provide for the future occurrence of interest repayment, an estimated amount of repayments that is reasonably estimated based on repayment history and recent repayment situations is booked as a provision.

④ Booking of significant revenues and expenses

(i) Interest on operating loans

Interest on operating loans is booked on an accrual basis. For accruals of interest pertaining to operating loans, the lower interest rate under the Interest Rate Restriction Act or the contract interest rate is booked.

(ii) Booking of revenues pertaining to installment sales

Principles and procedures for accounting adopted when the Add-on type customer commissions are collectively booked under deferred installment income in a lump sum at the time of contract and booked as revenue at each billing period.
The revenue of departments is allocated using the 78 method.
For declining balance method or revolving method customer commissions, revenue is booked at each billing period. The revenue of departments is allocated by using the declining balance method.

(iii) Revenue from credit guarantee

The residual debt method is used to record revenue.

(iv) Revenue arising from contracts with customers

Based on the following 5-step process of revenue, our corporate group recognizes revenue as the revenue arising from contracts with customers, such as member store commissions, revenues related to its own point system, and annual card membership fees when the performance obligations are satisfied or as the amount allocated to the satisfied performance obligations as it works on fulfilling its obligations.

Step 1: Identify contracts with customers

Step 2: Identify performance obligations in the contract

Step 3: Calculate transaction prices

Step 4: Allocate the transaction prices to the performance obligations in the contract

Step 5: Recognize revenue when performance obligations are satisfied or as the Company works on satisfying them

Information about performance obligations for revenue arising from contracts with customers is as follows.

(a) Performance obligation satisfied at a certain point in time

(Revenue from credit card holders)

Regarding member store commissions related to credit cards, revenue is recognized as credit card revenue at the time of a card member's shopping transaction when the performance obligation to provide payment services is satisfied. As for revenues related to its own point system, the cost equivalent to the Company's points granted according to a card member's credit card usage amount is deducted from the member store commissions, deferred as contract liabilities, and recognized as credit card revenue when the points are used and the performance obligation is satisfied.

(Revenue from electronic payment service using electronic money)

Revenue from prepaid payment instruments for third party business is revenue from settlement fees. Our performance obligation in exchange for the settlement fees is to settle the amount of payment based on membership agreements concluded with member stores.

As the performance obligation is satisfied at the time when the payment is settled using the prepaid payment instruments, member store commissions are recognized as revenue (commission income).

(b) Performance obligations satisfied over a certain period

Regarding annual card membership fees, in order to satisfy performance obligations according to the contract period of annual membership fees, revenue is recognized as other operating revenue according to the contract period in which the performance obligation is satisfied.

The above revenue is recorded based on the contract with a customer and the promised amount of compensation does not include an estimate of variable compensation or a financing component.

(v) Accounting for interest on borrowings

With respect to interest on borrowings, the portion corresponding to financing receivables is accounted for as operating expenses (financial expenses).

5. Translation of significant assets or liabilities denominated in a foreign currency into Japanese yen

Monetary assets and liabilities in a foreign currency are translated into Japanese yen based on the spot exchange rate in the foreign exchange market on the consolidated closing date, and foreign exchange gains and losses from the translations are recognized in the income statement. The assets and liabilities of overseas subsidiaries, etc. are translated into Japanese yen based on the spot exchange rate in the foreign exchange market on the consolidated closing date, while their revenues and expenses are translated into Japanese yen based on the average exchange rate during the fiscal year and the foreign exchange gains and losses from the translations are shown as foreign currency translation adjustment and non-con trolling interests under net assets.

6. Significant hedge accounting method

Method of hedge accounting

The special accounting is adopted for interest rate cap transactions since they meet the requirements of special accounting

Hedging instrument and hedged item

Hedging instrument: Interest rate cap transaction
Hedged item: Borrowings with variable interest rates

Hedging policy

For interest rate cap transactions, the interest rate fluctuation risks pertaining to the hedged item are hedged based on the Company's management rules.

Method of evaluating hedge effectiveness

The effectiveness of interest rate cap transactions, which are subject to special accounting, is not evaluated.

7. Funds referred to in the consolidated statements of cash flows

Funds referred to in the consolidated statements of cash flows consist of cash on hand, demand deposits and short-term, highly liquid investments that mature within three months of the acquisition date and are exposed to limited price fluctuation risks.

8. Accounting for non-deductible consumption taxes, etc. pertaining to assets

Non-deductible consumption taxes, etc. pertaining to assets are booked as “other” under “investments and other assets” and amortized equally over five years.

9. Principles and procedures for accounting adopted when the provisions of relevant accounting standards, etc. are not clear

Standards for posting assets and liabilities for important debt guarantee

The Company's debt guarantee for non-consolidated subsidiaries' loans fromfinancial institutions and debt guarantee for subordinated beneficiary rights backed by mortgage loans are described as a contingent liability. The balance of debt guarantee for tasks for other debt guarantee is indicated as “Guarantee” in the section of current assets and also as “Acceptances and guarantees” in the section of current liabilities in the consolidated balance sheets.

10. Goodwill amortization method and amortization period

The amount is amortized in equal amounts over the period within 15 years.
However, if the amount of goodwill is immaterial, it is treated as an expense in the consolidated fiscal year in which the goodwill arises.

11. Policy reserve accumulation method

Policy reserves, which account for the majority of policy reserves and others, are reserves based on Article 116 of the Insurance Business Act and are calculated in accordance with Article 211-46, Paragraph 1 of the Regulation for Enforcement of the Insurance Business Act.

12. Application of the group tax sharing system

The group tax sharing system is applied.

Critical Accounting Estimates

1. Allowance for doubtful accounts

❶ Amount recorded in the financial statements for the current fiscal year

(Millions of yen)	As of March 31, 2024	As of March 31, 2025
Allowance for doubtful accounts	92,601	102,675

❷ Information on the significant accounting estimates for the identified items

- Calculation method

Business loans, installment receivables, acceptances and guarantees, and other operating receivables are classified into performing loans, monitored loans, and bankruptcy and reorganization receivables according to a credit risk based on a debtor's payment status, etc.

(i) Performing loans
Estimated loan losses are calculated using the actual loan loss ratio for each loan type, such as consumer and business, over the average transaction period.

(ii) Monitored loans
Receivables with payment delays exceeding a certain period are classified according to borrowers' delinquency period and other factors for each loan type, such as consumer and business, and the estimated amount of bad debt is calculated using the actual rate of bad debt in the calculation period, such as the average remaining period in each category, and the actual rate of bad debt in classification matching the liability state of debtors (such as intervention by a lawyer).

(iii) Claims in bankruptcy
The estimated amount of bad debts is the balance obtained by subtracting the estimated amount of collection (including the estimated amount of collateral to be disposed of) for each individual claim from the balance of the claim.

- Key assumptions

Changes in economic conditions at the end of the fiscal year may have a direct or indirect impact on debtors. In order to reflect these changes in the evaluation of operating loans, installment receivables, credit guarantee, and other operating receivables, the Company makes judgments regarding the necessity of adjustments to the actual loan loss ratio.

- Impact on the financial statements for the following year

An allowance for doubtful accounts is provided based on various factors, including historical experience and available information.
However, future changes in uncertain economic conditions may have a direct or indirect impact on a borrower, and the allowance for doubtful accounts may increase or decrease if the judgment of the actual bad debt ratio changes depending on the collection conditions and other factors.

2. Allowance for loss on interest repayment

❶ Amount recorded in the financial statements for the current fiscal year

(Millions of yen)	As of March 31, 2024	As of March 31, 2025
Allowance for loss on interest repayment	11,760	8,772

❷ Information on the content of significant accounting estimates for identified items

There are some interest payments received under the Capital Contribution Act prior to the amendment of 2010 in loan agreements and other agreements offered or previously offered by our group, for users have the right to claim interest repayment.
As a result, our group conforms to "the Industry Audit Practice Committee Report No. 37 Application of Auditing for Provision of Allowance for Losses for Reclaimed Refund of Interest in the Accounting of Consumer Finance Companies" and sets aside allowance for loss on interest repayment in order to prepare for interest repayment claims.

- Calculation method

Amounts expected to be refunded in the future are estimated by taking into account multiple factors, as well as the number of claims for refund (hereinafter referred to as "the number of claims") for interest paid in excess of the maximum amount specified in the Interest Rate Restriction Act (hereinafter referred to as "Excess Interest"), the amount of excess interest repayment per case (hereinafter referred to as "the unit price of refund"), and other factors.

- Key assumptions

  Future transitions in the number of claims for repayment of excess interest and the amount of excess interest repayment per case are predicted based on the business environment, such as trends at the most recent law firms and judicial book firms, and changes in the Group's negotiation policy.

- Impact on the consolidated financial statements for the following year

  The allowance for loss on interest repayment may increase or decrease if the number of claims and the unit price of refund significantly deviate from the estimates, because the Company considers the status of recent refunds and other factors based on past returns.

3. Valuation of goodwill

1 Amount recorded in the fiscal year under review

(Millions of yen)	As of March 31, 2024	As of March 31, 2025
FPC Co., Ltd.	-	2,874
BitCash Inc.	-	6,833

2 Information on the significant accounting estimates for the identified items

- Calculation method

  The Group checks on the status of achievement of the business plan anticipated at the time of acquisition of each target company in order to determine whether there is damage to excess earnings potential, and assesses goodwill for impairment when an indication of impairment has occurred, such as marked deterioration in the business environment. Regarding an asset or an asset group indicating impairment, we compare a total undiscounted future cash flow expected to be generated from the asset or asset group to their book value and judge whether an impairment loss should be recognized.
  Goodwill is amortized regularly over the period during which the effect of goodwill shall apply.

- Key assumptions used in the calculation of estimates

  The estimates have been prepared by the best estimate and judgment based on information available at the time of use.

- Impact on the consolidated financial statements for the following year

  When estimates become necessary due to changes in the business environment and other impacts in the future, such estimates may have a major impact on the consolidated financial statements in and after the following fiscal year.

(Changes in Accounting Policies)
(Application of Accounting Standard for Current Income Taxes)

Effective from the beginning of the fiscal year under review, the Company has applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022").

As a result, the Company has changed the classification of income taxes to be charged on other comprehensive income and the treatment of tax effects related to the sale of shares of subsidiaries when the corporate group tax system is applied.

In addition, with regard to revisions related to the classification of income taxes (taxation on other comprehensive income), the Company follows the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment in Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022).

There are no impacts on the consolidated financial statements for the fiscal year under review.

(Unapplied accounting standards, etc.)

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13,2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ State ment No. 33, September 13, 2024)

Other related amendments to ASBJ Statement, ASBJ Guidance, Practical Solution and Transfer Guidance.

(1) Outline

The standards set forth treatment whereby lessees record assets and liabilities for all leases, etc. consistent with international accounting standards.

(2) Scheduled application date

The standards will be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of the application of said accounting standards, etc.

The extent of the impact of the application of the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently under evaluation.

Critical Accounting Estimates

(Changes in Presentation Method)

(Consolidated Balance Sheets)

"Accrued receivables," included in "Other" under "Current assets" in the previous consolidated fiscal year, is presented separately from the current consolidated fiscal year due to an increase in its monetary materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 51,752 million yen presented as "Other" under "Current assets" in the consolidated financial statements for the previous fiscal year has been reclassified as "Accrued receivables" of 23,570 million yen and "Other" of 28,181 million yen.

"Provision for directors' bonuses," presented separately in the previous consolidated fiscal year, is included in "Other" under "Current liabilities" from the current consolidated fiscal year due to a decrease in its monetary materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 1 million yen presented as "Provision for directors' bonuses" and 38,727 million yen presented as "Other" under "Current liabilities" in the consolidated financial statements for the previous fiscal year has been reclassified as "Other" of 38,728 million yen.

(Consolidated Statements of Income)

"Commission income," included in "Other" under "Operating revenue" in the previous consolidated fiscal year, is presented separately from the current consolidated fiscal year due to an increase in its monetary materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 13,232 million yen presented as "Other" under "Operating revenue" in the consolidated financial statements for the previous fiscal year has been reclassified as "Commission income" of 2,942 million yen, "Other" of 10,290 million yen and "Other operating revenue" of 19,060 million yen.

"Contributions paid" and "Settlement" under "Non-operating Expenses," which were separately presented in the previous consolidated fiscal year, are included in 'Other' under "Non-operating Expenses" from the current consolidated fiscal year due to a decrease in its monetary materiality. To reflect this change in presentation, the consolidated statements of income for the previous fiscal year have been reclassified.

As a result, "Contributions paid" of 4 million yen, "Settlement" of 17 million yen, and "Other" of 15 million yen, which were included in "Non-operating expenses" in the consolidated statement of income for the previous fiscal year, have been reclassified as 'Other' of 37 million yen in "Non-operating expense.

(Consolidated Statements of Cash Flows)

"Decrease (increase) in accrued receivables," included in "Decrease (increase) in other current assets" under "Cash flows from operating activities" in the previous fiscal year, is presented separately from the fiscal year under review due to an increase in its materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, negative 17,328 million yen presented in "Decrease (increase) in other current assets" under "Cash flows from operating activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified into negative 9,291 million yen in "Decrease (increase) in accrued receivables" and negative 8,036 million yen in "Decrease (increase) in other current assets."

"Decrease (increase) in deposits," included in "Decrease (increase) in other current liabilities" under "Cash flows from operating activities" in the previous fiscal year, is presented separately from the fiscal year under review due to an increase in its materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 39,274 million yen presented in "Decrease (increase) in other current liabilities" under "Cash flows from operating activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified into 10,157 million yen in " Decrease (increase) in deposits" and 29,117 million yen in "Decrease (increase) in other current liabilities."

Notes to Consolidated Balance Sheets

1. Assets pledged as collateral and corresponding liabilities

(Millions of yen)

Assets pledged as collateral	As of March 31, 2024
Cash and deposit	4,949
Operating loans	370,060
Accounts receivable-installment	48,496
Total	423,506

(Millions of yen)

Assets pledged as collateral	As of March 31, 2025
Cash and deposit	4,646
Operating loans	406,827
Accounts receivable-installment	56,814
Total	468,288

(Millions of yen)

Corresponding liabilities	As of March 31, 2024
Short-term borrowings	83,140
Current portion of long-term borrowings	120,933
Long-term borrowings	140,840
Total	344,914

(Millions of yen)

Corresponding liabilities	As of March 31, 2025
Short-term borrowings	52,590
Current portion of long-term borrowings	129,667
Long-term borrowings	194,286
Total	376,543

(i) The amounts above at the end of the fiscal year ended March 31,2024 include amounts pertaining to the securitization of receivables (operating loans of ¥180,301 million, Short-term Loans Payable of ¥10,000 million, current portion of long-term borrowings of ¥33,235 million and long-term borrowings of ¥55,933 million)

(ii) The amount for some of the operating loans and installment receivables are amounts at the time of registration of the transfer of receivables.

(i) The amounts above at the end of the fiscal year ended March 31,2025 include amounts pertaining to the securitization of receivables (operating loans of ¥201,116 million, current portion of long-term borrowings of ¥22,528 million and long-term borrowings of ¥83,108 million)

(ii) The amount for some of the operating loans and installment receivables are amounts at the time of registration of the transfer of receivables.

2. Unsecured personal loans included in operating loans

(Millions of yen)

As of March 31, 2024	As of March 31, 2025
608,233	664,782

3. Shares and other securities issued by non-consolidated subsidiaries and affiliated companies

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Investment securities (shares)	8,076	5,347
Investment securities (other securities)	1,519	-

4. Accounts receivables - installment

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Credit card business	105,785	109,545
Installment sales finance business	61,968	87,754
Total	167,753	197,300

5. Deferred installment income

(Millions of yen)

As of March 31, 2024	Balance at April 1, 2023	Receipts during FY	Actual balance during FY	Balance at March 31, 2024
Credit card shopping	562	1,519	1,321	759
Installment sales finance	6,532	12,958	7,396	12,094
Total	7,094	14,477	8,718	12,854

(Millions of yen)

As of March 31, 2025	Balance at April 1, 2024	Receipts during FY	Actual balance during FY	Balance at March 31, 2025
Credit card shopping	759	1,608	1,444	924
Installment sales finance	12,094	17,629	12,315	17,408
Total	12,854	19,237	13,759	18,332

Notes to Consolidated Balance Sheets

6. Securitization of claims removed from the balance sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Operating loans	29,539	29,585
Accounts receivable installment	6,036	6,032

7. Contingent liability

Guarantee obligation

1. The Company guarantees loans payable from financial institutions for the Company's non-consolidated subsidiary, PT REKSA FINANCE.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
PT REKSA FINANCE	3,569	5,426

2. The Company guarantees subordinated beneficiary interests backed by mortgage loans.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
One financial institution	-	42,497

8. Non-performing loans

The status of non-performing loans (NPL) is as follows:

(Millions of yen)

As of March 31, 2024	Operating loans and claims in bankruptcy		Other	Total
	Unsecured loans	Other than unsecured		
Loans in legal bankruptcy	660	12,854	582	14,098
Doubtful loans	28,519	8,807	9,865	47,192
Loans 3 months or more in arrears	10,913	464	-	11,377
Restructured Loans	55,820	2,587	6,725	65,133
Performing loans	513,496	89,544	261,966	865,007
Total	609,410	114,258	279,140	1,002,809

(Millions of yen)

As of March 31, 2025	Operating loans and claims in bankruptcy		Other	Total
	Unsecured loans	Other than unsecured		
Loans in legal bankruptcy	841	11,142	733	12,716
Doubtful loans	33,378	10,523	11,970	55,871
Loans 3 months or more in arrears	10,843	324	-	11,167
Restructured Loans	56,127	3,410	7,435	66,972
Performing loans	565,628	106,618	310,431	982,678
Total	666,818	132,017	330,570	1,129,406

The loan categories in the table above are as follows:

(Loans in legal bankruptcy)
Claims provable in bankruptcy and similar claims mean the claims that fall under either of Article 96, Paragraph 1, Item 3 (a) to (e) and Item 4 of the Order for the Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965). Any amounts deemed necessary to cover possible losses on an individual account basis of the claims provable in bankruptcy and similar claims are posted in the allowances for doubtful accounts.

(Doubtful loans)
Doubtful loans mean the claims with a high possibility that it will be impossible to collect principal and interest in accordance with contracts due to the worsening of the repayment status, and do not fall under claims provable in bankruptcy and similar claims.

(Loans three months or more in arrears)
Loans three months or more in arrears are loans for which payments of principal or interest have not been received for a period of three months or more beginning with the next business day following the last due date for such payments. Claims provable in bankruptcy and similar claims and risky claims are excluded from loans three months or more in arrears.

(Restructured loans)
Restructured loans are loans for which creditors have granted concessions (e.g., reduction of the stated interest rate, long-term installments, or other concessive measures) to debtors in financial difficulties to assist them in their recovery and eventually enable them to pay creditors, and which receive regular payments. Claims provable in bankruptcy and similar claims, doubtful claims and loans three months or more in arrears are excluded.

(Performing loans)
Performing loans are the claims without any problem with the repayment status that do not fall under any of the above-mentioned claims

Notes to Consolidated Balance Sheets

9. Loan commitments related to operating loans

(Fiscal year ended March 31, 2024)
Of operating loans including off-balance sheet loans resulting from securitization, ¥632,554 million is loans under revolving credit agreements. Under these agreements, customers may get additional loans up to a specified maximum amount that does not exceed the amount requested by them.
Outstanding loan commitments under revolving credit agreements were ¥812,491 million.
The Group reviews the agreements and takes steps to preserve credit even after concluding the agreements if it considers that taking steps is necessary due to changes in customers' credit standing and other reasons.
Outstanding loan commitments include commitments to customers who do not have any outstanding loan commitments or who have not requested any loans after concluding a credit agreement. Many revolving credit agreements expire with no loans being provided. Therefore, outstanding loan commitments themselves do not necessarily affect the Group's future cash flows.

(Fiscal year ended March 31, 2025)
Of operating loans including off-balance sheet loans resulting from securitization, ¥695,384 million is loans under revolving credit agreements. Under these agreements, customers may get additional loans up to a specified maximum amount that does not exceed the amount requested by them.
Outstanding loan commitments under revolving credit agreements were ¥841,706 million.
The Group reviews the agreements and takes steps to preserve credit even after concluding the agreements if it considers that taking steps is necessary due to changes in customers' credit standing and other reasons. Outstanding loan commitments include commitments to customers who do not have any outstanding loan commitments or who have not requested any loans after concluding a credit agreement. Many revolving credit agreements expire with no loans being provided. Therefore, outstanding loan commitments themselves do not necessarily affect the Group's future cash flows.

10. Of the allowances for doubtful accounts, the estimated interest repayment amounts expected to have priority in being appropriated to operating loans are as follows:

(Millions of yen)

As of March 31, 2024	As of March 31, 2025
1,564	1,196

11. Of others, the amount of contract liabilities are as follows:

(Millions of yen)

As of March 31, 2024	As of March 31, 2025
3,558	3,553

Consolidated Statements of Income

1. Revenue arising from contracts with customers

Regarding operating revenue, revenue arising from contracts with customers and other revenues are not separately posted. Revenue arising from contracts with customers is posted in "1. Information on breakdown of revenue arising from contracts with customers of Notes to Consolidated Financial Statements (Notes on regarding revenue recognition)" in the consolidated financial statements.

2. The details of the gain on sale of fixed assets are as follows:

(Millions of yen)	FY ended March 31, 2024 (Apr. 1 2023 to Mar. 31 2024)	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)
Buildings and structures	61	-
Land	17	-
Total	79	-

3. Bad debt write offs

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Not applicable.
Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
The amount of loss incurred as a result of phishing scams that occurred in the Company is recognized as extraordinary losses.

4. Impairment loss

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
Not applicable.
Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

Location	Use	Category	Impairment loss
Head office of AIFUL CORPORATION	Financial business assets	Software in progress	1,582

The Group considers each operating company in the financial business as the smallest unit for grouping.

With regard to the above financial business assets, a decision was made to review the development policy for the system development that had been underway for some services. As a result, the book value of the software in progress related to the system development was reduced to the recoverable amount, and the amount of the reduction was recorded as an impairment loss under extraordinary losses.

The recoverable amount of the asset was calculated by setting the value in use at zero.

5. Loss on valuation of stocks of subsidiaries and affiliates and provision for doubtful accounts

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)
As a result of reviewing the valuation of the stocks held by the Company and the future collectability of the receivables considering the financial position and operating results of AG Crowdfunding Co., LTD. and AG Partners Corporation, non-consolidated subsidiaries of the Company, loss on valuation of stocks of subsidiaries and affiliates and provision for doubtful accounts were recorded as extraordinary losses.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)
As a result of reviewing the valuation of the stocks held by the Company and the future collectability of the receivables considering the financial position and operating results of AG Crowdfunding Co., LTD., AG Funding Co., LTD., AG Partners Corporation and AG Smile Leaseback Corporation, non-consolidated subsidiaries of the Company, loss on valuation of stocks of subsidiaries and affiliates and provision for doubtful accounts were recorded as extraordinary losses.

Consolidated Statements of Comprehensive Income

1. Comprehensive income

1 Amounts of reclassification adjustment and tax effect pertaining to other comprehensive income

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Valuation difference on available-for-sale securities		
Amount during the period	275	(564)
Reclassification adjustment	(66)	-
Before tax effect adjustment	209	(564)
Tax effect	(49)	94
Valuation difference on available-for-sale securities	160	(470)
Foreign currency translation adjustment		
Amount during the period	594	793
Share of other comprehensive income of entities accounted for using equity method		
Amount during the period	0	(0)
Total other comprehensive income	754	323

2. Change in shareholders' equity

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1 Matters regarding class and total number of shares issued and class and number of treasury shares

(Millions of yen)

	Number of shares at beginning of FY	Number of shares increased during FY	Number of shares decreased during FY	Number of shares at end of FY
Shares issued				
Common stock	484,620,136	-	-	484,620,136
Total	484,620,136	-	-	484,620,136
Treasury shares				
Common stock	917,614	16	134,314	783,316
Total	917,614	16	134,314	783,316

(Outline of the reason for the change)

- The increase in the number of common shares of treasury stock is due to the purchase of odd-lot shares.
- The decrease in the number of common shares of treasury stock is due to the disposal of treasury stock by way of restricted stock compensation on July 18, 2023, based on the resolution of the Board of Directors meeting held on June 26, 2023.

2 Matters regarding dividends

- Dividends paid

Resolution	Share type	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
Apr. 24, 2023	Common share	483	1.00	Mar. 31, 2023	Jun. 8, 2023

- Among the dividends whose record dates are in the consolidated fiscal year under review, the dividend whose effective date is in the following consolidated fiscal year is as follows:

Resolution	Share type	Dividend resource	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
May. 10, 2024	Common share	Retained earnings	483	1.00	Mar. 31, 2024	Jun. 6, 2024

Consolidated Statements of Comprehensive Income

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

1 Matters regarding class and total number of shares issued and class and number of treasury shares

	Number of shares at beginning of FY	Number of shares increased during FY	Number of shares decreased during FY	Number of shares at end of FY
Shares issued				
Common stock	484,620,136	-	-	484,620,136
Total	484,620,136	-	-	484,620,136
Treasury shares				
Common stock	783,316	5,152,482	145,894	5,789,904
Total	783,316	5,152,482	145,894	5,789,904

(Outline of the reason for the change)

- The number of shares of treasury stock increased by 5,151,200 shares due to acquisition by resolution of the Board of Directors, 368 shares due to purchase of odd-lot shares, and 914 shares due to free transfer of restricted stock compensation.
- The decrease in the number of common shares of treasury stock is due to the disposal of treasury stock by way of restricted stock compensation on July 29, 2024, in accordance with the resolution of the Board of Directors meeting held on July 8, 2024

2 Matters regarding dividends

- Dividends paid

Resolution	Share type	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
May. 10, 2024	Common share	483	1.00	Mar. 31, 2024	Jun. 6, 2024

- Among the dividends whose record dates are in the consolidated fiscal year under review, the dividend whose effective date is in the following consolidated fiscal year is as follows:

Resolution	Share type	Dividend resource	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
May. 9, 2025	Common share	Retained earnings	478	1.00	Mar. 31, 2025	Jun. 5, 2025

Consolidated Statements of Cash Flows・Notes on Financial Instruments

1. Consolidated statements of cash flows

1 Relationship between the balance of cash and cash equivalents at the end of the consolidated fiscal year and the amounts of account titles shown on the consolidated balance sheets

	FY ended March 31, 2024 (Apr. 1, 2023 to Mar. 31, 2024)	FY ended March 31, 2025 (Apr. 1, 2024 to Mar. 31, 2025)
Cash and deposits	56,917	60,608
Time deposit with maturity period of more than three months	(4,982)	(4,679)
Cash and cash equivalents	51,934	55,928

2 Major breakdown of assets and liabilities of the company newly consolidated as a result of stock acquisition

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

The following is a breakdown of the assets and liabilities of BitCash Inc. at the time of its consolidation as a result of the acquisition of its shares, and the relationship between the acquisition cost of BitCash Inc. shares and the expenditures (net) for the acquisition of BitCash Inc.

(Millions of yen)

Current Assets	6,324
Noncurrent Assets	1,562
Goodwill	7,387
Customer related assets	2,469
Current Liabilities	(7,788)
Deferred Tax Liabilities	(755)
Stock acquisition price	9,200
Cash and cash equivalents	(2,440)
Difference: Expenditures for acquisition	6,759

2. Notes on financial instruments

1 Matters regarding the situation of financial instruments

● Policy on financial instruments

The Group's primary business is the financial business, which includes consumer finance, business operator finance, credit sales, credit guarantee and receivables management and collection. In order to conduct these businesses, the Company procures funds by indirect financing through bank borrowings as well as by direct financing through corporate bonds, based on the market situation and the balance between long- and short-term funding. Thus, as the Company holds financial liabilities that involve interest rate fluctuation, it is also engaged in derivative transactions to prevent any disadvantageous impacts of interest rate fluctuation. In conducting derivatives transactions, the Company has a policy of limiting them to transactions that involve actual demand, in principle, and not engaging in such transactions for short-term trading purposes.

● Types and risks of financial instruments

The financial assets of the Group consist mainly of operating loans to individuals and corporations and installment receivables, both of which are exposed to credit risks posed by customer default. In addition, operational investment securities and investment securities mainly consist of shares and investments in capital of partnerships, and are held for the purpose of promoting the Group's business. They are exposed to credit risks of the issuers and market price fluctuation risks, respectively. Financial assets denominated in foreign currencies are exposed to foreign exchange fluctuation risks.

Financial liabilities such as borrowings and corporate bonds are exposed to liquidity risk, which prevents payments from being made on the due date in such cases where the Group will not be able to access the market under certain circumstances. The Group also conducts variable rate financing, which is exposed to interest rate fluctuation risks.

Derivative transactions pose market interest rate fluctuation risk and counterparty risk.

Notes on Financial Instruments

● System for managing risk pertaining to financial instruments

(i) Management of credit risk

The Group manages credit risk in accordance with the Company's various management regulations. With respect to operating loans, installment receivables and customers' liabilities for acceptances and guarantees, which are the Group's principal financial assets, the Company has established and operates a system for credit management in which it conducts credit examinations for individual transactions based on the data of personal credit information agencies and the Company's own credit system. Furthermore, the credit risks of issuers of securities are managed by obtaining credit information and fair value regularly.

With respect to counterparty risk of derivative transactions, the Company enters into derivative contracts with credible financial institutions in Japan and abroad, and thus deems credit risk small. These risk management measures are subject to evaluation, analysis and consideration of countermeasures by the respective departments in charge and are reported to the Board of Directors as needed.

(ii) Management of market risk

i) Management of interest rate risk

The Group manages interest rate risk based on the Risk Management Manual that was created with the approval of the Risk Management Committee, which is under the direct control of the Board of Directors. The risks are reported by

the Finance Department, which is the department in charge, to the Corporate Risk Management Department where the risks are assessed and the adequacy and appropriateness of the countermeasures are examined and reported to the Board of Directors as needed. For reference, derivative transactions are made to hedge interest rate fluctuation risks.

ii) Management of price fluctuation risk

Many shares held by the Group are for the purpose of business promotion, including business and capital partnerships. The market environment and financial condition of clients are monitored and countermeasures are considered by the department in charge, which reports to the Board of Directors as needed. The Group does not hold financial instruments for trading purposes.

iii) Derivative transactions

Risks are managed in accordance with the Company's various management regulations. A protocol of internal checks that involve appropriate execution of transactions, evaluation of hedging effectiveness and administration by the department in charge and reporting to the Accounting Department has been established.

iv) Quantitative information pertaining to market risk

The Group does not carry out quantitative analyses.

(Interest rate risk)

At the Group, the major financial instruments whose fair value fluctuates due to interest rate fluctuation, which is the principal risk variable, are operating loans, installment receivables, borrowings and corporate bonds. In account titles whose fair value is calculated by market interest rates, the estimated amount of impact of a 1 basis point (0.01%) change in market interest rates at the end of the fiscal year on the net value (of assets) after offsetting financial assets against financial liabilities is as follows: a decrease of ¥113 million in the present value of financial instruments affected by interest rate fluctuations if yen-denominated interest rates rise by 1 basis point (0.01%); and an increase of ¥113 million if such interest rates drop by 1 basis point (0.01%). This estimation of impact assumes no changes in risk variables other than market interest rates.

(iii) Management of liquidity risk pertaining to funding

The Group manages liquidity risk by managing funds for the entire Group on a timely basis as well as by diversifying funding means and adjusting the balance of long-term and short-term financing in consideration of the market environment.

● Supplementary explanation on matters regarding fair value, etc., of financial instruments

The fair value of financial instruments includes value based on market prices as well as reasonable estimates if there is no market price. Since certain assumptions are adopted in the calculation of the values of financial instruments, the values may vary under different assumptions.

Notes on Financial Instruments

② Matters regarding fair value, etc., of financial instruments

The consolidated balance sheet amounts, fair values and the differences between these are as follows. Since cash and deposits, notes and accounts payable, and short-term borrowings are in the form of cash and are settled in short term, their fair value is similar to the book value, so the notes are omitted.

Fiscal year ended March 31, 2024

(Millions of yen)

Category	Consolidated balance sheet amount	Fair value	Difference
(1) Operating loans	709,137		
Allowance for doubtful accounts*2	(51,776)		
	657,360	747,249	89,888
(2) Accounts receivable-installment	167,753		
Deferred installment income*3	(12,854)		
Allowance for doubtful accounts*2	(8,771)		
	146,127	163,643	17,515
(3) Operational investment securities and investment securities*1			
Held-to-maturity bonds	-	-	-
Available-for-sale securities	3,060	3,930	870
(4) Claims provable in bankruptcy	15,131		
Allowance for doubtful accounts*2	(13,041)		
	2,090	2,090	-
Total assets	808,640	916,913	108,273
(1) Bonds	80,000	79,827	(172)
(2) Long-term borrowings*4	482,318	482,248	(70)
Total liabilities	562,318	562,075	(242)
Derivative transactions*4			
(i) Those qualified for hedge accounting	-	-	-
(ii) Those not qualified for hedge accounting	-	-	-
Total derivative transactions	-	-	-

*1 Shares with no market value or the like are not included in "(3) Operational investment securities and investment securities." The sum of said financial instruments recorded on the consolidated balance sheet is as follows.

(Millions of yen)

Category	Consolidated balance sheet amount
Operational investment securities and investment securities	
(1)Unlisted shares	10,495
(2)Investments in limited liability investment partnerships, etc.	1,519
Total	12,015

*2 The allowance for doubtful accounts of operating loans, accounts receivable- installment and claims provable in bankruptcy is deducted.

*3 Deferred installment income (liabilities account) on installment receivables is deducted.

*4 Since derivative transactions that qualify for hedge accounting are accounted for as part of long-term borrowings that are subject to hedging, their fair value is included in the fair value of such long-term borrowings.

Fiscal year ended March 31, 2025

(Millions of yen)

Category	Consolidated balance sheet amount	Fair value	Difference
(1) Operating loans	785,674		
Allowance for doubtful accounts*2	(58,296)		
	727,378	818,316	90,938
(2) Accounts receivable-installment	197,300		
Deferred installment income*3	(18,332)		
Allowance for doubtful accounts*2	(10,480)		
	168,487	192,594	24,107
(3) Operational investment securities and investment securities*1			
Held-to-maturity bonds	223	203	(19)
Available-for-sale securities	3,346	3,453	107
(4) Claims provable in bankruptcy	13,924		
Allowance for doubtful accounts*2	(11,755)		
	2,168	2,168	-
Total assets	901,602	1,016,737	115,134
(1) Bonds	110,000	109,282	(718)
(2) Long-term borrowings*4	482,318	482,248	(70)
Total liabilities	576,834	576,527	(1,025)
Derivative transactions*4			
(i) Those qualified for hedge accounting	-	-	-
(ii) Those not qualified for hedge accounting	-	-	-
Total derivative transactions	-	-	-

*1 Shares with no market value or the like are not included in "(3) Operational investment securities and investment securities." The sum of said financial instruments recorded on the consolidated balance sheet is as follows.

(Millions of yen)

Category	Consolidated balance sheet amount
Operational investment securities and investment securities	
(1)Unlisted shares	8,039
(2)Investments in limited liability investment partnerships, etc.	-
Total	8,039

*2 The allowance for doubtful accounts of operating loans, accounts receivable- installment and claims provable in bankruptcy is deducted.

*3 Deferred installment income (liabilities account) on installment receivables is deducted.

*4 Since derivative transactions that qualify for hedge accounting are accounted for as part of long-term borrowings that are subject to hedging, their fair value is included in the fair value of such long-term borrowings.

Notes on Financial Instruments

Notes: 1. Scheduled redemption amounts after the consolidated closing date of monetary claims and securities with maturity

Fiscal year ended March 31, 2024

(Millions of yen)

Category	Due within 1 year	Due within 1-5 years	Due after 5 years or more
Cash and deposits	56,917	-	-
Operating loans	271,463	436,489	1,184
Accounts receivable-installment	123,623	44,096	34
Operational investment securities and investment securities			
Securities to be held to maturity (government bonds)	-	-	-
Available-for-sale securities with maturities	-	-	-
Total	452,004	480,585	1,219

Does not include ¥15,131 million of claims provable in bankruptcy, etc. for which a scheduled redemption amount cannot be expected.

Fiscal year ended March 31, 2025

(Millions of yen)

Category	Due within 1 year	Due within 1-5 years	Due after 5 years or more
Cash and deposits	60,608	-	-
Operating loans	300,358	484,359	956
Accounts receivable-installment	133,757	63,462	79
Operational investment securities and investment securities			
Securities to be held to maturity (government bonds)	-	-	225
Available-for-sale securities with maturities	-	-	-
Total	494,724	547,821	1,261

Does not include ¥13,924 million of claims provable in bankruptcy, etc. for which a scheduled redemption amount cannot be expected.

③ Scheduled repayments of bonds, long-term borrowings, and other interest-bearing debt after the consolidated closing date

Fiscal year ended March 31, 2024

(Millions of yen)

Category	Due within 1 year	Due within 1-2 years	Due within 2-3 years	Due within 3-4 years	Due within 4-5 year	Due after 5 years or more
Bonds payable	30,000	15,000	35,000	-	-	-
Long-term borrowings	233,660	156,551	71,605	14,432	5,321	746
Total	263,660	171,551	106,605	14,432	5,321	746

Fiscal year ended March 31, 2025

(Millions of yen)

Category	Due within 1 year	Due within 1-2 years	Due within 2-3 years	Due within 3-4 years	Due within 4-5 year	Due after 5 years or more
Bonds payable	15,000	35,000	60,000	-	-	-
Long-term borrowings	252,042	175,896	109,987	20,791	11,301	6,816
Total	267,042	210,896	169,987	20,791	11,301	6,816

④ Items related to the breakdown of the fair value of financial instruments by level

The fair values of financial instruments are classified into the following three levels, according to the observability and importance of input used for fair value measurement.

Fair value of level 1: Fair value estimated from the market prices related to the assets or liabilities for estimation of observable fair values in active markets, out of the input for measurement of the observable fair values

Fair value of level 2: Fair value estimated from the input for measurement of the fair values other than the input at level 1, out of the input for measurement of observable fair values

Fair value of level 3: Fair value estimated from the input for measurement of unobservable Fair values In the case where multiple pieces of input data that would produce significant effects on measurement of fair values are used, fair values are classified into the level with the lowest priority in measurement of fair values among the levels of the input data.

Notes on Financial Instruments

Fiscal year ended March 31, 2024

● Financial instruments posted at fair values in the consolidated balance sheet

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities and investment securities Shares	345	1,848	-	2,193

● Financial instruments other than those posted at fair values in the consolidated balance sheet

Category	Fair value			
	Level 1	Level 2	Level 3	Total
(1) Operating loans	-	-	747,249	747,249
(2) Accounts receivable-installment	-	-	163,643	163,643
(3) Operational investment securities and investment securities				
①Securities to be held to maturity Government bonds and local government bonds, etc.	-	-	-	-
②Available-for-sale securities Shares Shares	-	1,737	-	1,737
(4) Claims provable in bankruptcy	-	-	2,090	2,090
Total assets	-	1,737	912,983	914,720
(1) Bonds	-	79,827	-	79,827
(2) Long-term borrowings	-	482,248	-	482,248
Total liabilities	-	562,075	-	562,075
Derivative transactions				
(i) Those qualified for hedge accounting	-	-	-	-
(ii) Those not qualified for hedge accounting	-	-	-	-
Total derivative transactions	-	-	-	-

Fiscal year ended March 31, 2025

● Financial instruments posted at fair values in the consolidated balance sheet

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Operational investment securities and investment securities Shares	428	2,000	-	2,428

● Financial instruments other than those posted at fair values in the consolidated balance sheet

Category	Fair value			
	Level 1	Level 2	Level 3	Total
(1) Operating loans	-	-	818,316	818,316
(2) Accounts receivable-installment	-	-	192,594	192,594
(3) Operational investment securities and investment securities				
①Securities to be held to maturity Government bonds and local government bonds, etc.	203	-	-	203
②Available-for-sale securities Shares Shares	-	1,024	-	1,024
(4) Claims provable in bankruptcy	-	-	2,168	2,168
Total assets	203	1,024	1,013,079	1,014,308
(1) Bonds	-	109,282	-	109,282
(2) Long-term borrowings	-	576,527	-	576,527
Total liabilities	-	685,809	-	685,809
Derivative transactions				
(i) Those qualified for hedge accounting	-	-	-	-
(ii) Those not qualified for hedge accounting	-	-	-	-
Total derivative transactions	-	-	-	-

Notes on Financial Instruments

(Note) Description of the evaluation technique used for measurement of fair values and input data for measurement of fair values

Operating loans

The fair value of operating loans is measured based on the present value of the collectible amounts of principal and interest that reflect their collectability minus the estimated collection costs, discounted by a safe interest rate corresponding to the remaining period, and is classified in Level 3.

Accounts receivable-installment

The fair value of installment receivables is measured based on the present value of the collectible amounts of principal and fees that reflect their collectability minus the estimated collection costs, discounted by a safe interest rate corresponding to the remaining period, and is classified in Level 3.

Operational investment securities and investment securities

Listed shares, government bonds and local government bonds, etc. are evaluated by using market prices. The shares traded in active markets are classified into the fair values at Level 1, while other shares are classified into the fair values at Level 2.

Claims provable in bankruptcy

Since the estimated amount of bad debt on claims provable in bankruptcy is calculated based on the collectible amount by collateral, the fair value of the claims is similar to the balance sheet amount on the consolidated closing date minus the present estimate of probable credit losses. Therefore, this amount is shown as the fair value, and is classified in Level 3.

Bonds

Bonds are classified into fair values at Level 2, because they are evaluated by using the market price and treated as transactions other than those in active markets.

Long-term borrowings

Regarding long-term borrowings, variable interest rates reflect the market interest rate and credit risks in the short term, so fair values are considered to be close to book values. Accordingly, said book values are recognized as fair values. For fixed interest rates, the present value obtained by dividing the sum of principal and interest by the interest rate assumed for the same borrowing is recognized as the fair value. Since the fair value of borrowings to be repaid within one year is close to the book value, said book value is recognized as the fair value. The fair values of them are classified into the fair values at Level 2. For those subject to the special provision for the cap on interest rate, the fair value of said cap on interest rate is reflected.

Notes on Securities

Fiscal year ended March 31, 2024

① Securities to be held to maturity

(Millions of yen)

Category	Consolidated balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the consolidated balance sheet amount	-	-	-
Securities whose fair value does not exceed the amount reported in the consolidated balance sheets	-	-	-
Total	-	-	-

② Available-for-sale securities

(Millions of yen)

Category	Consolidated balance sheet amount	Purchase cost	Difference
Those whose consolidated balance sheet amount exceeds acquisition cost			
Shares	2,101	645	1,456
Subtotal	2,101	645	1,456
Those whose consolidated balance sheet amount does not exceed acquisition cost			
Shares	92	92	(0)
Subtotal	92	92	(0)
Total	2,193	737	1,456

Note: Unlisted shares, etc. (consolidated balance sheet amount of ¥4,805 million) are not included in the above table since they do not have a market price.

③ Available-for-sale securities sold during the fiscal year (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Amount of sales	Total amount of gain on sales	Total amount of loss on sales
Shares	266	139	-

④ Available-for-sale securities for which impairment loss was recorded

An impairment loss of ¥240 million was recognized for available-for-sale securities during the consolidated fiscal year under review. Impairment loss on securities is recognized when fair value has dropped 50% or more of the acquisition cost and is not expected to recover to the level of the acquisition cost. When fair value has dropped between 30% to 50% of the acquisition cost, impairment loss is recognized for the amount deemed necessary in consideration of financial conditions, operating performance, share prices, etc.

Fiscal year ended March 31, 2025

① Securities to be held to maturity

(Millions of yen)

Category	Consolidated balance sheet amount	Fair value	Difference
Securities whose fair value exceeds the consolidated balance sheet amount	-	-	-
Securities whose fair value does not exceed the amount reported in the consolidated balance sheets	223	203	(19)
Total	223	203	(19)

② Available-for-sale securities

(Millions of yen)

Category	Consolidated balance sheet amount	Purchase cost	Difference
Those whose consolidated balance sheet amount exceeds acquisition cost			
Shares	2,105	697	1,408
Subtotal	2,105	697	1,408
Those whose consolidated balance sheet amount does not exceed acquisition cost			
Shares	323	581	(257)
Subtotal	323	581	(257)
Total	2,428	1,278	1,150

Note: Unlisted shares, etc. (consolidated balance sheet amount of ¥3,610 million) are not included in the above table since they do not have a market price.

③ Available-for-sale securities sold during the fiscal year (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Amount of sales	Total amount of gain on sales	Total amount of loss on sales
Shares	42	40	28

④ Available-for-sale securities for which impairment loss was recorded

An impairment loss of ¥267 million was recognized for available-for-sale securities during the consolidated fiscal year under review. Impairment loss on securities is recognized when fair value has dropped 50% or more of the acquisition cost and is not expected to recover to the level of the acquisition cost. When fair value has dropped between 30% to 50% of the acquisition cost, impairment loss is recognized for the amount deemed necessary in consideration of financial conditions, operating performance, share prices, etc.

Notes on Derivative Transactions

Fiscal year ended March 31, 2024 (as of March 31, 2024)

1. Derivative transactions not qualified for hedge accounting
   Not applicable
2. Derivative transactions qualified for hedge accounting

(Millions of yen)

Method of hedge accounting	Type, etc., of derivative transaction	Main hedged item	Contract amount, etc.	Contract amount, etc., over one year	Fair value
Special accounting for interest rate cap	Interest rate cap transaction	Long-term borrowings	3,475	1,360	(Note)

Note: Since those subject to special accounting for interest rate cap are accounted for as part of long-term borrowings that are subject to hedging, their fair value is included in the fair value of such long-term borrowings.

Fiscal year ended March 31, 2025 (as of March 31, 2025)

1. Derivative transactions not qualified for hedge accounting
   Not applicable
2. Derivative transactions qualified for hedge accounting

(Millions of yen)

Method of hedge accounting	Type, etc., of derivative transaction	Main hedged item	Contract amount, etc.	Contract amount, etc., over one year	Fair value
Special accounting for interest rate cap	Interest rate cap transaction	Long-term borrowings	1,360	80	(Note)

Note: Since those subject to special accounting for interest rate cap are accounted for as part of long-term borrowings that are subject to hedging, their fair value is included in the fair value of such long-term borrowings.

Notes on Retirement Benefits

1. Outline of retirement benefit system adopted

The Group has adopted a defined contribution pension plan and a prepaid retirement benefit plan, except for some of its consolidated subsidiaries.Overseas consolidated subsidiaries have adopted a defined benefit plan.Overseas consolidated subsidiaries apply International Financial Reporting Standards and account for employee benefits in accordance with IAS 19, “Employee Benefits.”

2. Defined benefit plan

1 Reconciliation between beginning balance and ending balance of retirement benefit obligations

(Millions of yen)

	FY ended March 31, 2024	FY ended March 31, 2025
Beginning balance of retirement benefit obligations	40	50
Service cost	9	10
Interest expense	1	1
Actuarial gain or loss	-	-
Retirement benefits paid	-	-
Prior service cost incurred during the period	-	-
Foreign currency translation adjustment	3	7
Ending balance of retirement benefit obligations	55	75

2 Reconciliation between ending balance of retirement benefit obligations and pension assets and the consolidated balance sheet amount of liabilities and assets and assets pertaining to retirement benefits

(Millions of yen)

	FY ended March 31, 2024	FY ended March 31, 2025
Funded retirement benefit obligations	-	-
Pension assets	-	-
Unfunded retirement benefit obligations	-	-
Net consolidated balance sheet amounts of liabilities and assets	55	75
Liabilities pertaining to retirement benefits	55	75
Assets pertaining to retirement benefits	-	-
Net consolidated balance sheet amounts of liabilities and assets	55	75

3 Retirement benefit expenses and sub-items

	FY ended March 31, 2024	FY ended March 31, 2025
Service cost	9	10
Interest expense	1	1
Amount of prior service costs recorded as expenses	-	-
Retirement benefit expenses pertaining to the defined benefit plan	11	12

4 Matters regarding the basis of actuarial calculation
Major basis of actuarial calculation

	FY ended March 31, 2024	FY ended March 31, 2025
Discount rate	3.2%	3.2%

3. Defined contribution pension plan and prepaid retirement benefit plan

	FY ended March 31, 2024	FY ended March 31, 2025
Amount of prepaid retirement benefits	116	114
Amount of contribution to defined contribution pension	379	386
Other	13	5
Retirement benefit expenses pertaining to the defined benefit plan	509	506

Notes on Tax Effect Accounting

① Breakdown of major factors of deferred tax assets and liabilities

(Millions of yen)

	FY ended March 31, 2024	FY ended March 31, 2025
Deferred tax assets		
Allowance for doubtful accounts	16,815	19,596
Provision for loss on interest repayment	3,582	2,749
Bad debt loss	2,824	4,938
Accrued income	1,131	1,167
Loss carried forward	27,867	14,213
Other	5,408	6,543
Subtotal of deferred tax assets	57,629	49,209
Valuation allowance for tax loss carryforwards *2	(22,598)	(8,651)
Valuation allowance for the sum total of deductible temporary differences, etc.	(14,302)	(15,360)
Subtotal of valuation allowances *1	(36,900)	(24,011)
Total deferred tax assets	20,728	25,197
Deferred tax liabilities	(416)	(308)
Valuation difference on available-for-sale securities	(201)	(279)
Retirement cost corresponding to asset retirement obligations	-	(343)
Customer-related assets	-	(698)
Other	(6)	(87)
Total deferred tax liabilities	(623)	(1,005)
Net amount of deferred tax assets	20,105	24,192

*1 Valuation allowance has decreased ¥12,888 million. This decrease mainly reflects the additional recording of deferred tax assets of ¥4,322 million due to a revision to the collectability of temporary differences and the writing off of tax loss carryforwards of ¥8,741 million (an amount multiplied by the effective statutory tax rate) from among the tax loss carryforwards incurred in the fiscal year ended March 2016, due to the expiry of the carryforward period.

*2 The amount of tax loss carryforwards and their deferred tax assets by carryforward period Fiscal year ended March 31, 2024 (as of March 31, 2024)

(Millions of yen)

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Tax loss carryforwards (a)	14,298	9,486	3,650	75	91	264	27,867
Valuation allowances	(9,243)	(9,486)	(3,650)	(75)	(91)	(51)	(22,598)
Deferred tax assets	5,055	0	-	-	-	213	(b)5,268

(a) The amount of tax loss carryforwards has been multiplied by the effective statutory tax rate.

(b) Deferred tax assets of ¥5,267 million have been recorded for the ¥27,867 million of tax loss carryforwards (amount multiplied by the effective statutory tax rate). Said deferred tax assets amounting to 5,268 million yen is attributable to the recognition of the balance of tax loss carryforwards amounting to 27,331 million yen (obtained by multiplying the effective statutory tax rate) of AIFUL CORPORATION, which is the consolidated parent company. The tax loss carryforwards that recorded said deferred tax assets were incurred due to the loss on interest repayment of past fiscal years and do not recognize valuation allowances on the portion which were deemed collectible based on future expectations of taxable income.

Fiscal year ended March 31, 2025 (as of March 31, 2025)

(Millions of yen)

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Tax loss carryforwards (c)	9,607	3,753	75	91	350	335	14,213
Valuation allowances	(4,653)	(3,753)	(75)	(91)	-	(77)	(8,651)
Deferred tax assets	4,954	-	-	-	350	257	(d)5,562

(c) The amount of tax loss carryforwards has been multiplied by the effective statutory tax rate.

(d) Deferred tax assets of ¥5,562 million have been recorded for the ¥14,213 million of tax loss carryforwards (amount multiplied by the effective statutory tax rate). Said deferred tax assets amounting to 5,562 million yen is attributable to the recognition of the balance of tax loss carryforwards amounting to 13,339 million yen (obtained by multiplying the effective statutory tax rate) of AIFUL CORPORATION, which is the consolidated parent company. The tax loss carryforwards that recorded said deferred tax assets were incurred due to the loss on interest repayment of past fiscal years and do not recognize valuation allowances on the portion which were deemed collectible based on future expectations of taxable income.

Notes on Tax Effect Accounting

② Major components of significant differences between the effective statutory tax rate and the burden rate of income taxes, etc., after application of tax effect accounting

	As of March 31, 2024	As of March 31, 2025
Effective statutory tax rate (Adjustment)	30.5%	30.5%
Inhabitant tax on per apita basis	0.4%	0.3%
Entertainment expenses and other items permanently excluded from loss	(0.9%)	0.6%
Valuation allowances	(40.0%)	(53.2%)
Exclusion of Dividends Received from Gross Profits	(0.0%)	(0.0%)
Effects of the change in effective statutory tax rate	2.0%	(3.4%)
Tax credits under the Tax Credit for Promoting Wage Increases and Investment	-%	(1.2%)
Effect of foreign corporation tax included in deductible expenses	0.0%	0.0%
Share of profit (loss) of entities accounted for using the equity method	(0.1%)	(0.0%)
Expiry of time limit of loss carried forward	8.2%	36.1%
Effect of goodwill amortization	-%	(0.9%)
Difference in tax rate from that of parent company	0.5%	0.5%
Other	(0.6%)	(0.4%)
Burden rate of income taxes, etc., after application of tax effect accounting	(0.0%)	8.9%

③ Accounting of income taxes and local corporate taxes, and tax effect accounting for these taxes

The group tax sharing system has been applied to the Company and our subsidiaries in Japan since. Furthermore, we perform accounting of income taxes and local corporate taxes or accounting and disclosure of tax effect accounting for these taxes in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021).

④ Revision of deferred tax assets and deferred tax liabilities due to change in corporate tax rate, etc.

Due to the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 13 of 2025) on March 31, 2025, the "Special Corporation Tax for National Defense" will be imposed from the fiscal years beginning on or after April 1, 2026. Accordingly, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities was changed from the previous rate of 30.46% to 31.36% for temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026. The impact of this change in the statutory effective tax rate is immaterial.

Notes on Business Combination (Business combination through acquisition of shares)

1. Outline of business combination

1. Name and business of the acquired company
   Name of acquired company: BitCash Inc.
   Business: Issuance of prepaid electronic money, electronic payment service using electronic money.
2. Main reasons for business combination
   BitCash Inc. is a fee-based business that does not require funds and the Company aims to increase revenue by
   expanding its share in the payments market, which has high profit margin.
3. Date of business combination
   June 28, 2024 (Share acquisition date)
   June 30, 2024 (Deemed acquisition date)
4. Legal form of business combination
   Acquisition of shares.
5. Corporate name following combination
   No change.
6. Percentage of voting rights acquired
   100.0%
7. Main rationale for determining the company to acquire
   This is due to the Company acquiring shares in exchange for cash.

2. Period of the acquired company's results included in the Consolidated

Statements of Income for the current fiscal year
July 1, 2024 to March 31, 2025

3. Details and amounts of major acquisition-related expenses

1. Amount of acquisition-related expenses
   Fees and commissions paid to advisory 16 million yen.
2. Accounting treatment
   The fees and commissions paid to the acquiring company are recorded to fees paid and shares of affiliated companies and eliminated in the consolidation adjustment.

4. Acquisition cost of the acquired company and its breakdown

(Millions of yen)

Consideration for acquisition	cash	9,200
Acquisition cost		9,200

5. Amount of goodwill incurred, reason for incurrence, amortization method and amortization period

1. Amount of goodwill incurred
   7,387 million yen.
2. Reason for incurrence
   This is mainly attributable to expected future excess earnings potential driven by business expansion.
3. Amortization method and amortization period
   Equal amortization over 10 years.

6. Amounts of assets accepted and liabilities assumed on the date of business combination and their breakdown

(Millions of yen)

Current assets	6,324
Noncurrent assets	4,031
Total Assets	10,355
Current Liabilities	7,788
Noncurrent Liabilities	755
Total Liabilities	8,543

Estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for the current fiscal year as if the business combination had been completed on the first day of the consolidated fiscal year
This information is omitted due to lack of significance.

Notes on Revenue Recognition

1. Information on breakdown of revenue arising from contracts with customers

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reporting segment				
	AIFUL CORPORATION	LIFECARD CO., LTD.	Total	Other *1	Total
Member store commissions	-	10,078	10,078	438	10,517
Revenues related to its own point system	-	2,552	2,552	-	2,552
Annual card membership fees	-	3,751	3,751	-	3,751
Other	2,377	5,501	7,879	1,033	8,913
Revenue arising from contracts with customers	2,377	21,884	24,262	1,472	25,734
Interest on operating loans	76,323	3,721	80,044	15,355	95,400
Customer commissions	4	8,991	8,995	4,224	13,220
Revenue from credit guarantee*2	14,397	1,908	16,306	3,102	19,408
Collection from purchased receivables	-	-	-	1,341	1,341
Recoveries of written off claims	6,128	563	6,691	736	7,428
Insurance premiums	-	-	-	-	-
Other	0	1	2	573	576
Other revenue	96,853	15,186	112,040	25,334	137,374
Sales to external customers	99,231	37,071	136,303	26,806	163,109

*1 The "other" category comprises business segments not included in reporting segments and encompasses the activities of AG Business Support Corporation, AG Loan Services Corporation, etc.

*2 Revenue from credit guarantee includes the following amounts earned through the liquidation of receivables.
AIFUL CORPORATION: 1,060 million yen Other: 3,091 million yen Total: 4,151 million yen

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segment				
	AIFUL CORPORATION	LIFECARD CO., LTD.	Total	Other *1	Total
Member store commissions	-	10,702	10,702	3,289	13,991
Revenues related to its own point system	-	2,377	2,377	-	2,377
Annual card membership fees	-	3,753	3,753	-	3,753
Other	2,547	5,418	7,965	1,279	9,245
Revenue arising from contracts with customers	2,547	22,252	24,799	4,568	29,368
Interest on operating loans	85,603	3,336	88,940	17,650	106,590
Customer commissions	2	9,810	9,813	6,782	16,596
Revenue from credit guarantee*2	16,198	1,903	18,102	3,423	21,526
Collection from purchased receivables	-	-	-	1,865	1,865
Recoveries of written off claims	5,523	532	6,056	651	6,707
Insurance premiums	-	-	-	4,728	4,728
Other	8	279	287	1,383	1,671
Other revenue	107,337	15,863	123,200	36,486	159,686
Sales to external customers	109,884	38,115	147,999	41,054	189,054

*1 The "other" category comprises business segments not included in reporting segments and encompasses the activities of AG Business Support Corporation, AG Loan Services Corporation, etc.

*2 Revenue from credit guarantee includes the following amounts earned through the liquidation of receivables.
AIFUL CORPORATION: 345 million yen, Other: 3,416 million yen, Total: 3,761 million yen

Notes on Revenue Recognition

2.Basic information for understanding revenues

As mentioned in "❹Booking of significant revenues and expenses" of "**4. Matters concerning accounting policies**" in "Significant items forming the basis for the preparation of **consolidated financial statements**."

3. Information on the relationship between the fulfillment of the performance obligations set forth in contracts with customers and cash flows arising out of said contracts, and revenues arising out of contracts with customers that are effective as of the end of the consolidated fiscal year under review expected to be posted from the following consolidated fiscal year and the timing of posting of said revenues

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

i) Balance of contract liabilities, etc.

(Millions of yen)

	FY ended March 31, 2024
Receivables arising out of contracts with customers (balance at beginning of term)	104
Receivables arising out of contracts with customers (balance at end of term)	166
Contract liabilities (balance at beginning of term)	3,721
Contract liabilities (balance at end of term)	3,558

Contract liabilities are related to its own point system and annual card membership fees. The contract liabilities related to its own point system are the amount of unused points that are provided to card members, which is calculated by multiplying the balance of points as of the end of the consolidated fiscal year by the expected amount of points used. Said contract liabilities are reduced through the posting of revenues from the use of points.
The contract liabilities related to annual card membership fees are the amount for the remaining period out of annual card membership fees. Said contract liabilities are reduced through the posting of revenues through the elapse of the period.
Out of the revenues recognized in the previous consolidated fiscal year, the amount included in the balance of contract liabilities at the beginning of the term stood at 3,086 million yen. The amount of revenues from the performance obligations fulfilled in the past recognized in the previous consolidated fiscal year is not significant.

ii) Transaction prices allocated to the remaining performance obligations

The note about the remaining performance obligations is written for the category "Revenue arising from contracts with customers" in "1. Information on breakdown of revenue arising from contracts with customers." Regarding member store commissions, there are no transaction prices allocated to the remaining performance obligations. In addition, we adopted a practically convenient method, and annual card membership fees are part of a contract whose assumed period is 1 year or less, so they are not subject to the note. Regarding other operating revenue, its importance is low, so the note is omitted. The performance obligations still to be fulfilled as of the end of the consolidated fiscal year under review are the transaction prices allocated to the remaining performance obligations for its own point system, which amount to 2,070 million yen.
For said remaining performance obligations, revenues are expected to be recognized in the coming 60 months according to the use of points.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

i) Balance of contract liabilities, etc.

(Millions of yen)

	FY ended March 31, 2025
Receivables arising out of contracts with customers (balance at beginning of term)	166
Receivables arising out of contracts with customers (balance at end of term)	177
Contract liabilities (balance at beginning of term)	3,558
Contract liabilities (balance at end of term)	3,553

Contract liabilities are related to its own point system and annual card membership fees.
The contract liabilities related to its own point system are the amount of unused points that are provided to card members, which is calculated by multiplying the balance of points as of the end of the consolidated fiscal year by the expected amount of points used. Said contract liabilities are reduced through the posting of revenues from the use of points.
The contract liabilities related to annual card membership fees are the amount for the remaining period out of annual card membership fees. Said contract liabilities are reduced through the posting of revenues through the elapse of the period. Out of the revenues recognized in the previous consolidated fiscal year, the amount included in the balance of contract liabilities at the beginning of the term stood at 2,871 million yen. The amount of revenues from the performance obligations fulfilled in the past recognized in the previous consolidated fiscal year is not significant.

ii) Transaction prices allocated to the remaining performance obligations

The note about the remaining performance obligations is written for the category "Revenue arising from contracts with customers" in "1. Information on breakdown of revenue arising from contracts with customers." Regarding member store commissions, there are no transaction prices allocated to the remaining performance obligations. In addition, we adopted a practically convenient method, and annual card membership fees are part of a contract whose assumed period is 1 year or less, so they are not subject to the note. Regarding other operating revenue, its importance is low, so the note is omitted. The performance obligations still to be fulfilled as of the end of the consolidated fiscal year under review are the transaction prices allocated to the remaining performance obligations for its own point system, which amount to 2,060 million yen.
For said remaining performance obligations, revenues are expected to be recognized in the coming 60 months according to the use of points.

Notes to segment information, etc.

Segment information

1 Overview of reporting segments

i) Determination of reporting segments

The Company's reporting segments are the Group's constituent units for which separate financial information is available and which the Board of Directors reviews periodically to decide the allocation of managerial resources and evaluate business performance.
The Group conducts business with the Company and its consolidated subsidiaries as the smallest components of its strategies.
Therefore, the Group's reporting segments are its two core companies, namely, AIFUL CORPORATION and LIFECARD CO., LTD.

ii) Types of products and services belonging to each reporting segment

AIFUL CORPORATION is mainly engaged in loans and credit guarantees. LIFECARD CO., LTD. is mainly involved in the credit card and credit guarantee businesses.

2 Calculation of operating revenue, profit or loss, assets, liabilities, etc., of each reporting segment

The accounting methods applied to the reported business segments are the same as those described in "Significant items forming the basis for the preparation of consolidated financial statements." Profit of the reporting segments is the amount of profit. Inter-segment sales and transfers are based on the amount equivalent to costs of the Company.

Notes to Segment Information, etc.

❸ Information on operating revenue, profit or loss, assets, liabilities and other items of each reporting segment

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reporting segment				
	AIFUL CORPORATION	LIFECARD Co.,Ltd	Total	Other*1	Total
Operating revenue					
Operating revenue from third parties	99,231	37,071	136,303	26,806	163,109
Inter-segment sales and transfers	4,635	597	5,232	63	5,296
Total	103,867	37,669	141,536	26,869	168,405
Segment profit (loss)	24,998	363	25,362	(2,377)	22,985
Segment assets	985,303	245,296	1,230,600	211,439	1,442,039
Segment liabilities	820,080	203,324	1,023,405	196,857	1,220,262
Other items					
Provision of allowance for doubtful accounts *2	31,358	5,092	36,450	16,705	53,155
Provision for bonuses	978	27	1,005	41	1,047
Depreciation	1,884	1,511	3,395	448	3,843
Amortization of goodwill	-	-	-	-	
Interest on loans receivable	1,805	69	1,875	-	1,875
Foreign exchange gains	417	1	418	1	419
Share of profit of entities accounted for using equity method	-	-	-	-	-
Loss on liquidation of subsidiaries	-	-	-	-	-
Burden charge payment	-	4	4	-	4
Settlement payments	-	-	-	17	17
Extraordinary income	79	-	79	-	79
(Gain on the sale of fixed assets)	(79)	(-)	(79)	(-)	(79)
Extraordinary losses	420	47	467	1,529	1,997
(Bad debt write offs)	(-)	(-)	(-)	(-)	(-)
(Impairment loss)	(-)	(-)	(-)	(-)	(-)
(Loss on valuation of investment securities)	(-)	(47)	(47)	(-)	(47)
(Loss on valuation of stocks of subsidiaries and affiliates)	(420)	(-)	(420)	(-)	(420)
(Loss on extinguishment of tie-in shares)	(-)	(-)	(-)	(1,529)	(1,529)
Income taxes - current	3,238	92	3,331	1,450	4,782
Income taxes- deferred	(1,617)	443	(1,174)	(2,289)	(3,464)
Investments in entities accounted for using equity method	4,168	-	4,168	21	4,189
Increase in property, plant and equipment, and intangible assets	8,034	2,098	10,132	466	10,598

*1 The "other" category comprises business segments not included in reporting segments and encompasses the activities of AG Business Support Corporation, AG Loan Services Corporation, etc.

*2 Provision of allowance for doubtful accounts is the sum total of operating expenses and extraordinary losses.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segment				
	AIFUL CORPORATION	LIFECARD Co.,Ltd	Total	Other*1	Total
Operating revenue					
Operating revenue from third parties	109,884	38,115	147,999	41,054	189,054
Inter-segment sales and transfers	43	355	398	80	478
Total	109,927	38,471	148,398	41,134	189,533
Segment profit	19,562	772	20,335	1,834	22,169
Segment assets	1,163,481	228,409	1,391,890	270,451	1,662,341
Segment liabilities	981,479	185,612	1,167,091	247,441	1,414,532
Other items					
Provision of allowance for doubtful accounts*2	35,543	4,232	39,776	18,398	58,175
Provision for bonuses	1,089	11	1,100	53	1,153
Depreciation	2,081	1,595	3,676	432	4,109
Amortization of goodwill	-	-	-	151	151
Interest on loans receivable	2,594	79	2,673	4	2,678
Foreign exchange gains	541	-	541	1	542
Share of profit of entities accounted for using equity method	-	-	-	-	-
Loss on liquidation of subsidiaries	0	-	0	19	20
Burden charge payment	-	-	-	-	-
Settlement payments	-	-	-	-	-
Extraordinary income	-	-	-	-	-
(Gain on the sale of fixed assets)	(-)	(-)	(-)	(-)	(-)
Extraordinary losses	2,778	-	2,778	-	2,778
(Bad debt write offs)	(498)	(-)	(498)	(-)	(498)
(Impairment loss)	(1,582)	(-)	(1,582)	(-)	(1,582)
(Loss on valuation of investment securities)	(-)	(-)	(-)	(-)	(-)
(Loss on valuation of stocks of subsidiaries and affiliates)	(697)	(-)	(697)	(-)	(697)
(Loss on extinguishment of tie-in shares)	(-)	(-)	(-)	(-)	(-)
Income taxes - current	3,288	(25)	3,263	2,725	5,989
Income taxes- deferred	(1,999)	(65)	(2,064)	(1,899)	(3,964)
Investments in entities accounted for using equity method	356	-	356	21	377
Increase in property, plant and equipment, and intangible assets	22,876	2,141	25,017	704	25,722

*1 The "other" category comprises business segments not included in reporting segments and encompasses the activities of AG Business Support Corporation, AG Loan Services Corporation, etc.

*2 Provision of allowance for doubtful accounts is the sum total of operating expenses and extraordinary losses.

Notes to Segment Information, etc.

4 The amount and main constituents of the difference between the sum total of the reporting segments and the amount posted in consolidated financial statements

(Millions of yen)

Operating revenue	FY ended March 31, 2024	FY ended March 31, 2025
Reporting segment total	141,536	148,398
Operating revenue categorized as "other"	26,869	41,134
Inter-segment eliminations	(5,296)	(478)
Operating revenue posted in consolidated financial statements	163,109	189,054

(Millions of yen)

Profit (loss)	FY ended March 31, 2024	FY ended March 31, 2025
Reporting segment total	25,362	20,335
Profit (loss) categorized as "other"	(2,377)	1,834
Inter-segment eliminations	(2,851)	465
Other adjustments	1,684	(117)
Profit attributable to owners of parent posted in consolidated financial statements	21,818	22,516

(Millions of yen)

Assets	FY ended March 31, 2024	FY ended March 31, 2025
Reporting segment total	1,230,600	1,391,890
Assets categorized as "other"	211,439	270,451
Other adjustments	(175,665)	(213,890)
Total assets posted in consolidated financial statements	1,266,374	1,448,451

(Millions of yen)

Liabilities	FY ended March 31, 2024	FY ended March 31, 2025
Reporting segment total	1,023,405	1,167,091
Liabilities categorized as "other"	196,857	247,441
Other adjustments	(155,300)	(187,478)
Total Liabilities posted in consolidated financial statements	1,064,962	1,227,054

(Millions of yen)

Other items	Reporting segment total		Other		Adjustments		Amount posted in consolidated financial statements	
	2024/3	2025/3	2024/3	2025/3	2024/3	2025/3	2024/3	2025/3
Other items								
Provision of allowance for doubtful accounts*	36,450	39,776	16,705	18,398	(422)	(902)	52,733	57,272
Provision for bonuses	1,005	1,100	41	53	520	587	1,567	1,741
Depreciation	3,395	3,676	448	432	-	185	3,843	4,294
Amortization of goodwill	-	-	-	-	-	775	-	775
Interest on loans receivable	1,875	2,673	-	4	(1,791)	(2,613)	83	64
Foreign exchange gains	418	541	1	1	131	665	551	1,208
Share of profit of entities accounted for using equity method	-	-	-	-	63	31	63	31
Loss on liquidation of subsidiaries	-	0	-	19	-	-	-	20
Burden charge payment	4	-	-	-	-	-	4	-
Settlement payments	-	-	17	-	-	-	17	-
Extraordinary income	79	-	-	-	-	-	79	-
(Gain on the sale of fixed assets)	(79)	(-)	(-)	(-)	(-)	(-)	(79)	(-)
Extraordinary losses	467	2,778	1,529	-	(1,529)	(578)	467	2,200
(Bad debt write offs)	(-)	(498)	(-)	(-)	(-)	(-)	(-)	(498)
(Impairment loss)	(-)	(1,582)	(-)	(-)	(-)	(-)	(-)	(1,582)
(Loss on valuation of investment securities)	(47)	(-)	(-)	(-)	(-)	(-)	(47)	(-)
(Loss on valuation of stocks of subsidiaries and affiliates)	(420)	(697)	(-)	(-)	(-)	(578)	(420)	(119)
(Loss on extinguishment of tie-in shares)	(-)	(-)	(1,529)	(-)	(1,529)	(-)	(-)	(-)
Income taxes – current	3,331	3,263	1,450	2,725	225	-	5,007	5,989
Income taxes – deferred	(1,174)	(2,064)	(2,289)	(1,899)	(1,551)	126	(5,016)	(3,838)
Investments in entities accounted for using equity method	4,168	356	21	21	489	540	4,679	917
Increase in property, plant and equipment, and intangible assets	10,132	25,017	466	704	-	37	10,598	25,760

* Provision of allowance for doubtful accounts is the sum total of operating expenses, non-operating expenses and extraordinary losses.

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

1 Information on products and services

(Millions of yen)

	Loan business	Credit sales business	Credit guarantee business	Other	Total
Operating revenue from third parties	101,674	30,822	19,738	10,873	163,109

2 Information by region

- Operating revenue
  Disclosure is omitted since operating revenue from third parties in Japan accounts for more than 90% of operating revenue in the consolidated statements of income.
- Property, plant and equipment Disclosure is omitted since the amount of property, plant and equipment located in Japan accounts for more than 90% of the consolidated balance sheet amount of property, plant and equipment.

3 Information of major customers

There is no disclosure since no counterparty for operating revenue from third parties accounts for 10% or more of the operating revenue in the consolidated statements of income.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

1 Information on products and services

(Millions of yen)

	Loan business	Credit sales business	Credit guarantee business	Other	Total
Operating revenue from third parties	112,477	34,342	21,839	20,395	189,054

2 Information by region

- Operating revenue
  Disclosure is omitted since operating revenue from third parties in Japan accounts for more than 90% of operating revenue in the consolidated statements of income.
- Property, plant and equipment Disclosure is omitted since the amount of property, plant and equipment located in Japan accounts for more than 90% of the consolidated balance sheet amount of property, plant and equipment.

3 Information of major customers

There is no disclosure since no counterparty for operating revenue from third parties accounts for 10% or more of the operating revenue in the consolidated statements of income.

Information on impairment loss on non-current assets of the reporting segments

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

This information is omitted because the same information is disclosed in the segment information.

Information on amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reporting segment			Other	Corporate or elimination	Total
	AIFUL CORPORATION	LIFECARD Co., Ltd.	Total			
Balance at March 31, 2025	-	-	-	3,239	6,468	9,707

(note) 1 Amortization of goodwill is omitted because the same information is disclosed in the segment information.

2 "Other" represents the goodwill of BitCash Inc. on a non-consolidated basis, and "Corporate and eliminations" represents the goodwill of FPC Co., Ltd. and BitCash Inc. on a consolidated basis.

Information on gain on negative goodwill by reportable segment

Not applicable.

Information on related parties

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

Not applicable.

Fiscal year ended March 31, 2024 (April 1, 2024 to March 31, 2025)

(Millions of yen)

Category	Company name	Location	Capital or investment	Business or occupation	Voting rights owned (%)	Relationship with related parties	Transaction details	Amount of transaction	Subject	Balance at March 31, 2025
A company in which executives and their close relatives own a majority of voting rights.	AMG CO., LTD.	Ukyo-ku, Kyoto	10	Securities trading	None	Secondment of employees	Receipt of secondment fee (Note)	10	-	-

(Note) Secondment fees for secondment of employees are determined by mutual agreement based on the salary of the assignor company.

Per share Information

(Millions of yen)

FY ended March 31, 2024		FY ended March 31, 2025	
Net assets per share	409.04	Net assets per share	455.12
Profit per share	45.10	Profit per share	46.91

1. The diluted profit per share is omitted because there were no dilutive shares.
2. The basis for calculation of profit per share is as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Profit attributable to owners of parent	21,818	22,516
Amount not attributable to common stockholders	-	-
Profit attributable to owners of parent pertaining to common stock	21,818	22,516
Average number of shares of common stock during the period	483,797,192	479,951,366

3. The basis for calculation of net assets per share is as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Total net assets	201,412	221,396
Amount deducted from total net assets	3,502	3,473
(Portion of non-controlling interest)	(3,502)	(3,473)
Net assets related to common stock at end of FY	197,909	217,923
Number of shares of common stock at end of FY used in the calculation of net assets per share	483,836,820	478,830,232

Important Subsequent Events

(Transition to a holding company structure through a sole share transfer)
It was resolved at the Board of Directors meeting held on May 19, 2025 that the Company would establish, through a sole share transfer of the Company's shares (hereinafter, the "Share Transfer"), the holding company Muninova Holdings Inc., wholly owning parent company, (hereinafter, the "Holding Company") , with an effective date of April 1, 2026 (scheduled).

1. Background and Purpose of Transition to Holding Company Structure through Sole Share Transfer

The AIFUL Group is committed to enhancing its services across the Group to support customers'sound consumption and business activities and to help them achieve a "For Colorful Life." society where each person can play an active role.
In the non-bank sector surrounding the AIFUL Group, loan receivables have continued to increase, backed by strong funding demand. On the other hand, rising financial and personnel costs due to inflation are creating a need to review the existing loan-centered business model and profit structure.
Against this backdrop, the AIFUL Group is working to enhance profitability, particularly focusing on its four core businesses (unsecured consumer loans, small business loans, credit guarantees, and installment sales finance), with the goal of strengthening competitiveness going forward. Leveraging the profits generated from these businesses, the Group aims to expand group profit levels and diversify its operations through M&A as a growth driver, targeting an ROE of over 15% and ordinary profit of 100 billion yen.
Based on these circumstances, the Company has determined that it is desirable to transition to a pure holding company structure to further strengthen group governance functions. With the Holding Company managing and supervising from a cross-group perspective, we will aim to build a new business model with a proper balance, without over-reliance on current core businesses, and to maximize group-wide synergies. Furthermore, by clearly defining authority and responsibility at each group company and promoting autonomous management, we aim to enhance the overall competitiveness of the Group. Under the new structure, the Holding Company will lead the M&A strategy to promote business diversification, accelerating the transformation of the Group into a company that goes beyond the traditional non-bank sector.

As a result of the Share Transfer, the Company will become a wholly owned subsidiary of the Holding Company, and the Company's shares will be delisted. However, the Holding Company plans to apply for listing on the Prime Market of the Tokyo Stock Exchange, with the scheduled listing date being April 1, 2026, which is also the scheduled date of the Holding Company's incorporation registration (effective date of the Share Transfer), however, this may differ depending on the assessment by the Tokyo Stock Exchange's review.

2. Procedure for Transitioning to Holding Company Structure

After the establishment of the Holding Company, the Company's subsidiaries and other affiliates are scheduled to be reorganized as subsidiaries directly owned by the Holding Company.

3. Overview of the Transition to a Holding Company Structure through the Share Transfer

❶ Schedule of the Share Transfer

March 31, 2025 (Mon)	Record date for Annual General Meeting of Shareholders
May 19, 2025 (Mon)	Board of Directors meeting for the approval of the share transfer plan
June 24, 2025 (Tue)	Annual General Meeting of Shareholders for the approval of the share transfer plan
March 30, 2026 (Mon, scheduled)	Delisting of the Company's shares
April 1, 2026 (Wed, scheduled)	Incorporation registration of the Holding Company (effective date)
April 1, 2026 (Wed, scheduled)	Stock listing date of the Holding Company

However, the schedule is subject to change depending on the necessity of the progress of the procedures for the Share Transfer or other reasons.

❷ Method of the Share Transfer

This is a sole share transfer with the Company as the wholly owned subsidiary resulting from the share transfer and the Holding Company as the wholly owning parent company established through the share transfer.

❸ Details of the Share Allocation (Share Transfer Ratio)

Company's name	Muninova Holdings Inc. (Wholly Owning Parent)	AIFUL CORPORATION (Wholly Owned Subsidiary)
Share transfer ratio	1	1

(a) Share Transfer Ratio

Immediately prior to the effective date of the Share Transfer, shareholders of the Company will receive one share of the Holding Company's common stock for each share of the Company's common stock they hold.

(b) Number of Shares per Unit

The Holding Company will adopt the unit share system, with 100 shares per unit.

(c) Basis for Calculating Share Transfer Ratio

Since the Share Transfer will establish one wholly owning parent company solely through the Company's share transfer, all shares of the Holding Company will be allocated exclusively to the shareholders of the Company immediately prior to the effective date. Giving first priority to avoiding any disadvantage to shareholders and considering that there will be no change in shareholder composition before and after the Share Transfer, the allocation will be one share of the Holding Company's common stock for each share of the Company's common stock held.

(d) Results, Methods, and the Basis of Calculation of the Valuation Report by Third-Party Institutions

For the reasons above in (c), no third-party valuation of the share transfer ratio has been conducted.

(e) Number of New Shares to be Issued (scheduled)

484,620,136 shares of common stock (scheduled)

This number is based on the total number of issued shares of the Company as of March 31, 2025. However, if the total number of issued shares of the Company changes prior to the effective date of the Share Transfer, the number of new shares to be issued by the Holding Company will also change accordingly.

❹ Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the Share Transfer

The Company has not issued any stock acquisition rights or bonds with stock acquisition rights.

❺ Matters Related to Application for Listing of the Holding Compan

The Company plans to apply for listing of the newly established Holding Company's shares on the Prime Market of the Tokyo Stock Exchange, with the scheduled listing date being April 1, 2026. The Company's shares will be delisted on March 30, 2026, prior to the Holding Company's listing, as the Company will become a wholly owned subsidiary of the Holding Company as a result of the Share Transfer. The delisting date may change depending on the Tokyo Stock Exchange's regulations.

4. Overview of the New Company to be Established Through the Share Transfer (Scheduled)

(1) Company name	Muninova Holdings Inc.
(2) Location	381-1 Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto
(3) Representative name and title	Mitsuhide Fukuda, President and Chief executive officer
(4) Business description	Management of group companies and related operations
(5) Capital	2,000 million yen
(6) Date of establishment	April 1, 2026
(7) Number of shares issued	484,620,136
(8) Fiscal year-end	March 31
(9) Net assets	Undetermined
(10) Total assets	Undetermined

5. Outline of Accounting Treatment

The Share Transfer will be accounted for as a "transaction under common control" under corporate accounting, and therefore it will have no impact on profit or loss. No goodwill is expected to result from this Share Transfer.

Consolidated Schedules

Bonds schedule

(Millions of yen)

Company name	Issue	Date of issue	Balance at April 1, 2024	Balance at March 31, 2025	Interest rate(%)	Security	Maturity date
The Company	64th unsecured straight bond	June 15, 2022	30,000	-	0.970	Unsecured	June 14, 2024
	65th unsecured straight bond	December 14, 2022	15,000	15,000 (15,000)	0.940	Unsecured	December 12, 2025
	66th unsecured straight bond	June 13, 2023	15,000	15,000	0.870	Unsecured	June 12, 2026
	67th unsecured straight bond	January 26, 2024	20,000	20,000	0.900	Unsecured	January 26, 2027
	68th unsecured straight bond	June 18, 2024	-	10,000	1.130	Unsecured	June 18, 2027
	69th unsecured straight bond	June 12, 2024	-	20,000	1.120	Unsecured	June 11, 2027
	70th unsecured straight bond	January 24, 2025	-	30,000	1.370	Unsecured	January 24, 2028
Total		-	80,000	110,000 (15,000)	-	-	-

Notes: ❶ The amount of ending balance shown in parentheses is included in the amount shown without parentheses. Said amount is scheduled to be redeemed within one (1) year from the day immediately following the date of the consolidated balance sheets. In the consolidated balance sheets, said amount is stated under current liabilities.

❷ The scheduled amount of redemption for each year within five years after the consolidated closing date is as shown below.

(Millions of yen)

Due within 1 year	Due within 1-2 years	Due within 2-3 years	Due within 3-4 years	Due within 4-5 years
15,000	35,000	60,000	-	-

Borrowings schedule

(Millions of yen)

Category	Balance at April 1, 2024	Balance at March 31, 2025	Average interest rate(%)	Repayment due date
Short-term borrowings (including short-term borrowings of subsidiaries and associates)	102,587	85,382	2.72	-
Commercial paper	-	17,400	0.75	-
Current portion of long-term borrowings	233,660	252,042	1.36	-
Current portion of lease obligations	464	200	-	-
Long-term borrowings (excluding the current portion)	248,657	324,792	1.29	From April 2026 to November 2030
Lease obligations (excluding the current portion)	243	51	-	From April 2026 to June 2028
Total	585,614	679,869	-	-

Notes: ❶ The "average interest rate" represents the weighted-average rate applicable to the ending balance.

❷ The average interest rate of lease obligations is not stated since lease obligations recorded on the consolidated balance sheets represent the amount prior to deducting the amount equivalent to interest included in the total lease fees.

❸ The scheduled repayment amounts of long-term borrowings and lease obligations (excluding current portions) for each year within five years after the date of the consolidated balance sheets are as shown below.

(Millions of yen)

Category	Due within 1-2 years	Due within 2-3 years	Due within 3-4 years	Due within 4-5 years
Long-term borrowings	175,896	109,987	20,791	11,301
Lease obligations	30	19	2	-

Asset retirement obligations schedule

Disclosure is omitted since the amounts of asset retirement obligations at the beginning and end of the fiscal year under review are not more than one hundredth (1/100) of the sum total of liabilities and net assets at the beginning and end of the fiscal year under review.

Others

Quarterly information for the consolidated fiscal year under review

(Millions of yen)

Category	Interim consolidated accounting period	FY2025/3
Operating revenue	91,273	189,054
Profit before income taxes	8,139	24,240
Profit attributable to owners of parent	7,188	22,516
Profit per share (yen)	14.94	46.91

AIFUL Balance Sheets

Assets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Current assets		
Cash and deposits	21,141	29,515
Operating loans	557,786	613,433
Accounts receivable – installment	162	140
Customers' liabilities for acceptances and guarantees	218,459	264,576
Other operating receivables	14,198	16,693
Prepaid expenses	364	875
Accrued income	3,840	4,834
Other	9,793	11,009
Allowance for doubtful accounts	(45,930)	(51,866)
Total current assets	779,817	889,212
Non-current assets		
Property, plant and equipment		
Buildings	13,018	16,006
Accumulated depreciation	(8,959)	(8,609)
Buildings, net	4,059	7,397
Structures	739	664
Accumulated depreciation	(622)	(576)
Structures, net	117	88
Machinery and equipment	146	235
Accumulated depreciation	(141)	(142)
Machinery and equipment, net	5	92
Vehicles	1	1
Accumulated depreciation	(0)	(1)
Vehicles, net	0	0
Furniture and fixtures	3,537	2,936
Accumulated depreciation	(3,067)	(2,519)
Furniture and fixtures, net	470	416
Land	6,726	21,857
Leased assets	1,194	1,194
Accumulated depreciation	(899)	(1,073)
Leased assets, net	295	121
Construction in progress	1,003	100
Total property, plant and equipment	12,678	30,076
Intangible assets		
Software	2,241	2,034
Software in progress	6,970	8,698
Other	73	66
Total intangible assets	9,285	10,799
Investments and other assets		
Investment securities	1,281	1,378
Shares of subsidiaries and associates	25,660	35,329
Long-term loans receivable from subsidiaries and associates	141,423	178,050
Claims provable in bankruptcy	7,645	7,384
Long-term prepaid expenses	231	1,781
Deferred tax assets	12,088	14,136
Lease and guarantee deposits	1,279	1,048
Other	347	750
Allowance for doubtful accounts	(6,436)	(6,467)
Total investments and other assets	183,521	233,392
Total non-current assets	205,486	274,268
Total assets	985,303	1,163,481

Liabilities

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Current liabilities		
Acceptances and guarantees	218,459	264,576
Short-term borrowings	36,800	15,800
Short-term loans payable to subsidiaries and associates	959	488
Commercial papers	-	17,400
Current portion of bonds	30,000	15,000
Current portion of long-term borrowings	222,002	240,475
Lease obligations	191	117
Trade accounts payable	5,034	4,943
Accrued expenses	770	952
Income taxes payable	3,045	2,900
Allowance for bonuses	1,598	1,776
Provision for share-based remuneration	51	63
Asset retirement obligations	-	96
Other	661	789
Total current liabilities	519,575	565,380
Non-current liabilities		
Bonds payable	50,000	95,000
Long-term borrowings	237,222	308,381
Long-term loans payable to subsidiaries and affiliates	-	2,300
Lease obligations	136	19
Provision for loss on interest repayment	9,948	7,285
Asset retirement obligations	2,397	2,322
Other	800	789
Total non-current liabilities	300,505	416,098
Total liabilities	820,080	981,479

Net Assets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus		
Capital reserves	52	52
Total capital surplus	52	52
Retained earnings		
Legal retained earnings	145	193
Other retained earnings		
Retained earnings carried forward	73,155	92,127
Total retained earnings	73,300	92,321
Treasury shares	(2,655)	(4,541)
Total shareholders' equity	164,726	181,861
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	496	140
Total valuation and translation adjustments	496	140
Total net assets	165,222	182,002
Total liabilities and net	985,303	1,163,481

AIFUL Statements of Income

(Millions of yen)	FY ended March 31, 2024 (Apr. 1 2023 to Mar. 31 2024)	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)
Operating revenue		
Interest on operating loans	76,323	85,603
Other financial revenue	0	8
Other operating revenue		
Revenue from credit guarantee	14,397	16,198
Recoveries of written off claims	6,128	5,523
Other	7,017	2,823
Total other operating revenue	27,543	24,546
Total operating revenue	103,867	110,158
Operating expenses		
Financial expenses		
Interest expenses	4,053	5,460
Interest on bonds	568	853
Other	684	1,078
Total financial expenses	5,306	7,392
Other operating expenses		
Advertising expenses	13,937	15,007
Commissions	6,842	7,865
Provision of allowance for doubtful accounts	31,172	35,174
Employees' salaries, allowances and bonuses	7,327	8,201
Provision for bonuses	978	1,089
Retirement benefit expenses	315	307
Welfare expenses	1,851	2,035
Depreciation	1,884	2,081
Other	9,911	10,611
Total other operating expenses	74,221	82,374
Total operating expenses	79,527	89,766
Operating profit	24,339	20,391

(Millions of yen)	FY ended March 31, 2024 (Apr. 1 2023 to Mar. 31 2024)	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)
Non-operating income		
Interest on loans receivables	1,805	2,594
Foreign exchange gains	417	541
Dividends	37	23
Other	554	464
Total non-operating income	2,814	3,624
Non-operating expenses		
Provision of allowance for doubtful accounts	-	2
Amortization expense of security deposits	-	4
Other	6	7
Total non-operating expenses	6	19
Ordinary profit	27,147	23,996
Extraordinary income		
Gain on the sale of fixed assets	79	-
Total extraordinary income	79	-
Extraordinary losses		
Bad debt write offs	-	498
Impairment loss	-	1,582
Loss on valuation of stocks of subsidiaries and affiliates	420	697
Provision of allowance for doubtful accounts	186	366
Total extraordinary losses	606	3,144
Income before taxes	26,620	20,851
Income taxes - current	3,238	3,288
Income taxes- deferred	(1,617)	(1,999)
Total income taxes	1,621	1,289
Profit	24,998	19,562

Group Companies

Loan

AIFUL	AIFUL CORPORATION	Unsecured consumer loan / Credit guarantee
AG Business Support	AG BUSINESS SUPPORT CORPORATION	Small business loan / Factoring
AG Medical	AG MEDICAL CORPORATION	Medical loan secured by medical fee receivables

Credit Card/Payment service

LIFE CARD	LIFECARD Co., LTD.	Credit card/ Payment services
AG Payment Service	AG Payment Service CO., LTD	Installment credit sales / Post-pay settlement business
BitCash	BitCash Inc.	Issuance of prepaid electronic money / Electronic payment service using electronic money

SES

AG Solution Technology	AG Solution Technology Inc.	Management of subsidiaries and related operations
Seven Seas	Seven Seas Co., Ltd.	System development / maintenance and operation / Network and infrastructure construction
Liblock	Liblock Inc.	System development / maintenance and operation / Application development
SALOP	Salop, Inc.	System development / maintenance and operation / Application development
TEMPLATE	TEMPLATE co., ltd.	System development / maintenance and operation
Smart Link	Smart Link co., ltd.	System Consulting / System Design / Project Management and support

Servicer

AG Servicer	AG Servicer Corporation	Debt collection (Servicer)
AG Partners	AG Partners Corporation	Corporate turnaround & restructuring

Overseas

AIRA & AIFUL	AIRA&AIFUL Public Company Limited	Consumer finance (Kingdom of Thailand)
REKSA FINANCE	PT REKSA FINANCE	Used car loans (Republic of Indonesia)
AIFUL FINANCE PHILIPPINES	AIFUL FINANCE PHILIPPINES INC.	Motorcycle and automobile secured loans (Republic of the Philippines)

Others

AG Capital	AG Capital Co., Ltd	Venture capital
AG Smile Leaseback	AG Smile Leaseback Corporation	Leaseback
AG CrowdFunding	AG Crowdfunding Co., LTD.	Social lending (peer-to-peer lending)
AG Lending	AG Lending Corporation	Secured loan (Fund)
FPC	FPC Co., Ltd.	Small amount short-term pet insurance
ANSHIN	Anshin Guarantee Service Co., Ltd.	Guarantee (Rent liabilities)

Corporate Overview

Corporate Profile

Corporate Name	AIFUL CORPORATION
President	Mitsuhide Fukuda, President & CEO
Address of Head Office	381-1, Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto 600-8420, Japan
Date of Establishment	April 1967
Paid-in Capital	¥94,028 million
Fiscal Year End	March 31
Business Outline	Consumer Finance Business, Small Business Loan Business, Credit Guarantee Business
Industrial Classification	Other Financing Business
Stock Listing	Tokyo Stock Exchange, Prime Market
Securities Code	8515
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited
Independent Auditor	Deloitte Touche Tohmatsu LLC
Number of Employees	5,003 ※Total number of employees at AIFUL Group including non-consolidated subsidiaries

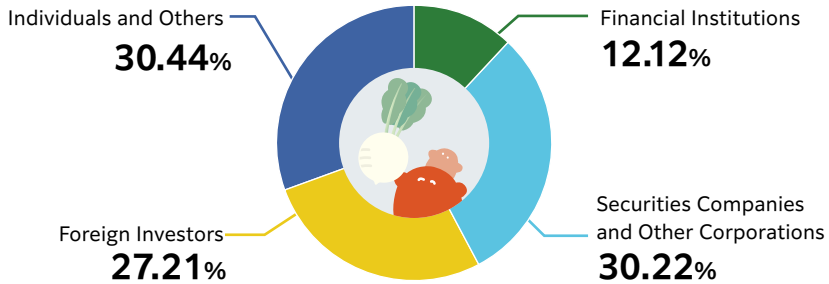
※As of March 31, 2025

Stock Information

Total number of shares authorized: 1,136,280,000
Total number of shares issued: 484,620,136
Number of shareholders: 19,810

Shareholder's name	Number of shares held (thousand shares)	Percentage of total shares outstanding
AMG Co., Ltd.	94,814	19.80%
Mitsuhide Fukuda	62,220	12.99%
The Master Trust Bank of Japan, Ltd. (trust account)	42,944	8.97%
Marutaka Co., Ltd.	24,543	5.13%
JP MORGAN CHASE BANK 385632	20,852	4.35%
MSIP CLIENT SECURITIES	14,759	3.08%
Custody bank of Japan, Ltd. (trust account)	10,865	2.27%
MSCO CUSTOMER SECURITIES	6,896	1.44%
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	6,024	1.26%
BOFAS INC SEGREGATION ACCOUNT	5,154	1.08%

Breakdown by Investor Type



※As of March 31, 2025

アイフル AG

Inquiries about this report

AIFUL CORPORATION
I.R. section Operation Management Department

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