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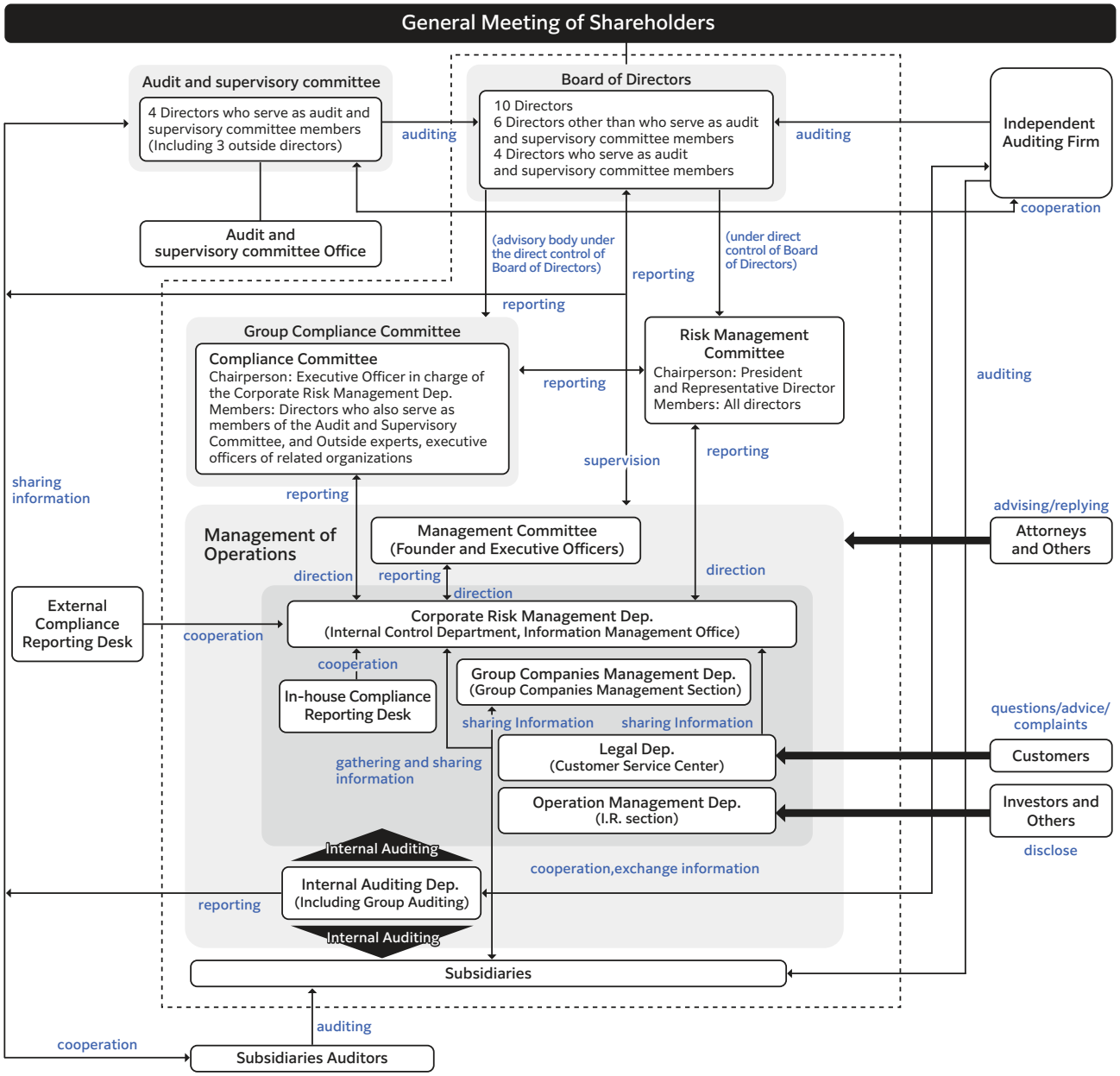
Corporate Governance 01

Basic Views on Corporate Governance

Under its corporate philosophy of "Earn the trust of society through corporate activity based in integrity," the Group recognizes that the primary objective of corporate governance is to become a company trusted by society and all stakeholders by contributing to the development of the economic community through corporate activities based on strict compliance. Through such efforts, the Group aims to realize corporate management that embodies transparency, fairness, and efficiency.

Based on this fundamental approach to corporate governance, the Company is committed to enhancing its corporate governance framework in accordance with the following basic principles, in order to achieve sustainable growth and enhance medium- to long-term corporate value through transparent, fair, prompt, and decisive decision-making.

1. To respect the rights of shareholders and ensure the equitable treatment of all shareholders
2. To engage in appropriate cooperation with all stakeholders, including shareholders
3. To ensure transparency by appropriately disclosing financial and non-financial information and other corporate information
4. To ensure that the Board of Directors appropriately fulfills its roles and responsibilities, including securing the effectiveness of its oversight of business execution, in light of its fiduciary responsibility to shareholders
5. To engage in constructive dialogue with shareholders in order to contribute to sustainable growth and the enhancement of corporate value over the medium- to long-term



Corporate Governance 02

Overview of the Current Corporate Governance System

In order to strengthen the supervisory function of the Board of Directors and enhance corporate governance, the Company has adopted a structure as a Company with an Audit and Supervisory Committee.

● Audit and Supervisory Committee and directors Who Are Members of the Audit and Supervisory committee

The Audit and Supervisory Committee consists of four directors who are members of the Audit and Supervisory Committee, three of whom are outside directors. The Committee determines audit policies and audit plans, receives reports from the executive divisions on matters necessary for audits, deliberates on such matters as appropriate, and conducts audits of legality and appropriateness using the internal control system. The Audit and Supervisory Committee is, in principle, convened on a monthly basis, and extraordinary meetings are held as necessary. In order to enhance its management oversight function, the Audit and Supervisory Committee holds regular meetings and opportunities for reporting and exchange of opinions with the internal audit division, internal control divisions, and the accounting auditor. In addition, by sharing information with statutory auditors of affiliated companies, the Company has established an audit framework for the Group as a whole.

For the purpose of enhancing the effectiveness of the audit function, the Company has established the Audit and Supervisory Committee Office as a dedicated department independent from the executive divisions to assist the Audit and Supervisory Committee in the performance of its duties.

● Board of Directors and Directors

As of the date of submission of this report, the Board of Directors consists of a total of ten directors, comprising six directors (excluding directors who are members of the Audit and Supervisory Committee) and four directors who are members of the Audit and Supervisory Committee.

The Board of Directors deliberates on and determines important matters of business execution stipulated in laws and regulations or the Articles of Incorporation that cannot be delegated to directors or executive officers, as well as matters defined as important business execution under the Board of Directors Regulations, including management plans, human resources policies, and capital policies.

In addition, based on policies resolved by the Board of Directors, authority is appropriately delegated to executive officers and other personnel, in accordance with the Rules on Authority and Responsibility, with respect to business execution and the disposition of assets below a specified monetary threshold.

The Board supervises the status of such delegated authority and its execution.

In principle, meetings of the Board of Directors are held twice a month, and extraordinary meetings are held as necessary. The Articles of Incorporation provide that the number of directors (excluding directors who are members of the Audit and Supervisory Committee) shall not exceed fifteen, and the number of directors who are members of the Audit and Supervisory Committee shall not exceed five.

● Outside Directors

As of the date of submission of this report, the Company has appointed one outside director out of the six directors (excluding directors who are members of the Audit and Supervisory Committee), and three outside directors out of the four directors who are members of the Audit and Supervisory Committee. A framework has been established that enables outside directors to attend and express opinions at important meetings and committees, including the Compliance Committee.

● Executive Officers

For the purpose of accelerating decision-making and business execution, and strengthening the separation between supervisory and executive functions, the Company has introduced an executive officer system. Executive officers are appointed by the Board of Directors, and their respective responsibilities and authorities are defined, with business execution entrusted accordingly.

● Management Committee

The Management Committee consists of all executive officers and founders. It conducts prior deliberations on matters to be resolved by the Board of Directors, as well as deliberations or resolutions on important matters related to business execution. Through information sharing and mutual supervision regarding issues and strategies based on policies resolved by the Board of Directors, the Company endeavors to prevent discrepancies between decision-making and business execution. In principle, the Management Committee is convened on a weekly basis.

● Group Compliance Committee

The Company has established the Group Compliance Committee as an advisory body directly reporting to the Board of Directors. The Committee is chaired by the Executive Officer in charge of the Risk Management Division, as approved by the Board of Directors, and is composed of external experts, directors who are members of the Audit and Supervisory Committee, and executive officers from relevant departments. With the aim of fostering a corporate culture that emphasizes compliance, establishing corporate ethics, and promoting compliance programs, the Committee deliberates on and makes recommendations regarding important matters related to compliance, and reports to the Board of Directors as necessary. In principle, the Committee is held twice a year, and extraordinary meetings are convened as required.

● Group Risk Management Committee

The Company has also established the Group Risk Management Committee as an organization directly reporting to the Board of Directors. The Committee is chaired by the President and CEO, and consists of all directors. With the aim of preventing risks before they materialize through the establishment of an appropriate risk management framework and minimizing losses in the event of a crisis, the Committee receives regular reports on risk conditions, continuously monitors risks, conducts ongoing reviews of the risk management framework, and reports to the directors as necessary. In principle, the Committee is held twice a year, and extraordinary meetings are convened as required.

Corporate Governance 03

Composition of the Board of Directors

Name	Position and title	Gender	Board Meeting Attendance	Year Appointed as Director	Number of shares held (thousand shares)	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	89%	June 2012	62,235	○		○	○	○	○	○	○
Yoshitaka Fukuda	Chairman and Representative Director	Male	97%	May 1982	3,272	○		○		○	○		
Keiji Masui	Representative Director, Vice President Executive Officer	Male	100%	June 2016	112	○		○			○		
Masayuki Sato	Director and Vice Chairman Executive Officer	Male	94%	June 1999	209	○		○	○	○	○	○	
Akira Kamiyo	Director and Vice President Executive Officer	Male	100%	June 2020	61	○	○	○		○	○	○	○
Ryoko Kitazawa	Outside Director	Female	100%	June 2025	9	○		○	○				○
Hitoshi Shimura	Outside Director, Audit and Supervisory Committee Member	Male	100%	June 2021	5		○	○	○				○
Munetaka Shimatani	Director and Audit and Supervisory Committee Member	Male	-	June 2026	72		○						
Haruichi Suzuki	Outside Director, Audit and Supervisory Committee Member	Male	100%	June 2015	-		○						○
Shinichiro Maeda	Outside Director, Audit and Supervisory Committee Member	Male	100%	June 2022	-		○	○	○				○

(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.

Corporate Governance 04

Reasons for the current structure

The Company has adopted a company with an Audit & Supervisory Committee structure. Of the four Directors who are Audit & Supervisory Committee Members, three are Outside Directors. All Directors who are Audit & Supervisory Committee Members attend meetings of the Board of Directors, as well as key meetings and committees, including the Compliance Committee. The Company has also established a framework for reporting to the Audit & Supervisory Committee, thereby ensuring the effectiveness and independence of audits.

In addition, the Company has established the Audit & Supervisory Committee Office as a dedicated department to assist the Audit & Supervisory Committee in the performance of its duties, thereby further enhancing the effectiveness of audits.

The Company has also introduced an Executive Officer system to separate management oversight from business execution. In addition, committees including the Compliance Committee and Risk Management Committee, whose members include external experts, have been established to strengthen the supervisory function.

The Company has adopted this governance structure to achieve transparent, fair, and efficient management.

● A Board of Directors with Diverse Expertise

To achieve sustainable growth and enhance corporate value over the medium to long term, the Company has structured its Board of Directors to include members with diverse knowledge, experience, and expertise.
In addition to Inside Directors with extensive knowledge of the Company's business operations, the Board includes Outside Directors with diverse backgrounds, including experience in the financial industry, legal practice, government, and academia. The Company also considers diversity in terms of gender, professional background, age, and other attributes, seeking to enhance the quality of decision-making through discussions that draw on each Director's expertise.
In light of changes in the business environment and the Group's areas of business, the Company continuously reviews the knowledge and experience required of the Board and works to further enhance its diversity.

● Board Effectiveness Leveraging the Expertise of Outside Directors

The Company works to enhance the effectiveness of the Board of Directors in order to respond swiftly and appropriately to changes in the business environment and enhance corporate value over the medium to long term.
The Board comprises Inside Directors with extensive knowledge of the Company's business operations and Outside Directors with specialized expertise. This composition facilitates active discussions from diverse perspectives in deliberations on management strategy and other important matters.
The Company currently has three Independent Outside Directors, representing less than one-third of all Directors. These Directors bring extensive experience and expertise in areas such as law, finance, and public administration, and play an important role in strengthening management oversight and ensuring objectivity and transparency in decision-making.
Rather than focusing solely on the proportion of Outside Directors, the Company seeks an optimal Board composition that balances the skills and experience required in light of its business characteristics and management challenges. Going forward, we will continue to review the composition and operation of the Board to further strengthen a highly transparent and effective corporate governance framework.

● Ensuring Objectivity and Transparency in Nomination and Remuneration

As a company with an Audit & Supervisory Committee, the Company seeks to ensure objectivity and transparency in the nomination and remuneration of Directors, with the Audit & Supervisory Committee, a majority of whose members are Independent Outside Directors, playing a central role in deliberations.
In selecting candidates for Director, the Company places importance on extensive experience, a high level of expertise, ethical standards, and personal integrity, while also considering the diversity and overall balance of skills of the Board. Based on proposals from the Representative Director and President, the Executive Officer responsible for human resources, and others, the Audit & Supervisory Committee conducts thorough deliberations and expresses its opinion. The Board of Directors then makes the final decision, taking the Committee's opinion into consideration.
The Company has also established a remuneration system for Directors based on their roles, responsibilities, and performance evaluations. Performance evaluations are reviewed and determined by the Human Resources Committee. Based on the results, remuneration levels and other terms are determined following deliberation by the Audit & Supervisory Committee.
Through the active involvement of the Audit & Supervisory Committee in the nomination and remuneration processes, the Company seeks to ensure independence, objectivity, and accountability.

Remunerations for executives

The Company has established a policy regarding the determination of the amount of directors' remuneration and the method for calculating such remuneration. Under this policy, in accordance with the Company's management philosophy of "Earn the trust of society through corporate activity based in integrity," director remuneration is designed not only to function as consideration for the fulfillment of roles and responsibilities, but also to effectively serve as an incentive for the improvement of medium- to long-term corporate performance and the enhancement of corporate value.

Specifically, remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors) consists of fixed basic remuneration and performance-linked non-monetary remuneration (restricted stock compensation). Remuneration for outside directors and directors who are members of the Audit and Supervisory Committee consists solely of basic remuneration, from the perspective of ensuring their independence.

The authority to determine the policy regarding the amount of remuneration or the method for calculating such remuneration for directors rests with the Board of Directors and the Audit and Supervisory Committee.

Based on this policy, the remuneration structure and remuneration levels are reviewed as necessary in light of the management environment and business performance, and the allocation to each individual director is determined according to the scope and significance of the role associated with

Corporate Governance 05

each position, as well as each director's assigned duties, responsibilities, and authority.

With respect to remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee), at the 48th Annual General Meeting of Shareholders of AIFUL CORPORATION held on June 24, 2025, Agenda Item No. 1 (Approval of the Share Transfer Plan) approved a maximum annual remuneration amount of 500 million yen (excluding salaries for the employee portion of directors concurrently serving as employees). At the time of this resolution, the number of such directors was six.

At the same General Meeting of Shareholders, within the above remuneration limit, it was also resolved that monetary claims to be granted as restricted stock compensation to directors (excluding directors who are members of the Audit and Supervisory Committee, outside directors, and domestic non-residents) would be limited to 50 million yen per year (excluding salaries for the employee portion of directors concurrently serving as employees), and that the total number of shares to be issued or disposed of would be limited to 333,000 shares per year. At the time of this resolution, the number of eligible directors was six.

In addition, with respect to remuneration for directors who are members of the Audit and Supervisory Committee, the same General Meeting of Shareholders resolved that such remuneration would be limited to 80 million yen per year. At the time of this resolution, the number of directors who were members of the Audit and Supervisory Committee was four.

Compliance framework

Under our Corporate Philosophy of "Earn the trust of society through corporate activity based in integrity," the Group conducts its business with high ethical standards, going beyond compliance with laws, regulations, and the Articles of Incorporation. We regard compliance as a key management priority and as a foundation for enhancing corporate value and achieving sustainable growth.

The Group has established the Group Compliance Committee to maintain a compliance framework based on a shared understanding across all Group companies. Led by the Committee, we continuously provide education and training and conduct awareness-raising activities to strengthen compliance awareness and embed high standards of corporate ethics throughout the Group.

The Internal Audit Division also regularly audits the operations of the Company and Group companies, including their compliance with laws and regulations, and reports the results to the Board of Directors and the Audit & Supervisory Committee. We have also established a framework for promptly reporting any actual or suspected violations of laws and regulations to the Audit & Supervisory Committee and the Board of Directors, ensuring that appropriate action is taken.

In addition, we have established a hotline system for consultation and reporting on legal violations, misconduct, and other concerns. The system is operated in accordance with the Whistleblower Protection Act to facilitate the early detection and remediation of issues. We are also strengthening the risk management framework required of a financial services group, including measures to prevent relationships with antisocial forces and to combat money laundering and terrorist financing.

Through these initiatives, the Group is building a highly transparent, fair, and effective compliance framework and aims to remain a corporate group trusted by society.

Approaches to antisocial forces

Muninova Group clearly stipulates in its "Compliance Code of Conduct," which has been established as a guideline for actions to realize its management philosophy of "Earn the trust of society through corporate activity based in integrity" that it shall have no relationship whatsoever with any anti-social forces. In addition, the specific provisions of the "Compliance Code of Conduct" are set forth in internal regulations.

(1) Status of the Department in Charge and the Person Responsible for Preventing Unjust Demands
The Management Planning Department has been designated as the department responsible for overseeing responses to anti-social forces, and a system has been established under the direction of the Executive Officer in charge of the Management Planning Department, in cooperation with relevant departments, to conduct investigations and take appropriate measures.

(2) Status of Cooperation with External Specialized Organizations
A system has been established to maintain close consultation and reporting with external specialized organizations, including police authorities and attorneys.

(3) Status of Collection and Management of Information on Anti-Social Forces
Information is collected through participation in training sessions and meetings held by external organizations, as well as through membership in such organizations. In addition, a Risk Management Committee has been established as a body to identify internal risks at an early stage, and it is responsible for collecting and centrally managing risk information.

(4) Status of Development of Response Manuals
As part of responses required in the course of business operations, the Company has established internal regulations such as the "Regulations for the Prevention of Damage Caused by Anti-Social Forces," the "Group Response Manual upon Identification of Transactions with Anti-Social Forces," and the "Manual for Responding to Anti-Social Forces." In addition, various manuals have been developed to ensure the complete severance of relationships with anti-social forces.

Corporate Governance 06

Building a Corporate Culture That Learns from Past Lessons

The Group positions the administrative disposition imposed on AIFUL in 2006 as a serious management lesson and we must never let it fade from memory. At the time, the focus of the investigation was not only on individual violations of laws and regulations, but also on the inadequate internal control system that had failed to prevent them in advance. The Group has passed down this experience as a shared lesson: "Never repeat the same mistake again," and we continue our efforts to establish compliance as a corporate culture.

As part of these efforts, through the Executive and General Manager Caravan and compliance study sessions, the Group has built a mechanism to connect issues identified in the field into improvement activities, and continuously run the PDCA cycle to prevent recurrence. We are committed to preventing recurrence by applying the lessons from the past to our daily operations.

Executive and General Manager Caravan

This is an activity in which executives or general managers visit each department and business base to directly communicate management policies and priority measures, ensure compliance, instill the code of conduct, and reflect the voices of frontline employees in management. The Group conducts this activity at least once a year for all group companies.

This initiative allows management to grasp actual situations and issues on the frontline at an early stage, and at the same time, it facilitates shared understanding among departments and drives awareness throughout the entire organization as executives communicate the Company's policies and expectations directly. It also serves as an important communication opportunity connecting management and all employees, as it allows us to gather information that may lead to business improvements and risk reduction through exchanges of opinions with frontline employees.

Compliance Study Session

The compliance study session is an educational and training opportunity designed to deepen understanding of laws and regulations, internal rules, social norms, and points to note in business operations, thereby improving compliance awareness. Since 2006, the Group has held these sessions quarterly for all group companies.

The purpose of this study session is to help each employee acquire the knowledge and judgment criteria necessary to prevent violations of laws and regulations as well as internal rules, and to perform their duties properly and fairly. Sharing case studies and points of caution raises frontline employees' risk sensitivity, facilitates early detection and response to problems, and presents an attitude that places strong emphasis on compliance shared throughout the entire organization, leading to maintaining and improving a sound corporate culture.

Compliance Reporting Desk (Hotline)

The Group has established a Compliance Reporting Desk (Hotline) for the early detection and correction of violations of laws and regulations, harassment, and other compliance-related problems.

This Reporting Desk is available not only to executives and employees of the Group, but also to former employees, and to service providers engaged in the Group's business operations (such as persons belonging to companies or organizations that have business relationships with the Group and are engaged in the Group's operations, or persons engaged in the Group's operations based on outsourcing contracts).

When accepting and responding to reports, in accordance with the purpose of the Whistleblower Protection Act and other relevant laws and regulations, the Group strictly maintains the confidentiality of whistleblowers and ensures that they are not subject to disadvantageous treatment. At the same time, appropriate investigations are carried out and corrective measures are taken.

A Dedicated Website to Pass on Lessons from the Past to Future Generations of Employees

Twenty years have passed since the administrative disposition, and an increasing number of employees have no firsthand knowledge of the events at that time. To ensure that the lessons learned are passed on, the Group launched an internal website dedicated to the administrative disposition in 2025.



Image of the dedicated website for all Group companies

Developed with the aim of conveying both the positive and negative aspects of the Company's history and accurately passing on the lessons of the past, the website is designed not as a one-time training resource, but as a permanent learning platform that employees can revisit at any time. It systematically presents and shares within the Group the circumstances surrounding the administrative disposition, measures taken to prevent recurrence, and initiatives to strengthen compliance.

The Group's various compliance initiatives are built on this culture of preserving and passing on the lessons of the past. We regard compliance not as a temporary response, but as an ongoing commitment essential to realizing our Corporate Philosophy. Through these efforts, we will continue to earn and maintain the trust of our stakeholders.

Management 01

Directors / Executive Officers of Muninova Holdings Inc.

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

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

Keiji Masui
Representative Director, Vice President Executive Officer
- Representative Director and Vice President Executive Officer of AIFUL CORPORATION
- President and Representative Director of LIFECARD Co., Ltd.
- President and Representative Director of AG Payment Service CO., LTD
- Chairman and Representative Director of BitCash Inc.

Masayuki Sato
Director, Vice Chairman Executive Officer
In charge of Marketing Department
- Director and Vice Chairman Executive Officer of AIFUL CORPORATION
- Director, Executive Officer of LIFECARD Co., Ltd.

Akira Kamiyo
Director, Vice President Executive Officer
Chairperson of Compliance Committee, In charge of Management Planning Department, Corporate Group Management Department,
Operation Management Department Group Communications Department,
Legal Department and Group Corporate Risk Management Department
- Director and Vice President Executive Officer of AIFUL CORPORATION
- Director, Executive Officer of LIFECARD Co., Ltd.

Ryoko Kitazawa
Director (Outside)
- Director of AIFUL CORPORATION

Directors who are Audit and Supervisory Committee Member of Muninova Holdings Inc.

Hitoshi Shimura
Director (Outside)
- Auditor of AIFUL CORPORATION
- Auditor of LIFECARD Co., Ltd.

Munetaka Shimatani
Director
- Auditor of AIFUL CORPORATION
- Auditor of LIFECARD Co., Ltd.

Haruichi Suzuki
Director (Outside)
- Auditor of AIFUL CORPORATION

Shinichiro Maeda
Director (Outside)
- Auditor of AIFUL CORPORATION

Executive Officers of Muninova Group

Fumihiko Hirose
Senior Managing Executive Officer of Muninova Holdings Inc.
In charge of Corporate Strategy Department and Finance Department
- Senior Managing Executive Officer of AIFUL CORPORATION
- President and Representative Director of AG Partners Corporation

Etsushi Yamada
Managing Executive Officer of Muninova Holdings Inc.
Responsible for Marketing Department
- Director and Managing Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.
- President and Representative Director of AG Servicer Corporation

Kazuhiro Yasuda
Managing Executive Officer of Muninova Holdings Inc.
Responsible for Corporate Strategy Department and Finance Department
- Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Atsushi Suda
Managing Executive Officer of Muninova Holdings Inc.
- Managing Executive Officer of AIFUL CORPORATION
- Managing Executive Officer of LIFECARD Co., Ltd.

Management 02

Takayuki Nakata
Managing Executive Officer of Muninova Holdings Inc.
In charge of System and Digital Promotion Department
- Managing Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Akitaka Domoto
Managing Executive Officer of Muninova Holdings Inc.
Responsible for Group Companies Management Department
- Managing Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Hisashi Shimojo
Managing Executive Officer of Muninova Holdings Inc.
- Managing Executive Officer of AIFUL CORPORATION
- Managing Executive Officer of LIFECARD Co., Ltd.
- President and Representative Director of AG Lending Corporation
- President and Representative Director of BitCash Inc.

Yuji Fukada
Managing Executive Officer of Muninova Holdings Inc.
- Managing Executive Officer of AIFUL CORPORATION
- 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.
- President and Representative Director of AG Smile Leaseback Corporation

Ikuo Yamauchi
Managing Executive Officer of Muninova Holdings Inc.
Responsible for Finance Department
- Managing Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Hiroshi Azuma
Managing Executive Officer of Muninova Holdings Inc.
Responsible for Corporate Strategy Department
- Managing Executive Officer of AIFUL CORPORATION

Yasuhiko Hashimoto
Managing Executive Officer of Muninova Holdings Inc.
- Managing Executive Officer of AIFUL CORPORATION
- COO of PT REKSA FINANCE

Junichi Niizuma
Managing Executive Officer of Muninova Holdings Inc.
Responsible for Internal Auditing Department, Legal Department and Corporate Risk Management Department
- Managing Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Yorihiro Fujii
Managing Executive Officer of Muninova Holdings Inc.
In charge of Personnel Department, Responsible for Data Analytics Department and Group Communications Department
- Managing Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Toshiaki Ando
Managing Executive Officer of Muninova Holdings Inc.
- Managing Executive Officer of AIFUL CORPORATION

Kimihiro Omori
Executive Officer of Muninova Holdings Inc.
- Executive Officer of AIFUL CORPORATION
- CEO of AIRA & AIFUL Public Company Limited

Kotaro Matsuura
Executive Officer of Muninova Holdings Inc.
In charge of Accounting Department, Responsible for Operation Management Department (IR)
- Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Ichiro Yamaguchi
Executive Officer of Muninova Holdings Inc.
Responsible for Management Planning Department
- Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.
- President and Representative Director of AG Solution Technology Inc.

Jun Mitsuishi
Executive Officer of Muninova Holdings Inc.
Responsible for Management Planning Department
- Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Atsuki Inagaki
Executive Officer of Muninova Holdings Inc.
- Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Yuki Okano
Executive Officer of Muninova Holdings Inc.
- Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Mahito Oishi
Executive Officer of Muninova Holdings Inc.
Responsible for Personnel Department
- Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Katsuhiro Sakazaki
Executive Officer of Muninova Holdings Inc.
Responsible for Corporate Strategy Department and Finance Department
- Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.

Kenichiro Ishii
Executive Officer of Muninova Holdings Inc.
Responsible for System and Digital Promotion Department
- Executive Officer of AIFUL CORPORATION
- Executive Officer of LIFECARD Co., Ltd.



Risk Factor 01

Risk Management Framework

Under its holding company structure, the Group establishes basic policies for Group-wide risk management and oversees risk management at each Group company. On April 1, 2026, the Group Risk Management Committee was established as a body directly under the Board of Directors of Muninova Holdings. Based on the Group-wide Risk Management Regulations, the Committee oversees and manages risks across the Group on a cross-functional basis.

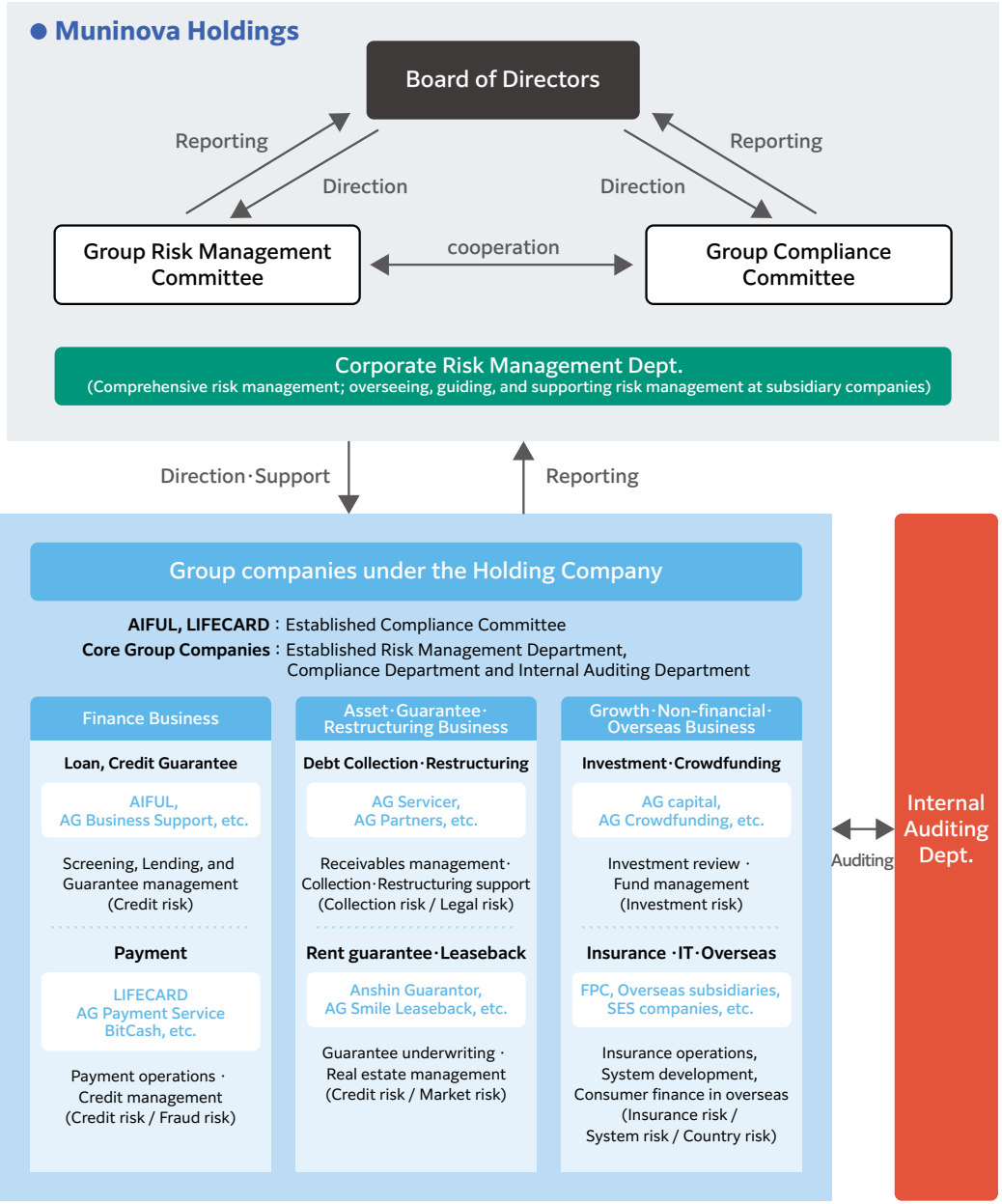
Core Group companies, including AIFUL and LIFECARD, have established risk management, compliance, and internal audit functions, which serve as the second- and third-line functions at each company. The Corporate Risk Management Department and Internal Auditing Department of Muninova Holdings work closely with these functions to provide integrated management and oversight of risks across the Group.

Risk information identified and assessed by each Group company is reported to the Corporate Risk Management Department of Muninova Holdings and submitted to the Group Risk Management Committee for deliberation. The Committee regularly reviews risks and directs the consideration of measures to avoid or mitigate them. Important response policies are subject to approval by the Board of Directors.

AIFUL and LIFECARD have also established Compliance Committees that regularly deliberate on important matters, including the progress of their compliance programs and the status of compliance with laws and regulations.

Despite these measures, changes in the business environment, including the tightening or easing of laws and regulations, competitive conditions, and economic fluctuations, may affect the Group's financial position and operating results and may require the Group to revise its strategies.

Since the fiscal year ended March 2025, the Group has identified as Top Risks those risks that management recognizes as having the potential to materially affect its business, based on the likelihood of risk scenarios and the magnitude of their potential impact on operations. Top Risks are reviewed and determined each fiscal year by the Group Risk Management Committee. The Group assesses increases in risk levels and early warning signs associated with these Top Risks and implements necessary measures to mitigate and control them.



Risk Factor 02

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 inappropri-ate 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 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
⑥	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
⑦	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

Eleven-Year Summary (2016/3-2020/3)

For the Year (Millions of yen)

	2016/3	2017/3	2018/3	2019/3	2020/3
Operating revenue	87,708	91,450	115,389	115,328	127,038
Operating expenses	81,032	84,440	112,897	112,297	125,358
Financial expenses	7,780	8,030	7,560	7,949	7,522
Provision for doubtful account	16,126	20,744	20,497	30,628	35,277
Personnel expenses	13,761	14,270	15,680	16,540	16,853
Interest repayment related expenses	2,897	-	12,384	11,501	16,927
Advertising expenses*1	3,637	3,450	3,592	2,675	2,662
Operating profit (loss)	6,676	7,009	2,492	3,031	1,679
Ordinary profit (loss)	6,860	7,399	2,823	4,110	1,716
Profit (loss) before income taxes	6,860	7,399	3,527	3,420	1,569
Profit (loss)	7,044	7,276	2,945	8,183	300
Profit (loss) attributable to owners of parent	7,044	7,276	3,958	9,346	1,390

At Year-End (Millions of yen)

	2016/3	2017/3	2018/3	2019/3	2020/3
Loans outstanding	376,224	412,649	472,018	521,823	573,080
Non-performing loans*2	66,158	66,401	71,515	79,294	86,422
Total assets	567,514	616,651	682,645	760,587	860,507
Allowance for doubtful accounts	72,643	70,172	66,959	70,469	72,294
Total liabilities	463,263	505,002	563,238	632,570	731,576
Interest-bearing debt	249,059	300,222	365,836	418,708	475,893
Net assets	104,250	111,649	119,407	128,016	128,931

Per Share Data (yen)

	2016/3	2017/3	2018/3	2019/3	2020/3
Total number of shares issued	483,794,536	484,619,136	484,620,136	484,620,136	484,620,136
Basic profit (loss) (EPS)	14.59	15.05	8.18	19.32	2.88
Net assets (BPS)	214.16	228.94	236.13	256.45	260.53

Ratios (%)

	2016/3	2017/3	2018/3	2019/3	2020/3
Equity ratio	18.2	18.0	16.7	16.3	14.6
ROE	7.0	6.8	3.5	7.8	1.1
ROA	1.2	1.2	0.4	0.6	0.2

*1 From the fiscal year ended March, 2022, affiliate/listing advertisement costs related to the acquisition of new sales which had previously been included in sales promotion expenses, have been included in advertising expenses.
*2 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 (2021/3-2026/3)

For the Year (Millions of yen)

	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
Operating revenue	127,481	132,097	144,152	163,109	189,054	214,603
Operating expenses	109,950	120,855	120,427	142,045	163,751	180,588
Financial expenses	7,248	7,041	7,068	7,246	9,512	12,467
Provision for doubtful account	38,818	27,918	36,004	52,546	56,904	59,143
Personnel expenses	16,902	16,704	17,386	19,095	21,697	23,083
Interest repayment related expenses	-	19,929	-	-	-	-
Advertising expenses*1	3,013	11,321	16,876	17,788	18,557	19,226
Operating profit (loss)	17,530	11,242	23,724	21,064	25,302	34,105
Ordinary profit (loss)	19,305	12,265	24,428	22,067	26,817	35,543
Profit (loss) before income taxes	18,149	12,265	23,959	21,493	24,240	34,610
Profit (loss)	17,794	13,037	22,946	21,502	22,089	27,269
Profit (loss) attributable to owners of parent	184,375	12,334	22,343	21,818	22,516	27,123

At Year-End (Millions of yen)

	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
Loans outstanding	553,389	582,349	648,760	738,676	815,259	890,559
Non-performing loans*2	87,393	97,121	104,904	120,627	125,910	128,213
Total assets	863,354	935,642	1,070,485	1,266,374	1,448,451	1,640,117
Allowance for doubtful accounts	77,830	78,246	79,623	92,601	102,675	110,958
Total liabilities	715,662	779,116	890,892	1,064,962	1,227,054	1,394,839
Interest-bearing debt	457,639	480,401	561,236	664,905	789,617	847,754
Net assets	147,692	156,526	179,593	201,412	221,396	245,278

Per Share Data (yen)

	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
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)	38.12	25.50	46.19	45.10	46.91	56.63
Net assets (BPS)	300.92	318.17	364.01	409.04	455.12	503.97

Ratios (%)

	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3
Equity ratio	16.9	16.4	16.4	15.6	15.0	14.7
ROE	13.6	8.2	13.5	11.7	10.8	11.8
ROA	2.2	1.4	2.4	1.9	2.0	2.3

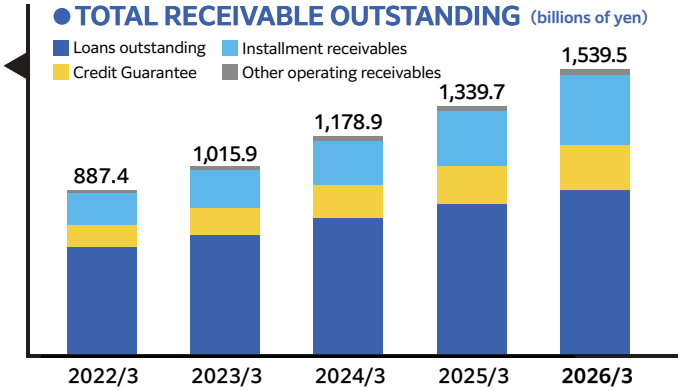
*1 Affiliate/listing advertisement costs related to the acquisition of new sales were included in advertising expenses, which were included in sales promotion expenses from fiscal year ended March, 2022.
*2 As the "Notes on Non-Performing Loans" in the "Cabinet Office Order on Account Management of specified 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)

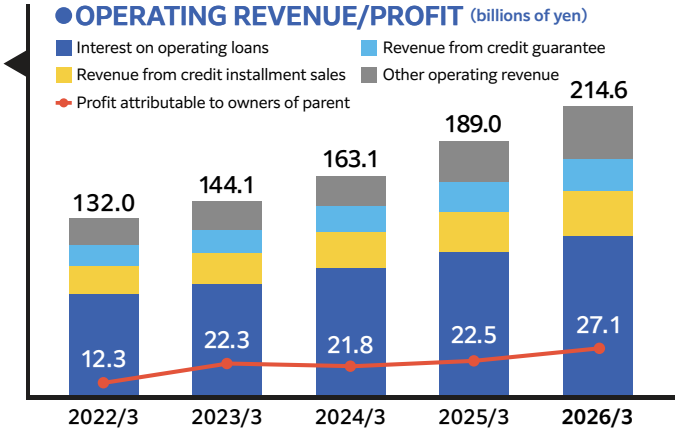
	2022/3	2023/3	2024/3	2025/3	2026/3
Total receivable outstanding	887,407	1,015,910	1,178,983	1,339,705	1,539,593
Loans outstanding	582,349	648,760	738,676	815,259	890,559
Unsecured	505,255	550,647	614,131	666,528	717,775
Small business	58,810	72,133	89,145	102,257	112,976
Secured	18,282	25,979	35,399	45,794	58,928
Installment receivables	116,780	142,899	173,790	203,332	237,191
Credit Guarantee	172,697	204,078	241,562	291,858	381,017
Other operating receivables	15,579	20,171	24,953	29,254	30,825



● OPERATING REVENUE/PROFIT

(Millions of yen)

	2022/3	2023/3	2024/3	2025/3	2026/3
Operating revenue	132,097	144,152	163,109	189,054	214,693
Interest on operating loans	76,332	83,230	95,400	106,590	118,577
Unsecured	70,842	76,143	85,722	94,515	104,077
Small business	3,865	5,137	7,055	8,668	10,261
Secured	1,624	1,949	2,622	3,406	4,237
Revenue from installment sales	20,099	23,158	26,290	30,145	33,330
Revenue from credit guarantee	15,730	17,030	19,408	21,526	23,885
Other operating revenue	19,934	20,732	22,010	30,791	38,899
Operating expense	120,855	120,427	142,045	163,751	180,588
Operating profit	11,242	23,724	21,064	25,302	34,105
Profit attributable to owners of parent	12,334	22,343	21,818	22,516	27,123



● NUMBER OF CUSTOMER ACCOUNTS

(Thousands)

	2022/3	2023/3	2024/3	2025/3	2026/3
Number of customer accounts	1,464	1,625	1,716	1,795	1,832
Unsecured	1,425	1,582	1,666	1,739	1,770
Small business	35	40	46	52	57
Secured	3	3	3	4	4
Credit card holders	5,240	5,141	5,051	5,035	4,958
Number of customer accounts of Installment credit sales	42	81	130	173	210

● AVERAGE FUNDING COST

(%)

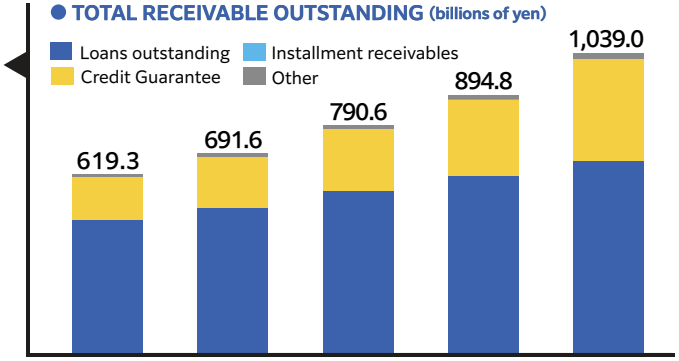
	2022/3	2023/3	2024/3	2025/3	2026/3
Average funding cost	1.22	1.11	1.10	1.42	1.69
Indirect	1.39	1.27	1.20	1.57	1.84
Direct	0.95	0.81	0.86	1.11	1.35
Share of indirect	62.0	66.2	68.4	66.7	69.2
Variable-rate Debt Ratio (Long-term Borrowings)	69.4	78.0	86.0	86.8	89.3

AIFUL CORPORATION Business Data

● TOTAL RECEIVABLE OUTSTANDING

(Millions of yen)

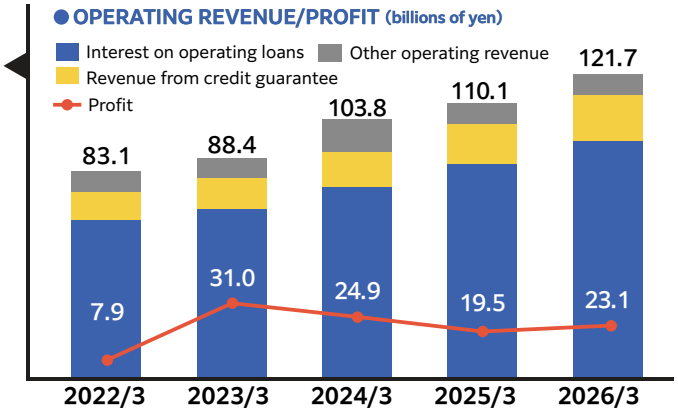
	2022/3	2023/3	2024/3	2025/3	2026/3
Total receivable outstanding	619,388	691,689	790,608	894,844	1,039,055
Loans outstanding	461,884	502,874	562,913	614,222	666,396
Unsecured	449,747	490,096	548,554	597,976	648,117
Small business	8,635	10,275	12,522	14,860	17,236
Secured	3,501	2,502	1,836	1,385	1,041
Credit Guarantee	148,475	177,303	213,333	263,788	353,269
Installment receivables	226	185	162	140	126
Other	8,802	11,326	14,198	16,693	19,262



● OPERATING REVENUE/PROFIT

(Millions of yen)

	2022/3	2023/3	2024/3	2025/3	2026/3
Operating revenue	83,117	88,449	103,867	110,158	121,762
Interest on operating loans	63,071	67,596	76,323	85,603	94,793
Unsecured	61,872	66,274	74,753	83,736	92,605
Small business	809	1,040	1,359	1,265	2,073
Secured	388	281	210	146	115
Revenue from credit guarantee	11,447	12,447	14,397	16,198	18,743
Other operating revenue	8,598	8,406	13,146	8,356	8,225
Operating expense	78,359	69,322	79,527	89,766	96,345
Operating profit	4,757	19,127	24,339	20,391	25,417
Profit	7,912	31,028	24,998	19,562	23,101



● NUMBER OF CUSTOMER ACCOUNTS

(Thousands)

	2022/3	2023/3	2024/3	2025/3	2026/3
Number of loan accounts	980	1,115	1,256	1,348	1,406
Unsecured	968	1,103	1,243	1,335	1,391
Small business	9	10	11	12	14
Secured	2	1	1	0	0

● AVERAGE YIELD

(%)

	2022/3	2023/3	2024/3	2025/3	2026/3
Average yield	14.4	14.3	14.5	14.6	14.8
Unsecured	14.5	14.3	14.5	14.6	14.9
Small business	13.4	13.4	13.3	13.4	13.4
Secured	9.4	9.4	9.7	9.1	9.5

● NEW ACCOUNTS

	2022/3	2023/3	2024/3	2025/3	2026/3
New accounts (Operating loans)	210,104	301,262	338,783	325,676	299,550
Unsecured	210,014	301,183	338,657	325,528	299,410

● AMOUNT OF WRITE-OFFS/ RATIO OFWRITE-OFFS

	2022/3	2023/3	2024/3	2025/3	2026/3
Amount of write-offs (Millions of yen)	20,521	21,795	24,696	28,388	30,223
Ratio of write-offs (%)	3.3	3.2	3.1	3.2	2.9

Non-financial Data

● Human Resource

	2023/3	2024/3	2025/3	2026/3
Number of employees (Entire Group)	4,409	4,982	5,003	5,113
Number of employees (Consolidated)	3,275	3,716	4,043	4,031
Number of foreign employees (Entire Group)	928	993	1,034	742
Number of employees with disabilities ※1	32	42	47	48
Rate of female employees taking childcare leave ※1(%)	100	100	100	100
Rate of male employees taking childcare leave ※1(%)	63.6	96.7	175.0	112.9
Rate of annual paid leaves taken ※2(%)	77.8	74.3	68.2	73.9
Employees' average years of service ※2	15.1	12.7	12.5	12.6
Average age ※2	39.9	38.5	38.5	38.7
Number of in-house engineers (Entire Group)	110	247	327	390
Number of in-house data analysts, data scientists (Entire Group)	39	63	68	87
Number of in-house designers (Entire Group)	15	19	23	25

● Environment·Society·Governance

	2023/3	2024/3	2025/3	2026/3
Inside directors	6	6	6	6
Outside directors	3	3	3	4
Ratio of independent outside directors	33.3%	33.3%	33.3%	30.0%
Number of board meetings held	42	39	31	36
Number of IR Briefings (Financial Results Briefings / Individual Shareholder Briefings)	3	3	4	5
Number of compliance study sessions	4	4	4	4
Amount of donation through credit card (Yen)	12,160,000	11,200,000	9,460,000	9,110,000
Total (t-CO2) ※3	6,545	5,798	5,672	6,035
Scope1 Direct CO2 emissions (t-CO2)	691	684	610	647
Scope2 Indirect CO2 emissions (t-CO2)	5,854	5,114	5,061	5,388

● Customer Base·Brands

	2023/3	2024/3	2025/3	2026/3
App evaluation iOS (AIFUL)	4.6	4.6	4.6	4.4
App evaluation Android (AIFUL)	4.6	4.3	4.7	4.6
Incoming call rate per account (AIFUL) (HP, application renovation, and QA enhancement)	16%	14%	11%	8%
Number of data analysis	168	239	294	358
Number of in-house design products ※4	756	948	990	1,154

※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 (FY2026/3) 01

① Consolidated business results

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

As of April 1, 2026, the Company became a wholly owned subsidiary of Muninova Holdings Inc. which was newly established through a sole share transfer. This share transfer was conducted with the aim of enhancing the flexibility of the Group's management strategy and maximizing corporate value over the medium to long term. Under the holding company structure, the Group will further strengthen group management and optimize its business portfolio, while the Company, as the core operating company of the Muninova Group, will continue to focus on enhancing financial services and expanding its customer base.

Furthermore, in order to achieve the Medium-term Management Plan ending in the fiscal year ending March 31, 2027, the Group will strive to improve overall profitability through balance growth in its core businesses, including the loan business, credit guarantee business, and credit card business, as well as through cost structure reforms. At the same time, the Group will invest in high-growth businesses and M&A initiatives to further enhance corporate value.

In the consolidated fiscal year under review, Group's operating revenue amounted to 214,693 million yen (up 13.6 % year on year). The principal components were 118,577 million yen in interest on loans receivable (up 11.2 % year on year), 23,917 million yen in revenue from the credit card business (up 4.5 % year on year) and 23,885 million yen in revenue from the credit guarantee business (up 11.0 % year on year).

Operating expenses increased 10.3 % year on year to 180,588 million yen. This was mainly due to financial expenses of 12,467 million yen (up 31.1% year on year), cost of sales of 3,090 million yen (up 769.4% year on year) due to an increase in the number of consolidated subsidiaries engaged in System Engineering Service business and provision for doubtful accounts of 59,143 million yen (up 3.9 % year on year).

As a result, Group's operating profit for the fiscal year under review was 34,105 million yen (up 34.8% year on year), and ordinary profit was 35,543 million yen (up 32.5% year on year). Profit attributable to owners of the parent was 27,123 million yen (up 20.5% year on year) reflecting the recording of income taxes of 7,340 million yen.

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 10.4 trillion yen, up 5.0% year on year, as of December 2025. Of this, financial institutions accounted for 5.7 trillion yen, up 3.6% year on year, and the total of companies specializing in consumer finance and credit card companies for 4.7 trillion yen, up 6.7% year on year.

In the loan business, AIFUL is enhancing new customer acquisition through strengthened branding including TV commercials and through effective and efficient advertising strategies centered on web advertising. In addition, through in-house development in the digital field by in-house engineers, the Company has been able to respond quickly to customer needs by continuously upgrading official website, smartphone apps and application forms in order to enhance UI/UX and improve customer satisfaction.

The Group's balance of unsecured loans was 717,775 million yen, up 7.7% year on year, and AIFUL's non-consolidated one was 648,117 million yen, up 8.4% year on year.

Small business loan

In the small business loan market for small- and medium-sized companies, although the number of corporate bankruptcies has been rising recently due to factors such as labor shortages caused by soaring labor costs and rising costs of raw materials, supplies, and energy, the outstanding balance of business loans provided by lenders has continued to expand since the resumption of economic activity following the COVID-19 pandemic, driven by increased demand for funding.

As a result, the balance for small business loans was 112,976 million yen, an increase of 10.5% year on year. Of this, AG Business Support accounted for 93,341 million yen, up 9.4% year on year, and AIFUL's non-consolidated balance was 17,236 million yen, up 16.0% year on year.

Financial Report by the Management Team (FY2026/3) 02

● Credit business (Credit card business)

In the credit card market, domestic transaction volume of credit card increased 15.1% year on year to 134 trillion yen in fiscal 2025 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 increase the number of new and active cardholders through the issuance of tie-up cards, the expansion and improvement of application function matched customer's needs, and the expansion and improvement of service.

As a result, the transaction volume for the consolidated fiscal year under review was 812,391 million yen (up 5.2 % year on year), and the balance of installment receivables for credit card business at the end of the fiscal year under review was 124,839 million yen (up 8.1% 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 380,576 million yen (up 30.5% year on year), of which AIFUL's credit guarantee balance was 353,181 million yen (up 33.9 % year on year) and LIFECARD's credit guarantee balance was 27,395 million yen (down 5.3 % year on year).

③ Overview of balance sheet

Assets at the end of the consolidated fiscal year under review increased by 191,666 million yen from the end of the previous fiscal year to 1,640,117 million yen (up 13.2% from the end of the previous fiscal year). This was primarily due to an increase of 79,750 million yen in operating loans, an increase of 33,935 million yen in installment receivables and an increase of 9,707 million yen of goodwill.

Liabilities increased by 167,784 million yen to 1,394,839 million yen (up 13.7% 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 23,881 million yen to 245,278 million yen (up 10.8% 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") decreased 13,743 million yen or 24.6%, compared with the end of the previous fiscal year, to 42,184 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 57,209 million yen, a decrease of 31.0% 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 10,945 million yen, a decrease of 68.8% compared with the previous fiscal year. This was mainly due to purchase of intangible fixed assets and investment.

● Cash flows from financing activities

Net cash provided by financing activities amounted to 53,428 million yen an increase of 55.4%, compared with the previous fiscal year. This was mainly due to borrowings exceeding repayments.

⑤ Fund procurement trends

The 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 2025, the balance of loans, including off-balance sheet borrowings, was 890,267 million yen, a rise of 6.7% year on year. The balance of loans via indirect procurement stood at 615,726 million yen. This accounted for 69.2% of total borrowings. The interest rate on indirect financing was 1.84%, up 0.27 points year on year.

The balance of loans via direct procurement, accounting for 30.8% of total borrowings, was 274,541 million yen. This breaks down to 14,000 million yen in commercial papers, 120,000 million yen in straight bonds and securitization of 140,541 million yen. The interest rate on direct financing was 1.35%, up 0.24 points year on year, and the funding interest rate which includes interest rates on direct and indirect financing was 1.69%, up 0.27 points year on year. At the end of fiscal 2025, short-term borrowings amounted to 132,333 million yen, and long-term borrowings stood at 757,933 million yen.

Financial Report by the Management Team (FY2026/3) 03

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 2025, the Group's total non-performing loans stood at 128,213 million yen, a rise of 1.3% year on year. Of this, the amount of non-performing loans on unsecured loans, a mainstay product, was 102,985 million yen, an increase of 1.8% year on year and the amount of non-performing loans, consisting mainly of real estate-secured loans and other than unsecured loans, totaled 25,228 million yen, an increase of 13.9% year on year. Meanwhile, restructured loans with a high share of non-performing unsecured loans stood at 57,883 million yen, a rise of 3.1% 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)

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	33,378	10,523	11,970	55,871
Loans 3 months 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

2026/3	Operating loans and claims in bankruptcy		Other	Total
	Unsecured loans	Other than unsecured loans		
Loans in legal bankruptcy	908	8,964	1,096	10,969
Doubtful loans	33,809	12,792	14,145	60,748
Loans 3 months more in arrears	10,383	450	-	10,833
Restructured loans	57,883	3,020	8,050	68,954
Performing loans	615,618	132,886	398,869	1,147,375
Total	718,603	158,115	422,163	1,298,882

⑦ Write-offs

In fiscal 2025, the amount of write-offs, including debt waived in tandem with interest repayment claims, totaled 48,917 million yen, an increase of 6.7%, in comparison with a year earlier.

Write-off debt waived in tandem with interest repayment claims was 197 million yen, a decline of 46.2% year on year, indicating a declining trend. Other ordinary bad debts were 48,720 million yen (up 6.7% year on year), and the write-off ratio excluding debt forgiveness arising from interest repayment claims accounted for 3.3% of total operating receivables (down 0.2 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 59,143 million yen, an increase of 3.9%, in contrast with the previous fiscal year. At the end of fiscal 2025, the balance for the allowance for doubtful accounts came to 110,958 million yen (including 999 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 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 6 yen/share in fiscal 2025. For the next fiscal year, we plan to pay an annual dividend of 20.00 yen per share (0 yen per share at the end of the second quarter, 20.00 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 30%"

	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3	2027/3 (Forecast)
Full Year(yen)	1	1	1	1	1	12	20
Interim	0	0	0	0	0	6	-
Year-end	1	1	1	1	1	6	20
Stock Buy-back (yen)	-	-	-	-	1.9billion	-	-
Total Payout ratio(%)	2.6	3.9	2.2	2.1	11.0	21.2	29.9

Consolidated Balance Sheets

Asset (Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Current assets		
Cash and deposits	60,608	42,214
Operating loans	785,674	865,424
Accounts receivables - installment	197,300	231,236
Operational investment securities	3,361	2,424
Customers' liabilities for acceptances and guarantees	303,943	391,983
Other operating receivables	19,376	22,161
Purchased receivables	9,877	8,663
Accrued receivables	18,090	22,953
Other	28,723	31,889
Allowance for doubtful accounts	(90,017)	(99,574)
Total current assets	1,336,938	1,519,377
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,667	23,579
Accumulated depreciation	(17,881)	(16,039)
Buildings and structures, net	8,786	7,540
Machinery, equipment and vehicles	546	465
Accumulated depreciation	(332)	(260)
Machinery, equipment and vehicles, net	214	205
Furniture and fixtures	4,773	4,454
Accumulated depreciation	(3,908)	(3,637)
Furniture and fixtures, net	865	816
Land	23,962	23,997
Leased assets	4,657	3,384
Accumulated depreciation	(4,434)	(3,200)
Leased assets, net	223	183
Construction in progress	102	118
Total property, plant and equipment	34,154	32,863
Intangible assets		
Software	7,890	7,810
Software in progress	9,456	14,225
Goodwill	9,707	10,487
Customer-related assets	2,283	2,036
Other	164	214
Total intangible assets	29,502	34,774
Investment and other assets		
Investment securities	8,247	10,527
Claims provable in bankruptcy	13,924	12,425
Deferred tax assets	24,535	27,082
Lease and guarantee deposits	1,830	537
Other	11,975	13,914
Allowance for doubtful accounts	(12,657)	(11,384)
Total investments and other assets	47,855	53,102
Total non-current assets	111,512	120,740
Total assets	1,448,451	1,640,117

Liabilities (Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Current liabilities		
Notes & accounts payable-trade	60,961	64,710
Acceptances and guarantees	303,943	391,983
Short-term borrowings	84,894	107,549
Short-term loans payable to subsidiaries and associates	488	283
Commercial papers	17,400	14,000
Current portion of bonds	15,000	35,000
Current portion of long-term borrowings	252,042	262,513
Income taxes payable	4,171	6,781
Allowance for bonuses	1,858	1,730
Provision for share-based remuneration	70	73
Deferred installment income	18,332	24,158
Other	30,306	43,163
Total current liabilities	789,470	951,948
Non-current liabilities		
Bonds payable	95,000	85,000
Long-term borrowings	324,792	343,406
Deferred tax liabilities	343	532
Provision for loss on interest repayment	8,772	6,544
Provision for retirement benefits for directors	-	41
Retirement benefit liability	75	125
Policy reserves and others	1,868	2,208
Other	6,732	5,031
Total non-current liabilities	437,584	442,890
Total liabilities	1,227,054	1,394,839

Net Assets (Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	14,017	14,017
Retained earnings	112,319	135,802
Treasury shares	(4,541)	(4,410)
Total shareholders' equity	215,824	239,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	813	417
Foreign currency translation adjustment	1,285	1,543
Total accumulated other comprehensive income	2,098	1,960
Non-controlling interests	3,473	3,879
Total net assets	221,396	245,278
Total liabilities and net assets	1,448,451	1,640,117

Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)	FY ended March 31, 2026 (Apr. 1 2025 to Mar. 31 2026)
Operating revenue		
Interest on loans receivable	106,590	118,577
Revenue from credit card business	22,891	23,917
Revenue from installment sales	7,253	9,413
Revenue from credit guarantee	21,526	23,885
Other financial revenue	29	153
Insurance premiums	4,728	6,969
Commission income	6,966	9,279
Other operating revenue		
Collection from purchased receivable	1,865	2,154
Recoveries of written off claims	6,707	6,260
Sales of software development	-	2,320
Other	10,495	11,762
Total other operating revenue	19,068	22,497
Total operating revenue	189,054	214,693
Operating expenses		
Financial expenses		
Interest expenses	7,534	10,272
Interest on bonds	853	1,359
Other	1,124	835
Total financial expenses	9,512	12,467
Cost of sales		
Cost of sales of software development	-	1,965
Other	355	1,125
Total cost of sales	355	3,090
Insurance claims and others	3,582	6,653
Other operating expenses		
Advertising expenses	18,557	19,226
Commissions	24,371	26,552
Provision of allowance for doubtful accounts	56,904	59,143
Employees' salaries, allowances and bonuses	15,609	16,850
Provision for bonuses	1,741	1,600
Retirement benefit expenses	519	531
Welfare expenses	3,329	3,468
Other	29,268	31,003
Total other operating expenses	150,300	158,377
Total operating expenses	163,751	180,588
Operating profit	25,302	34,105

(Millions of yen)

	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)	FY ended March 31, 2026 (Apr. 1 2025 to Mar. 31 2026)
Non-operating income		
Interest on loans receivable	64	115
Share of profit of entities accounted for using equity method	31	117
Foreign exchange gains	1,208	882
Gain on sale of investment securities	-	2
Other	259	367
Total non-operating income	1,563	1,485
Non-operating expenses		
Loss on sale of investment securities	-	9
Loss on liquidation of subsidiaries	20	-
Amortization expense of leasehold deposits	4	6
Other	24	32
Total non-operating expenses	49	47
Ordinary profit	26,817	35,543
Extraordinary losses		
Loss on retirement of non-current assets	10	209
Impairment loss	1,582	-
Loss on valuation of stocks of subsidiaries and affiliates	119	-
Provision for doubtful accounts	366	379
Bad debt write offs	498	184
Business restructuring expenses	-	157
Other	-	2
Total extraordinary losses	2,576	933
Profit before income taxes	24,240	34,610
Income taxes – current	5,989	9,098
Income taxes – deferred	(3,838)	(1,758)
Total income taxes	2,151	7,340
Profit	22,089	27,269
Profit (loss) attributable to non-controlling interests	(427)	145
Profit attributable to owners of parent	22,516	27,123

● Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)	FY ended March 31, 2026 (Apr. 1 2025 to Mar. 31 2026)
Profit	22,089	27,269
Other Comprehensive income		
Valuation difference on available-for-sale securities	(470)	(395)
Foreign currency translation adjustment	793	517
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	323	122
Comprehensive income	22,412	27,391
Comprehensive income attributable to		
Owners of parent	22,441	26,985
Non-controlling interests	(28)	406

Consolidated Statements of Change in Shareholders' Equity

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)
Transfer from retained earnings to capital surplus		58	(58)		-
Restricted stock compensation		(58)		114	56
Change in scope of consolidation					-
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
Change in scope of consolidation					-
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

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity
Balance at April 1, 2025	94,028	14,017	112,319	(4,541)	215,824
Changes during the period					
Dividends of surplus			(3,352)		(3,352)
Profit attributable to owners of parent			27,123		27,123
Purchase of treasury shares				(0)	(0)
Transfer from retained earnings to capital surplus		60	(60)		-
Restricted stock compensation		(60)		130	70
Change in scope of consolidation			(227)		(227)
Net changes in accounts other than shareholders' equity	-	-	-	-	-
Total change during fiscal year	-	-	23,482	130	23,613
Balance at March 31, 2026	94,028	14,017	135,802	(4,410)	239,437

(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, 2025	813	1,285	2,098	3,473	221,396
Changes during the period					
Dividends of surplus					(3,352)
Profit attributable to owners of parent					27,123
Purchase of treasury stock					(0)
Transfer from retained earnings to capital surplus					-
Restricted stock compensation					70
Change in scope of consolidation					(227)
Net changes in accounts other than shareholders' equity	(395)	257	(137)	406	268
Total change during fiscal year	(395)	257	(137)	406	23,881
Balance at March 31, 2026	417	1,543	1,960	3,879	245,278

Consolidated Statements of Change in Shareholders' Equity

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)
Transfer from retained earnings to capital surplus		58	(58)		-
Restricted stock compensation		(58)		114	56
Change in scope of consolidation					-
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)

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	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total		
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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
Change in scope of consolidation					-
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

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total share-holders' equity
Balance at April 1, 2025	94,028	14,017	112,319	(4,541)	215,824
Changes during the period					
Dividends of surplus			(3,352)		(3,352)
Profit attributable to owners of parent			27,123		27,123
Purchase of treasury shares				(0)	(0)
Transfer from retained earnings to capital surplus		60	(60)		-
Restricted stock compensation		(60)		130	70
Change in scope of consolidation			(227)		(227)
Net changes in accounts other than shareholders' equity	-	-	-	-	-
Total change during fiscal year	-	-	23,482	130	23,613
Balance at March 31, 2026	94,028	14,017	135,802	(4,410)	239,437

(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, 2025	813	1,285	2,098	3,473	221,396
Changes during the period					
Dividends of surplus					(3,352)
Profit attributable to owners of parent					27,123
Purchase of treasury stock					(0)
Transfer from retained earnings to capital surplus					-
Restricted stock compensation					70
Change in scope of consolidation					(227)
Net changes in accounts other than shareholders' equity	(395)	257	(137)	406	268
Total change during fiscal year	(395)	257	(137)	406	23,881
Balance at March 31, 2026	417	1,543	1,960	3,879	245,278

Notes to Consolidated Financial Statements 01

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

1. Matters concerning the scope of consolidation

1 Number of consolidated subsidiaries:15
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 ten other companies.
AG Solution Technology Inc., Seven Seas co., Ltd., Liblock Inc. and Salop, Inc. which were non-consolidated subsidiary until the previous fiscal year, have been included in the scope of consolidation from the first quarter of the current fiscal year due to an increase in its materiality. In addition, in the interim period of the current fiscal year, the Company acquired all shares of TEMPLATE co., ltd. on May 1, 2025, Smart Link co., ltd. on June 20, 2025, making it a consolidated subsidiary, and the deemed acquisition date was June 30, 2025

2 Name, etc., of non-consolidated subsidiaries
- AG Partners Corporation
- AG Smile Leaseback Corporation
- and nine 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

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

2 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 nine other companies
(Reason for not applying the equity method)
Each of the non-consolidated subsidiaries or affiliated companies not accounted for using 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 adjustments for consolidation were made for important transactions occurring between said date and the consolidated closing date.

4. Matters relating to accounting policies

1 Valuation standards and methods for significant assets

(i) Securities
Held-to-maturity debt securities
Amortized cost method (straight-line method)
Other securities
Securities other than shares, etc. without market prices
Fair value method based on market prices, etc. as of the consolidated fiscal year-end (valuation differences are recognized directly in net assets, and the cost of securities sold is determined using the moving-average method).
Shares, etc. without market prices
Cost method based on the moving-average method

(ii) Derivatives
Fair value method

Notes to Consolidated Financial Statements 02

② Depreciation and amortization methods for significant depreciable and amortizable assets

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

The Company and its consolidated subsidiaries apply the declining-balance method.
However, consolidated subsidiaries apply the straight-line method to buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998.
The principal useful lives are as follows:
Buildings and structures: 2–62 years
Machinery, equipment and vehicles: 2–17 years
Tools, furniture and fixtures: 2–20 years

(ii) Intangible assets (excluding leased assets)

The straight-line method is applied.
Software for internal use is amortized over its estimated useful life within the Company (five years).

(iii) Leased assets

Leased assets under finance lease transactions that transfer ownership
The same depreciation method as that applied to property, plant and equipment owned by the Company is used.
Leased assets under finance lease transactions that do not transfer ownership The straight-line method is applied, with the lease term as the useful life and a residual value of zero.
Overseas consolidated subsidiaries prepare their financial statements in accordance with International Financial Reporting Standards and apply IFRS 16 Leases (“IFRS 16”). Under IFRS 16, lessees, in principle, recognize assets and liabilities for all leases on the balance sheet, and right-of-use assets recognized on the balance sheet are depreciated using the straight-line method.

③ Accounting standards for significant provisions

(i) Allowance for doubtful accounts

To provide for losses on receivables such as operating loans, an amount deemed necessary based on the historical credit loss ratio and other factors is recorded for general receivables. For specific receivables such as doubtful receivables, collectibility is assessed individually and the estimated uncollectible amount is recorded.

(ii) Provision for bonuses

To provide for the payment of bonuses to employees, the amount attributable to the current consolidated fiscal year is recorded based on the estimated amount of future payments.

(iii) Provision for bonuses for directors

To provide for the payment of bonuses to directors, the amount attributable to the current consolidated fiscal year is recorded based on the estimated amount of future payments.

(iv) Provision for share-based compensation

To provide for the future delivery of the Company’s shares to directors and other eligible persons (excluding directors who are Audit & Supervisory Committee members, outside directors, and non-residents of Japan) under the Restricted Stock Compensation Plan, the estimated amount of the obligation as of the end of the current consolidated fiscal year is recorded.

(v) Provision for losses on interest repayments

To provide for future interest repayments, the estimated amount of repayments is reasonably calculated and recorded based on historical repayment results and recent repayment trends, among other factors.

(vi) Provision for retirement benefits for directors

To provide for retirement benefits for directors, the amount required to be paid as of the end of the current consolidated fiscal year is recorded in accordance with the Company’s rules for retirement benefits for directors.

④ Recognition standards for significant revenue and expenses

(i) Interest on operating loans

Interest on operating loans is recognized on an accrual basis. Accrued interest on operating loans is calculated using the lower of the interest rate prescribed under the Interest Rate Restriction Act or the contractual interest rate.

(ii) Revenue recognition for installment sales

Customer fees under the add-on method are initially recorded in full as “deferred installment income” at the time of contract and recognized as revenue as each payment becomes due. Revenue is allocated over the relevant periods using the seven-eight method.
Customer fees under the outstanding balance method and revolving method are recognized as revenue as each payment becomes due. Revenue is allocated over the relevant periods using the outstanding balance method.

Notes to Consolidated Financial Statements 03

(iii) Credit guarantee revenue

Credit guarantee revenue is recognized using the outstanding balance method.

(iv) Revenue from contracts with customers

Within the Group, revenue from contracts with customers, including merchant fees, revenue related to the Group's proprietary point program, and annual card membership fees, is recognized in the amount allocated to the satisfied performance obligations when, or as, the relevant performance obligations are satisfied, based on the following five-step approach:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

Step 5: Recognize revenue when (or as) the performance obligations are satisfied

Information regarding performance obligations related to revenue from contracts with customers is as follows.

(a) Performance obligations satisfied at a point in time

Revenue from credit card members

With respect to merchant fees related to the comprehensive credit purchase intermediation business, the performance obligation to provide payment services is satisfied when a cardholder makes a shopping transaction. Accordingly, revenue is recognized as revenue from comprehensive credit purchase intermediation at that point in time.

With respect to revenue related to the Group's proprietary point program, the amount corresponding to the cost of proprietary points awarded based on cardholders' credit card spending is deducted from merchant fees and deferred as a contract liability. Revenue is recognized as revenue from comprehensive credit purchase intermediation when the points are redeemed and the relevant performance obligation is satisfied.

Revenue from electronic payment services

Revenue related to third-party prepaid payment instruments consists of payment processing fees. With respect to such fees, the Group has a performance obligation under merchant agreements to settle transaction amounts with merchants. As the performance obligation is satisfied when payment is made using the relevant payment instrument, merchant fees are recognized as revenue (fee income) at that point in time.

Revenue from breakage is recognized as revenue (fee income) for the unexercised portion calculated using the historical utilization rate corresponding to the period elapsed from the commencement of the provision of the third-party prepaid payment instruments to the present.

(b) Performance obligations satisfied over time

Annual card membership fees are recognized as other operating revenue over the contractual period during which the relevant performance obligations are satisfied.

The above revenue is recognized based on contracts with customers, and the amount of promised consideration does not include estimates of variable consideration or financing components.

(v) Accounting treatment for interest on borrowings

Interest on borrowings attributable to financial receivables is recorded as "operating expenses" (financial expenses).

5 Basis for translation of significant foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency-denominated monetary receivables and payables are translated into Japanese yen at the spot exchange rates prevailing at the consolidated fiscal year-end, and resulting translation differences are recognized in profit or loss.

Assets and liabilities of overseas subsidiaries and other entities are translated into Japanese yen at the spot exchange rates prevailing at the consolidated fiscal year-end, while revenue and expenses are translated at the average exchange rates during the fiscal year. Resulting translation differences are included in foreign currency translation adjustments and non-controlling interests under net assets.

Notes to Consolidated Financial Statements 04

6 Significant hedge accounting methods

Method of hedge accounting

Interest rate cap transactions qualify for special accounting treatment and are therefore accounted for using such treatment.

Hedging instruments and hedged items

Hedging instruments: Interest rate cap transactions
Hedged items: Floating-rate borrowings

Hedging policy

In accordance with the Company's internal management rules, interest rate cap transactions are used to hedge the risk of fluctuations in interest rates associated with the hedged items.

Method for assessing hedge effectiveness

Assessment of hedge effectiveness is omitted for interest rate cap transactions accounted for using special accounting treatment.

7 Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition that are highly liquid, readily convertible into cash, and subject to an insignificant risk of changes in value.

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

Non-deductible consumption taxes, etc. related to assets are recorded under "Other" in "Investments and other assets" and amortized on a straight-line basis over five years.

9 Accounting principles and procedures adopted where relevant accounting standards, etc. are not clearly specified

Recognition of assets and liabilities related to significant guarantees

Guarantees provided by the Company for borrowings by unconsolidated subsidiaries from financial institutions, guarantees provided for subordinated beneficial interests backed by mortgage loan receivables held by financial institutions and obligations to compensate beneficiaries under indemnification agreements for loan receivables held against multiple domestic corporations are disclosed as contingent liabilities.

For outstanding guarantees arising from other guarantee operations, corresponding amounts are presented on a gross basis as "Customers' liabilities for acceptances and guarantees" under current assets and "Acceptances and guarantees" under current liabilities in the consolidated balance sheet.

10 Method and period of amortization of goodwill

Goodwill is amortized on a straight-line basis over a specified period not exceeding 15 years. However, if the amount of goodwill is immaterial, it is expensed in the consolidated fiscal year in which it arises.

11 Method of providing for policy reserves

Policy reserves, which account for the majority of insurance contract reserves, are reserves provided for pursuant to Article 116 of the Insurance Business Act and are calculated in accordance with Article 211-46, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act.

12 Application of the group tax sharing system

The Group applies the group tax sharing system.

Critical Accounting Estimates 01

1. Allowance for doubtful accounts

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

(Millions of yen)	As of March 31, 2025	As of March 31, 2026
Allowance for doubtful accounts	102,675	110,958

2 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

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

(Millions of yen)	As of March 31, 2025	As of March 31, 2026
Allowance for doubtful accounts	8,772	6,544

2 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.

Critical Accounting Estimates 02

3. Valuation of goodwill

1 Amount recorded in the fiscal year under review

(Millions of yen)	As of March 31, 2025	As of March 31, 2026
FPC Co., Ltd.	2,874	2,653
BitCash Inc.	6,833	6,833
Seven Seas Co., Ltd.	-	115
Liblock Inc.	-	331
Salop, Inc.	-	305
TEMPLATE co., ltd.	-	114
Smart Link co., ltd.	-	134

(Note) In BitCash Inc. for the current consolidated fiscal year, standalone goodwill increased by 738 million yen due to the acquisition of a portion of the business through a company split (incorporation-type split) of au Payment Corporation.

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.

(Unapplied accounting standards, etc.)

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13,2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Statement 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 03

(Changes in Presentation Method)

(Consolidated Balance Sheets)

The “Retirement benefit liability” which was included in “Other” under “Non-current liabilities” in the previous consolidated fiscal year, has been presented separately in the current consolidated fiscal year due to its increased significance. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, the 6,808 million yen of “Other” within “Non-current liabilities” in the consolidated financial statements for the previous fiscal year has been reclassified as 75 million yen for “Retirement benefit liability” and 6,732 million yen for “Other”.

(Consolidated Statements of Income)

"Amortization expense of leasehold deposits," which were included in "Other“ under "Non-operating expenses" in the previous consolidated fiscal year, has been presented separately in the current consolidated fiscal year, as it exceeded 10% of total non-operating expenses.

In addition, “Provision for doubtful accounts,” which were presented separately under “Non-operating expenses” in the previous consolidated fiscal year, has been reclassified and aggregated into “Other” under “Non-operating expense” in the current fiscal year, as it accounted for 10% or less of total non-operating income. To reflect these changes in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 2 million yen presented as “Provision for doubtful accounts” under “Non-operating expenses” and 26 million yen presented as “Other” in the consolidated financial statements for the previous consolidated fiscal year, has been reclassified as 4 million yen for “Amortization expense of leasehold deposits” and 24 million yen for “Other.”

“Loss on retirement of non-current assets,” which were included in “Extraordinary losses,” under “Other” in the previous consolidated fiscal year, has been presented separately in the current consolidated fiscal year, as it exceeded 10% of total extraordinary losses. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 10 million yen presented as “Other” under “Extraordinary losses” in the consolidated financial statements for the previous consolidated accounting period has been reclassified as 10 million yen for “Loss on retirement of non-current assets”, and - million yen for “Other.”

Notes to Consolidated Balance Sheets 01

1. Assets pledged as collateral and corresponding liabilities

(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)

Assets pledged as collateral	As of March 31, 2026
Cash and deposit	-
Operating loans	423,372
Accounts receivable-installment	59,589
Total	482,962

(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

(Millions of yen)

Corresponding liabilities	As of March 31, 2026
Short-term borrowings	54,740
Current portion of long-term borrowings	134,244
Long-term borrowings	201,330
Total	390,315

(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.

(i) The amounts above at the end of the fiscal year ended March 31,2026 include amounts pertaining to the securitization of receivables (operating loans of ¥199,400 million, current portion of long-term borrowings of ¥24,245 million and long-term borrowings of ¥73,782 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, 2025	As of March 31, 2026
664,782	716,258

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

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities (shares)	5,347	3,629

4. Accounts receivables - installment

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Credit card business	109,545	118,965
Installment sales finance business	87,754	112,270
Total	197,300	231,236

5. Deferred installment income

(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

(Millions of yen)

As of March 31, 2026	Balance at April 1, 2025	Receipts during FY	Actual balance during FY	Balance at March 31, 2026
Credit card shopping	924	1,969	1,658	1,235
Installment sales finance	17,408	22,614	17,099	22,923
Total	18,332	24,583	18,758	24,158

Notes to Consolidated Balance Sheets 02

6. Securitization of claims removed from the balance sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Operating loans	29,585	25,134
Accounts receivable installment	6,032	5,955

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, 2025	As of March 31, 2026
PT REKSA FINANCE	5,426	6,682

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

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
SBI Sumishin Net Bank, Ltd.	42,497	56,700

3. Pursuant to the indemnity agreement with the indemnified party, the Company may be required to fulfill its obligation to indemnify the indemnified party with respect to its loan receivables from multiple domestic business entities, up to the following amounts.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Sumitomo Mitsui Trust Bank, Limited	-	2,000

8. Non-performing loans

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

(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

(Millions of yen)

As of March 31, 2026	Operating loans and claims in bankruptcy		Other	Total
	Unsecured loans	Other than unsecured		
Loans in legal bankruptcy	908	8,964	1,096	10,969
Doubtful loans	33,809	12,792	14,145	60,748
Loans 3 months or more in arrears	10,383	450	-	10,833
Restructured Loans	57,883	3,020	8,050	68,954
Performing loans	615,618	132,886	398,869	1,147,375
Total	718,603	158,115	422,163	1,298,882

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 03

9. Loan commitments related to operating loans

(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.

(Fiscal year ended March 31, 2026)
Of operating loans including off-balance sheet loans resulting from securitization, ¥752,049 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 ¥884,480 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, 2025	As of March 31, 2026
1,196	999

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

(Millions of yen)

As of March 31, 2025	As of March 31, 2026
3,553	3,889

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, 2025 (Apr. 1 2024 to Mar. 31 2025)	FY ended March 31, 2026 (Apr. 1 2025 to Mar. 31 2026)
Property, plant and equipment		
Buildings and structures	-	29
Machinery, equipment and vehicles	-	27
Furniture and fixtures	-	5
Intangible assets		
Software	10	8
Software in progress	-	38
Other	-	2
Investments and other assets		
Other	-	97
Total	10	209

3. Impairment loss

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.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
Not applicable.

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

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.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)
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 Partners Corporation and AG Smile Leaseback Corporation, non-consolidated subsidiaries of the Company, provision for doubtful accounts were recorded as extraordinary losses.

5. Bad debt write offs

Previous fiscal year (Apr 1, 2024 to Mar 31, 2025)
The amount of loss incurred as a result of phishing scams that occurred in the current fiscal year is recorded as an extraordinary loss.

Fiscal year under review (Apr 1, 2025 to Mar 31, 2026)
The amount of loss incurred as a result of impersonation scam that occurred in the current fiscal year is recorded as an extraordinary loss.

6. Business restructuring expenses

Previous fiscal year (Apr 1, 2024 to Mar 31, 2025)
Not applicable.

Fiscal year under review (Apr 1, 2025 to Mar 31, 2026)
Special retirement benefits and other expenses incurred because of workforce optimization at overseas subsidiary, have been recorded as business restructuring expenses.

Consolidated Statements of Comprehensive Income 01

1. Comprehensive income

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

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Valuation difference on available-for-sale securities		
Amount during the period	(564)	(509)
Reclassification adjustment	-	40
Before tax effect adjustment	(564)	(468)
Tax effect	94	72
Valuation difference on available-for-sale securities	(470)	(395)
Foreign currency translation adjustment		
Amount during the period	793	517
Share of other comprehensive income of entities accounted for using equity method		
Amount during the period	(0)	0
Total other comprehensive income	323	122

2. Change in shareholders' equity

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 Comprehensive Income 02

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

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	5,789,904	3,146	166,261	5,626,789
Total	5,789,904	3,146	166,261	5,626,789

(Outline of the reasons for the changes)

- The increase in the number of common shares held as treasury shares consists of an increase of 34 shares from purchases of shares constituting less than one trading unit and an increase of 3,112 shares from the gratuitous acquisition of restricted shares.
- The decrease in the number of common shares held as treasury shares is due to the disposal of treasury shares as restricted stock compensation on July 22, 2025, pursuant to a resolution of the Board of Directors at its meeting held on June 30, 2025.

2 Matters regarding dividends

- Dividends paid

Resolution	Share type	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
May.9, 2025	Common share	478	1.00	Mar.31, 2025	Jun.6, 2024
November.11, 2025	Common share	2,873	6.00	Sep.30, 2025	Dec.5, 2025

- 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.15, 2026	Common share	Retained earnings	2,873	6.00	Mar. 31, 2026	Jun.4, 2026

Consolidated Statements of Cash Flows・Notes on Financial Instruments 01

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, 2025 (Apr. 1, 2024 to Mar. 31, 2025)	FY ended March 31, 2026 (Apr. 1, 2025 to Mar. 31, 2026)
Cash and deposits	60,608	42,214
Time deposit with maturity period of more than three months	(4,679)	(30)
Cash and cash equivalents	55,928	42,184

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

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

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

The information has omitted due to lack of significance.

3 Breakdown of assets and liabilities increased as a result of the acquisition of a business for cash and cash equivalents

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

Not applicable.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

The breakdown of assets and liabilities associated with the acquisition of part of the business of au Payment Corporation by the consolidated subsidiary BitCash Inc., as well as the relationship between the acquisition price and expenditures for the business acquisition (net), is as follows.

(Millions of yen)

Current Assets	812
Noncurrent Assets	340
Goodwill	738
Current Liabilities	(660)
Purchase price of business acquisition	1,230
Cash and cash equivalents	(784)
Difference: Expenditures for acquisition	446

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 02

● 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 03

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, 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	576,834	576,527	(307)
Total liabilities	686,834	685,809	(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	
Unlisted shares	8,039
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.

Fiscal year ended March 31, 2026

(Millions of yen)

Category	Consolidated balance sheet amount	Fair value	Difference
(1) Operating loans	865,424		
Allowance for doubtful accounts*2	(63,115)		
	802,309	898,732	96,423
(2) Accounts receivable-installment	231,236		
Deferred installment income*3	(24,158)		
Allowance for doubtful accounts*2	(11,509)		
	195,567	226,581	31,013
(3) Operational investment securities and investment securities*1			
Held-to-maturity bonds	223	176	(46)
Available-for-sale securities	7,382	7,670	287
(4) Claims provable in bankruptcy	12,425		
Allowance for doubtful accounts*2	(10,097)		
	2,328	2,328	-
Total assets	1,007,811	1,135,489	127,678
(1) Bonds	120,000	118,987	(1,013)
(2) Long-term borrowings	605,920	605,622	(298)
Total liabilities	725,920	724,609	(1,311)
Derivative transactions			
(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	
Unlisted shares	5,345
Total	5,345

*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.

Notes on Financial Instruments 04

Notes: 1. Scheduled redemption amounts after the consolidated closing date of monetary claims and securities with maturity

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)	-	-	-
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.

Fiscal year ended March 31, 2026

(Millions of yen)

Category	Due within 1 year	Due within 1-5 years	Due after 5 years or more
Cash and deposits	42,214	-	-
Operating loans	326,384	538,299	740
Accounts receivable-installment	148,346	82,846	43
Operational investment securities and investment securities			
Securities to be held to maturity (government bonds)	-	-	225
Available-for-sale securities with maturities	-	-	540
Total	516,945	621,145	1,549

Does not include ¥12,425 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, 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

Fiscal year ended March 31, 2026

(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	35,000	60,000	25,000	-	-	-
Long-term borrowings	262,513	206,971	102,042	21,640	9,404	3,347
Total	297,513	266,971	127,042	21,640	9,404	3,347

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 05

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
Government and local government bonds, etc.	-	-	-	-

● 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 maturityGovernment 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	-	-	-	-

Fiscal year ended March 31, 2026

● 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	396	5,131	-	5,527
Government and local government bonds, etc.	840	-	-	840

● 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	-	-	898,732	898,732
(2) Accounts receivable-installment	-	-	226,581	226,581
(3) Operational investment securities and investment securities				
①Securities to be held to maturityGovernment bonds and local government bonds, etc.	176	-	-	176
②Available-for-sale securities Shares Shares	-	1,302	-	1,302
(4) Claims provable in bankruptcy	-	-	2,328	2,328
Total assets	176	1,302	1,127,642	1,129,121
(1) Bonds	-	118,987	-	118,987
(2) Long-term borrowings	-	605,622	-	605,622
Total liabilities	-	724,609	-	724,609
Derivative transactions				
(i) Those qualified for hedge accounting	-	-	-	-
(ii) Those not qualified for hedge accounting	-	-	-	-
Total derivative transactions	-	-	-	-

Notes on Financial Instruments 06

(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, 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)
Receivables	-	-	-
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.

Fiscal year ended March 31, 2026

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	176	(46)
Total	223	176	(46)

2 Available-for-sale securities

Category	Consolidated balance sheet amount	Purchase cost	Difference
Those whose consolidated balance sheet amount exceeds acquisition cost			
Shares	3,175	1,942	1,232
Subtotal	3,175	1,942	1,232
Those whose consolidated balance sheet amount does not exceed acquisition cost			
Shares	2,352	2,802	(450)
Receivables	840	925	(84)
Subtotal	3,192	3,728	(535)
Total	6,367	5,670	696

Note: Unlisted shares, etc. (consolidated balance sheet amount of ¥2,730 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, 2025 to March 31, 2026)

(Millions of yen)

	Amount of sales	Total amount of gain on sales	Total amount of loss on sales
Shares	794	319	73

4 Available-for-sale securities for which impairment loss was recorded

An impairment loss of ¥901 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, 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.

Fiscal year ended March 31, 2026 (as of March 31, 2026)

1. Derivative transactions not qualified for hedge accounting
   Not applicable

2. Derivative transactions qualified for hedge accounting
   Not applicable

Notes on Retirement Benefits

1. Outline of retirement benefit system adopted

The Group, except for certain consolidated subsidiaries, uses a defined contribution pension plan in combination with a prepaid retirement allowance plan.
Certain consolidated subsidiaries have adopted an internally funded lump-sum retirement benefit plan based on their retirement allowance regulations, and calculate liabilities for retirement benefits and retirement benefit expenses using the simplified method.
In addition, overseas consolidated subsidiaries have adopted defined benefit plans and, applying IFRS, account for them in accordance with IAS 19 "Employee Benefits."

2. Defined benefit plan

1 Reconciliation between beginning balance and ending balance of retirement benefit obligations (Excluding plans to which the simplified method is applied)

(Millions of yen)

	FY ended March 31, 2025	FY ended March 31, 2026
Beginning balance of retirement benefit obligations	55	75
Service cost	10	10
Interest expense	1	2
Actuarial gain or loss	-	1
Retirement benefits paid	-	△8
Prior service cost incurred during the period	-	-
Foreign currency translation adjustment	7	5
Ending balance of retirement benefit obligations	75	87

2 Reconciliation of the opening and year-end balances of liabilities for retirement benefits for plans to which the simplified method is applied

(Millions of yen)

	FY ended March 31, 2025	FY ended March 31, 2026
Beginning balance of retirement benefit liability	-	-
Retirement benefit expenses	-	10
Retirement benefits paid	-	△0
Increase cost of increase in consolidated subsidiaries	-	27
Ending balance of retirement benefit liability	-	38

3 Reconciliation between ending balance of retirement benefit obligations and pension assets and the consolidated balance sheet amount of liabilities and assets pertaining to retirement benefits

	FY ended March 31, 2025	FY ended March 31, 2026
Funded retirement benefit obligations	-	38
Pension assets	-	-
	-	38
Unfunded retirement benefit obligations	75	87
Net consolidated balance sheet amounts of liabilities and assets	75	125
Liabilities pertaining to retirement benefits	75	125
Assets pertaining to retirement benefits	-	-
Net consolidated balance sheet amounts of liabilities and assets	75	125

(Note) Plans to which the simplified method is applied are included.

4 Retirement benefit expenses and sub-items

	FY ended March 31, 2025	FY ended March 31, 2026
Service cost	10	10
Interest expense	1	2
Amount of prior service costs recorded as expenses	-	-
Retirement benefit expenses calculated using the simplified method	-	10
Retirement benefit expenses pertaining to the defined benefit plan	12	23

(Note) In the current consolidated fiscal year, in addition to the retirement benefit expenses above, we recorded special retirement payments of 131 million yen under extraordinary losses as "business restructuring costs."

5 Matters regarding the basis of actuarial calculation Major basis of actuarial calculation

	FY ended March 31, 2025	FY ended March 31, 2026
Discount rate	3.2%	2.5%

3. Defined contribution pension plan and prepaid retirement benefit plan

	FY ended March 31, 2025	FY ended March 31, 2026
Amount of prepaid retirement benefits	114	117
Amount of contribution to defined contribution pension	386	391
Other	5	6
Retirement benefit expenses pertaining to the defined benefit plan	506	514

Notes on Tax Effect Accounting 01

1 Breakdown of major factors of deferred tax assets and liabilities

(Millions of yen)

	FY ended March 31, 2025	FY ended March 31, 2026
Deferred tax assets		
Allowance for doubtful accounts	19,596	24,698
Provision for loss on interest repayment	2,749	2,051
Bad debt loss	4,938	7,903
Accrued income	1,167	1,125
Loss carried forward	14,213	4,670
Shares of subsidiaries and associates	381	32,570
Other	6,517	9,795
Subtotal of deferred tax assets	49,564	82,814
Valuation allowance for tax loss carryforwards *2	(8,651)	(370)
Valuation allowance for the sum total of deductible temporary differences, etc.	(15,360)	(54,725)
Subtotal of valuation allowances *1	(24,011)	(55,096)
Total deferred tax assets	25,552	27,718
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(296)	(252)
Retirement cost corresponding to asset retirement obligations	(279)	(27)
Customer-related assets	(698)	(622)
Other	(87)	(265)
Total deferred tax liabilities	(1,360)	(1,168)
Net amount of deferred tax assets	24,192	26,549

(Note) 1. The valuation allowance increased by 31,084 million yen. The primary reason for the increase is that, due to the adjustment of investment book values accompanying the transition to a holding company structure, we recognized an increase in shares of affiliates of 28,150 million yen (an amount multiplied by the statutory effective tax rate). We have also recognized a decrease in temporary differences related to tax loss carryforwards, including the effect of 1,897 million yen (an amount multiplied by the statutory effective tax rate) of tax loss carryforwards arising in the fiscal year ended March 2017 being written off due to expiration of the carryforward period.

*2 The amount of tax loss carryforwards and their deferred tax assets by carryforward period 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 (a)	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	(b)5,562

(a) The amount of tax loss carryforwards has been multiplied by the effective statutory tax rate.

(b) 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.

Fiscal year ended March 31, 2026 (as of March 31, 2026)

(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)	3,753	75	91	-	494	256	4,670
Valuation allowances	(85)	(69)	(89)	-	(21)	(105)	(370)
Deferred tax assets	3,667	6	2	-	472	151	(d)4,300

(c) The amount of tax loss carryforwards has been multiplied by the effective statutory tax rate.

(d) Deferred tax assets of ¥4,300 million have been recorded for the ¥4,670 million of tax loss carryforwards (amount multiplied by the effective statutory tax rate). Said deferred tax assets amounting to 4,300 million yen is attributable to the recognition of the balance of tax loss carryforwards amounting to 3,859 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 02

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, 2025	As of March 31, 2026
Effective statutory tax rate (Adjustment)	30.5%	30.5%
Inhabitant tax on per capita basis	0.3%	0.3%
Entertainment expenses and other items permanently excluded from loss	0.6%	0.5%
Valuation allowances	(53.2%)	(14.1%)
Exclusion of Dividends Received from Gross Profits	(0.0%)	(0.6%)
Effects of the change in effective statutory tax rate	(3.4%)	(1.8%)
Income taxes for prior periods	0.0%	1.5%
Tax credits under the Tax Credit for Promoting Wage Increases and Investment	(1.2%)	(0.2%)
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	(0.0%)	(0.1%)
Expiry of time limit of loss carried forward	36.1%	5.5%
Effect of goodwill amortization	(0.9%)	(0.2%)
Difference in tax rate from that of parent company	0.5%	0.0%
Other	(0.4%)	(0.1%)
Burden rate of income taxes, etc., after application of tax effect accounting	(8.9%)	21.2%

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).

Notes on Business Combination (Business combination through acquisition of shares) 01

1. Outline of business combination

1. Name and business of the acquired company
   TEMPLATE co., ltd
   Business: System engineering service business
2. Main reasons for business combination
   TEMPLATE co., ltd. employs a large number of IT engineers who possess expertise in the COBOL programming language—still widely used in core systems for the financial and public sectors—as well as knowledge of insurance operations. The long-cultivated know-how and extensive client base of TEMPLATE co., ltd. are expected to contribute to enhancing the Group's in-house development capabilities.
3. Date of business combination
   May 1, 2025 (Share acquisition date)
   June 30, 2025 (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 quarterly consolidated statements of income for the current fiscal year

July 1, 2025 to March 31, 2026

3. Acquisition cost of the acquired company and break-down by type of consideration

(Millions of yen)

Consideration for acquisition	cash	205
Acquisition cost		205

4. Details and amounts of major acquisition-related expenses

1. Amounts of acquisition-related expenses
   Fees and commissions paid to advisors, etc. 29 million yen
2. Details of accounting
   This is recorded as fees paid by the acquiring company and as investments in affiliates, and are eliminated in the consolidated financial statements.

5. Amount of goodwill incurred, reason for incurrence, amortization method and amortization period

1. Amount of goodwill incurred
   127 million yen
2. Reason for incurrence
   This is mainly the excess earnings power expected from future business development.
3. Goodwill amortization method and amortization period
   Equal amortization over 7 years

6. The amounts and details of assets and liabilities assumed as of the business combination date

(Millions of yen)

Current assets	137
Non-current assets	70
Total Assets	208
Current liabilities	44
Non-current liabilities	115
Total Liabilities	160

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 Business Combination (Business combination through acquisition of shares) 02

1. Outline of business combination

1 Name and business of the acquired company
Smart Link co., ltd
Business: System engineering service business

2 Main reasons for business combination
Smart Link co., ltd. employs personnel with extensive experience and expertise in the highly specialized field of credit card systems. The long-cultivated know-how and broad client base of Smart Link co., ltd. are expected to contribute to the Group's efforts toward greater in-house development capability.

3 Date of business combination
June 20, 2025 (Share acquisition date)
June 30, 2025 (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 quarterly consolidated statements of income for the current fiscal year

July 1, 2025 to March 31, 2026

3. Acquisition cost of the acquired company and break-down by type of consideration

(Millions of yen)

Consideration for acquisition	cash	179
Acquisition cost		179

4. Details and amounts of major acquisition-related expenses

1 Amounts of acquisition-related expenses
Fees and commissions paid to advisors, etc. 29 million yen

2 Details of accounting
This is recorded as fees paid by the acquiring company and as investments in affiliates, and are eliminated in the consolidated financial statements.

5. Amount of goodwill incurred, reason for incurrence, amortization method and amortization period

1 Amount of goodwill incurred
153 million yen

2 Reason for incurrence
This is mainly the excess earnings power expected from future business development.

3 Goodwill amortization method and amortization period
Equal amortization over 6 years

6. The amounts and details of assets and liabilities assumed as of the business combination date

(Millions of yen)

Current assets	59
Non-current assets	2
Total Assets	62
Current liabilities	54
Non-current liabilities	10
Total Liabilities	65

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 Business Combination (Business combination through absorption-type company split)

1. Outline of business combination

1. Name and business of the acquired company
   BitCash Inc.
   Name of acquired company: au Payment Corporation
   Business: Prepaid payment instrument issuance and management
2. Main reasons for business combination
   The purpose of the business combination is to generate earnings through expansion in the payment market, which is a fee-based business requiring no funding and offering high profit margins.
3. Date of business combination
   March 31, 2026 (The effective date of absorption-type split)
4. Legal form of business combination
   Absorption-type split with cash consideration
5. Corporate name following combination
   No change.
6. Percentage of voting rights acquired
   Since the effective date of absorption-type split on March 31, 2026, no voting rights are being acquired.
7. Main rationale for determining the company to acquire
   The Company has acquired the business of issuing and operating prepaid payment instruments from au Payment Co., Ltd. in exchange for cash.

2. Period of the acquired company's results included in the quarterly consolidated statements of income for the current fiscal year

Since the absorption-type split effective as of March 31, 2026, it is not included in the financial results for the current fiscal year.

3. Acquisition cost of the acquired company and breakdown by type of consideration

(Millions of yen)

Consideration for acquisition	cash	1,230
Acquisition cost		1,230

4. Details and amounts of major acquisition-related expenses

1. Amounts of acquisition-related expenses
   Fees and commissions paid to advisors, etc. 34 million yen
2. Details of accounting
   This is recorded under "Other operating expenses" (commissions) of the acquired company.

5. Amount of goodwill incurred, reason for incurrence, amortization method and amortization period

1. Amount of goodwill incurred
   738 million yen
   As of the end of the current fiscal year, the identification of assets and liabilities as of the business combination date and the calculation of their fair values have not yet been completed, and the amount of the acquisition cost has not been finalized. Therefore, the company have applied provisional accounting treatment based on the reasonable information available.
2. Reason for incurrence
   This is mainly the excess earnings power expected from future business development.
3. Goodwill amortization method and amortization period
   The cost will amortize evenly over the period during which the benefits are realized.
   The amortization period is currently being calculated.

6. The amounts and details of assets and liabilities assumed as of the business combination date

(Millions of yen)

Current assets	812
Non-current assets	340
Current liabilities	660

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 01

1. Information on breakdown of revenue arising from contracts with customers

From the current consolidated fiscal year, we have changed our reportable segments. Details of the segment change are as described in "(Segment Information, etc.)," "[Segment Information]," and "1. Overview of Reportable Segments."
The information for the previous consolidated fiscal year has been prepared based on the classifications after the segment change.

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

(Millions of yen)

	Reporting segment					
	AIFUL CORPORATION	LIFECARD CO., LTD.	AG BUSINESS SUPPORT	Subtotal	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
Software in progress	-	-	-	-	-	-
Other	2,547	5,418	476	8,442	802	9,245
Revenue arising from contracts with customers	2,547	22,252	476	25,276	4,091	29,368
Interest on operating loans	85,603	3,336	8,274	97,215	9,375	106,590
Customer commissions	2	9,810	-	9,813	6,782	16,596
Revenue from credit guarantee*2	16,198	1,903	3,416	21,518	7	21,526
Collection from purchased receivables	-	-	-	-	1,865	1,865
Recoveries of written off claims	5,523	532	31	6,087	619	6,707
Insurance premiums	-	-	-	-	4,728	4,728
Other	8	279	1,034	1,322	349	1,671
Other revenue	107,337	15,863	12,757	135,957	23,728	159,686
Sales to external customers	109,884	38,115	13,234	161,233	27,820	189,054

*1 The "other" category comprises business segments not included in reporting segments and encompasses the activities of 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 AG BUSINESSSUPPORT: 3,416 million yen Total: 3,761 million yen

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reporting segment					
	AIFUL CORPORATION	LIFECARD CO., LTD.	AG BUSINESS SUPPORT	Subtotal	Other *1	Total
Member store commissions	-	10,895	-	10,895	4,320	15,215
Revenues related to its own point system	-	2,406	-	2,406	-	2,406
Annual card membership fees	-	3,777	-	3,777	-	3,777
Software in progress	-	-	-	-	2,320	2,320
Other	2,764	6,103	657	9,525	846	10,371
Revenue arising from contracts with customers	2,764	23,183	657	26,604	7,487	34,092
Interest on operating loans	94,793	3,540	10,000	108,335	10,242	118,577
Customer commissions	2	10,614	-	10,616	8,810	19,426
Revenue from credit guarantee*2	18,743	1,875	3,261	23,879	6	23,885
Collection from purchased receivables	-	-	-	-	2,154	2,154
Recoveries of written off claims	4,952	457	22	5,431	828	6,260
Insurance premiums	-	-	-	-	6,969	6,969
Other	104	254	2,090	2,449	878	3,327
Other revenue	118,596	16,741	15,374	150,712	29,889	180,601
Sales to external customers	121,360	39,924	16,032	177,317	37,376	214,693

*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: 149 million yen, AG BUSINESSSUPORT: 3,261 million yen, Total: 3,410 million yen

Notes on Revenue Recognition 03 ・Notes to Segment Information, etc. 01

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 2,340 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 three core companies: AIFUL CORPORATION, LIFECARD CO., LTD., and AG BUSINESS SUPPORT CORPORATION.

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. AG BUSINESS SUPPORT CORPORATION is mainly engaged in loan business.

iii) Information about the changes in the reporting segment

In the consolidated fiscal year under review, “AG BUSINESS SUPPORT CORPORATION”, which was previously included in “Other” has been reclassified as a reportable segment due to its increased materiality.
Segment information for the previous fiscal year has been prepared using the revised classification and is included in the section titled “3. Information related to operating revenue, profit or loss, assets, liabilities, etc., of each reporting segment” for the previous fiscal year.

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 on Revenue Recognition 02

2.Basic information for understanding revenues

As mentioned in "④ Booking 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, 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.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

i) Balance of contract liabilities, etc.

(Millions of yen)

	FY ended March 31, 2026
Receivables arising out of contracts with customers (balance at beginning of term)	177
Receivables arising out of contracts with customers (balance at end of term)	477
Contract liabilities (balance at beginning of term)	3,553
Contract liabilities (balance at end of term)	3,889

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 2,902 million yen. The amount of revenues from the performance obligations fulfilled in the past recognized in the previous consolidated fiscal year is not significant.

Notes to Segment Information, etc. 02

③ Information on operating revenue, profit or loss, assets, liabilities and other items of each reporting segment

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

(Millions of yen)

	Reporting segment					
	AIFUL CORPORATION	LIFECARD Co.,Ltd	AG BUSINESS SUPPORT	Total	Other*1	Total
Operating revenue						
Operating revenue from third parties	109,884	38,115	13,234	161,233	27,820	189,054
Inter-segment sales and transfers	43	355	51	450	27	477
Total	109,927	38,471	13,285	161,684	27,849	189,532
Segment profit (loss)	19,562	772	534	20,869	1,298	22,168
Segment assets	1,163,481	228,409	88,809	1,480,699	181,657	1,662,356
Segment liabilities	981,479	185,612	82,301	1,249,392	165,140	1,414,532
Other items						
Provision of allowance for doubtful accounts *2	35,543	4,232	7,837	47,614	10,561	58,175
Provision for bonuses	1,089	11	1	1,102	51	1,153
Depreciation	2,081	1,595	124	3,801	308	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	-	-	-	-	-	-
Gain on sale of investment securities	-	-	-	-	-	-
Loss on sale of investment securities	-	-	-	-	-	-
Loss on liquidation of subsidiaries	0	-	-	0	19	20
Amortization expense of leasehold deposits	4	-	-	4	-	4
Extraordinary income	-	-	-	-	-	-
Extraordinary losses	2,783	0	-	2,783	5	2,788
(Bad debt write offs)	(498)	(-)	(-)	(498)	(-)	(498)
(Impairment loss)	(1,582)	(-)	(-)	(1,582)	(-)	(1,582)
(Loss on retirement of non-current assets)	(4)	(0)	(-)	(4)	(5)	(10)
(Loss on valuation of stocks of subsidiaries and affiliates)	(697)	(-)	(-)	(697)	(-)	(697)
(Bad debt expenses on loans to subsidiaries and affiliates)	(-)	(-)	(-)	(-)	(-)	(-)
(Business restructuring expenses)	(-)	(-)	(-)	(-)	(-)	(-)
Income taxes – current	3,238	(25)	1,313	4,576	1,412	5,989
Income taxes- deferred	(1,999)	(65)	(1,101)	(3,165)	(798)	(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	378	23,395	326	25,722

*1 The "other" category comprises business segments not included in reporting segments and encompasses the activities of 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, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reporting segment					
	AIFUL CORPORATION	LIFECARD Co.,Ltd	AG BUSINESS SUPPORT	Total	Other*1	Total
Operating revenue						
Operating revenue from third parties	121,360	39,924	16,031	177,317	37,376	214,693
Inter-segment sales and transfers	75	310	-	386	543	929
Total	121,436	40,235	16,032	177,703	37,919	215,623
Segment profit (loss)	23,101	123	809	24,034	5,675	29,710
Segment assets	1,323,923	247,088	111,651	1,682,664	216,780	1,899,445
Segment liabilities	1,122,238	204,458	104,333	1,431,031	194,139	1,625,170
Other items						
Provision of allowance for doubtful accounts *2	37,249	4,662	8,838	50,751	12,010	62,761
Provision for bonuses	1,004	25	3	1,034	69	1,103
Depreciation	2,991	1,539	170	4,701	307	5,008
Amortization of goodwill	-	-	-	-	202	202
Interest on loans receivable	3,763	185	-	3,948	41	3,990
Foreign exchange gains	1,201	0	-	1,202	0	1,202
Share of profit of entities accounted for using equity method	-	-	-	-	-	-
Gain on sale of investment securities	-	-	-	-	2	2
Loss on sale of investment securities	-	-	-	-	9	9
Loss on liquidation of subsidiaries	-	-	-	-	-	-
Amortization expense of leasehold deposits	6	-	-	6	-	6
Extraordinary income	-	-	-	-	-	-
Extraordinary losses	2,716	150	0	2,867	184	3,051
(Bad debt write offs)	(176)	(7)	(-)	(184)	(-)	(184)
(Impairment loss)	(-)	(-)	(-)	(-)	(-)	(-)
(Loss on retirement of non-current assets)	(40)	(142)	(0)	(183)	(26)	(209)
(Loss on valuation of stocks of subsidiaries and affiliates)	(-)	(-)	(-)	(-)	(-)	(-)
(Bad debt expenses on loans to subsidiaries and affiliates)	(2,500)	(-)	(-)	(2,500)	(-)	(2,500)
(Business restructuring expenses)	(-)	(-)	(-)	(-)	(157)	(157)
Income taxes – current	5,514	424	1,739	7,678	1,420	9,098
Income taxes- deferred	(774)	79	(1,198)	(1,894)	(570)	(2,464)
Investments in entities accounted for using equity method	356	-	-	356	21	377
Increase in property, plant and equipment, and intangible assets	5,544	2,003	223	7,771	435	8,207

*1 The "other" category comprises business segments not included in reporting segments and encompasses the activities of 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. 03

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, 2025	FY ended March 31, 2026
Reporting segment total	161,684	177,703
Operating revenue categorized as "other"	27,847	37,919
Inter-segment eliminations	(477)	(929)
Operating revenue posted in consolidated financial statements	189,054	214,693

(Millions of yen)

Profit (loss)	FY ended March 31, 2025	FY ended March 31, 2026
Reporting segment total	20,869	24,034
Profit categorized as "other"	1,298	5,675
Inter-segment eliminations	466	(453)
Other adjustments	(117)	(2,133)
Profit attributable to owners of parent posted in consolidated financial statements	22,516	27,123

(Millions of yen)

Assets	FY ended March 31, 2025	FY ended March 31, 2026
Reporting segment total	1,480,699	1,682,664
Assets categorized as "other"	181,657	216,780
Other adjustments	(213,905)	(259,327)
Total assets posted in consolidated financial statements	1,448,451	1,640,117

(Millions of yen)

Liabilities	FY ended March 31, 2025	FY ended March 31, 2026
Reporting segment total	1,249,392	1,431,031
Liabilities categorized as "other"	165,140	194,139
Other adjustments	(187,478)	(230,331)
Total Liabilities posted in consolidated financial statements	1,227,054	1,394,839

(Millions of yen)

Other items	Reporting segment total		Other		Adjustments		Amount posted in consolidated financial statements	
	2025/3	2026/3	2025/3	2026/3	2025/3	2026/3	2025/3	2026/3
Other items								
Provision of allowance for doubtful accounts*	47,614	50,751	10,561	12,010	(902)	(3,234)	57,272	59,527
Provision for bonuses	1,102	1,034	51	69	587	496	1,741	1,600
Depreciation	3,801	4,701	308	307	185	246	4,294	5,255
Amortization of goodwill	-	-	151	202	623	993	775	1,195
Interest on loans receivable	2,673	3,948	4	41	(2,613)	(3,874)	64	115
Foreign exchange gains	541	1,202	1	0	665	(320)	1,208	882
Share of profit of entities accounted for using equity method	-	-	-	-	31	117	31	117
Gain on sale of investment securities	-	-	-	2	-	-	-	2
Loss on sale of investment securities	-	-	-	9	-	-	-	9
Loss on liquidation of subsidiaries	0	-	19	-	-	-	20	-
Amortization expense of leasehold deposits	4	6	-	-	-	-	4	6
Extraordinary income	-	-	-	-	-	-	-	-
Extraordinary losses	2,783	2,867	5	184	(578)	(2,500)	2,210	551
(Bad debt write offs)	(498)	(184)	(-)	(-)	(-)	(-)	(498)	(184)
(Impairment loss)	(1,582)	(-)	(-)	(-)	(-)	(-)	(1,582)	(-)
(Loss on retirement of non-current assets)	(4)	(183)	(5)	(26)	(-)	(-)	(10)	(209)
(Loss on valuation of stocks of subsidiaries and affiliates)	(697)	(-)	(-)	(-)	(578)	(-)	(119)	(-)
(Bad debt expenses on loans to subsidiaries and affiliates)	(-)	(2,500)	(-)	(-)	(-)	(2,500)	(-)	(-)
(Business restructuring expenses)	(-)	(-)	(-)	(157)	(-)	(-)	(-)	(157)
Income taxes – current	4,576	7,678	1,412	1,420	-	-	5,989	9,098
Income taxes – deferred	(3,165)	(1,894)	(798)	(570)	126	706	(3,838)	(1,758)
Investments in entities accounted for using equity method	356	356	21	21	540	638	917	1,015
Increase in property, plant and equipment, and intangible assets	25,395	7,771	326	435	37	58	25,760	8,265

* Provision of allowance for doubtful accounts is the sum total of operating expenses, non-operating expenses and extraordinary losses.

Related Information 01

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.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

1 Information on products and services

(Millions of yen)

	Loan business	Credit sales business	Credit guarantee business	Other	Total
Operating revenue from third parties	124,061	37,732	24,205	28,694	214,693

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, 2025 (April 1, 2024 to March 31, 2025)

This information is omitted because the same information is disclosed in the segment information.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

Not applicable.

Information on amortization and unamortized balance of goodwill by reportable segment

● 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.	AG BUSINESS SUPPORT	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.

● Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reporting segment				Other	Corporate or elimination	Total
	AIFUL CORPORATION	LIFECARD Co., Ltd.	AG BUSINESS SUPPORT	Total			
Balance at March 31, 2026	-	-	-	-	3,775	6,711	10,487

(note)
1 Amortization of goodwill is omitted because the same information is disclosed in the segment information.
2 This is standalone goodwill at BitCash Inc., which increased by 738 million yen due to the acquisition of a portion of the business through a company split (incorporation-type split) of au Payment Corporation.
3 It increased by 1,000 million yen due to the consolidation of Seven Seas Co., Ltd., Liblock Co., Ltd., and Salop, Inc., which had been unconsolidated subsidiaries through the previous consolidated fiscal year, and due to the consolidation resulting from the acquisition of all shares of Template Co., Ltd. as of May 1, 2025 and Smart Link Co., Ltd. as of June 20, 2025.

Related Information 02

Information on gain on negative goodwill by reportable segment

Not applicable.

Information on related parties

Fiscal year ended March 31, 2025 (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.

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(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, 2026
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)	23	-	-

(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, 2025		FY ended March 31, 2026	
Net assets per share	455.12	Net assets per share	503.97
Profit per share	46.91	Profit per share	56.63

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, 2025	As of March 31, 2026
Profit attributable to owners of parent	22,516	27,123
Amount not attributable to common stockholders	-	-
Profit attributable to owners of parent pertaining to common stock	22,516	27,123
Average number of shares of common stock during the period	479,951,366	478,943,890

3. Average number of shares of common stock during the period

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Total net assets	221,396	245,278
Amount deducted from total net assets	3,473	3,879
(Portion of non-controlling interest)	(3,473)	(3,879)
Net assets related to common stock at end of FY	217,923	241,398
Number of shares of common stock at end of FY used in the calculation of net assets per share	478,830,232	478,993,347

Important Subsequent Events 01

(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.

The share transfer plan was approved at the general meeting of shareholders held on June 24, 2025, and the Holding Company was established on April 1, 2026.

1. Background and Purpose of Transition to Holding Company Structure through Sole Share Transfer

The 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 across-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.

2. Procedure for Transitioning to Holding Company Structure

Following the establishment of the Holding Company, the Company's subsidiaries and other affiliates reorganized as subsidiaries of the Holding Company.

3. Overview of the Transition to a Holding Company Structure through the Share Transfer

1 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 approving the share transfer plan
March 30, 2026 (Mon)	Delisting of the Company's shares
April 1, 2026 (Wed)	Incorporation registration of the Holding Company (effective date)
April 1, 2026 (Wed)	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.

2 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.

Important Subsequent Events 02

③ 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

484,620,134 shares of common stock

④ 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.

4. Overview of the New Company to be Established Through the Share Transfer

(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	484,620,134
(8) Fiscal year-end	March 31

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.

Important Subsequent Events 03

(Change in Status of Subsidiaries, etc. Due to Dividend in Kind)

As part of the organizational restructuring associated with the transition to a holding company structure, the Company resolved at the Extraordinary General Meeting of Shareholders held on April 1, 2026, to distribute, by way of a dividend in kind, all shares of seven consolidated subsidiaries — LIFECARD CO., LTD., AG Servicer Corporation, AG Capital Co., Ltd., AG Payment Service Co., Ltd., FPC Co., Ltd., BitCash Inc., and AG Solution Technology Inc., as well as six nonconsolidated subsidiaries — AG Partners Corporation, AG Crowdfunding Co., Ltd., AG Funding Co., Ltd., AG Lending Corporation, AG Finance Technology Co., Ltd., and KYOTO CAPITAL GROUP CORPORATION — to Muninova Holdings Inc., the Company's parent company.

The distribution was carried out on the same date.

(Disposal of Shares in the Parent Company Due to Dividend in Kind)

Through a single-share transfer as April 1, 2026, 5,626,789 shares of the parent company's stock were allocated in exchange for 5,626,789 shares of treasury stock held by the company. Article 135, Paragraph 3 of the Companies Act stipulates that shares of the parent company held by a subsidiary must be disposed of at an appropriate time. Accordingly, the company resolved at an extraordinary general meeting of shareholders held on April 1, 2026, to distribute a dividend in kind, which was implemented on the same date. This does not constitute the acquisition of treasury stock pursuant to Article 156, Paragraph 1 of the Companies Act, as applied by substitution under Article 163 of the same Act.

Furthermore, pursuant to Article 806, Paragraph 1 of the Companies Act, a request was made to purchase two shares of common stock in connection with the aforementioned share transfer plan. These shares were not subject to allocation under the share transfer and were retired as treasury stock of the company on April 1, 2026.

Regarding the Execution of a Business Alliance Agreement and a Capital Alliance Agreement

Muninova Holdings Inc., the Company's parent company, at the meeting of the Board of Directors held on May 15, 2026, it resolved to enter into a business alliance agreement (the "Business Alliance") with Mizuho Bank, Ltd. (Head office: Chiyoda-ku, Tokyo; President & CEO: Masahiko Kato; hereinafter "Mizuho Bank ") and Orient Corporation (Head office: Chiyoda-ku, Tokyo; President and Representative Director: Makoto Umemiya; hereinafter "Orico"), and further to enter into a capital alliance agreement (the "Capital Alliance") with Orico.

Also, the Company acquired 25,714,700 shares of Orico common stock held by Mizuho Bank (equivalent to 14.96% of the total voting rights of all shareholders) through an off-market transaction, and entered into a business and capital alliance.

1. Reasons for Business Alliance and Capital Alliance

The Company's parent company, Mizuho Bank and Orico have executed a business alliance agreement in order to broadly explore collaboration among the three companies aimed at enhancing corporate value, and hereby announce such execution.

As digitalization advances and customer needs diversify, the value expected of financial services is changing significantly. In particular, among individual customers, demand is increasing for flexible and highly convenient credit and payment services tailored to diverse lifestyles. In addition, for small and medium-sized enterprise customers, improving the efficiency of expense reimbursement and payment operations, enhancing operational efficiency under limited human resources, and strengthening internal controls have become important management issues.

Against this backdrop, each company has provided a variety of financial services, including lending, guarantees, installment sales and payments. However, the three companies share the recognition that, in order to continue to be chosen by customers in the years ahead, it is essential to improve operational efficiency and customer experience through the utilization of digital technology, while further enhancing service quality through advanced credit assessment know-how. Based on this shared recognition, Mizuho Bank , with the reliability and broad customer base of a megabank, Orico, with extensive installment sales and payment expertise cultivated as a major credit sales company and a broad network of merchants and alliance partners, and the Company, which possesses multiple business areas beyond finance based on the advanced credit assessment know-how and IT/digital technologies cultivated by the Company, an independent consumer finance company, have agreed to explore initiatives aimed at realizing seamless collaboration across non-bank financial services and banking services by leveraging the strengths of each company. The business alliance initiatives currently contemplated by the three companies include the following, and the parties will also broadly consider additional collaborative opportunities that may contribute to enhancing corporate value.

Important Subsequent Events 04

2. Details of the Business Alliance

1 Improvement of operational efficiency and productivity through the utilization of IT and digital technologies

By leveraging IT and digital technologies, including AI, the parties will promote automation and laborsaving initiatives across overall operations, including contact centers and head office staff operations, thereby optimizing the allocation of management resources and enhancing the quality of customer service.

2 Enhancement and streamlining of credit screening and joint development of credit models

By mutually utilizing expertise, data and know-how relating to credit screening, the parties will optimize credit screening processes, enhance credit assessment capabilities, and improve the accuracy of credit decisions.

3 Advancement and efficiency improvement in collection and reminder operations

By mutually utilizing expertise and know-how relating to collection and delinquency management operations, the parties will optimize collection approaches according to customer attributes and delinquency status, enhance collection strategies through data analysis, and review operational processes.

4 Other areas of collaboration (including seamless customer-centric collaborations)

By bringing together the digital know-how of each company, the parties will improve the UI/UX of various digital touchpoints, including apps, such as by developing customer journeys that enable customers to use services more smoothly and with less friction.

3. Details of the Capital Alliance

The Company's parent company acquired shares of Orico common stock held by Mizuho Bank through an off-market transaction. In this context, the Company has entered into a capital alliance agreement with Orico in order to achieve the synergies from the business alliance at an early stage and to the maximum extent and to ensure its effectiveness.

(1) Name	Orient Corporation
(2) Share acquisition date	June 1,2026
(3) Number of shares acquired	25,714,700
(4) Acquisition price	26,031 Million yen
(5) Ownership percentage after acquisition	14.96%

4. Overview of Each Company

(1) Name	Mizuho Bank, Ltd.
(2) Location	1-5-5 Otemachi, Chiyoda-ku, Tokyo
(3) Representative name and title	Masahiko Kato, Director and President
(4) Business description	Acceptance of deposits or time deposits, lending of funds, discounting of bills, and exchange transactions Guarantee of obligations, acceptance of bills, and other operations incidental to the banking business described in the preceding item Other matters incidental or related to the operations described in the preceding item
(5) Capital	1,404,065 million yen
(6) Date of establishment	May 7, 1923

(1) Name	Orient Corporation
(2) Location	5-2-1 Kojimachi, Chiyoda-ku, Tokyo
(3) Representative name and title	Makoto Umemiya, President and Representative Director
(4) Business description	Credit sales business
(5) Capital	150,075 million yen
(6) Date of establishment	March 15, 1951

5. Schedule

(1) Execution Date of the Agreement	May 15, 2026
(2) Commencement Date of Business and Capital Alliance	June 1,2026

Consolidated Schedules 01

Bonds schedule

(Millions of yen)

Company name	Issue	Date of issue	Balance at April 1, 2025	Balance at March 31, 2026	Interest rate(%)	Security	Maturity date
The Company	65th unsecured straight bond	December 14, 2022	15,000	-	0.940	Unsecured	December 12, 2025
	66th unsecured straight bond	June 13, 2023	15,000	15,000 (15,000)	0.870	Unsecured	June 12, 2026
	67th unsecured straight bond	January 26, 2024	20,000	20,000 (20,000)	0.900	Unsecured	January 26, 2027
	68th unsecured straight bond	June 18, 2024	10,000	10,000	1.130	Unsecured	June 18, 2027
	69th unsecured straight bond	June 12, 2024	20,000	20,000	1.120	Unsecured	June 11, 2027
	70th unsecured straight bond	January 24, 2025	30,000	30,000	1.370	Unsecured	January 24, 2028
	71th unsecured straight bond	September 22, 2025	-	25,000	1.535	Unsecured	September 21, 2028
Total		-	110,000	120,000 (35,000)	-	-	-

Notes: 1 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.

2 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
35,000	60,000	25,000	-	-

Borrowings schedule

(Millions of yen)

Category	Balance at April 1, 2025	Balance at March 31, 2026	Average interest rate(%)	Repayment due date
Short-term borrowings (including short-term borrowings of subsidiaries and associates)	85,382	107,833	2.72	-
Commercial paper	17,400	14,000	1.29	-
Current portion of long-term borrowings	252,042	262,513	1.67	-
Current portion of lease obligations	200	78	-	-
Long-term borrowings (excluding the current portion)	324,792	343,406	1.59	From April 2027 to January2032
Lease obligations (excluding the current portion)	51	115	-	From April 2027 to March 2030
Total	679,869	727,947	-	-

Notes: 1 The "average interest rate" represents the weighted-average rate applicable to the ending balance.

2 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.

3 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	206,971	102,042	21,640	9,404
Lease obligations	69	36	3	3

Consolidated Schedules 02

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	FY2026/3
Operating revenue	104,454	214,693
Profit before income taxes	16,282	34,610
Profit attributable to owners of parent	12,661	27,123
Profit per share (yen)	26.44	56.63

AIFUL Balance Sheets

Assets (Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Current assets		
Cash and deposits	29,515	16,677
Operating loans	613,433	665,821
Accounts receivable – installment	140	126
Customers' liabilities for acceptances and guarantees	264,576	353,844
Other operating receivables	16,693	19,262
Prepaid expenses	875	861
Accrued income	4,834	5,184
Other	11,009	13,722
Allowance for doubtful accounts	(51,866)	(57,387)
Total current assets	889,212	1,018,114
Non-current assets		
Property, plant and equipment		
Buildings	16,006	13,171
Accumulated depreciation	(8,609)	(6,977)
Buildings, net	7,397	6,193
Structures	664	483
Accumulated depreciation	(576)	(332)
Structures, net	88	151
Machinery and equipment	235	277
Accumulated depreciation	(142)	(164)
Machinery and equipment, net	92	112
Vehicles	1	1
Accumulated depreciation	(1)	(1)
Vehicles, net	0	0
Furniture and fixtures	2,936	2,828
Accumulated depreciation	(2,519)	(2,357)
Furniture and fixtures, net	416	471
Land	21,857	21,892
Leased assets	1,194	126
Accumulated depreciation	(1,073)	(94)
Leased assets, net	121	31
Construction in progress	100	118
Total property, plant and equipment	30,076	28,971
Intangible assets		
Software	2,034	2,094
Software in progress	8,698	12,517
Other	66	118
Total intangible assets	10,799	14,730
Investments and other assets		
Investment securities	1,378	1,204
Shares of subsidiaries and associates	35,329	32,960
Long-term loans receivable from subsidiaries and associates	178,050	209,560
Claims provable in bankruptcy	7,384	7,013
Long-term prepaid expenses	1,781	1,591
Deferred tax assets	14,136	14,948
Lease and guarantee deposits	1,048	443
Other	750	730
Allowance for doubtful accounts	(6,467)	(6,344)
Total investments and other assets	233,392	262,106
Total non-current assets	274,268	305,809
Total assets	1,163,481	1,323,923

Liabilities (Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Current liabilities		
Acceptances and guarantees	264,576	353,844
Short-term borrowings	15,800	37,225
Short-term loans payable to subsidiaries and associates	488	283
Commercial papers	17,400	14,000
Current portion of bonds	15,000	35,000
Current portion of long-term borrowings	240,475	249,782
Lease obligations	117	15
Trade accounts payable	4,943	6,009
Accrued expenses	952	854
Income taxes payable	2,900	5,204
Allowance for bonuses	1,776	1,588
Provision for share-based remuneration	63	70
Asset retirement obligations	96	683
Other	789	814
Total current liabilities	565,380	705,376
Non-current liabilities		
Bonds payable	95,000	85,000
Long-term borrowings	308,381	324,728
Long-term loans payable to subsidiaries and affiliates	2,300	850
Lease obligations	19	22
Provision for loss on interest repayment	7,285	5,361
Asset retirement obligations	2,322	96
Other	789	803
Total non-current liabilities	416,098	416,862
Total liabilities	981,479	1,122,238

Net Assets (Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus		
Capital reserves	52	52
Total capital surplus	52	52
Retained earnings		
Legal retained earnings	193	528
Other retained earnings		
Retained earnings carried forward	92,127	111,481
Total retained earnings	92,321	112,009
Treasury shares	(4,541)	(4,410)
Total shareholders' equity	181,861	201,680
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	140	4
Total valuation and translation adjustments	140	4
Total net assets	182,002	201,684
Total liabilities and net assets	1,163,481	1,323,923

AIFUL Statements of Income

(Millions of yen)

	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)	FY ended March 31, 2026 (Apr. 1 2025 to Mar. 31 2026)
Operating revenue		
Interest on operating loans	85,603	94,793
Other financial revenue	8	104
Other operating revenue		
Revenue from credit guarantee	16,198	18,743
Recoveries of written off claims	5,523	4,952
Other	2,823	3,168
Total other operating revenue	24,546	26,863
Total operating revenue	110,158	121,762
Operating expenses		
Financial expenses		
Interest expenses	5,460	7,920
Interest on bonds	853	1,359
Other	1,078	814
Total financial expenses	7,392	10,094
Cost of sales		
Cost of sales of software development	43	86
Other operating expenses		
Advertising expenses	15,007	15,012
Commissions	7,865	8,396
Provision of allowance for doubtful accounts	35,174	36,868
Employees' salaries, allowances and bonuses	8,201	8,922
Provision for bonuses	1,089	1,004
Retirement benefit expenses	307	310
Welfare expenses	2,035	2,111
Depreciation	2,081	2,991
Other	10,567	10,548
Total other operating expenses	82,331	86,164
Total operating expenses	89,766	96,345
Operating profit	20,391	25,417

(Millions of yen)

	FY ended March 31, 2025 (Apr. 1 2024 to Mar. 31 2025)	FY ended March 31, 2026 (Apr. 1 2025 to Mar. 31 2026)
Non-operating income		
Interest on loans receivables	2,594	3,763
Foreign exchange gains	541	1,201
Dividends	23	26
Other	464	553
Total non-operating income	3,624	5,544
Non-operating expenses		
Provision of allowance for doubtful accounts	2	2
Loss on retirement of non-current assets	4	-
Amortization expense of security deposits	4	6
Settlement payment	-	4
Cancellation fees	0	3
Other	7	7
Total non-operating expenses	19	23
Ordinary profit	23,996	30,937
Extraordinary losses		
Impairment loss	1,582	-
Loss on valuation of stocks of subsidiaries and affiliates	697	-
Provision of allowance for doubtful accounts	366	379
Bad debt expenses on loans to subsidiaries and affiliates	-	2,500
Other	498	216
Total extraordinary losses	3,144	3,095
Profit before income taxes	20,851	27,842
Income taxes - current	3,288	5,514
Income taxes- deferred	(1,999)	(774)
Total income taxes	1,289	4,740
Profit	19,562	23,101

Group Companies

Loan

AIFUL CORPORATION	Unsecured consumer loan/ Credit guarantee
AG BUSINESS SUPPORT CORPORATION	Small business loan/ Factoring
AG MEDICAL CORPORATION	Medical loan secured by medical fee receivables

Credit Card / Payment service

LIFECARD CO., LTD.	Credit card/ Payment service
AG Payment Service CO.,LTD	Installment credit sales/ Post-pay settlement business
BitCash Inc.	Issuance of prepaid electronic money/ Electronic payment service using electronic money

SES

AG Solution Technology Inc.	Management of subsidiaries and related operations
Seven Seas Co., Ltd.	System development / Maintenance and operation / Network and infrastructure construction
Liblock Inc.	System development / Maintenance and operation / Application development
Salop, Inc.	System development / Maintenance and operation / Application Development
TEMPLATE co., ltd.	System development / Maintenance and operation
Smart Link co., ltd.	System Consulting / System Design / Project Management and support

Servicer

AG Servicer Corporation	Debt collection (Servicer)
AG Partners Corporation	Corporate turnaround & restructuring

Overseas

AIRA&AIFUL Public Company Limited	Consumer finance (Kingdom of Thailand)
PT REKSA FINANCE	Used car loans (Republic of Indonesia)
AIFUL FINANCE PHILIPPINES INC.	Motorcycle and automobile secured loans (Republic of the Philippines)

Others

AG Capital Co.,Ltd	Venture capital
AG Smile Leaseback Corporation	Leaseback
AG Crowdfunding Co.,Ltd.	Social lending (peer-to-peer lending)
AG Lending Corporation	Secured loan (Fund)
FPC Co., Ltd.	Small amount short-term pet insurance
Anshin Guarantor Service Co.,Ltd.	Guarantee (Rent liabilities)

Corporate Overview

Corporate Profile

Corporate Name	Muninova Holdings Inc.
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 2026
Paid-in Capital	¥2,000 million
Fiscal Year End	March 31
Business Outline	Management of group companies engaged in consumer finance, credit card, and other related businesses, as well as ancillary and related operations
Industrial Classification	Other Financing Business
Stock Listing	Tokyo Stock Exchange, Prime Market
Securities Code	547A
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited
Independent Auditor	Deloitte Touche Tohmatsu LLC
Number of Employees	5,113 *Total number of employees at AIFUL Group including non-consolidated subsidiaries

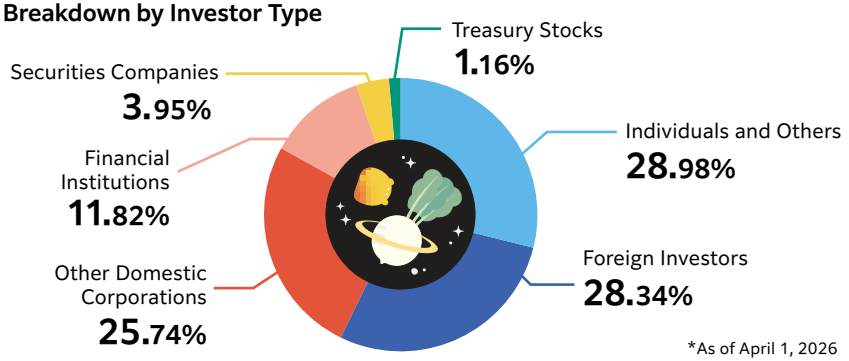
*As of April 1, 2026

Stock Information

Total number of shares authorized : 1,136,280,000
Total number of shares issued : 484,620,134
Number of shareholders : 20,397

Shareholder's name	Number of shares held (thousand shares)	Percentage of total shares outstanding
AMG Co., Ltd.	94,814	19.79%
Mitsuhide Fukuda	62,235	12.99%
The Master Trust Bank of Japan, Ltd. (trust account)	40,495	8.45%
Marutaka Co., Ltd.	24,543	5.12%
BOFAS INC SEGREGATION ACCOUNT	13,857	2.89%
THE CHASE MANHATTAN BANK N.A. LONDONSECS LENDING OMNIBUS ACCOUNT	12,951	2.70%
MSIP CLIENT SECURITIES	12,782	2.67%
BARCLAYS CAPITAL SECURITIES LIMITED	9,886	2.06%
Custody bank of Japan, Ltd. (trust account)	9,739	2.03%
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	6,845	1.43%

Breakdown by Investor Type



*As of April 1, 2026