

Management

(as of July 1, 2024)

●Directors

President and Representative Director
Mitsuhide Fukuda

Representative Director
Masayuki Sato

Director
Keiji Masui

President and Representative Director
Yoshitaka Fukuda

Director
Akira Kamiyo

●Director, Audit and supervisory committee member

Director (outside)
Hitoshi Shimura

Director (outside)
Haruichi Suzuki

Director
Keiichiro Okawa

Director (outside)
Shinichiro Maeda

●Executive Officers

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

Managing Executive Officer
Kazuhiko Tsuda
In charge of Accounting Department

Managing Executive Officer
Atsushi Suda
In charge of General Affairs Department, Assistant
Senior General Manager of Guarantee Business
Division, Responsible for Corporate Risk Manage-
ment Department

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

Managing Executive Officer
Masayuki Sato
Senior General Manager of Loan Business Division
and Credit Management Division, In charge of Data
Analytics Department and Overseas Business
Department

Managing Executive Officer
Yasuhiko Hashimoto
(Director of PT. REKSA Finance)

Senior Managing Executive Officer
Akira Kamiyo
Chairperson of Compliance Committee,
Senior General Manager of Management Planning
Division, In charge of Personnel Department, Legal
Department, Corporate Risk Management Department
and Credit Asses ment Department

Executive Officer
Junichi Niizuma
Responsible for Internal Auditing Department and
Legal Department, General Manager of Legal
Department

Senior Managing Executive Officer
Keiji Masui
Senior General Manager of Guarantee Business
Division, In charge of Corporate Sales Promotion
Department, Eastern Japan Business Department
and Western Japan Business Department (Represen-
tative Director, Chief Executive Officer of LIFECARD
CO., LTD.)

Managing Executive Officer
Takayuki Nakata
Senior General Manager of Group Systems Division,
In charge of Group Digital Promotion Department

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

Managing Executive Officer
Fumihiko Hirose
Senior General Manager of Finance Division

Managing Executive Officer
Toshiaki Ando
Assistant Senior General Manager of Finance
Division, Counsel of the Accounting Department,Re-
sponsible for the Operation Management Department

Executive Officer
Yorihiro Fujii
Responsible for Corporate Sales Promotion Department, Eastern
Japan Business Department and Western Japan Business
Department (President and Representative Director of AG
GUARANTEE CO., LTD.) (President and Representative Director
of AG MIRABARAI CO., LTD)

Managing Executive Officer
Shinichiro Okuyama
Responsible for Data Analytics Department,
Senior Advisor attached to Group Systems Division

Managing Executive Officer
Ikuo Yamauchi
Responsible for Personnel Department and Group
Communications Department (President and
Representative Director of AG Capital CO., LTD.)

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

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

Financial Report

Six-Year Summary

For the Year (Millions of yen)	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Operating revenue	115,328	127,038	127,481	132,097	144,152	163,109
Operating expenses	112,297	125,358	109,950	120,855	120,427	142,045
Financial expenses	7,949	7,522	7,248	7,041	7,068	7,246
Provision for doubtful account	30,628	35,277	38,818	27,918	36,004	52,546
Interest repayment related expenses	11,501	16,927	—	19,929	—	—
Operating profit (loss)	3,031	1,679	17,530	11,242	23,724	21,064
Ordinary profit (loss)	4,110	1,716	19,305	12,265	24,428	22,067
Profit (loss) before income taxes	3,420	1,569	18,149	12,265	23,959	21,493
Profit (loss)	8,183	300	17,794	13,037	22,946	21,502
Profit (loss) attributable to owners of parent	9,346	1,390	18,4375	12,334	22,343	21,818

At Year-End (Millions of yen)	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Loans outstanding	521,823	573,080	553,389	582,349	648,760	738,676
Non-performing loans	79,294	86,422	87,393	97,121	104,904	120,627
Total assets	760,587	860,507	863,354	935,642	1,070,485	1,266,374
Allowance for doubtful accounts	70,469	72,294	77,830	78,246	79,623	92,601
Total liabilities	632,570	731,576	715,662	779,116	890,892	1,064,962
Interest-bearing debt	418,708	475,893	457,639	480,401	561,236	664,905
Net assets	128,016	128,931	147,692	156,526	179,593	201,412

Per Share Data (yen)	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Basic profit (loss) (EPS)	119.32	12.88	38.12	25.50	46.19	45.10
Net assets (BPS)	256.45	260.53	300.92	318.17	364.01	409.04

Ratios (%)	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Equity ratio	16.3	14.6	16.9	16.4	16.4	15.6
ROE	7.8	1.1	13.6	8.2	13.5	11.7
ROA	0.6	0.2	2.2	1.4	2.4	1.9

Other Data	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
Number of shares issued at year-end	484,620,136	484,620,136	484,620,136	484,620,136	484,620,136	484,620,136
Number of employees at year-end	2,273	2,113	2,135	2,116	2,180	2,470

*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 on 2021/3 and 2022/3.

Business Data

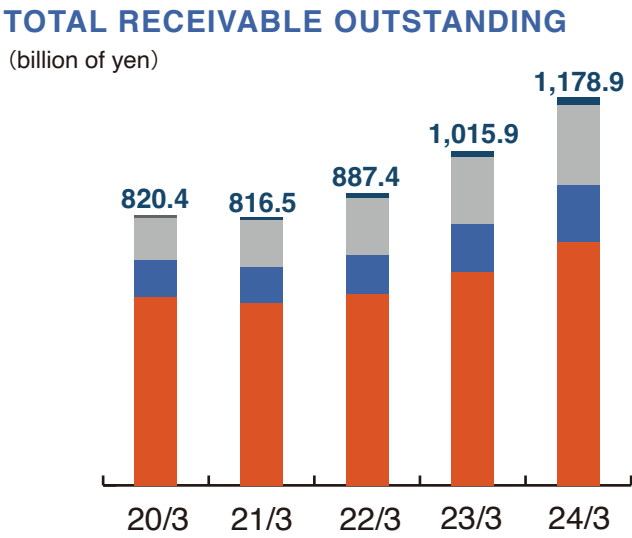
●AIFUL GROUP

(Millions of yen)

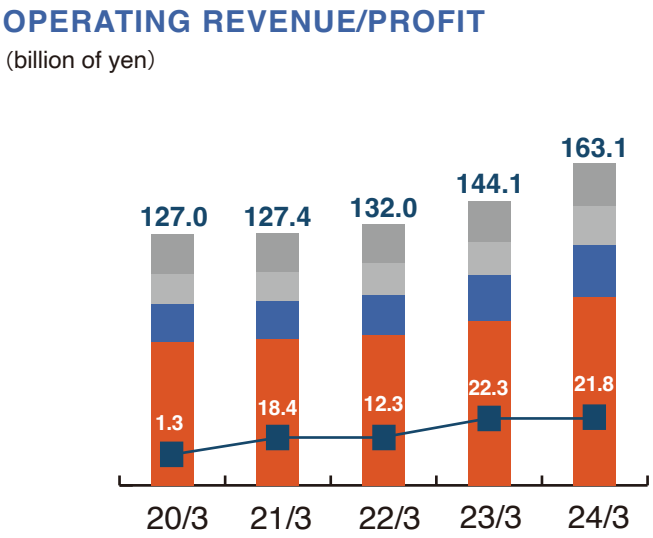
TOTAL RECEIVABLE OUTSTANDING	2020/3	2021/3	2022/3	2023/3	2024/3
Total receivable outstanding	820,430	816,579	887,407	1,015,910	1,178,983
Loans outstanding	573,080	553,389	582,349	648,760	738,676
Unsecured	486,119	481,687	505,255	550,647	614,131
Secured	22,533	18,281	18,282	25,979	35,399
Small business	64,427	53,421	58,810	72,133	89,145
Installment receivables	111,473	108,714	116,780	142,899	173,790
Guarantee	127,018	145,725	172,697	204,078	241,562
Other operating receivables	8,858	8,749	15,579	20,171	24,953

(Millions of yen)

OPERATING REVENUE/PROFIT	2020/3	2021/3	2022/3	2023/3	2024/3
Operating revenue	127,038	127,481	132,097	144,152	163,109
Interest on operating loans	72,444	74,041	76,332	83,230	95,400
Unsecured	66,707	68,242	70,842	76,143	85,722
Secured	2,557	1,834	1,624	1,949	2,622
Small business	3,179	3,965	3,865	5,137	7,055
Revenue from installment sales	19,391	19,387	20,099	23,158	26,290
Revenue from credit guarantee	15,203	14,524	15,730	17,030	19,408
Other operating revenue	19,998	19,528	19,934	20,732	22,010
Operating expense	125,358	109,950	120,855	120,427	142,045
Profit attributable to owners of parent	1,390	18,437	12,334	22,343	21,818



Loans outstanding
Installment receivables
Guarantee
Other operating receivables



Interest on operating loans
Revenue from installment sales
Revenue from credit guarantee
Other operating revenue
Profit attributable to owners of parent

(Millions of yen)

TOTAL ASSETS/ROA	2020/3	2021/3	2022/3	2023/3	2024/3
Total assets	860,507	863,354	935,642	1,070,485	1,266,374
ROA(%)	0.2	2.2	1.4	2.4	1.9

(Millions of yen)

TOTAL EQUITY/ROE	2020/3	2021/3	2022/3	2023/3	2024/3
Total equity	126,017	145,555	153,900	176,072	197,909
ROE(%)	1.1	13.6	8.2	13.5	11.7

(%)

AVERAGE FUNDING COST	2020/3	2021/3	2022/3	2023/3	2024/3
Average funding cost	1.45	1.38	1.22	1.11	1.10
Indirect	1.63	1.54	1.39	1.27	1.20
Direct	1.23	1.13	0.95	0.81	0.86
Share of indirect	55.0	59.6	62.0	66.2	68.4
Share of direct	45.0	40.4	38.0	33.8	31.6

(Thousands)

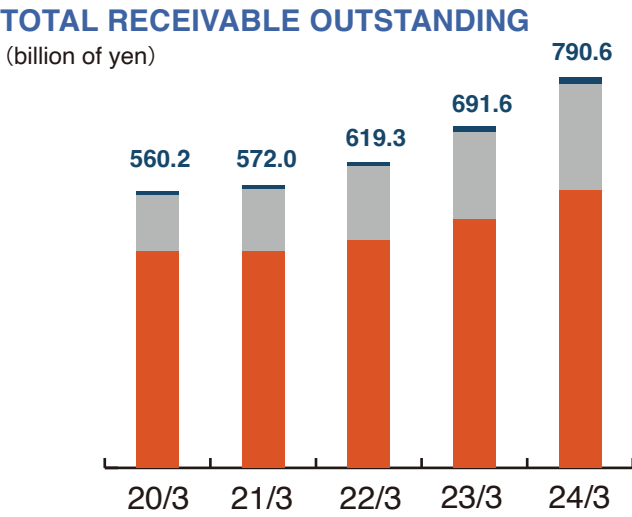
NUMBER OF CUSTOMER ACCOUNTS	2020/3	2021/3	2022/3	2023/3	2024/3
Number of customer accounts	1,486	1,425	1,464	1,625	1,716
Unsecured	1,441	1,387	1,425	1,582	1,666
Secured	5	3	3	3	3
Small business	40	33	35	40	46
Credit card holders	5,758	5,382	5,240	5,141	5,051

(Millions of yen)

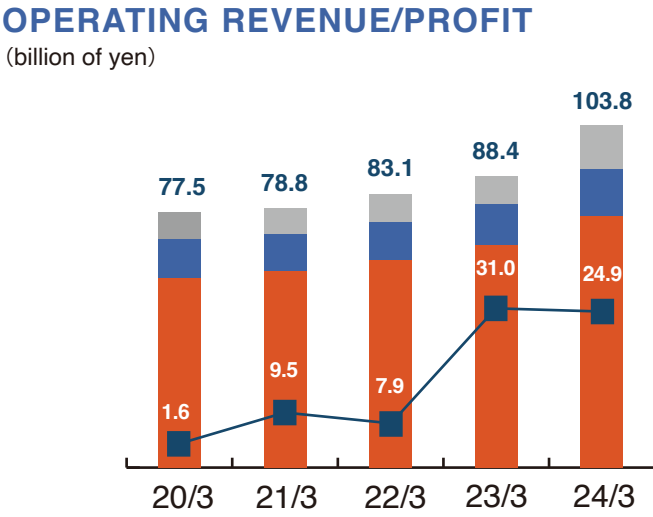
TOTAL RECEIVABLE OUTSTANDING	2020/3	2021/3	2022/3	2023/3	2024/3
Total receivable outstanding	560,267	572,070	619,388	691,689	790,608
Loans outstanding	437,679	438,300	461,884	502,874	562,913
Unsecured	422,382	425,848	449,747	490,096	548,554
Secured	6,958	4,813	3,501	2,502	1,836
Small business	8,338	7,638	8,635	10,275	12,522
Guarantee	114,629	125,984	148,475	177,303	213,333
Credit guarantee	113,130	124,865	147,708	176,821	213,020
Other	1,499	1,119	767	482	312
Installment receivables	325	268	226	185	162
Other	7,633	7,517	8,802	11,326	14,198

(Millions of yen)

OPERATING REVENUE/PROFIT	2020/3	2021/3	2022/3	2023/3	2024/3
Operating revenue	77,504	78,826	83,117	88,449	103,867
Interest on operating loans	57,682	59,732	63,071	67,596	76,323
Unsecured	55,695	58,559	61,872	66,274	74,753
Secured	1,296	475	388	281	210
Small business	690	697	809	1,040	1,359
Revenue from credit guarantee	11,610	11,136	11,447	12,447	14,397
Other operating revenue	8,210	7,957	8,598	8,406	13,146
Profit	1,639	9,583	7,912	31,028	24,998



■ Loans outstanding
 ■ Guarantee
 ■ Installment receivables
 ■ Other



■ Interest on operating loans
 ■ Revenue from credit guarantee
 ■ Other operating revenue
 ■ Profit

(Millions of yen)

TOTAL ASSETS/ROA	2020/3	2021/3	2022/3	2023/3	2024/3
Total assets	635683	638,868	711,185	834,868	985,303
ROA (%)	0.3	1.9	1.0	4.2	3.0

(Millions of yen)

TOTAL EQUITY/ROE	2020/3	2021/3	2022/3	2023/3	2024/3
Total equity	92,609	102,655	110,096	140,660	165,222
ROE (%)	1.8	9.8	7.4	24.7	16.3

(%)

AVERAGE YIELD	2020/3	2021/3	2022/3	2023/3	2024/3
Average yield	14.7	14.3	14.4	14.3	14.5
Unsecured	14.7	14.4	14.5	14.3	14.5
Secured	15.9	8.1	9.4	9.4	9.7
Small business	13.3	12.8	13.4	13.4	13.3

(Thousands)

NUMBER OF CUSTOMER ACCOUNTS	2020/3	2021/3	2022/3	2023/3	2024/3
Number of customer accounts	950	933	980	1,115	1,256
Unsecured	937	922	968	1,103	1,243
Secured	4	2	2	1	1
Small business	9	8	9	10	11

NEW ACCOUNTS	2020/3	2021/3	2022/3	2023/3	2024/3
New accounts	206,337	161,186	210,104	301,262	338,783
Unsecured loans	206,155	161,111	210,014	301,183	338,657

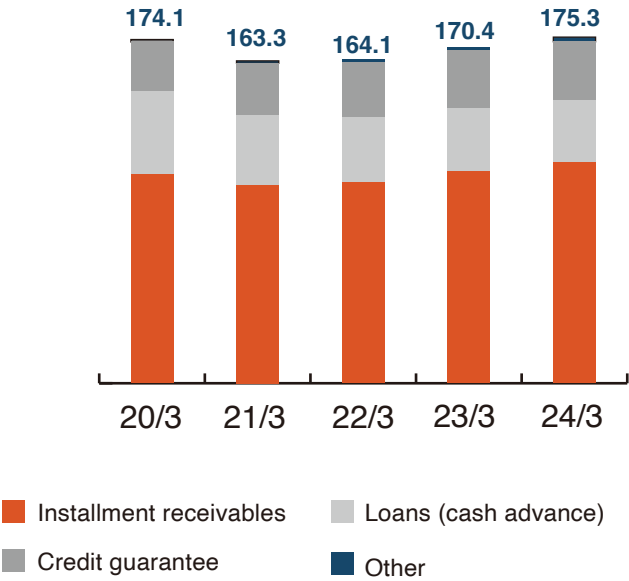
(Millions of yen)

AMOUNT OF WRITE-OFFS/RATIO OF WRITE-OFFS	2020/3	2021/3	2022/3	2023/3	2024/3
Amount of write-offs	20,182	22,457	20,521	21,795	24,696
Ratio of write-offs (%)	3.6	3.9	3.3	3.2	3.1

(Millions of yen)					
TOTAL RECEIVABLE OUTSTANDING	2020/3	2021/3	2022/3	2023/3	2024/3
Total receivable outstanding	174,107	163,313	164,114	170,476	175,334
Installment receivables	105,773	100,348	101,814	107,220	111,725
Loans (cash advance)	42,272	35,545	32,916	32,384	31,672
Credit guarantee	24,842	26,190	27,951	29,022	29,568
Other	1,219	1,228	1,431	1,850	2,367

(Millions of yen)					
OPERATING REVENUE/PROFIT	2020/3	2021/3	2022/3	2023/3	2024/3
Operating revenue	34,181	32,320	32,368	35,711	37,714
Installment receivables	17,479	16,586	16,773	20,440	21,559
Loans (cash advance)	5,243	4,524	4,066	3,653	3,721
Revenue from credit guarantee	1,521	1,592	1,754	1,842	1,908
Other operating revenue	9,937	9,617	9,774	9,774	10,524
Profit	1,136	3,139	1,755	911	363

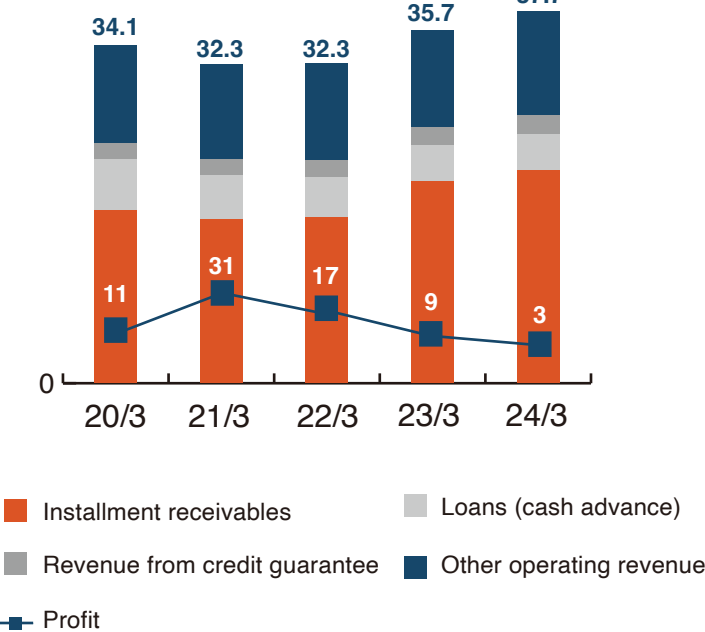
TOTAL RECEIVABLE OUTSTANDING
(billion of yen)



(Thousand of yen)					
NUMBER OF CARDHOLDERS	2020/3	2021/3	2022/3	2023/3	2024/3
Number of cardholders	5,758	5,382	5,240	5,141	5,051
Proper card	1,680	1,414	1,376	1,376	1,373
Co-branded cards	4,077	3,967	3,864	3,765	3,678

(Millions of yen)					
TRANSACTION VOLUME	2020/3	2021/3	2022/3	2023/3	2024/3
Transaction volume	707,851	650,951	688,596	740,327	768,736
Card shopping	669,559	624,029	660,805	711,463	739,996
Cash advance	38,291	26,921	27,790	28,863	28,740

OPERATING REVENUE/PROFIT
(billion of yen)



Financial Report by the Management Team

① Consolidated business results

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

In the consumer finance industry, the number of new contracts at major companies has continued to increase year on year and the balance of operating loans has expanded accordingly. Although the status of interest repayment claims is susceptible to changes in the external environment and certain considerations are necessary, the number of claims is steadily decreasing.

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

In fiscal 2023, the AIFUL Group's operating revenue amounted to 163,109 million yen (up 13.2% year on year). The principal components were 95,400 million yen in interest on loans receivable (up 14.6% year on year) due to an increase in the balance of operating loans, mainly for unsecured loans, as well as 21,625 million yen in revenue from the credit card business (up 5.4% year on year) and 19,408 million yen in revenue from the credit guarantee business (up 14.0 % year on year). Operating expenses increased 21,618 million yen, or 18.0% year on year, to 142,045 million yen. This was mainly due to an increase of 912 million yen or 5.4% year on year in advertising expenses to 17,788 million yen caused by an increase in the number of new contracts, and 52,546 million yen in provision of allowance for doubtful accounts (up 45.9% year on year).

As a result, the AIFUL Group's operating profit for fiscal 2023 was 21,064 million yen (down 11.2% year on year), and ordinary profit was 22,067 million yen (down 9.7% year on year). Profit attributable to owners of the parent was 21,818 million yen (down 2.3% year on year) as a result of posting loss attributable to non-controlling interests of 316 million yen.

Total receivable outstanding	2023/3 (Millions of yen)	2024/3 (Millions of yen)	YOY (%)
Unsecured loans	560,647	614,131	11.5
Secured loans	25,979	35,399	36.3
Small business loans	72,133	89,145	23.6
Credit card business	107,329	111,821	4.2
Installment sales finance business	35,570	61,968	74.2
Guarantee	204,078	241,562	18.4

Operating revenue	2023/3 (Millions of yen)	2024/3 (Millions of yen)	YOY (%)
Unsecured loans	76,143	85,722	12.6
Secured loans	1,949	2,622	34.5
Small business loans	5,137	7,055	37.3
Credit card business	20,508	21,625	5.4
Installment sales finance business	2,649	4,665	76.1
Guarantee	17,030	19,408	14.0

② By business

► Unsecured loan

The overall size of the unsecured loan market had been shrinking, affected by a decline in demand for funds due to a drop in consumer activities. However, the recovery trend continued after restrictions on activities were lifted, and the market size increased to 9.5 trillion yen, up 4.2% year on year, as of December 2023. Of this, financial institutions accounted for 5.3 trillion yen, up 2.5% year on year, and the total of companies specializing in consumer finance and credit card companies for 4.1 trillion yen, up 6.5% year on year.

Regarding unsecured loans in fiscal 2023, a mainstay product, we strived to increase the number of new contracts and the balance of operating receivables by implementing effective advertising, mainly through television commercials and online ads, and improving UI/UX through the revamp of our official website, smart-phone app, and the application form.

The AIFUL Group's balance of unsecured loans was 614,131 million yen, up 11.5% year on year, and AIFUL's non-consolidated one was 548,554 million yen, up 11.9% year on year.

► Small business loan

The small business loans market for small- and medium-sized companies also showed a gradual recovery in demand for funds as economic activities were resumed. Meanwhile, the outlook remains uncertain due to an increase in the number of corporate bankruptcies amid the full-scale repayment of “zero-zero loans,” which are effectively interest-free, unsecured loans introduced during the coronavirus pandemic.

As a result, the balance for small business loans was 89,145 million yen, an increase of 23.6% year on year. Of this, AG Business Support accounted for 74,982 million yen, up 23.6% year on year, and AIFUL's non-consolidated balance was 12,522 million yen, up 21.9% year on year.

► Credit card

In the credit card business, which was affected by the spread of the coronavirus pandemic, leading to a significant decrease in usage in some industries, domestic transaction volume of credit card increased 13.7% year on year to 91 trillion yen in fiscal 2023 due to the recovery of consumer expenditure, the increase in cashless payments, and the increased use of cards in response to the new living environment to cope with the coronavirus pandemic, indicating that the market will continue to expand in the future.

LIFECARD is working to attract new members and increase active cardholders by issuing new alliance and tie-up cards, redesigning proper cards, adding app functions and renewing benefits that meet the needs of customers as well as aggressive advertising.

As a result, the transaction volume for fiscal 2023 was 741,515 million yen (up 4.0% year on year), and the balance of installment receivables for credit card business at the end of fiscal 2023 was 111,725 million yen (up 4.2% year on year).

► Credit guarantee

In the credit guarantee business, AIFUL has been endeavoring to diversify its product line to address the expansion of the guarantee balance and to implement new guarantee partnerships by leveraging its credit knowhow for extending loans to individuals and business operators and its strength as an independent entity.

As a result, of the balance of credit guarantees at the end of fiscal 2023, loans outstanding for personal loan guarantee were 162,266 million yen (up 14.1% year on year), and loans outstanding for business loan guarantee were 56,193 million yen (up 32.6% year on year).

③ Overview of balance sheet

Total assets on a consolidated basis at the end of fiscal 2023 were 1,266,374 million yen, an increase of 195,888 million yen or 18.3%, compared with the end of the previous fiscal year. This increase was primarily attributable to growth of 94,907 million yen in operating loans and growth of 31,194 million yen in installment accounts receivable.

Total liabilities on a consolidated basis at the end of fiscal 2023 totaled 1,064,962 million yen, an increase of 174,070 million yen or 19.5%, compared with the end of the previous fiscal year. This increase is mainly attributable to an increase of 103,669 million yen in bonds payable and borrowings.

Net assets on a consolidated basis at the end of fiscal 2023 totaled 201,412 million yen, an increase of 21,818 million yen or 12.1%, compared with the end of the previous fiscal year. This increase is primarily attributable to a rise in retained earnings.

④ Overview of cash flows

Cash and cash equivalents ("funds") increased 14,048 million yen or 37.1%, compared with the end of the previous fiscal year, to 51,934 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 74,208 million yen, an increase of 5.1%, compared with the previous fiscal year. This was mainly attributable to a decrease of funds following an increase in operating loans and installment accounts receivables.

► Cash flows from investing activities

Net cash used for investing activities stood at 12,762 million yen, an increase of 42.6%, compared with the previous fiscal year. This was mainly attributable to purchase of property, plant and equipment and intangible assets.

► Cash flows from financing activities

Net cash provided by financing activities amounted to 100,929 million yen an increase of 29.1%, compared with the previous fiscal year. This was mainly due to proceeds from issuance of bonds and borrowings exceeding repayments.

⑤ Fund procurement trends

The AIFUL Group, which conducts mainly financial business, procures funds required for business expansion from outside the Group. The Group aims to procure funds both indirectly from financial institutions and directly through corporate bonds, to build a safe and robust procurement platform. We also strive to lower the cost of capital by selecting the procurement methods that are favorable to our corporate group, taking into consideration the current procurement environment.

At the end of fiscal 2023, the balance of loans, including off-balance sheet borrowings, was 709,655 million yen, a rise of 16.0% year on year.

The balance of loans via indirect procurement stood at 485,736 million yen. This accounted for 68.4% of total borrowings. The interest rate on indirect financing was 1.20%, down 0.07 points year on year.

The balance of loans via direct procurement, accounting for 31.6% of total borrowings, was 223,918 million yen. This breaks down to 80,000 million yen in regular corporate bonds and securitization of 143,918 million yen. The interest rate on direct financing was 0.86%, down 0.05 points year on year, and the funding interest rate which includes interest rates on direct and indirect financing was 1.10%, down 0.01 points year on year.

At the end of fiscal 2023, short-term borrowings amounted to 111,087 million yen, and long-term borrowings stood at 598,567 million yen.

6 Non-performing loan

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

In fiscal 2023, the Group’s total non-performing loans stood at 120,627 million yen, a rise of 15.0% year on year. Of this, the amount of non-performing unsecured loans, a mainstay product, was 95,913 million yen, an increase of 20.1% year on year. However, the amount of non-performing loans, consisting mainly of real estate-secured loans and other than unsecured loans, totaled 24,714 million yen, a decline of 1.4% year on year. Meanwhile, restructured loans, which belongs to unsecured loans, stood at 55,820 million yen, a rise of 24.8% year on year, resulting in the most significant increase. 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)

2023/3	Operating loans and claims in bankruptcy		Other	Total
	Unsecured loans	Other than unsecured loans		
Loans in legal bankruptcy	597	16,052	468	17,118
Risky claims	24,940	6,307	8,232	39,480
Loans 3 months more in arrears	9,556	404	—	9,960
Restructured Loans	44,743	2,301	4,997	52,042
Performing loans	464,351	62,627	226,414	753,393
total	544,189	87,694	240,112	871,996

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

7 Write-offs

In fiscal 2023, the amount of write-offs, including debt waived in tandem with interest repayment claims, totaled 36,574 million yen, an increase of 21.6%, in comparison with a year earlier.

Write-off debt waived in tandem with interest repayment claims was 596 million yen, a decline of 19.1% year on year, indicating a declining trend. Other ordinary bad debts were 35,978 million yen (up 22.6% year on year), and the write-off ratio excluding debt forgiveness arising from interest repayment claims accounted for 2.89% of total operating receivables (down 0.01 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 2023 totaled 52,546 million yen, an increase of 45.9%, in contrast with the previous fiscal year. At the end of fiscal 2023, the balance for the allowance for doubtful accounts came to 92,601 million yen (including 1,564 million yen in allowance for debt waived in tandem with interest repayment claims).

8 Dividend policy

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

We have decided to pay year-end dividend of 1 yen/share in fiscal 2023.

Consolidated Balance Sheets

	(Millions of yen)	
	2023/3	2024/3
Assets		
Current assets		
Cash and deposits(Note 1)	43,251	56,917
Operating loans(Notes 1, 2, 6, 8 and 9)	614,229	709,137
Accounts receivable-installment (Notes 1, 4 and 6)	136,559	167,753
Operational investment securities	2,540	2,989
Customers' liabilities for acceptances and guarantees(Note 8)	221,659	256,096
Other operating receivables(Note 8)	13,185	16,573
Purchased receivables	6,985	8,380
Other (Note 8)	34,576	51,752
Allowance for doubtful accounts(Note 10)	(63,040)	(79,021)
Total current assets	1,009,948	1,190,579
Non-current assets		
Property, plant and equipment		
Buildings and structures(Note 1)	23,837	23,730
Accumulated depreciation	(18,811)	(18,156)
Buildings and structures, net (Note 1)	5,026	5,574
Machinery, equipment and vehicles(Note 1)	450	451
Accumulated depreciation	(292)	(315)
Machinery,equipment and vehicles, net(Note 1)	158	136
Furniture and fixtures(Note 1)	5,440	5,729
Accumulated depreciation	(4,555)	(4,786)
Furniture and fixtures, net(Note 1)	884	942
Land (Note 1)	8,900	8,816
Leased assets	5,316	4,564
Accumulated depreciation	(4,121)	(3,946)
Leased assets, net	1,194	618
Construction in progress	73	1,003
Total property, plant and equipment	16,238	17,092
Intangible assets		
Software	5,888	6,728
Software in progres	2,347	7,448
Other	157	173
Total intangible assets	8,392	14,349
Investments and other assets		
Investment securities(Note 3)	10,978	12,086
Claims provable in bankruptcy(Note 8)	18,167	15,131
Deferred tax assets	15,012	20,212
Lease and guarantee deposits	3,913	3,979
Other	4,417	6,522
Allowance for doubtful accounts	(16,582)	(13,579)
Total investments and other assets	35,906	44,353
Total non-current assets	60,537	75,794
Total assets	1,070,485	1,266,374

	(Millions of yen)	
	2023/3	2024/3
Liabilities		
Current liabilities		
Notes and accounts payabletrade	43,066	68,069
Acceptances and guarantees	221,659	256,096
Short-term borrowings (Note 1)	69,582	101,627
Short-term loans payable to subsidiaries and associates	1,734	959
Commercial papers	12,000	—
Current portion of bonds	—	30,000
Current portion of long-term borrowings (Note 1)	183,832	233,660
Income taxes payable	2,006	3,871
Allowance for bonuses	1,555	1,671
Allowance for directors bonuses	45	1
Provision for share-based remuneration	50	58
Deferred installment income (Note 5)	7,094	12,854
Other (Note 11)	30,284	38,727
Total current liabilities	572,912	747,598
Non-current liabilities		
Bonds payable	45,000	50,000
Long-term borrowings (Note 1)	249,087	248,657
Deferred tax liabilities	—	107
Provision for loss on interest repayment	17,383	11,760
Other	6,509	6,838
Total non-current liabilities	317,979	317,364
Total liabilities	890,892	1,064,962
Net assets		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	14,017	14,017
Retained earnings	69,419	90,345
Treasury shares	△3,110	△2,655
Total shareholders equity	174,354	195,735
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,123	1,283
Foreign currency translation adjustment	595	890
Total accumulated other comprehensive income	1,718	2,174
Non-controlling interests	3,520	3,502
Total net assets	179,593	201,412
Total liabilities and net assets	1,070,485	1,266,374

Consolidated Statements of Income

	(Millions of yen)	
	2023/3	2024/3
Consolidated Statements of Income		
Operating revenue		
Interest on operating loans	83,230	95,400
Revenue from credit card business	20,508	21,625
Revenue from installment sales finance business	2,649	4,665
Revenue from credit guarantee	17,030	19,408
Other financial revenue	5	8
Other operating revenue		
Collection from purchased receivables	1,094	1,341
Recoveries of written off claims	7,488	7,428
Other	12,144	13,232
Total other operating revenue	20,727	22,002
Total operating revenue (Note 1)	144,152	163,109
Operating expenses		
Financial expenses		
Interest expenses	5,889	5,984
Interest on bonds	429	568
Other	749	692
Total financial expenses	7,068	7,246
Cost of sales		
Other	229	332
Total cost of sales	229	332
Other operating expenses		
Advertising expenses	16,876	17,788
Commissions	17,958	19,499
Provision of allowance for doubtful accounts	36,004	52,546
Employees Salaries and bonuses	12,333	13,673
Provision for bonuses	1,462	1,567
Retirement benefit expenses	509	520
Welfare expenses	2,697	2,945
Other	25,288	25,925
Total other operating expenses	113,129	134,466
Total operating expenses	120,427	142,045
Operating profit	23,724	21,064

	(Millions of yen)	
	2023/3	2024/3
Non-operating income		
Interest on loans receivable	19	83
Share of profit of entities accounted for using equity method	184	63
Foreign exchange gains	204	551
Other	339	342
Total non-operating income	747	1,041
Non-operating expenses		
Provision of allowance for doubtful accounts	3	—
Loss on investments in silent partnerships	16	—
Infection-related expenses	4	—
Burden charge payment	0	4
Settlement payments	—	17
Other	18	15
Total non-operating expenses	44	37
Ordinary profit	24,428	22,067
Extraordinary income		
Gain on the sale of fixed assets(Note 2)	—	79
Total extraordinary income	—	79
Extraordinary losses		
Loss on valuation of investment securities	—	47
Loss on valuation of shares of subsidiaries and associates(Note 3)	14	420
Provision of allowance for doubtful accounts(Note 3)	453	186
Total extraordinary losses	468	653
Profit before income taxes	23,959	21,493
Income taxes-current	3,349	5,007
income taxes - deferred	(2,336)	(5,016)
Total income taxes	1,013	(8)
Profit	22,946	21,502
Profit (loss) attributable to non-controlling interests	603	(316)
Profit attributable to owners of parent	22,343	21,818

	(Millions of yen)	
	2023/3	2024/3
Consolidated Statements of Comprehensive Income		
Profit	22,946	21,502
Other comprehensive income		
Valuation difference on available-for-sale securities	24	160
Foreign currency translation adjustment	579	594
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income (Note 1)	604	754
Comprehensive income	23,550	22,256
Comprehensive income attributable to		
Owners of parent	22,656	22,274
Non-controlling interests	894	(18)

Consolidated Statements of Change in Shareholders' Equity

2023/3

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2022	94,028	14,017	47,560	(3,110)	152,495
Changes during the period					
Dividends of surplus			(483)		(483)
Profit attributable to owners of parent			22,343		22,343
Purchase of treasury shares				(0)	(0)
Transfer from retained earnings to capital surplus					—
Restricted stock compensation					—
Net changes in accounts other than shareholders' equity	—	—	—	—	—
Total change during fiscal year	—	—	21,859	(0)	21,859
Balance at March 31, 2023	94,028	14,017	69,419	(3,110)	174,354

2024/3

(Millions of yen)

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

(Millions of yen)

	Accumulated other comprehensive income			Noncontrolling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at April 1, 2022	1,098	306	47,560	2,626	156,526
Changes during the period					
Dividends of surplus					(483)
Profit attributable to owners of parent					22,343
Purchase of treasury shares					(0)
Transfer from retained earnings to capital surplus					—
Restricted stock compensation					45
Net changes in accounts other than shareholders' equity	24	288	313	894	1,207
Total change during fiscal year	24	288	313	894	23,067
Balance at March 31, 2023	1,123	595	1,718	3,520	179,593

(Millions of yen)

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

Consolidated Statements of Cash Flows

(Millions of yen)

	2023/3	2024/3
Cash flows from operating activities		
Profit before income taxes	23,959	21,493
Depreciation	3,599	3,913
Increase (decrease) in allowance for doubtful accounts	897	12,424
Increase (decrease) in allowance for bonuses	139	112
Increase (decrease) in reserve for directors' bonuses	4	(44)
Increase (decrease) in provision for share-based remuneration	50	7
Increase (decrease) in allowance for loss on interest repayment	(7,210)	(5,623)
Interest and dividend income	(54)	(146)
Decrease (increase) in foreign exchange gains	(206)	(551)
Loss on valuation of shares of subsidiaries and associates	14	420
Loss (gain) on valuation of investment securities	—	47
Share of loss (profit) of entities accounted for using equity method	(184)	(63)
Loss (gain) on sale of fixed assets	—	(79)
Decrease (increase) in operating loans receivable	(64,201)	(92,280)
Decrease (increase) in accounts receivable - installment	(26,314)	(31,194)
Decrease (increase) in other operating receivables	(2,943)	(3,387)
Decrease (increase) in purchased receivables	(1,647)	(1,394)
Decrease (increase) in claims provable in bankruptcy	4,400	3,035
Decrease (increase) in business security deposit	1,218	(41)
Decrease (increase) in other current assets	(9,685)	(17,328)
Increase (decrease) in other current liabilities	9,724	39,274
Other	(471)	147
Subtotal	(68,909)	(71,260)
Interest and dividend income	74	167
Income taxes refund	482	54
Income taxes paid	(2,238)	(3,169)
Cash flows from operating activities	(70,589)	(74,208)
Cash flows from investing activities		
Deposit into time deposits	(5,351)	(4,949)
Proceeds from withdrawal of time deposits	5,286	5,332
Purchase of property, plant and equipment	(996)	(2,296)
Proceeds from sales of property, plant and equipment	—	175
Purchase of intangible assets	(3,487)	(7,806)
Purchase of investment securities	(4,246)	(1,302)
Payments of long-term loans receivable	(770)	(2,354)
Proceeds from collection of long-term loans receivable	305	137
Other	314	301
Cash flows from investing activities	(8,947)	(12,762)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,304,135	1,635,716
Repayments of short-term borrowings	(1,312,462)	(1,605,238)
Proceeds from issuance of commercial papers	40,500	184,400
Redemption of commercial papers	(31,000)	(196,400)
Proceeds from long-term borrowings	259,557	259,187
Repayments of long-term borrowings	(190,908)	(210,131)
Proceeds from issuance of bonds	45,000	35,000
Redemption of bonds	(35,000)	—
Cash dividends paid	(483)	(483)
Other	(1,142)	(1,119)
Cash flows from financing activities	78,195	100,929
Effect of exchange rate change on cash and cash equivalents	79	89
Net increase (decrease) in cash and cash equivalents	(1,261)	14,048
Cash and cash equivalents at beginning of period	39,147	37,885
Cash and cash equivalents at end period(Note 1)	37,885	51,934

Notes to Consolidated Financial Statements

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

1. Matters concerning the scope of consolidation

- (1) Number of consolidated subsidiaries: 7
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 two other companies
AG MIRAI BARAI CO., LTD. was extinguished in an absorption-type merger with AG GUARANTEE CO., LTD. as a surviving company as of January 1, 2024 and AG GUARANTEE CO., LTD. changed its name to AG Payment Service CO., LTD. on the same date.
- Name, etc., of non-consolidated subsidiaries
(2) FPC Co., Ltd.
AG Partners Corporation
AG Smile Leaseback Corporation
and thirteen other companies
(Reason for exclusion from the scope of consolidation)
Each of the non-consolidated subsidiaries are small in scale and the total assets, operating revenue, profit or loss (corresponding to equity) and retained earnings (corresponding to equity) of those companies in aggregate have an insignificant impact on the consolidated financial statements.
Therefore, they have been excluded from the scope of consolidation.

2. Matters concerning application of the equity method

- (1) Number of non-consolidated subsidiaries and affiliated companies accounted for using the equity method: 2
Name of company
Non-consolidated subsidiary: FPC Co., Ltd.
Affiliated 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 thirteen 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

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 concerning accounting policies

- (1) Valuation standards and valuation method for significant assets
(i) Securities
Available-for-sale securities
Items other than shares with no market value
Stated at fair value by the market value method, based on market price, etc., as of the consolidated closing date. (All differences in valuation are fully included in the net asset method, and sales costs are calculated by the moving average method.)
Shares with no market value
Stated at cost determined by the moving average method.
The net amount of equity included in the Company's financial statements from limited liability investment partnerships and similar investments, regarded as marketable securities under paragraph 2, Article 2 of the Financial Instruments and Exchanges Act, is calculated based on the most recent financial statements for the partnership available as of the reporting date stipulated in the partnership agreement.
(ii) Derivatives
Stated at fair value by the market value method.
- (2) Depreciation method of significant depreciable assets
(i) Property, plant and equipment (excluding leased assets)
The Company and its consolidated subsidiaries adopt the declining balance method.
However, buildings (excluding attached facilities) acquired on or after April 1, 1998 are depreciated using the straight-line method at consolidated subsidiaries.
The useful life of major assets is as follows:
Buildings and structures: 2 to 62 years
Machinery, equipment and vehicles: 2 to 17 years
Furniture and fixtures: 2 to 20 years

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

(iii) Leased assets

Leased assets pertaining to finance lease transactions involving the transfer of ownership
Depreciated by the same method applied to non-current assets owned by the Company.

Leased assets pertaining to finance lease transactions not involving the transfer of ownership
Depreciated over the lease period by the straight-line method, assuming the residual value is zero.

Overseas consolidated subsidiaries, which prepare financial statements based on the International Financial Reporting Standards, have adopted the International Financial Reporting Standard 16 “Lease” (hereinafter referred to as “IFRS 16”) from the consolidated fiscal year under review, as described in (Changes in accounting policies). Due to this adoption, the lessees book all leases on their balance sheets as assets and liabilities. Right-of-use assets booked as assets are depreciated using the straight-line method.

Booking of major allowances

(i) Allowance for doubtful accounts

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

(ii) Allowance for bonuses

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

(iii) Allowance for bonuses for executives

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

(iv) Allowance for share-based remuneration

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

(v) Provision for loss on interest repayment

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

Booking of significant revenues and expenses

(i) Interest on operating loans

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

(ii) Booking of revenues pertaining to installment sales

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

For declining balance method or revolving method customer commissions, revenue is booked at each billing period. The revenue of departments is allocated by using the declining balance method.

(iii) Revenue from credit guarantee

The residual debt method is used to record revenue.

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

Step 1: Identify contracts with customers

Step 2: Identify performance obligations in the contract

Step 3: Calculate transaction prices

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

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

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

(i) Performance obligations satisfied at a certain point in time

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

(ii) Performance obligations satisfied over a certain period

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

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

(v) Accounting for interest on borrowings

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

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

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

6. Significant hedge accounting method

●Method of hedge accounting

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

●Hedging instrument and hedged item

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

●Hedging policy

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

●Method of evaluating hedge effectiveness

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

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

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

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

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

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

●Standards for posting assets and liabilities for important debt guarantee

The Company's debt guarantee for non-consolidated subsidiaries' loans from financial institutions is described as a contingent liability. The balance of debt guarantee for tasks for other debt guarantee is indicated as “Guarantee” in the section of current assets and also as “Acceptances and guarantees” in the section of current liabilities in the consolidated balance sheets.

10. Application of the group tax sharing system

The group tax sharing system is applied.

1. Allowance for doubtful accounts

(1) Amount recorded in the financial statements for the current fiscal year
(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Allowance for doubtful accounts	79,623	92,601

(2) Information on the content of significant accounting estimates for identified items

① 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 the credit risk based on the debtors' payment status, etc.

i) Performing loans

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

ii) Monitored loans

Receivables with payment delays exceeding a certain period are classified according to the borrower's delinquency period and other factors for each loan type, such as consumer, business, and secured, 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.

② Key assumptions

Changes in economic conditions at the end of the fiscal year may have a direct or indirect impact on the 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.

③ 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 the 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, 2023	As of March 31, 2024
Allowance for loss on interest repayment	17,383	11,760

(2) Information on the content of significant accounting estimates for identified items

Some of the interest 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 is considered to be the right of the user 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.

① 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.

② Key assumptions

The number of claims for repayment of excess interest and how the amount of excess interest repayment per case will change in the future 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.

③ 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.

(Unapplied accounting standards, etc.)

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
- "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

(1) Outline

Standards that define the accounting classification of income taxes in case that tax is imposed on other comprehensive income and the treatment of tax effects pertaining to the sale of subsidiary shares, etc. in case that the group taxation regime is applied

(2) Scheduled application date

The standards will be applied from the beginning of the fiscal year ending March 31, 2025.

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

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

(Changes in Presentation Method)

(Consolidated Balance Sheets)

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

As a result, 8,235 million yen presented as "Software" in the consolidated financial statements for the previous fiscal year has been reclassified as "Software" of 5,888 million yen and "Software in progress" of 2,347 million yen. (Consolidated Statements of Income)

We have strengthened recruitment and development of specialists to grow as an IT finance group. Accordingly, "Welfare expenses," included in "Other" under "Other operating expenses" in "Operating expenses" in the previous fiscal year, is presented separately from the current fiscal year so that the personnel expenses are indicated more clearly. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 27,985 million yen presented as "Other" under "Other operating expenses" in the "Operating expenses" in the consolidated statements of income for the previous fiscal year has been reclassified as "Welfare expenses" of 2,697 million yen and "Other" of 25,288 million yen.

"Real estate rent," presented as a separate item in the previous fiscal year, is included in "Other" from the current fiscal year because it became 10/100 or less of the total amount of non-operating income. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, "Real estate rent" of 93 million yen and "Other" of 246 million yen, which were presented under "Non-operating income" in the consolidated statements of income for the previous fiscal year have been reclassified as "Other" of 339 million yen.

"Burden charge payment," included in "Other" under "Non-operating expenses" in the previous fiscal year, is presented separately from the current fiscal year because it exceeded 10/100 of the total amount of non-operating expenses. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 18 million yen presented as "Other" under "Non-operating expenses" in the consolidated statements of income for the previous fiscal year has been reclassified as "Burden charge payment" of 0 yen and "Other" of 18 million yen.

(Consolidated Statements of Cash Flows)

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

As a result, negative 677 million yen presented in "Other" under "Cash flows from operating activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified into a negative 206 million yen in "Decrease (increase) in foreign exchange gains" and negative 471 million yen in "Other. Payments of long-term loans receivable" and "Proceeds from collection of long-term loans receivable," included in "Other" under "Cash flows from investing activities" in the previous fiscal year, is presented separately from the fiscal year under review due to an increase in its materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, negative 151 million yen presented in "Other" under "Cash flows from investing activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified into a negative 770 million yen in "Payments of long-term loans receivable," 305 million yen in "Proceeds from collection of long-term loans receivable" and 314 million yen in "Other."

●Notes to consolidated balance sheets

1.Assets pledged as collateral and corresponding liabilities

(Millions of yen)	
Assets pledged as collateral	As of March 31, 2023
Cash and deposit	5,332
Operating loans	350,717
Accounts receivable-installment	45,780
Buildings and structures	3,727
Machinery, equipment and vehicles	7
Furniture and fixtures	64
Land	8,816
Total	414,444

(Millions of yen)	
Corresponding liabilities	As of March 31, 2023
Short-term borrowings	56,500
Current portion of long-term borrowings	102,246
Long-term borrowings	156,052
Total	314,798

- i. The amounts above at the end of the fiscal year ended March 31,2023 include amounts pertaining to the securitization of receivables (operating loans of ¥184,506 million, current portion of long-term borrowings of ¥24,937 million and long-term borrowings of ¥74,539 million)
- ii. The amount for some of the operating loans and installment receivables are amounts at the time of registration of thetransfer of receivables.
- iii. Of the above assets, ¥422 million of cash and deposit is pledged as collateral for borrowings from financial institutions by a non-consolidated subsidiary named PT REKSA FINANCE.

2.Unsecured personal loans included in operating loans

(Millions of yen)	
As of March 31, 2023	As of March 31, 2024
542,992	608,233

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

(Millions of yen)	
As of March 31, 2023	As of March 31, 2024
Investment securities (shares)	8,076
Investment securities (other securities)	1,519

4.Accounts receivables - installment

(Millions of yen)	
As of March 31, 2023	As of March 31, 2024
Credit card business	105,785
Installment sales finance business	61,968
Total	167,753

(Millions of yen)	
Assets pledged as collateral	As of March 31, 2024
Cash and deposit	4,949
Operating loans	370,060
Accounts receivable-installment	48,496
Buildings and structures	—
Machinery, equipment and vehicles	—
Furniture and fixtures	—
Land	—
Total	423,506

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

- i. The amounts above at the end of the fiscal year ended March 31, 2024 include amounts pertaining to the securitization of receivables(operating loans of ¥180,301 million, short-term borrowings of ¥10,000 million, current portion of long-term borrowings of ¥33,235 million and long-term borrowings of ¥55,933 million)
- ii. The amount for some of the operating loans and installment receivables are amounts at the time of registration of the transfer of receivables.

5.Deferred installment income

(Millions of yen)				
As of March 31, 2023	Balance at April 1, 2022	Receipts during FY	Actual balance during FY	Balance at March 31, 2023
Credit card shopping	454	1,574	1,466	562
Installment sales finance	2,566	7,334	3,368	6,532
Total	3,021	8,908	4,835	7,094

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

6.Securitization of claims removed from the balance sheets

(Millions of yen)		
	As of March 31, 2023	As of March 31, 2024
Operating loans	34,531	29,539
Accounts receivable—installment	6,340	6,036

7.Contingent liability
Guarantee obligation

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, 2023	As of March 31, 2024
PT REKSA FINANCE	3,408	3,569

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

(Millions of yen)				
As of March 31, 2023	Operating loans and claims in bankruptcy		Other	Total
	Unsecured loans	Other than unsecured loans		
Loans in legal bankruptcy	597	16,052	468	17,118
Risky claims	24,940	6,307	8,232	39,480
Loans 3 months or more in arrears	9,556	404	—	9,960
Restructured Loans	44,743	2,301	4,997	52,042
Performing loans	464,351	62,627	226,414	753,393
Total	544,189	87,694	240,112	871,996

(Milliosn of yen)				
As of March 31, 2024	Balance at April 1, 2023	Receipts during FY	Actual balance during FY	Balance at March 31, 2024
Loans in legal bankruptcy	660	12,854	582	14,098
Risky claims	28,519	8,807	9,865	47,192
Loans 3 months or more in arrears	10,913	464	—	11,377
Restructured Loans	55,820	2,587	6,725	65,133
Performing loans	513,496	89,544	261,966	865,007
Total	609,410	114,258	279,140	1,002,809

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.

(Risky claims)

Risky claims 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.

9.Loan commitments related to operating loans

(Fiscal year ended March 31, 2022)

Of operating loans including off-balance sheet loans resulting from securitization, ¥488,273 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 ¥811,301 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, 2023)

Of operating loans including off-balance sheet loans resulting from securitization, ¥553,769 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 ¥811,755 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:

As of March 31, 2023	As of March 31, 2024	(Millions of yen)
2,160	1,564	

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

As of March 31, 2023	As of March 31, 2024	(Millions of yen)
3,721	3,558	

●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.

(Millions of yen)

	FY ended March 31, 2023 (Apr. 1 2022 to Mar. 31 2023)	FY ended March 31, 2024 (Apr. 1 2023 to Mar. 31 2024)
*2 The details of the gain on sale of fixed assets are as follows:		
Buildings and structures	-	61
Land	-	17
Total	-	79

*3 Loss on valuation of stocks of subsidiaries and affiliates and provision of allowance for doubtful accounts

(Fiscal year ended March 31, 2023)

As a result of taking into account the financial conditions, operating performance, etc. of AG Partners Co., Ltd. and AG Stock Center Corporation, which are our non-consolidated subsidiaries, and reviewing the evaluation of the shares held by the Company, future collectability of claims, etc., loss on valuation of stocks of subsidiaries and affiliates and provision of allowance for doubtful accounts were recorded as extraordinary losses.

(Fiscal year ended March 31, 2024)

As a result of taking into account the financial conditions, operating performance, etc. of AG Crowdfunding Co.,Ltd. and AG Partners Corporation, which are our non-consolidated subsidiaries, and reviewing the evaluation of the shares held by the Company, future collectability of claims, etc., loss on valuation of stocks of subsidiaries and affiliates and provision of allowance for doubtful accounts were recorded as extraordinary losses.

●Notes to consolidated statements of comprehensive income

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

(Millions of yen)

	FY ended March 31, 2023	FY ended March 31, 2024
Valuation difference on available-for-sale securities		
Amount during the period	86	275
Reclassification adjustment	(74)	(66)
Before tax effect adjustment	12	209
Tax effect	12	(49)
Valuation difference on available-for-sale securities	24	160
Foreign currency translation adjustment		
Amount during the period	579	594
Share of other comprehensive income of entities accounted for using equity method		
Amount during the period	0	0
Total other comprehensive income	604	754

●Notes to consolidated statements of change in shareholders' equity

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

(Millions of yen)

	Number of shares at beginning of FY	Number of shares increased during FY	Number of shares decreased during FY	Number of shares at end of FY
Shares issued				
Common stock	484,620,136	—	—	484,620,136
Total	484,620,136	—	—	484,620,136
Treasury shares		—		
Common stock	917,470	144	—	917,614
Total	917,470	144	—	917,614

(Outline of the reason for the change)

The increase of 144 treasury shares in common stock is due to the purchase of odd-lot shares.

2.Matters regarding dividends

(1) Dividends paid

Resolution	Share type	Total dividend amount (millions of yen)	Dividend per share (yen)	Record date	Effective date
Apr. 25, 2022	Common share	483	1.00	Mar. 31, 2022	May 31, 2022

(2) 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
Apr. 24, 2023	Common share	Retained earnings	483	1.00	Mar. 31, 2023	Jun. 8, 2023

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

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

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

(Outline of the reason for the change)

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

2. Matters regarding dividends

(1) Dividends paid

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

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

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

Notes to 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, 2023 (Apr. 1, 2022 to Mar. 31, 2023)	FY ended March 31, 2024 (Apr. 1, 2023 to Mar. 31, 2024)
Cash and deposits Time deposit with maturity period of more than three months	43,251 (5,365)	56,917 (4,982)
Cash and cash equivalents	37,885	51,934

Notes on financial instruments

1. Matters regarding the situation of financial instruments

① 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.

② 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.

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.

③ 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 ¥84 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 ¥84 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.

④ 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.

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, short-term borrowings and commercial paper 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, 2023

(Millions of yen)

Category	Consolidated balance sheet amount	Fair value	Difference
(1) Operating loans Allowance for doubtful accounts*2	614,229 (43,034) 571,195 136,559	652,510	81,315
(2) Accounts receivable-installment Deferred installment income*3 Allowance for doubtful accounts*2	(7,094) (6,301) 123,162	133,571	10,409
(3) Operational investment securities and investment securities*1 Shares	2,943	3,883	940
(4) Claims provable in bankruptcy Allowance for doubtful accounts*2	18,167 (16,115) 2,051	2,051	—
Total assets	699,352	792,017	92,664
(1) Bonds	45,000	45,030	30
(2) Long-term borrowings*4	432,919	432,738	(181)
Total liabilities	477,919	477,768	(151)
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	9,154
(1)Unlisted shares	1,421
(2)Investments in limited liability investment partnerships, etc.	10,576

*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 quality 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, 2024

(Millions of yen)

Category	Consolidated balance sheet amount	Fair value	Difference
(1) Operating loans Allowance for doubtful accounts*2	709,137 (51,776) 657,360 167,753	747,249	89,888
(2) Accounts receivable-installment Deferred installment income*3 Allowance for doubtful accounts*2	(12,854) (8,771) 146,127	163,643	17,515
(3) Operational investment securities and investment securities*1 Shares	3,060	3,930	870
(4) Claims provable in bankruptcy Allowance for doubtful accounts*2	15,131 (13,041) 2,090	2,090	—
Total assets	808,640	916,913	108,273
(1) Bonds	80,000	79,827	(172)
(2) Long-term borrowings*4	482,318	482,248	(70)
Total liabilities	562,318	562,075	(242)
Derivative transactions*4			
(i) Those qualified for hedge accounting	—	—	—
(ii) Those not qualified for hedge accounting	—	—	—
Total derivative transactions	—	—	—

*1 Shares with no market value or the like are not included in "(3) Operational investment securities and investment securities." The sum of said financial instruments recorded on the consolidated balance sheet is as follows.

(Millions of yen)

Category	Consolidated balance sheet amount
Operational investment securities and investment securities	10,495
(1)Unlisted shares	1,519
(2)Investments in limited liability investment partnerships, etc.	12,015

*2 The allowance for doubtful accounts of operating loans, accounts receivable-installment and claims provable in bankruptcy is deducted.
*3 Deferred installment income (liabilities account) on installment receivables is deducted.
*4 Since derivative transactions that quality for hedge accounting are accounted for as part of long-term borrowings that are subject to hedging, their fair value is included in the fair value of such long-term borrowings.

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

Fiscal year ended March 31, 2023 (Millions of yen)

Category	Due within 1 year	Due within 1-5 years	Due after 5 years or more
Cash and deposits	43,251	—	—
Operating loans	232,817	379,704	1,707
Accounts receivable—installment	113,011	23,415	131
Total	389,081	403,119	1,839

Does not include ¥18,167 million of claims provable in bankruptcy, etc. for which a scheduled redemption amount cannot be expected.

Fiscal year ended March 31, 2024 (Millions of yen)

Category	Due within 1 year	Due within 1-5 years	Due after 5 years or more
Cash and deposits	56,917	—	—
Operating loans	271,463	436,489	1,184
Accounts receivable—installment	123,623	44,096	34
Total	452,004	480,585	1,219

Does not include ¥15,131 million of claims provable in bankruptcy, etc. for which a scheduled redemption amount cannot be expected.

2.Scheduled repayments of bonds, long-term borrowings, and other interest-bearing debt after the consolidated closing date

Fiscal year ended March 31, 2023

Category	Due within 1 year	Due within 1-2 years	Due within 2-3 years	Due within 3-4 years	Due within 4-5 year	Due after 5 years or more
Bonds payable	—	30,000	15,000	—	—	—
Long-term Total	183,832	152,241	77,123	11,576	6,230	1,914
Total	183,832	182,241	92,123	11,576	6,230	1,914

Fiscal year ended March 31, 2024

Category	Due within 1 year	Due within 1-2 years	Due within 2-3 years	Due within 3-4 years	Due within 4-5 year	Due after 5 years or more
Bonds payable	30,000	15,000	35,000	—	—	—
Long-term Total	233,660	156,551	71,605	14,432	5,321	746
Total	263,660	171,551	106,605	14,432	5,321	746

3. 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.

Fiscal year ended March 31, 2023

(1) Financial instruments posted at fair values in the consolidated balance sheet

Category	Consolidated balance sheet amount			
	Level 1	Level 2	Level 3	Total
Operational investment securities and investment securities Shares	247	1,872	—	2,119

(2) 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	—	—	652,510	652,510
(2) Accounts receivable-installment	—	—	133,571	133,571
(3) Operational investment securities and investment securities Shares	—	1,764	—	1,764
(4) Claims provable in bankruptcy	—	—	2,051	2,051
Total assets	—	1,764	788,133	789,897
(1) Bonds	—	45,030	—	45,030
(2) Long-term borrowings	—	432,738	—	432,738
Total liabilities	—	477,768	—	477,768
Derivative transactions				
(i) Those qualified for hedge accounting	—	—	—	—
(ii) Those not qualified for hedge accounting	—	—	—	—
Total derivative transactions	—	—	—	—

Fiscal year ended March 31, 2024

(1) Financial instruments posted at fair values in the consolidated balance sheet

Category	Consolidated balance sheet amount			
	Level 1	Level 2	Level 3	Total
Operational investment securities and investment securities Shares	345	1,848	—	2,193

(2) Financial instruments other than those posted at fair values in the consolidated balance sheet

Category	Fair value			
	Level 1	Level 2	Level 3	Total
(1) Operating loans	—	—	747,249	747,249
(2) Accounts receivable-installment	—	—	163,643	163,643
(3) Operational investment securities and investment securities Shares	—	1,737	—	1,737
(4) Claims provable in bankruptcy	—	—	2,090	2,090
Total assets	—	1,737	912,983	914,720
(1) Bonds	—	79,827	—	79,827
(2) Long-term borrowings	—	482,248	—	482,248
Total liabilities	—	562,075	—	562,075
Derivative transactions				
(i) Those qualified for hedge accounting	—	—	—	—
(ii) Those not qualified for hedge accounting	—	—	—	—
Total derivative transactions	—	—	—	—

(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 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, 2023 (as of March 31, 2023)

1.Available-for-sale securities

(Millions of yen)			
Category	Consolidated balance sheet amount	Purchase cost	Difference
Those whose consolidated balance sheet amount exceeds purchase cost Shares	2,044	683	1,360
Subtotal	2,044	683	1,360
Those whose consolidated balance sheet amount does not exceed purchase cost Shares	75	75	—
Subtotal	75	75	—
Total	2,119	758	1,360

Note: Unlisted shares, etc. (consolidated balance sheet amount of ¥4,248 million) are not included in the above table since they do not have a market price.

2.Available-for-sale securities sold during the fiscal year(April 1, 2022 to March 31, 2023)

(Millions of yen)			
	Amount of sales	Total amount of gain on sales	Total amount of loss on sales
Shares	170	118	—

3. Available-for-sale securities for which impairment loss was recorded

An impairment loss of ¥154 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 purchase cost and is not expected to recover to the level of the purchase cost. When fair value has dropped between 30% to 50% of the purchase 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, 2024 (as of March 31, 2024)

1.Available-for-sale securities

(Millions of yen)

Category	Consolidated balance sheet amount	Purchase cost	Difference
Those whose consolidated balance sheet amount exceeds purchase cost Shares	2,101	645	1,456
Subtotal	2,101	645	1,456
Those whose consolidated balance sheet amount does not exceed purchase cost Shares	92	92	(0)
Subtotal	92	92	(0)
Total	2,193	737	1,456

Note: Unlisted shares, etc. (consolidated balance sheet amount of ¥4,805 million) are not included in the above table since they do not have a market price.

2.Available-for-sale securities sold during the fiscal year(April 1, 2023 to March 31, 2024)

(Millions of yen)

	Amount of sales	Total amount of gain on sales	Total amount of loss on sales
Shares	266	139	—

3.Available-for-sale securities for which impairment loss was recorded

An impairment loss of ¥240 million was recognized for available-for-sale securities during the consolidated fiscal year under review.
Impairment loss on securities is recognized when fair value has dropped 50% or more of the purchase cost and is not expected to recover to the level of the purchase cost. When fair value has dropped between 30% to 50% of the purchase 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, 2023 (as of March 31, 2023)

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	12,821	3,475	(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, 2024 (as of March 31, 2024)

1.Derivative transactions not qualified for hedge accounting

Not applicable

2.Derivative transactions qualified for hedge accounting

(Millions of yen)

Method of hedge accounting	Type, etc., of derivative transaction	Main hedged item	Contract amount, etc.	Contract amount, etc., over one year	Fair value
Special accounting for interest rate cap	Interest rate cap transaction	Long-term borrowings	3,475	1,360	(Note)

Note: Since those subject to special accounting for interest rate cap are accounted for as part of long-term borrowings that are subject to hedging, their fair value is included in the fair value of such long-term borrowings.

Notes on retirement benefits

1.Outline of retirement benefit system adopted

The Group has adopted a defined contribution pension plan and a prepaid retirement benefit plan, except for some of its consolidated subsidiaries.
Overseas consolidated subsidiaries have adopted a defined benefit plan.
Overseas consolidated subsidiaries have adopted the International Financial Reporting Standards and account for retirement benefits pursuant to IAS 19 Employee Benefits.

2.Defined benefit plan

(1) Reconciliation between beginning balance and ending balance of retirement benefit obligations

(Millions of yen)

	FY ended March 31, 2023	FY ended March 31, 2024
Beginning balance of retirement benefit obligations	29	40
Service cost	8	9
Interest expense	0	1
Actuarial gain or loss	(2)	—
Retirement benefits paid	—	—
Prior service cost incurred during the period	—	—
Foreign currency translation adjustment	3	3
Ending balance of retirement benefit obligations	40	55

(2) 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

(Millions of yen)

	FY ended March 31, 2023	FY ended March 31, 2024
Funded retirement benefit obligations	—	—
Pension assets	—	—
Unfunded retirement benefit obligations	40	55
Net consolidated balance sheet amounts of liabilities and assets	40	55
Liabilities pertaining to retirement benefits	40	55
Assets pertaining to retirement benefits	—	—
Net consolidated balance sheet amounts of liabilities and assets	40	55

(3) Retirement benefit expenses and sub-items

(Millions of yen)

	FY ended March 31, 2023	FY ended March 31, 2024
Service cost	8	9
Interest expense	0	1
Amount of prior service costs recorded as expenses	—	—
Retirement benefit expenses pertaining to the defined benefit plan	9	11

(4) Matters regarding the basis of actuarial calculation

(Millions of yen)

	FY ended March 31, 2023	FY ended March 31, 2024
Major basis of actuarial calculation		
Discount rate	3.2%	3.2%

3. Defined contribution pension plan and prepaid retirement benefit plan (Millions of yen)

	FY ended March 31, 2023	FY ended March 31, 2024
Amount of prepaid retirement benefits	138	116
Amount of contribution to defined contribution pension	357	379
Other	4	13
Retirement benefit expenses	500	509

Notes on tax effect accounting

1. Breakdown of major factors of deferred tax assets and liabilities (Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Allowance for doubtful accounts	13,781	16,815
Provision for loss on interest repayment	5,392	3,582
Bad debt loss	2,735	2,824
Accrued income	1,136	1,131
Loss carried forward	34,491	27,867
Other	3,674	5,408
Subtotal of deferred tax assets	61,212	57,629
Valuation allowance for tax loss carryforwards *2	(29,290)	(22,598)
Valuation allowance for the sum total of deductible temporary differences, etc.	(16,431)	(14,302)
	(45,721)	(36,900)
Subtotal of valuation allowances *1	15,490	20,728
Total deferred tax assets		
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(367)	(416)
Retirement cost corresponding to asset retirement obligations	(103)	(201)
Other	(8)	(6)
Total deferred tax liabilities	(478)	(623)
Net amount of deferred tax assets	15,012	20,105

*1 Valuation allowance has decreased ¥8,820 million. This decrease mainly reflects the additional recording of deferred tax assets of ¥5,093 million due to a revision to the collectability of temporary differences and the writing off of tax loss carryforwards of ¥1,569 million (an amount multiplied by the effective statutory tax rate) from among the tax loss carryforwards incurred in the fiscal year ended March 2015, due to the expiry of the carryforward period.

*2 The amount of tax loss carryforwards and their deferred tax assets by carryforward period
Fiscal year ended March 31, 2023 (as of March 31, 2023)

	Less than 1 year	1-2years	2-3years	3-4years	4-5years	More than 5 years	Total
Tax loss carryforwards (a)	6,175	14,376	9,570	3,722	138	507	34,491
Valuation allowances	(1,576)	(14,298)	(9,486)	(3,650)	(75)	(202)	(29,290)
Deferred tax assets	4,599	78	83	72	63	304	(b)5,201

(a) The amount of tax loss carryforwards has been multiplied by the effective statutory tax rate.
(b) Deferred tax assets of ¥5,201 million have been recorded for the ¥34,491 million of tax loss carryforwards (amount multiplied by the effective statutory tax rate). Said deferred tax assets amounting to 5,201 million yen is attributable to the recognition of the balance of tax loss carryforwards amounting to 33,290 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, 2024 (as of March 31, 2024)

	Less than 1 year	1-2years	2-3years	3-4years	4-5years	More than 5 years	Total
Tax loss carryforwards (c)	14,298	9,486	3,650	75	91	264	27,867
Valuation allowances	(9,243)	(9,486)	(3,650)	(75)	(91)	(51)	(22,598)
Deferred tax assets	5,055	0	—	—	—	213	(d)5,268

(c) The amount of tax loss carryforwards has been multiplied by the effective statutory tax rate.
(d) Deferred tax assets of ¥5,268 million have been recorded for the ¥27,867 million of tax loss carryforwards (amount multiplied by the effective statutory tax rate). Said deferred tax assets amounting to 5,268 million yen is attributable to the recognition of the balance of tax loss carryforwards amounting to 27,331 million yen (obtained by multiplying the effective statutory tax rate) of AIFUL CORPORATION, which is the consolidated parent company. The tax loss carryforwards that recorded said deferred tax assets were incurred due to the loss on interest repayment of past fiscal years and do not recognize valuation allowances on the portion which were deemed collectible based on future expectations of taxable income.

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, 2023	As of March 31, 2024
Effective statutory tax rate		
(Adjustment)	30.5%	30.5%
Inhabitant tax on per capita basis	0.3	0.4
Entertainment expenses and other items permanently excluded from loss	0.4	(0.9)
Valuation allowances	(39.4)	(40.0)
Effects of the change in effective statutory tax rate	0.0	2.0
Effects of reorganization	0.1	—
Effect of foreign corporation tax included in deductible expenses	0.1	0.0
Share of profit (loss) of entities accounted for using the equity method	(0.2)	(0.1)
Expiry of time limit of loss carried forward	11.8	8.2
Difference in tax rate from that of parent company	(0.2)	0.5
Other	0.8	(0.6)
Burden rate of income taxes, etc., after application of tax effect accounting	4.2	0.0

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 the consolidated fiscal year under review. Furthermore, we perform accounting of income taxes and local corporate taxes or accounting and disclosure of tax effect accounting for these taxes in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

4. Revision of deferred tax assets and deferred tax liabilities due to change in corporate tax rate, etc. Due to changes in the tax law, pro forma standard taxation will be introduced in some consolidated subsidiaries from the fiscal year ending March 31, 2027. Accordingly, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been changed from 34.0 % to 30.0%. The effect of the change in the effective statutory tax rate is immaterial.

Notes on revenue recognition

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

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

	Reporting segment			(Millions of yen)	
	AIFUL Corporation	LIFECARD Co., Ltd.	Total	Other 1 *	Total
Member store commissions	—	9,599	9,599	341	9,941
Revenues related to its own point system	—	2,568	2,568	—	2,568
Annual card membership fees	—	3,807	3,807	—	3,807
Other	Other	5,019	6,908	1,198	8,106
Revenue arising from contracts with customers	1,888	20,995	22,884	1,539	24,424
Interest on operating loans	67,596	3,653	71,250	11,980	83,230
Customer commissions	3	8,338	8,341	2,306	10,648
Revenue from credit guarantee*2	12,447	1,842	14,289	2,741	17,030
Collection from purchased receivables	—	—	—	1,094	1,094
Recoveries of written off claims	6,357	517	6,874	613	7,488
Other	0	2	3	232	235
Other revenue	86,405	14,354	100,759	18,968	119,728
Sales to external customers	88,294	35,349	123,643	20,508	144,152

*1 The other category comprises business segments not included in reporting segments and encompasses the activities of AG Business Support Corporation, AG Loan Services Corporation, etc.

*2 Revenue from credit guarantee includes the following amounts earned through the liquidation of receivables. AIFUL Corporation: 1,575 million yen Other: 2,726 million yen Total: 4,302 million yen

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

	Reporting segment			(Millions of yen)	
	AIFUL Corporation	LIFECARD Co., Ltd.	Total	Other*1	Total
Member store commissions	—	10,078	10,078	438	10,517
Revenues related to its own point system	—	2,552	2,552	—	2,552
Annual card membership fees	—	3,751	3,751	—	3,751
Other	2,377	5,501	7,879	1,033	8,913
Revenue arising from contracts with customers	2,377	21,884	24,262	1,472	25,734
Interest on operating loans	76,323	3,721	80,044	15,355	95,400
Customer commissions	4	8,991	8,995	4,224	13,220
Revenue from credit guarantee*2	14,397	1,908	16,306	3,102	19,408
Collection from purchased receivables	—	—	—	1,341	1,341
Recoveries of written off claims	6,128	563	6,691	736	7,428
Other	0	1	2	573	576
Other revenue	86,405	15,186	112,040	25,334	137,374
Sales to external customers	99,231	37,071	136,303	26,806	163,109

*1 The other category comprises business segments not included in reporting segments and encompasses the activities of AG Business Support Corporation, AG Loan Services Corporation, etc.

*2 Revenue from credit guarantee includes the following amounts earned through the liquidation of receivables. AIFUL Corporation: 1,060 million yen Other: 3,091 million yen Total: 4,151 million yen

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

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, 2023 (April 1, 2022 to March 31, 2023)

(1) Balance of contract liabilities, etc.

	(Millions of yen)
	FY ended March 31, 2023
Receivables arising out of contracts with customers (balance at beginning of term)	116
Receivables arising out of contracts with customers (balance at end of term)	104
Contract liabilities (balance at beginning of term)	3,792
Contract liabilities (balance at end of term)	3,721

Contract liabilities are related to its own point system and annual card membership fees. The contract liabilities related to its own point system are the amount of unused points that are provided to card members, which is calculated by multiplying the balance of points as of the end of the consolidated fiscal year by the expected amount of points used. Said contract liabilities are reduced through the posting of revenues from the use of points. The contract liabilities related to annual card membership fees are the amount for the remaining period out of annual card membership fees. Said contract liabilities are reduced through the posting of revenues through the elapse of the period. Out of the revenues recognized in the previous consolidated fiscal year, the amount included in the balance of contract liabilities at the beginning of the term stood at 3,036 million yen. The amount of revenues from the performance obligations fulfilled in the past recognized in the previous consolidated fiscal year is not significant.

(2) 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 previous consolidated fiscal year are the transaction prices allocated to the remaining performance obligations for its own point system, which amount to 2,220 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, 2024

(1) Balance of contract liabilities, etc.

	(Millions of yen)
	FY ended March 31, 2023
Receivables arising out of contracts with customers (balance at beginning of term)	104
Receivables arising out of contracts with customers (balance at end of term)	166
Contract liabilities (balance at beginning of term)	3,721
Contract liabilities (balance at end of term)	3,558

Contract liabilities are related to its own point system and annual card membership fees.

The contract liabilities related to its own point system are the amount of unused points that are provided to card members, which is calculated by multiplying the balance of points as of the end of the consolidated fiscal year by the expected amount of points used. Said contract liabilities are reduced through the posting of revenues from the use of points.

The contract liabilities related to annual card membership fees are the amount for the remaining period out of annual card membership fees. Said contract liabilities are reduced through the posting of revenues through the elapse of the period.

Out of the revenues recognized in the consolidated fiscal year under review, the amount included in the balance of contract liabilities at the beginning of the term stood at 3,086 million yen. The amount of revenues from the performance obligations fulfilled in the past recognized in the consolidated fiscal year under review is not significant.

(2) Transaction prices allocated to the remaining performance obligations

The note about the remaining performance obligations is written for the category “Revenue arising from contracts with customers” in “1. Information on breakdown of revenue arising from contracts with customers.” Regarding member store commissions, there are no transaction prices allocated to the remaining performance obligations. In addition, we adopted a practically convenient method, and annual card membership fees are part of a contract whose assumed period is 1 year or less, so they are not subject to the note. Regarding other operating revenue, its importance is low, so the note is omitted. The performance obligations still to be fulfilled as of the end of the consolidated fiscal year under review are the transaction prices allocated to the remaining performance obligations for its own point system, which amount to 2,070 million yen. For said remaining performance obligations, revenues are expected to be recognized in the coming 60 months according to the use of points.

Notes to segment information, etc.

●Segment information

1. Overview of reporting segments

(1) Determination of reporting segments

The Company’s reporting segments are the Group’s constituent units for which separate financial information is available and which the Board of Directors reviews periodically to decide the allocation of managerial resources and evaluate business performance. The Group conducts business with the Company and its consolidated subsidiaries as the smallest components of its strategies. Therefore, the Group’s reporting segments are its two core companies, namely, AIFUL Corporation and LIFECARD Co., Ltd.

(2) Types of products and services belonging to each reporting segment AIFUL Corporation is mainly engaged in loans and credit guarantees. LIFECARD Co., Ltd. is mainly involved in the credit card and credit guarantee businesses.

2. Calculation of operating revenue, profit or loss, assets, liabilities, etc., of each reporting segment

The accounting methods applied to the reported business segments are the same as those described in “Significant items forming the basis for the preparation of consolidated financial statements.” Profit of the reporting segments is the amount of profit. Inter-segment sales and transfers are based on the amount equivalent to costs of the Company.

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

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders'equity			Other *1	Total
	AIFUL Corporation	LIFECARD Co., Ltd.	Total		
Operating revenue					
Operating revenue from third parties	88,294	35,349	123,643	20,508	144,152
Inter-segment sales and transfers	155	339	495	65	560
Total	88,449	35,689	124,138	20,574	144,713
Segment profit	31,028	911	31,939	1,958	33,897
Segment assets	834,868	216,305	1,051,173	143,976	1,195,150
Segment liabilities	694,207	164,822	859,030	127,656	986,686
Other items					
Provision of allowance for doubtful accounts *2	22,863	4,530	27,394	9,083	36,477
Provision for bonuses	876	28	905	39	944
Depreciation	1,745	1,441	3,186	412	3,599
Interest on loans receivable	1,387	65	1,452	55	1,508
Foreign exchange gains	392	2	395	1	396
Share of profit of entities accounted for using equity method	—	—	—	—	—
Infectious disease related costs	4	—	4	—	4
Loss on investments in silent partnership	—	—	—	16	16
Burden charge payment	—	0	0	—	0
Settlement payments	—	—	—	—	—
Extraordinary income	—	—	—	—	—
Gain on the sale of fixed assets	(—)	(—)	(—)	(—)	(—)
Extraordinary losses	14	233	248	—	248
Loss on valuation of investment securities	(—)	(—)	(—)	(—)	(—)
Loss on valuation of stocks of subsidiaries and affiliates	(14)	(149)	(164)	(—)	(164)
Loss on extinguishment of tie-in shares	(—)	(83)	(83)	(—)	(83)
Income taxes – current	1,526	307	1,833	1,516	3,349
Income taxes – deferred	(809)	(32)	(841)	(1,429)	(2,271)
investments in entities accounted for using equity method	4,168	—	4,168	21	4,189
Increase in property, plant and equipment, and intangible assets	2,509	1,327	3,836	647	4,483

*1 The “other” category comprises business segments not included in reporting segments and encompasses the activities of AG Business Support Corporation, AG Loan Services Corporation, etc.

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

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

(Millions of yen)

	Shareholders'equity			Other *1	Total
	AIFUL Corporation	LIFECARD Co., Ltd.	Total		
Operating revenue					
Operating revenue from third parties	99,231	37,071	136,303	26,806	163,109
Inter-segment sales and transfers	4,635	597	5,232	63	5,296
Total	103,867	37,669	141,536	26,869	168,405
Segment profit (loss)	24,998	363	25,362	(2,377)	22,985
Segment assets	985,303	245,296	1,230,600	211,439	1,442,039
Segment liabilities	820,080	203,324	1,023,405	196,857	1,220,262
Other items					
Provision of allowance for doubtful accounts *2	31,358	5,092	36,450	16,705	53,155
Provision for bonuses	978	27	1,005	41	1,047
Depreciation	1,884	1,511	3,395	448	3,843
Interest on loans receivable	1,805	69	1,875	—	1,875
Foreign exchange gains	417	1	418	1	419
Share of profit of entities accounted for using equity method	—	—	—	—	—
Infectious disease related costs	—	—	—	—	—
Loss on investments in silent partnerships	—	—	—	—	—
Burden charge payment	—	4	4	—	4
Settlement payments	—	—	—	17	17
Extraordinary income	79	—	79	—	79
(Gain on the sale of fixed assets)	(79)	(—)	(79)	(—)	(79)
Extraordinary losses	420	47	467	1,529	1,997
Loss on valuation of investment securities	(—)	(47)	(47)	(—)	(47)
Loss on valuation of stocks of subsidiaries and affiliates	(420)	(—)	(420)	(—)	(420)
Loss on extinguishment of tie-in shares	(—)	(—)	(—)	(1,529)	(1,529)
Income taxes – current	3,238	92	3,331	1,450	4,782
Income taxes – deferred	(1,617)	443	(1,174)	(2,289)	(3,464)
Investments in entities accounted for using equity method	4,168	—	4,168	21	4,189
Increase in property, plant and equipment, and intangible assets	8,034	2,098	10,132	466	10,598

*1 The “other” category comprises business segments not included in reporting segments and encompasses the activities of AG Business Support Corporation, AG Loan Services Corporation, etc.

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

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, 2023	FY ended March 31, 2024
Reporting segment total	124,138	141,536
Operating revenue categorized as “other”	20,574	26,869
Inter-segment eliminations	(560)	(5,296)
Operating revenue posted in consolidated financial statements	144,152	163,109

(Millions of yen)		
Profit (loss)	FY ended March 31, 2023	FY ended March 31, 2024
Reporting segment total	31,939	25,362
Profit (loss) categorized as “other”	1,958	(2,377)
Inter-segment eliminations	(11,080)	(2,851)
Other adjustments	(473)	1,684
Profit attributable to owners of parent posted in consolidated financial statements	22,343	21,818

(Millions of yen)		
Assets	FY ended March 31, 2023	FY ended March 31, 2024
Reporting segment total	1,051,173	1,230,600
Assets categorized as “other”	143,976	211,439
Other adjustments	(124,664)	(175,665)
Total assets posted in consolidated financial statements	1,070,485	1,266,374

(Millions of yen)		
Liabilities	FY ended March 31, 2023	FY ended March 31, 2024
Reporting segment total	859,030	1,023,405
Liabilities categorized as “other”	127,656	196,857
Other adjustments	(95,794)	(155,300)
Total liabilities posted in consolidated financial statements	890,892	1,064,962

(Millions of yen)								
Other items	Reporting segment total		Other		Adjustments		Amount posted in consolidated financial statements	
	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024	FY2023	FY2024
Other items								
Provision of allowance for doubtful accounts *	27,394	36,450	9,083	16,705	(15)	(422)	36,461	52,733
Provision for bonuses	905	1,005	39	41	517	520	1,462	1,567
Depreciation	3,186	3,395	412	448	—	—	3,599	3,843
Interest on loans receivable	1,452	1,875	55	—	(1,489)	(1,791)	19	83
Foreign exchange gains	395	418	1	1	(192)	131	204	551
Share of profit of entities accounted for using equity method	—	—	—	—	184	63	184	63
Infectious disease related costs	4	—	—	—	—	—	4	—
Loss on investments in silent partnerships	—	—	16	—	—	—	16	—
Burden charge payment	0	4	—	—	—	—	0	4
Settlement payments	—	—	—	17	—	—	—	17
Extraordinary income	—	79	—	—	—	—	—	79
Gain on the sale of fixed assets	(—)	(79)	(—)	(—)	(—)	(—)	(—)	(79)
Extraordinary losses	248	467	—	1,529	(233)	(1,529)	14	467
Loss on valuation of investment securities	(—)	(47)	(—)	(—)	(—)	—	(—)	(47)
Loss on valuation of stocks of subsidiaries and affiliates	(164)	(420)	(—)	(—)	(149)	(—)	(14)	(420)
Loss on extinguishment of tie-in shares	(83)	(—)	(—)	(1,529)	(83)	(1,529)	(—)	(—)
Income taxes – current	1,833	3,331	1,516	1,450	—	225	3,349	5,007
Income taxes – deferred	(841)	(1,174)	(1,429)	(2,289)	(64)	(1,551)	(2,336)	(5,016)
Investments in entities accounted for using equity method	4,168	4,168	21	21	245	489	4,434	4,679
Increase in property, plant and equipment, and intangible assets	3,836	10,132	647	466	—	—	4,483	10,598

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

Related information

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

●Information on products and services

	(Millions of yen)				
	Loan business	Credit sales business	Credit guarantee business	Other	Total
Operating revenue from third parties	89,863	27,453	17,393	9,440	144,152

●Information by region

(1) 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.

(2) 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.

●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, 2024 (April 1, 2023 to March 31, 2024)

●Information on products and services

	(Millions of yen)				
	Loan business	Credit sales business	Credit guarantee business	Other	Total
Operating revenue from third parties	101,674	30,822	19,738	10,873	163,109

●Information by region

(1) 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.

(2) 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.

●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]
Not applicable.

[Information on goodwill amortization and unamortized balance of the reporting segments]
Not applicable.

[Information on gain on negative goodwill in each reporting segment]
Not applicable.

[Information on related parties]

Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Not applicable.

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

●Per share information

FY ended March 31, 2023		FY ended March 31, 2024	
Net assets per share	364.01	Net assets per share	409.04
Profit per share	46.19	Profit per share	45.10

1. The diluted profit per share is omitted because there were no latent shares.

2. The basis for calculation of profit per share is as follows:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Profit attributable to owners of parent	22,343	21,818
Amount not attributable to common stockholders	—	—
Profit attributable to owners of parent pertaining to common stock	22,343	21,818
Average number of shares of common stock during the period	483,702,593	483,797,192

3. The basis for calculation of net assets per share is as follows:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Total net assets	179,593	201,412
Amount deducted from total net assets	3,520	3,502
(Portion of non-controlling interest)	(3,520)	(3,502)
Net assets related to common stock at end of FY	176,072	197,909
Number of shares of common stock at end of FY used in the calculation of net assets per share	483,702,522	483,836,820

Important subsequent events

Business combination through acquisition of shares

The Company concluded the share transfer agreement to acquire all shares of BitCash Inc. on June 11, 2024.

We aim to complete the share acquisition by the end of July 2024.

●Outline of business combination

(1) Name and business of the acquired company

Name of acquired company: BitCash Inc.

Business: Issuance of prepaid electronic money, electronic payment service using electronic money

(2) Main reasons for business combination

BitCash Inc. is a fee-based business that does not require funds and the Company aims to increase revenue by expanding its share in the payments market, which has high profit margin.

(3) Date of business combination

The share acquisition date has not been determined as of now. It will be disclosed as soon as it is determined.

(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.

Note:The acquisition of all shares of BitCash Inc. was completed on June 28, 2024.

●Acquisition cost of the acquired company and its breakdown

Consideration for acquisition	Cash	¥9,200 million
Acquisition cost		¥9,200 million

●Details and amounts of main acquisition-related costs

They have not been determined as of now.

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

They have not been determined as of now.

●Amounts of assets acquired and liabilities assumed on the date of business combination and their main breakdown

They have not been determined as of now.

Consolidated Schedules

Bonds schedule

Company name	Issue	Date of issue	Balance at April 1, 2023 (Millions of yen)	Balance at March 31, 2024 (Millions of yen)	Interest rate(%)	Security	Maturity date
The Company	64th unsecured straight bond	July 15, 2022	30,000	30,000	0.940	Unsecured	June 14, 2024
	65th unsecured straight bond	December 14, 2022	15,000	15,000	0.970	Unsecured	December 12, 2025
	66th unsecured straight bond	June 13, 2023	—	15,000	0.870	Unsecured	June 12, 2026
	67th unsecured straight bond	January 26, 2024	—	20,000	0.900	Unsecured	January 26, 2027
Total		—	45,00	80,000 (30,000)	—	—	—

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
30,000	15,000	35,000	—	—

Borrowings schedule

Category	Balance at April 1, 2023 (Millions of yen)	Balance at March 31, 2024 (Millions of yen)	Average interest rate (%)	Repayment due date
Short-term borrowings (including short-term borrowings of subsidiaries and associates)	71,316	102,587	1.85	—
Commercial paper	12,000	—	—	—
Current portion of long-term borrowings	183,832	233,660	1.02	—
Current portion of lease obligations	1,073	464	—	—
Long-term borrowings (excluding the current portion)	249,087	248,657	0.93	From April 2025 to June 2028
Lease obligations (excluding the current portion)	694	243	—	From April 2025 to June 2028
Total	518,004	585,614	—	—

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	156,551	71,605	14,432	5,321
Lease obligations	194	28	19	2

[Asset retirement obligations schedule]
Disclosure is omitted since the amounts of asset retirement obligations at the beginning and end of the fiscal year under review are not more than one hundredth (1/100) of the sum total of liabilities and net assets at the beginning and end of the fiscal year under review.

Others

Quarterly information for the consolidated fiscal year under review

(Millions of yen)

Category	First three months	First six months	First nine months	FY ended March 31, 2024
Operating revenue	38,665	79,092	121,518	163,109
Profit before income taxes	3,408	7,261	16,197	21,493
Profit attributable to owners of parent	2,968	6,609	14,424	21,818
Profit per share (yen)	6.14	13.66	29.82	45.10

(Millions of yen)

(Fiscal period)	First quarter	Second quarter	Third quarter	Fourth quarter
Profit per share (yen)	6.14	7.53	16.15	15.28

Non-Consolidated Balance Sheets

	(Millions of yen)	
	2023/3	2024/3
Assets		
Current assets		
Cash and deposits(Note 1)	20,826	21,141
Operating loans(Notes 1,2,4 and 5)	495,446	557,786
Accounts receivable-installment(Note 1)	185	162
Customers' liabilities for acceptances and guarantees(Note 4)	184,541	218,459
Other operating receivables(Note 4)	11,326	14,198
Prepaid expenses	407	364
Accrued income(Note 4)	3,562	3,840
Other	9,298	9,793
Allowance for doubtful accounts(Note 6)	(39,854)	(45,930)
Total current assets	685,740	779,817
Non-current assets		
Property, plant and equipment		
Buildings(Note 1)	13,008	13,018
Accumulated depreciation	(9,322)	(8,959)
Buildings, net(Note 1)	3,686	4,059
Structures(Note 1)	819	739
Accumulated depreciation	(679)	(622)
Structures, net(Note 1)	139	117
Machinery and equipment(Note 1)	146	146
Accumulated depreciation	(139)	(141)
Machinery and equipment, net(Note 1)	7	5
Vehicles	0	1
Accumulated depreciation	(0)	(0)
Vehicles, net	0	0
Furniture and fixtures(Note 1)	3,479	3,537
Accumulated depreciation	(2,993)	(3,067)
Furniture and fixtures, net(Note 1)	486	470
Land(Note 1)	6,810	6,726
Leased assets	1,194	1,194
Accumulated depreciation	(708)	(899)
Leased assets, net	486	295
Construction in progress	42	1,003
Total property, plant and equipment	11,659	12,678
Intangible assets		
Software	2,289	2,241
Software in progress	1,832	6,970
Other	79	73
Total intangible assets	4,201	9,285
Investments and other assets		
Investment securities	1,279	1,281
Shares of subsidiaries and associates	34,766	25,660
Long-term loans receivable from subsidiaries and associates	83,645	141,423
Claims provable in bankruptcy(Note 4)	11,676	7,645
Long-term prepaid expenses	307	231
Deferred tax assets	10,471	12,088
Lease and guarantee deposits	1,183	1,279
Other	374	347
Allowance for doubtful accounts	(10,437)	(6,436)
Total investments and other assets	133,267	183,521
Total non-current assets	149,127	205,486
Total assets	834,868	985,303

	(Millions of yen)	
	2023/3	2024/3
Liabilities		
Current liabilities		
Acceptances and guarantees	184,541	218,459
Short-term borrowings(Note 1)	3,550	36,800
Short-term loans payable to subsidiaries and associates	1,734	959
Commercial papers	12,000	—
Current portion of bonds	—	30,000
Current portion of long-term borrowings(Note 1)	177,585	222,002
Lease obligations	209	191
Trade accounts payable	5,412	5,034
Accrued expenses	647	770
Income taxes payable	1,418	3,045
Allowance for bonuses	1,482	1,598
Allowance for directors bonuses	39	—
Provision for share-based remuneration	44	51
Other	539	661
Total current liabilities	389,206	519,575
Non-current liabilities		
Bonds payable	45,000	50,000
Long-term borrowings(Note 1)	241,916	237,222
Lease obligations	328	136
Provision for loss on interest repayment	14,943	9,948
Asset retirement obligations	2,013	2,397
Other	799	800
Total non-current liabilities	305,001	300,505
Total liabilities	694,207	820,080
Net Assets		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus		
Legal capital surplus	52	52
Total capital surplus	52	52
Retained earnings		
Legal retained earnings reserve	96	145
Other retained earnings		
Retained earnings brought forward	49,098	73,155
Total retained earnings	49,195	73,300
Treasury shares	(3,110)	(2,655)
Total shareholders' equity	140,165	164,726
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	494	496
Total valuation and translation adjustments	494	496
Total net assets	140,660	165,222
Total liabilities and net assets	834,868	985,303

Non-Consolidated Statements of Income

	(Millions of yen)	
	2023/3	2024/3
Operating revenue		
Interest on operating loans	67,596	76,323
Other financial revenue	0	0
Other operating revenue		
Revenue from credit guarantee	12,447	14,397
Recoveries of written off claims	6,357	6,128
Other	2,048	7,017
Total other operating revenue	20,852	27,543
Total operating revenue	88,449	103,867
Operating expenses		
Financial expenses		
Interest expenses	4,078	4,053
Interest on bonds	429	568
Other	736	684
Total financial expenses	5,245	5,306
Other operating expenses		
Advertising expenses	14,097	13,937
Commissions	6,449	6,842
Provision of allowance for doubtful accounts	22,406	31,172
Employees' salaries, allowances and bonuses	6,657	7,327
Provision for bonuses	876	978
Retirement benefit expenses	306	315
Welfare expenses	1,665	1,851
Depreciation	1,745	1,884
Other	9,871	9,911
Total other operating expenses	64,076	74,221
Total operating expenses	69,322	79,527
Operating profit	19,127	24,339
Non-operating income		
Interest on loans(Note 1)	1,387	1,805
Foreign exchange gains	392	417
Dividend income	10,831	37
Other(Note 1)	489	554
Total non-operating income	13,100	2,814
Non-operating expenses		
Provision of allowance for doubtful accounts	3	—
Infection-related expenses	4	—
Other	6	6
Total non-operating expenses	15	6
Ordinary profit	32,213	27,147

	(Millions of yen)	
	2023/3	2024/3
Extraordinary income		
Gain on the sale of fixed assets(Note 2)	—	79
Total extraordinary income	—	79
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates(Note 3)	14	420
Provision of allowance for doubtful accounts(Note 3)	453	186
Total extraordinary losses	468	606
Profit before taxes	31,744	26,620
Income taxescurrent	1,526	3,238
Income taxesdeferred	(809)	(1,617)
Total income taxes	716	1,621
Profit	31,028	24,998

Corporate Overview



Group Companies

	Unsecured consumer loan/Small business loan /Credit guarantee
	Credit card/Prepaid card/Credit guarantee Receiving agent service
	Small business loan/Secured loan/Factoring
	Venture capital business
	Debt collection (Servicer)/Restructuring
	Receiving agent service / Installment credit sales / Post-pay settlement business
	Corporate turnaround & restructuring
	Medical loan secured by medical fee receivables
	Social lending
	Leaseback service
	Secured loan
	Guarantee (Rent liabilities)
	Small Amount Short-Term Insurance
	Various Business System Development/Web Site Creation・Web App Development/Infrastructure Construction/Test/ Validation
	System Development / Maintenance and Operation / Web Design / Sales Consulting Service / Data Input Service
	IT consulting services / Application development / Network construction and operation / Infrastructure construction
	Issuance of prepaid electronic money / Electronic payment service using electronic money
	Consumer finance (Thailand)
	Used car loans (Indonesia)

Corporate Overview

(As of March 31, 2024)

Corporate Name	AIFUL CORPORATION
Address of Head Office	381-1, Takasago-cho, Gojo-Agaru, Karasuma-Dori, Shimogyo-ku, Kyoto 600-8420, Japan
Date of Establishment	April 1967
Paid-in Capital	¥94,028 million
Fiscal Year End	March 31
Fiscal Year	April 1 to March 31
Business Outline	Consumer Finance Business, Small Business Loan Business, Credit Guarantee Business
Industrial Classification	Other Financing Business
Stock Listing	Tokyo Stock Exchange, Prime Market
Securities Code	8515
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited
Independent Auditor	Deloitte Touche Tohmatsu LLC
Number of Employees	Non-consolidated 1,229 (As of March 31, 2024) Consolidated 2,470 (As of March 31, 2024)

Stock Information

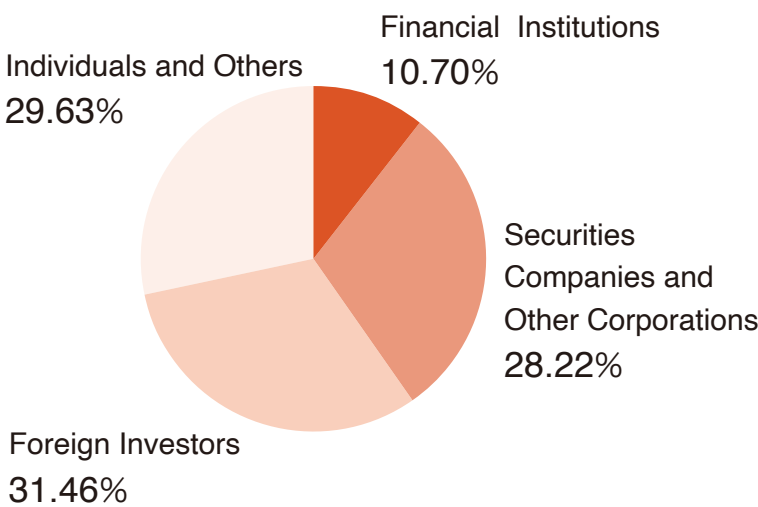
(As of March 31, 2024)

Total Number of Shares Authorized: 1,136,280,000
Total Number of Shares Issued: 484,620,136
Number of Shareholders: 19,215

Principal Shareholders

Name	Number of Shares (Thousands)	Percentage of Total Shares Outstanding (%)
AMG Co., Ltd.	94,814	19.56
Mitsuhide Fukuda	62,172	12.83
The Master Trust Bank of Japan, Ltd. (trust account)	39,270	8.10
Marutaka Co., Ltd.	24,543	5.06
JP MORGAN CHASE BANK 385632	23,772	4.91
MSIP CLIENT SECURITIES	19,726	4.07
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	15,879	3.28
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	10,221	2.11
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	8,361	1.73
Custody Bank of Japan, Ltd. (trust account)	8,269	1.71

Composition of Shareholders



Contact Information

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