



Third Quarter of FY2024/3  
Presentation Material





① Top Message	03-12
② Consolidated Financial Results Summary	13-24
③ “Changes” in AIFUL Group	25-31
④ AIFUL Results Summary	32-41
⑤ LIFECARD Results Summary	42-49
⑥ Group Companies Results Summary	50-54
⑦ Appendix	55-59





# 1 Top Message

# Top Message (Growth Strategy)

## Successful investment in aggressive advertising has resulted in improved medium-term profit level

~ Continue to invest in advertising for our flagship unsecured loan business to Achieve Industry-Leading Loan Balances~

- To ensure future profitability, aggressive investment in advertising tailored to funding demands and market conditions has been successful. New account acquisitions in the flagship unsecured loan business showed strong performance with double-digit growth in both balances and topline, indicating steady expansion. (p5-6)
- On the other hand, a growth in restructured receivables in NPL caused by the increasing proportion of 'relatively new accounts,' which carry higher risks compared to existing customers, and the increased number of legal intervention claims have contributed to an increase in credit cost. (P20-22)
- Operating profit was temporarily impacted by higher credit cost, resulting in revision to current FY's forecast. However, the medium-term profit outlook has improved. (P14-15)  
\*JCR credit rating upgraded in recognition of profit level and earnings stability due to business expansion in each business segments(BBB+ ⇒ A-)
- The medium-term business plan, including capital policy framework, starting in the next FY is planned to be disclosed.

**New accounts**  
at AIFUL

**268,000 (YOY+26.4%)**

**Total receivable**

**1,135.1bn (+16.1%)**

**Operating revenue**

**121.5bn (+13.0%)**

**Credit cost**

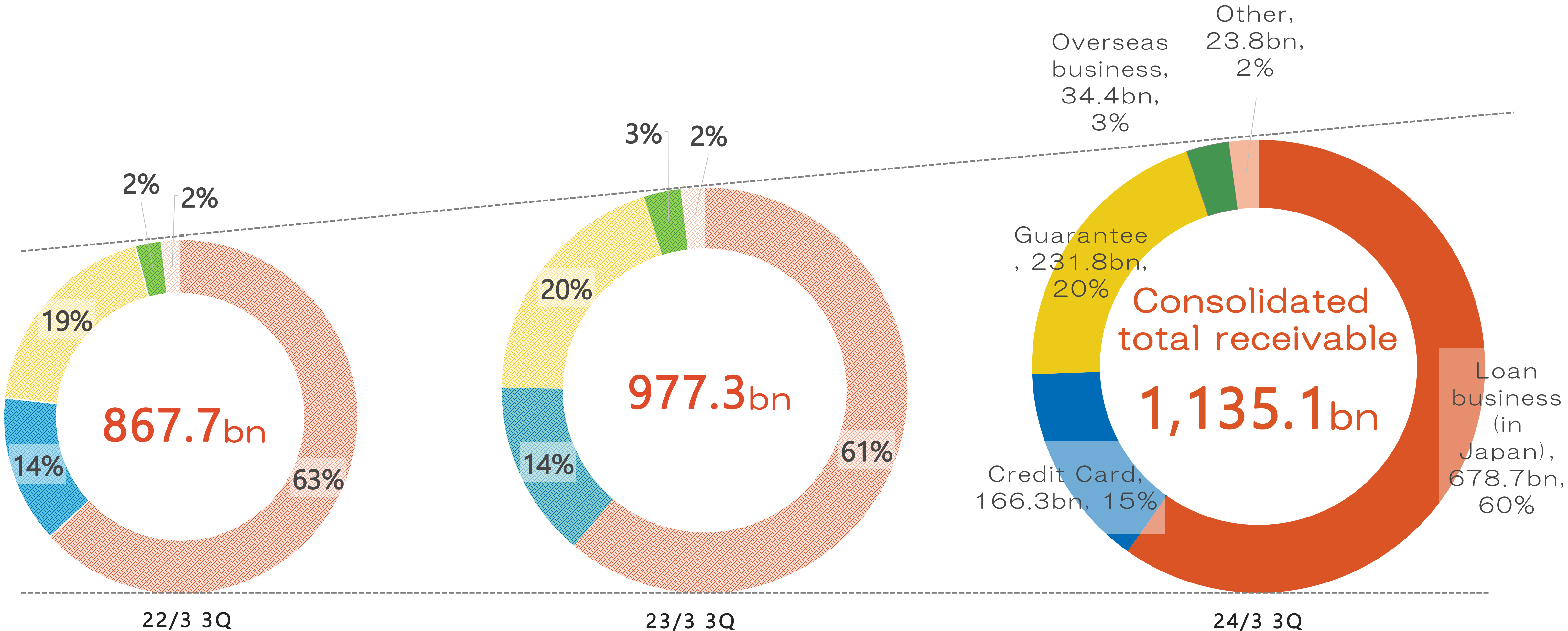
**38.9bn (+35.3%)**

**Operating profit**

**15.3bn (-13.3%)**

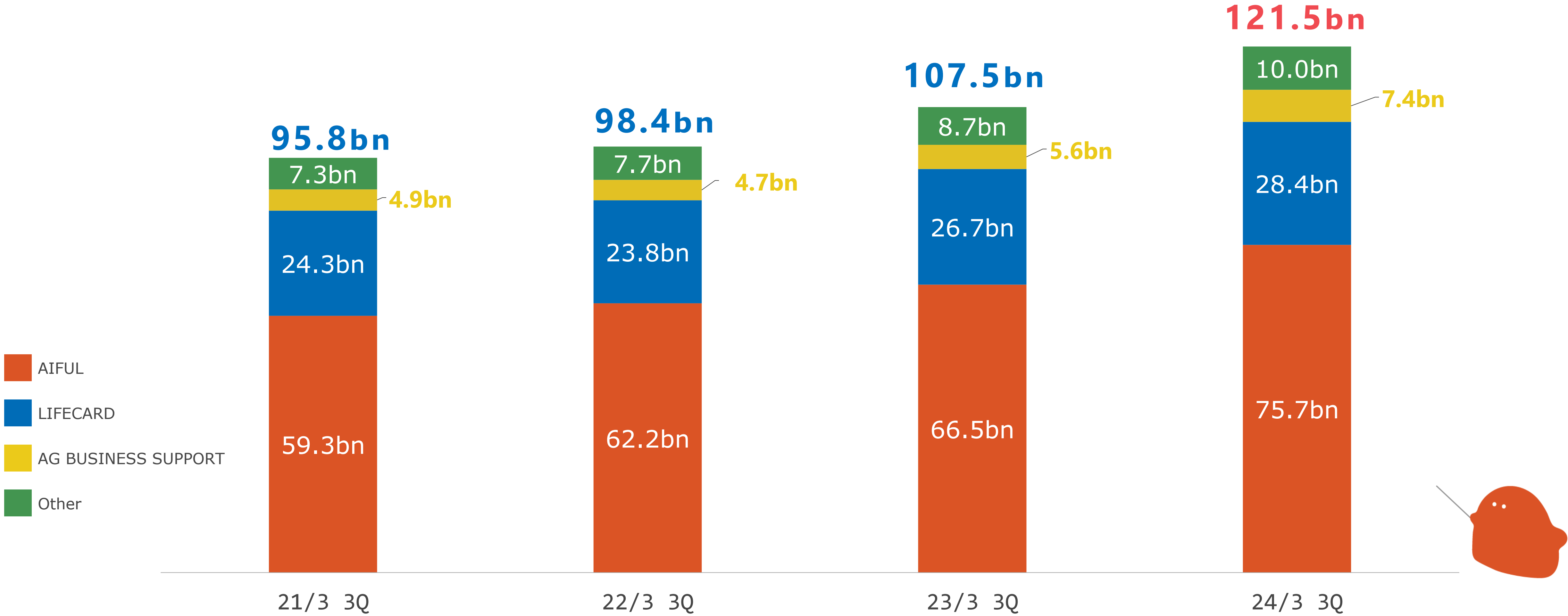
# Highlights/Business Portfolio

- Business portfolio improved on the back of business expansion in the guarantee and credit card businesses.



# Highlights/Operating Revenue

● Operating revenue growth of group companies remained strong as total receivable outstanding increased.

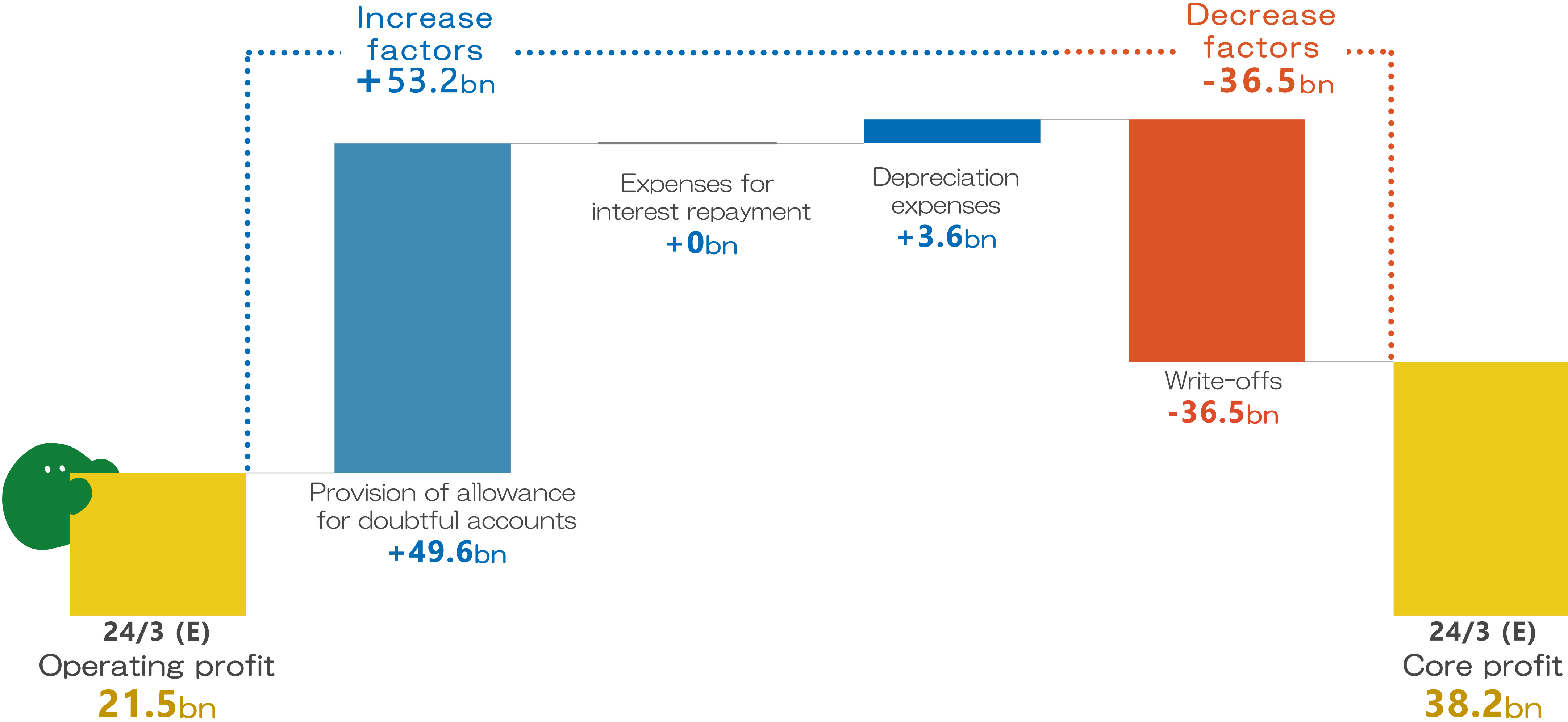


\*Consolidation adjustments are accounted for under the 'other' category.



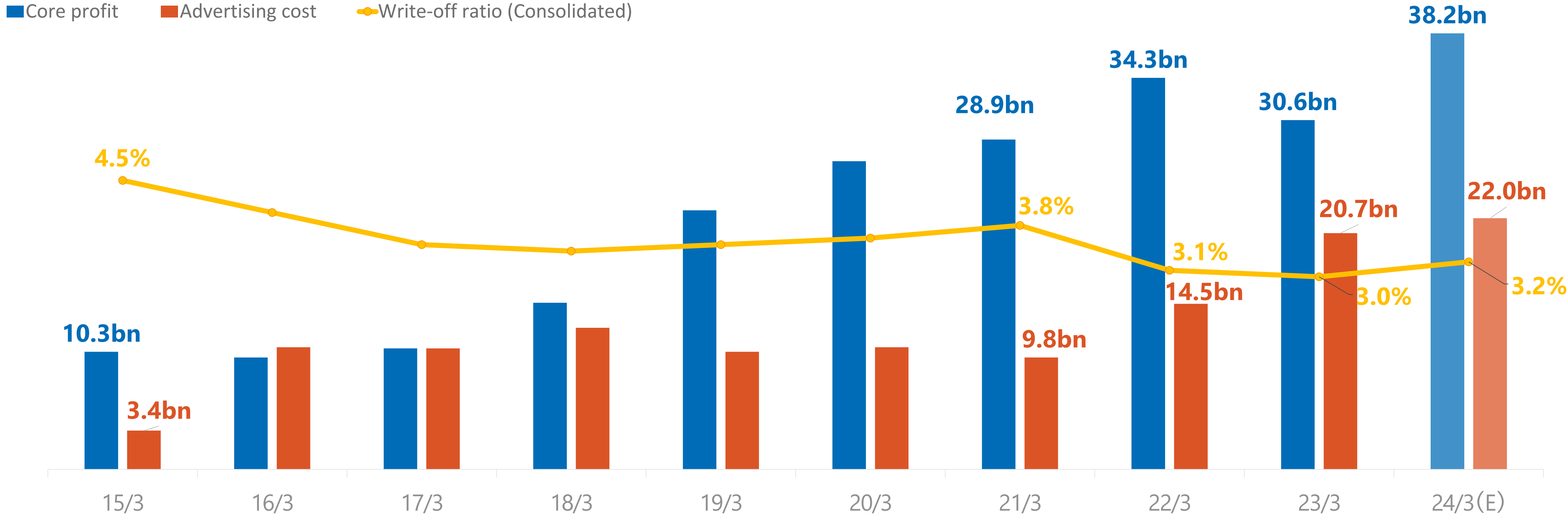
# About Core Profit

- Core profit is calculated to simplify the understanding of profit growth potential in the core business.
- The core profit represents the single-year core business profit calculated by excluding provisions (such as credit cost and interest repayment) and depreciation expenses from the operating profit, while adding the amount of write-offs.



# Trend in Core Profit (over 10 years)

- While maintaining a low write off ratio, the company has been able to generate solid profits from its core business through appropriate advertising.



※Core profit : Operating profit - (expenses for interest repayment + provision of allowance for doubtful account + depreciation) -(current FY's write off)

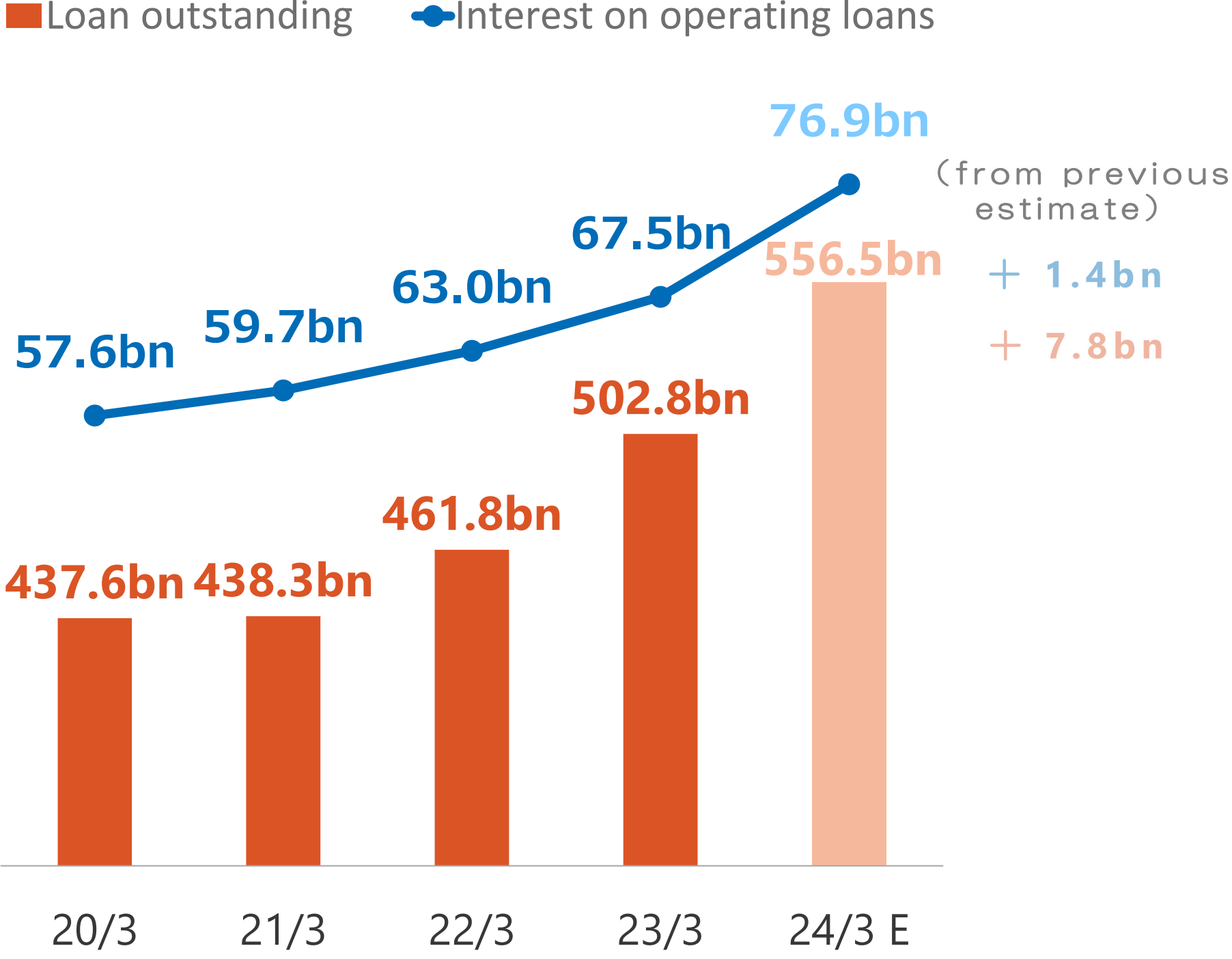
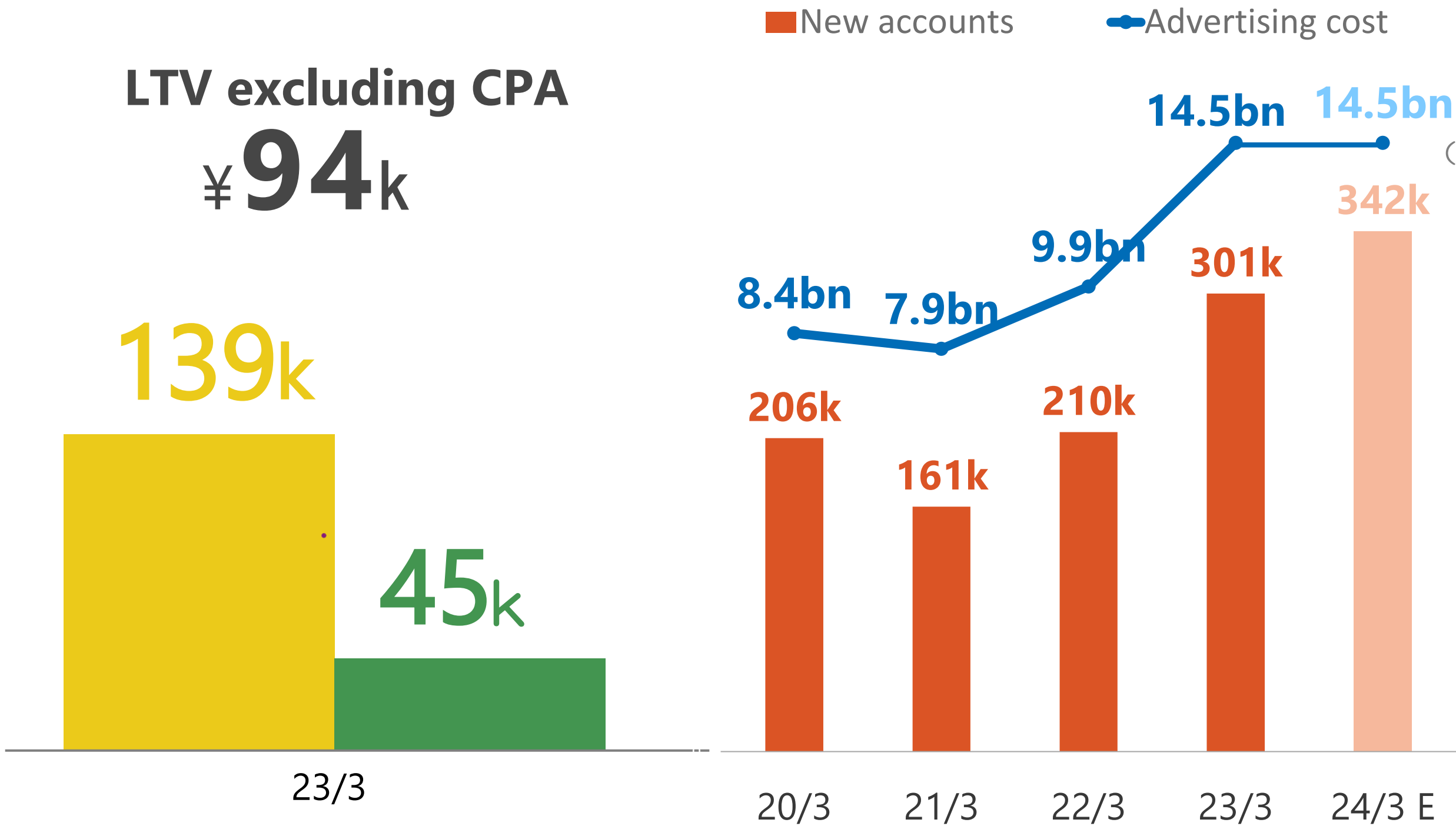


# LTV/CPA (AIFUL)

- Advertising expenses rose YoY while continuing efficient new account acquisition.
- As a result, new account acquisition significantly increased, and the loan outstanding grew steadily, ensuring future profits.

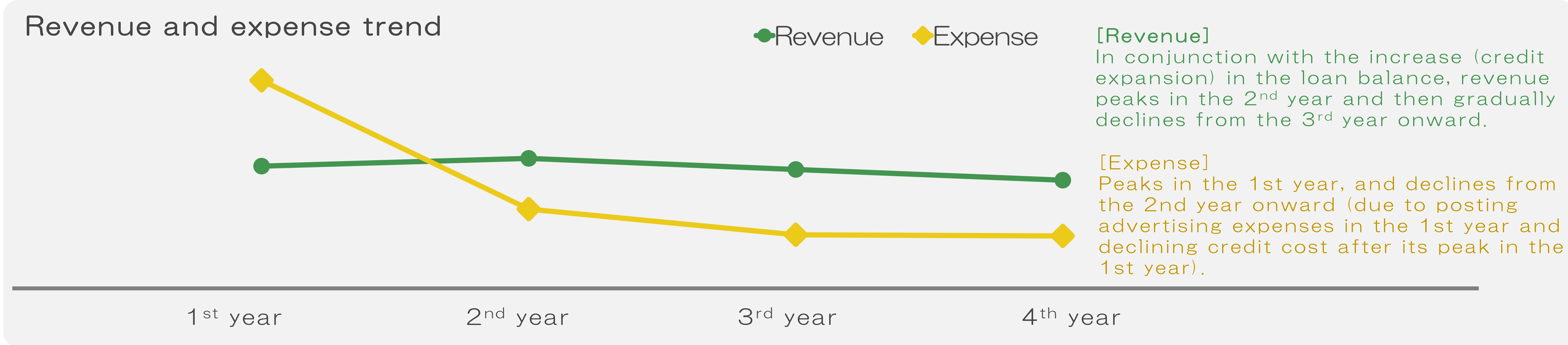
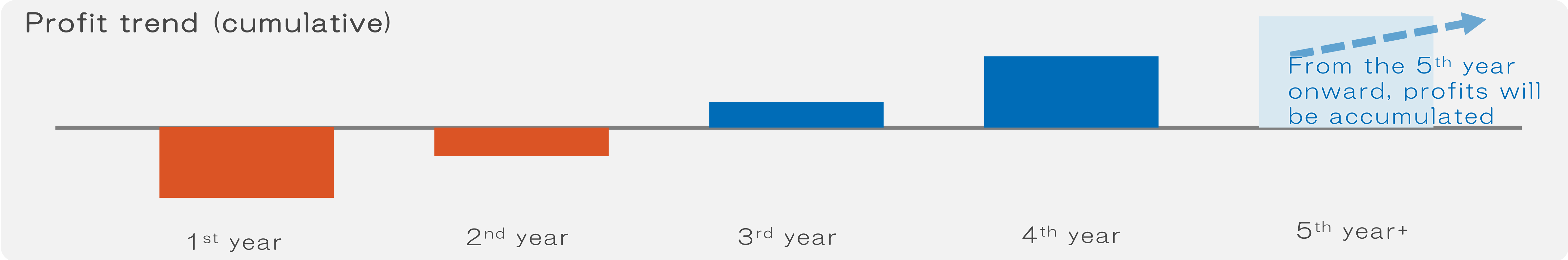
**LTV** Customer lifetime profit (lifetime profit generated over the period of customer use excluding advertising expenses)

**CPA** CPA, the cost per acquisition



# Loan Business/New Accounts (AIFUL)

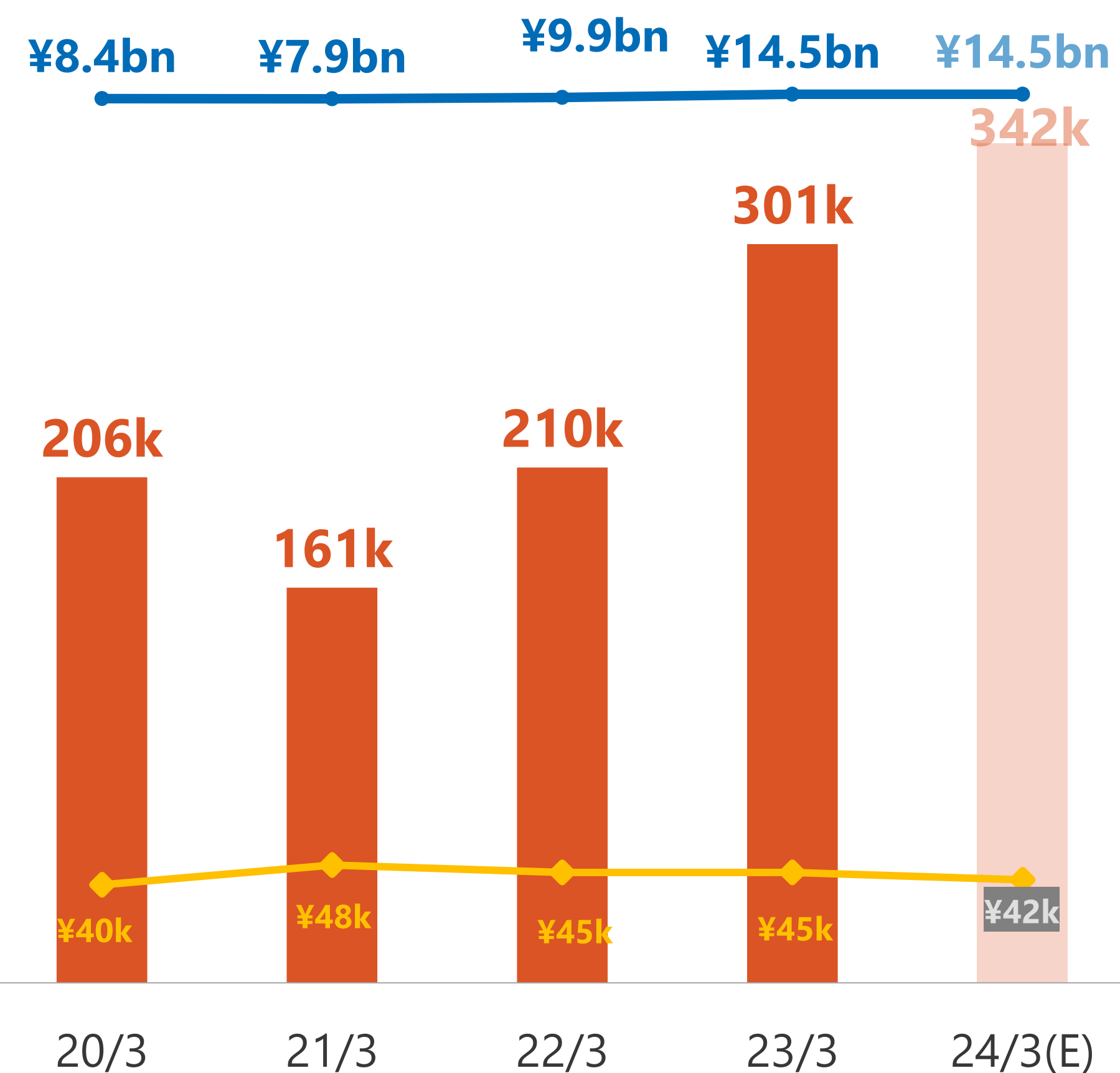
- Profit is realized from the third year after new acquisition.



# Reasons for increase in new accounts (AIFUL)

## 【Results】 Advertising cost and New accounts

■ New accounts    ◆ CPA    — Advertising cost



## Reasons for increase in new accounts (unsecured loan)

### Industry-wide

- Recovery of market demand for funds 【cf. p.57】
- Change in application channels (improved convenience)  
⇒ From physical store to smartphone
- Improved convenience led to change in customer demographics  
⇒ Increase in female customers

### AIFUL

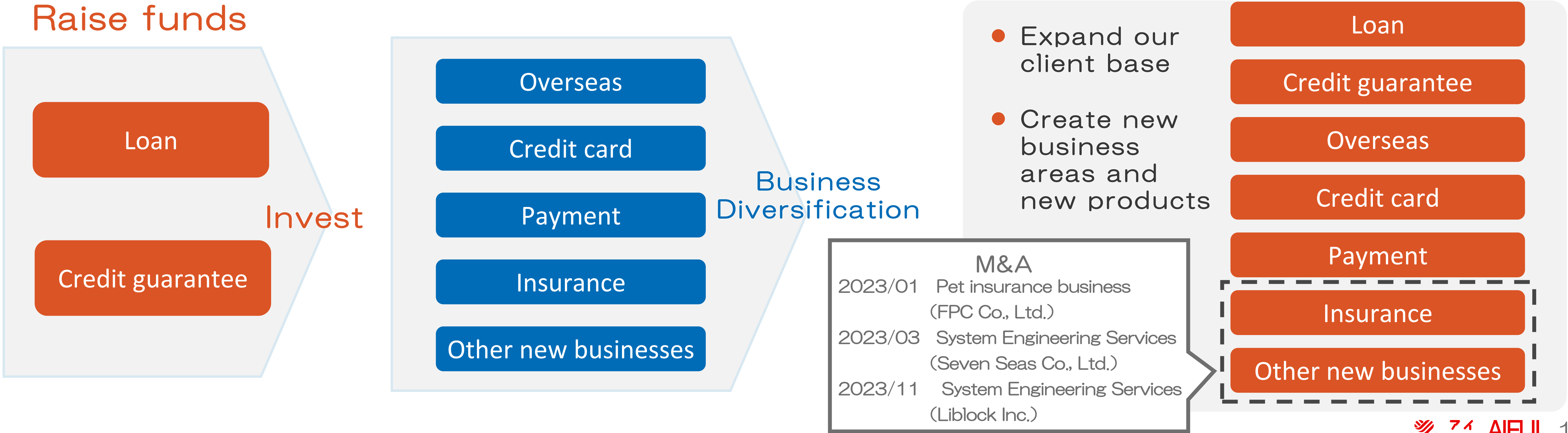
- Aggressive investment in advertising to meet funding needs
- UI/UX improvement through digitalization 【cf. p.26-27】  
⇒ Improvement of CV rate by pursuing UI/UX
- Financial inclusion  
⇒ Small amount loan

# Growth Strategy

## Transformation into an IT Company ~ Striving to be a company that lasts for 100 years ~

The loan business, which is our core business, moves from the current high growth phase to a moderate and stable growth phase in the future

Growth phases of loan business	Policy
High growth phase (Approx. 5 years from present)	<ul style="list-style-type: none"> <li>Secure investment funds through the growth in the balance of mainstay loans and credit guarantee business and by improving profitability through pursuit of efficiency.</li> <li>“Expand our client base” by investing in the promising markets including overseas, credit card and payment businesses.</li> <li>“Create new business areas and new products” to acquire new customer base by investing in M&amp;A and business partnerships.</li> </ul>
Stable growth phase (in the long term )	<ul style="list-style-type: none"> <li>Achieve sustainable growth through profits generated by investment in overseas, credit card and payment businesses.</li> </ul>





## 2 Consolidated Financial Results Summary



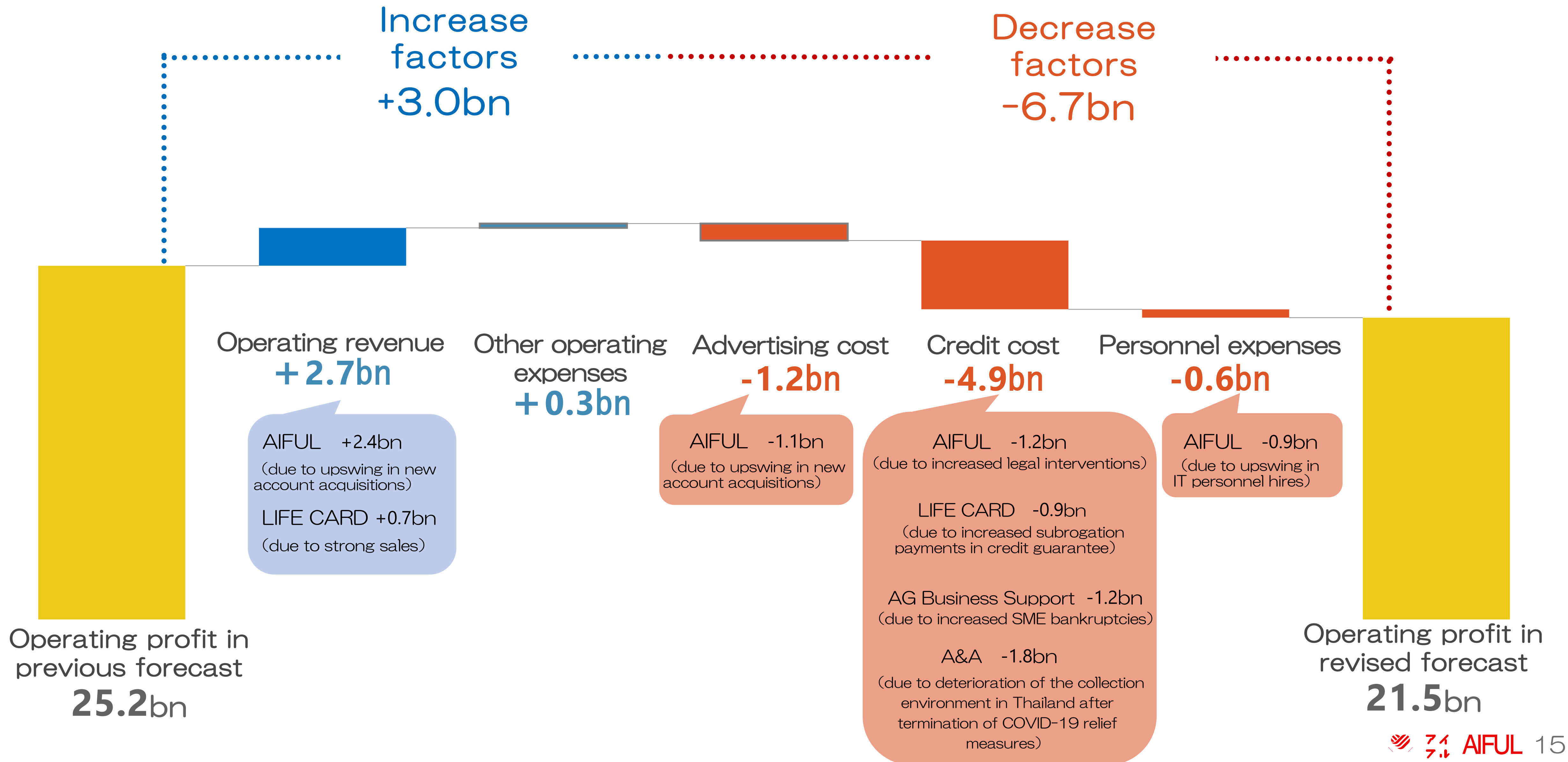
# Revisions to Financial Results Forecast for FY2023 (Consolidated)

- The strong performance on acquisition of new contracts led to upward revisions of total receivable and operating revenue.
- Operating profit and profit attributable to owners of parent were revised downward because of an increase in advertising expenses reflecting the strong performance on acquisition of new contracts, as well as an increase in credit cost due to a recent increase in legal intervention claims and deterioration in the circumstances of collection in the SME loan and the loan business in Thailand following the termination of COVID-19 relief measures.

	Previous		Revised	
Total receivable	1,156.4 bn		1,168.8 bn (YoY +15.0%)	↑
Loan	715.6 bn	→	727.6 bn (YoY +12.2%)	↑
Credit guarantee	236.1 bn		238.6 bn (YoY +17.3%)	↑
Operating revenue	161.2 bn		163.9 bn (YoY +13.7%)	↑
Operating profit	25.2 bn	→	21.5 bn (YoY -9.4%)	↓
(Core profit)	38.2 bn		38.2 bn	→
Profit attributable to owners of parent	22.6 bn		20.4 bn (YoY -8.7%)	↓



# Consolidated Operating Profit Differences (between initial and revised forecasts for FY2023)



# Key Figures & Full-year Plan (Consolidated)

- In the backdrop of strong performance driven by new loans in line with the market recovery, both the total receivable and operating revenue have achieved double-digit growth.

(¥ million)	23/3 3Q	24/3 3Q	YOY	YOY%	24/3(E)	YOY	YOY%
Total receivable outstanding	977,341	<b>1,135,180</b>	<b>157,839</b>	<b>16.1%</b>	1,168,800	152,889	15.0%
Loan business	625,936	<b>713,148</b>	<b>87,211</b>	<b>13.9%</b>	727,600	78,839	12.2%
Unsecured	534,184	<b>596,105</b>	<b>61,920</b>	<b>11.6%</b>	610,000	59,352	10.8%
Secured	23,341	<b>33,109</b>	<b>9,767</b>	<b>41.8%</b>	32,500	6,520	25.1%
Small Business	68,410	<b>83,933</b>	<b>15,523</b>	<b>22.7%</b>	84,900	12,766	17.7%
Credit business	137,447	<b>166,340</b>	<b>28,893</b>	<b>21.0%</b>	177,800	34,900	24.4%
Guarantees	195,282	<b>231,829</b>	<b>36,546</b>	<b>18.7%</b>	239,000	34,921	17.1%
Credit guarantee	194,597	<b>231,385</b>	<b>36,787</b>	<b>18.9%</b>	238,600	35,107	17.3%
Other	685	<b>443</b>	<b>-241</b>	<b>-35.3%</b>	300	-285	-48.8%
Operating revenue	107,583	<b>121,518</b>	<b>13,934</b>	<b>13.0%</b>	163,900	19,747	13.7%
Operating expenses	89,828	<b>106,132</b>	<b>16,304</b>	<b>18.2%</b>	142,400	21,972	18.2%
Operating profit	17,755	<b>15,386</b>	<b>-2,369</b>	<b>-13.3%</b>	21,500	-2,224	-9.4%
Ordinary profit	18,320	<b>16,188</b>	<b>-2,132</b>	<b>-11.6%</b>	21,700	-2,728	-11.2%
Profit attributable to owners of parent	16,869	<b>14,424</b>	<b>-2,444</b>	<b>-14.5%</b>	20,400	-1,943	-8.7%

# Key Figures & Full-year Plan (Consolidated)

- Profit decreased from the same period of previous year, due to increases in advertising cost and credit cost.

(¥ million)	23/3 3Q	24/3 3Q	YOY	YOY%	24/3 (E)
Operating revenue	107,583	<b>121,518</b>	<b>13,934</b>	<b>13.0%</b>	<b>163,900</b>
Interest on operating loans	62,351	<b>70,716</b>	<b>8,365</b>	<b>13.4%</b>	<b>95,900</b>
Revenue from installment receivable	17,035	<b>19,721</b>	<b>2,686</b>	<b>15.8%</b>	<b>26,700</b>
Revenue from credit guarantee	12,532	<b>14,403</b>	<b>1,871</b>	<b>14.9%</b>	<b>19,300</b>
Other operating revenue	15,665	<b>16,676</b>	<b>1,011</b>	<b>6.5%</b>	<b>21,900</b>
Operating expenses	89,828	<b>106,132</b>	<b>16,304</b>	<b>18.2%</b>	<b>142,400</b>
Financial expenses	5,363	<b>5,386</b>	<b>22</b>	<b>0.4%</b>	<b>7,500</b>
Expenses for interest repayment	—	—	—	—	—
Credit cost	28,815	<b>38,982</b>	<b>10,166</b>	<b>35.3%</b>	<b>49,600</b>
Advertising cost	14,190	<b>16,678</b>	<b>2,488</b>	<b>17.5%</b>	<b>22,000</b>
Personnel expenses	12,866	<b>14,188</b>	<b>1,322</b>	<b>10.3%</b>	<b>19,300</b>
Other operating expenses	28,592	<b>30,896</b>	<b>2,304</b>	<b>8.1%</b>	<b>43,900</b>

(¥ million)	23/3 3Q	24/3 3Q	YOY	YOY%	24/3 (E)
Operating profit	17,755	<b>15,386</b>	<b>-2,369</b>	<b>-13.3%</b>	<b>21,500</b>
Non-operating income	602	<b>873</b>	<b>271</b>	<b>45.0%</b>	<b>500</b>
Non-operating expenses	36	<b>71</b>	<b>34</b>	<b>95.5%</b>	<b>200</b>
Ordinary profit	18,320	<b>16,188</b>	<b>-2,132</b>	<b>-11.6%</b>	<b>21,700</b>
Extraordinary income	—	<b>56</b>	<b>56</b>	—	—
Extraordinary losses	—	<b>47</b>	<b>47</b>	—	—
Profit before income taxes	18,320	<b>16,197</b>	<b>-2,123</b>	<b>-11.6%</b>	<b>21,700</b>
Income taxes-current	2,521	<b>2,721</b>	<b>200</b>	<b>7.9%</b>	<b>3,800</b>
Income taxes-deferred	-1,505	<b>-1,127</b>	<b>378</b>	<b>-25.1%</b>	<b>-2,200</b>
Profit attributable to non-controlling interest	435	<b>178</b>	<b>-257</b>	<b>-59.1%</b>	<b>-300</b>
Profit attributable to owners of parent	16,869	<b>14,424</b>	<b>-2,444</b>	<b>-14.5%</b>	<b>20,400</b>

# Profitability KPI

● Trend of ROA and ROE

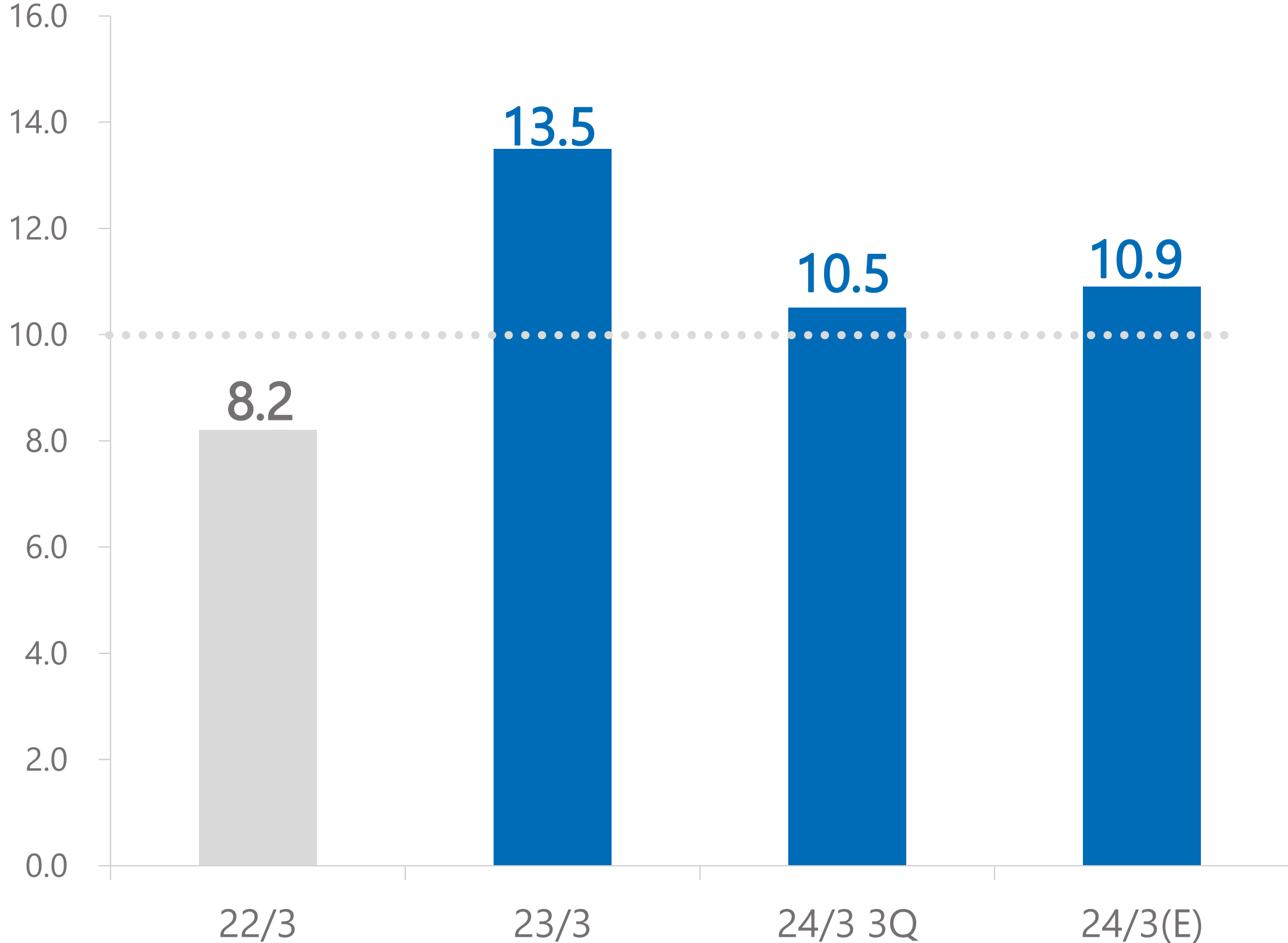
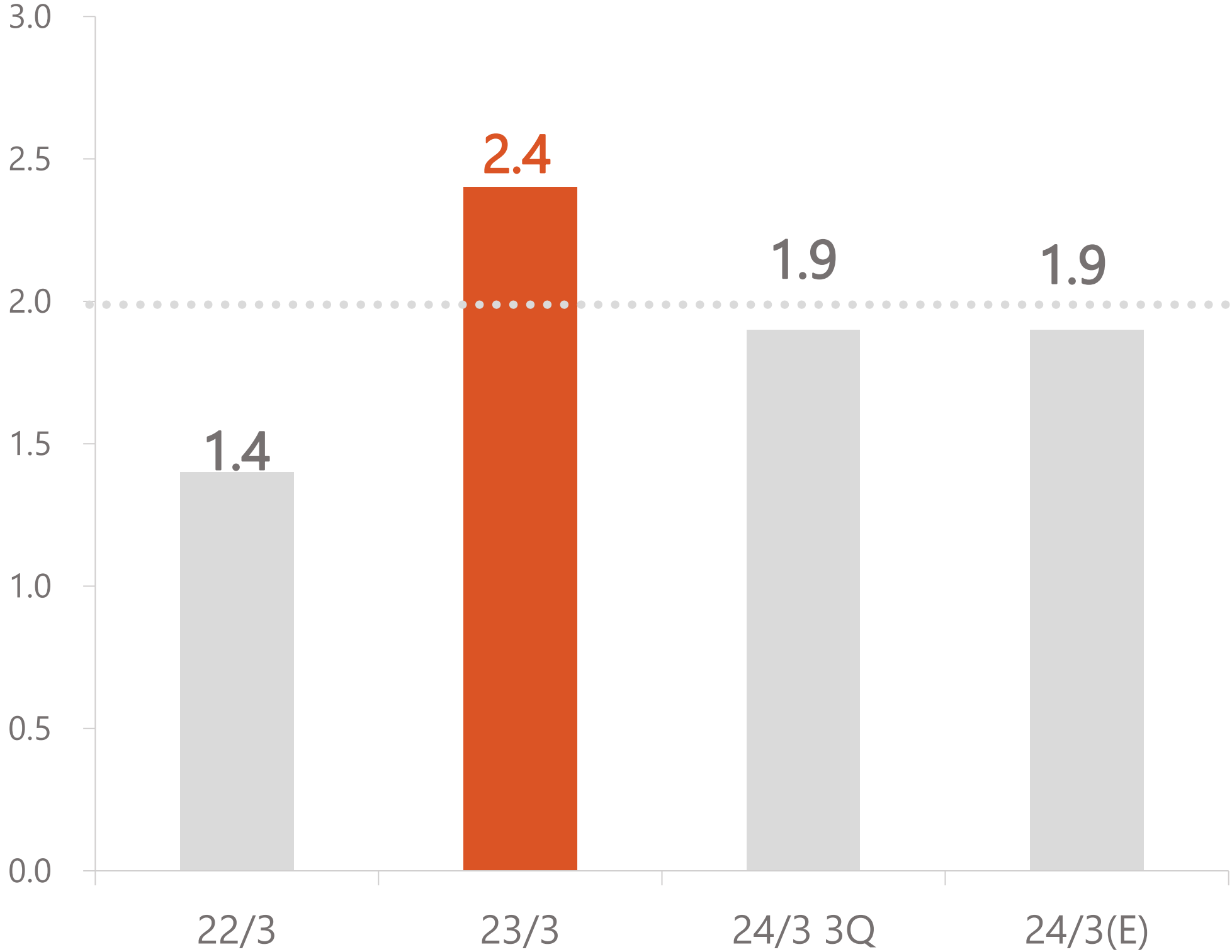


More than 2%

ROA

More than 10%

ROE

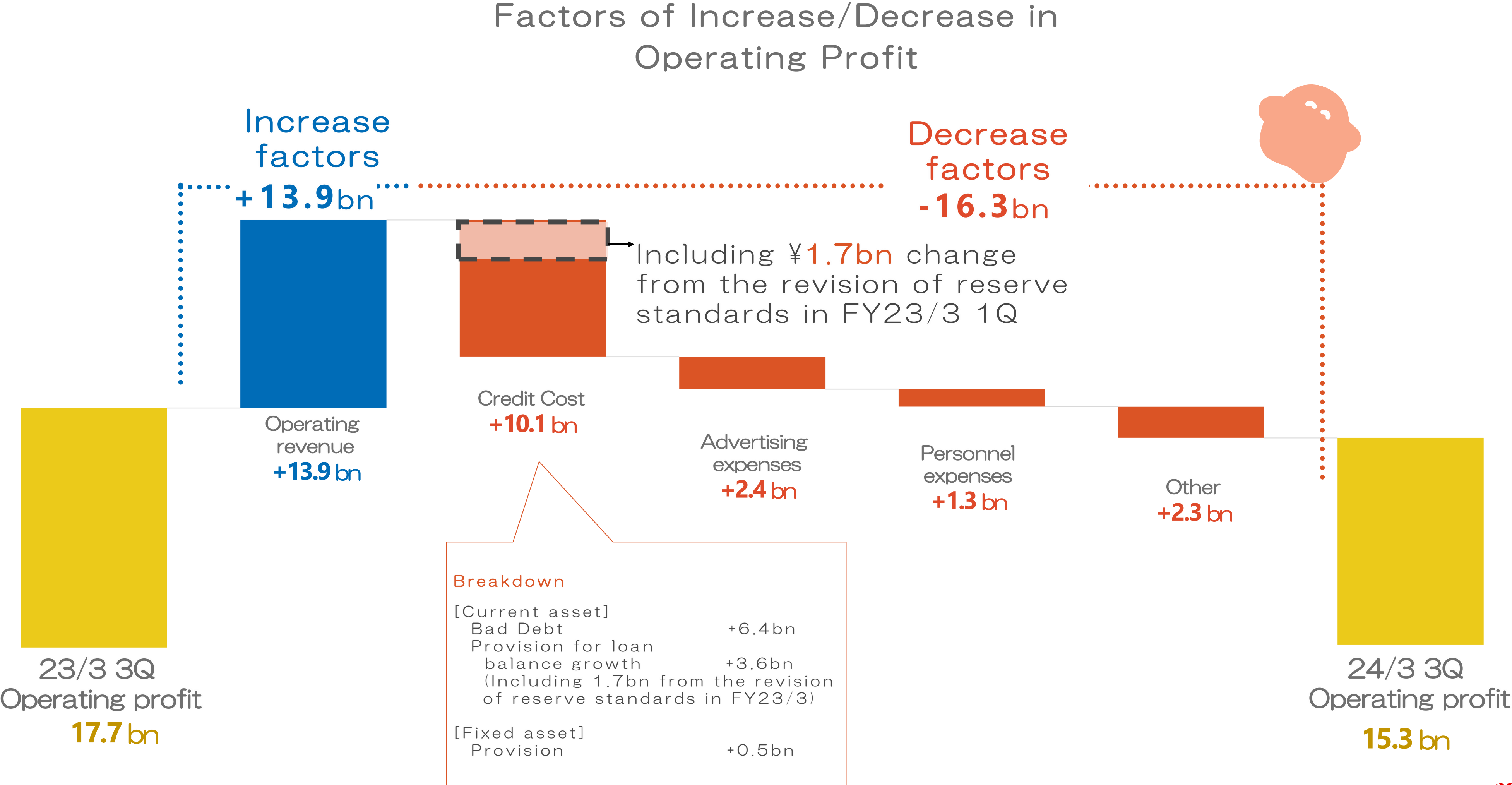


ROA is calculated based on ordinary profit.



# Financial Results Outline/YOY Change

- Although the growth of total receivable outstanding led to an increase in operating revenue, operating profit decreased by 2.3 billion yen YoY to 15.3 billion yen due to increased credit cost and advertising expenses.



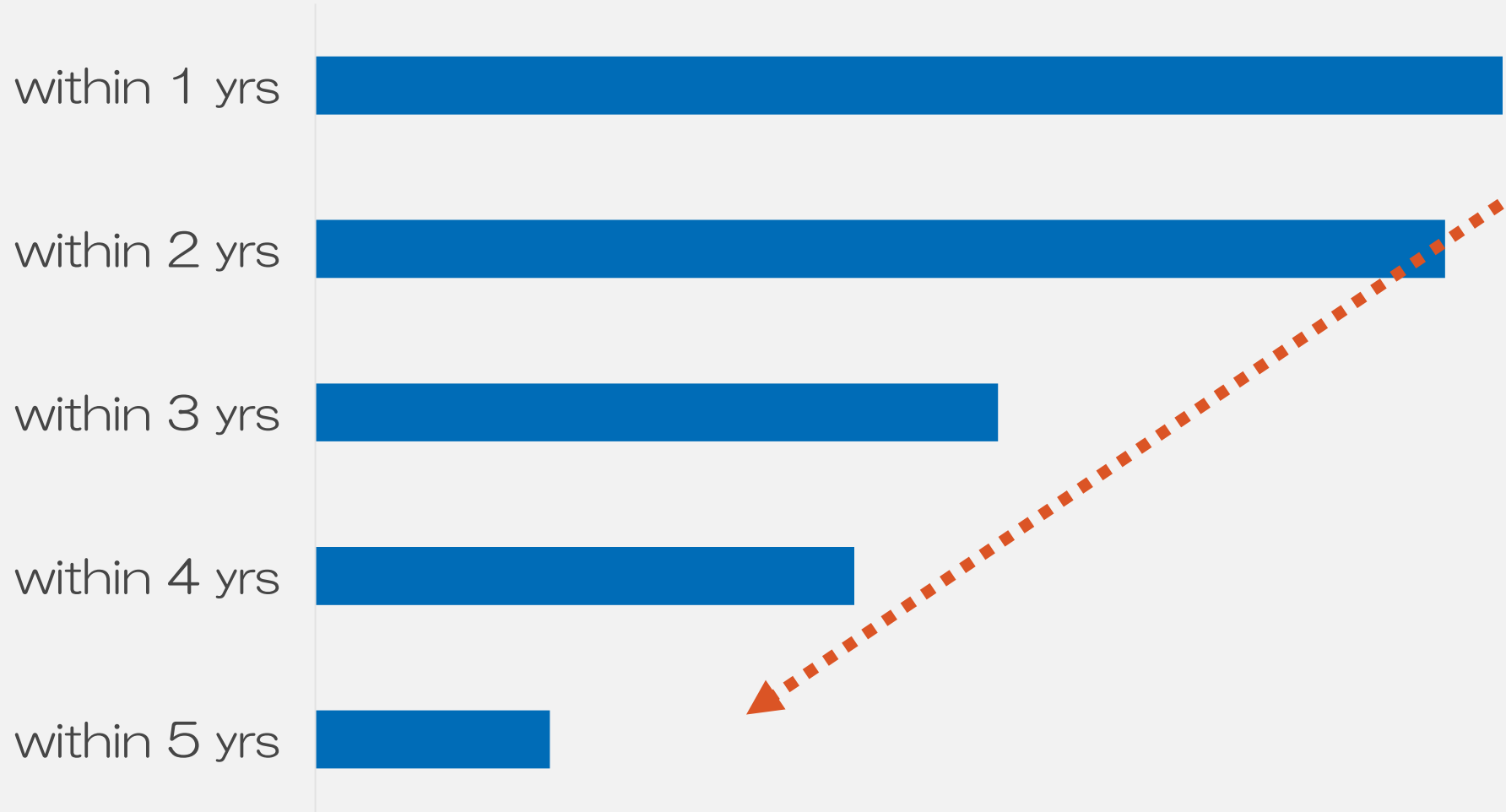
# Key factor for Credit Cost Increase (AIFUL) #1

- Due to well performing new account acquisitions, share of relatively new customer has expanded which has higher risk, compared to the existing customers with longer transaction with AIFUL.

## Key Factor for the Increase : Share of relatively new customer has expanded

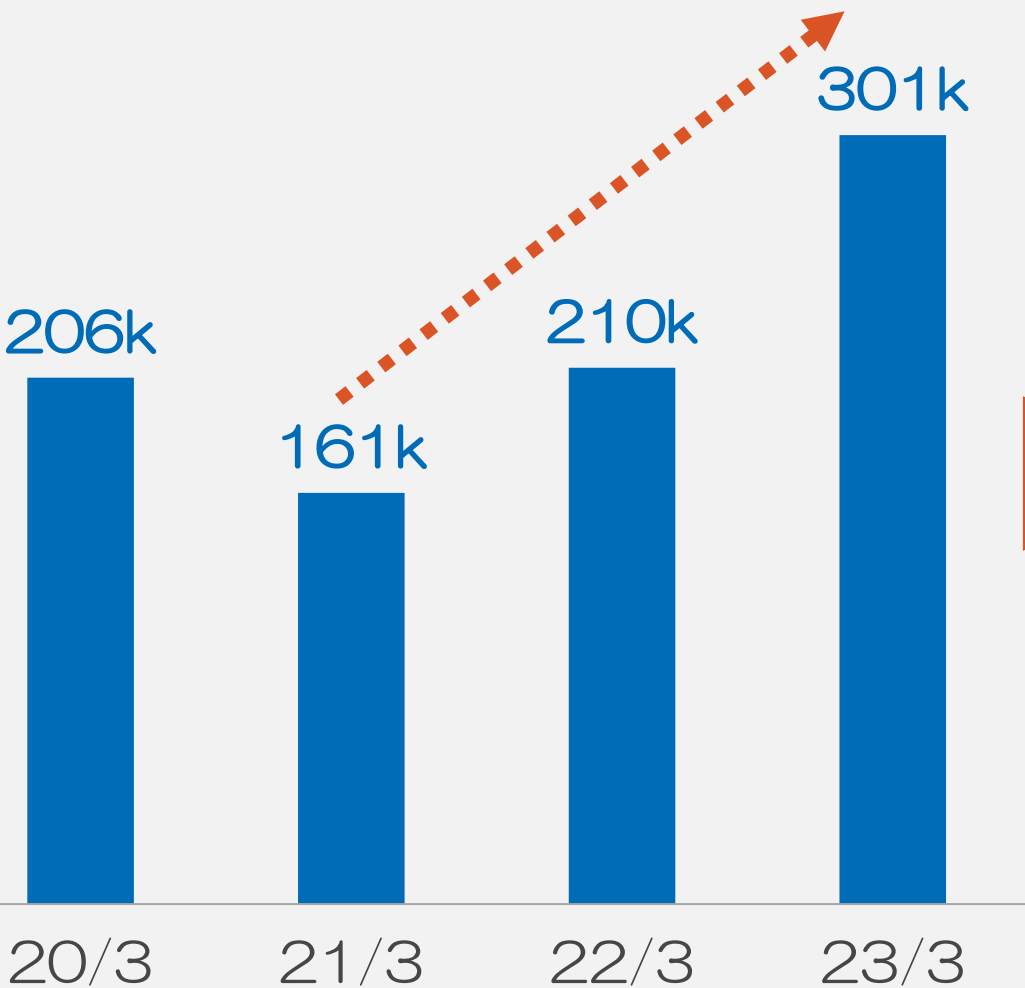
Delinquency ratio **Shorter > Longer** Loaning period

Delinquency ratio by loaning period  
(num of account)

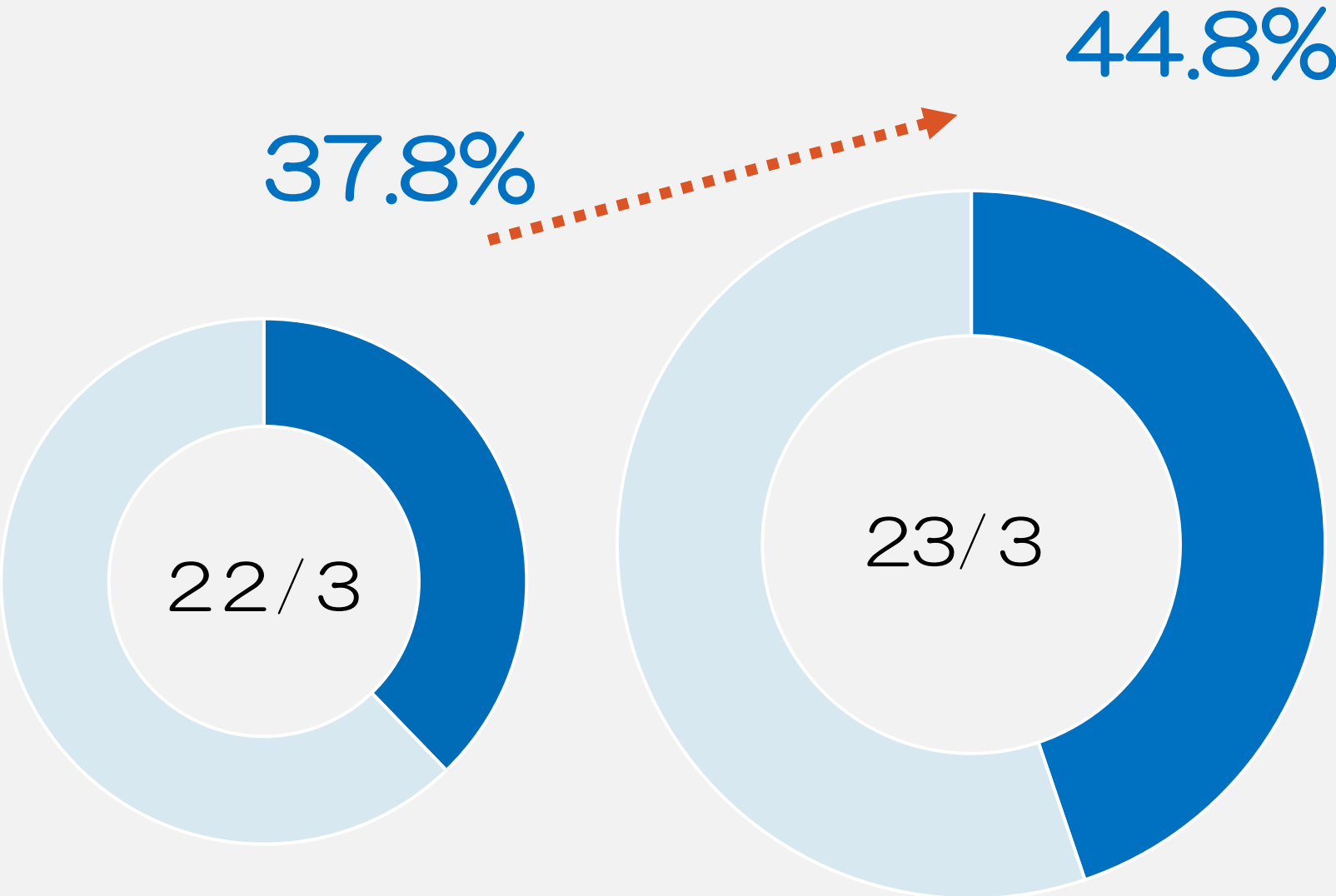


Share of customers with loaning period of less than 2 years has increased up to **44%**

Trend in new accounts



Share of customers with loaning period of less than 2yrs (num of accounts)

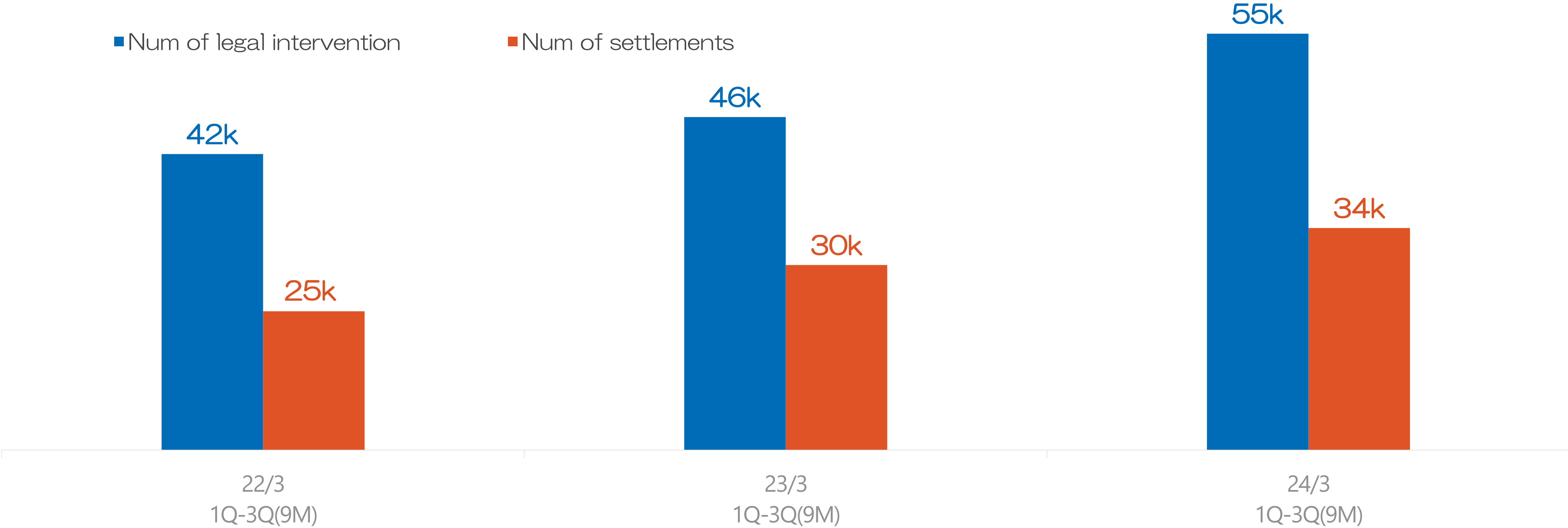




# Key factor for Credit Cost Increase (AIFUL) #2

- The number of legal intervention for 24/3 3Q excluding interest repayment claims increased 18.2% YoY
- The number of settlements for 24/3 3Q increased 12.4% YoY due to an increase in the number of legal intervention

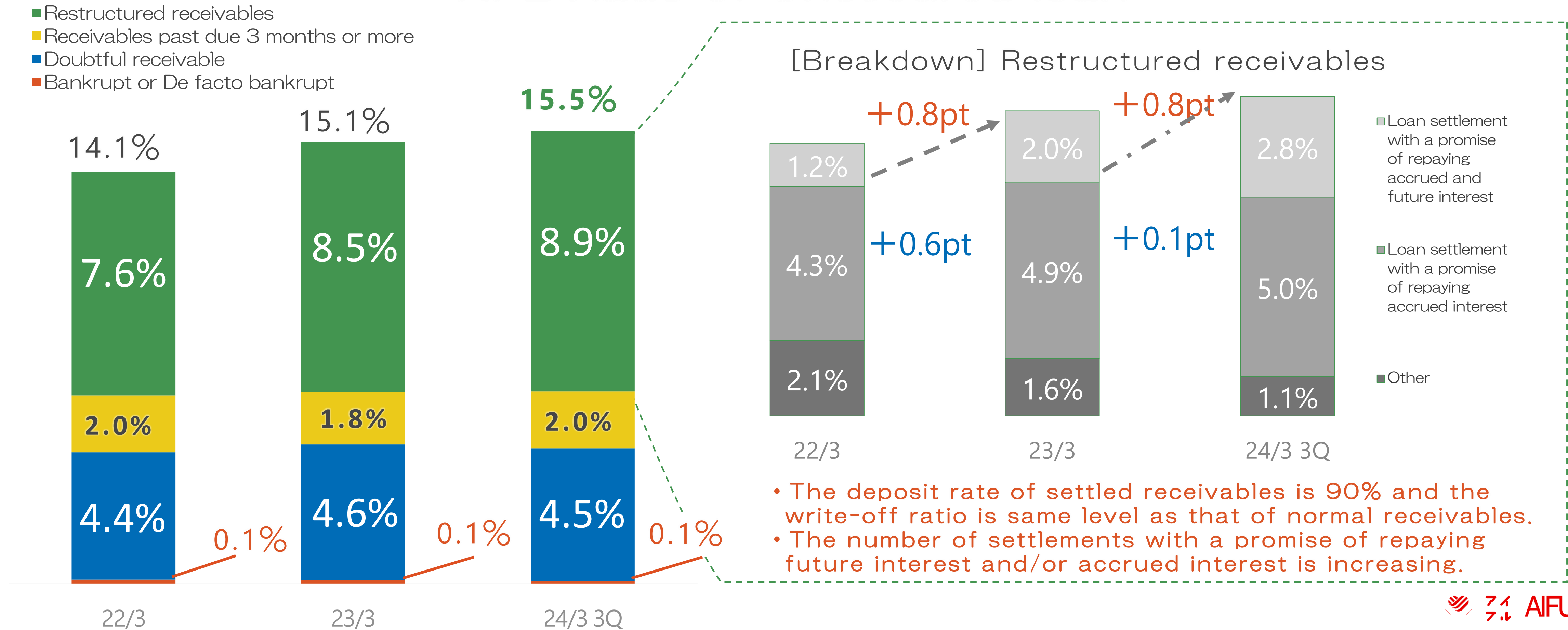
Legal intervention and Settlements excluding interest repayment claims



# Key factor for Credit Cost Increase (AIFUL) #3

- The NPL ratio rose mainly due to an increase in share of relatively new accounts and recent number of legal intervention in addition to retention of restructured receivables until its full repayment.
- Although a settled receivable (restructured receivables) is a NPL, the write-off ratio is the same level as that of a normal receivable.
- The number of settlements with a promise of repaying future interest and/or accrued interest is increasing on a year-on-year basis.

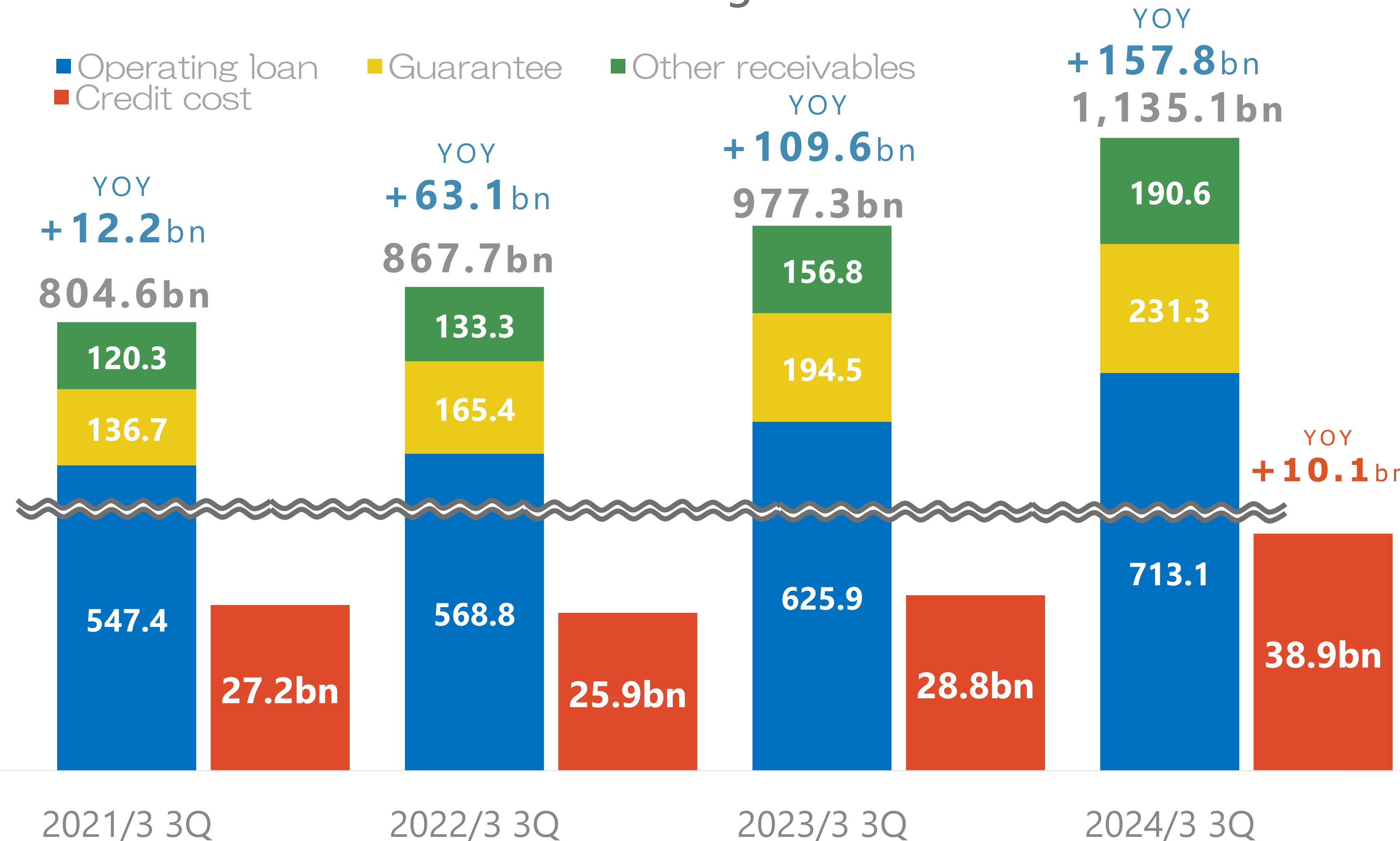
## NPL Ratio of Unsecured loan



# Credit Cost/Trend of Total Receivable (Consolidated)

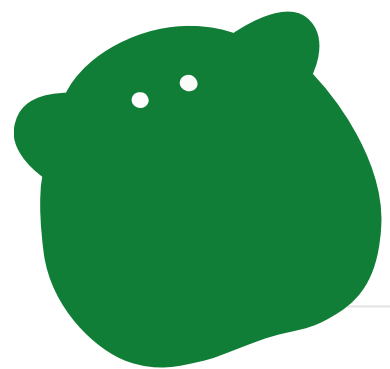
- Credit cost includes the replenishment of write-offs incurred in the previous FY and the provision based on increases in the total receivable outstanding and restructured loan.
- The total receivable outstanding increased by 157.8bn yen YoY, while credit cost increased by 10.1bn yen YoY to 38.9bn yen.

## Total receivable outstanding and credit cost



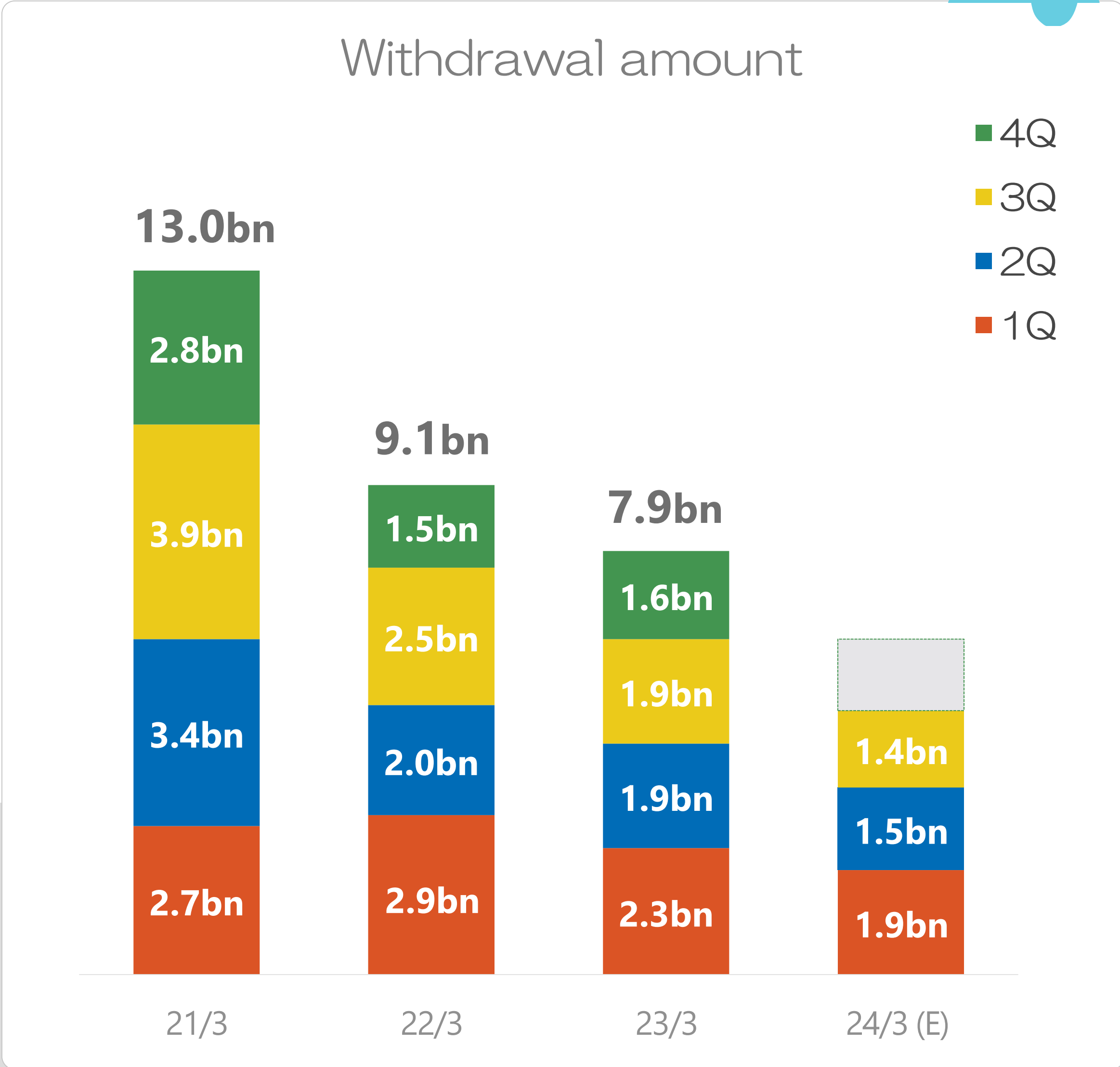
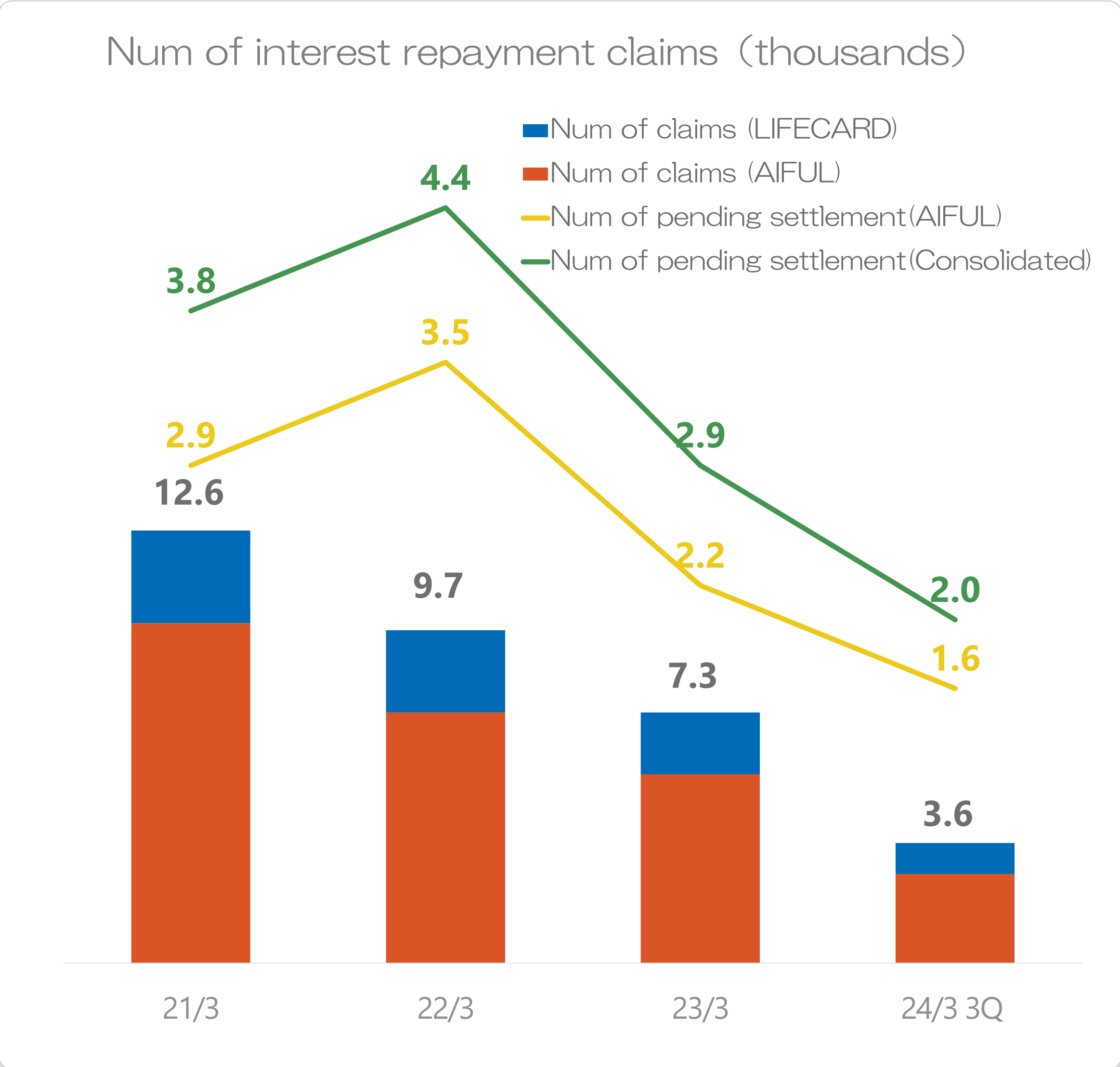
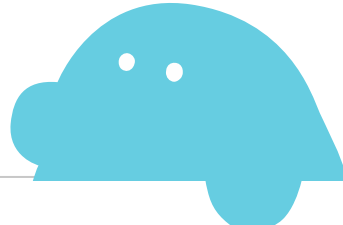
### Breakdown

[Current asset]	
Bad Debt	+6.4bn
Provision for loan balance growth	+3.6bn
(Including 1.7bn from the revision of reserve standards in FY23/3)	
[Fixed asset]	
Provision	+0.5bn



# Trend in Interest Repayment

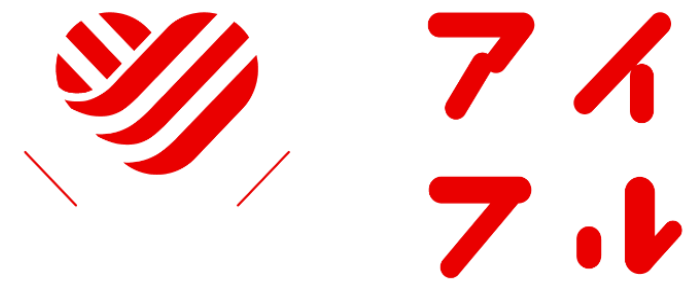
- Withdrawal amount decreased along with a decrease in interest repayment claims.





### ③ “Changes” in AIFUL Group

# Initiatives for digitalization



## Successful Initiatives

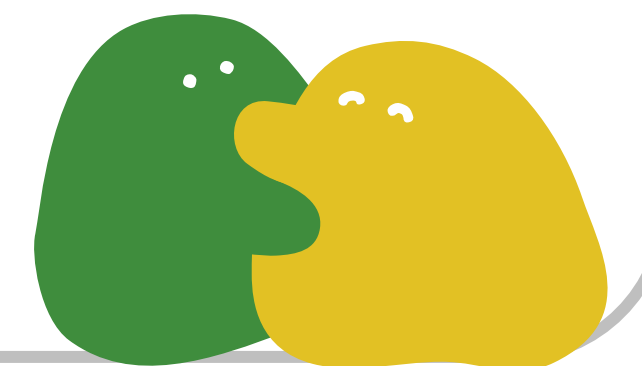
- In-house production of apps
- In-house production of application form
- Creation and modification of Websites
- Introduction of operation improvement tools

## Expand initiatives

- Improve UI/UX
- Improve operation efficiency
- Reduce costs



## Group-wide efforts





# Change: Initiatives in Digitalization and In-house Development

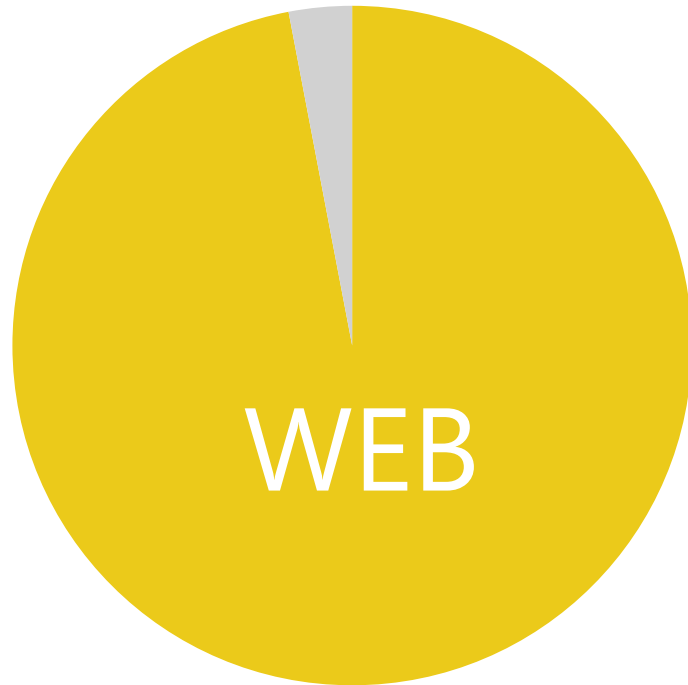
## Improvement of application form

Aiming for Stress-Free Form to enhance UI/UX



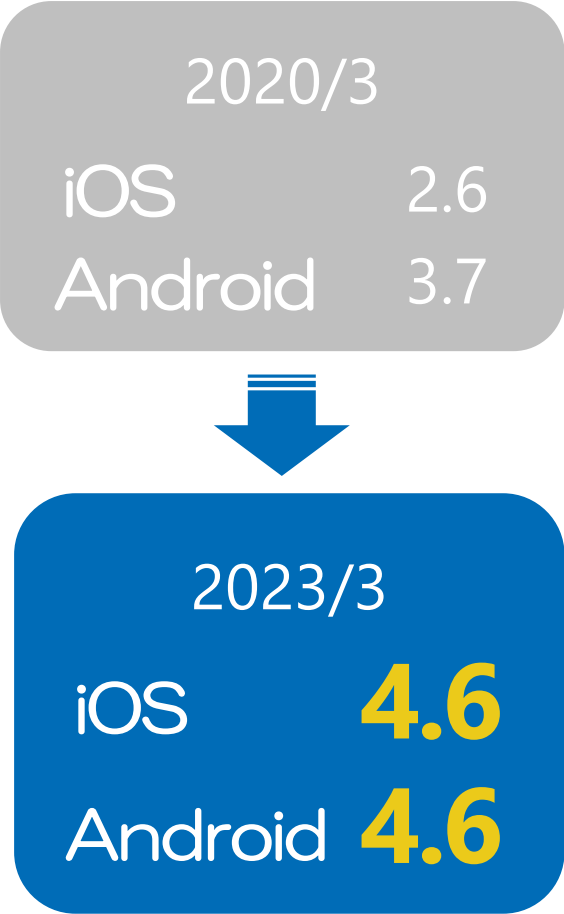
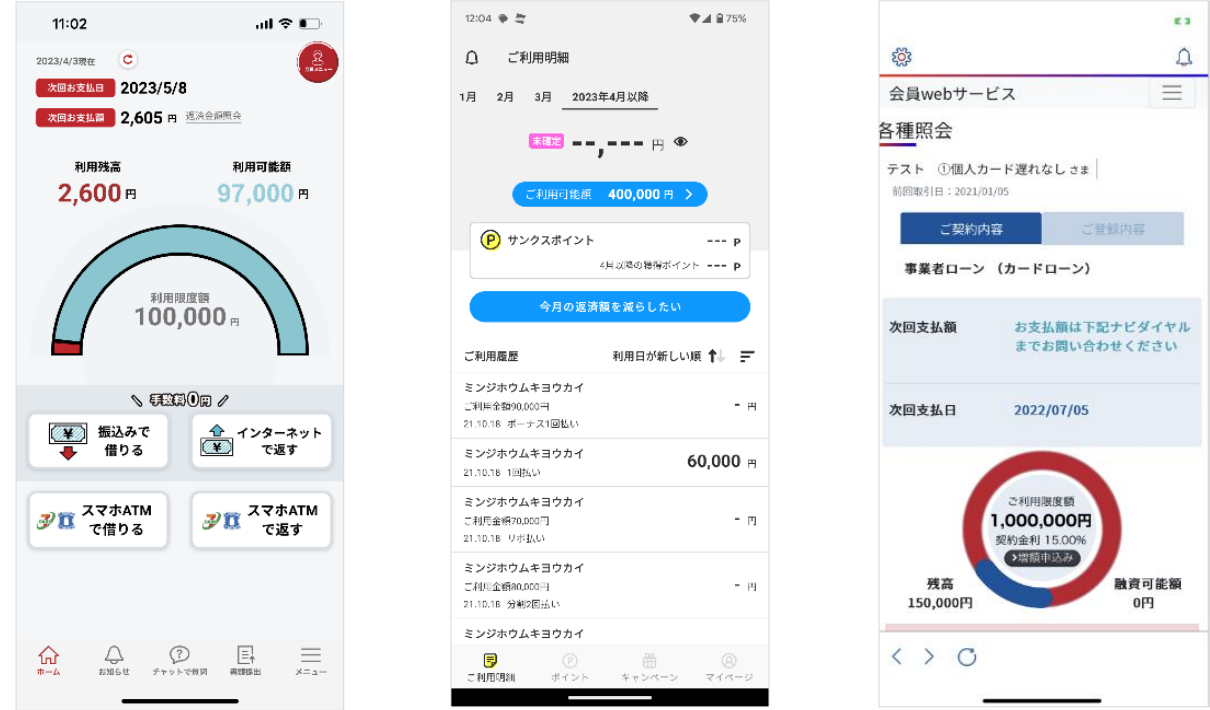
## WEB application rate

The loan application rate through the web reached 97%



## App modification

App's for AIFUL, LIFECARD and AG Business Support were modified in-house and its reputation is improving.



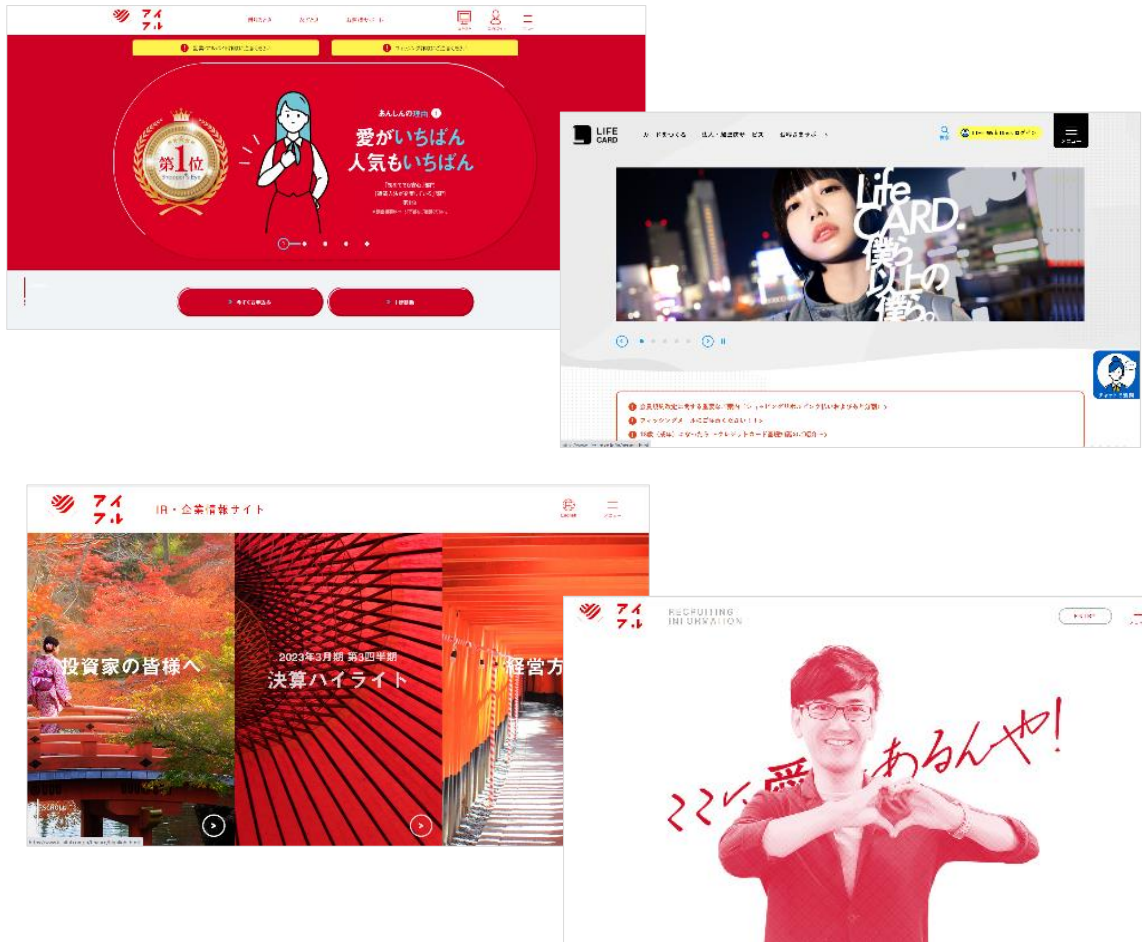
## Improvement of internal operation

Loan Application Status Management System:  
Enables centralized management of customer interactions from application to screening, based on information received on web application forms through smartphone.

Full Text Call History Search System:  
Enables transcription of voice calls and viewing of sentiment analysis results by integrating with Amazon Connect.



## HP renovation



## Enrichment of FAQ

Expand FAQs on the AIFUL's website to increase customer convenience.

Current

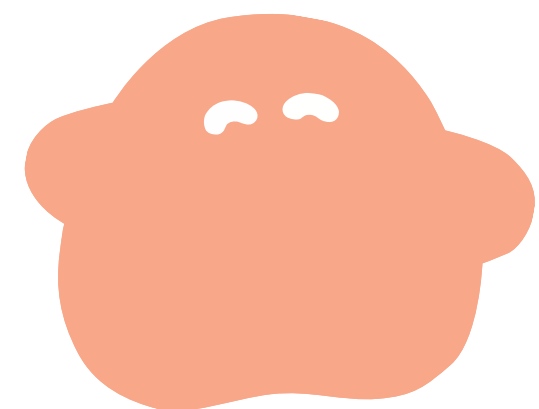
More than

**200** FAQs

# Change: IT Personnel Strategy

Aiming to become an **IT Finance Group**

Actively recruit new graduates and globally competent human resources while strengthening investment and training in existing employees and mid-career hires



# Change: IT Personnel Strategy

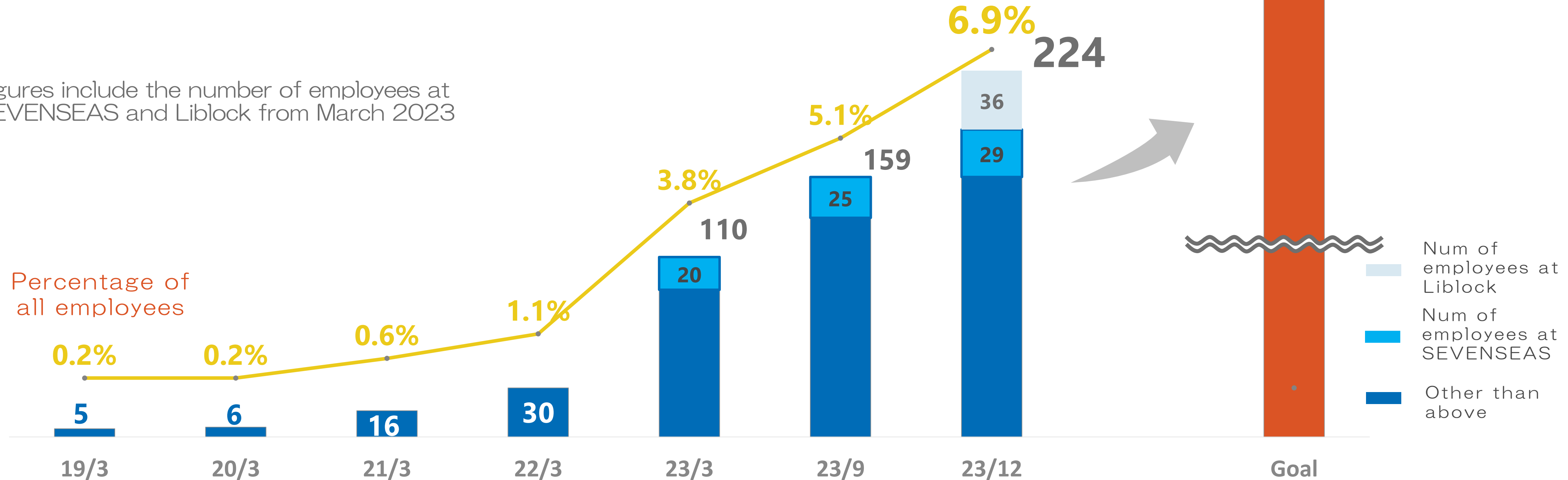
- M&A(SES business): SEVEN SEAS in March 2023, Liblock in November 2023 joined AIFUL GROUP.
- Hackathon: Held 4 times in FY2023 (twice in Japan, twice abroad)  
It leads to the recruitment of overseas IT personnel (e.g., students from Chulalongkorn University in Thailand and Indian Institutes of Technology in India, etc.)

## Aiming to become an IT Finance Group

Aim to increase IT engineers to **25%** of total employees

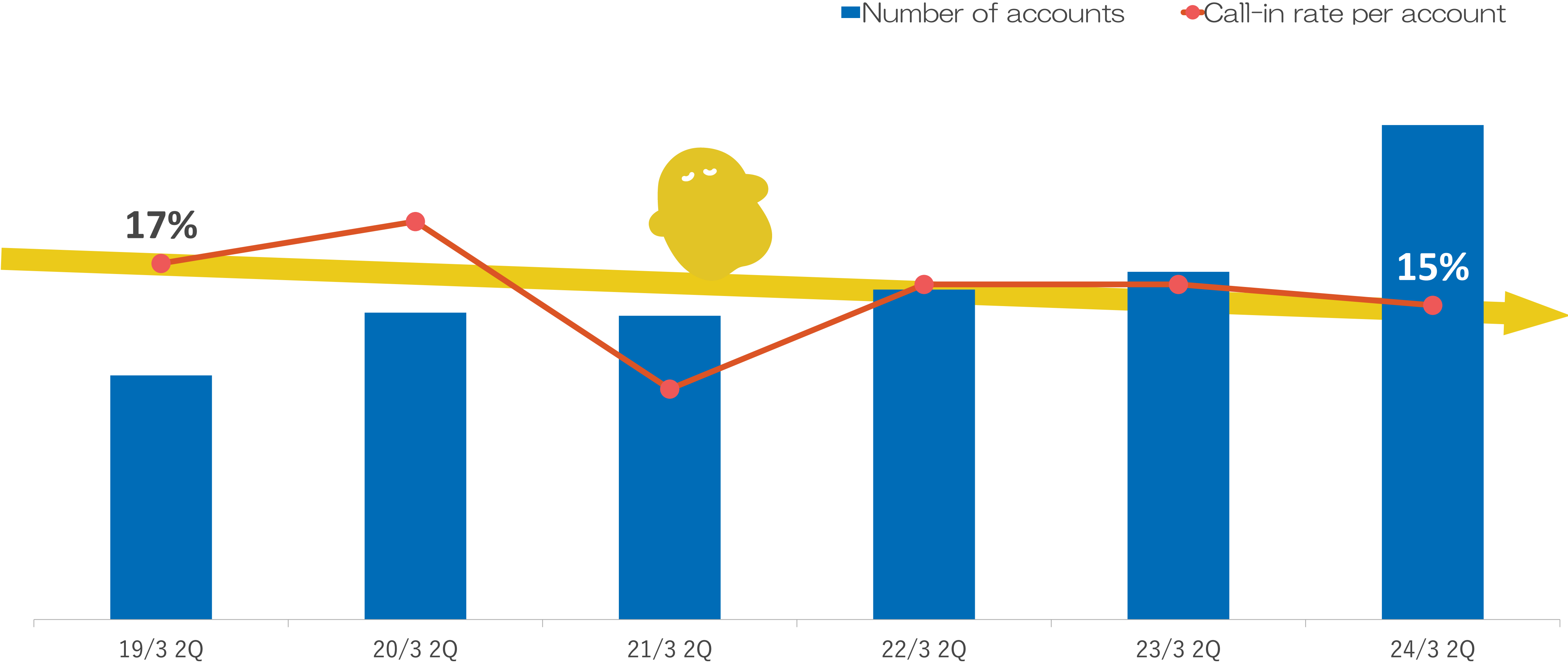
**25%**  
of all employees

\* Figures include the number of employees at SEVENSEAS and Liblock from March 2023



# Effect of IT Promotion (at AIFUL's Sales division)

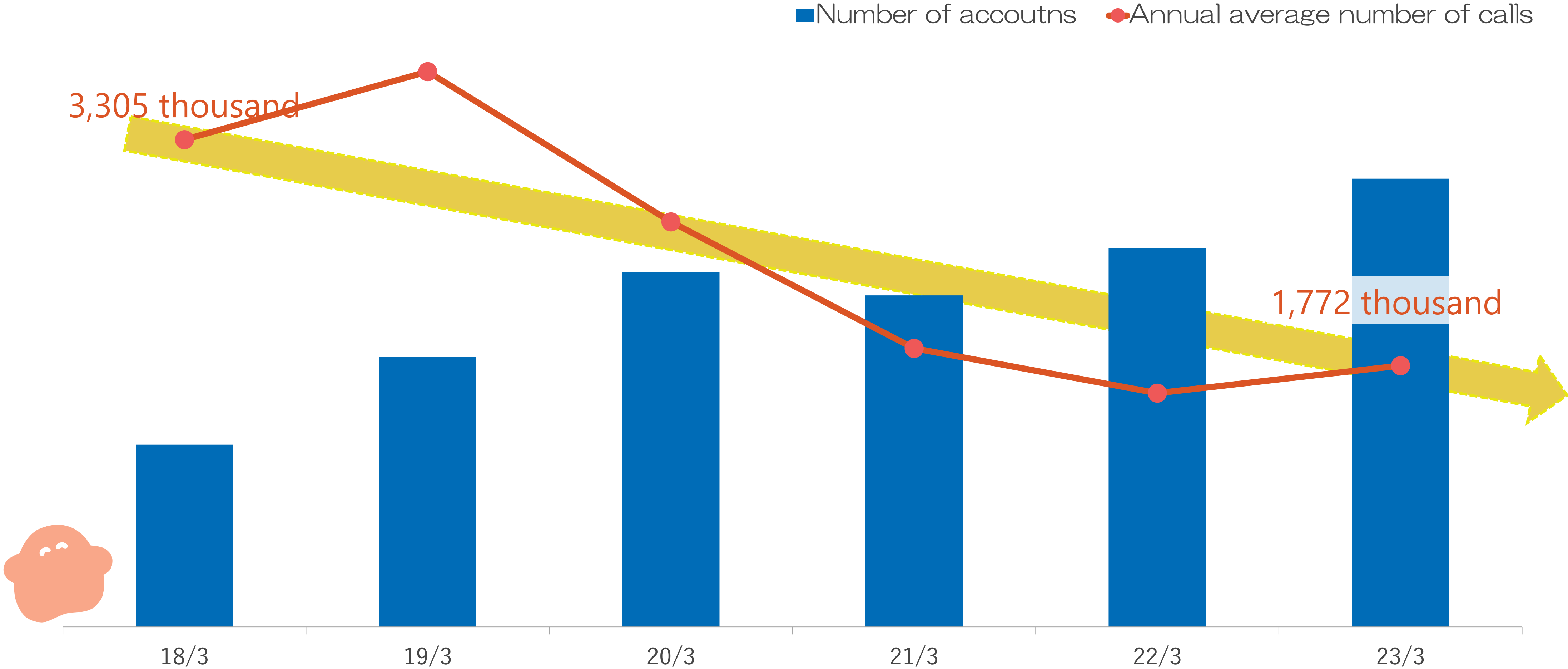
● IT measures have reduced call-in rate while the number of loan accounts increased.





# Effect of IT Promotion (at AIFUL's Loan collection division)

- Due to the IT promotion for improving effectiveness and efficiency, number of calls made decreased compared to the increase in the number of accounts



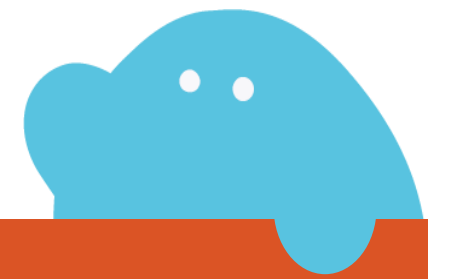
\* Actual results at AIFUL's Contact Center



## ④ AIFUL Results Summary

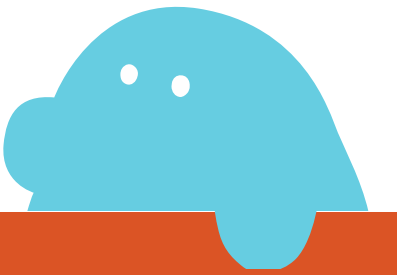


# Operating Results



( ¥ million )	23/3 3Q	24/3 3Q	YOY	YOY%
Total receivable outstanding	667,138	<b>762,809</b>	<b>95,671</b>	<b>14.3%</b>
Loans outstanding	487,131	<b>545,486</b>	<b>58,355</b>	<b>12.0%</b>
Unsecured	474,594	<b>531,668</b>	<b>57,074</b>	<b>12.0%</b>
Secured	2,687	<b>1,954</b>	<b>-733</b>	<b>-27.3%</b>
Small business	9,849	<b>11,863</b>	<b>2,014</b>	<b>20.5%</b>
Credit guarantee	168,644	<b>203,359</b>	<b>34,715</b>	<b>20.6%</b>
New accounts (num)	212,087	<b>268,150</b>	<b>56,063</b>	<b>26.4%</b>
Unsecured	212,021	<b>268,065</b>	<b>56,044</b>	<b>26.4%</b>
Customer accounts (thousands)	1,064	<b>1,229</b>	<b>164</b>	<b>15.5%</b>
Unsecured	1,052	<b>1,217</b>	<b>164</b>	<b>15.6%</b>
Loan volume	170,255	<b>205,983</b>	<b>35,728</b>	<b>21.0%</b>
New accounts	31,296	<b>38,725</b>	<b>7,429</b>	<b>23.7%</b>
Existing accounts	138,959	<b>167,257</b>	<b>28,298</b>	<b>20.4%</b>
Average yield	14.5%	<b>14.5%</b>	<b>0.0Pt</b>	—
Percentage of unsecured loan with interest of 18% or less	99.4%	<b>99.6%</b>	<b>0.1Pt</b>	—
Bad debt	17,468	<b>20,788</b>	<b>3,320</b>	<b>19.0%</b>
Excluding write-off related to interest repayment	17,029	<b>20,428</b>	<b>3,399</b>	<b>20.0%</b>
Bad debt ratio to operating loans	2.7%	<b>2.8%</b>	<b>0.1Pt</b>	—
Ratio excluding write-off related to interest repayment	2.6%	<b>2.7%</b>	<b>0.1pt</b>	—

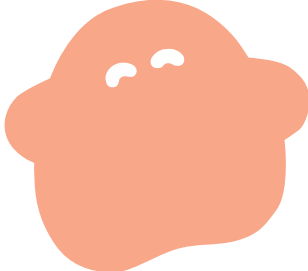
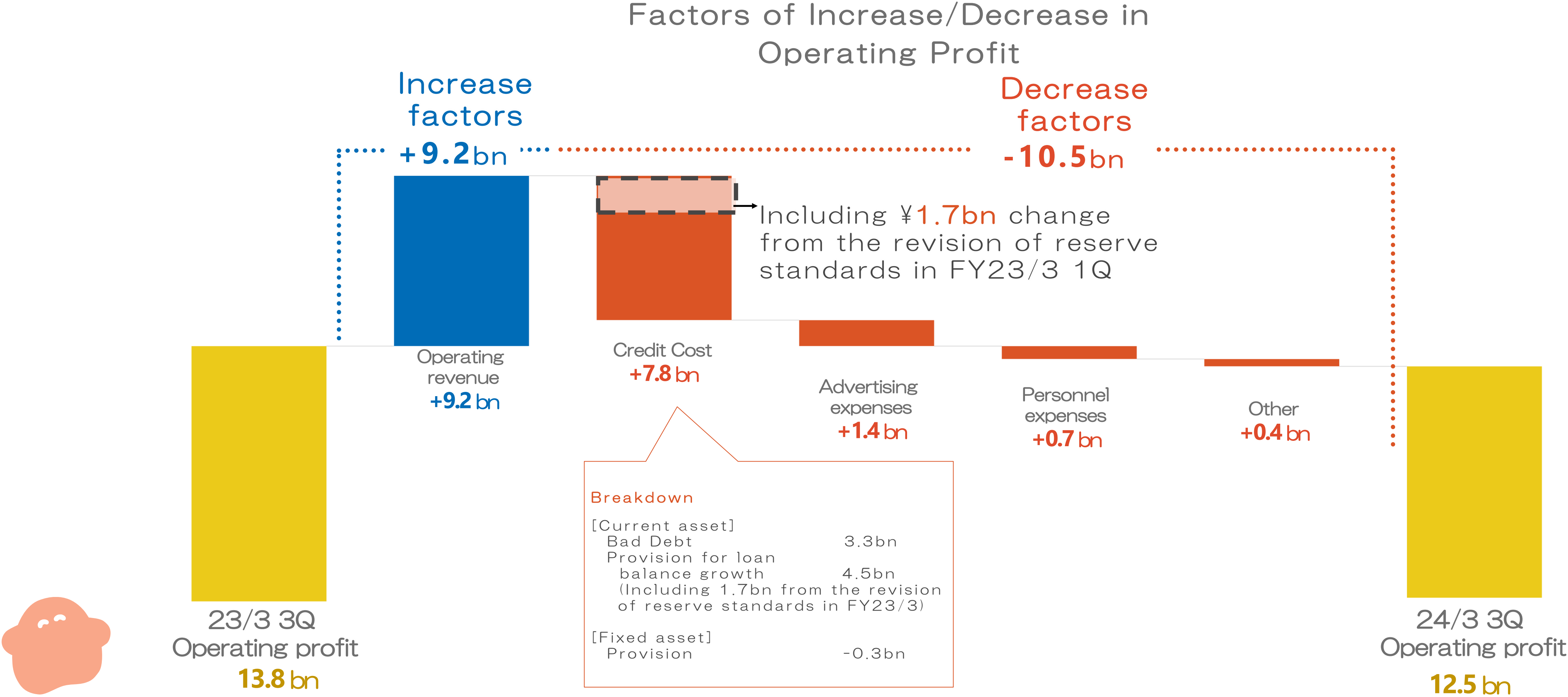
# Financial Results Outline



( ¥ million )	23/3 3Q	24/3 3Q	YOY	YOY%
Operating revenue	66,511	<b>75,774</b>	<b>9,262</b>	<b>13.9%</b>
Interest on operating loans	50,782	<b>56,692</b>	<b>5,909</b>	<b>11.6%</b>
Revenue from credit guarantee	9,214	<b>10,612</b>	<b>1,397</b>	<b>15.2%</b>
Operating expenses	52,703	<b>63,254</b>	<b>10,551</b>	<b>20.0%</b>
Financial expenses	4,053	<b>3,954</b>	<b>-98</b>	<b>-2.4%</b>
Provision of allowance for doubtful accounts	18,722	<b>26,585</b>	<b>7,863</b>	<b>42.0%</b>
Expenses for Interest repayment	—	<b>—</b>	<b>—</b>	<b>—</b>
Advertising cost	10,177	<b>11,671</b>	<b>1,494</b>	<b>14.7%</b>
Advertising expenses	9,865	<b>11,264</b>	<b>1,399</b>	<b>14.2%</b>
Sales promotion expenses	312	<b>407</b>	<b>95</b>	<b>30.5%</b>
Personnel expenses	7,131	<b>7,903</b>	<b>771</b>	<b>10.8%</b>
Other operating expenses	12,618	<b>13,138</b>	<b>520</b>	<b>4.1%</b>
Operating profit	13,808	<b>12,519</b>	<b>-1,288</b>	<b>-9.3%</b>
Non-operating income	12,342	<b>2,030</b>	<b>-10,312</b>	<b>-83.6%</b>
Non-operating expenses	11	<b>41</b>	<b>30</b>	<b>266.1%</b>
Ordinary profit	26,140	<b>14,508</b>	<b>-11,632</b>	<b>-44.5%</b>
Extraordinary income	—	<b>56</b>	<b>—</b>	<b>—</b>
Extraordinary losses	—	<b>—</b>	<b>—</b>	<b>—</b>
Profit	25,049	<b>13,291</b>	<b>-11,757</b>	<b>-46.9%</b>

# Financial Results Outline/YOY Change

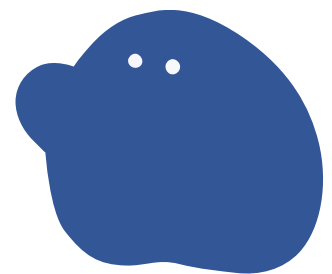
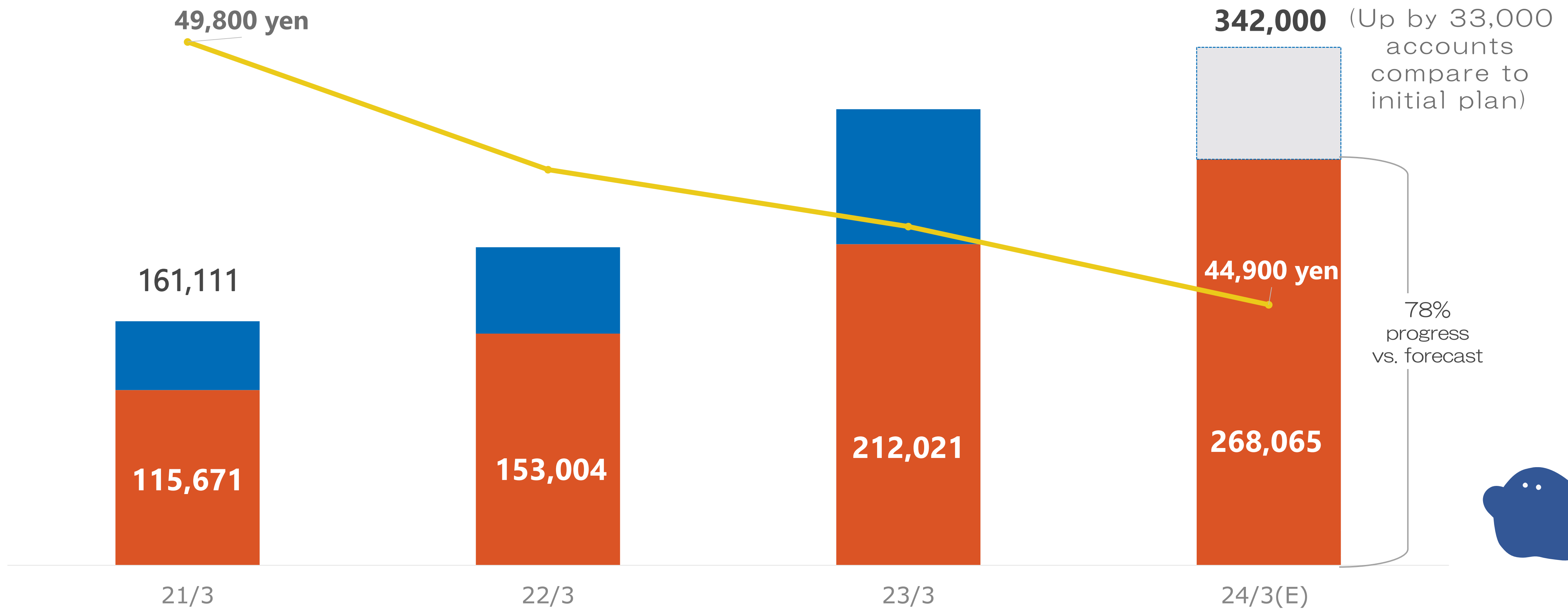
- Although operating receivable outstanding expanded to increase operating revenue, operating profit decreased by 1.2 billion yen YoY to 12.5 billion yen due to increases in credit cost and advertising expenses.



# Loan Business/ Correlation between advertising costs and new accounts

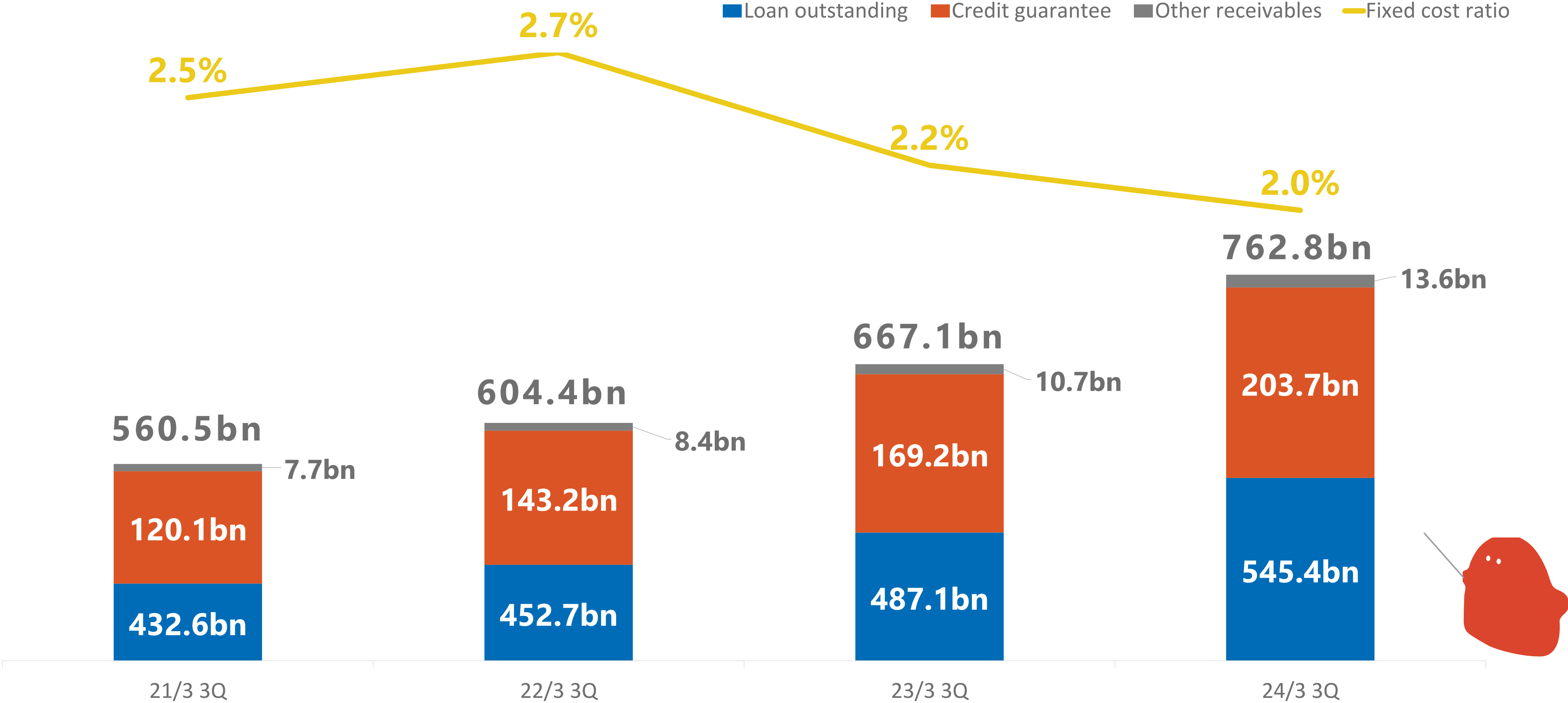
- The number of new accounts increased 26.4% YoY (progress of 78% against plan) to 268,000 due to aggressive spending aimed for the future return.

■ New accounts during the first 3 quarters    
 ■ New accounts at 4th quarter    
 —●— 3rd quarter CPA



# Trends in Total Receivable Outstanding and Fixed Cost

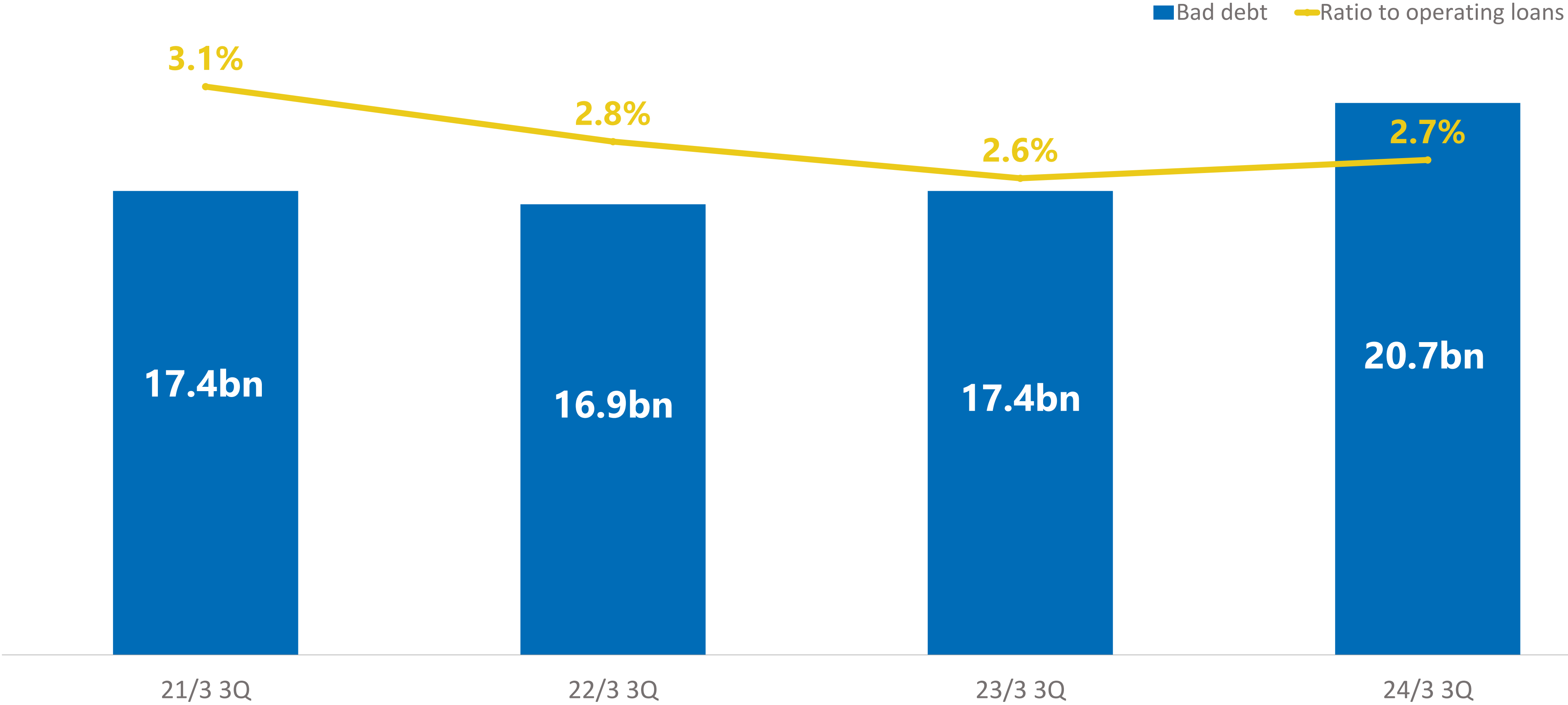
- Against a backdrop of robust loan and credit guarantee growth, total receivables continued to grow. Initiatives such as digital transformation (DX) and in-house development maintain a low and stable fixed expense ratio at 2.0%.





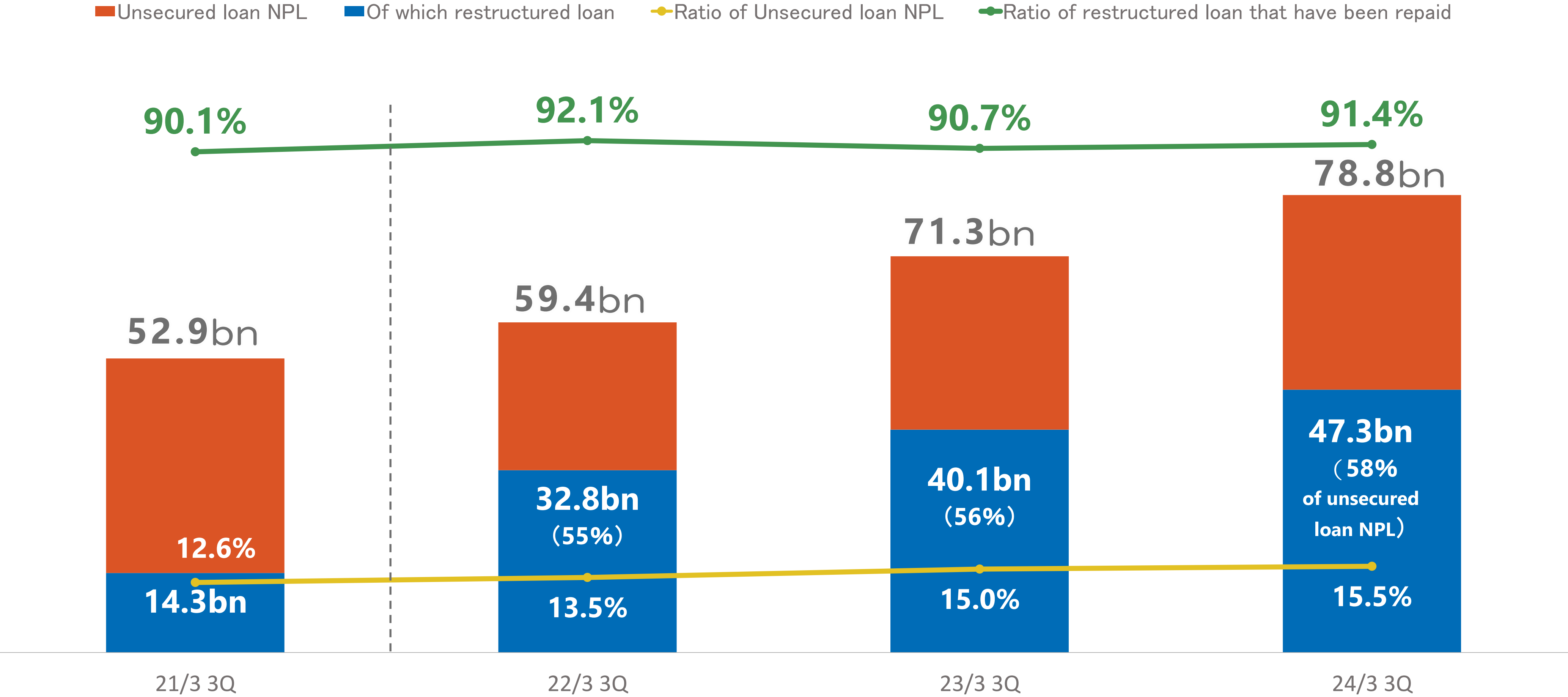
# Non-performing Loans/ Bad Debt

- Bad debt increased 19.0% YoY to 20.7 billion yen due to expansion in total receivable outstanding, while the ratio to operating loans remained stable at 2.7%.



# Non-performing Loans/ Unsecured Loan NPL

- Unsecured loan NPL ratio increased by 0.5pt to 15.5%, mainly due to an increase in settled loans with high deposit rates (restructured loan).



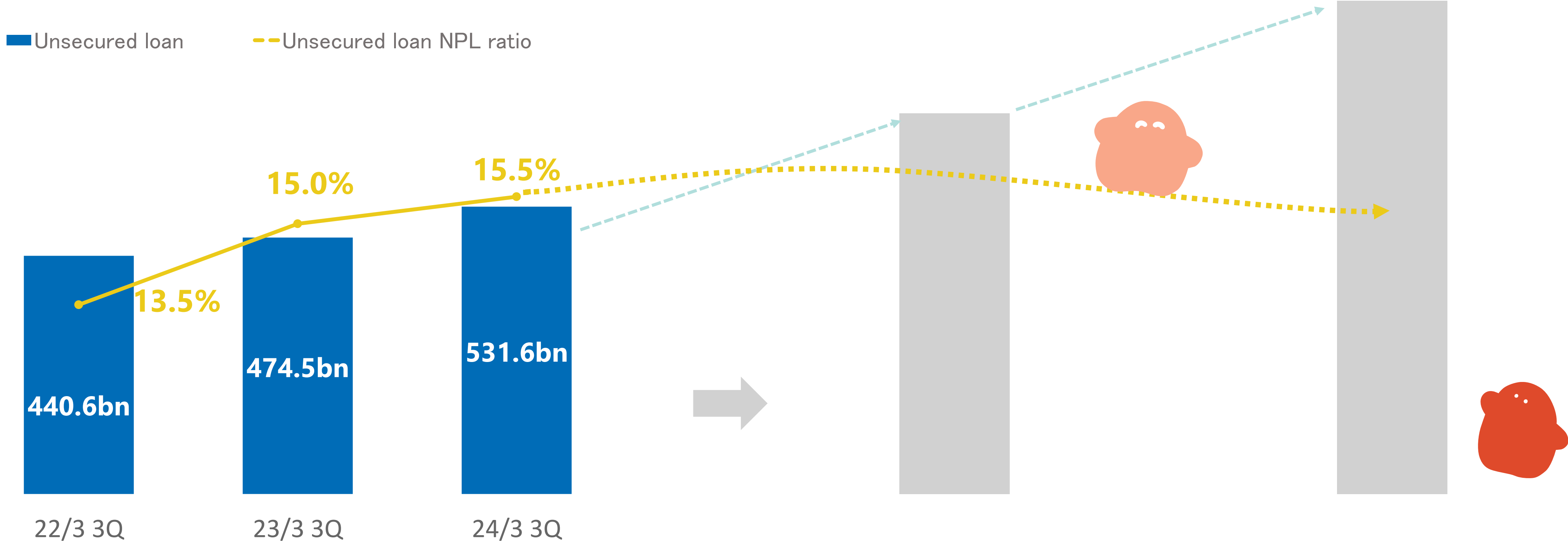
\*1 From the fourth quarter of the FY2020, settlement receivables with regular deposits included in Non-accrual loans have been included in Restructured loans in a more realistic manner.

\*2 As the “Notes on Non - Performing Loans” in the “Cabinet Office Order on Account Management of specified finance companies” was revised on March 31,2022, the classification is presented based on the revision of the said Cabinet Office Order.

# Non-performing Loans/ Unsecured Loan Growth and NPL Ratio

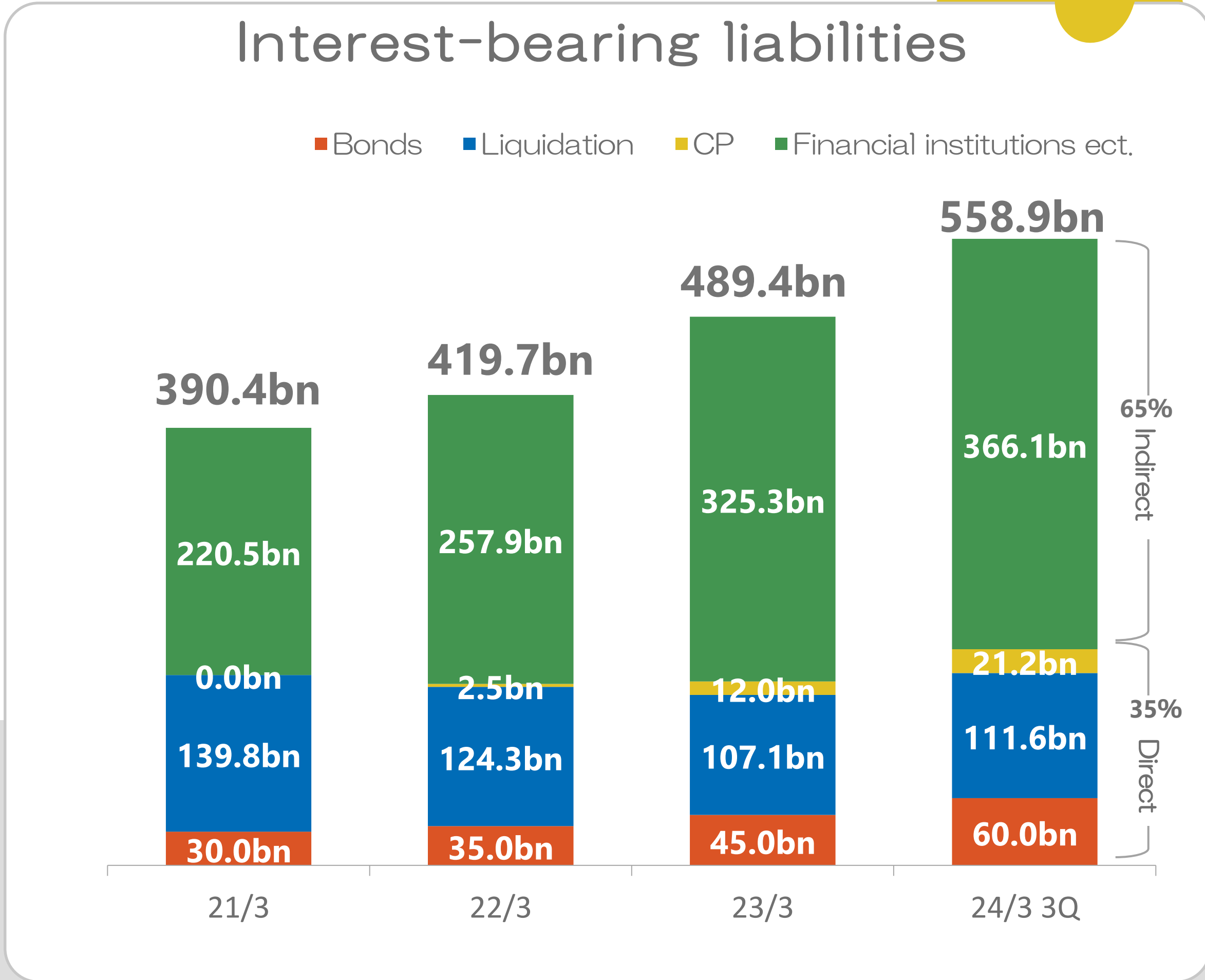
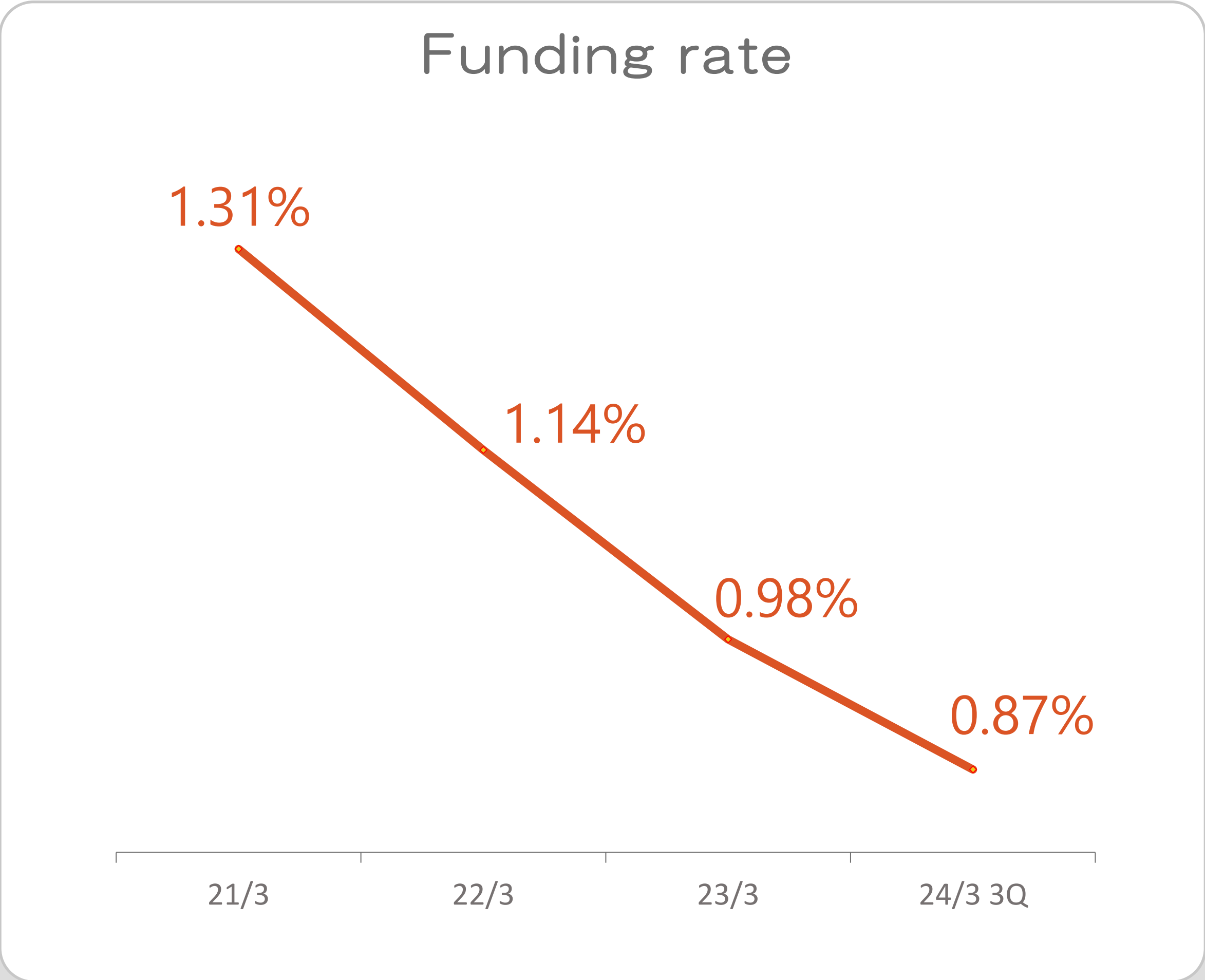
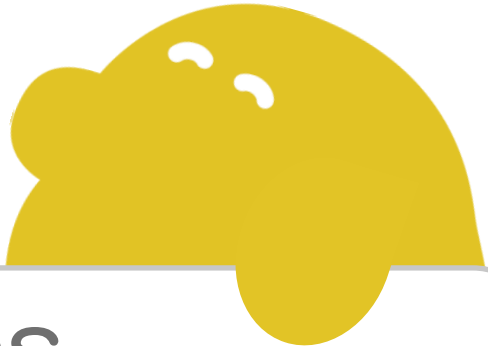
- NPL ratio is expected to peak out in around 3-4 years from now since the pace of unsecured loan growth is outpacing the increase in NPL.

### Unsecured Loan Growth and NPL Ratio



# Funding

- Despite the upward trend in market interest rates, funding rate continued to decrease due to credit rating\* improvements.
  - As a result, although procurement amounts have increased, financial expenses are 2.4% lower YoY.
- \* JCR upgraded the credit rating from BBB+ to A- in December 2023.

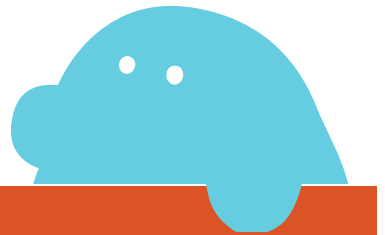




## 5 LIFECARD Results Summary

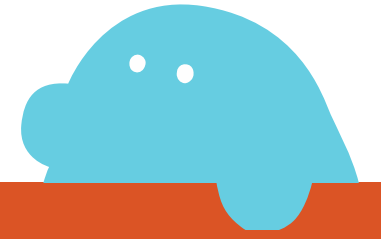


# Operating Results



( ¥ million )	23/3 3Q	24/3 3Q	YOY	YOY %
Total receivable outstanding	169,945	<b>174,337</b>	<b>4,392</b>	<b>2.6%</b>
Loans outstanding	32,001	<b>31,530</b>	<b>-471</b>	<b>-1.5%</b>
Cash advance	22,987	<b>22,637</b>	<b>-349</b>	<b>-1.5%</b>
Installment receivable	107,595	<b>111,051</b>	<b>3,455</b>	<b>3.2%</b>
Revolving/installment	52,791	<b>54,050</b>	<b>1,258</b>	<b>2.4%</b>
Credit guarantee	28,610	<b>29,622</b>	<b>1,011</b>	<b>3.5%</b>
Number of new issue (thousand)	325	<b>311</b>	<b>-14</b>	<b>-4.4%</b>
Proper	117	<b>105</b>	<b>-12</b>	<b>-10.2%</b>
Co-branded	207	<b>205</b>	<b>-2</b>	<b>-1.1%</b>
Number of card holders (thousand)	5,138	<b>5,041</b>	<b>-96</b>	<b>-1.9%</b>
Proper	1,376	<b>1,363</b>	<b>-12</b>	<b>-0.9%</b>
Co-branded	3,762	<b>3,678</b>	<b>-83</b>	<b>-2.2%</b>
Bad debt	2,617	<b>3,368</b>	<b>750</b>	<b>28.7%</b>
Excluding write-off related to interest repayment	2,500	<b>3,291</b>	<b>791</b>	<b>31.7%</b>
Bad debt ratio to operating loans	1.54%	<b>1.93%</b>	<b>0.39pt</b>	-
Ratio excluding write-off related to interest repayment	1.47%	<b>1.89%</b>	<b>0.42pt</b>	-

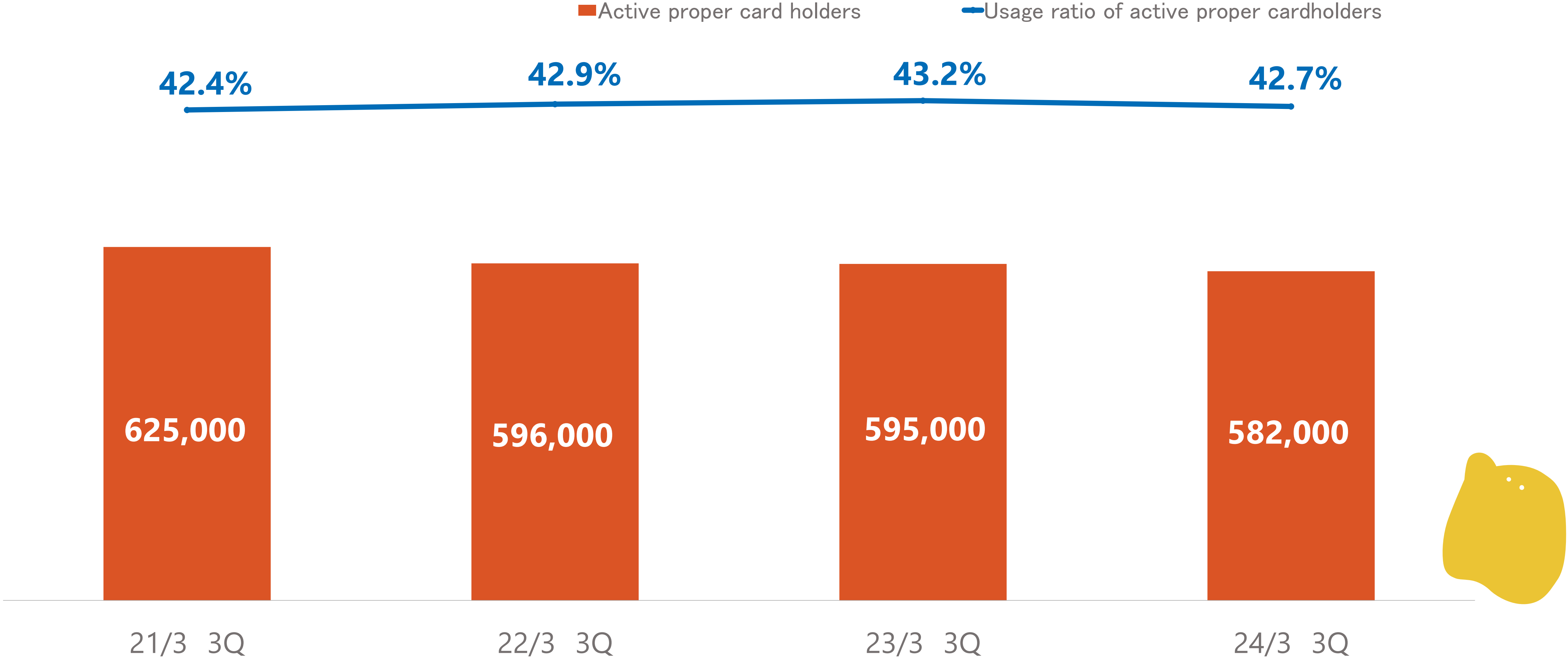
# Financial Results Outline



( ¥ million )	23/3 3Q	24/3 3Q	YOY	YOY %
Operating revenue	26,773	<b>28,410</b>	<b>1,637</b>	<b>6.1%</b>
Revenue from installment receivable	15,243	<b>16,390</b>	<b>1,147</b>	<b>7.5%</b>
Interest on operating loans	2,828	<b>2,844</b>	<b>16</b>	<b>0.6%</b>
Revenue from credit guarantee	1,374	<b>1,429</b>	<b>55</b>	<b>4.0%</b>
Other	7,327	<b>7,745</b>	<b>417</b>	<b>5.7%</b>
Operating expenses	24,920	<b>27,338</b>	<b>2,417</b>	<b>9.7%</b>
Financial expenses	777	<b>828</b>	<b>60</b>	<b>7.8%</b>
Provision of allowance for doubtful accounts	3,257	<b>3,721</b>	<b>463</b>	<b>14.2%</b>
Provision for loss on interest repayment	—	—	—	—
Advertising expenses	984	<b>1,869</b>	<b>884</b>	<b>89.8%</b>
Sales promotion expenses	2,426	<b>2,186</b>	<b>-239</b>	<b>-9.9%</b>
Personnel expenses	3,792	<b>3,894</b>	<b>102</b>	<b>2.7%</b>
Other operating expenses	13,682	<b>14,828</b>	<b>1,146</b>	<b>8.4%</b>
Operating profit	1,852	<b>1,071</b>	<b>-780</b>	<b>-42.1%</b>
Ordinary profit	1,955	<b>1,136</b>	<b>-819</b>	<b>-41.9%</b>
Profit	1,540	<b>763</b>	<b>-777</b>	<b>-50.4%</b>

# Number of Active Proper Cardholders & Usage Rate

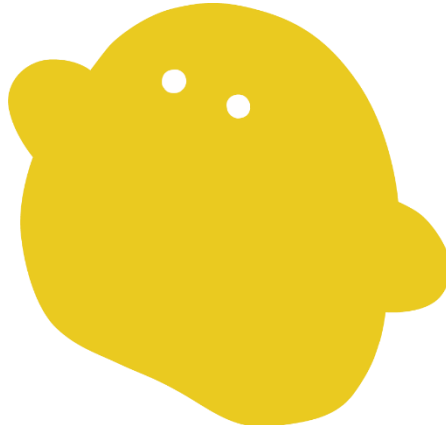
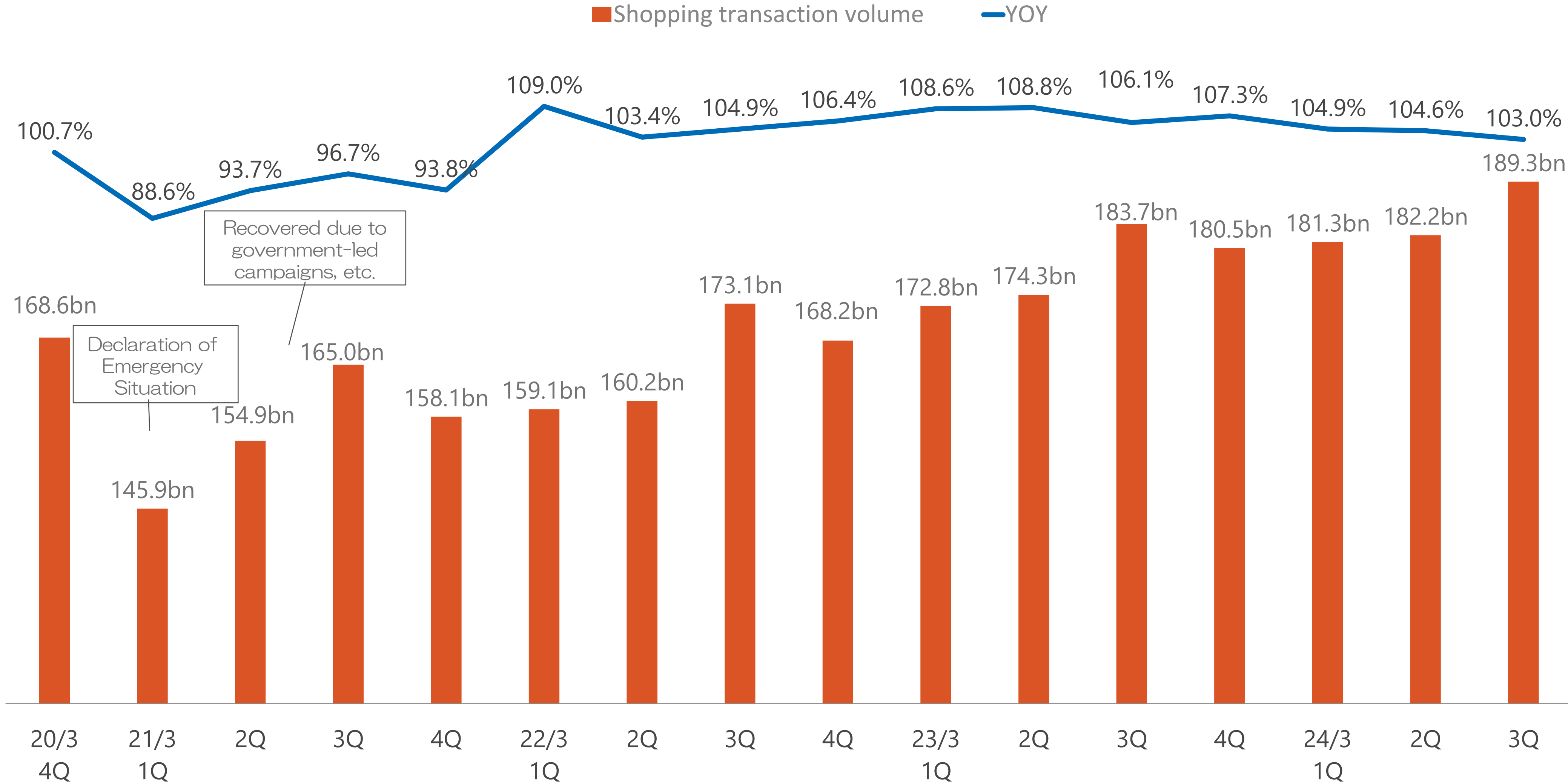
- The usage ratio of active proper cardholders maintained over 40% due to promotion of acquisition methods that prioritize the usage ratio and renewal of the website and smartphone apps.



\*Number of active proper cardholder is the average number of active cardholders per month.

# Quarterly Trend of Shopping Transaction Volume

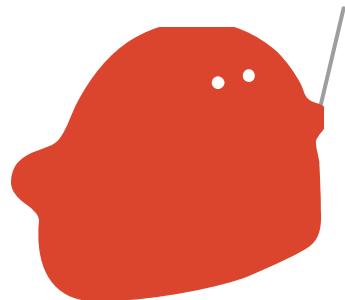
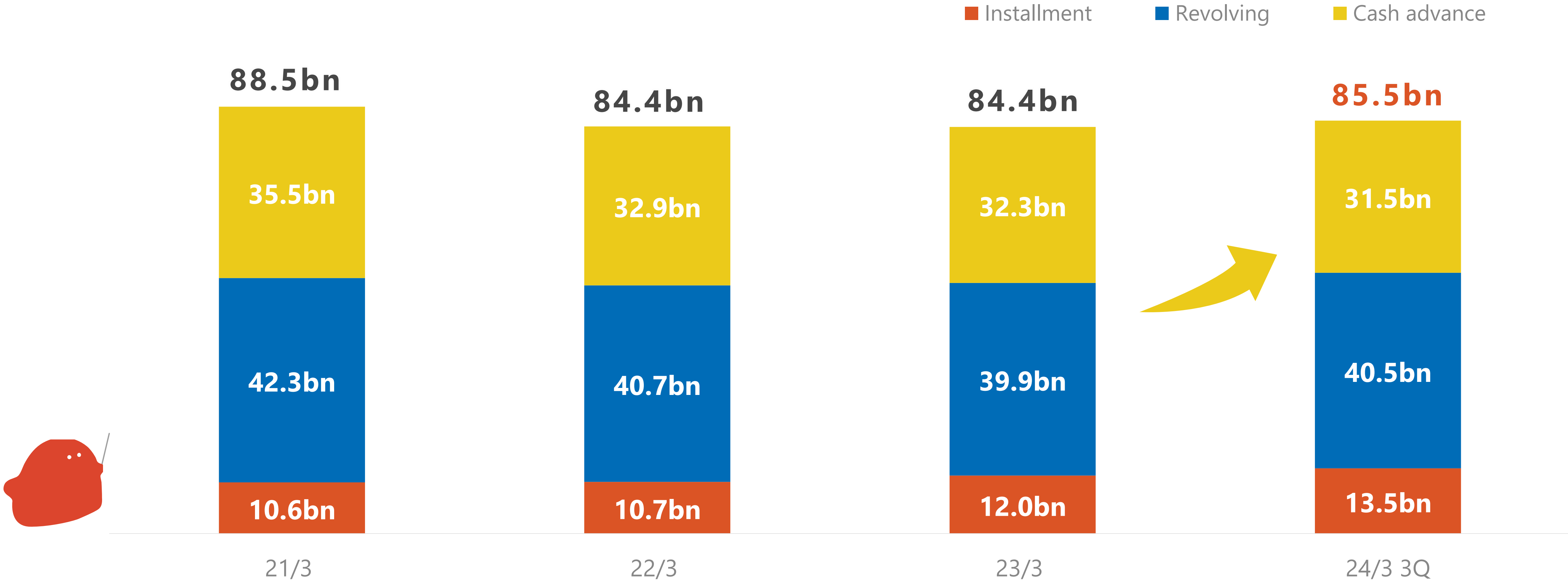
- Shopping transaction volume remained showing strong growth on the back of increased economic activity and the downgrading COVID-19 to Class 5



# Revolving • Installment • Cash advance Outstanding

- Against the backdrop of a steady recovery in economic activity, the outstanding of revolving and installment has begun to increase.

Trend of Outstanding (including off-balance)





# Proper Card LTV Improvement

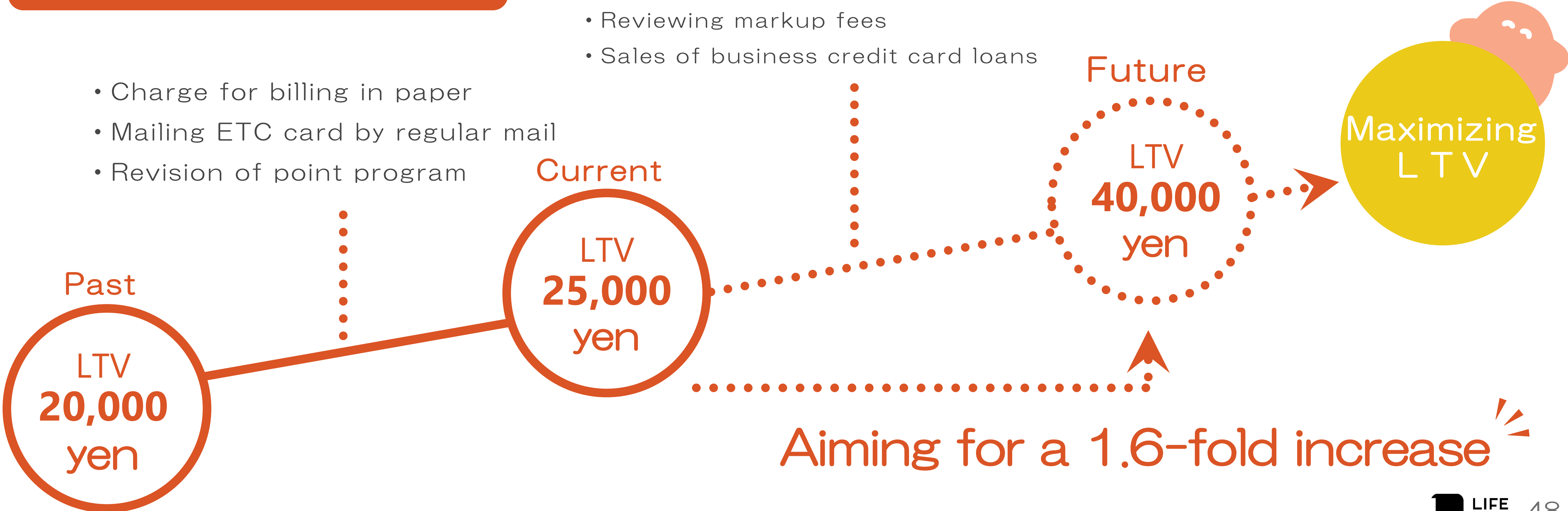
■ Strengthen acquisition of new account

■ Improve customer loyalty and extend the transaction period

Implementation of various measures for LTV improvement

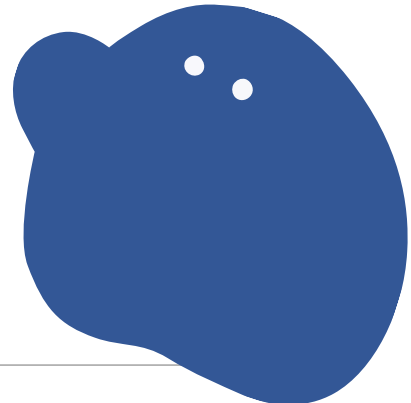
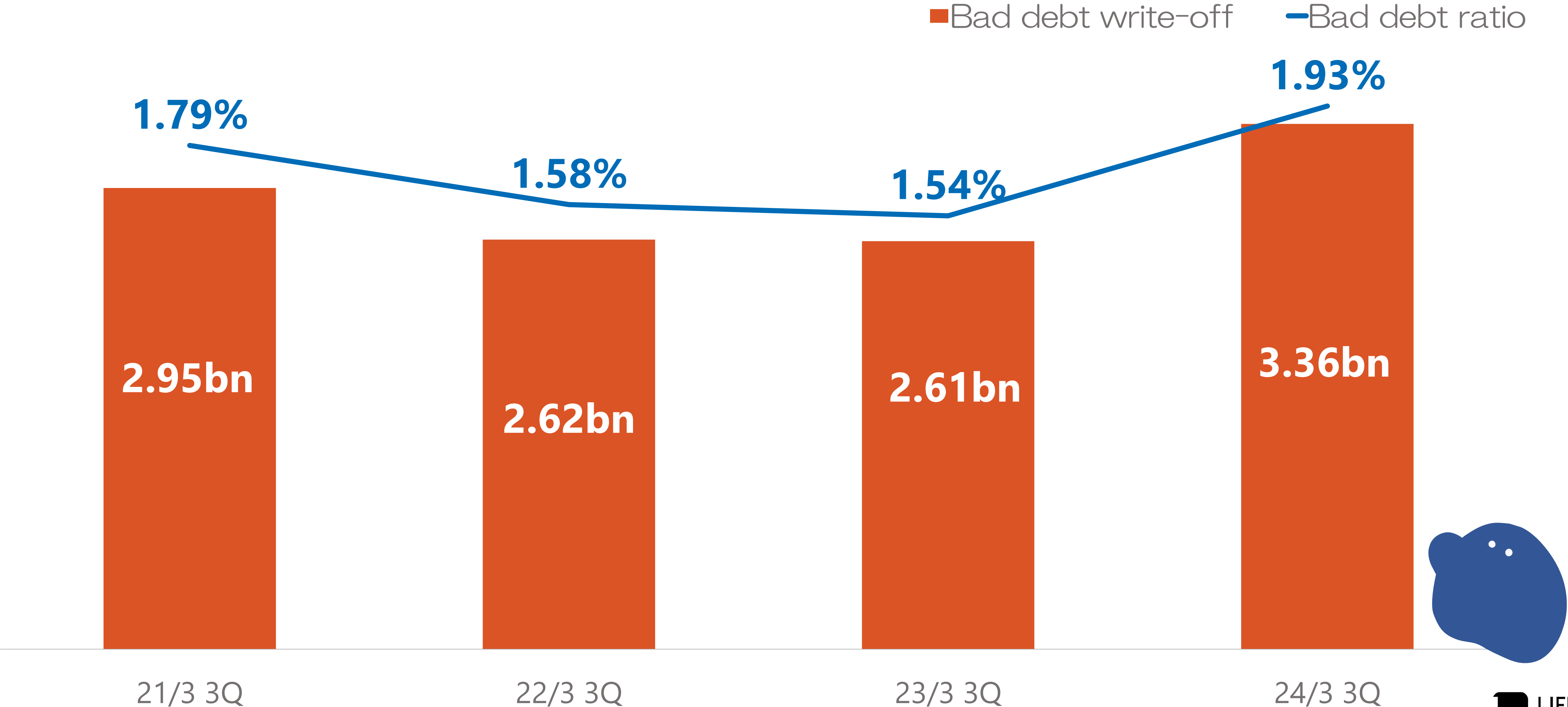
- Raising fees for revolving and installment
- Curbing card issuance cost
- Enriching installment payments variation
- Reviewing markup fees
- Sales of business credit card loans

- Charge for billing in paper
- Mailing ETC card by regular mail
- Revision of point program



# Non-performing Loans/ Bad Debt

- The bad debt ratio is returning to the same level it was before the pandemic, as consumption recovery has led to higher purchases.
- The number of legal intervention is increasing recently as is the case with AIFUL.



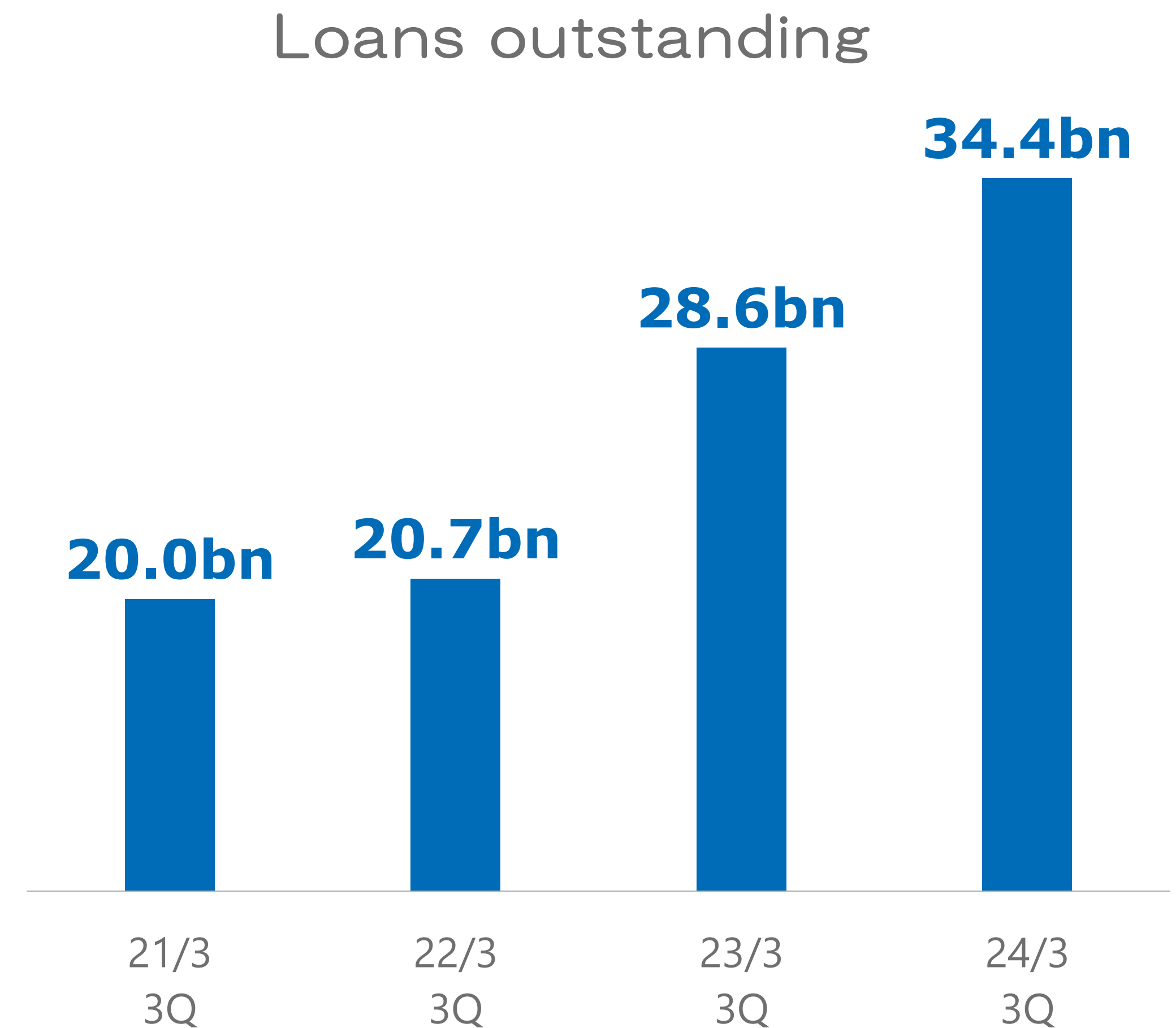


## ⑥ Group Companies Results Summary

# AIRA & AIFUL Public Company Limited (Thailand)

- Against a backdrop of high funding demand, new account acquisitions have been performing well. The loan outstanding increased by 20.3% YoY, reaching 34.4 billion yen.
- Due to rising credit cost from increased loan outstanding and the challenging post-COVID collection environment, operating profit was 40 million yen.

( ¥ million )	23/3 3Q	24/3 3Q	YOY
Loans outstanding	28,631	34,443	20.3%
N. of customer accounts (thousand)	347	372	7.2%
Bad Debt Write-off Ratio	6.8%	6.1%	-0.7pt
Operating revenue	5,165	6,154	19.1%
Operating profit	59	46	-21.6%
Ordinary profit	51	45	-11.9%
Profit	707	60	-91.4%



\*Fiscal period of A&A is from January 1 to December 31, and 2<sup>nd</sup> quarter reflects result of January to June

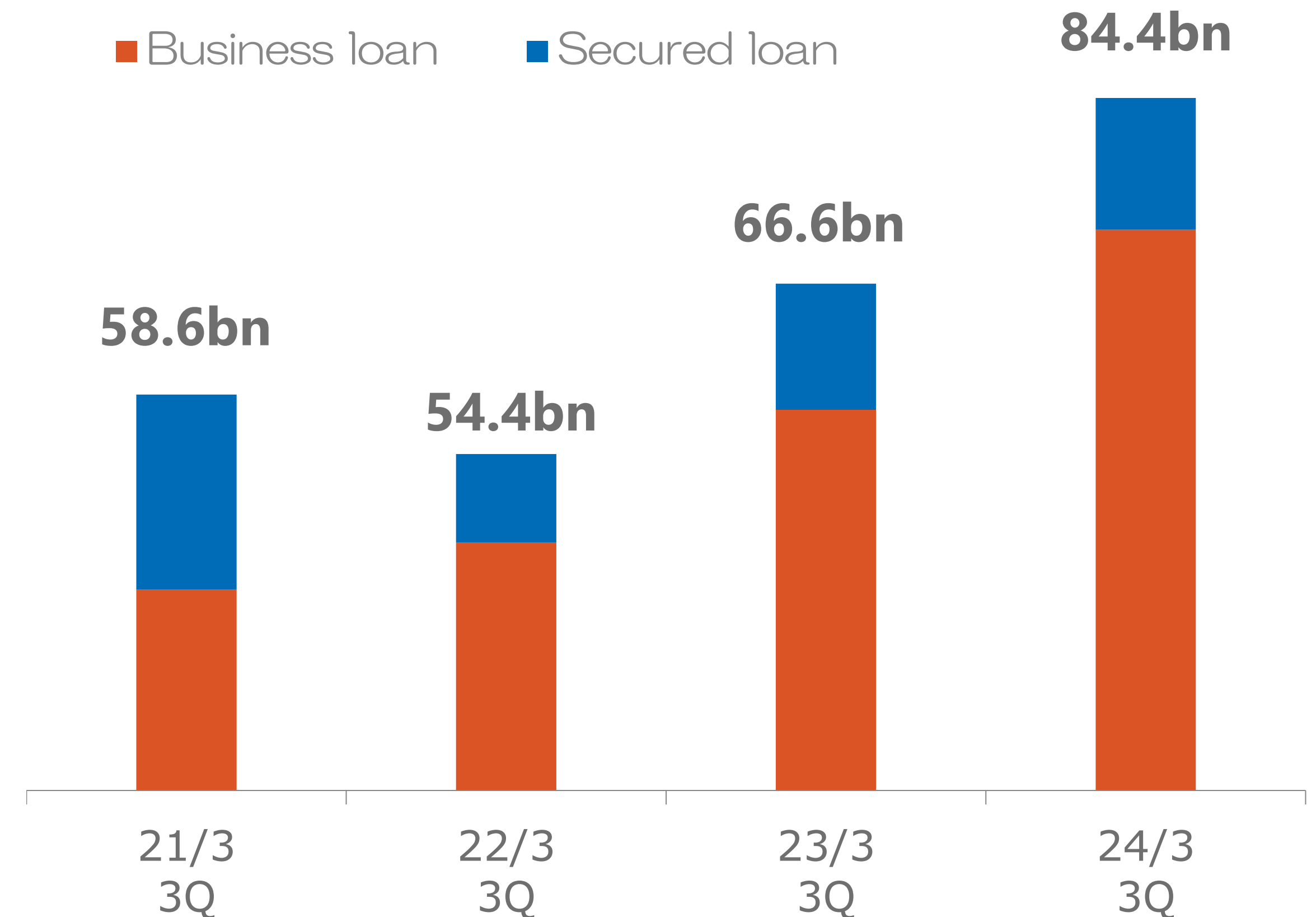
\*Exchange rate (Thai Baht): B/S: ¥3.81 (23/3 3Q), ¥4.09 (24/3 3Q), P/L: ¥3.70 (23/3 3Q), ¥4.01 (24/3 3Q)

# AG BUSINESS SUPPORT CORPORATION

- The number of new accounts increased due to the impact of the termination of COVID-19 related business support loans and a recovery in demand for funds, resulting in a 26.8% YoY increase in loan outstanding.
- On the other hand, operating profit declined 36.5% YoY to 850 million yen due to an increase in credit costs resulting from the deteriorated collection environment following the termination of COVID-19 related support.

( ¥ million )	23/3 3Q	24/3 3Q	YOY
Loans outstanding	66,633	<b>84,495</b>	<b>26.8%</b>
Secured loans	9,112	<b>13,960</b>	<b>53.2%</b>
Business loans	57,520	<b>70,534</b>	<b>22.6%</b>
Customer accounts (thousands)	28	<b>33</b>	<b>16.5%</b>
Bad Debt Write-off Ratio	2.2%	<b>3.2%</b>	<b>1.0pt</b>
Operating revenue	5,600	<b>7,443</b>	<b>32.9%</b>
Operating profit	1,334	<b>858</b>	<b>-35.7%</b>
Ordinary profit	1,341	<b>852</b>	<b>-36.5%</b>
Profit	859	<b>416</b>	<b>-51.6%</b>

## Trends in Loans Outstanding



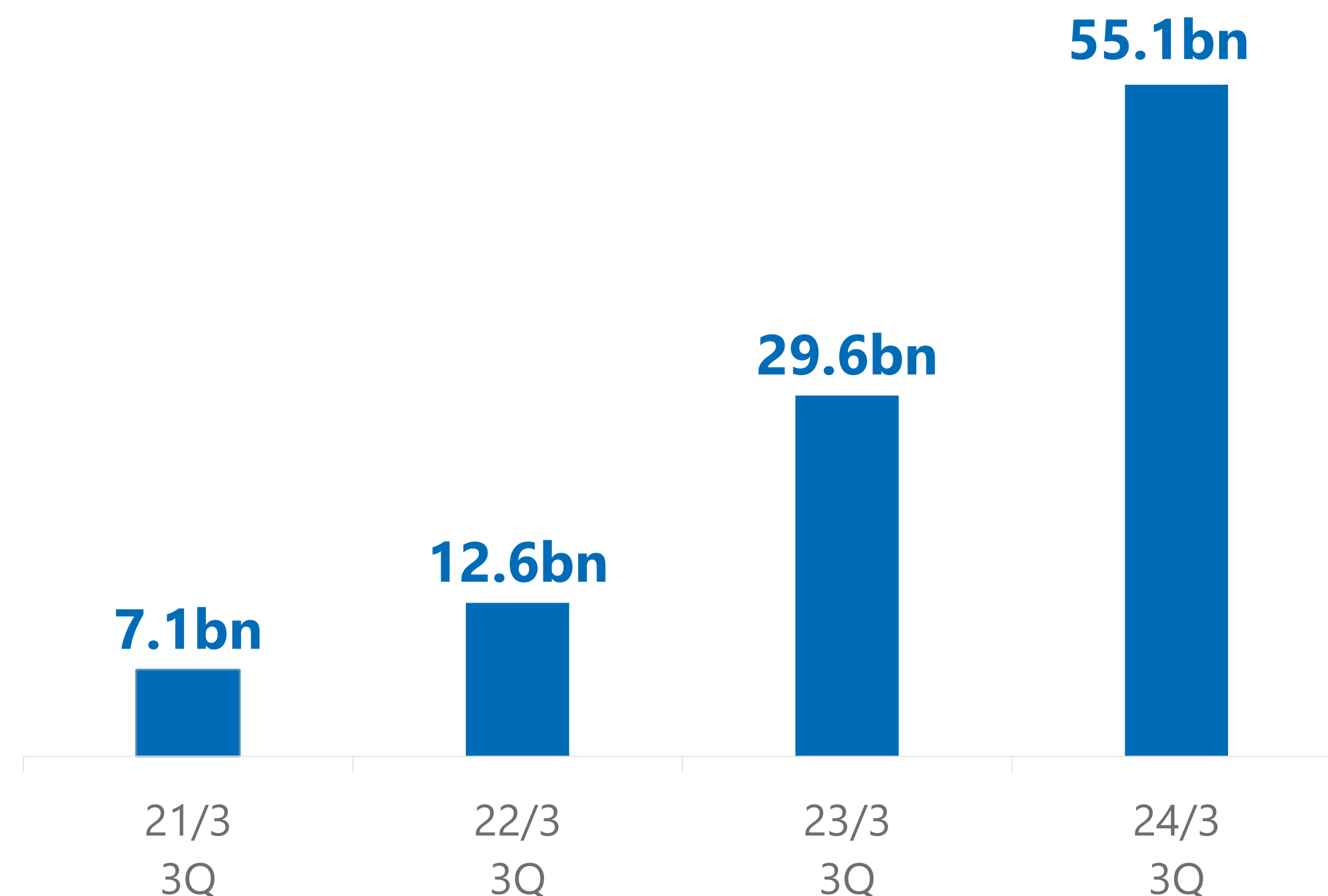


# AG GUARANTEE CO., LTD.

- Against a backdrop of robust expansion in affiliated businesses, particularly in esthetics and beauty medical services, new customers increased. As a result, installment receivable has seen a 85.9% YoY growth compared to the same period last year.
- AG GUARANTEE merged with AG MIRAI BARAI, a BNPL provider, as of January 2024, and changed its trade name to AG Payment Service.

( ¥ million )	23/3 3Q	24/3 3Q	YOY
Installment receivable	29,659	55,121	85.9%
Credit guarantee	117	90	-23.2%
Bad Debt Write-off Ratio	0.5%	1.4%	0.9pt
Operating revenue	1,786	3,360	88.1%
Operating profit	193	956	394.5%
Ordinary profit	194	957	391.0%
Profit	126	815	545.5%

## Trends in Installment Receivable



# Other Group Companies Topics



## AG Medical

AG MEDICAL CORPORATION

Operating Profit      ¥260M

Ordinary Profit      ¥250M

Profit      ¥160M

Total Receivable  
Outstanding 17.1bn  
(YOY +49.0%)



## AG Miraibarai

AG MIRAIBARAI Co., Ltd.

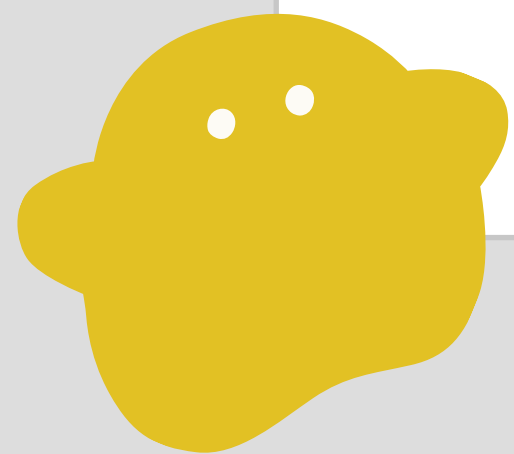
Operating Loss      ¥330M

Ordinary Loss      ¥330M

Net Loss      ¥100M

Shopping Purchases  
9.7bn (YOY -33.6%)

Number of affiliate stores  
554,000 (YOY +13.2%)





## 7 Appendix

# AIFUL Group's Business

AIFUL Group aim to create businesses that meet all customer needs




Loan / Credit Guarantee



Small Business Loan


Credit / Credit Guarantee



Individual Credit Purchase Intermediaries / BNPL



Social Lending



Venture Capital



Debt Collection



Restructuring





Leaseback/Rent Guarantee


Small-amount, short-term insurance



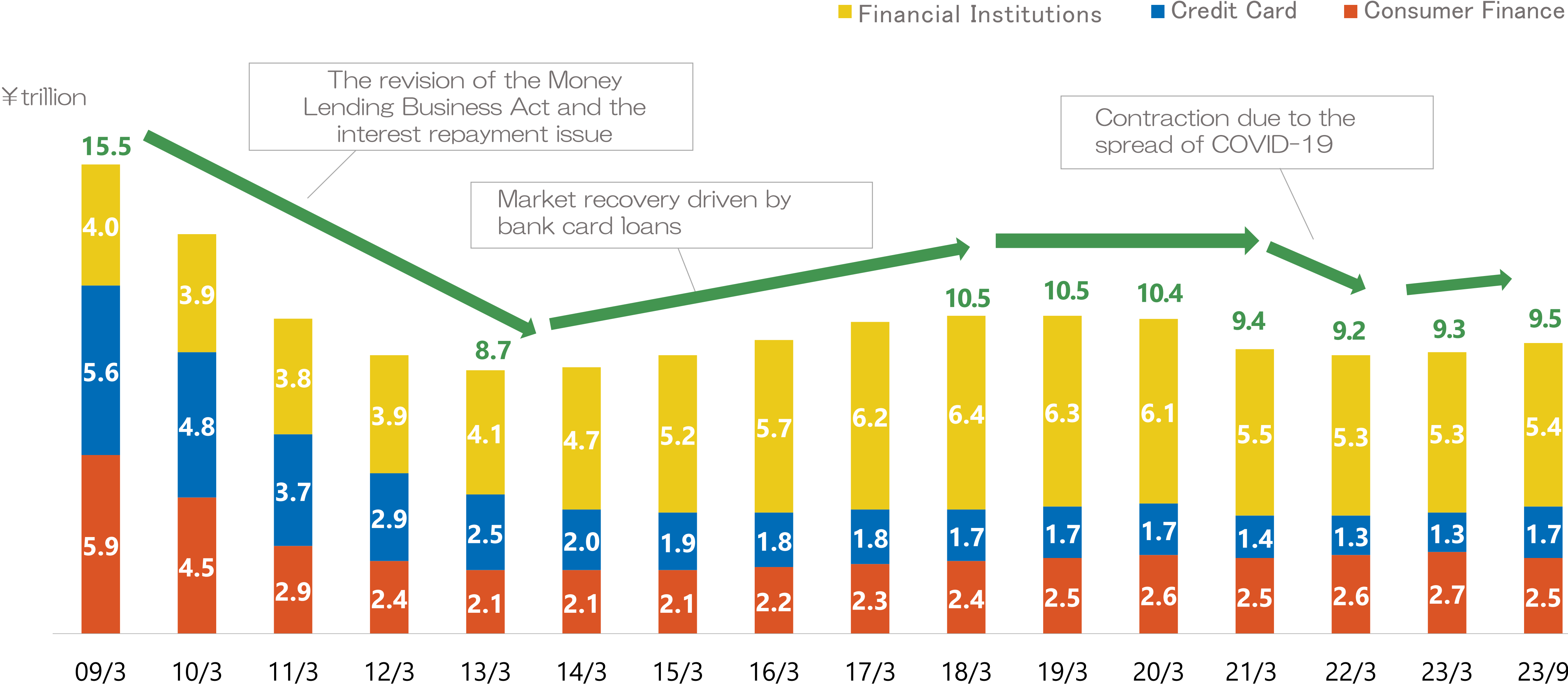
System Engineering Services

Overseas


# Unsecured Loan Market



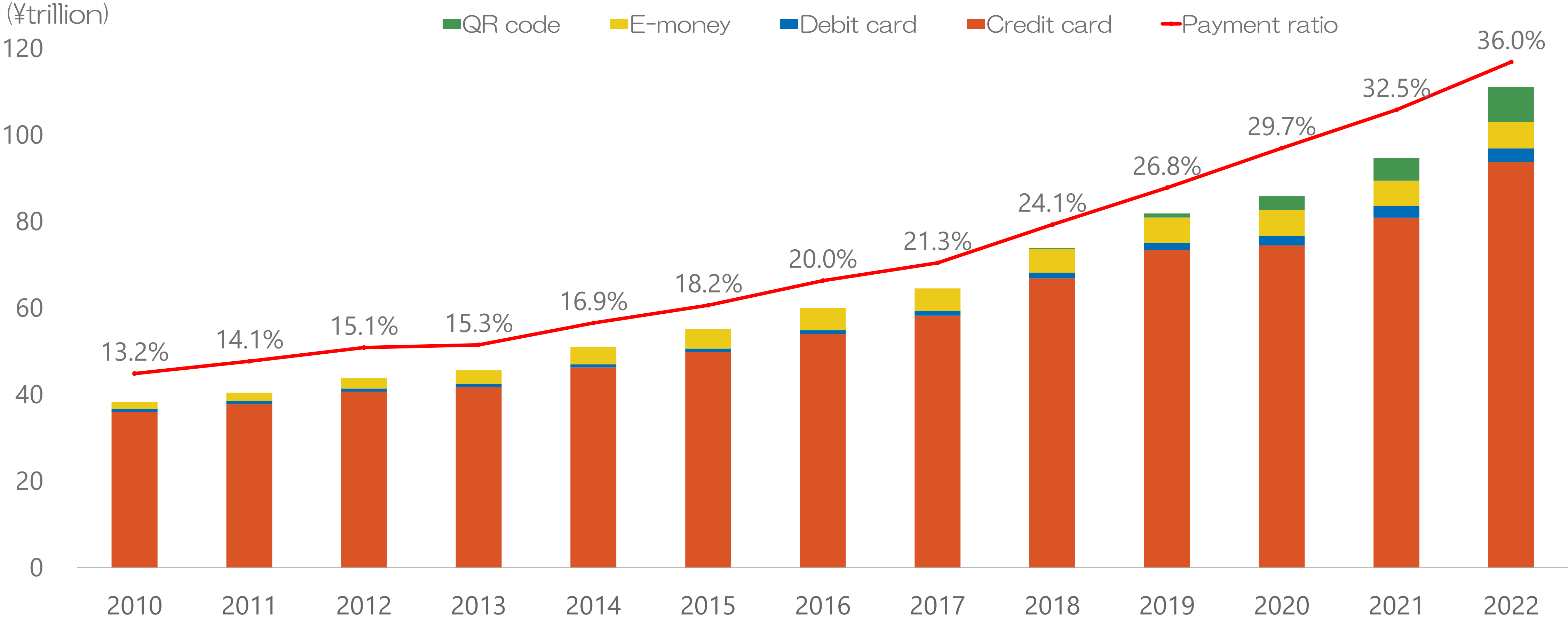
\*Source  
 Consumer finance and Credit card companies :Statistic by the Japan Financial Services Association.  
 Financial institutions :Statistic by The Bank of Japan. (Consumer loan outstanding at domestic banks and credit unions)



# Cashless Payment Market

- Cashless payment ratio in 2022 grew steady to 36.0%. The Ministry of Economy, Trade and Industry (METI) aims to raise the cashless payment ratio to 40% by 2025 and 80% in the future, the highest level in the world.

## Trends in cashless payment amount and ratio



\*Source: Ministry of Economy, Trade and Industry

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- The figures contained in this presentation material with respect to AIFUL and AIFUL Group 's plans and strategies and other statements that are not historical facts are forward-looking statements about the future performance of AIFUL and AIFUL Group which are based on management' s assumptions and belief in light of the information currently available to it and involve risks and uncertainties. Therefore, actual results may differ from those in the forward-looking statements due to various factors.
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