



# Medium-Term Management Plan 2024





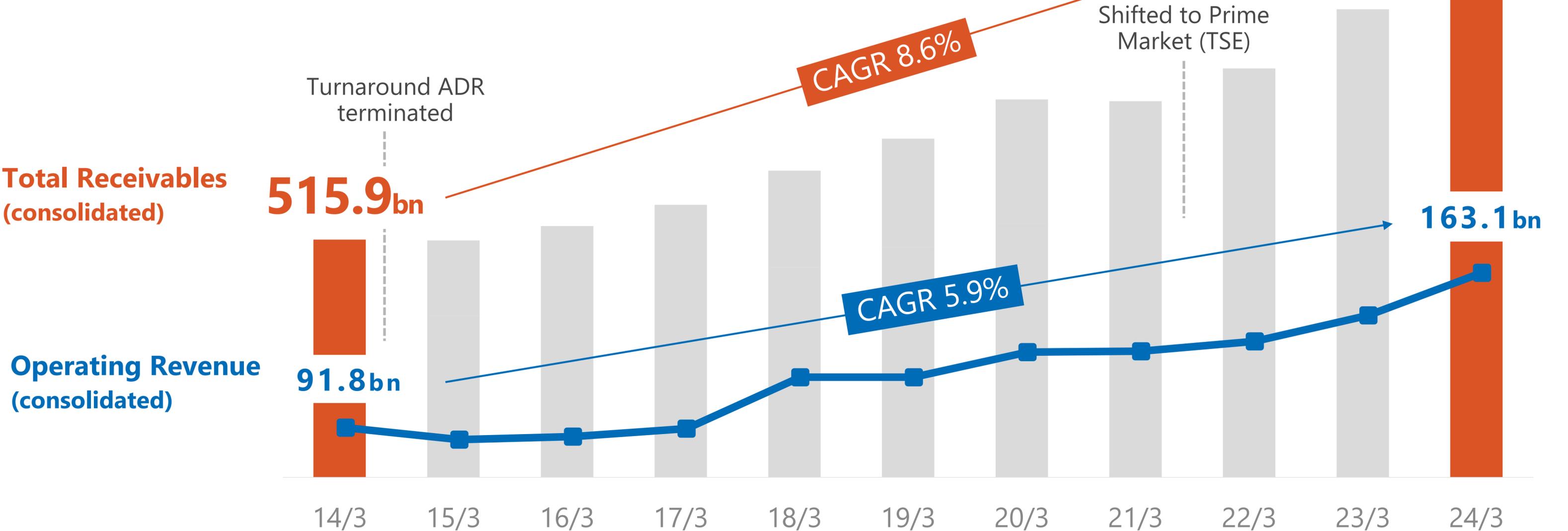
<b>1. Long-Term VISION</b>	<b>03-06</b>
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# 1 Long Term VISION

# A Ten-year Look Back

	2014/3	2024/3	
New accounts (AIFUL)	117k	338k	↗ 2.9 times
Interest repayment (withdrawal amount on consolidated basis)	¥40.9bn	¥6.2bn	↘ 34.7 bn yen
Credit rating (JCR)	CCC	A-	↗ 10 notches



# Long-Term VISION

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

### Growth Strategy

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

# Targeted VISION –Long-Term VISION–

## Medium-Term Management Plan 2024

## Targeted Vision

Ordinary profit

**100.0bn**

Ordinary profit	<b>22.0bn</b>
ROA	<b>1.9%</b>
Real ROE*	<b>8.0%</b>

Ordinary profit	<b>42.0bn</b>
ROA	<b>2.5%</b>
Real ROE*	<b>11.4%</b>

CAGR 10.6%



2024/3



2027/3  
(Final year)



\* Details of real ROE are provided on page 11.



2

## **Medium-Term Management Plan**

# **Theme & Target - Medium-term Management Plan-**

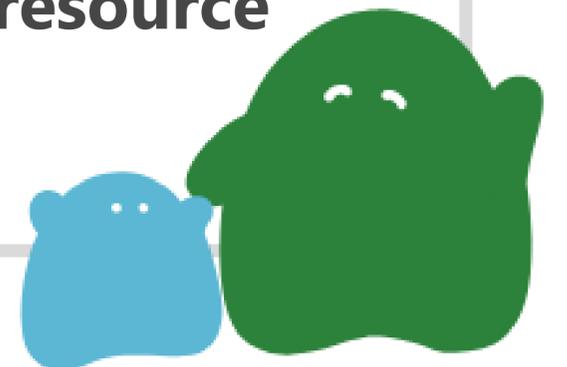
# Try Harder

~Toward a New Stage of Growth~



Fundamental Policies

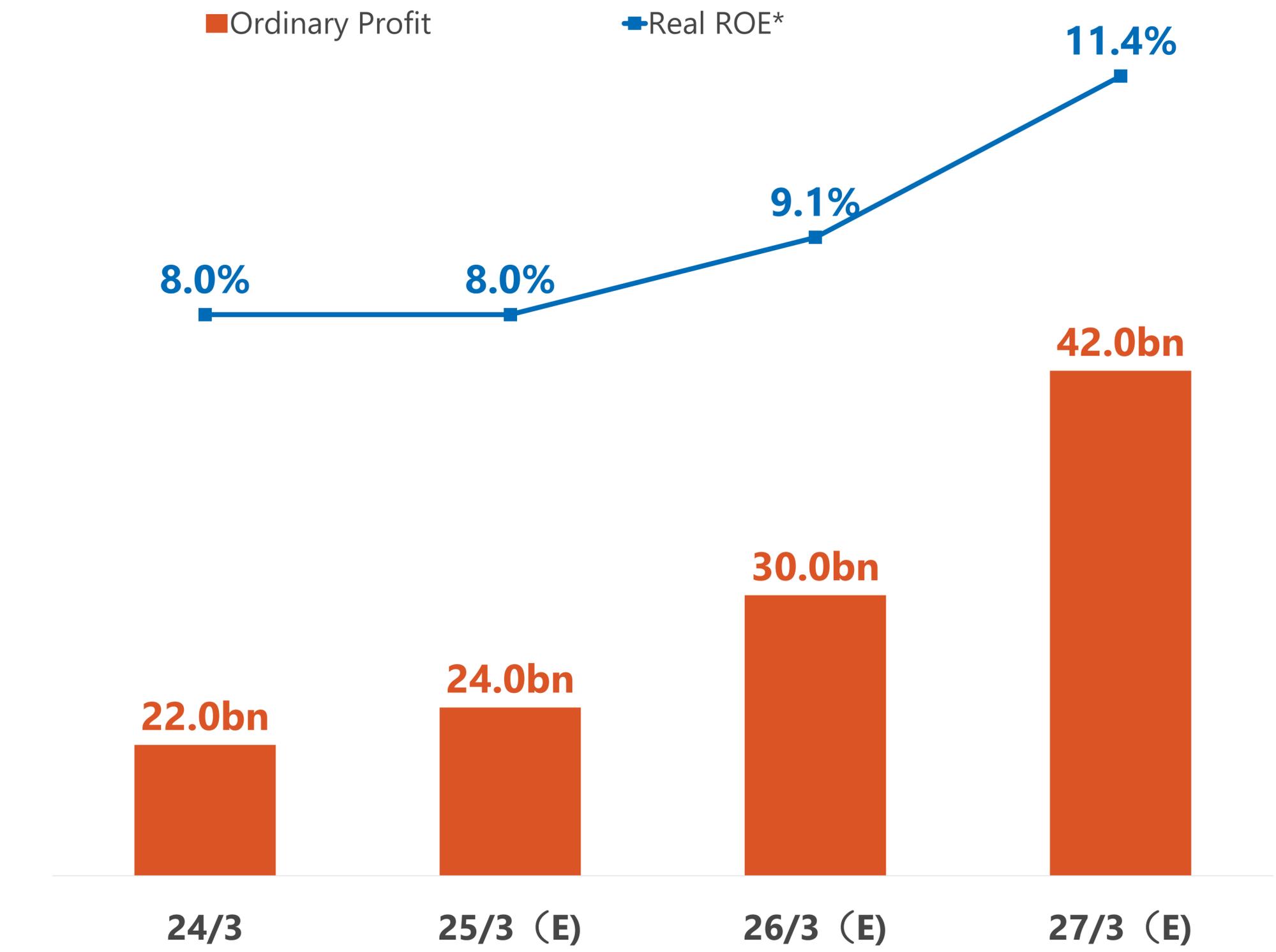
1. **Invest in M&A** to bring changes to the Top-line portfolio composition
2. Implement **Cost Structure Reform** by reviewing human resource compositions and utilizing in-house engineers, etc.



# Target (Consolidated) – Medium-term Management Plan -

2024/3 Result
<b>Total Receivables</b>
<b>1,178.9</b> bn
Loan Business
<b>738.6</b> bn
Credit Guarantee
<b>241.1</b> bn
Credit Business
<b>173.7</b> bn
<b>Ordinary Profit</b>
<b>22.0</b> bn
<b>ROA</b>
<b>1.9</b> %
<b>Real ROE*</b>
<b>8.0</b> %

2027/3 Forecast
<b>Total Receivables</b>
<b>1,590.0</b> bn
Loan Business
<b>960.0</b> bn
Credit Guarantee
<b>310.0</b> bn
Credit Business
<b>260.0</b> bn
<b>Ordinary Profit</b>
<b>42.0</b> bn
<b>ROA</b>
<b>2.5</b> %
<b>Real ROE*</b>
<b>11.4</b> %



\*Refer to Page11 for details

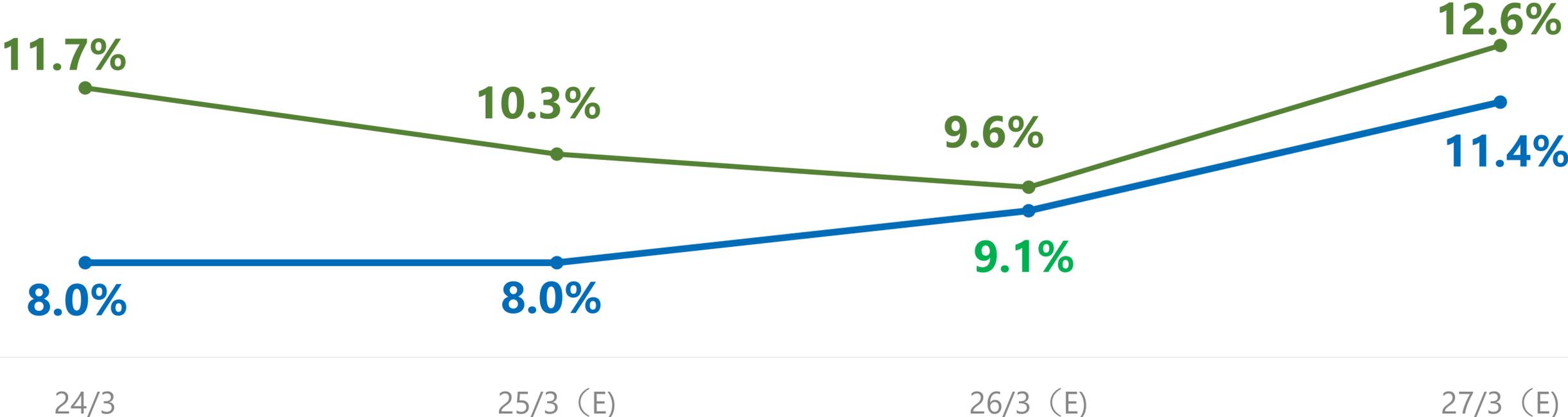
**Real ROE**

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

- AIFUL group has recorded tax losses in the past, resulting in unstable amounts for corporate tax adjustments and tax expenses.
- Therefore, we are demonstrating the temporal variation and improvement in real ROE using the effective tax rate borne by typical corporations.

● ROE      ● Real ROE\*

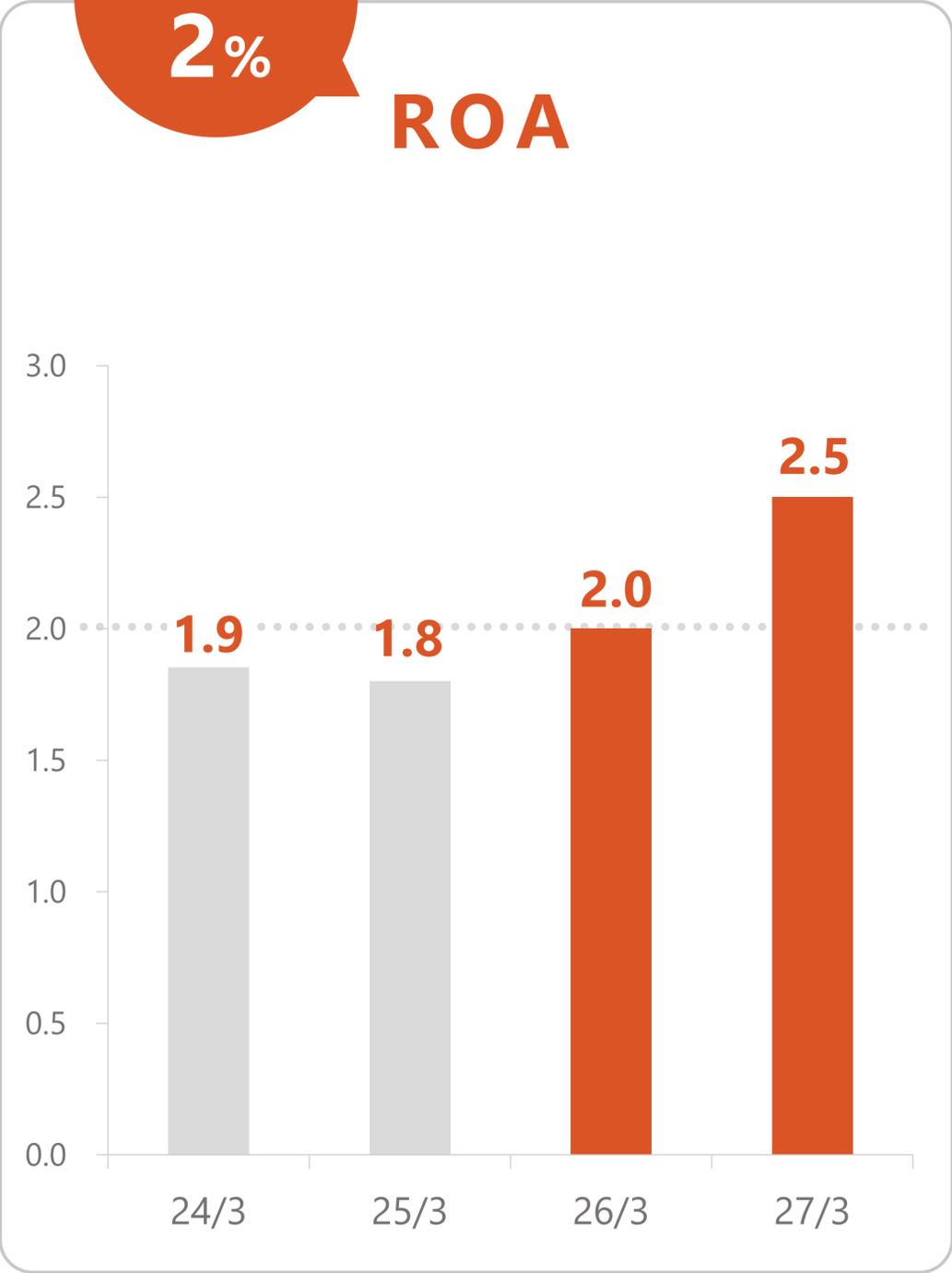
**Aiming for further improvement in ROE by investing into growth through M&A**



# Management Indices – Medium-term Management Plan -

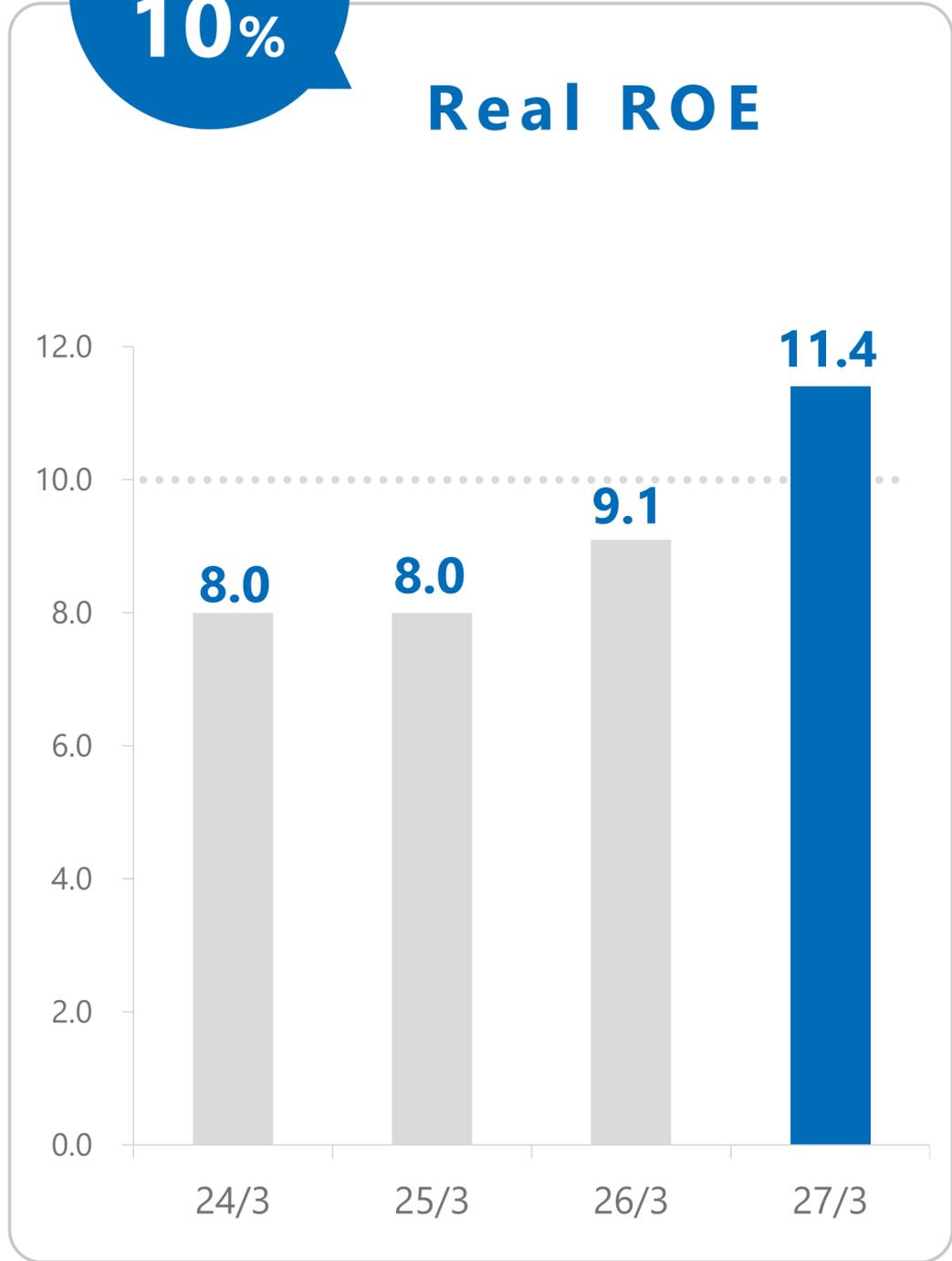
More than  
**2%**

## ROA



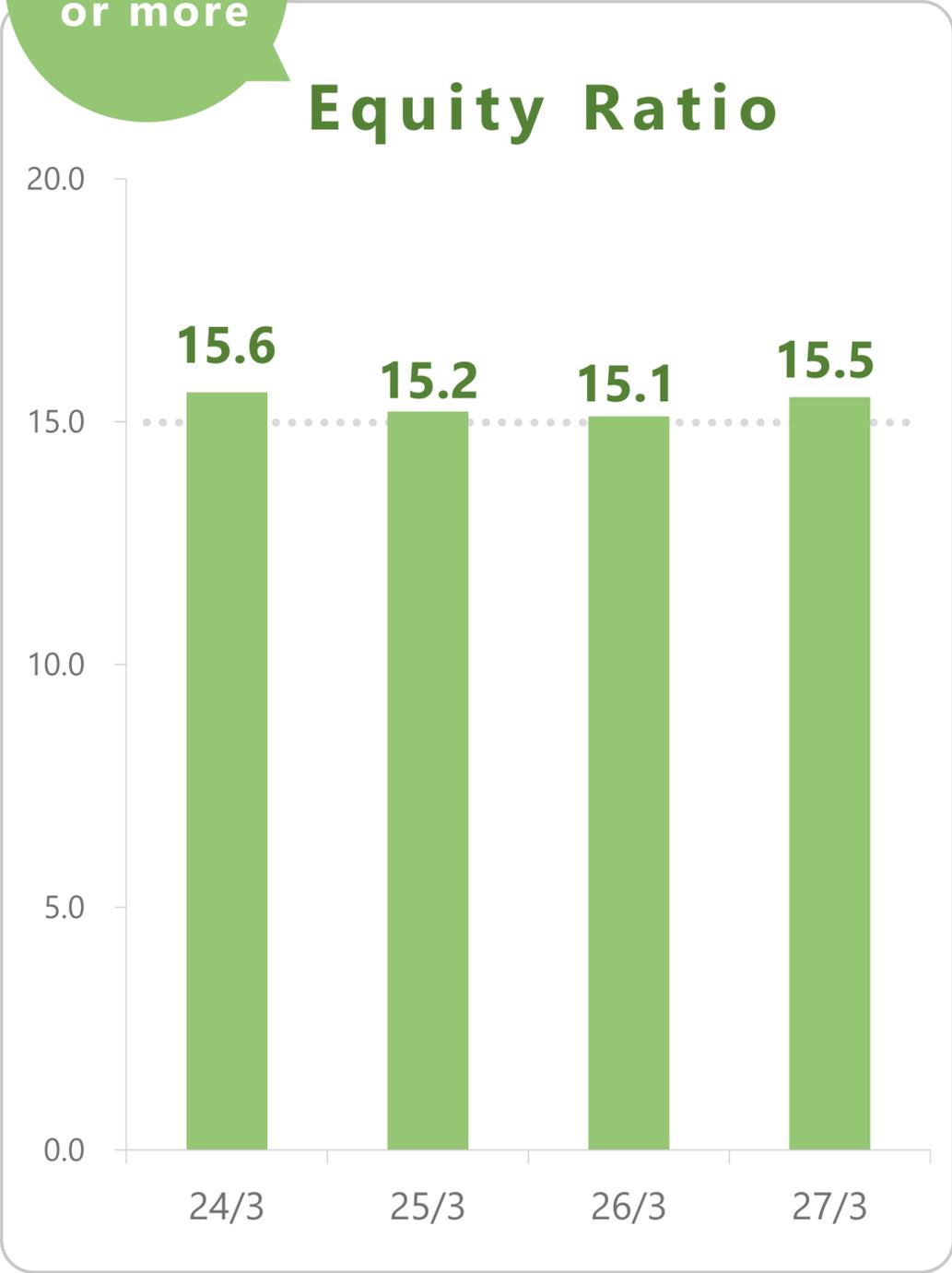
More than  
**10%**

## Real ROE



**15%**  
or more

## Equity Ratio



\*Refer to Page11 for details

\*Excluding changes due to capital policy and investment on M&A

# **Growth Scenario – Medium-term Management Plan -**

## Growth Scenario – Medium-term Management Plan -

### Throughout the Medium-term management plan, well-focused investments will be continued centered on the high performing 4 Core Businesses

- Profits generated from core businesses will be invested in growth investments to the greatest extent possible.
- Aim to improve capital efficiency (ROE) by generating new profits from growth investments.

#### 4 Core Business

1. Consumer finance
2. Small business loan
3. Credit guarantee
4. Installment sales

Raise profit of 4 Core  
Businesses to generate  
funds for investment

Funds for  
investment

#### Investment

- Investment in promising markets such as overseas, credit card and payment business → Expansion of customer base
- Investment in M&A and business partnership → Creation of new business areas and new products to attract new customer segments

# Raising Profit Levels of Core Businesses – Medium-term Management Plan -

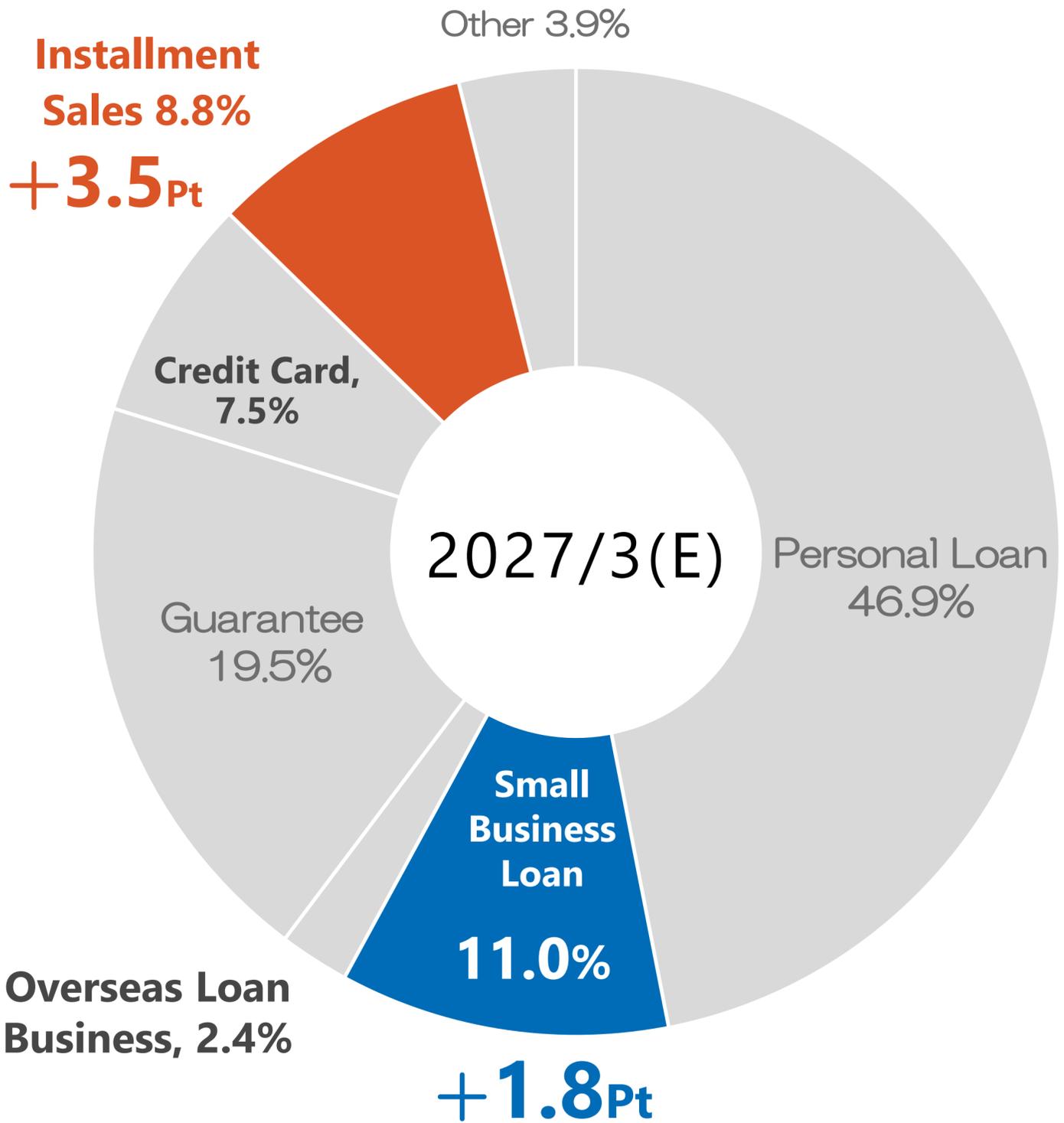
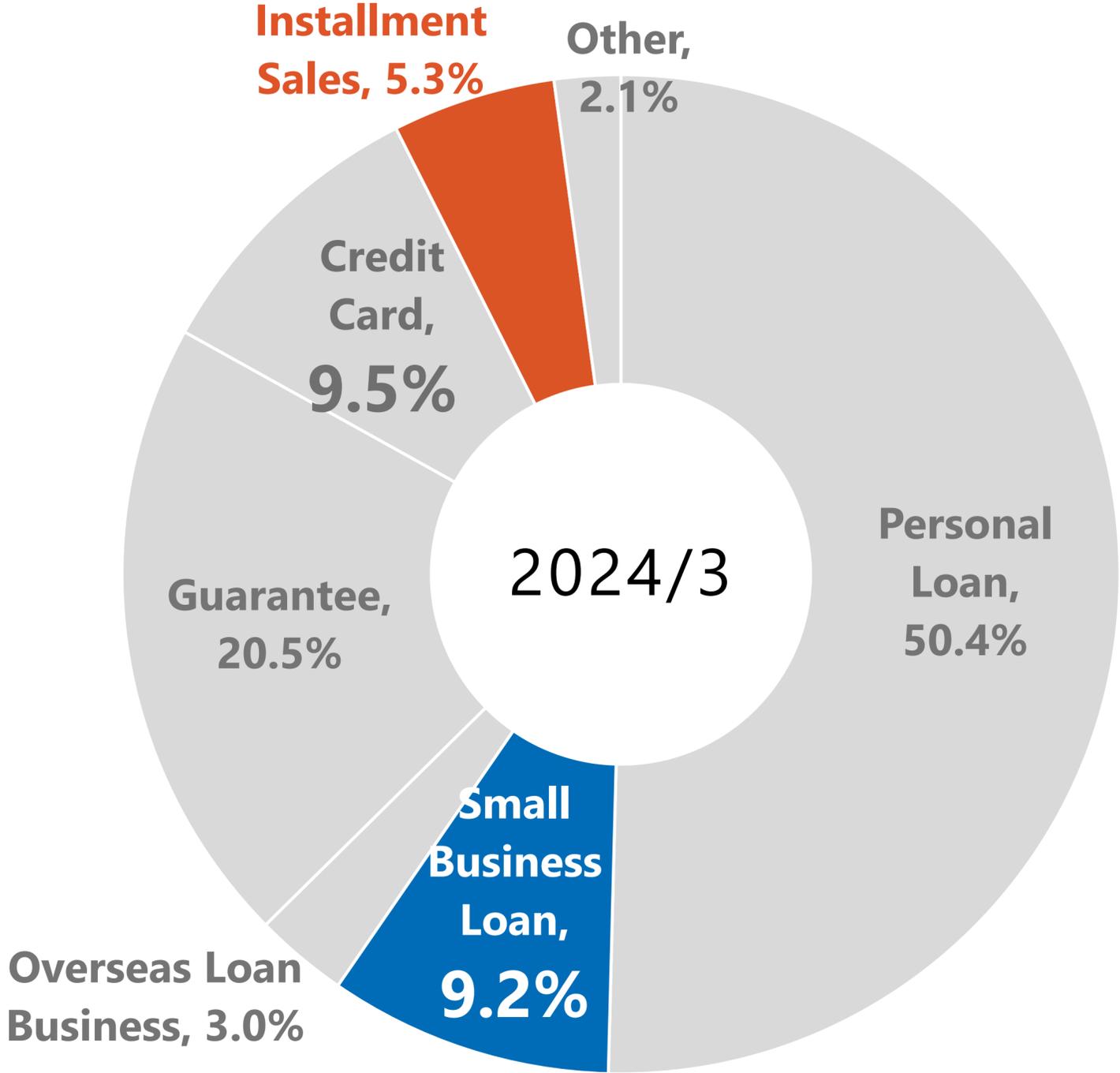
- Aim to elevate the profit levels of our core businesses to generate investment capital.

Companies Leading Core Businesses

		2024/3	→	2027/3(E)	
<b>Ordinary profit</b> (Consolidated)		<b>22.0</b> bn	→	<b>42.0</b> bn	<b>+20.0</b> bn
<b>Consumer finance</b>		<b>27.1</b> bn	→	<b>30.4</b> bn	<b>+3.3</b> bn
<b>Credit guarantee</b>					
<b>Small business loan</b>		<b>▲40</b> M	→	<b>2,000</b> M	<b>+2,000</b> M
		<b>200</b> M	→	<b>1,000</b> M	<b>+700</b> M
<b>Installment sales</b>		<b>▲60</b> M	→	<b>4,700</b> M	<b>+4,800</b> M

# Change in Portfolio Proportion

(Total Receivables Outstanding) – Mid-term Management Plan -



# Initiatives for Core Businesses – Medium-term Management Plan -



## Consumer Finance Business

- Aim to reach a balance of **¥800bn** in 5 years (by the end of FY29/3)
- Maintain the number of new acquisitions and CPA while improving customer attributes to raise the profit level.

	24/3	25/3 (E)	26/3 (E)	27/3 (E)
Loan Business	562.9bn	610.0bn	670.0bn	720.0bn



## Guarantee Business (For financial institutions)

- Aim to reach a balance of **¥300bn** yen during the period of this plan.
- Expand business and secured products on the strength of credit screening know-how.
- Expanding the number of business partners by capturing customer needs and leveraging the diversity of our products.

	24/3	25/3 (E)	26/3 (E)	27/3 (E)
Guarantee Business	¥241.1bn	¥270.0bn	¥290.0bn	¥310.0bn

## Small Business Loan

- Aim at a balance of **¥170bn** during the period of this plan.
- Increase new acquisitions through web and apps (unsecured).
- Focus on collateralized financing (real estate, medical fees, factoring, etc.).

	24/3	25/3 (E)	26/3 (E)	27/3 (E)
Loan business	108.5bn	120.0bn	150.0bn	170.0bn

## Installment Sales Finance Business

- Aim to achieve a **30% market share** in installment sales for esthetics and medical beauty services in five years (by FY29/3) through expansion of sales organization's affiliated stores.  
Market Share as of 24/3 : **around 18%**

	24/3	25/3 (E)	26/3 (E)	27/3 (E)
Outstanding (installment)	¥61.9bn	¥80.0bn	¥110.0bn	¥140.0bn

## Other Initiatives – Medium-term Management Plan -

### ● Credit Card Business

- Improve LTV of proper cards through revenue measures and cost reduction
- Increase the number of new issuances and the utilization rate by enhancing awareness through investment in advertising.



### ● Small-amount, short-term insurance

- Expansion of diverse products, acquisition of new customers, and revenue growth through the utilization of the AIFUL's sales branch network.



### ● Overseas Business

- Strengthen the collection management to ensure stability.
- Consideration of new market entries (Republic of the Philippines).



# Fundamental Policy -Medium-term Management Plan-

# Fundamental Policy #1 M&A – Medium-term Management Plan -

- Proactively promote M&A to generate future profits.

## 1. M&A Activity Promotion

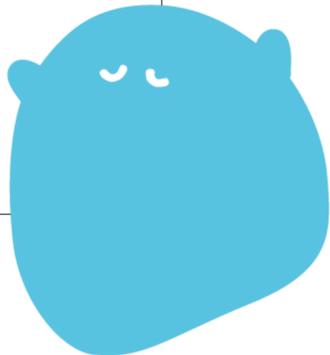
**Promote Aggressive M&A Activity to generate future profits**



**Maximum investment budget of ¥60bn [Over the next 3 years]**



M&A
2023/01 Pet insurance business (FPC Co., Ltd.)
2023/03 System Engineering Services (Seven Seas Co., Ltd.)
2023/11 System Engineering Services (Liblock Inc.)



## 2. Profit Generation

**Generate profits from new businesses**



**Aim to improve capital efficiency (ROE)**

# Fundamental Policy #2 Cost Structure Reform – Medium-term Management Plan -

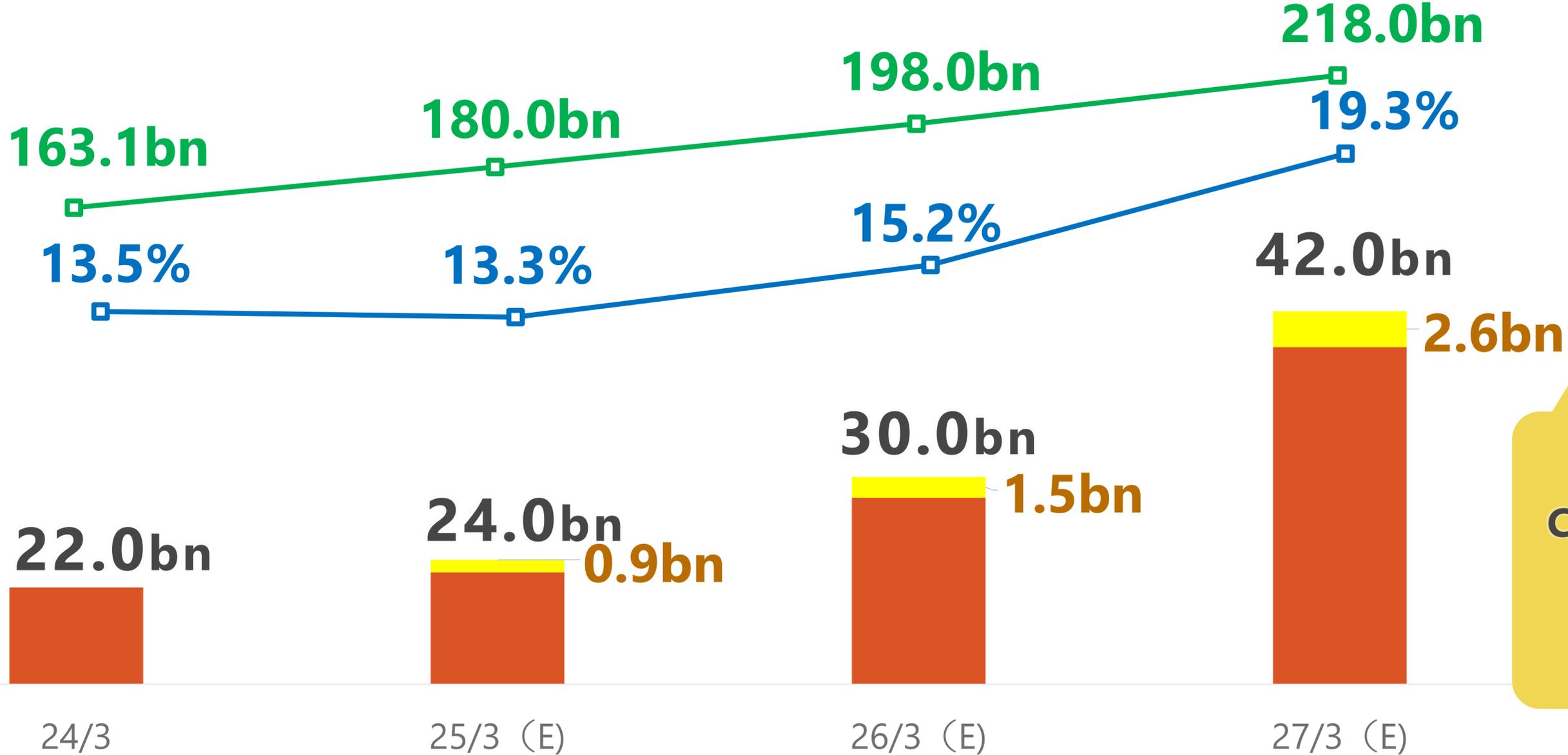
## Initiatives

**3-year total cost reduction effect** **over 5.0 billion yen**

Category	Cost reduction effect over-3years (2024/4~2027/3)	
1. Enhance productivity across operations in the Contact Center	¥1,000M reduction	in center operating expenses
2. Centralize receivables collection processes (consolidate group companies collection departments)	¥ 500M reduction	in personnel expenses
3. Benefits of In-house Engineering Development	¥1,500M reduction	in external outsourcing expenses* *Cost reduction in external outsourcing due to the internalization of in-house engineering tasks.
4. Close over 150 unmanned stores	¥2,000M reduction	in store-related expenses.

# Fundamental Policy #2 Cost Structure Reform – Medium-term Management Plan -

■ Operating revenue  
 ■ Ordinary profit  
 ■ Cost reduction amount  
■ Ordinary profit to operating revenue ratio



**[Initiatives]**  
 Cost reduction  
 3-year Total  
**¥5.0bn**



## ③ Capital Policy

Indicator

# Equity Ratio of 15% or more

The equity ratio is an indicator that should be improved as a higher ratio increases security. However, at the current stage (Phase of growing balance), we aim to maintain an equity ratio of 15% or higher considering the risks to be covered by capital.

(Risks Covered by Capital)

Regarding risks, expected losses are covered by normal business operations, while unexpected losses\* are covered by capital.

\*The difference between the expected maximum loss amount and the average loss amount (expected loss)



## ① Growth Investment

【2025/3~2027/3】

Total investment of **¥60.0bn MAX**

M&A

Capital Investment

- Group Synergy
- Potential for Future Group Growth
- Contribution to Consolidated ROE of 10% or More

## ② Shareholder Return

【2027/3】

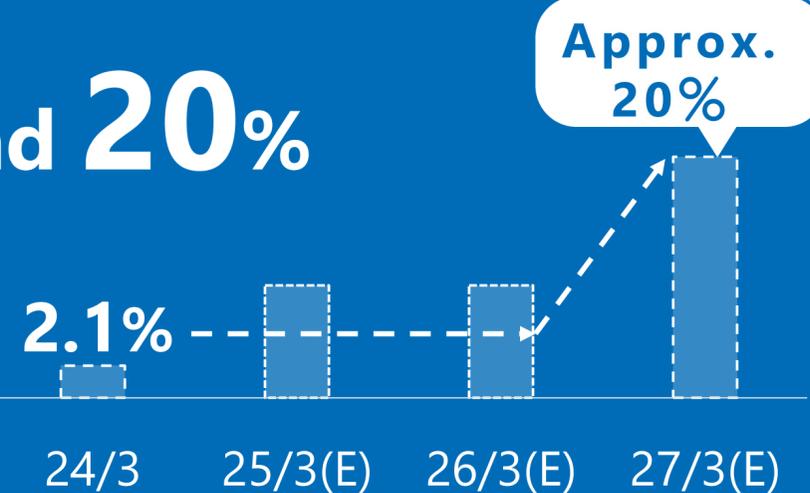
Targeting a Total Payout Ratio of around **20%**

Share buybacks

Dividend



While prioritizing growth investments, we aim to enhance shareholder returns targeting a total payout ratio of around 20% in the final year of the plan.

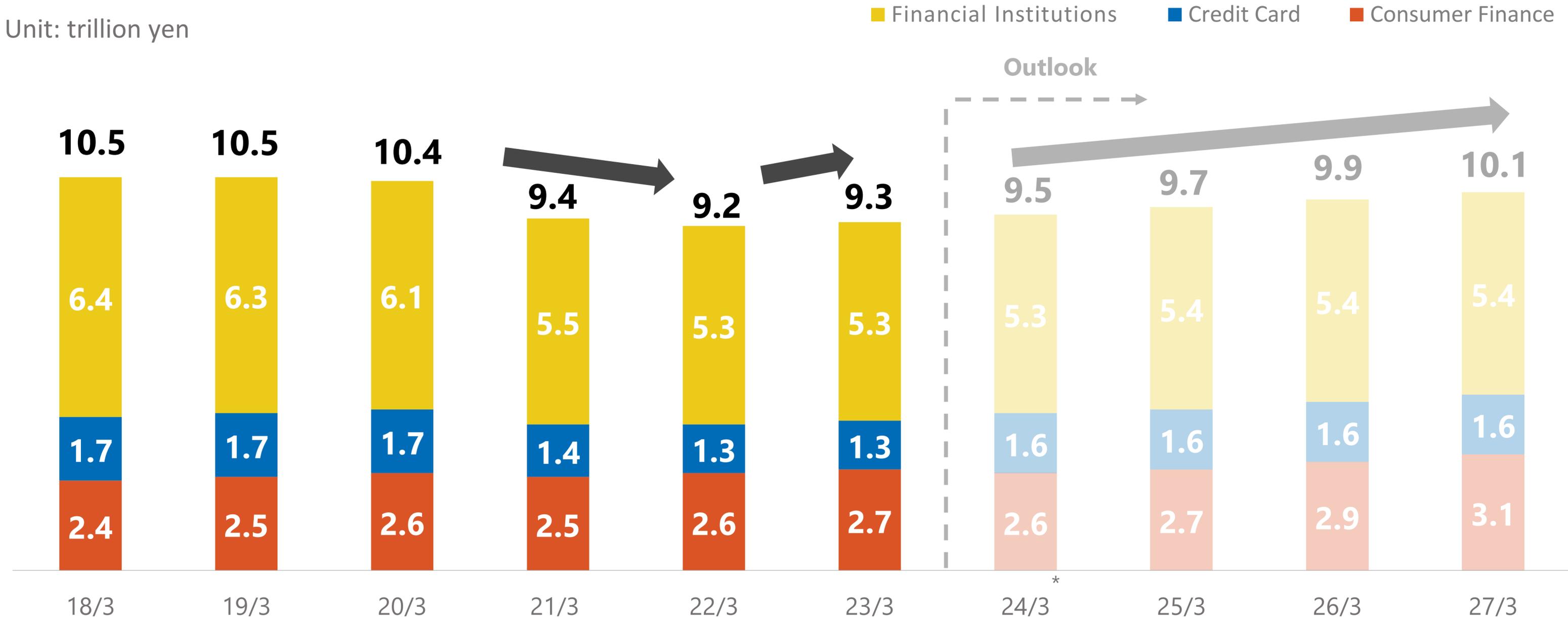


Considering share repurchase based on capital adequacy status

# Appendix

# (Market Outlook) Unsecured Loan Market

- With the subsiding of the COVID-19 pandemic, there has been a recovery in demand for funds although rising prices remain a significant challenge for market growth.
- The consumer finance industry is expected to continue to expand, as the entry of new companies is leading to an increase in younger customer acquisition and reducing their resistance to the industry.

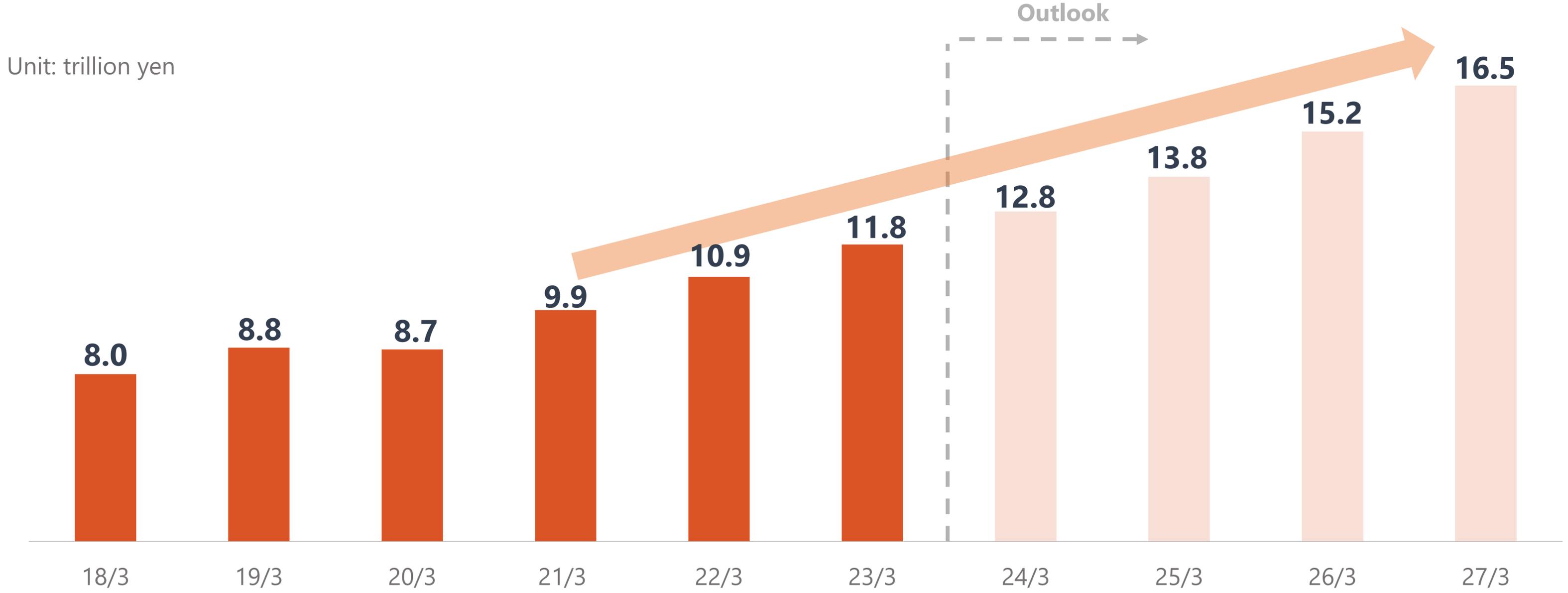


\*Source  
 \*2023/7 Consumer finance company with balance of about 300 billion yen shifted to credit card.  
 Consumer finance and Credit card companies :Statistic by the Japan Financial Services Association.  
 Financial institutions :Statistic by The Bank of Japan. (Consumer loan outstanding at domestic banks and credit unions)

# (Market Outlook) Business Loan Market

- Business Loan Market has been growing steadily. The balance of loans to small and medium-sized enterprises, which is our main segment, is on a gradual upward trend, and we expect the market to continue to expand.

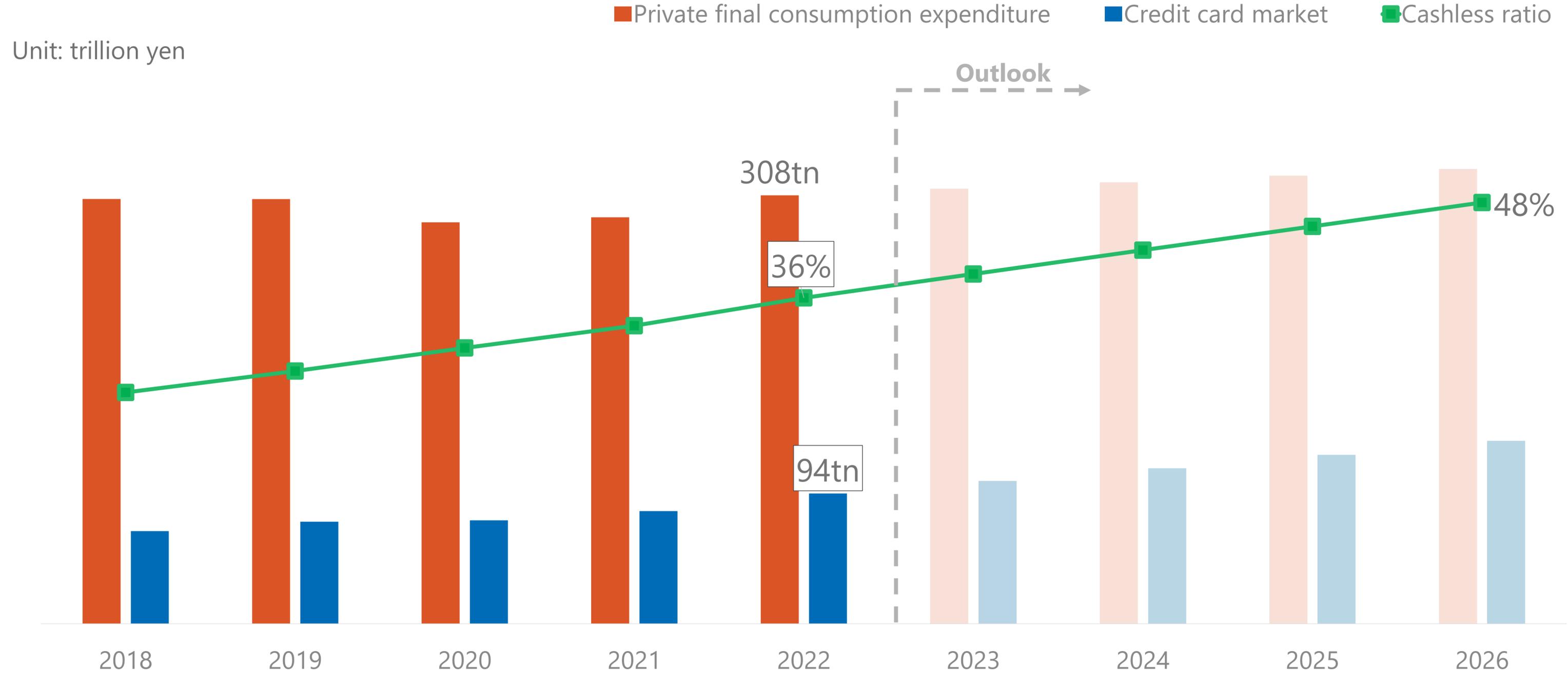
## Business Loan Balance at Money Lenders



\*Source: Financial Services Agency

# (Market Outlook) Cashless Payment Market

- The cashless ratio increased to 36% by 2022 and is expected to grow to 48% by 2026.
- With the government's promotion of cashless transactions, the transaction volume of credit cards is also steadily increasing.



\*Source: Ministry of Economy, Trade and Industry

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