

**AIFUL**

Second Quarter of FY2023/3  
Presentation Material

---

November 2022

# INDEX

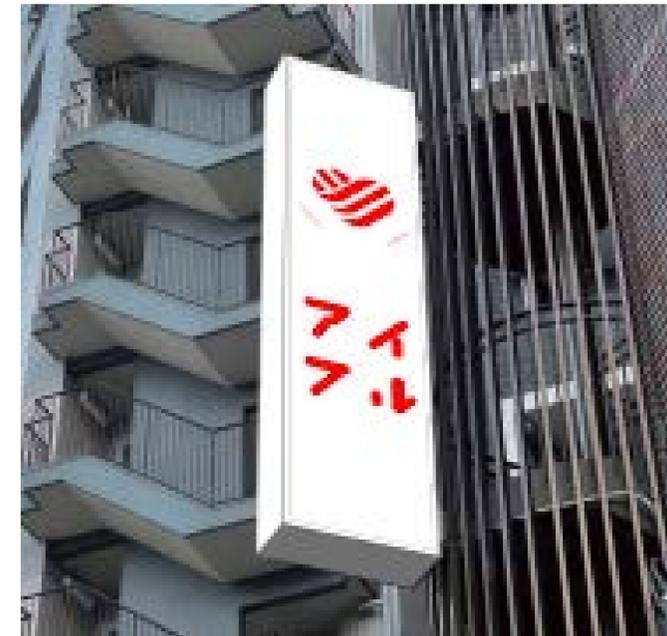
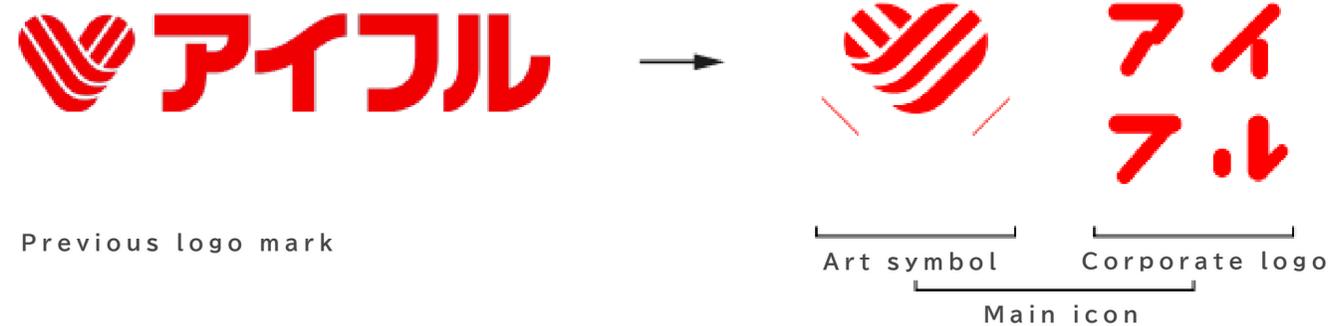
---

<b>01</b>	Introduction	<b>03 - 10</b>
<b>02</b>	Consolidated Financial Results Summary	<b>11 - 18</b>
<b>03</b>	“Changes” in AIFUL Group	<b>19 - 22</b>
<b>04</b>	AIFUL Results Summary	<b>23 - 32</b>
<b>05</b>	LIFECARD Results Summary	<b>33 - 44</b>
<b>06</b>	Group Companies Results Summary	<b>45 - 49</b>
<b>07</b>	Appendix	

# 01 Introduction

# Topics in FY2022 2Q

## Renewal of Group Visual Identity



- Created New "Art Symbol" and "Corporate Name Logo" in Anticipation of Global Strategy
- Designed Corporate Name Logo in a square shape in consideration of the compatibility with digital media

# Topics in FY2022 2Q

## Subsidiaries trade name and logo change

 **AG** LoanServices

 **AG** Guarantee

 **AG** StockCenter

 **AG** Medical

 **AG** SmileLeaseback

 **AG** Capital

 **AG** Partners

 **AG** Miraibarai

 **AG** CrowdFunding

- Organizing and unifying the VI based on the main icon will maintain a consistent brand image throughout the group and create synergy effect
- Renaming of Group companies to raise awareness of branding as a group

# Digest of Financial Results (Consolidated)

---

- Operating revenue was 70.4 billion yen and Profit attributable to owners of parent was 11.7 billion yen, both of which were higher than the same period last year.
- The number of new accounts reached 135,000, the highest since FY2006 2Q. Accordingly, operating assets grew by double digits to 942.2 billion yen.
- Due to aggressive spending on advertising and an increase in other expenses on the back of asset growth, operating expenses increased 6.1% YoY to 58.2 billion yen.
- Against the backdrop of strong new acquisitions, full-year plan of advertising expenses has been changed from 14.8 billion yen to 16.8 billion yen.

# Consolidated Results Outline

- Operating revenue : up 8.6% YoY to 70.4 billion yen, mainly due to an increase in revenue from interest on operating loans and installment receivable
- Operating profit : up 22.4% YoY to 12.1 billion yen due to an increase in interest on operating loans, despite an increase in operating expenses due to the impact of advertising-related expenses invested for asset growth

(¥ million)	22/3 2Q	23/3 2Q	YOY	YOY%
Operating revenue	64,837	70,402	5,564	8.6%
Interest on operating loans	37,523	40,862	3,339	8.9%
Revenue from installment receivable	9,530	10,925	1,394	14.6%
Revenue from credit guarantee	7,774	8,201	427	5.5%
Other operating revenue	10,009	10,412	403	4.0%
Operating expenses	54,907	58,251	3,344	6.1%
Financial expenses	3,572	3,467	-104	-2.9%
Expenses for interest repayment	-	-	-	-
Credit cost	19,208	18,350	-857	-4.5%
Advertising cost	6,804	9,159	2,354	34.6%
Personnel expenses	8,399	8,516	117	1.4%
Other operating expenses	16,922	18,757	1,835	10.8%

(¥ million)	22/3 2Q	23/3 2Q	YOY	YOY%
Operating profit	9,930	12,150	2,219	22.4%
Non-operating income	292	518	226	77.5%
Non-operating expenses	366	27	-339	-92.6%
Ordinary profit	9,856	12,642	2,786	28.3%
Extraordinary income	-	-	-	-
Extraordinary losses	-	-	-	-
Profit before income taxes	9,856	12,642	2,786	28.3%
Income taxes-current	362	1,423	1,061	292.7%
Income taxes-deferred	-654	-956	-301	-
Profit attributable to non-controlling interest	106	402	296	278.9%
Profit attributable to owners of parent	10,042	11,772	1,730	17.2%

# Key Figures & Full-year Plan (Consolidated)

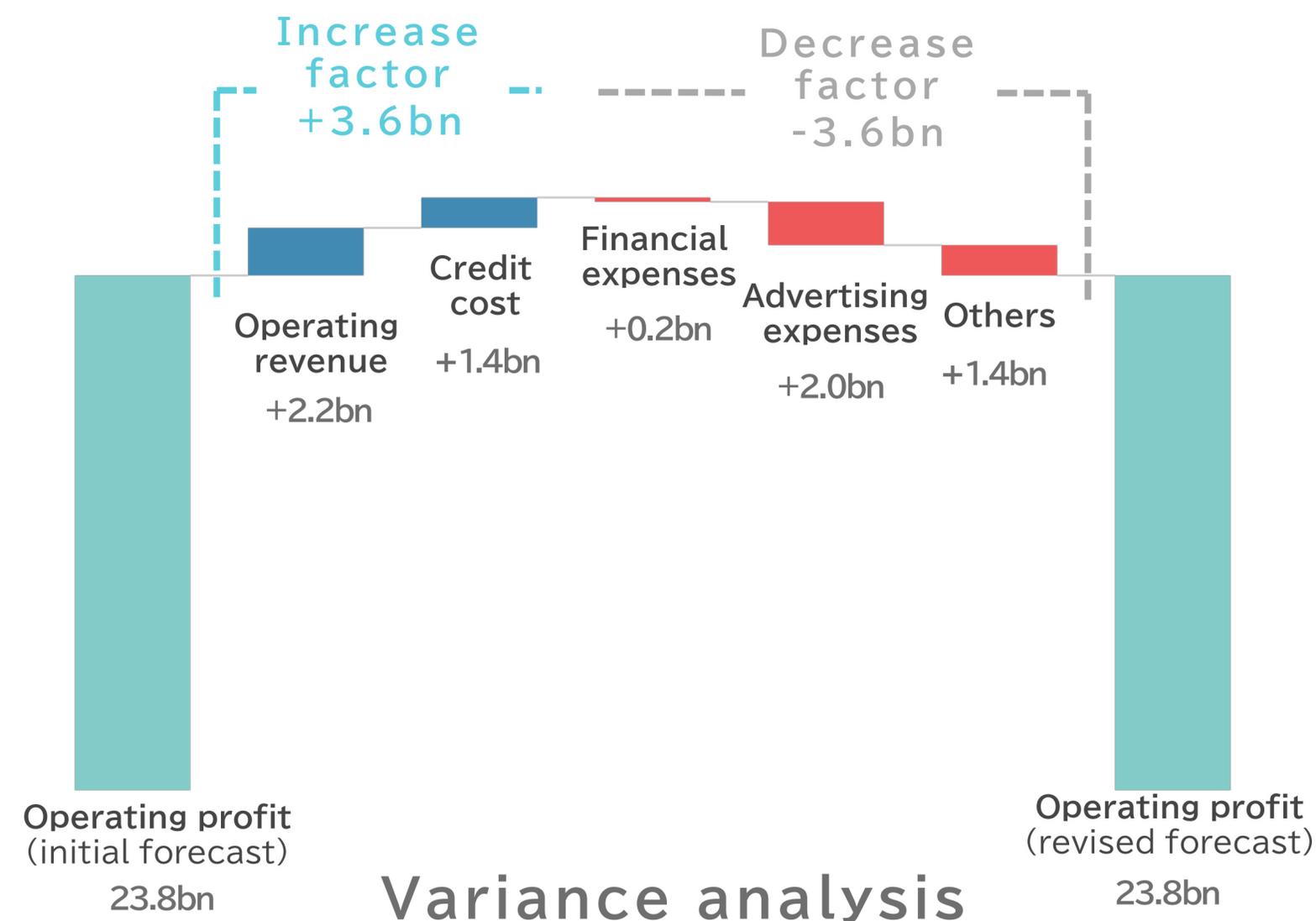
- Operating assets: up 11.6% YoY, mainly in the core loan business, aiming to reach 1 trillion yen in FY2022 for the first time in 12 years
- Credit guarantee business: up 16.9% YoY to 186.2 billion yen, driven by growth in loan on deeds such as loan consolidation (up by 13.8 billion yen)

(¥ million)	22/3 2Q	23/3 2Q	YOY	YOY%	23/3(E)	YOY	YOY%
Total operating assets	844,289	942,235	97,945	11.6%	1,007,600	120,192	13.5%
Loan business	561,013	610,598	49,584	8.8%	649,100	66,750	11.5%
Unsecured	488,239	525,290	37,050	7.6%	557,300	52,044	10.3%
Secured	16,971	20,803	3,832	22.6%	23,600	5,317	29.1%
Small business	55,802	64,504	8,701	15.6%	68,200	9,389	16.0%
Credit business	108,595	126,581	17,986	16.6%	143,800	27,019	23.1%
Guarantee	160,499	187,032	26,532	16.5%	202,000	29,302	17.0%
Credit guarantee	159,418	186,290	26,871	16.9%	201,300	29,502	17.2%
Other	1,080	741	-339	-31.4%	600	-300	-33.4%

# Full-year Forecast (compared to revised forecast)

## Revised Forecast for FY23/3

(¥ million)	23/3(E) Initial forecast	23/3(E) Revised forecast*	YOY	YOY%
Operating revenue	142,600	144,800	2,200	1.5%
Operating expenses	118,800	121,000	2,200	1.9%
Financial expenses	6,800	7,000	200	2.9%
Expenses for interest repayment	-	-	0	0.0%
Provision for allowance for doubtful account	37,200	35,800	-1,400	-3.8%
Advertising expenses	14,800	16,800	2,000	13.5%
Personnel expenses	17,200	17,200	0	0.0%
Other	42,600	44,000	1,400	3.3%
Operating profit	23,800	23,800	0	0.0%
Non-operating income	100	200	100	100.0%
Non-operating expenses	0	0	0	0.0%
Ordinary profit	24,000	24,000	0	0.0%
Profit attributable to owner of parent	21,300	21,300	0	0.0%



- Operating revenues increased against the backdrop of strong new accounts acquisitions
- Advertising expenses increased in line with growth in operating assets

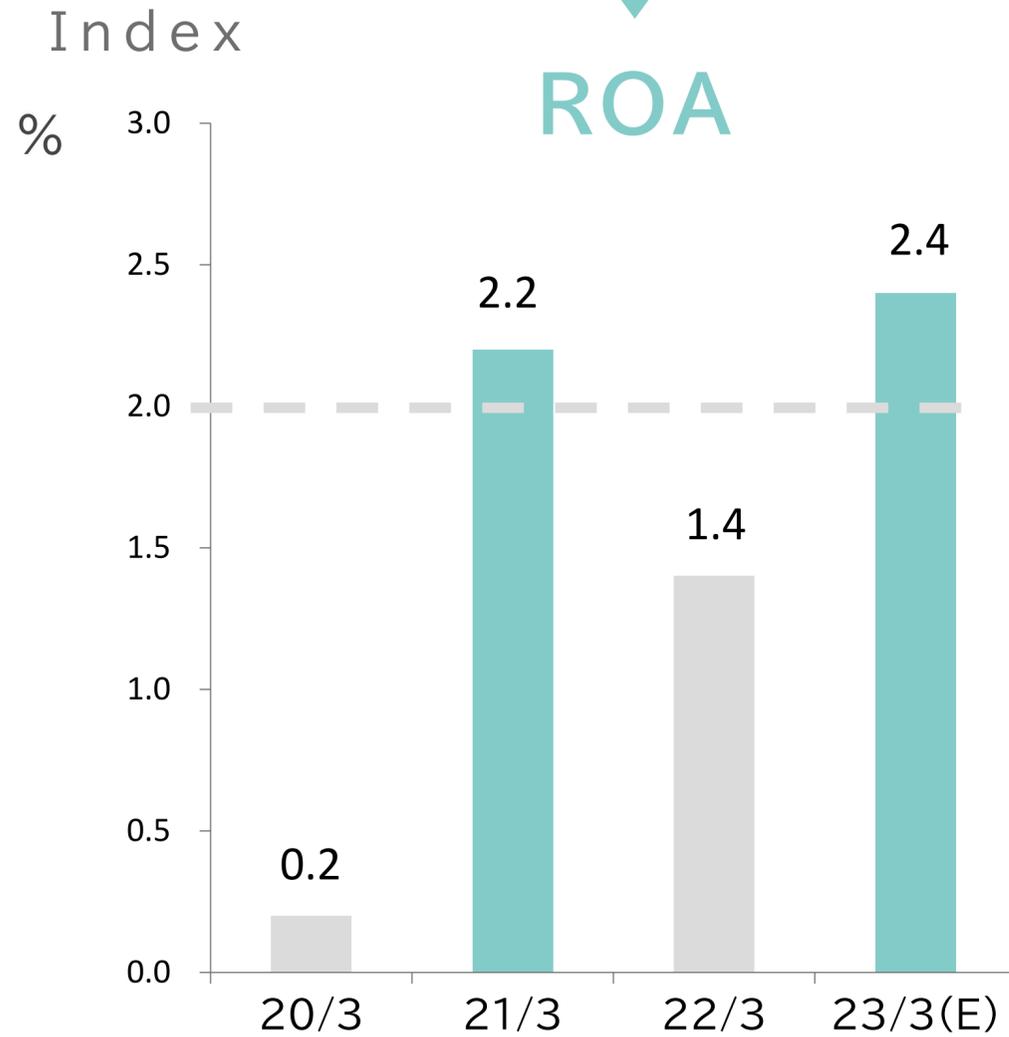
\*Revised at Second quarter financial report announcement (in November)

# Main KPI

## Trend of ROA, ROE and Equity Ratio

More than **2%**

### ROA



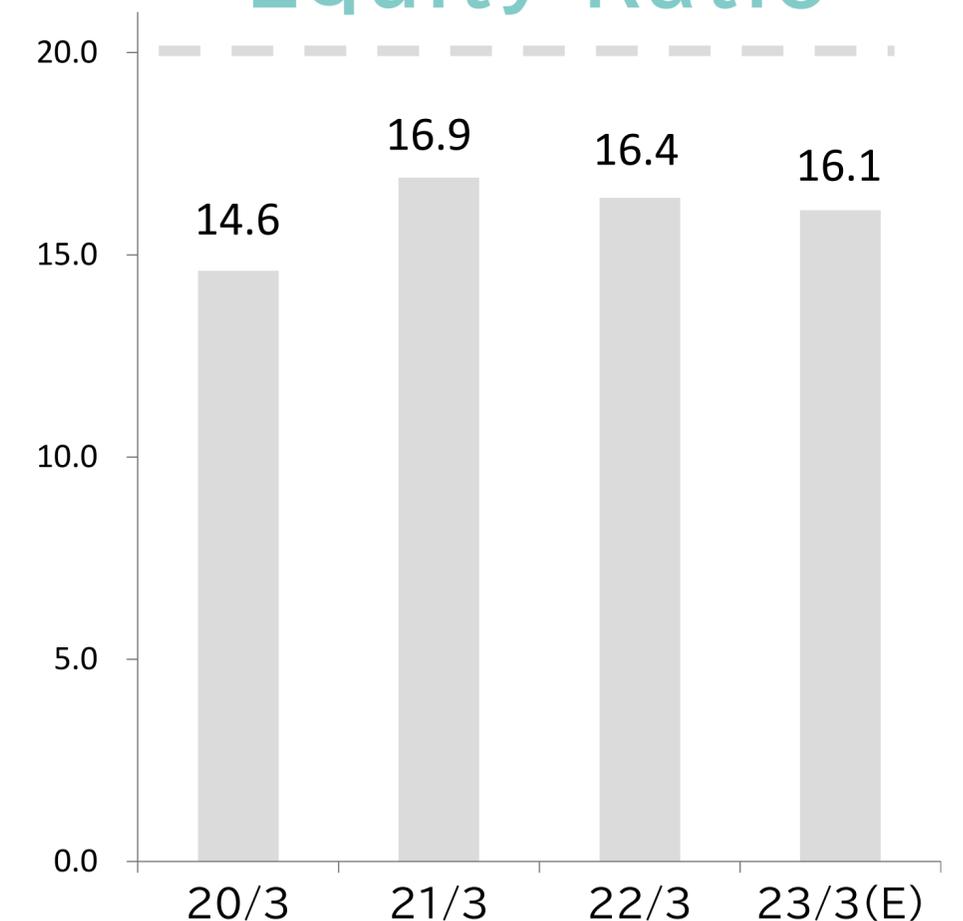
More than **15%**

### ROE



**20%**

### Equity Ratio



# 02 Consolidated Financial Results Summary

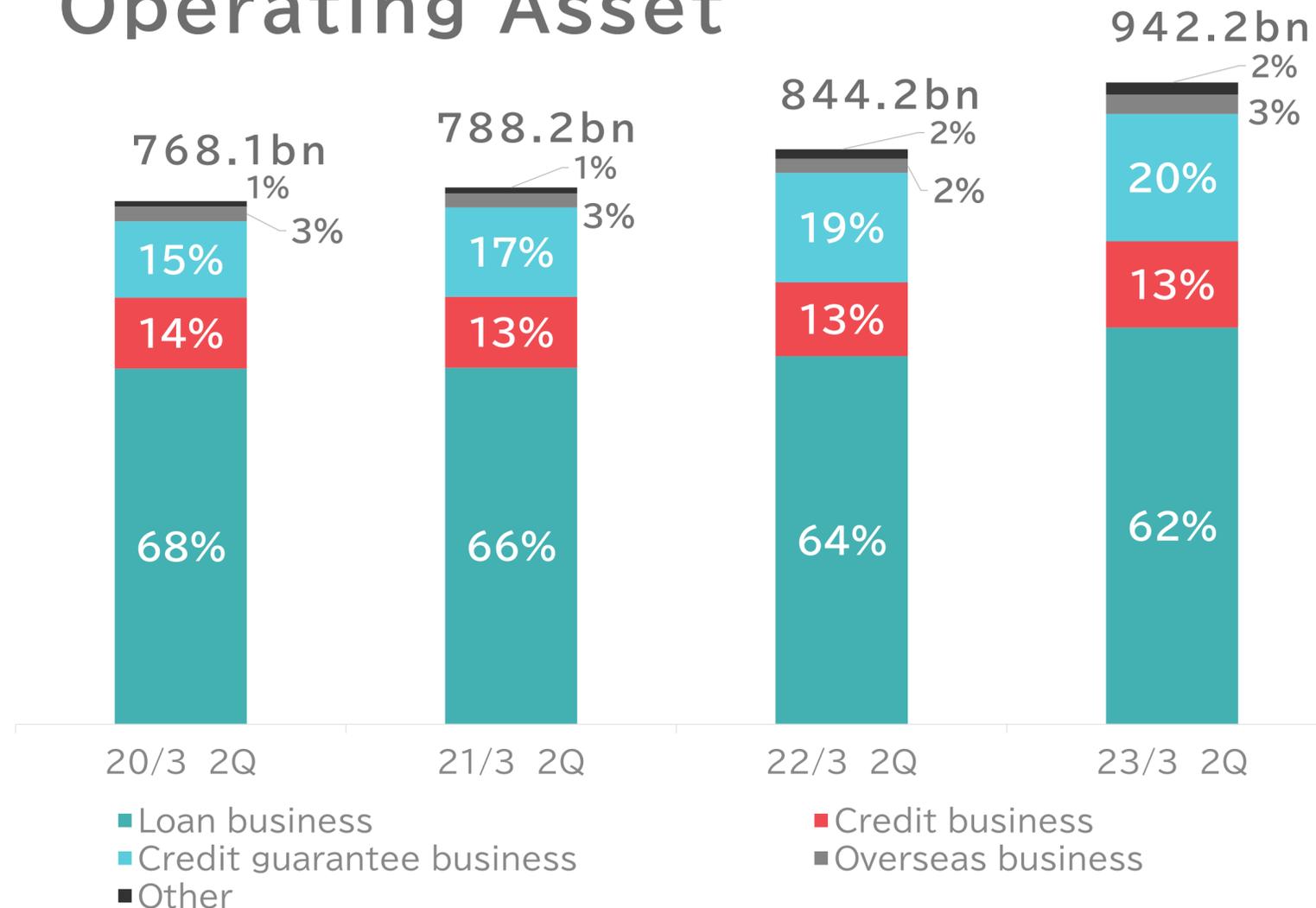
# Financial Highlights (Operating Asset/Operating Revenue)

## 【Approach to Business Portfolio】

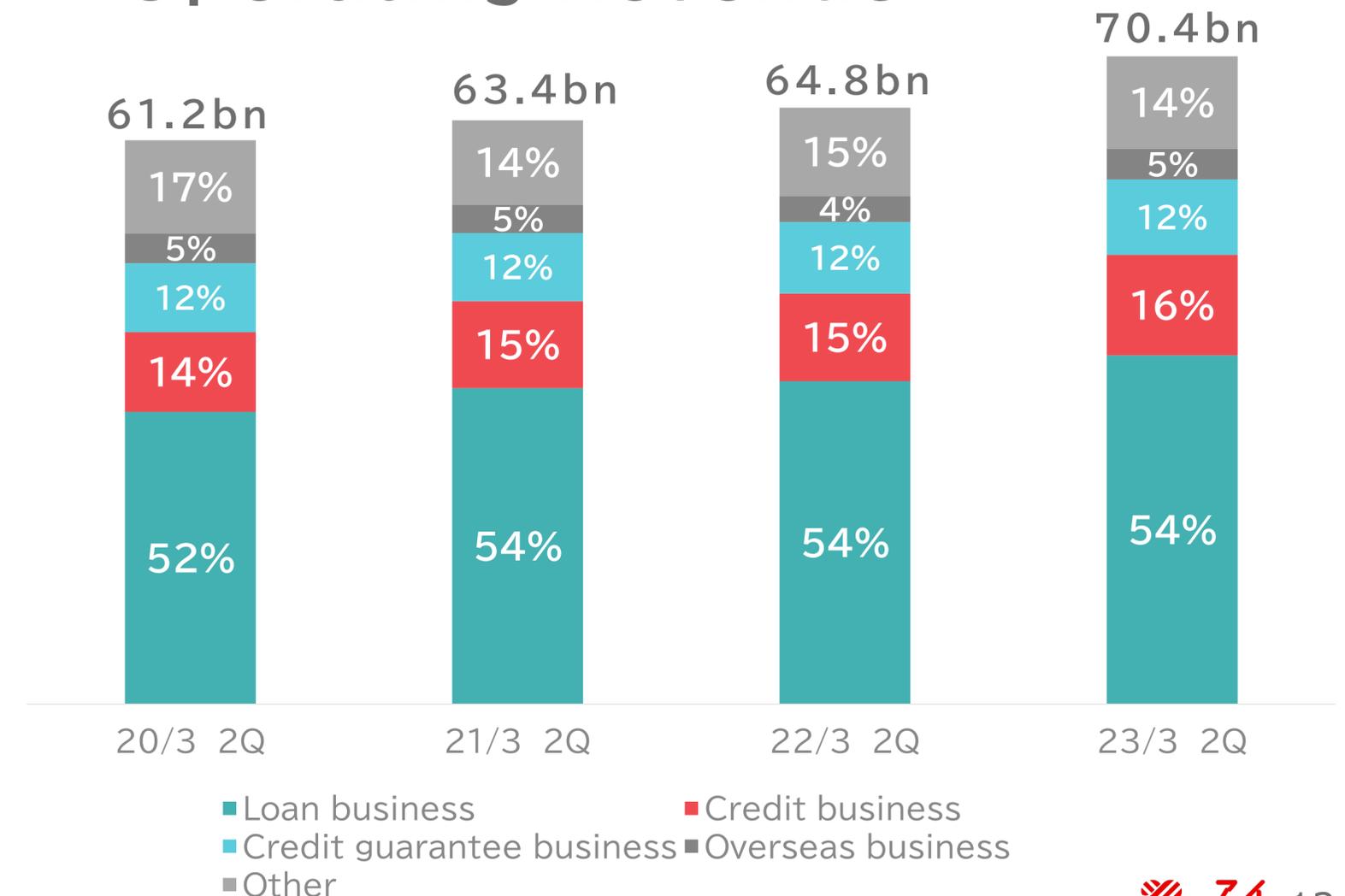
Aiming to diversify its financial business by strengthening its guarantee and other fee businesses and credit businesses, with the purpose of securing stable earnings that are not dependent on the loan business.

- Business diversification has led to an increase in Operating assets.
- The loan portfolio has improved, mainly due to the expansion of the credit guarantee business.
- Operating revenue has increased steadily along with asset expansion.

## Operating Asset

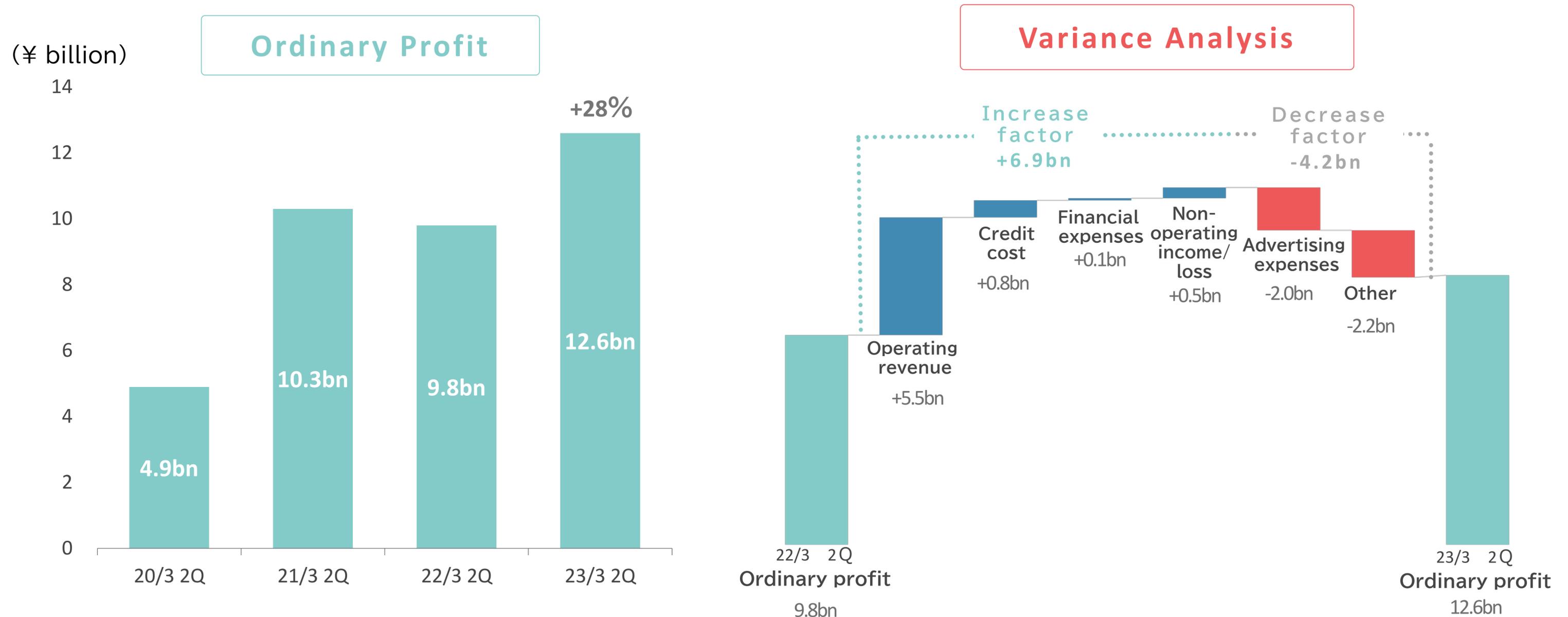


## Operating Revenue



# Financial Highlights (Ordinary Profit)

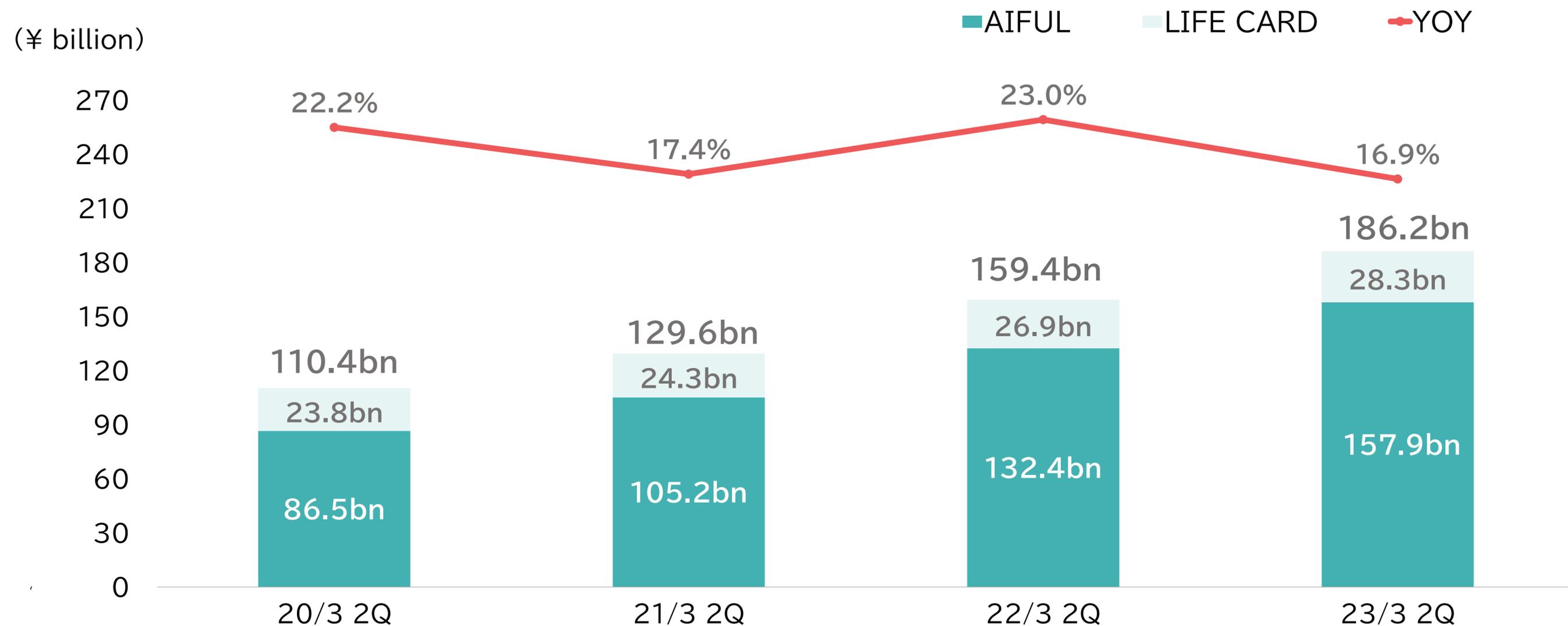
- Continued favorable performance of new accounts were reflected in operating revenue. In addition, a decrease in credit cost due to optimization of allowance standards and the impact of advertising expenses for asset growth led to a 28% YoY increase in recurring profit to 12.6 billion yen



# Credit Guarantee Business/ Guarantee for Individuals and Business Operator (AIFUL/LIFECARD)

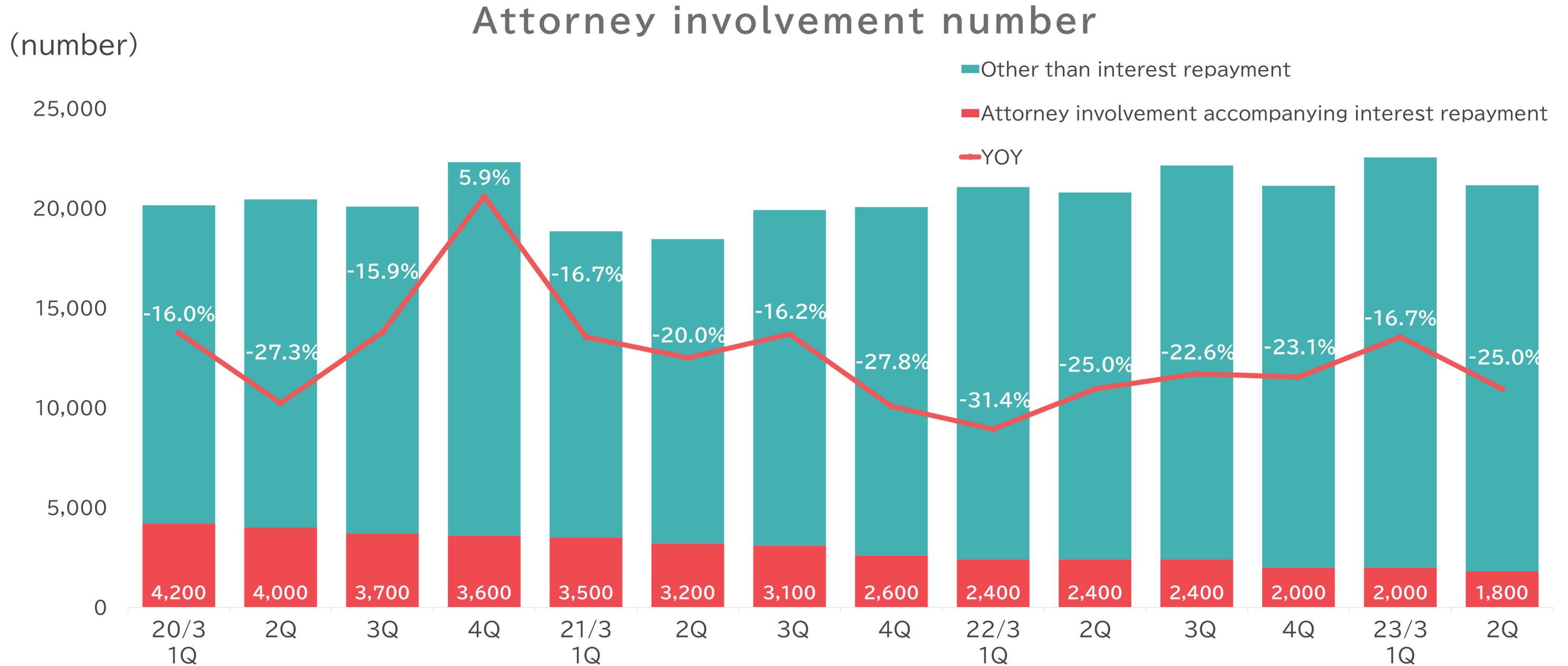
- AIFUL's credit guarantee balance was up 19.3% YoY to 157.9 billion yen and LIFE CARD's balance was up 5.0% YoY to 28.3 billion yen, reflecting our efforts to diversify products and strengthen relationships with partners.

## Credit Guarantee Balance



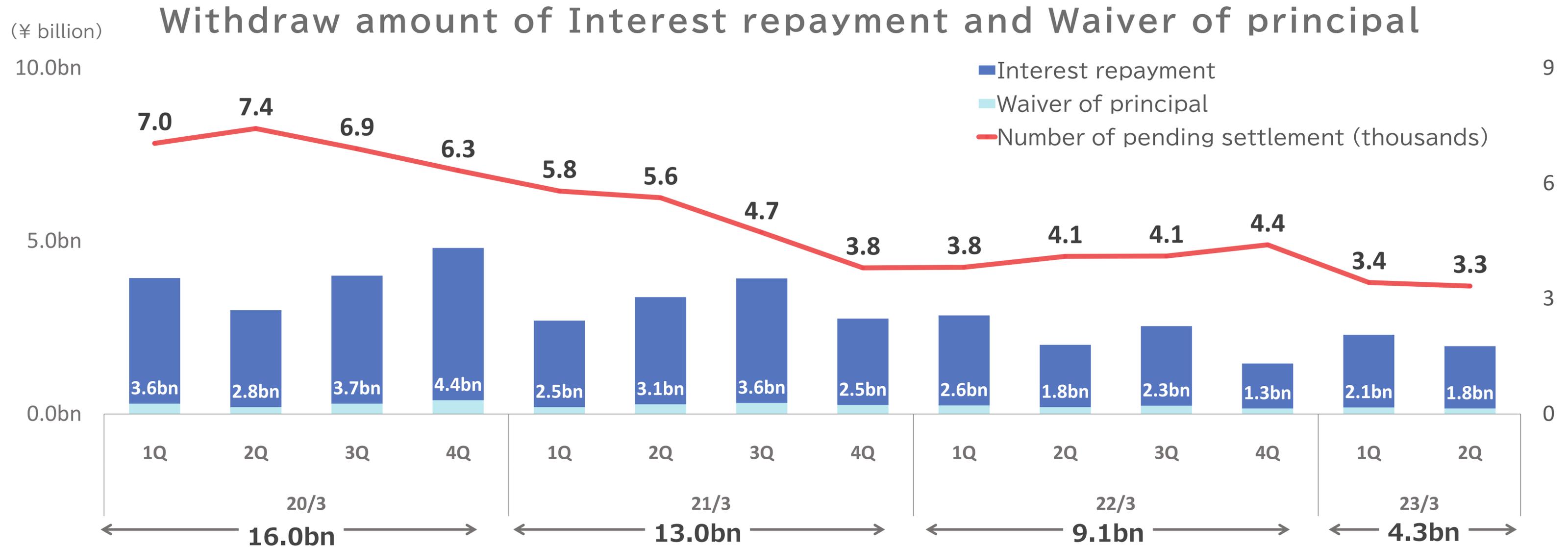
# Interest Repayment/ Attorney Involvement Claims (Consolidated)

- The number of interest repayment claims continued to decline, by 25.0% YoY (3M) to 1,800



# Interest Repayment/ Withdraw Amount (Consolidated)

- The withdraw amount of allowance for interest repayments decreased 6.0% YoY to 1.9 billion yen (of which 1.8 billion yen for interest repayment and 0.1 billion yen for waiver of principal)
- The number of unsettled claims remained stable at a low level of 3,300 due to aggressive settlement efforts



# Interest Repayment/Provision (Consolidated)

- Allowance at the end of the period was 23.1 billion yen after withdrawing 4.3 billion yen (of which 3.9 billion yen for interest repayment and 0.3 billion yen for waiver of principal) from the 27.4 billion yen allowance at the beginning of period

## Provision for loss on interest repayment (Consolidated)

(¥ million)	Interest repayment	Waiver of principal	Total
Allowance at the beginning of period	24,594	2,898	<b>27,492</b>
Withdraw (Interest repayment)	3,988	366	<b>4,354</b>
Provisions (reversal)	-	-	-
Allowance at the end of period	20,605	2,532	<b>23,138</b>

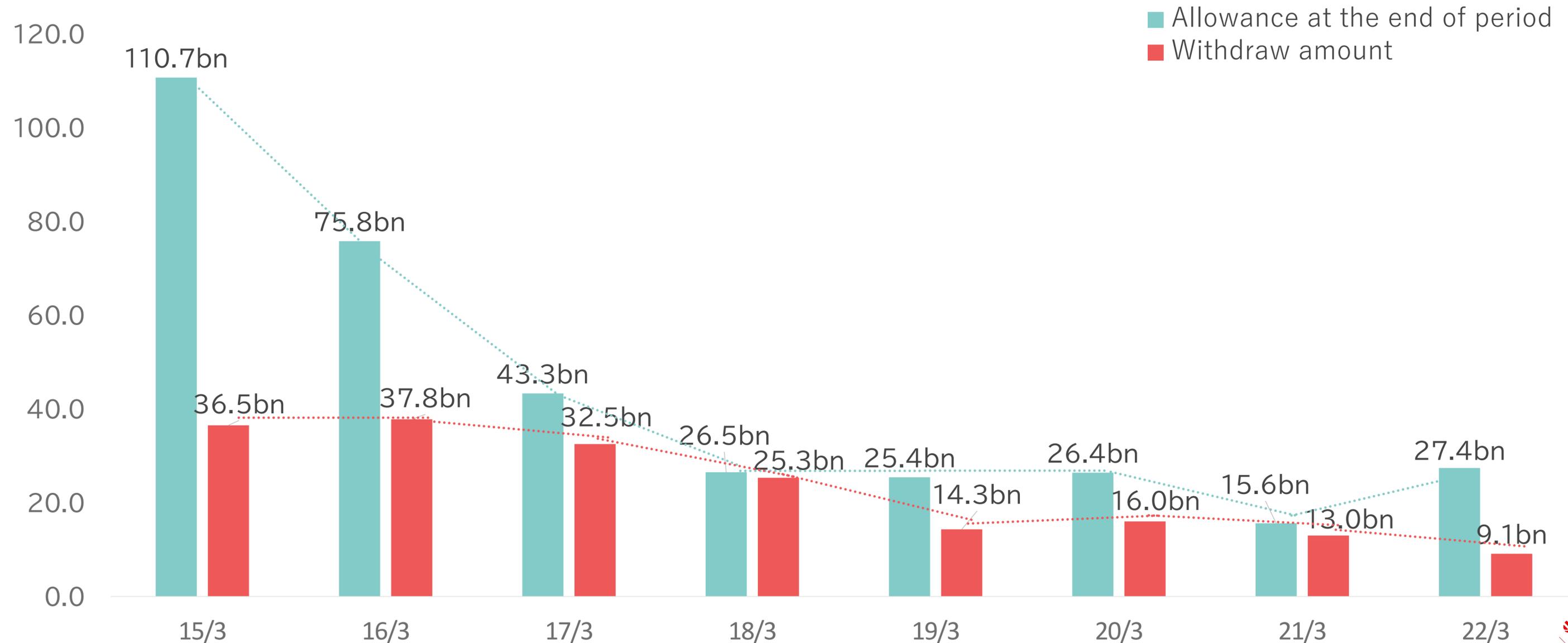
## ref. Provision for loss on interest repayment(AIFUL)

(¥ million)	Interest repayment	Waiver of principal	Total
Allowance at the beginning of period	21,334	2,414	<b>23,749</b>
Withdraw (Interest repayment)	3,545	277	<b>3,823</b>
Provisions (reversal)	-	-	-
Allowance at the end of period	17,788	2,136	<b>19,925</b>

# Interest Repayment/Allowance at the end of the period (Consolidated)

- The allowance for interest repayment at the end of the period has decreased along with the shrunk in interest repayment claims.
- Made an additional provision of 20.9 billion yen (including 19.9 billion yen for interest repayment and 1.0 billion yen for waiver of principal) at the end of FY2021 to ensure reliability.

(¥billion)

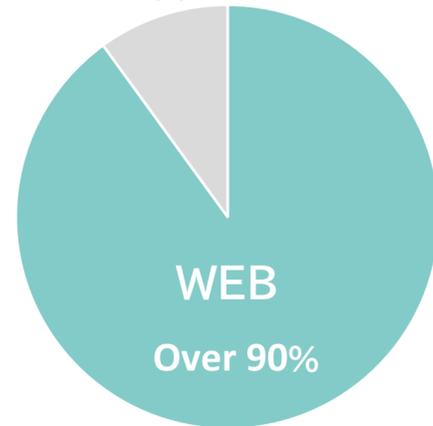


# 03 “Changes” in AIFUL Group

# Change: Digitalization and In-house Production

## Sales

■ Web applications account for more than 90% of all applications



■ Improvement of application evaluation through in-house production

## Modifications of Apps

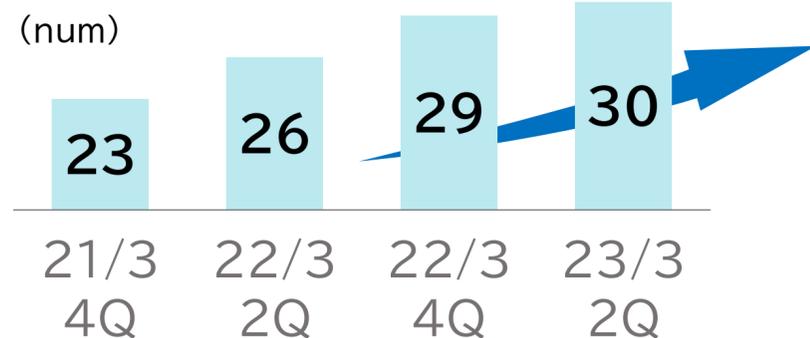
April 2020 – March 2021 **20** times

April 2021 – March 2022 **49** times

	April 2020	March 2022
iOS	★ ★ ★ ★ ★ 2.7	★ ★ ★ ★ ★ 4.6
Android	★ ★ ★ ★ ★ 3.7	★ ★ ★ ★ ★ 4.5

## Credit

### Data analysis talent



■ Timely verification and research on potential new credit items while utilizing big data to improve credit accuracy

■ Focusing on securing advanced data analysis personnel and increasing the number to 30 by the end of September 2022

## Collection

FTE (as of September 2022)

compared to March 2019 **26% decrease**

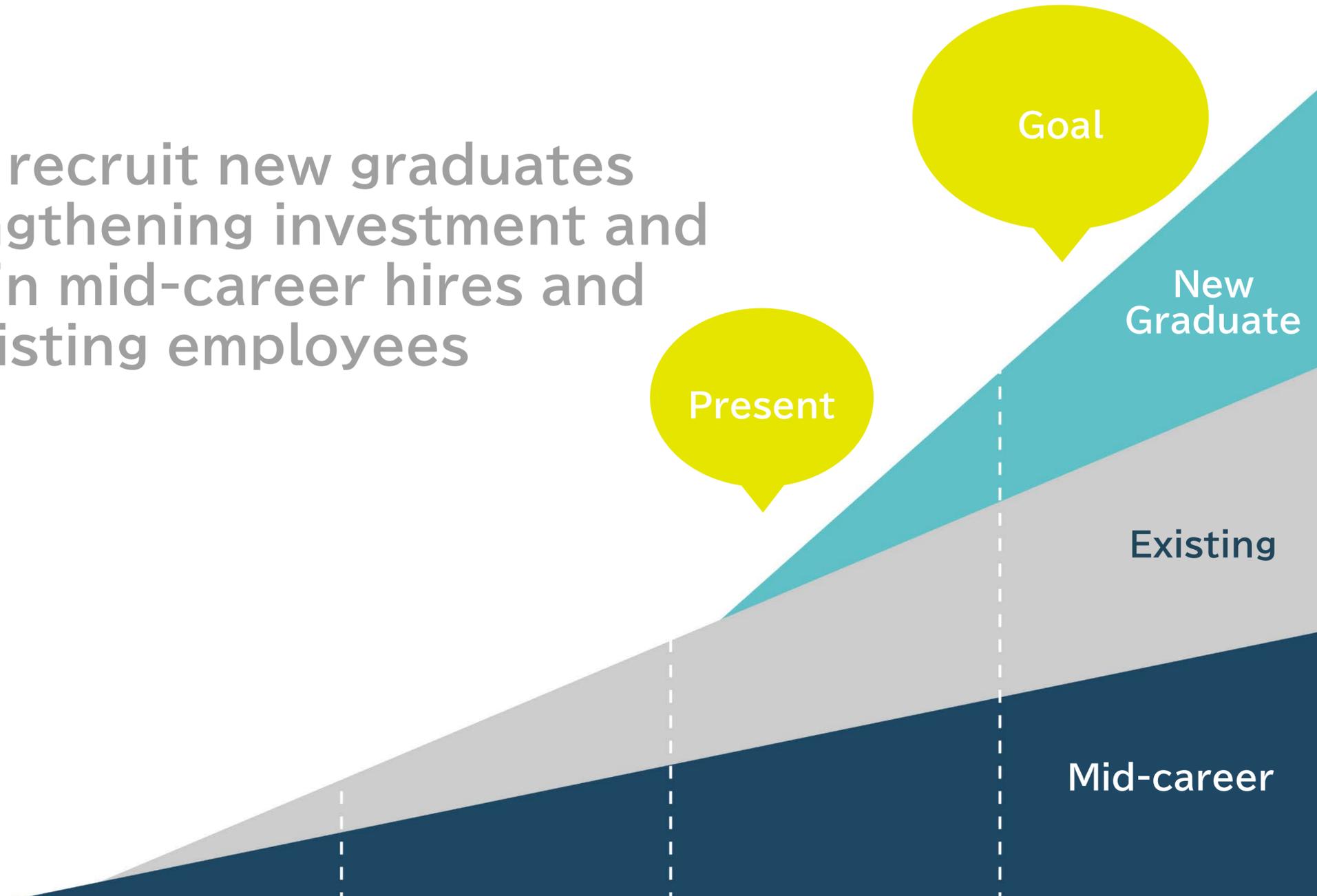
■ In-house modification of IVR (automated voice call system) that has been introduced since 2014

■ Implement collection scoring to classify customers based on collection difficulty and reduce productive personnel through a combination of IVR, SMS message and email for collection

# Change: IT Personnel Strategy

## Aiming to become an **IT Finance Group**

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

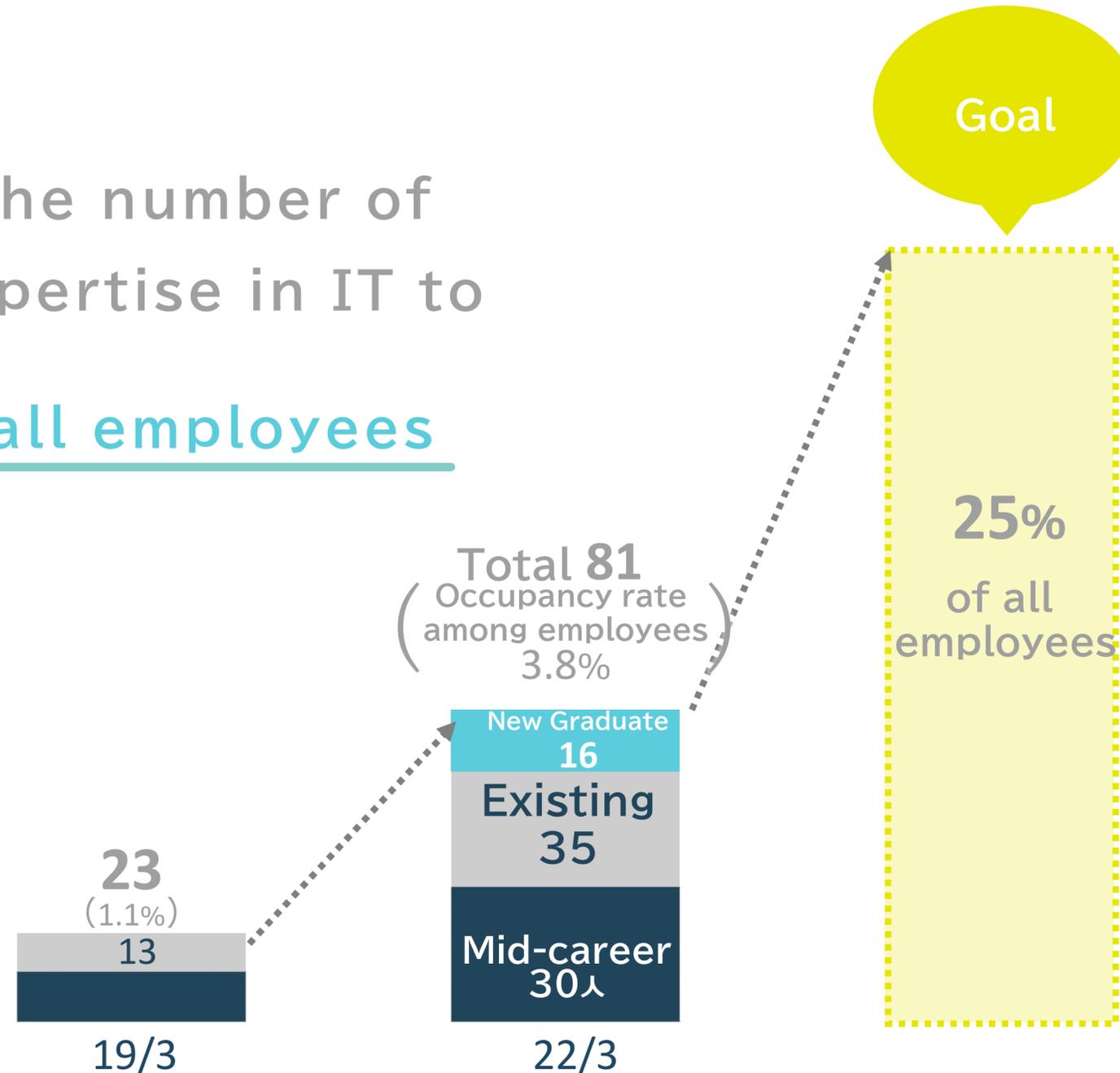


# Change: IT Personnel Strategy

## Aiming to become an IT Finance Group

Aim to increase the number of employees with expertise in IT to

around 25% of all employees



# 04 AIFUL Results Summary

# Operating Results

( ¥ million )	22/3 2Q	23/3 2Q	YOY	YOY %
Total receivable outstanding	592,705	649,656	56,951	9.6%
Loans outstanding	446,352	478,038	31,686	7.1%
Unsecured	434,245	465,623	31,378	7.2%
Secured	4,079	3,022	-1,056	-25.9%
Small business	8,027	9,392	1,364	17.0%
Credit guarantee	137,480	160,984	23,503	17.1%
New accounts (num)	99,154	135,002	35,848	36.2%
Unsecured	99,106	134,959	35,853	36.2%
Customer accounts (thousands)	947	1,031	83	8.8%
Unsecured	936	1,019	83	8.9%
Average yield	14.5%	14.5%	0.0pt	—
Below 18% unsecured loan balance's occupancy rate	99.2%	99.4%	0.2pt	—
Bad debt	11,826	11,972	145	1.2%
Excluding write-off related to interest repayment	11,442	11,694	251	2.2%
Bad debt ratio to operating loans	2.0%	1.8%	-0.2pt	—
Ratio excluding write-off related to interest repayment	1.9%	1.8%	-0.1pt	—

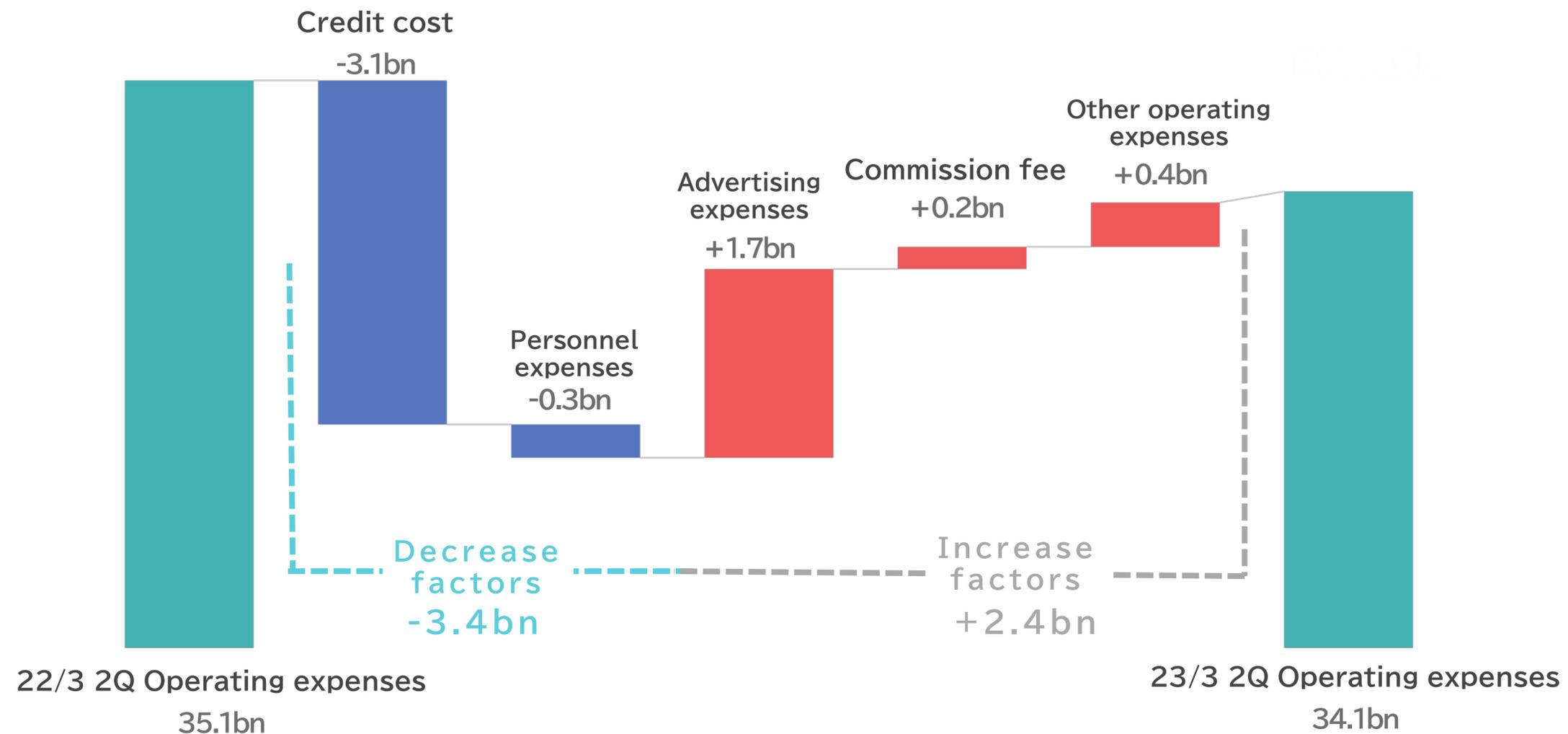
# Financial Results Outline

( ¥ million )	22/3 2Q	23/3 2Q	YOY	YOY %
Operating revenue	40,861	43,694	2,833	6.9%
Interest on operating loans	31,083	33,414	2,330	7.5%
Revenue from credit guarantee	5,635	6,042	407	7.2%
Operating expenses	35,135	34,132	-1,003	-2.9%
Financial expenses	2,718	2,630	-88	-3.2%
Provision of allowance for doubtful accounts	15,060	11,932	-3,127	-20.8%
Expenses for Interest repayment	-	-	-	-
Advertising cost	4,781	6,631	1,850	38.7%
Advertising expenses	4,631	6,417	1,785	38.6%
Sales promotion expenses	150	214	64	43.1%
Personnel expenses	5,058	4,755	-302	-6.0%
Other operating expenses	7,517	8,181	664	8.8%
Operating profit	5,725	9,562	3,836	67.0%
Non-operating income	675	11,867	11,192	-
Non-operating expenses	202	7	-194	-96.3%
Ordinary profit	6,198	21,422	15,223	245.6%
Extraordinary income	-	-	-	-
Extraordinary losses	-	-	-	-
Profit	6,359	20,600	14,240	223.9%

# Financial Results Outline / Breakdown of Operating Expenses

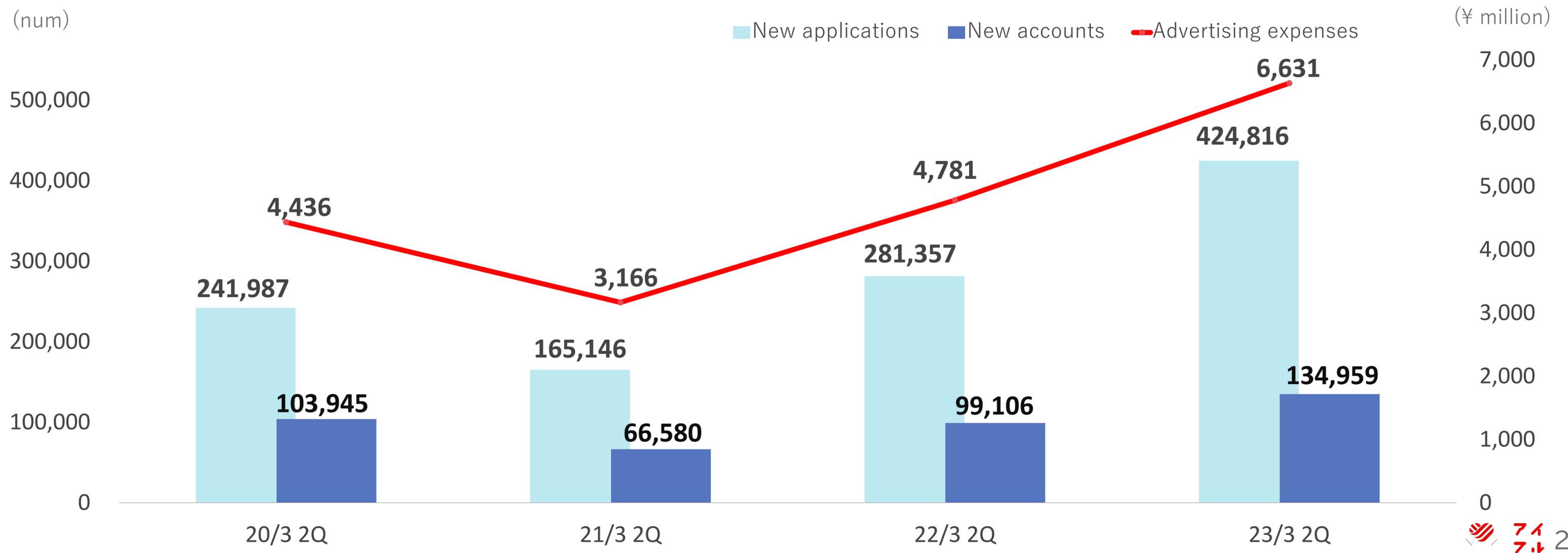
- Operating expenses decreased by 1.0 billion yen YoY to 34.1 billion yen as a result of 3.4 billion yen decrease in credit cost etc., while advertising expenses etc., increased 2.4 billion yen due to investments in advertising for the purpose of expanding new accounts.
- Credit cost decreased by 3.1 billion yen YoY to 11.9 billion yen as a result of a review of the method for calculating the allowance for doubtful accounts and setting an appropriate allowance ratio based on the collection rate for each loan category.

## Operating expenses variance analysis



# Loan Business/ Correlation between advertising costs and new accounts under the impact of COVID-19

- Although demand for funds fell sharply in the FY2020 due to the impact of COVID-19, appropriate advertising-related expenses were invested in line with market trends.
- In addition, we continued to improve the UI/UX of the application form in pursuit of enhanced web advertising and customer convenience.
- As a result, the number of new applications increased 51.0% YoY to 424,000, the number of new accounts increased 36.2% YoY to 134,000 and, CPA was 47,000 yen, up 0.9% YOY.



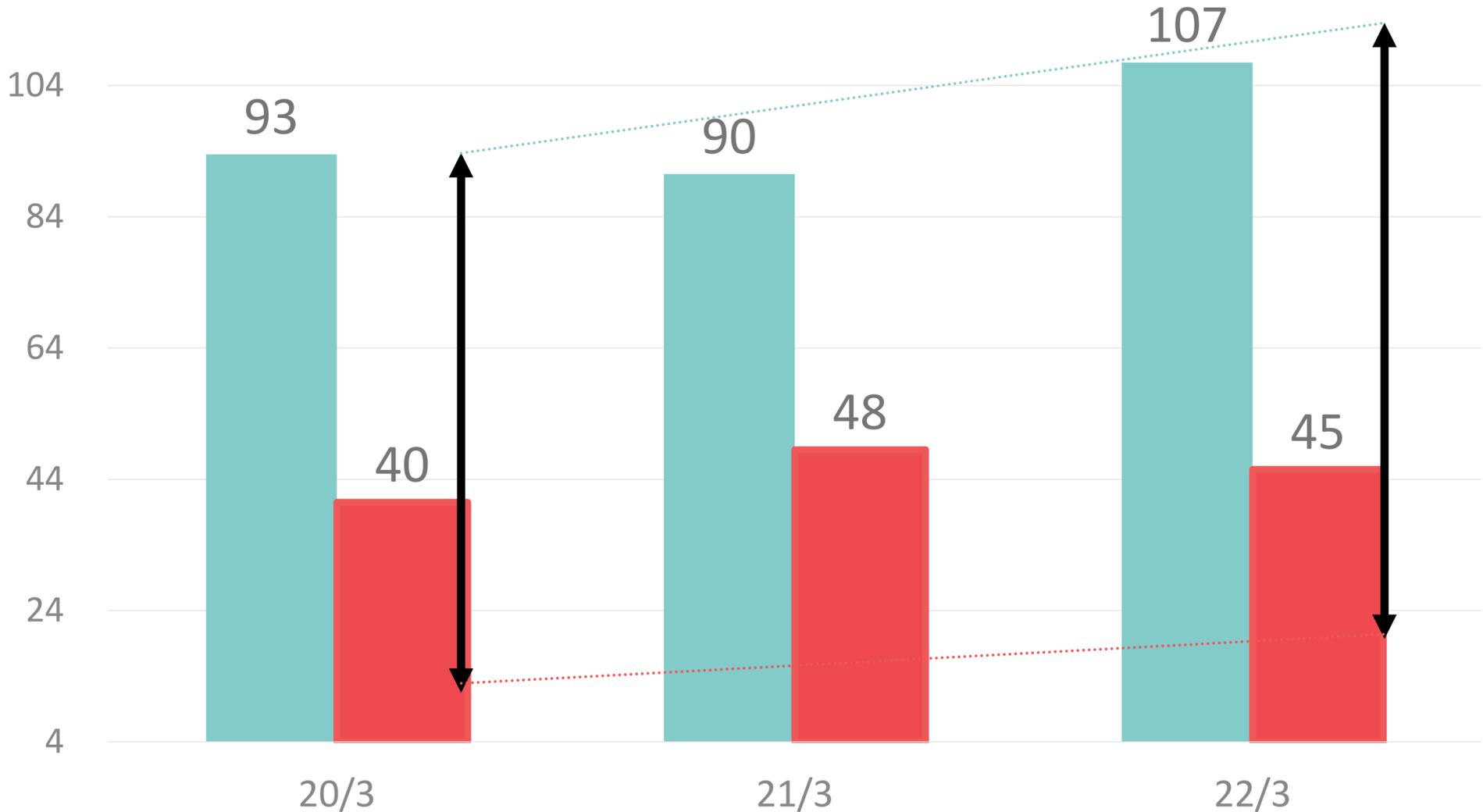
# Unsecured Loan LTV/CPA

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

**CPA** = CPA, the cost per acquisition, is 45,000 yen as of FY2021. LTV will exceed CPA after approximately 2 years of continuous use.

(¥ thousand)

■ LTV ■ CPA



Average of 3FY LTV **¥97k**

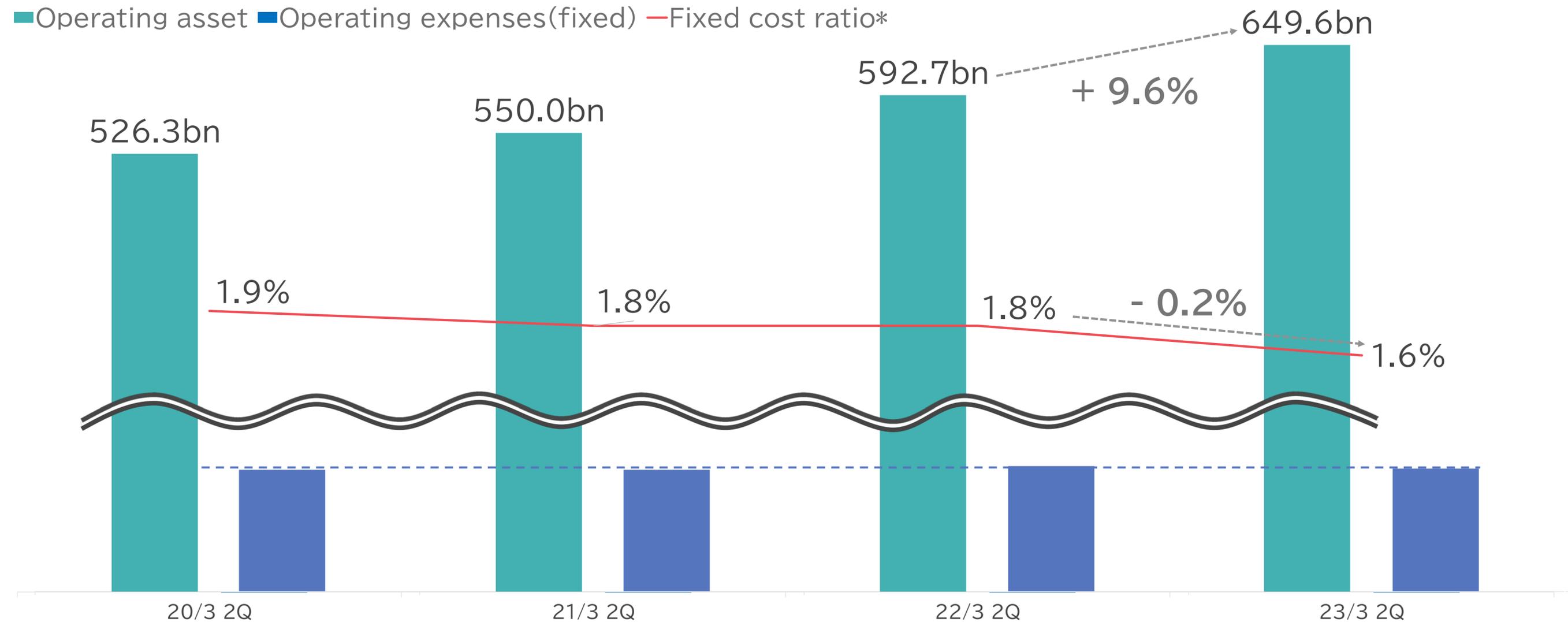
Average of 3FY CPA **¥44k**

LTV excluding CPA **¥52k**

Difference between LTV and CPA increased by 8,000 yen compared to 20/3, due to curbing fixed costs for the balance and efficient advertising.

# Trends in Operating Asset and Fixed Cost

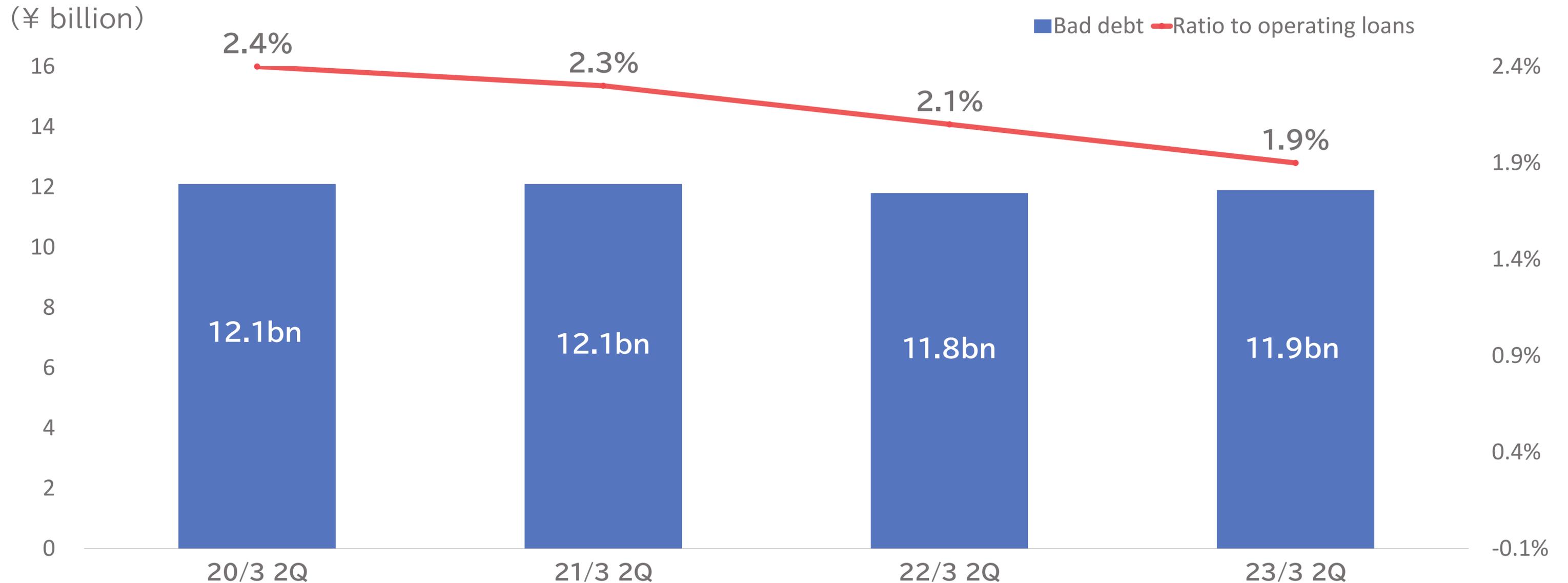
- Promoting DX and in-house production led to a 1.9% YoY decrease in fixed costs in FY2021.
- On the other hand, operating assets in FY2022 2Q increased 9.6% YoY due to aggressive spending on advertising aimed at expanding new acquisitions.
- The combination of an increase in the operating asset and a decrease in fixed costs resulted in a 0.2pt YoY decrease in the fixed cost ratio\* in 2Q of FY2023 to 1.6%.



\*The fixed cost ratio is the ratio of fixed costs to the operating asset.

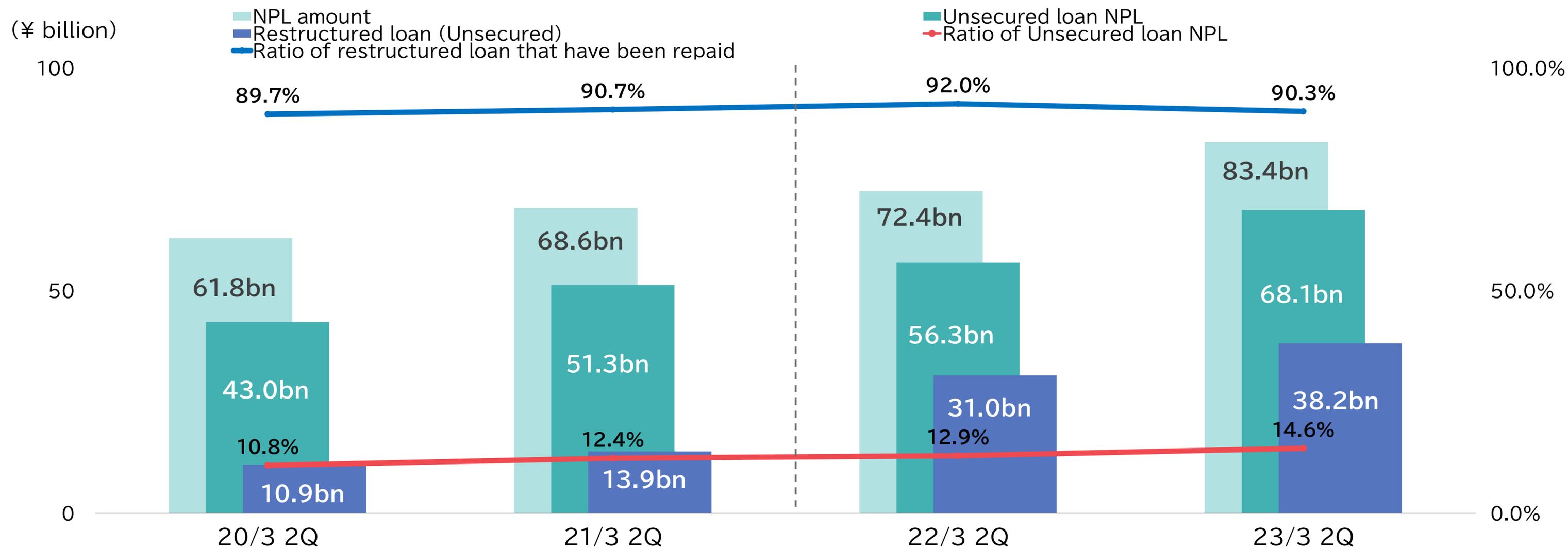
# Non-performing Loans/ Bad Debts

- Bad debts increased 1.2% YoY to 11.9 billion yen, while the ratio to operating loans remained low at 1.9%.
- The write-off related to interest repayment was 200 million yen, which remained at low level.



# Non-performing Loans/ Unsecured Loan NPL

- Unsecured loan NPL outstanding rose 21.0% year on year to 68.1 billion yen and the NPL ratio rose 1.7pt to 14.6%, mainly due to an increase in restructured loans (loans with eased lending conditions) that are expected to receive payments regularly.

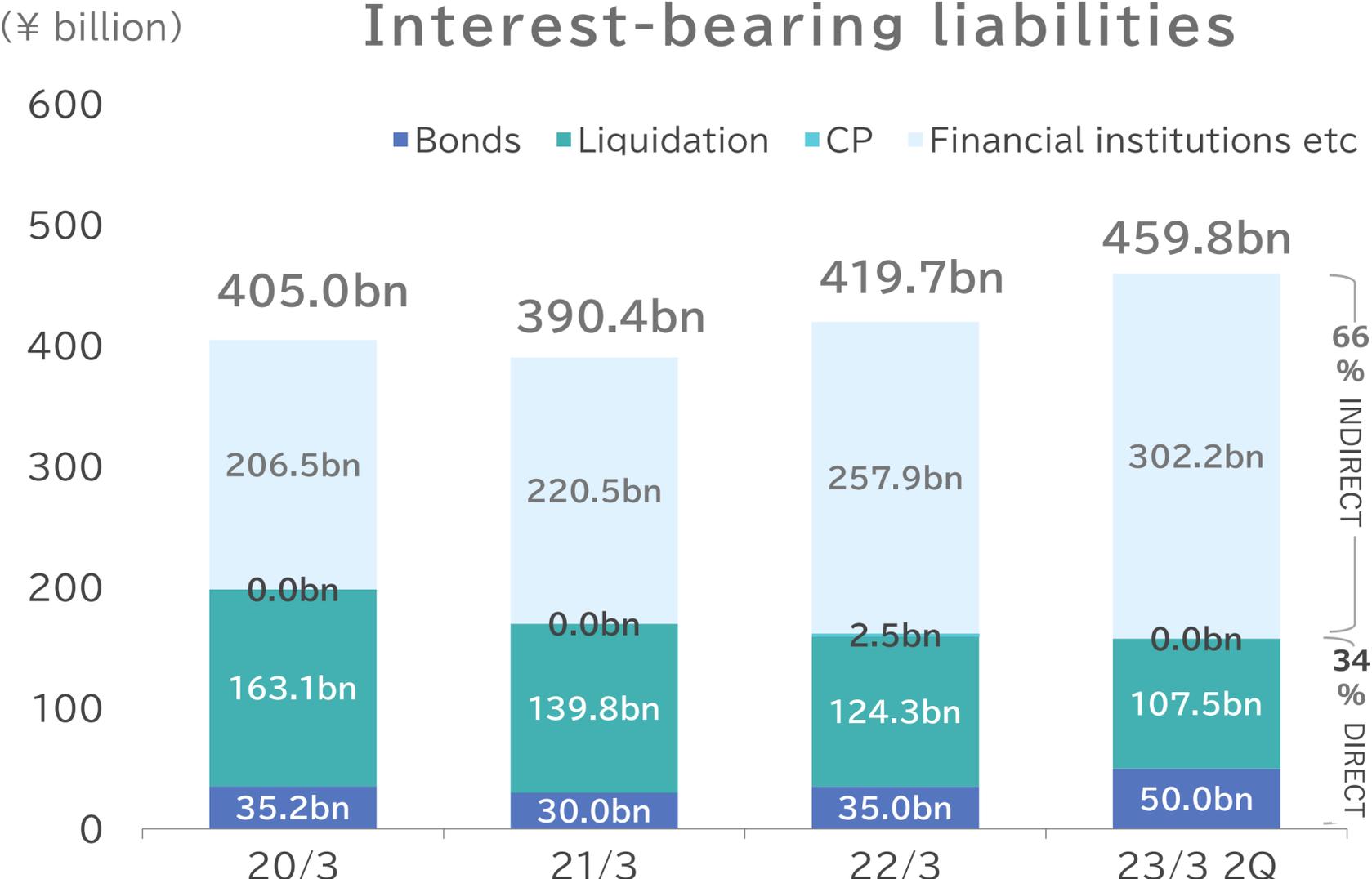
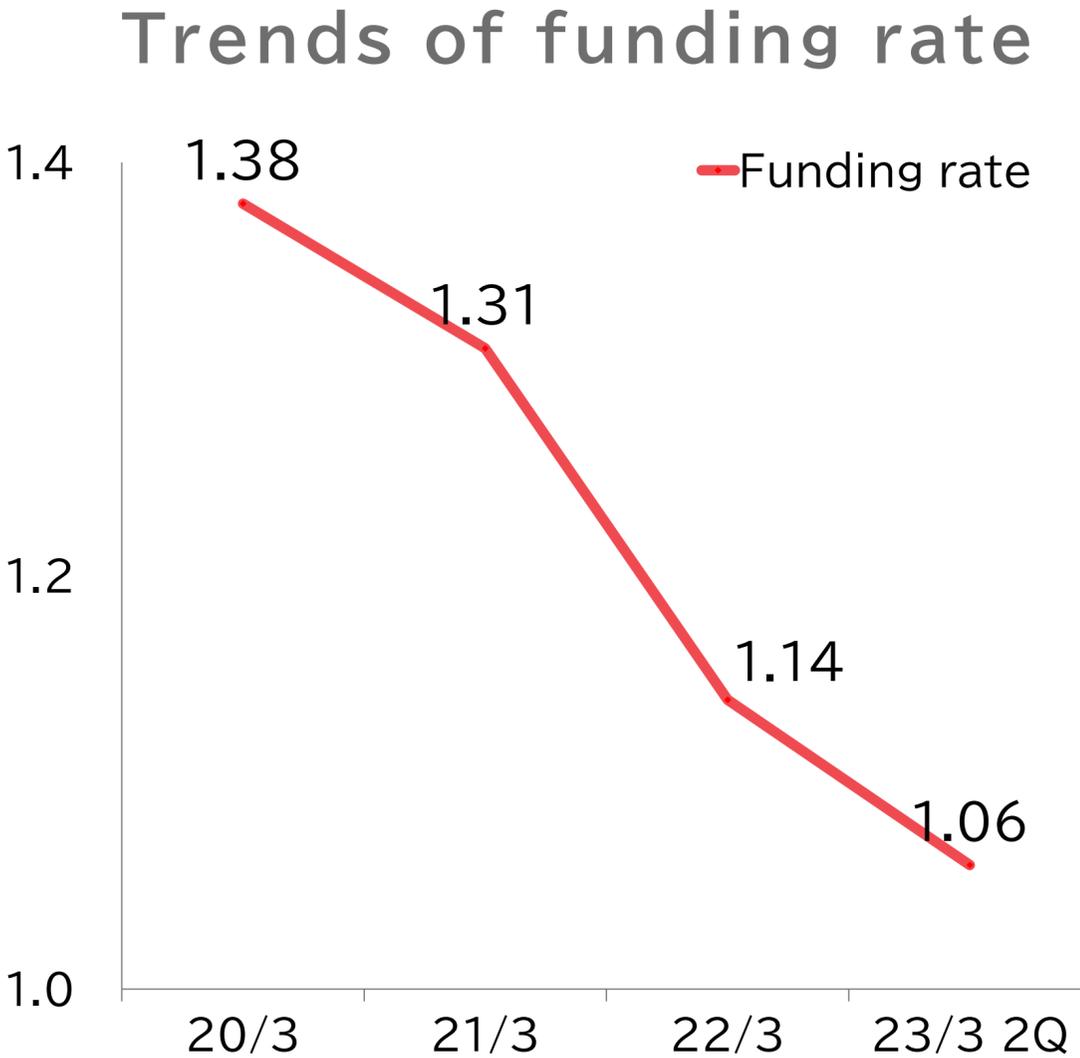


\*1 From the fourth quarter of the FY2020, settlement receivables with regular deposits included in Non-accrual loans have been included in Restructured loans in a more realistic manner.

\*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, the classification is presented based on the revision of the said Cabinet Office Order.

# Funding

- Funding rates: both direct and indirect are trending downward in tandem with an improvement of performance and upgraded credit ratings.
- Funding amount: up 9.6% YoY to 459.8 billion yen due to the operating asset growth.



# 05 LIFECARD Results Summary

# Operating Results

( ¥ million )	22/3 2Q	23/3 2Q	YOY	YOY %
Total receivable outstanding	159,798	164,951	5,152	3.2%
Loans outstanding	34,165	32,451	-1,714	-5.0%
Cash advance	24,405	23,425	-980	-4.0%
Installment receivable	97,329	102,542	5,212	5.4%
revolving/installment	52,541	52,481	-60	-0.1%
Credit guarantee	26,987	28,339	1,351	5.0%
Number of new issue (thousand)	165	210	45	27.6%
Proper	48	77	29	59.5%
Co-branded	116	132	16	14.2%
Number of card holders (thousand)	5,296	5,164	-132	-2.5%
Proper	1,402	1,376	-25	-1.8%
Co-branded	3,894	3,787	-106	-2.7%
Average yield	18.3%	20.0%	1.7pt	-
Bad debt	1,893	1,812	-80	-4.2%
Excluding write-off related to interest repayment	1,815	1,724	-90	-5.0%
Bad debt ratio to operating loans	1.2%	1.1%	-0.1pt	-
Ratio excluding write-off related to interest repayment	1.1%	1.0%	-0.1pt	-

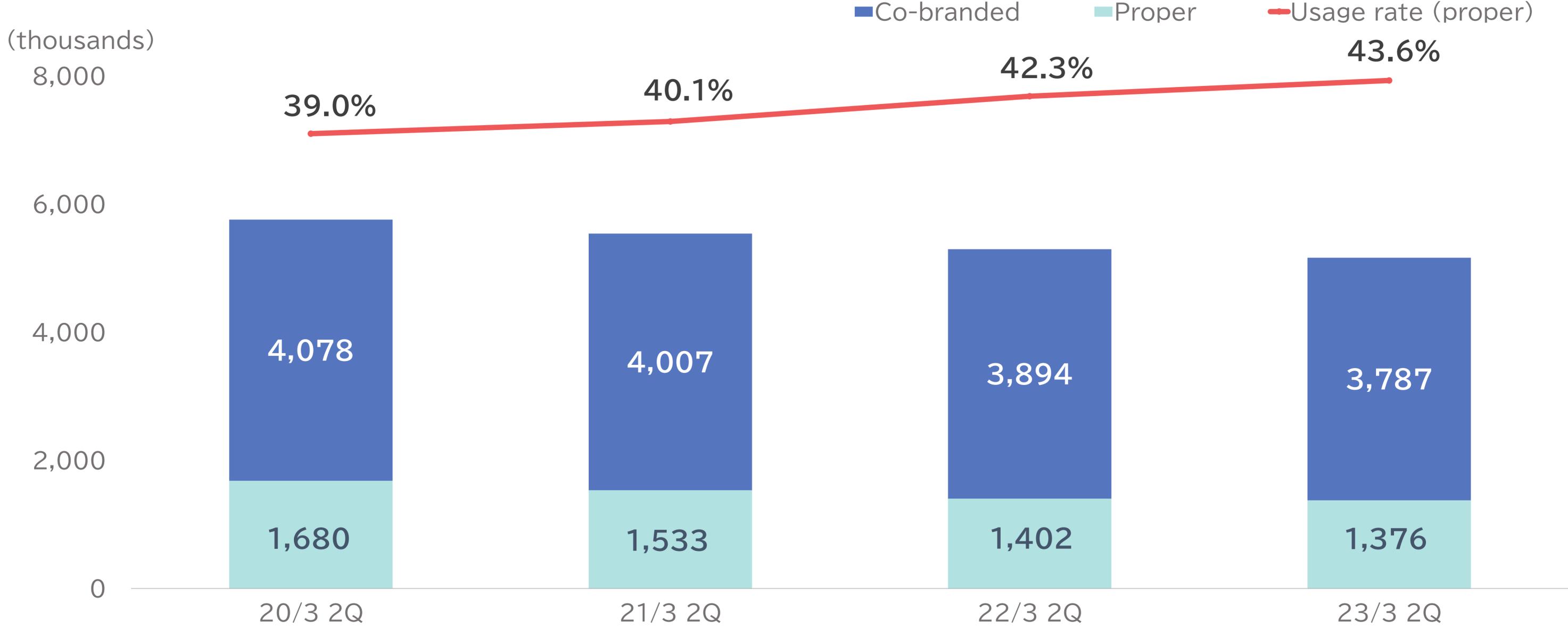
# Financial Results Outline

( ¥ million )	22/3 2Q	23/3 2Q	YOY	YOY %
Operating revenue	16,462	17,504	1,041	6.3%
Revenue from installment receivable	9,086	9,883	796	8.8%
Interest on operating loans	2,069	1,847	-222	-10.7%
Revenue from credit guarantee	861	910	49	5.8%
Other	4,444	4,862	-29	-0.6%
Operating expenses	14,561	16,447	1,885	12.9%
Financial expenses	604	545	-58	-9.7%
Provision of allowance for doubtful accounts	1,703	2,150	446	26.2%
Provision for loss on interest repayment	-	-	-	-
Advertising expenses	445	640	194	43.7%
Sales promotion expenses	1,307	1,502	195	14.9%
Personnel expenses	2,311	2,407	96	4.2%
Other operating expenses	8,189	9,200	1,011	12.3%
Operating profit	1,900	1,057	-843	-44.4%
Ordinary profit	1,988	1,102	-886	-44.6%
Profit	2,468	981	-1,487	-60.3%

• Figures for the second quarter of the fiscal year ending March 31, 2022 include the results of Sumishin Life Card, Limited., which was merged into LIFECARD CO., LTD. on April 1, 2022.

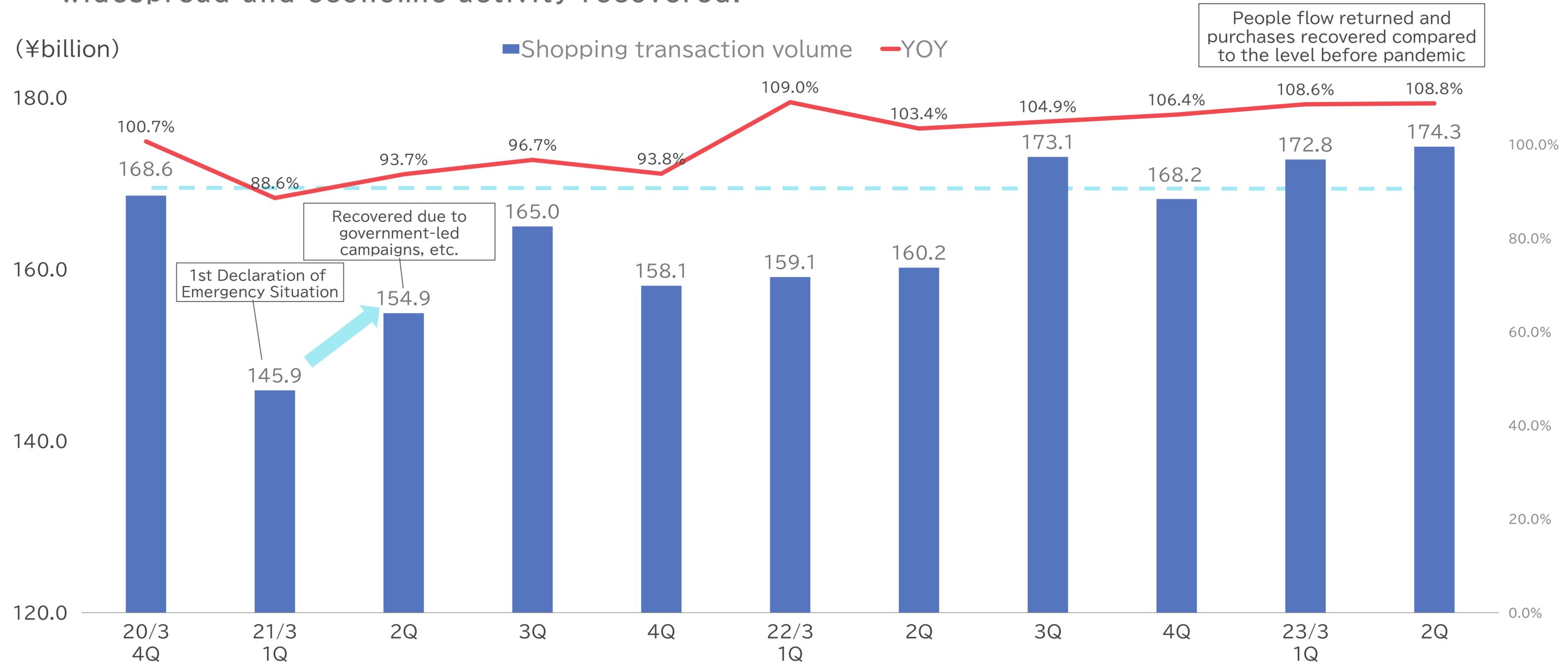
# Number of Active Cardholders & Usage Rate

- The usage rate of proper credit cards increased to 43.6% due to promotion of member acquisition methods emphasizing usage frequency and renewal of the website and smartphone apps.



# Quarterly Trend of Shopping Transaction Volume

- Shopping transaction volume remained strong as new lifestyles centered on the online became widespread and economic activity recovered.

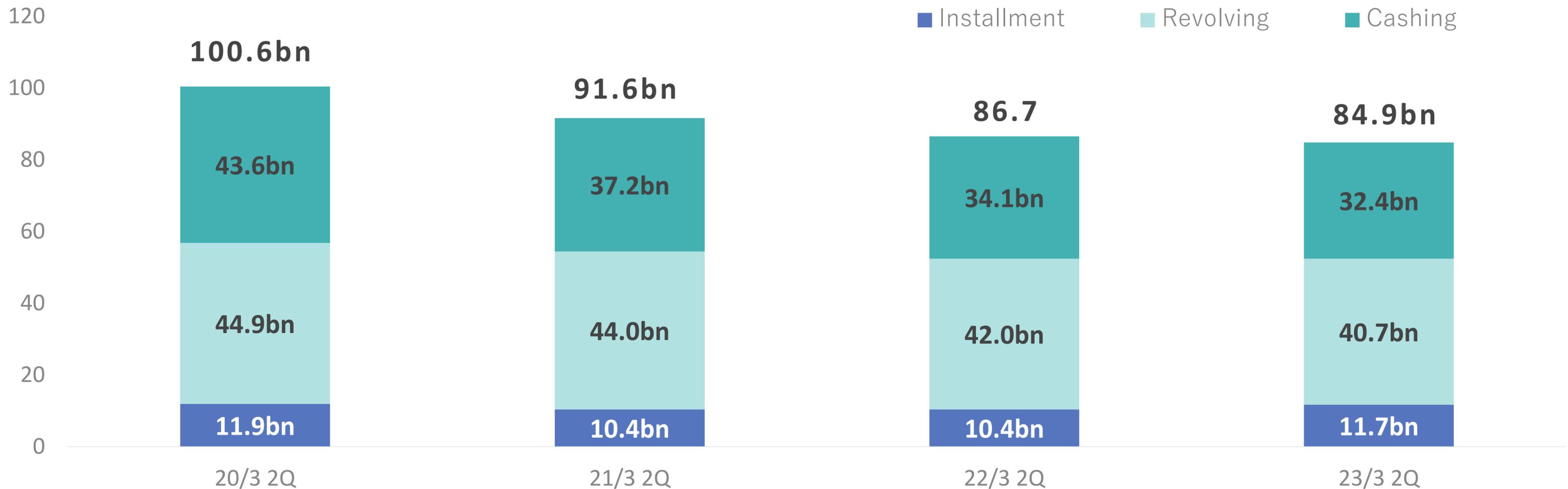


# 【Receivable】 Installment・Revolving・Cash advance

- The receivable of cash advance was 32.4 billion yen, down 5.0% YoY.
- The receivable of installment and revolving slightly decreased. Implemented measures to improve convenience, such as apps renewal and expansion of payment programs variety, to increase the balance.

(¥ billion)

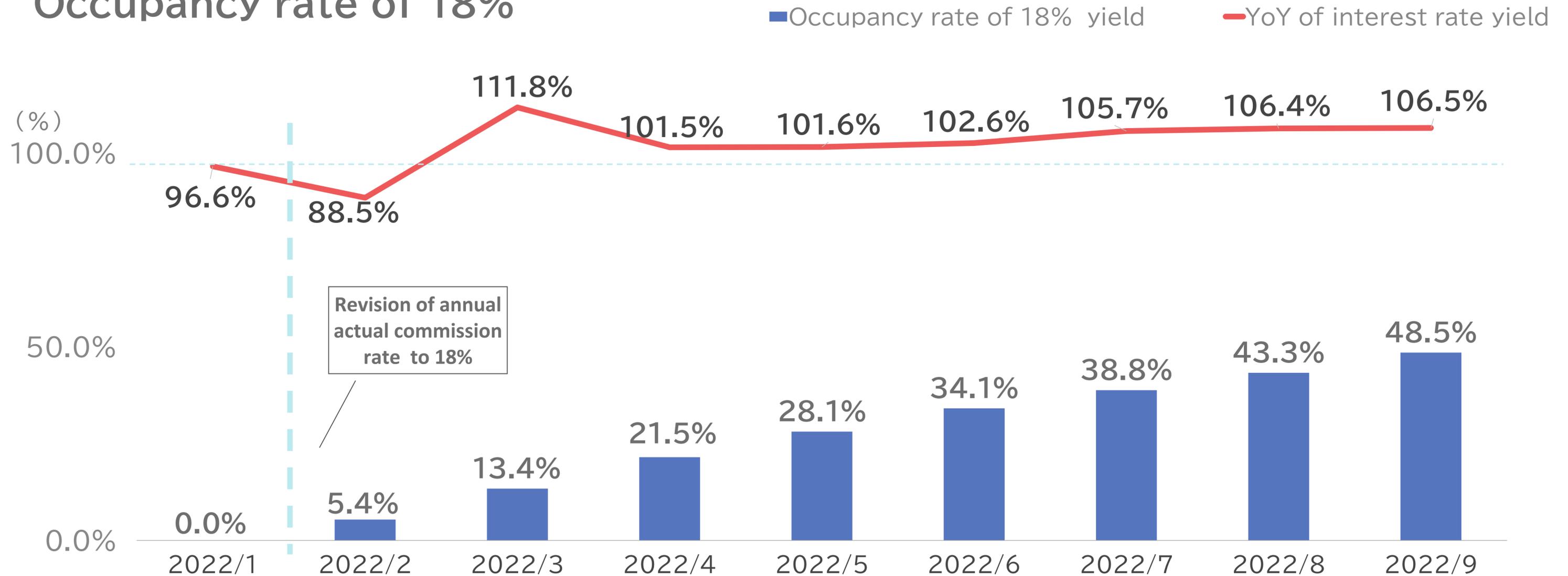
### Trend of Outstanding (including off-balance)



# Yield of Revolving and Installment Payment

- Since the effective annual rate of revolving and post-purchase installment payment fees was revised to 18.0% in February 2022, the yield on shopping balance increased to 106.5% YoY
- Yield on revolving and installment payments for 2Q of FY2022 was 7.0%

## Occupancy rate of 18%



※ The effective annual rate is gradually increased to 18% for use on or after February 1, 2022.

※ The yield is calculated based on performing loans (loans with no late payments).

# Improvement of UI/UX (Renewal of Apps/ Active User)

- Renewed LIFECARD's App
- Due to improvement in convenience of App usage, active user rate increased. Promote App downloads and credit card usage by expanding functions and conducting campaigns for registering App.

## Renewal of LIFECARD's App

Renewed App



Number of Active User

(thousand)

200

0

180

220

22/3 2Q

23/3 2Q

App Rating

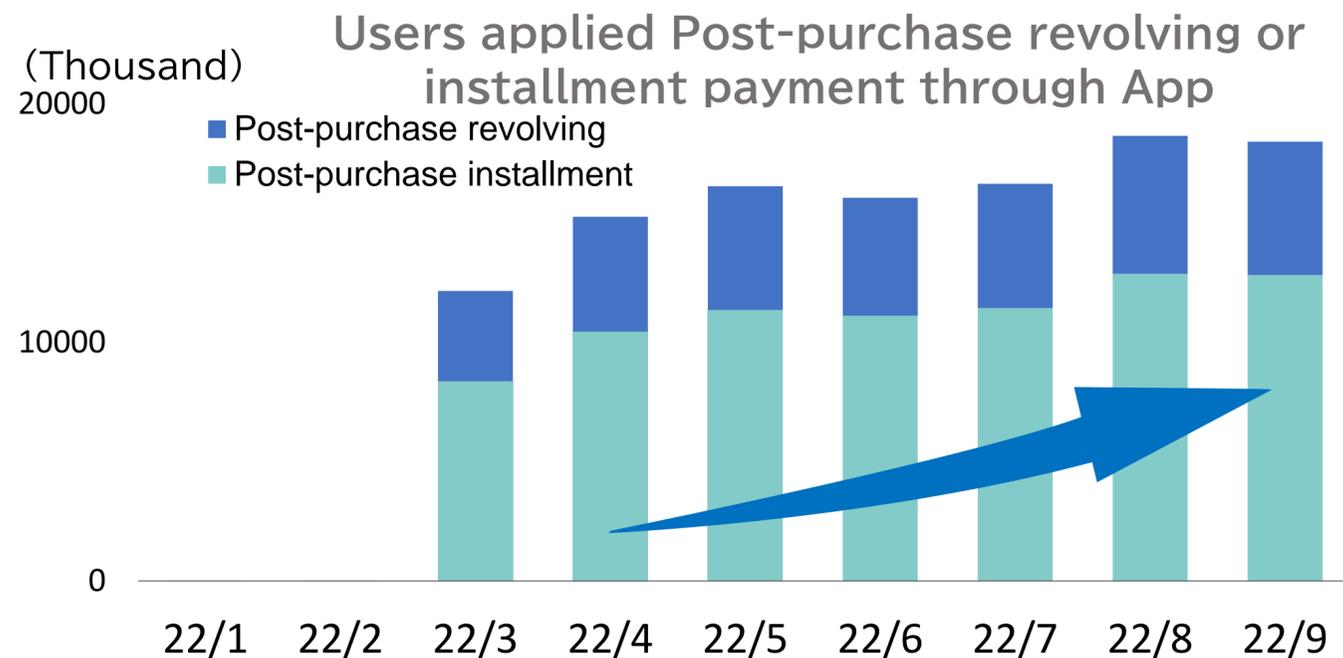
	Sep 2022
iOS	★★★★★ 4.6
Android	★★★★☆ 4.3

# Improvement of UI/UX (Post-purchase revolving payment/ installment payment, CV rate and application form)

- Number of application for post-purchase revolving and installment payment increased due to improvement of app usability through renewal
- New application form was released on June 28, 2022. With advanced UI/UX, CV rate was improved resulting increased applications.

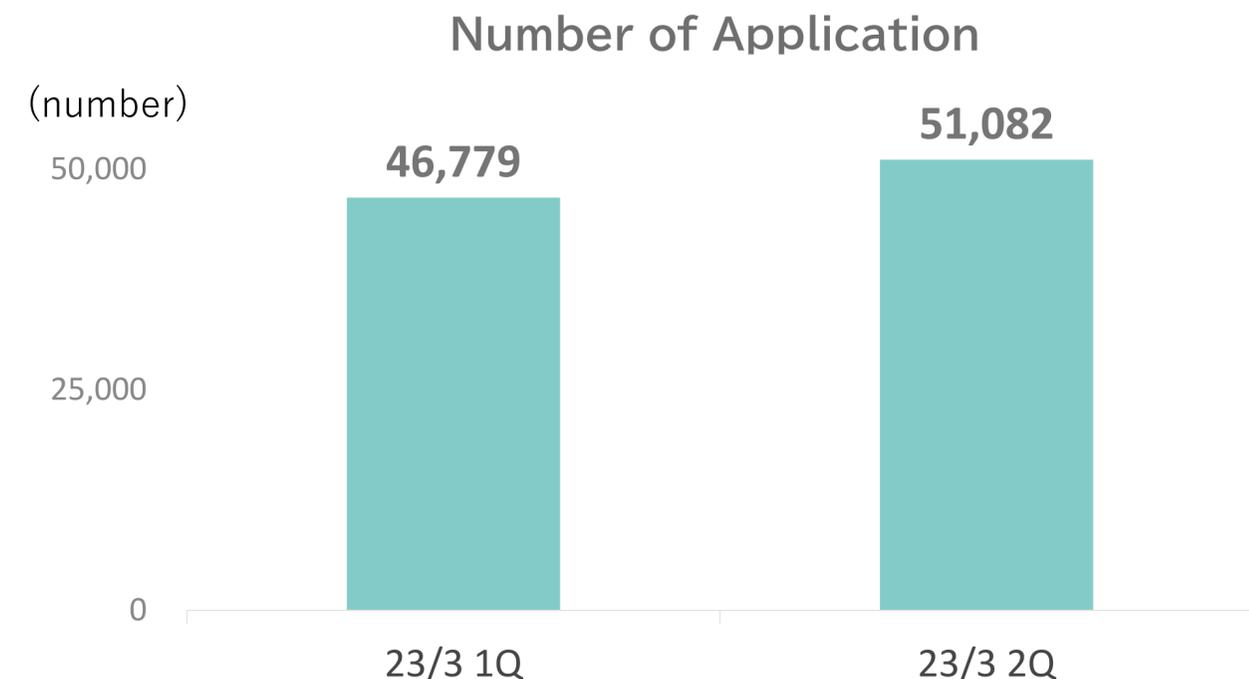
Total App user as of 23/3 2Q is

more than 100k



CV rate before and after the modification of application form

32% → 40%



\*Post-purchase revolving or installment service that allows payment to be changed to revolving payments or installment payments after purchase.

\*CV rate is the percentage of people who completed application form in relation to the total number of people who see our offer, advertisement, or message.

# Number of Active Gold Card Holders

- Active Gold Card holders, both proper and co-branded card, increased significantly due to aggressive promotions.
- Contributing to revenue with a high usage rate of 74.5%.

## What is Gold Card?



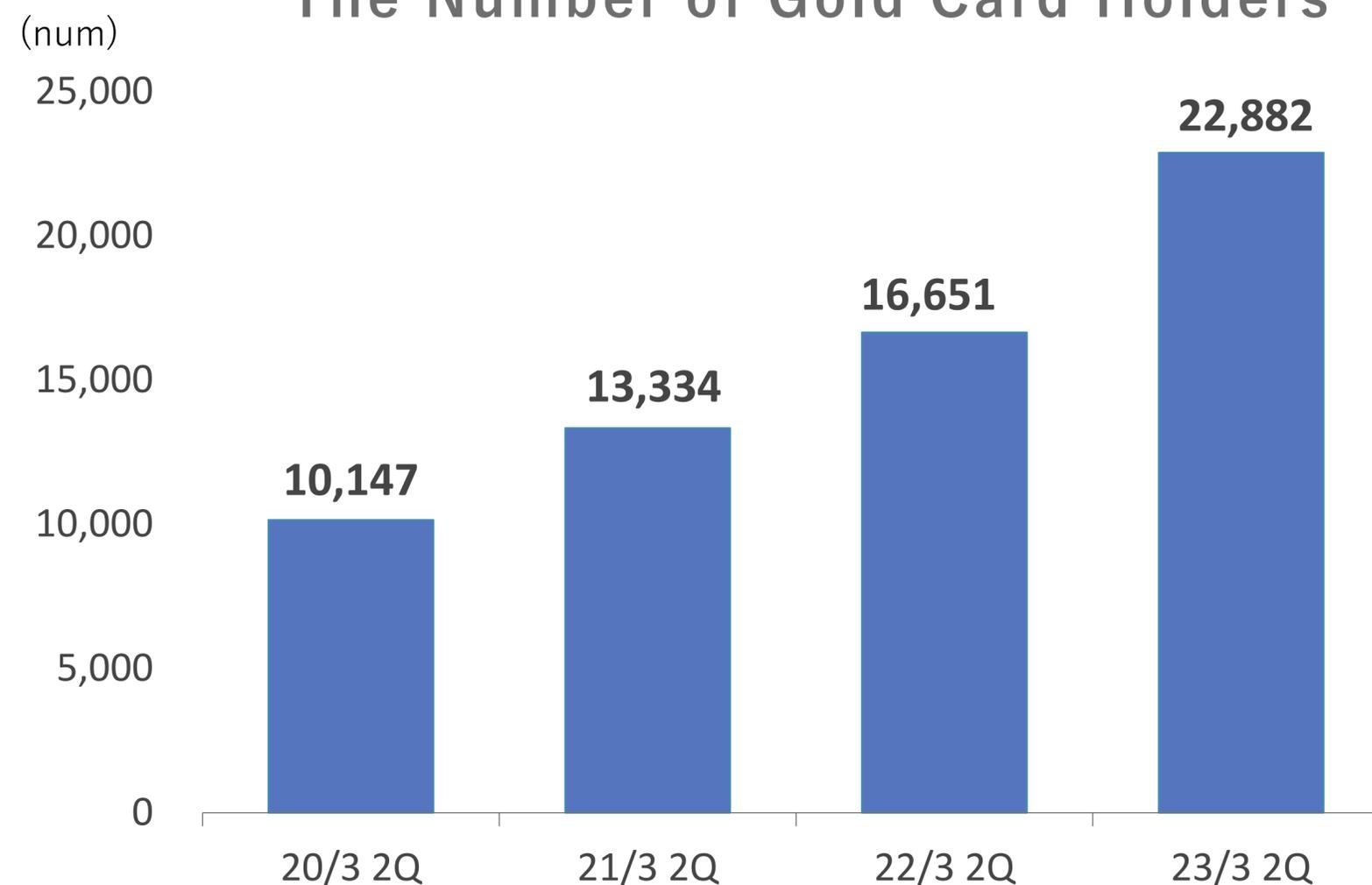
Usage rate  
(22/9)

**74.5%**

## Features of proper Gold Card

- ✓ GOLD members-only services available
- ✓ Overseas travel insurance, domestic travel insurance, and Shopping guard insurance, etc. are automatically included
- ✓ Highest level of point service

## The Number of Gold Card Holders

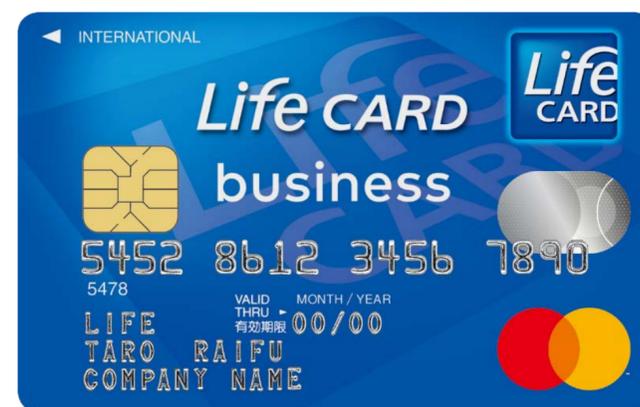


- The presentation for FY2022 1Q included only data on proper gold cards, but it has been changed to include co-branded cards since this quarter.

# Trends of Corporate Cards

- Overall corporate card purchases increased against the backdrop of the strong trend of purchasing cards.
- Purchasing cards are mainly used to pay for advertising expenses such as web advertising and are expected to remain in high demand in the future.

## Corporate Card

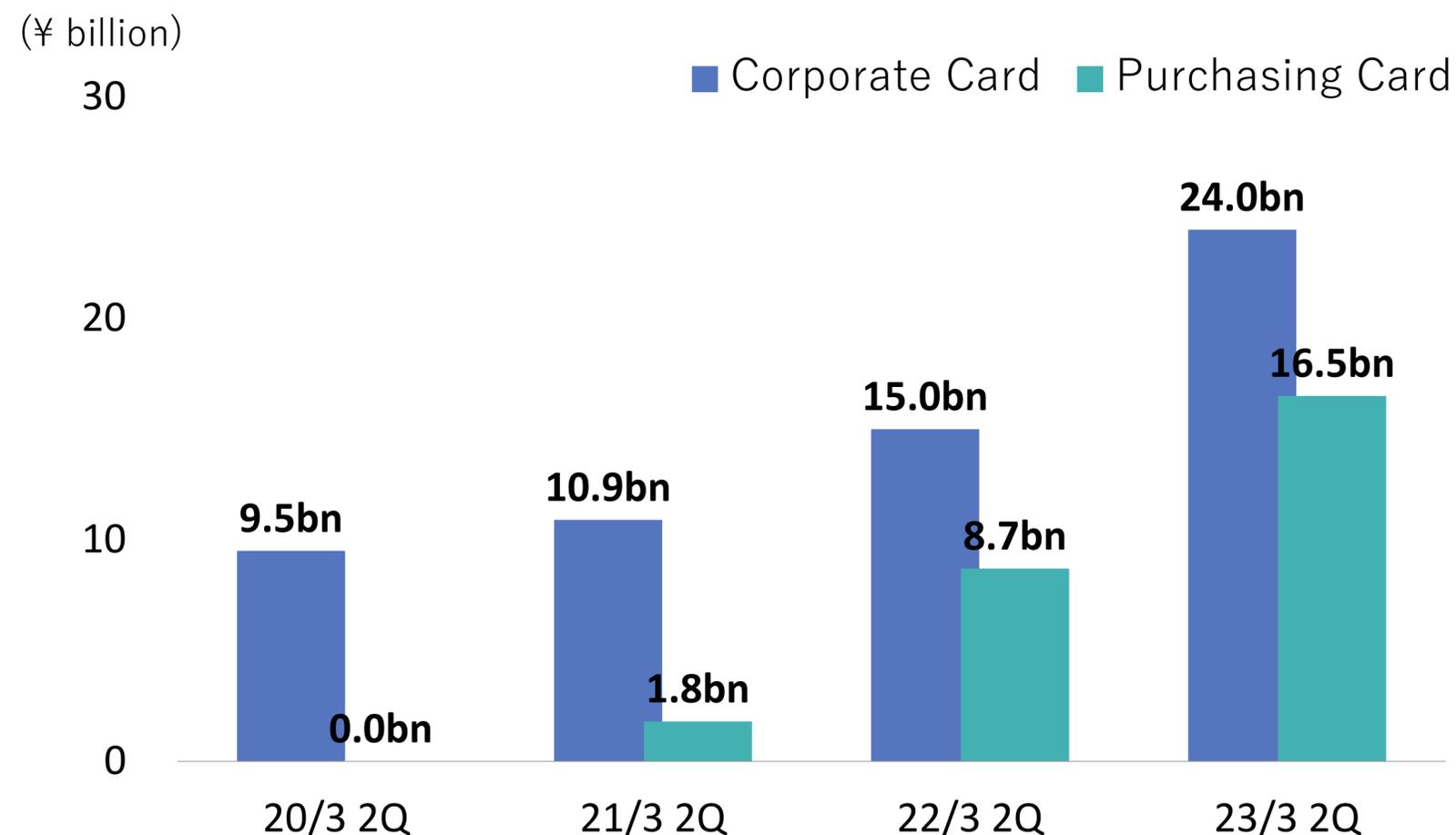


Usage rate  
(22/9)  
**61.5%**

## What is Purchasing Card?

- ✓ A corporate card with limited payees
- ✓ Can be used for high value payments
- ✓ Limit of 100 million yen or more granted to some startups

## Trends of Shopping Transaction Volume of Corporate Card and Purchasing Card

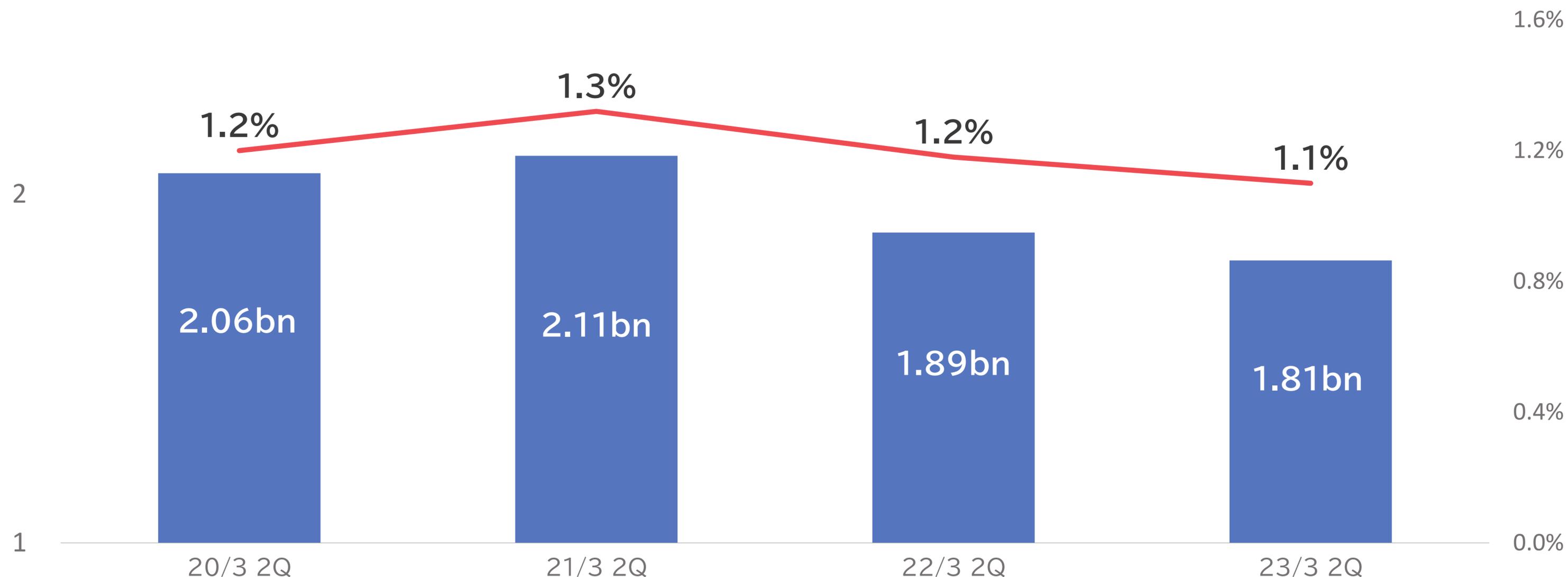


# Non-performing Loans/ Bad Debts

- Bad debts decreased 4.2% YoY to 1.8 billion yen, while the ratio to operating loans remained low at 1.1%.
- The write-off related to interest repayment was 80 million yen, which remained at low level.

(¥ bn)

■ Bad debt — Ratio to operating loans

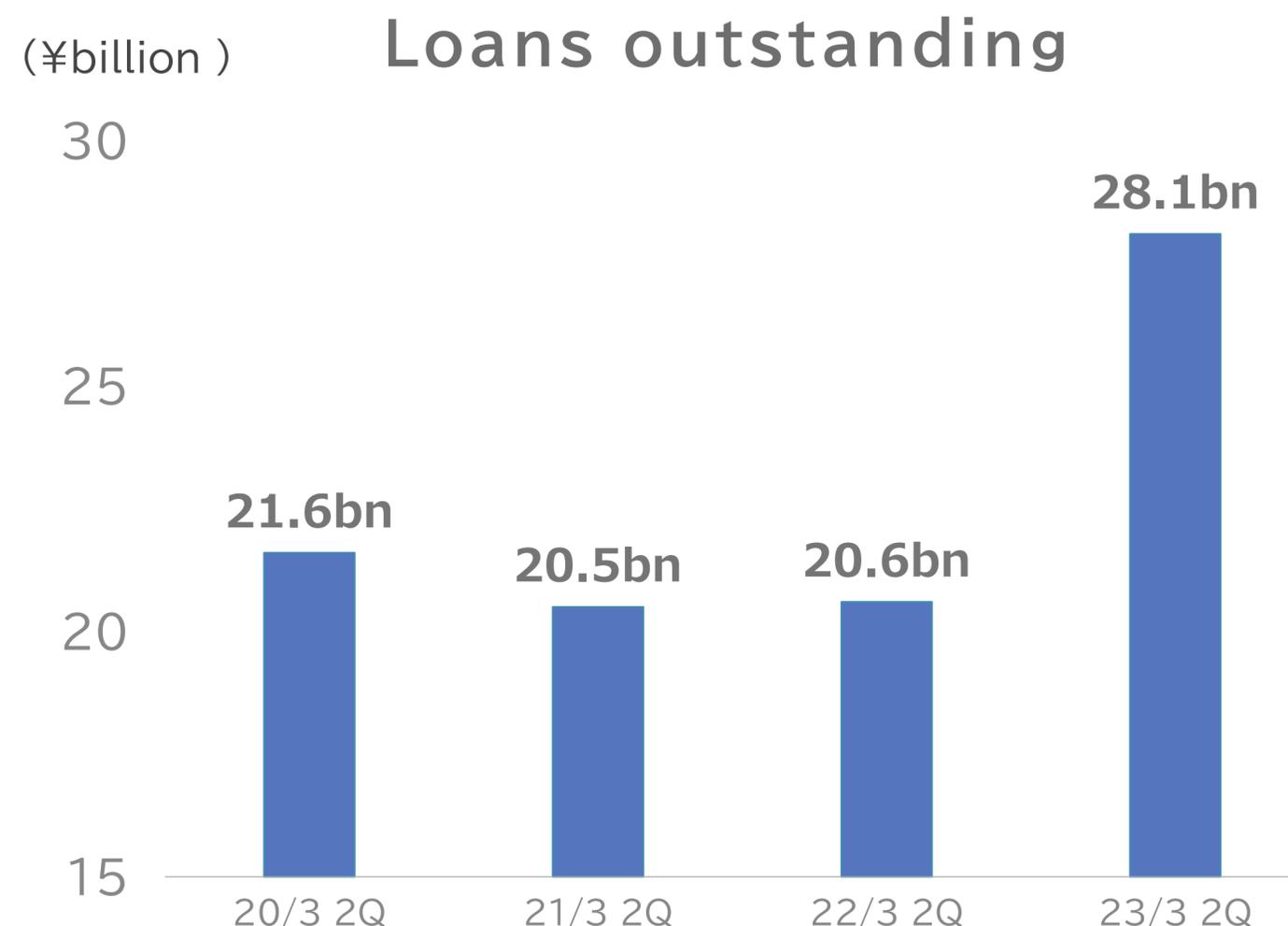


# 06 Group Companies Results Summary

# AIRA&AIFUL(Thailand)

- Macro environment in Thailand: real GDP in April-June 2022 was 2.5% YoY, up from 2.3% in January-March 2022, mainly due to improved domestic demand from the government's economic stimulus measures. <data from National Economic and Social Development Council>
- Loans outstanding increased 36.3% YoY to 28.1 billion yen on the back of strong new applications. As a result, ordinary profit in the second quarter (Jan-Jun) was 120 million yen

( ¥ million )	22/3 2Q	23/3 2Q	YOY
Loans outstanding	20,661	28,152	36.3%
N. of customer accounts (thousand)	321	339	5.8%
Bad Debt Write-off Ratio	8.17%	4.58%	-3.59pt
Operating revenue	2,806	3,330	18.7%
Operating profit (loss)	207	131	-36.8%
Ordinary profit (loss)	209	124	-40.6%
Profit (loss)	209	768	267.9%



\*A&A's fiscal year ends on December 31, so the first half of the fiscal year is from April to June.

\*Exchange rate (Thai Baht): B/S: ¥3.44(22/3 2Q), ¥3.85(23/3 2Q)

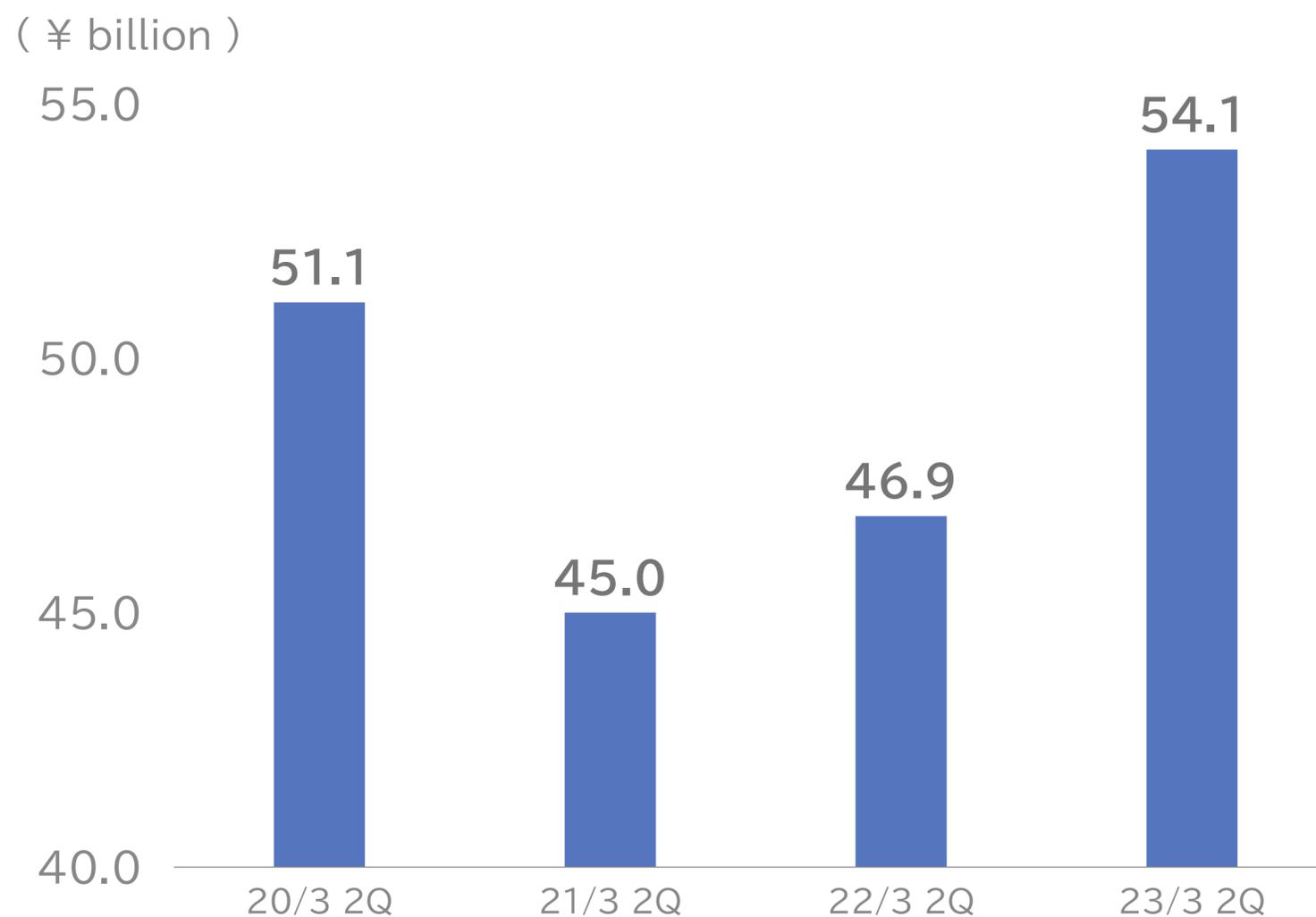
P/L: ¥3.50(22/3 2Q), ¥3.65(23/3 2Q)

# AIFUL BUSINESS FINANCE CORPORATION

- Business loan balance increased 15.4% YoY on the back of effective advertising.
- Operating profit declined 27.7% YoY, mainly due to an increase in credit cost and advertising expenses.

( ¥ million )	22/3 2Q	23/3 2Q	YOY
Loans outstanding	53,154	61,909	16.5%
Secured loans	6,210	7,733	24.5%
Business loans	46,943	54,176	15.4%
Customer accounts (thousands)	25	27	9.5%
Bad Debt Write-off Ratio	1.69%	1.88%	0.19pt
Operating revenue	3,178	3,586	12.9%
Operating profit	1,087	786	-27.7%
Ordinary profit	1,094	792	-27.6%
Profit	673	517	-23.2%

## Trends in Business Loans Outstanding



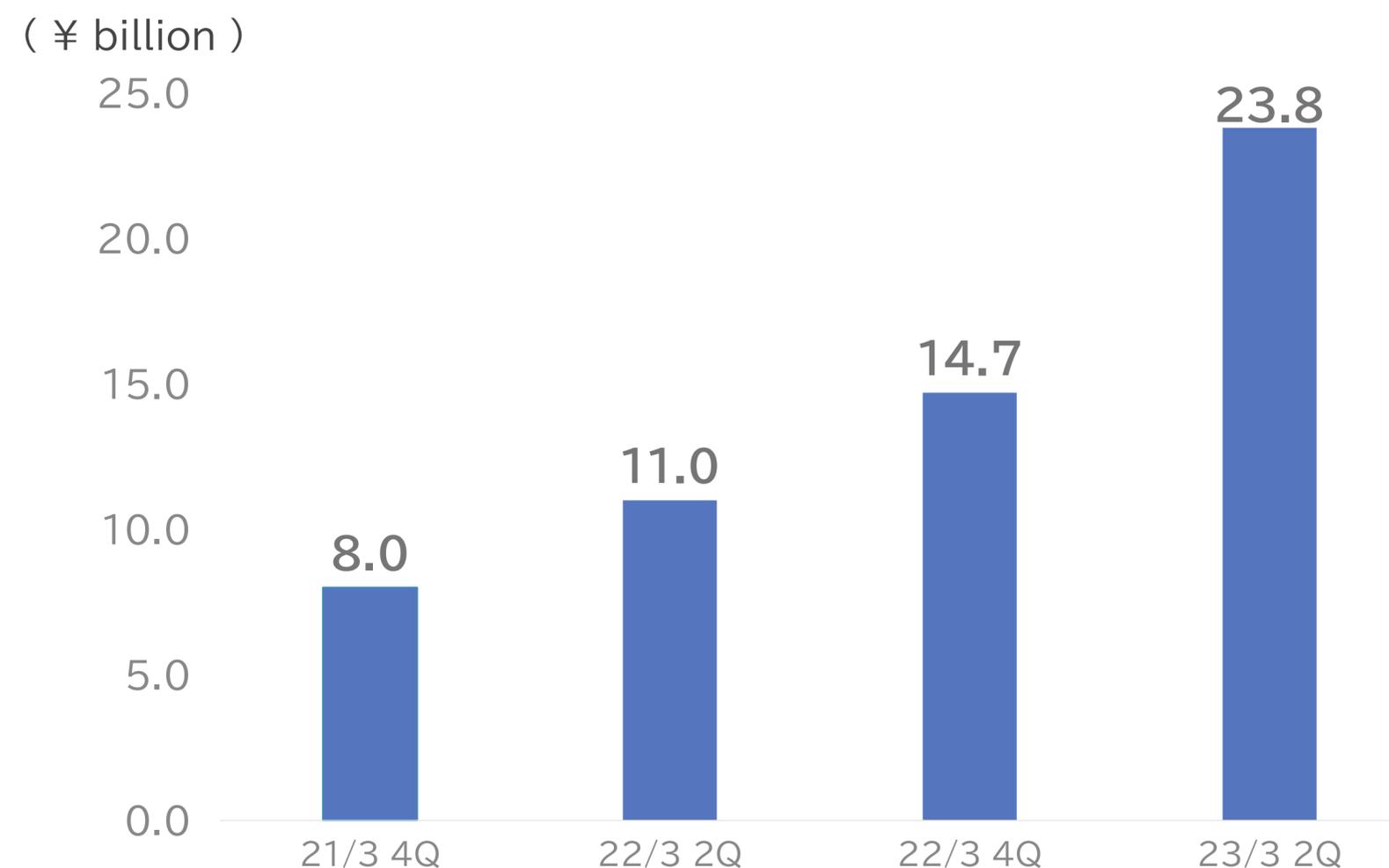
※In July 2021, AG MEDICAL CORPORATION took over the medical fee-secured loan business.

# AG GUARANTEE CO., LTD.

- Installment receivable increased 116.2% YoY reflecting the strong development of affiliate stores.
- Operating profit decreased 29.8% YoY mainly due to an increase in credit cost.

( ¥ million )	22/3 2Q	23/3 2Q	YOY
Installment receivable	11,023	23,836	116.2%
Credit guarantee	157	127	-19.3%
Operating revenue	587	1,040	77.2%
Operating profit	251	176	-29.8%
Ordinary profit	251	177	-29.3%
Profit	160	119	-25.8%
Bad Debt Write-off Ratio	0.26%	0.29%	0.03pt

## Trends in Installment Receivable



# Other Group Companies Topics



AG MEDICAL CORPORATION

Operating Profit ¥50M

Ordinary Profit ¥50M

Profit ¥20M

**Loans outstanding 10.0bn**

**YOY +50.4%**



AG MIRAIBARAI Co., Ltd.

Operating Profit ¥-450M

Ordinary Profit ¥-440M

Profit ¥-400M

**Shopping Purchases  
9.6bn (YOY +97.4%)**

**Number of affiliate stores  
474,000 (YOY +22.8%)**

# 07 Appendix

# Basic Sustainability Policy

-Corporate  
Philosophy-  
Earn the trust of  
society through  
corporate activity  
based in integrity

×

-VISION-  
For Colorful Life.  
For realizing a society in  
which your traits will  
shine

AIFUL Group aims to strike a balance between  
“Sustainable society” and “Growth” so that all  
kinds of people can be themselves.

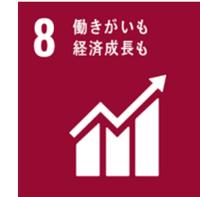
# Initiatives for Sustainability



## Held Hackathon



- LIFE CARD Co., Ltd. held Group's fourth "aihack" hackathon for students (University of Tokyo, etc.) for two days.



## Held Family Workplace tour



- Held the second family workplace tour to provide an opportunity for employees' families to get to know the Company, thereby enhancing employee engagement.

# Initiatives for Sustainability

8 働きがいも  
経済成長も



## Publication of COMMUNICATION BOOK



- Published a communication book for a better understanding of our sustainability efforts.

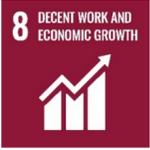
<https://www.ir-aiful.com/data/current/CB2022.pdf>

## FUKUDA ART MUSEUM



- AIFUL founder Yoshitaka Fukuda established Art Museum in Arashiyama, Kyoto.
- The museum is intended to convey the Japanese culture that has come down to us from previous eras to the next generation
- The museum celebrated its third anniversary on October 1, 2022

# Major Efforts

Theme	Challenges	Major Efforts	Relevant SDGs
Environment	Realization of a carbon-free society	<ul style="list-style-type: none"> <li>• Management of energy consumption</li> <li>• "Cool Biz" and "Warm Biz" Activities</li> <li>• Endorsement of "COOL CHOICE"</li> <li>• Efforts to improve operational efficiency</li> <li>• Reducing the number of multifunction devices</li> </ul>	  
	Promoting Resource Recycling	<ul style="list-style-type: none"> <li>• Waste separation and recycling</li> <li>• "Green Fund-raising" activities</li> <li>• Purchase of Green products and Eco Mark products</li> <li>• Introduction of paperless, online statements</li> </ul>	 
Social	Creating Products that Meet Society's Expectations	<ul style="list-style-type: none"> <li>• Product development to meet customers' diverse needs</li> <li>• Service quality improvement by collecting customer feedback</li> <li>• AIFUL-CSIRT(a team for cyber-attacks)</li> </ul>	
	Workplace and Work Environment	<ul style="list-style-type: none"> <li>• Human Resources Outline</li> <li>• Harassment hotline</li> <li>• Satisfaction survey</li> <li>• Health and stress checkups</li> </ul>	<ul style="list-style-type: none"> <li>• Human resource development system</li> <li>• Flextime system</li> <li>• Introduction of Telework</li> <li>• Hold emergency drills</li> </ul> 
	Promoting Diversity	<ul style="list-style-type: none"> <li>• Platinum Kurumin certification</li> <li>• Expand hiring female</li> <li>• Promotion of female employees</li> </ul>	<ul style="list-style-type: none"> <li>• Retiree re-employment system</li> <li>• Employ persons with disabilities</li> </ul> 
	Social Contribution and Coexisting with the Local Community	<ul style="list-style-type: none"> <li>• Blood donation activities</li> <li>• Hold life-saving seminars</li> <li>• Donations</li> <li>• Support measures against Covid-19</li> </ul>	<ul style="list-style-type: none"> <li>• Point donation system</li> <li>• Social Contribution through credit cards</li> <li>• Sponsorship of Hackathon</li> </ul>   

# AIFUL Group's Business

Renewal of AIFUL Group's visual identity (VI) on July 7, 2022  
Aiming to create businesses that meet all customer needs through business diversification

Loan / Credit Guarantee



Small Business Loan



Credit / Credit Guarantee



BNPL



Social Lending



Venture Capital



Debt Collection



Restructuring



Leaseback



Warehousing



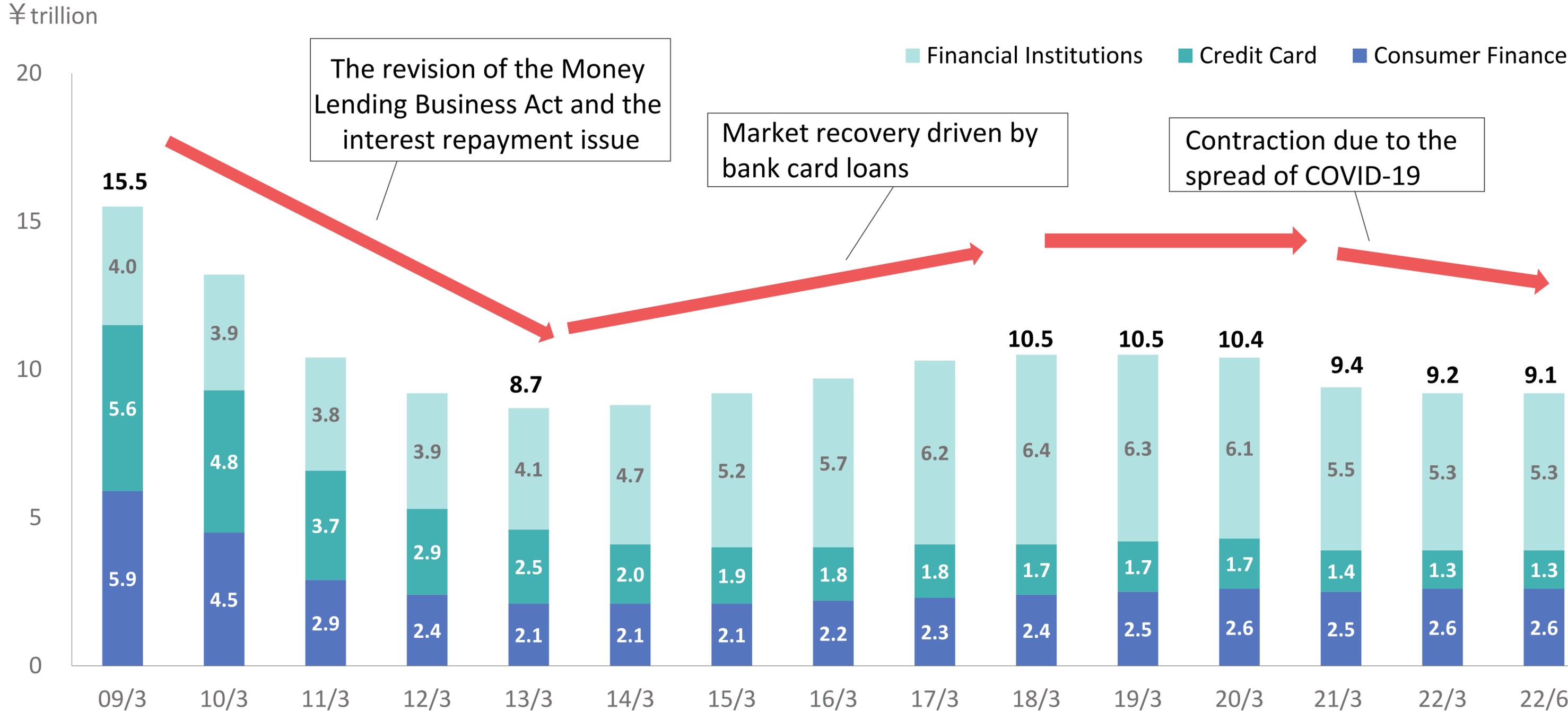
Rent Guarantee



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)

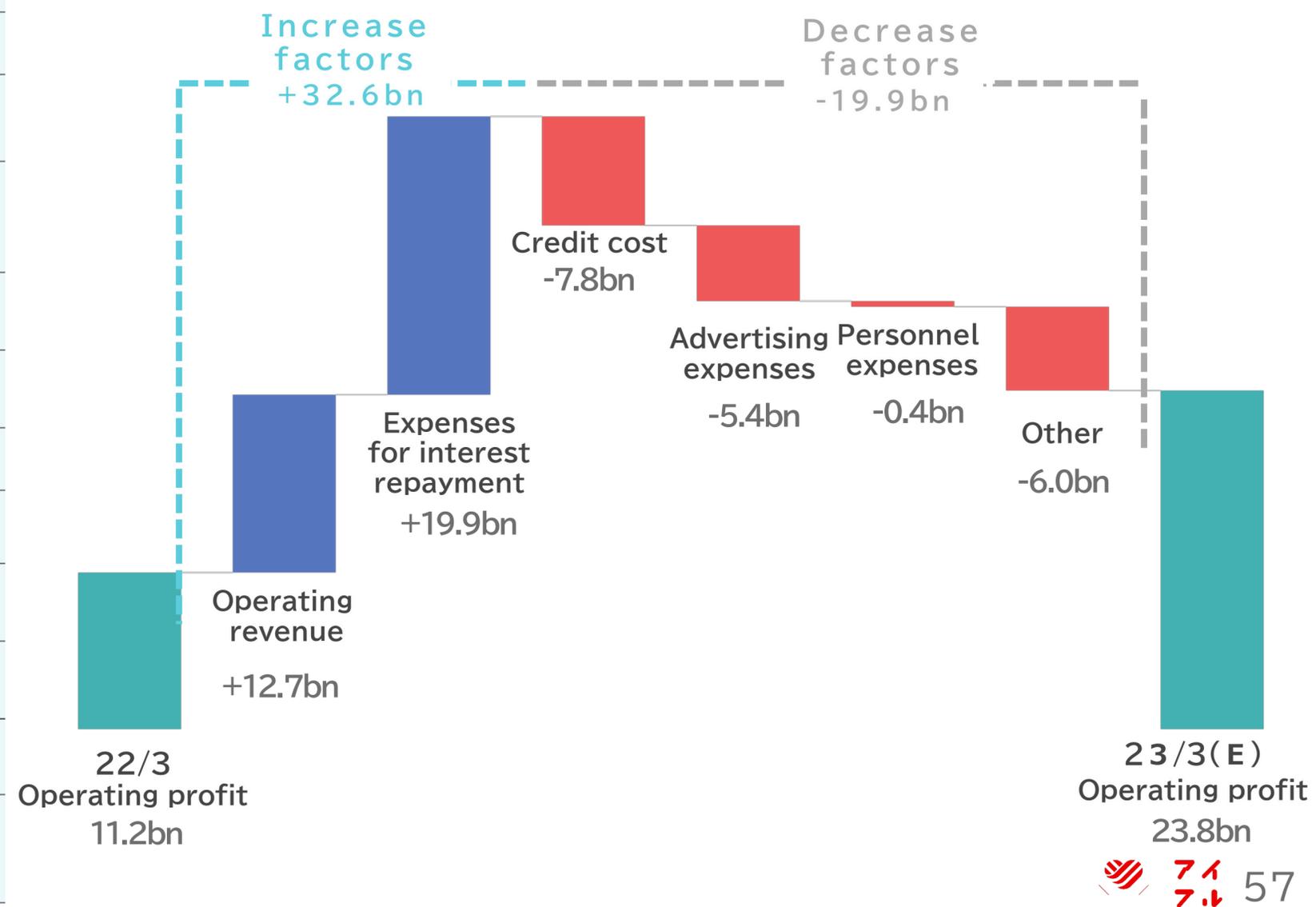
# Earnings Forecast Outline

## 22/3 Results and 23/3 Earnings forecast outline

( ¥ million)	22/3	23/3(E)	YOY	YOY%	Progress as of 2Q
Operating revenue	132,097	144,800	12,702	9.6%	49%
Operating expenses	120,855	121,000	144	0.1%	48%
Financial expenses	7,041	7,000	-41	-0.6%	50%
Expenses for interest repayment	19,929	-	-19,929	-	-
Provision for allowance for doubtful account	27,918	35,800	7,881	28.2%	51%
Advertising expenses	11,321	16,800	5,478	48.4%	44%
Personnel expenses	16,704	17,200	495	3.0%	50%
Other	37,939	44,000	6,060	16.0%	47%
Operating profit	11,242	23,800	12,557	111.7%	51%
Non-operating income	1,058	200	-858	-81.1%	260%
Non-operating expenses	35	40	4	13.3%	68%
Ordinary profit	12,265	24,000	11,734	95.7%	53%
Profit attributable to owner of parent	12,334	21,300	8,965	72.7%	55%

## Operating profit variance analysis

- No provision for interest repayments in the current period
- Credit cost and advertising expenses increased due to growth in operating assets



## – Disclaimer –

• 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.

• This English-translated presentation material was prepared solely for the convenience of English speaking investors. If any discrepancies exist, the original Japanese version always prevails. AIFUL and AIFUL Group shall not be liable for any loss or damages arising from this translation.