

**AIFUL**

Third Quarter of FY2023/3  
Presentation Material

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February 2023

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# 01 Introduction

# Digest of Financial Results (Consolidated)

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- Operating revenue was 107.5 billion yen and Profit attributable to owners of parent was 16.8 billion yen which progressed well as outlook.
- The number of new accounts reached 212,000, the highest since FY2005 3Q. Accordingly, operating assets grew by double digits to 977.3 billion yen.
- Due to aggressive spending on advertising and an increase in allowance for doubtful accounts etc. on the back of asset growth, operating expenses increased 12.4% YoY to 89.8 billion yen.
- JCR credit rating was upgraded by one notch to BBB+/ Positive Outlook.

# Consolidated Results Outline

- Operating assets : increased 12.6% YoY due to steady growth in the core business such as loan business and credit guarantee business, and a recovery in the credit business.
- Credit guarantee business: increased 17.6% YoY to 194.5 billion yen mainly driven by loan on deeds such as loan consolidation (up 14.5 billion yen YoY)

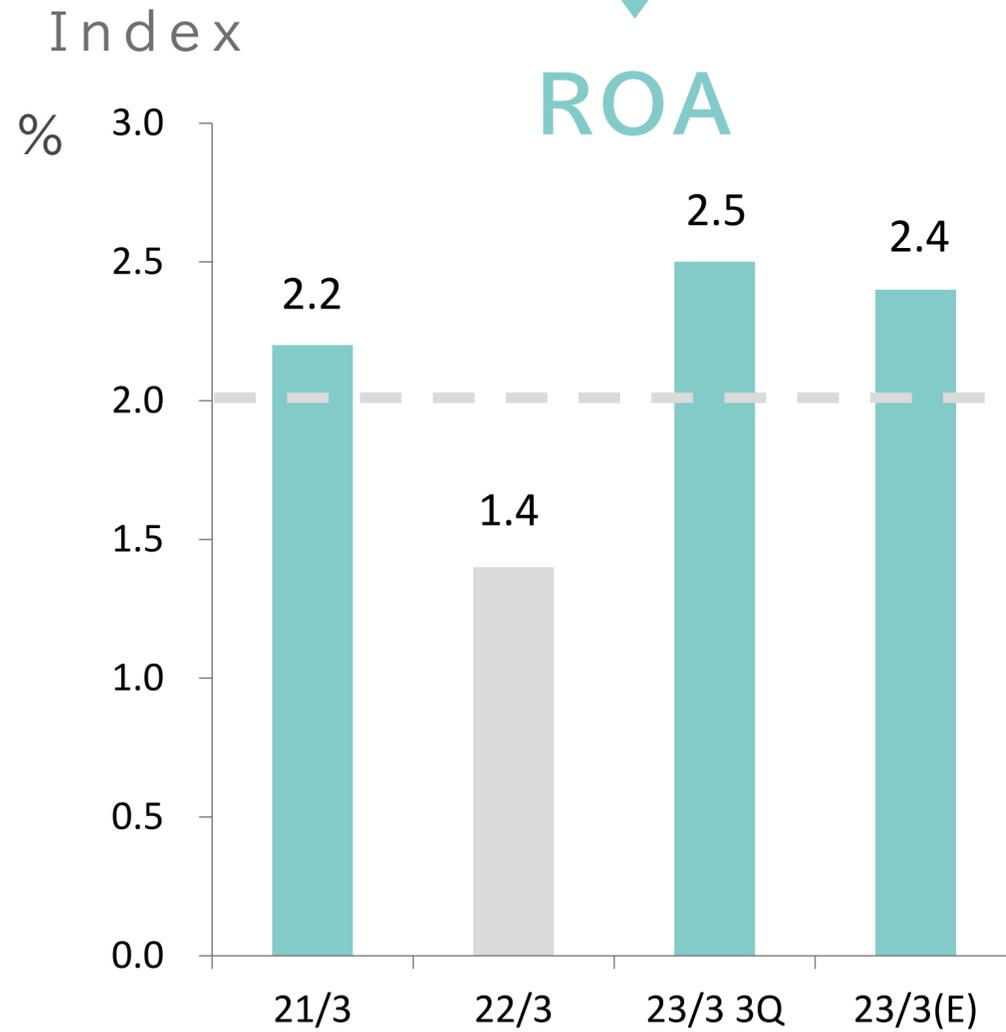
| (¥ million)                             | 22/3<br>3Q | 23/3<br>3Q | YOY     | YOY%   | 23/3(E)   | YOY     | YOY%   |                |
|-----------------------------------------|------------|------------|---------|--------|-----------|---------|--------|----------------|
| Total operating assets                  | 867,718    | 977,341    | 109,622 | 12.6%  | 1,007,600 | 120,192 | 13.5%  |                |
| Loan business                           | 568,878    | 625,936    | 57,058  | 10.0%  | 649,100   | 66,750  | 11.5%  |                |
| Unsecured                               | 493,801    | 534,184    | 40,382  | 8.2%   | 557,300   | 52,044  | 10.3%  |                |
| Secured                                 | 17,973     | 23,341     | 5,368   | 29.9%  | 23,600    | 5,317   | 29.1%  |                |
| Small business                          | 57,103     | 68,410     | 11,307  | 19.8%  | 68,200    | 9,389   | 16.0%  |                |
| Credit business                         | 117,369    | 137,447    | 20,077  | 17.1%  | 143,800   | 27,019  | 23.1%  |                |
| Guarantee                               | 166,469    | 195,282    | 28,813  | 17.3%  | 202,000   | 29,302  | 17.0%  |                |
| Credit guarantee                        | 165,486    | 194,597    | 29,111  | 17.6%  | 201,300   | 29,502  | 17.2%  |                |
| Other                                   | 983        | 685        | -298    | -30.3% | 600       | -300    | -33.4% | 3Q<br>Progress |
| Operating revenue                       | 98,492     | 107,583    | 9,091   | 9.2%   | 144,800   | 12,702  | 9.6%   | 74.3%          |
| Operating expenses                      | 79,889     | 89,828     | 9,938   | 12.4%  | 121,000   | 144     | 0.1%   | 74.2%          |
| Operating profit                        | 18,602     | 17,755     | -847    | -4.6%  | 23,800    | 12,557  | 111.7% | 74.6%          |
| Ordinary profit                         | 18,963     | 18,320     | -642    | -3.4%  | 24,000    | 11,734  | 95.7%  | 76.3%          |
| Profit attributable to owners of parent | 18,161     | 16,869     | -1,291  | -7.1%  | 21,300    | 8,965   | 72.7%  | 79.2%          |

# Main KPI

## Trend of ROA, ROE and Equity Ratio

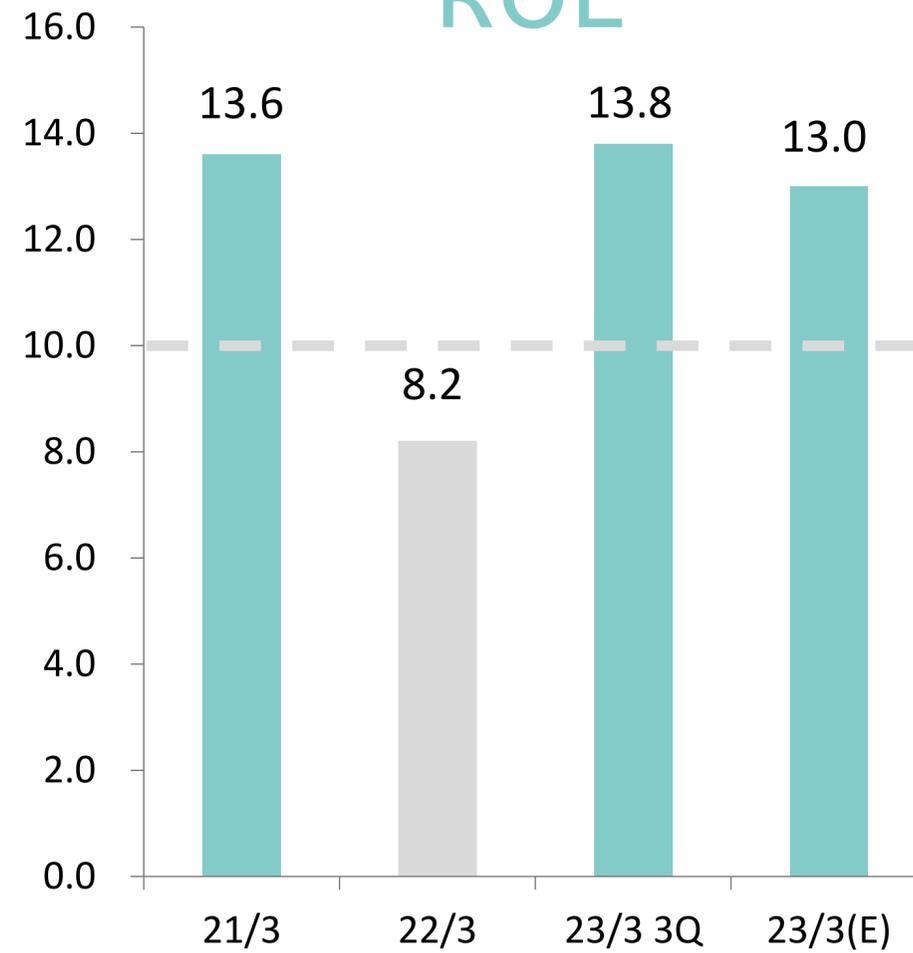
More than **2%**

### ROA



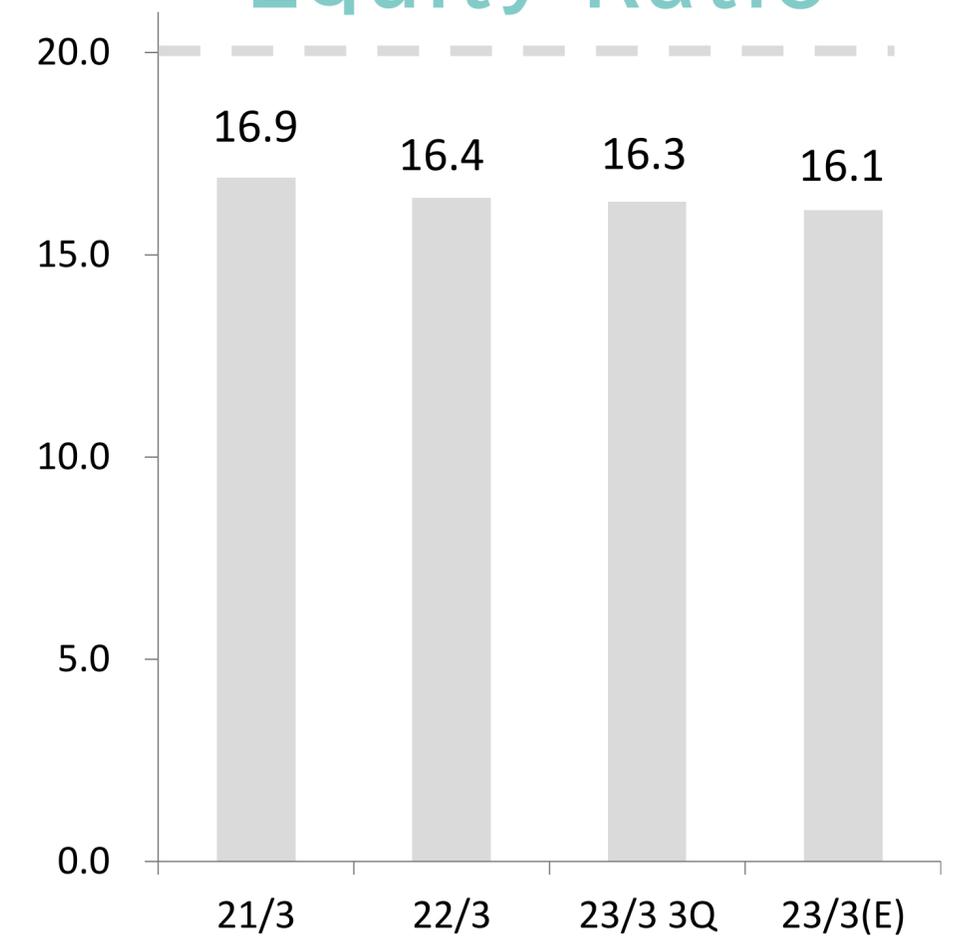
More than **10%**

### ROE



**20%**

### Equity Ratio



# 02 Consolidated Financial Results Summary

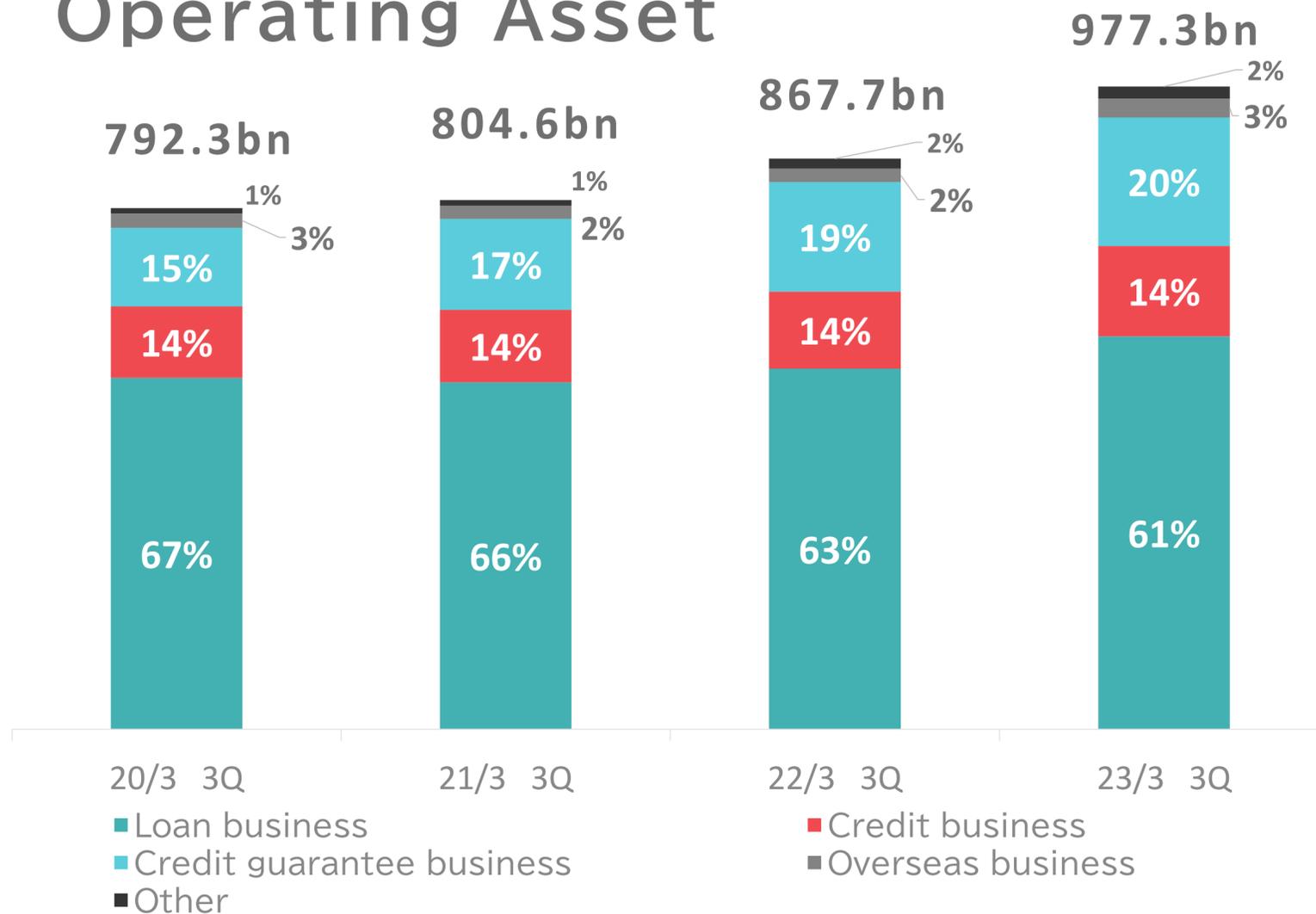
# Financial Highlights (Operating Asset/Operating Revenue)

## 【Approach to Business Portfolio】

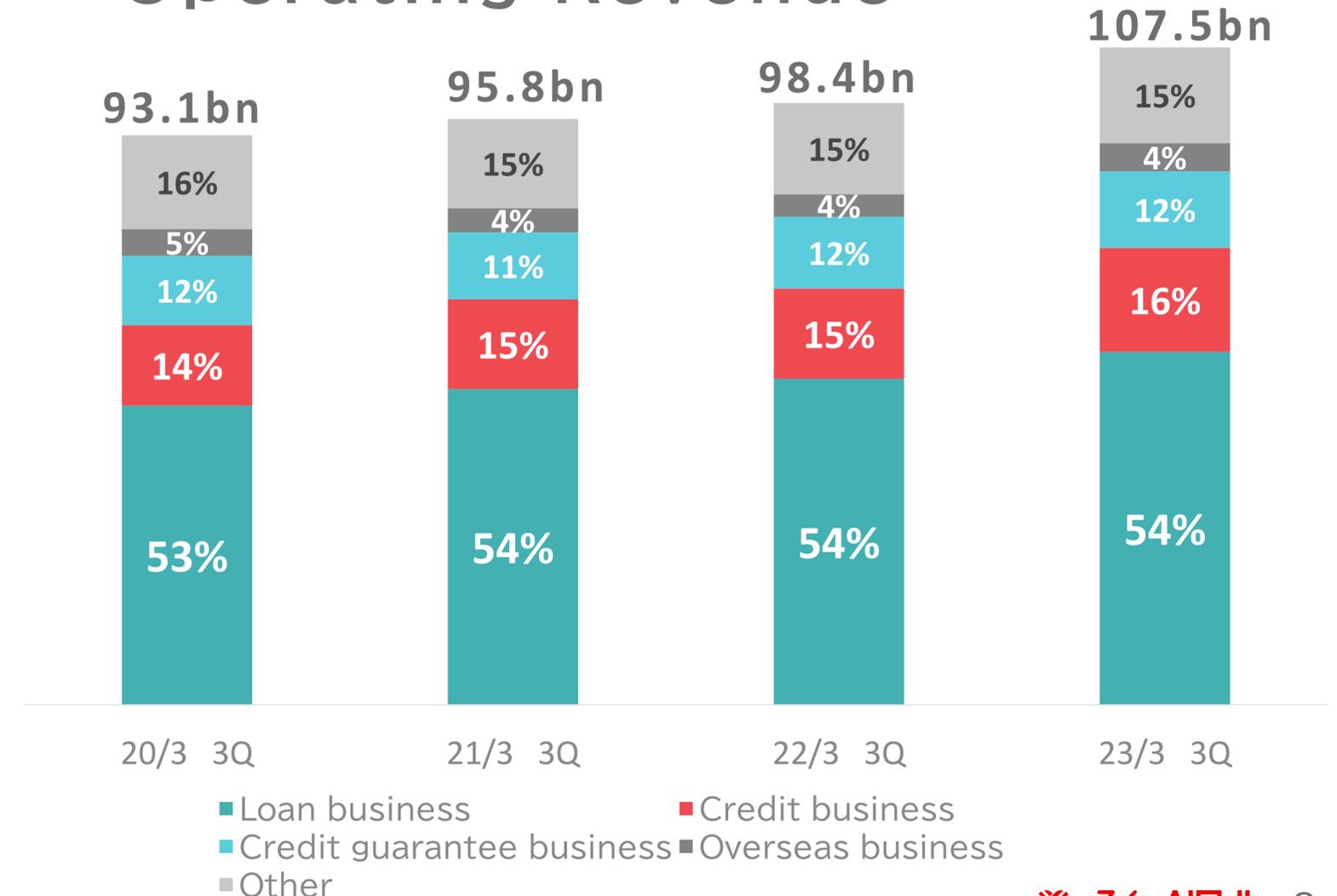
Aiming to diversify its financial business by strengthening its guarantee and other fee businesses and credit businesses, with the purpose of securing stable earnings that are not dependent on the loan business.

- 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

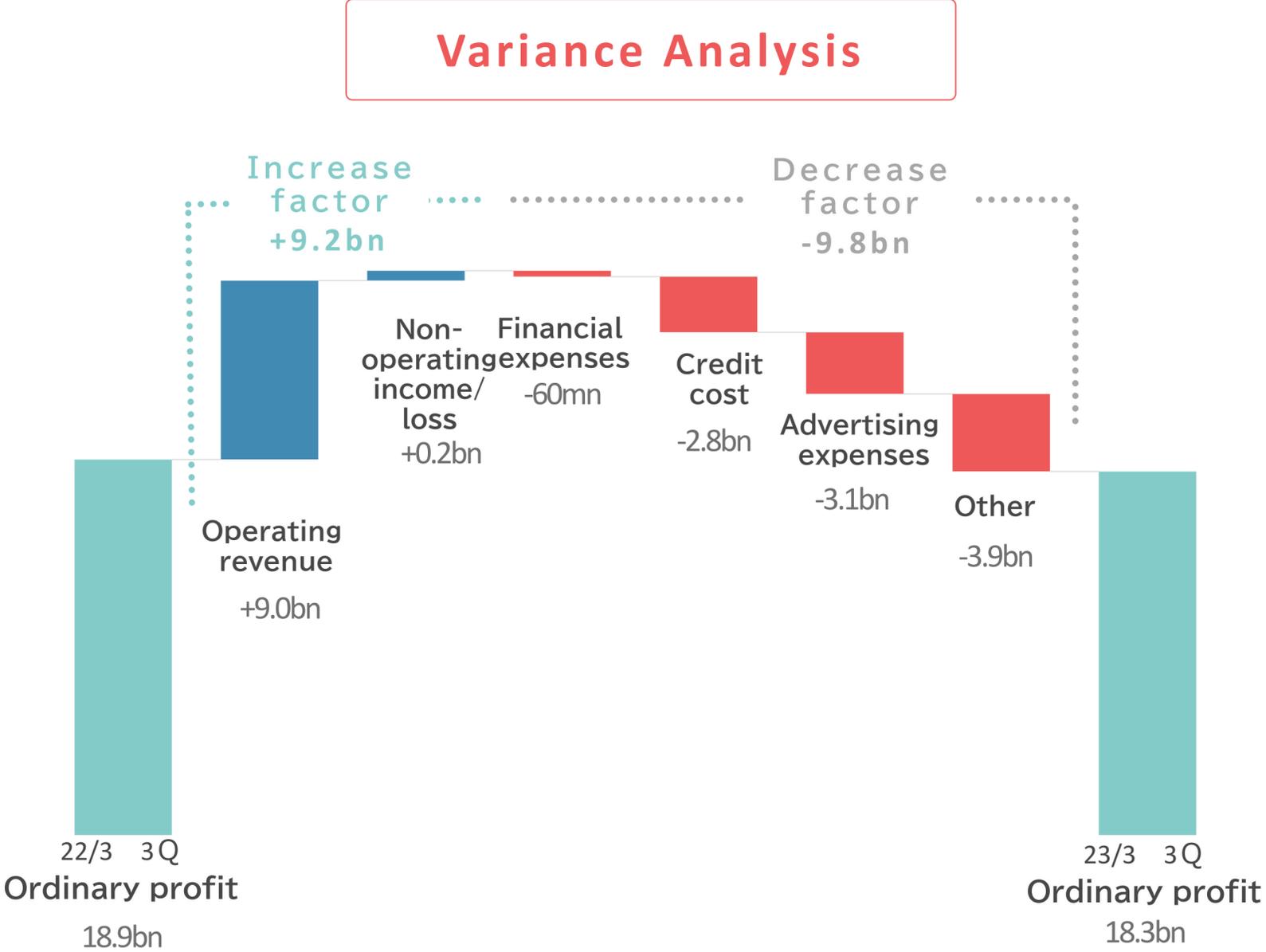
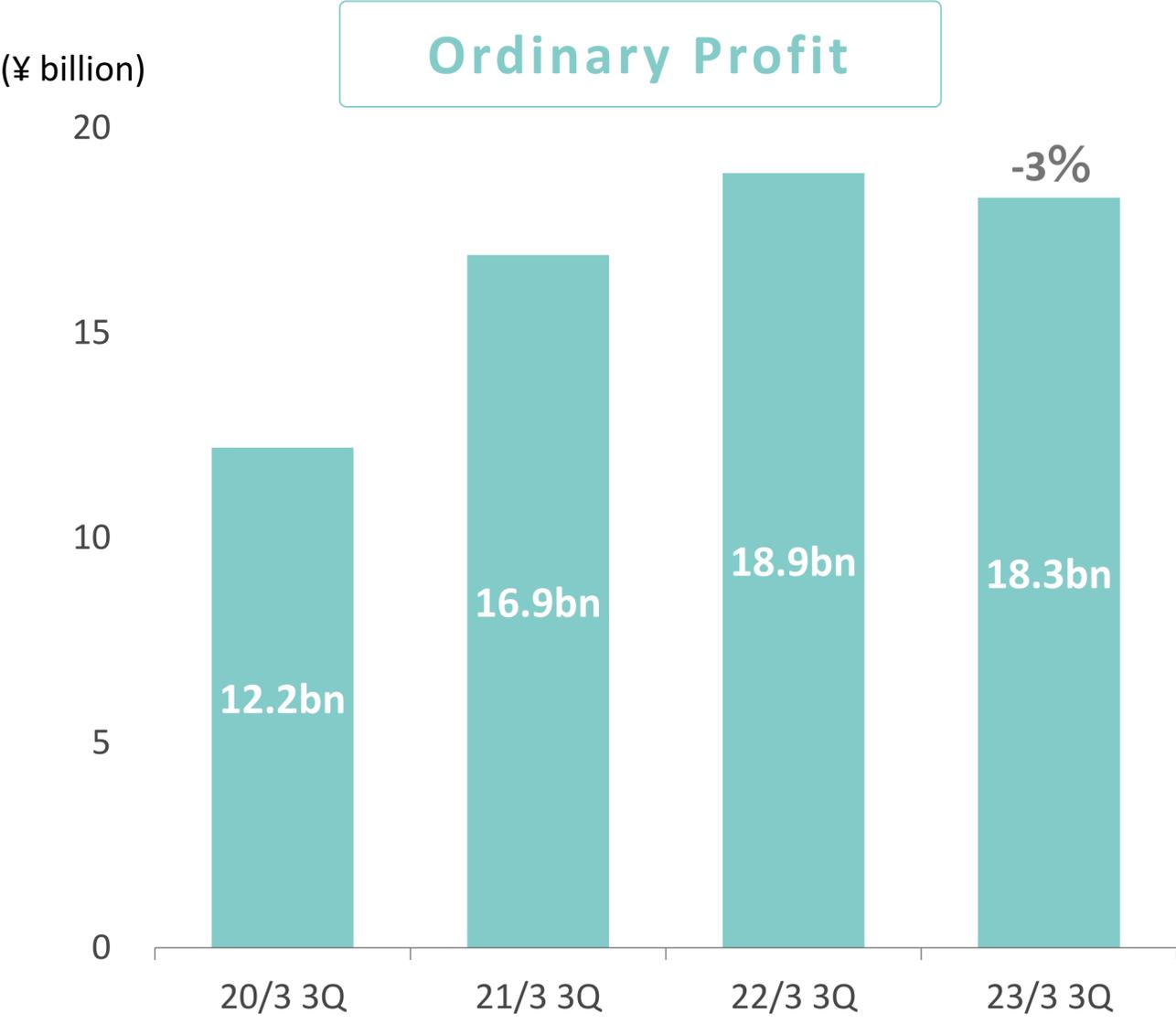


## Operating Revenue



# Financial Highlights (Ordinary Profit)

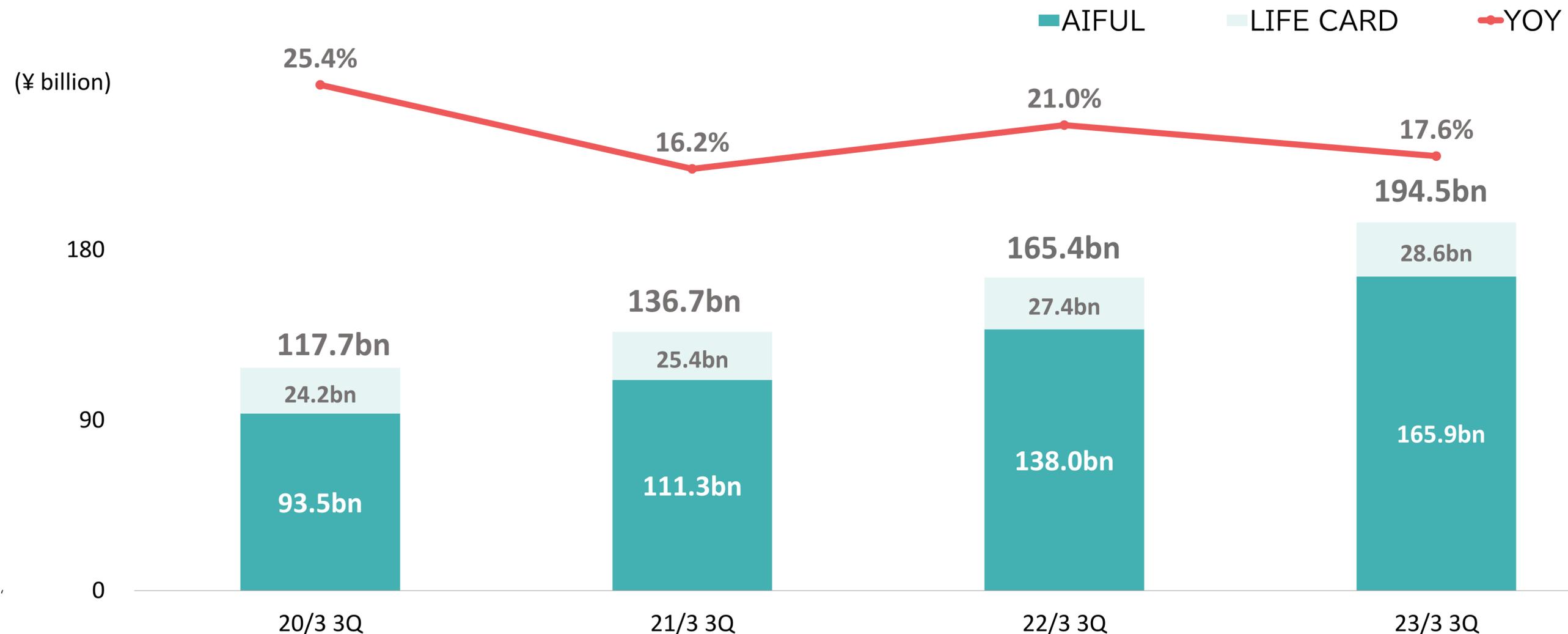
- Continued strong new account acquisitions were reflected in operating revenue. However, an increase in credit cost and the impact of advertising expenses for asset growth led to 3% YoY decrease in ordinary profit to 18.3 billion yen



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

- AIFUL's credit guarantee balance was up 20.3% YoY to 165.9 billion yen and LIFE CARD's balance was up 4.2% YoY to 28.6 billion yen, reflecting our efforts to diversify products and strengthen relationships with partners.

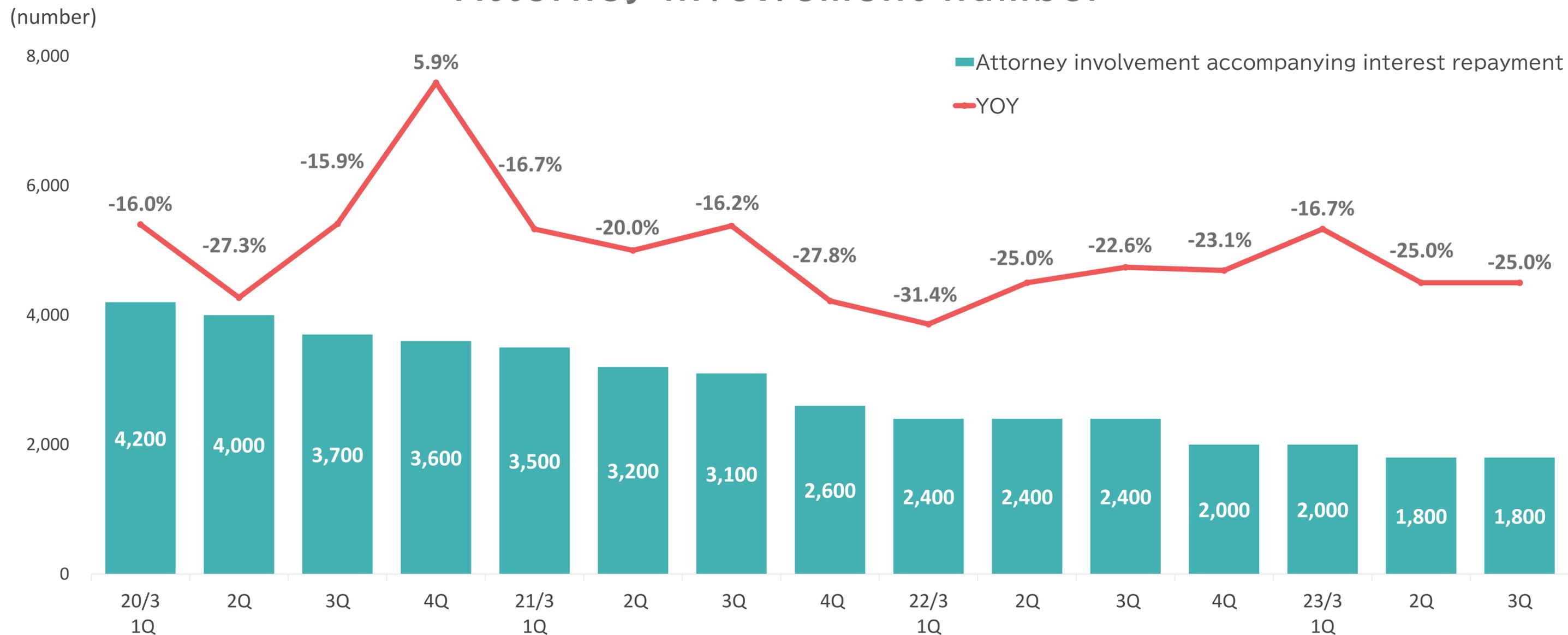
## Credit Guarantee Balance



# Interest Repayment/ Attorney Involvement Claims (Consolidated)

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

## Attorney involvement number

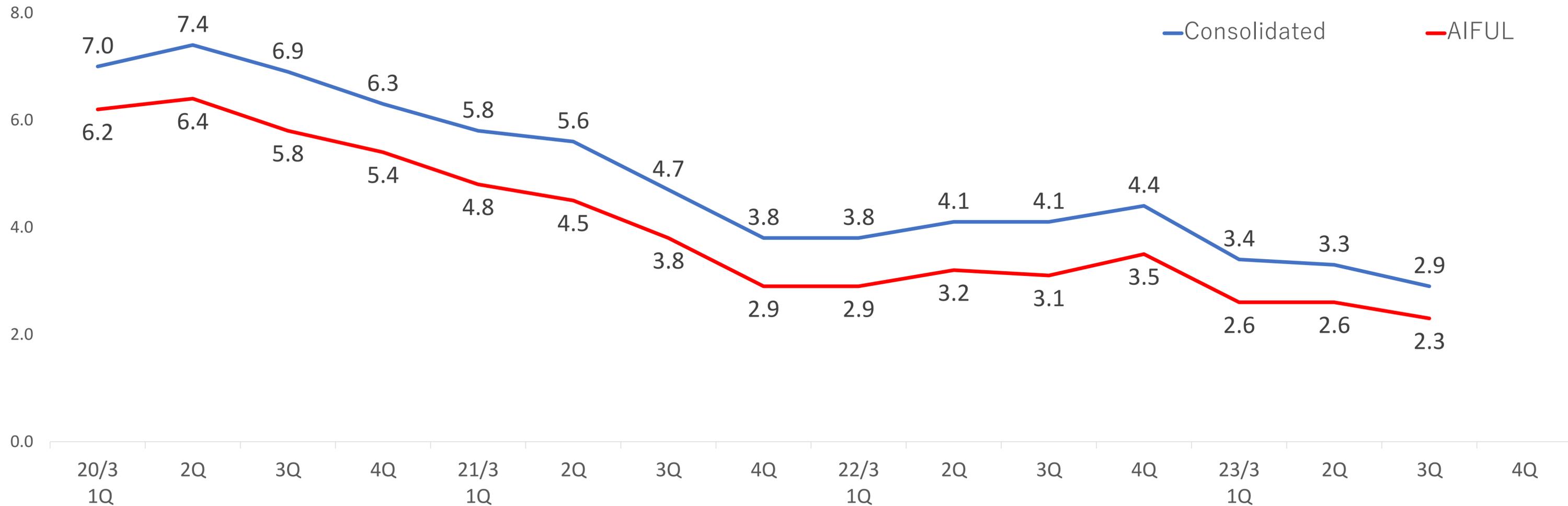


# Interest Repayment/ Pending Settlement

- The number of unsettled claims remained stable at a low level of 2,900 due to aggressive settlement efforts

## Number of Pending Settlement

(num: thousands)



# Interest Repayment/Provision (Consolidated)

- Allowance at the end of the period was 21.2 bn yen after withdrawing 6.2 bn yen (of which 5.7 bn yen for interest repayment and 0.5 bn yen for waiver of principal) from the 27.4 bn yen allowance at the beginning of period
- The withdraw amount during 3Q FY2022 decreased 25.1% YoY to 1.9 bn yen (of which 1.7 bn yen for interest repayment and 0.2 bn yen to debt waiver).

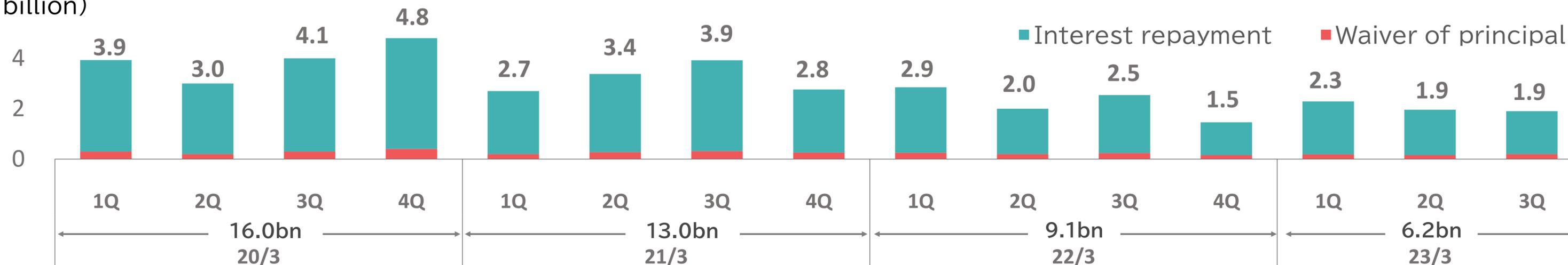
## Provision for loss on interest repayment (Consolidated)

(for reference: AIFUL)

| (¥ million)                          | Interest repayment | Waiver of principal | Total  | Interest repayment | Waiver of principal | Total  |
|--------------------------------------|--------------------|---------------------|--------|--------------------|---------------------|--------|
| Allowance at the beginning of period | 24,594             | 2,898               | 27,492 | 21,334             | 2,414               | 23,749 |
| Withdraw (Interest repayment)        | 3,988              | 366                 | 4,354  | 3,545              | 277                 | 3,823  |
| Provisions (reversal)                | -                  | -                   | -      | -                  | -                   | -      |
| Allowance at the end of period       | 20,605             | 2,532               | 23,138 | 17,788             | 2,136               | 19,925 |

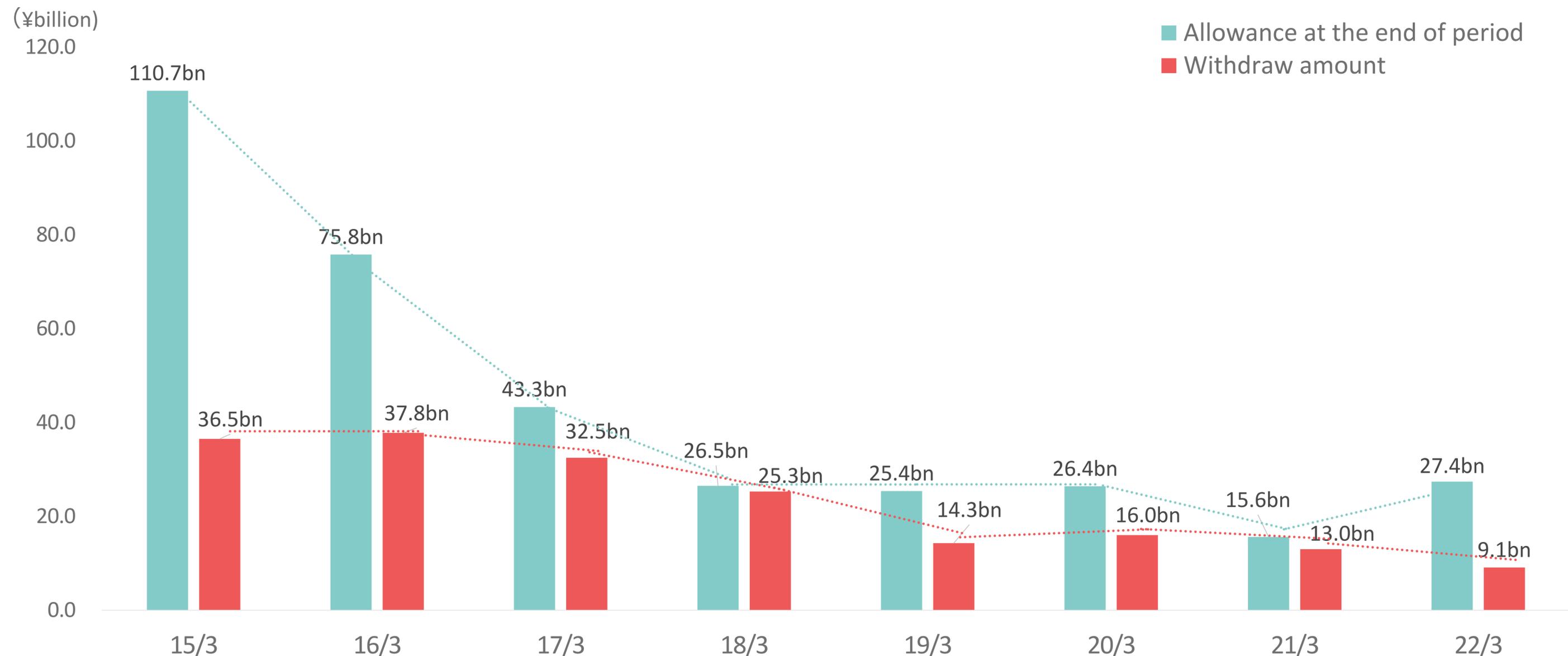
## Withdraw amount of Interest repayment and Waiver of principal

(¥ billion)



# 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.

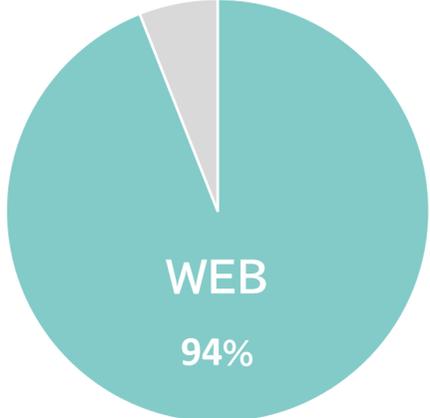


# 03 “Changes” in AIFUL Group

# 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

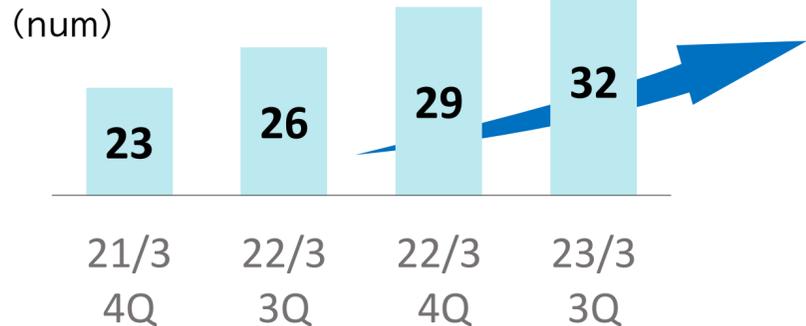
## Modifications of Apps

|                            |          |
|----------------------------|----------|
| April 2021 – December 2021 | 32 times |
| April 2022 – December 2022 | 38 times |

|         | April 2020    | March 2022    |
|---------|---------------|---------------|
| iOS     | ★ ★ ★ ★ ★ 2.7 | ★ ★ ★ ★ ★ 4.6 |
| Android | ★ ★ ★ ★ ★ 3.7 | ★ ★ ★ ★ ★ 4.6 |

## 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 32 by the end of December 2022

## Collection

FTE (as of December 2022)

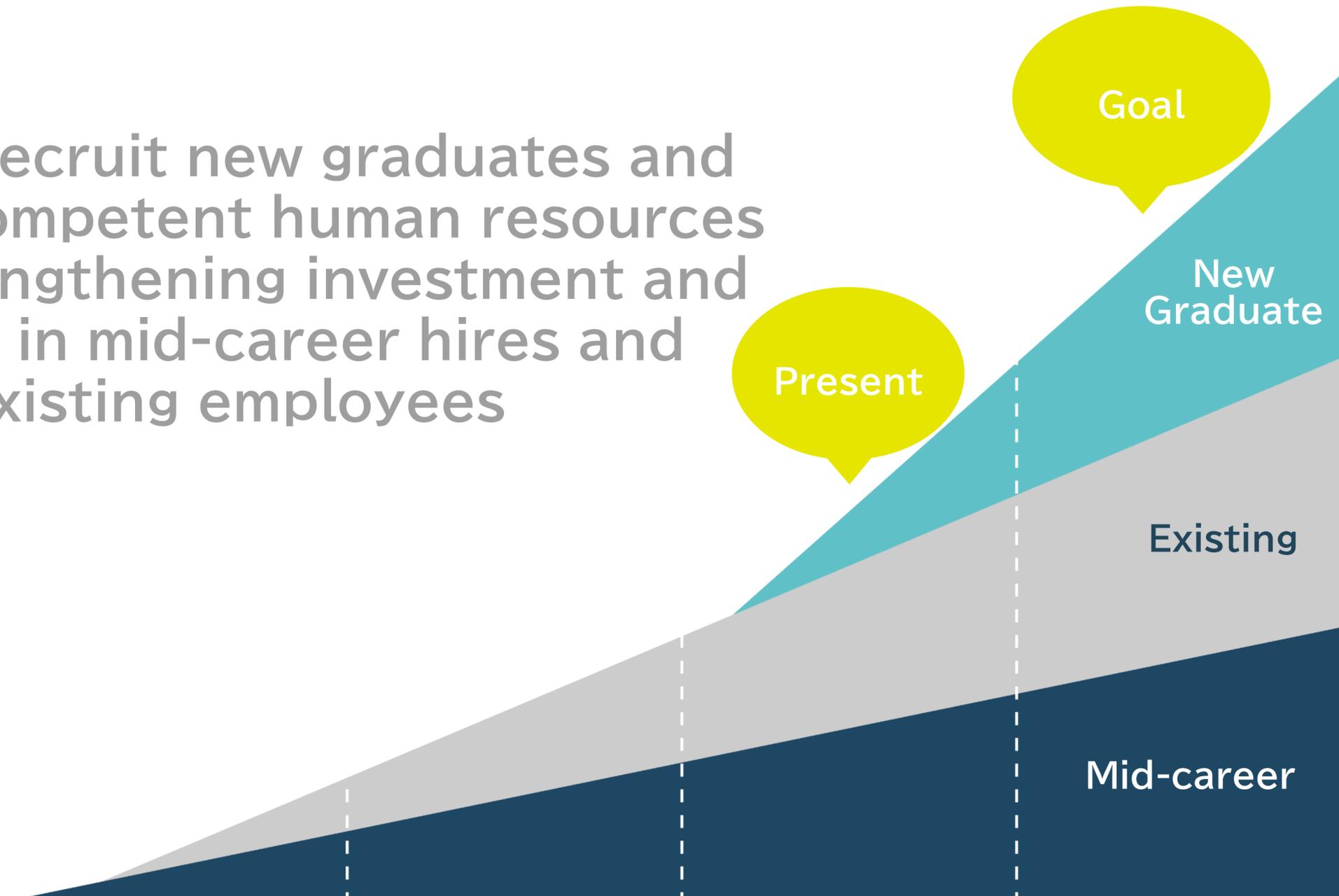
compared to March 2019 **36% decrease**

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

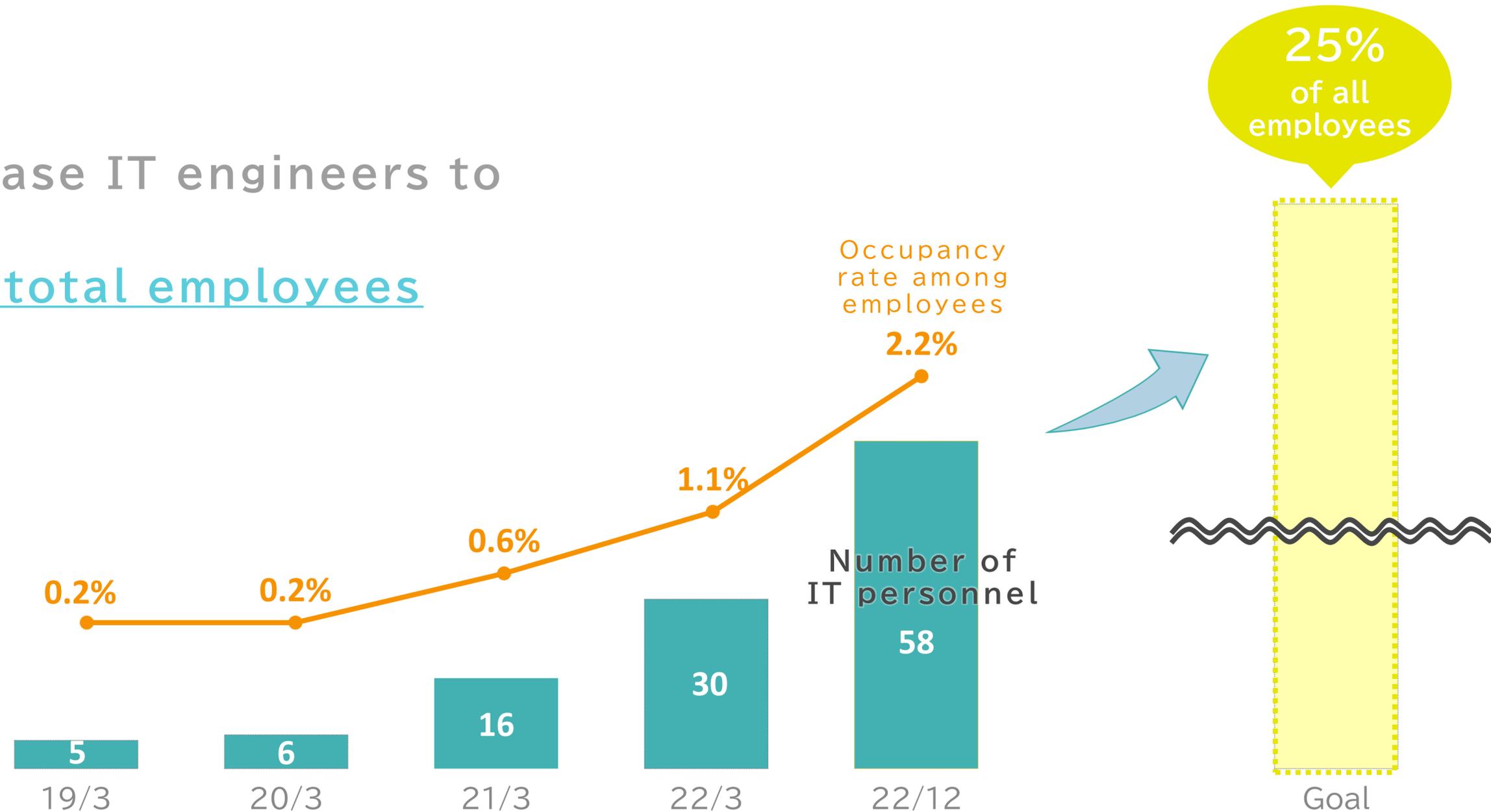


# Change: IT Personnel Strategy

## Aiming to become an IT Finance Group

Aim to increase IT engineers to

**25%** of total employees



Note: Definition of IT Personnel was changed to personnel engaged in system development.

# LTV/CPA

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

**CPA** = CPA, the cost per acquisition

LTV  
excluding CPA

¥93k

¥139k

¥46k

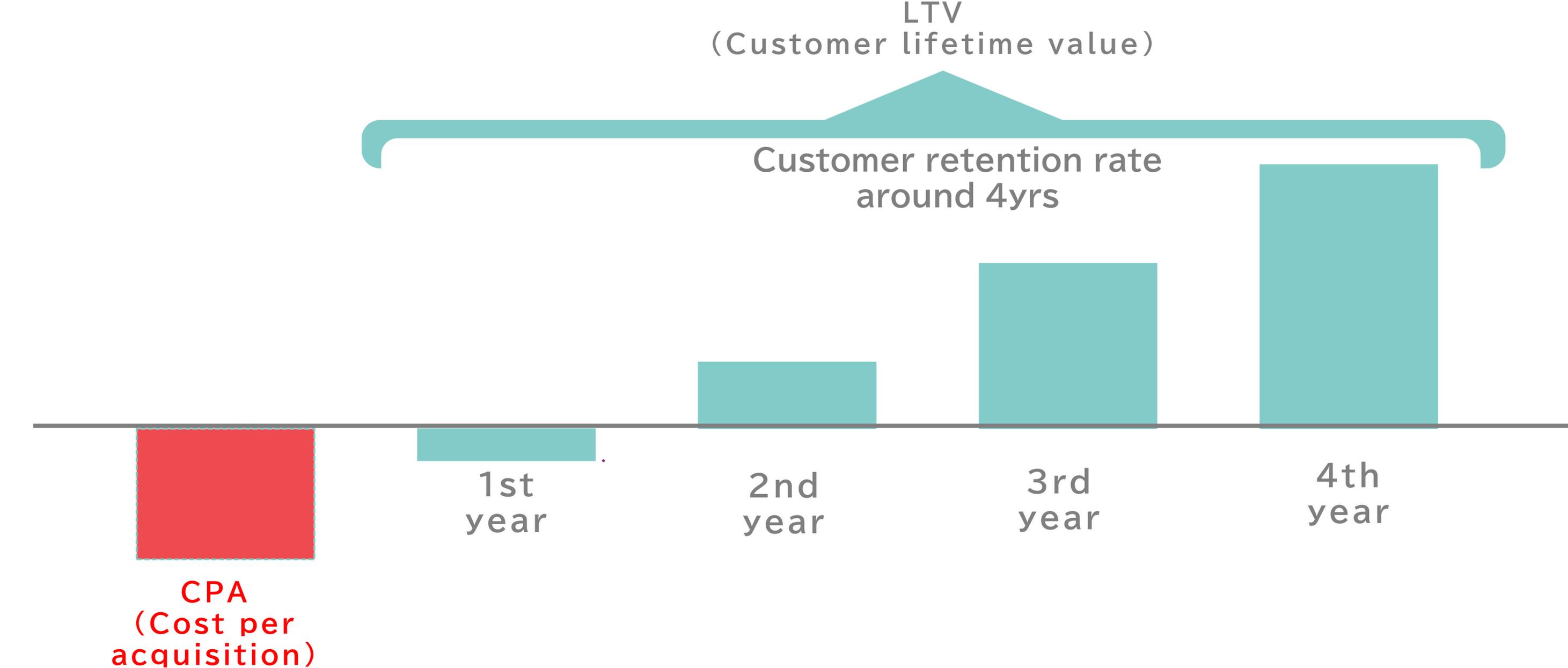
AIFUL (unsecured loan)

Prospects

Loans outstanding

Note: The LTV definition includes customers who have shifted from cash loans to 'Omatome Max (consolidation loans)' and small business loans (FY2022 2Q was LTV for Cash loans only).

# Unsecured loan LTV/CPA



# 04 AIFUL Results Summary

# Operating Results

| ( ¥ million )                                           | 22/3<br>3Q | 23/3<br>3Q | YOY    | YOY %  |
|---------------------------------------------------------|------------|------------|--------|--------|
| Total receivable outstanding                            | 604,484    | 667,138    | 62,653 | 10.4%  |
| Loans outstanding                                       | 452,723    | 487,131    | 34,407 | 7.6%   |
| Unsecured                                               | 440,609    | 474,594    | 33,984 | 7.7%   |
| Secured                                                 | 3,783      | 2,687      | -1,096 | -29.0% |
| Small business                                          | 8,329      | 9,849      | 1,519  | 18.2%  |
| Credit guarantee                                        | 142,425    | 168,644    | 26,218 | 18.4%  |
| New accounts (num)                                      | 153,074    | 212,087    | 59,013 | 38.6%  |
| Unsecured                                               | 153,004    | 212,021    | 59,017 | 38.6%  |
| Customer accounts (thousands)                           | 959        | 1,064      | 104    | 10.9%  |
| Unsecured                                               | 948        | 1,052      | 104    | 11.0%  |
| Loan volume                                             | 152,711    | 170,255    | 17,541 | 11.5%  |
| New accounts                                            | 25,766     | 31,296     | 5,529  | 21.5%  |
| Existing accounts                                       | 126,946    | 138,959    | 12,012 | 9.5%   |
| Average yield                                           | 14.5%      | 14.5%      | 0.0pt  | —      |
| Below 18% unsecured loan balance's occupancy rate       | 99.3%      | 99.4%      | 0.1pt  | —      |
| Bad debt                                                | 16,950     | 17,468     | 517    | 3.1%   |
| Excluding write-off related to interest repayment       | 16,366     | 17,029     | 662    | 4.0%   |
| Bad debt ratio to operating loans                       | 2.8%       | 2.6%       | -0.2pt | —      |
| Ratio excluding write-off related to interest repayment | 2.7%       | 2.6%       | -0.1pt | —      |

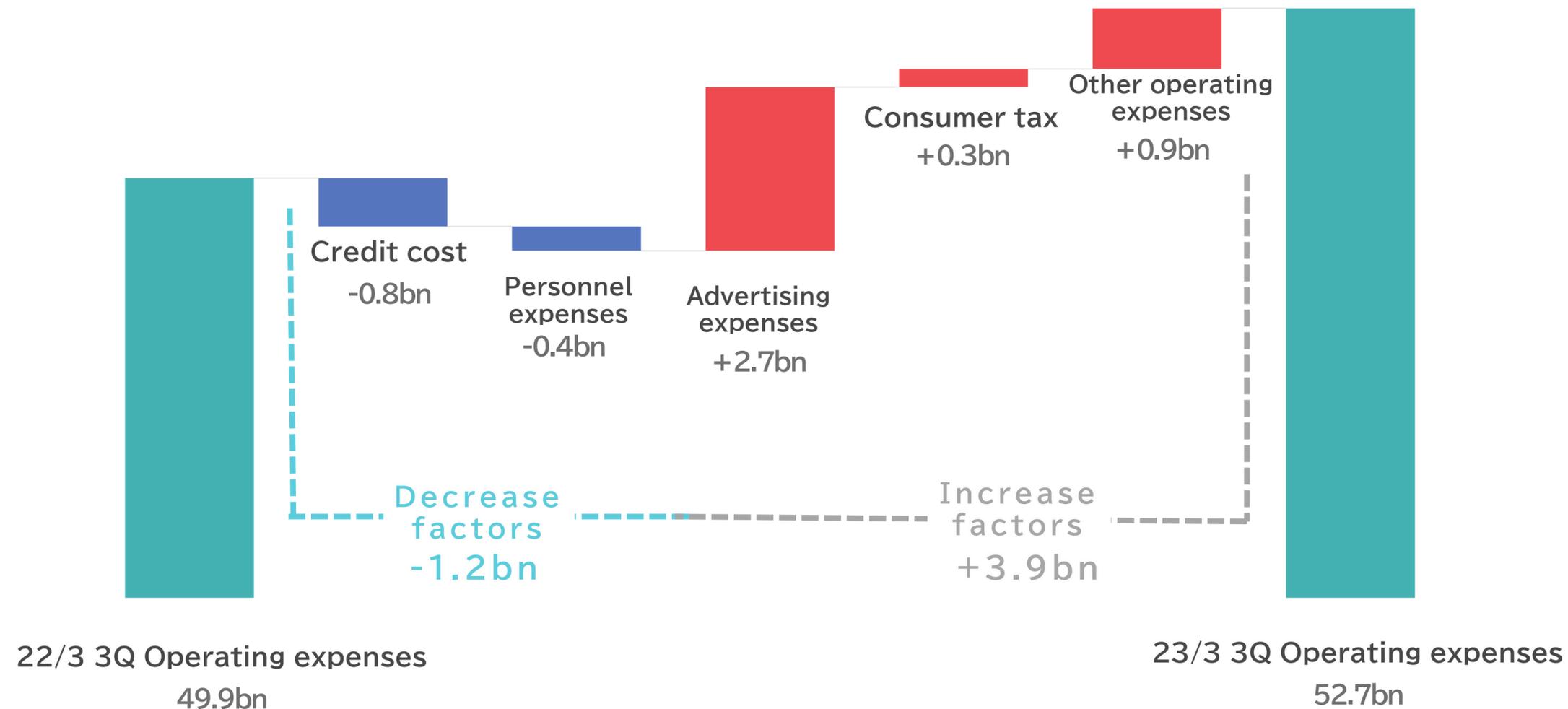
# Financial Results Outline

| ( ¥ million )                                | 22/3<br>3Q | 23/3<br>3Q | YOY    | YOY %  |
|----------------------------------------------|------------|------------|--------|--------|
| Operating revenue                            | 62,252     | 66,511     | 4,259  | 6.8%   |
| Interest on operating loans                  | 47,216     | 50,782     | 3,566  | 7.6%   |
| Revenue from credit guarantee                | 8,530      | 9,214      | 684    | 8.0%   |
| Operating expenses                           | 49,943     | 52,703     | 2,759  | 5.5%   |
| Financial expenses                           | 4,130      | 4,053      | -77    | -1.9%  |
| Provision of allowance for doubtful accounts | 19,567     | 18,722     | -845   | -4.3%  |
| Expenses for Interest repayment              | -          | -          | -      | -      |
| Advertising cost                             | 7,323      | 10,177     | 2,853  | 39.0%  |
| Advertising expenses                         | 7,116      | 9,865      | 2,748  | 38.6%  |
| Sales promotion expenses                     | 206        | 312        | 105    | 51.0%  |
| Personnel expenses                           | 7,542      | 7,131      | -411   | -5.4%  |
| Other operating expenses                     | 11,379     | 12,618     | 1,238  | 10.8%  |
| Operating profit                             | 12,308     | 13,808     | 1,500  | 12.2%  |
| Non-operating income                         | 1,161      | 12,342     | 11,181 | 962.6% |
| Non-operating expenses                       | 21         | 11         | -9     | -46.1% |
| Ordinary profit                              | 13,448     | 26,140     | 12,691 | 94.4%  |
| Extraordinary income                         | -          | -          | -      | -      |
| Extraordinary losses                         | -          | -          | -      | -      |
| Profit                                       | 13,177     | 25,049     | 11,871 | 90.1%  |

# Financial Results Outline / Breakdown of Operating Expenses

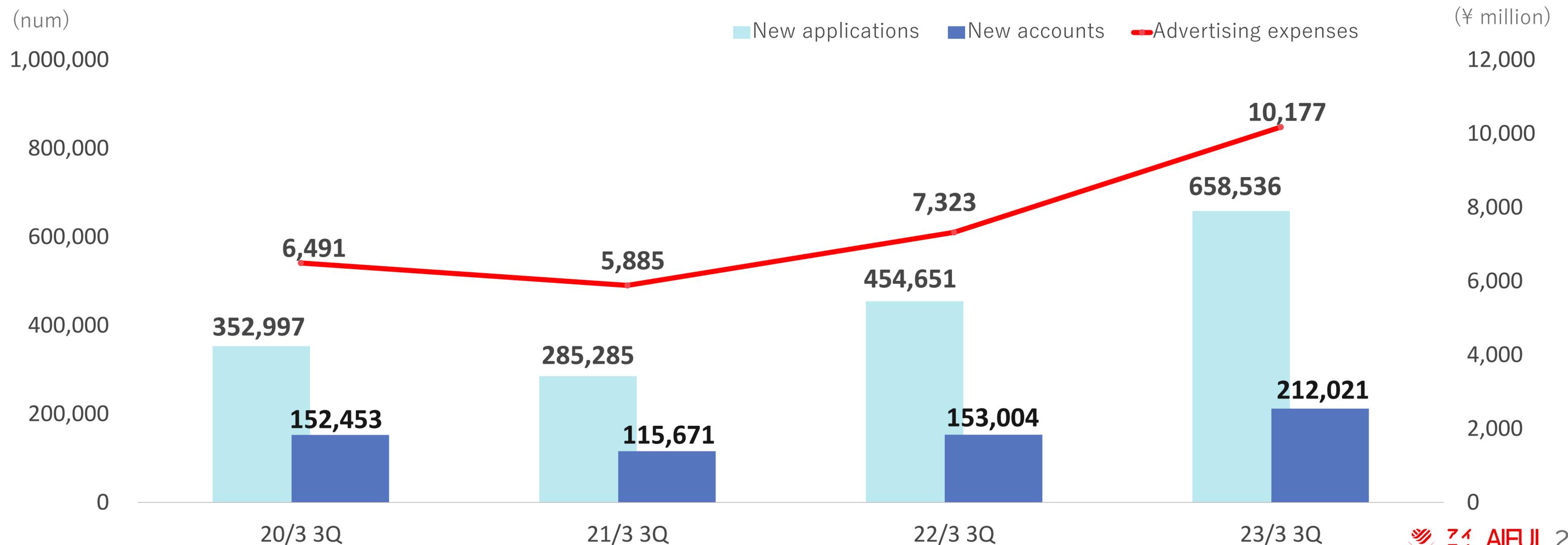
- Although credit cost etc., decreased 1.2 billion yen YoY, operating expenses increased 2.8 billion yen YoY to 52.7 billion yen as a result of 3.9 bn yen increase in advertising expenses etc., due to investments in advertising for the purpose of expanding new accounts.
- Credit cost decreased 0.8 billion yen YoY to 18.7 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



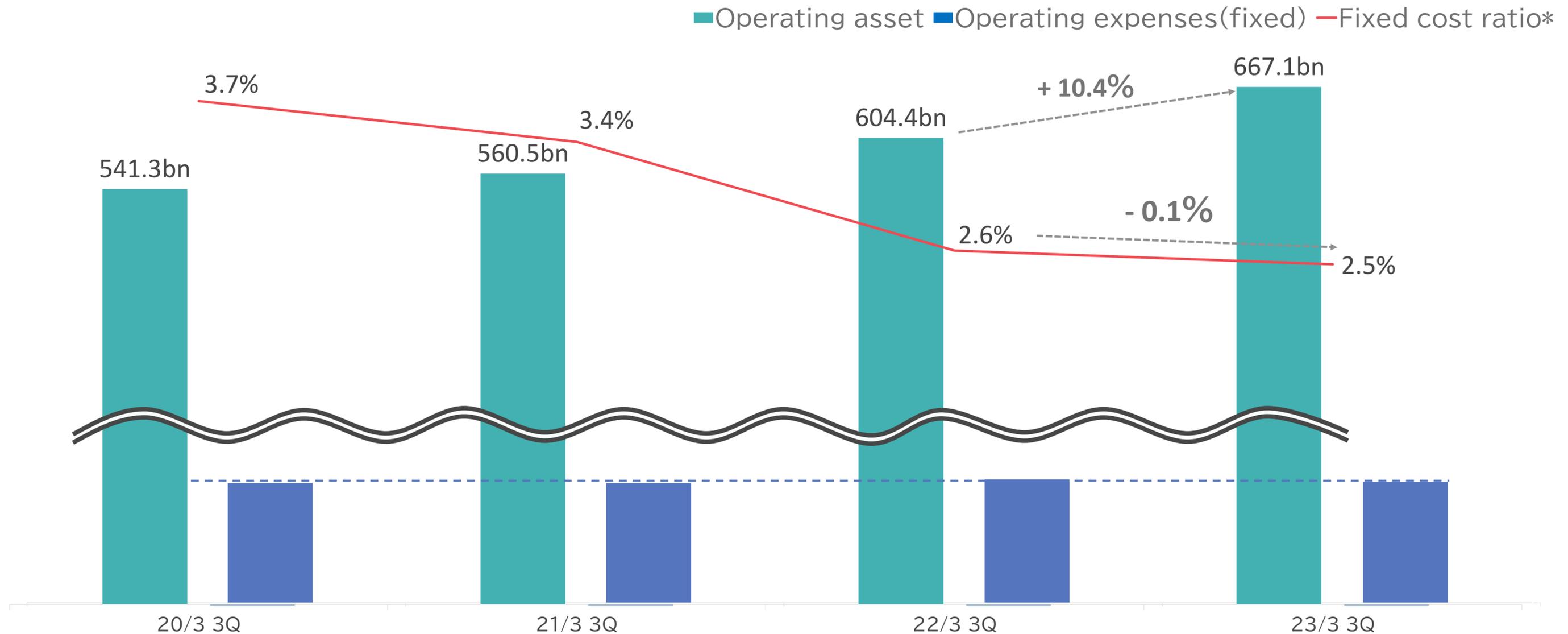
# Loan Business/ Correlation between advertising costs and new accounts under the impact of COVID-19

- 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. AIFUL 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 44.8% YoY to 658,000, the number of new accounts increased 38.6% YoY to 212,000 and, CPA was 46,000 yen, down 2.3% YOY.



# Trends in Operating Asset and Fixed Cost

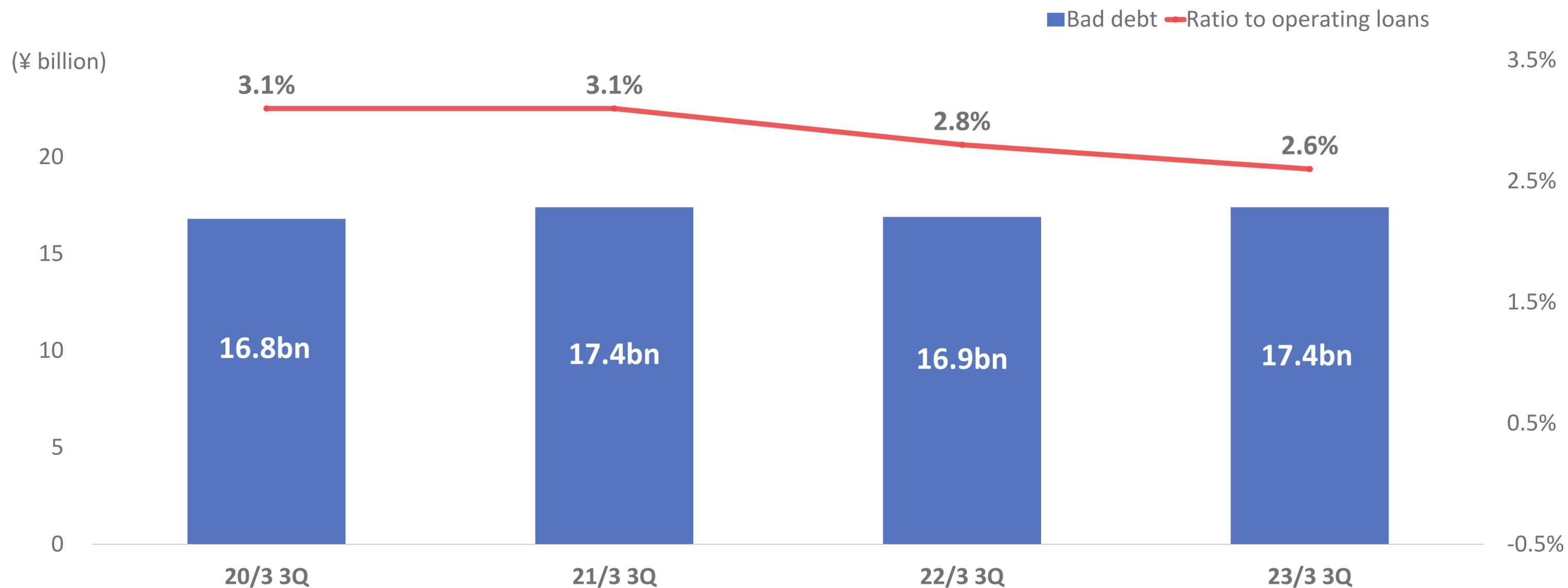
- Operating assets increased 10.4% YoY due to aggressive advertising aiming to expand new acquisitions.
- Promoting DX and in-house production led to a decrease in fixed costs.
- Fixed cost ratio dropped 0.1pt YOY to 2.5% in 3Q of FY2022.



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

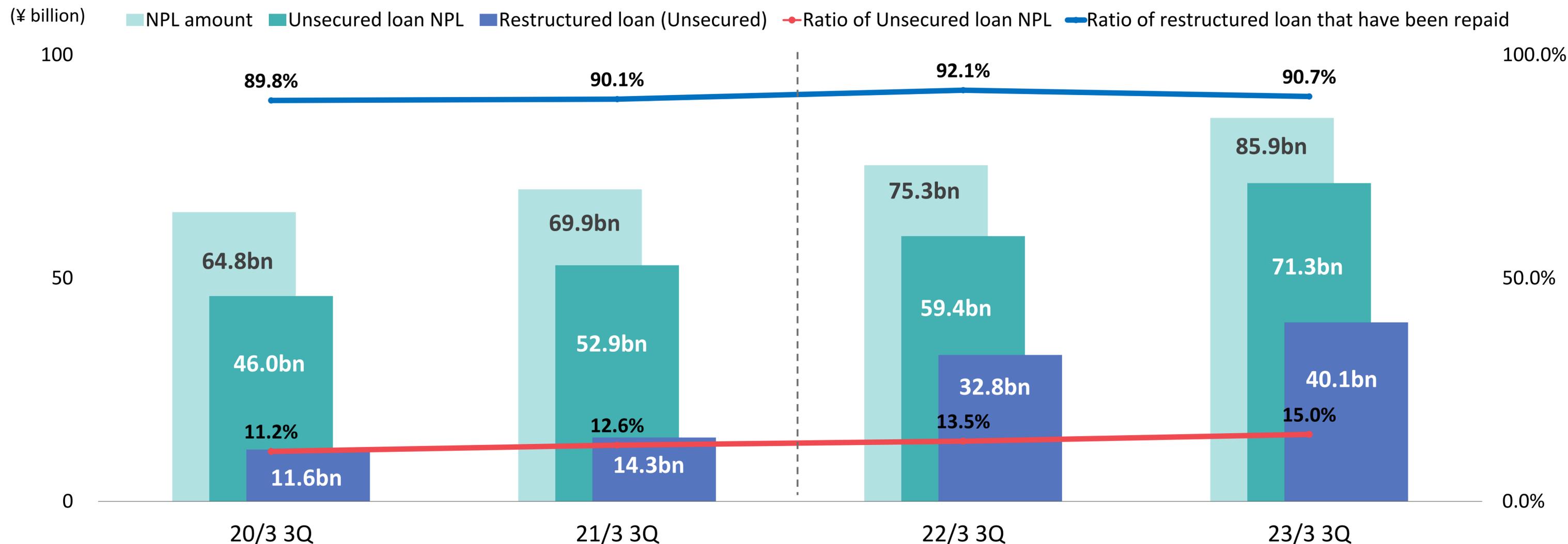
# Non-performing Loans/ Bad Debts

- Bad debts increased 1.2% YoY to 17.4 billion yen, while the ratio to operating loans remained low at 2.6%



# Non-performing Loans/ Unsecured Loan NPL

- Unsecured loan NPL outstanding rose 20.0% year on year to 71.3 billion yen and the NPL ratio rose 1.5pt to 15.0%, mainly due to an increase in restructured loans (loans with eased lending conditions) that are expected to receive payments regularly.



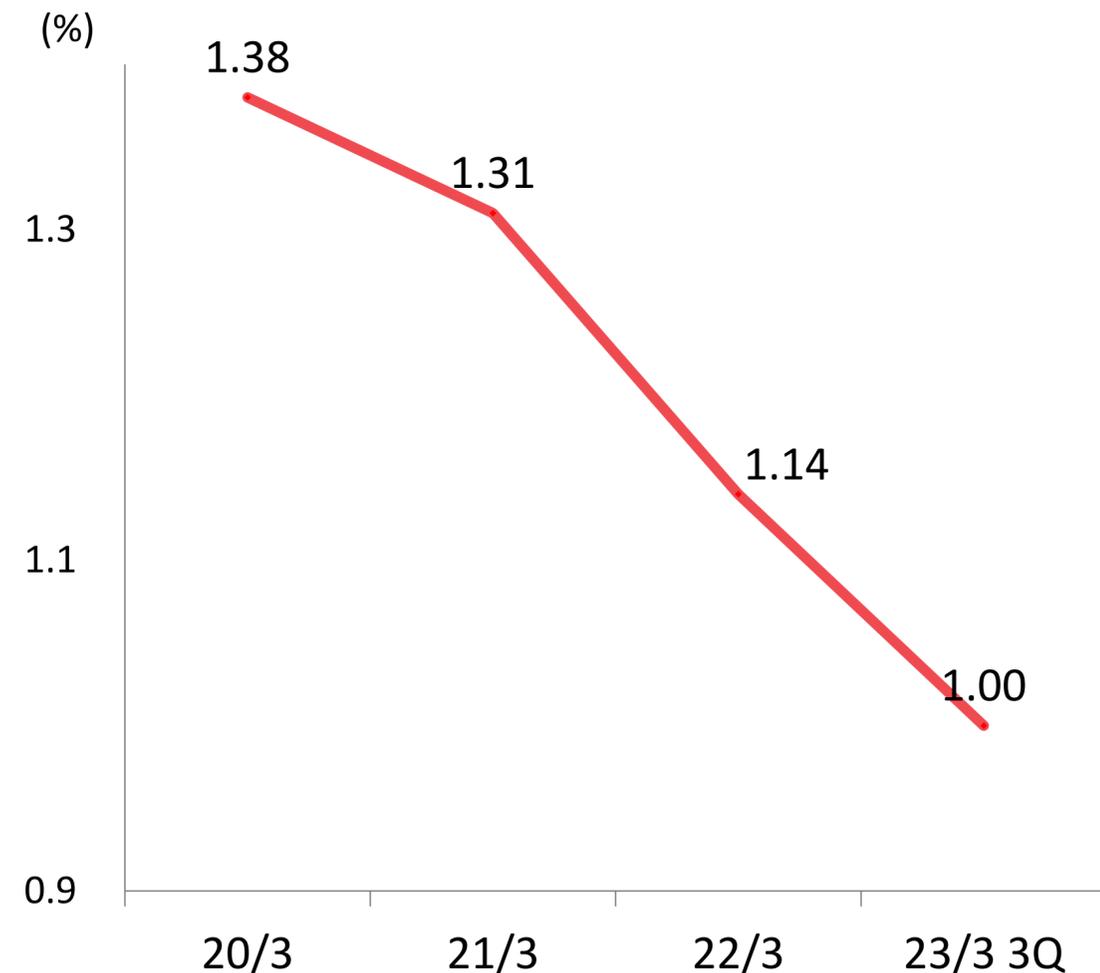
\*1 From the fourth quarter of the FY2020, settlement receivables with regular deposits included in Non-accrual loans have been included in Restructured loans in a more realistic manner.

\*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.

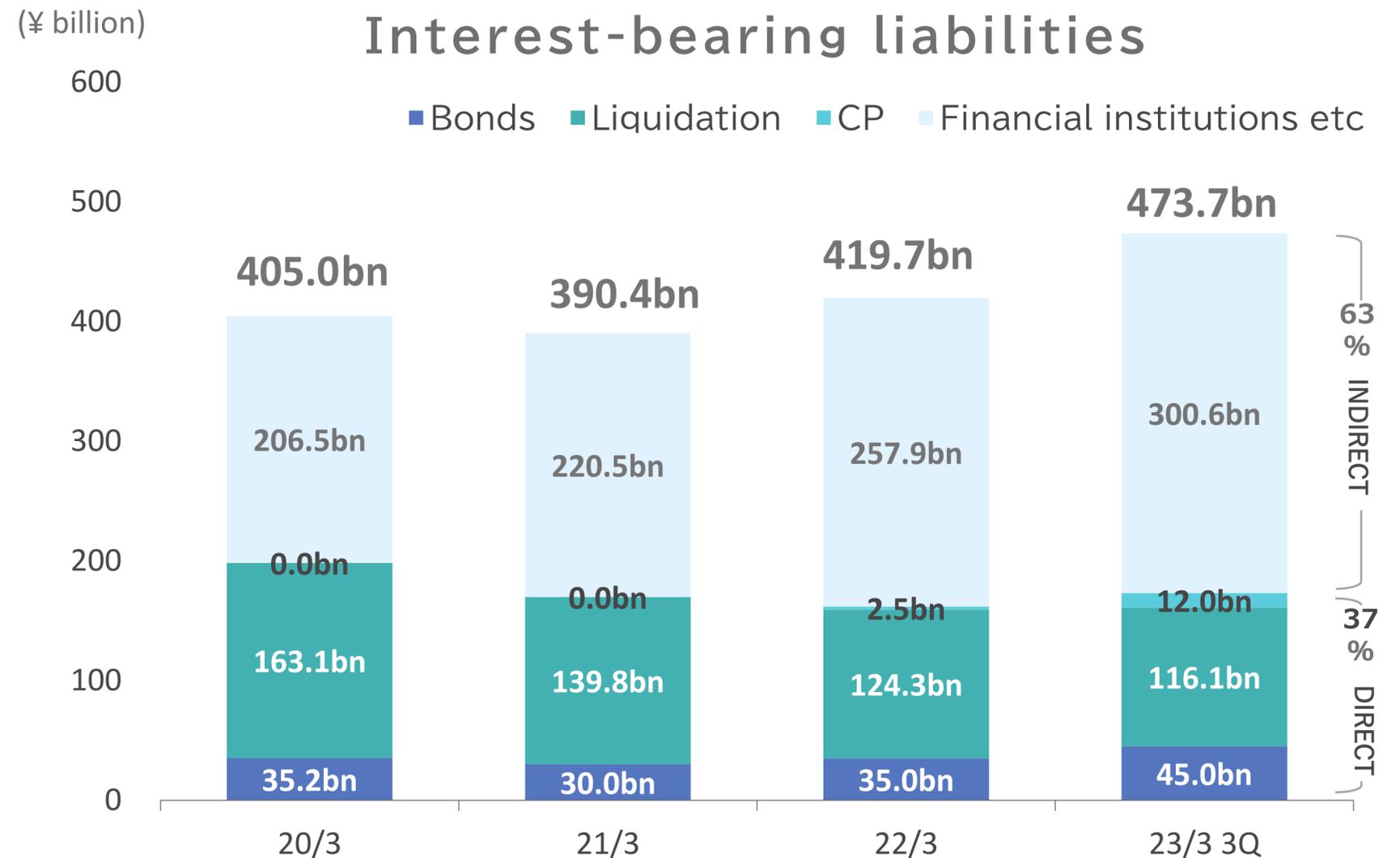
# Funding

- JCR rating upgraded by one notch to "BBB+/ Positive" in November 2022.
- Funding rates: both direct and indirect are trending downward in tandem with an improvement of performance and upgraded credit ratings.
- Funding amount: increased 12.9% from the end of FY2021 to 473.7 billion yen due to the operating asset growth.

## Trends of funding rate



## Interest-bearing liabilities



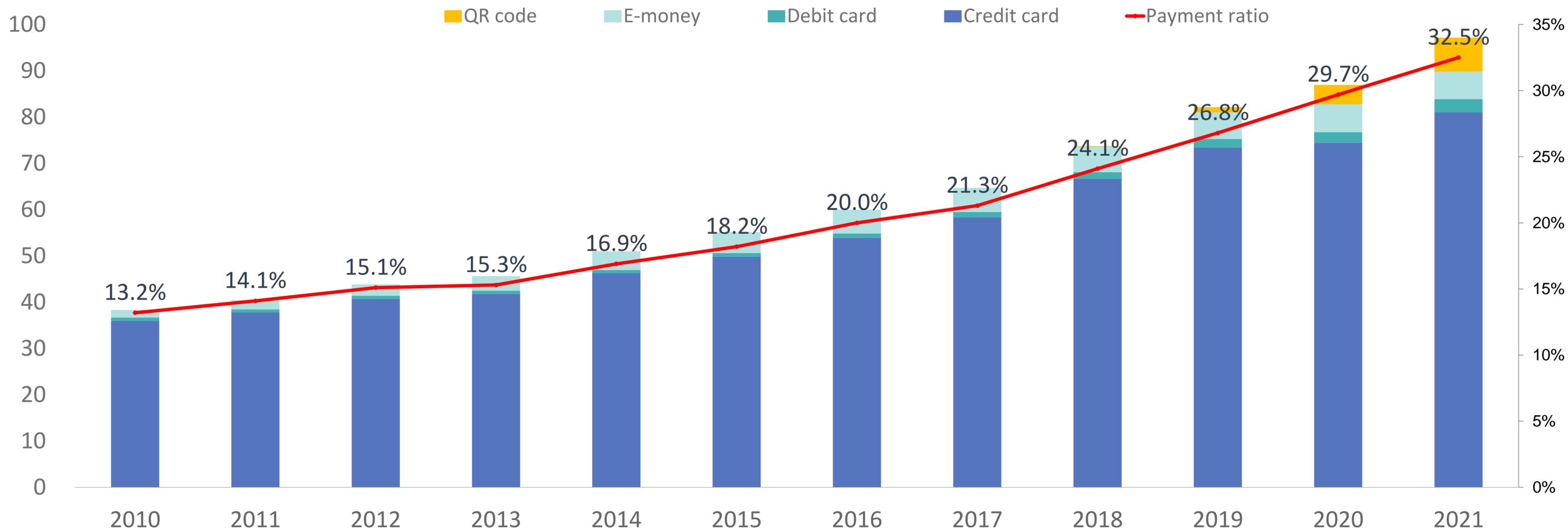
# 05 LIFECARD Results Summary

# Cashless Payment Market

- Cashless payment ratio in 2021 grew steady to 32.5%. 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

(¥trillion)



\*Source  
Ministry of Economy, Trade and Industry

# Operating Results

| ( ¥ million )                                           | 22/3<br>3Q | 23/3<br>3Q | YOY    | YOY % |
|---------------------------------------------------------|------------|------------|--------|-------|
| Total receivable outstanding                            | 166,610    | 169,945    | 3,335  | 2.0%  |
| Loans outstanding                                       | 33,285     | 32,001     | -1,284 | -3.9% |
| Cash advance                                            | 23,762     | 22,987     | -775   | -3.3% |
| Installment receivable                                  | 104,529    | 107,595    | 3,065  | 2.9%  |
| revolving/installment                                   | 52,760     | 52,791     | 31     | 0.1%  |
| Credit guarantee                                        | 27,468     | 28,610     | 1,142  | 4.2%  |
| Number of new issue (thousand)                          | 250        | 325        | 74     | 29.8% |
| Proper                                                  | 67         | 117        | 50     | 75.7% |
| Co-branded                                              | 183        | 207        | 23     | 13.0% |
| Number of card holders (thousand)                       | 5,255      | 5,138      | -116   | -2.2% |
| Proper                                                  | 1,387      | 1,376      | -10    | -0.8% |
| Co-branded                                              | 3,867      | 3,762      | -105   | -2.7% |
| Bad debt                                                | 2,628      | 2,617      | -10    | -0.4% |
| Excluding write-off related to interest repayment       | 2,510      | 2,500      | -10    | -0.4% |
| Bad debt ratio to operating loans                       | 1.6%       | 1.5%       | -0.1pt | -     |
| Ratio excluding write-off related to interest repayment | 1.5%       | 1.5%       | 0.0pt  | -     |

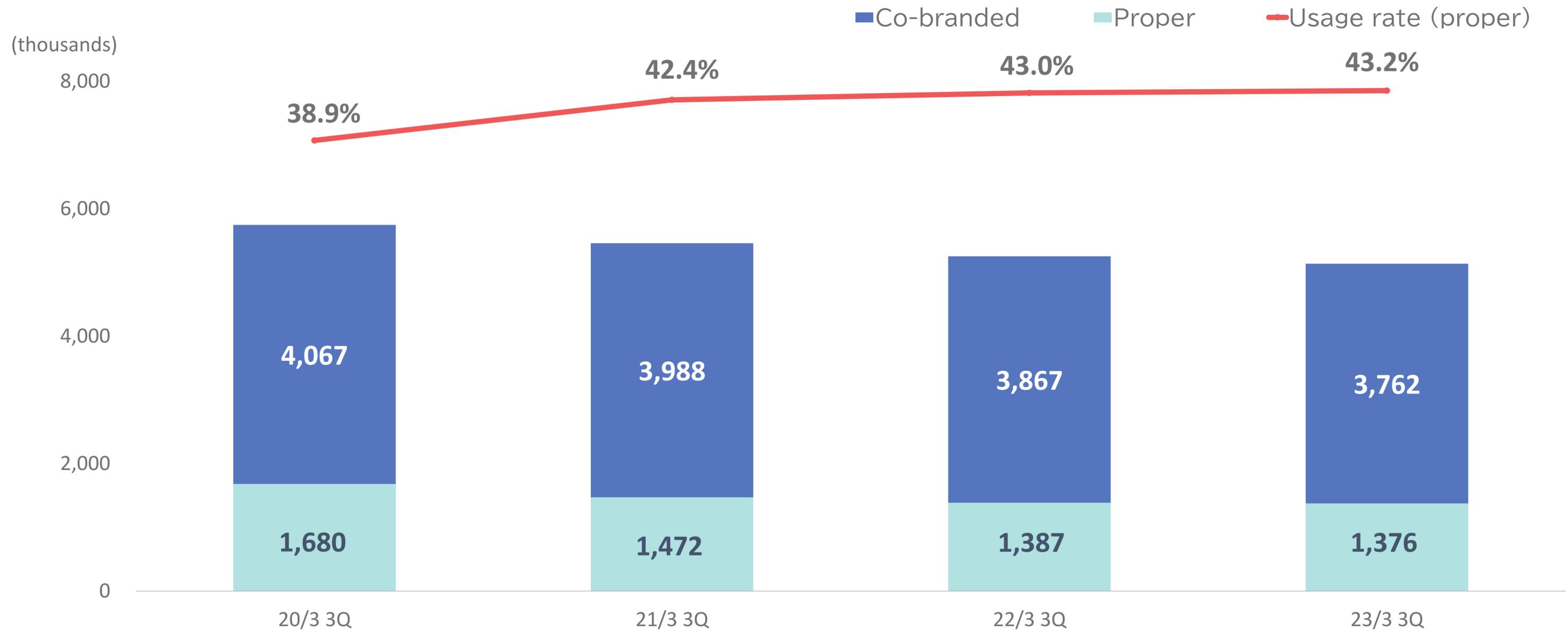
# Financial Results Outline

| ( ¥ million )                                | 22/3<br>3Q | 23/3<br>3Q | YOY    | YOY %  |
|----------------------------------------------|------------|------------|--------|--------|
| Operating revenue                            | 25,104     | 26,773     | 1,668  | 6.6%   |
| Revenue from installment receivable          | 13,993     | 15,243     | 1,249  | 8.9%   |
| Interest on operating loans                  | 3,104      | 2,828      | -276   | -8.9%  |
| Revenue from credit guarantee                | 1,304      | 1,374      | 69     | 5.3%   |
| Other                                        | 6,702      | 7,327      | 625    | 9.3%   |
| Operating expenses                           | 21,862     | 24,920     | 3,058  | 14.0%  |
| Financial expenses                           | 824        | 777        | -47    | -5.7%  |
| Provision of allowance for doubtful accounts | 2,395      | 3,257      | 862    | 36.0%  |
| Provision for loss on interest repayment     | -          | -          | -      | -      |
| Advertising expenses                         | 726        | 984        | 258    | 35.7%  |
| Sales promotion expenses                     | 2,047      | 2,426      | 379    | 18.5%  |
| Personnel expenses                           | 3,454      | 3,792      | 337    | 9.8%   |
| Other operating expenses                     | 12,413     | 13,682     | 1,268  | 10.2%  |
| Operating profit                             | 3,242      | 1,852      | -1,390 | -42.9% |
| Ordinary profit                              | 3,353      | 1,955      | -1,397 | -41.7% |
| Profit                                       | 3,492      | 1,540      | -1,951 | -55.9% |

• Figures for the 3Q of the fiscal year ended March 31, 2022 include the results of Sumishin Life Card, Limited., which was merged into LIFECARD CO., LTD. on April 1, 2022.

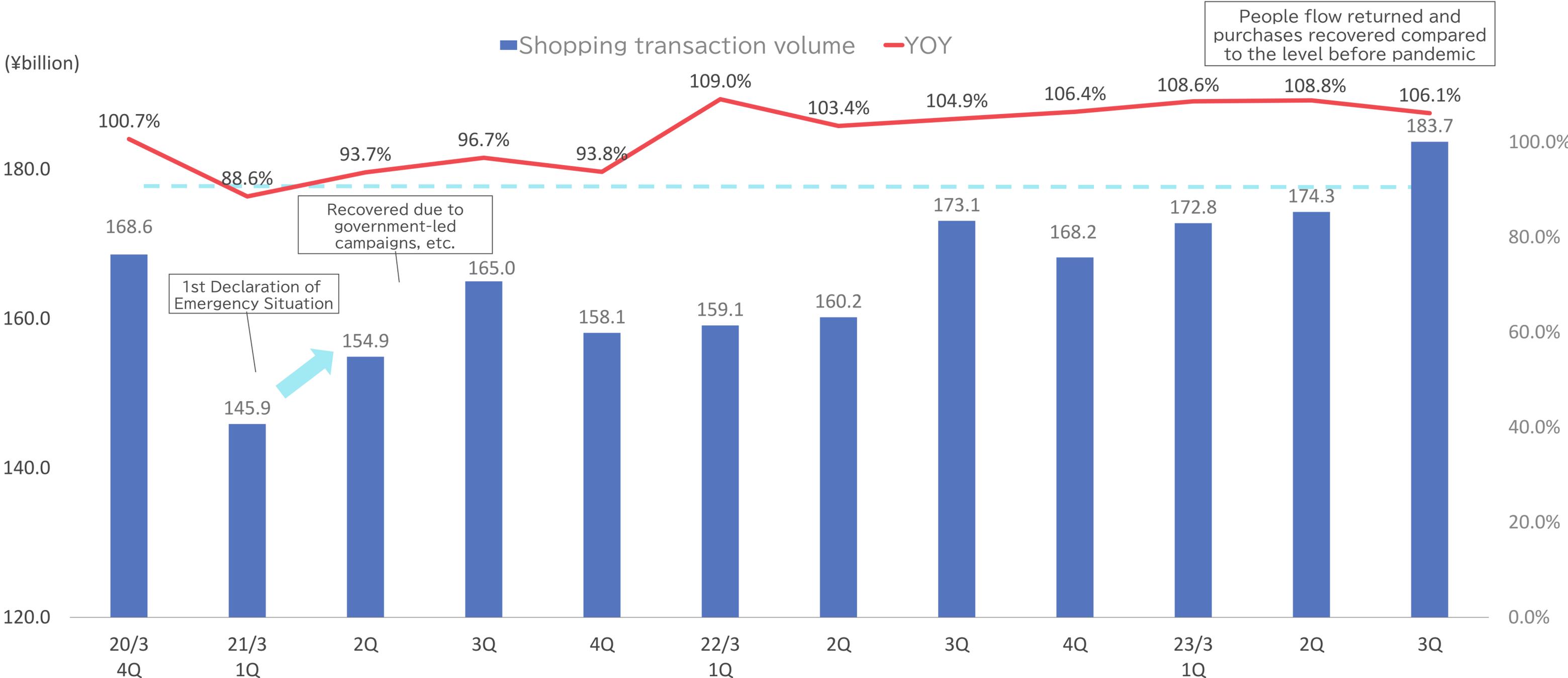
# Number of Active Cardholders & Usage Rate

- The usage rate of proper credit cards increased to 43.2% 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.

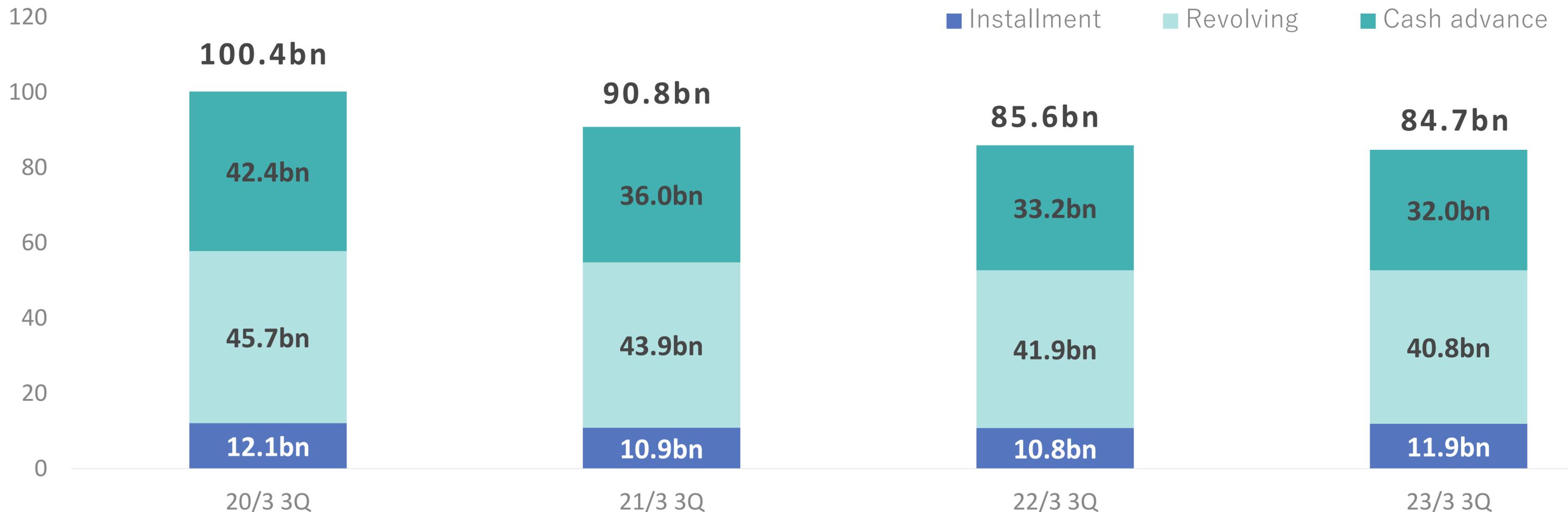


# 【Receivable】 Installment・Revolving・Cash advance

- The receivable of cash advance was 32.0 billion yen, down 3.9% YoY.
- The receivable of revolving slightly decreased, but installment receivable turned positive year on year. Implemented measures to improve convenience, such as apps and website renewal, to increase the balance.

(¥ billion)

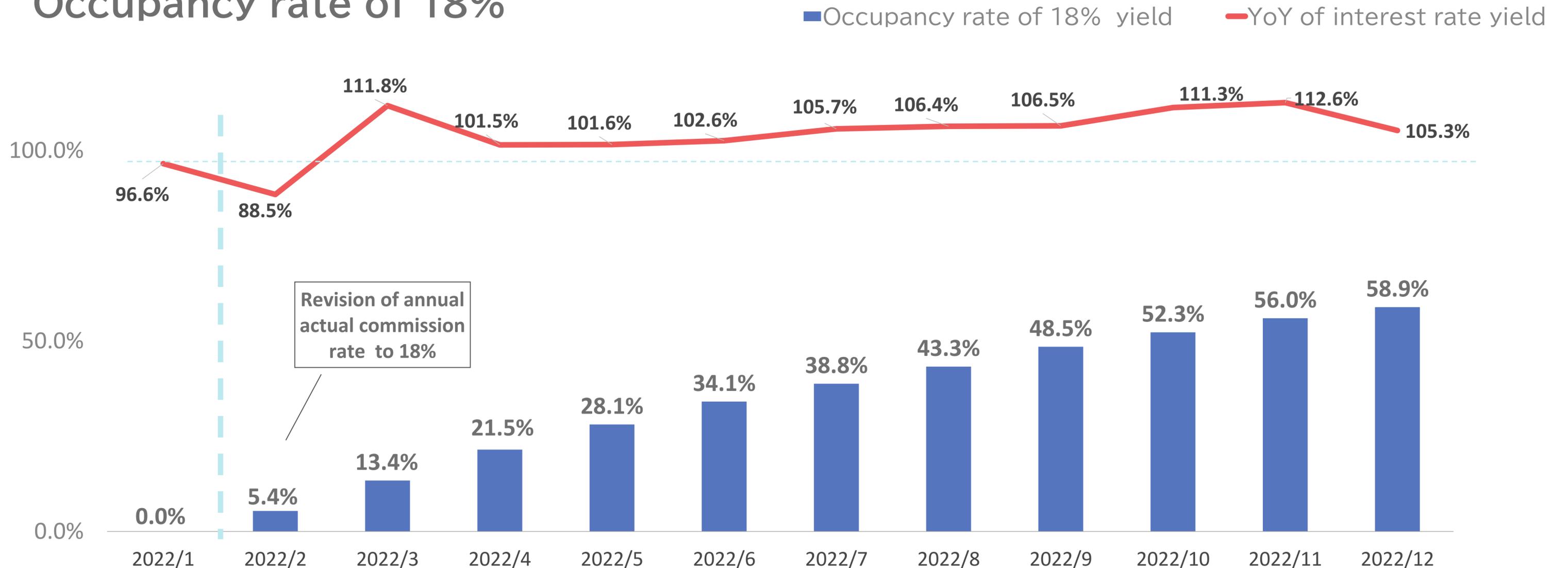
## Trend of Outstanding (including off-balance)



# Yield of Revolving and Installment Payment

- Yield on shopping balances maintained an upward trend since the effective annual rate of revolving and post-purchase installment payment fees was revised to 18.0% in February 2022
- Yield on revolving and installment payments for 3Q of FY2022 was 10.7%

## 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)

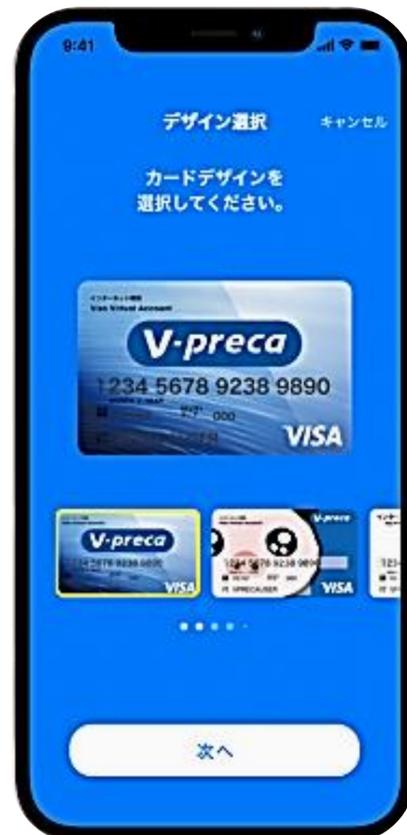
- Renewed credit card's app in March 2022 and released V-preca's app in December 2022.
- Due to improvement in convenience of App usage, active user rate increased. Promote App downloads and credit card usage by expanding functions and conducting campaigns for registering App.

## LIFECARD's App

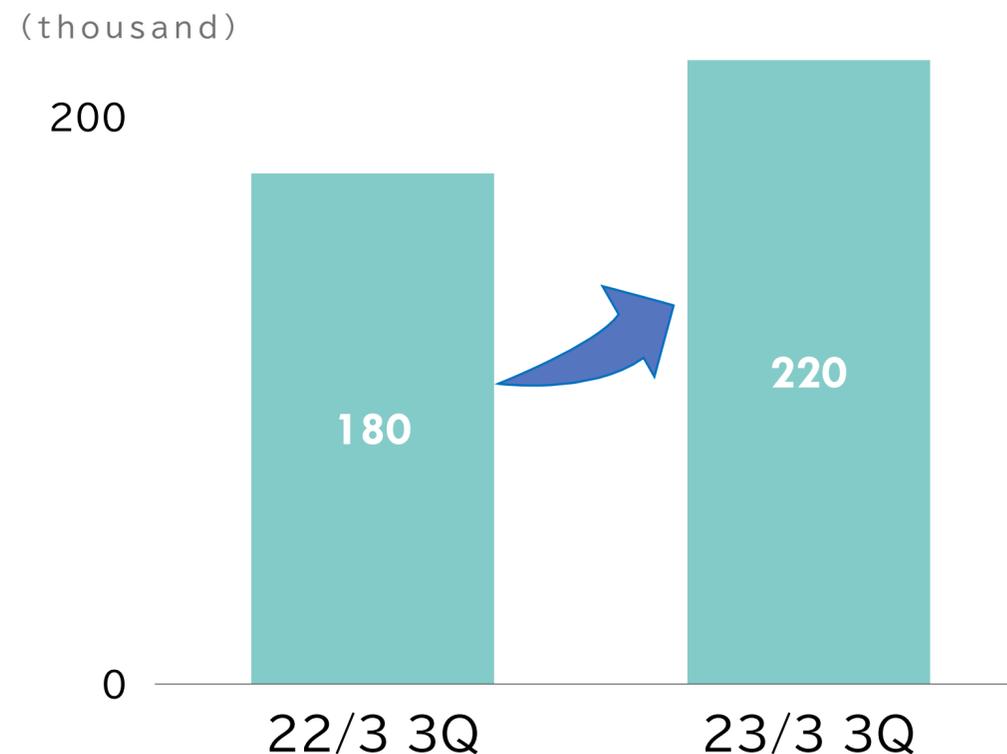
Renewed credit card's app



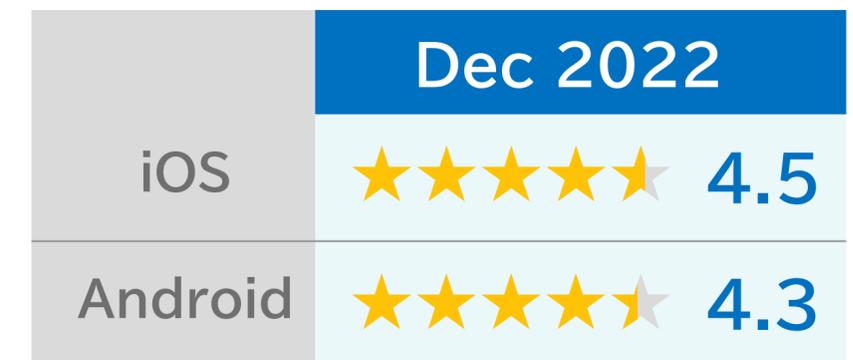
V-preca's app



Number of Active User



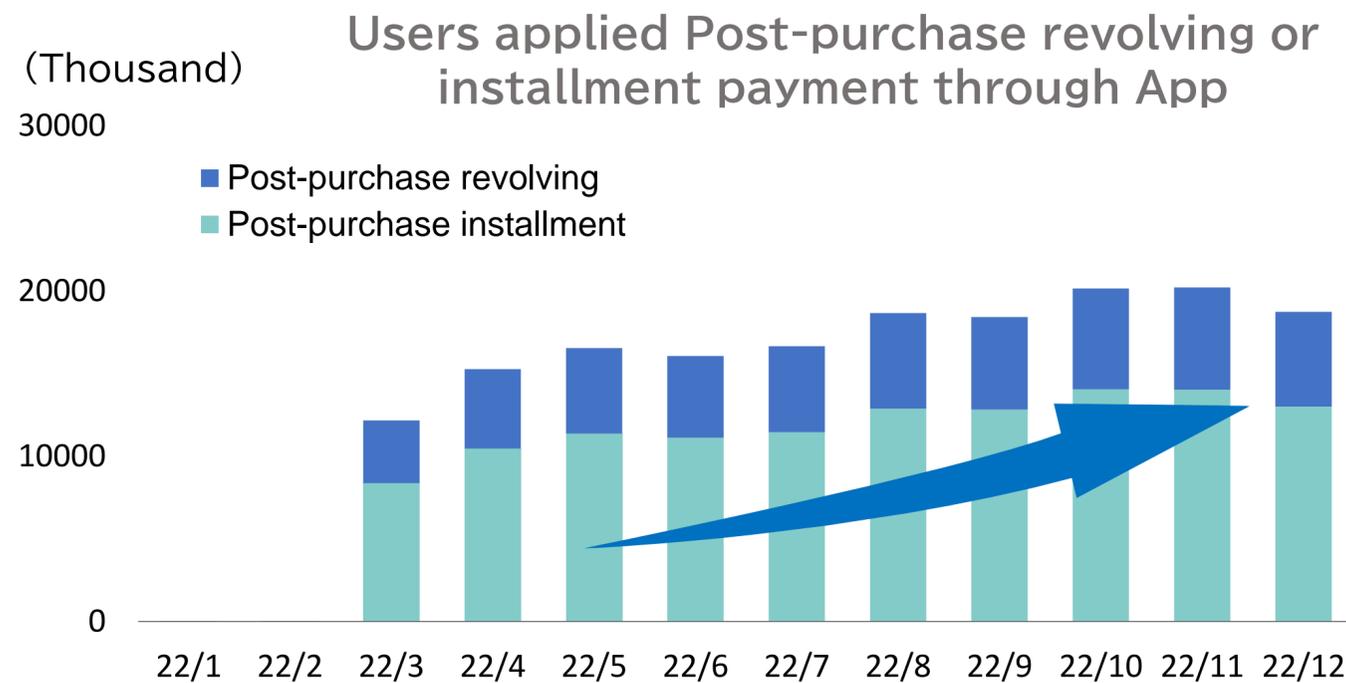
App Rating



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

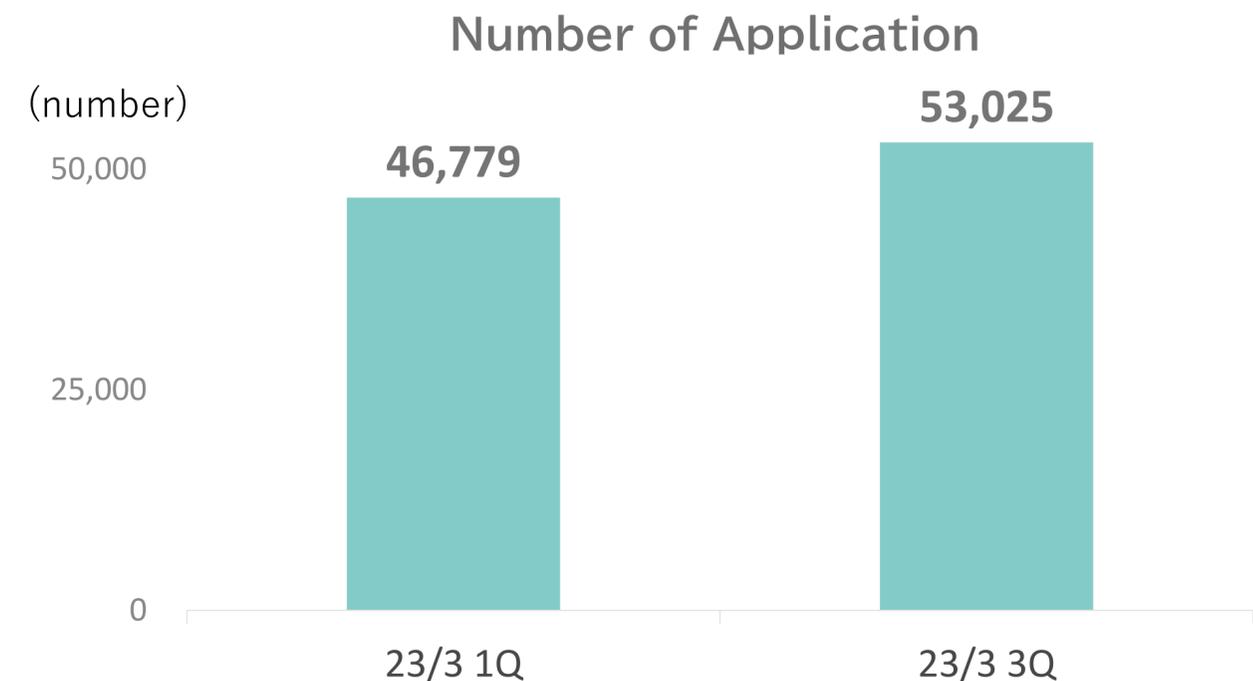
- Number of application for post-purchase revolving and installment payment increased due to improvement of app usability through renewal
- New application form was released on June 28, 2022. With advanced UI/UX, CV rate was improved resulting increased applications.

Total App user as of 23/3 3Q is  
**over 170k**  
 (about 100k as of 2Q)



CV rate before and after the modification of application form

**32% → 34%**



\*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 72.5%.

## What is Gold Card?



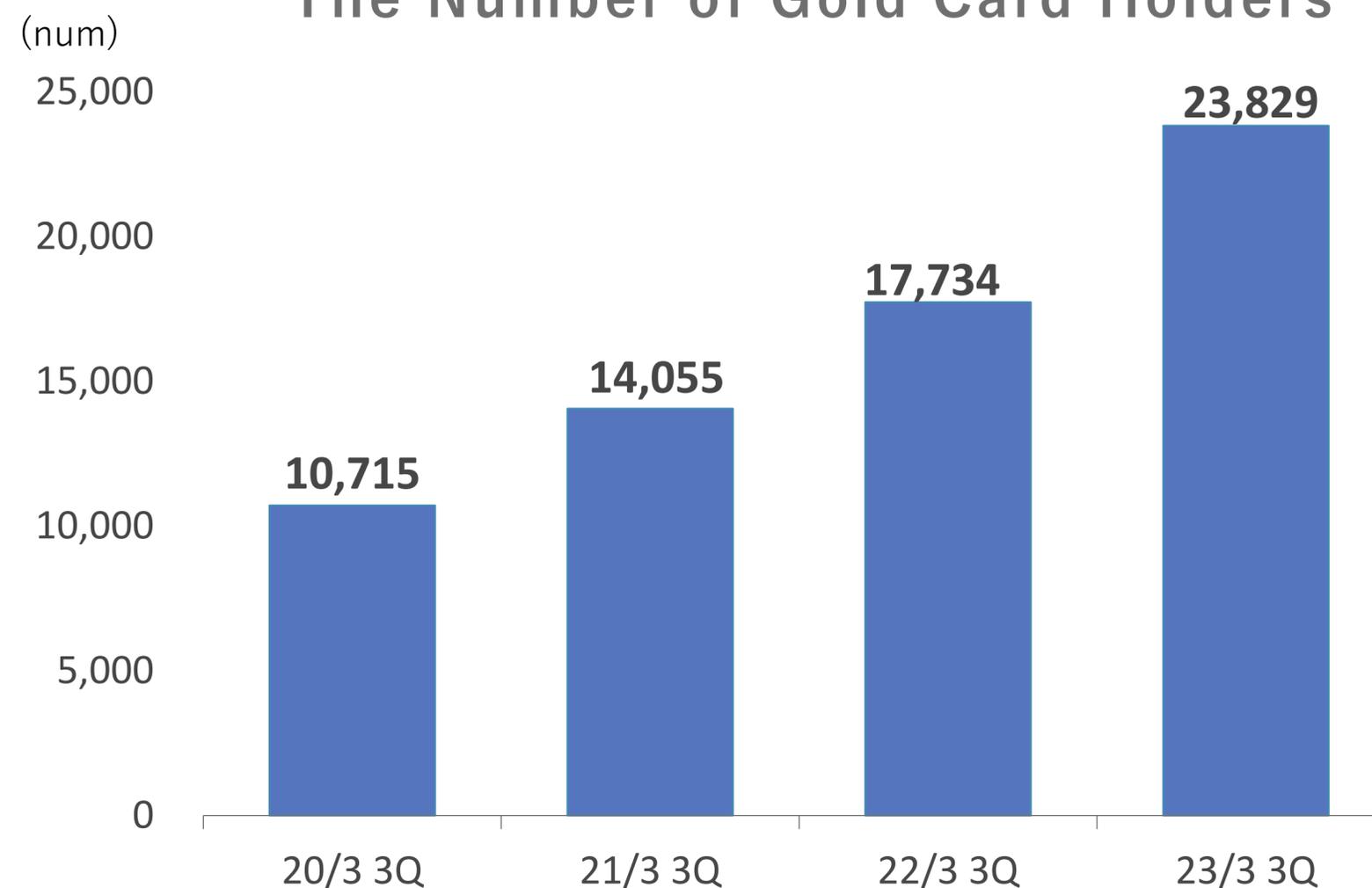
Usage rate  
(22/12)

**72.5%**

## 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

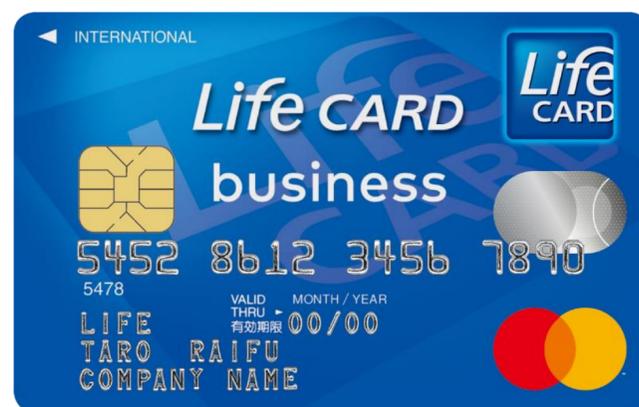


- The presentation for FY2022 1Q included only data on proper gold cards, but it has been changed to include co-branded cards since the second quarter.

# 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

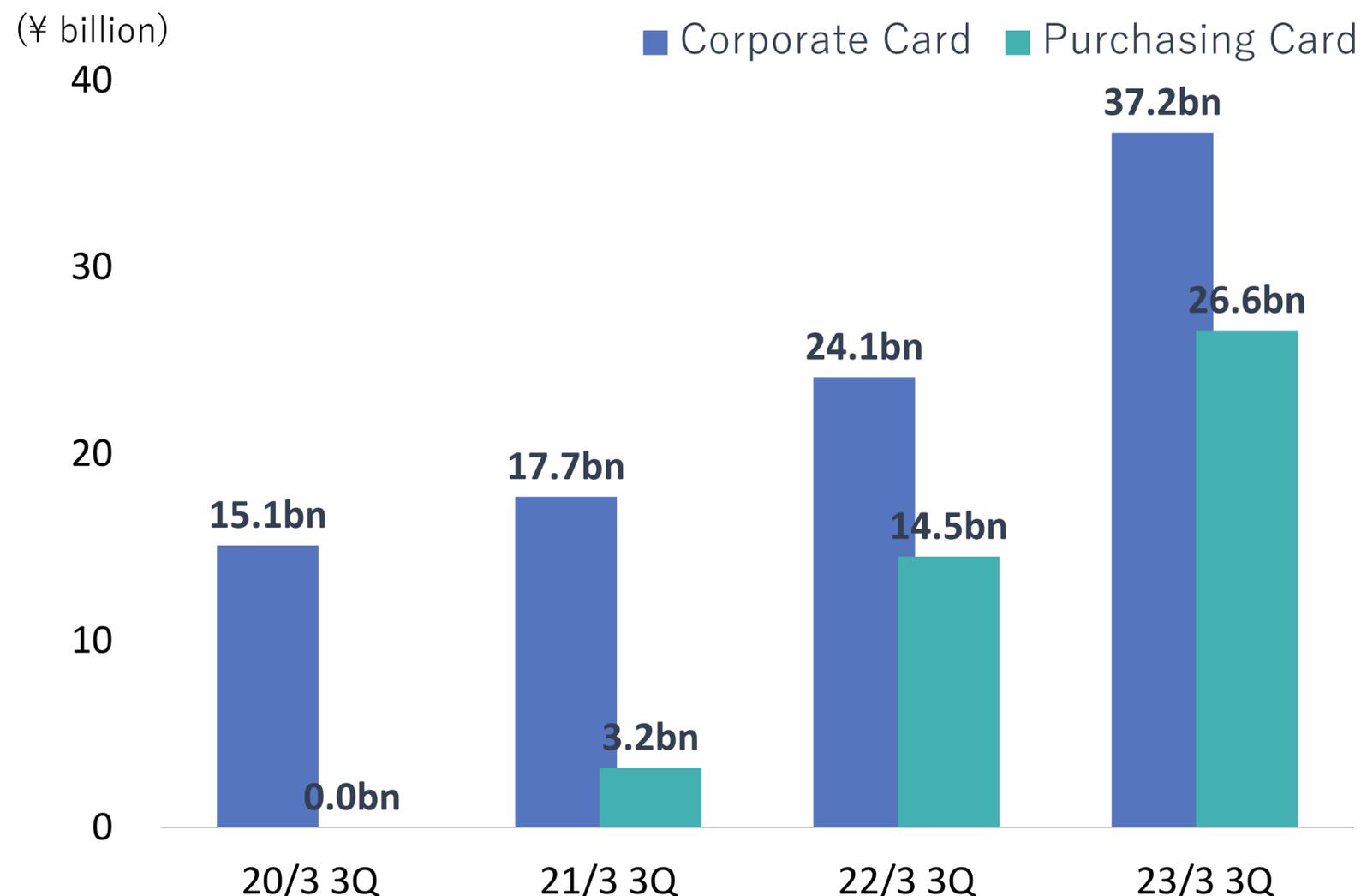


Usage rate  
(22/12)  
**60.7%**

## 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



# Trends of Donation Cards

- A portion of the proceeds from social contribution credit cards, such as Make-A-Wish Card and SAVE THE GREAT APES Card, is donated to fund activities of affiliated organizations and NPOs.

## Donation Card



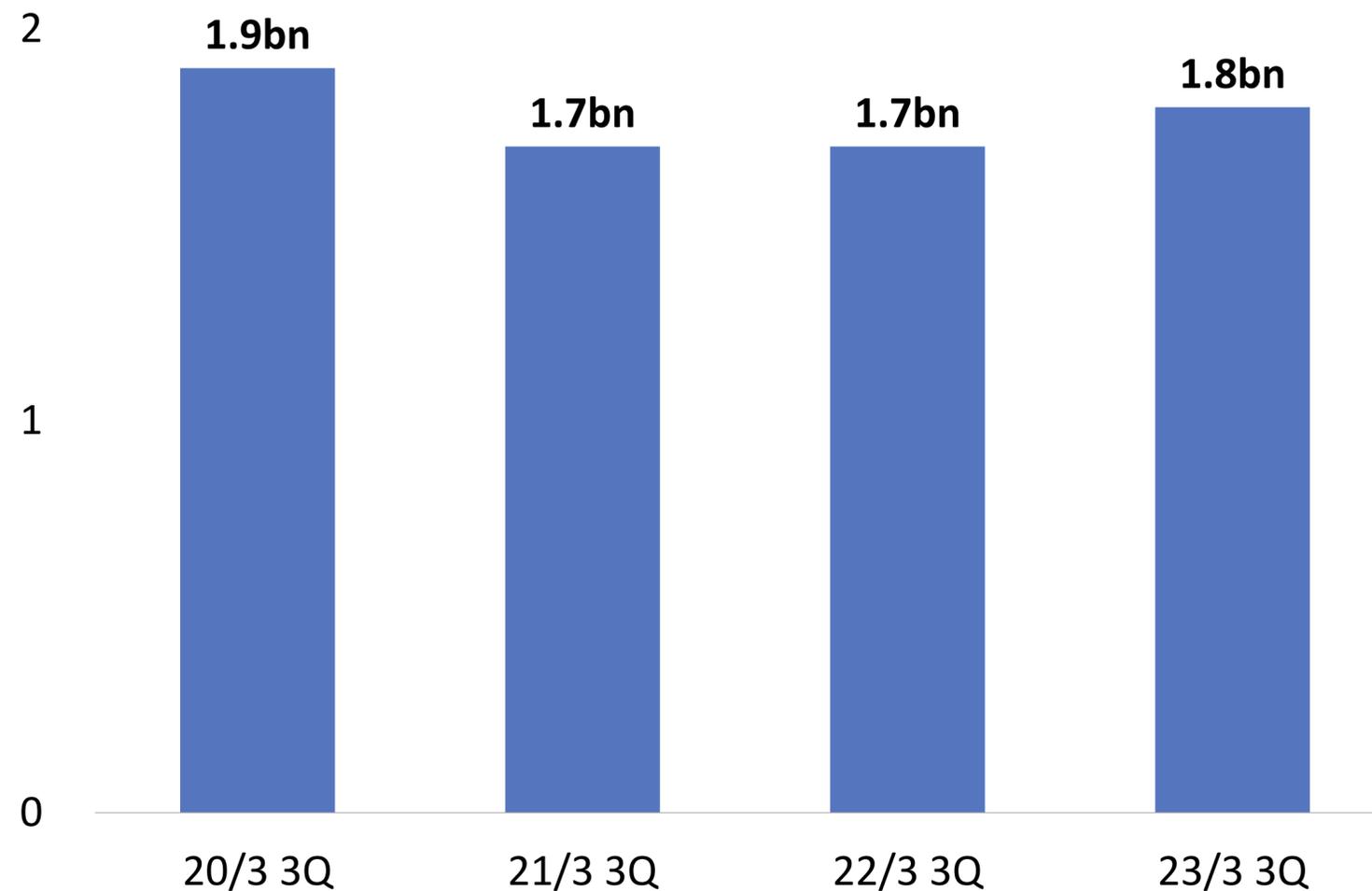
Usage rate  
(22/12)  
**50.4%**

## What is Social Contribution Card?

- ✓ A portion of the proceeds is donated to partner organizations and NPOs
- ✓ The card holders can automatically make a donation based on their transaction volumes at no cost

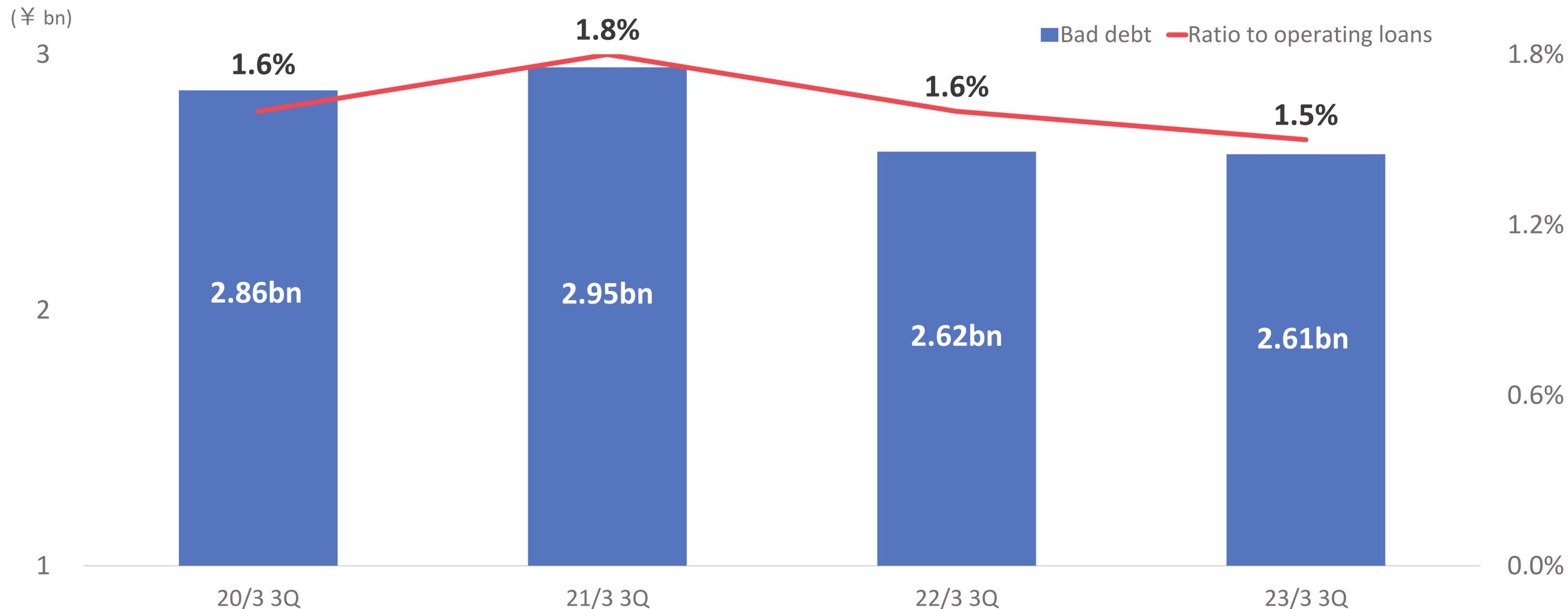
## Trends of Shopping Transaction Volume of Donation Cards

(¥ billion)



# Non-performing Loans/ Bad Debts

- Bad debts decreased 0.4% YoY to 2.6 billion yen, while the ratio to operating loans remained low at 1.5%.
- The write-off related to interest repayment was 110 million yen, which remained at low level.

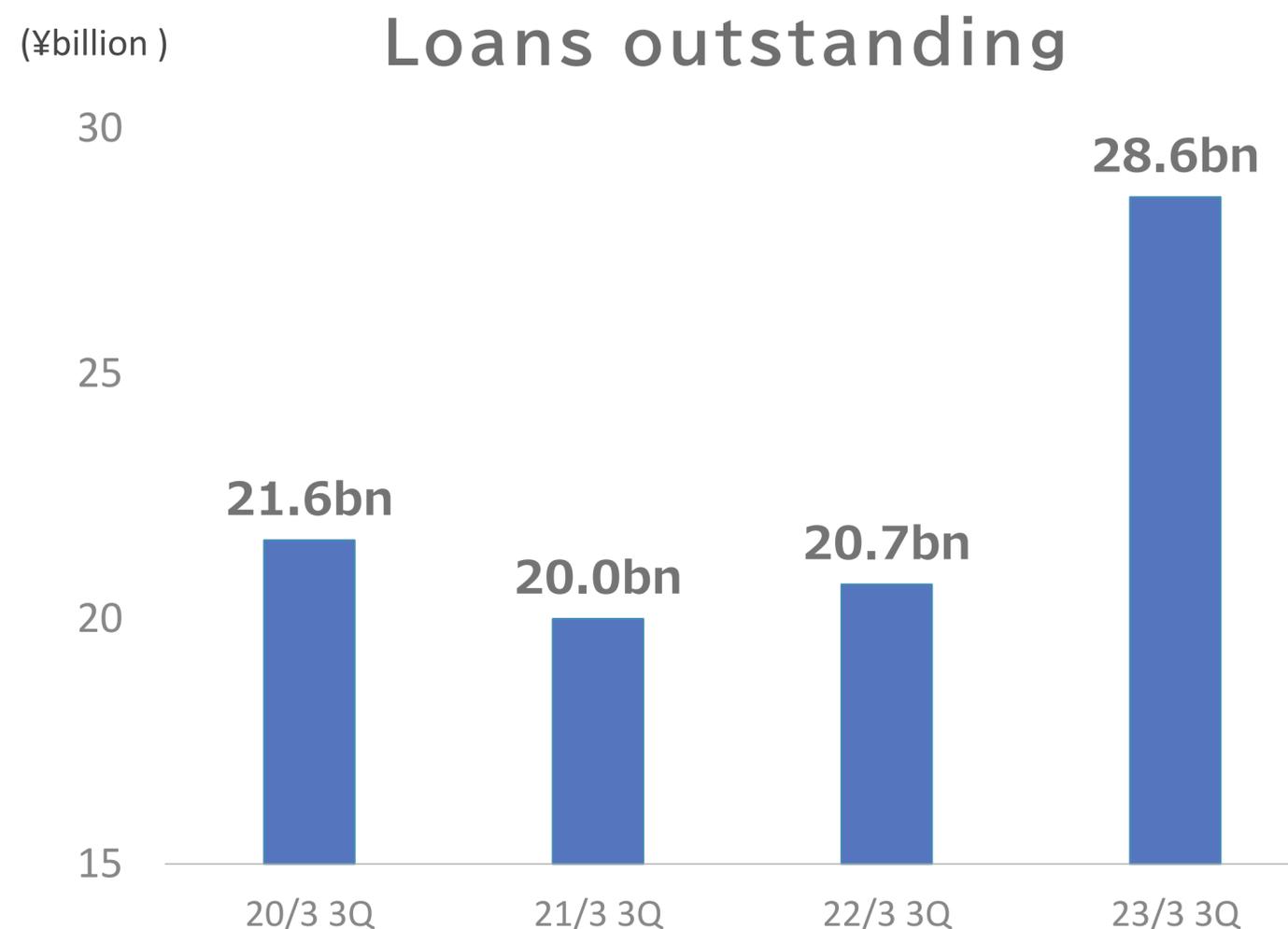


# 06 Group Companies Results Summary

# AIRA&AIFUL(Thailand)

- Macro environment in Thailand: real GDP in July-September 2022 was 4.5% YoY, up from 2.5% in April-June 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 38.1% YoY to 28.6billion yen on the back of strong new applications. As a result, ordinary profit in the third quarter (Jan-Sep) was 50 million yen

| ( ¥ million )                      | 22/3<br>3Q | 23/3<br>3Q | YOY     |
|------------------------------------|------------|------------|---------|
| Loans outstanding                  | 20,731     | 28,631     | 38.1%   |
| N. of customer accounts (thousand) | 319        | 347        | 8.8%    |
| Bad Debt Write-off Ratio           | 10.77%     | 6.77%      | -4.00pt |
| Operating revenue                  | 4,225      | 5,165      | 22.2%   |
| Operating profit (loss)            | 156        | 59         | -61.8%  |
| Ordinary profit (loss)             | 157        | 51         | -67.5%  |
| Profit (loss)                      | 157        | 707        | 348.9%  |



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

\*Exchange rate (Thai Baht): B/S: ¥3.30(22/3 3Q), ¥3.81(23/3 3Q)

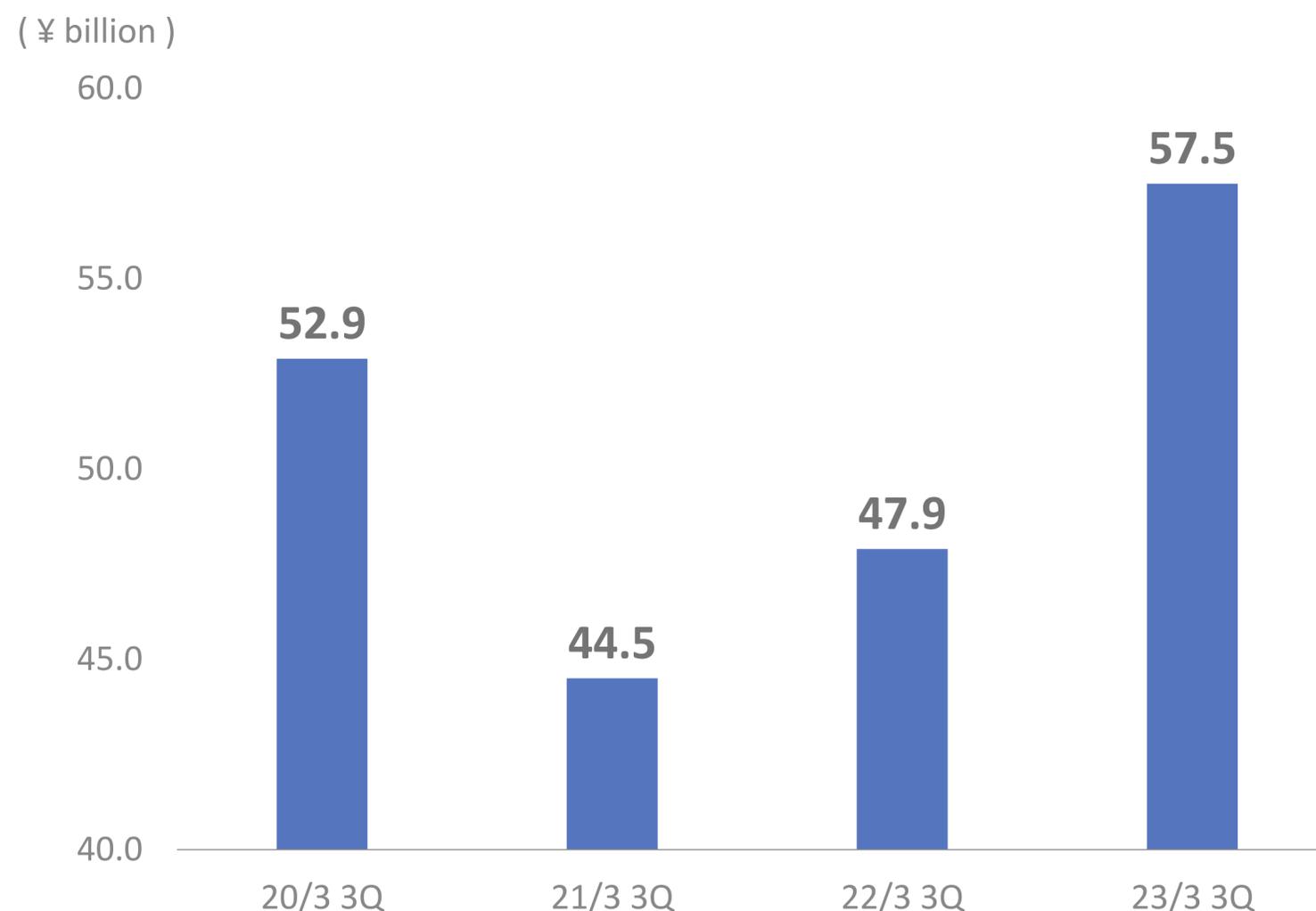
P/L: ¥3.45(22/3 3Q), ¥3.70(23/3 3Q)

# AIFUL BUSINESS FINANCE CORPORATION

- Business loan balance increased 20.0% YoY on the back of effective advertising.
- Operating profit declined 22.6% YoY, mainly due to an increase in credit cost, advertising expenses and personnel expenses.

| ( ¥ million )                    | 22/3<br>3Q | 23/3<br>3Q | YOY     |
|----------------------------------|------------|------------|---------|
| Loans outstanding                | 54,408     | 66,633     | 22.5%   |
| Secured loans                    | 6,458      | 9,112      | 41.1%   |
| Business loans                   | 47,949     | 57,520     | 20.0%   |
| Customer accounts<br>(thousands) | 25         | 28         | 12.4%   |
| Bad Debt Write-off<br>Ratio      | 2.41%      | 2.23%      | -0.18pt |
| Operating revenue                | 4,785      | 5,600      | 17.0%   |
| Operating profit                 | 1,723      | 1,334      | -22.6%  |
| Ordinary profit                  | 1,732      | 1,341      | -22.6%  |
| Profit                           | 1,059      | 859        | -18.9%  |

## Trends in Business Loans Outstanding



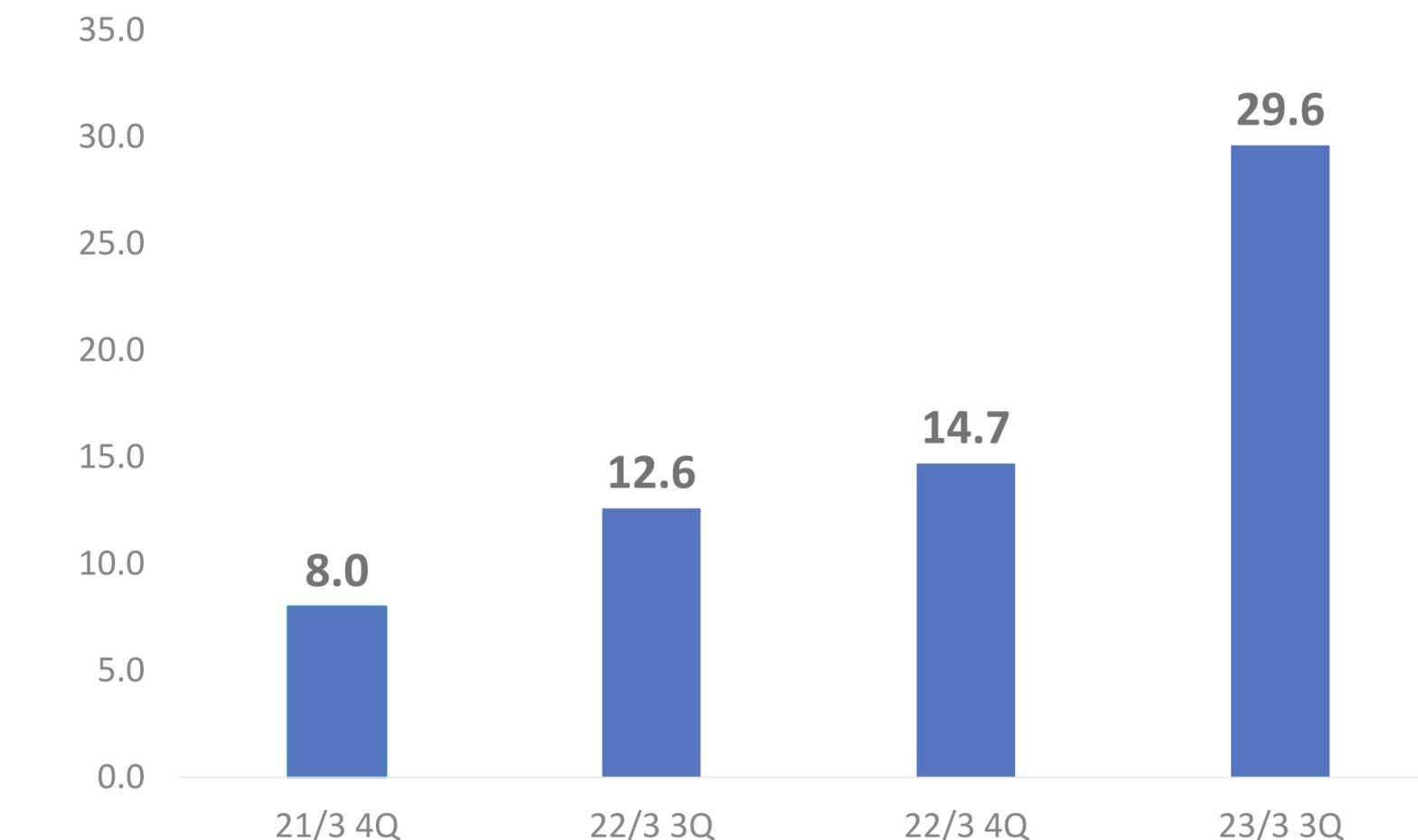
※In July 2021, AG MEDICAL CORPORATION took over the medical fee-secured loan business.

# AG GUARANTEE CO., LTD.

- Installment receivable increased 135.3% YoY reflecting the strong development of affiliate stores.
- Operating profit decreased 52.9% YoY mainly due to an increase in credit cost.

| ( ¥ million )            | 22/3<br>3Q | 23/3<br>3Q | YOY    |
|--------------------------|------------|------------|--------|
| Installment receivable   | 12,605     | 29,659     | 135.3% |
| Credit guarantee         | 140        | 117        | -16.5% |
| Operating revenue        | 932        | 1,786      | 91.7%  |
| Operating profit         | 410        | 193        | -52.9% |
| Ordinary profit          | 410        | 194        | -52.6% |
| Profit                   | 261        | 126        | -51.7% |
| Bad Debt Write-off Ratio | 0.35%      | 0.51%      | 0.16pt |

( ¥ billion ) Trends in Installment Receivable



# Other Group Companies Topics



AG MEDICAL CORPORATION

Operating Profit ¥90M

Ordinary Profit ¥90M

Profit ¥50M

**Loans outstanding 11.5bn**

**YOY +49.3%**



AG MIRAIBARAI Co., Ltd.

Operating Profit ¥-670M

Ordinary Profit ¥-660M

Profit ¥-560M

**Shopping Purchases  
14.7bn (YOY +80.0%)**

**Number of affiliate stores  
489,000 (YOY +19.4%)**

# 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.

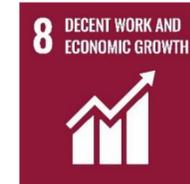
# Initiatives for Sustainability



## Held Hackathon



- AIFUL group held the 5th "aihack" hackathon for university students (University of Tokyo, etc.) for 2 days at Chulalongkorn University in Thailand. This is the second time the event has been held in Thailand.



## Company Events



- AIFUL group holds internal events such as Halloween and Christmas events at each branch. We aim to improve employee engagement by increasing the quantity and quality of communication among employees.

# Initiatives for Sustainability



## Expansion of business support products

- BtoB card payment service using Visa and Mastercard recommended payment schemes



- Factoring Service with same-day transfer at the earliest



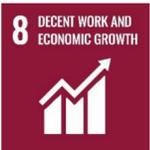
- As a financial system, AIFUL group is engaged in various businesses that support the consumer and economic activities of individual businesses under the theme of financial inclusion. We will contribute to realization of a society that provides access to financial services to all people.

## 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/Rent Guarantee



Warehousing



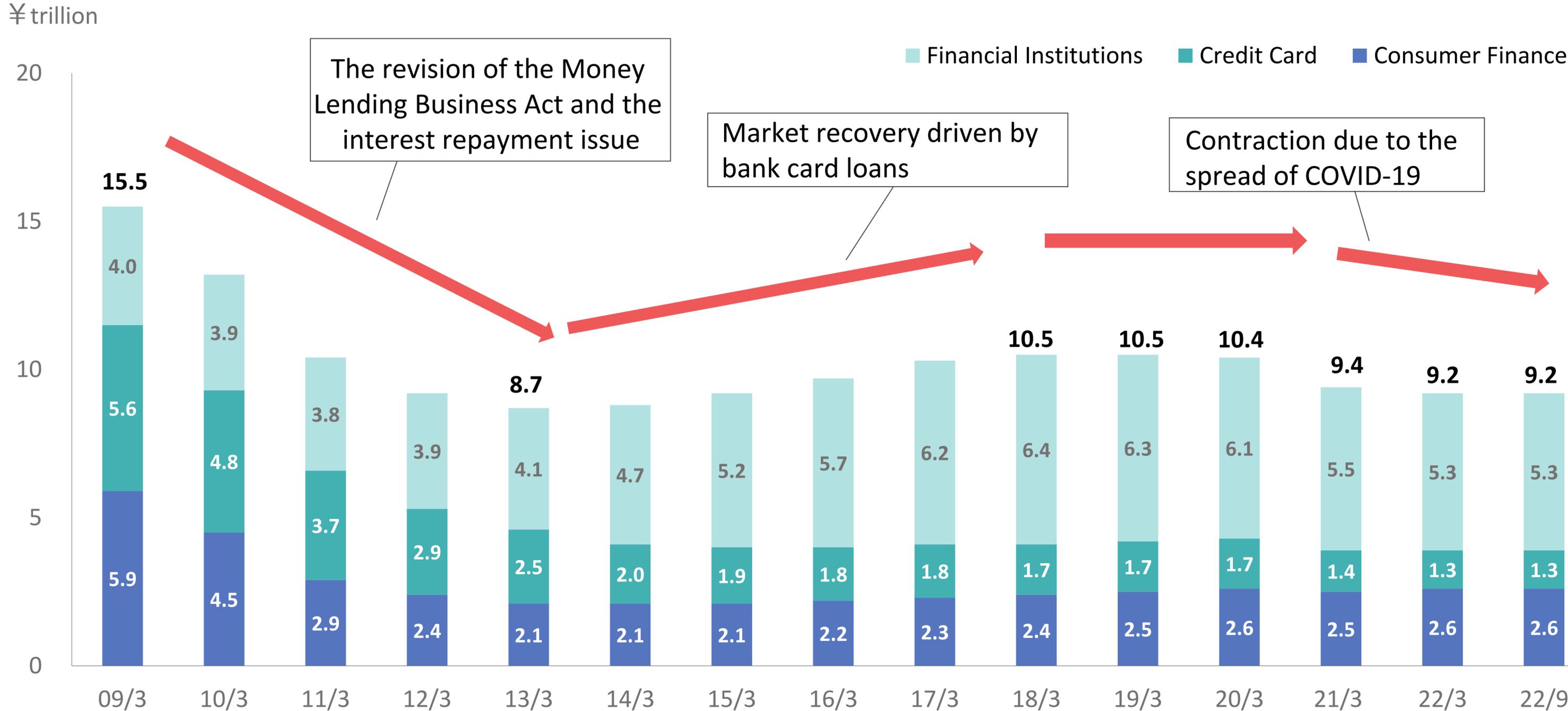
Small-amount, short-term insurance



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)

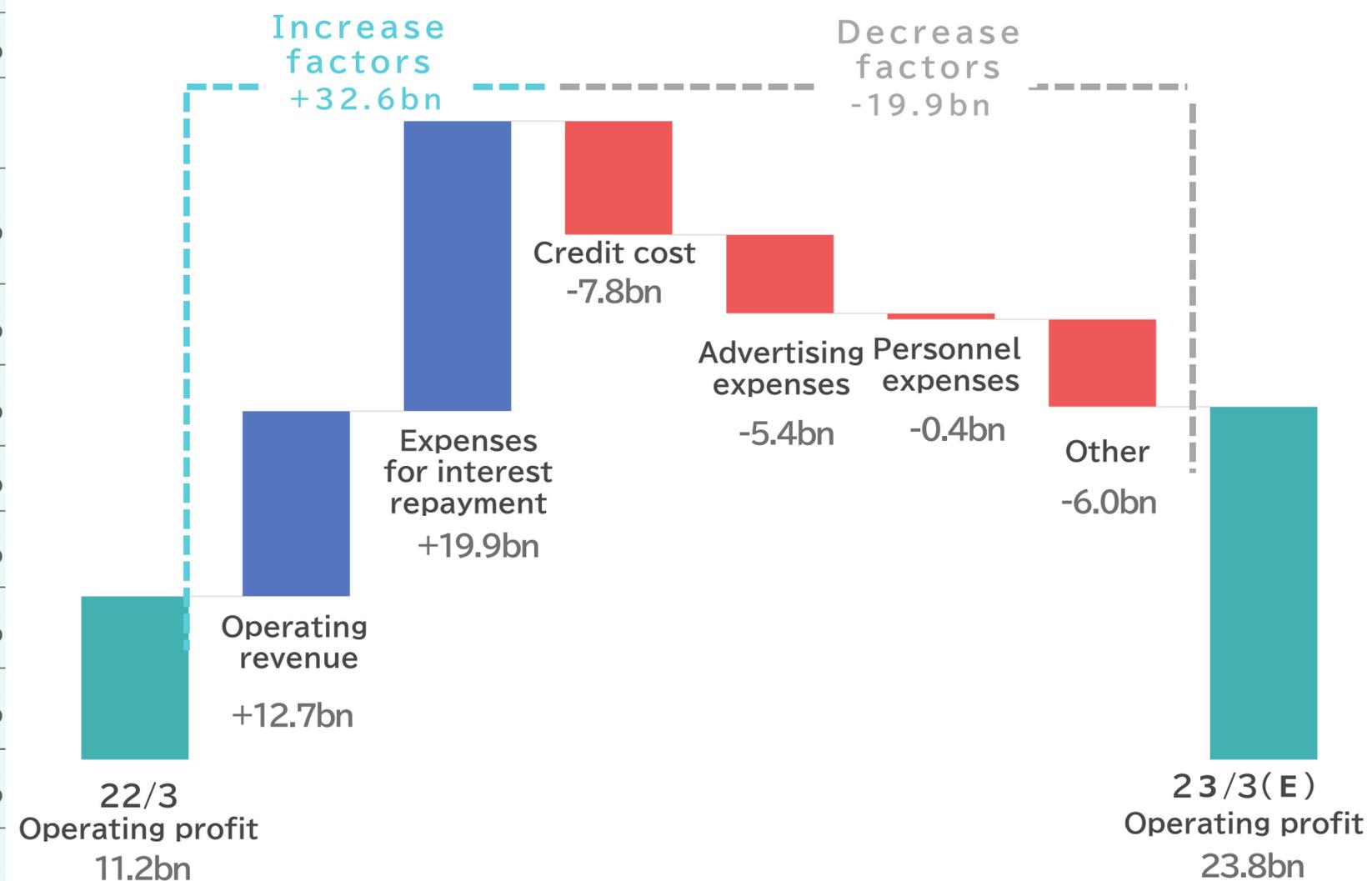
# Earnings Forecast Outline

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

| ( ¥ million)                                 | 22/3    | 23/3(E) | YOY     | YOY%   | Progress as of 3Q |
|----------------------------------------------|---------|---------|---------|--------|-------------------|
| Operating revenue                            | 132,097 | 144,800 | 12,702  | 9.6%   | 74.3%             |
| Operating expenses                           | 120,855 | 121,000 | 144     | 0.1%   | 74.2%             |
| Financial expenses                           | 7,041   | 7,000   | -41     | -0.6%  | 76.6%             |
| Expenses for interest repayment              | 19,929  | -       | -19,929 | -      | -                 |
| Provision for allowance for doubtful account | 27,918  | 35,800  | 7,881   | 28.2%  | 80.5%             |
| Advertising expenses                         | 11,321  | 16,800  | 5,478   | 48.4%  | 67.7%             |
| Personnel expenses                           | 16,704  | 17,200  | 495     | 3.0%   | 74.8%             |
| Other                                        | 37,939  | 44,000  | 6,060   | 16.0%  | 71.4%             |
| Operating profit                             | 11,242  | 23,800  | 12,557  | 111.7% | 74.6%             |
| Non-operating income                         | 1,058   | 200     | -858    | -81.1% | 301.0%            |
| Non-operating expenses                       | 35      | 40      | 4       | 13.3%  | 90.0%             |
| Ordinary profit                              | 12,265  | 24,000  | 11,734  | 95.7%  | 76.3%             |
| Profit attributable to owner of parent       | 12,334  | 21,300  | 8,965   | 72.7%  | 79.2%             |

## 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.

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