

Muninova Holdings Inc.

~Financial Results Briefing of FY2026/3~



Date: May 20, 2026

Participants: President and Representative Director
Chief Executive Officer
Mitsuhide Fukuda

Executive Officer,
Responsible for Operation Management Department (IR)
Kotaro Matsuura

General Manager of Operation Management Department
Ikumi Abe

Agenda: [Highlights of Earnings Briefing \(Speaker: Fukuda\)](#) P2
[Overview of Financial Results \(Speaker: Abe\)](#) P6
[Q&A at the Financial Results Briefing](#) P13



1. Highlights of Earnings Briefing

Thank you very much for joining our financial results briefing today despite your busy schedules.

First, on April 1 of this year, we established Muninova Holdings Inc. as a pure holding company.

Top Message Consolidated Results Summary AIFUL Results Summary Group Companies Results Summary Appendix

Topics for FY2026/3

Transition to a Holding Company Structure	<ul style="list-style-type: none">•Muninova Holdings listed on the Prime Market of the Tokyo Stock Exchange. Listing Date: April 1, 2026 (AIFUL was delisted on March 30, 2026) Securities Code: 547A•Muninova Holdings obtained external credit ratings as of April 1, 2026. R&I: BBB+ Positive JCR: A- Stable (same credit rating as AIFUL)
WebMoney Business Succession	<ul style="list-style-type: none">• On March 31, 2026, BitCash Inc. acquired the WebMoney electronic money business operated by au Payment Corporation <div style="display: flex; justify-content: center; align-items: center;"></div>

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Previously, within our Group, there were aspects in which management resources such as personnel, assets, and capital were allocated according to the scale of each operating company.

Going forward, under the holding company structure, we will position each Group company on an equal footing and allocate management resources more appropriately based on growth potential and capital efficiency.

In addition, leveraging the achievements and expertise cultivated by the former AIFUL Group, we will strengthen Group governance functions and expand into new business domains beyond the traditional non-bank sector, thereby enhancing the Group's overall growth foundation and earnings capacity.

Next, I would like to explain the “15% Share Acquisition of Orient Corporation,” which we announced recently.

The slide is titled "Topics for FY2026/3" and features a navigation bar at the top with four items: "Top Message", "Consolidated Results Summary", "AIFUL Results Summary", and "Group Companies Results Summary", followed by an "Appendix" tab. The main content is divided into a blue sidebar on the left and a white main area on the right. The sidebar contains the text: "Business alliance with Mizuho Bank and Orico, Capital alliance with Orico". The main area contains two bullet points: "Execution of a business alliance agreement with Mizuho Bank and Orient Corporation, and capital alliance agreement with Orient Corporation" and "Combining the strengths of the three companies to jointly create next-generation credit and payment services." Below the bullet points is a paragraph: "By fully leveraging the respective strengths of Orient Corporation, which has strong capabilities in installment sales finance and merchant networks; Mizuho Bank, which possesses the reliability and broad customer base of a mega bank; and Muninova Holdings, which has advanced credit screening expertise and digital technologies as an independent consumer finance company, the alliance aims to further enhance credit capabilities and service quality." At the bottom of the main area are the logos for "MIZUHO" and "Orico". The slide number "14" is in the bottom right corner.

Following extensive discussions conducted since the previous fiscal year, we entered into a capital alliance agreement with Orient Corporation and also executed a business alliance agreement among Mizuho Bank, Ltd., Orient Corporation, and our Group.

As this matter involves counterparties, there are certain limitations on what we are able to disclose at this stage. Nevertheless, we intend to respond to your questions as sincerely and transparently as possible.

Through this alliance and investment, we aim to contribute to enhancing the corporate value of Orient Corporation as a shareholder by leveraging the strengths our Group has cultivated to date, including:

- Credit screening know-how
- UI/UX capabilities refined through IT and DX initiatives
- Low-cost operations utilizing technology; and
- Operational efficiency expertise in call center management and collections.

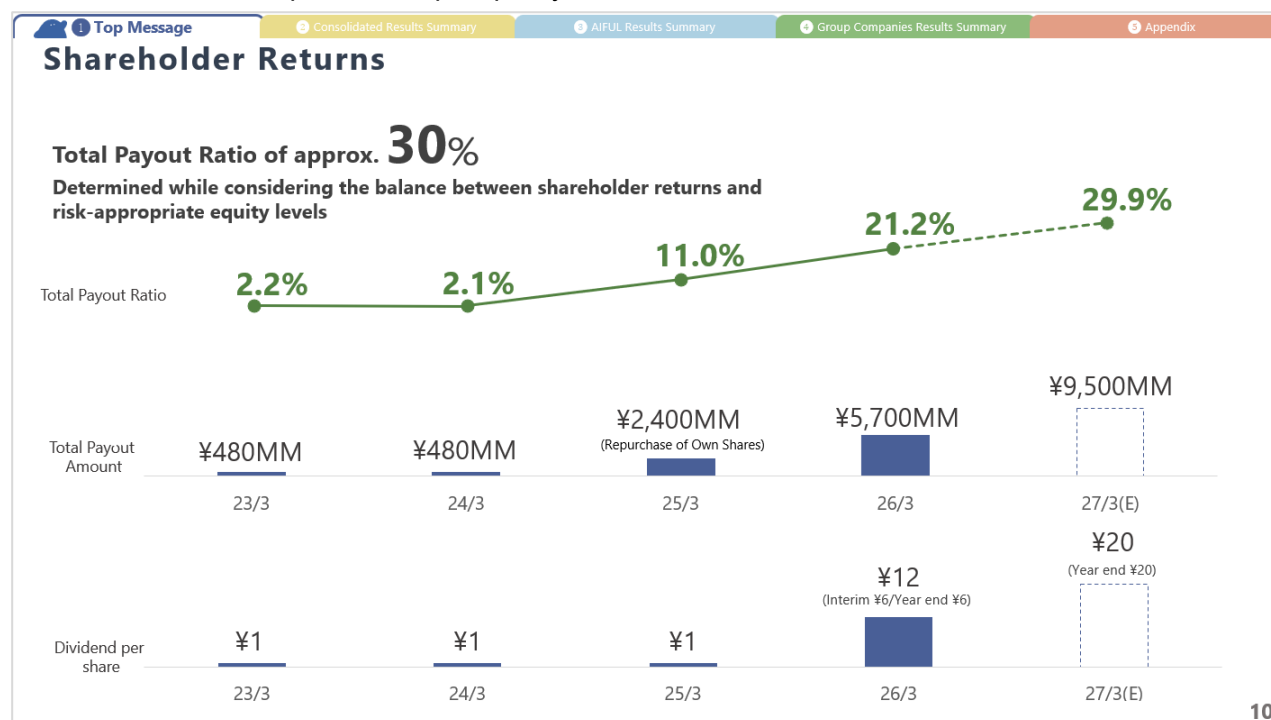
In addition, through collaboration with the financial platform, reliability, and broad customer base possessed by Mizuho Bank and Orient Corporation, we believe this initiative will foster long-term trusted relationships and expand growth opportunities for all three companies.

We will initially focus on areas with relatively high feasibility and the potential to generate results at an early stage, while steadily advancing collaboration initiatives.

We position the 15% investment as an initial framework for establishing a certain level of capital relationship between the two companies, while facilitating ongoing dialogue and discussions among the three parties.

Going forward, after establishing governance and consultation frameworks, we will advance concrete initiatives centered on highly effective themes such as operational efficiency improvements and productivity enhancement.

Next, I would like to explain our capital policy.



Our Group has historically maintained a policy of prioritizing growth investments while targeting a total payout ratio of approximately 20% in the final year of the Medium-term Management Plan.

In addition, there has been no change to our fundamental approach regarding the total payout ratio and dividend policy, under which the portion exceeding a 15% equity ratio is allocated to shareholder returns.

On the other hand, considering that progress under the Medium-term Management Plan has exceeded our initial assumptions and that we are considering off-balance sheet arrangements for real estate guarantees, which are part of the credit guarantee business, we decided to raise the shareholder return level from our previous policy.

As a result, we plan to achieve a total payout ratio of 30% for the fiscal year ending March 31, 2027.

Lastly, the fiscal year ending March 31, 2027 will represent both the first full year of operations for the Muninova Group and the final year of our Medium-term Management Plan, making it an especially important year for us.

We will continue striving to achieve both “growth investment” and “operational efficiency” while working toward the accomplishment of our Medium-term Management Plan.

This concludes my presentation today.

Thank you very much for your attention.

2. Overview of Financial Results



My name is Abe from the Operation Management Department of Muninova Holdings Inc..

We sincerely appreciate your continued support.

As Mr. Fukuda has already explained the progress of the Medium-term Management Plan, I will explain:

- the “Overview of Full-year Results for the Fiscal Year Ended March 31, 2026” and
- the “Plan for the Fiscal Year Ending March 31, 2027,” based on the “Financial Results Presentation Materials.”

I would like to explain the key figures.

[Consolidated] Operating Results and Full -year Guidance (Balances & Revenue)							
(¥ billion)	25/3	26/3 Plan	26/3	vs. Plan	YoY	27/3(E)	YoY
Total receivable outstanding	1,339.7	1,541.5	1,539.5	-0.1%	14.9%	1,754.3	13.9%
Loan business (including overseas)	815.2	882.7	890.5	0.9%	9.2%	953.6	7.1%
Credit business (Credit card and installment)	203.3	245.7	237.1	-3.5%	16.7%	281.4	18.6%
Credit guarantee business	291.6	378.4	380.5	0.6%	30.5%	477.6	25.5%
Other	29.4	34.6	31.2	-9.8%	6.1%	41.5	32.7%
Operating revenue	189.0	213.5	214.6	0.5%	13.6%	238.6	11.1%
Loan business (Interest on operating loans)	106.5	116.9	118.5	1.4%	11.2%	130.6	10.1%
Credit business (Revenue from installment receivable)	30.1	33.8	33.3	-1.5%	10.6%	37.0	11.0%
Credit guarantee business (Revenue from credit guarantee)	21.5	24.0	23.8	-0.4%	11.0%	25.9	8.4%
Other operating revenue	30.7	38.6	38.8	0.5%	26.3%	45.0	15.7%

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In the core loan business, primarily operated by AIFUL CORPORATION, AG BUSINESS SUPPORT, and AG Medical, operating receivables increased steadily beyond the plan level, supported by a solid market environment.

In the credit card and payment business, GMV (gross merchandise value), including card transaction volume and acquiring operations at LIFECARD Co., Ltd., remained strong.

In addition, AG Payment Service’s installment credit business continued to see increased usage, particularly in the esthetic and cosmetic medical sectors, resulting in year-on-year growth of more than 10% in both receivables and top-line revenue.

In the credit guarantee business operated by AIFUL and LIFECARD, performance remained favorable through the provision of products tailored to the needs of partner financial institutions.

In particular, credit guarantees for real estate-secured loans continued to perform strongly.

Overall, business operations remained favorable.

As a result:

- operating receivables increased 14.9% year-on-year to ¥1,539.5 billion; and
- operating revenue increased 13.6% year-on-year to ¥214.6 billion.

Major revenue items are shown on the slide.

Next, I would like to explain operating expenses.

1 Top Message 2 Consolidated Results Summary 3 AIFUL Results Summary 4 Group Companies Results Summary 5 Appendix							
Operating Results and Full -year Guidance (Expenses & Profit)							
(¥ billion)	25/3	26/3 Plan	26/3	vs. Plan	YoY	27/3(E)	YoY
Operating revenue	189.0	213.5	214.6	0.6%	13.6%	238.6	11.1%
Operating expenses	163.7	181.1	180.5	-0.3%	10.3%	197.2	9.2%
Financial expenses	9.5	12.7	12.4	-2.4%	31.1%	17.7	42.0%
Credit cost	56.9	56.1	59.1	5.3%	3.9%	60.9	3.0%
Expenses for interest repayment	-	-	-	-	-	-	-
Advertising expenses	18.5	20.0	19.2	-0.4%	3.6%	20.1	4.5%
Personnel expenses	21.6	23.3	23.0	-1.3%	6.4%	24.6	6.6%
Other operating expenses (commission fee, sales promotion cost etc.)	57.0	68.8	66.6	-3.2%	16.8%	73.7	10.5%
Operating profit	25.3	32.3	34.1	5.6%	34.8%	41.3	21.1%
Ordinary profit	26.8	33.0	35.5	7.6%	32.5%	42.0	18.2%
Extraordinary losses	2.5 ^{*1}	-	0.9 ^{*2}	-	-63.8%	-	-
Profit attributable to owners of parent	22.5	27.6	27.1	-1.8%	20.5%	32.0	18.0%

*1 AIFUL's System related matters and losses rising from phishing scam incidents etc.
*2 AIRA&AIFUL's business restructuring costs (fixed costs reduction, etc.), losses arising from impersonation fraud incidents, and allowance for loans to subsidiaries

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Operating expenses amounted to ¥180.5 billion, representing a 10.3% increase year-on-year.

The major operating expense items are shown on the slide, although I would like to provide several supplementary comments.

Financial expenses increased 31.1% year-on-year to ¥12.4 billion due to factors including increased borrowings and higher funding costs.

In addition, credit cost amounted to ¥59.1 billion, up 3.9% year-on-year, primarily due to the charge-off of receivables with future risk exposure at AG BUSINESS SUPPORT.

Next, personnel expenses increased 6.4% year-on-year to ¥23.0 billion, mainly reflecting base salary increases. Compared with the annual plan, results were generally in line with expectations.

Lastly, advertising expenses increased 3.6% year-on-year to ¥19.2 billion.

As a result of maintaining AIFUL's advertising expenditures at the same level as the previous fiscal year, at ¥15.0 billion, the number of new customer acquisitions reached 299 thousand.

With regard to AIFUL's new customer acquisition, conditions have remained somewhat challenging recently, including in April.

At the interim results presentation, Mr. Fukuda commented that "we were not able to fully capture lending opportunities," and we are currently in the process of reviewing and preparing revisions to our credit screening and scoring models.

In addition, with respect to customer acquisition, we are continuing trial-and-error initiatives aimed at adapting to the AI era, in addition to conventional advertising approaches.

Regarding overseas operations, A&A in Thailand has steadily improved following the implementation of

its revival plan and has returned to profitability.

As a result:

- Operating profit increased 34.8% year-on-year to ¥34.1 billion;
- Ordinary profit increased 32.5% year-on-year to ¥35.5 billion; and
- Profit attributable to owners of parent increased 20.5% year-on-year to ¥27.1 billion.

Accordingly, both revenue and profit increased in year-on-year while exceeding the upwardly revised forecast announced at the interim results stage.

Next, I would like to explain the plan for the fiscal year ending March 31, 2027.

[Consolidated] Operating Results and Full -year Guidance (Balances & Revenue)							
(¥ billion)	25/3	26/3 Plan	26/3	vs. Plan	YoY	27/3(E)	YoY
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Other	29.4	34.6	31.2	-9.8%	6.1%	41.5	32.7%
Operating revenue	189.0	213.5	214.6	0.5%	13.6%	238.6	11.1%
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Credit guarantee business (Revenue from credit guarantee)	21.5	24.0	23.8	-0.4%	11.0%	25.9	8.4%
Other operating revenue	30.7	38.6	38.8	0.5%	26.3%	45.0	15.7%

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For the fiscal year ending March 31, 2027, we are expecting ordinary profit of ¥42.0 billion in line with the Medium-term Management Plan.

We expect the market environment for the loan business to remain solid going forward.

We will continue expanding receivables by aiming for higher levels of new customer acquisition than in the previous fiscal year through improved scoring accuracy based on customer data analysis and effective as well as efficient advertising expenditures.

In addition, we will continue focusing on expanding receivables in the credit guarantee business and installment credit business, both of which are positioned as core businesses in the Medium-term Management Plan.

As a result:

- Total receivable outstanding for the fiscal year ending March 31, 2027 are expected to increase 13.9% year-on-year to ¥1,754.3 billion; and
- Operating revenue is planned to increase 11.1% year-on-year to ¥238.6 billion.

I would now like to explain operating expenses.

(¥ billion)	25/3	26/3 Plan	26/3	vs. Plan	YoY	27/3(E)	YoY
Operating revenue	189.0	213.5	214.6	0.6%	13.6%	238.6	11.1%
Operating expenses	163.7	181.1	180.5	-0.3%	10.3%	197.2	9.2%
Financial expenses	9.5	12.7	12.4	-2.4%	31.1%	17.7	42.0%
Credit cost	56.9	56.1	59.1	5.3%	3.9%	60.9	3.0%
Expenses for interest repayment	-	-	-	-	-	-	-
Advertising expenses	18.5	20.0	19.2	-0.4%	3.6%	20.1	4.5%
Personnel expenses	21.6	23.3	23.0	-1.3%	6.4%	24.6	6.6%
Other operating expenses (commission fee, sales promotion cost etc.)	57.0	68.8	66.6	-3.2%	16.8%	73.7	10.5%
Operating profit	25.3	32.3	34.1	5.6%	34.8%	41.3	21.1%
Ordinary profit	26.8	33.0	35.5	7.6%	32.5%	42.0	18.2%
Extraordinary losses	2.5 ^{*1}	-	0.9 ^{*2}	-	-63.8%	-	-
Profit attributable to owners of parent	22.5	27.6	27.1	-1.8%	20.5%	32.0	18.0%

*1 AIFUL's System related matters and losses rising from phishing scam incidents etc.
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Regarding financial expenses, although the decision to leave rates unchanged, the timing and direction of future policy rate changes remain uncertain.

Accordingly, assuming a certain level of further interest rate increases, we expect financial expenses to increase 42.0% year-on-year to ¥17.7 billion.

Next, bad debt-related expenses are expected to increase 3.0% year-on-year to ¥60.9 billion, reflecting stabilization in collections.

As a result:

- Operating profit is expected to increase 21.1% year-on-year to ¥41.3 billion;
- Ordinary profit is expected to increase 18.2% year-on-year to ¥42.0 billion; and
- Profit attributable to owners of parent is expected to increase 18.0% year-on-year to ¥32.0 billion, representing increases in both revenue and profit.

Please note that the impact of the consolidation of Anshin Guarantor Service Co., Ltd. as a subsidiary and the acquisition of shares in Orient Corporation on business performance for the current fiscal year is expected to be limited.

Accordingly, we plan to proceed in line with the Medium-term Management Plan target of ¥42.0 billion in ordinary profit.

Lastly, the former AIFUL Group, now the Muninova Group, will work together as one toward achieving the final-year targets of the Medium-term Management Plan.

In addition to improving profit levels through growth in receivables in our core businesses and structural cost reforms, we will strive to enhance corporate value through initiatives such as expanding our business scale and improving ROE with a view toward the future, thereby meeting the expectations of our stakeholders.

This concludes my presentation.

Thank you very much for your attention.



3. Q&A session summary

This is a summary of the questions received at the financial results briefing held on May 20, 2026.

Q&A Categories:

- ✓ [Medium-Term Management Plan 2024](#)
- ✓ [M&A](#)
- ✓ [Capital Policy](#)
- ✓ [Loan Business](#)
- ✓ [Group Companies](#)
- ✓ [Other Topics](#)

[Medium-Term Management Plan 2024]

Q1 Although subsidiaries' revenues exceeded the assumptions under the Medium-term Management Plan, ordinary profit fell below expectations.

Could you explain the differences from the original assumptions and the future outlook?

- A1**
- Considering future growth, AG BUSINESS SUPPORT has incorporated the disposal of receivables carrying future risk exposure.
 - Adjusted operating profit shows that the business is growing steadily.
 - We had originally considered investments at around a 10x EBITDA multiple; however, there have also been investments that are not reflected on the P/L, resulting in some deviation from our initial assumptions.

Q2 Ordinary profit for the current fiscal year remains at ¥42.0 billion, in line with the Medium-term Management Plan. Does this imply conservatism or upside potential in the forecast?

- A2**
- Although AIFUL's new customer acquisition has recently faced somewhat challenging conditions, it would be sufficient if loan origination continues to expand.
 - In addition, real estate-secured loan guarantees within the credit guarantee business are growing steadily and could become a positive factor.
 - On the other hand, AG BUSINESS SUPPORT has been processing receivables carrying future risk exposure, despite there being no accounting issues, and this is expected to have a negative impact over the next two to three years.

Q3 Looking back on the two years of steady progress, could you share your overall assessment and reflections as President?

- A3**
- I had expected LIFECARD to deliver results somewhat earlier. Its top line has been growing steadily.
- On the other hand, depreciation expenses increased as we proceeded with system investments that had previously been insufficient, while personnel expenses also rose.

Although we worked on cost reductions, we recognize that the cost burden exceeded our initial assumptions.

- From a personal standpoint, I view the insufficient number of M&A transactions completed as an outstanding challenge.

Q4 Could you share the story behind the next Medium-term Management Plan and whether there are any new initiatives to sustain AIFUL's growth pace?

In addition, will the newly raised payout ratio of 30% serve as the base level in the next Medium-term Management Plan as well?

- A4**
- The conventional approach is to pursue both cost reductions and top-line expansion. However, expanding AIFUL's top line is also difficult and represents a weakness, as it is affected by competitors. Nevertheless, there can be no further development unless we steadily strengthen operations in other business areas.
 - We intend to maintain the 30% payout ratio policy.

[M&A]

Q1 Could you explain your appetite for future growth investments and your pipeline going forward?

- A1**
- We have a solid pipeline. We intend to continue making investments beyond the ¥19.6 billion currently in progress and connect them to the Company's future growth.
 - We basically pursue a roll-up strategy, prioritizing targets where integration synergies can be realized, such as opportunities for structural cost reforms and enhancements in corporate value through the transfer of our expertise.
 - The acquisition of the WebMoney business following BitCash is a good example, including fixed-cost reductions.
The same applies to the five SES companies. Rather than making isolated investments, we aim to form a unified corporate group.

Q2 Regarding the 15% investment in Orient Corporation ("Orico"), is there potential for further expansion of the relationship depending on the outcome?

Also, is it acceptable to make investments that expand the balance sheet while maintaining an equity ratio of around 15%?

- A2**
- The possibility of expanding the relationship will depend on future discussions among the three parties.
 - We believe an equity ratio of 15% provides an appropriate risk buffer. Orico generates stable profits and continues to pay stable dividends, so we view the investment positively and do not believe it will impair shareholders' equity.
 - We will carefully control investments while setting appropriate limits.

Q3 Could the business alliance with Mizuho Bank, Ltd. generate clear synergies such as lower funding costs?

A3

- By building a relationship with a megabank, we expect positive effects on future financing activities and hope this will lead to lower funding costs across the Group.
- Recently, we have been establishing relationships with new regional banks, although spreads have been somewhat high.

We intend to leverage this alliance to further strengthen our treasury and financing activities.

Q4 Including potential collaboration in the credit guarantee business, could this alliance lead to changes in your business portfolio going forward?

A4

- We intend to continue discussions with Mizuho Bank regarding future expansion, including in the credit guarantee business.

Q5 How will the acquisition of Orico shares affect the P/L?

Is it expected to contribute to ordinary profit, or is it intended as a stock investment aimed at future capital gains?

A5

- For the current fiscal year, the acquisition will only affect the B/S as an investment in securities and will have no impact on the P/L.

Dividend income is expected to be recorded from the next fiscal year onward.

- Our position in this matter remains that of a shareholder.

Q6 Based on the disclosed information, the implied acquisition price appears to include a premium to the current market price. Could you comment on whether this represents the final acquisition condition and whether any price adjustment clauses exist?

A6

- We will acquire a 15% equity stake for approximately ¥26.0 billion, but details remain undisclosed.

Q7 Could you explain the background behind selecting an investment ratio of approximately 15%?

A7

- We refrain from disclosing the specific background and details of the deliberations regarding this matter.

Q8 While the capital alliance appears to contain specific details, the business alliance appears somewhat abstract. Could you explain the background?

A8 · Due in part to the counterparties' organizational scale, discussions required a certain amount of time.
In addition, substantive discussions only began in March of this year, and the timing of the release announcement was also a contributing factor.

Q9 Will the alliance with Mizuho Bank affect relationships with your existing partner banks?

A9 · No changes are expected. We understand that existing partner banks view this alliance positively.

Q10 Could there be a possibility of accepting investment from the Mizuho Group in the future?

A10 · While we would not categorically deny the possibility, we do not intend to conduct a third-party allotment capital increase for that purpose.
· We would strengthen capital if necessary, depending on the growth stage of the business; however, we are not fundamentally considering capital increase premised on any specific counterparty.

Q11 In providing AIFUL's expertise to Orico, can sufficient governance and alignment be secured with only a 15% equity stake?

A11 · It would be difficult to discuss governance solely based on a 15% equity stake.
· Going forward, we intend to establish an appropriate framework through business alliance discussions among the three parties.

Q12 It appears that the return may be limited relative to the resources AIFUL is contributing. What benefits do you expect to gain from the Mizuho Group and Orico?

A12 · We intend to pursue this further through future discussions.

Q13 Could bank acquisitions become an option in your future M&A strategy considering funding aspects as well?

A13 · The possibility is low. We would prefer to think about capital allocation based on investments.
Acquiring a bank for funding purposes would require a very large-scale transaction and would not be realistic.

Q14 How many M&A transactions can you execute annually, how will you strengthen the internal structure, and is the current M&A team sufficient?

A14

- In terms of capacity, completing around two transactions per year would be ideal, although in reality it is currently around one. We currently have three to four pipeline projects in progress.
- We do not believe the current M&A structure is sufficient and intend to strengthen it going forward.

Q15 Regarding IT, digital technology, and productivity improvements in the Orico-Mizuho alliance, are these initiatives intended only for Orico, or do they also include Mizuho?

A15

- These initiatives are intended for Orico.

【Capital Policy】

Q1 Will you maintain the 15% equity ratio benchmark?

Although the ratio has recently declined, do you intend to gradually restore it?

Also, why is total assets in the current fiscal year plan expected to increase by approximately ¥70.0 billion, exceeding the growth in total operating receivables?

A1

- Fundamentally, there has been no change to our policy of maintaining an equity ratio of around 15%.
- Regarding off-balance sheet treatment for real estate guarantee receivables with relatively low credit risk, we believe there may be room for discussion with auditors, and based on this perspective, we decided to raise the payout ratio to 30% ahead of schedule.
- Our approach to the equity ratio differs depending on whether we are in an offensive or defensive phase.
While maintaining 15% as the basic benchmark, we will manage the business flexibly according to circumstances.
- Regarding total assets, IR will provide additional details later.

Additional IR response:

- The increase is primarily attributable to M&A activities. Broadly speaking, approximately ¥30.0 billion relates to recent transactions (Orico and Anshin Guarantor Service), while approximately ¥40.0 billion relates to other items, including ongoing M&A projects, equity investments by subsidiaries, and system development.

Q2 Do you consider the current equity ratio to be sufficient?
If large-scale investments are made in the future, would capital raising become necessary, or could this be handled within the current balance sheet?

A2

- At present, we believe our current equity level is sufficient.
- We also do not believe equity financing will be necessary for the current investments.
- Future investments will be executed depending on the business growth stages, and at this point we are not envisioning capital enhancement through equity financing even in the case of large-scale M&A transactions.

Q3 Regarding financial control, while the Company's basic policy is to maintain an equity ratio of around 15%, you mentioned that an equity ratio of approximately 10% could be tolerated when pursuing a major strategic opportunity. How should investors interpret this?

A3

- My reference to a 10% equity ratio was in the context of a large-scale strategic transaction, such as a major M&A opportunity, and reflected more of a management mindset.
- Fundamentally, our policy is to maintain stable control at an equity ratio of around 15%.
- Even the ¥60.0 billion investment framework has been determined with due consideration given to both risk and cash flow.

【Loan Business】

Q1 Why has CPA increased?

A1

- Advertising unit prices have risen across the market as a whole. Considering that stable charge-offs rate and increasing loan amounts per customer, we believe there may have been additional room to invest in advertising expenses. Other companies are increasing advertising spending. While we do not intend to proactively raise advertising expenses ahead of competitors, we may decide to increase spending if competitors do so.

【Group Companies】

Q1 Could you explain the current status of LIFECARD and future initiatives?

A1

- LIFECARD will be one of the key topics in the next Medium-term Management Plan. If we are unable to generate meaningful progress during the next Medium-term Management Plan period, we may need to consider future options. Although gradually, results have started to emerge, and the challenge now is how to further grow the business going forward.

Q2 Although the overseas business has returned to profitability, macroeconomic conditions are becoming increasingly uncertain. Are there any risks that you currently recognize as increasing?

- A2**
- We recognize that the business is not highly sensitive to economic conditions because risk is diversified through small-lot lending. In particular, we do not believe the Middle East situation will have a direct impact.
 - While indirect declines in consumption are possible, we believe such risks remain within a controllable range.

[Other Topics]

Q1 With the introduction of AI and other technologies, is there room for further substantial cost reductions going forward?

- A1**
- The room for major additional cost reductions is limited, and we will continue steadily accumulating incremental improvements through fundamental initiatives. Currently, AI utilization is primarily focused on operational efficiency tools, and considering security aspects as well, we believe it will take a certain amount of time before full-scale implementation becomes possible. Full-scale integration and implementation with core systems may not occur until after 2030.

Q2 Could you explain your measures for addressing rising market interest rates under the current lending interest rate cap regulations?

- A2**
- As part of our response to inflation, we have continuously pursued personnel and expense reductions through IT implementation and will continue doing so on an ongoing basis. Measures such as improving center operation efficiency and closing unmanned stores are also part of this effort.
 - By continuing to hire engineers, we have become capable of developing applications in-house, which has also reduced external expenses. The full benefits of our IT initiatives are expected to become more visible going forward.

Q3 Could you comment on your initiatives toward a credit ratings upgrade and whether you believe additional financial measures are necessary?

- A3**
- We continuously explain our future growth potential and financial soundness to rating agencies. We do not undertake initiatives solely for the purpose of obtaining a ratings upgrade; rather, we believe ratings should result from the stability of management and the outcomes of business operations.