



(Translation for reference only)

November 9, 2023

Consolidated Financial Results for the Second Quarter of Fiscal Year 2023

For the Six Months Ended September 30, 2023

(Under Japanese GAAP)

Company name: AIFUL Corporation
 Stock Listing: Tokyo Stock Exchange
 Stock Code: 8515
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 Scheduled date of submission of Quarterly Securities Report: November 10, 2023
 Scheduled date of commencement of dividend payments : —
 Supplementary materials for Quarterly Financial results: Yes
 Quarterly earnings release conference: Yes

I. Consolidated Financial Results for the Second Quarter of Fiscal Year 2023

(April 1, 2023 – September 30, 2023)

(Amounts less than one million yen have been rounded down)

1. Consolidated Operating Results

(Millions of yen, Percentages indicate year-on-year changes)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
Six months ended								
September 30, 2023	79,092	12.3%	6,594	(45.7)%	7,205	(43.0)%	6,609	(43.9)%
September 30, 2022	70,402	8.6%	12,150	22.4%	12,642	28.3%	11,772	17.2%

Note: Comprehensive income: For the six months ended

September 30, 2023 7,275 million yen (42.9)%
 September 30, 2022 12,732 million yen 27.8%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Six months ended		
September 30, 2023	13.66	—
September 30, 2022	24.34	—

2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of			
September 30, 2023	1,161,244	186,430	15.7
March 31, 2023	1,070,485	179,593	16.4

Reference: Shareholders' equity: As of September 30, 2023 182,525 million yen
 As of March 31, 2023 176,072 million yen

II. Dividend Information

	Dividend per share (Yen)				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
FY ending March 31, 2023	—	0.00	—	1.00	1.00
FY ending March 31, 2024	—	0.00	—	1.00	1.00
FY ending March 31, 2024 (Forecast)	—	—	—	1.00	1.00

Note: Revisions to dividend forecasts: None

III. Earnings Forecast on a Consolidated Basis for the Fiscal Year ending March 31, 2024

(April 1, 2023 – March 31, 2024)

(Millions of yen, Percentages indicate year-on-year changes)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share (Yen)
Fiscal year ending March 31, 2024	161,200	11.8%	25,200	6.2%	25,500	4.4%	22,600	1.1%	46.72

Note: Revisions to consolidated earnings forecasts: None

IV. Other

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

(Changes in specified subsidiaries resulting changes in scope of consolidation): None

(2) Adoption of special accounting methods for quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatements

(a) Changes in accompanying amendments to accounting standards: None

(b) Changes other than those in (a): None

(c) Change in accounting estimates: None

(d) Restatements: None

(4) Number of shares issued (Common stock)

(a) Number of shares issued at the end of the period (including treasury stock)

FY2023 2Q	484,620,136 shares	FY2022	484,620,136 shares
FY2023 2Q	783,316 shares	FY2022	917,614 shares
FY2023 2Q	483,757,564 shares	FY2022 2Q	483,702,645 shares

(b) Number of treasury stock at the end of the period

(c) Average number of shares during the period

* Note: Brief Statement of quarterly financial results is not subject to audit procedures that are conducted by a certified public accountant or an audit corporation.

* Note: Disclaimer concerning the proper use of business results forecasts, etc.

The forecasts and other forward-looking statements contained in this Report are based on information currently available to the Company as well as certain assumptions that the AIFUL Group has judged to be reasonable. Accordingly, actual results may differ from the forecasts due to various factors. For matters related to earnings forecast above, please refer to “Qualitative Information on the Forecasts for the Consolidated Business Results” on page 2.

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1. Quarterly Qualitative Information on Business Results

(1) Qualitative Information on Business Results

During the six months ended September 30, 2023, socio-economic activities have normalized due to the relaxation of activity restrictions after downgrading of COVID-19 to Class 5. However, the outlook remains uncertain due to concerns about risks that could put downward pressure on the economy, such as global monetary tightening and inflationary pressures.

In the consumer finance industry, the number of new contracts at major companies has continued to increase year on year and the balance of operating loans has expanded accordingly. Although interest repayment claims have been steadily decreasing, it still requires close monitoring as it is easily affected by changes in the external environment.

Under these circumstances, AIFUL Group will work to improve convenience by enhancing UI/UX in a user-first manner, such as expanding features to increase the usage rate of apps. In addition, we will strive to improve productivity by simplifying our organizational structure and operations by strengthening group-wide management, while continuing to invest in human capital by hiring and training IT human resources.

(Overview of the results)

AIFUL Group's consolidated operating revenue for the second quarter of the fiscal year ending March 31, 2024 rose 12.3% compared with the corresponding period of the previous fiscal year, to 79,092 million yen. The principal components were 46,013 million yen in interest on loans (up 12.6% year on year), 10,756 million yen in revenue from the credit card business (up 8.5% year on year) and 9,474 million yen in revenue from the credit guarantee business (up 15.5% year on year). Operating expenses increased by 14,245 million yen, or 24.5% year on year to 72,497 million yen. This was mainly due to increases in advertising expenses by 2,601 million yen or 35.2% year on year to 9,992 million yen and provision for doubtful accounts by 8,791 million yen or 47.9 % year on year to 27,141 million yen.

As a result, AIFUL Group posted operating profit of 6,594 million yen (down 45.7% year on year) and ordinary profit of 7,205 million yen (down 43.0% year on year). Profit attributable to owners of parent stood at 6,609 million yen (down 43.9% year on year), reflecting a profit attributable to non-controlling interests of 130 million yen.

(2) Qualitative Information on the Forecasts for the Consolidated Business Results

The Group's earnings forecast for the fiscal year ending March 31, 2024 remains unchanged from the earnings forecast announced on May 11, 2023.

However, these forecasts are based on information available as of the date of publication of these materials. There are various risks in the current business environment surrounding us, and the final results may differ from the forecasts.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	43,251	54,440
Operating loans	614,229	660,711
Accounts receivables - installment	136,559	148,387
Operational investment securities	2,540	2,886
Customers' liabilities for acceptances and guarantees	221,659	238,641
Other operating receivables	13,185	14,546
Purchased receivables	6,985	8,550
Other	34,576	36,600
Allowance for doubtful accounts	(63,040)	(68,595)
Total current assets	1,009,948	1,096,169
Non-current assets		
Property, plant and equipment	16,238	17,118
Intangible assets	8,392	10,214
Investments and other assets	35,906	37,741
Total non-current assets	60,537	65,074
Total assets	1,070,485	1,161,244
Liabilities		
Current liabilities		
Notes & accounts payable-trade	43,066	58,403
Acceptances and guarantees	221,659	238,641
Short-term borrowings	69,582	68,036
Short-term loans payable to subsidiaries and associates	1,734	984
Commercial papers	12,000	24,100
Current portion of bonds	—	30,000
Current portion of long-term borrowings	183,832	215,553
Income taxes payable	2,006	1,458
Reserves	1,651	1,684
Other	37,379	40,779
Total current liabilities	572,912	679,642
Non-current liabilities		
Bonds payable	45,000	30,000
Long-term borrowings	249,087	244,282
Provision for loss on interest repayment	17,383	14,243
Other	6,509	6,644
Total non-current liabilities	317,979	295,170
Total liabilities	890,892	974,813
Net Assets		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	14,017	14,017
Retained earnings	69,419	75,135
Treasury shares	(3,110)	(2,655)
Total shareholders' equity	174,354	180,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,123	1,152
Foreign currency translation adjustment	595	846
Total accumulated other comprehensive income	1,718	1,999
Non-controlling interests	3,520	3,905
Total net assets	179,593	186,430
Total liabilities and net assets	1,070,485	1,161,244

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

i. Quarterly Consolidated Statements of Income Six months ended September 30

	(Millions of yen)	
	Six months ended September 30, 2022 (Apr 1, 2022 to Sep 30, 2022)	Six months ended September 30, 2023 (Apr 1, 2023 to Sep 30, 2023)
Operating revenue		
Interest on operating loans	40,862	46,013
Revenue from credit card business	9,915	10,756
Revenue from installment sales finance business	1,010	2,013
Revenue from credit guarantee	8,201	9,474
Other financial revenue	2	3
Other operating revenue	10,409	10,830
Total operating revenue	70,402	79,092
Operating expenses		
Financial expenses	3,467	3,502
Cost of sales	72	158
Other operating expenses	54,711	68,837
Total operating expenses	58,251	72,497
Operating profit	12,150	6,594
Non-operating income		
Dividend income	29	37
Share of profit of entities accounted for using equity method	76	—
Foreign exchange gains	296	492
Other	116	173
Total non-operating income	518	703
Non-operating expenses		
Provision for doubtful accounts	3	38
Loss on investments in silent partnerships	16	—
Share of loss of entities accounted for using equity method	—	27
Other	7	27
Total non-operating expenses	27	92
Ordinary profit	12,642	7,205
Extraordinary income		
Gain on the sale of fixed assets	—	56
Total extraordinary income	—	56
Profit before income taxes	12,642	7,261
Income taxes - current	1,423	1,130
Income taxes - deferred	(956)	(609)
Total income taxes	467	521
Profit	12,174	6,740
Profit (loss) attributable to non-controlling interests	402	130
Profit attributable to owners of parent	11,772	6,609

ii. Quarterly Consolidated Statements of Comprehensive Income
Six months ended September 30

	(Millions of yen)	
	Six months ended September 30, 2022 (Apr 1, 2022 to Sep 30, 2022)	Six months ended September 30, 2023 (Apr 1, 2023 to Sep 30, 2023)
Profit	12,174	6,740
Other Comprehensive income		
Valuation difference on available-for-sale securities	(125)	29
Foreign currency translation adjustment	683	505
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	557	535
Comprehensive income	12,732	7,275
Comprehensive income attributable to		
Owners of parent	11,987	6,890
Non-controlling interests	745	385

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022 (Apr 1, 2022 to Sep 30, 2022)	Six months ended September 30, 2023 (Apr 1, 2023 to Sep 30, 2023)
Cash flows from operating activities		
Profit before income taxes	12,642	7,261
Depreciation	1,747	1,811
Increase (decrease) in allowance for doubtful accounts	956	3,366
Increase (decrease) in provision for bonuses	8	97
Increase (decrease) in provision for share-based remuneration	25	(20)
Increase (decrease) in allowance for loss on interest repayment	(3,988)	(3,139)
Interest and dividend income	(38)	(119)
Share of loss (profit) of entities accounted for using equity method	(76)	27
Loss (gain) on sale of fixed assets	—	(56)
Decrease (increase) in interest on loans receivable	(28,061)	(44,340)
Decrease (increase) in accounts receivable – installment	(10,003)	(11,828)
Decrease (increase) in other operating receivable	(1,199)	(1,360)
Decrease (increase) in purchased receivable	(1,242)	(1,564)
Decrease (increase) in claims provable in bankruptcy	394	1,888
Decrease (increase) in business guarantee deposits, etc.	1,200	(41)
Decrease (increase) in other current assets	(2,236)	(2,392)
Increase (decrease) in other current liabilities	(3,139)	18,859
Other	(492)	71
Subtotal	(33,505)	(31,481)
Interest and dividend income	58	139
Income taxes refund	482	54
Income taxes paid	(463)	(1,576)
Cash flow from operating activities	(33,427)	(32,864)
Cash flow from investing activities		
Payments into time deposits	(4,925)	(4,942)
Proceeds from withdrawal of time deposits	4,845	4,910
Purchase of property, plant and equipment	(651)	(1,755)
Proceeds from sales of property, plant and equipment	—	148
Purchase of intangible assets	(1,056)	(2,858)
Purchase of investment securities	(209)	(200)
Other	(134)	(1,079)
Cash flows from investing activities	(2,132)	(5,777)
Cash flow from financing activities		
Increase in short-term borrowings	701,529	611,873
Decrease in short-term borrowings	(705,867)	(614,791)
Proceeds from issuance of commercial papers	19,500	95,100
Redemption of commercial papers	(22,000)	(83,000)
Proceeds from long-term borrowings	128,975	125,122
Repayments of long-term borrowings	(90,943)	(98,513)
Proceeds from issuance of bonds	30,000	15,000
Redemption of bonds	(15,000)	—
Cash dividends paid	(483)	(483)
Other	(567)	(563)
Cash flows from financing activities	45,142	49,744
Effect of exchange rate changes on cash and cash equivalents	96	53
Net increase (decrease) in cash and cash equivalents	9,679	11,156
Cash and cash equivalents at beginning of period	39,147	37,885
Cash and cash equivalents at end of period	48,826	49,042

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Notes in Case of any Significant Changes in the Amount of Shareholders' Equity)

Six months ended September 30, 2022 (Apr 1, 2022 to Sep 30, 2022)

1. Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share	Record date	Effective date	Source of dividends
April 25, 2022 Board of Directors	Common stock	483	1.00	March 31, 2022	May 31, 2022	Retained earning

2. Dividends whose record date falls in the six months ended September 30, 2022, but whose effective date falls after September 30, 2022

Not applicable

3. Significant Changes in the Amount of Shareholders' Equity

Not applicable

Six months ended September 30, 2023 (Apr 1, 2023 to Sep 30, 2023)

1. Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share	Record date	Effective date	Source of dividends
April 24, 2023 Board of Directors	Common stock	483	1.00	March 31, 2023	June 8, 2023	Retained earning

2. Dividends whose record date falls in the six months ended September 30, 2023, but whose effective date falls after September 30, 2023

Not applicable

3. Significant Changes in the Amount of Shareholders' Equity

The Company disposed of 134,314 shares of treasury stock as restricted stock compensation on July 18, 2023, in accordance with a resolution of the Board of Directors meeting held on June 26, 2023. Due to the disposal of treasury stock, Other capital surplus decreased by 409 million yen and treasury stock decreased by 455 million yen. Since the balance of other capital surplus became negative, it was set to zero and the negative value was reduced from other retained earnings. As a result, the balance of retained earnings at the end of the second quarter of the fiscal year ending March 31, 2024 is 75,135 million yen and the balance of treasury stock is 2,655 million yen.