



(Translation for reference only)

August 10, 2023

## Consolidated Financial Results for the First Quarter of Fiscal Year 2023 For the Three Months Ended June 30, 2023 (Under Japanese GAAP)

Company name: AIFUL Corporation  
Stock Listing: Tokyo Stock Exchange  
Stock Code: 8515  
URL: <https://www.aiful.co.jp>  
Representative: Mitsuhide Fukuda, President and Chief Executive Officer  
For inquiry: Toshiaki Ando, Assistant Senior General Manager of Finance Division TEL (03) 4503 – 6050  
Scheduled date of submission of Quarterly Securities Report: August 14, 2023  
Scheduled date of commencement of dividend payments : —  
Supplementary materials for Quarterly Financial results: Yes  
Quarterly earnings release conference: None

### I. Consolidated Financial Results for the First Quarter of Fiscal Year 2023 (April 1, 2023 – June 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	
Three months ended								
June 30, 2023	38,665	11.5%	3,108	(53.0)%	3,408	(49.2)%	2,968	(50.1)%
June 30, 2022	34,692	7.3%	6,609	15.8%	6,714	17.5%	5,945	18.6%

Note: Comprehensive income: For the three months ended  
June 30, 2023: 3,220 million yen (49.3)%  
June 30, 2022: 6,354 million yen 19.7%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Three months ended		
June 30, 2023	6.14	—
June 30, 2022	12.29	—

#### 2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of			
June 30, 2023	1,115,863	182,329	16.0
March 31, 2023	1,070,485	179,593	16.4

Reference: Shareholders' equity: As of June 30, 2023: 178,617 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 ended March 31, 2023	—	0.00	—	1.00	1.00
FY ending March 31, 2024	—				
FY ending March 31, 2024 (Forecast)		0.00	—	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)
Six months ending September 30, 2023	77,700	10.4%	7,600	(37.5)%	7,600	(39.9)%	7,100	(39.7)%	14.68
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 three months ended June 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 1Q	484,620,136 shares	FY2022	484,620,136 shares
FY2023 1Q	917,614 shares	FY2022	917,614 shares
FY2023 1Q	483,702,522 shares	FY2022 1Q	483,702,666 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 three months ended June 30, 2023, there were growing expectations for economic recovery due to signs of normalization of socioeconomic activities, such as the downgrading of COVID-19 to Class 5 and the recovery of inbound demand. However, the outlook remains uncertain due to concerns about the impact on the economy of the ongoing depreciation of the yen and the price hike caused by global monetary tightening.

In the consumer finance industry, the recovery trend continues, with the number of new contracts at major companies continuing to increase year on year. In addition, 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 strive to improve our earnings structure by strengthening group-wide management, improving productivity by simplifying our organizational structure and operations, and promoting effective and efficient marketing. In addition, we will seek to expand assets by balancing "growth potential" and "profitability" and optimize management resources to maximize consolidated income, while continuing to invest in IT human resources and work on insourcing products and systems.

#### (Overview of the results)

AIFUL Group's consolidated operating revenue for the first quarter of the fiscal year ending March 31, 2024 rose 11.5% compared with the corresponding period of the previous fiscal year, to 38,665 million yen. The principal components were 22,584 million yen in interest on loans (up 12.8 % year on year), 5,284 million yen in revenue from the credit card business (up 7.6 % year on year) and 4,687 million yen in revenue from the credit guarantee business (up 15.7 % year on year).

Operating expenses increased by 7,474 million yen, or 26.6 %, compared with the corresponding period of the previous fiscal year, to 35,557 million yen. This was mainly due to an increase in provision of allowance for doubtful accounts of 4,980 million yen.

As a result, AIFUL Group posted operating profit of 3,108 million yen (down 53.0 % year on year) and ordinary profit of 3,408 million yen (down 49.2 % year on year). Profit attributable to owners of parent stood at 2,968 million yen (down 50.1 % year on year), reflecting a profit attributable to non-controlling interests of 89 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 June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	43,251	54,946
Operating loans	614,229	635,019
Accounts receivables - installment	136,559	141,848
Operational investment securities	2,540	2,625
Customers' liabilities for acceptances and guarantees	221,659	228,929
Other operating receivables	13,185	13,810
Purchased receivables	6,985	6,840
Other	34,576	34,370
Allowance for doubtful accounts	(63,040)	(64,271)
Total current assets	1,009,948	1,054,119
Non-current assets		
Property, plant and equipment	16,238	16,289
Intangible assets	8,392	9,316
Investments and other assets	35,906	36,138
Total non-current assets	60,537	61,744
Total assets	1,070,485	1,115,863
<b>Liabilities</b>		
Current liabilities		
Notes & accounts payable-trade	43,066	43,074
Acceptances and guarantees	221,659	228,929
Short-term borrowings	69,582	76,370
Short-term loans payable to subsidiaries and associates	1,734	1,179
Commercial papers	12,000	24,200
Current portion of bonds	—	30,000
Current portion of long-term borrowings	183,832	193,176
Income taxes payable	2,006	217
Reserves	1,651	888
Other	37,379	36,950
Total current liabilities	572,912	634,987
Non-current liabilities		
Bonds payable	45,000	30,000
Long-term borrowings	249,087	246,393
Provision for loss on interest repayment	17,383	15,597
Other	6,509	6,554
Total non-current liabilities	317,979	298,546
Total liabilities	890,892	933,533
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	14,017	14,017
Retained earnings	69,419	71,904
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	174,354	176,839
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,123	1,082
Foreign currency translation adjustment	595	696
Total accumulated other comprehensive income	1,718	1,778
Non-controlling interests	3,520	3,712
Total net assets	179,593	182,329
Total liabilities and net assets	1,070,485	1,115,863

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

### i. Quarterly Consolidated Statements of Income Three months ended June 30

	(Millions of yen)	
	Three months ended Jun 30, 2022 (Apr 1, 2022 to Jun 30, 2022)	Three months ended Jun 30, 2023 (Apr 1, 2023 to Jun 30, 2023)
Operating revenue		
Interest on operating loans	20,027	22,584
Revenue from credit card business	4,909	5,284
Revenue from installment sales finance business	450	920
Revenue from credit guarantee	4,052	4,687
Other financial revenue	1	1
Other operating revenue	5,251	5,187
Total operating revenue	<u>34,692</u>	<u>38,665</u>
Operating expenses		
Financial expenses	1,726	1,761
Cost of sales	42	20
Other operating expenses	26,313	33,775
Total operating expenses	<u>28,082</u>	<u>35,557</u>
Operating profit	<u>6,609</u>	<u>3,108</u>
Non-operating income		
Dividend income	13	20
Share of profit of entities accounted for using equity method	23	—
Foreign exchange gains	5	326
Other	69	47
Total non-operating income	<u>111</u>	<u>394</u>
Non-operating expenses		
Provision for doubtful accounts	2	10
Share of loss of entities accounted for using equity method	—	75
Other	4	7
Total non-operating expenses	<u>6</u>	<u>93</u>
Ordinary profit	<u>6,714</u>	<u>3,408</u>
Profit before income taxes	<u>6,714</u>	<u>3,408</u>
Income taxes - current	174	57
Income taxes - deferred	446	292
Total income taxes	<u>621</u>	<u>350</u>
Profit	<u>6,093</u>	<u>3,058</u>
Profit attributable to non-controlling interests	148	89
Profit attributable to owners of parent	<u>5,945</u>	<u>2,968</u>

ii. Quarterly Consolidated Statements of Comprehensive Income  
Three months ended June 30

	(Millions of yen)	
	Three months ended Jun 30, 2022 (Apr 1, 2022 to Jun 30, 2022)	Three months ended Jun 30, 2023 (Apr 1, 2023 to Jun 30, 2023)
Profit	6,093	3,058
Other Comprehensive income		
Valuation difference on available-for-sale securities	(134)	(40)
Foreign currency translation adjustment	394	202
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	260	161
Comprehensive income	6,354	3,220
Comprehensive income attributable to		
Owners of parent	6,007	3,028
Non-controlling interests	346	191

### (3) Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Three months ended Jun 30, 2022 (Apr 1, 2022 to Jun 30, 2022)	Three months ended Jun 30, 2023 (Apr 1, 2023 to Jun 30, 2023)
Cash flows from operating activities		
Profit before income taxes	6,714	3,408
Depreciation	859	888
Increase (decrease) in allowance for doubtful accounts	(1,587)	(263)
Increase (decrease) in provision for bonuses	(704)	(727)
Increase (decrease) in provision for directors' bonuses	(29)	(45)
Increase (decrease) in provision for share-based remuneration	12	8
Increase (decrease) in allowance for loss on interest repayment	(2,187)	(1,785)
Interest and dividend income	(39)	(26)
Share of loss (profit) of entities accounted for using equity method	(23)	75
Decrease (increase) in interest on loans receivable	(11,351)	(19,940)
Decrease (increase) in accounts receivable – installment	(4,671)	(5,289)
Decrease (increase) in other operating receivable	(469)	(624)
Decrease (increase) in purchased receivable	81	145
Decrease (increase) in claims provable in bankruptcy	164	1,372
Decrease (increase) in business guarantee deposits, etc.	—	(41)
Decrease (increase) in other current assets	(3,082)	176
Increase (decrease) in other current liabilities	(2,574)	(859)
Other	1,220	26
Subtotal	<u>(17,669)</u>	<u>(23,502)</u>
Interest and dividend income	60	46
Income taxes refund	55	—
Income taxes paid	(272)	(1,560)
Cash flow from operating activities	<u>(17,826)</u>	<u>(25,015)</u>
Cash flow from investing activities		
Payments into time deposits	(4,885)	(4,920)
Proceeds from withdrawal of time deposits	4,845	4,910
Purchase of property, plant and equipment	(342)	(266)
Purchase of intangible assets	(528)	(1,385)
Other	(16)	(610)
Cash flows from investing activities	<u>(928)</u>	<u>(2,273)</u>
Cash flow from financing activities		
Increase in short-term borrowings	419,419	341,692
Decrease in short-term borrowings	(423,367)	(335,706)
Proceeds from issuance of commercial papers	15,500	57,600
Redemption of commercial papers	(9,000)	(45,400)
Proceeds from long-term borrowings	39,054	59,429
Repayments of long-term borrowings	(43,978)	(52,893)
Proceeds from issuance of bonds	30,000	15,000
Redemption of bonds	(15,000)	—
Cash dividends paid	(483)	(483)
Other	(278)	(287)
Cash flows from financing activities	<u>11,865</u>	<u>38,951</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(338)</u>	<u>22</u>
Net increase (decrease) in cash and cash equivalents	<u>(7,228)</u>	<u>11,684</u>
Cash and cash equivalents at beginning of period	<u>39,147</u>	<u>37,885</u>
Cash and cash equivalents at end of period	<u>31,919</u>	<u>49,570</u>



(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)

Three months ended Jun 30, 2022 (Apr 1, 2022 to Jun 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 first quarter of the current fiscal year, but whose effective date falls after the end of the first quarter of the current fiscal year

Not applicable

Three months ended Jun 30, 2023 (Apr 1, 2023 to Jun 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 first quarter of the current fiscal year, but whose effective date falls after the end of the first quarter of the current fiscal year

Not applicable