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## Consolidated Financial Results for the First Six-Month Period of the Fiscal Year Ending March 31, 2022 (under IFRS)

November 11, 2021

Company name: ARUHI Corporation (the “Company”)  
 Listing: Tokyo Stock Exchange  
 Securities code: 7198  
 URL: <https://www.aruhi-group.co.jp>  
 Representative: Hiroshi Hamada, Chairman of the Board, Representative Director, President and CEO  
 Inquiries: Yasuko Matsumoto, Managing Director, CFO  
 TEL: +81-3-6229-0777  
 Scheduled date to file interim securities report: November 12, 2021  
 Scheduled date to commence dividend payments: December 13, 2021  
 Preparation of supplementary material on interim financial results: Yes  
 Holding of interim financial results presentation meeting: Yes (for analysts)

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

### 1. Consolidated financial results for the first six-month period of the fiscal year ending March 31, 2022 (from April 1, 2021 to September 30, 2021)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

|                        | Operating revenue |       | Income before tax |        | Net income      |        | Net income attributable to owners of the parent |        |
|------------------------|-------------------|-------|-------------------|--------|-----------------|--------|---|--------|
|                        | Millions of yen   | %     | Millions of yen   | %      | Millions of yen | %      | Millions of yen                                 | %      |
| Six-month period ended |                   |       |                   |        |                 |        |   |        |
| September 30, 2021     | 13,037            | (1.8) | 3,322             | (16.5) | 2,286           | (15.3) | 2,293   | (15.0) |
| September 30, 2020     | 13,274            | 3.1   | 3,981             | (4.9)  | 2,698           | (6.1)  | 2,698   | (6.1)  |

|                        | Total comprehensive income |        | Basic earnings per share | Diluted earnings per share |
|------------------------|----------------------------|--------|--------------------------|----------------------------|
|                        | Millions of yen            | %      | Yen                      | Yen                        |
| Six-month period ended |                            |        |                          |                            |
| September 30, 2021     | 2,286                      | (15.3) | 64.64                    | 64.16                      |
| September 30, 2020     | 2,698                      | (6.1)  | 76.60                    | 75.71                      |

#### (2) Consolidated financial position

|                    | Total assets    | Total equity    | Equity attributable to owners of the parent | Ratio of equity attributable to owners of the parent to total assets |
|--------------------|-----------------|-----------------|---|--|
|                    | Millions of yen | Millions of yen | Millions of yen                             | %  |
| As of              |                 |                 |   |  |
| September 30, 2021 | 152,146         | 30,957          | 30,962                                      | 20.4   |
| March 31, 2021     | 164,762         | 30,093          | 30,093                                      | 18.3   |

## 2. Cash dividends

|  | Annual dividends per share |                    |                   |                 |       |
|--|----------------------------|--------------------|-------------------|-----------------|-------|
|  | First quarter-end          | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
|  | Yen                        | Yen                | Yen               | Yen             | Yen   |
| Fiscal year ended<br>March 31, 2021                | –                          | 25.00              | –                 | 30.00           | 55.00 |
| Fiscal year ending<br>March 31, 2022               | –                          | 30.00              |                   |                 |       |
| Fiscal year ending<br>March 31, 2022<br>(Forecast) |                            |                    | –                 | 30.00           | 60.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

|                                      | Operating revenue |      | Income before tax |      | Net income      |      | Net income attributable to owners of the parent |      | Basic earnings per share |
|--------------------------------------|-------------------|------|-------------------|------|-----------------|------|---|------|--------------------------|
|                                      | Millions of yen   | %    | Millions of yen   | %    | Millions of yen | %    | Millions of yen                                 | %    | Yen                      |
| Fiscal year ending<br>March 31, 2022 | 29,500            | 10.0 | 8,520             | 10.0 | 5,700           | 10.1 | 5,700   | 10.1 | 161.38                   |

- Notes:
1. Revisions to the earnings forecasts most recently announced: None
  2. The forecast of the basic earnings per share is calculated based on the weighted-average number of shares during the fiscal year ended March 31, 2021.

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- a. Changes in accounting policies required by IFRS: Yes
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: None

Note: For details, please see “(5) Notes to condensed interim consolidated financial statements” in “2. Condensed interim consolidated financial statements and significant notes thereto” in the attached materials.

- (3) Number of issued shares (ordinary shares)

- a. Total number of issued shares at the end of the period (including treasury shares)

|                          |                   |
|--------------------------|-------------------|
| As of September 30, 2021 | 36,080,600 shares |
| As of March 31, 2021     | 36,080,600 shares |

- b. Number of treasury shares at the end of the period

|                          |                |
|--------------------------|----------------|
| As of September 30, 2021 | 771,860 shares |
| As of March 31, 2021     | 578,760 shares |

- c. Weighted-average number of shares during the period (cumulative from the beginning of the fiscal year)

|   |                   |
|---|-------------------|
| For the six-month period ended September 30, 2021 | 35,485,027 shares |
| For the six-month period ended September 30, 2020 | 35,227,608 shares |

\* Interim financial results reports are exempt from interim review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially from these forecasts due to various factors.

## Table of Contents of Appendix

|   |   |
|---|---|
| 1. Qualitative information regarding results for the first six-month period .....   | 2 |
| (1) Explanation of operating results.....   | 2 |
| (2) Explanation of financial position .....   | 2 |
| (3) Explanation of consolidated earnings forecasts and other forward-looking statements .....   | 2 |
| 2. Condensed interim consolidated financial statements and significant notes thereto.....   | 3 |
| (1) Condensed interim consolidated statement of financial position .....  | 3 |
| (2) Condensed interim consolidated statement of net income and condensed interim consolidated statement of comprehensive income ..... | 4 |
| (3) Condensed interim consolidated statement of changes in equity .....   | 7 |
| (4) Condensed interim consolidated statement of cash flows.....   | 8 |
| (5) Notes to condensed interim consolidated financial statements .....  | 9 |
| (Note on assumption of going concern) .....   | 9 |
| (Changes in accounting policies) .....  | 9 |
| (Segment information) .....   | 9 |

## 1. Qualitative information regarding results for the first six-month period

### (1) Explanation of operating results

In the six-month period ended September 30, 2021, the business environment affecting the residential housing related industry, to which the Company belongs, faced a continuing uncertain situation due to the fourth and fifth waves of the novel coronavirus disease (COVID-19) and their prolonged impact. The number of new housing starts has shown a gradual recovery trend although it fell short of the level before the COVID-19 pandemic. On the other hand, an insufficient supply relative to demand has caused a sharp rise in prices, leading to weakness in the number of contracts signed for preowned condominiums and preowned houses. Regarding the outlook, against the backdrop of the lifting of the state of emergency, the increase in the percentage of the population that has been vaccinated and other factors, the number of new housing starts and the number of contracts signed for preowned condominiums and preowned houses will be expected to approach the levels before the COVID-19 pandemic. However, because there have been impacts due to customers forgoing purchases caused by the steep rise in prices for some properties, postponements in handovers caused by shortages or delays related to housing fixtures and appliances, etc., it is necessary to continue closely monitoring the situation.

Given this situation, based on the Mid-term Strategic Plan 2021, a five-year plan that started in this fiscal year, the Company promotes active efforts to improve corporate value. In the housing loan business, by reaching large real estate companies in cooperation with franchise stores while promoting regional-based marketing, such as by providing thorough and responsive support to franchise stores through regional branches, the number of loan originations (including refinancing) for the Company in the six-month period ended September 30, 2021 decreased moderately by 8.3% year on year amid a decline of 12.1% year on year in the number of loan originations in the Flat 35 market overall. In addition, the purchase and resale business for residential real estate operated by ARUHI Real Estate Technologies Corporation has been performing well, recording its first sales in this interim period.

As a result, operating revenue for the six-month period ended September 30, 2021 was ¥13,037 million, a decrease of 1.8% year on year. The reason for this result is that although loan execution operations saw a 5.4% decrease year on year and financing operations saw an 11.0% decrease year on year due to the drop in the number of loan originations, loan management and collection operations and insurance-related operations, which are stock-type revenue related to housing loans executed in the past, showed solid growth, increasing 14.8% and 25.6%, respectively. Due to an increase in strategic expenses such as advertising expenses, income before tax decreased 16.5% year on year to ¥3,322 million. Net income decreased 15.3% year on year to ¥2,286 million, and net income attributable to owners of the parent decreased 15.0% year on year to ¥2,293 million.

As the Company operates within the single segment of housing loan related business, a presentation by segment is omitted.

### (2) Explanation of financial position

#### (Assets)

As of September 30, 2021, assets were ¥152,146 million, a decrease of ¥12,615 million compared with March 31, 2021. This was primarily due to cash and cash equivalents decreasing ¥6,363 million, and operating loans receivable decreasing ¥8,083 million.

#### (Liabilities)

As of September 30, 2021, liabilities were ¥121,189 million, a decrease of ¥13,478 million compared with March 31, 2021. This was primarily due to deposits received decreasing ¥5,994 million and borrowings decreasing ¥8,096 million.

#### (Equity)

As of September 30, 2021, equity was ¥30,957 million, an increase of ¥863 million compared with March 31, 2021. This was primarily due to the recording of net income of ¥2,286 million, despite dividends of surplus of ¥1,065 million.

### (3) Explanation of consolidated earnings forecasts and other forward-looking statements

There is no revision to the consolidated earnings forecasts for the fiscal year ending March 31, 2022 announced on “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (under IFRS)” released on May 11, 2021.

## 2. Condensed interim consolidated financial statements and significant notes thereto

### (1) Condensed interim consolidated statement of financial position

(Millions of yen)

|   | As of March 31, 2021 | As of September 30, 2021 |
|---|----------------------|--------------------------|
| Assets                                      |                      |                          |
| Cash and cash equivalents                   | 37,404               | 31,041                   |
| Trade receivables                           | 957                  | 1,026                    |
| Operating loans receivable                  | 71,649               | 63,565                   |
| Deposits paid                               | 126                  | 150                      |
| Accounts receivable                         | 128                  | 60                       |
| Other financial assets                      | 24,596               | 26,976                   |
| Other assets                                | 614                  | 548                      |
| Property, plant and equipment               | 1,222                | 973                      |
| Goodwill                                    | 24,464               | 24,464                   |
| Intangible assets                           | 3,310                | 3,050                    |
| Deferred tax assets                         | 287                  | 287                      |
| Total assets                                | 164,762              | 152,146                  |
| Liabilities                                 |                      |                          |
| Deposits received                           | 14,517               | 8,523                    |
| Lease liabilities                           | 1,191                | 840                      |
| Borrowings                                  | 80,556               | 72,460                   |
| Provisions                                  | 183                  | 182                      |
| Income taxes payable                        | 1,420                | 1,021                    |
| Other financial liabilities                 | 35,371               | 36,840                   |
| Other liabilities                           | 1,425                | 1,320                    |
| Total liabilities                           | 134,668              | 121,189                  |
| Equity                                      |                      |                          |
| Share capital                               | 3,471                | 3,471                    |
| Share premium                               | 9,057                | 8,866                    |
| Treasury shares                             | (1,070)              | (1,239)                  |
| Retained earnings                           | 18,635               | 19,864                   |
| Equity attributable to owners of the parent | 30,093               | 30,962                   |
| Non-controlling interests                   | –                    | (4)                      |
| Total equity                                | 30,093               | 30,957                   |
| Total liabilities and equity                | 164,762              | 152,146                  |

**(2) Condensed interim consolidated statement of net income and condensed interim consolidated statement of comprehensive income**

**Condensed interim consolidated statement of net income**

Six-month period ended September 30, 2021

(Millions of yen)

|  | Six-month period ended<br>September 30, 2020 | Six-month period ended<br>September 30, 2021 |
|--|--|--|
| Operating revenue  | 13,274                                       | 13,037                                       |
| Operating expenses   |  |  |
| Finance costs  | (1,519)                                      | (1,741)                                      |
| Selling, general and administrative expenses                 | (7,568)                                      | (7,647)                                      |
| Other expenses   | (20)   | (201)  |
| Total operating expenses                                     | (9,108)                                      | (9,589)                                      |
| Other income and expenses                                    |  |  |
| Other income   | 7  | 34   |
| Other expenses   | (193)  | (159)  |
| Total other income and expenses                              | (185)  | (125)  |
| Income before tax  | 3,981  | 3,322  |
| Income tax expenses  | (1,282)                                      | (1,036)                                      |
| Net income   | 2,698  | 2,286  |
| Net income attributable to:                                  |  |  |
| Owners of the parent   | 2,698  | 2,293  |
| Non-controlling interests                                    | –  | (7)  |
| Net income   | 2,698  | 2,286  |
| Earnings per share<br>(Attributable to owners of the parent) |  |  |
| Basic earnings per share (Yen)                               | 76.60  | 64.64  |
| Diluted earnings per share (Yen)                             | 75.71  | 64.16  |

Three-month period ended September 30, 2021

(Millions of yen)

|  | Three-month period ended<br>September 30, 2020 | Three-month period ended<br>September 30, 2021 |
|--|--|--|
| Operating revenue  | 6,790  | 6,183  |
| Operating expenses   |  |  |
| Finance costs  | (782)  | (853)  |
| Selling, general and administrative expenses                 | (3,925)  | (3,597)  |
| Other expenses   | (7)  | (181)  |
| Total operating expenses                                     | (4,715)  | (4,633)  |
| Other income and expenses                                    |  |  |
| Other income   | 3  | 24   |
| Other expenses   | (97)   | (80)   |
| Total other income and expenses                              | (93)   | (56)   |
| Income before tax  | 1,980  | 1,493  |
| Income tax expenses  | (655)  | (465)  |
| Net income   | 1,325  | 1,027  |
| Net income attributable to:                                  |  |  |
| Owners of the parent   | 1,325  | 1,032  |
| Non-controlling interests                                    | –  | (4)  |
| Net income   | 1,325  | 1,027  |
| Earnings per share<br>(Attributable to owners of the parent) |  |  |
| Basic earnings per share (Yen)                               | 37.61  | 29.13  |
| Diluted earnings per share (Yen)                             | 37.17  | 28.94  |



## Condensed interim consolidated statement of comprehensive income

Six-month period ended September 30, 2021

(Millions of yen)

|                                       | Six-month period ended<br>September 30, 2020 | Six-month period ended<br>September 30, 2021 |
|---------------------------------------|--|--|
| Net income                            | 2,698  | 2,286  |
| Comprehensive income                  | 2,698  | 2,286  |
| Comprehensive income attributable to: |  |  |
| Owners of the parent                  | 2,698  | 2,293  |
| Non-controlling interests             | –  | (7)  |
| Comprehensive income                  | 2,698  | 2,286  |

Three-month period ended September 30, 2021

(Millions of yen)

|                                       | Three-month period ended<br>September 30, 2020 | Three-month period ended<br>September 30, 2021 |
|---------------------------------------|--|--|
| Net income                            | 1,325  | 1,027  |
| Comprehensive income                  | 1,325  | 1,027  |
| Comprehensive income attributable to: |  |  |
| Owners of the parent                  | 1,325  | 1,032  |
| Non-controlling interests             | –  | (4)  |
| Comprehensive income                  | 1,325  | 1,027  |

**(3) Condensed interim consolidated statement of changes in equity**

Six-month period ended September 30, 2020

(Millions of yen)

|                                     | Equity attributable to owners of the parent |               |                 |                   |        | Total equity |
|-------------------------------------|---|---------------|-----------------|-------------------|--------|--------------|
|                                     | Share capital                               | Share premium | Treasury shares | Retained earnings | Total  |              |
| Balance as of April 1, 2020         | 3,471                                       | 9,590         | (1,685)         | 15,257            | 26,634 | 26,634       |
| Net income                          | –   | –             | –               | 2,698             | 2,698  | 2,698        |
| Total comprehensive income          | –   | –             | –               | 2,698             | 2,698  | 2,698        |
| Purchase of treasury shares         | –   | (1)           | (299)           | –                 | (301)  | (301)        |
| Disposal of treasury shares         | –   | (481)         | 693             | –                 | 212    | 212          |
| Dividends                           | –   | –             | –               | (915)             | (915)  | (915)        |
| Share acquisition rights            | –   | 46            | –               | –                 | 46     | 46           |
| Restricted share-based remuneration | –   | 5             | –               | –                 | 5      | 5            |
| Total transactions with owners      | –   | (431)         | 393             | (915)             | (952)  | (952)        |
| Balance as of September 30, 2020    | 3,471                                       | 9,159         | (1,292)         | 17,041            | 28,379 | 28,379       |

Six-month period ended September 30, 2021

(Millions of yen)

|   | Equity attributable to owners of the parent |               |                 |                   |         | Non-controlling interests | Total equity |
|---|---|---------------|-----------------|-------------------|---------|---------------------------|--------------|
|   | Share capital                               | Share premium | Treasury shares | Retained earnings | Total   |                           |              |
| Balance as of April 1, 2021                   | 3,471                                       | 9,057         | (1,070)         | 18,635            | 30,093  | –                         | 30,093       |
| Net income                                    | –   | –             | –               | 2,293             | 2,293   | (7)                       | 2,286        |
| Total comprehensive income                    | –   | –             | –               | 2,293             | 2,293   | (7)                       | 2,286        |
| Purchase of treasury shares                   | –   | (2)           | (453)           | –                 | (456)   | –                         | (456)        |
| Disposal of treasury shares                   | –   | (213)         | 284             | –                 | 70      | –                         | 70           |
| Dividends                                     | –   | –             | –               | (1,065)           | (1,065) | –                         | (1,065)      |
| Share acquisition rights                      | –   | (2)           | –               | –                 | (2)     | –                         | (2)          |
| Restricted share-based remuneration           | –   | 26            | –               | –                 | 26      | –                         | 26           |
| Changes in ownership interest in subsidiaries | –   | –             | –               | –                 | –       | 3                         | 3            |
| Total transactions with owners                | –   | (191)         | (168)           | (1,065)           | (1,425) | 3                         | (1,422)      |
| Balance as of September 30, 2021              | 3,471                                       | 8,866         | (1,239)         | 19,864            | 30,962  | (4)                       | 30,957       |

**(4) Condensed interim consolidated statement of cash flows**

(Millions of yen)

|   | Six-month period ended<br>September 30, 2020 | Six-month period ended<br>September 30, 2021 |
|---|--|--|
| Cash flows from operating activities                                    |  |  |
| Income before tax   | 3,981  | 3,322  |
| Depreciation and amortization expenses                                  | 569  | 559  |
| Amortization expenses of servicing assets                               | 178  | 167  |
| Impairment loss   | –  | 4  |
| Interest income   | (174)  | (152)  |
| Net gain or loss (gain) arising on financial instruments<br>as at FVTPL | (1,038)                                      | (220)  |
| Interest expenses   | 350  | 327  |
| Revenue related to liquidation of loans receivable                      | (1,859)                                      | (2,281)                                      |
| Decrease (increase) in trade receivables                                | (146)  | (69)   |
| Decrease (increase) in operating loans receivable                       | 4,938  | 10,135                                       |
| Decrease (increase) in deposits paid                                    | 39   | (24)   |
| Decrease (increase) in accounts receivable                              | 118  | 68   |
| Decrease (increase) in other financial assets                           | (220)  | 67   |
| Decrease (increase) in other assets                                     | 146  | 63   |
| Increase (decrease) in deposits received                                | (122)  | (5,994)                                      |
| Increase (decrease) in provisions                                       | (0)  | (0)  |
| Increase (decrease) in other financial liabilities                      | (95)   | (413)  |
| Increase (decrease) in other liabilities                                | (520)  | (105)  |
| Other   | 32   | (303)  |
| Subtotal  | 6,179  | 5,151  |
| Interest received   | 968  | 532  |
| Interest paid   | (238)  | (242)  |
| Income taxes paid   | (1,667)                                      | (1,435)                                      |
| Net cash provided by operating activities                               | 5,242  | 4,007  |
| Cash flows from investing activities                                    |  |  |
| Purchase of intangible assets   | (346)  | (279)  |
| Other   | (48)   | (78)   |
| Net cash used in investing activities                                   | (394)  | (358)  |
| Cash flows from financing activities                                    |  |  |
| Payments for purchase of treasury shares                                | (301)  | (449)  |
| Net increase (decrease) in short-term borrowings                        | (4,000)                                      | (14,400)                                     |
| Increase (decrease) in borrowings accompanying the<br>liquidation       | (267)  | (0)  |
| Proceeds from non-current borrowings                                    | 12,700                                       | 7,000  |
| Repayments of non-current borrowings                                    | (800)  | (800)  |
| Repayments of lease liabilities   | (347)  | (367)  |
| Proceeds from exercise of share options                                 | 212  | 67   |
| Dividends paid  | (914)  | (1,065)                                      |
| Other   | –  | 3  |
| Net cash provided by (used in) financing activities                     | 6,281  | (10,011)                                     |
| Increase (decrease) in cash and cash equivalents                        | 11,129                                       | (6,363)                                      |
| Cash and cash equivalents at beginning of period                        | 14,811                                       | 37,404                                       |
| Cash and cash equivalents at end of period                              | 25,941                                       | 31,041                                       |

## (5) Notes to condensed interim consolidated financial statements

*(Note on assumption of going concern)*

Not applicable.

*(Changes in accounting policies)*

The significant accounting policies applied to the condensed interim consolidated financial statements are identical to the accounting policies applied to the consolidated financial statements in the previous fiscal year except for the following items.

Income tax expenses for the six-month period ended September 30, 2021, were calculated based on the estimated annual effective tax rate.

| IFRS    |                                    | Outline of new standards and amendments  |
|---------|------------------------------------|--|
| IFRS 16 | Leases                             | Revision of accounting treatment for lessee in regard to COVID-19-related rent concessions   |
| IFRS 4  | Insurance Contracts                | Revision to address the impact on financial reporting that arises when, in line with the IBOR reform, the current interest rate benchmark is replaced by an alternative reference rate |
| IFRS 7  | Financial Instruments: Disclosures |  |
| IFRS 9  | Financial Instruments              |  |
| IFRS 16 | Leases                             |  |

The adoption of above standards does not have a significant effect on the condensed interim consolidated financial statements.

*(Segment information)*

### (1) General information

The Company's business consists of the execution and collection of long-term and fixed rate housing loans such as "Flat 35," floating rate or fixed and floating rate mixed-type housing loans, and the sale of insurance products incidental to these loans, etc. As such, the Company has a single reportable segment since there are no separable operating segments.

### (2) Information about services

|   | (Millions of yen)                            |  |
|---|--|--|
|   | Six-month period ended<br>September 30, 2020 | Six-month period ended<br>September 30, 2021 |
| Loan execution operations                 | 6,926  | 6,552  |
| Financing operations                      | 3,968  | 3,532  |
| Loan management and collection operations | 1,208  | 1,387  |
| Insurance-related operations              | 953  | 1,197  |
| Other operations                          | 217  | 367  |
| Total operating revenue                   | 13,274                                       | 13,037                                       |