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## Consolidated Financial Results for the First Nine-Month Period of the Fiscal Year Ending March 31, 2023 (under IFRS)

February 9, 2023

Company name: ARUHI Corporation (the “Company”)  
 Listing: Tokyo Stock Exchange  
 Securities code: 7198  
 URL: <https://www.aruhi-group.co.jp/english>  
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 Scheduled date to file interim securities report: February 13, 2023  
 Scheduled date to commence dividend payments: –  
 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 nine-month period of the fiscal year ending March 31, 2023 (from April 1, 2022 to December 31, 2022)

#### (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	%
Nine-month period ended								
December 31, 2022	17,612	(10.8)	3,663	(31.8)	2,517	(31.9)	2,530	(31.8)
December 31, 2021	19,734	(2.8)	5,375	(9.9)	3,698	(8.6)	3,710	(8.3)

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Nine-month period ended				
December 31, 2022	2,517	(31.9)	71.48	71.19
December 31, 2021	3,698	(8.6)	104.74	104.02

#### (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				
December 31, 2022	145,481	32,381	32,405	22.3
March 31, 2022	150,713	31,877	31,889	21.2

## 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 March 31, 2022	–	30.00	–	30.00	60.00
Fiscal year ending March 31, 2023	–	30.00	–		
Fiscal year ending March 31, 2023 (Forecast)				25.00	55.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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 March 31, 2023	24,500	(2.7)	4,500	(26.8)	3,100	(26.6)	3,100	(26.9)	87.64

- 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 six-month period ended September 30, 2022.

\* **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: Yes

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 December 31, 2022	36,080,600 shares
As of March 31, 2022	36,080,600 shares

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

As of December 31, 2022	607,960 shares
As of March 31, 2022	769,460 shares

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

For the nine-month period ended December 31, 2022	35,405,317 shares
For the nine-month period ended December 31, 2021	35,426,051 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.

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

### (1) Explanation of operating results

In the nine-month period ended December 31, 2022, the housing-related industry was affected by a sustained uptrend in housing prices, stemming from global inflationary trends from the start of 2022 and soaring construction material prices against the backdrop of the yen's depreciation. Both the number of new housing starts and the number of brokered contracts were down year on year. The housing loan market saw growing demand for loans with lower monthly repayments, a widening gap between fixed and variable interest rates, and mounting competition among banks to lower interest rates in line with growth in deposits. These factors acted to sustain the trend among homebuyers of choosing variable interest rate loans, creating an adverse market environment for "Flat 35" fixed rate housing loans. In addition to these trends, the surge in housing prices, particularly in the Tokyo metropolitan area, and a fall in real wages prompted some customers to defer home purchases. The number of "Flat 35" loans executed during the nine-month period ended December 31, 2022 fell 21.9% year on year as a result.

Under these circumstances, with the aim of strengthening sales capabilities for housing loan products, the ARUHI Group established eight branch offices across Japan and pursued sales activities centered on regional communities. We also expanded the number of directly operated sales offices that offer variable interest rate loans and other products from banks.

In addition, as a "homebuying service company," we are building a framework to guide prospective homebuyers through the process of searching for a community or property, purchasing a home, and applying for a housing loan. Our online service "TownU" offers suggestions on the "most livable communities" suited to the different lifestyles and values of individual customers. We added a property recommendation function to the platform—in addition to the existing community search using a "community diagnostic" tool, we rolled out a property search service on community information pages. ARUHI Homebuying Concierge Corporation, a company that provides consulting services to prospective homebuyers, took steps to strengthen collaboration with real estate companies in addition to TownU, with the aim of reinforcing its marketing outreach to a wide range of customers.

The tender offer for the common shares of the Company commenced on September 15, 2022 by SBI Non-Bank Holdings Co., Ltd., a wholly owned subsidiary of SBI Holdings, Inc., was completed as planned on November 11, 2022. As a result of the tender offer, SBI Holdings became the parent company of the Company on November 18, 2022.

Now that the tender offer has completed, we will work together with the SBI Group to further expand our product lineup and sales channels and enhance our services as a "homebuying service company." To this end, we are in active dialogue with the SBI Group around the areas of handling SBI Shinsei Bank products as an agent, joint development of variable interest rate products that can be sold at franchise locations, and our making use of the bases of SBI Group companies.

Operating revenue for the nine-month period ended December 31, 2022 fell ¥2,121 million year on year to ¥17,612 million (-10.8% year on year). Sluggish performance of "Flat 35" housing loans was a major factor behind a 27.7% year-on-year decline in loan execution revenue. Meanwhile, loan servicing and insurance revenue remained firm, climbing 9.1% and 14.4% year on year, respectively, while revenue from other services (including new businesses) were up 50.6% year on year. In addition, finance revenue was down only 4.9% year on year, as a year-on-year increase in revenue relating to the fair value of financial instruments largely offset a drop in loan receivable securitization revenue (which is linked to loan execution revenue). Operating expenses were down 2.1% year on year, as a decline in variable expenses outweighed the recognition of expenses related to the above-mentioned tender offer. As a result of the above, income before tax declined ¥1,711 million year on year to ¥3,663 million (-31.8% year on year), net income was ¥2,517 million (-31.9% year on year), and net income attributable to owners of the parent was ¥2,530 million (-31.8% year on year).

Segment information has been omitted as the ARUHI Group operates in a single segment, namely, the housing loan business.

**(2) Explanation of financial position**

As of December 31, 2022, assets were ¥145,481 million, a decrease of ¥5,231 million compared with March 31, 2022. This was primarily due to cash and cash equivalents decreasing ¥4,458 million and operating loans receivable decreasing ¥3,664 million, despite other financial assets increasing ¥3,244 million.

As of December 31, 2022, liabilities were ¥113,100 million, a decrease of ¥5,734 million compared with March 31, 2022. This was primarily due to borrowings decreasing ¥5,089 million and deposits received decreasing ¥3,757 million, despite other financial liabilities increasing ¥3,813 million.

As of December 31, 2022, equity was ¥32,381 million, an increase of ¥503 million compared with March 31, 2022. This was primarily due to the recording of net income of ¥2,517 million, despite dividends of surplus of ¥2,123 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, 2023 announced on “Notice Regarding Revisions to Earnings Forecasts and Dividend Forecasts” released on October 27, 2022.

## 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, 2022	As of December 31, 2022
<b>Assets</b>		
Cash and cash equivalents	22,232	17,774
Trade receivables	1,007	852
Operating loans receivable	68,703	65,039
Deposits paid	149	142
Accounts receivable	24	38
Other financial assets	28,274	31,518
Other assets	1,205	1,450
Property, plant and equipment	1,563	1,378
Goodwill	24,464	24,464
Intangible assets	2,930	2,663
Deferred tax assets	157	157
<b>Total assets</b>	<b>150,713</b>	<b>145,481</b>
<b>Liabilities</b>		
Deposits received	11,162	7,404
Lease liabilities	1,249	1,000
Borrowings	65,780	60,690
Provisions	197	208
Income taxes payable	543	179
Other financial liabilities	38,564	42,378
Other liabilities	1,336	1,237
<b>Total liabilities</b>	<b>118,835</b>	<b>113,100</b>
<b>Equity</b>		
Share capital	3,471	3,471
Share premium	8,903	8,754
Treasury shares	(1,236)	(978)
Retained earnings	20,750	21,158
Equity attributable to owners of the parent	31,889	32,405
Non-controlling interests	(11)	(24)
<b>Total equity</b>	<b>31,877</b>	<b>32,381</b>
<b>Total liabilities and equity</b>	<b>150,713</b>	<b>145,481</b>

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

**Condensed interim consolidated statement of net income**

Nine-month period ended December 31, 2022

(Millions of yen)

	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2022
Operating revenue	19,734	17,612
Operating expenses		
Finance costs	(2,643)	(2,698)
Selling, general and administrative expenses	(11,242)	(10,583)
Other expenses	(278)	(584)
Total operating expenses	(14,163)	(13,866)
Other income and expenses		
Other income	42	52
Other expenses	(238)	(134)
Total other income and expenses	(196)	(82)
Income before tax	5,375	3,663
Income tax expenses	(1,676)	(1,145)
Net income	3,698	2,517
Net income attributable to:		
Owners of the parent	3,710	2,530
Non-controlling interests	(11)	(12)
Net income	3,698	2,517
Earnings per share (Attributable to owners of the parent)		
Basic earnings per share (Yen)	104.74	71.48
Diluted earnings per share (Yen)	104.02	71.19



Three-month period ended December 31, 2022

(Millions of yen)

	Three-month period ended December 31, 2021	Three-month period ended December 31, 2022
Operating revenue	6,697	5,807
Operating expenses		
Finance costs	(901)	(877)
Selling, general and administrative expenses	(3,595)	(3,647)
Other expenses	(76)	(135)
Total operating expenses	(4,573)	(4,661)
Other income and expenses		
Other income	8	6
Other expenses	(79)	(46)
Total other income and expenses	(70)	(40)
Income before tax	2,052	1,105
Income tax expenses	(640)	(350)
Net income	1,412	755
Net income attributable to:		
Owners of the parent	1,416	760
Non-controlling interests	(3)	(5)
Net income	1,412	755
Earnings per share (Attributable to owners of the parent)		
Basic earnings per share (Yen)	40.12	21.43
Diluted earnings per share (Yen)	39.89	21.33

## Condensed interim consolidated statement of comprehensive income

Nine-month period ended December 31, 2022

(Millions of yen)

	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2022
Net income	3,698	2,517
Comprehensive income	3,698	2,517
Comprehensive income attributable to:		
Owners of the parent	3,710	2,530
Non-controlling interests	(11)	(12)
Comprehensive income	3,698	2,517

Three-month period ended December 31, 2022

(Millions of yen)

	Three-month period ended December 31, 2021	Three-month period ended December 31, 2022
Net income	1,412	755
Comprehensive income	1,412	755
Comprehensive income attributable to:		
Owners of the parent	1,416	760
Non-controlling interests	(3)	(5)
Comprehensive income	1,412	755

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

Nine-month period ended December 31, 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	–	–	–	3,710	3,710	(11)	3,698
Total comprehensive income	–	–	–	3,710	3,710	(11)	3,698
Purchase of treasury shares	–	(2)	(453)	–	(456)	–	(456)
Disposal of treasury shares	–	(213)	284	–	70	–	70
Dividends	–	–	–	(2,124)	(2,124)	–	(2,124)
Share acquisition rights	–	5	–	–	5	–	5
Restricted share-based remuneration	–	39	–	–	39	–	39
Changes in ownership interest in subsidiaries	–	–	–	–	–	3	3
Total transactions with owners	–	(171)	(168)	(2,124)	(2,464)	3	(2,461)
Balance as of December 31, 2021	3,471	8,886	(1,239)	20,221	31,339	(8)	31,330

Nine-month period ended December 31, 2022

(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, 2022	3,471	8,903	(1,236)	20,750	31,889	(11)	31,877
Net income	–	–	–	2,530	2,530	(12)	2,517
Total comprehensive income	–	–	–	2,530	2,530	(12)	2,517
Disposal of treasury shares	–	(98)	173	–	75	–	75
Dividends	–	–	–	(2,123)	(2,123)	–	(2,123)
Share acquisition rights	–	(0)	–	–	(0)	–	(0)
Restricted share-based remuneration	–	(50)	84	–	33	–	33
Total transactions with owners	–	(149)	258	(2,123)	(2,014)	–	(2,014)
Balance as of December 31, 2022	3,471	8,754	(978)	21,158	32,405	(24)	32,381

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

(Millions of yen)

	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2022
Cash flows from operating activities		
Income before tax	5,375	3,663
Depreciation and amortization expenses	851	924
Amortization expenses of servicing assets	248	226
Impairment loss	4	–
Interest income	(217)	(168)
Net gain or loss (gain) arising on financial instruments as at FVTPL	(817)	(1,838)
Interest expenses	492	418
Revenue related to liquidation of loans receivable	(3,108)	(2,954)
Decrease (increase) in trade receivables	(51)	154
Decrease (increase) in operating loans receivable	10,786	7,636
Decrease (increase) in deposits paid	(33)	6
Decrease (increase) in accounts receivable	122	(14)
Decrease (increase) in other financial assets	248	962
Decrease (increase) in other assets	(162)	(236)
Increase (decrease) in deposits received	(3,220)	(3,757)
Increase (decrease) in provisions	(0)	(0)
Increase (decrease) in other financial liabilities	(330)	10
Increase (decrease) in other liabilities	(90)	(99)
Other	(274)	34
Subtotal	9,822	4,969
Interest received	801	689
Interest paid	(448)	(298)
Income taxes paid	(2,682)	(1,510)
Net cash provided by operating activities	7,492	3,849
Cash flows from investing activities		
Purchase of intangible assets	(415)	(483)
Other	(100)	(89)
Net cash used in investing activities	(516)	(572)
Cash flows from financing activities		
Payments for purchase of treasury shares	(449)	–
Net increase (decrease) in short-term borrowings	(21,300)	(10,900)
Increase (decrease) in borrowings accompanying the liquidation	(0)	(0)
Proceeds from non-current borrowings	14,000	6,500
Repayments of non-current borrowings	(800)	(800)
Repayments of lease liabilities	(545)	(496)
Proceeds from exercise of share options	67	75
Dividends paid	(2,120)	(2,113)
Other	3	–
Net cash used in financing activities	(11,145)	(7,735)
Increase (decrease) in cash and cash equivalents	(4,168)	(4,458)
Cash and cash equivalents at beginning of period	37,404	22,232
Cash and cash equivalents at end of period	33,235	17,774

## (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 nine-month period ended December 31, 2022, were calculated based on the estimated annual effective tax rate.

IFRS		Outline of new standards and amendments
IAS 16	Property, Plant and Equipment	It is prohibited to deduct income prior to intended use from the acquisition cost of property, plant and equipment
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Prescribes which costs should be included by a company when assessing whether a contract is loss-making
IFRS 3	Business Combinations	Updated references to the “Conceptual Framework for Financial Reporting” in IFRS 3
IFRS 9	Financial Instruments	Clarified the fees to be included in the 10% test for discontinued recognition of financial liabilities

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

*(Changes in accounting estimates)*

Fair value of financial instruments

Adjustments reasonably estimated after taking into consideration past performance, etc. in public data made available by external third-party institutions have been reflected in estimates for the conditional prepayment rate (CPR) when evaluating the fair value of some beneficiary rights (rights to receive dividend payments) arising from the transfer of housing loan receivables within the financial instruments held by the ARUHI Group. In the third quarter of this fiscal year, CPR estimates have been revised as a result of the comprehensive consideration of declines in public data made available by external third-party institutions, the increase in fixed rates and other factors.

As a result, other financial assets increased by ¥884 million as of December 31, 2022, and operating revenue and income before tax both increased by ¥884 million in the nine-month period ended December 31, 2022, compared to figures prior to the revision.

*(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)

	Nine-month period ended December 31, 2021	Nine-month period ended December 31, 2022
Loan execution operations	9,539	6,897
Financing operations	5,359	5,097
Loan management and collection operations	2,095	2,285
Insurance-related operations	2,192	2,507
Other operations	548	825
Total operating revenue	19,734	17,612