



(Translation for reference only)

August 11, 2021

## Consolidated Financial Results for the First Quarter of Fiscal Year 2021 For the Three Months Ended June 30, 2021 (Under Japanese GAAP)

Company name: AIFUL Corporation  
 Stock Listing: Tokyo Stock Exchange  
 Stock Code: 8515  
 URL: <https://www.aiful.co.jp>  
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 Scheduled date of submission of Quarterly Securities Report: August 13, 2020  
 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 2021 (April 1, 2021 – June 30, 2021)

(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, 2021	32,329	1.2%	5,708	(9.8)%	5,714	(24.4)%	5,012	(29.5)%
June 30, 2020	31,940	5.6%	6,329	112.5%	7,561	140.6%	7,111	105.9%

Note: Comprehensive income: For the three months ended  
 June 30, 2021: 5,306 million yen (21.8)%  
 June 30, 2020: 6,784 million yen 95.6%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Three months ended		
June 30, 2021	10.36	—
June 30, 2020	14.70	—

#### 2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of			
June 30, 2021	876,081	149,554	16.8
March 31, 2021	863,354	147,692	16.9

Reference: Shareholders' equity: As of June 30, 2021: 147,288 million yen  
 As of March 31, 2021: 145,555 million yen

Note : The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the first quarter of the current fiscal year.

### 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, 2021	—	0.00	—	1.00	1.00
FY ending March 31, 2022	—	—	—	—	—
FY ending March 31, 2022 (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, 2022 (April 1, 2021 – March 31, 2022)

(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, 2021	65,100	2.6%	9,000	(4.0)%	9,200	(11.3)%	7,900	(19.5)%	16.33
Fiscal year ending March 31, 2022	132,800	4.2%	23,700	35.2%	24,200	25.4%	21,100	14.4%	43.62

Note: Revisions to consolidated earnings forecasts: None

### IV. Other

(1) Changes in significant subsidiaries during the three months ended June 30, 2021

(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: Yes

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

(c) Change in accounting estimates: None

(d) Restatements: None

Note: For details, please refer to "Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)" on page 8 of [Appendix].

(4) Number of shares issued (Common stock)

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

FY2021 1Q	484,620,136 shares	FY2020	484,620,136 shares
FY2021 1Q	917,470 shares	FY2020	917,470 shares
FY2021 1Q	483,702,666 shares	FY2020 1Q	483,702,790 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.

## Contents

1. Quarterly Qualitative Information on Business Results.....	2
(1) Qualitative Information on Business Results.....	2
(2) Qualitative Information on the Forecasts for the Consolidated Business Results.....	2
2. Quarterly Consolidated Financial Statements and Notes.....	3
(1) Quarterly Consolidated Balance Sheets.....	3
(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	4
(3) Quarterly Consolidated Statements of Cash Flows.....	6
(4) Notes to Quarterly Consolidated Financial Statements .....	7
(Notes on Premise of Going Concern) .....	7
(Changes in scope of consolidation or scope of equity method application) .....	7
(Notes in Case of any Significant Changes in the Amount Shareholders' Equity) .....	7
(Changes in Accounting Policy) .....	7
(Additional Information) .....	8

## 1. Quarterly Qualitative Information on Business Results

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Accounting Standard for Revenue Recognition") and other standards from the beginning of the first quarter of the current fiscal year, which have affected its financial position and results of operations.

For details, please refer to "2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

### (1) Qualitative Information on Business Results

During the three months ended June 30, 2021, the Japanese economy remains highly unpredictable on issues regarding re-spread of COVID-19 including the reoccurrence of emergency declarations or pre-emergency measures in some areas despite the spread of vaccination.

In the consumer finance industry, compared with the same period of the previous fiscal year, when the spread of infections and the resulting impact on economic activities were conspicuous, the number of new acquisitions by major companies is on a recovery trend. However, the outlook remains uncertain amid concerns about the impact of COVID-19 on economic activities.

Under these circumstances, AIFUL Group has been working to expand operating assets and diversify financial business on a group-wide basis while dealing with interest repayment claims, which is one of the management issues, with an emphasis on the balance between "safety," "profitability," "growth" and "efficiency."

(Overview of the results)

AIFUL Group's consolidated operating revenue for the first quarter of the fiscal year ended March 31, 2022 rose 1.2% compared with the corresponding period of the previous fiscal year, to 32,329 million yen. The principal components were 18,588 million yen in interest on loans (down 0.8% year on year), 4,450 million yen in revenue from the credit card business (down 0.9% year on year) and 3,865 million yen in revenue from the credit guarantee business (up 1.8% year on year).

Operating expenses was 26,621 million yen (up 3.9% year on year). The main factor behind the increase is that advertising-related expenses were kept down due to the spread of the infectious disease of COVID-19 in the same period of the previous fiscal year.

As a result, AIFUL Group posted operating profit of 5,708 million yen (down 9.8% year on year) and ordinary profit of 5,714 million yen (down 24.4% year on year). Profit attributable to owners of parent stood at 5,012 million yen (down 29.5% year on year), reflecting a profit attributable to non-controlling interests of 65 million yen.

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

The Group's earnings forecast for the fiscal year ended March 31, 2022 remains unchanged from the earnings forecast announced on May 12, 2021.

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, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	40,950	47,757
Operating loans	516,340	516,496
Accounts receivables - installment	101,719	100,085
Operational investment securities	1,701	1,765
Customers' liabilities for acceptances and guarantees	170,553	178,554
Other operating receivables	8,749	8,642
Purchased receivables	3,173	4,217
Other	24,724	24,819
Allowance for doubtful accounts	(58,201)	(58,634)
Total current assets	809,712	823,704
Non-current assets		
Property, plant and equipment	17,765	17,654
Intangible assets	5,306	5,418
Investments and other assets	30,570	29,303
Total non-current assets	53,642	52,376
Total assets	863,354	876,081
<b>Liabilities</b>		
Current liabilities		
Notes & accounts payable-trade	38,265	36,086
Acceptances and guarantees	170,553	178,554
Short-term borrowings	100,750	89,239
Current portion of bonds	15,075	30,075
Current portion of long-term borrowings	146,136	147,540
Income taxes payable	2,112	179
Reserves	3,957	698
Other	22,745	27,983
Total current liabilities	499,596	510,358
Non-current liabilities		
Bonds payable	15,000	20,000
Long-term borrowings	180,677	178,607
Provision for loss on interest repayment	12,913	10,227
Other	7,474	7,332
Total non-current liabilities	216,065	216,168
Total liabilities	715,662	726,526
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	13,948	13,948
Retained earnings	38,669	40,238
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	143,536	145,104
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,705	1,813
Foreign currency translation adjustment	314	370
Total accumulated other comprehensive income	2,019	2,184
Non-controlling interests	2,136	2,266
Total net assets	147,692	149,554
Total liabilities and net assets	863,354	876,081

## (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, 2020 (Apr 1, 2020 to Jun 30, 2020)	Three months ended Jun 30, 2021 (Apr 1, 2021 to Jun 30, 2021)
Operating revenue		
Interest on operating loans	18,740	18,588
Revenue from credit card business	4,489	4,450
Revenue from credit guarantee	3,796	3,865
Other financial revenue	1	1
Other operating revenue	4,912	5,423
Total operating revenue	<u>31,940</u>	<u>32,329</u>
Operating expenses		
Financial expenses	1,786	1,805
Cost of sales	240	64
Other operating expenses	23,583	24,751
Total operating expenses	<u>25,610</u>	<u>26,621</u>
Operating profit	<u>6,329</u>	<u>5,708</u>
Non-operating income		
Interest on loans receivable	39	49
Dividend income	17	12
Share of profit of entities accounted for using equity method	46	2
Foreign exchange gains	471	—
Gain on sales of investment securities	367	—
Other	327	114
Total non-operating income	<u>1,269</u>	<u>180</u>
Non-operating expenses		
Interest expenses	1	—
Foreign exchange gains	—	163
Other	36	11
Total non-operating expenses	<u>37</u>	<u>174</u>
Ordinary profit	<u>7,561</u>	<u>5,714</u>
Profit before income taxes	<u>7,561</u>	<u>5,714</u>
Income taxes - current	627	100
Income taxes - deferred	(123)	535
Total income taxes	<u>504</u>	<u>636</u>
Profit	<u>7,057</u>	<u>5,078</u>
Profit (loss) attributable to non-controlling interests	<u>(54)</u>	<u>65</u>
Profit attributable to owners of parent	<u>7,111</u>	<u>5,012</u>

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

	(Millions of yen)	
	Three months ended Jun 30, 2020 (Apr 1, 2020 to Jun 30, 2020)	Three months ended Jun 30, 2021 (Apr 1, 2021 to Jun 30, 2021)
Profit	7,057	5,078
Other Comprehensive income		
Valuation difference on available-for-sale securities	156	114
Foreign currency translation adjustment	(428)	113
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total other comprehensive income	(272)	227
Comprehensive income	6,784	5,306
Comprehensive income attributable to		
Owners of parent	7,047	5,177
Non-controlling interests	(262)	129

## (3) Quarterly Consolidated Statements of Cash Flows

	(Millions of yen)	
	Three months ended Jun 30, 2020 (Apr 1, 2020 to Jun 30, 2020)	Three months ended Jun 30, 2021 (Apr 1, 2021 to Jun 30, 2021)
Cash flows from operating activities		
Profit before income taxes	7,561	5,714
Depreciation	813	798
Increase (decrease) in allowance for doubtful accounts	(1,049)	877
Increase (decrease) in provision for bonuses	(671)	(698)
Increase (decrease) in provision for point card certificates	(20)	(2,560)
Increase (decrease) in allowance for loss on interest repayment	(2,595)	(2,685)
Interest and dividend income	(56)	(62)
Interest expenses	1	—
Loss (gain) on sales of investment securities	(367)	—
Share of loss (profit) of entities accounted for using equity method	(46)	(2)
Decrease (increase) in interest on loans receivable	11,589	452
Decrease (increase) in accounts receivable – installment	5,557	1,634
Decrease (increase) in other operating receivable	(272)	107
Decrease (increase) in purchased receivable	(3)	(747)
Decrease (increase) in claims provable in bankruptcy	51	(851)
Decrease (increase) in business security deposits	(3,365)	—
Decrease (increase) in other current assets	2,486	(904)
Increase (decrease) in other current liabilities	(3,227)	1,233
Other	(511)	222
Subtotal	15,872	2,526
Interest and dividend income	14	153
Interest expenses paid	(0)	—
Income taxes paid	(1,714)	(1,777)
Cash flow from operating activities	14,171	902
Cash flow from investing activities		
Payments into time deposits	(5,001)	—
Purchase of property, plant and equipment	(696)	(310)
Purchase of intangible assets	(766)	(429)
Purchase of investment securities	—	(201)
Proceeds from sales of investment securities	539	—
Other	(48)	132
Cash flows from investing activities	(5,972)	(807)
Cash flow from financing activities		
Increase in short-term borrowings	331,880	317,679
Decrease in short-term borrowings	(333,329)	(329,440)
Proceeds from long-term borrowings	20,796	40,575
Repayments of long-term borrowings	(28,114)	(41,247)
Proceeds from issuance of bonds	—	20,000
Cash dividends paid	—	(483)
Other	(249)	(128)
Cash flows from financing activities	(9,017)	6,954
Effect of exchange rate changes on cash and cash equivalents	(358)	(75)
Net increase (decrease) in cash and cash equivalents	(1,176)	6,973
Cash and cash equivalents at beginning of period	43,520	35,945
Cash and cash equivalents at end of period	42,344	42,919



(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Changes in scope of consolidation or scope of equity method application)

Aiful Medical Finance Co., Ltd. was renamed AG MEDICAL CORPORATION on May 1, 2021.

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

Three months ended Jun 30, 2020 (Apr 1, 2020 to Jun 30, 2020)

Not applicable

Three months ended Jun 30, 2021 (Apr 1, 2021 to Jun 30, 2021)

1. Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share	Record date	Effective date	Source of dividends
April 26, 2021 Board of Directors	Common stock	483	1.00	March 31, 2021	June 1, 2021	Retained earnin

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

(Changes in Accounting Policies)

(Apply of Accounting Standard for Revenue Recognition)

The Company will adopt the revenue recognition accounting standard from the beginning of the first quarter of the current fiscal year and recognize revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services. Major changes due to this are as follows.

(1) Revenue recognition related to the in-house point system

LIFECARD Co., Ltd., a consolidated subsidiary of the Company, provides "LIFE Thanks Gifts" related to credit cards, and points are granted according to the amount of use by members. Previously, in order to prepare for the use of points granted, expenses expected to be utilized in the future were recorded as provision. However, if such points provide important rights to customers, they are identified as performance obligations and the recording of revenue is deferred.

(2) Revenue recognition related to in-house credit card annual membership fees

Previously, revenue from the annual membership fees of credit cards issued by LIFECARD Co., Ltd., a consolidated subsidiary, was recognized in a lump sum in the month of joining, but the method has been changed to recognize revenue when goods or services are provided. With regard to the application of the revenue recognition accounting standard, etc., in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of the current fiscal year has been adjusted to retained earnings at the beginning of the first quarter of the current fiscal year, and a new accounting policy has been applied from the beginning balance of the current fiscal year. However, the new accounting policy has not been applied retrospectively to contracts for which the method set forth in paragraph 86 of the Accounting Standard for Revenue Recognition has been applied and substantially all revenue amounts have been recognized in accordance with previous treatment

prior to the beginning of the first quarter of the current fiscal year. In addition, the Company has applied the method stipulated in proviso (1) of paragraph 86 of the Accounting Standard for Revenue Recognition and has accounted for contract modifications made prior to the beginning of the first quarter under review based on the conditions of the contract after reflecting all contract modifications, and has adjusted the cumulative effect to retained earnings at the beginning of the first quarter under review. As a result, operating revenue decreased by 49 million yen, operating expenses decreased by 60 million yen, operating profit increased by 10 million yen, and profit before income taxes and minority interests decreased by 22 million yen in the first quarter of the current fiscal year. In addition, the balance of retained earnings at the beginning of the fiscal year decreased by 2.96 billion yen.

In accordance with the transitional treatment stipulated in paragraph 28-15 of the "Accounting Standard for Quarterly Financial Statements" (ASBJ Statement No. 12, March 31, 2020), disaggregation of revenue from contracts with customers for the first quarter of the previous fiscal year is not presented.

(Apply of Accounting Standard for Calculation of Fair Value)

The Company has applied Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard ") and other measures from the beginning of the first quarter of the current fiscal year, and will continue to apply the new accounting policies stipulated by the Accounting Standards for Fair Value Measurement in accordance with the transitional treatment stipulated in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the Accounting Standards for Financial Instruments (ASBJ Statement No. 10, July 4, 2019) in the future. There is no impact on the quarterly consolidated financial statements.

(Additional Information)

(Tax effect accounting relating to the transition from the consolidated taxation system to the group tax sharing system)

The Company and some of its domestic consolidated subsidiaries have not adopted the provisions of paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018) for items that were transitioned to the group tax sharing system, which was established under the Act for Partial Amendment of the Income Tax Act, etc. (Law No. 8, 2020), as well as for which the non-consolidated taxation system was reviewed in conjunction with the transition pursuant to the treatment of paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39, March 31, 2020). Deferred tax assets and deferred tax liabilities are based on provisions of the Income Tax Act before the revision.

(Impact of COVID-19)

The Company maintains an allowance for doubtful accounts based on a variety of factors, including historical experience and available information. However, changes in uncertain economic conditions in the future, including the impact of COVID-19, may have a direct or indirect impact on the debtor. If the judgment of the actual bad debt ratio changes depending on the recovery status and other factors that appear as a result, there may be an increase or decrease in the allowance for doubtful accounts.