

AIFUL Corporation

Press Release

May 7, 2018

AIFUL Announces Revisions to Financial Results Forecast

AIFUL Corporation announced a revision of its forecast for financial results for the fiscal year ended March 31, 2018 announced on November 13, 2017 as detailed below.

1. Revisions to Consolidated Earnings Forecast for the fiscal year ended March 31, 2018

(April 1, 2017- March 31, 2018)

i. Consolidated

(Millions of yen)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (yen)
Previous Forecast (A)	103,700	8,800	9,100	10,000	20.67
Revised Forecast (B)	115,300	2,400	2,800	3,900	8.06
Amount of change (B-A)	11,600	(6,400)	(6,300)	(6,100)	-
Percentage change (%)	11.2	(72.7)	(69.2)	(61.0)	-
Reference: Earnings for previous FY ended in March 31, 2017	91,450	7,009	7,399	7,276	15.05

ii. Non-Consolidated

(Millions of yen)

	Operating revenue	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (yen)
Previous Forecast (A)	64,200	6,400	7,000	8,400	17.37
Revised Forecast (B)	64,600	300	900	2,400	4.96
Amount of change (B-A)	400	(6,100)	(6,100)	(6,000)	-
Percentage change (%)	0.6	(95.3)	(87.1)	(71.4)	-
Reference: Earnings for previous FY ended in March 31, 2017	58,339	3,587	4,090	4,823	9.98

2. Reason for the Revision

(Consolidated)

Operating revenue is expected to increase 11.6 billion yen from the previously announced forecast, to 115.3 billion yen. This is because our subsidiary LIFECARD CO., LTD will post 12.8 billion yen sales for orders for system

development, separately from operating revenues from the Group's businesses including the loan business, the mainstay business of the Group, that are expected to be generally in line with plans.

Operating expenses are expected to increase 18.0 billion yen, to 112.8 billion yen. The Company will post 11.2 billion yen cost of sales for orders for the system development above and 8.6 billion yen expenses related to interest repayment because the Company will make an additional provision for loss on interest repayment of 12.3 billion yen in light of the current situation of interest repayment and the reversal of allowance for waiver of principal (allowance for doubtful accounts) associated with interest repayment of 3.7 billion yen.

As a result of the above, operating profit is expected to be 2.4 billion yen (down 6.4 billion yen from the previous forecast), and ordinary profit is expected to be 2.8 billion yen (down 6.3 billion yen). Profit attributable to owners of parent is expected to be 3.9 billion yen (down 6.1 billion yen).

Orders for the system development received by LIFECARD CO., LTD are as follows.

While profit on system development was generally anticipated, fluctuations were expected because of many uncertainties such as man hours given that it was a large project. Therefore, the Company incorporated predictable profit into "other operating revenue" in the consolidated fiscal year under review when the system would be completed, for the sake of prudence with respect to the publication of results forecasts.

Under these circumstances, following the completion of the system in March 2018 as planned, the Company will record the total amount of finalized sales of 12.8 billion yen in operating revenue and the total amount of costs of 11.2 billion yen in operating expenses. Profit related to this project remains generally unchanged.

(Non-Consolidated)

While operating revenue is expected to be generally as planned, the Company will post 8.6 billion yen expenses related to interest repayment because the Company will make an additional provision for loss on interest repayment of 12.3 billion yen and the reversal of allowance for waiver of principal (allowance for doubtful accounts) associated with interest repayment of 3.7 billion yen in operating expenses, as in the consolidated accounting.

As a result, operating profit is expected to be 0.3 billion yen (down 6.1 billion yen from the previous forecast), and ordinary profit is expected to be 0.9 billion yen (down 6.1 billion yen). Profit is expected to be 2.4 billion yen (down 6.0 billion yen).

The earnings forecasts above are an outlook based on information available as of the date of announcement of this document, and final results may differ from the forecast values due to various factors such as the results of detailed examination in the future.