



(Translation for reference only)

August 7, 2020

## Consolidated Financial Results for the First Quarter of Fiscal Year 2020 For the Three Months Ended June 30, 2020 (Under Japanese GAAP)

Company name: AIFUL Corporation  
Stock Listing: Tokyo Stock Exchange  
Stock Code: 8515  
URL: <http://aiful.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, 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 2020 (April 1, 2020 – June 30, 2020)

(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, 2020	31,940	5.6%	6,329	112.5%	7,561	140.6%	7,111	105.9%
June 30, 2019	30,251	9.3%	2,979	103.6%	3,143	77.2%	3,453	87.7%

Note: Comprehensive income: For the three months ended  
June 30, 2020: 6,784 million yen 95.6%  
June 30, 2019: 3,468 million yen 149.6%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Three months ended		
June 30, 2020	14.70	—
June 30, 2019	7.14	—

#### 2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of			
June 30, 2020	846,240	135,716	15.7
March 31, 2020	860,507	128,931	14.6

Reference: Shareholders' equity: As of June 30, 2020: 133,064 million yen  
As of March 31, 2020: 126,017 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, 2020	—	0.00	—	0.00	0.00
FY ending March 31, 2021	—				
FY ending March 31, 2021 (Forecast)		0.00	—	0.00	0.00

Note: Revisions to dividend forecasts: None

### III. Earnings Forecast on a Consolidated Basis for the Fiscal Year ending March 31, 2021

(April 1, 2020 – March 31, 2021)

(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, 2020	67,600	10.3%	8,100	75.3%	8,300	67.7%	7,700	46.8%	15.92
Fiscal year ending March 31, 2021	139,100	9.5%	19,900	-	20,300	-	17,900	-	37.01

Note: The impacts of the novel coronavirus pandemic are not included in the above-mentioned business plan due to uncertainties in the future development.

Note: Revisions to consolidated earnings forecasts: None

### IV. Other

(1) Changes in significant subsidiaries during the three months ended June 30, 2020

(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)	FY2020 1Q	484,620,136 shares	FY2019	484,620,136 shares
(b) Number of treasury stock at the end of the period	FY2020 1Q	917,346 shares	FY2019	917,346 shares
(c) Average number of shares during the period	FY2020 1Q	483,702,790 shares	FY2019 1Q	483,702,934 shares

\* 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, 2020, the Japanese economy remained unpredictable on the back of a slump in consumption activities and the resulting changes in economic trends arising from the outbreak of the novel coronavirus (COVID-19).

Under these circumstances, while dealing with interest repayment claims as the principal management issue, the AIFUL Group has worked to increase operating assets and diversify the financial services business on a group-wide basis, and to manage its business with an emphasis on balancing safety, profitability and growth.

(Overview of the results)

The AIFUL Group's consolidated operating revenue for the first quarter of the fiscal year ending March 31, 2021 rose 5.6% compared with the corresponding period of the previous fiscal year, to 31,940 million yen. The principal components were 18,740 million yen in interest on loans (up 9.0% year on year), 4,489 million yen in revenue from the credit card business (up 5.1% year on year) and 3,796 million yen in revenue from the credit guarantee business (up 2.0% year on year). Also, the collection from purchased receivables were 321 million yen (down 18.5% year on year) and the recoveries of written off claims were 1,530 million yen (down 8.2% year on year).

Operating expenses decreased 1,661 million yen to 25,610 million yen (down 6.1% year on year). The main factors included a drop in sales promotion expenses due to a slump in consumption activities arising from the outbreak of COVID-19.

As a result, AIFUL Group posted operating income of 6,329 million yen (up 112.5% year on year) and ordinary income of 7,561 million yen (up 140.6% year on year). Profit attributable to owners of parent stood at 7,111 million yen (up 105.9% year on year), reflecting a loss attributable to non-controlling interests of 54 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, 2021 remains unchanged from the earnings forecast announced on May 11, 2020 since there were no material changes in the management policy and management strategy.

However, it should be noted that the final results may differ from the forecast as the business environment surrounding the Company contains various risks and, in particular, the impact of the outbreak of COVID-19 and the trend of interest repayment claims remain uncertain.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	43,524	47,349
Operating loans	516,960	503,600
Accounts receivables - installment	102,942	97,385
Operational investment securities	1,451	1,455
Customers' liabilities for acceptances and guarantees	157,858	155,424
Other operating receivables	8,858	9,131
Purchased receivables	3,121	3,125
Other	30,612	28,367
Allowance for doubtful accounts	(51,608)	(50,267)
Total current assets	813,722	795,571
Non-current assets		
Property, plant and equipment	19,698	19,329
Intangible assets	4,285	4,510
Investments and other assets	22,800	26,829
Total non-current assets	46,784	50,669
Total assets	860,507	846,240
<b>Liabilities</b>		
Current liabilities		
Notes & accounts payable-trade	37,156	33,823
Acceptances and guarantees	157,858	155,424
Short-term borrowings	103,119	101,116
Current portion of bonds	20,170	20,170
Current portion of long-term borrowings	121,928	127,412
Income taxes payable	2,026	760
Reserves	4,196	3,504
Other	22,925	22,387
Total current liabilities	469,381	464,597
Non-current liabilities		
Bonds payable	15,075	15,075
Long-term borrowings	215,601	201,956
Provision for loss on interest repayment	25,033	22,437
Other	6,484	6,458
Total non-current liabilities	262,194	245,926
Total liabilities	731,576	710,524
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	13,948	13,948
Retained earnings	20,232	27,343
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	125,098	132,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	459	608
Foreign currency translation adjustment	459	245
Total accumulated other comprehensive income	918	854
Non-controlling interests	2,914	2,651
Total net assets	128,931	135,716
Total liabilities and net assets	860,507	846,240

(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, 2019 (Apr 1, 2019 to Jun 30, 2019)	Three months ended Jun 30, 2020 (Apr 1, 2020 to Jun 30, 2020)
Operating revenue		
Interest on operating loans	17,196	18,740
Revenue from credit card business	4,271	4,489
Revenue from credit guarantee	3,722	3,796
Other financial revenue	1	1
Other operating revenue	5,059	4,912
Total operating revenue	30,251	31,940
Operating expenses		
Financial expenses	1,905	1,786
Cost of sales	273	240
Other operating expenses	25,092	23,583
Total operating expenses	27,272	25,610
Operating profit	2,979	6,329
Non-operating income		
Interest on loans receivable	66	39
Dividend income	13	17
Share of profit of entities accounted for using equity method	19	46
Foreign exchange gains	3	471
Rent on real estate	20	24
Gain on sales of investment securities	—	367
Subsidy income	—	249
Other	45	52
Total non-operating income	168	1,269
Non-operating expenses		
Interest expenses	1	1
Provision of allowance for doubtful accounts	—	1
Infectious disease related costs	—	34
Other	2	0
Total non-operating expenses	4	37
Ordinary profit	3,143	7,561
Extraordinary income		
Gain on reversal of shares acquisition rights	230	—
Total extraordinary income	230	—
Profit before income taxes	3,373	7,561
Income taxes - current	226	627
Income taxes - deferred	(248)	(123)
Total income taxes	(21)	504
Profit	3,395	7,057
Profit (loss) attributable to non-controlling interests	(57)	(54)
Profit attributable to owners of parent	3,453	7,111

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

	(Millions of yen)	
	Three months ended Jun 30, 2019 (Apr 1, 2019 to Jun 30, 2019)	Three months ended Jun 30, 2020 (Apr 1, 2020 to Jun 30, 2020)
Profit	3,395	7,057
Other Comprehensive income		
Valuation difference on available-for-sale securities	(101)	156
Foreign currency translation adjustment	174	(428)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	73	(272)
Comprehensive income	3,468	6,784
Comprehensive income attributable to		
Owners of parent	3,438	7,047
Non-controlling interests	30	(262)

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

	(Millions of yen)	
	Three months ended Jun 30, 2019 (Apr 1, 2019 to Jun 30, 2019)	Three months ended Jun 30, 2020 (Apr 1, 2020 to Jun 30, 2020)
Cash flows from operating activities		
Profit before income taxes	3,373	7,561
Depreciation	670	813
Increase (decrease) in allowance for doubtful accounts	(3,084)	(1,049)
Increase (decrease) in provision for bonuses	(645)	(671)
Increase (decrease) in provision for point card certificates	70	(20)
Increase (decrease) in allowance for loss on interest repayment	(3,665)	(2,595)
Interest and dividend income	(80)	(56)
Interest expenses	1	1
Loss (gain) on sales of investment securities	—	(367)
Share of loss (profit) of entities accounted for using equity method	(19)	(46)
Subsidy income	—	(249)
Gain on reversal of shares acquisition rights	(230)	—
Decrease (increase) in interest on loans receivable	(9,357)	11,589
Decrease (increase) in accounts receivable – installment	1,725	5,557
Decrease (increase) in other operating receivable	63	(272)
Decrease (increase) in purchased receivable	(32)	(3)
Decrease (increase) in claims provable in bankruptcy	2,737	51
Decrease (increase) in business security deposits	(151)	(3,365)
Decrease (increase) in other current assets	(240)	2,486
Increase (decrease) in other current liabilities	(781)	(3,227)
Other	73	(262)
Subtotal	(9,570)	15,872
Interest and dividend income	93	14
Interest expenses paid	(1)	(0)
Income taxes paid	(652)	(1,714)
Cash flow from operating activities	(10,131)	14,171
Cash flow from investing activities		
Payments into time deposits	—	(5,001)
Purchase of property, plant and equipment	(110)	(696)
Purchase of intangible assets	(214)	(766)
Purchase of investment securities	—	539
Other	(551)	(48)
Cash flows from investing activities	(877)	(5,972)
Cash flow from financing activities		
Increase in short-term borrowings	290,460	331,880
Decrease in short-term borrowings	(285,939)	(333,329)
Proceeds from long-term borrowings	44,365	20,796
Repayments of long-term borrowings	(54,644)	(28,114)
Proceeds from issuance of bonds	15,000	—
Purchase of treasury shares	(0)	—
Other	(132)	(249)
Cash flows from financing activities	9,108	(9,017)
Effect of exchange rate changes on cash and cash equivalents	(97)	(358)
Net increase (decrease) in cash and cash equivalents	(1,997)	(1,176)
Cash and cash equivalents at beginning of period	36,108	43,520
Cash and cash equivalents at end of period	34,110	42,344

(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)

AG MIRAIBARAI CO., LTD., which was established by LIFECARD Co., Ltd., a consolidated subsidiary of the Company, through an incorporation-type company split, has been included in the scope of consolidation starting from the first quarter of the current consolidated fiscal year.

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

Not applicable

(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 use of services by the Group's customers has changed due to the outbreak of COVID-19.

As a result, particular attention needs to be paid to future changes in funding needs. Meanwhile, we have deemed that the accounting estimates of allowance for doubtful accounts, etc. will not have a significant impact on the estimates at the end of the first quarter of the current consolidated fiscal year, based on current collection levels. In addition, there have been no significant changes to the assumptions for the accounting estimates from the previous consolidated fiscal year.