



(Translation for reference only)

November 11, 2020

## Consolidated Financial Results for the Second Quarter of Fiscal Year 2020 For the Six Months Ended September 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: November 13, 2020  
 Scheduled date of commencement of dividend payments : —  
 Supplementary materials for Quarterly Financial results: Yes  
 Quarterly earnings release conference: Yes

### I. Consolidated Financial Results for the Second Quarter of Fiscal Year 2020 (April 1, 2020 – September 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	
Six months ended								
September 30, 2020	63,462	3.6%	9,378	102.9%	10,373	109.6%	9,812	87.1%
September 30, 2019	61,277	8.6%	4,621	(2.8)%	4,948	(8.4)%	5,245	1.1%

Note: Comprehensive income: For the six months ended  
 September 30, 2020: 9,989 million yen (119.0%)  
 September 30, 2019: 4,561 million yen (4.6%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Six months ended		
September 30, 2020	20.29	—
September 30, 2019	10.84	—

#### 2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of			
September 30, 2020	836,105	138,921	16.3
March 31, 2020	860,507	128,931	14.6

Reference: Shareholders' equity: As of September 30, 2020 136,286 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	—	0.00			
FY ending March 31, 2021 (Forecast)			—	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)
Fiscal year ending March 31, 2021	127,800	0.6%	16,400	876.5%	17,600	925.5%	16,500	—	34.11

Note: Revisions to consolidated earnings forecasts: Yes

### IV. Other

(1) Changes in significant subsidiaries during the six months ended September 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 2Q	484,620,136 shares	FY2019	484,620,136 shares
FY2020 2Q	917,366 shares	FY2019	917,346 shares
FY2020 2Q	483,702,781 shares	FY2019 2Q	483,702,925 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 4.

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## 1. Quarterly Qualitative Information on Business Results

### (1) Qualitative Information on Business Results

In the first half of the fiscal year 2021, the six month period ended September 30, 2020, although there was a gradual resurgence in economic activities, which were previously sluggish due to the spread of COVID-19, the economic outlook still remains murky. This mainly reflects changing economic trends mainly due to wariness over the spread of COVID-19 and concerns of a deterioration in the income environment given the ongoing increase in the number of people infected and the spread of COVID-19 nationwide in Japan.

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

#### (Impact of COVID-19)

The unsecured loan business is being impacted, mainly due to a decline in new contracts in tandem with a decline in the demand for capital, which reflects a drop in consumer activity triggered by the spread of COVID-19. Coupled with this, we curbed our online sales promotion costs. However, with the restart of economic activities after the lift of the state of emergency, we returned to normal sales and sales promotion activities and are working to increase the number of new contracts we secure and also boost our operating loan balance.

In the credit guarantee business, there was impact mainly from a decline in the demand for capital due to a drop in consumption activities and from the self-imposed control over business activities by financial institutions. After a gradual transition back to a normal business system after the alleviation of voluntarily refraining from business activities following the lift of the state of emergency, we began embarking on new product proposals and assisting with sales promotions.

Meanwhile, in the credit card business, given the solid trends in the use of online shopping, amid changes in consumer lifestyles as a mean to stop the spread of COVID-19, despite the resumption of economic activities following the lift of the state of emergency, the use of credit cards in retail stores, restaurants and transport services remains sluggish.

AIRA & AIFUL Public Company Limited, which operates a money lending business in Thailand, was also impacted, mainly by the suspension of operations at branches due to the shutdown of sales facilities following the Thai government's declaration of a state of emergency in March 2020. However, since the number of newly infected has trended low, restrictions have been lifted in stages from May, resulting in the resumption of business operations from the middle of May. In addition, at the request of monetary authorities in Thailand, AIRA & AIFUL has been offering bailout measures, including extending payment deadlines for those customers having difficulty repaying loans due to COVID-19.

#### (Overview of the results)

The AIFUL Group's consolidated operating revenue for the second quarter of the fiscal year ending March 31, 2021 rose 3.6% compared with the corresponding period of the previous fiscal year, to 63,462 million yen. The principal components were 37,066 million yen in interest on loans (up 5.9% year on year), 9,124 million yen in revenue from the credit card business (up 5.5% year on year) and 7,400 million yen in revenue from the credit guarantee business (down 1.3% year on year). Also, the collection from purchased receivables were 729 million yen (down 18.9% year on year) and the recoveries of written off claims were 3,366 million yen (down 0.9% year on year).

Operating expenses for the half-year under review totaled 54,084 million yen, a decline of 2,571 million yen or 4.5% year on year. This is mainly attributable to a decline in sales promotion costs in tandem with the decline in consumer spending activities due to COVID-19. The amount of provisions for the allowance for doubtful accounts also declined in tandem with a decrease in operating assets.

As a result, AIFUL Group posted operating profit of 9,378 million yen (up 102.9% year on year) and ordinary profit of 10,373 million yen (up 109.6% year on year). Profit attributable to owners of parent stood at 9,812 million yen (up 87.1% year on year), reflecting a loss attributable to non-controlling interests of 178 million yen.

The earnings forecast for the first six months of the fiscal year ending March 31, 2021 was difficult to reasonably calculate due to the impact of COVID-19. We therefore had not factored in this impact. A comparison of the previous earnings forecast and results are shown below.

Previous Consolidated earnings forecast and results for the first half of the fiscal year ending March 31, 2021

(Millions of yen)

	Operating Revenue	Operating Profit	Ordinary Profit	Profit	Profit per Share (Yen)
Previous Forecast (A)	67,600	8,100	8,300	7,700	15.92
Results for the second quarter	63,462	9,378	10,373	9,812	20.29
Amount of Change (B-A)	▲4,138	1,278	2,073	2,112	—
Percentage Change (%)	▲6.1	15.8	25.0	27.4	—
(Reference) Results for the second quarter in fiscal 2020 (April 1 - September 31, 2019 period)	61,277	4,621	4,948	5,245	10.84

Previous Non-Consolidated earnings forecast and results for the first half of the fiscal year ending March 31, 2021

(Millions of yen)

	Operating Revenue	Operating Profit	Ordinary Profit	Profit	Profit per Share (Yen)
Previous Forecast (A)	41,300	6,300	7,100	6,900	14.26
Results for the second quarter	39,206	5,965	6,804	7,194	14.87
Amount of Change (B-A)	▲2,094	▲335	▲296	294	—
Percentage Change (%)	▲5.1	▲5.3	▲4.2	4.3	—
(Reference) Results for the second quarter in fiscal 2020 (April 1 - September 31, 2019 period)	37,723	3,895	4,484	4,711	9.74

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

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

(April 1, 2020 – March 31, 2021)

(Millions of yen)

	Operating Revenue	Operating Profit	Ordinary Profit	Profit	Profit per Share (Yen)
Previous Forecast (A)	139,100	19,900	20,300	17,900	37.01
Revised Forecast (B)	127,800	16,400	17,600	16,500	34.11
Amount of Change (B-A)	▲11,300	▲3,500	▲2,700	▲1,400	—
Percentage Change (%)	▲8.1	▲17.6	▲13.3	▲7.8	—
Reference: Earnings for previous FY ended in March 31, 2020	127,038	1,679	1,716	1,390	2.88

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

(April 1, 2020 – March 31, 2021)

(Millions of yen)

	Operating Revenue	Operating Profit	Ordinary Profit	Profit	Profit per Share (Yen)
Previous Forecast (A)	84,100	14,000	15,700	15,300	31.63
Revised Forecast (B)	78,200	10,500	12,000	12,700	26.26
Amount of Change (B-A)	▲5,900	▲3,500	▲3,700	▲2,600	—
Percentage Change (%)	▲7.0	▲25.0	▲23.6	▲17.0	—
Reference: Earnings for previous FY ended in March 31, 2020	77,504	413	1,728	1,639	3.39

As for the earnings forecast for the full fiscal year ending March 31, 2021, once again it is difficult to reasonably calculate due to the impact of COVID-19. We therefore had not factored in this impact. We did a recalculation based on the results for the first six months of the fiscal year ending March 31, 2021 and took into account information available at present.

#### 【Consolidated】

In the unsecured loan, credit guarantee and credit card businesses, following the lift of the state of emergency, economic activities have gradually resumed, triggering signs of recovery in the demand for capital. We forecast a recovery trend moving toward the end of the fiscal year.

In addition, at AIRA & AIFUL Public Company Limited, we are expecting a recovery in the business environment moving toward the end of the fiscal year owing to the gradual alleviation of restrictive measures on economic activities in Thailand since May onward.

In light of the above, we anticipate operating revenue of 127.8 billion yen (a decline of 11.3 billion yen versus our prior forecast). Meanwhile, we look for operating expense of 111.4 billion yen, as we forecast a decline in provisions for the allowance for doubtful accounts, accompanying a decrease in operating assets. Extrapolating from this, we estimate operating profit of 16.4 billion yen (a drop of 3.5 billion yen versus our prior forecast).

We also project ordinary profit of 17.6 billion yen (a decrease of 2.7 billion yen versus our prior forecast). In addition, we anticipate profit attributable to owners of parent of 16.5 billion (yen 1.4 billion lower than our prior forecast) mainly as we plan to post a loss of 100 million yen attributable to non-controlling interests.

#### **【Non-Consolidated】**

We forecast operating revenue of 78.2 billion yen (a decline of 5.9 billion yen versus our prior forecast). Meanwhile, we estimate operating expense of 67.6 billion yen, reflecting a decline in sales promotion costs in tandem with a decline in demand for capital, which reflect a fall in consumer spending activities due to COVID-19.

Consequently, we project operating profit of 10.5 billion yen (a decline of 3.5 billion yen versus our prior forecast), ordinary profit of 12.0 billion yen (a decrease of 3.7 billion yen versus our prior forecast), and net income of 12.7 billion yen (a deterioration of 2.6 billion yen versus our prior forecast)

This above earnings forecast is based on information available as of the date these materials were released. Final earnings results may vary from these forecasts due to various factors going forward.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	43,524	42,033
Operating loans	516,960	500,619
Accounts receivables - installment	102,942	96,582
Operational investment securities	1,451	1,482
Customers' liabilities for acceptances and guarantees	157,858	157,966
Other operating receivables	8,858	8,835
Purchased receivables	3,121	3,092
Other	30,612	25,802
Allowance for doubtful accounts	(51,608)	(52,652)
Total current assets	813,722	783,761
Non-current assets		
Property, plant and equipment	19,698	19,643
Intangible assets	4,285	5,291
Investments and other assets	22,800	27,409
Total non-current assets	46,784	52,344
Total assets	860,507	836,105
<b>Liabilities</b>		
Current liabilities		
Notes & accounts payable-trade	37,156	35,742
Acceptances and guarantees	157,858	157,966
Short-term borrowings	103,119	98,538
Current portion of bonds	20,170	35,160
Current portion of long-term borrowings	121,928	130,612
Income taxes payable	2,026	1,678
Reserves	4,196	4,208
Other	22,925	24,281
Total current liabilities	469,381	488,188
Non-current liabilities		
Bonds payable	15,075	—
Long-term borrowings	215,601	183,097
Provision for loss on interest repayment	25,033	19,257
Other	6,484	6,641
Total non-current liabilities	262,194	208,995
Total liabilities	731,576	697,184
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	13,948	13,948
Retained earnings	20,232	30,044
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	125,098	134,911
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	459	1,023
Foreign currency translation adjustment	459	352
Total accumulated other comprehensive income	918	1,375
Non-controlling interests	2,914	2,634
Total net assets	128,931	138,921
Total liabilities and net assets	860,507	836,105

## (2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### i. Quarterly Consolidated Statements of Income Six months ended September 30

	(Millions of yen)	
	Six months ended September 30, 2019 (Apr 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (Apr 1, 2020 to September 30, 2020)
Operating revenue		
Interest on operating loans	35,000	37,066
Revenue from credit card business	8,648	9,124
Revenue from credit guarantee	7,499	7,400
Other financial revenue	4	3
Other operating revenue	10,124	9,868
Total operating revenue	61,277	63,462
Operating expenses		
Financial expenses	3,735	3,632
Cost of sales	635	602
Other operating expenses	52,284	49,849
Total operating expenses	56,655	54,084
Operating profit	4,621	9,378
Non-operating income		
Interest on loans receivable	121	99
Dividend income	26	31
Share of profit of entities accounted for using equity method	38	98
Foreign exchange gains	17	120
Rent on real estate	40	46
Gain on sales of investment securities	—	367
Subsidy income	—	250
Other	90	77
Total non-operating income	334	1,093
Non-operating expenses		
Interest expenses	2	1
Provision of allowance for doubtful accounts	—	8
Infectious disease related costs	—	85
Other	4	2
Total non-operating expenses	7	98
Ordinary profit	4,948	10,373
Extraordinary income		
Gain on reversal of shares acquisition rights	230	—
Total extraordinary income	230	—
Extraordinary losses		
Loss on the sale of fixed assets	—	91
Total extraordinary losses	—	91
Profit before income taxes	5,178	10,281
Income taxes - current	965	1,360
Income taxes - deferred	(250)	(712)
Total income taxes	714	647
Profit	4,464	9,633
Profit (loss) attributable to non-controlling interests	(781)	(178)
Profit attributable to owners of parent	5,245	9,812

ii. Quarterly Consolidated Statements of Comprehensive Income  
Six months ended September 30

	(Millions of yen)	
	Six months ended September 30, 2019 (Apr 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (Apr 1, 2020 to September 30, 2020)
Profit	4,464	9,633
Other Comprehensive income		
Valuation difference on available-for-sale securities	(94)	572
Foreign currency translation adjustment	192	(215)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	97	356
Comprehensive income	4,561	9,989
Comprehensive income attributable to		
Owners of parent	5,246	10,269
Non-controlling interests	(684)	(279)

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019 (Apr 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (Apr 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Profit before income taxes	5,178	10,281
Depreciation	1,382	1,628
Increase (decrease) in allowance for doubtful accounts	306	1,269
Increase (decrease) in provision for bonuses	30	2
Increase (decrease) in provision for point card certificates	40	10
Increase (decrease) in allowance for loss on interest repayment	(6,495)	(5,775)
Interest and dividend income	(147)	(131)
Interest expenses	2	1
Loss (gain) on sales of investment securities	—	(367)
Share of loss (profit) of entities accounted for using equity method	(38)	(98)
Subsidy income	—	(250)
Gain on reversal of shares acquisition rights	(230)	—
Loss (gain) on the sale of fixed assets	—	91
Decrease (increase) in interest on loans receivable	(25,470)	15,458
Decrease (increase) in accounts receivable – installment	604	6,360
Decrease (increase) in other operating receivable	(243)	23
Decrease (increase) in purchased receivable	(14)	29
Decrease (increase) in claims provable in bankruptcy	2,802	(33)
Decrease (increase) in business security deposits	(147)	(3,365)
Decrease (increase) in other current assets	(1,238)	4,860
Increase (decrease) in other current liabilities	(5,422)	248
Other	200	584
Subtotal	(28,900)	30,828
Interest and dividend income	160	50
Interest expenses paid	(4)	(1)
Subsidies received	—	250
Income taxes paid	(646)	(1,725)
Cash flow from operating activities	(29,390)	29,401
Cash flow from investing activities		
Payments into time deposits	—	(5,001)
Purchase of property, plant and equipment	(238)	(1,072)
Proceeds from the sale of tangible fixed assets	—	200
Purchase of intangible assets	(414)	(1,949)
Proceeds from sales of investment securities	—	539
Other	(732)	(125)
Cash flows from investing activities	(1,385)	(7,408)
Cash flow from financing activities		
Increase in short-term borrowings	629,305	634,527
Decrease in short-term borrowings	(632,765)	(638,820)
Proceeds from long-term borrowings	92,734	40,600
Repayments of long-term borrowings	(85,243)	(64,328)
Proceeds from issuance of bonds	15,000	—
Redemption of bonds	(85)	(85)
Purchase of treasury shares	(0)	(0)
Other	(319)	(512)
Cash flows from financing activities	18,627	(28,619)
Effect of exchange rate changes on cash and cash equivalents	(293)	(133)
Net increase (decrease) in cash and cash equivalents	(12,442)	(6,492)
Cash and cash equivalents at beginning of period	36,108	43,520
Cash and cash equivalents at end of period	23,665	37,028

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Changes in the Scope of Consolidation and the Scope of Application of the Equity Method)

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.

Aiful Medical Finance Co., Ltd., a newly established company, was included into the scope of consolidation from the first six months of the fiscal year ending March 31, 2021.

As of July 1, 2020, the following companies changed their corporate name: BUSINEXT CORPORATION is now AIFUL BUSINESS FINANCE CORPORATION, AsTry Loan Service Corporation is now AG Loan Services Corporation, and LIFE GUARANTEE CO., LTD. is now AIFUL GUARANTEE CO., LTD.

(Notes in Case of any Significant Changes in the Amount 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)

Customer usage of AIFUL Group services is changing owing to COVID-19. Given the impact of COVID-19 as of the writing of this report, we revised our earnings forecast for the full fiscal year.

Regarding our assumptions for accounting estimates, mainly for the allowance of doubtful accounts, there are no significant changes from the Securities report (MOF filing) issued for the previous consolidated fiscal year. This decision reflects the impact to operations as of the writing of this report.

In addition, given current conditions, trends for the demand of capital should be closely monitoring going forward. In the event of prolonged impact from COVID-19, there is a possibility actual results will differ from these estimates.