



(Translation for reference only)

May 13, 2019

## Consolidated Financial Results

For the Fiscal Year ended in March 31, 2019

(Under Japanese GAAP)

Company name: AIFUL Corporation  
 Stock Listing: Tokyo Stock Exchange  
 Stock Code: 8515  
 URL: <http://aiful.jp>  
 Representative: Yoshitaka Fukuda, President and Chief Executive Officer  
 For inquiry: Jun Mitsuishi, General Manager of Finance Department TEL (03) 4503 – 6050  
 Scheduled date of convention of annual general meeting of shareholders: June 25, 2019  
 Scheduled date of submission of Securities report: June 26, 2019  
 Scheduled date of commencement of dividend payments : —  
 Supplementary materials for financial results: Yes  
 Earnings release conference: Yes (For financial analysts and institutional investors)

### I. Consolidated Financial Results for the Fiscal Year ended in March 31, 2019

(April 1, 2018 – March 31, 2019)

(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	
Fiscal year ended								
March 31, 2019	115,328	(0.1)%	3,031	21.6%	4,110	45.6%	9,346	136.1
March 31, 2018	115,389	26.2%	2,492	(64.4)%	2,823	(61.8)%	3,958	(45.6)%

Note: Comprehensive income: For the Fiscal year ended

March 31, 2019: 8,237 million yen 130.7%  
 March 31, 2018: 3,569 million yen (50.7)%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Profit to Shareholders' Equity Ratio (%)	Ordinary Profit to Total Assets Ratio (%)	Operating Profit to Operating Revenue Ratio (%)
Fiscal year ended					
March 31, 2019	19.32	—	7.8	0.6	2.6
March 31, 2018	8.18	—	3.5	0.4	2.2

Reference: Equity in earnings of affiliated companies: For the Fiscal year ended

March 31, 2019: 81 million yen  
 March 31, 2018: — million yen

#### 2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
As of				
March 31, 2019	760,587	128,016	16.3	256.45
March 31, 2018	682,645	119,407	16.7	236.13

Reference: Shareholders' equity: As of March 31, 2019: 124,045 million yen  
 As of March 31, 2018: 114,214 million yen

### 3. Consolidated Cash Flows

(Millions of yen)				
	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at the End of Period
Fiscal year ended				
March 31, 2019	(41,765)	(4,219)	52,657	36,108
March 31, 2018	(70,221)	(3,546)	67,560	29,323

### II. Dividend Information

	Dividend per share (Yen)					Total dividend payment (full year)	Payout Ratio % (Consolidated)	Dividend to equity ratio % (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual			
FY ended March 31, 2018	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2019	—	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2020 (Forecast)	—	0.00	—	0.00	0.00		—	

### III. Earnings Forecast on a Consolidated Basis for the Fiscal Year ending March 31, 2020

(April 1, 2019 – March 31, 2020)

(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, 2019	60,600	7.4%	3,600	(24.3)%	4,000	(26.0)%	4,100	(21.0)%	8.48
Fiscal year ending March 31, 2020	124,300	7.8%	14,400	375.1%	15,400	274.7%	14,400	54.1%	29.77

### IV. Other

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting changes in scope of consolidation): None

(2) Changes in accounting principles, procedures and methods of presentation

(a) Changes accompanying amendments to accounting standards: None

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

(c) Change in accounting estimates: Yes

(d) Restatement: None

(3) Number of shares issued (Common stock)

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

FY2018	484,620,136 shares	FY2017	484,620,136 shares
FY2018	917,182 shares	FY2017	917,138 shares
FY2018	483,702,983 shares	FY2017	483,702,876 shares

(b) Number of treasury stock at the end of the period

(c) Average number of shares during the period

## (Reference) Highlights of Non-Consolidated Business Results

### I. Non-Consolidated Business Results for the Fiscal Year ended in March 31, 2019 (April 1, 2018 – March 31, 2019)

#### 1. Non-Consolidated Operating Results

(In millions of yen, except where noted; percentage figures show year-on-year changes)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit	
Fiscal year ended								
March 31, 2019	70,991	9.8%	468	27.9%	1,519	55.1%	5,208	113.7
March 31, 2018	64,663	10.8%	366	(89.8)%	979	(76.1)%	2,437	(49.5)%

	Profit per Share (Yen)	Diluted Profit per Share (Yen)
Fiscal year ended		
March 31, 2019	10.77	—
March 31, 2018	5.04	—

#### 2. Non-Consolidated Financial Position

(In millions of yen, except where noted)

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
As of				
March 31, 2019	556,450	91,200	16.3	188.07
March 31, 2018	500,262	85,548	17.1	176.38

Reference: Shareholders' equity: As of March 31, 2019 90,970 million yen  
As of March 31, 2018 85,313 million yen

### II. Earnings Forecast on a Non-Consolidated Basis for the Fiscal Year ending March 31, 2020 (April 1, 2019 – March 31, 2020):

(In millions of yen, except where noted; percentage figures show year-on-year change.)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit		Profit per Share (Yen)
Six months ending September 30, 2019	37,300	6.3%	2,900	(16.9)%	3,400	(12.8)%	3,800	(5.0)%	7.86
Fiscal year ending March 31, 2020	76,200	7.3%	11,400	—	12,500	722.9%	12,800	145.8%	26.46

\* Note: Brief Statement of 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

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 "1. Business Results and Other, (4) Outlook for the fiscal year ending March 2020" on page 5.

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## 1. Business Results and Others

### (1) Overview of Business Results

In the consolidated fiscal year under review, the Japanese economy continued to experience a mild recovery as a result of improvement in the employment and income environment on the back of accommodative monetary policy. On the other hand, however, the outlook for the economy remained uncertain due to elevated economic uncertainty overseas attributable mainly to the trade friction between the U.S. and China.

In the consumer finance industry, the number of new contracts at major players remained stable, and the operating loan balance increased moderately. On the other hand, interest repayment claims, industry's biggest risk, they have declined significantly from their peak and the downward trend became more apparent in current fiscal year.

In this environment, while dealing with interest repayment claims as the principal management issue, the AIFUL group will continue working to expand operating assets on a group-wide basis and diversify the financial services business, to manage its business with an emphasis on balancing safety, profitability and growth.

The results by business segments are as follows.

#### (AIFUL Corporation)

##### Loan business

In the loan segment, AIFUL made efforts to increase the number of new contracts and the operating loan balance by developing effective advertising, mainly through a new series of TV commercials and websites, and improving its customer services, including the launch of card-free transactions.

As a result, in the fiscal year under review, new contracts signed for unsecured loans were 199 thousand (up 0.9% year on year) and the contract rate was 45.3% (down 0.3pt year on year).

Also, unsecured loans outstanding at the end of the fiscal year under review was 379,317 million yen (up 11.0% year on year), secured loans outstanding was 9,306 million yen (down 25.0% year on year), small business loans outstanding was 7,915 million (up 35.3% year on year) and the total balance of operating loans for the loan segment was 396,540 million yen (up 10.1% year on year). (26,505 million yen off-balance sheet operating loans from the securitization have been included.)

##### Credit guarantee business

In the credit guarantee business, AIFUL made the most of its know-how related to credit operations for individuals and small and medium sized enterprises and the unique strengths it possesses as an independent organ to expand the credit guarantee outstanding by conducting business activities that aim to increase the number of guarantee partners, proposing new products, and providing support for marketing promotions.

Accounting for the aforementioned factors, AIFUL secured affiliations with 98 financial institutions for unsecured personal loan guarantee, and the loans outstanding amounted to 79,349 million yen (up 18.1% year on year). Also, the Company commenced affiliations with 98 financial institutions for unsecured business loan guarantee, and the loan outstanding was totaling 33,715 million yen (up 0.8% year on year).

Of the credit guarantee for the unsecured business loans, 21,750 million yen comes from guarantees provided to BUSINEXT CORPORATION.

As a result, AIFUL posted operating revenue of 70,991 million yen (up 9.8% year on year), operating profit of 468 million yen (up 27.9% year on year), ordinary profit of 1,519 million yen (up 55.1% year on year), and profit of 5,208 million yen (up 113.7% year on year).

(LIFECARD Co., Ltd)

#### Credit card business

In the credit card business, LIFECARD worked to expand the number of new applications through aggressive affiliate advertising and issuing new tie-up cards as well as an affiliated credit card that eliminates the waiting time at hospital cashiers. Also, it endeavored to expand credit limits and added point exchange privileges to increase convenience for card members.

As a result of the above, transactions volume for the fiscal year under review were 756,300 million yen (up 3.1% year on year), and the balance of accounts receivable - installment for credit card business stood at 104,241 million yen (up 4.3% year on year). (3,060 million yen off-balance sheet accounts receivable - installment outstanding from the securitization have been included.)

#### Card Cashing

The total amount of loans outstanding in the LIFECARD's loan business stood at 31,807 million yen (up 0.7% year on year). (1,377 million yen off-balance sheet operating loans from the securitization have been included.)

#### Credit guarantee business

In the credit guarantee business, LIFECARD made the most of its know-how related to credit operations for individuals and small and medium sized enterprises and the unique strengths it possesses as an independent organ to expand the credit guarantee outstanding by conducting business activities that aim to increase the number of guarantee partners, proposing new products, and providing support for marketing promotions.

As a result, at the end of the fiscal year under review, there were affiliations with 163 financial institutions for unsecured personal loan guarantee and the loans outstanding amounted to 21,444 million yen (up 3.9% year on year). Also, there were affiliations with 39 financial institutions for unsecured business loan guarantee, and loans outstanding totaled 1,619 million yen (up 16.3% year on year).

As a result, LIFECARD Co.,Ltd operating revenue amounted to 32,838 million yen (down 23.6% year on year), operating profit was 3,000 million yen (down 27.2% year on year), ordinary profit was 3,132 million yen (down 26.5% year on year) and profit was 2,822 million yen (up 2.8% year on year).

(AIRA & AIFUL Public Company Limited)

AIRA & AIFUL Public Company Limited, which engaged in the consumer finance business in the Kingdom of Thailand achieved steady growth due to brisk demand for funds with a background of economic growth and rising consumption in

Thailand. At the end of the current consolidated fiscal year, the number of accounts was 364,000 (up 21.4 % year on year) and the operating loan balance was 22,482 million yen (up 40.3% year on year).

As a result, for the current consolidated fiscal year, AIRA & AIFUL Public Company Limited recorded operating revenue of 5,901 million yen (up 98.2% year on year), operating loss of 1,213 million yen (compared with operating loss of 2,016 million yen in the previous period), ordinary loss of 1,210 million yen (compared with ordinary loss of 2,013 million yen in the previous period) and net loss of 1,210 million yen decreasing 803 million yen (compared with net loss of 2,013 million yen in the previous period).

(Other)

There were three consolidated subsidiaries that are not included in reported segments for the consolidated fiscal year under review (BUSINEXT CORPORATION, AsTry Loan Services Corporation and AG Capital Co., Ltd.) for which operating revenue was 5,816 million yen (up 17.2% year on year), operating profit was 1,060 million yen (compared with operating loss of 464 million yen in the previous period), ordinary profit was 1,748 million yen (compared with ordinary loss of 426 million yen in the previous period) and net profit was 2,073 million yen (compared with net loss of 608 million yen in the previous period).

(Overview of the Results)

In the consolidated fiscal year under review, the AIFUL Group's consolidated operating revenue was 115,328 million yen (down 0.1% year on year). The principal components and their movements were 65,456 million yen interest on operating loans (up 16.3% year on year), 16,466 million yen revenue from the credit card business (up 2.7% year on year) and 13,953 million yen revenue in the credit guarantee business (up 7.4% year on year). Also, collection from purchased receivable was 1,709 million yen (down 17.6% year on year) and recoveries of charged off claims was 6,320 million yen (down 1.4% year on year).

Operating expenses decreased 599 million yen to 112,297 million yen (down 0.5% year on year). Main factors were 11,244 million yen cost of sales of software development posted in the previous fiscal year and also, although provision of loss for interest repayment decreased 882 million yen to 11,501 million yen (down 7.1% year on year), provision of allowance for doubtful accounts increased 9,320 million yen to 29,340 million yen (up 46.6% year on year) due to operating assets growth and system related etc. commission fee increased 1,682 million yen to 14,644 million yen (up 13.0% year on year).

As a result of the above factors, for the consolidated fiscal year under review, the AIFUL Group recorded an operating profit of 3,031 million yen (up 21.6% year on year) and ordinary profit of 4,110 million yen (up 45.6% year on year). Also, profit attributable to owners of parent was 9,346 million yen (up 136.1% year on year), reflecting a loss on valuation of investment securities of 690 million yen, an adjustment of corporate tax of -5,621 million yen due to posting deferred tax assets and a loss attributable to non-controlling interests of 1,162 million yen.

Anshin Guarantor Service Co., Ltd., which is an affiliated company providing rent liabilities guarantee, is included in the scope of equity method affiliate from the fiscal year under review due to an increase in its importance.

## (2) Overview of Financial Position

(Assets, liabilities, net assets)

Total assets on a consolidated basis increased 77,941 million yen, or 11.4%, compared to the end of the previous fiscal year

to 760,587 million yen at the end of fiscal year ended March 2019. This was primarily due to 45,078 million yen increase in operating loans.

Total liabilities at the end of fiscal year ended March 2019 were 632,570 million yen, an increase of 69,331 million yen, or 12.3%, compared with the previous fiscal year-end. The principal factors contributing to this increase was an 33,756 million yen increase in the loans payable and 19,115 million yen increase in the bonds payable.

Net assets increased 8,609 million yen, or 7.2%, compared with the previous fiscal year-end, to 128,016 million yen. This was largely attributable to an increase in retained earnings.

'Partial Amendments to Accounting Standard for Tax Effect Accounting' (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances have been applied from the beginning of the fiscal year under review. Accordingly, the figures presented for the financial position for the fiscal year ended March 31, 2018 have been retrospectively adjusted in order to conduct comparison and analysis against the previous fiscal year using figures that reflect the application of the aforementioned standard, etc.

### (3) Overview of Cash Flows

#### (Cash Flows)

Cash and cash equivalents (“funds”) increased 6,784 million yen, or 23.1%, compared to the end of the previous fiscal year to 36,108 million yen.

The situation of each category of cash flow for the current fiscal year and the contributing factors are as follows.

#### (Cash flows from operating activities)

Net cash used for operating activities amounted to 41,765 million yen, an decrease of 40.5% compared with previous fiscal year. This was mainly attributable to the decline in funds reflecting an increase in operating loans.

#### (Cash flows from investing activities)

Net cash used for investing activities stood at 4,219 million yen, an increase of 18.9% compared with the previous fiscal year. This was mainly attributable to the decline in funds reflecting a purchase of investment securities.

#### (Cash flow from financing activities)

Net cash provided by financing activities amounted to 52,657 million yen, a decrease of 22.1% compared with the previous fiscal year. This was mainly attributable to the increase in funds reflecting an increase in the borrowings and bond issuance.

### (4) Outlook for the fiscal year ending March 2020

In the industry to which the AIFUL Group belongs, the number of new contracts remained solid mainly due to recovery in business confidence and aggressive advertising by major players, and also the operating loan balance increased gradually. Meanwhile, the interest repayment claims, industry’s biggest risk, have declined significantly from their peak and the downward trend became more apparent.

In this environment, while dealing with the principal management issue of interest repayment claims, it is taking measures to diversify the financial business and increase operating assets. The Group is also working to diversify funding channels to strengthen its financial base and improve business efficiency across the Group.



With regard to its earnings forecasts for the fiscal year ending March 2020, the AIFUL Group expects to record operating revenue of 124,300 million yen (up 7.8% year on year), operating profit of 14,400 million yen (up 375.1% year on year), ordinary profit of 15,400 million yen (up 274.7% year on year), and profit attributable to owners of parent of 14,400 million yen (up 54.1% year on year).

Actual results may differ from forecast values due to various risk factors such as trend in interest repayment in the business environment that surrounds the Company.

#### (5) Basic Policies on Profit Distribution and Dividend for the Fiscal Year under Review and Next Fiscal Year

The return of profits to shareholders is a management priority at the AIFUL Group. The Group's basic policy calls for a consistent return of profits in line with business results. The Group aims to maximize shareholder returns and shareholder value while simultaneously securing stable internal reserves through medium to long-term profit growth.

However, the financial burden associated with claims for interest repayments is still heavy, creating difficult conditions for the distribution of profits. In addition, losses in the distributable amount continue. The Group therefore regret to announce that we will be unable to pay any dividends for the current fiscal year and forecast no dividends for the next fiscal year.

The AIFUL Group has been dealing with the principal management issue of interest repayment claims. At the same time, it is taking measures to diversify the financial business and increase operating assets to bolster its revenue base, and also work to diversify funding channels. The Group is also determined to return to the basic policy outlined above by improving its financial position and profitability.

The AIFUL Group asks all of its shareholders for their understanding and cooperation in these endeavors.

## **2. Basic stance on selection of accounting standards**

In preparation for the pending application to the IFRS, the AIFUL Group is developing internal manuals, guidelines and other documents and examining the timing of the application.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	29,327	36,112
Operating loans	412,706	457,785
Accounts receivables - installment	97,252	101,584
Operational investment securities	940	1,209
Customers' liabilities for acceptances and guarantees	124,883	140,343
Other operating receivables	6,725	7,744
Purchased receivables	2,874	2,472
Other	14,688	16,889
Allowance for doubtful accounts	(41,344)	(46,135)
<b>Total current assets</b>	<b>648,053</b>	<b>718,006</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,357	24,147
Accumulated depreciation	(17,933)	(18,260)
Buildings and structures, net	6,424	5,887
Machinery and equipment	419	416
Accumulated depreciation	(305)	(322)
Machinery and equipment, net	113	94
Furniture and fixtures	6,993	6,724
Accumulated depreciation	(5,261)	(5,560)
Furniture and fixtures, net	1,732	1,163
Land	8,899	8,899
Leased assets	1,378	1,399
Accumulated depreciation	(508)	(787)
Leased assets, net	870	611
Construction in progress	93	102
<b>Total property, plant and equipment</b>	<b>18,133</b>	<b>16,758</b>
Intangible assets		
Software	3,094	3,192
Other	103	105
<b>Total intangible assets</b>	<b>3,198</b>	<b>3,297</b>
Investment and other assets		
Investment securities	4,052	5,643
Claims provable in bankruptcy	27,787	26,981
Deferred tax assets	627	6,054
Lease and guarantee deposits	1,911	1,744
Other	4,496	6,433
Allowance for doubtful accounts	(25,614)	(24,332)
<b>Total investments and other assets</b>	<b>13,260</b>	<b>22,524</b>
<b>Total non-current assets</b>	<b>34,592</b>	<b>42,581</b>
<b>Total assets</b>	<b>682,645</b>	<b>760,587</b>

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Notes & accounts payable-trade	16,196	21,076
Acceptances and guarantees	124,883	140,343
Short-term borrowings	83,325	86,562
Current portion of bonds	1,300	7,370
Current portion of long-term borrowings	53,482	98,728
Income taxes payable	544	1,116
Allowance for bonuses	991	1,320
Provision for point card certificates	2,807	2,950
Deferred installment income	440	508
Other	23,368	20,300
Total current liabilities	307,340	380,277
Non-current liabilities		
Bonds payable	7,200	20,245
Long-term borrowings	220,529	205,803
Deferred tax liabilities	334	7
Provision for loss on interest repayment	24,331	22,963
Other	3,503	3,273
Total non-current liabilities	255,898	252,292
Total liabilities	563,238	632,570
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	143,454	143,454
Capital surplus	13,948	13,948
Retained earnings	(40,208)	(30,485)
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	114,083	123,807
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(184)	(23)
Foreign currency translation adjustment	315	261
Total accumulated other comprehensive income	130	238
Shares acquisition rights	234	230
Non-controlling interests	4,957	3,741
Total net assets	119,407	128,016
Total liabilities and net assets	682,645	760,587

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

### i. Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2018 (Apr. 1 2017 to Mar. 31 2018)	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)
Operating revenue		
Interest on loans receivable	56,305	65,456
Revenue from credit card business	16,025	16,466
Revenue from credit guarantee	12,992	13,953
Other financial revenue	13	9
Other operating revenue		
Collection from purchased receivable	2,074	1,709
Recoveries of written off claims	6,411	6,320
Sales of software development	12,803	—
Other	8,761	11,412
Total other operating revenue	30,052	19,443
Total operating revenue	115,389	115,328
Operating expenses		
Financial expenses		
Interest expenses	5,783	6,630
Interest on bonds	813	377
Other	963	940
Total financial expenses	7,560	7,949
Cost of sales		
Cost of purchased receivable	1,497	1,166
Cost of sales of software development	11,244	—
Other	73	131
Total cost of sales	12,815	1,298
Other operating expenses		
Provision for point card certificates	2,807	2,950
Commissions	12,962	14,644
Provision of allowance for investment loss	(2)	—
Provision of allowance for doubtful accounts	20,020	29,340
Provision for loss on interest repayment	12,384	11,501
Employees' salaries and bonuses	11,409	11,711
Provision for bonuses	972	1,279
Retirement benefit expenses	474	484
Sales promotion expenses	8,841	7,719
Other	22,650	23,418
Total other operating expenses	92,520	103,049
Total operating expenses	112,897	112,297
Operating profit	2,492	3,031

(Millions of yen)

	FY ended March 31, 2018 (Apr. 1 2017 to Mar. 31 2018)	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)
Non-operating income		
Interest on loans receivable	65	155
Share of profit of entities accounted for using equity method	—	81
Foreign exchange gains	68	214
Rent on real estate	73	82
Gain on sales of investment securities	—	458
Other	152	153
Total non-operating income	359	1,145
Non-operating expenses		
Interest expenses	1	6
Provision for doubtful accounts	8	14
Loss on withdrawal of guarantee deposits received	—	31
Other	17	13
Total non-operating expenses	28	66
Ordinary profit	2,823	4,110
Extraordinary income		
Gain on reversal of shares acquisition rights	703	—
Total extraordinary income	703	—
Extraordinary losses		
Loss on valuation of investment securities	—	690
Total extraordinary losses	—	690
Profit before income taxes	3,527	3,420
Income taxes – current	437	858
Income taxes – deferred	144	(5,621)
Total income taxes	581	(4,763)
Profit	2,945	8,183
Profit (loss) attributable to non-controlling interests	(1,012)	(1,162)
Profit attributable to owners of parent	3,958	9,346

ii. Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY ended March 31, 2018 (Apr. 1 2017 to Mar. 31 2018)	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)
Profit	2,945	8,183
Other Comprehensive income		
Valuation difference on available-for-sale securities	40	160
Foreign currency translation adjustment	583	(107)
Share of other comprehensive income of entities accounted for using equity method	—	(0)
Total other comprehensive income	623	53
Comprehensive income	3,569	8,237
Comprehensive income attributable to		
Owners of parent	4,289	9,453
Non-controlling interests	(719)	(1,216)

### (3) Consolidated Statements of Change in Shareholders' Equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2017	143,454	13,953	(43,332)	(3,110)	110,964
Changes during the period					
Issuance of new shares-exercise of shares acquisition rights	0	0			0
Profit attributable to owners of parent			3,958		3,958
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation		(1)	(834)		(835)
Change in scope of equity method					—
Capital increase of consolidated subsidiaries		(3)			(3)
Net changes in accounts other than shareholders' equity					—
Total change during fiscal year	0	(4)	3,123	(0)	3,119
Balance at March 31, 2018	143,454	13,948	(40,208)	(3,110)	114,083

	Accumulated other comprehensive income			Shares acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total			
Balance at April 1, 2017	(225)	—	(225)	910	—	111,649
Changes during the period						
Issuance of new shares-exercise of shares acquisition rights						0
Profit attributable to owners of parent						3,958
Purchase of treasury shares						(0)
Change in scope of consolidation						(835)
Change in scope of equity method						—
Capital increase of consolidated subsidiaries						(3)
Net changes in accounts other than shareholders' equity	40	315	356	(675)	4,957	4,638
Total change during fiscal year	40	315	356	(675)	4,957	7,757
Balance at March 31, 2018	(184)	315	130	234	4,957	119,407

For the fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2018	143,454	13,948	(40,208)	(3,110)	114,083
Changes during the period					
Issuance of new shares-exercise of shares acquisition rights	—	—			—
Profit attributable to owners of parent			9,346		9,346
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation					—
Change in scope of equity method			377		377
Capital increase of consolidated subsidiaries					—
Net changes in accounts other than shareholders' equity					
Total change during fiscal year	—	—	9,723	(0)	9,723
Balance at March 31, 2019	143,454	13,948	(30,485)	(3,110)	123,807

	Accumulated other comprehensive income			Shares acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total			
Balance at April 1, 2018	(184)	315	130	234	4,957	119,407
Changes during the period						
Issuance of new shares-exercise of shares acquisition rights						—
Net income attributable to owners of parent						9,346
Purchase of treasury stock						(0)
Change in scope of consolidation						—
Change in scope of equity method						377
Capital increase of consolidated subsidiaries						—
Net changes in accounts other than shareholders' equity	160	(53)	107	(4)	(1,216)	(1,113)
Total change during fiscal year	160	(53)	107	(4)	(1,216)	8,609
Balance at March 31, 2019	(23)	261	238	230	3,741	128,016



#### (4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 31, 2018 (Apr. 1 2017 to Mar. 31 2018)	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)
Cash flows from operating activities		
Profit before income taxes	3,527	3,420
Depreciation	2,384	2,653
Increase (decrease) in allowance for investment loss	(2)	—
Increase (decrease) in allowance for doubtful accounts	(3,667)	3,531
Increase (decrease) in provision for bonuses	78	328
Increase (decrease) in provision for point card certificates	(493)	143
Increase (decrease) in allowance for loss on interest repayment	(10,308)	(1,367)
Interest and dividend income	(101)	(179)
Interest expenses	1	6
Loss (gain) on sales of investment securities	—	(458)
Loss (gain) on valuation of investment securities	—	690
Share of loss (profit) of entities accounted for using equity method	—	(81)
Gain on reversal of shares acquisition rights	(703)	—
Decrease (increase) in operating loans receivable	(54,585)	(45,284)
Decrease (increase) in accounts receivable – installment	(2,979)	(4,332)
Decrease (increase) in other operating receivable	(728)	(1,018)
Decrease (increase) in purchased receivable	67	401
Decrease (increase) in claims provable in bankruptcy	1,536	806
Decrease (increase) in work in process	7,305	—
Decrease (increase) in other current assets	(2,789)	(2,487)
Increase (decrease) in other current liabilities	(7,639)	1,865
Other	(671)	(139)
Subtotal	(69,769)	(41,500)
Interest and dividend income	101	192
Interest expenses paid	(2)	(6)
Income taxes refund	6	10
Income taxes paid	(558)	(462)
Cash flow from operating activities	(70,221)	(41,765)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,189)	(201)
Purchase of intangible assets	(983)	(959)
Purchase of investment securities	(417)	(1,085)
Proceeds from sales of investment securities	—	506
Other	(956)	(2,478)
Cash flows from investing activities	(3,546)	(4,219)

(Millions of yen)

	FY ended March 31, 2018 (Apr. 1 2017 to Mar. 31 2018)	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)
Cash flows from financing activities		
Proceeds from short-term borrowings	898,299	874,947
Repayments of short-term borrowings	(888,878)	(871,631)
Proceeds from long-term loans payable	127,758	132,470
Repayments of long-term loans payable	(47,659)	(101,940)
Proceeds from issuance of bonds	7,200	20,500
Redemption of bonds	(31,400)	(1,385)
Proceeds from issuance of common shares	0	—
Proceeds from share issuance to non-controlling shareholders	2,460	—
Purchase of treasury shares	(0)	(0)
Other	(219)	(303)
Cash flows from financing activities	67,560	52,657
Effect of exchange rate changes on cash and cash equivalents	244	111
Net increase (decrease) in cash and cash equivalents	(5,963)	6,784
Cash and cash equivalents at beginning of period	33,560	29,323
Increase in cash and cash equivalents resulting from merger	1,726	—
Cash and cash equivalents at end of period	29,323	36,108

## (5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable

(Changes in disclosure method)

(Adoption of 'Partial Amendments to Accounting Standard for Tax Effect Accounting,')

The Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28 revised on February 16, 2018) has been applied from the fiscal year under review. The deferred tax assets are indicated in the investment and other assets category, and the deferred tax liabilities are indicated in the non-current liabilities category.

As a result, in the consolidated balance sheets for the previous fiscal year, deferred tax assets of ¥627 million in current assets is included in deferred tax assets of ¥627 million in investment and other assets, in the presentation.

(Changes in Accounting Estimates)

(Changes in accounting estimate of allowance for doubtful accounts)

As to allowance for doubtful accounts of LIFECARD Co., Ltd one of the Company's consolidated subsidiaries, the accounting estimate has been changed in consideration of a more precise estimate having become possible, reflecting the advancement and improvement of data accumulation on the historical write-off rate by year. As a result, operating profit, ordinary profit and profit before income taxes in the consolidated fiscal year under review increased by ¥1,328 million compared with those calculated using the past method of estimate.

(Notes to Consolidated Balance Sheets)

\*1. An increase of ¥18,693 million (includes ¥13,900 million in recognized evaluation differences for shares of subsidiaries during the process of capital consolidation) in legal capital surplus were included in capital surplus which was resulted from a simple exchange of shares.

\*2. Assets pledged as collateral and corresponding liabilities

As of March 31, 2018		As of March 31, 2019	
(1) Assets pledged as collateral		(1) Assets pledged as collateral	
	(Millions of yen)		(Millions of yen)
Operating loans	311,939	Operating loans	298,670
Accounts receivable - installment	61,264	Accounts receivable - installment	62,574
Buildings and structures	4,244	Buildings and structures	3,999
Machinery and equipment	14	Machinery and equipment	12
Furniture and fixtures	32	Furniture and fixtures	25
Land	8,523	Land	8,523
<u>Total</u>	<u>386,018</u>	<u>Total</u>	<u>373,805</u>
(2) Corresponding liabilities		(2) Corresponding liabilities	
	(million yen)		(million yen)
Short-term borrowings	68,580	Short-term borrowings	73,570
Current portion of long-term borrowings	36,351	Current portion of long-term borrowings	67,010
Long-term borrowings	182,742	Long-term borrowings	156,415
<u>Total</u>	<u>287,674</u>	<u>Total</u>	<u>296,996</u>

i ) The amounts above at the end of the fiscal year under review include amounts associated with the securitization of receivables (operating loans of ¥140,294 million and current portion of long-term borrowings of ¥116,303 million).

ii ) Parts of operating loans and installment receivables are amounts at the time of registration of the transfer of receivables.

i ) The amounts above at the end of the fiscal year under review include amounts associated with the securitization of receivables (operating loans of ¥179,719 million and current portion of long-term borrowings of ¥27,616 million).

ii ) Parts of operating loans and installment receivables are amounts at the time of registration of the transfer of receivables.

\*3. Unsecured personal loans included in operating loans

As of March 31, 2018	As of March 31, 2019
¥376,504 million	¥421,078 million

\*4. Shares and other securities issued by non-consolidated subsidiaries and affiliated companies

As of March 31, 2018	As of March 31, 2019
Investment securities (shares) ¥1,097 million	¥2,918 million
Investment securities (other securities) ¥1,212 million	¥1,190 million

\*5. Accounts receivable - installment

	As of March 31, 2018	As of March 31, 2019
Credit card business	¥97,044 million	¥101,413 million
Installment sales finance business	¥207 million	¥170 million
Total	¥97,252 million	¥101,584 million

\*6. Deferred installment income

As of March 31, 2018					As of March 31, 2019				
(Millions of yen)					(Millions of yen)				
	Balance at the beginning of FY	Current fiscal year receipts	Actual current fiscal year balance	Balance at the end of FY		Balance at the beginning of FY	Current fiscal year receipts	Actual current fiscal year balance	Balance at the end of FY
Credit card shopping	407	15,691	15,670	427 (30)	Credit card shopping	427	16,168	16,097	498 (30)
Installment sales finance	—	—	—	— (—)	Installment sales finance	—	—	—	— (—)
Credit guarantee	15	5,618	5,621	12 (—)	Credit guarantee	12	1,410	1,414	9 (—)
Loans	—	1,621	1,621	— (—)	Loans	—	5,693	5,693	— (—)
Total	423	22,930	22,913	440 (30)	Total	440	23,272	23,205	508 (30)

Note: Figures in parenthesis indicate member store commissions

\*7. Securitization of claims removed from the balance sheet

	As of March 31, 2018	As of March 31, 2019
Operating loans	¥59,311 million	¥64,037million
Accounts receivable - installment	¥3,208 million	¥3,060million

\*8. Contingent liability

Guarantee obligation

The Company guarantees loans payable from financial institutions for the Company's non-consolidated subsidiary, LIFE GUARANTEE CO.,LTD.. The Company's consolidated subsidiary, LIFE CARD Co., Ltd guarantees obligations related to the credit card payment operations, etc. for the Company's non-consolidated subsidiary, Sumishin Life Card Company, Limited.

	As of March 31, 2018	As of March 31, 2019
LIFE GUARANTEE CO.,LTD.	— million	¥900 million
Sumishin Life Card Company, Limited	¥2,385 million	¥2,365 million

\*9. Non-performing loans

Status of Non-performing loans (NPL) of operating loans and claims in bankruptcy are as follows

	As of March 31, 2018			As of March 31, 2019		
	(Millions of yen)			(Millions of yen)		
	Unsecured loans	Other than unsecured loans	Total	Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	531	26,616	27,147	711	25,456	26,167
Nonaccrual loans	22,409	5,904	28,314	27,194	5,923	33,118
Loans in 3-months+ in arrears	5,589	203	5,792	6,798	244	7,043
Restructured loans	9,374	887	10,261	11,870	1,095	12,965
Total	37,904	33,611	71,515	46,575	32,719	79,294

The loan categories in the table above are as follows.

(Loans in legal bankruptcy)

Loans in legal bankruptcy are loans in which payment of principal or interest remain past due for a considerable period and accruals of interest are discontinued, with the conditions stipulated under (a) through (e) of sub-paragraph 3, paragraph 1, Article 96 or sub-paragraph 4 of the same paragraph of the Corporation Tax Law Enforcement Ordinance (Enforcement Ordinance No. 97 of 1965) arise. Any amounts deemed necessary to cover possible losses on an individual accounts basis of the Claims in bankruptcy is posted in the allowances for doubtful accounts.

(Nonaccrual loans)

Nonaccrual loans are loans in which accruals of interest is discontinued, other than loans in legal bankruptcy, as well as loans receiving regular payments in the case of granting deferral of interest payment to the debtors in financial difficulties to assist them in their recovery.

(Loans three months or more in arrears)

Loans three months or more in arrears are loans for which payments of principal or interest have not been received for a period of three months or more beginning with the next business day following the last due date for such payments. Loans classified as loans in legal bankruptcy and nonaccrual loans are excluded from loans three months or more in arrears.

(Restructured loans)

Restructured loans are loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payment, extension of maturity date, waiver of the face amount, or other concessive measures) to the debtors in financial difficulties to assist them in their recovery and eventually enable them to pay creditors. Loans classified as loans in legal bankruptcy, nonaccrual loans and loans three months or more in arrears are excluded.

\*10. Loan commitments related to operating loans

(Previous fiscal year)

Of operating loans including off-balance sheet loans resulting from securitization, ¥372,237 million is loans under revolving credit agreements. Under revolving credit agreements, customers may get additional loans up to a specified maximum amount that does not exceed an amount requested by them.

Outstanding loan commitments under revolving credit agreements were ¥760,837 million.

The Group reviews revolving credit agreements and takes steps to preserve credit after the conclusion of revolving credit agreements if it considers that taking steps are necessary due to changes in customers' credit standing and other reasons.

Outstanding loan commitments include commitments to customers who do not have any outstanding loan commitments and who have not requested any loans after the conclusion of credit agreements. Many revolving credit agreements expire with no loans being given. Outstanding loan commitments themselves therefore do not necessarily affect the Group's future cash flows.

(Fiscal year under review)

Of operating loans including off-balance sheet loans resulting from securitization, ¥422,993 million is loans under revolving credit agreements. Under revolving credit agreements, customers may get additional loans up to a specified maximum amount that does not exceed an amount requested by them.

Outstanding loan commitments under revolving credit agreements were ¥777,976 million.

The Group reviews revolving credit agreements and takes steps to preserve credit after the conclusion of revolving credit agreements if it considers that taking steps are necessary due to changes in customers' credit standing and other reasons.

The outstanding loan commitments include commitments to customers who do not have any outstanding loan commitments and who have not requested any loans after the conclusion of credit agreements. Many revolving credit agreements expire with no loans being given. Outstanding loan commitments themselves therefore do not necessarily affect the Group's future cash flows.

\*11. Of the allowances for doubtful accounts, following amount in estimated interest repayment is expected to have priority application in operating loans.

As of March 31, 2018	As of March 31, 2019
¥2,238 million	¥2,534 million

## (Notes to Segment information)

### Segment Information

#### (1) Overview of reportable segments

##### i) Determination of reportable segments

The Company's reportable segments are the Group's structural units, for which separate financial information is available. The financial results for all business segments are periodically reviewed by the Company's Board of Directors in order to make decisions on the proper allocation of business resources and to evaluate the business performance of the respective segments.

The Group draws up strategies for the Company and each of its consolidated subsidiaries and conducts business activities accordingly.

As a result, the AIFUL Group has three reportable segments, the core company AIFUL Corporation, LIFECARD Co., Ltd and AIRA & AIFUL Public Company Limited.

##### ii) Type of products and services belonging to each reportable segments

"AIFUL Corporation" is mainly involved in the loan business and credit guarantee business while "LIFECARD Co., Ltd." is mainly involved in the credit sales business and the credit guarantee business. "AIRA & AIFUL Public Company Limited" is mainly involved in the loan business.

#### (2) Calculation of operating revenue, profit or loss, assets, liabilities, etc. by reporting segment

The accounting methods applied to reporting segments are the same as those described in Significant Items Forming the Basis for the Preparation of the Consolidated Financial Statements. Income (Loss) for reportable segments are net income (loss).

Inter-segment sales and transfers are calculated based on the amount equal to cost to the submitting company.



(3) Information relating to operating revenue, profit or loss, assets, liabilities and other amounts for each reportable segment

For the Prior Fiscal year (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments				Other *1	Total
	AIFUL	LIFECARD	AIRA & AIFUL Public Company Limited	Subtotal		
Operating revenue						
Operating revenue from third parties	64,652	42,855	2,977	110,485	4,904	115,389
Inter-segment sales and transfers	10	123	—	134	58	192
Total	64,663	42,979	2,977	110,619	4,962	115,582
Segment profit (loss)	2,437	2,746	-2,013	3,170	-608	2,562
Segment assets	500,262	179,419	17,568	697,250	33,278	730,529
Segment liabilities	414,714	135,848	7,702	558,265	15,193	573,458
Other items						
Provision for point card certificates	—	2,807	—	2,807	—	2,807
Provision of allowance for doubtful accounts *2	13,290	4,129	1,346	18,766	1,262	20,029
Provision for loss on interest repayment	12,384	—	—	12,384	—	12,384
Provision for bonuses	643	14	—	657	23	681
Depreciation	1,250	1,020	108	2,380	3	2,384
Interests on loans	247	—	—	247	39	286
Dividends received	23	12	—	35	0	35
Reversal provision for investment loss	—	—	—	—	2	2
Rent expenses on real estates	149	—	—	149	2	151
Gain on sales of investment securities	—	—	—	—	—	—
Interest expenses *3	—	—	—	—	34	34
Extraordinary income	703	—	—	703	—	703
(Gain on reversal of shares acquisition rights)	(703)	(—)	(—)	(703)	(—)	(703)
Extraordinary losses	—	—	—	—	—	—
(Loss on valuation of investment securities)	(—)	(—)	(—)	(—)	(—)	(—)
Income taxes - current	-736	992	—	255	181	437
Income taxes - deferred	-17	523	—	505	—	505
Increase/decrease in property, plant and equipment, and intangible assets	1,034	1,394	131	2,560	0	2,561

\*1. The other classification comprises businesses not included in reporting segments and encompasses the activities of BUSINEXT CORPORATION, AsTry Loan Services Corporation and related companies.

2. Provision of allowance for doubtful accounts is the sum total of operating expenses and non-operating expenses.

3. Interest expenses is the amount that is not included in operating expenses but is noted as non-operating expenses.

For the Current Fiscal year (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments				Other *1	Total
	AIFUL	LIFECARD	AIRA & AIFUL Public Company Limited	Subtotal		
Operating revenue						
Operating revenue from third parties	70,979	32,698	5,901	109,579	5,749	115,328
Inter-segment sales and transfers	12	139	—	151	66	218
Total	70,991	32,838	5,901	109,731	5,816	115,547
Segment profit (loss)	5,208	2,822	-2,313	5,717	2,073	7,790
Segment assets	556,450	196,005	21,345	773,801	44,397	818,198
Segment liabilities	465,249	149,611	13,900	628,761	24,541	653,302
Other items						
Provision for point card certificates	—	2,950	—	2,950	—	2,950
Provision of allowance for doubtful accounts *2	22,074	3,287	3,427	28,789	565	29,354
Provision for loss on interest repayment	10,354	1,147	—	11,501	—	11,501
Provision for bonuses	828	15	—	844	27	871
Depreciation	1,249	1,294	96	2,640	13	2,653
Interests on loans	620	5	—	625	164	790
Dividends received	23	12	—	36	1	37
Reversal provision for investment loss	—	—	—	—	—	—
Rent expenses on real estates	154	—	—	154	5	160
Gain on sales of investment securities	1	—	—	1	457	458
Interest expenses *3	—	—	—	—	35	35
Extraordinary income	—	—	—	—	—	—
(Gain on reversal of shares acquisition rights)	(—)	(—)	(—)	(—)	(—)	(—)
Extraordinary losses	690	—	—	690	—	690
(Loss on valuation of investment securities)	(690)	(—)	(—)	(690)	(—)	(690)
Income taxes - current	-655	994	—	339	518	858
Income taxes - deferred	-3,723	-685	—	-4,408	-844	-5,252
Increase/decrease in property, plant and equipment, and intangible assets	627	814	2	1,444	—	1,444

\*1. The other classification comprises businesses not included in reporting segments and encompasses the activities of BUSINEXT CORPORATION, AsTry Loan Services Corporation and related companies.

2. Provision of allowance for doubtful accounts is the sum total of operating expenses and non-operating expenses.

3. Interest expenses is the amount that is not included in operating expenses but is noted as non-operating expenses.

4. Each number stated in the reportable segment 'AIRA & AIFUL Public Company Limited' is the modified figure adjusted in accordance with the 'Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement' (ASBJ PITF No. 18).

(4) The amount and principal details of the difference between the total amount of reporting segments and amounts posted on the Company's financial statements

(Millions of yen)

Operating revenue	FY2018/3	FY2019/3
Reportable segment total	110,619	109,731
Operating revenue categorized in "Other"	4,962	5,816
Inter-segment eliminations	(192)	(218)
Operating revenue posted in consolidated financial statements	115,389	115,328

Profit	FY2018/3	FY2019/3
Reportable segment total	3,170	5,717
Profit(loss) categorized in "Other"	(608)	2,073
Inter-segment eliminations	361	325
Other adjustment	1,035	1,230
Profit attributable to owners of parent posted in consolidated financial statements	3,958	9,346

Assets	FY2018/3	FY2019/3
Reportable segment total	697,250	773,801
Profit categorized in "Other"	33,278	44,397
Other adjustment	(47,883)	(57,611)
Total assets posted in consolidated financial statements	682,645	760,587

Liabilities	FY2018/3	FY2019/3
Reportable segment total	558,265	628,761
Profit categorized in "Other"	15,193	24,541
Other adjustment	(10,219)	(20,732)
Total liabilities posted in consolidated financial statements	563,238	632,570

(Millions of yen)

Other Items	Total of reportable segment		Other		Adjustment		Amount posted in Consolidated Financial statements	
	FY2018/3	FY2019/3	FY2018/3	FY2019/3	FY2018/3	FY2019/3	FY2018/3	FY2019/3
Other items								
Provision for point card certificates	2,807	2,950	—	—	—	—	2,807	2,950
Provision for investment loss	—	—	—	—	-2	—	-2	—
Provision of allowance for doubtful accounts *1	18,766	28,789	1,262	565	—	—	20,029	29,354
Provision for loss on interest repayment	12,384	11,501	—	—	—	—	12,384	11,501
Provision for bonuses	657	844	23	27	291	407	972	1,279
Depreciation	2,380	2,640	3	13	—	—	2,384	2,653
Interests on loans	247	625	39	164	-221	-634	65	155
Dividends received	35	36	0	1	—	-13	35	23
Share of profit of entities accounted for using equity method	—	—	—	—	—	81	—	81
Reversal provision for investment loss	—	—	2	—	-2	—	—	—
Rent expenses on real estates	149	154	2	5	-78	-78	73	82
Gain on sales of investment securities	—	1	—	457	—	—	—	458
Interest expenses *2	—	—	34	35	-32	-28	1	6
Extraordinary income	703	—	—	—	—	—	703	—
(Gain on reversal of shares acquisition rights)	(703)	(—)	(—)	(—)	(—)	(—)	(703)	(—)
Extraordinary losses	—	690	—	—	—	—	—	690
(Loss on valuation of investment securities)	(—)	(690)	(—)	(—)	(—)	(—)	(—)	(690)
Income taxes - current	255	339	181	518	—	—	437	858
Income taxes - deferred	505	-4,408	—	-844	-361	-369	144	-5,621
Investment amount of entities accounted for using equity method	—	—	—	—	—	821	—	821
Increase/decrease in property, plant and equipment, and intangible assets	2,560	1,444	0	—	—	—	2,561	1,444

\* 1. Provision of allowance for doubtful accounts is the sum total of operating expenses and non-operating expenses

2. Interest expenses is the amount that is not included in operating expenses but is noted as non-operating expenses.

3. Each number stated in the “Subtotal of Reportable Segments” is the modified figure adjusted in accordance with the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement” (ASBJ PITF No. 18).

(Per Share Information)

Prior FY (from April 1, 2017 to March 31, 2018)		Current FY (from April 1, 2018 to March 31, 2019)	
Net assets per share	236.13 yen	Net assets per share	256.45 yen
Net income per share	8.18 yen	Net income per share	19.32 yen
Diluted net income per share	—	Diluted net income per share	—

Note 1: Diluted net income per share for the previous FY omitted because there were no latent shares with a dilutive effect.

2: Basis of calculation of net assets per share is as follows

(Millions of yen)

	Prior FY (from April 1, 2017 to March 31, 2018)	Current FY (from April 1, 2018 to March 31, 2019)
Total net assets	119,407	128,016
Amount deducted from total net assets	5,192	3,971
(Of which shares acquisition rights)	(234)	(230)
(Of which non-controlling interests)	(4,957)	(3,741)
Net assets related to capital stock at end of fiscal year	114,214	124,045
Number of shares of capital stock at the end of the fiscal year used in the calculation of net assets per share	483,702,998 shares	483,702,954 shares

3: Basis for calculation of net income per share and diluted net income per share is as follows.

Item	Current FY (from April 1, 2017 to March 31, 2018)	Current FY (from April 1, 2018 to March 31, 2019)
Net income per share		
Profit attributable to owners of parent	3,958 million yen	9,346 million yen
Amount not attributable to capital stock shareholders		
Profit attributable to owners of parent related to common stock	3,958 million yen	9,346 million yen
Average number of shares of capital stock during the period	483,702,876 shares	483,702,983 shares
Diluted net income per share		
Adjusted profit attributable to owners of parent	—	—
Increase in number of capital stock	—	—
(of which shares acquisition rights)	(—)	(—)
Outline of stock not included in diluted net income per share due to lack of dilutive effect	New shares acquisition rights of Stock options is issued by board of directors in June 15, 2015 (1,494,850shares).	New shares acquisition rights of Stock options is issued by board of directors in June 15, 2015 (1,465,850shares).

(Important Subsequent Events)

Not applicable

#### 4. Non-Consolidated Financial Statements

##### (1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	17,768	18,186
Operating loans	332,766	370,034
Accounts receivable - installment	503	402
Customers' liabilities for acceptances and guarantees	100,653	113,064
Other operating receivables	5,811	6,745
Prepaid expenses	237	281
Accrued income	2,584	2,898
Short-term loans receivable from subsidiaries and associates	—	50
Other	5,065	6,321
Allowance for doubtful accounts	(28,913)	(32,178)
<b>Total current assets</b>	<b>436,477</b>	<b>485,807</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	13,059	12,920
Accumulated depreciation	(8,393)	(8,605)
Buildings, net	4,665	4,314
Structures	1,289	1,210
Accumulated depreciation	(1,030)	(988)
Structures, net	258	222
Machinery and equipment	146	146
Accumulated depreciation	(131)	(134)
Machinery and equipment, net	14	12
Furniture and fixtures	3,808	3,813
Accumulated depreciation	(2,983)	(3,279)
Furniture and fixtures, net	824	534
Land	6,809	6,809
Leased assets	840	847
Accumulated depreciation	(413)	(580)
Leased assets, net	426	267
Construction in process	93	93
<b>Total property, plant and equipment</b>	<b>13,094</b>	<b>12,254</b>
<b>Intangible assets</b>		
Software	909	1,220
Other	25	27
<b>Total intangible assets</b>	<b>935</b>	<b>1,248</b>
<b>Investments and other assets</b>		
Investment securities	1,189	947
Shares of subsidiaries and associates	33,120	34,496
Long-term loans receivable from subsidiaries and associates	11,257	14,142
Claims provable in bankruptcy	27,618	16,041
Long-term prepaid expenses	168	213
Deferred tax assets	—	3,542
Lease and guarantee deposits	1,602	1,448
Other	265	235
Allowance for doubtful accounts	(25,465)	(13,927)
<b>Total investments and other assets</b>	<b>49,755</b>	<b>57,140</b>
<b>Total non-current assets</b>	<b>63,784</b>	<b>70,643</b>
<b>Total Assets</b>	<b>500,262</b>	<b>556,450</b>

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Liabilities</b>		
Current liabilities		
Acceptances and guarantees	100,653	113,064
Short-term borrowings	7,000	6,900
Current portion of bonds	1,300	7,370
Current portion of long-term borrowings	46,337	91,957
Lease obligations	179	165
Trade accounts payable	8,446	4,102
Accrued expenses	499	942
Income taxes payable	330	769
Allowance for bonuses	953	1,273
Deferred installment income	12	9
Asset retirement obligations	6	13
Other	525	578
Total current liabilities	166,243	227,148
Non-current liabilities		
Bonds payable	7,200	20,245
Long-term borrowings	215,836	194,220
Lease obligations	281	122
Deferred tax liabilities	180	—
Provision for loss on interest repayment	22,158	20,722
Asset retirement obligations	1,982	1,966
Other	830	823
Total non-current liabilities	248,470	238,101
Total liabilities	414,714	465,249
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	143,454	143,454
Capital surplus		
Capital reserves	52	52
Total capital surplus	52	52
Retained earnings		
Other retained earnings		
Retained earnings carried forward	(54,634)	(49,426)
Total retained earnings	(54,634)	(49,426)
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	85,762	90,970
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(448)	0
Total valuation and translation adjustments	(448)	0
Shares acquisition rights	234	230
Total net assets	85,548	91,200
Total liabilities and net assets	500,262	556,450

## (2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2018 (Apr. 1 2017 to Mar. 31 2018)	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)
Operating revenue		
Interest on operating loans	45,881	51,960
Other financial revenue	1	0
Other operating revenue		
Revenue from credit guarantee	10,976	11,246
Recoveries of written off claims	6,126	5,925
Other	1,677	1,859
Total other operating revenue	18,780	19,031
Total operating revenue	64,663	70,991
Operating expenses		
Financial expenses		
Interest expenses	4,205	4,688
Interest on bonds	813	377
Other	822	777
Total financial expenses	5,841	5,843
Other operating expenses		
Commissions	5,458	5,713
Provision of allowance for doubtful accounts	13,281	22,060
Provision for loss on interest repayment	12,384	10,354
Salaries and allowances for employees	6,060	5,899
Provision for bonuses	643	828
Sales promotion expenses	6,243	5,674
Depreciation	1,250	1,249
Other	13,130	12,899
Total other operating expenses	58,455	64,679
Total operating expenses	64,296	70,523
Operating profit	366	468
Non-operating income		
Foreign exchange gains	—	14
Interest on loans receivables	247	620
Rent expenses on real estates	149	154
Fiduciary obligation fee	192	175
Other	68	106
Total non-operating income	657	1,071
Non-operating expenses		
Foreign exchange losses	24	—
Provision of allowance for doubtful accounts	8	14
Other	11	6
Total non-operating expenses	44	20
Ordinary profit	979	1,519
Extraordinary income		
Gain on reversal of shares acquisition rights	703	—
Total extraordinary income	703	—
Extraordinary losses		
Loss on valuation of investment securities	—	690
Total extraordinary losses	—	690
Income before taxes	1,683	829
Income taxes - current	(736)	(655)
Income taxes - deferred	(17)	(3,723)
Total income taxes	(754)	(4,378)
Profit	2,437	5,208



(3) Non-Consolidated Statements of Change in Shareholders' Equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at April 1, 2017	143,454	52	52	(57,072)	(57,072)	(3,110)	83,324
Changes during the period							
Issuance of new shares-exercise of shares acquisition rights	0	0	0				0
Profit				2,437	2,437		2,437
Purchase of treasury shares						(0)	(0)
Net changes in accounts other than shareholders' equity							
Total change during fiscal year	0	0	0	2,437	2,437	(0)	2,438
Balance at March 31, 2018	143,454	52	52	(54,634)	(54,634)	(3,110)	85,762

	Valuation and translation adjustments		Shares acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at April 1, 2017	(314)	(314)	910	83,919
Changes during the period				
Issuance of new shares-exercise of shares acquisition rights				0
Profit				2,437
Purchase of treasury shares				(0)
Net changes in accounts other than shareholders' equity	(133)	(133)	(675)	(809)
Total change during fiscal year	(133)	(133)	(675)	1,628
Balance at March 31, 2018	(448)	(448)	234	85,548

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at April 1, 2018	143,454	52	52	(54,634)	(54,634)	(3,110)	85,762
Changes during the period							
Issuance of new shares-exercise of shares acquisition rights	—	—	—				—
Profit				5,208	5,208		5,208
Purchase of treasury shares						(0)	(0)
Net changes in accounts other than shareholders' equity							
Total change during fiscal year	—	—	—	5,208	5,208	(0)	5,208
Balance at March 31, 2019	143,454	52	52	(49,426)	(49,426)	(3,110)	90,970

	Valuation and translation adjustments		Shares acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at April 1, 2018	(448)	(448)	234	85,548
Changes during the period				
Issuance of new shares-exercise of shares acquisition rights				—
Profit				5,208
Purchase of treasury shares				(0)
Net changes in accounts other than shareholders' equity	449	449	(4)	444
Total change during fiscal year	449	449	(4)	5,652
Balance at March 31, 2019	0	0	230	91,200