



(Translation for reference only)

May 12, 2021

Consolidated Financial Results

For the Fiscal Year ended in March 31, 2021

(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 convention of annual general meeting of shareholders: June 22, 2021
 Scheduled date of submission of Securities report: June 23, 2021
 Scheduled date of commencement of dividend payments : June 1, 2021
 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, 2021

(April 1, 2020 – March 31, 2021)

(Amounts less than one million yen have been rounded down)

1. Consolidated Operating Results

(Millions of yen, Percentages indicate year-on-year changes)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
Fiscal year ended								
March 31, 2021	127,481	0.3%	17,530	943.8%	19,305	—	18,437	—
March 31, 2020	127,038	10.2%	1,679	(44.6)%	1,716	(58.2)%	1,390	(85.1)%

Note: Comprehensive income: For the Fiscal year ended

March 31, 2021: 18,761 million yen (—)%

March 31, 2020: 1,220 million yen (85.2)%

	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, 2021	38.12	—	13.6	2.2	13.8
March 31, 2020	2.88	—	1.1	0.2	1.3

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

March 31, 2021: 204 million yen

March 31, 2020: 110 million yen

2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
As of				
March 31, 2021	863,354	147,692	16.9	300.92
March 31, 2020	860,507	128,931	14.6	260.53

Reference: Shareholders' equity: As of March 31, 2021: 145,555 million yen

As of March 31, 2020: 126,017 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, 2021	20,280	(9,274)	(18,813)	35,945
March 31, 2020	(51,113)	(2,718)	55,356	43,520

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, 2020	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2021	—	0.00	—	1.00	1.00	483	2.6	0.4
FY ending March 31, 2022 (Forecast)	—	0.00	—	1.00	1.00		2.3	

III. Earnings Forecast on a Consolidated Basis for the Fiscal Year ending March 31, 2022

(April 1, 2021 – March 31, 2022)

(Millions of yen, Percentages indicate year-on-year changes)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share (Yen)
		%		%		%		%	
Six months ending September 30, 2021	65,100	2.6%	9,000	(4.0)%	9,200	(11.3)%	7,900	(19.5)%	16.33
Fiscal year ending March 31, 2022	132,800	4.2%	23,700	35.2%	24,200	25.4%	21,100	14.4%	43.62

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: None

(d) Restatement: None

(3) Number of shares issued (Common stock)

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

FY2020	484,620,136 shares	FY2019	484,620,136 shares
FY2020	917,470 shares	FY2019	917,346 shares
FY2020	483,702,752 shares	FY2019	483,702,875 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, 2021
(April 1, 2020 – March 31, 2021)

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, 2021	78,826	1.7%	10,473	—	11,973	592.6%	9,583	484.7 %
March 31, 2020	77,504	9.2%	413	(11.8)%	1,728	13.8%	1,639	(68.5) %

	Profit per Share (Yen)	Diluted Profit per Share (Yen)
Fiscal year ended		
March 31, 2021	19.81	—
March 31, 2020	3.39	—

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, 2021	638,868	102,655	16.1	212.23
March 31, 2020	635,683	92,609	14.6	191.46

Reference: Shareholders' equity: As of March 31, 2021 102,655 million yen
As of March 31, 2020 92,609 million yen

II. Earnings Forecast on a Non-Consolidated Basis for the Fiscal Year ending March 31, 2022
(April 1, 2021 – March 31, 2022):

(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, 2021	40,500	3.3%	6,300	6.3%	7,000	3.5%	6,800	(5.5)%	14.06
Fiscal year ending March 31, 2022	81,900	3.9%	16,100	53.7%	17,700	47.8%	17,000	77.4%	35.15

* 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 2022" on page 5.

Contents

1. Business Results and Others.....	02
(1) Overview of Business Results.....	02
(2) Overview of Financial Position.....	04
(3) Overview of Cash Flows.....	05
(4) Outlook for the fiscal year ending March 2021.....	05
(5) Basic Policies on Profit Distribution and Dividend for the Fiscal Year under Review and Next Fiscal Year.....	06
2. Basic Stance on Selection of Accounting Standards.....	06
3. Consolidated Financial Statements.....	07
(1) Consolidated Balance Sheets.....	07
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	09
(3) Consolidated Statements of Change in Shareholders' Equity.....	12
(4) Consolidated Statements of Cash Flows.....	14
(5) Notes to Consolidated Financial Statements.....	16
Notes on Premise of Going Concern.....	16
Critical accounting estimates	16
Changes in presentation method	17
Notes to Consolidated Balance Sheets.....	18
Notes to Segment Information.....	22
Per Share Information.....	29
Important Subsequent Events.....	29
4. Non-Consolidated Financial Statements.....	30
(1) Non-Consolidated Balance Sheets.....	30
(2) Non-Consolidated Statements of Income.....	32
(3) Non-Consolidated Statements of Change in Shareholders' Equity.....	34

1. Business Results and Others

(1) Overview of Business Results

During the consolidated fiscal year ended March 31, 2021, the outlook for the Japanese economy remained uncertain due to concerns over a further spread of COVID-19, a deterioration in the employment environment, and the resulting impact on economic activities against the backdrop of an increase in the number of infections and the nationwide spread.

In the consumer finance industry as well, the market has been shrinking due to a decline in consumer spending caused by the spread of COVID-19. In addition, although interest repayment claims have been steadily decreasing, they are susceptible to changes in the external environment and other factors, and thus continue to require close monitoring.

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

The results by business segment are as follows.

(AIFUL Corporation)

Loan business

In the loan business, in addition to effective advertising strategies centered on TV commercials and web sites, we are working to improve our customer services by increasing the number of ATMs installed at convenience stores that allow customers to use the smartphone ATM service, which enables customers to deposit and withdraw money without cards, and launching automatic transfer loan that is available 24 hours a day. In the fiscal year under review, although we worked to increase the number of new contracts for unsecured loans and the balance of operating loans, the number of new contracts for unsecured loans was 161,000, down 21.8% year on year, and the contract rate was 40.1%, down 3.6 percentage points from the previous fiscal year, due to the impact of COVID-19.

At the end of the fiscal year under review, unsecured loans outstanding were 425,848 million yen (up 0.8% year on year), secured loans outstanding were 4,813 million yen (down 30.8% year on year), small business loans outstanding were 7,638 million yen (down 8.4% year on year), and the total balance of operating loans in the loan segment was 438,300 million yen (up 0.1% year on year), including 15,878 million yen in off-balance sheet operating loans resulting from the securitization of receivables.

Credit guarantee business

In the credit guarantee business, AIFUL leveraged its know-how related to credit operations for individuals and small- and medium-sized enterprises as well as its unique strengths as an independent entity to increase the credit guarantee balance by promoting the diversification of credit guarantee products and increasing the number of guarantee partners.

As a result, loans outstanding for unsecured personal loan guarantee at the end of the fiscal year under review was 113,516 million yen (up 15.8% from the end of the previous fiscal year), and loans outstanding for unsecured business loan guarantee was 25,838 million yen (down 13.9% from the end of the previous fiscal year).

Of the credit guarantee for the unsecured business loans, 6,627 million yen comes from guarantees provided to AIFUL BUSINESS FINANCE CORPORATION.

As a result of the above, in the consolidated fiscal year under review, our operating revenue was 78,826 million yen (up 1.7% year on year), our operating profit was 10,473 million yen (operating profit of 413 million yen in the previous fiscal year), and our ordinary profit was 11,973 million yen (up 592.6% year on year). Profit increased 484.7% to 9,583 million yen as a result of an impairment loss on shares of AIRA & AIFUL Public Company Limited, a consolidated subsidiary, which was recorded as a loss of 4,464 million yen on devaluation of shares of subsidiaries and affiliates.

(LIFECARD Co., Ltd)

Credit card business

The credit card business is on a gradual recovery trend on the back of robust use at Internet shopping and other services and a recovery in consumption activities due to various government policies and other factors. Under these circumstances, we endeavored to increase the purchase amount by working to increase applications for membership through issuance of new affiliated cards and by raising upper credit limits. However, due to the sluggish growth in purchases in the first half of the fiscal year, the transaction volume for the consolidated fiscal year under review was 817,830 million yen (down 0.0% year on year), and the balance of installment receivables for credit card business at the end of the fiscal year under review was 100,347 million yen (down 5.1% year on year), including 6,994 million yen in installment receivables that were off-balance sheet due to the securitization of receivables.

Card Cashing

The total amount of loans outstanding at the end of the fiscal year under review in LIFECARD's loan business was 25,278 million yen (down 18.0% from the end of the previous fiscal year), including 1,729 million yen of off-balance-sheet operating loans due to the securitization of receivables.

Credit guarantee business

In the credit guarantee business, LIFECARD leveraged its know-how related to credit operations for individuals and small- and medium-sized enterprises as well as its unique strengths as an independent entity to increase the credit guarantee balance by promoting the diversification of credit guarantee products and increasing the number of guarantee partners.

As a result, loans outstanding for unsecured personal loan guarantee at the end of the fiscal year under review was 25,112 million yen (up 8.3% from the end of the previous fiscal year), and loans outstanding for unsecured business loan guarantee was 1,078 million yen (down 35.0% from the end of the previous fiscal year).

As a result of the above, LIFECARD Co., Ltd. recorded operating revenue of 32,303 million yen (down 5.5% year on year), operating profit of 3,551 million yen (up 60.4% year on year), ordinary profit of 4,248 million yen (up 82.0% year on year), and profit of 3,139 million yen (up 176.4% year on year).

(AIRA & AIFUL Public Company Limited)

In the Kingdom of Thailand, economic activity was restricted by the declaration of an emergency issued in March 2020 as a measure against COVID-19. Since then, the number of new infections has remained at a low level, and from May onward,

restrictive measures have been gradually relaxed and economic activity has been recovering. Against this backdrop, AIRA & AIFUL Public Company Limited introduced a new scoring system to acquire prime customers in order to improve its loan portfolio quality.

Consequently, AIRA & AIFUL Public Company Limited's operating revenue for the fiscal year under review was 5,957 million yen (down 8.6% year on year), with operating loss of 118 million yen (compared with an operating loss of 1,097 million yen in the previous fiscal year), ordinary loss of 131 million yen (compared with an ordinary loss of 1,064 million yen in the previous fiscal year), and net loss of 190 million yen, a decrease of 986 million yen from the previous fiscal year (compared with a net loss of 1,176 million yen in the previous fiscal year).

(Other)

7 consolidated subsidiaries (AIFUL BUSINESS FINANCE CORPORATION, AG Loan Services Corporation, AG Capital Co., Ltd., AIFUL GUARANTEE Co., Ltd., AG MIRAIBARAI Co., Ltd., Aiful Medical Finance Co., Ltd., and Sumishin Life Card Company, Limited) not included in reportable segments for the fiscal year under review recorded operating revenue of 12,162 million yen (up 16.6% year on year), operating profit of 2,248 million yen (compared with an operating loss of 300 million yen in the previous fiscal year), ordinary profit of 3,302 million yen (compared with an ordinary loss of 366 million yen in the previous fiscal year), and profit of 1,993 million yen (compared with a net loss of 505 million yen in the previous fiscal year).

(Overview of the Results)

In the consolidated fiscal year under review, the AIFUL Group's operating revenue amounted to 127,481 million yen (up 0.3% year on year). The principal components were interest on loans, which increased 2.2% year on year to 74,041 million yen, revenue from the credit card business, which decreased 1.1% year on year to 18,646 million yen, and revenue from the credit guarantee business, which decreased 4.5% year on year to 14,524 million yen.

Operating expenses decreased 15,408 million yen, or 12.3% year on year, to 109,950 million yen. This was mainly due to a decrease in sales promotion expenses reflecting a decline in consumer spending on the back of the spread of COVID-19, and a decrease in financial expenses due to a decrease in the balance of operating loans.

As a result of the above, the AIFUL Group's operating profit for the fiscal year under review was 17,530 million yen (up 943.8% year on year), and ordinary profit was 19,305 million yen (compared with ordinary income of 1,716 million yen in the previous fiscal year). Profit attributable to owners of the parent was 18,437 million yen (profit attributable to owners of the parent of 1,390 million yen in the previous fiscal year) as a result of the recording of loss attributable to non-controlling interests of 642 million yen.

Effective from the fiscal year under review, 2 newly established companies, AG MIRAIBARAI Co., Ltd., which mainly engages in the deferred payment business, and Aiful Medical Finance Co., Ltd., which engages in the loan business, have been included in the scope of consolidation. Aiful Medical Finance Co., Ltd. was renamed AG MEDICAL CORPORATION on May 1, 2021.

(2) Overview of Financial Position

(Assets, liabilities, net assets)

Assets at the end of the consolidated fiscal year under review increased by 2,847 million yen from the end of the previous fiscal year to 863,354 million yen (up 0.3% from the end of the previous fiscal year). The increase was mainly attributable to an increase of 3,651 million yen in lease and guarantee deposits.

Liabilities decreased by 15,914 million yen to 715,662 million yen (down 2.2% from the end of the previous fiscal year). The decrease was mainly due to a decrease of 12,119 million yen in provision for loss on interest repayment.

Net assets increased 18,761 million yen, or 14.6%, compared with the previous fiscal year-end, to 147,692 million yen. The increase was mainly attributable to an increase in retained earnings.

(3) Overview of Cash Flows

(Cash Flows)

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated fiscal year under review decreased by 7,574 million yen from the end of the previous fiscal year to 35,945 million yen (down 17.4% from the end of the previous fiscal year).

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

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 20,280 million yen, compared with net cash used of 51,133 million yen in the previous fiscal year. This was mainly due to income before income taxes and minority interests.

(Cash flows from investing activities)

Net cash used for investing activities amounted to 9,274 million yen, an increase of 241.2% compared with the previous fiscal year. This was mainly due to payments into time deposits.

(Cash flow from financing activities)

Net cash used for financing activities amounted to 18,813 million yen, compared with net cash provided by financing activities of 55,356 million yen in the previous fiscal year. This was mainly due to repayments of borrowings and redemption of bonds.

(4) Outlook for the fiscal year ending March 2021

In the business environment surrounding our Group, the retail financial markets for loans and credit cards for consumers and small- and medium-sized enterprises have temporarily shrunk due to the stagnation of economic activities caused by the spread of COVID-19 both domestically and overseas. Despite uncertainty about the future due to the recent increase in the number of infections and the nationwide spread, it is anticipated that consumption activities will gradually recover due to the curtailment of the number of infections through thorough measures against infectious diseases, the commencement and popularization of vaccinations, and campaigns by the public and private sectors to stimulate consumption.

On the other hand, the environment surrounding the market is rapidly changing, such as the entry of new vendors, the penetration of new payment methods, and the acceleration of DX, and we are required to respond swiftly to changes.

Under these circumstances, the AIFUL Group will continue to focus on increasing operating assets, diversifying financial business across the Group, mainly in the loan, credit card, credit guarantee, and overseas businesses and balancing "efficiency", "safety," "profitability," and "growth potential," while responding to interest repayment claims, which is one of the management

issues. To respond to the ever-changing environment, we will build a high-profit structure by establishing the AIFUL Group brand and upgrading data utilization to transform ourselves into a company that enjoys strong support from stakeholders, as well as by improving productivity and reforming our profit structure in the areas of IT and digital utilization.

In the business forecasts for the AIFUL Group's consolidated fiscal year ending March 2022, we expect operating revenue to increase 4.2% year on year to 132,800 million yen, operating profit to increase 35.2% year on year to 23,700 million yen, ordinary profit to increase 25.4% year on year to 24,200 million yen, and profit attributable to owners of parent to increase 14.4% year on year to 21,100 million yen.

The above forecasts are based on information available as of the date of publication of this document, and the actual financial results may differ from the forecasts due to various factors going forward.

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

We recognize that returning profits to our shareholders is one of the most important management issues. Our basic policy is to secure stable internal reserves and return profits to shareholders in accordance with our operating results, while aiming to maximize shareholder value through medium-to long-term profit growth.

With regard to the year-end dividend for the fiscal year under review, after comprehensively taking into account the business performance and financial condition, the Board of Directors decided to revise the year-end dividend forecast, which had been originally set as no dividend, to 1 yen per share and resume dividend payments on April 26, 2021. For the next fiscal year, we plan to pay an annual dividend of 1 yen per share (1 yen per share at the end of the fiscal year).

For details, please refer to the " Notice of Recording of Extraordinary Loss (Loss on Valuation of Shares of Subsidiaries and Affiliates), Revisions to Non-Consolidated Earnings Forecasts, and Dividends of Surplus (Resumption of Dividends) " announced on April 26, 2021.

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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	43,524	40,950
Operating loans	516,960	516,340
Accounts receivables - installment	102,942	101,719
Operational investment securities	1,451	1,701
Customers' liabilities for acceptances and guarantees	157,858	170,553
Other operating receivables	8,858	8,749
Purchased receivables	3,121	3,173
Other	30,612	24,724
Allowance for doubtful accounts	(51,608)	(58,201)
Total current assets	813,722	809,712
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,252	23,769
Accumulated depreciation	(18,359)	(18,207)
Buildings and structures, net	5,893	5,561
Machinery and equipment	407	432
Accumulated depreciation	(330)	(342)
Machinery and equipment, net	76	90
Furniture and fixtures	6,425	5,251
Accumulated depreciation	(5,438)	(3,986)
Furniture and fixtures, net	987	1,265
Land	8,899	8,900
Leased assets	5,920	4,889
Accumulated depreciation	(2,342)	(2,991)
Leased assets, net	3,578	1,898
Construction in progress	262	49
Total property, plant and equipment	19,698	17,765
Intangible assets		
Software	4,182	5,204
Other	102	102
Total intangible assets	4,285	5,306
Investment and other assets		
Investment securities	5,960	7,714
Claims provable in bankruptcy	23,609	22,082
Deferred tax assets	6,712	8,821
Lease and guarantee deposits	1,805	5,456
Other	5,398	6,124
Allowance for doubtful accounts	(20,686)	(19,628)
Total investments and other assets	22,800	30,570
Total non-current assets	46,784	53,642
Total assets	860,507	863,354

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes & accounts payable-trade	37,156	38,265
Acceptances and guarantees	157,858	170,553
Short-term borrowings	103,119	100,750
Current portion of bonds	20,170	15,075
Current portion of long-term borrowings	121,928	146,136
Income taxes payable	2,026	2,112
Allowance for bonuses	1,356	1,397
Provision for point card certificates	2,840	2,560
Deferred installment income	1,344	1,822
Other	21,581	20,923
Total current liabilities	469,381	499,596
Non-current liabilities		
Bonds payable	15,075	15,000
Long-term borrowings	215,601	180,677
Deferred tax liabilities	49	75
Provision for loss on interest repayment	25,033	12,913
Other	6,435	7,398
Total non-current liabilities	262,194	216,065
Total liabilities	731,576	715,662
Net Assets		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	13,948	13,948
Retained earnings	20,232	38,669
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	125,098	143,536
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	459	1,705
Foreign currency translation adjustment	459	314
Total accumulated other comprehensive income	918	2,019
Non-controlling interests	2,914	2,136
Total net assets	128,931	147,692
Total liabilities and net assets	860,507	863,354

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

i. Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)
Operating revenue		
Interest on loans receivable	72,444	74,041
Revenue from credit card business	18,862	18,646
Revenue from credit guarantee	15,203	14,524
Other financial revenue	7	6
Other operating revenue		
Collection from purchased receivable	1,662	1,573
Recoveries of written off claims	6,896	6,761
Other	11,961	11,927
Total other operating revenue	20,520	20,262
Total operating revenue	127,038	127,481
Operating expenses		
Financial expenses		
Interest expenses	6,100	6,086
Interest on bonds	623	516
Other	797	645
Total financial expenses	7,522	7,248
Cost of sales		
Cost of purchased receivable	1,120	1,141
Other	169	273
Total cost of sales	1,289	1,414
Other operating expenses		
Provision for point card certificates	2,707	2,209
Commissions	15,722	14,978
Provision of allowance for doubtful accounts	33,796	38,818
Provision for loss on interest repayment	16,927	—
Employees' salaries and bonuses	11,964	12,019
Provision for bonuses	1,311	1,333
Retirement benefit expenses	497	503
Sales promotion expenses	8,102	6,808
Other	25,517	24,615
Total other operating expenses	116,547	101,286
Total operating expenses	125,358	109,950
Operating profit	1,679	17,530

(Millions of yen)

	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)
Non-operating income		
Interest on loans receivable	193	203
Share of profit of entities accounted for using equity method	110	204
Foreign exchange gains	—	560
Rent on real estate	84	89
Gain on sales of investment securities	—	367
Subsidy income	—	327
Other	141	175
Total non-operating income	529	1,928
Non-operating expenses		
Interest expenses	5	3
Foreign exchange loss	479	—
Provision for doubtful accounts	—	47
Infectious disease related costs	—	90
Other	8	11
Total non-operating expenses	493	153
Ordinary profit	1,716	19,305
Extraordinary income		
Gain on reversal of shares acquisition rights	230	—
Total extraordinary income	230	—
Extraordinary losses		
Loss on the sale of fixed assets	—	91
Loss on disposal of fixed assets	112	—
Impairment loss	—	1,064
Loss on valuation of investment securities	264	—
Total extraordinary losses	376	1,156
Profit before income taxes	1,569	18,149
Income taxes – current	2,155	2,965
Income taxes – deferred	(886)	(2,610)
Total income taxes	1,269	354
Profit	300	17,794
Profit (loss) attributable to non-controlling interests	(1,089)	(642)
Profit attributable to owners of parent	1,390	18,437

ii. Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)
Profit	300	17,794
Other Comprehensive income		
Valuation difference on available-for-sale securities	522	1,258
Foreign currency translation adjustment	396	(291)
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	919	966
Comprehensive income	1,220	18,761
Comprehensive income attributable to		
Owners of parent	2,070	19,538
Non-controlling interests	(850)	(777)

(3) Consolidated Statements of Change in Shareholders' Equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2019	143,454	13,948	(30,485)	(3,110)	123,807
Cumulative effects of changes in accounting policies			(121)		(121)
Restated balance	143,454	13,948	(30,607)	(3,110)	123,685
Changes during the period					
Profit attributable to owners of parent			1,390		1,390
Transfer from share capital to other capital surplus	(49,426)	49,426			—
Deficit disposition		(49,426)	49,426		—
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			22		22
Change in scope of equity method					—
Net changes in accounts other than shareholders' equity					
Total change during fiscal year	(49,426)	—	50,839	(0)	1,413
Balance at March 31, 2020	94,028	13,948	20,232	(3,110)	125,098

	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, 2019	(23)	261	238	230	3,741	128,016
Cumulative effects of changes in accounting policies					(123)	(245)
Restated balance	(23)	261	238	230	3,617	127,771
Changes during the period						
Profit attributable to owners of parent						1,390
Transfer from share capital to other capital surplus						—
Deficit disposition						—
Purchase of treasury stock						(0)
Change in scope of consolidation						22
Change in scope of equity method						—
Net changes in accounts other than shareholders' equity	482	197	680	(230)	(703)	(253)
Total change during fiscal year	482	197	680	(230)	(703)	1,159
Balance at March 31, 2020	459	459	918	—	2,914	128,931

For the fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2020	94,028	13,948	20,232	(3,110)	125,098
Cumulative effects of changes in accounting policies					—
Restated balance	94,028	13,948	20,232	(3,110)	125,098
Changes during the period					
Profit attributable to owners of parent			18,437		18,437
Transfer from share capital to other capital surplus					—
Deficit disposition					—
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation					—
Net changes in accounts other than shareholders' equity					
Total change during fiscal year	—	—	18,437	(0)	18,437
Balance at March 31, 2021	94,028	13,948	38,669	(3,110)	143,536

	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, 2020	459	459	918	—	2,914	128,931
Cumulative effects of changes in accounting policies						—
Restated balance	459	459	918	—	2,914	128,931
Changes during the period						
Profit attributable to owners of parent						18,437
Transfer from share capital to other capital surplus						—
Deficit disposition						—
Purchase of treasury stock						(0)
Change in scope of consolidation						—
Net changes in accounts other than shareholders' equity	1,246	(144)	1,101	—	(777)	323
Total change during fiscal year	1,246	(144)	1,101	—	(777)	18,761
Balance at March 31, 2021	1,705	314	2,019	—	2,136	147,692

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)
Cash flows from operating activities		
Profit before income taxes	1,569	18,149
Depreciation	3,017	3,418
Impairment loss	—	1,064
Increase (decrease) in allowance for doubtful accounts	1,497	5,781
Increase (decrease) in provision for bonuses	35	40
Increase (decrease) in provision for point card certificates	(110)	(280)
Increase (decrease) in allowance for loss on interest repayment	2,069	(12,119)
Interest and dividend income	(224)	(237)
Interest expenses	5	3
Loss (gain) on sales of investment securities	—	(367)
Loss (gain) on valuation of investment securities	264	—
Share of loss (profit) of entities accounted for using equity method	(110)	(204)
Subsidy income	—	(327)
Gain on reversal of shares acquisition rights	(230)	—
Loss (gain) on sale of fixed assets	—	91
Loss on disposal of fixed assets	112	—
Decrease (increase) in operating loans receivable	(57,770)	(553)
Decrease (increase) in accounts receivable – installment	2,400	1,222
Decrease (increase) in other operating receivable	(1,110)	109
Decrease (increase) in purchased receivable	(648)	(52)
Decrease (increase) in claims provable in bankruptcy	3,371	1,526
Decrease (Increase) in business guarantee deposits, etc.	(154)	(3,705)
Decrease (increase) in other current assets	(3,626)	5,734
Increase (decrease) in other current liabilities	(411)	1,925
Other	(185)	1,405
Subtotal	(50,238)	22,626
Interest and dividend income	246	242
Interest expenses paid	(6)	(3)
Subsidy received	—	325
Income taxes refund	0	—
Income taxes paid	(1,135)	(2,910)
Cash flow from operating activities	(51,133)	20,280
Cash flows from investing activities		
Payments into time deposits	—	(5,001)
Purchase of property, plant and equipment	(502)	(1,722)
Proceeds from sales of property, plant and equipment	—	200
Purchase of intangible assets	(1,756)	(2,881)
Proceeds from sales of investment securities	—	539
Other	(459)	(409)
Cash flows from investing activities	(2,718)	(9,274)

(Millions of yen)

	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,353,270	1,543,207
Repayments of short-term borrowings	(1,337,105)	(1,545,224)
Proceeds from long-term loans payable	187,087	120,450
Repayments of long-term loans payable	(154,703)	(131,050)
Proceeds from issuance of bonds	15,000	15,000
Redemption of bonds	(7,370)	(20,170)
Purchase of treasury shares	(0)	(0)
Other	(823)	(1,026)
Cash flows from financing activities	55,356	(18,813)
Effect of exchange rate changes on cash and cash equivalents	(718)	232
Net increase (decrease) in cash and cash equivalents	784	(7,574)
Cash and cash equivalents at beginning of period	36,108	43,520
Increase in cash and cash equivalents resulting from merger	6,627	—
Cash and cash equivalents at end of period	43,520	35,945

(5) Notes to Consolidated Financial Statements

(Notes on premise of going concern)

Not applicable.

(Critical Accounting Estimates)

1. Allowance for doubtful accounts

(1) Amount recorded in the financial statements for the current fiscal year: 77,830 million yen

(2) Information on the content of significant accounting estimates for identified items

① Calculation method

Business loans, installment receivables, acceptances and guarantees, and other operating receivables are classified into performing loans, management receivables, and bankruptcy and reorganization receivables according to the credit risk based on the debtors' payment status, etc.

i) Performing loans

Estimated loan losses are calculated using the actual loan loss ratio for each loan type, such as consumer, business, and secured, over the average transaction period.

ii) Monitored loans

Receivables with payment delays exceeding a certain period are classified according to the borrower's delinquency period and other factors for each loan type, such as consumer, business, and secured, and the estimated amount of bad debt is calculated using the actual rate of bad debt in the calculation period, such as the average remaining period in each category.

iii) Claims in bankruptcy

The estimated amount of bad debts is the balance obtained by subtracting the estimated amount of collection (including the estimated amount of collateral to be disposed of) for each individual claim from the balance of the claim.

② Key assumptions

Changes in economic conditions at the end of the fiscal year may have a direct or indirect impact on the debtors. In order to reflect these changes in the evaluation of operating loans, installment receivables, credit guarantee, and other operating receivables, the Company makes judgments regarding the necessity of adjustments to the actual loan loss ratio.

In the consolidated fiscal year under review, in order to prepare for an increase in doubtful receivables expected due to the spread of COVID-19, the estimated amount of bad debt for debtors who have requested for changes or other modifications and for claims for which there are concerns about future payment delays is calculated by methods using the actual rate of bad debt for categories with higher credit risk, rather than using the actual rate of bad debt corresponding each category.

③ Impact on the financial statements for the following year

An allowance for doubtful accounts is provided based on various factors, including historical experience and available information. However, future changes in uncertain economic conditions including the impact of COVID-19, may have a direct or indirect impact on the borrower, and the allowance for doubtful accounts may increase or decrease if the judgment of the actual bad debt ratio changes depending on the collection conditions and other factors.

2.Allowance for loss on interest repayment

(1) Amount recorded in the financial statements for the current fiscal year: 12,913 million yen

(2) Information on the content of significant accounting estimates for identified items

Some of the interest received under the Capital Contribution Act prior to the amendment of 2010 in loan agreements and other agreements offered or previously offered by our group is considered to be the right of the user to claim interest repayment.

As a result, our group conforms to “the Industry Audit Practice Committee Report No. 37 Application of Auditing for Provision of Allowance for Losses for Reclaimed Refund of Interest in the Accounting of Consumer Finance Companies” and sets aside allowance for loss on interest repayment in order to prepare for interest repayment claims.

① Calculation method

Amounts expected to be refunded in the future are estimated by taking into account multiple factors, as well as the number of claims for refund (the number of claims) for interest paid in excess of the maximum amount specified in the Interest Rate Restriction Act (hereinafter referred to as "Excess Interest"), the amount of excess interest repayment per case (the unit price of refund), and other factors.

② Key assumptions

The number of claims for repayment of excess interest and how the amount of excess interest repayment per case will change in the future are predicted based on the business environment, such as trends at the most recent law firms and judicial book firms, and changes in the Group's negotiation policy.

③ Impact on the consolidated financial statements for the following year

The allowance for loss on interest repayment may increase or decrease if the number of claims and the unit price of refund significantly deviate from the estimates, because the Company considers the status of recent refunds and other factors based on past returns.

(Changes in Presentation Method)

(Apply of "Accounting Standard for Disclosure of Accounting Estimates")

The "Accounting Standard for the Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied to the consolidated financial statements as of the end of the fiscal year under review, and notes to significant accounting estimates have been included in the consolidated financial statements.

However, in this note, in accordance with the transitional treatment stipulated in Article 11 of the Accounting Standards, the content relating to the previous fiscal year is not stated.

(Consolidated Statements of Cash Flows)

"Decrease (increase) in business security deposits," which was included in "Other" under "Cash flows from operating activities" in the previous fiscal year, has been presented separately from the fiscal year under review due to an increase in its monetary materiality. To reflect this change in marking, the consolidated financial statements for the previous fiscal year have been reclassified.

Consequently, negative 339 million yen presented in "Other" under "Cash flows from operating activities" in the Consolidated Statements of Cash Flows for the previous fiscal year has been reclassified into a negative 154 million yen in "Increase (decrease) in business security deposits" and negative 185 million yen in "Other."

(Notes to consolidated balance sheets)

*1. Assets pledged as collateral and corresponding liabilities

Assets pledged as collateral

As of March 31, 2020		As of March 31, 2021	
(1) Assets pledged as collateral	(Millions of yen)	(1) Assets pledged as collateral	(Millions of yen)
Cash and deposits	-	Cash and deposits	5,001
Operating loans	339,779	Operating loans	331,065
Accounts receivable – installment	58,820	Accounts receivable – installment	55,100
Buildings and structures	4,262	Buildings and structures	3,972
Machinery and equipment	10	Machinery and equipment	9
Furniture and fixtures	24	Furniture and fixtures	56
Land	8,523	Land	8,816
Total	411,421	Total	404,022
(2) Corresponding liabilities	(Millions of yen)	(2) Corresponding liabilities	(Millions of yen)
Short-term borrowings	77,950	Short-term borrowings	77,190
Current portion of long-term borrowings	88,120	Current portion of long-term borrowings	108,306
Long-term borrowings	164,802	Long-term borrowings	134,214
Total	330,872	Total	319,710

i) The amounts above at the end of the fiscal year under review include amounts related to the securitization of receivables (operating loans of ¥181,047 million, current portion of long-term borrowings of ¥35,530 million and long-term borrowings of ¥103,429 million).

ii) The amounts for some of the 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 related to the securitization of receivables (operating loans of ¥175,146 million, current portion of long-term borrowings of ¥46,196 million and long-term borrowings of ¥77,204 million).

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

*2. Unsecured personal loans included in operating loans

As of March 31, 2020	As of March 31, 2021
¥461,941 million	¥466,330 million

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

	As of March 31, 2020	As of March 31, 2021
Investment securities (shares)	¥2,712 million	¥2,974 million
Investment securities (other securities)	¥1,174 million	¥1,109 million

*4. Accounts receivable - installment

	As of March 31, 2020	As of March 31, 2021
Credit card business	¥97,430 million	¥93,509 million
Installment sales finance business	¥5,511 million	¥8,210 million
Total	¥102,942 million	¥101,719 million

*5. Deferred installment income

As of March 31, 2020					As of March 31, 2021				
(Millions of yen)					(Millions of yen)				
	Balance at beginning of FY	Receipts during FY	Actual balance during FY	Balance at end of FY		Balance at beginning of FY	Receipts during FY	Actual balance during FY	Balance at end of FY
Credit card shopping	498	3,866	3,869	495 (25)	Credit card shopping	495	3,525	3,581	439 (21)
Installment sales finance	496	1,036	691	841 (—)	Installment sales finance	841	1,472	931	1,383 (—)
Total	995	4,903	4,561	1,337 (25)	Total	1,337	4,997	4,512	1,822 (21)

Notes: Figures in brackets indicate member store commissions.

*6. Securitization of claims removed from the balance sheet

	As of March 31, 2020	As of March 31, 2021
Operating loans	¥56,119 million	¥37,049 million
Accounts receivable - installment	¥8,530 million	¥6,994 million

*7. Contingent liability

Guarantee obligation

The Company guarantees loans payable from financial institutions for the Company's non-consolidated subsidiary, PT REKSA FINANCE.

	As of March 31, 2020	As of March 31, 2021
PT REKSA FINANCE	390 million	¥78 million

*8. Non-performing loans

The status of non-performing loans (NPL) of operating loans and claims in bankruptcy is as follows:

As of March 31, 2020				As of March 31, 2021			
(Millions of yen)				(Millions of yen)			
	Unsecured loans	Other than unsecured loans	Total		Unsecured loans	Other than unsecured loans	Total
Loans in legal bankruptcy	768	21,359	22,127	Loans in legal bankruptcy	840	19,876	20,717
Nonaccrual loans	21,761	6,000	27,762	Nonaccrual loans	20,802	5,156	25,958
Loans 3 months+ in arrears	7,754	281	8,035	Loans 3 months+ in arrears	7,949	308	8,258
Restructured loans	25,372	3,125	28,497	Restructured loans	31,068	2,595	33,663
Total	55,656	30,766	86,422	Total	60,661	27,936	88,597

"Receivables with periodic payments" that were included in "Non-accrual loans" in the previous consolidated fiscal year have been included in "Restructured loans" in line with actual conditions from the current consolidated fiscal year due to an increase in the occupancy of settlements for the purpose of restructuring or supporting the borrower's management.

To reflect this change in marking, the statements for the previous fiscal year have also been reclassified.

As a result, 11,394 million yen, which had been presented as "Non-accrual loans" in the previous fiscal year, has been reclassified as "Restructured loans."

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, to which 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 Act Enforcement Ordinance (Enforcement Ordinance No. 97 of 1965) apply. Any amounts deemed necessary to cover possible losses on an individual account basis of the claims in bankruptcy and rehabilitation are posted in the allowances for doubtful accounts.

(Nonaccrual loans)

Nonaccrual loans are loans in which accruals of interest are discontinued, other than loans in legal bankruptcy and loans receiving regular payments in the case of granting deferral of interest payment to 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 operating 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 operating loans for which creditors have granted 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 debtors in financial difficulties to assist them in their recovery and eventually enable them to pay creditors, and which receive regular payments. Loans classified as loans in legal bankruptcy, nonaccrual loans and loans three months or more in arrears are excluded.

*9. Loan commitments related to operating loans

(Previous fiscal year)

Of operating loans including off-balance sheet loans resulting from securitization, ¥470,703 million is loans under revolving credit agreements. Under these agreements, customers may get additional loans up to a specified maximum amount that does not exceed the amount requested by them.

Outstanding loan commitments under revolving credit agreements were ¥788,995 million.

The Group reviews the agreements and takes steps to preserve credit even after concluding the agreements if it considers that taking steps is 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 or who have not requested any loans after concluding a credit agreement. Many revolving credit agreements expire with no loans being provided. Therefore, outstanding loan commitments themselves 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, ¥455,592 million is loans under revolving credit agreements. Under these agreements, customers may get additional loans up to a specified maximum amount that does not exceed the amount requested by them.

Outstanding loan commitments under revolving credit agreements were ¥798,045 million.

The Group reviews the agreements and takes steps to preserve credit even after concluding the agreements if it considers that taking steps is 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 or who have not requested any loans after concluding a credit agreement. Many revolving credit agreements expire with no loans being provided. Therefore, outstanding loan commitments themselves do not necessarily affect the Group's future cash flows.

*10. Of the allowances for doubtful accounts, the estimated interest repayment amounts expected to have priority in being appropriated to operating loans are as follows:

As of March 31, 2020	As of March 31, 2021
¥1,415 million	¥2,737 million

(Notes to Segment Information)

Segment Information

(1) Overview of reporting segments

i) Determination of reporting segments

The Company's reporting segments are the Group's constituent units for which separate financial information is available and which the Board of Directors reviews periodically in order to decide the allocation of managerial resources and evaluate business performance.

The Group carries out business with the Company and each of its consolidated subsidiaries as the smallest component of its strategies.

Therefore, the AIFUL Group's reporting segments are its three core companies: AIFUL Corporation, LIFECARD Co., Ltd., and AIRA & AIFUL Public Company Limited.

ii) Types of products and services belonging to each reporting segment

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

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

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

Inter-segment sales and transfers are based on the amount equivalent to the cost of sales at the submitting company.

(3) Information related to operating revenue, profit or loss, assets, liabilities, etc., of each reporting segment

Previous fiscal year (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reporting segment				Other*1	Total
	AIFUL	LIFECARD	AIRA & AIFUL Public Company Limited*4	Subtotal		
Operating revenue						
Operating revenue from third parties	77,491	33,492	6,519	117,503	9,534	127,038
Inter-segment sales and transfers	13	674	—	688	896	1,584
Total	77,504	34,167	6,519	118,191	10,431	128,623
Segment profit or loss (-)	1,639	1,136	(2,174)	600	(505)	95
Segment assets	635,683	197,237	22,383	855,304	92,154	947,458
Segment liabilities	543,074	149,243	16,960	709,278	72,279	781,557
Other items						
Provision for point card certificates	—	2,707	—	2,707	—	2,707
Provision of allowance for doubtful accounts*2	22,788	4,376	3,423	30,588	3,208	33,796
Provision for loss on interest repayment	15,433	1,493	—	16,927	—	16,927
Provision for bonuses	857	16	—	873	25	899
Depreciation	1,162	1,278	552	2,994	23	3,017
Interest on loans	790	80	—	871	431	1,303
Dividends received	25	13	—	38	4	43
Rental income from real estate	159	—	—	159	6	165
Gain on sales of investment securities	—	—	—	—	—	—
Subsidy income	—	—	—	—	—	—
Interest expenses*3	—	—	—	—	42	42
Infectious disease related costs	—	—	—	—	—	—
Extraordinary income	230	—	—	230	—	230
(Gain on reversal of share acquisition rights)	(230)	(—)	(—)	(230)	(—)	(230)
Extraordinary losses	264	—	112	376	—	376
(Loss on sales of non-current assets)	(—)	(—)	(—)	(—)	(—)	(—)
(Loss on retirement of non-current assets)	(—)	(—)	(112)	(112)	(—)	(112)
Impairment loss	(—)	(—)	(—)	(—)	(—)	(—)
(Loss on valuation of investment securities)	(264)	(—)	(—)	(264)	(—)	(264)
Loss on valuation of stocks of subsidiaries and affiliates	(—)	(—)	(—)	(—)	(—)	(—)
Income taxes – current	351	1,086	—	1,437	718	2,155
Income taxes – deferred	-295	112	—	-183	-579	-762
Increase in property, plant and equipment, and intangible assets	1,835	2,364	131	4,330	146	4,477

*1. The “other” classification comprises business segments not included in reporting segments and encompasses the activities of AIFUL BUSINESS FINANCE CORPORATION, AG Loan Services Corporation, etc.

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

- *3. Interest expenses are the amount that is not included in operating expenses but is noted as non-operating expenses.
- *4. The figures for the reporting segment of AIRA & AIFUL Public Company Limited are after consolidated adjustments in accordance with the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements” (ASBJ PITF No. 18).

Fiscal year under review (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reporting segment				Other*1	Total
	AIFUL	LIFECARD	AIRA & AIFUL Public Company Limited*4	Subtotal		
Operating revenue						
Operating revenue from third parties	78,635	31,443	5,957	116,036	11,444	127,481
Inter-segment sales and transfers	190	859	—	1,050	718	1,768
Total	78,826	32,303	5,957	117,087	12,162	129,249
Segment profit or loss (-)	9,583	3,139	(1,285)	11,437	1,993	13,431
Segment assets	638,868	192,050	20,637	851,556	97,388	948,945
Segment liabilities	536,213	140,177	16,792	693,182	75,225	768,408
Other items						
Provision for point card certificates	—	2,209	—	2,209	—	2,209
Provision of allowance for doubtful accounts*2	29,864	4,193	2,870	36,928	1,889	38,818
Provision for loss on interest repayment	—	—	—	—	—	—
Provision for bonuses	852	20	—	873	23	897
Depreciation	1,336	1,390	605	3,332	86	3,418
Interest on loans	944	180	—	1,125	489	1,614
Dividends received	25	17	—	42	5	47
Rental income from real estate	146	—	—	146	9	155
Gain on sales of investment securities	—	367	—	367	—	367
Subsidy income	176	131	—	308	19	327
Interest expenses*3	—	—	—	—	—	—
Infectious disease related costs	34	3	51	89	0	90
Extraordinary income	—	—	—	—	—	—
(Gain on reversal of share acquisition rights)	(—)	(—)	(—)	(—)	(—)	(—)
Extraordinary losses	4,556	—	1,064	5,620	—	5,620
(Loss on sales of non-current assets)	(91)	(—)	(—)	(91)	(—)	(91)
(Loss on retirement of non-current assets)	(—)	(—)	(—)	(—)	(—)	(—)
Impairment loss	(—)	(—)	(1,064)	(1,064)	(—)	(1,064)
(Loss on valuation of investment securities)	(—)	(—)	(—)	(—)	(—)	(—)
Loss on valuation of stocks of subsidiaries and affiliates	(4,464)	(—)	(—)	(4,464)	(—)	(4,464)
Income taxes – current	566	1,116	—	1,683	1,281	2,965
Income taxes – deferred	-2,732	-8	—	-2,740	27	-2,713
Increase in property, plant and equipment, and intangible assets	2,478	1,199	465	4,143	213	4,356

*1. The “other” classification comprises business segments not included in reporting segments and encompasses the activities of AIFUL BUSINESS FINANCE CORPORATION, AG Loan Services Corporation, etc.

- *2. Provision of allowance for doubtful accounts is the sum total of operating expenses and non-operating expenses.
- *3. Interest expenses are the amount that is not included in operating expenses but is noted as non-operating expenses.
- *4. The figures for the reporting segment of AIRA & AIFUL Public Company Limited are after consolidated adjustments in accordance with the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements” (ASBJ PITF No. 18).

(4) The amount and main constituents of the difference between the sum total of the reporting segments and the amount posted in consolidated financial statements

(Millions of yen)

Operating revenue	FY2020/3	FY2021/3
Reporting segment total	118,191	117,087
Operating revenue categorized as “other”	10,431	12,162
Inter-segment eliminations	(1,584)	(1,768)
Operating revenue posted in consolidated financial statements	127,038	127,481

(Millions of yen)

Income	FY2020/3	FY2021/3
Reporting segment total	600	11,437
Income (loss) categorized as “other”	(505)	1,993
Inter-segment eliminations	(15)	(18)
Other adjustments	1,310	5,024
Profit attributable to owners of parent posted in consolidated financial statements	1,390	18,437

(Millions of yen)

Assets	FY2020/3	FY2021/3
Reporting segment total	855,304	851,556
Assets categorized as “other”	92,154	97,388
Other adjustments	(86,951)	(85,590)
Total assets posted in consolidated financial statements	860,507	863,354

(Millions of yen)

Liabilities	FY2020/3	FY2021/3
Reporting segment total	709,278	693,182
Liabilities categorized as “other”	72,279	75,225
Other adjustments	(49,981)	(52,746)
Total liabilities posted in consolidated financial statements	731,576	715,662

(Millions of yen)

Other items	Reporting segment total*3		Other		Adjustments		Amount posted in consolidated financial statements	
	FY2020/3	FY2021/3	FY2020/3	FY2021/3	FY2020/3	FY2021/3	FY2020/3	FY2021/3
Other items								
Provision for point card certificates	2,707	2,209	—	—	—	—	2,707	2,209
Provision of allowance for doubtful accounts*1	30,588	36,928	3,208	1,889	—	—	33,796	38,818
Provision for loss on interest repayment	16,927	—	—	—	—	—	16,927	—
Provision for bonuses	873	873	25	23	411	436	1,311	1,333
Depreciation	2,994	3,332	23	86	—	—	3,017	3,418
Interest on loans	871	1,125	431	489	-1,109	-1,411	193	203
Dividends received	38	42	4	5	-13	-13	30	34
Share of profit of entities accounted for using equity method	—	—	—	—	110	204	110	204
Rent income on real estate	159	146	6	9	-81	-65	84	89
Gain on sales of investment securities	—	367	—	—	—	—	—	367
Subsidy income	—	308	—	19	—	—	—	327
Interest expenses*2	—	—	42	45	-37	-41	5	3
Infectious disease related costs	—	89	—	0	—	—	—	90
Extraordinary income	230	—	—	—	—	—	230	—
(Gain on reversal of share acquisition rights)	(230)	(—)	(—)	(—)	(—)	(—)	(230)	(—)
Extraordinary losses	376	5,620	—	—	—	-4,464	376	1,156
(Loss on sales of non-current assets)	(—)	(91)	(—)	(—)	(—)	(—)	(—)	(91)
(Loss on retirement of non-current assets)	(112)	(—)	(—)	(—)	(—)	(—)	(112)	(—)
Impairment loss	(—)	(1,064)	(—)	(—)	(—)	(—)	(—)	(1,064)
(Loss on valuation of investment securities)	(264)	(—)	(—)	(—)	(—)	(—)	(264)	(—)
Loss on valuation of stocks of subsidiaries and affiliates	(—)	(4,464)	(—)	(—)	(—)	(-4,464)	(—)	(—)
Income taxes – current	1,437	1,683	718	1,281	—	—	2,155	2,965
Income taxes – deferred	-183	-2,740	-579	27	-124	102	-886	-2,610
Investment amount of entities accounted for using equity method	—	—	—	—	918	1,110	918	1,110
Increase in property, plant and equipment, and intangible assets	4,330	4,143	146	213	—	-82	4,477	4,274

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

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

*3. The figures for “reporting segment total” are after consolidated adjustments in accordance with the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements” (ASBJ PITF No. 18).

(Per Share Information)

Previous FY (From April 1, 2019 to March 31, 2020)		FY under review (From April 1, 2020 to March 31, 2021)	
Net assets per share	¥260.53	Net assets per share	¥300.92
Net income per share	¥2.88	Net income per share	¥38.12

Note 1. Diluted net income per share is omitted because there were no latent shares.

2. The basis for calculation of net assets per share is as follows.

(Millions of yen)

	Previous FY (March 31, 2020)	FY under review (March 31, 2021)
Total net assets	128,931	147,692
Amount deducted from total net assets	2,914	2,136
(Of which share acquisition rights)	(—)	(—)
(Of which non-controlling interest)	(2,914)	(2,136)
Net assets related to common stock at end of FY	126,017	145,555
Number of shares of common stock at end of FY used in the calculation of net assets per share	483,702,790 shares	483,702,666 shares

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

(Millions of yen)

	Previous FY (From April 1, 2019 to March 31, 2020)	FY under review (From April 1, 2020 to March 31, 2021)
Net income per share		
Profit attributable to owners of parent	1,390	18,437
Amount not attributable to common stock shareholders	—	—
Profit attributable to owners of parent related to common stock	1,390	18,437
Average number of shares of common stock during the period	483,702,875 shares	483,702,752 shares

(Important Subsequent Events)

Not applicable

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	15,443	12,450
Operating loans	413,714	422,422
Accounts receivable - installment	325	268
Customers' liabilities for acceptances and guarantees	127,999	139,355
Other operating receivables	7,633	7,517
Prepaid expenses	303	365
Accrued income	3,379	3,041
Other	7,091	7,147
Allowance for doubtful accounts	(33,829)	(40,355)
Total current assets	542,061	552,212
Non-current assets		
Property, plant and equipment		
Buildings	12,799	12,897
Accumulated depreciation	(8,749)	(8,912)
Buildings, net	4,049	3,985
Structures	977	892
Accumulated depreciation	(800)	(706)
Structures, net	177	185
Machinery and equipment	146	146
Accumulated depreciation	(135)	(137)
Machinery and equipment, net	10	9
Furniture and fixtures	3,421	3,431
Accumulated depreciation	(3,000)	(2,546)
Furniture and fixtures, net	421	885
Land	6,809	6,810
Leased assets	538	733
Accumulated depreciation	(194)	(325)
Leased assets, net	344	407
Construction in process	256	10
Total property, plant and equipment	12,070	12,294
Intangible assets		
Software	2,169	2,796
Other	24	24
Total intangible assets	2,194	2,820
Investments and other assets		
Investment securities	683	1,233
Shares of subsidiaries and associates	34,496	30,102
Long-term loans receivable from subsidiaries and associates	36,322	29,664
Claims provable in bankruptcy	15,033	15,014
Long-term prepaid expenses	238	240
Deferred tax assets	3,838	6,483
Lease and guarantee deposits	1,376	1,326
Other	316	396
Allowance for doubtful accounts	(12,947)	(12,920)
Total investments and other assets	79,356	71,540
Total non-current assets	93,622	86,656
Total Assets	635,683	638,868

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Acceptances and guarantees	127,999	139,355
Short-term borrowings	22,700	24,960
Current portion of bonds	20,170	15,075
Current portion of long-term borrowings	114,588	140,936
Lease obligations	108	126
Trade accounts payable	4,607	3,974
Accrued expenses	580	552
Income taxes payable	1,569	1,637
Allowance for bonuses	1,310	1,348
Asset retirement obligations	—	1
Other	601	607
Total current liabilities	294,237	328,575
Non-current liabilities		
Bonds payable	15,075	15,000
Long-term borrowings	208,260	178,059
Lease obligations	268	320
Provision for loss on interest repayment	22,458	11,460
Asset retirement obligations	1,946	1,968
Other	828	828
Total non-current liabilities	248,836	207,637
Total liabilities	543,074	536,213
Net Assets		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus		
Capital reserves	52	52
Total capital surplus	52	52
Retained earnings		
Other retained earnings		
Retained earnings carried forward	1,639	11,222
Total retained earnings	1,639	11,222
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	92,609	102,192
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(0)	462
Total valuation and translation adjustments	(0)	462
Total net assets	92,609	102,655
Total liabilities and net assets	635,683	638,868

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)
Operating revenue		
Interest on operating loans	57,682	59,732
Other financial revenue	0	0
Other operating revenue		
Revenue from credit guarantee	11,610	11,136
Recoveries of written off claims	6,215	5,882
Other	1,995	2,074
Total other operating revenue	19,821	19,093
Total operating revenue	77,504	78,826
Operating expenses		
Financial expenses		
Interest expenses	4,180	4,286
Interest on bonds	623	516
Other	638	612
Total financial expenses	5,442	5,416
Other operating expenses		
Commissions	6,027	5,875
Provision of allowance for doubtful accounts	22,788	29,864
Provision for loss on interest repayment	15,433	—
Salaries and allowances for employees	6,003	6,020
Provision for bonuses	857	852
Sales promotion expenses	6,081	5,214
Depreciation	1,162	1,336
Other	13,294	13,772
Total other operating expenses	71,648	62,936
Total operating expenses	77,091	68,352
Operating profit	413	10,473
Non-operating income		
Interest on loans receivables	790	944
Rent expenses on real estates	159	146
Fiduciary obligation fee	251	159
Subsidy income	—	176
Other	125	160
Total non-operating income	1,327	1,588
Non-operating expenses		
Foreign exchange losses	6	1
Provision of allowance for doubtful accounts	—	47
Infectious disease related costs	—	34
Other	5	3
Total non-operating expenses	11	87
Ordinary profit	1,728	11,973
Extraordinary income		
Gain on reversal of shares acquisition rights	230	—
Total extraordinary income	230	—
Extraordinary losses		
Loss on the sale of fixed assets	—	91
Loss on valuation of investment securities	264	—
Loss on valuation of stocks of subsidiaries and affiliates	—	4,464
Total extraordinary losses	264	4,556
Income before taxes	1,694	7,417
Income taxes - current	351	566

(Millions of yen)

	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)
Income taxes - deferred	(295)	(2,732)
Total income taxes	55	(2,165)
Profit	1,639	9,583

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

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholder's equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at April 1, 2019	143,454	52	—	52	(49,426)	(49,426)	(3,110)	90,970
Changes during the period								
Profit					1,639	1,639		1,639
Transfer from share capital to other capital surplus	(49,426)		49,426	49,426				—
Deficit disposition			(49,426)	(49,426)	49,426	49,426		—
Purchase of treasury shares							(0)	(0)
Net changes in accounts other than shareholders' equity								
Total change during fiscal year	(49,426)	—	—	—	51,065	51,065	(0)	1,639
Balance at March 31, 2020	94,028	52	—	52	1,639	1,639	(3,110)	92,609

	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, 2019	0	0	230	91,200
Changes during the period				
Profit				1,639
Transfer from share capital to other capital surplus				—
Deficit disposition				—
Purchase of treasury shares				(0)
Net changes in accounts other than shareholders' equity	(0)	(0)	(230)	(230)
Total change during fiscal year	(0)	(0)	(230)	1,408
Balance at March 31, 2020	(0)	(0)	—	92,609

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury shares	Total shareholder's equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at April 1, 2020	94,028	52	—	52	1,639	1,639	(3,110)	92,609
Changes during the period								
Profit					9,583	9,583		9,583
Transfer from share capital to other capital surplus								—
Deficit disposition								—
Purchase of treasury shares							(0)	(0)
Net changes in accounts other than shareholders' equity								
Total change during fiscal year	—	—	—	—	9,583	9,583	(0)	9,582
Balance at March 31, 2021	94,028	52	—	52	11,222	11,222	(3,110)	102,192

	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, 2020	(0)	(0)	—	92,609
Changes during the period				
Profit				9,583
Transfer from share capital to other capital surplus				—
Deficit disposition				—
Purchase of treasury shares				(0)
Net changes in accounts other than shareholders' equity	462	462	—	462
Total change during fiscal year	462	462	—	10,045
Balance at March 31, 2021	462	462	—	102,655