



(Translation for reference only)

May 11, 2022

Consolidated Financial Results

For the Fiscal Year ended in March 31, 2022

(Under Japanese GAAP)

Company name: AIFUL Corporation
 Stock Listing: Tokyo Stock Exchange
 Stock Code: 8515
 URL: <https://www.aiful.co.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 annual general meeting of shareholders: June 21, 2022
 Scheduled date of submission of Securities report: June 22, 2022
 Scheduled date of commencement of dividend payments : May 31, 2022
 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, 2022

(April 1, 2021 – March 31, 2022)

(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, 2022	132,097	3.6%	11,242	(35.9)%	12,265	(36.5)%	12,334	(33.1)%
March 31, 2021	127,481	0.3%	17,530	943.8%	19,305	—	18,437	—

Note: Comprehensive income: For the Fiscal year ended

March 31, 2022: 12,363 million yen (34.1)%
 March 31, 2021: 18,761 million yen —

	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, 2022	25.50	—	8.2	1.4	8.5
March 31, 2021	38.12	—	13.6	2.2	13.8

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

March 31, 2022: 150 million yen
 March 31, 2021: 204 million yen

2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
As of				
March 31, 2022	935,642	156,526	16.4	318.17
March 31, 2021	863,354	147,692	16.9	300.92

Reference: Shareholders' equity: As of March 31, 2022: 153,900 million yen
 As of March 31, 2021: 145,555 million yen

Note: The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the FY ended March 2022.

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, 2022	(15,628)	(2,218)	21,028	39,147
March 31, 2021	20,280	(9,274)	(18,813)	35,945

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, 2021	—	0.00	—	1.00	1.00	483	2.6	0.4
FY ended March 31, 2022	—	0.00	—	1.00	1.00	483	3.9	0.3
FY ending March 31, 2023 (Forecast)	—	0.00	—	1.00	1.00		2.3	

III. Consolidated Earnings Forecast for the Fiscal Year ending March 31, 2023

(April 1, 2022 – March 31, 2023)

(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, 2022	69,500	7.2%	11,500	15.8%	11,600	17.7%	10,200	(1.6)%	21.09
Fiscal year ending March 31, 2023	142,600	8.0%	23,800	111.7%	24,000	95.7%	21,300	72.7%	44.04

*Notes

(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: Yes

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

(c) Change in accounting estimates: None

(d) Restatement: None

Note: For details, please refer to "Notes to Consolidated Financial Statements (Changes in Accounting Standards)" on page 17 of [Appendix]

(3) Number of shares issued (Common stock)

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

FY2021	484,620,136 shares	FY2020	484,620,136 shares
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(b) Number of treasury stock at the end of the period

FY2021	917,470 shares	FY2020	917,470 shares
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(c) Average number of shares during the period

FY2021	483,702,666 shares	FY2020	483,702,752 shares
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(Reference) Highlights of Non-Consolidated Business Results

I. Non-Consolidated Business Results for the Fiscal Year ended in March 31, 2022 (April 1, 2021 – March 31, 2022)

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, 2022	83,117	5.4%	4,757	(54.6)%	6,748	(43.6)%	7,912	(17.4) %
March 31, 2021	78,826	1.7%	10,473	—	11,973	592.6%	9,583	484.7 %

	Profit per Share (Yen)	Diluted Profit per Share (Yen)
Fiscal year ended		
March 31, 2022	16.36	—
March 31, 2021	19.81	—

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, 2022	711,185	110,096	15.5	227.61
March 31, 2021	638,868	102,655	16.1	212.23

Reference: Shareholders' equity: As of March 31, 2022 110,096 million yen
As of March 31, 2021 102,655 million yen

II. Non-Consolidated Earnings Forecast for the Fiscal Year ending March 31, 2023 (April 1, 2022 – March 31, 2023):

(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, 2022	43,200	5.7%	7,900	38.0%	19,600	216.2%	18,700	194.0%	38.66
Fiscal year ending									
March 31, 2023	88,400	6.4%	16,900	255.2%	29,500	337.2%	28,200	256.4%	58.30

*Note: Above earnings forecast include dividend income as Non-operating income which the Company is expected to receive approximately 10.8 billion yen as dividends from AG Capital Co.,Ltd, a consolidated subsidiary. The matter will be official with a resolution at the AG Capital shareholders' meeting scheduled in June 2022. Since the dividend is from a consolidated subsidiary, there will be no impact on consolidated earnings forecast for the fiscal year ending March 31, 2023.

* 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 2023" on page 5.

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1. Business Results and Others

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Accounting Standard for Revenue Recognition") and other standards from the beginning of the current fiscal year, which have affected its financial position and results of operations. For details, please refer to "2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)."

(1) Overview of Business Results for the Current Fiscal Year

During the consolidated fiscal year under review, while the restrictions and relaxation of economic activities are repeated as the number of people infected with coronavirus fluctuates, there was a movement in the Japanese economy toward normalization as COVID-19 vaccination proceeded forward. However, the outlook remains uncertain, due to the rebound in the number of people infected by new mutant strains and the alarming impact of the conflict in Ukraine on economic activities.

The consumer finance industry's recovery trend continued as the number of new contracts at major companies increased year-on-year. In addition, although interest repayment claims have been steadily decreasing, it still requires close monitoring as it is easily affected by changes in the external environment.

Going forward, AIFUL Group will continue to closely monitor the situation, such as the re-expansion of COVID-19. Nevertheless, we will strive to expand assets by achieving both growth potential and profitability, and to optimize management resources to maximize consolidated profits, while responding to interest repayment claims, one of the management issues.

In addition, in order to realize the management theme of "grow as an IT financial group by reforming our organization and systems in response to changes in the business environment and utilizing digital technologies," we will focus on "diversification of business portfolio" such as business diversification and strengthening of overseas businesses, and "utilization of digital technologies" such as IT technology analysis and in-house production of systems.

The results by business segment are as follows.

Due to AIRA & AIFUL Public Company Limited became insignificant in terms of volume from the current consolidated fiscal year, the Company has changed its reportable segment to "Other". The following comparisons with the previous fiscal year are based on the figures for the previous fiscal year, which have been reclassified into the new segment classifications.

(AIFUL Corporation)

Loan business

In the loan business, in addition to effective advertising strategies mainly on TV commercials and web, the Company is working to increase the number of new contracts and the operating loan balance by improving services from the customer's perspective, such as revising the application format of the official website and smartphone application to improve customer convenience.

As a result, the number of new contracts for unsecured loans was 210,000 (up 30.4% year on year) and the contract rate was 32.9% (down 7.2% year on year) in the fiscal year under review.

At the end of the fiscal year under review, unsecured loans outstanding were 449,747 million yen (up 5.6% year on year), secured loans outstanding were 3,501 million yen (down 27.3% year on year), small business loans outstanding were 8,635 million yen (up 13.0% year on year), and the total balance of operating loans in the loan segment was 461,884 million yen (up 5.4% year on year) (10,950 million yen off-balance sheet operating loans from the securitization have been included).

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 126,883 million yen (up 11.8% year on year), and loans outstanding for unsecured business loan guarantee was 31,762 million yen (up 22.9% year on year).

Of the credit guarantee for the unsecured business loans, 3,862 million yen comes from guarantees provided to AIFUL BUSINESS FINANCE CORPORATION.

As a result of the above, in the consolidated fiscal year under review, AIFUL posted operating revenue of 83,117 million yen (up 5.4% year on year), operating profit of 4,757 million yen (down 54.6% year on year), ordinary profit of 6,748 million yen (down 43.6% year on year), and profit of 7,912 million yen (down 17.4% year on year).

(LIFECARD Co., Ltd.)

Credit card business

In the credit card business, LIFECARD worked to expand membership applications by issuing new alliance cards, making over-the-counter card membership online at large-scale partners, offering cards with new design, etc., and improving the service by renovating the website and official applications to enhance the utilization rate of existing card members.

As a result of the above, the transaction volume for the consolidated fiscal year under review was 862,914 million yen (up 5.5% year on year), and the balance of installment receivables for credit card business at the end of the fiscal year under review was 101,813 million yen (up 1.5% year on year) (6,536 million yen off-balance sheet operating loans from the securitization have been included).

Card Cashing

The total amount of loans outstanding at the end of the fiscal year under review in LIFECARD's loan business was 23,621 million yen (down 6.6% year on year) (1,603 million yen off-balance sheet operating loans from the securitization have been included).

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 26,814

million yen (up 6.8% year on year), and loans outstanding for unsecured business loan guarantee was 1,136 million yen (up 5.4% year on year).

In addition, as a result of focusing on promoting the card shopping usage in line with market trends such as lifestyle changes and the acceleration of cashless society in the COVID-19 pandemic, LIFECARD's operating revenue for the current consolidated fiscal year was 32,354 million yen (up 0.2% year on year), operating profit was 1,592 million yen (down 55.2% year on year), ordinary profit was 1,800 million yen (down 57.6% year on year), and profit of 1,755 million yen (down 44.1% year on year).

Sumishin Life Card Company, Limited became a wholly owned subsidiary of LIFECARD Co., Ltd., which had owned 60% of its shares, on January 4, 2022. Subsequently, LIFECARD conducted absorption-type merger with Sumishin Life Card on April 1, 2022, with LIFECARD as the surviving company and Sumishin Life Card as the resolving company.

(Other)

Eight consolidated subsidiaries (AIRA & AIFUL Public Company Limited, AIFUL BUSINESS FINANCE CORPORATION, AG Loan Services Corporation, AG Capital Co., Ltd., AIFUL GUARANTEE CO., LTD., AG MIRAIBARAI CO., LTD., AG Medical Corporation, and Sumishin Life Card Company, Limited) which are not included in reportable segments for the fiscal year under review, posted operating revenue of 18,699 million yen (up 3.2% year on year), operating profit of 3,718 million yen (up 82.3% year on year), ordinary profit of 14,468 million yen (up 369.5% year on year), and profit of 13,767 million yen (compared with a profit of 708 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 132,097 million yen (up 3.6% year on year). The principal components were 76,332 million yen in interest on loans receivable (up 3.1% year on year), 18,833 million yen revenue from the credit card business (up 1.0% year on year) and 15,730 million yen revenue in the credit guarantee business (up 8.3% year on year).

Operating expenses increased 10,904 million yen, or 9.9% year on year, to 120,855 million yen. This was mainly due to posting 19,929 million yen as an additional provision of loss for interest repayments.

As a result of the above, the AIFUL Group's operating profit for the fiscal year under review was 11,242 million yen (down 35.9% year on year), and ordinary profit was 12,265 million yen (down 36.5% year on year). Profit attributable to owners of the parent was 12,334 million yen (down 33.1% year on year) as a result of the posting profit attributable to non-controlling interests of 703 million yen.

Due to the adoption of the Accounting Standard for Revenue Recognition, operating revenue increased by 304 million yen, operating expenses increased by 290 million yen, operating profit increased by 14 million yen, and ordinary profit decreased by 29 million yen.

(2) Overview of Financial Position for the Current Fiscal Year

(Assets, liabilities, net assets)

Assets at the end of the consolidated fiscal year under review increased by 72,288 million yen from the end of the previous fiscal year to 935,642 million yen (up 8.4% from the end of the previous fiscal year). This was primarily due to a 31,116 million yen increase in operating loans and 8,524 million yen increase in installment receivables.

Liabilities increased by 63,403 million yen to 779,116 million yen (up 8.9% from the end of the previous fiscal year). This was primarily due to a 22,762 million yen increase in bonds payable and borrowings, and 11,680 million yen increase in provision for loss on interest repayment.

Net assets increased 8,833 million yen to 156,526 million yen (up 6.0% from the end of the previous fiscal year). The increase was mainly attributable to an increase in retained earnings.

(3) Overview of Cash Flows for the Current Fiscal Year

(Cash Flows)

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the consolidated fiscal year under review increased by 3,201 million yen from the end of the previous fiscal year to 39,147 million yen (up 8.9% 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 used for operating activities amounted to 15,628 million yen, compared with net cash provided by operating activities of 20,280 million yen in the previous fiscal year. This was mainly due to a decline in funds reflecting an increase in operating loans.

(Cash flows from investing activities)

Net cash used for investing activities amounted to 2,218 million yen, a decrease of 76.1% compared with the previous fiscal year. This was mainly due to a purchase of intangible assets.

(Cash flow from financing activities)

Net cash provided by financing activities amounted to 21,028 million yen, compared with net cash used for financing activities of 18,813 million yen in the previous fiscal year. This was mainly due to an increase in funds reflecting an increase in the borrowings.

(4) Outlook for the fiscal year ending March 2023

In the business environment surrounding the AIFUL Group, economic activities are expected to gradually pick up as a result of the further increase of COVID-19 vaccination and thorough measures to prevent the spread of infection. However, the outlook remains uncertain due to restrictions on economic activities caused by the re-expansion of new mutant strains and the slowdown in the economy caused by the Ukrainian conflict.

In addition, the environment surrounding the Group is changing rapidly due to new entry from outside industries, lifestyle changes due to the spread of COVID-19 infection, acceleration of digital transformation, etc., and it is necessary to respond promptly to the 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 "safety,"

"profitability," and "growth potential," while responding to interest repayment claims, which is one of the management issues. In addition, in order to respond to the ever-changing environment, the Group will strive to transform itself into a company that can gain strong support from stakeholders by establishing the AIFUL Group brand and enhancing the use of data, as well as to maximize our credit capacity through the use of IT and digital technology and to maximize consolidated profits.

With regard to its earnings forecasts for the fiscal year ending March 2023, the AIFUL Group expects to record operating revenue of 142,600 million yen (up 8.0% year on year), operating profit of 23,800 million yen (up 111.7% year on year), ordinary profit of 24,000 million yen (up 95.7% year on year), and profit attributable to owners of parent of 21,300 million yen (up 72.7% year on year).

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

The AIFUL Group recognize that returning profits to our shareholders is one of the most important management issues. The Company's 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.

As initially planned, we plan to pay a dividend of 1 yen per share at the end of the current fiscal year. 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).

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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	40,950	44,448
Operating loans	516,340	547,457
Accounts receivables - installment	101,719	110,244
Operational investment securities	1,701	2,312
Customers' liabilities for acceptances and guarantees	170,553	193,225
Other operating receivables	8,749	10,241
Purchased receivables	3,173	5,338
Other	24,724	25,440
Allowance for doubtful accounts	(58,201)	(57,906)
Total current assets	809,712	880,801
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,769	23,807
Accumulated depreciation	(18,207)	(18,593)
Buildings and structures, net	5,561	5,214
Machinery and equipment	432	432
Accumulated depreciation	(342)	(355)
Machinery and equipment, net	90	77
Furniture and fixtures	5,251	5,344
Accumulated depreciation	(3,986)	(4,406)
Furniture and fixtures, net	1,265	937
Land	8,900	8,900
Leased assets	4,889	4,980
Accumulated depreciation	(2,991)	(3,318)
Leased assets, net	1,898	1,662
Construction in progress	49	116
Total property, plant and equipment	17,765	16,908
Intangible assets		
Software	5,204	6,635
Other	102	101
Total intangible assets	5,306	6,737
Investment and other assets		
Investment securities	7,714	6,571
Claims provable in bankruptcy	22,082	22,567
Deferred tax assets	8,821	12,599
Lease and guarantee deposits	5,456	5,322
Other	6,124	4,474
Allowance for doubtful accounts	(19,628)	(20,339)
Total investments and other assets	30,570	31,195
Total non-current assets	53,642	54,841
Total assets	863,354	935,642

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes & accounts payable-trade	38,265	40,919
Acceptances and guarantees	170,553	193,225
Short-term borrowings	100,750	77,310
Short-term loans payable to subsidiaries and associates	—	1,533
Commercial papers	—	2,500
Current portion of bonds	15,075	35,000
Current portion of long-term borrowings	146,136	166,786
Income taxes payable	2,112	860
Allowance for bonuses	1,397	1,377
Provision for point card certificates	2,560	—
Deferred installment income	1,822	3,021
Other	20,923	26,723
Total current liabilities	499,596	549,257
Non-current liabilities		
Bonds payable	15,000	—
Long-term borrowings	180,677	197,271
Deferred tax liabilities	75	7
Provision for loss on interest repayment	12,913	24,594
Other	7,398	7,986
Total non-current liabilities	216,065	229,859
Total liabilities	715,662	779,116
Net Assets		
Shareholders' equity		
Capital stock	94,028	94,068
Capital surplus	13,948	14,017
Retained earnings	38,669	47,560
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	143,536	152,495
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,705	1,098
Foreign currency translation adjustment	314	306
Total accumulated other comprehensive income	2,019	1,404
Non-controlling interests	2,136	2,626
Total net assets	147,692	156,526
Total liabilities and net assets	863,354	935,642

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

i. Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)	FY ended March 31, 2022 (Apr. 1 2021 to Mar. 31 2022)
Operating revenue		
Interest on loans receivable	74,041	76,332
Revenue from credit card business	18,646	18,833
Revenue from credit guarantee	14,524	15,730
Other financial revenue	6	5
Other operating revenue		
Collection from purchased receivable	1,573	889
Recoveries of written off claims	6,761	7,492
Other	11,927	12,813
Total other operating revenue	20,262	21,195
Total operating revenue	127,481	132,097
Operating expenses		
Financial expenses		
Interest expenses	6,086	5,872
Interest on bonds	516	433
Other	645	735
Total financial expenses	7,248	7,041
Cost of sales		
Cost of purchased receivable	1,141	—
Other	273	199
Total cost of sales	1,414	199
Other operating expenses		
Provision for point card certificates	2,209	—
Advertising expenses	9,702	11,321
Commissions	14,978	15,283
Provision of allowance for doubtful accounts	38,818	27,918
Provision for loss on interest repayment	—	19,929
Employees' salaries, allowances and bonuses	12,019	12,071
Provision for bonuses	1,333	1,303
Retirement benefit expenses	503	502
Other	22,352	25,283
Total other operating expenses	101,286	113,614
Total operating expenses	109,950	120,855
Operating profit	17,530	11,242

(Millions of yen)

	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)	FY ended March 31, 2022 (Apr. 1 2021 to Mar. 31 2022)
Non-operating income		
Interest on loans receivable	203	224
Share of profit of entities accounted for using equity method	204	150
Foreign exchange gains	560	370
Gain on sales of investment securities	367	—
Other	592	313
Total non-operating income	1,928	1,058
Non-operating expenses		
Interest expenses	3	—
Provision for doubtful accounts	47	3
Amortization of business commencement expenses	—	4
Infectious disease related costs	90	10
Other	11	20
Total non-operating expenses	153	35
Ordinary profit	19,305	12,265
Extraordinary losses		
Loss on the sale of fixed assets	91	—
Impairment loss	1,064	—
Total extraordinary losses	1,156	—
Profit before income taxes	18,149	12,265
Income taxes – current	2,965	2,602
Income taxes – deferred	(2,610)	(3,374)
Total income taxes	354	(772)
Profit	17,794	13,037
Profit (loss) attributable to non-controlling interests	(642)	703
Profit attributable to owners of parent	18,437	12,334

ii. Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)	FY ended March 31, 2022 (Apr. 1 2021 to Mar. 31 2022)
Profit	17,794	13,037
Other Comprehensive income		
Valuation difference on available-for-sale securities	1,258	(659)
Foreign currency translation adjustment	(291)	(15)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total other comprehensive income	966	(674)
Comprehensive income	18,761	12,363
Comprehensive income attributable to		
Owners of parent	19,538	11,719
Non-controlling interests	(777)	643

(3) Consolidated Statements of Change in Shareholders' Equity

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					
Dividends of surplus					—
Profit attributable to owners of parent			18,437		18,437
Purchase of treasury shares				(0)	(0)
Purchase of shares of consolidated subsidiaries					—
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			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					
Dividends of surplus					—
Profit attributable to owners of parent					18,437
Purchase of treasury stock					(0)
Purchase of shares of consolidated subsidiaries					—
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

For the fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2021	94,028	13,948	38,669	(3,110)	143,536
Cumulative effects of changes in accounting policies			(2,960)		(2,960)
Restated balance	94,028	13,948	35,709	(3,110)	140,575
Changes during the period					
Dividends of surplus			(483)		(483)
Profit attributable to owners of parent			12,334		12,334
Purchase of treasury stock					—
Purchase of shares of consolidated subsidiaries		68			68
Net changes in accounts other than shareholders' equity	—	—	—	—	—
Total change during fiscal year	—	68	11,850	—	11,919
Balance at March 31, 2022	94,028	14,017	47,560	(3,110)	152,495

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total		
Balance at April 1, 2021	1,705	314	2,019	2,136	147,692
Cumulative effects of changes in accounting policies			—		(2,960)
Restated balance	1,705	314	2,019	2,136	144,732
Changes during the period					
Dividends of surplus					(483)
Profit attributable to owners of parent					12,334
Purchase of treasury stock					—
Purchase of shares of consolidated subsidiaries				—	68
Net changes in accounts other than shareholders' equity	(606)	(7)	(614)	489	(125)
Total change during fiscal year	(606)	(7)	(614)	489	11,794
Balance at March 31, 2022	1,098	306	1,404	2,626	156,526

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)	FY ended March 31, 2022 (Apr. 1 2021 to Mar. 31 2022)
Cash flows from operating activities		
Profit before income taxes	18,149	12,265
Depreciation	3,418	3,417
Impairment loss	1,064	—
Increase (decrease) in allowance for doubtful accounts	5,781	132
Increase (decrease) in provision for bonuses	40	(19)
Increase (decrease) in provision for point card certificates	(280)	(2,560)
Increase (decrease) in allowance for loss on interest repayment	(12,119)	11,680
Interest and dividend income	(237)	(254)
Interest expenses	3	—
Loss (gain) on sales of investment securities	(367)	—
Share of loss (profit) of entities accounted for using equity method	(204)	(150)
Loss (gain) on sale of fixed assets	91	—
Decrease (increase) in operating loans receivable	(553)	(31,185)
Decrease (increase) in accounts receivable – installment	1,222	(8,524)
Decrease (increase) in other operating receivable	109	(1,492)
Decrease (increase) in purchased receivable	(52)	(1,867)
Decrease (increase) in claims provable in bankruptcy	1,526	(484)
Decrease (increase) in business guarantee deposits, etc.	(3,705)	—
Decrease (increase) in other current assets	5,734	(2,284)
Increase (decrease) in other current liabilities	1,925	7,884
Other	1,077	1,133
Subtotal	22,626	(12,308)
Interest and dividend income	242	342
Interest expenses paid	(3)	—
Proceeds from subsidy income	325	—
Income taxes refund	—	32
Income taxes paid	(2,910)	(3,694)
Cash flow from operating activities	20,280	(15,628)
Cash flows from investing activities		
Payments into time deposits	(5,001)	(5,297)
Proceeds from withdrawal of time deposits	—	5,001
Purchase of property, plant and equipment	(1,722)	(461)
Proceeds from sales of property, plant and equipment	200	—
Purchase of intangible assets	(2,881)	(3,059)
Purchase of investment securities	—	(281)
Proceeds from sales of investment securities	539	—
Other	(409)	1,879
Cash flows from investing activities	(9,274)	(2,218)

(Millions of yen)

	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)	FY ended March 31, 2022 (Apr. 1 2021 to Mar. 31 2022)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,543,207	1,607,229
Repayments of short-term borrowings	(1,545,224)	(1,629,114)
Proceeds from issuance of commercial papers	—	2,500
Proceeds from long-term loans payable	120,450	201,495
Repayments of long-term loans payable	(131,050)	(164,251)
Proceeds from issuance of bonds	15,000	20,000
Redemption of bonds	(20,170)	(15,075)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(142)
Cash dividends paid	—	(483)
Purchase of treasury shares	(0)	—
Other	(1,026)	(1,129)
Cash flows from financing activities	(18,813)	21,028
Effect of exchange rate changes on cash and cash equivalents	232	20
Net increase (decrease) in cash and cash equivalents	(7,574)	3,201
Cash and cash equivalents at beginning of period	43,520	35,945
Cash and cash equivalents at end of period	35,945	39,147

(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: 78,246 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 receivables, monitored receivables, and claims in bankruptcy according to the credit risk based on the debtors' payment status, etc.

i) Performing receivables

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 receivables

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 previous consolidated fiscal year, 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.

In the current consolidated fiscal year, the Company calculated the allowance for doubtful accounts by using the historical loan-loss ratio for loans to borrowers with higher credit risk only for loans to borrowers who have requested changes in terms and conditions, etc., due to the amount of actual losses was lower than the estimate at the end of the previous consolidated fiscal year.

The amount of allowance for doubtful accounts for the current fiscal year increased by 416 million yen from the amount recorded in the previous fiscal year, mainly due to an increase in the balance of operating loans receivable and the adoption of this calculation method.

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. Provision for loss on interest repayment

(1) Amount recorded in the financial statements for the current fiscal year: 24,594 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 Audit Treatment of Recognitions regarding Provision for Loss on Interest Repayment 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 Accounting Standards)

1. Changes due to apply of "Accounting Standard for Revenue Recognition," etc.

The Company will adopt the proceed recognition accounting standard from the beginning of the current fiscal year and recognize revenue when control of promised goods or services is transferred to customers in an amount that is expected to be received in exchange for those goods or services.

Major changes due to this are as follows.

(1) Revenue recognition related to the in-house point system

LIFECARD Co., Ltd., a consolidated subsidiary of the Company, provides "LIFE Thanks Present" point program related to credit cards, and points are granted according to the amount of use by members.

Previously, in order to prepare for the use of points granted, expenses expected to be utilized in the future were recorded as reserves. However, if such points provide important rights to customers, they are identified as performance obligations and the recording of revenue is deferred.

(2) Revenue recognition related to in-house credit card annual membership fees Regarding the annual membership fees of credit cards issued by LIFECARD Co., Ltd., our consolidated subsidiary, previously, revenue was recognized in a lump sum in the month of joining, but the method has been changed to recognize revenue when goods or services are provided.

With regard to the application of the Proceed recognition accounting standards, in accordance with the transitional treatment stipulated in the provisions of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of a new accounting policy prior to the beginning of the fiscal year under review has been adjusted to retained earnings at the beginning of the fiscal year under review, and a new accounting policy has been applied from the beginning of the fiscal year under review.

However, the new accounting policy has not been applied retrospectively to contracts for which the method set forth in paragraph 86 of the Accounting Standard for Revenue Recognition has been applied and substantially all revenue amounts have been recognized in accordance with previous treatment prior to the beginning of the current fiscal year.

In addition, the Company applies the method stipulated in paragraph 86 and paragraph (1) of the Revenue Recognition Accounting Standards. Contract modifications made prior to the beginning of the current fiscal year are accounted for based on the contractual terms after reflecting all contract modifications, and the cumulative effect of these modifications is added to or deducted from retained earnings at the beginning of the current fiscal year.

As a result, for the fiscal year under review, operating revenues increased by 304 million yen, operating expenses increased by 290 million yen, operating profit increased by 14 million yen, and ordinary profit decreased by 29 million yen. In addition, the balance of retained earnings at the beginning of the fiscal year decreased by 2,960 million yen.

(Application of Accounting Standard for Calculation of Market Value, etc.)

"Accounting Standard for Calculation of Market Value" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as "Market Value Accounting Standard") has been applied from the beginning of the current consolidated fiscal year, and new accounting policies established by the Market Value Accounting Standard, etc. will be applied in the future in accordance with the transitional treatment set forth in Article 19 of the Market Value Accounting Standard and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

There is no impact on the consolidated financial statements.

(Changes in Presentation Method)

(Consolidated Statements of Income)

AIFUL group has sought to develop advertising mainly on TV commercials and websites. In particular, the importance of web advertising has increased in recent years, and we expect it to increase further in the future due to the popularization of video distribution services and other factors.

Under such circumstances, as a result of revising the management and aggregation categories for expenses related to advertising development, web appeal expenses, such as affiliate advertising and listing advertising, which were presented as "sales promotion expenses" under "other operating expenses" in the previous consolidated fiscal year, are included in "advertising expenses," which were included in "other operating expenses," and are presented separately as "advertising expenses" under "other operating expenses" from the current consolidated fiscal year.

To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified. As a result, 24,615 million yen, which was presented in "Sales promotion expenses" of 6,808 million yen and "Other" under "Other operating expenses" in the consolidated statements of income for the previous fiscal year, has been reclassified as "Advertising expenses" of 9,072 million yen and "Other" under "Other operating expenses" of 22,352 million yen.

(Notes to consolidated balance sheets)

*1. Assets pledged as collateral and corresponding liabilities

Assets pledged as collateral

As of March 31, 2021		As of March 31, 2022	
(1) Assets pledged as collateral	(Millions of yen)	(1) Assets pledged as collateral	(Millions of yen)
Cash and deposits	5,001	Cash and deposits	5,267
Operating loans	331,065	Operating loans	337,276
Accounts receivable – installment	55,100	Accounts receivable – installment	42,433
Buildings and structures	3,972	Buildings and structures	3,762
Machinery and equipment	9	Machinery and equipment	8
Furniture and fixtures	56	Furniture and fixtures	55
Land	8,816	Land	8,816
Total	404,022	Total	397,620
(2) Corresponding liabilities	(Millions of yen)	(2) Corresponding liabilities	(Millions of yen)
Short-term borrowings	77,190	Short-term borrowings	68,510
Current portion of long-term borrowings	108,306	Current portion of long-term borrowings	95,567
Long-term borrowings	134,214	Long-term borrowings	127,030
Total	319,710	Total	291,108

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.

i) The amounts above at the end of the fiscal year under review include amounts related to the securitization of receivables (operating loans of ¥189,259 million, short-term borrowings of ¥10,000 million, current portion of long-term borrowings of ¥28,852 million and long-term borrowings of ¥74,207 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.

iii) Of the above assets, cash and deposits of ¥422 million are pledged as collateral for PT REKSA FINANCE borrowings.

*2. Unsecured personal loans included in operating loans

As of March 31, 2021	As of March 31, 2022
¥466,330 million	¥494,678 million

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

	As of March 31, 2021	As of March 31, 2022
Investment securities (shares)	¥2,974 million	¥2,804 million
Investment securities (other securities)	¥1,109 million	¥1,232 million

*4. Accounts receivable - installment

	As of March 31, 2021	As of March 31, 2022
Credit card business	¥93,509 million	¥95,407 million
Installment sales finance business	¥8,210 million	¥14,836 million
Total	¥101,719 million	¥110,244 million

*5. Deferred installment income

As of March 31, 2021					As of March 31, 2022				
(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	495	3,525	3,581	439 (21)	Credit card shopping	439	3,518	3,502	454
Installment sales finance	841	1,472	931	1,383 (—)	Installment sales finance	1,383	2,686	1,503	2,566
Total	1,337	4,997	4,512	1,822 (21)	Total	1,822	6,204	5,006	3,021

Notes: Figures in brackets indicate member store commissions in the previous fiscal year.

*6. Securitization of claims removed from the balance sheet

	As of March 31, 2021	As of March 31, 2022
Operating loans	¥37,049 million	¥34,891 million
Accounts receivable - installment	¥6,994 million	¥6,536 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, 2021	As of March 31, 2022
PT REKSA FINANCE	¥78 million	¥1,969 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, 2021					As of March 31, 2022				
(Millions of yen)					(Millions of yen)				
	Loans outstanding and Claims provable in bankruptcy		Other	Total	Loans outstanding and Claims provable in bankruptcy		Other	Total	
	Unsecured loans	Other than unsecured loans			Unsecured loans	Other than unsecured loans			
Bankrupt or De facto Bankrupt	840	19,876	507	21,224	657	20,443	454	21,555	
Doubtful Receivables	18,302	5,111	5,871	29,285	21,101	4,492	6,627	32,221	
Receivables 3 months+ in arrears	8,183	313	-	8,496	9,701	436	-	10,137	
Restructured receivables	31,068	2,595	2,856	36,519	37,416	2,872	3,640	43,928	
Normal	409,366	42,279	174,365	626,011	427,081	45,341	197,329	669,752	
Total	467,761	70,176	183,600	721,537	495,958	73,585	208,052	777,595	

The loan categories in the table above are as follows.

(Bankrupt or De facto Bankruptcy)

Bankrupt or De facto Bankruptcy are loans in 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.

(Doubtful receivables)

Doubtful receivables are receivables that do not fall under the category of Bankrupt or De facto Bankrupt, and with a high possibility that the repayment situation will deteriorate, and it will not be possible to collect the principal nor interest of the receivables in accordance with the contract.

(Receivables three months or more in arrears)

Receivables three months or more in arrears are receivables 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. Receivables classified as Bankrupt or De facto Bankruptcy and Doubtful receivables are excluded from loans three months or more in arrears.

(Restructured receivables)

Restructured receivables are receivables 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. Receivables classified as Bankrupt or De facto Bankruptcy, Doubtful receivables and Receivables three months or more in arrears are excluded.

(Normal receivables)

Normal receivables are receivables that do not fall under any of the above categories and have no repayment delays.

(Changes in Presentation Method)

The "Cabinet Office Order on Partial Revision of Regulation for Enforcement of the Banking Act" (Cabinet Office Order No. 3, January 24, 2020) came into effect on March 31, 2022, and the "Notes on Non-Performing Loans" prescribed in the "Cabinet Office Order on Account Management of Specified Financial Companies" were revised. Notes on Non-Performing Loans" has been revised.

In accordance with this revision, non-performing loans are presented in accordance with the revised classification.

*9. Loan commitments related to operating loans

(Previous fiscal year)

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.

(Fiscal year under review)

Of operating loans including off-balance sheet loans resulting from securitization, ¥488,273 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 ¥811,301 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, 2021	As of March 31, 2022
¥2,737 million	¥2,898 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 two core companies: AIFUL Corporation and LIFECARD Co., Ltd.,

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.

iii) Notes relating to changes in reportable segments

Due to AIRA & AIFUL Public Company Limited became insignificant in terms of volume from the first quarter of the current consolidated fiscal year, it has been changed from a reportable segment to "Other". The segment information for the previous fiscal year disclosed as comparative information for the current fiscal year has been reclassified into the new segment classifications, and there is a discrepancy between the segment information disclosed for the previous fiscal year and the segment information disclosed for the current fiscal year.

As described in "Changes in Accounting Standards," the Company has applied the Accounting Standard for Revenue Recognition and other accounting standards from the beginning of the first quarter of the current fiscal year, and has changed its accounting method for revenue recognition, and therefore, the calculation method of profit or loss by business segment has been changed in the same manner.

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 of the reporting segments is the net income.

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, 2020 to March 31, 2021)

(Millions of yen)

	Reporting segment			Other*1	Total
	AIFUL	LIFECARD	Subtotal		
Operating revenue					
Operating revenue from third parties	78,635	31,443	110,078	17,402	127,481
Inter-segment sales and transfers	190	859	1,050	718	1,768
Total	78,826	32,303	111,129	18,120	129,249
Segment profit	9,583	3,139	12,722	708	13,431
Segment assets	638,868	192,050	830,918	118,026	948,945

*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.

Fiscal year under review (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reporting segment			Other*1	Total
	AIFUL	LIFECARD	Subtotal		
Operating revenue					
Operating revenue from third parties	82,898	31,196	114,095	18,002	132,097
Inter-segment sales and transfers	218	1,158	1,377	697	2,074
Total	83,117	32,354	115,472	18,699	134,171
Segment profit	7,912	1,755	9,667	13,767	23,434
Segment assets	711,185	185,923	897,108	139,371	1,036,480

*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.

4. Difference between the total amount of reportable segments and the amount recorded in the consolidated financial statements and the main details of such difference (matters concerning difference adjustment)

(Millions of yen)

Operating revenue	FY2021/3	FY2022/3
Reporting segment total	111,129	115,472
Operating revenue categorized as “other”	18,120	18,699
Inter-segment eliminations	(1,768)	(2,074)
Operating revenue posted in consolidated financial statements	127,481	132,097

(Millions of yen)

Income	FY2021/3	FY2022/3
Reporting segment total	12,722	9,667
Income categorized as “other”	708	13,767
Inter-segment eliminations	(18)	25
Other adjustments	5,024	(11,125)
Profit attributable to owners of parent posted in consolidated financial statements	18,437	12,334

(Millions of yen)

Assets	FY2021/3	FY2022/3
Reporting segment total	830,918	897,108
Assets categorized as “other”	118,026	139,371
Other adjustments	(85,590)	(100,837)
Total assets posted in consolidated financial statements	863,354	935,642

(Per Share Information)

Previous FY (Apr. 1 2020 to Mar. 31 2021)		FY under review (Apr. 1 2021 to Mar. 31 2022)	
Net assets per share	¥300.92	Net assets per share	¥318.17
Net income per share	¥38.12	Net income per share	¥25.50

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

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

(Millions of yen)

	Previous FY (Apr. 1 2020 to Mar. 31 2021)	FY under review (Apr. 1 2021 to Mar. 31 2022)
Net profit per share		
Profit attributable to owners of parent	18,437	12,334
Amount not attributable to common stock shareholders	—	—
Profit attributable to owners of parent related to common stock	18,437	12,334
Average number of shares of common stock during the period	483,702,752 shares	483,702,666 shares

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

(Millions of yen)

	Previous FY (Apr. 1 2020 to Mar. 31 2021)	FY under review (Apr. 1 2021 to Mar. 31 2022)
Total net assets	147,692	156,526
Amount deducted from total net assets	2,136	2,626
(Of which non-controlling interest)	(2,136)	(2,626)
Net assets related to common stock at end of FY	145,555	153,900
Number of shares of common stock at end of FY used in the calculation of net assets per share	483,702,666 shares	483,702,666 shares

(Important Subsequent Events)

Not applicable

4. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	12,450	15,387
Operating loans	422,422	450,934
Accounts receivable - installment	268	226
Customers' liabilities for acceptances and guarantees	139,355	158,645
Other operating receivables	7,517	8,802
Prepaid expenses	365	454
Accrued income	3,041	3,228
Other	7,147	7,169
Allowance for doubtful accounts	(40,355)	(39,787)
Total current assets	552,212	605,061
Non-current assets		
Property, plant and equipment		
Buildings	12,897	12,963
Accumulated depreciation	(8,912)	(9,147)
Buildings, net	3,985	3,816
Structures	892	879
Accumulated depreciation	(706)	(707)
Structures, net	185	171
Machinery and equipment	146	146
Accumulated depreciation	(137)	(138)
Machinery and equipment, net	9	8
Furniture and fixtures	3,431	3,451
Accumulated depreciation	(2,546)	(2,834)
Furniture and fixtures, net	885	616
Land	6,810	6,810
Leased assets	733	1,194
Accumulated depreciation	(325)	(503)
Leased assets, net	407	691
Construction in process	10	116
Total property, plant and equipment	12,294	12,230
Intangible assets		
Software	2,796	2,878
Other	24	24
Total intangible assets	2,820	2,902
Investments and other assets		
Investment securities	1,233	1,251
Shares of subsidiaries and associates	30,102	30,383
Long-term loans receivable from subsidiaries and associates	29,664	45,702
Claims provable in bankruptcy	15,014	14,523
Long-term prepaid expenses	240	347
Deferred tax assets	6,483	9,670
Lease and guarantee deposits	1,326	1,286
Other	396	445
Allowance for doubtful accounts	(12,920)	(12,618)
Total investments and other assets	71,540	90,990
Total non-current assets	86,656	106,124
Total Assets	638,868	711,185

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Acceptances and guarantees	139,355	158,645
Short-term borrowings	24,960	15,426
Short-term loans payable to subsidiaries and associates	—	1,533
Commercial papers	—	2,500
Current portion of bonds	15,075	35,000
Current portion of long-term borrowings	140,936	162,330
Lease obligations	126	224
Trade accounts payable	3,974	5,943
Accrued expenses	552	608
Income taxes payable	1,637	630
Allowance for bonuses	1,348	1,350
Asset retirement obligations	1	—
Other	607	547
Total current liabilities	328,575	384,741
Non-current liabilities		
Bonds payable	15,000	—
Long-term borrowings	178,059	191,684
Lease obligations	320	537
Provision for loss on interest repayment	11,460	21,334
Asset retirement obligations	1,968	1,991
Other	828	798
Total non-current liabilities	207,637	216,347
Total liabilities	536,213	601,089
Net Assets		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus		
Capital reserves	52	52
Total capital surplus	52	52
Retained earnings		
Legal retained earnings	—	48
Other retained earnings		
Retained earnings carried forward	11,222	18,602
Total retained earnings	11,222	18,650
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	102,192	109,621
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	462	475
Total valuation and translation adjustments	462	475
Total net assets	102,655	110,096
Total liabilities and net assets	638,868	711,185

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2021 (Apr. 1 2020 to Mar. 31 2021)	FY ended March 31, 2022 (Apr. 1 2021 to Mar. 31 2022)
Operating revenue		
Interest on operating loans	59,732	63,071
Other financial revenue	0	0
Other operating revenue		
Revenue from credit guarantee	11,136	11,447
Recoveries of written off claims	5,882	6,405
Other	2,074	2,192
Total other operating revenue	19,093	20,045
Total operating revenue	78,826	83,117
Operating expenses		
Financial expenses		
Interest expenses	4,286	4,266
Interest on bonds	516	433
Other	612	721
Total financial expenses	5,416	5,421
Other operating expenses		
Advertising expenses	7,763	9,644
Commissions	5,875	6,002
Provision of allowance for doubtful accounts	29,864	20,701
Provision for loss on interest repayment	—	17,283
Salaries and allowances for employees	6,020	5,883
Provision for bonuses	852	816
Depreciation	1,336	1,706
Other	11,224	10,899
Total other operating expenses	62,936	72,938
Total operating expenses	68,352	78,359
Operating profit	10,473	4,757
Non-operating income		
Foreign exchange gains	—	531
Interest on loans receivables	944	1,018
Other	643	463
Total non-operating income	1,588	2,014
Non-operating expenses		
Foreign exchange losses	1	—
Provision of allowance for doubtful accounts	47	3
Infectious disease related costs	34	10
Other	3	8
Total non-operating expenses	87	23
Ordinary profit	11,973	6,748
Extraordinary losses		
Loss on the sale of fixed assets	91	—
Loss on valuation of stocks of subsidiaries and affiliates	4,464	—
Total extraordinary losses	4,556	—
Income before taxes	7,417	6,748
Income taxes - current	566	2,028
Income taxes - deferred	(2,732)	(3,192)
Total income taxes	(2,165)	(1,163)
Profit	9,583	7,912

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

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at April 1, 2020	94,028	52	52	—	1,639	1,639
Changes during the period						
Dividends of surplus						
Profit					9,583	9,583
Purchase of treasury shares						
Net changes in accounts other than shareholders' equity						
Total change during fiscal year	—	—	—	—	9,583	9,583
Balance at March 31, 2021	94,028	52	52	—	11,222	11,222

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2020	(3,110)	92,609	(0)	(0)	92,609
Changes during the period					
Dividends of surplus		—			—
Profit		9,583			9,583
Purchase of treasury shares	(0)	(0)			(0)
Net changes in accounts other than shareholders' equity			462	462	462
Total change during fiscal year	(0)	9,582	462	462	10,045
Balance at March 31, 2021	(3,110)	102,192	462	462	102,655

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at April 1, 2021	94,028	52	52	—	11,222	11,222
Changes during the period						
Dividends of surplus				48	(532)	(483)
Profit					7,912	7,912
Purchase of treasury shares						
Net changes in accounts other than shareholders' equity						
Total change during fiscal year	—	—	—	48	7,380	7,428
Balance at March 31, 2022	94,028	52	52	48	18,602	18,650

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2021	(3,110)	102,192	462	462	102,655
Changes during the period					
Dividends of surplus		(483)			(483)
Profit		7,912			7,912
Purchase of treasury shares		—			—
Net changes in accounts other than shareholders' equity			12	12	12
Total change during fiscal year	—	7,428	12	12	7,441
Balance at March 31, 2022	(3,110)	109,621	475	475	110,096