



(Translation for reference only)

May 11, 2020

## Consolidated Financial Results

For the Fiscal Year ended in March 31, 2020

(Under Japanese GAAP)

Company name: AIFUL Corporation  
 Stock Listing: Tokyo Stock Exchange  
 Stock Code: 8515  
 URL: <http://aiful.jp>  
 Representative: Yoshitaka Fukuda, President and Chief Executive Officer  
 For inquiry: Toshiaki Ando, Assistant Senior General Manager of Finance Division TEL (03) 4503 – 6050  
 Scheduled date of convention of annual general meeting of shareholders: June 23, 2020  
 Scheduled date of submission of Securities report: June 24, 2020  
 Scheduled date of commencement of dividend payments : —  
 Supplementary materials for financial results: Yes  
 Earnings release conference: Yes (For financial analysts and institutional investors)

### I. Consolidated Financial Results for the Fiscal Year ended in March 31, 2020

(April 1, 2019 – March 31, 2020)

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

#### 1. Consolidated Operating Results

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

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
Fiscal year ended								
March 31, 2020	127,038	10.2%	1,679	(44.6)%	1,716	(58.2)%	1,390	(85.1)%
March 31, 2019	115,328	(0.1)%	3,031	21.6%	4,110	45.6%	9,346	136.1%

Note: Comprehensive income: For the Fiscal year ended

March 31, 2020: 1,220 million yen (85.2)%  
 March 31, 2019: 8,237 million yen 130.7%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	Profit to Shareholders' Equity Ratio (%)	Ordinary Profit to Total Assets Ratio (%)	Operating Profit to Operating Revenue Ratio (%)
Fiscal year ended					
March 31, 2020	2.88	—	1.1	0.2	1.3
March 31, 2019	19.32	—	7.8	0.6	2.6

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

March 31, 2020: 110 million yen  
 March 31, 2019: 81 million yen

#### 2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)	Net Assets per Share (Yen)
As of				
March 31, 2020	860,507	128,931	14.6	260.53
March 31, 2019	760,587	128,016	16.3	256.45

Reference: Shareholders' equity: As of March 31, 2020: 126,017 million yen  
 As of March 31, 2019: 124,045 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, 2020	(51,113)	(2,718)	55,356	43,520
March 31, 2019	(41,765)	(4,219)	52,657	36,108

## 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, 2019	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2020	—	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2021 (Forecast)	—	0.00	—	0.00	0.00		—	

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

(April 1, 2020 – March 31, 2021)

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

	Operating Revenue		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share (Yen)
Six months ending September 30, 2020	67,600	10.3%	8,100	75.3%	8,300	67.7%	7,700	(46.8)%	15.92
Fiscal year ending March 31, 2021	139,100	9.5%	19,900	-	20,300	-	17,900	-	37.01

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

## 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: Yes
- (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)

FY2019	484,620,136 shares	FY2018	484,620,136 shares
--------	--------------------	--------	--------------------

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

FY2019	917,346 shares	FY2018	917,182 shares
--------	----------------	--------	----------------

(c) Average number of shares during the period

FY2019	483,702,875 shares	FY2018	483,702,983 shares
--------	--------------------	--------	--------------------

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

### I. Non-Consolidated Business Results for the Fiscal Year ended in March 31, 2020 (April 1, 2019 – March 31, 2020)

#### 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, 2020	77,504	9.2%	413	(11.8)%	1,728	13.8%	1,639	(68.5) %
March 31, 2019	70,991	9.8%	468	27.9%	1,519	55.1%	5,208	113.7%

	Profit per Share (Yen)	Diluted Profit per Share (Yen)
Fiscal year ended		
March 31, 2020	3.39	—
March 31, 2019	10.77	—

#### 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, 2020	635,683	92,609	14.6	191.46
March 31, 2019	556,450	91,200	16.3	188.07

Reference: Shareholders' equity: As of March 31, 2020 92,609 million yen  
As of March 31, 2019 90,970 million yen

### II. Earnings Forecast on a Non-Consolidated Basis for the Fiscal Year ending March 31, 2021 (April 1, 2020 – March 31, 2021):

(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, 2020	41,300	9.5%	6,300	61.7%	7,100	58.3%	6,900	46.4%	14.26
Fiscal year ending March 31, 2021	84,100	8.5%	14,000	—	15,700	808.1%	15,300	833.5%	31.63

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

\* Note: 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 2021” on page 5.

## Contents

1. Business Results and Others.....	02
(1) Overview of Business Results.....	02
(2) Overview of Financial Position.....	05
(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
4. Non-Consolidated Financial Statements.....	16
(1) Non-Consolidated Balance Sheets.....	16
(2) Non-Consolidated Statements of Income.....	18
(3) Non-Consolidated Statements of Change in Shareholders' Equity.....	19

## 1. Business Results and Others

### (1) Overview of Business Results

During the consolidated fiscal year ended March 31, 2020, the Japanese economy expanded gradually, driven by improvements in the employment and income environment. However, sluggish consumption activities and the resulting deceleration of the economy arising from the novel coronavirus pandemic have been of great concern, and the situation remains unpredictable.

In the consumer finance industry, the number of new contracts at major players remained stable, and the operating loan balance increased moderately. On the other hand, the issue of interest repayment claims, which are the industry's biggest risk, still requires close monitoring, even though they have declined significantly from their peak in the current fiscal year.

Under these circumstances, while dealing with interest repayment claims as the principal management issue, the AIFUL Group has worked to increase operating assets and diversify the financial services business on a group-wide basis, and to manage its business with an emphasis on balancing safety, profitability and growth. As far as the impact of the novel coronavirus pandemic is concerned, while we did not observe major impacts such as a significant decline in the number of new contracts during the consolidated fiscal year under review, the AIFUL Group is aware that the situation remains unpredictable.

For further details of the future impact of the novel coronavirus pandemic on the AIFUL Group, please refer to (4) Future Outlook on page 5.

The results by business segment are as follows.

#### (AIFUL Corporation)

##### Loan business

In the loan segment, AIFUL endeavored to increase the number of new contracts and the operating loan balance by developing effective advertising, mainly through TV commercials and websites, and improving its customer service through enhanced functionality of the chat service.

In the consolidated fiscal year under review, the number of new contracts signed for unsecured loans were 206,000 (up 3.4% year on year) whereas the contract rate was 43.7% (down 1.6 points year on year).

As a result, unsecured loans outstanding at the end of the consolidated fiscal year under review were 422,382 million yen (up 11.4 % compared with a year earlier), secured loans outstanding were 6,958 million yen (down 25.2 % compared with a year earlier), small business loans outstanding were 8,338 million (up 5.3 % compared with a year earlier) and the total balance of operating loans for the loan segment was 437,679 million yen (up 10.4% compared with a year earlier) (23,965 million yen off-balance sheet operating loans from the securitization have been included).

##### Credit guarantee business

In the credit guarantee business, AIFUL made the most of its know-how related to credit operations for individuals and small- and medium-sized enterprises 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 as of the end of the consolidated fiscal year under review amounted to 97,994 million yen (up 23.5% compared with a year earlier) whereas loans outstanding for unsecured business loan guarantee totaled 30,005 million yen (down 11.0 % compared with a year earlier).

Of the credit guarantee for the unsecured business loans, 12,640 million yen comes from guarantees provided to BUSINEXT CORPORATION.

In total, AIFUL posted operating revenue of 77,504 million yen (up 9.2% year on year), operating profit of 413 million yen (down 11.8% year on year), ordinary profit of 1,728 million yen (up 13.8% year on year), and profit of 1,639 million yen (down 68.5% year on year) in the consolidated fiscal year under review.

(LIFECARD Co., Ltd)

#### Credit card business

In the credit card business, LIFECARD endeavored to increase the number of new applications through such measures as aggressive affiliate advertising and issuing new tie-up cards with hospitals and universities. It also worked to increase corporate customers through the issuance of tie-up business cards with financial institutions and placed an emphasis on increasing convenience for card holders by raising upper credit limits and enhancing settlement services.

As a result of the above, the transaction volume for the consolidated fiscal year under review was 817,906 million yen (up 8.1% year on year), and the balance of accounts receivable–installment for credit card business as of the end of the consolidated fiscal year under review stood at 105,772 million yen (up 1.5% compared with a year earlier). (8,530 million yen off-balance sheet accounts receivable–installment outstanding from the securitization have been included.)

#### Card Cashing

The total amount of loans outstanding as of the end of the consolidated fiscal year under review in LIFECARD's loan business stood at 30,836 million yen (down 3.1% compared with a year earlier) (3,045 million yen off-balance sheet operating loans from the securitization have been included.)

#### Credit guarantee business

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

As a result, at the end of the consolidated fiscal year under review, the loans outstanding for unsecured personal loan guarantee amounted to 23,185 million yen (up 8.1% compared with a year earlier), while loans outstanding for unsecured business loan guarantee was 1,657 million yen (up 2.3% compared with a year earlier).

In total for the consolidated fiscal year under review, LIFECARD Co., Ltd., recorded operating revenue of 34,167 million yen (up 4.0% year on year), operating profit of 2,213 million yen (down 26.2% year on year), ordinary profit of 2,334 million yen (down 25.5% year on year), and profit of 1,136 million yen (down 59.8% year on year).

(AIRA & AIFUL Public Company Limited)

The unsecured consumer finance market in the Kingdom of Thailand continued to expand in line with the increase in consumption triggered by economic growth. Under these circumstances, AIRA & AIFUL Public Company Limited has been engaging in attracting blue-chip customers with the aim of improving its loan portfolio quality.

As a result, for the current consolidated fiscal year, AIRA & AIFUL Public Company Limited recorded operating revenue of 6,519 million yen (up 10.5 % year on year), operating loss of 1,097 million yen (compared with operating loss of 1,213 million yen in the previous period), ordinary loss of 1,064 million yen (compared with ordinary loss of 1,210 million yen in the previous period) and net loss of 1,176 million yen, decreasing 33 million yen (compared with net loss of 1,210 million yen in the previous period).

(Other)

There were five consolidated subsidiaries that are not included in reported segments for the consolidated fiscal year under review (BUSINEXT CORPORATION, AsTry Loan Services Corporation, AG Capital Co., Ltd., LIFE GUARANTEE CO., LTD., and Sumishin Life Card Company, Limited) for which operating revenue was 10,431 million yen (up 79.3% year on year), operating loss was 300 million yen (compared with operating profit of 1,060 million yen in the previous period), ordinary loss was 366 million yen (compared with ordinary profit of 1,748 million yen in the previous period) and net loss was 505 million yen (compared with net profit of 2,073 million yen in the previous period).

(Overview of the Results)

In the consolidated fiscal year under review, the AIFUL Group's consolidated operating revenue was 127,038 million yen (up 10.2% year on year). The principal components and their movements were 72,444 million yen in interest on operating loans (up 10.7% year on year), 18,862 million yen revenue from the credit card business (up 14.6% year on year) and 15,203 million yen revenue in the credit guarantee business (up 9.0% year on year). Also, collection from purchased receivable was 1,662 million yen (up 2.8% year on year) and recoveries of charged off claims was 6,896 million yen (up 9.1% year on year).

Operating expenses increased 13,061 million yen to 125,358 million yen (up 11.6% year on year). Main factors included a 5,425 million yen increase in provision of loss for interest repayments to 16,927 million yen (up 47.2% year on year), and an increase of 4,455 million yen (up 15.2% year on year) to 33,796 million yen in provision of allowance for doubtful accounts due to operating assets growth.

As a result of the above factors, for the consolidated fiscal year under review, the AIFUL Group recorded an operating profit of 1,679 million yen (down 44.6% year on year) and ordinary profit of 1,716 million yen (down 58.2% year on year). Also, profit attributable to owners of parent was 1,390 million yen (down 85.1% year on year), reflecting a loss attributable to non-controlling interests of 1,089 million yen.

Since the consolidated fiscal year under review, LIFE GUARANTEE CO., LTD., which engages mainly in the installment sales finance business, and Sumishin Life Card Company, Limited, comprehensive profit mediation business, have been included in the scope of consolidation due to increased materiality.

## (2) Overview of Financial Position

### (Assets, liabilities, net assets)

Total assets as of the end of the consolidated fiscal year under review increased 99,919 million yen to 860,507 million yen (up 13.1% compared with a year earlier). This was primarily due to a 59,175 million yen increase in operating loans.

Total liabilities at the end of the consolidated fiscal year under review were 99,005 million yen, an increase of 731,576 million yen, or 15.7 %, compared with the previous fiscal year-end. The principal factors contributing to this increase were a 49,555 million yen increase in loans payable and a 16,079 million yen increase in notes and accounts payable–trade.

Net assets increased 914 million yen, or 0.7% compared with the previous fiscal year-end, to 128,931 million yen. This was largely attributable to an increase in retained earnings.

## (3) Overview of Cash Flows

### (Cash Flows)

Cash and cash equivalents (“funds”) increased 7,412 million yen, or 20.5% compared to the end of the previous fiscal year, to 43,520 million yen.

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 51,133 million yen, an increase of 22.4% compared with previous fiscal year. This was mainly attributable to a decline in funds reflecting an increase in operating loans.

#### (Cash flows from investing activities)

Net cash used for investing activities stood at 2,718 million yen, a decrease of 35.6% compared with the previous fiscal year. This was mainly attributable to a purchase of intangible assets.

#### (Cash flow from financing activities)

Net cash provided by financing activities amounted to 55,356 million yen, an increase of 5.1% compared with the previous fiscal year. This was mainly attributable to an increase in funds reflecting an increase in the borrowings and bond issuance.

## (4) Outlook for the fiscal year ending March 2021

In the business environment surrounding the AIFUL Group, the loan business for consumers and small- and medium-sized enterprises as well as retail finance business such as credit card services have been on an upward trend in Japanese and overseas markets. Therefore, we expect stable growth in operating assets in the medium- to long-term perspectives. Meanwhile, while interest repayment claims, which are the industry’s biggest risk, have declined significantly from their peak, we should continue to pay close attention to this issue for the time being.

Under these circumstances, while dealing with the principal management issue of interest repayment claims, the AIFUL Group will unite its overall efforts to increase operating assets and diversify the financial business mainly in the loan, credit card, credit guarantee and overseas businesses, with an emphasis on balancing safety, profitability and growth.



On the other hand, the impacts of the novel coronavirus pandemic on our business include a decline in customers' funding needs in Japan and abroad, the deceleration of the growth rate of operating assets due to shrinking use of credit cards, and possible increase in bad debt-related expenses arising from the increase in customers who face difficulties in repayment of loans.

Since a state of emergency was declared in April in Japan, AIFUL has fully or partially suspended operation at some of its staffed branches. In addition, further impacts including temporary closure of offices are assumed in the event that an employee of the AIFUL Group is found to be infected.

Although the above-mentioned impacts are assumed, future developments remain uncertain to date, and it is currently difficult to provide forecasts for future financial results due to the novel coronavirus pandemic.

Therefore, we hereby provide the business forecasts for the AIFUL Group's consolidated fiscal year ending March 31, 2021, but it should be noted that the impacts of the novel coronavirus pandemic are excluded from these figures. We expect operating revenue of 139,100 million yen (up 9.5% year on year), operating profit of 19,900 million yen (compared with operating profit of 1,680 million yen in the previous period), ordinary profit of 20,300 million yen (compared with ordinary profit of 1,716 million yen in the previous period), and profit attributable to owners of parent of 17,900 million yen (compared with Profit attributable to owners of parent of 1,391 million yen in the previous period).

We will announce the impact of the novel coronavirus pandemic on our business performance as soon as it becomes possible to provide a reasonable forecast. Furthermore, it should be noted that the management environment surrounding the Company contains various risks including developments with the issue of interest repayment claims, and that the actual financial results may differ from the forecast.

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

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

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

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

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

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

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

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	36,112	43,524
Operating loans	457,785	516,960
Accounts receivables - installment	101,584	102,942
Operational investment securities	1,209	1,451
Customers' liabilities for acceptances and guarantees	140,343	157,858
Other operating receivables	7,744	8,858
Purchased receivables	2,472	3,121
Other	16,889	30,612
Allowance for doubtful accounts	(46,135)	(51,608)
Total current assets	718,006	813,722
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,147	24,252
Accumulated depreciation	(18,260)	(18,359)
Buildings and structures, net	5,887	5,893
Machinery and equipment	416	407
Accumulated depreciation	(322)	(330)
Machinery and equipment, net	94	76
Furniture and fixtures	6,724	6,425
Accumulated depreciation	(5,560)	(5,438)
Furniture and fixtures, net	1,163	987
Land	8,899	8,899
Leased assets	1,399	5,920
Accumulated depreciation	(787)	(2,342)
Leased assets, net	611	3,578
Construction in progress	102	262
Total property, plant and equipment	16,758	19,698
Intangible assets		
Software	3,192	4,182
Other	105	102
Total intangible assets	3,297	4,285
Investment and other assets		
Investment securities	5,643	5,960
Claims provable in bankruptcy	26,981	23,609
Deferred tax assets	6,054	6,712
Lease and guarantee deposits	1,744	1,805
Other	6,433	5,398
Allowance for doubtful accounts	(24,332)	(20,686)
Total investments and other assets	22,524	22,800
Total non-current assets	42,581	46,784
Total assets	760,587	860,507

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes & accounts payable-trade	21,076	37,156
Acceptances and guarantees	140,343	157,858
Short-term borrowings	86,562	103,119
Current portion of bonds	7,370	20,170
Current portion of long-term borrowings	98,728	121,928
Income taxes payable	1,116	2,026
Allowance for bonuses	1,320	1,356
Provision for point card certificates	2,950	2,840
Deferred installment income	508	1,344
Other	20,300	21,581
Total current liabilities	380,277	469,381
Non-current liabilities		
Bonds payable	20,245	15,075
Long-term borrowings	205,803	215,601
Deferred tax liabilities	7	49
Provision for loss on interest repayment	22,963	25,033
Other	3,273	6,435
Total non-current liabilities	252,292	262,194
Total liabilities	632,570	731,576
<b>Net Assets</b>		
Shareholders' equity		
Capital stock	143,454	94,028
Capital surplus	13,948	13,948
Retained earnings	(30,485)	20,232
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	123,807	125,098
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(23)	459
Foreign currency translation adjustment	261	459
Total accumulated other comprehensive income	238	918
Shares acquisition rights	230	—
Non-controlling interests	3,741	2,914
Total net assets	128,016	128,931
Total liabilities and net assets	760,587	860,507

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

### i. Consolidated Statements of Income

	(Millions of yen)	
	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)
Operating revenue		
Interest on loans receivable	65,456	72,444
Revenue from credit card business	16,466	18,862
Revenue from credit guarantee	13,953	15,203
Other financial revenue	9	7
Other operating revenue		
Collection from purchased receivable	1,709	1,662
Recoveries of written off claims	6,320	6,896
Other	11,412	11,961
Total other operating revenue	19,443	20,520
Total operating revenue	115,328	127,038
Operating expenses		
Financial expenses		
Interest expenses	6,630	6,100
Interest on bonds	377	623
Other	940	797
Total financial expenses	7,949	7,522
Cost of sales		
Cost of purchased receivable	1,166	1,120
Other	131	169
Total cost of sales	1,298	1,289
Other operating expenses		
Provision for point card certificates	2,950	2,707
Commissions	14,644	15,722
Provision of allowance for doubtful accounts	29,340	33,796
Provision for loss on interest repayment	11,501	16,927
Employees' salaries and bonuses	11,711	11,964
Provision for bonuses	1,279	1,311
Retirement benefit expenses	484	497
Sales promotion expenses	7,719	8,102
Other	23,418	25,517
Total other operating expenses	103,049	116,547
Total operating expenses	112,297	125,358
Operating profit	3,031	1,679

(Millions of yen)

	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)
Non-operating income		
Interest on loans receivable	155	193
Share of profit of entities accounted for using equity method	81	110
Foreign exchange gains	214	—
Rent on real estate	82	84
Gain on sales of investment securities	458	—
Other	153	141
Total non-operating income	1,145	529
Non-operating expenses		
Interest expenses	6	5
Foreign exchange loss	—	479
Provision for doubtful accounts	14	—
Loss on withdrawal of guarantee deposits received	31	—
Other	13	8
Total non-operating expenses	66	493
Ordinary profit	4,110	1,716
Extraordinary income		
Gain on reversal of shares acquisition rights	—	230
Total extraordinary income	—	230
Extraordinary losses		
Loss on disposal of fixed assets	—	112
Loss on valuation of investment securities	690	264
Total extraordinary losses	690	376
Profit before income taxes	3,420	1,569
Income taxes – current	858	2,155
Income taxes – deferred	(5,621)	(886)
Total income taxes	(4,763)	1,269
Profit	8,183	300
Profit (loss) attributable to non-controlling interests	(1,162)	(1,089)
Profit attributable to owners of parent	9,346	1,390

ii. Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)
Profit	8,183	300
Other Comprehensive income		
Valuation difference on available-for-sale securities	160	522
Foreign currency translation adjustment	(107)	396
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	53	919
Comprehensive income	8,237	1,220
Comprehensive income attributable to		
Owners of parent	9,453	2,070
Non-controlling interests	(1,216)	(850)

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

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2018	143,454	13,948	(40,208)	(3,110)	114,083
Cumulative effects of changes in accounting policies					—
Restated balance	143,454	13,948	(40,208)	(3,110)	114,083
Changes during the period					
Profit attributable to owners of parent			9,346		9,346
Transfer from share capital to other capital surplus					—
Deficit disposition					—
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation					—
Change in scope of equity method			377		377
Net changes in accounts other than shareholders' equity					
Total change during fiscal year	—	—	9,723	(0)	9,723
Balance at March 31, 2019	143,454	13,948	(30,485)	(3,110)	123,807

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

For the 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



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

	(Millions of yen)	
	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)
Cash flows from operating activities		
Profit before income taxes	3,420	1,569
Depreciation	2,653	3,017
Increase (decrease) in allowance for doubtful accounts	3,531	1,497
Increase (decrease) in provision for bonuses	328	35
Increase (decrease) in provision for point card certificates	143	(110)
Increase (decrease) in allowance for loss on interest repayment	(1,367)	2,069
Interest and dividend income	(179)	(224)
Interest expenses	6	5
Loss (gain) on sales of investment securities	(458)	—
Loss (gain) on valuation of investment securities	690	264
Share of loss (profit) of entities accounted for using equity method	(81)	(110)
Gain on reversal of shares acquisition rights	—	(230)
Loss on disposal of fixed assets	—	112
Decrease (increase) in operating loans receivable	(45,284)	(57,770)
Decrease (increase) in accounts receivable – installment	(4,332)	2,400
Decrease (increase) in other operating receivable	(1,018)	(1,110)
Decrease (increase) in purchased receivable	401	(648)
Decrease (increase) in claims provable in bankruptcy	806	3,371
Decrease (increase) in other current assets	(2,487)	(3,626)
Increase (decrease) in other current liabilities	1,865	(411)
Other	(139)	(339)
Subtotal	(41,500)	(50,238)
Interest and dividend income	192	246
Interest expenses paid	(6)	(6)
Income taxes refund	10	0
Income taxes paid	(462)	(1,135)
Cash flow from operating activities	(41,765)	(51,133)
Cash flows from investing activities		
Purchase of property, plant and equipment	(201)	(502)
Purchase of intangible assets	(959)	(1,756)
Purchase of investment securities	(1,085)	—
Proceeds from sales of investment securities	506	—
Other	(2,478)	(459)
Cash flows from investing activities	(4,219)	(2,718)

	(Millions of yen)	
	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)
Cash flows from financing activities		
Proceeds from short-term borrowings	874,947	1,353,270
Repayments of short-term borrowings	(871,631)	(1,337,105)
Proceeds from long-term loans payable	132,470	187,087
Repayments of long-term loans payable	(101,940)	(154,703)
Proceeds from issuance of bonds	20,500	15,000
Redemption of bonds	(1,385)	(7,370)
Purchase of treasury shares	(0)	(0)
Other	(303)	(823)
Cash flows from financing activities	52,657	55,356
Effect of exchange rate changes on cash and cash equivalents	111	(718)
Net increase (decrease) in cash and cash equivalents	6,784	784
Cash and cash equivalents at beginning of period	29,323	36,108
Increase in cash and cash equivalents resulting from merger	—	6,627
Cash and cash equivalents at end of period	36,108	43,520

#### 4. Non-Consolidated Financial Statements

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

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	18,186	15,443
Operating loans	370,034	413,714
Accounts receivable - installment	402	325
Customers' liabilities for acceptances and guarantees	113,064	127,999
Other operating receivables	6,745	7,633
Prepaid expenses	281	303
Accrued income	2,898	3,379
Short-term loans receivable from subsidiaries and associates	50	—
Other	6,321	7,091
Allowance for doubtful accounts	(32,178)	(33,829)
Total current assets	485,807	542,061
Non-current assets		
Property, plant and equipment		
Buildings	12,920	12,799
Accumulated depreciation	(8,605)	(8,749)
Buildings, net	4,314	4,049
Structures	1,210	977
Accumulated depreciation	(988)	(800)
Structures, net	222	177
Machinery and equipment	146	146
Accumulated depreciation	(134)	(135)
Machinery and equipment, net	12	10
Furniture and fixtures	3,813	3,421
Accumulated depreciation	(3,279)	(3,000)
Furniture and fixtures, net	534	421
Land	6,809	6,809
Leased assets	847	538
Accumulated depreciation	(580)	(194)
Leased assets, net	267	344
Construction in process	93	256
Total property, plant and equipment	12,254	12,070
Intangible assets		
Software	1,220	2,169
Other	27	24
Total intangible assets	1,248	2,194
Investments and other assets		
Investment securities	947	683
Shares of subsidiaries and associates	34,496	34,496
Long-term loans receivable from subsidiaries and associates	14,142	36,322
Claims provable in bankruptcy	16,041	15,033
Long-term prepaid expenses	213	238
Deferred tax assets	3,542	3,838
Lease and guarantee deposits	1,448	1,376
Other	235	316
Allowance for doubtful accounts	(13,927)	(12,947)
Total investments and other assets	57,140	79,356
Total non-current assets	70,643	93,622
Total Assets	556,450	635,683

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Acceptances and guarantees	113,064	127,999
Short-term borrowings	6,900	22,700
Current portion of bonds	7,370	20,170
Current portion of long-term borrowings	91,957	114,588
Lease obligations	165	108
Trade accounts payable	4,102	4,607
Accrued expenses	942	580
Income taxes payable	769	1,569
Allowance for bonuses	1,273	1,310
Deferred installment income	9	6
Asset retirement obligations	13	—
Other	578	594
Total current liabilities	227,148	294,237
Non-current liabilities		
Bonds payable	20,245	15,075
Long-term borrowings	194,220	208,260
Lease obligations	122	268
Provision for loss on interest repayment	20,722	22,458
Asset retirement obligations	1,966	1,946
Other	823	828
Total non-current liabilities	238,101	248,836
Total liabilities	465,249	543,074
Net Assets		
Shareholders' equity		
Capital stock	143,454	94,028
Capital surplus		
Capital reserves	52	52
Total capital surplus	52	52
Retained earnings		
Other retained earnings		
Retained earnings carried forward	(49,426)	1,639
Total retained earnings	(49,426)	1,639
Treasury shares	(3,110)	(3,110)
Total shareholders' equity	90,970	92,609
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	(0)
Total valuation and translation adjustments	0	(0)
Shares acquisition rights	230	—
Total net assets	91,200	92,609
Total liabilities and net assets	556,450	635,683

## (2) Non-Consolidated Statements of Income

(Millions of yen)

	FY ended March 31, 2019 (Apr. 1 2018 to Mar. 31 2019)	FY ended March 31, 2020 (Apr. 1 2019 to Mar. 31 2020)
Operating revenue		
Interest on operating loans	51,960	57,682
Other financial revenue	0	0
Other operating revenue		
Revenue from credit guarantee	11,246	11,610
Recoveries of written off claims	5,925	6,215
Other	1,859	1,995
Total other operating revenue	19,031	19,821
Total operating revenue	70,991	77,504
Operating expenses		
Financial expenses		
Interest expenses	4,688	4,180
Interest on bonds	377	623
Other	777	638
Total financial expenses	5,843	5,442
Other operating expenses		
Commissions	5,713	6,027
Provision of allowance for doubtful accounts	22,060	22,788
Provision for loss on interest repayment	10,354	15,433
Salaries and allowances for employees	5,899	6,003
Provision for bonuses	828	857
Sales promotion expenses	5,674	6,081
Depreciation	1,249	1,162
Other	12,899	13,294
Total other operating expenses	64,679	71,648
Total operating expenses	70,523	77,091
Operating profit	468	413
Non-operating income		
Foreign exchange gains	14	—
Interest on loans receivables	620	790
Rent expenses on real estates	154	159
Fiduciary obligation fee	175	251
Other	106	125
Total non-operating income	1,071	1,327
Non-operating expenses		
Foreign exchange losses	—	6
Provision of allowance for doubtful accounts	14	—
Other	6	5
Total non-operating expenses	20	11
Ordinary profit	1,519	1,728
Extraordinary income		
Gain on reversal of shares acquisition rights	—	230
Total extraordinary income	—	230
Extraordinary losses		
Loss on valuation of investment securities	690	264
Total extraordinary losses	690	264
Income before taxes	829	1,694
Income taxes - current	(655)	351
Income taxes - deferred	(3,723)	(295)
Total income taxes	(4,378)	55
Profit	5,208	1,639

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

Fiscal year ended March 31, 2019

(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, 2018	143,454	52		52	(54,634)	(54,634)	(3,110)	85,762
Changes during the period								
Profit					5,208	5,208		5,208
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	—	—		—	5,208	5,208	(0)	5,208
Balance at March 31, 2019	143,454	52		52	(49,426)	(49,426)	(3,110)	90,970

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

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