

# Brief Report of Financial Results (Unaudited)

(For the Fiscal 2019 Ended February 29, 2020)



April 10, 2020

Registered Company Name: **AEON Financial Service Co., Ltd.**

Stock Listing: Tokyo Stock Exchange, First Section

Code No: 8570

URL: <http://www.aeonfinancial.co.jp/eng>

President and CEO: Kenji Kawahara

Contact: Kazuyoshi Suzuki, Senior Executive Officer in charge of Corporate Planning

## 1. Business performance (For the Fiscal 2019 ended February 29, 2020 and For the Fiscal 2018 ended March 31, 2019)

### (1) Consolidated Operating Results

(Millions of yen truncated to the nearest million, %, yen)

	Operating revenue	Percentage Change	Operating profit	Percentage Change	Ordinary profit	Percentage Change	Profit attributable to owners of parent	Percentage Change
Fiscal 2019 ended February 29, 2020	457,280	4.3	65,070	△7.1	65,797	△6.2	34,149	△13.3
Fiscal 2018 ended March 31, 2019	438,441	7.7	70,021	6.9	70,171	6.7	39,408	1.9

※Comprehensive income; Fiscal 2019; 34,058 million (△38.5%) , Fiscal 2018; 55,384 million (8.0%)

	Profit attributable to owners of parent per Share (Yen)	Fully Diluted Profit attributable to owners of parent per Share (Yen)	Return on equity	Return on assets	Operating profit/Operating revenue
Fiscal 2019 ended February 29, 2020	158.25	154.15	8.8	1.2	14.2
Fiscal 2018 ended March 31, 2019	182.64	173.20	10.5	1.4	16.0

(Reference) Investment gains and losses on equity method; Fiscal 2019; 31 million, Fiscal 2018; 26 million

(Note) Since the Group has changed its fiscal year from the consolidated fiscal year to the end of February, the consolidated fiscal year (April 1, 2019 - February 29, 2020) is 11 months, and the previous consolidated fiscal year (April 1, 2018 to March 31, 2019) is 12 months.

### (2) Consolidated Financial Position

(Millions of yen truncated to the nearest million, %, yen)

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share (Yen)
Fiscal 2019 ended February 29, 2020	5,781,370	459,075	6.8	1,823.05
Fiscal 2018 ended March 31, 2019	5,254,079	448,705	7.2	1,764.05

(Reference) Shareholder's equity; Fiscal 2019; 393,417 million, Fiscal 2018; 380,644 million

### (3) Consolidated cash flows

(Millions of yen truncated to the nearest million yen)

	Net cash used in operating activities	Net cash used in Investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of period
Fiscal 2019 ended February 29, 2020	352,217	△177,438	△89,040	713,407
Fiscal 2018 ended March 31, 2019	215,730	△194,595	△16,072	627,929

## 2. Cash Dividends

(yen)

(Base date)	Dividend per share				
	First quarter Period	Interim Period	Third quarter period	Term end	Annual
March 2019 term	—	29.00	—	39.00	68.00
March 2020 term	—	29.00	—	39.00	68.00

(Base date)	Total dividends	Payout Ratio	Dividend on equity ratio
March 2019 term	14,672	37.2	3.9
March 2020 term	14,674	43.0	3.8

### 3. Projections (For the fiscal year ending February 28, 2021)

The environment surrounding the Group is uncertain due to the stagnation of economic activity through the declaration of emergency and various regulations issued by governments and financial authorities in response to the expansion of the scope of the new coronavirus infection, as well as the deterioration of the global economy, which is expected to be prolonged in the future. In light of this situation, it is difficult to rationally calculate the impact on the company's performance at this stage due to the fact that there are many undetermined factors, and the consolidated earnings forecast has not yet been determined. In the future, forecasts will be announced promptly when calculations are possible.

### 4. Others

- (1) Change in significant subsidiary during the term (Change in specified subsidiary that caused a change in the scope of consolidation) ; No
- (2) Change in accounting principle, procedure, disclosure, etc., concerning preparation of consolidated financial statements (matters to be mentioned concerning the change of important items to be the bases for preparation of consolidated financial statements)
  - ① Change by a newly issued accounting pronouncement ; Yes
  - ② Change other than ① ; No
  - ③ Change accounting quotation ; No
  - ④ Restatement ; No
- (3) Number of issued stocks and outstandings (Common stock)
  - ① Number of issued stocks and outstandings at term end (including treasury stock)  
Fiscal 2019; 216,010,128 shares, Fiscal 2018; 225,510,128 shares
  - ② Number of shares of treasury stock at end of term  
Fiscal 2019; 298,452 shares, Fiscal 2018; 9,732,022 shares,
  - ③ Average of the number of shares during the quarter(For the Fiscal 2019 ended February 29, 2020)  
Fiscal 2019; 215,793,012 shares, Fiscal 2018; 215,771,501 shares

### (Reference): Report of Non-Consolidated Financial Results

**Business performance** (For the Fiscal 2019 ended February 29, 2020 and For the Fiscal 2018 ended March 31, 2019)

#### (1) Non-consolidated Operating Results

(Millions of yen truncated to the nearest million, %, yen)

	Operating revenue	YOY (%)	Operating profit	YOY (%)	Ordinary profit	YOY (%)	Profit attributable to owners of parent	YOY (%)
Fiscal 2019 ended February 29, 2020	23,400	△5.3	13,499	△7.2	12,825	△9.5	12,382	△9.9
Fiscal 2018 ended March 31, 2019	24,703	7.2	14,552	6.8	14,170	3.7	13,740	2.4

	Profit attributable to owners of parent per share	Fully Diluted Profit attributable to owners of parent per Share
Fiscal 2019 ended February 29, 2020	57.38	55.90
Fiscal 2018 ended March 31, 2019	63.68	60.39

(Note) Since the company has changed its fiscal year from the current fiscal year to the end of February, the fiscal year (April 1, 2019 - February 29, 2020) is 11 months, and the previous fiscal year (April 1, 2018 to March 31, 2019) is 12 months.

#### (2) Financial position

(Millions of yen truncated to the nearest million, %, yen)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal 2019 ended February 29, 2020	611,056	216,573	35.4	1,003.20
Fiscal 2018 ended March 31, 2019	373,972	219,903	58.8	1,018.64

(Reference) Shareholder's equity; Fiscal 2019; 216,491 million, Fiscal 2018; 219,800 million

※ The financial results are not audited by a certified public accountant or an audit corporation.

※ Remarks on the projections, other issues

(Notes on future statements, etc.)

The forecasts include the future prospects, the assumptions and forecasts underlying the plan on the present date, and the achievement is not intended to be a promise to us .In addition, actual performance is different from the above forecast due to various factors in the future.

(How to obtain supplementary information on financial results) We provide supplementary explanatory materials on our website for business and performance.

※ Aeon Credit Services Co., Ltd. and three other domestic subsidiaries have changed their fiscal year from the end of March to the end of February, so the consolidated fiscal year 2019 incorporates 11-month from April 1, 2019 to February 29, 2020, and the previous consolidated fiscal year was 12-month from April 1, 2018 to March 31, 2019. Although AEON Bank, Ltd. has not changed its fiscal year from the end of March, AFS consolidated earnings figures incorporate 11-month from April 1, 2019 to February 29, 2020 for the fiscal year under review and 12-month from April 1, 2018 to March 31, 2019 for the previous consolidated fiscal year.

## **1. Review of Operating Results and Financial Statements**

### **(1) Analysis of Operating Results**

#### **1) Summary of Operating Results**

As a financial services company which is the closest to customers in Asia, Aeon Financial Service Co., Ltd (hereinafter AFS) has set a medium- to long-term goal to become the "No.1 retail financial services company in Asia" that enriches customers' daily lives.

In the consolidated fiscal year, AFS has been working on the management strategies to “promote digital shifts”, “respond to customer needs”, and “accelerate growth overseas” at domestic and foreign subsidiaries.

In Japan, in line with the government's cashless promotion toward consumption tax increase in October, AFS has worked on card membership acquisition measures, focused on expanding the customer base, and promoted the use of AEON cards and debit cards both inside and outside the AEON Group. In addition, as a result of promoting the use of AEON cards as main cards by recommending the registration of withdrawal of utility payments and practicing other campaigns, the total shopping transaction volume expanded in the consolidated fiscal year. Moreover, AEON Bank has promoted cross-use through proposals for asset formation services such as mutual funds and foreign currency savings, and has deepened trading among AEON card holders.

Overseas, AFS has expanded the customer base by utilizing digital tools including smartphones, and improved the efficiency and refinement of operations in sales, screening, and collection.

As a result, operating revenue for the consolidated fiscal year was a record high of 457,280 million yen (up 4.3% year on year). Operating income was 65,070 million yen (down 7.1% year on year) as a result of following reasons. In Japan, sales promotion costs for cashless promotion measures increased. Overseas, the provision of allowance for doubtful accounts has increased mainly in Thailand, Malaysia, and Hong Kong, where IFRS No. 9 "Financial Instruments" has been applied by these local subsidiaries and some others or consolidated adjustments at AFS since the previous fiscal year, and the calculation of the provision of allowance for doubtful accounts has been required for normal loans in addition to delinquent loans. Furthermore, the improper accounting was found in a local subsidiary in the Philippines. Ordinary profit was 65,797 million yen (down 6.2% year on year) and profit attributable to owners of parent was 34,149 million yen (down 13.3% year on year). Since the fiscal year under review has been changed from the end of March to the end of February, the consolidated fiscal year period for some subsidiaries in Japan is 11 months from April 1, 2019 to February 29, 2020. Therefore, year on year figure is calculated by dividing the number by 12-month results of the previous consolidated fiscal year.

#### **2) Business Segment Information**

##### **Domestic Retail Business**

In the Domestic Retail Business, AFS continuously worked to strengthen ability to propose asset formation services such as mortgages, mutual funds, and foreign currency savings to customers. In September, AEON Bank introduced its own asset management simulation tool “Port Navi” to provide a model portfolio of more than 60 patterns, and launched a service at AEON Bank branches nationwide that allows customers to make optimal proposals that are closely suited to their asset formation needs and future designs. In December, the bank opened AEON Bank Osaka Umeda branch, which is the first urban-type branch in Kinki region. In order to improve customer convenience and attract new customers, the bank took advantage of its favorable location and created a place for face-to-face advice and contracts for customers who have applied for a mortgage on the website, or for after-work asset management seminars and consultations. Regarding mortgages, the bank continues to promote competitive special interest rate plans and benefit promotions for “Aeon Select Club”, which offer a 5% daily discount on AEON Group shopping for five years, and the outstanding mortgage balance is growing steadily.

In addition, the bank started recruiting newly designed "AEON BANK CASH+DEBIT CARD (Disney Design)" with the aim of attracting young customers in October, and strengthened recruiting “AEON Card Select” to expand the customer base, including the number of bank accounts and the outstanding amount of deposits.

As a result, the number of accounts in the Domestic Retail Business was 7.09 million accounts (up 0.53 million accounts from the beginning of the FY), and the total deposit balance of Aeon Bank, Ltd. was 3,791,837 million yen (up 308,400 million yen from the beginning of the FY). The loan balance was 2,052,741 million yen (down 58,155 million yen from the beginning of the FY). As for segment performance, operating revenue was 185,680 million yen (down 1.6% year on year) and operating income was 14,974 million yen (up 32.3% year on year).

### **Domestic Solutions Business**

In the Domestic Solution Business, AFS has continuously strengthened the acquisition of new customers and the promotion of use. In order to increase transaction volume in the medium to long term, AFS Group issued new cards to expand customer base mainly in the Tokyo metropolitan area and among young people, such as "AEON Card (Toy Story design)" in July, "Maruetsu Card" in September, "AEON Card (Keyakizaka 46)" in November, and "Sumitomo Realty & Development Shopping City AEON Card" in February 2020. In May, AFS Group started offering a service to issue AEON cards immediately through examination of a minimum of five minutes on the official AEON card app, "AEON WALLET", to enhance customer convenience.

In addition, in the issuance of AEON card usage statements, Aeon Credit Service has started the basic service of the web-based statement that customers can check on "AEON WALLET" and the website "*Kurashino Money Site*" from the withdrawal in November. As a result, in addition to credit

card statements, discount coupons and special offers at AEON Group's retail stores can be transmitted in a timely manner through "AEON WALLET", contributing to the improvement of the convenience of AEON Card. Furthermore, the reduction in paper invoices has led to a significant reduction in CO2 emissions and reduced environmental impact.

In the hire purchase business, AFS Group implemented promotional measures for renovation and auto loans, such as the rush demand before the tax increase and the extension of the borrowing period in accordance with the demand, and the hire purchase contracts transaction volume was 218,303 million yen (down 9.7% year on year or up 1.7% compared to the previous FY of 11 months).

In addition, as part of cashless promotional measures, AFS has acquired many new members during the same period through new enrollments and usage campaigns implemented from July to September. On the other hand, expenses for the sales promotion for the campaign was 8,650 million yen due to customer responses exceeded initial expectations.

As a result, operating revenue for the Domestic Solution Business was 182,360 million yen (up 0.3% year on year) and operating income was 23,704 million yen (down 10.2% year on year).

### **China Area**

In China Area, Aeon Credit Service (Asia) Co., Ltd. (hereinafter ACSA), a local subsidiary in Hong Kong, was affected by the deterioration of the economic environment due to U.S.-China trade friction, anti-Hong Kong government demonstrations, and the expansion of new coronavirus infections from January 2020, but the transaction volume of card shopping remained strong due to implementation of sales promotion such as in cooperation with AEON Group's retail stores and the invitation to the "Rugby World Cup 2019" which is a joint promotion measure with international brand.

In the loan business, ACSA has promoted the digitalization of the new service offer for members, such as the launch of an online complete loan that is completed on the same day from the examination to the remittance to the bank account by applying from the mobile app.

In addition, ACSA worked to reduce the rate of bad debt by reviewing inspections and claiming credit management methods using income forecast models and external credit information alert systems.

As a result, as for the consolidated performance for China Area, operating revenue was 18,910 million yen (down 3.5% year on year) and operating income was 5,934 million yen (down 16.7% year on year) due to the increase in allowance for bad debt mainly caused by the deterioration of economic environment in the country.

### **Mekong Area**

In Mekong Area, Aeon Thana Sinsap (Thailand) Plc. (hereinafter ATST), a local subsidiary in Thailand, strengthened its usage promotion measures, including the launch of full-year card usage benefits at restaurants such as cafes that are often used by young people, and steadily expanded card transaction volume. In September, the “Tokyo Olympic Card (VISA Olympic Themed Card Issued by AEON)” was issued with free or discounted benefits for sports gyms, and acquired new health-conscious customer base.

In the auto finance business, ATST continued to strengthen its sales activities outside Bangkok, and the outstanding of operating receivables was steadily accumulated.

In addition to cardless cash advance which completes loans on smartphones, ATST tried to improve the convenience of members through such measures as virtual member cards by eliminating the need to carry cards with customers which enable customers to use personal loans at ATMs of ATST and partner banks, as well as campaigns to switch to electronic invoices.

Moreover, ATST optimized sales networks and improved investment returns by expanding the development of kiosk-type stores that can be opened with less installation costs and space-saving, and by developing mobile card recruitment booths. Furthermore, ATST's subsidiaries integrated their finance and accounting divisions into a shared service center to improve labor productivity of the back office.

As a result, as for the consolidated performance for Mekong Area, operating revenue was 84,120 million yen (up 16.0% year on year). In addition to the macroeconomic impact of U.S.-China trade friction, with the application of IFRS No. 9 "Financial Instruments" introduced through the consolidated adjustments at AFS in the previous fiscal year, the provision of allowance for doubtful accounts has increased due to the accumulation of operating receivables, mainly new normal receivables. On the other hand, ATST strategically implemented selling long-term delinquent receivables and focused on reducing costs including labor costs. As a result, operating income was 17,060 million yen (up 21.9% year on year).

### **Malay Area**

In Malay Area, AEON Credit Service (M) BERHAD (hereinafter ACSM), a local subsidiary in Malaysia, further pursued membership commonality with local AEON Group retailers and promoted the use of "AEON WALLET" equipped with both electronic money and point card functions in smartphone apps in order to develop and expand the customer base through retail and finance utilizing the AEON Group's brand strength.

In the hire purchase business, AFS promoted loans for high-priced Japanese vehicles and medium and large-sized motorcycles in order to acquire a superior customer base for middle- and high-income earners and expanded transaction volume. In addition, through tie-ups with merchants and manufacturers, loans for small bikes have steadily expanded and increased market share.

As a result, as for the consolidated performance for Malay Area, operating revenue was 51,916 million yen (up 10.3% year on year). With the application of IFRS No. 9 "Financial Instruments" introduced in Aeon Credit Service (M) BERHAD in the previous fiscal year, the provision of allowance for doubtful accounts has increased due to the accumulation of operating receivables, mainly new normal receivables. In addition, in the case of improper accounting found in the local subsidiary AEON Credit Service (Philippines) Inc., AFS has captured the impact of the revision of accounting processing in the past fiscal year of 0.57 billion pesos (approx. 1.2 billion yen) (processed 0.48 billion pesos (approx. 1 billion yen) for the fiscal year). As a result, operating income was 6,316 million yen (down 52.8% year on year). The amount of the provision of allowances for doubtful accounts for the current fiscal year increased compared to the previous fiscal year, due to the decrease in operating receivables in the previous fiscal year through the Malaysian government subsidy measures, which resulted in the amount of the provision of allowance for doubtful accounts remained low.

#### **4) Future Outlook**

The environment surrounding the AFS Group is uncertain due to the stagnation of economic activity caused by the declaration of emergency and various regulations issued by governments and financial authorities and the deterioration of the global economy which is expected to be prolonged in the future affected by the expansion of the Coronavirus infection.

AFS operates in 11 Asian countries including Japan and many of these countries have issued curfews by the government, banned activities against companies and ordered to close commercial facilities and has begun to have an impact on economic activity.

Under these circumstances, AFS has established a task force against the Coronavirus infections, and AFS works with its group companies in Japan and overseas to collect information and respond to the changing situation. In addition, through efforts to digitalize, AFS has saved labor, developed highly secure internal infrastructure and built a system that enables business continuity even as the situation deteriorates. Through utilizing AI and data, AFS will further improve labor savings by enhancing operational efficiency and productivity, and promoting the digitalization of services, and strive to improve performance as soon as possible when the situation converges.

In the future, AFS will promptly inform you of the impact of the Coronavirus infections on the consolidated performance when events to be announced are turned out.

Since the transition from a bank holding company to a business company as of April 1, 2019, AFS has been working on new business development to provide more comprehensive financial and peripheral services. As part of this, Allianz Life Insurance Japan Ltd., a Japanese subsidiary under the umbrella of the Allianz Group in Germany, became a subsidiary on March 31, 2020 and AFS

group entered into the life insurance business as AEON Allianz Life Insurance Co., Ltd. (scheduled to change its trade name on May 1, 2020). In the future, AFS will work with AEON Group companies to promote health promotion proposals and other issues to support customers' non-disease and prevention and start initiatives to provide health-related services such as group credit life insurance, health promotion insurance products, and development of health care apps, in order to contribute to the extension of healthy life expectancy in the 100-year period of life which has become a social issue.

Through these initiatives, AFS Group aims to attract new customers and expand the customer base by cross-selling to existing customers of the AFS Group and Aeon Group, and create synergies among group companies.

Finally, there were several inappropriate practices occurred in AFS Group during the fiscal year under review, including inappropriate accounting practices at a local subsidiary in the Philippines, guidance from the Personal Information Protection Committee and the Tokyo Labor Bureau based on Article 41 of the Information Protection Act, the Employment Stability Act, and the Guidelines for the Act, respectively regarding the handling of personal information in joint recruitment activities of new employees. In addition, AEON Bank, Ltd. received an order of action pursuant to Article 7, Paragraph 1 of the Act on the Prevention of Unfair Premiums and Unfair Display from the Consumer Affairs Agency regarding the advertising of new card member acquisition campaigns conducted in the second quarter.

AFS takes these situations seriously and sincerely reflects on the situations, and will return to the customer's first philosophy, and work to build measures to prevent recurrence and strengthen internal controls with all group companies.



### **3. Management Policy**

#### **(1) Basic Policy of Management of the Company**

As a lifestyle support company that makes use of the future and trust of the customers, AFS has established the basic policies as "customer first", "providing financial services that are closely attuned to customers' lifestyle", "responding to the trust and expectations of the society", and "establishing an internal culture full of vitality" as its basic management policy, and the eternal (AEON) mission is to make unlimited contributions to the customers through financial services. As a comprehensive financial group that combines retail and financial industries, AFS aims to become a financial services company which is the closest to customers in Japan and Asia by providing safe, secure, convenient, and profitable financial services.

#### **(2) Target management indicators**

Due to the uncertainty at which the expansion of the Coronavirus infections will converge, it is difficult to determine the impact on the target management indicators.

In the midst of these unforeseen circumstances, AFS will make every effort to continue its business, improve the efficiency of operations through use of AI, etc., and promote the digitalization of products and services, in order to continue business and improve business performance as soon as possible when the situation settles. In the medium term, AFS will promote digitalization from sales to management operations to improve convenience and productivity, and aim to reduce the increase in doubtful accounts and improve labor distribution.

#### **(3) Medium- to long-term management strategy and issues to be addressed**

As a financial industry born out of the needs of retail customers, AFS Group has expanded financial products and services such as credit, banking, loans, insurance, and electronic money in Japan, and has been promoting the smooth use of multiple channels such as branches, the Web, smartphones, and other channels. In addition, in Asia, AFS has expanded loans, financial products and services in accordance with the economic growth of each country.

In recent years, it is expected that the number of middle-income people in Asia will expand, and the diversification of financial and lifestyle-related services (hereinafter referred to as "products and services" will become more and more important as well as the speed at which immediate needs can be met. Moreover, technological innovations such as AI and next-generation mobile communication systems are advancing both in Japan and overseas, and an environment in which products and services can be used seamlessly in a wider range of tiers is being established. On the other hand, companies with platforms are entering the financial industry and tending to expand their comprehensive services, including lifestyle and financial services, and it is expected that the overall financial industry will continue to change in the future.

In such an environment, AFS Group will use new technologies in various regions in Japan and overseas to provide products and services that can be commonly used in Asian regions, and build an

ecosystem centered on Asia. In addition, AFS Group will expand its network of merchants, build a platform that connects customers with merchants, and promote diversification and immediacy by providing products and services. Furthermore, AFS Group will strengthen sales and marketing by utilizing data, provide immediate and appropriate products and services to meet the needs of customers, and promote support to enrich daily lives. In order to realize these, AFS Group will promote digitalization from sales to management.

## **Priority Initiatives**

### **1) Building a Platform**

AFS calls the platform the foundation for understanding the needs of customers based on settlements and transaction contents and providing products and services across multiple channels. In cooperation with local governments and business partners, AFS Group will work to build a platform in an online environment through digitalization that provides products and services that are essential to the daily lives of customers.

### **2) Strengthen Sales and Marketing**

By aggregating and utilizing data such as customer attribute information and behavioral information, AFS Group will make digital use of products and services adapted to customers' life stages and lifestyles, as well as growth stage of each country in Asia, in a timely and appropriate manner. AFS Group will also strengthen services to the merchants so that group companies can provide products and services that meet the needs of customers.

### **3) Efficiency of Business**

AFS Group will improve productivity by reviewing the operations of existing businesses from the process and consolidating duplicate functions. In addition, by utilizing new technologies for the operations of existing businesses, AFS Group will enhance the efficiency of its business operations from sales to examination and debt management, including elaboration of marketing and scoring through digitalization, and promote the redistribution of resources to growth businesses.

By implementing these priority initiatives, AFS will reallocate management resources to priority areas and continue to grow sustainably. AFS will also strengthen governance both in Japan and overseas.

In addition, AFS will continue to grow sustainably by solving social issues. In order to promote the health of the customers, AFS will provide services such as health promotion insurance products, settlement, and health care advice utilizing behavioral data. AFS will sincerely address the situation in each country and the social issues, through environmental protection such as paperless procedures and invoices, and provide solutions.

In the future, AFS will continue to work to further enhance corporate value as a comprehensive financial group that combines retail and financial industries that are not found in other financial institutions.

#### **4. Basic Approach to the Selection of Accounting Standards**

AFS Group applies Japanese standards.

With regard to the application of international accounting standards, AFS plans to respond appropriately, taking into account various situations in Japan and overseas.

**5. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2019	As of February 29, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	644,502	762,891
Call loans	30,496	53,773
Accounts receivable - installment	1,453,160	1,543,135
Lease receivables and investment assets	11,425	12,782
Operating loans	850,508	860,572
Loans and bills discounted for banking business	1,584,990	1,674,786
Securities for banking business	324,946	447,229
Monetary claims bought	13,316	14,823
Money held in trust	22,406	50,308
Other	148,506	177,875
Allowance for doubtful accounts	△102,831	△114,308
Total current assets	4,981,426	5,483,871
Non-current assets		
Property, plant and equipment		
Buildings, net	6,240	11,984
Tools, furniture and fixtures, net	32,570	32,963
Construction in progress	343	151
Other, net	51	203
Total property, plant and equipment	39,204	45,302
Intangible assets		
Goodwill	20,061	18,378
Other	80,116	90,555
Total intangible assets	100,177	108,934
Investments and other assets		
Investment securities	13,979	13,067
Deferred tax assets	34,897	39,141
Guarantee deposits	56,116	55,974
Other	28,048	34,299
Total investments and other assets	133,042	142,483
Total non-current assets	272,425	296,720
Deferred assets		
Bond issuance cost	209	779
Share issuance cost	18	—
Total deferred assets	228	779
Total assets	5,254,079	5,781,370

(Millions of yen)

	As of March 31, 2019	As of February 29, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable – trade	285,653	260,810
Deposits for banking business	3,469,134	3,790,240
Short-term borrowings	161,744	139,386
Current portion of long-term borrowings	51,142	106,651
Current portion of bonds	50,522	45,253
Current portion of bonds with share acquisition rights	29,946	—
Commercial papers	102,079	160,151
Provision for bonuses	4,015	3,685
Provision for point card certificates	17,543	20,713
Other provisions	208	198
Other	153,634	166,526
Total current liabilities	4,325,626	4,693,618
Non-current liabilities		
Bonds payable	92,621	252,853
Long-term borrowings	331,935	316,005
Retirement benefit liability	4,120	4,381
Provision for loss on interest repayment	4,176	4,965
Other provisions	223	455
Deferred tax liabilities	3,935	3,626
Other	42,736	46,389
Total non-current liabilities	479,748	628,676
Total liabilities	4,805,374	5,322,295
<b>Net assets</b>		
Shareholders' equity		
Capital stock	45,698	45,698
Capital surplus	120,213	120,360
Retained earnings	235,413	230,508
Treasury shares	△24,948	△534
Total shareholders' equity	376,376	396,032
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,150	2,912
Deferred gains or losses on hedges	△1,675	△4,468
Foreign currency translation adjustment	1,472	△467
Remeasurements of defined benefit plans	△679	△591
Total accumulated other comprehensive income	4,267	△2,614
Share acquisition rights	103	82
Non-controlling interests	67,957	65,575
Total net assets	448,705	459,075
Total liabilities and net assets	5,254,079	5,781,370

## (2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended February 29, 2020
Operating revenue		
Revenue from credit card business	125,916	125,700
Revenue from installment sales finance business	40,032	41,914
Financing revenue	146,365	149,815
Gain on bad debts recovered	7,604	9,604
Financial revenue		
Interest on loans and discounts from banking business	20,887	19,013
Interest and dividends on securities from banking business	2,798	4,617
Interest on call loans	349	974
Interest income	598	585
Other financial revenue	3,616	4,896
Total financial revenue	28,251	30,088
Fees and commissions	60,897	59,565
Other	29,372	40,591
Total operating revenue	438,441	457,280
Operating expenses		
Financial expenses		
Interest expenses	17,053	18,686
Interest on deposits from banking business	3,774	3,209
Other financial expenses	1,913	2,576
Total financial expenses	22,741	24,473
Fees and commissions payments	10,122	9,004
Selling, general and administrative expenses	331,982	354,977
Other	3,572	3,753
Total operating expenses	368,419	392,209
Operating profit	70,021	65,070
Non-operating income		
Dividend income	242	206
Gain on investments in investment partnership	—	187
Foreign exchange gains	93	197
Other	224	152
Total non-operating income	560	742
Non-operating expenses		
Loss on valuation of investment securities	33	2
Miscellaneous loss	376	13
Total non-operating expenses	410	15
Ordinary profit	70,171	65,797
Extraordinary income		
Gain on sales of non-current assets	10	13
Total extraordinary income	10	13
Extraordinary losses		
Loss on disposal of non-current assets	594	682
Impairment loss	52	303
Loss on liquidation of subsidiaries	45	96
Loss on an asset disposal due to change	298	—

in specification of credit card		
Other	11	197
Total extraordinary losses	1,003	1,279
Profit before income taxes	69,178	64,530
Income taxes - current	23,555	22,677
Income taxes - deferred	△5,557	△3,141
Total income taxes	17,998	19,535
Profit	51,180	44,994
Profit attributable to non-controlling interests	11,771	10,844
Profit attributable to owners of parent	39,408	34,149

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended February 29, 2020
Profit	51,180	44,994
Other comprehensive income		
Valuation difference on available-for-sale securities	2,338	△2,953
Deferred gains or losses on hedges	426	△4,838
Foreign currency translation adjustment	1,462	△3,234
Remeasurements of defined benefit plans, net of tax	△23	89
Total other comprehensive income	4,203	△10,936
Comprehensive income	55,384	34,058
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	41,783	27,268
Comprehensive income attributable to non-controlling interests	13,600	6,790



**(3) Consolidated Statements of Changes in Net Assets**  
**(For the Fiscal 2018 ended March 31, 2019)**

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	45,698	120,025	227,387	△24,986	368,124
Cumulative effects of changes in accounting policies			△16,704		△16,704
Restated balance	45,698	120,025	210,683	△24,986	351,420
Changes of items during period					
Convert of Convertible bond-type bonds with subscription rights to shares				1	1
Dividends from surplus			△14,672		△14,672
Profit attributable to owners of parent			39,408		39,408
Purchase of treasury shares				△0	△0
Disposal of treasury shares			△5	36	30
Cancellation of treasury shares					
Change in ownership interest of parent due to transactions with non-controlling interests		188			188
Change of scope of consolidation					—
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	188	24,730	37	24,956
Balance at end of current period	45,698	120,213	235,413	△24,948	376,376

	Other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other comprehensive income			
Balance at beginning of current period	3,556	△1,876	870	△658	1,891	104	67,661	437,782
Cumulative effects of changes in accounting policies							△11,536	△28,240
Restated balance	3,556	△1,876	870	△658	1,891	104	56,124	409,541
Changes of items during period								
Convert of Convertible bond-type bonds with subscription rights to shares								1
Dividends from surplus								△14,672
Profit attributable to owners of parent								39,408
Purchase of treasury shares								△0
Disposal of treasury shares								30
Cancellation of treasury shares								
Change in ownership interest of parent due to transactions with non-controlling interests							△188	—
Change of scope of consolidation								—
Net changes of items other than shareholders' equity	1,594	200	601	△21	2,375	△1	12,021	14,395
Total changes of items during the period	1,594	200	601	△21	2,375	△1	11,833	39,163
Balance at end of current period	5,150	△1,675	1,472	△679	4,267	103	67,957	448,705

(For the Fiscal 2019 ended February 29, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	45,698	120,213	235,413	△24,948	376,376
Cumulative effects of changes in accounting policies					—
Restated balance	45,698	120,213	235,413	△24,948	376,376
Changes of items during period					
Convert of Convertible bond-type bonds with subscription rights to shares				0	0
Dividends from surplus			△14,673		△14,673
Profit attributable to owners of parent			34,149		34,149
Purchase of treasury shares				△0	△0
Disposal of treasury shares			△18	59	41
Cancellation of treasury shares			△24,354	24,354	—
Change in ownership interest of parent due to transactions with non-controlling interests		146			146
Change of scope of consolidation			△9		△9
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	146	△4,905	24,414	19,655
Balance at end of current period	45,698	120,360	230,508	△534	396,032

	Other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total other comprehensive income			
Balance at beginning of current period	5,150	△1,675	1,472	△679	4,267	103	67,957	448,705
Cumulative effects of changes in accounting policies								—
Restated balance	5,150	△1,675	1,472	△679	4,267	103	67,957	448,705
Changes of items during period								
Convert of Convertible bond-type bonds with subscription rights to shares								0
Dividends from surplus								△14,673
Profit attributable to owners of parent								34,149
Purchase of treasury shares								△0
Disposal of treasury shares								41
Cancellation of treasury shares								—
Change in ownership interest of parent due to transactions with non-controlling interests							△146	—
Change of scope of consolidation								△9
Net changes of items other than shareholders' equity	△2,237	△2,792	△1,939	88	△6,881	△21	△2,234	△9,138
Total changes of items during the period	△2,237	△2,792	△1,939	88	△6,881	△21	△2,381	10,370
Balance at end of current period	2,912	△4,468	△467	△591	△2,614	82	65,575	459,075

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended February 29, 2020
Cash flows from operating activities		
Profit before income taxes	69,178	64,530
Depreciation	20,851	25,756
Amortization of goodwill	1,835	1,682
Share of loss (profit) of entities accounted for using equity method	△26	△31
Increase (decrease) in allowance for loan losses	8,991	12,791
Increase (decrease) in provision for bonuses	331	△304
Increase (decrease) in retirement benefit liability	231	134
Increase (decrease) in provision for point card certificates	3,077	3,169
Increase (decrease) in provision for loss on interest repayment	1,051	788
Increase (decrease) in other provision	26	249
Financial revenue	△28,251	△30,088
Financial expenses	22,741	24,473
Dividend income	△242	△206
Loss (gain) on disposal of non-current assets	584	669
Loss (gain) on liquidation of subsidiaries	45	96
Decrease (increase) in operating loans receivable	△56,139	△18,534
Decrease (increase) in cash loans and bills discounted for banking business	△94,521	△89,796
Decrease (increase) in accounts receivable - installment	△157,914	△99,040
Net decrease (increase) in lease receivables and investment assets	△2,918	△1,357
Net increase (decrease) in deposit	419,401	321,106
Increase (decrease) in notes and accounts payable - trade	27,193	△24,769
Net increase (decrease) in borrowed money	4,554	23,253
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	12,703	△31,458
Net decrease (increase) in deposit (over 3 months)	△1,426	△1,678
Net decrease (increase) in call loans	△38,717	△24,784
Net increase (decrease) in commercial papers	41,568	57,952
Increase (decrease) in straight bonds - issuance and redemption	5,861	195,270
Proceeds from sales and leasebacks	2,951	621
Proceeds from fund management	26,951	29,070
Payments for finance	△25,585	△25,292
Other, net	△32,713	△34,506
Subtotal	231,679	379,763
Interest and dividend income received	242	206
Income taxes paid	△18,251	△29,605
Income taxes refund	2,060	1,853
Net cash provided by (used in) operating activities	215,730	352,217

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended February 29, 2020
Cash flows from investing activities		
Purchase of securities	△887,709	△495,665
Proceeds from sales of securities	73,200	128,891
Proceeds from redemption of securities	676,343	248,980
Increase in money held in trust	△22,843	△30,899
Decrease in money held in trust	437	2,997
Purchase of property, plant and equipment	△11,141	△5,516
Proceeds from sales of property, plant and equipment	9	24
Purchase of intangible assets	△22,892	△26,251
Net cash provided by (used in) investing activities	△194,595	△177,438
Cash flows from financing activities		
Redemption of convertible bond-type bonds with subscription rights to shares	—	△29,945
Redemption of subordinated bonds	—	△40,000
Cash dividends paid	△14,672	△14,673
Proceeds from share issuance to non-controlling shareholders	5,533	—
Repayments to non-controlling shareholders	△2,723	—
Dividends paid to non-controlling interests	△4,207	△4,422
Purchase of treasury shares	△0	△0
Proceeds from disposal of treasury shares	0	0
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△3	—
Net cash provided by (used in) financing activities	△16,072	△89,040
Effect of exchange rate change on cash and cash equivalents	269	△259
Net increase (decrease) in cash and cash equivalents	5,331	85,478
Cash and cash equivalents at beginning of period	622,598	627,929
Cash and cash equivalents at end of period	627,929	713,407

## **(5) Notice on consolidated financial statements**

(Notes on the Going-concern Assumption)

N/A

(Change of accounting policy)

IFRS No. 16 "Lease"

IFRS No. 16 "Lease" has been applied since the beginning of the current consolidated fiscal year at overseas consolidated subsidiaries.

In accordance with the applicable accounting standards, at the beginning of the current consolidated fiscal year, ROU assets (property, plant and equipment) and lease obligations (included in "other" under current liabilities and non-current liabilities) increased 6,346 million yen and 6,346 million yen respectively.

The impact of the application of such accounting standards on profit and loss during the current consolidated fiscal year is minimal.

(Segment information)

### **1. Overview of Reportable Segments**

The group's reportable segments are subject to periodic review of the group's constituent units to obtain separate financial information, and to evaluate the allocation and performance of management resources by the Board of Directors.

"Domestic" business is divided into "Retail" and "Solution" to clarify the supporter of the function by the target customer. The "Global" business divides the area centering on three listed companies and divides it into "China Area" (Hong Kong S.A.R. etc.), "Mekong Area" (Thailand, etc.), and "Malay Area" (Malaysia, etc.) so that the horizontal development of the business model can be smoothly promoted.

Therefore, the group has five reporting segments: "Retail" and "Solution" in domestic, "China Area", "Mekong Area" and "Malay Area" in global

"Retail" is a banking and insurance business that focuses mainly on individual customers.

"Solution" is a business that provides the group's financial services through the use of databases, such as processing business and individual installment business, mainly for merchants..

"China Area", "Mekong Area", and "Malay Area" are businesses that provide financial services tailored to their needs, including credit cards and loans, to individual customers and merchants in each region.

### **2. Calculation method of operating revenue, profit or loss, assets and other items per reportable segment**

The accounting methods of the reported business segments are identical to the accounting methods used to create consolidated financial statements. The profit of the reporting segment is a figure based on operating profit. Internal ordinary revenues and transfers between segments are based on market prevailing prices.

From the current consolidated fiscal year, regarding the classification of assets and liabilities and the classification of revenues and expenses, the consolidated financial statements has been created in accordance with the Ordinance on Terminology, Forms and Preparation Method of Consolidated Financial Statements (Ministry of Finance Ordinance No. 28 of 1976). Accordingly, the profit of the reported segment is changed from the figures based on the ordinary income to the figures based on the operating revenue. Segment information for the previous consolidated fiscal year was disclosed by the calculation method after the change.

### 3. Segment Information

(Millions of yen)

	For the fiscal 2018 ended March 31, 2019							
	Domestic		Global			Total	Adjustments (※2)	Consolidated financial statements appropriation (※3)
	Retail	Solution	China Area	Mekong Area	Malay Area			
Operating revenue								
Operating revenue from external customer	185,522	112,731	19,583	72,505	47,059	437,401	1,039	438,441
The internal operating revenue between segments	3,145	69,004	7	25	-	72,182	72,182	-
Total	188,667	181,736	19,590	72,530	47,059	509,584	71,143	438,441
Segment profit/ loss	11,315	26,403	7,125	13,990	13,380	72,215	△2,194	70,021
Segment assets	4,095,400	887,579	91,370	296,512	248,972	5,619,835	△365,755	5,254,079
Other								
Depreciation	6,449	10,243	575	1,930	1,174	20,373	478	20,851
Amortization of goodwill	1,406	428	-	-	-	1,835	-	1,835
Financial expenses	4,824	946	1,157	7,674	7,692	22,296	445	22,741
Provision of allowance for loan losses	544	21,528	484	19,471	9,602	51,631	△314	51,316
Increase in property, plant and equipment and intangible assets	11,898	17,420	346	2,109	2,005	33,779	843	34,623

(Remarks) Content of each Segment

※1 The amounts of generally indicated as net sales are herein stated as operating revenue.

※2 Adjustments details are as follows.

(1)The adjustment of 1,039 million yen to Operating revenue from external customer represents corporate operating revenue that are not allocated to each reportable segment.

(2)The adjustment of △2,194 million yen to Segment Profit mainly represents the corporate operating revenue that are not allocated to each reportable segment and intersegment elimination.

(3)The adjustment of △365,755 million yen to Segment assets represents total corporate assets that are not allocated to each reportable segment and adjustment of intersegment elimination.

※3 Segment profit/ loss is adjusted to operating profit of consolidated statement of income.

(Millions of yen)

	For the fiscal 2019 ended February 29, 2020							
	Domestic		Global			Total	Adjustments (※2)	Consolidated financial statements appropriation (※3)
	Retail	Solution	China Area	Mekong Area	Malay Area			
Operating revenue								
Operating revenue from external customer	182,382	120,323	18,903	84,078	51,916	457,605	△324	457,280
The internal operating revenue between segments	3,297	62,036	6	42	-	65,383	△65,383	-
Total	185,680	182,360	18,910	84,120	51,916	522,988	△65,708	457,280
Segment profit/ loss	14,974	23,704	5,934	17,060	6,316	67,990	△2,919	65,070
Segment assets	4,341,525	903,188	82,246	324,622	293,102	5,944,685	△163,314	5,781,370
Other								
Depreciation	6,477	11,374	1,215	4,159	2,090	25,316	439	25,756
Amortization of goodwill	1,289	392	-	-	-	1,682	-	1,682
Financial expenses	3,952	1,029	913	8,075	9,719	23,690	782	24,473
Provision of allowance for loan losses	277	20,538	1,282	24,623	15,912	62,634	98	62,732
Increase in property, plant and equipment and intangible assets	6,240	22,152	1,808	5,607	3,181	38,990	804	39,795

(Remarks) Content of each Segment

※1 The amounts of generally indicated as net sales are herein stated as operating revenue.

※2 Adjustments details are as follows.

(1)The adjustment of △324 million yen to operating revenue from external customer represents corporate operating revenue that are not allocated to each reportable segment.

(2)The adjustment of △2,919 million yen to Segment Profit mainly represents corporate operating revenue that are not allocated to each reportable segment and intersegment elimination.

(3)The adjustment of △163,314 million yen to Segment assets represents total corporate assets that are not allocated to each reportable segment and adjustment of intersegment elimination.

※3 Segment profit/ loss is adjusted to operating profit of consolidated statement of income.

**6. Non-consolidated Financial Statements**  
**(1) Non-consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2019	As of February 29, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	16,390	8,397
Advances paid	331	1,618
Prepaid expenses	461	536
Accounts receivable - other	7,574	6,969
Accrued income	5	36
Short-term loans receivable	12,800	199,700
Income taxes receivable	1,975	1,811
Consumption taxes receivable	—	106
Other	0	0
Total current assets	39,537	219,175
Non-current assets		
Property, plant and equipment		
Buildings	521	540
Accumulated depreciation	△178	△216
Buildings, net	342	323
Tools, furniture and fixtures	728	705
Accumulated depreciation	△422	△521
Tools, furniture and fixtures, net	306	184
Total property, plant and equipment	649	508
Intangible assets		
Software	1,348	1,704
Total intangible assets	1,348	1,704
Investments and other assets		
Investment securities	7,614	51,115
Shares of subsidiaries and associates	311,994	324,597
Long-term loans receivable	—	437
Long-term prepaid expenses	73	67
Deferred tax assets	11,371	11,744
Guarantee deposits	945	951
Other	240	—
Total investments and other assets	332,241	388,915
Total non-current assets	334,239	391,127
Deferred assets		
Share issuance cost	18	—
Bond issuance cost	176	753
Total deferred assets	195	753
Total assets	373,972	611,056

(Millions of yen)

	As of March 31, 2019	As of February 29, 2020
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	3,250	70,637
Commercial papers	35,000	76,000
Current portion of bonds	40,000	20,000
Current portion of convertible bond-type bonds with subscription rights to shares	29,946	—
Accounts payable - other	2,146	3,377
Accrued expenses	426	452
Income taxes payable	109	56
Unearned revenue	203	168
Deposits received	1,434	1,330
Provision For Directors Remuneration Based On Performance	55	35
Other	53	47
Total current liabilities	112,625	172,105
Non-current liabilities		
Bonds payable	40,000	200,000
Long-term loans payable	300	21,300
Other	1,143	1,077
Total non-current liabilities	41,443	222,377
Total liabilities	154,069	394,483
<b>Net assets</b>		
Shareholders' equity		
Capital stock	45,698	45,698
Capital surplus		
Legal capital surplus	121,506	121,506
Total capital surpluses	121,506	121,506
Retained earnings		
Legal retained earnings	3,687	3,687
Other retained earnings		
General reserve	63,995	35,995
Retained earnings brought forward	7,177	8,514
Total retained earnings	74,860	48,197
Treasury shares	△24,948	△534
Total shareholders' equity	217,116	214,867
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,683	1,623
Total valuation and translation adjustments	2,683	1,623
Share acquisition rights	103	82
Total net assets	219,903	216,573
Total liabilities and net assets	373,972	611,056



## (2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended February 29, 2020
Operating revenue		
Dividends from subsidiaries and associates	13,244	12,997
Commissions from subsidiaries and associates	11,459	10,402
Total operating revenue	24,703	23,400
Operating expenses		
Selling, general and administrative expenses	10,150	9,901
Total operating expenses	10,150	9,901
Operating profit	14,552	13,499
Non-operating income		
Interest and dividend income	248	727
Other	151	52
Total non-operating income	399	780
Non-operating expenses		
Interest expenses	560	1,172
Commitment fee	75	3
Foreign exchange losses	21	15
Loss on valuation of investment securities	3	2
Amortization of bond issuance cost	75	241
Other	45	18
Total non-operating expenses	782	1,453
Ordinary profit	14,170	12,825
Extraordinary income		
Gain on liquidation of subsidiaries	8	71
Total extraordinary income	8	71
Extraordinary losses		
Loss on disposal of non-current assets	7	21
Loss on valuation of shares of subsidiaries and associates	174	—
Total extraordinary losses	182	21
Profit before income taxes	13,996	12,876
Income taxes - current	304	429
Income taxes - deferred	△47	63
Total income taxes	256	493
Profit	13,740	12,382

**(3) Non-consolidated Statements of Changes in Net Assets**  
**(For the Fiscal 2018 ended March 31, 2019 )**

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		
		Legal capital surplus	Total capital surplus		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Beginning balance	45,698	121,506	121,506	3,687	63,995	8,115	75,798
Changes of items during the period							
Convert of Convertible bond-type bonds with subscription rights to shares							
Dividends from surplus						△14,672	△14,672
Profit						13,740	13,740
Reversal of general reserve							
Purchase of treasury stock							
Disposal of treasury stock						△5	△5
Cancellation of treasury stock							
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	—	—	—	—	△937	△937
Ending balance	45,698	121,506	121,506	3,687	63,995	7,177	74,860

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Beginning balance	△24,986	218,016	3,221	3,221	104	221,342
Changes of items during the period						
Convert of Convertible bond-type bonds with subscription rights to shares	1	1				1
Dividends from surplus		△14,672				△14,672
Profit		13,740				13,740
Reversal of general reserve		—				—
Purchase of treasury stock	△0	△0				△0
Disposal of treasury stock	36	30				30
Cancellation of treasury stock		—				—
Net changes of items other than shareholders' equity			△537	△537	△1	△538
Total changes of items during the period	37	△900	△537	△537	△1	△1,438
Ending balance	△24,948	217,116	2,683	2,683	103	219,903

(For the Fiscal 2019 ended February 29, 2020 )

(Millions of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		
		Legal capital surplus	Total capital surplus		Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Beginning balance	45,698	121,506	121,506	3,687	63,995	7,177	74,860
Changes of items during the period							
Convert of Convertible bond-type bonds with subscription rights to shares							
Dividends from surplus						△14,673	△14,673
Profit						12,382	12,382
Reversal of general reserve					△28,000	28,000	—
Purchase of treasury stock							
Disposal of treasury stock						△18	△18
Cancellation of treasury stock						△24,354	△24,354
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	—	—	—	△28,000	1,336	△26,663
Ending balance	45,698	121,506	121,506	3,687	35,995	8,514	48,197

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Beginning balance	△24,948	217,116	2,683	2,683	103	219,903
Changes of items during the period						
Convert of Convertible bond-type bonds with subscription rights to shares	0	0				0
Dividends from surplus		△14,673				△14,673
Profit		12,382				12,382
Reversal of general reserve		—				—
Purchase of treasury stock	△0	△0				△0
Disposal of treasury stock	59	41				41
Cancellation of treasury stock	24,354	—				—
Net changes of items other than shareholders' equity			△1,060	△1,060	△21	△1,081
Total changes of items during the period	24,414	△2,248	△1,060	△1,060	△21	△3,330
Ending balance	△534	214,867	1,623	1,623	82	216,573

#### **(4) Notice on consolidated financial statements**

(Notes on the Going-concern Assumption)

N/A

**This is an English translation of abbreviated brief report of financial results (unaudited) for informational purposes only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.**