

This is an abridged translation of the original Japanese document and is provided for informational purposes only.
If there are any discrepancies between this and the original, the original Japanese document prevails.

Brief Report of Financial Results (Unaudited)

(For the Fiscal 2020 Ended February 28, 20201

April 9, 2021

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 Fujita

Contact: Kazuyoshi Suzuki, Director, Senior Executive Officer

1. Business performance (For the Fiscal 2020 ended February 28, 2021 and For the Fiscal 2019 ended February 29, 2020)

(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 2020 ended February 28, 2021	487,309	-	40,651	-	40,238	-	17,693	-
Fiscal 2019 ended February 29, 2020	457,280	-	65,070	-	65,797	-	34,149	-

※Comprehensive income; Fiscal 2020; 27,775million (-%), Fiscal 2019; 34,058 million (-)

	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 2020 ended February 28, 2021	81.99	81.97	4.5	0.7	8.3
Fiscal 2019 ended February 29, 2020	158.25	154.15	8.8	1.2	14.2

(Reference) Investment gains and losses on equity method; Fiscal 2020; 43 million, Fiscal 2019; 31 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 to February 29, 2020) is 11 months. Therefore, the rate of increase or decrease compared to the previous fiscal year is not described.

(2) Consolidated Financial Position

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

	Total Assets	Net Assets	Capital Ratio	Net Assets per Share
Fiscal 2020 ended February 28, 2021	6,123,721	474,667	6.6	1,860.08
Fiscal 2019 ended February 29, 2020	5,781,370	459,075	6.8	1,823.05

(Reference) Shareholder's equity; Fiscal 2020; 401,462million, Fiscal 2019; 393,417 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 2020 ended February 28, 2021	62,282	△94,557	△14,354	666,738
Fiscal 2019 ended February 29, 2020	352,217	△177,438	△89,040	713,407

2. Dividends

	Dividend per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total			
February 2020 term	yen	yen	yen	yen	yen	million yen	%	%
February 2021 term	-	29.00	-	39.00	68.00	14,674	43.0	3.8
February 2021 term (Estimated)	-	11.00	-	23.00	34.00	7,338	41.5	1.8
February 2021 term (Estimated)		14.00	-	26.00	40.00		41.1 to 45.4	

(Note) Breakdown of dividend for end-second quarter of February 2021 term (Estimated)

: Ordinary dividend 12yen, commemorative dividend for our 40th year of business 2yen.

Breakdown of dividend for fiscal year-end of February 2021 term (Estimated)

: Ordinary dividend 24yen, commemorative dividend for our 40th year of business 2 yen.

3. Forecast of Consolidated Earnings (For the fiscal year ending February 28, 2022)

(Millions of yen, %)

(% is the percentage of change to the previous year)

	Operating revenue	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit attributable to owners of parent	YoY	Net income per share
Full term	490,000 to 520,000	0.6 to 6.7	41,000 to 46,000	0.9 to 13.2	41,000 to 46,000	1.9 to 14.3	19,000 to 21,000	7.4 to 18.7	88.04 to 97.31

(Note) Consolidated earnings forecasts are disclosed in a range format.

※Notes

- (1) Change in significant subsidiary during the term (Change in specified subsidiary that caused a change in the scope of consolidation) ; Yes
- (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; No
 - ② Change other than ① ; No
 - ③ Change accounting quotation ; No
 - ④ Restatement ; No
- (3) Number of shares issued (Common stock)
 - ① Number of shares issued at end of period (including treasury stock)
Fiscal 2020; 216,010,128 shares, Fiscal 2019; 216,010,128 shares
 - ② Number of shares of treasury stock at end of term
Fiscal 2020; 179,553 shares, Fiscal 2019; 208,452 shares
 - ③ Average of the number of shares during the quarter(For the Fiscal 2019 ended February 29, 2020)
Fiscal 2020; 215,812,956 shares, Fiscal 2019; 215,793,012 shares

(Reference): Report of Non-Consolidated Financial Results

Business performance (For the Fiscal 2020 ended February 28, 2021 and for the Fiscal 2019 ended February 29, 2020)

(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 2020 ended February 28, 2021	22,252	-	13,429	-	12,378	-	8,529	-
Fiscal 2019 ended February 29, 2020	23,400	-	13,499	-	12,825	-	12,382	-

	Profit attributable to owners of parent per share	Fully Diluted Profit attributable to owners of parent per Share
Fiscal 2020 ended February 28, 2021	39.52	39.51
Fiscal 2019 ended February 29, 2020	57.38	55.90

(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 to February 29, 2020) is 11 months. Therefore, the rate of increase or decrease compared to the previous fiscal year is not described.

(2) Financial position

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

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal 2020 ended February 28, 2021	685,719	215,862	31.5	999.94
Fiscal 2019 ended February 29, 2020	611,056	216,573	35.4	1,003.20

(Reference) Shareholder's equity; Fiscal 2020; 215,818 million, Fiscal 2019; 216,491 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.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	762,891	705,739
Call loans	53,773	30,841
Accounts receivable - installment	1,543,135	1,521,149
Lease receivables and investments in leases	12,782	12,284
Operating loans	860,572	782,916
Loans and bills discounted for banking business	1,674,786	1,998,379
Securities for banking business	447,229	519,023
Securities for insurance business	—	70,261
Monetary claims bought	14,823	30,800
Money held in trust	50,308	92,567
Other	177,875	184,176
Allowance for doubtful accounts	△114,308	△133,331
Total current assets	5,483,871	5,814,809
Non-current assets		
Property, plant and equipment		
Buildings, net	11,984	9,752
Tools, furniture and fixtures, net	32,963	29,029
Construction in progress	151	232
Other, net	203	137
Total property, plant and equipment	45,302	39,152
Intangible assets		
Goodwill	18,378	16,784
Software	85,417	100,249
Other	5,138	4,738
Total intangible assets	108,934	121,773
Investments and other assets		
Investment securities	13,067	12,424
Deferred tax assets	39,141	44,289
Guarantee deposits	55,974	56,115
Other	34,299	34,376
Total investments and other assets	142,483	147,205
Total non-current assets	296,720	308,130
Deferred assets		
Bond issuance costs	779	780
Total deferred assets	779	780
Total assets	5,781,370	6,123,721

(Millions of yen)

As of February 29, 2020

As of February 28, 2021

Liabilities		
Current liabilities		
Accounts payable - trade	260,810	270,015
Deposits for banking business	3,790,240	4,018,666
Short-term borrowings	139,386	216,468
Current portion of long-term borrowings	106,651	62,159
Current portion of bonds payable	45,253	23,012
Commercial papers	160,151	85,000
Provision for bonuses	3,685	3,511
Provision for point card certificates	20,713	20,685
Other provisions	198	197
Other	166,526	189,143
Total current liabilities	4,693,618	4,888,859
Non-current liabilities		
Reserve for insurance policy liabilities	—	86,639
Bonds payable	252,853	282,721
Long-term borrowings	316,005	337,026
Retirement benefit liability	4,381	4,707
Provision for loss on interest repayment	4,965	5,706
Other provisions	455	530
Deferred tax liabilities	3,626	1,518
Other	46,389	41,344
Total non-current liabilities	628,676	760,194
Total liabilities	5,322,295	5,649,053
Net assets		
Shareholders' equity		
Share capital	45,698	45,698
Capital surplus	120,360	120,145
Retained earnings	230,508	237,385
Treasury shares	△534	△460
Total shareholders' equity	396,032	402,768
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,912	3,283
Deferred gains or losses on hedges	△4,468	△3,902
Foreign currency translation adjustment	△467	△334
Remeasurements of defined benefit plans	△591	△352
Total accumulated other comprehensive income	△2,614	△1,306
Share acquisition rights	82	43
Non-controlling interests	65,575	73,162
Total net assets	459,075	474,667
Total liabilities and net assets	5,781,370	6,123,721

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Operating revenue		
Revenue from credit card business	125,700	128,701
Revenue from installment sales finance business	41,914	42,573
Financing revenue	149,815	136,913
Recoveries of written off receivables	9,604	9,450
Financial revenue		
Interest on loans and discounts from banking business	19,013	22,405
Interest and dividends on securities from banking business	4,617	4,650
Interest on call loans	974	276
Interest income	585	671
Other financial revenue	4,896	4,938
Total financial revenue	30,088	32,941
Insurance revenue		
Reversal of policy reserve	—	40,667
Other insurance revenue	—	10,997
Total Insurance revenue	—	51,665
Fees and commissions	59,565	60,384
Other	40,591	24,679
Total operating revenue	457,280	487,309
Operating expenses		
Financial expenses		
Interest expenses	18,686	18,437
Interest on deposits from banking business	3,209	2,321
Other financial expenses	2,576	2,271
Total financial expenses	24,473	23,030
Insurance expenses		
Insurance claims and other	—	50,331
Other insurance expenses	—	72
Total Insurance expenses	—	50,404
Fees and commissions payments	9,004	11,161
Selling, general and administrative expenses	354,977	358,689
Other	3,753	3,372
Total operating expenses	392,209	446,657
Operating profit	65,070	40,651
Non-operating income		
Dividend income	206	246
Gain on investments in investment partnerships	187	272
Foreign exchange gains	197	—
Other	152	232
Total non-operating income	742	751
Non-operating expenses		
Loss on valuation of investment securities	2	670
Foreign exchange losses	—	399
Miscellaneous loss	13	94
Total non-operating expenses	15	1,164
Ordinary profit	65,797	40,238
Extraordinary income		
Gain on sales of non-current assets	13	8
Subsidies for employment adjustment	—	360
Total extraordinary income	13	368

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Extraordinary losses		
Loss on disposal of non-current assets	682	709
Impairment loss	303	144
Loss on liquidation of subsidiaries	96	—
Infectious Disease Related Cost	—	436
Other	197	12
Total extraordinary losses	1,279	1,302
Profit before income taxes	64,530	39,305
Income taxes - current	22,677	21,316
Income taxes - deferred	△3,141	△8,120
Total income taxes	19,535	13,196
Profit	44,994	26,108
Profit attributable to non-controlling interests	10,844	8,415
Profit attributable to owners of parent	34,149	17,693

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Profit	44,994	26,108
Other comprehensive income		
Valuation difference on available-for-sale securities	△2,953	243
Deferred gains or losses on hedges	△4,838	1,078
Foreign currency translation adjustment	△3,234	105
Remeasurements of defined benefit plans, net of tax	89	238
Total other comprehensive income	△10,936	1,666
Comprehensive income	34,058	27,775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,268	19,001
Comprehensive income attributable to non-controlling interests	6,790	8,773

(3) Consolidated Statement of Changes in Equity

Year ended February 29, 2020 (April 1, 2019 – February 29, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	45,698	120,213	235,413	△24,948	376,376
Changes during period					
Conversion of moving strike convertible bonds				0	0
Dividends of 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 in scope of consolidation			△9		△9
Net changes in items other than shareholders' equity					
Total changes during period	—	146	△4,905	24,414	19,655
Balance at end of period	45,698	120,360	230,508	△534	396,032

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling 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 accumulated other comprehensive income			
Balance at beginning of period	5,150	△1,675	1,472	△679	4,267	103	67,957	448,705
Changes during period								
Conversion of moving strike convertible bonds								0
Dividends of 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 in scope of consolidation								△9
Net changes in items other than shareholders' equity	△2,237	△2,792	△1,939	88	△6,881	△21	△2,234	△9,138
Total changes during period	△2,237	△2,792	△1,939	88	△6,881	△21	△2,381	10,370
Balance at end of period	2,912	△4,468	△467	△591	△2,614	82	65,575	459,075

Year ended February 28, 2021 (March 1, 2020 – February 28, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	45,698	120,360	230,508	△534	396,032
Changes during period					
Conversion of moving strike convertible bonds					—
Dividends of surplus			△10,790		△10,790
Profit attributable to owners of parent			17,693		17,693
Purchase of treasury shares				△0	△0
Disposal of treasury shares			△26	74	47
Cancellation of treasury shares					—
Change in ownership interest of parent due to transactions with non-controlling interests		△214			△214
Change in scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during period	—	△214	6,876	74	6,736
Balance at end of period	45,698	120,145	237,385	△460	402,768

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling 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 accumulated other comprehensive income			
Balance at beginning of period	2,912	△4,468	△467	△591	△2,614	82	65,575	459,075
Changes during period								
Conversion of moving strike convertible bonds								—
Dividends of surplus								△10,790
Profit attributable to owners of parent								17,693
Purchase of treasury shares								△0
Disposal of treasury shares								47
Cancellation of treasury shares								—
Change in ownership interest of parent due to transactions with non-controlling interests							214	—
Change in scope of consolidation								—
Net changes in items other than shareholders' equity	371	566	132	238	1,308	△38	7,371	8,641
Total changes during period	371	566	132	238	1,308	△38	7,586	15,592
Balance at end of period	3,283	△3,902	△334	△352	△1,306	43	73,162	474,667

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from operating activities		
Profit before income taxes	64,530	39,305
Depreciation	25,756	29,579
Amortization of goodwill	1,682	1,871
Share of loss (profit) of entities accounted for using equity method	△31	△43
Increase (decrease) in allowance for loan losses	12,791	18,496
Increase (decrease) in provision for bonuses	△304	△255
Increase (decrease) in retirement benefit liability	134	249
Increase (decrease) in provision for point card certificates	3,169	△28
Increase (decrease) in provision for loss on interest repayment	788	741
Increase (decrease) in other provision	249	102
Financial revenue	△30,088	△32,941
Financial expenses	24,473	23,030
Dividend income	△206	△246
Loss (gain) on disposal of non-current assets	669	700
Loss (gain) on liquidation of subsidiaries	96	—
Decrease (increase) in operating loans receivable	△18,534	79,179
Decrease (increase) in cash loans and bills discounted for banking business	△89,796	△323,593
Decrease (increase) in accounts receivable - installment	△99,040	21,641
Net decrease (increase) in lease receivables and investments in leases	△1,357	497
Net increase (decrease) in deposits	321,106	228,425
Increase (decrease) in trade payables	△24,769	9,218
Net increase (decrease) in borrowed money	23,253	59,745
Net decrease (increase) in due from banks (excluding due from Bank of Japan)	△31,458	10,961
Net decrease (increase) in due from banks (over 3 months)	△1,678	△275
Net decrease (increase) in call loans	△24,784	6,954
Net increase (decrease) in commercial papers	57,952	△74,823
Increase (decrease) in straight bonds - issuance and redemption	195,270	6,353
Increase (decrease) in reserve for insurance policy liabilities	—	△40,667
Proceeds from sales and leasebacks	621	498
Interest received	29,070	33,392
Interest paid	△25,292	△23,719
Other, net	△34,506	6,447
Subtotal	379,763	80,800
Interest and dividends received	206	246
Income taxes paid	△29,605	△21,889
Income taxes refund	1,853	3,125
Net cash provided by operating activities	352,217	62,282

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Cash flows from investing activities		
Purchase of securities	△495,665	△589,889
Proceeds from sales of securities	128,891	189,861
Proceeds from redemption of securities	248,980	368,592
Increase in money held in trust	△30,899	△44,044
Decrease in money held in trust	2,997	7,223
Purchase of property, plant and equipment	△5,516	△4,908
Proceeds from sales of property, plant and equipment	24	8
Purchase of intangible assets	△26,251	△30,996
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	9,595
Net cash provided by (used in) investing activities	△177,438	△94,557
Cash flows from financing activities		
Redemption of convertible bond-type bonds with subscription rights to shares	△29,945	—
Redemption of subordinated bonds	△40,000	—
Dividends paid	△14,673	△10,790
Repayments to non-controlling shareholders	—	△25
Dividends paid to non-controlling interests	△4,422	△3,536
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	—	△2
Net cash provided by (used in) financing activities	△89,040	△14,354
Effect of exchange rate change on cash and cash equivalents	△259	△40
Net increase (decrease) in cash and cash equivalents	85,478	△46,669
Cash and cash equivalents at beginning of period	627,929	713,407
Cash and cash equivalents at end of period	713,407	666,738

6. Non-consolidated financial statements
(1) Non-consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2020	As of February 28, 2021
Assets		
Current assets		
Cash and deposits	8,397	2,876
Advances paid	1,618	129
Prepaid expenses	536	544
Accounts receivable - other	6,969	8,059
Accrued income	36	164
Short-term loans receivable	199,700	276,050
Income taxes receivable	1,811	1,678
Consumption taxes receivable	106	—
Other	0	—
Total current assets	219,175	289,503
Non-current assets		
Property, plant and equipment		
Buildings	540	539
Accumulated depreciation	△216	△254
Buildings, net	323	285
Tools, furniture and fixtures	705	583
Accumulated depreciation	△521	△454
Tools, furniture and fixtures, net	184	128
Total property, plant and equipment	508	413
Intangible assets		
Software	1,704	1,621
Total intangible assets	1,704	1,621
Investments and other assets		
Investment securities	51,115	54,884
Shares of subsidiaries and associates	324,597	325,924
Long-term loans receivable from subsidiaries and associates	437	424
Long-term prepaid expenses	67	92
Deferred tax assets	11,744	11,162
Guarantee deposits	951	927
Total investments and other assets	388,915	393,417
Total non-current assets	391,127	395,453
Deferred assets		
Bond issuance costs	753	762
Total deferred assets	753	762
Total assets	611,056	685,719

(Millions of yen)

As of February 29, 2020 As of February 28, 2021

Liabilities		
Current liabilities		
Short-term borrowings	70,637	138,590
Commercial papers	76,000	45,000
Current portion of bonds payable	20,000	10,000
Current portion of long-term borrowings	—	300
Accounts payable - other	3,377	3,776
Accrued expenses	452	399
Income taxes payable	56	169
Accrued consumption taxes	—	340
Unearned revenue	168	223
Deposits received	1,330	1,474
Provision for bonuses	35	107
Provision For Directors Remuneration Based On Performance	35	44
Other	11	10
Total current liabilities	172,105	200,435
Non-current liabilities		
Bonds payable	200,000	240,000
Long-term borrowings	21,300	28,224
Other	1,077	1,196
Total non-current liabilities	222,377	269,421
Total liabilities	394,483	469,856
Net assets		
Shareholders' equity		
Share capital	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	35,995	35,995
Retained earnings brought forward	8,514	6,227
Total retained earnings	48,197	45,909
Treasury shares	△534	△460
Total shareholders' equity	214,867	212,654
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,623	3,163
Total valuation and translation adjustments	1,623	3,163
Share acquisition rights	82	43
Total net assets	216,573	215,862
Total liabilities and net assets	611,056	685,719

(2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Operating revenue		
Dividends from subsidiaries and associates	12,997	11,990
Commissions from subsidiaries and associates	10,402	9,857
Other	—	404
Total operating revenue	23,400	22,252
Operating expenses		
Selling, general and administrative expenses	9,901	8,823
Total operating expenses	9,901	8,823
Operating profit	13,499	13,429
Non-operating income		
Interest and dividend income	727	1,296
Foreign exchange gains	—	22
Other	52	96
Total non-operating income	780	1,415
Non-operating expenses		
Interest expenses	1,172	1,356
Commitment fee	3	10
Foreign exchange losses	15	—
Loss on valuation of investment securities	2	670
Amortization of bond issuance costs	241	229
Other	18	199
Total non-operating expenses	1,453	2,466
Ordinary profit	12,825	12,378
Extraordinary income		
Gain on liquidation of subsidiaries	71	—
Other	—	0
Total extraordinary income	71	0
Extraordinary losses		
Loss on disposal of non-current assets	21	63
Loss on valuation of shares of subsidiaries and associates	—	3,321
Other	—	17
Total extraordinary losses	21	3,402
Profit before income taxes	12,876	8,977
Income taxes - current	429	536
Income taxes - deferred	63	△88
Total income taxes	493	448
Profit	12,382	8,529

(3) Consolidated Statement of Changes in Equity

Year ended February 29, 2001 (April 1, 2019 – February 29, 2020)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		
		Legal capital surplus	Total capital surplus		Other retained earnings	Retained earnings brought forward	Total retained earnings
General reserve							
Balance at beginning of period	45,698	121,506	121,506	3,687	63,995	7,177	74,860
Changes during period							
Conversion of moving strike convertible bonds							
Dividends of surplus						△14,673	△14,673
Profit						12,382	12,382
Reversal of general reserve					△28,000	28,000	—
Purchase of treasury shares							
Disposal of treasury shares						△18	△18
Cancellation of treasury shares						△24,354	△24,354
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	△28,000	1,336	△26,663
Balance at end of period	45,698	121,506	121,506	3,687	35,995	8,514	48,197

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	△24,948	217,116	2,683	2,683	103	219,903
Changes during period						
Conversion of moving strike convertible bonds	0	0				0
Dividends of surplus		△14,673				△14,673
Profit		12,382				12,382
Reversal of general reserve		—				—
Purchase of treasury shares	△0	△0				△0
Disposal of treasury shares	59	41				41
Cancellation of treasury shares	24,354	—				—
Net changes in items other than shareholders' equity			△1,060	△1,060	△21	△1,081
Total changes during period	24,414	△2,248	△1,060	△1,060	△21	△3,330
Balance at end of period	△534	214,867	1,623	1,623	82	216,573

Year ended February 28, 2021 (March 1, 2020 – February 28, 2021)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance at beginning of period	45,698	121,506	121,506	3,687	35,995	8,514	48,197
Changes during period							
Conversion of moving strike convertible bonds							
Dividends of surplus						△10,790	△10,790
Profit						8,529	8,529
Reversal of general reserve							
Purchase of treasury shares							
Disposal of treasury shares						△26	△26
Cancellation of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	—	△2,287	△2,287
Balance at end of period	45,698	121,506	121,506	3,687	35,995	6,227	45,909

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	△534	214,867	1,623	1,623	82	216,573
Changes during period						
Conversion of moving strike convertible bonds		—				—
Dividends of surplus		△10,790				△10,790
Profit		8,529				8,529
Reversal of general reserve		—				—
Purchase of treasury shares	△0	△0				△0
Disposal of treasury shares	74	47				47
Cancellation of treasury shares		—				—
Net changes in items other than shareholders' equity			1,540	1,540	△38	1,502
Total changes during period	74	△2,213	1,540	1,540	△38	△710
Balance at end of period	△460	212,654	3,163	3,163	43	215,862