



(Translation for reference only)

November 8, 2024

Consolidated Financial Results for the Second Quarter (Interim Period) of Fiscal Year 2024

For the Six Months Ended September 30, 2024

(Under Japanese GAAP)

Company name: AIFUL Corporation
 Stock Listing: Tokyo Stock Exchange
 Stock Code: 8515
 URL: <https://www.aiful.co.jp>
 Representative: Mitsuhide Fukuda, President and Chief Executive Officer
 For inquiry: Kimihiko Yanagi, General Manager of Operation Management Department TEL (03) 4503 – 6050
 Scheduled date of submission of semi-annual securities report: November 11, 2024
 Scheduled date of commencement of dividend payments : —
 Supplementary materials for Quarterly Financial results: Yes
 Earnings release conference: Yes

I. Consolidated Financial Results for the Second Quarter (Interim) of Fiscal Year 2024

(April 1, 2024 – September 30, 2024)

(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	
Interim period ended								
September 30, 2024	91,273	15.4%	9,036	37.0%	9,721	34.9%	7,188	8.8%
September 30, 2023	79,092	12.3%	6,594	(45.7)%	7,205	(43.0)%	6,609	(43.9)%

Note: Comprehensive income: For the six months ended

September 30, 2024 7,095 million yen (2.5)%
 September 30, 2023 7,275 million yen (42.9)%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
Interim period ended		
September 30, 2024	14.94	—
September 30, 2023	13.66	—

2. Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio (%)
As of			
September 30, 2024	1,330,504	206,079	15.2
March 31, 2024	1,266,374	201,412	15.6

Reference: Shareholders' equity: As of September 30, 2024 202,703 million yen
 As of March 31, 2024 197,909 million yen

II. Dividend Information

	Dividend per share (Yen)				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Annual
FY ending March 31, 2024	—	0.00	—	1.00	1.00
FY ending March 31, 2025	—	0.00			
FY ending March 31, 2025 (Forecast)			—	1.00	1.00

Note: Revisions to dividend forecasts: None

III. Consolidated Earnings Forecast for the Fiscal Year ending March 31, 2025

(April 1, 2024 – March 31, 2025)

(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)
Fiscal year ending March 31, 2025	188,500	15.6%	23,800	13.0%	24,000	8.8%	21,600	(1.0)%	44.64

Note: Revisions to consolidated earnings forecasts: Yes

*Notes

(1) Significant changes in the scope of consolidation during the interim period ended September 30, 2024: Yes

Included: 2 companies (FPC Co., Ltd. and BitCash Inc.)

Excluded: –

Note: The above two companies are included in the scope of consolidation due to an increase in the number of subsidiaries as a result of M&A. For more details, please refer to “2. Interim Consolidated Financial Statements, (4) Notes to Interim Consolidated Financial Statements (Significant Changes in Scope of Consolidation and Application of the Equity Method)” on page 12.

(2) Adoption of special accounting methods for interim consolidated financial statements: None

(3) Changes in accounting principles, procedures and methods of presentation

(a) Changes accompanying amendments to accounting standards: Yes

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

(c) Change in accounting estimates: None

(d) Restatement: None

Note: The change in accounting principles is due to application of “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), etc. For more details, please refer to “2. Interim Consolidated Financial Statements, (4) Notes to Interim Consolidated Financial Statements (Changes in Accounting Standards)” on page 12.

(4) Number of shares issued (Common stock)

(a) Number of shares issued at the end of the period (including treasury stock)	FY2024 2Q	484,620,136 shares	FY2023	484,620,136 shares
(b) Number of treasury stock at the end of the period	FY2024 2Q	5,789,854 shares	FY2023	783,316 shares
(c) Average number of shares during the period (interim period)	FY2024 2Q	481,066,341 shares	FY2023 2Q	483,757,564 shares

* A review for interim consolidated financial statements that is conducted by a certified public accountant or an audit corporation: None

* 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. Qualitative Information on Business Results for the Interim Period (3) Information on the Forecasts for the Consolidated Business Results” on page 5.

Contents

1. Qualitative Information on Business Results for the Interim Period.....	02
(1) Qualitative Information on Business Results	02
(2) Overview of Cash Flows for the interim period of fiscal year 2024.....	04
(3) Information on the Forecasts for the Consolidated Business Results.....	05
2. Interim Consolidated Financial Statements and Notes.....	06
(1) Interim Consolidated Balance Sheets.....	06
(2) Interim Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	08
Interim Consolidated Statements of Income.....	08
Six months ended September 30.....	08
Interim Consolidated Statements of Comprehensive Income.....	09
Six months ended September 30.....	09
(3) Interim Consolidated Statements of Cash Flows.....	10
(4) Notes to Interim Consolidated Financial Statements.....	12
(Notes on Premise of Going Concern)	12
(Significant Changes in Scope of Consolidation and Application of the Equity Method)	12
(Changes in Accounting Standards)	12
(Additional Information)	12
(Notes to Interim Consolidated Statements of Income)	12
(Notes in Case of any Significant Changes in the Amount Shareholders' Equity)	13
(Notes to Business Combinations)	14
(Notes to Segment Information)	15

1. Qualitative Information on Business Results for the Interim Period

(1) Qualitative Information on Business Results

In the non-bank industry surrounding the Group, the number of new contracts and the balance of operating loans outstanding in the consumer finance business have continued to increase against a backdrop of brisk capital needs. Although the status of interest repayment claims is susceptible to changes in the external environment and certain considerations are necessary, the number of claims is steadily decreasing.

Under these circumstances, AIFUL Group has formulated a 3-year Medium-term Management Plan with the fiscal year ending March 2027 as the final year, based on our 10-year long-term vision "Transformation Towards an IT COMPANY: Aiming to Become a Company that Lasts 100 Years." Under the theme of the Medium-term Management Plan "Try Harder: Toward a New Stage of Growth," the Group will strive to raise the group's profit level by pursuing growth of the balances in core businesses such as the loan business, the credit guarantee business and the credit business, and reforming its cost structure. In addition, we will invest in high-growth businesses and M&A to achieve increased corporate value as we move toward a new stage of growth.

FPC Co., Ltd., a non-consolidated subsidiary to which the equity method was applied until the previous fiscal year, became a consolidated subsidiary in the interim period of the current fiscal year due to an increase in its materiality. In addition, in the interim period of the current fiscal year, the Company acquired shares of BitCash Inc. on June 28, 2024, making it a consolidated subsidiary, and the deemed acquisition date was June 30, 2024.

(Overview of the Results)

During the interim period ended September 30, 2024, AIFUL Group's operating revenue amounted to 91,273 million yen (up 15.4 % year on year). The principal components were 51,819 million yen in interest on loans receivable (up 12.6 % year on year), 11,133 million yen in revenue from the credit card business (up 3.5 % year on year) and 10,420 million yen in revenue from the credit guarantee business (up 10.0 % year on year). Operating expenses increased 9,739 million yen, or 13.4 % year on year, to 82,236 million yen. This was mainly due to an increase of 3,795 million yen year on year in provision for doubtful accounts.

In addition, due to an increase in the number of consolidated subsidiaries, operating revenue increased by 2,285 million yen in insurance premiums and 1,094 million yen in fee income, and operating expenses increased by 1,709 million yen in insurance claims.

As a result, AIFUL Group's operating profit for the interim period of fiscal year 2024 was 9,036 million yen (up 37.0 % year on year), and ordinary profit was 9,721 million yen (up 34.9 % year on year). Profit attributable to owners of the parent was 7,188 million yen (up 8.8 % year on year) as a result of posting loss attributable to non-controlling interests of 310 million yen.

The results by business segment are as follows.

(AIFUL Corporation)

Loan business

In the loan business, the Company has worked to increase the number of new contracts and the operating loan balance by continuously implementing initiatives to improve UI/UX and customer satisfaction through in-house production in the digital

field, such as upgrading official sites and smartphone apps, in addition to an advertising strategy that emphasizes efficiency.

As a result, the number of new contracts for unsecured loans was 172,000 (down 7.9 % year on year) and the contract rate was 35.1 % (up 0.7pt year on year) in the interim period of the current fiscal year.

At the end of the interim period of the current fiscal year, unsecured loans outstanding were 571,014 million yen (up 4.1 % from the end of the previous fiscal year), secured loans outstanding were 1,590 million yen (down 13.4 % from the end of the previous fiscal year), small business loans outstanding were 13,685 million yen (up 9.3 % from the end of the previous fiscal year), and the total balance of operating loans in the loan segment was 586,290 million yen (up 4.2 % from the end of the previous fiscal year) (937 million yen off-balance sheet operating loans from the securitization have been included).

Credit guarantee business

In the credit guarantee business, AIFUL has leveraged its credit screening know-how 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 personal loan guarantee at the end of the interim period of the current fiscal year was 174,077 million yen (up 7.3 % from the end of the previous fiscal year), and loans outstanding for business loan guarantee was 62,806 million yen (up 11.8 % from the end of the previous fiscal year).

Of the credit guarantee for the business loans, 1,126 million yen comes from guarantees provided to AG BUSINESS SUPPORT CORPORATION.

As a result of the above, in the interim period of the current fiscal year, AIFUL posted operating revenue of 53,431 million yen (up 7.9 % year on year), operating profit of 6,491 million yen (up 28.2 % year on year), ordinary profit of 8,505 million yen (up 32.5 % year on year), and profit of 6,200 million yen (up 0.5 % year on year).

(LIFECARD Co., Ltd.)

Credit card business

In the credit card business, LIFECARD has worked to acquire new members and increase active cardholders by issuing new tie-up cards, adding app functions to meet customer needs and developing new acquisition sales channels.

As a result, the transaction volume for the interim period of the current fiscal year was 379,716 million yen (up 4.2 % year on year), and the balance of installment receivables for credit card business at the end of the interim period of the current fiscal year was 110,290 million yen (down 1.3 % from the end of the previous fiscal year) (6,206 million yen off-balance sheet operating loans from the securitization have been included).

Cash advance business

The total amount of loans outstanding at the end of the interim period of the current fiscal year in cash advance business was 22,023 million yen (down 3.0 % from the end of the previous fiscal year) (1,650 million yen off-balance sheet operating loans from the securitization have been included).

Credit guarantee business

In the credit guarantee business, LIFECARD leveraged its credit screening know-how 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 personal loan guarantee at the end of the interim period of the current fiscal year was 27,727 million yen (down 1.1 % from the end of the previous fiscal year), and loans outstanding for business loan guarantee was 1,684 million yen (up 9.8 % from the end of the previous fiscal year).

As a result of the above, LIFECARD Co., Ltd. recorded operating revenue of 19,011 million yen (up 1.8 % year on year), operating profit of 377 million yen (down 32.5 % year on year), ordinary profit of 439 million yen (down 29.9 % year on year), and profit of 665 million yen (up 59.3 % year on year).

(Other)

Eight consolidated subsidiaries (AIRA & AIFUL Public Company Limited, AG BUSINESS SUPPORT CORPORATION, AG Loan Services Corporation, AG Capital Co., Ltd., AG Payment Service CO.,LTD, AG Medical Corporation, FPC Co., Ltd. and BitCash Inc.) that are not included in reportable segments for the interim period of the current fiscal year, posted operating revenue of 19,050 million yen (up 52.7 % year on year), operating profit of 806 million yen (down 34.8 % year on year), ordinary profit of 820 million yen (down 33.6 % year on year), and net profit of 279 million yen (down 66.4 % year on year).

In addition, due to an increase in the number of consolidated subsidiaries, operating revenue increased by 2,285 million yen in insurance premiums and 1,094 million yen in fee income, and operating expenses increased by 1,709 million yen in insurance claims.

(Financial Position)

Assets at the end of the interim period of the current fiscal year increased by 64,130 million yen from the end of the previous fiscal year to 1,330,504 million yen (up 5.1 % from the end of the previous fiscal year). This was primarily due to an increase of 33,390 million yen in operating loans, an increase of 14,065 million yen in installment receivables, and an increase of 10,187 million yen in goodwill.

Liabilities increased by 59,463 million yen to 1,124,425 million yen (up 5.6 % from the end of the previous fiscal year). This was primarily due to an increase in funding through borrowings from financial institutions, etc.

Net assets increased by 4,667 million yen to 206,079 million yen (up 2.3 % from the end of the previous fiscal year). The increase was mainly attributable to an increase in retained earnings.

(2) Overview of Cash Flows for the interim period of fiscal year 2024

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the interim period of the current fiscal year decreased by 7,986 million yen from the end of the previous fiscal year to 43,948 million yen (down 15.4 % from the end of the previous fiscal year). The situation of each category of cash flow for the interim period of the current fiscal year and the contributing factors are as follows.

(Cash flows from operating activities)

Net cash used for operating activities amounted to 51,469 million yen, an increase of 56.6 % year on year. This was mainly due to a decline in funds reflecting an increase in operating loans and installment receivables.

(Cash flows from investing activities)

Net cash used for investing activities amounted to 13,082 million yen, an increase of 126.5 % year on year. This was mainly due to purchase of shares of subsidiaries resulting in a change in scope of consolidation.

(Cash flow from financing activities)

Net cash provided by financing activities amounted to 54,391 million yen, an increase of 9.3 % year on year. This was mainly due to proceeds from borrowings exceeding repayments.

(3) Information on the Forecasts for the Consolidated Business Results

With regard to our group's earnings forecast for the fiscal year ending March 31, 2025, operating revenue has been changed from 180,200 million yen to 188,500 million yen (an increase of 8,300 million yen or 4.6% from the previous forecast) due to the inclusion of FPC Co., Ltd. and BitCash Inc. in the scope of consolidation. However, operating profit, ordinary profit and profit attributable to owners of parent remain unchanged from the forecasts announced on May 10, 2024.

These forecasts are based on information available as of the date of publication of these materials. There are various risks in the current business environment surrounding us, and the final results may differ from the forecasts.

3. Interim Consolidated Financial Statements and Notes

(1) Interim Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	56,917	48,613
Operating loans	709,137	742,528
Accounts receivables - installment	167,753	181,819
Operational investment securities	2,989	3,174
Customers' liabilities for acceptances and guarantees	256,096	276,750
Other operating receivables	16,573	17,937
Purchased receivables	8,380	9,378
Accrued receivables	23,570	16,686
Other	28,181	25,151
Allowance for doubtful accounts	(79,021)	(83,727)
Total current assets	1,190,579	1,238,313
Non-current assets		
Property, plant and equipment	17,092	16,688
Intangible assets		
Goodwill	—	10,187
Other	14,349	17,990
Total intangible assets	14,349	28,178
Investment and other assets	44,353	47,324
Total non-current assets	75,794	92,191
Total assets	1,266,374	1,330,504

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes & accounts payable-trade	68,069	53,817
Acceptances and guarantees	256,096	276,750
Short-term borrowings	101,627	89,149
Short-term loans payable to subsidiaries and associates	959	912
Commercial papers	—	35,000
Current portion of bonds	30,000	—
Current portion of long-term borrowings	233,660	234,764
Income taxes payable	3,871	2,481
Reserves	1,730	1,780
Other	51,581	47,390
Total current liabilities	747,598	742,046
Non-current liabilities		
Bonds payable	50,000	80,000
Long-term borrowings	248,657	283,089
Provision for loss on interest repayment	11,760	10,083
Policy reserves and others	—	2,026
Other	6,946	7,179
Total non-current liabilities	317,364	382,378
Total liabilities	1,064,962	1,124,425
Net Assets		
Shareholders' equity		
Capital stock	94,028	94,028
Capital surplus	14,017	14,017
Retained earnings	90,345	96,991
Treasury shares	(2,655)	(4,541)
Total shareholders' equity	195,735	200,496
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,283	1,134
Foreign currency translation adjustment	890	1,073
Total accumulated other comprehensive income	2,174	2,207
Non-controlling interests	3,502	3,375
Total net assets	201,412	206,079
Total liabilities and net assets	1,266,374	1,330,504

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

i. Interim Consolidated Statements of Income Six months ended September 30

	(Millions of yen)	
	Six months ended Sep 30, 2023 (Apr 1, 2023 to Sep 30, 2023)	Six months ended Sep 30, 2024 (Apr 1, 2024 to Sep 30, 2024)
Operating revenue		
Interest on loans receivable	46,013	51,819
Revenue from credit card business	10,756	11,133
Revenue from installment sales	2,013	3,369
Revenue from credit guarantee	9,474	10,420
Other financial revenue	3	9
Insurance premiums	—	2,285
Commission income	1,365	2,831
Other operating revenue	9,465	9,403
Total operating revenue	79,092	91,273
Operating expenses		
Financial expenses	3,502	4,465
Cost of sales	158	173
Insurance claims and others	—	1,709
Other operating expenses	68,837	75,888
Total operating expenses	72,497	82,236
Operating profit	6,594	9,036
Non-operating income		
Dividend income	37	27
Share of profit of entities accounted for using equity method	—	39
Foreign exchange gains	492	510
Other	173	126
Total non-operating income	703	704
Non-operating expenses		
Provision for doubtful accounts	38	4
Share of loss of entities accounted for using equity method	27	—
Other	27	14
Total non-operating expenses	92	19
Ordinary profit	7,205	9,721
Extraordinary income		
Gain on the sale of fixed assets	56	—
Total extraordinary income	56	—
Extraordinary losses		
Impairment loss	—	1,582
Total extraordinary losses	—	1,582
Profit before income taxes	7,261	8,139
Income taxes – current	1,130	2,080
Income taxes – deferred	(609)	(818)
Total income taxes	521	1,261
Profit	6,740	6,877
Profit (loss) attributable to non-controlling interests	130	(310)
Profit attributable to owners of parent	6,609	7,188

ii. Interim Consolidated Statements of Comprehensive Income
Six months ended September 30

	(Millions of yen)	
	Six months ended Sep 30, 2023 (Apr 1, 2023 to Sep 30, 2023)	Six months ended Sep 30, 2024 (Apr 1, 2024 to Sep 30, 2024)
Profit	6,740	6,877
Other Comprehensive income		
Valuation difference on available-for-sale securities	29	(148)
Foreign currency translation adjustment	505	366
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Total other comprehensive income	535	217
Comprehensive income	7,275	7,095
Comprehensive income attributable to		
Owners of parent	6,890	7,221
Non-controlling interests	385	(126)

(3) Interim Consolidated Statements of Cash Flows

	(Millions of yen)	
	Six months ended Sep 30, 2023 (Apr 1, 2023 to Sep 30, 2023)	Six months ended Sep 30, 2024 (Apr 1, 2024 to Sep 30, 2024)
Cash flows from operating activities		
Profit before income taxes	7,261	8,139
Depreciation	1,811	2,075
Amortization of goodwill	—	295
Increase (decrease) in policy reserves and others	—	(27)
Impairment loss	—	1,582
Increase (decrease) in allowance for doubtful accounts	3,366	3,460
Increase (decrease) in provision for bonuses	97	47
Increase (decrease) in provision for share-based remuneration	(20)	(22)
Increase (decrease) in allowance for loss on interest repayment	(3,139)	(1,676)
Interest and dividend income	(119)	(55)
Decrease (increase) in foreign exchange gains	(324)	(574)
Share of loss (profit) of entities accounted for using equity method	27	(39)
Loss (gain) on sale of fixed assets	(56)	—
Decrease (increase) in operating loans receivable	(44,340)	(31,390)
Decrease (increase) in accounts receivable – installment	(11,828)	(14,065)
Decrease (increase) in other operating receivable	(1,360)	(1,364)
Decrease (increase) in accrued receivables	(1,338)	(2,375)
Decrease (increase) in purchased receivable	(1,564)	(998)
Decrease (increase) in claims provable in bankruptcy	1,888	702
Decrease (increase) in business guarantee deposits, etc.	(41)	90
Decrease (increase) in other current assets	(1,054)	3,112
Increase (decrease) in other current liabilities	18,859	(13,568)
Other	395	(1,822)
Subtotal	(31,481)	(48,477)
Interest and dividend income	139	75
Income taxes refund	54	84
Income taxes paid	(1,576)	(3,152)
Cash flow from operating activities	(32,864)	(51,469)
Cash flows from investing activities		
Payments into time deposits	(4,942)	(4,631)
Proceeds from withdrawal of time deposits	4,910	4,949
Purchase of property, plant and equipment	(1,755)	(329)
Proceeds from sales of property, plant and equipment	148	—
Purchase of intangible assets	(2,858)	(3,951)
Purchase of investment securities	(200)	(909)
Purchase of shares of subsidiaries resulting in a change in scope of consolidation	—	(6,759)
Other	(1,079)	(1,450)
Cash flows from investing activities	(5,777)	(13,082)

	(Millions of yen)	
	Six months ended Sep 30, 2023 (Apr 1, 2023 to Sep 30, 2023)	Six months ended Sep 30, 2024 (Apr 1, 2024 to Sep 30, 2024)
Cash flows from financing activities		
Proceeds from short-term borrowings	611,873	1,149,184
Repayments of short-term borrowings	(614,791)	(1,162,488)
Proceeds from issuance of commercial papers	95,100	115,800
Redemption of commercial papers	(83,000)	(80,800)
Proceeds from long-term loans payable	125,122	174,875
Repayments of long-term loans payable	(98,513)	(139,427)
Proceeds from issuance of bonds	15,000	30,000
Redemption of bonds	—	(30,000)
Cash dividends paid	(483)	(483)
Purchase of treasury stock	—	(2,000)
Other	(563)	(267)
Cash flows from financing activities	49,744	54,391
Effect of exchange rate changes on cash and cash equivalents	53	88
Net increase (decrease) in cash and cash equivalents	11,156	(10,072)
Cash and cash equivalents at beginning of period	37,885	51,934
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	2,086
Cash and cash equivalents at end of period	49,042	43,948

(4) Notes to Interim Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable.

(Significant Changes in Scope of Consolidation and Application of the Equity Method)

FPC Co., Ltd., a non-consolidated subsidiary to which the equity method was applied until the previous fiscal year, became a consolidated subsidiary in the interim period of the current fiscal year due to an increase in its materiality.

In addition, the Company acquired shares of BitCash Inc. on June 28, 2024, making it a consolidated subsidiary, and the deemed acquisition date was June 30, 2024.

(Changes in Accounting Standards)

(Application of Accounting Standard for Current Income Taxes)

Effective from the beginning of the interim period of the current fiscal year, the Company has applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022").

As a result, the Company has changed the classification of income taxes to be charged on other comprehensive income and the treatment of tax effects related to the sale of shares of subsidiaries when the corporate group tax system is applied.

In addition, with regard to revisions related to the classification of income taxes (taxation on other comprehensive income), the Company follows the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment in Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022).

There are no impacts on the consolidated financial statements for the interim period of the fiscal year under review.

(Additional Information)

(Significant Accounting Policies for Preparation of Interim Consolidated Financial Statements)

Accounting Policies

i) Goodwill amortization method and amortization period

The straight-line method is applied over a certain number of years within 15 years. However, if the amount of goodwill is immaterial, it is treated as an expense in the consolidated fiscal year in which the goodwill arises.

ii) Policy reserve accumulation method

Policy reserves, which account for the majority of policy reserves and others, are reserves based on Article 116 of the Insurance Business Act and are calculated in accordance with Article 211-46, paragraph 1 of the Regulation for Enforcement of the Insurance Business Act.

(Notes to Interim Consolidated Statements of Income)

(Impairment Loss)

Six months ended September 30, 2023 (Apr 1, 2023 to Sep 30, 2023)

Not applicable.

Six months ended September 30, 2024 (Apr 1, 2024 to Sep 30, 2024)

Location	Use	Category	Impairment loss (Millions of yen)
Head office of AIFUL Corporation	Financial business assets	Software in progress	1,582

The Group considers each operating company in the financial business as the smallest unit for grouping.

With regard to the above financial business assets, a decision was made to review the development policy for the system development that had been underway for some services.

As a result, the book value of the software in progress related to the system development was reduced to the recoverable amount, and the amount of the reduction was recorded as an impairment loss under extraordinary losses.

The recoverable amount of the asset was calculated by setting the value in use at zero.

(Notes in Case of any Significant Changes in the Amount Shareholders' Equity)

Six months ended September 30, 2023 (Apr 1, 2023 to Sep 30, 2023)

1. Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share	Record date	Effective date	Source of dividends
Board of Directors meeting held on April 24, 2023	Common stock	483	1.00	March 31, 2023	June 8, 2023	Retained earnings

2. Dividends whose record date is in the six months ended September 30, 2023 but whose effective date is after September 30, 2023

Not applicable

3. Significant Changes in the Amount of Shareholders' Equity

The Company disposed of 134,314 shares of treasury stock through restricted stock compensation on July 18, 2023, based on a resolution of the Board of Directors meeting held on June 26, 2023. As a result of this disposal of treasury stock, other capital surplus decreased by 409 million yen and treasury stock decreased by 455 million yen. Since the balance of other capital surplus became negative, other capital surplus was set to zero and such negative value was reduced from other retained earnings.

As a result, the balance of retained earnings was 75,135 million yen and the balance of treasury stock was 2,655 million yen in the current interim period.

Six months ended September 30, 2024 (Apr 1, 2024 to Sep 30, 2024)

1. Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share	Record date	Effective date	Source of dividends
Board of Directors meeting held on May 10, 2024	Common stock	483	1.00	March 31, 2024	June 6, 2024	Retained earnings

2. Dividends whose record date is in the six months ended September 30, 2024 but whose effective date is after September 30, 2024

Not applicable

3. Significant Changes in the Amount of Shareholders' Equity

The Company disposed of 145,894 shares of treasury stock through restricted stock compensation on July 29, 2024, based on a resolution of the Board of Directors meeting held on July 8, 2024. As a result of this disposal of treasury stock, other capital surplus decreased by 58 million yen and treasury stock decreased by 114 million yen. Since the balance of other capital surplus became negative, other capital surplus was set to zero and such negative value was reduced from other retained earnings.

Based on the resolution of the Board of Directors meeting held on May 27, 2024, the Company repurchased 5,151,200 shares of treasury stock during the current interim consolidated cumulative period and treasury stock increased by 1,999 million yen.

As a result, the balance of retained earnings was 96,991 million yen and the balance of treasury stock was 4,541 million yen in the current interim period.

(Notes to Business Combinations)

(Business combination through acquisition of shares)

1. Outline of business combination

i) Name and business of the acquired company

Name of acquired company: BitCash Inc.

Business: Issuance of prepaid electronic money, electronic payment service using electronic money

ii) Main reasons for business combination

BitCash Inc. is a fee-based business that does not require funds and the Company aims to increase revenue by expanding its share in the payments market, which has high profit margin.

iii) Date of business combination

June 28, 2024 (Share acquisition date)

June 30, 2024 (Deemed acquisition date)

iv) Legal form of business combination

Acquisition of shares

v) Corporate name following combination

No change.

vi) Percentage of voting rights acquired

100.0%

vii) Main rationale for determining the company to acquire

This is due to the Company acquiring shares in exchange for cash.

2. Period of the acquired company's results included in the interim consolidated statements of income for the interim consolidated cumulative period

July 1, 2024 to September 30, 2024

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition	Cash	¥9,200 million
Acquisition cost		¥9,200 million

4. Amount of goodwill incurred, reason for incurrence, amortization method and amortization period

i) Amount of goodwill incurred: ¥7,387 million

In the first quarter (April 1, 2024 to June 30, 2024), the allocation of acquisition costs was not completed and provisional accounting was applied, which was finalized at the end of the current interim consolidated accounting period.

ii) Reason for incurrence

This is mainly the excess earnings power expected from future business development.

iii) Goodwill amortization method and amortization period

Equal amortization over 10 years

(Notes to Segment Information)

Segment Information

Six months ended September 30, 2023 (Apr 1, 2023 to Sep 30, 2023)

1. Information related to operating revenue and profit or loss of each reporting segment

(Millions of yen)

	Reporting segment			Other*1	Total
	AIFUL	LIFECARD	Subtotal		
Operating revenue					
Operating revenue from third parties	48,109	18,542	66,651	12,440	79,092
Inter-segment sales and transfers	1,394	140	1,534	33	1,567
Total	49,503	18,682	68,186	12,473	80,660
Segment profit	6,167	417	6,585	830	7,415

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

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

(Millions of yen)

Profit	Amount
Reporting segment total	6,585
Profit categorized as “other”	830
Inter-segment eliminations	249
Other adjustments	(1,056)
Profit attributable to owners of parent posted in consolidated financial statements	6,609

3. Information related to goodwill of each reporting segment

Not applicable

Six months ended September 30, 2024 (Apr 1, 2024 to Sep 30, 2024)

1. Information related to operating revenue and profit or loss of each reporting segment

(Millions of yen)

	Reporting segment			Other*1	Total
	AIFUL	LIFECARD	Subtotal		
Operating revenue					
Operating revenue from third parties	53,416	18,836	72,252	19,020	91,273
Inter-segment sales and transfers	14	175	190	29	219
Total	53,431	19,011	72,442	19,050	91,493
Segment profit	6,200	665	6,866	564	7,430

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

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

(Millions of yen)

Profit	Amount
Reporting segment total	6,866
Profit categorized as “other”	564
Inter-segment eliminations	(18)
Other adjustments	(224)
Profit attributable to owners of parent posted in consolidated financial statements	7,188

3. Information related to impairment loss on non-current assets or goodwill of each reporting segment

(Significant impairment losses on fixed assets)

“AIFUL Corporation” segment recorded an impairment loss of 1,582 million yen for the interim consolidated accounting period.

For more details on impairment losses, please refer to "2. Interim Consolidated Financial Statements and Notes, (4) Notes to Interim Consolidated Financial Statements (Notes to Interim Consolidated Statements of Income)".

(Significant changes in the amount of goodwill)

In the “Other” category in the current interim consolidated accounting period, 10,187 million yen of goodwill was recorded due to the conversion of FPC Co., Ltd., a non-consolidated subsidiary to which the equity method was applied until the previous fiscal year, into a consolidated subsidiary and the acquisition of shares of BitCash Inc. on June 28, 2024.