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October 18, 2023

Company name: Rheos Capital Works Inc.
Name of representative: Hideto Fujino, Representative Director, Chairman, President & CEO, Chief Investment Officer
(Securities code: 7330; TSE Growth Market)
Inquiries: Jiro Iwata, Managing Director & CAO

Notice Concerning Transition to Holding Company Structure via Sole-Share Transfer

Rheos Capital Works Inc. (the "Company") hereby announces that the Board of Directors, at its meeting held today, has resolved as follows with respect to the Company transitioning to a holding company structure, which will entail establishing SBI RHEOS HIFUMI Inc. as a holding company (wholly-owning parent company) by means of sole-share transfer by the Company (the "Share Transfer"), with the effective date of April 1, 2024. This is subject to approval of the resolution at the Extraordinary General Meeting of Shareholders to be held on November 21, 2023, and subject to obtaining the necessary approvals from the relevant authorities. The Company previously released "Notice of Commencement of Preparations for Transition to a Holding Company Structure via Sole-Share Transfer" on September 13, 2023, upon its Board of Directors having resolved to begin considering options for transitioning to a holding company structure at its meeting held on that same date.

Certain disclosure items and details have been omitted from disclosure given that the Share Transfer constitutes a sole-share transfer by the Company.

1. Background and purpose for the transition to a holding company structure

Under the slogan of "Installment investment for everyone in Japan with Hifumi," we have been working to spread installment investment with Hifumi throughout Japan and realize our management philosophy of "Contributing to society through capital markets" by promoting initiatives to "learn about money, make installment investments with Hifumi, and support through mutual aid," with a view to bringing more people "to the center of the next prosperity," and to spread investment culture and increase the penetration and value of the Hifumi brand.

In order to achieve a world where all people can enjoy the benefits of financial services through financial inclusion(*), as well as to expand the balance of assets under management by taking advantage of the new NISA and other system reforms that will start in January 2024, expand the client base, and increase recognition of the Hifumi brand through further cooperation with the SBI Group, we have decided that it is desirable to adopt a new group structure that specializes in high-level investment functions as well as business management and strategic planning functions, and therefore the Board of Directors has resolved to transition to a holding company structure. As a result, the Company will continue to focus on the management of assets entrusted from clients and sales of investment trusts, while the newly established holding company will be responsible for formulating management and M&A strategies for the entire Group and executing corporate actions.

Under the holding company structure, the Company anticipates stable growth as it persists in strengthening its existing businesses with a focus on the Hifumi series by promoting installment investment and continuously introducing new products tailored to customer needs. Moreover, the Company aims to accelerate its pace of growth by expanding its client base and the value it provides, which will entail bringing companies that facilitate asset formation infrastructure into the Group through means that include acquiring new asset management companies and becoming involved in management. The Company is currently in the process of formulating a growth strategy and will provide notification as

soon as such strategy has been completed.

The Company's shares will be delisted given that it will become a wholly-owned subsidiary of the holding company due to the Share Transfer. However, the Company plans to file for a listing (technical listing) on the Growth Market of Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange") for the shares of the holding company to be delivered to the Company's shareholders in exchange for their shares. Although subject to review by the Tokyo Stock Exchange, the scheduled listing date is April 1, 2024, which is the registration date for establishment of the holding company (the effective date of the Share Transfer), thereby effectively maintaining the listing of the shares.

Meanwhile, although it was resolved at the Annual General Meeting of Shareholders held in June 2023 to change the trade name of the Company from "Rheos Capital Works Inc." to "SBI RHEOS HIFUMI Inc.," since the trade name of the holding company to be established is planned to be "SBI RHEOS HIFUMI Inc.," it is planned that a new resolution will be passed at the Extraordinary General Meeting of Shareholders to be held on November 21, 2023, such that the trade name of the Company will not be changed, and that the trade name of the Company will continue to be "Rheos Capital Works Inc."

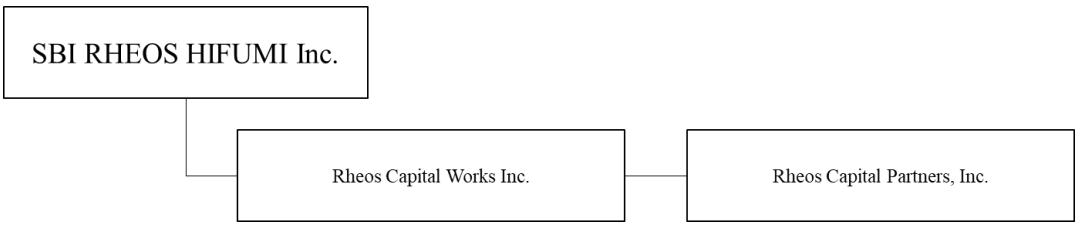
(*) Financial inclusion means ensuring that all people have access to and can benefit from financial services.

2. Procedures for carrying out the transition to a holding company structure

The Company intends to carry out the transition to a holding company structure enlisting the method indicated.

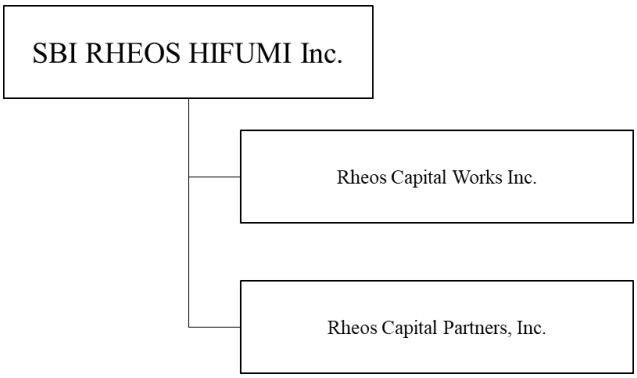
[Phase 1] Establish the holding company by means of sole-share transfer

The Company becomes a wholly-owned subsidiary of the holding company upon establishment of the holding company through the Share Transfer, with an effective date of April 1, 2024 (planned). Although the Company's shares are to be delisted upon establishment of the holding company, all shareholders whose names are listed or recorded in the Company's final register of shareholders as of March 31, 2024, will be eligible to exercise their voting rights with respect to the Annual General Meeting of Shareholders of the Company (Rheos Capital Works Inc.), to be held in June 2024.



[Phase 2] Reorganize operating companies within the Group

Subsequent to establishment of the holding company, the Company plans to reorganize the Company's consolidated subsidiary Rheos Capital Partners, Inc., thereby making it a consolidated subsidiary of the holding company enlisting the perspective of strengthening cooperation and creating synergies within the Group. This will involve employing the approach of distributing to the holding company dividends in kind with respect to all of the Company's shareholdings of Rheos Capital Partners, Inc. The Company plans to carry out said reorganization prior to its Annual General Meeting of Shareholders to be held in June 2024. The Company will provide notification regarding specific reorganization details, approaches, timing, and other particulars once determined.



3. Overview of the Share Transfer

The Company intends to carry out the transition to a holding company structure enlisting the method indicated.

(1) Schedule of the Share Transfer

Record date of the Extraordinary General Meeting of Shareholders	September 30, 2023 (Saturday)
Board of Directors meeting to approve the Share Transfer Plan	October 18, 2023 (Wednesday)
Extraordinary General Meeting of Shareholders approves the Share Transfer Plan	November 21, 2023 (Tuesday) (planned)
Date of delisting the Company's shares	March 28, 2024 (Thursday) (planned)
Registration date for establishment of the holding company (effective date)	April 1, 2024 (Monday) (planned)
Date of listing the holding company's shares	April 1, 2024 (Monday) (planned)

However, the schedule is subject to change due to procedural requirements and other reasons associated with the Share Transfer.

(2) Method of the Share Transfer

This constitutes a sole-share transfer whereby the Company will be a wholly-owned subsidiary through the Share Transfer and the holding company will be the wholly-owning parent company established through the Share Transfer.

(3) Allocation pertaining to the Share Transfer (share transfer ratio)

Company	SBI RHEOS HIFUMI Inc. (Wholly-owning parent company established through the Share Transfer)	Rheos Capital Works Inc.
Share transfer ratio	1	1

(i) Share transfer ratio

Those who are the Company's shareholders immediately prior to the point in time at which the holding company purchases all issued and outstanding shares of the Company through the Share Transfer will receive allocation and delivery of one share of the thereby established holding company's common stock for every one share of their holdings of the Company's common stock.

(ii) Number of shares constituting one trading unit

The holding company will adopt the trading unit system, under which one trading unit is to consist of 100 shares.

(iii) Basis for calculating share transfer ratio

With the Share Transfer entailing establishment of a wholly-owning parent company by means of sole-share transfer by the Company, the shareholder composition of the Company at the time of the Share Transfer is to remain the same as the shareholder composition of the holding company, without change. Therefore, one share of the holding company's common stock is to be allocated and delivered for each share of the Company's common stock held by its shareholders primarily to ensure that disadvantage is not incurred by shareholders.

(iv) Results of calculations by third party, methods of calculations, and basis of calculations

Share transfer ratio will not be calculated by a third-party institution for the reasons cited in (iii) above.

(v) Number of new shares to be delivered through the Share Transfer (planned)

Common stock: 12,882,800 shares (planned)

However, the aforementioned number of new shares to be delivered will vary if the total number of issued shares of the Company changes prior to the effective date of the Share Transfer due to an exercise of stock acquisition rights or other such developments. In addition, the number of new shares to be delivered by the holding company may vary if there has been a change in the number of treasury shares of the Company prior to the record date relative to the number of such shares as of September 30, 2023, such as in the event shareholders of the Company exercise their rights to request share repurchase.

(4) Matters concerning stock acquisition rights and bonds with stock acquisition rights associated with the Share Transfer

With respect to the stock acquisition rights issued by the Company, the equivalent stock acquisition rights of the holding company will be delivered and allocated to the holders of the Company's stock acquisition rights in exchange for the Company's stock acquisition rights held by them. The Company has not issued any bonds with stock acquisition rights.

(5) Arranging new listing of the holding company's shares

The Company plans to file for a new listing (technical listing) on the Tokyo Stock Exchange Growth Market with respect to the shares of the newly established holding company, with a planned listing date of April 1, 2024. Given that the Company will become the wholly-owned subsidiary of the holding company through the Share Transfer, the Company plans to have its shares delisted from the Tokyo Stock Exchange Growth Market on March 28, 2024, prior to listing of the holding company.

The delisting date is subject to change given that it is determined in accordance with the rules of the Tokyo Stock Exchange.

4. Profile of the company involved in the Share Transfer

(As of September 30, 2023)

(1) Name	Rheos Capital Works Inc.	
(2) Location	Marunouchi 1-11-1, Chiyoda-ku, Tokyo	
(3) Name and title of representative	Hideto Fujino, Representative Director, Chairman, President & CEO, Chief Investment Officer	
(4) Business activities	Investment Management Business, Type II Financial Instruments Business	
(5) Capitalization	¥322 million	
(6) Establishment date	April 16, 2003	
(7) Total number of issued shares	12,882,800 shares	
(8) Fiscal year end	March 31	
(9) Major shareholders and shareholding ratios	SBI Financial Services Co., Ltd.	46.96%
	Shoji Endo	11.08%
	Hideto Fujino	4.19%
	Mitsuhiro Yuasa	3.26%
	Tokai Tokyo Securities Co., Ltd.	1.92%
	Japan Securities Finance Co., Ltd.	1.42%
	Miki Endo	1.40%
	Rheos Capital Works Employee Shareholding Association	1.33%
	Rakuten Securities, Inc.	0.71%
	Takeshi Igarashi	0.63%

(10) Operating results and financial status of the last three years			(¥ million)
Fiscal year end	March 31, 2021	March 31, 2022	March 31, 2023
Consolidated net assets	3,962	5,095	6,094
Consolidated total assets	8,239	8,557	8,704
Consolidated net assets per share (¥)	329.77	416.28	474.39
Consolidated operating revenue	6,783	9,479	9,660
Consolidated operating profit	1,265	1,969	1,625
Profit attributable to owners of parent	849	1,303	1,087
Earnings per share (¥)	70.67	108.50	90.50
Dividends per share (¥)	22.00	33.00	27.50

(Note) Non-consolidated figures (profit with respect to profit attributable to owners of parent) have been stated for the fiscal year ended March 31, 2021, given that the Company began to prepare consolidated financial statements for the fiscal year ended March 31, 2022.

5. Profile of the holding company newly established by means of the Share Transfer (planned)

(1) Name	SBI RHEOS HIFUMI Inc.		
(2) Location	Marunouchi 1-11-1, Chiyoda-ku, Tokyo		
(3) Appointment of representatives and officers (planned)	Director (Representative Director)	Hideto Fujino	(Currently, Representative Director, Chairman, President & CEO, Chief Investment Officer of Rheos Capital Works Inc.)
	Director (Representative Director)	Mitsuhiro Yuasa	(Currently, Representative Director, Deputy President & COO of Rheos Capital Works Inc.)
	Director	Miki Shiramizu	(Currently, Senior Managing Director & CHRO of Rheos Capital Works Inc.)
	Director	Jiro Iwata	(Currently, Managing Director & CAO of Rheos Capital Works Inc.)
	Director	Takeshi Nakamichi	(Currently, Director & CCO of Rheos Capital Works Inc.)
	Director	Tomoya Asakura	(Currently, Director of Rheos Capital Works Inc.)
	Director	Rie Nakamura	(Currently, Director of Rheos Capital Works Inc.)
	Director	Toshiya Kakiuchi	(Currently, Director of Rheos Capital Works Inc.)
	Director	Akira Sato	(Currently, Director of Rheos Capital Works Inc.)
	Auditor & Supervisory Board Member	Shuzo Takami	(Currently, Full-time Auditor & Supervisory Board Member of Rheos Capital Works Inc.)
	Auditor & Supervisory Board Member	Osamu Takahashi	(Currently, Full-time Auditor & Supervisory Board Member of Rheos Capital Works Inc.)
	Auditor & Supervisory Board Member	Kazuhiro Yasuda	(Currently, Auditor & Supervisory Board Member of Rheos Capital Works Inc.)
	Auditor & Supervisory	Koji Wada	

	Board Member (Currently, Auditor & Supervisory Board Member of Rheos Capital Works Inc.) (Note 1) Rie Nakamura, Toshiya Kakiuchi, and Akira Sato are to serve as Independent Directors of the holding company and notification will be submitted to the Tokyo Stock Exchange regarding the role of the three individuals as independent officers. (Note 2) Shuzo Takami, Kazuhiro Yasuda, and Koji Wada are to serve as Independent Auditor & Supervisory Board Members of the holding company and notification will be submitted to the Tokyo Stock Exchange regarding the role of the three individuals as independent officers. (Note 3) Director Miki Shiramizu is registered in the family registry as Miki Endo. (Note 4) Director Rie Nakamura is registered in the family registry as Rie Nishimura.
(4) Business activities	Business strategy formulation and business management for each Group company
(5) Capitalization	¥322 million
(6) Establishment date	April 1, 2024
(7) Fiscal year end	March 31
(8) Net assets	To be determined
(9) Total assets	To be determined

6. Outline of accounting treatment by share transfer

   The Share Transfer does not affect profit and loss given that it qualifies as a transaction under common control in corporate accounting.

7. Future outlook

   The Company will be a wholly-owned subsidiary of the holding company upon the Share Transfer. Accordingly, the Company's financial results will be reflected in the consolidated financial results of the holding company, the wholly-owning parent company. The impact of the Share Transfer on the business performance is expected to be minimal.

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