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October 24, 2024

Consolidated Financial Results for the Six Months Ended September 30, 2024 (Japanese GAAP)

Company name: SBI Global Asset Management Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4765
URL: https://www.sbiglobalam.co.jp
Representative: (Title) Representative Director and President (Name) Tomoya Asakura
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Scheduled date for semi-annual repor: Novembert 5, 2024
Scheduled date of commence dividend payment: December 2, 2024
Preparation of supplementary material on financial results: None
Holding of financial results briefing: Yes
(We will post a video of the briefing on our official website, targeting analysts and institutional investors.)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to Sept. 30, 2024)

(1) Consolidated operating results (cumulative) Percentages indicate year-on-year changes

	Net sales		Operating Profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	5,738	15.0	1,218	8.1	1,424	4.5	900	4.9
September 30, 2023	4,989	22.3	1,127	10.3	1,363	10.5	858	18.3

Note: Comprehensive income For the six months ended September 30, 2024 845 million yen [35.6%]
For the six months ended September 30, 2023 623 million yen [△16.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	yen	yen
September 30, 2024	10.04	—
September 30, 2023	9.58	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	yen
September 30, 2024	18,541	15,789	84.3	174.33
March 31, 2024	18,625	16,110	85.7	178.03

(Reference) Equity As of September 30, 2024 15,632 Million yen As of March 31, 2024 15,964 Million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal Year ended March 31, 2024	—	8.50	—	13.00	21.50
Fiscal Year ending March 31, 2025	—	8.75			
Fiscal Year ending March 31, 2025 (forecast)		—	—	—	—

(Note) Revision to the most recently announced dividend forecast: None

Forecast of the annual dividend for the fiscal year ending March 31, 2025, is yet to be determined.

3. Forecasts of consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Consolidated forecasts for the fiscal year ending March 31, 2025, are yet to be determined.

(Note) Revision to the most recently announced earnings forecast: None

***Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	89,673,600 shares	As of March 31, 2024	89,673,600 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2024	125 shares	As of March 31, 2024	120 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	89,673,479 shares	Six months ended September 30, 2023	89,673,480 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

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1. Explanation of Business Results

(1) Summary of Results of Operations for the Six Months Ended September 30, 2024

During the interim accounting period under review (from April 1, 2024 to September 30, 2024), there was an imbalance where only Japan among major countries raised interest rates while the trend of interest rate cuts took hold in Europe, the United States, and other countries amid the global economic slowdown. Under these circumstances, the market environment was generally unstable, with the Nikkei Stock Average falling sharply on August 5 and the dollar-yen exchange rate fluctuating nearly 20 yen in one month from July to August. However, the Company's consolidated financial results reached new record highs for the interim accounting period in terms of sales and all profit items.

In the Asset Management Business, the balance of publicly offered active funds under management increased by 73.5% compared to the end of the year-earlier period (September 30, 2023), mainly due to the expansion of product lineup at SBI Asset Management Co., Ltd., our main subsidiary, through active launch of quarterly settlement-type publicly offered active funds. In addition, the total balance of publicly offered index funds under management in the entire Group grew to 6.4 trillion yen, up 26.6% year on year, supported by a continued stable increase in the balance of high-quality, low-cost products under management. Management fees (trust fees) also increased accordingly with the increase in the balance under management. As a result, net sales of the Asset Management Business amounted to 4,767 million yen, an increase of 19.8% from the interim accounting period of the previous fiscal year (from April 1, 2023 to September 30, 2023).

In the Financial Services Business, the measures to meet the growing asset management needs after the launch of the New NISA were successful; compared to the end of the year-earlier period, ten times more asset management fairs were held in cooperation with regional financial institutions, which have been positioned as an important part of the SBI Group's regional revitalization project. On the other hand, sales of online content for sales financial institutions declined due to cancellations of some large clients changing their investment trust over-the-counter sales strategies, and sales of equity-related information went down. As a result, net sales of the Financial Services Business decreased to 970 million yen, down 3.8% year on year.

As a result, for the consolidated financial results for the interim accounting period under review, net sales amounted to 5,738 million yen, an increase of 15.0% from 4,989 million yen for the same period of the previous fiscal year.

Moreover, cost of sales was 2,809 million yen, an increase of 17.8% from 2,385 million yen for the same period of the previous fiscal year. Selling, general and administrative expenses were 1,710 million yen, an increase of 15.9% from 1,476 million yen for the same period of the previous fiscal year.

As a result, operating profit for the interim accounting period under review was 1,218 million yen, an increase of 8.1% from 1,127 million yen for the same period of the previous fiscal year, non-operating profit decreased by 29 million yen on a net basis from the same period of the previous fiscal year, and ordinary profit was 1,424 million yen, an increase of 4.5% from 1,363 million yen for the same period of the previous fiscal year.

Based on the above-mentioned results, profit attributable to owners of parent for the interim accounting period under review was 900 million yen, an increase of 4.9% from 858 million yen for the same period of the previous fiscal year, and consolidated net sales and all profit items marked a record high.

Summary of Financial Results

	Six months ended September 30, 2023		Six months ended September 30, 2024		Increase/Decrease	
	Amount (Thousand yen)	Profit rate	Amount (Thousand yen)	Profit rate	Amount (Thousand yen)	Rate
Net Sales	4,989,126		5,738,581		749,455	15.0%
Operating profit	1,127,724	22.6%	1,218,578	21.2%	90,853	8.1%
Ordinary profit	1,363,383	27.3%	1,424,929	24.8%	61,546	4.5%
Profit attributable to owners of parent	858,681	17.2%	900,600	15.7%	41,919	4.9%

Consolidated net sales increased for the 13th consecutive period as an interim accounting period and recorded the highest sales for the 8th consecutive period.

Operating profit increased for the 5th consecutive period as an interim accounting period and recorded the highest income for the 4th consecutive period.

Ordinary profit increased for the 15th consecutive period as an interim accounting period and recorded the highest income for the 13th consecutive period.

Profit attributable to owners of parent increased for the 15th consecutive period as an interim accounting period and recorded the highest income for the 10th consecutive period.

Net sales by segment and by service were as follows.

Sales by Segment	Six months ended September 30, 2023		Six months ended September 30, 2024		Rate of change (%)
	Amount (Thousand yen)	Rate (%)	Amount (Thousand yen)	Rate (%)	
Asset Management Business	3,979,691	79.8	4,767,779	83.1	19.8
Financial Services Business	1,009,434	20.2	970,802	16.9	△3.8
Consolidated net sales	4,989,126	100.00	5,738,581	100.0	15.0

1) Asset Management Business

The balance of assets under management (including the balance of advisory assets) of three subsidiaries of the Asset Management Business increased by 26.6% to 6.4 trillion yen at the end of the interim accounting period under review (September 30, 2024) from 5.1 trillion yen at the end of the same period of the previous fiscal year (September 30, 2023).

Net sales of the Business for the interim accounting period under review increased by 19.8% to 4,767 million yen from 3,979 million yen for the same period of the previous fiscal year, as management fees (trust fees) increased due to a rising investment balance. Segment profit was 1,050 million yen, an increase of 26.0% from 833 million yen for the same period of the previous fiscal year.

2) Financial Services Business

Wealth Advisor Co., Ltd. held ten times more asset management seminars (fairs) than in the same period of the previous fiscal year jointly with regional banks and other organizations, showing remarkable growth. The number of Wealth Advisors used by financial institutions distributing investment trusts rose steadily to 116,315 units from 115,943 units at the end of the same period of the previous fiscal year, an increase of 372 units. Despite this expansion of users, sales from the asset management-related tool were affected by some changes by large customers in their over-the-counter sales strategies. As a result of these factors, along with decreased sales of equity-related information and other, net sales in this segment for the interim accounting period under review decreased by 3.8% to 970 million yen from 1,009 million yen for the same period of the previous fiscal year. Segment profit was 168 million yen, a decrease of 42.8% from 293 million yen for the same period of the previous fiscal year.

(2) Summary of Financial Position for the Six Months Ended September 30, 2024

1) Assets, Liabilities and Net Assets

Total assets at the end of the interim accounting period under review were 18,541 million yen, a decrease of 83 million yen from the end of the previous fiscal year.

This was due to a decrease of 20 million yen in current assets, and a decrease of 61 million yen in non-current assets. The decrease in current assets was mainly due to a decrease of 427 million yen in cash and deposits, an increase of 501 million yen in accounts receivable - trade, and a decrease of 146 million yen in accounts receivable related to the receipt of unsettled proceeds from redemption of investment securities. The decrease in cash and deposits was mainly due to the recording of profit before income taxes of 1,424 million yen, dividend payout of 1,165 million yen, and tax payments of 372 million yen. The decrease in non-current assets was mainly due to a decline in net asset value of investment securities (investment trusts).

Total liabilities at the end of the interim accounting period under review was 2,752 million yen, an increase of 237 million yen from the end of the previous fiscal year. This was mainly due to an increase of 173 million yen in accounts payable - other and an increase of 69 million yen in income taxes payable.

Total net assets at the end of the interim accounting period under review were 15,789 million yen, a decrease of 320 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 265 million yen in retained earnings resulting from the recording of 900 million yen in profit attributable to owners of parent and the dividend payout of 1,165 million yen, and a net decrease of 66 million yen in total accumulated other comprehensive income resulting from a decline in net asset value of investment securities (investment trusts) and exchange rate fluctuations in the interim accounting period under review.

2) Cash Flows

The balance of cash and cash equivalents at the end of the interim accounting period under review was 3,210 million yen, a decrease of 427 million yen from the end of the previous fiscal year. The status of each cash flow is as follows.

(Cash flows from operating activities)

Cash flows from operating activities were an inflow of 712 million yen (an inflow of 7,535 million yen for the same period of the previous fiscal year).

This was mainly due to the recording of 1,424 million yen in profit before income taxes, an increase of 445 million yen in trade receivables, and 372 million yen in income taxes paid. The amount of inflow for the same period of the previous fiscal year included an extraordinary income of 9,296 million yen from the collection of accounts receivable for return of Morningstar licenses and other.

(Cash flows from investing activities)

Cash flows from investing activities were an inflow of 36 million yen (an outflow of 4,702 million yen for the same period of the previous fiscal year).

This was mainly due to income arising from the sale and redemption of investment securities of 445 million yen, the purchase of investment securities of 339 million yen, and the purchase of intangible assets of 71 million yen.

(Cash flows from financing activities)

Cash flows from financing activities were an outflow of 1,196 million yen (an outflow of 1,358 million yen for the same period of the previous fiscal year).

This was mainly due to dividends paid of 1,165 million yen and repayments of lease liabilities of 31 million yen.

(3) Explanation about Future Forecast Information such as Consolidated Earnings Forecast

Regarding the forecast for the current fiscal year, it is difficult to predict the trends over the course of the current fiscal year in the financial market closely related to our business, making it challenging to make a rational calculation of the business results, so we have yet to decide the forecast at this time.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	3,637,848	3,210,288
Accounts receivable - trade	2,273,701	2,775,695
Inventories	3,698	2,351
accounts receivable	146,925	-
Other	485,296	538,164
Total current assets	6,547,470	6,526,499
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	120,696	120,696
Accumulated depreciation	△46,776	△51,776
Facilities attached to buildings, net	73,919	68,919
Tools, furniture and fixtures	185,458	189,381
Accumulated depreciation	△161,900	△166,951
Tools, furniture and fixtures, net	23,557	22,430
Right-of-use assets	216,568	213,448
Total property, plant and equipment	314,046	304,798
Intangible assets		
Goodwill	1,633,229	1,700,804
Software	986,883	924,759
Other	9,124	8,974
Total intangible assets	2,629,237	2,634,538
Investments and other assets		
Investment securities	8,712,813	8,552,784
Deferred tax assets	294,214	398,120
Other	126,228	124,473
Total investments and other assets	9,133,256	9,075,377
Total non-current assets	12,076,540	12,014,714
Deferred assets		
Share issuance costs	1,632	750
Total deferred assets	1,632	750
Total assets	18,625,643	18,541,964

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	18,765	22,836
Accounts payable - other	1,162,069	1,335,336
Lease liabilities	58,881	69,737
Income taxes payable	430,601	499,656
Accrued consumption taxes	108,637	106,849
Other	578,594	574,168
Total current liabilities	2,357,550	2,608,585
Non-current liabilities		
Lease liabilities	157,686	143,711
Total non-current liabilities	157,686	143,711
Total liabilities	2,515,237	2,752,296
Net assets		
Shareholders' equity		
Share capital	3,363,635	3,363,635
Capital surplus	4,528,571	4,528,571
Retained earnings	8,019,263	7,754,109
Treasury shares	△20	△23
Total shareholders' equity	15,911,449	15,646,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△330,513	△629,971
Foreign currency translation adjustment	383,462	616,320
Total accumulated other comprehensive income	52,948	△13,651
Non-controlling interests	146,008	157,026
Total net assets	16,110,406	15,789,667
Total liabilities and net assets	18,625,643	18,541,964

(2) Consolidated Statement of Income And Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	4,989,126	5,738,581
Cost of sales	2,385,394	2,809,377
Gross profit	2,603,732	2,929,204
Selling, general and administrative expenses	1,476,007	1,710,625
Operating profit	1,127,724	1,218,578
Non-operating income		
Interest income	8,115	69,462
Dividend income	100,078	88,018
Gain on sale of investment securities	131,942	49,100
Other	1,574	2,343
Total non-operating income	241,710	208,924
Non-operating expenses		
Foreign exchange losses	49	1,691
Amortization of share issuance costs	5,331	882
Other	670	-
Total non-operating expenses	6,052	2,573
Ordinary profit	1,363,383	1,424,929
Extraordinary losses		
Loss on valuation of investment securities	-	522
Total extraordinary losses	-	522
Profit before income taxes	1,363,383	1,424,407
Income taxes - current	217,460	482,060
Income taxes - deferred	264,522	29,650
Total income taxes	481,983	511,710
Profit	881,400	912,696
Profit attributable to non-controlling interests	22,718	12,095
Profit attributable to owners of parent	858,681	900,600

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	881,400	912,696
Other comprehensive income		
Valuation difference on available-for-sale securities	△424,973	△300,535
Foreign currency translation adjustment	166,944	232,858
Total other comprehensive income	△258,029	△67,677
Comprehensive income	623,370	845,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	602,441	834,000
Comprehensive income attributable to non-controlling interests	20,929	11,018

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	1,363,383	1,424,407
Depreciation	155,320	210,324
Amortization of goodwill	51,645	55,400
Amortization of share issuance costs	5,331	882
Interest and dividend income	△108,193	△157,480
Loss (gain) on sale of investment securities	△131,942	△49,100
Loss (gain) on valuation of investment securities	-	522
Foreign exchange losses (gains)	△562	1,387
Decrease (increase) in trade receivables	△399,414	△445,040
Decrease (increase) in inventories	18	1,347
Increase (decrease) in trade payables	△46,826	4,071
Increase (decrease) in accounts payable - other	139,372	109,562
Decrease (increase) in accounts receivable - other	9,296,964	-
Decrease (increase) in other current assets	△164,817	△66,171
Increase (decrease) in other current liabilities	△125,586	△33,583
Subtotal	10,034,693	1,056,528
Interest and dividends received	3,691	9,497
Income taxes paid	△2,523,959	△372,400
Income taxes refund	21,222	19,115
Net cash provided by (used in) operating activities	7,535,647	712,740
Cash flows from investing activities		
Purchase of property, plant and equipment	△9,558	△2,436
Purchase of intangible assets	△136,081	△71,982
Proceeds from sale of investment securities	884,947	445,031
Purchase of investment securities	△5,437,007	△339,400
Proceeds from refund of leasehold and guarantee deposits	61,725	5,000
Payments of leasehold and guarantee deposits	△66,918	-
Net cash provided by (used in) investing activities	△4,702,893	36,211
Cash flows from financing activities		
Dividends paid	△1,143,336	△1,165,755
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△189,460	-
Purchase of treasury shares	-	△2
Repayments of lease liabilities	△25,399	△31,201
Net cash provided by (used in) financing activities	△1,358,197	△1,196,959
Effect of exchange rate change on cash and cash equivalents	17,816	20,447
Net increase (decrease) in cash and cash equivalents	1,492,373	△427,560
Cash and cash equivalents at beginning of period	2,485,551	3,638,145
Cash and cash equivalents at end of period	3,977,925	3,210,584

(4) Notes on Consolidated Financial Statements

(Notes on the premise of a going concern)

Not applicable.

(Notes on significant change in shareholders' equity)

Not applicable.

(Notes on changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, issued on October 28, 2022; hereinafter referred to as the "2022 Revised Accounting Standard") and others from the beginning of the interim accounting period under review.

The revision regarding the classification of income taxes (taxation on other comprehensive income) is based on the transitional treatment stipulated in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, issued on October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance"). This change in accounting policies has no impact on the consolidated financial statements for the interim accounting period under review.

In addition, the Company has adopted the 2022 Revised Implementation Guidance for the revision related to the revised treatment of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries and other securities among consolidated companies in consolidated financial statements, effective as of the beginning of the interim accounting period under review. This change in accounting policies has been applied retrospectively, and the consolidated financial statements for the interim accounting period of the previous fiscal year and those for the previous fiscal year have been prepared on a retrospective basis. This change in accounting policies has no impact on the consolidated financial statements for the interim accounting period of the previous fiscal year and those for the previous fiscal year.

(Notes on segment information, etc.)

Segment information

1. Information on sales and income or loss for each reporting segment

Interim accounting period from April 1, 2023 to September 30, 2023

(Thousand yen)

	Reporting segment			Matters concerning difference adjustment	Amount recorded on consolidated financial statements
	Asset Management Business	Financial Services Business	Total		
Net Sales					
Sales to external customers	3,979,691	1,009,434	4,989,126	-	4,989,126
Internal sales or transfers between segments	356	2,298	2,654	△2,654	-
Total	3,980,048	1,011,732	4,991,780	△2,654	4,989,126
Segment operating income	833,885	293,839	1,127,724	-	1,127,724

Interim accounting period from April 1, 2024 to September 30, 2024

(Thousand yen)

	Reporting segment			Matters concerning difference adjustment	Amount recorded on consolidated financial statements
	Asset Management Business	Financial Services Business	Total		
Net Sales					
Sales to external customers	4,767,779	970,802	5,738,581	-	5,738,581
Internal sales or transfers between segments	367	2,298	2,665	△2,665	-
Total	4,768,146	973,100	5,741,246	△2,665	5,738,581
Segment operating income	1,050,416	168,161	1,218,578	-	1,218,578

2. Difference between the total of reporting segments and the consolidated statement of income for the interim accounting period under review and the main content of the difference (matters concerning difference adjustment)

(Thousand yen)

Net Sales	Six months ended September 30, 2023	Six months ended September 30, 2024
Total of reporting segment	4,991,780	5,741,246
Elimination of transactions between segments	△2,654	△2,665
Net sales in the consolidated statement of income for the interim accounting period	4,989,126	5,738,581

(Thousand yen)

Segment operating income	Six months ended September 30, 2023	Six months ended September 30, 2024
Total of reporting segment	1,127,724	1,218,578
Elimination of transactions between segments	-	-
Operating profit in the consolidated statement of income for the interim accounting period	1,127,724	1,218,578

3. Information on impairment loss on fixed assets or on goodwill of each reporting segment

(Significant impairment loss on non-current assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Information on significant gain on bargain purchase)

Not applicable.

3. Other

At the meeting of the Board of Directors held on October 24, 2024, the Company resolved to pay an interim dividend for the six-month period under review, as detailed below.

(a) Total dividends ..... 784,642 thousand yen

(b) Amount per share ..... 8.75 yen

(c) Proposed effective date of payment request and scheduled commencement date of payment ..... December 2, 2024

(Note) Payments will be made to shareholders listed or recorded on the shareholder list as of September 30, 2024.