Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the First Three-Month Period of the Fiscal Year Ending March 31, 2025 (under IFRS)

August 1, 2024

Company name: SBI ARUHI Corporation (the "Company")
Listing: Tokyo Stock Exchange
Securities code: 7198
URL: https://www.sbiaruhi-group.jp/english
Representative: Tsutomu Ikuma, Representative Director, President, CEO and COO
Inquiries: Nobuhiko Hanada, Corporate Officer, CFO and CCO
TEL: +81-3-6910-0020
Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for analysts)

(Millions of yen with fractional amounts rounded down, unless otherwise noted)

1. Consolidated financial results for the first three-month period of the fiscal year ending March 31, 2025 (from April 1, 2024 to June 30, 2024)

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

	Operating revenue		Income before tax		Net income		Net income attributable to owners of the parent	
Three-month period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	5,479	19.0	795	77.2	528	73.4	531	70.8
June 30, 2023	4,604	(22.4)	449	(63.1)	304	(63.7)	310	(63.1)

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
Three-month period ended	Millions of yen	%	Yen	Yen
June 30, 2024	528	73.4	11.99	11.98
June 30, 2023	304	(63.7)	8.74	8.72

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
June 30, 2024	182,372	41,503	41,564	22.8
March 31, 2024	191,351	41,953	42,012	22.0

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	–	20.00	–	20.00	40.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		20.00	–	20.00	40.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Operating revenue		Income before tax		Net income		Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	25,000	22.5	3,000	28.9	2,000	34.3	2,000	31.8	45.18

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

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

(2) Changes in accounting policies and changes in accounting estimates

a. Changes in accounting policies required by IFRS: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

Note: For details, please see "(5) Notes to condensed quarterly consolidated financial statements" in "2. Condensed quarterly consolidated financial statements and significant notes thereto" in the attached materials.

(3) Number of issued shares (ordinary shares)

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

As of June 30, 2024	44,712,170 shares
As of March 31, 2024	44,712,170 shares

b. Number of treasury shares at the end of the period

As of June 30, 2024	421,760 shares
As of March 31, 2024	442,160 shares

c. Weighted-average number of shares during the period (cumulative from the beginning of the fiscal year)

For the three-month period ended June 30, 2024	44,277,465 shares
For the three-month period ended June 30, 2023	35,564,037 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings forecasts, and other special matters
(Caution concerning forward-looking statements)
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially from these forecasts due to various factors.

Table of Contents of Appendix

1. Overview of operating results 2
(1) Overview of operating results for the first three-month period 2
(2) Overview of financial position as of June 30, 2024 2
(3) Explanation of consolidated earnings forecasts and other forward-looking statements 2
2. Condensed quarterly consolidated financial statements and significant notes thereto 3
(1) Condensed quarterly consolidated statement of financial position 3
(2) Condensed quarterly consolidated statement of net income and condensed quarterly consolidated statement of comprehensive income 4
(3) Condensed quarterly consolidated statement of changes in equity 5
(4) Condensed quarterly consolidated statement of cash flows 6
(5) Notes to condensed quarterly consolidated financial statements 7
(Note on assumption of going concern) 7
(Changes in accounting policies) 7
(Segment information) 7

1. Overview of operating results

(1) Overview of operating results for the first three-month period

Operating revenue for the three-month period ended June 30, 2024 increased 19.0% year on year to ¥5,479 million. Despite the significant increase by three times or more year on year in the number of variable interest rate loans executed, such as bank agency products and the ARUHI Housing Loan (MG Hosho), origination-related revenue decreased 0.8% year on year due to continued weakness in the "Flat 35" loan market against the backdrop of the gap between fixed and variable interest rates. Meanwhile, recurring revenue increased 12.9% year on year. Assets and other revenue increased significantly due to the increase in revenue as a result of the increase in the fair value of beneficiary rights, as well as due to making the SBI Estate Finance group wholly owned subsidiaries. Operating expenses increased 11.6% year on year to ¥4,669 million due to making the SBI Estate Finance group wholly owned subsidiaries, despite continued efforts to reduce costs. As a result of the above, income before tax increased 77.2% year on year to ¥795 million, net income increased 73.4% year on year to ¥528 million, and net income attributable to owners of the parent increased 70.8% year on year to ¥531 million.

Segment information has been omitted as the SBI ARUHI Group (the "Group") operates in a single segment, namely, the housing finance business. Effective from the three-month period ended June 30, 2024, the classification of revenues in the segment has been changed as follows. Year-on-year comparisons are presented based on the amounts for the same period of the previous fiscal year that have been restated according to the revenue classification after the change. For details, please refer to page 7.

Before the previous fiscal year

Revenue classification	Breakdown
Loan execution operations	Loan origination fee
Financing operations	Revenue related to securitization of loans receivable
	Interest received
	Net gain or loss arising on financial instruments as at FVTPL
Loan management and collection operations	Loan servicing fee
Insurance-related operations	Insurance
Other operations	Other

Since the current fiscal year

Revenue classification	Breakdown
Origination-related revenue	Loan origination fee
	Revenue related to securitization of loans receivable
Recurring revenue	Loan servicing fee
	Insurance
Assets and other revenue	Interest received
	Net gain or loss arising on financial instruments as at FVTPL
	Other

(2) Overview of financial position as of June 30, 2024

As of June 30, 2024, total assets were ¥182,372 million, a decrease of ¥8,979 million compared with March 31, 2024. This was primarily due to decreases of ¥4,059 million in cash and cash equivalents and ¥5,668 million in operating loans receivable.

As of June 30, 2024, total liabilities were ¥140,868 million, a decrease of ¥8,529 million compared with March 31, 2024. This was primarily due to a decrease of ¥9,023 million in borrowings.

As of June 30, 2024, equity was ¥41,503 million, a decrease of ¥450 million compared with March 31, 2024. This was primarily due to the recording of net income of ¥528 million, which was offset by a decrease of ¥885 million in retained earnings due to dividend payments.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

There is no revision to the consolidated earnings forecasts for the fiscal year ending March 31, 2025 announced on "Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (under IFRS)" released on May 8, 2024.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Cash and cash equivalents	20,416	16,357
Trade receivables	1,416	1,355
Operating loans receivable	104,656	98,988
Beneficiary rights	31,660	31,602
Deposits paid	130	130
Accounts receivable	450	443
Other financial assets	1,328	1,521
Other assets	1,521	1,572
Property, plant and equipment	2,806	3,397
Goodwill	24,464	24,464
Intangible assets	2,452	2,363
Deferred tax assets	45	173
Total assets	191,351	182,372
Liabilities		
Deposits received	4,618	3,886
Lease liabilities	602	925
Bonds payable	2,900	3,900
Borrowings	93,815	84,791
Provisions	207	276
Income taxes payable	420	278
Other financial liabilities	44,296	44,314
Other liabilities	2,137	1,965
Deferred tax liabilities	401	530
Total liabilities	149,398	140,868
Equity		
Share capital	3,471	3,471
Share premium	17,888	17,762
Treasury shares	(712)	(679)
Retained earnings	21,364	21,010
Equity attributable to owners of the parent	42,012	41,564
Non-controlling interests	(58)	(61)
Total equity	41,953	41,503
Total liabilities and equity	191,351	182,372

(2) Condensed quarterly consolidated statement of net income and condensed quarterly consolidated statement of comprehensive income

Condensed quarterly consolidated statement of net income

Three-month period ended June 30, 2024

(Millions of yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024
Operating revenue	4,604	5,479
Operating expenses		
Finance costs	(911)	(1,095)
Selling, general and administrative expenses	(3,002)	(3,404)
Other expenses	(271)	(168)
Total operating expenses	(4,185)	(4,669)
Other income and expenses		
Other income	59	6
Other expenses	(29)	(20)
Total other income and expenses	30	(14)
Income before tax	449	795
Income tax expenses	(144)	(267)
Net income	304	528
Net income attributable to:		
Owners of the parent	310	531
Non-controlling interests	(6)	(2)
Net income	304	528
Earnings per share (Attributable to owners of the parent)		
Basic earnings per share (Yen)	8.74	11.99
Diluted earnings per share (Yen)	8.72	11.98

Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024
Net income	304	528
Comprehensive income	304	528
Comprehensive income attributable to:		
Owners of the parent	310	531
Non-controlling interests	(6)	(2)
Comprehensive income	304	528

(3) Condensed quarterly consolidated statement of changes in equity

Three-month period ended June 30, 2023

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Total		
Balance as of April 1, 2023	3,471	8,684	(838)	21,448	32,765	(30)	32,735
Net income	–	–	–	310	310	(6)	304
Total comprehensive income	–	–	–	310	310	(6)	304
Disposal of treasury shares	–	(9)	16	–	6	–	6
Dividends	–	–	–	(888)	(888)	–	(888)
Share acquisition rights	–	(4)	–	–	(4)	–	(4)
Restricted share-based remuneration	–	41	(5)	–	36	–	36
Total transactions with owners	–	27	10	(888)	(850)	–	(850)
Balance as of June 30, 2023	3,471	8,711	(827)	20,870	32,225	(36)	32,189

Three-month period ended June 30, 2024

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Retained earnings	Total		
Balance as of April 1, 2024	3,471	17,888	(712)	21,364	42,012	(58)	41,953
Net income	–	–	–	531	531	(2)	528
Total comprehensive income	–	–	–	531	531	(2)	528
Disposal of treasury shares	–	(20)	32	–	11	–	11
Dividends	–	–	–	(885)	(885)	–	(885)
Share acquisition rights	–	(137)	–	–	(137)	–	(137)
Restricted share-based remuneration	–	32	–	–	32	–	32
Total transactions with owners	–	(126)	32	(885)	(978)	–	(978)
Balance as of June 30, 2024	3,471	17,762	(679)	21,010	41,564	(61)	41,503

(4) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024
Cash flows from operating activities		
Income before tax	449	795
Depreciation and amortization expenses	299	400
Amortization expenses of servicing assets	70	63
Interest income	(47)	(582)
Net gain or loss (gain) arising on financial instruments as at FVTPL	(195)	(434)
Interest expenses	113	191
Revenue related to liquidation of loans receivable	(961)	(411)
Decrease (increase) in trade receivables	63	60
Decrease (increase) in operating loans receivable	8,067	5,235
Decrease (increase) in beneficiary rights	497	517
Decrease (increase) in deposits paid	(7)	0
Decrease (increase) in accounts receivable	(51)	6
Decrease (increase) in other financial assets	0	(152)
Decrease (increase) in other assets	269	(68)
Increase (decrease) in deposits received	(1,947)	(731)
Increase (decrease) in provisions	(0)	0
Increase (decrease) in other financial liabilities	(66)	(85)
Increase (decrease) in other liabilities	24	(169)
Other	(10)	262
Subtotal	6,567	4,899
Interest received	175	677
Interest paid	(85)	(158)
Income taxes paid	(12)	(408)
Net cash provided by operating activities	6,644	5,009
Cash flows from investing activities		
Purchase of intangible assets	(259)	(106)
Other	(3)	83
Net cash provided by (used in) investing activities	(262)	(22)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,000)	(9,881)
Increase (decrease) in borrowings accompanying the liquidation	(0)	(0)
Proceeds from issuance of bonds	–	1,000
Proceeds from non-current borrowings	1,000	1,500
Repayments of non-current borrowings	(2,000)	(666)
Repayments of lease liabilities	(146)	(136)
Proceeds from exercise of share options	6	11
Dividends paid	(875)	(873)
Net cash used in financing activities	(5,015)	(9,045)
Increase (decrease) in cash and cash equivalents	1,366	(4,059)
Cash and cash equivalents at beginning of period	17,169	20,416
Cash and cash equivalents at end of period	18,535	16,357

(5) Notes to condensed quarterly consolidated financial statements

(Note on assumption of going concern)
Not applicable.

(Changes in accounting policies)
The material accounting policies applied to the condensed quarterly consolidated financial statements are identical to the accounting policies applied to the consolidated financial statements in the previous fiscal year except for the following items.
Income tax expenses for the three-month period ended June 30, 2024, were calculated based on the estimated annual effective tax rate.

IFRS		Outline of new standards and amendments
IAS 1	Presentation of Financial Statements	Clarification of requirements to classify liabilities as current or non-current Amendments to require disclosure of information regarding long-term borrowings with covenants
IAS 7 IFRS 7	Statement of Cash Flows Financial Instruments: Disclosures	Amendments to require disclosure to promote transparency in supplier finance agreements
IFRS 16	Leases	Clarification of post-transaction accounting treatment in a sale-and-leaseback transaction

The adoption of above standards does not have a significant effect on the condensed quarterly consolidated financial statements.

(Segment information)

(1) General information

The Group's housing finance business consists of the execution and collection of long-term and fixed rate housing loans such as "Flat 35," floating rate or fixed and floating rate mixed-type housing loans, and the sale of insurance products incidental to these loans, etc. As such, the Group has a single reportable segment since there are no separable operating segments.

(2) Information about services

(Millions of yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024
Origination-related revenue	2,524	2,504
Recurring revenue	1,481	1,673
Assets and other revenue	597	1,301
Total operating revenue	4,604	5,479

(3) Change in revenue classification

In association with making SBI Estate Finance Co., Ltd. a wholly owned subsidiary in the previous fiscal year, the Company made changes to the disclosure of revenue classification from the current fiscal year in order to disclose more clearly the results of the Group's corporate activities throughout the year. Specifically, loan origination fee and revenue related to securitization of loans receivable, which are flow revenues, were consolidated into one category as "origination-related revenue." Loan servicing fee, insurance, etc., which are non-asset recurring revenues, were consolidated into one category as "recurring revenue." Revenues from assets, such as interest received and net gain or loss arising on financial instruments as at FVTPL, were consolidated into one category as "assets and other revenue."