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

November 7, 2024

Company name: SBI ARUHI Corporation (the "Company")
Listing: Tokyo Stock Exchange
Securities code: 7198
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Scheduled date to file interim securities report: November 8, 2024
Scheduled date to commence dividend payments: December 11, 2024
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 six-month period of the fiscal year ending March 31, 2025 (from April 1, 2024 to September 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	
Six-month period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	10,735	21.0	1,340	75.2	922	77.7	928	73.9
September 30, 2023	8,870	(24.9)	764	(70.1)	519	(70.5)	533	(69.9)

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
Six-month period ended	Millions of yen	%	Yen	Yen
September 30, 2024	922	77.7	20.95	20.93
September 30, 2023	519	(70.5)	15.00	14.96

(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	%
September 30, 2024	186,537	41,892	41,956	22.5
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	–	20.00			
Fiscal year ending March 31, 2025 (Forecast)			–	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 interim consolidated financial statements" in "2. Condensed interim 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 September 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 September 30, 2024	386,460 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 six-month period ended September 30, 2024	44,297,937 shares
For the six-month period ended September 30, 2023	35,583,191 shares

* Interim financial results reports are exempt from review conducted by certified public accountants or an audit corporation.

* 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.

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1. Overview of operating results

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

Operating revenue for the six-month period ended September 30, 2024 increased 21.0% year on year to ¥10,735 million. Despite continued weakness in the "Flat 35" loan market against the backdrop of the gap between fixed and variable interest rates, origination-related revenue increased 4.4% year on year mainly due to the increase in the number of variable interest rate loans executed, such as bank agency products and the ARUHI Housing Loan (MG Hosho). Recurring revenue increased 11.7% year on year due to making the SBI Estate Finance Co., Ltd. and its group companies (the "SBIEF Group") wholly owned subsidiaries. Assets and other revenue increased 107.9% year on year due to making the SBIEF Group wholly owned subsidiaries, as well as the increase in revenue as a result of the increase in the fair value of beneficiary rights.

Operating expenses increased 15.4% year on year to ¥9,372 million due to making the SBIEF Group wholly owned subsidiaries, despite continued efforts to reduce costs. As a result of the above, income before tax increased 75.2% year on year to ¥1,340 million, net income increased 77.7% year on year to ¥922 million, and net income attributable to owners of the parent increased 73.9% year on year to ¥928 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 current fiscal year, 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 September 30, 2024

As of September 30, 2024, total assets were ¥186,537 million, a decrease of ¥4,814 million compared with March 31, 2024. This was primarily due to a decrease of ¥4,872 million in cash and cash equivalents.

As of September 30, 2024, total liabilities were ¥144,644 million, a decrease of ¥4,753 million compared with March 31, 2024. This was primarily due to a decrease of ¥4,793 million in borrowings.

As of September 30, 2024, equity was ¥41,892 million, a decrease of ¥60 million compared with March 31, 2024. This was primarily due to the recording of net income of ¥922 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 interim consolidated financial statements and significant notes thereto

(1) Condensed interim consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Cash and cash equivalents	20,416	15,544
Trade receivables	1,416	1,319
Operating loans receivable	104,656	103,766
Beneficiary rights	31,660	31,688
Deposits paid	130	134
Accounts receivable	450	325
Other financial assets	1,328	907
Other assets	1,521	1,632
Property, plant and equipment	2,806	3,773
Goodwill	24,464	24,464
Intangible assets	2,452	2,808
Deferred tax assets	45	173
Total assets	191,351	186,537
Liabilities		
Deposits received	4,618	3,842
Lease liabilities	602	772
Bonds payable	2,900	3,350
Borrowings	93,815	89,021
Provisions	207	170
Income taxes payable	420	427
Other financial liabilities	44,296	44,576
Other liabilities	2,137	1,953
Deferred tax liabilities	401	530
Total liabilities	149,398	144,644
Equity		
Share capital	3,471	3,471
Share premium	17,888	17,700
Treasury shares	(712)	(623)
Retained earnings	21,364	21,407
Equity attributable to owners of the parent	42,012	41,956
Non-controlling interests	(58)	(63)
Total equity	41,953	41,892
Total liabilities and equity	191,351	186,537

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

Condensed interim consolidated statement of net income

Six-month period ended September 30, 2024

(Millions of yen)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Operating revenue	8,870	10,735
Operating expenses		
Finance costs	(1,816)	(2,214)
Selling, general and administrative expenses	(5,915)	(6,802)
Other expenses	(388)	(355)
Total operating expenses	(8,120)	(9,372)
Other income and expenses		
Other income	76	26
Other expenses	(61)	(49)
Total other income and expenses	14	(23)
Income before tax	764	1,340
Income tax expenses	(245)	(417)
Net income	519	922
Net income attributable to:		
Owners of the parent	533	928
Non-controlling interests	(14)	(5)
Net income	519	922
Earnings per share (Attributable to owners of the parent)		
Basic earnings per share (Yen)	15.00	20.95
Diluted earnings per share (Yen)	14.96	20.93

Condensed interim consolidated statement of comprehensive income

Six-month period ended September 30, 2024

(Millions of yen)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Net income	519	922
Comprehensive income	519	922
Comprehensive income attributable to:		
Owners of the parent	533	928
Non-controlling interests	(14)	(5)
Comprehensive income	519	922

(3) Condensed interim consolidated statement of changes in equity

Six-month period ended September 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	–	–	–	533	533	(14)	519
Total comprehensive income	–	–	–	533	533	(14)	519
Disposal of treasury shares	–	(15)	25	–	9	–	9
Dividends	–	–	–	(888)	(888)	–	(888)
Share acquisition rights	–	(10)	–	–	(10)	–	(10)
Restricted share-based remuneration	–	(16)	62	–	45	–	45
Total transactions with owners	–	(42)	87	(888)	(843)	–	(843)
Balance as of September 30, 2023	3,471	8,641	(750)	21,093	32,456	(44)	32,411

Six-month period ended September 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	–	–	–	928	928	(5)	922
Total comprehensive income	–	–	–	928	928	(5)	922
Disposal of treasury shares	–	(20)	32	–	11	–	11
Dividends	–	–	–	(885)	(885)	–	(885)
Share acquisition rights	–	(142)	–	–	(142)	–	(142)
Restricted share-based remuneration	–	(24)	56	–	32	–	32
Total transactions with owners	–	(187)	89	(885)	(983)	–	(983)
Balance as of September 30, 2024	3,471	17,700	(623)	21,407	41,956	(63)	41,892

(4) Condensed interim consolidated statement of cash flows

(Millions of yen)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Cash flows from operating activities		
Income before tax	764	1,340
Depreciation and amortization expenses	602	618
Amortization expenses of servicing assets	139	126
Interest income	(97)	(1,261)
Net gain or loss (gain) arising on financial instruments as at FVTPL	(573)	(763)
Interest expenses	223	401
Revenue related to liquidation of loans receivable	(1,515)	(782)
Decrease (increase) in trade receivables	50	97
Decrease (increase) in operating loans receivable	8,121	54
Decrease (increase) in beneficiary rights	1,181	1,230
Decrease (increase) in deposits paid	(6)	(3)
Decrease (increase) in accounts receivable	(38)	130
Decrease (increase) in other financial assets	16	426
Decrease (increase) in other assets	620	220
Increase (decrease) in deposits received	(3,373)	(775)
Increase (decrease) in provisions	(0)	0
Increase (decrease) in other financial liabilities	22	81
Increase (decrease) in other liabilities	(125)	(180)
Other	183	(63)
Subtotal	6,199	899
Interest received	357	1,467
Interest paid	(176)	(361)
Income taxes refund (paid)	5	(409)
Net cash provided by operating activities	6,385	1,595
Cash flows from investing activities		
Purchase of intangible assets	(384)	(802)
Other	(5)	(130)
Net cash used in investing activities	(389)	(932)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,000	(5,981)
Increase (decrease) in borrowings accompanying the liquidation	(0)	(0)
Proceeds from issuance of bonds	–	1,100
Redemption of bonds	–	(650)
Proceeds from non-current borrowings	6,500	3,500
Repayments of non-current borrowings	(16,000)	(2,360)
Repayments of lease liabilities	(297)	(269)
Proceeds from exercise of share options	9	11
Dividends paid	(888)	(885)
Net cash used in financing activities	(8,676)	(5,535)
Increase (decrease) in cash and cash equivalents	(2,680)	(4,872)
Cash and cash equivalents at beginning of period	17,169	20,416
Cash and cash equivalents at end of period	14,489	15,544

(5) Notes to condensed interim consolidated financial statements

(Note on assumption of going concern)
Not applicable.

(Changes in accounting policies)
The material accounting policies applied to the condensed interim 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 six-month period ended September 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 interim 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)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Origination-related revenue	4,621	4,825
Recurring revenue	3,038	3,394
Assets and other revenue	1,210	2,515
Total operating revenue	8,870	10,735

(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."