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

February 6, 2025

Company name: SBI ARUHI Corporation (the "Company")
Listing: Tokyo Stock Exchange
Securities code: 7198
URL: https://www.sbiaruhi-group.jp/english
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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 nine-month period of the fiscal year ending March 31, 2025 (from April 1, 2024 to December 31, 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	
Nine-month period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	16,507	13.4	2,308	25.8	1,560	25.4	1,565	23.7
December 31, 2023	14,562	(17.3)	1,835	(49.9)	1,244	(50.6)	1,265	(50.0)

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
Nine-month period ended	Millions of yen	%	Yen	Yen
December 31, 2024	1,560	25.4	35.34	35.30
December 31, 2023	1,244	(50.6)	34.61	34.55

(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	%
December 31, 2024	185,737	41,645	41,645	22.4
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 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 December 31, 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 December 31, 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 nine-month period ended December 31, 2024	44,307,228 shares
For the nine-month period ended December 31, 2023	36,569,102 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.

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1. Overview of operating results

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

Operating revenue for the nine-month period ended December 31, 2024 increased 13.4% year on year to ¥16,507 million. Despite weakness in the "Flat 35" loan market against the backdrop of the gap between fixed and variable interest rates, origination-related revenue increased 1.3% year on year mainly due to the improvement in profitability per loan executed of "Flat 35" and the increase in the number of variable interest rate loans executed. Recurring revenue increased 12.6% year on year and assets and other revenue increased 52.2% year on year, due to making the SBI Estate Finance Co., Ltd. and its group companies (the "SBIEF Group") wholly owned subsidiaries. The number of applications received for "Flat 35," our main product, has been recovering due to the narrowing interest rate differential since October 2024, and we expect the number of loans executed to be on a recovery trend from the fourth quarter onward.

Operating expenses increased 11.4% year on year to ¥14,168 million mainly due to making the SBIEF Group wholly owned subsidiaries, and making support for franchise stores, despite continued efforts to reduce costs. As a result of the above, income before tax increased 25.8% year on year to ¥2,308 million, net income increased 25.4% year on year to ¥1,560 million, and net income attributable to owners of the parent increased 23.7% year on year to ¥1,565 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 8.

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 December 31, 2024

As of December 31, 2024, total assets were ¥185,737 million, a decrease of ¥5,614 million compared with March 31, 2024. This was primarily due to decreases in cash and cash equivalents and operating loans receivable by ¥4,269 million and ¥2,567 million, respectively, despite an increase of ¥1,151 million in property, plant and equipment.

As of December 31, 2024, total liabilities were ¥144,091 million, a decrease of ¥5,307 million compared with March 31, 2024. This was primarily due to a decrease of ¥5,611 million in borrowings.

As of December 31, 2024, equity was ¥41,645 million, a decrease of ¥307 million compared with March 31, 2024. This was primarily due to the recording of net income of ¥1,560 million, which was offset by a decrease of ¥1,771 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 December 31, 2024
Assets		
Cash and cash equivalents	20,416	16,147
Trade receivables	1,416	1,408
Operating loans receivable	104,656	102,088
Beneficiary rights	31,660	31,502
Deposits paid	130	130
Accounts receivable	450	460
Other financial assets	1,328	934
Other assets	1,521	1,714
Property, plant and equipment	2,806	3,957
Goodwill	24,464	24,464
Intangible assets	2,452	2,752
Deferred tax assets	45	173
Total assets	191,351	185,737
Liabilities		
Deposits received	4,618	4,571
Lease liabilities	602	679
Bonds payable	2,900	3,050
Borrowings	93,815	88,203
Provisions	207	172
Income taxes payable	420	304
Other financial liabilities	44,296	44,530
Other liabilities	2,137	2,050
Deferred tax liabilities	401	530
Total liabilities	149,398	144,091
Equity		
Share capital	3,471	3,471
Share premium	17,888	17,638
Treasury shares	(712)	(623)
Retained earnings	21,364	21,158
Equity attributable to owners of the parent	42,012	41,645
Non-controlling interests	(58)	–
Total equity	41,953	41,645
Total liabilities and equity	191,351	185,737

(2) Condensed quarterly consolidated statement of profit or loss and condensed quarterly consolidated statement of comprehensive income

Condensed quarterly consolidated statement of profit or loss

Nine-month period ended December 31, 2024

(Millions of yen)

	Nine-month period ended December 31, 2023	Nine-month period ended December 31, 2024
Operating revenue	14,562	16,507
Operating expenses		
Finance costs	(2,725)	(3,401)
Selling, general and administrative expenses	(9,311)	(10,285)
Other expenses	(676)	(481)
Total operating expenses	(12,713)	(14,168)
Other income and expenses		
Other income	82	41
Other expenses	(95)	(71)
Total other income and expenses	(12)	(30)
Income before tax	1,835	2,308
Income tax expenses	(591)	(748)
Net income	1,244	1,560
Net income attributable to:		
Owners of the parent	1,265	1,565
Non-controlling interests	(21)	(5)
Net income	1,244	1,560
Earnings per share (Attributable to owners of the parent)		
Basic earnings per share (Yen)	34.61	35.34
Diluted earnings per share (Yen)	34.55	35.30

Condensed quarterly consolidated statement of comprehensive income

Nine-month period ended December 31, 2024

(Millions of yen)

	Nine-month period ended December 31, 2023	Nine-month period ended December 31, 2024
Net income	1,244	1,560
Comprehensive income	1,244	1,560
Comprehensive income attributable to:		
Owners of the parent	1,265	1,565
Non-controlling interests	(21)	(5)
Comprehensive income	1,244	1,560

(3) Condensed quarterly consolidated statement of changes in equity

Nine-month period ended December 31, 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	–	–	–	1,265	1,265	(21)	1,244
Total comprehensive income	–	–	–	1,265	1,265	(21)	1,244
Disposal of treasury shares	–	(34)	58	–	24	–	24
Dividends	–	–	–	(1,601)	(1,601)	–	(1,601)
Share acquisition rights	–	(22)	–	–	(22)	–	(22)
Obtaining of control of subsidiaries	–	9,263	–	–	9,263	–	9,263
Restricted share-based remuneration	–	(7)	62	–	55	–	55
Total transactions with owners	–	9,199	121	(1,601)	7,719	–	7,719
Balance as of December 31, 2023	3,471	17,884	(717)	21,113	41,751	(51)	41,700

Nine-month period ended December 31, 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	–	–	–	1,565	1,565	(5)	1,560
Total comprehensive income	–	–	–	1,565	1,565	(5)	1,560
Disposal of treasury shares	–	(20)	32	–	11	–	11
Dividends	–	–	–	(1,771)	(1,771)	–	(1,771)
Share acquisition rights	–	(145)	–	–	(145)	–	(145)
Restricted share-based remuneration	–	(19)	56	–	37	–	37
Purchase of non-controlling interests	–	(64)	–	–	(64)	64	(0)
Total transactions with owners	–	(249)	89	(1,771)	(1,931)	64	(1,867)
Balance as of December 31, 2024	3,471	17,638	(623)	21,158	41,645	–	41,645

(4) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Nine-month period ended December 31, 2023	Nine-month period ended December 31, 2024
Cash flows from operating activities		
Income before tax	1,835	2,308
Depreciation and amortization expenses	929	911
Amortization expenses of servicing assets	206	202
Interest income	(337)	(1,911)
Net gain or loss (gain) arising on financial instruments as at FVTPL	(1,182)	(902)
Interest expenses	350	637
Revenue related to liquidation of loans receivable	(1,955)	(1,214)
Decrease (increase) in trade receivables	(409)	8
Decrease (increase) in operating loans receivable	(622)	1,108
Decrease (increase) in beneficiary rights	1,713	1,757
Decrease (increase) in deposits paid	0	0
Decrease (increase) in accounts receivable	(6)	(10)
Decrease (increase) in other financial assets	20	442
Decrease (increase) in other assets	826	322
Increase (decrease) in deposits received	(2,171)	(47)
Increase (decrease) in provisions	(0)	0
Increase (decrease) in other financial liabilities	22	2
Increase (decrease) in other liabilities	409	(82)
Other	195	137
Subtotal	(173)	3,670
Interest received	726	2,212
Interest paid	(334)	(548)
Income taxes paid	(406)	(863)
Net cash provided by (used in) operating activities	(187)	4,470
Cash flows from investing activities		
Purchase of intangible assets	(539)	(962)
Proceeds from obtaining of control of subsidiaries	1,208	–
Other	(45)	(129)
Net cash provided by (used in) investing activities	624	(1,092)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,100	(7,881)
Increase (decrease) in borrowings accompanying the liquidation	(0)	(0)
Proceeds from issuance of bonds	–	1,100
Redemption of bonds	–	(950)
Proceeds from non-current borrowings	15,100	5,400
Repayments of non-current borrowings	(16,297)	(3,203)
Repayments of lease liabilities	(495)	(356)
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(0)
Proceeds from exercise of share options	24	11
Dividends paid	(1,599)	(1,768)
Net cash used in financing activities	(2,167)	(7,647)
Increase (decrease) in cash and cash equivalents	(1,731)	(4,269)
Cash and cash equivalents at beginning of period	17,169	20,416
Cash and cash equivalents at end of period	15,437	16,147

(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 nine-month period ended December 31, 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)

	Nine-month period ended December 31, 2023	Nine-month period ended December 31, 2024
Origination-related revenue	7,174	7,271
Recurring revenue	5,074	5,715
Assets and other revenue	2,312	3,520
Total operating revenue	14,562	16,507

(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."