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May 8, 2024

Company name: SBI RHEOS HIFUMI Inc.
Name of representative: Hideto Fujino, Representative Director,
Chairman, President, Group CEO
(Securities code: 165A; TSE Growth Market)
Inquiries: Jiro Iwata, Managing Director, Group
CAO

Disclosure of financial results for delisted subsidiary Rheos Capital Works Inc.

SBI RHEOS HIFUMI Inc. hereby announces the "Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)" regarding Rheos Capital Works Inc., which became a wholly owned subsidiary on April 1, 2024.

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Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 8, 2024

Company name: SBI RHEOS HIFUMI Inc. (Portion of financial results for Rheos Capital Works Inc.)
 Stock exchange listing: Tokyo
 Stock code: 165A URL <https://www.sbirheoshifumi.rheos.jp/english/>
 Representative: Representative Director, Chairman, Hideto Fujino
 President, Group CEO
 Inquiries: Managing Director, Group CAO Jiro Iwata TEL 03(6311)6799
 Scheduled date of ordinary general meeting of shareholders: June 25, 2024
 Scheduled date to file Securities Report: June 26, 2024
 Scheduled date to commence dividend payments: June 26, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	10,309	6.7	1,780	10.5	1,797	10.6	1,313	20.8
Year ended March 31, 2023	9,660	1.9	1,610	(17.5)	1,625	(17.4)	1,087	(16.6)

Note: Comprehensive income Year ended March 31, 2024 ¥1,233 million [15.8%]
 Year ended March 31, 2023 ¥1,064 million [(18.2)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	103.90	–	20.9	18.1	17.3
Year ended March 31, 2023	90.50	–	20.3	18.8	16.7

Reference: Share of profit (loss) of entities accounted for using equity method Year ended March 31, 2024 ¥– million
 Year ended March 31, 2023 ¥– million

- Notes: 1. As for diluted earnings per share for the fiscal year ended March 31, 2023, although there are dilutive shares, they have not been disclosed because shares of Rheos Capital Works Inc. were unlisted and thus the average share price during the period was not obtained.
2. Shares of Rheos Capital Works Inc. were listed on the Growth Market of the Tokyo Stock Exchange on April 25, 2023. For the diluted earnings per share for the fiscal year ended March 31, 2024, the figure is calculated using the average share price from the date the shares were newly listed to March 31, 2024 as the average share price for the period.
3. Diluted earnings per share for the fiscal year ended March 31, 2024 have not been disclosed because there are no potential shares with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	11,211	7,210	61.5	534.21
As of March 31, 2023	8,704	6,094	65.5	474.39

Reference: Equity As of March 31, 2024 ¥6,898 million
 As of March 31, 2023 ¥5,700 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	2,236	(655)	(116)	3,568
Year ended March 31, 2023	912	(578)	(66)	2,105

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	0.00	–	27.50	27.50	330	30.4	6.2
Year ended March 31, 2024	–	18.00	–	18.00	36.00	464	34.6	7.1
Year ending March 31, 2025 (Forecast)	–	–	–	–	–		–	

Note: The dividend forecast for the dividends of SBI RHEOS HIFUMI Inc. for the fiscal year ending March 31, 2025 is undetermined because the forecast of financial results has not been disclosed.

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

The forecast of consolidated financial results is not presented because the shares of Rheos Capital Works Inc. were delisted on March 28, 2024.

In addition, SBI RHEOS HIFUMI Inc. will refrain from making detailed announcements regarding its forecast of consolidated financial results as it is difficult to announce the detailed financial results forecast due to the balance of assets under management, which is the source of its revenue, being significantly impacted by the stock markets of not only Japan, but also the rest of the world, as well as due to the existence of various uncertainties in the forecast resulting from economic conditions, the market environment, etc.

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: Yes

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2024	12,912,800 shares	As of March 31, 2023	12,016,600 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	– shares	As of March 31, 2023	– shares
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Average number of shares during the period

Year ended March 31, 2024	12,642,051 shares	Year ended March 31, 2023	12,016,600 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	10,387	7.5	1,929	14.3	1,943	13.7	1,277	11.2
Year ended March 31, 2023	9,660	1.9	1,688	(15.0)	1,709	(15.1)	1,149	(14.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2024	101.06		-	
Year ended March 31, 2023	95.62		-	

Notes: 1. As for diluted earnings per share for the fiscal year ended March 31, 2023, although there are dilutive shares, they have not been disclosed because shares of Rheos Capital Works Inc. were unlisted in the fiscal year ended March 31, 2023 and thus the average share price during the period was not obtained.

2. Shares of Rheos Capital Works Inc. were listed on the Growth Market of the Tokyo Stock Exchange on April 25, 2023. For the diluted earnings per share for the fiscal year ended March 31, 2024, the figure is calculated using the average share price from the date the shares were newly listed to March 31, 2024 as the average share price for the period.

3. Diluted earnings per share for the fiscal year ended March 31, 2024 have not been disclosed because there are no potential shares with dilutive effects.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of March 31, 2024	10,949		6,958		63.5		538.87	
As of March 31, 2023	8,399		5,797		69.0		482.47	

Reference: Equity As of March 31, 2024 ¥6,958 million
As of March 31, 2023 ¥5,797 million

2. Forecast of non-consolidated financial results for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

The forecast of non-consolidated financial results is not presented because the shares of Rheos Capital Works Inc. were delisted on March 28, 2024.

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

* Proper use of forecasts of financial results, and other special matters

(Caution regarding 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. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual performance and other results may differ substantially due to various factors.

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	2,103,583	3,567,228
Deposits held in trust	1,500,000	1,800,000
Operational investment securities	218,722	201,251
Supplies	8,671	7,861
Prepaid expenses	88,024	111,087
Accrued investment trust management fees	3,725,272	4,133,889
Accrued investment advisory fees	52,165	65,873
Other	41,255	10,624
Total current assets	7,737,696	9,897,815
Non-current assets		
Property, plant and equipment		
Buildings	160,041	506,870
Accumulated depreciation	(72,452)	(67,404)
Buildings, net	87,588	439,466
Furniture and fixtures	836,071	1,133,183
Accumulated depreciation	(685,424)	(950,843)
Furniture and fixtures, net	150,647	182,339
Total property, plant and equipment	238,236	621,806
Intangible assets		
Software	345,057	307,463
Other	36,708	30,545
Total intangible assets	381,765	338,009
Investments and other assets		
Investment securities	1,664	1,833
Long-term prepaid expenses	1,662	5,208
Deferred tax assets	158,073	159,482
Leasehold deposits	174,438	174,438
Other	11,253	12,533
Total investments and other assets	347,092	353,496
Total non-current assets	967,094	1,313,312
Total assets	8,704,790	11,211,128

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Deposits received	225,727	1,051,363
Accounts payable	119,080	163,201
Accrued expenses	1,561,345	1,710,579
Income taxes payable	155,966	378,564
Accrued consumption taxes	100,867	73,729
Provision for bonuses	199,333	193,464
Provision for bonuses for directors (and other officers)	11,566	–
Other	58,863	94,220
Total current liabilities	2,432,750	3,665,123
Non-current liabilities		
Deferred tax liabilities	–	2,878
Retirement benefit liability	92,009	115,099
Asset retirement obligations	85,886	217,183
Total non-current liabilities	177,895	335,160
Total liabilities	2,610,645	4,000,284
Net assets		
Shareholders' equity		
Share capital	100,000	322,757
Capital surplus	407,370	630,118
Retained earnings	5,193,158	5,944,273
Total shareholders' equity	5,700,529	6,897,148
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	–	1,051
Total accumulated other comprehensive income	–	1,051
Non-controlling interests	393,614	312,642
Total net assets	6,094,144	7,210,843
Total liabilities and net assets	8,704,790	11,211,128

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Operating revenue		
Investment trust management fees	9,477,843	10,167,602
Investment advisory fees	182,392	219,452
Gains and losses related to operational investment securities	–	(77,177)
Total operating revenue	9,660,236	10,309,878
Operating expenses	4,654,310	4,995,232
General and administrative expenses	3,394,939	3,534,024
Operating profit	1,610,986	1,780,621
Non-operating income		
Interest income	48	57
Foreign exchange gains	8,289	9,043
Lecture and manuscript fee income	6,437	4,780
Advertisement fees	4,909	3,959
Distribution income	6,339	1,419
Outsourcing income	–	4,306
Other	1,040	1,187
Total non-operating income	27,065	24,755
Non-operating expenses		
Interest expenses	207	–
Listing expenses	11,085	6,872
Other	880	663
Total non-operating expenses	12,173	7,535
Ordinary profit	1,625,878	1,797,840
Profit before income taxes	1,625,878	1,797,840
Income taxes - current	525,425	572,836
Income taxes - deferred	35,520	(1,594)
Total income taxes	560,945	571,241
Profit	1,064,933	1,226,599
Loss attributable to non-controlling interests	(22,543)	(86,862)
Profit attributable to owners of parent	1,087,476	1,313,461

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,064,933	1,226,599
Other comprehensive income		
Valuation difference on available-for-sale securities	–	6,941
Total other comprehensive income	–	6,941
Comprehensive income	1,064,933	1,233,540
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,087,476	1,314,513
Comprehensive income attributable to non-controlling interests	(22,543)	(80,972)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	100,000	400,010	4,502,230	5,002,240
Changes during period				
Issuance of new shares				–
Dividends of surplus			(396,547)	(396,547)
Profit attributable to owners of parent			1,087,476	1,087,476
Capital increase of consolidated subsidiaries		7,360		7,360
Net changes in items other than shareholders' equity				–
Total changes during period	–	7,360	690,928	698,289
Balance at end of period	100,000	407,370	5,193,158	5,700,529

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	–	–	93,518	5,095,759
Changes during period				
Issuance of new shares				–
Dividends of surplus				(396,547)
Profit attributable to owners of parent				1,087,476
Capital increase of consolidated subsidiaries				7,360
Net changes in items other than shareholders' equity			300,095	300,095
Total changes during period	–	–	300,095	998,385
Balance at end of period	–	–	393,614	6,094,144

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	100,000	407,370	5,193,158	5,700,529
Changes during period				
Issuance of new shares	222,757	222,747		445,504
Dividends of surplus			(562,346)	(562,346)
Profit attributable to owners of parent			1,313,461	1,313,461
Capital increase of consolidated subsidiaries				—
Net changes in items other than shareholders' equity				—
Total changes during period	222,757	222,747	751,114	1,196,619
Balance at end of period	322,757	630,118	5,944,273	6,897,148

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	—	—	393,614	6,094,144
Changes during period				
Issuance of new shares				445,504
Dividends of surplus				(562,346)
Profit attributable to owners of parent				1,313,461
Capital increase of consolidated subsidiaries				—
Net changes in items other than shareholders' equity	1,051	1,051	(80,972)	(79,920)
Total changes during period	1,051	1,051	(80,972)	1,116,698
Balance at end of period	1,051	1,051	312,642	7,210,843

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,625,878	1,797,840
Depreciation	552,474	470,016
Increase (decrease) in provision for bonuses	24,697	(5,868)
Increase (decrease) in provision for bonuses for directors (and other officers)	913	(11,566)
Increase (decrease) in retirement benefit liability	5,055	23,090
Interest and dividend income	(48)	(57)
Interest expenses	207	–
Decrease (increase) in deposits held in trust	10,000	(300,000)
Decrease (increase) in accrued investment trust management fees	107,527	(408,616)
Decrease (increase) in accrued investment advisory fees	158	(13,707)
Decrease (increase) in operational investment securities	(218,722)	27,477
Increase (decrease) in deposits received	(188,686)	825,636
Increase (decrease) in accounts payable - other	(104,577)	48,498
Increase (decrease) in accrued expenses	(19,035)	149,234
Increase (decrease) in accrued consumption taxes	(32,963)	(27,138)
Increase (decrease) in income taxes payable - factor based tax	–	48,663
Other, net	36,438	11,443
Subtotal	1,799,316	2,634,945
Interest and dividends received	48	57
Interest paid	(207)	–
Income taxes paid	(886,873)	(398,902)
Net cash provided by (used in) operating activities	912,284	2,236,101
Cash flows from investing activities		
Purchase of property, plant and equipment	(452,632)	(551,824)
Purchase of intangible assets	(127,281)	(104,028)
Payments for investment in partnerships	–	(250)
Other, net	986	200
Net cash provided by (used in) investing activities	(578,926)	(655,902)
Cash flows from financing activities		
Proceeds from share issuance to non-controlling shareholders	330,000	–
Proceeds from issuance of shares	–	445,504
Dividends paid	(396,547)	(562,058)
Net cash provided by (used in) financing activities	(66,547)	(116,553)
Net increase (decrease) in cash and cash equivalents	266,810	1,463,644
Cash and cash equivalents at beginning of period	1,838,527	2,105,338
Cash and cash equivalents at end of period	2,105,338	3,568,983