

Translation

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

November 6, 2024

Company name: SBI RHEOS HIFUMI Inc.
 Stock exchange listing: Tokyo
 Stock code: 165A URL <https://www.sbirheoshifumi.rheos.jp/english/>
 Representative: Representative Director, Chairman, President, Hideto Fujino
 Group CEO
 Inquiries: Managing Director, Group CAO Jiro Iwata TEL 03(6311)6799
 Scheduled date to file Semi-annual Securities Report: November 8, 2024
 Scheduled date to commence dividend payments: December 6, 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 six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2024	5,694	—	1,068	—	1,065	—	767	—
Six months ended September 30, 2023	—	—	—	—	—	—	—	—

Note: Comprehensive income Six months ended September 30, 2024 ¥722 million [-%]
 Six months ended September 30, 2023 ¥— million [-%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	7.43		—	
Six months ended September 30, 2023	—		—	

Notes: 1. As the Company was established on April 1, 2024 through a sole share transfer, there are no financial results for the corresponding interim period of the previous fiscal year.

2. The Company has split its shares at a ratio of eight shares per share of common stock on October 1, 2024. Earnings per share was calculated assuming that the share split was conducted at the beginning of the fiscal year under review.

3. Diluted earnings per share for the six months ended September 30, 2024 have not been disclosed because there are no potential shares with dilutive effects.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	12,411	7,849	59.9
As of March 31, 2024	—	—	—

Reference: Equity As of September 30, 2024 ¥7,435 million
 As of March 31, 2024 ¥— million

Note: As the Company was established on April 1, 2024 through a sole share transfer, there are no financial results for the previous fiscal year.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	–	–	–	–
Year ending March 31, 2025	–	27.20			
Year ending March 31, 2025 (Forecast)			–	3.40	–

Notes: 1. Revisions to the cash dividend forecasts most recently announced: No

2. As the Company was established on April 1, 2024 through a sole share transfer, there are no financial results for the previous fiscal year.

3. The Company has split its shares at a ratio of eight shares per share of common stock on October 1, 2024. For the end of the second quarter (September 30, 2024), the dividend amount to be paid is based on the number of shares prior to the share split. The total annual dividend per share for the fiscal year ending March 31, 2025 (forecast) is not shown as a simple sum cannot be calculated due to the share split. When taking into account the share split, the forecast of total annual dividends per share would be ¥6.80.

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

The consolidated financial results forecast has not been presented as it is difficult to announce the detailed financial results forecast due to the balance of assets under management, which is the source of the Group's revenue, being significantly impacted by the stock markets of not only Japan, but also the rest of the world as well as the existence of various uncertainties in the forecast resulting from economic conditions, the market environment, etc.

For the past figures regarding the balance of assets under management in the investment trust business and investment advisory business, please refer to the preliminary figures for the end of the previous month disclosed separately around the tenth business day at the beginning of every month.

4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual consolidated financial statements: No

(3) 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: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2024	103,378,400 shares	As of March 31, 2024	– shares
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Number of treasury shares at the end of the period

As of September 30, 2024	– shares	As of March 31, 2024	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	103,302,815 shares	Six months ended September 30, 2023	– shares
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Notes: 1. As the Company was established on April 1, 2024 through a sole share transfer, there are no financial results for the previous fiscal year and the corresponding interim period of the previous fiscal year.

2. The Company has split its shares at a ratio of eight shares per share of common stock on October 1, 2024. Due to this, total number of issued shares at the end of the period, number of treasury shares at the end of the period, and average number of shares during the period were calculated assuming that the share split was conducted at the beginning of the fiscal year under review.

* Interim financial results reports are exempt from review 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 Group and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Group. Actual performance and other results may differ substantially due to various factors.

(Regarding financial results for the previous fiscal year and the corresponding interim period of the previous fiscal year)

As the Company was established on April 1, 2024 through a sole share transfer from Rheos Capital Works Inc., the fiscal year ending March 31, 2025 is the first fiscal year and, accordingly, there are no financial results of the previous fiscal year or the corresponding interim period of the previous fiscal year.

Semi-annual consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

As of September 30, 2024

Assets	
Current assets	
Cash and deposits	4,127,542
Deposits held in trust	2,100,000
Operational investment securities	295,571
Supplies	8,321
Prepaid expenses	94,371
Accrued investment trust management fees	4,420,156
Accounts receivable-advisory fee	63,180
Other	7,898
Total current assets	11,117,042
Non-current assets	
Property, plant and equipment	632,419
Intangible assets	328,217
Investments and other assets	334,106
Total non-current assets	1,294,742
Total assets	12,411,785
Liabilities	
Current liabilities	
Deposits received	1,458,025
Accounts payable	190,706
Accrued expenses	1,823,939
Income taxes payable	350,863
Accrued consumption taxes	92,685
Provision for bonuses	189,162
Other	108,803
Total current liabilities	4,214,186
Non-current liabilities	
Deferred tax liabilities	1,924
Retirement benefit liability	127,587
Asset retirement obligations	218,180
Total non-current liabilities	347,692
Total liabilities	4,561,879
Net assets	
Shareholders' equity	
Share capital	329,246
Capital surplus	629,751
Retained earnings	6,475,932
Total shareholders' equity	7,434,929
Accumulated other comprehensive income	
Valuation difference on available-for-sale securities	778
Total accumulated other comprehensive income	778
Share acquisition rights	1,050
Non-controlling interests	413,147
Total net assets	7,849,905
Total liabilities and net assets	12,411,785

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Thousands of yen)
	Six months ended September 30, 2024
Operating revenue	
Investment trust management fees	5,579,355
Investment advisory fee	155,506
Gains and losses related to operating investment securities	(39,997)
Total operating revenue	<u>5,694,863</u>
Operating expenses	2,693,144
General and administrative expenses	<u>1,933,146</u>
Operating profit	<u>1,068,572</u>
Non-operating income	
Interest income	264
A lecture and a manuscript fee income	979
Advertisement fee	1,763
distribution income	822
Outsourcing income	715
Other	344
Total non-operating income	<u>4,888</u>
Non-operating expenses	
Interest expenses	232
Foreign exchange losses	7,316
Other	376
Total non-operating expenses	<u>7,925</u>
Ordinary profit	<u>1,065,535</u>
Profit before income taxes	<u>1,065,535</u>
Income taxes - current	321,216
Income taxes - deferred	20,041
Total income taxes	<u>341,258</u>
Profit	<u>724,276</u>
Loss attributable to non-controlling interests	<u>(43,273)</u>
Profit attributable to owners of parent	<u>767,550</u>

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2024
Profit	724,276
Other comprehensive income	
Valuation difference on available-for-sale securities	(1,801)
Total other comprehensive income	(1,801)
Comprehensive income	722,475
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	767,277
Comprehensive income attributable to non-controlling interests	(44,801)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2024
Cash flows from operating activities	
Profit before income taxes	1,065,535
Depreciation	198,831
Increase (decrease) in provision for bonuses	(4,301)
Increase (decrease) in retirement benefit liability	12,488
Interest and dividend income	(264)
Interest expenses	232
Decrease (increase) Segregated trust account	(300,000)
Account Receivable-increase and decrease management fee	(286,266)
Account Receivable-increase and decrease advisory fee	2,692
Decrease (increase) in operational investment securities	(96,917)
Increase (decrease) in deposits received	406,661
Increase (decrease) in accounts payable - other	26,730
Increase (decrease) in accrued expenses	113,359
Increase (decrease) in accrued consumption taxes	18,956
Increase (decrease) in income taxes payable - factor based tax	(16,798)
Other, net	33,395
Subtotal	<u>1,174,336</u>
Interest and dividends received	264
Interest paid	(232)
Income taxes paid	(332,120)
Net cash provided by (used in) operating activities	<u>842,247</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(131,188)
Purchase of intangible assets	(67,247)
Other, net	(502)
Net cash provided by (used in) investing activities	<u>(198,938)</u>
Cash flows from financing activities	
Proceeds from share issuance to non-controlling shareholders	135,000
Dividends paid	(232,012)
Other, net	14,017
Net cash provided by (used in) financing activities	<u>(82,995)</u>
Net increase (decrease) in cash and cash equivalents	<u>560,313</u>
Cash and cash equivalents at beginning of period	<u>3,568,983</u>
Cash and cash equivalents at end of period	<u>4,129,296</u>