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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (under IFRS)

May 8, 2024

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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 TEL: +81-3-6229-0777  
 Scheduled date of annual general meeting of shareholders: June 21, 2024  
 Scheduled date to commence dividend payments: June 25, 2024  
 Scheduled date to file annual securities report: June 21, 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 fiscal 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		Income before tax		Net income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2024	20,405	(9.7)	2,327	(43.5)	1,488	(46.9)	1,517	(46.2)
March 31, 2023	22,601	(10.3)	4,119	(33.0)	2,802	(33.7)	2,821	(33.5)

	Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Yen	Yen
Fiscal year ended				
March 31, 2024	1,488	(46.9)	39.43	39.36
March 31, 2023	2,802	(33.7)	79.64	79.40

#### (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	Equity attributable to owners of the parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2024	191,351	41,953	42,012	22.0	949.00
March 31, 2023	148,616	32,735	32,765	22.0	921.43

#### (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	(3,425)	544	6,128	20,416
March 31, 2023	1,495	(712)	(5,846)	17,169

## 2. Cash dividends

	Annual dividends per share					Total amount of dividends (total)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	30.00	–	25.00	55.00	1,953	69.1	6.0
Fiscal year ended March 31, 2024	–	20.00	–	20.00	40.00	1,597	101.5	4.3
Fiscal year ending March 31, 2025 (Forecast)	–	20.00	–	20.00	40.00		88.5	

## 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: As the Company manages its business performance on an annual basis, consolidated earnings forecasts for the second quarter (cumulative) are omitted. For details, please see “(4) Future outlook” in “1. Overview of operating results” in the attached materials on page 3.

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 3 companies: SBI Estate Finance Co., Ltd., and its subsidiaries SBI Smile Co., Ltd. and SBI Guarantee Co., Ltd.

Excluded: 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 consolidated financial statements” in “3. Consolidated financial statements and significant notes thereto” in the attached materials on page 9.

- (3) Number of issued shares (ordinary shares)

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

As of March 31, 2024	44,712,170 shares
As of March 31, 2023	36,080,600 shares

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

As of March 31, 2024	442,160 shares
As of March 31, 2023	520,860 shares

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

For the fiscal year ended March 31, 2024	38,483,240 shares
For the fiscal year ended March 31, 2023	35,426,041 shares

**(Reference) Summary of Non-consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)**

- (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	17,140	(12.1)	(202)	–	(107)	–	(549)	–
March 31, 2023	19,505	(19.1)	1,181	(75.6)	1,227	(75.1)	455	(85.2)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	(14.28)	–
March 31, 2023	12.87	12.83

- (2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	108,359	28,039	25.6	626.34
March 31, 2023	93,074	20,663	21.8	571.34

(Reference) Equity capital: As of March 31, 2024 ¥27,728 million  
As of March 31, 2023 ¥20,316 million

< Reason for differences from the non-consolidated financial results in the previous fiscal year >

Operating revenue underperformed year-on-year due to decline in loan execution revenue and finance revenue, which was mainly attributable to sluggish performance of “Flat 35” housing loans, amid a declining trend in the

number of loan executions in the Flat 35 market. In addition, both ordinary income and net income decreased year on year due to the recognition of expenses associated with making SBI Estate Finance Co., Ltd. and its subsidiaries into wholly-owned subsidiaries and the provision for loans to subsidiaries, which resulted in the differences in financial results between the previous fiscal year and the fiscal year under review.

\* Financial results reports are exempt from audit 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.

For details on the earnings forecasts, please see “(4) Future outlook” in “1. Overview of operating results” in the attached materials on page 3.

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## 1. Overview of operating results

### (1) Overview of operating results for the fiscal year ended March 31, 2024

Operating revenue for the fiscal year ended March 31, 2024 decreased 9.7% year on year to ¥20,405 million. Despite the significant increase by approximately 3 times year on year in the number of variable interest rate loans executed, such as bank agency products and the ARUHI Housing loan (MG Hosho), which was launched in August 2023, loan execution revenue decreased 15.0% 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. Finance revenue declined 27.4% year on year due to a decrease in revenue related to securitization of loans receivable, which is linked to loan execution revenue, as well as a reactionary decrease after a large amount of revenue recorded in the previous fiscal year following an increase in the fair value of financial instruments. Meanwhile, revenues from the loan servicing and insurance remained firm, increasing year on year by 2.2% and 7.2%, respectively. Revenue from other operations including new operations increased significantly by 44.8% year on year due to making SBI Estate Finance (“SBIEF”) group wholly-owned subsidiaries. Operating expenses were ¥18,064 million (-1.6% year on year), partly due to the impact of making SBIEF group wholly-owned subsidiaries, despite efforts to reduce fixed costs by optimizing personnel assignments including outsourced operations, and reviewing the outsourcing of operations. As a result, income before tax was ¥2,327 million (-43.5% year on year), net income was ¥1,488 million (-46.9% year on year), and net income attributable to owners of the parent was ¥1,517 million (-46.2% year on year). Segment information has been omitted as the SBI ARUHI Group (the “Group”) operates in a single segment, namely, the housing-related finance business.

### (2) Overview of financial position for the fiscal year ended March 31, 2024

As of March 31, 2024, total assets were ¥191,351 million, an increase of ¥42,735 million compared with March 31, 2023. This was primarily due to an increase of ¥35,947 million in operating loans receivable as a result of including SBIEF (and its subsidiaries) in the scope of consolidation.

As of March 31, 2024, total liabilities were ¥149,398 million, an increase of ¥33,517 million compared with March 31, 2023. This was primarily due to an increase of ¥31,084 million in borrowings and an increase of ¥2,900 million in bonds payable as a result of including SBIEF (and its subsidiaries) in the scope of consolidation.

As of March 31, 2024, equity was ¥41,953 million, an increase of ¥9,217 million compared with March 31, 2023. This was primarily due to the issuance of new shares associated with SBIEF becoming a wholly-owned subsidiary in a share exchange and the recording of net income of ¥1,488 million, which was offset by a decrease of ¥1,601 million in retained earnings due to dividend payments.

### (3) Overview of cash flows for the fiscal year ended March 31, 2024

As of March 31, 2024, cash and cash equivalents (“cash”) were ¥20,416 million, an increase of ¥3,247 million compared with March 31, 2023.

The respective cash flow positions and the factors affecting them for the fiscal year ended March 31, 2024 are as follows.

Net cash used in operating activities was ¥3,425 million, compared with ¥1,495 million provided in the fiscal year ended March 31, 2023. This was primarily due to income before tax of ¥2,327 million and a ¥2,364 million decrease in beneficiary rights, factors that increased cash. This offset factors that decreased cash, including a ¥4,708 million increase in operating loans receivable and a ¥2,791 million decrease in deposits received and a ¥2,361 million change in revenue related to securitization of loans receivable that is not in the cash collection period in the fiscal year ended March 31, 2024.

Net cash provided by investing activities was ¥544 million, compared with ¥712 million used in the fiscal year ended March 31, 2023. This was primarily due to proceeds of ¥1,208 million from obtaining of control of subsidiaries.

Net cash provided by financing activities was ¥6,128 million, compared with ¥5,846 million used in the fiscal year ended March 31, 2023. This was primarily because factors that increased cash, such as proceeds from long-term borrowings of ¥16,500 million and a ¥12,380 million increase in short-term borrowings, were offset by factors that decreased cash, such as a ¥20,949 million outflow for repayments of long-term borrowings.

#### **(4) Future outlook**

In the fiscal year ending March 31, 2025, in the housing loan market, we expect continued high housing prices and an ongoing uptrend in commodity prices. We do not expect the gap between fixed and variable interest rates to narrow, pointing to an interest rate environment that will continue to favor variable interest rate products. At the same time, in addition to rising wages, we expect the continued trend of people seeking to realize housing that suits their life stages. As a result, we expect demand for both new and pre-owned houses to remain solid.

Under these circumstances, we will work to return the housing loan business to a growth trajectory by pursuing synergies with the SBI Group and promoting selection and concentration, as well as strengthening the housing-related finance business other than housing loan business.

Specifically, we plan to accelerate store openings by utilizing the SBI Group network, expand partnerships with realtors, and to improve existing products and release new products in cooperation with SBI Shinsei Bank, Limited and SBI Sumishin Net Bank, Ltd. We will strengthen the handling of housing finance products beyond housing loans by starting to handle SBIEF's My Home Selling Support Loan and SBI Smile's leaseback and other products at our franchise and directly managed offices. In addition, we will promote selection and concentration by eliminating costs that are not directly related to earnings, such as reducing fixed costs by relocating head office.

Our current earnings forecasts for the fiscal year ending March 31, 2025 call for operating revenue of ¥25,000 million, income before tax of ¥3,000 million and net income attributable to owners of the parent of ¥2,000 million.

Note that we formulated the above earnings forecasts based on information available as of the date of publication of this document. Results may differ from forecasts due to various future factors, such as changes in monetary policy.

#### **(5) Basic policy on profit distribution and dividends for the fiscal year ended March 31, 2024 and the following fiscal year**

The Company considers both distribution of profits to shareholders and sustainable corporate growth as top management priorities. Our Articles of Incorporation stipulate that the Company may pay an interim dividend once a year in addition to the year-end dividend. Based on this, the Company's basic policy is to pay ongoing, steady dividends out of surplus funds while comprehensively taking into account the level of ROE and financial leverage and maintaining a certain level of internal reserves to prepare for growth investments to further enhance corporate value. Specifically, during the period covered by the current medium-term strategic plan, we aim to maintain a payout ratio of 35–40% and dividend on equity ratio (DOE) of approximately 4% as the minimum levels to ensure stable dividend payments. The decision-making bodies for paying dividends from surplus are the General Meeting of Shareholders for year-end dividends and the Board of Directors for interim dividends.

For the fiscal year ended March 31, 2024, in addition to an interim dividend of ¥20 per share already paid, we plan to pay a year-end dividend of ¥20 per share, for a total annual dividend of ¥40 per share.

For the fiscal year ending March 31, 2025, we plan to pay an interim dividend of ¥20 per share and a year-end dividend of ¥20 per share, for a total annual dividend of ¥40 per share.

## **2. Basic approach to selecting accounting standards**

The Group has adopted International Financial Reporting Standards to improve the global comparability of its financial information and enhance convenience in capital markets.

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Cash and cash equivalents	17,169	20,416
Trade receivables	829	1,416
Operating loans receivable	68,709	104,656
Beneficiary rights	30,848	31,660
Deposits paid	142	130
Accounts receivable	26	450
Other financial assets	1,100	1,328
Other assets	1,415	1,521
Property, plant and equipment	1,209	2,806
Goodwill	24,464	24,464
Intangible assets	2,701	2,452
Deferred tax assets	0	45
<b>Total assets</b>	<b>148,616</b>	<b>191,351</b>
<b>Liabilities</b>		
Deposits received	7,407	4,618
Lease liabilities	830	602
Bonds payable	–	2,900
Borrowings	62,730	93,815
Provisions	209	207
Income taxes payable	7	420
Other financial liabilities	43,094	44,296
Other liabilities	1,228	2,137
Deferred tax liabilities	372	401
<b>Total liabilities</b>	<b>115,881</b>	<b>149,398</b>
<b>Equity</b>		
Share capital	3,471	3,471
Share premium	8,684	17,888
Treasury shares	(838)	(712)
Retained earnings	21,448	21,364
Equity attributable to owners of the parent	32,765	42,012
Non-controlling interests	(30)	(58)
<b>Total equity</b>	<b>32,735</b>	<b>41,953</b>
<b>Total liabilities and equity</b>	<b>148,616</b>	<b>191,351</b>

## (2) Consolidated statement of net income and consolidated statement of comprehensive income

### Consolidated statement of net income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Operating revenue	22,601	20,405
Operating expenses		
Finance costs	(3,563)	(3,736)
Selling, general and administrative expenses	(13,876)	(13,082)
Other expenses	(917)	(1,245)
Total operating expenses	(18,357)	(18,064)
Other income and expenses		
Other income	61	134
Other expenses	(186)	(146)
Total other income and expenses	(124)	(12)
Income before tax	4,119	2,327
Income tax expenses	(1,316)	(838)
Net income	2,802	1,488
Net income attributable to:		
Owners of the parent	2,821	1,517
Non-controlling interests	(18)	(28)
Net income	2,802	1,488
Earnings per share (Attributable to owners of the parent)		
Basic earnings per share (Yen)	79.64	39.43
Diluted earnings per share (Yen)	79.40	39.36

## Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income	2,802	1,488
Comprehensive income	2,802	1,488
Comprehensive income attributable to:		
Owners of the parent	2,821	1,517
Non-controlling interests	(18)	(28)
Comprehensive income	2,802	1,488

### (3) Consolidated statement of changes in equity

For the fiscal year ended March 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, 2022	3,471	8,903	(1,236)	20,750	31,889	(11)	31,877
Net income	–	–	–	2,821	2,821	(18)	2,802
Total comprehensive income	–	–	–	2,821	2,821	(18)	2,802
Disposal of treasury shares	–	(178)	313	–	135	–	135
Dividends	–	–	–	(2,123)	(2,123)	–	(2,123)
Share acquisition rights	–	(4)	–	–	(4)	–	(4)
Restricted share-based remuneration	–	(35)	84	–	48	–	48
Total transactions with owners	–	(219)	398	(2,123)	(1,944)	–	(1,944)
Balance as of March 31, 2023	3,471	8,684	(838)	21,448	32,765	(30)	32,735

For the fiscal year ended March 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, 2023	3,471	8,684	(838)	21,448	32,765	(30)	32,735
Net income	–	–	–	1,517	1,517	(28)	1,488
Total comprehensive income	–	–	–	1,517	1,517	(28)	1,488
Disposal of treasury shares	–	(41)	72	–	30	–	30
Dividends	–	–	–	(1,601)	(1,601)	–	(1,601)
Share acquisition rights	–	(25)	–	–	(25)	–	(25)
Restricted share-based remuneration	–	7	53	–	61	–	61
Obtaining of control of subsidiaries	–	9,263	–	–	9,263	–	9,263
Total transactions with owners	–	9,204	125	(1,601)	7,728	–	7,728
Balance as of March 31, 2024	3,471	17,888	(712)	21,364	42,012	(58)	41,953

#### (4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Income before tax	4,119	2,327
Depreciation and amortization expenses	1,231	1,306
Amortization expenses of servicing assets	299	272
Impairment loss	2	16
Interest income	(220)	(889)
Net gain or loss (gain) arising on financial instruments as at FVTPL	(2,294)	(1,301)
Interest expenses	541	532
Revenue related to liquidation of loans receivable	(3,606)	(2,361)
Decrease (increase) in trade receivables	178	(572)
Decrease (increase) in operating loans receivable	5,013	(4,708)
Decrease (increase) in beneficiary rights	1,373	2,364
Decrease (increase) in deposits paid	6	12
Decrease (increase) in accounts receivable	0	(220)
Decrease (increase) in other financial assets	(6)	(139)
Decrease (increase) in other assets	(201)	1,156
Increase (decrease) in deposits received	(3,755)	(2,791)
Increase (decrease) in provisions	(0)	(0)
Increase (decrease) in other financial liabilities	(85)	(44)
Increase (decrease) in other liabilities	(108)	579
Other	(167)	513
Subtotal	2,320	(3,943)
Interest received	891	1,421
Interest paid	(394)	(496)
Income taxes paid	(1,323)	(405)
Net cash provided by (used in) operating activities	1,495	(3,425)
Cash flows from investing activities		
Purchase of intangible assets	(620)	(663)
Proceeds from obtaining of control of subsidiaries	–	1,208
Other	(91)	(1)
Net cash provided by (used in) investing activities	(712)	544
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,900)	12,380
Increase (decrease) in borrowings accompanying the liquidation	(0)	(0)
Proceeds from issuance of bonds	–	700
Redemption of bonds	–	(300)
Proceeds from non-current borrowings	6,500	16,500
Repayments of non-current borrowings	(2,800)	(20,949)
Repayments of lease liabilities	(656)	(630)
Proceeds from exercise of share options	135	30
Dividends paid	(2,123)	(1,601)
Net cash provided by (used in) financing activities	(5,846)	6,128
Increase (decrease) in cash and cash equivalents	(5,063)	3,247
Cash and cash equivalents at beginning of period	22,232	17,169
Cash and cash equivalents at end of period	17,169	20,416

## (5) Notes to consolidated financial statements

*(Note on assumption of going concern)*

Not applicable.

*(Changes in accounting policies)*

The material accounting policies applied to the 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.

For business combinations in which all combined entities or combined businesses are ultimately controlled by the same parties before and after the business combination and such control is not temporary (common control transactions), the carrying amount of the assets and liabilities of the transferor is transferred to the transferee.

IFRS		Outline of new standards and amendments
IAS 1	Presentation of Financial Statements	Amendments to require disclosure of material accounting policies rather than significant accounting policies
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Clarification of the distinction between accounting policies and accounting estimates
IAS 12	Income Taxes	Clarification of accounting treatment for deferred tax related to leases and disposal obligations Amendments to require disclosure of a company's exposure related to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD)
IFRS 17	Insurance Contracts	Amendments to accounting treatment for insurance contracts Amendments relating to comparative information on initial adoption of IFRS 17 and IFRS 9

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

*(Changes in presentation)*

*(Consolidated statement of financial position)*

“Beneficiary rights,” which was included in “Other financial assets” in the previous fiscal year, is presented separately from this fiscal year due to its increased financial materiality and for the purpose of presenting the Group’s financial position more clearly. To reflect this change in the method of presentation, the figures for the previous fiscal year shown in the consolidated financial statements have been restated.

As a result, ¥31,948 million presented in “Other financial assets” in the consolidated statement of financial position as of March 31, 2023, has been reclassified as “Beneficiary rights” of ¥30,848 million and “Other financial assets” of ¥1,100 million.

*(Consolidated statements of cash flows)*

“Decrease (increase) in beneficiary rights,” was included in “Decrease (increase) in other financial assets” in the “Cash flows from operating activities” section in the fiscal year ended March 31, 2023. This is presented separately from this fiscal year due to its increased financial materiality and for the purpose of presenting the Group’s financial position more clearly. To reflect this change in the method of presentation, the figures for the previous fiscal year shown in the consolidated financial statements have been restated.

As a result, in the consolidated statement of cash flows for the fiscal year ended March 31, 2023, the amount of ¥1,367 million that was presented in “Decrease (increase) in other financial assets” under “Cash flows from operating activities” has been reclassified into “Decrease (increase) in beneficiary rights” of ¥1,373 million and “Decrease (increase) in other financial assets” of ¥(6) million.

(Segment information, etc.)

(1) General information

The Group's housing-related 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)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Amount	Ratio (%)	Amount	Ratio (%)
Loan execution operations	8,829	39.1	7,503	36.8
Financing operations	6,260	27.7	4,542	22.3
Loan management and collection operations	3,065	13.6	3,132	15.4
Insurance-related operations	3,220	14.2	3,452	16.9
Other operations	1,224	5.4	1,774	8.7
Total	22,601	100.0	20,405	100.0

(Business Combinations)

The Company implemented a share exchange with SBI Estate Finance Co., Ltd. ("SBI Estate Finance"), which is a wholly-owned subsidiary of the Company's parent SBI Nonbank Holdings Co., Ltd. ("SBI Nonbank Holdings"), with the effective date of December 1, 2023, as a result of which the Company will be the wholly-owning parent company and SBI Estate Finance will be a wholly-owned subsidiary (the "Share Exchange"). The outline of the Share Exchange is as follows.

- (1) Name and description of the company that became a wholly-owned subsidiary in the Share Exchange  
Company name: SBI Estate Finance  
Description of business: Money lending, guarantees, sale, purchase, and lease of real estate, and intermediation of the foregoing
- (2) Effective date of share exchange  
December 1, 2023
- (3) Shares and number of shares acquired through the share exchange  
Common stock of SBI Estate Finance Co., Ltd., 2,235 shares
- (4) Method of payment acquisition  
Share exchange
- (5) Purpose of business combination  
In order to work with swift and decisive action to further expand our business amid rapid changes in the market environment and intensifying competition in the housing-related industry, the Company has made SBI Estate Finance a wholly-owned subsidiary. This move is aimed at attracting customers through addressing their needs by leveraging the functions and services possessed by SBI Estate Finance. Additionally, it aims to diversify our sources of revenue by incorporating business revenues from real estate collateralized loans, real estate leaseback, and rent guarantee conducted by SBI Estate Finance and its subsidiaries.
- (6) Method of the Share Exchange, details of share allotment in the Share Exchange, amounts of assets acquired and liabilities assumed as of the effective date of the Share Exchange

(i) Method of the Share Exchange

A share exchange in which the Company becomes the wholly-owning parent company and SBI Estate Finance becomes a wholly-owned subsidiary. New common stock of the Company was issued and allotted to SBI Nonbank Holdings, the shareholders of SBI Estate Finance, as consideration for the Share Exchange.

(ii) Details of share allotment in the Share Exchange

	The Company (Company to be wholly-owning parent through the Share Exchange)	SBI Estate Finance (Company to be wholly-owned subsidiary through the Share Exchange)
Share allotment ratio in the Share Exchange	1	3,862
Number of shares to be delivered in the share exchange	The Company's common stock: 8,631,570 shares	

(iii) Calculation method for the share exchange ratio

The Company repeatedly held deliberate discussions on a potential share exchange ratio with SBI Estate Finance with reference to the calculation result from an independent third-party calculation agent and by taking into account all relevant factors, including the following: the financial and asset statuses of the Company and SBI Estate Finance and future outlook of their business activities; a written opinion obtained from a special committee comprising members who do not have any interest in SBI Estate Finance or SBI Nonbank Holdings; and legal advice from a legal advisor. As a result, the Company ultimately decided that the Share Exchange ratio is within the scope of the share exchange ratio calculated by the independent third-party calculation agent and would not be disadvantageous to the Company's shareholders.

*(Per share information)*

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net income attributable to owners of the parent (Millions of yen)	2,821	1,517
Net income adjustment (Millions of yen)	–	–
Net income used to calculate diluted earnings per share (Millions of yen)	2,821	1,517
Weighted average number of ordinary shares (Shares)	35,426,041	38,483,240
Increase in the number of ordinary shares (Shares)		
Share options (Shares)	107,289	64,607
Weighted average number of ordinary shares after dilution (Shares)	35,533,330	38,547,847
Basic earnings per share (Yen)	79.64	39.43
Diluted earnings per share (Yen)	79.40	39.36

*(Significant events after reporting period)*

Not applicable.