



### Forward to the Next Stage “Rapidly Progressing to a New Stage with an Eye on the Next Era”

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The SBI Group was established in 1999 as a pioneer of Internet-based financial services in Japan. In order to demonstrate its competitive advantage in the age of the Internet, the SBI Group believes it necessary to build a business ecosystem – a new organizational structure that realizes high growth potential through synergies and co-evolution that a single company alone cannot achieve – and has built an Internet financial ecosystem centered on the Financial Services Business sector. In addition to this segment, the Group has also built up its Asset Management Business since the beginning that primarily invests in venture companies. With the development and sales of pharmaceuticals, health foods, and cosmetics, the SBI Group has also entered the Biotechnology, Healthcare & Medical Informatics Business.

We have achieved dramatic growth around these three major businesses by establishing a process of “self-denial, self-transformation, and self-evolution” to constantly evolve and keep up with the times. In the fiscal year ended March 31, 2021 (FY2020), we reached a milestone with profits before income tax expense of over ¥100 billion.

The SBI Group is gearing up to establish a new business ecosystem in the digital world (digital asset space) and to realize dramatic growth in the Fintech 2.0 era. With an accurate understanding of current trends in the rapidly changing digital world, the SBI Group targets to achieve sustained growth in corporate value.

# The SBI Group—Growth through an Accurate Understanding of Current Trends

## Strategy Is Everything

For year ended March 31, 2021, the effects of the COVID-19 pandemic that took hold at the end of the previous fiscal year continued to be widely felt. Nevertheless, all figures for the SBI Group, such as revenue (sales), profit before income tax expense, and profit for the year attributable to owners of the Company, reached record highs since the Company's inception, with profit before income tax expense well over ¥100 billion. This success can only be attributed to the SBI Group's strategy accurately understanding current trends.

I am strongly aware of the difference between "strategy" and "tactics." "Strategy" is defined as a long-term path for an organization to move forward, while "tactics" are the detailed concrete measures and plans for realizing the strategy. Tactics (methodologies) come in many different shapes and forms, so even when a mistake is made, it can always be rectified. But strategies should never be wrong. The success or failure of a strategy depends on changing times, that is, how accurately current trends can be understood.

I founded the SBI Group in 1999. At that time, the Internet was on the rise in the United States, but it had not yet really been adopted by Japan. When I read a report written by an analyst in charge of the Internet-related industry at Morgan Stanley, I was convinced the Internet would be a perfect fit for the information industry of finance. I founded the SBI Group based on developing various customer-centric financial services businesses on the Internet, providing those services cheaper than others to consumers and investors, and contributing to society; but more than anything, this was a business founded on the cusp of the big trends of the times – the Internet revolution<sup>①</sup> and the Financial Big Bang in Japan<sup>②</sup>.

## Further Evolution towards a Next Generation Financial Institution

As mentioned above, the SBI Group has grown by capturing the major trends of the "Internet Revolution" and "Financial Big Bang in Japan." Today, we are in a period of transition from analog to digital, and the fundamentals of business are changing dramatically at tremendous speed. Fintech technology (Fintech 1.0), which traditionally grew and expanded based on the Internet and the World Wide Web (WWW), is now in the "Fintech 1.5" stage, which utilizes blockchains<sup>③</sup> and apps. The future will evolve into the digital asset space as the world of "Fintech 2.0" expands dramatically, where blockchains will not necessarily require the Web.

Traditional monetary functions provided by centralized systems such as financial institutions and exchanges are about to move into a new era where mainstream transactions are made through DeFi<sup>④</sup>, provided by a blockchain without the need for human resources or organizations. These types of transactions have already become partially realized with, for example, Ethereum<sup>⑤</sup>-based services that allow individuals to lend and borrow crypto assets without screening, and non-fungible tokens (NFTs)<sup>⑥</sup> that use blockchain and distributed ledger technology (DLT)<sup>⑦</sup> to certify the uniqueness (authenticity) of digital art, games, etc. Interest in central bank digital currencies (CBDCs)<sup>⑧</sup> is also gaining pace day by day around the world. Research and studies are currently underway in countries such as the United States, China, Canada, Sweden, and in the EU, with pilot projects taking place in some of these places. With respect to these new technologies and solutions, the SBI Group established the SBI Financial and Economic Research Institute in April 2021 and has started research, studies, and policy proposals in the field of digital assets.

With the expansion of decentralized financial services, we believe that we are entering an era in which financial institutions will demonstrate their value by providing platforms. To capture this major change and to achieve dramatic growth, we must renew our ambitions and work on this as our second founding phase. We must always look ahead five years, ten years, and beyond, and exhaustively consider how the environment surrounding the SBI Group will change and what we must do to achieve sustainable development, then implement various measures.

If we were to simply rest on our laurels just because we had after a single success, we would soon get stuck in the fast-changing world of today. In the words of Confucius, "Study without thought is a waste. Thought without study is dangerous," the quote asserts that even when we learn, if we do not

## Keywords

### ① Internet revolution

With the rapid diffusion of the Internet, information has become readily accessible to everyone, and has shifted sovereignty to consumers and transformed financial services.

### ② The Financial Big Bang in Japan

This is the collective term for major financial system reforms implemented by the government between 1996 and 2001. Changes included the total liberalization of stock trading commissions, and approval for the establishment of financial holding companies.

### ③ Blockchain

Blockchain is a type of distributed ledger technology that uses encryption in which blocks of encrypted information are connected in chronological order, or a chain, making it impossible to alter the data already in the sequence. A major feature of blockchain is its secure data structure which makes it highly resistant to falsification and deletion, because any attempt to alter past information will create a discrepancy in a matching information between blocks that are connected back and forth. Originally developed as the basic technology for the public transaction ledger of the crypto asset Bitcoin, it is now being used not only in financial transactions but also in many fields such as in real estate, distribution, and in medical care.

### ④ DeFi

➔ See page 111

### ⑤ Ethereum

Ethereum is a decentralized public ledger, developed by the Ethereum Foundation among many others, for verifying and recording transactions. Ether is the crypto asset generated by the Ethereum protocol as a reward to miners for processing new transactions and creating new blocks on the blockchain. A range of decentralized applications can be used on the Ethereum platform. The ticker symbol for Ether is ETH.

## Keywords

## ⑥ Non-Fungible Token (NFT)

NFT, an acronym for Non-Fungible Token, is a mechanism to prove the uniqueness of digital content using blockchain, DLT and other technologies. Digital content such as digital art and in-game items are easy to replicate, making it difficult to express uniqueness. However, by linking the information with tokens (NFTs) that prove originality and ownership and are difficult to manipulate, it becomes possible to trade them as assets with scarcity.

## ⑦ Distributed Ledger Technology (DLT)

DLT is a system in which participants in a network maintain the same database as a whole while mutually surveilling each other's transaction records. Each participant updates its own distributed ledger in response to changes and updates that occur in the network. Because there is no one point of failure, DLT has advantages over conventional centralized networks that manage all transaction records in a central system, such as superior security and convenience, and low cost management. Blockchain is one example that utilizes the distributed ledger technology.

## ⑧ CBDC

➡ See page 111

think for ourselves, we will fall into a state of uncertainty, and if we only reflect without learning, then we will go wrong. Leaders of organizations need to constantly learn and think so as not to misunderstand the trends of the times. I believe that further growth can be achieved by daily advancing new ideas and business initiatives through the process of “self-denial, self-transformation, and self-evolution.”

## Management Strategy for Sustainable Growth on a New Stage

### Establishment of New Medium-Term Vision and Four Key Measures

As mentioned above, in order to make further progress as we transition from Fintech 1.5 to Fintech 2.0 era, we must create a new business ecosystem in line with the digital asset space. The next three to five years is the preparatory stage for the creation of such an ecosystem. We have established a new medium-term vision for this transitional period, starting from FY2021, taking into account the status of achievements of the previous vision set forth in April 2018 (see page 23) and changes in the business environment surrounding the Group. To realize this new medium-term vision, we will work on the following four key measures (see page 12).

#### The SBI Group's New Medium-Term Vision (3-5 years from April 2021)

**Endeavor to achieve more than ¥300 billion in consolidated profit before income tax expense during this period by exhaustively pursuing synergies between alliance partners and companies within the Group for both existing and new businesses\*. The new businesses will be developed so that the total amount of profit before income tax expense for new businesses accounts for around 20% of consolidated profit before income tax expense.**

\* Any business that utilizes innovative technologies such as those related to crypto assets or blockchain, or any business that has become part of the Group through M&A since April 2018.

**Strive not only for organic growth in every Group business, but also strive to grow through M&A, etc., thereby consistently maintaining an ROE of 10% or more.**

#### Key Measures to Realize the New Medium-Term Vision

1. Thoroughly develop an “Open Alliance” strategy with every Group company to build an ecosystem that efficiently creates synergies with partners that have large customer bases.
2. Actively invest in venture companies with innovative technologies that develop new business frontiers, and to adopt these new technologies within the SBI Group so that the technology is diffused to alliance partners, resulting in maximized synergy that is organically integrated through technology.
3. Enter the digital finance space aggressively and multi-directionally to expand new business. Also promote global expansion in the space, based on the policy of integrating internal and external operations.
4. Expand assets under management by the Group from the current level of ¥4.4 trillion to exceed ¥10 trillion.

### 1. Build a More Expansive Ecosystem through the “Open Alliance” Strategy

The first key measure is the thorough implementation of the “Open Alliance” strategy. As of today, growth will be limited by only using only the Group's own assets. By extensively expanding alliances regardless of industry or business, we will establish a customer base of the Group on a scale that cannot be achieved by a single company.

#### Neo-securities Initiatives

In the securities-related business, the SBI Group endeavors to expand its customer base by embodying the Neo-securities initiatives and seeks to spread synergies throughout the SBI Group while making efficient use of big data. Based on our vision of the next generation of the securities business, we will attempt to have the Neo-securities initiatives release investors of some of the costs currently borne by them, such as online trading fees on Japanese equities. To realize the Neo-securities initiatives, building a business foundation that does not depend upon equity trading commissions is essential. As a result of promoting various efforts, which includes M&A, to strengthen profitability and diver-

sify revenue sources, we now see a certain success in ensuring our profit level is compatible with these Neo-securities initiatives. We have therefore gradually introduced measures that have minimal impact on profits, including making commissions on domestic equity transactions effectively free of charge from April 2021 for those aged 25 or under in a bid to accelerate our drive to expand the younger customer base.

## Neo-bank Initiatives

In the Banking sector, the SBI Group has been promoting its Neo-bank initiatives through alliances with companies in various industries and fields, building a foundation for efficient synergies for the entire Group, as in the Securities business. The Neo-bank initiatives are the structure to provide external partners with various banking functions, such as deposits, loans, and foreign exchange, behind the scenes. The Neo-bank initiatives that SBI Sumishin Net Bank promotes have already moved into full-fledged deployment, launching services such as “JAL NEOBANK<sup>9</sup>” a banking service exclusively for JAL Mileage Bank members, and “T NEOBANK<sup>10</sup>” a banking service for T-Point members. We plan to launch more services with a range of several different partners in the future.

## Contributing to Regional Revitalization

Regional revitalization<sup>11</sup>, which the SBI Group has been working on for some time, will be promoted through alliances and collaborations not only with regional financial institutions but also with various partners. For example, Regional Revitalization Partners was set up jointly with multiple partner companies with the same aspirations to promote plans and strategies for the purposes of achieving regional revitalization. By involving various partners connected with the company and approaching all of the four economic entities including residents, local industries, local governments, and regional financial institutions, the organization endeavors to directly contribute to the revitalization of local economies. Two companies have also been established, SBI Regional Revitalization Services and SBI Regional Revitalization Investment and Loan, as entities that provide a range of functions contributing to regional revitalization. SBI Regional Revitalization Services will promote various concrete initiatives related to such actions as the development and provision of a common system for regional financial institutions, revitalization of local industries, and the creation of new profit opportunities. SBI Regional Revitalization Investment and Loan will not only be responsible for investing in and financing venture companies that contribute to regional revitalization, but will further enhance SBI Group's asset management functions and offer them to regional financial institutions.

In addition to such wholistic approaches towards local economies, we will continue to focus on offering support to regional financial institutions to help them improve their profitability. As of end of June 2021, SBI Regional Bank Holdings, a holding company wholly owned by the SBI Group, has entered into strategic capital and business alliances with eight banks, including The Shimane Bank, The Fukushima Bank, THE CHIKUHO BANK, The Shimizu Bank, THE TOWA BANK, Jimoto Holdings (Kirayaka Bank and THE SENDAI BANK), and Tsukuba Bank. These investments into regional financial institutions do not seek a reorganization, but instead, offer SBI Regional Bank Holdings' full support for a qualitative transformation through self-transformation and self-evolution. The most important point in making these alliances is whether the financial institution itself has a strong desire to change. Considering the Group's management resources, we expect to have strategic capital and business alliances with as many as 10 banks with the remaining two to be decided in FY2021.

## Efforts to Realize the Concept of an International Financial Center as Part of the Regional Revitalization Strategy

As part of the regional revitalization strategy, the SBI Group is working to realize the concept of creating a next generation international financial center in the Osaka-Kobe area. An alternative international financial center<sup>12</sup> to Hong Kong in Asia is being sought now that investors and asset managers in Hong Kong have begun to seek a new base due to the changing geopolitical situation in Asia, such as concerns of the collapse of the “one country, two systems” in Hong Kong. One of the objectives of the SBI Group's efforts is to avoid over-concentration in Tokyo, but these efforts are also intended to revitalize the economy in the areas west of Kansai.

To realize this concept, in addition to establishing SBI Holdings Osaka Headquarters in Osaka City

## Keywords

### <sup>9</sup>JAL NEOBANK

An online banking service exclusively for JAL Mileage Bank (JMB) members, utilizing cutting-edge IT technology of SBI Sumishin Net Bank. As well as the basic banking functions of payments and loans, JAL NEOBANK offers various other services including bank transfers and foreign currency deposits. Various functions can be completed within the app, and miles can be earned by using some of the services, making it a highly attractive banking service for JMB members.

### <sup>10</sup>T NEOBANK

An online banking service exclusively for T-Point members, utilizing cutting-edge IT technology of SBI Sumishin Net Bank. By opening a dedicated account, T-Point members can utilize a range of banking functions such as making deposits and transfers on the app. Accumulated T-Points can also be used to purchase foreign currencies and to make bets with various publicly managed sports gambling groups such as JRA, Auto Race, and Boat Race, making T NEOBANK a highly attractive banking service for T-Point members.

### <sup>11</sup>Regional revitalization

➡ See page 111

### <sup>12</sup>International Financial Center

A international financial center is a city or region which plays a pivotal role as a hub for international financial trade and investment. Typical examples include New York and London which handle a high concentration of funds from all over the world. In Japan, the Tokyo Metropolitan Government has set out measures to attract foreign companies as a key part of its growth strategy to improve its bid as a possible international financial center.



## Keywords

## 13 PTS

See page 48

## 14 Security Token (ST)

See page 111

## 15 Global Financial City OSAKA Promotion Committee

Established by bringing together various stakeholders such as local governments, economic organizations, securities companies, and banks including foreign-owned banks, to promote Osaka as an international financial city that leverages its strengths and potential in the public and private sectors. A number of people and entities from the SBI Group participate as observers as committee members and affiliated organizations. There are plans in the fall of 2021 to formulate the details of the proposed global financial city and summarize the requests for the national government, such as the establishment of a “special international financial zone” that allows for preferential tax treatment and a relaxation of the rules for foreign nationals to reside.

## 16 Osaka Dojima Exchange, Inc.

The Osaka Dojima Exchange, Inc. is currently Japan's only rice futures market which dates back to it being “the Osaka Dojima Rice Exchange,” the world's first futures exchange opened in the Edo period. The Exchange was established in 1952 with the purpose of rebuilding the prewar Dojima Rice Exchange, which since then has played an important role in the economy of the Kansai region as a commodity exchange for trading grains. The Osaka Dojima Exchange became an incorporated company in April 2021. It is scheduled to change its name from “Osaka Dojima Commodity Exchange” to “Osaka Dojima Exchange” in summer with its target to become a comprehensive exchange in the future.

## 17 Regional currencies and premium digital vouchers

A means of payment limited to local areas that is issued electronically using technologies such as blockchain and DLT. Users can easily apply for the currencies and vouchers, and make purchases and payments on a smartphone app, while issuers and affiliated stores also have the advantage of streamlining the payment process. These currencies and vouchers are expected to help revitalize regional economies and improve convenience for users as it avoids congestion at cash registers in the post-pandemic age.

in the summer of 2021, the SBI Group established the Osaka Digital Exchange (ODX) in April 2021 as the third proprietary trading system (PTS)<sup>13</sup> company operating in Japan. In addition to traditional equities, the ODX will start handling security tokens<sup>14</sup>, a next generation of financial products, from 2023, which will help develop the market for these tokens. Moreover, the SBI Group is deepening its ties with external companies and organizations. One example of this is the Group's participation in the “Global Financial City OSAKA Promotion Committee<sup>15</sup>,” established by bringing together the collective strengths of the public and private sectors such as local governments, economic organizations, securities companies, and banks, including foreign-owned banks. Another example is the Group's support for the formation of a global integrated exchange for the Osaka Dojima Exchange, Inc.\*<sup>16</sup> The SBI Group is a shareholder in the Osaka Dojima Exchange, which descended from the world's first futures exchange, the Dojima Rice Exchange.

Furthermore, the Group will create a concentration of fintech companies in the Osaka-Kobe area that seeks to attract fintech ventures and many financial, IT, and other related service providers, thus implementing initiatives that will contribute to the revitalization of regional economies west of Kansai.

\* The Osaka Dojima Commodity Exchange Inc. is scheduled to change its name to Osaka Dojima Exchange, Inc. in the summer of 2021 upon approval from the Ministry of Agriculture, Forestry and Fisheries. Therefore, the new name is used in this annual report.

## 2. Strive to Maximize Synergies Through Aggressive Investment in Venture Companies with Innovative Technologies, Adopting These Technologies within the SBI Group, and Diffusing with Alliance Partners

The second key measure is the active introduction of new technologies and maximizing synergies with such technologies. The SBI Group's basic strategy for startup investment is given by the three processes of “investment, adoption, and diffusion.” The Group has promoted sustainable business expansion in response to technological advances by first investing in promising venture companies, then adopting, utilizing, and evaluating the technology of these companies within the SBI Group, followed by the diffusion of these technologies not only within the Group but also across partner companies. As a specific example, in 2017, we invested in R3, a U.S.-based fintech company with strengths in distributed ledger technology (DLT) platforms specializing in business-to-business transactions. After the investment, the company's DLT was adopted by SBI Group companies, including the development of foreign exchange confirmation system for SBI FXTRADE and the platform for SBI Traceability. Moreover, the company's DLT technology is also utilized in regional currencies and premium vouchers<sup>17</sup> issued and managed by the SBI Group in collaboration with regional financial institutions. By diffusing and rolling out the technologies and expertise of investee companies to alliance partners in this way, we build a win-win relationship that goes beyond the confines of investment and support. Encouraging more consumers and businesses to use unprecedented services is also an initiative that helps promote change in society.

## 3. Enter the Digital Finance Space Aggressively and Multi-directionally to Expand New Businesses and Develop Globally

The third key measure is to enter the digital finance field on many different fronts to expand new business and to develop globally. As mentioned previously, Fintech 1.0, SBI's term for financial technology (Fintech) that traditionally grew and expanded based on the Internet and the worldwide web, is now at the stage of “Fintech 1.5,” that leverage a variety of elemental technologies such as AI, big data, blockchains etc. on the web. We will undoubtedly see the world of Fintech 2.0 expand dramatically in the future, with blockchain technology at its core and not necessarily requiring the Web. Therefore, we want to organically combine the Internet-based financial ecosystem cultivated by the SBI Group with these new technologies to build a new digital financial ecosystem.

For example, in the case of security tokens, we are making efforts to develop healthy primary and secondary markets for security tokens in Japan through the establishment of a self-regulatory organization and through the establishment of the Osaka Digital Exchange, with plans for it operate a PTS that handles security tokens. In addition, we are working to build a global secondary market in collaboration with overseas exchanges in which the SBI Group invests and partners.

#### 4. Expand the Group's Assets Under Management

The fourth key measure is to also expand the assets under management by the Group to over ¥10 trillion by March 2026.

The key measures introduced here are not independent from each other. For example, the Osaka Digital Exchange is one of the core organizations that play a vital role in the idea of the International Financial Center, promoted for its part in regional revitalization; but the exchange will also be a base in Japan within a global corridor of exchanges listing security tokens. Furthermore, as the SBI Group invests in venture companies with innovative technologies and diffuses these technologies towards regional financial institutions who are alliance partners, this in turn will lead to greater profitability for the regional financial institutions, resulting in regional revitalization. All of these strategies lead to further growth for the next stage as set out by the SBI Group in its new medium-term vision.

#### Keywords

**18 Customer-centric Principle**  
➔ See page 2

### A Company that Grows Sustainably with Society

#### A Ubiquitous Management Philosophy to Support the Growth of the SBI Group

For a company to achieve sustainable growth, a growth strategy must keep up with the times as well as be implemented with appropriate tactics. At the same time, it is important to have the corporate missions that supports the strategy. In recent years, there has been increasing focus, interest, and expectations from society for businesses to be more aware of environmental, social, and governance (ESG) issues, such as those of the Sustainable Development Goals (SDGs). Since its founding, the SBI Group has conducted activities that benefit a wide range of stakeholders, including consumers and society, committed to its “Customer-centric Principle<sup>18</sup>” and to the idea that public benefit leads to private benefit. Consequently, the Group has evolved implementing these ideas in the knowledge that such activities are also for the Company's benefit. These ideas and actions are in line with the ESG management approach so prevalent in recent years.

Adhering to the “Customer-centric Principle” means the whole Group entirely focuses on the customers and consumers, considering customer demands and what is more can be provided for the benefit of customers. It is all about making continued efforts to meet the expectations of our customers. This is all within the backdrop of the dramatic changes in society and the economy brought about by the advent of the Internet. Before the Internet, customers and consumers chose products and services based on information provided by companies and manufacturers. However, with the emer-



gence of the Internet, customers and consumers have become able to access large amounts of information freely and instantaneously, meaning we are now in an era where they can make better choices based on such information. In this Internet age where consumers and investors are in control, it is crucially important to adhere to the “Customer-centric Principle.”

Moreover, the idea that public benefit leads to private benefit means that public benefit must always be at the forefront in corporate activities, and that doing so leads to private benefit, or in other words, to the benefit of the company. Eiichi Shibusawa, widely known today as the father of Japanese capitalism, said, “Don’t create a company that is of no benefit to people. Create a company that benefits the people, and it will surely prosper.” Indeed, there may be some companies that do well in the short term with only temporary gains, but a business cannot fundamentally survive in the long term unless it is a business with virtue. I believe, in the long run, only those companies that work for the public good can be sustainable companies.

### **Human Resources Are the Source of Further Growth**

The SBI Group’s philosophies of the “Customer-centric Principle” and “public benefit leads to private benefit” are also reflected in the Group’s mechanism for improving corporate value. By prioritizing the “Customer-centric Principle,” we expand customer value that leads to the improvement of business performance, which in turn enhances shareholder value and allows us to attract talented individuals. This then contributes to the improvement of human capital value and leads to better products and services, further increasing customer value.

To make such an approach take root across the whole Group, we are working to spread the philosophy and ideas not only to new graduate employees, but also to mid-career hires, who account for more than 90% of all employees, and to those employees who have joined the Company through M&A and other channels. This is a key driver that will lead to the growth of the Group.

Regarding human resources, I believe it will become increasingly important as a challenge for the whole Group to secure the best human resources to support our rapidly expanding business and to continuously improve our human resources by developing their abilities. Therefore, we are widely promoting employee diversity and inclusion, further strengthening our recruitment drive to find the best, most experienced talent, regardless of gender, nationality, race, etc., who resonate with the SBI Group’s management philosophy.

As well as hiring mid-career employees, we continue to hire new graduates to foster in them our own corporate culture to ensure they stay with us for years to come. We have been hiring new graduates since April 2006. They are already playing active roles in each of their important positions as potential executive candidates who will lead the future of this rapidly expanding corporate group. Going forward, we will work for the sustainable growth and development of the SBI Group by encouraging career development within our employees and securing more talented and global human resources. To further strengthen the management level, we have recently welcomed two new independent outside directors.

### **Without Society, Companies Cannot Thrive; Without Companies, Society Cannot Thrive**

Without society, companies cannot thrive, and without companies, society cannot thrive. In other words, I believe a company is a component of society and can survive because it belongs to society. That is why companies should always strive to maintain and develop society. Perhaps the current source of sustainability is in the same place. In the coming era when value will be shaped by the Internet, and particularly by digital and crypto assets that have no shape or form, we will no doubt need to make more judgments than ever before based on sound ethical values.

The SBI Group has advocated the idea of having sound ethical values as the first of its five corporate missions. This is because ethical values are the most important thing when it comes to working in the financial industry. Although related to public benefit as mentioned before, we must undertake judgments on actions based not on whether they conform to the law or profit the Company, but, whether they are socially equitable. Going forward, we will strive to become a corporate group that continues to grow sustainably with society. This we will do by contributing to the maintenance and development of society with our efforts to resolve social issues through our core business in various ways.

## Components of Enhanced Corporate Value

### Customer Value

Customer value is the value a company provides to its customers, and the primary value of goods and services provided by the SBI Group. Since its founding, the SBI Group has advocated the "Customer-centric principle" and has provided outstanding price competitiveness for products and services in the Financial Services Businesses such as in the securities, banking, and insurance businesses using the Internet. Currently, we are working to increase customer value by developing products and services that utilize advanced and innovative technologies such as AI and blockchain, promoting digital asset-related businesses such as crypto asset exchanges to develop new financial services.

### Shareholder Value

The SBI Group considers shareholder value to be the total present value of free cash flows expected to be received by shareholders and creditors in the future. We monitor return on equity (ROE) as one of the key business indicators associated with increasing shareholder value and are committed to maintaining a level of 10% or higher. On the other hand, from the perspective of sound growth of the Company as a going concern, management focusing solely on ROE will only achieve short-term growth. Therefore, the SBI Group will not only return to shareholders profits and cash generated through improved business performance owing to an increase in customer value, but will also allocate them in a well-balanced manner for investment for further future growth and increased shareholder value.

### Human Capital Value

The SBI Group considers people to be a source of competitiveness and differentiation and has continuously recruited employees to secure a large number of talented individuals both domestically and abroad. The SBI Group is also engaged in educational training through SBI Graduate University, which the SBI Group fully supports, and endeavors to select young qualified employees for officer positions, as well as to promote women to managerial positions. We have also been focused on developing human resources by conducting evaluations based on their abilities, regardless of nationality, ethnicity, age, gender etc. In addition, we have created a work environment that is conducive to employees and have raised employee engagement by giving consideration to maintaining and improving the health of employees and supporting their desired career development.

### Mechanism to Enhance Corporate Value

