

## Financial Services Business



## Consumers and Investors Are Increasingly Preferring Online Engagement Due to Adoption of New Lifestyles

### The Environment Surrounding Financial Services Business

Online preferences of consumers and investors have increased as digital transformation (DX) progresses and as traditional ways of life have changed due to the COVID-19 pandemic. This has become a tailwind to the SBI Group's Financial Services Business. Looking ahead, greater growth opportunities are anticipated in contactless forms of businesses, such as online finance and payment systems.

#### Principal Companies

|                               |  |
|-------------------------------|--|
| SBI SECURITIES                | SBI Insurance Group<br>(insurance holding company) |
| SBI Liquidity Market (SBI LM) | SBI Insurance                                      |
| SBI FXTRADE (SBI FXT)         | SBI Life Insurance                                 |
| SBI VC Trade                  | SBI IKI IKI SSI                                    |
| SBI MONEY PLAZA               | SBI Nihon SSI                                      |
| SBI NEOMOBILE SECURITIES      | SBI Resta SSI                                      |
| SBI Neotrade Securities*      | SBI PRISM SSI                                      |
| Rheos Capital Works           | JOGUCHI SAFETY SSI                                 |
| SBI Benefit Systems           | SBI FinTech Solutions                              |
| SBI BITS                      | SBI Remit  |
| Japannext                     | SBI Business Solutions                             |
| Osaka Digital Exchange        | SBI Ripple Asia                                    |
| SBI Sumishin Net Bank         | Money Tap  |
| SBI FINANCIAL SERVICES        | B2C2   |
| SBI NEO FINANCIAL SERVICES    |  |

\*Formerly, livestar Securities

#### Principal Initiatives and Priority Measures in FY2020

##### > Securities-related Business

- Trading revenue recorded an all-time high owing to the synergistic effects of the entire SBI Group, including strengthened FX business and increases in trading revenue related to crypto assets and the sale of foreign bonds.
- Four companies were acquired through M&A as an initiative to diversify revenue sources to realize Neo-securities initiatives (concept of commission-free trade for domestic online transaction).
- Effectively eliminated commissions for those 25 and under to capture a greater share of younger customers, from April 2021.
- Strengthened stock and bond underwriting, maintained the top position in the industry in terms of IPO underwriting share, and recorded high of 15 lead managed underwritings.

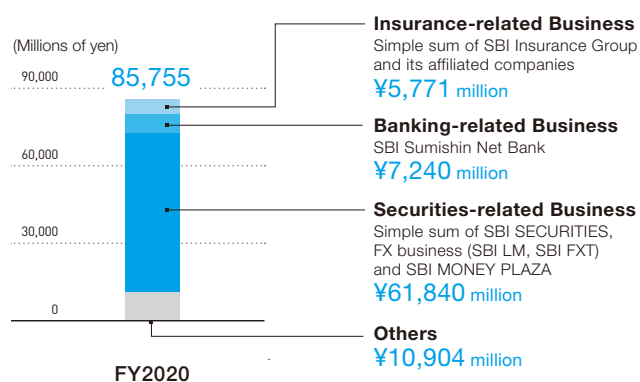
##### > Banking-related Business

- As the second part of the Neo-bank initiatives, T-Money launched a banking service for T-Point members called "T NEOBANK" in March 2021.
- Began selling housing loans as a new agent for banks, including THE SENDAI BANK and The Fukushima Bank, and three companies, including Anabuki Insurance and LIXIL Housing Research Institute.
- Developed a new consortium-type AI screening model to provide AI screening services for transactional lending.

##### > Insurance-related Business

- Through the acquisition of JOGUCHI SAFETY SSI in September 2020, a total of more than 2.3 million in-force contracts for all SBI Insurance Group companies.
- In January 2021, The Shimane Bank and SBI Life Insurance became founding members and jointly established the General Incorporated Association Zenkoku Danshin Suishin Kyokai. Began providing a joint scheme of group credit life insurance to financial institutions that transcends the boundaries of business categories and regions.

### FY2020 Profit before Income Tax Expense of the Major Businesses by Business Area (Based on IFRSs)



## Asset Management Business



# The Venture Capital Business Contributed to Strong Performance as Certain Managed Funds Moved into the Harvest Phase

## The Environment Surrounding Asset Management Business

With stock markets around the world seeing contrasting performance due to the spread of COVID-19, greater attention is being placed on the development of cutting-edge technologies, driven by the momentum for developing remote work environments and promoting DX. The SBI Group is establishing financial subsidiaries in regions such as Southeast Asia and Europe, where future growth is anticipated, and will endeavor to further expand profits of overseas businesses, to diversify various risks, including country risk, by establishing funds with prominent overseas partners.

### Principal Companies

|   |  |
|---|--|
| SBI Investment                                | SBI SAVINGS BANK                             |
| SBI FinTech Incubation                        | SBI Investment KOREA                         |
| SBI VEN CAPITAL                               | SBI Royal Securities                         |
| SBI Hong Kong Holdings                        | SBI Thai Online Securities                   |
| SBI (China)                                   | SBI Bank                                     |
| SBI & TH (Beijing) Venture Capital Management | PT BNI SEKURITAS                             |
| SBI Ventures Malaysia                         | SBI LY HOUR BANK                             |
| SBI GLOBAL ASSET MANAGEMENT                   | SBI Regional Revitalization Asset Management |
| Morningstar Japan                             | SBI Regional Bank Holdings                   |
| SBI Asset Management                          | SBI Estate Finance                           |
| Carret Asset Management                       |  |
| SBI Bond Investment Management                |  |

### Principal Initiatives and Priority Measures in FY2020

#### > Venture Capital Business

- IPOs of the investee companies from major funds began to appear one after another and contributed to strong performance. In FY2020, 19 companies were taken public under an IPO and 3 companies were subject to M&A. Fintech and AI-related companies experienced substantial growth, including Cacco Inc., KOKOPELLI Inc. Kaizen Platform, Inc. and WealthNavi Inc.
- Commenced full-fledged investments of "SBI 4+5 Fund" (Official name: SBI 4&5Investment Limited Partnership, SBI 4&5 Investment Limited Partnership No.2), with funds on the scale of ¥100 billion, from April 2021, making it one of the largest venture funds in Japan\* and which primarily targets investments in 5G, IoT, and big data contributing to "Society 5.0 for SDGs."
- The CVC (Corporate Venture Capital) Fund, which started operation in 2016, has steadily accumulated committed investments and total committed amount to reach ¥100 billion.

\* As of April 2021, according to the Company's research

#### > Overseas Financial Services Business

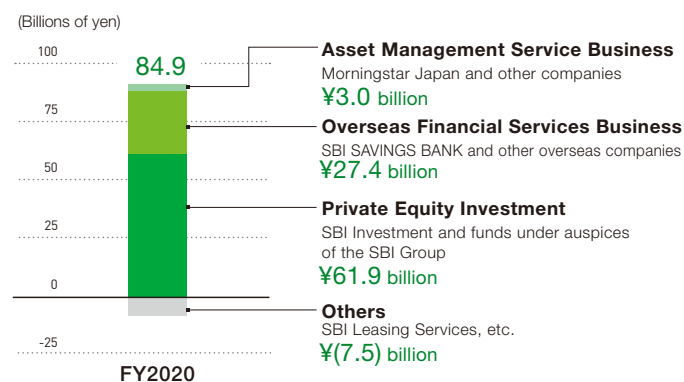
- SBI SAVINGS BANK in South Korea recorded historical high profit as it steadily expanded its basic revenues while keeping expenses in line with the expansion of its high-quality assets, contributing as a stable source of profit for the Asset Management Business.
- Overseas financial subsidiaries such as SBI Bank in Russia, which became a wholly-owned subsidiary from August 2017, SBI Thai Online Securities, the first dedicated Internet securities brokerage company in Thailand, and SBI LY HOUR BANK in Cambodia, turned a profit in FY2020, contributing to strong earnings performance.

#### > Asset Management Service Business

- Total assets under management of SBI Bond Investment Management (co-founded with PIMCO of the U.S., one of the world's largest bond investors) and SBI Regional Revitalization Asset Management, which is co-invested by 39 regional financial institutions, exceeded ¥2.0 trillion as of July, 2021.
- SBI Asset Management Group's net asset inflow from privately placed investment trusts reached ¥1.1 trillion (April 2020 to March 31, 2021) and ranked fourth among all 89 asset management companies.
- "SBI-V·S&P500 Index·Fund", established jointly with Vanguard of the U.S., one of the world's largest investment managers, broke through ¥250 billion in net asset balance on July 6, 2021.

\* Change of name from "SBI-Vanguard·S&P500 Index·Fund" as of June 15 2021

## FY2020 Profit (Loss) before Income Tax Expense of the Major Businesses by Business Area (Based on IFRSs)



## Biotechnology, Healthcare & Medical Informatics Business



## Promoted Selection and Concentration of Business Based on Advancements in Research and Development

### The Environment Surrounding Biotechnology, Healthcare & Medical Informatics Business

Amid growing awareness toward health following the spread of the COVID-19 virus, the SBI Group is accelerating the development of new foods with function claims using 5-ALA. In addition, the SBI Group considers the medical informatics field to be a new pillar of future business growth because of the low degree of accuracy of medical statistical data as well as the need for the digitalization of medical data and utilization of big data.

#### Principal Companies

SBI ALApharma  
SBI Biotech  
Quark Pharmaceuticals ("Quark")  
SBI Pharmaceuticals  
SBI ALApromo  
photonamic  
NX Development Corp.  
SBI ALApharma Canada  
Photonics Healthcare  
Medical Data Vision

#### Full-year Profit (Loss) before Income Tax Expense of the Biotechnology, Healthcare & Medical Informatics Business (Based on IFRSs)

(Millions of yen)

|   | FY2019  | FY2020  |
|---|---------|---------|
| SBI Biotech                                   | 16      | (278)   |
| Quark Pharmaceuticals                         | (7,668) | (4,234) |
| SBI Pharmaceuticals                           | (1,272) | (1,726) |
| 5-ALA related business                        |         |         |
| SBI ALApromo                                  | 193     | 348     |
| photonamic                                    | 173     | 71      |
| Medical Data Vision (Equity method affiliate) |         | 36      |

#### Principal Initiatives and Priority Measures in FY2020

- The segment name has changed to "Biotechnology, Healthcare & Medical Informatics Business" from Q3 FY2020 after entering the medical informatics field by acquiring Medical Data Vision Co., Ltd. as an equity method affiliate.

#### > SBI Biotech

- Making steady progress with the development of out-licensed pipeline drugs and achieved the milestone for SBI-9674 licensed out to Kyowa Kirin in 2016.

#### > Quark Pharmaceuticals

- Decision were made to withdraw from the business
- Froze new development and promoted greater cost reductions including rightsizing the workforce for the minimum necessary business size.
- Prioritizing the sale of its stock, the company commenced negotiations with multiple candidates. The company is also looking to sell off its intellectual properties at the same time.

#### > 5-ALA-related business

- SBI Pharmaceuticals completed phase III clinical trials for mitochondrial diseases in April 2021.
- SBI Pharmaceuticals and photonamic cooperated with a joint trial with Royal College of Surgeons in Ireland and Medical University of Bahrain for the use of 5-ALA in COVID-19 patients as well case study at Showakai Medical Corporation Hanzomon Gastrointestinal Clinic.
- SBI ALApromo rapidly increased sales of 5-ALA related products following growing health consciousness due to COVID-19.

#### > Medical Data Vision Co., Ltd.

- Entered into the medical informatics field by acquiring Medical Data Vision Co., Ltd. as an equity method affiliate in November 2020.

#### 5-ALA related Products

##### Ethical drug



ALAGLIO®  
Divided Granules 1.5g

##### Health foods and cosmetics



ALA PLUS  
Gold EX



ALA PLUS Tou  
(Sugar) Down



ALA PLUS Fukai Nemuri  
(Deep Sleep)



ALA PLUS  
Karada Active



ALA PLUS  
Karada Shape



ALA PLUS  
Cosmetic Series

Note: Products sold as of the end of June 2021