Consolidated Financial Statements of the Group

Consolidated Statement of Financial Position

(Millions of Yen)

	Notes	As at March 31, 2020	As at March 31, 2021
Assets			
Cash and cash equivalents	6,8,17	843,755	802,702
Trade and other accounts receivable	6,7,8,9,17	822,131	1,183,896
Assets related to securities business			
Cash segregated as deposits		1,726,040	2,292,743
Margin transaction assets		495,997	972,573
Other assets related to securities business	10	576,501	631,305
Total assets related to securities business	6,7,8	2,798,538	3,896,621
Other financial assets	6,8	40,994	58,715
Operational investment securities	6,7,8,11	394,923	528,154
Other investment securities	6,7,8,11	180,444	209,545
Investments accounted for using the equity method	12	63,657	103,807
Property and equipment	14,17	51,857	64,290
Intangible assets	15	190,278	225,607
Other assets		116,765	123,071
Deferred tax assets	16	9,885	12,164
Total assets		5,513,227	7,208,572
Liabilities			
Bonds and loans payable	6,7,8,17	1,149,050	1,394,137
Trade and other accounts payable	6,7,8,18	76,977	189,729
Liabilities related to securities business			
Margin transaction liabilities		150,699	269,152
Loans payable secured by securities		351,701	602,921
Deposits from customers		959,773	1,277,808
Guarantee deposits received		819,838	961,651
Other liabilities related to securities business	19	392,347	410,270
Total liabilities related to securities business	6,7,8	2,674,358	3,521,802
Customer deposits for banking business	6,7,8	734,221	1,042,132
Insurance contract liabilities	20	141,898	150,123
Income tax payable		11,373	20,125
Other financial liabilities	6	23,083	30,333
Other liabilities		88,925	107,301
Deferred tax liabilities	16	19,643	35,795
Total liabilities		4,919,528	6,491,477
Equity			
Capital stock	22	92,018	98,711
Capital surplus	22	139,993	147,753
Treasury stock	22	(13,874)	(40)
Other components of equity	22	(6,385)	18,197
Retained earnings	22	239,724	297,495
Equity attributable to owners of the Company		451,476	562,116
Non-controlling interests		142,223	154,979
Total equity		593,699	717,095
Total liabilities and equity		5,513,227	7,208,572

Consolidated Statement of Income

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Revenue (Interest income of ¥118,779 million and ¥143,364 million included for the fiscal years ended March 31, 2020 and 2021, respectively)	5,25	368,055	**541,145**
		118,779	**143,364**
Expense			
Financial cost associated with financial income	26	(25,186)	**(26,773)**
Provision for credit losses		(31,567)	**(41,147)**
Operating cost	26	(110,696)	**(142,519)**
Selling, general and administrative expenses	26	(132,226)	**(163,326)**
Other financial cost	26	(5,140)	**(5,803)**
Other expenses	26	(3,948)	**(30,655)**
Total expense		(308,763)	**(410,223)**
Share of the profit of associates and joint ventures accounted for using the equity method	5,12	6,527	**9,458**
Profit before income tax expense	5	65,819	**140,380**
Income tax expense	27	(20,819)	**(42,868)**
Profit for the year		45,000	**97,512**
Profit for the year attributable to			
Owners of the Company		37,487	**81,098**
Non-controlling interests		7,513	**16,414**
Profit for the year		45,000	**97,512**
Earnings per share attributable to owners of the Company			
Basic (Yen)	29	163.18	**339.78**
Diluted (Yen)	29	147.44	**296.92**

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit for the year		45,000	**97,512**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Financial assets measured at FVTOCI	28	(639)	**(18)**
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	28	(384)	**109**
		(1,023)	**91**
Items that may be reclassified subsequently to profit or loss			
Financial assets measured at FVTOCI	28	349	**(168)**
Currency translation differences	28	(19,807)	**23,871**
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	28	(3,428)	**881**
		(22,886)	**24,584**
Other comprehensive income, net of tax		(23,909)	**24,675**
Total comprehensive income		21,091	**122,187**
Total comprehensive income attributable to			
Owners of the Company		13,519	**105,680**
Non-controlling interests		7,572	**16,507**
Total comprehensive income		21,091	**122,187**

Consolidated Statement of Changes In Equity

(Millions of Yen)

	Notes	Attributable to owners of the Company						Non-controlling interests	Total equity
		Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings	Total		
As at April 1, 2019		92,018	142,094	(20,128)	16,977	225,714	456,675	105,882	562,557
Profit for the year		—	—	—	—	37,487	37,487	7,513	45,000
Other comprehensive income		—	—	—	(23,968)	—	(23,968)	59	(23,909)
Total comprehensive income		—	—	—	(23,968)	37,487	13,519	7,572	21,091
Conversion of convertible bonds		—	(1,496)	4,821	—	—	3,325	—	3,325
Change in scope of consolidation		—	—	—	—	—	—	(4,476)	(4,476)
Dividends paid	23	—	—	—	—	(22,871)	(22,871)	(13,701)	(36,572)
Treasury shares purchased	22	—	—	(16)	—	—	(16)	—	(16)
Treasury shares sold	22	—	(514)	1,449	—	—	935	—	935
Share-based payment transactions		—	225	—	—	—	225	583	808
Changes of interests in subsidiaries without losing control		—	(316)	—	—	—	(316)	46,363	46,047
Transfer	22	—	—	—	606	(606)	—	—	—
As at March 31, 2020		92,018	139,993	(13,874)	(6,385)	239,724	451,476	142,223	593,699
As at April 1, 2020		92,018	139,993	(13,874)	(6,385)	239,724	451,476	142,223	593,699
Profit for the year		—	—	—	—	81,098	81,098	16,414	97,512
Other comprehensive income		—	—	—	24,582	—	24,582	93	24,675
Total comprehensive income		—	—	—	24,582	81,098	105,680	16,507	122,187
Issuance of new shares	22	2,652	2,271	—	—	—	4,923	—	4,923
Issuance of convertible bonds		—	2,756	—	—	—	2,756	—	2,756
Conversion of convertible bonds	22	4,041	(484)	12,805	—	—	16,362	—	16,362
Change in scope of consolidation		—	—	—	—	—	—	(9,788)	(9,788)
Dividends paid	23	—	—	—	—	(23,327)	(23,327)	(15,018)	(38,345)
Treasury shares purchased	22	—	—	(39)	—	—	(39)	—	(39)
Treasury shares sold	22	—	(378)	1,068	—	—	690	—	690
Share-based payment Transactions		—	799	—	—	—	799	(5)	794
Changes of interests in subsidiaries without losing control		—	2,796	—	—	—	2,796	21,060	23,856
As at March 31, 2021		98,711	147,753	(40)	18,197	297,495	562,116	154,979	717,095

Consolidated Statement of Cash Flows

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities			
Profit before income tax expense		65,819	140,380
Depreciation and amortization		15,904	24,291
Share of profits of associates and joint ventures accounted for using the equity method		(6,527)	(9,458)
Interest and dividend income		(123,412)	(150,325)
Interest expense		30,318	32,573
Increase in operational investment securities		(114,172)	(131,448)
Increase in trade and other accounts receivables		(146,427)	(246,508)
Increase in trade and other accounts payable		5,711	88,237
Decrease (increase) in assets/liabilities related to securities business		78,095	(221,904)
Increase in customer deposits in the banking business		139,580	220,081
Others		775	(17,223)
Subtotal		(54,336)	(271,304)
Interest and dividend income received		125,116	145,959
Interest paid		(28,214)	(29,281)
Income taxes paid		(15,717)	(23,777)
Net cash generated (used in) from operating activities		26,849	(178,403)
Cash flows from investing activities			
Purchases of intangible assets		(14,250)	(15,419)
Purchases of investment securities		(36,885)	(77,392)
Proceeds from sales or redemption of investment securities		39,404	40,735
Acquisition of subsidiaries, net of cash and cash equivalents acquired	30	(10,077)	(8,026)
Payments of loans receivable		(50,303)	(70,172)
Collection of loans receivable		24,431	49,860
Others		(23,207)	(1,657)
Net cash used in investing activities		(70,887)	(82,071)
Cash flows from financing activities			
Increase in short term loans payable	30	26,604	69,808
Proceeds from long-term loans payable	30	58,043	54,936
Repayment of long-term loans payable	30	(37,948)	(21,953)
Proceeds from issuance of bonds payable	30	179,889	228,124
Redemption of bonds payable	30	(46,626)	(112,576)
Proceeds from issuance of shares		—	4,923
Proceeds from stock issuance to non-controlling interests		5,354	6,356
Contributions from non-controlling interests in consolidated investment funds		35,646	15,572
Cash dividends paid		(22,860)	(23,313)
Cash dividends paid to non-controlling interests		(718)	(763)
Distributions to non-controlling interests in consolidated investment funds		(13,008)	(14,243)
Purchase of treasury stock		(14)	(39)
Proceeds from sale of interests in subsidiaries to non-controlling interests		302	9,223
Payments for purchase of interests in subsidiaries from non-controlling interests		(50)	(155)
Others		(2,988)	(5,078)
Net cash generated from financing activities		181,626	210,822
Net increase (decrease) in cash and cash equivalents		137,588	(49,652)
Cash and cash equivalents at the beginning of the year		713,974	843,755
Effect of changes in exchange rate on cash and cash equivalents		(7,807)	8,599
Cash and cash equivalents at the end of the year		843,755	802,702

Notes to Consolidated Financial Statements

1. Reporting Entity

SBI Holdings, Inc. (the "Company") was incorporated in Japan. The consolidated financial statements of the Company consist of the Company, its subsidiaries (hereinafter referred to as the "Group") and interests in the Group's associates and joint ventures. The Group is engaged in various businesses, which primarily consist of three key businesses: "Financial Services Business", "Asset Management Business" and "Biotechnology, Healthcare and Medical Informatics Business". See Note 5 "Segment Information" for detailed information on each business.

The consolidated financial statements were approved and authorized for issue by the Company's Representative Director, President and CEO, Yoshitaka Kitao and Executive Officer, Hideyuki Katsuchi on June 25, 2021.

2. Basis of Preparation

(1) Compliance with IFRS

Since the Company meets the criteria of "Specified Company under Designated International Financial Reporting Standards" defined in Article 1-2 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976), the consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to Article 93 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the below:

- Financial instruments measured at fair value through profit or loss ("FVTPL")
- Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

The measurement basis of fair value of the financial instruments is provided in Note 6 "Financial instruments".

(3) Reporting currency

The consolidated financial statements are presented in Japanese Yen, which is the functional currency of the Company and rounded to the nearest million yen, unless otherwise stated.

(4) Use of estimates and judgments

In the preparation of the Group's consolidated financial statements in accordance with IFRSs, management of the Company is required to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the change and subsequent future periods.

The following notes include information on accounting estimates and judgments that have a significant effect on the amounts recognized in the consolidated financial statements.

- Fair value measurements of financial instruments – "3. Significant Accounting Policies (3) Financial instruments" and "6. Financial Instruments"
- Impairment on financial assets at amortized cost – "3. Significant Accounting Policies (3) Financial instruments" and "8. Financial Risk Management (4) Credit risk management"
- Impairment on intangible assets – "3. Significant Accounting Policies (6) Intangible assets" and "15. Intangible Assets (3) Carrying amount of goodwill"
- Liability adequacy test for insurance contracts – "3. Significant Accounting Policies (8) Accounting for insurance contracts" and "20. Insurance Contract Liabilities"
- Recoverability of deferred tax assets – "3. Significant Accounting Policies (13) Income tax expense" and "16. Deferred Taxation"

The impact of the new coronavirus infections on the economy and corporate activities still continues, and the future remains highly uncertain. In the consolidated financial statements for the year ended March 31, 2020, the Group estimated that the number of infected people would peak in the first half of the current fiscal year, but since the spread of the disease has continued since then, the Group has changed its assumptions and estimates to assume that the impact on the economy and corporate activities will continue into the next fiscal year and beyond. This change in assumption had no significant impact on the business results of the Group.

(5) Application of new and revised IFRSs

The Group adopted standards and interpretations that became mandatorily effective beginning with this fiscal year. There is no significant impact to these consolidated financial statements resulting from their adoption.

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are listed below.

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries refer to the entities under control of the Group. Therefore, an entity in which the Group owns a majority of the voting rights is in principle included as a subsidiary. However, even if the Group does not own a majority of the voting rights of an entity, it is included in the category of subsidiary if it is determined that the Group substantially controls the entity's decision-making body. Also, an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, referred to as "structured entity", is included as a subsidiary. Control is defined as the Group having (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and deconsolidated on the date that the Group loses control. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Inter-company transactions, balances and unrealized gains on transactions among Group companies are eliminated in the consolidated financial statements. Unrealized losses are also eliminated and the related impairment is assessed.

Comprehensive losses arising from subsidiaries are allocated to the owners of the Company and non-controlling interests even if the balances of non-controlling interests are a negative figure.

(b) Associates and joint ventures

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor an interest in joint venture.

When the Group holds between 20% and 50% of voting rights of the other entity, the Group is presumed to have significant influence over the other entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are initially recognized at cost and accounted for using the equity method. However, investments held by venture capital organizations and other similar entities in the Group are accounted for at fair value through profit or loss in accordance with IFRS 9.

Under the equity method, investor's share of the profit or loss and other comprehensive income (after adjustments for the purpose of conforming with the group accounting policies), from the date of having significant influence or entering into joint control to the date of losing significant influence or ceasing joint control, of the associates and joint ventures (hereinafter referred to as "equity method associates") were recognized and recorded as adjustments to the carrying amounts of investments.

When the Group's share of losses in an equity method associate exceeds the carrying amount of the investment in the associate, losses are recognized until the carrying amounts of long-term interests that form part of the net investment are reduced to zero. The Group does not recognize further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealized gain on inter-company transactions with equity method associates are deducted from the balance of carrying amount of investments only to the extent of investor's interests in the associates.

(c) Business combination

Acquisition method is applied for acquisitions of businesses. The consideration transferred for the acquisition of a subsidiary is the total of acquisition date fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value except for the below.

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits".
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the difference is recognised immediately in profit or loss.

The Group recognizes non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the recognized amount of acquiree's identifiable net assets.

Acquisition-related cost is expensed as incurred, except for the costs related to the issuance of debt securities and equity securities.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and resulting gain or loss is recognized in profit or loss.

(d) Changes in ownership interests in subsidiaries without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions in accordance with IFRS 10 "Consolidated Financial Statements". The carrying amount of the

Group's share and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between "fair value of consideration paid or received" and "adjustments of the carrying amount of non-controlling interests" is recognized in equity and attributed to owners of the Company.

(e) Loss of control

When the Group loses control of a subsidiary, the difference between the "total fair value of consideration received and the retained interest" and "the previous carrying amount of subsidiary's assets (including goodwill), liabilities and non-controlling interests" are recognized in profit or loss.

In addition, any amount previously recognized in other accumulated comprehensive income in relation to the subsidiary is accounted for as if the Group had directly disposed of each related assets or liabilities.

The fair value of the retained interest in the former subsidiary is measured in accordance with IFRS 9.

(2) Foreign currency

(a) Foreign currency translation

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are translated in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency shall be retranslated using the exchange rate at the date when the fair value was measured. The exchange differences arising from the retranslation were recognized in profit or loss, except for retranslation differences in equity instruments that are measured at fair value and changes in fair value are recognized in other comprehensive income, and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risk.

(b) Foreign operations

The assets and liabilities, including goodwill and fair value adjustments arising from business combinations, of all the Group entities that have a functional currency that is different from the presentation currency (mainly foreign operations) are translated into the presentation currency using the rates of exchange prevailing at the end of each reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rates.

Exchange differences arising are recognized as other comprehensive income. The differences are recorded and accumulated as translation reserve in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

(3) Financial instruments

The Group recognizes a financial instruments when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(a) Non-derivative financial assets

(i) Classification and measurement of financial assets

Non-derivative financial assets held by the Group are classified into the following designated categories when they are initially recognized on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

- Financial assets measured at amortized cost
- Debt instruments measured at fair value through other comprehensive income (hereinafter "debt instruments measured at FVTOCI")
- Equity instruments measured at fair value through other comprehensive income (hereinafter "equity instruments measured at FVTOCI")
- Financial assets measured at fair value through profit or loss (hereinafter "financial assets measured at FVTPL")

(Financial assets measured at amortized cost)

Financial assets are subsequently measured using the effective interest method at amortized cost, adjusted for any loss allowance, if both of the following conditions are met: (i) the financial assets are held within the business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Debt instruments measured at FVTOCI)

Financial assets are measured at fair value and changes in the difference between the fair value and the amortized cost of financial assets, adjusted for any loss allowance, are recognized in other comprehensive income if both of the following conditions are met: (i) the financial assets are held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon derecognition of debt instruments measured at FVTOCI, the amount accumulated in other comprehensive income is reclassified to profit or loss.

(Equity instruments measured at FVTOCI)

Upon initial recognition, the Group designates an investment in an equity instrument that is held for a purpose other than trading as a financial asset measured at fair value through other comprehensive income. This is an irrevocable election and changes in the fair value of such financial instruments are recognized in other comprehensive income. Dividends from the above-mentioned equity instruments are recognized in profit or loss. At derecognition of equity instruments measured at FVTOCI or when a significant decline in fair value below the initial cost is other than temporary, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified to retained earnings.

(Financial assets measured at FVTPL)
Financial assets, other than those subsequently measured at amortized cost and those measured at fair value through other comprehensive income, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

(ii) Derecognition of financial assets
The Group derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the Group no longer retains the contractual rights to receive the cash flows and transfers all the risks and rewards related to the financial asset.

(b) Non-derivative financial liabilities

(i) Classification and measurement of financial liabilities
Non-derivative financial liabilities held by the Group include corporate bonds and loans, trade and other accounts payable, which are classified into the following designated categories:
• Financial liabilities measured at amortized cost
• Financial liabilities measured at fair value through profit or loss (hereinafter "financial liabilities measured at FVTPL")

(Financial liabilities measured at amortized cost)
Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

(Financial liabilities measured at FVTPL)
Financial liabilities, other than those subsequently measured at amortized cost, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

(ii) Derecognition of financial liabilities
The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

(c) Impairment of financial assets
The Group estimates expected credit losses for financial assets other than financial assets measured at FVTPL and equity instruments measured at FVTOCI at the end of the reporting period and recognizes such expected credit losses as a loss allowance. If the Group determines that the credit risk of financial instruments has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses. In the event that the Group determines that the credit risk of financial instruments has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses.

The assessment of whether there has been a significant increase in credit risk is based on changes in the probability of a default occurring.

Meanwhile, as for trade receivables that do not contain a significant financing component, lifetime expected credit losses are measured on the basis of historical credit losses and other relevant information regardless of whether there has been an increase or decrease in credit risk.

Amounts of expected credit losses or reversals are recognized in profit or loss as impairment loss or reversals of impairment loss and are presented separately as provision for credit losses in the consolidated statement of income.

(d) Trading assets and liabilities
Financial assets and liabilities are classified as trading assets and trading liabilities in the below situation:
• Financial assets acquired mainly for the purpose of sale or repurchase in the short term
• At initial recognition, the financial assets are managed together by the Group as part of a certain financial instrument portfolio, from which an actual short term gain has been realized.
• Derivative (either not classified as hedging instruments or proved to be ineffective as hedging instruments)

Trading assets and trading liabilities are classified as financial assets and liabilities measured at FVTPL, changes in amounts of which are recognized in profit or loss. Trading assets and trading liabilities are presented in "Other assets (or liabilities) related to securities business" in the statement of financial position.

(e) Derivatives
The Group uses derivative instruments (interest rate swap contracts and forward exchange contracts) in order to hedge mainly interest rate risk and foreign exchange risk.

(i) Derivatives to which hedge accounting is applied
At the inception of the hedge, the Group formally documents the hedging relationship between the hedged item or transaction and the hedging instrument, which is the derivative, in compliance with our risk management objective and strategy. In addition, at the inception and on an ongoing basis, the Group documents whether the derivative is highly effective in offsetting changes in the fair value or the cash flows of the hedged item attributable to the risk of changes in interest rates, etc.

The changes in the fair value of derivatives, which are designated as hedging instruments for fair value hedges, are recognized in profit or loss. Gain or loss on the hedged item attributable to the risk of changes in interest rates, etc. shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Among the changes in the fair value of derivatives which are designated as hedging instruments for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, while the ineffective portion shall be recognized in profit or loss.

The amount that has been recognized in other comprehensive income shall be removed from other comprehensive income and reclassified to profit or loss in the consolidated statement of comprehensive income in the same period during which the hedged item of cash flows affects profit or loss.

The Group prospectively discontinues hedge accounting when the criteria of hedge accounting are no longer satisfied. In such a situation, amounts accumulated in other comprehensive income remain unadjusted until the anticipated transaction finally affects profit or loss, or the anticipated transaction is not expected to occur, at which point the underlying amount shall be immediately recognized in profit or loss.

(ii) Derivatives to which hedge accounting is not applied
Among derivatives held for hedging purposes, the Group holds some derivatives to which hedge accounting is not applied. The Group also holds derivatives for trading purposes other than

hedging purposes. The changes in fair value of such derivatives are recognized in profit or loss.

(f) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(4) Lease as lessee

At inception of a contract, the Group determines whether the contract is, or contains, a lease. Lease liability in a lease transaction is initially measured as the present value of unpaid lease payments discounted using an interest rate implicit in the lease at the commencement date of the contract. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The right-of-use asset is measured at the acquisition cost, which is initially measured at the amount of lease liability adjusted by initial direct cost and prepaid lease payments. With regard to a lease that has a lease term of 12 months or less or a lease of low-value assets, right-of-use assets and lease liabilities are not recognized and lease payments on such lease are recognized as an expense over the lease term.

(5) Property and equipment

(a) Initial recognition and measurement

Property and equipment are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. Acquisition cost includes the costs incurred directly related to the acquisition of the assets.

(b) Depreciation

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of property and equipment less their residual values. Property and equipment is depreciated on a straight-line method to allocate their depreciable amounts over the estimated useful life of each component. The right-of-use asset is depreciated on a systematic basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of major classes of property and equipment are as follows:

• Buildings	2 – 47 years
• Furniture and equipment	2 – 20 years

The depreciation method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(6) Intangible assets

(a) Intangible assets arising on business combination (goodwill and other intangible assets)

Goodwill arising on acquisition of subsidiaries is recognized as an intangible asset. Initial recognition and measurement of goodwill are stated in "(1) Basis of consolidation, (c) Business combination". Intangible assets arising from a business combination, other than goodwill, are recognized at fair value at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment loss. For investees to which the equity method is applied, goodwill is included in the carrying amount of the investment.

Intangible assets other than goodwill with a finite useful life that arise on a business combination are measured at initial cost less accumulated amortization and accumulated impairment loss.

(b) Research and development

Expenditure on research undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as an expense when incurred. Development costs capitalized as a result of meeting certain criteria are measured at initial cost less accumulated amortization and accumulated impairment loss.

(c) Other intangible assets (separately acquired)

Other intangible assets acquired by the Group are measured at initial cost less accumulated amortization and accumulated impairment loss.

(d) Amortization

Intangible assets other than goodwill with finite useful lives are amortized using the straight-line method over the expected useful life, which begins when the assets are available for use.

The estimated useful lives of major classes of intangible assets are as follows:

• Software	5 years
• Customer Relationship	5 – 13 years

The amortization method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(7) Impairment of non-financial assets

Other than deferred tax assets, the Group's non-financial assets are subject to impairment tests at the end of each reporting period. When an indication of impairment exists, the recoverable amounts of the assets are estimated in order to determine amounts of impairment losses, if any. For a cash-generating unit ("CGU") including allocated goodwill and intangible assets which have indefinite useful lives or which are not available for use, the recoverable amounts are estimated at the same time every year, regardless of the indication of impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. The impairment loss recognized in relation to the CGU shall be allocated to reduce the carrying amount of the assets of the unit in such order that (a) first, to reduce the carrying amount of any goodwill allocated to the CGU and (b) then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill shall not be reversed in a subsequent period. An entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Because goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset, whenever there is an indication that the investment may be impaired.

(8) Accounting for insurance contracts

For insurance contracts and reinsurance contracts, the Group applies its accounting policy determined based on the Insurance Business Act, the Ordinance for Enforcement of the Insurance Business Act, and other Japanese accounting practices, while considering the requirements under IFRS 4 “Insurance Contracts”.

A liability adequacy test is performed in consideration of current estimates of all contractual cash flows and related cash flows such as claims handling costs at the end of each reporting period. If the test shows that the liability is inadequate, the entire shortfall is recognized in profit or loss.

(9) Employee benefits

(a) Defined contribution plans

The Company and certain of its subsidiaries have defined contribution plans for employee benefits. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions related to defined contribution plans are expensed over the period during which employees render service to the entity.

(b) Short term employee benefits and share-based payment

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

Also, the Group operates share-based compensation plan as an incentive for board members and employees. Equity-settled share-based compensation plan (“stock option”) which were granted after November 7, 2002 and the vesting conditions of which had not been satisfied as at March 31, 2011 is measured at fair value on the grant date. The fair value is calculated by estimating the number of stock options that will ultimately be vested and recognized as expenses with a corresponding increase in equity over the vesting period. For cash-settled share-based compensation plan, a liability is recognized for the goods or services acquired, measured initially at fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(10) Provisions

Provisions are recognized when the Group has a present (legal or constructive) obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured at the present value of the expected future cash flow using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(11) Capital stock

(a) Common stock

Common stocks issued by the Group are classified as equity and stock issuance costs, after tax effects, are recognized as a deduction from equity.

(b) Treasury stock

The Group's own equity instruments which are reacquired are recognized at cost including acquisition related costs, after tax effects, as a deduction from equity. When the Group sells treasury stocks, the consideration received is recognized as an addition to equity.

(12) Revenue from contracts with customers

The Group recognizes revenue by applying the following five-step approach.

Step 1: Identify the contract(s) with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenues from contracts with customers are further described below. The revenue streams described below do not include significant estimates of variable consideration or a significant financing component.

(Revenue from rendering of services)

Revenue from rendering of services mainly include commissions received from customers for the execution of agency-based brokerage transactions in the securities business. Brokerage commission relates to transactions in which the Group acts as an agent in the transaction rather than the principal. Transactions that satisfy the following factors fall under transactions in which the Group is involved as an agent rather than the principal.

- The Group is not a primary party to a transaction and therefore not primarily responsible for fulfilling the promise to provide the service.
- The Group does not have inventory risk before securities have been transferred to a customer or after transfer of control to the customer.

Brokerage commission is recognized as revenue when the performance obligations are satisfied and in principle, the fees are received within three business days after fulfillment of the performance obligations.

(Revenue from sales of goods)
Revenue from sales of goods is recognized when a performance obligation is satisfied by transferring promised goods to a customer upon delivery, shipment or customer acceptance of goods depending upon the terms of the contract. These revenues are generally paid within three months of the fulfillment of the performance obligation.

(13) Income tax expense

Income tax expense consists of current and deferred tax expense, which are recognized in profit or loss, except for those arising from business combinations or recognized directly in equity and other comprehensive income. Current income tax expense is measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amount. However, deferred tax assets are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or from deductible temporary differences related to investments in subsidiaries and investments accounted for using the equity method, under which it is probable that the difference will not be recovered in the foreseeable future or taxable profit will not be available against which the temporary difference can be utilised. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or the deferred tax assets and liabilities are expected to be realized simultaneously.

A deferred tax asset is recognized for the unused carryforward tax losses, unused tax credits and expected deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused carryforward tax losses, unused tax credits and expected deductible temporary differences can be utilized. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and investments accounted for using the equity method, except to the extent that both of the following conditions are satisfied: (i) the Group is able to control the timing of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group shall recognize a deferred tax asset for all deductible temporary differences arising from investments mentioned above, to the extent that, and only to the extent that, it is probable that (i) taxable profit will be available against which the temporary difference can be utilized; and (ii) the temporary difference will reverse in the foreseeable future.

(14) Earnings per share

The Group discloses both the basic earnings per share and diluted earnings per share. Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding (issued shares adjusted for the treasury shares) during the period. For the purpose of calculating diluted earnings per share, the Group adjusts profit for the year attributable to ordinary equity holders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(15) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Discrete financial information of all the segments is available so that the operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. Operating results reported to the board of directors include items that directly belong to the segment and items allocated to the segment on a reasonable basis. Items not allocated to any reportable segment mainly consist of expenses related to the headquarters.

(16) Non-current assets held for sale

The Group classifies a non-current asset or asset group as held for sale if (i) its carrying amount will be recovered principally through a sale transaction rather than through continuing use; (ii) the asset is available for immediate sale and their sale within one year is highly probable; and (iii) management of the Group is committed to a plan to sell the asset.

When the Group is committed to a plan to sell a subsidiary with a loss of control and all the above criteria are satisfied, it classifies the subsidiary's entire assets and liabilities as held for sale regardless of whether it retains any non-controlling interest of the subsidiary.

Non-current assets (or asset groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(17) New standards, amendments to existing standards, and interpretations that are published but have not yet been adopted by the Group

Of the new standards, amendments to existing standards, and interpretations that have been published before the approval date of the consolidated financial statements, the main ones that the Group has not early adopted are as follows.

IFRS		Mandatory for fiscal year beginning on or after	Anticipated fiscal year end adoption date	Summary of new standards and amendments
IFRS 17	Insurance Contracts	January 1, 2023	March 2024	Amendment with regard to measurement method of insurance liability

4. Business Combinations

For the year ended March 31, 2021

Acquisition date fair value of the consideration paid for business combinations amounted to ¥23,158 million and ¥1,451 million, which were settled in cash and in written put option, respectively.

Fair value of acquired assets and liabilities assumed and non-controlling interests were ¥195,788 million, ¥182,974 million and ¥2,910 million, respectively.

A breakdown of such assets and liabilities is provided in “30. Cash Flow Information (1) Expenditures on acquisition of subsidiaries”.

Goodwill arising from business combinations mainly consists of excess earning capacity that does not meet the requirements for separate identification.

Non-controlling interests are measured at their proportionate share of the identifiable net assets of the acquiree.

Revenues and net income recognized in the consolidated statement of income for the year ended March 31, 2021 were ¥13,332 million and ¥2,650 million, respectively, since the acquisition date.

5. Segment Information

The Group engages in a wide range of business activities, primarily online financial service businesses and investment activities in Japan and overseas. Based on the similarities or economic characteristics of business or nature of services, “Financial Services Business”, “Asset Management Business”, and “Biotechnology, Healthcare and Medical Informatics Business”, which is anticipated to be a growth industry, are determined as reportable segments.

The reportable segments of the Group represent businesses activities for which separate financial information of the Group’s components is available and reviewed regularly by the board of directors for the purpose of allocation of financial resources and performance evaluation.

The Group changed the reporting segment name “Biotechnology-related Business” to “Biotechnology, Healthcare & Medical Informatics Business” from the current fiscal year.

The following is a description of business activities for the reportable segments.

“Financial Services Business”

The Financial Services Business consists of a wide range of finance-related business, including securities brokerage business, banking services business, and life, property and casualty insurance business.

“Asset Management Business”

The Asset Management Business primarily consists of fund management and investment in Internet technology, FinTech, Block chain, finance and biotechnology-related venture companies in Japan and overseas, financial services business overseas, and asset management services business which provides financial products information.

“Biotechnology, Healthcare and Medical Informatics Business”

The Biotechnology, Healthcare & Medical Informatics Business represents development and distribution of pharmaceutical products, health foods, and cosmetics with 5-aminolevulinic acid (ALA*), a kind of amino acid which exists in vivo, research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology, the digitization of medical and health information, providing solutions and services that promote and the use of medical big data, and medical finance.

“Others” includes the Digital Assets-related Business, the Real Estate Business and Renewable Energy Business, but they did not meet the quantitative criteria to be defined as reportable segments for the fiscal year ended March 31, 2021.

“Elimination or Corporate” includes profit or loss that is not allocated to certain business segments and the elimination of the inter-company transactions within the Group, at a price based on the actual market price.

The following represents segment information of the Group:

SBI Leasing Services Co., Ltd., which was included in the Financial Services Business until the previous reporting period, and SBI Crypto Investment Co., Ltd., which was included in the Others until the previous reporting period, are now included in the Asset Management Business beginning with this fiscal year. SBI CapitalBase Co., Ltd., which was included in the Others until the previous reporting period and changed its company name to SBI Equity Crowd Co., Ltd. on July 1, 2020, is now included in the Financial Services Business beginning with this fiscal year. Consequently, segment information for the year ended March 31, 2020, is restated in accordance with the new basis of segmentation.

(Millions of Yen)

For the year ended March 31, 2020	Financial Services Business	Asset Management Business	Biotechnology, Healthcare and Medical Informatics Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue							
Revenue from external customers	234,099	126,184	3,703	363,986	4,499	(430)	368,055
Inter-segment revenue	2,652	401	217	3,270	727	(3,997)	—
Total	236,751	126,585	3,920	367,256	5,226	(4,427)	368,055
Segment operating income (loss)							
Profit before income tax expense	51,275	37,230	(11,431)	77,074	(1,733)	(9,522)	65,819
Other Items							
Interest income	38,578	80,886	21	119,485	19	(725)	118,779
Interest expense	(6,743)	(21,184)	(439)	(28,366)	(448)	(1,512)	(30,326)
Depreciation and amortization	(10,016)	(3,129)	(424)	(13,569)	(735)	(1,236)	(15,540)
Gain or loss from investments applying the equity-method	6,042	535	(50)	6,527	(0)	—	6,527

(Millions of Yen)

For the year ended March 31, 2021	Financial Services Business	Asset Management Business	Biotechnology, Healthcare and Medical Informatics Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue							
Revenue from external customers	309,168	207,852	5,303	522,323	19,283	(461)	541,145
Inter-segment revenue	2,556	480	324	3,360	2,457	(5,817)	—
Total	311,724	208,332	5,627	525,683	21,740	(6,278)	541,145
Segment operating income (loss)							
Profit before income tax expense	85,755	84,853	(8,630)	161,978	(10,595)	(11,003)	140,380
Other Items							
Interest income	43,052	101,040	17	144,109	78	(823)	143,364
Interest expense	(7,036)	(21,677)	(775)	(29,488)	(667)	(2,421)	(32,576)
Depreciation and amortization	(11,474)	(6,981)	(425)	(18,880)	(3,722)	(1,250)	(23,852)
Gain or loss from investments applying the equity-method	8,802	657	16	9,475	(17)	—	9,458

Geographical information regarding non-current assets and revenues from external customers are presented as below.

(Millions of Yen)

Non-current assets	As at March 31, 2020	As at March 31, 2021
Japan	115,858	147,874
Korea	99,560	109,452
Others	26,717	32,571
Consolidated total	242,135	289,897

Note: Non-current assets excluding financial assets and deferred tax assets are allocated based on the location of the assets.

(Millions of Yen)

Revenue from external customers	For the year ended March 31, 2020	For the year ended March 31, 2021
Japan	278,735	401,297
Overseas	89,320	139,848
Consolidated total	368,055	541,145

Note: Revenue is allocated based on the location of the entities.

6. Financial Instruments

(1) Fair value measurement

Fair values of financial assets and financial liabilities are determined based on quoted market prices. If quoted market prices are not available, fair values are calculated using valuation models such as a discounted cash flow analysis. The Group determined fair values of financial assets and financial liabilities as follows:

Cash and cash equivalents, Other financial assets, and Other financial liabilities

Carrying amounts approximate the fair values due to their short-term maturities.

Trade and other accounts receivable

The fair values are determined based on the future cash inflows discounted using interest rates adjusted for the term to maturity and credit risk. The carrying amounts of those with short-term maturities are deemed to be fair values as the carrying values approximate fair values.

Assets and liabilities related to securities business

With respect to loans on margin transactions included in margin transaction assets, the carrying amounts approximate the fair values as the interest rates of the loans are floating rates and reflect the market interest rate within a short period. The carrying amounts of assets and liabilities related to the securities business, except for loans on margin transactions, approximate the fair values as those assets and liabilities are settled within a short period.

With respect to trading assets and trading liabilities, the fair values of listed securities and listed derivatives are estimated based on prices quoted on stock exchanges or prices quoted by correspondent financial institutions. The fair value of securities and derivatives with no quoted prices is estimated using valuation techniques such as the discounted present value method and the Black-Scholes model, depending on the type of transaction and the period to maturity.

Operational investment securities and other investment securities

The fair values of listed equity securities are determined based on the quoted market prices in the stock exchange. The fair values of unlisted equity securities, bonds with share options and stock warrants are determined using valuation models appropriate in the circumstances including discounted cash flow analysis, pricing analysis with reference to comparable industry prices, analysis based on revenues, profits, net assets and the recent transaction price between independent third parties. The fair values of bonds are determined using reasonable valuation techniques based on available information such as Reference Statistical Prices and quoted price provided by the financing banks. The fair values of investments in funds are determined at the fair values of partnership net assets based on the Group's percentage share in the contributed capital, if such fair values are available.

Bonds and loans payable and Trade and other accounts payable

With respect to those with floating interest rates, carrying amounts are deemed to be fair values as the interest rates of the bonds and loans, and trade and other accounts payable reflect the market interest rate within a short period and as the credit condition of Group entities that obtained them are not expected to change significantly. With respect to those with fixed interest rates, the fair values are determined based on the future cash outflows discounted using interest rates adjusted for the remaining term and credit risk or discounted using interest rates determined with reference to similar types of new loans. For the bonds payable and loans payable with short-term maturities, carrying amounts are deemed to be fair values, because the carrying amounts approximate fair values.

Customer deposits for banking business

The fair values of demand deposits are determined at the carrying amounts which are the amounts paid on demand at the reporting date. The fair values of time deposits are determined based on the future cash outflows discounted using interest rates adjusted for the term to maturity and credit risk. For the time deposits with short-term maturities, carrying amounts are deemed to be fair values, because the carrying amounts approximate fair values.

(2) Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

(Millions of Yen)

As at March 31, 2020	Carrying Amount: Financial assets measured at FVTPL	Carrying Amount: Equity instruments measured at FVTOCI	Carrying Amount: Debt instruments measured at FVTOCI	Carrying Amount: Financial assets measured at amortized cost	Carrying Amount: Total	Fair value
Trade and other accounts receivable	—	—	—	822,131	822,131	828,248
Assets related to securities business	155,835	—	—	2,642,703	2,798,538	2,798,538
Operational investment securities	394,923	—	—	—	394,923	394,923
Other investment securities	131,929	751	47,764	—	180,444	180,444
Total	682,687	751	47,764	3,464,834	4,196,036	4,202,153

(Millions of Yen)

As at March 31, 2021	Carrying Amount: Financial assets measured at FVTPL	Carrying Amount: Equity instruments measured at FVTOCI	Carrying Amount: Debt instruments measured at FVTOCI	Carrying Amount: Financial assets measured at amortized cost	Carrying Amount: Total	Fair value
Trade and other accounts receivable	—	—	—	1,183,896	1,183,896	1,194,538
Assets related to securities business	141,204	—	—	3,755,417	3,896,621	3,896,621
Operational investment securities	528,154	—	—	—	528,154	528,154
Other investment securities	168,887	768	39,890	—	209,545	209,545
Total	838,245	768	39,890	4,939,313	5,818,216	5,828,858

Classification and fair value of financial liabilities were as follows:

(Millions of Yen)

As at March 31, 2020	Carrying Amount: Financial liabilities measured at FVTPL	Carrying Amount: Financial liabilities measured at amortized cost	Carrying Amount: Total	Fair value
Bonds and loans payable	—	1,149,050	1,149,050	1,151,431
Trade and other accounts payable	4,075	72,902	76,977	76,977
Liabilities related to securities business	81,289	2,593,069	2,674,358	2,674,358
Customer deposits for banking business	—	734,221	734,221	735,048
Total	85,364	4,549,242	4,634,606	4,637,814

(Millions of Yen)

As at March 31, 2021	Carrying Amount: Financial liabilities measured at FVTPL	Carrying Amount: Financial liabilities measured at amortized cost	Carrying Amount: Total	Fair value
Bonds and loans payable	—	1,394,137	1,394,137	1,397,964
Trade and other accounts payable	20,696	169,033	189,729	189,729
Liabilities related to securities business	52,218	3,469,584	3,521,802	3,521,802
Customer deposits for banking business	—	1,042,132	1,042,132	1,042,889
Total	72,914	6,074,886	6,147,800	6,152,384

(3) Offsetting Financial Assets and Financial Liabilities

Quantitative information for recognized financial assets and recognized financial liabilities set off in the consolidated statement of financial position of the Group and the amounts of potential effect of recognized financial assets and recognized financial liabilities subject to an enforceable master netting arrangement or similar agreement that are not set off in the consolidated financial position of the Group are presented as follows:

(Millions of Yen)

As at March 31, 2020	Financial assets					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position: Financial instruments	Related amounts not set off in the consolidated statement of financial position: Cash collateral received	Net amount
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,136,323	(457,362)	678,961	(559,782)	(119,115)	64
Assets related to securities business (Receivables related to securities transactions)	478,750	(198,653)	280,097	(14,718)	—	265,379
Assets related to securities business (Financial assets related to foreign exchange transactions)	15,656	—	15,656	(673)	(12,067)	2,916

	Financial liabilities					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position: Financial instruments	Related amounts not set off in the consolidated statement of financial position: Cash collateral pledged	Net amount
Liabilities related to securities business (Securities loan agreements and other similar transactions)	1,633,087	(457,362)	1,175,725	(585,140)	—	590,585
Liabilities related to securities business (Payables related to securities transactions)	1,619,742	(198,653)	1,421,089	(14,718)	—	1,406,371
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	76,352	—	76,352	(12,740)	—	63,612

(Millions of Yen)

As at March 31, 2021	Financial assets					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position: Financial instruments	Related amounts not set off in the consolidated statement of financial position: Cash collateral received	Net amount
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,664,328	(459,438)	1,204,890	(1,028,202)	(176,116)	572
Assets related to securities business (Receivables related to securities transactions)	503,626	(223,237)	280,389	(17,813)	—	262,576
Assets related to securities business (Financial assets related to foreign exchange transactions)	15,450	—	15,450	(1,113)	(12,097)	2,240

	Financial liabilities					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position: Financial instruments	Related amounts not set off in the consolidated statement of financial position: Cash collateral pledged	Net amount
Liabilities related to securities business (Securities loan agreements and other similar transactions)	2,171,295	(459,438)	1,711,857	(1,042,561)	—	669,296
Liabilities related to securities business (Payables related to securities transactions)	1,749,011	(223,237)	1,525,774	(14,822)	—	1,510,952
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	281,496	—	281,496	(13,210)	—	268,286

The rights of set-off for recognized financial assets and liabilities that are subject to an enforceable master netting arrangement or similar agreement are enforced when debt default or other specific events that are unexpected in the ordinary course of business occurs, and have an effect on realization or settlement of individual financial assets and liabilities.

7. Fair Value Measurement

(1) Categorization within the level of the fair value hierarchy

"IFRS 13 Fair Value Measurement" requires measurement of fair value to be categorized into three levels with reference to the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements.

The fair value hierarchy is defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level of hierarchy used in fair value measurement is determined at the lowest level with relevant significant inputs to the measurement.

A transfer between levels of the hierarchy is recognized at the date when the cause of the transfer or change in circumstances occurs.

The table below presents the assets and liabilities measured at the fair values in the consolidated statement of financial position of the Group.

(Millions of Yen)

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets related to securities business	155,835	—	—	155,835
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	148,861	494	377,497	526,852
Equity instruments measured at FVTOCI	18	—	733	751
Debt instruments measured at FVTOCI	47,764	—	—	47,764
Total	352,478	494	378,230	731,202
Trade and other accounts payable	—	—	4,075	4,075
Liabilities related to securities business	81,289	—	—	81,289
Total	81,289	—	4,075	85,364

(Millions of Yen)

	As at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets related to securities business	69,651	59,666	11,887	141,204
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	187,258	65,668	444,115	697,041
Equity instruments measured at FVTOCI	29	—	739	768
Debt instruments measured at FVTOCI	15,221	24,375	294	39,890
Total	272,159	149,709	457,035	878,903
Trade and other accounts payable	—	—	20,696	20,696
Liabilities related to securities business	32,147	18,210	1,861	52,218
Total	32,147	18,210	22,557	72,914

In addition to the above, assets and liabilities related to crypto assets classified as Level 1 amounted to ¥81,655 million and ¥70,244 million, respectively, as at March 31, 2021 and are included in "Other assets" and "Other liabilities" in the consolidated statement of financial position, respectively.

The table below presents the assets and liabilities not measured at the fair values in the consolidated statement of financial position of the Group.

(Millions of Yen)

	As at March 31, 2020			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable	–	828,248	–	828,248
Assets related to securities business	–	2,642,703	–	2,642,703
Operational investment securities and other investment securities	–	–	–	–
Total	–	3,470,951	–	3,470,951
Bonds and loans payable	–	1,151,431	–	1,151,431
Trade and other accounts payable	–	72,902	–	72,902
Liabilities related to securities business	–	2,593,069	–	2,593,069
Customer deposits for banking business	–	735,048	–	735,048
Total	–	4,552,450	–	4,552,450

(Millions of Yen)

	As at March 31, 2021			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable	–	1,194,538	–	1,194,538
Assets related to securities business	–	3,755,417	–	3,755,417
Operational investment securities and other investment securities	–	–	–	–
Total	–	4,949,955	–	4,949,955
Bonds and loans payable	–	1,397,964	–	1,397,964
Trade and other accounts payable	–	169,033	–	169,033
Liabilities related to securities business	–	3,469,584	–	3,469,584
Customer deposits for banking business	–	1,042,889	–	1,042,889
Total	–	6,079,470	–	6,079,470

(2) Assets and liabilities categorized as Level 3

Based on the valuation methods and policies as reported to the board of directors, external evaluating agencies and appropriate individuals of the Group measure and analyze the valuation of assets and liabilities categorized as Level 3 of the fair value hierarchy. The valuation results are reviewed and approved by CFO and General Manager of the Financial and Accounting Division.

The valuation techniques and unobservable inputs used for recurring fair value measurements of assets and liabilities categorized as Level 3 are as follows:

(Millions of Yen)

	As at March 31, 2020			
	Fair Value	Valuation Technique	Unobservable Input	Range
Operational investment securities and other investment securities	378,230	Income approach and market approach	Discount rate P/E ratio EBITDA ratio Illiquidity discount	12% – 16% 5.4 – 45.2 25.0 – 40.0 10% – 20%

(Millions of Yen)

	As at March 31, 2021			
	Fair Value	Valuation Technique	Unobservable Input	Range
Operational investment securities and other investment securities	445,148	Income approach and market approach	Discount rate P/E ratio EBITDA ratio Illiquidity discount	12% – 16% 12.0 – 45.2 25.0 – 40.0 10% – 20%
Trade and other accounts payable	20,696	Income approach	Discount rate	1.0%

Within the recurring fair value measurements of assets and liabilities categorized as Level 3, the fair value of "Operational investment securities" and "Other investment securities," which is measured through the income approach or market approach, increases (decreases) when the discount rate decreases (increases), when the P/E ratio increases (decreases), when the EBITDA ratio increases (decreases), or when the illiquidity discount decreases (increases).

With respect to the assets and liabilities categorized as Level 3, no significant impact on the fair values is assumed even if one or more of the unobservable inputs were changed to reasonably possible alternative assumptions.

The movement of assets and liabilities categorized as Level 3 is presented as follows:

(Millions of Yen)

For the year ended March 31, 2020	Assets				Liabilities
	Operational investment securities and other investment securities			Total	Trade and other accounts payable
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI		
Balance as at April 1, 2019	296,899	797	—	297,696	2,536
Purchase and issuance	104,167	—	—	104,167	3,503
Comprehensive income			—		
Net profit (Note 1)	23,665	—	—	23,665	239
Other comprehensive income (Note 2)	—	(34)	—	(34)	—
Dividends	(4,004)	—	—	(4,004)	—
Sale or redemption	(24,281)	—	—	(24,281)	—
Settlements	—	—	—	—	(1,987)
Currency translation differences	(5,332)	(30)	—	(5,362)	(216)
Others (Note 3)	—	—	—	—	—
Transferred from Level 3 (Note 4)	(13,617)	—	—	(13,617)	—
Balance as at March 31, 2020	377,497	733	—	378,230	4,075

(Millions of Yen)

For the year ended March 31, 2021	Assets					Liabilities	
	Operational investment securities and other investment securities			Total	Assets related to securities business	Trade and other accounts payable	Liabilities related to securities business
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI				
Balance as at April 1, 2020	377,497	733	—	378,230	—	4,075	—
Purchase and issuance	76,128	—	300	76,428	11,939	16,440	2,805
Comprehensive income							
Net profit (Note 1)	18,909	—	—	18,909	1,051	(293)	(944)
Other comprehensive income (Note 2)	—	(23)	(6)	(29)	—	—	—
Dividends	(4,763)	—	—	(4,763)	—	—	—
Sale or redemption	(20,472)	—	—	(20,472)	—	—	—
Settlements	—	—	—	—	—	—	—
Currency translation differences	7,620	29	—	7,649	—	474	—
Others (Note 3)	(248)	—	—	(248)	—	—	—
Transferred from Level 3 (Note 4)	(10,556)	—	—	(10,556)	(1,103)	—	—
Balance as at March 31, 2021	444,115	739	294	445,148	11,887	20,696	1,861

Notes: 1. Gains and losses recognized as profit (loss) for the period are included in "Revenue" in the consolidated statement of income. Gains and losses recognized from assets measured at FVTPL held as at March 31, 2020 and 2021 were ¥19,801 million and ¥18,953 million of gains, respectively.
2. Gains and losses recognized as other comprehensive income (loss) are included in "Financial assets measured at FVTOCI" in the consolidated statement of comprehensive income.
3. Transfer due to a change in the scope of consolidation.
4. Transfer due to significant input used to measure the fair value becoming observable.

8. Financial Risk Management

(1) Risk management policy over capital management and financing

In order to maintain financial strength, the Group has basic capital management policies to maintain an appropriate level of capital and debt equity structure.

The balances of interest-bearing debt (Bonds and borrowings), cash and cash equivalents and equity attributable to owners of the Company which the Group manages were as follows:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Interest-bearing debt (Bonds and borrowings)	1,149,050	1,394,137
Cash and cash equivalents	(843,755)	(802,702)
Net	305,295	591,435
Equity attributable to owners of the Company	451,476	562,116

Pursuant to the Financial Instruments and Exchange Act ("FIEA") and Insurance Business Act of Japan, domestic subsidiaries of the Group are obligated to maintain a certain level of capital adequacy ratio.

Significant capital adequacy regulations under which domestic subsidiaries of the Group are obligated are as follows:

1. SBI SECURITIES Co., Ltd. is required to maintain a certain level of capital-to-risk ratio set forth under the FIEA. If the ratio falls below 120%, the Financial Services Agency ("FSA") may order changes to operational methods and other changes.
2. SBI Life Insurance Co., Ltd., SBI Insurance Co., Ltd. and companies that manage the small-amount short-term insurance of our corporate group are required to maintain a certain level of Solvency Margin Ratio in conformity with the Insurance Business Act of Japan. If the Solvency Margin Ratio falls below 200%, the FSA may order submission and implementation of a reasonable improvement plan for sound management.

SBI Savings Bank whose headquarter is in the Republic of Korea is obligated to maintain certain level of capital adequacy ratio in conformity with the Saving Bank Act or the Main Shareholder eligibility standard. If the capital adequacy ratio falls below certain level, Korean Financial Services Commission may give warning or order business suspension.

The Group engages in a wide range of finance related businesses, such as investment business, fund management business, securities business, banking business, loan business and insurance business, to avoid excessive concentration of risk on specific entities or businesses. To operate these businesses, the Group raises funds through indirect financing such as bank borrowings, direct financing such as bond issuance and equity financing, transactions with securities financing companies, and receiving customer deposits for banking business. The Group also considers the market environment and maintains an appropriate strategy for short and long term financing.

The Group conducts trading of derivative instruments including foreign currency forward contracts, interest rate swaps, index futures and margin trading. The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge foreign exchange risk and to manage its interest rate exposures on borrowings, respectively. The Group does not hold or issue these instruments for speculative purposes. Index futures are entered into for the purpose of day trading with a cap placed on their trading volume. Index futures were mainly daily trading under a limited trading scale.

In order to maintain financial strength and appropriate operational procedures, it is the Group's basic policy of risk management to identify and analyze various risks relevant to the Group entities and strive to carry out integral risk management using appropriate methods.

The Group is exposed to the following risks over financial instruments:

- Credit risk
- Market risk
- Liquidity risk

(2) Risks arising from financial instruments

Financial assets held by the Group primarily consist of investment-related assets, securities-related assets and financing-related assets.

Investment-related assets include operational investment securities, other investment securities, and investments in associates which primarily represent investments in stocks and funds. These assets are held for the purpose of fostering the development of venture capital portfolio companies or earning capital gains. These assets are exposed to the issuer's credit risk and the stock price fluctuation risk. Furthermore, unlisted equity securities are exposed to liquidity risk and investment assets denominated in foreign currency are exposed to the risk of foreign exchange fluctuations.

Securities-related assets consist of cash segregated as deposits, margin transaction assets, trading instruments, trade date accrual, and short-term guarantee deposits. These assets are exposed to the credit risk and the interest rate risk of the brokerage customers of the Group, securities financing companies, and financial institutions. Trading instruments are exposed to the credit risk of issuers and the risk of market price fluctuation. Trading instruments, trade date accrual, and short-term guarantee deposits are presented as "other assets related to securities business" in the consolidated statement of financial position.

Financing-related assets consist of operational loans receivable. These assets mainly include real estate loans for companies and individuals, and unsecured personal loans. These assets are exposed to credit risk of accounts, such as default due to worsening economic conditions with higher credit risk exposure, and interest rate risk. Financing-related assets are presented as "trade and other accounts receivable" in the consolidated statement of financial position.

Financial liabilities of the Group primarily consist of loans payable, bonds payable, customer deposits for the banking business and securities-related liabilities. The loans payable of the Group are exposed to liquidity risk from changes in the pricing policy of the financial institutions to the Group. Also, the bonds payable are exposed to liquidity risk that restricts the Group's ability to raise funds due to changes in market conditions or the lowering of the credit rating of the Group. Customer deposits for the banking business are important financing arrangements and are managed considering adequate safety but are exposed to liquidity risk which makes it difficult to arrange requisite finance due to withdrawals or other reasons.

Securities-related liabilities consist of margin transaction liabilities, loans payable secured by securities on repurchase agreement transactions, deposits from customers, guarantee deposits received from margin transactions, and trade date accrual. The financing environment of the security business operated by the Group is affected by changes in the business policy of securities financing companies and the investment strategy. The Group exercises control by matching the financing with the related security assets. Trade date accrual is presented as other liabilities related to securities business in the consolidated statement of financial position.

The Group enters into foreign currency forward contracts and interest rate swap transactions primarily to hedge the risk of short-term foreign exchange fluctuations relating to the settlement of foreign currency denominated receivables and payables and purchase and sale transactions of securities denominated in foreign currencies and to manage its interest rate exposures on borrowings, respectively.

The Group manages index futures as a part of its investment business, which is exposed to market risk. Because the counterparties of foreign currency forward contracts and interest rate swap agreements are limited to creditworthy major Japanese financial institutions and index futures are traded in the public market, the credit risk arising from default is considered to be minimal.

(3) Risk management system over financial instruments

The Company assigns a risk management officer who is in charge of risk management and sets up a risk management department in line with the risk management rules and the group management rules in order to properly analyze and control these risks. The risk management department analyzes and monitors the Group's risk on a timely basis.

(4) Credit risk management

(a) Credit risk management practices

(i) Credit risks regarding financial assets measured at amortized cost and debt instruments measured at FVTOCI

Credit risk is the risk that the Group will incur financial losses resulting from a business partner with credit granted by the Group defaulting on its debt.

The Group recognizes expected credit losses in principle on an individual basis. If excessive cost and efforts are required to perform individual assessment of credit risk, the Group can elect to classify groups of financial assets based on common credit risk characteristics, such as credit rating and value of collateral, and recognizes expected credit losses on such group of assets.

For trade receivables classified as financial assets measured at amortized cost, a loss allowance is always measured at an amount equal to lifetime expected losses.

Credit risk management practices for financial assets measured at amortized cost other than trade receivables and debt instruments measured at FVTOCI are as follows:

For measurement of expected credit losses, the Group uses the probability of a default occurring (PD), the loss given default (LGD), and the amount of receivables as of the reporting date, which represents significant inputs to the analysis. The PD and LGD values used are based on information calculated based on historical levels of such values and information obtained from external organizations. The expected credit losses are measured by reflecting these values, as well as future predictive information based on the credit and other information that has become available in credit ratings.

Receivables are classified into the following three categories and loss allowance is recognized based on changes in and levels of credit risk since their initial recognition:

- For receivables with a low credit risk at the reporting date, or receivables whose credit risk is not low but has not increased significantly since initial recognition, 12-month expected credit losses are recognized as a loss allowance based on the above input.
- Receivables that are not considered as credit-impaired receivables but are not considered to have low credit risk and for which credit risk has increased significantly since initial recognition, lifetime expected credit losses are recognized as a loss allowance based on the above input.
- For credit-impaired receivables, lifetime expected credit losses are recognized as a loss allowance based on the above input.

Credit risk is assessed based on changes in default risk on relevant financial instruments. The credit risk assessment is performed using internal or external credit ratings of financial instruments, as well as reasonable and supportable information that can be used without undue cost or efforts, such as past due information. For instance, for financial instruments that are categorized as investment grade by an external credit rating organization, or financial instruments whose internal credit rating corresponds with the internationally-accepted definition of low credit risk, such financial instruments are considered to have low credit risk. For financial instruments that have deteriorated in credit quality from low credit risk status, or financial instruments that did not have a low credit risk at initial recognition but whose credit risk increased significantly since initial recognition, such financial instruments are determined to have a significant increase in credit risk. For instance, such financial instruments include those whose external credit rating has been downgraded from investment grade to non-investment grade, or for which the date of forfeiture of benefit of time has passed. In addition, if an incident that could have an adverse impact on estimated future cash flows occurs, financial instruments that are linked to such incidents are determined as credit-impaired financial instruments. Such incidents include a breach of contract including default, a significant deterioration in the financial condition of a debtor, or meeting the criteria for classification as delinquent by the regulatory authorities of various countries. Financial instruments are considered to be in default after 60 days have passed since the forfeiture of benefit of time on the account closing date.

The Group directly writes off the gross carrying amount of a financial asset when there are no reasonable expectations of recovering the financial asset. However, there are cases where such directly written-off financial assets will be recovered through external sales.

(ii) Credit risks relating to other financial assets

Credit risks relating to other financial assets are the risk that the Group may suffer losses from decrease or losses of assets due to deteriorated financial conditions of investees/debtors. Credit risk includes country risk that the Group may suffer losses from changes in the currency, political or economic circumstances of a country where investees/debtors operate.

Credit risk management policies of the Group are as follows:

- Accurately analyze financial conditions of investees/debtors and quantify relevant credit risk.
- Appropriately manage the Group's own capital and the related risks by periodic monitoring.
- Under foreign investments or lending transactions, the Group identifies intrinsic risk of investees/debtors with domestic/foreign offices as well as overseas partners followed by periodic monitoring.
- Recognize investment risk as significant risk to be controlled among various credit risks and perform detailed analysis of fluctuation in risk associated with operational investment securities.

The Group operates in accordance with the above risk management policies. Subsidiaries which provide credits to corporate or individual customers as a part of their business are appropriately monitored in accordance with their respective policies.

(b) Quantitative and qualitative information regarding amounts arising from expected credit losses

The movement of loss allowance is as follows:

(Millions of Yen)

	12-month expected credit losses	Lifetime expected credit losses			Total
		Significantly increased credit risk			
		Not credit-impaired	Credit-Impaired	Trade receivables	
As at April 1, 2019	19,392	4,378	17,972	4	41,746
Increase due to business combination	123	—	—	—	123
New financial assets originated or purchased	22,803	5,072	—	0	27,875
Derecognition of financial assets	(15,244)	(4,269)	(7,842)	—	(27,355)
Transfer	(1,326)	877	12,365	—	11,916
Write-offs	(574)	(78)	(1,359)	—	(2,011)
Foreign currency translation adjustment on foreign operations	(2,038)	(440)	(1,030)	—	(3,508)
As at March 31, 2020	23,136	5,540	20,106	4	48,786
Changes in the scope of consolidation	—	—	(120)	—	(120)
New financial assets originated or purchased	35,233	5,742	—	2	40,977
Derecognition of financial assets	(24,768)	(5,144)	(11,579)	—	(41,491)
Transfer	(3,047)	1,300	18,190	—	16,443
Write-offs	(556)	(198)	(1,336)	—	(2,090)
Foreign currency translation adjustment on foreign operations	2,717	653	1,352	—	4,722
As at March 31, 2021	32,715	7,893	26,613	6	67,227

The primary changes in loss allowance relate to the increase in loss allowance as a result of the increase in normal receivables.

The total amount of loss allowance for loan commitments with an unused portion amounted to ¥203 million and ¥558 million, as at March 31, 2020 and 2021, respectively.

Financial assets that have been written off during the years ended March 31, 2020 and 2021, and are still subject to enforcement activities amounted to ¥2,433 million and ¥2,181 million, respectively.

(c) Credit risk exposure

The amount of the Group's maximum exposure to credit risk are as follows:

(Millions of Yen)

As at March 31, 2020	12-month expected credit losses	Lifetime expected credit losses			Total
		Significantly increased credit risk			
		Not credit-impaired	Credit-Impaired	Trade receivables	
Cash and cash equivalents	843,755	—	—	—	843,755
Trade and other accounts receivable					
Credit to individual					
Group A	52,530	117	551	—	53,198
Group B	236,638	10,028	456	—	247,122
Group C or less	24,289	19,968	11,570	—	55,827
Credit to Corporate (external rating)					
Group A	86,068	—	—	—	86,068
Group B	60,681	3,454	1,476	—	65,611
Group C or less	71	—	—	—	71
Credit to Corporate					
No overdue information	144,594	19,365	5,191	—	169,150
One or more delinquents	—	953	4,712	—	5,665
Others	171,835	1,412	7,990	6,968	188,205
Loss allowance	(23,136)	(5,540)	(20,106)	(4)	(48,786)
Total	753,570	49,757	11,840	6,964	822,131
Assets related to securities business	2,797,613	—	925	—	2,798,538
Other financial assets	40,415	—	—	579	40,994
Other investment securities					
BBB or above	47,555	—	—	—	47,555
Less than BBB	209	—	—	—	209
Total	47,764	—	—	—	47,764

(Millions of Yen)

As at March 31, 2021	12-month expected credit losses	Lifetime expected credit losses			Total
		Significantly increased credit risk			
		Not credit-impaired	Credit-Impaired	Trade receivables	
Cash and cash equivalents	802,702	—	—	—	802,702
Trade and other accounts receivable					
Credit to individual					
Group A	112,660	6	129	—	112,795
Group B	314,347	19,311	1,635	—	335,293
Group C or less	26,146	22,537	15,254	—	63,937
Credit to Corporate (external rating)					
Group A	121,032	—	—	—	121,032
Group B	79,411	5,487	1,712	—	86,610
Group C or less	90	—	—	—	90
Credit to Corporate					
No overdue information	185,112	22,404	6,489	—	214,005
One or more delinquents	—	686	3,610	—	4,296
Others	290,100	2,351	12,357	8,257	313,065
Loss allowance	(32,715)	(7,893)	(26,613)	(6)	(67,227)
Total	1,096,183	64,889	14,573	8,251	1,183,896
Assets related to securities business	3,895,809	—	812	—	3,896,621
Other financial assets	54,979	—	—	3,736	58,715
Other investment securities					
BBB or above	39,588	—	—	—	39,588
Less than BBB	302	—	—	—	302
Total	39,890	—	—	—	39,890

Credit to individual and Credit to Corporate are as follows:

- Group A: A financial asset with low credit risk. In the case of an external rating, it corresponds to "investment grade".
- Group B: A financial asset that has neither low nor a high credit risk. In the case of an external rating, it falls under BBB and CCC or above.
- Group C and below: A financial asset with high or extremely high credit risk. In case of an external rating, they fall under CCC or below.

Trade and other accounts receivable include the amount recoverable by insurance or collateral. Collateral received mainly consists of real estate assets received on loan to small-middle real estate companies or individual or other assets. Evaluation on receiving collateral is made by an independent third party appraiser and the amount of the loan is determined to be filled with evaluation value. However, the value of the collateral may be inadequate due to a declining real estate market. If the Group obtains collateral assets by exercise of security interests, the Group immediately collects the loan by conducting sales or auction of the assets.

The loss allowance for credit impaired financial assets has been reduced by ¥12,763 million and ¥15,287 million by underlying collateral held as a security and other credit enhancements as at March 31, 2020 and 2021, respectively.

The amount of its maximum exposure to credit risk for undrawn loan commitments are as follows:

(Millions of Yen)

As at March 31, 2020	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-Impaired	
Undrawn loan commitments	38,344	1,748	—	40,092

(Millions of Yen)

As at March 31, 2021	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-Impaired	
Undrawn loan commitments	48,469	3,055	3	51,527

(5) Market risk management

Market risk is the risk that the Group may suffer losses from fluctuation of interest rate, stock price, foreign exchange rate or other factors.

Market risk management policies of the Group are as follows:

- Understand underlying currency and term of assets and quantify market risk.
- Appropriately manage the balance between the Group's own capital and its related risk by periodic monitoring.
- Never enter into derivative transactions for speculative purposes in the absence of established operating rules.

(a) Stock Market Risk

The Group is exposed to stock market risk arising from its investment portfolio. If the market price of operational investment securities and other investment securities held by the Group as at March 31, 2020 and 2021 increased by 10%, profit before income tax expense in the consolidated statement of income would have increased by ¥14,886 million and ¥18,726 million, respectively.

The investment portfolios as at March 31, 2020 and 2021 were as follows:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Operational investment securities		
Listed equity securities	85,799	180,548
Unlisted equity securities	276,405	303,790
Bonds	12,589	15,746
Investments in funds	20,130	28,070
Total	394,923	528,154
Other investment securities		
Listed equity securities	37	487
Unlisted equity securities	9,773	10,934
Bonds	63,614	60,032
Investments in funds	107,020	138,092
Total	180,444	209,545

(b) Foreign Exchange Risk

The Group is exposed to foreign exchange risk with regard to assets and liabilities dominated in currencies used by various entities other than the Group's functional currency, mainly including USD and HKD. The Group's main exposures to foreign exchange risk are as follows:

(Millions of Yen)

As at March 31, 2020	USD	HKD	Others
Monetary financial instruments dominated in foreign currency			
Assets	65,336	1,407	21,349
Liabilities	184,962	7,646	21,102

(Millions of Yen)

As at March 31, 2021	USD	HKD	Others
Monetary financial instruments dominated in foreign currency			
Assets	89,751	3,031	28,768
Liabilities	238,862	9,065	29,424

If the foreign currencies strengthened by 1% against the functional currency with all other variables (such as interest rate) held constant, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2020 and 2021 would have decreased by ¥1,256 million and ¥1,558 million, respectively, mainly as a result of monetary financial instruments dominated in foreign currencies held by the Group.

(c) Interest Rate Risk

The Group is exposed to various interest rate fluctuation risks in its business operations. Interest rate fluctuation affects financial income arising from financial assets, which primarily consist of bank balances, money in trust held by subsidiaries in the financial service business, call loans, and loans receivable from individual and corporate customers, and also affects financial costs arising from financial liabilities, which primarily consist of borrowings from financial institutions, bonds payable, and customer deposits for the banking business.

In management's sensitivity analysis, if interest rates had been 100 basis points higher and all other variables were held constant, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2020 and 2021 would have decreased by ¥584 million and increased by ¥1,240 million, respectively.

The analysis is prepared assuming the financial instruments subject to interest rate risk and all other variables were held constant throughout the years ended March 31, 2020 and 2021.

(6) Liquidity risk management

Liquidity risk is defined as the Group's exposure to the below situations:

—Necessary financing cannot be secured due to deterioration of the Group's financial condition

—Risk of loss from financing at higher interest rate than usual with no option

—Risk of loss from transaction at significantly unreasonable price with no option or unable to conduct transactions due to severe situation such as market turmoil.

The Group manages its liquidity risk through the following policies.

(a) Secure various financing arrangements such as bank overdraft facility, bond issuance registration or stock issuance.

(b) Collect information on the Group's working capital requirement and understand the cash flow positions.

(c) Obtain reports from the department responsible for cash management based upon the liquidity risk management policies stated in (a) and (b) above to monitor cash flow risks.

Liquidity risk arises from financial liabilities settled by transfer of cash and other financial assets. Balances of financial liabilities held by the Group by maturity are as follows;

(Millions of Yen)

As at March 31, 2020	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	1,149,050	1,160,342	743,165	150,425	105,107	72,965	51,386	37,294
Trade and other accounts payable	76,977	77,284	67,480	4,002	2,396	936	513	1,956
Liabilities related to securities business	2,674,358	2,674,358	2,674,358	—	—	—	—	—
Customer deposits for banking business	734,221	750,425	503,962	101,017	145,288	158	—	—

(Millions of Yen)

As at March 31, 2021	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	1,394,137	1,420,043	887,928	170,552	117,277	51,750	112,811	79,725
Trade and other accounts payable	189,729	190,267	160,525	5,776	19,805	1,236	704	2,221
Liabilities related to securities business	3,521,802	3,521,808	3,521,808	—	—	—	—	—
Customer deposits for banking business	1,042,132	1,065,190	636,196	141,631	286,698	543	122	—

The Group entered into line of credit agreements (e.g., overdraft facilities) with leading domestic and overseas financial institutions to ensure an efficient operating funds procurement and to mitigate liquidity risk.

Contractual amounts and used amounts of overdraft facilities as at each reporting date are as follows:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Lines of credit	452,426	482,697
Used balance	158,441	133,727
Unused portion	293,985	348,970

9. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2020 and 2021, consisted of the following:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Trade accounts receivable and installment receivables	4,579	6,200
Loans receivable	741,232	1,041,255
Operational receivables	25,694	56,238
Deposits	47,099	77,744
Others	3,527	2,459
Total	822,131	1,183,896

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2020 and 2021, consisted of the following:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
No later than 1 year	238,095	325,531
Later than 1 year	584,036	858,365
Total	822,131	1,183,896

10. Other Assets Related to Securities Business

Other assets related to securities business as at March 31, 2020 and 2021, consisted of the following:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Trade date accrual	237,764	293,872
Trading products	155,835	141,204
Short-term guarantee deposits	96,886	102,728
Loans receivable secured by securities	84,755	92,428
Others	1,261	1,073
Total	576,501	631,305

11. Operational Investment Securities and Other Investment Securities

"Operational investment securities" and "Other investment securities" in the consolidated statement of financial position as at March 31, 2020 and 2021 consisted of the following:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Operational investment securities		
Financial assets measured at FVTPL	394,923	528,154
Total	394,923	528,154
Other investment securities		
Financial assets measured at FVTPL	131,929	168,887
Equity instruments measured at FVTOCI	751	768
Debt instruments measured at FVTOCI	47,764	39,890
Total	180,444	209,545

The Group may designate some of its investments in equity instruments as equity instruments measured at FVTOCI, taking into consideration the actual conditions of the investments such as business relationships with the investee companies.

Fair values of equity instruments measured at FVTOCI presented as "Other investment securities" in the consolidated statement of financial position and related dividends income presented as "Revenue" in the consolidated statement of income consisted of the following, respectively:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Fair value		
Listed	18	29
Unlisted	733	739
Total	751	768

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Dividends income		
Listed	0	1
Unlisted	0	0
Total	0	1

Name of investee and related fair values of equity instruments measured at FVTOCI presented as "Other investment securities" in the consolidated statement of financial position mainly consisted of the following:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Other investment securities		
TANITA HEALTH LINK, INC.	455	455

Fair value at disposal, cumulative gain (net of tax) transferred from other components of equity to retained earnings and dividend income of equity instruments measured at FVTOCI disposed during the years ended March 31, 2020 and 2021 are as follows:

(Millions of Yen)

For the year ended March 31, 2020			For the year ended March 31, 2021		
Fair value at disposal	Cumulative gain or loss	Dividend income	Fair value at disposal	Cumulative gain or loss	Dividend income
3,444	(605)	–	–	–	–

Equity instruments measured at FVTOCI are sold (derecognized) to enhance the effective operation and efficiency of assets.

For equity instruments measured at FVTOCI whose significant decline in fair value compared to their acquisition costs is other than temporary, cumulative losses (net of tax) transferred from other components of equity to retained earnings for the year ended March 31, 2020 were ¥1 million.

12. Investments Accounted For Using the Equity Method

(1) Investments in associates

The combined financial information of associates accounted for using the equity method is as follows:

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Profit for the year attributable to the Group	997	2,831
Other comprehensive income attributable to the Group	(3,771)	963
Total comprehensive income attributable to the Group	(2,774)	3,794

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Carrying amount	15,383	47,271

(2) Investments in joint ventures

The combined financial information of joint ventures accounted for using the equity method is as follows:

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Profit for the year attributable to the Group	5,530	6,627
Other comprehensive income attributable to the Group	(41)	27
Total comprehensive income attributable to the Group	5,489	6,654

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Carrying amount	48,274	56,536

13. Structured Entities

The Group conducts investment partnerships and investment trusts for investment activities in Japan and overseas. These investment partnerships and investment trusts raise funds from investors/partners, and provide funding mainly in the form of capital contribution to investees. These investment partnerships are structured in a way that voting rights are not the dominant factor in deciding who controls the partnerships.

The purpose of using the assets and liabilities of the structured entities is restricted by contractual arrangements between the Group and the structured entities.

(1) Consolidated structured entities

Total assets of the consolidated investment partnerships and investment trusts were ¥306,737 million and ¥261,713 million as at March 31, 2020 and 2021, respectively. Total liabilities were ¥79,877 million and ¥16,644 million as at March 31, 2020 and 2021, respectively.

(2) Unconsolidated structured entities

The Group invests in investment partnerships and investment trusts, etc. that third parties have control on their operations.

The Group has not entered into any arrangement to provide financial support for the assets and liabilities of these structured entities. Accordingly, the maximum exposure to loss resulting from our involvement with unconsolidated structured entities is limited to the carrying amounts, the details of which are as described below:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Operational investment securities	16,597	23,252
Other investment securities	103,693	135,722
Total	120,290	158,974

The maximum exposure indicates the maximum amount of possible losses, but not the possibility of such losses being incurred.

14. Property and Equipment

The movements of cost, accumulated depreciation and impairment loss of property and equipment were as follows:

(Millions of Yen)

Cost	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at April 1, 2019	7,143	16,972	2,505	3,959	30,579
Adjustment due to the application of IFRS16	12,829	15	—	69	12,913
Balance as at April 1, 2019	19,972	16,987	2,505	4,028	43,492
Acquisitions	6,231	6,466	1,607	20,463	34,767
Acquisitions through business combinations	29	80	—	4	113
Sales or disposals	(675)	(2,533)	—	(1,708)	(4,916)
Foreign currency translation adjustment on foreign operations	(199)	(249)	(42)	(213)	(703)
Others	63	676	(124)	(677)	(62)
Balance as at March 31, 2020	25,421	21,427	3,946	21,897	72,691
Acquisitions	7,937	7,531	1,144	2,431	19,043
Acquisitions through business combinations	910	5	103	22,932	23,950
Sales or disposals	(440)	(2,362)	—	(15,431)	(18,233)
Foreign currency translation adjustment on foreign operations	395	312	41	142	890
Others	53	2,666	(105)	(2,482)	132
Balance as at March 31, 2021	34,276	29,579	5,129	29,489	98,473

(Millions of Yen)

Accumulated depreciation and impairment losses	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at April 1, 2019	(2,883)	(11,308)	(42)	(1,246)	(15,479)
Sales or disposals	202	2,379	—	115	2,696
Depreciation	(4,728)	(2,460)	—	(1,137)	(8,325)
Impairment losses	(0)	—	—	—	(0)
Foreign currency translation adjustment on foreign operations	40	149	—	85	274
Balance as at March 31, 2020	(7,369)	(11,240)	(42)	(2,183)	(20,834)
Sales or disposals	193	1,950	—	3,949	6,092
Depreciation	(5,665)	(5,553)	—	(4,177)	(15,395)
Impairment losses	(4)	(125)	—	(3,492)	(3,621)
Foreign currency translation adjustment on foreign operations	(139)	(204)	—	(82)	(425)
Balance as at March 31, 2021	(12,984)	(15,172)	(42)	(5,985)	(34,183)

(Millions of Yen)

Carrying amount	Buildings	Furniture and fixtures	Land	Others	Total
Balance as at March 31, 2020	18,052	10,187	3,904	19,714	51,857
Balance as at March 31, 2021	21,292	14,407	5,087	23,504	64,290

The carrying amount of property and equipment includes the carrying amount of right-of-use assets and the carrying amount of lessor's operating lease assets.

Right-of-use assets increased by ¥3,003 million and ¥6,816 million as at March 31, 2020 and 2021, respectively.

(Millions of Yen)

Carrying amount of right-of-use assets	Buildings	Furniture and fixtures	Others	Total
Balance as at March 31, 2020	10,744	950	248	11,942
Balance as at March 31, 2021	13,183	1,329	424	14,936

(Millions of Yen)

Carrying amount of lessor's operating lease assets	Others	Total
Balance as at March 31, 2020	15,230	15,230
Balance as at March 31, 2021	20,607	20,607

Impairment losses recognized for the year ended March 31, 2021 were ¥3,621 million, due to no expectation of initially expected profits and were included in “Other expenses” in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2021 were ¥3 million in the Financial Services Business, ¥1,046 million in the Asset Management Business and ¥2,572 million in the Renewable Energy Business, which is included in “Others”, respectively.

15. Intangible Assets

(1) The movement of cost, accumulated amortization and accumulated impairment losses of intangible assets including goodwill

The movements in cost, accumulated amortization and impairment losses of intangible assets including goodwill for the years ended March 31, 2020 and 2021 were as follows:

(Millions of Yen)

Cost	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2019	164,785	50,597	33,464	3,900	252,746
Acquisitions	—	12,226	—	893	13,119
Acquisitions through business combinations	10,053	22	953	17	11,045
Sales or disposals	—	(385)	—	—	(385)
Foreign currency translation adjustment on foreign operations	(10,626)	(540)	(1,523)	(118)	(12,807)
Balance as at March 31, 2020	164,212	61,920	32,894	4,692	263,718
Acquisitions	—	16,356	—	349	16,705
Acquisitions through business combinations	17,320	915	3,728	29	21,992
Sales or disposals	(116)	(1,010)	—	—	(1,126)
Foreign currency translation adjustment on foreign operations	10,887	589	1,544	218	13,238
Balance as at March 31, 2021	192,303	78,770	38,166	5,288	314,527

(Millions of Yen)

Accumulated amortization and impairment losses	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2019	(7,575)	(31,016)	(27,411)	(1,928)	(67,930)
Sales or disposals	—	136	—	—	136
Amortization	—	(6,773)	(514)	(306)	(7,593)
Impairment losses	—	—	—	—	—
Foreign currency translation adjustment on foreign operations	—	505	1,393	49	1,947
Balance as at March 31, 2020	(7,575)	(37,148)	(26,532)	(2,185)	(73,440)
Sales or disposals	21	358	—	—	379
Amortization	—	(7,755)	(788)	(414)	(8,957)
Impairment losses	(2,627)	(319)	(1,840)	—	(4,786)
Foreign currency translation adjustment on foreign operations	—	(531)	(1,496)	(89)	(2,116)
Balance as at March 31, 2021	(10,181)	(45,395)	(30,656)	(2,688)	(88,920)

(Millions of Yen)

Carrying amount	Goodwill	Software	Customer relationship	Others	Total
Balance as at March 31, 2020	156,637	24,772	6,362	2,507	190,278
Balance as at March 31, 2021	182,122	33,375	7,510	2,600	225,607

The carrying amount of software in the above table as at March 31, 2020 and 2021 includes the carrying amount of right-of-use assets of ¥584 million and ¥320 million, respectively. Amortization expenses were recorded in “Operating cost” and “Selling, general and administrative expenses” in the consolidated statement of income.

(2) Impairment losses for each business segment

The Group recognized impairment losses totaling ¥4,786 million for the year ended March 31, 2021, due to no expectation of initially expected profits, and recorded them in "Other expenses" in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2021 were ¥319 million in the Financial Services Business, ¥187 million in the Asset Management Business, ¥4,125 million in the Biotechnology, Healthcare and Medical Informatics Business and ¥155 million in the Renewable Energy Business, which were included in "Others", respectively. The impairment losses recognized in the Biotechnology, Healthcare and Medical Informatics Business were recognized for goodwill and certain drug development pipelines.

(3) Carrying amount of goodwill

Goodwill arising from business combinations is allocated to cash-generating units that are expected to benefit from the synergies of the business combination at the date of acquisition of the business.

Significant goodwill arising from business combinations were ¥95,261 million and ¥104,563 million as at March 31, 2020 and 2021, respectively, related to SBI Savings Bank in the Asset Management Business and ¥24,910 million as at March 31, 2020 and 2021, related to SBI SECURITIES Co., Ltd. in the Financial Services Business.

The recoverable amounts used for impairment test of goodwill and intangible assets are calculated based on the value in use. Value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate is determined by considering the long-term average growth rate of the market or the country which the CGU belongs to. The maximum per annum growth rate used for measuring value in use was 4% as at March 31, 2020 and 2% as at March 31, 2021. The discount rate used for measuring value in use was 9.1% to 23.3% and 7.9% to 20.6% per annum as at March 31, 2020 and 2021, respectively.

Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

16. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2020 and 2021:

(Millions of Yen)

For the year ended March 31, 2020	As at April 1, 2019	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2020
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	576	269	—	—	—	845
Fixed assets	1,467	(404)	—	—	—	1,063
Enterprise tax payable	856	58	—	—	—	914
Tax loss carryforwards	6,568	2,969	(584)	9	—	8,962
Other	912	1,477	—	313	—	2,702
Total	10,379	4,369	(584)	322	—	14,486
Deferred Tax Liabilities						
Financial assets and liabilities measured at FVTPL	11,927	5,703	—	—	—	17,630
Equity instruments measured at FVTOCI	4	—	(1)	—	—	3
Debt instruments measured at FVTOCI	1,219	(210)	136	—	—	1,145
Investments accounted for using the equity method	1,819	121	—	—	—	1,940
Intangible assets	2,068	(708)	(37)	267	—	1,590
Other	1,818	564	—	—	(446)	1,936
Total	18,855	5,470	98	267	(446)	24,244

(Millions of Yen)

For the year ended March 31, 2021	As at April 1, 2020	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2021
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	845	420	—	—	—	1,265
Fixed assets	1,063	470	—	33	—	1,566
Enterprise tax payable	914	428	—	—	—	1,342
Tax loss carryforwards	8,962	1,224	883	—	—	11,069
Other	2,702	(605)	—	113	—	2,210
Total	14,486	1,937	883	146	—	17,452
Deferred Tax Liabilities						
Financial assets and liabilities measured at FVTPL	17,630	15,626	—	—	—	33,256
Equity instruments measured at FVTOCI	3	—	5	—	—	8
Debt instruments measured at FVTOCI	1,145	(260)	(66)	—	—	819
Investments accounted for using the equity method	1,940	627	—	—	—	2,567
Intangible assets	1,590	(103)	17	1,304	—	2,808
Other	1,936	(1,563)	—	70	1,182	1,625
Total	24,244	14,327	(44)	1,374	1,182	41,083

In assessing the recoverability of the deferred tax assets, the Group considers the future taxable temporary differences, projected future taxable income, and tax planning strategies. The tax losses for which deferred tax assets were not recognized as at March 31, 2020 and 2021, were ¥263,027 million (including ¥149,092 million with the carryforward period over 5 years), and ¥212,230 million (including ¥143,764 million with the carryforward period over 5 years), respectively.

The Group recognized deferred tax assets of ¥42 million and ¥101 million as at March 31, 2020 and 2021, respectively, associated with certain subsidiaries that had net losses during the years ended March 31, 2020 and 2021. The Group's management assessed that it is probable that tax credit carryforwards and deductible temporary differences will be utilized as the tax losses are not expected to arise on an ongoing basis.

As at March 31, 2020 and 2021, in principle, the Group did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Group was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which deferred tax liabilities were not recognized were ¥254,394 million and ¥288,165 million as at March 31, 2020 and 2021, respectively.

17. Bonds and Borrowings

(1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2020 and 2021, consisted of the following:

(Millions of Yen) (%)

	As at March 31, 2020	As at March 31, 2021	Average interest rate (Note 1)	Due (Note 2)
Short-term loans payable	636,290	737,038	0.23	—
Current portion of long-term loans payable	14,889	79,804	0.38	—
Current portion of bonds payable	86,994	67,234	—	—
Long-term loans payable	91,163	75,326	1.67	2022–2034
Bonds payable	319,714	434,735	—	—
Total	1,149,050	1,394,137		

Notes: 1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2021.
2. The due represents the repayment term of the outstanding balance as at March 31, 2021.

Details of the bonds were as follows:

(Millions of Yen) (%)

Issuer and the name of bond	Date of issuance	As at March 31, 2020	As at March 31, 2021	Interest rate (Note 1)	Due
The Company Japanese yen straight bond (Note 2)	July 2018– April 2020	64,845	55,000	0.43–0.60	July 2020– April 2022
The Company No.9 Unsecured straight bond	June 2016	15,983	15,998	0.85	June 2021
The Company No.11 Unsecured straight bond	June 2017	12,997	—	—	June 2020
The Company No.12 Unsecured straight bond	June 2017	16,971	16,984	0.90	June 2022
The Company No.13 Unsecured straight bond	March 2018	17,981	—	—	March 2021
The Company No.14 Unsecured straight bond	March 2018	17,958	17,972	0.70	March 2023
The Company No.15 Unsecured straight bond	December 2018	14,971	14,988	0.44	December 2021
The Company No.16 Unsecured straight bond	December 2018	14,956	14,968	0.69	December 2023
The Company No.17 Unsecured straight bond	May 2019	24,939	24,968	0.43	May 2022
The Company No.18 Unsecured straight bond	May 2019	24,918	24,938	0.69	May 2024
The Company No.19 Unsecured straight bond	December 2019	19,938	19,961	0.45	December 2022
The Company No.20 Unsecured straight bond	December 2019	24,907	24,927	0.70	December 2024
The Company No.21 Unsecured straight bond	June 2020	—	14,962	0.80	June 2023
The Company No.22 Unsecured straight bond	June 2020	—	10,000	1.00	June 2025
The Company No.23 Unsecured straight bond	December 2020	—	24,922	0.73	December 2023
The Company No.24 Unsecured straight bond	December 2020	—	29,888	0.93	December 2025
The Company Euroyen convertible bonds (Note 3)	September 2017– July 2020	64,984	116,020	—	September 2022– July 2025
The Company Exchangeable bond (Note 2)	June 2018	502	—	—	June 2020
SBI SECURITIES Co., Ltd. Exchangeable bond (Note 2)	December 2016– March 2021	58,054	65,772	0.11–0.88	April 2020– March 2031
SBI SECURITIES Co., Ltd. Japanese yen straight bond (Note 2)	September 2019– October 2020	9,972	5,992	0.30	September 2020– October 2021
Other bonds	September 2019– March 2021	1,832	3,709	0.11–0.60	September 2022– September 2027
Total		406,708	501,969		

Notes: 1. Interest rate is the coupon rate of the balance as at March 31, 2021. The interest rate of the bonds hedged with interest rate swap is the interest rate after the swap execution.
2. The aggregate amount issued based on euro medium term note program is stated above.
3. The stock acquisition rights of Euroyen convertible bonds are recognized as embedded derivatives. The amount of the stock acquisition rights are separated from the host, measured at fair value, and recorded as capital surplus after tax effects.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Cash and cash equivalents	—	24
Trade and other accounts receivable	10,502	10,678
Property and equipment	13,858	20,180
Total	24,360	30,882

The corresponding liabilities were as follows:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Bonds and borrowings	14,881	22,180

Besides the above, securities received as collateral for financing from broker's own capital of ¥21,942 million and ¥15,709 million were pledged as collateral for borrowings on margin transactions as at March 31, 2020 and 2021, respectively.

18. Trade and Other Payables

The components of trade and other payables were as follows:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Accounts payable and notes payable	1,389	894
Accounts payable-other	22,485	80,166
Advances received and guarantee deposit received	38,928	91,827
Lease liability	14,175	16,842
Total	76,977	189,729

19. Other Liabilities Related to Securities Business

The components of other liabilities related to the securities business were as follows:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Trade date accrual	309,866	355,378
Trading products	81,289	52,218
Deposits for subscription	1,192	2,674
Total	392,347	410,270

20. Insurance Contract Liabilities

(1) Risk management system over insurance contracts

The Group engages in the insurance business such as life and casualty insurance and strives to accurately identify, analyze and assess as well as appropriately manage and administer risk relating to insurance contracts in order to secure management stability. The subsidiaries engaged in the insurance business have established a Risk Management Committee which strives to identify a wide range of risks associated with insurance contracts, and regularly and continuously reports to their respective board of directors, etc. about the risks to ensure the effectiveness of risk management. The Group's primary approach to risks relating to insurance contracts is as follows:

(a) Market risk management

Interest rate risk management

Considering the long-term nature of insurance liabilities in the life insurance business, which accounts for the majority of insurance contract liabilities, the Group invests principally in bonds. The Group also conducts asset and liability management (ALM) so that fluctuations in interest rates do not adversely affect.

Price fluctuation risk management

Regarding market risk management, the Group conducts risk management focusing on indices such as VaR (Value at Risk), which denotes the maximum loss amount expected due to market changes based on the confidence interval, and Basis Point Value (BPV), which denotes price fluctuations in the bond portfolio due to changes in the market interest rate, in addition to identifying risks based on the Solvency Margin Ratio.

(b) Conducting of stress testing

The Group regularly conducts stress testing assuming scenarios such as significant deterioration in the investment environment or the worsening of the incidence rate of insured accidents, in order to analyze the impact on financial soundness, and reports the results of stress testing to the Risk Management Committee, etc.

(c) Insurance underwriting risk

Regarding insurance underwriting risk, the department-in-charge of each company engaged in the insurance business determines its underwriting policies, and conducts risk control by managing the risk portfolio, reforming or abolishing products, establishing the underwriting standards, changing sales policies, designing and arranging reinsurance, etc.

(2) Insurance contract liabilities

(a) Details and movements of insurance contract liabilities

Insurance contract liabilities as at March 31, 2020 and 2021, consisted of the following:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Claims reserves	23,376	25,057
Policy reserves	118,522	125,066
Total	141,898	150,123

The movements in insurance contract liabilities for the years ended March 31, 2020 and 2021 were as follows:

(Millions of Yen)

	As at March 31, 2020	As at March 31, 2021
Balance, beginning of year	139,098	141,898
Life insurance business		
Expected cash flows from policy reserves	(11,970)	(9,679)
Interest incurred	311	385
Adjustments	6,048	10,356
Non-life insurance business		
Insurance premiums	39,616	46,107
Unearned premium	(39,703)	(42,410)
Others	8,498	3,466
Balance, end of year	141,898	150,123

Net cash outflows by due period resulting from recognized insurance liabilities are as follows:

(Millions of Yen)

	Total	No later than 1 year	1 to 3 years	3 to 5 years	Over 5 years
Insurance contract liabilities	150,123	54,139	26,970	14,996	54,018

(b) Sensitivity to insurance risk

In the life insurance business, the Group records insurance contract liabilities by estimating the present value of all cash flows generated from insurance contracts using the prerequisite conditions at initial recognition.

The prerequisite conditions include discount rates (interest rates), death rates, morbidity rates, renewal rates, business expenses and commission, etc. In the case where increases in death rates, morbidity rates, business expenses and commission are expected, future net income and equity are expected to decrease due to the increase in future cash outflows. In the case where the liability adequacy test reveals that insurance contract liabilities are insufficient for the amount of reserves determined based on the prerequisite conditions at initial recognition, it may be necessary to recognize the effects for the period of increasing insurance contract liabilities at the end of each reporting period.

(3) Concentration of insurance risk

The Group is not exposed to excessively concentrated insurance risk since the insurance contract portfolios are dispersed geographically throughout Japan.

(4) Claims development (difference between actual claim and previous estimates) of non-life insurance business is as follows:

(Millions of Yen)

	Accident year				
	2016	2017	2018	2019	2020
Cumulative payments and claim reserves					
At end of accident year	20,489	22,682	25,776	27,261	26,015
1 year later	21,018	23,525	26,431	27,488	—
2 year later	21,669	24,165	27,022	—	—
3 year later	22,141	24,790	—	—	—
4 year later	22,288	—	—	—	—
Estimate of cumulative claims	22,288	24,790	27,022	27,488	26,015
Less: Cumulative payments to date	21,708	23,292	24,759	23,087	14,783
Claim reserves (gross)	580	1,497	2,263	4,401	11,232

21. Leases as Lessee

The Group lease office buildings, servers for online transaction systems and certain other assets under operating leases. There were no lease contracts which include residual value guarantees and no significant lease contracts for which leases have not yet commenced as at March 31, 2021 to which the lessee is committed.

The lease expenses and the total cash outflow for leases are as follows:

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Depreciation charge for right-of-use assets		
Buildings	3,501	4,945
Furniture and fixtures	614	521
Software	254	270
Others	81	192
Total	4,450	5,928
Interest expense on lease liabilities	212	302
Expense relating to short-term lease and lease of low-value assets	1,572	2,169
Total cash outflow for leases	6,945	7,660

22. Capital Stock and Other Equity Items

(1) Capital stock and treasury stock

The number of authorized shares as at March 31, 2020 and 2021 was 341,690,000 shares.

The Company's issued shares were as follows:

(Shares)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Number of issued shares (common shares with no par value)		
As at the beginning of the year	236,556,393	236,556,393
Increase during the year (Note)	—	8,082,997
As at the end of the year	236,556,393	244,639,390

Notes: The increase of 4,933,197 shares was for the exercise of the conversion rights for convertible bonds and 3,149,800 shares was for the exercise of the stock acquisition rights.

The Company's treasury stock included in the above issued shares was as follows:

(Shares)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Number of treasury stock		
As at the beginning of the year	8,312,501	5,730,038
Increase during the year (Notes 1,3)	6,510	14,691
Decrease during the year (Notes 2,4)	(2,588,973)	(5,729,645)
As at the end of the year	5,730,038	15,084

Notes: 1. The increase of 6,510 shares related to the acquisition purchased from shareholders with less than one unit of shares.
2. The decrease of 2,588,973 shares related to 610 shares sold to shareholders with less than one unit of shares, appropriation of 597,400 shares for the exercise of stock acquisition rights and appropriation of 1,990,963 shares for the conversion of convertible bonds.
3. The increase of 14,691 shares related to the acquisition purchased from shareholders with less than one unit of shares.
4. The decrease of 5,729,645 shares related to 1,110 shares sold to shareholders with less than one unit of shares, appropriation of 439,900 shares for the exercise of stock acquisition rights and appropriation of 5,288,635 shares for the conversion of convertible bonds.

(2) Reserves

(a) Capital surplus

Capital surplus of the Group includes additional paid-in capital of the Company, which is legal capital surplus.

Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from additional paid-in capital to common stock.

(b) Retained earnings

Retained earnings of the Group include the reserve of the Company legally required as legal retained earnings.

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as legal retained earnings until the aggregate amount of capital surplus and statutory reserve reaches 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval of the shareholders meeting.

(3) Other components of equity

The movements of other component of equity were as follows:

(Millions of Yen)

	Other components of equity			
	Currency translation differences	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Total
Balance as at April 1, 2019	16,404	(452)	1,025	16,977
Change for the year	(23,104)	(1,022)	158	(23,968)
Transfer to retained earnings	—	606	—	606
Balance as at March 31, 2020	(6,700)	(868)	1,183	(6,385)
Change for the year	24,609	89	(116)	24,582
Balance as at March 31, 2021	17,909	(779)	1,067	18,197

23. Dividends

Dividends paid were as follows:

Year ended March 31, 2020	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 26, 2019	Common shares	18,260	80 (Note)	March 31, 2019	June 7, 2019
Board of Directors' Meeting on October 30, 2019	Common shares	4,611	20	September 30, 2019	December 11, 2019

Note: The year-end dividend of 80 yen consists of common dividend of 75 yen and commemorative dividend of 5 yen for the 20th anniversary of the foundation of the Company.

Year ended March 31, 2021	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 28, 2020	Common shares	18,466	80	March 31, 2020	June 8, 2020
Board of Directors' Meeting on October 28, 2020	Common shares	4,861	20	September 30, 2020	December 11, 2020

Dividends for which the declared date fell in the year ended March 31, 2021, and for which the effective date will be in the year ending March 31, 2022, are as follows:

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 28, 2021	Common shares	24,462	100	March 31, 2021	June 9, 2021

24. Share-based Payment

The Company and certain of its subsidiaries have share-based compensation plans for their directors or employees. The share-based compensation plans are granted to persons resolved by the board of directors based on the approval of the shareholders meeting of the Company or certain of its subsidiaries.

Equity-settled share-based compensation plan ("Stock option")

Vesting conditions of the stock options include completion of a specified period of service, and accomplishment of the IPO and holding their positions as directors or employees until the accomplishment of the IPO. Also, certain of the stock options vest upon receipt of cash from the directors or employees for the price equivalent to their fair value.

The expenses arising from granted stock options were ¥605 million and were recorded in "Selling, general and administrative expenses" during the year ended March 31, 2021.

The outline of the stock option plans of the Group is as follows:

① The Company

The outline of the Company's stock option plan is as follows:

	For the year ended March 31, 2020		For the year ended March 31, 2021	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	6,057,900	1,563	5,457,900	1,563
Granted	—	—	7,096,400	2,295
Exercised	(597,400)	1,563	(3,589,700)	1,563
Forfeited	(2,600)	1,563	—	—
Ending balance	5,457,900	1,563	8,964,600	2,142

Notes: 1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2020 and 2021 were ¥2,381 and ¥2,658, respectively.
2. The number of the stock options granted during the year ended March 31, 2021 were 3,300,000 shares of 2020 First Stock Acquisition Rights and 3,796,400 shares of 2020 Second Stock Acquisition Rights, respectively.

The fair value of stock options for the 2020 First Stock Acquisition Rights granted during the year ended March 31, 2021 was ¥5,500 (The number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on a Monte Carlo simulation. The following assumptions were used in the Monte Carlo simulation regarding the stock options:

Stock price at the measurement date	: ¥2,308	Estimated remaining exercise period	: 3.6 years
Exercise price	: ¥2,280	Dividend yield	: 4.33%
Estimated volatility	: 43.2%	Risk free rate	: (0.13)%

The fair value of stock options for the 2020 Second Stock Acquisition Rights granted during the year ended March 31, 2021 was ¥53,819 (The number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: ¥2,308	Estimated remaining exercise period	: 5.6 years
Exercise price	: ¥2,308	Dividend yield	: 4.33%
Estimated volatility	: 41.1%	Risk free rate	: (0.11)%

The unexercised stock options as at March 31, 2021 are as follows:

Name	Exercise price (Yen)	Number of shares (Shares)	Exercise period
2017 First Stock Acquisition Rights	1,563	159,100	July 1, 2020 - September 30, 2021
2017 Second Stock Acquisition Rights	1,563	1,709,100	July 29, 2019 - September 30, 2024
2020 First Stock Acquisition Rights (Note)	2,280	3,300,000	July 3, 2023 - September 30, 2024
2020 Second Stock Acquisition Rights	2,308	3,796,400	July 3, 2023 September 29, 2028

Note: The stock options vest upon receipt of cash for the price equivalent to their fair value. And a holder of the stock acquisition rights shall be able to exercise the stock acquisition rights only in the event that the Financial Services Business has achieved ¥55 billion or more in its entire segment profits (profit before income tax expenses) in each fiscal year of the period from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2023, and also marked ¥170 billion or more in its cumulative segment profits (profit before income tax expenses) for the above three fiscal periods.

② Subsidiaries

The outline of the Company's subsidiaries' stock option plans is as follows:

a-1 SBI Biotech Co., Ltd.	For the year ended March 31, 2020		For the year ended March 31, 2021	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	100	5,000	100	5,000
Change	—	—	—	—
Ending balance	100	5,000	100	5,000

Notes: 1. The exercise period as at March 31, 2021 was defined as 30 months after 6 months passed from the IPO date.
2. The remaining stock options as at March 31, 2021 were granted before November 7, 2002; thus, the Group does not apply IFRS 2 "Share-based Payment".

a-2 BroadBand Security, Inc.	For the year ended March 31, 2020		For the year ended March 31, 2021	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	124,330	800	116,950	800
Exercised	(5,380)	800	(22,150)	800
Forfeited	(2,000)	800	(1,500)	800
Ending balance	116,950	800	93,300	800

Notes: 1. Weighted average stock prices of stock options upon exercise for the years ended March 31, 2020 and 2021 were ¥1,607 and ¥2,511, respectively.
2. The average remaining exercise period as at March 31, 2021 was 5.0 years.

a-3 SBI FinTech Solutions Co., Ltd.	For the year ended March 31, 2020		For the year ended March 31, 2021	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	608,500	628	608,500	628
Change	—	—	—	—
Ending balance	608,500	628	608,500	628

Notes: 1. The stock options were not vested as at March 31, 2021.
2. The average remaining exercise period as at March 31, 2021 was 2.5 years.

a-4 SBI Insurance Group Co., Ltd.	For the year ended March 31, 2020		For the year ended March 31, 2021	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	1,460,700	1,734	1,460,700	1,734
Change	—	—	—	—
Ending balance	1,460,700	1,734	1,460,700	1,734

Notes: The average remaining exercise period as at March 31, 2021 was 2.2 years.

a-5 Rheos Capital Works Inc.	For the year ended March 31, 2021	
	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	—	—
Change in scope of consolidation	544,000	33
Ending balance	544,000	33

Notes: 1. The stock options did not vest as at March 31, 2021.
2. The average remaining exercise period as at March 31, 2021 was 4.5 years.

a-6 Quark Pharmaceuticals, Inc.	For the year ended March 31, 2020		For the year ended March 31, 2021	
	Number of shares (Shares)	Weighted average exercise price (USD)	Number of shares (Shares)	Weighted average exercise price (USD)
Beginning balance	3,185,809	13.70	3,122,724	13.70
Forfeited	(63,085)	13.70	(766,222)	13.70
Ending balance	3,122,724	13.70	2,356,502	13.70

Notes: The average remaining exercise period as at March 31, 2021 was 3.4 years.

25. Revenue

Revenue for the years ended March 31, 2020 and 2021 consisted of the following:

(Millions of yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Revenue		
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (Note 1)	117,992	142,628
Income arising from debt instruments measured at FVTOCI (Note 2)	787	736
Income arising from financial assets measured at FVTPL	48,723	133,532
Others	184	576
Total financial income	167,686	277,472
Revenue arising on insurance contracts	87,517	96,301
Revenue from contracts with customers		
Revenue from rendering of services	83,187	105,431
Revenue from sales of goods	6,014	14,898
Others	23,651	47,043
Total revenue	368,055	541,145

Notes: 1. Interest income arising from loans in the banking and securities businesses.
2. Interest income arising from bonds held in the insurance business.

(1) Disaggregation of revenue

Revenue from contracts with customers for the years ended March 31, 2020 and 2021 consisted of the following: Revenue from rendering of services mainly includes brokerage commission in the securities business. Revenue from sales of goods includes revenue arising from the sale of aircraft, pharmaceutical products, supplements, and cosmetics.

(Millions of Yen)

For the year ended March 31, 2020	Financial Services Business	Asset Management Business	Biotechnology, Healthcare and Medical Informatics Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue from contracts with customers							
Revenue from rendering of services	72,151	11,969	400	84,520	1,466	(2,799)	83,187
Revenue from sales of goods	720	2,323	3,330	6,373	54	(413)	6,014
Total	72,871	14,292	3,730	90,893	1,520	(3,212)	89,201

(Millions of Yen)

For the year ended March 31, 2021	Financial Services Business	Asset Management Business	Biotechnology, Healthcare and Medical Informatics Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue from contracts with customers							
Revenue from rendering of services	93,064	13,055	111	106,230	3,305	(4,104)	105,431
Revenue from sales of goods	1,867	9,766	3,545	15,178	274	(554)	14,898
Total	94,931	22,821	3,656	121,408	3,579	(4,658)	120,329

(2) Contract balance

The balance of trade receivables from contract with customers and contract liabilities were as follows;

(Millions of Yen)

	Balance as at April 1, 2019	Balance as at March 31, 2020
Trade receivables from contract with customers	6,912	4,607
Contract liabilities	2,203	1,856

(Millions of Yen)

	Balance as at April 1, 2020	Balance as at March 31, 2021
Trade receivables from contract with customers	4,607	8,770
Contract liabilities	1,856	16,543

Contract liabilities are primarily consist of advances received from construction contracts.

Of the revenues recognized during the years ended March 31, 2020 and 2021, ¥1,856 million and ¥1,673 million were included in the balance of contract liabilities as at April 1, 2019 and 2020, respectively.

26. Expense

Expense for the years ended March 31, 2020 and 2021 consisted of the following:

(1) Financial cost associated with financial income

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Financial cost associated with financial income		
Interest expense		
Financial liabilities measured at amortized cost	(25,186)	(26,773)
Total financial cost associated with financial income	(25,186)	(26,773)

(2) Operating cost

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Payroll	(13,585)	(13,982)
Outsourcing fees	(8,429)	(12,271)
Depreciation and amortization	(4,123)	(5,231)
Cost arising on insurance contracts	(63,982)	(75,814)
Others	(20,577)	(35,221)
Total operating cost	(110,696)	(142,519)

(3) Selling, general and administrative expenses

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Payroll	(40,036)	(43,113)
Outsourcing fees	(25,411)	(41,071)
Depreciation and amortization	(11,417)	(18,621)
Research and development	(7,661)	(4,158)
Others	(47,701)	(56,363)
Total selling, general and administrative expenses	(132,226)	(163,326)

(4) Other financial cost

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Other financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(5,140)	(5,803)
Total other financial cost	(5,140)	(5,803)

(5) Other expenses

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Impairment loss on non-financial assets	(0)	(8,812)
Foreign exchange loss	(447)	—
Others (Note)	(3,501)	(21,843)
Total other expenses	(3,948)	(30,655)

Note: Others for the year ended March 31, 2021 includes a loss of ¥13,604 million that was recorded following the commencement of efforts to redeem the outstanding amounts of principal in some funds that are managed by SBI Social Lending Co., Ltd.

27. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2020 and 2021 were as follows:

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Income tax expense		
Current	(19,718)	(30,478)
Deferred	(1,101)	(12,390)
Total income tax expense	(20,819)	(42,868)

The Company and its domestic subsidiaries are subject to mainly a national corporate tax, an inhabitants tax, and an enterprise tax, which, in aggregate, resulted in a normal effective statutory tax rate of 30.6%. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

A reconciliation between the normal effective statutory tax rates and the Group's average effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2020 and 2021 is as follows:

(%)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Normal effective statutory tax rate	30.6	30.6
Permanent differences such as meals and entertainment	0.4	1.0
Tax effect on minority interests of investments in fund	(3.5)	(2.9)
Temporary differences arising from consolidation of investments	4.1	0.0
Change in unrecognized deferred tax assets	(0.3)	1.9
Other	0.3	(0.1)
Average effective tax rate	31.6	30.5

28. Other Comprehensive Income

Amounts recorded during the year, reclassification adjustments and income tax effects on each item of other comprehensive income for the years ended March 31, 2020 and 2021 were as follows:

(Millions of yen)

For the year ended March 31, 2020	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
Equity instruments measured at FVTOCI	(640)	—	(640)	1	(639)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(384)	—	(384)	—	(384)
	(1,024)	—	(1,024)	1	(1,023)
Items that may be reclassified subsequently to profit or loss					
Debt instruments measured at FVTOCI	586	(101)	485	(136)	349
Currency translation differences	(19,807)	—	(19,807)	—	(19,807)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(860)	(2,568)	(3,428)	—	(3,428)
	(20,081)	(2,669)	(22,750)	(136)	(22,886)
Total	(21,105)	(2,669)	(23,774)	(135)	(23,909)

(Millions of yen)

For the year ended March 31, 2021	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
Equity instruments measured at FVTOCI	(13)	—	(13)	(5)	(18)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	109	—	109	—	109
	96	—	96	(5)	91
Items that may be reclassified subsequently to profit or loss					
Debt instruments measured at FVTOCI	341	(575)	(234)	66	(168)
Currency translation differences	23,893	(22)	23,871	—	23,871
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	855	26	881	—	881
	25,089	(571)	24,518	66	24,584
Total	25,185	(571)	24,614	61	24,675

29. Earnings per Share

Basic earnings per share and diluted earnings per share attributable to owners of the Company were calculated based on the following information:

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Earnings		
Profit attributable to owners of the Company	37,487	81,098
Dilutive effect: Convertible bonds	374	664
Profit attributable to owners of the Company after dilutive effect	37,861	81,762
Shares		
Basic weighted average number of ordinary shares (shares)	229,724,077	238,676,048
Dilutive effect: Stock options (shares)	1,969,058	2,244,040
Dilutive effect: Convertible bonds (shares)	25,094,962	34,445,617
Weighted average number of ordinary shares after the dilutive effect (shares)	256,788,097	275,365,705
Earnings per share attributable to owners of the Company		
Basic (in Yen)	163.18	339.78
Diluted (in Yen)	147.44	296.92

30. Cash Flow Information

Supplemental disclosure of consolidated statement of cash flow information for the years ended March 31, 2020 and 2021 was as follows:

(1) Expenditures on acquisition of subsidiaries

Total consideration paid for acquisition of subsidiaries were ¥10,874 million and ¥23,158 million for the years ended March 31, 2020 and 2021, respectively. Consideration paid consisted solely of cash and cash equivalents. Amounts of major classes of assets and liabilities of subsidiaries, of which the Group obtained control through share acquisition, at the date of acquisition were as follows:

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Cash and cash equivalents	797	15,132
Trade and other receivables	11,234	9,852
Assets related to securities business	—	127,123
Intangible assets	993	4,656
Other assets	871	39,025
Total assets	13,895	195,788
Bonds and loans payable	8,428	29,957
Trade and other payables	327	21,606
Liabilities related to securities business	—	97,751
Other liabilities	1,480	33,660
Total liabilities	10,235	182,974

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥1,604 million for the year ended March 31, 2021. Consideration received consisted solely of cash and cash equivalents.

Amounts of major classes of assets and liabilities of subsidiaries, of which the Group lost control through share sale, at the date of sale were as follows:

(Millions of Yen)

	For the year ended March 31, 2021
Cash and cash equivalents	339
Trade and other receivables	41
Property and equipment	5,402
Other assets	343
Total assets	6,125
Bonds and loans payable	4,013
Trade and other payables	59
Other liabilities	71
Total liabilities	4,143

(3) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities were as follows:

(Millions of Yen)

	As at April 1, 2019	Cash flow from financing activities	Non-cash changes				As at March 31, 2020
			Change in scope of consolidation	Conversion of convertible bonds	Interest expense	Others	
Borrowings	686,065	46,699	8,428	—	257	893	742,342
Bonds	276,900	133,263	—	(3,325)	(130)	—	406,708
Total	962,965	179,962	8,428	(3,325)	127	893	1,149,050

(Millions of Yen)

	As at April 1, 2020	Cash flow from financing activities	Non-cash changes					As at March 31, 2021
			Change in scope of consolidation	Issuance of convertible bonds	Conversion of convertible bonds	Interest expense	Others	
Borrowings	742,342	102,791	45,763	—	—	276	995	892,167
Bonds	406,708	115,548	—	(3,973)	(16,362)	(51)	100	501,970
Total	1,149,050	218,339	45,763	(3,973)	(16,362)	225	1,095	1,394,137

31. Subsidiaries

Major subsidiaries of the Group as at March 31, 2021 were as follows:

(%)

Business segment	Name	Location	Voting Rights Holding Ratio (Note)
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd.	Japan	100.0
	SBI SECURITIES Co., Ltd.	Japan	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	Japan	100.0 (100.0)
	SBI FXTRADE Co., Ltd.	Japan	100.0 (100.0)
	SBI MONEYPLAZA Co., Ltd.	Japan	66.6 (66.6)
	SBI Insurance Group Co., Ltd.	Japan	68.9
	SBI Life Insurance Co., Ltd.	Japan	100.0 (100.0)
	SBI Insurance Co., Ltd.	Japan	99.2 (99.2)
	SBI FinTech Solutions Co., Ltd.	Japan	77.5
Asset Management Business	SBI Capital Management Co., Ltd.	Japan	100.0
	SBI Investment Co., Ltd.	Japan	100.0 (100.0)
	SBI Global Asset Management Co., Ltd.	Japan	100.0
	Morningstar Japan K. K.	Japan	41.6 (41.6)
	SBI Asset Management Co., Ltd.	Japan	100.0 (100.0)
	SBI Estate Finance Co., Ltd.	Japan	100.0 (5.0)
	SBI Hong Kong Holdings Co., Ltd	Hong Kong	100.0
	SBI VEN HOLDINGS PTE. LTD.	Singapore	100.0
	SBI Savings Bank	Korea	99.0 (99.0)
Biotechnology, Healthcare and Medical Informatics Business	SBI ALApharma Co., Limited	Hong Kong	97.0 (97.0)
	SBI Pharmaceuticals Co., Ltd.	Japan	86.2 (86.2)
	SBI ALApromo Co., Ltd.	Japan	100.0 (100.0)
	SBI Biotech Co., Ltd.	Japan	87.6 (1.1)

Note: The figure in the parentheses represents the indirect holding ratio of voting rights or indirect investment ratio included in the total.

32. Related Party Transactions

(1) Related Party Transactions

The Group entered into the following related party transactions during the year ended March 31, 2021.

Type	Name	Relationship with related party	Transaction description	Transaction Amount (Millions of Yen)	Balance (Millions of Yen)
Corporate officer	Yoshitaka Kitao	Representative Director	Issuance of stock options (Note1) Exercise of stock options (Note2)	29 782	— —
Corporate officer	Katsuya Kawashima	Representative Director	Issuance of stock options (Note1) Exercise of stock options (Note2)	20 547	— —
Corporate officer	Takashi Nakagawa	Representative Director	Issuance of stock options (Note1) Exercise of stock options (Note2)	14 391	— —
Corporate officer	Masato Takamura	Representative Director	Issuance of stock options (Note1) Exercise of stock options (Note2)	18 391	— —
Corporate officer	Shumpei Morita	Director	Issuance of stock options (Note1) Exercise of stock options (Note2)	11 313	— —
Corporate officer	Masayuki Yamada	Director	Exercise of stock options (Note2)	47	—

Note: 1. Issuance of stock options represents the issuance of stock acquisition rights which were issued based on the resolution by the Board of Directors meeting held on May 28, 2020, and June 26, 2020, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights issued during the fiscal year ended March 31, 2021.

2. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolution by the Board of Directors meeting held on July 27, 2017, and August 29, 2017, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the fiscal year ended March 31, 2021.

(2) The remuneration of key management personnel of the Company for the years ended March 31, 2020 and 2021

(Millions of Yen)

	For the year ended March 31, 2020	For the year ended March 31, 2021
Remuneration and bonuses	1,034	848
Post-employment benefits	4	3
Total	1,038	851

33. Contract Liabilities

The Group has entered into loan agreements with the customers in accordance with the condition of the contracts. The total amount of loan commitments amounted to ¥116,080 million and ¥152,473 million, with an unused portion of ¥40,092 million and ¥51,527 million, as at March 31, 2020 and 2021, respectively. However, contracts are revised regularly upon changes to customer's credit condition and other matters considered necessary to ensure secure credit facilities. Thus, the unused portion of the commitment will not affect the Group's future cash flow.

34. Events after the Reporting Period

There were no significant events after the reporting period.

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SBI Holdings, Inc.:

Opinion

We have audited the consolidated financial statements of SBI Holdings, Inc. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of
Deloitte Touche Tohmatsu Limited

Internal controls over information technology ("IT") systems in the securities brokerage and financial instruments transaction business	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The securities brokerage and financial instruments transaction business is one of the Group's main businesses, and revenue from the internet-based securities brokerage and revenue from related margin transactions are the Group's core revenues. These revenues are recorded primarily by SBI SECURITIES Co., Ltd. ("SBI SECURITIES"). As described in Note 25, "Revenue" in the notes to the consolidated financial statements, "Revenue from rendering of services" of ¥105,431 million mainly included brokerage commission in the securities business. Interest income of ¥43,052 million included in the Financial Services Business, as described in Note 5, "Segment Information," was mainly interest income of SBI SECURITIES. In the securities brokerage and financial instruments transaction business, significant volume of data is electronically recorded, processed and reported by the IT systems, and such data processed by the IT systems are used during the financial reporting process. SBI SECURITIES's IT systems related to the securities brokerage and financial instruments transaction business consist of the front-end processor system, which interfaces customer orders electronically initiated via the internet with exchanges, and the other operation support systems that automatically calculate commissions and financial revenue for executed transactions and also handle administrative tasks in the securities business including delivery and settlement management, and contract management. The transactions generated from these processes are reflected in the accounting system. Significant volume of trade executions and settlements is processed by these systems automatically and transaction data are linked between systems. Also, commissions and financial revenue are calculated by the systems automatically. Accordingly, these key processes are highly dependent on the IT systems managed internally as well as those administered externally by outsourced service providers.	With the assistance of our IT specialists who have expertise and experience in the securities brokerage and financial instruments transaction business, we obtained an understanding of a series of data flows, processes and automated controls from the initiation of transactions throughout to financial reporting and also evaluated the effectiveness of internal controls designed to determine if this significant volume of data was processed accurately and completely. Our audit procedures included the following, among others: • To determine whether there were any events that would have a significant impact on IT systems, we walked through the decision making process related to system development, the progress of system developments and the occurrence of system troubles, through an inquiry with responsible IT personnel and inspection of the board of directors' minutes, and other relevant documents. • To test the effectiveness of general IT controls, we performed inquiries with the system administrator, and inspected related evidence with respect to each of the following areas: —Management over system development and change; —Management over system operation including response to system troubles; and —Management over access rights including system administrator accounts. • To test the effectiveness of the operation support system managed by an external outsourced provider which handles administrative tasks in the securities business, we obtained the report of its independent auditors on the design and operating effectiveness of internal controls and assessed whether general IT controls were appropriately identified and tested. • To test the effectiveness of controls over the reconciliations of customer orders and trade executions and settlements of securities, we inspected the reconciliation results between IT system data and external data from exchanges or Japan Securities Depository Center, etc. and tested them for consistency.

For revenue to be recorded properly in the consolidated statement of income, significant volume of data is required to be processed accurately and completely by a number of IT systems from the initiation of transactions throughout to financial reporting. To assess these, specialized knowledge and experience regarding the securities brokerage and financial instruments transaction business and IT systems are required. Therefore, we determined the evaluation of effectiveness of internal controls over these IT systems that are critical to revenue recording as a key audit matter.	• To test the effectiveness of controls over transaction data interfaces between IT systems, we tested controls over the job monitoring system and controls of monitoring interface errors. • To test the effectiveness of automated calculations, which are controls over the calculation of commissions and margin interests, we selected samples of transaction data and performed a recalculation. • To test the effectiveness of controls over the interface of data between the operation support system and the accounting system, we tested the consistency of linked data between these systems and also tested the consistency of ending balances between the operation support system and the accounting system for significant accounts in the consolidated financial statements.

Valuation of operational investment securities that do not have quoted market prices	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As one of its main businesses, the Group engages in the business of investing in venture companies located in Japan and overseas for the areas, such as IT, FinTech, blockchain, finance and biotechnology. The performance forecast of these venture companies is affected by uncertainties that could cause fluctuations in their performance. These factors include, but are not limited to, changes in the competitive environment caused by the rapid progress of technological innovation and fluctuations in industrial standards, the hiring and retention of skilled managers and staff, and weak finance base. As described in Note 3, "Significant Accounting Policies (3) Financial instruments" and Note 11, "Operational Investment Securities and Other Investment Securities" in the notes to the consolidated financial statements, operational investment securities held through the investment business are measured at fair value, and all changes in fair value are recognized in profit or loss.	We understood the relevant accounting policies, business processes and related internal controls and tested the valuation of operational investment securities that do not have quoted market prices. Our audit procedures included the following, among others: • To understand valuation techniques selected by the Group and applicable accounting standards, we inspected the Group's valuation policy and performed an inquiry of the official in charge of accounting about the application of the valuation policy. • Regarding the valuation of certain equity securities using models based on the recent transaction price between independent third parties, to determine the effectiveness of the valuation process of the Group based on appropriate transaction prices, we inquired of the attendees of the valuation meeting, which comprises a part of the valuation process of the Group, and inspected documents prepared during the valuation process and the supporting documents.

As described in Note 7, "Fair Value Measurement" in the notes to the consolidated financial statements, the carrying amount of operational investment securities and other investment securities that are measured at fair value through profit or loss using unobservable inputs as of March 31, 2021 was ¥444,115 million. A majority of these investment securities were unlisted equity securities that did not have quoted market prices, and their fair values were determined by the Group using appropriate valuation techniques including the valuation model based on the recent transaction price between independent third parties. When using the valuation model based on the recent transaction price between independent third parties, the Group considers various inputs during its valuation process and determines the valuation price. These inputs include the size of the transaction, the relationship between the issuer and the investor, the type of equity securities and the terms of transaction, profitability, financial condition and changes in management resources of the investee after the transaction. The valuation model includes assumptions about the realizability of the investee's business plan and future market trend and estimates about resulting quantitative effects. These assumptions and estimates involve subjective judgment by management and are inherently uncertain. In using the valuation model based on the recent transaction price between independent third parties, if the management's assessment is not supported by sufficient evidence, reasonable estimates would not be made. As a result, significant operational investment securities would not be appropriately valued in the consolidated financial statements. Therefore, we determined the valuation of operational investment securities that do not have quoted market prices as a key audit matter.	• For the investees, we inspected contracts, convocation notice of the shareholders' meeting, shareholders' register, and business plan related to the transaction used in the valuation model based on the recent transaction price between independent third parties, and also inquired of the respective person in charge of investment business about the details of the transaction. Based on the evidence obtained, we assessed whether the use of the recent transaction price between independent third parties was appropriate by considering whether the size of the transaction was sufficient, whether the issuer and the investor were related, and whether the type of equity securities and the terms of transaction required an adjustment to the price. In addition, we tested profitability, financial condition and changes in management resources of the investee after the transaction, by performing inquiries with the respective person in charge of investment business and also comparing them with the business plan prepared by the investee, actual performance versus budget and publicly available information. • For certain operational investment securities that were embedded within complex financial instruments, with the assistance of our specialists of valuation of financial instruments, we tested the reasonableness of the valuation. For certain operational investment securities of which the investees were in the specific industry or situation, we used our specialists of corporate valuation and tested the reasonableness of the valuation.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 25, 2021