



# FORWARD TO NEW FRONTIERS

# SELF-EVOLUTION AND CO-CREATION

We have achieved sustainable growth through  
a Group-wide strategy that captures current trends

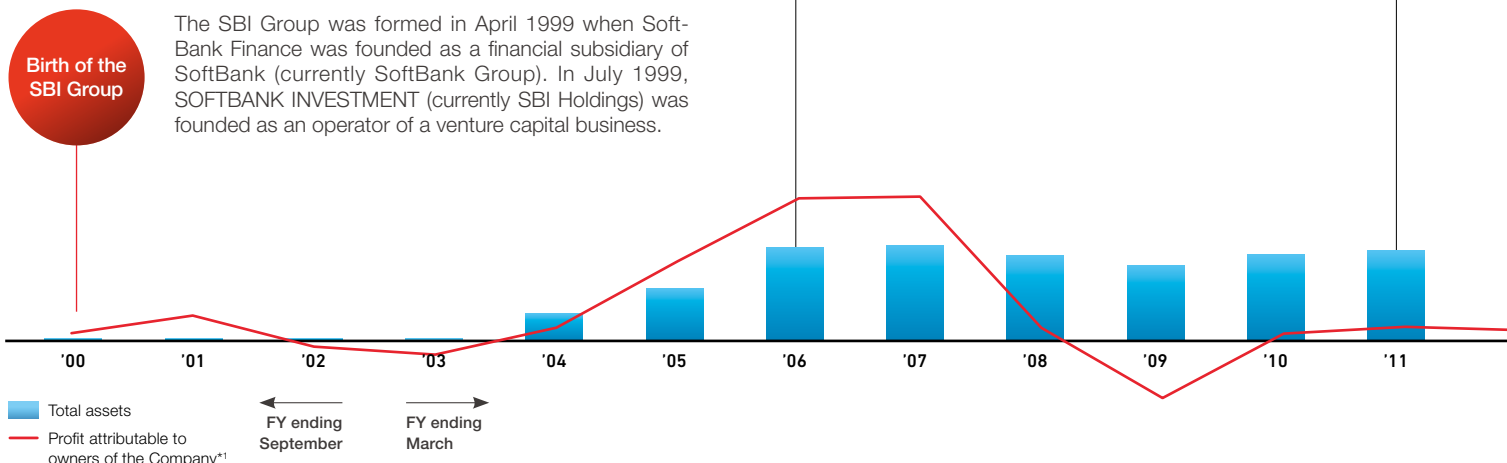
The SBI Group was established in 1999 as a pioneer of Internet-based financial services in Japan. It has built a unique Internet Financial Services ecosystem, encompassing a wide range of financial services such as securities, banking, and insurance. In addition to this ecosystem, the Group has positioned its Asset Management Business, that primarily invests in and develops venture companies and overseas financial services businesses, and the Biotechnology, Healthcare & Medical Informatics Business, which includes R&D, manufacturing, and sales of pharmaceuticals and health foods, as its three major businesses. We have achieved growth through a process of continual self-evolution driven by a Group-wide strategy designed to capture current trends.

The Internet financial ecosystem developed by the Group since its founding has organically combined with the latest technologies to create a new digital financial ecosystem. In the future, we will strive to harness the growth of the rapidly expanding digital space (digital world) and make the transition into the digital space ecosystem that further develops the digital financial ecosystem.

## Transitions in Overall Strategy

### From Japan's SBI to the World's SBI

The SBI Group used reversals of the trade balance and income balance in 2005 as an opportunity to accelerate the establishment of an investment framework in emerging markets with high growth potential, focusing on Asia, and to jointly establish funds with major local partners to make investments. We are now bolstering this global investment framework and promoting the development of financial services businesses that focus on Asia.



## Social trends

- The Financial Big Bang in Japan
- Internet revolution

- Japan's trade/ income balances reverse

- The global financial crisis

## Selection and Concentration

During a deteriorating business environment originating from the BNP Paribas shock, the SBI Group fully instituted a “selection and concentration” approach to its businesses in FY2010 to transition the focus of business management from expanding the Group’s scale to one focused on profitability. Specific steps included the sale of real estate and other non-core businesses that had weak synergy with the three core businesses of the Financial Services Business, and restructuring within the Group to a model that better facilitated the leveraging of synergy. As a result of such changes, Group resources, such as generated cash, were concentrated into the Financial Services Business, the Asset Management Business, and the Biotechnology-related Business (currently the Biotechnology, Healthcare & Medical Informatics Business), so that businesses in deficit could promptly return to profitability while businesses in surplus could further expand their profits, thereby realizing the strengthening of the Group’s overall profitability.

## Fintech Expansion and Blockchain Utilization

Until now, the SBI Group has realized dramatic Group growth through the building of an online financial ecosystem. We are striving to evolve into a new digital financial ecosystem centered on revolutionary blockchain technology, while introducing fintech into the financial services offered by the SBI Group. We are also expanding digital asset-related businesses, using blockchain technology and distributed ledger technology (DLT).

## Contributing to Regional Revitalization

In order to contribute to Japan’s national strategy of regional revitalization, the SBI Group has been expanding alliances with financial institutions nationwide. By doing so, we are advancing initiatives to encourage regional financial institutions to make qualitative changes, thereby improving their profitability and raising their corporate value. Furthermore, not only will we engage with regional financial institutions in these endeavors, but we will also become more directly involved in the revitalization of regional economies. To this end, we are initiating alliances with various companies as we move forward on initiatives for regional revitalization from a higher perspective. As part of this, we began initiatives in 2020 to contribute to the economic revitalization to the west of the Kansai region by providing wide-ranging support in the construction of next-generation international financial centers in Osaka and Kobe.

## Building a Digital Space Ecosystem

Digitalization is accelerating in various areas of society, and we are entering the era of Web 3.0. Sometimes described as the next iteration of the Internet, Web 3.0 is based on blockchain and characterized by a decentralized and trustless system. In the era of Web 3.0, the SBI Group’s goal is to develop into a digital space ecosystem that transcends the financial business.

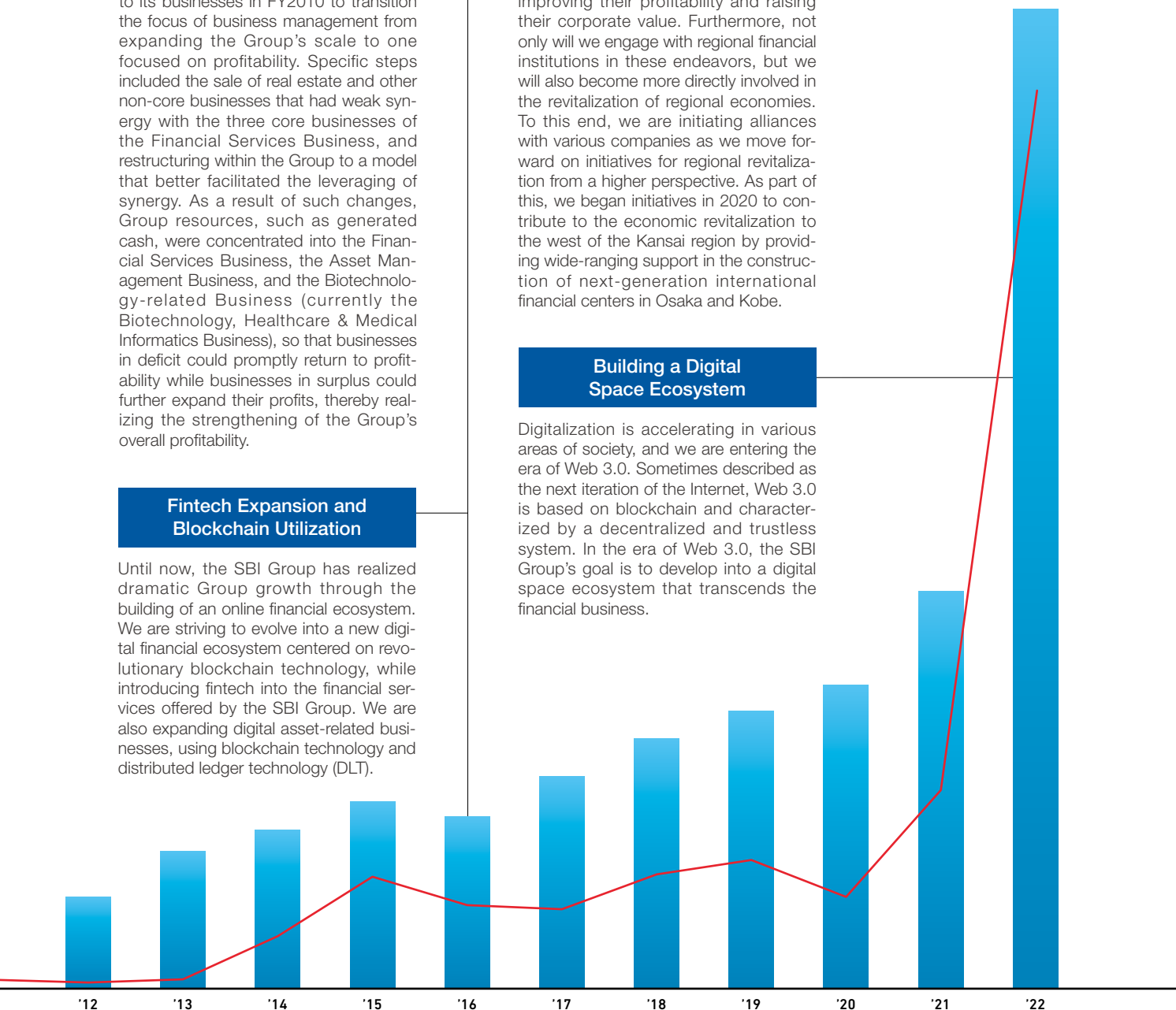
FY2021

Profit attributable to owners of the Company\*\*

¥366.9 billion

Total assets

¥17,838.2 billion



Change to IFRS

\*1 From the fiscal year ended September 30, 1999 to the fiscal year ended March 31, 2012, net income is under JGAAP. From the fiscal year ended March 2013 onward, profit for the year attributable to owners of the Company is under IFRS

\*2 "Total assets" for the fiscal years ended March 31, 2012 and earlier represent "total assets" under JGAAP

\*3 The fiscal year ended March 31, 2003 was six months because of a change in the fiscal year end

● Rise of fintech  
● Abenomics

● Promotion of regional revitalization

● Spread of COVID-19

● The Russian invasion of Ukraine



**Yoshitaka Kitao**  
Representative Director,  
Chairman, President & CEO

# FORWARD TO NEW FRONTIERS

Throughout its history, the SBI Group has been creating a business ecosystem<sup>●</sup> based on a new organizational format. This format enables high growth potential driven by synergies and co-evolution in ways that would not be achievable by a single company. Society is now shifting toward a new world of expanding digital spaces, and the SBI Group is responding to these trends by promoting business development that goes beyond finance with finance as its core and transitioning into a digital space ecosystem<sup>●</sup>.



## Entering the Next Stage Through Self-evolution and Co-creation

### Achieving Sustainable Growth by Adhering to the “Customer-centric Principle”

Since its establishment in 1999, the SBI Group has achieved growth by harnessing the potential of two major trends: the Internet revolution③, and the Financial Big Bang in Japan④. From the very beginning, our main goal has been to build businesses that reflect our commitment to the “Customer-centric Principle⑤.” This commitment reflects our belief that a customer-centric principle is decisively important in the era of the Internet, which allows customers to access large amounts of information instantaneously and to make appropriate decisions based on that information. The results of our consistent application of this principle since establishment is reflected in new records in our consolidated financial results for the fiscal year ended March 31, 2022 (FY2021), including revenue of ¥763.6 billion (up 41.1% year-over-year), profit before income tax expense of ¥412.7 billion (up 194.0% year-over-year), and profit for the year attributable to owners of the Company of ¥366.9 billion (up 352.4% year-over-year).

### Further Strengthening Our Open Alliances

While pursuing strategies designed to capture the potential of current trends and achieve self-evolution through a total commitment to the “Customer-centric Principle,” the SBI Group has also worked to build win-win relationships with numerous non-Group companies across various industries under its “Open Alliance” strategy. In June 2022, a basic agreement concerning the establishment of a comprehensive capital and business alliance was signed between the SBI Group, SBI SECURITIES, Sumitomo Mitsui Financial Group, Inc. (“SMFG”, the company group is collectively called as the “SMBC Group”), Sumitomo Mitsui Banking Corporation (SMBC), and Sumitomo Mitsui Card Company, Limited (SMCC). Under this agreement, SMFG will accept a third-party allotment of new shares issued by SBI Holdings. We believe that this comprehensive capital and business alliance between the groups will allow the SBI Group to advance to a new phase of growth and success.

Previously, the SBI Group and the SMBC Group had reached a basic agreement on the formation of a strategic capital and business alliance in April 2020. Under this alliance, both groups have worked to leverage their respective strengths and expand collaboration in various areas to provide even greater benefits to customers. For example, the two groups together established the Osaka Digital Exchange, while SMBC Nikko Securities Inc. has invested in and seconded employees to SBI MONEYPLAZA, which conducts face-to-face securities services. SBI SECURITIES and SMCC have partnered on asset management services for individuals since July 2020, including the provision of a service that allows investment trusts to be purchased using credit cards issued by SMCC. The service has been well received, with the total accumulated funds exceeding ¥10 billion within the first year.

Our aspirations for the decision to strengthen the relationship by entering into a comprehensive capital and business alliance can be broadly divided into two areas. First, we wanted to expand our capacity for rapid growth while maintaining the funding structure of the SBI Group. Our pursuit of major strategies toward the realization of our vision for the SBI Group in the foreseeable future is expected to result in further increases in the scale of our investments and business activities. We see the establishment of a solid funding structure as vital in this situation. We have established a two-bank-backup structure consisting of Mizuho Bank, Ltd. as our main bank, and SMBC as our quasi-main bank. In addition, we will have the support of the Sumitomo Mitsui Trust Bank, Limited, with which we operate a joint venture. We expect these relationships to support a new phase of growth and success for the SBI Group. The establishment of this solid funding structure will allow us to pursue a bold and ambitious M&A strategy in Japan and overseas, leading to further growth for the SBI Group.

The second goal that are striving to achieve through this alliance is the further evolution and deepening of business collaboration between the SBI Group and the SMBC Group. We want to attract new types of customers and efficiently expand our customer base by effectively combining the management resources of both groups. For example, SBI SECURITIES has

#### KEYWORDS

##### ① Business ecosystem

→ P.13

##### ② Digital space ecosystem

→ P.24

##### ③ Internet revolution

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

##### ④ The Financial Big Bang in Japan

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

##### ⑤ “Customer-centric Principle”

→ P.13

## KEYWORDS

## ④ White label banking apps

White label banking apps are used as substitutes for over-the-counter services provided to regional financial institutions by SBI NEO FINANCIAL SERVICES. In addition to over-the-counter banking functions, such as balance and account activity inquiries, and the establishment of new accounts, the functionality of these apps can be expanded at the request of regional financial institutions to include fintech services created by SBI Group investees. Regional financial institutions can offer these apps to their customers in formats that look as if the app had been developed in-house by the financial institutions themselves. By the end of June 2022, white label banking apps had been supplied to 13 regional financial institutions.

## ⑦ BANKIT® financial platform

APLUS, which is registered as a fund transfer business and issuer of prepaid payment instruments, is the business entity for this financial platform. BANKIT® was created to provide partner companies with a cafeteria-style selection (a format that allows a free selection of functions) of financial services. The platform uses the capabilities of the Shinsei Bank, including exchanges, credit functions, etc.

become the primary provider of securities-related services on the digital channels of the SMBC Group, seamlessly supplying these services to their customers. We are also collaborating in the settlement and credit card business areas. We believe that the dramatic expansion of the customer base through these activities will contribute to the early realization of Neo-securities initiatives. We also see this as an opportunity to make full use of the expertise of both groups and to forge new paths in the area of advanced finance in anticipation of a transition to the digital space era.

Through this business alliance, we have created a strong partnership between both groups, allowing us to provide highly competitive products and services, and to create innovative and highly advanced businesses that lead the market. Our goal is to establish a unique position for ourselves, contribute to the sound growth and development of financial markets, and achieve sustainable mutual growth.

## Flexible Management Decision-making to Accurately Understand Current Trends

Prolonged high inflation, including expectations of higher energy prices due to increased geopolitical risks, such as the Russian invasion of Ukraine, could impact the business environment in FY2022 and beyond. In the world's financial markets, long-term interest rates are rapidly rising due to the normalization of monetary policy management in Europe and the U.S., Japan is expected to reach a similar situation in the near future.

This upward phase in interest rates is obviously beneficial to the banking business, which is a debt-based business. If we estimate the SBI Group's consolidated profit before income tax expense in FY2021 under a scenario in which Shinsei Bank, which became a consolidated subsidiary in December 2021, had contributed over the whole year, we find that the banking business would have accounted for approximately 40% of total profit before income tax expense, which surpass that of the contribution from the securities business.

Because of this business environment, the SBI Group has adopted a strategy of allocating management resources toward the banking and non-banking businesses. In particular, we are striving to gain benefits from synergies with the Shinsei Bank Group, which has strengths different from those of the SBI Group in both of these areas, and we are engaged in specific discussions about business collaboration in various fields. This process will begin with the "Triangle Strategy," which calls for co-creation toward accelerated regional revitalization under a three-pronged strategy in which the SBI Group, the Shinsei Bank Group, and regional financial institutions will work together while making active use of the management resources of the Shinsei Bank. Examples of initiatives based on this strategy include collaboration in the structured finance business using the Shinsei Bank's expertise, collaborative initiatives to crosslink the SBI Group's white label banking apps④ with the BANKIT® financial platform⑦, which was developed by the Shinsei Bank subsidiary APLUS. Two immediate benefits of the strategy will be the delivery of more sophisticated banking apps for regional financial institutions. The

## Business Segment Changes

## BEFORE

Financial Services Business	Asset Management Business	Biotechnology, Healthcare & Medical Informatics Business
-----------------------------	---------------------------	--

## AFTER

Financial Sector				Non-financial Sector
Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Non-financial Business
<ul style="list-style-type: none"> <li>• Securities-related business (FX-related business and overseas financial business, etc.)</li> <li>• Insurance-related business</li> <li>• Banking-related business (Shinsei Bank, overseas banks such as SBI SAVINGS BANK, including non-banking businesses)</li> </ul>	<ul style="list-style-type: none"> <li>• Asset management business (Morningstar Japan and SBI Asset Management Group etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Private equity (PE) business (Management of funds such as venture capital, LBO, and business succession)</li> </ul>	<ul style="list-style-type: none"> <li>• Crypto-asset related business (B2C2 and SBI VC Trade, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Biotechnology, Healthcare &amp; Medical Informatics business</li> <li>• Web 3.0 related</li> <li>• New overseas markets such as Africa, etc.</li> </ul>

expansion of our leasing business in partnership with Showa Leasing, another Shinsei Bank Group member, also follows. In addition to this Triangle Strategy, the SBI Group will also work actively to establish a variety of collaborative initiatives between SBI Group companies such as SBI SECURITIES and Shinsei Bank Group companies. [P.27](#)

While focusing on our banking and non-banking businesses, we will also continue to work toward the early realization of Neo-securities initiatives through our securities business, which has traditionally been a core source of revenue for the SBI Group. Neo-securities initiatives, in preparation for the transition to next-generation securities business, is the process of eliminating commissions that are currently paid by investors engaging in online trading in Japanese stocks. To achieve this, we will build a business foundation that does not rely on stock brokerage commissions. We have already taken various steps, including M&As, to diversify our revenue sources and to improve profitability. We believe that we are on track to achieve the profitability needed to support transitioning to Neo-securities initiatives, and we expect to transition by the first half of FY2023 at the latest. We also expect this steady transition to Neo-securities initiatives to trigger a dramatic expansion of our customer base, enabling us to play a leading role in the transformation of the securities business, which is already going through a process of organizational and business restructuring, among other changes. In this way, we will raise our profile in the industry while contributing to the enhancement of the securities market and financial products and services.

In FY2022, we decided to transition from a structure of three business segments used in our management accounting to one consisting of five business segments. We believe that this new structure will allow us to make flexible management decisions that reflect current trends. In the past, conditions in Japanese and overseas stock markets had a major impact on specific businesses within each segment. From FY2022 onwards, our business activities will be broadly divided into financial and non-financial sectors. We will create a structure that clearly identifies Financial Sector businesses that are especially vulnerable to market trends, allowing us to make timely and appropriate management decisions. We are also aspiring to clarify the status of innovative initiatives by separating our businesses related to digital space, which will be priority areas going forward, as within our Non-financial Sector.

## Pursuing Management Strategies from a Medium- to Long-term Perspective and Going Beyond Finance with Finance as Its Core

### Priority Measures and Initiatives for the SBI Group over the Next Two to Three Years

In addition to our current management strategy, as discussed earlier in this message, the SBI Group is also pursuing high priority measures focused on the next two to three years. The name “SBI” stands for “Strategic Business Innovator.” As noted earlier in this report, that name expresses our mission to drive social change for future generations by spreading new technology into various industries beyond the Financial Sector. To realize that mission, we have identified ten priority measures based on two perspectives for our financial and non-financial sectors. These measures are things that we must achieve as a Group in anticipation of regulatory and system reforms.

### Priority Measures for the Financial Sector

The SBI Group has two “must do” measures for the Financial Sector. The first is the establishment of capital and business alliances with ten regional financial institutions, together with the completion of efforts to achieve their full-scale qualitative transformation. One of our overall strategies calls for contribution to regional revitalization, which is a national project in Japan, through co-creation with regional financial institutions as necessities of regional communities and economies. As of June 30, 2022, the SBI Group had strategic capital and business alliances with The Shimane Bank, The Fukushima Bank, THE CHIKUHO BANK, The Shimizu

## KEYWORDS

## 8 SBI DX Database

The SBI Group uses this database to offer regional financial institutions a wide range of solutions that can be employed to help small- and medium-sized enterprises (SMEs) achieve digital transformation (DX). We built the database through the SBI Group's investment in startup businesses and collaboration with external partners, and by analyzing data from SMEs throughout Japan. As of March 31, 2022, approximately 20 companies are handled through the database. By collecting and analyzing information about industry categories through the database, we will be able to contribute to the improvement of customer convenience and regional economic revitalization by accelerating DX among regional businesses.

## 9 International financial center

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

## 10 Osaka Dojima Exchange, Inc.

The Osaka Dojima Exchange, Inc. dates back to it being "the Osaka Dojima Rice Exchange," the world's first futures exchange opened in the Edo period. The Exchange was established in 1952 with the purpose of rebuilding the prewar Dojima Rice Exchange, which since then has played an important role in the economy of the Kansai region as a commodity exchange for trading grains. The Osaka Dojima Exchange became an incorporated company in April 2021. In August, it changed its name from "Osaka Dojima Commodity Exchange" to "Osaka Dojima Exchange" with its target to become a comprehensive exchange in the future.

Bank, THE TOWA BANK, Jimoto Holdings (a holding company created via the merger of the Kirayaka Bank and THE SENDAI BANK), Tsukuba Bank, and THE TAIKO BANK, which totals for nine banks. Based on the SBI Group's available management resources, we anticipate that we will be able to work with a maximum of ten banks. Going forward, we will accelerate our efforts to support the revitalization of both regional financial institutions and their local corporate customers by assisting with the transition of business development from a regional scale to a nationwide one. We are also working to overcome system-related challenges, which are a source of downward pressure on the earnings of regional financial institutions, by developing a next-generation banking system, including an account system that can be operated via the cloud. This cloud-based system is being developed through a business alliance between SBI Regional Revitalization Services and Future Architect, Inc. The first user of this system will be The Fukushima Bank, which has already decided to adopt it. By FY2030, our goal is to have increased the number of regional financial institutions that have introduced the system to ten. Another goal going forward is the creation of an efficient client support system through the expansion of a services menu lineup offered through the SBI DX Database<sup>8</sup> concept.

Our second priority measure calls for the achievement of our goal of expanding the SBI Group's total balance of assets under management to exceed ¥10 trillion. The balance of assets under management by the SBI Group, including private equity, had reached ¥6.1 trillion by March 31, 2022, in part due the addition of Shinsei Bank to the Group as a consolidated subsidiary. Furthermore, in May 2022, we concluded a basic agreement concerning the conversion of Okasan Asset Management Co., Ltd., a subsidiary of the OKASAN SECURITIES GROUP INC., into a joint venture. We will continue to use M&A activities and other means to achieve this goal by FY2025.

Under our priority measure for goals that we want to achieve in the Financial Sector, we are encouraging a shift "from savings to asset building" by actively offering services relating to iDeCo, NISA, and other investment plans. Japan has one of the highest personal financial asset totals in the world. Cash and deposits account for over 50% of that total, and we believe that if those assets were used as new investment funds, Japan's potential would attract the attention of investors across the globe. Japanese government policy is also focused on establishing an international financial center<sup>9</sup> that is open to the world. The SBI Group is working to realize this vision in Osaka by expanding our collaboration and cooperation with the Osaka Prefecture and Osaka City. We have identified the Osaka Digital Exchange (ODX), which was jointly established by the SBI Group and the SMBC Group, and the Osaka Dojima Exchange, Inc.<sup>10</sup>, which became an incorporated company in April 2021, as the core organizations for this next-generation international financial center, and we will continue to support their activities. ODX began operating as a proprietary trading system (PTS) company in June 2022 and plans to start handling security tokens (STs) domestically in 2023. In addition to these initiatives, the SBI Group will also pursue priority measures focusing on efforts to ensure the stable growth of its Financial Services Business, including a leadership role in the restructuring of the securities industry through Neo-securities initiatives, contribution to the improvements of the industry's status and the enhancement of its products and services, and the expansion of the scale of the insurance business.

## Priority Measures for the Non-financial Sector

The digital space business area will be a priority for the SBI Group. Our goal for this sector is to create an overwhelmingly advanced digital space ecosystem. To achieve this, we are strengthening our approach to the digital generation through social media and video streaming. Our strategy for achieving this "must do" goal involves becoming recognized as a pioneer in the digital space era through branding initiatives.

Furthermore, our "want to" goals focus on two strategic measures. First, the SBI Group will work with investees and partners who have advanced technology and resources that can be used to develop businesses in areas that match Japanese national policies, such as the environment and energy. One example for this category, is a business utilizing the "Michi no eki" (roadside station) concept. These are government-designated regional rest areas that also showcase local products and services. The SBI Group is working through its network with regional financial institutions to contribute to regional revitalization and development by provid-



ing management resources, including charging infrastructure and renewable energy, through these roadside stations.

Second, we want to promote system and infrastructure construction in the platform business for Web 3.0<sup>11</sup> and, in particular, the metaverse. In October 2019, the SBI Group took the lead in establishing the Japan STO Association to ensure investor protection and compliance with laws and regulations relating to the STO<sup>12</sup> business, and to explore business opportunities for individual companies. In April 2022, we established another general incorporated association, the Japan Digital Space Business Federation as a cross-industry business organization dedicated to the development of digital space.

Our efforts to develop a digital space ecosystem will also include the creation of a structure that integrates all functions relating to STs, from issuance to distribution and custody, full-scale expansion into the NFT marketplace business, and the provision of traceability services using blockchain<sup>13</sup> and distributed ledger technology (DLT)<sup>14</sup>. ➡ P24

#### Priority Measures (Must) Finance

- 1 Realize capital and business alliances with ten regional financial institutions and complete initiatives focused on full-scale qualitative transformation
- 2 Achieve the goal of having total assets under management of the SBI Group exceed ¥10 trillion

#### Priority Measures (Want) Finance

- 3 Lead the reorganization of the securities industry against a backdrop of dramatic expansion of the customer base through the realization of Neo-securities initiatives, and contribute to the improvement of the industry's position and sophistication of its securities markets, financial products, and services
- 4 Strengthen measures to promote "from savings to asset building" in order to contribute to lowering the ratio of cash and deposits weight in personal financial assets from 50% to 30%
- 5 Strive to significantly expand the scale of business in the insurance business through domestic and overseas acquisitions, etc.

- 6 Consolidate non-banking businesses with high capital efficiency and establish "SBI Non-Bank Holdings" in the future
- 7 Support Osaka becoming an International Financial Center by the SBI Group becoming united in its efforts to back strategic "Special Zoning" measures

#### Priority Measure (Must) Non-finance

- 8 Initiate branding strategy to gain recognition as a pioneer in the era of digital space

#### Priority Measures (Want) Non-finance

- 9 The SBI Group, in collaboration with its portfolio and partner companies that possess cutting-edge technologies and resources, develop a variety of businesses that follow Japan's national strategy, such as the environmental energy
- 10 Contribute to the establishment of Web 3.0 regulatory frameworks and infrastructure for the platform business which also includes the metaverse

## KEYWORDS

### 11 Web 3.0

➡ P.119

### 12 STO (Security token offering)

A security token offering (STO) is a new funding mechanism through the issuance of tokens (substitute currency), which is an asset backed by the value of various real assets, such as stocks, bonds, and real estate.

### 13 Blockchain

Blockchain is a type of distributed ledger technology that uses blocks of encrypted information that are connected in chronological order, or a chain, making it essentially impossible to alter the contained transactional data already in the sequence. A major feature of blockchain is its secure data structure that makes it highly resistant to falsification and deletion, because any attempt to alter past information will create a discrepancy in matching information between blocks that are connected before and after the altered data block. Originally developed as a foundational technology for the public transaction ledger of the crypto-asset Bitcoin, blockchains are now being used not only in financial transactions but also in such diverse fields as real estate, supply chain, and healthcare.

### 14 Distributed ledger technology (DLT)

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

## Growing Together with Society to Become a Sustainable Company

### Our Commitment to Sustainability

In recent years there has been increasing public interest in the concept of sustainable management, through which companies commit to achieving business sustainability in ways that are environmentally and socially responsible. Ever since its establishment, the SBI Group has worked under its "Customer-centric Principle" to ensure that its activities are focused on the needs of a wide range of stakeholders, including consumers and society in general. Our approach to business has been guided by our belief that this commitment also leads to profit for the Company. I am confident that this approach is in harmony with the sustainable management philosophy that has emerged in recent years, and the best way to be a strong and respected company is to have a corporate vision that embodies this ideal.

To achieve this, I believe that we need to be aware of the social significance of our various business activities, to earn the trust of society, and to maintain a high standard of corporate virtue. By "social significance" I mean that companies exist because they are part of society and belong to it. We need to earn the trust of society by informing people within and outside of

## KEYWORDS

19 The SBI Group's Basic Sustainability Principles and Materiality

→ P.18



our company about our values, corporate missions, and vision, and by pursuing our business activities in ways that align with those same three ideas. I believe that a company has “Corporate Virtue” just as a person has “Human Virtue.” To enhance our corporate virtue, we need to enhance the virtue of all officers and employees of the Company and continue to maintain proper ethical values.

We have always sought to contribute to the realization of a sustainable society and to improve the corporate value of the SBI Group. In FY2021 we formulated the SBI Group's Basic Sustainability Principles and Materiality<sup>19</sup> with the aspiration to renew our commitment to our stakeholders.

### Enhancing Our Sustainable Corporate Value

Our efforts to enhance the sustainable corporate value of the SBI Group are based on a concept that we call the “Mechanism to Enhance Corporate Value.” Under this concept, we strive to raise our customer value by consistently adhering to the “Customer-centric Principle” in all Group businesses. This improves our business performance, which in turn enhances our shareholder value. Because we are also able to attract talented people and provide greater rewards, our human capital value rises. This further improves our ability to create better products and services, resulting in greater customer value. By creating this virtuous circle with our stakeholders, we achieve sustainable medium- to long-term growth in our corporate value.

As described earlier in this message, the SBI Group's approach to customer value is based on a consistent and universal commitment to the “Customer-centric Principle.” Our policy also calls for the assimilation of this principle by companies newly added to the Group through M&A activities. For example, after Shinsei Bank recently became part of the SBI Group, I personally hosted social gatherings as opportunities to inform executives and young employees of the Shinsei Bank about our philosophy.

An important move in relation to shareholder value is the revision of our basic policy on shareholder returns in FY2022. This will directly contribute to the enhancement of shareholder value. Specifically, following the recent changes to our segment structure, our near-term goal is to provide total shareholder returns, including total dividends and share repurchase amount, equivalent to around 30% of profit before income tax expense from our Financial Services Business. We made this change to our policy because the Financial Services Business segment generates comparatively stable cash flows, making shareholder and investor return measures easier to forecast. Foreign institutional investors make up a large part of our shareholder base. Going forward, we will strive to build a more balanced shareholder structure by actively implementing measures targeting individual investors in Japan.

The final component of our corporate value enhancement mechanism is human capital value. We are actively working to recruit talented people who can drive the growth of the SBI Group. Since April 2022, we have raised the starting salary for new graduates by 16.8%. We also increased the total earnings of young employees over their first three years with the Company by 16.7%, and our salary table for employees in their first three years with the Company is now the highest level in the industry. We will use these increases as an opportunity to step up our efforts to recruit talented people capable of succeeding in a global environment. We have also introduced a compensation system linked to the consolidated results of the entire SBI Group with the goal of fully rewarding the efforts of all Group officers and employees. In addition, we provide young employees with opportunities to even propose new businesses. If such a proposal results in the establishment of a commercial business, the person who submitted the proposal will be appointed as president of the new business as part of our active commitment to the promotion of young employees. Recently an employee in his fifth year with the Company was appointed representative director and CEO of SBI e-Sports, which was established in 2020. Employees in their seventh and ninth years with the Company, respectively, were appointed as representative directors of SBI Africa and a joint venture with the SOMPO Group, which was established in 2019.

As the world moves into a new era, the entire SBI Group will continue its efforts to create new value. We look forward to the continuing guidance and support of our stakeholders.

## The SBI Group's Three Components of Enhanced Corporate Value

### Customer Value

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

### Shareholder Value

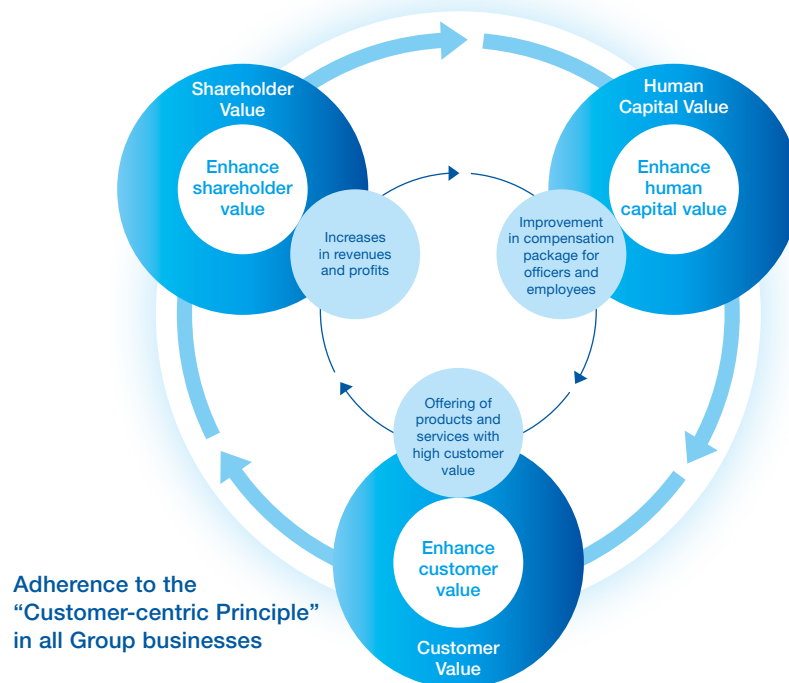
The SBI Group considers shareholder value to be the total present value of free cash flows expected to be received by shareholders and creditors in the future. We monitor return on equity (ROE) as one of the key business indicators associated with increasing shareholder value and are committed to maintaining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

### Human Capital Value

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

The SBI Group defines corporate value as the sum of these three values

### Mechanism to Enhance Corporate Value



# INTEGRATED REPORT 2022

## Editing Guidelines

Integrated Report 2022 is one of our communication tools with our shareholders and investors. It is published with the goal of fostering a comprehensive understanding of the corporate value created by the SBI Group. To do so, this report addresses both the financial and non-financial aspects of the SBI Group's initiatives, and takes into account current developments such as METI's Guidance for Collaborative Value Creation. Looking ahead, we will work to further improve this report to meet the expectations of our readers.



## Forward-looking Statements

This integrated report includes statements concerning the current plans, strategies, and projections of the future performance of SBI Holdings, Inc. ("SBI Holdings") and its subsidiaries and affiliates. These statements have been prepared based on information available at the time of publication in compliance with SBI Holdings' management policies, and on certain assumptions deemed reasonable by SBI Holdings. Hence, actual results may differ, in some cases significantly, from these forward-looking statements contained herein due to changes in various factors, including but not limited to economic conditions in principal markets, service demand trends, and currency exchange rate fluctuations. Further, statements contained herein should not be construed to encompass tax, legal, or financial advice, and should not be considered to be solicitations to invest in SBI Holdings.

## CONTENTS

### SBI GROUP STORY 11

#### VALUE CREATION STORY

The Purpose of the SBI Group	12
Overview of the SBI Group	14
SBI Group's Value Creation	16
SBI Group's Priority Issues	18
SBI Group's KPIs	20
SBI Group's Customer Value	22
Special Feature ❶: Transforming into a Digital Space Ecosystem	24
Special Feature ❷: Creating Synergies with the Shinsei Bank Group	27

### SBI GROUP ACTION 29

#### FINANCIAL AND NON-FINANCIAL ACTIVITIES

##### Financial Activities:

Message from the Managing Executive Officer & CFO	30
At a Glance	34

##### Non-financial Activities:

Environment	36
Social	37
Corporate Governance	40

### FINANCE AND CORPORATE INFORMATION 50

Consolidated Financial Highlights	
10-year Summary	50
Fact Sheet	52
Alliance Status with Regional Financial Institutions	57
Consolidated Financial Statements of the Group	58
Accounting Policies of the Asset Management Business	118
Glossary	119
The SBI Group (Principal Group Companies)	120
Corporate Data	122
Corporate History	123
Books by Yoshitaka Kitao, Representative Director, Chairman, President & CEO	124





VALUE CREATION STORY

# SBI GROUP STORY

## The Purpose of the SBI Group

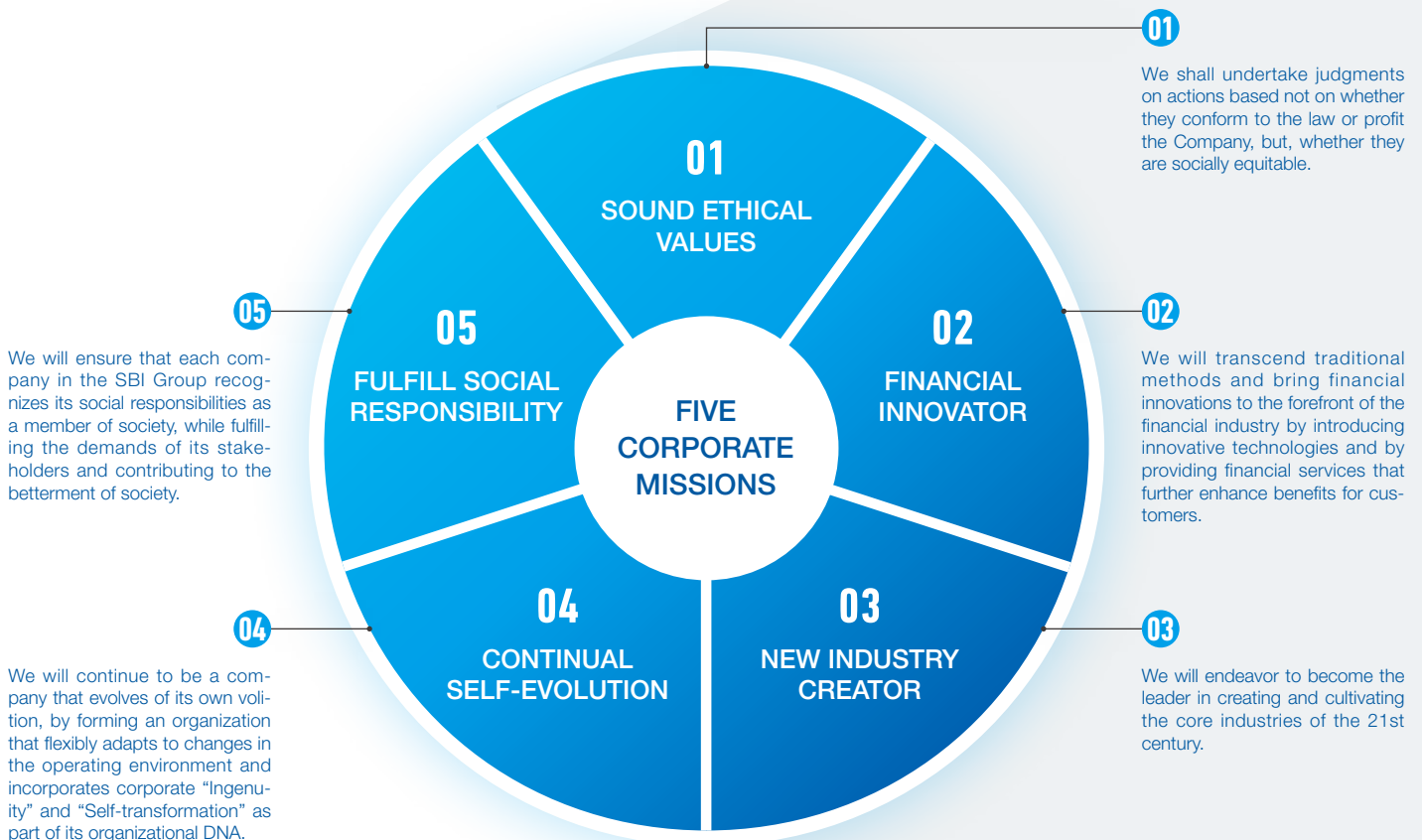
# PURPOSE

Since our founding, it has been our constant desire to capture current trends to create innovative businesses that benefit people and society

“Corporate mission” is another way of describing a company’s management philosophy or values and raison d’être that do not change easily because of top management shifts or market changes. In other words, a corporate mission serves as the foundation, allowing it to establish a clear long-term goal for the company and provide a sense of purpose for its employees. Prior to the SBI Group’s establishment in 1999, it defined its management philosophy in terms of the “Five Corporate Missions” listed below.

In addition to these five corporate missions, we are also determined to contribute to the maintenance and development of society, in line with our belief that a company is a member of society and can only exist as an entity that belongs to society. Since our founding, it has been our desire to capture current trends to create innovative businesses that benefit people and society.

## The SBI Group's Corporate Missions



## Activities that Embody the SBI Group's Corporate Missions

Internet technologies were still in their infancy when the SBI Group was founded and began operating in the online securities business<sup>02</sup>. Our uncompromising commitment to the "Customer-centric Principle" resulted in continuous, incremental reductions in the commissions charged by SBI SECURITIES on brokerage transactions, leading to provision of services that truly reflect customer perspectives<sup>01</sup>. As a result, SBI SECURITIES has grown into a securities company with the leading share of the retail market. By creating innovative businesses that benefit both people and society, the SBI Group has been able to achieve sustainable growth while also contributing to the maintenance and development of society<sup>05</sup>. However, we have no intention of becoming complacent based on our past successes. Instead, we are determined to achieve continual evolution<sup>04</sup> by accurately monitoring trends in the rapidly changing digital world, and by moving forward with new concepts in the digital space, such as security tokens (STs) and non-fungible tokens (NFTs)<sup>03</sup>.

## Fundamental Business Building Concepts of the Group

### Thorough Pursuit of the "Customer-centric Principle"

Since its founding, the SBI Group has been implementing the "Customer-centric Principle," which places the highest priority on customer benefits. In addition to offering low commission fees on brokerage transactions, by providing deposit products with favorable interest rates and realizing the industry's lowest insurance premiums, we have harnessed the power of innovative technologies to offer products and services at competitive prices. In addition to this, we are focusing our efforts on enhancing our product offerings, as well as integrating the online and physical store outlets, in order to meet our customers' needs.

### Formation of a "Business Ecosystem" and Exhaustive Pursuit of Group Synergies

A business ecosystem is an economic community based on mutual interaction that is supported by an organizational structure. Based upon the two major principles of complex systems "The whole should be geared toward the objective of being greater than the sum of the parts" and "The whole should have new qualities that an individual part cannot achieve," the SBI Group has established a business ecosystem that realizes its high growth potential from synergy and mutual evolution, which cannot be achieved by a single company alone.

### Thorough Devotion to Innovative Technology

The SBI Group is proactively utilizing new technologies, such as artificial intelligence (AI), blockchain, big data, and the Internet of Things (IoT). In the fin-tech sector, where revolutionary technologies are being developed and advancing globally, as well as in the AI and blockchain sectors, we are pursuing growth through the three processes of "Investment" in promising startup companies, the "Adoption" of the new technologies held by investee companies to the Group's individual financial service businesses, and the "Diffusion" of these technologies across multiple industries.

### Formulate and Implement Strategies that Anticipate the Near Future

The SBI Group is working on its business by establishing "overall strategies" and "individual strategies" to align and mobilize the Group companies to create efficient synergies and strengthen the sense of unity among them. The overall strategy of the SBI Group is a Group-wide effort that is consistent with social issues, national goals, etc., while keeping an eye on the changing times. The overall strategy will be efficiently spread to each subsidiary and then will transform into an individual strategy to achieve a unified goal.

## Overview of the SBI Group

# SELF-EVOLUTION

## We will expand into new business areas by going beyond finance with finance as its core

The SBI Group has achieved rapid growth in three core business segments: the Financial Services Business, which includes online securities, banking, and insurance; the Asset Management Business, which centers on investment in startup companies; and the Biotechnology, Healthcare & Medical Informatics Business, which encompasses the manufacturing and sales of pharmaceuticals, health foods, and cosmetics, as well as the medical informatics business.

However, in FY2022, the SBI Group changed its business segments in management accounting to a structure consisting of five business segments. This change was made because of challenges with the previous structure, including the impact of changes in market conditions, such as the stock market, on specific businesses within each segment, as well as uncertainty about the future of segment boundaries amid the anticipated expansion of non-financial business, including those relating to Web 3.0. Under the new structure, we will be able to make more flexible management decisions based on a clearer identification of which segments are more or less susceptible to changes in the market environment. In addition, by clearly positioning the Financial Services Business as a source of stable cash flows, we will enhance our ability to forecast our policies regarding dividends and other shareholder returns. We also believe that the new structure will provide greater clarity in relation to the SBI Group's advanced initiatives, including the development of Web 3.0 businesses and expansion into new overseas markets.

Going forward, we will work under the new five-segment structure to improve our products and services as well as create new businesses that utilize advanced technologies, leading to the realization of our strategy of going beyond finance with finance as its core.

### Asset Management Business

#### Provides asset management-related services

This segment contains Group companies providing asset management-related services, including Morningstar Japan and the SBI Asset Management Group.

Asset Management Business

### Crypto-asset Business

#### Crypto-asset market making and provision of exchange and trading services relating to digital assets

This segment consists of Group companies engaged in business activities relating to digital assets which is seen as a growth area, and decided to create an individual business segment to clarify its profitability.

Crypto-asset Business





## The Five New Business Segments

### Financial Services Business

### Financial Services Business

#### Securities, banking, and insurance businesses

This business segment is comprised of Group companies active in the fields of securities, banking, and insurance. In addition, overseas financial businesses such as SBI SAVINGS BANK, that previously belonged to other segments, have been added to this segment.

### Investment Business

### Investment Business

#### Fund management in multiple areas, including venture capital, leveraged buyout, and business succession

This segment consists of Group companies, such as SBI Investment, that are engaged in private equity investment, including venture capital investment and the management of various types of funds.

### Non-financial Business

### Non-financial Business

#### Business activities relating to the Biotechnology, Healthcare & Medical Informatics Business, Web 3.0, and new overseas markets such as Africa, etc.

This segment is made up of Group companies involved in the Biotechnology, Healthcare & Medical Informatics Business, Web 3.0 initiatives, and expansion into new overseas markets in Africa and other regions. When companies engaged in advanced initiatives join the SBI Group in the future, we anticipate that these companies will be placed in this business segment.

## SBI Group's Value Creation

# VALUE CREATION

**We will continue to create social and economic value through business activities utilizing our strengths**

The SBI Group, along with its Five Corporate Missions, places thorough pursuit of the “Customer-centric Principle” and the idea that public benefit leads to private benefit as the core of all its business activities.

It is our firm belief that the pursuit of value that benefits people and society through the strengths of the SBI Group, which have been cultivated since its founding, and the business activities based on these strengths lead to the private benefit of increasing our Company's economic value.

## STRENGTH

### Customer Base

- The Group as a whole has a customer base of over **42 million** people
- The SBI Group's number of securities accounts and share of individual stock trading value Ranked **No.1** within securities industry including major face-to-face securities companies
- **97.5%** of IPO underwriting shares involving SBI SECURITIES **No.1** in the industry since FY2012
- SBI SECURITIES, SBI Sumishin Net Bank, and SBI Insurance becoming **No.1** in customer satisfaction in their respective domains
- SBI Investment  
Total invested: **¥515.3 billion**  
Total investment commitment: **¥688.7 billion**
- **206** investors companies participating in SBI 4+5 Fund, one of the largest venture capital funds in Japan with fund size of ¥100 billion

Note: As of January 6, 2022; based on research by SBI

■ P22-23 SBI Group's Customer Values

## ECONOMIC VALUES

### FY2021 Results

- |   |                |
|---|----------------|
| • Consolidated profit before income tax expense | ¥412.7 billion |
| • ROE   | 49.4%          |
| • Assets under management of the Group          | ¥6.1 trillion  |

### Target Values for Medium-term Vision (3 to 5 Years from April 2021)

- |   |   |
|---|---|
| • Consolidated profit before income tax expense | Over ¥300 billion                       |
| • ROE   | Consistently maintaining at 10% or more |
| • Assets under management of the Group          | Over ¥10 trillion                       |

## FIVE CORPORATE MISSIONS

→ P.12-13 The Purpose of the SBI Group

### Alliances Within and Outside the Group

Building win-win relationships through alliances with various companies

- Collaborating regional financial institutions: **Over 100**
- Of **1,067** fund portfolio companies invested in by SBI Investment, **113 companies** have had IPOs underwritten by SBI SECURITIES

### Intellectual Capital

Actively incubate and utilize innovative technology

- Investing in startup companies to support incubation of companies having innovative technology and expertise
- Utilizing innovative technologies to provide new financial services and diffuse technology across industries outside the Group

### Financial Capital

A financial foundation with sound underlying finances in compliance with laws and regulations

- Long-term Issuer Rating (R&I): **A-** (Stable)
- Consolidated total net assets: **¥17,838.2 billion**

### Human Capital

Diverse employees supporting continuous growth

- Consolidated number of employees in the Group: **17,496**
- Number of employees who have earned an MBA from the SBI Graduate School through the company dispatch program: **143**

→ P.38-39 Diversity and Inclusion

Note: Figure as of March 31, 2022

## BUSINESS ACTIVITIES

### Developing Businesses in the Five Segments

Overview of the SBI Group

→ P.14-15

### Implementing the Strategies which Capture the Trends of the Time

CEO Message

→ P.02-09

Special Features 1 and 2

→ P.24-28

### Promoting Sustainability Management

SBI Group's Priority Issues

→ P.18-19

## SOCIAL VALUES

### Examples of Major Contributions to Social Value

- Providing financial services utilizing innovative technologies  
→ Further Improvement of customer benefits
- Promoting a regional revitalization strategy in collaboration with regional financial institutions  
→ Contributing to the revitalization of regional economies and the overall Japanese economy
- Proactively investing and cultivating new business based on the three processes of "investment," "adoption" and "diffusion," which is the SBI Group's basic strategy for startup investment  
→ Creating and cultivating the core industries of the 21st century
- Focusing on 5-ALA applications and the medical informatics business to facilitate better health  
→ Contributing to enhanced medical care and facilitating people's health
- Developing employees' capabilities while advancing diversity and inclusion  
→ Building an environment where a diversity of employees can maximize their potential



→ P.18-19 SBI Group's Priority Issues

## SBI Group's Priority Issues

# SUSTAINABILITY

## Striving for Continued, Sustainable Growth Along with Society

### Basic Sustainability Principles

The SBI Group formulated the Basic Sustainability Principles in December 2021 toward the realization of a sustainable society while achieving sustainable growth of the Group.

Since its founding, the goal of the SBI Group has been to contribute to the maintenance and improvement of society based on the Group's unwavering idea that a company is a part of society and is only able to continue existing because it belongs to society.

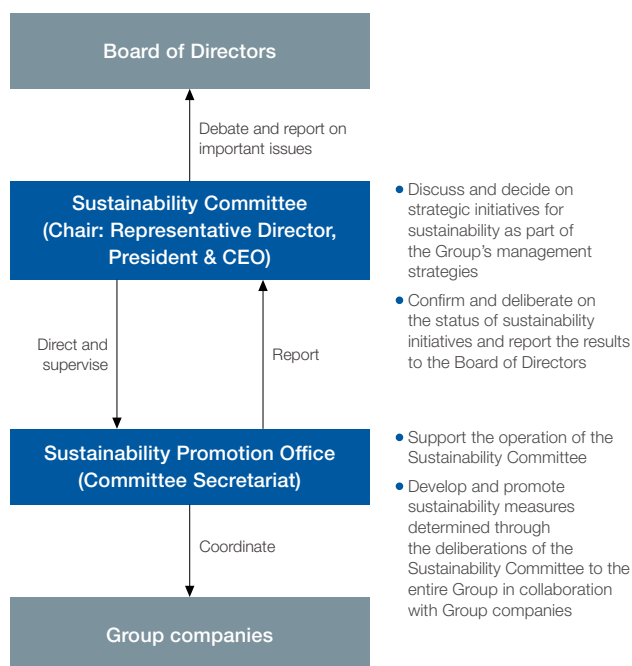
We believe that staying on top of trends and creating innovative businesses to benefit people and the world are the keystones to fulfilling of our responsibilities to society and sustainable growth. We believe that as each person has their own virtues, companies have corporate virtues. A corporation fulfilling its corporate responsibilities to society should enhance its corporate virtue and establish it as a strong and respected company that is trusted by the broad range of stakeholders surrounding the company.

These principles and ideas are embodied in the SBI Group's management philosophy. The executives and employees of the Group ensure that this philosophy is reflected in their business activities, so the Group remains a corporate group that is always needed by society.

The SBI Group puts legitimate action into practice in light of social justice and continually asks itself whether or not the Group, as a "Strategic Business Innovator," should satisfy in preserving the status quo. By doing so, the SBI Group will contribute to the resolution of social issues through its many different business activities and pursue the establishment of a sustainable society and the continued increase of its value to society.

### Framework for Promoting Sustainability

Since its founding, the goal of the SBI Group has been to contribute to the maintenance and improvement of society. Given the increasing importance of achieving both the realization of a sustainable society through the resolution of social issues and the sustainable enhancement of corporate value, SBI Holdings recently established the Sustainability Committee in November 2021.





### SBI Group's Materiality (Priority Issues)

The SBI Group has organized its business opportunities and risks on the basis of two-axis; the social and environmental issues that should be resolved, and the increase of the SBI Group's corporate value, in line with GRI Standards, the Sustainable Development Goals (SDGs) and other international frameworks and guidelines. By doing so, the Group extracted issues that it should address through its business operations, to achieve sustainable growth through coexistence with society.

Furthermore, we have identified issues that should be prioritized in light of such standpoints as, "What contributions are possible for the resolution of the issues?" and "Can the efforts to resolve the issues be aligned with the SBI Group's medium- and long-term strategies?"; and as a result, we have formulated the SBI Group's Materiality. This materiality will be continuously reviewed in consideration of changes and the renewal of the Group's medium- and long-term management strategies, changes in social conditions and other trends.

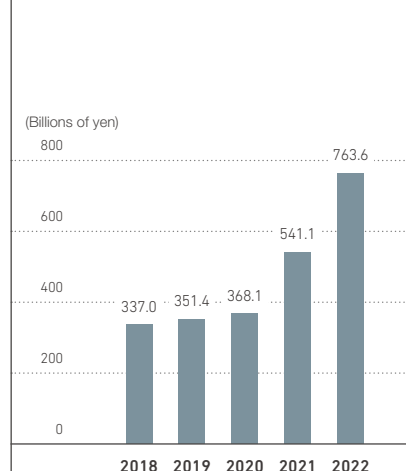


SBI Group's Materiality (Priority Issues)	Specific Initiatives	Related Social Issues
<b>Create Added Value Reflecting the New Tide of Society and Customers' Needs</b> <p>The SBI Group has achieved growth by staying true to and tirelessly practicing the management philosophy which it has upheld since its founding. We have adhered to the "Customer-centric Principle" throughout the business operations of the Group. Moreover, our corporate ecosystem has enabled us to achieve significant potential for growth through its multiplying effects and mutual evolution, something no single company can simply achieve. By pursuing these initiatives, we will continue to create innovative financial solutions to contribute to the entire society.</p>	<ul style="list-style-type: none"> <li>• Provide opportunities for asset formation in line with each individual's lifestyle</li> <li>• Present financial services that enhance customers' convenience</li> <li>• Develop a business ecosystem based on digital assets</li> </ul> <p>→ P.22, 24</p>	
<b>Develop New Industries and Contribute to Technological Innovation</b> <p>Based on the idea that technology brings new trends to society, we promote sustainable expansion of businesses and social reforms such as the acceleration of digital transformation (DX) through proactive investments in startups and so forth with innovative technologies, introduction of these technologies within the companies of the SBI Group and then the spread of these technologies across our alliance partners and other stakeholders.</p>	<ul style="list-style-type: none"> <li>• Create and incubate the 21st century's core industries</li> <li>• Provide innovative financial services</li> <li>• Spread technologies in a cross-industry manner</li> </ul>	
<b>Resolve Social Issues and Revitalize the Economy in Cooperation with Stakeholders</b> <p>Irrespective of differences between industries and types of business, the SBI Group works with all stakeholders and combines its management resources and expertise. In this way, we will pursue the creation of new business opportunities and contribute to mutual sustainable growth and eventually the revitalization of the Japanese economy as a whole.</p>	<ul style="list-style-type: none"> <li>• Promote businesses to support regional revitalization</li> <li>• Expand and deepen alliances with partner companies</li> <li>• Encourage innovation through the co-creation of value</li> </ul> <p>→ P.2, 28</p>	
<b>Achieve a Sustainable Society that Is Abundant and Healthy</b> <p>In consideration of the roles that a company is expected to assume in a global society, the SBI Group contributes to the maintenance and improvement of a sustainable society by addressing the risks and opportunities presented by climate change and working to improve people's health and quality of life.</p>	<ul style="list-style-type: none"> <li>• Promote investments and loans to solve environmental issues</li> <li>• Provide insurance services to lessen damage from natural disasters</li> <li>• Research and develop pharmaceutical products and foods with functional claims using 5-ALA and other substances that are designed to promote health</li> <li>• Contribute to the sophistication of healthcare through digitalization of healthcare data and use of big data</li> </ul>	
<b>Develop an Organizational Climate to Respect and Embrace Diverse Values</b> <p>The SBI Group believes that human resources are the source of creativity and the main agent of its differentiation which is the source of its competitiveness. We will build an environment which encourages diverse human resources to maximize their potential so that the Group can continuously create innovation and think outside the box.</p>	<ul style="list-style-type: none"> <li>• Promote diversity and inclusion</li> <li>• Continue to enhance the value of human resources through the development of potential of employees</li> <li>• Enable flexible work styles that respect individualities and differences among individuals</li> </ul> <p>→ P.38</p>	
<b>Strengthen and Improve Corporate Structure for Achieving Sustained Growth</b> <p>The SBI Group is strongly aware of the social nature of business while it builds a foundation for management that enables prompt and flexible responses to rapid changes in the business environment. We will strengthen and improve our corporate governance to sustainably increase the Group's corporate value in an effort to deepen our trust-based relationships with all of our stakeholders and to facilitate mutual growth.</p>	<ul style="list-style-type: none"> <li>• Establish a decision-making process in which transparency and independence are secured</li> <li>• Formulate management strategies on the assumption of business opportunities and risks and perform risk management</li> <li>• Develop and effectively use internal control systems</li> </ul> <p>→ P.40</p>	

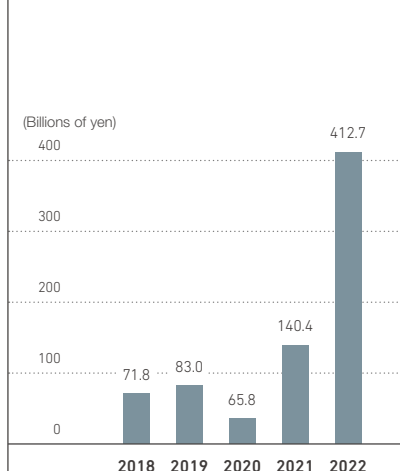
## SBI Group's KPIs

## Consolidated Financial Highlights (IFRS)

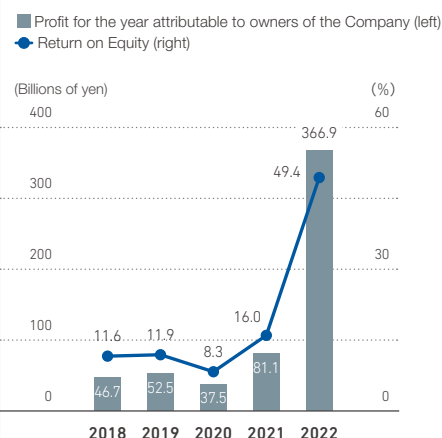
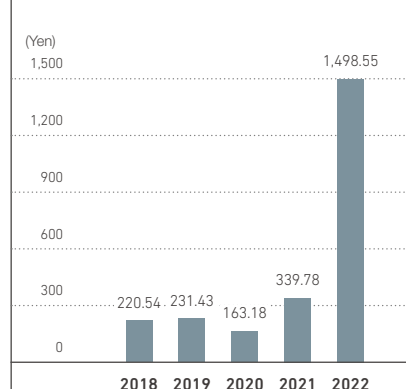
## Revenue



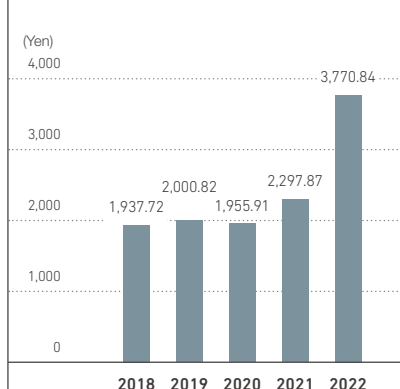
## Profit before income tax expense



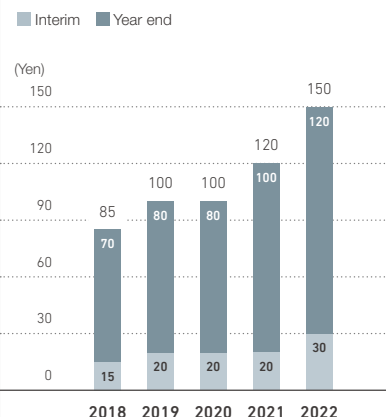
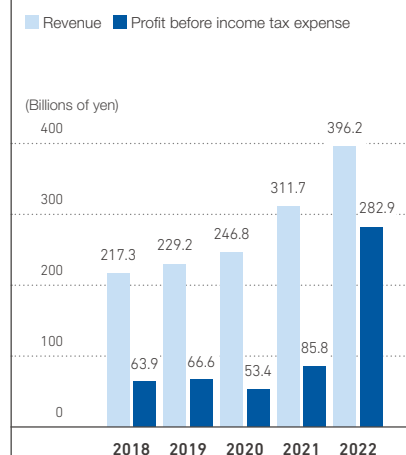
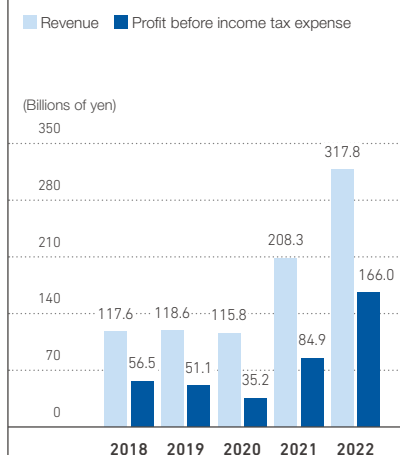
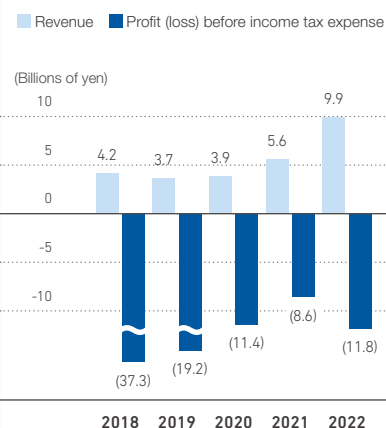
## Profit for the year attributable to owners of the Company/Return on Equity (ROE)

Basic earnings per share (EPS)  
(attributable to owners of the Company)

## Equity per share attributable to owners of the Company (BPS)



## Dividend per share

Financial Services Business<sup>\*1, 2</sup>Asset Management Business<sup>\*1, 2</sup>Biotechnology, Healthcare & Medical Informatics Business<sup>\*1, 2</sup>

<sup>\*1</sup> For FY2017 to FY2021, whereas Group companies were transferred from one segment to another, the abovementioned figures reflect disclosed figures for each fiscal year, so there may be some discrepancies

<sup>\*2</sup> Inter-company eliminations are not included in the segment figures

## Non-financial Highlights

### Countries and regions with overseas offices

**25** countries and regions

(As of June 30, 2022)

The SBI Group has established overseas offices primarily in the growth markets of emerging countries in Asia and is pursuing global business expansion in various fields.

### Percentage of employees at overseas offices (consolidated)

**22.9** %

(As of March 31, 2022)

As the SBI Group continues its global development, transitioning "from Japan's SBI to the World's SBI," employees at overseas offices account for more than 20% of the total workforce.

### Number of Group companies that have made initial public offerings

**15** companies

(As of March 31, 2022)

The Company is promoting initial public offerings of Group companies to actualize the Company's intrinsic corporate value.

### Number and percentage of female Directors

**2** persons / **14.3** %

(As of July 31, 2022)

SBI Holdings has appointed two female Directors, accounting for 14.3% of the total 14 Directors.

### Number and percentage of Independent Outside Directors

**7** persons / **50.0** %

(As of July 31, 2022)

SBI Holdings appointed seven Independent Outside Directors, accounting for 50.0% of the total 14 Directors.

### Attendance rate at Board of Directors' meetings

**99.2** %

(FY2021)

The attendance rate at Board of Directors' meetings for Directors and Statutory Auditors of SBI Holdings is 99.2%.

### Rating for long-term issued bonds

**A-**

(As of April 27, 2022)

In April 2022, SBI Holdings acquired a long-term issued bond rating of A- (Stable) from the Rating and Investment Information, Inc., about Rating and Investment Information, a one notch upgrade from BBB+.

### Institutional investor ratio in shareholder composition

**76.1** %

(As of March 31, 2022)

The ownership ratio of domestic and foreign institutional investors is rising, and foreign ownership alone accounts for a high 48.6% of all shareholders. Moving forward, we will strive to increase the ratio of individual shareholders to achieve a well-balanced shareholder composition.

### Cumulative donations made by the SBI Children's Hope Foundation

Approx. **¥1,120** million

(As of March 31, 2022)

Through the SBI Children's Hope Foundation, the SBI Group actively pursues solutions to child welfare problems for the sake of children. The Foundation has made cumulative donations of approximately ¥1,120 million, up to FY2021.

## SBI Group's Customer Value

## Customer Satisfaction Assessment of Financial Services Business Companies (As of June 30, 2022)



**SBI証券**  
[SBI SECURITIES]

Inquiry Counter Rating  
Web Support Rating

**3 Stars**

The highest rank in Japan of "Three Stars" in 2021  
"HDI Rating Benchmark"



2022 ORICON Customer Satisfaction® Survey  
No.1 in Internet Banking

住信SBIネット銀行  
SBI Sumishin Net Bank

Internet Banking  
Customer  
Satisfaction Ranking

**1st**



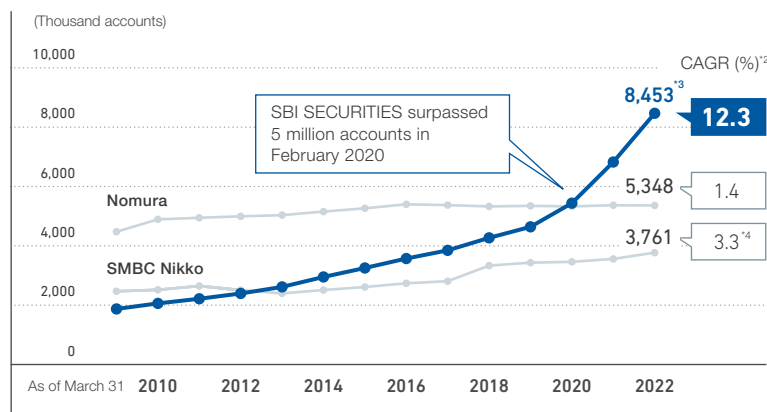
2022 ORICON Customer Satisfaction® Survey  
No.1 in Auto Insurance Premiums

**SBI損保**  
[SBI Insurance]

Auto Insurance  
Premium  
Satisfaction Ranking

**1st**

## Number of Accounts of SBI SECURITIES and Two Major Face-to-face Securities Companies\*1



\*1 As of March 31, 2017, Daiwa Securities' number of accounts totaled 3,886 thousand accounts. Daiwa Securities has not disclosed its figures beyond April 30, 2017

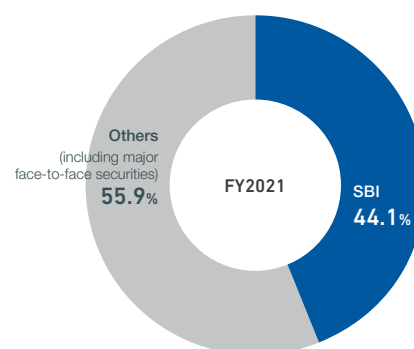
\*2 March 2009 to March 2022

\*3 From April 2019, includes SBI NEOMOBILE SECURITIES' accounts, from October 2020 includes SBI Neotrade Securities' accounts, and from September 2021 includes FOLIO's accounts.

\*4 Merged with SMBC Friend Securities in January 2018

Sources: Each company's published information

## Share of Individual Stock Trading Value

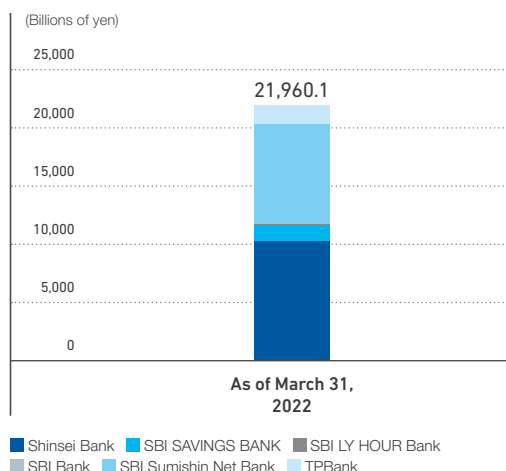


Note 1: Includes SBI Neotrade Securities' values

Note 2: Shares are calculated by dividing each company's individual stock trading value or individual margin trading value by the total individual stock trading value or individual margin trading value of the TSE and NSE, including the ETF and REIT trading values, respectively

Sources: Tokyo Stock Exchange statistics; each company's published information

## Total Assets of the Banking Segment in the SBI Group

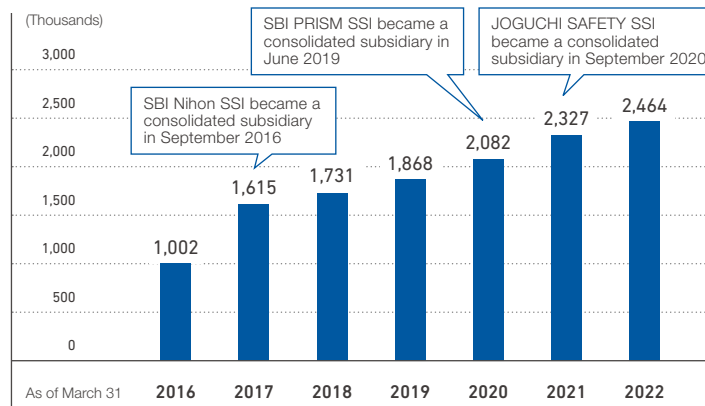


\*1 Figures of domestic banks are consolidated/JGAAP, other overseas banks are based respectively on each GAAP of the country they are based

\*2 Figures of total assets of each company are as of end of March 2022

\*3 The conversion rates are 1USD=¥129.1, 1KRW=¥0.1, 1VND=¥0.0053

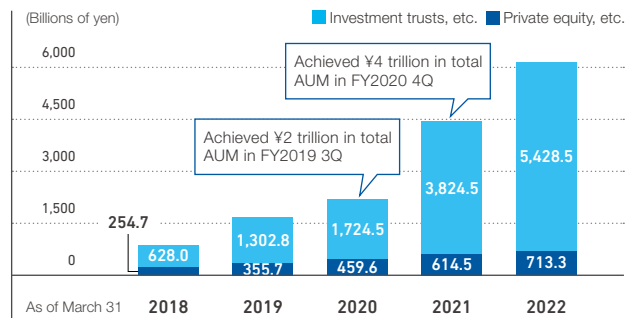
## Number of Contracts in SBI Insurance Group



Note: Simple sum of the number of contracts of SBI Insurance, SBI Life Insurance, SBI IKIKI SSI, SBI Nihon SSI, SBI Resta SSI, SBI PRISM SSI and JOGUCHI SAFETY SSI

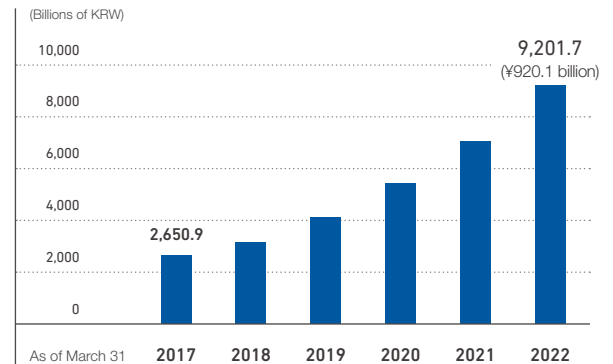


## SBI Group's Assets Under Management



Note 1: Calculated by the exchange rate as of the end of March each year  
 Note 2: Amounts are rounded to the nearest ¥100 million  
 Note 3: "Private equity, etc." includes neither cash nor commitment amount to be paid in  
 Note 4: "Investment trusts, etc." are the sum of amounts of investment trusts and investment advisors.  
 If Morningstar Asset Management provides investment advisory services, for funds that SBI Asset Management provides investment instruction to, assets are recorded in both Investment trusts and Investment advisory, respectively, so there are some overlapping amounts

## Balance of Retail Performing Loans at SBI SAVINGS BANK of South Korea



Note 1: Based on K-GAAP  
 Note 2: Conversion rate of 1 KRW = ¥0.100

## Corporate Venture Capital (CVC) Funds Under Management

CVC partners	Fund name	Total Investment Commitment
NIKON CORPORATION	Nikon-SBI Innovation Fund	10.0
INTAGE HOLDINGS	INTAGE Open Innovation Fund	5.0
MITSUI MINING & SMELTING	Mitsui Kinzoku-SBI Material Innovation Fund	5.0
HOUSE FOODS GROUP	House Foods Group-SBI Innovation Fund	5.0
SUBARU CORPORATION	SUBARU-SBI Innovation Fund	10.0
FUSO Corporation	FUSO-SBI Innovation Fund	5.0
dip Corporation	DIP Labor Force Solution Fund	9.0
Sumitomo Mitsui Trust Bank, Limited	SuMi TRUST Innovation Fund	5.0
SUMITOMO LIFE INSURANCE COMPANY	SUMISEI-SBI INNOVATION FUND	8.0
MEDIPAL HOLDINGS CORPORATION	MEDIPAL Innovation Fund	10.0
Hankyu Hanshin Holdings, Inc.	Hankyu Hanshin Innovation Partners Fund	3.0
Restar Holdings Corporation	Restar-SBI Innovation Fund Investment Limited Partnership	5.0
KDDI CORPORATION	KDDI Green Partners Fund	Approx. 5.0

Note 1: As of June 30, 2022  
 Note 2: In addition, there are three undisclosed funds (total investment commitment of ¥20 billion)

## Investors in SBI 4+5 Fund

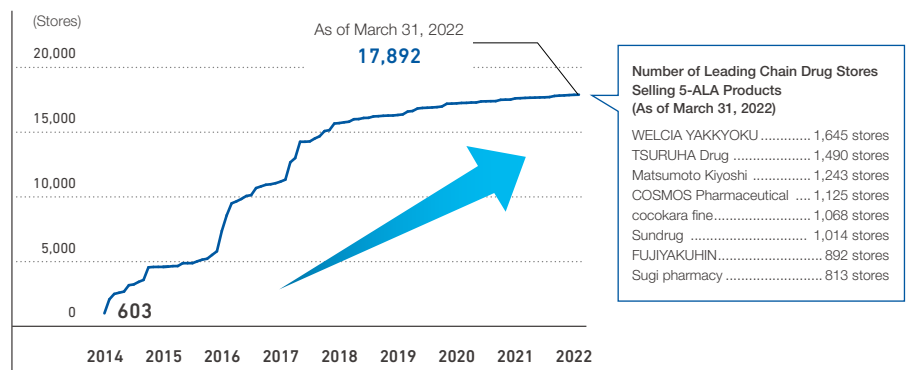
**206**  
companies

Of these, 50 are regional financial institutions  
 (Offering completed on December 31, 2021)

## Number of Countries in which 5-ALA Cancer Diagnostic Agent is Sold



## Number of Domestic Stores that Offer Health Foods Containing 5-ALA



# Responding to Emerging Next-generation Trends

Since its founding, the SBI Group has been working to create the world's leading Internet financial ecosystem. Today, we have organically combined new technologies such as blockchain, and are successfully transitioning to a new digital financial ecosystem. We are currently in the progress of evolving to a digital space ecosystem oriented toward the development of diverse businesses as the era of Web 3.0 arrives in force.

# DIGITAL SPACE ERA



## Pioneering Initiatives in the Digital Asset Industry

Throughout its history, the SBI Group has been working to build an Internet financial ecosystem based primarily on online activity. In recent years, we have seen the full-scale entry of institutional investors into the digital asset-related market, an area traditionally dominated by individual investors. Proof for this shift is the growth of crypto-asset transactions by institutional investors through Coinbase Global, Inc., a major U.S. crypto-asset exchange, with trade volume reaching US\$1.14 trillion (approximately ¥132 trillion) in 2021. We anticipate further digitalization of the financial sector, so have been working to enhance our financial ecosystem in preparation for these changes. Starting in 2015 with the formation of the FinTech Fund, the Group has expanded into various businesses, such as crypto-asset and businesses specializing in blockchain, which are core technologies for digital assets, and began developing a digital financial ecosystem.

We expect this accelerating digitalization trend to expand beyond the financial sector into all aspects of society, leading to the full-fledged arrival of the digital space era. The Group has already started preparing for these changes by enhancing our internal systems, including the creation of the Blockchain Promotion Department in 2016. In addition, by collaborating with prominent partners in Japan and overseas, we have built a global organizational structure that will allow the SBI Group to be a major player in the areas of digital assets and the digital space.

## Introducing Core Technology that is Essential for the Digital Space Era

The SBI Group has expanded its business activities by rapidly acquiring new technologies through a basic strategy centered on the three processes of “Investment,” “Adoption,” and “Diffusion.” For example, in 2016, the Group invested in Ripple, a U.S. company that has created a leading distributed ledger technology (DLT). In 2019, we established Money Tap, which utilizes Ripple’s technology to provide money transfer and payment services, and offer its services to regional financial institutions. The SBI Group continues to form collaborative partnerships with companies that possess innovative core technologies. In 2022, we invested in the U.S. company Digital Asset, which has developed “Daml,” a smart contract coding language with excellent blockchain interoperability characteristics and are now preparing to establish a joint venture with the company.

The SBI Group has also been involved in creating cross-industry organizations dedicated to the corporate development of the digital space area, including the Japan STO Association (established in 2019) and the Japan Digital Space Economy Federation (established in 2022). In addition, we established the SBI Financial and Economic Research Institute in 2021 as a think tank specializing in research on next-generation finance and digital finance. The SBI Group will work through these organizations to discover and realize business opportunities, while ensuring full compliance with Japanese laws and regulations and effective protection for investors. At the same time,

we will contribute to the development of various systems through surveys, research, and policy proposals.

## Becoming a Next-generation Financial Platform Provider in the Digital Space Era

The SBI Group strives to become a next-generation financial platform capable of using a variety of new technologies centered on blockchains. We are working to realize this vision through initiatives in four areas.

**The first** area is security tokens (STs) [▶ P.119](#), which are financial products of the next generation. Group companies have already created track records in this area, including the first security token offering (STO) of corporate-type bond STs for general investors in Japan, as well as a public offering of asset-backed STs in 2021. In addition, as part of our efforts to establish Japan's first secondary market for ST, we established the Osaka Digital Exchange (ODX), a company that operates a proprietary trading system (PTS). The Sumitomo Mitsui Financial Group, Inc., Nomura Holdings, Inc., and Daiwa Securities Group Inc. also hold shares in the ODX, which began handling Japanese equities in June 2022 and is expected to start trading in STs from 2023. The SBI Group is planning to offer comprehensive, one-stop ST functionality encompassing everything from issuance and distribution to custody (storage) services. To achieve this, we are striving to form one of the world's largest global corridors by collaborating and interconnecting with multiple overseas stock exchanges, including the Börse Stuttgart Group of Germany and the SIX Group in Switzerland. The SBI Group has already invested in and/or established business alliances with both exchanges.

**The second** initiative is in the area of non-fungible tokens (NFTs). In 2021, we acquired SmartApp Co., Ltd. (now SBINFT), which created Japan's first integrated NFT platform, as a consolidated subsidiary of the SBI Group. This has enabled us to establish a full-scale presence in the NFT marketplace. In addition, SBI Art Auction, which plans and manages art auction events, entered the digital art business and held Japan's first NFT art auction in October 2021.

**The third** area consists of services based on the active utilization of blockchain and DLT. The SBI Group is working in partnership with the U.S. company R3, the developer of the Corda DLT platform, to offer companies and corporations supply chain finance and traceability platforms based on Corda. We are also developing international money transfer services using Ripple's XRP Ledger technology.

Finally, **the fourth** area we foresee relates to central bank digital currencies (CBDCs) [▶ P.119](#). CBDC research has accelerated in many parts of the world, and several countries have already started testing CBDC proof of concepts, such as Sweden's "e-Krona" and China's "Digital RMB." In the U.S., the President Biden signed an executive order calling for the acceleration of research into the issuance of digital USD. The SBI Group will continue to monitor these national trends and contribute to the utilization of pioneering technologies and the construction of new systems.

## Going Beyond Finance with Finance as Its Core, as Digitalization Advances in the Era of Web 3.0

We anticipate that in the era of Web 3.0, which is based on blockchain protocols and characterized by decentralized, trust-less systems, we will see the accelerated adoption of digital technology throughout society. The SBI Group has long sought to go beyond finance with finance as its core and to become a comprehensive corporate group with core businesses which go beyond the financial industry. We strive to harness new business opportunities through the introduction of various business initiatives in the digital space, and to achieve rapid evolution as a digital space ecosystem by further developing our digital financial ecosystem.

The SBI Group is stepping up its efforts to cultivate new customers in anticipation of further advances in the digital space area of business. Our main target are young people of the digital generation, who are difficult to reach with traditional advertising because much of their time is spent interacting with Internet-based media, such as social media and video distribution sites. Therefore, we are working to build relationships with the digital generation in other ways, such as through management of professional gaming teams following the establishment of SBI e-Sports in 2020 and subsequent entry into the e-sports business.

We also anticipate the emergence of new ways of life and social structures and are working to enhance our understanding of these changes, while also striving to increase our name recognition in the digital space era. In FY2022, we started to pursue a comprehensive branding strategy designed to raise awareness about the SBI Group among younger people who have already begun to adopt new ways of life.

The SBI Group is also using technology to contribute to regional revitalization, including support through SBI e-Sports for an e-sport event hosted by The Shimane Bank in August 2021. We are also working with local governments and business organizations to issue and operate regional digital tokens, electronic premium gift certificates, etc. Other activities include the establishment of the SBI DX Database, in which more than 100 companies are expected to join, in order to provide services to regional financial institutions.

There has been a rapid increase in the number of companies, both in Japan and overseas, that have entered the metaverse [▶ P.119](#) in recent years, including the U.S. companies Meta (formerly known as Facebook) and McDonald's. Many think it is only a matter of time before people begin to allocate increasingly more time that they now spend in the real world to activities provided via virtual spaces, including economic transactions. The SBI Group is also starting to focus on metaverse-related activities. For example, in 2021, SBINFT staged an event in the metaverse in conjunction with a street art project in Shirahama Town in Wakayama Prefecture.



**Jangdeok Ko**  
CEO of SBINFT

## NFTs for New Life Experiences

In September 2021, the SBI Group acquired SmartApp Co., Ltd. (now SBINFT), which developed Japan's first integrated NFT trading platform business, as a consolidated subsidiary. The company has been engaged in NFT-related activities since the initial emergence of NFTs in Japan, and its presence in the SBI Group is expected to lead to further expansion of our business activities in the digital asset area of business.

I had been serving as CEO and representative director of SmartApp Co., Ltd. since 2019. The event that led to SmartApp's entry into the SBI Group was the launch of "nanakusa" (now SBINFT Market) in April 2021 as an integrated NFT trading platform in Japan. "nanakusa" allows people to buy and sell digital art created by official artists authorized by us. The works are linked to NFTs and can be traded on a public blockchain. The marketplace received extensive media coverage after we first announced it and it has continued to attract interest since then. After exploring options for further business expansion, we decided to join the SBI Group. In addition to the SBI Group being a powerful and reputable brand as a business group in the financial industry, our decision was also influenced by the potential for synergies, including the knowledge that the SBI Group is already involved in the art business through SBI Art Auction.

We began full-scale operations as SBINFT in 2022 with three core businesses. The first is SBINFT Market, a rebranded version of "nanakusa" that provides primary and secondary markets for works created by authorized digital artists. There are now almost 200 such artists providing works that range from illustrations and 3D art to videos and music. As we strive to expand this market by informing the public about the joys of owning and trading digital art, we are also opening a new frontier for art and providing steady returns to artists.

Our second core business can be described as "the social implementation of NFTs." We established this business with the goal of providing new experiences by adding NFT functions to existing services. Since March 2022, SBINFT has been collaborating with Lawson Entertainment, Inc. to provide services that add NFTs to electronic tickets for events, including concerts and sports matches. These NFT tickets retain value as souvenirs even after an event and allow ticket holders to enjoy additional experiences and services, such as access to special videos.

NFT tickets can also provide unique experiences, including special messages to repeat customers.

Finally, our third business is the provision of original equipment manufacturing (OEM) services to other companies operating in the NFT marketplace. As awareness of and interest in NFTs continues to grow, more and more companies will seek to add NFT marketplaces to their own websites. A major advantage for the marketplace functions and OEM and consulting services that we offer is the credibility and track record we have built up as a pioneer in this field in Japan.

Our current goals are to popularize NFTs in Japan and to achieve an overwhelming level of recognition and market share in this field. Multiple Japanese IT companies are now entering the NFT business, but SBINFT is the only company in Japan that operates an NFT marketplace that runs on the Ethereum blockchain, the protocol that has gained by far the largest share of the global market in NFT issuance infrastructure. There are no country borders in the digital space, and NFTs are commonly traded internationally. Therefore, we believe our NFT marketplace, which is based on global standards, has huge potential for growth.

Another priority is the realization of broader synergies within the SBI Group. We strive to contribute to the growth of the entire SBI Group by using our blockchain technologies and expertise to provide new services and experiences to customers who use the SBI Group's financial services in businesses such as securities and insurance.



# BANKING STRATEGY

## Focusing on the Latest Addition to the Banking Strategy

SBI Group has built a track record in domestic and overseas banking, including SBI Sumishin Net Bank, an online specialized bank that has achieved rapid growth using technology to its advantage, and SBI SAVINGS BANK in Korea, which became a subsidiary in 2013 and has grown to become the second major source of earnings after SBI SECURITIES for the SBI Group. Furthermore, as of 2021 and its addition into the Group, we anticipate that the Shinsei Bank will play a major role in the Group's banking-related business. In order to achieve stable growth over the medium to long term, the SBI Group will further focus on its banking and non-banking businesses.

### Organic Combination of Management Resources of the SBI Group and the Shinsei Bank Group

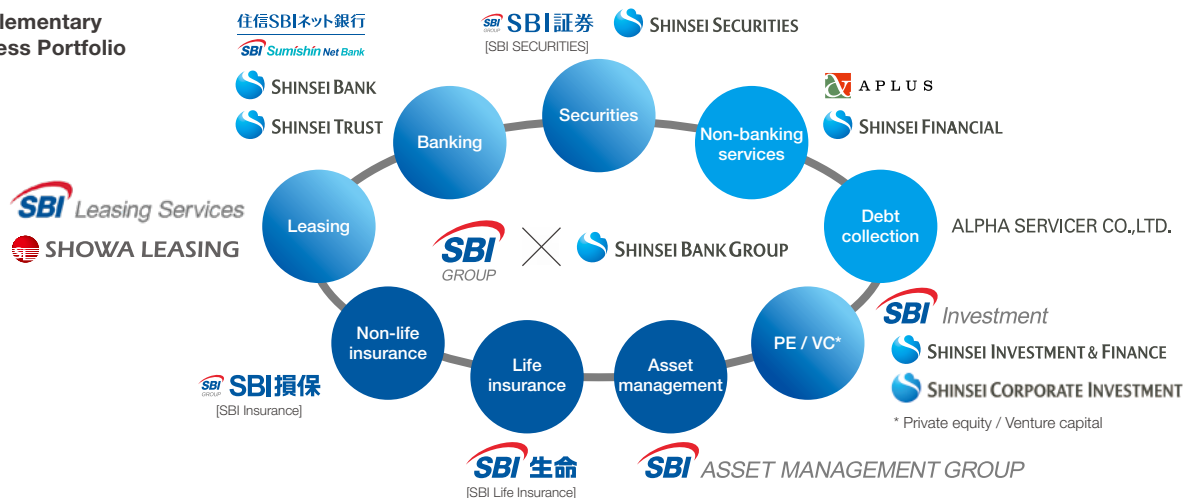
Shinsei Bank was added to the SBI Group in December 2021 by becoming a consolidated subsidiary. The Shinsei Bank Group has a customer base of over 8 million (as of March 31, 2022), and the SBI Group has expanded its customer base to over 42 million (as of March 31, 2022). This has led to the inclusion of non-banking-related businesses, including consumer finance, into the business portfolio, which the SBI Group has not had until now. Shinsei Bank total assets held was ¥10,311.4 billion, which has expanded the SBI Group's total assets to ¥17,838.2 billion (figures as of March 31, 2022).

Although the SBI Group and the Shinsei Bank Group offer a diverse range of financial services, we believe that the two business portfolios are highly complementary, as shown in the figure below. By organically combining the management resources of both groups, we seek to become a larger, integrated, and more competitive financial group. As one specific initiative, SBI SECURITIES and Shinsei Bank plan to begin a full-scale alliance in the brokerage services of financial products in the summer of 2022. In addition to the stocks, bonds, and investment trusts handled by SBI SECURITIES, this alliance provides a variety of products including real estate-related

financial products and SBI Wrap, a fully automated AI investment service, to Shinsei Bank customers. Also, SBI SECURITIES is considering to become a banking agent and establish a system of deposits exclusively for the purchase of securities that links seamlessly with the Shinsei Bank. As a result of this alliance, we expect to see an expansion in both customer bases and an increase in the deposit volume at the Shinsei Bank. SBI SECURITIES has already established a similar "SBI Hybrid Deposit" service with SBI Sumishin Net Bank, which accounts for approximately 35% of total deposits at SBI Sumishin Net Bank as of March 31, 2022.

The SBI Group is poised to produce synergies in the crypto-asset area as well, which the Group has positioned as a next-generation growth area. APLUS, consumer finance operator within the Shinsei Bank Group, has formed an alliance with bitFlyer, Inc., operator of one of Japan's largest crypto-asset exchanges, to offer the "bitFlyer Credit Card." This is Japan's first credit card that rewards users with Bitcoin based on the amount of money spent. The card was well received and saw applications surpass 10,000 in just three days after the service was launched in December 2021. This suggests a high level of interest in the crypto-asset area by APLUS customers that the SBI Group has been focusing on.

### Complementary Business Portfolio





## BANKING STRATEGY

### Triangle Strategy for the Further Evolution of Regional Revitalization

As a result of making the Shinsei Bank Group into a consolidated subsidiary, we believe that the initiatives related to the regional revitalization strategy promoted by the SBI Group up to now will be able to take their first steps toward the next stage of growth. Therefore, we will make effective use of the SBI Group's network of regional financial institutions to thoroughly promote the "Triangle Strategy," utilizing the functions of the SBI Group, the Shinsei Bank Group, and regional financial institutions that form a three-pronged strategy. In the Triangle Strategy, regional financial institutions demonstrate their regional brand strength and pick out business needs, and the SBI Group and the Shinsei Bank Group collaborate with respect to such business opportunities. To the respective regional financial institutions, the SBI Group will offer advanced technology and expertise held by the Group and its investee companies along with the Group's extensive business network, while the Shinsei Bank Group will provide the banking and non-banking functions. By leveraging our respective strengths and functions in this way, we will contribute to achieve revitalization of Japanese regions.

One specific measure is cooperation in structured finance. Capitalizing on its network in a variety of industries, the SBI Group will develop new projects as well as recruit and introduce institutional investors. Shinsei Bank will provide its expertise of structured finance, including forming syndicated loans. Regional financial institutions are expected to use their regional network and brand strength to develop new projects or participate in projects as an institutional investor. By maximizing the functions of these three entities, the strategy strives to resolve issues in local communities and to expand business by identifying needs in each region to undertake new projects.

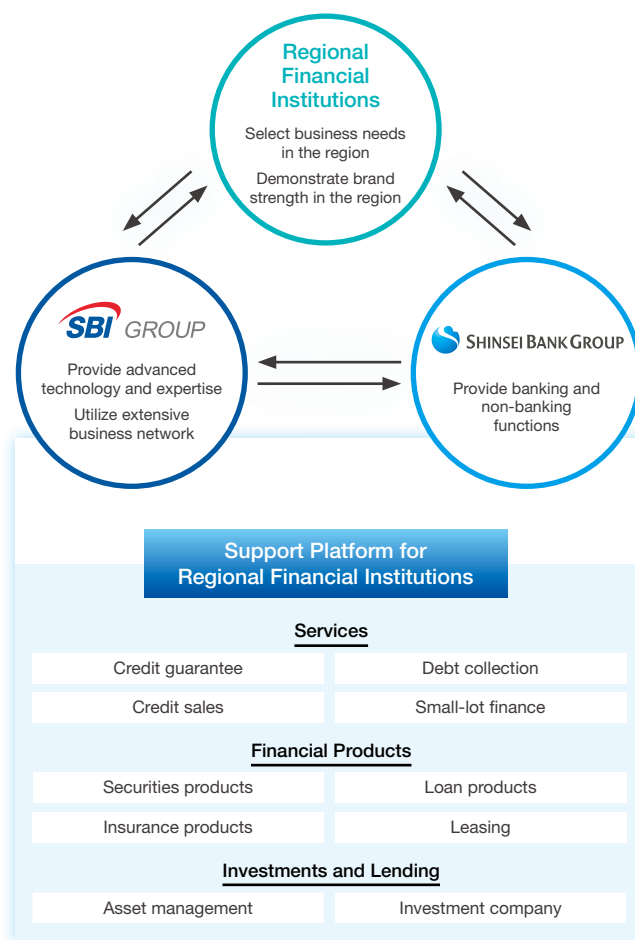
Through the Triangle Strategy, we will also promote the financial platform BANKIT®, which is being structured by APLUS. By combining the SBI Group's banking apps with the BANKIT® platform, which is currently limited to wallet functions, we plan to use it as a hub for regional financial institutions to deploy the Banking as a Service (BaaS) model. The SBI Group has traditionally offered banking apps to regional financial institutions, and by adding BANKIT® by APLUS, we believe that we can support the further promotion of DX and provide more financial services with customer benefits to local residents.

We also expect to create synergies based on the Triangle Strategy in the leasing business. Showa Leasing, a Shinsei Bank Group company, offers various lease-related products such as construction equipment, factory equipment, ICT, environmental energy, healthcare, and real estate. The Shinsei Bank Group can expand its operating base by providing Showa Leasing's lease-related products to SBI Group customers and

customers of regional financial institutions with which the SBI Group has strategic capital and business alliances with. In return, the SBI Group can provide Shinsei Bank customers with financial products backed by lease-related products for aircrafts, ships, containers, and other assets structured by its Group company SBI Leasing Services.

These kinds of non-banking businesses are more capital efficient than the banking business and is a business area that has been lacking in the SBI Group until now. By promoting this Triangle Strategy, we will contribute to achieving regional revitalization, which is also Japan's goal, and help achieve sustainable growth for the SBI Group, including the Shinsei Bank Group.

**Triangle Strategy Concept**  
(Image)





FINANCIAL AND  
NON-FINANCIAL ACTIVITIES

# SBI GROUP ACTION

## Strengthening and Enhancing Our Financial Capabilities to Support Continuing Business Expansion

### Hideyuki Katsuchi

SBI Holdings  
Managing Executive Officer & CFO



### Record Performance Despite an Unstable Economic Environment

The economic environment remained unstable throughout FY2021. In the second half of the fiscal year, just as the economic environment appeared to be emerging from the COVID-19 pandemic and returning to normal, an unexpected geopolitical factor in the form of Russia's invasion of Ukraine triggered a surge in energy prices that have resulted in an upward trend for inflation. World interest rates, which had previously remained low, grew in Europe and the United States, although in contrast to that, remained low in Japan. This created an unusual situation in which the yen was the only major currency to experience extreme weakening. Despite this challenging situation, the consolidated results for the SBI Group in FY2021 set new records for the second consecutive year. Revenue increased 41.1% year-over-year to ¥763.6 billion, profit before income tax expense increased 194.0% to ¥412.7 billion, and profit for the year attributable to owners of the Company increased 352.4% to ¥366.9 billion. In each case, these figures are record highs for the Company since its founding.

These results include one-off profit (loss) items, such as a gain from negative goodwill resulting from the acquisition of Shinsei Bank as a consolidated subsidiary in December 2021. However, even if the effect of adding Shinsei Bank to the con-

solidation were excluded, consolidated results for the SBI Group still represent record highs, with revenue increasing 29.1% year-over-year to ¥698.7 billion, profit before income tax expense increasing 42.6% to ¥200.1 billion, and profit for the period attributable to owners of the Company increasing 60.5% to ¥130.1 billion.

We also set new records for segment revenues in FY2021. The Financial Services Business increased 26.1% year-over-year to ¥396.2 billion; the Asset Management Business increased 54.4% to ¥317.8 billion; and the Biotechnology, Healthcare & Medical Informatics Business increased 76.3% to ¥9.9 billion.

### Early Realization of Benefits from Synergy with Shinsei Bank

The effects of the acquisition of Shinsei Bank as a consolidated subsidiary on the financial results for FY2021 included recording of gain on negative goodwill, etc., which was reflected in the figures for the third quarter and added to period profit and loss in the January–March quarter of 2022. The corresponding amounts were ¥212.6 billion for profit before income tax expense, and ¥236.8 billion for profit for the year attributable to owners of the Company. Profits from Shinsei Bank will be included in profits for the whole year for

the first time in FY2022. While this one-time factor in FY2021 will no longer apply, we believe that closer collaboration between Shinsei Bank and the SBI Group will result in a steady contribution to our profitability. We are currently considering a variety of collaborative initiatives with Shinsei Bank with the goal of achieving benefits from synergy with them, while also exercising due care over potential conflicts of interest. Shinsei Bank has a broad customer base with over eight million customers. We will examine the attributes of these customers and match them with the services offered by the SBI Group.

### Continuing Business Expansion is Our Basic Policy

The SBI Group has achieved rapid business growth to date. We have identified priority business areas and our basic policy calls for the continuing pursuit of a strategy for business expansion through concentrated capital investment in those areas. Regarding the balance between investments and recoveries, we anticipate the amount invested will continue to outpace recoveries. While recoveries are significantly influenced by market trends, our policy is to recover funds from investments after a specific number of years. Our goal is to manage our financial activities in a manner that ensures the continual expansion of our investments while renewing our assets each year.

We will prioritize the balance between internal reserves and the procurement of new funds in our investment activities. When sound, attractive opportunities emerge, we will invest aggressively. Our main investment areas will continue

to be fintech, crypto-asset, FX, and asset management. The SBI Group has been investing in crypto-asset related businesses since 2017 and continue to have a strong interest in this area. We will also continue to prioritize the Asset Management Business as we expect both individuals and corporations to focus increasingly on ways to protect their assets under the circumstances of high interest rates and a weak yen. A key event in relation to this area was the signing in May 2022 of a basic agreement on the conversion of Okasan Asset Management Co., Ltd., which handles asset management for the OKASAN SECURITIES GROUP INC., into a joint venture. We are striving to maintain an active investment posture in this business segment because of the potential for synergies, not only with crypto-asset and asset management, but also with our existing businesses.

As we pursue this business expansion strategy, we expect post-merger integration (PMI) and the maintenance of plan-do-check-act (PDCA) cycles for new businesses to become increasingly important in relation to our mergers and acquisitions (M&A) activities. The acquisition of Shinsei Bank is a good example of this approach. The SBI Group and the Shinsei Bank Group have started to explore the potential for synergies across our organizations, from the front- and middle-, to back-office operations. We expect to see benefits to these synergies emerge in the near future through collaboration with the SBI Group. Speedy decision-making is vital in times of uncertainty, and the SBI Group places a high value on the entrepreneurial spirit. Ideally, that philosophy will have a positive influence on Shinsei Bank Group, triggering changes that will lead to improved profitability.

### Consolidated Financial Results for FY2021 (IFRS)

	FY2020	Before consolidation of Shinsei Bank*		After consolidation of Shinsei Bank	
		FY2021	YoY % change	FY2021	YoY % change
Revenue (Billions of yen)	541.1	698.7	+29.1	763.6	+41.1
Profit before income tax expense (Billions of yen)	140.4	200.1	+42.6	412.7	+194.0
Profit for the year (Billions of yen)	97.5	148.5	+52.3	355.7	+264.8
Profit attributable to owners of the Company (Billions of yen)	81.1	130.1	+60.5	366.9	+352.4
Ratio of profit to equity attributable to owners of the Company (ROE) (%)	16.0	20.8	+4.8 points	49.4	+33.4 points

\* Excluding recording of gain on negative goodwill, etc., resulting from Shinsei Bank becoming a consolidated subsidiary, and Shinsei Bank's consolidated statement of income for the January–March period of 2022



## Financial Strategy Reflecting the Cost of Capital

The methods used to procure funds can be broadly categorized into procurement from internal sources, such as revenues earned by Group companies and amounts recovered from investments, and procurement from external sources, including loans from financial institutions. Because the SBI Group has invested actively in recent years, our liabilities have also tended to increase. However, we believe that we still have ample scope to raise additional funds. In fact, Rating and Investment Information, Inc. raised the rating for SBI Holdings and SBI SECURITIES by one notch in April 2022, to A- and A, respectively. Reasons for these higher ratings include the expansion of our business base following Shinsei Bank becoming a consolidated subsidiary, with which we have a complementing relationship. In general, M&A rarely results in a higher rating. We see the new ratings as a positive factor, since they will allow us to expand our procurement capacity while curbing interest rate hikes. Utilizing internal reserves together with funds procured externally, we would like to financially support a well-balanced growth trajectory, while rigorously screening investments to ensure returns that will be commensurate with the cost of capital.

## Management Focused on Stakeholder Dialog

In the past, shareholders, investors, and other stakeholders have commented that the SBI Group's business areas were difficult to understand. In part as a response to this feedback,

we have changed our business structure from three segments to five in management accounting, effective from FY2022. For example, our overseas financial businesses, such as the SBI SAVINGS BANK in South Korea, were included in the Asset Management Business because they were originally positioned as investments. In keeping with the nature of their business activities, they have now been reallocated to the Financial Services Business. The Asset Management Business has been divided into the Investment Business and the Asset Management Business. The Crypto-asset Business has become a segment in its own right, reflecting the importance of this business area. As a result of these changes, the new Financial Services Business will focus mainly on securities-, banking-, and insurance-related businesses in Japan and overseas. We also made changes affecting the strategic direction and scale of our investment in the Biotechnology, Healthcare & Medical Informatics Business, including the sale in February 2022 of our entire shareholding in Quark Pharmaceuticals, which was the main cause of losses in this area. The remaining assets have been placed in the Non-financial Business, together with the digital space business, which was previously included in the "Others" segment. We hope this new segment structure will lead to a better understanding of the SBI Group by clearly identifying business areas that are easily affected by the market environment and those that are more resilient.

## Stance on Shareholder Composition

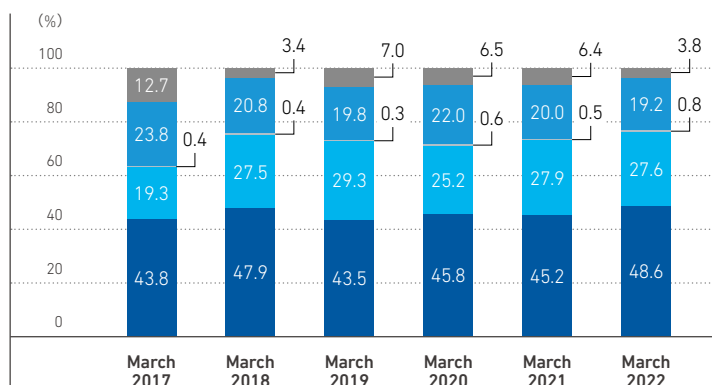
- The total number of shareholders is **134,576**, of which the number of shareholders who hold one unit or more is **88,261**\*
- Shareholding ratio of domestic and foreign institutional investors is **76.1%**

Actively promote initiatives for individual investors to raise the ratio of individual shareholders to achieve a balanced shareholder composition.

■ Foreign institutions and individuals  
■ Domestic financial institutions  
■ Other domestic companies  
■ Individuals  
■ Others\*

\* Including treasury shares

Trends of Shareholder Composition





## Policy on Shareholder Returns

Following the aforementioned changes to our business segment structure, we have also changed our basic policy on shareholder returns, effective from FY2022. Previously, our policy was to determine the total shareholder return ratio, which is the total amount for dividends plus share repurchase, by 1) setting the minimum total shareholder return ratio to be at least 40%, and 2) including an adjustment to the return ratio due to deductions in the fair value through profit and loss (FVTPL) of operating investment securities from consolidated profit before income tax expense, which is separate from cash flows. However, shareholders and investors appear to have found this policy difficult to understand, in part because of the way the second condition has been applied over the past couple of years, during which there has been an increase in the percentage of profit before income tax expense contributed by the Asset Management Business. As an interim measure, we have decided to set the total shareholder returns at around 30% of profit before income tax expense from the new Financial Services Business segment, effective from FY2022. We aspire to clarify our approach to shareholder returns by using the Financial Services Business, which has a relatively stable profit level compared with other segments of the SBI Group, as the standard level for shareholder returns.

Our ability to engage in dialog with individual shareholders and investors has been limited over the past couple of years because of the COVID-19 pandemic. We are striving to take a more active stance on communications going forward, and in June 2022 we have begun to resume our briefings for individ-

ual shareholders in Japan. Overseas institutional investors currently hold 48.6% of shares in SBI Holdings (as of March 31, 2022). Our goal is to achieve a more balanced shareholder mix by actively implementing initiatives targeting these individual shareholders and investors.

## My Mission and Goals

Few financial institutions in the world are as actively committed to growth as the SBI Group. I see this as a key advantage. My most important mission is to strengthen and expand the financial functions that will enable the SBI Group to maintain its position as a unique financial institution. Financial institutions are often adopting a more cautious stance in this unstable economic environment, but I see the present environment as an opportunity to leverage the strengths of the SBI Group, including our ability to make speedy decisions. I believe that it is precisely in times such as these that we should maintain a consistent investment policy of using SBI Group's unique qualities to proactively enter and invest in new fields ahead of our competitors, while also thoroughly applying the PDCA assessment and review cycle.

## IR Activities (FY2021)

Activity	Times	Activity Content
Financial results briefing for institutional investors and analysts	4	Financial results briefing held quarterly focusing on financial performance and outlook
IR conferences for overseas institutional investors	1	Conducts online meetings with overseas institutional investors during IR conferences hosted by securities companies
Current Management Information Briefing for shareholders	1	Briefing held shortly after the General Meeting of Shareholders every June
Individual meetings for institutional investors and analysts	As required	Meetings held as needed upon request from domestic and overseas institutional investors and analysts
Uploading of IR materials and videos to the Company website	As required	Posting of timely disclosure materials including financial results, press releases, videos, and information on sustainability initiatives

Note: Meetings for individual investors and small meetings for domestic institutional investors, which are normally held every year, were canceled for FY2021 due to the COVID-19 pandemic.

## At a Glance

Overview of the SBI Group's Business Operations

# SBI GROUP AT A GLANCE (FY2021)

Revenue  
breakdown  
by business  
segment\*1, 2

### BIOTECHNOLOGY, HEALTHCARE & MEDICAL INFORMATICS BUSINESS

Revenue  
**¥9.9 billion**  
YoY +76.3% ↑

1.4%

### ASSET MANAGEMENT BUSINESS

Revenue  
**¥317.8 billion**  
YoY +54.4% ↑

43.9%

### FINANCIAL SERVICES BUSINESS

Revenue  
**¥396.2 billion**  
YoY +26.1% ↑

54.7%

Profit before  
income tax  
expense\*2

### FINANCIAL SERVICES BUSINESS

**¥282.9 billion** YoY +¥196.5 billion ↑

### ASSET MANAGEMENT BUSINESS

**¥166.0 billion** YoY +¥81.8 billion ↑

### BIOTECHNOLOGY, HEALTHCARE & MEDICAL INFORMATICS BUSINESS

**¥(11.8) billion** YoY ¥(3.2) billion ↓

### Changes to Business Segments

From FY2022, the SBI Group will change its business segment structure in management accounting from three core businesses (Financial Service Business; Asset Management Business; and Biotechnology, Healthcare & Medical Informatics Business) to five. This change will be made because, under the previous structure, market conditions such as the stock market had a significant impact on specific businesses within each business segment, and as non-financial fields such as Web 3.0-related businesses are expected to expand in the future, problems such as unclear affiliations became apparent.

\*1 The ratio of revenue breakdown by business segment is presented as the composite ratio of the total revenue of Financial Services Business, Asset Management Business, and Biotechnology, Healthcare & Medical Informatics Business

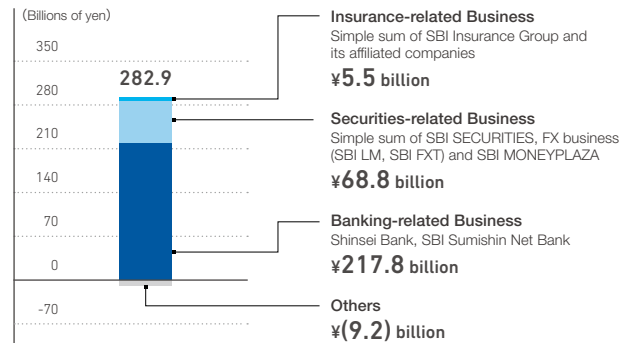
\*2 Owing to Group company segmentation realignments, the figures compared to FY2020, which reflect the relevant segment changes, are shown as year-over-year figures

## FINANCIAL SERVICES BUSINESS

### Principal Companies

SBI SECURITIES	Showa Leasing
SBI Liquidity Market (SBI LM)	Shinsei Corporate Investment
SBI FXTRADE (SBI FXT)	SBI Insurance Group
SBI VC Trade	(insurance holding company)
SBI MONEYPLAZA	SBI Insurance
SBI NEOMOBILE SECURITIES	SBI Life Insurance
SBI Neotrade Securities	SBI IKIKI SSI
Rheos Capital Works	SBI Nihon SSI
SBI Benefit Systems	SBI Resta SSI
SBI BITS	SBI PRISM SSI
SBI NEO FINANCIAL SERVICES	JOGUCHI SAFETY SSI
Japannext	SBI FinTech Solutions
Osaka Digital Exchange	SBI Remit
SBI Sumishin Net Bank	SBI Business Solutions
Shinsei Bank	SBI Ripple Asia
Shinsei Financial	B2C2
APLUS	

## FY2021 Profit (Loss) before Income Tax Expense of the Major Businesses by Business Area (Based on IFRS)



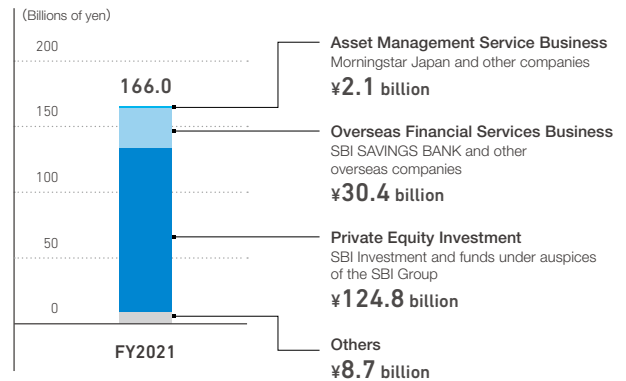
Note: Including a negative goodwill of ¥263.8 billion due to inclusion of Shinsei Bank in the Financial Services Business from the third quarter of FY2021

## ASSET MANAGEMENT BUSINESS

### Principal Companies

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

## FY2021 Profit before Income Tax Expense of the Major Businesses by Business Area (Based on IFRS)



## BIOTECHNOLOGY, HEALTHCARE & MEDICAL INFORMATICS BUSINESS

### Principal Companies

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

\* Shares of Quark were completely sold in February 2022

## Profit (Loss) before Income Tax Expense of the Biotechnology, Healthcare & Medical Informatics Business Companies (Based on IFRS)

(Millions of yen)

	FY2020	FY2021
SBI Biotech	(278)	366
Quark Pharmaceuticals	(4,234)	(68)
5-ALA-related business	(1,726)	(1,103)
SBI ALApromo	348	298
photonamic	71	328
Medical Data Vision (Equity method affiliate)*	36	239

\* The results of the previous quarter are recorded as SBI Holdings' equity method, FY2020 includes only the December results after the acquisition of its shares. The SBI Holdings' equity interest in Medical Data Vision's fiscal year ending December 2021 is included in SBI Holdings' results for FY2021.

### 5-ALA-related Products (Products sold as of the end of June 2022)

#### Ethical drug



ALAGLIO®  
Divided Granules 1.5g

#### Health foods and cosmetics



ALA PLUS  
GOLD EX



ALA PLUS  
TOH (Sugar) DOWN



ALA PLUS TOH (Sugar)  
DOWN ALACIA



ALA PLUS FUKAI  
NEMURI (Deep Sleep)



ALA PLUS GOLD  
HIROU-KAN KEIGEN



ALA PLUS  
Cosmetic Series

## Addressing Climate Change (Initiatives Based on TCFD Recommendations)

The SBI Group recognizes that climate change is a critical strategic management issue that will have significant impact on society and the Group's operations. The Group began disclosures in line with the information disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD) starting in July 2022, disclosing information in four thematic areas: governance, strategy, risk management, and metrics and targets. An initial scenario analysis was carried out using scenarios published by international organizations and others in major businesses of the SBI Group, the securities business, and the investment (private equity) business. The analysis was conducted based on FY2020 data.

### Governance

SBI Holdings has established a Sustainability Committee under the Board of Directors, composed of Senior Managing Directors and chaired by the Representative Director, President & CEO. As part of the SBI Group's corporate strategy, the committee not only discusses and decides upon strategic initiatives related to sustainability, including those regarding climate change, but also verifies and examines the progress of these initiatives as well as reports on their findings to the Board of Directors as needed. In addition, the sustainability measures decided upon through discussions by the committee are implemented across the entire SBI Group through a Sustainability Promotion Office that serves as the secretariat of the committee.

### Risk Management

As a constant framework for risk management, in order to provide proper assessment and management of risks, including climate change, which has the possibility of obstructing business activities, the SBI Group has designated an officer in charge of risk management at the Group level and has established a Risk Management Department so that it can carry out integrated risk management. [P48](#)

### Strategy: Identification of Risks/Opportunities and Scenario Analysis

In the scenario analysis, the SBI Group analyzed and examined the risks and opportunities and financial implications of two scenarios based on FY2020 data, assuming global mean temperature increases of 4°C and 1.5°C respectively by 2100 compared to before the Industrial Revolution.

### Risks and Opportunities (example)

Category	Type	Potential risks and opportunities		Impact	
		Securities business	Investment (private equity) business	4°C	1.5°C
Risks	Transition Risks <sup>*1</sup>	Increased costs due to the introduction of carbon taxes and other carbon pricing, as well as policies related to renewable energy use and energy conservation		—	Low
	Physical Risks <sup>*2</sup>	Physical damage to offices due to extreme weather (typhoons, floods, high tides, etc.) and costs incurred in response to system failures		High	Low
Opportunities	Development of a decarbonized society	<ul style="list-style-type: none"> <li>• Increase in volume of financial instruments, such as shares issued by companies engaged in businesses that contribute to decarbonization</li> <li>• Increase in opportunities to offer related businesses due to an increase in M&amp;A needs in relevant business areas</li> <li>• Expanding business opportunities related to growing preference for ESG investment</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in earnings opportunities as the value of investee companies engaged in businesses that contribute to decarbonization increases</li> <li>• Increase in opportunities to acquire fund investors through increased investment needs in venture capital (VC) funds</li> </ul>	Low	High

<sup>\*1</sup> Business risks posed by actions taken by the government, enterprise, and consumers to solve climate change

<sup>\*2</sup> Business risks posed by natural disasters owing to extreme weather, rising average temperatures, high tides, etc.

### Financial Impact Forecast for FY2030 (Compared to FY2020)

4°C scenario: ¥66 million

1.5°C scenario: ¥169 million

(For reference) SBI Holdings' profit before income tax expense was ¥412,724 million in FY2021.


### Examples of SBI Group Initiatives to Resolve Environmental and Social Issues

- Support for the issuance of social impact bonds, including green bonds (SBI SECURITIES)
- Promotion of sustainable finance (Shinsei Bank)
- Awards for outstanding ESG-related funds (Morningstar Japan)

### Metrics and Targets

Toward realizing the national target of carbon neutrality by 2050, the SBI Group targets net zero CO<sub>2</sub> emissions (Scope 1 and Scope 2) by FY2050. Its interim target is a 33% reduction by FY2030 (compared to its FY2018 levels).

For full disclosure in accordance with the TCFD,  
please refer to the following website:

 <https://www.sbigroup.co.jp/english/sustainability/environment/tcf.html>

### Changes in CO<sub>2</sub> Emissions

	FY2019	FY2020	FY2021
CO <sub>2</sub> emissions (Scope 1)	107	85	1,299
CO <sub>2</sub> emissions (Scope 2)	4,140	4,463	18,191
Total	4,246	4,548	19,490

Note 1: Scope of coverage: defined by the GHG Protocol at SBI Holdings and domestic sites of Group companies. Scope 1 (direct emissions from the use of fossil fuels, etc.) and Scope 2 (indirect emissions owing to use of purchased electricity and heat) as defined by the GHG Protocol. Includes some overseas business (UDC Finance) from FY2021

Note 2: Calculation method: based on electricity usage of SBI Holdings and its Group companies, the CO<sub>2</sub> emissions in the relevant range are calculated using various emission factors announced by the Ministry of the Environment

Note 3: Due to the expansion of the scope of aggregation owing to M&As, figures may be discontinuous from FY2019 to FY2021

## Achieving Sustainable Growth Through Stakeholder Engagement

We recognize that in order to increase the medium- to long-term corporate value of the SBI Group in an external business environment, which is growing more uncertain, we must accurately identify the needs and expectations of various stakeholders by engaging with them through dialog and other methods, and reflect these results in our business activities.

### Customers



The SBI Group has set forth the “Customer-centric Principle” as its core management principle for business development and has put customer benefits first in its business activities. In addition, the Group has built one of the world’s first Internet-based financial ecosystems, in which non-face-to-face transactions are characteristic between the service providers and consumers. It is precisely for this reason that the Group has made various considerations to allow customers to complete transactions with peace of mind and a sense of trust, including thorough protection of personal information.

#### Examples of Engagement

- Reducing stock brokerage commissions charged by SBI SECURITIES
- Received the highest rank of “Three Stars” in the 2021 “Inquiry Counter Rating” (SBI SECURITIES and SBI Insurance) and “Web Support Rating” (SBI SECURITIES, SBI Sumishin Net Bank and SBI Insurance) in the survey “HDI Rating Benchmark” conducted by HDI-Japan

### Shareholders and Investors



We are engaged in sound, highly transparent management by actively disclosing information to shareholders and investors, communicating through the General Meeting of Shareholders and financial results briefings, and striving to build better relationships. In addition to the self-growth and propagation of corporate value of listed companies and manifestation of Group corporate value through the initial public offerings of unlisted companies, we will increase shareholder value through M&As, joint ventures, strategic alliances, and other such efforts.

#### Examples of Engagement

- Financial results briefings for institutional investors and analysts and individual meetings for institutional investors and analysts
- Information meetings for individual investors, as well as Current Management Information Briefing for shareholders

### Employees



As a comprehensive corporate group that innovates without getting caught up in preconceived notions, we have implemented various measures such as the provision of open employment opportunities and the establishment of a robust educational system that includes a program for dispatching employees to the SBI Graduate School. In addition, through the realization of a fair evaluation and compensation system that rewards ambition and performance, we train employees to develop and pass down a unique corporate culture and to promote fostering a healthy work ethic.

#### Examples of Engagement

- Health and diversity management
- Development of employees at SBI Graduate School

### Partners (Suppliers)



The SBI Group is promoting open alliances in which win-win relationships are formed through partnerships with many non-Group companies across a variety of industries. Through these open alliances, we are collaborating with diverse partners to create a system that can provide comprehensive services that cannot be achieved by a single company alone, in order to meet the diverse demands of various customers.

#### Examples of Engagement

- Neo-bank initiatives promoted by SBI Sumishin Net Bank
- Linkage by SBI SECURITIES to various common points issued by non-Group companies

### Local Communities



The SBI Group believes that a company is a part of society, and that corporate activities have various impacts on it. In order to fulfill the role of the company as a social entity, we will work to find solutions to social issues through our core business activities in a variety of different ways, thereby contributing to the maintenance and development of society.

#### Examples of Engagement

- Formulation of Basic Sustainability Principles and the SBI Group’s Materiality
- Regional revitalization initiatives

### Global Environment



The SBI Group recognizes the importance of long-term coexistence between society and the natural environment, and that environmental issues have an impact on, and present both risks and opportunities to organizations and society. The SBI Group Environmental Policy has been established based on this recognition. Based on this policy, we will continue to contribute to the maintenance and development of a sustainable society through our business activities.

#### Examples of Engagement

- Addressing Climate Change (Initiatives Based on TCFD Recommendations)
- Promoting sustainable finance and activities for increasing awareness of ESG investment



## Diversity and Inclusion

**We are Focused on Further Enhancing the Value of Our Human Resources, as a Source of Creativity and Competitiveness.**

### Katsumi Shiragami

Executive Officer in Charge of Human Resources and General Affairs at SBI Holdings



### Approach to Human Resources

The SBI Group believes that people are the main source of creativity and differentiation that give us a competitive edge. The SBI Group is unique in that more than 90% of its human resources are mid-career hires. These mid-career hires are able to work successfully alongside new graduates thanks to continuous training activities that help disseminate the SBI Group's management philosophy and corporate culture while allowing employees to acquire a broad overview of the Group as a whole. Furthermore, active communication by senior management via books and other publications on management and business, is helping to raise employees' knowledge in areas such as "human studies" and business administration. We believe that these efforts are also contributing to a sense of unity within the Group.

We recognize that securing talented, global human resources is even more important in executing our management strategies. In 2018, we established the Highly Specialized Professionals System, which enables us to respond differently from the existing framework in terms of salary treatment and working style, and we are focusing on securing human resources who can play strategically important roles. From April 2022, we implemented a significant increase in starting salary for new graduates and in the salary table up to the third year of employment. In addition, we introduced a remuneration system for all executives and employees that reflects the consolidated performance of the Group. The SBI Group will continue its efforts to enhance the value of its human resources, including the use of M&A and other methods to recruit talented people with abilities that enable them to make a strategic contribution.

### Diversity and Inclusion

The SBI Group recognizes that human rights are fundamental rights that all human beings equally and universally have, and that respecting these rights is a matter of corporate operations. In 2021, we clearly stated this belief in our "Human Rights Policy." We also believe that to remain as a company that innovates without getting caught up in preconceived notions requires an environment in which diverse people can fully demonstrate their potential and stimulate each other to grow, regardless of race, nationality, gender, or other attributes. The SBI Group operates in 25 countries and regions, and overseas offices account for 22.9% of the total number of employees. We are committed to actively promoting talented employees regardless of their attributes, and the ratio of female managers

(domestic consolidated) is currently 18.3%. Recognizing that increasing diversity is important in the future, we have set goals of increasing the ratios of female managers and non-Japanese employees to at least 20% and 40%, respectively, by 2025 and will work to maintain and improve the current ratios (26.5% and 36.5%, respectively, as of March 31, 2022).

Please visit our website for more information on "SBI Group Human Rights Policy"



[https://www.sbigroup.co.jp/english/sustainability/social/human\\_rights.html](https://www.sbigroup.co.jp/english/sustainability/social/human_rights.html)

### Creating a Pleasant Work Environment

We believe that good physical and mental health is important for employees to always perform at their maximum potential. The SBI Group has instituted the Health Management Declaration stating the need to actively promote the creation of an environment that encourages employees to maintain and promote their health. In addition to providing opportunities for self-actualization, we are striving to make effective use of employees and to put the right people in the right place through our career opening system. Many employees have utilized this program to make career changes by requesting transfers to their desired operating companies within the SBI Group.

Furthermore, in order to improve work efficiency and productivity, the entire Group is promoting the introduction of robotic process automation (RPA) to automate various routine tasks, and we have established a short-time regular employee system and staggered working hours system to create a comfortable working environment.

### Recognition for Employees that Rewards Performance

Since our founding, we have maintained a policy of "giving a stipend to those with merit and a position to those with good judgement and insights," emphasizing not only results but also the process that leads to those results. In addition, in order to ensure fair and impartial evaluations, we conduct 360-degree evaluations, in which employees are evaluated not only by their superiors, but also by their subordinates and colleagues. Furthermore, in order to further enhance the cohesiveness of the Group and to further increase motivation and morale toward consolidated performance, the Company issues paid stock options to directors of the Company and its subsidiaries and

tax-qualified stock options to employees without cost.

### Approach to Human Resource Development

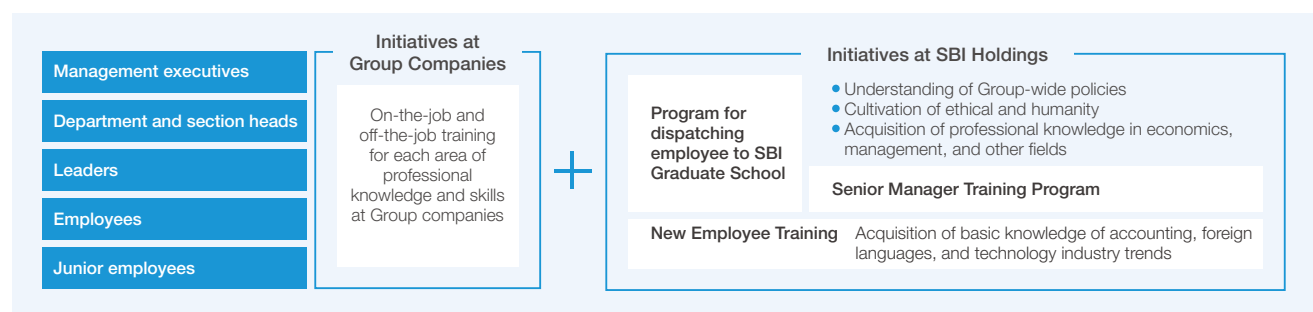
The SBI Group is training future generations of skilled workers through a combination of on-the-job-training and courses at the SBI Graduate School, which opened in 2008 with the full support of the SBI Group. Employees who aspire to become senior managers must complete the SBI Group Senior Manager Training Program as a requirement for promotion. We have also established a program for employees wanting to study a wider range of management subjects by sending them to study at the SBI Graduate School. As of March 31, 2022, 143 individuals have obtained MBA degrees through this program. For new employees, we provide training by submission of assignments, which is unique to the Company, to help our employees acquire knowledge and management perspectives as executives of the SBI Group from early on in their careers. New employees are required to submit a report every two weeks which is then evaluated by management executives including the CEO.

### Dissemination of Management Philosophy in Group Companies

In order to share our management philosophy and corporate culture with Shinsei Bank, which became our consolidated subsidiary in December 2021, we have held briefings for executives and employees of Shinsei Bank Group, as well as conducted regular roundtable discussions with executives from our major Group companies for junior employees. In the first session, our Representative Director, Chairman, President & CEO Yoshitaka Kitao discussed the theme of “what the SBI Group is striving for” to promote exchange. Videos of the roundtable discussions are maintained for viewing by executives and employees of both groups.



### The SBI Group's Human Resource Development Process



### Employee Data

Employee Status (Consolidated)	FY2019	FY2020	FY2021
Number of employees	8,003	9,209	17,496
Percentage of employees at overseas business sites (%)	35.4	39.1	22.9

Status of Employment of Women		FY2019	FY2020	FY2021
Consolidated	Number of female employees	3,393	3,898	7,630
	Ratio of female employees (%)	42.4	42.3	43.6
	Number of female executive officers	5	13	20
	Ratio of female executive officers (%)	6.0	12.6	9.4
Domestic consolidated	Number of women hired*	367	750	933
	Ratio of women among regular employees hired (%)	22.9	32.1	39.1
	Number of female managers	219	262	688
	Ratio of female managers (%)	16.5	16.0	18.3

Domestic Consolidated	FY2019	FY2020	FY2021
Average years of service (men)	6.6	5.2	10.1
Average years of service (women)	5.5	5.1	8.4
Average annual salary (men)	¥7,997,157	¥6,617,207	¥8,239,218
Average annual salary (women)	¥4,885,217	¥4,959,279	¥4,793,669
Turnover rate (%)	14.2	23.2	14.9

Non-consolidated	FY2019	FY2020	FY2021
Average monthly non-statutory working hours	18hr 1min	15hr 19min	17hr 41min
Ratio of annual paid leave taken (%)	69.8	60.9	65.4
Ratio of childcare leave taken by female employees (%)	100	100	100
Ratio of managers of foreign nationality (%)	12.3	12.3	11.4
Ratio of mid-career hires among management (%)	81.5	84.4	81.1

\* Figures may not be continuous due to changes in calculation methods, M&A, etc. from FY2019 to FY2021.

### Target Figures for Human Resources (Through to 2025)

\*1 Non-consolidated  
\*2 Consolidated

Ratio of female managers\*1  
**20% or higher**

Ratio of employees of foreign nationality\*2  
**40% or higher**

Please visit our website for more information on “Enhancing Human Capital Value”

<https://www.sbigroup.co.jp/english/sustainability/social/employee.html>

## Strengthening and Enhancing the Management Base to Support Sustainable Growth

### Results of Main Efforts for FY2021

Number of Ordinary Board of Directors' meetings held per year	13
Average attendance rate at Board of Directors' meetings for Independent Outside Directors	100%
Average attendance rate at Board of Directors' meetings for Outside Statutory Auditors	100%
Number of Board of Statutory Auditors' meetings	15
Average attendance rate at Board of Statutory Auditors' meetings for Outside Statutory Auditors	100%


### Major Items Discussed at the Board of Directors

- Application for selection of new market segments
- Tender offer for shares of Shinsei Bank, Limited by SBI Regional Bank Holdings Co., Ltd.
- Establishment of the Sustainability Committee
- Establishment and revision of policies in accordance with the amendment of the Corporate Governance Code
- New structure for Representative Directors and change in management and responsibilities

### Basic View Toward Corporate Governance

A company's stakeholders include consumers, business partners, and the community at large, in addition to customers, shareholders, and investors. The SBI Group keenly recognizes the social nature of companies, contributes to the preservation and development of society, and uncompromisingly engages in customer-oriented businesses in accordance with the "Customer-centric Principle," which is the Group's core management principle. The Group also considers it essential to obtain public trust during the course of business activities and is working to ensure transparency and fairness in its decision-making, and to establish an organizational structure capable of promptly responding to changes in the business environment, as well as to enhance appropriate corporate governance to increase corporate value.

#### Corporate Governance Principles Based on the Corporate Governance Code

 <https://www.sbigroup.co.jp/english/sustainability/governance/policy.html>

### Corporate Governance System

The Company has selected an organizational structure with a board of statutory auditors and consequently established a Board of Directors and Board of Statutory Auditors. The Company's Board of Directors, consisting of 14 Directors, with 7 Independent Outside Directors (as of July 27, 2022), is strengthening its oversight of the appropriateness of the Company's management. The Board of Directors meets once a month, in principle, to decide important matters and to oversee the status of business execution. In addition to Executive Directors including the President, Senior Executive Vice Presidents, and Senior Managing Directors, 11 Executive Officers with expertise and insight aligned with the Directors are in charge of business execution. The Company clearly defines the functions and responsibilities of the Executive Directors, Executive Officers, and the Board of Directors, and has put in place an organizational structure capable of promptly and flexibly responding to sudden changes in the business environment.

Statutory Auditors are responsible for establishing a solid corporate governance system worthy of public trust, by means including auditing the Directors' performance of duties. Statutory Auditors ensure collaboration with Outside Directors and Accounting Auditors and endeavor to realize a more effective corporate governance system.

The Board of Directors and the Board of Statutory Auditors are composed of diverse individuals, irrespective of race, nationality, gender, etc., who possess a high level of expertise and will contribute to the strengthening of the Company's corporate governance system. [▶ P42](#)

### Overview of Organization (As of July 27, 2022)

Configuration	Company with Board of Statutory Auditors
Number of Directors (Independent Outside Directors)	14 (7)
Term of office of Directors	1 year
Average age of Directors	57.5
Number of Statutory Auditors (Outside Statutory Auditors)	4 (2)
Number of Directors registered as Independent Executives	9
Number of Management Advisory Committee members (Independent Outside Directors)	8 (7)
Involvement of Independent Outside Directors in compensation decisions (Yes/No)	Yes

### Improving the Effectiveness of the Board of Directors

#### 1. Method of Analysis and Evaluation

From February to March 2022, the Company conducted a self-assessment for all Directors and Statutory Auditors

#### Items Included in Evaluation of Effectiveness

- Structure and composition of organizations such as the Board of Directors
- Operation of the Board of Directors
- Agenda, deliberation, and decision-making of the Board of Directors
- Supervisory system of the Board of Directors
- Relationships with shareholders and other stakeholders
- Other
- Self-evaluation

regarding the effectiveness of the Board of Directors. The Company analyzed and evaluated the effectiveness of the Board of Directors, based on the results of the self-assessment, as well as the discussions at the Board of Directors meeting held in March 2022.

## 2. Overview of Results of the Analysis/Evaluation

The evaluation found the Board of Directors to be sufficiently effective and to be effectively carrying out its function as a business execution and monitoring organization.

On the other hand, the evaluation noted that in order to further improve the effectiveness of the Board of Directors, it is critical to prepare a robust compliance and risk management system across the Group, owing to the Company's speed of growth and business diversification. In addition, there was a meaningful exchange of views regarding the necessity of considering ESG and the SDGs in management.

The Board of Directors is continuing to strengthen its effectiveness based on the above results of this analysis and evaluation and will ensure that it contributes to the increase of sustainable corporate value.

### Director Training

The Company maintains a training environment in which each Director and Statutory Auditor can acquire and update the knowledge required of management. In FY2021, the Company

invited Shigehiko Mori, Managing Director of Deloitte Touche Tohmatsu LLC, to participate in November for training regarding TCFD and ESG disclosure.

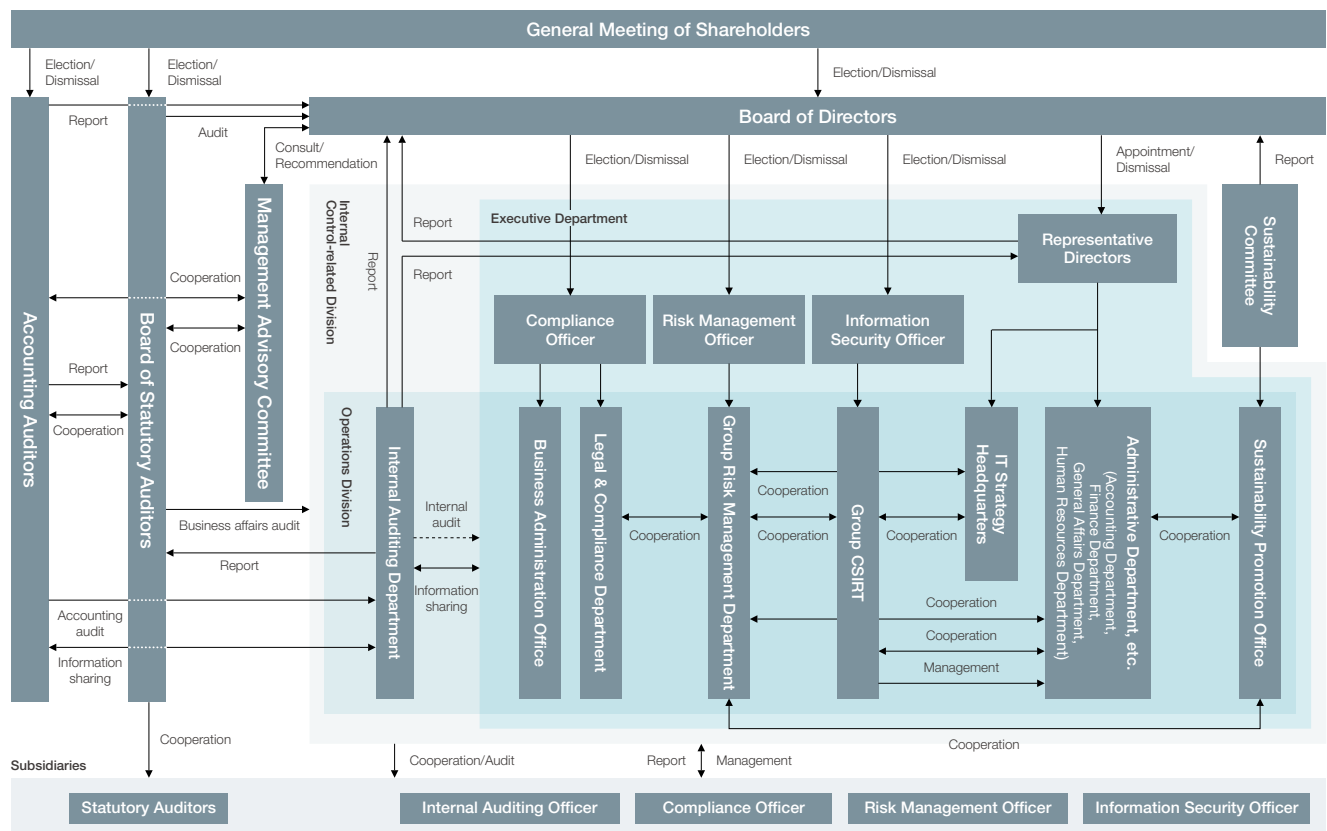
#### Key Themes Discussed During the Director Training

- Amendment of Corporate Governance Code
- Main points in the response toward TCFD
- Analysis of the ESG assessments toward the Company
- Regulations in Japan and overseas



Attendees of director training

## Outline of Corporate Governance Structure





## Board of Directors and Statutory Auditors (As of July 27, 2022)

## Directors

① Attendance at Board Meetings ② Number of Company's shares owned ③ Main areas of expertise ④ Reasons for selection

Name/Position	Principal responsibilities and concurrent offices held	Other information
<b>Yoshitaka Kitao</b> Representative Director, Chairman, President & CEO 	Representative Director, Chairman and President of SBI Investment Co., Ltd. Representative Director and Chairman of SBI SECURITIES Co., Ltd. Representative Director & President of SBI Pharmaceuticals Co., Ltd. Director of SBI VC Trade Co., Ltd. Representative Director & Chairman of SBI Digital Asset Holdings Co., Ltd. Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. Representative Director & President of SBI Capital Management Co., Ltd. Representative Director & President of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Representative Director & President of Regional Revitalization Partners Co., Ltd.	① 13/13 ② 4,007,960 ③ General management (financial assets and biotechnology) ④ Mr. Yoshitaka Kitao has demonstrated excellent management capabilities as Representative Director, President & CEO since the Company's establishment, building a financial conglomerate focused on Internet-based financial services for the Financial Services Business, which covers a broad range of business activities including securities brokerage business, banking services business, insurance business, and a wide range of financial services businesses. He has also helped establish a strong business foundation for the SBI Group by leading the Asset Management Business and the Biotechnology, Healthcare & Medical Informatics Business in Japan and abroad.
<b>Masato Takamura</b> Representative Director, Senior Executive Vice President & COO 	Representative Director and President of SBI SECURITIES Co., Ltd. Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of Rheos Capital Works Inc. Outside Director of ASCOT Corp. Director of The Global Ltd. Outside Director of ALBERT Inc.	① 13/13 ② 310,000 ③ General management (financial assets) ④ Mr. Masato Takamura has served as Representative Director and President of SBI SECURITIES Co., Ltd., and has greatly contributed to the growth of the securities businesses and has a wealth of experience and broad knowledge as a manager. In addition, he has been responsible for the Financial Services Business as Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. since June 2018.
<b>Takashi Nakagawa</b> Director, Senior Executive Vice President 	Representative Director and President of SBI Wellness Bank Co., Ltd. Director of SBI Investment KOREA Co., Ltd.	① 13/13 ② 292,000 ③ General management (financial assets) ④ Mr. Takashi Nakagawa has served successively in important positions such as Representative Director of SBI Investment Co., Ltd. and Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd., in the Asset Management Business and Financial Services Business, which are core businesses of the SBI Group, and has broad knowledge and a wealth of experience in general managerial issues. In addition, he is responsible for operations focused on the planning and promotion of human resources throughout the SBI Group, as an officer in charge of human resources and general affairs.
<b>Tomoya Asakura</b> Director, Senior Executive Vice President 	Representative Director & President of Morningstar Japan K.K. Representative Director of SBI ASSET MANAGEMENT GROUP Co., Ltd. Director of SBI Asset Management Co., Ltd. Director of SBI Sumishin Net Bank, Ltd. Director of SBI Insurance Group Co., Ltd.	① — ② 285,000 ③ General management (financial assets) ④ At the Asset Management Business, a core business of the SBI Group, Mr. Tomoya Asakura, who has served as Representative Director & President of Morningstar Japan K.K. and Representative Director of SBI ASSET MANAGEMENT GROUP Co., Ltd., has greatly contributed to growth in all aspects of asset management, including the information service business and the investment management business, and has a wealth of experience and broad knowledge as a manager.
<b>Shumpei Morita</b> Senior Managing Director 	Representative Director of SBI Regional Bank Holdings Co., Ltd. Outside Director of The Shimane Bank, Ltd. Director of SBI SAVINGS BANK Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of SBI Business Solutions Co., Ltd. Director of SBI Security Solutions Co., Ltd. Director of SBI Art Auction Co., Ltd. Director of SBINFT Co., Ltd.	① 13/13 ② 70,000 ③ Finance and accounting ④ After his appointment as a Director of the Company, Mr. Shumpei Morita provided support in relation to the accounting and financial aspects of the SBI Group's management strategy as CFO from October 2011. In addition to a highly ethical outlook, he possesses considerable professional knowledge regarding finance and accounting as a certified public accountant. Furthermore, as Representative Director of SBI Regional Bank Holdings Co., Ltd., he works on regional revitalization and value enhancement for regional financial institutions, in which SBI Regional Bank Holdings Co., Ltd. has invested.
<b>Satoe Kusakabe</b> Managing Director 	Managing Director and in charge of Risk Management Department of SBI SECURITIES Co., Ltd. Director of SBI VC Trade Co., Ltd. Director of Japannext Co., Ltd.	① 13/13 ② 2,000 ③ Internal control, legal affairs and compliance ④ Ms. Satoe Kusakabe has been engaged in corporate internal control and audit-related tasks as a certified public accountant and has a wealth of experience in that field. In addition, she has conducted duties mainly in the audit and risk management departments at the Company, as well as at SBI SECURITIES Co., Ltd. With the importance of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) on the rise, it can be expected that she will utilize her wealth of experience in the field to further strengthen and enhance the SBI Group's risk management function.
<b>Masayuki Yamada</b> Director 	Statutory Auditor of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Director of SBI Capital Management Co., Ltd.	① 13/13 ② 14,030 ③ Internal control, legal affairs and compliance ④ Mr. Masayuki Yamada has served as an officer in charge of legal affairs and compliance in the SBI Group as an attorney at law admitted to the New York Bar (U.S.), and has a wealth of practical experience and a highly ethical outlook.

Policy and Procedures concerning the Nomination of Director Candidates and Statutory Auditors

Please refer to the "Basic Policy on the Governance System" III-1-(3) and III-2-(3) on our Company website.  
<https://www.sbigroup.co.jp/english/sustainability/governance/policy.html>



## Independent Outside Directors

① Attendance at Board Meetings ② Number of Company's shares owned ③ Main areas of expertise ④ Reasons for selection

Name/Position	Principal responsibilities and concurrent offices held	Other information
<b>Teruhide Sato</b> Independent Outside Director 	Director of BEENEXT PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD. Director of Sen Do Technology Joint Stock Company	① 13/13 ② 2,820 ③ General management (advanced technology), overseas experience ④ Mr. Teruhide Sato participated in launching CyberCash K.K. (currently, DG Financial Technology, Inc.) in Japan and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.), and has a wealth of experience and extensive knowledge, particularly in relation to Internet businesses in Asia.
<b>Heizo Takenaka</b> Independent Outside Director 	Chairman and Director of Pasona Group Inc. Director of 3DOM Alliance Inc. Outside Director of MAYA SYSTEM Inc. Director of XICA CO., LTD. President of Academy Hills Emeritus Professor at Keio University	① 13/13 ② — ③ General management (financial assets), finance and accounting ④ Mr. Heizo Takenaka has served successively as the Minister of State for Economic and Fiscal Policy, the Minister of State for Financial Services, the Minister of State for Internal Affairs and Communications, and in other posts and teaching at Keio University, while also serving as an outside director in private companies.
<b>Yasuhiro Suzuki</b> Independent Outside Director 	Representative Director and President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association Visiting Professor at Joho Keiei Innovation Senmonshoku Daigaku	① 13/13 ② — ③ General management (advanced technology) ④ Mr. Yasuhiro Suzuki has served successively as Representative Director and President of Seven & i Netmedia Co., Ltd., Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd., and in other posts, and has a wealth of experience in a wide range of fields, including Internet businesses.
<b>Hiroshi Ito</b> Independent Outside Director 	Advisor of SBI Insurance Group Co., Ltd	① 13/13 ② — ③ General management (financial assets), risk management ④ Mr. Hiroshi Ito has served successively in important positions such as Representative Director of Marsh Japan, Inc., which is a global-leading company that provides services related to insurance and risk management, and has expert knowledge in insurance fields that the SBI Group focuses on.
<b>Kanae Takeuchi</b> Independent Outside Director 	Freelance Announcer Outside Director of dip Corporation	① 13/13 ② — ③ Public relations ④ One of the Company's most important challenges is to ensure that the Board of Directors heeds women's perspectives and strengthens its approach in this regard. Moreover, Ms. Kanae Takeuchi has played active roles, both in the past and presently, particularly in the media, and is well-suited to reflect the opinions of the stakeholders of the Company, including many individual shareholders, at Board meetings.
<b>Junichi Fukuda</b> Independent Outside Director 	Commissioned Lecturer at SBI Graduate School Lawyer at Uryu & Itoga LPC Special advisor	① 11/11 ② — ③ Finance ④ Mr. Junichi Fukuda has served successively as Vice-Minister of Finance and has extensive experience in the field of finance. He can be expected to bring constructive opinions to the SBI Group's financial business in general, especially in the fields of regional revitalization and expanding cooperation with regional financial institutions.
<b>Hiroyuki Suematsu</b> Independent Outside Director 	Professor at the Tokyo NODAI Research Institute of Tokyo University of Agriculture Outside Director (Audit & Supervisory Committee member) of TRE HOLDINGS CORPORATION Outside Director (Audit & Supervisory Committee member) of Nexyz Group Corporation	① 11/11 ② — ③ Agriculture, forestry and fisheries, and the food industry ④ Mr. Hiroyuki Suematsu has successively served as Vice-Minister of Agriculture, Forestry and Fisheries and has extensive experience in agriculture, forestry and fisheries industry, and the food industries. He can be expected to bring constructive opinions to the SBI Group in many fields including the use of supply chain management with blockchains and operating the Osaka Dojima Exchange, Inc., which handles commodities futures.

## Statutory Auditors

① Attendance at Board Meetings/Attendance at Statutory Auditor Meetings  
② Number of Company's shares owned ③ Main areas of expertise ④ Reasons for selection

Name/Position	Principal responsibilities and concurrent offices held	Other information
<b>Toru Ichikawa</b> Outside Standing Statutory Auditor 	Outside Statutory Auditor of The Shimane Bank, Ltd.	① 13/13・15/15 ② 1,000 ③ Finance and accounting, internal control, legal affairs and compliance ④ Mr. Toru Ichikawa has served successively as chief inspector of the Financial Services Agency and has extensive experience in the financial field.
<b>Minoru Tada</b> Statutory Auditor 	Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI NEO MOBILE SECURITIES Co., Ltd.	① 13/13・15/15 ② 26,510 ③ Internal control, legal affairs and compliance ④ Mr. Minoru Tada has many years of experience in financial institutions and possesses expertise as an auditor of the Company and Group companies.
<b>Yasuo Sekiguchi</b> Outside Statutory Auditor 	Managing Director of Global Partners Consulting, Inc.	① 13/13・15/15 ② — ③ Finance and accounting, overseas experience ④ Mr. Yasuo Sekiguchi is qualified as a Certified Public Accountant and Certified Tax Accountant and has a considerable degree of knowledge regarding finance and accounting.
<b>Akemi Mochizuki</b> Statutory Auditor 	Member of AKAHOSHI AUDIT CORPORATION Outside Director and Audit and Supervisory Committee member of TSUMURA & CO. Outside Statutory Auditor of Asahi Kasei Corporation	① — ② — ③ Finance and accounting ④ Ms. Akemi Mochizuki has a wealth of experience and a high level of knowledge as a certified public accountant over many years, as well as a high degree of professional knowledge and a wealth of experience regarding finance and accounting, in addition to auditing of companies.

Note: The number of shares owned is as of March 31, 2022.

## Skills Matrix for Directors

Position	Name	Management/ Business Strategy	Industry Experience in Key Businesses	Global Experience	Technology	Academic Background	Finance/ Accounting	Legal affairs/ Compliance	Sustainability (ESG/Risk Management)
Representative Director, Chairman, President & CEO	Yoshitaka Kitao	●	●	●		●	●		
Representative Director, Senior Executive Vice President & COO	Masato Takamura	●	●						
Director, Senior Executive Vice President	Takashi Nakagawa	●	●						●
Director, Senior Executive Vice President	Tomoya Asakura	●	●	●					
Senior Managing Director	Shumpei Morita	●	●				●		
Managing Director	Satoe Kusakabe		●				●		●
Director	Masayuki Yamada			●				●	
Independent Outside Director	Teruhide Sato	●	●	●	●				
Independent Outside Director	Heizo Takenaka	●	●	●		●			●
Independent Outside Director	Yasuhiro Suzuki	●			●				
Independent Outside Director	Hiroshi Ito	●	●	●					●
Independent Outside Director	Kanae Takeuchi			●					●
Independent Outside Director	Junichi Fukuda		●	●		●	●	●	
Independent Outside Director	Hiroyuki Suematsu		●			●			●

## Messages from the Independent Outside Directors



### During This Era of Major Change, Overall and Individual Strategies are Important

Teruhide Sato

Major changes will likely continue because of environmental changes that accompany advances in technology, with new business risks arising from geopolitical issues, and new customer requirements stemming from population dynamics and the macro-economy. I believe that the SBI Group always proposes and executes strategies that treat such changes as opportunities, but as the number of companies in the Group increases, it will become increasingly necessary for the Board of Directors to further discuss short-, medium-, and long-term strategies for each business area, in addition to the overall strategy.

### Expectations for Strong Leadership and Synergies from Diversity

Heizo Takenaka

I feel that the current composition of the Board of Directors is an appropriate one. However, going forward, an increase in female Directors in both management and business strategy, as well as Directors with expertise concerning the environment and climate change would start influencing Board deliberations and have an impact there. The extent to which diversity is pursued toward improving medium- to long-term corporate value depends on the nature of the Board of Directors. However, based on the strong leadership of President Kitao, I believe that, by being aware of diversity as much as possible, synergies with strong leadership will be generated.





### Developing Technology Talent for Further Growth

Yasuhiro Suzuki

As one of the new social trends, the advent of digital society is upon us, and technology is becoming an increasingly important issue for the SBI Group. The Group's management focuses on value creation with digital technology at its core, and I believe that we will be better prepared for this challenge as more members on the Board of Directors become more deeply knowledgeable about technology. At future Board meetings, I would like to deepen discussions on the development of human resources who understand digital technology and can apply it to the business.

### Expecting Measures Adapted to the Importance of Greater Human Talent

Hiroshi Ito

Going forward, the economic situation in Japan is expected to remain sluggish due to population decline and stagnant business activities. In light of these conditions, our future challenges may include initiatives for new businesses in each segment and the development of both human resources and organizations with an eye toward overseas expansion. Recently, there has been an increased focus on the importance of human capital. I believe that more in-depth discussions are needed at the management level in the Group for cases such as employee engagement and inclusion, and the method of enhancing corporate value by strengthening human resource strategies. As these strategies are carried out, I would like to fulfill my duties as an Independent Outside Director and ensure that implementation of these programs are properly managed.



### ESG Initiatives Based on Changes in Social Conditions

Kanae Takeuchi

The Management Advisory Committee has been discussing ways to address ESG and SDGs initiatives that fit the unique character of the Group. It is also exchanging views on matters including implementing initiatives through proactive information disclosure and investment, as well as reducing environmental impact. Drafted in December 2021, the SBI Group's Materiality contains policies that are continuously revised based on changes in social conditions. Preferably, they should be reaffirmed through on-going discussion as needed at the Management Advisory Committee.

### Management of the Board of Directors Adapted to the Growth Phase of the Company

Junichi Fukuda

In order for the SBI Group to gain the trust of our stakeholders, it is important that we achieve sustainable growth and that our investment decisions are made appropriately and promptly. I believe the current Board of Directors is well positioned to respond fully to these requests. While observing the Corporate Governance Code, we look forward to the operation of a Board of Directors that forms the foundation for raising medium- to long-term corporate value. This would be done by maintaining a system that facilitates flexible decision-making in light of the SBI Group's growth phase and the conditions of these times.



### Using the Skills Matrix to Improve the Quality of Board Meetings

Hiroyuki Suematsu

The SBI Group of the future will be asked to contribute to regional revitalization and the resolution of social issues, as well as make progress together with its stakeholders. From this perspective, in addition to having finance specialists who come from within the Company, I believe it is also important to move toward having a Board consisting of members with knowledge of regional development and business from a consumer's perspective. Because of this and the management strategy, we must regularly revise the skills matrix to accurately reflect the Board of Directors and to improve the quality of the Board of Directors.

## Independent Outside Directors

Name	Reasons for Appointment	Attendance at Board of Directors' meetings
Teruhide Sato	Mr. Teruhide Sato participated in launching CyberCash K.K. (currently, DG Financial Technology, Inc.) in Japan and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.). He has a wealth of experience and extensive knowledge, particularly in relation to Internet businesses in Asia.	13/13 (100%)
Heizo Takenaka	Mr. Heizo Takenaka successively served as the Minister of State for Economic and Fiscal Policy, the Minister of State for Financial Services, the Minister of State for Internal Affairs and Communications, and in other posts, and is teaching at Keio University while also serving as an outside director in private companies.	13/13 (100%)
Yasuhiro Suzuki	Mr. Yasuhiro Suzuki successively served as Representative Director and President of Seven & i Netmedia Co., Ltd., Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd., and in other posts, and has a wealth of experience in a wide range of fields, including Internet businesses.	13/13 (100%)
Hiroshi Ito	Mr. Hiroshi Ito successively served in important positions such as Representative Director of Marsh Japan, Inc., which is a globally leading company that provides services related to insurance and risk management and is a subject matter expert in insurance fields, an area on which the SBI Group focuses.	13/13 (100%)
Kanae Takeuchi	One of the Company's most important challenges is to ensure that the Board of Directors heeds women's perspectives and strengthens its approach in this regard. Ms. Kanae Takeuchi has played active roles both in the past and presently and is well-suited particularly in the area of media to reflect the opinions of stakeholders of the Company, including individual shareholders, at Board of Directors' meetings.	13/13 (100%)
Junichi Fukuda	Mr. Junichi Fukuda successively served as Vice Minister of Finance and has extensive experience in the field of finance. He can be expected to bring constructive opinions to the SBI Group's financial business in general, especially in the fields of regional revitalization and expanding cooperation with regional financial institutions.	11/11 (100%)
Hiroyuki Suematsu	Mr. Hiroyuki Suematsu successively served as Vice Minister of Agriculture, Forestry and Fisheries and has extensive experience in agriculture, forestry and fisheries industry, and the food industries. He can be expected to bring constructive opinions to the SBI Group in many fields including the use of supply chain management with blockchains and operating the Osaka Dojima Exchange, Inc., which handles commodities futures.	11/11 (100%)

## Management Advisory Committee

The Company is strengthening the supervisory function of the Board of Directors by increasing the transparency of the Company's management from an outside perspective by utilizing the efforts of several Independent Outside Directors. From June 27, 2019, it was decided to further strengthen the Company's supervisory function, to ensure an appropriateness of management through increased management transparency, and that at least one-third of the Board of Directors will be Independent Outside Directors, in accordance with the Company's independence standards. Moreover, it was decided to establish the Management Advisory Committee as the voluntary advisory body to the Board of Directors, and a majority will be Independent Outside Directors.

Similar to the former Outside Director Liaison Committee, this committee will share information and opinions from an objective perspective, while maintaining an environment in which Independent Outside Directors may engage appropriately and actively in discussions of the Board of Directors.

The Committee will further solidify the Company's corporate governance framework, by increasing the objectivity and transparency of Board decisions through appropriate involvement in the Board's functions and deliberation processes, which include the selection of candidate Directors and Statutory Auditors, appointment and dismissal of management executives (President, Senior Executive Vice Presidents, Senior Managing Directors, Managing Directors) and the determination of compensation for Directors, as well as the development of the next generation of management executives.

At the third meeting of the Management Advisory Committee for FY2021, held in September 2021, there was a vigorous discussion on disclosure policies and strategies, particularly with regard to the environmental field within sustainability. As companies will be required to further address sustainability and ESG issues in the future, which is expected to become even more important, opinions were exchanged

on the necessity of developing internal systems and proactively disclosing information.

Members of the Management Advisory Committee  
(As of July 27, 2022)

Chairman of the Management Advisory Committee	Heizo Takenaka*
Member of the Management Advisory Committee	Teruhide Sato*
Member of the Management Advisory Committee	Yoshitaka Asaeda
Member of the Management Advisory Committee	Yasuhiro Suzuki*
Member of the Management Advisory Committee	Hiroshi Ito*
Member of the Management Advisory Committee	Kanae Takeuchi*
Member of the Management Advisory Committee	Junichi Fukuda*
Member of the Management Advisory Committee	Hiroyuki Suematsu*

\* Independent Outside Directors of the Company

## Compensation for Directors

In principle, the compensation for Directors is decided by the Board of Directors within the total compensation amount approved at the General Meeting of Shareholders after receiving feedback from the Management Advisory Committee, in order to secure fairness and clarity.

A compensation system that includes restricted stock units was introduced from June 2019 for Directors (excluding Outside Directors), as an incentive to continue to grow corporate value and to further share value with all Group shareholders. The recipient Directors of this system exchange their monetary compensation received as property in kind to receive a specified number of common shares or treasury shares.

## Policy on Determining Compensation for Directors

1) The Company established the Management Advisory Committee, the majority of which is composed of Independent Outside Directors, in order to secure fairness and clarity in the processes for determining executive remuneration, etc. The



policy on determining the amount and calculation method of executive remuneration, etc. is to be decided by the Board of Directors after receiving feedback from the Management Advisory Committee. The policy on determining the amount and calculation method of remuneration for Directors for FY2021 was decided by the Board of Directors after receiving a report and feedback from the Management Advisory Committee.

- 2) The amount of remuneration, which is made up of fixed basic remuneration as well as bonuses based on the Company's performance and restricted stock units for each Director (excluding Outside Directors), is decided by the Board of Directors after receiving feedback from the Management Advisory Committee, and is to be within the total remuneration limits approved at the General Meeting of Shareholders. Similarly, the amount of remuneration for each Outside Director, which is made up of fixed basic remuneration and bonuses, is decided by the Board of Directors, and is to be within the total remuneration limit approved at the General Meeting of Shareholders. However, when these decisions have been entrusted to the Representative Directors by the Board of Directors, the Representative Directors will determine the above remuneration matters.

The basic remuneration is paid by monthly monetary remuneration and the amount of basic remuneration for each Director is decided based on the following:

- The maximum amount of employee salary

- The prevailing rate of compensation for directors
- Remuneration paid to executives of the same rank in the past
- The Company's business performance outlook
- The circumstances of assumption of office
- The degree of contribution to the Company's business performance
- Any other factors

In principle, bonuses are paid annually; restricted stock units are paid in a timely manner during the term of office of each Director; and the amounts paid to each Director as bonuses and restricted stock units are decided based on an overall assessment of basic factors, such as their work duties and how they are conducting their work, as well as the business environment, and their overall contribution to the Company. Accordingly, no specific quantitative targets are set.

The ratio of the basic remuneration, bonuses, and restricted stock units are decided appropriately based on the business environment, level of remuneration in other companies, and other factors so that such remuneration acts as an incentive to enhance corporate value.

- 3) Remuneration of Statutory Auditors consists only of fixed basic remuneration, and the amount of remuneration for each Statutory Auditor is decided by consultation with the Statutory Auditors and is to be within the total remuneration limit approved at the General Meeting of Shareholders.

#### Total Compensation for Directors and Statutory Auditors, Total Compensation by Type, and Number of Corresponding Executives (FY2021)

Executive Classification	Total Compensation (Millions of Yen)	Total Compensation by Type (Millions of Yen)			Number of Corresponding Executives
		Basic Compensation	Bonuses	Non-monetary Compensation, etc.	
Directors (Excluding Outside Directors)	1,168	196	582	390	8
Statutory Auditors (Excluding Outside Statutory Auditors)	13	13	—	—	1
Outside Directors and Outside Statutory Auditors	111	101	10	—	9

#### Basic Policy on Parent and Subsidiary Listings, and Protection of Minority Shareholders

Since the SBI Group has a wide range of business areas, some investors have voiced out the difficulty of understanding the full picture. In response, we are working to make the corporate value of the whole Group more visible by promoting initial public offerings (IPOs) for our subsidiaries to clarify the business value of each operational unit. While increasing the capital procurement capability of each Group company, these IPOs enable strengthening of their financials and to be self-reliant. Meanwhile, to protect minority shareholders, we adhere to the arm's length principle to ensure the fairness and rationality of transactions with each Group company and respect the independence of their management.

Morningstar Japan, which is listed on the Prime Market of the Tokyo Stock Exchange, maintains a basic policy of ensuring that transactions with the SBI Group are objective and apply the same conditions to that with other business associates, using fair market prices, and ensuring transactions are appropriate, as determined by the Board of Directors. Moreover, internal auditing and audits by Statutory Auditors prioritize to

ensure that the conditions of transactions within the Group are determined comparably to general transaction conditions.

Listed on the Standard Market of the Tokyo Stock Exchange, Shinsei Bank has established a Parent Company Transaction Screening Committee, which will facilitate a system for preliminary examination and post-monitoring of transactions involving conflicts of interest between the SBI Group and Shinsei Bank to construct a management system with greater care toward protecting the interest of minority shareholders. The committee is composed of all Independent Outside Directors, and the Statutory Auditors may also attend the meeting and give opinions. In doing so, a system for adequate management of conflicts of interests with the Group is constructed.

SBI Insurance Group, which is listed on the Growth Market of the Tokyo Stock Exchange, maintains a basic policy of ensuring that transactions with the SBI Group are the same appropriate terms and conditions as those for general transactions. When a transaction with the SBI Group is expected, the appropriateness of the conditions of the transaction is discussed at the Board of Directors meetings in advance, to protect the profits of shareholders excluding controlling shareholders.



### Enhancing the Internal Control System

The Company believes that in order to enhance its corporate governance, it is important to have an internal control system in place and to conduct business through a sound internal control system. With the goal of enhancing the internal control system, the Representative Director works to ensure that all corporate officers and employees understand that compliance with laws and ethical behavior are essential in realizing the corporate management philosophy and vision.

To identify compliance issues and problems, the Board of Directors has appointed an Officer in charge of compliance, and the Legal and Compliance Department is under the direct control of that individual.

The Company maintains a whistle-blowing system for Directors and employees for direct reporting upon finding violations of laws, regulations, the Articles of Incorporation, or other important compliance-related matters to the independent Internal Auditing Department and Statutory Auditors, who are independent of both executive and management departments.

The Company has established a stringent compliance system of checks and balances across multiple departments to ensure that all processes under business activities comply fully with not only laws and regulations, but also with contracts, agreements, etc. Moreover, the Company conducts regular compliance training, using e-learning and other means, to raise the knowledge and awareness of the employees regarding compliance issues.

In addition, the Officer in charge of compliance and the Compliance Department, in cooperation with those in charge of compliance at each Group company, hold regular meetings to exchange information throughout the Group.

#### Internal Control

<https://www.sbigroup.co.jp/english/sustainability/governance/internalcontrol.html>

### Policy and Status of Strategic Shareholding

The Company acquires and holds the shares of other companies when entering into business alliances or collaborations that are likely to contribute to the SBI Group's business development or to increase the Company's corporate value, and when it can be rationally expected that such collaborations will increase the corporate value of the other company, namely, when it can be expected that profits can be gained in the future by selling those shares. The Board of Directors annually examines the rationality and purpose of holding listed shares for strategic reasons. Specifically, this involves examining qualitatively whether the strategic shareholding contributes to strengthening or maintaining the relationship with the relevant parties, and quantitatively whether the dividend or profit from the business that the relevant parties are involved in is appropriate considering the cost of capital to the Company. The Company will, in principle, sell shares if the rationality of the shareholding cannot be confirmed according to the aforementioned evaluation.

In a certain case where the Company's shares are held by a strategic shareholder, it will not engage in economically unreasonable transactions that are detrimental to the joint corporate and shareholder interests with the relevant company. Moreover,

if the owner of strategic shareholdings in the Company indicates the intention to sell the shares, it is the basic policy of the Company to respond appropriately and not take any action that would obstruct the sale, such as by indicating that business transactions with the holder will be reduced.

As of March 31, 2022 the Company was not engaged in any strategic shareholding. Moreover, in one of the Group's main businesses, the venture capital business, all of the Group-owned shares of startup companies, such as those invested in via venture capital funds, are in principle included as operational investment securities in the Company's Consolidated Financial Statements.

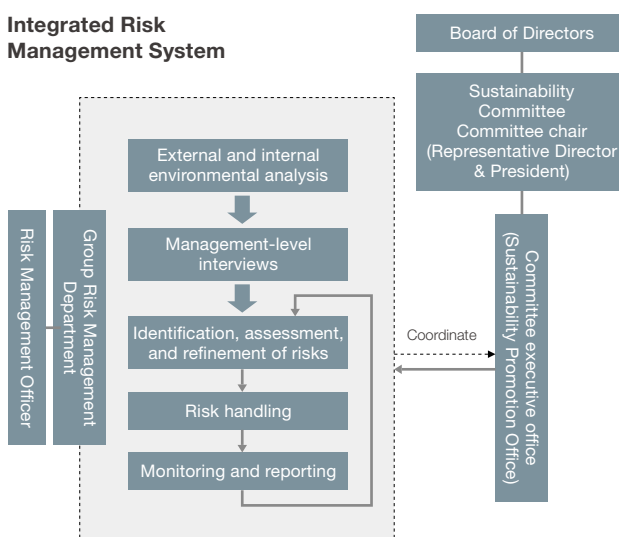
### Enhancing the Risk Management System

The SBI Group has business operations spanning the globe focused on financial services. Thus, it has implemented a Risk Management Department and has designated an Officer in charge of risk management to ensure risks capable of inhibiting the Group's business activities are adequately comprehended, evaluated, and managed.

When a management crisis capable of seriously impacting the continued operation of the Company occurs, or has the possibility of occurring, the Officer in charge of risk management will gather and evaluate information, and respond to the crisis, as well as report to applicable organizations and disclose pertinent information.

To handle information management and systemic risks, the SBI Group appointed an Officer responsible for information security in 2018 and established an IT Management Department to promote cross-Group information security measures and conducts Group security self-assessments as part of endeavors to improve and maintain the Group-wide information security level.

#### Integrated Risk Management System



#### Risk Management

<https://www.sbigroup.co.jp/english/sustainability/governance/risk.html>

## Internal Auditing

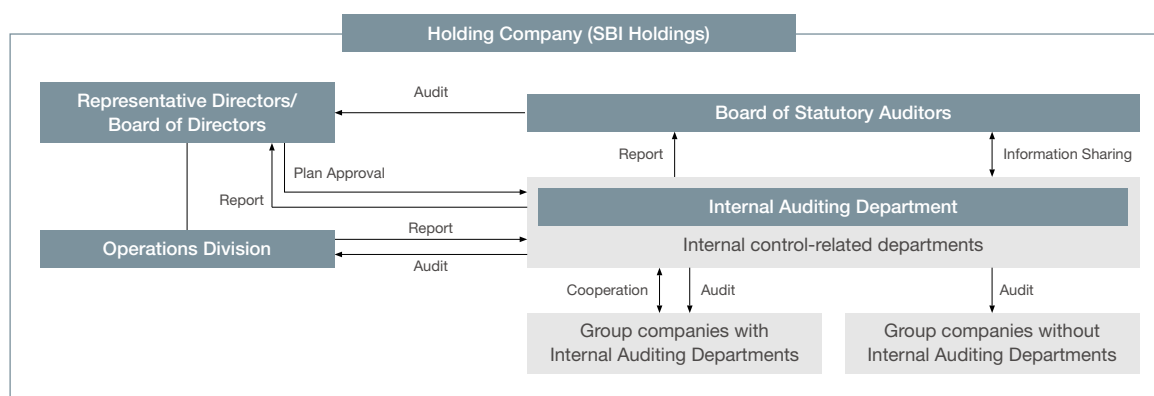
The Internal Auditing Department comprehensively and objectively evaluates the appropriateness of internal management conditions, such as the appropriate operation of internal control systems, compliance, and business operations. The department also makes proposals on and follows up measures to remedy and improve issues found during the auditing process. The results of audits are reported to the Representative Director and Board of Directors without delay after the completion of each audit. Moreover, where necessary, proposals on corrective measures and improvements of issues are made to relevant departments.

In addition, the Internal Auditing Department and the Board of Statutory Auditors cooperate with the department regularly reporting to and exchanging opinions with the Board after each internal audit has been completed, as well as to incorporate the

requests of the Board into its auditing themes and selection of audit targets.

The Internal Auditing Department consists of a general manager and members with expert knowledge of internal auditing, accounting auditing, and internal control, etc., and it conducts audits according to generally accepted internal auditing standards. Auditing targets are grouped according to elements such as capital relationships; then they are given a score according to various types of risks, such as credit risk, market risk, liquidity risk, and operational risk. Based on these results, the frequency of auditing is determined in descending order from the highest-scored target. Internal audits are conducted combining document auditing, interviews, physical inspections, and other methods. In addition to subsidiaries, affiliate companies are also audited when necessary.

## Outline of Internal Control Department



## Auditor Viewpoints



**Minoru Tada**  
Statutory Auditor

## Strengthening Group Governance Through Dialog

In order to perform a proper audit and to comprehend the current state of the SBI Group, with its major presence in the financial sector, we constantly strive to better ourselves by raising our sensitivity to the diversity of information, so that we can attain a higher level of expertise. Our audit activities focus on delivering the current status to management without tempering our views with the intent of building bridges between the worksite and management.

In FY2021, one major auditing theme that was raised is the consideration of IT controls within the SBI Group. In the area of IT controls, we evaluated the IT environment from a business perspective and solicited opinions from local worksites in order to grasp the status of our information security system infrastructure. As a result, we discovered important management resources in the form of people, goods, and money have been heavily invested in IT, where we understand that steady progress is being achieved in upgrading IT controls.

Looking ahead, we are rolling out new flagship financial businesses not seen in the past and showing their presence on a global stage. Moreover, to raise transparency of organizational management from all points of view, we seek to realize management with effective Group governance.



**Yasuo Sekiguchi**  
Outside  
Statutory Auditor

## Helping to Achieve Credibility as a Cornerstone of Sustainable Growth

I feel that the SBI Group, as a financial conglomerate, is expected to provide one-stop financial services not only in Japan but also overseas in the future. By providing digital assets and other new financial products to customers at an early stage, I also understand that we see ourselves as an entity that can play a role different from other financial institutions.

In the future, it will be vital for the SBI Group to establish trust as the main element behind sustainable growth. For this reason, in FY2021, we focused on: 1) auditing the information security management and systems risk management systems, 2) auditing the system for AML/CFT, 3) auditing our response to address labor risks, 4) auditing our response to address the risk of having overseas sites, and 5) auditing the SBI Group's management system. Because we are Outside Statutory Auditors and not standing auditors, in order to collect information proactively, we hold interviews with Representative Directors and attend important meetings for reports by the financial auditing firm. In addition, we regularly request reports and exchange views with executive officers and general managers.

As the role of Statutory Auditors becomes even more important with the strengthening of corporate governance, we will continue to strive to conduct audits while maintain our independency.

## Consolidated Financial Highlights 10-year Summary

Adopted IFRS from the year ended March 31, 2013 (FY2012)

Years Ended March 31	2013	2014
Operating revenue/Revenue* <sup>1</sup>	154,285	232,822
Profit before income tax expense	15,022	38,899
Profit for the year attributable to owners of the Company	3,817	21,439
Total assets	2,494,387	2,875,304
Equity attributable to owners of the Company	303,299	325,631
Net cash generated from (used in) operating activities	(36,984)	29,401
Net cash generated from (used in) investing activities	(19,060)	16,811
Net cash generated from (used in) financing activities	25,699	92,538
Cash and cash equivalents at the end of the year	133,362	276,221

\*<sup>1</sup> Beginning with FY2015, the income categories "Operating revenue" and "Other financial income" have been eliminated, and the amounts have been combined and presented as "Revenue."  
Figures for FY2012 to FY2014 are "Operating revenue."

Revenue* <sup>1</sup>	Financial Services Business	113,340	147,835
	Asset Management Business	33,011	72,725
	Biotechnology, Healthcare & Medical Informatics Business	970	2,195
	Others	9,240	11,626
	Elimination or Corporate	(2,276)	(1,559)
Profit before income tax expense	Financial Services Business	18,741	37,298
	Asset Management Business	6,259	8,990
	Biotechnology, Healthcare & Medical Informatics Business	(3,900)	(2,432)
	Others	1,659	2,438
	Elimination or Corporate	(7,737)	(7,395)

Note: For FY2012 to FY2021, certain Group companies were transferred from one segment to another, so the abovementioned figures reflect disclosed figures for each fiscal year, so there may be some discrepancies.

Ratio of equity attributable to owners of the Company to total assets	12.2	11.3
Ratio of profit to equity attributable to owners of the Company (ROE)	1.3	6.8

Equity per share attributable to owners of the Company (BPS)	1,401.39	1,504.19
Basic earnings per share attributable to owners of the Company (EPS)	17.58	99.04
Dividend per share	10.00	20.00

PER (Price-earnings ratio)	47.27	12.56
PBR (Price-book-value ratio)	0.6	0.8

PER = Fiscal year-end TSE closing price/Basic earnings per share attributable to owners of the Company

PBR = Fiscal year-end TSE closing price/Equity per share attributable to owners of the Company

The closing price for FY2021 was ¥3,100.

Total dividend	2,170	4,340
Share repurchase amount* <sup>2</sup>	0	0
Total shareholder returns	2,170	4,340

\*<sup>2</sup> As part of shareholder returns, the amount of treasury stock acquired relevant to the business performance for each fiscal year are stated. In addition, the Company acquired treasury stock worth ¥9,519 million in FY2017 and ¥10 billion in FY2018, but it is not stated on the table, since it was left unrealized for the purpose of shareholder returns.

Payout ratio	56.9	20.2
Total shareholder returns ratio	56.9	20.2

Employees	5,007	5,352
-----------	-------	-------

(Millions of yen)

2015	2016	2017	2018	2019	2020	2021	2022
245,045	261,744	261,939	337,017	351,411	368,055	541,145	763,618
63,067	52,227	43,139	71,810	83,037	65,819	140,380	412,724
45,721	34,115	32,455	46,684	52,548	37,487	81,098	366,854
3,400,763	3,126,784	3,850,001	4,535,964	5,034,124	5,513,227	7,208,572	17,838,200
383,491	371,590	377,992	427,815	456,675	451,476	562,116	924,603
(36,197)	32,478	(17,952)	(33,235)	(71,665)	26,849	(178,403)	(314,046)
52,305	11,179	2,437	7,881	(54,731)	(70,887)	(82,071)	1,838,517
(15,524)	(76,230)	159,467	74,575	407,746	181,626	210,822	163,302
290,826	248,050	391,572	437,148	713,974	843,755	802,702	2,499,370

(Millions of yen)

162,645	159,012	176,989	217,272	229,239	246,753	311,724	396,179
65,843	98,725	80,392	117,572	118,631	115,767	208,332	317,831
2,182	4,021	5,530	4,199	3,729	3,920	5,627	9,920
15,710	2,259	883	1,213	3,677	5,512	21,740	44,293
(1,335)	(2,273)	(1,855)	(3,239)	(3,865)	(3,897)	(6,278)	(4,605)
67,309	50,458	48,853	63,888	66,568	53,379	85,755	282,924
8,132	17,996	13,940	56,491	51,107	35,165	84,853	165,962
(7,310)	(6,572)	(9,574)	(37,252)	(19,179)	(11,431)	(8,630)	(11,845)
2,779	(835)	(830)	(1,328)	(6,912)	(1,771)	(10,595)	(11,990)
(7,843)	(8,820)	(9,250)	(9,989)	(8,547)	(9,523)	(11,003)	(12,327)

(%)

11.3	11.9	9.8	9.4	9.1	8.2	7.8	5.2
12.9	9.0	8.7	11.6	11.9	8.3	16.0	49.4

(Yen)

1,771.19	1,792.08	1,856.47	1,937.72	2,000.82	1,955.91	2,297.87	3,770.84
211.18	160.83	159.38	220.54	231.43	163.18	339.78	1,498.55
35.00	45.00	50.00	85.00	100.00	100.00	120.00	150.00

(Times)

6.89	7.11	9.74	11.03	10.66	9.67	8.83	2.07
0.8	0.6	0.8	1.3	1.2	0.8	1.3	0.8

(Millions of yen)

7,594	9,393	10,153	18,711	22,984	23,077	29,324	36,770
10,000	5,000	8,000	0	19,427	0	0	0
17,594	14,393	18,153	18,711	42,412	23,077	29,324	36,770

(%)

16.6	28.0	31.4	38.5	43.2	61.3	35.3	10.0
38.5	42.2	55.9	40.1	80.7	61.6	36.2	10.0

(Persons)

6,094	5,480	4,455	5,391	6,439	8,003	9,209	17,496
-------	-------	-------	-------	-------	-------	-------	--------

## Fact Sheet

### Financial Services Business Key Indicators

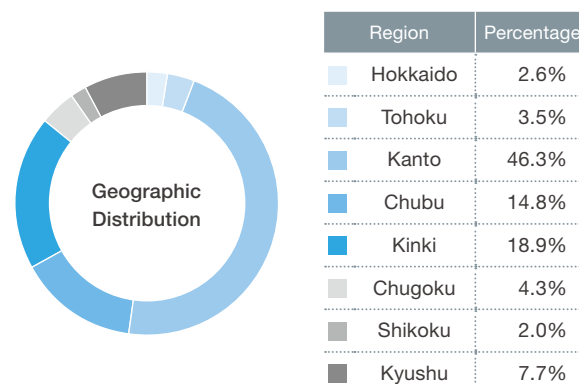
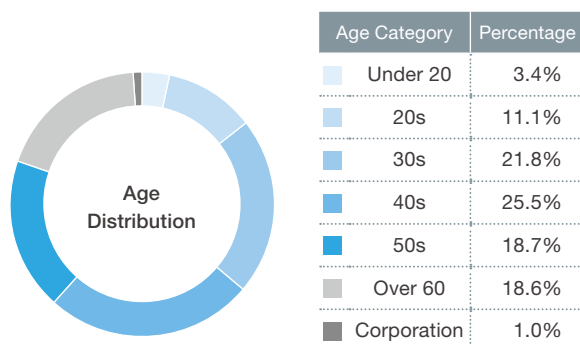
#### Full-year Profit before Income Tax Expense of the Major Businesses of the Financial Services Business (Based on IFRS)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
SBI SECURITIES (non-consolidated)	¥ million	33,043	46,169	45,597	31,604	47,394	51,186
FX business* <sup>1</sup>	¥ million	5,734	5,188	9,334	8,138	10,684	14,327
SBI MONEYPLAZA	¥ million	1,975	2,768	1,956	995	3,762	3,305
SBI Sumishin Net Bank [Net income based on JGAAP]	¥ million	3,185 (9,873)	3,770 (10,447)	7,249 (11,975)	5,845 (12,570)	7,240 (13,928)	5,040 (17,113)
Shinsei Bank [Net income based on JGAAP]	¥ million	—	—	—	—	—	212,780 (20,385)
Insurance business* <sup>2</sup>	¥ million	1,881	2,263	1,480	(1,291)	5,771	5,519

#### Securities (SBI SECURITIES, SBI Liquidity Market, SBI MONEYPLAZA)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Accounts* <sup>3</sup>	Thousands	3,840	4,261	4,631	5,428	6,813	8,453
Net increase in accounts	Thousands	276	422	369	797	1,385	1,640
Accumulated number of accounts via SBI Sumishin Net Bank	Thousands	452	538	600	668	732	798
NISA accounts	Thousands	974	1,197	1,404	1,656	2,135	2,816
Customer deposit assets* <sup>3</sup>	¥ trillion	10.8	12.9	13.0	12.9	19.7	23.2
Share of individual stock holdings by value* <sup>4</sup>	%	11.2	11.7	12.7	13.9	15.5	17.9
Commission rate	Basis point	2.9	3.0	2.9	3.2	2.9	2.4
Share of individual stock brokerage trading value* <sup>5, 6</sup>	%	34.7	35.1	36.2	36.4	42.8	44.1
Share of individual stock brokerage margin trading value* <sup>5, 6</sup>	%	35.9	36.4	37.1	37.1	45.0	45.6
Open interest credit balance	¥ billion	799	1,001	838	647	1,149	1,115
Investment trust balance	¥ billion	1,323	1,675	1,874	2,101	3,657	5,571
Investment trust fees	¥ million	4,215	5,181	5,200	4,935	5,256	7,466
Number of IPO underwriting* <sup>7</sup>	Companies	77	75	90	86	80	117
Number of lead managed underwritings	Companies	13	6	11	9	15	20
Capital adequacy ratio	%	276.2	372.7	349.9	338.2	231.9	264.4
FX accounts (SBI Group* <sup>8</sup> )	Thousands	906	1,066	1,196	1,334	1,527	1,726
SBI MONEYPLAZA's customer deposit assets	¥ million	801,279	1,105,023	937,327	756,356	1,332,959	1,173,014

#### SBI SECURITIES' Customer Attribution (As of March 31, 2022)





### Banking (SBI Sumishin Net Bank)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Accounts	Thousands	2,827	3,210	3,543	3,929	4,510	5,353
Net increase in accounts	Thousands	242	383	333	386	581	843
Accumulated number of accounts via SBI SECURITIES	Thousands	1,073	1,259	1,430	1,633	1,999	2,459
Deposits**9	¥ billion	4,006.8	4,426.0	4,857.1	5,392.3	6,293.8	7,115.8
Deposits (hybrid deposit)	¥ billion	1,386.1	1,450.1	1,538.8	1,836.3	2,320.6	2,467.8
Deposits (foreign currency)	¥ billion	173.9	246.0	232.7	268.1	285.9	292.1
Cumulative total of housing loans**10	¥ billion	729.3	697.0	819.9	850.9	856.6	1,089.7

### Banking (Shinsei Bank)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Retail accounts	Thousands	—	—	—	—	—	3,050
Deposits**11	¥ billion	—	—	—	—	—	6,398.0
Balance of consumer loans	¥ billion	—	—	—	—	—	414.0
Loan-deposit rate (term-end balance)	%	—	—	—	—	—	81.9
Core capital adequacy ratio	%	—	—	—	—	—	11.72

### Insurance (SBI Group's Insurance Companies)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Number of contracts (SBI Insurance)	Thousands	925	985	1,052	1,091	1,137	1,172
Number of contracts (SBI Life Insurance)**12	Thousands	108	121	141	189	248	316
Number of contracts in effect (total of five small-amount, short-term insurance companies)**13, 14	Thousands	582	625	675	801	942	976
Combined ratio (SBI Insurance)	%	96.7	91.9	98.4	103.2	86.6	88.7
Direct loss ratio	%	82.5	80.7	84.1	85.5	68.3	68.7
Direct operating expenses ratio	%	14.2	11.2	14.3	17.7	18.3	20.0
Total actuarial reserves (SBI Insurance)	¥ million	13,333	14,456	15,338	15,255	18,262	17,702
Solvency margin ratio (SBI Life Insurance)	%	1,165.5	1,172.2	1,045.4	957.6	898.1	821.3
Total Assets (SBI Life Insurance)	¥ million	131,484	125,348	120,011	119,095	124,035	123,640
Balance of legal reserve (SBI Life Insurance)	¥ million	103,400	98,049	90,915	86,202	90,918	90,724

\*1 Simple total of profit before income tax expense at SBI Liquidity Market and SBI FXTRADE

\*2 Simple total of profit before income tax expense at the SBI Insurance Group and the insurance companies under its auspices

\*3 The figures as of March 31, 2022 are the sum of the accounts for SBI SECURITIES, SBI NEOMOBILE SECURITIES, SBI Neotrade Securities and FOLIO

\*4 Calculated from customer deposit assets divided by the amount of financial assets held by households (listed shares), which is based on the Bank of Japan's statistics on flow of funds

\*5 The figures from FY2020 are the sum of the accounts for SBI SECURITIES and SBI Neotrade Securities

\*6 Calculated by dividing the company's individual stock trading value or individual margin trading value, with the total individual stock trading value and individual margin trading value of the Tokyo Stock Exchange and Nagoya Stock Exchange, including that of ETF and REIT trading value, respectively

\*7 Totals apply to the issues underwritten in Japan and do not include additional secondary offerings or overseas issues

\*8 The total number of accounts at SBI FXTRADE, SBI SECURITIES, SBI NEOMOBILE SECURITIES, and SBI Sumishin Net Bank

\*9 Figures of SBI Sumishin Net Bank (non-consolidated)

\*10 Cumulative total is the total of the individual loan execution amounts for housing loans (MR. Housing Loan, Affiliate housing loan) sold by SBI Sumishin Net Bank; housing loans (Internet Exclusive Housing Loan) sold by SBI Sumishin Net Bank as an agent for Sumitomo Mitsui Trust Bank; housing loans (MR. Housing Loan REAL) sold by agents of our company; and Flat 35

\*11 Total value of retail deposits and corporate deposits

\*12 Includes the number of people using Group Credit Life Insurance

\*13 The total number of contracts held by five companies: SBI IKIKI SSI, SBI Nihon SSI, SBI Resta SSI, SBI PRISM SSI and JOGUCHI SAFETY SSI

\*14 The figures include the number of contracts held by SBI PRISM SSI since FY2019 and JOGUCHI SAFETY SSI since FY2020

## Asset Management Business Key Indicators

## Full-year Profit before Income Tax Expense of the Asset Management Business (Based on IFRS)

	Unit	FY2016	FY2017	FY2018	FY2019*1	FY2020	FY2021
Profit/loss from the change in fair value, and profit/loss on sales of investment securities	¥ million	6,836	44,409	33,699	20,305	66,342	133,042
SBI SAVINGS BANK	¥ million	5,649	14,018	17,473	18,230	28,364	34,178

## Private Equity Investment and Exit Figures of the Asset Management Business

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Investment balance*2	¥ million	152,765	254,671	355,683	459,574	614,462	713,320
Investment amount*3	¥ million	41,762	56,540	108,125	140,465	107,056	118,192
Number of investments made	Companies	132	193	230	206	195	258
Number of companies exited*4	Companies	15	13	20	24	22	22

## Breakdown of Assets Under Management, Including Private Equity Investment\*5 (As of March 31, 2022)

Breakdown by Industry	Amount (¥ million)	Companies
Internet/AI/IoT	177,560	133
Fintech services	104,926	54
Digital assets/Blockchain	77,397	33
Finance	97,228	54
Biotechnology/Health/Medical	42,545	59
Environmental/Energy	8,111	6
Machine/Automobile	13,784	16
Services	30,555	42
Retail/Food	1,126	8
Materials/Chemicals	8,173	4
Construction/Real estate	915	5
Others	5,701	11
Equity interests in external and non-consolidated funds	39,782	62
Total	607,802	487

Breakdown by Region	Amount (¥ million)	Companies
Japan	263,061	331
China	8,084	20
Korea	6,801	7
Southeast Asia	102,731	25
India	7,090	8
United States	92,811	23
Europe	56,327	30
Others	70,897	43
Total	607,802	487

Investment from Non-consolidated Group Management Funds	Amount (¥ million)	Companies
Corporate venture capital (CVC)	22,967	87
Others (overseas JV funds, etc.)	82,551	173
Total	105,519	260

## Top Three Investment Items in Private Equity and Others\*3 (As of March 31, 2022)

	Amount (¥ million)	Companies
Internet/AI/IoT	36,413	34
Biotechnology/Health/Medical	15,376	25
Fintech services	11,061	31

**Breakdown of Investments and Exit Figures\*<sup>4</sup> (As of March 31, 2022; Unit: Companies)**

Cumulative Number of Investee Companies	Domestic	Overseas	Cumulative Exit	Domestic		Overseas	
				IPO	M&A	IPO	M&A
1,876	1,091	785	316	141	22	115	38

**SBI Investment's Deal Sourcing Results\*<sup>6</sup>**

Business Results	Unit	Sourcing	Due Diligence	Investment
FY2019	Companies	1,649	88	60
FY2020	Companies	1,428	67	43
FY2021	Companies	1,588	66	58

**SBI Investment's Management Results\*<sup>6, 7</sup>**

Commitment Amount (¥ billion)	Cumulative Distribution (¥ billion)	Investment Return Ratio (times)	Internal Rate of Return (%)
282.6	385.8	1.37	6.1

**SBI SAVINGS BANK (As of the end of March for each Fiscal Year)**

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Balance of performing loans	KRW billion	4,106.5	5,029.6	6,123.4	7,596.6	9,531.1	12,191.5
of which, balance of retail performing loans	KRW billion	2,650.9	3,159.6	4,106.5	5,412.0	7,042.1	9,201.7
Delinquency ratio	%	8.8	5.3	3.9	2.3	1.6	1.38
of which, delinquency ratio of retail performing loans	%	5.0	4.2	3.8	2.7	1.8	1.7

**Breakdown of Assets Under Management in Investment Trusts, etc.\*<sup>8</sup>**

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Investment trusts	¥ billion	254.7	490.0	969.4	1,427.4	3,354.4	4,893.7
Investment advisors	¥ billion	88.6	138.0	333.4	297.1	470.1	534.7
Investment corporations	¥ billion	4.6	—	—	—	—	—
Total	¥ billion	347.9	628.0	1,302.8	1,724.5	3,824.5	5,428.4

\*1 Profit/loss from the change in fair value and profit/loss on sales of investment securities for FY2019 has been changed to align with the segment changes for some subsidiaries in FY2020

\*2 For investment balance amounts until FY2016, direct investments are valued at fair value, and investments by consolidated investment funds are valued at market price for listed stocks, and at acquisition cost for unlisted stocks without a market price (investments that have been impaired will be valued at the total amount after impairment). From FY2017, investment from non-consolidated Group management funds has been added to the breakdown of the operational investment securities category of the consolidated financial statement and is recorded herewith

\*3 Total investment amount through direct investments by the SBI Group and consolidated investment funds operated by the SBI Group

\*4 Figures for investee companies who have held an initial public offering or have undergone a stock swap or M&A with a listed company

\*5 Breakdown of assets under management, including private equity investments, which is tantamount to "The balance of operational investment securities" in the consolidated financial statements

\*6 Results for specialized investment funds under management are not included

\*7 Figures are based upon redemption results (cumulative total) of investment partnerships managed by SBI Investment

\*8 For funds that SBI Asset Management provides investment instructions, if Morningstar Asset Management provides investment advisory services, assets are recorded in both "investment trusts" and "investment advisory," respectively, thus there may be some overlapping amounts for numbers through FY2018

## Biotechnology, Healthcare & Medical Informatics Business Performance and Pipeline

### Full-year Profit before Income Tax Expense of the Major Biotechnology, Healthcare & Medical Informatics Business Companies (Based on IFRS)\*

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
SBI Biotech	¥ million	737	(432)	(166)	16	(278)	366
Quark Pharmaceuticals	¥ million	(8,270)	(7,902)	(8,193)	(7,668)	(4,234)	(68)
SBI Pharmaceuticals	¥ million	91	42	(1,395)	(1,272)	(1,726)	(1,103)
SBI ALApromo	¥ million	(233)	40	263	193	348	298
photonamic	¥ million	(41)	55	412	173	71	328

Note: Excluding impairment losses from drug pipeline, etc.

### List of SBI Biotech's Drug Discovery Pipeline

Pipeline	Main Diseases Effective Against	Licensed to
ILT7(HZN-7734)	Systemic lupus erythematosus, Cutaneous lupus erythematosus, Alopecia Areata (AA), Discoid lupus erythematosus (DLE), Lupus nephritis (LN), Dermatomyositis (DM)	Viola Bio*1
SBI-9674	Autoimmune diseases	Kyowa Kirin*2
SBI-3150	Autoimmune diseases (Various diseases caused by pDC/activated B cells)	ASAHI KASEI PHARMA*3
Cdc7(AS-0141)	Solid cancers	Carna Biosciences*4

\*1 Licensed to MedImmune, LLC of the AstraZeneca Group in 2008. License transferred to Viola Bio, a spin-out from MedImmune, LLC in February 2018

\*2 Licensed to Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.) in the winter of 2016

\*3 Licensed to ASAHI KASEI PHARMA CORPORATION in March 2020

\*4 Transferred the Company's intellectual property rights to Carna Biosciences, Inc. in 2014

### SBI Pharmaceuticals' Major Drug Discovery Pipeline Progress

#### Launch and Out-licensing (Total 5 Cases)

- "ALAGLIO® Oral 1.5g," photodynamic diagnostic agent for brain tumor treatment (malignant glioma). (Launched in September 2013)
- Therapeutic drugs for diabetes and malaria infection (to Neopharma, UAE pharmaceutical company, in October 2016)
- "ALAGLIO® Divided Granules 1.5g," photodynamic diagnostic agent for bladder cancer treatment (carcinoma vesicae). (Launched in Japan in December 2017 by CHUGAI Pharmaceuticals, which was granted exclusive domestic marketing rights. Sold by Nippon Kayaku Co., Ltd. from June 2021)
- Pharmaceuticals including "ALAGLIO® Divided Granules 1.5g" in the territory of MENA and India (to Neopharma, in March 2018)

Fields	Pipeline Projects	Current Status		
		Phase I	Phase II	Phase III
Photodynamic diagnostic agent (PDD)	Bladder cancer Usage change of intraoperative diagnostic agent (Extension of dosing time) (by SBI Pharmaceuticals)	Phase III underway		Conducted domestically
	Breast tumor Intraoperative diagnostic agent (by SBI ALApharma Canada)	Phase III underway		Conducted in the U.S. and Canada
	Meningioma Expansion of Indication for Intraoperative Diagnostics for Malignant Glioma (by NXDC)	Phase III underway		<ul style="list-style-type: none"> <li>• Obtained orphan drug designation from the FDA</li> <li>• Conducting in the U.S., Germany, and Austria</li> </ul>
Interstitial photodynamic therapy (iPDT)	Malignant glioma (second primary)* (by photonamic)	Phase II underway		Conducted in University of Münster (Germany) and 4 other institutions
	Malignant glioma (primary) (by photonamic)	Phase II underway		Conducted in LMU Munich (Germany) and 2 other institutions
Therapeutic agent	Cardiac ischemiareperfusion injury* (by SBI Pharmaceuticals)	Phase II underway		Conducted at Oxford University (UK)

\* Investigator-led trial

### Number of Patents Obtained by SBI Pharmaceuticals in Japan and Overseas

	Registered Patents
Japan	53
Overseas	277

Note: As of March 31, 2022

### Products Submitted by SBI ALApromo under the System of "Foods with Functional Claims" and Approved by the Consumer Affairs Agency (Launch Date in Parentheses)

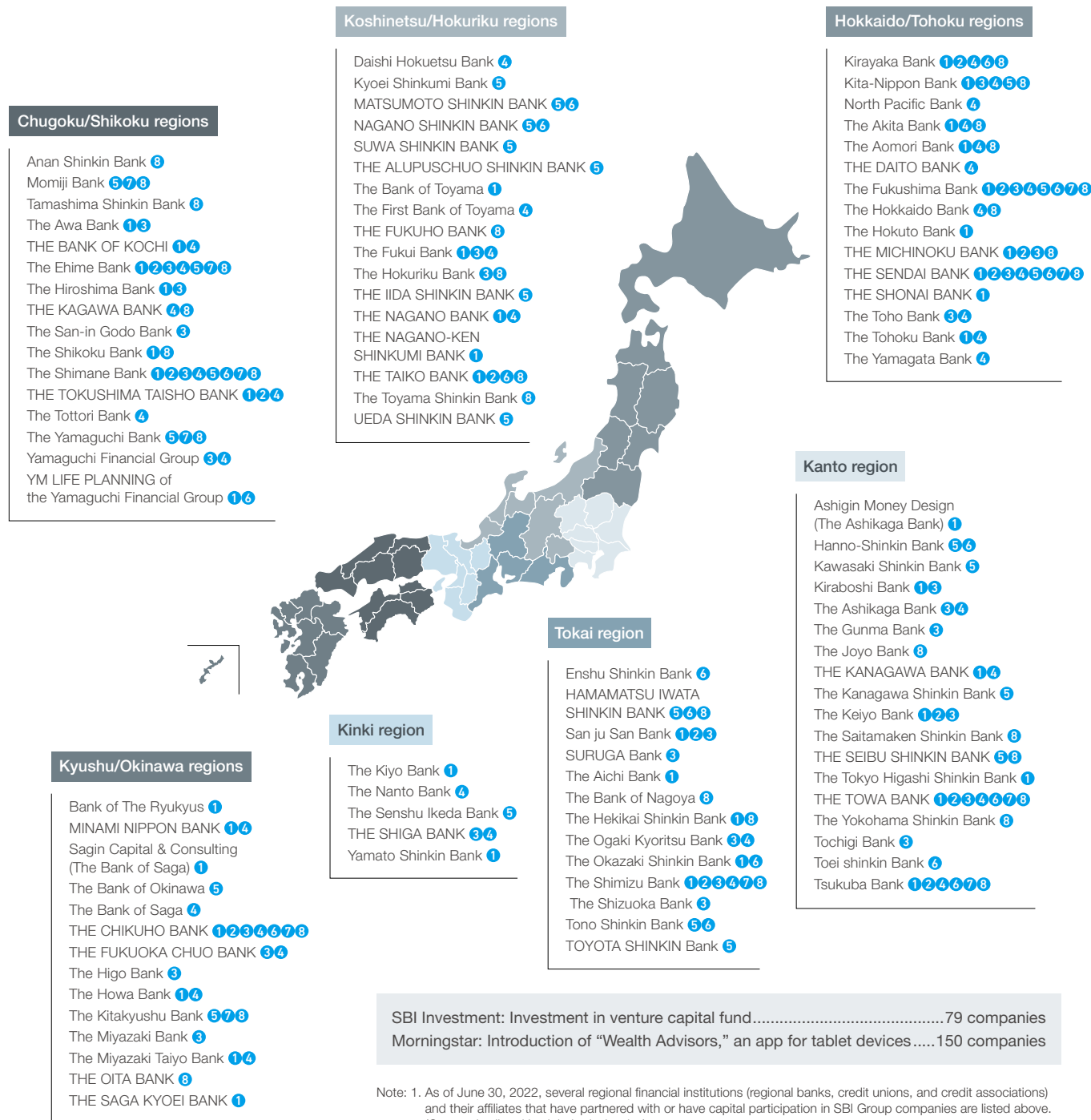
- ALA PLUS TOH (Sugar) DOWN (December 2015)
- SBI ICHOHA (December 2017)
- ALA PLUS TOH (Sugar) DOWN RICH (November 2018)
- ALA PLUS FUKAI NEMURI (Deep Sleep) (March 2019)
- ALA PLUS KARADA ACTIVE (October 2019)
- HATSUGAGENMAI NO SOKOJIKARA (April 2021)
- ALA PLUS MENTAL CARE (July 2021)
- ALA PLUS TOH (Sugar) DOWN ALACIA (December 2021)
- ALA PLUS GOLD HIROU-KAN KEIGEN (May 2022)

Note: As of June 30, 2022

## Alliances Status with Regional Financial Institutions

### Products and Services Provided by the SBI Group to Regional Financial Institutions

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>1 SBI SECURITIES: Operational alliances in financial instruments intermediary service</li> <li>2 SBI MONEYPLAZA: Management and operation of joint branches</li> <li>3 Money Tap: Capital participation</li> <li>4 SBI Regional Revitalization Asset Management: Capital participation</li> </ul> | <ul style="list-style-type: none"> <li>5 SBI Life Insurance: Sales of Group credit life insurance</li> <li>6 SBI Insurance: Sales of insurance products</li> <li>7 SBI NEO FINANCIAL SERVICES: Introducing banking applications (some applications provided by SBI FinTech Incubation)</li> <li>8 SBI Business Solutions: Customer referral alliance for cloud-based back-office support services, etc.</li> </ul> |
|--|--|



Note: 1. As of June 30, 2022, several regional financial institutions (regional banks, credit unions, and credit associations) and their affiliates that have partnered with or have capital participation in SBI Group companies are listed above. (Companies listed in alphabetical order.)  
2. Shinkin Bank: credit union, Shinkumi Bank: credit association



## Consolidated Financial Statements of the Group

### Consolidated Statement of Financial Position

(Millions of Yen)

	Notes	As at March 31, 2021	As at March 31, 2022
<b>Assets</b>			
Cash and cash equivalents	6, 8, 18, 23	802,702	2,499,370
Trade and other accounts receivable	6, 7, 8, 9, 13, 18	1,183,896	8,399,588
Assets related to securities business			
Cash segregated as deposits		2,292,743	2,361,620
Margin transaction assets		972,573	929,730
Other assets related to securities business	10	631,305	615,967
Total assets related to securities business	6, 7, 8	3,896,621	3,907,317
Other financial assets	6, 7, 8, 13	58,715	471,607
Operational investment securities	6, 7, 8, 11, 13	528,154	607,802
Other investment securities (includes ¥247,299 million pledged as collateral as at March 31, 2022)	6, 7, 8, 11, 13, 18	209,545	1,076,780
Investments accounted for using the equity method	12	103,807	129,141
Investment properties	14, 18	—	34,868
Property and equipment	15, 18	64,290	123,737
Intangible assets	16	225,607	293,086
Other assets		123,071	277,016
Deferred tax assets	17	12,164	17,888
<b>Total assets</b>		<b>7,208,572</b>	<b>17,838,200</b>
<b>Liabilities</b>			
Bonds and loans payable	6,7,8,18	1,394,137	3,364,860
Trade and other accounts payable	6,7,8,19	189,729	487,846
Liabilities related to securities business			
Margin transaction liabilities		269,152	254,345
Loans payable secured by securities		602,921	599,159
Deposits from customers		1,277,808	1,375,599
Guarantee deposits received		961,651	997,678
Other liabilities related to securities business	20	410,270	449,551
Total liabilities related to securities business	6,7,8	3,521,802	3,676,332
Customer deposits for banking business	6,7,8,18	1,042,132	7,673,324
Insurance contract liabilities	21	150,123	155,216
Income tax payable		20,125	13,351
Other financial liabilities	6,7,18	30,333	538,512
Other liabilities		107,301	287,577
Deferred tax liabilities	17	35,795	57,924
<b>Total liabilities</b>		<b>6,491,477</b>	<b>16,254,942</b>
<b>Equity</b>			
Capital stock	24	98,711	99,312
Capital surplus	24	147,753	151,390
Treasury stock	24	(40)	(62)
Other components of equity	24	18,197	42,865
Retained earnings	24	297,495	631,098
Equity attributable to owners of the Company		562,116	924,603
Non-controlling interests		154,979	658,655
<b>Total equity</b>		<b>717,095</b>	<b>1,583,258</b>
<b>Total liabilities and equity</b>		<b>7,208,572</b>	<b>17,838,200</b>

## Consolidated Statement of Income

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Revenue (includes ¥143,364 million and ¥209,419 million of interest income)	5, 27	541,145	763,618
Expense			
Financial cost associated with financial income	28	(26,773)	(33,603)
Provision for credit losses		(41,147)	(99,489)
Operating cost	28	(142,519)	(221,822)
Selling, general and administrative expenses	28	(163,326)	(229,834)
Other financial cost	28	(5,803)	(8,555)
Other expenses	28	(30,655)	(28,260)
Total expense		(410,223)	(621,563)
Gain on bargain purchase	4	—	263,847
Share of profit of associates and joint ventures accounted for using the equity method	5, 12	9,458	6,822
Profit before income tax expense	5	140,380	412,724
Income tax expense	29	(42,868)	(57,000)
Profit for the year		97,512	355,724
Profit for the year attributable to			
Owners of the Company		81,098	366,854
Non-controlling interests		16,414	(11,130)
Profit for the year		97,512	355,724
Earnings per share attributable to owners of the Company			
Basic (Yen)	31	339.78	1,498.55
Diluted (Yen)	31	296.92	1,285.90

## Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit for the year		97,512	355,724
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Financial assets measured at FVTOCI	30	(18)	(493)
Changes in own credit risk on financial liabilities	30	—	234
Remeasurement of defined benefit plans	30	—	(1,091)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	30	109	130
		91	(1,220)
Items that may be reclassified subsequently to profit or loss			
Financial assets measured at FVTOCI	30	(168)	(4,692)
Currency translation differences	30	23,871	30,241
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	30	881	767
		24,584	26,316
Other comprehensive income, net of tax		24,675	25,096
Total comprehensive income		122,187	380,820
Total comprehensive income attributable to			
Owners of the Company		105,680	390,080
Non-controlling interests		16,507	(9,260)
Total comprehensive income		122,187	380,820

## 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, 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	24	2,652	2,271	—	—	—	4,923	—	4,923
Issuance of convertible bonds		—	2,756	—	—	—	2,756	—	2,756
Conversion of convertible bonds	24	4,041	(484)	12,805	—	—	16,362	—	16,362
Change in scope of consolidation		—	—	—	—	—	—	(9,788)	(9,788)
Dividends paid	25	—	—	—	—	(23,327)	(23,327)	(15,018)	(38,345)
Treasury shares purchased	24	—	—	(39)	—	—	(39)	—	(39)
Treasury shares sold	24	—	(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
As at April 1, 2021		98,711	147,753	(40)	18,197	297,495	562,116	154,979	717,095
Profit for the year		—	—	—	—	366,854	366,854	(11,130)	355,724
Other comprehensive income		—	—	—	23,226	—	23,226	1,870	25,096
Total comprehensive income		—	—	—	23,226	366,854	390,080	(9,260)	380,820
Issuance of new shares	24	601	482	—	—	—	1,083	—	1,083
Change in scope of consolidation		—	—	—	—	—	—	496,303	496,303
Dividends paid	25	—	—	—	—	(31,809)	(31,809)	(15,001)	(46,810)
Treasury shares purchased	24	—	—	(23)	—	—	(23)	—	(23)
Treasury shares sold	24	—	0	1	—	—	1	—	1
Share-based payment transactions		—	682	—	—	—	682	(731)	(49)
Changes of interests in subsidiaries without losing control		—	2,473	—	—	—	2,473	32,365	34,838
Transfer	24	—	—	—	1,442	(1,442)	—	—	—
As at March 31, 2022		99,312	151,390	(62)	42,865	631,098	924,603	658,655	1,583,258

## Consolidated Statement of Cash Flows

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities			
Profit before income tax expense		140,380	412,724
Depreciation and amortization		24,291	32,207
Gain on bargain purchase		—	(263,847)
Share of profit of associates and joint ventures accounted for using the equity method		(9,458)	(6,822)
Interest and dividend income		(150,325)	(222,612)
Interest expense		32,573	42,553
Increase in operational investment securities		(131,448)	(164,644)
Increase in trade and other accounts receivables		(246,508)	(373,371)
Increase in trade and other accounts payable		88,237	25,653
(Increase) decrease in assets/liabilities related to securities business		(221,904)	145,057
Increase in customer deposits for banking business		220,081	184,308
Decrease in bonds and loans payable in banking business	32	—	(26,148)
Decrease in payables under securities lending transactions		—	(165,985)
Others		(17,223)	(69,182)
Subtotal		(271,304)	(450,109)
Interest and dividend income received		145,959	218,586
Interest paid		(29,281)	(37,551)
Income taxes paid		(23,777)	(44,972)
Net cash used in operating activities		(178,403)	(314,046)
Cash flows from investing activities			
Purchases of intangible assets		(15,419)	(25,965)
Purchases of investment securities		(77,392)	(321,150)
Proceeds from sales or redemption of investment securities		40,735	512,343
Acquisition of subsidiaries, net of cash and cash equivalents acquired	32	(8,026)	1,734,730
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	32	—	718
Payments of loans receivable		(70,172)	(95,491)
Collection of loans receivable		49,860	65,181
Others		(1,657)	(31,849)
Net cash (used in) generated from investing activities		(82,071)	1,838,517
Cash flows from financing activities			
Increase (decrease) in short term loans payable	32	69,808	(257,418)
Proceeds from long-term loans payable	32	54,936	154,290
Repayment of long-term loans payable	32	(21,953)	(84,387)
Proceeds from issuance of bonds payable	32	228,124	541,125
Redemption of bonds payable	32	(112,576)	(158,994)
Proceeds from issuance of shares		4,923	693
Proceeds from stock issuance to non-controlling interests		6,356	5,008
Contributions from non-controlling interests in consolidated investment funds		15,572	27,262
Cash dividends paid		(23,313)	(31,795)
Cash dividends paid to non-controlling interests		(763)	(1,372)
Distributions to non-controlling interests in consolidated investment funds		(14,243)	(13,610)
Purchase of treasury stock		(39)	(23)
Proceeds from sale of interests in subsidiaries to non-controlling interests		9,223	3,182
Payments for purchase of interests in subsidiaries from non-controlling interests		(155)	(11,507)
Others		(5,078)	(9,152)
Net cash generated from financing activities		210,822	163,302
Net (decrease) increase in cash and cash equivalents		(49,652)	1,687,773
Cash and cash equivalents at the beginning of the year		843,755	802,702
Effect of changes in exchange rate on cash and cash equivalents		8,599	8,895
Cash and cash equivalents at the end of the year		802,702	2,499,370



# 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 arrangements. 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.

## 2. Basis of Preparation

### (1) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board.

Since the Group meets the criteria of “Specified Company under Designated International Financial Reporting Standards” defined in Article 1-2 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements, the Group applies Article 93 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements.

The consolidated financial statements were approved and authorized for issue by the Company’s Representative Director, President and CEO, Yoshitaka Kitao and Managing Executive Officer, Hideyuki Katsuchi on August 2, 2022.

### (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,” “6. Financial Instruments” and “7. Fair Value Measurement”
- Impairment on financial assets – “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 “16. Intangible Assets (3) Carrying amount of goodwill”
- Liability adequacy test for insurance contracts – “3. Significant Accounting Policies (9) Accounting for insurance contracts” and “21. Insurance Contract Liabilities”
- Recoverability of deferred tax assets – “3. Significant Accounting Policies (14) Income tax expense” and “17. Deferred Taxation”
- Scope of subsidiaries – “3. Significant Accounting Policies (1) Basis of consolidation” and “33. Subsidiaries”

The impact of the new coronavirus infections on the economy and corporate activities still continues, and the future remains highly uncertain. Although the Group has made estimates based on the assumption that the impact on the economy and corporate activities will continue into the next fiscal year and beyond, there was 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 are entities controlled by the Group. In principle, an entity in which the Group owns a majority of the voting rights is included as a subsidiary. However, even if the Group does not own a majority of the voting rights, an entity 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 control**

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. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

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 investments") 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 investments are deducted from the balance of carrying amount of investments only to the extent of investor's interests in the investees. For joint operations, the Group's share of the assets, liabilities, revenue and expenses related to the joint operation is recognized.

#### **(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 substantially all the risks and rewards of ownership of 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 designated at fair value through profit or loss (hereinafter "financial liabilities designated 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.

(Financial liabilities designated at FVTPL)

An irrevocable election to measure financial liabilities at FVTPL may be made at initial recognition if the contract contains one or more embedded derivatives and the host contract is a hybrid contract where the host contract is a financial liability, or if designation as FVTPL eliminates or significantly reduces an accounting mismatch that would otherwise arise. The amount of the change in the fair value of the financial liability attributable to changes in the credit risk of the liability is recognized in other comprehensive income and the remaining change in the fair value of the liability is 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 measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts 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 financial 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.
- Derivatives (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 financial liabilities measured at FVTPL, changes in amounts of which are recognized in profit or loss.

## **(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 financial 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**

**(a) 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.

**(b) Lease as lessor**

A finance lease receivable is initially recognized at the lease commencement date of the lease at the net investment in the lease, which is the sum of the lease payments received by the lessor and the unguaranteed residual value, discounted using an interest rate implicit in the lease. Income arising from finance leases is recognized by allocating the net investment in the lease over the lease term. Leases other than finance leases are classified as operating leases, and the operating lease income is recognized over the lease term on a straight-line basis.

**(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 6 – 21 years

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

**(7) Investment properties**

Investment properties are real estate (including real estate under construction) held for the purpose of earning rental income, capital gains, or both. It does not include real estate sold in the ordinary course of business or real estate used for the purposes of the provision of goods or services, manufacture, sale or other



administration. Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of investment properties or an amount equivalent to the initial cost less their residual values. Depreciation is recognized using the straight-line method to allocate their depreciable amounts based on the estimated useful life of each component and charged to profit or loss.

The estimated useful lives of major classes of investment properties are as follows:

- Buildings 15 – 50 years

Investment property is derecognized at the time of disposal or when the investment property is no longer permanently used and no future economic benefits from the disposal are expected. Any gain or loss arising from derecognition of the investment property, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss at the time of derecognition.

#### **(8) 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 equity method investment 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.

#### **(9) 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.

#### **(10) 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) Defined benefit plans**

The present value of the defined benefit obligation and benefit cost are determined using the projected unit credit method. Changes in fair value, excluding actuarial gains and losses and interest income on plan assets, are recognized in other comprehensive income and transferred from other components of equity to retained earnings as incurred. The net present value of the defined benefit obligation less the fair value of plan assets is recognized as a liability or asset in the consolidated statement of financial position. If the calculation results in the case of the Group having an asset in excess of the funded status, the asset is recognized up to the present value of the future economic benefits available from the return of cash from the plan or the reduction of future contributions to the plan.

##### **(c) 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.

#### **(11) 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. Where the effect of the time value of money is material, 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.

#### **(12) 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.

#### **(13) 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.

#### **(14) 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.

#### (15) 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.

#### (16) 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.

#### (17) 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.

#### (18) 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 "32. 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.

### For the year ended March 31, 2022

The Group conducted a Tender Offer for the shares of Shinsei Bank, Limited to establish and reinforce a business alliance relationship between the Group and Shinsei Bank, Limited. Based on the results of the Tender Offer, the percentage of voting rights held by the Group amounted to 47.77% and Shinsei Bank, Limited became a subsidiary of the Company as of December 17, 2021.

The consideration paid, the fair value of the assets and liabilities acquired, and gain on bargain purchase at the acquisition date for the above business combination are as follows.

With respect to the above business combination, the initial accounting for the acquired identifiable assets, liabilities assumed, non-controlling interests and gain on bargain purchase has not been completed, and the measurement has been made on a provisional basis based on currently available information, since it takes time to organize and analyze information mainly on loans, unlisted stocks, and customer deposits for banking business.

(Millions of Yen)	
	Acquisition date
	December 17, 2021
Fair value of consideration paid	113,844
Fair value of interests previously held	85,391
<b>Total</b>	<b>199,235</b>
Cash and cash equivalents	1,853,202
Trade and other accounts receivable	6,737,569
Other financial assets	360,160
Other investment securities	1,087,389
Investments accounted for using the equity method	8,862
Property and equipment	85,914
Intangible assets	49,653
Other assets	55,269
Deferred tax assets	22,483
<b>Total assets</b>	<b>10,260,501</b>
Bonds and loans payable	1,807,967
Trade and other accounts payable	274,184
Customer deposits for banking business	6,402,181
Income tax payable	4,825
Other financial liabilities	698,238
Other liabilities	84,546
Deferred tax liabilities	15,655
<b>Total liabilities</b>	<b>9,287,596</b>
Equity	972,905
Non-controlling interests	(509,916)
Gain on bargain purchase (Note 1)	(263,754)
<b>Total</b>	<b>199,235</b>

Note: 1. The adjustment during the measurement period recognized in the current period is as follows. Due to the adjustment, "Gain on bargain purchase" was decreased by ¥6,458 million.

(Millions of Yen)	
	Adjustment during the measurement period
Trade and other accounts receivable	3,424
Other financial assets	(5,248)
Other investment securities	5,252
Property and equipment	(16,249)
Other assets	(13,209)
Deferred tax assets	(256)
<b>Total assets</b>	<b>(26,286)</b>
Bonds and loans payable	(978)
Trade and other accounts payable	(28,289)
Customer deposits for banking business	(2,012)
Other financial liabilities	9,383
Other liabilities	6,108
Deferred tax liabilities	3,094
<b>Total liabilities</b>	<b>(12,694)</b>
Equity	(13,592)
Non-controlling interests	7,134
Gain on bargain purchase	6,458

The consideration paid in this business combination was cash.

Trade and other accounts receivable primarily includes loans receivable (fair value of ¥5,608,309 million and contractual amounts receivable of ¥5,645,462 million) and lease receivables (fair value of ¥166,011 million and contractual amounts receivable of ¥166,011 million). The best estimate of contractual cash flows expected to be uncollectible as of the acquisition date is ¥112,553 million.

A gain of ¥23,292 million was recorded in "Revenue" in the consolidated statement of income as a result of the remeasurement of previously held interests at fair value in connection with the business combination.

Non-controlling interests are measured by multiplying the identifiable net assets by the non-controlling interest percentage.

The gain on bargain purchase occurred mainly due to the fact that the market capitalization of the stock was lower than the net asset value on the acquisition date. In addition, acquisition-related expenses of ¥1,062 million related to the business combination were recorded in "Selling, general and administrative expenses."

The net loss recognized in the consolidated statement of income for the period from the acquisition date to the end of the current period for Shinsei Bank, Limited was ¥56,421 million. This was mainly due to the recognition of expected credit losses on loans receivable.

Assuming that the business combination had taken place at the beginning of the current period, revenue for the current period would be ¥1,073,183 million and net income for the current period would be ¥172,650 million. This income (loss) information is unaudited and does not include the effects of fair value measurement and other items associated with the business combination.

The fair value of the consideration paid at the acquisition date for business combinations other than the above was ¥10,107 million in cash.

The fair values of assets and liabilities acquired through business combinations and non-controlling interests amounted to ¥18,235 million, ¥11,898 million, and ¥966 million, respectively. The breakdown of such assets and liabilities is presented in “32 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 loss recognized in the consolidated statement of income for the year ended March 31, 2022 were ¥1,220 million and ¥1,080 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 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, 2022.

“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 Estate Finance Co., Ltd. and SBI Guarantee Co., Ltd., which were included in the Asset Management Business until the previous reporting period, are now included in the Financial Services Business from this fiscal year. Consequently, segment information for the year ended March 31, 2021, is restated in accordance with the new basis of segmentation. Also, Shinsei Bank, Limited is included in the Financial Services Business from this fiscal year.

(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	311,629	205,391	5,303	522,323	19,283	(461)	541,145
Inter-segment revenue	2,530	480	324	3,334	2,450	(5,784)	—
Total	314,159	205,871	5,627	525,657	21,733	(6,245)	541,145
Segment operating income (loss)							
Profit before income tax expense	86,386	84,188	(8,630)	161,944	(10,562)	(11,002)	140,380
Other Items							
Interest income	44,638	99,450	17	144,105	78	(819)	143,364
Interest expense	(7,193)	(21,516)	(775)	(29,484)	(667)	(2,425)	(32,576)
Depreciation and amortization	(11,538)	(6,917)	(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



(Millions of Yen)

For the year ended March 31, 2022	Financial Services Business	Asset Management Business	Biotechnology, Healthcare and Medical Informatics Business	Total	Others	Elimination or Corporate	Consolidated Total
Revenue							
Revenue from external customers	393,822	317,581	9,218	720,621	43,370	(373)	763,618
Inter-segment revenue	2,357	250	702	3,309	923	(4,232)	—
Total	396,179	317,831	9,920	723,930	44,293	(4,605)	763,618
Segment operating income (loss)							
Profit before income tax expense	282,924	165,962	(11,845)	437,041	(11,990)	(12,327)	412,724
Other Items							
Interest income	86,571	122,893	(37)	209,427	254	(262)	209,419
Interest expense	(10,806)	(26,426)	(695)	(37,927)	(790)	(3,441)	(42,158)
Depreciation and amortization	(20,826)	(3,940)	(416)	(25,182)	(5,692)	(1,239)	(32,113)
Gain or loss from investments applying the equity-method	5,448	1,279	135	6,862	(40)	—	6,822

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, 2021	As at March 31, 2022
Japan	147,874	304,956
Korea	109,452	113,802
Others	32,571	32,933
Consolidated total	289,897	451,691

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, 2021	For the year ended March 31, 2022
Japan	401,297	557,842
Overseas	139,848	205,776
Consolidated total	541,145	763,618

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

rates adjusted for the period to maturity and credit risk. The carrying amounts of those with short-term maturities are deemed to be fair values as the carrying amounts 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 arm's-length transaction price. 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.

## 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

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 of receivables grouped by category discounted using interest

### Other financial assets and Other financial liabilities

With respect to other financial assets and other financial liabilities, the fair values of derivative instruments are based on the prices quoted on stock exchanges, discounted present value or option valuation models, etc. The carrying amounts of those with short-term maturities are deemed to be fair values as the carrying amounts approximate fair values.

### 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 considering remaining periods and using interest rates adjusted for credit risk or discounted using interest rates determined with reference to similar types of new loans or lease transactions. 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 and certificates of deposit are determined based on the future cash outflows discounted using interest rates adjusted for the period to maturity and credit risk. However, for the 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, 2021	Carrying amount					Fair value
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets measured at amortized cost	Total	
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

(Millions of Yen)

As at March 31, 2022	Carrying amount					Fair value
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets measured at amortized cost	Total	
Trade and other accounts receivable	514,543	—	—	7,885,045	8,399,588	8,406,373
Assets related to securities business	159,621	—	—	3,747,696	3,907,317	3,907,317
Other financial assets	203,091	—	—	268,516	471,607	471,637
Operational investment securities	607,802	—	—	—	607,802	607,802
Other investment securities	449,213	29,472	358,891	239,204	1,076,780	1,076,422
Total	1,934,270	29,472	358,891	12,140,461	14,463,094	14,469,551

Classification and fair value of financial liabilities were as follows:

(Millions of Yen)

As at March 31, 2021	Carrying amount			Fair value
	Financial liabilities measured at FVTPL	Financial liabilities measured at amortized cost	Total	
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

(Millions of Yen)

As at March 31, 2022	Carrying amount				Fair value
	Financial liabilities measured at FVTPL	Financial liabilities designated at FVTPL	Financial liabilities measured at amortized cost	Total	
Bonds and loans payable	—	53,369	3,311,491	3,364,860	3,361,799
Trade and other accounts payable	21,277	—	466,569	487,846	487,846
Liabilities related to securities business	71,523	—	3,604,809	3,676,332	3,676,332
Customer deposits for banking business	—	263,193	7,410,131	7,673,324	7,670,575
Other financial liabilities	255,788	—	282,724	538,512	538,512
Total	348,588	316,562	15,075,724	15,740,874	15,735,064

### (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, 2021	Financial assets					Net amount
	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	Cash collateral received	
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

(Millions of Yen)

As at March 31, 2021	Financial liabilities					Net amount
	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	Cash collateral pledged	
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

(Millions of Yen)

As at March 31, 2022	Financial assets					Net amount
	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	Cash collateral received	
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,793,072	(651,919)	1,141,153	(981,766)	(157,035)	2,352
Assets related to securities business (Receivables related to securities transactions)	497,640	(232,312)	265,328	(17,593)	—	247,735
Assets related to securities business (Financial assets related to foreign exchange transactions)	37,926	—	37,926	(2,247)	(15,704)	19,975
Other financial assets (Derivative transactions)	203,091	—	203,091	(100,450)	(12,030)	90,611

(Millions of Yen)

As at March 31, 2022	Financial liabilities					Net amount
	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	Cash collateral pledged	
Liabilities related to securities business (Securities loan agreements and other similar transactions)	2,360,963	(651,919)	1,709,044	(1,019,276)	—	689,768
Liabilities related to securities business (Payables related to securities transactions)	1,887,260	(232,312)	1,654,948	(13,533)	—	1,641,415
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	309,401	—	309,401	(17,951)	—	291,450
Other financial liabilities (Derivative transactions)	255,788	—	255,788	(100,450)	(132,256)	23,082

The rights of set-off for recognized financial assets and financial 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 financial liabilities.

#### (4) Impact of interest rate benchmark reform on financial instruments

The Group has LIBOR-referenced exposures to derivative and non-derivative financial assets and liabilities and is exposed to risks associated with the suspension of LIBOR publication. In accordance with the FCA statement issued on March 5, 2021, the publication of all tenors of the Japanese Yen LIBOR, British Pound LIBOR, Euro LIBOR, and Swiss Franc LIBOR and some tenors of the US Dollar LIBOR (1-week and 2-month contracts) was suspended as of the end of December 2021. The publication of the main tenor of the US dollar LIBOR is scheduled to be suspended as of the end of June 2023.

The primary risk associated with the Group's LIBOR transition is conduct risk. For example, there is the risk that a customer may be subjected to an interest rate that is unfair to the customer, that the customer may be disadvantaged by being forced to switch to an alternative interest rate benchmark that the customer does not intend, that the explanation of the alternative interest rate benchmark to the customer may be insufficient, that the transition to an alternative interest rate

benchmark may not be completed due to delays or lack of system upgrades, etc. There is also the risk of difficulty in obtaining data related to alternative interest rate benchmarks, and the risk of being disadvantaged because transactions cannot be executed in accordance with market practices.

In addition, interest rate basis risk may arise. This is because the transition to an alternative interest rate benchmark for a large number of financial assets and liabilities is difficult to perform for all transactions at once and requires a certain period of time, and during the transition period, there will be both transactions that reference conventional LIBOR and transactions that reference the alternative interest rate benchmark, and the risk that the interest rate changes for each will not be perfectly linked to each other is expected to arise.

In order to comprehensively address the issues related to the LIBOR transition, the Group has formed a cross-functional project. Under the working groups organized for each major issue, we have identified LIBOR reference exposures, grasped the issues and the scope of impact, and determined a response policy, and worked to resolve the issues through close communication among relevant parties both within and outside the Group. In addition, the status of the response has been regularly reported to management and monitored regularly by the relevant authorities and others.

With regard to currencies that were suspended as of the end of December 2021, such as the Japanese yen, most of the transactions have been completed with the introduction of fallback clauses. However, there are still some transactions,

mainly syndicated loan participations and derivative transactions incidental to such transactions, that have not been completed. We will continue discussions with our counterparties, including the syndicated loan agents, to amend the contract clauses regarding the transition to alternative interest rate benchmarks. We will also continue discussions with our counterparties to complete the necessary LIBOR transition by the deadline for the U.S. dollar LIBOR whose suspension of publication has been postponed until the end of June 2023.

LIBOR reference exposures for which the Group has not completed the LIBOR transition are as follows:

(Millions of Yen)

	Amounts not yet transitioned to alternative interest rate benchmarks as at March 31, 2022
Non-derivative financial assets	529,222
Non-derivative financial liabilities	8,653
Derivatives	505,090

## 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, 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
Liabilities related to securities business				
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



(Millions of Yen)

	As at March 31, 2022			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable	—	17,188	497,355	514,543
Assets related to securities business	49,138	99,609	10,874	159,621
Other financial assets	52	192,233	10,806	203,091
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	142,124	66,876	848,015	1,057,015
Equity instruments measured at FVTOCI	26,757	160	2,555	29,472
Debt instruments measured at FVTOCI	128,667	156,899	73,325	358,891
Total	346,738	532,965	1,442,930	2,322,633
Bonds and loans payable	—	—	53,369	53,369
Trade and other accounts payable	—	—	21,277	21,277
Liabilities related to securities business	33,574	34,280	3,669	71,523
Customer deposits for banking business	—	124,700	138,493	263,193
Other financial liabilities	52	239,784	15,952	255,788
Total	33,626	398,764	232,760	665,150

The above includes amounts provisionally measured in the business combination of Shinsei Bank, Limited. For details, please refer to “4. Business Combinations.”

Assets and liabilities related to crypto assets classified as Level 1 amounted to ¥81,655 million and ¥70,244 million as at March 31, 2021 and ¥128,842 million and ¥128,117 million as at March 31, 2022, 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, 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

(Millions of Yen)

	As at March 31, 2022			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable	—	4,701,820	3,190,010	7,891,830
Assets related to securities business	—	3,747,696	—	3,747,696
Other financial assets	—	252,203	16,343	268,546
Operational investment securities and other investment securities	110,614	48,360	79,872	238,846
Total	110,614	8,750,079	3,286,225	12,146,918
Bonds and loans payable	—	2,175,015	1,133,415	3,308,430
Trade and other accounts payable	—	466,569	—	466,569
Liabilities related to securities business	—	3,604,809	—	3,604,809
Customer deposits for banking business	—	6,439,212	968,170	7,407,382
Other financial liabilities	—	282,724	—	282,724
Total	—	12,968,329	2,101,585	15,069,914

## (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 Accounting and Financial Division.

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

	As at March 31, 2021		
	Valuation Technique	Unobservable Input	Range
Operational investment securities and other investment securities	Income approach and market approach	Discount rate P/E ratio EBITDA ratio Illiquidity discount	12.0%–16.0% 12.0–45.2 25.0–40.0 10.0%–20.0%
Trade and other accounts payable	Income approach	Discount rate	1.0%

	As at March 31, 2022		
	Valuation Technique	Unobservable Input	Range
Trade and other accounts receivable	Income approach	Discount rate Recovery rate	0.7%–16.9% 0.0%–100.0%
Other financial assets	Income approach	Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Prepayment rates Probability of default Recovery rate	29.0%–85.0% 8.0%–38.0% 13.0% 0.7% 30.0%–74.0%
Operational investment securities and other investment securities	Income approach and market approach	Discount rate P/E ratio EBITDA ratio Illiquidity discount Prepayment rates Probability of default Recovery rate	0.9%–19.3% 16.3–45.2 25.0–40.0 10.0%–20.0% 0.0%–24.3% 0.0%–2.4% 0.0%–100.0%
Bonds and loans payable	Income approach	Discount rate	0.0%–0.3%
Trade and other accounts payable	Income approach	Discount rate	1.0%
Customer deposits for banking business	Income approach	Discount rate	0.0%–0.3%
Other financial liabilities	Income approach	Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Recovery rate	29.0%–85.0% 8.0%–38.0% 35.0%–74.0%

The fair value of assets and liabilities categorized as Level 3 that is measured at fair value on a recurring basis increases (decreases) when the discount rate decreases (increases), when the recovery rate increases (decreases), depending on the nature of the underlying asset due to changes in the correlation coefficient, when the prepayment rate decreases (increases), when the probability of default 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 measured at fair value on a recurring basis is presented as follows:

(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 2)	18,909	—	—	18,909	1,051	(293)	(944)
Other comprehensive income (Note 3)	—	(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 4)	(248)	—	—	(248)	—	—	—
Transferred from Level 3 (Note 5)	(10,556)	—	—	(10,556)	(1,103)	—	—
Balance as at March 31, 2021	444,115	739	294	445,148	11,887	20,696	1,861

(Millions of Yen)

For the year ended March 31, 2022	Assets						
	Operational investment securities and other investment securities			Total	Trade and other accounts receivable	Assets related to securities business	Other financial assets
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI				
Balance as at April 1, 2021	444,115	739	294	445,148	—	11,887	—
Acquisitions through business combinations (Note 1)	246,873	1,956	72,603	321,432	473,014	—	23,437
Purchase and issuance	130,195	7	4,487	134,689	39,268	—	—
Comprehensive income							
Net profit (Note 2)	110,421	—	4,607	115,028	4,153	1,886	(11,914)
Other comprehensive income (Note 3)	—	(161)	(432)	(593)	—	—	—
Dividends	(11,295)	—	—	(11,295)	—	—	—
Sale or redemption	(76,048)	—	(8,234)	(84,282)	—	(2,500)	—
Settlements	—	—	—	—	(19,080)	1,309	(717)
Currency translation differences	9,198	14	—	9,212	—	—	—
Others (Note 4)	126	—	—	126	—	—	—
Transferred from Level 3 (Note 5)	(5,570)	—	—	(5,570)	—	(1,708)	—
Balance as at March 31, 2022	848,015	2,555	73,325	923,895	497,355	10,874	10,806

For the year ended March 31, 2022	Liabilities				
	Bonds and loans payable	Trade and other accounts payable	Liabilities related to securities business	Customer deposits for banking business	Other financial liabilities
Balance as at April 1, 2021	—	20,696	1,861	—	—
Acquisitions through business combinations (Note 1)	54,922	—	—	142,719	10,022
Purchase and issuance	—	1,785	—	500	—
Comprehensive income					
Net profit (Note 2)	(1,558)	128	1,476	(4,791)	5,956
Other comprehensive income (Note 3)	5	—	—	65	—
Settlements	—	(1,646)	332	—	(26)
Currency translation differences	—	314	—	—	—
Others (Note 4)	—	—	—	—	—
Transferred from Level 3 (Note 5)	—	—	—	—	—
Balance as at March 31, 2022	53,369	21,277	3,669	138,493	15,952

Notes:

1. Due to the acquisition of Shinsei Bank, Limited as a subsidiary.
2. 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 and liabilities measured at FVTPL held as at March 31, 2021 and 2022 were ¥18,953 million and ¥74,209 million of gains, respectively.
3. Gains and losses recognized as other comprehensive income (loss) are included in "Financial assets measured at FVTOCI" in the consolidated statement of comprehensive income.
4. Due to changes in the scope of consolidation other than the acquisition of Shinsei Bank, Limited as a subsidiary, etc.
5. 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 loans payable), 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, 2021	As at March 31, 2022
Interest-bearing debt (Bonds and loans payable)	1,394,137	3,364,860
Cash and cash equivalents	(802,702)	(2,499,370)
Net	591,435	865,490
Equity attributable to owners of the Company	562,116	924,603

Pursuant to the Financial Instruments and Exchange Act ("FIEA"), Banking Act, 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. Shinsei Bank, Limited is required to maintain a capital adequacy ratio at the level stipulated by the Banking Act,

and if the capital adequacy ratio falls below 4%, the FSA can issue early corrective measures, including submission of a business improvement plan, a business improvement order, or a business suspension order.

3. 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, currency options and interest rate swaps, index futures and margin trading. The Group enters into foreign currency forward contracts, currency option and

interest rate swap transactions primarily to provide products and services to customers and for hedging purposes, and index futures are short-term transactions mainly for daily trading purposes. The scale and the amount of risk in these transactions are capped.

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 mainly 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 corporate loans, non-recourse real estate loans, project finance, housing loans for individuals, unsecured loans, and other receivables. These assets are exposed to credit risk of accounts and business, 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 currency option 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. The Group enters into interest rate swap contracts to manage its interest rate exposures on borrowings and investment interest, 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, currency option 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, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts

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. Credit risk management practices for financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts are as follows.

Receivables are classified into the following three stages 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.
- If there is no "credit impairment" but "credit risk has increased significantly" since the initial recognition, the lifetime expected



credit losses are recognized as a loss allowance.

- In the case of “credit impairment”, the lifetime expected credit losses are recognized as a loss allowance.

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. The Company determines a “significant increase in credit risk” when the credit risk deteriorates from a “low credit risk” condition or when the credit risk was not low at initial recognition but the credit rating has declined or a certain amount of time has passed since the due date. For instance, such financial instruments include those whose credit rating has been downgraded from investment grade to non-investment grade, or for which a certain delinquency period 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. Evidence that a financial asset is “Credit-impaired” includes:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties
- Meeting the criteria for classification as delinquent by the regulatory authorities of various countries

Default includes the case where the delinquency period is 90 days or more as of the reporting date, the case where the terms and conditions are revised to give certain concessions to the debtor, the case where the possibility of business failure is recognized as significant, the case where legal or formal business failure has occurred, and the case where substantial business failure has occurred although legal or formal business failure has not occurred.

Based on these assumptions, expected credit losses are measured as unbiased, probability-weighted expected loss amounts, reflecting the time value of money, based on available, reasonable and supportable information about past events, current conditions and projected future economic conditions.

Specifically, after grouping based on common credit risk characteristics such as instrument type, credit rating, and collateral value, expected credit losses are measured for each grouping unit using the probability of default (PD), loss given default (LGD), and exposure at default (EAD) as inputs for financial assets in each of the aforementioned stages in the future 12 months or for a lifetime period. The expected credit losses on certain significant financial assets are measured separately using the discounted cash flow (DCF) method, and credit-impaired financial assets are measured and applied with a separate loss ratio.

In measuring expected credit losses, as future forecast considerations, the Group estimates future default probabilities using a PD model based on correlations with macroeconomic indicators such as real GDP and the unemployment rate and multiple economic forecast scenarios (base, upside, and downside), and reflects these probability-weighted estimates in expected credit losses.

If the Company does not have a reasonable expectation of recovering a given financial asset, the gross carrying amount of the financial asset is written off directly. Such financial assets include claims on debtors who are legally or formally insolvent and claims on debtors who are not legally or formally insolvent but are substantially insolvent. 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		Trade receivables	
		Not credit-impaired	Credit-impaired		
As at April 1, 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
New financial assets originated or purchased	121,474	—	—	7	121,481
Derecognition of financial assets	(29,280)	(5,060)	(11,266)	—	(45,606)
Transfer					
Transfer to lifetime expected credit losses	(14,118)	25,199	(345)	—	10,736
Transfer to credit - impaired financial assets	(2,279)	(1,244)	25,087	—	21,564
Transfer to 12-month expected credit losses	665	(1,722)	(57)	—	(1,114)
Write-offs	(903)	(264)	(2,756)	—	(3,923)
Changes in model/risk variables	(38,930)	(4,683)	614	(2)	(43,001)
Foreign currency translation adjustment on foreign operations	1,509	714	825	—	3,048
As at March 31, 2022	70,853	20,833	38,715	11	130,412

The primary changes in loss allowance for the year ended March 31, 2021 relate to the increase in loss allowance as a result of the increase in normal receivables. The primary increase in the “12-month expected credit losses” under “New financial assets originated or purchased” for the year ended March 31, 2022 is due to an increase in the gross carrying amount from business combinations during the year.

The total amount of undiscounted expected credit losses at initial recognition on purchased or originated credit-impaired financial assets as at March 31, 2022 is ¥151 million.

The amount of loss allowance for loan commitments with an unused portion amounted to ¥558 million and ¥1,166 million as at March 31, 2021 and 2022, respectively. The loss allowance on financial guarantee contracts as at March 31, 2022 was ¥3,500 million.

Financial assets that have been written off during the years ended March 31, 2021 and 2022, and are still subject to enforcement activities amounted to ¥2,181 million and ¥8,821 million, respectively.

**(c) Credit risk exposure**

The loans in the banking business included in “Trade and other accounts receivable” by industry are as follows:

(Millions of Yen)

	As at March 31, 2022
Manufacturing	265,378
Agriculture and forestry	1,413
Fishery	374
Mining, quarrying of stone, gravel extraction	435
Construction	49,911
Electricity, gas, heating, water	400,014
Information and communication	60,619
Transportation, postal services	187,443
Wholesale and retail trade	223,671
Finance and insurance	637,472
Real estate	772,125
Services	469,741
Japanese local governments, government-affiliated organizations, and local public corporations, etc.	52,389
Individuals	4,955,762
Total	8,076,747

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

(Millions of Yen)

As at March 31, 2021	12-month expected credit losses	Lifetime expected credit losses			Total
		Significantly increased credit risk		Trade receivables	
		Not credit-impaired	Credit-impaired		
Cash and cash equivalents	802,702	—	—	—	802,702
Trade and other accounts receivable					
Credit to Individual (Note 3)					
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) (Note 3)					
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 (external rating)					
BBB or above	39,588	—	—	—	39,588
Less than BBB	302	—	—	—	302
Total	39,890	—	—	—	39,890

(Millions of Yen)

As at March 31, 2022	12-month expected credit losses	Lifetime expected credit losses			Financial instruments to which impairment requirements do not apply	Total
		Significantly increased credit risk		Trade receivables		
		Not credit-impaired	Credit-impaired			
Cash and cash equivalents	2,499,370	—	—	—	—	2,499,370
Trade and other accounts receivable						
Banking (domestic) (Note 1)						
Normal Obligors						
Credit to Corporate	3,122,180	8,165	36	—	346,271	3,476,652
Credit to Individual	5,167	—	—	—	—	5,167
Others (Note 2)	2,638,788	27,933	2	—	—	2,666,723
Need Caution Obligors						
Credit to Corporate	54,705	14,408	—	—	43,541	112,654
Credit to Individual	—	—	—	—	—	—
Others (Note 2)	3,396	12,184	—	—	—	15,580
Credit-impaired Obligors						
Credit to Corporate	5,258	831	26,934	—	—	33,023
Credit to Individual	—	—	—	—	—	—
Others (Note 2)	1,528	450	104,253	—	—	106,231
Others (no obligor classification)	296,125	—	—	—	124,731	420,856
Banking (overseas)						
Credit to Individual (Note 3)						
Group A	87,119	113	415	—	—	87,647
Group B	392,712	29,230	2,686	—	—	424,628
Group C or less	46,759	59,683	21,241	—	—	127,683
Credit to Corporate (external rating) (Note 3)						
Group A	136,637	—	564	—	—	137,201
Group B	105,491	8,233	1,243	—	—	114,967
Group C or less	138	—	—	—	—	138
Credit to Corporate						
No overdue information	299,691	35,350	8,217	—	—	343,258
One or more delinquents	—	581	2,323	—	—	2,904
Others (no obligor classification)	—	1,435	—	—	—	1,435
Others	426,275	1,499	13,822	11,657	—	453,253
Loss allowance	(70,800)	(20,677)	(38,924)	(11)	—	(130,412)
Total	7,551,169	179,418	142,812	11,646	514,543	8,399,588
Assets related to securities business	3,746,937	—	759	—	159,621	3,907,317
Other financial assets	268,516	—	—	—	203,091	471,607
Other investment securities (external rating)						
BBB or above	334,569	—	—	—	—	334,569
Less than BBB	60	—	—	—	—	60
Unrated	263,466	—	—	—	478,685	742,151
Total	598,095	—	—	—	478,685	1,076,780

## Notes:

1. The categories of Normal Obligors, Need Caution Obligors, and Credit-impaired Obligors in the banking business (domestic) are as follows:

- Normal Obligors: Debtors whose business conditions are favorable and whose financial conditions are deemed to have no particular problems
- Need Caution Obligors: Debtors requiring attention for credit control due to problems with lending conditions such as interest rate reductions and shelving, problems with repayment performance such as virtually overdue principal repayment or interest payment, problems with poor or unstable business conditions, or problems with finances
- Credit-impaired Obligors: Described in "8. Financial Risk Management (4) Credit risk Management (a) Credit risk management practices".

2. For certain financial assets for individuals, only past due information is used to assess whether credit risk has increased significantly since initial recognition. The past due status of the financial assets is as follows:

	Within 30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total past due claims	Not past due	Total
Residential mortgages	9,521	499	196	1,327	11,543	1,101,416	1,112,959
Qualified revolving	32,066	5,234	4,302	18,514	60,116	487,561	547,677
Others	50,666	4,248	1,128	18,877	74,919	1,052,979	1,127,898

3. Credit to Individual and Credit to Corporate in the banking business (overseas) 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 ¥15,287 million and ¥35,767 million by underlying collateral held as a security and other credit enhancements as at March 31, 2021 and 2022, respectively.

The Group also receives pledged financial assets under repurchase agreements, securities lending agreements, and derivative transaction agreements. Collateral assets pledged as at March 31, 2022 totaled ¥849,512 million. These collateral assets have been sold, loaned or re-secured, and the Group is obligated to return these collateral assets.

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

(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

(Millions of Yen)

As at March 31, 2022	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-impaired	
Undrawn loan commitments				
Banking business (domestic)	1,793,254	2,849	12	1,796,114
Banking business (overseas)	94,355	4,470	—	98,825
Others	29,912	7	19	29,938

The amount of its maximum exposure to credit risk for financial guarantee contracts 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	
Financial guarantee contracts	754,660	2,579	466	757,705

## (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, 2021 and 2022 increased by 10%, profit before income tax expense in the consolidated statement of income would have increased by ¥18,726 million and ¥14,212 million, respectively.

### (b) Foreign Exchange Risk

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

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
USD	(149,111)	(923,336)

### Foreign Currency Sensitivity Analysis

With all other variables held constant, the impact of a 1% appreciation of the USD against the functional currency on profit before income tax expense in the consolidated statement of income for the years ended March 31, 2021 and 2022 for monetary financial instruments denominated in foreign currencies held by the Group is as follows.

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
Profit before income tax expense	(1,491)	(9,233)



### (c) Interest Rate Risk

The Group is exposed to various interest rate fluctuation risks in its business operations. Interest rate fluctuation, except for those that are hedged by hedging transactions, affects financial income arising from financial assets, which primarily consist of bank balances, money in trust held by subsidiaries in the financial services 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 of financial instruments held by the Group as at March 31, 2021 and 2022 had been 100 basis points higher, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2021 and 2022 would have increased by ¥1,240 million and ¥1,599 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, 2021 and 2022.

### (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, 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	—

(Millions of Yen)

As at March 31, 2022	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	3,364,860	3,424,229	1,733,292	465,661	567,223	228,745	142,718	286,590
Trade and other accounts payable	487,846	488,543	413,914	28,871	6,331	4,062	2,280	33,085
Liabilities related to securities business	3,676,332	3,676,340	3,676,340	—	—	—	—	—
Customer deposits for banking business	7,673,324	7,712,196	6,531,250	458,021	389,554	157,837	61,211	114,323

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, 2021	As at March 31, 2022
Lines of credit	482,697	641,093
Used balance	133,727	228,183
Unused portion	348,970	412,910

## 9. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2021 and 2022, consisted of the following:

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
Trade accounts receivable and installment receivables	6,200	961,606
Loans receivable	1,041,255	7,036,939
Operational receivables	56,238	127,552
Finance lease receivables	—	166,142
Deposits	77,744	81,266
Others	2,459	26,083
Total	1,183,896	8,399,588

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2021 and 2022, consisted of the following:

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
No later than 1 year	325,531	1,788,530
Later than 1 year	858,365	6,611,058
Total	1,183,896	8,399,588

## 10. Other Assets Related to Securities Business

Other assets related to securities business as at March 31, 2021 and 2022, consisted of the following:

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
Trade date accrual	293,872	283,721
Trading products	141,204	159,621
Short-term guarantee deposits	102,728	100,837
Loans receivable secured by securities	92,428	70,802
Others	1,073	986
Total	631,305	615,967

## 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, 2021 and 2022 consisted of the following:

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
Operational investment securities		
Financial assets measured at FVTPL	528,154	607,802
Total	528,154	607,802
Other investment securities		
Financial assets measured at FVTPL	168,887	449,213
Equity instruments measured at FVTOCI	768	29,472
Debt instruments measured at FVTOCI	39,890	358,891
Financial assets measured at amortized cost	—	239,204
Total	209,545	1,076,780

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, 2021	As at March 31, 2022
Fair value	768	29,472

(Millions of Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Dividends income	1	703

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, 2021	As at March 31, 2022
Other investment securities		
Latitude Group Holdings Limited	—	17,220
Mitsui Chemicals, Inc.	—	2,311
Yamazaki Baking Co., Ltd.	—	1,499
Chengdu Kobelco Construction Machinery Financial Leasing Ltd.	—	1,426
TANITA HEALTH LINK, INC.	455	163

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, 2022 were ¥434 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, 2021	For the year ended March 31, 2022
Profit for the year attributable to the Group	2,831	7,688
Other comprehensive income attributable to the Group	963	758
Total comprehensive income attributable to the Group	3,794	8,446

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
Carrying amount	47,271	119,401

Impairment losses of ¥9,594 million were recognized in the Biotechnology, Healthcare and Medical Informatics Business for the year ended March 31, 2022, as the recoverable amount of certain investments in associates was less than the carrying amount, and are included in "Other expenses" in the consolidated statement of income.

### (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, 2021	For the year ended March 31, 2022
Profit for the year attributable to the Group	6,627	(866)
Other comprehensive income attributable to the Group	27	139
Total comprehensive income attributable to the Group	6,654	(727)

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
Carrying amount	56,536	9,740

## 13. Structured Entities

The Group conducts investment partnerships and special purpose entities for investment activities in Japan and overseas. These investment partnerships and special purpose entities raise funds from investors, and provide funding mainly in the form of capital contribution and loans to investees or special purpose entities. These investment partnerships, etc., are structured in a way that voting rights are not the dominant factor in deciding who controls the partnerships. The Group is also involved in activities related to the purpose of the trusts through guarantees of the trusts.

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 special purpose entities were ¥261,713 million and ¥649,503 million as at March 31, 2021 and 2022, respectively. Total liabilities were ¥16,644 million and ¥272,525 million as at March 31, 2021 and 2022, respectively.

### (2) Unconsolidated structured entities

The Group invests in and provides loans to investment partnerships and special purpose entities, 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, 2021	As at March 31, 2022
Trade and other accounts receivable	—	1,092,603
Other financial assets	—	15,253
Operational investment securities	23,252	36,650
Other investment securities	135,722	186,315
Total	158,974	1,330,821

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

## 14. Investment Property

The movement of cost and accumulated depreciation and impairment losses of investment property consisted of the following:

(Millions of Yen)

Cost	For the year ended March 31, 2022
Balance, beginning of year (Note 1)	5,322
Acquisitions	30,157
Balance, end of year	35,479

(Millions of Yen)

Accumulated depreciation and impairment losses	For the year ended March 31, 2022
Balance, beginning of year (Note 1)	(479)
Depreciation	(132)
Balance, end of year	(611)

Note: 1. The amount is included in "Other assets" in the consolidated statement of financial position.

The carrying amount and fair value of investment property were as follows:

(Millions of Yen)

	As at March 31, 2022
Carrying amount	34,868
Fair value	38,000

The fair value as at the end of each reporting period is based on a valuation conducted by independent valuation appraisers with appropriate qualifications, who have had recent experience in local practice for relative categories of assets.

The inputs used for the fair value measurement of investment properties are categorized as Level 3 (unobservable inputs).

Rental income from investment property for the year ended March 31, 2022 was ¥298 million, which was included in "Revenue" in the consolidated statement of income. Directly incurred expenses in relation to the rental income (including repairs and maintenance) were ¥277 million, which were included in "Operating cost" and "Selling, general and administrative expenses".

## 15. 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	Machinery and equipment	Land	Others	Total
Balance as at April 1, 2020	25,421	21,427	1,578	3,946	20,319	72,691
Acquisitions	7,937	7,531	73	1,144	2,358	19,043
Acquisitions through business combinations	910	5	71	103	22,861	23,950
Sales or disposals	(440)	(2,362)	(36)	—	(15,395)	(18,233)
Foreign currency translation adjustment on foreign operations	395	312	7	41	135	890
Others	53	2,666	1	(105)	(2,483)	132
Balance as at March 31, 2021	34,276	29,579	1,694	5,129	27,795	98,473
Acquisitions	3,333	5,093	2,005	1,329	1,631	13,391
Acquisitions through business combinations	34,932	7,158	12,427	3,862	29,329	87,708
Sales or disposals	(1,818)	(1,609)	(1,410)	(57)	(23,020)	(27,914)
Foreign currency translation adjustment on foreign operations	516	360	8	63	102	1,049
Others	649	307	6	(168)	(848)	(54)
Balance as at March 31, 2022	71,888	40,888	14,730	10,158	34,989	172,653

(Millions of Yen)

Accumulated depreciation and impairment losses	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
Balance as at April 1, 2020	(7,369)	(11,240)	(427)	(42)	(1,756)	(20,834)
Sales or disposals	193	1,950	27	—	3,922	6,092
Depreciation	(5,665)	(5,553)	(109)	—	(4,068)	(15,395)
Impairment losses	(4)	(125)	—	—	(3,492)	(3,621)
Foreign currency translation adjustment on foreign operations	(139)	(204)	(6)	—	(76)	(425)
Balance as at March 31, 2021	(12,984)	(15,172)	(515)	(42)	(5,470)	(34,183)
Sales or disposals	842	1,436	317	2	3,138	5,735
Depreciation	(8,170)	(8,658)	(783)	(74)	(1,560)	(19,245)
Impairment losses	(42)	(100)	(326)	—	(265)	(733)
Foreign currency translation adjustment on foreign operations	(236)	(206)	(6)	—	(42)	(490)
Balance as at March 31, 2022	(20,590)	(22,700)	(1,313)	(114)	(4,199)	(48,916)

(Millions of Yen)

Carrying amount	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
Balance as at March 31, 2021	21,292	14,407	1,179	5,087	22,325	64,290
Balance as at March 31, 2022	51,298	18,188	13,417	10,044	30,790	123,737

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 ¥6,816 million and ¥2,105 million for the years ended March 31, 2021 and 2022, respectively.

(Millions of Yen)

Carrying amount of right-of-use assets	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
Balance as at March 31, 2021	13,183	1,329	—	—	424	14,936
Balance as at March 31, 2022	30,217	1,335	10	1,426	253	33,241

(Millions of Yen)

Carrying amount of lessor's operating lease assets	Buildings	Furniture and fixtures	Machinery and equipment	Others	Total
Balance as at March 31, 2021	—	—	—	20,607	20,607
Balance as at March 31, 2022	490	2,016	11,869	28,220	42,595

Impairment losses recognized for the years ended March 31, 2021 and 2022 were ¥3,621 million and ¥733 million, respectively, due to no expectation of initially expected profits and are 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 included in "Others". Impairment losses recognized by segment for the year ended March 31, 2022 were ¥142 million in the Financial Services Business and ¥591 million in the Renewable Energy Business included in "Others".

## 16. 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, 2021 and 2022 were as follows:

(Millions of Yen)

Cost	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 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
Acquisitions	—	25,631	—	959	26,590
Acquisitions through business combinations	6,168	45,779	2,502	3,944	58,393
Sales or disposals	(3,152)	(3,427)	(13,704)	(232)	(20,515)
Foreign currency translation adjustment on foreign operations	5,390	256	1,068	224	6,938
Balance as at March 31, 2022	200,709	147,009	28,032	10,183	385,933



(Millions of Yen)

Accumulated amortization and impairment losses	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 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)
Sales or disposals	2,285	518	13,704	7	16,514
Amortization	—	(11,102)	(1,136)	(593)	(12,831)
Impairment losses	(4,597)	(2,186)	—	(90)	(6,873)
Foreign currency translation adjustment on foreign operations	—	(231)	(398)	(108)	(737)
Balance as at March 31, 2022	(12,493)	(58,396)	(18,486)	(3,472)	(92,847)

(Millions of Yen)

Carrying amount	Goodwill	Software	Customer relationship	Others	Total
Balance as at March 31, 2021	182,122	33,375	7,510	2,600	225,607
Balance as at March 31, 2022	188,216	88,613	9,546	6,711	293,086

The carrying amount of software in the above table as at March 31, 2021 and 2022 includes the carrying amount of right-of-use assets of ¥320 million and ¥186 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 and ¥6,873 million for the years ended March 31, 2021 and 2022, respectively, 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 included in “Others”. Impairment losses recognized by segment for the year ended March 31, 2022 were ¥2,354 million in the Financial Services Business, ¥3,502 million in the Asset Management Business, and ¥1,017 million in the Renewable Energy Business included in “Others”. The impairment losses recognized for the year ended March 31, 2022 were recognized for goodwill and software.

## (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 ¥104,563 million and ¥108,198 million as at March 31, 2021 and 2022, respectively, related to SBI Savings Bank in the Asset Management Business and ¥24,910 million as at March 31, 2021 and 2022, 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 2% as at March 31, 2021 and 2022. The discount rate used for measuring value in use was 7.9% to 20.6% and 7.1% to 9.5% per annum as at March 31, 2021 and 2022, 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.

## 17. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2021 and 2022:

(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
<b>Deferred Tax Assets</b>						
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
<b>Total</b>	<b>14,486</b>	<b>1,937</b>	<b>883</b>	<b>146</b>	<b>—</b>	<b>17,452</b>
<b>Deferred Tax Liabilities</b>						
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
<b>Total</b>	<b>24,244</b>	<b>14,327</b>	<b>(44)</b>	<b>1,374</b>	<b>1,182</b>	<b>41,083</b>

(Millions of Yen)

For the year ended March 31, 2022	As at April 1, 2021	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2022
<b>Deferred Tax Assets</b>						
Impairment on financial assets measured at amortized cost	1,265	592	—	9,703	—	11,560
Lease liability	—	560	—	12,312	—	12,872
Property equipment and intangible assets	1,566	83	—	675	—	2,324
Enterprise tax payable	1,342	(477)	—	106	—	971
Tax loss carryforwards	11,069	(2,692)	137	5,420	—	13,934
Other	2,210	(66)	565	3,805	—	6,514
<b>Total</b>	<b>17,452</b>	<b>(2,000)</b>	<b>702</b>	<b>32,021</b>	<b>—</b>	<b>48,175</b>
<b>Deferred Tax Liabilities</b>						
Financial assets and liabilities measured at FVTPL	33,256	9,011	—	523	—	42,790
Equity instruments measured at FVTOCI	8	(168)	394	168	—	402
Debt instruments measured at FVTOCI	819	(99)	(705)	—	—	15
Investments accounted for using the equity method	2,567	13,611	—	—	—	16,178
Property equipment and intangible assets	2,808	773	73	13,551	—	17,205
Other	1,625	(2,156)	—	11,387	765	11,621
<b>Total</b>	<b>41,083</b>	<b>20,972</b>	<b>(238)</b>	<b>25,629</b>	<b>765</b>	<b>88,211</b>

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. Deductible temporary differences and tax loss carryforwards for which deferred tax assets have not been recognized are as follows:

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
Deductible temporary differences	102,088	461,325
Tax loss carryforwards	212,230	214,198
(of which: the carryforward period over 5 years)	143,764	127,497

The Group recognized deferred tax assets of ¥101 million and ¥125 million as at March 31, 2021 and 2022, respectively, associated with certain subsidiaries that had net losses during the years ended March 31, 2021 and 2022. 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, 2021 and 2022, 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 ¥288,165 million and ¥472,469 million as at March 31, 2021 and 2022, respectively.

## 18. Bonds and Borrowings

### (1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2021 and 2022, consisted of the following:

	(Millions of Yen)		(% )	
	As at March 31, 2021	As at March 31, 2022	Average interest rate (Note 1)	Due (Note 2)
Short-term loans payable	737,038	480,275	0.54	—
Current portion of long-term loans payable	79,804	55,707	1.58	—
Current portion of bonds payable	67,234	456,020	—	—
Long-term loans payable	75,326	156,750	1.07	2023 – 2029
Bonds payable	434,735	1,013,499	—	—
Borrowed money	—	1,202,609	0.21	2022 – 2049
Total	1,394,137	3,364,860		

Notes:

1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2022.

2. The due represents the repayment term of the outstanding balance as at March 31, 2022.

Details of the bonds were as follows:

		(Millions of Yen)		(% )	
Issuer and the name of bond	Date of issuance	As at March 31, 2021	As at March 31, 2022	Interest rate (Note 1)	Due (Note 2)
The Company Japanese yen straight bond (Note 2)	June 2019–July 2021	55,000	99,985	0.58–0.60	June 2021–July 2023
The Company No. 9 Unsecured straight bond	June 2016	15,998	—	—	June 2021
The Company No. 12 Unsecured straight bond	June 2017	16,984	16,998	0.90	June 2022
The Company No. 14 Unsecured straight bond	March 2018	17,972	17,987	0.70	March 2023
The Company No. 15 Unsecured straight bond	December 2018	14,988	—	—	December 2021
The Company No. 16 Unsecured straight bond	December 2018	14,968	14,980	0.69	December 2023
The Company No. 17 Unsecured straight bond	May 2019	24,968	24,998	0.43	May 2022
The Company No. 18 Unsecured straight bond	May 2019	24,938	24,958	0.69	May 2024
The Company No. 19 Unsecured straight bond	December 2019	19,961	19,984	0.45	December 2022
The Company No. 20 Unsecured straight bond	December 2019	24,927	24,947	0.70	December 2024
The Company No. 21 Unsecured straight bond	June 2020	14,962	14,980	0.80	June 2023
The Company No. 22 Unsecured straight bond	June 2020	10,000	10,000	1.00	June 2025
The Company No. 23 Unsecured straight bond	December 2020	24,922	24,951	0.73	December 2023
The Company No. 24 Unsecured straight bond	December 2020	29,888	29,895	0.93	December 2025

Issuer and the name of bond	Date of issuance	(Millions of Yen)		(% )	
		As at March 31, 2021	As at March 31, 2022	Interest rate (Note 1)	Due (Note 2)
The Company No. 25 Unsecured straight bond	July 2021	—	39,895	0.60	July 2024
The Company No. 26 Unsecured straight bond	July 2021	—	39,864	0.80	July 2026
The Company No. 27 Unsecured straight bond	December 2021	—	69,782	0.80	December 2024
The Company No. 28 Unsecured straight bond	December 2021	—	49,813	1.00	December 2026
The Company Euroyen convertible bonds (Note 3)	September 2018– July 2020	116,020	117,111	—	September 2023– July 2025
SBI SECURITIES Co., Ltd. Exchangeable bond (Note 2)	December 2016– March 2022	65,772	95,866	0.17–0.96	April 2021– March 2032
SBI SECURITIES Co., Ltd. Japanese yen straight bond (Note 2)	September 2020– October 2020	5,992	—	—	September 2021– October 2021
SBI SECURITIES Co., Ltd. No.1 Security token restricted unsecured bond	April 2021	—	100	0.35	April 2022
SBI SECURITIES Co., Ltd. Short-term corporate bond (Note 4)	December 2021– March 2022	—	137,993	0.02–0.07	April 2022– December 2022
Shinsei Bank, Limited Japanese yen straight bond (Note 5)	July 2018– March 2021	—	170,000	0.15–0.36	October 2022– July 2025
APLUS Co., Ltd. Short-term corporate bond (Note 4)	November 2020– March 2022	—	107,700	0.02–0.15	April 2022– July 2022
APLUS Co., Ltd. Japanese yen unsecured straight bond (Notes 6, 7)	October 2018– December 2019	—	20,000	0.25–0.29	October 2023– December 2024
Showa Leasing Co., Ltd. Short-term corporate bond (Note 4)	November 2020– March 2022	—	81,500	0.00–0.11	April 2022– July 2022
Showa Leasing Co., Ltd. Japanese yen unsecured straight bond (Note 8)	July 2018– December 2019	—	20,000	0.25–0.30	July 2023– December 2024
UDC Finance Limited Foreign currency secured bonds (Note 9)	September 2020– December 2021	—	170,104	1.55–2.20	March 2024– August 2028
Other bonds	September 2019– December 2022	3,709	25,128	0.11–3.30	September 2022– August 2028
Total		501,969	1,469,519		

Notes:

- 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.
- The aggregate amount issued based on euro medium term note program is stated above.
- 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.
- The aggregate amount of short-term corporate bonds is stated above.
- The aggregate amount of the 5th to 13th series of unsecured bonds (with inter-bond pari passu clause) is stated above.
- APLUS FINANCIAL Co., Ltd. was merged into APLUS Co., Ltd., and the balance was transferred to APLUS Co., Ltd.
- The aggregate amount of the 5th and 6th series of unsecured bonds (with inter-bond pari passu clause) is stated above.
- The aggregate amount of the 3rd and 4th series of unsecured straight bonds is stated above.
- The bonds are raised in the bond market through the securitization of trade receivables through UDC Endeavour Equipment Finance Trust, UDC Endeavour Auto Finance Trust and UDC Endeavour Auto ABS Finance Trust 2021-1.

## (2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

	(Millions of Yen)	
	As at March 31, 2021	As at March 31, 2022
Cash and cash equivalents	24	9,366
Trade and other accounts receivable	10,678	1,055,714
Other investment securities	—	281,443
(of which: financial instruments pledged as collateral) (Note 1)	—	247,299
Investment properties	—	30,123
Property and equipment	20,180	3,219
Other assets	—	43,366
Total	30,882	1,423,231

Note: 1. Collateral that the transferees are permitted to sell or repledge.

The corresponding liabilities were as follows:

	(Millions of Yen)	
	As at March 31, 2021	As at March 31, 2022
Bonds and borrowings	22,180	856,097
Customer deposits for banking business	—	1,218
Other financial liabilities	—	247,098
Other liabilities	—	13
Total	22,180	1,104,426

Besides the above, securities received as collateral for financing from broker's own capital of ¥15,709 million and ¥27,241 million were pledged as collateral for borrowings on margin transactions as at March 31, 2021 and 2022, respectively.

## 19. Trade and Other Payables

The components of trade and other payables were as follows:

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
Accounts payable and notes payable	894	33,555
Accounts payable-other	80,166	177,931
Advances received and guarantee deposit received	91,827	224,100
Lease liability	16,842	52,260
Total	189,729	487,846

## 20. 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, 2021	As at March 31, 2022
Trade date accrual	355,378	375,090
Trading products	52,218	71,523
Deposits for subscription	2,674	2,938
Total	410,270	449,551

## 21. 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, 2021 and 2022, consisted of the following:

(Millions of Yen)

	As at March 31, 2021	As at March 31, 2022
Claims reserves	25,057	29,510
Policy reserves	125,066	125,706
Total	150,123	155,216

The movements in insurance contract liabilities for the years ended March 31, 2021 and 2022 were as follows:

(Millions of Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Balance, beginning of year	141,898	150,123
Life insurance business		
Expected cash flows from policy reserves	(9,679)	(11,242)
Interest incurred	385	495
Adjustments	10,356	9,858
Non-life insurance business		
Insurance premiums	46,107	48,832
Unearned premium	(42,410)	(48,933)
Others	3,466	6,083
Balance, end of year	150,123	155,216

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	155,216	57,448	29,071	15,742	52,955



### (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) Comparison between actual claims and previous estimates (i.e., claims development)

The claims development of the casualty insurance business is as follows:

(Millions of Yen)

	Accident year				
	2017	2018	2019	2020	2021
Cumulative payments and claim reserves					
At end of accident year	22,682	25,776	27,269	26,015	30,192
1 year later	23,525	26,431	27,488	25,006	—
2 year later	24,165	27,022	28,043	—	—
3 year later	24,790	27,284	—	—	—
4 year later	24,966	—	—	—	—
Estimate of cumulative claims	24,966	27,284	28,043	25,006	30,192
Less: Cumulative payments to date	23,923	25,824	25,317	20,052	16,222
Claim reserves (gross)	1,042	1,459	2,725	4,953	13,969

## 22. Lease

### (1) Lease as lessee

The Group lease office buildings, stores, and 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, 2022 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, 2021	For the year ended March 31, 2022
Depreciation charge for right-of-use assets		
Buildings	4,945	6,662
Furniture and fixtures	521	529
Machinery and equipment	—	9
Land	—	74
Software	270	144
Others	192	160
Total	5,928	7,578
Interest expense on lease liabilities	302	355
Expense relating to short-term lease and lease of low-value assets	2,169	4,085
Total cash outflow for leases	7,660	12,445

### (2) Lease as lessor

The Group lease mainly buildings, land, machinery and equipment, and computerized office equipment.

The maturity analysis of lease receivables is as follows:

(Millions of Yen)

	As at March 31, 2022	
	Undiscounted lease income	Net investment in the lease
No later than 1 year	48,653	45,851
1 to 2 years	38,961	36,324
2 to 3 years	30,003	28,019
3 to 4 years	22,862	21,187
4 to 5 years	13,780	12,567
Over 5 years	27,970	22,194
Total	182,229	166,142
Unearned financial income	(21,230)	
Discounted unguaranteed residual value	5,143	
Net investment in the lease	166,142	

Financial income on net investment in the lease amounted to ¥2,155 million for the year ended March 31, 2022.

The maturity analysis of lease income related to operating leases is as follows:

	(Millions of Yen)
	As at March 31, 2022
No later than 1 year	7,924
1 to 2 years	5,568
2 to 3 years	4,365
3 to 4 years	3,484
4 to 5 years	2,565
Over 5 years	7,671
Total	31,577

Lease income from operating lease contracts amounted to ¥3,481 million for the year ended March 31, 2022.

The Group enters into finance leases and operating leases with a residual value at the end of the lease term for properties that are expected to have good second-hand value. These transactions are subject to the risk that the sales price of the leased property returned at the end of the lease term will be less than the residual value set at the beginning of the lease term. The Company regularly monitors this risk and measures the amount of risk, and also strives to minimize the risk by accumulating resale know-how in the second-hand market.

### 23. Employee Benefits

The Company and certain of its subsidiaries have defined contribution plans for employee benefits. Pension costs related to the defined contribution plans recognized for the year ended March 31, 2022 were not material.

Certain subsidiaries have funded and unfunded defined benefit plans and lump-sum retirement benefit plans. The benefit amounts under the defined benefit plans are set based on the rate of payment at the time of retirement, years of service, final salary before retirement, and other conditions.

The net changes recognized in the consolidated statement of financial position with respect to the defined benefit plan obligations and plan assets of subsidiaries for the year ended March 31, 2022 consisted of the following:

	(Millions of Yen)
	For the year ended March 31, 2022
Change in present value of defined benefit plan obligations	
Balance as at April 1, 2021	—
Effect of business combinations and disposals	(101,746)
Service cost	(1,073)
Interest cost	(160)
Actuarial gains and losses (Note 1)	2,696
Benefits paid	919
Balance as at March 31, 2022	(99,364)
Change in fair value of plan assets	
Balance as at April 1, 2021	—
Effect of business combinations and disposals	108,621
Interest income	176
Income related to plan assets (excluding interest income)	(2,938)
Employer contributions	701
Benefits from plan assets	(678)
Balance as at March 31, 2022	105,882
Effect of the asset ceiling	(9,607)
Net amount recognized in the consolidated statement of financial position	(3,088)

Note: 1. Actuarial gains and losses on defined benefit plan obligations arise primarily due to changes in financial assumptions.

#### Significant actuarial assumptions used to determine the present value of the defined benefit plan obligations

The assumptions used in measuring the defined benefit plan obligations as at March 31, 2022 were as follows:

	(%)
	As at March 31, 2022
Discount rate	0.56–0.93
Rate of increase in future compensation levels	1.12–6.10

#### Sensitivity to significant actuarial assumptions

A decrease of 0.5% and an increase of 0.5% in the discount rate for the defined benefit plan obligations as at March 31, 2022 would be expected to increase the defined benefit plan obligations by ¥6,818 million and decrease them by ¥7,749 million, respectively. This analysis assumes that all other variables remain constant, but in reality only the discount rate may not vary independently.

The fair values of the main categories of plan assets as at March 31, 2022 are as follows:

	(Millions of Yen)
	For the year ended March 31, 2022
Plan assets that have a quoted market price in an active market	
Cash and cash equivalents	5,474
Japanese equity securities	10,831
Global equity securities	5,662
Japanese debt	10,874
Global debt	2,796
Total	35,637
Plan assets that do not have a quoted market price in an active market	
Japanese equity securities	11,793
Global equity securities	12,413
Japanese debt	15,494
Global debt	10,052
Insurance assets (general account)	17,082
Other assets (*1)	3,411
Total	70,245

Note: 1. Other assets include mainly alternative investment products.

The Group expects to contribute ¥2,920 million to its defined contribution plan in the next fiscal year.

The main investment policy of the defined benefit pension plans of certain subsidiaries is to secure the required comprehensive return on plan assets over the long term under an acceptable level of risk in order to ensure the future provision of benefits to participants and beneficiaries and at the same time to stabilize the contribution burden. To this end, the investment policy is based on the policy asset mix, which is the optimal combination for the future, and the allowable range of deviation based on ALM analysis, etc. The plan aims to maintain a diversified asset allocation among stocks, bonds, alternative products, etc. based on the policy asset mix. In addition, in order to manage the risk of the plan's asset management, when the asset mix temporarily deviates from the policy asset mix due to fluctuations in market values, etc., the plan will rebalance the asset mix.

The weighted average duration of the defined benefit plan obligations as at March 31, 2022 was 14.4 years.

## 24. Capital Stock and Other Equity Items

### (1) Capital stock and treasury stock

The number of authorized shares as at March 31, 2021 and 2022 was 341,690,000 shares.

The Company's issued shares were as follows:

	(Shares)	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Number of issued shares (common shares with no par value)		
As at the beginning of the year	236,556,393	244,639,390
Increase during the year (Notes 1, 2)	8,082,997	581,500
As at the end of the year	244,639,390	245,220,890

Notes: 1. The increase during the year ended March 31, 2021 consisted of the exercise of the conversion rights for convertible bonds totaling 4,933,197 shares and the exercise of the stock acquisition rights totaling 3,149,800 shares.

2. The increase during the year ended March 31, 2022 consisted of the issuance of new shares totaling 137,800 shares and the exercise of the stock acquisition rights totaling 443,700 shares.

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

	(Shares)	
	For the year ended March 31, 2021	For the year ended March 31, 2022
Number of treasury stock		
As at the beginning of the year	5,730,038	15,084
Increase during the year (Notes 1, 3)	14,691	8,012
Decrease during the year (Notes 2, 4)	(5,729,645)	(610)
As at the end of the year	15,084	22,486

Notes: 1. The increase of 14,691 shares related to the purchase of shares from shareholders with less than one unit of shares.

2. 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.

3. The increase of 8,012 shares related to the purchase of shares from shareholders with less than one unit of shares.

4. The decrease of 610 shares related to the sale of shares to shareholders with less than one unit of shares.

### (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					Total
	Currency translation differences	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Changes in own credit risk on financial liabilities	Remeasurement of defined benefit plans	
Balance as at April 1, 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
Change for the year	26,483	(192)	(2,648)	113	(530)	23,226
Transfer to retained earnings	—	912	—	—	530	1,442
Balance as at March 31, 2022	44,392	(59)	(1,581)	113	—	42,865

## 25. Dividends

Dividends paid were as follows:

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

Year ended March 31, 2022	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
Board of Directors' Meeting on October 28, 2021	Common shares	7,346	30	September 30, 2021	December 13, 2021

Dividends for which the declared date fell in the year ended March 31, 2022, and for which the effective date will be in the year ending March 31, 2023, are as follows:

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on June 29, 2022	Common shares	29,424	120	March 31, 2022	June 30, 2022

## 26. 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.

Share-based compensation expense recognized during the years ended March 31, 2021 and 2022 amounted to ¥605 million and ¥692 million, respectively, and is included in "Selling, general and administrative expenses".

### (1) 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 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:

	(Shares)	(Yen)	(Shares)	(Yen)
	For the year ended March 31, 2021		For the year ended March 31, 2022	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	5,457,900	1,563	8,964,600	2,142
Granted	7,096,400	2,295	—	—
Exercised	(3,589,700)	1,563	(443,700)	1,563
Ending balance	8,964,600	2,142	8,520,900	2,173

Notes: 1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2021 and 2022 were ¥2,658 and ¥2,886, 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 measurement 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, 2022 are as follows:

Name	(Yen)	(Shares)	Exercise period
2017 Second Stock Acquisition Rights	1,563	1,424,500	July 29, 2019– September 30, 2024
2020 First Stock Acquisition Rights (Note 1)	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: 1. The stock options were issued 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.

	(Shares)	(Yen)	(Shares)	(Yen)
	For the year ended March 31, 2021		For the year ended March 31, 2022	
a-1 SBI Biotech Co., Ltd.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
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, 2022 was defined as 30 months after 6 months passed from the IPO date.

2. The remaining stock options as at March 31, 2022 were granted before November 7, 2002; thus, the Group does not apply IFRS 2 "Share-based Payment".

	(Shares)	(Yen)	(Shares)	(Yen)
	For the year ended March 31, 2021		For the year ended March 31, 2022	
a-2 BroadBand Security, Inc.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	116,950	800	93,300	800
Exercised	(22,150)	800	(600)	800
Forfeited	(1,500)	800	(11,000)	800
Ending balance	93,300	800	81,700	800

Notes: 1. Weighted average stock prices of stock options upon exercise for the years ended March 31, 2021 and 2022 were ¥2,511 and ¥1,347, respectively.

2. The average remaining exercise period as at March 31, 2022 was 4.0 years.



	(Shares)	(Yen)	(Shares)	(Yen)
	For the year ended March 31, 2021		For the year ended March 31, 2022	
a-3 SBI FinTech Solutions Co., Ltd.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	608,500	628	608,500	628
Exercised	—	—	(4,500)	628
Ending balance	608,500	628	604,000	628

Notes: 1. Weighted average stock price of stock options upon exercise for the year ended March 31, 2022 was ¥736.

2. The average remaining exercise period as at March 31, 2022 was 1.5 years.

	(Shares)	(Yen)	(Shares)	(Yen)
	For the year ended March 31, 2021		For the year ended March 31, 2022	
a-4 SBI Insurance Group Co., Ltd.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
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

Note: The average remaining exercise period as at March 31, 2022 was 1.2 years.

	(Shares)	(Yen)	(Shares)	(Yen)
	For the year ended March 31, 2021		For the year ended March 31, 2022	
a-5 Rheos Capital Works Inc.	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Beginning balance	—	—	544,000	33
Granted	—	—	342,000	1,365
Forfeited	—	—	(2,000)	1,365
Change in scope of consolidation	544,000	33	—	—
Ending balance	544,000	33	884,000	545

Notes: 1. The stock options did not vest as at March 31, 2022.

2. The average remaining exercise period as at March 31, 2022 was 5.9 years.

3. The fair value of stock options granted during the year ended March 31, 2022 was ¥45,081 (the number of shares to be issued per option is 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 : ¥1,365	Estimated remaining exercise period : 5.6 years
Exercise price : ¥1,365	Dividend yield : 0.00%
Estimated volatility : 34.9%	Risk free rate : 0.06%

	(Shares)	(Yen)
	For the year ended March 31, 2022	
a-6 SBI Leasing Services Co., Ltd.	Number of shares	Weighted average exercise price
Beginning balance	—	—
Granted	1,698	450,000
Ending balance	1,698	450,000

Notes: 1. The average remaining exercise period as at March 31, 2022 was 6.3 years

2. Stock options granted during the year ended March 31, 2022 were 797 shares for the First Stock Acquisition Rights, 370 shares for the Second Stock Acquisition Rights and 531 shares for the Third Stock Acquisition Rights.

The stock options for the First Stock Acquisition Rights were issued upon receipt of cash for the price equivalent to their fair value, which was ¥22,000 (The number of shares to be issued per stock acquisition right: 1 share). 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 : ¥450,000	Estimated remaining exercise period : 6.4 years
Exercise price : ¥450,000	Dividend yield : 0.0%
Estimated volatility : 54.8%	Risk free rate : (0.11)%

The fair value of stock options for the Second Stock Acquisition Rights and the Third Stock Acquisition Rights was ¥229,870 (The number of shares to be issued per stock acquisition right: 1 share). 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 : ¥450,000	Estimated remaining exercise period : 6.4 years
Exercise price : ¥450,000	Dividend yield : 0.0%
Estimated volatility : 54.6%	Risk free rate : 0.01%

3. The First Stock Acquisition Rights and the Second Stock Acquisition Rights are subject to the vesting condition that the total amount of ordinary income of the subsidiary as shown in the consolidated statement of income for the years ended March 31, 2023 and 2024 exceeds ¥7 billion.

## (2) Restricted share-based payment

The Company's restricted share-based payment plan grants monetary compensation claims to directors (the "eligible directors"), excluding outside directors, and allocates restricted shares to the eligible directors by having the eligible directors pay all of the monetary compensation claims by contribution in kind. During the restricted period (from the payment date to February 28, 2025) stipulated in the Restricted Share Allotment Agreement executed between the Company and the eligible directors, the eligible directors may not transfer, pledge as collateral, or otherwise dispose of the restricted shares.

The restricted shares allocated during the period were as follows:

	For the year ended March 31, 2022
Payment date	February 15, 2022
Type and number of shares to be issued	137,800 shares of common stock
Issue price	¥2,830

Note: 1. The issue price is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution regarding the allotment of restricted shares.

## 27. Revenue

Revenue for the years ended March 31, 2021 and 2022 consisted of the following:

	For the year ended March 31, 2021	For the year ended March 31, 2022
Revenue		
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (Note 1)	142,628	208,079
Income arising from debt instruments measured at FVTOCI (Note 2)	736	1,340
Income arising from financial assets measured at FVTPL	133,532	173,744
Income arising from financial liabilities designated at FVTPL	—	5,475
Others	576	8,331
Total financial income	277,472	396,969
Revenue arising on insurance contracts	96,301	112,630
Revenue from contracts with customers		
Revenue from rendering of services	105,431	130,403
Revenue from sales of goods	14,898	37,939
Others	47,043	85,677
Total revenue	541,145	763,618

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

2. Interest income arising from bonds in the banking and insurance businesses.

## (1) Disaggregation of revenue

Revenue from contracts with customers for the years ended March 31, 2021 and 2022 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.

	Financial Services Business	Asset Management Business	Biotechnology, Healthcare and Medical Informatics Business	Total	Others	Elimination or Corporate	Consolidated Total
For the year ended March 31, 2021							
Revenue from contracts with customers							
Revenue from rendering of services	93,482	12,615	111	106,208	3,297	(4,074)	105,431
Revenue from sales of goods	2,127	9,506	3,545	15,178	274	(554)	14,898
Total	95,609	22,121	3,656	121,386	3,571	(4,628)	120,329

(Millions of Yen)

For the year ended March 31, 2022	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	114,400	15,679	783	130,862	2,683	(3,142)	130,403
Revenue from sales of goods	1,076	26,835	6,782	34,693	3,621	(375)	37,939
Total	115,476	42,514	7,565	165,555	6,304	(3,517)	168,342

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

(Millions of Yen)

	Balance as at April 1, 2021	Balance as at March 31, 2022
Trade receivables from contract with customers	8,770	10,385
Contract liabilities	16,543	5,876

Contract liabilities consist primarily of advances received from construction contracts and the balance of point programs offered by the Group for which the performance obligation has not been satisfied as of the end of the period.

Of the revenues recognized during the years ended March 31, 2021 and 2022, ¥1,673 million and ¥1,353 million were included in the balance of contract liabilities as at April 1, 2020 and 2021, respectively. The decrease in contract liabilities from the beginning of the current period to the end of the current period mainly resulted from the cancellation of construction contracts.

**28. Expense**

Expense for the years ended March 31, 2021 and 2022 consisted of the following:

**(1) Financial cost associated with financial income**

(Millions of Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Financial cost associated with financial income		
Interest expense		
Financial liabilities measured at amortized cost	(26,773)	(33,603)
Total financial cost associated with financial income	(26,773)	(33,603)

**(2) Operating cost**

(Millions of Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Payroll	(13,982)	(15,763)
Outsourcing fees	(12,271)	(48,092)
Depreciation and amortization	(5,231)	(9,528)
Cost arising on insurance contracts	(75,814)	(82,540)
Others	(35,221)	(65,899)
Total operating cost	(142,519)	(221,822)

**(3) Selling, general and administrative expenses**

(Millions of Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Payroll	(43,113)	(70,335)
Outsourcing fees	(41,071)	(47,351)
Depreciation and amortization	(18,621)	(22,585)
Research and development	(4,158)	(2,187)
Others	(56,363)	(87,376)
Total selling, general and administrative expenses	(163,326)	(229,834)

**(4) Other financial cost**

(Millions of Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Other financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(5,803)	(8,555)
Total other financial cost	(5,803)	(8,555)

**(5) Other expenses**

(Millions of Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Impairment loss	(8,812)	(17,510)
Foreign exchange loss	—	(2,999)
Others (Note)	(21,843)	(7,751)
Total other expenses	(30,655)	(28,260)

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.

## 29. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2021 and 2022 were as follows:

(Millions of Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Income tax expense		
Current	(30,478)	(34,028)
Deferred	(12,390)	(22,972)
Total income tax expense	(42,868)	(57,000)

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, 2021 and 2022 is as follows:

(%)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Normal effective statutory tax rate	30.6	30.6
Permanent differences such as meals and entertainment	1.0	0.6
Tax effect on minority interests of investments in fund	(2.9)	(1.1)
Temporary differences arising from consolidation of investments	0.0	(23.3)
Change in unrecognized deferred tax assets	1.9	8.0
Other	(0.1)	(1.0)
Average effective tax rate	30.5	13.8

## 30. 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, 2021 and 2022 were as follows:

(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

(Millions of Yen)

For the year ended March 31, 2022	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	(99)	—	(99)	(394)	(493)
Changes in own credit risk on financial liabilities	234	—	234	—	234
Remeasurement of defined benefit plans	(1,656)	—	(1,656)	565	(1,091)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	130	—	130	—	130
	(1,391)	—	(1,391)	171	(1,220)
Items that may be reclassified subsequently to profit or loss					
Debt instruments measured at FVTOCI	(4,785)	(612)	(5,397)	705	(4,692)
Currency translation differences	31,540	(1,299)	30,241	—	30,241
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	767	0	767	—	767
	27,522	(1,911)	25,611	705	26,316
Total	26,131	(1,911)	24,220	876	25,096

### 31. 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)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Earnings</b>		
Profit attributable to owners of the Company	81,098	366,854
Dilutive effect Convertible bonds	664	757
Profit attributable to owners of the Company after dilutive effect	81,762	367,611
<b>Shares</b>		
Basic weighted average number of ordinary shares (shares)	238,676,048	244,805,985
Dilutive effect: Stock options (shares)	2,244,040	2,256,409
Dilutive effect: Convertible bonds (shares)	34,445,617	38,816,665
Weighted average number of ordinary shares after the dilutive effect (shares)	275,365,705	285,879,059
<b>Earnings per share attributable to owners of the Company</b>		
Basic (in Yen)	339.78	1,498.55
Diluted (in Yen)	296.92	1,285.90

### 32. Cash Flow Information

Supplemental disclosure of consolidated statement of cash flow information for the years ended March 31, 2021 and 2022 was as follows:

#### (1) Expenditures on acquisition of subsidiaries

Total consideration paid for acquisition of subsidiaries were ¥23,158 million and ¥123,951 million for the years ended March 31, 2021 and 2022, respectively. The consideration paid for the year ended March 31, 2021 consisted of cash and cash equivalents and written put options, and the consideration paid for the year ended March 31, 2022 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, 2021	For the year ended March 31, 2022
Cash and cash equivalents	15,132	1,858,681
Trade and other receivables	9,852	6,738,260
Assets related to securities business	127,123	1,584
Other financial assets	—	360,281
Other investment securities	—	1,088,447
Intangible assets	4,656	49,667
Other assets	39,025	181,816
<b>Total assets</b>	<b>195,788</b>	<b>10,278,736</b>
Bonds and loans payable	29,957	1,813,416
Trade and other payables	21,606	276,907
Liabilities related to securities business	97,751	1,329
Customer deposits for banking business	—	6,400,553
Other financial liabilities	—	698,315
Other liabilities	33,660	108,974
<b>Total liabilities</b>	<b>182,974</b>	<b>9,299,494</b>

#### (2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥1,604 million and ¥1,699 million for the years ended March 31, 2021 and 2022, respectively. 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	For the year ended March 31, 2022
Cash and cash equivalents	339	981
Trade and other receivables	41	46
Property and equipment	5,402	19,323
Other assets	343	2,056
<b>Total assets</b>	<b>6,125</b>	<b>22,406</b>
Bonds and loans payable	4,013	15,218
Trade and other payables	59	309
Other liabilities	71	718
<b>Total liabilities</b>	<b>4,143</b>	<b>16,245</b>

### (3) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities were as follows:

(Millions of Yen)

	Borrowings	Bond	Total
Balance as at April 1, 2020	742,342	406,708	1,149,050
Cash flow from financing activities	102,791	115,548	218,339
Non-cash changes			
Change in scope of consolidation	45,763	—	45,763
Issuance of convertible bonds	—	(3,973)	(3,973)
Conversion of convertible bonds	—	(16,362)	(16,362)
Interest expense	276	(51)	225
Others	995	100	1,095
Balance as at March 31, 2021	892,167	501,970	1,394,137
Cash flow from operating activities	(28,241)	2,093	(26,148)
Cash flow from financing activities	(187,515)	382,131	194,616
Non-cash changes			
Change in scope of consolidation	1,214,724	579,570	1,794,294
Interest expense	1,188	434	1,622
Foreign currency translation adjustment on foreign operations	1,535	3,321	4,856
Others	1,483	—	1,483
Balance as at March 31, 2022	1,895,341	1,469,519	3,364,860

### 33. Subsidiaries

Major subsidiaries of the Group as at March 31, 2022 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
	SBI Estate Finance Co., Ltd.	Japan	100.0 (100.0)
	Shinsei Bank, Limited	Japan	48.6 (48.6)
	Showa Leasing Co., Ltd.	Japan	100.0 (100.0)
	APLUS Co., Ltd.	Japan	100.0 (100.0)
Asset Management Business	Shinsei Financial Co., Ltd.	Japan	100.0 (100.0)
	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	41.5 (41.5)
	SBI Asset Management Co., Ltd.	Japan	100.0 (100.0)
	SBI Regional Bank Holdings Co., Ltd.	Japan	100.0
	SBI Hong Kong Holdings Co., Ltd.	Hong Kong	100.0
	SBI VEN HOLDINGS PTE. LTD.	Singapore	100.0
Biotechnology, Healthcare and Medical Informatics Business	SBI Savings Bank	Korea	99.5 (99.5)
	SBI ALApharma Co., Limited	Hong Kong	97.0 (97.0)
	SBI Pharmaceuticals Co., Ltd.	Japan	100.0 (100.0)
	SBI ALApromo Co., Ltd.	Japan	100.0 (100.0)
	SBI Biotech Co., Ltd.	Japan	95.7 (1.1)

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



Subsidiaries with material noncontrolling interests are as follows:

Year ended March 31, 2022

		(%)	(Millions of Yen)	(Millions of Yen)
Name	Location	Percentage of voting rights held by non-controlling interests	Net income (loss) allocated to non-controlling interests	Cumulative amount of non-controlling interests
Shinsei Bank, Limited	Japan	51.4	(29,503)	471,528

The following is a condensed financial information of Shinsei Bank, Limited. The following condensed financial information is before elimination of intergroup transactions.

	(Millions of Yen)
	As at March 31, 2022
Total assets	9,967,865
Total liabilities	9,055,154
Total equity	912,711

	(Millions of Yen)
	As at March 31, 2022
Revenue	64,979
Profit for the year	(56,473)
Total comprehensive income	(42,522)
Cash flows from operating activities	(387,421)
Cash flows from investing activities	215,526
Cash flows from financing activities	(9,309)
Net change in cash and cash equivalents	(181,204)

Note: Figures stated are from the acquisition date (December 17, 2021) to the end of the period.

Although the Group does not hold a majority of the voting rights of Shinsei Bank, Limited, it is considered to control Shinsei Bank, Limited. In determining whether the Group controls Shinsei Bank, Limited, it considers the absolute size of its ownership interest in Shinsei Bank, Limited, as well as the relative size and dispersion of shares held by shareholders other than the Group. The Group concluded that it has sufficient and controlling voting power to direct the relevant activities of Shinsei Bank, Limited, and therefore the Group has control over Shinsei Bank, Limited.

## 34. 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	(Millions of Yen) Transaction Amount	(Millions of Yen) Balance
Corporate officer	Yoshitaka Kitao	Representative Director	Issuance of stock options (Note 1)	29	—
			Exercise of stock options (Note 2)	782	—
Corporate officer	Katsuya Kawashima	Representative Director (Note 3)	Issuance of stock options (Note 1)	20	—
			Exercise of stock options (Note 2)	547	—
Corporate officer	Takashi Nakagawa	Representative Director	Issuance of stock options (Note 1)	14	—
			Exercise of stock options (Note 2)	391	—
Corporate officer	Masato Takamura	Representative Director	Issuance of stock options (Note 1)	18	—
			Exercise of stock options (Note 2)	391	—
Corporate officer	Shumpei Morita	Director	Issuance of stock options (Note 1)	11	—
			Exercise of stock options (Note 2)	313	—
Corporate officer	Masayuki Yamada	Director	Exercise of stock options (Note 2)	47	—

Notes:

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.
3. Katsuya Kawashima retired from the position of Representative Director of the Company on February 7, 2022.

Year ended March 31, 2022

Not applicable.

**(2) The remuneration of key management personnel of the Company for the years ended March 31, 2021 and 2022**

(Millions of Yen)

	For the year ended March 31, 2021	For the year ended March 31, 2022
Remuneration and bonuses	848	1,464
Post-employment benefits	3	3
Total	851	1,467

Note: Remuneration and bonuses include ¥390 million in restricted share-based payment.

**35. Events after the Reporting Period**

At the meeting of the board of directors of the Company on June 23, 2022, it was resolved to execute the Basic Agreement on Comprehensive Capital and Business Alliance with Sumitomo Mitsui Financial Group, Inc. ("SMFG"), Sumitomo Mitsui Banking Corporation ("Sumitomo Mitsui Banking"), Sumitomo Mitsui Card Company, Limited ("Sumitomo Mitsui Card"), and SBI SECURITIES Co., Ltd. ("SBI Securities") (the "2022 Basic Agreement"), and it was also resolved to execute share subscription agreement for the issuance of new shares by third-party allotment to SMFG as the planned allottee (the "Third-Party Allotment"), and concluded the 2022 Basic Agreement and share subscription agreement on the same date. The payment for the third-party allotment was completed on July 11, 2022.

**(1) Details of the business alliance**

The Company and SMFG will form a business alliance for digital financial services for individuals based on the 2022 Basic Agreement. The main details can be found in (a) through (c) below.

- (a) SBI Securities to become main entity providing online securities-related services for SMBC Group digital channels
- (b) Positioning of Sumitomo Mitsui Card as a preferred partner in the Group's settlement and card business
- (c) Recognition of V Points within the Group

(Note) V Points are common points managed and operated by Sumitomo Mitsui Card. It is a convenient points program in which points are accumulated by using Sumitomo Mitsui Card cards, and transactions, etc. with Sumitomo Mitsui Banking, and one point can be used as one yen at Visa merchants all around the world.

**(2) Details of capital alliance**

The Company allotted 27,000,000 shares of common stock of the Company (11.01% of the total issued shares of the Company as at March 31, 2022) to SMFG through the Third-Party Allotment.

A summary of the third-party allotment is as follows:

(1) Payment date	July 11, 2022
(2) Number of new shares issued	27,000,000 shares of common stock
(3) Issue price	2,950 yen per share
(4) Amount of funds raised	79,650,000,000 yen
(5) Amount incorporated into capital	1,475 yen per share
(6) Total amount incorporated into capital	39,825,000,000 yen
(7) Method of offering or allotment	By means of third-party allotment.
(8) Allottee	SMFG 27,000,000 shares
(9) Specific use of funds raised	Repayment of bonds and borrowings



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  
[www.deloitte.com/jp/en](http://www.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, 2022, 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, 2022, 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.

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
<p>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.</p> <p>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.</p> <p>As described in Note 11, "Operational Investment Securities and Other Investment Securities" in the notes to the consolidated financial statements, the carrying amount of operational investment securities that are measured at fair value through profit or loss as of March 31, 2022 was ¥607,802 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 arm's-length transaction price.</p> <p>When using the valuation model based on the recent arm's-length transaction price, 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.</p> <p>In using the valuation model based on the recent arm's-length transaction price, if 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.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• To understand the valuation techniques selected by the Group in view of the compliance with applicable accounting standards, we read the Group's valuation policy and performed an inquiry of the official in charge of accounting about the application of the valuation policy.</li> <li>• Regarding the valuation of certain equity securities using the valuation model based on the recent arm's-length transaction price, 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 read documents prepared during the valuation process and the supporting documents.</li> <li>• For the investees, we read 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 arm's-length transaction price, 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 arm's-length transaction price 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.</li> </ul>

Therefore, we determined the valuation of operational investment securities that do not have quoted market prices as a key audit matter.	<ul style="list-style-type: none"> <li>For certain operational investment securities of which the investees were in the specific industry or situation, we used our specialists of corporate valuation to assist us to evaluate the reasonableness of the valuation.</li> </ul>
--	---

Fair value measurement of financial assets (debt instruments) acquired in the purchase of Shinsei Bank, Limited	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As described in Note 4, "Business Combinations" in the notes to the consolidated financial statements, SBI Holdings, Inc. (the "Company") conducted a tender offer for the shares of Shinsei Bank, Limited ("Shinsei Bank"), and as a result of the tender offer, Shinsei Bank became a subsidiary of the Company as of December 17, 2021. The initial measurement of the acquired identifiable assets and liabilities assumed has not been completed, and the assets, liabilities and non-controlling interests arising from the business combination were provisionally measured at ¥10,260,501 million, ¥9,287,596 million and ¥509,916 million, respectively. As a result, a gain on a bargain purchase of ¥263,754 million was recorded, which represented approximately 64% of profit before income tax expense. A majority of trade and other accounts receivable ¥6,737,569 million acquired in the business combination consisted of debt instruments such as loans receivable.</p> <p>Shinsei Bank and its affiliates provide a wide range of financial products and services to customers through their corporate and individual businesses and hold various financial assets (debt instruments) such as loans receivable.</p> <p>As described in Note 6, "Financial Instruments (1) Fair value measurement" in the notes to the consolidated financial statements, the fair values of trade and other accounts receivable are determined based on the future cash inflows of receivables grouped by category discounted using interest rates adjusted for the period to maturity and credit risk. The fair values of these financial assets at the date of purchase are measured contemplating significant unobservable inputs and involve significant management estimates, and the discount rate is the factor that most affects the fair value measurement. The amount of gain on bargain purchase recognized as revenue may change based on the results of fair value measurement of financial assets at acquisition. As the discount rate involves management's subjective judgment and a high degree of estimation uncertainties, the impact on the consolidated financial statements is significant.</p> <p>Therefore, we determined the fair value measurement of financial assets (debt instruments) that the Company acquired in the purchase of Shinsei Bank as a key audit matter.</p>	<p>We understood the relevant accounting policies, business processes and related internal controls and tested the fair value measurement of financial assets (debt instruments) acquired in the purchase of Shinsei Bank. Our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> <li>To understand the valuation techniques selected by the Company in view of the compliance with applicable accounting standards, we performed an inquiry of experts used by the management and the official in charge of accounting about the valuation model and the underlying assumptions and bases for determining the discount rate.</li> <li>We tested the effectiveness of internal controls designed and implemented by the Company to ensure the reasonableness of the determined fair value.</li> <li>To evaluate the reasonableness of the determined fair value, we analyzed the determined results using multiple approaches, including analyses by account and by product.</li> <li>With the assistance of our specialists of valuation of financial instruments, we evaluated the reasonableness of the underlying assumptions and bases for determining the discount rate.</li> <li>We compared the discount rate used by the Company with publicly available data published by industry groups and peer companies and also used our specialists of valuation of financial instruments to assist us in evaluating the reasonableness of the discount rate.</li> <li>We tested the accuracy and completeness of the other underlying data used in the fair value measurement.</li> </ul>

Loss allowance estimate for financial assets and others in the domestic banking business	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As described in Note 4, "Business Combinations" in the notes to the consolidated financial statements, Shinsei Bank became a subsidiary of the Company in the current period. In this connection, as described in Note 8, "Financial Risk Management (4) Credit risk management (c) Credit risk exposure" in the notes to the consolidated financial statements, trade and other accounts receivable held in the domestic banking business increased. The related loss allowance was included in the loss allowance of ¥130,412 million as stated in Note 8, "Financial Risk Management (4) Credit risk management (b) Quantitative and qualitative information regarding amounts arising from expected credit losses" in the notes to the consolidated financial statements.</p> <p>As described in Note 3, "Significant Accounting Policies (3) Financial instruments" in the notes to the consolidated financial statements, if the Group determines that the credit risk of financial assets and others, including financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income, 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 those 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.</p> <p>As described in Note 8, "Financial Risk Management (4) Credit risk management" in the notes to the consolidated financial statements, after grouping based on common credit risk characteristics such as instrument type, credit rating, and collateral value, expected credit losses are measured for each grouping unit using the probability of default ("PD"), loss given default (LGD), and exposure at default (EAD) as inputs in the future 12 months or for a lifetime period. Also, as future forecast considerations, the Group estimates future default probabilities using a PD model based on correlations with macroeconomic indicators such as real GDP and the unemployment rate and multiple economic forecast scenarios (base, upside, and downside), and reflects these probability-weighted estimates in expected credit losses.</p> <p>The estimates of economic forecast scenarios as well as the probability of each scenario occurring incorporate various factors, including management's judgment about recent and future economic conditions, which involves management's subjective judgment and a high degree of estimation uncertainties. As such, expected credit losses may change significantly depending on the outcome of the estimates.</p>	<p>We understood the relevant accounting policies, business processes and related internal controls and tested the reasonableness of loss allowance estimate for financial assets held by Shinsei Bank and its major subsidiaries. Our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> <li>• To understand the measurement method of loss allowance and the inputs used in the measurement in view of the compliance with applicable accounting standards, we read the relevant documents and performed an inquiry of the official in charge of accounting about the application of the accounting standards.</li> <li>• We tested the effectiveness of internal controls designed to determine whether the estimated loss allowance is appropriate, including those designed to determine if the future forecast information used in the measurement of loss allowance is reliable, by performing an inquiry of the official in charge of accounting and reading the relevant documents.</li> <li>• To evaluate the accuracy and completeness of the inputs used in the measurement of loss allowance, with the assistance of our specialists of the valuation of credit risk, we read the relevant documents related to the determination of inputs and also performed a recalculation.</li> <li>• We evaluated the reasonableness of multiple economic forecast scenarios as well as the probability of each scenario occurring, with the assistance of our specialists of the valuation of credit risk, including the comparison with externally available economic forecasts.</li> </ul>



Therefore, we determined the loss allowance estimate for financial assets held by Shinsei Bank and its major subsidiaries as a key audit matter.	
--	--

### Other Information

Management is responsible for the other information. 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 other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### 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.

*Debatte Touche Tohmatsu LLC*

August 2, 2022

## Accounting Policies of the Asset Management Business

Answers to questions we have received from stakeholders regarding the accounting policies of the Asset Management Business.

### 1. Changes Fair Value of Financial Instruments Measured at Fair Value Through Profit or Loss (FVTPL)

Owing to SBI Holdings' adoption of IFRS for its accounting standards, the fair value of financial instruments (operating investment securities and other investment securities), including stocks of portfolio companies that the Asset Management Business holds, are reviewed each quarter.

The fair value of marketable securities is estimated using market prices. The fair value of securities without a market price, such as unlisted stocks, may in some cases be calculated using a market approach, cost approach, or in other cases the most recent transaction price for an issuance of new shares to a third-party may be used.

If a change is made to the fair value of a financial instrument, the following accounting policy takes effect.

#### Accounting Policies for Calculating the Fair Value of Portfolio Companies

Example: Provided the fair value of a portfolio company increases by 20% during a quarter.

	(Billions of yen)		
	1Q FY2021	2Q FY2021	
Fair value	10.0	12.0	➔ Up ¥2.0 billion

(1) If the investment is from a wholly owned subsidiary of SBI Holdings		(2) If the investment is from a consolidated fund (ownership ratio in the fund: 20%)	
	(Billions of yen)		(Billions of yen)
	2Q FY2021		2Q FY2021
Revenue	2.0	Revenue	2.0
Profit before income tax expense	2.0	Profit before income tax expense	2.0
Tax (30%)	-0.6	Tax (30%)	-0.12
Profit for the period	1.4	Profit for the period	1.88
Profit attributable to owners of the Company	1.4	Profit attributable to owners of the Company	0.28
Non-controlling interests	—	Non-controlling interests	1.6

Tax expense relating to the ownership portion in the fund  
 $-2.0 \text{ billion} \times 20\% \times 30\% = -¥0.12 \text{ billion}$

$(¥2.0 \text{ billion} \times 20\% \text{ (ownership ratio in the fund)}) - ¥0.12 \text{ billion (taxes)} = ¥0.28 \text{ billion}$

$¥2.0 \text{ billion} \times 80\% \text{ (non-controlling interests)} = ¥1.6 \text{ billion}$

### 2. Management Fees of Consolidated Fund for Which the SBI Group Serves as General Partner (GP)

The following accounting policies take effect regarding management fees of a consolidated fund for which the SBI Group serves as a GP:

#### Accounting Policy for Management Fees Paid from a Consolidated Fund

Example: Provided SBI Holdings owns 20% of a ¥100 billion fund (with a 5% management fee) for which SBI Investment serves as a GP.

For convenience, we show a simple example of the accounting policy relating to the management fees incurred and present part of the accounting process in abbreviated form.

¥100.0 billion × 5% = ¥5.0 billion			
(Billions of yen)		(Billions of yen)	(Billions of yen)
SBI Holdings + SBI Investment		Fund	Consolidated Profit/Loss
Revenue	5.0	Revenue	0.0
Expense	0.0	Expense	0.0
Profit before income tax expense	5.0	Profit before income tax expense	0.0
Tax (tax rate 30%)	-1.2	Tax	-1.2
Profit	3.8	Profit	-1.2
			Profit attributable to owners of the Company 2.8
			Non-controlling interests -4.0

Offset as an internal transaction

Within the tax expense (¥1.5 billion) relating to management fees at SBI Investment and management fees (expense) paid by the fund: total tax expense (owing to the omission of ¥0.3 billion for the effect of reduced taxes) relating to the ownership portion (20%) for SBI Holdings:  
 $-¥1.5 \text{ billion} + (¥5.0 \text{ billion} \times 20\% \times 30\%) = -¥1.2 \text{ billion}$

Note: Management fees are recognized as revenue within funds for which the SBI Group serves as GP, such as CVC funds et al., in which the SBI Group's ownership ratio is extremely low so are not subject to consolidation.

## Glossary

This page provides supplementary material to assist in better understanding the business environment surrounding the SBI Group.

<b>AML/CFT</b>	Financial institutions are required to comply with guidelines and regulations concerning Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT). Until now, the Financial Action Task Force (FATF), which conducts international inspections of the progress of its member countries, has called out Japan for its policies on these fronts, so the development of appropriate responses and countermeasures has become a priority issue for financial institutions and other businesses.
<b>CBDC</b>	Central Bank Digital Currency. The Bank of Japan defines CBDC as satisfying the following three conditions: 1. It must be digitized, 2. It must be denominated in legal tender such as yen, and 3. It must be issued as a direct liability of the central bank. Proof of concept testing has already begun, such as Sweden's "e-Krona" and China's "Digital RMB" for example. While certain countries are conducting specific trials, there are many points to consider regarding the issuance of digital currencies by central banks that replace cash, such as the impact on private bank deposits and the intermediation of funds. Although many major central banks, including that of Japan, are considering and studying the issue, they remain cautious.
<b>DeFi</b>	Decentralized Finance. DeFi refers to a decentralized financial ecosystem built on a blockchain. DeFi transactions do not require a centralized intermediary. Provided an Internet connection is available, anyone can access the ecosystem no matter where they live and regardless of their financial situation. The rise of DeFi services such as decentralized exchanges (DEX) and decentralized lending has led to financial functions traditionally provided by centralized financial systems such as banks, securities companies, insurance companies, and digital asset exchanges, being provided without the need for a financial intermediary through the use of programs (so-called smart contracts, etc.) that are automatically executed on the blockchain. Although there are still issues regarding security, as well as in terms of anti-money laundering and combating the financing of terrorism, the merits of DeFi are the ease with which to partner with external services, self-management of assets by users, and transparent, low-cost transactions. It is said that DeFi has the potential to completely change the way finance is currently done.
<b>Metaverse</b>	A term created by combining the words "meta" and "universe" and refers to a virtual space electronically constructed on the Internet and leveraging services provided therein. Within this virtual space, alter egos (called avatars) are created to interact with others around the world, and individuals can also engage in economic activities such as shopping. With the development of extended reality (XR) technologies such as virtual reality (VR), augmented reality (AR), and mixed reality (MR), and the advent of blockchain technology, it is expected that a part of everyday life will shift to activities in the metaverse. As demonstrated by U.S. social networking service provider Facebook Inc. changing its name to "Meta" in order to focus on the metaverse business, corporate investment into the metaverse is rapidly accelerating with the growing attention of the public into this space.
<b>NFT</b>	Non-Fungible Token. Using blockchain technology, digital content and rights such as digital art, game assets, and script data, which were previously easy to duplicate or tamper with, are given immutable uniqueness, with their value visible, enabling them to be bought and sold. The total value of NFTs sold in 2021 was US\$23.9 billion (approximately ¥2.7 trillion), more than 250 times the US\$94.9 million (approximately ¥10.8 billion) sold in 2020 (according to CoinGecko, Singapore). While the NFT market is rapidly expanding as a global trend with a wide range of players, from major operators to startups, there is a need to develop laws and systems to respond to this trend.
<b>STO</b>	A security token offering (STO) is a new funding mechanism through the issuance of tokens (substituting for fiat currency) that are backed by various tangible assets of value, such as stocks, bonds, and real estate. As a digital security using blockchain technology, these tokens have properties similar to securities, such as distributing revenue to token owners. Overseas STOs are issued as financial products that comply with the laws and regulations of each country, and there is the belief that the reliability of investors and the transparency of transactions are guaranteed to the same extent as existing financial products. In Japan, an amendment to the Payment Services Act and the Financial Instruments and Exchange Act, which came into effect in May 2020, made it clear that STOs are subject to regulation under the Financial Instruments and Exchange Act.
<b>Web 3.0</b>	Web 3.0 is said to be a next-generation Internet based on blockchain technology and characterized by "decentralization" and its "trustless" nature. Under the current Web 2.0 structure, user data is owned or transacted by large, centrally controlled companies. As a result, security risks due to information concentrated in one place, as well as problems such as the monopolization of personal information by large companies, have been pointed out. Web 3.0 is expected to solve these problems by using blockchain technology, that enables decentralized management of transaction information among multiple users connected to the Internet.

## The SBI Group

(Principal Group Companies)

### SBI Holdings, Inc.

Prime Market of the TSE

#### Financial Services Business

##### Securities-related Business

<b>① SBI SECURITIES Co., Ltd.</b>	
Comprehensive online securities company	100.0%
<b>① SBI NEO MOBILE SECURITIES Co., Ltd.</b>	
Mobile securities trading	98.9%
<b>① SBI Neotrade Securities Co., Ltd.</b>	
Financial instruments business (securities trading)	100.0%
<b>① SBI Benefit Systems Co., Ltd.</b>	
Operational management of defined-contribution pension, etc.	100.0%
<b>① SBI MONEYPLAZA Co., Ltd.</b>	
Provision of financial products through face-to face channels	66.6%
<b>① SBI Liquidity Market Co., Ltd.</b>	
Provision of market infrastructure to supply liquidity to FX margin trading	100.0%
<b>① SBI FXTRADE Co., Ltd.</b>	
Pure-play foreign exchange broker	100.0%
<b>① SBI BITS Co., Ltd.</b>	
Development and operation of financial systems	100.0%
<b>① FOLIO Holdings Co., Ltd.</b>	
Provision of online securities and infrastructure for discretionary investment systems	60.8%
<b>① SBI Thai Online Securities Co., Ltd.</b>	
Online securities in Thailand	100.0%
<b>② PT BNI SEKURITAS</b>	
Securities company in Indonesia	25.0%
<b>① SBI Royal Securities Plc.</b>	
Comprehensive securities company in Cambodia	65.3%
<b>① Osaka Digital Exchange Co.,Ltd.</b>	
Operation of PTS (Proprietary Trading System)	70.0%
<b>② Japannext Co., Ltd.</b>	
Operation of PTS (Proprietary Trading System)	48.8%

##### Banking-related Business

<b>① Shinsei Bank, Limited</b>	Standard Market of the TSE
Banking	48.8%
<b>① Shinsei Financial Co., Ltd.</b>	
Retail loans	100.0%
<b>① APLUS Co., Ltd.</b>	
Installment credit	100.0%

<b>① Showa Leasing Co., Ltd.</b>	
Comprehensive Leasing services	100.0%
<b>① Shinsei Corporate Investment Limited</b>	
Private equity	100.0%
<b>② SBI Sumishin Net Bank, Ltd.</b>	
Internet-based full-service bank	50.0%
<b>① SBI SAVINGS BANK</b>	
Savings bank in South Korea	99.5%
<b>① SBI LY HOUR BANK PLC.</b>	
Commercial bank in Cambodia	70.0%
<b>① SBI Bank LLC</b>	
Commercial bank in Russia	90.7%
<b>① SBI Regional Bank Holdings Co., Ltd.</b>	
Control and management of businesses relating to regional financial institutions with which SBI Group has a capital and business alliance	100.0%

##### Insurance-related Business

<b>① SBI Insurance Group Co., Ltd.</b>	Growth Market of the TSE
Insurance holding company	68.9%
<b>① SBI Insurance Co., Ltd.</b>	
Non-life insurance business	99.2%
<b>① SBI Life Insurance Co., Ltd.</b>	
Life insurance business	100.0%
<b>① SBI SSI Holdings Co., Ltd.</b>	
Small-amount, short-term insurance holding company	100.0%
<b>① SBI IKIKI SSI Inc.</b>	
Small-amount, short-term insurance policy business	100.0%
<b>① SBI Nihon SSI Co., Ltd.</b>	
Small-amount, short-term insurance policy business	100.0%
<b>① SBI Resta SSI Co., Ltd.</b>	
Small-amount, short-term insurance policy business	99.6%
<b>① SBI PRISM SSI CO., LTD.</b>	
Small-amount, short-term insurance policy business	100.0%
<b>① JOGUCHI SAFETY SSI</b>	
Small-amount, short-term insurance policy business	100.0%

##### Others

<b>① SBI Remit Co., Ltd.</b>	
International remittance business	100.0%

<b>① SBI Business Solutions Co., Ltd.</b>	
Provision of back-office support services	100.0%
<b>① SBI Ripple Asia Co., Ltd.</b>	
Selling agency of international settlement system	60.0%
<b>① SBI NEO FINANCIAL SERVICES CO., LTD.</b>	
Support for adoption of new technology, including fintech, as well as operation and management of related businesses	100.0%
	KOSDAQ
<b>① SBI FinTech Solutions Co., Ltd.</b>	
Control and operation of e-commerce settlement business and Group fintech-related businesses	77.5%
<b>① SBI Estate Finance Co., Ltd.</b>	
Real estate secured loans business	100.0%
<b>① SBI Estate Management Co., Ltd.</b>	
Investment in real estate	100.0%
<b>① SBI Guarantee Co., Ltd.</b>	
Rent guarantees for rental housing	100.0%
<b>② Ascot Corp.</b>	Standard Market of the TSE
Real estate development business and real estate solutions business	35.0%
<b>① Tozai Asset Management Co., Ltd.</b>	
Management and operation of real estate assets	70.1%
<b>② Regional Revitalization Partners Co., Ltd.</b>	
Plans and proposes strategic guidelines for promoting regional revitalization	89.0%
<b>① SBI Regional Revitalization Services Co., Ltd.</b>	
Plans, proposes, and executes projects relating to regional revitalization	99.0%
<b>① SBI Regional Revitalization Investment and Loan Co., Ltd.</b>	
Investing and loan business relating to regional revitalization	99.0%
<b>② Change Inc.</b>	Prime Market of the TSE
Supports regional revitalization through digital transformation (DX) and improved business efficiency through digitalization	20.3%
<b>② ALBERT Inc.</b>	Growth Market of the TSE
AI-based data solution business	31.0%

Note 1: As of July 1, 2022, percentages are the total Group ownership, which is the sum of the voting rights in possession by the Company and the companies and funds defined as its subsidiaries by IFRS.  
 Note 2: In the case of indirect holdings, the percentage of ownership of the company in which they are held is shown.





For details of each Group company's business, please refer to our website (<https://www.sbigroup.co.jp/english/company/group/>)

① Consolidated subsidiary ② Equity method associate

## Asset Management Business

Prime Market of the TSE

### ① Morningstar Japan K.K.

Rating information for investment trust, others 41.5%

### ① SBI ASSET MANAGEMENT GROUP. Co., Ltd.

Control and management of asset management services of the Morningstar Group 100.0%

### ① Morningstar Asset Management Co., Ltd.

Investment and other advisory services 100.0%

### ① SBI Asset Management Co., Ltd.

Investment management and investment advisory service 100.0%

### ① Carret Asset Management, LLC

Investment management and investment advisory services 100.0%

### ① Rheos Capital Works Inc.

Investment management business and investment trust sales 51.3%

## Investment Business

### ① SBI Investment Co., Ltd.

Venture capital fund management 100.0%

### ① SBI VENTURES SINGAPORE PTE. LTD.

M&A advisory business 100.0%

### ① SBI VEN CAPITAL PTE. LTD.

Overseas private equity fund management 100.0%

KOSDAQ

### ② SBI Investment KOREA Co., Ltd.

Venture capital in South Korea 43.9%

### ① SBI (China) Co., Ltd.

Management of businesses in China 100.0%

### ① SBI & TH (Beijing) Venture Capital Management Co., Ltd.

Private equity fund management in China 100.0%

### ① SBI FinTech Incubation Co., Ltd.

Support for introduction of fintech services 85.1%

### ① SBI Crypto Investments Co., Ltd.

Investment business such as ownership, management, operation, and acquisition of securities 100.0%

### ① SBI Leasing Services Co., Ltd.

Operating lease business 95.6%

## Crypto-asset Business

### ① B2C2 Ltd.

Crypto-asset broker (market maker) 90.0%

### ① SBI Alpha Trading Co., Ltd.

Crypto-asset broker (market maker) 100.0%

### ① SBI VC Trade Co., Ltd.

Provision of exchange and transaction services related to crypto-asset 100.0%

### ① BITPoint Japan Co., Ltd.

Crypto-asset exchange and trading services 51.0%

## Non-financial Business

### ① SBI ALApharma Co., Ltd.

Management and operation of the 5-ALA-related business 97.0%

### ① SBI Pharmaceuticals Co., Ltd.

R&D, manufacturing and sales of pharmaceuticals, health foods and cosmetics using 5-ALA 100.0%

### ① SBI ALApharma Co., Ltd.

Manufacturing and sales of health foods and cosmetics using 5-ALA 100.0%

### ① photonamic GmbH & Co. KG

R&D, manufacturing, and sales of pharmaceuticals using 5-ALA 100.0%

### ① NX Development Corp.

Sales of "Gleolan," an orally administered diagnostic reagent, in the U.S. 100.0%

### ① SBI ALApharma Canada Inc.

R&D of fluorescence imaging medical device for photodynamic diagnosis using 5-ALA 100.0%

### ① Photonics Healthcare B.V.

R&D of medical device for measuring intracellular oxygen concentration using 5-ALA 51.0%

### ① SBI Biotech Co., Ltd.

R&D of pharmaceuticals 95.7%

Prime Market of the TSE

### ② Medical Data Vision Co., Ltd.

Development, production, sales, and maintenance of medical information integration systems 21.0%

### ① SBI Digital Markets Pte. Ltd.

Corporate finance advisory and digital asset distribution services 83.3%

### ① SBI e-Sports Co., Ltd.

e-sports-related business 100.0%

### ① SBI R3 Japan Co., Ltd.

Provision of the blockchain platform Corda, as well as related businesses 51.0%

### ① SBINFT Co., Ltd.

Platform business using blockchain 83.8%

### ① SBI Wellness Bank Co., Ltd.

Healthcare services for membership 100.0%

### ① SBI ENERGY Co., Ltd.

Power business using renewable energy 100.0%

### ① SBI Security Solutions Co., Ltd.

Operation and development of cybersecurity systems 100.0%

### ① SBI Traceability Co., Ltd.

Provides information on traceability of products using blockchain, etc. 100.0%

### ② Machi no Wa Co., Ltd.

Premium electronic regional coupons, regional digital currencies business 46.1%

### ① SBI Financial and Economic Research Institute Co., Ltd.

Surveys, research, and policy proposals in the field of digital assets 100.0%

### ① SBI Africa Co., Ltd.

Export of used cars in Japan to overseas markets, provision of financial services, and investment in the Africa region, etc. 100.0%

## Corporate Data

### Company Outline (As of March 31, 2022)

Company Name	SBI Holdings, Inc.
Date of Establishment	July 8, 1999
Head Office	Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6019, Japan TEL: +81-3-6229-0100 FAX: +81-3-3589-7958
Number of Employees	17,496 (consolidated)
Paid-in Capital	¥99,312 million
Fiscal Year	April 1 to March 31

### Stock Information (As of March 31, 2022)

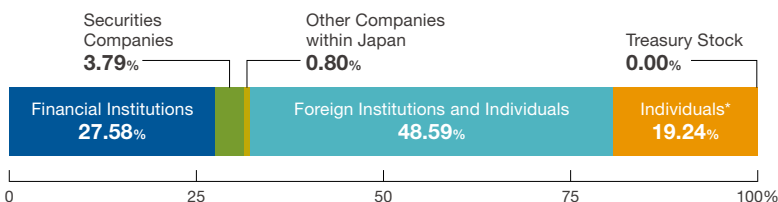
Listing	Prime Market of the TSE
Code	8473
Shares Authorized	341,690,000 shares
Shares Outstanding	245,220,890 shares (including treasury stock)
Shareholder Register	Mizuho Trust & Banking Co., Ltd.

#### Principal Shareholders

Name	Number of Shares Held (shares)	Percentage of Outstanding Shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	42,466,500	17.3
Custody Bank of Japan, Ltd. (Trust account)	14,866,028	6.1
NORTHERN TRUST COMPANY (AVFC) ACCOUNT NON-TREATY	12,881,498	5.3
The Bank of New York Mellon 140051	10,772,536	4.4
The Bank of New York Mellon 140042	7,117,095	2.9
Yoshitaka Kitao	4,007,960	1.6
State Street Bank West Client Treaty 505234	3,923,117	1.6
State Street Bank and Trust Company 505223	3,576,131	1.5
JP Morgan Securities Japan Co., Ltd.	3,280,615	1.3
JP Morgan Chase Bank 385781	3,131,186	1.3

The percentage of shares held is calculated after deducting treasury stock.  
Apart from the holdings of the major shareholders above, the Company holds 22,486 shares as treasury stock.

#### Distribution of Ownership among Shareholders



\* Includes shares of the SBI Holdings Employee Stockholding Association

### Information on Bonds and Credit Rating (As of April 27, 2022)

Rating Agency	Rating and Investment Information, Inc.
Long-term	A- (Stable)
Short-term	a-1

### Overseas Offices (As of June 30, 2022)

United States	● NX Development (NXDC)
Canada	● SBI ALApharma Canada
Russia	● SBI Bank
	● SBI RI Advisory
United Kingdom	● B2C2
	● Shinsei International
Germany	● photonamic
	● Strategic Business Innovator Berlin
	● Future Industry Ventures
Netherlands	● Photonics Healthcare
Bahrain	● SBI Pharmaceuticals Bahrain Representative Office
Israel	● SBI JI INNOVATION ADVISORY
Malaysia	● SBI Ventures Malaysia
	● OSK-SBI Venture Partners
	● VentureTECH SBI
Singapore	● SBI Securities (Singapore)
	● SBI VEN CAPITAL
India	● Milestone River Venture Advisory
	● NIRVANA VENTURE ADVISORS
Sri Lanka	● Strategic Business Innovator
South Korea	● SBI Investment KOREA
	● SBI SAVINGS BANK
	● SBI Capital
China	● SBI (China)
	● SHANGHAI SBI-INESA EQUITY INVESTMENT MANAGEMENT
	● Wuxi Guolian-Yihua Equity Investment Management
	● CHINA FORTUNE SBI Financial Leasing (shanghai)
	● SBI & TH (Beijing) Venture Capital Management
	● Ningbo YIXUE Investment Management
	● NANJING JIANGBEI SBI Private Investment Fund
	● Chengdu SBI Private Fund Management
	● Chongqing SBI Private Fund Management
Hong Kong	● SBI Hong Kong Holdings
	● SBI Securities (Hong Kong)
	● BYFIN
	● EasyLend Finance
Taiwan	● SBI Capital 22 Management
	● SNSI Capital Management
Philippines	● ICCP SBI Venture Partners
	● Philippines Representative Office
Indonesia	● BNI SEKURITAS
	● Jakarta Representative Office
	● SBI Kejora Venture Partnership
Brunei	● SBI (B)
Vietnam	● FPT Securities
	● TPBank
	● FPT Capital Fund Management
	● MB Shinsei Finance
Cambodia	● SBI Royal Securities
	● SBI LY HOUR BANK
Thailand	● SBI Thai Online Securities
Australia	● Latitude Group
New Zealand	● UDC Finance

● Securities	● Biotechnology related
● Banking	● Local Affiliates/
● Other Financial Services	Representative Office
● Investment	● Strategic Investee

## Corporate History



## Books by Yoshitaka Kitao, Representative Director, Chairman, President & CEO



**Learning from Great Men**  
ZAIKAI Co., Ltd.  
April 2022



**Nourish the Mind**  
ZAIKAI Co., Ltd.  
April 2021



**The Challenges for Regional Revitalization**  
KINZAI Corp.  
January 2021



**Creating Future with 5-ALA**  
PHP Institute, Inc.  
November 2020



**Cleansing One's Mind**  
Keizaikai Co., Ltd.  
October 2019



**Management through Challenges and Evolution**  
GENTOSHA INC.  
June 2019  
(KR) Maeil Business Newspaper June 2020  
(EN) One Peace Books, Inc. December 2020



**The Cryptocurrency Revolution Starts Now!**  
SB Creative Corp.  
November 2018



**Opening the Mind's Eye**  
Keizaikai Co., Ltd.  
October 2018



**Practical FinTech (Magazine)**  
Nikkei Publishing Inc.  
(now Nikkei Business Publications, Inc.)  
December 2017



**Enlightenments from Ancient Sages' Wisdom**  
Keizaikai Co., Ltd.  
October 2017



**Learning Practical FinTech from Successful Companies**  
Nikkei Publishing Inc.  
(now Nikkei Business Publications, Inc.)  
(EN) John Wiley & Sons, Inc./  
(CN) Fudan University Press/(KR) News1/  
(VN) ThaiHaBooks JSC  
March 2017



**An Encouragement of Self-cultivation**  
Chichi Publishing Co., Ltd.  
December 2016



**Daily Reawakening**  
Keizaikai Co., Ltd.  
November 2016



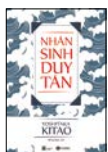
**Realizing Yourself through Self-cultivation**  
Keizaikai Co., Ltd.  
November 2015



**The Essence of the Words of Masahiro Yasuoka**  
PRESIDENT INC.  
July 2015



**Using Knowledge of the Jikkan and Junishi to Create Good Fortune**  
Chichi Publishing Co., Ltd.  
December 2014



**Revitalizing Lives**  
Keizaikai Co., Ltd.  
(VN) ThaiHaBooks JSC  
November 2014



**Correcting the Abuses of the Times**  
Keizaikai Co., Ltd.  
November 2013



**Be a True Japanese—Reflections on Sazo Idemitsu**  
ASA Publishing Co., Ltd.  
October 2013



**Learn from the Ancient Sages**  
Keizaikai Co., Ltd.  
November 2012



**When Confounded in Business, Analects Point the Way**  
Asahi Shimbun Publications Inc.  
August 2012



**The Tailwind Behind Japan's Economy**  
Sankei Shimbun Publications Inc.  
June 2012





Applying the  
"Analects of Confucius"  
in Business  
Chichi Publishing Co., Ltd.  
May 2012



Yoshitaka Kitao's  
Management Dialogue  
Kosaido Publishing  
Co., Ltd.  
March 2012



Understanding  
the Times  
Keizaikai Co., Ltd.  
November 2011



The Lessons of Shinzo  
Mori for Nurturing  
Human Fortitude  
Chichi Publishing  
Co., Ltd.  
February 2011



Japanese Wisdom and Power  
PHP Institute, Inc.  
(CN) Fudan University Press  
April 2011



Penetrating Insight  
Keizaikai Co., Ltd.  
November 2010



The Meaning of Life  
Kodansha Ltd.  
August 2010  
Co-authored with  
Takeshi Natsuno



The Entrepreneurship Textbook:  
Qualities and Skills for  
the Next Generation of Leaders  
Toyo Keizai Inc.  
July 2010



Notes on  
Masahiro Yasuoka  
Chichi Publishing Co., Ltd.  
December 2009



Proverbs of Sages and  
Renowned Executives  
Who Overcame Adversity  
Asahi Shimbun Publications Inc.  
(CN) Tsinghua University Press  
December 2009



Change will be,  
When Things are at  
Their Worst  
Keizaikai Co., Ltd.  
October 2009



Yoshitaka Kitao's  
Business Management  
Lecture  
KIGYOKA NETWORK  
June 2009



Think Big, Don't be  
the Little Guy  
Chichi Publishing Co., Ltd.  
January 2009



Reading the Times  
Keizaikai Co., Ltd.  
September 2008



Why do We Work?  
Chichi Publishing Co., Ltd.  
(KR) Joongang Books  
March 2007

(Pocket edition)



The SBI Group Vision and  
Strategy: Continuously  
Evolving Management  
Toyo Keizai Inc.  
(EN) John Wiley & Sons, Inc.  
(CN) Tsinghua University Press  
October 2005



"Mysterious Powers"  
Gained from  
Chinese Classics  
Mikasa Shobo Co., Ltd.  
(CN) Peking University Press  
July 2005

(Pocket edition)



Developing Character  
PHP Institute, Inc.  
(CN) World Affairs Press  
April 2003

(Pocket edition)



Universal Management,  
Growth Management  
PHP Institute, Inc.  
(CN) World Affairs Press  
(KR) Dongbang Media Co. Ltd.  
October 2000



Challenges of  
E-Finance II  
Toyo Keizai Inc.  
(KR) Dongbang Media Co. Ltd.  
April 2000



Challenges of  
E-Finance I  
Toyo Keizai Inc.  
(CN) The Commercial Press  
(KR) Dongbang Media Co. Ltd.  
December 1999



"Value-Creation"  
Management  
Toyo Keizai Inc.  
(CN) The Commercial Press  
(KR) Dongbang Media Co. Ltd.  
December 1997



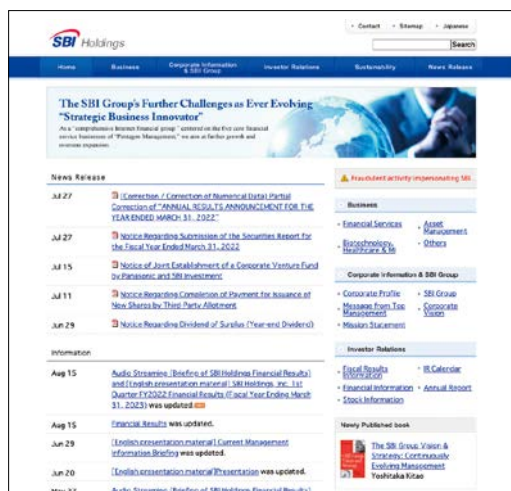
SBI Holdings, Inc.

Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku,

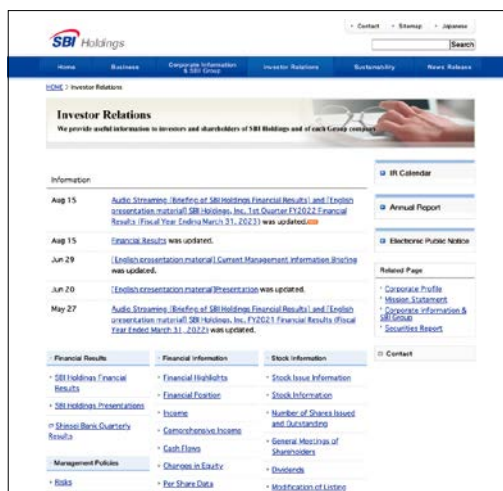
Tokyo 106-6019, JAPAN

Tel +81-3-6229-0100 Fax +81-3-3589-7958

## WEBSITE DIRECTORY



SBI Holdings Website Top Page  
<https://www.sbigroup.co.jp/english/>



Investor Relations  
<https://www.sbigroup.co.jp/english/investors/>

