

An abstract geometric pattern composed of numerous overlapping, concentric hexagonal shapes. The pattern is rendered in a blue and red color scheme, with the red lines being more prominent in the lower-left and bottom-right areas, creating a sense of depth and movement.

CHALLENGE TOWARDS THE NEW ERA

INTEGRATED REPORT 2023

Editing Guidelines

Integrated Report 2023 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 associates. 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.

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The driving force for sustainable growth

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The Purpose of the SBI Group

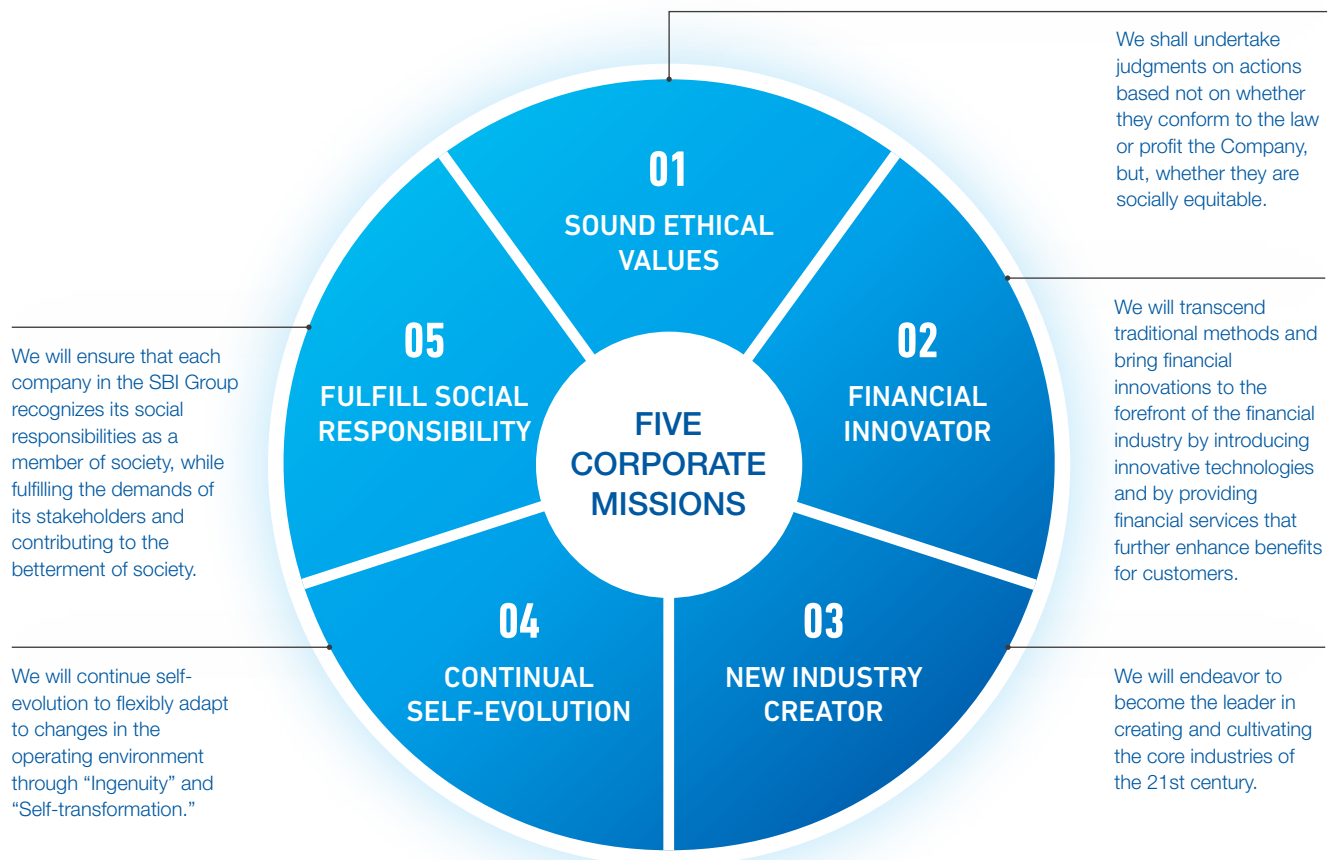
1

Creating innovative businesses “for the good of society and for the good of people” and growing together with 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



SBI Group's Value Creation

Unwavering commitment to the “Customer-centric Principle” is the fountainhead upon which the SBI Group creates and enhances its corporate value

The SBI Group believes that our corporate value is the sum of “customer value,” “shareholder value,” and “human capital value.” We recognize that our enterprise value is greatly tied to the cumulative sum of the creation of “customer value” arising from our “Customer-centric Principle” that expands “shareholder value” and the value of “human capital.”

Customer Value: The cornerstone for creating corporate value

For the SBI Group, creating customer value is the cornerstone of corporate value, which is generated and increased by intertwining shareholder value and human capital value.

Together with the adoption of the Internet, customer value has become a critically important value such that companies cannot survive without adhering to customer-centric principles. The SBI Group recognizes that maximizing customer value is the largest challenge facing management strategy and is thoroughly instilling our Customer-centric Principle in all of our businesses.

If products and services with high customer value are pro-

vided in all of our businesses through the pursuit of the Customer-centric Principle, sales and profits will increase, which will also lead to greater shareholder value. Such an increase in shareholder value will result in improved incentives. If remarkable talent can be hired through such improved incentives, the human capital value will also increase. Highly skilled human resources with a strong sense of ethics will contribute to a further increase in customer value, and amidst a virtuous cycle in which corporate value, shareholder value, and human capital value are intertwined, corporate value will expand exponentially.

Products and services with high customer value

Our unwavering commitment to the Customer-centric Principle at the SBI Group involves offering lower fees, favorable interest rates, attractive investment opportunities, easily comparable products and services, safe and highly reliable services, and a rich set of high-quality financial contents – all provided in a variety of formats. It is our belief that the unwavering commitment to the Customer-centric Principle in all of our businesses help support a “public benefit” that will lead to the SBI Group fulfilling its social responsibility.

In our drive of the Customer-centric Principle, we measure

our progress through key indicators such as customer satisfaction assessments of our products and services by third-party institutions. Going forward, we will endeavor to maintain the standards of our customer satisfaction assessments at a high level for the customer services we provide. [▶ P.08](#)

As a result of these initiatives by the SBI Group being well received, the SBI Group customer base exceeded 45 million as of March 31, 2023, an exponential leap since the Company's founding.

Strategic Value: The critically important factor in the composition of corporate value

In addition to customer value, shareholder value, and human capital value, there is also “strategic value” (management vision and long-term strategy), which we consider to be a critically important factor in the composition of corporate value at the SBI Group.

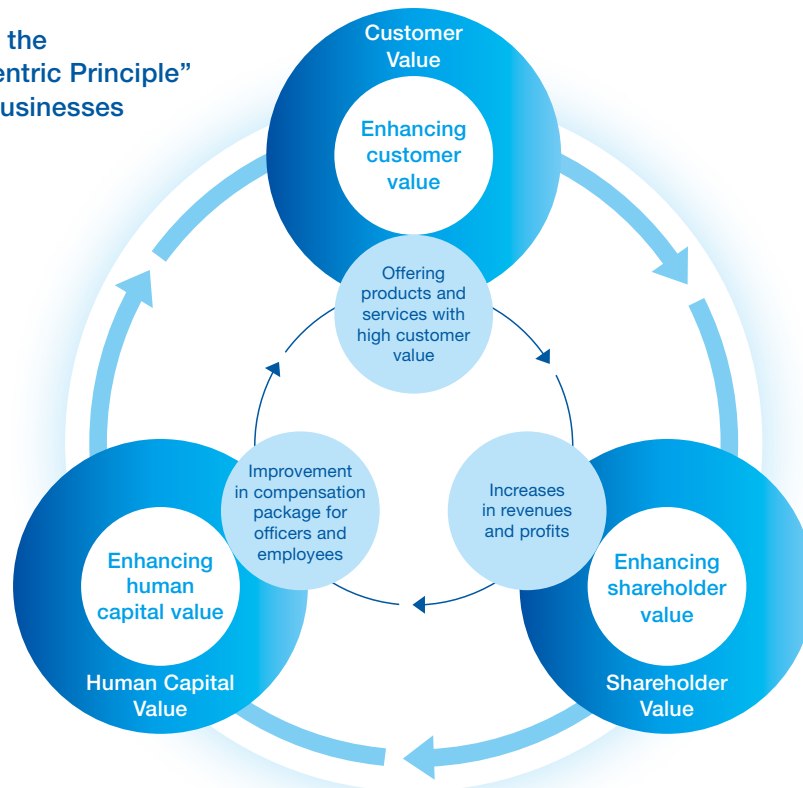
A major business mission of the Group is to address unfair inequalities within our society, especially in the financial front, and to create new added-value by utilizing technology. As stated in the management philosophy, as a “financial innovator”

and “new industry creator,” we will continue to be a company that keeps on self-evolving while responding flexibly to external changes.

Based on fundamental business-building concepts and through sharing our management philosophy throughout the whole Group, we will realize an overall strategy which captures the trends of the time and is based on implementing individual strategies that are realistic and appropriate for each corporate activity.

Mechanism to Enhance Corporate Value

Adherence to the
“Customer-centric Principle”
in all Group businesses



Corporate value: the sum of customer value, shareholder value, and human capital value

Customer Value

Customer value is the value that 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 future free cash flows expected to be received by shareholders and creditors. We monitor Return On Equity (ROE) as one of the key business ratios 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 School, 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 also focus 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 support their desired career development.

Transition of the SBI Group

Achieving sustainable growth through strategic business expansion and a Group-wide strategy in touch with the times

The SBI Group adopts basic business principles to promptly detect changes of the times, and has accomplished its growth by executing a strategy that responds to these changes. Looking ahead, by repeating the process of “self-denial,” “self-transformation,” and “self-evolution,” we will continue to be a company that constantly transforms itself and evolves.

Basic Business Principles

Thorough Pursuit of the “Customer-centric Principle”

Since its founding, the SBI Group has been pursuing a “Customer-centric Principle.” In addition to cutting commissions 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. We are also focusing our efforts to enhance our product offerings 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 invests in promising domestic and overseas venture companies in the fields of the fintech sector, especially artificial intelligence (AI) and blockchain, where revolutionary technologies are being developed and advancing globally. We are promoting 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 would efficiently be propagated to each subsidiary and then would transform into an individual strategy to achieve a unified goal.

Public Goods Lead to Private Goods

Under the notion of “without society, there would be no businesses; without businesses, there would be no society,” if we engage in business activities that are instrumental for public benefits, i.e., ones “for the good of society and for the good of the people,” they would also lead to benefits for the Company. We believe that as a member of society, our efforts would mean nothing if a business succeeds but no public benefit is produced.

Going Beyond Finance with Finance as Its Core

The financial sector is an information sector in and of itself. When it comes to activities surrounding goods and services, finance is what brings it all together. For this very reason, as a comprehensive financial group, we propel financial businesses forward, but also go beyond the field of finance. As a “Strategic Business Innovator,” we are making advances into other fields of business, where we can provide indispensable goods, services, and information for a variety of lifestyles.

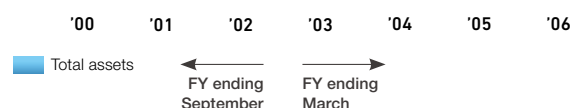
Transitions in Overall Strategy

Birth of the SBI Group

The SBI Group was formed in April 1999 when SoftBank Finance was founded as a financial subsidiary of SoftBank (currently SoftBank Group). In July 1999, SOFTBANK INVESTMENT (currently SBI Holdings) was founded as an operator of a venture capital business.

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

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 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* 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.

* Starting in FY2022, we moved to a five-business segment structure, comprising the Financial Services Business, the Asset Management Business, the Investment Business, the Crypto-asset Business, and Non-financial Businesses.

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 various types of fintech into 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. Looking ahead, towards the goal of making the "Forth Megabank" concept a reality, we will endeavor to create a broad-based regional platform with SBI Shinsei Bank at its core. ➡ P.22

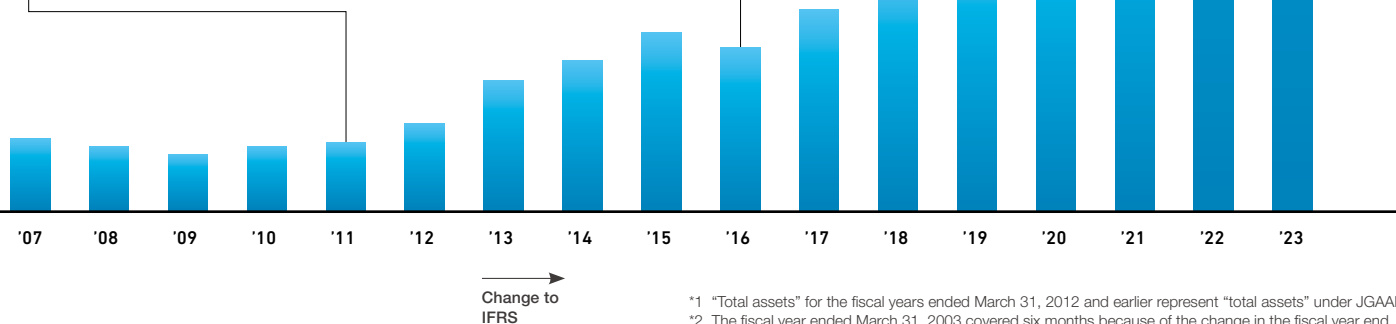
Building a Digital Space Ecosystem

Digitalization is accelerating in various areas of society, and we are entering the era of Web3. Sometimes described as the next iteration of the Internet, Web3 is based on blockchain and characterized by a decentralized and trustless system. In the era of Web3, the SBI Group's goal is to develop into a digital space ecosystem that transcends the financial business.

FY2022

Total assets

¥22,310.7
billion



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

*2 The fiscal year ended March 31, 2003 covered six months because of the change in the fiscal year end

● The global financial crisis

● Rise of fintech

● Abenomics

● Promotion of regional revitalization

● Spread of COVID-19

● The Russian invasion of Ukraine

Big Picture View of the SBI Group

A business portfolio enabling continued growth under an increasingly uncertain business environment

The SBI Group has achieved growth centered on the Financial Services Business, including securities, banking, and insurance as well as the venture capital business. At the same time, the SBI Group has advocated “going beyond finance with finance as its core” and holds a portfolio of diverse businesses. In FY2022, we restructured our business divisions and created a structure of five business segments.

In addition to the Financial Services Business and the Asset Management Business, which generate profits in a relatively stable manner, there are the Investment Business and the Crypto-asset Business – business divisions with volatile financial results that are highly dependent on the market environment; and finally, there is the Non-financial Business segment to include cutting-edge business lines with prospects for rapid growth. In this way, by ensuring diversity within the Group’s businesses, we are putting in place a system that fosters more dynamic decision-making under uncertain business environments.

Ensuring diversity within our businesses means more dynamic decision-making

Business divisions that generate relatively stable profits

- ▶ Financial Services Business
- ▶ Asset Management Business

Business divisions with volatile financial results that are highly dependent on the market environment

- ▶ Investment Business
- ▶ Crypto-asset Business

A business division with cutting-edge with prospects for rapid growth

- ▶ Non-financial Business

Advantages of the five-business segment structure

- Easy to forecast dividends and other shareholder return policies due to segments clearly laid out that generate stable cash flows
- A clear understanding of which segments are easily affected by the market environment and those that are not, enables more dynamic decision-making
- Clear explanation of the status of the Group’s forward-looking efforts, including those for new markets such as Web3 and those overseas

Asset Management Business

Provides asset management-related services

This segment contains Group companies providing asset management-related services, including SBI Asset Management and Wealth Advisor.

Financial Services Business

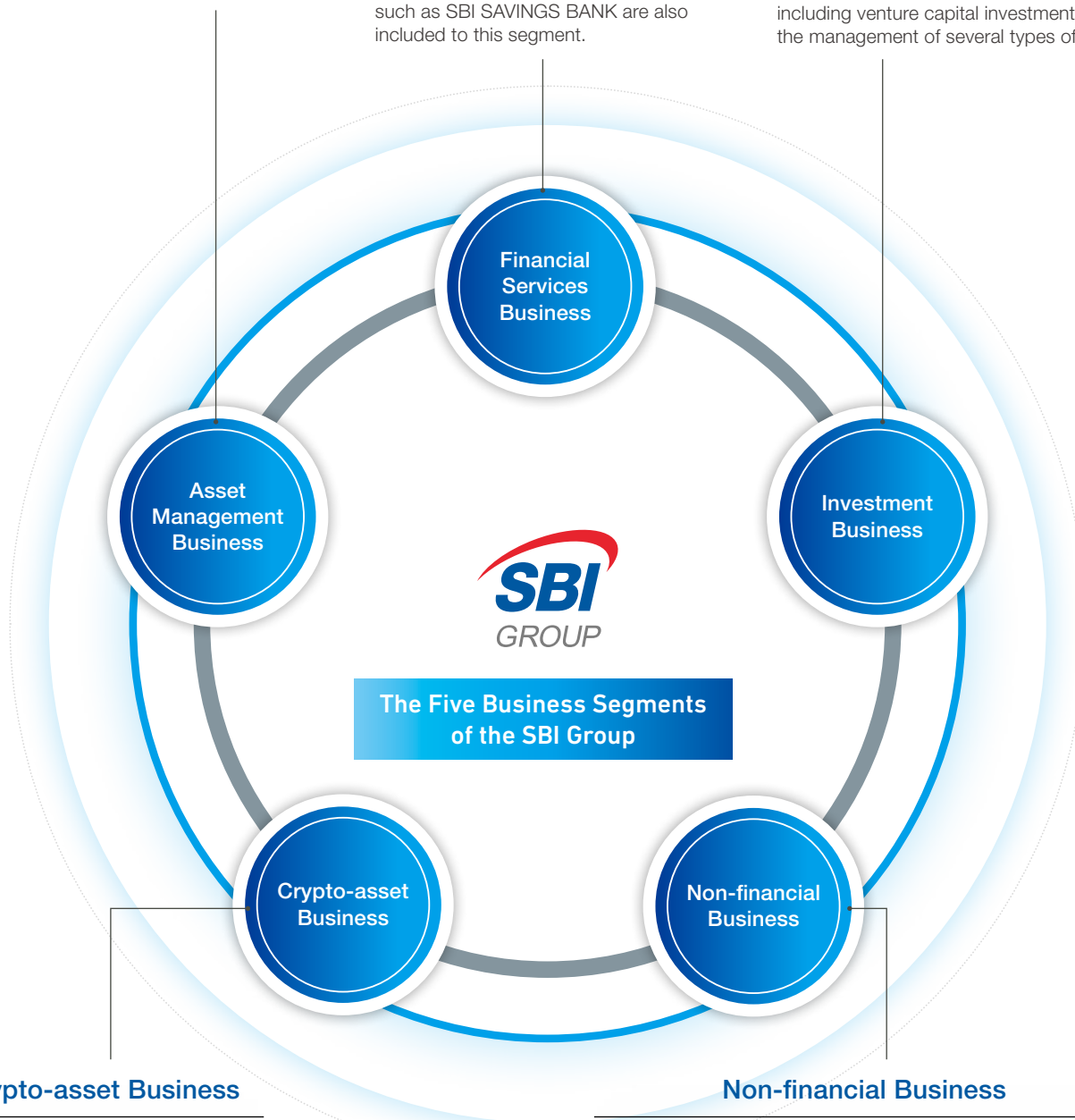
Securities, banking, and insurance businesses

This business segment is comprised of Group companies active in the fields of securities, banking, and insurance. Overseas financial services businesses such as SBI SAVINGS BANK are also included to this segment.

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, which are engaged in private equity investment, including venture capital investment and the management of several types of funds.



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 crypto-assets, which is seen as a growth area.

Non-financial Business

Business activities relating to the Biotechnology, Healthcare & Medical Informatics Business, Web3, and new overseas markets such as Africa, etc.

This segment is made up of Group companies involved in the Biotechnology, Healthcare & Medical Informatics Business, Web3 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 these companies to be placed in this business segment.

SBI Group's Customer Value

Customer Satisfaction Assessment of Financial Services Business Companies (As of June 30, 2023)



2023 ORICON Customer Satisfaction® Survey
No.1 in Online Securities

SBI証券
[SBI SECURITIES]
Online Securities
Customer
Satisfaction Ranking
1st



The Second Report of 2022 JCSI
(Japanese Customer Satisfaction Index) Ranked 1st

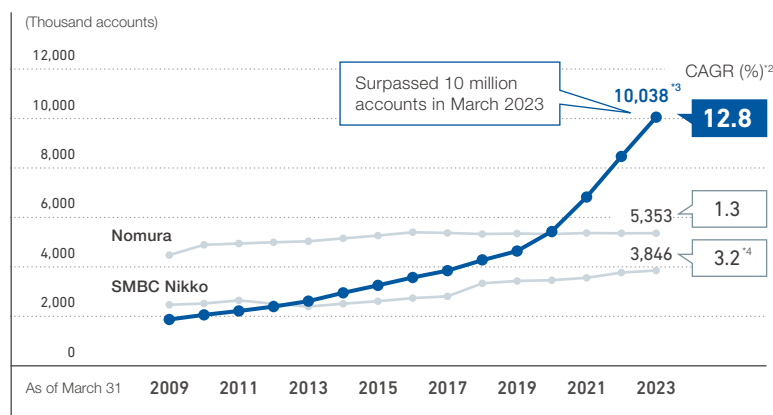
住信SBIネット銀行
SBI Sumishin Net Bank
Banking Industry
Customer
Satisfaction Ranking
1st



2023 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 the SBI Group 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

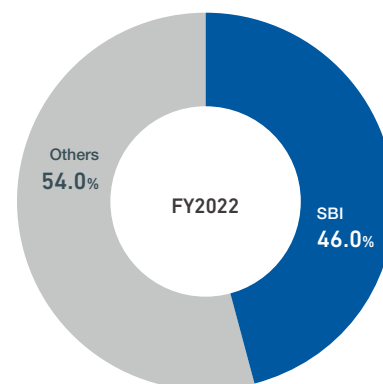
*2 March 2009 to March 2023

*3 Includes (1) SBI NEOMOBILE SECURITIES' accounts (from April 2019); (2) SBI Neotrade Securities' accounts (from October 2020); (3) FOLIO's accounts (from September 2021).

*4 Merged with SMBC Friend Securities in January 2018

Sources: Each company's published information

Share of Individual Stock Trading Value

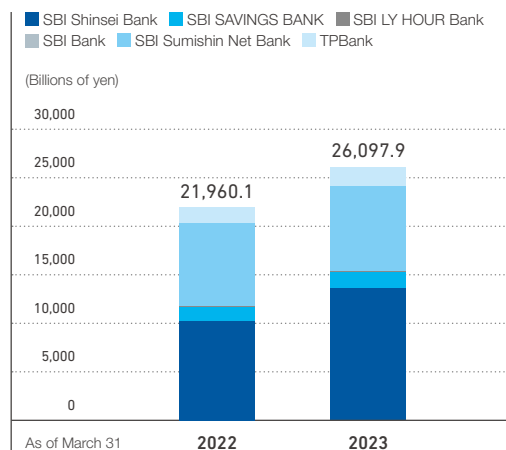


Note 1: Includes SBI Neotrade Securities' values

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

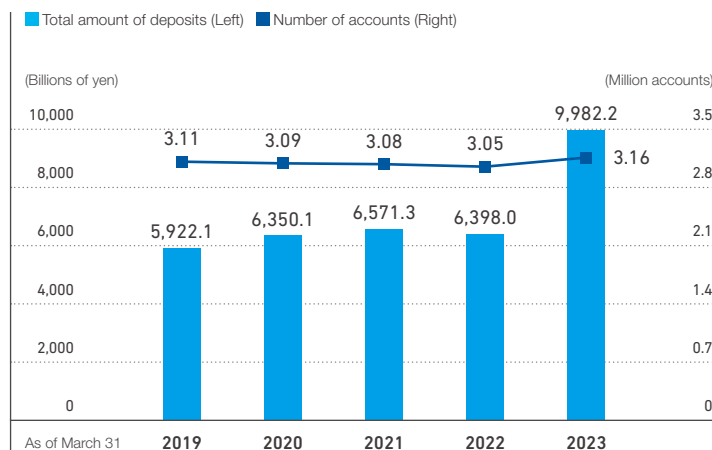
Total Assets of the Banking Segment in the SBI Group



Note 1: Figures of domestic banks are consolidated/JGAAP, other overseas banks are based on each respective country's GAAP accounting

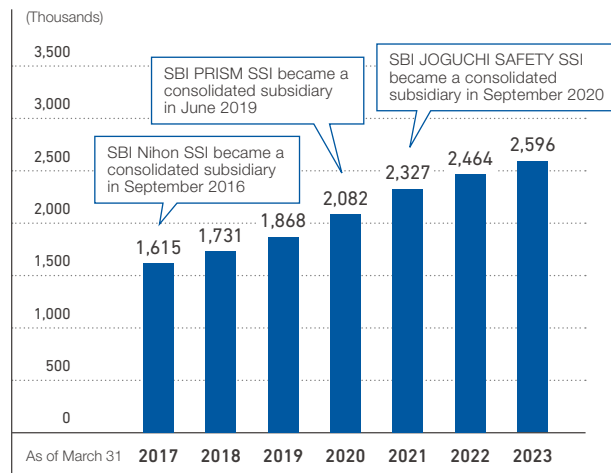
Note 2: The conversion rate is calculated at the end of March each year

Number of Accounts and Deposits at SBI Shinsei Bank



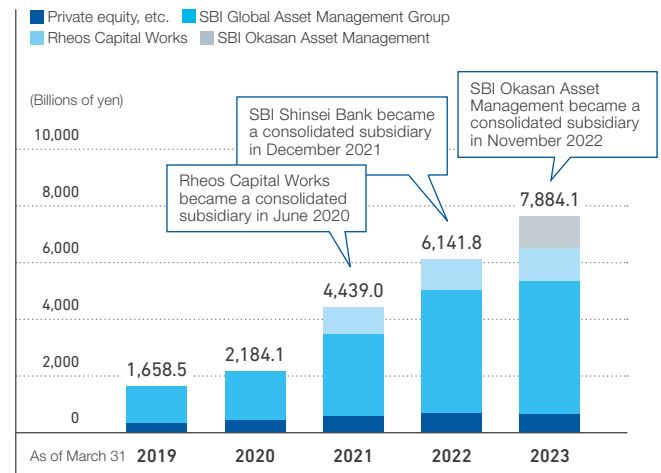
Note: Number of accounts excludes corporate accounts

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 SBI JOGUCHI SAFETY SSI

SBI Group's Assets Under Management



Note 1: Calculated using 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

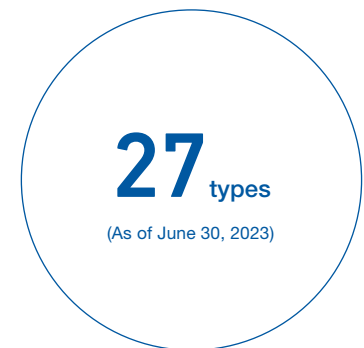
Note 4: Assets of each asset management company (SBI Global Asset Management Group, Rheos Capital Works and SBI Okasan Asset Management) are recorded in both investment trusts and investment advisory, respectively, so there are some overlapping amounts

Note 5: Figures of each asset management company include publicly offered investment trusts, publicly offered bond investment trusts and privately offered investment trusts

Investment Performance by SBI Investment



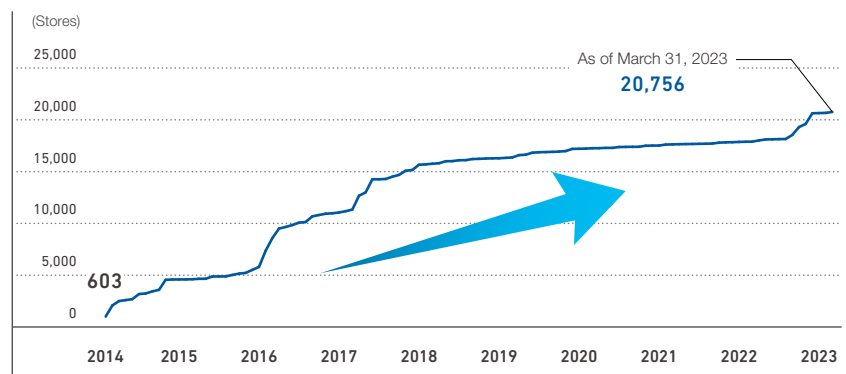
Overall Number of Crypto-assets Handled in Crypto-asset Business



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



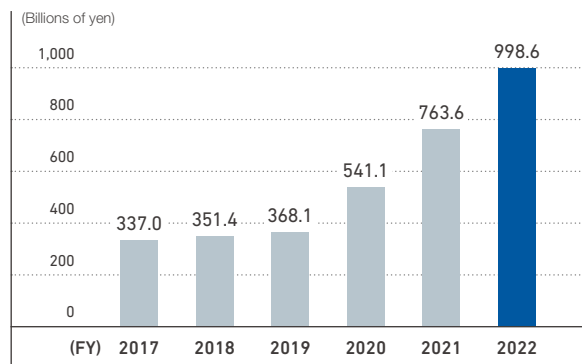
Number of Domestic Stores that Offer Health Foods Containing 5-ALA



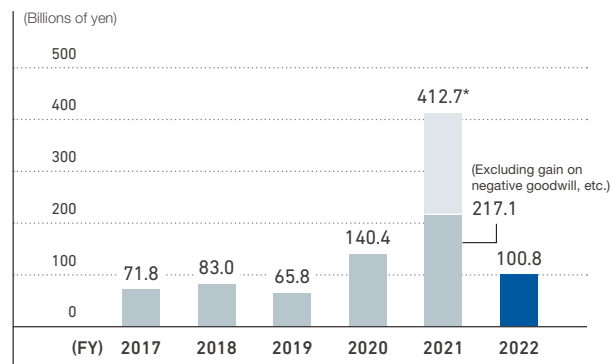
SBI Group's Overview

Financial Highlights

▶ Revenue



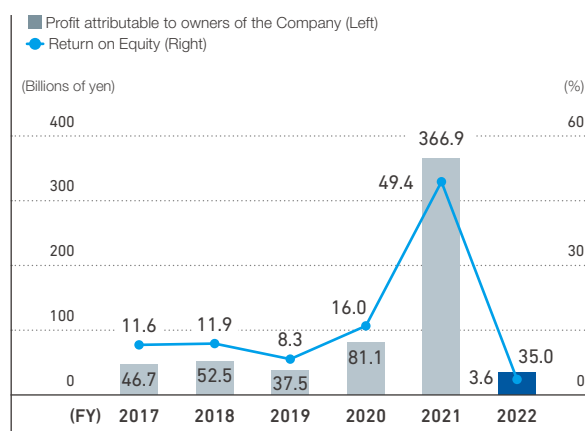
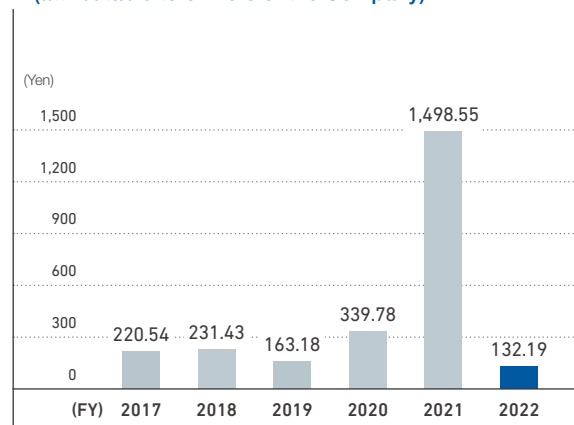
▶ Profit before income tax expense



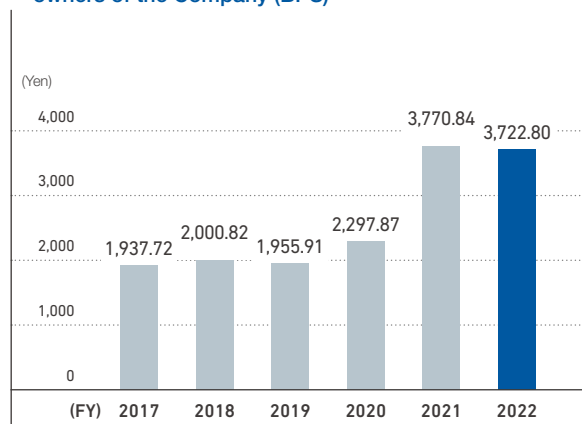
* Figures for FY2021 include one-time factors (gain on negative goodwill, etc., of ¥195.6 billion) recorded when SBI Shinsei Bank became a consolidated subsidiary

▶ Profit attributable to owners of the Company

▶ Return on Equity (ROE)

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

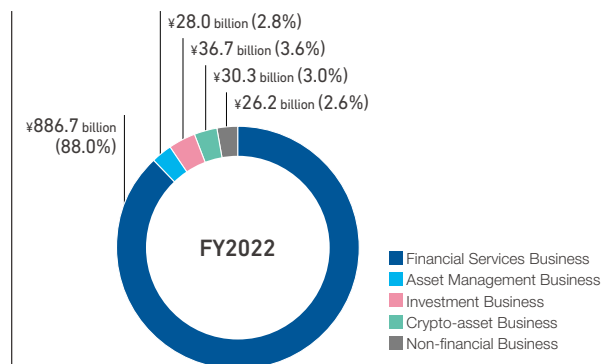
▶ Equity per share attributable to owners of the Company (BPS)



▶ Dividend per share

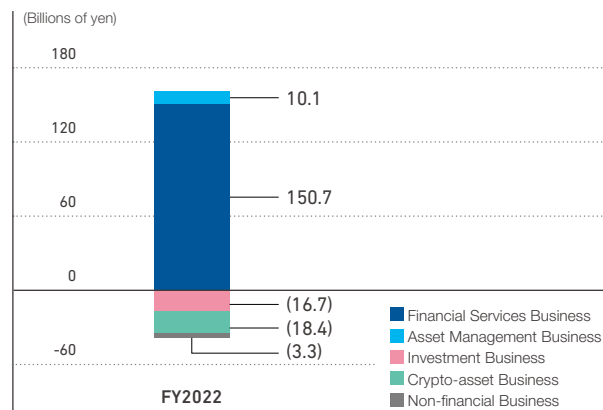


► Revenue breakdown by business segment*



* Revenue breakdown percentages by business segment are presented as the composite ratio of the total revenue of each segment.

► Profit before income tax expense



Corporate Highlights

Countries and regions with overseas offices

25 countries and regions

(As of June 30, 2023)

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.

Rating for long-term issued bonds

A-

(As of April 26, 2023)

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

Number of Group companies that have made initial public offerings

18 companies

(As of June 30, 2023)

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

Institutional investor ratio in shareholder composition

59.5 %

(As of March 31, 2023)

In FY2022, the ownership ratio of individual shareholders has increased significantly, and the ratio of foreign ownership, which had previously been growing, has fallen to 35.2% from 48.6% as of March 31, 2022. We will strive to maintain a well-balanced shareholder composition.

Customer base

45.65 million

(As of March 31, 2023)

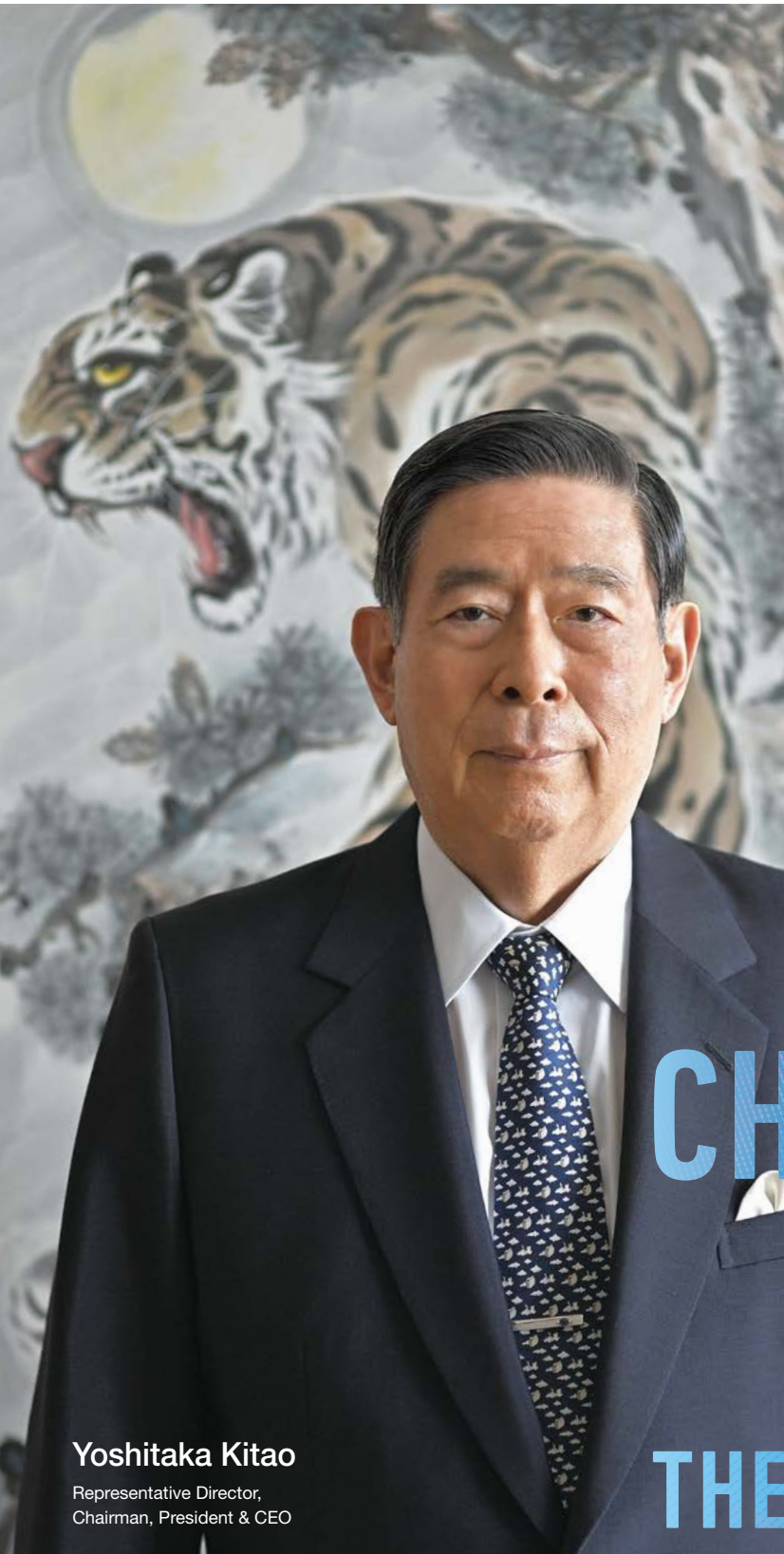
The customer base of each of the SBI Group companies is steadily increasing, and our goal is to achieve a Group customer base of over 100 million in the next three years.

Consolidated number of employees

18,756

(As of March 31, 2023)

The consolidated number of employees of the SBI Group, both in Japan and overseas, increased by 7.2% from the end of FY2021 due to an increase in the number of consolidated subsidiaries resulting from proactive M&A activity.



Yoshitaka Kitao
Representative Director,
Chairman, President & CEO

Pioneering the New Era: The SBI Group's Unyielding Pursuit of Innovation

Since its founding, the SBI Group has diligently built a business ecosystem^① centered around securities, banking, and insurance as its core fields, utilizing the Internet as its main channel. As a result, we have evolved into one of the world's most distinctive and comprehensive financial groups. Anticipating the transformative influence of digital technology, we are poised to embrace an era of vast digital expansion that permeates every facet of society, extending well beyond the confines of the financial sector. To prepare for this profound evolution, the Group is actively building a digital space ecosystem^② and pursuing business evolution beyond finance with finance as its core. We will achieve this transition by invigorating our organization through transformation and evolution driven by a recurring cycle of “self-denial,” “self-transformation,” and “self-evolution,” leading to the establishment of an organization capable of achieving sustainable growth.

CHALLENGE TOWARDS THE NEW ERA

Harnessing Current Trends with Strategic Management Approaches for Sustainable Growth

Management Strategy for Generating Profit Amidst Rising Uncertainty

Few would dispute that the world economy is in chaos, or that the business environment is fraught with uncertainty. We need to remain alert to developments, including the risk that the Japanese economy will come under pressure from downturns in overseas economies affected by continued monetary tightening and other factors, as well as inflation triggered by surging raw material prices and rising energy costs, and financial market fluctuations.

Enhanced foresight is an absolute necessity for any business that seeks to achieve growth in an environment affected by increasing uncertainties. I use three words from the Chinese classics, all pronounced as *ki* in Japanese, to describe the requirements for this environment. The first *ki* (機) means “sign.” Things do not change abruptly. There are always advance signs. Foresight, which is the ability to detect these signs, is extremely important. It is also extremely important to do things at the right time, which is the meaning of the second *ki* (期). For example, customers will not accept new businesses or services if they are launched too late or too early. The third *ki* (機) means intuition. In business as in other fields, we cannot succeed unless we can intuitively see the real nature of a project.

Two dominant trends when I founded the SBI Group in 1999 were the Internet revolution^③ and the Financial Big Bang in Japan^④. The Group was able to achieve rapid growth as a pioneer in Internet finance because we were able to discern the real nature of these trends. The Internet was cutting-edge technology at that time. It allowed customers to access vast amounts of data freely and instantaneously, and to make appropriate choices based on that information. That was the start of the era of consumer sovereignty. The SBI Group was quick to see this change. We responded by providing services that really reflected the needs of our customers, including continuous, phased reductions in stock trading commissions.

Our basic approach to business development, which has remained unchanged down to the present day, was to apply a “Customer-centric Principle” to all of our activities, and to have total faith in innovative technologies. The results of this approach are apparent from our consolidated financial results for the fiscal year ended March 31, 2023 (FY2022). Revenue approached the ¥1 trillion level with a 30.8% year-over-year increase to a new record of ¥998.6 billion. There were year-over-year declines in profit from our Investment Business, which was affected by volatility due to its heavy dependence on market trends, and our Crypto-asset Business, which was impacted by an extremely challenging market environment. However, total profit before income tax expense grew to ¥100 billion, thanks to the contribution from the Financial Services Business, which generates comparatively stable earnings. [▶ P.24](#)

In order to achieve sustainable growth, we have focused on the following measures on a Group-wide basis.

Management Strategy 1: Realizing Neo-securities Initiatives

The securities business is a core source of income for the SBI Group and we have worked on continuous and phased reduction of commissions to realize the Neo-securities initiatives^⑤ announced in 2019. At the same time, we are diversifying our revenue sources to create a structure that does not rely on stock trading commissions. These preparatory steps are bringing us steadily closer to the realization of the Neo-securities initiatives in the first half of FY2023. This transition is expected to trigger a dramatic increase in our customer base, and we are therefore taking steps to strengthen our systems to cope with a rapid surge in transactions. We anticipate that this transition will have a positive effect on the entire SBI Group, since SBI SECURITIES will refer new customers to other Group companies through various channels. [▶ P.20](#)

KEYWORDS

① Business ecosystem

[▶ P.04](#)

② Digital space ecosystem

The SBI Group created today's digital financial ecosystem by organically combining the Internet financial ecosystem that it has been building since its founding with new technologies, including blockchain and other elements. We strive for a rapid transition to a digital space ecosystem by harnessing the growth potential of digital spaces (the digital world) to drive further evolution of the digital financial ecosystem.

③ Internet revolution

With the rapid diffusion of the Internet, information is now readily accessible to everyone, and sovereignty has shifted to consumers, consequently transforming the landscape of 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 Neo-securities initiatives

[▶ P.20](#)

KEYWORDS

⑥ Regional revitalization

The objective of this strategy is to achieve regional revitalization through cross-sector co-creation, by using the management resources of the SBI Group to contribute to the profitability of regional financial institutions and to spread our technology and expertise to their customers, such as local companies, local residents, and local governments.

Management Strategy 2:

Entering a New Stage of Collaboration with Regional Financial Institutions

In January 2023, we changed the trading name of Shinsei Bank, which became a consolidated subsidiary in December 2021, to SBI Shinsei Bank. Since the addition of SBI Shinsei Bank to the SBI Group as a consolidated subsidiary, we have achieved significant synergetic benefits by organically integrating the management resources of the SBI Group and the SBI Shinsei Bank Group. Both groups are also working together and in collaboration with regional financial institutions to pursue regional revitalization⑥, which is one of our overall strategies. These efforts are steadily yielding results. We plan to delist SBI Shinsei Bank through a tender offer by the SBI Group and subsequent acquisition of the remaining shares. We believe that the delisting will allow even closer collaboration with regional financial institutions. Going forward, we will use our experience of strategic capital and business alliances between the SBI Group and nine partner banks as the basis for moving into taking cooperative measures centered on SBI Shinsei Bank. These measures call for further strengthening of business alliances between all regional banks and the SBI Group, regardless of whether or not the banks have capital relationships with the SBI Group. [P.22](#)

Management Strategy 3:

Expansion and Creation of Revenue Sources Through Three-way Diversification

We pursue sustainable growth in today's increasingly uncertain business environment by expanding and creating revenue streams and spreading our risks through comprehensive diversification on three levels.

Three-way Diversification in the SBI Group

| | |
|---|--|
| <p>■ Customer Diversification</p> | <ol style="list-style-type: none"> 1. Promoting Neo-securities initiatives. 2. Advancing and solidifying the partnership with the Sumitomo Mitsui Financial Group, Inc. 3. Proactively expanding our multipoint ecosystem. 4. Leveraging the diverse management resources of the SBI Group to expand our customer base not only in the retail sector but also in the corporate and financial sector. 5. Envisioning substantial growth by promoting Neo-bank initiatives through SBI Sumishin Net Bank, reaching and attracting new customer bases within and beyond the financial realm. |
| <p>■ Diversification of Financial Products and Services</p> | <ol style="list-style-type: none"> 1. In the securities business, we seek to attract new customers considering the shift "from savings to asset building" and enhancing customer satisfaction through further diversification of our products and services. 2. In the Crypto-asset Business, we will use M&A and other methods to expand and enhance our services to meet the needs of a wide spectrum of customers. |
| <p>■ Diversification of Business Fields</p> | <ol style="list-style-type: none"> 1. Positioning Asset Management Business as a core business, endeavoring to reach ¥20 trillion in assets under management by FY2027 through M&A's, establishment of joint ventures, and other methods. 2. Pioneering new business domains, such as Web3, integrating innovative technologies from Japan and overseas. 3. Expanding our revenue base in Non-financial Business. 4. Promoting Osaka as an international financial center. 5. Considering potential expansion into new business domains that can generate synergies with existing activities. |

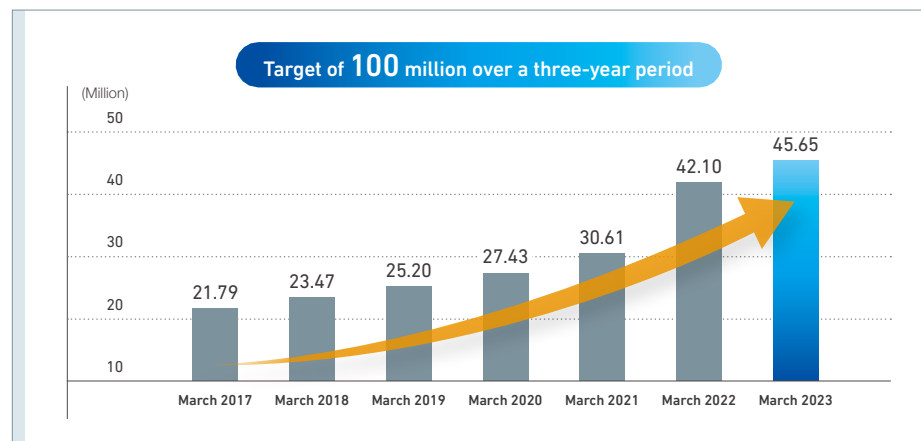
1. Customer Diversification

Strong customer satisfaction made possible by our consistent “Customer-centric Principle” approach has allowed the SBI Group to achieve rapid growth. By March 31, 2023, our customer base had grown to approximately 46 million. Going forward, our focus is on attracting not only individual customers, but also business and financial corporations. For example, SBI SECURITIES has maintained the highest share of IPO underwriting in the industry. It will also strengthen its M&A advisory services by establishing an integrated structure ranging from consulting, sourcing, and deal-making to financing and other services. In addition, SBI SECURITIES has established a Foreign Exchange Department to handle over-the-counter currency derivatives, including futures and options, for corporate customers. In the area of real estate finance, we have established SBI Private REIT Investment Corporation to manage open-ended private REITs and provide quality investment opportunities that match the needs of institutional investors.

We believe that SBI Shinsei Bank can also contribute to the expansion of our corporate customer base by providing financing services to customers of SBI SECURITIES and SBI Investment investees. In addition, we will use the BANKIT®⁷ platform provided by APLUS to expand our corporate business by leveraging its capacity to help both financial and non-financial businesses to expand into financing and payment businesses and implement DX.

In addition to these initiatives, we will also focus on the formation of partnerships with companies in the financial sector and other industries, such as SBI Sumishin Net Bank’s Neo-bank initiatives⁸, under our open partnership philosophy, and the provision of SBI Group products and services to partner companies. By pursuing initiatives such as these, we aspire to expand the SBI Group’s customer base to over 100 million over a three-year period.

Customer Base



2. Diversification of Financial Products and Services

The SBI Group has successfully broadened its array of financial products and services through collaboration within and beyond the Group. Going forward, we will develop new securities, banking, and insurance products to meet the needs of the next generation, while also expanding our line-up in areas with future potential, such as crypto-assets.

We see the Japanese government’s policy of encouraging a shift “from savings to asset building” as a positive impetus for this strategy. SBI SECURITIES will expand its foreign stock trading service and launch the fully automated AI investment service “SBI Wrap.” It will also

KEYWORDS

⁷ BANKIT®

APLUS is the business entity for this financial platform and is registered as a fund transfer business and issuer of prepaid payment instrument. 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 SBI Shinsei Bank, including exchanges, credit functions, etc.

⁸ Neo-bank initiatives

Under this concept, SBI Sumishin Net Bank works with its partner companies to create systems based on its behind-the-scenes role as a provider of banking functions in order to ensure a smooth, efficient experience for customers using the services of those companies.

KEYWORDS

9 NISA/iDeCo

→ P.123

10 Web3

→ P.123

11 Staking service

→ P.123

12 Blockchain

Blockchain is a type of distributed ledger technology that uses blocks of encrypted information 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.

13 Security tokens

→ P.123

provide an options service for individual stocks, expand its lineup of real estate-related products, such as small-lot real estate trust beneficiary rights, and enhance its NISA and iDeCo⁹ services as a strategic area.

In the Crypto-asset Business which is expected to grow in the future, we are working to enhance our medium- to long-term earning power by using M&A to expand our business in this area. In March 2023, we acquired BITPoint Japan, which operates the BITPOINT crypto-asset trading platform, as a wholly owned subsidiary. In April 2023, we added HashHub, a provider of specialized crypto-asset and Web3¹⁰ research services and crypto-asset services, to the SBI Group. As crypto-asset exchanges in the SBI Group, SBI VC Trade and BITPOINT are expanding the range of crypto-assets handled and enhancing their management services, including staking services¹¹. We will continue to expand our earnings from the Crypto-asset Business by diversifying the range of products and services that we offer, and by pursuing synergies among Group companies.

3. Diversification of Business Fields

Our third level of diversification is the diversification of our business domains. In the financial area, for example, we will expand our Asset Management Business, which we have identified as an area capable of generating relatively stable profit alongside financial services. We will also move into business areas with future growth potential, such as Web3, and into new business areas offering opportunities for synergies with our existing businesses.

While the Asset Management Business is becoming increasingly important for asset management of both individuals and corporations, we will strive to achieve further business expansion by using M&As and the establishment of joint ventures to enhance our ability to offer management products that match the needs of our customers. SBI Global Asset Management changed its trading name after terminating its licensing agreement with the U.S. company Morningstar, Inc. on March 30, 2023. The return of the Company's original brand has been accompanied by restructuring of the SBI Group's Asset Management Business and a transition to a new structure. We will evolve beyond our role as an integrated asset management group by focusing on business development in overseas markets, especially in Asia. While the SBI Group's balance of assets under management stood at approximately ¥7.9 trillion as of March 31, 2023, we aspire to increase this to ¥20 trillion by the end of March 2028.

We have also identified the digital space field as an area with potential in medium- to long-term growth. In the Web3 era, blockchain¹² technology is expected to provide the infrastructure for the accelerating digitalization of all areas of society, leading to the development of the digital space field. The Internet financial ecosystem developed by the Group has evolved into today's digital financial ecosystem through organic convergence with the latest technologies. Going forward, our goal is to achieve a rapid transition to a digital space ecosystem by capturing the growth potential of the rapidly expanding digital space and further developing our digital financial ecosystem.

One area in which we will pursue specific initiatives is security tokens (STs)¹³, which are expected to emerge as next-generation financial products. SBI SECURITIES is already building a track record in this area, including six ST issuances. The SBI Group is helping to develop systems and infrastructure and was instrumental in the establishment of the Japan STO Association as a self-regulatory body. We also supported the establishment of the Japan Digital Space Business Federation as a cross-industry business organization dedicated to the development of digital space. I am currently serving as representative chairperson of this organization, which over 100 organizations have joined since its formation. Additionally, we moved into the field of e-Sports with the establishment of SBI e-Sports in 2020. This company will help to develop customers for the future by strengthening our contact points with young people of the digital generation through management of pro-gaming team and other activities.

In August 2021, we signed an agreement concerning collaborative initiatives to promote Osaka Prefecture and Osaka City as an international financial center. The entire SBI Group has provided wide-ranging support for the establishment of a next-generation international financial center in Osaka. Those initiatives are about to accelerate. Osaka Digital Exchange (ODX) which was established in April 2021, has been operating a proprietary trading system (PTS)¹⁴ since June 2022 and is now making preparations for the creation of Japan's first ST trading market. The Sumitomo Mitsui Financial Group, Inc., Nomura Holdings, Inc., and Daiwa Securities Group Inc. are all shareholders in ODX. A number of overseas companies, including Virtu Financial and CBOE, are also planning to participate.

Additionally, we are working toward the creation of the Osaka Fintech Center as a cluster for fintech companies in the Kansai region. The Kansai region offers many advantages, including an international airport, which had the most direct flights to Asian destinations of any airport in Japan before the COVID-19 pandemic. We will leverage those advantages to attract clusters of companies involved in advanced technologies, such as Web3 and AI. We took an important first step by establishing SBI Digital Hub with Project Company, Inc. in November 2022. The new company will serve as a hub to link companies that own advanced technologies with companies that can commercialize those technologies.

For some time, we have been considering the creation of a new business domain that would generate synergies by integrating the multiple existing business initiatives referred to in this message, such as our regional development strategy, the international financial center concept, and our efforts to create a fintech center in Osaka. In July 2023, we reached basic agreement with Powerchip Semiconductor Manufacturing Corporation (PSMC), a major Taiwanese semiconductor foundry¹⁵, concerning the establishment of a company to prepare for the launch of JSMC as Japan's first semiconductor manufacturer. The preparatory work to be carried out by the new company will include the selection of a factory site, the formulation of a business plan, and the development of a financing plan.

The SBI Group decided to expand into the semiconductor field, with a particular focus on automotive and industrial devices, because we judged that the present time offered a unique opportunity in terms of "Timing blessed by the heavens," "Advantage of the landscape," and "Harmony of the people." By "Timing blessed by the heavens," I mean that the Japanese government has positioned semiconductor manufacturing as a priority industry and is mobilizing national resources to support its development. In addition, the concentration of the semiconductor foundry industry in Taiwan has heightened geopolitical risks amid the current tensions between the U.S. and China. We believe that in this environment, countries in the Middle East, Asia, Europe, and North America will look to Japan as a new hub in the global semiconductor supply chain.

Japan's "Advantage of the landscape" includes the presence of many semiconductor-using industries, including automobile manufacturing, biotechnology, and AI. In addition, Japan has a large share of the market for semiconductor manufacturing equipment and materials and is amply supplied with other necessities for semiconductor production, such as water and land, as well as logistics and electric power infrastructure. These advantages will be extremely important at a time when the world semiconductor market is expected to reach ¥100 trillion by 2030.

"Harmony of the people" encompasses PSMC. It is the third largest semiconductor foundry in Taiwan and the sixth largest in the world. It is also one of the few companies in the world to produce both memory and logic chips. In addition, PSMC has a business model for the mass-production of high-quality, low-cost semiconductors in the 28nm and higher range, which account for over 90% of demand for automotive semiconductors. The SBI Group has powerful financing capabilities networks within and beyond the Group and will be able to provide stable, long-term access to finance, which will be essential for the development of the semiconductor industry. The goal is to leverage the financing capabilities of the SBI Group and the technology, expertise, engineering talent, and other resource of PSMC to turn Japan into a hub in the global semiconductor supply chain.

KEYWORDS

¹⁴ Proprietary trading system (PTS)

Proprietary trading systems allow stocks to be traded outside of public exchanges such as the Tokyo Stock Exchange. As of June 30, 2023, there are three such systems in Japan: Japannext, Osaka Digital Exchange, and Cboe Japan Limited. The first two of the three are members of the SBI Group. While competition between public exchanges and the PTS sector is reducing trading costs in the U.S., in Japan the PTS is still not widely used, and the Tokyo Stock Exchange still accounts for most trading of listed stocks.

¹⁵ Foundry

→ P.123

KEYWORDS

**16 Task Force on
Climate-Related Financial
Disclosures (TCFD)**

Established following a G20 directive to the Financial Stability Board (FSB) in April 2015, the TCFD published its recommendations in a final report delivered in June 2017. These recommendations provide a common global framework for the disclosure of climate change-related information that can be used as the basis for comparisons. The TCFD recommends the disclosure of information about climate change-related risks and opportunities in four categories: governance, strategy, risk management, and metrics & targets.

A Corporate Group Dedicated to Growth in Partnership with Society

Empowering Growth by Fulfilling the Commitments to Social Responsibility

We believe that the initiatives of the SBI Group will contribute not only to our sustainable growth as a business group, but also to prosperity for society. I place particular importance on the fulfillment of our social responsibilities, which was one of the five founding corporate missions of the SBI Group. This mission recognizes the social significance of businesses as important elements of society. Businesses must contribute to the maintenance and advancement of society by responding to the needs of their stakeholders. Businesses that fail to do this are unlikely to achieve growth and development.

We have consistently pursued this mission since the founding of the SBI Group. We believe that it aligns with sustainability management, the purpose of which is to achieve sustainable improvement in corporate value while also considering environmental, social, and economic sustainability. In FY2021, we formulated our Basic Sustainability Principles and Materialities, and in FY2022, we adopted KPIs designed to inform stakeholders about our progress on each of the Materialities. We are also responding positively to social concerns about climate change, which has become a global issue. In May 2023, we declared our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)¹⁶. We also expanded the scope of our greenhouse gas (GHG) emission disclosures to include parts of Scope 3 emissions.

One of our key management priorities is the achievement of growth and prosperity in partnership with society. In addition to our contributions to society through our core business activities, we have also engaged in more direct social contribution activities in line with the ideas of Harvard Professor Michael Porter, who equated social contribution activities with strategic investment. For example, we established the SBI Children's Hope Foundation to support efforts to improve the welfare of children suffering from abuse and other forms of deprivation in 2005, which transitioned to a public interest incorporated foundation structure in 2010. We will continue these initiatives in the future and also prioritize transmission of information, with the goal of ensuring that all stakeholders are fully informed about our activities.

Co-creation with Stakeholders to Enhance our Corporate Value

We believe that we can sustainably enhance our corporate value by linking three interrelated forms of value into a virtuous circle that combines shareholder value and human resource value, with customer value as the foundation. We see the creation of this virtuous circle with our various stakeholders as the best way to achieve sustainable medium- to long-term growth in our corporate value.

The starting point for this mechanism to improve corporate value is the enhancement of customer value. To achieve this, we have pursued a customer-oriented approach to business by consistently applying the "Customer-centric Principle" to the activities of the SBI Group, based on the concept that the public benefit leads to private benefit. One example of this is the phased reduction of share trading commissions by SBI SECURITIES. Our Neo-securities initiatives, which we plan to implement in the first half of FY2023, will transform the Japanese securities business landscape.

A concept that is attracting intense interest at present is human capital management, which seeks to maximize value by treating human resources as capital. As stated earlier, the SBI Group has always recognized human value as an essential element for the improvement of corporate value. We have expanded our recruitment activities, the goal of which is to attract talented people who share the management philosophy of the SBI Group and can immediately be deployed as strategic human resources to support our rapidly expanding business operations, regardless of gender, nationality, or ethnicity. We are also working to develop our employees' abilities and promote diversity and inclusion.

For mid-career recruits that make up over 90% of the SBI Group's workforce and many new employees who are added to the Group through M&A and other processes, we will make great efforts to share our business philosophy and concepts with all of these people, so that we can pursue our management strategies together as a unified Group. [P.41](#)

The stagnation of the price-to-book ratio (P/B ratio) of Japanese companies is seen as a problem in relation to shareholder value and we recognize that one of the reasons for this is that corporate value has not been manifested in our case. One of the ways in which we have worked to solve the problem in the past is through new share issues by subsidiaries. The most recent initial public offerings made were by SBI Leasing Services in October 2022, SBI Sumishin Net Bank in March 2023, and Rheos Capital Works in April 2023. All were implemented as new listings on the Tokyo Stock Exchange. We are currently making preparations for initial public offerings by SBI Biotech and SBI ALApromo, which are involved in the area of biotechnology, healthcare & medical informatics business. By manifesting the business value of our Group companies, we would like to strive to ensure that the stock market appropriately evaluates our Group, which operates related businesses in a wide range of areas.

Shareholder value is directly influenced by shareholder returns. In FY2022, we changed our stance on the total payout ratio, which consists of the total dividend and share buy-backs. Our policy for the foreseeable future will be to pay out around 30% of profit before income tax expense generated consistently by our Financial Services Business. We believe that by basing our payout ratio on the Financial Services Business, which generates relatively stable cash flows, we have made our policy on returns more predictable for shareholders and investors.

The SBI Group has laid the groundwork for adaptability, enabling seamless adjustments to future shifts in the business landscape. Our unified efforts as a Group will persist, embracing novel endeavors to optimize our corporate value. We eagerly anticipate our esteemed shareholders' unwavering guidance and support.



Feature: Vital Strategies of the SBI Group

01 NEO-SECURITIES

Realizing Neo-securities Initiatives

STRATEGY

Our goal is to expand the customer base of the entire SBI Group through the realization of Neo-securities initiatives in the first half of the fiscal year ending March 2024.

Commitment to the Customer-centric Principle lies in Neo-securities Initiatives

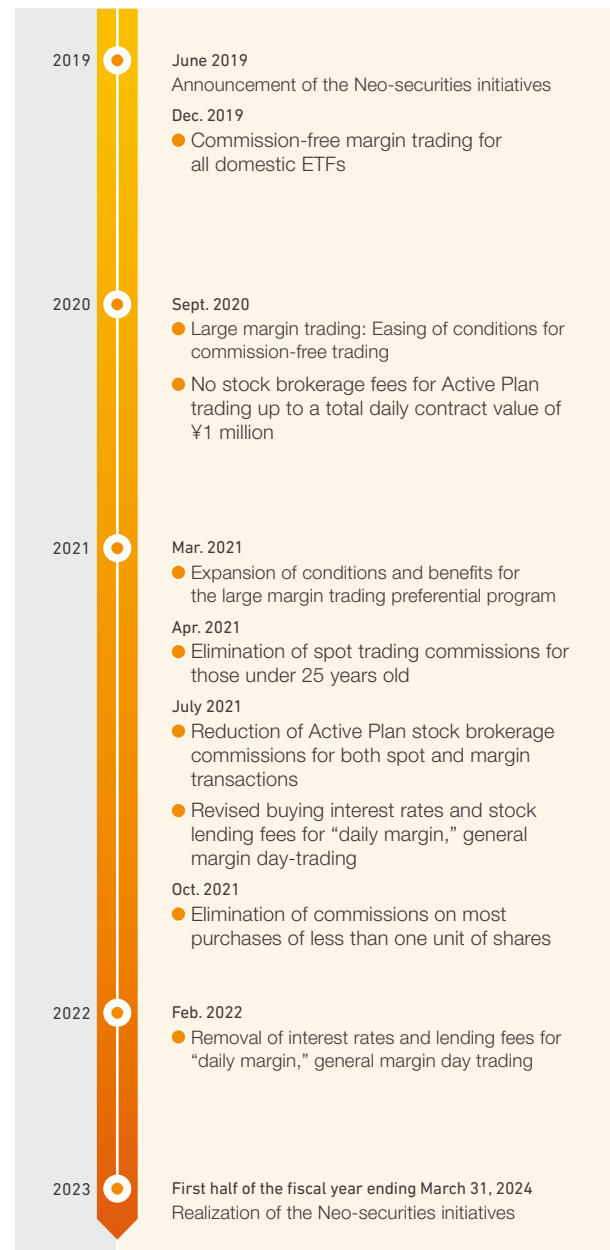
The SBI Group laid the foundation for Neo-securities initiatives in June 2019 to facilitate the elimination of commissions and certain other charges paid by investors engaging in online trading of Japanese stocks.

SBI SECURITIES has achieved a position of industry leadership by consistently applying the “Customer-centric Principle” and offering trading commissions significantly lower than those of its competitors ever since its establishment. These philosophies have driven the promotion of Neo-securities initiatives by the SBI Group. On another front, Robinhood Markets Inc. began offering stock trading service free of commissions in 2014, which forced the U.S. securities industry to shift from a business model dependent on trading commissions. In October 2019, the major U.S. online brokerage company Charles Schwab Corp stopped charging commission fees for online trading of U.S. stocks, ETFs, stock options, etc.

Anticipating the trend towards commission-free trading in Japan, SBI SECURITIES took the lead by introducing the Neo-securities initiatives, becoming the first Japanese securities company to do so. Being aware that the realization of this concept would require the establishment of a revenue base that was not reliant on brokerage commissions, SBI SECURITIES has worked to diversify its revenue sources by prioritizing product and service diversification. At the same time, it implemented gradual measures to reduce transaction costs. In the result of these measures, the percentage of operating revenue derived from online domestic stock trading commission declined to 11.2% in the fiscal year ended March 2023.

Our greatest priority as we worked to implement the Neo-securities initiatives was the development of systems capable of handling rapid growth in customer numbers. We believe that we have addressed this need by creating a robust system development and administration structure through the establishment of SBI Simplex Solutions in February 2023 as a joint venture with Simplex Holdings, Inc. The primary role of this new company is the development and operation of systems for the SBI Group, including SBI SECURITIES.

Initiatives to Reduce Transaction Costs for Investors



Revenue Source Diversification, the Key to Realization of the Neo-securities Initiatives

Two factors have enabled the SBI Group to promote the Neo-securities initiatives by dramatically reducing the percentage of operating revenue derived from commissions on online domestic stock trading. First, we have used M&A and other methods to diversify our revenue sources. Second, we have continually implemented a variety of measures to strengthen our earning capacity.

We have diversified our revenue sources by increasing our trading revenue through the expansion of FX trading. We have also expanded margin trading, leading to growth in our financial revenue. Further expansion of our product lineup has also helped to broaden our revenue base. For example, we expanded our stock-type business, such as accumulation-type fund investment service with credit cards issued by seven companies, including Sumitomo Mitsui Card Company, and our fully automated AI investment “SBI Wrap.” We have also expanded our foreign stock trading services, which are in high demand from customers. Another important factor has been the strengthening of our wholesale business, as evidenced by the fact that we have maintained the highest IPO underwriting share in the industry since FY2012. More recently, we have also been focusing our efforts on the real estate finance business. For example, we have expanded our existing business based on sales of real estate small-lot beneficiary interests via SBI MONEYPLAZA. In addition, we are actively pursuing M&As to create synergy benefits by expanding the SBI Group to include companies working in the areas of real estate development, real estate asset management, and public REITs. We are responding to strong customer demand for opportunities to invest in real estate finance products, and in May 2023, we established a private REIT asset management company.

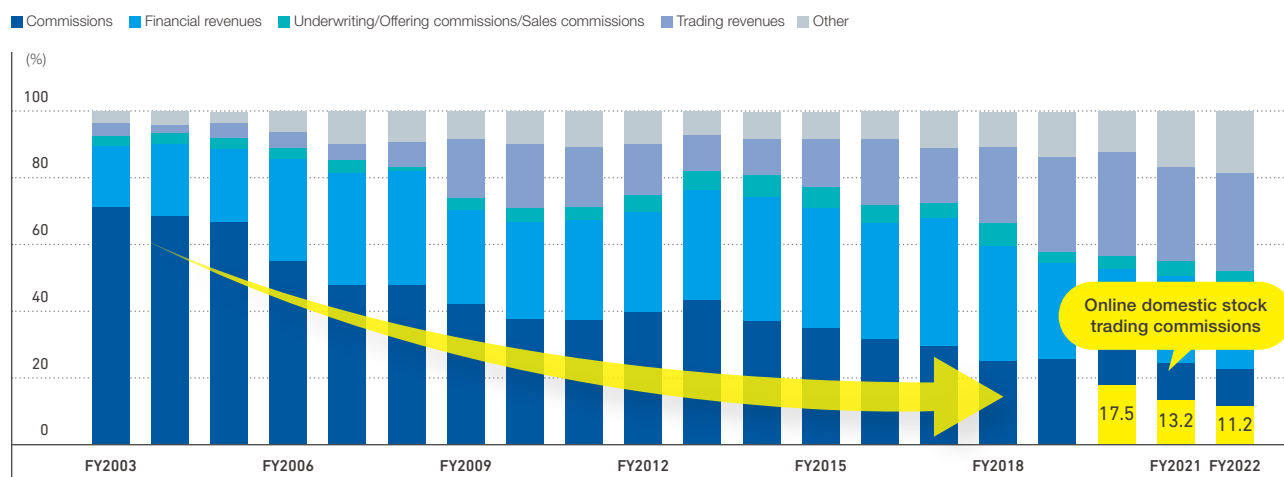
Group-wide Customer Base Expansion Through Neo-securities Initiatives

With a total of approximately 10.04 million accounts as of March 31, 2023, the SBI Group has become the first financial group in Japan to hold more than 10 million securities accounts. We are also, by far, the industry leader in terms of our share of individual stock trading value, which rose from 44.1% in FY2021 to 46.0% in FY2022. The realization of the Neo-securities initiatives is expected to attract substantially more customers to SBI SECURITIES, which already has the largest customer base in the industry.

SBI SECURITIES is also expected to attract more customers through its role as the online securities service provider for “Olive,” a mobile integrated financial service established by the Sumitomo Mitsui Financial Group. In addition, we are determined to harness the shift from savings to asset formation, which is being promoted by the Japanese government. The expansion of the Nippon Individual Savings Account (NISA) and individual-type Defined Contribution pension plan (iDeCo) systems in 2024 will provide additional impetus for efforts to attract customers planning to start investing in stocks under these systems. [▶ P.123](#)

We anticipate that the attraction of additional customers through these initiatives will lead to customer base expansion not only for SBI SECURITIES, but for the entire SBI Group. For example, a customer who opens a new securities account with SBI SECURITIES might also open an SBI Shinsei Bank account at the same time and then obtain a housing loan from SBI Shinsei Bank and insurance coverage from SBI Life Insurance, and so on. In this way, SBI SECURITIES will become the gateway for spreading the benefits of the Neo-securities initiatives throughout the SBI Group.

Composition of Operating Revenue (Net Sales) of SBI SECURITIES



Note: Non-consolidated results are shown for FY2003 and FY2014. Consolidated results are shown for other fiscal years.

02 REGIONAL REVITALIZATION

Entering a New Stage of Collaboration with Regional Financial Institutions

STRATEGY

Strengthen business alliances between SBI Group companies and regional financial institutions across Japan by actively pursuing collaborative initiatives centered on SBI Shinsei Bank.

Delisting of SBI Shinsei Bank Shares Through a Tender Offer

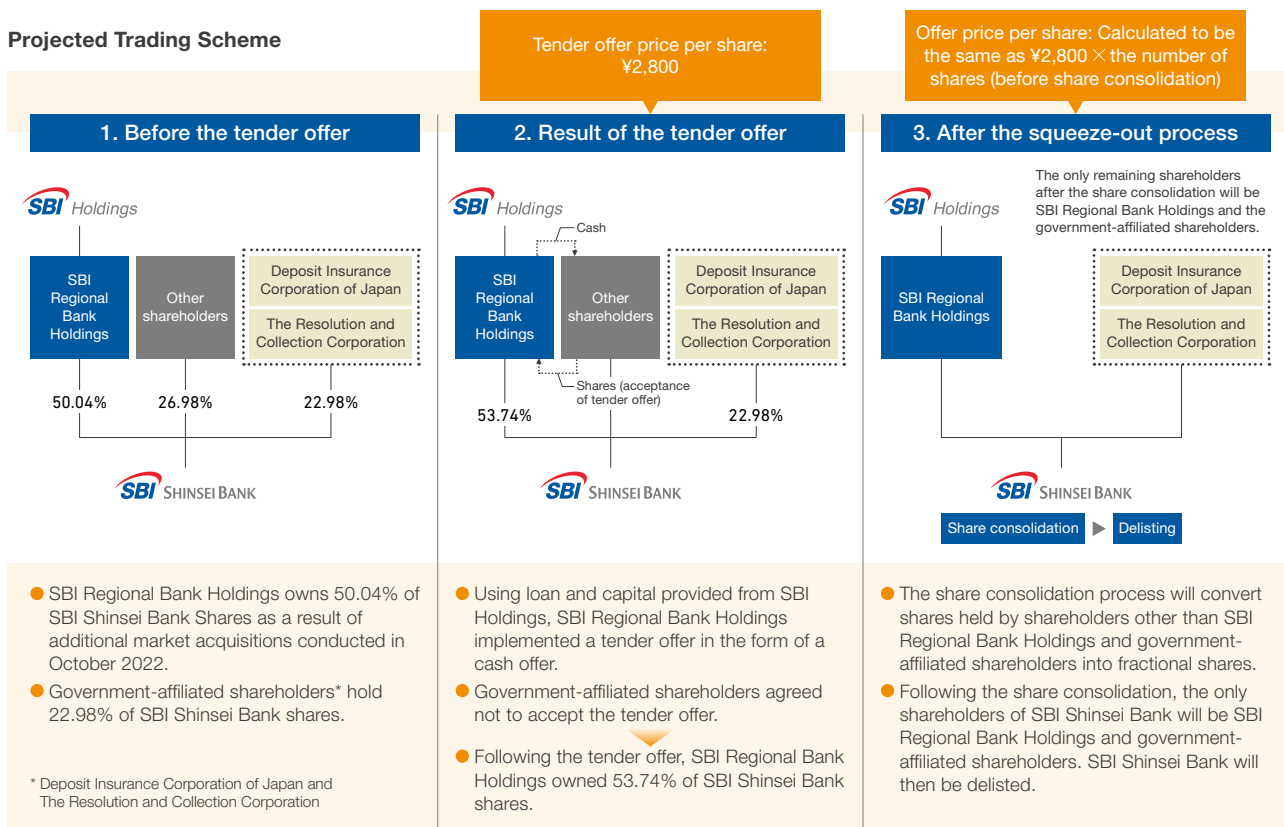
SBI Shinsei Bank became a consolidated subsidiary of the Company in December 2021. From the outset, we have regarded the repayment of the public funds injected into SBI Shinsei Bank as a vital management priority, and believe that there is a social responsibility to develop a roadmap toward this goal as quickly as possible.

The repayment of these public funds will only be possible if we can improve the profitability of SBI Shinsei Bank. However, if we had maintained the listing of SBI Shinsei Bank, it would have been difficult in the short term to implement up-front investments and measures that would have resulted

in temporary cost increases, since the significance of these measures would be difficult for minority shareholders to understand. Moreover, there is a need to reflect the interests of minority shareholders when making decisions concerning transactions with the SBI Group that would have led to slower decision-making, etc., which together prevent quick and flexible implementation of measures from the perspective of medium- to long-term growth.

For these reasons, the SBI Group conducted a tender offer for SBI Shinsei Bank shares between May 15 and June 23, 2023, with our wholly owned subsidiary, SBI Regional Bank Holdings, as the tender offer. As a result, the percentage of SBI Shinsei Bank shares held by the SBI Group reached 53.74%*1 on the settlement start date of June 30.

Projected Trading Scheme



As a result of the acquisition of SBI Shinsei Bank shares through this tender offer, as well as the subsequent squeeze-out procedures*2, SBI Shinsei Bank is expected to be delisted with SBI Regional Bank Holdings, the Deposit Insurance Corporation of Japan, and The Resolution and Collection Corporation as the only remaining shareholders.

At the time of the tender offer, we concluded an agreement with SBI Shinsei Bank, the Deposit Insurance Corporation of Japan, and The Resolution and Collection Corporation on May 12, 2023, regarding the handling of public funds. Under this arrangement, all four parties will work to reach agreement on a specific mechanism for repayment of the public funds by the end of June 2025.

*1 The shareholding ratio was calculated by dividing the total number of shares issued by SBI Shinsei Bank as of March 31, 2023, subtracting the number of treasury shares held on the same date, by the number of voting rights pertaining to the shares.

*2 SBI Regional Bank Holdings intends to implement a share consolidation process that will convert shares held by parties other than SBI Regional Bank Holdings and government-affiliated shareholders into fractional shares. This will require the passage of a special resolution by a two-thirds majority of shareholders present at an Extraordinary General Meeting of Shareholders, attended by shareholders holding a majority of voting rights. Thereby acquiring fractional shares held by minority shareholders.

Acceleration of Regional Revitalization Strategy Through the Delisting of SBI Shinsei Bank

We see the delisting of SBI Shinsei Bank as a way to cut the ties between the share price and repayment of public funds, allowing the Company to make management decisions with greater speed and flexibility. Going forward, we will further enhance the profitability of SBI Shinsei Bank by formulating and rapidly implementing medium- to long-term strategies that align with that of the SBI Group.

The delisting will also contribute to the SBI Group's ongoing regional revitalization strategy, since it will allow SBI Shinsei Bank to expand its collaboration with regional financial institutions. We will endeavor to realize our concept of becoming the "Forth Megabank" by becoming a wide-area regional platform with SBI Shinsei Bank as its core.

Under our regional revitalization strategy, we have been comprehensively utilizing our management resources to enhance the profitability of regional financial institutions. SBI Shinsei Bank Group is already starting to achieve success as a platform provider working in close partnership with the SBI Group. Examples include participation in co-financing deals arranged by regional financial institutions for local companies and the participation of local financial institutions in financing projects arranged by SBI Shinsei Bank. SBI Shinsei Bank is also building a track record in the area of sustainable finance, not only with banks that have capital and business partnerships with the SBI Group, but also with many regional financial institutions. SBI Shinsei Bank subsidiaries are also achieving success as providers of various services to regional financial institutions. Examples include the BANKIT® financial platform operated by APLUS, provision of credit guarantees by Shinsei Financial, and the sale of operating assets to leasing subsidiaries of regional financial institutions by Showa Leasing, which also provides debt collection services.

Going forward, we will use the experience accumulated by

the SBI Group with its nine capital and business alliance partners to enhance the ability of SBI Group and SBI Shinsei Bank Group companies to collaborate with every regional financial institutions in Japan, regardless of whether or not there is a capital relationship. Our ultimate goal is to pursue the benefits of efficiency improvements and an expanding range of business activities through wide-ranging collaboration based on our envisaged role as a wide-area platform provider dedicated to supporting the sustainable growth in regions throughout Japan. By progressing through these stages, we will endeavor to realize our concept of creating Japan's "Forth Megabank" group, centered on SBI Shinsei Bank, as a structure that will support the operations of regional financial institutions nationwide.

The rapid rise of interest rates, especially in the overseas markets, led to the failure of a number of European and U.S. financial institutions in the first six months of 2023, triggering global financial instability. With global financial markets still in turmoil, it is possible that a similar situation will emerge in the Japanese financial sector. The SBI Group is determined to contribute both to improvement in the profitability of regional financial institutions, and to the stabilization of the Japanese financial system.

Transition to a New Stage of Collaboration with Regional Financial Institutions

Stage 1

- Make full use of the management resources of the SBI Group to enhance the profitability of regional financial institutions.

Stage 2

- Once the SBI Group has become the majority shareholder of Shinsei Bank (currently, SBI Shinsei Bank), pursue collaboration with all regional financial institutions, regardless of whether or not they have a capital relationship with the SBI Group.

Stage 3

- Pursue the benefits of improvements in efficiency and the expansion of our business scope through wide-ranging collaboration based on the concept of supporting the sustainable growth of regions throughout Japan through the provision of a wide-area platform centered on SBI Shinsei Bank.

We will link these three stages to our concept of becoming the "Forth Megabank" with SBI Shinsei Bank as the core.

Message from the Managing Executive Officer & CFO

Executing Financial Strategy and Solidifying the Procurement Foundation to Enhance Corporate Value with Sustainability

Hideyuki Katsuchi

SBI Holdings
Managing Executive Officer & CFO



FY2022: A Year of Large Changes in Financial Markets

Amidst the changes in the business environment during FY2022, the greatest impact on the SBI Group came from higher global interest rates. An inflationary mood settled in as a result of fluctuating exchange rates driven by changes in these interest rates, as well as from the heightened geopolitical risk stemming from Russia's invasion of Ukraine, which continued from the previous fiscal year. In light of the sudden movement towards a weak yen and strong dollar – a result in differences between Japan's ongoing financial industry deregulation and the U.S.' interest rate hikes – the Bank of Japan announced a major correction to its “monetary easing” policy in December 2022. Outside of Japan, the rising uncertainty in conditions surrounding monetary policy, which resulted in the collapse of several banks in the U.S. and Europe, left the feeling that the business environment had undergone major changes.

Despite this business environment, the Group's consolidated financial results for FY2022, the year ended March 31, 2023, included revenue of ¥998.6 billion (up 30.8% year-over-year), a record high tantamount to reaching the one-trillion-yen mark. However, profit before income tax expense declined to ¥100.8 billion (down 75.6% year-over-year) and profit for the year attributable to owners of the Company was ¥35.0 billion (down 90.5% year-over-year). (If the effects of the ¥195.6 billion gain from negative goodwill from making SBI

Shinsei Bank a consolidated subsidiary in the previous fiscal year are excluded (a one-time event), then profit before income tax expense would be down 53.6% year-over-year and profit for the year attributable to owners of the Company would be down 74.2% year-over-year.)

Major factors behind this decline in profits include (1) impairment losses reported in business segments with high volatility owing to their high reliance on financial markets, (2) valuation differences of ¥42.7 billion reported owing to certain fair-value estimates for holdings of listed stocks in overseas markets (including ¥30.7 billion in cumulative valuation losses at TPBank in Vietnam through January 31, 2023), and (3) a loss before income tax expense of ¥18.4 billion in the Crypto-asset Business segment owing to such drivers as depressed crypto-asset market prices and the bankruptcy of certain counterparties.

Nevertheless, profit before income tax expense in the Financial Services Business segment, one of the core businesses of the Group, rose 42.0% year-over-year owing to gains from negative goodwill discussed above, indicating steady growth. The segment achieved large increases in revenue and profit as SBI SECURITIES succeeded in diversifying its revenue sources and achieved record-high operating income. Meanwhile, SBI Shinsei Bank reported results under JGAAP accounting of gross operating profit of ¥240.2 billion (up 10.4% year-over-year) and profit before income tax expense of ¥51.7 billion (up 82.0% year-over-year). In its first full fiscal year, SBI

Shinsei Bank was able to contribute to consolidated performance in FY2022, accounting for over 40% of segment revenues and roughly 30% of segment profit before income tax expense. It thus became a pillar of revenue stability for the Group on par with SBI SECURITIES. The change in mindset throughout SBI Shinsei Bank is palpable, and this is evident from financial results that express the beneficial synergies within the Group. In the years ahead, I foresee the bank making a steady contribution to consolidated profits.

We also plan to realize the Neo-securities initiatives in the first half of FY2023, acknowledging that such realization will likely suppress revenue in the short term. However, this could be alleviated by revenue contributions from (1) increased diversification of revenues at SBI SECURITIES, and (2) growth from Group companies including SBI Shinsei Bank and TPBank (which became an equity method associate in February 2023).

Finance Strategy in Support of a Sustainable Growth Track

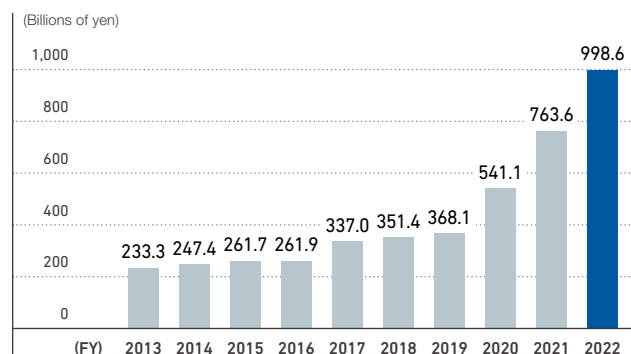
As an outgrowth of a management policy that prioritizes the facilitation of sustainable growth through business expansion, the SBI Group has set a basic policy calling for continual pursuit of a business expansion strategy through capital investment in fields identified as key sectors. Regarding the balance between investment cash outflows and inflows, our investment stance continues to be forward thinking, while in FY2022, we recouped funds via initial public offerings of Group companies and received dividends from subsidiaries.

One initial public offering by a subsidiary is SBI Sumishin Net Bank, which was listed on the Standard Market of the

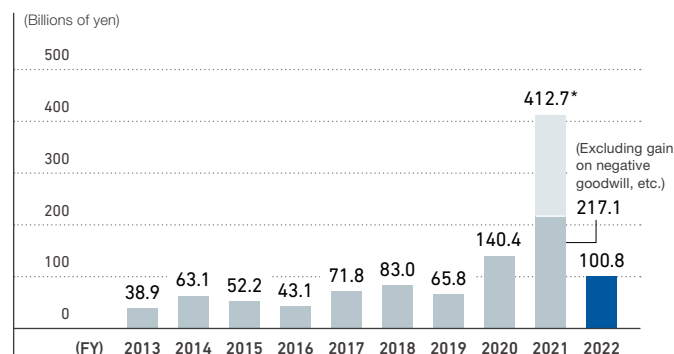
Tokyo Stock Exchange in March 2023. On that occasion, the Company sold its holdings of common stock, recording roughly ¥10.7 billion in profit before income tax expense in FY2022. Initial public offerings were also made for SBI Leasing Services in October 2022 and Rheos Capital Works in April 2023. Meanwhile, preparations for listing were made by SBI Biotech and SBI ALApromo in the Non-financial Business. First-time issuance of dividends from portfolio companies also continued in FY2022, which enabled a steady recovery of invested funds. These mainly involved subsidiaries and associates that operate in the Financial Services Business: SBI Sumishin Net Bank, SBI SAVINGS BANK of South Korea, and TPBank of Vietnam. We are now at a stage where this type of funds recovery is progressively increasing, and under this, I believe we have built a virtuous cycle of investment outflow and inflow.

In order to advance sustainable growth based on business expansion, solidifying our fund procurement foundation continues to be of major importance from a financial viewpoint. There are increasingly more instances in which fund procurement is utilized through the internal collection of profits from Group companies and the harvesting of funds from investment projects. Yet, I would like to achieve a stronger balance in procuring funds from both internal and external sources, while offering continuous financial support for growth. Regarding external procurement of funds, in addition to the capital contribution we received from the Sumitomo Mitsui Financial Group in July 2022, we have established stable and favorable relationships of trust with transacting banks, especially Mizuho Bank and Sumitomo Mitsui Banking Corporation, and corporate bond investors. Looking ahead to the future, I would like to develop this relationship with an eye

Revenue



Profit Before Income Tax Expense



* Figures in parentheses for FY2021 include one-time factors (gain on negative goodwill etc., of ¥195.6 billion) recorded when SBI Shinsei Bank became a consolidated subsidiary

on business expansion. Because we are able to exercise synergies with existing businesses effectively, we are not changing our stance regarding the aggressive pursuit of M&A. On the macro side, where rising interest rates are having an effect and conditions are unstable, we seek to add a new layer to our procurement base to allow us to respond flexibly and dynamically to take hold of opportunities in times like today.

Bringing Out Hidden Corporate Value

At the end of FY2022, SBI Holdings had a price-to-book ratio (P/B ratio) of 0.7x, which suggests that the Company is not receiving an appropriate valuation from the market. I see this as a critical issue for management.

After contemplating possible reasons for the Company being priced below its book value, the first cause I come up with is that a high proportion of the entire Group is accounted for by the banking business. At the end of FY2022, the Company's total assets were about ¥22 trillion, and the banking business led by SBI Shinsei Bank accounted for over 60% of these assets. The banking business in Japan has had an extremely low P/B ratio for over ten years, and I surmise this is having more than just a little effect on the Company's corporate valuation. The effect of the gain from negative goodwill generated when SBI Shinsei Bank was combined as a consolidated subsidiary in December 2021, was a sudden increase in the Company's stated capital. This is a factor for the depressed P/B ratio.

The second factor is the complexities behind having a broad range of business domains, which I believe has made it

difficult for investors to evaluate the Company. The SBI Group consists not only of financial businesses such as securities, banking, and insurance, but also the Crypto-asset Business and businesses outside the financial industry. This leads me to conclude that providing an appropriate valuation of all these businesses is a difficult matter.

When thinking about how to remove these two factors, I believe it starts with having the entire Group support the further growth of SBI Shinsei Bank and improve its income. Also, while the low level of P/B ratios in the banking business has been pointed out, valuations of Japanese banks have started to come under review since the Bank of Japan revised its monetary policy in December 2022. Looking ahead, I see that there must be a focus on how interest rates normalize. If this process brings forward evidence of a recovery in profitability within the banking sector, I believe a revision to valuations will be a major step forward. During this time, if SBI Shinsei Bank can achieve high profitability by leveraging synergies within the Group and making a positive contribution to SBI Holdings' stock price, then this should lead to the elimination of the issue of P/B ratio being below 1x.

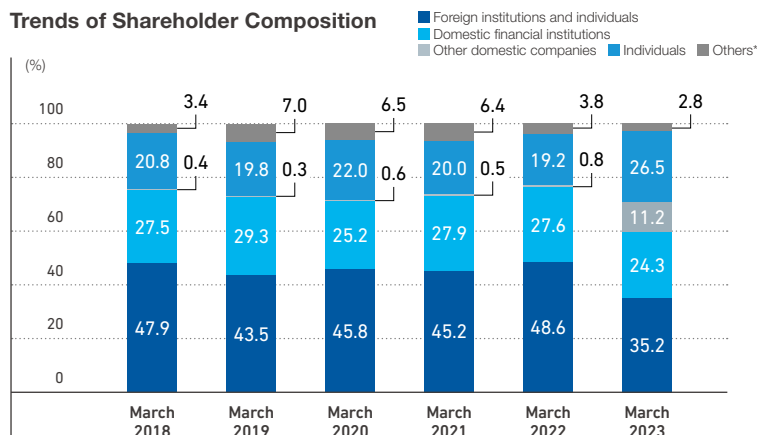
Next, I offer my thoughts on the need to make things "easy to understand" regarding the condition of the SBI Group beyond what or how we have communicated to date. Starting in the fiscal year under review, the business segments were restructured from a management accounting viewpoint – an action taken from this perspective to facilitate better understanding. We are also looking at further improvements as we continue to search for ways to make our disclosures more effective. Furthermore, the listing of subsidiaries will make certain portions of Group value more clear, but whose

Shareholder Composition as of March 31, 2023

- The total number of shareholders is **213,956**, of which the number of shareholders who hold one unit or more is **130,185***
- Shareholding ratio of domestic and foreign institutional investors is **59.5%**
- The shareholding ratio for individual investors is **26.5%**, an increase of **7.3 percentage points** from the end of FY2021.

* Including treasury shares

Trends of Shareholder Composition



impact will have significance in manifesting the whole corporate value of the entire Group. I also believe that we should not limit ourselves to operating only the banking business as discussed above. Rather, we should strive to improve the revenue of subsidiaries and equity method associates recently acquired by the Group in order to raise the valuation of the whole Group.

In addition to running a business that is conscious of capital efficiency, as has been done so far, the Group should focus on its ratio of profit to equity attributable to owners of the Company (ROE) as a vital management indicator related to improving shareholder value. One target that was stated in the medium-term vision announced in April 2021 is to ensure that ROE is constantly above the 10% level. This is something that is heavily influenced by the external environment and the stage of growth of the Company, and it assumes that the Company's current cost of capital is between 8% to 9%. While keeping tabs on the cost of procuring funds (and where our credit rating stands), we seek the proper balance between financial health and capital efficiency.

Bolstering Engagement with Shareholders and Investors

Beginning with FY2022, the Company switched to targeting paying out 30% of profit before income tax expense in the Financial Services Business segment as total returns to shareholders. We have worked hard to facilitate the understanding of shareholders and investors that, among the Group's businesses, we use the Financial Services Business segment and

its relatively stable profits as the standard for determining how much capital to return to shareholders.

In order to deepen understanding of our Group, we proactively communicate with our shareholders and investors. In FY2022, we re-instituted financial results briefings for individual investors in Japan after a hiatus due to the COVID-19 pandemic. We have historically had an unusually high proportion of foreign shareholders and are moving toward a better balance with an increase in the proportion of individual investors. At the end of FY2022, these individual investors numbered 26.5% of all investors, up from 19.2% at the end of FY2021. I believe the positive steps we have taken towards dialogue with individual shareholders has made some headway.

My Mission and Vision

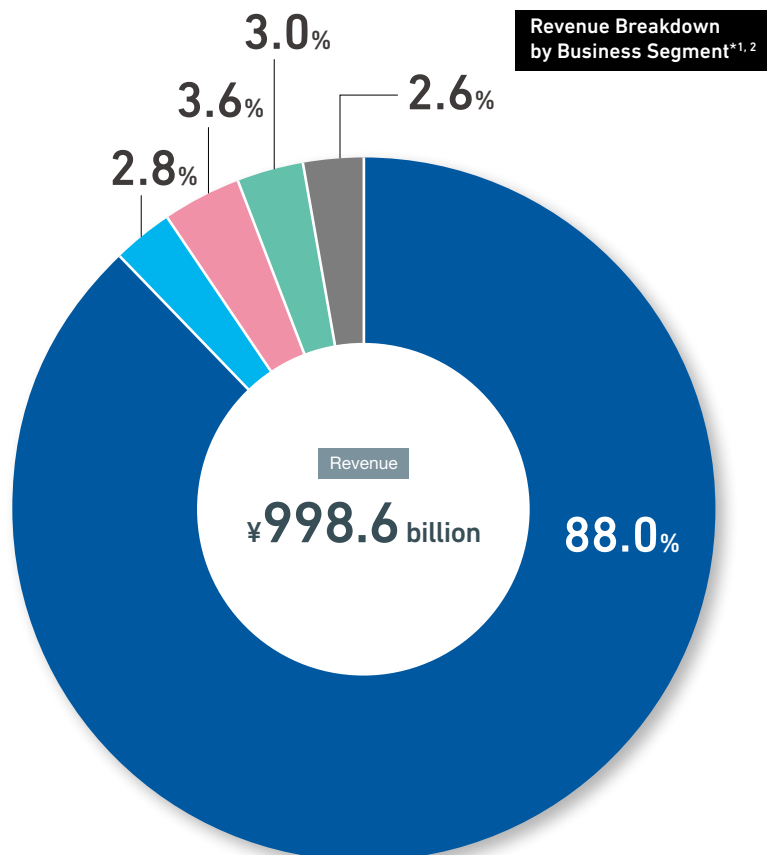
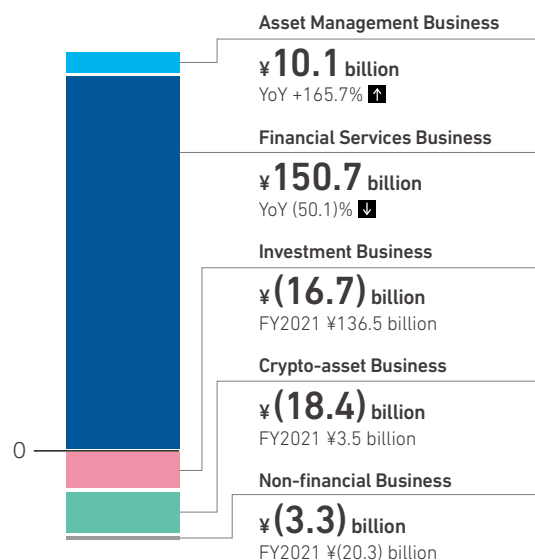
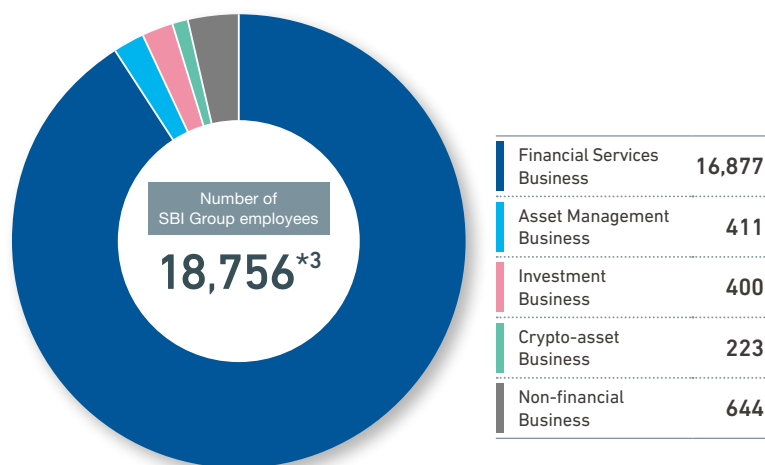
From here on, I wish to provide more support to have SBI "continue to be a financial group that takes on new challenges." The SBI Group takes the approach of "Going Beyond Finance with Finance as the Core," but our essence overflows with a spirit of entrepreneurship that other financial institutions do not have. Accordingly, I hold it as my mission to support new challenges on the financial front and to keep an accurate grasp of corporate conditions on the management front. To this end, I strive to create a sound procurement foundation and financial and management system. Meanwhile, amidst these new challenges and our business expansion, and given the challenges of understanding certain parts of our Group, I will continue to strive towards a state in which all investors can deepen their understanding of the SBI Group.

IR Activities (FY2022)

| Activity | Number of times | Description |
|---|-----------------|--|
| 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 | 2 | Held meetings with overseas institutional investors during IR conferences hosted by securities companies |
| Briefings with individual investors | 6 | Held every six months in Tokyo, Osaka, and Nagoya |
| 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 | 105 | 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 initiatives related to sustainability |

Overview of the SBI Group's Business Operations

SBI GROUP AT A GLANCE (FY2022)

**Financial Services Business**Revenue **¥886.7 billion** YoY +78.2% ↑**Asset Management Business**Revenue **¥28.0 billion** YoY +65.6% ↑**Investment Business**Revenue **¥36.7 billion** YoY (79.4)% ↓**Crypto-asset Business**Revenue **¥30.3 billion** YoY (45.0)% ↓**Non-financial Business**Revenue **¥26.2 billion** YoY +11.2% ↑**Profit Before Income Tax Expense^{*2}****Ratio of Employees by Business**

^{*1} Revenue breakdown percentages by business segment are presented as the composite ratio of the total revenue of each segment.

^{*2} Due to change in business segments in FY2022, changes have been applied retroactively to FY2021 for YoY comparison.

^{*3} Includes 201 employees who are common across the entire company.

FINANCIAL SERVICES BUSINESS

Revenue

¥ **886.7** billion

YoY +78.2% ↑

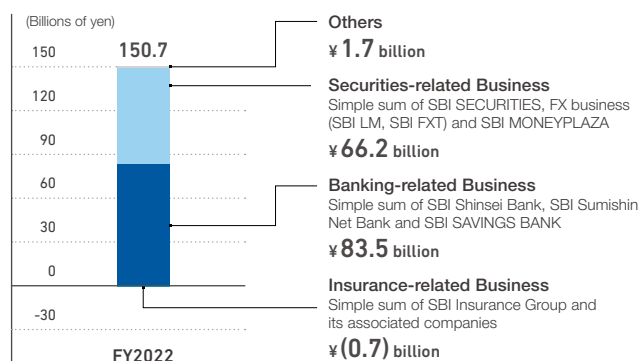
Profit before income tax expense

¥ **150.7** billion

YoY (50.1)% ↓

42.0% increase after excluding ¥195.6 billion for gain on negative goodwill etc., recorded in FY2021 when SBI Shinsei Bank became a consolidated subsidiary.

Breakdown of Profit Before Income Tax Expense



Principal Companies

Securities-related Business

SBI SECURITIES
SBI Liquidity Market (SBI LM)
SBI FXTRADE (SBI FXT)
SBI MONEYPLAZA
SBI Neotrade Securities
FOLIO Holdings
SBI Benefit Systems
SBI Simplex Solutions
Japannext
Osaka Digital Exchange
SBI Royal Securities
SBI Thai Online Securities
PT BNI SEKURITAS

Banking-related Business

SBI Shinsei Bank
Shinsei Financial
APLUS
Showa Leasing
Shinsei Corporate Investment*
SBI Sumishin Net Bank
SBI Regional Bank Holdings

ARUHI
SBI SAVINGS BANK
SBI Bank
SBI LY HOUR BANK
TIEN PHONG COMMERCIAL
JOINT STOCK BANK (TPBank)

Insurance-related Business

SBI Insurance Group
SBI Insurance
SBI Life Insurance
SBI IKIKI SSI
SBI Nihon SSI
SBI Resta SSI
SBI PRISM SSI
SBI JOGUCHI SAFETY SSI

Others

SBI NEO FINANCIAL SERVICES
SBI FinTech Solutions
SBI Remit
SBI Business Solutions
SBI Ripple Asia

* Transition to Investment Business segment from May 2023

Business overview for FY2022

Securities-related Business

- SBI SECURITIES posted record high operating revenue, driven by trading revenue from the FX business, sales of foreign bonds, etc., and margin trading, which reached record highs.
- Successfully diversified revenue sources as part of implementation of the Neo-securities initiatives (elimination of commissions for online trading of domestic stocks) promoted by SBI SECURITIES; commissions from online domestic brokerage transactions declined to 11.2% of operating revenue at SBI SECURITIES.
- Starting in March 2023, SBI SECURITIES participated in Olive, a comprehensive mobile financial service provided by the Sumitomo Mitsui Financial Group, as a main provider of online securities services.

Banking-related Business

- SBI Shinsei Bank posted both higher revenue and profit compared to the previous fiscal year, owing to increased income from higher corporate loan balances and gains on reversal of provisions made against large doubtful accounts under the J-GAAP.
- SBI Sumishin Net Bank was listed on the Standard Market of TSE in March 2023. As a result of a reduction in the Company's share of common stocks due to partial sale of equity interests, valuation of the shares declined on an IFRS basis, while recording proceeds of approximately ¥10.7 billion on the sale.
- ARUHI, a housing loan lending and brokerage business, became a consolidated subsidiary in November 2022.
- Underlying income and expenditure steadily increased as assets grew at SBI SAVINGS BANK in South Korea; however, revenues increased and profits declined from the previous fiscal year mainly due to higher interest expenses arising from interest rate hikes in South Korea.
- Transitioned TPBank in Vietnam from the Investment Business segment to the Financial Services Business segment by making it an equity method associate in February 2023.

Insurance-related Business

- The SBI Insurance Group achieved record highs for ordinary revenue, ordinary income, and profit attributable to owners of the Company under the J-GAAP, while recording a loss before income tax expense of ¥0.7 billion under IFRS due to fair value losses.
- The SBI Insurance Group paid dividends from retained earnings for the first time (a year-end dividend of ¥10 per share).

ASSET MANAGEMENT BUSINESS

Revenue

¥ **28.0** billion

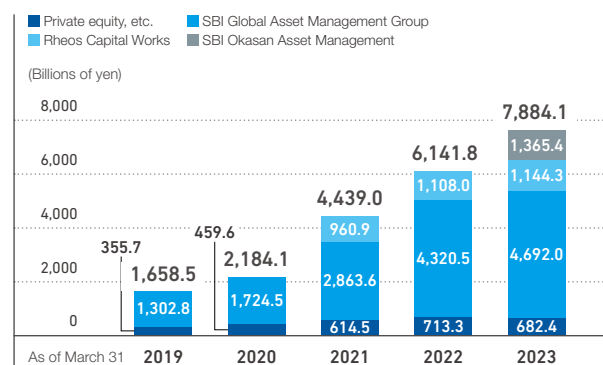
YoY +65.6% ↑

Profit before income tax expense

¥ **10.1** billion

YoY +165.7% ↑

SBI Group's assets under management



Principal Companies

SBI Global Asset Management (formerly Morningstar Japan)
SBI Asset Management
Wealth Advisor
Carret Asset Management
Rheos Capital Works
SBI Okasan Asset Management

Business overview for FY2022

- SBI Global Asset Management (formerly Morningstar Japan) returned the “Morningstar” brand and recognized ¥8.0 billion in profits as consideration. Excluding this one-time factor, downturns in the equity and bond markets caused profits to decline year-over-year, while still achieving an increase in revenues for the 11th straight year.
- Rheos Capital Works was listed on the Growth Market of the TSE in April 2023.

INVESTMENT BUSINESS

Revenue

¥ **36.7** billion

YoY (79.4)% ↓

Profit before income tax expense

¥ **(16.7)** billion

FY2021 ¥136.5 billion

Breakdown of profit/loss from the change in fair value and profit/loss on sales of investment securities

(Millions of yen)

| | FY2021 | FY2022 |
|---|---------|----------|
| Profit/loss from the change in fair value and profit/loss on sales of investment securities | 131,285 | (14,358) |
| Listed Securities | 30,246 | (32,538) |
| Unlisted Securities | 101,039 | 18,181 |

Principal Companies

SBI Investment
SBI VENTURES SINGAPORE
SBI VEN CAPITAL
SBI Investment KOREA
SBI (China)
SBI (Beijing) Investment Management
SBI FinTech Incubation
SBI Crypto Investments
SBI Leasing Services

Business overview for FY2022

- Investment Business reported a loss before income taxes, because of a fair value loss of approximately ¥42.7 billion this fiscal year due to decline in the share prices of certain overseas-listed stocks (includes approximately ¥30.7 billion in cumulative write-downs of TPBank through the end of January 2023).
- SBI Leasing Services was listed on the Growth Market of the TSE in October 2022.

CRYPTO-ASSET BUSINESS

Revenue

¥ **30.3** billion

YoY (45.0)% ↓

Profit before income tax expense

¥ **(18.4)** billion

FY2021 ¥3.5 billion

Crypto-assets handled in Crypto-asset Business

(As of June 30, 2023)

Overall number of crypto-assets handled: 27 types

 VC Trade (20 types)

 (18 types)

★=Crypto-assets handled by SBI VC Trade ★=Crypto-assets handled by BITPOINT

| | | | | |
|--------|--------|--------|----------|--------|
| ★ SOL | ★ DAI | ★★ BTC | ★★ LINK | ★ TRX |
| ★ DOGE | ★ ATOM | ★★ ETH | ★★ ADA | ★ IOST |
| ★ XTZ | | ★★ XRP | ★★ MATIC | ★ BAT |
| ★ AVAX | | ★★ BCH | ★★ SHIB | ★ JMY |
| ★ XLM | | ★★ FLR | | ★ DEP |
| ★ OAS | | ★★ LTC | | ★ KLAY |
| ★ XDC | | ★★ DOT | | ★ GXE |

Principal Companies

SBI VC Trade
BITPoint Japan
B2C2
SBI Alpha Trading
HashHub

Business overview for FY2022

- Crypto-asset Business reported a loss before income tax expense due to decline in the value of crypto-assets, temporary loss due to the bankruptcy of some business partners, and decrease in overall trading volume in the crypto-asset market in B2C2 and crypto-asset mining businesses.
- BITPoint Japan, which runs the BITPOINT crypto-asset exchange, became a wholly owned subsidiary in March 2023.
- Announced in February 2023 that HashHub, which runs businesses in crypto-asset trading and research, would become a consolidated subsidiary (which took place in April 2023).

NON-FINANCIAL BUSINESS

Revenue

¥ **26.2** billion

YoY +11.2% ↑

Profit before income tax expense

¥ **(3.3)** billion

FY2021 ¥(20.3) billion

Profit before income tax expense of the biotechnology, healthcare & medical informatics business companies (IFRS)

(Millions of yen)

| | FY2021 | FY2022 |
|------------------------|---------|---------|
| SBI Biotech | 366 | (205) |
| 5-ALA-related business | (287) | (929) |
| SBI Pharmaceuticals | (1,125) | (1,245) |
| SBI ALApromo | 298 | 195 |
| photonamic | 328 | 194 |
| NX Development Corp. | 41 | 48 |
| SBI ALApharma Canada | (287) | (570) |
| SBI ALApromo GmbH | (26) | (77) |

Principal Companies

SBI ALApharma
SBI Pharmaceuticals
SBI ALApromo
photonamic
SBI Biotech
NX Development Corp.
SBI ALApharma Canada
Photonics Healthcare
Medical Data Vision
SBI DIGITAL MARKETS
SBI e-Sports
SBI R3 Japan
SBINFIT
SBI Wellness Bank
SBI ENERGY
SBI Security Solutions
SBI Traceability
Machi no Wa
SBI Africa
gumi

Business overview for FY2022

- In the Non-financial Business segment, we are developing a diverse set of businesses, including Web3, to become the seeds of the future. Machi no Wa, which operates a regional currency business, expanded earnings as a result of adding new local municipalities introducing its services.
- In the Biotechnology, Healthcare & Medical Informatics Business, the losses increased due to higher SG&A spending and foreign exchange losses; however, R&D progressed steadily.

For the Eternal Evolution of the SBI Group

The SBI Group in Society

SBI Group's primary goal is to contribute to society through its core business activities. The Group will continue to demonstrate how its growth contributes to the development of society and the realization of a sustainable society. We will strive for the eternal evolution of the SBI Group to exist as a going concern in solidarity with society.

The SBI Group's Vision for Sustainability

Stakeholders surrounding a business are more than just its customers, shareholders, and employees. They also consist of general consumers, business partners, and the community at large.

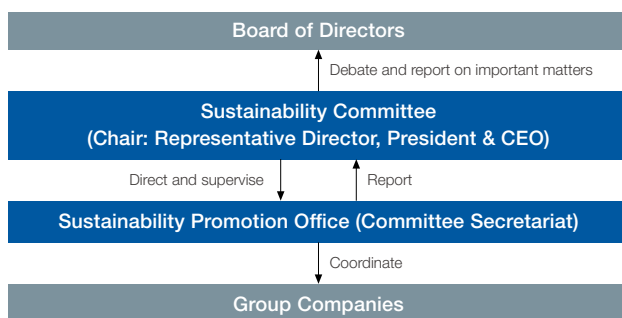
Indeed, the SBI Group, with a keen awareness of the social nature of companies, is obliged to contribute to the maintenance and development of society. Contribution to society through core business activities as the number one goal is a matter of course, and we believe that by developing and implementing strategies that contribute more directly to society, the social nature of the company can be sustainably enhanced. It is essential that standing on this awareness, we earn the social trust through the course of running our businesses. Since its founding, the SBI Group has been committed to the "Customer-centric Principle" and has thoroughly engaged in customer-oriented businesses. We have also been working to address various social issues that can be considered unfair inequalities, especially in the financial realm, and have been creating new value in the process.

The SBI Group will continue to promote sustainability and develop businesses that lead to the accumulation of social trust in order to remain as a going concern that exists within solid harmony with society.

Framework for Promoting Sustainability

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. In principle, the committee meets at least twice a year, and as part of the SBI Group's management strategy, it deliberates and decides upon strategic initiatives related to sustainability. In addition, it verifies and examines the status of such efforts and reports on the details to the Board of Directors as needed.

In addition, with the cooperation of each Group company, 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.

In this way, the Company has established an appropriate framework to balance the resolution of social issues with the realization of a sustainable society and the enhancement of sustainable corporate value, and has ensured the further effectiveness of its initiatives. The Sustainability Committee met twice in FY2022.

The SBI Group Materiality (Priority Issues for Improving Sustainable Corporate Value)

In order to achieve sustainable growth in coexistence with society and to identify the issues that the SBI Group should address through its business, we have organized our business opportunities and risks on the basis of two-axis: 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. This was formulated as "The SBI Group Materiality" (priority issues for improving sustainable corporate value).

This materiality will be continuously reviewed in consideration of changes and the renewal of the Group's medium- to long-term management strategies, changes in social conditions, and other trends.

Specified Process for Materiality

STEP 1 Identify the social issues

- Identify the social issue in light of medium- to long-term social trends, international frameworks and guidelines, and the course being taken by the SBI Group.

STEP 2 Evaluate priorities

- Based on the level of impact on society and opinions from stakeholders (shareholders, customers, business partners, employees, local communities/NPOs), evaluate the priority of the stakeholders from the viewpoint of demands from society and business requirements.
- Evaluate relevance (priority) for SBI Group business based on interviews with major internal departments and in consideration of the SBI Group's management philosophy, the Fundamental Business Building Concepts of the Group, the corporate vision, and the business viewpoint.

STEP 3 Formulate proposals on priority issues to be addressed first

- Based on the results of the evaluation in Step 2, the Sustainability Promotion Office formulates a materiality proposal that identifies priority issues and key areas to be addressed in light on the corresponding measures for each business from the viewpoint of validity given "what type of contributions are possible for the resolution of social issues" and "whether initiatives towards resolution of social issues align with Group strategy."

STEP 4 Deliberate and decide at the management level

- Make decisions through discussions of the Sustainability Committee chaired by the Representative Director, President & CEO. Report to the Board of Directors on matters that were decided upon by the Sustainability Committee.

| Materiality | Specific Initiatives | KPI | FY2022 Results |
|---|--|--|---|
| Create Added Value Reflecting the New Tide of Society and Customers' Needs | <ul style="list-style-type: none"> Provide opportunities for asset building in line with each individual's lifestyle Provide financial services that enhance customers' convenience Develop a business ecosystem based on digital assets | <ul style="list-style-type: none"> Maintain high quality in customer service as measured by third-party evaluations, such as customer satisfaction ratings Endeavor to realize Neo-securities initiatives in SBI SECURITIES during the first half of FY2023 | <ul style="list-style-type: none"> Highly valued by outside evaluation organizations → P.08 SBI SECURITIES reduced the ratio of its commissions from online trading of domestic stocks to operating revenue (11.2% as of end of FY2022), as part of its efforts to realize Neo-securities initiatives early |
| Develop New Industries and Contribute to Technological Innovation | <ul style="list-style-type: none"> Create and incubate the 21st century's core industries Provide innovative financial services Spread technologies in a cross-industry manner | <ul style="list-style-type: none"> Establish a new fund of approximately ¥100 billion in FY2023 to invest in cutting-edge services and technologies Create a distribution market for security tokens (ST) within 2023 to disseminate next generation financial products such as ST | <ul style="list-style-type: none"> Osaka Digital Exchange (ODX), which strives to be the first domestic private trading system (PTS) to handle STs commenced operations on June 27, 2022 |
| Resolve Social Issues and Revitalize the Economy in Cooperation with Stakeholders | <ul style="list-style-type: none"> Promote businesses to support regional revitalization Expand and deepen alliances with partner companies Encourage innovation through the co-creation of value | <ul style="list-style-type: none"> Establish fund of approximately ¥100 billion in total by 2025 in order to support business succession throughout Japan Develop a next-generation banking system to reduce and equalize system costs for regional financial institutions, with the goal of introducing the system at ten regional financial institutions by FY2030 | <ul style="list-style-type: none"> Established funds with total investment of ¥40 billion in the SBI Regional Business Succession Investment program Two banks made tentative decisions to introduce a next-generation banking system |
| Achieve a Sustainable Society that is Abundant and Healthy | <ul style="list-style-type: none"> Provide sustainable finance Impact investments with focus on green innovation and ESG awareness as well as investments targeting promising ventures in life science and healthcare Support health through the 5-Aminolevulinic Acid (5-ALA) business as a response to the super-aged society Contribute to the sophistication of healthcare through digitalization of healthcare data and use of big data | <ul style="list-style-type: none"> Originate a cumulative total of ¥5 trillion in sustainable finance by the end of FY2030 Towards realizing the national target of carbon neutrality by 2050, the SBI Group targets net zero GHG emissions (Scope 1 and Scope 2) by FY2050 with an interim target of a 33% reduction by FY2030, compared to FY2018 | <ul style="list-style-type: none"> In FY2022, SBI Shinsei Bank had originated ¥451.3 billion in sustainable finance GHG emissions of the SBI Group → P.39 |
| Supporting the Generation that Bears the Future | <ul style="list-style-type: none"> Continuous contribution to the enhancement and improvement of child welfare through the SBI Children's Hope Foundation Contribute to foster individuals who will lead the next generation through SBI Graduate School | | <ul style="list-style-type: none"> Cumulative donations by the SBI Children's Hope Foundation totaled ¥1.17 billion SBI Graduate School has graduated a cumulative total of 479 students |
| Develop an Organizational Climate to Respect and Embrace Diverse Values | <ul style="list-style-type: none"> Promote diversity and inclusion Continue to enhance human capital value through the development of ability of employees Enable flexible work styles that respect individualities and differences among individuals | <ul style="list-style-type: none"> SBI Holdings will maintain the ratio of female managers at 20% or higher continuously by 2025 SBI Group targets 40% or higher ratio of employees with foreign nationality by 2025 | <ul style="list-style-type: none"> Ratio of female managers at SBI Holdings at the end of FY2022 reaches 24.7% Ratio of employees with foreign nationality at the SBI Group at the end of FY2022 reaches 37.7% (Excluding SBI Shinsei Bank Group) |
| Strengthen and Improve Corporate Structure for Achieving Sustained Growth | <ul style="list-style-type: none"> Establish a decision-making process in which transparency and independence are secured Formulate management strategies on the assumption of business opportunities and risks and perform risk management Develop and effectively operate internal control systems | <ul style="list-style-type: none"> Regularly hold meetings to establish a Group-wide compliance system and compliance training for officers and employees Conduct analysis and evaluation of the effectiveness of the Board of Directors at least once a year and disclose the results | <ul style="list-style-type: none"> Compliance trainings held for FY2022: for new employees: 9, for all employees: 1 Self-assessment of the effectiveness of the Board of Directors conducted and released |

For details on Basic Sustainability Principles & the SBI Group's Materiality, please visit the Company's website at the following URL:



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

Sustainability Indicators: Highlights

Environment

The amount of sustainable finance executed at SBI Shinsei Bank

▼
¥451.3 billion

(FY2022)

The amount of sustainable finance executed at SBI Shinsei Bank is ¥451.3 billion.

Number and amount of green bonds issuance supported by SBI SECURITIES

▼
42 issuances / ¥13.8 billion

(As of June 30, 2023)

SBI SECURITIES has supported a total of 42 issuances of SDG bonds, such as green bonds, in both yen and foreign currencies, with total issuance amount of ¥13.8 billion.

GHG emissions

▼
13,512 t-CO₂

(FY2022)

The total GHG emissions of Scope 1 and Scope 2 in the SBI Group* was 13,512 t-CO₂.

→ P.39

* Mainly covers domestic facilities of SBI Holdings and the Group companies (including SBI Shinsei Bank Group)

Social

Ratio of female managers

▼
24.7 %

(As of March 31, 2023)

The percentage of female managers at SBI Holdings is 24.7%. We will continue our efforts to maintain and improve the target figures of maintaining 20% or more through to 2025.

Ratio of employees with foreign nationality at the SBI Group

▼
37.7 %

(As of March 31, 2023)

The percentage of employees with foreign nationality at the SBI Group* is 37.7%. We will continue our efforts to achieve the target figure of 40% or more through to 2025.

Cumulative donations made by SBI Children's Hope Foundation

Approx. ▼
¥1,170 million

(As of March 31, 2023)

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 ¥1,170 million, up to FY2022.

* Excluding SBI Shinsei Bank Group.

Governance

Number and percentage of female Directors

▼
2 persons / 13.3 %

(As of June 30, 2023)

SBI Holdings has appointed two female Directors, accounting for 13.3% of the total 15 Directors.

Number and percentage of Independent Outside Directors

▼
7 persons / 46.7 %

(As of June 30, 2023)

SBI Holdings appointed seven Independent Outside Directors, accounting for 46.7% of the total 15 Directors.

Attendance rate at Board of Directors' meetings

▼
99.0 %

(FY2022)

The attendance rate at Board of Directors' meetings for Directors and Statutory Auditors of SBI Holdings is 99.0%.

Topic 01 Supporting Independence and Improving Welfare of Children

For the purpose of improving the welfare of children who suffer abuse and are placed in a severe environment, the SBI Group founded the SBI Children's Hope Foundation as an incorporated foundation in 2005 (changed to a public interest incorporated foundation in 2010) that carries out social contribution activities of the SBI Group.

The foundation implements the following activities under its “four pillars”: (1) donation to facilities to improve the environment at residential facilities for abused children, (2) provision training to improve the response capabilities of facility staffs, (3) enlightenment activities to prevent child abuse and assistance to activities of welfare organizations that strive to improve child welfare, and (4) support for the independence of children after leaving the facilities. It has also offered an “English Education Support Program” to eventually support children's independence through English skills, by helping children improve their communication skills, self-confidence, and willingness for self-discovery through English education.



Held an English camp for children in the facilities who have completed the “English Education Support Program” to interact with native English speakers.

Topic 02 Promoting DX for Resolving Social Issues

SBI Group is engaged in the promotion of digital transformation (DX), both within and outside the Group by spreading technologies across sectors and industries to outside the Group. Machi no Wa Co., Ltd., utilizes blockchain (distributed ledger technology) to provide an information platform for the electronic issuance and operation of digital product vouchers, benefit payments, etc. In addition, SBI Business Solutions provides various cloud systems to support back-office operations. By providing these services, we not only improve operational efficiency and reduce environmental impact by paperless operation at organizations where the systems have been introduced, but also contribute to the vitalization of regional economies via our partnered regional financial institutions and municipalities.



Screen of an app provided by Machi no Wa Co., Ltd.

Topic 03 SBI FXTRADE's Efforts to Contribute to SDGs

In 2022, many primary industry players received a major financial hit due to the sudden spike in the price of feed materials resulting from exchange rate movements. SBI FXTRADE, whose main business is the foreign exchange business, seeks to support producers who continue to work for the realization of sustainable primary industry in consideration of the environment and the other factors. Accordingly, it has approved of the “Tabé Choku Primary Industry SDG Project” implemented by vivid garden Inc., which operates “Tabé Choku,” a website for direct-to-consumer shopping. SBI FXTRADE runs campaigns and programs that utilize food materials from producers involved in contributing to SDGs, and it has developed a system that enables customers to participate in SDG activities through FX trading. Since March 2023, SBI FXTRADE has also been cooperating with the NPO Asaza Fund to carry out “SBI FXTRADE Rice Paddy Restoration Project, Connecting to the Future” to revitalize the increasingly devastated Yatsu-Da rice paddies in the Kasumigaura watershed.



Non-financial Activities



Feature

Attaining Appropriate Risk Management for Executing Management Strategy

Risk Management at the SBI Group

Risk Management in Support of Enhanced Corporate Value

At the SBI Group, which has achieved sustainable growth ever since its founding, the idea of business management and risk management based on risk appetite (what risks are taken and to what extent in order to realize the strategy) has taken root. Therefore, the Group sees its risk management role as identifying measures to avoid business disincentives and negative impacts on society while maintaining the Group's growth potential and providing these measures as a basis for management decisions. The Group recognizes that contributing to the promotion of its business strategy is an important role of risk management, and the Group's risk management is characterized in that it places the degree of contribution as an indicator for risk management KPIs.

The Group manages risk factors according to its business areas and regions, given the diversity of its businesses. Due to the reorganization of our current business segments, we have been able to develop measures tailored to the nature of the business, including risk management. In addition, the importance of geopolitical risk has increased in recent years, and the perspective of how geopolitical risk affects various risks that are linked to specific financial affairs, growth potential, and reputation is also an important theme of risk management.

A Risk Management System That is Instrumental to Timely Business Decisions

The Group Risk Management Department, which forms the core of the Group's risk management system, comprises, in addition to employees of SBI Holdings, employees of Group companies in the financial business, such as those seconded from the SBI Shinsei Bank Group and those concurrently working for SBI SECURITIES. A special feature is that the department incorporates a wide variety of viewpoints based on the Group's strategy and culture as well as the business characteristics of the banking and securities businesses.

The Risk Management Department also promotes collaboration with other departments: in accounting and finance, it

works with the director in charge of accounting and finance, who is also in charge of the department; in sustainability risk, with the Sustainability Promotion Office; and in compliance, with the Legal & Compliance Department. In addition, information security risks and system risks are addressed in cooperation with the IT Management Department.

Also, the officers responsible for risk management and the Department maintain a system that enables close reporting and information sharing from time to time. In other words, detailed information is shared at flexible timings, such as weekly, focusing on matters where there have been some changes that could affect Group risk, and a system has been established to timely reflect this information in business strategy. Risk management plans are reported to the Board of Directors each period and progress reports are reported twice a year. Additionally, quantitative reports on risk information are presented separately each quarter. [▶ P45](#)

Risk Identification Process

The Company has developed a mechanism in which regular updates are made to the "top risks," a set of risks that span across the entire Group. These risks have been identified for the purpose of managing risk within the Group, which encompasses a diverse range of businesses.

In order to identify the top risks with major impacts upon the Group's growth potential, reputation, and finances, the Company adopts both a top-down and a bottom-up approach. In the top-down approach, a broad risk scenario is assumed from the business strategy for each period. In the bottom-up approach, various indicators for each risk category, such as market, credit and operational risk, are compiled for each business type, and items that are assumed as high-risk are identified. The Company has identified, for example, rising interest rate risk, regulatory risk, system risk and cybersecurity risk in Internet business as the top risks and reported on them for effective mitigation and management decision-making on the scope of risk appetite.

The Three Pillars of Risk Management

In order to have this type of broadsweeping, comprehensive

risk management, the Company utilizes the risk management methods of heat maps, stress tests, and risk inspection meetings as the three pillars.

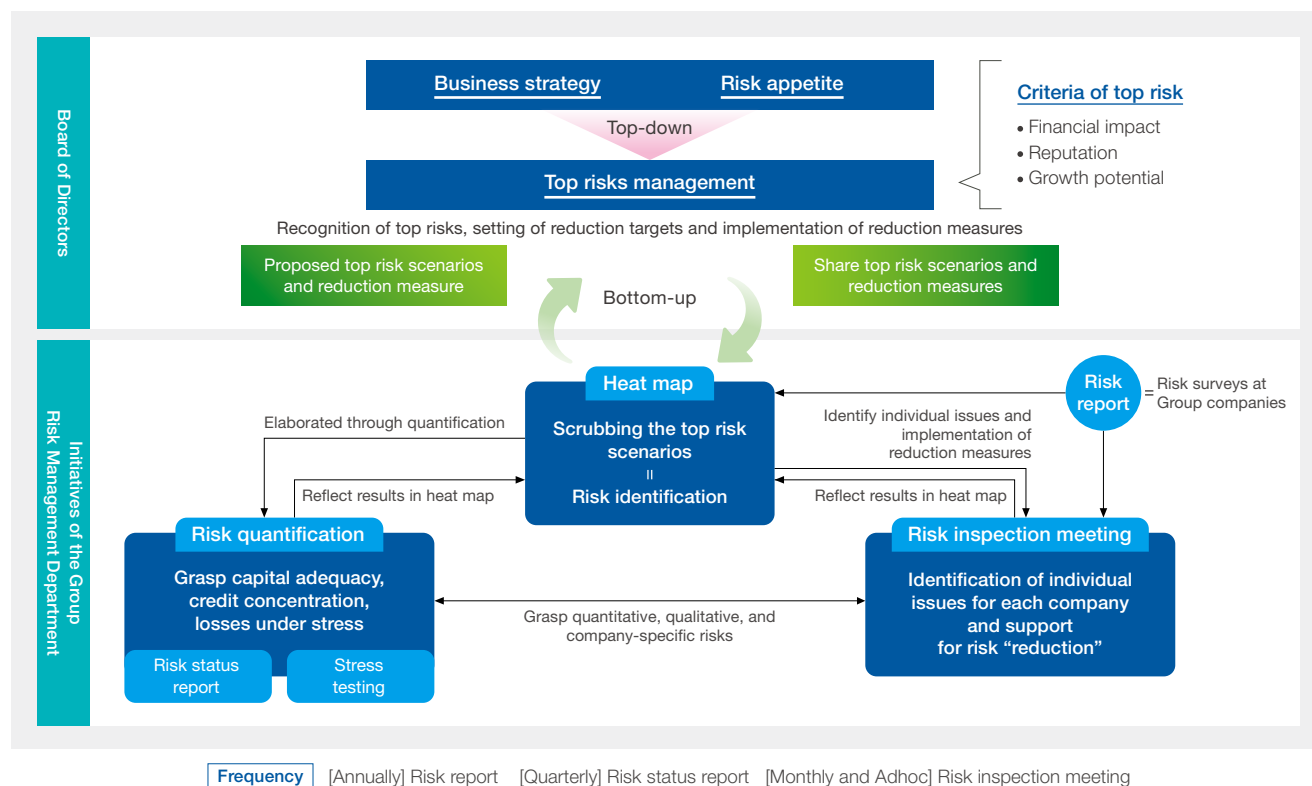
The heat map is a graphical representation of the results of various quantitative risk indicators and qualitative risk information collected from Group companies in accordance with their business type from a Group perspective. The Heat map is prepared on a regular basis in accordance with risk inspection meetings and various risk status reports from subsidiaries.

Stress tests are mainly conducted in fields that lend themselves to quantitative risk management and designed to calculate what type of financial losses may be incurred under stress scenarios.

A risk inspection meeting is an initiative that lessens risks carried by the Group while also supporting subsidiaries by providing advice and guidance on their internal control systems. This method starts by selecting subsidiaries for priority monitoring and holding separate dialogues with individual companies to get a concrete grasp of risks. Unlike the other two methods which involve broadly scoped management targets considered from a holistic view, the risk inspection meeting uses individualized micro points of view.

A multidisciplinary combination of these methods enable risk management that is both big-picture and dynamic, while not leaving out any individual issues.

Big Picture View of the Group Risk Management Department



Cybersecurity at the SBI Group

The SBI Group's Cybersecurity System

As a pioneer of Internet financial services in Japan, the SBI Group considers the enhancement of cybersecurity to be one of its most important management issues.

The Company, which has financial businesses within the Group – namely securities, banking, and insurance – has specified the SBI Group Cybersecurity Standard, which is a set of guidelines that apply to the entire Group. The SBI Group Cybersecurity Standard is based on various cybersecurity frameworks including the FISC Security Guidelines for the con-

struction of information systems by financial institutions, the framework from the National Institute of Standards and Technology (NIST) in the U.S., and the international cybersecurity standards known as the CIS Controls. This Standard has bolstered our comprehensive cybersecurity policy.

The SBI Group's cybersecurity system is overseen by the Executive Officer of SBI Holdings, who is the Group Information Security Manager with the IT Management Department as the core of its operation. Furthermore, the SBI Group CSIRT (Computer Security Incident Response Team) is also set up under the IT Management Department. The SBI Group CSIRT holds monthly meetings and also collaborates with external experts in cybersecurity, communicates with internal depart-

Non-financial Activities

ments and subsidiaries, and shares information with the Financial Information Sharing and Analysis Center (FISC), as well as the Japan Cybercrime Countermeasures Center (JC3). Through these measures, the SBI Group CSIRT works to enhance SBI Group's resilience by preventing security incidents by analyzing latest threat trends and minimizing damage through rapid incident response.

The SBI Group holds four cybersecurity liaison meetings per year, attended by information security managers and persons responsible for information security among Group companies. These meetings are an opportunity to share information on cybersecurity measures, trends, and other matters across the Group. We recognize that these meetings are vital for raising the overall level of cybersecurity across the Group, as the size and scope of businesses vary from company to company.

Regarding collaboration with related internal departments, the IT Management Department and the Group Risk Management Department share information on a weekly basis. In the event of an incident, the two departments work together to implement a joint response plan. The departments have a close working relationship and communicates regularly. The IT Management Department, which specializes in IT security including counter cyberattacks, and the Group Risk Management Department, which manages general risks, collaborate to bolster security comprehensively and on multiple levels.

Developing Human Resources for Enhanced Cybersecurity

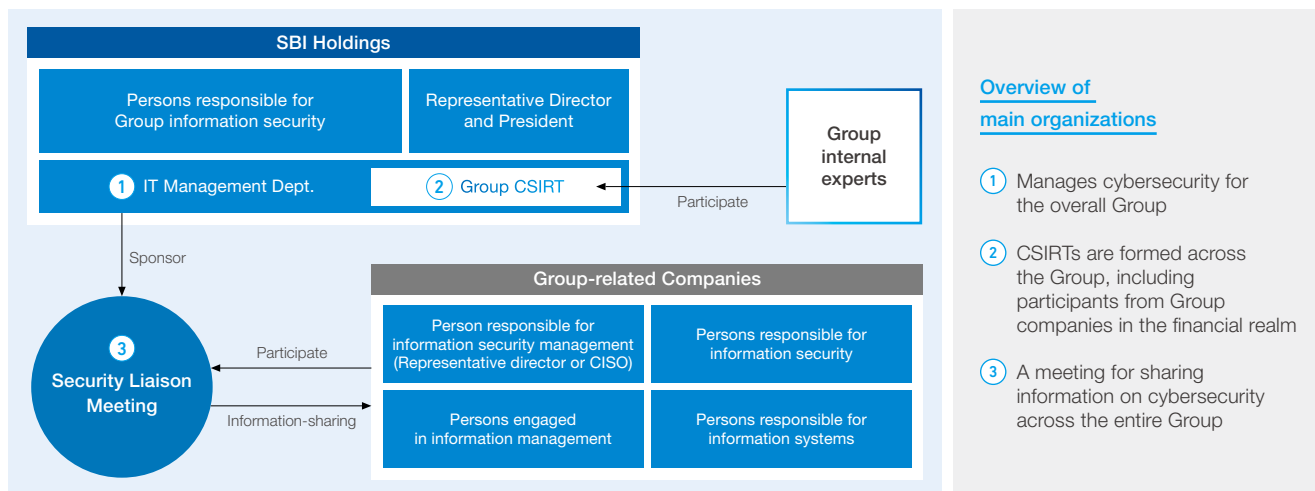
We believe that cybersecurity policy is not just for IT specialty departments, but rather, that it is essential that all employees understand the importance of cybersecurity and take preemptive measures on a regular basis. The Group has implemented a cybersecurity training program for the entire company, including the management team and individual managers; those engaged in development and operation of IT systems; those who plan, promote, or administer services; and employees involved in sales and operations. For those in

the management level, external experts are invited to visit and conduct training, and the Board of Directors regularly discusses and deliberates on cybersecurity issues at its meetings. For those engaged in systems operation and management at Group subsidiaries, seminars are regularly held inviting outside lecturers. In addition, an information-sharing portal dedicated to cybersecurity is used to communicate calls for vigilance about vulnerabilities and steps and countermeasures to be taken, which helps leveling out biases in knowledge regardless of a company's size and field of business. For employees, the Company offers training against phishing emails and raises awareness towards risks of cyberattacks, as well as making e-learning on cybersecurity mandatory, which is essential for building a sense of ethics and sharing knowledge about the latest cybercrime, countermeasures, and how to deal with them.

Putting In Place Cybersecurity That Encompasses the Whole Group

For the Company group, which promotes advanced and diverse businesses and includes companies of various sizes and maturity levels, the presence of imbalances in cybersecurity frameworks among these companies, or in human resources and accumulated knowledge, is seen as a Group issue. Also, as digitalization progresses, cyberattacks are becoming more ingenious and sophisticated, making it difficult to provide complete protection against cyber-incidents using the existing arsenal of measures. As a measure to address these challenges, the Group has been constructing a common security platform that adopts the zero-trust security concept. By making use of this platform, individual companies are constructing an environment that enables a dynamic response against indications of an incident and their risks. The erection of a management framework like this is recognized as an effective method for putting in place a cybersecurity system at a Group characterized by the persistence of discontinuous growth.

Outline of Cybersecurity System



Addressing Climate Change (Initiatives Based on TCFD Recommendations)

The SBI Group recognizes climate change as a vital issue confronting society and has declared its approval of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, and based on the disclosure framework recommended by this body, is making climate change disclosures in the four categories of “governance,” “strategy,” “risk management,” and “metrics and targets.” To grasp the financial impact of the risks and opportunities in “strategy” categories in the securities business and the investment business (private equity), which are major businesses of the SBI Group, we have conducted a resiliency check using scenarios published by international organizations.

In the banking business, SBI Shinsei Bank is already making disclosures based on the TCFD Recommendations. These disclosures can be viewed on the Bank’s website.

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. [P.32](#)

Risk Management

The SBI Group endeavors to provide proper assessment and management of risks that can obstruct business activities, including climate change, supported by a constant framework for risk management. To this end, the SBI Group has appointed a Risk Management Officer to oversee risk management and has established the Group Risk Management Department responsible for risk management at the Group level. Moreover, regarding the threat posed by climate change upon the entire Group, it is building an integrated assessment and management framework. [P.36](#)

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 | | Timeline ³ | Impact | |
|---------------|---------------------------------------|---|--|-----------------------|--------|-------|
| | | Securities business | Investment (private equity) business | | 4°C | 1.5°C |
| Risks | Transition Risks ¹ | Laws and regulations | 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 | Short to long term | — | Low |
| | Physical Risks ² | Acute (increase in extreme weather) | Physical damage to offices due to extreme weather (typhoons, floods, high tides, etc.) and costs incurred in response to system failures | Medium to long term | High | Low |
| Opportunities | Development of a decarbonized society | <ul style="list-style-type: none"> • Increase in volume of financial instruments, such as shares issued by companies engaged in businesses that contribute to decarbonization • Increase in opportunities to offer related businesses due to an increase in M&A needs in relevant business areas • Expanding business opportunities related to growing preference for ESG investment | <ul style="list-style-type: none"> • Increase in earnings opportunities as the value of investee companies engaged in businesses that contribute to decarbonization increases • Increase in opportunities to acquire fund investors through increased investment needs in venture capital (VC) funds | Short to long term | Low | High |

¹ Business risks posed by actions taken by the government, enterprise, and consumers to solve climate change

² Business risks posed by natural disasters owing to extreme weather, rising average temperatures, high tides, etc.

³ Assumes a time horizon of 0-3 years for short term, 4-10 years for medium term, and 11-20 years for long term

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 ¥100,753 million in FY2022.

Examples of SBI Group Initiatives to Resolve Environmental and Social Issues

- Support for the issuance of social impact bonds, including green bonds (SBI SECURITIES)
- Promoting sustainable finance and impact finance (SBI Shinsei Bank)
- Selecting portfolio companies in consideration of SDGs (SBI Investment)

Metrics and Targets

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

Change in GHG emissions

(Units: t-CO₂)

| | FY2020 | FY2021 | FY2022 |
|---------|--------|--------|--------|
| Scope 1 | 85 | 1,299 | 1,482 |
| Scope 2 | 4,463 | 18,191 | 12,030 |
| Total | 4,548 | 19,490 | 13,512 |
| Scope 3 | — | — | 1,286 |

Note 1: Scope for data collection: Disclose emissions at SBI Holdings’ and its Group companies’ main domestic facilities. Disclosures respectively cover Scope 1 (direct emissions from use of fossil fuels, etc.), Scope 2 (indirect emissions from use of purchased power and heat), and Scope 3 (emissions of others related to the operator’s activities) as defined by the GHG Protocol. SBI Shinsei Bank has been included since FY2021.

Note 2: For Scope 3, business travel (Category 6) and employee commuting (Category 7) are covered.

Note 3: Calculation method: based on electricity usage of SBI Holdings and its Group companies, the GHG emissions in the relevant range are calculated using actual emission factor by electric utility published by the Ministry of the Environment.

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

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

Non-financial Activities

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 that is increasingly 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, and realizing Neo-securities initiatives within the first half of FY2023
- Achieved No.1 in the 2023 ORICON Customer Satisfaction® Survey, for Online Securities and Automobile Insurance Premiums (SBI SECURITIES, SBI Insurance)

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 promote fostering a healthy work ethic.

Examples of Engagement

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

Partners (Service Providers)



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 the SBI Group’s Basic Sustainability Principles and Materiality Measures
- 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

Toward the Realization of
Management Strategy:

The SBI Group's Human Resources Strategy

**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 and that 83.1% of mid-career hires at the SBI Holdings serve in management, thereby activating its mid-career human resources. 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 the CEO via books and other publications on management and business, is helping to raise employees' knowledge in areas such as humanities 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. We are introducing evaluation, training, and compensation systems under a common global framework and are promoting them across the entire Group. 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 course in 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 21.7% of the total number of employees. Starting from March 2015, the upper-age limit on post-retirement re-employment was removed, as we are committed to actively promoting talented employees regardless of their attributes.

Recognizing that increasing diversity is important in the future, we have set goals of increasing the ratios of female managers and employees with foreign nationality to at least 20% and 40%, respectively, by 2025 and will work to maintain and improve the current ratios (24.7% and 37.7%*, respectively, as of March 31, 2023).

* The figure for the ratio of employees with foreign nationality is for the SBI Group on a consolidated basis, excluding the SBI Shinsei Bank Group

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



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, we are devoting attention to the health of our employees by offering monthly individual health consultations with occupational health professionals. In accordance with each person's preferences, these are conducted in person, by phone, or in writing. SBI Wellness Bank, which was established in 2007 to actively contribute directly to society through the medical field, strives to maintain the health of officers and employees within the SBI Group through the Tokyo International Clinic, a medical corporation that it partners with and supports. Since 2016, we have been conducting legally mandated stress

Non-financial Activities

checks for our employees. We plan to carefully analyze the quantitative data obtained from the stress checks to understand the work characteristics and workplace environment of each Group company and consider more effective measures to maintain the health of our employees.

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 program. Many employees have utilized this program to make career changes by requesting transfers to their desired operating companies within the SBI Group, and in FY2022, 168 employees took advantage of this program.

We are also promoting the development of a comfortable working environment. Through a shortened-hours regular employee system, a staggered working hours system, and a parental and childcare leave system, the Company on its own has a 100% rate for mothers taking childcare leave, and a 33.3% rate for fathers taking childcare leave. Furthermore, to improve work efficiency and productivity, the entire Group is promoting the introduction of robotic process automation (RPA) to automate various routine tasks.

We conducted an engagement survey in 2023 in order to

strengthen the corporate ties with employees even more than before. The survey results were used to improve employees' engagement with the goal of putting in place an even more comfortable working environment.

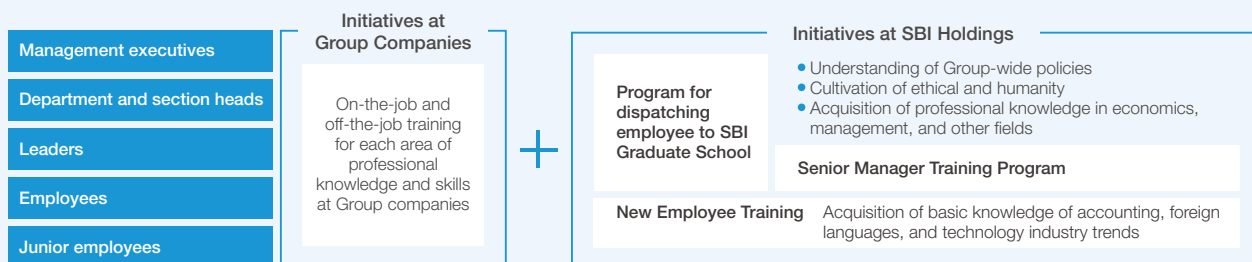
Recognition for Employees that Rewards Performance

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. In addition, in order to further enhance the cohesiveness of the Group and to additionally 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

The SBI Group's Human Resource Development Process



New Employee Training Program

Our new employees spend the first year in the Company participating in an e-learning program from the SBI Graduate School with the goal of enabling them to understand basic theories and to acquire practical skills that will be used in their daily work. For new employees, we provide training to help them acquire knowledge and management perspectives as executives of the SBI Group from early on in their careers, by setting a report that is to be submitted every two weeks which is then evaluated by management executives, including the CEO.

Senior Manager Training Program

This program is designed for employees who aspire to be promoted to senior management positions. Our employees are required to take courses centered on moral philosophy for approximately a year at the SBI Graduate School and to complete it before being promoted to senior management positions.

Employee Dispatch Program (SBI Graduate School MBA program)

With the main goal of developing human resources that will lead the SBI Group in the future, we have a program that enrolls employees in the SBI Graduate School. Through this program, we expect our human resources to grow to be able to see and think

about things from a broader perspective through improved management and business abilities, as well as logical thinking.

SBI Group's Single-subject and Diploma Program

These programs are a part of our personnel measures with the goal of fostering employee self-development. Employees are permitted to learn at the SBI Graduate School while balancing work and their personal lives with a view towards a transition to the employee dispatch program (MBA program).

Program Supporting the Acquisition of Qualifications

If employees apply for this program beforehand, the Company may cover the expenses necessary for an employee to acquire a qualification.

Career Open Program

The program enables SBI Group employees to choose their career path and is divided into three categories: in-house recruitment, self-reporting, and business plan proposal.

Procedures for Employment Transfer

To facilitate employees' medium- and long-term career advancement, we have introduced an employment transfer program where temporary employees can become regular or direct employees.

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, 2023, 157 individuals have obtained MBA degrees through this program. For new employees, in addition to the SBI Graduate School, 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. In this way, the Group focuses its efforts on human resources development through training time per employee that stands at 13 hours 23 minutes per year*.

* Employees of domestic consolidated subsidiaries (excluding SBI Shinsei Bank Group) are covered.

Progress on the Human Resources Strategy

The Group has achieved rapid growth by pursuing its constantly evolving stance of “self-denial,” “self-transformation,” and “self-evolution.” Human resources give rise to creativity, and we thus position them as a major factor behind the differentiation that underlies our competitive strengths. Our human resources strategy seeks to get an accurate grasp of what those within the Company are saying as well as changes in the external environment, in addition to staying attune to the trend of the times. We also plan to build out the structures and initiatives in which employees exercise their talents to their fullest.

| | |
|------------------|--|
| 2005 | Start of new graduate hiring program |
| Oct. 2009 | Corporate dispatch system started for the MBA course at SBI Graduate School |
| Mar. 2015 | Upper-age limit removed on post-retirement re-employment |
| Oct. 2016 | Certification-acquisition support system introduced |
| Aug. 2018 | Health Management Declaration instituted |
| Oct. 2018 | Highly Specialized Professionals System established |
| Apr. 2022 | Major increase in salary table for new graduate employees up to their third year |
| June 2022 | Compensation system introduced in which Group consolidated earnings are reflected in all officers' and employees' compensation |
| Oct. 2022 | Shorter-hours regular employee system introduced, staggered working hours formalized into a system |
| Mar. 2023 | Applicable certificates expanded for certification support system |
| Apr. 2023 | Employment referrals started |
| Apr. 2023 | Engagement survey conducted at SBI Holdings |

Employee Data*1

| Employee Status (Consolidated) | FY2020 | FY2021 | FY2022 |
|--|--------|--------|--------|
| Number of employees | 9,209 | 17,496 | 18,756 |
| Percentage of employees at overseas business sites (%) | 39.1 | 22.9 | 21.7 |
| Ratio of employees with foreign nationality*2(%) | 43.0 | 42.3 | 37.7 |

| Status of Employment of Women | FY2020 | FY2021 | FY2022 |
|--|--------|--------|--------|
| Consolidated | | | |
| Number of female employees | 3,898 | 7,630 | 8,133 |
| Ratio of female employees (%) | 42.3 | 43.6 | 43.4 |
| Number of female executive officers | 13 | 20 | 22 |
| Ratio of female executive officers (%) | 12.6 | 9.4 | 8.7 |
| Domestic consolidated | | | |
| Number of women hired | 750 | 933 | 1,327 |
| Ratio of women among regular employees hired (%) | 32.1 | 39.1 | 38.1 |
| Number of female managers | 262 | 688 | 727 |
| Ratio of female managers (%) | 16.0 | 18.3 | 18.4 |

*1 Figures may not be continuous due to changes in calculation methods, M&A, etc., from FY2020 to FY2022.

*2 Excluding SBI Shinsei Bank Group.

| Domestic Consolidated | FY2020 | FY2021 | FY2022 |
|---|------------|------------|------------|
| Average years of service (men) | 5.2 | 10.1 | 10.2 |
| Average years of service (women) | 5.1 | 8.4 | 8.7 |
| Average annual salary (men) | ¥7,547,839 | ¥7,564,601 | ¥7,854,752 |
| Average annual salary (women) | ¥4,118,029 | ¥4,515,359 | ¥4,820,899 |
| Turnover rate (%) | 23.2 | 14.9 | 15.4 |
| Annual amount of training time per employee*2 | 15hr 46min | 15hr 38min | 13hr 23min |

| Non-consolidated | FY2020 | FY2021 | FY2022 |
|--|-------------|-------------|-------------|
| Average monthly overtime working hours | 15hr 19min | 17hr 41min | 17hr 1min |
| Ratio of annual paid leave taken (%) | 60.9 | 65.4 | 75.6 |
| Ratio of childcare leave taken by female employees (%) | 100 | 100 | 100 |
| Ratio of mid-career hires among management (%) | 84.4 | 81.1 | 83.1 |
| Education and training expenses (yen) | ¥58,170,000 | ¥56,410,000 | ¥60,781,642 |
| Ratio of female managers (%) | 24.6 | 26.5 | 24.7 |


Target Figures for Human Resources (Through to 2025)

*1 Non-consolidated
*2 Consolidated

Ratio of female managers*1
20% or higher

Ratio of employees with 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>

Non-financial Activities

Strengthening and Enhancing the Management Base to Support Sustainable Growth

The Group is actively engaged in constructing an organizational framework that can swiftly adapt to changes in the business environment, while ensuring the transparency and fairness of decision-making. Our focus lies in fostering robust corporate governance practices to drive the enhancement of corporate value.

Results of Main Efforts for FY2022

| | |
|---|------|
| Number of Ordinary Board of Directors' meetings held per year | 12 |
| 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 | 96% |
| Number of Board of Statutory Auditors' meetings held per year | 17 |
| Average attendance rate at Board of Statutory Auditors' meetings for Outside Statutory Auditors | 97% |

Major Items Discussed at the Board of Directors

- Issuance of new shares by third-party allotment and conclusion of an underwriting agreement on all shares
- Revision of risk assessment documents (including documents prepared by specified business operators) related to anti-money laundering measures, etc.
- SBI Sumishin Net Bank Stock Offering
- Appointment of members to the Management Advisory Committee
- Status reports on initiatives related to sustainability

Corporate Governance System

The Company adopted an organizational structure incorporating the establishment of a Board of Statutory Auditors, which led to the formation of both a Board of Directors and a Board of Statutory Auditors. The Company's Board of Directors, consisting of 15 Directors, with 7 Independent Outside Directors (as of June 29, 2023), is strengthening its oversight of the appropriateness of the Company's management. The Board of Directors meets monthly, 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 the Senior Managing Director, 18 Executive Officers with expertise and insights 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. Statu-

tory 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. [▶ P.46](#)

Improving the Effectiveness of the Board of Directors

1. Method of Analysis and Evaluation

Between February and March 2023, the Company conducted a self-assessment for all Directors and Statutory Auditors 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 2023.

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

Overview of Organization (As of June 29, 2023)

| | |
|---|--|
| Configuration | Company with Board of Statutory Auditors |
| Number of Directors (Independent Outside Directors) | 15 (7) |
| Term of Directors | 1 year |
| Average age of Directors | 58.2 |
| 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 remuneration decisions (Yes/No) | Yes |

2. Overview of Results of the Analysis/Evaluation

The evaluation found the Board of Directors to be sufficiently effective and functioning properly as a business execution and monitoring organization.

However, to further improve the Board's effectiveness, the evaluation noted the necessity to discuss such topics as the

assurance of diversity and fairness of opportunity for its human capital and having an ongoing human resources development strategy, with an eye on new value creation. Other views expressed expectations for the activation of essential discussions regarding the fostering of strategies and actions to further drive DX in our financial business. Additionally, there are expectations for more concrete problem identification, continuous monitoring, and consideration of the interplay with our Group businesses in discussions related to management strategies integrating ESG and SDGs perspectives.

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 enhancement of sustainable corporate value.

Director Training

The Company maintains a training environment in which each Director and Statutory Auditor can acquire and revamp the knowledge required of management. In FY2022, the Company invited Masafumi Nomiya, Chief Operating Officer of Deloitte Tohmatsu Cyber LLC, to participate in cybersecurity training held in December.

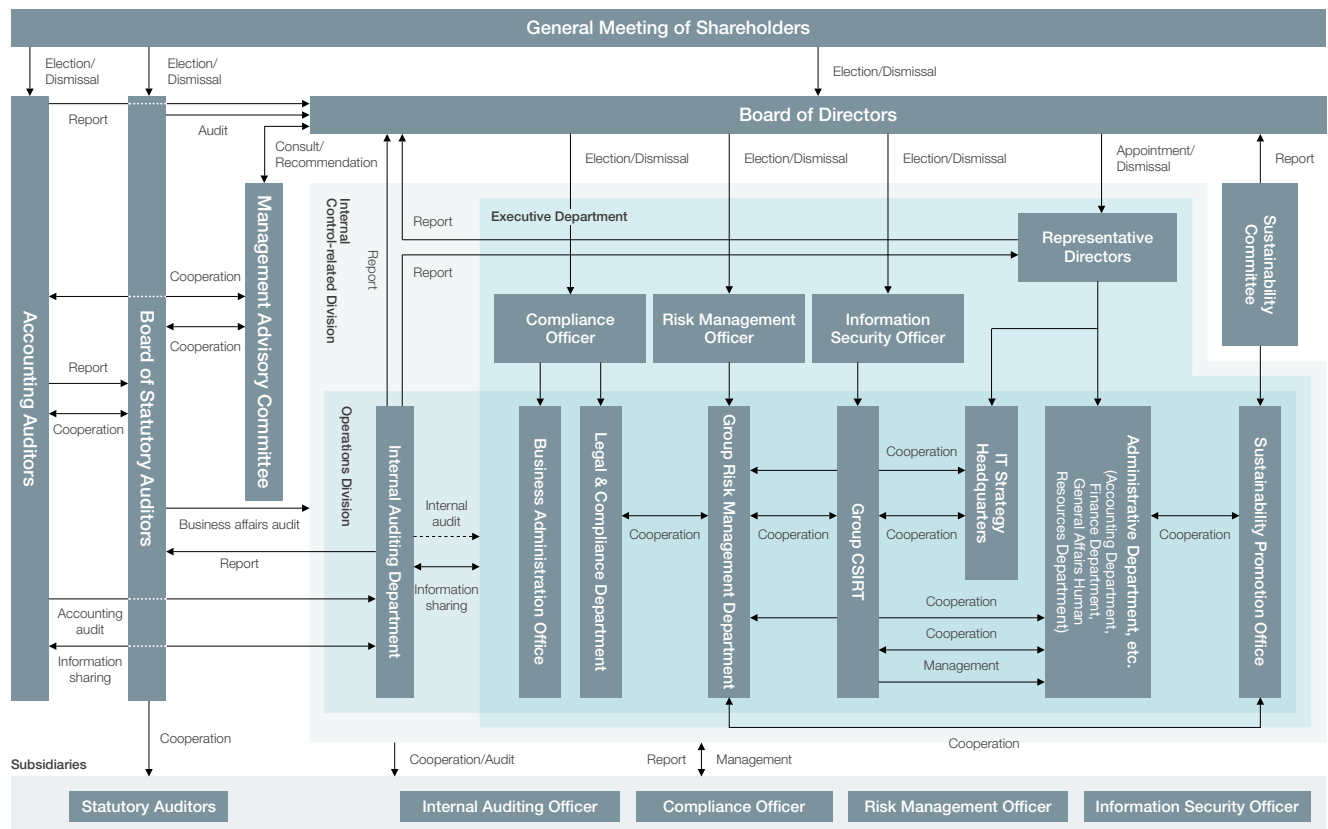
Key Themes Discussed During the Director Training

- Supply chain attacks, ransomware attacks, cyberattacks related to world affairs, and other threats to be aware of
- Patterns behind how cyberattacks are carried out
- Efforts to strengthen responses to cyber threats



Attendees of Director training

Outline of Corporate Governance Structure



Non-financial Activities

Board of Directors and Statutory Auditors (As of June 29, 2023)

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 |
|--|---|---|
| Yoshitaka Kitao 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. Director and Chairman of SBI Asset Management Group Co., Ltd. Representative Director & President of Regional Revitalization Partners Co., Ltd. | ① 12/12 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 business expansion in Japan and abroad. |
| Masato Takamura 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. Outside Director of ASCOT Corp. Director of The Global Ltd. | ① 12/12 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. |
| Tomoya Asakura Director, Senior Executive Vice President  | Representative Director & President of SBI Asset Management Group Co., Ltd. Representative Director & President of SBI Global Asset Management Co., Ltd. Representative Director & President of Wealth Advisor Co., Ltd. Representative Director, Chairman & CEO of SBI Asset Management Co., Ltd. Director of SBI Sumishin Net Bank, Ltd. Director of SBI Insurance Group Co., Ltd. Director of SBI Okasan Asset Management Co., Ltd. Director of Rheos Capital Works Inc. | ① 9/9 ② 285,000 ③ General management (financial assets) ④ Mr. Tomoya Asakura, who has served as Representative Director & President of SBI Global Asset Management 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. |
| Shumpei Morita Senior Managing Director  | Representative Director of SBI Regional Bank Holdings Co., Ltd. Representative Director of SBI Regional Revitalization Banking System 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 12/12 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. |
| Satoe Kusakabe Managing Director  | Executive Managing Director, Director of Risk Management Department and in charge of IT Risk Management Department of SBI SECURITIES Co., Ltd. Director of SBI VC Trade Co., Ltd. Director of Japannext Co., Ltd. Director of SBI Remit Co., Ltd. Director of FXcoin Ltd. Director of SBI Zodia Custody Limited. | ① 12/12 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. |
| Masayuki Yamada Director  | Statutory Auditor of SBI Asset Management Group Co., Ltd. Director of SBI Capital Management Co., Ltd. Director of SBI Art Auction Co., Ltd. | ① 12/12 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. |
| Shinji Matsui Director  | Representative Director of SBI AutoSupport Co., Ltd. Representative Director & President of SBI Benefit Systems Co., Ltd. Representative Director of SBI DC Support Co., Ltd. Representative Director of SBI Africa Co., Ltd. | ① — ② 103,350 ③ General management (financial assets), overseas experience ④ Mr. Shinji Matsui has a wealth of experience and broad insight as a manager in the Financial Services Business, including serving as Representative Director & President of SBI Benefit Systems and Representative Director of SBI AutoSupport for several years. He is also driving new business development in new overseas markets as Representative Director of SBI Africa. |
| Motoaki Shiino Director  | General Manager of Corporate Communications, SBI Holdings, Inc. Director of SBI e-Sports Co., Ltd. Representative Director of SBI Non-Bank Holdings Co., Ltd. | ① — ② 5,000 ③ Finance and accounting, public relations ④ As General Manager of Corporate Communications at SBI Holdings, Mr. Motoaki Shiino has deep familiarity with Group strategy from being in charge of public relations and investor relations at the SBI Group. Also, as a result of these efforts, he has gained a wealth of practical experience and a high level of expertise. |

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 |
|--|---|---|
| Teruhide Sato Independent Outside Director  | Director of BEENEXT PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD. | ①12/12 ②2,820 ③General management (advanced technology), overseas experience ④Mr. 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. |
| Heizo Takenaka Independent Outside Director  | 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 Non-executive chairman of Investcorp Japan, LLC | ①12/12 ②— ③General management (financial assets), finance and accounting ④Mr. 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. |
| Yasuhiro Suzuki 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 | ①12/12 ②— ③General management (advanced technology) ④Mr. 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. |
| Hiroshi Ito Independent Outside Director  | Advisor of SBI Insurance Group Co., Ltd | ①12/12 ②— ③General management (financial assets), risk management ④Mr. 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. |
| Kanae Takeuchi Independent Outside Director  | Freelance Announcer Outside Director of dip Corporation | ①12/12 ②— ③Public relations ④One 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. |
| Junichi Fukuda Independent Outside Director  | Commissioned Lecturer at SBI Graduate School Lawyer at Uryu & Itoga LPC Special advisor | ①12/12 ②— ③Finance ④Mr. 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. |
| Hiroyuki Suematsu Independent Outside Director  | Specially Appointed 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 | ①12/12 ②— ③Agriculture, forestry and fisheries, and the food industry ④Mr. 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 |
|--|--|--|
| Toru Ichikawa Outside Standing Statutory Auditor  | Outside Statutory Auditor of The Shimane Bank, Ltd. | ①12/12-17/17 ②1,000 ③Finance and accounting, internal control, legal affairs and compliance ④Mr. Toru Ichikawa has served successively as chief inspector of the Financial Services Agency and has extensive experience in the financial field. |
| Takahiro Yoshida Standing Statutory Auditor  | Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. | ①— ②— ③Finance and accounting, financial sector in general ④Mr. Takahiro Yoshida has many years of experience at financial institutions, and he served as Executive Officer of the Group Treasury Department at SBI Shinsei Bank. He has a wealth of practical experience and a high moral perspective. |
| Yasuo Sekiguchi Outside Statutory Auditor  | Managing Director of Global Partners Consulting, Inc. | ①11/12-16/17 ②— ③Finance and accounting, overseas experience ④Mr. Yasuo Sekiguchi is qualified as a Certified Public Accountant and Certified Tax Accountant and has a considerable degree of knowledge regarding finance and accounting. |
| Akemi Mochizuki 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 | ①8/9-8/10 ②— ③Finance and accounting ④Ms. 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, 2023.

Non-financial Activities

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 | Tomoya Asakura | ● | ● | ● | | | | | |
| Senior Managing Director | Shumpei Morita | ● | ● | | | | ● | | |
| Managing Director | Satoe Kusakabe | | ● | | | | ● | | ● |
| Director | Masayuki Yamada | | | ● | | | | ● | |
| Director | Shinji Matsui | ● | ● | ● | ● | | | | |
| Director | Motoaki Shiino | | ● | | | | ● | | ● |
| 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

Heightened Importance of Discussions Regarding Strategy and Risk Management in an Era of Unprecedented Transformational Change

Teruhide Sato

The current era is characterized by the intermixing of a variety of changes, including rapid technological growth, geopolitical transformation, and alterations to the macro-economy and social systems. In such times, we must maintain the self-evolution mentality instilled since the Group's founding as well as multi-dimensional discussions about long-term human resources strategy, preparations for medium-term growth fields, and short-term competitive strategies. Moreover, it is essential to step up our pursuit of highly effective risk management in each region and field of business so that the Company has sufficient foresight into the appearance of beyond-normal risks.



Intensifying the Focus on Implementing DX and Strengthening Cybersecurity

Heizo Takenaka

SBI Group, whose expansion is underpinned by a foundation of Internet finance, holds major competitive advantages based on its strengths in leading technologies. I foresee the SBI Group as energizing these advantages in the years ahead, to lead digital transformation (DX) in the finance industry. Furthermore, as a result of DX expansion, cybersecurity will become more important. It is incumbent upon the SBI Group not only to pursue its own growth as an entity, but also to contribute to resolving new types of issues facing society.



With an Eye on Expanding Business Outside of Finance, Setting up Plans for New Scorers

Yasuhiro Suzuki

Combining organic growth with discontinuous growth through M&A, the SBI Group is expanding its business domain to achieve growth into a business Group that can no longer be defined within a framework of finance alone. Looking ahead, the Group's intent is to increase recognition of these types of expanding businesses, for which I see a need for initiatives to strengthen the SBI Group's branding. Also, while securing talent with a broad range of skills suitable for a diversified set of businesses and expanding Group businesses overseas, I think we must further discussions with the Company on strengthening their supervision.



Raising the Level of Discussions on Sustainability

Hiroshi Ito

Under a challenging environment in which the Japanese economy is stagnant and decline in the younger population continues, looking ahead, I find it necessary to engage in discussions and create an appropriate organization in consideration of risk management of new business, overseas expansion, and human capital in each individual field of business. Also, due to the high representation among our shareholders of institutional investors from outside Japan, we will be increasingly asked to take action in non-financial areas such as sustainability and ESG. One example is the initiatives towards employees, who are viewed as major stakeholders, where we are looking forward to the Company making effective use of employee engagement measures to be implemented from FY2023.



Sustainable Growth Through the Fostering of Management Talent by Leveraging Diversity

Kanae Takeuchi

Having a Board of Directors whose membership leverages a diversity of backgrounds allows the Company to have multifaceted discussions, in my view. SBI Group has a well-established atmosphere that encourages free and frank discussion and exchange of opinions, regardless of age or position. I believe that by continuing to pursue diversity to the greatest extent possible, we will be able to achieve synergy with President Kitao's strong leadership. For sustainable growth of the SBI Group from a long-term perspective, I believe it is desirable to activate essential discussions on constructive nurturing management diversity, including women.



Fulfilling Our Various Responsibilities with a Good Balance between Execution and Supervision

Junichi Fukuda

"Decision-making on business execution" and "supervision of those who execute business" are cited as responsibilities borne by the Board of Directors. At the same time, at SBI Holdings, active discussions on future strategy and direction are also taking place based on the leadership of President Kitao. I believe that the Independent Outside Directors, each with their own specialized expertise, are adequately fulfilling their responsibilities to provide appropriate supervision of resolutions on proposals related to business execution. Looking ahead, it will be necessary to continue such initiatives in order to achieve sustainable growth.



Appreciating the Aggressive Stance to Foster Sustainability Instilled since Its Founding

Hiroyuki Suematsu

Having no barriers with regards to gender or nationality, the SBI Group has a well-established approach to diversity in which proper evaluations are made based on ability. At Board of Directors meetings, Independent Outside Directors, who comprise almost half the Board and come from diverse backgrounds, bring to discussions viewpoints that shed light on the social implications of business. The SBI Group's approach, which has been aligned with the idea of sustainability since its founding, is well rooted in its business operations. I believe that the Group will face demands to spread this approach outside the Company and grow along with its stakeholders.



Non-financial Activities

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. | 12/12 (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. | 12/12 (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. | 12/12 (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. | 12/12 (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. | 12/12 (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. | 12/12 (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. | 12/12 (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 fourth meeting of the Management Advisory Committee for FY2022, held in March 2023, frank discussions were held regarding actions on cybersecurity via the Group's business partners and the need for greater involvement at the

Osaka headquarters from a business continuity plan (BCP) perspective. With risk management becoming even more important in the future, there was also an open exchange of views on how to deal with risks should they materialize.

Members of the Management Advisory Committee
(As of June 29, 2023)

| | |
|---|--------------------|
| 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 FY2022 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 (FY2022)

| Executive Classification | Total Compensation (Millions of Yen) | Total Compensation by Type (Millions of Yen) | | | Number of Corresponding Executives |
|---|--------------------------------------|--|---------|---------------------|------------------------------------|
| | | Basic Compensation | Bonuses | Retirement Benefits | |
| Directors (Excluding Outside Directors) | 801 | 210 | 481 | 110 | 9 |
| Statutory Auditors (Excluding Outside Statutory Auditors) | 7 | 7 | — | — | 2 |
| Outside Directors and Outside Statutory Auditors | 129 | 108 | 21 | — | 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 expressed difficulty in 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 the strengthening of their financials and afford them the opportunity 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.

For example, the Group has entered into management agreements with each listed subsidiary and is limited to receiving reports on timely disclosure matters, including mainly consolidated performance management, business alliances with other companies and matters relating to the acquisition and disposal of investment securities (related to policy holdings). In addition, the Company has stipulated to its subsidiaries that it has the right to investigate cases that could damage the reputation of the Group, but the Company respects the independence of each subsidiary and leaves management control to them.

Non-financial Activities

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.

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, 2023 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.

Internal Auditing

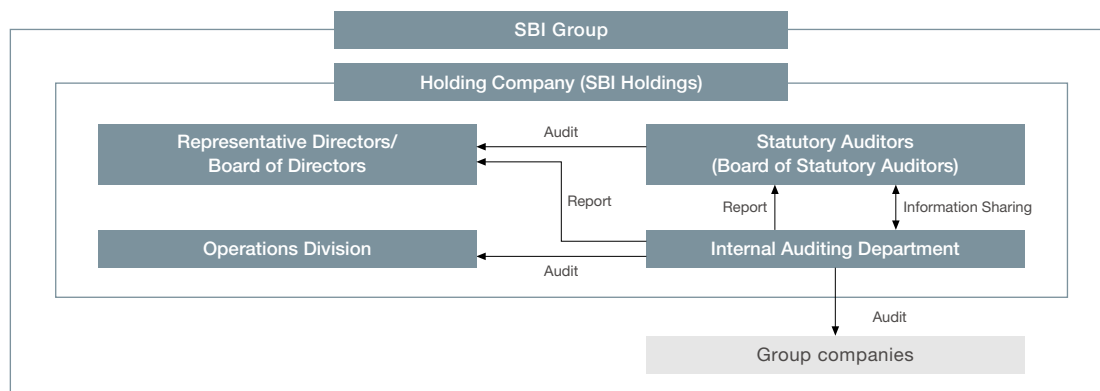
The Company has an internal audit division that operates as an organization independent from both business operation management and administration divisions. The internal audit division comprehensively and objectively evaluates the appropriateness of internal control systems which includes legal compliance, the appropriateness of business operations and the appropriate operation of internal controls, and proposes improvements for and follows up with any issues identified as a result of the audit. The internal audit division obtains assistance from Executive Officers and outside experts if necessary, when conducting audits. Audit results are reported to audited companies without delay after completion of individual audits, while audit results are also reported regularly at least every six months to the Statutory Auditors, the Representative Directors, and the Board of Directors.

The internal audit division is composed of a general manager and members who have specialist knowledge of audits (internal audits, accounting audits, internal control, etc.), and it conducts audit procedures with reference to general internal audit standards, etc. Audit targets are scored based on credit risk, market risk, liquidity risk, operational risk, and other risks. Based on the results, the audit frequency is determined. Internal audits are conducted by combining document audits, interviews, on-site inspections, etc., and audits are conducted on equity method associates as necessary, in addition to subsidiaries.

Internal Control and Internal Audit

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

Outline of Internal Control System



Auditor Viewpoints



Toru Ichikawa
Outside Standing
Statutory Auditor

Building a High-level Auditing Structure by Strengthening Collaboration Among Group Companies

While gathering information in a timely and appropriate manner by making use of my outside perspective as an Outside Statutory Auditor, I conduct audits from the perspective of the appropriateness and validity of business operations by accurately grasping the situation of the SBI Group as a Standing Statutory Auditor.

In FY2022, while giving particular consideration to information security risk and overseas facilities risk, I conducted operational audits in key auditing areas such as our stance on preventing money laundering and labor risk, as well as the management stance on the Group's risks.

The Group sets its governance such that information is regularly exchanged on an individual basis with Statutory Auditors at major subsidiaries, and explanations are heard on the status of actions taken against various risks. In addition, the Statutory Auditors of the Group assemble twice a year as the Group Statutory Auditors Liaison Committee. In conjunction with the increase in Group companies, the number of Statutory Auditors participating in the Liaison Committee has steadily increased, using it as a venue for gathering information and exchanging opinions. Furthermore, the Internal Auditing Department and the Accounting Auditors collaborate to verify the effectiveness of internal controls. Additional verification is provided twice per year by the Management Advisory Committee, which exchanges opinions based on the results of the audits by the Statutory Auditors.

Because interest has been mounting recently in sustainability management, even in auditing, we pay attention to whether the overall operations management of the Group is oriented towards achieving its sustainability growth targets. Although people in business execution play different roles, I would like to contribute along with them to the sustainable and healthy growth of the SBI Group and medium- to long-term increase in corporate value, which I recognize as responsibilities of Statutory Auditors. Thus, I seek to conduct audits towards the construction of a governance system prepared at a high level.



Akemi Mochizuki
Statutory Auditor

To Be a Business Group That Constantly Wafts a Fresh Breeze into Society

Since my appointment as a Statutory Auditor at SBI Holdings in July 2022, I have been seeking to participate as much as possible in discussions led by the Standing Statutory Auditor with Company officers and employees relating to various business affairs in order to get a solid grasp of the status of the SBI Group. Certain discussions have given me the impression that the Company is maximizing its use of management resources to address risks.

In other words, I believe the Group makes full use of the resources it currently holds and reacts with great agility to changes in the business environment in order to handle these conditions on given occasions. However, in light of the current business environment, I imagine that speed is demanded even more than before – for making judgments, conducting business, while producing results as well. Given this, I feel it is now important more than ever before to have a control function that can be applied appropriately and a checking function that provides an accurate reaction.

As examples, I would consider the transformation of global monetary policy, inclusive of Japan, and the manifestation of geopolitical risk as potential future changes in the business environment. Considering the magnitude of the effects, creating a more evolved and sophisticated governance framework that facilitates prompt and appropriate judgments will become more necessary to a greater extent than before.

As an essential part of protecting a company, Statutory Auditors are expected to monitor the company from a proper perspective, based on forecasts with appropriate sensitivity in addition to foreknowledge, and to raise the level of this function. I believe the SBI Group is a corporate group that constantly wafts a fresh breeze into society by providing services that are one step ahead of the rest, based on a sensitivity and response to changes that may occur in the near future. Therefore, I would like to contribute to the Company's solid growth by fulfilling my role as a Statutory Auditor.

Consolidated Financial Highlights 10-year Summary

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

| Years Ended March 31 | 2014 | 2015 |
|---|-----------|-----------|
| Operating revenue/Revenue* ¹ | 232,822 | 245,045 |
| Profit before income tax expense | 38,899 | 63,067 |
| Profit for the year attributable to owners of the Company | 21,439 | 45,721 |
| Total assets | 2,875,304 | 3,400,763 |
| Equity attributable to owners of the Company | 325,631 | 383,491 |
| Net cash generated from (used in) operating activities | 29,401 | (36,197) |
| Net cash generated from (used in) investing activities | 16,811 | 52,305 |
| Net cash generated from (used in) financing activities | 92,538 | (15,524) |
| Cash and cash equivalents at the end of the year | 276,221 | 290,826 |

*¹ 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 FY2013 to FY2014 are "Operating revenue."

| | | | |
|----------------------------------|--|---------|---------|
| Profit before income tax expense | Financial Services Business | 37,298 | 67,309 |
| | Asset Management Business | 8,990 | 8,132 |
| | Biotechnology, Healthcare & Medical Informatics Business | (2,432) | (7,310) |
| | Others | 2,438 | 2,779 |
| | Elimination or Corporate | (7,395) | (7,843) |
| | Financial Services Business | — | — |
| | Asset Management Business | — | — |
| | Investment Business | — | — |
| | Crypto-asset Business | — | — |
| | Non-financial Business | — | — |
| | Elimination or Corporate | — | — |

Note: For FY2013 to FY2020, certain Group companies were transferred from one segment to another, so the above mentioned figures reflect disclosed figures for each fiscal year, so there may be some discrepancies.
Starting with FY2022, the new reporting segments consist of five business segments. For FY2021, results have been restated to retroactively reflect the new segmentation.

| | | |
|---|------|------|
| Ratio of equity attributable to owners of the Company to total assets | 11.3 | 11.3 |
| Ratio of profit to equity attributable to owners of the Company (ROE) | 6.8 | 12.9 |

| | | |
|--|----------|----------|
| Equity per share attributable to owners of the Company (BPS) | 1,504.19 | 1,771.19 |
| Basic earnings per share attributable to owners of the Company (EPS) | 99.04 | 211.18 |
| Dividend per share | 20.00 | 35.00 |

| | | |
|---------------------------------|-------|------|
| PER (Price-earnings ratio) | 12.56 | 6.89 |
| P/B ratio (Price-to-book ratio) | 0.8 | 0.8 |

PER = Fiscal year-end TSE closing price/Basic earnings per share attributable to owners of the Company
P/B ratio = Fiscal year-end TSE closing price/Equity per share attributable to owners of the Company
The closing price for FY2022 was ¥2,624.

| | | |
|---------------------------------------|-------|--------|
| Total dividend | 4,340 | 7,594 |
| Share repurchase amount* ² | 0 | 10,000 |
| Total shareholder returns | 4,340 | 17,594 |

*² 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 in this table since it was left unrealized for the purpose of shareholder returns.

| | | |
|---------------------------------|------|------|
| Payout ratio | 20.2 | 16.6 |
| Total shareholder returns ratio | 20.2 | 38.5 |

| | | |
|-----------|-------|-------|
| Employees | 5,352 | 6,094 |
|-----------|-------|-------|

(Millions of yen)

| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------|-----------|-----------|-----------|-----------|-----------|------------|-------------|
| 261,744 | 261,939 | 337,017 | 351,411 | 368,055 | 541,145 | 763,618 | 998,559 |
| 52,227 | 43,139 | 71,810 | 83,037 | 65,819 | 140,380 | 412,724 | 100,753 |
| 34,115 | 32,455 | 46,684 | 52,548 | 37,487 | 81,098 | 366,854 | 35,000 |
| 3,126,784 | 3,850,001 | 4,535,964 | 5,034,124 | 5,513,227 | 7,208,572 | 17,838,200 | 22,310,728 |
| 371,590 | 377,992 | 427,815 | 456,675 | 451,476 | 562,116 | 924,603 | 1,013,832 |
| 32,478 | (17,952) | (33,235) | (71,665) | 26,849 | (178,403) | (314,046) | 960,743 |
| 11,179 | 2,437 | 7,881 | (54,731) | (70,887) | (82,071) | 1,838,517 | (1,075,054) |
| (76,230) | 159,467 | 74,575 | 407,746 | 181,626 | 210,822 | 163,302 | 810,425 |
| 248,050 | 391,572 | 437,148 | 713,974 | 843,755 | 802,702 | 2,499,370 | 3,200,916 |

(Millions of yen)

| | | | | | | | |
|---------|---------|----------|----------|----------|----------|----------|----------|
| 50,458 | 48,853 | 63,888 | 66,568 | 53,379 | 85,755 | — | — |
| 17,996 | 13,940 | 56,491 | 51,107 | 35,165 | 84,853 | — | — |
| (6,572) | (9,574) | (37,252) | (19,179) | (11,431) | (8,630) | — | — |
| (835) | (830) | (1,328) | (6,912) | (1,771) | (10,595) | — | — |
| (8,820) | (9,250) | (9,989) | (8,547) | (9,523) | (11,003) | — | — |
| — | — | — | — | — | — | 301,725 | 150,653 |
| — | — | — | — | — | — | 3,810 | 10,123 |
| — | — | — | — | — | — | 136,457 | (16,661) |
| — | — | — | — | — | — | 3,518 | (18,429) |
| — | — | — | — | — | — | (20,308) | (3,253) |
| — | — | — | — | — | — | (12,478) | (21,680) |

(%)

| | | | | | | | |
|------|-----|------|------|-----|------|------|-----|
| 11.9 | 9.8 | 9.4 | 9.1 | 8.2 | 7.8 | 5.2 | 4.5 |
| 9.0 | 8.7 | 11.6 | 11.9 | 8.3 | 16.0 | 49.4 | 3.6 |

(Yen)

| | | | | | | | |
|----------|----------|----------|----------|----------|----------|----------|----------|
| 1,792.08 | 1,856.47 | 1,937.72 | 2,000.82 | 1,955.91 | 2,297.87 | 3,770.84 | 3,722.80 |
| 160.83 | 159.38 | 220.54 | 231.43 | 163.18 | 339.78 | 1,498.55 | 132.19 |
| 45.00 | 50.00 | 85.00 | 100.00 | 100.00 | 120.00 | 150.00 | 150.00 |

(Times)

| | | | | | | | |
|------|------|-------|-------|------|------|------|-------|
| 7.11 | 9.74 | 11.03 | 10.66 | 9.67 | 8.83 | 2.07 | 19.85 |
| 0.6 | 0.8 | 1.3 | 1.2 | 0.8 | 1.3 | 0.8 | 0.7 |

(Millions of yen)

| | | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|--------|
| 9,393 | 10,153 | 18,711 | 22,984 | 23,077 | 29,324 | 36,770 | 40,847 |
| 5,000 | 8,000 | 0 | 19,427 | 0 | 0 | 0 | 0 |
| 14,393 | 18,153 | 18,711 | 42,412 | 23,077 | 29,324 | 36,770 | 40,847 |

(%)

| | | | | | | | |
|------|------|------|------|------|------|------|-------|
| 28.0 | 31.4 | 38.5 | 43.2 | 61.3 | 35.3 | 10.0 | 113.5 |
| 42.2 | 55.9 | 40.1 | 80.7 | 61.6 | 36.2 | 10.0 | 116.7 |

(Persons)

| | | | | | | | |
|-------|-------|-------|-------|-------|-------|--------|--------|
| 5,480 | 4,455 | 5,391 | 6,439 | 8,003 | 9,209 | 17,496 | 18,756 |
|-------|-------|-------|-------|-------|-------|--------|--------|

Fact Sheet

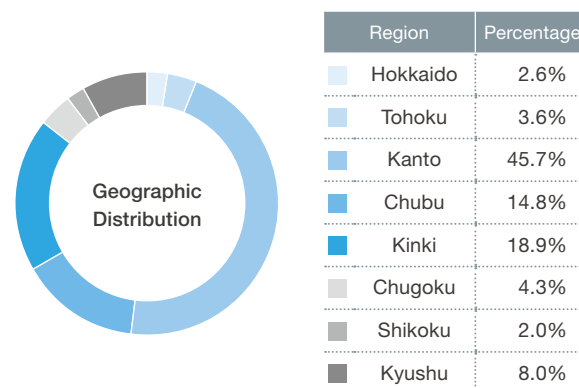
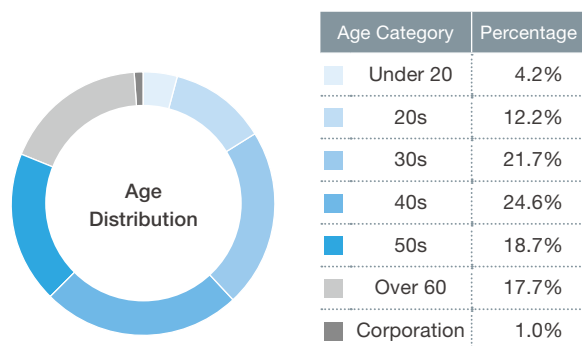
Full-year Profit before Income Tax Expense of the Major Businesses of the Financial Services Business (Based on IFRS)

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|--|-----------|-------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| SBI SECURITIES (non-consolidated) | ¥ million | 46,169 | 45,597 | 31,604 | 47,394 | 51,186 | 49,351 |
| FX business* ¹ | ¥ million | 5,188 | 9,334 | 8,138 | 10,684 | 14,327 | 15,891 |
| SBI MONEYPLAZA | ¥ million | 2,768 | 1,956 | 995 | 3,762 | 3,305 | 992 |
| SBI Shinsei Bank [Net income based on JGAAP] | ¥ million | — | — | — | — | 212,780 [20,385] | 54,682 [42,771] |
| SBI Sumishin Net Bank [Net income based on JGAAP] | ¥ million | 3,770 [10,447] | 7,249 [11,975] | 5,845 [12,570] | 7,240 [13,928] | 5,040 [17,113] | 4,859 [19,932] |
| SBI SAVINGS BANK* ² | ¥ million | 14,018 | 17,473 | 18,230 | 28,364 | 34,178 | 23,946 |
| Insurance business* ³ | ¥ million | 2,263 | 1,480 | (1,291) | 5,771 | 5,519 | (748) |

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

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|--|-------------|-----------|---------|---------|-----------|-----------|-----------|
| Accounts* ⁴ | Thousands | 4,261 | 4,631 | 5,428 | 6,813 | 8,453 | 10,038 |
| Net increase in accounts | Thousands | 422 | 369 | 797 | 1,385 | 1,640 | 1,585 |
| Accumulated number of accounts via SBI Sumishin Net Bank | Thousands | 538 | 600 | 668 | 732 | 798 | 870 |
| NISA accounts* ⁵ | Thousands | 1,197 | 1,404 | 1,656 | 2,135 | 2,816 | 3,475 |
| Customer deposit assets* ⁴ | ¥ trillion | 12.9 | 13.0 | 12.9 | 19.7 | 23.2 | 26.9 |
| Share of individual stock holdings by value* ⁶ | % | 11.7 | 12.7 | 13.9 | 15.5 | 17.9 | 20.5 |
| Commission rate | Basis point | 3.0 | 2.9 | 3.2 | 2.9 | 2.4 | 2.1 |
| Share of individual stock brokerage trading value* ^{7, 8} | % | 35.1 | 36.2 | 36.4 | 42.8 | 44.1 | 46.0 |
| Share of individual stock brokerage margin trading value* ^{7, 8} | % | 36.4 | 37.1 | 37.1 | 45.0 | 45.6 | 47.2 |
| Open interest credit balance | ¥ billion | 1,001 | 838 | 647 | 1,149 | 1,115 | 1,402 |
| Investment trust balance | ¥ billion | 1,675 | 1,874 | 2,101 | 3,657 | 5,571 | 6,944 |
| Investment trust fees | ¥ million | 5,181 | 5,200 | 4,935 | 5,256 | 7,466 | 8,175 |
| Number of IPO underwriters* ⁹ | Companies | 75 | 90 | 86 | 80 | 117 | 92 |
| Number of lead managed underwriters | Companies | 6 | 11 | 9 | 15 | 20 | 15 |
| Capital adequacy ratio | % | 372.7 | 349.9 | 338.2 | 231.9 | 264.4 | 302.0 |
| FX accounts (SBI Group* ¹⁰) | Thousands | 1,066 | 1,196 | 1,334 | 1,527 | 1,726 | 1,953 |
| SBI MONEYPLAZA's customer deposit assets | ¥ million | 1,105,023 | 937,327 | 756,356 | 1,332,959 | 1,173,014 | 1,286,771 |

SBI SECURITIES' Customer Attribution (As of March 31, 2023)



Banking (SBI Shinsei Bank)

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|--------------------------------------|-----------|--------|--------|--------|--------|---------|---------|
| Retail accounts | Thousands | — | — | — | — | 3,050 | 3,161 |
| Net increase in accounts | Thousands | — | — | — | — | — | 111 |
| Deposits* ¹¹ | ¥ billion | — | — | — | — | 6,398.0 | 9,982.2 |
| Balance of consumer loans | ¥ billion | — | — | — | — | 414.0 | 411.5 |
| Loan-deposit rate (term-end balance) | % | — | — | — | — | 81.9 | 69.0 |
| Core capital adequacy ratio | % | — | — | — | — | 11.72 | 10.24 |

Banking (SBI Sumishin Net Bank)

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|--|-----------|---------|---------|---------|---------|---------|---------|
| Accounts | million | 3.21 | 3.54 | 3.93 | 4.51 | 5.35 | 6.14 |
| Accounts in the digital banking business | million | 3.21 | 3.54 | 3.93 | 4.49 | 5.08 | 5.32 |
| Accounts in the BaaS business | million | — | — | — | 0.02 | 0.27 | 0.81 |
| Deposits* ¹² | ¥ billion | 4,426.0 | 4,857.1 | 5,392.3 | 6,293.8 | 7,115.8 | 7,977.7 |
| Mortgage Loans Originated* ¹³ | ¥ billion | 696.4 | 819.3 | 850.4 | 856.5 | 1,239.2 | 1,485.2 |
| Number of BaaS Corporate Partners | Companies | — | — | — | 2 | 5 | 10 |

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

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|--|-------------|---------|---------|---------|---------|----------|----------|
| Balance of performing loans | KRW billion | 5,029.6 | 6,123.4 | 7,596.6 | 9,531.1 | 12,191.5 | 13,373.5 |
| of which, balance of retail performing loans | KRW billion | 3,159.6 | 4,106.5 | 5,412.0 | 7,042.1 | 9,201.7 | 9,822.1 |
| Delinquency ratio | % | 5.3 | 3.9 | 2.3 | 1.6 | 1.38 | 3.36 |
| of which, delinquency ratio of retail performing loans | % | 4.2 | 3.8 | 2.7 | 1.8 | 1.7 | 4.4 |

Insurance (SBI Group's Insurance Companies)

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|---|-----------|---------|---------|---------|---------|---------|---------|
| Number of contracts (SBI Insurance) | Thousands | 985 | 1,052 | 1,091 | 1,137 | 1,172 | 1,199 |
| Number of contracts (SBI Life Insurance)* ¹⁴ | Thousands | 121 | 141 | 189 | 248 | 316 | 397 |
| Number of contracts in effect (total of five small-amount, short-term insurance companies)* ^{15, 16} | Thousands | 625 | 675 | 801 | 942 | 976 | 999 |
| Combined ratio (SBI Insurance) | % | 91.9 | 98.4 | 103.2 | 86.6 | 88.7 | 89.9 |
| Direct loss ratio | % | 80.7 | 84.1 | 85.5 | 68.3 | 68.7 | 70.8 |
| Direct operating expenses ratio | % | 11.2 | 14.3 | 17.7 | 18.3 | 20.0 | 19.1 |
| Total actuarial reserves (SBI Insurance) | ¥ million | 14,456 | 15,338 | 15,255 | 18,262 | 17,702 | 18,098 |
| Solvency margin ratio (SBI Life Insurance) | % | 1,172.2 | 1,045.4 | 957.6 | 898.1 | 821.3 | 915.7 |
| Total Assets (SBI Life Insurance) | ¥ million | 125,348 | 120,011 | 119,095 | 124,035 | 123,640 | 119,369 |
| Balance of legal reserve (SBI Life Insurance) | ¥ million | 98,049 | 90,915 | 86,202 | 90,918 | 90,724 | 90,283 |

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

*2 Fiscal years start in April and end March of the following calendar year

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

*4 The sum of the accounts for SBI NEOMOBILE SECURITIES since FY2019, SBI Neotrade Securities since FY2020, and FOLIO since FY2021

*5 Calculated as the number of accounts since FY2022 less the number of accounts deemed discontinued since FY2022

*6 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

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

*8 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 TSE and NSE, including that of ETF and REIT trading value, respectively

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

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

*11 Total value of retail deposits and corporate deposits

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

*13 Cumulative total of housing loans sold by SBI Sumishin Net Bank ("MR. Housing Loan," "Affiliate Housing Loan"), housing loans sold by partner companies as an agent for SBI Sumishin Net Bank ("MR. Housing Loan REAL"), housing loans originated through "Flat 35" and housing loans sold by SBI Sumishin Net Bank as an agent for Sumitomo Mitsui Trust Bank

*14 Includes the number of people using Group Credit Life Insurance

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

*16 The figures include the number of contracts held by SBI PRISM SSI since FY2019, SBI JOGUCHI SAFETY SSI since FY2020

Fact Sheet

Breakdown of Assets Under Management in Investment Trusts, etc.*1

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|-------------------------|-----------|--------|---------|---------|---------|---------|---------|
| Investment trusts | ¥ billion | 490.0 | 969.4 | 1,427.4 | 3,354.4 | 4,893.7 | 6,637.3 |
| Investment advisors | ¥ billion | 138.0 | 333.4 | 297.1 | 470.1 | 534.7 | 558.1 |
| Investment corporations | ¥ billion | — | — | — | — | — | — |
| Total | ¥ billion | 628.0 | 1,302.8 | 1,724.5 | 3,824.5 | 5,428.4 | 7,195.4 |

Profit/loss from the Change in Fair Value, and Profit/Loss on Sales of Investment Securities in the Investment Business

| | Unit | FY2017 | FY2018 | FY2019*2 | FY2020 | FY2021 | FY2022 |
|--|-----------|--------|--------|----------|--------|---------|----------|
| Profit/loss from the change in fair value, and profit/loss on sales of investment securities | ¥ million | 44,409 | 33,699 | 20,305 | 66,342 | 131,285 | (14,358) |

Investment and Exit Figures for Private Equity Investments of the Investment Business

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|------------------------------|-----------|---------|---------|---------|---------|---------|---------|
| Investment balance*3 | ¥ million | 254,671 | 355,683 | 459,574 | 614,462 | 712,920 | 682,448 |
| Investment amount*4 | ¥ million | 56,540 | 108,125 | 140,465 | 107,056 | 117,791 | 98,931 |
| Number of investments made | Companies | 193 | 230 | 206 | 195 | 257 | 254 |
| Number of companies exited*5 | Companies | 13 | 20 | 24 | 22 | 22 | 22 |

Breakdown of Assets Under Management, Including Private Equity Investment*6 (As of March 31, 2023)

| Breakdown by Industry | Amount (¥ million) | Companies |
|---|--------------------|-----------|
| Internet/AI/loT | 170,608 | 153 |
| Fintech services | 109,200 | 49 |
| Digital assets/Blockchain | 101,917 | 30 |
| Finance | 29,834 | 55 |
| Biotechnology/Health/Medical | 42,301 | 58 |
| Environmental/Energy | 10,062 | 8 |
| Machine/Automobile | 14,682 | 17 |
| Services | 39,509 | 53 |
| Retail/Food | 1,405 | 9 |
| Materials/Chemicals | 10,289 | 5 |
| Construction/Real estate | 1,149 | 6 |
| Others | 4,223 | 8 |
| Equity interests in external and non-consolidated funds | 46,186 | 79 |
| Total | 581,364 | 530 |

| Breakdown by Region | Amount (¥ million) | Companies |
|---------------------|--------------------|-----------|
| Japan | 244,145 | 374 |
| China | 9,391 | 21 |
| Korea | 6,481 | 6 |
| Southeast Asia | 48,296 | 25 |
| India | 8,339 | 8 |
| United States | 124,049 | 28 |
| Europe | 65,498 | 28 |
| Others | 75,166 | 40 |
| Total | 581,364 | 530 |

| Investment from Non-consolidated Group Management Funds | Amount (¥ million) | Companies |
|---|--------------------|-----------|
| Corporate venture capital (CVC) | 24,648 | 113 |
| Others (overseas JV funds, etc.) | 76,436 | 177 |
| Total | 101,083 | 290 |

Top Three Investment Items in Private Equity and Others
(As of March 31, 2023)**

| | Amount (¥ million) | Companies |
|---|-----------------------|-----------|
| Internet/AI/IoT | 27,207 | 55 |
| Services | 17,569 | 26 |
| Equity interests in external/non-consolidated funds | 9,371 | 55 |

Breakdown of Investments and Exit Figures*5 (As of March 31, 2023; Unit: Companies)

| Cumulative Number of Investee Companies | Domestic | Overseas | Cumulative Exit | Domestic | | Overseas | |
|--|----------|----------|--------------------|----------|-----|----------|-----|
| | | | | IPO | M&A | IPO | M&A |
| 2,034 | 1,195 | 839 | 338 | 154 | 22 | 118 | 44 |

SBI Investment's Deal Sourcing Results*7

| Business Results | Unit | Sourcing | Due Diligence | Investment |
|------------------|-----------|----------|---------------|------------|
| FY2020 | Companies | 1,428 | 67 | 43 |
| FY2021 | Companies | 1,588 | 66 | 58 |
| FY2022 | Companies | 2,143 | 121 | 55 |

SBI Investment's Management Results*7, 8

| Commitment Amount (¥ billion) | Cumulative Distribution (¥ billion) | Investment Return Ratio (times) | Internal Rate of Return (%) |
|----------------------------------|--|------------------------------------|--------------------------------|
| 285.9 | 392.7 | 1.37 | 6.3 |

*1 For funds that SBI Asset Management provides investment instructions, if Wealth Advisor 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

*2 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

*3 For investment balance amounts through 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

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

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

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

*7 Results for specialized investment funds under management are not included

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

Fact Sheet

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

| | Unit | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|---------------------|-----------|--------|---------|---------|---------|---------|---------|
| SBI Biotech | ¥ million | (432) | (166) | 16 | (278) | 366 | (205) |
| SBI Pharmaceuticals | ¥ million | 42 | (1,395) | (1,272) | (1,726) | (1,125) | (1,245) |
| SBI ALApromo | ¥ million | 40 | 263 | 193 | 348 | 298 | 195 |
| photonamic | ¥ million | 55 | 412 | 173 | 71 | 328 | 194 |

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) | Vielia Bio* ¹ |
| SBI-9674 (KK4277) | 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 Vielia 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 (6 Cases in total)

- "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)
- Commercialization rights to "ALAGLIO® Divided Granules 1.5g" in China, Taiwan, and Hong Kong (Licensed to BioPro Pharmaceutical, August 2019)
- Commercialization rights to "ALAGLIO® Divided Granules 1.5g" in South Korea (Licensed to Verto, May 2020)

| 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"> • Obtained orphan drug designation from the FDA • Conducting in the U.S., Germany, and Austria |
| 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 | 57 |
| Overseas | 290 |

Note: As of March 31, 2023

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

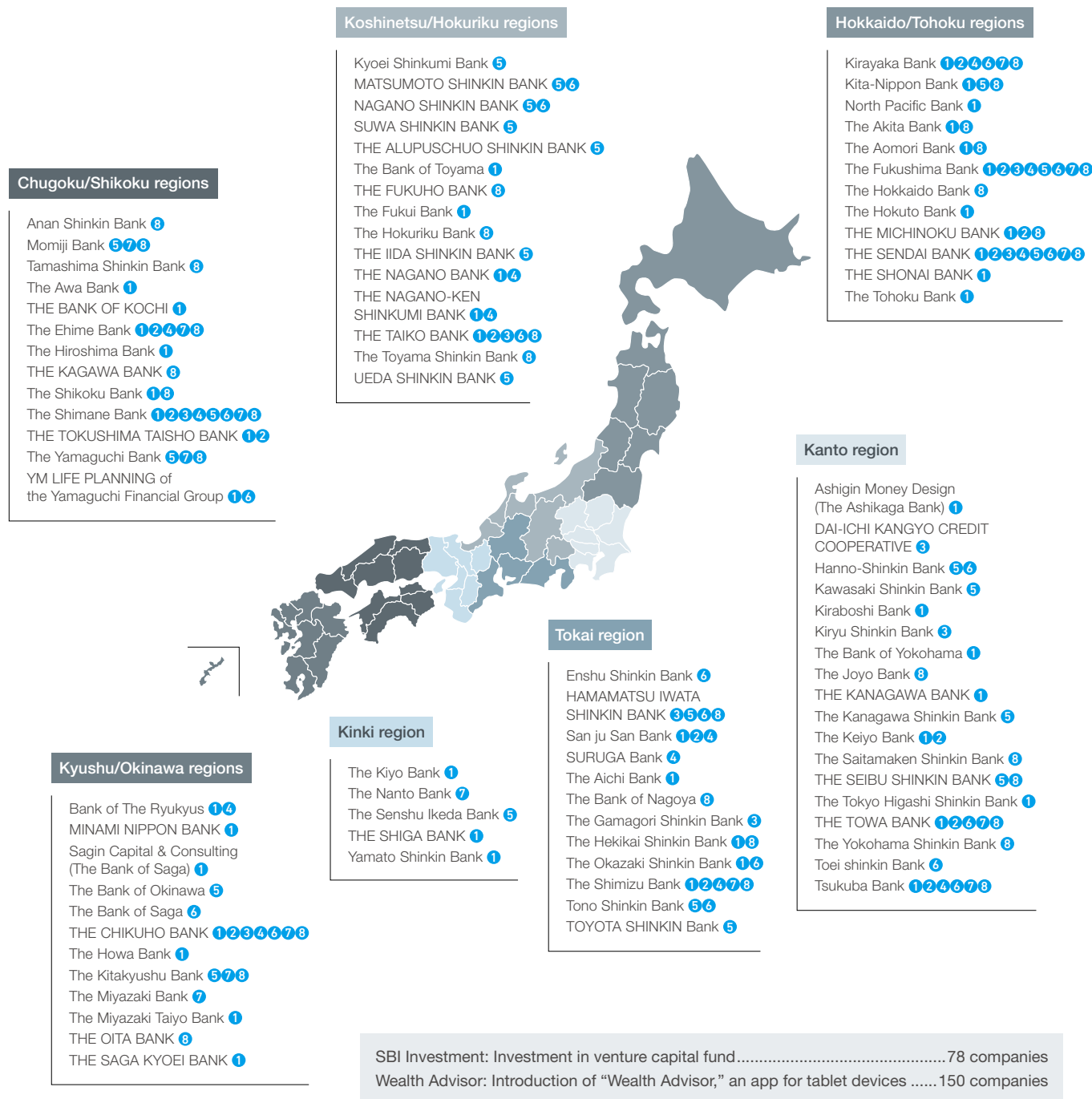
- ALA PLUS TOH DOWN (December 2015)
- SBI ICHOHA (December 2017)
- ALA PLUS TOH DOWN RICH (November 2018)
- ALA PLUS FUKAI NEMURI (March 2019)
- ALA PLUS KARADA ACTIVE (October 2019)
- HATSUGAGENMAI NO SOKOJIKARA (April 2021)
- ALA PLUS MENTAL CARE (July 2021)
- ALA PLUS TOH DOWN ALACIA (December 2021)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

Note: As of June 30, 2023

Alliances Status with Regional Financial Institutions

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

- | | |
|--|--|
| <ul style="list-style-type: none"> ① SBI SECURITIES: Operational alliances in financial instruments intermediary service ② SBI MONEYPLAZA: Management and operation of joint branches ③ SBI Remit: Providing international remittance services ④ SBI Benefit Systems: Collaboration and alliances in defined contribution pension businesses | <ul style="list-style-type: none"> ⑤ SBI Life Insurance: Sales of Group credit life insurance ⑥ SBI Insurance: Sales of insurance products ⑦ SBI NEO FINANCIAL SERVICES: Introducing banking applications (some applications provided by SBI FinTech Incubation) ⑧ SBI Business Solutions: Customer referral alliance for cloud-based back-office support services, etc. |
|--|--|



Note: Table shows certain regional financial institutions (regional banks, shinkin banks, and credit unions) and their affiliates with which SBI Group companies are partnered as of June 30, 2023. (Companies listed in alphabetical order.)

Consolidated Financial Statements of the Group

Consolidated Statement of Financial Position

(Millions of Yen)

| | Notes | As at March 31, 2022 | As at March 31, 2023 |
|--|---------------------|-------------------------|-------------------------|
| Assets | | | |
| Cash and cash equivalents | 6, 8, 18, 23 | 2,499,370 | 3,200,916 |
| Trade and other accounts receivable | 6, 7, 8, 9, 13, 18 | 8,399,588 | 10,447,026 |
| Assets related to securities business | | | |
| Cash segregated as deposits | | 2,361,620 | 2,498,387 |
| Margin transaction assets | | 929,730 | 1,267,684 |
| Other assets related to securities business | 10 | 615,967 | 751,211 |
| Total assets related to securities business | 6, 7, 8 | 3,907,317 | 4,517,282 |
| Other financial assets | 6, 7, 8, 13 | 471,607 | 519,951 |
| Operational investment securities | 6, 7, 8, 11, 13 | 607,802 | 581,364 |
| Other investment securities (includes ¥247,299 million and ¥222,987million pledged as collateral) | 6, 7, 8, 11, 13, 18 | 1,076,780 | 1,997,856 |
| Investments accounted for using the equity method | 12 | 129,141 | 199,882 |
| Investment properties | 14, 18 | 34,868 | 72,124 |
| Property and equipment | 15, 18 | 123,737 | 124,655 |
| Intangible assets | 16 | 293,086 | 366,040 |
| Other assets | | 277,016 | 267,845 |
| Deferred tax assets | 17 | 17,888 | 15,787 |
| Total assets | | 17,838,200 | 22,310,728 |
| Liabilities | | | |
| Bonds and loans payable | 6, 7, 8, 18 | 3,364,860 | 3,680,355 |
| Trade and other accounts payable | 6, 7, 8, 19 | 487,846 | 486,028 |
| Liabilities related to securities business | | | |
| Margin transaction liabilities | | 254,345 | 276,287 |
| Loans payable secured by securities | | 599,159 | 605,382 |
| Deposits from customers | | 1,375,599 | 1,400,607 |
| Guarantee deposits received | | 997,678 | 1,104,363 |
| Other liabilities related to securities business | 20 | 449,551 | 501,610 |
| Total liabilities related to securities business | 6, 7, 8 | 3,676,332 | 3,888,249 |
| Customer deposits for banking business | 6, 7, 8, 18 | 7,673,324 | 11,472,323 |
| Insurance contract liabilities | 21 | 155,216 | 157,381 |
| Income tax payable | | 13,351 | 16,951 |
| Other financial liabilities | 6, 7, 18 | 538,512 | 595,150 |
| Other liabilities | | 287,577 | 215,477 |
| Deferred tax liabilities | 17 | 57,924 | 50,160 |
| Total liabilities | | 16,254,942 | 20,562,074 |
| Equity | | | |
| Capital stock | 24 | 99,312 | 139,272 |
| Capital surplus | 24 | 151,390 | 186,774 |
| Treasury stock | 24 | (62) | (76) |
| Other components of equity | 24 | 42,865 | 60,117 |
| Retained earnings | 24 | 631,098 | 627,745 |
| Equity attributable to owners of the Company | | 924,603 | 1,013,832 |
| Non-controlling interests | | 658,655 | 734,822 |
| Total equity | | 1,583,258 | 1,748,654 |
| Total liabilities and equity | | 17,838,200 | 22,310,728 |

Consolidated Statement of Income

(Millions of Yen)

| | Notes | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------|-------------------------------------|-------------------------------------|
| Revenue (includes ¥209,419 million and ¥404,412 million of interest income) | 5, 27 | 763,618 | 998,559 |
| Expense | | | |
| Financial cost associated with financial income | 28 | (33,603) | (102,473) |
| Provision for credit losses | | (99,489) | (93,780) |
| Operating cost | 28 | (221,822) | (282,737) |
| Selling, general and administrative expenses | 28 | (229,834) | (384,612) |
| Other financial cost | 28 | (8,555) | (20,183) |
| Other expenses | 28 | (28,260) | (22,857) |
| Total expense | | (621,563) | (906,642) |
| Gain on bargain purchase | 4 | 263,847 | 2,460 |
| Share of profit of associates and joint ventures accounted for using the equity method | 5, 12 | 6,822 | 6,376 |
| Profit before income tax expense | 5 | 412,724 | 100,753 |
| Income tax expense | 29 | (57,000) | (29,745) |
| Profit for the year | | 355,724 | 71,008 |
| Profit for the year attributable to | | | |
| Owners of the Company | | 366,854 | 35,000 |
| Non-controlling interests | | (11,130) | 36,008 |
| Profit for the year | | 355,724 | 71,008 |
| Earnings per share attributable to owners of the Company | | | |
| Basic (Yen) | 31 | 1,498.55 | 132.19 |
| Diluted (Yen) | 31 | 1,285.90 | 116.88 |

Consolidated Statement of Comprehensive Income

(Millions of Yen)

| | Notes | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------|-------------------------------------|-------------------------------------|
| Profit for the year | | 355,724 | 71,008 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Financial assets measured at FVTOCI | 30 | (493) | (7,173) |
| Changes in own credit risk on financial liabilities | 30 | 234 | 389 |
| Remeasurement of defined benefit plans | 30 | (1,091) | (1,374) |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 30 | 130 | (3) |
| | | (1,220) | (8,161) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Financial assets measured at FVTOCI | 30 | (4,692) | (7,823) |
| Currency translation differences | 30 | 30,241 | 30,240 |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 30 | 767 | 2,003 |
| | | 26,316 | 24,420 |
| Other comprehensive income, net of tax | | 25,096 | 16,259 |
| Total comprehensive income | | 380,820 | 87,267 |
| Total comprehensive income attributable to | | | |
| Owners of the Company | | 390,080 | 51,489 |
| Non-controlling interests | | (9,260) | 35,778 |
| Total comprehensive income | | 380,820 | 87,267 |

Consolidated Financial Statements of the Group

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, 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 |
| As at April 1, 2022 | | 99,312 | 151,390 | (62) | 42,865 | 631,098 | 924,603 | 658,655 | 1,583,258 |
| Profit for the year | | — | — | — | — | 35,000 | 35,000 | 36,008 | 71,008 |
| Other comprehensive income | | — | — | — | 16,489 | — | 16,489 | (230) | 16,259 |
| Total comprehensive income | | — | — | — | 16,489 | 35,000 | 51,489 | 35,778 | 87,267 |
| Issuance of new shares | 24 | 39,960 | 39,905 | — | — | — | 79,865 | — | 79,865 |
| Change in scope of consolidation | | — | — | — | — | — | — | (8,496) | (8,496) |
| Dividends paid | 25 | — | — | — | — | (37,590) | (37,590) | (18,773) | (56,363) |
| Treasury shares purchased | 24 | — | — | (16) | — | — | (16) | — | (16) |
| Treasury shares sold | 24 | — | (0) | 2 | — | — | 2 | — | 2 |
| Share-based payment transactions | | — | 681 | — | — | — | 681 | 539 | 1,220 |
| Changes of interests in subsidiaries without losing control | | — | (5,202) | — | — | — | (5,202) | 67,119 | 61,917 |
| Transfer | 24 | — | — | — | 763 | (763) | — | — | — |
| As at March 31, 2023 | | 139,272 | 186,774 | (76) | 60,117 | 627,745 | 1,013,832 | 734,822 | 1,748,654 |

Consolidated Statement of Cash Flows

(Millions of Yen)

| | Notes | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | | |
| Profit before income tax expense | | 412,724 | 100,753 |
| Depreciation and amortization | | 32,207 | 56,129 |
| Gain on bargain purchase | | (263,847) | (2,460) |
| Share of profit of associates and joint ventures accounted for using the equity method | | (6,822) | (6,376) |
| Interest and dividend income | | (222,612) | (424,950) |
| Interest expense | | 42,553 | 123,818 |
| Increase in operational investment securities | | (164,644) | (50,286) |
| Increase in trade and other accounts receivables | | (373,371) | (1,813,474) |
| Increase in trade and other accounts payable | | 25,653 | (42,502) |
| (Increase) decrease in assets/liabilities related to securities business | | 145,057 | (397,031) |
| Increase in customer deposits for banking business | | 184,308 | 3,776,127 |
| Decrease in bonds and loans payable in banking business | | (26,148) | (611,135) |
| Decrease in payables under securities lending transactions | | (165,985) | (17,430) |
| Others | | (69,182) | (10,211) |
| Subtotal | | (450,109) | 680,972 |
| Interest and dividend income received | | 218,586 | 422,429 |
| Interest paid | | (37,551) | (103,160) |
| Income taxes paid | | (44,972) | (39,498) |
| Net cash (used in) generated from operating activities | | (314,046) | 960,743 |
| Cash flows from investing activities | | | |
| Purchase of investment property | | (30,158) | (44,076) |
| Purchases of intangible assets | | (25,965) | (37,568) |
| Purchases of investment securities | | (321,150) | (3,026,500) |
| Proceeds from sales or redemption of investment securities | | 512,343 | 2,104,558 |
| Acquisition of subsidiaries, net of cash and cash equivalents acquired | 32 | 1,734,730 | (6,597) |
| Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of | 32 | 718 | 16 |
| Payments of loans receivable | | (95,491) | (141,533) |
| Collection of loans receivable | | 65,181 | 115,954 |
| Others | | (1,691) | (39,308) |
| Net cash generated from (used in) investing activities | | 1,838,517 | (1,075,054) |
| Cash flows from financing activities | | | |
| (Decrease) increase in short term loans payable | 32 | (257,418) | 375,205 |
| Proceeds from long-term loans payable | 32 | 154,290 | 186,037 |
| Repayment of long-term loans payable | 32 | (84,387) | (71,266) |
| Proceeds from issuance of bonds payable | 32 | 541,125 | 1,342,878 |
| Redemption of bonds payable | 32 | (158,994) | (1,062,876) |
| Proceeds from issuance of shares | | 693 | 79,865 |
| Proceeds from stock issuance to non-controlling interests | | 5,008 | 18,305 |
| Contributions from non-controlling interests in consolidated investment funds | | 27,262 | 39,877 |
| Cash dividends paid | | (31,795) | (37,580) |
| Cash dividends paid to non-controlling interests | | (1,372) | (512) |
| Distributions to non-controlling interests in consolidated investment funds | | (13,610) | (16,355) |
| Purchase of treasury stock | | (23) | (16) |
| Proceeds from sale of interests in subsidiaries to non-controlling interests | | 3,182 | 5,087 |
| Payments for purchase of interests in subsidiaries from non-controlling interests | | (11,507) | (32,503) |
| Others | | (9,152) | (15,721) |
| Net cash generated from financing activities | | 163,302 | 810,425 |
| Net (decrease) increase in cash and cash equivalents | | 1,687,773 | 696,114 |
| Cash and cash equivalents at the beginning of the year | | 802,702 | 2,499,370 |
| Effect of changes in exchange rate on cash and cash equivalents | | 8,895 | 5,432 |
| Cash and cash equivalents at the end of the year | | 2,499,370 | 3,200,916 |

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 five key businesses: "Financial Services Business", "Asset Management Business", "Investment Business", "Crypto-asset Business" and "Non-Financial 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 July 5, 2023.

(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"

Although the impact of the new coronavirus infections on the economy and corporate activities has largely subsided, the Group assumes that the impact on the credit risk of trade and other accounts receivables will continue. Based on these assumptions and reasonable and supportable information available, the Group measures expected credit losses by grouping based on credit risk characteristics.

(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) 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.

(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 – 50 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 – 23 years

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

(7) 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.

(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.

With respect to the amendments to IAS 12 "Income Taxes" (International Tax Reform - Pillar 2 Model Rules), a temporary exception (exemption from recognition and disclosure of deferred tax assets and deferred tax liabilities) has been applied.

(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.

The Group has applied IFRS 4 "Insurance Contracts" until the current period and will apply IFRS 17 "Insurance Contracts" from the next period. The transition date to IFRS 17 is April 1, 2022 and the cumulative effect of the adoption of this standard will be recognized on the transition date. The impact of the adoption of this standard on the consolidated financial statements is currently under review. The impact of the application of IAS 12 "Income Taxes" on the Group is still under consideration.

| 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 |
| IAS 12 | Income Taxes | January 1, 2023 | March 2024 | International Tax Reform - Recognition and Disclosure of Deferred Tax Assets and Deferred Tax Liabilities with respect to Pillar 2 Model Rules |

4. Business Combinations

For the year ended March 31, 2022

The Group conducted a Tender Offer for the shares of Shinsei Bank (currently SBI Shinsei Bank, Limited), 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 |
| Total | 199,235 |
| 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 |
| Total assets | 10,260,501 |
| 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 |
| Total liabilities | 9,287,596 |
| Equity | 972,905 |
| Non-controlling interests | (509,916) |
| Gain on bargain purchase (Note 1) | (263,754) |
| Total | 199,235 |

Note: 1. The adjustment during the measurement period recognized in the previous 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) |
| Total assets | (26,286) |
| 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 |
| Total liabilities | (12,694) |
| 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 previous period for Shinsei Bank, Limited (currently SBI 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 previous period, revenue and net income for the previous period would be ¥1,073,183 million and ¥172,650 million, respectively. 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.

Revenue 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.

For the year ended March 31, 2023

Acquisition date fair value of the consideration paid for business combinations amounted to ¥68,737 million in cash.

Fair value of assets acquired and liabilities assumed and non-controlling interests were ¥276,257 million, ¥226,049 million and ¥18,045 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.

Revenue and net income recognized in the consolidated statement of income for the year ended March 31, 2023 were ¥24,205 million and ¥412 million, respectively, since the acquisition date.

(Revision of provisional amounts)

The allocation of the consideration for the acquisition of Shinsei Bank, Ltd. (now SBI Shinsei Bank, Ltd) for which the Group obtained control on December 17, 2021, was completed during the year ended March 31, 2023. The amount finalized is the same as the amount adjusted during the measurement period of the previous period, and there is no impact on the consolidated financial statements of the previous and current periods.

5. Segment Information

(1) Overview of Reportable Segments

The Group has five new reportable segments: “Financial Services Business”, “Asset Management Business”, “Investment Business”, “Crypto-asset Business” which is expected to remain a growth area and “Non-Financial Services Business” which includes the Biotechnology, Healthcare & Medical Informatics Business, as well as the advanced fields related to Web3.

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 inside and outside Japan, including securities brokerage business, banking services business, and life, property and casualty insurance business.

“Asset Management Business”

The Asset Management Business primarily consists of setting, solicitation, and management of investment trust, investment advice, and provision of financial products information.

“Investment Business”

The Investment Business primarily consists of fund management and investment in Internet technology, fintech, blockchain, finance, and biotechnology-related venture companies in Japan and overseas.

“Crypto-asset Business”

The Crypto-asset Business primarily consists of crypto asset exchange business, which provides crypto asset exchange and trading services.

“Non-Financial Business”

The Non-Financial Business primarily consists of the Biotechnology, Healthcare & Medical Informatics Business, which includes the development and distribution of pharmaceutical products, health foods, and cosmetics with the 5-aminolevulinic acid (5-ALA), a kind of amino acid which exists in vivo, the research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology, the digitization of medical and health information, the provision of solutions and services that promote the use of medical big data, and medical finance. The Non-Financial Business also includes the business of working on advanced fields related to Web3, the renewable energy business, and the business of developing new overseas markets including Africa.

(2) Matters related to changes in reportable segments

The Group had been reporting three business segments: Financial Services Business, Asset Management Business, and Biotechnology, Healthcare & Medical Informatics Business. However, the market environment such as the stock market had a significant impact on specific businesses within each business segment, and as the business in the non-financial field such as Web3 is expected to expand in the future, it had become unclear which segment these businesses belong to. Therefore, the business segment was reorganized from the first quarter of this fiscal year, and the Group has five new reportable segments: “Financial Services Business”, “Asset Management Business”, “Investment Business”, “Crypto-asset Business” which is expected to remain a growth area and “Non-Financial Services Business” which includes the Biotechnology, Healthcare & Medical Informatics Business, as well as the advanced fields related to Web3.

(3) Results by reportable segment

The following represents segment information of the Group:

“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.

(Millions of Yen)

| For the year ended March 31, 2022 | Financial Services Business | Asset Management Business | Investment Business | Crypto-asset Business | Non-Financial Business | Total | Elimination or Corporate | Consolidated Total |
|--|-----------------------------|---------------------------|---------------------|-----------------------|------------------------|----------|--------------------------|--------------------|
| Revenue | | | | | | | | |
| Revenue from external customers | 492,714 | 16,500 | 177,845 | 55,404 | 21,528 | 763,991 | (373) | 763,618 |
| Inter-segment revenue | 5,037 | 383 | 66 | (298) | 2,068 | 7,256 | (7,256) | — |
| Total | 497,751 | 16,883 | 177,911 | 55,106 | 23,596 | 771,247 | (7,629) | 763,618 |
| Segment operating income (loss) | | | | | | | | |
| Profit before income tax expense | 301,725 | 3,810 | 136,457 | 3,518 | (20,308) | 425,202 | (12,478) | 412,724 |
| Other Items | | | | | | | | |
| Interest income | 208,519 | 257 | 701 | — | 220 | 209,697 | (278) | 209,419 |
| Interest expense | (34,760) | (3) | (2,368) | (547) | (1,056) | (38,734) | (3,424) | (42,158) |
| Depreciation and amortization | (21,879) | (1,439) | (763) | (5,889) | (905) | (30,875) | (1,238) | (32,113) |
| Gain or loss from investments applying the equity-method | 5,603 | — | 1,128 | — | 91 | 6,822 | — | 6,822 |

(Millions of Yen)

| For the year ended March 31, 2023 | Financial Services Business | Asset Management Business | Investment Business | Crypto-asset Business | Non-Financial Business | Total | Elimination or Corporate | Consolidated Total |
|--|-----------------------------|---------------------------|---------------------|-----------------------|------------------------|-----------|--------------------------|--------------------|
| Revenue | | | | | | | | |
| Revenue from external customers | 881,680 | 27,581 | 36,528 | 30,796 | 24,248 | 1,000,833 | (2,274) | 998,559 |
| Inter-segment revenue | 5,068 | 385 | 156 | (476) | 1,990 | 7,123 | (7,123) | — |
| Total | 886,748 | 27,966 | 36,684 | 30,320 | 26,238 | 1,007,956 | (9,397) | 998,559 |
| Segment operating income (loss) | | | | | | | | |
| Profit before income tax expense | 150,653 | 10,123 | (16,661) | (18,429) | (3,253) | 122,433 | (21,680) | 100,753 |
| Other Items | | | | | | | | |
| Interest income | 403,267 | 143 | 1,104 | — | 17 | 404,531 | (119) | 404,412 |
| Interest expense | (112,385) | (8) | (3,540) | (422) | (546) | (116,901) | (5,755) | (122,656) |
| Depreciation and amortization | (48,373) | (1,660) | (974) | (2,534) | (1,234) | (54,775) | (1,385) | (56,160) |
| Gain or loss from investments applying the equity-method | 7,304 | — | (612) | — | (316) | 6,376 | — | 6,376 |

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, 2022 | As at March 31, 2023 |
|--------------------|----------------------|----------------------|
| Japan | 304,956 | 408,724 |
| Korea | 113,802 | 115,299 |
| Others | 32,933 | 38,796 |
| Consolidated total | 451,691 | 562,819 |

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

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|---------------------------------|-----------------------------------|-----------------------------------|
| Revenue from external customers | | |
| Japan | 557,842 | 814,428 |
| Overseas | 205,776 | 184,131 |
| Consolidated total | 763,618 | 998,559 |

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

6. Financial Instruments

(1) Fair value measurement

Fair values of financial assets and financial liabilities are determined 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 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.

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 the Group entities that obtained them are not expected to change significantly. With respect to those with fixed interest rates, the fair values are determined based on the future cash outflows discounted using interest rates adjusted for remaining periods and credit risk or discounted using interest rates with reference to similar types of new loans or lease transactions. For those for which a market price exists, the fair value is determined based on quoted market prices. For those with short-term maturities, carrying amounts are deemed to be fair values because the carrying amounts approximate fair values.

For financial liabilities designated at FVTPL, fair value is estimated using primarily the same methods as in "Other financial assets and other financial liabilities".

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.

For financial liabilities designated at FVTPL, fair value is estimated using primarily the same methods as in "Other financial assets and other financial liabilities".

(2) Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

| 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 |

(Millions of Yen)

| As at March 31, 2023 | 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 | 668,906 | — | — | 9,778,120 | 10,447,026 | 10,487,471 |
| Assets related to securities business | 270,741 | — | — | 4,246,541 | 4,517,282 | 4,517,282 |
| Other financial assets | 244,987 | — | — | 274,964 | 519,951 | 520,110 |
| Operational investment securities | 581,364 | — | — | — | 581,364 | 581,364 |
| Other investment securities | 696,957 | 29,896 | 817,621 | 453,382 | 1,997,856 | 1,997,859 |
| Total | 2,462,955 | 29,896 | 817,621 | 14,753,007 | 18,063,479 | 18,104,086 |

(Millions of Yen)

Classification and fair value of financial liabilities were as follows:

(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 |

(Millions of Yen)

| As at March 31, 2023 | 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 | — | 52,020 | 3,628,335 | 3,680,355 | 3,671,109 |
| Trade and other accounts payable | 5,482 | — | 480,546 | 486,028 | 486,027 |
| Liabilities related to securities business | 85,025 | — | 3,803,224 | 3,888,249 | 3,888,249 |
| Customer deposits for banking business | — | 264,262 | 11,208,061 | 11,472,323 | 11,470,108 |
| Other financial liabilities | 322,116 | — | 273,034 | 595,150 | 595,150 |
| Total | 412,623 | 316,282 | 19,393,200 | 20,122,105 | 20,110,643 |

(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, 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 |

(Millions of Yen)

| As at March 31, 2023 | 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) | 2,165,060 | (660,623) | 1,504,437 | (1,349,745) | (152,052) | 2,640 |
| Assets related to securities business (Receivables related to securities transactions) | 613,377 | (225,231) | 388,146 | (23,792) | — | 364,354 |
| Assets related to securities business (Financial assets related to foreign exchange transactions) | 29,323 | — | 29,323 | (2,244) | (18,467) | 8,612 |
| Other financial assets (Derivative transactions) | 213,971 | — | 213,971 | (92,205) | (21,304) | 100,462 |

(Millions of Yen)

| As at March 31, 2023 | 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) | 2,440,352 | (660,623) | 1,779,729 | (949,182) | — | 830,547 |
| Liabilities related to securities business (Payables related to securities transactions) | 1,972,533 | (225,231) | 1,747,302 | (18,673) | — | 1,728,629 |
| Liabilities related to securities business (Financial liabilities related to foreign exchange transactions) | 355,699 | — | 355,699 | (20,711) | — | 344,988 |
| Other financial liabilities (Derivative transactions) | 279,671 | — | 279,671 | (92,205) | (119,159) | 68,307 |

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 cessation 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 ceased as of the end of December 2021. The publication of the main tenor of the US dollar LIBOR was ceased 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 issues related to the cessation of LIBOR publication for major currencies, the Group has formed a cross-functional transition project and has been working on the transition. The Group is also working on the cessation of USD LIBOR publication under the transition project. In addition, the status of the transition is regularly reported to management and monitored by the relevant authorities.

We have completed the transition of the Japanese yen and other currencies whose publication was ceased at the end of December 2021.

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 | Amounts not yet transitioned to alternative interest rate benchmarks as at March 31, 2023 |
|--------------------------------------|---|---|
| Non-derivative financial assets | 529,222 | 461,212 |
| Non-derivative financial liabilities | 8,653 | 9,307 |
| Derivatives | 505,090 | 519,321 |

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, 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 |

(Millions of Yen)

| | As at March 31, 2023 | | | |
|---|----------------------|---------|-----------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Trade and other accounts receivable | — | 72,146 | 596,760 | 668,906 |
| Assets related to securities business | 173,066 | 92,097 | 5,578 | 270,741 |
| Other financial assets | 26 | 227,839 | 17,122 | 244,987 |
| Operational investment securities and other investment securities | | | | |
| Financial assets measured at FVTPL | 74,775 | 260,772 | 942,774 | 1,278,321 |
| Equity instruments measured at FVTOCI | 27,045 | 248 | 2,603 | 29,896 |
| Debt instruments measured at FVTOCI | 580,166 | 164,332 | 73,123 | 817,621 |
| Total | 855,078 | 817,434 | 1,637,960 | 3,310,472 |
| | | | | |
| Bonds and loans payable | — | — | 52,020 | 52,020 |
| Trade and other accounts payable | — | — | 5,482 | 5,482 |
| Liabilities related to securities business | 48,289 | 32,367 | 4,369 | 85,025 |
| Customer deposits for banking business | — | 118,322 | 145,940 | 264,262 |
| Other financial liabilities | 219 | 279,900 | 41,997 | 322,116 |
| Total | 48,508 | 430,589 | 249,808 | 728,905 |

In addition to the above, assets and liabilities related to crypto assets classified as Level 1 amounted to ¥128,842 million and ¥128,117 million as at March 31, 2022 and ¥52,503 million and ¥39,941 million as at March 31, 2023, 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, 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 |

(Millions of Yen)

| | As at March 31, 2023 | | | |
|---|----------------------|------------|-----------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Trade and other accounts receivable | — | 5,570,739 | 4,247,826 | 9,818,565 |
| Assets related to securities business | — | 4,246,541 | — | 4,246,541 |
| Other financial assets | — | 255,319 | 19,804 | 275,123 |
| Operational investment securities and other investment securities | 121,967 | 45,512 | 285,906 | 453,385 |
| Total | 121,967 | 10,118,111 | 4,553,536 | 14,793,614 |
| | | | | |
| Bonds and loans payable | — | 2,856,192 | 762,897 | 3,619,089 |
| Trade and other accounts payable | — | 480,545 | — | 480,545 |
| Liabilities related to securities business | — | 3,803,224 | — | 3,803,224 |
| Customer deposits for banking business | — | 7,859,376 | 3,346,470 | 11,205,846 |
| Other financial liabilities | — | 273,034 | — | 273,034 |
| Total | — | 15,272,371 | 4,109,367 | 19,381,738 |

(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:

The Group changed the valuation techniques applied to certain of its operational investment securities holdings during the period due to the availability of new information, and measured fair value based on multiple valuation techniques.

| | 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 | Market approach and income 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% |

| | As at March 31, 2023 | | |
|---|--|---|--|
| | Valuation Technique | Unobservable Input | Range |
| Trade and other accounts receivable | Income approach | Discount rate Recovery rate | 0.6%–16.9% 0.0%–100.0% |
| Assets related to securities business | Market approach | Stock volatility Correlation (Foreign Exchange/Interest Rate) | 12.2%–71.4% (4.4%)–4.7% |
| Other financial assets | Market approach and income approach | Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Discount rate Prepayment rates Probability of default Recovery rate | 29.0%–85.0% 8.0%–38.0% 0.8%–1.2% 0.1%–14.2% 0.4%–0.7% 0.0%–74.0% |
| Operational investment securities and other investment securities | Market approach, cost approach and income approach | Discount rate P/E ratio EBITDA ratio Illiquidity discount Prepayment rates Probability of default Recovery rate | 0.3%–65.0% 1.5–45.2 25.0–40.0 10.0%–25.0% 0.0%–27.5% 0.0%–2.6% 0.0%–100.0% |
| Bonds and loans payable | Income approach | Discount rate | 0.0%–0.2% |
| Trade and other accounts payable | Income approach | Discount rate | 0.8% |
| Liabilities related to securities business | Market approach | Stock volatility Correlation (Foreign Exchange/Interest Rate) | 12.2%–71.4% (4.4%)–4.7% |
| Customer deposits for banking business | Income approach | Discount rate | 0.0%–0.2% |
| Other financial liabilities | Market approach and 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), when the volatility increase (decrease) 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, 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 | 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 1) | 110,421 | — | 4,607 | 115,028 | 4,153 | 1,886 | (11,914) |
| Other comprehensive income (Note 2) | — | (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 | 126 | — | — | 126 | — | — | — |
| Transferred from Level 3 (Note 3) | (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 | 54,922 | — | — | 142,719 | 10,022 |
| Purchase and issuance | — | 1,785 | — | 500 | — |
| Comprehensive income | | | | | |
| Net profit (Note 1) | (1,558) | 128 | 1,476 | (4,791) | 5,956 |
| Other comprehensive income (Note 2) | 5 | — | — | 65 | — |
| Dividends | — | — | — | — | — |
| Sale or redemption | — | — | — | — | — |
| Settlements | — | (1,646) | 332 | — | (26) |
| Currency translation differences | — | 314 | — | — | — |
| Others | — | — | — | — | — |
| Transferred from Level 3 (Note 3) | — | — | — | — | — |
| Balance as at March 31, 2022 | 53,369 | 21,277 | 3,669 | 138,493 | 15,952 |

(Millions of Yen)

| For the year ended March 31, 2023 | 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, 2022 | 848,015 | 2,555 | 73,325 | 923,895 | 497,355 | 10,874 | 10,806 |
| Acquisitions through business combinations | 366 | — | — | 366 | 6,269 | — | 6,447 |
| Purchase and issuance | 229,016 | — | 8,220 | 237,236 | 274,167 | — | — |
| Comprehensive income | | | | | | | |
| Net profit (Note 1) | 38,532 | — | 5,315 | 43,847 | 8,932 | (1,156) | 3,526 |
| Other comprehensive income (Note 2) | — | 123 | (578) | (455) | — | — | — |
| Dividends | (13,332) | — | — | (13,332) | — | — | — |
| Sale or redemption | (140,570) | (79) | (13,159) | (153,808) | — | (3,800) | — |
| Settlements | — | — | — | — | (189,963) | (303) | (3,657) |
| Currency translation differences | 6,926 | 4 | — | 6,930 | — | — | — |
| Others | (736) | — | — | (736) | — | — | — |
| Transferred from Level 3 (Note 3) | (25,443) | — | — | (25,443) | — | (37) | — |
| Balance as at March 31, 2023 | 942,774 | 2,603 | 73,123 | 1,018,500 | 596,760 | 5,578 | 17,122 |

| For the year ended March 31, 2023 | 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, 2022 | 53,369 | 21,277 | 3,669 | 138,493 | 15,952 |
| Acquisitions through business combinations | — | — | — | — | 6,269 |
| Purchase and issuance | — | — | — | 1,000 | — |
| Comprehensive income | | | | | |
| Net profit (Note 1) | (870) | (6,540) | 888 | 7,107 | 21,195 |
| Other comprehensive income (Note 2) | 21 | — | — | 40 | — |
| Dividends | — | — | — | — | — |
| Sale or redemption | — | — | — | — | — |
| Settlements | (500) | — | (188) | (700) | (1,419) |
| Currency translation differences | — | 8 | — | — | — |
| Others | — | (9,263) | — | — | — |
| Transferred from Level 3 (Note 3) | — | — | — | — | — |
| Balance as at March 31, 2023 | 52,020 | 5,482 | 4,369 | 145,940 | 41,997 |

Notes:

- 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, 2022 and 2023 were ¥74,209 million and ¥26,680 million of gains, respectively.
- Gains and losses recognized as other comprehensive income (loss) are included in "Financial assets measured at FVTOCI" or "Changes in own credit risk on financial liabilities" in the consolidated statement of comprehensive income.
- 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, 2022 | As at March 31, 2023 |
|--|-------------------------|-------------------------|
| Interest-bearing debt (Bonds and loans payable) | 3,364,860 | 3,680,355 |
| Cash and cash equivalents | (2,499,370) | (3,200,916) |
| Net | 865,490 | 479,439 |
| Equity attributable to owners of the Company | 924,603 | 1,013,832 |

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. SBI 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 (securities business, banking business, insurance business and others), asset management business, investment business and crypto-asset 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 | | | Purchased or originated credit-impaired financial asset | Total |
|---|---------------------------------------|-------------------------------------|-----------------|----------------------|--|----------|
| | | Significantly increased credit risk | | Trade receivables | | |
| | | Not credit-impaired | Credit-impaired | | | |
| As at April 1, 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 |
| New financial assets originated or purchased | 60,095 | — | — | 3 | 9,961 | 70,059 |
| Derecognition of financial assets | (31,000) | (13,142) | (31,340) | — | — | (75,482) |
| Transfer | | | | | | |
| Transfer to lifetime expected credit losses | (16,021) | 24,308 | 295 | — | — | 8,582 |
| Transfer to credit - impaired financial assets | (3,455) | 4,796 | 42,845 | — | — | 44,186 |
| Transfer to 12-month expected credit losses | 1,483 | (4,722) | (269) | — | — | (3,508) |
| Write-offs | (2,952) | (633) | (15,750) | — | (1,760) | (21,095) |
| Changes in model/risk variables | (4,510) | (6,423) | 18,625 | (3) | 2,458 | 10,147 |
| Foreign currency translation adjustment on foreign operations | 611 | 802 | 27 | — | — | 1,440 |
| As at March 31, 2023 | 75,104 | 25,819 | 53,148 | 11 | 10,659 | 164,741 |

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 primary increase in the “12-month expected credit losses” under “New financial assets originated or purchased” for the year ended March 31, 2023 is due to an increase in normal receivables.

The total amount of undiscounted expected credit losses at initial recognition on purchased or originated credit - impaired financial assets are ¥151 million and ¥34,115 million as at March

31, 2022 and 2023, respectively.

The amount of loss allowance for loan commitments with an unused portion amounted to ¥1,166 million and ¥1,319 million as at March 31, 2022 and 2023, respectively. The loss allowance on financial guarantee contracts were ¥3,500 million and ¥1,827 million as at March 31, 2022 and 2023, respectively.

Financial assets that have been written off during the years ended March 31, 2022 and 2023, and are still subject to enforcement activities amounted to ¥8,821 million and ¥33,038 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 | As at March 31, 2023 |
|--|-------------------------|-------------------------|
| Manufacturing | 265,378 | 397,702 |
| Agriculture and forestry | 1,413 | 2,300 |
| Fishery | 374 | 401 |
| Mining, quarrying of stone, gravel extraction | 435 | 357 |
| Construction | 49,911 | 57,486 |
| Electricity, gas, heating, water | 400,014 | 499,064 |
| Information and communication | 60,619 | 66,076 |
| Transportation, postal services | 187,443 | 237,396 |
| Wholesale and retail trade | 223,671 | 293,162 |
| Finance and insurance | 637,472 | 1,303,452 |
| Real estate | 772,125 | 950,979 |
| Services | 469,741 | 603,186 |
| Japanese local governments, government-affiliated organizations, and local public corporations, etc. | 52,389 | 259,563 |
| Individuals | 4,955,762 | 5,383,392 |
| Total | 8,076,747 | 10,054,516 |

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

(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 |

(Millions of Yen)

| As at March 31, 2023 | 12-month expected credit losses | Lifetime expected credit losses | | | Purchased or originated credit-impaired financial asset | 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 | 3,200,916 | — | — | — | — | — | 3,200,916 |
| Trade and other accounts receivable | | | | | | | |
| Banking (domestic) (Note 1) | | | | | | | |
| Normal Obligors | | | | | | | |
| Credit to Corporate | 4,640,453 | 52,193 | — | — | — | 384,076 | 5,076,722 |
| Credit to Individual | 6,642 | — | — | — | — | — | 6,642 |
| Others (Note 2) | 2,803,403 | 15,660 | — | — | — | — | 2,819,063 |
| Need Caution Obligors | | | | | | | |
| Credit to Corporate | 37,723 | 32,270 | — | — | — | 96,860 | 166,853 |
| Credit to Individual | — | — | — | — | — | — | — |
| Others (Note 2) | 2,662 | 15,599 | — | — | — | — | 18,261 |
| Credit-impaired Obligors | | | | | | | |
| Credit to Corporate | 16,651 | 1,253 | 18,092 | — | — | 3,864 | 39,860 |
| Credit to Individual | — | — | — | — | — | — | — |
| Others (Note 2) | 2,544 | 507 | 80,040 | — | 29,950 | — | 113,041 |
| Others (no obligor classification) | 280,092 | — | — | — | — | 119,770 | 399,862 |
| Banking (overseas) | | | | | | | |
| Credit to Individual (Note 3) | | | | | | | |
| Group A | 98,668 | 140 | 710 | — | — | — | 99,518 |
| Group B | 423,643 | 29,724 | 3,987 | — | — | — | 457,354 |
| Group C or less | 40,241 | 68,571 | 28,100 | — | — | — | 136,912 |
| Credit to Corporate (external rating) (Note 3) | | | | | | | |
| Group A | 145,012 | — | — | — | — | — | 145,012 |
| Group B | 97,329 | 13,100 | 2,869 | — | — | — | 113,298 |
| Group C or less | 1,967 | — | 374 | — | — | — | 2,341 |
| Credit to Corporate | | | | | | | |
| No overdue information | 382,886 | 40,466 | 10,125 | — | — | — | 433,477 |
| One or more delinquents | — | 6,233 | 18,995 | — | — | — | 25,228 |
| Others (no obligor classification) | — | 1,072 | — | — | — | — | 1,072 |
| Others | 465,410 | 3,467 | 12,404 | 11,634 | — | 64,336 | 557,251 |
| Loss allowance | (75,104) | (25,819) | (53,148) | (11) | (10,659) | — | (164,741) |
| Total | 9,370,222 | 254,436 | 122,548 | 11,623 | 19,291 | 668,906 | 10,447,026 |
| Assets related to securities business | 4,245,853 | — | 688 | — | — | 270,741 | 4,517,282 |
| Other financial assets | 274,964 | — | — | — | — | 244,987 | 519,951 |
| Other investment securities (external rating) | | | | | | | |
| BBB or above | 811,503 | — | — | — | — | — | 811,503 |
| Less than BBB | 120 | — | — | — | — | — | 120 |
| Unrated | 459,380 | — | — | — | — | 726,853 | 1,186,233 |
| Total | 1,271,003 | — | — | — | — | 726,853 | 1,997,856 |

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:

| As at March 31, 2022 | (Millions of Yen) | | | | | |
|-----------------------|----------------------------|------------------------|------------------------|--------------------------|--------------------------|-----------|
| | Within 30 days past due | 31-60 days past due | 61-90 days past due | Over 90 days past due | Total past due claims | Total |
| Residential mortgages | 9,521 | 499 | 196 | 1,327 | 11,543 | 1,101,416 |
| Qualified revolving | 32,066 | 5,234 | 4,302 | 18,514 | 60,116 | 487,561 |
| Others | 50,666 | 4,248 | 1,128 | 18,877 | 74,919 | 1,052,979 |
| | | | | | | 1,127,898 |

(Millions of Yen)

| As at March 31, 2023 | 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 | 9,546 | 380 | 211 | 901 | 11,038 | 1,089,630 | 1,100,668 |
| Qualified revolving | 33,569 | 5,548 | 4,156 | 18,879 | 62,152 | 488,203 | 550,355 |
| Others | 89,319 | 4,724 | 1,598 | 21,526 | 117,167 | 1,171,280 | 1,288,447 |

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 ¥35,767 million and ¥38,126 million by underlying collateral held as a security and other credit enhancements as at March 31, 2022 and 2023, 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 and 2023 totaled ¥849,512 million and ¥936,134 million, respectively. 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, 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 |

(Millions of Yen)

| As at March 31, 2023 | 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) | 1,415,491 | 7,332 | 13 | 1,422,836 |
| Banking business (overseas) | 154,290 | 3,166 | — | 157,456 |
| Others | 115,168 | 0 | 11 | 115,179 |

The amount of its maximum exposure to credit risk for financial guarantee contracts is as follows:

(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 | |
| Financial guarantee contracts | 754,660 | 2,579 | 466 | 757,705 |

(Millions of Yen)

| As at March 31, 2023 | 12-month expected credit losses | Lifetime expected credit losses | | Total |
|-------------------------------|---------------------------------|-------------------------------------|-----------------|---------|
| | | Significantly increased credit risk | | |
| | | Not credit-impaired | Credit-impaired | |
| Financial guarantee contracts | 981,754 | 3,143 | 181 | 985,078 |

(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:

- (i) Understand underlying currency and term of assets and quantify market risk.
- (ii) Appropriately manage the balance between the Group's own capital and its related risk by periodic monitoring.
- (iii) 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, 2022 and 2023 increased by 10%, profit before income tax expense in the consolidated statement of income would have increased by ¥14,212 million and ¥7,478 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:

| | As at March 31, 2022 | As at March 31, 2023 |
|-----|-------------------------|-------------------------|
| USD | (923,336) | (661,301) |

(Millions of Yen)

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, 2022 and 2023 for monetary financial instruments denominated in foreign currencies held by the Group is as follows.

| | As at March 31, 2022 | As at March 31, 2023 |
|----------------------------------|-------------------------|-------------------------|
| Profit before income tax expense | (9,233) | (6,613) |

(Millions of Yen)

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:

| 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 |

(Millions of Yen)

(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, 2022 and 2023 had been 100 basis points higher, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2022 and 2023 would have increased by ¥1,599 million and ¥12,252 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, 2022 and 2023.

(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.

(Millions of Yen)

| As at March 31, 2023 | 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 | 3,680,355 | 3,737,544 | 1,763,351 | 719,841 | 425,053 | 282,780 | 253,734 | 292,785 |
| Trade and other accounts payable | 486,028 | 486,587 | 430,159 | 10,806 | 6,193 | 2,788 | 2,343 | 34,298 |
| Liabilities related to securities business | 3,888,249 | 3,888,259 | 3,888,259 | — | — | — | — | — |
| Customer deposits for banking business | 11,472,323 | 11,573,141 | 10,360,274 | 317,229 | 653,627 | 52,765 | 74,082 | 115,164 |
| Financial guarantee contracts | — | 985,078 | 278,046 | 41,915 | 64,003 | 74,418 | 108,078 | 418,618 |

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, 2022 | As at March 31, 2023 |
|-----------------|----------------------|----------------------|
| Lines of credit | 641,093 | 663,757 |
| Used balance | 228,183 | 159,801 |
| Unused portion | 412,910 | 503,956 |

9. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2022 and 2023, consisted of the following:

(Millions of Yen)

| | As at March 31, 2022 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Trade accounts receivable and installment receivables | 961,606 | 1,093,991 |
| Loans receivable | 7,036,939 | 8,895,858 |
| Operational receivables | 127,552 | 76,812 |
| Finance lease receivables | 166,142 | 208,250 |
| Deposits | 81,266 | 124,059 |
| Others | 26,083 | 48,056 |
| Total | 8,399,588 | 10,447,026 |

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2022 and 2023, consisted of the following:

(Millions of Yen)

| | As at March 31, 2022 | As at March 31, 2023 |
|----------------------|----------------------|----------------------|
| No later than 1 year | 1,788,530 | 2,567,433 |
| Later than 1 year | 6,611,058 | 7,879,593 |
| Total | 8,399,588 | 10,447,026 |

10. Other Assets Related to Securities Business

Other assets related to securities business as at March 31, 2022 and 2023, consisted of the following:

(Millions of Yen)

| | As at March 31, 2022 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Trade date accrual | 283,721 | 324,520 |
| Trading products | 159,621 | 270,741 |
| Short-term guarantee deposits | 100,837 | 96,282 |
| Loans receivable secured by securities | 70,802 | 58,838 |
| Others | 986 | 830 |
| Total | 615,967 | 715,211 |

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, 2022 and 2023 consisted of the following:

(Millions of Yen)

| | As at March 31, 2022 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Operational investment securities | | |
| Financial assets measured at FVTPL | 607,802 | 581,364 |
| Total | 607,802 | 581,364 |
| Other investment securities | | |
| Financial assets measured at FVTPL | 449,213 | 696,957 |
| Equity instruments measured at FVTOCI | 29,472 | 29,896 |
| Debt instruments measured at FVTOCI | 358,891 | 817,621 |
| Financial assets measured at amortized cost | 239,204 | 453,382 |
| Total | 1,076,780 | 1,997,856 |

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, 2022 | As at March 31, 2023 |
|------------|----------------------|----------------------|
| Fair value | 29,472 | 29,896 |

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|------------------|-----------------------------------|-----------------------------------|
| Dividends income | 703 | 1,988 |

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, 2022 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Other investment securities | — | — |
| Latitude Group Holdings Limited | 17,220 | 17,078 |
| Mitsui Chemicals, Inc. | 2,311 | 2,550 |
| Yamazaki Baking Co., Ltd. | 1,499 | 1,604 |
| Chengdu Kobelco Construction Machinery Financial Leasing Ltd. | 1,426 | 1,507 |

The fair value at the date of sale of equity instruments measured at FVTOCI sold during the period, the cumulative gain transferred from other components of equity to retained earnings, net of tax, and dividends received are as follows:

(Millions of Yen)

| For the year ended March 31, 2022 | | | For the year ended March 31, 2023 | | |
|-----------------------------------|------------------------|-------------------|-----------------------------------|------------------------|-------------------|
| Fair value at the date of sale | Cumulative gain (loss) | Dividend received | Fair value at the date of sale | Cumulative gain (loss) | Dividend received |
| — | — | — | 79 | 79 | — |

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

For equity instruments measured at FVTOCI whose significant decline in fair value compared to their acquisition costs is other than temporary, cumulative losses (net of tax) transferred from other components of equity to retained earnings for the years ended March 31, 2022 and 2023 were ¥434 million and ¥30 million, respectively.

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, 2022 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Profit for the year attributable to the Group | 7,688 | 7,258 |
| Other comprehensive income attributable to the Group | 758 | 1,719 |
| Total comprehensive income attributable to the Group | 8,446 | 8,976 |

(Millions of Yen)

| | As at March 31, 2022 | As at March 31, 2023 |
|-----------------|----------------------|----------------------|
| Carrying amount | 119,401 | 190,346 |

Impairment losses of ¥9,594 million were recognized in the Non-Financial 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, 2022 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Profit for the year attributable to the Group | (866) | (882) |
| Other comprehensive income attributable to the Group | 139 | 281 |
| Total comprehensive income attributable to the Group | (727) | (601) |

(Millions of Yen)

| | As at March 31, 2022 | As at March 31, 2023 |
|-----------------|----------------------|----------------------|
| Carrying amount | 9,740 | 9,536 |

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 ¥649,503 million and ¥771,078 million as at March 31, 2022 and 2023, respectively. Total liabilities were ¥272,525 million and ¥317,477 million as at March 31, 2022 and 2023, 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, 2022 | As at March 31, 2023 |
| Trade and other accounts receivable | 1,092,603 | 1,426,877 |
| Other financial assets | 15,253 | 17,806 |
| Operational investment securities | 36,650 | 39,990 |
| Other investment securities | 186,315 | 354,798 |
| Total | 1,330,821 | 1,839,471 |

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) | |
|----------------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
| Cost | | |
| Balance, beginning of year | 5,322 | 35,479 |
| Acquisitions | 30,157 | 44,076 |
| Sale or disposal | — | (6,396) |
| Balance, end of year | 35,479 | 73,159 |

| | (Millions of Yen) | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
| Accumulated depreciation and impairment losses | | |
| Balance, beginning of year | (479) | (611) |
| Depreciation | (132) | (468) |
| Sale or disposal | — | 44 |
| Balance, end of year | (611) | (1,035) |

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

| | (Millions of Yen) | |
|-----------------|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2023 |
| Carrying amount | 34,868 | 72,124 |
| Fair value | 38,000 | 77,770 |

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 years ended March 31, 2022 and 2023 was ¥298 million and ¥2,590 million, respectively, which was included in "Revenue" in the consolidated statement of income. Directly incurred expenses in relation to the rental income (including repairs and maintenance) for the years ended March 31, 2022 and 2023 were ¥277 million and ¥2,129 million, respectively, 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, 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 |
| Acquisitions | 10,407 | 6,075 | 9,392 | 2,068 | 14,479 | 42,421 |
| Acquisitions through business combinations | 1,905 | 499 | — | 22 | 213 | 2,639 |
| Sales or disposals | (5,225) | (12,663) | (8,532) | (1,994) | (3,921) | (32,335) |
| Foreign currency translation adjustment on foreign operations | 432 | 440 | 3 | 55 | 223 | 1,153 |
| Others | 2,096 | 1,195 | 19,107 | (154) | (20,923) | 1,321 |
| Balance as at March 31, 2023 | 81,503 | 36,434 | 34,700 | 10,155 | 25,060 | 187,852 |

(Millions of Yen)

| Accumulated depreciation and impairment losses | Buildings | Furniture and fixtures | Machinery and equipment | Land | Others | Total |
|---|-----------|------------------------|-------------------------|-------|---------|----------|
| Balance as at April 1, 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) |
| Sales or disposals | 1,953 | 12,173 | 3,520 | 136 | 2,320 | 20,102 |
| Depreciation | (15,719) | (8,135) | (5,510) | (285) | (2,464) | (32,113) |
| Impairment losses | (992) | (612) | (2) | — | (32) | (1,638) |
| Foreign currency translation adjustment on foreign operations | (138) | (311) | (1) | — | (182) | (632) |
| Balance as at March 31, 2023 | (35,486) | (19,585) | (3,306) | (263) | (4,557) | (63,197) |

(Millions of Yen)

| Carrying amount | Buildings | Furniture and fixtures | Machinery and equipment | Land | Others | Total |
|------------------------------|-----------|------------------------|-------------------------|--------|--------|---------|
| Balance as at March 31, 2022 | 51,298 | 18,188 | 13,417 | 10,044 | 30,790 | 123,737 |
| Balance as at March 31, 2023 | 46,017 | 16,849 | 31,394 | 9,892 | 20,503 | 124,655 |

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 ¥2,105 million and ¥8,111 million for the years ended March 31, 2022 and 2023, 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, 2022 | 30,217 | 1,335 | 10 | 1,426 | 253 | 33,241 |
| Balance as at March 31, 2023 | 24,244 | 904 | 8 | 725 | 1,294 | 27,175 |

(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, 2022 | 490 | 2,016 | 11,869 | 28,220 | 42,595 |
| Balance as at March 31, 2023 | 211 | 2,558 | 29,543 | 15,555 | 47,867 |

Impairment losses recognized for the years ended March 31, 2022 and 2023 were ¥733 million and ¥1,638 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, 2022 were ¥89 million in the Financial Services Business, ¥53 million in the Crypto-asset Business and ¥591 million in the Non-Financial Business. Impairment losses recognized by segment for the year ended March 31, 2023 were ¥929 million in the Financial Services Business, ¥626 million in the Crypto-asset Business and ¥83 million in the Non-Financial Business.

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, 2022 and 2023 were as follows:

(Millions of Yen)

| Cost | Goodwill | Software | Customer relationship | Others | Total |
|---|----------|----------|-----------------------|--------|----------|
| Balance as at April 1, 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 |
| Acquisitions | — | 38,446 | — | 1,105 | 39,551 |
| Acquisitions through business combinations | 46,738 | 1,592 | 5,422 | 1,832 | 55,584 |
| Sales or disposals | — | (5,795) | — | (560) | (6,355) |
| Foreign currency translation adjustment on foreign operations | 3,418 | 434 | 902 | 202 | 4,956 |
| Balance as at March 31, 2023 | 250,865 | 181,686 | 34,356 | 12,762 | 479,669 |

(Millions of Yen)

| Accumulated amortization and impairment losses | Goodwill | Software | Customer relationship | Others | Total |
|---|----------|----------|-----------------------|---------|-----------|
| Balance as at April 1, 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) |
| Sales or disposals | — | 5,032 | — | 126 | 5,158 |
| Amortization | — | (21,175) | (1,207) | (1,164) | (23,546) |
| Impairment losses | (174) | (1,775) | — | (7) | (1,956) |
| Foreign currency translation adjustment on foreign operations | — | (118) | (398) | 78 | (438) |
| Balance as at March 31, 2023 | (12,667) | (76,432) | (20,091) | (4,439) | (113,629) |

(Millions of Yen)

| Carrying amount | Goodwill | Software | Customer relationship | Others | Total |
|------------------------------|----------|----------|-----------------------|--------|---------|
| Balance as at March 31, 2022 | 188,216 | 88,613 | 9,546 | 6,711 | 293,086 |
| Balance as at March 31, 2023 | 238,198 | 105,254 | 14,265 | 8,323 | 366,040 |

The carrying amount of software in the above table as at March 31, 2022 and 2023 includes the carrying amount of right-of-use assets of ¥186 million and ¥170 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 ¥6,873 million and ¥1,956 million for the years ended March 31, 2022 and 2023, 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, 2022 were ¥4,975 million in the Financial Services Business, ¥121 million in the Asset Management Business, ¥760 million in the Crypto-asset Business and ¥1,017 million in the Non-Financial Business. Impairment losses recognized by segment for the year ended March 31, 2023 were ¥542 million in the Financial Services Business, ¥249 million in the Asset Management Business, ¥174 million in the Investment Business, ¥789 million in the Crypto-asset Business, and ¥202 million in the Non-Financial Business. The impairment losses recognized for the year ended March 31, 2023 were mainly 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 ¥108,198 million and ¥110,015 million as at March 31, 2022 and 2023, respectively, related to SBI SAVINGS BANK in the Financial Services Business and ¥24,910 million as at March 31, 2022 and 2023, 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, 2022 and 2023. The discount rate used for measuring value in use was 7.1% to 9.5% and 5.7% to 10.5% per annum as at March 31, 2022 and 2023, 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, 2022 and 2023:

(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 |
|---|---------------------|-----------------------------------|---|----------------------------------|-------------------------------|----------------------|
| Deferred Tax Assets | | | | | | |
| 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 |
| Total | 17,452 | (2,000) | 702 | 32,021 | — | 48,175 |
| Deferred Tax Liabilities | | | | | | |
| 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 |
| Total | 41,083 | 20,972 | (238) | 25,629 | 765 | 88,211 |

(Millions of Yen)

| For the year ended March 31, 2023 | As at April 1, 2022 | Recognized through profit or loss | Recognized through other comprehensive income | Change in scope of consolidation | Recognized directly in equity | As at March 31, 2023 |
|---|---------------------|-----------------------------------|---|----------------------------------|-------------------------------|----------------------|
| Deferred Tax Assets | | | | | | |
| Impairment on financial assets measured at amortized cost | 11,560 | 5,463 | — | — | — | 17,023 |
| Lease liability | 12,872 | (1,919) | — | — | — | 10,953 |
| Property equipment and intangible assets | 2,324 | 242 | — | 116 | — | 2,682 |
| Enterprise tax payable | 971 | 732 | — | — | — | 1,703 |
| Tax loss carryforwards | 13,934 | (6,624) | 61 | 201 | — | 7,572 |
| Other | 6,514 | 1,337 | 456 | 859 | — | 9,166 |
| Total | 48,175 | (769) | 517 | 1,176 | — | 49,099 |
| Deferred Tax Liabilities | | | | | | |
| Financial assets and liabilities measured at FVTPL | 42,790 | (122) | — | — | — | 42,668 |
| Equity instruments measured at FVTOCI | 402 | — | (61) | — | — | 341 |
| Debt instruments measured at FVTOCI | 15 | 274 | (284) | — | — | 5 |
| Investments accounted for using the equity method | 16,178 | (7,068) | — | — | — | 9,110 |
| Property equipment and intangible assets | 17,205 | (1,668) | 75 | 1,411 | — | 17,023 |
| Other | 11,621 | (927) | — | 2,960 | 671 | 14,325 |
| Total | 88,211 | (9,511) | (270) | 4,371 | 671 | 83,472 |

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:

| | As at March 31, 2022 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Deductible temporary differences | 461,325 | 469,943 |
| Tax loss carryforwards | 214,198 | 227,050 |
| (of which: the carryforward period over 5 years) | 127,497 | 165,045 |

The Group recognized deferred tax assets of ¥125 million and ¥114 million as at March 31, 2022 and 2023, respectively,

associated with certain subsidiaries that had net losses during the years ended March 31, 2022 and 2023. 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, 2022 and 2023, 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 ¥472,469 million and ¥465,544 million as at March 31, 2022 and 2023, respectively.

18. Bonds and Borrowings

(1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2022 and 2023, consisted of the following:

| | As at March 31, 2022 | As at March 31, 2023 | Average interest rate (Note 1) | Due (Note 2) |
|--|----------------------|----------------------|--------------------------------|--------------|
| Short-term loans payable | 480,275 | 871,451 | 0.20 | — |
| Current portion of long-term loans payable | 55,707 | 74,406 | 0.45 | — |
| Current portion of bonds payable | 456,020 | 493,391 | — | — |
| Long-term loans payable | 156,750 | 319,589 | 1.94 | 2024 – 2049 |
| Bonds payable | 1,013,499 | 1,078,148 | — | — |
| Borrowed money | 1,202,609 | 843,370 | 0.33 | 2023 – 2049 |
| Total | 3,364,860 | 3,680,355 | | |

Notes:

1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2023.

2. The due represents the repayment term of the outstanding balance as at March 31, 2023.

Details of the bonds were as follows:

| Issuer and the name of bond | Date of issuance | (Millions of Yen) | | Interest rate | |
|--|---------------------------------|----------------------|----------------------|---------------|--------------------------------|
| | | As at March 31, 2022 | As at March 31, 2023 | (Note 1) | (%) |
| The Company Japanese yen straight bond (Note 2) | April 2020– March 2023 | 99,985 | 109,965 | 0.58–1.10 | April 2022– March 2025 |
| The Company No. 12 Unsecured straight bond | June 2017 | 16,998 | — | — | June 2022 |
| The Company No. 14 Unsecured straight bond | March 2018 | 17,987 | — | — | March 2023 |
| The Company No. 16 Unsecured straight bond | December 2018 | 14,980 | 14,992 | 0.69 | December 2023 |
| The Company No. 17 Unsecured straight bond | May 2019 | 24,998 | — | — | May 2022 |
| The Company No. 18 Unsecured straight bond | May 2019 | 24,958 | 24,978 | 0.69 | May 2024 |
| The Company No. 19 Unsecured straight bond | December 2019 | 19,984 | — | — | December 2022 |
| The Company No. 20 Unsecured straight bond | December 2019 | 24,947 | 24,967 | 0.70 | December 2024 |
| The Company No. 21 Unsecured straight bond | June 2020 | 14,980 | 14,997 | 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 | 24,951 | 24,981 | 0.73 | December 2023 |
| The Company No. 24 Unsecured straight bond | December 2020 | 29,895 | 29,936 | 0.93 | December 2025 |
| The Company No. 25 Unsecured straight bond | July 2021 | 39,895 | 39,942 | 0.60 | July 2024 |
| The Company No. 26 Unsecured straight bond | July 2021 | 39,864 | 39,896 | 0.80 | July 2026 |
| The Company No. 27 Unsecured straight bond | December 2021 | 69,782 | 69,864 | 0.80 | December 2024 |
| The Company No. 28 Unsecured straight bond | December 2021 | 49,813 | 49,853 | 1.00 | December 2026 |
| The Company No. 29 Unsecured straight bond | July 2022 | — | 51,864 | 1.00 | July 2025 |
| The Company No. 30 Unsecured straight bond | July 2022 | — | 21,925 | 1.18 | July 2027 |
| The Company No. 31 Unsecured straight bond | September 2022 | — | 99,488 | 1.09 | September 2026 |
| The Company No. 32 Unsecured straight bond | December 2022 | — | 41,869 | 1.10 | December 2025 |
| The Company No. 33 Unsecured straight bond | December 2022 | — | 10,959 | 1.20 | December 2027 |
| The Company No.1 Unsecured straight bond (Inter-bond limited pari passu clause and split-restricted small private placement) | March 2023 | — | 6,972 | 1.20 | October 2029 |
| The Company Euroyen convertible bonds (Note 3) | September 2018– July 2020 | 117,111 | 118,213 | — | September 2023– July 2025 |
| The Company Short-term corporate bond (Note 4) | December 2022– March 2023 | — | 53,982 | 0.11–0.32 | April 2023– December 2023 |
| SBI SECURITIES Co., Ltd. Exchangeable bond (Note 2) | March 2018– March 2023 | 95,866 | 91,413 | 0.18–0.94 | April 2022– January 2033 |
| SBI SECURITIES Co., Ltd. No.1 Security token restricted unsecured bond | April 2021 | 100 | — | — | April 2022 |
| SBI SECURITIES Co., Ltd. Short-term corporate bond (Note 4) | December 2021– March 2023 | 137,993 | 205,991 | 0.02–0.05 | April 2022– June 2023 |
| Shinsei Bank, Limited Japanese yen straight bond (Note 5) | July 2018– March 2021 | 170,000 | 140,000 | 0.15–0.36 | October 2022– July 2025 |
| APLUS Co., Ltd. Short-term corporate bond (Note 4) | November 2020– December 2022 | 107,700 | 8,500 | 0.03–0.11 | April 2022– May 2023 |
| APLUS Co., Ltd. Japanese yen unsecured straight bond (Note 6) | October 2018– December 2019 | 20,000 | 20,000 | 0.25–0.29 | October 2023– December 2024 |

| Issuer and the name of bond | Date of issuance | (Millions of Yen) | | (%) | |
|--|----------------------------------|----------------------|----------------------|------------------------|----------------------------------|
| | | As at March 31, 2022 | As at March 31, 2023 | Interest rate (Note 1) | Due |
| Showa Leasing Co., Ltd. Short-term corporate bond (Note 4) | November 2020– March 2023 | 81,500 | 25,000 | 0.03–0.07 | April 2022– July 2023 |
| Showa Leasing Co., Ltd. Japanese yen unsecured straight bond (Note 7) | July 2018– December 2019 | 20,000 | 20,000 | 0.25–0.30 | July 2023– December 2024 |
| UDC Finance Limited Foreign currency secured bonds (Note 8) | September 2020– December 2022 | 170,104 | 187,071 | 5.07–6.34 | March 2024– December 2029 |
| Other bonds | March 2019– March 2023 | 25,128 | 13,921 | 0.02–7.10 | September 2022– December 2029 |
| Total | | 1,469,519 | 1,571,539 | | |

Notes:

- Interest rate is the coupon rate of the balance as at March 31, 2023. 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.
- 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 and 2022-1.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

| | (Millions of Yen) | |
|--|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2023 |
| Cash and cash equivalents | 9,366 | 1,461 |
| Trade and other accounts receivable | 1,055,714 | 917,168 |
| Other investment securities | 281,443 | 274,486 |
| (of which: financial instruments pledged as collateral) (Note 1) | 247,299 | 222,987 |
| Investment properties | 30,123 | 67,476 |
| Property and equipment | 3,219 | 12,764 |
| Other assets | 43,366 | 33,264 |
| Total | 1,423,231 | 1,306,619 |

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, 2022 | As at March 31, 2023 |
| Bonds and borrowings | 856,097 | 522,927 |
| Customer deposits for banking business | 1,218 | 1,249 |
| Other financial liabilities | 247,098 | 220,100 |
| Other liabilities | 13 | 10 |
| Total | 1,104,426 | 744,286 |

Besides the above, securities received as collateral for financing from broker's own capital of ¥27,241 million and ¥65,284 million were pledged as collateral for borrowings on margin transactions as at March 31, 2022 and 2023, respectively.

19. Trade and Other Payables

The components of trade and other payables were as follows:

| | (Millions of Yen) | |
|--|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2023 |
| Accounts payable and notes payable | 33,555 | 61,122 |
| Accounts payable-other | 177,931 | 122,834 |
| Advances received and guarantee deposit received | 224,100 | 252,133 |
| Lease liability | 52,260 | 49,939 |
| Total | 487,846 | 486,028 |

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, 2022 | As at March 31, 2023 |
| Trade date accrual | 375,090 | 411,068 |
| Trading products | 71,523 | 85,024 |
| Deposits for subscription | 2,938 | 5,518 |
| Total | 449,551 | 501,610 |

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.

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 | 157,381 | 60,240 | 28,572 | 15,414 | 53,155 |

(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.

(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, 2022 and 2023, consisted of the following:

| | (Millions of Yen) | |
|-----------------|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2023 |
| Claims reserves | 29,510 | 32,465 |
| Policy reserves | 125,706 | 124,916 |
| Total | 155,216 | 157,381 |

The movements in insurance contract liabilities for the years ended March 31, 2022 and 2023 were as follows:

| | (Millions of Yen) | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
| Balance, beginning of year | 150,123 | 155,216 |
| Life insurance business | | |
| Expected cash flows from policy reserves | (11,242) | (10,918) |
| Interest incurred | 495 | 592 |
| Adjustments | 9,858 | 9,600 |
| Non-life insurance business | | |
| Insurance premiums | 48,832 | 50,302 |
| Unearned premium | (48,933) | (49,428) |
| Others | 6,083 | 2,017 |
| Balance, end of year | 155,216 | 157,381 |

(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 | | | | |
|--|---------------|--------|--------|--------|--------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Cumulative payments and claim reserves | | | | | |
| At the end of accident year | 25,776 | 27,269 | 26,015 | 30,192 | 34,816 |
| 1 year later | 26,431 | 27,488 | 25,006 | 28,079 | — |
| 2 year later | 27,022 | 28,043 | 23,850 | — | — |
| 3 year later | 27,284 | 27,688 | — | — | — |
| 4 year later | 27,362 | — | — | — | — |
| Estimate of cumulative claims | 27,362 | 27,688 | 23,850 | 28,079 | 34,816 |
| Less: Cumulative payments to date | 26,533 | 26,153 | 21,368 | 22,369 | 18,803 |
| Claim reserves (gross) | 828 | 1,534 | 2,482 | 5,708 | 16,013 |

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, 2023 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, 2022 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Depreciation charge for right-of-use assets | | |
| Buildings | 6,662 | 12,021 |
| Furniture and fixtures | 529 | 451 |
| Machinery and equipment | 9 | 2 |
| Land | 74 | 285 |
| Software | 144 | 379 |
| Others | 160 | 316 |
| Total | 7,578 | 13,454 |
| Interest expense on lease liabilities | 355 | 553 |
| Expense relating to short-term lease and lease of low-value assets | 4,085 | 8,145 |
| Total cash outflow for leases | 12,445 | 23,617 |

(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.

(Millions of Yen)

| | As at March 31, 2023 | |
|--|------------------------------|--------------------------------|
| | Undiscounted lease income | Net investment in the lease |
| No later than 1 year | 61,042 | 56,291 |
| 1 to 2 years | 49,761 | 45,956 |
| 2 to 3 years | 41,724 | 38,446 |
| 3 to 4 years | 29,002 | 26,630 |
| 4 to 5 years | 15,847 | 14,597 |
| Over 5 years | 28,573 | 26,329 |
| Total | 225,949 | 208,249 |
| Unearned financial income | (23,079) | |
| Discounted unguaranteed residual value | 5,379 | |
| Net investment in the lease | 208,249 | |

Financial income on net investment in the lease amounted to ¥8,578 million for the year ended March 31, 2023.

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

(Millions of Yen)

| | As at March 31, 2022 | As at March 31, 2023 |
|----------------------|----------------------|----------------------|
| No later than 1 year | 7,924 | 8,963 |
| 1 to 2 years | 5,568 | 7,217 |
| 2 to 3 years | 4,365 | 6,204 |
| 3 to 4 years | 3,484 | 5,118 |
| 4 to 5 years | 2,565 | 3,327 |
| Over 5 years | 7,671 | 7,872 |
| Total | 31,577 | 38,701 |

Lease income from operating lease contracts amounted to ¥3,481 million and ¥14,440 million for the years ended March 31, 2022 and 2023, respectively.

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

Certain companies in the Group have defined contribution pension plans. Pension costs related to the defined contribution plans recognized for the years ended March 31, 2022 and 2023 were not material.

Certain companies in the Group 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 for the years ended March 31, 2022 and 2023 consisted of the following:

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| Change in present value of defined benefit plan obligations | | |
| Balance, beginning of year | — | (99,364) |
| Effect of business combinations and disposals | (101,746) | (149) |
| Service cost | (1,073) | (4,156) |
| Interest cost | (160) | (816) |
| Actuarial gains and losses (Note 1) | 2,696 | 6,769 |
| Benefits paid | 919 | 5,127 |
| Balance, end of year | (99,364) | (92,589) |
| Change in fair value of plan assets | | |
| Balance, beginning of year | — | 105,882 |
| Effect of business combinations and disposals | 108,621 | — |
| Interest income | 176 | 894 |
| Income related to plan assets (excluding interest income) | (2,938) | (1,972) |
| Employer contributions | 701 | 2,794 |
| Benefits from plan assets | (678) | (4,483) |
| Balance, end of year | 105,882 | 103,115 |
| Effect of the asset ceiling | (9,607) | (16,126) |
| Net amount recognized in the consolidated statement of financial position | (3,088) | (5,601) |

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 and 2023 were as follows:

(%)

| | As at March 31, 2022 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Discount rate | 0.56–0.93 | 0.98–1.42 |
| Rate of increase in future compensation levels | 1.12–6.10 | 1.80–6.00 |

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, 2023 would be expected to increase the defined benefit plan obligations by ¥5,979 million and decrease them by ¥6,122 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 and 2023 are as follows:

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Plan assets that have a quoted market price in an active market | | |
| Cash and cash equivalents | 5,474 | 2,437 |
| Japanese equity securities | 10,831 | 8,650 |
| Global equity securities | 5,662 | 4,789 |
| Japanese debt | 10,874 | 12,154 |
| Global debt | 2,796 | 4,277 |
| Total | 35,637 | 32,307 |
| Plan assets that do not have a quoted market price in an active market | | |
| Japanese equity securities | 11,793 | 11,512 |
| Global equity securities | 12,413 | 12,791 |
| Japanese debt | 15,494 | 15,429 |
| Global debt | 10,052 | 9,006 |
| Insurance assets (general account) | 17,082 | 17,199 |
| Other assets (Note 1) | 3,411 | 4,871 |
| Total | 70,245 | 70,808 |

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

The Group expects to contribute ¥2,804 million to its defined contribution plan in the next fiscal year.

The main investment policy of the defined benefit pension plans 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, 2023 was 13.7 years.

24. Capital Stock and Other Equity Items

(1) Capital stock and treasury stock

The number of authorized shares as at March 31, 2022 and 2023 was 341,690,000 shares.

The Company's issued shares were as follows:

(Shares)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Number of issued shares (common shares with no par value) | | |
| As at the beginning of the year | 244,639,390 | 245,220,890 |
| Increase during the year (Notes 1, 2) | 581,500 | 27,137,400 |
| As at the end of the year | 245,220,890 | 272,358,290 |

Notes: 1. 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.

2. The increase during the year ended March 31, 2023 consisted of the issuance of new shares totaling 27,000,000 shares and the exercise of the stock acquisition rights totaling 137,400 shares.

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

(Shares)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Number of treasury stock | | |
| As at the beginning of the year | 15,084 | 22,486 |
| Increase during the year (Notes 1, 3) | 8,012 | 5,885 |
| Decrease during the year (Notes 2, 4) | (610) | (920) |
| As at the end of the year | 22,486 | 27,451 |

Notes: 1. The increase of 8,012 shares during the year ended March 31, 2022 related to the purchase of shares from shareholders with less than one unit of shares.

2. The decrease of 610 shares during the year ended March 31, 2022 related to the sale of shares to shareholders with less than one unit of shares.

3. The increase of 5,885 shares during the year ended March 31, 2023 related to the purchase of shares from shareholders with less than one unit of shares.

4. The decrease of 920 shares during the year ended March 31, 2023 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 | | | | | |
|-------------------------------|----------------------------------|---------------------------------------|-------------------------------------|---|--|--------|
| | 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 | Total |
| Balance as at April 1, 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 |
| Change for the year | 24,513 | (3,524) | (3,916) | 196 | (780) | 16,489 |
| Transfer to retained earnings | — | (17) | — | — | 780 | 763 |
| Balance as at March 31, 2023 | 68,905 | (3,600) | (5,497) | 309 | — | 60,117 |

25. Dividends

Dividends paid were as follows:

| 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 |

| Year ended March 31, 2023 | 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 |
| Board of Directors' Meeting on November 30, 2022 | Common shares | 8,167 | 30 | September 30, 2022 | December 19, 2022 |

Dividends for which the declared date fell in the year ended March 31, 2023, and for which the effective date will be in the year ending March 31, 2024, are as follows:

| | Type of share | Dividend amount (Millions of Yen) | Amount per share (Yen) | Record date | Effective date |
|---|---------------|-----------------------------------|------------------------|----------------|----------------|
| Board of Directors' Meeting on May 12, 2023 | Common shares | 32,680 | 120 | March 31, 2023 | June 9, 2023 |

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, 2022 and 2023 amounted to ¥692 million and ¥991 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) | |
|-------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2022 | | For the year ended March 31, 2023 | |
| | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | 8,964,600 | 2,142 | 8,520,900 | 2,173 |
| Exercised | (443,700) | 1,563 | (137,400) | 1,563 |
| Ending balance | 8,520,900 | 2,173 | 8,383,500 | 2,183 |

Note: 1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2022 and 2023 were ¥2,886 and ¥2,721, respectively.

The unexercised stock options as at March 31, 2023 are as follows:

| Name | (Yen) | | (Shares) | |
|--|----------------|------------------|--------------------------------------|--|
| | Exercise price | Number of shares | Exercise period | |
| 2017 Second Stock Acquisition Rights | 1,563 | 1,287,100 | 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) | |
|---------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2022 | | For the year ended March 31, 2023 | |
| 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, 2023 was defined as 30 months after 6 months passed from the IPO date.

2. The remaining stock options as at March 31, 2023 were granted before November 7, 2002; thus, the Group does not apply IFRS 2 "Share-based Payment".

| | (Shares) | | (Yen) | |
|------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2022 | | For the year ended March 31, 2023 | |
| a-2 BroadBand Security, Inc. | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | 93,300 | 800 | 81,700 | 800 |
| Exercised | (600) | 800 | (5,100) | 800 |
| Forfeited | (11,000) | 800 | (500) | 800 |
| Ending balance | 81,700 | 800 | 76,100 | 800 |

Notes: 1. Weighted average stock prices of stock options upon exercise for the years ended March 31, 2022 and 2023 were ¥1,347 and ¥1,412, respectively.

2. The average remaining exercise period as at March 31, 2023 was 3.0 years.

| | (Shares) | | (Yen) | |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2022 | | For the year ended March 31, 2023 | |
| 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 | 604,000 | 628 |
| Exercised | (4,500) | 628 | — | — |
| Ending balance | 604,000 | 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, 2023 was 0.5 years.

| | (Shares) | (Yen) | (Shares) | (Yen) |
|-----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2022 | | For the year ended March 31, 2023 | |
| 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, 2023 was 0.2 years.

| | (Shares) | (Yen) | (Shares) | (Yen) |
|------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2022 | | For the year ended March 31, 2023 | |
| 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 | 884,000 | 545 |
| Granted | 342,000 | 1,365 | — | — |
| Forfeited | (2,000) | 1,365 | (11,000) | 1,365 |
| Ending balance | 884,000 | 545 | 873,000 | 543 |

Notes: 1. The stock options did not vest as at March 31, 2023.

2. The average remaining exercise period as at March 31, 2023 was 4.9 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 | : 5.9 years |
| Exercise price | : ¥1,365 | Dividend yield | : 0.00% |
| Estimated volatility | : 34.9% | Risk free rate | : 0.06% |

| | (Shares) | (Yen) | (Shares) | (Yen) |
|------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2022 | | For the year ended March 31, 2023 | |
| a-6 SBI Leasing Services Co., Ltd. | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | — | — | 339,600 | 2,250 |
| Granted | 339,600 | 2,250 | — | — |
| Forfeited | — | — | (11,600) | 2,250 |
| Ending balance | 339,600 | 2,250 | 328,000 | 2,250 |

Notes: 1. The average remaining exercise period as at March 31, 2023 was 5.3 years

2. Stock options granted during the year ended March 31, 2022 were 159,400 shares for the First Stock Acquisition Rights, 74,000 shares for the Second Stock Acquisition Rights and 106,200 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: 200 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 | : ¥2,250 | Estimated remaining exercise period | : 6.4 years |
| Exercise price | : ¥2,250 | 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: 200 shares). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

| | | | |
|-------------------------------|----------|-------------------------------------|-------------|
| Stock price at the grant date | : ¥2,250 | Estimated remaining exercise period | : 6.4 years |
| Exercise price | : ¥2,250 | 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.

4. On July 22, 2022, a 200-for-1 stock split of shares of common stock was conducted, and the above figures are based on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2022.

| | (Shares) | (Yen) |
|----------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2023 | |
| a-7 ARUHI Corporation | Number of shares | Weighted average exercise price |
| Beginning balance | — | — |
| Change in scope of consolidation | 637,400 | 1,323 |
| Exercised | (87,100) | 682 |
| Forfeited | (8,900) | 1,708 |
| Ending balance | 541,400 | 1,420 |

Notes: 1. Weighted average stock price of stock options upon exercise for the year ended March 31, 2023 was ¥1,090.

2. The average remaining exercise period as at March 31, 2023 was 4.4 years.

(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 year ended March 31, 2022 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, 2022 and 2023 consisted of the following:

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Revenue | | |
| Financial income | | |
| Interest income | | |
| Income arising from financial assets measured at amortized cost (Note 1) | 208,079 | 396,530 |
| Income arising from debt instruments measured at FVTOCI (Note 2) | 1,340 | 7,882 |
| Income arising from financial assets measured at FVTPL | 173,744 | 61,845 |
| Income arising from financial liabilities designated at FVTPL | 5,475 | (244) |
| Others | 8,331 | 24,029 |
| Total financial income | 396,969 | 490,042 |
| Revenue arising on insurance contracts | 112,630 | 122,119 |
| Revenue from contracts with customers | | |
| Revenue from rendering of services | 130,403 | 185,461 |
| Revenue from sales of goods | 37,939 | 48,854 |
| Others | 85,677 | 152,083 |
| Total revenue | 763,618 | 998,559 |

Notes: 1. The amount mainly consists of interest income arising from bonds held in the banking business and from loans in the banking and securities businesses.

2. The amount mainly consists of 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, 2022 and 2023 consisted of the following: Revenue from rendering of services mainly includes brokerage commission in the securities business. Revenue from sales of goods includes revenue arising from the sale of aircraft, pharmaceutical products, supplements, and cosmetics.

(Millions of Yen)

| For the year ended March 31, 2022 | Financial Services Business | Asset Management Business | Investment Business | Crypto-asset Business | Non-Financial Business | Total | Elimination or Corporate | Consolidated Total |
|---------------------------------------|-----------------------------------|---------------------------------|------------------------|--------------------------|---------------------------|---------|-----------------------------|-----------------------|
| Revenue from contracts with customers | | | | | | | | |
| Revenue from rendering of services | 105,780 | 16,716 | 4,385 | 462 | 9,723 | 137,066 | (6,663) | 130,403 |
| Revenue from sales of goods | 694 | — | 26,835 | — | 10,793 | 38,322 | (383) | 37,939 |
| Total | 106,474 | 16,716 | 31,220 | 462 | 20,516 | 175,388 | (7,046) | 168,342 |

(Millions of Yen)

| For the year ended March 31, 2023 | Financial Services Business | Asset Management Business | Investment Business | Crypto-asset Business | Non-Financial Business | Total | Elimination or Corporate | Consolidated Total |
|---------------------------------------|-----------------------------|---------------------------|---------------------|-----------------------|------------------------|---------|--------------------------|--------------------|
| Revenue from contracts with customers | | | | | | | | |
| Revenue from rendering of services | 154,582 | 20,298 | 6,354 | 27 | 10,820 | 192,081 | (6,620) | 185,461 |
| Revenue from sales of goods | 5,583 | — | 31,369 | — | 12,204 | 49,156 | (302) | 48,854 |
| Total | 160,165 | 20,298 | 37,723 | 27 | 23,024 | 241,237 | (6,922) | 234,315 |

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

(Millions of Yen)

| | Balance as at April 1, 2022 | Balance as at March 31, 2023 |
|--|-----------------------------|------------------------------|
| Trade receivables from contract with customers | 10,385 | 10,247 |
| Contract liabilities | 5,876 | 5,136 |

Contract liabilities consist primarily of the balance of annual membership fee income in the card business 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, 2022 and 2023, ¥1,353 million and ¥5,876 million were included in the balance of contract liabilities as at April 1, 2021 and 2022, respectively.

28. Expense

Expense for the years ended March 31, 2022 and 2023 consisted of the following:

(1) Financial cost associated with financial income

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| Financial cost associated with financial income | | |
| Interest expense | | |
| Financial liabilities measured at amortized cost | (33,603) | (102,473) |
| Total financial cost associated with financial income | (33,603) | (102,473) |

(2) Operating cost

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|-------------------------------------|-----------------------------------|-----------------------------------|
| Payroll | (15,763) | (14,106) |
| Outsourcing fees | (48,092) | (63,365) |
| Depreciation and amortization | (9,528) | (15,003) |
| Cost arising on insurance contracts | (82,540) | (89,858) |
| Others | (65,899) | (100,405) |
| Total operating cost | (221,822) | (282,737) |

(3) Selling, general and administrative expenses

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Payroll | (70,335) | (130,209) |
| Outsourcing fees | (47,351) | (66,131) |
| Depreciation and amortization | (22,585) | (41,157) |
| Research and development | (2,187) | (1,538) |
| Others | (87,376) | (145,577) |
| Total selling, general and administrative expenses | (229,834) | (384,612) |

(4) Other financial cost

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Other financial cost | | |
| Interest expense | | |
| Financial liabilities measured at amortized cost | (8,555) | (20,183) |
| Total other financial cost | (8,555) | (20,183) |

(5) Other expenses

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|-----------------------|-----------------------------------|-----------------------------------|
| Impairment loss | (17,510) | (3,586) |
| Foreign exchange loss | (2,999) | — |
| Others (Note) | (7,751) | (19,271) |
| Total other expenses | (28,260) | (22,857) |

29. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2022 and 2023 were as follows:

(Millions of Yen)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|--------------------------|-----------------------------------|-----------------------------------|
| Income tax expense | | |
| Current | (34,028) | (38,487) |
| Deferred | (22,972) | 8,742 |
| Total income tax expense | (57,000) | (29,745) |

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, 2022 and 2023 is as follows:

(%)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| Normal effective statutory tax rate | 30.6 | 30.6 |
| Permanent differences such as meals and entertainment | 0.6 | 1.5 |
| Tax effect on minority interests of investments in fund | (1.1) | (2.9) |
| Temporary differences arising from consolidation of investments | (23.3) | 1.3 |
| Change in unrecognized deferred tax assets | 8.0 | (1.9) |
| Other | (1.0) | 0.9 |
| Average effective tax rate | 13.8 | 29.5 |

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, 2022 and 2023 were as follows:

(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 |

(Millions of Yen)

| For the year ended March 31, 2023 | 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 | (7,234) | — | (7,234) | 61 | (7,173) |
| Changes in own credit risk on financial liabilities | 389 | — | 389 | — | 389 |
| Remeasurement of defined benefit plans | (1,830) | — | (1,830) | 456 | (1,374) |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | (3) | — | (3) | — | (3) |
| | (8,678) | — | (8,678) | 517 | (8,161) |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Debt instruments measured at FVTOCI | (12,086) | 3,979 | (8,107) | 284 | (7,823) |
| Currency translation differences | 30,247 | (7) | 30,240 | — | 30,240 |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 2,003 | — | 2,003 | — | 2,003 |
| | 20,164 | 3,972 | 24,136 | 284 | 24,420 |
| Total | 11,486 | 3,972 | 15,458 | 801 | 16,259 |

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)

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Earnings | | |
| Profit attributable to owners of the Company | 366,854 | 35,000 |
| Dilutive effect: Convertible bonds | 757 | 764 |
| Profit attributable to owners of the Company after dilutive effect | 367,611 | 35,764 |
| Shares | | |
| Basic weighted average number of ordinary shares (shares) | 244,805,985 | 264,766,019 |
| Dilutive effect: Stock options (shares) | 2,256,409 | 1,651,841 |
| Dilutive effect: Convertible bonds (shares) | 38,816,665 | 39,567,668 |
| Weighted average number of ordinary shares after the dilutive effect (shares) | 285,879,059 | 305,985,528 |
| Earnings per share attributable to owners of the Company | | |
| Basic (in Yen) | 1,498.55 | 132.19 |
| Diluted (in Yen) | 1,285.90 | 116.88 |

32. Cash Flow Information

Supplemental disclosure of consolidated statement of cash flow information for the years ended March 31, 2022 and 2023 was as follows:

(1) Expenditures on acquisition of subsidiaries

Total consideration paid for acquisition of subsidiaries were ¥123,951 million and ¥68,737 million for the years ended March 31, 2022 and 2023, respectively. The consideration paid for the years ended March 31, 2022 and 2023 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, 2022 | For the year ended March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Assets | | |
| Cash and cash equivalents | 1,858,681 | 62,140 |
| Trade and other receivables | 6,738,260 | 121,447 |
| Assets related to securities business | 1,584 | — |
| Other financial assets | 360,281 | 37,712 |
| Other investment securities | 1,088,447 | 1,931 |
| Intangible assets | 49,667 | 8,310 |
| Other assets | 181,816 | 44,717 |
| Total assets | 10,278,736 | 276,257 |
| Liabilities | | |
| Bonds and loans payable | 1,813,416 | 137,521 |
| Trade and other payables | 276,907 | 40,047 |
| Liabilities related to securities business | 1,329 | — |
| Customer deposits for banking business | 6,400,553 | — |
| Other financial liabilities | 698,315 | 41,685 |
| Other liabilities | 108,974 | 6,796 |
| Total liabilities | 9,299,494 | 226,049 |

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥1,699 million and ¥25 million for the years ended March 31, 2022 and 2023, 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, 2022 | For the year ended March 31, 2023 |
|-----------------------------|--------------------------------------|--------------------------------------|
| Assets | | |
| Cash and cash equivalents | 981 | 9 |
| Trade and other receivables | 46 | — |
| Property and equipment | 19,323 | — |
| Other assets | 2,056 | — |
| Total assets | 22,406 | 9 |
| Liabilities | | |
| Bonds and loans payable | 15,218 | — |
| Trade and other payables | 309 | — |
| Other liabilities | 718 | 2 |
| Total liabilities | 16,245 | 2 |

(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, 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 |
| Cash flow from operating activities | (409,133) | (202,002) | (611,135) |
| Cash flow from financing activities | 489,976 | 280,002 | 769,978 |
| Non-cash changes | | | |
| Change in scope of consolidation | 125,811 | 11,710 | 135,521 |
| Interest expense | 1,768 | 558 | 2,326 |
| Foreign currency translation adjustment on foreign operations | 2,499 | 11,546 | 14,045 |
| Others | 2,554 | 206 | 2,760 |
| Balance as at March 31, 2023 | 2,108,816 | 1,571,539 | 3,680,355 |

33. Subsidiaries

Major subsidiaries of the Group as at March 31, 2023 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) |
| | SBI Shinsei Bank, Limited | Japan | 50.0 (50.0) |
| | Showa Leasing Co., Ltd. | Japan | 100.0 (100.0) |
| | APLUS Co., Ltd. | Japan | 100.0 (100.0) |
| | Shinsei Financial Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI SAVINGS BANK | Korea | 100.0 (100.0) |
| | SBI Regional Bank Holdings Co., Ltd. | Japan | 100.0 |
| Asset Management Business | SBI Asset Management Group Co., Ltd. | Japan | 100.0 |
| | SBI Global Asset Management Co., Ltd. | Japan | 52.6 (52.6) |
| | SBI Asset Management Co., Ltd. | Japan | 87.5 (87.5) |
| Investment Business | SBI Capital Management Co., Ltd. | Japan | 100.0 |
| | SBI Investment Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI Hong Kong Holdings Co., Ltd. | Hong Kong | 100.0 |
| | SBI VENTURES ASSET PTE. LTD. | Singapore | 100.0 (100.0) |
| Crypto-asset Business | SBI VC Trade Co., Ltd. | Japan | 100.0 (100.0) |
| Non-Financial Business | 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 | 95.8 (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 |
| SBI Shinsei Bank, Limited | Japan | 51.4 | (29,503) | 471,528 |

Year ended March 31, 2023

| | | (%) | (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 |
| SBI Shinsei Bank, Limited | Japan | 50.0 | 23,398 | 479,671 |

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

| | As at March 31, 2022 | As at March 31, 2023 |
|-------------------|----------------------|----------------------|
| Total assets | 9,967,865 | 13,091,690 |
| Total liabilities | 9,055,154 | 12,129,399 |
| Total equity | 912,711 | 962,291 |

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| Revenue | 64,979 | 409,235 |
| Profit for the year | (56,473) | 46,585 |
| Total comprehensive income | (42,522) | 45,227 |
| Cash flows from operating activities | (387,421) | 1,377,788 |
| Cash flows from investing activities | 215,526 | (949,025) |
| Cash flows from financing activities | (9,309) | (13,936) |
| Net change in cash and cash equivalents | (181,204) | 414,827 |

Note: Figures for the year ended March 31, 2022 are stated from the acquisition date (December 17, 2021) to March 31, 2022.

34. Related Party Transactions

(1) Related Party Transactions

Not applicable.

(2) The remuneration of key management personnel of the Company for the years ended March 31, 2022 and 2023

| | For the year ended March 31, 2022 | For the year ended March 31, 2023 |
|--------------------------|-----------------------------------|-----------------------------------|
| Remuneration and bonuses | 1,464 | 987 |
| Post-employment benefits | 3 | 141 |
| Total | 1,467 | 1,128 |

35. Events after the Reporting Period

SBI Holdings, Inc. ("SBIHD") and SBI Regional Bank Holdings Co., Ltd. (the "Tender Offeror" ; together with SBIHD, the "SBIHD Parties") each determined at their respective boards of directors meetings held on May 12, 2023 to acquire the common shares of SBI Shinsei Bank, Limited (the "Target Company", and the common shares thereof, the "Target Company Shares") through a tender offer (the "Tender Offer") pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended). The Tender Offer was completed on June 23, 2023.

(1) Purpose of the Tender Offer

In order to further strengthen the strategies of the entire group as well as to promptly and flexibly implement the various initiatives and measures, the SBIHD Parties believe that it is necessary to further enhance the alliance of the Target Company Group and each company in the SBIHD Group, to optimize allocation of management resources in the entire group, and to utilize each company's resource assets by strategically combining them across the group. The SBIHD Parties plan to do this by taking the Target Company private and believe that it is the optimum choice for continued enhancement of the corporate value of the SBIHD Group, including the Target Company Group, to promptly and flexibly implement decision-making by each company of the SBIHD Group, including the Target Company Group, concerning initiatives and measures across the group, and to continuously ensure the Target Company will not become an institutional bank and actively conduct transactions with the SBIHD Group that may lead to the mid- and long-term growth of the entire SBIHD Group, including the Target Company Group, for which conservative decisions tended to be made from the perspective of protecting the interests of the Target Company's minority shareholders (such as finance to the SBIHD Parties' investee companies, provision of services, co-financing, and assumption of joint financial advisors of M&A transactions by the SBIHD Group and the Target Company Group).

(2) Outline of the Target Company

| | |
|---|---|
| (1) Name | SBI Shinsei Bank, Limited |
| (2) Address | 2-4-3, Nihonbashi-muromachi, Chuo-ku, Tokyo |
| (3) Name and position of representative | Katsuya Kawashima, Representative Director, President |
| (4) Stated capital | 512,204 million yen (as of March 31, 2023) |

(3) Outline of the Tender Offer

The Tender Offeror is a stock company established on August 25, 2015 mainly for the purpose of increasing the profitability of regional financial institutions and thereby enhancing their corporate value by directly investing in regional financial institutions while utilizing the products, services, and know-how held by the companies belonging to the SBIHD Group and the SBIHD Group's investee companies. As of the commencement date of the Tender Offer, the Tender Offeror's issued shares were all owned by SBI Holdings, Inc. As of the commencement date of the Tender Offer, the Tender Offeror owned 102,159,999 shares (ownership ratio: 50.04%) of the Target Company's common stock and has made the Target Company its consolidated subsidiary. In addition, as of the commencement date of the Tender Offer, SBIHD owned no Target Company Shares directly.

The SBIHD Parties decided that the Tender Offeror will implement the Tender Offer as part of the transaction whose purpose is privatization by which the Tender Offeror, the Deposit Insurance Corporation of Japan (the "DIC") (number of shares owned: 26,912,888 shares; ownership ratio: 13.18%), and The Resolution and Collection Corporation ("RCC") (number of shares owned: 20,000,000 shares; ownership ratio: 9.80%) will become the only shareholders of the Target Company through the acquisition of all of the Target Company Shares (excluding the Target Company Shares owned by the Tender Offeror, the treasury shares owned by the Target Company, and the Target Company Shares owned by the DIC and RCC).

| | |
|--|--|
| (1) Tender Offer Period at the Time of Filing: | Monday, May 15, 2023 to Friday, June 23, 2023 (30 business days) |
| (2) Price for Purchase, etc. | 2,800 yen per share of common shares |
| (3) Purchase Price | 154,201,835,200 yen |
| (4) Commencement Date of Settlement | Friday, June 30, 2023 |

(4) Results of the Tender Offer

Number of Shares Purchased 7,547,389 shares

When the number of shares of the Target Company to be acquired by the Tender Offeror through the Tender Offer is added to the number of shares of the Target Company already held by the Tender Offeror, the ratio of voting rights held by the Group will be 53.74%.

(5) Impact on consolidated financial statements

The effect on the consolidated financial statements for the year ended March 31, 2023, assuming that the number of shares purchased (7,547,389 shares) had been acquired at the end of the current period, would be an increase of ¥13,925 million in capital surplus and a decrease of ¥35,058 million in noncontrolling interests.

Independent Auditor's Report



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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, 2023, 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, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

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

Member of
Deloitte Touche Tohmatsu Limited

| 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. In particular, unstable market conditions, such as the failure of financial institutions and crypto-asset dealers, have occurred, further intensifying uncertainty in the forecast.</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, 2023, was ¥581,364 million. A majority of these investment securities were unlisted equity securities. The Group sets the valuation policy for operating investment securities that allows the use of the most appropriate valuation techniques and inputs for each investee, and in accordance with such valuation policy, their fair values are measured through the internal valuation process.</p> <p>As for valuation techniques, such as the income approach and the market approach, the Group considers the state of financing, profitability, financial condition and changes in management resources of each investee and uses a valuation technique that is most appropriate for the investee. In cases where it is difficult to use a single valuation technique, the Group measures fair value by making an overall evaluation of the values determined by multiple valuation techniques.</p> <p>As for inputs used, the Group uses observable inputs to the extent possible, but since unobservable inputs are often used in case of unlisted equity securities, the Group uses inputs that are most appropriate for the investee considering the relevance, objectivity and reasonableness of the inputs. These unobservable inputs include discount rate, price earnings ratio ("P/E ratio"), EBITDA ratio, illiquidity discount and other assumptions.</p> | <p>We understood the relevant valuation policy, valuation 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"> • To evaluate whether the Group's valuation policy complies with applicable accounting standards, we read the relevant documents and performed an inquiry of the official in charge of accounting about the Group's valuation policy. • To evaluate the effectiveness of the valuation process of the Group, including the valuation meeting, that lays a foundation for appropriate valuation techniques and inputs, we inquired of the attendees of the valuation meeting and inspected documents prepared during the valuation process and the supporting documents. • Regarding the use of valuation techniques for each investee, 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. For cases where it is difficult to use a single valuation technique, we evaluated the reasonableness of the valuation technique used by the Group, using, when necessary, the assistance of our corporation valuation specialists. • To evaluate the reasonableness of fair value measured by the Group by making an overall evaluation of the values determined by multiple valuation techniques, we developed independent estimates to address heightened estimation uncertainty with the assistance of our corporation valuation specialists. • To evaluate the reasonableness of unobservable inputs used for each investee, we performed an inquiry of the official in charge of accounting, inspected the relevant documents, including the investee's business plans, and when necessary, performed confirmation procedures for the investee. For certain operational investment securities of which the investees were in the specific industry or situation, we used our corporation valuation specialists and industry specialists, when necessary, to assist us to evaluate the reasonableness of the inputs used by the Group. |

| | |
|--|--|
| <p>The use of these valuation techniques and unobservable inputs requires management's subjective judgments. The calculated value may change significantly depending on the selection made by management. As such, there is a high degree of estimation uncertainty.</p> <p>Therefore, we determined the valuation of operational investment securities that do not have quoted market prices as a key audit matter.</p> | |
|--|--|

| Loss allowance estimate for trade and other accounts receivable in the domestic banking business | |
|--|---|
| Key Audit Matter Description | How the Key Audit Matter Was Addressed in the Audit |
| <p>As described in Note 8, "Financial Risk Management (4) Credit risk management (c) Credit risk exposure" in the notes to the consolidated financial statements, the Group held trade and other accounts receivable of ¥8,640,304 million (approximately 38.7% of total assets) in the domestic banking business, which represents as the Group's maximum exposure to credit risk. These trade and other accounts receivable relate mainly to loans made to corporate and individual customers. The related loss allowance was included in the loss allowance of ¥164,741 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. In estimating the future PD, the Group uses 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>We understood the relevant accounting policies, business processes and related internal controls and tested the reasonableness of loss allowance estimate for trade and other accounts receivable held in the domestic banking business. Our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> • 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. • 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 taking into consideration changes in circumstances during the year, by performing an inquiry of the official in charge of accounting and inspecting the relevant documents. • We tested the accuracy and completeness of data used to calculate the inputs used in the measurement of loss allowance. • With the assistance of our credit risk valuation specialists, we performed the following procedures: <ul style="list-style-type: none"> ✓ To evaluate the reasonableness of the inputs used in the measurement of loss allowance, we read the relevant documents related to the determination of inputs and also performed a recalculation. |

| | |
|--|---|
| <p>The estimates of multiple 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 uncertainty.</p> <p>Therefore, we determined the loss allowance estimate for trade and other accounts receivable held in the domestic banking business as a key audit matter.</p> | <ul style="list-style-type: none"> ✓ To evaluate the reasonableness of the PD model for estimating the PD based on correlations with macroeconomic indicators, such as real GDP and the unemployment rate, we read the results of the effectiveness of the PD model assessed by the Group. ✓ We evaluated the reasonableness of multiple economic forecast scenarios that incorporate changes in the economic environment as well as the probability of each scenario occurring, including the comparison with externally available economic forecasts. |
|--|---|

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.

Deloitte Touche Tohmatsu LLC

July 5, 2023

Accounting Policies of the Investment Business

Answers to questions we have received from stakeholders regarding the accounting policies of the Investment 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 Investment 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 FY2022 | 2Q FY2022 | |
| Fair value | 10.0 | 12.0 | ➔ Up ¥2.0 billion |

(1) If the investment is from a wholly owned subsidiary of SBI Holdings

| (Billions of yen) | |
|--|-----------|
| | 2Q FY2022 |
| Revenue | 2.0 |
| Profit before income tax expense | 2.0 |
| Tax (30%) | -0.6 |
| Profit for the period | 1.4 |
| Profit attributable to owners of the Company | 1.4 |
| Non-controlling interests | — |

(2) If the investment is from a consolidated fund (ownership ratio in the fund: 20%)

| (Billions of yen) | |
|--|-----------|
| | 2Q FY2022 |
| Revenue | 2.0 |
| Profit before income tax expense | 2.0 |
| Tax (30%) | -0.12 |
| Profit for the period | 1.88 |
| Profit attributable to owners of the Company | 0.28 |
| 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*:

* General partner who has the responsibility of operating the fund.

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.

| (Billions of yen) | | (Billions of yen) | | (Billions of yen) | |
|---|------|----------------------------------|------|--|------|
| SBI Holdings + SBI Investment | | Fund | | Consolidated Profit/Loss | |
| Revenue | 5.0 | Revenue | 0.0 | Revenue | 0.0 |
| Expense | 0.0 | Expense | -5.0 | Expense | 0.0 |
| Profit before income tax expense | 5.0 | Profit before income tax expense | -5.0 | Profit before income tax expense | 0.0 |
| Tax (tax rate 30%) | -1.2 | Tax | 0.0 | Tax (tax rate 30%) | -1.2 |
| Profit | 3.8 | Profit | -5.0 | Profit | -1.2 |
| <p>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: $-¥1.5 \text{ billion} + (¥5.0 \text{ billion} \times 20\% \times 30\%) = -¥1.2 \text{ billion}$</p> | | | | Profit attributable to owners of the Company | 2.8 |
| | | | | Non-controlling interests | -4.0 |

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, hence they are not subject to consolidation.

Glossary

This page provides supplementary material to assist in better understanding the business environment surrounding the SBI Group.

| | |
|------------------------|---|
| AML/CFT | 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. |
| Foundry | In the semiconductor industry, foundries are a business that specializes in the manufacturing of semiconductor devices. A foundry manufactures semiconductor devices under consignment based on design data from the semiconductor maker that originates the order. In the manufacturing of semiconductor devices, this type of specialization arises from the need for large-scale investment in production facilities and the vast amount of R&D related to manufacturing technology. By having a foundry undertake the consignment of semiconductor production from manufacturers that lack such facilities, the manufacturing of a large volume of semiconductors can be concentrated in one company, which enables high efficiency in plant operations and R&D. |
| Metaverse | 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. |
| NISA/iDeCo | NISA, which stands for Nippon Individual Savings Account, is a tax-deferred system for small investments. Introduced in 2014, the program provides preferred tax treatment for individual investors. Annual investment limits and the tax-exempt holding period are specified, and within these restrictions, income and capital gains from stocks and investment trusts are eligible for tax exemptions. The term “iDeCo” stands for individual-type Defined Contribution pension plan. It applies to private pension plans that are operated in accordance with the Defined Contribution Pension Act, which was adopted and took effect in 2001. Since iDeCo is a pension plan designed to build assets for retirement, tax benefits are provided. NISA and iDeCo will be amended from 2024, and individual investors can look forward to enjoying greater benefits. NISA will undergo a radical expansion and be made permanent, and there will no longer be any limits to the tax-exempt holding period. Also, iDeCo will have its contribution limit raised. |
| Staking Service | Staking is a scheme in which crypto-assets are locked up on a blockchain network in order to contribute indirectly to the preservation of the blockchain, and in exchange, earn additional assets as compensation for doing so. To participate in block creation and authentication of transactions necessary to maintain the existence a blockchain network, a high level of expertise is typically required. However, by using a staking service provided by a crypto-asset exchange, individual investors are also enabled to contribute indirectly to maintaining a decentralized blockchain. In recent years, the demand for crypto-assets as a source of passive income has increased. Our Group companies, SBI VC Trade and BITPoint Japan, provide staking services to meet this growing demand. |
| STO | 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. |
| Web3 | Web3 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. Web3 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

| | |
|--|--------|
| ① SBI SECURITIES Co., Ltd. | |
| Comprehensive online securities company | 100.0% |
| ① SBI NEOMOBILE SECURITIES Co., Ltd. | |
| Mobile securities trading | 100.0% |
| ① SBI Neotrade Securities Co., Ltd. | |
| Financial instruments business (securities trading) | 100.0% |
| ① SBI Benefit Systems Co., Ltd. | |
| Operational management of defined-contribution pension, etc. | 100.0% |
| ① SBI MONEYPLAZA Co., Ltd. | |
| Provision of financial products through face-to-face channels | 66.6% |
| ① SBI Liquidity Market Co., Ltd. | |
| Provision of market infrastructure to supply liquidity to FX margin trading | 100.0% |
| ① SBI FXTRADE Co., Ltd. | |
| Pure-play foreign exchange broker | 100.0% |
| ① SBI BITS Co., Ltd. | |
| Development and operation of financial systems | 100.0% |
| ① FOLIO Holdings Co., Ltd. | |
| Provision of online securities and infrastructure for discretionary investment systems | 72.5% |
| ① SBI Thai Online Securities Co., Ltd. | |
| Online securities in Thailand | 100.0% |
| ② PT BNI SEKURITAS | |
| Securities company in Indonesia | 25.0% |
| ① SBI Royal Securities Plc. | |
| Comprehensive securities company in Cambodia | 65.3% |
| ① Osaka Digital Exchange Co., Ltd. | |
| Operation of PTS (Proprietary Trading System) | 70.0% |
| ② Japannext Co., Ltd. | |
| Operation of PTS (Proprietary Trading System) | 48.8% |

Banking-related Business

| | |
|--------------------------------------|--------|
| ① SBI Shinsei Bank, Limited | |
| Banking | 53.7% |
| ① Shinsei Financial Co., Ltd. | |
| Retail loans | 100.0% |
| ① APLUS Co., Ltd. | |
| Installment credit | 100.0% |
| ① Showa Leasing Co., Ltd. | |
| Comprehensive Leasing services | 100.0% |

Standard Market of the TSE

| | |
|---|--------|
| ② SBI Sumishin Net Bank, Ltd. | |
| Internet-based full-service bank | 34.2% |
| ① SBI SAVINGS BANK | |
| Savings bank in South Korea | 100.0% |
| ① SBI LY HOUR BANK PLC. | |
| Commercial bank in Cambodia | 70.0% |
| ① SBI Bank LLC | |
| Commercial bank in Russia | 90.7% |
| ① SBI Regional Bank Holdings Co., Ltd. | |
| Control and management of businesses relating to regional financial institutions with which SBI Group has a capital and business alliance | 100.0% |

Prime Market of the TSE

| | |
|---|-------|
| ① ARUHI Corporation | |
| Lending and agency services for housing loans | 54.3% |
| ② TIEN PHONG COMMERCIAL JOINT STOCK BANK | |
| Commercial bank in Vietnam | 20.0% |

HSX

Insurance-related Business

Growth Market of the TSE

| | |
|--|--------|
| ① SBI Insurance Group Co., Ltd. | |
| Insurance holding company | 68.9% |
| ① SBI Insurance Co., Ltd. | |
| Non-life insurance business | 99.2% |
| ① SBI Life Insurance Co., Ltd. | |
| Life insurance business | 100.0% |
| ① SBI SSI Holdings Co., Ltd. | |
| Small-amount, short-term insurance holding company | 100.0% |
| ① SBI IKIKI SSI Inc. | |
| Small-amount, short-term insurance policy business | 100.0% |
| ① SBI Nihon SSI Co., Ltd. | |
| Small-amount, short-term insurance policy business | 100.0% |
| ① SBI Resta SSI Co., Ltd. | |
| Small-amount, short-term insurance policy business | 99.6% |
| ① SBI PRISM SSI CO., LTD. | |
| Small-amount, short-term insurance policy business | 100.0% |
| ① SBI JOGUCHI SAFETY SSI | |
| Small-amount, short-term insurance policy business | 100.0% |

Others

| | |
|-----------------------------------|-------|
| ① SBI Remit Co., Ltd. | |
| International remittance business | 82.9% |

| | |
|--|--------|
| ① SBI Business Solutions Co., Ltd. | |
| Provision of back-office support services | 100.0% |
| ① SBI Ripple Asia Co., Ltd. | |
| Selling agency of international settlement system | 60.0% |
| ① SBI NEO FINANCIAL SERVICES CO., LTD. | |
| Support for adoption of new technology, including fintech, as well as operation and management of related businesses | 100.0% |

KOSDAQ

| | |
|--|--------|
| ① SBI FinTech Solutions Co., Ltd. | |
| Control and operation of e-commerce settlement business and Group fintech-related businesses | 77.5% |
| ① SBI Estate Finance Co., Ltd. | |
| Real estate secured loans business | 100.0% |
| ① SBI Private REIT Advisors Co., Ltd. | |
| Real estate investment management | 100.0% |
| ① SBI REIT Advisors Co., Ltd. | |
| Real estate investment management | 67.0% |

Standard Market of the TSE

| | |
|-----------------------------|-------|
| ① The Global Ltd. | |
| Real estate holding company | 52.0% |

Standard Market of the TSE

| | |
|---|--------|
| ② Ascot Corp. | |
| Real estate development business and real estate solutions business | 33.8% |
| ① Tozai Asset Management Co., Ltd. | |
| Management and operation of real estate assets | 100.0% |
| ① SBI Guarantee Co., Ltd. | |
| Rent guarantees for rental housing | 100.0% |

Growth Market of the TSE

| | |
|---|-------|
| ② CREAL Inc. | |
| Real estate fund online market operations business, etc. | 21.4% |
| ② Regional Revitalization Partners Co., Ltd. | |
| Plans and proposes strategic guidelines for promoting regional revitalization | 89.0% |
| ① SBI Regional Revitalization Services Co., Ltd. | |
| Plans, proposes, and executes projects relating to regional revitalization | 99.9% |
| ① SBI Regional Revitalization Investment and Loan Co., Ltd. | |
| Investing and loan business relating to regional revitalization | 99.0% |

Prime Market of the TSE

| | |
|--|-------|
| ② Change Holdings, Inc. | |
| Supports regional revitalization through digital transformation (DX) and improved business efficiency through digitalization | 30.3% |

Note 1: As of July 1, 2023, 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

| | |
|---|--------|
| ① SBI Asset Management Group Co., Ltd. | |
| Management and operation of the SBI Group's Asset Management Business | 100.0% |
| Prime Market of the TSE | |
| ① SBI Global Asset Management Co., Ltd. | |
| Control and management of the financial services business and asset management business | 52.6% |
| ① SBI Asset Management Co., Ltd. | |
| Investment management and investment advisory services | 94.8% |
| ① Wealth Advisor Co., Ltd. | |
| Investment and other advisory services | 100.0% |
| ① Carret Asset Management, LLC | |
| Investment management and investment advisory services | 100.0% |
| Growth Market of the TSE | |
| ① Rheos Capital Works Inc. | |
| Investment management business and investment trust sales | 48.9% |
| ① SBI Okasan Asset Management Co., Ltd. | |
| Investment management business and investment advisory business | 51.0% |

Investment Business

| | |
|---|--------|
| ① SBI PE Holdings, Co., Ltd. | |
| Supervision and operation of the private equity business | 100.0% |
| ① SBI Investment Co., Ltd. | |
| Venture capital fund management | 100.0% |
| ① Shinsei Corporate Investment Limited | |
| Private equity | 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 (Beijing) Investment 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% |
| Growth Market of the TSE | |
| ① SBI Leasing Services Co., Ltd. | |
| Operating lease business | 63.5% |

Crypto-asset Business

| | |
|---|--------|
| ① SBI VC Trade Co., Ltd. | |
| Provision of exchange and transaction services and systems related to crypto-assets | 100.0% |
| ① BITPoint Japan Co., Ltd. | |
| Crypto-asset exchange and trading services | 100.0% |
| ① B2C2 Ltd. | |
| Crypto-asset broker (market maker) | 90.0% |
| ① SBI Alpha Trading Co., Ltd. | |
| Crypto-asset broker (market maker) | 100.0% |
| ① HashHub Inc. | |
| Crypto-asset lending and research business | 100.0% |

Non-financial Business

| | |
|--|--------|
| ① SBI ALApharma Co., Ltd. | |
| Management and operation of the 5-ALA-related business | 97.6% |
| ① SBI Pharmaceuticals Co., Ltd. | |
| R&D, manufacturing and sales of pharmaceuticals using 5-ALA | 100.0% |
| ① SBI ALApromo 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 | 75.1% |

| | |
|--|--------|
| ① SBI Biotech Co., Ltd. | |
| R&D of pharmaceuticals | 95.8% |
| Prime Market of the TSE | |
| ② Medical Data Vision Co., Ltd. | |
| Development, production, sales, and maintenance of medical information integration systems | 24.6% |
| ① SBI DIGITAL MARKET PTE.LTD. | |
| Corporate finance advisory and digital asset distribution services | 75.0% |
| 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 SBINFIT 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 | 32.0% |
| 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% |
| Prime Market of the TSE | |
| ② gumi Inc. | |
| Mobile online games business | 22.4% |

Corporate Data

Company Outline (As of March 31, 2023)

| | |
|-----------------------|---|
| 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 | 18,756 (consolidated) |
| Paid-in Capital | ¥139,272 million |
| Fiscal Year | April 1 to March 31 |

Stock Information (As of March 31, 2023)

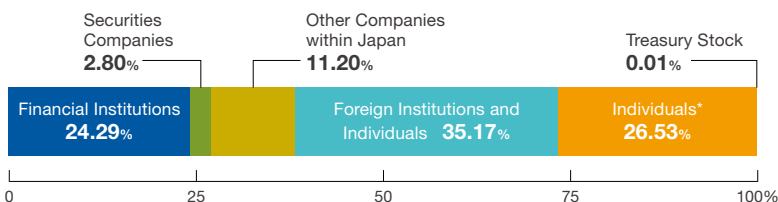
| | |
|----------------------|---|
| Listing | Prime Market of the TSE |
| Code | 8473 |
| Shares Authorized | 341,690,000 shares |
| Shares Outstanding | 272,358,290 shares (including treasury stock) |
| Shareholder Register | Mizuho Trust & Banking Co., Ltd. |

Principal Shareholders

| Name | Number of Shares Held (shares) | Percentage of Outstanding Shares (%) |
|--|--------------------------------|--------------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 42,981,700 | 15.8 |
| Sumitomo Mitsui Financial Group, Inc. | 27,000,000 | 9.9 |
| Custody Bank of Japan, Ltd. (Trust account) | 12,629,785 | 4.6 |
| The Bank of New York Mellon 140051 | 9,384,336 | 3.4 |
| The Bank of New York Mellon 140042 | 6,511,263 | 2.4 |
| JAPAN SECURITIES FINANCE CO., LTD. | 4,615,600 | 1.7 |
| STATE STREET BANK WEST CLIENT-TREATY 505234 | 4,331,317 | 1.6 |
| State Street Bank and Trust Company 505223 | 4,127,638 | 1.5 |
| Yoshitaka Kitao | 4,007,960 | 1.5 |
| The Bank of New York Mellon 140044 | 3,739,779 | 1.4 |

The percentage of shares held is calculated after deducting treasury stock.
Apart from the holdings of the major shareholders above, the Company holds 27,451 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 26, 2023)

| | |
|---------------|---|
| Rating Agency | Rating and Investment Information, Inc. |
| Long-term | A- (Stable) |
| Short-term | a-1 |

Overseas Offices (As of June 30, 2023)

| | |
|----------------|---|
| United States | <ul style="list-style-type: none"> NX Development SBI Holdings USA |
| Canada | <ul style="list-style-type: none"> SBI ALApharma Canada |
| Russia | <ul style="list-style-type: none"> SBI Bank SBI RI Advisory |
| United Kingdom | <ul style="list-style-type: none"> B2C2 Shinsei International |
| Germany | <ul style="list-style-type: none"> photonamic Strategic Business Innovator Berlin Future Industry Ventures |
| Netherlands | <ul style="list-style-type: none"> Photonics Healthcare |
| Israel | <ul style="list-style-type: none"> SBI JI INNOVATION ADVISORY |
| Malaysia | <ul style="list-style-type: none"> SBI Ventures Malaysia OSK-SBI Venture Partners VentureTECH SBI |
| Singapore | <ul style="list-style-type: none"> SBI Securities (Singapore) SBI VEN CAPITAL |
| India | <ul style="list-style-type: none"> Milestone River Venture Advisory NIRVANA VENTURE ADVISORS |
| South Korea | <ul style="list-style-type: none"> SBI Investment KOREA SBI SAVINGS BANK SBI Capital |
| China | <ul style="list-style-type: none"> SBI (China) SHANGHAI SBI-INESA EQUITY INVESTMENT MANAGEMENT Wuxi Guolian-Yihua Equity Investment Management CHINA FORTUNE SBI Financial Leasing (shanghai) SBI (Beijing) Investment Management Ningbo YIXUE Investment Management NANJING JIANGBEI SBI Private Investment Fund Chengdu SBI Private Fund Management Chongqing SBI Private Fund Management SBI (Dalian) Information Technology |
| Hong Kong | <ul style="list-style-type: none"> SBI Hong Kong Holdings SBI Securities (Hong Kong) BYFIN |
| Taiwan | <ul style="list-style-type: none"> SBI Capital 22 Management SNSI Capital Management |
| Philippines | <ul style="list-style-type: none"> ICCP SBI Venture Partners Philippines Representative Office |
| Indonesia | <ul style="list-style-type: none"> BNI SEKURITAS Jakarta Representative Office SBI Kejora Venture Partnership |
| Brunei | <ul style="list-style-type: none"> SBI (B) |
| Vietnam | <ul style="list-style-type: none"> FPT Securities TPBank FPT Capital Fund Management MB Shinsei Finance |
| Cambodia | <ul style="list-style-type: none"> SBI Royal Securities SBI LY HOUR BANK |
| Thailand | <ul style="list-style-type: none"> SBI Thai Online Securities |
| Australia | <ul style="list-style-type: none"> Latitude Group |
| New Zealand | <ul style="list-style-type: none"> UDC Finance |

| | |
|---|--|
| <ul style="list-style-type: none"> Securities Banking Other Financial Services Investment | <ul style="list-style-type: none"> Biotechnology related Local Affiliates/ Representative Office Strategic Investee |
|---|--|

Corporate History



Books by Yoshitaka Kitao, Representative Director, Chairman, President & CEO



Cultivating the Heart
ZAIKAI Co., Ltd.
April 2023



An Encouragement of the Study of Humanity
Chichi Publishing Co., Ltd.
December 2022



Learning from Great Men
ZAIKAI Co., Ltd.
April 2022



Nourish the Mind
ZAIKAI Co., Ltd.
April 2021



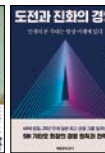
The Challenges for Regional Revitalization
KINZAI Corp.
January 2021



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



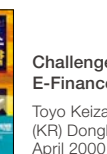
**"Mysterious Powers"
Gained from
Chinese Classics**
Mikasa Shobo Co., Ltd.
(CN) Peking University Press
July 2005
(Pocket edition)



Developing Character
PHP Institute, Inc.
(CN) World Affairs Press
April 2003



**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/>



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