



FY2023: Evaluating the Results of Our Efforts Up to Now

My name is Yasuo Nishikawa, and I have been serving as Executive Officer & CFO since February 2024. Looking back at FY2023, business conditions continued to show a sustained recovery as Japanese economic activity followed a full-fledged normalization after COVID-19 was reclassified as a Class 5 infectious disease under the Infectious Diseases Control Law in May 2023. Meanwhile, wage increases resulting from the annual spring time wage negotiations cycle were at their highest level in 30 years and inbound spending by foreign visitors was also on the rise. On the other hand, in foreign exchange markets the yen fell to a historic low while geopolitical risk heightened as the Russian invasion of Ukraine continues and tensions in the Middle East have become even more strained. This has made the economic environment ever more difficult to predict. Amid this background, the Nikkei stock market surpassed ¥40,000 at the end of the fiscal year, accenting the positive mood that lasted throughout the year. I believe this has something to do with the launch of the new NISA program in January 2024, aided as well by SBI SECURITIES' bold step of eliminating all commissions on online trading of domestic stocks starting September 2023, in what has been named "ZERO Revolution." Also, in March, the Bank of Japan decided to lift its

negative interest rate policy, and I have the impression that we are approaching a great transition in the financial environment.

Under these circumstances, the Company's consolidated financial results for FY2023 (the year ended March 31, 2024) featured revenues that surpassed the one-trillion-yen mark for the first time at ¥1,210.5 billion (+26.5% year-over-year). On the profit side, profit before income tax expense increased 38.6% to ¥141.6 billion and profit attributable to owners of the Company increased 146.1% to ¥87.2 billion as the Group was able to capitalize on its high growth potential.

Taken together, the five business segments achieved record high revenues, and in particular, the Financial Services Business drove growth supported by a favorable financial market. At SBI SECURITIES, "ZERO Revolution" mentioned earlier was launched on order received after September 30, 2023. We estimate that this resulted in lost revenues of ¥15.8 billion in FY2023. However, through initiatives undertaken to diversify revenue sources, SBI SECURITIES was not only able to make up for the lost revenues, but also to show an increase in both revenue and profits in FY2023 to the extent that it achieved record-high earnings. Looking ahead, we will seek early realization of the revenue opportunities created by synergistic effects, namely, to make full use of the financial ecosystem cultivated by the Group, through cross-selling and up-selling to the customer base acquired as a result of "ZERO

Revolution,” which has had a ripple effect on the Group.

Another key point is the turnaround of the Crypto-asset Business, from a large reported loss in the previous fiscal year, to a profit in the fiscal year under review. Considering the bankruptcy of certain counterparties in the previous fiscal year, we have undertaken a review of our risk management system and implemented a more thorough set of risk controls. We also feel that the state of the booming crypto asset market since the second half of FY2023 has been the backdrop of the return to profitability. I believe we can achieve stable profits in the years to come if these conditions continue.

A Financial Strategy that Balances Stable Growth with Forward-looking Investments

When thinking about SBI Holdings’ financial strategy, amid today’s rising interest rates, it is important to always administer measures in advance. The situation today is that interest rates will rise on corporate bonds and other debt instruments, hence, given the active pursuit for investment activities envisioned by the Company, it is vital to carry out asset recombination and funds procurement from the early stages of the new economic environment.

To elaborate on the point about asset recombination, we invest in growing fields so that the Company can consistently create innovative businesses, and in order to conduct business in a sustainable manner, it is incumbent on us to secure stable sources of revenue. For this reason, we employ a policy in which, outside our priority fields, we plan to keep assets within

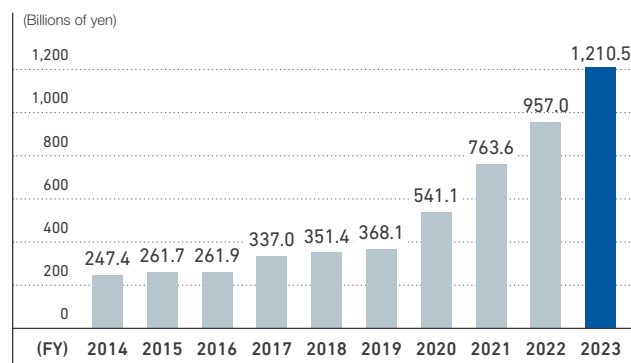
the Group, which are expected to provide stable returns, while for other assets, we look at such factors as their degree of contribution to financial results and their market value, and then make decisions on recombining such assets dynamically and flexibly. To be specific, in the past, as one of the ways of asset recombination, we have sought to unlock latent corporate value through the listing of Group subsidiaries while also recovering some of our investment through this process.

Traditionally, we have proactively sought inorganic growth through M&A and other strategies, particularly in the Banking Business and Asset Management Business. To this end, while continuing to pursue a policy of this sort, we will need to secure a variety of financing methods and maintain a financial position that will allow us to make flexible investments. At present, we continue to build relationships of trust with transacting banks and corporate bond investors and, have put in place a stable environment for procurement, in my opinion. Also, through March 2024, we had approximately ¥70 billion worth of conversions of yen-dominated convertible bonds that were issued in 2020 and scheduled to mature in 2025, in what was in effect a capital increase. The net effect was to strengthen our financial position. We will continue to assess the ever-changing economic environment and carry out financial strategies that are always ahead of the curve.

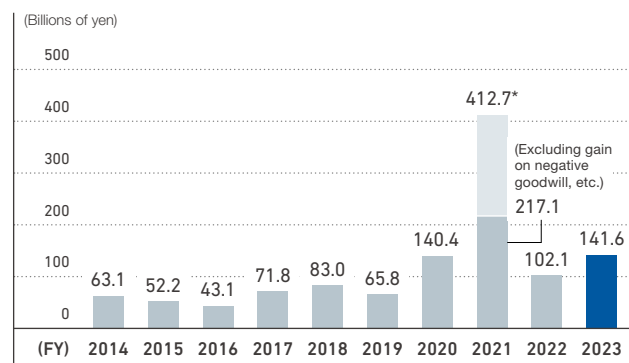
A Focus on Realizing Corporate Value Through Dialogue

A critical issue for the management of the SBI Holdings is to

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

be reasonably valued by the market. Our results for the fiscal year under review show that the price-to-book ratio (P/B ratio) of the Company, which had been 0.70x on March 31, 2023, is now 0.91x as of March 31, 2024. Our analysis indicates that this is the result of the market's evaluation of such factors as the success by SBI SECURITES in securing alternative revenues following "ZERO Revolution" and the steady progress by SBI Shinsei Bank in improving profitability. Elsewhere, I believe that our efforts to disclose information in a way that investors find easy to understand, including the changes in our business segments starting in FY2022, have been a success.

In order to raise the P/B ratio of the Company to over 1.0x, I believe that the banking business, which continues to account for a larger portion of the Group's business, is taking on greater importance. The P/B ratio in Japan's banking businesses are now well below where they were over a decade ago, which is thought to have more than a little effect on the Company's valuation. On the other hand, rising interest rates are a tailwind for the banking business, leading to an upward-trending market valuation of these businesses. We are therefore hopeful about improvements in the Company's market valuation. On the earnings front, as a result of the recent end of negative interest rate policy, we are projecting a positive effect of approximately ¥2 billion per year at SBI Shinsei Bank and look forward to further improvement in profitability. In addition to increasing profitability of the whole Group, we intend to use active dialogue with investors to promote understanding of our Company, which I believe will raise our corporate value even more.

As a step to managing business with awareness of capital

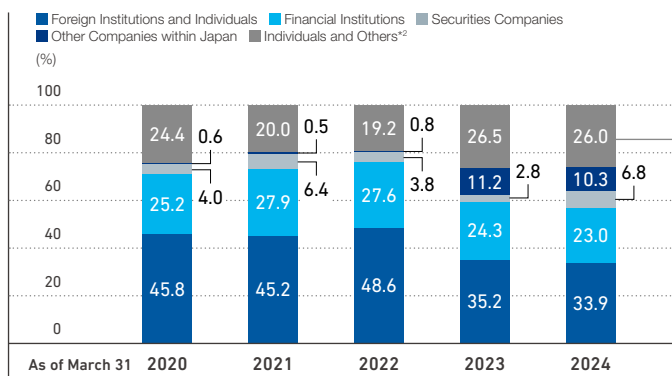
efficiency, SBI Holdings regularly requests estimates of the cost of capital at several securities companies. For FY2023, we determined cost of capital to be around 8% to 9%, about the same as for FY2022. In contrast, the Company's ROE increased by 4.0 points to 7.7% despite the effect from the increase in capital due to the conversion of convertible bonds as mentioned earlier. The Company will make efforts to improve profitability with attention to achieving ROE at 10% or greater, a figure above the cost of capital.

In the case of the SBI Group, because it is widely expanding multiple businesses beyond the financial sector, the time frames will vary by business, both for the investment execution and investment recovery. Moreover, the Group's positioning of active, up-front investment as a basic policy means that it recognizes financial health as a vital matter. Therefore, in order to persist as a company that grows sustainably; while also ensuring financial health, we must endeavor to increase capital efficiency even more.

One topic of high interest among today's investors is our entry into the semiconductor-related business. For this business, we are looking forward not only for a boost to revenue from the business, but also for a wide range of synergies for the entire Group created by collaborations with various companies in the semiconductor field. For funding, we recognize the high level of attention from investors in the total amount of investment and means of financing. It is my hope that the SBI Group can finalize the business plans as quickly as possible and explain the investment and funding plans from a financial perspective. Also, investment in the semiconductor-related business will not be made all at once, but will require financing

Shareholder Composition as of March 31, 2024

Trends of Shareholder Composition*1



*1 Rounded to the second decimal place
 *2 Includes shares of the SBI Holdings Employee Stockholding Association and treasury stock
 *3 Including treasury stock

- The total number of shareholders is **243,393**, of which the number of shareholders who hold one unit or more is **172,761**^{*3}
- Shareholding ratio of domestic and foreign institutional investors is **56.9%**

Attained 1st place in the J.D. Power "2024 Individual Shareholder Satisfaction StudySM" (Securities Segment)
 A survey measuring individual shareholder satisfaction with each company based on seven factors: profitability and shareholder returns; lines of business and products/services; financial stability; ensuring shareholder rights and impartiality; ensuring proper disclosures and transparency; duties of the Board; appropriate cooperation with all stakeholders other than shareholders

to come in stages. We therefore plan to ensure a variety of financing methods, as discussed earlier, and to optimize procurement of funds by bringing these methods together.

Building Good Relationships with Shareholders and Investors over the Long Term

In FY2023, in order to engage in proactive communications with shareholders and investors, SBI Holdings held briefings and individual meetings with institutional investors and analysts, as well as briefings with individual shareholders, with the President & CEO and the executive director in charge of investor relations (IR). Up to now, the composition of the Company's shareholders has been trending towards a comparatively high percentage of foreign shareholders. In fact, at the end of FY2023 the ratios of individual shareholders, foreign shareholders, and domestic corporate shareholders were roughly equal, which is a healthy balance. While we continue to devote our attention to fostering a healthy, long-term relationship with all shareholders, I would like to make additional efforts to attract new shareholders.

Regarding the shareholder returns of SBI Holdings, in FY2022 we put forth a revised basic policy that sets the total payout ratio, supplementing total dividends with amount of treasury stock acquired, to 30% of profit before income tax expense, after excluding special factors such as the gain on sales of subsidiaries' stocks in the Financial Services Business. By setting the total returns to shareholders of the Financial Services Business, which has relatively stable profits within the

Group, as the standard, we have sought to build a clear understanding by shareholders and investors. The return rate based on the Company's shareholder return policy was 29.0% in FY2023.

SBI Group, Attains Rapid Growth by Going Beyond Finance with Finance at Its Core

SBI Group puts forth "Financial Innovator" as one of its corporate missions, serving as an emblem for "ZERO Revolution" and other initiatives that constantly bring about a reformation of the way things should be in traditional finance. While running a traditional finance business comprising securities, banking, and insurance, we are also expanding the stages on which we play an active role by venturing into the field of digital assets such as Crypto-asset Business, as well as fields beyond finance, including Web3, and semiconductor-related businesses. Initiatives of this sort have resulted in the Group growing into a corporate group with market value over ¥1 trillion in the mere 25 years since its founding. I believe the fact that a corporate group engaged in the financial industry is achieving such significant growth is one of our key attractions and our essential purpose in society. To our esteemed stakeholders, it is our hope that you can look forward to our Group, as specialists in finance, establish a stable financial footing and improve capital efficiency together with the cost of capital, while also attaining growth that could not be achieved in a conventional financial company.

IR Activities (FY2023)

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	4	Held meetings with overseas institutional investors during IR conferences hosted by securities companies
Briefings with individual shareholders	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	142 times (of which 65 times overseas related)	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