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 guarter.

	(Billions of yen)					
	1Q FY2023	2Q FY2023				
Fair value	10.0	12.0	Up ¥ 2.0 billion			

(1) If the investment is from a wholly owned subsidiary of SBI Holdings (2) If the investment is from a consolidated fund (ownership ratio in the fund: 20%)

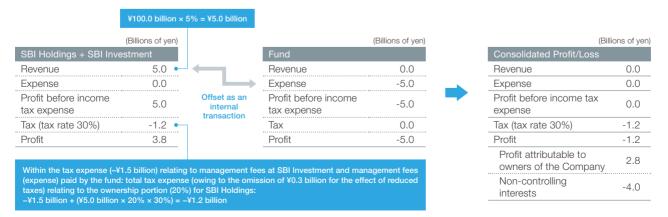
	(Billions of yen)		(Billions of yen)	
	2Q FY2023		2Q FY2023	
Revenue	2.0	Revenue	2.0	Tax expense relating to the ownership portion in the fund
Profit before income tax	2.0	Profit before income tax	2.0	-2.0 billion × 20% × 30% = $-$ ¥0.12 billion
expense		expense	2.0	
Tax (30%)	-0.6	Tax (30%)	-0.12 💶	(¥2.0 billion × 20% (ownership ratio in the fund)) –
Profit for the period	1.4	Profit for the period	1.88	$(+2.0 \text{ billion} \times 20\% \text{ (ownership ratio in the ratio))} = \pm 0.12 \text{ billion (taxes)} = \pm 0.28 \text{ billion}$
Profit attributable to	1.4	Profit attributable to	0.28	
owners of the Company		owners of the Company		
Non-controlling interests		Non-controlling interests	1.6 •	¥2.0 billion × 80% (non-controlling interests) = ¥1.6 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.



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.