

SBI HOLDINGS, INC.

Consolidated Financial Statements
2024.4.1-2025.3.31

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at March 31, 2024 Millions of Yen	As at March 31, 2025 Millions of Yen
Assets			
Cash and cash equivalents	6,8,20,26	4,580,335	5,500,548
Trade and other accounts receivable	6,7,8,9, 14,20	11,606,228	13,654,337
Inventories	10,20	240,398	225,550
Assets related to securities business	6,7,8,11	6,165,370	6,588,887
Other financial assets	6,7,8,14	567,190	748,788
Operational investment securities	6,7,8,12,14	673,625	755,614
Other investment securities (includes ¥388,333 million and ¥489,009 million pledged as collateral)	6,7,8,12,14, 20	2,088,542	3,279,729
Reinsurance contracts assets		24,270	25,939
Investments accounted for using the equity method	13	222,010	345,353
Investment properties	15,20	79,665	34,736
Property and equipment	16,20	133,777	144,938
Intangible assets	17	415,699	429,866
Assets held for sale	18,20	184,001	185,234
Other assets	20	138,766	177,735
Deferred tax assets	19	19,515	16,176
Total assets		27,139,391	32,113,430
Liabilities			
Bonds and loans payable	6,7,8,20	4,477,079	5,721,388
Trade and other accounts payable	6,7,8,21	656,571	749,758
Liabilities related to securities business	6,7,8,22	5,527,306	5,737,795
Customer deposits for banking business	6,7,8,20	13,002,239	16,033,881
Insurance contract liabilities	23	155,046	154,003
Income tax payable		19,036	32,578
Other financial liabilities	6,7,20	871,305	1,336,303
Provisions	25	36,853	33,771
Liabilities directly associated with assets held for sale	18,20	138,506	135,770
Other liabilities	20	286,443	311,163
Deferred tax liabilities	19	61,661	103,227
Total liabilities		25,232,045	30,349,637
Equity			
Capital stock	27	180,400	181,925
Capital surplus	27	280,185	222,423
Treasury stock	27	(87)	(96)
Other components of equity	27	125,726	62,600
Retained earnings	27	675,985	794,556
Equity attributable to owners of the Company		1,262,209	1,261,408
Non-controlling interests		645,137	502,385
Total equity		1,907,346	1,763,793
Total liabilities and equity		27,139,391	32,113,430

CONSOLIDATED STATEMENT OF INCOME

	Notes	Fiscal year ended March 31, 2024 Millions of Yen	Fiscal year ended March 31, 2025 Millions of Yen
Revenue (includes ¥500,112 million and ¥527,523 million of interest income, and ¥87,665 million and ¥96,584 million of insurance revenue)	5,23,30	1,210,504	1,443,733
Expense			
Financial cost associated with financial income	31	(167,940)	(195,510)
Provision for credit losses		(112,765)	(99,901)
Insurance service expenses	23	(79,173)	(89,570)
Operating cost	31	(265,861)	(280,604)
Selling, general and administrative expenses	31	(405,759)	(441,660)
Other financial cost	31	(41,713)	(43,934)
Other expenses	31	(13,060)	(40,361)
Total expense		(1,086,271)	(1,191,540)
Gain on bargain purchase		2,823	623
Share of the profit of associates and joint ventures accounted for using the equity method	5,13	14,513	29,474
Profit before income tax expense	5	141,569	282,290
Income tax expense	32	(27,953)	(93,132)
Profit for the year		113,616	189,158
Profit for the year attributable to			
Owners of the Company		87,243	162,120
Non-controlling interests		26,373	27,038
Profit for the year		113,616	189,158
Earnings per share attributable to owners of the Company			
Basic (Yen)	34	316.43	536.09
Diluted (Yen)	34	285.60	512.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Fiscal year ended March 31, 2024 Millions of Yen	Fiscal year ended March 31, 2025 Millions of Yen
Profit for the year		113,616	189,158
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Equity instruments measured at FVTOCI	33	5,615	(2,525)
Changes in own credit risk on financial liabilities	33	(8)	467
Remeasurement of defined benefit plans	33	(1,054)	3,932
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	33	0	198
		4,553	2,072
Items that may be reclassified subsequently to profit or loss			
Debt instruments measured at FVTOCI	33	(1,500)	(11,144)
Currency translation differences	33	71,051	(66,916)
Fluctuations in discount rates of insurance contracts	33	1,490	2,507
Cash flow hedges	33	(3,700)	281
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	33	4,847	(1,027)
		72,188	(76,299)
Other comprehensive income, net of tax		76,741	(74,227)
Total comprehensive income		190,357	114,931
Total comprehensive income attributable to			
Owners of the Company		152,506	103,768
Non-controlling interests		37,851	11,163
Total comprehensive income		190,357	114,931

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Company								
	Notes	Capital	Capital	Treasury	Other	Retained	Non- controlling interests	Total equity
		stock	surplus	stock	components	earnings		
		Millions of Yen	Millions of Yen	Millions of Yen	of equity of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As at April 1, 2023		139,272	186,774	(76)	61,047	629,095	1,016,112	735,870
Profit for the year		-	-	-	-	87,243	87,243	26,373
Other comprehensive income		-	-	-	65,263	-	65,263	11,478
Total comprehensive income		-	-	-	65,263	87,243	152,506	37,851
Issuance of new shares	27	6,110	3,787	-	-	-	9,897	-
Conversion of convertible bonds		35,018	34,003	-	-	-	69,021	-
Change in scope of consolidation		-	-	-	-	-	-	(21,673)
Dividends paid	28	-	-	-	-	(40,937)	(40,937)	(14,098)
Treasury stock purchased	27	-	-	(12)	-	-	(12)	-
Treasury stock sold	27	-	0	1	-	-	1	-
Share-based payment transactions		-	170	-	-	-	170	(31)
Changes of interests in subsidiaries without losing control		-	55,451	-	-	-	55,451	(92,782)
Transfer from other components of equity to retained earnings	27	-	-	-	(584)	584	-	-
As at March 31, 2024		180,400	280,185	(87)	125,726	675,985	1,262,209	645,137

		Attributable to owners of the Company							
	Notes	Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings	Total	Non- controlling interests	Total equity
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As at April 1, 2024		180,400	280,185	(87)	125,726	675,985	1,262,209	645,137	1,907,346
Profit for the year		-	-	-	-	162,120	162,120	27,038	189,158
Other comprehensive income		-	-	-	(58,352)	-	(58,352)	(15,875)	(74,227)
Total comprehensive income		-	-	-	(58,352)	162,120	103,768	11,163	114,931
Issuance of new shares	27	1,525	940	-	-	-	2,465	-	2,465
Issuance of convertible bonds		-	7,867	-	-	-	7,867	-	7,867
Change in scope of consolidation		-	-	-	-	-	-	(49,708)	(49,708)
Dividends paid	28,36	-	-	-	-	(48,323)	(48,323)	(155,444)	(203,767)
Treasury stock purchased	27	-	-	(10)	-	-	(10)	-	(10)
Treasury stock sold	27	-	1	1	-	-	2	-	2
Share-based payment transactions		-	178	-	-	-	178	(3)	175
Changes of interests in subsidiaries without losing control		-	(66,748)	-	-	-	(66,748)	51,240	(15,508)
Transfer from other components of equity to retained earnings	27	-	-	-	(4,774)	4,774	-	-	-
As at March 31, 2025		181,925	222,423	(96)	62,600	794,556	1,261,408	502,385	1,763,793

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
		Millions of Yen	Millions of Yen
Cash flows from operating activities			
Profit before income tax expense		141,569	282,290
Depreciation and amortization		55,432	60,794
Gain on bargain purchase		(2,823)	(623)
Share of profits of associates and joint ventures accounted for using the equity method		(14,513)	(29,474)
Interest and dividend income		(531,906)	(560,559)
Interest expense		206,078	241,302
Increase in operational investment securities		(76,851)	(158,617)
Increase in trade and other accounts receivables		(936,261)	(2,119,633)
Increase (decrease) in trade and other accounts payable		141,447	(5,009)
Increase in assets/liabilities related to securities business		(8,520)	(213,595)
Increase in customer deposits for banking business		1,397,222	2,928,372
Increase in bonds and loans payable in banking business		678,701	556,359
Increase in payables under securities lending transactions		163,695	92,874
Others		(166,379)	146,986
Subtotal		1,046,891	1,221,467
Interest and dividend income received		517,379	547,249
Interest paid		(190,435)	(224,007)
Income taxes paid		(28,095)	(35,964)
Net cash generated from operating activities		1,345,740	1,508,745
Cash flows from investing activities			
Purchase of investment property		(21,368)	(1,477)
Purchase of intangible assets		(43,480)	(51,757)
Purchase of investment securities		(1,834,145)	(2,589,620)
Proceeds from sales or redemption of investment securities		1,843,947	1,413,476
Acquisition of subsidiaries, net of cash and cash equivalents acquired	35	(7,030)	109,452
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	35	2,499	2,327
Payments of loans receivable		(176,344)	(81,828)
Collection of loans receivable		158,211	141,656
Others		12,594	(2,684)
Net cash used in investing activities		(65,116)	(1,060,455)

	Notes	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
		Millions of Yen	Millions of Yen
Cash flows from financing activities			
Increase (decrease) in short term loans payable	35	(146,991)	310,178
Proceeds from long-term loans payable	35	113,489	211,805
Repayment of long-term loans payable	35	(157,131)	(176,157)
Proceeds from issuance of bonds payable	35	2,098,864	3,682,052
Redemption of bonds payable	35	(1,747,111)	(3,311,115)
Proceeds from issuance of shares		9,897	2,465
Proceeds from stock issuance to non-controlling interests		9,608	568
Contributions from non-controlling interests in consolidated investment funds		25,802	28,497
Cash dividends paid		(40,929)	(48,317)
Cash dividends paid to non-controlling interests		(4,461)	(104,910)
Distributions to non-controlling interests in consolidated investment funds		(9,729)	(50,946)
Purchase of treasury stock		(12)	(10)
Proceeds from sale of interests in subsidiaries to non-controlling interests		17,773	63
Payments for purchase of interests in subsidiaries from non-controlling interests		(122,074)	(81,542)
Others		(17,823)	(16,739)
Net cash generated from financing activities		<u>29,172</u>	<u>445,892</u>
Net increase in cash and cash equivalents		1,309,796	894,182
Cash and cash equivalents at the beginning of the year		3,200,916	4,580,335
Effect of changes in exchange rate on cash and cash equivalents		69,623	26,031
Cash and cash equivalents at the end of the year		<u><u>4,580,335</u></u>	<u><u>5,500,548</u></u>

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 "Next Gen 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 IFRS Accounting Standards ("IFRSs") as issued by the International Accounting Standards Board.

Since the Group meets the criteria of "Specified Company under 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 312 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 Director, Yasuo Nishikawa on July 2, 2025.

(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 "6. Financial Instruments" and "7. Fair Value Measurement".

(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. Material Accounting Policies (3) Financial instruments," "6. Financial Instruments" and "7. Fair Value Measurement"
- Impairment on financial assets – "3. Material Accounting Policies (3) Financial instruments" and "8. Financial Risk Management (4) Credit risk management"
- Impairment on intangible assets – "3. Material Accounting Policies (7) Intangible assets" and "17. Intangible Assets (3) Carrying amount of goodwill"
- Measurements of insurance contracts – "3. Material Accounting Policies (10) Insurance contracts" and "23. Insurance Contracts"
- Recoverability of deferred tax assets – "3. Material Accounting Policies (15) Income tax expense" and "19. Deferred Taxation"
- Scope of subsidiaries – "3. Material Accounting Policies (1) Basis of consolidation" and "36. Subsidiaries"

(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. Material Accounting Policies

The material 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) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to sell. Cost is determined primarily based on the specific identification cost method and includes the purchase cost and all costs incurred to bring inventories to their current storage location and condition.

Cryptocurrency assets held in inventory are measured at fair value based primarily on trading prices on major cryptocurrency asset exchanges, with changes in fair value recognized in profit or loss.

(5) 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.

(6) 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.

(7) 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 3 - 23 years

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

(8) 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.

(9) 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.

(10) Insurance contracts

The Group classifies contracts in which it accepts significant insurance risk as insurance contracts, and contracts that transfer significant insurance risk related to underlying insurance contracts as reinsurance contracts.

(a) Level of aggregation

For the purpose of measurement, insurance contracts are aggregated into groups. The Group determines a group of insurance contracts by identifying portfolios of insurance contracts. Each portfolio of insurance contracts comprises contracts subject to similar risks and managed together, and each portfolio is divided into annual cohorts. The annual cohorts include contracts issued within twelve months, and they are divided into three groups based on contract profitability levels:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- a group of the remaining contracts in the portfolio.

(b) Initial recognition

The Group recognizes a group of insurance contracts it issued from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

(c) Measurement

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with insurance contract services.

(i) Insurance contracts — Contracts to which the premium allocation approach (“PAA”) is not applied (Initial measurement)

On initial recognition, the Group measures a group of insurance contracts at the total of:

(a) Fulfilment cash flows

The fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, and a risk adjustment for non-financial risk (the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk).

(b) CSM

The CSM of a group of insurance contracts represents the unearned profit the Group will recognize as it provides services under the contracts.

The Group recognizes an onerous insurance contract on initial recognition if any cash flows arising from the contract at the date of initial recognition in total are a net outflow. In recognizing onerous contracts, the Group recognizes a loss in profit or loss for the net outflow described above and identifies the same amount as a loss component of the liability for remaining coverage.

(Subsequent measurement)

The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows related to services to be provided under the contracts in future periods, and (b) the remaining CSM at the reporting date. The liability for incurred claims includes the fulfillment cash flows relating to unpaid incurred claims and expenses, including claims that have been incurred but not yet reported.

The loss component is measured by allocating the subsequent changes in fulfillment cash flows on a systematic basis.

(ii) Insurance contracts — Contracts to which the PAA is applied

For insurance contracts with a coverage period of no more than one year at initial recognition, and certain insurance contracts that would not differ materially in the measurement of liability for remaining coverage from the one that would be produced when measured without applying the PAA, the Group applies the PAA for measuring a group of insurance contracts.

(Initial measurement)

The carrying amount of the liability for remaining coverage at initial recognition of each group of insurance contracts is measured at the premiums received at initial recognition less any insurance acquisition cash flows (cash flows arising from the activities of selling, underwriting and starting the group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs) allocated to the group of insurance contracts at that date.

(Subsequent measurement)

The carrying amount of the liability for remaining coverage increases through the amortization of insurance acquisition cash flows recognized as premiums received and expenses. It decreases through the recognition of insurance revenue related to services provided and the allocation of additional insurance acquisition cash flows after initial recognition.

If, at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that current estimates of the fulfilment cash flows related to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Group recognizes the liability for incurred claims for the group of insurance contracts at the fulfilment cash flows relating to incurred claims.

(d) Income and expenses

(i) Insurance revenue

Excluding any investment component, which represents the amount required to be repaid to the policyholder in all circumstances, regardless of whether an insured event occurs, insurance revenue is measured as follows:

(Contracts to which the PAA is not applied)

The Group recognizes insurance revenue as it provides services based on a group of insurance contracts. Insurance revenue represents the total of the changes in the liability for remaining coverage that relates to services for which the Group expects to receive consideration.

(Contracts to which the PAA is applied)

Insurance revenue is the amount of expected premium receipts. In principle, the Group allocates and recognizes the portion of the premiums in each reporting period on the basis of the passage of time.

(ii) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognized in profit or loss when incurred. Excluding repayments of investment components, these expenses comprise:

- Incurred claims and other insurance service expenses;
- Amortization of insurance acquisition cash flows;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to liabilities for incurred claims.

(iii) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money, financial risk and changes in the time value of money and financial risk. The Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income except for certain insurance contracts. The effect of changes in financial variables, such as discount rates, is presented as fluctuations in discount rates of insurance contracts in the consolidated statement of comprehensive income.

(11) 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.

(12) 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.

(13) Capital stock

1. 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.

2. 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.

(14) 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 financial advisory fees and agency fees related to investment trusts in the securities business. In the financial advisory business, the Group has a performance obligation to provide advisory services primarily in the area of financing. Since this performance obligation is satisfied upon the achievement of financing, the Group recognizes revenue on the date of completion of the financing and generally receives the fee within a few months from the date of revenue recognition. In the agency business related to investment trusts, the Group has a performance obligation to provide agency services to beneficiaries. This performance obligation is satisfied over the life of the investment trusts and fees are generally received within one year from the date of revenue recognition.

(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.

(15) 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 carry forward 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 carry forward 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.

(16) 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.

(17) 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.

(18) 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.

(19) 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 impact of the application of IFRS 18 "Presentation and Disclosure in Financial Statements" 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 18	Presentation and Disclosure in Financial Statements	January 1, 2027	March 2028	Improvement of the structure of the income statement and clarification of the roles of the basic financial statements and notes, etc.

4. Business Combinations

For the year ended March 31, 2024

Acquisition date fair value of the consideration paid, which consisted of cash (cash and cash equivalents) and cash loan (trade and other accounts receivable), for business combinations amounted to ¥27,806 million and ¥182,746 million, respectively.

Fair value of assets acquired, liabilities assumed, and non-controlling interests were ¥248,837 million, ¥43,099 million and ¥132 million, respectively. A breakdown of such assets and liabilities is provided in "35. 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, 2024 were ¥8,905 million and ¥807 million, respectively, since the acquisition date.

For the year ended March 31, 2025

Acquisition date fair value of the consideration paid is the difference between the sum of cash (cash and cash equivalents) and cash loan (trade and other accounts receivable) of ¥16,215 million and ¥415 million, respectively, and unearned revenue (other liabilities) of ¥4,476 million.

Fair value of assets acquired, liabilities assumed, and non-controlling interests were ¥289,698 million, ¥267,832 million and ¥3,567 million, respectively. A breakdown of such assets and liabilities is provided in "35. Cash Flow Information (1) Expenditures on acquisition of subsidiaries". For certain business combinations, the initial accounting for the identifiable assets acquired, liabilities assumed and non-controlling interests 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 receivable and customer deposits for banking business.

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, 2025 were ¥5,313 million and ¥808 million, respectively, since the acquisition date.

5. Segment Information

The Group has five reportable segments: "Financial Services Business", "Asset Management Business", "Investment Business", "Crypto-asset Business" which is expected to remain a growth area and "Next Gen 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.

“Next Gen Business”

The Next Gen 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 Next Gen 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.

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.

SBI Leasing Services Co., Ltd., which was included in the Investment Business until the previous reporting period, is now included in the Financial Services Business beginning with the year ended March 31, 2025. Consequently, segment information for the year ended March 31, 2024, is restated in accordance with the new basis of segmentation.

For the year ended March 31, 2024

	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination or Corporate	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue								
Revenue from external customers	1,088,775	29,109	25,184	57,055	24,020	1,224,143	(13,639)	1,210,504
Inter-segment revenue	5,323	340	344	87	2,617	8,711	(8,711)	—
Total	<u>1,094,098</u>	<u>29,449</u>	<u>25,528</u>	<u>57,142</u>	<u>26,637</u>	<u>1,232,854</u>	<u>(22,350)</u>	<u>1,210,504</u>
Segment operating income (loss)								
Profit before income tax expense	<u>172,918</u>	<u>4,843</u>	<u>(17,729)</u>	<u>8,428</u>	<u>(4,952)</u>	<u>163,508</u>	<u>(21,939)</u>	<u>141,569</u>
Other Items								
Interest income	498,712	22	1,230	—	130	500,094	18	500,112
Interest expense	(196,248)	(61)	(2,379)	(632)	(669)	(199,989)	(9,664)	(209,653)
Depreciation and amortization	(47,776)	(1,491)	(600)	(749)	(1,651)	(52,267)	(1,471)	(53,738)
Gain or loss from investments applying the equity-method	14,743	—	273	—	(503)	14,513	—	14,513

For the year ended March 31, 2025

	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination or Corporate	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue								
Revenue from external customers	1,190,164	33,338	111,313	80,652	27,234	1,442,701	1,032	1,443,733
Inter-segment revenue	12,042	473	1,395	145	3,428	17,483	(17,483)	—
Total	<u>1,202,206</u>	<u>33,811</u>	<u>112,708</u>	<u>80,797</u>	<u>30,662</u>	<u>1,460,184</u>	<u>(16,451)</u>	<u>1,443,733</u>
Segment operating income (loss)								
Profit before income tax expense	<u>225,369</u>	<u>5,447</u>	<u>67,188</u>	<u>21,220</u>	<u>(9,944)</u>	<u>309,280</u>	<u>(26,990)</u>	<u>282,290</u>
Other Items								
Interest income	526,010	130	2,177	19	142	528,478	(955)	527,523
Interest expense	(223,238)	(60)	(2,873)	(761)	(1,045)	(227,977)	(11,467)	(239,444)
Depreciation and amortization	(50,959)	(1,499)	(1,544)	(1,007)	(3,060)	(58,069)	(1,591)	(59,660)
Gain or loss from investments applying the equity-method	29,398	(6)	693	—	(611)	29,474	—	29,474

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

Non-current assets

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Japan	466,587	453,694
Korea	126,385	113,347
Others	36,169	42,499
Consolidated total	629,141	609,540

Note: Non-current assets excluding financial assets, deferred tax assets, post-employment benefit assets, and rights arising from insurance contracts are allocated based on the location of the assets.

Revenue from external customers

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Japan	959,147	1,171,553
Overseas	251,357	272,180
Consolidated total	1,210,504	1,443,733

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, 2024

	Carrying Amount				Total	Fair value
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets measured at amortized cost		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	740,658	—	—	10,865,570	11,606,228	11,698,614
Assets related to securities business	430,912	—	—	5,734,458	6,165,370	6,165,370
Other financial assets	293,609	—	—	273,581	567,190	567,195
Operational investment securities	673,625	—	—	—	673,625	673,625
Other investment securities	875,239	33,103	603,959	576,241	2,088,542	2,012,716
Total	3,014,043	33,103	603,959	17,449,850	21,100,955	21,117,520

As at March 31, 2025

	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	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	780,847	—	—	12,873,490	13,654,337	13,762,304
Assets related to securities business	581,335	—	—	6,007,552	6,588,887	6,587,564
Other financial assets	368,213	—	—	380,575	748,788	749,232
Operational investment securities	755,614	—	—	—	755,614	755,614
Other investment securities	1,110,707	73,511	741,349	1,354,162	3,279,729	3,272,493
Total	<u>3,596,716</u>	<u>73,511</u>	<u>741,349</u>	<u>20,615,779</u>	<u>25,027,355</u>	<u>25,127,207</u>

Classification and fair value of financial liabilities were as follows:

As at March 31, 2024

	Carrying Amount				Fair value
	Financial liabilities measured at FVTPL	Financial liabilities designated at FVTPL	Financial liabilities measured at amortized cost	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	—	53,507	4,423,572	4,477,079	4,472,402
Trade and other accounts payable	2,342	—	654,229	656,571	656,571
Liabilities related to securities business	225,015	—	5,302,291	5,527,306	5,527,306
Customer deposits for banking business	—	479,859	12,522,380	13,002,239	12,996,423
Other financial liabilities	411,919	—	459,386	871,305	871,305
Total	<u>639,276</u>	<u>533,366</u>	<u>23,361,858</u>	<u>24,534,500</u>	<u>24,524,007</u>

As at March 31, 2025

	Carrying Amount				Fair value
	Financial liabilities measured at FVTPL	Financial liabilities designated at FVTPL	Financial liabilities measured at amortized cost	Total	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	—	51,696	5,669,692	5,721,388	5,701,194
Trade and other accounts payable	—	—	749,758	749,758	749,756
Liabilities related to securities business	233,209	—	5,504,586	5,737,795	5,737,795
Customer deposits for banking business	—	479,070	15,554,811	16,033,881	16,016,745
Other financial liabilities	434,560	—	901,743	1,336,303	1,336,303
Total	<u>667,769</u>	<u>530,766</u>	<u>28,380,590</u>	<u>29,579,125</u>	<u>29,541,793</u>

(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:

As at March 31, 2024

	Financial assets					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Assets related to securities business						
(Securities borrowing agreements and other similar transactions)	3,308,937	(1,212,493)	2,096,444	(1,861,383)	(232,128)	2,933
Assets related to securities business						
(Receivables related to securities transactions)	1,168,634	(512,924)	655,710	(37,347)	-	618,363
Assets related to securities business						
(Financial assets related to foreign exchange transactions)	82,950	-	82,950	(4,846)	(23,150)	54,954
Other financial assets						
(Derivative transactions)	261,861	-	261,861	(110,488)	(27,880)	123,493

Financial liabilities

	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Liabilities related to securities business (Securities loan agreements and other similar transactions)	3,866,244	(1,212,493)	2,653,751	(1,663,800)	-	989,951
Liabilities related to securities business (Payables related to securities transactions)	2,937,630	(512,924)	2,424,706	(37,347)	-	2,387,359
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	440,272	-	440,272	(27,996)	-	412,276
Other financial liabilities (Derivative transactions)	368,331	-	368,331	(110,488)	(151,107)	106,736

As at March 31, 2025

Financial assets						
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	Millions of Yen	Millions of Yen	Millions of Yen	Financial instruments	Cash collateral received	Millions of Yen
Assets related to securities business (Securities borrowing agreements and other similar transactions)	3,543,809	(1,199,943)	2,343,866	(2,276,008)	(67,858)	-
Assets related to securities business (Receivables related to securities transactions)	1,306,312	(470,890)	835,422	(27,976)	-	807,446
Assets related to securities business (Financial assets related to foreign exchange transactions)	80,997	-	80,997	(3,938)	(19,486)	57,573
Other financial assets (Derivative transactions)	335,824	-	335,824	(82,416)	(46,280)	207,128

Financial liabilities						
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	Millions of Yen	Millions of Yen	Millions of Yen	Financial instruments	Cash collateral pledged	Millions of Yen
Liabilities related to securities business						
(Securities loan agreements and other similar transactions)	4,089,533	(1,199,943)	2,889,590	(1,962,597)	-	926,993
Liabilities related to securities business						
(Payables related to securities transactions)	2,856,715	(470,890)	2,385,825	(27,976)	-	2,357,849
Liabilities related to securities business						
(Financial liabilities related to foreign exchange transactions)	447,662	-	447,662	(23,424)	-	424,238
Other financial liabilities (Derivative transactions)	391,017	-	391,017	(82,416)	(144,753)	163,848

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) Hedge accounting

(a) Risk management strategies

(i) Interest rate risk

The Group is exposed to the risk of changes in the fair value of fixed-rate loans and bonds due to fluctuations in market interest rates. To hedge this risk, the Group enters into interest rate swaps to hedge the fair value fluctuation risk arising from expected future interest rate fluctuations for large transactions that are deemed to have a significant amount of interest rate risk in accordance with the Group's interest rate risk management policy. Regarding hedging relationship, all critical terms (i.e., the period of exposure to fair value risk arising from changes in the benchmark interest rate, the interest rate revision interval, and the interest rate revision date) are assumed to be the same, and the Group confirms that an economic relationship exists between the hedged item and the hedging instrument that fully or nearly fully offsets changes in fair value from the inception of the transaction to the maturity date.

(ii) Foreign currency risk

In accordance with its foreign currency risk management policy, the Group hedges the foreign currency risk arising from its net investments in foreign operations through forward exchange contracts. The Group designates only the spot rate component of foreign exchange fluctuations in relation to the designated balance of the hedged net investments in foreign operations, and the Group confirms that an economic relationship exists between the hedged item and the hedging instrument that fully offset changes in fair value from the hedge inception date to the closing date of the transaction.

The Group also hedges the foreign currency risk arising from trade receivables and payables denominated in foreign currencies through forward exchange contracts on forecasted transactions.

The Group designates only the spot rate component of foreign exchange fluctuations in relation to the designated balance of the hedged forecasted transactions, and the Group confirms that an economic relationship exists between the hedged item and the hedging instrument that fully offset changes in fair value from the hedge inception date to the closing date of the transaction.

(b) Effect of hedge accounting in the consolidated statement of financial position

The carrying amounts of hedging instruments are as follows.

Risk category	Type of hedging relationship	As at March 31, 2024		As at March 31, 2025	
		Assets	Liabilities	Assets	Liabilities
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Interest rate	Fair value hedge	2,727	475	13,429	995
	Cash flow hedge	1,720	960	99	2,543
Foreign currency	Hedge of a net investment in a foreign operation	230	200	763	48
	Cash flow hedge	—	—	924	—

Hedging instruments designated as hedges are included in “Other financial assets” and “Other financial liabilities” in the consolidated statement of financial position.

(c) Effect of hedge accounting in the consolidated statement of income and consolidated statement of comprehensive income

(i) Fair value hedge

The carrying amount of the hedged item and the accumulated fair value hedge adjustment on the hedged item are as follows.

Risk category	Account	As at March 31, 2024		As at March 31, 2025	
		Carrying amount	Accumulated fair value hedge adjustment	Carrying amount	Accumulated fair value hedge adjustment
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Interest rate	Trade and other accounts receivable	374,877	2,252	908,472	12,434

(ii) Cash flow hedge

The amounts recognized in other components of equity for ongoing cash flow hedges are as follows.

Risk category	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Interest rate	(2,296)	(1,795)
Foreign currency	—	99

(iii) Hedge of a net investment in a foreign operation

The amounts recognized in other components of equity for ongoing hedges of net investments in foreign operations are as follows.

Risk category	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Foreign currency	420	(3,263)

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.

	As at March 31, 2024			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	—	73,445	667,213	740,658
Assets related to securities business	243,707	178,927	8,278	430,912
Other financial assets	15	278,545	15,049	293,609
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	87,685	364,394	1,096,785	1,548,864
Equity instruments measured at FVTOCI	30,241	216	2,646	33,103
Debt instruments measured at FVTOCI	360,271	156,924	86,764	603,959
Total	<u>721,919</u>	<u>1,052,451</u>	<u>1,876,735</u>	<u>3,651,105</u>
Bonds and loans payable	—	—	53,507	53,507
Trade and other accounts payable	—	—	2,342	2,342
Liabilities related to securities business	127,952	92,570	4,493	225,015
Customer deposits for banking business	—	153,589	326,270	479,859
Other financial liabilities	1	350,365	61,553	411,919
Total	<u>127,953</u>	<u>596,524</u>	<u>448,165</u>	<u>1,172,642</u>
	As at March 31, 2025			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	—	86,210	694,637	780,847
Assets related to securities business	399,282	174,067	7,986	581,335
Other financial assets	26	359,878	8,309	368,213
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	106,807	680,419	1,079,095	1,866,321
Equity instruments measured at FVTOCI	26,743	147	46,621	73,511
Debt instruments measured at FVTOCI	312,190	342,575	86,584	741,349
Total	<u>845,048</u>	<u>1,643,296</u>	<u>1,923,232</u>	<u>4,411,576</u>
Bonds and loans payable	—	—	51,696	51,696
Liabilities related to securities business	154,243	73,977	4,989	233,209
Customer deposits for banking business	—	116,530	362,540	479,070
Other financial liabilities	1	351,703	82,856	434,560
Total	<u>154,244</u>	<u>542,210</u>	<u>502,081</u>	<u>1,198,535</u>

In addition to the above, assets related to crypto assets classified as Level 1 amounted to ¥162,201 million and ¥170,927 million as at March 31, 2024 and 2025, respectively, and are included in "Inventories" and "Other assets" in the consolidated statement of financial position.

Furthermore, liabilities related to crypto assets classified as Level 1 amounted to ¥183,084 million and ¥175,423 million as at March 31, 2024 and 2025, respectively, and are included in "Other liabilities" in the consolidated statement of financial position.

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

	As at March 31, 2024			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	—	6,110,992	4,846,964	10,957,956
Assets related to securities business	—	5,734,458	—	5,734,458
Other financial assets	—	236,306	37,280	273,586
Operational investment securities and other investment securities	121,777	47,677	330,961	500,415
Total	<u>121,777</u>	<u>12,129,433</u>	<u>5,215,205</u>	<u>17,466,415</u>
Bonds and loans payable	—	3,861,071	557,824	4,418,895
Trade and other accounts payable	—	654,229	—	654,229
Liabilities related to securities business	—	5,302,291	—	5,302,291
Customer deposits for banking business	—	8,417,598	4,098,966	12,516,564
Other financial liabilities	—	459,386	—	459,386
Total	<u>—</u>	<u>18,694,575</u>	<u>4,656,790</u>	<u>23,351,365</u>
	As at March 31, 2025			
	Level 1	Level 2	Level 3	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Trade and other accounts receivable	—	7,365,739	5,615,718	12,981,457
Assets related to securities business	—	6,006,229	—	6,006,229
Other financial assets	—	189,629	191,390	381,019
Operational investment securities and other investment securities	610,438	74,000	662,488	1,346,926
Total	<u>610,438</u>	<u>13,635,597</u>	<u>6,469,596</u>	<u>20,715,631</u>
Bonds and loans payable	—	4,993,691	655,807	5,649,498
Trade and other accounts payable	—	749,756	—	749,756
Liabilities related to securities business	—	5,504,586	—	5,504,586
Customer deposits for banking business	—	9,670,090	5,867,585	15,537,675
Other financial liabilities	—	891,743	10,000	901,743
Total	<u>—</u>	<u>21,809,866</u>	<u>6,533,392</u>	<u>28,343,258</u>

(2) Assets and liabilities categorized as Level 3

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

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

As at March 31, 2024			
	Valuation Technique	Unobservable Input	Range
Trade and other accounts receivable	Income approach	Discount rate	0.5%—16.9%
		Recovery rate	0.0%—100.0%
Assets related to securities business	Income approach	Stock volatility	14.7%—90.4%
		Correlation (Foreign Exchange/Interest Rate)	(4.2%)—9.0%
		Correlation (Interest Rate/Interest Rate)	29.0%—85.0%
		Correlation (Foreign Exchange/Interest Rate)	8.0%—38.0%
Other financial assets	Income approach	Discount rate	1.2%—1.2%
		Prepayment rates	0.0%—10.5%
		Probability of default	1.1%
		Recovery rate	0.0%—74.0%
		Discount rate	0.4%—65.0%
		P/E ratio	1.5—45.2
		Price to sales ratio	7.7—10.6
Operational investment securities and other investment securities		EBITDA ratio	10.6—40.0
		Minority discount	8.3%
		Illiquidity discount	20.0%—25.0%
	Market approach, cost approach and income approach	Prepayment rates	2.4%—20.0%
		Probability of default	0.0%—3.7%
		Recovery rate	0.0%—100.0%
Bonds and loans payable	Income approach	Discount rate	0.0%—0.1%
Trade and other accounts payable	Income approach	Discount rate	1.1%
Liabilities related to securities business	Income approach	Stock volatility	14.7%—90.4%
		Correlation (Foreign Exchange/Interest Rate)	(4.2%)—9.0%
Customer deposits for banking business	Income approach	Discount rate	0.0%—0.1%
		Correlation (Interest Rate/Interest Rate)	29.0%—85.0%
Other financial liabilities	Income approach	Correlation (Foreign Exchange/Interest Rate)	8.0%—38.0%
		Recovery rate	35.0%—74.0%

As at March 31, 2025

	Valuation Technique	Unobservable Input	Range
Trade and other accounts receivable	Income approach	Discount rate Probability of default Recovery rate	(0.4%)—16.9% 0.0%—7.0% 0.0%—100.0%
Assets related to securities business	Income approach	Stock volatility Correlation (Foreign Exchange/Interest Rate) Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate)	14.2%—80.2% (6.8%)—(3.9%) 29.0%—85.0% 8.0%—38.0%
Other financial assets	income approach	Discount rate Prepayment rates Probability of default Recovery rate Discount rate P/E ratio Price to sales ratio EBITDA ratio Minority discount Illiquidity discount Prepayment rates Probability of default Recovery rate	0.4%—1.2% 0.0%—10.5% 0.1%—1.4% 0.0%—74.0% 0.2%—21.8% 13.2—45.2 5.5—19.3 3.4—40.0 8.3% 20.0%—60.0% 0.0%—5.7% 0.0%—5.3% 30.0%—100.0%
Operational investment securities and other investment securities	Market approach, cost approach and income approach	Discount rate Stock volatility Correlation (Foreign Exchange/Interest Rate) Discount rate P/E ratio Price to sales ratio EBITDA ratio Minority discount Illiquidity discount Prepayment rates Probability of default Recovery rate	(0.1%)—0.4% 14.2%—80.2% (6.8%)—(3.9%) 0.1%—0.4% 29.0%—85.0% 8.0%—38.0% 35.0%—74.0%
Bonds and loans payable	Income approach	Discount rate	(0.1%)—0.4%
Liabilities related to securities business	Income approach	Stock volatility Correlation (Foreign Exchange/Interest Rate)	14.2%—80.2% (6.8%)—(3.9%)
Customer deposits for banking business	Income approach	Discount rate Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Recovery rate	(0.1%)—0.4% 29.0%—85.0% 8.0%—38.0% 35.0%—74.0%
Other financial liabilities	Income approach	Discount rate Correlation (Foreign Exchange/Interest Rate) Recovery rate	(0.1%)—0.4% 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 probability of default 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 P/E ratio increases (decreases), when the price to sales ratio increases (decreases), when the EBITDA ratio increases (decreases), when the minority discount decreases (increases), 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:

For the year ended March 31, 2024

	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				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2023	942,774	2,603	73,123	1,018,500	596,760	5,578	17,122
Acquisitions through business combinations	37	0	-	37	-	-	-
Purchase and issuance	398,176	-	27,488	425,664	207,248	-	-
Comprehensive income							
Net profit (*1)	12,021	-	11,179	23,200	27,385	2,195	(1,525)
Other comprehensive income (*2)	-	60	1,243	1,303	-	-	-
Dividends	(18,407)	-	-	(18,407)	-	-	-
Sale or redemption	(245,936)	(48)	(26,269)	(272,253)	-	-	-
Settlements	-	-	-	-	(164,180)	513	(548)
Currency translation differences	18,762	31	-	18,793	-	-	-
Others	676	-	-	676	-	-	-
Transferred from Level 3 (*3)	(11,318)	-	-	(11,318)	-	(8)	-
Transfer to Level 3	-	-	-	-	-	-	-
Balance as at March 31, 2024	1,096,785	2,646	86,764	1,186,195	667,213	8,278	15,049

	Liabilities				
	Bonds and loans payable	Trade and other accounts payable	Liabilities related to securities business	Customer deposits for banking business	Other financial liabilities
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2023	52,020	5,482	4,369	145,940	41,997
Acquisitions through business combinations	-	-	-	-	-
Purchase and issuance	3,000	2,327	-	180,450	-
Comprehensive income					
Net profit (*1)	(1,005)	(582)	(734)	6	22,863
Other comprehensive income (*2)	(8)	-	-	(26)	-
Dividends	-	-	-	-	-
Sale or redemption	-	-	-	-	-
Settlements	(500)	(2,490)	858	(100)	(3,307)
Currency translation differences	-	371	-	-	-
Others	-	(2,766)	-	-	-
Transferred from Level 3 (*3)	-	-	-	-	-
Transfer to Level 3	-	-	-	-	-
Balance as at March 31, 2024	53,507	2,342	4,493	326,270	61,553

For the year ended March 31, 2025

	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				
	Millions of Yen	Millions of Yen	Millions of Yen				
Balance as at April 1, 2024	1,096,785	2,646	86,764	1,186,195	667,213	8,278	15,049
Acquisitions through business combinations	-	-	-	-	-	-	-
Purchase and issuance	265,575	44,700	64,651	374,926	293,294	-	-
Comprehensive income							
Net profit (*1)	92,845	-	(2,254)	90,591	(2,909)	488	(5,690)
Other comprehensive income (*2)	-	(355)	(58)	(413)	-	-	-
Dividends	(17,699)	-	-	(17,699)	-	-	-
Sale or redemption	(241,387)	(345)	(62,519)	(304,251)	-	-	-
Settlements	-	-	-	-	(262,961)	(762)	(1,050)
Currency translation differences	(14,144)	(25)	-	(14,169)	-	-	-
Others	(85,044)	-	-	(85,044)	-	-	-
Transferred from Level 3 (*3)	(17,899)	-	-	(17,899)	-	(18)	-
Transfer to Level 3	63	-	-	63	-	-	-
Balance as at March 31, 2025	1,079,095	46,621	86,584	1,212,300	694,637	7,986	8,309

	Liabilities				
	Bonds and loans payable	Trade and other accounts payable	Liabilities related to securities business	Customer deposits for banking business	Other financial liabilities
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	53,507	2,342	4,493	326,270	61,553
Acquisitions through business combinations	-	-	-	-	-
Purchase and issuance	1,000	-	-	36,600	-
Comprehensive income					
Net profit (*1)	(1,783)	(2,143)	1,401	(73)	23,527
Other comprehensive income (*2)	(29)	-	-	(158)	-
Dividends	-	-	-	-	-
Sale or redemption	-	-	-	-	-
Settlements	(999)	(26)	(905)	(99)	(2,224)
Currency translation differences	-	(173)	-	-	-
Others	-	-	-	-	-
Transferred from Level 3 (*3)	-	-	-	-	-
Transfer to Level 3	-	-	-	-	-
Balance as at March 31, 2025	51,696	-	4,989	362,540	82,856

Notes:

1. Gains and losses recognized as profit (loss) for the period are included in "Revenue" in the consolidated statement of income. Gains and losses recognized from assets and liabilities measured at FVTPL held as at March 31, 2024 and 2025 were ¥14,337 million and ¥56,972 million of gains, respectively.
2. Gains and losses recognized as other comprehensive income (loss) are included in "Equity instruments measured at FVTOCI", "Debt instruments measured at FVTOCI", or "Changes in own credit risk on financial liabilities" in the consolidated statement of comprehensive income.
3. 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:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Interest-bearing debt (Bonds and loans payable)	4,477,079	5,721,388
Cash and cash equivalents	(4,580,335)	(5,500,548)
Net	(103,256)	220,840
Equity attributable to owners of the Company	1,262,209	1,261,408

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.

Capital adequacy regulations under which main 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, SBI LY HOUR BANK, SBI Bank LLC and Solaris SE, which are overseas subsidiaries, are obligated to maintain a certain level of capital adequacy ratio in conformity with the local laws and regulatory authorities. If the capital adequacy ratio falls below a certain level, they may be subject to administrative penalties or other actions.

The Group engages in a wide range of finance related businesses, such as financial services business (securities business, banking business, insurance business and other financial services business), asset management business, investment business and crypto-asset business, and each company avoids 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, 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, interest rate swaps, listed derivatives and margin trading. The Group enters into these transactions primarily to provide products and services to customers and for hedging purposes. The scale and amount of risk in these transactions are managed through a risk management process, including the establishment of maximum limits to ensure that they are not excessive in consideration of the financial condition.

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 accounted for using the equity method, 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. The Group uses hedging transactions and other means to control risks.

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 and financial institutions. Trading instruments are exposed to the credit risk of issuers and the risk of market price fluctuation.

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 financial institutions and the investment strategy. The Group exercises control by matching the financing with the related security assets.

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.

Because the counterparties of foreign currency forward contracts, currency option and interest rate swap agreements are limited to creditworthy major Japanese financial institutions and listed derivatives 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) in the future 12 months or for a lifetime period, loss given default (LGD), and exposure at default (EAD) as inputs for financial assets in each of the aforementioned stages. 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:

	12-month expected credit losses	Lifetime expected credit losses			Purchased or originated credit- impaired financial asset	Total
		Significantly increased credit risk		Trade receivable s		
		Not credit- impaired	Credit- impaired			
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As at April 1, 2023	75,104	25,819	53,148	11	10,659	164,741
New financial assets originated or purchased	76,003	-	-	16	4,491	80,510
Derecognition of financial assets	(42,519)	(22,369)	(24,218)	-	-	(89,106)
Transfer						
Transfer to lifetime expected credit losses	(19,552)	27,481	(911)	-	-	7,018
Transfer to credit - impaired financial assets	(3,709)	3,733	50,404	-	-	50,428
Transfer to 12-month expected credit losses	4,283	(11,655)	(1,659)	-	-	(9,031)
Write-offs	(3,192)	(1,121)	(19,174)	-	(2,504)	(25,991)
Changes in model/risk variables	3,315	(7,684)	12,890	(2)	1,731	10,250
Foreign currency translation adjustment on foreign operations	4,367	1,425	2,884	-	-	8,676
As at March 31, 2024	94,100	15,629	73,364	25	14,377	197,495
New financial assets originated or purchased	59,598	-	-	-	-	59,598
Derecognition of financial assets	(43,521)	(17,234)	(27,390)	-	(1,427)	(89,572)
Transfer						
Transfer to lifetime expected credit losses	(16,795)	25,469	(1,145)	-	-	7,529
Transfer to credit - impaired financial assets	(3,836)	(3,384)	51,455	-	-	44,235
Transfer to 12-month expected credit losses	1,353	(3,343)	(637)	-	-	(2,627)
Write-offs	(4,151)	(772)	(16,708)	-	(3,478)	(25,109)
Changes in model/risk variables	2,413	3,192	(3,964)	2	1,815	3,458
Foreign currency translation adjustment on foreign operations	(4,711)	(977)	(3,509)	-	-	(9,197)
As at March 31, 2025	84,450	18,580	71,466	27	11,287	185,810

The primary increase in the "12-month expected credit losses" under "New financial assets originated or purchased" for the years ended March 31, 2024 and 2025 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 ¥4,705 million and ¥5,582 million as at March 31, 2024 and 2025, respectively.

The amount of loss allowance for loan commitments with an unused portion amounted to ¥1,911 million and ¥1,606 million as at March 31, 2024 and 2025, respectively. The loss allowance on financial guarantee contracts were ¥1,855 million and ¥2,478 million as at March 31, 2024 and 2025, respectively.

Financial assets that have been written off during the years ended March 31, 2024 and 2025, and are still subject to enforcement activities amounted to ¥42,142 million and ¥35,239 million, respectively.

(c) Credit risk exposure

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

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Manufacturing	385,781	546,663
Agriculture and forestry	1,365	1,674
Fishery	340	336
Mining, quarrying of stone, gravel extraction	459	10,559
Construction	52,283	62,862
Electricity, gas, heating, water	548,766	587,486
Information and communication	62,812	78,721
Transportation, postal services	244,509	329,470
Wholesale and retail trade	281,495	317,392
Finance and insurance	1,205,453	1,405,624
Real estate	1,175,197	1,365,698
Services	679,401	903,876
Japanese local governments, government-affiliated organizations, and local public corporations, etc.	547,660	919,560
Individuals and others	5,942,127	6,531,607
Total	11,127,648	13,061,528

The amount of the Group's maximum exposure to credit risk are as follows:
As at March 31, 2024

	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					
		Not credit- impaired	Credit- impaired	Trade receivables			
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Cash and cash equivalents	4,580,335	-	-	-	-	-	4,580,335
Trade and other accounts receivable							
Banking (domestic) (*1)							
Normal Obligors							
Credit to Corporate	5,219,202	115,558	-	-	-	434,586	5,769,346
Credit to Individual	11,697	-	-	-	-	-	11,697
Others (*2)	3,099,616	5	-	-	-	-	3,099,621
Need Caution Obligors							
Credit to Corporate	37,403	43,193	-	-	-	114,152	194,748
Credit to Individual	-	-	-	-	-	-	-
Others (*2)	3,083	18,573	-	-	-	-	21,656
Credit-impaired Obligors							
Credit to Corporate	1,202	986	8,554	-	2,473	9,133	22,348
Credit to Individual	-	-	-	-	-	-	-
Others (*2)	461	632	41,744	-	69,837	-	112,674
Others (no obligor classification)	462,388	-	-	-	-	114,315	576,703
Banking (overseas)							
Credit to Individual (*3)							
Group A	116,225	1,700	528	-	-	-	118,453
Group B	452,078	7,475	1,942	-	-	-	461,495
Group C or less	66,217	24,648	25,679	-	-	-	116,544
Credit to Corporate (external rating) (*3)							
Group A	119,820	-	158	-	-	-	119,978
Group B	69,767	12,103	7,292	-	-	-	89,162
Group C or less	1,279	-	158	-	-	-	1,437
Credit to Corporate							
No overdue information	324,358	20,811	14,431	-	-	-	359,600
One or more delinquents	-	5,879	45,614	-	-	-	51,493
Others (no obligor classification)	-	692	-	-	-	-	692
Others	573,678	1,475	14,688	17,763	-	68,472	676,076
Loss allowance	(94,100)	(15,629)	(73,364)	(25)	(14,377)	-	(197,495)
Total	10,464,374	238,101	87,424	17,738	57,933	740,658	11,606,228
Assets related to securities business	5,733,822	-	636	-	-	430,912	6,165,370
Other financial assets	305,329	-	-	-	-	261,861	567,190
Other investment securities (external rating)							
BBB or above	598,334	-	-	-	-	-	598,334
Less than BBB	128	-	-	-	-	-	128
Unrated	580,347	-	-	-	-	909,733	1,490,080
Total	1,178,809	-	-	-	-	909,733	2,088,542

As at March 31, 2025

		Lifetime expected credit losses			Purchased or originated credit-impaired financial asset	Financial instruments to which impairment requirements do not apply	Total
	12-month expected credit losses	Significantly increased credit risk		Trade receivables			
		Not credit-impaired	Credit-impaired				
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Cash and cash equivalents	5,500,548	-	-	-	-	-	5,500,548
Trade and other accounts receivable							
Banking (domestic) (*1)							
Normal Obligors							
Credit to Corporate	6,798,323	132,669	-	-	-	404,007	7,334,999
Credit to Individual	43,233	-	-	-	-	-	43,233
Others (*2)	3,871,264	25,963	104	-	177	-	3,897,508
Need Caution Obligors							
Credit to Corporate	23,733	47,929	-	-	215	84,643	156,520
Credit to Individual	-	-	-	-	-	-	-
Others (*2)	764	19,123	51	-	342	-	20,280
Credit-impaired Obligors							
Credit to Corporate	789	929	14,662	-	1,941	4,686	23,007
Credit to Individual	-	-	-	-	-	-	-
Others (*2)	229	595	63,401	-	67,281	-	131,506
Others (no obligor classification)	102,870	-	-	-	-	203,541	306,411
Banking (overseas)							
Credit to Individual (*3)							
Group A	104,638	1,616	527	-	-	-	106,781
Group B	417,111	6,162	1,840	-	-	-	425,113
Group C or less	75,671	23,361	26,381	-	-	-	125,413
Credit to Corporate (external rating) (*3)							
Group A	113,246	-	1,364	-	-	-	114,610
Group B	36,088	9,154	6,862	-	-	-	52,104
Group C or less	1,172	-	721	-	-	-	1,893
Credit to Corporate							
No overdue information	264,394	15,868	13,436	-	-	-	293,698
One or more delinquents	-	2,968	23,940	-	-	-	26,908
Others (no obligor classification)	-	1,544	-	-	-	-	1,544
Others	511,113	2,520	67,534	112,865	617	83,970	778,619
Loss allowance	(84,450)	(18,580)	(71,466)	(27)	(11,287)	-	(185,810)
Total	12,280,188	271,821	149,357	112,838	59,286	780,847	13,654,337
Assets related to securities business	6,006,962	-	590	-	-	581,335	6,588,887
Other financial assets	380,575	-	-	-	-	368,213	748,788
Other investment securities (external rating)							
BBB or above	580,878	-	-	-	-	-	580,878

	12-month expected credit losses	Lifetime expected credit losses		Trade receivables	Purchased or originated credit- impaired financial asset	Financial instruments to which impairment requirements do not apply	Total
		Significantly increased credit risk					
		Not credit- impaired	Credit- impaired				
Less than BBB	281	-	-	-	-	-	281
Unrated	1,514,352	-	-	-	-	1,184,218	2,698,570
Total	2,095,511	-	-	-	-	1,184,218	3,279,729

Notes:

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

- Normal Obligor: Debtors whose business conditions are favorable and whose financial conditions are deemed to have no particular problems
- Need Caution Obligor: 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 Obligor: 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, 2024

	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
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Residential mortgages	11,900	521	464	674	13,559	1,209,073	1,222,632
Qualified revolving	23,743	5,094	4,176	18,525	51,538	496,725	548,263
Others	141,039	5,219	2,244	24,442	172,944	1,263,720	1,436,664

As at March 31, 2025

	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
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Residential mortgages	12,276	285	201	1,135	13,897	1,488,432	1,502,329
Qualified revolving	34,840	5,357	4,208	11,027	55,432	507,218	562,650
Others	160,454	6,014	3,124	50,148	219,740	1,596,280	1,816,020

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 ¥68,533 million and ¥58,457 million by underlying collateral held as a security and other credit enhancements as at March 31, 2024 and 2025, 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, 2024 and 2025 totaled ¥1,339,628 million and ¥1,439,022 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:

As at March 31, 2024

	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit- impaired	Credit-impaired	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Undrawn loan commitments				
Banking business (domestic)	1,754,856	17,501	58	1,772,415
Banking business (overseas)	91,656	2,911	-	94,567
Others	47,795	0	0	47,795

As at March 31, 2025

	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit- impaired	Credit-impaired	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Undrawn loan commitments				
Banking business (domestic)	3,341,800	36,236	-	3,378,036
Banking business (overseas)	14,553	1,558	-	16,111
Others	439,766	-	-	439,766

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

As at March 31, 2024

	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit- impaired	Credit-impaired	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial guarantee contracts	800,689	4,381	416	805,486

As at March 31, 2025

	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit- impaired	Credit-impaired	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Financial guarantee contracts	822,903	2,860	234	825,997

(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, 2024 and 2025 increased by 10%, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2024 and 2025 would have increased by ¥7,661 million and ¥9,258 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, 2024	As at March 31, 2025
Millions of Yen	Millions of Yen

USD

(1,274,334)

(942,742)

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, 2024 and 2025 for monetary financial instruments denominated in foreign currencies held by the Group as at March 31, 2024 and 2025 is as follows.

	As at March 31, 2024 Millions of Yen	As at March 31, 2025 Millions of Yen
Profit before income tax expense	(12,743)	(9,427)

(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, 2024 and 2025 had been 100 basis points higher, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2024 and 2025 would have increased by ¥17,543 million and ¥23,110 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, 2024 and 2025.

(6) Liquidity risk management

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

- Necessary financing cannot be secured due to deterioration of the Group's financial condition
- Risk of loss from financing at higher interest rate than usual with no option
- Risk of loss from transaction at significantly unreasonable price with no option or unable to conduct transactions due to severe situation such as market turmoil.

The Group manages its liquidity risk through the following policies.

- (a) Secure various financing arrangements such as bank overdraft facility, bond issuance registration or stock issuance.
- (b) Collect information on the Group's working capital requirement and understand the cash flow positions.
- (c) Obtain reports from the department responsible for cash management based upon the liquidity risk management policies stated in (a) and (b) above to monitor cash flow risks.

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

As at March 31, 2024

	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
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	4,477,079	4,546,492	1,915,057	531,506	487,311	1,009,803	168,310	434,505
Trade and other accounts payable	656,571	656,163	603,796	9,795	3,688	2,727	2,407	33,750
Liabilities related to securities business	5,527,306	5,527,315	5,527,315	—	—	—	—	—
Customer deposits for banking business	13,002,239	13,097,673	11,291,156	600,503	438,897	68,552	576,632	121,933
Financial guarantee contracts	—	805,486	78,949	46,182	67,658	83,836	118,408	410,453

As at March 31, 2025

	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
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Bonds and loans payable	5,721,388	5,788,911	2,881,269	641,451	1,251,703	371,934	110,078	532,476
Trade and other accounts payable	749,758	740,780	686,669	9,003	8,808	3,311	3,395	29,594
Liabilities related to securities business	5,737,795	5,737,836	5,737,836	—	—	—	—	—
Customer deposits for banking business	16,033,881	16,107,591	14,331,200	314,129	316,620	390,537	643,284	111,821
Financial guarantee contracts	—	825,997	540,718	62,956	46,255	39,602	34,455	102,011

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:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Lines of credit	746,910	975,767
Used balance	245,117	290,285
Unused portion	501,793	685,482

9. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2024 and 2025, consisted of the following:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Trade accounts receivable and installment receivables	1,245,648	1,390,474
Loans receivable	9,817,380	11,607,581
Operational receivables	132,290	190,042
Finance lease receivables	223,914	262,629
Deposits	125,117	146,590
Others	61,879	57,021
Total	11,606,228	13,654,337

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2024 and 2025, consisted of the following:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
No later than 1 year	3,077,349	3,874,051
Later than 1 year	8,528,879	9,780,286
Total	11,606,228	13,654,337

10. Inventories

Inventories as at March 31, 2024 and 2025, consisted of the following:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Crypto assets	172,840	99,268
Real estate for sale	55,281	89,130
Products	2,546	28,554
Others	9,731	8,598
Total	240,398	225,550

Inventories recognized as Operating cost amounted to ¥129,876 million and ¥107,488 million for the years ended March 31, 2024 and 2025, respectively. The amount of write-downs of inventories recognized as expenses during the period was not material.

The carrying amounts of inventories at fair value less costs to sell are described in “7. Fair Value Measurement”.

11. Assets Related to Securities Business

Assets related to securities business as at March 31, 2024 and 2025, consisted of the following:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Cash segregated as deposits	3,251,175	3,221,257
Margin transaction assets	1,721,278	1,920,103

Trade date accrual	564,232	599,706
Trading products	430,912	581,335
Short-term guarantee deposits	78,302	106,942
Loans receivable secured by securities	118,491	158,751
Others	980	793
Total	<u>6,165,370</u>	<u>6,588,887</u>

12. 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, 2024 and 2025 consisted of the following:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Operational investment securities		
Financial assets measured at FVTPL	673,625	755,614
Total	<u>673,625</u>	<u>755,614</u>
Other investment securities		
Financial assets measured at FVTPL	875,239	1,110,707
Equity instruments measured at FVTOCI	33,103	73,511
Debt instruments measured at FVTOCI	603,959	741,349
Financial assets measured at amortized cost	576,241	1,354,162
Total	<u>2,088,542</u>	<u>3,279,729</u>

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:

Fair value		Dividends income	
As at March 31, 2024	As at March 31, 2025	For the year ended March 31, 2024	For the year ended March 31, 2025
Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
33,103	73,511	179	741

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:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Other investment securities		
Kyobo Life Insurance Co., Ltd.	-	44,395
Latitude Group Holdings Limited	21,871	22,190
Chengdu Kobelco Construction Machinery Financial Leasing Ltd.	1,612	1,592

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:

For the year ended March 31, 2024			For the year ended March 31, 2025		
Fair value at the date of sale	Cumulative gain (loss)	Dividend received	Fair value at the date of sale	Cumulative gain (loss)	Dividend received
Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
5,972	2,043	100	3,411	1,392	28

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, 2024 and 2025 were ¥22 million and ¥159 million, respectively.

13. 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:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Profit for the year attributable to the Group	14,376	30,468
Other comprehensive income attributable to the Group	4,522	(616)
Total comprehensive income attributable to the Group	18,898	29,852
	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Carrying amount	211,171	334,143

Impairment losses of ¥211 million and ¥1,824 million were recognized in the Financial Services Business

for the years ended March 31, 2024 and 2025, respectively, 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:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Profit for the year attributable to the Group	137	(994)
Other comprehensive income attributable to the Group	325	(213)
Total comprehensive income attributable to the Group	462	(1,207)
	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Carrying amount	10,839	11,210

14. 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 ¥998,136 million and ¥1,032,103 million as at March 31, 2024 and 2025, respectively. Total liabilities were ¥473,505 million and ¥561,871 million as at March 31, 2024 and 2025, 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:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Trade and other accounts receivable	1,370,020	1,372,605
Other financial assets	67,816	222,201
Operational investment securities	41,901	40,357
Other investment securities	570,368	960,586
Total	2,050,105	2,595,749

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

15. Investment Property

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

Cost	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Balance, beginning of year	73,159	81,092
Acquisitions	46,956	12,979
Sale or disposal	(39,023)	(57,919)
Balance, end of year	81,092	36,152

Accumulated depreciation and impairment losses	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Balance, beginning of year	(1,035)	(1,427)
Depreciation	(681)	(557)
Sale or disposal	289	568
Balance, end of year	(1,427)	(1,416)

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

As at March 31, 2024		As at March 31, 2025	
Carrying amount	Fair value	Carrying amount	Fair value
Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
79,665	88,662	34,736	40,832

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, 2024 and 2025 was ¥3,636 million and ¥2,391 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, 2024 and 2025 were ¥2,935 million and ¥2,116 million, respectively, which were included in "Operating cost" and "Selling, general and administrative expenses".

16. Property and Equipment

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

Cost	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2023	81,503	36,434	34,700	10,155	25,060	187,852
Acquisitions	12,270	4,754	10,745	2,378	10,994	41,141
Acquisitions through business combinations	1,841	216	309	1,470	341	4,177
Sales or disposals	(6,327)	(4,726)	(7,019)	(905)	(4,820)	(23,797)
Foreign currency translation adjustment on foreign operations	1,031	783	5	121	184	2,124
Others	609	1,307	114	-	(1,727)	303
Balance as at March 31, 2024	90,927	38,768	38,854	13,219	30,032	211,800
Acquisitions	14,247	6,017	19,877	1,290	845	42,276
Acquisitions through business combinations	456	1,909	9	1,274	4,804	8,452
Sales or disposals	(6,946)	(3,833)	(7,020)	(2,081)	(2,400)	(22,280)
Foreign currency translation adjustment on foreign operations	(502)	(613)	(2)	(100)	(141)	(1,358)
Others	3,550	1,677	572	-	(4,434)	1,365
Balance as at March 31, 2025	101,732	43,925	52,290	13,602	28,706	240,255

Accumulated depreciation and impairment losses	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2023	(35,486)	(19,585)	(3,306)	(263)	(4,557)	(63,197)
Sales or disposals	4,390	3,948	4,034	-	3,282	15,654
Depreciation	(14,149)	(6,822)	(5,527)	(209)	(2,559)	(29,266)
Impairment losses	(19)	(13)	-	-	-	(32)
Foreign currency translation adjustment on foreign operations	(540)	(519)	(3)	-	(120)	(1,182)
Balance as at March 31, 2024	(45,804)	(22,991)	(4,802)	(472)	(3,954)	(78,023)
Sales or disposals	5,525	3,030	3,573	62	597	12,787
Depreciation	(14,728)	(6,028)	(6,224)	(98)	(2,696)	(29,774)
Impairment losses	(341)	(406)	(500)	-	-	(1,247)
Foreign currency translation adjustment on foreign operations	359	462	2	-	117	940
Balance as at March 31, 2025	(54,989)	(25,933)	(7,951)	(508)	(5,936)	(95,317)

Carrying amount	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2024	45,123	15,777	34,052	12,747	26,078	133,777
Balance as at March 31, 2025	46,743	17,992	44,339	13,094	22,770	144,938

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 ¥9,580 million and ¥12,545 million for the years ended March 31, 2024 and 2025, respectively.

Carrying amount of right-of-use assets	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2024	21,778	671	99	577	826	23,951
Balance as at March 31, 2025	23,067	2,166	74	360	2,287	27,954

Carrying amount of lessor's operating lease assets	Buildings	Furniture and fixtures	Machinery and equipment	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2024	183	3,065	30,610	15,713	49,571
Balance as at March 31, 2025	162	3,270	31,743	19,274	54,449

Impairment losses recognized for the years ended March 31, 2024 and 2025 were ¥32 million and ¥1,247 million, respectively, due to no expectation of initially expected profits and are included in "Other expenses" in the consolidated statement of income. Impairment losses by segment for the years ended March 31, 2024 and 2025 were ¥19 million and ¥713 million in the Financial Services Business, respectively, and ¥13 million and ¥534 million in the Next Gen Business, respectively.

17. 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, 2024 and 2025 were as follows:

Cost	Goodwill	Software	Customer relationship	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2023	250,865	181,686	34,356	12,762	479,669
Acquisitions	—	39,802	—	2,084	41,886
Acquisitions through business combinations	5,837	242	17,778	2,434	26,291
Sales or disposals	(1,537)	(2,013)	—	(2,311)	(5,861)
Foreign currency translation adjustment on foreign operations	12,784	812	2,365	768	16,729
Balance as at March 31, 2024	267,949	220,529	54,499	15,737	558,714
Acquisitions	—	46,278	—	4,992	51,270
Acquisitions through business combinations	2,364	5,005	5,503	2	12,874
Sales or disposals	(5)	(7,225)	—	(78)	(7,308)
Foreign currency translation adjustment on foreign operations	(11,720)	(797)	(1,499)	(640)	(14,656)
Balance as at March 31, 2025	258,588	263,790	58,503	20,013	600,894

Accumulated amortization and impairment losses	Goodwill	Software	Customer relationship	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2023	(12,667)	(76,432)	(20,091)	(4,439)	(113,629)
Sales or disposals	149	104	—	25	278
Amortization	—	(22,981)	(1,848)	(1,585)	(26,414)
Impairment losses	(36)	(603)	—	(29)	(668)
Foreign currency translation adjustment on foreign operations	—	(601)	(1,668)	(313)	(2,582)
Balance as at March 31, 2024	(12,554)	(100,513)	(23,607)	(6,341)	(143,015)
Sales or disposals	5	3,156	—	53	3,214
Amortization	—	(26,217)	(2,489)	(1,756)	(30,462)
Impairment losses	(2,472)	(781)	—	—	(3,253)
Foreign currency translation adjustment on foreign operations	—	684	1,451	353	2,488
Balance as at March 31, 2025	(15,021)	(123,671)	(24,645)	(7,691)	(171,028)

Carrying amount	Goodwill	Software	Customer relationship	Others	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at March 31, 2024	255,395	120,016	30,892	9,396	415,699
Balance as at March 31, 2025	243,567	140,119	33,858	12,322	429,866

(2) Impairment losses for each business segment

The Group recognized impairment losses totaling ¥668 million and ¥3,253 million for the years ended March 31, 2024 and 2025, respectively, due to no expectation of initially expected profits, and recorded them in "Other expenses" in the consolidated statement of income. Impairment losses by segment for the year ended March 31, 2024 were ¥668 million in the Financial Services Business. Impairment losses by segment for the year ended March 31, 2025 were ¥621 million in the Financial Services Business, ¥113 million in the Investment Business, and ¥2,519 million in the Next Gen Business. The impairment losses recognized for the year ended March 31, 2025 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 ¥120,172 million and ¥108,732 million as at March 31, 2024 and 2025, respectively, related to SBI Savings Bank in the Financial Services Business and ¥24,910 million as at March 31, 2024 and 2025, 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, 2024 and 2025. The discount rate used for measuring value in use was 6.1% to 10.5% and 7.6% to 10.6% per annum as at March 31, 2024 and 2025, 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.

18. Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale

Assets held for sale and liabilities directly associated with assets held for sale as at March 31, 2024 and 2025, consisted of the following:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Assets held for sale		
Property and equipment	175,873	183,328
Other assets	8,128	1,906
Total	184,001	185,234
Liabilities directly associated with assets held for sale		
Bonds and loans payable	136,284	132,607
Other liabilities	2,222	3,163
Total	138,506	135,770

The Group is engaged in the formation and sale of funds that invest in the operating lease business, primarily in aircraft and ships, and classifies property and equipment held by the funds and loans from financial institutions as disposal groups held for sale. These assets and liabilities are expected to be sold within one year from the balance sheet date.

19. Deferred Tax Assets and Deferred Tax Liabilities

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2024 and 2025:

For the year ended March 31, 2024

	As at April 1, 2023	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2024
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Deferred Tax Assets						
Debt instruments measured at FVTOCI	-	386	139	-	-	525
Impairment on financial assets measured at amortized cost	17,023	3,794	-	131	-	20,948
Lease liability	10,953	1,561	-	-	-	12,514
Property equipment and intangible assets	2,682	289	-	0	-	2,971
Enterprise tax payable	1,703	(634)	-	113	-	1,182
Tax loss carryforwards	7,572	788	66	9	-	8,435
Other	9,166	1,043	532	194	-	10,935
Total	49,099	7,227	737	447	-	57,510
Deferred Tax Liabilities						
Financial assets and liabilities measured at FVTPL	42,668	5,894	-	-	-	48,562
Equity instruments measured at FVTOCI	341	-	66	-	-	407
Debt instruments measured at FVTOCI	5	(6)	1	-	-	-
Investments accounted for using the equity method	9,110	1,137	-	-	-	10,247
Property equipment and intangible assets	17,023	123	-	6,327	-	23,473
Other	15,540	833	(315)	133	776	16,967
Total	84,687	7,981	(248)	6,460	776	99,656

For the year ended March 31, 2025

	As at April 1, 2024	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2025
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Deferred Tax Assets						
Debt instruments measured at FVTOCI	525	-	372	-	-	897
Impairment on financial assets measured at amortized cost	20,948	(1,139)	-	-	-	19,809
Lease liability	12,514	339	-	-	-	12,853
Property equipment and intangible assets	2,971	968	-	-	-	3,939
Enterprise tax payable	1,182	859	-	17	-	2,058
Tax loss carryforwards	8,435	(567)	-	-	-	7,868
Other	10,935	10,494	531	8	-	21,968
Total	57,510	10,954	903	25	-	69,392
Deferred Tax Liabilities						
Financial assets and liabilities measured at FVTPL	48,562	35,086	-	-	-	83,648
Equity instruments measured at FVTOCI	407	-	(176)	-	-	231
Investments accounted for using the equity method	10,247	(276)	-	-	-	9,971
Property equipment and intangible assets	23,473	3,663	-	800	-	27,936
Other	16,967	12,737	1,257	-	3,696	34,657
Total	99,656	51,210	1,081	800	3,696	156,443

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, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Deductible temporary differences	454,000	509,217
Tax loss carryforwards	269,270	339,885
(of which: the carryforward period over 5 years)	194,771	256,113

The Group recognized deferred tax assets of ¥616 million and ¥954 million as at March 31, 2024 and 2025, respectively, associated with certain subsidiaries that had net losses during the years ended March 31, 2024 and 2025. 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, 2024 and 2025, 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 ¥537,490 million and ¥723,927 million as at March 31, 2024 and 2025, respectively.

20. Bonds and Borrowings

(1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2024 and 2025, consisted of the following:

	As at March 31, 2024	As at March 31, 2025	Average interest rate (*1)	Due (*2)
	Millions of Yen	Millions of Yen	%	
Short-term loans payable	726,260	1,037,324	0.90	—
Current portion of long-term loans payable	146,264	124,542	2.10	—
Current portion of bonds payable	610,699	848,630	—	—
Long-term loans payable	213,555	262,568	2.00	2026 – 2058
Bonds payable	1,196,849	1,290,715	—	—
Borrowed money	1,583,452	2,157,609	0.51	2025 – 2045
Total	4,477,079	5,721,388		

Notes:

1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2025.
2. The due represents the repayment term of the outstanding balance as at March 31, 2025.

Details of the bonds were as follows:

Issuer and the name of bond	Date of issuance	As at March 31, 2024	As at March 31, 2025	Interest rate	Due
		Millions of Yen	Millions of Yen	%	
The Company Japanese yen straight bond (*1)	March 2023~ September 2024	129,933	129,943	0.93~ 1.28	March 2025~ September 2026
The Company Unsecured straight bond (*2)	May 2019~ January 2025	844,878	944,552	0.80~ 1.79	May 2024~ January 2030
The Company No.1 Unsecured straight bond (Inter-bond limited pari passu clause and split-restricted small private placement)	March 2023	6,977	6,981	1.20	October 2029
The Company No.1 U.S. dollar-denominated bond	March 2024	15,140	14,953	5.71	March 2026
The Company Euroyen convertible bonds (*3)	July 2020~ July 2024	10	90,122	—	July 2025~ July 2031
The Company Short-term corporate bond (*4)	November 2023~ March 2025	41,992	39,964	0.26~ 0.66	April 2024~ June 2025
SBI SECURITIES Co., Ltd. Exchangeable bond (*1)	June 2018~ March 2025	73,584	107,986	0.44~ 4.82	April 2024~ June 2033
SBI SECURITIES Co., Ltd. Short-term corporate bond (*4)	December 2023~ March 2025	326,864	462,689	0.54~ 0.69	April 2024~ June 2025
SBI Shinsei Bank, Limited Japanese yen straight bond (*5)	October 2019~ July 2020	80,000	30,000	0.25~ 0.36	October 2024~ July 2025
APLUS Co., Ltd. Short-term corporate bond (*4)	January 2024~ March 2025	8,000	16,000	0.04~ 0.67	April 2024~ May 2025
APLUS Co., Ltd. Japanese yen unsecured straight bond (*6)	December 2019	10,000	—	0.29	December 2024
Showa Leasing Co., Ltd. Short-term corporate bond (*4)	January 2024~ March 2025	23,000	66,000	0.04~ 0.78	April 2024~ June 2025
Showa Leasing Co., Ltd. Japanese yen unsecured straight bond (*7)	December 2019	10,000	—	0.30	December 2024
UDC Finance Limited Foreign currency secured bonds (*8)	September 2020~ June 2024	217,721	203,477	5.08~ 5.33	August 2028~ September 2036
Other bonds	February 2020~ March 2025	19,449	26,678	0.20~ 3.00	May 2024~ March 2034
Total		<u>1,807,548</u>	<u>2,139,345</u>		

Notes:

1. The aggregate amount issued based on euro medium term note program is stated above.

2. The aggregate amount of the 18th, 20th, 22nd, and 24th to 42nd series of unsecured straight bonds is stated above.
3. The stock acquisition rights of Euroyen convertible bonds are recognized as embedded derivatives. The amount of the stock acquisition rights is separated from the host, measured at fair value, and recorded as capital surplus after tax effects.
4. The aggregate amount of short-term corporate bonds is stated above.
5. The aggregate amount of the 8th, 10th, and 12th series of unsecured bonds (with inter-bond pari passu clause) is stated above.
6. The aggregate amount of the 6th series of unsecured bonds (with inter-bond pari passu clause) is stated above.
7. The amount of the 4th series of unsecured straight bonds is stated above.
8. The bonds are raised in the bond market by 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, 2022-1, 2023-1, 2023-2, and 2024-1.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Cash and cash equivalents	4,348	9,179
Trade and other accounts receivable	1,642,554	2,516,512
Inventories	78,556	43,695
Other investment securities	576,647	1,247,805
(of which: financial instruments pledged as collateral) (*1)	388,333	489,009
Investment properties	52,799	31,062
Property and equipment	20,474	19,172
Assets held for sale	136,026	137,570
Other assets	177	7,655
Total	2,511,581	4,012,650

Note:

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

The corresponding liabilities were as follows:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Bonds and borrowings	1,530,487	1,867,591
Customer deposits for banking business	932	1,215
Other financial liabilities	383,794	805,777
Liabilities directly associated with assets held for sale	136,284	134,689
Other liabilities	42,899	15
Total	2,094,396	2,809,287

Besides the above, securities received as collateral for financing from broker's own capital of ¥93,153 million and ¥76,159 million were pledged as collateral for borrowings on margin transactions as at March 31, 2024 and 2025, respectively.

21. Trade and Other Payables

The components of trade and other payables were as follows:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Accounts payable and notes payable	65,952	57,985
Accounts payable-other	184,731	303,740
Advances received and guarantee deposit received	359,430	336,732
Lease liability	46,458	51,301
Total	656,571	749,758

22. Liabilities Related to Securities Business

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

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Margin transaction liabilities	390,877	313,026
Loans payable secured by securities on repurchase agreement transactions	1,007,543	1,227,107
Deposits from customers	1,898,414	1,883,486
Guarantee deposits received	1,372,996	1,357,607
Trade date accrual	623,884	708,642
Trading products	225,015	233,209
Deposits for subscription	8,577	14,718
Total	5,527,306	5,737,795

23. Insurance Contracts

(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 methods outlined in economic value-based solvency regulations that will be introduced in the future.

(b) Conducting of stress testing

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

(c) Insurance underwriting risk

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

(2) Insurance contract liabilities

- (a) The reconciliations of insurance contract liabilities from the opening to the ending balances for the years ended March 31, 2024 and 2025 were as follows:

For the year ended March 31, 2024

	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component	Loss component	Contracts to which the PAA is not applied	Contracts to which the PAA is applied		Total
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2023	114,468	1,884	1,246	34,044	310	151,952
Insurance revenue	(87,665)	-	-	-	-	(87,665)
Insurance service expenses						
Incurred claims and other insurance service expenses	-	(4)	4,450	77,234	-	81,680
Amortization of insurance acquisition cash flows	1,241	-	-	-	-	1,241
Losses on onerous contracts and reversals of such losses	-	(46)	-	-	-	(46)
Adjustments to liabilities for incurred claims	-	-	-	(3,705)	3	(3,702)
Investment components and refunds of premiums	(4,437)	-	4,437	-	-	-
Insurance finance expenses (income)	3,300	0	-	-	-	3,300
Cash flows						
Premiums received	91,688	-	-	-	-	91,688
Claims and other insurance service expenses paid (including investment components)	-	-	(8,936)	(71,886)	-	(80,822)
Insurance acquisition cash flows	(2,580)	-	-	-	-	(2,580)
Balance as at March 31, 2024	116,015	1,834	1,197	35,687	313	155,046

For the year ended March 31, 2025

	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component	Loss component	Contracts to which the PAA is not applied	Contracts to which the PAA is applied		Total
				Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2024	116,015	1,834	1,197	35,687	313	155,046
Insurance revenue	(96,584)	-	-	-	-	(96,584)
Insurance service expenses						
Incurred claims and other insurance service expenses	-	0	4,616	88,001	-	92,617
Amortization of insurance acquisition cash flows	1,431	-	-	-	-	1,431
Losses on onerous contracts and reversals of such losses	-	(559)	-	-	-	(559)
Adjustments to liabilities for incurred claims	-	-	-	(3,976)	57	(3,919)
Investment components and refunds of premiums	(3,458)	-	3,458	-	-	-
Insurance finance expenses (income)	(3,379)	0	-	-	-	(3,379)
Cash flows						
Premiums received	101,572	-	-	-	-	101,572
Claims and other insurance service expenses paid (including investment components)	-	-	(8,047)	(81,334)	-	(89,381)
Insurance acquisition cash flows	(2,841)	-	-	-	-	(2,841)
Balance as at March 31, 2025	112,756	1,275	1,224	38,378	370	154,003

- (b) The reconciliations of component of insurance contract liabilities for contracts to which the PAA is not applied from the opening to the ending balances for the years ended March 31, 2024 and 2025 were as follows:

	For the year ended March 31, 2024			For the year ended March 31, 2025		
	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	CSM	Estimates of present value of future cash flows	Risk adjustment for non- financial risk	CSM
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance, begging of year	64,052	6,165	10,417	59,230	6,329	13,793
Changes that relate to current service						
CSM recognized for services	-	-	(961)	-	-	(1,119)
Change in risk adjustment for non- financial risk for risk expired	-	(358)	-	-	(358)	-
Experience adjustments	(115)	-	-	(63)	-	-
Changes that relate to future service						
Contracts initially recognized in the year	(2,036)	863	1,215	(1,826)	760	1,064
Changes in estimates that adjust CSM	(3,052)	(54)	3,106	(302)	(484)	786
Losses on onerous contracts and reversals of such losses	45	-	-	(83)	-	-
Insurance finance expenses (income)	3,571	(287)	16	(2,982)	(410)	14
Cash flows	(3,235)	-	-	(2,022)	-	-
Balance, ending of year	59,230	6,329	13,793	51,952	5,837	14,538

- (c) Significant accounting estimates and judgments related to the measurement of insurance contracts

(i) Components of fulfilment cash flows

Fulfilment cash flows consist of the following:

- estimates of future cash flows
- an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows
- a risk adjustment for non-financial risk

(ii) Estimates of future cash flows

The objective of the Group's estimation of future cash flows is to calculate the expected value of a range of scenarios that reflect the full range of possible outcomes. The cash flows resulting from each scenario are discounted to calculate the expected present value and weighted by the estimated probability of that outcome.

In estimating future cash flows, the Group incorporates, in an unbiased manner, all reasonable and supportable information available at the reporting date without undue cost or effort. This information includes internal and external historical data on claims and other performance and is updated to reflect current expectations about future events.

In estimating future cash flows, key inputs, mortality and morbidity assumptions, are typically established by combining data from national life tables, industry trends, and recent actual results. Actual results are measured through periodic surveys, the results of which are reflected in both the setting of rates for new products and the measurement of existing insurance contracts.

(iii) Discount rates

Cash flows are discounted using a yield curve adjusted to reflect the relevant cash flow

characteristics and the liquidity characteristics of the insurance contracts. The yield curve is calculated based on observable market data, such as government bonds, by interpolating between the latest available market data and terminal forward rates, taking into account long-term real interest rates and inflation expectations.

The yield curves used to discount the cash flows of insurance contracts are as follows:

For the year ended March 31, 2024

	1 year	5 years	10 years	15 years	20 years	30 years
JPY	0.201%	0.521%	0.909%	1.338%	1.717%	2.083%

For the year ended March 31, 2025

	1 year	5 years	10 years	15 years	20 years	30 years
JPY	0.687%	1.261%	1.694%	2.178%	2.490%	2.830%

Net cash outflows by due period resulting from recognized insurance liabilities are as follows. Net cash outflow amount does not include the liability for the remaining coverage measured by the PAA:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Insurance contract liabilities	21,424	13,119	7,487	5,384	4,012	58,339	109,765

(d) 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.

The impact of modifying the prerequisite conditions on insurance contract liabilities, profit or loss, and equity is not expected to be material.

(3) Concentration of insurance risk

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

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

The claims development of the insurance business is as follows:

	Accident year					
	2020	2021	2022	2023	2024	Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Cumulative payments and claim reserves						
At end of accident year	26,017	30,193	34,818	37,189	40,687	168,904
1 year later	25,007	28,081	32,182	35,597	-	120,867
2 year later	23,852	27,383	31,363	-	-	82,598
3 year later	23,187	26,882	-	-	-	50,069
4 year later	23,064	-	-	-	-	23,064
Estimate of cumulative claims	23,064	26,882	31,363	35,597	40,687	157,593
Less: Cumulative payments to date	22,290	24,887	28,220	29,219	23,212	127,828
Undiscounted future cash outflows	774	1,995	3,143	6,378	17,475	29,765
Others						10,207
Liabilities for incurred claims						39,972

24. 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, 2025 to which the lessee is committed.

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

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Depreciation charge for right-of-use assets		
Buildings	11,032	10,807
Furniture and fixtures	346	303
Machinery and equipment	33	25
Land	208	98
Software	-	384
Others	686	826
Total	12,305	12,443
Interest expense on lease liabilities	629	701
Expense relating to short-term lease and lease of low-value assets	8,623	9,599
Total cash outflow for leases	23,210	24,242

(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:

	As at March 31, 2024	
	Undiscounted lease income	Net investment in the lease
	Millions of Yen	Millions of Yen
No later than 1 year	63,046	58,649
1 to 2 years	56,548	52,024
2 to 3 years	43,241	40,117
3 to 4 years	28,997	26,689
4 to 5 years	20,024	18,793
Over 5 years	30,242	27,643
Total	242,098	223,915
Unearned financial income	(23,528)	
Discounted unguaranteed residual value	5,345	
Net investment in the lease	223,915	

Financial income on net investment in the lease amounted to ¥9,396 million for the year ended March 31, 2024.

As at March 31, 2025

	Undiscounted lease income	Net investment in the lease
	Millions of Yen	Millions of Yen
No later than 1 year	76,232	71,471
1 to 2 years	63,010	59,818
2 to 3 years	48,420	45,000
3 to 4 years	37,529	34,349
4 to 5 years	28,156	25,744
Over 5 years	30,786	26,249
Total	284,133	262,631
Unearned financial income	(27,658)	
Discounted unguaranteed residual value	6,156	
Net investment in the lease	262,631	

Financial income on net investment in the lease amounted to ¥10,849 million for the year ended March 31, 2025.

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

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
No later than 1 year	8,493	8,712
1 to 2 years	7,022	7,026
2 to 3 years	5,818	5,139
3 to 4 years	4,066	3,493
4 to 5 years	2,672	2,520
Over 5 years	6,696	5,741
Total	34,767	32,631

Lease income from operating lease contracts amounted to ¥13,036 million and ¥15,617 million for the years ended March 31, 2024 and 2025, 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.

25. Provisions

The movement of provisions is as follows:

	Asset retirement obligations	Reserve for losses on interest repayment	Total
	Millions of Yen	Millions of Yen	Millions of Yen
As at April 1, 2023	13,242	30,569	43,811
Recognition of provisions	541	(411)	130
Used	(1,235)	(5,929)	(7,164)
Increase in value	87	-	87
Others	(11)	-	(11)
As at March 31, 2024	12,624	24,229	36,853
Recognition (reversal) of provisions	1,620	501	2,121
Used	(1,083)	(4,197)	(5,280)
Increase in value	102	-	102
Others	(25)	-	(25)
As at March 31, 2025	13,238	20,533	33,771

Asset retirement obligations mainly relate to expenses for restoration obligations for leased offices, etc., and the timing of expenditure is affected by future business plans and other factors.

Reserve for losses on interest repayment is recorded in the amount necessary to prepare for the repayment amount (loss) arising from a claim for repayment of interest received from a debtor that exceeds the upper limit of the Interest Rate Restriction Act by a money lender operating at a lending interest rate that exceeds the upper limit of the Interest Rate Restriction Act and is below the upper limit of the so-called Investment Act. The payment is made when the debtor makes a claim for repayment.

26. 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, 2024 and 2025 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, 2024 and 2025 consisted of the following:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Change in present value of defined benefit plan obligations		
Balance, beginning of year	(92,589)	(89,534)
Effect of business combinations and disposals	(282)	(145)
Service cost	(3,761)	(3,698)
Interest cost	(1,223)	(1,476)
Actuarial gains and losses (*1)	3,158	8,217
Benefits paid	5,164	5,403
Balance, end of year	(89,533)	(81,233)
Change in fair value of plan assets		
Balance, beginning of year	103,115	112,177
Interest income	1,401	1,908
Income related to plan assets (excluding interest income)	8,999	(2,047)
Employer contributions	2,852	3,009
Benefits from plan assets	(4,190)	(4,715)
Balance, end of year	112,177	110,332
Effect of the asset ceiling	(30,180)	(30,873)
Net amount recognized in the consolidated statement of financial position	(7,538)	(1,774)

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, 2024 and 2025 were as follows:

	As at March 31, 2024	As at March 31, 2025
	%	%
Discount rate	1.25 – 1.81	1.90 – 2.48
Rate of increase in future compensation levels	1.80 – 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, 2025 would be expected to increase the defined benefit plan obligations by ¥4,854 million and decrease them by ¥4,368 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, 2024 and 2025 are as follows:

	As at March 31, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Plan assets that have a quoted market price in an active market		
Cash and cash equivalents	2,248	8,132
Japanese equity securities	9,666	4,395
Global equity securities	4,657	4,241
Japanese debt	11,684	11,450
Global debt	4,874	4,798
Total	33,129	33,016
Plan assets that do not have a quoted market price in an active market		
Japanese equity securities	14,612	12,466
Global equity securities	15,045	14,646
Japanese debt	15,584	15,856
Global debt	9,549	9,830
Insurance assets (general account)	17,248	17,329
Other assets (*1)	7,010	7,189
Total	79,048	77,316

Note:

1. Other assets include mainly alternative investment products.

The Group expects to contribute ¥3,363 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, 2025 was 12.0 years.

27. Capital Stock and Other Equity Items

(1) Capital stock and treasury stock

The number of authorized shares as at March 31, 2024 and 2025 was 544,661,000 shares.

The Company's issued shares were as follows:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	shares	shares
Number of issued shares (common shares with no par value)		
As at the beginning of the year	272,358,290	301,889,807
Increase during the year (*1)(*2)	29,531,517	1,167,100
As at the end of the year	301,889,807	303,056,907

Notes:

1. The increase during the year ended March 31, 2024 consisted of the exercise of the conversion rights for convertible bonds totaling 25,071,617 shares and the exercise of the stock acquisition rights totaling 4,459,900 shares.
2. The increase during the year ended March 31, 2025 consisted of the exercise of the stock acquisition rights totaling 1,167,100 shares.

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

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Shares	Shares
Number of treasury stock		
As at the beginning of the year	27,451	30,696
Increase during the year (Notes 1,3)	3,775	2,532
Decrease during the year (Notes 2,4)	(530)	(460)
As at the end of the year	30,696	32,768

Notes:

1. The increase of 3,775 shares during the year ended March 31, 2024 related to the purchase of shares from shareholders with less than one unit of shares.
2. The decrease of 530 shares during the year ended March 31, 2024 related to the sale of shares to shareholders with less than one unit of shares.
3. The increase of 2,532 shares during the year ended March 31, 2025 related to the purchase of shares from shareholders with less than one unit of shares.
4. The decrease of 460 shares during the year ended March 31, 2025 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:

	Other components of equity							Total
	Currency translation differences	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Fluctuations in discount rates of insurance contracts	Cash flow hedges	Changes in own credit risk on financial liabilities	Remeasurement of defined benefit plans	
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2023	68,905	(3,600)	(5,497)	930	—	309	—	61,047
Change for the year	65,175	3,086	(871)	764	(2,296)	15	(610)	65,263
Transfer to retained earnings	—	(1,194)	—	—	—	—	610	(584)
Balance as at March 31, 2024	134,080	(1,708)	(6,368)	1,694	(2,296)	324	—	125,726
Change for the year	(56,476)	(921)	(6,607)	1,496	601	400	3,155	(58,352)
Transfer to retained earnings	—	(1,619)	—	—	—	—	(3,155)	(4,774)
Balance as at March 31, 2025	77,604	(4,248)	(12,975)	3,190	(1,695)	724	—	62,600

28. Dividends

Dividends paid were as follows:

Year ended March 31, 2024

	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
Board of Directors' Meeting on November 10, 2023	Common shares	8,257	30	September 30, 2023	December 18, 2023

Year ended March 31, 2025

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 10, 2024	Common shares	39,242	130(*)	March 31, 2024	June 7, 2024
Board of Directors' Meeting on November 8, 2024	Common shares	9,081	30	September 30, 2024	December 16, 2024

(*) The per-share dividend of 130 yen consists of common dividend of 120 yen and commemorative dividend of 10 yen for the 25th anniversary of the foundation of the Company.

Dividends for which the declared date fell in the year ended March 31, 2025, and for which the effective date will be in the year ending March 31, 2026, 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 9, 2025	Common shares	42,423	140	March 31, 2025	June 9, 2025

29. 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, 2024 and 2025 amounted to ¥470 million and ¥506 million, respectively, and is included in "Selling, general and administrative expenses".

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:

	For the year ended March 31, 2024		For the year ended March 31, 2025	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	8,383,500	2,183	3,923,600	2,141
Exercised	(4,459,900)	2,219	(1,167,100)	2,111
Forfeited	—	—	(665,400)	1,669
Ending balance	3,923,600	2,141	2,091,100	2,308

Notes

1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2024 and 2025 were ¥3,275 and ¥3,750, respectively.
2. With regard to the 2017 Second Series Stock Acquisition Rights, 566,900 shares expired due to the maturity of the exercise period on October 1, 2024. In addition, with regard to the 2020 First Series Stock Acquisition Rights, which are a paid transaction in which cash is received in return for the stock option price, the rights were set to vest when the segment profit (profit before tax) of the Financial Services Business in each of the fiscal years ending March 2021 through March 2023 reaches ¥55 billion or more and the cumulative amount of the segment profit (profit before tax) of the Financial Services Business for the three fiscal years ending March 2021 through March 2023 reaches ¥170 billion or more. However, 98,500 shares expired due to the maturity of the exercise period on October 1, 2024.

The unexercised stock options as at March 31, 2025 are as follows:

Name	Exercise price	Number of shares	Exercise period
	Yen	Shares	
2020 Second Stock Acquisition Rights	2,308	2,091,100	July 3, 2023~ September 29, 2028

② Subsidiaries

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

a-1 SBI Biotech Co., Ltd.

	For the year ended March 31, 2024		For the year ended March 31, 2025	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	5,600	79,545	5,600	79,545
Change	—	—	—	—
Ending balance	5,600	79,545	5,600	79,545

Note:

Of the remaining stock options as at March 31, 2025, 100 shares were granted before November 7, 2002 thus, the Group does not apply IFRS 2 "Share-based Payment". The exercise period is two years and six months from six months after the date of the IPO.

a-2 SBI RHEOS HIFUMI Inc.

	For the year ended March 31, 2025	
	Number of shares	Weighted average exercise price
	Shares	Yen
Beginning balance	2,440,000	171
Granted	2,800,000	155
Exercised	(114,400)	171
Forfeited	(576,000)	161
Ending balance	4,549,600	162

Notes:

1. The average remaining exercise period as at March 31, 2025 was 5.4 years.
2. Weighted average stock price of stock options upon exercise for the year ended March 31, 2025 was ¥195.
3. The fair value of stock options granted during the year ended March 31, 2025 was ¥2,000 (the number of shares to be issued per option is 800 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	: ¥136	Estimated remaining exercise period	: 2.96 years
Exercise price	: ¥155	Dividend yield	: 3.32%
Estimated volatility	: 35.3%	Risk free rate	: 0.48%

4. On September 30, 2024, an 8-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, 2025.

a-3 SBI Leasing Services Co., Ltd.

	For the year ended March 31, 2024		For the year ended March 31, 2025	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	328,000	2,250	328,000	2,250
Granted	—	—	230,500	2,948
Exercised	—	—	(102,000)	2,250
Ending balance	328,000	2,250	456,500	2,602

Notes:

1. The average remaining exercise period as at March 31, 2025 was 3.7 years.
2. Weighted average stock price of stock options upon exercise for the year ended March 31, 2025 was ¥2,250.
3. Stock options granted during the year ended March 31, 2025 were 79,000 shares for the Fourth Stock Acquisition Rights and 151,500 shares for the Fifth Stock Acquisition Rights.

The fair value of stock options for the Fourth Stock Acquisition Rights was ¥75,700 (the number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: ¥2,871	Estimated remaining exercise period	: 3.4 years
Exercise price	: ¥2,948	Dividend yield	: 3.48%
Estimated volatility	: 47.6%	Risk free rate	: 0.39%

The fair value of stock options for the Fifth Stock Acquisition Rights was ¥79,600 (the number of shares to be issued per stock acquisition right: 100 shares). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: ¥2,871	Estimated remaining exercise period	: 3.9 years
Exercise price	: ¥2,948	Dividend yield	: 3.48%
Estimated volatility	: 47.8%	Risk free rate	: 0.42%

4. The Fourth Stock Acquisition Rights are subject to the vesting condition that the total amount of ordinary income recorded in the consolidated statement of income of the subsidiary for the years ended March 31, 2025 to 2027 exceeds ¥17.5 billion.

a-4 SBI ARUHI Corporation

	For the year ended March 31, 2024		For the year ended March 31, 2025	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	Yen	Shares	Yen
Beginning balance	663,800	1,526	562,200	1,577
Exercised	(44,900)	684	(47,500)	562
Forfeited	(56,700)	1,689	(204,500)	2,180
Ending balance	562,200	1,577	310,200	1,335

Notes:

1. The average remaining exercise period as at March 31, 2025 was 2.8 years.
2. Weighted average stock prices of stock options upon exercise for the years ended March 31, 2024 and 2025 were ¥887 and ¥856, respectively.

a-5 SBI Digital Markets Pte. Ltd.

	For the year ended March 31, 2024		For the year ended March 31, 2025	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
	Shares	SGD	Shares	SGD
Beginning balance	—	—	560,000	7.40
Granted	560,000	7.40	—	—
Ending balance	560,000	7.40	560,000	7.40

Notes:

1. The average remaining exercise period as at March 31, 2025 was 9 years. The stock options did not vest as at March 31, 2025.
2. The stock options granted during the year ended March 31, 2024 were 332,000 shares of SBI DM Share Option Scheme-Pioneer Group and 228,000 shares of SBI DM Share Option Scheme-Broader Group.

The fair value of SBI DM Share Option Scheme-Pioneer Group was SGD 8.76 (the number of shares to be issued per option is 1 share). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: SGD 11.96	Estimated remaining exercise period	: 6.25 years
Exercise price	: SGD 4.26	Dividend yield	: 0.00%
Estimated volatility	: 40.1%	Risk free rate	: 3.07%

The fair value of SBI DM Share Option Scheme-Broader Group was SGD 5.29 (the number of shares to be issued per option is 1 share). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: SGD 11.96	Estimated remaining exercise period	: 6.25 years
Exercise price	: SGD 11.96	Dividend yield	: 0.00%
Estimated volatility	: 40.1%	Risk free rate	: 3.07%

30. Revenue

Revenue for the years ended March 31, 2024 and 2025 consisted of the following:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of yen	Millions of yen
Revenue		
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (*1)	488,677	510,942
Income arising from debt instruments measured at FVTOCI (*2)	11,435	16,581
Income arising from financial assets measured at FVTPL	41,497	207,870
Income arising from financial liabilities designated at FVTPL	(2,959)	7,880
Others	52,236	60,822
Total financial income	590,886	804,095
Insurance revenue	87,665	96,584
Revenue from contracts with customers		
Revenue from rendering of services	220,659	226,306
Revenue from sales of goods	108,311	107,371
Others	202,983	209,377
Total revenue	1,210,504	1,443,733

Notes:

1. The amount mainly consists of interest income arising from bonds held in the banking business and from loans receivable 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, 2024 and 2025 consisted of the following: Revenue from rendering of services mainly includes financial advisory fees and agency fees related to investment trusts in the securities business. Revenue from sales of goods includes revenue arising from the sale of real estate, aircraft, pharmaceutical products, and supplements.

For the year ended March 31, 2024

	Asset							
	Financial Services Business	Management Business	Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination or Corporate	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue from contracts with customers								
Revenue from rendering of services	185,904	29,122	4,414	398	8,436	228,274	(7,615)	220,659
Revenue from sales of goods	92,248	-	3,305	-	13,111	108,664	(353)	108,311
Total	278,152	29,122	7,719	398	21,547	336,938	(7,968)	328,970

For the year ended March 31, 2025

	Asset							
	Financial Services Business	Management Business	Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination or Corporate	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue from contracts with customers								
Revenue from rendering of services	183,306	34,223	14,339	558	9,078	241,504	(15,198)	226,306
Revenue from sales of goods	77,534	-	13,148	-	17,082	107,764	(393)	107,371
Total	260,840	34,223	27,487	558	26,160	349,268	(15,591)	333,677

(2) Contract balance

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

	Balance as at April 1, 2023	Balance as at March 31, 2024
	Millions of Yen	Millions of Yen
Trade receivables from contract with customers	10,247	16,493
Contract liabilities	5,136	5,326

	Balance as at April 1, 2024	Balance as at March 31, 2025
	Millions of Yen	Millions of Yen
Trade receivables from contract with customers	16,493	23,213
Contract liabilities	5,326	8,759

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, 2024 and 2025, ¥5,136 million and ¥5,326 million were included in the balance of contract liabilities as at April 1, 2023 and 2024, respectively.

31. Expense

Expense for the years ended March 31, 2024 and 2025 consisted of the following:

(1) Financial cost associated with financial income

	For the year ended March 31,2024	For the year ended March 31,2025
	Millions of Yen	Millions of Yen
Financial cost associated with financial income		
Interest expense		
Financial liabilities measured at amortized cost	(167,940)	(195,510)
Total financial cost associated with financial income	(167,940)	(195,510)

(2) Operating cost

	For the year ended March 31,2024	For the year ended March 31,2025
	Millions of Yen	Millions of Yen
Payroll	(13,981)	(16,441)
Outsourcing fees	(83,549)	(89,613)
Depreciation and amortization	(13,751)	(15,054)
Cost of real estate for sale	(56,715)	(41,341)
Others	(97,865)	(118,155)
Total operating cost	(265,861)	(280,604)

(3) Selling, general and administrative expenses

	For the year ended March 31,2024	For the year ended March 31,2025
	Millions of Yen	Millions of Yen
Payroll	(136,891)	(144,161)
Outsourcing fees	(78,729)	(85,913)
Depreciation and amortization	(39,987)	(44,606)
Research and development	(1,983)	(1,851)
Others	(148,169)	(165,129)
Total selling, general and administrative expenses	(405,759)	(441,660)

(4) Other financial cost

	For the year ended March 31,2024	For the year ended March 31,2025
	Millions of Yen	Millions of Yen
Other financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(36,344)	(43,733)
Others	(5,369)	(201)
Total other financial cost	(41,713)	(43,934)

(5) Other expenses

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Impairment loss	(921)	(6,325)
Foreign exchange loss	-	(19,522)
Others	(12,139)	(14,514)
Total other expenses	<u>(13,060)</u>	<u>(40,361)</u>

32. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2024 and 2025 were as follows:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Income tax expense		
Current	(27,199)	(52,876)
Deferred	(754)	(40,256)
Total income tax expense	<u>(27,953)</u>	<u>(93,132)</u>

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, 2024 and 2025 is as follows:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	%	%
Normal effective statutory tax rate	30.6	30.6
Permanent differences such as meals and entertainment	1.3	1.8
Tax effect on minority interests of investments in fund	0.2	0.7
Temporary differences arising from consolidation of investments	(5.2)	(1.9)
Change in unrecognized deferred tax assets	(7.9)	1.1
Other	0.7	0.7
Average effective tax rate	<u>19.7</u>	<u>33.0</u>

The Group has applied the "International Tax Reform - Pillar 2 Model Rules" (an amendment to IAS 12 "Income Taxes"). This amendment clarifies that IAS 12 applies to corporate income taxes arising from tax laws enacted or substantively enacted to implement the OECD's BEPS Pillar 2 GloBE (global minimum tax) rules. However, it provides a temporary exception that requires an entity not to recognize and disclose deferred tax assets and liabilities for income taxes arising from the global minimum tax rules. The Group has applied the exception provided by IAS 12 and has not recognized or disclosed deferred tax assets or liabilities for income taxes arising from the global minimum tax rules.

In addition, in Japan, where the Company is located, the BEPS global minimum tax rules include the "aggregation of income" rule (IIR), which was introduced in the 2023 tax reform, and an additional tax is applied to the Company from the current period until the tax burden of subsidiaries reaches the minimum rate (15%). Based on the most recent tax returns, country reports, and financial statements of each of the constituent

companies and others subject to the system, the Company has conducted an assessment of its potential exposure to Pillar II income tax and concluded that the impact on the Group's consolidated financial statements is not material.

33. 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, 2024 and 2025 were as follows:

For the year ended March 31, 2024					
	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Items that will not be reclassified subsequently to profit or loss					
Equity instruments measured at FVTOCI	5,681	-	5,681	(66)	5,615
Changes in own credit risk on financial liabilities	(8)	-	(8)	-	(8)
Remeasurement of defined benefit plans	(1,586)	-	(1,586)	532	(1,054)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	0	-	0	-	0
	<u>4,087</u>	<u>-</u>	<u>4,087</u>	<u>466</u>	<u>4,553</u>
Items that may be reclassified subsequently to profit or loss					
Debt instruments measured at FVTOCI	(2,353)	715	(1,638)	138	(1,500)
Currency translation differences	71,069	(18)	71,051	-	71,051
Fluctuations in discount rates of insurance contracts	2,069	-	2,069	(579)	1,490
Cash flow hedges	(5,293)	699	(4,594)	894	(3,700)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	4,847	0	4,847	-	4,847
	<u>70,339</u>	<u>1,396</u>	<u>71,735</u>	<u>453</u>	<u>72,188</u>
Total	<u>74,426</u>	<u>1,396</u>	<u>75,822</u>	<u>919</u>	<u>76,741</u>

For the year ended March 31, 2025

	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Items that will not be reclassified subsequently to profit or loss					
Equity instruments measured at FVTOCI	(2,701)	-	(2,701)	176	(2,525)
Changes in own credit risk on financial liabilities	467	-	467	-	467
Remeasurement of defined benefit plans	5,906	-	5,906	(1,974)	3,932
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	198	-	198	-	198
	<u>3,870</u>	<u>-</u>	<u>3,870</u>	<u>(1,798)</u>	<u>2,072</u>
Items that may be reclassified subsequently to profit or loss					
Debt instruments measured at FVTOCI	(16,361)	4,845	(11,516)	372	(11,144)
Currency translation differences	(51,992)	(14,924)	(66,916)	-	(66,916)
Fluctuations in discount rates of insurance contracts	3,579	-	3,579	(1,072)	2,507
Cash flow hedges	6,033	(8,257)	(2,224)	2,505	281
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(944)	(1)	(945)	(82)	(1,027)
	<u>(59,685)</u>	<u>(18,337)</u>	<u>(78,022)</u>	<u>1,723</u>	<u>(76,299)</u>
Total	<u>(55,815)</u>	<u>(18,337)</u>	<u>(74,152)</u>	<u>(75)</u>	<u>(74,227)</u>

34. 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:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Earnings		
Profit attributable to owners of the Company	87,243	162,120
Dilutive effect : Convertible bonds	567	777
Profit attributable to owners of the Company after dilutive effect	87,810	162,897
Shares		
Basic weighted average number of ordinary shares (shares)	275,712,057	302,413,369
Dilutive effect : Stock options (shares)	1,915,609	1,314,206
Dilutive effect : Convertible bonds (shares)	29,827,618	14,014,748
Weighted average number of ordinary shares after the dilutive effect (shares)	307,455,284	317,742,323
Earnings per share attributable to owners of the Company		
Basic (in Yen)	316.43	536.09
Diluted (in Yen)	285.60	512.67

35. Cash Flow Information

Supplemental disclosure of consolidated statement of cash flow information for the years ended March 31, 2024 and 2025 was as follows:

(1) Expenditures on acquisition of subsidiaries

Total consideration paid for acquisition of subsidiaries were ¥210,552 million and ¥12,154 million for the years ended March 31, 2024 and 2025, respectively. The consideration paid for the year ended March 31, 2024, consisted of cash and cash equivalents of ¥27,806 million as well as cash loan. The consideration paid for the year ended March 31, 2025, consisted of cash and cash equivalents of ¥16,215 million as well as cash loan, and excludes unearned revenue.

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:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Cash and cash equivalents	20,776	125,667
Trade and other receivables	188,427	88,810
Inventories	28,015	764
Other financial assets	1,698	498
Other investment securities	1,526	54,113
Intangible assets	368	5,007
Other assets	8,027	14,839
Total assets	248,837	289,698
Bonds and loans payable	3,428	4,937
Trade and other payables	6,294	17,261
Customer deposits for banking	-	234,954
Other financial liabilities	22	-
Other liabilities	33,355	10,680
Total liabilities	43,099	267,832

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥5,023 million and ¥8,233 million for the years ended March 31, 2024 and 2025, respectively. The consideration received for the year ended March 31, 2024 consisted solely of cash and cash equivalents. The consideration received for the year ended March 31, 2025 includes cash and cash equivalents of ¥5,733 million as well as cash loan.

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:

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Cash and cash equivalents	2,524	3,406
Trade and other receivables	1,339	1,583
Investment properties	-	27,574
Other assets	3,339	4,771
Total assets	7,202	37,334
Bonds and loans payable	827	9,718
Trade and other payables	1,289	5,030
Other liabilities	1,171	3,001
Total liabilities	3,287	17,749

(3) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities were as follows:

	Borrowings	Bond	Total
	Millions of Yen	Millions of Yen	Millions of Yen
Balance as at April 1, 2023	2,108,816	1,571,539	3,680,355
Cash flow from operating activities	740,149	(61,448)	678,701
Cash flow from financing activities	(190,633)	351,753	161,120
Non-cash changes			
Change in scope of consolidation	2,601	-	2,601
Interest expense	1,932	3,401	5,333
Conversion of convertible bonds	-	(70,037)	(70,037)
Foreign currency translation adjustment on foreign operations	2,297	13,516	15,813
Others	4,369	(1,176)	3,193
Balance as at March 31, 2024	2,669,531	1,807,548	4,477,079
Cash flow from operating activities	575,589	(19,230)	556,359
Cash flow from financing activities	345,826	370,937	716,763
Non-cash changes			
Change in scope of consolidation	(5,067)	286	(4,781)
Interest expense	(598)	3,336	2,738
Issuance of convertible bonds (Reclassification to equity)	-	(10,999)	(10,999)
Foreign currency translation adjustment on foreign operations	(1,246)	(11,689)	(12,935)

	Borrowings	Bond	Total
Others	(1,992)	(844)	(2,836)
Balance as at March 31, 2025	3,582,043	2,139,345	5,721,388

36. Subsidiaries

Major subsidiaries of the Group as at March 31, 2025 were as follows:

Business segment	Name	Location	Voting Rights Holding Ratio (Note 1)
			%
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	59.7
	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	89.7 (12.2)
	SBI Estate Finance Co., Ltd.	Japan	100.0 (100.0)
	SBI Shinsei Bank, Limited	Japan	100.0 (77.8)
	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	97.9 (97.9)
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)
	SBI ALApharma Co., Limited	Hong Kong	100.0
			(100.0)
Crypto-asset Business	SBI VC Trade Co., Ltd.	Japan	100.0
			(100.0)
Next Gen Business	SBI Pharmaceuticals Co., Ltd.	Japan	100.0
			(100.0)
	SBI ALApromo Co., Ltd.	Japan	100.0
			(1.0)
	SBI Biotech Co., Ltd.	Japan	95.8
			(1.1)

Note:

1. 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, 2024

Name	Location	Percentage of voting rights held by non-controlling interests	Profit (loss) allocated to non-controlling interests	Cumulative amount of non-controlling interests
		%	Millions of Yen	Millions of Yen
SBI Shinsei Bank, Limited	Japan	35.2	21,599	348,881

Year ended March 31, 2025

Name	Location	Percentage of voting rights held by non-controlling interests	Profit (loss) allocated to non-controlling interests	Cumulative amount of non-controlling interests
		%	Millions of Yen	Millions of Yen
SBI Shinsei Bank, Limited	Japan	-	24,760	233,872

Dividends to non-controlling interests include a special dividend of ¥100,000 million paid by SBI Shinsei Bank Ltd. to the Resolution and Collection Corporation, as part of the repayment scheme for public funds based on the "Agreement on Definitive Repayment Scheme" concluded by and among the Deposit Insurance Corporation of Japan, the Resolution and Collection Corporation, SBI Shinsei Bank, Ltd. and the Company.

In addition, the cumulative amount of non-controlling interests of SBI Shinsei Bank, Ltd. includes the unpaid public funds of ¥230,019 million based on the "Agreement on Definitive Repayment Scheme".

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, 2024	As at March 31, 2025
	Millions of Yen	Millions of Yen
Total assets	15,630,976	19,816,680
Total liabilities	14,668,826	18,892,773
Total equity	962,150	923,907
	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Revenue	468,734	644,933
Profit for the year	53,408	65,644
Total comprehensive income	74,717	20,191
Cash flows from operating activities	1,254,529	1,945,591
Cash flows from investing activities	77,703	(1,204,363)
Cash flows from financing activities	(80,503)	(72,742)
Net change in cash and cash equivalents	1,251,729	668,486

37. Related Party Transactions

(1) Related Party Transactions

The Group entered into the following related party transactions during the year ended March 31, 2024.

Type	Name	Nature of relationship	Nature of transaction	Transaction Amount	Balance
				Millions of Yen	Millions of Yen
Corporate officer	Yoshitaka Kitao	Representative Director	Exercise of stock options (Note1)	1,186	—
			Acquisition of shares of subsidiaries (Note2)	1,047	—
Corporate officer	Masato Takamura	Representative Director	Exercise of stock options (Note1)	319	—
Corporate officer	Tomoya Asakura	Representative Director	Exercise of stock options (Note1)	616	—
Corporate officer	Shumpei Morita	Director	Exercise of stock options (Note1)	463	—
Corporate officer	Satoe Kusakabe	Director	Exercise of stock options (Note3)	12	—
Corporate officer	Masayuki Yamada	Director	Exercise of stock options (Note1)	80	—
Corporate officer	Shinji Matsui	Director	Exercise of stock options (Note1)	125	—
Corporate officer	Motoaki Shiino	Director	Exercise of stock options (Note1)	12	—

(Note):

1. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolution by the Board of Directors' meeting held on May 28, 2020, and June 26, 2020, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the fiscal year ended March 31, 2024.
2. The transfer price was determined by taking into consideration a stock price valuation report by an independent third party.
3. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolution by the Board of Directors' meeting held on July 27, 2017, and August 29, 2017, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the fiscal year ended March 31, 2024.

The Group entered into the following related party transactions during the year ended March 31, 2025.

Type	Name	Nature of relationship	Nature of transaction	Transaction Amount	Balance
				Millions of Yen	Millions of Yen
Corporate officer	Masato Takamura	Representative Director	Exercise of stock options (Note1)	342	—
			Cash loan (Note2)	550	550
Corporate officer	Satoe Kusakabe	Director	Exercise of stock options (Note1)	34	—
Corporate officer	Motoaki Shiino	Director	Exercise of stock options (Note1)	12	—

(Note):

1. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolution by the Board of Directors' meeting held on May 28, 2020, and June 26, 2020, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the fiscal year ended March 31, 2025.
2. The Company lends funds for the acquisition of the Company's shares. Transaction terms and conditions are the same as those of general business partners. The Company's shares acquired by the borrower through the loan have been pledged as collateral for this transaction.

(2) The remuneration of key management personnel of the Company for the years ended March 31, 2024 and 2025

	For the year ended March 31, 2024	For the year ended March 31, 2025
	Millions of Yen	Millions of Yen
Remuneration and bonuses	1,021	1,103
Post-employment benefits	103	3
Total	1,124	1,106

38. Events after the Reporting Period

(Acquisition of shares of Kyobo Life Insurance Co., Ltd., a South Korean life insurance company)

The Group resolved at the Board of Directors' meeting held on April 17, 2025, to acquire additional shares of Kyobo Life Insurance Co., Ltd. (hereinafter "Kyobo Life Insurance"), a South Korean life insurance company, from its existing shareholders to make it an equity-method associate of the Group.

(1) Reason for acquisition of shares

The Group has been actively utilizing M&A and other means to expand its business domain both domestically and globally, and in the insurance business, the Group has been considering M&A and other means both domestically and globally with the goal of further expanding its business. Meanwhile, Kyobo Life Insurance was considering further deepening its cooperation with the Group in the course of considering measures for future business expansion. Therefore, the Group has decided to acquire additional shares of Kyobo Life Insurance from its existing shareholders, subject to the approval of the Korea Fair Trade Commission and the Financial Services Commission of Korea, and to make Kyobo Life Insurance an equity-method associate of the Group in order to further strengthen cooperation with Kyobo Life Insurance and expand the Group's insurance business.

(2) Overview of the company to become an equity-method associate

Name	Kyobo Life Insurance Co., Ltd.
Description of business	Insurance business, etc.
Share capital	KRW 102.5 billion

(3) Number of shares acquired and shareholding before and after acquisition

Number of shares held before acquisition	9,327,500 shares
Number of shares to be acquired	11,172,500 shares
Number of shares held after acquisition	20,500,000 shares (Ratio of voting rights held: 20.4%)

(4) Future outlook

The impact of this share acquisition on the consolidated financial results of the Group has not been determined at this time.

(Share transfer of SBI SAVINGS Bank Co., Ltd.)

The Group resolved at the Board of Directors' meeting held on April 28, 2025, to sell part of its shares of SBI SAVINGS Bank Co., Ltd. (hereinafter SBI SAVINGS BANK), a subsidiary of the Company in South Korea, to Kyobo Life Insurance.

(1) Reason for the sale of shares

Kyobo Life Insurance, the transferee of the shares, is one of the largest life insurers in the country, and since the Company acquired partial shares in Kyobo Life Insurance in 2007, it has been a partner company in various fields, including digital finance, with which the Group has maintained a long-standing partnership. Since Kyobo Life Insurance was considering acquiring a quality savings bank to expand its non-insurance business domain with the goal of transforming itself into a financial holding company in the future, the Company has decided to transfer a part of its holding of SBI SAVINGS BANK to Kyobo Life Insurance in order to recover a part of the Group's investment in the bank and to further deepen its cooperation with the Kyobo Life Insurance group.

(2) Overview of the share transfer

Subject to the approval of the Korea Fair Trade Commission and the Financial Services Commission of Korea, the Group has agreed to transfer a total of 156,147,223 shares of common stock of SBI SAVINGS BANK held by the Group to Kyobo Life Insurance by October 30, 2026, in multiple portions, and as the first portion, the Group transferred 26,545,028 shares of common stock of SBI SAVINGS BANK (9.97% of voting rights) held by the Group to Kyobo Life Insurance on May 2, 2025.

Moreover, on October 30, 2026, the final share transfer date, Kyobo Life Insurance will hold the majority of the voting rights in SBI SAVINGS BANK. Therefore, SBI SAVINGS BANK will no longer be a consolidated subsidiary but plans to become an equity-method associate of the Group after October 30, 2026.

(3) Overview of the subsidiary subject to change

Name	SBI SAVINGS Bank Co., Ltd.
Description of business	Deposit taking and loan providing, etc.
Share capital	KRW 1,561.5 billion

(4) Future outlook

Until the date of execution of the final share transfer, which is scheduled for October 30, 2026, SBI SAVINGS BANK will remain a consolidated subsidiary of the Group, and the impact on the consolidated financial results of the Group for the fiscal year ending March 2026 has not been determined at this time.

(Execution of capital and business alliance agreement with Nippon Telegraph and Telephone Corporation)

At the Board of Directors' meeting held on May 29, 2025, it was resolved to approve execution of each of the capital and business alliance agreement (hereinafter the "Capital and Business Alliance Agreement"; the capital and business alliance based on the Capital and Business Alliance Agreement is hereinafter referred to as the "Capital and Business Alliance", the business alliance in the Capital and Business Alliance is hereinafter referred to as the "Business Alliance", and the capital alliance in the Capital and Business Alliance is hereinafter referred to as the "Capital Alliance") and the investment agreement with Nippon Telegraph and Telephone Corporation (hereinafter "NTT" or the "Planned Allottee"), and the Company executed them on the same day.

(1) Details of the Capital Alliance

The Company will allot 27,000,000 shares of common stock of the Company (the "Company Common Shares") (8.91% of the total number of issued shares in the Company (excluding treasury shares held by the Company) (figures are rounded to two decimal places; the same applies hereinafter to the shareholding ratio)) to the Planned Allottee through the third-party allotment.

① Payment period	July 17, 2025 to August 29, 2025
② Number of new shares to be issued	27,000,000 common shares (the "Shares")
③ Issue price	¥4,102 per share
④ Amount of funds to be raised	¥110,754,000,000
⑤ Method of offering or allotment	By means of third-party allotment
⑥ Planned allottee	NTT 27,000,000 shares
⑦ Use of funds	Investment funds to strengthen the Financial Services Business

(including investment through subsidiaries and such other entities regardless of the form, such as investment and financing)

NTT promises to the Company that it will comply with the following matters on and after the execution date of the Capital and Business Alliance Agreement.

- Lock-up of the Shares

NTT shall continue to hold all of the Shares during the effective period of the Capital and Business Alliance Agreement.

- Prohibition of further purchase of shares, etc. of the Company

NTT Group shall not acquire the Company shares, etc., except for acquisition through the third-party allotment, without the prior written consent of the Company. However, this shall not apply to circumstances where (i) NTT Group acquires additional Company shares, etc. as a result of any transfer of shares or reorganization, etc. (excluding, however, transactions the substantial purpose of which is the acquisition of the Company shares, etc.) carried out by an entity belonging to the NTT Group on or after the date of execution of the Capital and Business Alliance Agreement, and (ii) a financial instruments business operator entity belonging to the NTT Group acquires the Company shares, etc. through its business as a financial instruments business operator.

- Prior discussion on sale of the Shares

If the effective period of the Capital and Business Alliance expires and NTT sells the Company Common Shares it holds to a person engaged in business competing directly or indirectly with the Group's main business whether inside or outside the financial instruments exchange markets (for the avoidance of doubt, except in the case of sales to unspecified third parties within the financial instruments exchange markets), it shall do so after notifying the Company thereof in advance and discussing, among other things, the number of shares to be sold and (if identifiable) the counterparty in good faith with the Company.

(2) Details of the Business Alliance

With the purpose of developing the business of both groups, the Company and NTT will consider and discuss measures that will contribute to further enhancing the NTT Group's and the SBI Group's corporate value.

① With respect to the business alliance described in each of the following items, the specific details, division of roles, and detailed conditions, including the feasibility of the business alliance, will be discussed in good faith between the Company and NTT and between the Company's subsidiaries or affiliates and NTT's subsidiaries or affiliates, which are involved in the following business alliance on and after the date of execution of the Capital and Business Alliance Agreement.

1. Expansion of financial services through collaborative business in the areas of asset management, security tokens, and insurance by the SBI Group and the NTT Group

- SBI Global Asset Management Co., Ltd.'s development of products for Docomo users and sales of those products through Docomo's sales channels

- SBI SECURITIES Co., Ltd.'s formulation and sales of security tokens backed by real assets held by the NTT Group

- Development of insurance products for Docomo users by each subsidiary of SBI Insurance Group Co., Ltd. and sales of those insurance products through Docomo's sales channels

2. NTT DATA Japan Corporation's development of systems for each of the SBI Group companies operating financial services business

3. Collaborative business by the SBI Group and the NTT Group using assets of both companies

- Collaborative business regarding renewable energy business and regarding regional revitalization business

- Collaborative creation of Web3 business for expansion of a digital financial ecosystem through Web3 business

② Execution of the business alliance agreement (bank-securities collaboration) between the Company, SBI SECURITIES Co., Ltd., which is a subsidiary of the Company, NTT Docomo, Inc. and SBI Sumishin Net Bank

(Transfer of shares of SBI Sumishin Net Bank, Ltd.)

At the Board of Directors' meeting held on May 29, 2025, it was resolved that the board of directors approves that the Company will execute a basic agreement (hereinafter the "Basic Agreement") with NTT Docomo, Inc. (hereinafter "NTT Docomo" or the "Tender Offeror"), Sumitomo Mitsui Trust Bank, Limited (hereinafter "Sumitomo Mitsui Trust Bank"), and SBI Sumishin Net Bank, Ltd. (hereinafter "SBI Sumishin Net Bank" or the "Target Company"), which is an equity-method associate of the Company, that sets forth the privatization of the Target Company through transactions where

- (i) the Company and Sumitomo Mitsui Trust Bank will not tender any of their shares in the Target Company in the tender offer for the share certificates, etc. of the Target Company with the aim of privatizing SBI Sumishin Net Bank implemented by the Tender Offeror (hereinafter the "Tender Offer"),
- (ii) NTT Docomo, the Company, and Sumitomo Mitsui Trust Bank will exercise their voting rights in favor of the proposal for the share consolidation (hereinafter the "Share Consolidation"), which will be presented at the extraordinary shareholders meeting of the Target Company that will be held after the settlement of the Tender Offer, and
- (iii) SBI Sumishin Net Bank will purchase all of the Target Company shares held by the Company through a share buyback after the Share Consolidation takes effect, as well as other transactions and acts incidental or related thereto (hereinafter collectively, the "Transaction"), and the Company has executed the Basic Agreement.

Upon the Transaction, the Company will transfer all of its shares in SBI Sumishin Net Bank, and SBI Sumishin Net Bank will be excluded from the Company's equity-method associate. However, as stated in (Execution of capital and business alliance agreement with Nippon Telegraph and Telephone Corporation), as part of the Capital and Business Alliance Agreement between the Company and NTT, pursuant to the business alliance agreement executed between SBI SECURITIES Co., Ltd. (hereinafter "SBI SECURITIES"), which is a subsidiary of the Company, NTT Docomo, and SBI Sumishin Net Bank (hereinafter the "Business Alliance Agreement (Bank-Securities Collaboration)"), the Company will maintain the business alliance between SBI SECURITIES and SBI Sumishin Net Bank and the existing collaboration between SBI Sumishin Net Bank and the Group, and the Company will consider and discuss measures aimed at further enhancing SBI Sumishin Net Bank's corporate value with SBI SECURITIES, NTT Docomo, and SBI Sumishin Net Bank.

The Company expects to record a gain on sales of shares in affiliates of ¥170.3 billion^(*) in the non-consolidated financial results and a gain on sales of shares in associates of ¥142.4 billion^(*) in the consolidated financial results for the fiscal year ending March 31, 2026, after completion of the Transaction as a result of selling the Target Company shares in response to the share buyback implemented by the Target Company. The Company considers that the impact of the Business Alliance Agreement (Bank-Securities Collaboration) on the Company's consolidated financial results to be minor at present. However, the Company will promptly announce any matters that should be disclosed in the future.

Subsequent to execution of the Basic Agreement, SBI Sumishin Net Bank shares held by the Company were reclassified from "Investments accounted for using the equity method" to "Assets held for sale" in the consolidated statement of financial position.

^(*) The estimated gains on sales are based on current estimates, and the final gains on sales may vary.

(Repayment of Public Funds by SBI Shinsei Bank, Limited)

At the Board of Directors' meeting on June 25, 2025, with regards to the important issue of repayment of public funds by SBI Shinsei Bank, Limited (a subsidiary of the Company, hereinafter "SBI Shinsei Bank"), the Company has decided the policy to repay the current remaining public funds of approximately ¥230 billion on July 31, 2025, with the Company bearing the full amount, based on the "Agreement on Definitive Repayment Scheme" dated March 7, 2025, concluded by and among the

Company, SBI Shinsei Bank, the Deposit Insurance Corporation of Japan, and the Resolution and Collection Corporation.

Furthermore, the specific repayment method is currently under discussion. Due to the repayment of public funds, the non-controlling interests of SBI Shinsei Bank will decrease by approximately ¥230 billion. The impact on the consolidated financial results of the Group for the fiscal year ending March 2026 has not been determined at this time.

INDEPENDENT AUDITOR'S REPORT

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

<Audit of Consolidated Financial Statements>

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, 2025, 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 material accounting policy information.

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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

Key Audit Matters

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

Valuation of operational investment securities that do not have quoted market prices	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As one of its main businesses, the Group engages in the business of investing in venture companies located in Japan and overseas for the areas such as IT, FinTech, blockchain, finance and biotechnology. The performance forecast of these venture companies is affected by uncertainties that could cause fluctuations in their performance. These factors include, but are not limited to, changes in the competitive environment caused by the rapid progress of technological innovation and fluctuations in industrial standards, the hiring and retention of skilled managers and staff, and weak finance base.</p> <p>As described in Note 3, "Material Accounting Policies (3) Financial instruments" and Note 12, "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 12, "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, 2025, was ¥755,614 million. A majority of these investment securities were unlisted equity securities. The Group sets the valuation policy for operational 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 person in charge of investment 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 person in charge of investment and inspected the relevant documents, including the investee's business plans. For certain operational investment securities, we used our corporation valuation specialists 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>	
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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 ¥11,913,465 million (approximately 37.1% 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 ¥185,810 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, "Material 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") in the future 12 months or for a lifetime period, loss given default (LGD), and exposure at default (EAD) as inputs. 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 person in charge in the credit risk management department 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.

<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.
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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 integrated report, but does not include the consolidated financial statements and our auditor's report thereon. The integrated 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 IFRS Accounting Standards as issued by the IASB, 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 IFRS Accounting Standards as issued by the IASB 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 IFRS Accounting Standards as issued by the IASB, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to SBI Holdings, Inc. and its subsidiaries were ¥2,208 million and ¥286 million, respectively.

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 2, 2025