

Securities Code: 8473

June 6, 2019

Yoshitaka Kitao

Representative Director, President & CEO

SBI Holdings, Inc.

1-6-1, Roppongi, Minato-ku, Tokyo, Japan

**CONVOCATION NOTICE**  
**FOR THE 21ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 21st Ordinary General Meeting of Shareholders of SBI Holdings, Inc. (the “Company”) will be held as detailed hereinafter, and your attendance is cordially requested.

**In the event that you are unable to attend the meeting, you may exercise your voting rights using one of the methods below. To do so, we kindly ask that you first examine “THE REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS” set out later in this document, and then exercise your voting rights by the close of the Company’s business (5:45 p.m., Japan time) on Wednesday, June 26, 2019.**

**Exercise of Voting Rights in Writing**

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval of the proposals and return the form. The form must reach the Company by the above-mentioned deadline.

**Exercise of Voting Rights via the Internet**

Please refer to “**How to Exercise Voting Rights via the Internet**” on pages 80 to 81 and exercise your voting rights by the above-mentioned deadline.

Particulars

1. **Date and time:** Thursday, June 27, 2019, at 10 a.m., Japan time
2. **Location:** Ascot Hall, B2 Floor, South Wing, Hotel Okura Tokyo, 2-10-4 Toranomom, Minato-ku, Tokyo, Japan
3. **Matters to be dealt with at the Meeting:**

**Matters for Reporting**

1. Report on the Business Report and the Consolidated Financial Statements, and report

on results of the audit by the Accounting Auditor and the Board of Statutory Auditors on the Consolidated Financial Statements for the 21st fiscal year (from April 1, 2018 to March 31, 2019)

2. Report on the Non-Consolidated Financial Statements for the 21st fiscal year

**Matters for Resolution**

<b>First Item of Business</b>	Election of Twelve (12) Directors
<b>Second Item of Business</b>	Election of One (1) Substitute Statutory Auditor
<b>Third Item of Business</b>	Remuneration decision in order to grant transfer-restricted shares to Directors

— End of convocation notice —

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- \* Attendees are kindly requested to submit the enclosed Voting Rights Exercise Form at the reception desk at the entrance of the meeting room.
  - \* If a shareholder exercises voting rights by proxy, another shareholder who holds voting rights may attend the general meeting of shareholders as that proxy. However, please understand that submission of a written document certifying the proxy's authority is required.
  - \* In the event of any changes being made to "THE REFERENCE MATERIALS FOR THE GENERAL MEETING OF SHAREHOLDERS," the "Business Report," "Consolidated Financial Statements," or to the "Financial Statements," matters as changed will be posted on the Company's website on the Internet.
  - \* For the purpose of reducing resource consumption, we will not send notices of resolutions and other notices after the Ordinary General Meeting of Shareholders and will post such notices on the Company's website on the Internet for this meeting and future meetings. Thank you for your understanding.

The Company's website      (<http://www.sbigroup.co.jp/investors/index.html>)

**Information Regarding Debriefing Session on Recent Management News**

We hereby inform you that, after the close of the Ordinary General Meeting of Shareholders, we will hold a debriefing session on recent developments in management at the same location.

In this session, held separately from the Ordinary General Meeting of Shareholders, we would like to provide our shareholders with details of the Group's business activities and explain our future prospects. We also hope to address questions or inquiries from our shareholders.

We would be very grateful if you could use some of your valuable time to attend the session, after the Ordinary General Meeting of Shareholders, to further your understanding of the Group.

**Business Report**  
(April 1, 2018 to March 31, 2019)

**I. GROUP**

**1. BUSINESS IN THE CONSOLIDATED FISCAL YEAR ENDED MARCH 31, 2019**

**(1) Progress of Business and Results**

Although the Japanese economy during the consolidated fiscal year ended March 31, 2019 displayed weakness in certain areas of export and production, it has progressed on a gradual path to recovery, boosted by government expenditures in an extremely accommodating financial climate, as corporate profits and employment and income conditions supported by strong domestic demand have demonstrated a trend toward improvement. On the other hand, prospects for the economy remain unclear due to uncertainties in US monetary policy, concerns over intensifying trade issues at the international level, and other factors.

In stock markets in Japan and overseas that significantly impact businesses related to investment and securities, there were conspicuous movements due to overseas conditions, such as deep-rooted wariness regarding US trade policy and a rise in volatility in foreign exchange markets due to a sharp decline in the currencies of emerging countries. In the domestic markets, the Nikkei Stock Average rose significantly, marking ¥24,202 in the morning market on September 30, 2018, which was the highest intraday figure for 26 years and 10 months, due to an easing in excessive wariness over intensified trade friction between the US and China, among other factors. However, the Nikkei Stock Average again showed signs of a decline in December due to concern over economic recession that might be caused by the intensification of trade friction between the US and China and rising uncertainty regarding US administration policy, and the Nikkei Stock Average fell below ¥20,000, recording the year-to-date low. The Nikkei Stock Average fluctuated thereafter because despite expectations that US monetary policy would be executed more cautiously and trade negotiations between the US and China would progress, concerns over a worldwide economic slowdown have risen. As of March 31, 2019, the Nikkei Stock Average was down by 1.2% over the mark on March 31, 2018, at ¥21,205. In addition, there were 95 new listings (excluding the number of listings on the TOKYO PRO Market) in Japan, while overseas, despite stimulation of consumption and investment through tax reform enabling the US economy to expand and remain steady, the number of new listings shifted to a decrease due to the gradual deceleration in the Chinese economy, political tension in the Middle and Near East, a slowdown in the Europe economy due to stagnation in production among various types of business, and other factors. Therefore, we believe there is a possibility that the global economy as a whole is trending toward gradual slowdown.

In the operating environment surrounding the Internet financial services business, consumers continued to be increasingly aware of the merit of utilizing Internet financial services, including through mobile devices, as they sought the most advantageous terms available in pursuing financial transactions to protect their livelihood. Consequently, the business remained strong with face-to-face transactions shifting to online transactions. We recognize that the market is anticipated to demonstrate further growth although competition is expected to intensify due to the entry of different types of business into the Internet financial services business.

Under the circumstances as described above, the operating performance for the consolidated fiscal year ended March 31, 2019 resulted in revenue of ¥351,411 million (a 4.3% year-on-year increase), profit before income tax expense of ¥83,037 million (a 15.6% year-on-year increase), and profit attributable to owners of the Company of ¥52,548 million (a 12.6% year-on-year increase).

The Group is committed to creating more innovative services and businesses for our customers and all our investors and maximizing corporate value, which represents the aggregate of customer value, shareholder value, and human capital value.

## Outline of Each Business Segment

(millions of yen)

	Financial Services Business	Asset Management Business	Biotechnology-related Business	Total	Others	Elimination	Consolidated
Revenue	229,239	118,631	3,729	351,599	3,677	(3,865)	351,411
Profit before income tax expense (loss)	66,568	51,107	(19,179)	98,496	(6,912)	(8,547)	83,037

### (i) Financial Services Business

Financial Services Business consists of a wide range of financial-related business, centering on securities brokerage business, banking services business, and property and casualty insurance business, and these activities are mainly carried out by SBI SECURITIES Co., Ltd., SBI Liquidity Market Co., Ltd., SBI FXTRADE Co., Ltd., SBI MONEY PLAZA Co., Ltd., SBI Sumishin Net Bank, Ltd.(\*), SBI Life Insurance Co., Ltd., and SBI Insurance Co., Ltd.

Operation of Financial Services Business for the consolidated fiscal year ended March 31, 2019 resulted in revenue of ¥229,239 million (a 5.5% year-on-year increase) and profit before income tax expense of ¥66,568 million (a 4.2% year-on-year increase).

(\*) SBI Sumishin Net Bank, Ltd. is an equity method associate.

### (ii) Asset Management Business

Asset Management Business primarily consists of business regarding investment in IT, fintech, blockchain, finance, and biotechnology-related venture companies inside and outside Japan, overseas Financial Services Business, and asset management-related services, which provides information regarding financial products, and these activities are mainly carried out by the Company, SBI Investment Co., Ltd., and Morningstar Japan K.K.

Operation of Asset Management Business for the consolidated fiscal year ended March 31, 2019 resulted in revenue of ¥118,631 million (a 0.9% year-on-year increase) and profit before income tax expense of ¥51,107 million (a 9.5% year-on-year decrease).

### (iii) Biotechnology-related Business

Biotechnology-related Business represents development and distribution of pharmaceutical products, health foods, and cosmetics with 5-aminolevulinic acid (5-ALA) (\*), a kind of amino acid which exists in vivo, and research and development of cancer- and immune-related antibody preparation and nucleic acid medicine, and these activities are mainly carried out by SBI Pharmaceuticals Co., Ltd., SBI ALApromo Co., Ltd. and SBI Biotech Co., Ltd.

Operation of Biotechnology-related Business for the consolidated fiscal year ended March 31, 2019 resulted in revenue of ¥3,729 million (a 11.2% year-on-year decrease), and loss before income tax expense amounted to ¥19,179 million (loss before income tax expense was ¥37,252 million for the fiscal year ended March 31, 2018).

- (\*) 5-aminolevulinic acid (5-ALA) is an amino acid generated by mitochondria in the human body and is an important substance used to produce heme or cytochrome, which are proteins to generate energy. The production of 5-ALA in the human body decreases with aging. 5-ALA is included in food products including slops of distilled spirits, red wine, and Asiatic ginseng. 5-ALA is also known as a chloroplastic substance from plants.

“Elimination” includes those profits or losses that are not allocated to certain business segments and eliminations of the inter-company transactions within the Group, with the price of which being based on the actual market price.

## **(2) Capital Expenditure**

The amount of capital expenditure for the consolidated fiscal year ended March 31, 2019 was ¥15,622 million.

This amount mainly resulted from a capital expenditure made in the amount of ¥10,322 million focusing on enhancement of existing trading systems and software development to provide new services in order to smoothly respond to the increase in the number of orders caused by the increase in the number of customers as well as to provide the customers with expanded services in Financial Services Business.

## **(3) Financing**

In the consolidated fiscal year ended March 31, 2019, the Company issued the 15th unsecured bonds (three-year bonds) and the 16th unsecured bonds (five-year bonds) in December 2018, in the aggregate principal amount of ¥15,000 million for each of those issues of bonds, issued the unsecured bonds (two-year bonds) under the MTN Program in July 2018 and March 2019 in the aggregate principal amount of ¥40,000 million, and also issued euro-yen convertible bonds with stock acquisition rights due 2023 in September 2018, in the aggregate principal amount of ¥50,000 million. Further, the Company borrowed a total amount of ¥30,000 million through syndicated loans arranged by Mizuho Bank, Ltd. in August 2018.

## 2. TRENDS IN GROUP PROPERTY AND GAINS (LOSSES)

Classification	18th consolidated fiscal year	19th consolidated fiscal year	20th consolidated fiscal year	21st consolidated fiscal year (consolidated fiscal year ended March 31, 2019)
	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019
Revenue <i>(millions of yen)</i>	261,744	261,939	337,017	351,411
Profit before income tax expense <i>(millions of yen)</i>	52,227	43,139	71,810	83,037
Profit attributable to owners of the Company <i>(millions of yen)</i>	34,115	32,455	46,684	52,548
Basic earnings per share attributable to owners of the Company <i>(yen)</i>	160.83	159.38	220.54	231.43
Total assets <i>(millions of yen)</i>	3,126,784	3,850,001	4,535,964	5,034,124
Total equity <i>(millions of yen)</i>	419,063	415,524	493,824	562,557
Equity per share attributable to owners of the Company <i>(yen)</i>	1,792.08	1,856.47	1,937.72	2,000.82

### 3. IMPORTANT PARENT COMPANY AND SUBSIDIARIES

#### (1) Status of Parent Company

Not Applicable

#### (2) Important Subsidiaries

##### (i) Important subsidiaries

Business Segment	Name	Ownership Ratio of Voting Rights or Investment Ratio (%) (Note)
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd.	100.0
	SBI SECURITIES Co., Ltd.	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	100.0 (100.0)
	SBI FXTRADE Co., Ltd.	100.0 (100.0)
	SBI MONEY PLAZA Co., Ltd.	100.0 (100.0)
	SBI Insurance Group Co., Ltd.	75.0
	SBI Life Insurance Co., Ltd.	100.0 (100.0)
	SBI Insurance Co., Ltd.	99.2 (99.2)
	SBI FinTech Solutions Co., Ltd.	77.5
Asset Management Business	SBI Capital Management Co., Ltd.	100.0
	SBI Investment Co., Ltd.	100.0 (100.0)
	SBI GLOBAL ASSET MANAGEMENT Co., Ltd.	100.0
	Morningstar Japan K.K.	47.6 (47.6)
	SBI Asset Management Co., Ltd.	100.0 (100.0)
	SBI Estate Finance Co., Ltd.	100.0 (5.0)
	SBI Hong Kong Holdings Co., Limited	100.0
	SBI VEN HOLDINGS PTE. LTD.	100.0
	SBI SAVINGS BANK	99.0 (99.0)

Business Segment	Name	Ownership Ratio of Voting Rights or Investment Ratio (%) (Note)
Biotechnology-related Business	SBI ALApharma Co., Limited	96.4 (96.4)
	SBI Pharmaceuticals Co., Ltd.	86.2 (86.2)
	SBI ALApromo Co., Ltd.	100.0 (100.0)
	SBI Biotech Co., Ltd.	87.6 (1.1)
	Quark Pharmaceuticals, Inc.	100.0 (100.0)

(Note) The “Ownership Ratio of Voting Rights or Investment Ratio” column states the ownership ratio of voting rights. The numbers in brackets represent the indirect ownership ratio included.

(ii) Matters concerning specified wholly owned subsidiary companies

Name	Address	Total book value	The Company’s total assets
SBI FINANCIAL SERVICES Co., Ltd.	1-6-1, Roppongi, Minato-ku, Tokyo, Japan	¥196,377 million	¥780,508 million
SBI SECURITIES Co., Ltd.	1-6-1, Roppongi, Minato-ku, Tokyo, Japan	¥168,901 million	

(Note) SBI FINANCIAL SERVICES Co., Ltd. is an intermediary holding company that has under its umbrella the Group companies operating the Financial Services Business.

#### 4. MANAGEMENT ISSUES

The Group has completed the creation of a business structure in Japan as a comprehensive financial conglomerate centered on Internet-based financial services. The Group has also completed to a large extent the establishment of an investment system for its investment business in Asian countries with remarkable growth.

As new technological developments accelerate in the fields of AI, IoT, big data and robotics, as well as blockchain, a core technology of fintech, we will continue to actively invest in, and build alliances with, promising companies involved with these new technologies, in addition to using these new technologies to develop new services and strengthening efforts towards the creation of new financial businesses in the financial services offered by the Group, and by doing so we will seek to increase our competitive strength and further distinguish ourselves from our competitors.

We will also aggressively promote further expansion of our overseas investment business and provide local foreign financial institutions we invest in with innovative know-how about Internet financial services fostered through our businesses in Japan. By doing so, we expect to become a comprehensive financial group that can make contributions globally with a focus in Asia.

In the Financial Services Business, SBI SECURITIES Co., Ltd. will continue to expand its investment trust and overseas product offerings, achieve diversification of revenue sources by strengthening FX transactions, and further enhance its wholesale business, such as through expansion of IPO and PO businesses and businesses for institutional investors, such as financial institutions, in order to achieve further growth in a context of Japanese share market instability. SBI Liquidity Market Co., Ltd., which began its operation in November 2008, provides not only liquidity but convenient and competitive market infrastructure for FX transactions to SBI SECURITIES Co., Ltd., SBI Sumishin Net Bank, Ltd., and SBI FXTRADE Co., Ltd., which started its operation in May 2012. SBI Liquidity Market Co., Ltd. will make improvements to the transaction environment, enhance liquidity, and focus on building further cost-effective, secure and safe FX transaction environment for institutional and private investors not only in Japan but also in Hong Kong and South Korea. In addition to SBI Sumishin Net Bank, Ltd. and SBI Insurance Co., Ltd., which, based on the intention of producing ongoing business growth, were established during 2007 to 2008 in order to build an earnings structure that does not depend on stock markets, and which have been generating consistent growth as pillars for new business, the Group completed development of its online financial ecosystem with the recommencement in February 2016 of new insurance underwriting at SBI Life Insurance Co., Ltd., which the Group acquired shares in and made its subsidiary in February 2015.

For certain financial products for individual customers, online sales alone are not sufficient, and there is a need for face-to-face consultations to explain the products to the customer directly. Therefore, SBI MONEY PLAZA Co., Ltd., which operates a face-to-face selling business that provides a one-stop response to all customers' needs for asset management, insurance and housing loans, will take the lead in developing the operation of the Group's face-to-face channels and further making efforts to generate synergistic effects among Group companies. Accordingly, it is our key objective to realize further growth and enhance the already completed online financial ecosystem by pursuing the further generation of synergistic effects among Group companies both through online and face-to-face services, by strengthening various alliances with not only companies in the same industry, such as fintech venture companies in which the Group invests and regional financial institutions, but also with various

partners in different types of business, and by finding new customers and markets.

In the Asset Management Business, we recognize that the expansion of our investments in emerging countries, primarily in Asia, and the establishment of an effective investment system are also high priorities. The Company will pursue setting up funds jointly with our leading local partners while monitoring the economic conditions of such countries as we continue to push establishment and penetration of our global network. We pursue private equity investment by investing in the three key areas of IT, biotechnology, and finance and concentrating our investments in growth areas in order to continuously contribute to developing industries while benefiting from high investment performance. In particular, we have more actively invested mainly in the fields of AI and blockchain, where innovative new technology has been developing on the global stage, through the Fintech Fund (FinTech Business Innovation LPS) established in December 2015 and the SBI AI&Blockchain Fund (SBI AI&Blockchain LPS) established in January 2018, and we will make efforts to enhance the earning capacity of investors and promote improvement in the corporate value of investee venture companies by supporting open innovation between the Funds' equity investors and investee venture companies. In addition, SBI NEO FINANCIAL SERVICES Co., Ltd. and SBI FinTech Incubation Co., Ltd., which provides a fintech platform through API connection, endeavors to contribute to regional revitalization by supporting improvement in the corporate value of regional financial institutions through introduction of, and support for, fintech-related technology owned by the SBI Group. Moreover, in the financial sectors, we will transfer the know-how of the Group and pursue direct investment in overseas financial institutions by which we can expect to enhance their corporate values. In undertaking these business activities, the Group will strive for further growth by continuing to aggressively utilize the resources both inside and outside of the Group and heightening the performance of the funds we operate as we swiftly improve the corporate value of companies we invest in. In the asset management-related services, for which SBI Global Asset Management Co., Ltd. is an intermediary holding company, we will seek to expand assets under management by the Group through the provision of customer-oriented products that satisfy the various investment needs of individual investors. The provision of such products will mainly be offered by SBI Bond Investment Management Co., Ltd., which was established jointly with one of the world's largest bond management companies Pacific Investment Management Company LLC, and other companies.

In the Biotechnology-related Business, which was determined as a new reportable segment from the beginning of the consolidated fiscal year ended March 31, 2013, SBI Pharmaceuticals Co., Ltd. commercialized health foods and cosmetics that contain 5-aminolevulinic acid (5-ALA) and has been conducting sale of those products through SBI ALApromo Co., Ltd. in Japan. Research activities have been extended in domestic and foreign universities and research institutes to discover new applications of 5-ALA, and we also carry out global research and development and distribution of pharmaceutical products through SBI Pharmaceuticals Co., Ltd., which owns a number of patents in Japan and overseas, photonamic GmbH & Co. KG in Germany, which became our subsidiary in January 2016, and NX Development Corp. in the US, which became our subsidiary in April 2018. In addition to commencing the domestic sale of an intraoperative diagnostic drug for malignant glioma in September 2013, the Group commenced sale in December 2015 of "ALA Plus Tow (Sugar) Down," which is the first food with function claims containing 5-ALA, and we strive to develop the products that serve customer's healthy and enjoyable life focusing on 5-ALA with possible applications in a wider range of fields. SBI Biotech Co., Ltd. dedicates efforts to developing new pharmaceutical products using the most advanced biotechnology in collaboration with leading research institutes around the world.

The Group recognizes that continuous enhancement of human resources is an essential Group-wide initiative. It has become increasingly important to secure highly competent individuals that support our rapidly-expanded businesses and to continue developing the skills of our employees. For this purpose, we have been exerting greater efforts in hiring excellent individuals who are willing to share the management philosophy of the Group as well as recruiting university graduates to secure human capital for passing on the Group's unique corporate culture from one generation of employees to the next. University graduates employed since April 2006 already contribute strongly in key positions of the organization as people who may advance to senior executive positions and decide the future of the Group as it rapidly expands. We will continue to secure highly competent and globally-oriented human resources and promote career development of our staff in pursuing perpetual growth and development of the Group.

**5. PRINCIPAL BUSINESS DESCRIPTION OF THE GROUP**  
(as of March 31, 2019)

The Group's primary businesses are the "Financial Service Business," which offers financial products and related services mainly in securities, bank, and insurance businesses, the "Asset Management Business," which offers services related to investment and asset management in IT, fintech, blockchain, finance, and biotechnology-related venture companies inside and outside of Japan, and the "Biotechnology-related Business," which conducts research and development, manufacture, and distribution of pharmaceutical products, health foods, and cosmetics.

**6. PRINCIPAL PLACE OF BUSINESS OF THE GROUP**  
(as of March 31, 2019)

Tokyo: The Company and headquarters of the important subsidiaries in Japan

Hong Kong: SBI Hong Kong Holdings Co., Limited

Singapore: SBI VEN CAPITAL PTE. LTD.

China: SBI (China) Co., Ltd.

**7. EMPLOYEES OF THE GROUP** (as of March 31, 2019)

<b>Business Segment</b>	<b>Number of Employees</b>
Financial Services Business	4,791
Asset Management Business	1,203
Biotechnology-related Business	220
Others	54
Company-wide (Common)	171
<b>Total</b>	<b>6,439</b>

(Note)

1. The number of employees represents the number of employed workers and is stated in relation to business segment.
2. The company-wide (common) employees belong to the administrative or other divisions of the Company.
3. The number of employees increased by 1,048 from March 31, 2018 mainly due to the increase in employees at SBI BITS Information Technology (Dalian) Co., Ltd., SBI Connect Co., Ltd., and SBI Bank Limited Liability Company.

**8. PRINCIPAL LENDER** (as of March 31, 2019)

*(millions of yen)*

<b>Lender</b>	<b>Loan Balance</b>
Mizuho Bank, Ltd.	69,176
Syndicated loans arranged by Mizuho Bank, Ltd.	54,489

Note: The table above states the principal loan balance, excluding call money.

## 9. POLICY ON DETERMINATION OF DIVIDENDS FROM SURPLUS

The Company will make decisions regarding distributions to the shareholders based on a comprehensive view of consolidated business performance and other factors including the Group companies.

With respect to dividends from surplus, the basic profit distribution policy of the Company is to target a payout of a minimum of ¥10 per share on an annual dividend payment. Depending on the adequacy of retained earnings for sustainable growth and business forecasts, the Company will strive to increase the payout amount in the future. With respect to levels for the total amount of return for the dividends and acquisition of own stock, the Company has, for the time being, endeavored to achieve a return to shareholders of no less than 40% of the profit attributable to owners of the Company. However, for the consolidated fiscal year ended March 2019 and thereafter, the Company will decide the amount of return after deducting the total amount of fair value gain (loss) from the consolidated profit before income tax expense of the Company and making other similar adjustments, depending on the percentage of the total amount of fair value gain (loss) for operational investment securities without cash flow in the consolidated profit before income tax expense of the Company.

Based on the aforementioned basic policy and the consolidated business performance for the consolidated fiscal year ended March 31, 2019, the Company determined to pay an interim dividend of ¥20 per share in the consolidated fiscal year ended March 31, 2019, as well as a year-end dividend of ¥80 per share that includes a dividend of ¥5 to commemorate the 20th anniversary since the Company's founding, which will fall on July 8, 2019. As a result, the total annual dividend for the consolidated fiscal year ended March 31, 2019 increased by ¥15 from the consolidated fiscal year ended March 31, 2018 to ¥100 per share.

The Company acquired its own stock during the period from November 28, 2018 to January 9, 2019, and the total amount of that acquisition was ¥19,427 million. Therefore, the total shareholder return percentage for the consolidated fiscal year ended March 31, 2019 (the total amount of return as a percentage of the profit attributable to owners of the Company) was 80.7% (Note).

(Note) The acquisition of own stock pursuant to a resolution of the meeting of the Board of Directors on August 28, 2018 (the total acquisition price: ¥10,000 million) was implemented for the purpose of mitigating short-term effects on supply and demand for the Company's shares that occurred in connection with the issuance of euro-yen convertible bonds with stock acquisition rights and for the purpose of smooth procurement of funds, and not for the purpose of making returns to shareholders, so the total acquisition price has not been included in the calculation of the total amount of return that is used as an index for making returns to shareholders for the consolidated fiscal year ended March 31, 2019.

## II. COMPANY

### 1. SHARES (as of March 31, 2019)

- (1) Total Number of Shares Authorized for Issue 341,690,000 shares
- (2) Total Number of Issued Shares 236,556,393 shares  
(including 8,312,501 shares of treasury stock)
- (Note) The total number of issued shares increased by 11,994,632 as a result of conversion of convertible bonds.
- (3) Number of Shareholders 121,424 shareholders
- (4) Share Unit Number 100 shares

#### (5) Major Shareholders

Major Shareholder	Number of Shares Held shares	Percentage of Shares Held %
Japan Trustee Services Bank, Ltd. (Trust account)	19,821,100	8.7
The Master Trust Bank of Japan, Ltd. (Trust account)	15,353,800	6.7
The Bank of New York Mellon 140051	9,110,536	4.0
NORTHERN TRUST COPMPANY (AVFC) ACCOUNT NON-TREATY	8,570,257	3.8
Japan Trustee Services Bank, Ltd. (Trust account 9)	7,544,400	3.3
The Bank of New York Mellon 140042	5,922,958	2.6
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,611,800	2.0
Yoshitaka Kitao	3,907,960	1.7
STATE STREET BANK WEST CLIENT – TREATY 505234	3,673,527	1.6
SAJAP	3,464,040	1.5

(Note)

1. The percentage of shares held is calculated upon deducting the treasury stock.
2. Apart from the holdings of the major shareholders above, the Company holds 8,312,501 shares as treasury stock.

#### (6) Other Important Matters Regarding Shares

The number of shares of treasury stock increased by 3,421,100 as a result of acquisition of own stock made pursuant to a resolution of the meeting of the Board of Directors on August 28, 2018.

The number of shares of treasury stock increased by 8,000,000 as a result of acquisition of own stock made pursuant to a resolution of the meeting of the Board of Directors on November 21, 2018.

The decrease in treasury stock is mainly due to conversion of 5,492,904 shares of convertible bonds and disposal of 1,406,200 shares of treasury stock through exercise of stock acquisition rights.

## 2. COMPANY OFFICERS

### (1) Directors and Statutory Auditors (as of March 31, 2019)

<b>Position</b>	<b>Name</b>	<b>Responsibilities and Other Significant Concurrent Offices Held</b>
Representative Director, President & CEO	Yoshitaka Kitao	Representative Director and Chairman of SBI Investment Co., Ltd. Representative Director and Chairman of SBI SECURITIES Co., Ltd. Representative Director & President of SBI Pharmaceuticals Co., Ltd. Director and Chairman of SBI Liquidity Market Co., Ltd. Director of Morningstar Japan K.K. Director of SBI Japannext Co., Ltd. Representative Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Representative Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. Director and Chairman of SBI Capital Management Co., Ltd. Representative Director and President of SBI Digital Asset Holdings Co., Ltd. Director and Chairman of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Representative Director of SBI Hong Kong Holdings Co., Limited Director of SBI VEN HOLDINGS PTE. LTD. Director of SBI ALApharma Co., Limited
Representative Director, Senior Executive Vice President & COO	Katsuya Kawashima	Representative Director and President of SBI Investment Co., Ltd. Director of SBI SECURITIES Co., Ltd. Director of SBI Sumishin Net Bank, Ltd. Director of SBI SAVINGS BANK Representative Director and President of SBI Regional Business Investment Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Representative Director and President of Money Tap Co., Ltd. Representative Director and President of SBI Capital Management Co., Ltd. Director of SBI FINANCIAL SERVICES Co., Ltd.
Representative Director, Senior Executive Vice President	Takashi Nakagawa	Director of SBI Investment KOREA Co., Ltd. Director of SBI Investment Co., Ltd.

<b>Position</b>	<b>Name</b>	<b>Responsibilities and Other Significant Concurrent Offices Held</b>
Director, Senior Executive Vice President	Masato Takamura	Representative Director and President of SBI SECURITIES Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd.
Senior Managing Director	Tomoya Asakura	Representative Director & President of Morningstar Japan K.K. Representative Director of Morningstar Asset Management Co., Ltd. Director of SBI Insurance Group Co., Ltd. Representative Director and Chairman of SBI Bond Investment Management Co., Ltd. Representative Director, President and CEO of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Director of SBI Digital Asset Holdings Co., Ltd. Director of SBI Asset Management Co., Ltd. Director of SBI Regional Revitalization Asset Management Co., Ltd. Director of SBI Regional Business Investment Co., Ltd. Director of Carret Holdings Inc.
Senior Managing Director & CFO	Shumpei Morita	Representative Director of SBI Art Auction Co., Ltd. Representative Director of SBI Incubation Co., Ltd. Representative Director of SBI Point Co., Ltd. Representative Director of SBI EVERSPIN Co., Ltd. Director of SBI Business Solutions Co., Ltd. Director of SBI Alpha Trading Co., Ltd. Director of SBI Security Solutions Co., Ltd. Director of SBI Virtual Currencies Co., Ltd. Director of SBI FUTURES Co., Ltd. Director of SBI Crypto Co., Ltd. Director of SBI Mining Chip Co., Ltd. Director of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI Capital Management Co., Ltd. Director of SBI Digital Asset Holdings Co., Ltd.
Managing Director	Kazuhiro Nakatsuka	Representative Director and President of SBI ENERGY Co., Ltd.
Managing Director	Hisashi Ono	Director of SBI Regional Business Investment Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd.

<b>Position</b>	<b>Name</b>	<b>Responsibilities and Other Significant Concurrent Offices Held</b>
Director	Masayuki Yamada	General Counsel, Legal & Compliance Dept. of the Company Statutory Auditor of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Director of SBI Ventures Two Co., Ltd. Director of SBI Incubation Co., Ltd. Director of SBI CAPITAL Co., Ltd.
Director & CTO	Chung Sok Chon	Chief Executive Officer of SBI BITS Co., Ltd. Representative Director and President of SBI Japannext Co., Ltd. Representative Director and Chairman of SBI Prime Securities Co., Ltd. Representative Director of SBI Alpha Trading Co., Ltd. Representative Director of SBI FUTURES Co., Ltd. Director of SBI Virtual Currencies Co., Ltd. Director of SBI Digital Asset Holdings Co., Ltd.
Director	Masaki Yoshida	Representative Director of YOSHIDAMASAKI INC. Representative Director and Chairman of Watanabe Entertainment Co., Ltd. Representative Director and Chairman of Biscuit Entertainment Co., Ltd. Chairperson of Board of Trustees at WATANABE FOUNDATION FOR MUSIC & CULTURE A Member of The Rikkyo University Advisory Committee
Director	Teruhide Sato	Komisaris of PT Tokopedia Director of BEENEXT PTE. LTD. Director of Sen Do Technology Joint Stock Company Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD.
Director	Ayako Hirota Weissman	Senior Vice President, Senior Portfolio Manager, and Director of Asia Strategy at Horizon Kinetics LLC A member of the U.S.-Japan Council investment committee A member of the Japan ICU Foundation's investment committee

<b>Position</b>	<b>Name</b>	<b>Responsibilities and Other Significant Concurrent Offices Held</b>
Director	Heizo Takenaka	Chairman & Director of Pasona Group Inc. Outside Director of ORIX Corporation Outside Director of MAYA SYSTEM Inc. President of Academy Hills Professor of Faculty of Global and Regional Studies at Toyo University Emeritus Professor at Keio University
Director	Hirofumi Gomi	External Director of Aida Engineering, Ltd. Outside Director of Asteria Corporation Outside Director of MIROKU JYOHO SERVICE CO., LTD. Adviser of Nishimura & Asahi Senior Adviser of The Boston Consulting Group
Director	Yoshitaka Asaeda	Representative Director of Catalytic Inc.
Director	Yasuhiro Suzuki	Representative Director and President of digitalshiftwave Co., Ltd.
Standing Statutory Auditor	Atsushi Fujii	Statutory Auditor of SBI Investment Co., Ltd. Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd. Statutory Auditor of SBI Digital Asset Holdings Co., Ltd. Statutory Auditor of SBI NEO FINANCIAL SERVICES Co., Ltd.
Standing Statutory Auditor	Toru Ichikawa	Outside Statutory Auditor of SBI Sumishin Net Bank, Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd. Statutory Auditor of SBI Digital Asset Holdings Co., Ltd. Statutory Auditor of SBI NEO FINANCIAL SERVICES Co., Ltd.
Statutory Auditor	Minoru Tada	Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI NEOMOBILE SECURITIES Co., Ltd.
Statutory Auditor	Yasuo Sekiguchi	Managing Director of Global Partners Consulting, Inc.

(Note)

1. Directors Teruhide Sato, Ayako Hirota Weissman, Heizo Takenaka, Hirofumi Gomi, Yoshitaka Asaeda, and Yasuhiro Suzuki are Outside Directors.
2. Standing Statutory Auditor Toru Ichikawa and Statutory Auditor Yasuo Sekiguchi are Outside Statutory Auditors.
3. Standing Statutory Auditor Atsushi Fujii is qualified as a Certified Public Accountant, and Statutory Auditor Yasuo Sekiguchi is qualified as a Certified Public Accountant and Certified Tax Accountant. Both of these Statutory Auditors have a considerable degree of knowledge regarding finance and accounting.

4. The position of the following director has changed as follows in the fiscal year ended March 31, 2019.

Name	New position	Former position	Date of change
Masato Takamura	Director, Senior Executive Vice President	Director & Senior Managing Executive Officer	June 28, 2018

5. Directors who were newly elected and assumed office at the 20th Ordinary General Meeting of Shareholders held on June 28, 2018 are Hisashi Ono and Chung Sok Chon.
6. Director Hisashi Ono resigned from his office as Director as of March 31, 2019.
7. The Company designated Directors Teruhide Sato, Ayako Hirota Weissman, and Yasuhiro Suzuki as independent directors under the provisions of the Tokyo Stock Exchange and has notified the Exchange.
8. The Company designated Standing Statutory Auditor Toru Ichikawa and Statutory Auditor Yasuo Sekiguchi as independent directors under the provisions of the Tokyo Stock Exchange and has notified the Exchange.

- (2) Director who retired from office on or after the date immediately following the conclusion of the 20th Ordinary General Meeting of Shareholders held on June 28, 2018

Name	Status, Responsibilities and Other Significant Concurrent Offices Held as at Retirement	Date of Retirement	Reason for Retirement
Hisashi Ono	Managing Director of the Company Director of SBI Regional Business Investment Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd.	March 31, 2019	Resignation

- (3) Remuneration of Directors and Statutory Auditors

- (i) Total Amount of Remuneration for the Fiscal Year ended March 31, 2019

Classification	Number of Officers	Amount of Paid Remuneration
Directors (Outside Directors included)	18 officers (6 officers)	¥897 million (¥92 million)
Statutory Auditors (Outside Statutory Auditors included)	3 officers (2 officers)	¥23 million (¥10 million)
Total (Outside Directors and Outside Statutory Auditors included)	21 officers (8 officers)	¥920 million (¥102 million)

(Note)

- The amount of remuneration for Directors does not include employee remuneration for any director who concurrently serves as an employee.
- One Statutory Auditor does not receive remuneration.
- The amount stated in the table above includes remuneration for officers who retired from office

during the fiscal year ended March 31, 2019.

(ii) Total Amount of Executive Remuneration, etc. Received by Outside Officers from Subsidiaries

The total amount of remuneration, etc. received by outside statutory auditors as officers from the subsidiaries where they concurrently served as officers during the fiscal year ended March 31, 2019 was ¥4 million.

(4) Matters Regarding Outside Officers

(i) Relationship between the companies for which the Outside Officers hold significant concurrent offices and the Company (as of March 31, 2019)

<b>Position</b>	<b>Name</b>	<b>Significant Concurrent Office</b>
Director	Teruhide Sato	Komisaris of PT Tokopedia Director of BEENEXT PTE. LTD. Director of Sen Do Technology Joint Stock Company Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD.
Director	Ayako Hirota Weissman	Senior Vice President, Senior Portfolio Manager, and Director of Asia Strategy at Horizon Kinetics LLC A member of the U.S.-Japan Council investment committee A member of the Japan ICU Foundation's investment committee
Director	Heizo Takenaka	Chairman & Director of Pasona Group Inc. Outside Director of ORIX Corporation Outside Director of MAYA SYSTEM Inc. President of Academy Hills Professor of Faculty of Global and Regional Studies at Toyo University Emeritus Professor at Keio University
Director	Hirofumi Gomi	External Director of Aida Engineering, Ltd. Outside Director of Asteria Corporation Outside Director of MIROKU JYOHU SERVICE CO., LTD. Adviser of Nishimura & Asahi Senior Adviser of The Boston Consulting Group
Director	Yoshitaka Asaeda	Representative Director of Catalytic Inc.
Director	Yasuhiro Suzuki	Representative Director and President of digitalshiftwave Co., Ltd.
Statutory Auditor	Toru Ichikawa	Outside Statutory Auditor of SBI Sumishin Net Bank, Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. Statutory Auditor of SBI Capital Management Co., Ltd. Statutory Auditor of SBI Digital Asset Holdings Co., Ltd. Statutory Auditor of SBI NEO FINANCIAL SERVICES Co., Ltd.
Statutory Auditor	Yasuo Sekiguchi	Managing Director of Global Partners Consulting, Inc.

(Note)

1. SBI FINANCIAL SERVICES Co., Ltd., SBI Capital Management Co., Ltd., SBI Digital Asset Holdings Co., Ltd., and SBI NEO FINANCIAL SERVICES Co., Ltd. are subsidiaries of the Company.
2. SBI Sumishin Net Bank, Ltd. is an affiliate of the Company.
3. There is no transaction or other relationship to be noted between other companies above in which concurrent offices are held and the Company.

(ii) Principal Activities in the Fiscal Year Ended March 31, 2019

- Attendance at the meetings of the Board of Directors and the Board of Statutory Auditors

		Meeting of Board of Directors		Meeting of Board of Statutory Auditors	
		Number of Times Attended	Attendance Rate	Number of Times Attended	Attendance Rate
Director	Teruhide Sato	11 / 12 times	92%	—	—
Director	Ayako Hirota Weissman	11 / 12 times	92%	—	—
Director	Heizo Takenaka	12 / 12 times	100%	—	—
Director	Hirofumi Gomi	12 / 12 times	100%	—	—
Director	Yoshitaka Asaeda	12 / 12 times	100%	—	—
Director	Yasuhiro Suzuki	12 / 12 times	100%	—	—
Statutory Auditor	Toru Ichikawa	12 / 12 times	100%	16 / 16 times	100%
Statutory Auditor	Yasuo Sekiguchi	12 / 12 times	100%	16 / 16 times	100%

- Statements at meetings of the Board of Directors and the Board of Statutory Auditors

Directors Teruhide Sato, Ayako Hirota Weissman, Heizo Takenaka, Hirofumi Gomi, Yoshitaka Asaeda, and Yasuhiro Suzuki have, as Outside Directors, asked questions from time to time regarding matters to be reported or resolved and offered opinions as necessary from an external point of view at the meetings of the Board of Directors they attended.

Statutory Auditor Toru Ichikawa has, based on his abundant experience and broad-ranging insight in the area of finance, and Statutory Auditor Yasuo Sekiguchi has, from his expert perspective based on his experience as a Certified Public Accountant and Certified Tax Accountant, offered necessary statements on a timely basis at the meetings of the Board of Directors and the meetings of the Board of Statutory Auditors they attended.

(iii) Outline of Contracts for Limitation of Liability

The Company has executed contracts for limitation of liability with Outside Directors Teruhide Sato, Ayako Hirota Weissman, Heizo Takenaka, Hirofumi Gomi, Yoshitaka Asaeda, and Yasuhiro Suzuki to limit each of their liability under Article 423, Paragraph 1 of the Companies Act to the extent of the higher amount of either ¥1,000,000 or the minimum liability amount stipulated by laws and regulations under Article 427, Paragraph 1 of the Companies Act and Article 25, Paragraph 2 of the Company's Articles of Incorporation.

The Company has executed contracts for limitation of liability with Outside Statutory

Auditors Toru Ichikawa and Yasuo Sekiguchi to limit each of their liability under Article 423, Paragraph 1 of the Companies Act to the extent of the higher amount of either ¥1,000,000 or the minimum liability amount stipulated by laws and regulations under Article 427, Paragraph 1 of the Companies Act and Article 32, Paragraph 2 of the Company's Articles of Incorporation.

### 3. "STOCK ACQUISITION RIGHTS" IN BUSINESS REPORT

- (1) Delivery of stock acquisition rights as consideration for the execution of duties and held by the Company officers as of March 31, 2019

Not applicable

- (2) Delivery of stock acquisition rights to employees as consideration for the execution of duties during the fiscal year ended March 31, 2019

Not applicable

- (3) Other matters related to stock acquisition rights

The details of the stock acquisition rights attached to the euro-yen convertible bonds with stock acquisition rights issued pursuant to the resolution of the meeting of the Board of Directors on August 28, 2018 are as follows:

	Number of stock acquisition rights	Class and number of shares subject to stock acquisition rights	Conversion price	Exercise period	Aggregate amount of the face value of the bonds
Due 2023	5,000	Common stock; number obtained by dividing the aggregate amount of the face value of the bonds by the conversion price	¥3,508	September 27, 2018 to August 30, 2023	¥50 billion

### 4. "ACCOUNTING AUDITOR" IN BUSINESS REPORT

- (1) Name Deloitte Touche Tohmatsu LLC

- (2) Amount of remuneration of Accounting Auditor for the Company's fiscal year ended March 31, 2019

¥335 million

- (3) Total amount of money and other property benefits to be paid by the Company and subsidiaries to Accounting Auditor

¥505 million

(Note)

1. Since the audit agreement between the Company and the Accounting Auditor does not clearly distinguish between the amount of remuneration for auditing under the Companies Act and the amount of remuneration for auditing under the Financial Instruments and Exchange Act and it is also not possible to substantially distinguish between them, the amount in (2) above represents the total amount.
2. The Board of Statutory Auditors has consented, as provided for in Article 399, Paragraph 1 of the Companies Act, to the remuneration of the Accounting Auditor after deliberating the adequacy of the details of the audit plan, scheduled period of the audit, and the basis for calculation of remuneration estimates that the Accounting Auditor explained to the Board of Statutory Auditors based on an evaluation of audit results for the fiscal year ended March 31, 2018.
3. The Company has paid the Accounting Auditor consideration for the preparation of a comfort letter and other services other than those set out in Article 2, Paragraph 1 of the Certified Public Accountant Act.
4. Six important subsidiaries of the Company are audited by auditors other than the Accounting Auditor of the Company.

(4) Policy on Determination of Removal or Disapproval of Reappointment

If the Accounting Auditor is deemed to fall under any item of Article 340, Paragraph 1 of the Companies Act, the Board of Statutory Auditors will remove the Accounting Auditor by consent of all Statutory Auditors. In that case, the Statutory Auditors elected by the Board of Statutory Auditors shall report the removal of the Accounting Auditor and the reason therefore at the first general meeting of shareholders convened after the removal.

In addition, in light of the independence and specialization of the Accounting Auditor, as well as the status of conduct of the Accounting Auditor's duties, the Board of Statutory Auditors shall make the removal or disapproval of reappointment of the Accounting Auditor a purpose of the general meeting of shareholders if it is deemed difficult for the Accounting Auditor to properly conduct an audit.

## **5. "SYSTEMS FOR ENSURING PROPER EXECUTION OF BUSINESS OPERATIONS" IN BUSINESS REPORT**

Details of effective resolutions by the Board of Directors concerning systems in place at the end of the fiscal year ended March 31, 2019 to ensure the execution of duties by Directors complies with laws, regulations, and the Articles of Incorporation and to ensure the properness of operations of the Company and operations of the group of enterprises consisting of the Company and its subsidiaries are set out below.

- (1) System for Ensuring Execution of Duties by Directors and Employees are in Compliance with Laws and Regulations and Articles of Incorporation
  - (i) The Representative Director of the Company is responsible for making all officers and employees aware of the importance of compliance with laws and regulations, as well as ethical standards. Compliance and ethics are both vital aspects of operating within the Company's Management Philosophy and Corporate Vision.
  - (ii) The Company facilitates close communication among the Directors, supervises the performance of the Representative Director, and prevents violations of laws, regulations, and the Articles of Incorporation by holding regular monthly meetings of the Board of Directors in accordance with the Rules for the Board of Directors and by holding other extraordinary meetings of the Board of Directors as necessary.

- (iii) Following a resolution by the Board of Directors, the Company appoints an Officer in Charge of Compliance matters, establishes a compliance department that is directly managed by that Director, and causes that Director and department to identify compliance-related issues and problems relating to the Company. In addition, following a resolution by the Board of Directors the Company establishes an Internal Auditing Department. The Internal Auditing Department is an organizational unit independent from all business administration divisions and administrative divisions that comprehensively and objectively evaluates the appropriateness of the Company's internal management structure, which involves compliance with laws and regulations, the appropriateness of operations and the proper management of internal controls, among other responsibilities. Also, recommendations are provided and follow-up measures are taken for the purpose of seeking improvement with respect to issues uncovered as a result of internal audits. Audits are conducted with the help of employees and, if necessary, external specialists.

The results of individual internal audits are reported promptly after completion of audits, and reports are provided to the Board of Directors through the Representative Director more than once every six months, in addition to regular reports to Statutory Auditors.

- (iv) The Company has established a Whistleblowing System for submitting reports directly to the Internal Auditing Department and the Statutory Auditors, allowing Directors and employees to provide information concerning violations at the Company of laws, regulations, and the Articles of Incorporation as well as important facts discovered involving compliance.
- (2) System for Data Storage and Management Relating to Execution of Duties by Directors
- (i) The Company has, following a resolution by the Board of Directors, established the Rules for Document Management and stores and manages data relating to the execution of duties by the Directors by entering or recording that data on written documents or electromagnetic recordings ("Documents").
  - (ii) Directors and Statutory Auditors may access Documents at any time.
- (3) Regulations for Managing Risk of Loss and Other Similar Systems
- (i) The Company appoints an Officer in Charge of Risk Management in accordance with the Rules for Risk Management and other regulations established by the Board of Directors. The Company has also established risk management department to identify and properly evaluate and manage risks that may impede the execution of business operations or the attainment of our Management Philosophy and Corporate Vision.
  - (ii) If any management crisis comes to light, then the Company deals with that crisis in accordance with the Rules for Crisis Management by (a) establishing a task force led by the Officer in Charge of Risk Management and (b) facilitating a structure that enables timely and appropriate sharing of information relating to the management crisis among the Officer in Charge of Risk Management, the managers in charge of a risk management department, the General Affairs and Human Resources Department, the

Corporate Communications Department, and the Legal and Compliance Departments, and other officers and employees who require that information.

(4) System for Ensuring the Efficient Execution of Duties by Directors

- (i) The Company determines allocation of duties following a resolution by the Board of Directors and clarifies the division of roles among the Directors.
- (ii) The Company facilitates a data system that enables appropriate and prompt decision-making.
- (iii) In principle, the Company holds regular monthly meetings of the Board of Directors and other extraordinary meetings of the Board of Directors as necessary, and in addition to solving problems that arise in each division in a timely and appropriate manner, makes the Directors aware of know-how gained from the problems solved. Through this process, the Company seeks to streamline execution of duties that Directors are responsible for while also streamlining operations throughout the Company as a whole.

(5) System to Ensure the Properness of Operations of the Group of Enterprises Consisting of the Company and its Subsidiaries

- (i) In order to ensure the properness of operations of the group of enterprises consisting of the Company and its subsidiaries (the “SBI Group”), the Company, in accordance with the Rules for Management of Affiliated Companies established by the Board of Directors, and out of respect for the management autonomy of each company, receives reports about matters relating to the execution of duties from directors and employees of companies belonging to the SBI Group and any person involved in the business of other corporate groups (the “SBI Group Officers and Employees”) and may conduct investigations within a necessary and reasonable extent.
- (ii) The Company has established a Whistleblowing System for submitting reports directly to the Statutory Auditors, enabling the SBI Group Officers and Employees to provide information concerning violations of laws, regulations, or the Articles of Incorporation or any other important facts relating to compliance. The Company reports to the Statutory Auditors on the status and details of reporting. In addition, the Company shall not dismiss or treat disadvantageously any person who makes a report using the Whistleblowing System or any of the SBI Group Officers and Employees or any statutory auditor of subsidiaries who makes reports to the Statutory Auditor on matters relating to the execution of duties by the SBI Group Officers and Employees.
- (iii) In order to ensure that the execution of duties by the SBI Group Officers and Employees conforms to laws, regulations, and the Articles of Incorporation, the Company shall, in accordance with the Compliance Rules established by the Board of Directors, hold compliance conferences to provide an opportunity to ascertain issues and matters and to exchange information about compliance for the entire SBI Group. The Officer in Charge of Compliance and a compliance department hold these conferences along with compliance officers from companies belonging to the SBI Group. These compliance conferences are to be promptly convened when a request for convocation is made from a company belonging to the SBI Group.

- (iv) The Company, in accordance with the Rules for Internal Audit established by the Board of Directors, comprehensively and objectively evaluates the appropriateness of an internal management structure, which involves compliance with laws and regulations, the appropriateness of operations and the proper management of internal controls, among other responsibilities of companies belonging to the SBI Group. Also, in order to provide recommendations and to take follow-up measures for the purpose of seeking improvement with respect to issues uncovered as a result of internal audits, audits are conducted on those companies by the Internal Auditing Department.  
The results of individual internal audits are reported promptly after completion of audits, and reports are provided to the Board of Directors through the Representative Director more than once every six months, in addition to regular reports to Statutory Auditors.
  - (v) If the Directors discover any violation of laws, regulations, or the Articles of Incorporation or any other important facts relating to compliance with regard to the execution of duties by the SBI Group Officers and Employees, they report this information to the Company's Statutory Auditors, and the Statutory Auditor who takes receipt of that report shall notify the statutory auditor of the company in relation to which those important facts were discovered.
  - (vi) In order to manage risk of loss in the SBI Group, the Company, in accordance with the Rules for Management of Affiliated Companies, risk management and other regulations established by the Board of Directors, receives from persons in charge of risk management of companies belonging to the SBI Group regular and timely reports about situations related to the risk of losses in companies belonging to the SBI Group. If necessary, the Company's Officer in Charge of Risk Management and a risk management shall, upon consultation with the persons in charge of risk management, make preparations for cases where any loss arises.
  - (vii) In order to ensure efficient execution of duties by the SBI Group Officers and Employees, the Company instructs companies belonging to the SBI Group to determine allocation of duties following a resolution by the board of directors and to clarify the division of roles among the directors. If necessary, the Company shall provide a data system that enables appropriate and prompt decision-making.
- (6) System Relating to Employees Assisting Duties of Statutory Auditors When Appointment of Those Employees is Requested by Statutory Auditors, and Matters Relating to Independence from Directors of Those Employees

When requested by a Statutory Auditor, the Company appoints, for a period determined in consultation with the Statutory Auditor, an employee who is nominated by the Internal Auditing Department as having knowledge that enables that employee to assist with the Statutory Auditor's duties independent of the Directors' chain of command. In this case, the Statutory Auditor is consulted with in advance and the opinions of the Statutory Auditor are respected with regard to personnel changes and evaluation in relation to that employee.

- (7) System for Reporting by Directors and Employees to Statutory Auditors and System for Other Types of Reporting to Statutory Auditors

The Directors and employees report to the Statutory Auditors in a timely and accurate

manner when the Directors and employees come to know of any of the following concerning the SBI Group; in addition, the Directors and employees shall promptly explain the details and may not refuse to explain without reasonable grounds when the Directors and employees are asked by the Statutory Auditors for explanations on any of the following concerning the SBI Group:

- (a) any matter likely to cause significant damage to the Company;
- (b) any important matter relating to management;
- (c) any important matter relating to internal auditing;
- (d) any material violation of laws, regulations, or the Articles of Incorporation; or
- (e) any other matter judged an important matter by the Directors and employees.

(8) Other Systems for Ensuring that Statutory Auditors Effectively Execute Audits

- (i) The Company will, at the request of the Statutory Auditors, cause the Company's Directors and employees to hold regular meetings with the Statutory Auditors for the purpose of sharing information regarding management-based issues and problems of the SBI Group and, as necessary, facilitates sharing of information between Statutory Auditors and the Internal Auditing Department with the Accounting Auditor.
- (ii) The Company shall make efforts to develop a system that enables the Statutory Auditors to hold regular meetings with statutory auditors of important subsidiaries and cooperate with each other to ensure the effectiveness of auditing of the SBI Group.
- (iii) Any ordinary expenses arising in relation to the performance of the duties of the Statutory Auditors must be included in the Company budget in advance, based on the audit plan of the Board of Statutory Auditors. In addition, the Company shall, at the request of the Statutory Auditors, pay in advance or redeem, or otherwise dispose of debts with respect to, any expenses arising in relation to the performance of the duties of the Statutory Auditors, including urgent or extraordinary audit expenses.

(9) System for Ensuring Reliability of Financial Reports

The Company maintains an effective and proper management system for its internal control reporting system with respect to financial reports pursuant to the applicable relevant laws and ordinances in order to ensure the reliability of financial reports and carries out continuous facilitation, management and evaluation of that system and promptly takes measures if any improvement is required.

(10) System for Exclusion of Anti-social Organizations

The SBI Group declares in its code of conduct its intent to resolutely defy anti-social organizations and facilitates an internal system for strengthening collaborative efforts by establishing a department for carrying out anti-social organization exclusion initiatives in the Company and by sharing knowledge with the police, centers for eliminating anti-social organizations, lawyers, and other external professional institutions. Efforts are also made to increase awareness of the requirement to cut off relationships with anti-social organizations, by carrying out training for the SBI Group Officers and Employees. In addition, the Company promotes awareness of this initiative by distributing to the SBI Group, and by posting on the SBI Group's intranet, manuals for dealing with anti-social organizations in accordance with the "Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces."

## **6. “OPERATIONAL STATUS OF SYSTEMS FOR ENSURING PROPER EXECUTION OF BUSINESS OPERATIONS” IN BUSINESS REPORT**

A summary of the operational status of systems in place at the end of the fiscal year ended March 31, 2019 for ensuring proper execution of business operations is set out below.

- (1) System for Ensuring Execution of Duties by Directors and Employees are in Compliance with Laws and Regulations and Articles of Incorporation

The first point of the Company’s Management Philosophy is the concept of “Sound Ethical Values,” and the Company has clearly conveyed and ensured that its officers and employees are aware that legal compliance and sound ethical values are a fundamental tenet of the Company. The Company held twelve regular meetings of the Board of Directors, and in addition to endeavoring to achieve mutual understanding among our Directors, the Board of Directors has overseen the execution of duties by the Representative Director and actively prevented acts in breach of laws, regulations, or the Articles of Incorporation. The Company has also appointed an Officer in Charge of Compliance and established a compliance department to identify compliance-related issues and problems relating to the Company. In addition, the Company has established the Internal Auditing Department, which has evaluated the appropriateness of internal management and, after the completion of each audit, has reported to the Representative Director, the Board of Directors, and the Statutory Auditors. The Company has also established and operated a Whistleblowing System that enables direct reporting by officers and employees.

- (2) System for Data Storage and Management Relating to Execution of Duties by Directors

The Company has established the Rules for Document Management and appropriately recorded and stored data relating to the execution of duties by the Directors, and the Directors and the Statutory Auditors are able to access this data when necessary.

- (3) Regulations for Managing Risk of Loss and Other Similar Systems

The Company has appointed an Officer in Charge of Risk Management, established risk management department, and endeavored to appropriately manage risk. In cases when management crises have come to light, the Company has established and operated a system whereby a task force led by the Officer in Charge of Risk Management is established and other related measures are taken.

- (4) System for Ensuring the Efficient Execution of Duties by Directors

In addition to having determined regulations related to allocation of duties and work-related authority and clarified the division of roles among the Directors, the Company has established and operates a data system for decision-making. The Company has conducted problem solving and made the Directors aware of know-how gained from the problems solved at the meetings of the Board of Directors and sought to streamline operations throughout the Company as a whole.

- (5) System to Ensure the Properness of Operations of the Group of Enterprises

## Consisting of the Company and its Subsidiaries

The Company has formulated a compliance program and striven to ascertain and resolve compliance-related issues within the Group in accordance with that compliance program. The Company has also established the Rules for Whistleblowing and operated a Whistleblowing System. This Whistleblowing System is operated for the Group Officers and Employees, and the status of whistleblowing reports and their contents have been reported to the Statutory Auditors. The Company does not dismiss or treat disadvantageously any person who makes a report using the Whistleblowing System or any of the Group Officers and Employees who makes reports to the Statutory Auditors on matters relating to the execution of duties. The Company has also held SBI Group Compliance Liaison Conferences and ascertained issues and matters and exchanged information about compliance in the SBI Group. In addition, the Internal Auditing Department has formulated an annual internal auditing plan, conducted audits of companies belonging to the Group in accordance with that plan, and then reported to the Representative Director, the Directors, and the Statutory Auditors. The Directors have reported necessary matters to the Statutory Auditors through face-to-face meetings with the Statutory Auditors, and the Statutory Auditors are able to access important reports. Further, the Company has established a risk management program, ascertained the status of risk in the Group, and made efforts to conduct appropriate management of risk in accordance with that program. The Company has, through its compliance department and Internal Auditing Department, also instructed its subsidiaries to clarify the division of roles among their directors and has provided, when necessary, a data system that enables decision-making.

- (6) System Relating to Employees Assisting Duties of Statutory Auditors When Appointment of Those Employees is Requested by Statutory Auditors, and Matters Relating to Independence from Directors of Those Employees

Corresponding to the request by the Statutory Auditor, the Company has appointed an employee in the Internal Auditing Department as an employee who assists with the Statutory Auditor's duties and caused that employee to provide assistance, and the opinions of the Statutory Auditor have been respected with regard to evaluation and the like in relation to that employee.

- (7) System for Reporting by Directors and Employees to Statutory Auditors and System for Other Types of Reporting to Statutory Auditors

The Statutory Auditors have received reports on necessary matters by attending meetings of the Board of Directors and other important meetings and by meeting with officers and employees. The Company has also established an environment in which the Statutory Auditors are able to access major approval request documents (*ringi-sho*) and other important documents related to execution of duties.

- (8) Other Systems for Ensuring that Statutory Auditors Effectively Execute Audits

The Statutory Auditors have held regular meetings with the Company's Executive Directors, including the Representative Director, and department managers and shared information. The Statutory Auditors have also held regular auditor liaison meetings with statutory auditors of important subsidiaries and sought to develop mutual cooperation

among the statutory auditors of the companies within the Group. Expenses arising in relation to the performance of the duties of the Statutory Auditors have been settled appropriately.

(9) System for Ensuring Reliability of Financial Reports

The Company has submitted an internal control report in accordance with Article 24-4-4 of the Financial Instruments and Exchange Act (Act No. 25 of 1948), maintained an effective and proper management system for its internal control reporting system with respect to financial reports, and conducted appropriate facilitation, management, and evaluation of that system.

(10) System for Exclusion of Anti-social Organizations

The Group has declared its intent to resolutely defy anti-social organizations both in and outside its companies, including through the formulation of a basic policy against anti-social organizations and publication of that policy on the SBI Group's corporate sites. Efforts have also been made to increase awareness of the requirement to cut off relationships with anti-social organizations, including through the establishment of a department for carrying out anti-social organization exclusion initiatives, SBI Group Compliance Liaison Conferences. The Company also has promoted awareness of these initiatives by publishing information in manuals that complies with the basic policy against anti-social organizations and posting those manuals on the SBI Group's intranet.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(1) Consolidated Statement of Financial Position**

As at March 31,  
2019

Millions of Yen

Assets	
Cash and cash equivalents	713,974
Trade and other accounts receivable	689,713
Assets related to securities business	
Cash segregated as deposits	1,603,159
Margin transaction assets	674,878
Other assets related to securities business	471,555
Total assets related to securities business	2,749,592
Other financial assets	36,740
Operational investment securities	282,616
Other investment securities	188,900
Investments accounted for using the equity method	68,371
Investment properties	2,147
Property and equipment	15,100
Intangible assets	184,816
Other assets	94,899
Deferred tax assets	7,256
Total assets	5,034,124
Liabilities	
Bonds and loans payable	962,965
Trade and other accounts payable	60,639
Liabilities related to securities business	
Margin transaction liabilities	166,145
Loans payable secured by securities	494,718
Deposits from customers	781,232
Guarantee deposits received	730,838
Other liabilities related to securities business	373,567
Total liabilities related to securities business	2,546,500
Customer deposits for banking business	659,361
Insurance contract liabilities	139,098
Income tax payable	7,367
Other financial liabilities	19,566
Other liabilities	60,339
Deferred tax liabilities	15,732
Total liabilities	4,471,567
Equity	
Capital stock	92,018
Capital surplus	142,094
Treasury stock	(20,128)
Other component of equity	16,977
Retained earnings	225,714
Equity attributable to owners of the Company	456,675
Non-controlling interests	105,882
Total equity	562,557
Total liabilities and equity	5,034,124

## (2) Consolidated Statement of Income

	Fiscal year ended March 31, 2019
	Millions of Yen
Revenue (Interest income of ¥112,054 million included)	351,411
Expense	
Financial cost associated with financial income	(21,394)
Provision for credit losses	(22,260)
Operating cost	(99,811)
Selling, general and administrative expenses	(111,075)
Other financial cost	(4,680)
Other expenses	(14,789)
Total expense	<u>(274,009)</u>
Share of the profit of associates and joint ventures accounted for using the equity method	5,635
Profit before income tax expense	<u>83,037</u>
Income tax expense	(15,760)
Profit for the year	<u><u>67,277</u></u>
Profit for the year attributable to	
Owners of the Company	52,548
Non-controlling interests	14,729
Profit for the year	<u><u>67,277</u></u>

### (3) Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings	Total		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
As at April 1, 2018	81,681	125,445	(4,647)	20,605	204,731	427,815	66,009	493,824
Cumulative effect of accounting change	—	—	—	840	(11,625)	(10,785)	(123)	(10,908)
Restated balance as at April 1, 2018	81,681	125,445	(4,647)	21,445	193,106	417,030	65,886	482,916
Profit for the year	—	—	—	—	52,548	52,548	14,729	67,277
Other comprehensive income	—	—	—	(4,228)	—	(4,228)	384	(3,844)
Total comprehensive income	—	—	—	(4,228)	52,548	48,320	15,113	63,433
Issuance of convertible bonds	—	2,904	—	—	—	2,904	—	2,904
Conversion of convertible bonds	10,337	6,677	12,248	—	—	29,262	—	29,262
Change in scope of consolidation	—	—	—	—	—	—	(4,775)	(4,775)
Dividends paid	—	—	—	—	(20,180)	(20,180)	(2,018)	(22,198)
Treasury shares purchased	—	—	(29,461)	—	—	(29,461)	—	(29,461)
Treasury shares sold	—	22	1,732	—	—	1,754	—	1,754
Share-based payment transactions	—	677	—	—	—	677	455	1,132
Changes of interests in subsidiaries without losing control	—	6,369	—	—	—	6,369	31,221	37,590
Transfer	—	—	—	(240)	240	—	—	—
As at March 31, 2019	92,018	142,094	(20,128)	16,977	225,714	456,675	105,882	562,557

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of preparation

The consolidated financial statements of SBI Holdings, Inc. (the "Company") and its consolidated subsidiaries (collectively the "Group") were prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to the first paragraph of Article 120 of the Ordinance on Company Accounting. Some disclosure items required under IFRSs were omitted pursuant to the latter part of the same paragraph.

#### 2. Scope of consolidation

Number of consolidated subsidiaries: 226

Major consolidated subsidiaries are listed in "3. IMPORTANT PARENT COMPANY AND SUBSIDIARIES" in section "I. GROUP" of "Business Report."

#### 3. Application of equity method

Number of investments in associates and joint ventures accounted for using the equity method: 33

Major investment accounted for using the equity method: SBI Sumishin Net Bank., Ltd.

#### 4. Summary of accounting policies

##### (1) Valuation standards and methods of significant assets

##### ① Valuation standards and methods of financial assets

##### (a) Classification and measurement of financial assets

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 as a financial asset measured at fair value through other comprehensive income an investment in an equity instrument that is held for a purpose other than trading. 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.

(b) Impairment of financial assets

The Group estimates expected credit losses for financial assets other than financial assets measured at FVTPL and equity instruments measured at FVTOCI at the end of the reporting period and recognizes the amount of 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, etc. that do not contain a significant financing component, lifetime expected credit losses are measured on the basis of historical credit losses, etc. using a simplified approach, regardless of whether there has been an increase or decrease in credit risk.

② Valuation standards and methods of non-financial assets

• Property and equipment other than leased assets

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. Any gain or loss arising on the disposal of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

• Investment properties other than leased assets

Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss.

• Intangible assets other than goodwill and leased assets

Intangible assets are measured using the cost method and stated at cost less accumulated amortization and accumulated impairment loss.

• Leased assets

A lease is classified as a finance lease when the Group assumes substantially all the risks and rewards according to the lease contract. Leased assets are initially recognized as the lower of the fair value of the leased property and the present value of the minimum lease payments. In subsequent measurement, leased assets are accounted for under the accounting standards applied to the assets.

• Impairment of non-financial assets

Other than deferred tax assets, the Group's non-financial assets are subject to impairment tests at year end. When an indication of impairment exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment losses, if any. For a cash-generating unit ("CGU"), including allocated goodwill and intangible assets for which the useful life cannot be determined, or which is not available for use, the recoverable amount shall be 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 cash inflows from other assets or group of assets.

(2) Depreciation method for significant non-current assets

• Property and equipment

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. Depreciation is recognized using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss. Land is not depreciated.

The estimated useful lives of major classes of property and equipment are as follows:

- Buildings 3 - 47 years
- Furniture and equipment 2 - 20 years

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

- Intangible assets other than goodwill

Amortization of intangible assets with finite useful lives is recognized in profit or loss 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 5 years

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

- Investment properties

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of assets less their residual values. Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful life of each component, and charged to profit or loss.

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

- Buildings 8-50 years

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gain or loss arising from the derecognition of investment properties is determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss at the time of derecognition.

(3) Recognition and measurement of significant provisions and allowances

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 economic resources will be required to settle the obligation. 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.

(4) Recognition of significant revenue and expenses

• Financial income related to investment portfolio

Financial assets measured at FVTPL are initially measured at their fair value and changes in fair value are recognized through profit or loss. Gain and loss related to the sale of financial assets measured at FVTPL are determined as the difference between the fair value of the consideration received and the carrying amount.

• Revenue from contracts with customers

The Group recognizes revenue by applying the following 5-step approach.

Step 1: Identify the contract(s) with a 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

• 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.

(5) Other significant policies for preparation of consolidated financial statements

① Accounting for insurance contracts

For insurance contracts and reinsurance contracts, the Group applies its accounting policy determined based on the Insurance Business Act, the Ordinance for Enforcement of the Insurance Business Act, and other Japanese accounting practices, while considering the requirements under IFRS 4 "Insurance Contracts".

A liability adequacy test is performed in consideration of current estimates of all contractual cash flows and related cash flows such as claims handling costs at the end of each reporting period. If the test shows that the liability is inadequate, the entire deficiency is recognized in profit or loss.

② Translations of significant assets and liabilities denominated in foreign currencies

• 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 into the respective functional currencies (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 that 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 financial instruments that are measured at fair value and changes in the fair value recognized in other comprehensive income and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risks.

• 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 are recognized as other comprehensive income.

## CHANGE IN ACCOUNTING POLICIES

The Group adopted the following new and revised standards and interpretations from the beginning of the fiscal year ended March 31, 2019.

	Statement of standards	Summary of new standards and amendments
IFRS 9 (as revised in 2014)	Financial Instruments	Amendment with regard to impairment accounting, and classification and measurement of financial instruments
IFRS 15	Revenue from Contracts with Customers	Amendment with regard to the accounting of revenue recognition

As a result of the application of the above mentioned IFRS 9 (as revised in 2014) and transition requirements of this standard, trade and other accounts receivable and retained earnings decreased by ¥11,679 million and ¥11,625 million, respectively, while other investment securities and other components of equity increased by ¥1,167 million and ¥840 million, respectively, in the consolidated statement of financial position at the beginning of the year, compared with those under the previous accounting standards. The impact of the changes on the consolidated statement of income for the fiscal year ended March 31, 2019 is a loss of ¥2,218 million. There is no significant impact from applying IFRS 15 on the consolidated financial statements for the fiscal year ended March 31, 2019.

Due to consequential amendments made to IAS 1 "Presentation of Financial Statements" with the application of IFRS 9 (as revised in 2014), the Company presents interest income and provision for credit losses as separate line items in the consolidated statement of income beginning with the fiscal year ended March 31, 2019.

## NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 1. Pledged assets and related liabilities

#### (1) Pledged assets consisted of the following:

Trade and other accounts receivable	10,180 Millions of Yen
Other financial assets	144 Millions of Yen
Property and equipment	276 Millions of Yen
<b>Total</b>	<b>10,600 Millions of Yen</b>

#### (2) The assets above were pledged as collateral for:

Bonds and loans payable	7,897 Millions of Yen
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### 2. Accumulated depreciation and accumulated impairment loss of property and equipment:

15,479 Millions of Yen

## NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### 1. Number and class of issued shares as of March 31, 2019

Common shares	236,556,393 shares
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### 2. Dividends

#### (1) Dividend paid

Dividend approved at the Board of Directors meeting on April 26, 2018

• Dividend amount	15,455 Millions of Yen
• Amount per share	70 Yen
• Record date	March 31, 2018
• Effective date	June 8, 2018

Dividend approved at the Board of Directors meeting on October 30, 2018

• Dividend amount	4,725 Millions of Yen
• Amount per share	20 Yen
• Record date	September 30, 2018
• Effective date	December 10, 2018

#### (2) Dividend whose record date fell in the year ended March 31, 2019, and whose effective date will be in the year ending March 31, 2020

Dividend approved at the Board of Directors meeting on April 26, 2019

• Dividend amount	18,260 Millions of Yen
• Amount per share	80 Yen (including commemorative dividend of 5 yen for the 20th anniversary of the foundation of the Company)

· Record date	March 31, 2019
· Effective date	June 7, 2019

3. Number and class of shares for stock acquisition rights, for which the commencement date of the exercise period has arrived, as of March 31, 2019	
Convertible bonds	25,979,905 shares

## NOTES TO FINANCIAL INSTRUMENTS

### 1. Group policy and risk management system for financial instruments

The Group engages in a wide range of financial related businesses, such as the securities business, banking services business, insurance business, investment business and fund management business, to avoid excessive concentration of risk on specific entities or businesses. To operate its businesses, the Group raises funds through indirect financing such as bank borrowings, direct financing such as bond issuance and equity financing, and transactions with securities financing companies. 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, interest rate swaps and index futures. The Group enters into foreign currency forward contracts and interest swap transactions primarily to hedge foreign exchange risk and to manage its interest rate exposures on borrowings, respectively. The Group does not hold or issue these instruments for speculative purposes. Index futures are entered into for the purpose of day trading with a cap placed on their trading volume.

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.

### 2. Fair value determination of financial instruments

Fair values of financial assets and financial liabilities are determined as follows:

#### Cash and cash equivalents, Other financial assets, and Other financial liabilities

The fair values are determined at the carrying values as they approximate the carrying values due to their short-term maturities.

#### Trade and other accounts receivable

The fair values are determined based on the future cash inflows discounted using interest rates adjusted for the term to maturity and credit risk. The fair values of those with short-term maturities are determined at the carrying values as they approximate the carrying values.

#### Assets and liabilities related to securities business

With respect to loans on margin transactions included in margin transaction assets, the fair values are determined at the carrying values as the interest rates of the loans are floating rates and reflect the market interest rate within a short period. The fair values of assets and liabilities related to the securities business, except for loans on margin transactions, are considered to approximate the carrying values as those assets and liabilities are settled within a short period. With respect to trading assets and trading liabilities, the fair values are determined based on market closing price at the reporting date in principal stock exchanges.

#### 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, and analysis based on revenues, profits and net assets. 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.

#### Bonds and loans payable and Trade and other accounts payable

With respect to those with floating interest rates, the fair values are determined at the carrying 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 companies that obtained them are not expected to change significantly. With respect to those with fixed interest rates, the fair values are determined based on the future cash outflows discounted considering remaining periods and using interest rates adjusted for credit risk or discounted using interest rates with reference to similar types of new loans or lease transactions. The fair value of bonds payable and loans payable with short-term maturities are determined at the carrying values as they approximate the carrying values.

#### Customer deposits for banking business

The fair values of demand deposits are determined at the carrying values which are the amounts paid on demand at the reporting date. The fair values of time deposits are determined based on the future cash outflows discounted using interest rates adjusted for the term to maturity and credit risk. However, the fair values of time deposits with short-term maturities are determined at the carrying values as they approximate the carrying values.

### 3. Fair value of financial instruments

(Millions of Yen)

	Carrying Amount	Fair Value
<b>Financial assets</b>		
Cash and cash equivalents	713,974	713,974
Trade and other accounts receivable	689,713	695,919
Assets related to securities business	2,749,592	2,749,592
Other financial assets	36,740	36,740
Operational investment securities	282,616	282,616
Other investment securities	188,900	188,915
<b>Financial liabilities</b>		
Bonds and loans payable	962,965	965,218
Trade and other accounts payable	60,639	60,727
Liabilities related to securities business	2,546,500	2,546,500
Customer deposits for banking business	659,361	659,682
Other financial liabilities	19,566	19,566

### NOTES TO PER SHARE INFORMATION

Equity per share attributable to owners of the Company	2,000.82 Yen
Basic earnings per share attributable to owners of the Company	231.43 Yen

(Note) The amounts in the consolidated financial statements are rounded to the nearest million Japanese yen.

### NOTES TO REVENUE RECOGNITION

#### 1. Revenue from rendering of services

Revenue from rendering of services mainly includes brokerage commission in the securities business. Brokerage commission relates to transactions in which the Group acts as an agent in the transaction rather than a principal. The revenue is recognized when the Group satisfies its performance obligations upon completion of services.

#### 2. Revenue from sales of goods

Revenue from sales of goods mainly includes revenue arising from the sale of pharmaceutical products, supplements, and cosmetics. 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.

**FINANCIAL STATEMENTS**  
**(1) Balance Sheet**

	As at March 31, 2019
	<u>Millions of Yen</u>
Assets	
Current assets	
Cash and deposits	27,536
Accounts receivable-trade	1,029
Operational investment securities	23,296
Supplies	52
Prepaid expenses	517
Operational loans receivable	2,817
Short-term loans receivable	69,111
Others	7,563
Allowance for doubtful accounts	(6,343)
Total current assets	<u>125,578</u>
Non-current assets	
Property and equipment	
Buildings	295
Structures	9
Vehicles	31
Tools and fixtures	215
Leased assets	2
Total property and equipment	<u>552</u>
Intangible assets	
Patents	636
Trademark	4
Software	691
Telephone rights	5
Total intangible assets	<u>1,336</u>

	As at March 31, 2019
	<u>Millions of Yen</u>
Investments and other assets	
Investment securities	583
Stocks of subsidiaries and associates	632,945
Investments in other securities of subsidiaries and associates	13,451
Long-term loans receivable from subsidiaries and associates	1,774
Long-term prepaid expenses	225
Lease and guarantee deposits	1,988
Deferred tax assets	577
Others	1,077
Total investments and other assets	<u>652,620</u>
Total non-current assets	<u>654,508</u>
Deferred charges	
Bond issuance costs	422
Total deferred charges	<u>422</u>
Total assets	<u><u>780,508</u></u>
Liabilities	
Current liabilities	
Short-term loans payable	111,400
Current portion of bonds payable	14,600
Current portion of long-term loans payable	10,000
Current portion of lease obligations	1
Accounts payable	8,140
Accrued expenses	431
Accrued income tax	3,134
Advances received	0
Deposits received	152
Total current liabilities	<u>147,858</u>
Non-current liabilities	
Bonds payable	225,147
Long-term loans payable	41,800
Lease obligations	1
Asset retirement obligation	136
Long-term deposits received	7,120
Total non-current liabilities	<u>274,204</u>
Total liabilities	<u><u>422,062</u></u>

	As at March 31, 2019
	<u>Millions of Yen</u>
Net assets	
Shareholders' equity	
Capital stock	92,018
Capital surplus	
Legal capital surplus	137,130
Other capital surplus	103,185
Total capital surplus	<u>240,315</u>
Retained earnings	
Other retained earnings	
Retained earnings brought forward	44,354
Total retained earnings	<u>44,354</u>
Treasury stock	<u>(20,128)</u>
Total shareholders' equity	<u>356,559</u>
Valuation and translation adjustments	
Unrealized gains on available-for-sale securities	726
Total valuation and translation adjustments	<u>726</u>
Stock acquisition rights	<u>1,161</u>
Total net assets	<u>358,446</u>
Total liabilities and net assets	<u><u>780,508</u></u>

## (2) Statement of Income

	Fiscal Year ended March 31, 2019
	Millions of Yen
Net sales	27,330
Cost of sales	11,246
Gross profit	16,084
Selling, general and administrative expenses	8,135
Operating income	7,949
Non-operating income	
Interest income	1,919
Others	90
Total non-operating income	2,009
Non-operating expense	
Interest expense	2,087
Amortization of bond issuance costs	285
Foreign exchange losses	124
Provision of allowance for doubtful accounts	4,085
Commission fee	1,265
Others	72
Total non-operating expense	7,918
Ordinary income	2,040
Extraordinary income	
Gain on sales of investment securities	1,983
Gain on sales of stocks of subsidiaries and associates	868
Gain on liquidation of subsidiaries and affiliates	575
Others	2
Total extraordinary income	3,428
Extraordinary expense	
Loss on valuation of stocks of subsidiaries and affiliates	44
Loss on liquidation of subsidiaries and affiliates	57
Others	4
Total extraordinary expense	105
Income before income taxes	5,363
Income taxes-current	1,128
Income taxes-deferred	(1,222)
Total income taxes	(94)
Net income	5,457

### (3) Statement of Changes in Net Assets

	Shareholders' Equity							Total
	Capital stock	Capital surplus			Retained earnings		Treasury stock	
		Legal capital surplus	Other capital surplus	Total	Other retained earnings	Total		
		Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
As at March 31, 2018	81,681	126,792	105,878	232,670	59,077	59,077	(4,647)	368,781
Issuance of new shares	10,337	10,337	—	10,337	—	—	—	20,674
Dividends paid	—	—	—	—	(20,180)	(20,180)	—	(20,180)
Net income	—	—	—	—	5,457	5,457	—	5,457
Treasury shares purchased	—	—	—	—	—	—	(29,461)	(29,461)
Treasury shares sold	—	—	(2,692)	(2,692)	—	—	13,980	11,288
Net changes other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes during the year	10,337	10,337	(2,692)	7,645	(14,723)	(14,723)	(15,481)	(12,222)
As at March 31, 2019	92,018	137,130	103,185	240,315	44,354	44,354	(20,128)	356,559

	Valuation and Translation Adjustments			Stock Acquisition Rights	Total Net Assets
	Unrealized gains on available-for-sale securities	Total			
	Millions of Yen	Millions of Yen			
	Millions of Yen	Millions of Yen	Millions of Yen		
As at March 31, 2018	8,099	8,099	505	377,385	
Issuance of new shares	—	—	—	20,674	
Dividends paid	—	—	—	(20,180)	
Net income	—	—	—	5,457	
Treasury shares purchased	—	—	—	(29,461)	
Treasury shares sold	—	—	—	11,288	
Net changes other than shareholders' equity	(7,373)	(7,373)	656	(6,717)	
Total changes during the year	(7,373)	(7,373)	656	(18,939)	
As at March 31, 2019	726	726	1,161	358,446	

## NOTES TO THE FINANCIAL STATEMENTS

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Valuation standards and methods of assets

##### (1) Stocks of subsidiaries and associates

Cost determined by the moving-average cost method

##### (2) Available-for-sale securities (including operational investment securities)

###### · Listed securities

At fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of net assets. The cost of securities sold is determined based on the moving-average cost method.

###### · Unlisted securities

At cost determined by the moving-average cost method

##### (3) Investment in funds

For the investments in funds which are categorized as subsidiaries, the Company's proportionate share in the net assets of those funds are calculated based on the provisional financial statements of the funds as at the Company's year end and are presented as "investments in other securities of subsidiaries and associates" (non-current assets). For the investments in funds which are not categorized as subsidiaries, the Company's proportionate share in the net assets of those funds is calculated based on the funds' annual financial statements or interim financial statements and is presented in "operational investment securities" (current assets).

#### 2. Depreciation method of depreciable assets

##### (1) Property and equipment other than leased assets

Depreciation is computed using the declining-balance method, while the straight-line method is applied to facilities attached to buildings and to structures acquired on and after April 1, 2016. The range of useful lives is principally from 3 to 18 years for buildings, 50 years for structures, from 3 to 20 years for tools and fixtures, and 6 years for vehicles.

##### (2) Intangible assets other than leased assets

Intangible assets are amortized using the straight-line method. Software used for internal purposes is amortized using the straight-line method over its estimated useful life (5 years).

##### (3) Leased assets

Leased assets treated as finance leases without transfer of ownership are depreciated using the straight-line method over the lease term with a residual value of zero.

#### 3. Recognition and measurement of significant provisions and allowances

##### Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the Company's past credit loss experience.

Allowance for doubtful accounts for outstanding receivables deemed to be uncollectable is provided based on the estimated loss on an individual basis.

#### 4. Recognition of revenue and expenses

##### (1) Net sales and cost of sales

Net sales principally consist of revenue from operational investment securities and dividend income. Cost of sales principally consists of the cost of operational investment securities.

##### (2) Revenue and cost of operational investment securities

Revenue from operational investment securities consists of proceeds from the sale of operational investment securities and securities held by funds and interest and dividend income from these securities. Cost of operational investment securities consists of the carrying value on the sale of operational investment securities and securities held by funds, fees related to securities transactions, and write-downs of operational investment securities and securities held by funds.

##### (3) Dividend income

Dividends from subsidiaries and associates are recorded as dividend income which is included in net sales in the statement of income.

#### 5. Other significant accounting policies for financial statements

##### (1) Deferred charges

Bond issuance costs

Bond issuance costs are amortized over the bond term using the straight-line method.

(2) Translations of significant assets and liabilities denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen using the exchange rates at the balance sheet date. The resulting translation gain or loss is recognized in income statement.

(3) Accounting for investments in funds

As for the investments in funds categorized as subsidiaries, the Company's proportionate share in the net assets and revenue/expenses of those funds are calculated based on the provisional financial statements of the funds as at the Company's year end and are presented as "Investment in other securities of subsidiaries and associates" (non-current assets) and revenue/expenses. For investments in funds which are not categorized as subsidiaries, the Company's proportionate share in the net assets and revenue/expenses of those funds are calculated based on the funds' annual financial statements or interim financial statements and are presented in "Operational investment securities" (current assets) and revenue/expenses.

(4) Accounting for consumption tax

The amounts in the financial statements are presented without consumption or local consumption taxes. Nondeductible consumption taxes are recorded as selling, general and administrative expenses.

(5) Adoption of tax consolidation

The Company adopts tax consolidation.

## CHANGE IN ACCOUNTING POLICIES

Application of the Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions and related guidance

The Company has decided to apply "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions" (ASBJ PITF No.36, January 12, 2018) (hereinafter referred to as "ASBJ PITF No. 36") from April 1, 2018 and to account for transactions granting employees and others stock acquisition rights, which involve considerations, with vesting conditions in accordance with "Accounting Standard for Share-based Payment" (ASBJ Statement No. 8, December 27, 2005) and related guidance.

However, when applying ASBJ PITF No. 36, the Company complies with the transitional provisions in Section 10 (3) of ASBJ PITF No. 36 and continues to account for the transactions granting employees and others stock acquisition rights, which involve considerations, with vesting conditions that occurred prior to the date of application of the ASBJ PITF No. 36 in accordance with the accounting policy previously applied.

## CHANGE IN PRESENTATION METHODS

The Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets, which were previously presented in "current assets" or "investment and other assets", are presented entirely in "investments and other assets"; and deferred tax liabilities, which were previously presented in "current liabilities" or "non-current liabilities", are presented entirely in "non-current liabilities."

## NOTES TO BALANCE SHEET

### 1. Accumulated depreciation:

	As at March 31, 2019
	<u>Millions of Yen</u>
Property and equipment	1,320

### 2. Contingent Liabilities:

(1) Guarantees for trade liability of subsidiaries and associates	3,113 Millions of Yen
Guarantees for bonds and loans payable of subsidiaries and associates	790 Millions of Yen

#### (2) Others

SBI Liquidity Market Co., Ltd., a consolidated subsidiary, enters into banking cover deals to ensure liquidity in foreign exchange margin trading. The Company entered into an agreement to provide credit and joint guarantees to the current and future obligation relating to this business which SBI Liquidity Market Co., Ltd. owes to counterparties. As at the end of the period, the obligation balance outstanding was 3,098 million yen.

With respect to the currency margin transaction between SBI Liquidity Market Co., Ltd. and SBI SECURITIES Co., Ltd., a consolidated subsidiary of the Company linked to the foreign exchange margin trading between SBI SECURITIES Co., Ltd., and its customers, the Company jointly guarantees limited to the amount equivalent to 70 % of all obligations which SBI SECURITIES Co., Ltd. owes to SBI Liquidity Market Co., Ltd. As at the end of the period, there was no obligation balance outstanding.

### 3. Assets and liabilities of subsidiaries and associates:

	As at March 31, 2019
	<u>Millions of Yen</u>
(1) Short-term receivables	76,625
(2) Long-term receivables	526
(3) Short-term payables	55,622
(4) Long-term payables	6,616

## NOTES TO STATEMENT OF INCOME

Transactions with subsidiaries and associates:

	Fiscal Year ended March 31, 2019
	<u>Millions of Yen</u>
Net sales	12,932
Purchases	1,219
Other transactions	3,387

## NOTES TO STATEMENT OF CHANGES IN NET ASSETS

Class and number of treasury stock

	As at March 31, 2019
	<u>Shares</u>
Common shares	8,312,501

## NOTES TO DEFERRED TAX ACCOUNTING

Major factors resulting in deferred tax assets and liabilities

Deferred tax assets are mainly due to losses on valuation of investment securities. Deferred tax liabilities are mainly due to unrealized gains on available-for-sale securities.

## RELATED PARTY TRANSACTIONS

### 1. Transactions with subsidiaries and associates

Type	Company name	Voting rights holding ratio (%) <sup>(*1)</sup>	Relationship with related party	Transaction description	Amount (Millions of Yen)	Account name	Balance (Millions of Yen)
Subsidiary	SBI Capital Management Co., Ltd.	100	Interlocking directors	Capital contribution	17,000	—	—
Subsidiary	SBI FINANCIAL SERVICES Co., Ltd.	100	Interlocking directors	Borrowing (*2)	124,800	Short-term loans payable	47,900
				Dividend in kind	10,000	—	—
				Guaranteed (*3)	30,000	—	—
Subsidiary	SBI Digital Assets Holdings, Inc.	100	Interlocking directors	Capital contribution	25,000	—	—
Subsidiary	SBI Ventures Two Co., Ltd.	100 (100)	Interlocking directors	Finance (*2)	44,950	Short-term loans receivable	11,275
Subsidiary	SBI Crypto Investment Co., Ltd.	100 (100)	Interlocking directors	Finance (*2)	32,924	Short-term loans receivable	710
Subsidiary	SBI SECURITIES Co., Ltd.	100 (100)	Interlocking directors	Borrowing (*2)	79,000	Short-term loans payable	—
				Transaction of individual allocated amount of consolidated corporation Tax	10,951	Accounts receivable-other	4,427
Subsidiary	SBI Crypto Co., Ltd.	100 (100)	Interlocking directors	Finance (*2)	19,001	Short-term loans receivable	6,960
Subsidiary	SBI Financial Support Co., Ltd.	100 (100)	—	Finance (*2)	22,230	Short-term loans receivable	11,670
Subsidiary	Quark Pharmaceuticals, Inc.	100 (100)	—	Finance (*2)	9,630	Short-term loans receivable	4,815
Subsidiary	SBI Incubation Co., Ltd.	100 (79.8)	Interlocking directors	Finance (*2)	24,574	Short-term loans receivable	12,237
Subsidiary	SBI ALApharma Co., Limited	96.4 (96.4)	Interlocking directors	Finance (*2)	8,590	Short-term loans receivable	4,770

**Note:**

(\*1) The figures in parentheses represent the indirect holding ratio of voting rights.

(\*2) The interest rate for finance and borrowing was determined based on the market interest rate.

(\*3) A borrowing from a subsidiary was pledged for by SBI FINANCIAL SERVICES Co., Ltd. The amount represents the outstanding balance.

## 2. Corporate officers and major individual shareholders

Type	Company name or Name	Ratio of voting rights held (%)	Relationship with related party	Transaction description	Amount (Millions of Yen)	Account name	Balance (Millions of Yen)
Corporate officer	Katsuya Kawashima	0.3	Representative Director	Exercise of stock options (*1)	187	—	—
Corporate officer	Masato Takamura	0.1	Executive Officer	Exercise of stock options (*1)	312	—	—
Corporate officer	Tomoya Asakura	0.1	Executive Officer	Exercise of stock options (*1)	312	—	—
Corporate officer	Shumpei Morita	0.0	Executive Officer	Exercise of stock options (*1)	25	—	—

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 October 30, 2014, and November 19, 2014, pursuant to Article 236, 238 and 240 of the Companies Act.

## NOTES TO PER SHARE INFORMATION

	Fiscal Year ended March 31, 2019
	Yen
Net assets per share	1,565.37
Net income per share	24.03
Diluted net income per share	20.27

(Note) The amounts in the financial statements are rounded to the nearest million Japanese yen.

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 22, 2019

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

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Nozomu Kunimoto

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Kunikazu Awashima

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Toru Harada

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2019 of SBI Holdings, Inc. (the "Company") and its subsidiaries, and the consolidated statement of income and statement of changes in equity for the fiscal year from April 1, 2018 to March 31, 2019, and the related notes.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial

statements 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of SBI Holdings, Inc. and its subsidiaries as of March 31, 2019, and the results of their operations for the year then ended.

### **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 22, 2019

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

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Nozomu Kunimoto

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Kunikazu Awashima

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Toru Harada

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements, namely, the nonconsolidated balance sheet as of March 31, 2019 of SBI Holdings, Inc. (the "Company"), and the related nonconsolidated statements of income and changes in net assets for the 21st fiscal year from April 1, 2018 to March 31, 2019, and the related notes and the accompanying supplemental schedules.

### **Management's Responsibility for the Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these nonconsolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the nonconsolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the nonconsolidated financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the nonconsolidated financial statements and the accompanying

supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the nonconsolidated financial statements and the accompanying supplemental schedules 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the nonconsolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the nonconsolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of SBI Holdings, Inc. as of March 31, 2019, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

## Report by the Board of Statutory Auditors

### AUDIT REPORT

With respect to the directors' performance of their duties during the 21st fiscal year (from April 1, 2018 to March 31, 2019), the Board of Statutory Auditors has prepared this audit report after deliberations based on the audit reports prepared by each Statutory Auditor, and hereby reports as follows.

1. Method and Contents of Audit by Each Statutory Auditor and Board of Statutory Auditors
  - (1) The Board of Statutory Auditors has established the audit policies, assignment of duties, etc. and received a report from each Statutory Auditor regarding the status of implementation of their audits and results thereof. In addition, the Board of Statutory Auditors has received reports from the Directors and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.
  - (2) In conformity with the Statutory Auditors' auditing standards established by the Board of Statutory Auditors, and in accordance with the audit policies and assignment of duties, etc., each of the Statutory Auditors endeavored to facilitate a mutual understanding with the directors, the internal audit division, and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and conducted the audit in the following manner.
    - (i) Each Statutory Auditor has attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the Company's head office. With respect to subsidiaries, each Statutory Auditor endeavored to facilitate a mutual understanding and exchanged information with the directors and statutory auditors, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
    - (ii) In relation to (a) the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties described in the Business Report complied with all laws, regulations, and the Articles of Incorporation and other systems set out in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a joint stock company (*kabushiki kaisha*) and the corporate group consisting of its subsidiaries, and (b) the systems (internal control systems) based on those resolutions, each Statutory Auditor has regularly received reports on the structure of that system and status of operation from Directors and other employees, requested explanations as necessary, and expressed its opinion. With respect to internal controls over financial reporting, the Board of Statutory Auditors has received reports regarding assessments and the status of auditing of such internal controls from the Directors, etc. and Deloitte Touche Tohmatsu LLC and requested explanations as necessary.

- (iii) Each Statutory Auditor monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of their performance of duties, and requested explanations as necessary. Each Statutory Auditor was notified by the Accounting Auditor that it had established a “system to ensure that the performance of the duties of the Accounting Auditor was properly conducted” (the matters listed in the items of Article 131 of the Ordinance of Companies Accounting) in accordance with the “Quality Control Standards for Audits” (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

Based on the above-described methods, each Statutory Auditor examined the Business Report and the supplementary statements, the Non-Consolidated Financial Statements (the balance sheets, the statements of operations, the statements of changes in net assets, and the related notes) and the supplementary statements, and the Consolidated Financial Statements (the consolidated statement of financial position, the related consolidated statements of income and changes in net assets, and the related notes that were prepared in accordance with International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of first paragraph of Article 120 of the Ordinance of Companies Accounting) for the fiscal year under consideration.

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the Business Report and the supplementary statements fairly present the status of the Company in conformity with the applicable laws, regulations, and the Articles of Incorporation.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of laws, regulations, or the Articles of Incorporation was found with respect to the Directors' performance of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter in the Business Report or the Directors' performance of their duties concerning the internal control systems that required mentioning.

### (2) Results of Audit of the Non-Consolidated Financial Statements and the Supplementary Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

### (3) Results of Audit of the Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 24, 2019

The Board of Statutory Auditors of SBI Holdings, Inc.

Standing Statutory Auditor:

Atsushi Fujii (seal)

Standing Outside Statutory Auditor:

Toru Ichikawa (seal)

Statutory Auditor:

Minoru Tada (seal)

Outside Statutory Auditor:

Yasuo Sekiguchi (seal)

-End-

**THE REFERENCE MATERIALS FOR  
THE GENERAL MEETING OF SHAREHOLDERS**

**First Item of Business: Election of Twelve (12) Directors**

The term of office of all sixteen (16) current Directors expires as of the end of this Ordinary General Meeting of Shareholders. The Company proposes that the size of the Board of Directors be reduced by four (4) members to conduct flexible decision-making and that twelve (12) Directors be elected, including two (2) candidates for new Directors.

1. The candidates for Directors to be reelected upon expiry of the term of office are as described in pages 63 to 73:

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
1	Yoshitaka Kitao (January 21, 1951)  Number of Company's Shares Owned: 3,907,960 shares	<p>April 1974 Entered Nomura Securities Co., Ltd.</p> <p>June 1995 Executive Vice President and CFO of SOFTBANK CORP. (Currently, SoftBank Group Corp.)</p> <p>March 1999 Representative Director of Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p>July 1999 Representative Director and President of the Company</p> <p>June 2003 Representative Director and CEO of the Company</p> <p>July 2004 Director and Chairman of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p>June 2005 Representative Director and CEO of SBI VENTURES K.K. (Currently, SBI Investment Co., Ltd.)</p> <p>June 2007 Director of SBI VEN HOLDINGS PTE. LTD. (present)</p> <p>April 2008 Representative Director &amp; CEO of SBI ALApromo Co., Ltd. (Currently, SBI Pharmaceuticals Co., Ltd.)</p> <p>July 2008 Director and Chairman of SBI Liquidity Market Co., Ltd. (present)</p> <p>Oct. 2010 Representative Director and Chairman of SBI SECURITIES Co., Ltd. (present)</p> <p>Feb. 2011 Director of SBI Japannext Co., Ltd. (present)</p> <p>June 2012 Representative Director, President &amp; CEO of the Company</p> <p>July 2012 Director of Morningstar Japan K.K. (present)</p> <p>July 2012 Representative Director of SBI Hong Kong Holdings Co., Limited (present)</p> <p>May 2013 Representative Director and Chairman of SBI Investment Co., Ltd. (present)</p> <p>June 2014 Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd.</p> <p>June 2014 Director and Chairman of SBI Capital Management Co., Ltd. (present)</p> <p>Nov. 2015 Representative Director and Chairman of SBI GLOBAL ASSET MANAGEMENT Co., Ltd.</p> <p>April 2016 Director of SBI ALA Hong Kong Co., Limited (Currently, SBI ALApharma Co., Limited) (present)</p> <p>June 2016 Representative Director, President of SBI Pharmaceuticals Co., Ltd. (present)</p> <p>October 2017 Representative Director and President of SBI Crypto Currency Holdings Co., Ltd. (Currently, SBI Digital Asset Holdings Co., Ltd.) (present)</p> <p>June 2018 Representative Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p>June 2018 Representative Director, President &amp; CEO of the Company (present)</p> <p>June 2018 Director and Chairman of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. (present)</p> <p>July 2018 Representative Director of SBI NEO FINANCIAL SERVICES Co., Ltd.</p>

		(present) April 2019 Director of Ripple Labs Inc. (present)
<p>Reason why the Company selected Mr. Yoshitaka Kitao as a candidate for Director  Mr. Yoshitaka Kitao has demonstrated excellent management capabilities as Representative Director, President &amp; CEO since the Company's establishment, establishing a strong business foundation for the Group, including building a financial conglomerate focused on Internet-based financial services for the Financial Services Business, which covers a broad range of business activities including securities brokerage business, banking services business, and property and casualty insurance business, in addition to leading the Asset Management Business and the Biotechnology-related Business, which have expanded in Japan and abroad. He has excellent knowledge and a wealth of experience in general managerial issues, and the Company has again selected him as a candidate for Director because the Company deems he will continue to be essential for the sustainable enhancement of the corporate value of the Group.</p>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
2	<p data-bbox="311 627 454 761">Katsuya Kawashima (March 30, 1963)</p> <p data-bbox="311 784 470 918">Number of Company's Shares Owned: 737,870 shares</p>	<p data-bbox="502 257 1452 291">April 1985 Entered Nomura Securities Co., Ltd.</p> <p data-bbox="502 291 1452 324">Aug. 1995 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.)</p> <p data-bbox="502 324 1452 358">July 1999 Director of the Company</p> <p data-bbox="502 358 1452 414">Oct. 1999 Representative Director and President of SOFTBANK FRONTIER SECURITIES CO., LTD. (Currently, SBI SECURITIES Co., Ltd.)</p> <p data-bbox="502 414 1452 481">Nov. 2000 Representative Director and President of Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p data-bbox="502 481 1452 515">March 2001 Representative Director and President of Morningstar Japan K.K.</p> <p data-bbox="502 515 1452 571">Dec. 2005 Director, Senior Executive Vice President &amp; COO of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p data-bbox="502 571 1452 638">April 2006 Deputy President of Sumishin SBI Net Bank Research Co., Ltd. (Currently, SBI Sumishin Net Bank, Ltd.)</p> <p data-bbox="502 638 1452 672">Sep. 2007 Deputy President and COO of SBI Sumishin Net Bank, Ltd.</p> <p data-bbox="502 672 1452 705">Aug. 2011 President of SBI Sumishin Net Bank, Ltd.</p> <p data-bbox="502 705 1452 739">April 2014 Director of SBI Sumishin Net Bank, Ltd.</p> <p data-bbox="502 739 1452 772">April 2014 Representative Director and President of SBI MONEY PLAZA Co., Ltd.</p> <p data-bbox="502 772 1452 806">June 2014 Director of SBI SECURITIES Co., Ltd. (present)</p> <p data-bbox="502 806 1452 862">June 2014 Representative Director, Senior Executive Vice President &amp; Co-COO of the Company</p> <p data-bbox="502 862 1452 896">April 2015 Director of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p data-bbox="502 896 1452 952">April 2015 Representative Director and President of SBI Capital Management Co., Ltd. (present)</p> <p data-bbox="502 952 1452 1019">April 2015 Representative Director and President of SBI Investment Co., Ltd. (present)</p> <p data-bbox="502 1019 1452 1052">Sep. 2015 Director of SBI SAVINGS BANK (present)</p> <p data-bbox="502 1052 1452 1086">May 2017 Director of SBI Sumishin Net Bank, Ltd. (present)</p> <p data-bbox="502 1086 1452 1153">June 2018 Representative Director, Senior Executive Vice President &amp; COO of the Company (present)</p> <p data-bbox="502 1153 1452 1187">July 2018 Director of SBI NEO FINANCIAL SERVICES Co., Ltd. (present)</p> <p data-bbox="502 1187 1452 1243">Feb. 2019 Representative Director and President of SBI Regional Business Investment Co., Ltd. (present)</p> <p data-bbox="502 1243 1452 1276">March 2019 Representative Director and President of Money Tap Co., Ltd. (present)</p>
<p data-bbox="287 1288 1452 1538">Reason why the Company selected Mr. Katsuya Kawashima as a candidate for Director Mr. Katsuya Kawashima has served successively in important positions at SBI SECURITIES Co., Ltd., SBI Sumishin Net Bank, Ltd., and other companies that play a central role in the Financial Services Business, and from April 2015, he has led the venture capital business and overseas Financial Services Business as Representative Director and President of SBI Capital Management Co., Ltd. He has broad knowledge and a wealth of experience in general managerial issues, and the Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.</p>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
3	<p style="text-align: center;">Takashi Nakagawa (September 6, 1963)</p> <p style="text-align: center;">Number of Company's Shares Owned: 42,000 shares</p>	<p>April 1987 Entered The Fuji Bank, Limited (Currently, Mizuho Financial Group, Inc.)</p> <p>April 1999 Entered Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p>June 2000 Entered the Company</p> <p>Dec. 2002 Director of the Company</p> <p>June 2005 Director and Managing Executive Officer of SBI VENTURES K.K. (Currently, SBI Investment Co., Ltd.)</p> <p>July 2006 Representative Director and COO of SOFTBANK INVESTMENT CORPORATION (Currently, SBI Investment Co., Ltd.)</p> <p>June 2007 Director &amp; Managing Executive Officer of the Company</p> <p>June 2008 Director &amp; Senior Managing Executive Officer of the Company</p> <p>June 2012 Representative Director and President of SBI Capital Management Co., Ltd.</p> <p>June 2012 Director &amp; Senior Managing Executive Officer, and Head of Fund Investments, Overseas Business Div. of the Company</p> <p>Feb. 2013 Director &amp; Senior Managing Executive Officer of the Company</p> <p>June 2014 Chairman of the Board of Directors of SBI AXES Co., Ltd. (Currently, SBI FinTech Solutions Co., Ltd.)</p> <p>June 2014 Representative Director &amp; Senior Managing Executive Officer of the Company</p> <p>March 2015 Representative Director, Senior Executive Vice President &amp; Co-COO of the Company</p> <p>April 2015 Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd.</p> <p>April 2015 Director of SBI Investment Co., Ltd. (present)</p> <p>April 2015 Director and Chairman of SBI MONEY PLAZA Co., Ltd.</p> <p>June 2015 Director of SBI SECURITIES Co., Ltd.</p> <p>June 2015 Director of SBI Sumishin Net Bank, Ltd.</p> <p>March 2018 Director of SBI Investment KOREA Co., Ltd. (present)</p> <p>June 2018 Representative Director, Senior Executive Vice President of the Company (present)</p>
<p>Reason why the Company selected Mr. Takashi Nakagawa as a candidate for Director</p> <p>Mr. Takashi Nakagawa has served successively in important positions such as Representative Director of SBI Investment Co., Ltd. and Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. in the Asset Management Business and Financial Services Business, which are core businesses of the Group, and has broad knowledge and a wealth of experience in general managerial issues. In addition, he is responsible for overall management functions, including planning and promotion of personnel measures, as an officer in charge of the administrative divisions, and the Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.</p>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
4	<p data-bbox="327 470 438 593">Masato Takamura (Feb. 26, 1969)</p> <p data-bbox="295 627 470 750">Number of Company's Shares Owned: 250,000 shares</p>	<p data-bbox="502 257 1460 291">April 1992 Entered The Sanwa Bank, Limited (Currently, MUFG Bank, Ltd.)</p> <p data-bbox="502 291 1460 347">March 2005 Entered E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p data-bbox="502 347 1460 414">Oct. 2005 General Manager of Corporate Dept. of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p data-bbox="502 414 1460 504">March 2006 Executive Officer and General Manager of Corporate Dept. of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p data-bbox="502 504 1460 604">June 2007 Director and Executive Officer, management of Corporate Dept. of SBI E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p data-bbox="502 604 1460 672">April 2012 Managing Director, management of Corporate Dept. of SBI SECURITIES Co., Ltd.</p> <p data-bbox="502 672 1460 739">March 2013 Representative Director and President of SBI SECURITIES Co., Ltd. (present)</p> <p data-bbox="502 739 1460 772">June 2013 Director of the Company</p> <p data-bbox="502 772 1460 806">June 2016 Director &amp; Managing Executive Officer of the Company</p> <p data-bbox="502 806 1460 840">June 2017 Director &amp; Senior Managing Executive Officer of the Company</p> <p data-bbox="502 840 1460 896">June 2018 Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p data-bbox="502 896 1460 929">June 2018 Director, Senior Executive Vice President of the Company (present)</p> <p data-bbox="502 929 1460 963">July 2018 Director of SBI NEO FINANCIAL SERVICES Co., Ltd. (present)</p>
<p data-bbox="287 963 1460 1173">Reason why the Company selected Mr. Masato Takamura as a candidate for Director Mr. Masato Takamura has served as Representative Director and President of SBI SECURITIES Co., Ltd., has greatly contributed to the growth of the securities businesses, and has a wealth of experience and broad knowledge as a manager. In addition, he has been responsible for the Financial Services Business as Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. since June 2018, and the Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.</p>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
5	Shumpei Morita (December 31, 1974)  Number of Company's Shares Owned: 70,000 shares	April 1998 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.) April 1999 Entered Softbank Accounting Corp. (Currently, SoftBank Corp.) July 2000 Representative Director and President of Office Work Corporation (Currently, SBI Business Solutions Co., Ltd.) Oct. 2002 Representative Director and President of Office Work Systems Corporation. (Currently, SBI Business Solutions Co., Ltd.) Nov. 2005 Representative Director and President of JCN Land Co., Ltd (Currently, SBI Business Solutions Co., Ltd.) June 2009 Director and Executive Officer of the Company June 2011 Outside Statutory Auditor of Morningstar Japan K.K. Oct. 2011 Director and CFO of the Company May 2012 Representative Director of SBI Art Auction Co., Ltd. (present) June 2012 Director of SBI FINANCIAL SERVICES Co., Ltd. (present) June 2012 Director of SBI Capital Management Co., Ltd. (present) June 2012 Director & Managing Executive Officer of the Company Dec. 2014 Representative Director of SBI Point Co., Ltd. (present) June 2016 Representative Director of SBI Incubation Co., Ltd. (present) June 2017 Director of SBI Business Solutions Co., Ltd. (present) June 2017 Director & Senior Managing Executive Officer of the Company Aug. 2017 Director of SBI Crypto Co., Ltd. (present) Oct. 2017 Director of SBI Crypto Currency Holdings Co., Ltd. (Currently, SBI Digital Asset Holdings Co., Ltd.) (present) March 2018 Director of SBI Alpha Trading Co., Ltd. (present) May 2018 Director of SBI Virtual Currencies Co., Ltd. (present) June 2018 Senior Managing Director & CFO of the Company (present) July 2018 Director of SBI FUTURES Co., Ltd. (present) Nov. 2018 Representative Director of SBI EVERSPIN Co., Ltd. (present) Nov. 2018 Director of SBI Security Solutions Co., Ltd. (present) March 2019 Director of SBI Mining Chip Co., Ltd. (present)
Reason why the Company selected Mr. Shumpei Morita as a candidate for Director After assuming office as a Director of the Company, Mr. Shumpei Morita has provided support in relation to the accounting and financial aspects of the Group's management strategy as CFO since October 2011. In addition to a highly logical outlook, he possesses considerable professional knowledge regarding finance and accounting. Further, he acts as a director in key subsidiaries and leads the Digital Asset Business, and the Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
6	<p data-bbox="295 548 470 645">Masayuki Yamada (Oct. 13, 1962)</p> <p data-bbox="295 683 470 801">Number of Company's Shares Owned: 14,030 shares</p>	<p data-bbox="502 264 1444 324">April 1987 Entered Sogo Horei Co., Ltd. (Currently, Sogo Horei Publishing Co., Ltd.)</p> <p data-bbox="502 331 1348 358">May 1999 Registered as Attorney at Law, Admitted to New York Bar (US.)</p> <p data-bbox="502 365 1316 392">Nov. 1999 Entered Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p data-bbox="502 398 1444 459">June 2001 Manager, Legal Dept. of Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p data-bbox="502 465 1444 526">June 2004 Statutory Auditor, Benefit Systems Co., Ltd. (Currently, SBI Benefit Systems Co., Ltd.)</p> <p data-bbox="502 533 901 560">Nov. 2004 Entered the Company</p> <p data-bbox="502 566 1252 593">April 2007 Deputy General Counsel, Legal Dept. of the Company</p> <p data-bbox="502 600 1013 627">June 2009 Executive Officer, the Company</p> <p data-bbox="502 633 1444 694">July 2009 Executive Officer &amp; General Counsel, International Legal Dept. of the Company</p> <p data-bbox="502 701 1444 761">June 2014 Executive Officer &amp; General Counsel, Legal &amp; Compliance Dept. of the Company</p> <p data-bbox="502 768 1284 795">April 2015 General Counsel, Legal Dept. of SBI Investment Co. Ltd.</p> <p data-bbox="502 801 1444 862">Nov. 2015 Statutory Auditor of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. (present)</p> <p data-bbox="502 869 1444 929">June 2016 Director &amp; Executive Officer &amp; General Counsel, Legal &amp; Compliance Dept. of the Company</p> <p data-bbox="502 936 1189 963">July 2016 Director of SBI Ventures Two Co., Ltd. (present)</p> <p data-bbox="502 969 1157 996">March 2017 Director of SBI Incubation Co., Ltd. (present)</p> <p data-bbox="502 1003 1109 1030">June 2017 Director of SBI Internet Capital Co., Ltd.</p> <p data-bbox="502 1037 1444 1097">June 2018 Director &amp; General Counsel, Legal &amp; Compliance Dept. of the Company (present)</p> <p data-bbox="502 1104 1157 1131">Jan. 2019 Director of SBI CAPITAL Co., Ltd. (present)</p>
<p data-bbox="295 1104 1444 1272">Reason why the Company selected Mr. Masayuki Yamada as a candidate for Director Mr. Masayuki Yamada has served as Executive Officer &amp; General Counsel in the Legal &amp; Compliance Dept. of the Company as an attorney at law admitted to the New York Bar (US) and has a wealth of practical experience and a highly logical outlook. The Company has again selected him as a candidate for Director because the Company deems it can be expected that he will continue to contribute to the sustainable enhancement of the corporate value of the Group.</p>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
7	Masaki Yoshida (August 13, 1959)  Number of Company's Shares Owned: 10,000 shares	<p>April 1983 Entered Fuji Television Network, Inc. (Currently, Fuji Media Holdings, Inc.)</p> <p>June 2006 Senior Director of Music and Variety Center of Programming and Production Department of Fuji Television Network, Inc.</p> <p>June 2006 Senior Director of Digital Content Development of Digital Content Department of Fuji Television Network, Inc.</p> <p>April 2007 Outside Statutory Auditor of KLab Inc.</p> <p>Jan. 2009 Representative Director of YOSHIDAMASAKI INC. (present)</p> <p>Jan. 2009 Representative Director and Chairman of Watanabe Entertainment Co., Ltd. (present)</p> <p>June 2010 Director of the Company (present)</p> <p>Oct. 2011 Chairperson of Board of Trustees at WATANABE FOUNDATION FOR MUSIC &amp; CULTURE (present)</p> <p>Oct. 2011 Representative Director and Chairman of Biscuit Entertainment Co., Ltd. (present)</p> <p>Nov. 2012 Outside Director of KLab Inc.</p> <p>April 2018 Member of The Rikkyo University Advisory Committee (present)</p> <p>April 2019 Advisor of KLab Inc. (present)</p>
<p>Reason why the Company selected Mr. Masaki Yoshida as a candidate for Director</p> <p>After serving in important positions in relation to management of common funds with the Group at Fuji Television Network, Inc. (Currently, Fuji Media Holdings, Inc.), Mr. Masaki Yoshida has served as Representative Director and Chairman of Watanabe Entertainment Co., Ltd. and has a wealth of experience and extensive knowledge, particularly in media-related fields. The Company has again selected him as a candidate for Director because the Company deems it can be expected that he will utilize his wealth of experience and extensive knowledge to continue contributing to the sustainable enhancement of the corporate value of the Group.</p>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
8	Teruhide Sato (Feb. 24, 1975)  Number of Company's Shares Owned: 2,820 shares	<p>Sep. 1997 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.) Seconded to CyberCash K.K. (Currently, VeriTrans Inc.)</p> <p>April 1999 Moved to Softbank Finance Corp. (Currently SoftBank Corp.) from SOFTBANK CORP.</p> <p>March 2000 Retired Softbank Finance Corp. (Currently SoftBank Corp.) (Secondment to CyberCash K.K. (Currently, VeriTrans Inc.) terminated)</p> <p>April 2000 Representative Director, President and CEO of netprice, Ltd. (Currently, BEENOS Inc.)</p> <p>Feb. 2007 President and Group CEO of netprice.com, Ltd. (Currently, BEENOS Inc.)</p> <p>Sep. 2011 Director of Open Network Lab, Inc.</p> <p>Jan. 2012 Komisararis of PT MIDTRANS</p> <p>May 2012 CEO and Managing Director of Netprice Partners Co., Ltd. (Currently, BEENOS Partners, Inc.)</p> <p>Jan. 2013 President of BEENOS Asia Pte. Ltd.</p> <p>June 2013 Outside Director of the Company (present)</p> <p>April 2014 President of BEENOS VN, Inc.</p> <p>May 2014 President of BEENOS Plaza Pte. Ltd.</p> <p>Nov. 2014 Komisararis of PT Tokopedia (present)</p> <p>Dec. 2014 Director of BEENOS Inc.</p> <p>Feb. 2015 Founder and Adviser of BEENOS Inc.</p> <p>April 2015 Director of BEENEXT PTE. LTD. (present)</p> <p>July 2015 Director of Sen Do Technology Joint Stock Company (present)</p> <p>July 2016 Director of DROOM PTE. LTD.</p> <p>Nov. 2016 Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD. (present)</p>
<p>Reason why the Company selected Mr. Teruhide Sato as a candidate for Outside Director Mr. Teruhide Sato participated in launching the Japanese corporation CyberCash K.K. (currently, VeriTrans Inc.) and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.), and he has a wealth of experience and extensive knowledge, particularly in relation to Internet business in Asia. The Company has again selected him as a candidate for Outside Director because the Company deems that utilizing his wealth of experience and extensive knowledge he can adequately continue to conduct duties as an Outside Director of the Company.</p>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
9	Heizo Takenaka (March 3, 1951)  Number of Company's Shares Owned: —	April 1990 Assistant Professor, Faculty of Policy Management, Keio University April 1996 Professor, Faculty of Policy Management, Keio University April 2001 Minister of State for Economic and Fiscal Policy Sep. 2002 Minister of State for Financial Services, Minister of State for Economic and Fiscal Policy July 2004 Member of the House of Councilors Sep. 2004 Minister of State for Economic and Fiscal Policy, Minister of State for Postal Privatization Oct. 2005 Minister of State for Internal Affairs and Communications, Minister of State for Postal Privatization Nov. 2006 The head of Global Security Research Institute, Keio University Dec. 2006 President of Academy Hills (present) Aug. 2009 Chairman & Director, Pasona Group Inc. (present) April 2010 Professor, Faculty of Policy Management, Keio University June 2015 Outside Director of ORIX Corporation (present) April 2016 Professor, Faculty of Regional Development Studies (Currently, Faculty of Global and Regional Studies), Toyo University (present) April 2016 Emeritus Professor, Keio University (present) June 2016 Outside Director of the Company (present) Feb. 2018 Outside Director of MAYA SYSTEM Inc. (present)
Reason why the Company selected Mr. Heizo Takenaka as a candidate for Outside Director The Company again selected Mr. Heizo Takenaka as a candidate for Outside Director because the Company deems that he can adequately continue to conduct duties as an Outside Director of the Company utilizing his wealth of experience and broad knowledge, which includes having served successively as the Minister of State for Economic and Fiscal Policy, the Minister of State for Financial Services, the Minister of State for Internal Affairs and Communications, and in other posts and teaching at Keio University and Toyo University, while also serving as an outside director in private companies.		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
10	Yasuhiro Suzuki (February 28, 1965)  Number of Company's Shares Owned: —	April 1987 Entered Fujitsu Limited Sep. 1996 Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.) April 1999 Executive officer of SoftBank Commerce Corp. (Currently, SOFTBANK CORP.) Aug. 1999 Director of e-Shopping! Books Corp. (Currently, Seven Net Shopping Co., Ltd.) June 2000 Representative Director and President of e-Shopping! Books Corp. (Currently, Seven Net Shopping Co., Ltd.) July 2008 Director of Seven & i Netmedia Co., Ltd. March 2014 Representative Director and President of Seven & i Netmedia Co., Ltd. March 2014 Executive Officer, CIO of Seven & i Holdings Co., Ltd. May 2015 Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd. March 2017 Representative Director and President of digitalshiftwave Co., Ltd. (present) June 2017 Outside Director of the Company (present)
Reason why the Company selected Mr. Yasuhiro Suzuki as a candidate for Outside Director Mr. Yasuhiro Suzuki has served successively as Representative Director and President of Seven & i Netmedia Co., Ltd., Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd., and in other posts, and has a wealth of experience in a wide range of fields, including Internet business. The Company again selected Mr. Yasuhiro Suzuki as a candidate for Outside Director because the Company deems that he can adequately continue to conduct duties as an Outside Director of the Company utilizing his wealth of experience and broad knowledge.		

2. The candidates for new Directors are as follows:

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held																				
11	<p>Satoe Kusakabe (November 11, 1970)</p> <p>Number of Company's Shares Owned: 2,000 shares</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%; vertical-align: top;">Oct. 1991</td> <td>Entered Ota and Showa Audit Corporation (Currently, Ernst &amp; Young ShinNihon LLC) (assistant certified public accountant)</td> </tr> <tr> <td style="vertical-align: top;">Feb. 1995</td> <td>Registered as a certified public accountant</td> </tr> <tr> <td style="vertical-align: top;">May 2006</td> <td>Director, Financial Services Section, Financial Audit Department of Shin Nihon &amp; Co. (Currently, Ernst &amp; Young ShinNihon LLC)</td> </tr> <tr> <td style="vertical-align: top;">July 2007</td> <td>Entered the Company</td> </tr> <tr> <td style="vertical-align: top;">Aug. 2007</td> <td>General Counsel, Internal Auditing Department of the Company</td> </tr> <tr> <td style="vertical-align: top;">June 2010</td> <td>Director of SBI SECURITIES Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">June 2013</td> <td>Executive Director, management of Corporate Audit Department of SBI SECURITIES Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">Aug. 2013</td> <td>General Manager, Internal Audit Department of SBI Sumishin Net Bank, Ltd.</td> </tr> <tr> <td style="vertical-align: top;">June 2018</td> <td>Director, General Manager of Risk Management Department of SBI SECURITIES Co., Ltd. (present)</td> </tr> <tr> <td style="vertical-align: top;">Dec. 2018</td> <td>Executive Officer of the Company (present)</td> </tr> </table> <p>Reason why the Company selected Ms. Satoe Kusakabe as a candidate for Director  Ms. Satoe Kusakabe has engaged in internal control and audit related tasks at companies as a certified public accountant and has a wealth of experience in that field. In addition, she has conducted duties mainly in the audit and risk management departments at the Company and at SBI SECURITIES, Co., Ltd., which plays a central role in the Financial Services Business. With the importance of AML/CFT (Anti-Money Laundering and Counter Financing of Terrorism) continuing to rise in recent times, the Company has newly selected her as a candidate for Director because the Company deems it can be expected that she will utilize her wealth of experience in that field to contribute to further strengthening and enhancing the risk management system of the Group.</p>	Oct. 1991	Entered Ota and Showa Audit Corporation (Currently, Ernst & Young ShinNihon LLC) (assistant certified public accountant)	Feb. 1995	Registered as a certified public accountant	May 2006	Director, Financial Services Section, Financial Audit Department of Shin Nihon & Co. (Currently, Ernst & Young ShinNihon LLC)	July 2007	Entered the Company	Aug. 2007	General Counsel, Internal Auditing Department of the Company	June 2010	Director of SBI SECURITIES Co., Ltd.	June 2013	Executive Director, management of Corporate Audit Department of SBI SECURITIES Co., Ltd.	Aug. 2013	General Manager, Internal Audit Department of SBI Sumishin Net Bank, Ltd.	June 2018	Director, General Manager of Risk Management Department of SBI SECURITIES Co., Ltd. (present)	Dec. 2018	Executive Officer of the Company (present)
Oct. 1991	Entered Ota and Showa Audit Corporation (Currently, Ernst & Young ShinNihon LLC) (assistant certified public accountant)																					
Feb. 1995	Registered as a certified public accountant																					
May 2006	Director, Financial Services Section, Financial Audit Department of Shin Nihon & Co. (Currently, Ernst & Young ShinNihon LLC)																					
July 2007	Entered the Company																					
Aug. 2007	General Counsel, Internal Auditing Department of the Company																					
June 2010	Director of SBI SECURITIES Co., Ltd.																					
June 2013	Executive Director, management of Corporate Audit Department of SBI SECURITIES Co., Ltd.																					
Aug. 2013	General Manager, Internal Audit Department of SBI Sumishin Net Bank, Ltd.																					
June 2018	Director, General Manager of Risk Management Department of SBI SECURITIES Co., Ltd. (present)																					
Dec. 2018	Executive Officer of the Company (present)																					

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
	Junko Kubo  Name Entered in Family Register: Junko Kiyoshige (January 24, 1972)  Number of Company's Shares Owned: —	April 1994 Entered Osaka Broadcasting Station, Japan Broadcasting Corporation (NHK) Feb. 1996 Entered Tokyo Announcers Bureau, Japan Broadcasting Corporation (NHK) July 2003 Goodwill Ambassador for the World Summit on the Information Society March 2004 Resigned from Japan Broadcasting Corporation (NHK) April 2004 Freelance announcer Sep. 2009 Special brand ambassador for World Terakoya Movement of the National Federation of UNESCO Associations in JAPAN (present)
12		<p>Reason why the Company selected Ms. Junko Kubo as a candidate for Outside Director            Ms. Junko Kubo has exceptional expertise in the field of “management strategies incorporating women’s perspectives,” which the Company values deeply. As women continue to gain increasingly substantial authority in the selection of financial services for household finances, it has become important to conduct product development from the perspective of women, and one of the Company’s most important challenges is to ensure the Board of Directors heeds “women’s perspectives” and strengthens its approach in this regard.</p> <p>In addition, in light of the fact that she has been and is active in a broad range of areas and particularly in the media, it is anticipated that she will bring fresh viewpoints in relation to her supervision of the Company’s management, differing from Directors whose expertise lies within the Group business and industrial issues, and that she will reflect the opinions of the stakeholders of the Company, including many individual shareholders, at meetings of the Board of Directors, so the Company deems that she is an appropriate choice and has newly selected her as a candidate for Outside Director.</p>

(Notes)

1. None of the candidates have any special interest in the Company.
2. Mr. Teruhide Sato, Mr. Heizo Takenaka, Mr. Yasuhiro Suzuki, and Ms. Junko Kubo are candidates for Outside Director.
3. The Company designated Mr. Teruhide Sato and Mr. Yasuhiro Suzuki as independent directors under the provisions of the Tokyo Stock Exchange and has notified the Exchange. If the reelections of Mr. Teruhide Sato and Mr. Yasuhiro Suzuki are approved, the Company will again designate them as independent directors.
4. If Mr. Heizo Takenaka and Ms. Junko Kubo are elected as proposed, the Company will designate Mr. Heizo Takenaka and Ms. Junko Kubo as independent directors under the provisions of the Tokyo Stock Exchange and notify the Exchange.
5. Although Ms. Junko Kubo has not been directly involved in company management, the Company has judged that she can properly perform her duties as an Outside Director in accordance with the reasons why the Company selected her as candidate for Outside Director.
6. Mr. Teruhide Sato is currently an Outside Director of the Company, and he will have served for six (6) years as an Outside Director as of the end of this Ordinary General Meeting of Shareholders.  
Mr. Heizo Takenaka is currently an Outside Director of the Company, and she will have served for three (3) years as an Outside Director as of the end of this Ordinary General Meeting of Shareholders.  
Mr. Yasuhiro Suzuki is currently an Outside Director of the Company, and he will have served for two (2) years as an Outside Director as of the end of this Ordinary General Meeting of Shareholders.
7. The Company maintains individual agreements with each of Mr. Teruhide Sato, Mr. Heizo Takenaka, and Mr. Yasuhiro Suzuki to limit each of their liability for compensation under Article 423, Paragraph 1 of the Companies Act. The limit of that liability is the higher amount of either 1,000,000 yen or the minimum liability amount under laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act and the provision of Article 25, Paragraph 2 of the Company's Articles of Incorporation. The Company will continue those individual agreements with each of Mr. Sato, Mr. Takenaka, and Mr. Suzuki if their respective reelections are approved.
8. If the election of Ms. Junko Kubo is approved, the Company will execute with Ms. Kubo the same individual agreement to limit the liability for compensation as those described in 7 above.

## Second Item of Business: Election of One (1) Substitute Statutory Auditor

In order to maintain the continuity of auditing even when the number of Statutory Auditors required under laws and regulations is lacking, the Company proposes that Mr. Tetsutaro Wakatsuki be elected as a substitute Outside Statutory Auditor.

The effect of election of Mr. Tetsutaro Wakatsuki as a substitute Outside Statutory Auditor may be revoked, only before his assumption of office, by a resolution of the Board of Directors with the consent of the Board of Statutory Auditors.

The Board of Statutory Auditors consents to this Second Item of Business.

Name (Date of Birth)	Career Summary, Position and Other Significant Concurrent Offices Held	
Tetsutaro Wakatsuki (October 22, 1974)  Number of Company's Shares Owned: —	April 2000	Registered as Attorney at Law (Tokyo Bar Association) Entered Mori Sogo (Currently, Mori Hamada & Matsumoto)
	April 2004	Representative Partner of Murata & Wakatsuki Law Offices (present)
	April 2008	Lecturer in the Law School of Hosei University (while concurrently serving in other positions)
	April 2010	Professor in the Law School of Hosei University (while concurrently serving in other positions)
	Dec. 2012	Outside Auditor of Do House Inc.
	March 2015	Outside Auditor of Otsuka Corporation (present)
June 2015	Outside Statutory Auditor of SBI MONEY PLAZA Co., Ltd.	
Reason why the Company selected Mr. Tetsutaro Wakatsuki as a candidate for Substitute Outside Statutory Auditor Mr. Tetsutaro Wakatsuki has a wealth of experience as an attorney and has expertise in general legal matters. The Company again selected him as a candidate for substitute Outside Statutory Auditor because the Company deems that he can utilize his expertise to adequately conduct duties as an Outside Statutory Auditor of the Company.		

(Note)

1. The candidate has no special interest in the Company.
2. Mr. Tetsutaro Wakatsuki is a candidate for Substitute Outside Statutory Auditor.
3. If Mr. Tetsutaro Wakatsuki assumes the office of a Statutory Auditor, the Company will designate him as an independent auditor under the provisions of the Tokyo Stock Exchange and notify the Exchange.
4. Although Mr. Tetsutaro Wakatsuki has not been directly involved in company management in a way other than being Outside Director or Outside Statutory Auditor, the Company has judged that he can properly perform his duties as an Outside Statutory Auditor in accordance with the reason why the Company selected him as a candidate for Substitute Outside Statutory Auditor.
5. If Mr. Tetsutaro Wakatsuki assumes the office of a Statutory Auditor, the Company will enter into an individual agreement with Mr. Tetsutaro Wakatsuki to limit his liability for compensation under Article 423, Paragraph 1 of the Companies Act. The limit of that liability is the higher amount of either 1,000,000 yen or the minimum liability amount under laws and regulations in accordance with Article 427, Paragraph 1 of the Companies Act and the provision of Article 32, Paragraph 2 of the Company's Articles of Incorporation.

### **Third Item of Business: Remuneration decision in order to grant transfer-restricted shares to Directors**

Although it was approved at the second ordinary general meeting of shareholders held on November 13, 2000 that the annual amount of remuneration for Directors of the Company must not exceed ¥1.5 billion (this amount does not include employee remuneration for any director who concurrently serves as an employee), we now kindly request that the shareholders approve the Company newly providing Directors (excluding Outside Directors; “Eligible Directors”) with remuneration in order to grant transfer-restricted shares that is separate from the remuneration above, in order to offer incentives for the sustainable enhancement of the corporate value of the Company, and to conduct further sharing of value between Eligible Directors and shareholders.

The total amount of monetary remuneration for Eligible Directors of the Company provided in order to grant transfer-restricted shares pursuant to this third item of business will not exceed ¥500 million annually, which is considered appropriate in light of the purposes above. Specific allocations of remuneration to each Eligible Director will be determined at the meeting of the Board of Directors.

Currently, the number of Directors is sixteen (16) (including six (6) Outside Directors). If the first item of business is approved and adopted as proposed, the number of Directors will be twelve (12) (including four (4) Outside Directors).

Eligible Directors will, pursuant to a resolution of the meeting of the Board of Directors of the Company, pay all monetary remuneration claims that arise under this third item of business as property contributed in kind and will have their shares of common stock in the Company issued or disposed of. The total number of those shares of common stock in the Company issued or disposed of will not exceed 289,000 shares per year, and the amount to be paid in per share of common stock in the Company will be the closing price for the shares of common stock in the Company on the Tokyo Stock Exchange on the business day immediately preceding the day on which a resolution is made at each meeting of the Board of Directors (if trading is not conducted on that business day, then the closing price of the trading day immediately preceding that business day). In issuing or disposing of shares of common stock in the Company, the Company and each Eligible Director will execute a transfer-restricted shares allocation agreement (an “Allocation Agreement”) that includes the details below.

- (1) Each Eligible Director shall not, during the period of three to five years designated by the Board of Directors of the Company (the “Transfer-Restricted Period”), transfer, create security interests on, or otherwise dispose of, shares of common stock in the Company allocated to that Eligible Director under an Allocation Agreement (the “Allocated Shares”; that restriction, the “Transfer Restriction”).
- (2) If an Eligible Director retires from his or her office as director, executive officer (*shikkoyaku*), executive officer, or employee of the Company or a subsidiary of the Company before the expiration of the scheduled service provision period of three to five years designated by the Board of Directors of the Company (“Scheduled Service Provision Period”), the Company will automatically acquire the Allocated Shares at no cost, unless there are grounds for not doing so that the Board of Directors of the Company deems reasonable.
- (3) Notwithstanding the provisions of (1) above, the Company will lift the Transfer Restriction on all of the Allocated Shares at the time when the Transfer-Restricted Period expires,

provided that the Eligible Director in question continues to be in the position of director, executive officer (*shikkoyaku*), executive officer, or employee of the Company or a subsidiary of the Company during his or her Scheduled Service Provision Period. However, if the Eligible Director retires from his or her position set out in (2) above before the expiration of his or her Scheduled Service Provision Period due to any reason that the Board of Directors of the Company deems reasonable as provided for in (2) above, the Company shall, as necessary, reasonably adjust the number of the Allocated Shares for which the Transfer Restriction is to be lifted and the time when the Transfer Restriction is to be lifted.

- (4) The Company will, at no cost, automatically acquire the Allocated Shares for which the Transfer Restriction is not lifted pursuant to the provision of (3) above at the time when the Transfer-Restricted Period expires.
- (5) Notwithstanding the provisions of (1) above, if, during the Transfer-Restricted Period, matters relating to a merger agreement whereby the Company is extinguished, a share exchange agreement or share transfer plan whereby the Company becomes a wholly-owned subsidiary, or any other means of reorganization or the like are approved at the general meeting of shareholders of the Company (however, if approval by the general meeting of shareholders of the Company is not required for reorganization or the like, then at the meeting of the Board of Directors of the Company), the Company will, by a resolution of the meeting of the Board of Directors of the Company, and before the effective date of reorganization or the like, lift the Transfer Restriction on a number of the Allocated Shares that is reasonably determined in light of the period from the commencement date of the Scheduled Service Provision Period to the day on which reorganization or the like is approved.
- (6) In the case set out in (5) above, the Company will, at no cost, automatically acquire the Allocated Shares for which, as of the time immediately after the Transfer Restriction is lifted pursuant to the provision of (5) above, the Transfer Restriction has not been lifted.

— End —

## How to Exercise Voting Rights via the Internet

### 1. Exercising voting rights via the Internet

- (1) You may exercise voting rights at “the website for exercising voting rights” designated by the Company (the URL below) instead of exercising your voting rights in writing. If you wish to exercise your voting rights at this website, please log in to the website with the code and the password for exercising voting rights that are set out on the right-hand side of the Voting Rights Exercise Form enclosed herewith and enter the necessary matters by following the instructions that appear onscreen. In order to ensure security, you will need to change the password when you log in to the website for the first time.

<https://soukai.mizuho-tb.co.jp/>

- (2) The deadline for exercising voting rights is 5:45 p.m. on Wednesday, June 26, 2019, and you will need to have finished the voting process by that time. Please exercise your voting rights as soon as possible.
- (3) If you have exercised your voting rights both in writing and via the Internet, your vote via the Internet will be the effective vote. If you have exercised your voting rights multiple times via the Internet, your last vote will be the effective vote.
- (4) The password for exercising voting rights (including passwords changed by shareholders) is only effective for this Ordinary General Meeting of Shareholders. A new password for exercising voting rights will be issued to each shareholder for the next general meeting of shareholders.
- (5) You will bear all costs for your Internet connection.

#### (Note)

- The password for exercising voting rights is a means for confirming the identity of individual voters. Please note that the Company will not contact you to request information about your password.
- If you enter the wrong password a certain number of times, the website will become locked and you will be unable to use it. If the website is locked, please follow the instructions that appear onscreen.
- Although the compatibility of the website for exercising voting rights has been verified with devices commonly used for accessing the Internet, in some cases your device might not be able to access the website.

## 2. Inquiries

If you have any concerns, please contact the Stock Transfer Agent Department, Mizuho Trust & Banking Co., Ltd. (below), which is the shareholder registry administrator.

**(1) Contact details for inquiries about operating instructions or the like regarding the website for exercising voting rights**

Toll free number: 0120-768-524 (Weekdays from 9:00 a.m. to 9:00 p.m.)

**(2) Contact details for any inquiries for handling of shares other than that set out in (1) above**

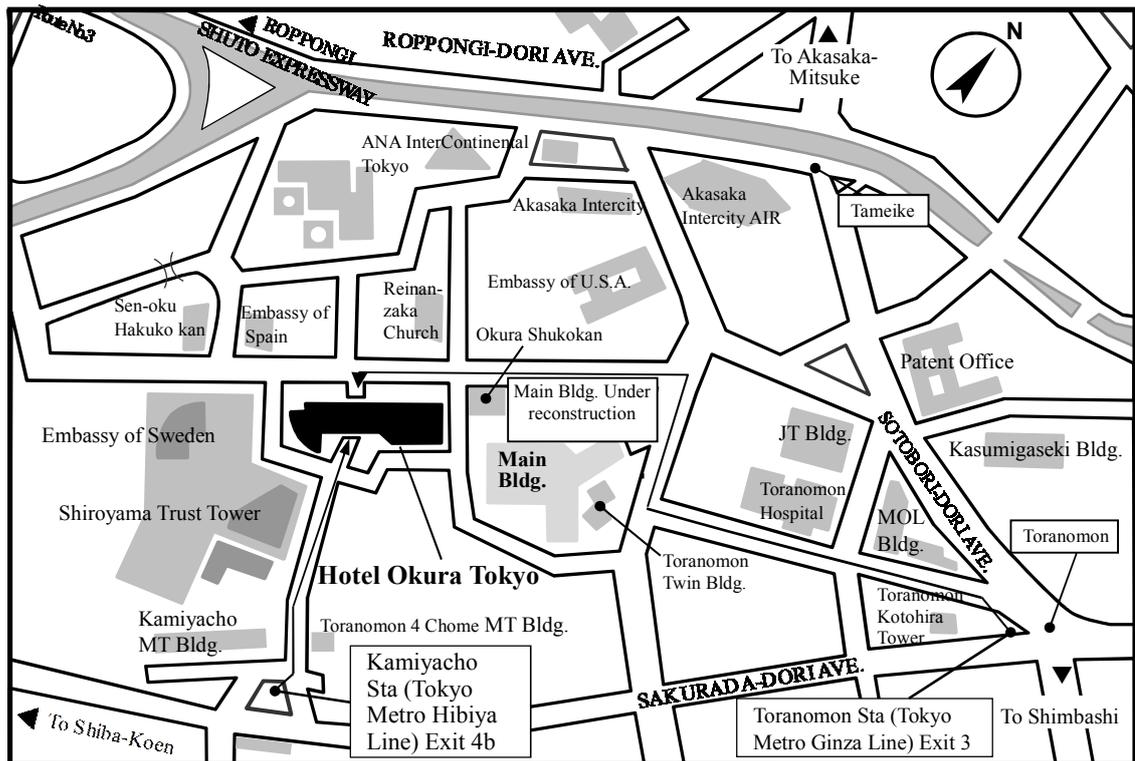
Toll free number: 0120-288-324 (Weekdays from 9:00 a.m. to 5:00 p.m.)

(For your reference)

If you are an institutional investor, you may use the Electronic Voting Platform operated by ICJ, Inc.

## Access to the Meeting Room of the 21st Ordinary General Meeting of Shareholders

Location: Hotel Okura Tokyo  
Ascot Hall, B2 Floor, South Wing  
2-10-4 Toranomon, Minato-ku, Tokyo  
Telephone: +81-3-3582-0111



Access:

Tokyo Metro/Hibiya Line: Within ten minutes' walk from Kamiyacho Station, Exit 4b

Ginza Line: Within fifteen minutes' walk from Toranomon Station, Exit 3

We recommend that you use public transportation when travelling to the venue.

End of the translation