

Securities Code: 8473

June 5, 2020

Yoshitaka Kitao

Representative Director, President & CEO

SBI Holdings, Inc.

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

**CONVOCATION NOTICE
FOR THE 22ND ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 22nd 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 Thursday, June 25, 2020.

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 4 to 5 and exercise your voting rights by the above-mentioned deadline.

Particulars

- 1. Date and time: Friday, June 26, 2020, at 10 a.m., Japan time**
- 2. Location: Heian Room, 1st Floor, The Okura Prestige Tower of The 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 22nd fiscal year (from April 1, 2019 to March 31, 2020)

2. Report on the Non-Consolidated Financial Statements for the 22nd fiscal year

Matters for Resolution

First Item of Business Election of Thirteen (13) Directors

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

— End of convocation notice —

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- * **Notice regarding measures to be taken to prevent novel coronavirus infections**
 - If you plan to attend the meeting, please monitor your physical condition up to and on the day of the meeting, and if you feel unwell, please refrain from attending the meeting.
 - Images of the meeting will be streamed live via the Internet so that you can view the proceedings of the meeting from your home instead of attending the meeting. Please also consider exercising your voting rights in writing or via the Internet before the day of the meeting.
 - At the entrance of the Meeting Room, your temperature may be taken using thermography or another method and you may be asked to wear a mask.
 - Entry to the Meeting Room will be accepted in the order of arrival, and we may limit the number of shareholders who can enter the Meeting Room in order to ensure distancing between seats in the Meeting Room.

 - * 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.

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 Thursday, June 25, 2020 (JST), 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.

Information Regarding Live Streaming via the Internet

Images of the meeting will be streamed live via the Internet on the day of the meeting.

For more information, please refer to the Exhibit “Live Streaming on the Day of the Meeting” enclosed with this convocation notice.

Attachment

Business Report
(April 1, 2019 to March 31, 2020)

The SBI Group will capitalize on accelerating social changes for further sustainable growth.

Yoshitaka Kitao
Representative Director, President & CEO

I. GROUP

1. BUSINESS IN THE CONSOLIDATED FISCAL YEAR ENDED MARCH 31, 2020

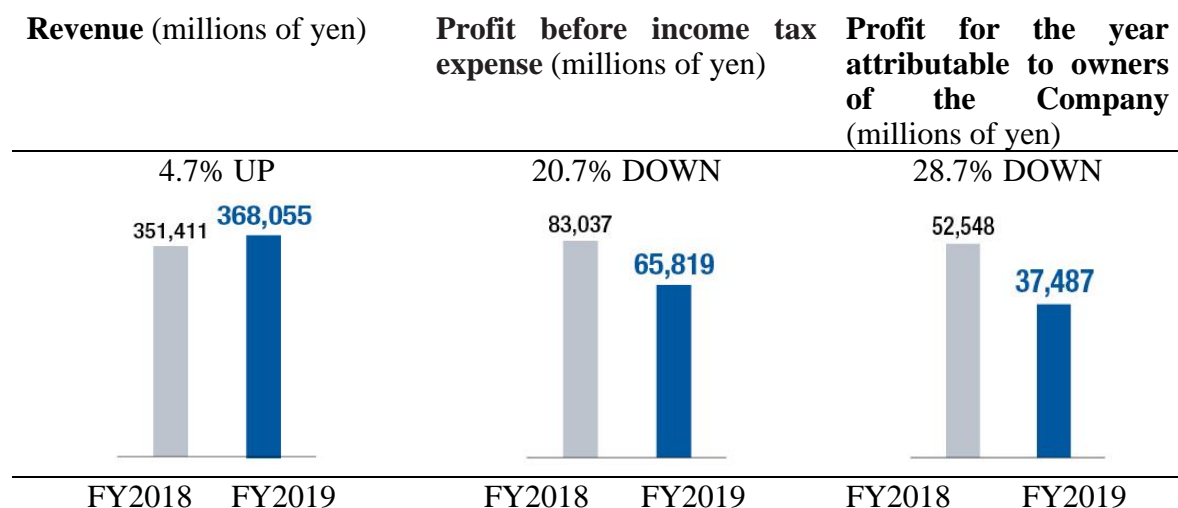
(1) Progress of Business and Results

Until the end of the third quarter, the Japanese economy during the consolidated fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020) maintained a gradual path toward recovery, as employment and income conditions, backed by strong corporate profits, demonstrated improvement. However, in the fourth quarter, Japanese stock market conditions experienced an unstable fluctuation in prices following rapid deterioration in the domestic economy due to the worldwide spread of novel coronavirus infections in addition to instability in overseas markets, as evidenced by intensified trade friction between the U.S. and China, and the combined individual stock trading value on two stock exchanges* decreased by 10.5% when compared with that of the consolidated fiscal year ended March 31, 2019.

Under these economic circumstances, the Company's consolidated business performance in the consolidated fiscal year ended March 31, 2020 resulted in revenue of ¥368.1 billion (a 4.7% year-on-year increase), which is a record high result since the foundation of the Company, profit before income tax expense of ¥65.8 billion (a 20.7% year-on-year decrease), and ¥37.5 billion in the profit for the year attributable to owners of the Company (a 28.7% year-on-year decrease).

In the Financial Services Business, the securities business and the FX business have made strong progress in the fourth quarter of the consolidated fiscal year ended March 31, 2020 led by stock markets and foreign exchange markets where there has been increased volatility due to the spread of novel coronavirus infections. In the Asset Management Business, the profits of SBI SAVINGS BANK of South Korea have grown and continue to support business performance in the segment, while, on the other hand, sharp changes in stock markets both in Japan and overseas and appreciation of the yen resulted in a substantial decline in the estimated fair value of listed stocks held. Similarly, in the Biotechnology-related Business, there have been delays in clinical trials that have been mainly conducted in Europe and the U.S. because of the shortage of doctors and stay-at-home restrictions following the spread of novel coronavirus infections; however, thorough cost-cutting measures have been taken, and the situation is steadily improving as further improvements in performance are expected for the consolidated fiscal year ending March 31, 2021.

* Japanese stocks listed on the Tokyo Stock Exchange and Nagoya Stock Exchange (including TSE Mothers, JASDAQ, and NSE Centrex)



(2) POLICY ON DETERMINATION OF DIVIDENDS FROM SURPLUS

The Company believes that increasing distributions to shareholders is an important managerial measure that leads to the enhancement of shareholder value, so it makes decisions regarding distributions to shareholders based on a comprehensive view of consolidated business performance and other factors.

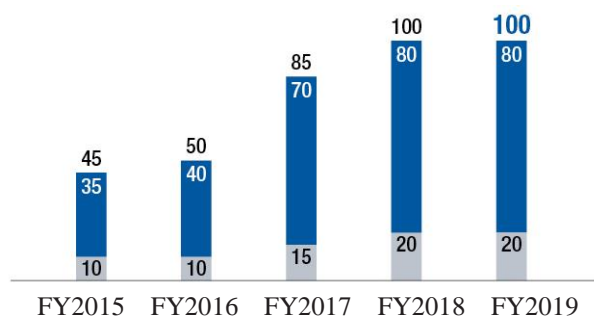
With respect to dividends from surplus, the basic profit distribution policy of the Company is to target a payout of a minimum of ¥10 per share on an annual dividend payment. Depending on the adequacy of retained earnings for sustainable growth and business forecasts, the Company strives to increase 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, declared its intention to achieve a return to shareholders of no less than 40% of the profit for the year attributable to owners of the Company. However, the Company decides 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, 2020, the Company decided to pay an interim dividend of ¥20 per share in the consolidated fiscal year ended March 31, 2020, as well as a year-end ordinary dividend of ¥80 per share, which constitutes an increase of ¥5 year-on-year. As a result, the total annual dividend for the consolidated fiscal year ended March 31, 2020 is ¥100 per share.

Dividend per Share (yen)

Blue: Year-end

Gray: Mid-term



(Note) The year-end dividend per share for FY2018 includes a dividend of ¥5 to commemorate the 20th anniversary since the Company's founding

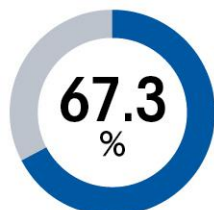
(3) Outline of Each Business Segment

(i) Financial Services Business

Revenue: **246,753** million yen (a 7.1% year-on-year increase)

Profit before income tax expense: **53,379** million yen (a 20.2% year-on-year decrease)

Ratio of revenue breakdown*



SBI SECURITIES, which is the largest revenue source in the Group, performed well as trading profits, including FX-related profits, increased and brokerage commissions grew in accordance with increased trading of foreign stocks, futures, and options, due, among other factors, to the rise in volatility in stock markets and foreign exchange markets following the spread of novel coronavirus infections in the fourth quarter of the consolidated fiscal year ended March 31, 2020. Although the scale of business for each of SBI Insurance Group and the equity method associate SBI Sumishin Net Bank has steadily increased based on the Japanese accounting standards employed by those two companies, a consolidated fair value loss for securities held was recorded based on IFRS due to the sharp change in the market that occurred during the fourth quarter of the consolidated fiscal year ended March 31, 2020.

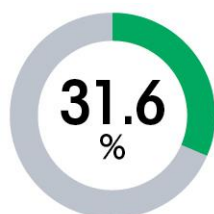
As a result, the performance of Financial Services Business for the consolidated fiscal year ended March 31, 2020 resulted in revenue of ¥246.8 billion (a 7.1% year-on-year increase) and profit before income tax expense of ¥53.4 billion (a 20.2% year-on-year decrease).

(ii) Asset Management Business

Revenue: **115,767** million yen (a 2.4% year-on-year decrease)

Profit before income tax expense: **35,165** million yen (a 31.2% year-on-year decrease)

Ratio of revenue breakdown*



SBI SAVINGS BANK of South Korea contributes a stable revenue source that continues to support business performance in this segment, as performing loans have steadily increased and delinquency rates for loans overall remain low (2.3%). On the other hand, in terms of profits and losses due to changes in fair value, and profits and losses arising from sale, for stocks held at the end of each fiscal year calculated in accordance with IFRS, the estimated fair value of listed

stocks has substantially declined due to the sharp change in stock markets following the spread of novel coronavirus infections. Therefore, operation of Asset Management Business for the consolidated fiscal year ended March 31, 2020 resulted in revenue of ¥115.8 billion (a 2.4% year-on-year decrease) and profit before income tax expense of ¥35.2 billion (a 31.2% year-on-year decrease).

The Group will continue to expand its investments in business fields that meet the needs of the times, by proceeding with investments in healthcare fields, where interest in countermeasures against infectious diseases, such as those related to the novel coronavirus, is rising, in addition to startup companies with technologies that can respond to rapid social changes.

(iii) Biotechnology-related Business

Revenue: **3,920** million yen (a 5.1% year-on-year increase)

Profit before income tax expense: **11,431** million yen (loss) (a loss of 19,179 million yen was recorded in the consolidated fiscal year ended March 31, 2019)

Ratio of revenue breakdown*



SBI Biotech has newly out-licensed a therapeutic drug for autoimmune diseases to Asahi Kasei Pharma Corporation and has achieved profitability for the full fiscal year. In addition, the performance of SBI ALApromo, which is expanding its product offerings containing 5-aminolevulinic acid (5-ALA), such as various types of foods with functional claims, is steadily improving. On the other hand, the performance of the U.S.-based Quark Pharmaceuticals has been affected by the delay in clinical trials of preventives for acute kidney injury (AKI) that have been mainly conducted in Europe and the U.S. because of the shortage of doctors and stay-at-home restrictions following the spread of novel coronavirus infections; however, thorough cost-cutting measures have been taken, and the situation is steadily improving as further improvements in performance are expected for the consolidated fiscal year ending March 31, 2021. From the viewpoint of selection and concentration of business, the Company has totally divested its shareholding in the former equity method associate Kubota Pharmaceutical Holdings during the consolidated fiscal year ended March 31, 2020 and will also consider selling businesses related to the U.S.-based Quark Pharmaceuticals and minimizing additional investment in this segment apart from SBI Biotech and the 5-ALA-related business.

* The ratio of revenue breakdown by business segment is presented as the composite ratio of the total revenue of the Financial Services Business, the Asset Management Business, and the Biotechnology-related Business.

2. MANAGEMENT ISSUES

Since its founding in 1999, the Group has utilized the Internet as its primary channel in Japan and built up a business ecosystem for the Financial Services Business with securities, banking, and insurance as its core businesses. The Group completed the creation of this business ecosystem

in 2016, and a globally unique comprehensive financial conglomerate was born. The Group has also been involved in the incubation of startup companies, with investments focused on next-generation growth fields in Japan and overseas and with active investment in Asian countries with remarkable growth.

As the introduction of advanced technologies, such as AI, blockchain/distributed ledger technology (DLT), as well as big data, IoT, and robotics that are compatible with those technologies, proceeds rapidly, the Group will continue to actively invest in, and build alliances with, promising companies involved with these advanced technologies, in addition to using these advanced 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.

The SBI Group has signed a basic agreement with the SMBC Group regarding a strategic capital and business alliance

Financial conglomerate	Megabank group
SBI Holdings SBI SECURITIES SBI NEOMOBILE SECURITIES SBI MONEY PLAZA SBI Investment	SMBC Group Sumitomo Mitsui Banking Corporation SMBC Nikko Securities

Smartphone-based stock trading, financial service brokerage field	<ul style="list-style-type: none"> - SBI NEOMOBILE SECURITIES and the SMBC Group have commenced discussions for the purpose of <u>providing a financial service for novice investors targeted primarily at the younger generation.</u> The SMBC Group <u>plans to acquire 20% of the total number of issued and outstanding shares in SBI NEOMOBILE SECURITIES by way of a share transfer from SBI SECURITIES or another method.</u> - Both groups are considering the utilization of a new financial services brokerage system that will be revised in the future.
Face-to-face securities business field	<ul style="list-style-type: none"> - SBI MONEY PLAZA and SMBC Nikko Securities are <u>considering jointly offering a face-to-face securities business for regional financial institutions.</u> - SMBC Nikko Securities is <u>considering the acquisition of shares in SBI MONEY PLAZA</u>
Investment field	<ul style="list-style-type: none"> - The SMBC Group <u>has commenced deliberations about its contribution as a limited partner in a fund commonly known as a “Four plus Five Fund”</u> that will invest in startup companies in Japan and overseas and is to be newly established by SBI Investment.
Regional revitalization field	<ul style="list-style-type: none"> - Both groups are <u>considering the provision of a service to promote regional revitalization</u> through a new company that the SBI Group plans to establish.
Securities system and securities-related administrative affairs field	<ul style="list-style-type: none"> - The SBI Group and SMBC Nikko Securities <u>has commenced deliberations endeavoring to promote further insourcing and standardization of securities systems and standardization of securities-related administrative affairs.</u>

Strengthening capital tie-ups between both groups	-	<u>Both groups continue to consider means for promoting the alliance, including the further strengthening of capital tie-ups</u>
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The Group is actively pursuing a variety of alliance strategies for the further expansion of the business foundation it has built.

On April 28, 2020, the Group signed a basic agreement with the megabank group the SMBC Group regarding a strategic capital and business alliance endeavoring to collaborate in a wide range of business fields, such as the face-to-face securities business, investment, and regional revitalization, in addition to digital fields, such as a financial service for smartphones. The Group has already been collaborating with the SMBC Group in relation to Sumitomo Mitsui Banking Corporation's capital participation in Money Tap and to the rapid growth in utilization and the spread of the distributed ledger technology platform in the trade finance field through capital participation in SBI R3 Japan. The Group will utilize the strengths of each company in a variety of business fields, including digital and face-to-face business, targeting further enhancement of convenience for the customers of both groups.

In order to contribute to regional revitalization as one of its social missions, the Group lends its support in resolving challenges faced by regional financial institutions in a difficult business environment due to, among other factors, the negative interest rate policy and the advent of an aging society. The Group is also promoting various initiatives that directly contribute to the revitalization of local industries. In order to achieve regional revitalization, we are endeavoring to create value through collaborative efforts by further strengthening our relationships with regional financial institutions, and we plan to establish a management company (Regional Revitalization Partners) together with several partners to provide strategic guidance and create plans to promote local revitalization. Under the umbrella of this management company, we plan to (a) establish a company (SBI Regional Revitalization Services) that provides regional financial institutions with a common system that includes an accounting system, provides measures to strengthen earning capacity, and provides functions to promote the revitalization of local economies with new ideas and utilizing diverse technologies and know-how, (b) establish a company (SBI Regional Revitalization Investment and Loan) that invests in and provides loans to startup companies that contribute to regional revitalization, and (c) accept new investment partners from various industries.

In addition, as there has been an accelerating influx of new players from other industries into the business areas of banks with the advancement of fintech and as banking functions are increasingly unbundled, the Group's SBI Sumishin Net Bank is preparing for its IPO by vigorously promoting the Neo-bank initiative that provides its unbundled banking functions to partner companies.

Anticipating the nature of next-generation securities businesses, the Group is working to further improve customer convenience by promoting the Neo-securities initiative, which strives to eliminate online trading commissions and some of the other expenses currently borne by investors. Currently, the Group is gradually implementing measures that have minimal impact on profits and is endeavoring to make online spot and margin transactions free-of-charge, based on the premise of making brokerage commissions account for 5% or less of SBI SECURITIES' operating revenues. The Group will actively consider M&A in Japan and overseas in business areas such as FX, crypto-assets, M&A brokerage, and asset management, and further reduce our dependence on brokerage commissions in the securities business.

While financial risks are rising, including sharp changes in stock markets and foreign exchange markets due to the impact of the globally spreading novel coronavirus, a variety of social changes are progressing at an accelerating pace. By strengthening efforts to respond to these social changes, the Group is striving to maintain sustainable growth despite uncertainty regarding when the novel coronavirus will be eradicated.

For example, Money Tap endeavors to expand its business by seizing on the trend toward cashless operations, which has been garnering attention because such operations can reduce the risk of unnecessary contact and other hygiene risks. In response to social division, the Group is promoting initiatives utilizing blockchain, which is expected to be introduced in a wider range of industries, and is planning to create businesses that pursue convenience and public benefits that are not offered in conventional financial services. In addition, the Group will provide services that respond to cyber security needs associated with the progress of digital transformation and contribute to resolving social issues. Furthermore, the Group will continue to actively invest in startup companies with technologies that can respond to rapid social changes and is considering expanding its investment in startup companies in the biotechnology and healthcare fields, where interest in countermeasures against infectious diseases is rising.

Lastly, 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 expanding 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 sustainable growth and development of the Group.

Examples of alliances among major companies of the SBI Group and regional financial institutions (as of the end of April 2020)

SBI Group companies	Details of alliance	Target	Targeted outcome of alliance
SBI SECURITIES	SBI SECURITIES announced that it has formed alliances with 39 regional financial institutions in total in a financial instruments intermediary service, and an alliance with one regional financial institution has also been tentatively decided.	Individuals	Strengthening earning capacity
SBI MONEY PLAZA	Joint branch management and one-stop provision of securities-related products handled by SBI MONEY	Individuals	Strengthening earning capacity

	PLAZA are implemented at <u>10 regional banks</u> and <u>13 branches</u> , and the opening of <u>four</u> more banks has been tentatively decided.		
Money Tap	A total of <u>35 institutions</u> including regional financial institutions are investing in Money Tap that offers the service “Money Tap,” which is a funds transfer service between individuals. The Ehime Bank was the first regional financial institution to implement “Money Tap,” in April 2020.	Individuals	Improve convenience
SBI Regional Revitalization Asset Management	SBI Regional Revitalization Asset Management was established through joint investments with regional financial institutions, and 38 regional financial institutions have invested in the company. Its balance of assets under management has increased to more than <u>¥300 billion</u> .	Individuals and banks	Strengthening earning capacity
SBI Investment	A total of <u>72 regional financial institutions</u> have invested in the venture capital fund currently managed by SBI Investment.	Banks	Create new business

3. Capital Expenditure

The amount of capital expenditure for the consolidated fiscal year ended March 31, 2020 was ¥47,886 million.

This amount mainly resulted from a capital expenditure made in the amount of ¥35,453 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.

4. Financing

In the consolidated fiscal year ended March 31, 2020, the Company issued the 17th unsecured bonds (three-year bonds) and the 18th unsecured bonds (five-year bonds) in May 2019, in the aggregate principal amount of ¥25,000 million for each of those issues of bonds, and the 19th unsecured bonds (three-year bonds) and the 20th unsecured bonds (five-year bonds) in December 2019, in the aggregate principal amount of ¥20,000 million for the issue of the 19th unsecured bonds and ¥25,000 million for the issue of the 20th unsecured bonds. Further, the Company issued the unsecured bonds (two-year bonds) under the MTN Program in June 2019 in the aggregate principal amount of ¥25,000 million.

5. TRENDS IN GROUP PROPERTY AND GAINS (LOSSES)

Classification	19th consolidated fiscal year	20th consolidated fiscal year	21st consolidated fiscal year	22nd consolidated fiscal year (consolidated fiscal year ended March 31, 2020)
	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020
Revenue <i>(millions of yen)</i>	261,939	337,017	351,411	368,055
Profit before income tax expense <i>(millions of yen)</i>	43,139	71,810	83,037	65,819
Profit attributable to owners of the Company <i>(millions of yen)</i>	32,455	46,684	52,548	37,487
Basic earnings per share attributable to owners of the Company <i>(yen)</i>	159.38	220.54	231.43	163.18
Total assets <i>(millions of yen)</i>	3,850,001	4,535,964	5,034,124	5,513,227
Total equity <i>(millions of yen)</i>	415,524	493,824	562,557	593,699
Equity per share attributable to owners of the Company <i>(yen)</i>	1,856.47	1,937.72	2,000.82	1,955.91

6. 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.	68.9
	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	¥195,854 million	¥894,301 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.

7. PRINCIPAL BUSINESS DESCRIPTION OF THE GROUP

(as of March 31, 2020)

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.

8. PRINCIPAL PLACE OF BUSINESS OF THE GROUP

(as of March 31, 2020)

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.

9. EMPLOYEES OF THE GROUP (as of March 31, 2020)

Business Segment	Number of Employees
Financial Services Business	5,455
Asset Management Business	2,075
Biotechnology-related Business	230
Others	80
Company-wide (Common)	163
Total	8,003

(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 1,564 from March 31, 2019 mainly due to the addition of SBI LY HOUR BANK PLC. to the consolidated accounts, the increase in employees at SBI BITS Information Technology (Dalian) Co., Ltd. and SBI Bank Limited Liability Company.

10. PRINCIPAL LENDER (as of March 31, 2020)

(millions of yen)

Lender	Loan Balance
Mizuho Bank, Ltd.	66,699
Syndicated loans arranged by Mizuho Bank, Ltd.	55,000

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

II. COMPANY

1. SHARES (as of March 31, 2020)

- (1) Total Number of Shares Authorized for Issue 341,690,000 shares
- (2) Total Number of Issued Shares 236,556,393 shares
(including 5,733,138 shares of treasury stock)
- (3) Number of Shareholders 129,134 shareholders
- (4) Share Unit Number 100 shares

(5) Major Shareholders

Major Shareholder	Number of Shares Held shares	Percentage of Shares Held %
The Master Trust Bank of Japan, Ltd. (Trust account)	16,283,700	7.1
Japan Trustee Services Bank, Ltd. (Trust account)	15,648,900	6.8
NORTHERN TRUST COPMPANY (AVFC) ACCOUNT NON-TREATY	13,517,421	5.9
The Bank of New York Mellon 140051	9,830,536	4.3
The Bank of New York Mellon 140042	6,644,035	2.9
Japan Trustee Services Bank, Ltd. (Trust account 5)	4,489,700	1.9
Japan Trustee Services Bank, Ltd. (Trust account 9)	4,437,600	1.9
SMBC Nikko Securities Inc.	4,189,500	1.8
JPMorgan Chase Bank, N.A. 385151	3,943,140	1.7
Yoshitaka Kitao	3,907,960	1.7

(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 5,733,138 shares as treasury stock.

(6) Other Important Matters Regarding Shares

The decrease in treasury stock is mainly due to conversion of 1,990,963 shares of convertible bonds and disposal of 594,300 shares of treasury stock through exercise of stock acquisition rights.

2. COMPANY OFFICERS

(1) Directors and Statutory Auditors (as of March 31, 2020)

Position	Name	Responsibilities and Other Significant Concurrent Offices Held
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 & CEO of SBI VC Trade 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. Representative Director & President 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 Director of Ripple Labs Inc.
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.

Position	Name	Responsibilities and Other Significant Concurrent Offices Held
Representative Director, Senior Executive Vice President	Masato Takamura	Representative Director and President of SBI SECURITIES Co., Ltd. Director of Money Tap Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd.
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 Security Solutions 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. Outside Director of Shimane Bank, Ltd.

Position	Name	Responsibilities and Other Significant Concurrent Offices Held
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	Satoe Kusakabe	Director of SBI SECURITIES Co., Ltd. Director of SBI VC Trade 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. Director of MANIA MANIA Inc. Chairperson of Board of Trustees at WATANABE FOUNDATION FOR MUSIC & CULTURE A Member of The Rikkyo University Advisory Committee Advisor of KLab Inc.
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.

Position	Name	Responsibilities and Other Significant Concurrent Offices Held
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	Yasuhiro Suzuki	Representative Director and President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association
Director	Junko Kubo	Special brand ambassador for World Terakoya Movement of the National Federation of UNESCO Associations in JAPAN
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, Heizo Takenaka, Yasuhiro Suzuki, and Junko Kubo 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, 2020.

Name	New position	Former position	Date of change
Masato Takamura	Representative Director, Senior Executive Vice President	Director, Senior Executive Vice President	June 27, 2019

5. Directors who were newly elected and assumed office at the 21st Ordinary General Meeting of Shareholders held on June 27, 2019 are Satoe Kusakabe and Junko Kubo.
6. The Company designated Directors Teruhide Sato, Heizo Takenaka, Yasuhiro Suzuki, and Junko Kubo as independent directors under the provisions of the Tokyo Stock Exchange and has notified the Exchange.
7. 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.
8. As of April 1, 2020, SBI Japannext Co., Ltd. changed its trade name to Japannext Co., Ltd.

(2) Remuneration of Directors and Statutory Auditors

(i) Total Amount of Remuneration for the Fiscal Year ended March 31, 2020

Classification	Number of Officers	Amount of Paid Remuneration
Directors (Outside Directors included)	17 officers (7 officers)	¥825 million (¥67 million)
Statutory Auditors (Outside Statutory Auditors included)	3 officers (2 officers)	¥23 million (¥10 million)
Total (Outside Directors and Outside Statutory Auditors included)	20 officers (9 officers)	¥848 million (¥77 million)

(Note)

- The amount of remuneration for Directors does not include employee remuneration for any director who concurrently serves as an employee.
- One Director does not receive remuneration.
- 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, 2020.

(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, 2020 was ¥4 million.

(3) 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, 2020)

Position	Name	Significant Concurrent Office
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	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	Yasuhiro Suzuki	Representative Director and President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association
Director	Junko Kubo	Special brand ambassador for World Terakoya Movement of the National Federation of UNESCO Associations in JAPAN
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, 2020

- 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	91%	—	—
Director	Heizo Takenaka	12 / 12 times	100%	—	—
Director	Yasuhiro Suzuki	12 / 12 times	100%	—	—
Director	Junko Kubo	10 / 10 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

Outside Directors Teruhide Sato, Heizo Takenaka, Yasuhiro Suzuki, and Junko Kubo 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.

Outside Statutory Auditor Toru Ichikawa has, based on his abundant experience and broad-ranging insight in the area of finance, and Outside 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, Heizo Takenaka, Yasuhiro Suzuki, and Junko Kubo 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, 2020

Not applicable

- (2) Delivery of stock acquisition rights to employees as consideration for the execution of duties during the fiscal year ended March 31, 2020

Not applicable

- (3) Other matters related to stock acquisition rights

All stock acquisition rights attached to the euro-yen convertible bonds with stock acquisition rights due 2020 issued pursuant to the resolution of the meeting of the Board of Directors on August 29, 2017 were exercised during the fiscal year ended March 31, 2020.

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, 2020

¥345 million

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

¥774 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, 2019.
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, 2020 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, 2020 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 three times 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, 2020
	Millions of Yen
Assets	
Cash and cash equivalents	843,755
Trade and other accounts receivable	822,131
Assets related to securities business	
Cash segregated as deposits	1,726,040
Margin transaction assets	495,997
Other assets related to securities business	576,501
Total assets related to securities business	2,798,538
Other financial assets	40,994
Operational investment securities	394,923
Other investment securities	180,444
Investments accounted for using the equity method	63,657
Property and equipment	51,857
Intangible assets	190,278
Other assets	116,765
Deferred tax assets	9,885
Total assets	5,513,227
Liabilities	
Bonds and loans payable	1,149,050
Trade and other accounts payable	76,977
Liabilities related to securities business	
Margin transaction liabilities	150,699
Loans payable secured by securities	351,701
Deposits from customers	959,773
Guarantee deposits received	819,838
Other liabilities related to securities business	392,347
Total liabilities related to securities business	2,674,358
Customer deposits for banking business	734,221
Insurance contract liabilities	141,898
Income tax payable	11,373
Other financial liabilities	23,083
Other liabilities	88,925
Deferred tax liabilities	19,643
Total liabilities	4,919,528
Equity	
Capital stock	92,018
Capital surplus	139,993
Treasury stock	(13,874)
Other components of equity	(6,385)
Retained earnings	239,724
Equity attributable to owners of the Company	451,476
Non-controlling interests	142,223
Total equity	593,699
Total liabilities and equity	5,513,227

(2) Consolidated Statement of Income

	Fiscal year ended March 31, 2020
	Millions of Yen
Revenue (Interest income of ¥118,779 million included)	368,055
Expense	
Financial cost associated with financial income	(25,186)
Provision for credit losses	(31,567)
Operating cost	(110,696)
Selling, general and administrative expenses	(132,226)
Other financial cost	(5,140)
Other expenses	(3,948)
Total expense	(308,763)
Share of the profit of associates and joint ventures accounted for using the equity method	6,527
Profit before income tax expense	65,819
Income tax expense	(20,819)
Profit for the year	45,000
Profit for the year attributable to	
Owners of the Company	37,487
Non-controlling interests	7,513
Profit for the year	45,000

(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, 2019	92,018	142,094	(20,128)	16,977	225,714	456,675	105,882	562,557
Profit for the year	—	—	—	—	37,487	37,487	7,513	45,000
Other comprehensive income	—	—	—	(23,968)	—	(23,968)	59	(23,909)
Total comprehensive income	—	—	—	(23,968)	37,487	13,519	7,572	21,091
Conversion of convertible bonds	—	(1,496)	4,821	—	—	3,325	—	3,325
Change in scope of consolidation	—	—	—	—	—	—	(4,476)	(4,476)
Dividends paid	—	—	—	—	(22,871)	(22,871)	(13,701)	(36,572)
Treasury shares purchased	—	—	(16)	—	—	(16)	—	(16)
Treasury shares sold	—	(514)	1,449	—	—	935	—	935
Share-based payment transactions	—	225	—	—	—	225	583	808
Changes of interests in subsidiaries without losing control	—	(316)	—	—	—	(316)	46,363	46,047
Transfer	—	—	—	606	(606)	—	—	—
As at March 31, 2020	92,018	139,993	(13,874)	(6,385)	239,724	451,476	142,223	593,699

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: 268

Major consolidated subsidiaries are listed in "6. 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: 34

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 right-of-use 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.

- Intangible assets other than goodwill and right-of-use assets
Intangible assets are measured using the cost method and stated at cost less accumulated amortization and accumulated impairment loss.
- Right-of-use assets
At inception of a contract, the Group determines whether the contract is, or contains, a lease. The right-of-use asset in a lease transaction is measured at cost, which is initially measured at the amount of lease liability adjusted by initial direct costs and prepaid lease payments. With regard to a lease that has a lease term of 12 months or less or a lease of low-value assets, right-of-use assets are not recognized and lease payments on such lease are recognized as an expense over the lease term.
- 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. The right-of-use asset is depreciated on a systematic basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
The estimated useful lives of major classes of property and equipment are as follows:
 - Buildings 2 - 47 years
 - Furniture and equipment 2 - 20 yearsThe 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.

(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 (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, 2020.

Statement of standards		Summary of new standards and amendments
IFRS 16	Leases	Amendment with regard to the definition and the accounting treatment of lease

As a result of applying IFRS 16 and adopting the approach under the transitional provisions of this standard, which permits recognizing the cumulative effect of initially applying this standard at the date of initial application, right-of-use assets and lease liabilities increased by ¥12,913 million and ¥12,702 million, respectively, in the consolidated statement of financial position at the beginning of the year. In the consolidated statement of financial position, right-of-use assets are included in property and equipment and lease liabilities are included in trade and other accounts payable. There is no significant impact from applying this standard on the consolidated financial statements for the year ended March 31, 2020.

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	10,502 Millions of Yen
Property and equipment	13,858 Millions of Yen
Total	24,360 Millions of Yen

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

Bonds and loans payable	14,881 Millions of Yen
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2. Accumulated depreciation and accumulated impairment loss of property and equipment:

20,834 Millions of Yen

NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Number and class of issued shares as of March 31, 2020

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, 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

Dividend approved at the Board of Directors meeting on October 30, 2019

- Dividend amount 4,611 Millions of Yen
- Amount per share 20 Yen
- Record date September 30, 2019
- Effective date December 11, 2019

(2) Dividend whose record date fell in the year ended March 31, 2020, and whose effective date will be in the year ending March 31, 2021

Dividend approved at the Board of Directors meeting on April 28, 2020

- Dividend amount 18,466 Millions of Yen
- Amount per share 80 Yen
- Record date March 31, 2020
- Effective date June 8, 2020

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, 2020

Common shares related to:

Stock options	2,658,900 shares
Convertible bonds	24,345,778 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
Financial assets		
Cash and cash equivalents	843,755	843,755
Trade and other accounts receivable	822,131	828,248
Assets related to securities business	2,798,538	2,798,538
Other financial assets	40,994	40,994
Operational investment securities	394,923	394,923
Other investment securities	180,444	180,444
Financial liabilities		
Bonds and loans payable	1,149,050	1,151,431
Trade and other accounts payable	76,977	76,977
Liabilities related to securities business	2,674,358	2,674,358
Customer deposits for banking business	734,221	735,048
Other financial liabilities	23,083	23,083

NOTES TO PER SHARE INFORMATION

Equity per share attributable to owners of the Company

1,955.91 Yen

Basic earnings per share attributable to owners of the
Company

163.18 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 aircraft, 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.

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

FINANCIAL STATEMENTS
(1) Balance Sheet

	As at March 31, 2020
	<u>Millions of Yen</u>
Assets	
Current assets	
Cash and deposits	52,879
Accounts receivable-trade	967
Operational investment securities	62,656
Supplies	51
Prepaid expenses	265
Operational loans receivable	2,762
Short-term loans receivable	93,541
Others	8,632
Allowance for doubtful accounts	(7,797)
Total current assets	<u>213,956</u>
Non-current assets	
Property and equipment	
Buildings	346
Structures	8
Vehicles	33
Tools and fixtures	191
Leased assets	1
Total property and equipment	<u>579</u>
Intangible assets	
Patents	545
Trademark	3
Software	809
Telephone rights	5
Total intangible assets	<u>1,362</u>

	As at March 31, 2020
	<u>Millions of Yen</u>
Investments and other assets	
Investment securities	573
Stocks of subsidiaries and associates	653,118
Investments in other securities of subsidiaries and associates	21,248
Lease and guarantee deposits	2,514
Others	925
Allowance for doubtful accounts	(544)
Total investments and other assets	<u>677,834</u>
Total non-current assets	<u>679,775</u>
Deferred charges	
Bond issuance costs	570
Total deferred charges	<u>570</u>
Total assets	<u><u>894,301</u></u>
Liabilities	
Current liabilities	
Short-term loans payable	121,400
Current portion of bonds payable	71,500
Current portion of long-term loans payable	11,800
Current portion of lease obligations	1
Accounts payable	2,438
Accrued expenses	665
Accrued income tax	6,761
Deposits received	41
Others	0
Total current liabilities	<u>214,606</u>
Non-current liabilities	
Bonds payable	269,298
Long-term loans payable	52,000
Lease obligations	0
Deferred tax liabilities	862
Asset retirement obligation	139

Long-term deposits received	<u>6,322</u>
Total non-current liabilities	<u>328,621</u>
Total liabilities	<u>543,227</u>

	As at March 31, 2020
	<u>Millions of Yen</u>
Net assets	
Shareholders' equity	
Capital stock	92,018
Capital surplus	
Legal capital surplus	137,130
Other capital surplus	101,451
Total capital surplus	<u>238,581</u>
Retained earnings	
Other retained earnings	
Retained earnings brought forward	32,421
Total retained earnings	<u>32,421</u>
Treasury stock	<u>(13,874)</u>
Total shareholders' equity	<u>349,146</u>
Valuation and translation adjustments	
Unrealized gains on available-for-sale securities	781
Total valuation and translation adjustments	<u>781</u>
Stock acquisition rights	<u>1,147</u>
Total net assets	<u>351,074</u>
Total liabilities and net assets	<u>894,301</u>

(2) Statement of Income

	Fiscal Year ended March 31, 2020
	Millions of Yen
Net sales	31,937
Cost of sales	10,218
Gross profit	21,719
Selling, general and administrative expenses	8,772
Operating income	12,947
Non-operating income	
Interest income	2,113
Others	79
Total non-operating income	2,192
Non-operating expense	
Interest expense	2,223
Amortization of bond issuance costs	290
Foreign exchange losses	348
Provision of allowance for doubtful accounts	2,221
Commission fee	554
Others	5
Total non-operating expense	5,641
Ordinary income	9,498
Extraordinary income	
Gain on sales of stocks of subsidiaries and associates	1,805
Others	1
Total extraordinary income	1,806
Extraordinary expense	
Loss on valuation of stocks of subsidiaries and affiliates	1,290
Others	42
Total extraordinary expense	1,332
Income before income taxes	9,972
Income taxes-current	(2,690)
Income taxes-deferred	1,724
Total income taxes	(966)

Net income

10,938

(3) Statement of Changes in Net Assets

	Shareholders' Equity							
	Capital stock	Capital surplus			Retained earnings		Treasury stock	Total
		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	Millions of Yen	Millions of Yen	
As at March 31, 2019	92,018	137,130	103,185	240,315	44,354	44,354	(20,128)	356,559
Dividends paid	—	—	—	—	(22,871)	(22,871)	—	(22,871)
Net income	—	—	—	—	10,938	10,938	—	10,938
Treasury shares purchased	—	—	—	—	—	—	(16)	(16)
Treasury shares sold	—	—	(1,734)	(1,734)	—	—	6,270	4,536
Net changes other than shareholders' equity	—	—	—	—	—	—	—	—
Total changes during the year	—	—	(1,734)	(1,734)	(11,933)	(11,933)	6,254	(7,413)
As at March 31, 2020	92,018	137,130	101,451	238,581	32,421	32,421	(13,874)	349,146

	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
	As at March 31, 2019	726	726	1,161	358,446
Dividends paid	—	—	—	(22,871)	
Net income	—	—	—	10,938	

Treasury shares purchased	—	—	—	(16)
Treasury shares sold	—	—	—	4,536
Net changes other than shareholders' equity	55	55	(14)	41
Total changes during the year	55	55	(14)	(7,372)
As at March 31, 2020	781	781	1,147	351,074

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.

(6) Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With regard to the transition to the group tax sharing system established under the "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8 of 2020) and items of the non-consolidated taxation system revised in line with the transition to the group tax sharing system, in accordance with paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No.39, March 31, 2020), the Company applied the provisions of the Income Tax Act before the revision in determining the amounts of deferred tax assets and deferred tax liabilities instead of applying the provisions of paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018).

NOTES TO BALANCE SHEET

1. Accumulated depreciation:

	As at March 31, 2020
	<u>Millions of Yen</u>
Property and equipment	1,406

2. Contingent Liabilities:

(1) Guarantees for trade liability of subsidiaries and associates	38 Millions of Yen
Guarantees for bonds and loans payable of subsidiaries and associates	1,137 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 4,160 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, 2020
	Millions of Yen
(1) Short-term receivables	101,722
(2) Long-term receivables	384
(3) Short-term payables	38,465
(4) Long-term payables	5,813

NOTES TO STATEMENT OF INCOME

Transactions with subsidiaries and associates:

	Fiscal Year ended March 31, 2020
	Millions of Yen
Net sales	23,301
Purchases	2,251
Other transactions	5,943

NOTES TO STATEMENT OF CHANGES IN NET ASSETS

Class and number of treasury stock

	As at March 31, 2020
	Shares
Common shares	5,730,038

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 deferral of gains on transfer of assets to wholly owned subsidiaries and unrealized gains on available-for-sale securities.

RELATED PARTY TRANSACTIONS

Transactions with subsidiaries and associates

Type	Company name	Voting rights holding ratio (%) ^(*1)	Relationship with related party	Transaction description	Amount (Millions of Yen)	Account name	Balance (Millions of Yen)
Subsidiary	SBI FINANCIAL SERVICES Co., Ltd.	100	Interlocking directors	Borrowing (*2)	75,800	Short-term loans payable	27,900
				Dividend in kind	20,000	—	—
				Guaranteed (*3)	30,000	—	—
Subsidiary	SBI SECURITIES Co., Ltd.	100 (100)	Interlocking directors	Transaction of individual allocated amount of consolidated corporation tax	9,310	Accounts receivable-other	1,788
				Sale of investment in subsidiary and associated company (*4)	3,105	—	—
				Proceeds from sale Gain on sale	1,805	—	—
Subsidiary	SBI Capital Management Co., Ltd.	100	Interlocking directors	Finance (*2)	10,700	Short-term loans receivable	5,200
Subsidiary	SBI VENTURES SINGAPORE PTE. LTD.	100	Interlocking directors	Finance (*2)	10,106	Short-term loans receivable	5,196
Subsidiary	SBI Ventures Two Co., Ltd.	100 (100)	Interlocking directors	Finance (*2)	33,155	Short-term loans receivable	14,720
Subsidiary	SBI Financial Support Co., Ltd.	100 (100)	—	Finance (*2)	27,779	Short-term loans receivable	13,489
Subsidiary	SBI Incubation Co., Ltd.	100 (79.8)	Interlocking directors	Finance (*2)	10,400	Short-term loans receivable	5,200
Subsidiary	Quark Pharmaceuticals, Inc.	100 (100)	—	Finance (*2)	14,325	Short-term loans receivable	10,825
Subsidiary	SBI ALApharma Co., Limited	96.4 (96.4)	Interlocking directors	Finance (*2)	15,606	Short-term loans receivable	8,660
Subsidiary	SBI Crypto Co., Ltd.	100 (100)	Interlocking directors	Finance (*2)	34,541	Short-term loans receivable	14,018

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.

(*4) The sales price of investment in subsidiary and associated company was determined based on stock price calculation by the third party independent from the company.

NOTES TO PER SHARE INFORMATION

	Fiscal Year ended March 31, 2020
	Yen
Net assets per share	1,515.98
Net income per share	47.61
Diluted net income per share	41.28

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

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 22, 2020

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Nozomu Kunimoto

Designated Engagement Partner,
Certified Public Accountant:

Kunikazu Awashima

Designated Engagement Partner,
Certified Public Accountant:

Toru Harada

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of SBI Holdings, Inc. and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2020, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2019 to March 31, 2020, and the related notes.

In our opinion, the accompanying consolidated financial statements, 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 consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance for the year then ended.

Basis for Opinion

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

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are 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, as well as the overall presentation, structure and content of the consolidated

financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 22, 2020

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Nozomu Kunimoto

Designated Engagement Partner,
Certified Public Accountant:

Kunikazu Awashima

Designated Engagement Partner,
Certified Public Accountant:

Toru Harada

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of SBI Holdings, Inc. (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2020, and the nonconsolidated statement of income and nonconsolidated statement of changes in net assets for the 22nd fiscal year from April 1, 2019 to March 31, 2020, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements 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 that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and

communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Report by the Board of Statutory Auditors

AUDIT REPORT

With respect to the directors' performance of their duties during the 22nd fiscal year (from April 1, 2019 to March 31, 2020), 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 26, 2020

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 Thirteen (13) Directors

The term of office of all twelve (12) current Directors expires as of the end of this Ordinary General Meeting of Shareholders. The Company proposes that thirteen (13) 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 75 to 86:

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	April 1974	Entered Nomura Securities Co., Ltd.
		June 1995	Executive Vice President and CFO of SOFTBANK CORP. (Currently, SoftBank Group Corp.)
		March 1999	Representative Director of Softbank Finance Corp. (Currently, SoftBank Corp.)
		July 1999	Representative Director and President of the Company
		June 2003	Representative Director and CEO of the Company
		July 2004	Director and Chairman of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)
		June 2005	Representative Director and CEO of SBI VENTURES K.K. (Currently, SBI Investment Co., Ltd.)
		June 2007	Director of SBI VEN HOLDINGS PTE. LTD. (present)
		April 2008	Representative Director & CEO of SBI ALApromo Co., Ltd. (Currently, SBI Pharmaceuticals Co., Ltd.)
		July 2008	Director and Chairman of SBI Liquidity Market Co., Ltd. (present)
		Oct. 2010	Representative Director and Chairman of SBI SECURITIES Co., Ltd. (present)
		Feb. 2011	Director of SBI Japannext Co., Ltd. (Currently, Japannext Co., Ltd.) (present)
		June 2012	Representative Director, President & CEO of the Company
		July 2012	Director of Morningstar Japan K.K. (present)
		July 2012	Representative Director of SBI Hong Kong Holdings Co., Limited (present)
		May 2013	Representative Director and Chairman of SBI Investment Co., Ltd. (present)
		June 2014	Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd.
		June 2014	Director and Chairman of SBI Capital Management Co., Ltd. (present)
		Nov. 2015	Representative Director and Chairman of SBI GLOBAL ASSET MANAGEMENT Co., Ltd.
		April 2016	Director of SBI ALA Hong Kong Co., Limited (Currently, SBI ALApharma Co., Limited) (present)
June 2016	Representative Director, President of SBI Pharmaceuticals Co., Ltd. (present)		
Nov. 2016	Representative Director of SBI Virtual Currencies Co., Ltd. (Currently, SBI VC Trade Co., Ltd.)		
October 2017	Representative Director and President of SBI Crypto Currency Holdings Co., Ltd. (Currently, SBI Digital Asset Holdings Co., Ltd.) (present)		
June 2018	Representative Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. (present)		
June 2018	Representative Director, President & CEO of the Company (present)		
June 2018	Director and Chairman of SBI GLOBAL ASSET MANAGEMENT Co.,		

		<p>Ltd.</p> <p>July 2018 Representative Director of SBI NEO FINANCIAL SERVICES Co., Ltd. (present)</p> <p>April 2019 Director of Ripple Labs Inc. (present)</p> <p>June 2019 Representative Director & President of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. (present)</p> <p>July 2019 Representative Director & CEO of SBI VC Trade Co., Ltd. (present)</p>
<p>Reason why the Company selected Mr. Yoshitaka Kitao as a candidate for Director</p> <p>Mr. Yoshitaka Kitao has demonstrated excellent management capabilities as Representative Director, President & 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="347 645 480 763">Katsuya Kawashima (March 30, 1963)</p> <p data-bbox="347 801 496 920">Number of Company's Shares Owned: 737,870 shares</p>	<p data-bbox="531 282 655 304">April 1985</p> <p data-bbox="531 315 655 338">Aug. 1995</p> <p data-bbox="531 349 655 371">July 1999</p> <p data-bbox="531 383 655 405">Oct. 1999</p> <p data-bbox="531 439 655 461">Nov. 2000</p> <p data-bbox="531 495 655 517">March 2001</p> <p data-bbox="531 528 655 551">Dec. 2005</p> <p data-bbox="531 584 655 607">April 2006</p> <p data-bbox="531 663 655 685">Sep. 2007</p> <p data-bbox="531 696 655 719">Aug. 2011</p> <p data-bbox="531 730 655 752">April 2014</p> <p data-bbox="531 763 655 786">April 2014</p> <p data-bbox="531 797 655 819">June 2014</p> <p data-bbox="531 831 655 853">June 2014</p> <p data-bbox="531 887 655 909">April 2015</p> <p data-bbox="531 920 655 943">April 2015</p> <p data-bbox="531 976 655 999">April 2015</p> <p data-bbox="531 1032 655 1055">Sep. 2015</p> <p data-bbox="531 1066 655 1088">May 2017</p> <p data-bbox="531 1099 655 1122">June 2018</p> <p data-bbox="531 1178 655 1200">July 2018</p> <p data-bbox="531 1211 655 1234">Feb. 2019</p> <p data-bbox="531 1267 655 1290">March 2019</p> <p data-bbox="695 282 1495 1290"> Entered Nomura Securities Co., Ltd. Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.) Director of the Company Representative Director and President of SOFTBANK FRONTIER SECURITIES CO., LTD. (Currently, SBI SECURITIES Co., Ltd.) Representative Director and President of Softbank Finance Corp. (Currently, SoftBank Corp.) Representative Director and President of Morningstar Japan K.K. Director, Senior Executive Vice President & COO of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.) Deputy President of Sumishin SBI Net Bank Research Co., Ltd. (Currently, SBI Sumishin Net Bank, Ltd.) Deputy President and COO of SBI Sumishin Net Bank, Ltd. President of SBI Sumishin Net Bank, Ltd. Director of SBI Sumishin Net Bank, Ltd. Representative Director and President of SBI MONEY PLAZA Co., Ltd. Director of SBI SECURITIES Co., Ltd. (present) Representative Director, Senior Executive Vice President & Co-COO of the Company Director of SBI FINANCIAL SERVICES Co., Ltd. (present) Representative Director and President of SBI Capital Management Co., Ltd. (present) Representative Director and President of SBI Investment Co., Ltd. (present) Director of SBI SAVINGS BANK (present) Director of SBI Sumishin Net Bank, Ltd. (present) Representative Director, Senior Executive Vice President & COO of the Company (present) Director of SBI NEO FINANCIAL SERVICES Co., Ltd. (present) Representative Director and President of SBI Regional Business Investment Co., Ltd. (present) Representative Director and President of Money Tap Co., Ltd. (present) </p>
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.		

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 & Managing Executive Officer of the Company</p> <p>June 2008 Director & 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 & Senior Managing Executive Officer, and Head of Fund Investments, Overseas Business Div. of the Company</p> <p>Feb. 2013 Director & 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 & Senior Managing Executive Officer of the Company</p> <p>March 2015 Representative Director, Senior Executive Vice President & 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 operations focused on planning and promotion of personnel measures throughout the Group, as an officer in charge of the personnel and general affairs, 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="363 517 470 636">Masato Takamura (Feb. 26, 1969)</p> <p data-bbox="336 674 507 792">Number of Company's Shares Owned: 250,000 shares</p>	<p data-bbox="533 277 1485 306">April 1992 Entered The Sanwa Bank, Limited (Currently, MUFG Bank, Ltd.)</p> <p data-bbox="533 311 1485 367">March 2005 Entered E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p data-bbox="533 371 1485 427">Oct. 2005 General Manager of Corporate Dept. of E*TRADE SECURITIES Co., Ltd. (Currently, SBI SECURITIES Co., Ltd.)</p> <p data-bbox="533 432 1485 488">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="533 492 1485 589">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="533 593 1485 649">April 2012 Managing Director, management of Corporate Dept. of SBI SECURITIES Co., Ltd.</p> <p data-bbox="533 654 1485 710">March 2013 Representative Director and President of SBI SECURITIES Co., Ltd. (present)</p> <p data-bbox="533 714 963 743">June 2013 Director of the Company</p> <p data-bbox="533 748 1302 777">June 2016 Director & Managing Executive Officer of the Company</p> <p data-bbox="533 781 1377 810">June 2017 Director & Senior Managing Executive Officer of the Company</p> <p data-bbox="533 815 1485 871">June 2018 Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. (present)</p> <p data-bbox="533 875 1319 904">June 2018 Director, Senior Executive Vice President of the Company</p> <p data-bbox="533 909 1406 938">July 2018 Director of SBI NEO FINANCIAL SERVICES Co., Ltd. (present)</p> <p data-bbox="533 943 1145 972">March 2019 Director of Money Tap Co., Ltd. (present)</p> <p data-bbox="533 976 1485 1032">June 2019 Representative Director, Senior Executive Vice President of the Company (present)</p>
<p data-bbox="323 1043 1485 1247">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. May 2018 Director of SBI Virtual Currencies Co., Ltd. (Currently, SBI VC Trade Co., Ltd.) 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) Dec. 2019 Outside Director of Shimane Bank, Ltd. (present) April 2020 Representative Director of SBI Regional Bank Holdings Co., Ltd. (present)
<p>Reason why the Company selected Mr. Shumpei Morita as a candidate for Director</p> <p>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, as Representative Director of SBI Regional Bank Holdings Co., Ltd., he works on regional revitalization and value enhancement for regional financial institutions in which SBI Regional Bank Holdings Co., Ltd. has invested. 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
6	<p data-bbox="331 546 499 640">Masayuki Yamada (Oct. 13, 1962)</p> <p data-bbox="331 674 499 797">Number of Company's Shares Owned: 14,030 shares</p>	<p data-bbox="531 277 1487 306">April 1987 Entered Sogo Horei Co., Ltd. (Currently, Sogo Horei Publishing Co., Ltd.)</p> <p data-bbox="531 306 1487 336">May 1999 Registered as Attorney at Law, Admitted to New York Bar (US.)</p> <p data-bbox="531 336 1487 365">Nov. 1999 Entered Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p data-bbox="531 365 1487 432">June 2001 Manager, Legal Dept. of Softbank Finance Corp. (Currently, SoftBank Corp.)</p> <p data-bbox="531 432 1487 499">June 2004 Statutory Auditor, Benefit Systems Co., Ltd. (Currently, SBI Benefit Systems Co., Ltd.)</p> <p data-bbox="531 499 1487 528">Nov. 2004 Entered the Company</p> <p data-bbox="531 528 1487 557">April 2007 Deputy General Counsel, Legal Dept. of the Company</p> <p data-bbox="531 557 1487 586">June 2009 Executive Officer, the Company</p> <p data-bbox="531 586 1487 654">July 2009 Executive Officer & General Counsel, International Legal Dept. of the Company</p> <p data-bbox="531 654 1487 721">June 2014 Executive Officer & General Counsel, Legal & Compliance Dept. of the Company</p> <p data-bbox="531 721 1487 750">April 2015 General Counsel, Legal Dept. of SBI Investment Co. Ltd.</p> <p data-bbox="531 750 1487 817">Nov. 2015 Statutory Auditor of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. (present)</p> <p data-bbox="531 817 1487 884">June 2016 Director & Executive Officer & General Counsel, Legal & Compliance Dept. of the Company</p> <p data-bbox="531 884 1487 913">July 2016 Director of SBI Ventures Two Co., Ltd. (present)</p> <p data-bbox="531 913 1487 943">March 2017 Director of SBI Incubation Co., Ltd. (present)</p> <p data-bbox="531 943 1487 972">June 2017 Director of SBI Internet Capital Co., Ltd.</p> <p data-bbox="531 972 1487 1039">June 2018 Director & General Counsel, Legal & Compliance Dept. of the Company (present)</p> <p data-bbox="531 1039 1487 1068">Jan. 2019 Director of SBI CAPITAL Co., Ltd. (present)</p>
Reason why the Company selected Mr. Masayuki Yamada as a candidate for Director		<p data-bbox="323 1104 1487 1249">Mr. Masayuki Yamada has served as an officer in charge of legal affairs and compliance in the Group 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	<p style="text-align: center;">Satoe Kusakabe (November 11, 1970)</p> <p style="text-align: center;">Number of Company's Shares Owned: 2,000 shares</p>	<p>Oct. 1991 Entered Ota and Showa Audit Corporation (Currently, Ernst & Young ShinNihon LLC) (assistant certified public accountant)</p> <p>Feb. 1995 Registered as a certified public accountant</p> <p>May 2006 Director, Financial Services Section, Financial Audit Department of Shin Nihon & Co. (Currently, Ernst & Young ShinNihon LLC)</p> <p>July 2007 Entered the Company</p> <p>Aug. 2007 General Counsel, Internal Auditing Department of the Company</p> <p>June 2010 Director of SBI SECURITIES Co., Ltd.</p> <p>June 2013 Executive Director, management of Corporate Audit Department of SBI SECURITIES Co., Ltd.</p> <p>Aug. 2013 General Manager, Internal Audit Department of SBI Sumishin Net Bank, Ltd.</p> <p>June 2018 Director, General Manager of Risk Management Department of SBI SECURITIES Co., Ltd.</p> <p>Dec. 2018 Executive Officer of the Company</p> <p>June 2019 Director of the Company (present)</p> <p>Oct. 2019 Director and General Manager of Risk Management Department and management of Customer Management Department of SBI Securities Co., Ltd. (present)</p> <p>Nov. 2019 Director of SBI VC Trade Co., Ltd. (present)</p>
<p>Reason why the Company selected Ms. Satoe Kusakabe as a candidate for Director</p> <p>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 again 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>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	
8	Masaki Yoshida (August 13, 1959) Number of Company's Shares Owned: 10,000 shares	<p>April 1983</p> <p>June 2006</p> <p>June 2006</p> <p>April 2007</p> <p>Jan. 2009</p> <p>Jan. 2009</p> <p>Jan. 2009</p> <p>June 2010</p> <p>Oct. 2011</p> <p>Oct. 2011</p> <p>Nov. 2012</p> <p>April 2018</p> <p>April 2019</p>	<p>Entered Fuji Television Network, Inc. (Currently, Fuji Media Holdings, Inc.)</p> <p>Senior Director of Music and Variety Center of Programming and Production Department of Fuji Television Network, Inc.</p> <p>Senior Director of Digital Content Development of Digital Content Department of Fuji Television Network, Inc.</p> <p>Outside Statutory Auditor of KLab Inc.</p> <p>Director of MANIA MANIA Inc. (present)</p> <p>Representative Director of YOSHIDAMASAKI INC. (present)</p> <p>Representative Director and Chairman of Watanabe Entertainment Co., Ltd. (present)</p> <p>Director of the Company (present)</p> <p>Chairperson of Board of Trustees at WATANABE FOUNDATION FOR MUSIC & CULTURE (present)</p> <p>Representative Director and Chairman of Biscuit Entertainment Co., Ltd. (present)</p> <p>Outside Director of KLab Inc.</p> <p>Member of The Rikkyo University Advisory Committee (present)</p> <p>Advisor of KLab Inc. (present)</p>
Reason why the Company selected Mr. Masaki Yoshida as a candidate for Director		<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
9	<p>Teruhide Sato (Feb. 24, 1975)</p> <p>Number of Company's Shares Owned: 2,820 shares</p>	<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	
10	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)		
<p>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.</p>			

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held	
11	Yasuhiro Suzuki (February 28, 1965) Number of Company's Shares Owned: —	April 1987 Sep. 1996 April 1999 Aug. 1999 June 2000 July 2008 March 2014 March 2014 May 2015 March 2017 June 2017 March 2020 April 2020	Entered Fujitsu Limited Entered SOFTBANK CORP. (Currently, SoftBank Group Corp.) Executive officer of SoftBank Commerce Corp. (Currently, SOFTBANK CORP.) Director of e-Shopping! Books Corp. (Currently, Seven Net Shopping Co., Ltd.) Representative Director and President of e-Shopping! Books Corp. (Currently, Seven Net Shopping Co., Ltd.) Director of Seven & i Netmedia Co., Ltd. Representative Director and President of Seven & i Netmedia Co., Ltd. Executive Officer, CIO of Seven & i Holdings Co., Ltd. Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd. Representative Director and President of digitalshiftwave Co., Ltd. (present) Outside Director of the Company (present) President of Japan Omni Channel Association (present) Visiting Professor at Joho Keiei Innovation Senmonshoku Daigaku (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
12	<p>Hiroshi Ito (July 20, 1955)</p> <p>Number of Company's Shares Owned: —</p>	<p>Jan. 1980 Entered US Marsh & McLennan International, Inc. (Currently, Marsh, Inc.)</p> <p>July 1983 Entered Marsh & McLennan K.K. (Currently, Marsh Japan, Inc.)</p> <p>April 1999 Assigned to SOFTBANK CORP. (Currently, SoftBank Group Corp.)</p> <p>April 2000 Director of InsWeb Inc. (Currently, the Company)</p> <p>Dec. 2001 Retired from the position of Director of InsWeb Inc.</p> <p>Nov. 2004 Director of Marsh Japan, Inc.</p> <p>April 2005 Managing Director of US Marsh, Inc.</p> <p>April 2005 Managing Director of Marsh Japan, Inc. (present) (Scheduled date of resignation is June 25, 2020)</p> <p>Jan. 2010 Representative Director (COO) of Marsh Japan, Inc.</p>
<p>Reason why the Company selected Mr. Hiroshi Ito as a candidate for Outside Director Mr. Hiroshi Ito has served successively in important positions, such as Representative Director of Marsh Japan, Inc., which is a global leading company providing services related to insurance and risk management, and has expert knowledge in insurance fields that the Group will focus on. The Company newly selected Mr. Hiroshi Ito as a candidate for Outside Director because the Company deems that he can adequately conduct duties as an Outside Director of the Company utilizing his wealth of experience and broad knowledge.</p>		

Number	Name (Date of Birth)	Career Summary, Position, Responsibilities and Other Significant Concurrent Offices Held
	<p data-bbox="352 311 466 367">Kanae Takeuchi</p> <p data-bbox="325 405 493 613">Name Entered in Family Register: Kanae Kusakari (September 14, 1978)</p> <p data-bbox="325 647 493 757">Number of Company's Shares Owned: —</p>	<p data-bbox="523 311 1455 367">April 2001 Entered Tokyo Broadcasting System, Inc. (Currently, Tokyo Broadcasting System Television, Inc.)</p> <p data-bbox="523 405 1366 461">Oct. 2012 Resigned from Tokyo Broadcasting System Television, Inc. Nov. 2012 Freelance announcer</p>
13		<p data-bbox="320 770 1455 978">Reason why the Company selected Ms. Kanae Takeuchi as a candidate for Outside Director Ms. Kanae Takeuchi has exceptional expertise in the field of “management strategies incorporating women’s perspectives,” which the Company values deeply. As women continue to increasingly gain 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 data-bbox="320 1012 1455 1220">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, Mr. Hiroshi Ito, and Ms. Kanae Takeuchi are candidates for Outside Director.
3. The Company designated Mr. Teruhide Sato, Mr. Heizo Takenaka, 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. Sato, Mr. Takenaka, and Mr. Suzuki are approved, the Company will again designate them as independent directors.
4. If Mr. Hiroshi Ito and Ms. Kanae Takeuchi are elected as proposed, the Company will designate Mr. Ito and Ms. Takeuchi as independent directors under the provisions of the Tokyo Stock Exchange and notify the Exchange.
5. Although Ms. Kanae Takeuchi 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 seven (7) 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 he will have served for four (4) 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 three (3) 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 elections of Mr. Hiroshi Ito and Ms. Kanae Takeuchi are approved, the Company will execute with each of Mr. Ito and Ms. Takeuchi 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
	June 2015	Outside Statutory Auditor of SBI MONEY PLAZA Co., Ltd.
	June 2019	Outside Director of The Michinoku Bank, Ltd. (present)
Nov. 2019	Supervisory Officer of Dream Hospitality REIT Inc. (present)	
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.

— End —

Access to the Meeting Room of the 22nd Ordinary General Meeting of Shareholders

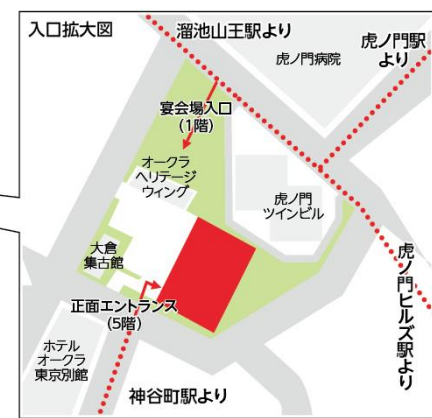
Location Heian Room, 1st Floor, The Okura Prestige Tower of The Okura Tokyo
2-10-4 Toranomom, Minato-ku, Tokyo

Access	Toranomon Station, Tokyo Metro/Ginza Line	About ten minutes' walk from Exit 3
	Tameike-Sanno Station, Tokyo Metro/Ginza Line or Namboku Line	About ten minutes' walk from Exit 14
	Toranomon Hills Station, Tokyo Metro/Hibiya Line	About five minutes' walk from Exit A2 * The station is scheduled to open on June 6, 2020.
	Kamiyacho Station, Tokyo Metro/Hibiya Line	About six minutes' walk from Exit 4b



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

- * If you walk from Toranomom Station, Toranomom Hills Station, or Tameike-Sanno Station, please enter the venue at the Banquet Entrance (1st floor).
- * If you come from Kamiyacho Station, please enter at the Main Entrance (5th floor) and use an elevator to proceed to the 1st floor.



日本語	英語
地図 (全体)	
虎ノ門駅	Toranomon Station
銀座線「虎ノ門」駅3番出口	Toranomon Sta (Tokyo Metro Ginza Line) Exit 3
文部科学省	MEXT

霞が関ビル	Kasumigaseki Bldg.
特許庁	Japan Patent Office
特許庁前	“Japan Patent Office” (traffic lights)
溜池山王駅	Tameike-Sanno Station
JTビル	JT Bldg.
虎ノ門病院	Toranomon Hospital
赤坂インターシティAIR	Akasaka Intercity AIR
銀座線／南北線「溜池山王」駅14番出口	Tameike-Sanno Sta (Tokyo Metro Ginza Line/Namboku Line) Exit14
アメリカ合衆国大使館	Embassy of U.S.A.
ニッショーホール（日本消防会館）	Nissho Hall (Japan Firefighters Hall)
虎ノ門ヒルズステーションタワー	Toranomon Hills Station Tower
虎ノ門二丁目	Toranomon 2 (traffic lights)
虎ノ門ヒルズ駅	Toranomon Hills Station
虎ノ門三丁目	Toranomon 3 (traffic lights)
日比谷線「虎ノ門ヒルズ」駅A2出口	Toranomon Hills Sta (Tokyo Metro Hibiya Line) Exit A2
虎ノ門ヒルズ森タワー	Toranomon Hills Mori Tower
虎ノ門ツインビル	Toranomon Twin Bldg.
The Okura Tokyoオークラプレステージタワー1階	1st Floor, The Okura Prestige Tower of The Okura Tokyo
大倉集古館	Okura Museum of Art
ホテルオークラ東京別館	Hotel Okura Tokyo South Wing
気象庁虎ノ門庁舎	Toranomon Office Building of the Japan Meteorological Agency
東京ワールドゲート	Tokyo World Gate
虎ノ門タワーズ	Toranomon Towers
駐日スペイン大使館	Embassy of Spain
神谷町駅	Kamiyacho Station
日比谷線「神谷町」駅4b出口	Kamiyacho Sta (Tokyo Metro Hibiya Line) Exit 4b
ANAインターコンチネンタ	ANA InterContinental Tokyo

ルホテル東京	
アークヒルズ	Ark Hills
地図（入口拡大図）	
入口拡大図	Enlarged Map of the Entrance
溜池山王駅より	From Tameike-Sanno Station
虎ノ門駅より	From Toranomom Station
宴会場入口（1階）	Banquet Entrance (1st floor)
オークラヘリテージウイング	The Okura Heritage Wing
正面エントランス（5階）	Main Entrance (5th floor)
神谷町駅より	From Kamiyacho Station
虎ノ門ヒルズ駅より	From Toranomom Hills Station

SBI Holdings, Inc

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End of translation