

Securities Code: 8473

July 19, 2022

Yoshitaka Kitao

Representative Director, President & CEO

SBI Holdings, Inc.

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

**CONVOCATION NOTICE
FOR THE ADJOURNED MEETING FOR THE 24TH ORDINARY GENERAL
MEETING OF SHAREHOLDERS**

Dear Shareholders:

We hereby inform you that the Adjourned Meeting for the 24th Ordinary General Meeting of Shareholders (the “Adjourned Meeting”) of SBI Holdings, Inc. (the “Company”) will be held as follows. Attendees are kindly requested to submit the enclosed “Admission Card for the Adjourned Meeting for the 24th Ordinary General Meeting of Shareholders” at the reception desk at the entrance of the meeting room.

Please be informed that since the Adjourned Meeting will constitute a part of the 24th Ordinary General Meeting of Shareholders held on June 29, 2022, shareholders who are entitled to attend the Adjourned Meeting are the same as those who were entitled to exercise voting rights at the 24th Ordinary General Meeting of Shareholders.

Particulars

- 1. Date and time:** Wednesday, July 27, 2022, at 10 a.m., Japan time
- 2. Location:** Conference Room of the Company, 22nd Floor, Izumi Garden Tower, 1-6-1, Roppongi, Minato-ku, Tokyo
- 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 24th fiscal year (from April 1, 2021 to March 31, 2022)
2. Report on the Non-Consolidated Financial Statements for the 24th fiscal year

— 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.
- If you are unable to attend 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.
- 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.

As the purpose of the Adjourned Meeting is only to report on the Matters for Reporting, images of the meeting will be streamed live via the Internet for the shareholders' convenience. In order to prevent the spread of the novel coronavirus, we strongly recommend that you refrain from attending the Adjourned Meeting in person and instead watch the Internet live stream.

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| <p>We will not distribute gifts or hold a debriefing session on recent developments in management.</p> |
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- * In the event of any changes being made to the Business Report, the Consolidated Financial Statements, or the Non-Consolidated Financial Statements, matters as changed will be posted on the Company's website on the Internet.

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

Business Report
(April 1, 2021 to March 31, 2022)

The SBI Group will execute management strategies on a case-by-case basis in light of conditions in the global economy and markets and realize sustainable growth.

Yoshitaka Kitao
Representative Director, President & CEO
SBI Holdings, Inc.

I. CURRENT STATUS OF THE COMPANY GROUP

1. BUSINESS IN THE CONSOLIDATED FISCAL YEAR ENDED MARCH 31, 2022

(1) Progress of Business and Results

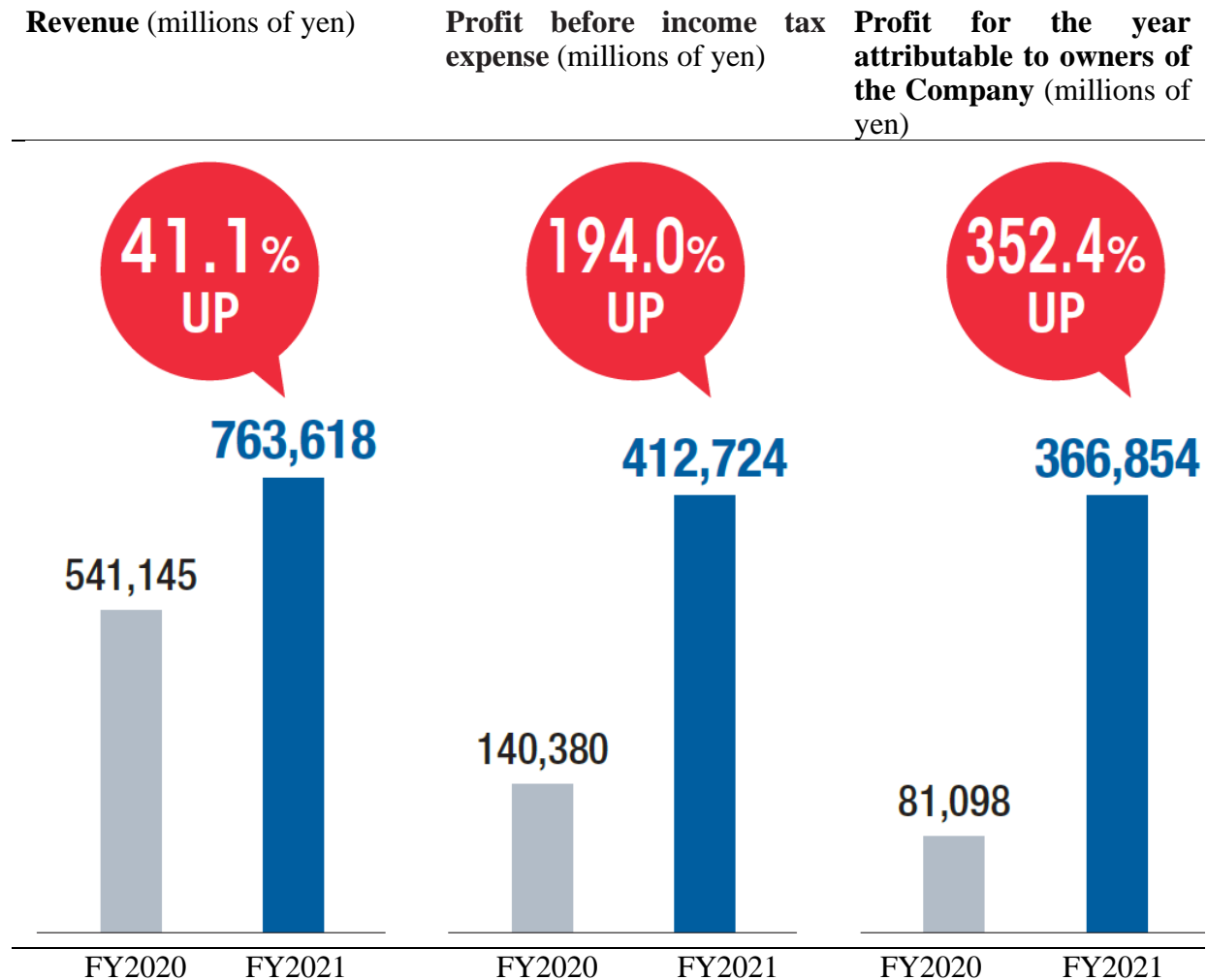
The Japanese economy exhibited a trend towards recovery during the consolidated fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022) owing to accelerating rates of vaccination against novel coronavirus infections and the downward trend in the number of COVID-19 cases. At the same time, there were concerns that increases in raw material prices arising from the crisis in Ukraine and fluctuations in exchange rates in connection with financial policies in Japan and overseas may have an enormous impact on the earning power of companies, and the Nikkei Stock Average as of the end of March 2022 decreased by 4.7% when compared with that as of the end of March 2021.

Under these economic circumstances, the Company's consolidated business performance in the consolidated fiscal year ended March 31, 2022 resulted in revenue of ¥763.6 billion (a 41.1% year-on-year increase), profit before income tax expense of ¥412.7 billion (a 194.0% year-on-year increase), and ¥366.9 billion in the profit for the year attributable to owners of the Company (a 352.4% year-on-year increase), all of which are record highs since the foundation of the Company.

The consolidated business performance in the consolidated fiscal year ended March 31, 2022 excluding any gain on negative goodwill or the like arising in connection with Shinsei Bank becoming a consolidated subsidiary of the Company and the consolidated business performance of Shinsei Bank for the period between January 2022 to March 2022 (figures are for reference purposes only) resulted in revenue of ¥698.7 billion (a 29.1% year-on-year increase), profit before income tax expense of ¥200.1 billion (a 42.6% year-on-year increase), and ¥130.1 billion in the profit for the year attributable to owners of the Company (a 60.5% year-on-year increase).

In the Financial Services Business, both revenue and profit before income tax expense reached record highs due to the fact that, among other reasons, a gain on negative goodwill of ¥263.8 billion was recorded as Shinsei Bank has been included in this segment since the third quarter of the consolidated fiscal year ended March 31, 2022. In the Asset Management Business, both revenue and profit before income tax expense reached record highs since appraisal profits and profits arising from sale of unlisted stocks of investee companies contributed thereto, and the performance for the full fiscal year of SBI SAVINGS BANK of South Korea achieved a record-high result. In the Biotechnology, Healthcare & Medical Informatics Business, loss before income tax expense expanded by ¥3.2 billion when compared with that of the consolidated fiscal year ended March 31, 2021 due to an appraisal loss of approximately ¥9.4 billion being

recorded in connection with a decline in the stock price of Medical Data Vision, which is an equity method associate.



(2) POLICY ON DETERMINATION OF DIVIDENDS FROM SURPLUS

With respect to dividends from surplus, the basic profit distribution policy of the Company until the consolidated fiscal year ended March 31, 2022 was to target a payout of a minimum of ¥10 per share on an annual dividend payment, and depending on the adequacy of retained earnings for sustainable growth and business forecasts, the Company would strive to increase the payout amount in the future. With respect to levels for the total amount of return for the dividends and acquisition of own stock, the Company has 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, it was determined that the Company would decide the amount of return after deducting the total amount of fair value gain (loss) from the consolidated profit before income tax expense of the Company and making other similar adjustments, depending on the percentage of the total amount of fair value gain (loss) for operational investment securities without cash flow in the consolidated profit before income tax expense of the Company.

Based on the aforementioned basic policy and the consolidated business performance for the consolidated fiscal year ended March 31, 2022, the Company paid an interim dividend of ¥30 per share in the consolidated fiscal year ended March 31, 2022 and, in addition to that, decided to pay a year-end ordinary dividend of ¥120 per share, which constitutes an increase of ¥20 year-on-year. As a result, the total annual dividend for the consolidated fiscal year ended March 31, 2022 is ¥150 per share.

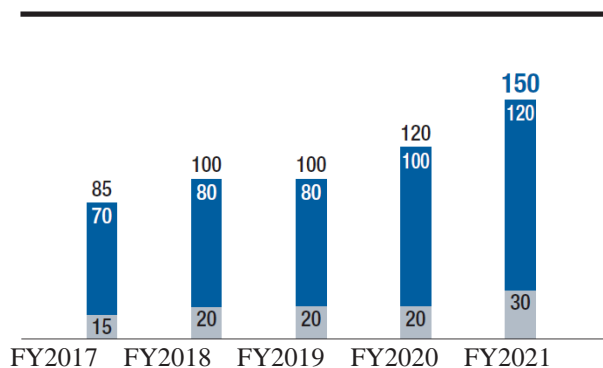
A change in the division of business segments is scheduled in FY2022 (*). As such, with respect to levels for the total amount of return from the next fiscal year onward, the Company will, for the time being, decide on a total amount of return that is approximately 30% of the profit before income tax expense that steadily arises in the Financial Services Business after the division of business segments is changed.

(*) Please refer to page 10 for details.

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

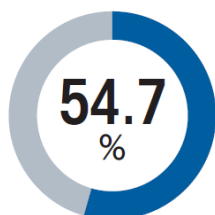
(3) Outline of Each Business Segment

(i) Financial Services Business

Revenue: **¥396,179** million (a 26.1% year-on-year increase)

Profit before income tax expense: **¥282,924** million (a 227.5% year-on-year increase)

Ratio of revenue breakdown*



With respect to SBI SECURITIES, which is the largest revenue source in the Group, while income from brokerage commissions decreased due to the gradual advancement of the lowering of transaction fees for online trading of domestic stocks and other measures, increases were seen in commissions for subscriptions, offerings and secondary distributions, as well as in financial income and the like. As a result, operating income reached a record high. The Company recorded ¥202.0 billion as a gain on negative goodwill or the like in the third quarter in connection with Shinsei Bank becoming a consolidated subsidiary of the Company and has commenced incorporating the bank's period-based profit or loss since the fourth quarter. The business scale of the equity method associate SBI Sumishin Net Bank has steadily increased, and ordinary profit reached a record high. The number of insurance contracts held by SBI Insurance Group has increased steadily, reaching record highs in ordinary revenue, ordinary profit and profit attributable to owners of parent.

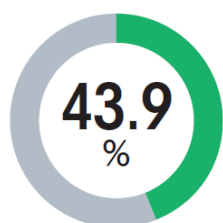
As a result, the performance of Financial Services Business for the consolidated fiscal year ended March 31, 2022 resulted in revenue of ¥396.2 billion (a 26.1% year-on-year increase) and profit before income tax expense of ¥282.9 billion (a 227.5% year-on-year increase), which are record highs.

(ii) Asset Management Business

Revenue: **¥317,831** million (a 54.4% year-on-year increase)

Profit before income tax expense: **¥165,962** million (a 97.1% year-on-year increase)

Ratio of revenue breakdown*



The recording of large appraisal profits from unlisted stocks contributed to record highs in 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. Performance for the full fiscal year of SBI SAVINGS BANK of South Korea generated a record-high result and contributes a stable revenue source, as performing loans have steadily increased and delinquency rates for loans overall reached a record-low level (1.4%).

As a result, operation of Asset Management Business for the consolidated fiscal year ended March 31, 2022 resulted in revenue of ¥317.8 billion (a 54.4% year-on-year increase) and profit before income tax expense of ¥166.0 billion (a 97.1% year-on-year increase), which are record-high results.

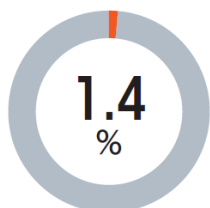
The Group will continue to expand its investments in business fields that meet the needs of the times, such as investments in venture companies with innovative technologies and services in a wide range of industries with a focus on industries related to DX (digital transformation), which is a pressing issue for society.

(iii) Biotechnology, Healthcare & Medical Informatics Business

Revenue: **¥9,920** million (a 76.3% year-on-year increase)

Profit before income tax expense: **¥11,845** million (loss) (a loss of ¥8,630 million was recorded in the consolidated fiscal year ended March 31, 2021)

Ratio of revenue breakdown*



SBI ALApromo, which is expanding its product offerings containing 5-aminolevulinic acid (5-ALA), such as various types of foods with functional claims and health foods, marked record-high sales, following rising health consciousness amid the coronavirus pandemic. By achieving milestones in two drug development pipelines during the consolidated fiscal year ended March 31, 2022, SBI Biotech recorded milestone income and became profitable for the full fiscal year. On the other hand, in connection with a decline in the stock price of Medical Data Vision, which is an equity-method associate, an appraisal loss of approximately ¥9.4 billion for the shares of that company was recorded.

As a result, performance of the Biotechnology, Healthcare & Medical Informatics Business for the consolidated fiscal year ended March 31, 2022 resulted in revenue of ¥9.9 billion (a 76.3% year-on-year increase), and profit before income tax expense was recorded as a loss of ¥11.8 billion (a loss of ¥8.6 billion for the fiscal year ended March 31, 2021). Sales of all shares of Quark Pharmaceuticals were completed in February 2022.

- * 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, Healthcare & Medical Informatics 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 venture companies since its founding, 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 in various industries including the financial industry, the Group believes it is important to continue actively investing in, and building 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 in doing so seek to increase our competitive strength and further distinguish ourselves from our competitors.

The Group formulated a medium-term corporate vision in April 2021 as a vision that specifically presents a desirable future vision for the organization that the Group strives to realize.

SBI Group's Medium-Term Corporate Vision (for three to five years from April 2021)

- Endeavor to achieve **more than ¥300 billion consolidated profit before income tax expense** during this period by thoroughly pursuing synergies between alliance partners and companies within the Group for both existing and new businesses(*). New businesses will be developed so that the **total amount of profit before income tax expense for new businesses accounts for around 20% of consolidated profit before income tax expense**

(*) A new business is any business that utilizes innovative technologies, such as those related to crypto assets, blockchain, or other technologies, and any business that has become a part of the Group through M&A since April 2018

- Strive towards not only organic growth in every Group business, but also growth through M&A, etc., thereby consistently maintaining an **ROE of 10% or more**

In FY2021, consolidated profit before income tax expense exceeded ¥400.0 billion as more than ¥200.0 billion was recorded due to the irregular influence of the Shinsei Bank group becoming a consolidated subsidiary of the Company; however, in order to continuously achieve this Medium-Term Corporate Vision, the Company will newly formulate key strategies for each financial and non-financial field with a two-to-three-year timeframe in mind and implement various measures, while also promoting a shift in business models.

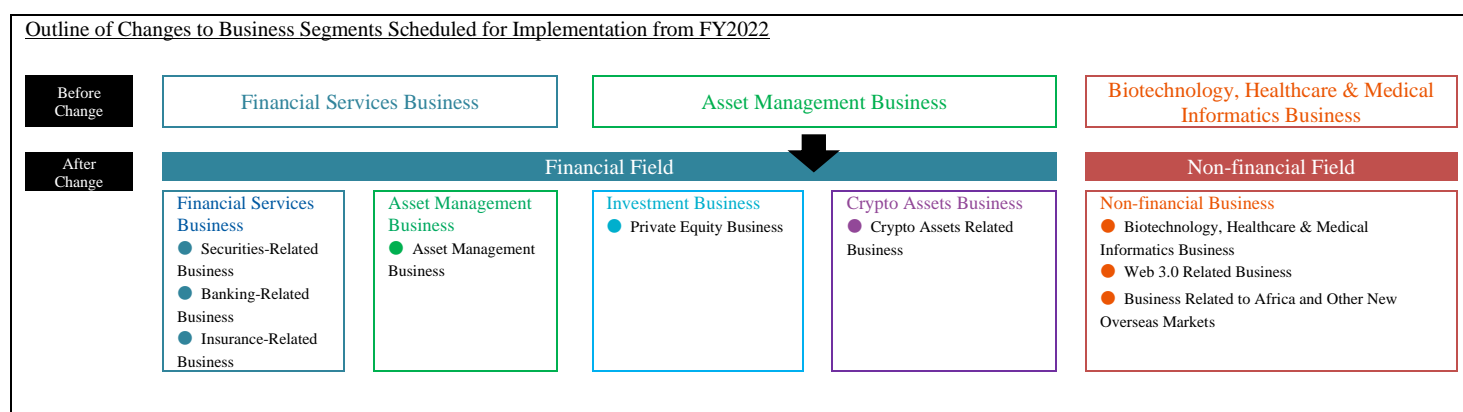
Business outlook for FY 2022

The Group has executed flexible and adaptive management strategies in light of global economic and market conditions, including interest rate trends and geopolitical risks, and is striving to shift

to a business model through which more sustainable and stable growth is expected.

For example, the Company has made efforts to place more emphasis on the debt business in anticipation of a shift in the zero-interest rate policy in Japan in the near future and has endeavored to continuously strengthen earning power by weighting the allocation of management resources to the banking field and the non-banking field, such as by organically integrating management resources of the Shinsei Bank group that complement the Group to exert synergistic effects and by promoting a three-pronged approach—the “triangle strategy,” involving regional financial institutions in the regional revitalization fields. In the securities business, the Company has endeavored to diversify products, services and business fields, as well as revenue sources, by promoting M&A strategies and the like. By further advancing the aforementioned efforts, the Company endeavors to lower the dependence on brokerage commissions for online trading of domestic stocks (the ratio of the revenue therefrom in the operating revenue for FY 2021: 13.2%) and to realize the Neo-securities initiatives that eliminate brokerage commissions for online trading of domestic stocks and the like during the first half of FY2023 at the latest. The Company will also pursue further development and streamlining of systems so that they can deal with the dramatic increase in the number of accounts that is expected as a result of realization of the Neo-securities initiatives. In addition, the Company will further accelerate business deployment overseas in order to create new revenue opportunities by investing in, and lending to, countries exhibiting high growth where interest rates are high, including south-east Asian countries, funds procured at low interest rates in matured markets, including Japan, and conducting arbitrage using differences in the level of economic development.

The Group has had three business segments, but it intends to make a change in its business segments with respect to accounting management from FY2022 because the market environment, including the stock market, has had an enormous impact on certain businesses in each business segment and problems have become apparent, such as issues that have arisen amid anticipation of the future expansion of businesses in non-financial fields, including those related to Web 3.0, and it becoming unclear to which segments those businesses belong. After the change is made, it will become clear which segments are more susceptible and which are less susceptible to the impact of the market environment, enabling the Group to make more agile business judgments, and in addition it will become clear that the Financial Services Business is a segment that generates stable cash flow, which makes it easier to anticipate measures concerning making returns to shareholders, including dividends. It is also expected that the status of more advanced initiatives by the Group, such as Web 3.0 and business deployments in new markets overseas, will be clarified.



Key strategies and measures with a two-to-three-year timeframe in mind

Based on the keyword “beyond finance with finance at the core,” the Group will newly formulate key strategies that are categorized into two perspectives, namely (1) “Must” strategies that must be achieved in both the financial and non-financial fields, and (2) “Want” strategies that the Group will strive to achieve in anticipation of regulations and institutional reforms, and will implement various measures to achieve such strategies.

Finance “Must” Key Strategies

1. Make 10 regional financial institutions capital and business alliance partners, and accomplish efforts aimed at a full-fledged qualitative shift
2. Achieve the target of increasing assets under management for the whole SBI Group to the ¥10 trillion mark or higher

Finance “Want” Key Strategies

3. Lead restructuring of the securities industry and contribute to enhancement of positioning within the industry as well as increased sophistication in the securities market and products and services, backed by dramatic expansion in customer bases as a result of the realization of Neo-securities initiatives
4. Strengthen measures that promote the move “from savings to asset formation” in order to contribute to lowering of the ratio of “cash and deposits” in individual financial assets from 50% to 30%
5. Strive to massively expand business scale through acquisitions and the like in Japan and overseas in the insurance business
6. Integrate non-bank businesses with high capital efficiencies and establish “SBI Non-bank Holdings” in the future
7. Coordinate the SBI Group as a whole to support the strategic special zone in Osaka and the concept of it becoming an international financial center

Non-finance “Must” Key Strategies

8. Promote branding strategy to gain recognition as a pioneer in the age of Digital Space

Non-finance “Want” Key Strategies

9. The SBI Group will deploy various businesses, such as those in the environment and energy fields, that conform to Japanese national strategies in alliance with investee companies and alliance partners that hold advanced technologies and resources
10. Contribute to the creation of systems and infrastructure for the platform business, especially in Web 3.0, which includes the metaverse

In conclusion, 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 understand the management philosophy of the Group and will immediately contribute to the Group irrespective of race, nationality, gender, or the like, 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. From April 2022, the Group has significantly raised its compensation table for initial compensation for

university graduates and compensation for employees up to their third year after joining the company, and in June 2022, the Company introduced a compensation system that reflects the Group's consolidated business performance for all officers and employees. We will also continue to acquire competent personnel who will immediately contribute to the Group through expansion of personnel training that utilizes the SBI Graduate School, and through M&A and the like. We will endeavor to enhance the value of our human resources through these efforts and link these efforts to sustainable growth and development of the Group.

3. Capital Expenditure

The amount of capital expenditure for the consolidated fiscal year ended March 31, 2022 was ¥39,981 million.

This amount mainly resulted from a capital expenditure made in the amount of ¥31,113 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, 2022, the Company issued unsecured bonds (two-year bonds) under the MTN Program in May 2021 and July 2021 in the aggregate principal amount of ¥70,000 million, the 25th unsecured bonds (three-year bonds) and the 26th unsecured bonds (five-year bonds) in July 2021 in the aggregate principal amount of ¥40,000 million for the issue of the 25th unsecured bonds and ¥40,000 million for the issue of the 26th unsecured bonds, and the 27th unsecured bonds (three-year bonds) and the 28th unsecured bonds (five-year bonds) in December 2021 in the aggregate principal amount of ¥70,000 million for the issue of the 27th unsecured bonds and ¥50,000 million for the issue of the 28th unsecured bonds. Further, in June 2021, the Company's subsidiary SBI SECURITIES Co., Ltd. borrowed a total amount of ¥48,000 million through a syndicated loan with a subordination provision in which Sumitomo Mitsui Trust Bank, Limited acts as arranger.

5. TRENDS IN GROUP PROPERTY AND GAINS (LOSSES)

| Classification | 21st consolidated fiscal year | 22nd consolidated fiscal year | 23rd consolidated fiscal year | 24th consolidated fiscal year (consolidated fiscal year ended March 31, 2022) |
|---|---------------------------------|---------------------------------|---------------------------------|---|
| | April 1, 2018 to March 31, 2019 | April 1, 2019 to March 31, 2020 | April 1, 2020 to March 31, 2021 | April 1, 2021 to March 31, 2022 |
| Revenue <i>(millions of yen)</i> | 351,411 | 368,055 | 541,145 | 763,618 |
| Profit before income tax expense <i>(millions of yen)</i> | 83,037 | 65,819 | 140,380 | 412,724 |
| Profit attributable to owners of the Company <i>(millions of yen)</i> | 52,548 | 37,487 | 81,098 | 366,854 |
| Basic earnings per share attributable to owners of the Company <i>(yen)</i> | 231.43 | 163.18 | 339.78 | 1,498.55 |
| Total assets <i>(millions of yen)</i> | 5,034,124 | 5,513,227 | 7,208,572 | 17,838,200 |
| Total equity <i>(millions of yen)</i> | 562,557 | 593,699 | 717,095 | 1,583,258 |
| Equity per share attributable to owners of the Company <i>(yen)</i> | 2,000.82 | 1,955.91 | 2,297.87 | 3,770.84 |

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 (%) (Note 1) |
|--------------------------------|----------------------------------|--|
| 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. | 66.6 (66.6) |
| | 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 |
| | SBI Estate Finance Co., Ltd. | 100.0 (100.0) |
| | Shinsei Bank, Limited | 48.6 (48.6) |
| | Showa Leasing Co., Ltd. | 100.0 (100.0) |
| | APLUS Co., Ltd. | 100.0 (100.0) |
| | Shinsei Financial Co., Ltd. | 100.0 (100.0) |

| Business Segment | Name | Ownership Ratio of Voting Rights (%) (Note 1) |
|--|---------------------------------------|--|
| 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. | 41.5 (41.5) |
| | SBI Asset Management Co., Ltd. | 100.0 (100.0) |
| | SBI Hong Kong Holdings Co., Limited | 100.0 |
| | SBI VEN HOLDINGS PTE. LTD. | 100.0 |
| | SBI SAVINGS BANK | 99.5 (99.5) |
| | SBI Regional Bank Holdings Co., Ltd. | 100.0 |
| Biotechnology, Healthcare & Medical Informatics Business | SBI ALApharma Co., Limited | 97.0 (97.0) |
| | SBI Pharmaceuticals Co., Ltd. | 100.0 (100.0) |
| | SBI ALApromo Co., Ltd. | 100.0 (100.0) |
| | SBI Biotech Co., Ltd. | 95.7 (1.1) |

(Note)

- The numbers in brackets in the “Ownership Ratio of Voting Rights” column represent the indirect ownership ratio included.
- SBI Estate Finance Co., Ltd., which was stated in “Asset Management Business” for the fiscal year ended March 31, 2021, is stated in “Financial Services Business” for the consolidated fiscal year ended March 31, 2022.
- SBI Regional Bank Holdings Co., Ltd. has become an important subsidiary since the consolidated fiscal year ended March 31, 2022.
- The ratio of voting rights held in Shinsei Bank, Limited by the Company and SBI Regional Bank Holdings Co., Ltd., which is a wholly owned subsidiary of the Company, reached 47.8% due to SBI Regional Bank Holdings Co., Ltd. acquiring 56,922,199 shares of common stock in Shinsei Bank, Limited via a tender offer, and since it could be consequently deemed that the Company held a proportion of voting rights sufficient for the purpose of making Shinsei Bank, Limited a consolidated subsidiary of the Company, the Company made Shinsei Bank, Limited a subsidiary as of December 17, 2021. In connection therewith, Shinsei Bank, Limited and Showa Leasing Co., Ltd., APLUS Co., Ltd., and Shinsei Financial Co., Ltd., which are subsidiaries of Shinsei Bank, Limited, have become important subsidiaries since the consolidated fiscal year ended March 31, 2022.

(ii) Matters concerning specified wholly owned subsidiary companies
Not Applicable

7. PRINCIPAL BUSINESS DESCRIPTION OF THE GROUP (as of March 31, 2022)

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 in IT, fintech, blockchain, finance, and biotechnology-related venture companies inside and outside of Japan, a financial services business overseas, and asset management, and the "Biotechnology, Healthcare & Medical Informatics Business," which conducts development and distribution of pharmaceutical products, health foods, and cosmetics and a medical informatics business.

8. PRINCIPAL PLACE OF BUSINESS OF THE GROUP (as of March 31, 2022)

- (1) Japan
Tokyo: The Company and headquarters of the principal subsidiaries in Japan
- (2) Overseas
Hong Kong: SBI Hong Kong Holdings Co., Limited
- Singapore: SBI VEN CAPITAL PTE. LTD.
- Shanghai: SBI (China) Co., Ltd.

9. EMPLOYEES OF THE GROUP (as of March 31, 2022)

| Business Segment | Number of Employees |
|--|----------------------------|
| Financial Services Business | 14,211 |
| Asset Management Business | 2,817 |
| Biotechnology, Healthcare & Medical Informatics Business | 133 |
| Others | 179 |
| Company-wide (Common) | 156 |
| Total | 17,496 |

(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 8,287 from March 31, 2021 mainly due to Shinsei Bank group companies becoming consolidated subsidiaries (representing 93% of the increase in employees) and the increase in employees in the Financial Services Business.

10. PRINCIPAL LENDER (as of March 31, 2022)*(millions of yen)*

| Lender | Loan Balance |
|--|---------------------|
| Mizuho Bank, Ltd. | 157,215 |
| 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, 2022)

- (1) Total Number of Shares Authorized for Issue 341,690,000 shares
- (2) Total Number of Issued Shares 245,220,890 shares
(including 22,486 shares of treasury stock)
- (3) Number of Shareholders 134,576 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) | 42,466,500 | 17.3 |
| Custody Bank of Japan, Ltd. (Trust account) | 14,866,028 | 6.1 |
| NORTHERN TRUST COMPANY (AVFC) ACCOUNT NON-TREATY | 12,881,498 | 5.3 |
| The Bank of New York Mellon 140051 | 10,772,536 | 4.4 |
| The Bank of New York Mellon 140042 | 7,117,095 | 2.9 |
| Yoshitaka Kitao | 4,007,960 | 1.6 |
| State Street Bank West Client Treaty 505234 | 3,923,117 | 1.6 |
| State Street Bank and Trust Company 505223 | 3,576,131 | 1.5 |
| JP Morgan Securities Japan Co., Ltd. | 3,280,615 | 1.3 |
| JP Morgan Chase Bank 385781 | 3,131,186 | 1.3 |

(Note) The percentage of shares held is calculated upon deducting the treasury stock.

(6) Shares Delivered to Officers of the Company as Consideration for Their Services for the Fiscal Year Ended March 31, 2022

| | Number of Shares shares | Number of Persons Receiving Shares |
|---|----------------------------|---------------------------------------|
| Directors (excluding Outside Directors) | 137,800 | 1 |
| Outside Directors | — | — |
| Statutory Auditors | — | — |

(7) Other Important Matters Regarding Shares

The total number of issued shares has increased by 581,500 shares due to exercise of stock acquisition rights and issuance of new shares as restricted stock compensation. The total number of issued shares will increase by 27,000,000 shares due to issuance of new shares through the capital increase by third-party allotment, the payment date for which is July 11, 2022.

2. COMPANY OFFICERS

(1) Directors and Statutory Auditors (as of March 31, 2022)

| Position | Name | Responsibilities and Other Significant Concurrent Offices Held |
|--|------------------|--|
| Representative Director, President & CEO | Yoshitaka Kitao | Representative Director, Chairman and President 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 Japannext Co., Ltd. Representative Director & President of Regional Revitalization Partners Co., Ltd. Director and Chairman of SBI FINANCIAL SERVICES Co., Ltd. Representative Director and President of SBI Capital Management Co., Ltd. Representative Director and Chairman 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 |
| 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. Director of Rheos Capital Works Inc. Director of The Global Ltd. Outside Director of Ascot Corp. Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. Outside Director of ALBERT Inc. |
| Representative Director, Senior Executive Vice President | Takashi Nakagawa | Director of SBI Investment KOREA Co., Ltd. Representative Director and President of SBI Wellness Bank Co., Ltd. |

| Position | Name | Responsibilities and Other Significant Concurrent Offices Held |
|--------------------------------|-----------------|--|
| 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. Representative Director of SBI Regional Bank Holdings Co., Ltd. Director of SBI Business Solutions Co., Ltd. Director of SBI Security Solutions Co., Ltd. Director of SBI Crypto Co., Ltd. Director of Shimane Bank, Ltd. Director of SBI GLOBAL ASSET MANAGEMENT Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of SBI Digital Asset Holdings Co., Ltd. Director of SBINFT Co., Ltd. Director of SBI SAVINGS BANK |
| 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 of SBI Capital Management Co., Ltd. |
| Director | Satoe Kusakabe | Managing Director of SBI SECURITIES Co., Ltd. Director of Japannext Co., Ltd. Director of SBI VC Trade Co., Ltd. |

| Position | Name | Responsibilities and Other Significant Concurrent Offices Held |
|-----------------|-------------------|---|
| 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 |
| Director | Teruhide Sato | 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. Director of XICA Co., Ltd. President of Academy Hills Emeritus Professor at Keio University |
| Director | Yasuhiro Suzuki | Representative Director and President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association Visiting Professor at Joho Keiei Innovation Senmonshoku Daigaku |
| Director | Hiroshi Ito | Advisor of SBI Insurance Group Co., Ltd. Member of the Finance Committee of Tokyo American Club |
| Director | Kanae Takeuchi | Freelance announcer |
| Director | Junichi Fukuda | Commissioned Lecturer at SBI Graduate School Attorney-At-Law and Of Counsel at URYU & ITOGA |
| Director | Hiroyuki Suematsu | Professor at Research Institute for Agricultural and Life Sciences of Tokyo University of Agriculture Outside Director (Audit & Supervisory Committee Member) of TRE HOLDINGS CORPORATION Outside Director (Audit & Supervisory committee member) of Nexyz.Group Corporation |

| Position | Name | Responsibilities and Other Significant Concurrent Offices Held |
|----------------------------|-----------------|--|
| 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 | 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. Outside Statutory Auditor of Shimane Bank, Ltd. Statutory Auditor of SBI Regional Bank Holdings 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, Hiroshi Ito, Kanae Takeuchi, Junichi Fukuda, and Hiroyuki Suematsu 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. Directors who were newly elected and assumed office at the 23rd Ordinary General Meeting of Shareholders held on June 29, 2021 are Junichi Fukuda and Hiroyuki Suematsu.
5. The Company designated Directors Teruhide Sato, Heizo Takenaka, Yasuhiro Suzuki, Hiroshi Ito, Kanae Takeuchi, Junichi Fukuda, and Hiroyuki Suematsu as independent directors under the provisions of the Tokyo Stock Exchange and has notified the Exchange.
6. 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.
7. The Company has executed with an insurance company a directors' and officers' liability insurance contract provided for in Article 430-3(1) of the Companies Act and bears all of the insurance premiums. The officers, accounting advisors, executive officers, and management employees of the Company and subsidiaries of the Company are covered by the insurance. If a claim for damages attributable to an action (or inaction) committed by any of the insured (including directors of the Company) based on his or her status as a director or officer is made, the damages, court costs, and the like that are borne by the insured will be covered.
8. Mr. Katsuya Kawashima, who served as the Representative Director and Senior Executive Vice President of the Company, stepped down from those positions by resignation as of February 7, 2022. Other significant concurrent offices he held as of the time of stepping down from the aforementioned positions are Representative Director and President of SBI Investment Co., Ltd.,

Director of SBI SECURITIES Co., Ltd., Director of SBI SAVINGS BANK, Representative Director and President of SBI Regional Business Investment Co., Ltd., Representative Director and President of Money Tap Co., Ltd., and Advisor of Shinsei Bank, Limited.

9. Mr. Masaki Yoshida, who served as the Director of the Company, stepped down from the position by resignation as of June 24, 2022.

(2) Remuneration of Directors and Statutory Auditors

(i) Policy on Determination of Details of Executive Remuneration, etc.

The Company has established the Management Advisory Committee, the majority of which is composed of Independent Outside Directors, in order to secure fairness and clarity in the processes for determining executive remuneration, etc. The policy on determining the amount and calculation method of executive remuneration, etc. is to be decided by the Board of Directors after receiving feedback from the Management Advisory Committee. The policy on determining the amount and calculation method of remuneration for Directors for the fiscal year ended March 31, 2022 was decided by the Board of Directors after receiving a report and feedback from the Management Advisory Committee.

The amount of remuneration, which is made up of fixed basic remuneration as well as bonuses based on the Company's performance and restricted stock units, for each Director (excluding Outside Directors) is to be decided by the Board of Directors after receiving feedback from the Management Advisory Committee, and is to be within the total remuneration limits approved at the General Meeting of Shareholders. Similarly, the amount of remuneration for each Outside Director, which is made up of fixed basic remuneration and bonuses, is to be decided by the Board of Directors, and is to be within the total remuneration limit approved at the General Meeting of Shareholders. However, when these decisions have been entrusted to the Representative Directors by the Board of Directors, the Representative Directors will determine the above remuneration matters.

The basic remuneration is paid by monthly monetary remuneration and the amount of basic remuneration for each Director will be decided based on the following:

- The maximum amount of employee salary
- Remuneration paid to executives of the same rank in the past
- The Company's business performance outlook
- The prevailing rate of compensation for directors
- The degree of contribution to the Company's business performance
- The circumstances of assumption of office
- Other matters

Bonuses are paid annually in principle, restricted stock units are paid in a timely manner during the term of office of each Director, and the amounts paid to each Director as bonuses and restricted stock units will be decided based on an overall assessment of basic factors, such as their work duties and how they are conducting their work, as well as the business environment, and their overall contribution to the Company. Accordingly, no particular quantitative targets are set.

The ratio of the basic remuneration, bonuses, and restricted stock units will be decided appropriately based on the business environment, level of remuneration in other companies, and other factors so that such remuneration acts as an incentive to enhance corporate value.

Remuneration of Statutory Auditors is made up of only fixed basic remuneration, and the amount of remuneration for each Statutory Auditor is to be decided by consultation with the Statutory Auditors and is to be within the total remuneration limit approved at the General Meeting of Shareholders.

(ii) Total Amount, Etc. of Remuneration for the Fiscal Year ended March 31, 2022

| Classification | Total Amount of Paid Remuneration | Total Amount of Remuneration by Category | | Number of Officers Receiving Remuneration |
|---|-----------------------------------|--|---------------------------|---|
| | | Basic Remuneration | Non-monetary Remuneration | |
| Directors (Outside Directors included) | ¥1,265 million (¥97 million) | ¥875 million (¥97 million) | ¥390 million (—) | 15 officers (7 officers) |
| Statutory Auditors (Outside Statutory Auditors included) | ¥27 million (¥14 million) | ¥27 million (¥14 million) | — (—) | 3 officers (2 officers) |
| Total (Outside Directors and Outside Statutory Auditors included) | ¥1,292 million (¥111 million) | ¥902 million (¥111 million) | ¥389 million (—) | 18 officers (9 officers) |

(Note)

1. The total amount of remuneration for Directors does not include employee remuneration for any director who concurrently serves as an employee.
2. One Statutory Auditor does not receive remuneration.
3. The amount stated in the table above includes remuneration for officers who retired from office during the fiscal year ended March 31, 2022.
4. Non-monetary remuneration is delivered as shares in the Company, and the conditions for allotment are as stated in “(i) Policy on Determination of Details of Executive Remuneration, etc.” The delivery status for the fiscal year ended March 31, 2022 is as stated in “II. COMPANY 1. SHARES (6) Shares Delivered to Officers of the Company as Consideration for Their Services for the Fiscal Year Ended March 31, 2022.”
5. The annual amount of remuneration for Directors resolved at the General Meeting of Shareholders must not exceed ¥1.5 billion (by a resolution at the 2nd Ordinary General Meeting of Shareholders held on November 13, 2000; the number of Directors immediately after the closing of that meeting was eight), and the annual amount of remuneration for Statutory Auditors resolved at the General Meeting of Shareholders must not exceed ¥100 million (by a resolution at the 2nd Ordinary General Meeting of Shareholders held on November 13, 2000; the number of Statutory Auditors immediately after the closing of that meeting was three). In addition to the remuneration above, a compensation system including restricted stock units has been introduced for Directors (excluding Outside Directors), as an incentive to continue to grow corporate value of the Company, and to further share value between that Directors and shareholders. The annual amount of remuneration under the system must not exceed ¥500 million (by a resolution at the 21st Ordinary General Meeting of Shareholders held on June 27, 2019; the number of Directors (excluding Outside Directors) immediately after the closing of that meeting was eight). The number of Directors provided for in the Articles of Incorporation is no more than 22, and the number of Statutory Auditors is no less than three.
6. The Board of Directors entrusted Representative Director, President & CEO Yoshitaka Kitao with the duty to decide the amount of fixed basic remuneration for each Director and rating distributions for bonuses based on the Company’s performance, etc. for each Director excluding Outside Directors. The reason for this entrustment is that the Board of Directors considered

Representative Director, President & CEO Yoshitaka Kitao an appropriate person to evaluate each Director upon taking into account the business performance and other factors of the Company as a whole. The amounts of such remuneration were decided after receiving feedback from the Management Advisory Committee, the majority of which is composed of Independent Outside Directors, and the Board of Directors has determined that the details of such amounts were in line with the policy decided by the Board of Directors.

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

Not Applicable

(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, 2022)

| Position | Name | Significant Concurrent Office |
|-------------------|-------------------|--|
| Director | Teruhide Sato | 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. Director of XICA Co., Ltd. President of Academy Hills Emeritus Professor at Keio University |
| Director | Yasuhiro Suzuki | Representative Director and President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association Visiting Professor at Joho Keiei Innovation Senmonshoku Daigaku |
| Director | Hiroshi Ito | Advisor of SBI Insurance Group Co., Ltd. Member of the Finance Committee of Tokyo American Club |
| Director | Kanae Takeuchi | Freelance television announcer |
| Director | Junichi Fukuda | Commissioned Lecturer at SBI Graduate School Attorney-At-Law and Of Counsel at URYU & ITOGA |
| Director | Hiroyuki Suematsu | Professor at Research Institute for Agricultural and Life Sciences of Tokyo University of Agriculture Outside Director (Audit & Supervisory Committee Member) of TRE HOLDINGS CORPORATION Outside Director (Audit & Supervisory committee member) of Nexyz.Group Corporation |
| Statutory Auditor | Toru Ichikawa | 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. Outside Statutory Auditor of Shimane Bank, Ltd. Statutory Auditor of SBI Regional Bank Holdings Co., Ltd. |
| Statutory Auditor | Yasuo Sekiguchi | Managing Director of Global Partners Consulting, Inc. |

(Note)

1. SBI Insurance Group Co., Ltd., SBI FINANCIAL SERVICES Co., Ltd., SBI Capital Management Co., Ltd., SBI Digital Asset Holdings Co., Ltd., SBI NEO FINANCIAL SERVICES Co., Ltd., and SBI Regional Bank Holdings Co., Ltd. are subsidiaries of the Company.

2. 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, 2022

- 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 | 13 / 13 times | 100% | — | — |
| Director | Heizo Takenaka | 13 / 13 times | 100% | — | — |
| Director | Yasuhiro Suzuki | 13 / 13 times | 100% | — | — |
| Director | Hiroshi Ito | 13 / 13 times | 100% | — | — |
| Director | Kanae Takeuchi | 13 / 13 times | 100% | — | — |
| Director | Junichi Fukuda | 11 / 11 times | 100% | — | — |
| Director | Hiroyuki Suematsu | 11 / 11 times | 100% | — | — |
| Statutory Auditor | Toru Ichikawa | 13 / 13 times | 100% | 15 / 15 times | 100% |
| Statutory Auditor | Yasuo Sekiguchi | 13 / 13 times | 100% | 15 / 15 times | 100% |

- Statements at meetings of the Board of Directors and the Board of Statutory Auditors and outline of duties performed with respect to expected roles as Outside Directors

Outside Directors Teruhide Sato, Heizo Takenaka, Yasuhiro Suzuki, Hiroshi Ito, Kanae Takeuchi, Junichi Fukuda, and Hiroyuki Suematsu have, as Outside Directors, fulfilled roles to ensure the validity and appropriateness of the decision-making of the Board of Directors by asking questions from time to time regarding matters to be reported or resolved, offering opinions as necessary from an external point of view, and giving advice based on previous experiences 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, Hiroshi Ito, Kanae Takeuchi, Junichi Fukuda, and Hiroyuki Suematsu 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 (As of March 31, 2022)

- (1) Delivery of stock acquisition rights as consideration for the execution of duties and held by the Company officers as of March 31, 2022

| Classification | Name of stock acquisition rights (Date of issuance) | Number of stock acquisition rights | Class and number of shares subject to stock acquisition rights | Exercise price (per share) | Exercise period | Number of holders of stock acquisition rights |
|---|--|------------------------------------|--|----------------------------|-------------------------------------|---|
| Directors (excluding Outside Directors) | 2017 Second Series of Stock Acquisition Rights (September 1, 2017) | 100 | Common stock; 10,000 shares | ¥1,563 | July 29, 2019 to September 30, 2024 | 1 |

(Note) The stock acquisition rights held by one Director above were granted before that person assumed office as a Director.

- (2) Delivery of stock acquisition rights to employees as consideration for the execution of duties during the fiscal year ended March 31, 2022
Not Applicable
- (3) Other matters related to stock acquisition rights
Not Applicable

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, 2022

¥615 million

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

¥1,877 million

(Note)

- 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.
- 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, 2021.

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. Four 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, 2022 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 Representative Director and the Board of Directors 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 a 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 the 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 Representative Director and the Board of Directors 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 the risk management department shall prevent the occurrence of risk by consulting with the persons in charge of risk management, as well as by themselves collecting and analyzing information regarding risk for the SBI Group subsidiaries and consulting with those subsidiaries and the like (the "Risk Inspection Council"). The Risk Inspection Council shall support processes for planning, evaluating, and making improvements in issues on risk management for those subsidiaries upon clarifying those issues in order to make regular improvements in those issues, and the results thereof shall be reported to the Board of Directors of the Company.
 - (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."

(Note) Details have been partly revised pursuant to a resolution at the meeting of the Board of Directors held on December 21, 2021, and the system in question above constitutes the system after such revision was made. The revised details are substantially as follows.

- Matters regarding operation of the “Risk Inspection Council” have been added to (vi) of “(5) System to Ensure the Properness of Operations of the Group of Enterprises Consisting of the Company and its Subsidiaries.”

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, 2022 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 two 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. In addition, the Company has by itself collected and analyzed information regarding risk for the SBI Group subsidiaries, consulted with those subsidiaries and the like (the “Risk Inspection Council”), and reported the results thereof to the Board of Directors. 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.

(Note) Details have been partly revised pursuant to a resolution at the meeting of the Board of Directors held on December 21, 2021, and the system in question above constitutes the system after such revision was made. The revised details are substantially as follows.

- Matters regarding operational status of the "Risk Inspection Council" have been added to "(5) System to Ensure the Properness of Operations of the Group of Enterprises Consisting of the Company and its Subsidiaries."

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

| | As at March 31, 2022 |
|---|-------------------------|
| | Millions of Yen |
| Assets | |
| Cash and cash equivalents | 2,499,370 |
| Trade and other accounts receivable | 8,399,588 |
| Assets related to securities business | |
| Cash segregated as deposits | 2,361,620 |
| Margin transaction assets | 929,730 |
| Other assets related to securities business | 615,967 |
| Total assets related to securities business | 3,907,317 |
| Other financial assets | 471,607 |
| Operational investment securities | 607,802 |
| Other investment securities (includes ¥247,299 million pledged as collateral) | 1,076,780 |
| Investments accounted for using the equity method | 129,141 |
| Investment properties | 34,868 |
| Property and equipment | 123,737 |
| Intangible assets | 293,086 |
| Other assets | 277,016 |
| Deferred tax assets | 17,888 |
| Total assets | 17,838,200 |
| Liabilities | |
| Bonds and loans payable | 3,364,860 |
| Trade and other accounts payable | 487,846 |
| Liabilities related to securities business | |
| Margin transaction liabilities | 254,345 |
| Loans payable secured by securities | 599,159 |
| Deposits from customers | 1,375,599 |
| Guarantee deposits received | 997,678 |
| Other liabilities related to securities business | 449,551 |
| Total liabilities related to securities business | 3,676,332 |
| Customer deposits for banking business | 7,673,324 |
| Insurance contract liabilities | 155,216 |
| Income tax payable | 13,351 |
| Other financial liabilities | 538,512 |
| Other liabilities | 287,577 |
| Deferred tax liabilities | 57,924 |
| Total liabilities | 16,254,942 |
| Equity | |
| Capital stock | 99,312 |
| Capital surplus | 151,390 |
| Treasury stock | (62) |
| Other components of equity | 42,865 |
| Retained earnings | 631,098 |
| Equity attributable to owners of the Company | 924,603 |
| Non-controlling interests | 658,655 |
| Total equity | 1,583,258 |

Total liabilities and equity

17,838,200

(2) Consolidated Statement of Income

Fiscal year ended
March 31, 2022

Millions of Yen

Revenue (includes ¥209,419 million of interest income)

763,618

Expense

Financial cost associated with financial income

(33,603)

Provision for credit losses

(99,489)

Operating cost

(221,822)

Selling, general and administrative expenses

(229,834)

Other financial cost

(8,555)

Other expenses

(28,260)

Total expense

(621,563)

Gain on bargain purchase

263,847

Share of the profit of associates and joint ventures accounted for using
the equity method

6,822

Profit before income tax expense

412,724

Income tax expense

(57,000)

Profit for the year

355,724

Profit for the year attributable to

Owners of the Company

366,854

Non-controlling interests

(11,130)

Profit for the year

355,724

(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 | Millions of Yen | Millions of Yen |
| As at April 1, 2021 | 98,711 | 147,753 | (40) | 18,197 | 297,495 | 562,116 | 154,979 | 717,095 |
| Profit for the year | — | — | — | — | 366,854 | 366,854 | (11,130) | 355,724 |
| Other comprehensive income | — | — | — | 23,226 | — | 23,226 | 1,870 | 25,096 |
| Total comprehensive income | — | — | — | 23,226 | 366,854 | 390,080 | (9,260) | 380,820 |
| Issuance of new shares | 601 | 482 | — | — | — | 1,083 | — | 1,083 |
| Change in scope of consolidation | — | — | — | — | — | — | 496,303 | 496,303 |
| Dividends paid | — | — | — | — | (31,809) | (31,809) | (15,001) | (46,810) |
| Treasury shares purchased | — | — | (23) | — | — | (23) | — | (23) |
| Treasury shares sold | — | 0 | 1 | — | — | 1 | — | 1 |
| Share-based payment transactions | — | 682 | — | — | — | 682 | (731) | (49) |
| Changes of interests in subsidiaries without losing control | — | 2,473 | — | — | — | 2,473 | 32,365 | 34,838 |
| Transfer | — | — | — | 1,442 | (1,442) | — | — | — |
| As at March 31, 2022 | 99,312 | 151,390 | (62) | 42,865 | 631,098 | 924,603 | 658,655 | 1,583,258 |

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. Certain disclosure items required under IFRSs were omitted pursuant to the latter part of the same paragraph.

2. Scope of consolidation

Number of consolidated subsidiaries: 493

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: 62

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 an investment in an equity instrument that is held for a purpose other than trading as a financial asset measured at fair value through other comprehensive income. This is an irrevocable election and changes in the fair value of such financial instruments are recognized in other comprehensive income. Dividends from the above-mentioned equity instruments are recognized in profit or loss. At derecognition of equity instruments measured at FVTOCI or when a significant decline in fair value below the initial cost is other than temporary, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified to retained earnings.

(Financial assets measured at FVTPL)

Financial assets, other than those subsequently measured at amortized cost and those measured at fair value through other comprehensive income, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

(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 the 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 the 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.

• Investment properties other than right-of-use assets

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

• Intangible assets other than goodwill and right-of-use assets

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

• 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.

③ Lease

• Lease as lessee

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.

• Lease as lessor

A finance lease receivable is initially recognized at the lease commencement date of the lease at the net investment in the lease, which is the sum of the lease payments received by the lessor and the unguaranteed residual value, discounted using an interest rate implicit in the lease. Income arising from finance leases is recognized by allocating the net investment in the lease over the lease term. Leases other than finance leases are classified as operating leases, and the operating lease income is recognized over the lease term on a straight-line basis.

(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 based on 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 years

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

• Intangible assets other than goodwill

Amortization of intangible assets with finite useful lives is recognized in profit or loss using the straight-line method over the expected useful life, which begins when the assets are available for use.

The estimated useful lives of major classes of intangible assets are as follows:

- Software 5 years
- Customer Relationship 6 - 21 years

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

• Investment properties

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

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

- Buildings 15 - 50 years

Investment property is derecognized at the time of disposal or when the investment property is no longer permanently used and no future economic benefits from the disposal are expected. Any gain or loss arising from derecognition of the investment property, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss at the time of derecognition.

(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. Where the effect of the time value of money is material, provisions are measured at the present value of the expected future cash flow using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(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) Employee benefits

The present value of the defined benefit obligation and benefit cost are determined using the projected unit credit method. Changes in fair value, excluding actuarial gains and losses and interest income on plan assets, are recognized in other comprehensive income and transferred from other components of equity to retained earnings as incurred. The net present value of the defined benefit obligation less the fair value of plan assets is recognized as a liability or asset in the consolidated statement of financial position. If the calculation results in the possibility of the Group having an asset in excess of the funded status, the asset is recognized up to the present value of the future economic benefits available from the return of cash from the plan or the reduction of future contributions to the plan.

(6) 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.

- ③ Financial liabilities designated at FVTPL

An irrevocable election to measure financial liabilities at FVTPL may be made at initial recognition if the contract contains one or more embedded derivatives and the host contract is a hybrid contract where the host contract is a financial liability, or if designation as FVTPL eliminates or significantly reduces an accounting mismatch that would otherwise arise. The amount of the change in the fair value of the financial liability attributable to changes in the credit risk of the liability is recognized in other comprehensive income and the remaining change in the fair value of the liability is recognized in profit or loss.

NOTES TO CHANGE IN PRESENTATION METHODS

In accordance with the enforcement of the "Ministerial Ordinance Partially Amending the Regulation on Corporate Accounting" (Ministry of Justice Ordinance No. 27, March 31, 2020), "3. Classification and fair value of financial instruments," "4. Categorization within the level of the fair value hierarchy," and "5. Assets and liabilities categorized as Level 3" are included in the NOTES TO FINANCIAL INSTRUMENTS from the fiscal year ended March 31, 2022.

In accordance with the enforcement of the "Ministerial Ordinance Partially Amending the Regulation on Corporate Accounting" (Ministry of Justice Ordinance No. 45, August 12, 2020), "NOTES TO REVENUE RECOGNITION" is included from the fiscal year ended March 31, 2022.

NOTES TO ACCOUNTING ESTIMATES

In the preparation of the Group's consolidated financial statements in accordance with IFRSs, management of the Company is required to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the change and subsequent future periods.

The following notes include information on accounting estimates and judgments that have a significant effect on the amounts recognized in the consolidated financial statements.

- Fair value measurements of operational investment securities

The details are described in "SIGNIFICANT ACCOUNTING POLICIES 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" and "NOTES TO FINANCIAL INSTRUMENTS 2. Fair value determination of financial instruments."

The balance of operational investment securities in the consolidated statement of financial position as at March 31, 2022 was 607,802 million yen.

- Fair value measurements and impairment on trade and other accounts receivable

The details are described in "SIGNIFICANT ACCOUNTING POLICIES 4. Summary of accounting policies (1) Valuation standards and methods of significant assets ① Valuation standards and methods of financial assets (b) Impairment of financial assets" and "NOTES TO FINANCIAL INSTRUMENTS 2. Fair value determination of financial instruments."

The balance of trade and other accounts receivable in the consolidated statement of financial position as at March 31, 2022 was 8,399,588 million yen.

- Impairment on intangible assets

The details are described in "SIGNIFICANT ACCOUNTING POLICIES 4. Summary of accounting policies (1) Valuation standards and methods of significant assets ② Valuation standards and methods of non-financial assets • Impairment of non-financial assets."

The balance of intangible assets in the consolidated statement of financial position as at March 31, 2022 was 293,086 million yen.

- Insurance contract liabilities

In the life insurance business, the Group records insurance contract liabilities by estimating the present value of all cash flows generated from insurance contracts using the assumptions at initial recognition.

The prerequisite conditions include discount rates (interest rates), mortality rates, morbidity rates, renewal rates, expense and commission, etc. In the case where increases in mortality rates, morbidity rates, expense and commission are expected, future net income and equity are expected to decrease due to the increase in future cash outflows. In the case where the liability adequacy test reveals that insurance contract liabilities are insufficient for the amount of reserves determined based on the prerequisite conditions at initial recognition, it may be necessary to recognize the effects for the period of increasing insurance contract liabilities at the end of each reporting period.

The balance of insurance contract liabilities in the consolidated statement of financial position as at March 31, 2022 was 155,216 million yen.

- Recoverability of deferred tax assets

A deferred tax asset is recognized for the unused carryforward tax losses, unused tax credits and expected deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused carryforward tax losses, unused tax credits and expected deductible temporary differences can be utilized. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

The balance of deferred tax assets in the consolidated statement of financial position as at March 31, 2022 was 17,888 million yen.

The impact of the new coronavirus infections on the economy and corporate activities still continues, and the future remains highly uncertain. Although the Group has made estimates based on the assumption that the impact on the economy and

corporate activities will continue into the next fiscal year and beyond, there will be no significant impact on the business results of the Group.

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Pledged assets and related liabilities

(1) Pledged assets consisted of the following:

| | |
|--|----------------------------------|
| Cash and cash equivalents | 9,366 Millions of Yen |
| Trade and other accounts receivable | 1,055,714 Millions of Yen |
| Other investment securities | 281,443 Millions of Yen |
| of which: financial instruments pledged as collateral (*1) | 247,299 Millions of Yen |
| Investment properties | 30,123 Millions of Yen |
| Property and equipment | 3,219 Millions of Yen |
| Other assets | 43,366 Millions of Yen |
| Total | 1,423,231 Millions of Yen |

Note:

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

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

| | |
|--|----------------------------------|
| Bonds and loans payable | 856,097 Millions of Yen |
| Customer deposits for banking business | 1,218 Millions of Yen |
| Other financial liabilities | 247,098 Millions of Yen |
| Other liabilities | 13 Millions of Yen |
| Total | 1,104,426 Millions of Yen |

2. Accumulated depreciation and accumulated impairment loss of property and equipment:

48,916 Millions of Yen

NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1. Number and class of issued shares as of March 31, 2022

| | |
|---------------|--------------------|
| Common shares | 245,220,890 shares |
|---------------|--------------------|

2. Dividends

(1) Dividend paid

Dividend approved at the Board of Directors meeting on April 28, 2021

| | |
|--------------------|------------------------|
| • Dividend amount | 24,462 Millions of Yen |
| • Amount per share | 100 Yen |
| • Record date | March 31, 2021 |
| • Effective date | June 9, 2021 |

Dividend approved at the Board of Directors meeting on October 28, 2021

| | |
|--------------------|-----------------------|
| • Dividend amount | 7,346 Millions of Yen |
| • Amount per share | 30 Yen |
| • Record date | September 30, 2021 |
| • Effective date | December 13, 2021 |

(2) Dividend whose record date fell in the year ended March 31, 2022, and whose effective date will be in the year ending March 31, 2023

Dividend approved at the Board of Directors meeting on June 29, 2022

| | |
|--------------------|------------------------|
| • Dividend amount | 29,424 Millions of Yen |
| • Amount per share | 120 Yen |
| • Record date | March 31, 2022 |
| • Effective date | June 30, 2022 |

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, 2022

Common shares related to:

| | |
|-------------------|-------------------|
| Stock options | 1,424,500 shares |
| Convertible bonds | 38,816,665 shares |

NOTES TO FINANCIAL INSTRUMENTS

1. Group policy and risk management system for financial instruments

The Group engages in a wide range of finance related businesses, such as investment business, fund management business, securities business, banking business, loan business and insurance business, to avoid excessive concentration of risk on specific entities or businesses. To operate these businesses, the Group raises funds through indirect financing such as bank borrowings, direct financing such as bond issuance and equity financing, transactions with securities financing companies, and receiving customer deposits for banking business. The Group also considers the market environment and maintains an appropriate strategy for short and long term financing.

The Group conducts trading of derivative instruments including foreign currency forward contracts, interest rate swaps, index futures and margin trading. The Group enters into foreign currency forward contracts and interest rate 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

Carrying amounts approximate the fair values due to their short-term maturities.

Trade and other accounts receivable

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

Assets and liabilities related to securities business

With respect to loans on margin transactions included in margin transaction assets, the carrying amounts approximate the fair values as the interest rates of the loans are floating rates and reflect the market interest rate within a short period. The carrying amounts of assets and liabilities related to the securities business, except for loans on margin transactions, approximate the fair values as those assets and liabilities are settled within a short period.

With respect to trading assets and trading liabilities, the fair values of listed securities and listed derivatives are estimated based on prices quoted on stock exchanges or prices quoted by correspondent financial institutions. The fair value of securities and derivatives with no quoted prices is estimated using valuation techniques such as the discounted present value method and the Black Scholes model, depending on the type of transaction and the period to maturity.

Operational investment securities and Other investment securities

The fair values of listed equity securities are determined based on the quoted market prices in the stock exchange. The fair values of unlisted equity securities, bonds with share options and stock warrants are determined using valuation models appropriate in the circumstances including discounted cash flow analysis, pricing analysis with reference to comparable industry prices, analysis based on revenues, profits, net assets and the recent transaction price between independent third parties. The fair values of bonds are determined using reasonable valuation techniques based on available information such as Reference Statistical Prices and quoted price provided by the financing banks. The fair values of investments in funds are determined at the fair values of partnership net assets based on the Group's percentage share in the contributed capital, if such fair values are available.

Other financial assets and Other financial liabilities

With respect to other financial assets and other financial liabilities, the fair values of derivative instruments are based on the prices quoted on stock exchanges, discounted present value or option valuation models, etc. The carrying amounts of those with short-term maturities are deemed to be fair values as the carrying amounts approximate fair values.

Bonds and loans payable and Trade and other accounts payable

With respect to those with floating interest rates, carrying amounts are deemed to be fair values as the interest rates of the bonds and loans, and trade and other accounts payable reflect the market interest rate within a short period and as the credit condition of 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. For the bonds payable and loans payable with short-term maturities, carrying amounts are deemed to be fair values because the carrying amounts approximate fair values.

Customer deposits for banking business

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

3. Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

| | Carrying Amount | | | | Total | Fair value |
|---------------------------------------|------------------------------------|---------------------------------------|-------------------------------------|---|------------|------------|
| | Financial assets measured at FVTPL | Equity instruments measured at FVTOCI | Debt instruments measured at FVTOCI | Financial assets measured at amortized cost | | |
| | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | | |
| | | | | | | |
| Trade and other accounts receivable | 514,543 | — | — | 7,885,045 | 8,399,588 | 8,406,373 |
| Assets related to securities business | 159,621 | — | — | 3,747,696 | 3,907,317 | 3,907,317 |
| Other financial assets | 203,091 | — | — | 268,516 | 471,607 | 471,637 |
| Operational investment securities | 607,802 | — | — | — | 607,802 | 607,802 |
| Other investment securities | 449,213 | 29,472 | 358,891 | 239,204 | 1,076,780 | 1,076,422 |
| Total | 1,934,270 | 29,472 | 358,891 | 12,140,461 | 14,463,094 | 14,469,551 |

Classification and fair value of financial liabilities were as follows:

| | Carrying Amount | | | Total | Fair value |
|--|---|---|--|------------|------------|
| | Financial liabilities measured at FVTPL | Financial liabilities designated at FVTPL | Financial liabilities measured at amortized cost | | |
| | Millions of Yen | Millions of Yen | Millions of Yen | | |
| | | | | | |
| Bonds and loans payable | — | 53,369 | 3,311,491 | 3,364,860 | 3,361,799 |
| Trade and other accounts payable | 21,277 | — | 466,569 | 487,846 | 487,846 |
| Liabilities related to securities business | 71,523 | — | 3,604,809 | 3,676,332 | 3,676,332 |
| Customer deposits for banking business | — | 263,193 | 7,410,131 | 7,673,324 | 7,670,575 |
| Other financial liabilities | 255,788 | — | 282,724 | 538,512 | 538,512 |
| Total | 348,588 | 316,562 | 15,075,724 | 15,740,874 | 15,735,064 |

4. Categorization within the level of the fair value hierarchy

“IFRS 13 Fair Value Measurement” requires measurement of fair value to be categorized into three levels with reference to the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements.

The fair value hierarchy is defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level of hierarchy used in fair value measurement is determined at the lowest level with relevant significant inputs to the measurement.

A transfer between levels of the hierarchy is recognized at the date when the cause of the transfer or change in circumstances occurs.

The table below presents the assets and liabilities measured at the fair values in the consolidated statement of financial position of the Group.

| | Level 1 | Level 2 | Level 3 | Total |
|---|--------------------|--------------------|--------------------|--------------------|
| | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen |
| Trade and other accounts receivable | — | 17,188 | 497,355 | 514,543 |
| Assets related to securities business | 49,138 | 99,609 | 10,874 | 159,621 |
| Other financial assets | 52 | 192,233 | 10,806 | 203,091 |
| Operational investment securities and other investment securities | | | | |
| Financial assets measured at FVTPL | 142,124 | 66,876 | 848,015 | 1,057,015 |
| Equity instruments measured at FVTOCI | 26,757 | 160 | 2,555 | 29,472 |
| Debt instruments measured at FVTOCI | 128,667 | 156,899 | 73,325 | 358,891 |
| Total | <u>346,738</u> | <u>532,965</u> | <u>1,442,930</u> | <u>2,322,633</u> |
| | | | | |
| Bonds and loans payable | — | — | 53,369 | 53,369 |
| Trade and other accounts payable | — | — | 21,277 | 21,277 |
| Liabilities related to securities business | 33,574 | 34,280 | 3,669 | 71,523 |
| Customer deposits for banking business | — | 124,700 | 138,493 | 263,193 |
| Other financial liabilities | 52 | 239,784 | 15,952 | 255,788 |
| Total | <u>33,626</u> | <u>398,764</u> | <u>232,760</u> | <u>665,150</u> |

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

| | Level 1 | Level 2 | Level 3 | Total |
|---|--------------------|--------------------|--------------------|--------------------|
| | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen |
| Trade and other accounts receivable | — | 4,701,820 | 3,190,010 | 7,891,830 |
| Assets related to securities business | — | 3,747,696 | — | 3,747,696 |
| Other financial assets | — | 252,203 | 16,343 | 268,546 |
| Operational investment securities and other investment securities | 110,614 | 48,360 | 79,872 | 238,846 |
| Total | <u>110,614</u> | <u>8,750,079</u> | <u>3,286,225</u> | <u>12,146,918</u> |
| | | | | |
| Bonds and loans payable | — | 2,175,015 | 1,133,415 | 3,308,430 |
| Trade and other accounts payable | — | 466,569 | — | 466,569 |
| Liabilities related to securities business | — | 3,604,809 | — | 3,604,809 |
| Customer deposits for banking business | — | 6,439,212 | 968,170 | 7,407,382 |
| Other financial liabilities | — | 282,724 | — | 282,724 |
| Total | <u>—</u> | <u>12,968,329</u> | <u>2,101,585</u> | <u>15,069,914</u> |

5. Assets and liabilities categorized as Level 3

Based on the valuation methods and policies as reported to the board of directors, external evaluating agencies and appropriate individuals of the Group measure and analyze the valuation of assets and liabilities categorized as Level 3 of

the fair value hierarchy. The valuation results are reviewed and approved by CFO and General Manager of the Accounting and Financial Division.

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

| | Valuation Technique | Unobservable Input | Range |
|---|-------------------------------------|--|---------------|
| Trade and other accounts receivable | Income approach | Discount rate | 0.7% — 16.9% |
| | | Recovery rate | 0.0% — 100.0% |
| | | Correlation (Interest Rate/Interest Rate) | 29.0% — 85.0% |
| | | Correlation (Foreign Exchange/Interest Rate) | 8.0% — 38.0% |
| Other financial assets | Income approach | Prepayment rates | 13.0% |
| | | Probability of default | 0.7% |
| | | Recovery rate | 30.0% — 74.0% |
| | | Discount rate | 0.9% — 19.3% |
| | | P/E ratio | 16.3 — 45.2 |
| | | EBITDA ratio | 25.0 — 40.0 |
| Operational investment securities and other investment securities | Income approach and market approach | Illiquidity discount | 10.0% — 20.0% |
| | | Prepayment rates | 0.0% — 24.3% |
| | | Probability of default | 0.0% — 2.4% |
| | | Recovery rate | 0.0% — 100.0% |
| Bonds and loans payable | Income approach | Discount rate | 0.0% — 0.3% |
| Trade and other accounts payable | Income approach | Discount rate | 1.0% |
| Customer deposits for banking business | Income approach | Discount rate | 0.0% — 0.3% |
| | | Correlation (Interest Rate/Interest Rate) | 29.0% — 85.0% |
| Other financial liabilities | Income approach | Correlation (Foreign Exchange/Interest Rate) | 8.0% — 38.0% |
| | | Recovery rate | 35.0% — 74.0% |

The fair value of assets and liabilities categorized as Level 3 that is measured at fair value on a recurring basis increases (decreases) when the discount rate decreases (increases), when the recovery rate increases (decreases), depending on the nature of the underlying asset due to changes in the correlation coefficient, when the prepayment rate decreases (increases), when the probability of default decreases (increases), when the P/E ratio increases (decreases), when the EBITDA ratio increases (decreases), or when the illiquidity discount decreases (increases).

With respect to the assets and liabilities categorized as Level 3, no significant impact on the fair values is assumed even if one or more of the unobservable inputs were changed to reasonably possible alternative assumptions.

The movement of assets and liabilities categorized as Level 3 is presented as follows:

| | Assets | | | | | | |
|---|--|--|--|--------------------|--|---|---------------------------|
| | Operational investment securities and other investment securities | | | Total | Trade and other accounts receivable | Assets related to securities business | Other financial assets |
| | Financial assets measured at FVTPL | Equity instruments measured at FVTOCI | Debt instruments measured at FVTOCI | | | | |
| | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen |
| Balance as at April 1, 2021 | 444,115 | 739 | 294 | 445,148 | — | 11,887 | — |
| Acquisitions through business combinations | 246,873 | 1,956 | 72,603 | 321,432 | 473,014 | — | 23,437 |
| Purchase and issuance | 130,195 | 7 | 4,487 | 134,689 | 39,268 | — | — |
| Comprehensive income | | | | | | | |
| Net profit (*1) | 110,421 | — | 4,607 | 115,028 | 4,153 | 1,886 | (11,914) |
| Other comprehensive income | — | (161) | (432) | (593) | — | — | — |
| Dividends | (11,295) | — | — | (11,295) | — | — | — |
| Sale or redemption | (76,048) | — | (8,234) | (84,282) | — | (2,500) | — |
| Settlements | — | — | — | — | (19,080) | 1,309 | (717) |
| Currency translation differences | 9,198 | 14 | — | 9,212 | — | — | — |
| Others (*2) | 126 | — | — | 126 | — | — | — |
| Transferred from Level 3 (*3) | (5,570) | — | — | (5,570) | — | (1,708) | — |
| Balance as at March 31, 2022 | 848,015 | 2,555 | 73,325 | 923,895 | 497,355 | 10,874 | 10,806 |

| | Liabilities | | | | |
|---|----------------------------|--|---|---|--------------------------------|
| | Bonds and loans payable | Trade and other accounts payable | Liabilities related to securities business | Customer deposits for banking business | Other financial liabilities |
| | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen |
| Balance as at April 1, 2021 | — | 20,696 | 1,861 | — | — |
| Acquisitions through business combinations | 54,922 | — | — | 142,719 | 10,022 |
| Purchase and issuance | — | 1,785 | — | 500 | — |
| Comprehensive income | | | | | |
| Net profit (*1) | (1,558) | 128 | 1,476 | (4,791) | 5,956 |
| Other comprehensive income | 5 | — | — | 65 | — |
| Settlements | — | (1,646) | 332 | — | (26) |
| Currency translation differences | — | 314 | — | — | — |
| Balance as at March 31, 2022 | 53,369 | 21,277 | 3,669 | 138,493 | 15,952 |

Note:

(*1) Gains and losses recognized as profit (loss) for the period are included in “Revenue” in the consolidated statement of income. Gains and losses recognized from assets measured at FVTPL held as at March 31, 2022 were ¥74,209 million of gains.

(*2) Transfer due to a change in the scope of consolidation.

(*3) Transfer due to significant input used to measure the fair value becoming observable.

NOTES TO RENTAL PROPERTIES, ETC.

1. Status of rental properties, etc.

Certain consolidated subsidiaries have buildings, etc. (including land) for rent in Tokyo and other areas.

2. Fair value of rental properties, etc.

| Amount recorded in the consolidated statement of financial position | Fair value |
|--|------------------------|
| 34,868 Millions of Yen | 38,000 Millions of Yen |

Note:

(*1) The amount recorded in the consolidated statement of financial position is the acquisition cost less accumulated depreciation.

(*2) The fair value as at the end of the reporting period is based on a valuation conducted by independent valuation appraisers with appropriate qualifications, who have had recent experience in local practice for relative categories of assets.

NOTES TO PER SHARE INFORMATION

| | |
|--|--------------|
| Equity per share attributable to owners of the Company | 3,770.84 Yen |
| Basic earnings per share attributable to owners of the Company | 1,498.55 Yen |

NOTES TO REVENUE RECOGNITION

Revenue consisted of the following:

Fiscal Year ended
March 31, 2022

| | Millions of Yen |
|--|-----------------|
| Revenue | |
| Financial income | |
| Interest income | |
| Income arising from financial assets measured at amortized cost (*1)i | 208,079 |
| Income arising from debt instruments measured at FVTOCI (*2) | 1,340 |
| Income arising from financial assets measured at FVTPL | 173,744 |
| Income arising from financial liabilities designated at FVTPL | 5,475 |
| Others | 8,331 |
| Total financial income | 396,969 |
| Revenue arising on insurance contracts | 112,630 |
| Revenue from contracts with customers | |
| Revenue from rendering of services | 130,403 |
| Revenue from sales of goods | 37,939 |
| Others | 85,677 |
| Total revenue | 763,618 |

Note:

(*1) The amount mainly consists of interest income arising from loans in the banking and securities businesses and from bonds held in the banking business.

(*2) The amount mainly consists of interest income arising from bonds in the banking and insurance businesses.

1. Disaggregation of revenue

Revenue from contracts with customers consisted of the following: 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. Revenue from sales of goods 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.

| | Financial Services Business | Asset Management Business | Biotechnology, Healthcare and Medical Informatics Business | Total | Others | Elimination or Corporate | Consolidated Total |
|--|-----------------------------------|---------------------------------|--|--------------------|--------------------|-----------------------------|-----------------------|
| | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen |
| Revenue from contracts with customers | | | | | | | |
| Revenue from rendering of services | 114,400 | 15,679 | 783 | 130,862 | 2,683 | (3,142) | 130,403 |
| Revenue from sales of goods | 1,076 | 26,835 | 6,782 | 34,693 | 3,621 | (375) | 37,939 |
| Total | 115,476 | 42,514 | 7,565 | 165,555 | 6,304 | (3,517) | 168,342 |

2. Contract balance

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

| | Balance as at April 1, 2021 | Balance as at March 31, 2022 |
|--|-----------------------------|------------------------------|
| | Millions of Yen | Millions of Yen |
| Trade receivables from contract with customers | 8,770 | 10,385 |
| Contract liabilities | 16,543 | 5,876 |

Contract liabilities consist primarily of advances received from construction contracts and the balance of point programs offered by the Group for which the performance obligation has not been satisfied as of the end of the period.

Of the revenue recognized during the year ended March 31, 2022, ¥1,353 million was included in the balance of contract liabilities as at April 1, 2021.

The decrease in contract liabilities from the beginning of the current period to the end of the current period mainly resulted from the cancellation of construction contracts.

NOTES TO BUSINESS COMBINATIONS

The Group conducted a Tender Offer for the shares of Shinsei Bank, Limited (the “Target Company”) to establish and reinforce a business alliance relationship between the Group and the Target Company.

Based on the results of the Tender Offer, the Target Company became a consolidated subsidiary of the Company as of December 17, 2021 (the commencement date of settlement for the Tender Offer).

The consideration paid, the fair value of the assets and liabilities acquired, and gain on bargain purchase at the acquisition date for the above business combination are as follows.

With respect to the above business combination, the initial accounting for the acquired identifiable assets, liabilities assumed, non-controlling interests and gain on bargain purchase has not been completed, and the measurement has been made on a provisional basis based on currently available information, since it takes time to organize and analyze information mainly on loans, unlisted stocks, and customer deposits for banking business.

| | Acquisition date December 17, 2021 Millions of Yen |
|---|--|
| Fair value of consideration paid | 113,844 |
| Fair value of interests previously held | 85,391 |
| Total | 199,235 |
| Cash and cash equivalents | 1,853,202 |
| Trade and other accounts receivable | 6,737,569 |
| Other financial assets | 360,160 |
| Other investment securities | 1,087,389 |
| Investments accounted for using the equity method | 8,862 |
| Property and equipment | 85,914 |
| Intangible assets | 49,653 |
| Other assets | 55,269 |
| Deferred tax assets | 22,483 |
| Total assets | 10,260,501 |
| Bonds and loans payable | 1,807,967 |
| Trade and other accounts payable | 274,184 |
| Customer deposits for banking business | 6,402,181 |
| Income tax payable | 4,825 |
| Other financial liabilities | 698,238 |
| Other liabilities | 84,546 |

| | |
|---------------------------|-----------|
| Deferred tax liabilities | 15,655 |
| Total liabilities | 9,287,596 |
| Equity | 972,905 |
| Non-controlling interests | (509,916) |
| Gain on bargain purchase | (263,754) |
| Total | 199,235 |

The consideration paid in this business combination was cash. Trade and other accounts receivable primarily includes loans receivable (fair value of 5,608,309 million yen and contractual amounts receivable of 5,645,462 million yen) and lease receivables (fair value of 166,011 million yen and contractual amounts receivable of 166,011 million yen). The best estimate of contractual cash flows expected to be uncollectible as of the acquisition date is 112,553 million yen.

A gain of 23,292 million yen was recorded in "Revenue" in the consolidated statement of income as a result of the remeasurement of previously held interests at fair value in connection with the business combination.

Non-controlling interests are measured by multiplying the identifiable net assets by the non-controlling interest percentage.

The gain on bargain purchase occurred mainly due to the fact that the market capitalization of the stock was lower than the net asset value on the acquisition date.

In addition, acquisition-related expenses of 1,062 million yen related to the business combination were recorded in "Selling, general and administrative expenses."

The net loss recognized in the consolidated statement of income for the period from the acquisition date to the end of the current period for Shinsei Bank, Limited was 56,421 million yen. This was mainly due to the recognition of expected credit losses on loans receivable.

NOTES TO SIGNIFICANT SUBSEQUENT EVENT

At the meeting of the board of directors of the Company on June 23, 2022, it was resolved to execute the Basic Agreement on Comprehensive Capital and Business Alliance with Sumitomo Mitsui Financial Group, Inc. ("SMFG"), Sumitomo Mitsui Banking Corporation ("Sumitomo Mitsui Banking"), Sumitomo Mitsui Card Company, Limited ("Sumitomo Mitsui Card"), and SBI SECURITIES Co., Ltd. ("SBI Securities") (the "2022 Basic Agreement"), and it was also resolved to execute share subscription agreement for the issuance of new shares by third-party allotment to SMFG as the planned allottee (the "Third-Party Allotment"), and concluded the 2022 Basic Agreement and share subscription agreement on the same date.

1. Details of the business alliance

The Company and SMFG will form a business alliance for digital financial services for individuals based on the 2022 Basic Agreement. The main details can be found in (1) through (3) below.

- (1) SBI Securities to become main entity providing online securities-related services for SMBC Group digital channels
- (2) Positioning of Sumitomo Mitsui Card as a preferred partner in the Group's settlement and card business
- (3) Recognition of V Points within the Group

(Note) V Points are common points managed and operated by Sumitomo Mitsui Card. It is a convenient points program in which points are accumulated by using Sumitomo Mitsui Card cards, and transactions, etc. with Sumitomo Mitsui Banking, and one point can be used as one yen at Visa merchants all around the world.

2. Details of capital alliance

The Company will allot 27,000,000 shares of common stock of the Company (11.01% of the total issued shares of the Company (figures are rounded to two decimal places)) to SMFG through the Third-Party Allotment.

A summary of the third-party allotment is as follows.

| | | |
|-----|--|------------------------------------|
| (1) | Payment date | July 11, 2022 (planned) |
| (2) | Number of new shares to be issued | 27,000,000 shares of common stock |
| (3) | Issue price | 2,950 yen per share |
| (4) | Amount of funds to be raised | 79,650,000,000 yen |
| (5) | Amount incorporated into capital | 1,475 yen per share |
| (6) | Total amount incorporated into capital | 39,825,000,000 yen |
| (7) | Method of offering or allotment | By means of third-party allotment. |
| (8) | Allottee | SMFG 27,000,000 shares |
| (9) | Specific use of funds to be raised | Repayment of bonds and borrowings |

(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, 2022 |
|--|-------------------------|
| | Millions of Yen |
| Assets | |
| Current assets | |
| Cash and deposits | 74,459 |
| Accounts receivable-trade | 1,216 |
| Operational investment securities | 72,032 |
| Supplies | 66 |
| Prepaid expenses | 921 |
| Operational loans receivable | 7,766 |
| Short-term loans receivable | 210,067 |
| Others | 11,671 |
| Allowance for doubtful accounts | (31,018) |
| Total current assets | 347,180 |
| Non-current assets | |
| Property and equipment | |
| Buildings | 460 |
| Structures | 8 |
| Vehicles | 11 |
| Tools and fixtures | 148 |
| Total property and equipment | 627 |
| Intangible assets | |
| Patents | 363 |
| Trademark | 1 |
| Software | 2,130 |
| Telephone rights | 5 |
| Total intangible assets | 2,499 |
| Investments and other assets | |
| Investment securities | 632 |
| Stocks of subsidiaries and associates | 900,962 |
| Investments in other securities of subsidiaries and associates | 17,762 |
| Bonds of subsidiaries and associates | 1,900 |
| Lease and guarantee deposits | 2,538 |
| Others | 4,165 |
| Allowance for doubtful accounts | (612) |
| Total investments and other assets | 927,347 |
| Total non-current assets | 930,473 |
| Deferred charges | |
| Bond issuance costs | 1,101 |
| Total deferred charges | 1,101 |
| Total assets | 1,278,754 |

| | As at March 31, 2022 |
|--|-------------------------|
| | Millions of Yen |
| Liabilities | |
| Current liabilities | |
| Short-term loans payable | 113,200 |
| Current portion of bonds payable | 110,000 |
| Current portion of long-term loans payable | 50,523 |
| Accounts payable | 5,452 |
| Accrued expenses | 1,874 |
| Accrued income tax | 41 |
| Deposits received | 48 |
| Provision for bonuses | 258 |
| Provision for bonuses for directors | 606 |
| Total current liabilities | 282,002 |
| Non-current liabilities | |
| Bonds payable | 535,751 |
| Long-term loans payable | 56,500 |
| Deferred tax liabilities | 9,778 |
| Asset retirement obligation | 145 |
| Long-term deposits received | 7,340 |
| Total non-current liabilities | 609,514 |
| Total liabilities | 891,516 |

| | As at March 31, 2022 |
|---|-------------------------|
| | Millions of Yen |
| Net assets | |
| Shareholders' equity | |
| Capital stock | 99,312 |
| Capital surplus | |
| Legal capital surplus | 144,424 |
| Other capital surplus | 97,017 |
| Total capital surplus | 241,441 |
| Retained earnings | |
| Other retained earnings | |
| Retained earnings brought forward | 37,478 |
| Total retained earnings | 37,478 |
| Treasury stock | (62) |
| Total shareholders' equity | 378,169 |
| Valuation and translation adjustments | |
| Unrealized gains on available-for-sale securities | 7,128 |
| Total valuation and translation adjustments | 7,128 |
| Stock acquisition rights | 1,941 |
| Total net assets | 387,238 |
| Total liabilities and net assets | 1,278,754 |

(2) Statement of Income

| | Fiscal Year ended March 31, 2022 |
|---|-------------------------------------|
| | Millions of Yen |
| Net sales | 77,081 |
| Cost of sales | 16,911 |
| Gross profit | 60,170 |
| Selling, general and administrative expenses | 9,944 |
| Operating income | 50,226 |
| Non-operating income | |
| Interest income | 2,774 |
| Others | 379 |
| Total non-operating income | 3,153 |
| Non-operating expense | |
| Interest expense | 4,176 |
| Amortization of bond issuance costs | 478 |
| Foreign exchange losses | 480 |
| Provision of allowance for doubtful accounts | 1,696 |
| Commission fee | 1,668 |
| Others | 10 |
| Total non-operating expense | 8,508 |
| Ordinary income | 44,871 |
| Extraordinary income | |
| Gain on sales of stocks of subsidiaries and associates | 27,642 |
| Reversal of provision for loss on business of subsidiaries and associates | 13,604 |
| Others | 166 |
| Total extraordinary income | 41,412 |
| Extraordinary expense | |
| Loss on valuation of stocks of subsidiaries and associates | 21,449 |
| Bad debt losses | 4,299 |
| Provision of allowance for doubtful accounts | 17,405 |
| Others | 1,611 |
| Total extraordinary expense | 44,764 |
| Income before income taxes | 41,519 |
| Income taxes-current | (1,628) |
| Income taxes-deferred | 6,453 |
| Total income taxes | 4,825 |
| Net income | 36,694 |

(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 | | |
| | | | | | | | | |
| | | | | | | | | |
| Million s of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Millions of Yen | Million s of Yen | |
| As at April 1, 2021 | 98,711 | 143,823 | 97,017 | 240,840 | 32,593 | 32,593 | (40) | 372,104 |
| Issuance of new shares | 601 | 601 | — | 601 | — | — | — | 1,202 |
| Dividends paid | — | — | — | — | (31,809) | (31,809) | — | (31,809) |
| Net income | — | — | — | — | 36,694 | 36,694 | — | 36,694 |
| Treasury shares purchased | — | — | — | — | — | — | (23) | (23) |
| Treasury shares sold | — | — | 0 | 0 | — | — | 1 | 1 |
| Net changes other than shareholders' equity | — | — | — | — | — | — | — | — |
| Total changes during the year | 601 | 601 | 0 | 601 | 4,885 | 4,885 | (22) | 6,065 |
| As at March 31, 2022 | 99,312 | 144,424 | 97,017 | 241,441 | 37,478 | 37,478 | (62) | 378,169 |

| | 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 April 1, 2021 | 19,003 | 19,003 | 1,378 | 392,485 |
| Issuance of new shares | — | — | — | 1,202 |
| Dividends paid | — | — | — | (31,809) |
| Net income | — | — | — | 36,694 |
| Treasury shares purchased | — | — | — | (23) |
| Treasury shares sold | — | — | — | 1 |
| Net changes other than shareholders' equity | (11,875) | (11,875) | 563 | (11,312) |
| Total changes during the year | (11,875) | (11,875) | 563 | (5,247) |
| As at March 31, 2022 | 7,128 | 7,128 | 1,941 | 387,238 |

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)

- Securities other than stocks with no market prices, etc.

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.

- Stocks with no market prices, etc.

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

(1) 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.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, the Company records the estimated amount of bonus payments deemed to have been incurred in the current fiscal year.

(3) Provision for bonuses for directors

To prepare for the payment of bonuses to directors, an allowance is provided based on the estimated amount to be paid in the current fiscal year.

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, and revenue from contracts with customers, etc. 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.

(4) Revenue from contracts with customers

The Company 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

The Company earns commission income mainly from businesses that provide various services, such as financial services, on the websites it operates. The Company recognizes this revenue at the time the information on the products of the service providers is posted on the website and the performance obligation is fulfilled when a visitor to the website makes a request for a quote.

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

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

Effective from the next fiscal year, the Company will transition from the consolidated taxation system to the group tax sharing system. However, 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).

Effective from the beginning of the next fiscal year, the Company plans to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021), which provides for accounting treatment and disclosure of corporate and local income taxes and tax effect accounting in the case where a group tax sharing system is applied.

NOTES TO CHANGES IN ACCOUNTING POLICIES

1. Adoption of Accounting Standard for Revenue Recognition

Effective from the beginning of the current fiscal year, the Company has adopted the “Accounting Standard for Revenue Recognition,” (ASBJ Statement No. 29, March 31, 2020) and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services has been transferred to the customer.

This change has no impact on the financial statements.

2. Adoption of Accounting Standard for Fair Value Measurement

The “Accounting Standard for Fair Value Measurement,” (ASBJ Statement No. 30, July 4, 2019) is applied from the beginning of the current fiscal year, and the new accounting policy stipulated by the "Accounting Standard for Fair Value Measurement" is applied prospectively in accordance with the transitional treatment stipulated in Paragraph 19 of the "Accounting Standard for Fair Value Measurement" and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

This change has no impact on the financial statements.

NOTES TO REVENUE RECOGNITION

Information that provides a basis for understanding revenue from contracts with customers is described in “SIGNIFICANT ACCOUNTING POLICIES 4. Recognition of revenue and expenses”.

NOTES TO ACCOUNTING ESTIMATES

Valuation of shares of subsidiaries without market price

The Company, as a holding company, holds a large number of shares of subsidiaries, and recorded 900,962 million yen in stocks of subsidiaries and associates, which includes 821,958 million yen in shares of subsidiaries without market price. Losses on valuation of shares of subsidiaries without market price are recognized when the net asset value at the end of the fiscal year has declined by 50% or more compared to the acquisition cost. The net asset value is calculated based on the financial figures and business plans of each company. The loss on valuation of stocks of subsidiaries and affiliates of 21,449 million yen includes 11,198 million yen of loss on valuation of stocks of subsidiaries without market prices for the year ended March 31, 2022.

Assumptions regarding the impact of the spread of the new coronavirus infection, such as when business plans are used to calculate the net asset value, are estimated based on the details described in the "NOTES TO ACCOUNTING ESTIMATES" in the “NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.”

NOTES TO BALANCE SHEET

1. Accumulated depreciation:

| | |
|------------------------|-------------------------|
| | As at March 31, 2022 |
| | <hr/> |
| | Millions of Yen |
| Property and equipment | 1,549 |

2. Contingent Liabilities:

| | |
|---|------------------------|
| (1) Guarantees for bonds and loans payable of subsidiaries and associates | 18,190 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, there was no obligation balance outstanding.

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, the obligation balance outstanding was 512 million yen.

3. Assets and liabilities of subsidiaries and associates:

| | As at March 31, 2022 |
|----------------------------|-------------------------|
| | Millions of Yen |
| (1) Short-term receivables | 214,619 |
| (2) Long-term receivables | 3,101 |
| (3) Short-term payables | 5,334 |
| (4) Long-term payables | 9,837 |

NOTES TO STATEMENT OF INCOME

Transactions with subsidiaries and associates:

| | Fiscal Year ended March 31, 2022 |
|--------------------|-------------------------------------|
| | Millions of Yen |
| Net sales | 40,913 |
| Purchases | 1,288 |
| Other transactions | 101,385 |

NOTES TO STATEMENT OF CHANGES IN NET ASSETS

Class and number of treasury stock

| | As at March 31, 2022 |
|---------------|-------------------------|
| | Shares |
| Common shares | 22,486 |

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 and allowance for doubtful accounts.

Deferred tax liabilities are mainly due to deferred gains (losses) on transfer 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 | Finance (*2) | 34,015 | Short-term loans receivable | 10,881 |
| | | | | Borrowing (*2) | 25,000 | Short-term loans payable | — |
| | | | | Dividend in kind | 22,500 | — | — |
| | | | | Sale of stocks of subsidiaries and associates (*3) | 12,678 | — | — |
| | | | | Proceeds from sale Loss on sale | 1,500 | — | — |
| Subsidiary | SBI SECURITIES Co., Ltd. | 100 (100) | Interlocking directors | Borrowing (*2) | 70,000 | Short-term loans payable | — |
| Subsidiary | SBI Capital Management Co., Ltd. | 100 | Interlocking directors | Finance (*2) | 17,007 | Short-term loans receivable | 4,367 |
| | | | | Underwriting of capital increase | 25,000 | Stocks of subsidiaries and associates | 73,148 |
| | | | | Borrowing (*2) | 16,000 | Short-term loans payable | — |
| | | | | Dividend in kind | 10,500 | — | — |
| Subsidiary | SBI Regional Bank Holdings Co., Ltd. | 100 | Interlocking directors | Finance (*2) | 85,210 | Short-term loans receivable | 85,210 |
| | | | | Underwriting of capital increase | 120,400 | Stocks of subsidiaries and associates | 128,702 |
| | | | | Sale of stocks of subsidiaries and associates (*4) | 90,860 | — | — |
| | | | | Proceeds from sale Gain on sale | 27,431 | — | — |
| Subsidiary | SBI Ventures Two Co., Ltd. | 100 (100) | Interlocking directors | Finance (*2) | 36,550 | Short-term loans receivable | 14,400 |
| Subsidiary | SBI ALApharma Co., Limited | 97 (97) | Interlocking directors | Finance (*2) | 48,743 | Short-term loans receivable | 15,941 |
| Subsidiary | SBI Crypto Co., Ltd. | 100 | Interlocking directors | Finance (*2) | 19,030 | Short-term loans receivable | 7,940 |
| Subsidiary | SBI Mining Chip Co., Ltd. | 100 (4) | Interlocking directors | Finance (*2) | 15,088 | Short-term loans receivable | 7,417 |
| Subsidiary | SBI ENERGY Co., Ltd. | 100 | — | Finance (*2) | 35,411 | Short-term loans receivable | 12,821 |
| Subsidiary | SBI LA Co., Ltd. | 100 | — | Finance (*2) | 14,753 | Short-term loans receivable | 6,244 |
| Subsidiary | Quark Pharmaceuticals, Inc. (*5) | — | — | Finance (*2) | 18,515 | Short-term loans receivable | — |
| | | | | Debt waiver (*6) | 17,642 | — | — |

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) The sales price of stocks of subsidiaries and associates was determined based on stock price calculation by the third party independent from the Company.

(*4) The sales price of stocks of subsidiaries and associates was determined based on market price at the time of transaction.

(*5) An allowance for doubtful accounts of 11,064 million yen was provided for short-term loans receivable to SBI

ENERGY Co., Ltd. In addition, a provision of allowance for doubtful accounts of 9,164 million yen was recorded for the current fiscal year.

(*6) An allowance for doubtful accounts of 5,814 million yen was provided for short-term loans receivable to SBI LA Co., Ltd. In addition, a provision of allowance for doubtful accounts of 5,214 million yen was recorded for the current fiscal year.

(*7) Quark Pharmaceuticals, Inc. is no longer a subsidiary due to the transfer of all shares as of February 10, 2022. Therefore, the transaction amount shows the amount for the period during which it was a related party.

(*8) This is a debt waiver made at the time of the transfer of all shares. As a result, the allowance for doubtful accounts was reversed and the difference from the amount of the debt waiver was recorded as an extraordinary loss.

NOTES TO PER SHARE INFORMATION

| | Fiscal Year ended March 31, 2022 |
|------------------------------|-------------------------------------|
| | Yen |
| Net assets per share | 1,571.37 |
| Net income per share | 149.89 |
| Diluted net income per share | 127.18 |

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

NOTES TO SIGNIFICANT SUBSEQUENT EVENT

Notes are omitted because the same information is presented in the "NOTES TO SIGNIFICANT SUBSEQUENT EVENT" in the "NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS."

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 27, 2022

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Kunikazu Awashima

Designated Engagement Partner,
Certified Public Accountant:

Shigehiko Matsumoto

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, 2022, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2021 to March 31, 2022, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

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.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit 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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit 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 judgment. 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 in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit 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

June 27, 2022

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

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Kunikazu Awashima

Designated Engagement Partner,
Certified Public Accountant:

Shigehiko Matsumoto

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, 2022, and the nonconsolidated statement of income and nonconsolidated statement of changes in net assets for the 24th fiscal year from April 1, 2021 to March 31, 2022, 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, 2022, 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.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 judgment. 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 24th fiscal year (from April 1, 2021 to March 31, 2022), 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. With respect to Key Audit Matters, each Statutory Auditor consulted with Deloitte Touche Tohmatsu LLC and received reports regarding the status of performance of their audits, 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.

June 28, 2022

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-

Access to the Meeting Room of the Adjourned Meeting for the 24th Ordinary General Meeting of Shareholders

Location **Conference Room of the Company, 22nd Floor, Izumi Garden Tower**
1-6-1, Roppongi, Minato-ku, Tokyo

Access **Direct access from Roppongi-itchome Station, Namboku Line**
There is an entrance on the right once you exit the Central Gate.



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

| Japanese | English |
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| Map | |
| アメリカ大使館 | Embassy of U.S.A. |
| ホテルオークラ東京 | Hotel Okura Tokyo |
| ホテルオークラ別館 | Hotel Okura Tokyo South Wing |
| 城山トラストタワー | Shiroyama Trust Tower |
| スペイン大使館 | Embassy of Spain |

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|---------------------|---|
| スウェーデン大使館 | Embassy of Sweden |
| 六本木ファーストビル | Roppongi First Building |
| ANAインターコンチネンタルホテル東京 | ANA InterContinental Tokyo |
| サントリーホール | Suntory Hall |
| アーク森ビル | Ark Mori Building |
| 南北線 | Namboku Line |
| 溜池山王駅方面 | Toward Tameike-Sanno Station |
| 首都高速3号渋谷線 | Metropolitan Expressway, Route 3 (Shibuya Line) |
| 六本木一丁目駅 | Roppongi-itchome Station |
| 中央改札 | Central Gate |
| 泉ガーデンタワー | Izumi Garden Tower |
| 麻布十番駅方面 | Toward Azabu-juban Station |
| 首都高速都心環状線 | Metropolitan Expressway, Inner Circular Route |

SBI Holdings, Inc

Homepage <https://www.sbigroup.co.jp/>

End of translation