

Notice Regarding Capital and Business Alliance with CHANGE Inc.

SBI Holdings, Inc. (hereinafter the “Company”) hereby announces that, on March 4, 2022, the Company concluded a capital and business alliance agreement with CHANGE Inc. (Head Office: Minato-ku, Tokyo; Representative Director & President: Hiroshi Fukudome; hereinafter "CHANGE"). Details are as follows.

1. Purpose of the capital and business alliance

CHANGE is developing businesses designed to help improve business productivity through the utilization of new IT technologies such as AI (Artificial Intelligence) and the development of digital human resources. In recent years, CHANGE and its subsidiary TRUSTBANK, Inc. have identified “regional revitalization combined with DX” as their core business domain and have been providing various IT services and energy management services through the "Furusato Choice" business, which has a network of more than 1,600 local governments. Going forward, CHANGE plans to achieve business expansion with an emphasis on the enhancement of services not only for local governments but also for local businesses and on job creation in the regional areas.

The SBI Group has previously expanded alliances with regional financial institutions across Japan and implemented initiatives with the goal of strengthening the profitability of regional financial institutions and thus improving their corporate value, in an effort to contribute to regional revitalization. Furthermore, going forward, as the next step towards realization of regional revitalization, the Group will strive to deepen its alliances not only with regional financial institutions but also with local governments and local businesses and to be directly involved in re-energizing regional economies in line with the SDGs. The Group decided to conclude this latest capital and business alliance with CHANGE because it expects this alliance to generate enormous synergies for the implementation of such initiatives.

2. Details of the business alliance

(1) The SBI Group will implement plans and proposals in collaboration with CHANGE to solve issues faced by local governments and local businesses by leveraging the capabilities of the Group's investees and others in areas such as disaster management and waste treatment projects. As part of this alliance, the Group plans to appoint Mr. Hiroshi Fukudome, who is the Representative Director and President of CHANGE, as Representative Director & President of SBI Regional Revitalization Services Co. Ltd., which is a consolidated subsidiary of the Company.

(2) SBI Energy Co., Ltd., which is a consolidated subsidiary of the Company, and CHANGE will promote carbon neutrality and smart cities among local governments and local businesses through the joint expansion of the renewable energy business.

(3) The Group plans to invest in small and mid-sized system integrators which have aging executives and are faced with the problem of business succession through the SBI Business Succession Fund operated by SBI Regional Business Succession Investment Co., Ltd., which is a consolidated subsidiary of the Company, and will collaborate with CHANGE over the continuation and development of businesses and the promotion of regional revitalization and DX and it will also consider the M&A of investee system integrators by CHANGE in the future.

3. Details of capital contribution

In accordance with share transfer agreements concluded on March 4, 2022 between SBI SECURITIES Co., Ltd. (hereinafter "SBI SECURITIES"), which is a wholly owned subsidiary of the Company, and Mr. Yoshihisa Jimbo and five others, all of whom are shareholders of CHANGE (hereinafter the "Sellers"), SBI SECURITIES will receive the transfer of some shares of CHANGE's common stock held by the Sellers on March 31, 2022 through off-market negotiated trades, and on the same date, the Company will acquire these shares from SBI SECURITIES through off-market negotiated trades. Through these trades, the Company will acquire 14,300,000 common shares of CHANGE (Ratio to total voting rights: 19.78%) and is planned to become the largest shareholder.

4. Profile of other party to the capital and business alliance

(1) Name	CHANGE Inc.	
(2) Representative	Hiroshi Fukudome, Representative Director and President	
(3) Location	TOKYU REIT Toranomom Building, 6F, 3-17-1 Toranomom, Minato-Ku, Tokyo	
(4) Date of establishment	April 10, 2003	
(5) Paid in capital	JPY 1 billion (as of the end of January 2022)	
(6) Business description	Support for the development of digital human resources and innovation of business processes, and regional revitalization through digitalization and DX	
(7) Major shareholders and ownership ratios (As of September 30, 2021) *	Yoshihisa Jimbo	13.17%
	Hiroshi Fukudome	7.37%
(8) Relationship between the parties		
	Capital relationship	N/A
	Personnel relationship	N/A
	Business relationship	N/A
	Related party relationship	N/A

(9) Operating results and financial positions for the last three years (Unit: JPY million except where otherwise noted; IFRS)			
As of / Fiscal year ended	September 31, 2019	September 31, 2020	September 31, 2021
Total shareholders' equity	6,575	9,406	32,394
Total assets	11,444	17,093	39,386
Equity attributable to owners of the parent per share (yen)	186.88	126.13	422.66
Revenue	5,992	10,542	15,653
Profit before income tax expense	957	4,160	5,911
Profit attributable to owners of parent	476	2,049	4,104
Basic earnings per share (Yen)	16.49	32.53	58.79
Dividend per share (Yen)	0	0	0

* Ratio of shares held to total number of shares issued (excluding treasury shares) (%)

5. Schedule

- (1) Date of conclusion of capital and business alliance agreement : March 4, 2022
- (2) Date of share transfer : March 31, 2022 (plan)

6. Future outlook

The Company believes that the impact of this capital and business alliance on its consolidated business results will be minor.

For further information, please contact:

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