



June 23, 2022
SBI Holdings, Inc.
(TOKYO: 8473)

**Notice Regarding Capital and Business Alliance with Sumitomo Mitsui Financial Group, Inc.
and Issuance of New Shares by Third-Party Allotment to That Company as the Planned
Allottee**

SBI Holdings, Inc. (the “Company”) hereby announces that at the meeting of its board of directors on June 23, 2022, it was resolved, as set forth in “I. Capital and Business Alliance” below, to execute the Basic Agreement on Comprehensive Capital and Business Alliance with Sumitomo Mitsui Financial Group, Inc. (“SMFG”), Sumitomo Mitsui Banking Corporation (“SMBC”), Sumitomo Mitsui Card Company, Limited (“SMCC”), and SBI SECURITIES Co., Ltd. (“SBI Securities”) (the “2022 Basic Agreement”; the capital and business alliance pursuant to the 2022 Basic Agreement is referred to as the “Capital and Business Alliance”).

In addition, the Company hereby announces that at that meeting of its board of directors, it was also resolved, as set forth in “II. Issuance of New Shares Issued by Third-Party Allotment” below, to issue new shares by third-party allotment to SMFG as the planned allottee pursuant to the 2022 Basic Agreement (the “Third-Party Allotment”).

I. Capital and Business Alliance

1. Purpose and Reasons for the Capital and Business Alliance

The Company and the Company’s 493 subsidiaries and 62 equity-method affiliates (as of March 31, 2022; hereinafter, collectively, the “Company Group”) are primarily engaged in the businesses of “Financial Services” in which they provide, etc. financial products (focusing on securities, banking, and insurance) and related services, “Asset Management” in which they engage in investment business, overseas financial services business, and asset management services business, and “Biotechnology, Healthcare & Medical Informatics Business” in which they develop and sell drugs, health foods and cosmetics and engage in the medical informatics business. (Note)

Meanwhile, SMFG and SMFG’s 181 consolidated subsidiaries and 112 equity-method affiliates (as of March 31, 2022; hereinafter, collectively, the “SMBC Group”) are engaged in businesses pertaining to financial services, such as, primarily, banking services and also leasing services, securities services, consumer finance services, and system development and data processing services.

The Company Group and the SMBC Group executed the Basic Agreement on Capital and Business Alliance on April 28, 2020 (the “2020 Basic Agreement”) between the Company Group and the SMBC Group in order to utilize both of their strengths in various fields, including the digital field and face-to-face field, to provide even more convenience for customers. For details of the 2020 Basic Agreement, please see the “Notice Regarding the Basic Agreement on Strategic Capital and Business Alliance Between SBI Group and SMBC Group” dated April 28, 2020.

Pursuant to the 2020 Basic Agreement, the Company Group began consideration of the following with the SMBC Group: (i) a capital and business alliance concerning the smartphone securities business and financial services intermediary business, (ii) a capital and business alliance concerning the face-to-face securities business, (iii) LP investment in a newly-established fund of SBI Investment Co., Ltd., (iv) a business alliance concerning the provision of services for regional revitalization, (v) a business alliance concerning securities systems, and (vi) a business alliance concerning securities administrative work, and it has made efforts to

advance the allied businesses in various fields. In addition, from July 2020, SBI Securities and SMCC have been working on a business alliance in asset management services for individuals, and many customers have given positive evaluations of this, including the investment trust savings service in which investment trusts can be purchased with a credit card.

As seen here, the Company Group and the SMBC Group have made various alliances pursuant to the 2020 Basic Agreement, and the strategic alliance has yielded promising results to date. However, in retail financial services for individuals, the fusion of the “progress in conversion to cashless” due to digitalization and the trend of the “shift from savings to asset building” has increased, and it has become difficult for banking services, securities services, and settlement and credit card services to meet the needs of customers separately. For this reason, the Company came to believe that it should further deepen and develop its capital and business alliance relationship with SMBC Group in the sector of digital financial services for individuals, etc., and it began concrete consultations and negotiations from around April 2022. Then, recently an agreement was reached to implement a comprehensive capital and business alliance between the Company Group and the SMBC Group, and it was determined to enter into the 2022 Basic Agreement as of June 23, 2022.

Pursuant to the 2022 Basic Agreement, in terms of areas where the Company Group and the SMBC Group can display their mutual strengths in the future, consideration is being given to forming a business alliance in digital financial services for individuals and providing comprehensive retail financial services with a high degree of convenience and profitability that exceeds the barriers of both groups to a wide range of customers, including the youth demographic, active mass demographic, and mass affluent demographic. Additionally, before commencing the business alliance, it was decided to implement a capital alliance between holding companies between both groups to further strengthen ties with the SMBC Group and for the smooth operation and development of the business alliance.

Furthermore, because the Company Group and the SMBC Group are engaged in various financial businesses through their respective group companies, it is planned that there will be concrete consultations in the future regarding opportunities to expand and deepen collaborative business in a wide range of business areas on a group basis.

As it will be important for the Company to strengthen its fundraising base and expand its fundraising capacity in order to work on various policies to advance the business alliance for the provision, etc. of new digital financial services for individuals with the SMBC Group in the future, the Company determined that it would be appropriate to raise funds with a capital nature from SMFG as part of the capital alliance with SMBC Group and decided for the Company to carry out the Third-Party Allotment to SMFG as the allottee.

(Note) As set forth above, as of the end of March 2022 the three business segments of the Company Group are “Financial Services,” “Asset Management,” and “Biotechnology, Healthcare & Medical Informatics Business,” but it is planned that from the fiscal year ending in March 2023 they will be changed to the five segments of “Financial Services” that focuses on securities-related business, banking-related business, and insurance-related business, the “Asset Management Business” that engages in investment management such as the creation, offering, and management of investment trusts and investment advisory, etc., the “Investment Business” that focuses on a private equity business that operates venture capital funds, etc., the “Crypto-Asset Business” that operates a crypto-asset exchange service, etc., and the “Non-Financial Business” that engages in biotechnology, healthcare, and medical informatics business, Web 3.0-related and businesses pertaining to new overseas markets such as Africa.

2. Details, etc. of the Capital and Business Alliance

The Company decided to enter into the 2022 Basic Agreement and share subscription agreement dated June 23, 2022 with SMFG (the “Share Subscription Agreement”). The details of the 2022 Basic Agreement and the Share Subscription Agreement are as follows.

(1) Details of capital alliance

The Company will allot 27,000,000 shares of common stock (the “Shares”) of the Company (11.01% of the total issued shares of the Company (figures are rounded to two decimal places; the same applies hereinafter to the shareholding ratio)) to SMFG through the Third-Party Allotment. For details of the Third-Party Allotment, please see “II. Issuance of New Shares Issued by Third-Party Allotment”.

The Company agreed the following in the Share Subscription Agreement.

SMFG promises to the Company that it will comply with the following matters from and after the closing date (meaning July 11, 2022 or the date separately agreed by the Company and the planned allottee).

(i) Lock-up of the Shares

SMFG shall continue to own the Shares (those for which the Company’s board of directors’ pass a resolution for issuance on the Share Subscription Agreement execution date) during the valid term of the 2022 Basic Agreement; provided, however, that if SMFG requests cancellation of the lock-up in the event of no execution of a final agreement for business alliance for digital financial services for individuals pursuant to the alliances in the 2022 Basic Agreement by January 31, 2023, the Company shall consult on this in good faith. The continuous ownership restriction shall not apply if SMFG reasonably determines that the business or activities conducted (or to be conducted) by the Company Group, or other related circumstances, will result in the SMBC Group infringing the U.S. Bank Holding Company Act (the Bank Holding Company Act of 1956; as amended, including rules and their interpretations set out by the Board of Governors of the Federal Reserve System of the United States based on the same Act) or the Banking Act of Japan (Act No. 59 of 1981; as amended) or other applicable laws or regulations, etc. (provided, however, that in the event of any applicable laws or regulations, etc. other than the Banking Act of Japan, SMFG shall notify the Company of the details), and in such case, SMFG shall not be precluded from disposing of the common shares of the Company received through the Third-Party Allotment.

(ii) Prohibition of further purchase of shares, etc. of the Company

Aside from the acquisition through the Third-Party Allotment, the SMBC Group shall not acquire the shares, etc. of the Company other than without the prior approval of the Company.

(iii) Prior consultation on sale of the Shares

SMFG shall provide prior notice to the Company and consult in good faith with the Company on the quantity and counterparty (if it can be specified), etc. when selling the common shares of the Company it owns to a party that operates a similar business as the Company, regardless of whether inside or outside a financial instruments exchange market, at the expiration of the valid term of the 2022 Basic Agreement or in other cases where the disposal of the Company’s common shares received from the Third-Party Allotment is permitted pursuant to the Share Subscription Agreement.

(2) Details of the business alliance

The Company and SMFG will form a business alliance for digital financial services for individuals as stated in “1. Purpose and Reasons for the Capital and Business Alliance.” The main details can be found in (i) through (iii) below. In addition, the Company and SMFG will examine and discuss ways to further strengthen ties between the SMBC Group and the Company Group.

Details of each business alliance will be finalized at a later date in legally binding final agreements for the implementation of each business alliance entered into by both groups.

(i) SBI Securities to become main entity providing online securities-related services for SMBC Group digital channels

SBI Securities will become the entity providing online securities-related services within the SMBC Group

digital financial services for individuals, and the SBI Securities online securities service will be seamlessly provided to customers already using SMBC’s “SMBC Direct” and SMCC’s “Vpass” (note), and customers newly transacting with SMBC and SMCC.

(Note) “Vpass” is a 24-hour free internet service for SMCC members enabling looking up card information and receiving various applications via PCs and smartphones.

(ii) Positioning of SMCC as a preferred partner in the Company Group’s settlement and card business

The Company Group will position SMCC as a preferred partner in the Company Group’s settlement and card business (limited, however, to initiatives with non-Company Group card companies). This means specifically that SMCC will be treated as a preferred partner in (a) credit card, etc. membership solicitation services, (b) credit card, etc. settlements for payments into investment trust savings, and (c) development of new products and services.

(iii) Recognition of V Points within the Company Group

The Company Group will promote the “V Points” points program (“V Points”) operated by the SMBC Group (note) as one of its main benefits (the “Benefit”) provided to customers who transact with the Company Group. Specifically, SBI Securities will examine the provision of a service that grants V Points to customers as the Benefit, and the provision of a service by which V Points can be used in transactions for products and services designated by SBI Securities.

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

3. Summary of the Counterparty to the Capital and Business Alliance

Please see “II. Issuance of New Shares Issued by Third-Party Allotment 6. Reasons for Selection of Planned Allottee, etc. (1) Summary of planned allottee” below.

4. Schedule of the Capital and Business Alliance

Resolution of the board of directors	June 23, 2022
Execution date of the 2022 Basic Agreement	June 23, 2022
Payment date pertaining to the third-party allotment	July 11, 2022 (planned)
Commencement date of business alliance	July 11, 2022 (planned)

5. Future Prospects

Please see “II. Issuance of New Shares Issued by Third-Party Allotment 8. Future Prospects” below.

II. Issuance of New Shares Issued by Third-Party Allotment

1. Summary of Offering

(1)	Payment date	July 11, 2022
(2)	Number of new shares to be issued	27,000,000 shares of common stock
(3)	Issue price	2,950 yen per share (the “Paid-In Amount”)
(4)	Amount of funds to be raised	79,650,000,000 yen
(5)	Method of offering or allotment (planned allottee)	By means of third-party allotment. (SMFG 27,000,000 shares)
(6)	Other	Each of the items above is subject to the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act of Japan.

2. Purpose and Reasons for Offering

As set forth in “I. Capital and Business Alliance 1. Purpose and Reasons for the Capital and Business Alliance” above, the Third-Party Allotment will be implemented as part of the Capital and Business Alliance, and it is believed that the Company and SMFG will be able to realize the development and strengthening of the long-term relationship of both companies through the Third-Party Allotment. In addition, it is believed that the development and strengthening of the relationship between the Company and SMFG will contribute to the improvement of the Company’s medium-to-long-term corporate value and the improvement of profits for all existing shareholders.

3. Amount, Use, and Planned Time of Expenditure of Funds to be Raised

(1) Amount of funds to be raised

(i)	Total paid-in amount	79,650,000,000 yen
(ii)	Estimated amount of issuance expenses	414,000,000 yen
(iii)	Estimated amount of net proceeds	79,236,000,000 yen

- (Notes)
- Consumption tax, etc. is not included in the estimated amount of issuance expenses.
 - The breakdown of the estimated amount of issuance expenses is advisory fees, attorney’s fees, registration-related expenses, and other expenses (printing administrative expenses, etc.).

(2) Specific use of funds to be raised

Specific use of funds	Amount (thousand yen)	Planned time of expenditure
Repayment of bridge loans from financial institutions borrowed to be appropriated to repayment of bonds redeemed from April 2022 through June 2022	72,000,000	July 2022
Repayment of term loans from financial institutions borrowed as long-term operating funds	7,236,000	July 2022 to March 2023

The Company plans to appropriate 72 billion yen of the funds raised through the Third-Party Allotment to the repayment of bridge loans from financial institutions borrowed to be appropriated to repayment of bonds redeemed from April 2022 through June 2022, and to appropriate the remaining amount to the partial repayment of the term loans from financial institutions whose repayment dates will sequentially arrive by the end of March 2023 (see the table below for details of borrowings).

Together with strengthening equity capital through the Third-Party Allotment, by appropriating it to the repayment of borrowings from financial institutions, the Company will be able to increase its capacity to raise debt financing and enhance its fundraising base to advance its business alliance with the SMBC Group to provide, etc. new digital financial services for individuals and ensure its capacity to invest in M&A deals that the Company believes could be implemented in the future to further expand its business base.

	Lender	Balance of borrowings	Use of funds
(i)	SMBC	30 billion yen	Redemption funds for SBI Holdings, Inc. yen-denominated bonds due April 14, 2022 redeemed on April 14, 2022
(ii)	Syndicated loan arranged by Mizuho Bank, Ltd.	25 billion yen	Redemption funds for SBI Holdings, Inc. 17th unsecured bonds redeemed on May 30, 2022
(iii)	Syndicated loan arranged by Mizuho Bank, Ltd.	17 billion yen	Redemption funds for SBI Holdings, Inc. 12th unsecured bonds redeemed on June 22, 2022
(iv)	10 regional banks	9.8 billion yen	Long-term operating funds
	Total	81.8 billion yen	—

Furthermore, by agreement or arrangement with the lenders, the proceeds following the execution of fundraising through the Third-Party Allotment will be appropriated to repayment of the borrowings set forth in (i) through (iii) in the table above.

4. Viewpoint on the Rationality of the Use of Funds

The funds to be raised will be appropriated to the repayment of borrowings and thereby strengthen the fundraising base required to enable the advancement of the business alliance with the SMBC Group to provide, etc. new digital financial services for individuals and the ensuring of the Company's capacity to invest in M&A deals that it believes could be implemented in the future to further expand its business base, and it is believed that in the medium-to-long-term they will lead to an increase in the corporate value and shareholder value of the Company that exceeds the dilution of the Company's common shares. Consequently, the use of funds set forth in "3. Amount, Use, and Planned Time of Expenditure of Funds to be Raised (2) Specific use of funds to be raised" above is judged to be rational.

5. Rationality of Issuance Conditions, etc.

(1) Basis for calculation of the paid-in amount and the specific details thereof

Having judged it necessary for the Paid-In Amount to also consider the leveled value in the form of average stock price over a certain period rather than basing it on a specified point of time, the Company repeatedly held discussions and negotiations with SMFG, with the result that the Paid-In Amount was determined to be 2,950 yen.

For the calculation method of the Paid-In Amount, given that the Company stock price is fluctuating greatly factoring in geopolitical risks, and external environment changes such as economic conditions, inflation, and monetary policy, etc., the Company determined that, when deciding a fair paid-in amount, it would be objective and reasonable to consider the leveled value in the form of average stock price over a certain period rather than base the stock price on a specified point of time such as the immediately preceding business day as the basis of the calculation, as it would reflect the appropriate corporate value of the Company in the stock market as well as

enabling exclusion of special factors such as the impact of temporary stock price changes. The above paid-in amount was agreed as a result of discussions between the planned allottee SMFG and the Company on this basis.

Furthermore, the Paid-in Amount is a 14.0% premium (rounded to one decimal place; the same applies below for premiums) on the closing price of 2,588 yen on the business day immediately preceding the board of directors resolution date for the Third-Party Allotment (June 22, 2022), a 13.4% premium on 2,601 yen, the simple average (rounded to the nearest yen; the same applies below for simple averages) of the closing price of the Company's common stock on the Tokyo Stock Exchange during the one-month period immediately preceding that date (from May 23, 2022 to June 22, 2022), a 4.8% premium on 2,815 yen, the simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange during the three-month period immediately preceding that date (from March 23, 2022 to June 22, 2022), and a 0.5% premium on 2,934 yen, the simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange during the six-month period immediately preceding that date (from December 23, 2021 to June 22, 2022), and it conforms with the "Guidance Concerning Handling of Allotment of New Shares to Third Party" of the Japan Securities Dealers Association. Thus, the Company has judged that the Paid-In Amount does not constitute a particularly favorable amount for the planned allottee.

In addition, as the unanimous opinion of the statutory auditors, an opinion was obtained from the four statutory auditors of the Company (of whom two are outside statutory auditors) that the Paid-In Amount conforms with the "Guidance Concerning Handling of Allotment of New Shares to Third Party" (dated April 1, 2010) of the Japan Securities Dealers Association, is legal, and does not constitute a "particularly favorable issuance price."

(2) Grounds for judging that the quantity of issuance and scale of dilution of shares is rational

The number of shares to be issued pertaining to the Third-Party Allotment is 27,000,000 shares (number of voting rights: 270,000 units), which equals 11.01% of the 245,220,890 issued shares of the Company as of March 31, 2022 (and 11.11% of the 2,430,075 units of voting rights of the Company as of that date), and some dilution will occur due to this.

However, the Third-Party Allotment is being implemented as part of the Capital and Business Alliance, and the development and strengthening of the relationship between the Company and SMFG through the Capital and Business Alliance will lead to the realization of growth potential and profitability for the Company in the area of retail financial services for individuals, etc., and as a result will contribute to the improvement of the Company's medium-to-long-term corporate value and the improvement of profits for all existing shareholders, so the quantity of issuance and scale of dilution due to the Third-Party Allotment is judged to be rational.

6. Reasons for Selection of Planned Allottee, etc.

(1) Summary of planned allottee

(1)	Name	Sumitomo Mitsui Financial Group, Inc.
(2)	Location	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo
(3)	Name and title of representative	Jun Ohta, President
(4)	Business details	Management of affiliated subsidiaries, as well as the performance of ancillary functions
(5)	Capital	2,341,878 million yen
(6)	Date of establishment	December 2, 2002
(7)	Number of issued shares	1,374,362,102 shares
(8)	Fiscal year end	March
(9)	Number of employees	101,023 (consolidated)
(10)	Major customers	—

(11)	Major banks	—		
(12)	Major shareholders and shareholding ratios (As of March 31, 2022)	Shareholder name	Shareholding ratio	
		The Master Trust Bank of Japan, Ltd. (Trust account)	17.12%	
		Custody Bank of Japan, Ltd. (Trust account)	5.76%	
		NATSCUMCO	1.92%	
		SSBTC CLIENT OMNIBUS ACCOUNT	1.71%	
		STATE STREET BANK WEST CLIENT — TREATY 505234	1.68%	
		Barclays Securities Japan Limited	1.36%	
		JPMorgan Securities Japan Co., Ltd.	1.25%	
		JP MORGAN CHASE BANK 385781	1.23%	
		JAPAN SECURITIES FINANCE CO., LTD.	1.13%	
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0.95%			
(13)	Relationship between the Company and the planned allottee			
	Capital relationship	Not applicable. (subsidiaries of the planned allottee hold shares of the Company for the purposes of temporary holding for securities services and pure investment (investment made with an emphasis on profitability))		
	Personnel relationship	Not applicable.		
	Business relationship	Has ties and collaborations, etc. in multiple business segments such as securities business and asset management services for individuals, etc., and also has bank dealings with SMBC.		
	Status as a related party	Not applicable.		
(14)	Operating results and financial position in the most recent three-year period (consolidated) (unit: million yen, excluding where specially noted)			
	Fiscal year	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
	Net assets	10,784,903	11,899,046	12,197,331
	Total assets	219,863,518	242,584,308	257,704,625
	Net assets per share (yen)	7,827.50	8,629.73	8,825.53
	Ordinary revenue	4,591,873	3,902,307	4,111,127
	Ordinary income	932,064	711,018	1,040,621
	Profit attributable to owners of parent	703,883	512,812	706,631
	Net income per share (yen)	511.87	374.26	515.51
	Dividends per share (yen)	190	190	210

* Furthermore, because SMFG, the planned allottee, is listed on the Prime Market of the Tokyo Stock Exchange, the Company has judged that SMFG has no relationships whatsoever with antisocial forces by confirming on the

Tokyo Stock Exchange’s website the “basic viewpoint towards the exclusion of antisocial forces and the status of its development” that is set forth in the Corporate Governance Report (last updated: April 4, 2022) that SMFG submitted to the Tokyo Stock Exchange. Furthermore, the Company has received representations and warranties from the planned allottee to the effect that it is not an antisocial force and does not have any relationships with antisocial forces in the Share Subscription Agreement executed with the planned allottee.

(2) Reasons the planned allottee was selected

Please see “I. Capital and Business Alliance 1. Purpose and Reasons for the Capital and Business Alliance” above.

(3) Shareholding policy of the planned allottee

The Company has confirmed with SMFG that its intended policy for the Company’s common shares to be issued through the Third-Party Allotment is to hold them for the long term in light of the spirit of the Capital and Business Alliance.

The Share Subscription Agreement executed with SMFG requires SMFG to continue to own the Company’s common shares issued through the Third-Party Allotment during the valid term of the 2022 Basic Agreement, as well as provide prior notice to the Company and consult with the Company if SMFG is to sell all or part of the common shares of the Company to a party that operates a similar business as the Company at the expiration of the valid term of the 2022 Basic Agreement or in other cases where the disposal of common shares of the Company is permitted pursuant to the Share Subscription Agreement.

SMFG has also agreed in the Share Subscription Agreement not to acquire additional common shares of the Company without the prior approval of the Company.

The Company plans to acquire from SMFG a written covenant to the effect that if SMFG has assigned all or part of the Company’s common shares issued through the Third-Party Allotment within two years from the payment date, it will report those details to the Company in writing, the Company will report the content of that report to the Tokyo Stock Exchange, and SMFG will agree to the content of that report being provided for public inspection.

(4) Confirmed details of the existence of assets required for the payment by the planned allottee

In regard to the existence of assets required for the payment by SMFG, the Company has received a report from SMFG that it has secured the funds required for payment of the full amount of the Paid-In Amount. In addition, based on the consolidated balance sheet included in the annual securities report for the fiscal year ended March 31, 2022 (submitted on June 22, 2022) submitted by SMFG, it was confirmed that SMFG holds sufficient cash and cash equivalents (65,832,072 million yen) for the payment of the Third-Party Allotment, no circumstances were found to cause concern that such financial details would significantly deteriorate thereafter, and it has been judged that there are no problems with the certainty of the payment pertaining to the Third-Party Allotment.

7. Major Shareholders and Shareholding Ratios after Offering

Before third-party allotment (as of March 31, 2022)		After third-party allotment	
The Master Trust Bank of Japan, Ltd. (Trust account)	17.31%	The Master Trust Bank of Japan, Ltd. (Trust account)	15.60%
Custody Bank of Japan, Ltd. (Trust account)	6.06%	Sumitomo Mitsui Financial Group, Inc.	9.91%
NORTHERN TRUST COMPANY (AVFC)	5.25%	Custody Bank of Japan, Ltd. (Trust	5.46%

ACCOUNT NON-TREATY		account)	
The Bank of New York Mellon 140051	4.39%	NORTHERN TRUST COMPANY (AVFC) ACCOUNT NON-TREATY	4.73%
The Bank of New York Mellon 140042	2.90%	The Bank of New York Mellon 140051	3.95%
Yoshitaka Kitao	1.63%	The Bank of New York Mellon 140042	2.61%
STATE STREET BANK WEST CLIENT - TREATY 505234	1.59%	Yoshitaka Kitao	1.47%
STATE STREET BANK AND TRUST COMPANY 505223	1.45%	STATE STREET BANK WEST CLIENT - TREATY 505234	1.44%
JPMorgan Securities Japan Co., Ltd.	1.33%	STATE STREET BANK AND TRUST COMPANY 505223	1.31%
JP MORGAN CHASE BANK 385781	1.27%	JPMorgan Securities Japan Co., Ltd.	1.20%

- (Notes) 1. The shareholding ratios before third-party allotment were calculated by dividing shares owned as of March 31, 2022 by the total number of issued shares as of the same date (excluding treasury shares), and the shareholding ratios after third-party allotment were calculated adding together the total number of issued shares as of that date (excluding treasury shares) and the total number of new shares issued through the Third-Party Allotment.
2. Figures are rounded down to two decimal places.
3. Baillie Gifford & Co submitted a change report to the Director-General of the Kanto Local Finance Bureau as of February 25, 2022 (reporting duty occurrence date: February 21, 2022), but we have excluded shares for which we could not confirm substantial ownership as of February 21, 2022 from the above major shareholders. The contents of the change report are as follows.

Name	Location	Number of share certificates, etc. held (share)	Share certificate, etc. holding ratio (%)
Baillie Gifford & Co	Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, Scotland	13,392,326	5.47
Baillie Gifford Overseas Limited	Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, Scotland	18,492,033	7.55

4. Sumitomo Mitsui Trust Asset Management Co., Ltd. submitted a change report to the Director-General of the Kanto Local Finance Bureau as of April 21, 2022 (reporting duty occurrence date: April 15, 2022), but we have excluded shares for which we could not confirm substantial ownership as of April 15, 2022 from the above major shareholders. The contents of the change report are as follows.

Name	Location	Number of share certificates, etc. held (share)	Share certificate, etc. holding ratio (%)
Sumitomo Mitsui Trust Asset	1-1-1 Shibakoen, Minato-ku, Tokyo	9,256,440	3.78

Management Co., Ltd.			
Nikko Asset Management Co., Ltd.	9-7-1 Akasaka, Minato-ku, Tokyo	7,219,300	2.94

5. BlackRock Japan Co., Ltd. submitted a change report to the Director-General of the Kanto Local Finance Bureau as of May 19, 2022 (reporting duty occurrence date: May 13, 2022), but we have excluded shares for which we could not confirm substantial ownership as of May 13, 2022 from the above major shareholders. The contents of the change report are as follows.

Name	Location	Number of share certificates, etc. held (share)	Share certificate, etc. holding ratio (%)
BlackRock Japan Co., Ltd.	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	3,732,200	1.52
BlackRock Advisers, LLC	251 Little Falls Drive, Wilmington, DE, the United States	296,842	0.12
BlackRock Financial Management, Inc.	251 Little Falls Drive, Wilmington, DE, the United States	452,150	0.18
BlackRock Investment Management LLC	251 Little Falls Drive, Wilmington, DE, the United States	283,375	0.12
BlackRock (Netherlands) BV	1 Amstelplein, Amsterdam, 1096HA, Netherlands	474,521	0.19
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, United Kingdom	560,827	0.23
BlackRock Asset Management Canada Limited	No. 2500, 161 Bay Street, Toronto, ON, Canada	357,080	0.15
BlackRock Asset Management Ireland Limited	1F, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland	1,139,940	0.46
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, United States	3,828,270	1.56
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, United States	4,464,442	1.82
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, United Kingdom	398,401	0.16

6. J O Hambro Capital Management Limited submitted a change report to the Director-General of the Kanto Local Finance Bureau as of May 23, 2022 (reporting duty occurrence date: May 18, 2022), but we have excluded shares for which we could not confirm substantial ownership as of May 18, 2022 from the above major shareholders. The contents of the change report are as follows.

Name	Location	Number of share certificates, etc. held (share)	Share certificate, etc. holding ratio (%)
J O Hambro Capital Management Limited	Level 3, 1 St James's Market, London, SW1Y 4AH, United Kingdom	0	0.00
JOHCM (USA) Inc	53 State Street, 13th Floor, Boston, MA 02109, the United States	0	0.00
JOHCM (Singapore) Pte. Limited	138 Market Street, #15-04 CapitaGreen, Singapore 048946	7,637,274	3.11
Thompson, Siegel & Walmsley LLC	6641 West Broad Street, Suite 600, Richmond, VA, USA	4,286,238	1.75

7. Mizuho Securities Co., Ltd. submitted a change report to the Director-General of the Kanto Local Finance Bureau as of June 7, 2022 (reporting duty occurrence date: May 31, 2022), but we have excluded shares for which we could not confirm substantial ownership as of May 31, 2022 from the above major shareholders. The contents of the change report are as follows.

Name	Location	Number of share certificates, etc. held (share)	Share certificate, etc. holding ratio (%)
Mizuho Securities Co., Ltd.	1-5-1, Otemachi, Chiyoda-ku, Tokyo	4,831,027	1.89
Asset Management One Co., Ltd.	1-8-2 Marunouchi, Chiyoda-ku, Tokyo	7,718,200	3.03
Mizuho International plc	30 Old Bailey, London, EC4M 7AU, United Kingdom	345,649	0.14

8. Future Prospects

The Company has determined that the Third-Party Allotment will contribute to improving the corporate value of the Company, and the Company believes that its impact on business performance for the fiscal year will be minor.

9. Matters Regarding Procedures under the Code of Corporate Conduct

The Third-Party Allotment does not require the Company to obtain an opinion from an independent third party or procedures to confirm shareholders' intentions as set out in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, as it (i) results in a dilution of less than 25%, and (ii) will not lead to a change of controlling shareholder.

10. Business Performance and Equity Finance over the Past Three Years

(1) Business performance over the past three years (consolidated)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Revenue	368,055	541,145	763,618
Profit before income tax expense	65,819	140,380	412,724
Profit attributable to owners of the Company	37,487	81,098	366,854
Basic earnings per share attributable to owners of the Company (yen)	163.18	339.78	1,498.55
Dividends per share (yen) (interim dividends per share)	100 (20)	120 (20)	150 (30)
Equity per share attributable to owners of the Company (yen)	1,955.91	2,297.87	3,770.84

(Unit: million yen. Excluding matters in special notes.)

(2) Current number of issued shares and dilutive shares (as of May 31, 2022)

	Number of shares	Percentage of issued shares
Number of issued shares	245,228,290 shares	100.00%
Number of dilutive shares at current conversion price (exercise price)	47,330,164 shares	19.30%
Number of dilutive shares at minimum conversion price (exercise price)	—	—
Number of dilutive shares at maximum conversion price (exercise price)	—	—

(3) Recent stock prices

(i) Stock prices for last three years

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Opening	2,495 yen	1,562 yen	3,060 yen
High	2,814 yen	3,350 yen	3,375 yen
Low	1,275 yen	1,422 yen	2,530 yen
Closing	1,578 yen	3,000 yen	3,100 yen

(ii) Stock prices for last six months

	Jan 2022	February	March	April	May	June
Opening	3,185 yen	3,000 yen	3,065 yen	3,070 yen	2,934 yen	2,612 yen
High	3,315 yen	3,165 yen	3,375 yen	3,160 yen	2,939 yen	2,714 yen
Low	2,785 yen	2,928 yen	2,784 yen	2,805 yen	2,441 yen	2,392 yen
Closing	2,942 yen	3,000 yen	3,100 yen	2,913 yen	2,617 yen	2,588 yen

(Note) The stock prices for June 2022 are shown as of June 22, 2022.

(iii) Stock price on the business day immediately preceding the issuance resolution date

	June 22, 2022
Opening	2,680 yen

High	2,692 yen
Low	2,588 yen
Closing	2,588 yen

(4) Equity finance over the past three years

(i) Issuance of new shares through third-party allotment as restricted stock units

Payment date	February 15, 2022
Amount of funds raised	389,974,000 yen
Issue price	2,830 yen per share
Number of issued shares at time of offering	244,976,390 shares
Number of shares issued in the offering	137,800 shares
Number of issued shares after offering	245,114,190 shares
Allottees	One director of the Company (excluding outside directors) 137,800 shares
Initial funds usage on issuance	Not applicable
Expected timing of expenditure on issuance	Not applicable
Current appropriation status	Not applicable

(ii) Issuance of Zero Coupon Convertible Bonds due 2025

Payment date	July 27, 2020
Amount of funds raised (estimated net proceeds)	Total of 70 billion yen and total bond face value of replacement certificates of bonds with stock acquisition rights (70,105,000,000 yen)
Conversion price	2,893.1 yen (Note 1)
Number of issued shares at time of offering	236,556,393 shares
Number of dilutive shares resulting from the offering	24,030,209 shares (number of dilutive shares at initial conversion price (2,913 yen))
Current conversion status	Number of converted shares 0 shares (Note 2)
Initial funds usage on issuance	<p>(i) To make up equity capital depletion due to staged Oct-Dec 2019 acquisition of SBI LY HOUR BANK PLC. shares and capital increase amounting to approximately 8.4 billion yen</p> <p>(ii) To make up depleted equity capital due to January 2020 investment of approximately 2.2 billion yen in Openlegacy Technologies Ltd. which develops software for API integration of banks' core banking system</p> <p>(iii) Funds to invest in domestic and overseas companies and financial institutions, etc. in fintech, AI, blockchain and other related technology fields, and funds to investment domestically and overseas to pursue the Company Group's four strategies (contribution to regional revitalization, Neo-bank initiative measures, promotion of Neo-securitization, and introduction of fintech to the entire group, and the aggressive use of blockchain and distributed ledger</p>

	technology (DLT))
Expected timing of expenditure on issuance	Up to end-September 2023
Current appropriation status	In accordance with “Initial funds usage on issuance” above, appropriated approximately 8.4 billion yen to company funds in (i) above, appropriated approximately 2.2 billion yen to company funds in (ii) above, and appropriated the entire amount not allocated for the funds usage in (i) and (ii) above to investment funds in (iii) above.

- (Notes) 1. As of May 31, 2022.
2. As of May 31, 2022.

(iii) Issuance of 2020 First Stock Acquisition Rights (Paid-In Capital Stock Options) through third-party allotment

Allotment date	July 1, 2020
Amount of funds raised	7,705,500,000 yen (breakdown) Issuance portion: 181,500,000 yen Exercise portion: 7,524,000,000 yen (2,280 yen per share (note))
Issuance price	5,500 yen per unit
Number of issued shares at time of offering	236,556,393 shares
Number of dilutive shares resulting from the offering	3,300,000 shares
Allottees	64 directors of the Company and Company subsidiaries: 33,000 units
Current exercise status	Remaining stock acquisition rights: 33,000 units
Initial funds usage on issuance	Not applicable
Expected timing of expenditure on issuance	Not applicable
Current appropriation status	Not applicable

(Note) If the Company conducts a share split or reverse share split after the allotment date of such stock acquisition rights, the exercise price will be adjusted according to the following formula, rounded up to the nearest whole yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Split (or reverse split) ratio}}$$

If the Company merges with another company or conducts a company split after the allotment date of such stock acquisition rights, or the exercise price otherwise needs to be adjusted as a result, the Company may appropriately adjust the exercise price to a reasonable extent.

(iv) Issuance of 2020 Second Stock Acquisition Rights (Qualified Stock Options) through third-party allotment

Allotment date	July 1, 2020
Amount of funds raised	8,762,091,200 yen (breakdown) Issuance portion: 0 yen Exercise portion: 8,762,091,200 yen (2,308 yen per share (note))
Issuance price	Non-compensated
Number of issued shares at time	236,556,393 shares

of offering	
Number of dilutive shares resulting from the offering	3,796,400 shares
Allottees	1,171 employees of the Company and Company subsidiaries: 37,964 units
Current exercise status	Remaining stock acquisition rights: 37,964 units
Initial funds usage on issuance	Not applicable
Expected timing of expenditure on issuance	Not applicable
Current appropriation status	Not applicable

(Note) If the Company conducts a share split or reverse share split after the allotment date of such stock acquisition rights, the exercise price will be adjusted according to the following formula, rounded up to the nearest whole yen.

$$\text{Exercise price after adjustment} = \text{Exercise price before adjustment} \times \frac{1}{\text{Split (or reverse split) ratio}}$$

If the Company merges with another company or conducts a company split after the allotment date of such stock acquisition rights, or the exercise price otherwise needs to be adjusted as a result, the Company may appropriately adjust the exercise price to a reasonable extent.

11. Terms and Conditions of Issuance

(1)	Number of shares to be offered	27,000,000 shares of common stock
(2)	Paid-in amount	2,950 yen per share
(3)	Total paid-in amount	79,650,000,000 yen
(4)	Amount incorporated into capital	1,475 yen per share
(5)	Total amount incorporated into capital	39,825,000,000 yen
(6)	Method of offering or allotment	By means of third-party allotment.
(7)	Allottee	Sumitomo Mitsui Financial Group, Inc. 27,000,000 shares
(8)	Application period	July 11, 2022
(9)	Payment date	July 11, 2022
(10)	Other	Each of the items above is subject to the effectiveness of the securities registration statement under the Financial Instruments and Exchange Act of Japan.

End

For further information please contact:

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