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In his book *Shi to Tomo* (“Teacher and Friend”), Masahiro Yasuoka, a leading Japanese philosopher born in the late 19th century, spoke that it is truly wonderful the way a good connection develops by inviting a better connection. He describes it as “*En Jin Ki Myo*.” Yasuoka also said that good outcomes are achieved by associating with good people, which he describes as “*Ta ho Sho-in*.” He meant that people should focus as much as possible on finding good opportunities, good situations, good people, and good books.

Since its founding in 1999, the SBI Group has established a business ecosystem and has developed the Group as a whole while each company in the ecosystem has mutually evolved and grown through generating synergies. In order to “go beyond finance with finance at its core,” lately, we have been active in entering new business domains that go beyond the limits of a financial company.

The Group’s 25-year journey up to now attests to how we, as a corporate Group, have practiced the way in which one business can eventually evolve into another through relationships.

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Editing Guidelines

Integrated Report 2024 is one of our communication tools with our shareholders and investors. It is published with the goal of fostering a comprehensive understanding of the corporate value created by the SBI Group. To do so, this report addresses both the financial and non-financial aspects of the SBI Group’s initiatives, and takes into account current developments such as METI’s Guidance for Collaborative Value Creation. Looking ahead, we will work to further improve this report to meet the expectations of our readers.



Forward-looking Statements

This integrated report includes statements concerning the current plans, strategies, and projections of the future performance of SBI Holdings, Inc. (“SBI Holdings”) and its subsidiaries and associates. These statements have been prepared based on information available at the time of publication in compliance with SBI Holdings’ management policies, and on certain assumptions deemed reasonable by SBI Holdings. Hence, actual results may differ, in some cases significantly, from these forward-looking statements contained herein due to changes in various factors, including but not limited to economic conditions in principal markets, service demand trends, and currency exchange rate fluctuations. Further, statements contained herein should not be construed to encompass tax, legal, or financial advice, and should not be considered to be solicitations to invest in SBI Holdings.

25 Years of History— The SBI Group's Evolution into a Trillion-yen Company

The founding of the SBI Group 25 years ago in 1999 was set in motion by the “Internet revolution” and the “Financial Big Bang” in Japan. The Group has remained one step ahead of these two major trends and has evolved into a major corporate group with a market capitalization and revenues both in excess of ¥1 trillion. We have achieved this growth by consistently following our “Customer-centric Principle” and using our faith in innovative technologies as the foundation for a business ecosystem in which we can achieve synergy and mutual evolution within the Group. In the securities business, we have continually moved ahead with bold and innovative initiatives. For example, we led the Japanese industry through “ZERO Revolution” by eliminating all commissions on online trading of domestic stocks. We have also expanded beyond the financial sector into other fields of business under our strategy of “going beyond finance with finance at its core.”

We will continue to evolve by contributing to the maintenance and development of society through the business activities of the SBI Group, and by working towards harmonious coexistence and shared prosperity with society.

Yoshitaka Kitao

Representative Director,
Chairman, President & CEO

KEYWORDS

1 Internet Revolution

With the rapid spread of the Internet, information has become readily accessible to everyone, which leads to establishing a consumer sovereignty and thereby transforming the nature of financial services.

2 Japanese Financial Big Bang

The collective term for major financial system reforms implemented by the government from FY1996 to FY2001. Changes included the complete liberalization of stock trading commissions and approval which allowed establishment of financial holding companies.

3 "ZERO Revolution"

▶ P.18

4 Blockchain

Blockchain is a type of distributed ledger technology that uses blocks of encrypted information connected in chronological order, or a chain, making it impossible to alter the contained transactional data already in the sequence. A major feature of blockchain is its secure data structure that makes it highly resistant to falsification and deletion, because any attempt to alter past information will create a discrepancy in matching information between blocks that are connected after the altered data block. Originally developed as a foundational technology of the crypto asset Bitcoin, blockchains are now being used not only in financial transactions but also in various diverse fields such as real estate, supply chain, and healthcare.

Achievements of the Past 25 Years and to Achieve Further Growth in the Future

Growth and Success Through Contribution to the Solution of Social Issues

Our consolidated results for FY2023 show that the SBI Group broke through the ¥1 trillion barrier with revenue of ¥1,210.5 billion. Profit before income tax expense reached ¥141.6 billion, which represents the highest earnings in our history with the exception of FY2021, when we recorded a gain on negative goodwill resulting from the acquisition of the SBI Shinsei Bank. We are the first company in the Japanese securities business to amass 13 million accounts, and we are the leading securities company in terms of our share of individual stock trading value. In addition to the securities business, our record of achievement in other businesses, such as the banking business and the Investment Business, we also rank among the top business groups in Japan. The customer base of the entire SBI Group has expanded exponentially since our founding and has reached over 50 million as of March 31, 2024.

The SBI Group was able to achieve this level of growth in just 25 years by consistently remaining ahead of trends, and by contributing to the resolution of social issues through our business activities. When the SBI Group was founded in 1999, I was aware of three major social issues. First, Japan had fallen behind Europe and the U.S. in financial sector deregulations. This limited securities investments mainly to high-income level people and delayed the democratization of securities investments. Second, the Japanese financial sector itself limited competition by operating defensively through the so-called "convoy system." Third, Japan was lagging the U.S. by five years in terms of the Internet industry development. I resolved to launch a business after deciding that the time was right to break through these barriers by riding two great waves of change: the Internet revolution¹, and the Japanese Financial Big Bang². SBI SECURITIES disrupted the securities industry and expanded the investor population by progressively eliminating all commissions on online trading of domestic stocks. This approach earned the support of large numbers of investors and enabled us to achieve dramatic growth. Our launching of "ZERO Revolution"³ in September 2023 was a major step towards the popularization of investment.

With the spread of the Internet, our customers gained unlimited, instant access to large amounts of information, enabling them to make appropriate choices based on that information. The era of consumer sovereignty had arrived. We were among the first to detect this change, and by offering services that truly matched the needs of our customers, we have been able to achieve rapid growth as a pioneer in online finance. "Thorough devotion to innovative technology" is one of our Fundamental Business Building Concepts, and this has allowed us to achieve growth and success by continually introducing and using the latest technologies within the Group. Advanced technologies, such as blockchain⁴ and AI, create new markets and transform the competitive environment. Because many of these innovations emerge from venture companies, we have benefited from the existence of venture capital operations within the SBI Group. Together with a core belief in the strength of innovative technologies, this factor has given us an important advantage. Through our venture capital activities, we invest in promising investee companies in Japan and overseas. Our Group companies then introduce innovative technologies developed by those ventures and disseminate them across multiple industries. This process drives a virtuous cycle that brings growth both in the venture companies as well as in the SBI Group.

Virtuous Cycle of Relationships and Virtue

A key factor behind the growth of the SBI Group is our business ecosystem. This organizational structure is based on the two major principles of complex systems science: "The whole is greater than the sum of the parts," and "The whole should have new qualities that an individual part cannot achieve." Since the founding of the SBI Group in 1999, we have

established a business ecosystem that functions as an economic community and realizes its high growth potential from synergy and mutual evolution that cannot be achieved by a single company alone. We were the first in the world to create such an extremely unique “corporate ecosystem” that encompasses securities, banking, insurance, investment, asset management, and other business. Diversified groups made up of businesses with little relevance to each other run the risk of conglomerate discount^⑤. However, our business ecosystem has delivered growth because our Group companies generate synergy and achieve mutual evolution and growth.

Whenever we move into a new field, I always consider how efficiently the resulting synergy and mutual evolution will generate growth. However, my focus has gradually shifted to the strengthening of interdependence. Initially, I decided to have the mindset of “Zui-En” (隨緣= to follow a relationship of fate), which needs to be a good relationship in itself. I believe that our ability to form and build on good relationships is linked to the ways in which we make use of the rare opportunities provided to us. When we use relationships to perform virtuous actions, we are blessed with good outcomes and good rewards.

In the business world, virtuous action means working for the society and people through an organization created by the joining of like-minded people. If we do this, we will be blessed with more good relationships and our business will prosper. The SBI Group has prospered by pursuing synergy in a business ecosystem made up of interdependent relationships. Our history over the past 25 years is literally the result of a virtuous cycle of relationships and virtue. We have practiced this principle by achieving growth through our relationships that we have formed between one business to another.

Restructuring the Business Portfolio

In the 25 years since its founding, the SBI Group has continually pursued self-evolution. Going forward, we will restructure our business portfolio in response to changes in the business environment and business structures. We will pursue the following strategies in line with this restructuring.

The medium-term vision adopted by the SBI Group in April 2021 calls for the achievement of consolidated profit before income tax expense of over ¥300 billion, and the maintenance of an ROE of 10% or higher. However, there have been a number of changes since then, hence, this requires a radical rethink. First, we achieved the target of consolidated profit before income tax expense of over ¥300 billion early with a result of ¥412.7 billion in FY2021. Our ROE in that year reached 49.4%. In addition, SBI SECURITIES introduced “ZERO Revolution,” and we undertook a major acquisition that brought the SBI Shinsei Bank into the Group. Developments such as these have caused rapid and far-reaching changes to the business structure that existed when our vision was formulated, and we anticipate further changes resulting from active M&A activities and other factors. Therefore, we believe that the vision needs to be fundamentally reconsidered.

1. “ZERO Revolution” – Expanding Our Customer Base

“ZERO Revolution” which SBI SECURITIES launched in September 2023 eliminated commissions on online trading of domestic stocks. The negative impact of “ZERO Revolution” on SBI SECURITIES’ revenues in FY2023 was estimated to be approximately ¥15.8 billion. However, its consolidated financial results for the same year set new records, with operating revenue of ¥203.4 billion and operating income of ¥68.7 billion. These figures represent increases of 16.2% and 10.6% respectively over the previous year’s results. This was achieved due to its efforts to diversify revenue sources by strengthening financial revenues, trading revenues and revenues from its wholesale business, which began more than four years before “ZERO Revolution” was announced, as well as utilizing SBI Group’s collective strengths.

The total number of securities comprehensive accounts held by the SBI Group began to expand at an accelerating pace such as an increase of one million accounts in just four months after the start of “ZERO Revolution.” The dramatic expansion of SBI SECURITIES’ customer base as a result of “ZERO Revolution” has already started to have a positive effect

KEYWORDS

⑤ Conglomerate Discount

A situation in which the corporate value of a diversified group of companies (conglomerate) is less than the sum of the corporate values of each business. Business diversification makes it difficult to see the overall picture and synergies between the businesses, resulting in declining market valuations and stock prices.

KEYWORDS

6 Negative Interest Rate Policy

A type of monetary policy in which the central bank applies a negative interest rate to a part of the reserves held by private financial institutions. The Bank of Japan first introduced this policy in January 2016 to stimulate the economy by encouraging private banks to increase lending in Japan, under the deflationary environment prevailing for an extended period.

on the SBI Group's entire business ecosystem with the Group's overall customer base expanding by more than 10% from the previous year end to reach 50.5 million as at the end of March 2024. In future, individual customers who opened accounts with SBI SECURITIES in response to "ZERO Revolution" are likely to become interested in a wide range of other financial products offered by SBI SECURITIES. In addition, an account with SBI SECURITIES can become a gateway to bring awareness for products and services of other SBI Group companies. We will also endeavor to achieve growth across the entire SBI Group by using various channels to introduce customers attracted by "ZERO Revolution" to other Group companies. [▶ P.18](#)

2. Comprehensive Strengthening of the Banking Business

While the securities business has traditionally been the SBI Group's main source of profits, there has been a significant increase in the contribution from the banking business in recent years. In FY2023, the banking business accounted for 53.8% of profit before income tax expense from financial services, compared with 42.0% from the securities business. In March 2024, the Bank of Japan ended the negative interest rate policy⁶ and raised the policy interest rate from minus 0.1% to 0.0%-0.1%. We expect this turnaround in interest rate policy to have a positive effect on the SBI Group's banking business. We will respond to these changes in our business structure by allocating more of the SBI Group's management resources to the banking business and taking comprehensive steps to enhance profitability.

Since becoming a consolidated subsidiary of SBI Holdings in December 2021, SBI Shinsei Bank has implemented a variety of initiatives in partnership with the SBI Group. These measures are steadily yielding benefits.

Especially in the retail business, collaboration between the SBI Shinsei Bank and SBI SECURITIES in the areas of financial instruments intermediary services and banking agency services are generating particularly large effects. In October 2022, SBI Shinsei Bank and SBI SECURITIES began to simultaneous account openings which has brought substantial increases in the number of retail accounts held by SBI Shinsei Bank, as well as in its retail deposit balance. When it joined the SBI Group at the end of December 2021, SBI Shinsei Bank had 3.05 million retail accounts with a retail deposit balance of ¥4.7 trillion. By March 31, 2024, the number of retail accounts increased to 3.53 million, while retail deposit balance grew to ¥5.9 trillion.

In the field of institutional business, SBI Shinsei Bank has not only accelerated its marketing activities, but also dramatically expanded its networks to business and financial corporations by capitalizing on relationships with partners developed by SBI Group companies. The benefits of these efforts are apparent at many levels. For example, shortly after the SBI Shinsei Bank joined the SBI Group, between March 31, 2022 and March 31, 2024, its corporate deposits increased by 250% to ¥5.6 trillion. Over the same period, the number of new corporate customers increased by 231% to 116, while loan distributions to regional banks expanded by 48% to ¥428.7 billion.

Going forward, SBI Shinsei Bank intends to further enhance its earning power through a combination of organic growth partly assisted by rising interest rates, as well as through non-organic growth achieved through the strengthening of collaboration within the SBI Group and other strategies, such as M&As.

We regard the repayment of public funds injected into SBI Shinsei Bank as a duty of the SBI Group that must be achieved. SBI Shinsei Bank completed the delisting process, including the buy-back of fractional shares, in February 2024. By repurchasing fractional shares held by the Deposit Insurance Corporation of Japan, it repaid approximately ¥19.3 billion of the remaining ¥350 billion of public funds. We will propose a specific mechanism for the repayment of public funds to the Deposit Insurance Corporation and Resolution and Collection Corporation by the end of March 2025 with the goal of reaching agreement among the four parties, including the SBI Shinsei Bank, by the end of June 2025. [▶ P.20](#)

3. Enhancing the Profitability of Overseas Business

SBI Group has been expanding its business development overseas under the slogan "from

Japan's SBI to the World's SBI." In the future, the SBI Group will promote the integration of its domestic and overseas operations and further increase the profitability of its overseas operations.

In order to promote this initiative efficiently and effectively, SBI Holdings plans to establish a new Overseas Business Management Division to enhance the efficiency and effectiveness of the SBI Group's overseas business in anticipation of further expansion. We also decided to aggregate overseas subsidiaries established by the SBI Group under this unit. We are deploying staff with extensive experience in areas such as financial services and other business segments. Our current goal is to increase total profit before income tax expense from overseas businesses to 20%–30% of the total profit before income tax expense of the SBI Group.

Key focus areas include the rapidly growing ASEAN. These areas' economies have already achieved significant scale and are seen as having enormous future potential. The basic rule of finance is that funds flow from low-interest to high-interest markets, and from countries with low growth rates to those with high growth rates. While the SBI Group has focused on expanding its business activities in Southeast Asia from an early time, it will continue to advance its expansion in the future.

We will also prioritize the expansion of our financial services in regions other than Southeast Asia. One example of this strategy is the core role played by SBI Shinsei International in the expansion of our overseas Japanese equities business, which is based in London. SBI Shinsei International supplies information about investment and loan projects in Europe and the Middle East to SBI Shinsei Bank. It also provides British investors with information about the Japanese equity market based on surveys and analysis carried out by SBI SECURITIES, as well as corporate access and advisory services. The wide-ranging role of SBI Shinsei International in Europe also includes providing European office functions for SBI Group companies.

Another priority region for the SBI Group is the Middle East, which has become a global money hub. In December 2023, we signed a memorandum of understanding with Aramco, one of the world's largest integrated energy and chemical companies, to consider a business alliance. In February 2024, we established a Saudi Arabian subsidiary, SBI Middle East. Based in the capital city, Riyadh, this company will work towards the further expansion of our business in the Middle East. In May, we have also signed memorandums of understanding with the Saudi Ministry of Investment and several leading companies for partnerships in various fields, and are now making steady progress under those agreements. We are also expanding our business partnerships with leading company in the United Arab Emirates (UAE). In January 2024, we began to operate a \$100 million joint venture fund in partnership with SC Ventures, which is an associate of the Standard Chartered Bank, a major British financial institution, to invest in fields such as DeFi⁷ and metaverse⁸.

The African region, which is expected to achieve rapid growth in the future as the final frontier, is also a key focus for the SBI Group. In November 2023, we concluded a basic strategic capital alliance agreement with Novastar Ventures, a UK venture capital firm that invests in Africa. SBI Holdings will contribute \$40 million to the fund managed by this company and support Japanese investors to invest in the fund, while Novastar will create opportunities for joint investment with the SBI Group and provide information about African markets.

4. Turning Asset Management Business into a New Pillar of Revenue

Among the SBI Group's five business segments, the Financial Services Business and Asset Management Business are seen as generating relatively stable profits. We will endeavor to build the Asset Management Business into a new core pillar of revenue.

In addition to using M&As, we have also prioritized the development and introduction of new investment products as a strategy for expanding assets under management. We are focusing, in particular, on alternative investments⁹, which are attracting interest as a new growth field. As a result of the rapid interest rate hikes implemented by the U.S. Federal Reserve Board since the second half of 2022, and the rekindling of inflationary fears in 2024, the traditional method of diversified investment between stocks and bonds has

KEYWORDS

7 DeFi

▶ P.129

8 Metaverse

A term created by combining the words "meta" and "universe" and refers to a virtual space electronically constructed on the Internet and leveraging services provided therein. Within this virtual space, alter egos (called avatars) are created to interact with others around the world, and individuals can also engage in economic activities such as shopping. With the development of extended reality (XR) technologies such as virtual reality (VR), augmented reality (AR), and mixed reality (MR), and the advent of blockchain technology, it is expected that a part of everyday life will shift to activities in the metaverse.

9 Alternative Investments

▶ P.129

KEYWORDS

10 Proprietary Trading System (PTS)

Proprietary trading systems allow stocks to be traded outside of public exchanges such as the Tokyo Stock Exchange. As of June 30, 2024, there are three such systems in Japan: Japannext, Osaka Digital Exchange, and Cboe Japan Limited. The first two belong to the SBI Group. It is commonly understood that in the U.S., while competition between public exchanges and the PTS sector is reducing trading costs, on the other hand in Japan, the PTS is still not commonly used, and the Tokyo Stock Exchange still accounts for most of the trading of listed stocks.

11 Security Token

→ P.129

become less effective. This has triggered increased interest in alternative investments, which follow different trends from traditional assets. In addition, investment diversification has been put forward as a key strategy under the government's "Policy Plan for Promoting Japan as a Leading Asset Management Center." Our initiative to expand the offer of alternative investment products also aligns with this current trend. In February 2024, we established SBI Alternative Asset Management (SBI AAM) jointly with KKR, a U.S. company, which is the leader in the field of alternative investments, including private equity, debt, and real estate. SBI AAM supplies information related to alternative investments to SBI Asset Management (SBI AM) and SBI AM plans to begin providing products that make use of such information in the first half of FY2024. Furthermore, as soon as preparations are completed, SBI AAM itself will start developing and providing alternative investment products. In May 2024, we established SBI-Man Asset Management jointly with the Man Group, a U.K. company that has become a leader in "alternative strategies" based on combinations of various non-traditional investment strategies. We will start providing new products in August 2024.

In May 2024, the SBI Group's assets under management exceeded ¥10 trillion. We will continue to work towards our target of doubling this to ¥20 trillion by the end of FY2027. → P.23

5. Expansion into the Semiconductor-related Business

Finance itself is an information industry, and there is a close linkage between finance and transactions in goods and services, we believe that advantages can be gained when companies in the financial sector expand into other industries. In addition to its business activities as a comprehensive financial group, the SBI Group is therefore moving beyond the financial sector into other industries with the goal of supplying essential goods, services, and information used in various aspects of everyday life. Rising geopolitical risks have raised awareness of the importance of producing semiconductor in Japan. The SBI Group announced its intention to expand into the semiconductor-related business in July 2023. We believe that we can use our powerful domestic and international financing capabilities and networks to contribute by providing access to the reliable, long-term finance needed to ensure the sustainability of this business.

6. Expanding the Digital Assets Industry

In January 2024, the U.S. Securities and Exchange Commission approved trading in spot bitcoin exchange-traded funds (ETFs) in the U.S. for the first time. This has accelerated the entry of institutional investors into the crypto asset market. Developments as such are expected to drive further market expansion as crypto assets move away from their role as speculative products. Moreover, crypto assets are built on distributed ledger technology, which can be used for a wide range of other applications. The SBI Group is working to create innovative products and services based on the attributes of this technology.

One product that is seen as offering potential for future growth is stablecoins. Because the stablecoins are pegged to movements in the value of legal tender, they are less prone to rapid price fluctuations, which has been an issue with many crypto assets. For this reason, they are expected to be used increasingly not only as investments, but also to pay for products and services, including money transfers. We recognize the future growth potential of these assets, and therefore, in November 2023, the SBI Group signed a memorandum of understanding in preparation for the establishment of a comprehensive business partnership with U.S. Circle, which issues the USDC. SBI VC Trade is currently applying for approval to provide electronic payment instruments services, and once this approval has been obtained, the SBI Group will be the only company group in Japan with three licenses to handle stablecoins: banking, trust banking, and electronic payment instruments services. We plan to make preparations for the distribution of USDCs in Japan so that we can use our advantage of being the pioneer for the development of this market. → P.25

In December 2023, Osaka Digital Exchange, which first launched its PTS¹⁰ business in June 2022, began to operate START as Japan's first secondary security token (ST)¹¹ market. By providing tradability for STs, which are still in the early stages of evolution as

investment tools, START is expected to provide the impetus for their increased use as a new method for procuring funds.

Ensuring a Sustainable Future for the SBI Group

Enhancing Corporate Value

SBI Group has achieved rapid growth by always staying ahead of current trends, and by contributing to the resolution of social issues through business activities. Continual self-transformation and evolution in addition to sustained improvement in our corporate value are essential to our long-term future as a corporate group capable of existing in harmony with society. I believe that the SBI Group can sustainably enhance its corporate value through a virtuous cycle by linking three interrelated forms of value, namely, the customer value as the foundation, as well as the shareholder value and human capital value. This mechanism to enhance corporate value has constantly supported our activities. Since the founding of the SBI Group, we have consistently applied our “Customer-centric Principle” as the key to the improvement of customer value. “ZERO Revolution,” which resulted in the elimination of commissions on online trading of domestic stocks, is a perfect example of our application of the “Customer-centric Principle.” [▶ P.10](#)

We see dialogue between shareholders and the management team as an especially important aspect of our efforts to enhance shareholder value in recent years. We have increased the frequency of private meetings with institutional investors and created opportunities for direct communication with individual shareholders through briefings and others. The restructuring of our business segments from a management accounting viewpoint in FY2022 was prompted by our commitment to providing clear information to investors. We believe that these forward-looking initiatives were reflected in our P/B Ratio which improved from 0.70 at the end of March 2023 to 0.91 as of March 31, 2024. [▶ P.28](#)

Our approach to the improvement of human capital value includes reconsideration of framework in such fields as evaluation, training, and compensation, as well as initiatives to secure talented people across the entire Group. For example, given the rapid expansion of the SBI Group’s overseas activities has heightening the importance of recruiting more people with the skills needed to work globally, we are now actively recruiting people from overseas universities. In April 2024, we decided to raise our salary levels, especially for those who are ranked as junior employees through to middle management, and have expanded the incentive program for officers and employees, which is expected to lead to executives and employees working with a stronger awareness of the company’s share price and corporate value. [▶ P.43](#)

SBI Group firmly believes that companies can only prosper in harmony with society, and that the creation of a better society is the best way to ensure a better future for companies. By consistently applying the “Customer-centric Principle” since the founding of the SBI Group, we have built a broad support base and built positive relationships within and beyond the Group. We are enabling the continued growth of the SBI Group together with society by working towards the resolution of social issues and the realization of a sustainable society through activities guided by sound ethical values. We have reached the 25th anniversary of the SBI Group with a heightened determination to meet the expectations of all stakeholders and achieve further growth. We look forward to your continuing support and guidance.



SBI Group's Mission

“Corporate Mission” and “Fundamental Business Building Concepts” to Realize Mutual Prosperity with Society

“Corporate mission” is another way of describing a company’s management philosophy or values and raison d’être that do not change easily because of top management shifts or market changes. In other words, a corporate mission serves as the foundation, allowing it to establish a clear long-term goal for the Company and provide a sense of purpose for its employees.

Guided by its corporate mission, SBI Group develops businesses based on its “Fundamental Business Building Concepts.” We strive for mutual prosperity with society by contributing through our core business activities.

The SBI Group's Corporate Mission

01 SOUND ETHICAL VALUES

We shall undertake judgments on actions based not only on whether they conform to the law or profit the company, but also whether they are socially equitable.

02 FINANCIAL INNOVATOR

We will transcend traditional methods and bring financial innovations to the forefront of the financial industry, utilizing opportunities provided by the powerful price-cutting forces of the Internet and developing financial products and services that further enhance benefits for customers.

03 NEW INDUSTRY CREATOR

We strive to become the leader in creating and cultivating the core industries of the 21st century.

04 CONTINUAL SELF-EVOLUTION

We will continue self-evolution to flexibly adapt to changes in the economic environment through “Ingenuity” and “Self-transformation.”

05 FULFILL SOCIAL RESPONSIBILITY

We ensure that each company in the SBI Group recognizes its social responsibilities as a member of society, while fulfilling the demands of its stakeholders, contributing to the betterment of society.



FIVE
CORPORATE
MISSIONS

For the Good of Society and for the Good of People

The sustainability of
the SBI Group with society

Since our founding, it has been our constant desire to capture current trends to create innovative businesses “for the good of society and for the good of people.” At the same time, a company is a constituent of society and exists only because it belongs to society, and in adherence with this concept, we have sought to contribute to the sustainability and development of society. In line with this policy, we are developing businesses built upon the basic business principles and originating from the SBI Group’s Five Corporate Missions. Moreover, by contributing to the resolution of social issues through our businesses, we strive to ensure the sustainability and growth potential of society and the Group, which we consider to be the foundation of the SBI Group’s sustainability.

Sustainability >>> P.36

Fundamental Business Building Concepts

Thorough Pursuit of the “Customer-centric Principle”

Since its founding, the SBI Group has been pursuing a “Customer-centric Principle.” In addition to reducing commissions on brokerage transactions, by providing deposit products with favorable interest rates and realizing the industry’s lowest insurance premiums, we have harnessed the power of innovative technologies to offer products and services at competitive prices. We are also focusing our efforts to enhance our product offerings in order to meet our customers’ needs.

Formation of a “Business Ecosystem” and Thorough Pursuit of Group Synergies

A business ecosystem is an economic community based on mutual interaction that is supported by an organizational structure. Based upon the two major principles of complex systems “The whole should be geared towards the objective of being greater than the sum of the parts” and “The whole should have new qualities that an individual part cannot achieve,” the SBI Group has established a business ecosystem that realizes its high growth potential from synergy and mutual evolution, which cannot be achieved by a single company alone.

Thorough Devotion to Innovative Technology

The SBI Group invests in promising domestic and overseas venture companies in the fields such as the fintech sector and artificial intelligence (AI) as well as growth fields such as blockchain and digital assets, quantum computers, and nuclear fusion where revolutionary technologies are being developed and advancing globally. We are promoting growth through the three processes of “Investment” in promising startup companies, the “Adoption” of the new technologies held by investee companies to the Group’s individual financial service businesses, and the “Diffusion” of these technologies across multiple industries.

Formulate and Implement Strategies that Anticipate the Near Future

The SBI Group is working on its business by establishing “overall strategies” and “individual strategies” to align and mobilize the Group companies to create efficient synergies and strengthen the sense of unity among them. The overall strategy of the SBI Group is a Group-wide effort that is consistent with social issues, national goals, etc., while keeping an eye on the changing times. The overall strategy is being efficiently communicated to each subsidiary, allowing them to develop individual strategies that contribute to a unified goal.

Public Benefit Leads to Private Benefit

Under the notion of “without society, there would be no businesses; without businesses, there would be no society,” if we engage in business activities that are instrumental for public benefits, i.e., ones “for the good of society and for the good of people,” they would also lead to benefits for the Company.

Going Beyond Finance with Finance at Its Core

Under the recognition that movements in goods and services are inextricably linked to finance. The SBI Group will continue to promote financial business as a financial professional, and continue to exist as entity that takes on the challenges of resolving various social issues in Japan and overseas by entering into new business fields that create synergies with its financial business.

FUNDAMENTAL
BUSINESS
BUILDING
CONCEPTS

SBI Group's Value Creation

Unwavering Commitment to the "Customer-centric Principle" is the Fountainhead upon Which the SBI Group Creates and Enhances its Corporate Value

The SBI Group believes that its corporate value is the sum of "customer value," "shareholder value," and "human capital value." We recognize that our "customer value" created through pursuit of the "Customer-centric Principle," increases "shareholder value" and "human capital value," which is greatly tied to growth of our corporate value, which is the cumulative sum of these three values.

Customer Value: The foundation for creating corporate value

For the SBI Group, we believe that creating "customer value" is the foundation of corporate value, which is generated and increased by interrelating "shareholder value" and "human capital value."

Together with the adoption of the Internet, customer value has become a critically important value such that companies cannot survive without adhering to the "Customer-centric Principle." The SBI Group recognizes that maximizing customer value is the largest challenge facing management strategy and is thoroughly instilling our "Customer-centric Principle" in all of our businesses.

If products and services with high customer value are pro-

vided in all of our businesses through the pursuit of the "Customer-centric Principle," revenues and profits will increase, which will also lead to greater shareholder value. Such an increase in shareholder value will result in improved incentives. If remarkable talent can be hired through such improved incentives, the human capital value will also increase. Highly skilled human resources with a strong sense of ethics will contribute to a further increase in customer value, and amidst a virtuous cycle in which corporate value, shareholder value, and human capital value are interrelated, corporate value will expand exponentially.

Products and services with high customer value

Our adherence to the "Customer-centric Principle" at the SBI Group involves offering lower fees, favorable interest rates, attractive investment opportunities, easily comparable products and services, safe and highly reliable services, and a rich set of high-quality financial contents – all provided in a variety of formats. It is our belief that the adherence to the "Customer-centric Principle" in all our businesses help support a "public benefit" that will lead to the SBI Group fulfilling its social responsibility.

In our drive of commitment to the "Customer-centric Principle," we emphasize indicators such as customer satisfaction assessments of our products and services by third-party institutions. Going forward, we will endeavor to maintain the standards of our customer satisfaction assessments at a high level for the customer services we provide. [▶ P.64](#)

As a result of these initiatives being well received, the SBI Group's customer base exceeded 50 million as of March 31, 2024, an exponential leap since the Company's founding.

Strategic Value: The critically important factor in the composition of corporate value

In addition to "customer value," "shareholder value," and "human capital value," there is also "strategic value" (management vision and long-term strategy), which we consider to be a critically important factor in the composition of corporate value at the SBI Group.

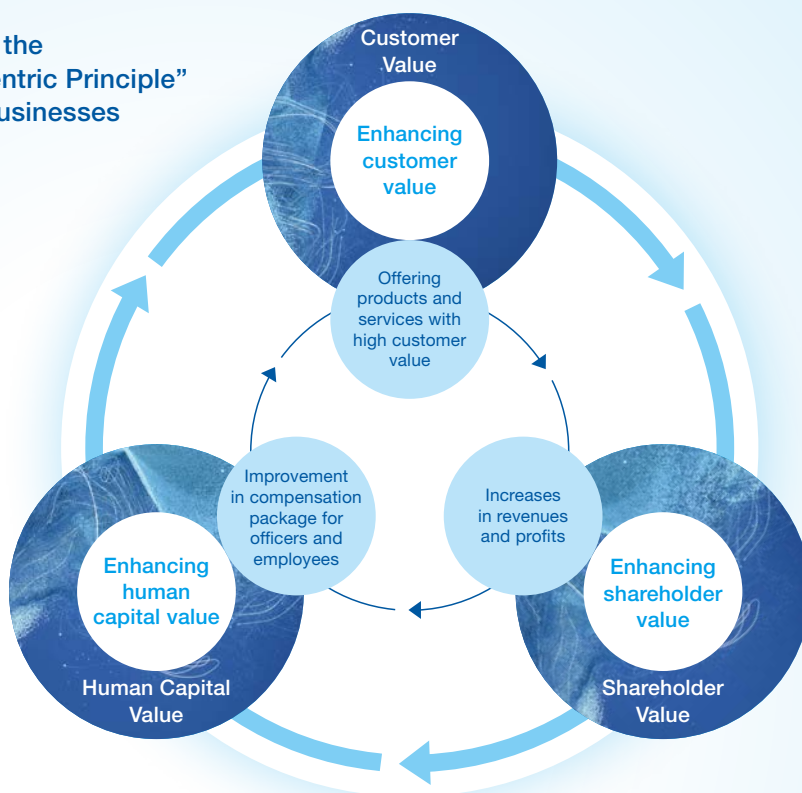
A major business mission of the Group is to address unfair inequalities within our society, especially in the financial field, and to create new added-value by utilizing technology. As stated in the corporate missions, as a "financial innovator" and

"new industry creator," we will continue to be a company that keeps on self-evolving while responding flexibly to external changes.

The SBI Group shares the corporate missions throughout the whole Group, realizing an overall strategy which captures the major trends of the time through implementing individual strategies that are realistic and appropriate for each subsidiary's business activity, based on our "Fundamental Business Building Concepts."

Mechanism to Enhance Corporate Value

Adherence to the
“Customer-centric Principle”
in all Group businesses



Corporate value: The sum of customer value, shareholder value, and human capital value

Customer Value

Customer value is the value that a company provides to its customers and the primary value of goods and services provided by the SBI Group. Since its founding, the SBI Group has advocated that through pursuit of the “Customer-centric Principle” it has been able to provide outstanding price competitiveness for products and services in the Financial Services Businesses such as in the securities, banking, and insurance businesses using the Internet. Currently, we are working to increase customer value by developing products and services that utilize advanced and innovative technologies such as AI and blockchain to develop new financial services.

Shareholder Value

The SBI Group considers shareholder value to be the total present value of future free cash flows expected to be received by shareholders and creditors. We have positioned ratio of profit to equity attributable to owners of the Company (ROE) as one of the key business ratios associated with increasing shareholder value. On the other hand, from the perspective of sound growth of the Company as a going concern, management focusing solely on ROE will only achieve short-term growth. Therefore, the SBI Group will not only return profits and cash generated through improved business performance owing to an increase in customer value to shareholders, but will also allocate them in a well-balanced manner for investment for further future growth and increased shareholder value.

Human Capital Value

The SBI Group considers people to be a source of competitiveness and differentiation and has continuously recruited employees to secure a large number of talented individuals both domestically and abroad. The SBI Group is also actively engaged in educational training through SBI Graduate School, which the SBI Group fully supports, and endeavors to select young, qualified employees for officer positions, as well as to promote women to managerial positions. We also strive to develop human resources by conducting evaluations based on their abilities, regardless of age, ethnicity, nationality, gender, etc., through these efforts, we have focused on increasing human capital value. In addition, we have created a work environment that is conducive to raising employee engagement by considering how to maintain and improve the health of employees and support their desired career development.

Achieving Sustainable Growth Through a Group-wide Strategy in Touch with the Times

SBI Group adopts Fundamental Business Building Concepts to promptly detect changes with the time, and has accomplished its growth by executing a strategy that responds to these changes. Looking ahead, by repeating the process of “self-denial,” “self-transformation,” and “self-evolution,” we will continue to be a company that constantly endeavors to evolve.

Birth of the SBI Group

SBI Group was formed in April 1999 when SoftBank Finance was founded as a financial subsidiary of SoftBank (currently SoftBank Group). In July 1999, SOFTBANK INVESTMENT (currently SBI Holdings) was founded as an operator of a venture capital business.

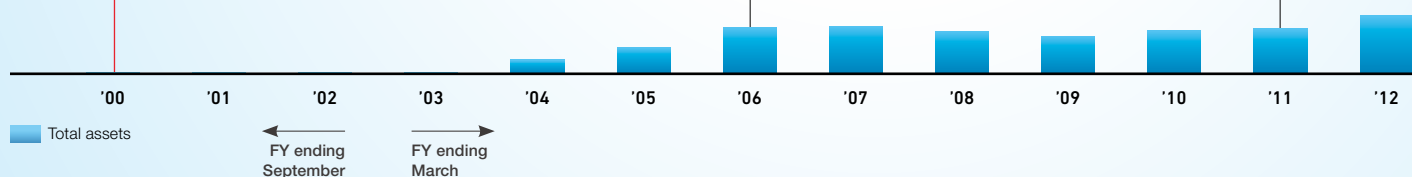
From Japan's SBI to the World's SBI

SBI Group used the reversals of Japanese trade and income balance in 2005 as an opportunity to accelerate the establishment of an investment framework in emerging markets with high growth potential, focusing on Asia such as China, and to jointly establish funds with major local partners to make investments. We are now further strengthening this global investment framework and promoting the development of Financial Services Business focusing on Asia.

Selection and Concentration

During a deteriorating business environment originating from the BNP Paribas shock, the SBI Group fully instituted a “selection and concentration” approach to its businesses from FY2010 to transition the focus of business management from expanding the Group’s scale to one focused on profitability. Specific steps included the sale of non-core businesses that had weak synergy with the three core businesses of the Financial Services Business, and restructuring within the Group to a model that better facilitated the leveraging of synergy. As a result of these changes, The Group’s resources such as the generated cash were concentrated into the Financial Services Business, the Asset Management Business, and the Biotechnology-related Business* so that businesses in deficit could promptly return to profitability while businesses in surplus could further expand their profits, thereby realizing the strengthening of the Group’s overall profitability.

*Starting in FY2022, we moved to a five-business segment structure, comprising the Financial Services Business, the Asset Management Business, the Investment Business, the Crypto-asset Business, and the Next Gen Business.



Social trends

- The Financial Big Bang in Japan
- Internet revolution
- Japan's trade/income balances reverse
- The global financial crisis

| | Established in 1999 | 2009/3 |
|--|---------------------|------------|
| Revenue (Net Sales) | 0 | ¥130.9 bn |
| Net income (Full-year net income/profit attributable to owners of the Company) | 0 | ¥(18.4) bn |
| Group companies | 11 | 91 |
| Group customer base | 0 | 8.0 m |
| Number of employees | 55 | 2,492 |



Development of Fintech and Blockchain Utilization

Until now, the SBI Group has realized dramatic Group growth through the building of the financial ecosystem centered on Internet. We have been striving to evolve into digital financial ecosystem centered on blockchain, one of the revolutionary technology, while introducing various types of fintech into financial services offered by the SBI Group. We also have been expanding digital asset-related businesses, using blockchain technology and distributed ledger technology.

Restructuring of the Business Portfolio

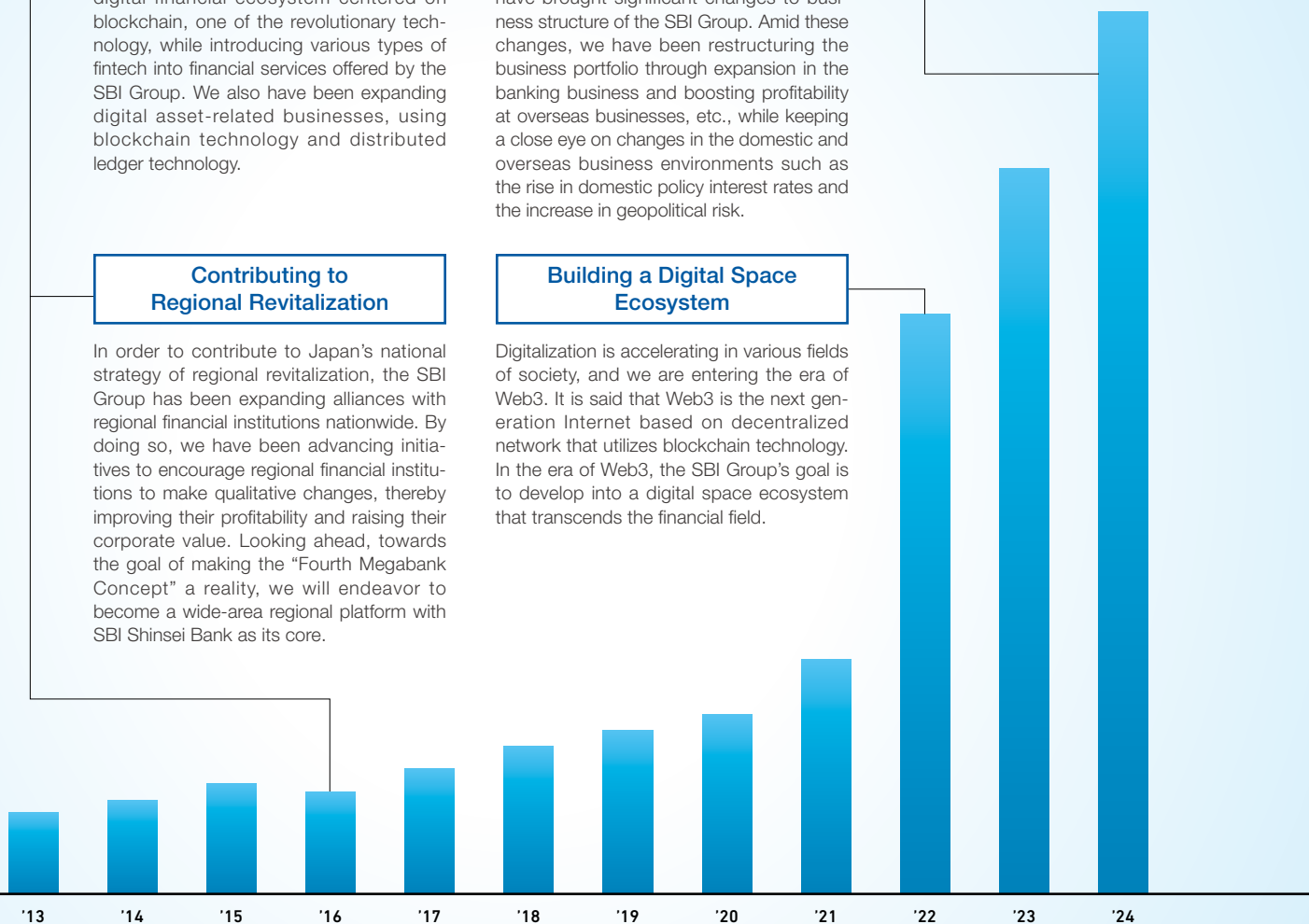
The elimination of all commissions on online trading of domestic stocks under “ZERO Revolution” by SBI SECURITIES and the large-scale acquisition of SBI Shinsei Bank have brought significant changes to business structure of the SBI Group. Amid these changes, we have been restructuring the business portfolio through expansion in the banking business and boosting profitability at overseas businesses, etc., while keeping a close eye on changes in the domestic and overseas business environments such as the rise in domestic policy interest rates and the increase in geopolitical risk.

Contributing to Regional Revitalization

In order to contribute to Japan’s national strategy of regional revitalization, the SBI Group has been expanding alliances with regional financial institutions nationwide. By doing so, we have been advancing initiatives to encourage regional financial institutions to make qualitative changes, thereby improving their profitability and raising their corporate value. Looking ahead, towards the goal of making the “Fourth Megabank Concept” a reality, we will endeavor to become a wide-area regional platform with SBI Shinsei Bank as its core.

Building a Digital Space Ecosystem

Digitalization is accelerating in various fields of society, and we are entering the era of Web3. It is said that Web3 is the next generation Internet based on decentralized network that utilizes blockchain technology. In the era of Web3, the SBI Group’s goal is to develop into a digital space ecosystem that transcends the financial field.



Change to IFRS

*1 “Total assets” for the fiscal years ended March 31, 2012 and earlier represent “total assets” under JGAAP
*2 The fiscal year ended March 31, 2003 covered six months because of the change in the fiscal year end

- Rise of fintech
- Abenomics
- Promotion of regional revitalization
- Spread of COVID-19
- The Russian invasion of Ukraine
- Lifting of negative interest rate policy

| 2014/3 | 2019/3 | 2024/3 |
|-----------|-----------|-------------|
| ¥232.8 bn | ¥351.4 bn | ¥1,210.5 bn |
| ¥21.4 bn | ¥52.5 bn | ¥87.2 bn |
| 213 | 259 | 721 |
| 17.53 m | 25.20 m | 50.50 m |
| 5,352 | 6,439 | 19,097 |

SBI Group's Business Domains

Expanding Business Domains for 25 Years Through Challenges and Evolution

Since its founding, the SBI Group has led the development of Internet finance in Japan along with being a corporate group that is “going beyond finance with finance at its core.” It continues to take on challenges that grasp the trends of the era. The result is that we have now created a diverse business portfolio and put in place a system that enables flexible management decision-making.

Beginning of the Securities Business

In 1999, E*TRADE SECURITIES (now SBI SECURITIES) started Internet trading in Japan. Riding the trend of online transformation in the financial sector, the Company was the first-mover in comprehensive online securities in Japan and has now established itself as the No.1 in Japan.

Establishment of a Financial Ecosystem

In 2007, SBI Sumishin Net Bank started operations as an Internet-based full-service bank. This was followed in 2008 by SBI Insurance starting its operations. Then, after becoming a consolidated subsidiary in 2015, SBI Life Insurance restarted insurance underwriting in 2016. This all led to our engaging in businesses in primary financial sectors of securities, banking, and insurance, and in doing so, completing the vision of a “financial ecosystem,” which we have conceived of since our founding.

Starting the Asset Management Business and Expanding the Financial Services Business

To effectively carry out asset management within the Group, we established SBI Global Asset Management (now the SBI Asset Management Group) to oversee the Group's asset management functions in 2015.

Moreover, the government started the NISA program to facilitate the move of individual financial assets “from savings to investment” in 2014. Consideration of such trends have resulted in an expanded lineup of financial products at the SBI Group and a focus on bringing forth a diversity of new services that put to use technologies such as fintech from startup companies we have invested in.

Our Heritage, the Venture Capital Business

In 2000, we established the INTERNET TECHNOLOGY FUND, a venture capital fund of ¥150.5 billion, the largest fund commitment of its kind in Japan at the time. With the pursuit of being a “new industry creator” as put forth in the corporate missions, we focused our investments on the Internet field, a growth field of the 21st century. In 2005, we established the New Horizon Fund that targets investments in promising Chinese companies together with a governmental investment company in Singapore. Starting with this fund, we have built a global investment framework by establishing numerous funds in emerging countries with high potential, particularly in Asia, in collaboration with leading local partners.

Forming New Funds Targeting Leading Technologies One after Another

In 2015, we established the Fintech Fund with an investment focus on promising startup companies, both in Japan and abroad, possessing elemental technology in the fintech field. Then in 2018, we created the SBI AI&Blockchain Fund to invest mainly in the fields of AI and blockchain. In 2021, we started operation of the SBI 4+5 Fund, to invest primarily in innovative technologies and services in a wide range of industries, including “Society 5.0 for SDGs” and “Industry 4.0,” as a way of expanding investments in startup companies that are constantly implementing new technologies ahead of others.

Entering the Crypto-asset Business

With our attention on the future potential of blockchain technology, we have entered the business of operating a crypto asset exchange in response to the diverse needs of investors and to provide them opportunities for investment exposure to new value assets. After having registered as a crypto asset exchange in 2017, SBI Virtual Currencies (now SBI VC Trade) started offering crypto asset trading services in 2018. We also entered into the crypto asset market-maker business in 2020 by acquiring B2C2 of the U.K. as a subsidiary in 2020. This has advanced the formation of an ecosystem in the crypto asset field in the same way as what we previously did for the financial business.

Entry into the Biotechnology Field

We have entered the biotechnology field through SBI Biotech, a drug discovery bio-venture that started operations in 2007. Amid our involvement in the Biotechnology-related Business, we have turned our attention to 5-aminolevulinic acid (5-ALA), initiating R&D and manufacturing of products using 5-ALA. In 2012, we established SBI ALApromo, for the domestic sales of health foods and cosmetics that contain 5-ALA.

Entry into the Digital Space Field

After setting up the Blockchain Promotion Department at SBI Holdings in 2016, we established the joint ventures of SBI Ripple Asia in 2016 and SBI R3 Japan in 2019 with Ripple and R3, respectively, both based in the U.S. Through these steps and others, we are promoting businesses related to Web3 which is built upon a blockchain foundation. We also entered the NFT business in 2021 by making

Smartapp (now SBINFIT) a consolidated subsidiary. SBI Digital Hub was established in 2022 to support the creation of Web3-related projects in Japan through consulting to companies using digital technology.

The Five Business Segments of the SBI Group

The Rapid Growth of the Financial Services Business Keeps Going

In 2021, Shinsei Bank (now SBI Shinsei Bank) became a consolidated subsidiary and positioned as the core bank of the SBI Group, which led to the expansion of the banking business.

In 2019, SBI SECURITIES announced its vision of commission-free online trading of domestic stocks, which it started implementing in 2023 as "ZERO Revolution." The total number of comprehensive securities accounts at the SBI Group is now growing at an accelerating pace, which is exerting a ripple effect across the entire Group, especially making a major contribution to expanding the customer base of the core Financial Services Business.

Overseas, the Hyundai Swiss Savings Bank of Korea (now SBI SAVINGS BANK), which used to be one of our venture investments since 2002, was converted into a consolidated subsidiary in 2013. In addition to this, we have made local banks in Vietnam, Cambodia, and Russia into subsidiaries to expand overseas financial services businesses mainly in Southeast Asia.

Endeavor to Reach ¥20 Trillion in Assets Under Management

In the Asset Management Business, after making consolidated subsidiaries of Rheos Capital Works in 2020 and Okasan Asset Management (now SBI Okasan Asset Management) in 2022, the SBI Group's AUM surpassed ¥10 trillion in May 2024. We are carrying out a variety of measures endeavoring to reach ¥20 trillion in AUM by FY2027 including M&A. As one of the measures, a wide range of investment products are offered that meet the diversifying needs of individual investors both inside and outside the Group, with SBI Asset Management achieving the highest growth rate in Japan in terms of AUM of publicly offered investment trusts in FY2023.* Another one of these measures is to partner with leading asset management players such as the Man Group of the U.K. and KKR of the U.S. with the goal of spreading the adoption of alternative investments in place of traditional investment products.

* Out of the top 15 companies in terms of AUM

Financial Services Business

Asset Management Business

Business divisions that generate relatively stable profits

Promoting Business Expansion in Growth Industries and Promising Sectors

In the Investment Business, we continue to focus investments on growth industries and on sectors with solid expectations. In addition to fields such as AI and fintech, which are already positioned as growth sectors, we formed the ¥100-billion SBI Digital Space Fund, which invests primarily in the "digital space" segments such as Web3 and the metaverse in November 2023. Through accelerated efforts such as this, the total amount of funds set up to date exceeds ¥800 billion. We are also forming alliances with various promising companies to promote overseas investments such as in Africa and the Middle East.

In the Crypto-asset Business, we are constantly expanding the number of distinct crypto assets handled on SBI VC Trade and BITPOINT in addition to providing staking services with one of the highest reward rates in the industry. Our goal here is to grow the customer base through an expanded lineup of products and services. To aid the distribution in Japan of stablecoin USDC, a type of crypto asset linked to the price movements of fiat currency, we have formed a partnership with Circle of the U.S. which is the issuer of USDC.

Investment Business

Crypto-asset Business

Business divisions with volatile financial results that are highly dependent on the market environment

Entering the Semiconductor-related Business

SBI Group believes that the revitalization of Japanese manufacturing is crucial to achieve regional revitalization, which the Group has been actively working on. In July 2023, the Group entered the semiconductor field. Leveraging our strong funding capabilities and network both domestically and internationally, we endeavor to contribute to the establishment of stable and long-term funding support, which is

essential for ensuring the sustainability of the business. Our goal is to integrate the financial ecosystem of the SBI Group with the semiconductor-related business by involving Group companies, investee companies, partners, government, local authorities, and academic institutions, thereby creating a "semiconductor ecosystem."

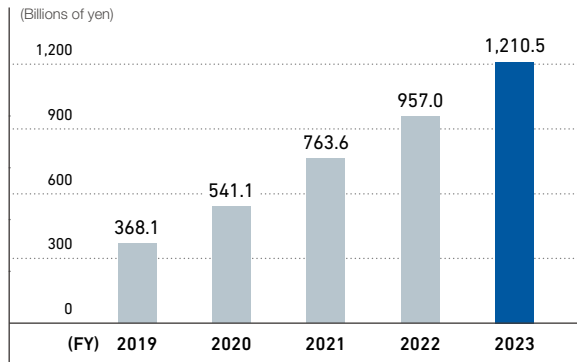
Next Gen Business

A forward-looking business segment that promises rapid future growth

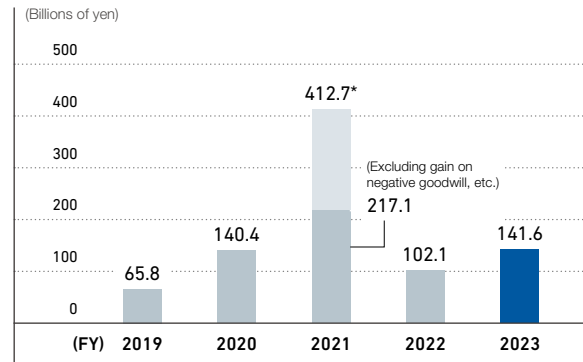
SBI Group's Overview

Financial Highlights

Revenue

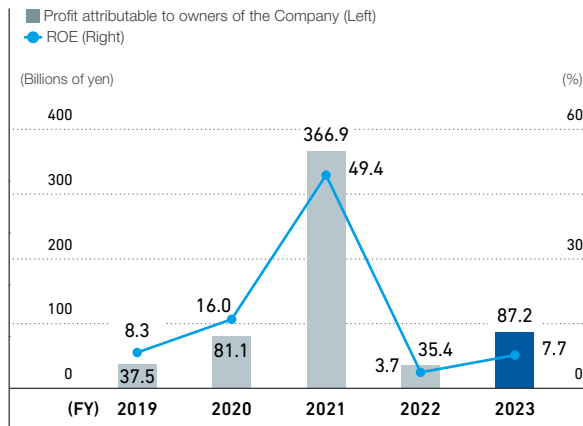


Profit before income tax expense

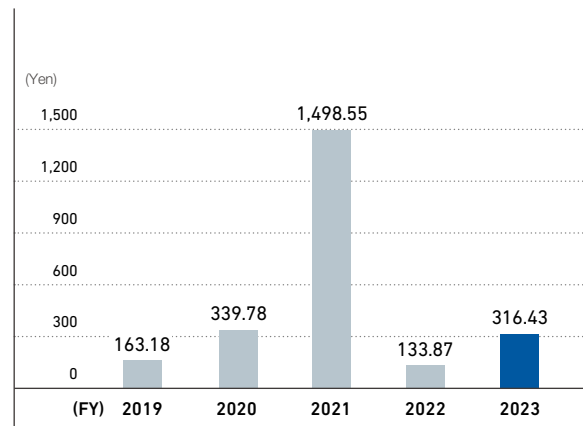


* Figures for FY2021 include one-time factors (gain on negative goodwill, etc., of ¥195.6 billion) recorded when SBI Shinsei Bank became a consolidated subsidiary

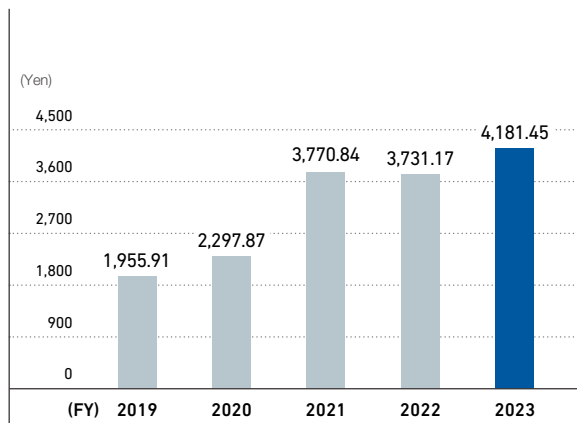
Profit attributable to owners of the Company Ratio of profit to equity attributable to owners of the Company



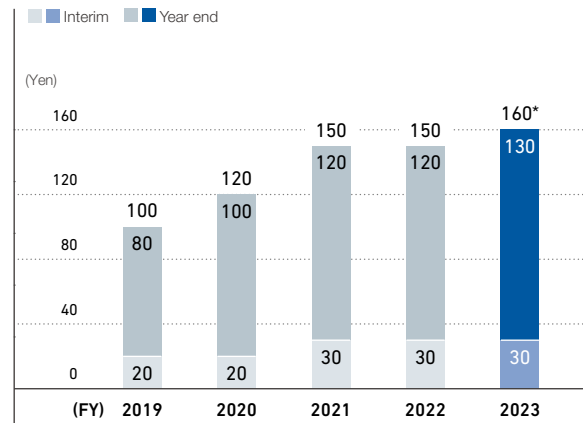
Basic earnings per share (EPS) (attributable to owners of the Company)



Equity per share attributable to owners of the Company (BPS)

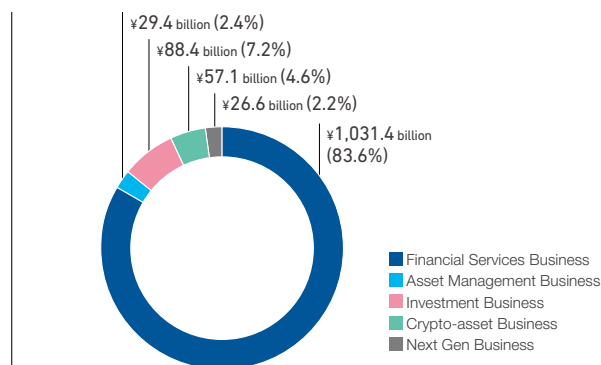


Dividend per share



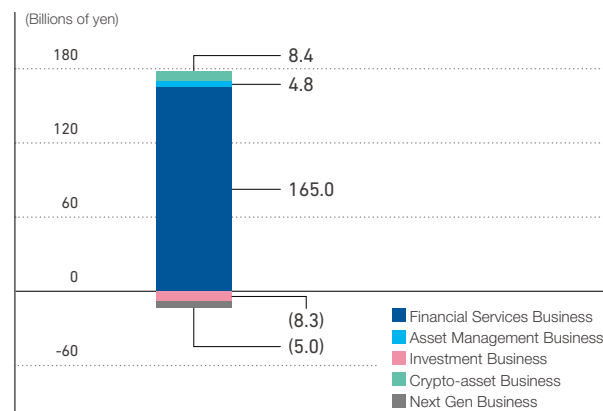
* Includes a commemorative dividend of ¥10 per share to celebrate the 25th anniversary of the Company's founding

▶ Revenue breakdown by business segment* (FY2023)



* Revenue breakdown percentages by business segment are presented as the composite ratio of the total revenue of each segment.

▶ Profit before income tax expense (FY2023)



Corporate Highlights

Countries and regions with overseas offices

26 countries and regions

(As of June 30, 2024)

The SBI Group has established overseas offices primarily in the growth markets of emerging countries in Asia and is pursuing global business expansion in various fields.

Rating for long-term issued bonds

A-

(As of April 26, 2023)

In April 2022, SBI Holdings acquired a long-term issued bond rating of A- (Stable) from the Rating and Investment Information, Inc., a one notch upgrade from BBB+.

Number of Group companies that have made initial public offerings

18 companies

(As of June 30, 2024)

The Company is promoting initial public offerings of Group companies to actualize the Company's intrinsic corporate value.

Institutional investor ratio in shareholder composition

56.9 %

(As of March 31, 2024)

The foreign ownership ratio, which had previously been growing, fell to 33.9% as of March 31, 2024, from 48.6% as of March 31, 2022. We endeavor to maintain a healthy balance in our shareholder composition.

Customer base

50.5 million

(As of March 31, 2024)

The customer base of each of the SBI Group companies is steadily increasing, and our goal is to achieve customer base of over 100 million at the Group level at this time.

Consolidated number of employees

19,097

(As of March 31, 2024)

The consolidated number of employees of the SBI Group, both in Japan and overseas, has been increasing each year due to a rise in the number of consolidated subsidiaries resulting from our active involvement in M&A.

Securities-related Business



Masato Takamura

Representative Director and
President
SBI SECURITIES

Striving Towards Further Growth Through an Increased Commitment to Our “Customer-centric Principle” and “ZERO Revolution”

Solidifying Our Position in the Securities Industry Through a Consistent “Customer-centric Principle”

SBI SECURITIES launched its online trading service in October 1999. Today, the SBI Group holds over 13 million comprehensive securities accounts, which is higher than any other securities firm, including major face-to-face securities companies. We attribute this growth to the impetus provided by the thorough pursuit of the “Customer-centric Principle,” the core of the SBI Group’s fundamental concepts.

An excellent example of this approach was our decision to implement major reductions in brokerage commissions in 2001. This move earned us the support of many individual investors, and by 2003 we achieved the top position in the online securities business. As our customer base grew, we worked to expand our product offerings to meet the diverse needs of our customers, while strengthening our IT systems to withstand the

growing number of customers, and this has created a virtuous cycle of further customer growth, and therefore, accelerating our growth. I believe that this outcome serves as a perfect example of the Hegel’s “law of the transformation of quantity into quality.”

To continue gaining support for an online service subject to high levels of customer inflows and outflows, we must combine competitive prices with the timely provision of optimized trading environments, services, and products for which there is strong demand. Direct customer requests for improvements to our services are of particular importance to us. In fact, I personally read any such feedback and pay close attention to particularly user interfaces (UI) and user experiences (UX), and strive to make prompt improvements. I attribute our high scores in customer satisfaction surveys conducted by independent research firms to these efforts. [▶ P.64](#)

“ZERO Revolution” Realized in the Course of Sustainable Growth

Launched in September 2023, “ZERO Revolution,” which involves elimination of brokerage commissions for online trading of domestic stocks, can be seen as an extension of the SBI Group’s “Customer-centric Principle.” We anticipated the movement towards elimination of stock brokerage commissions, which started in the U.S., would eventually spread to Japan, and since the announcement of the concept in June 2019, SBI SECURITIES has taken various steps ahead of the industry to realize this concept.

In launching “ZERO Revolution,” we needed to diversify revenue sources to offset the loss of commission revenues. We, therefore, have been focusing on diversification of revenue sources, including trading revenues from FX transactions, stock-type revenues such as trust fees from investment trusts, expansion of non-online revenues such as IFA business, further strengthening of corporate business, and expansion of product lineups such as foreign stocks and real estate small lot beneficiary interests. As a result SBI SECURITIES made the decision to launch “ZERO Revolution” after reliance on brokerage commissions from domestic stocks for online trading had been reduced to around 10% of our operating revenues.

The impact of “ZERO Revolution” was even greater than we expected, and the speed of account acquisition has further accelerated, with number of securities comprehensive accounts held by the SBI Group increasing from 11 million in September 2023 to over 12 million in just four months. In terms of our financial performance, while we had estimated a loss in revenue of around ¥15.8 billion in FY2023 due to the launch of “ZERO Revolution,” we achieved a year-on-year growth in both revenue and profit.

The Securities Business as a Base for Leveraging Group Synergies

SBI Group has established a business ecosystem that realized its high growth potential from synergy and mutual evolution, which cannot be achieved by a single company alone. Over the

years, this ecosystem has generated various synergies that have fueled the growth of each of the SBI Group companies. An obvious example of this process is the way SBI Group companies have benefited from the ripple effects caused by the expansion of the customer base in securities business following the launch of “ZERO Revolution.” Specifically, these include a rapid increase in the number of accounts and margin deposits in the FX business, as well as increases in number of accounts and deposit balances, at SBI Shinsei Bank and SBI Sumishin Net Bank, both of which offer simultaneous account opening services.

In addition to “ZERO Revolution,” we are also working to create synergies in various other fields through initiatives that include the sale of investment trusts developed by SBI Asset Management, as well as the expansion of our corporate business through collaboration with SBI Shinsei Bank, and support for the listing of companies in which SBI Investment has invested.

Further Steps of “ZERO Revolution”

Since the launch of “ZERO Revolution,” we have rolled out various other measures, including as the second step which was to eliminate the brokerage commissions for trading U.S. stocks

and overseas ETFs under the new NISA, and the third step of eliminating real-time USD/JPY exchange fees. We are currently considering further measures to follow.

In addition, as a platformer that gains support from many customers, we plan to steadily implement multi-device support for each website page and enhance the functions of the smartphone applications from July 2024 to 2025. We will continue to improve the UI/UX to provide a more comfortable trading environment.

We also plan to strengthen our overseas expansion efforts. SBI SECURITIES currently has three overseas offices in Hong Kong, Singapore, and London. While these offices primarily work with institutional investors, forward-looking efforts such as “ZERO Revolution” are raising our profile in overseas markets, resulting in the steady expansion of the range of business activities handled by our overseas offices.

One of our basic business principles forming the foundation of the SBI Group’s business activities is “going beyond finance with finance at its core.” SBI SECURITIES will continue to achieve growth by exploring concepts that are not limited by existing frameworks, while also fulfilling our role as the core of SBI Group’s financial services businesses by supporting not only our own growth, but also the growth of the entire SBI Group.



FX-related Business

Supporting the SBI Group in Foreign Exchange Transactions



Fuminori Ozaki

Representative Director and
President
SBI Liquidity Market

SBI Liquidity Market develops and provides market functions relating to foreign exchange (FX) transactions. In addition to our core retail FX business, we also provide the support for FX transactions needed for the SBI Group’s increasingly diverse and globalized business activities. Since our founding in 2008, we have achieved growth in partnership with the SBI Group as a team of FX professionals. Today, our customer base is among the biggest in the FX industry (with 2.22 million accounts and a margin deposit balance of ¥405 billion as of March 31, 2024).

Our FX business, which centers on retail trading, generates annual currency turnover of approximately ¥2,000 trillion. Our primary mission is to manage and utilize this vast amount of currency liquidity in ways that allow us to provide our customers with currency exchange services at dramatically lower costs compared with traditional financial institutions, thereby making the markets we create more accessible to even more customers.

Rapid growth the SBI Group’s customer base as a

result of “ZERO Revolution,” which was launched by SBI SECURITIES, has also had a positive effect on our FX business due to the resulting increase in the number of securities accounts. In addition, heightened public awareness towards investment due to the launch of Japan’s new NISA and other factors is expected to drive further growth in the number of customer transactions for our FX business. We are therefore moving forward with the biggest system upgrade program in our history. Our goal is to create a faster and more user-friendly trading system that will embody our collective expertise as currency professionals and satisfy the diversifying needs of our customers.

There is a possibility of dramatic changes in the environment for both businesses and society, including a transition to a “world with interest rates.” Nevertheless, SBI Liquidity Market will continue to base its operations on the “Customer-centric Principle” of the SBI Group, and strive to achieve further growth by ensuring that its FX business embodies the strengths of the SBI Group.

Banking-related Business



Our Role as the Core Bank of the SBI Group

Katsuya Kawashima

Representative Director,
President and CEO
SBI Shinsei Bank

Business Base Expansion Through Synergy Creation

Since its founding in 1999, the SBI Group has worked to establish a business ecosystem based on online securities, banking, and insurance. Through these efforts, it has evolved into one of the world's most distinctive and comprehensive financial groups. Since joining the SBI Group in December 2021, SBI Shinsei Bank has expanded its customer base and improved its profitability by serving as the core bank for the Group's business ecosystem by thoroughly pursuing synergies with Group companies.

In the retail business, we have focused on enhancing our

products and services and improving our competitiveness amid an accelerating social trend “from savings to investments,” and have made achievements primarily through collaborative initiatives with SBI SECURITIES and SBI MONEYPLAZA. Specifically, we began to collaborate on the financial instruments intermediary and bank agency services in August 2022. Since then, we have launched a variety of collaborative initiatives, including operation of co-managed stores, provision of a discretionary investment service, simultaneous opening of accounts, and automated deposit and withdrawal services. These initiatives have produced dramatic growth over the past two years, resulting in both the number of retail accounts and retail deposits increasing from 3.05 million accounts and ¥4.7 trillion at the time of joining the SBI Group in the end of December 2021, to 3.53 million accounts and ¥5.9 trillion as of March 31, 2024. This growth became especially rapid after the start of “ZERO Revolution” by SBI SECURITIES in September 2023, and our retail accounts growth exceeded 40,000 for the first time in a single month in December 2023. Tailwinds behind the business environment continue to strengthen, including the introduction of Japan's new NISA (a tax-deferred system for small investments) in January 2024, we expect collaboration with other SBI Group companies to generate further growth in our customer base.

In the wholesale business, we have leveraged our expertise in the fields of structured finance and corporate sales to develop new clients and deepen business relationships. This approach has yielded significant benefits, including a steady improvement in our profitability due to significant growth in our operating assets. In particular, cooperation with regional financial institutions has been expanding through the “Triangle Strategy,” in which the SBI Group, the SBI Shinsei Bank Group, and regional financial institutions are working together to promote regional revitalization. Specific initiatives include the introduction of financing projects organized by the SBI Shinsei Bank to regional financial institutions, the participation in co-financing with regional financial institutions for local businesses, and the organization and provision of sustainability-related finance, which has become the focus of growing social demand in recent years. Through these initiatives, we are deepening our involvement with regional financial institutions in a wide range of fields, and are currently engaged in some form of collaboration with 93 of Japan's 99 regional financial institutions.

Also, in terms of cooperation with SBI Group companies, we have generated synergies in a cumulative total of 128 projects worth ¥558.7 billion (end of March 2024) through the provision of debt financing to investees of SBI Investment, as well as various investments and securitization projects, including non-recourse loans for STO transactions for which SBI SECURITIES is the lead underwriter. In addition, APLUS, Shinsei Financial, and Showa Leasing are also working to create synergies with SBI Group companies, primarily through collaboration with regional financial institutions.

We have also worked with the SBI Group on reorganization, which is designed to drive further evolution and deepening of our strengths as well as on the creation of an ecosystem through the integration and convergence of functions within the Group. Starting with the merger of Shinsei Investment

Management, then a subsidiary of the SBI Shinsei Bank, with SBI Asset Management, the business operations of Shinsei Bridge (now SBI Healthcare) were transferred to the SBI Group, and the securities business of Shinsei Securities was transferred to SBI SECURITIES. As a result, we have reached levels where the integration of duplicated business operations and efficiency improvements are expected to yield cost savings of around ¥1.5 billion per year.

The initiatives I have mentioned above have been implemented in about two years since we joined the SBI Group in 2021. I feel that positive changes resulting from these initiatives are becoming increasingly apparent.

Commitment to Further Growth in Step with Change in the Business Environment

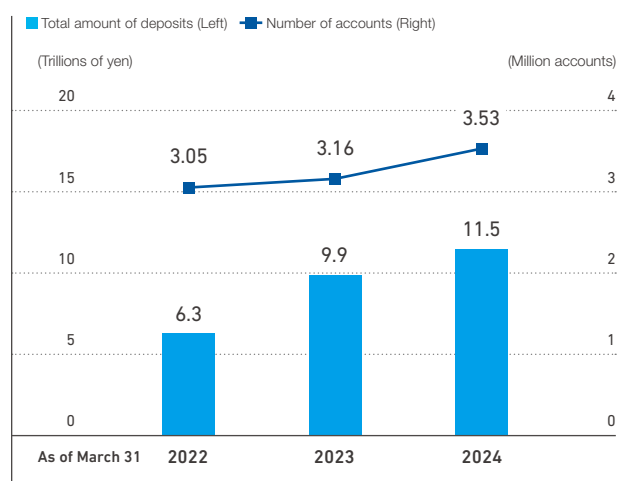
At the monetary policy meeting held on March 19, 2024, the Bank of Japan made the decision to move away from its negative interest rates policy for the first time in eight years. Given the prospect of a return to positive interest rates, as well as continuing dramatic fluctuations in stock markets and foreign exchange rates, I believe 2024 will prove to be a major turning point in terms of the financial environment. We need to be constantly aware of the potential for previously hidden risks to emerge or for new risks to become apparent in this environment. As a banking business, we need to consider the risk of credit-related expenses increasing due to rising interest rates, as well as that the value of securities holdings will decline. However, even after taking these risk factors into account, we believe that rises in long- and short-term interest rates would represent a major growth opportunity for SBI Shinsei Bank. We anticipate growth in earnings, led by our corporate loans and housing loans businesses, and an overall positive impact on our revenue.

Taking advantage of this business environment, I believe that our first priority must be to ensure the achievement of consolidated net income of ¥70 billion, which is the target set under our medium-term vision, which will end in FY2024. In addition, under the Four Party Agreement established between SBI Shinsei Bank, SBI Holdings, the Deposit Insurance Corporation of Japan, and the Resolution and Collection Corporation, we need to reach an agreement by June 2025 on a scheme to repay public funds held by SBI Shinsei Bank and must prepare ourselves to promote such a scheme.

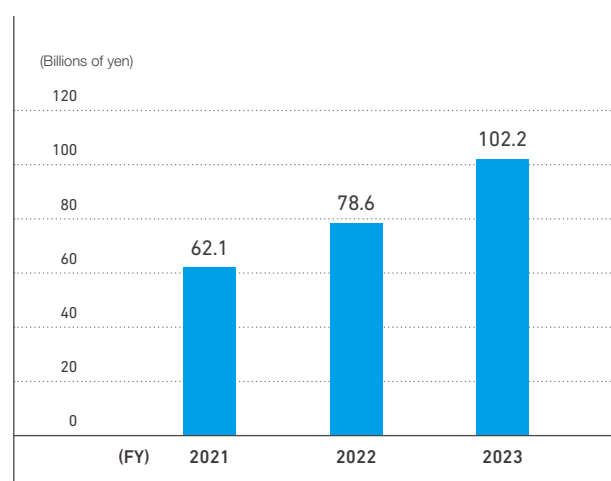
For this, we believe it is vital not only to expand our independent initiatives, but also to further deepen our efforts with SBI Group companies and partners outside the Group, as mentioned above, in order to increase profitability. In March 2024, we announced that all SBI Shinsei Bank branches excluding sub-branches would be co-managed with SBI MONEYPLAZA by the end of FY2024. We are also committed to further expanding our operating assets, which have already grown to ¥11.4 trillion under the SBI Group's "Fourth Megabank concept," through both organic growth and M&A. In addition, we believe that as the core bank of the SBI Group, we also need to create new growth opportunities by engaging with the semiconductor-related business in line with the SBI Group's philosophy of "going beyond finance with finance as its core."

In February 2024, we repaid ¥19.3 billion out of a total of ¥350 billion of public funds through the purchase of non-voting fractional shares held by the Deposit Insurance Corporation of Japan. While the amount repaid represents only a small part of the total, we see this as a significant event in that it represents our first such repayment in 18 years. We have been a member of the SBI Group for a little over two years, yet the changes discussed earlier are already starting to take shape. We will continue to assimilate the SBI Group's entrepreneurial spirit and sense of speed, as well as promote growth in partnership with other SBI Group companies.

Number of Retail Accounts and Total Deposits at the SBI Shinsei Bank



Ordinary Business Profit at the SBI Shinsei Bank



Insurance-related Business

Tatsuyoshi Otobe

Representative Director, Chairman & CEO
SBI Insurance Group

Delivering Accelerated Growth for the Insurance Business Through Utilization of Technology and Group Synergies



Insurance Business Focused on Inorganic Growth

Like the securities and banking businesses, the insurance business forms an integral part of the SBI Group's financial ecosystem. Starting with the establishment of SBI Insurance in 2008, the insurance business has evolved into a comprehensive insurance group comprised of insurance, life insurance, and six small-amount, short-term insurance companies. With the exception of SBI Insurance, all of these companies joined the SBI Group through M&A as part of a growth strategy designed to accelerate the growth of the insurance business customer base.

SBI Insurance began as a direct provider of automobile insurance. The need for automobile insurance emerges from the opportunity of purchasing a car. The number of contracts in force has grown steadily owing to ease of comparing prices and coverages, and high affinity with the Internet. On the other hand, the need for life insurance, such as death coverage, tends to be less obvious, and it takes a long time for a company to establish itself in this field from scratch. For these reasons, the SBI Group has focused on acquiring companies with existing customer bases through M&A and has leveraged its unique strengths to accelerate the growth.

To achieve growth, a new insurance company needs to offer better products at lower prices than its established competitors. Therefore, we have provided our customers with attractive insurance by actively using new technologies to improve work efficiency and reduce operating expenses. Of course, we are not the only insurance company to use new technologies in this way. However, the SBI Group has certain key advantages, including a strong interest in technology at all levels, from top management to employees, as well as early access to new technologies developed by venture companies in which the Group has invested in.

We have also leveraged the comprehensive strengths of the SBI Group to improve the market penetration of our products. A specific example is the expansion of our Group Credit Life Insurance, which borrowers are required to use when taking out a housing loan. SBI Life Insurance began offering this product to SBI Sumishin Net Bank customers in 2017. It has proven to be very popular given its low premiums and excellent coverage and has since been adopted by many regional financial institutions.

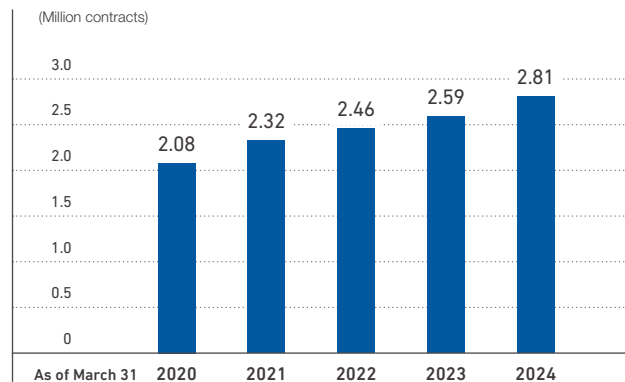
As of March 31, 2024, Group Credit Life Insurance was being sold by over 100 financial institutions, including the SBI Group companies SBI Shinsei Bank and SBI ARUHI.

Expanding Group Collaborations to Make Strides in the Medium to Long Term

In its five-year medium-term management plan, which started in FY2023, SBI Insurance Group has set targets of an increase of roughly 1.6 times in ordinary revenue and 3.2 times in profit attributable to owners of the Company (compared to FY2022). Greater use of technology is essential for the realization of these goals, thus we are planning to enhance our use of AI and big data in order to strengthen our ability to provide efficient and effective product proposals that match the unique needs of each customer. We will also expand our customer base by broadening the scope of collaboration to include SBI Group customers.

While we have set ourselves ambitious targets, there is ample room for growth, since the SBI Insurance Group currently controls just 0.5% of the insurance and 0.05% of the life insurance markets in Japan. We will achieve our goals and realize further growth with technologies at the core.

Number of Contracts in SBI Insurance Group



Note: Represents simple sum of the number of contracts of SBI Insurance, SBI Life Insurance, SBI IKIKI SSI, SBI Nihon SSI, SBI Resta SSI, SBI PRISM SSI, SBI JOGUCHI SAFETY SSI, and SBI Pet SSI

Asset Management Business

Tomoya Asakura

Representative Director and President
SBI Global Asset Management

Cultivating the Asset Management Field as New Keys to the SBI Group's Growth



Rapidly Expanding Asset Management Business

Following a restructuring within the SBI Group in April 2023, SBI Global Asset Management (SBI GAM) is now positioned as the core of the SBI Group's Asset Management Business. As an intermediate holding company, we are responsible for two fields: the Financial Services Business, which primarily carries out investment information and education; and the Asset Management Business, which offers investment management and advisory services.

The origins of SBI GAM predate the founding of the SBI Group. We were originally established in 1998 as Morningstar Japan K.K., a joint venture between SoftBank Corp. (currently SoftBank Group Corp.) and U.S.-based Morningstar, Inc. As Morningstar Japan K.K., we provided investment information and education to raise awareness towards investment for many years. These activities not only form the basis of our customer services, but are also core for persuading people from all walks of life to switch “from savings to investment.” This business is now handled by Wealth Advisor, which had changed its trade name in March 2023.

In the Asset Management Business of SBI GAM, SBI Asset Management and Carret Asset Management are responsible for asset management business in Japan and the U.S., respectively, and SBI GAM group's assets under management (AUM) have been rising rapidly since around 2020, when the SBI Group started to strengthen its asset management business. While SBI Group's AUM exceeded ¥10 trillion in May 2024, SBI GAM group manages approximately ¥6 trillion of these assets (as of May 2024).

Creating Synergies with the Financial Services Business

The strengths of the SBI GAM group, including our commitment to the “Customer-centric Principle,” ability to act quickly, and innovativeness, are also part of the SBI Group's DNA. Just as we pioneered “ZERO Revolution” in the securities business, we are also working in the Asset Management Business to develop and provide products that minimize costs incurred by investors. One such product is the SBI Japan High Dividend Equity Fund

(quarterly distribution type), with its net assets exceeding ¥80 billion in just 138 business days from its launch in December 2023, despite being available exclusively through SBI SECURITIES. Under similar conditions, the SBI iShares India Equity Index Fund took just 196 business days from its launch in September 2023 for its net assets to exceed ¥70 billion.

Our business activities, which include the provision of investment information and the development and provision of investment products, are very closely linked to those of the SBI Group's Financial Services Business. For example, the rapid expansion of the customer base due to initiatives such as “ZERO Revolution” has led to increased demand for our other highly accessible and low-cost products, resulting in diversification of revenue sources for SBI SECURITIES. We have also achieved synergies with the SBI Group's strategy for regional revitalization, such as providing investment products to regional financial institutions among others.

Global Alliances to Achieve Further Growth

Government incentives, including the expansion of NISA and iDeCo, are now driving increased interest in Japan for asset building. However, I have long believed that we lag far behind the U.S. and Europe in this field. The SBI Group has been focusing on asset management for over a decade, and our efforts since then have helped strengthen these systems throughout the entire Group. In recent years, we have seen products such as security tokens (ST) [P.129](#), crypto assets, and private equity attract growing interest as alternatives to more traditional investment products, such as stocks and bonds. We are responding to this trend by starting to expand our collaboration with leading overseas companies. For example, alliances with U.K.-based Man Group plc and U.S.-based KKR & Co. Inc., which have strengths in alternative investment are already underway.

We recognize that SBI GAM has a vital role to play in the SBI Group's efforts to realize its goal of doubling its AUM, from exceeding ¥10 trillion as of May 2024 to ¥20 trillion by the end of FY2027. Going forward, we will continue working to expand our AUM by achieving organic growth, including the development and provision of cutting-edge investment products, as well as M&A activities.

Special Feature

Messages from Key Individuals

INVESTMENT
BUSINESS

Investment Business

Takeshi Goto

Executive Vice President and Director
SBI Investment

Strengthening Investment in Promising Domestic and Overseas Startups and Establishing a Support System for Growth



An Investment Business Supporting the Growth of the SBI Group

SBI Investment is the first company that was established within the SBI Group, and the venture capital business was started as the heritage business of the Group. Since its founding in 1999, the SBI Group has greatly expanded its business fields and scale of business. During this time, we have contributed to the creation and cultivation of a core industry of the 21st century through startup investments while also supporting the growth of the Group by leveraging the advanced technologies and services of our investee companies. This brings us to today, where SBI Investment has grown to rank among the largest venture capital players in Japan, investing in over 2,500 companies to date, covering promising domestic and overseas startups.

As a special feature of the SBI Group's Investment Business, we point to the diverse set of financial business companies including SBI SECURITIES and SBI Shinsei Bank, which presents a startup infrastructure that not only facilitates the growth of our investee venture companies by setting them up with loans and customer referrals but also guides them in going public and obtaining post-IPO financing—a truly one-stop operation with a variety of functions. Given this type of background, the presence of diverse people within the Group endows us with major strengths in such fields as technology appraisal and operations support, when selecting and evaluating investee companies.

Under the corporate mission of being a “new industry creator,” we started investing in the fields of IT and biotechnology/life sciences, then took on AI and blockchain as well as fintech, while in recent years, turning our attention to the growth fields of digital space, deep tech (including semiconductors), and fields connected to the circular economy. Our track record in establishing funds includes the ¥30 billion Fintech Fund in 2015, the ¥60 billion SBI AI&Blockchain Fund in 2018, the ¥100 billion SBI 4+5 Fund in 2020, and the ¥100 billion SBI Digital Space Fund in 2023. We continue to put together large funds with a total value invested to date of ¥800 billion.

Contributing to the SBI Group's Strategy for Regional Revitalization

Looking ahead, we will continue to implement investments aligned with the SBI Group's growth strategy through support for the growth of startups and introduce their technologies to the Group. We will then spread their technologies and services, thereby contributing to the growth of the entire Group, which is considered to be a role placed upon the Investment Business.

As a future field of focus, we point to the fields related to regional revitalization, which the SBI Group has been focusing on. Through such entities as SBI NEO FINANCIAL SERVICES, which serves as a contact point for the Group, we provide regional financial institutions and local companies with the advanced technologies as well as superior products and services owned by our investee companies, all attempting to spur innovation in the region through the power of technology. We have also established joint funds with regional financial institutions or linked with the local universities where we provide development support to startups emerging from these universities. If such measures lead to the birth of companies that can drive growth in these regions, then I believe this will lead to revitalization of the entire region. Our funds, discussed previously, are receiving investment from many regional financial institutions and regional operating companies. In this way, we uphold their vision of returning some of these benefits to the local community and will continue to focus on such businesses.

In recent years, the SBI Group's investment business has been riding a tailwind in what's been called the “fourth venture boom.” The number of entrepreneurs is definitely on the rise, and from looking at past booms, this one feels like the upswing has only just started. By strengthening collaboration with SBI Shinsei Bank, we have enhanced the support we can provide to startups. By quickly identifying startups with advanced technologies, services, and business models, and developing them to flourish on the global stage, SBI Investment will contribute to the growth of the SBI Group.

Crypto-asset Business

Tomohiko Kondo

Representative Director and President
SBI VC Trade

Utilizing the SBI Group's Comprehensive Strengths and Customer Base to Build Social Confidence in Crypto Assets



The Significance of the Crypto-asset Business for a Comprehensive Financial Group

The development of the SBI Group's Crypto-asset Business began with the establishment of our predecessor, SBI Virtual Currencies, in 2016. SBI Virtual Currencies completed its registration as a virtual currency exchange service provider in the following year and launched a crypto asset spot trading service in 2018. We adopted our present name, SBI VC Trade, in 2019.

In 2020, U.K.'s global crypto asset market maker B2C2 joined the Group and has brought various benefits to our Crypto-asset Business. For example, as the only group in Japan with both crypto asset currency exchange and market making capabilities, we are able to build deeper partnerships with companies and organizations related to crypto assets.

Our greatest advantage in relation to the development of the Crypto-asset Business within the SBI Group is our status as a member of a comprehensive financial group with an established reputation based on the SBI brand. The Group's acquisition of SBI Shinsei Bank in 2021 was also an important turning point. One of the obstacles to the expansion of the crypto asset business in Japan and overseas has been that banks, traditionally in the financial sector, have a strong conservative attitude towards this business field. The addition of SBI Shinsei Bank to the SBI Group means that we now have an ally in the financial sector that shares our philosophy. This is expected to pave the way for collaboration in the future.

Anticipating an Expansion in Crypto Asset Use in the Future

The presence of SBI Shinsei Bank was a major factor in reaching a basic agreement and forming a comprehensive business alliance with the U.S. company Circle Internet Financial ("Circle"), which we announced in 2023. Circle is the issuer of USDC, one of the world's largest stablecoins^{*1}, and is now working together with the SBI Group to promote the circulation of the USDC in Japan. Due to the entry of the SBI Shinsei Bank Group, the SBI Group holds banking and trust banking licenses, and SBI VC Trade has already applied for

an electronic payment instruments license. When that license is obtained, the SBI Group will be the only business entity in Japan with all three of the important license types. One of the benefits of being a member of the SBI Group is our ability to leverage the Group's comprehensive strengths to launch new initiatives like this.

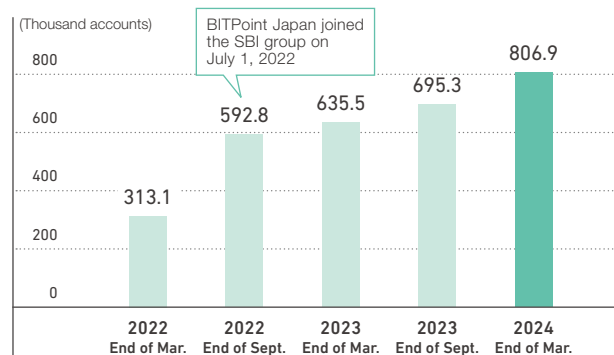
Crypto assets have traditionally been treated as speculative assets with the potential for price growth. However, SBI VC Trade has been working to create an environment that will allow crypto assets to be used for asset management, such as by launching a service^{*2} whereby customers will automatically earn returns simply by holding crypto assets in their accounts.

With the approval of Bitcoin ETFs in the U.S. and several other major countries, the price of Bitcoin surpassed ¥10 million for the first time in 2024. At a time when crypto assets are gaining greater recognition as an option for asset management, our goal is to achieve further growth by leveraging the comprehensive strengths of the SBI Group and its customer base of approximately 50 million to make SBI VC Trade as familiar to customers as SBI SECURITIES and SBI Shinsei Bank.

^{*1} A type of crypto assets linked to the movements in the values of specific legal tender, such as the United States Dollar or Japanese Yen.

^{*2} A staking service [▶ P.129](#)

Crypto Asset Customers Have Increased Approximately 2.5 Times in Two Years



* Combined total of SBI VC Trade and BITPOINT accounts

Endeavoring to Become Listed as a Top Company in 5-ALA



5-ALA-related Business

Yasushi Takezaki

Representative Director and President
SBI ALApromo

Establishing a Solid Position as a Leading 5-ALA Company

Under the corporate mission of being a “new industry creator,” the SBI Group has been focusing on the usefulness of 5-aminolevulinic acid (5-ALA), a type of amino acid, and, therefore, been launching initiatives to utilize it in pharmaceuticals, health foods, and cosmetics since 2008. As an amino acid existing in our body, 5-ALA is indispensable for human life and plays an important role in daily energy metabolic processes. With the development of mass production technology for 5-ALA raw materials, R&D on 5-ALA has progressed as an ingredient instrumental in promoting human health. This has led to rapid expansion of the health-related market centered around 5-ALA, which did not previously exist.

By making use of the system of “Foods with Function Claims” launched by the Consumer Affairs Agency in 2015 to promote the concrete benefits as well as usefulness of 5-ALA to consumers, SBI ALApromo has achieved substantial business growth. In 2015, we started sales of a food with function claims “ALA PLUS TOH DOWN,” a kind of supplement. Its appeal is the double benefits from lowering fasting blood sugar levels and after-eating blood sugar levels based on data from clinical trials and has gained great support from consumers as a revolutionary product not seen until that time. Today, the product has been extended to represent the market of supplements for blood sugar level improvement. In addition, we have a track record of acceptance for 16 items that are foods with function claims related to 5-ALA, all while constructing a system in which 5-ALA by itself offers solutions to major health issues such as fatigue and quality of sleep.

While the usefulness of 5-ALA in health has attracted significant attention for its ability to improve lifestyle diseases and the aging phenomenon, which become more severe as a person grows older, we are enhancing initiatives for promoting the use of 5-ALA across a wide variety of age groups. In 2022, we started sales of “ALA PLUS TOH DOWN DRINK” as a more accessible health drink and expanded its sales channels to convenience stores nationwide. This increased convenience and availability options for consumers. In 2024, we launched two types of soft candies, which dramatically increased the penetration of 5-ALA into everyday life.

We see great potential in uncovering the latent demand for 5-ALA, and feel confident in business expansion.

Focusing on a Public Listing Amid Rising Prospects for Rapid Market Expansion

As a result of the Company’s forward-looking initiatives up to now, we take pride in having built the 5-ALA brand and developing a sense of trust that links 5-ALA with the name SBI. Looking ahead, as the 5-ALA market expands, we foresee more and more companies entering the market that are focusing on 5-ALA. Nevertheless, we see this type of market change as a strong tailwind behind the rising familiarity of 5-ALA and its further market expansion.

Going forward, in order to build upon our success story in Japan to facilitate better health throughout the world, we are anticipating a full-scale expansion of business overseas in places such as Asia and the Middle East. Meanwhile, we are striving for listing in FY2025 to further solidify the business foundation in the domestic market.

As a manufacturer of this single substance called 5-ALA, we are making a challenge like no other as we spread the adoption of this valuable material. We will achieve our listing while valuing our unique IPO story, and continue to make progress towards improving people’s health and contributing to growth of the SBI Group.

About 5-ALA

- A natural amino acid, said to be the fundamental substance of life
- Present in various living organisms, from humans to plants, and converted into substances essential for survival
Used for energy production and respiration inside animals, while inside plants it is used for photosynthesis
- Reported involvement in various age-related physical phenomenon
- Succeeded in mass production by the “fermentation method” after years of research



Becoming a Platform Covering the Entire Value Chain, from Issuance to Distribution of Digital Assets

Web3-related Business

Fernando Luis Vázquez Cao

Chief Executive Officer
SBI Digital Asset Holdings

Endeavoring to Become a Leading Company in the Next-generation Web3 Era

The SBI Group has achieved rapid growth by investing in cutting-edge technologies and then implementing and utilizing those technologies within the Group. When crypto assets and distributed ledger technology began emerging with the launch of Bitcoin in 2009, the SBI Group was quick to recognize the potential of these new concepts and began to invest in, utilize, and develop practical applications for them. SBI Digital Asset Holdings, which was established as the core company in the SBI Group to focus on the digital assets field, is working to transform the financial sector by creating a value chain encompassing everything from issuance to distribution of digital assets.

Global business expansion has been a focus for SBI Digital Asset Holdings from the outset. This was reflected in the establishment of two subsidiaries in Singapore, which is the ideal location for our global hub functions. One of these subsidiaries is SBI DIGITAL MARKETS, which has obtained the Capital Markets Services (CMS) License and other credentials from the Monetary Authority of Singapore (MAS) in preparation for its role as a platform for issuing and distributing digital assets. It is now helping its stakeholders, including end customers, to achieve digital transformation (DX), while also using a variety of technology, including tokenization when appropriate, to provide products ranging from various types of bonds to investment trusts and REITs. Our other subsidiary is a joint venture with SIX Digital Exchange, a subsidiary of the SIX Group, which operates the SIX Swiss Exchange. The company began offering crypto asset derivative services in January 2024 on AsiaNext, a global digital asset exchange that combines the reliability of traditional exchange for institutional investors, with the unique accessibility and product innovation capabilities of crypto asset exchanges, and is now developing both a crypto asset spot trading and an ST platform.

In 2022, SBI Digital Asset Holdings became a founding member of the Project Guardian initiative spearheaded by MAS. Through this initiative, MAS is working with global financial institutions and regulatory authorities in various countries to explore the potential of asset tokenization and DeFi [P.129](#). Japan's Financial Services Agency (FSA), which evaluated Pro-

ject Guardian, has also joined the initiative in its second year. During the pilot project, which lasted until October 2023, we engaged in cross-border transactions involving tokenized financial products in collaboration with UBS Group in Switzerland and J.P. Morgan in the U.S. We are now identifying challenges in preparation for commercialization.

The SBI Digital Asset Holdings Group is working on various initiatives with leading business corporations and financial institutions around the world to create new financial products for the digital age. We are confident that these efforts will lead to the expansion and enhancement of the product offerings and services of SBI Group companies, which will, in turn, strengthen the Group's financial ecosystem. As a first step towards that future, we will strive to become an international platform for the distribution and settlement of digital assets, as a leading company in the next-generation era of Web3 based on blockchain technology.





FY2023: Evaluating the Results of Our Efforts Up to Now

My name is Yasuo Nishikawa, and I have been serving as Executive Officer & CFO since February 2024. Looking back at FY2023, business conditions continued to show a sustained recovery as Japanese economic activity followed a full-fledged normalization after COVID-19 was reclassified as a Class 5 infectious disease under the Infectious Diseases Control Law in May 2023. Meanwhile, wage increases resulting from the annual spring time wage negotiations cycle were at their highest level in 30 years and inbound spending by foreign visitors was also on the rise. On the other hand, in foreign exchange markets the yen fell to a historic low while geopolitical risk heightened as the Russian invasion of Ukraine continues and tensions in the Middle East have become even more strained. This has made the economic environment ever more difficult to predict. Amid this background, the Nikkei stock market surpassed ¥40,000 at the end of the fiscal year, accenting the positive mood that lasted throughout the year. I believe this has something to do with the launch of the new NISA program in January 2024, aided as well by SBI SECURITIES' bold step of eliminating all commissions on online trading of domestic stocks starting September 2023, in what has been named "ZERO Revolution." Also, in March, the Bank of Japan decided to lift its

negative interest rate policy, and I have the impression that we are approaching a great transition in the financial environment.

Under these circumstances, the Company's consolidated financial results for FY2023 (the year ended March 31, 2024) featured revenues that surpassed the one-trillion-yen mark for the first time at ¥1,210.5 billion (+26.5% year-over-year). On the profit side, profit before income tax expense increased 38.6% to ¥141.6 billion and profit attributable to owners of the Company increased 146.1% to ¥87.2 billion as the Group was able to capitalize on its high growth potential.

Taken together, the five business segments achieved record high revenues, and in particular, the Financial Services Business drove growth supported by a favorable financial market. At SBI SECURITIES, "ZERO Revolution" mentioned earlier was launched on order received after September 30, 2023. We estimate that this resulted in lost revenues of ¥15.8 billion in FY2023. However, through initiatives undertaken to diversify revenue sources, SBI SECURITIES was not only able to make up for the lost revenues, but also to show an increase in both revenue and profits in FY2023 to the extent that it achieved record-high earnings. Looking ahead, we will seek early realization of the revenue opportunities created by synergistic effects, namely, to make full use of the financial ecosystem cultivated by the Group, through cross-selling and up-selling to the customer base acquired as a result of "ZERO

Revolution,” which has had a ripple effect on the Group.

Another key point is the turnaround of the Crypto-asset Business, from a large reported loss in the previous fiscal year, to a profit in the fiscal year under review. Considering the bankruptcy of certain counterparties in the previous fiscal year, we have undertaken a review of our risk management system and implemented a more thorough set of risk controls. We also feel that the state of the booming crypto asset market since the second half of FY2023 has been the backdrop of the return to profitability. I believe we can achieve stable profits in the years to come if these conditions continue.

A Financial Strategy that Balances Stable Growth with Forward-looking Investments

When thinking about SBI Holdings’ financial strategy, amid today’s rising interest rates, it is important to always administer measures in advance. The situation today is that interest rates will rise on corporate bonds and other debt instruments, hence, given the active pursuit for investment activities envisioned by the Company, it is vital to carry out asset recombination and funds procurement from the early stages of the new economic environment.

To elaborate on the point about asset recombination, we invest in growing fields so that the Company can consistently create innovative businesses, and in order to conduct business in a sustainable manner, it is incumbent on us to secure stable sources of revenue. For this reason, we employ a policy in which, outside our priority fields, we plan to keep assets within

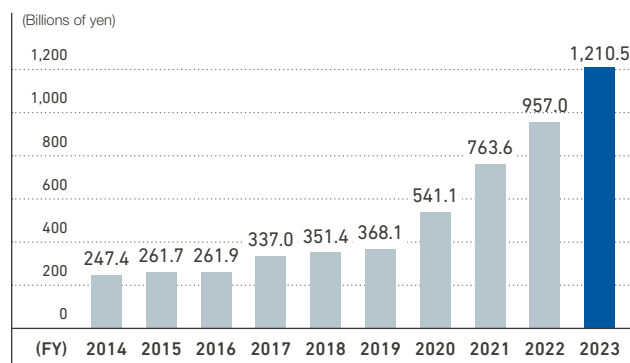
the Group, which are expected to provide stable returns, while for other assets, we look at such factors as their degree of contribution to financial results and their market value, and then make decisions on recombining such assets dynamically and flexibly. To be specific, in the past, as one of the ways of asset recombination, we have sought to unlock latent corporate value through the listing of Group subsidiaries while also recovering some of our investment through this process.

Traditionally, we have proactively sought inorganic growth through M&A and other strategies, particularly in the Banking Business and Asset Management Business. To this end, while continuing to pursue a policy of this sort, we will need to secure a variety of financing methods and maintain a financial position that will allow us to make flexible investments. At present, we continue to build relationships of trust with transacting banks and corporate bond investors and, have put in place a stable environment for procurement, in my opinion. Also, through March 2024, we had approximately ¥70 billion worth of conversions of yen-dominated convertible bonds that were issued in 2020 and scheduled to mature in 2025, in what was in effect a capital increase. The net effect was to strengthen our financial position. We will continue to assess the ever-changing economic environment and carry out financial strategies that are always ahead of the curve.

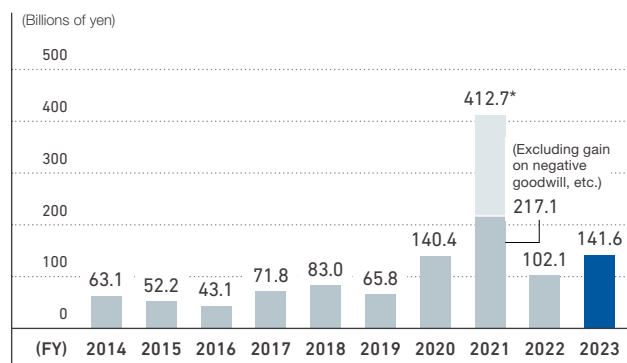
A Focus on Realizing Corporate Value Through Dialogue

A critical issue for the management of the SBI Holdings is to

Revenue



Profit Before Income Tax Expense



* Figures in parentheses for FY2021 include one-time factors (gain on negative goodwill etc., of ¥195.6 billion) recorded when SBI Shinsei Bank became a consolidated subsidiary

be reasonably valued by the market. Our results for the fiscal year under review show that the price-to-book ratio (P/B ratio) of the Company, which had been 0.70x on March 31, 2023, is now 0.91x as of March 31, 2024. Our analysis indicates that this is the result of the market's evaluation of such factors as the success by SBI SECURITES in securing alternative revenues following "ZERO Revolution" and the steady progress by SBI Shinsei Bank in improving profitability. Elsewhere, I believe that our efforts to disclose information in a way that investors find easy to understand, including the changes in our business segments starting in FY2022, have been a success.

In order to raise the P/B ratio of the Company to over 1.0x, I believe that the banking business, which continues to account for a larger portion of the Group's business, is taking on greater importance. The P/B ratio in Japan's banking businesses are now well below where they were over a decade ago, which is thought to have more than a little effect on the Company's valuation. On the other hand, rising interest rates are a tailwind for the banking business, leading to an upward-trending market valuation of these businesses. We are therefore hopeful about improvements in the Company's market valuation. On the earnings front, as a result of the recent end of negative interest rate policy, we are projecting a positive effect of approximately ¥2 billion per year at SBI Shinsei Bank and look forward to further improvement in profitability. In addition to increasing profitability of the whole Group, we intend to use active dialogue with investors to promote understanding of our Company, which I believe will raise our corporate value even more.

As a step to managing business with awareness of capital

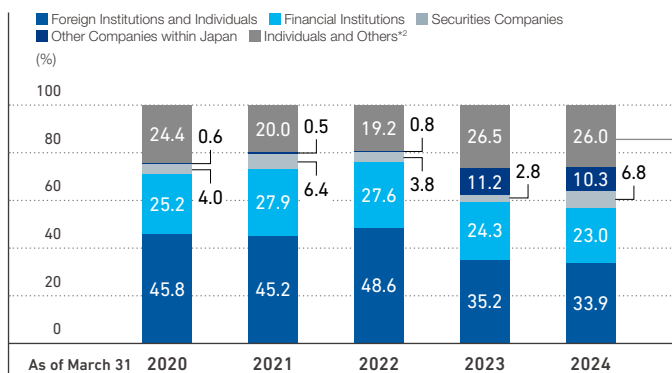
efficiency, SBI Holdings regularly requests estimates of the cost of capital at several securities companies. For FY2023, we determined cost of capital to be around 8% to 9%, about the same as for FY2022. In contrast, the Company's ROE increased by 4.0 points to 7.7% despite the effect from the increase in capital due to the conversion of convertible bonds as mentioned earlier. The Company will make efforts to improve profitability with attention to achieving ROE at 10% or greater, a figure above the cost of capital.

In the case of the SBI Group, because it is widely expanding multiple businesses beyond the financial sector, the time frames will vary by business, both for the investment execution and investment recovery. Moreover, the Group's positioning of active, up-front investment as a basic policy means that it recognizes financial health as a vital matter. Therefore, in order to persist as a company that grows sustainably; while also ensuring financial health, we must endeavor to increase capital efficiency even more.

One topic of high interest among today's investors is our entry into the semiconductor-related business. For this business, we are looking forward not only for a boost to revenue from the business, but also for a wide range of synergies for the entire Group created by collaborations with various companies in the semiconductor field. For funding, we recognize the high level of attention from investors in the total amount of investment and means of financing. It is my hope that the SBI Group can finalize the business plans as quickly as possible and explain the investment and funding plans from a financial perspective. Also, investment in the semiconductor-related business will not be made all at once, but will require financing

Shareholder Composition as of March 31, 2024

Trends of Shareholder Composition*1



*1 Rounded to the second decimal place
 *2 Includes shares of the SBI Holdings Employee Stockholding Association and treasury stock
 *3 Including treasury stock

- The total number of shareholders is **243,393**, of which the number of shareholders who hold one unit or more is **172,761**^{*3}
- Shareholding ratio of domestic and foreign institutional investors is **56.9%**

Attained 1st place in the J.D. Power "2024 Individual Shareholder Satisfaction StudySM" (Securities Segment)

A survey measuring individual shareholder satisfaction with each company based on seven factors: profitability and shareholder returns; lines of business and products/services; financial stability; ensuring shareholder rights and impartiality; ensuring proper disclosures and transparency; duties of the Board; appropriate cooperation with all stakeholders other than shareholders

to come in stages. We therefore plan to ensure a variety of financing methods, as discussed earlier, and to optimize procurement of funds by bringing these methods together.

Building Good Relationships with Shareholders and Investors over the Long Term

In FY2023, in order to engage in proactive communications with shareholders and investors, SBI Holdings held briefings and individual meetings with institutional investors and analysts, as well as briefings with individual shareholders, with the President & CEO and the executive director in charge of investor relations (IR). Up to now, the composition of the Company's shareholders has been trending towards a comparatively high percentage of foreign shareholders. In fact, at the end of FY2023 the ratios of individual shareholders, foreign shareholders, and domestic corporate shareholders were roughly equal, which is a healthy balance. While we continue to devote our attention to fostering a healthy, long-term relationship with all shareholders, I would like to make additional efforts to attract new shareholders.

Regarding the shareholder returns of SBI Holdings, in FY2022 we put forth a revised basic policy that sets the total payout ratio, supplementing total dividends with amount of treasury stock acquired, to 30% of profit before income tax expense, after excluding special factors such as the gain on sales of subsidiaries' stocks in the Financial Services Business. By setting the total returns to shareholders of the Financial Services Business, which has relatively stable profits within the

Group, as the standard, we have sought to build a clear understanding by shareholders and investors. The return rate based on the Company's shareholder return policy was 29.0% in FY2023.

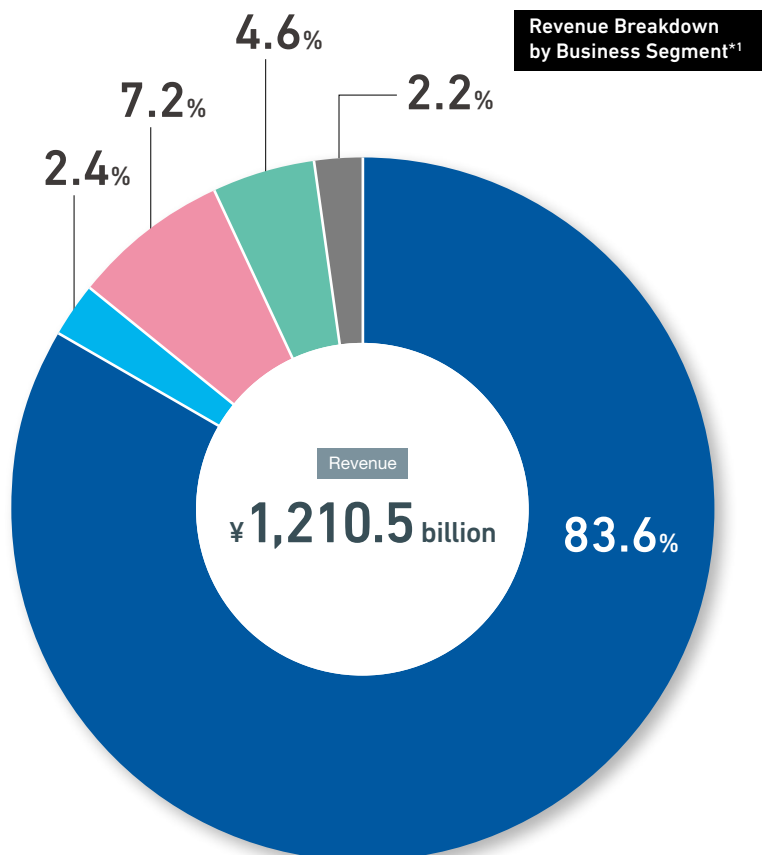
SBI Group, Attains Rapid Growth by Going Beyond Finance with Finance at Its Core

SBI Group puts forth "Financial Innovator" as one of its corporate missions, serving as an emblem for "ZERO Revolution" and other initiatives that constantly bring about a reformation of the way things should be in traditional finance. While running a traditional finance business comprising securities, banking, and insurance, we are also expanding the stages on which we play an active role by venturing into the field of digital assets such as Crypto-asset Business, as well as fields beyond finance, including Web3, and semiconductor-related businesses. Initiatives of this sort have resulted in the Group growing into a corporate group with market value over ¥1 trillion in the mere 25 years since its founding. I believe the fact that a corporate group engaged in the financial industry is achieving such significant growth is one of our key attractions and our essential purpose in society. To our esteemed stakeholders, it is our hope that you can look forward to our Group, as specialists in finance, establish a stable financial footing and improve capital efficiency together with the cost of capital, while also attaining growth that could not be achieved in a conventional financial company.

IR Activities (FY2023)

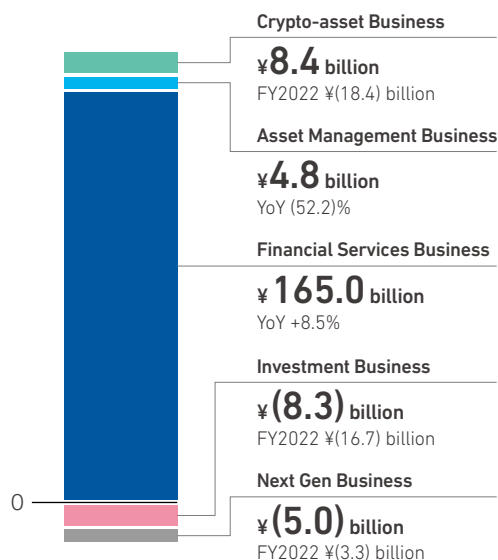
| Activity | Number of times | Description |
|---|---|--|
| Financial results briefing for institutional investors and analysts | 4 | Financial results briefing held quarterly focusing on financial performance and outlook |
| IR conferences for overseas institutional investors | 4 | Held meetings with overseas institutional investors during IR conferences hosted by securities companies |
| Briefings with individual shareholders | 6 | Held every six months in Tokyo, Osaka, and Nagoya |
| Current Management Information Briefing for shareholders | 1 | Briefing held shortly after the General Meeting of Shareholders every June |
| Individual meetings for institutional investors and analysts | 142 times (of which 65 times overseas related) | Meetings held as needed upon request from domestic and overseas institutional investors and analysts |
| Uploading of IR materials and videos to the Company website | As required | Posting of timely disclosure materials including financial results, press releases, videos, and information on initiatives related to sustainability |

SBI Group at a Glance (FY2023)

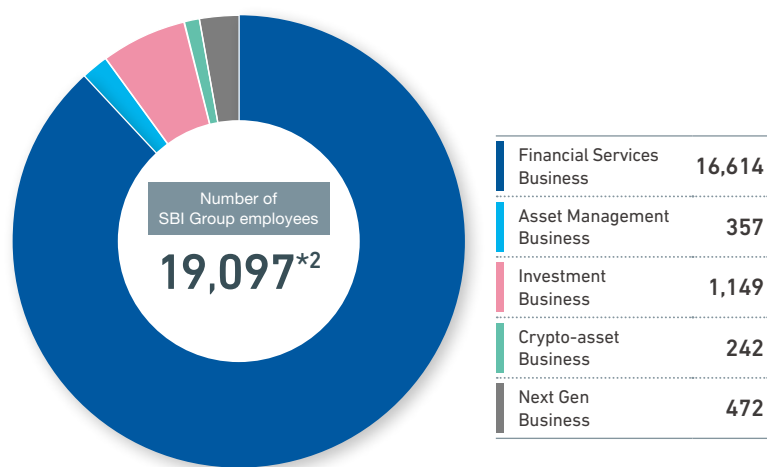


| |
|--|
| Financial Services Business |
| Revenue ¥1,031.4 billion YoY +22.0% |
| Asset Management Business |
| Revenue ¥29.4 billion YoY +5.3% |
| Investment Business |
| Revenue ¥88.4 billion YoY +140.8% |
| Crypto-asset Business |
| Revenue ¥57.1 billion YoY +88.5% |
| Next Gen Business |
| Revenue ¥26.6 billion YoY +1.5% |

Profit Before Income Tax Expense



Ratio of Employees by Business



*1 Revenue breakdown percentages by business segment are presented as the composite ratio of the total revenue of each segment.
 *2 Includes 263 employees who are common across the entire company.

Financial Services Business

Revenue

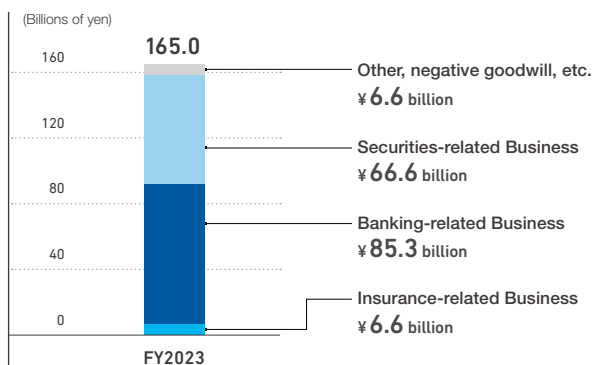
¥ **1,031.4** billion
YoY +22.0%

Profit before income tax expense

¥ **165.0** billion
YoY +8.5%*

* Includes, in FY2022, ¥5.1 billion in gain on the sale of ALBERT shares and ¥10.7 billion in gains from the sale of shares from the SBI Sumishin Net Bank IPO and in FY2023, ¥1.5 billion in gains from the sale of shares in SBI Sumishin Net Bank through an over-allotment of shares. Considering the impact of these special factors, profit increased by 20%.

Breakdown of Profit Before Income Tax Expense



* Rounded to the nearest 100 million yen

Principal Companies

Securities-related Business

SBI SECURITIES
SBI Liquidity Market
SBI FXTRADE
SBI MONEYPLAZA
SBI Neotrade Securities
FOLIO Holdings
SBI Benefit Systems
Japannext
Osaka Digital Exchange
FPT Securities Joint Stock Company
SBI Royal Securities
SBI Thai Online Securities
PT BNI SEKURITAS

Banking-related Business

SBI Shinsei Bank
Shinsei Financial
APLUS
Showa Leasing
DIAMOND ASSET FINANCE
SBI Sumishin Net Bank
SBI ARUHI
SBI SAVINGS BANK
SBI Bank

SBI LY HOUR BANK
TIEN PHONG COMMERCIAL
JOINT STOCK BANK (TPBank)
SBI Regional Bank Holdings

Insurance-related Business

SBI Insurance Group
SBI Insurance
SBI Life Insurance
SBI IKIKI SSI
SBI Nihon SSI
SBI Resta SSI
SBI PRISM SSI
SBI JOGUCHI SAFETY SSI
SBI Pet SSI*
Ly Hour SBI Insurance

Others

SBI NEO FINANCIAL SERVICES
SBI FinTech Solutions
SBI Remit
SBI Business Solutions
SBI Ripple Asia

* Formerly Living SAST Insurance

Business overview for FY2023

Securities-related Business

- SBI SECURITIES managed to achieve higher year-over-year revenues and profits despite starting “ZERO Revolution” (which eliminated all commissions on online trading of domestic stocks from orders received on September 30, 2023.)
- Number of comprehensive securities accounts within the SBI Group picked up their accelerating pace with accounts surpassing 12 million in the first time in Japan. On top of this, given the tailwinds for the new NISA generated by “ZERO Revolution,” the number of new accounts opened in the fourth quarter of FY2023 reached 770,000, a new single-quarter record.
- Financial revenue, trading revenue, and investment trust balances all achieved record highs, as securities-related business made steady progress in enhancing its alternative revenue sources.
- Towards creating new revenue opportunities, SBI SECURITIES launched a wealth management business department, which thoroughly carries out an array of integrated operations from sales to operational management for corporate and affluent customers.

Banking-related Business

- SBI Shinsei Bank grew revenues by increasing loan balances in the institutional business and higher installment income from APLUS to achieve significantly higher revenues and profits under JGAAP, as its ordinary business profit topped ¥100 billion for the first time in 13 years.
- At SBI Sumishin Net Bank, the Group reduced its Company share of common stocks (from 50% to 34.19%) in conjunction with the Bank’s listing on the TSE Standard Market in March 2023. Its equity method earnings, based on IFRS, was ¥4.5 billion, reflecting steady growth in the housing loan business.
- At overseas bank subsidiaries, including SBI LY HOUR BANK of Cambodia and TPBank of Vietnam, our focus lies on having prudent business management and maintaining stable profitability based on market conditions and individual company circumstances.
- Although SBI SAVINGS BANK of South Korea remains fundamentally solid in terms of revenues and expenditure, it has faced a decline in profits due to an increase in burden of loan write-offs and other conditions due to deteriorating credit and increased delinquencies among borrowers, which come in the face of worsening local economic conditions in South Korea.

Insurance-related Business

- At the SBI Insurance Group, both ordinary income and profit attributable to owners of the Company are at record highs due to the steady increase in the total number of contracts held across the group.
- In FY2023, the Company paid a year end dividend of ¥18 per share, after supplementing ordinary dividends of ¥15 per share with a dividend of ¥3 to commemorate the fifth anniversary of the Company’s stock exchange listing.

Asset Management Business

Revenue

¥ **29.4** billion

YoY +5.3%

Profit before income tax expense

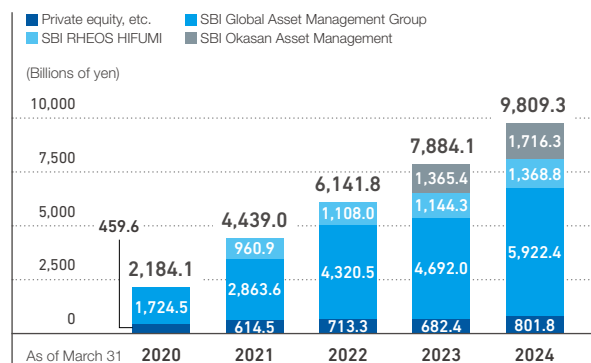
¥ **4.8** billion

YoY (52.2)%

Principal Companies

SBI Global Asset Management
SBI Asset Management
Wealth Advisor
Carret Asset Management
SBI RHEOS HIFUMI
Rheos Capital Works
SBI Okasan Asset Management
SBI Alternative Asset Management
SBI-Man Asset Management

SBI Group's assets under management



Business overview for FY2023

- Due to factors such as having a full year of earnings contribution from SBI Okasan Asset Management, which joined the SBI Group in FY2022, the Asset Management Business achieved record performance.
- Profit before income tax expense decreased from the previous fiscal year due to the non-recurring profits of ¥8.0 billion as received in FY2022 for returning the “Morningstar” brand.
- Rheos Capital Works moved to a holding company structure in which it became a wholly-owned parent company of SBI RHEOS HIFUMI Inc. from April 1, 2024.

Investment Business

Revenue

¥ **88.4** billion

YoY +140.8%

Profit before income tax expense

¥ **(8.3)** billion

FY2022 ¥(16.7) billion

Principal Companies

SBI Investment
Shinsei Corporate Investment
SBI VENTURES SINGAPORE
SBI Ven Capital
SBI Investment KOREA
SBI (China)
SBI (Beijing) Investment Management

SBI FinTech Incubation
SBI Digital Strategic Investment
SBI Leasing Services*

* SBI Leasing Services moves to the Financial Services Business in FY2024

Breakdown of profit/loss from the change in fair value and profit/loss on sales of investment securities

(Millions of yen)

| | FY2022 | FY2023 |
|---|----------|----------|
| Profit/loss from the change in fair value and profit/loss on sales of investment securities | (14,358) | (4,930) |
| Listed Securities | (32,538) | 7,929 |
| Unlisted Securities | 18,181 | (12,859) |

Business overview for FY2023

- Although the Investment Business reported valuation losses on certain unlisted stocks due to a reactive price movement vs. the previous fiscal year, a recovery in listed stocks resulted in a year-over-year improvement in profit/loss from the change in fair value and profit/loss on sales of investment securities.
- Foreign exchange loss of ¥7.9 billion arising from foreign currency borrowings incurred in silent partnerships operated by SBI Leasing Services.

Crypto-asset Business

Revenue

¥ **57.1** billion

YoY 88.5%

Profit before income tax expense

¥ **8.4** billion

FY2022 ¥(18.4) billion

Principal Companies

SBI VC Trade
BITPoint Japan
B2C2
SBI Alpha Trading
HashHub

Crypto assets handled in Crypto-asset Business

(As of June 30, 2024)

Overall number of crypto assets handled: 33 types

 SBI VC Trade (23 types)

 BITPOINT (24 types)

★=Crypto assets handled by SBI VC Trade ★=Crypto assets handled by BITPOINT

| | | | | | |
|--------|-------|--------|----------|--------|---------|
| ★ XTZ | ★ APT | ★★ BTC | ★★ LINK | ★ TRX | ★ TSUGT |
| ★ AVAX | ★ ZPG | ★★ ETH | ★★ ADA | ★ IOST | ★ TON |
| ★ XLM | | ★★ XRP | ★★ MATIC | ★ BAT | ★ OSHI |
| ★ OAS | | ★★ BCH | ★★ SHIB | ★ JMY | |
| ★ XDC | | ★★ FLR | ★★ SOL | ★ DEP | |
| ★ DAI | | ★★ LTC | ★★ ATOM | ★ KLAY | |
| ★ HBAR | | ★★ DOT | ★★ DOGE | ★ GXE | |

Business overview for FY2023

- Against the backdrop of the strong crypto asset market, the Crypto-asset Business achieved a significant growth in revenue due to contributions such as from B2C2 which took in overseas transaction flows of crypto assets.
- In FY2023, the Crypto-asset Business made good progress in diversifying its products within its crypto asset trading businesses, with new handling of six new crypto assets starting on SBI VC Trade and five on BITPOINT, while the staking service also trended strong.
- The combined asset deposit balance of SBI VC Trade and BITPOINT stood over ¥260 billion at the end of FY2023.

Next Gen Business

Revenue

¥ **26.6** billion

YoY +1.5%

Profit before income tax expense

¥ **(5.0)** billion

FY2022 ¥(3.3) billion

Principal Companies

SBI Pharmaceuticals
SBI ALApromo
SBI Biotech
Medical Data Vision
SBI Digital Asset Holdings
SBI Security Solutions
SBI DIGITAL MARKETS
ASIA DIGITAL EXCHANGE HOLDINGS

SBI R3 Japan
SBINFT
SBI Wellness Bank
SBI Smart Energy
SBI Traceability
Machi no Wa

Profit before income tax expense of the biotechnology, healthcare & medical informatics business companies (IFRS)

(Millions of yen)

| | FY2022 | FY2023 |
|------------------------|---------|---------|
| SBI Biotech | (205) | (271) |
| 5-ALA-related business | (929) | (1,977) |
| SBI Pharmaceuticals | (1,245) | (2,919) |
| SBI ALApromo | 195 | 55 |
| Overseas Subsidiaries | 121 | 887 |

Business overview for FY2023

- The Biotechnology, Healthcare & Medical Informatics Business recorded an extraordinary loss as a result of a revaluation of raw material inventory for the health food segment of the 5-ALA-related business.
- SBI ALApromo is preparing for IPO with a target listing in FY2025.

SBI Group's Contribution to Society

SBI Group's primary goal is to contribute to society through its core business activities. The Group will continue to demonstrate how its growth contributes to the development of society which, in turn, becomes instrumental in realization of a sustainable society. We strive for the eternal evolution of the SBI Group to exist as a going concern with society.

The SBI Group's Vision for Sustainability

Stakeholders surrounding a business are more than just its customers, shareholders, and employees. They also consist of general consumers, business partners, and the society at large.

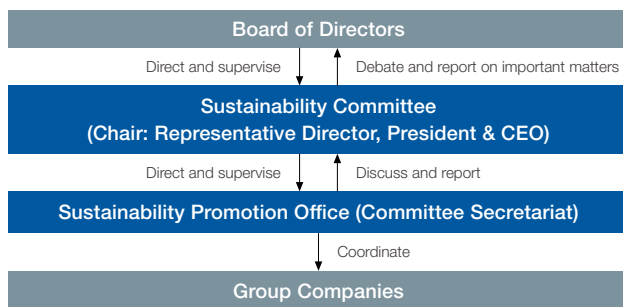
Indeed, the SBI Group, with a keen awareness of the sociality of companies, is obliged to contribute to the maintenance and development of society. Contribution to society through core business activities as the number one goal is a matter of course, and we believe that by developing and implementing strategies that contribute more directly to society, the sociality of the company can be sustainably enhanced. It is essential that we earn the social trust through running our businesses with this awareness. Since its founding, the SBI Group has been committed to the "Customer-centric Principle" and has thoroughly engaged in customer-oriented businesses. We have also revolutionized against various social issues that can be considered unfair inequalities, especially in the financial sector, and have been creating new added value in the process.

The SBI Group will continue to promote sustainability and develop businesses that lead to the accumulation of social trust in order to remain as a going concern that exists within solid harmony with society.

Framework for Promoting Sustainability

SBI Holdings has established a Sustainability Committee under the Board of Directors, composed of Senior Managing Directors and chaired by the Representative Director, President & CEO. In principle, the committee meets at least twice a year, and as part of the SBI Group's management strategy, it deliberates and decides upon strategic initiatives related to sustainability. In addition, it verifies and examines the status of such efforts and reports on the details to the Board of Directors on as needed basis but no less than twice a year.

Furthermore, with the cooperation of each Group company, the sustainability measures decided upon through discussions by the committee are implemented across the entire



Group through the Sustainability Promotion Office that serves as the secretariat of the committee.

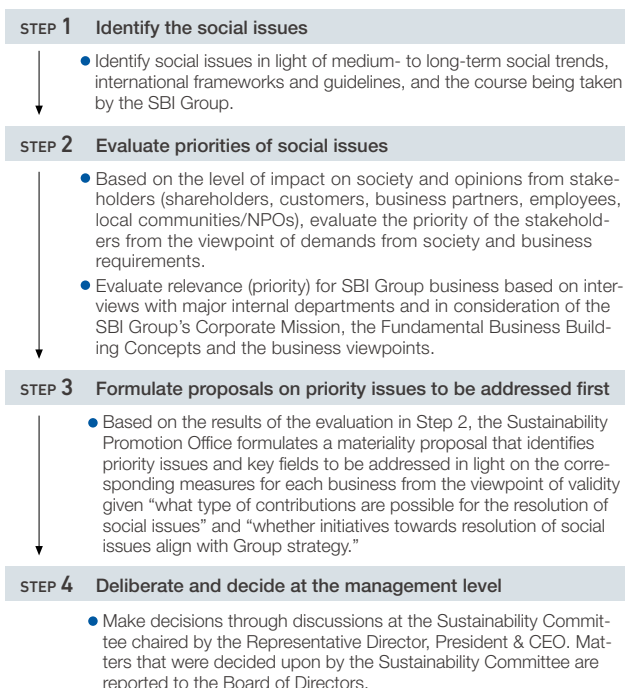
In this way, the Company has established an appropriate framework to realize a sustainable society with the resolution of social issues and the enhancement of sustainable corporate value, and has ensured the further effectiveness of its initiatives. The Sustainability Committee met twice in FY2023.

The SBI Group Materiality (Priority Issues for Improving Sustainable Corporate Value)

In order to achieve sustainable growth in coexistence with society and to identify the issues that the SBI Group should address through its business, we have organized our business opportunities and risks on the basis of two-axis: social and environmental issues that should be resolved, and the increase of the SBI Group's corporate value, in line with GRI Standards, the Sustainable Development Goals (SDGs) and other international frameworks and guidelines. This was formulated as "The SBI Group Materiality" (priority issues for improving sustainable corporate value).

This materiality will be continuously reviewed in consideration of changes and the renewal of the Group's medium- to long-term management strategies, changes in social conditions, and other trends.

Process for Specifying Materiality



| Materiality | Specific Initiatives | KPI | Results up to FY2023 |
|--|--|--|--|
| Create Added Value Reflecting the New Tide of Society and Customers' Needs | <ul style="list-style-type: none"> Provide opportunities for asset building in line with each individual's lifestyle Provide financial services that enhance customers' convenience Develop a business ecosystem based on digital assets | <ul style="list-style-type: none"> Maintain high quality in customer service as measured by third-party evaluations, such as customer satisfaction ratings Target to materialize offering of commission-free online trading of domestic stocks by SBI SECURITIES during the first half of FY2023 Endeavor to achieve ¥20 trillion in AUM by the end of FY2027 by diversifying its products in line with social trends and needs | <ul style="list-style-type: none"> Highly valued by outside evaluation organizations ▶ P.64 Started offering commission-free online trading of domestic stocks from orders placed on Sept. 30, 2023, under "ZERO Revolution," followed by steady stream of new service features SBI Group's AUM exceeded ¥9.8 trillion as the end of March 2024 |
| Develop New Industries and Contribute to Technological Innovation | <ul style="list-style-type: none"> Create and incubate the 21st century's core industries Provide innovative financial services Disseminate technologies in a cross-industry manner | <ul style="list-style-type: none"> Establish a new fund of approximately ¥100 billion in FY2023 to invest in cutting edge services and technologies Create a distribution market for security tokens (ST) within 2023 to disseminate next generation financial products such as ST To promote the use of ST as the next generation of financial products, Osaka Digital Exchange targets a market capitalization of ¥100 billion for its ST-related distribution market by March 2026 | <ul style="list-style-type: none"> Launched the flagship "SBI Digital Space Fund" with a maximum size of ¥100 billion and started full-scale operations from November 2023 On Dec. 25, 2023, Osaka Digital Exchange opened trading on an ST called "START," a proprietary trading system (PTS) |
| Resolve Social Issues and Revitalize the Economy in Cooperation with Stakeholders | <ul style="list-style-type: none"> Promote businesses contributing to regional revitalization Expand and deepen alliances with partner companies Encourage innovation through the co-creation of value | <ul style="list-style-type: none"> Target to establish funds with a cumulative total of ¥100 billion by 2025 to support business succession throughout Japan Develop a next-generation banking system to reduce and equalize system costs for regional financial institutions, with the goal of introducing the system at ten regional financial institutions by FY2030 | <ul style="list-style-type: none"> Established funds with total investment of ¥40 billion in the SBI Regional Business Succession Investment program Two banks made tentative decisions to introduce a next-generation banking system |
| Achieve a Sustainable Society that is Abundant and Healthy | <ul style="list-style-type: none"> Provide sustainable finance Impact investments with focus on green innovation and ESG awareness as well as investments targeting promising ventures in life science and healthcare Health support through the 5-Aminolevulinic Acid (5-ALA) business as a response to the super-aged society Contribute to the sophistication of healthcare through digitalization of healthcare data and use of big data | <ul style="list-style-type: none"> Originate a cumulative total of ¥5 trillion in sustainable finance by the end of FY2030 Towards realizing the national target of carbon neutrality by 2050, the SBI Group targets net zero GHG emissions (Scope 1 and Scope 2) by FY2050 with an interim target of a 33% reduction by FY2030, compared to FY2018 | <ul style="list-style-type: none"> In FY2023, SBI Shinsei Bank Group originated ¥939.6 billion in sustainable finance GHG emissions of the SBI Group ▶ P.41 |
| Support the Generation that Bears the Future | <ul style="list-style-type: none"> Contribute to the enhancement and improvement of child welfare through the SBI Children's Hope Foundation Foster individuals who will lead the next generation through SBI Graduate School | | <ul style="list-style-type: none"> Cumulative assistance by the SBI Children's Hope Foundation totaled ¥1.21 billion SBI Graduate School has graduated a cumulative total of 576 students |
| Develop an Organizational Climate to Respect and Embrace Diverse Values | <ul style="list-style-type: none"> Promote diversity and inclusion Continue to enhance human capital value through the development of ability of employees Enable flexible work styles that respect uniqueness and differences among individuals | <ul style="list-style-type: none"> SBI Holdings will maintain the ratio of female managers at 20% or higher continuously by 2025 SBI Group targets 40% or higher ratio of employees with foreign nationality by 2025 | <ul style="list-style-type: none"> Ratio of female managers at SBI Holdings at the end of FY2023 reaches 26.1% Ratio of employees with foreign nationality at the SBI Group at the end of FY2023 reaches 35.5% (Excluding SBI Shinsei Bank Group) |
| Strengthen and Improve Corporate Structure for Achieving Sustained Growth | <ul style="list-style-type: none"> Establish a decision-making process in which transparency and independence are secured Formulate management strategies on the assumption of business opportunities and risks and perform risk management Develop and effectively operate internal control systems | <ul style="list-style-type: none"> Regularly hold meetings to establish a Group-wide compliance system and compliance training for officers and employees Conduct analysis and evaluation of the effectiveness of the Board of Directors at least once a year and disclose the results | <ul style="list-style-type: none"> Compliance trainings held in FY2023: ten times for new employees, once for all employees Conducted self-assessment of the effectiveness of the Board of Directors and released the result accordingly |

For details on Basic Sustainability Principles & the SBI Group's Materiality, please visit the Company's website at the following URL: <https://www.sbigroup.co.jp/english/sustainability/policy.html>

SPECIAL CROSS TALK

Driven by “for the good of society and for the good of people,” we will continue being a company that always takes up challenges

25th Anniversary

Kanae Takeuchi

Outside Director



Yoshitaka Kitao

Representative Director,
Chairman, President & CEO

As the 25th anniversary of the SBI Group approaches, Outside Director Kanae Takeuchi and Group representative Yoshitaka Kitao sat down for a conversation on the SBI Group and its growth accomplishments up to this point and what is important for the Group to continue contributing to building a better society.

Looking Back at 25 Years of History

Takeuchi: I would like to take this opportunity to congratulate you on the 25th anniversary of the SBI Group. As the founder, what are your feelings on making it to 25 years?

Kitao: Thank you very much. A full 25 years have passed, and yet I believe we have not wavered in our commitment to do what we set out to do when we founded the Company, which is to drive “for the good of society and for the good of people.” Founded in 1999, the Company has ridden two trends, the Financial Big Bang in Japan and the Internet revolution, which explains why we have achieved growth in leaps and bounds centered on the Financial Ser-

vices Business. All the while, our growth has been grounded in the thorough pursuit of the “Customer-centric Principle” and our endeavors to offer services that truly reflect the needs of our customers. This stance has been highly regarded by our customers, which in my belief has led to the SBI Group of today.

Takeuchi: In 2020, I assumed the office of Outside Director of SBI Holdings, and as I deepen my understanding of the Group, I am impressed by its foresight and its ability to execute. I believe that since the founding, the Group has been engaged in various businesses and made contributions with an eye to future issues in the fields of economic revitalization, asset formation of the people, as well as advanced technology, regional revitalization, healthcare, and education,

all of which are important for the future of Japan. One of the basic business principles of the SBI Group is “going beyond finance with finance at its core.” And the path taken by the SBI Group, which started off as an innovator in online finance, may well illustrate the truly broad sweep of possibilities in finance and its high contribution to the society.

Kitao: I have been thoroughly devoting myself to technology since the time of the founding of the Company, and through technology I have sought to disrupt the existing order and bring about major innovation in the financial world. At the center of this technology is the Internet, and around 2016 we completed a financial ecosystem centered on the Internet. This was followed by the



“ Kitao

The reason why we have been able to grow so much in 25 years because we have made many good connections through our belief in the good of society

birth of a series of new technologies, including blockchain, AI and big data, and the SBI Group has continued to grow by incorporating these new technologies whenever they emerge.

Takeuchi: Recently, under “ZERO Revolution” from SBI SECURITIES, which offers commission-free online trading of domestic stocks, and with our entry into the semiconductor-related business, among other moves, it makes me wonder about the significance – not only for the SBI Group, but also for the society – and the Group’s strength in continuing to take on challenges and to evolve. How do you feel about this?

Kitao: Just as you say, our continued efforts for the good of the society and our customers seem to have been the motive force behind achieving growth for the SBI Group over the past 25 years. An example is the offering of commission-free online trading for domestic stocks, an action that means many securities companies will no longer be able to maintain themselves as they do today. Normally, this move would cause a great deal of friction. On the other hand, this move is to solely for the benefit of the customers, and while SBI SECURITIES’ number of accounts have grown beyond 13 million, these 13 million customers will be on our side. What made this initiative possible, I believe, is the support of our customers. Because of this belief in working for the good of the society, we have gained

many good relationships. I feel this has helped us accelerate the pace of change especially for the past five years.

For the SBI Group to Become an Enduring Business Entity

Kitao: My wish is that the SBI Group becomes a business entity that lasts through the decades and through the centuries. For this to happen, not only we, but Japan as a whole must be bright and prosperous. Regrettably, however, the yen has reached a 34-year low and our nominal GDP has fallen to fourth in the world, indicating that our country’s strength is waning. We must do something about this once again. Therefore, under the SBI Group’s belief that “public benefit leads to private benefit,” the SBI Group is pursuing a Group-wide strategy for regional revitalization. Meanwhile, in line with the principle of “going beyond finance with finance at its core,” it has entered the semiconductor-related business, the so-called “main crop of industry.” Because finance stands behind all economic activities, the SBI Group, as a financial conglomerate, is required to play a core role. It is our conviction that this will lead to further growth of the Group which in turn will lead to the revitalization of the Japanese economy.

Takeuchi: Now, following what Mr. Kitao just said, I firmly believe that society should expect the SBI Group to be making a contribution to the society through financial businesses. In particular, interest has been mounting recently in asset building and asset management through investment. Looking forward, we foresee expectations continuing to increase towards the offering of an innovative and diverse array of financial products and services based on the Group’s thorough pursuit of the “Customer-centric Principle.” Under these circumstances, we recognize the importance of securing and expanding our management resources, including human resources, and of realizing a suitable risk management system geared towards sustainable business growth. Expanding on the first point, with regards to the management resources, we are moving forward on initiatives to foster a comfortable working environ-

ment and to build out various IT systems. Also, in light of our greater focus on overseas businesses, it becomes even more important to have a global perspective. With respect to the second point, risk management system, I see the Group companies, which will be diversifying and scaling up beyond where they are today, developing new businesses both domestically and overseas. Because of this, I consider it vital that a governance system encompassing the entire Group be put in place. As an Outside Director, my wish is to bring in viewpoints external to the Company and offer recommendations that make use of my own international experience.

Kitao: Ms. Takeuchi, you have served as an Outside Director since 2020, and your career until then had followed a path completely outside of finance. Yet, because you have a wealth of international experience, I feel we have benefited from your new perspectives, which we in the financial industry do not have, and have gratefully received your views and suggestions. As the Group expands its business domains and undergoes global growth, the thought-provoking viewpoints of Outside Directors, who come to their positions from a diversity of backgrounds, will take on a greater importance. I look forward to your continued support.

Takeuchi: I will do my best to meet these expectations. And I, too, look forward to your continued support.

“ The path taken by the SBI Group illustrates the truly broad sweep of possibilities in finance and its high contribution to the society

Takeuchi ”



Non-financial Activities

Sustainability Indicator Highlights

Environment

Number and amount of green bonds issuance supported by SBI SECURITIES

45 issuances / ¥17.3 billion

(As of June 30, 2024)

SBI SECURITIES has supported a total of 45 issuances of SDG bonds, such as green bonds, in both yen and foreign currencies, with total issuance amount of ¥17.3 billion.

GHG emissions

11,573 t-CO₂

(FY2023)

The total GHG emissions of Scope 1 and Scope 2 in the SBI Group* was 11,573 t-CO₂.

Conservation of water resources

Approx. 11 t

(FY2023)

The SBI Group uses LIMEX, which is made mainly from limestone and does not use water or wood pulp, as the material for the business cards used by its company officers and employees and therefore contributes to the conservation of approximately 11 tons of water resources annually.

* Mainly covers domestic facilities of SBI Holdings and the Group companies (including SBI Shinsei Bank Group.)

Social

Ratio of female managers

26.1 %

(As of March 31, 2024)

The percentage of female managers at SBI Holdings is 26.1%. We will continue our efforts to maintain and improve the target figures of maintaining 20% or more through to 2025.

Ratio of employees with foreign nationality at the SBI Group

35.5 %

(As of March 31, 2024)

The percentage of employees with foreign nationality at the SBI Group* is 35.5%. We will continue our efforts to achieve the target figure of 40% or more through to 2025.

Cumulative grants made by SBI Children's Hope Foundation

Approx. ¥1.21 billion

(As of March 31, 2024)

Through the SBI Children's Hope Foundation, the SBI Group actively pursues solutions to child welfare problems for the sake of children. The Foundation has made cumulative donations of approximately ¥1.21 billion, up to FY2023.

* Excluding SBI Shinsei Bank Group.

Governance

Number and percentage of Independent Outside Directors

7 persons / 46.7 %

(As of June 30, 2024)

SBI Holdings appointed seven Independent Outside Directors, accounting for 46.7% of the total 15 Directors.

Number and percentage of female Directors

2 persons / 13.3 %

(As of June 30, 2024)

SBI Holdings appointed two female Directors, accounting for 13.3% of the total 15 Directors.

Attendance rate at Board of Directors' meetings

97.3 %

(FY2023)

The attendance rate at Board of Directors' meetings for Directors and Statutory Auditors of SBI Holdings was 97.3%.

Addressing Climate Change (Initiatives Based on TCFD Recommendations)

The SBI Group considers climate change as a critical issue confronting the society and is identifying climate-related risks and opportunities related to climate change using the two scenarios of the global mean temperature rising 4°C and 1.5°C compared to before the Industrial Revolution to consider the conditions in 2030. We have estimated the financial impact in FY2030 for the securities business and the investment (private equity) business, which are major businesses of the SBI Group. For the banking business, SBI Shinsei Bank has estimated its cumulative financial impact of up to FY2050.

Governance

SBI Holdings has established a Sustainability Committee under the Board of Directors, composed of Senior Managing Directors and chaired by the Representative Director, President & CEO. [P.36](#)

Risk Management

The SBI Group identifies risks and opportunities related to climate change, recognizing inadequate response to issues of climate change, among others, as a key strategic business risk that could significantly impact its operations. As a regular framework for risk management, in order to understand and to properly assess and manage risks including climate change, which has the possibility of obstructing business activities, the Company has designated an officer in charge of risk management at the Group level and has established a Group Risk Management Department, so that it can carry out integrated risk management. [P.54](#)

Strategy

In the scenario analysis, the SBI Group analyzed and examined the risks and opportunities and financial impacts under two scenarios, assuming global mean temperature increases of 4°C and 1.5°C respectively by 2100 compared to before the Industrial Revolution.

Financial Impact Forecast for FY2030 (Compared to FY2020/Securities Business and Investment Business)

4°C scenario: ¥66 million
1.5°C scenario: ¥169 million
(For reference) SBI Holdings' profit before income tax expense was ¥141,569 million in FY2023.

Note: The total amount of predicted financial impact includes additional costs from the introduction of decarbonization and emissions trading; cost increases due to electric power rates and zero energy buildings (ZEBs); air conditioning costs due to rising temperatures; annual loss from floods and high tides; and annual loss of interrupted operations through the securities business and investment (private equity) business.

Financial Impact Forecast for FY2050 (Cumulative up to FY2050/Banking Business)

SBI Shinsei Bank estimates the financial impact as follows.
Physical risk: Cumulative credit costs impact of around ¥5.5 billion to ¥9 billion
Transition risk: Cumulative credit costs impact of around ¥6.5 billion to ¥28 billion

Note 1: Target business for the physical risk is domestic real estate non-recourse loans, domestic project finance, housing loans, and personal unsecured loans from Shinsei Financial.
Note 2: Target business for the transition risk is electric power utilities, oil and gas, and shipping.

Examples of SBI Group Initiatives to Resolve Environmental and Social Issues

- Support for the issuance of social impact bonds, including green bonds (SBI SECURITIES and SBI Shinsei Bank)
- Sustainable finance and impact finance (SBI Shinsei Bank)
- Sustainability deposits (SBI Shinsei Bank)
- Selecting investee companies in consideration of SDGs (SBI Investment)
- Agricultural solar power generation development business (SBI Smart Energy)

Metrics and Targets

Towards realizing the national target of carbon neutrality by 2050, the SBI Group targets net zero GHG emissions (Scope 1 and Scope 2) by FY2050. Its interim target is a 33% reduction by FY2030 (compared to its FY2018 levels). In addition, we have begun calculating Scope 3 emissions for each category in order to understand the scale of the Group's Scope 3 emissions.

Change in GHG Emissions

(Units: t-CO₂)

| | FY2021 | FY2022 | FY2023 |
|---------|--------|--------|--------|
| Scope 1 | 1,299 | 1,482 | 1,206 |
| Scope 2 | 18,191 | 12,030 | 10,367 |
| Total | 19,490 | 13,512 | 11,573 |
| Scope 3 | — | 1,286 | 5,496 |

Note 1: Scope of collected data: Disclosed are emissions at SBI Holdings' and its main Group companies' domestic facilities. Disclosures respectively cover Scope 1 (direct emissions from use of fossil fuels, etc.), Scope 2 (indirect emissions from use of purchased power and heat), and Scope 3 (emissions of others related to the operator's activities) as defined by the GHG Protocol. Scope 1 and Scope 2 of SBI Shinsei Bank Group has been included since FY2021.


Note 2: Scope 3 covers business travel (Category 6) and employees' commutation (Category 7). SBI Shinsei Bank Group has been included from FY2023.

For full disclosure in accordance with the TCFD, please refer to the following website:

<https://www.sbigroup.co.jp/english/sustainability/environment/tcf.html>

Achieving Sustainable Growth Through Stakeholder Engagement

Amid increasing uncertainties in the external environment, the SBI Group recognizes the importance of accurately grasping the needs and expectations from various stakeholders by engaging with them through dialogue and other methods, and then reflecting them in the management for increasing the medium- to long-term corporate value of the Group.



Customers

SBI Group has set forth the thorough pursuit of the “Customer-centric Principle” as its Fundamental Business Building Concepts and has put customer benefits first in its business activities. In addition, the Group has established a “business ecosystem” in the Internet financial services field that is unprecedented in the world. The characteristic of the Internet is that transactions between the service providers and consumers can be completed without meeting face-to-face. It is precisely for this reason that the Group has made various considerations to allow customers to complete transactions with peace of mind and a sense of trust, including thorough protection of personal information.

Examples of Engagement

- SBI SECURITIES launched “ZERO Revolution” which pertains to the elimination of brokerage commissions for online trading of domestic stocks from orders placed on September 30, 2023
- Awarded No. 1 in the “2024 ORICON Customer Satisfaction® Survey” for “Online Securities,” “Internet Banking,” “Bank Card Loans,” and “Term Cancer Insurance, Comprehensive” (SBI SECURITIES, SBI Shinsei Bank, SBI Sumishin Net Bank and SBI Insurance)




Shareholders and Investors

We are engaged in sound, highly transparent management by actively disclosing information to shareholders and investors, communicating through the General Meeting of Shareholders and financial results briefings, etc., and striving to build better relationships. In addition to the self-growth and propagation of corporate value of listed companies and manifestation of Group corporate value through the IPOs of subsidiaries, we will increase shareholder value through M&As, establishing joint ventures, strategic alliances, and other such efforts.

Examples of Engagement

- Financial results briefings for institutional investors and analysts and individual meetings for institutional investors and analysts
- Briefings for individual investors (Information Meeting and Current Management Information Briefing)
- Enhanced disclosure of information related to sustainability



Employees

At the SBI Group, we believe it is our people who are the main source of creativity and differentiation, which give us a competitive edge. Accordingly, we have implemented various measures such as the provision of open employment opportunities and the establishment of a robust educational system that includes a program for dispatching employees to the SBI Graduate School. In addition, through the realization of a fair evaluation and compensation system that rewards ambition and performance, we train employees to develop and pass down a unique corporate culture, and promote fostering a healthy work ethic.

Examples of Engagement

- Conducting surveys on health and productivity management, employee engagement, and employee satisfaction
- Raising incentive grant percentages for employee stockholder associations and expansion of stock option systems
- Development of human resources at the SBI Graduate School




Partners (Service Providers)

SBI Group is promoting open alliances in which win-win relationships are formed through partnerships with many non-Group companies across a variety of industries. Through these open alliances, we are collaborating with diverse partners to create a system that can provide comprehensive services that cannot be achieved by a single company alone, in order to meet the diverse demands of various customers.

Examples of Engagement

- Linkage by SBI SECURITIES to various points systems and credit card-related incentives by our non-Group companies
- Operating joint branches with regional financial institutions in conjunction with SBI MONEYPLAZA
- Neo-bank initiatives promoted by SBI Sumishin Net Bank



Local Communities

SBI Group believes that a company is a part of society and that corporate activities basically have various impacts on it. In order to fulfill the role of the Company as a social entity, we will work to resolve social issues through our core business activities in a variety of ways, thereby contributing to the maintenance and development of society.

Examples of Engagement

- Formulation of the SBI Group’s Basic Sustainability Principles and Materiality Measures
- Further strengthening of ties with regional financial institutions with the vision of establishing a wide-area regional platform centered on SBI Shinsei Bank



Global Environment

SBI Group recognizes the importance of long-term coexistence between society and the natural environment, and that environmental issues have an impact on, and present both risks and opportunities to organizations and society, and has accordingly established the SBI Group Environmental Policy. Based on this policy, we will continue to contribute to the maintenance and development of a sustainable society through our business activities.

Examples of Engagement

- Addressing climate change (initiatives based on TCFD Recommendations)
- Promoting initiatives in which officers and employees contribute to the preservation of biodiversity



SBI Group's Human Resources Strategy

Katsumi Shiragami

Executive Officer in Charge of Human Resources and General Affairs at SBI Holdings

Ideal Human Resources and Our Portfolio

Since the SBI Group has expanded its business fields based on its management strategy, it has secured human resources with the necessary knowledge and ability to create new business opportunities, mainly through mid-career recruitment. As a result, the SBI Group is unique where more than 90% of its human resources are mid-career hires and that 86.4% of mid-career hires at the SBI Holdings serve in management roles and represent as its core human resources talent pool. These mid-career hires are able to work successfully alongside new graduates thanks to continuous training activities that help disseminate the SBI Group's management philosophy and corporate culture while allowing employees to acquire a broad overview of the Group as a whole. Furthermore, active communication by the CEO via books and other publications on management and business, is helping the Group to raise employees' knowledge in fields such as humanities and business administration. We believe that these efforts are also contributing to a sense of unity within the Group.

We recognize that securing talented, global human resources is even more important in executing our management strategies. In addition to actively recruiting employees from overseas universities, we have reconsidered evaluation, training, and compensation systems and are promoting Group-wide efforts to secure talented employees. In 2018, we established the Highly Specialized Professionals System, which enables us to respond differently from the existing framework in terms of salary treatment and working style, and we are focusing on securing human resources who can play strategically important roles. In April 2022, we implemented a significant increase in starting salary for new graduates as well as an increase in the salary table up to the third year of employment. Moreover, in April 2024, we increased the salary table focusing on junior to mid-level employees in order to secure talented employees. The SBI Group will form an appropriate human resources talent pool in light of its management strategy, including the use of M&A and other methods to recruit talented and ready-to-work people.

Progress on the Human Resources Strategy

The Group has achieved rapid growth by pursuing its constantly evolving stance of "self-denial," "self-transformation," and "self-evolution." Human resources give rise to creativity, and we thus position them as a major factor behind the differentiation that underlies our competitive strengths. Our human resources strategy seeks to get an accurate grasp of what those within the Company are saying as well as changes in the external environment, in addition to staying attune to the trend of the times. We also plan to build out the structures and initiatives in which employees exercise their talents to their fullest.

- 2005** Started new college graduate hiring program
- Oct. 2009** Corporate dispatch system started for the MBA course at SBI Graduate School
- Mar. 2015** Upper-age limit removed on post-retirement re-employment
- Oct. 2016** Certification-acquisition support system introduced
- Aug. 2018** Health Management Declaration instituted
- Oct. 2018** Highly Specialized Professionals System established (A system that certifies personnel who are responsible for work requiring specialized expertise or who have certain qualifications, and to allow flexible working styles and evaluation methods)
- Apr. 2022** Major increase in salary table for new graduate employees up to their third year
- June 2022** Compensation system introduced in which Group consolidated earnings are reflected in all officers' and employees' compensation
- Oct. 2022** Fully embedded shorter hours regular employee system introduced and staggered working hours formalized
- Mar. 2023** Applicable certificates expanded for certification support system (Nineteen new certifications were added to the 33 certifications that were covered by the previous system, and the number of certifications eligible for an examination fee subsidy was expanded to 52)
- Apr. 2023** Employment referrals started
- Apr. 2023** Engagement survey conducted at SBI Holdings
- Jan. 2024** Decided on policy to expand incentive programs for officers and employees
- Apr. 2024** Raised the salary table focusing on junior to mid-level employees

Please visit our website for more information on "Enhancing Human Capital Value"

 <https://www.sbigroup.co.jp/english/sustainability/social/employee.html>

Diversity and Inclusion Towards Sustainable Value Creation

The SBI Group recognizes that human rights are the fundamental rights that all human beings equally and universally have, and that respecting these rights is a matter of course in corporate operations. In 2021, we clearly stated this belief in our "Human Rights Policy." We also believe that to remain as a company that innovates without getting caught up in preconceived notions requires an environment in which diverse people can fully demonstrate their potential and stimulate each other to grow, regardless of age, race, nationality, gender, sexual orientation, presence/absence of a disability, or other attributes. The SBI Group operates in 26 countries and regions, and overseas offices account for 20.3% of the total number of employees. Starting from March 2015, the upper-age limit on post-retirement re-employment was removed, as we are committed to actively

Non-financial Activities

promoting talented employees regardless of their attributes.

Recognizing that increasing diversity is important in the future, we have set goals of increasing the ratios of female managers and employees with foreign nationality to at least 20% and 40%, respectively, by 2025 and will work to maintain and improve the current ratios (26.1% and 35.5%*, respectively, as of March 31, 2024). In addition, the Company and its Group companies are making efforts to comply with the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children. We are also formulating target figures and action plans based on these acts.

* Excluding SBI Shinsei Bank Group

Please visit our website for more information on "SBI Group Human Rights Policy"

https://www.sbigroup.co.jp/english/sustainability/social/human_rights.html

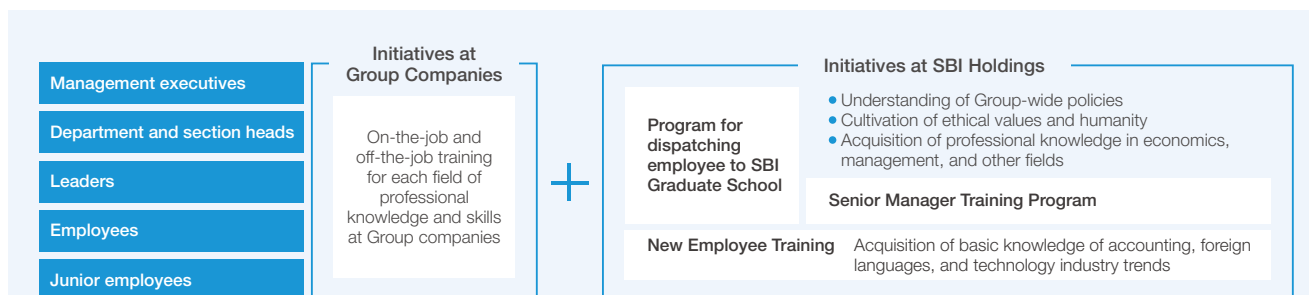
Developing Human Resources for the Next Generation of Management

The SBI Group is training future generations of skilled workers

through a combination of on-the-job-training and courses at the SBI Graduate School, which opened in 2008 with the full support of the SBI Group. Employees who aspire to become senior managers must complete the SBI Group Senior manager training program as a requirement for promotion. We have also established a program for employees wanting to study a wider range of management subjects to study at the SBI Graduate School. As of March 31, 2024, 171 individuals have obtained MBA degrees through this program. In addition to the SBI Graduate School, new graduate employees are trained by submission of assignments, which is unique to the Company, to help them acquire knowledge and management perspectives as executives of the SBI Group from their early careers. New graduate employees are required to submit a report every two weeks which is then evaluated by management executives, including the CEO. In this way, the Group focuses its efforts on human resources development with training time per employee standing at 13 hours 45 minutes per year* as well as training expenses (non-consolidated) at ¥109 million resulting in average training expenses per employee of ¥330,000.

* Employees of domestic consolidated subsidiaries (excluding SBI Shinsei Bank Group) are covered.

The SBI Group's Human Resource Development Process



New Employee Training Program

Our new graduate employees spend the first year in the Company participating in an e-learning program from the SBI Graduate School with the goal of enabling them to understand basic theories and to acquire practical skills that will be used in their daily work. For new graduate employees, we provide training to help them acquire knowledge and management perspectives as executives of the SBI Group from early on in their careers, by setting a report that is to be submitted every two weeks which is then evaluated by management executives, including the CEO.

Senior Manager Training Program

This program is designed for employees who aspire to be promoted to senior management positions. Our employees are required to take courses centered on moral philosophy for approximately a year at the SBI Graduate School and to complete it before being promoted to senior management positions.

Employee Dispatch Program (SBI Graduate School MBA Program)

With the main goal of developing human resources that will lead the SBI Group in the future, we have a program that enrolls employees in the SBI Graduate School. Through this program, we expect our human resources to grow to be able to see and think about things from a

broader perspective through improved management and business abilities, as well as logical thinking.

SBI Group's Single-subject and Diploma Program

These programs are a part of our personnel measures with the goal of fostering employee' self-development. Employees are permitted to learn at the SBI Graduate School while balancing work and their personal lives with a view towards a transition to the employee dispatch program (MBA program).

Program Supporting the Acquisition of Qualifications

The Company may cover the expenses necessary for an employee to acquire a qualification, thereby supporting employees in improving their skills.

Career Open Program

The program enables SBI Group employees to choose their career path which is divided into three categories: in-house recruitment, self-reporting, and business plan proposal.

Procedures for Employment Transfer

To enable employees' medium- and long-term career advancement, we have introduced an employment transfer program where temporary employees can become regular or direct employees.

Improving Work Environments to Enhance Productivity

We believe that good physical and mental health is important for employees to always perform at their maximum potential. The SBI Group has instituted the Health Management Declaration stating the need to actively promote the creation of an environment that encourages employees to maintain and promote their health. In addition, we are devoting attention to the health of our employees by offering monthly individual health consultations with occupational health professionals. In accordance with the preference of each officer and employee, these are conducted in person, by phone, or in writing. Standing in 2024, we began offering a program to prevent severe lifestyle disease to employees who wish to participate. Furthermore, SBI Wellness Bank, established in 2007 to actively contribute directly to society through the medical field, strives to maintain the health of SBI Group's officers and employees through Tokyo International Clinic, a medical corporation that we partner with and support. Because long working hours can lead to poor mental health of employees, we have been actively implementing Company-wide measures to reduce them since 2015. For example, we regularly notify employees and their supervisors of overtime working hours and the status of paid leave, among others. Since 2016, we have been conducting legally mandated stress checks for our employees and plan to consider more effective measures to maintain the health of our employees by utilizing obtained quantitative data.

In addition to providing opportunities for self-actualization, we are striving to make effective use of employees and to put the right people in the right jobs through our career open program. Many employees have utilized this program to make career changes by requesting transfers to their desired operat-

ing companies within the SBI Group, and in FY2023, 140 employees took advantage of this program.

We are also working towards creating a comfortable working environment and expanding our systems, including a parental and childcare leave system, a shortened-hours regular employee system, and a staggered working hours system. The Company on its own has a 100% rate for mothers and a 50% rate for fathers taking childcare leave. Furthermore, to improve work efficiency and productivity, the entire Group is promoting the introduction of robotic process automation (RPA) and artificial intelligence (AI) to automate various routine tasks.

We conducted an engagement survey from 2023 in order to strengthen the corporate ties with employees even more than before. The survey results were used to improve employees' engagement with the goal of putting in place an even more comfortable working environment.

Recognition of Employees and Rewards Towards Performance

Since our founding, we have maintained a policy of "giving a stipend to those with merit and a position to those with good judgement and insights," emphasizing not only results but also the process that leads to those results. In addition, in order to ensure fair and impartial evaluations, we conduct 360-degree evaluations, in which employees are evaluated not only by their superiors, but also by their subordinates and colleagues. In addition, in order to further enhance the cohesiveness of the Group and to additionally increase motivation and morale towards delivering consolidated performance, the Company issues paid stock options to Directors of the Company and its subsidiaries and tax-qualified stock options to employees without cost.

Employee Data*1

| Employee Status (Consolidated)*3 | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|
| Number of employees | 17,496 | 18,756 | 19,097 |
| Percentage of employees at overseas business locations (%) | 22.9 | 21.7 | 20.3 |
| Ratio of employees with foreign nationality*2(%) | 42.3 | 37.7 | 35.5 |

| Status of Employment of Women*3 | FY2021 | FY2022 | FY2023 | |
|---------------------------------|--|--------|--------|-------|
| Consolidated | Number of female employees | 7,630 | 8,133 | 8,287 |
| | Ratio of female employees (%) | 43.6 | 43.4 | 43.4 |
| | Ratio of women among regular employees hired (%) | 36.8 | 37.5 | 34.2 |
| | Number of female managers | 768 | 920 | 1,050 |
| | Ratio of female managers (%) | 18.4 | 19.9 | 20.1 |
| | Number of female executive officers | 20 | 22 | 19 |
| | Ratio of female executive officers (%) | 9.4 | 8.7 | 6.5 |
| Domestic consolidated | Number of women hired | 933 | 1,327 | 1,101 |
| | Ratio of women among regular employees hired (%) | 39.1 | 38.1 | 36.2 |
| | Number of female managers | 688 | 727 | 834 |
| Ratio of female managers (%) | 18.3 | 18.4 | 18.5 | |

*1 Figures of each fiscal year may not be continuous due to changes in calculation methods, M&A, etc.

*2 Excluding SBI Shinsei Bank Group.

*3 As of end of each fiscal year

| Domestic Consolidated | FY2021 | FY2022 | FY2023 |
|---|------------|------------|------------|
| Average years of service (men) | 10.1 | 10.2 | 10.3 |
| Average years of service (women) | 8.4 | 8.7 | 9.0 |
| Average annual salary (men) | ¥7,564,601 | ¥7,854,752 | ¥7,856,678 |
| Average annual salary (women) | ¥4,515,359 | ¥4,820,899 | ¥5,011,492 |
| Turnover rate (%) | 14.9 | 15.4 | 13.6 |
| Annual amount of training time per employee*2 | 15hr 38min | 13hr 23min | 13hr 45min |

| Non-consolidated | FY2021 | FY2022 | FY2023 |
|--|-------------|-------------|--------------|
| Average monthly overtime working hours | 17hr 41min | 17hr 1min | 14hr 8min |
| Ratio of annual paid leave taken (%) | 65.4 | 75.6 | 75.6 |
| Ratio of childcare leave taken by female employees (%) | 100 | 100 | 100 |
| Ratio of mid-career hires among management (%)*3 | 81.1 | 83.1 | 86.4 |
| Education and training expenses (yen) | ¥56,410,000 | ¥60,781,642 | ¥108,738,000 |
| Ratio of female managers (%)*3 | 26.5 | 24.7 | 26.1 |

Target Figures for Human Resources (Through to 2025)

Ratio of female managers
(Non-consolidated)

20% or higher

Ratio of employees with
foreign nationality (Consolidated)

40% or higher

Strengthening and Enhancing the Management Base to Support Sustainable Growth

SBI Group is actively engaged in constructing an organizational framework that can swiftly adapt to changes in the business environment, while ensuring the transparency and fairness of decision-making. Our focus lies in enhancing appropriate corporate governance practices to drive the enhancement of corporate value.

Results of Main Efforts for FY2023

| | |
|---|-------|
| Number of Ordinary Board of Directors' meetings held per year | 12 |
| Average attendance rate at Board of Directors' meetings for Independent Outside Directors | 96.4% |
| Average attendance rate at Board of Directors' meetings for Outside Statutory Auditors | 93.3% |
| Number of Board of Statutory Auditors' meetings held per year | 14 |
| Average attendance rate at Board of Statutory Auditors' meetings for Outside Statutory Auditors | 100% |

Major Issues Discussed at the Board of Directors

- Issuance of ordinary corporate bonds
- Incentive program expansion
- Report on capital and business alliance with Mynavi Corporation
- Report on results of initiatives by the Group Risk Management Department
- Status reports on investor communications
- Status reports on initiatives related to sustainability

Corporate Governance System

SBI Holdings adopted an organizational structure incorporating the establishment of a Board of Statutory Auditors, which led to the formation of both a Board of Directors and a Board of Statutory Auditors. The Company's Board of Directors, consisting of 15 Directors, with 7 Independent Outside Directors (as of June 27, 2024), is strengthening its oversight of the appropriateness of the Company's management. The Board of Directors meets monthly, in principle, to decide important matters and to oversee the status of business execution. Notably, in addition to Executive Directors, including the President, Senior Executive Vice Presidents, and the Senior Managing Director, 19 Executive Officers with expertise and insights aligned with the Directors are in charge of business execution. The Company clearly defines the functions and responsibilities of the Executive Directors, Executive Officers, and the Board of Directors, and has put in place an organizational structure capable of promptly and flexibly responding to sudden changes in the business environment.

At the same time, Statutory Auditors are responsible for establishing a solid corporate governance system worthy of public trust, by means including auditing the Directors' per-

formance of duties. Statutory Auditors ensure collaboration with Independent Outside Directors and Accounting Auditors and endeavor to realize a more effective corporate governance system.

The Board of Directors and the Board of Statutory Auditors are to be composed of diverse individuals, irrespective of race, nationality, gender, etc., who possess a high level of expertise and will contribute to the strengthening of the Company's corporate governance system. [▶ P48](#)

Overview of Organization (As of June 27, 2024)

| | |
|---|--|
| Configuration | Company with Board of Statutory Auditors |
| Number of Directors (Independent Outside Directors) | 15 (7) |
| Term of Directors | 1 year |
| Average age of Directors | 59.2 |
| Number of Statutory Auditors (Outside Statutory Auditors) | 4 (2) |
| Number of Directors registered as Independent Executives | 9 |
| Number of Management Advisory Committee members (Independent Outside Directors) | 8 (7) |
| Involvement of Independent Outside Directors in remuneration decisions (Yes/No) | Yes |

Improving the Effectiveness of the Board of Directors

1. Method of Analysis and Evaluation

Between February and March 2024, SBI Holdings conducted a self-assessment for all Directors and Statutory Auditors regarding the effectiveness of the Board of Directors. The Company analyzed and evaluated the effectiveness of the Board of Directors, based on the results of the self-assessment, as well as the discussions at the Board of Directors meeting held in March 2024.

Items Included in Evaluation of Effectiveness

- Structure and composition of organizations such as the Board of Directors
- Operation of the Board of Directors
- Agenda, deliberation, and decision-making of the Board of Directors
- Supervisory system of the Board of Directors
- Relationships with shareholders and other stakeholders
- All others
- Self-evaluation

2. Overview of Results of the Analysis/Evaluation

The evaluation found the Board of Directors to be sufficiently effective and functioning properly as a business execution and monitoring organization.

On the other hand, to further improve the effectiveness of

the Board of Directors, considering the rapid advancement of technology, including AI, the evaluation noted the need to secure talents specialized in such technologies as well as to build a system that allows for more prompt and detailed discussions on cybersecurity.

Moreover, it has been pointed out that there is a need for more comprehensive action in compliance risk management and continuous monitoring of post-merger integration (PMI) process in response to the increased risks due to diversification of businesses and the expansion of Group's scale.

The Board of Directors is continuing to strengthen its effectiveness based on the outcome of this analysis and evaluation and will ensure that it contributes to the enhancement of sustainable corporate value.

Director Training

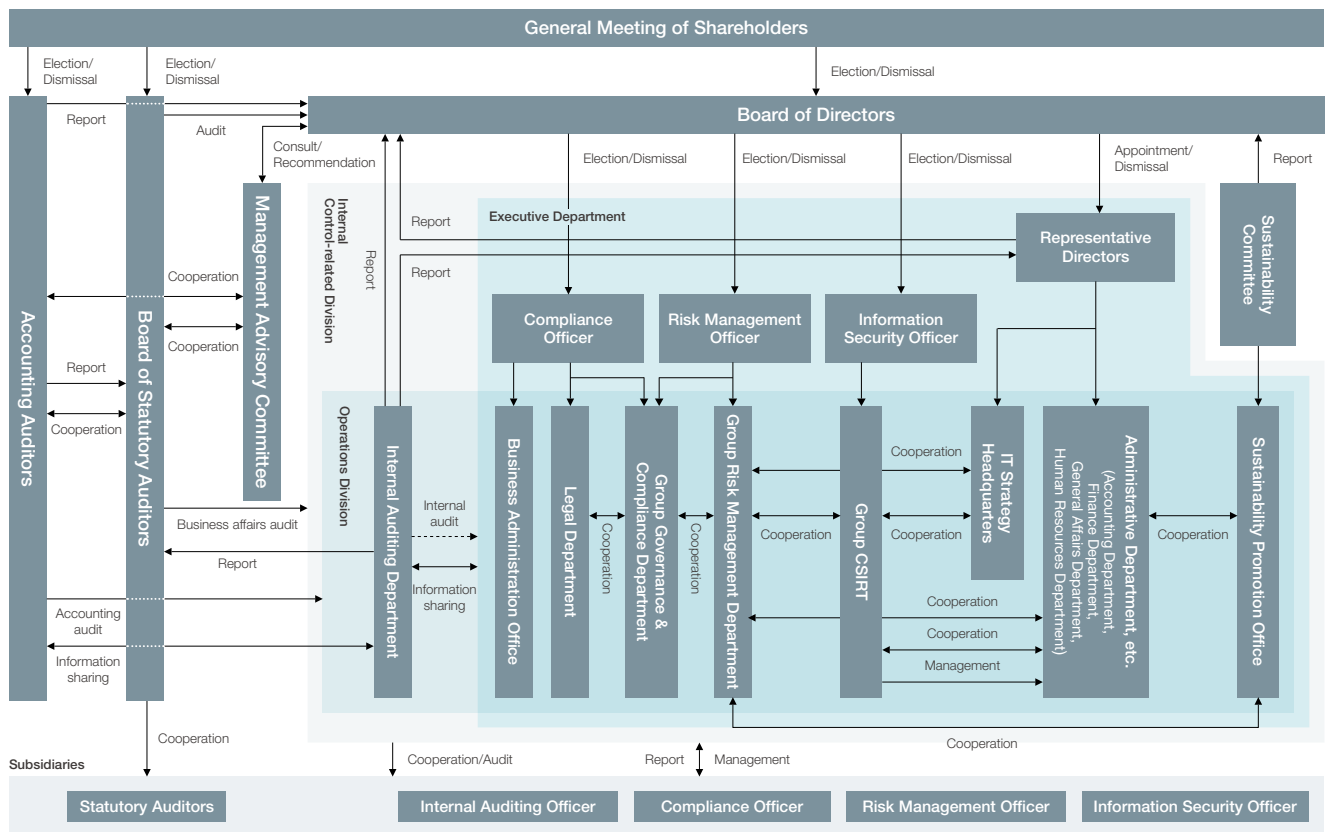
SBI Holdings maintains a training environment in which each Director and Statutory Auditor can acquire and update the knowledge required for effective management. During FY2023, we invited Keisuke Hanyuda, Managing Director/CEO of Owls Consulting Group, Inc., who conducted training in January 2024 on the semiconductor-related business, a new field of entry for the Company.

- Key Themes Discussed During the Director Training**
- Financial assistance policies towards the semiconductor industry in Japan
 - Semiconductor industrial policies in various countries around the world
 - Business strategy in the semiconductor market worldwide



Attendees of Director training

Outline of Corporate Governance Structure



Non-financial Activities

Board of Directors and Statutory Auditors (As of June 27, 2024)

Directors

① Attendance at Board Meetings ② Number of Company's shares owned ③ Main fields of expertise ④ Reasons for selection

| Name/Position | Principal responsibilities and concurrent offices held | Other information |
|--|---|---|
|  <p>Yoshitaka Kitao Representative Director, Chairman, President & CEO</p> | Representative Director, Chairman & President of SBI Investment Co., Ltd. Representative Director & Chairman of SBI SECURITIES Co., Ltd. Representative Director & President of SBI Pharmaceuticals Co., Ltd. Director of SBI VC Trade Co., Ltd. Representative Director & Chairman of SBI Digital Asset Holdings Co., Ltd. Director & Chairman of SBI FINANCIAL SERVICES Co., Ltd. Representative Director & President of SBI Capital Management Co., Ltd. Director & Chairman of SBI Asset Management Group Co., Ltd. Representative Director & President of Regional Revitalization Partners Co., Ltd. | ① 12/12 ② 4,327,960 ③ General management (financial assets and biotechnology) ④ Mr. Yoshitaka Kitao has demonstrated excellent management capabilities as Representative Director, President & CEO since the Company's establishment, building a financial conglomerate focused on Internet-based financial services for the Financial Services Business, which covers a broad range of business activities including securities brokerage business, banking services business, insurance business, and a wide range of financial services businesses. He has also helped establish a strong business foundation for the SBI Group by leading business expansion in Japan and abroad. |
|  <p>Masato Takamura Representative Director, Senior Executive Vice President & COO</p> | Representative Director & President of SBI SECURITIES Co., Ltd. Representative Director & President of SBI FINANCIAL SERVICES Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Outside Director of ASCOT Corp. Director of The Global Ltd. Director of SBI Regional Revitalization Services Co., Ltd. | ① 12/12 ② 450,000 ③ General management (financial assets) ④ Mr. Masato Takamura has served as Representative Director and President of SBI SECURITIES Co., Ltd., and has greatly contributed to the growth of the securities businesses and has a wealth of experience and broad knowledge as a manager. In addition, he has been responsible for the Financial Services Business as Representative Director and President of SBI FINANCIAL SERVICES Co., Ltd. since June 2018. |
|  <p>Tomoya Asakura Director, Senior Executive Vice President</p> | Representative Director & President of SBI Asset Management Group Co., Ltd. Representative Director & President of SBI Global Asset Management Co., Ltd. Representative Director, Chairman, & CEO of SBI Asset Management Co., Ltd. Representative Director & President of Wealth Advisor Co., Ltd. Director of SBI Insurance Group Co., Ltd. Director of SBI Okasan Asset Management Co., Ltd. Director of SBI Alternative Asset Management Co., Ltd. Director of SBI RHEOS HIFUMI Inc. Director of SBI Crypto Asset Holdings Co., Ltd. | ① 12/12 ② 355,000 ③ General management (financial assets) ④ Mr. Tomoya Asakura, who has served as Representative Director & President of SBI Global Asset Management Co., Ltd., has greatly contributed in growing the overall asset management business, including the information service business and the investment management business, and has a wealth of experience and broad knowledge as a manager. |
|  <p>Shumpei Morita Senior Managing Director</p> | Representative Director of SBI Regional Bank Holdings Co., Ltd. Representative Director of SBI Regional Revitalization Banking System Co., Ltd. Outside Director of The Shimane Bank, Ltd. Director of SBI SAVINGS BANK Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of SBI Business Solutions Co., Ltd. Director of SBI Security Solutions Co., Ltd. Director of SBI Art Auction Co., Ltd. Director of SBINFT Co., Ltd. | ① 12/12 ② 150,000 ③ Finance and accounting ④ After his appointment as a Director of the Company, Mr. Shumpei Morita provided support in relation to the accounting and financial aspects of the SBI Group's management strategy as CFO from October 2011. In addition to his high ethics, he possesses considerable professional knowledge regarding finance and accounting. Furthermore, as Representative Director of SBI Regional Bank Holdings Co., Ltd., he works on regional revitalization and value enhancement of regional financial institutions, in which SBI Regional Bank Holdings Co., Ltd. has invested. |
|  <p>Satoe Kusakabe Managing Director</p> | Managing Director and in charge of Risk Management Department of SBI SECURITIES Co., Ltd. Director of SBI VC Trade Co., Ltd. Director of Japanext Co., Ltd. Director of SBI Remit Co., Ltd. | ① 12/12 ② 9,600 ③ Risk management ④ Ms. Satoe Kusakabe has been engaged in corporate internal control and audit-related tasks as a certified public accountant and has a wealth of experience in that field. In addition, she has conducted duties mainly in the audit and risk management departments at the Company, as well as at SBI SECURITIES Co., Ltd. With the importance of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) on the rise, it can be expected that she will utilize her wealth of experience in the field to further strengthen and enhance the SBI Group's risk management function. |
|  <p>Masayuki Yamada Director</p> | General Counsel, Legal Department of SBI Holdings, Inc. Statutory Auditor of SBI Asset Management Group Co., Ltd. Director of SBI Capital Management Co., Ltd. Director of SBI Ventures Two Co., Ltd. Director of SBI Incubation Co., Ltd. Director of SBI Capital Co., Ltd. | ① 12/12 ② 39,030 ③ Internal control, legal affairs and compliance ④ Mr. Masayuki Yamada has served as an officer in charge of legal affairs and compliance in the SBI Group as an attorney at law admitted to the New York Bar (U.S.), and has a wealth of practical experience and a highly ethical outlook. |
|  <p>Shinji Matsui Director</p> | Representative Director of SBI AutoSupport Co., Ltd. Representative Director & President of SBI Benefit Systems Co., Ltd. Representative Director of SBI Africa Co., Ltd. Director of SS Trading Co., Ltd. Director of Benefit Solutions Co. Ltd. | ① 10/10 ② 115,050 ③ General management (financial assets), overseas experience ④ Mr. Shinji Matsui has a wealth of experience and broad insight as a manager in the Financial Services Business, including serving as Representative Director & President of SBI Benefit Systems and Representative Director of SBI AutoSupport for several years. He is also driving new business development in new overseas markets as Representative Director of SBI Africa. |
|  <p>Motoaki Shiino Director</p> | Head of Corporate Communications Dept. of SBI Holdings, Inc. Representative Director of SBI Non-Bank Holdings Co., Ltd. Director of SBI Digital Community Co., Ltd. | ① 10/10 ② 5,000 ③ Finance and accounting, public relations ④ As General Manager of Corporate Communications at SBI Holdings, Mr. Motoaki Shiino has deep familiarity with Group strategy from being in charge of public relations and investor relations at the SBI Group. Also, as a result of these efforts, he has gained a wealth of practical experience and a high level of expertise. |

Policy and Procedures Concerning the Nomination of Director Candidates and Statutory Auditors

Please refer to the "Basic Policy on the Governance System" III-1-(3) and III-2-(3) on our Company website.

https://www.sbigroup.co.jp/english/sustainability/governance/pdf/governance_policy240314.pdf





Independent Outside Directors

① Attendance at Board Meetings ② Number of Company's shares owned ③ Main fields of expertise ④ Reasons for selection

| Name/Position | Principal responsibilities and concurrent offices held | Other information |
|---|---|---|
| Teruhide Sato Independent Outside Director  | Director of BEENEXT PTE. LTD. Director of BEENEXT CAPITAL MANAGEMENT PTE. LTD. | ①11/12 ②2,820 ③General management (advanced technology), overseas experience ④Mr. Teruhide Sato participated in launching CyberCash K.K. (currently, DG Financial Technology, Inc.) in Japan and has served as Representative Director, President and CEO of netprice, Ltd. (currently, BEENOS Inc.), and has a wealth of experience and extensive knowledge, particularly in relation to Internet businesses in Asia. |
| Heizo Takenaka Independent Outside Director  | Emeritus Professor at Keio University Director of XICA CO., LTD. Non-executive chairman of Investcorp Japan, LLC | ①10/12 ②— ③General management (financial assets), finance and accounting ④Mr. Heizo Takenaka has served successively as the Minister of State for Economic and Fiscal Policy, the Minister of State for Financial Services, the Minister of State for Internal Affairs and Communications, and in other posts and teaching at Keio University, while also serving as an outside director in private companies. |
| Yasuhiro Suzuki Independent Outside Director  | Representative Director & President of digitalshiftwave Co., Ltd. President of Japan Omni Channel Association Visiting Professor at Joho Keiei Innovation Senmonshoku Daigaku Outside Director of Vertex Co., Ltd Professor at Tokyo City University, Gotoh Educational Corporation | ①12/12 ②— ③General management (advanced technology) ④Mr. Yasuhiro Suzuki has served successively as Representative Director and President of Seven & i Netmedia Co., Ltd., Director & Executive Officer, CIO of Seven & i Holdings Co., Ltd., and in other posts, and has a wealth of experience in a wide range of fields, including Internet businesses. |
| Hiroshi Ito Independent Outside Director  | Advisor of SBI Insurance Group Co., Ltd. Member of the Finance Committee of Tokyo American Club | ①12/12 ②— ③General management (financial assets), risk management ④Mr. Hiroshi Ito has served successively in important positions such as Representative Director of Marsh Japan, Inc., which is a global-leading company that provides services related to insurance and risk management, and has expert knowledge in insurance fields that the SBI Group focuses on. |
| Kanae Takeuchi Independent Outside Director  | Freelance Announcer Outside Director of dip Corporation | ①12/12 ②— ③Public relations ④One of the Company's most important challenges is to ensure that the Board of Directors heeds women's perspectives and strengthens its approach in this regard. Moreover, Ms. Kanae Takeuchi has played active roles, both in the past and presently, particularly in the media, and is well-suited to reflect the opinions of the stakeholders of the Company, including many individual shareholders, at Board meetings. |
| Junichi Fukuda Independent Outside Director  | Commissioned Lecturer at SBI Graduate School Lawyer at Uryu & Itoga LPC Special advisor | ①12/12 ②— ③Financial sector in general ④Mr. Junichi Fukuda has served successively as Vice-Minister of Finance and has extensive experience in the field of finance. He can be expected to bring constructive opinions to the SBI Group's financial business in general, especially in the fields of regional revitalization and expanding cooperation with regional financial institutions. |
| Hiroyuki Suematsu Independent Outside Director  | Specially Appointed Professor at the Tokyo NODAI Research Institute of Tokyo University of Agriculture Outside Director (Audit & Supervisory Committee member) of TRE HOLDINGS CORPORATION | ①12/12 ②— ③Agriculture, forestry and fisheries, and the food industry ④Mr. Hiroyuki Suematsu has successively served as Vice-Minister of Agriculture, Forestry and Fisheries and has extensive experience in agriculture, forestry and fisheries industry, and the food industries. He can be expected to bring constructive opinions to the SBI Group in many fields including the use of supply chain management with blockchains and operating the Osaka Dojima Exchange, Inc., which handles commodities futures. |

Statutory Auditors

① Attendance at Board Meetings/Attendance at Statutory Auditor Meetings ② Number of Company's shares owned ③ Main fields of expertise ④ Reasons for selection

| Name/Position | Principal responsibilities and concurrent offices held | Other information |
|---|--|---|
| Toru Ichikawa Outside Standing Statutory Auditor  | Outside Statutory Auditor of The Shimane Bank, Ltd. | ①12/12-14/14 ②1,000 ③Finance, accounting, internal control, legal affairs, compliance, and risk management ④Mr. Toru Ichikawa has served successively as chief inspector of the Financial Services Agency and has extensive experience in the financial field. |
| Takahiro Yoshida Standing Statutory Auditor  | Statutory Auditor of SBI SECURITIES Co., Ltd. Statutory Auditor of SBI FINANCIAL SERVICES Co., Ltd. | ①9/10-10/10 ②— ③Finance and accounting, financial sector in general ④Mr. Takahiro Yoshida has many years of experience at financial institutions, and he served as Executive Officer of the Group Treasury Department at SBI Shinsei Bank. He has a wealth of practical experience and a high moral perspective. |
| Yasuo Sekiguchi Outside Statutory Auditor  | Managing Director of Global Partners Consulting, Inc. | ①12/12-14/14 ②— ③Finance and accounting, overseas experience ④Mr. Yasuo Sekiguchi is qualified as a Certified Public Accountant and Certified Tax Accountant and has a considerable degree of knowledge regarding finance and accounting. |
| Akemi Mochizuki Statutory Auditor  | Member of AKAHOSHI AUDIT CORPORATION Outside Director & Audit & Supervisory Committee member of TSUMURA & CO. Outside Statutory Auditor of Asahi Kasei Corporation | ①10/12-14/14 ②— ③Finance and accounting ④Ms. Akemi Mochizuki has a wealth of experience and a high level of knowledge as a certified public accountant over many years, as well as a high degree of professional knowledge and a wealth of experience regarding finance and accounting, in addition to auditing of companies. |

Note: The number of shares owned is as of March 31, 2024.

Non-financial Activities

Skills Matrix for Directors

| Position | Name | Management/ Business Strategy | Industry Experience in Key Businesses | Global Experience | Technology | Academic Background | Finance/ Accounting | Legal affairs/ Compliance | Sustainability (ESG/Risk Management) |
|---|-------------------|-------------------------------------|--|----------------------|------------|------------------------|------------------------|------------------------------|--|
| Representative Director, Chairman, President & CEO | Yoshitaka Kitao | ● | ● | ● | | ● | ● | | |
| Representative Director, Senior Executive Vice President & COO | Masato Takamura | ● | ● | | | | | | |
| Director, Senior Executive Vice President | Tomoya Asakura | ● | ● | ● | | | | | |
| Senior Managing Director | Shumpei Morita | ● | ● | | | | ● | | |
| Managing Director | Satoe Kusakabe | | ● | | | | ● | | ● |
| Director | Masayuki Yamada | | | ● | | | | ● | |
| Director | Shinji Matsui | ● | ● | ● | ● | | | | |
| Director | Motoaki Shiino | | ● | | | | ● | | ● |
| Independent Outside Director | Teruhide Sato | ● | ● | ● | ● | | | | |
| Independent Outside Director | Heizo Takenaka | ● | ● | ● | | ● | | | ● |
| Independent Outside Director | Yasuhiro Suzuki | ● | | | ● | | | | |
| Independent Outside Director | Hiroshi Ito | ● | ● | ● | | | | | ● |
| Independent Outside Director | Kanae Takeuchi | | | ● | | | | | ● |
| Independent Outside Director | Junichi Fukuda | | ● | ● | | ● | ● | ● | |
| Independent Outside Director | Hiroyuki Suematsu | | ● | | | ● | | | ● |

Management Advisory Committee

SBI Holdings is strengthening the supervisory function of the Board of Directors by increasing the transparency of the Company's management from outside perspectives by utilizing the efforts of several Independent Outside Directors. From June 27, 2019, it was decided to appoint at least one-third of the Board of Directors as the Independent Outside Directors in accordance with the Company's independence standards and to establish the "Management Advisory Committee" as the voluntary advisory body to the Board of Directors in which majority of the Directors are Independent Outside Directors to further strengthen the Company's supervisory function, and to ensure an appropriateness of management through increased management transparency.

Similar to the former "Outside Director Liaison Committee," this committee shares information and opinions from an objective perspective, while maintaining an environment in which Independent Outside Directors may engage appropriately and actively discuss matters pertaining to the Board of Directors.

The committee places greater focus on enhancing the Company's corporate governance framework, by increasing the objectivity and transparency of the Board of Directors decisions through appropriate involvement in the Board's functions and deliberation processes, which include the selection of potential candidates for Directorship and Statutory Auditors positions, appointment and dismissal of management executives (President, Senior Executive Vice Presidents, Senior Managing Directors, Managing Directors) and the determination of compensation for Directors, as well as the development of the next generation of management executives.

At the second meeting of the Management Advisory Committee for FY2023 held in September 2023, the Company gave a briefing and discussions were held on information

security risk management systems, including a broad exchange of views on measures to strengthen security measures in newly established and acquired companies under the SBI Group, as well as in client companies.

Members of the Management Advisory Committee (As of June 27, 2024)

| | |
|---|--------------------|
| Chairman of the Management Advisory Committee | Heizo Takenaka* |
| Member of the Management Advisory Committee | Teruhide Sato* |
| Member of the Management Advisory Committee | Yoshitaka Asaeda |
| Member of the Management Advisory Committee | Yasuhiro Suzuki* |
| Member of the Management Advisory Committee | Hiroshi Ito* |
| Member of the Management Advisory Committee | Kanae Takeuchi* |
| Member of the Management Advisory Committee | Junichi Fukuda* |
| Member of the Management Advisory Committee | Hiroyuki Suematsu* |

* Independent Outside Directors of the Company

Compensation for Directors

In principle, the compensation for Directors is decided by the Board of Directors within the total compensation amount approved at the General Meeting of Shareholders after receiving feedback from the Management Advisory Committee, in order to secure fairness and clarity.

A compensation system that includes restricted stock units was introduced from June 2019 for Directors (excluding Outside Directors), as an incentive to continue to grow corporate value and to further share value with all Group shareholders. The recipient Directors under this system exchange their monetary compensation received as property in kind to receive a specified number of common shares or treasury shares.

Policy on Determining the Amount of Ways to Calculate the Compensation for Directors

- 1) SBI Holdings 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 for determining the amount and calculation method of executive remuneration, etc., is decided by the Board of Directors after receiving feedback from the Management Advisory Committee. The policy for determining the amount and calculation method of remuneration for Directors for FY2023 was decided by the Board of Directors after receiving a report and feedback from the Management Advisory Committee.
- 2) The amount of remuneration, which consists 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 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 composed of fixed basic remuneration and bonuses, is 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 determines the above remuneration matters.

The basic remuneration is paid as monthly monetary

remuneration and the amount of basic remuneration for each Director is 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 level of compensation for Directors
- The degree of contribution to the Company's business performance
- The conditions of appointment
- Any other factors

In principle, bonuses are paid annually; 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 are 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 specific quantitative targets are set.

The ratio of the basic remuneration, bonuses, and restricted stock units are 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.

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

Total Compensation for Directors and Statutory Auditors, Total Compensation by Type, and Number of Corresponding Executives (FY2023)

| Executive Classification | Total Compensation (Millions of Yen) | Total Compensation by Type (Millions of Yen) | | | Number of Corresponding Executives |
|---|--------------------------------------|--|---------|---------------------|------------------------------------|
| | | Basic Compensation | Bonuses | Retirement Benefits | |
| Directors (Excluding Outside Directors) | 775 | 214 | 461 | 100 | 9 |
| Statutory Auditors (Excluding Outside Statutory Auditors) | 13 | 13 | — | — | 2 |
| Outside Directors and Outside Statutory Auditors | 123 | 109 | 14 | — | 9 |

Basic Policy on Parent and Subsidiary Listings, and Protection of Minority Shareholders

Since the SBI Group has a wide range of business fields, some investors have expressed difficulty in understanding the full picture. In response, we are working to make the corporate value of the whole Group more visible by promoting IPOs for our subsidiaries to clarify the business value of each operational unit. While increasing the capital procurement capability of each Group company, these IPOs enable strengthening of their financials and afford them the opportunity to be self-reliant.

Meanwhile, to protect minority shareholders, we adhere to the arm's length principle to ensure the fairness and rationality of transactions with each Group company and respect the

independence of their management.

For example, the Group has entered into management agreements with each listed subsidiary and is limited to receiving reports on timely disclosure matters, including mainly consolidated performance management, business alliances with other companies and matters relating to the acquisition and disposal of investment securities (related to policy holdings). In addition, SBI Holdings has stipulated to its subsidiaries that it has the right to investigate cases that could damage the reputation of the Group, but the Company respects the independence of each subsidiary and leaves management control to them.

Non-financial Activities

Enhancing the Internal Control System

SBI Holdings believes that it is important to have an internal control system in place and to conduct business through a sound internal control system in order to enhance its corporate governance. With the goal of enhancing the internal control system, the Representative Director (Chief Ethics Officer) works to ensure that all employees understand that compliance with laws and ethical behavior are essential in realizing the corporate mission.

To identify compliance issues and problems, the Board of Directors has appointed an Officer in charge of compliance, and the Group Governance & Compliance Department is under the direct control of that Officer.

In addition, in case of finding violations of laws, regulations, the Articles of Incorporation, or other important compliance-related matters, the Company maintains a whistle-blowing system for direct reporting to Internal Auditing Department and Statutory Auditors, who are independent of both executive and management departments.

The Company has established a stringent compliance system of checks and balances across multiple departments to ensure that all processes under business activities comply fully with not only laws and regulations, but also with contracts, agreements, etc. Moreover, the Company conducts regular compliance training, using e-learning and other means, to enhance knowledge and awareness of the employees regarding compliance issues.

Furthermore, the officer in charge of compliance and the Compliance Department, in cooperation with those in charge of compliance at each Group company, hold regular meetings to exchange information throughout the Group.

Our Approach to Corporate Ethics

The SBI Group points to having “sound ethical values” as the first principle of its corporate missions to conduct its businesses by undertaking judgments on actions based not only on whether they conform to the law or profit the Company, but also whether they are socially equitable. The Company’s Representative Director, Yoshitaka Kitao, serves as the Chief Ethics Officer and works to ensure that all employees understand that compliance with laws and ethical behavior are a prerequisite for realizing the corporate missions. The Code of Conduct is designated as the highest ethical and normative rule regarding the Group compliance, and the Compliance Standards are designated as expressing the basic parameters of actual compliance under the Code. We have also put in place an ordered structure of related rules.

Policy and Status of Strategic Shareholding

The Company acquires and holds the shares of other companies with taking into consideration that profits can be gained in the future by selling those shares when entering into business alliances or collaborations that are likely to contribute to the SBI Group’s business development and to increase the Company’s corporate value, and when it can be rationally expected that such collaborations will increase the corporate value of the other company as well. The Board of Directors annually examines the rationality and purpose of holding listed

shares for strategic reasons. Specifically, this involves examining qualitatively whether the strategic shareholding contributes to strengthening or maintaining the relationship with the relevant parties, and quantitatively whether the dividend or profit from the business that the relevant parties are involved in is appropriate considering the cost of capital to the Company. The Company in principle, sells shares if the rationality of the shareholding cannot be confirmed according to the aforementioned evaluation.

In a certain case where the Company’s shares are held by a strategic shareholder, it does not engage in economically unreasonable transactions that are detrimental to the joint corporate and shareholder interests with the relevant company. Moreover, if the owner of strategic shareholdings in the Company indicates the intention to sell the shares, it is the basic policy of the Company to respond appropriately and not to take any action that would obstruct the sale, such as by indicating that business transactions with the holder will be reduced in future.

As of the end of March, 2024, the Company has not been engaged in any strategic shareholding. Moreover, in one of the Group’s main businesses, the venture capital business, all of the Group-owned shares of startup companies, such as those invested in via venture capital funds, are in principle included as operational investment securities in the Company’s Consolidated Financial Statements.

Internal Auditing

The Company has an internal audit division that operates as an organization independent from both business operation management and administration divisions. The internal audit division comprehensively and objectively evaluates the appropriateness of internal control systems which includes legal compliance, the appropriateness of business operations and the appropriate operation of internal controls, and proposes improvements for and follows up with any issues identified as a result of the audit. The internal audit division obtains assistance from Executive Officers and outside experts if necessary, when conducting audits. Audit results are reported to the Representative Directors and the Board of Directors without delay after completion of individual audits or at least once every six months, including reporting regularly to the Statutory Auditors.

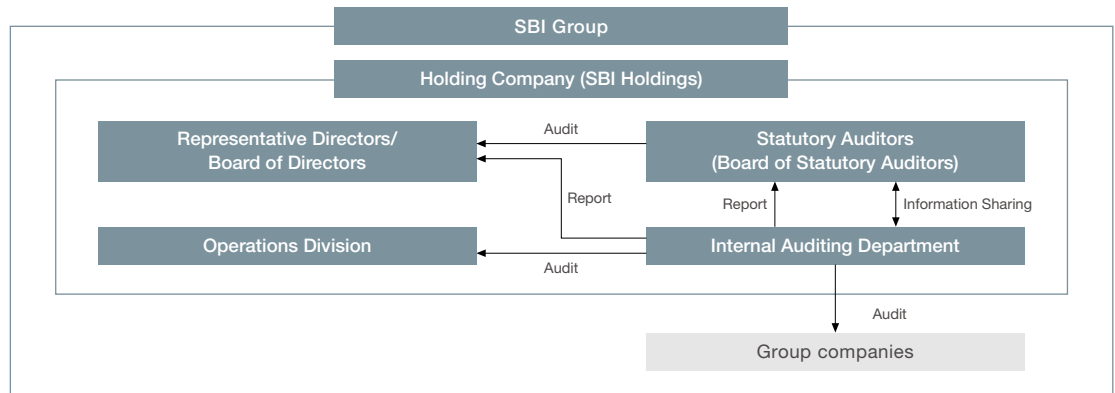
The internal audit division is composed of a general manager and members who have specialist knowledge of audits (internal audits, accounting audits, internal control, etc.), and it conducts audit procedures with reference to general internal audit standards, etc. Audit targets are scored based on credit risk, market risk, liquidity risk, operational risk, and other risks. Based on the results, the audit frequency is determined. Internal audits are conducted by combining document audits, interviews, on-site inspections, etc., and audits are conducted on equity method associates as necessary, in addition to subsidiaries.

Internal Control and Internal Audit



<https://www.sbigroup.co.jp/english/sustainability/governance/internalcontrol.html>

Outline of Internal Control System



Auditor Viewpoints



Takahiro Yoshida
Standing Statutory Auditor

Enhancing Group Governance to Ensure Sustainable Growth

Amid the continuing intensification of geopolitical risks, verification of the business activities of the SBI Group from an economic security perspective has become essential. The business environment has also entered into an extremely difficult phase to forecast, as the Bank of Japan recently changed its monetary policy by eliminating negative interest rates, while Europe and the U.S. are both expected to lower their interest rates sometime this year. Under such a business environment, my goal is to contribute to the stable and sustainable growth of the SBI Group by consistently applying a fair and impartial stance as a Statutory Auditor, so that the Group can continue to pursue its business activities sustainably.

In addition, I see the further enhancement of the SBI Group’s governance systems as a vital priority at a time when the Group is working to expand its business activities briskly. In FY2023, we held individual meetings with auditors of major Group subsidiaries on a regular basis as well as examined their explanations pertaining to actions addressing various risks and about anticipating future risks. We also held the Group Statutory Auditors Liaison Committee twice, at which Statutory Auditors from SBI Group companies were briefed by each officer in charge about current efforts related to cybersecurity as well as addressed issues pertaining to human resources and related countermeasures. At the meeting, information was also gathered and opinions were exchanged among Group auditors.

We will continue our efforts to coordinate audit functions throughout the Group, while also holding regular meetings with Directors, Executive Officers, and other key individuals in order to monitor business execution, obtain information about the status of actions taken to address various risks, and make recommendations based on our audit activities.



Yasuo Sekiguchi
Outside Statutory Auditor

Expecting to Roll Out the Businesses Demanded by Society

In FY2023, in order to monitor whether SBI Holdings, as a parent company, exercises its guidance and supervisory functions, the Board of Statutory Auditors conducted investigations on five key auditing fields. Specifically, the Board investigated (1) the cybersecurity risk management system, (2) systems for AML/CFT, (3) the status of actions addressing human resources risks, (4) the status of actions addressing risks at overseas offices, and (5) the SBI Group’s risk management system. We judged that the Group’s risk-related management systems have generally been working well up to now.

As a non-standing statutory auditor, I have attended discussions with the representative director and auditing firm. For discussions with other Executive Officers, I have read all records of meetings prepared by the Standing Statutory Auditors and raised questions when necessary. In this way, I have made a concerted effort to understand current conditions. From my perspective, I believe the SBI Group has established its present governance system at a satisfactory level.

In recent years, the SBI Group has been championing the idea of “going beyond finance with finance at its core,” and it is expected to develop the kinds of businesses demanded by society while continuing to regard the financial business as its core. As these new businesses develop, it is expected that a variety of unprecedented risks arising and the role of Statutory Auditors will become even more important as a result. In response, I am deepening my understanding of the new businesses, and based on my experience as a certified public accountant, I would like to add my own contribution to the Group from the perspective of governance.

Risk Management at the SBI Group

Risk Management in Support of Enhanced Corporate Value

The SBI Group has based its approach to business management and risk management on the concept of “risk appetite,” which can be defined as the types and levels of risk that can be accepted in order to realize strategies. Therefore, the Group sees its risk management role as identifying measures to avoid business disincentives and negative impacts on society while maintaining the Group’s growth potential and providing these measures as a source of management decisions for the Board of Directors. One of the features of our approach to risk management is that the level of contribution to the pursuit of its business strategy is recognized as an important aspect of the role of risk management and is therefore reflected in our risk management KPIs.

The Group manages risk factors according to its business fields and regions, given the diversity of its businesses, and implements measures tailored to the nature of each Group company. In addition, the importance of geopolitical risk has grown significantly in recent years, and the perspective of how geopolitical risk affects various risks that are linked to specific financial affairs, growth potential, and reputation is also an important theme of risk management.

A Risk Management System that is Instrumental to Timely Business Decisions

The Group Risk Management Department forms the core of

the Group’s risk management system. It comprises, in addition to employees of SBI Holdings, employees of the Group companies such as those seconded from the SBI Shinsei Bank Group and SBI SECURITIES. A special feature is that the department incorporates a wide variety of viewpoints based on the Group’s strategy and culture as well as the business characteristics of the banking and securities businesses.

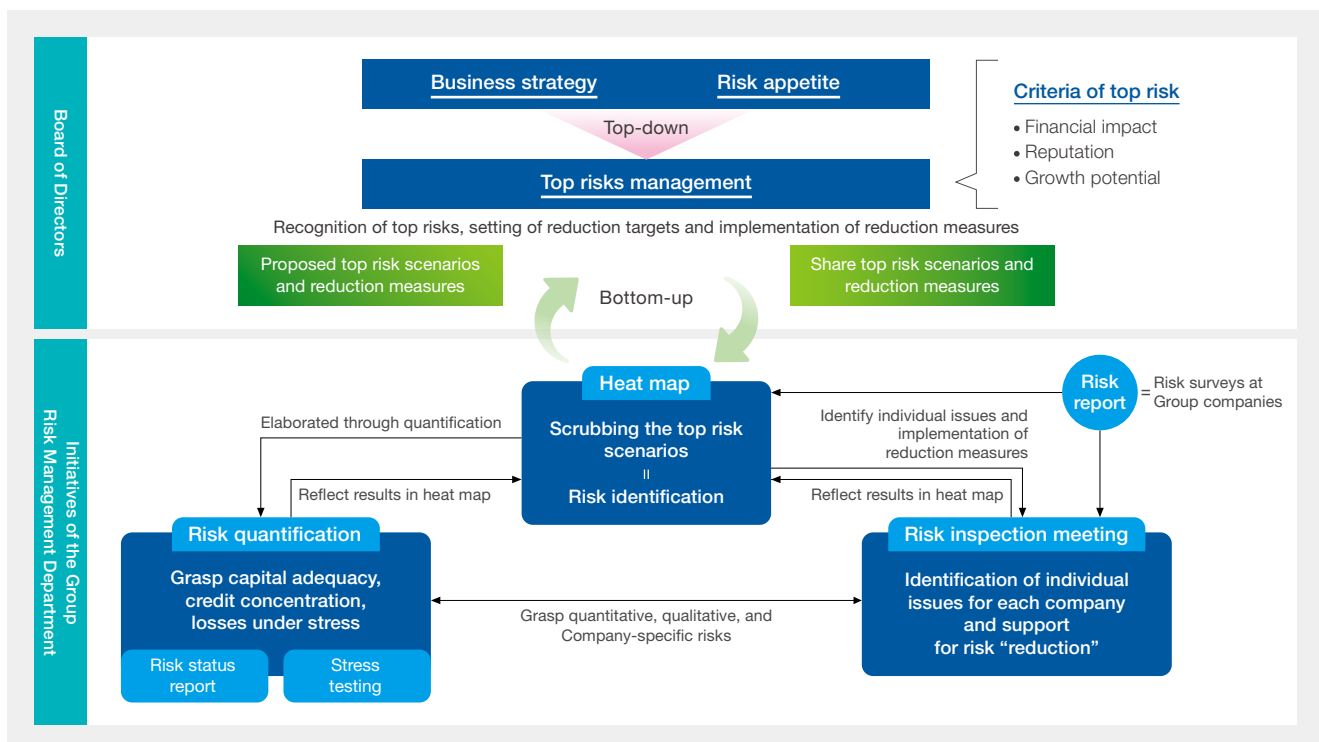
The Risk Management Department also promotes close collaboration with other departments to improve effectiveness of risk management. It consults with the Accounting Department, Financial Department and Sustainability Promotion Office, the Legal Department, the Group Governance & Compliance Department and the IT Management Department on matters relating to information security risks and system risks. Detailed information is shared on a weekly basis, focusing on changes that could affect Group risk, and a system has been established to timely reflect this information in business strategy. Risk management plans are reported to the Board of Directors each period and progress reports are reported twice a year. Additionally, quantitative reports on risk information are presented separately each quarter. [▶ P.47](#)

Risk Identification Process

Because the Group encompasses a diverse range of businesses, we can only manage risks within the Group by making regular updates on our “top risks.”

We identify the top risks by using a top-down approach

Big Picture View of the Group Risk Management Department



Frequency [Annually] Risk report [Quarterly] Risk status report [Monthly and ad hoc] Risk inspection meeting

based on a broad risk scenario that is assumed from the business strategy for each period. We also employ a bottom-up approach involving various indicators for each risk category, such as market, credit and operational risk, in order to identify items that are assumed to be high risk. As a result, these two approaches allow us to identify various top risks, such as information security, rising interest rates, capital management and systems, and country risks, etc., and report on them for effective mitigation and management decision-making on the scope of risk appetite.

The Three Pillars of Risk Management

The three pillars of our broad-sweeping, comprehensive risk management are methods of heat maps, stress tests, and risk assessment meetings.

The heat map is a graphical representation of the results of quantitative risk indicators and qualitative risk information collected from Group companies. It is prepared on a regular basis in accordance with risk assessment meetings and various risk status reports from subsidiaries.

Stress tests are mainly conducted in fields that lend themselves to quantitative risk management and are designed to calculate what type of financial losses may be incurred under stress scenarios.

A risk assessment meeting is an initiative that lessens risks carried by the Group while also supporting Group companies by providing advice and guidance on their internal control systems. This method starts by selecting Group companies for priority monitoring and holding separate dialogues with individual companies to get a concrete grasp of risks. Unlike the other two methods which involve broadly scoped management targets considered from a holistic view, the risk assessment meeting uses individualized micro points of view.

A multidisciplinary combination of these methods enables risk management that is both big-picture and dynamic, while not leaving out any individual issues.

Cybersecurity at the SBI Group

SBI Group's Cybersecurity System

The enhancement of cybersecurity is one of the Group's most important management issues. We are working to strengthen our comprehensive cybersecurity preparedness under the SBI Group Cybersecurity Standard, which we formulated to apply to the entire Group. In 2023, we also began to apply the "SBI Group Guidelines for the Use of Generative AI" as a framework for ensuring security and protecting confidential information whenever generative AI is used.

The SBI Group's cybersecurity system is overseen by the Executive Officer of SBI Holdings, who is the Group Information Security Manager with the IT Management Department as the core of its operation. Furthermore, the SBI Group Computer Security Incident Response Team (CSIRT) is also set up under the IT Management Department. The CSIRT holds monthly liaison meetings with Group Information Security Managers and experts in the Group to prevent security incidents by analyzing latest threat trends and to enhance SBI Group's resilience such as minimizing damage through rapid incident response.

SBI Group companies vary significantly in terms of their

business fields and the scale of their activities. We therefore hold four cybersecurity liaison meetings per year to raise the overall level of cybersecurity across the entire Group. These meetings, which are attended by information security managers and employees from each SBI Group company, are an opportunity to share information on cybersecurity measures, trends, and other relevant topics across the Group.

The IT Management Department and the Group Risk Management Department work closely together on a regular basis. For example, they share information every other week, and in the event of an incident, they work together to implement a joint response plan. The IT Management Department, which specializes in IT security including counter cyberattacks, and the Group Risk Management Department, which manages general risks, collaborate to bolster security comprehensively and on multiple levels.

Developing Human Resources for Enhanced Cybersecurity

The SBI Group provides training programs on cybersecurity countermeasures for all officers and employees, and invites external experts to provide training for management. In addition, the Board of Directors holds regular discussions on cybersecurity education. For those engaged in systems operation and management at Group subsidiaries, seminars are regularly held inviting outside lecturers. In addition, an information-sharing portal dedicated to cybersecurity is used, which helps leveling out biases in knowledge regardless of a company's size or field of business. All SBI Group employees are required to participate in e-learning on cybersecurity to build a sense of ethics and share knowledge.

Putting in Place Cybersecurity That Encompasses the Whole Group

The SBI Group comprises companies of diverse sizes and maturity levels, resulting in potential disparities in cybersecurity frameworks, human resources, and accumulated knowledge. We recognize the need to address these imbalances and strive for a more standardized approach to cybersecurity across the group. As digitalization progresses, cyberattacks are becoming more ingenious and sophisticated, making it difficult to provide complete protection against cyber-incidents just using the existing arsenal of measures. We have therefore established a Group-wide common security platform that adopts the zero-trust security concept, constructing an environment in which individual Group companies can respond dynamically against indications of an incident and their risks. We believe that the establishment of a management framework like this is an effective method for putting in place a cybersecurity system at a Group characterized by the persistence of discontinuous growth.

In recognition of these initiatives, SBI Holdings was certified as one of 44 companies with an excellent attitude and cybersecurity information disclosure in the Cyber Index Company Survey 2023, published by the Information Technology Federation of Japan on December 8, 2023.

Consolidated Financial Highlights 10-year Summary

International Financial Reporting Standards

| Years Ended March 31 | 2015 | 2016 |
|---|-----------|-----------|
| Operating revenue/Revenue*1 | 245,045 | 261,744 |
| Profit before income tax expense | 63,067 | 52,227 |
| Profit for the year attributable to owners of the Company | 45,721 | 34,115 |
| Total assets | 3,400,763 | 3,126,784 |
| Equity attributable to owners of the Company | 383,491 | 371,590 |
| Net cash generated from (used in) operating activities | (36,197) | 32,478 |
| Net cash generated from (used in) investing activities | 52,305 | 11,179 |
| Net cash generated from (used in) financing activities | (15,524) | (76,230) |
| Cash and cash equivalents at the end of the year | 290,826 | 248,050 |

*1 Beginning with FY2015, the income categories "Operating revenue" and "Other financial income" have been eliminated, and the amounts have been combined and presented as "Revenue." Figures for FY2014 are "Operating revenue."

| | | | |
|----------------------------------|--|---------|---------|
| Profit before income tax expense | Financial Services Business | 67,309 | 50,458 |
| | Asset Management Business | 8,132 | 17,996 |
| | Biotechnology, Healthcare & Medical Informatics Business | (7,310) | (6,572) |
| | Others | 2,779 | (835) |
| | Elimination or Corporate | (7,843) | (8,820) |
| | Financial Services Business | — | — |
| | Asset Management Business | — | — |
| | Investment Business | — | — |
| | Crypto-asset Business | — | — |
| | Next Gen Business | — | — |
| | Elimination or Corporate | — | — |

Note: For FY2014 to FY2020, as certain Group companies were transferred from one segment to another, the above mentioned figures reflect disclosed figures for each fiscal year, so there may be some discrepancies.
Starting with FY2022, the new reporting segments consist of five business segments. For FY2021, results have been restated to retroactively reflect the new segmentation.

| | | |
|---|------|------|
| Ratio of equity attributable to owners of the Company to total assets | 11.3 | 11.9 |
| Ratio of profit to equity attributable to owners of the Company (ROE) | 12.9 | 9.0 |

| | | |
|--|----------|----------|
| Equity per share attributable to owners of the Company (BPS) | 1,771.19 | 1,792.08 |
| Basic earnings per share attributable to owners of the Company (EPS) | 211.18 | 160.83 |
| Dividend per share | 35.00 | 45.00 |

| | | |
|---------------------------------|------|------|
| PER (Price-earnings ratio) | 6.89 | 7.11 |
| P/B ratio (Price-to-book ratio) | 0.8 | 0.6 |

PER = Fiscal year end TSE closing price/Basic earnings per share attributable to owners of the Company

P/B ratio = Fiscal year end TSE closing price/Equity per share attributable to owners of the Company

The closing price for FY2023 was ¥3,951.

| | | |
|---------------------------|--------|--------|
| Total dividend | 7,594 | 9,393 |
| Share repurchase amount*2 | 10,000 | 5,000 |
| Total shareholder returns | 17,594 | 14,393 |

*2 As part of shareholder returns, the amount of treasury stock acquired relevant to the business performance for each fiscal year is stated. In addition, the Company acquired treasury stock worth ¥9,519 million in FY2017 and ¥10 billion in FY2018, but it is not stated in this table since it was left unrealized for the purpose of shareholder returns.

| | | |
|---------------------------------|------|------|
| Payout ratio | 16.6 | 28.0 |
| Total shareholder returns ratio | 38.5 | 42.2 |

| | | |
|---------------------|-------|-------|
| Number of employees | 6,094 | 5,480 |
|---------------------|-------|-------|

(Millions of yen)

| 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------|-----------|-----------|-----------|-----------|------------|-------------|-------------------|
| 261,939 | 337,017 | 351,411 | 368,055 | 541,145 | 763,618 | 956,977 | 1,210,504 |
| 43,139 | 71,810 | 83,037 | 65,819 | 140,380 | 412,724 | 102,140 | 141,569 |
| 32,455 | 46,684 | 52,548 | 37,487 | 81,098 | 366,854 | 35,445 | 87,243 |
| 3,850,001 | 4,535,964 | 5,034,124 | 5,513,227 | 7,208,572 | 17,838,200 | 22,301,975 | 27,139,391 |
| 377,992 | 427,815 | 456,675 | 451,476 | 562,116 | 924,603 | 1,016,112 | 1,262,209 |
| (17,952) | (33,235) | (71,665) | 26,849 | (178,403) | (314,046) | 960,743 | 1,345,740 |
| 2,437 | 7,881 | (54,731) | (70,887) | (82,071) | 1,838,517 | (1,075,054) | (65,116) |
| 159,467 | 74,575 | 407,746 | 181,626 | 210,822 | 163,302 | 810,425 | 29,172 |
| 391,572 | 437,148 | 713,974 | 843,755 | 802,702 | 2,499,370 | 3,200,916 | 4,580,335 |

(Millions of yen)

| | | | | | | | |
|---------|----------|----------|----------|----------|----------|----------|-----------------|
| 48,853 | 63,888 | 66,568 | 53,379 | 85,755 | — | — | — |
| 13,940 | 56,491 | 51,107 | 35,165 | 84,853 | — | — | — |
| (9,574) | (37,252) | (19,179) | (11,431) | (8,630) | — | — | — |
| (830) | (1,328) | (6,912) | (1,771) | (10,595) | — | — | — |
| (9,250) | (9,989) | (8,547) | (9,523) | (11,003) | — | — | — |
| — | — | — | — | — | 301,725 | 152,040 | 164,981 |
| — | — | — | — | — | 3,810 | 10,123 | 4,843 |
| — | — | — | — | — | 136,457 | (16,661) | (8,288) |
| — | — | — | — | — | 3,518 | (18,429) | 8,428 |
| — | — | — | — | — | (20,308) | (3,253) | (4,952) |
| — | — | — | — | — | (12,478) | (21,680) | (23,443) |

(%)

| | | | | | | | |
|-----|------|------|-----|------|------|-----|------------|
| 9.8 | 9.4 | 9.1 | 8.2 | 7.8 | 5.2 | 4.6 | 4.7 |
| 8.7 | 11.6 | 11.9 | 8.3 | 16.0 | 49.4 | 3.7 | 7.7 |

(Yen)

| | | | | | | | |
|----------|----------|----------|----------|----------|----------|----------|-----------------|
| 1,856.47 | 1,937.72 | 2,000.82 | 1,955.91 | 2,297.87 | 3,770.84 | 3,731.17 | 4,181.45 |
| 159.38 | 220.54 | 231.43 | 163.18 | 339.78 | 1,498.55 | 133.87 | 316.43 |
| 50.00 | 85.00 | 100.00 | 100.00 | 120.00 | 150.00 | 150.00 | 160.00 |

(Times)

| | | | | | | | |
|------|-------|-------|------|------|------|-------|--------------|
| 9.74 | 11.03 | 10.66 | 9.67 | 8.83 | 2.07 | 19.60 | 12.49 |
| 0.8 | 1.3 | 1.2 | 0.8 | 1.3 | 0.8 | 0.7 | 0.9 |

(Millions of yen)

| | | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|---------------|
| 10,153 | 18,711 | 22,984 | 23,077 | 29,324 | 36,770 | 40,847 | 47,499 |
| 8,000 | 0 | 19,427 | 0 | 0 | 0 | 0 | 0 |
| 18,153 | 18,711 | 42,412 | 23,077 | 29,324 | 36,770 | 40,847 | 47,499 |

(%)

| | | | | | | | |
|------|------|------|------|------|------|-------|-------------|
| 31.4 | 38.5 | 43.2 | 61.3 | 35.3 | 10.0 | 112.0 | 50.6 |
| 55.9 | 40.1 | 80.7 | 61.6 | 36.2 | 10.0 | 116.7 | 54.4 |

(Persons)

| | | | | | | | |
|-------|-------|-------|-------|-------|--------|--------|---------------|
| 4,455 | 5,391 | 6,439 | 8,003 | 9,209 | 17,496 | 18,756 | 19,097 |
|-------|-------|-------|-------|-------|--------|--------|---------------|

Fact Sheet

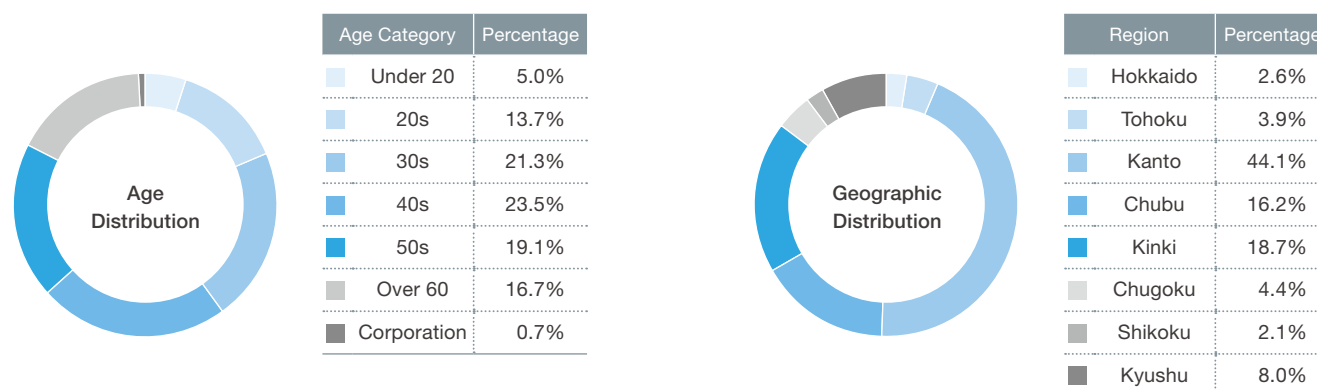
Full-year Profit Before Income Tax Expense of the Major Businesses of the Financial Services Business (Based on IFRS)

| | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|-----------|-------------------|-------------------|-------------------|---------------------|--------------------|--------------------|
| SBI SECURITIES (non-consolidated) | ¥ million | 45,597 | 31,604 | 47,394 | 51,186 | 49,351 | 56,994 |
| FX business*1 | ¥ million | 9,334 | 8,138 | 10,684 | 14,327 | 15,891 | 17,550 |
| SBI MONEYPLAZA | ¥ million | 1,956 | 995 | 3,762 | 3,305 | 992 | 2,349 |
| SBI Shinsei Bank [Net income based on JGAAP] | ¥ million | — | — | — | 212,780 [20,385] | 54,682 [42,771] | 57,098 [57,924] |
| SBI Sumishin Net Bank [Net income based on JGAAP] | ¥ million | 7,249 [11,975] | 5,845 [12,570] | 7,240 [13,928] | 5,040 [17,113] | 4,859 [19,932] | 4,462 [24,845] |
| SBI SAVINGS BANK*2 | ¥ million | 17,473 | 18,230 | 28,364 | 34,178 | 23,946 | 12,498 |
| Insurance business*3 | ¥ million | 1,480 | (1,291) | 5,771 | 5,519 | 639 | 5,989 |

Securities (SBI SECURITIES, SBI Liquidity Market, SBI MONEYPLAZA)

| | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|-------------|---------|---------|-----------|-----------|-----------|-----------|
| Accounts*4 | Thousands | 4,631 | 5,428 | 6,813 | 8,453 | 10,038 | 12,452 |
| Net increase in accounts | Thousands | 369 | 797 | 1,385 | 1,640 | 1,585 | 2,414 |
| Accumulated number of accounts via SBI Sumishin Net Bank | Thousands | 600 | 668 | 732 | 798 | 870 | 777 |
| NISA accounts*5 | Thousands | 1,404 | 1,656 | 2,135 | 2,816 | 3,475 | 4,767 |
| Customer deposit assets*4 | ¥ trillion | 13.0 | 12.9 | 19.7 | 23.2 | 26.9 | 40.4 |
| Share of individual stock holdings by value*6 | % | 12.7 | 13.9 | 15.5 | 17.9 | 20.5 | 22.0 |
| Commission rate | Basis point | 2.9 | 3.2 | 2.9 | 2.4 | 2.1 | 1.3 |
| Share of individual stock brokerage trading value*7, 8 | % | 36.2 | 36.4 | 42.8 | 44.1 | 46.0 | 49.8 |
| Share of individual stock brokerage margin trading value*7, 8 | % | 37.1 | 37.1 | 45.0 | 45.6 | 47.2 | 52.5 |
| Open interest credit balance | ¥ billion | 838 | 647 | 1,149 | 1,115 | 1,402 | 1,989 |
| Investment trust balance | ¥ billion | 1,874 | 2,101 | 3,657 | 5,571 | 6,944 | 12,327 |
| Investment trust fees | ¥ million | 5,200 | 4,935 | 5,256 | 7,466 | 8,175 | 10,251 |
| Number of IPO underwritings*9 | Companies | 90 | 86 | 80 | 117 | 92 | 90 |
| Number of lead managed underwritings | Companies | 11 | 9 | 15 | 20 | 15 | 21 |
| Capital adequacy ratio | % | 349.9 | 338.2 | 231.9 | 264.4 | 292.7 | 254.8 |
| FX accounts (SBI Group*10) | Thousands | 1,196 | 1,334 | 1,527 | 1,726 | 1,953 | 2,229 |
| SBI MONEYPLAZA's customer deposit assets | ¥ million | 937,327 | 756,356 | 1,332,959 | 1,173,014 | 1,286,771 | 1,702,185 |

SBI SECURITIES' Customer Attribution (As of March 31, 2024)



Banking (SBI Shinsei Bank)

| | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--------------------------------------|-----------|--------|--------|--------|---------|---------|----------|
| Retail accounts | Thousands | — | — | — | 3,050 | 3,161 | 3,533 |
| Net increase in accounts | Thousands | — | — | — | — | 111 | 372 |
| Deposits* ¹¹ | ¥ billion | — | — | — | 6,398.0 | 9,982.2 | 11,544.9 |
| Balance of consumer loans | ¥ billion | — | — | — | 414.0 | 411.5 | 411.8 |
| Loan-deposit rate (term-end balance) | % | — | — | — | 81.9 | 69.0 | 67.4 |
| Core capital adequacy ratio | % | — | — | — | 11.72 | 10.24 | 9.92 |

Banking (SBI Sumishin Net Bank)

| | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|-----------|---------|---------|---------|---------|---------|---------|
| Accounts | million | 3.54 | 3.93 | 4.51 | 5.35 | 6.14 | 7.26 |
| Accounts in the digital banking business | million | 3.54 | 3.93 | 4.49 | 5.08 | 5.32 | 5.67 |
| Accounts in the BaaS business | million | — | — | 0.02 | 0.27 | 0.81 | 1.58 |
| Deposits* ¹² | ¥ billion | 4,857.1 | 5,392.3 | 6,293.8 | 7,115.8 | 7,977.7 | 9,465.8 |
| Mortgage loans originated* ¹³ | ¥ billion | 819.3 | 850.4 | 856.5 | 1,239.2 | 1,485.2 | 1,738.6 |
| Number of BaaS corporate partners | Companies | — | — | 2 | 5 | 10 | 20 |

Banking (SBI SAVINGS BANK) (As of the End of March for each Fiscal Year)

| | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|-------------|---------|---------|---------|----------|----------|----------|
| Balance of performing loans | KRW billion | 6,123.4 | 7,596.6 | 9,531.1 | 12,191.5 | 13,373.5 | 11,125.6 |
| of which, balance of retail performing loans | KRW billion | 4,106.5 | 5,412.0 | 7,042.1 | 9,201.7 | 9,822.1 | 8,331.3 |
| Delinquency ratio | % | 3.9 | 2.3 | 1.6 | 1.38 | 3.36 | 5.6 |
| of which, delinquency ratio of retail performing loans | % | 3.8 | 2.7 | 1.8 | 1.7 | 4.4 | 2.9 |

Insurance (SBI Group's Insurance Companies)

| | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|-----------|---------|---------|---------|---------|---------|---------|
| Number of contracts (SBI Insurance) | Thousands | 1,052 | 1,091 | 1,137 | 1,172 | 1,199 | 1,261 |
| Number of contracts (SBI Life Insurance)* ¹⁴ | Thousands | 141 | 189 | 248 | 316 | 397 | 524 |
| Number of contracts in effect* ^{15, 16} | Thousands | 675 | 801 | 942 | 976 | 999 | 1,025 |
| Combined ratio (SBI Insurance) | % | 98.4 | 103.2 | 86.6 | 88.7 | 89.9 | 92.8 |
| Direct loss ratio | % | 84.1 | 85.5 | 68.3 | 68.7 | 70.8 | 73.4 |
| Direct operating expenses ratio | % | 14.3 | 17.7 | 18.3 | 20.0 | 19.1 | 19.4 |
| Total actuarial reserves (SBI Insurance) | ¥ million | 15,338 | 15,255 | 18,262 | 17,702 | 18,098 | 19,153 |
| Solvency margin ratio (SBI Life Insurance) | % | 1,045.4 | 957.6 | 898.1 | 821.3 | 915.7 | 828.8 |
| Total Assets (SBI Life Insurance) | ¥ million | 120,011 | 119,095 | 124,035 | 123,640 | 119,369 | 133,823 |
| Balance of legal reserve (SBI Life Insurance) | ¥ million | 90,915 | 86,202 | 90,918 | 90,724 | 90,283 | 92,005 |

*1 Simple total of profit before income tax expense at SBI Liquidity Market and SBI FXTRADE

*2 Fiscal years start in April and end March of the following calendar year

*3 Simple total of profit before income tax expense at the SBI Insurance Group and the insurance companies under its auspices

*4 The sum of the accounts for SBI NEOMOBILE SECURITIES (which merged with SBI SECURITIES on January 9, 2024) since FY2019, SBI Neotrade Securities since FY2020, and FOLIO since FY2021

*5 Calculated as the number of accounts since FY2022 less the number of accounts deemed discontinued since FY2022. The number of accounts as of the end of December 2023 includes each company's Junior NISA accounts

*6 Calculated from customer deposit assets divided by the amount of financial assets held by households (listed shares), which is based on the Bank of Japan's statistics on flow of funds

*7 The figures from FY2020 are the sum of the accounts for SBI SECURITIES and SBI Neotrade Securities

*8 Calculated by dividing the Company's individual stock trading value or individual margin trading value, with the total individual stock trading value and individual margin trading value of the TSE and NSE, including that of ETF and REIT trading value, respectively

*9 Totals apply to the issues underwritten in Japan and do not include additional secondary offerings or overseas issues

*10 The total number of accounts at SBI FXTRADE, SBI SECURITIES, and SBI Sumishin Net Bank

*11 Total value of retail deposits and corporate deposits

*12 Figures of SBI Sumishin Net Bank (non-consolidated)

*13 The amount of loans executed is the cumulative total of loans from the following sources: housing loans from SBI Sumishin Net Bank (housing loans through an online application channel, housing loans arranged through face-to-face consultation, and affiliate housing loans); housing loans sold by partner companies including the BaaS business acting as an agent for SBI Sumishin Net Bank; Flat 35; housing loans (Internet Exclusive Housing Loans) previously sold by SBI Sumishin Net Bank as an agent for Sumitomo Mitsui Trust Bank, including and loans from Yuryo Loan, Ltd., a subsidiary of SBI Sumishin Net Bank

*14 Includes the number of people using Group Credit Life Insurance

*15 The total number of contracts held by six companies: SBI IKIKI SSI, SBI Nihon SSI, SBI Resta SSI, SBI PRISM SSI, SBI JOGUCHI SAFETY SSI, and SBI Pet SSI (commercial name to be changed from Living SAST Insurance in July 2024)

*16 The figures include the number of contracts held by SBI PRISM SSI since FY2019, SBI JOGUCHI SAFETY SSI since FY2020, and SBI Pet SSI since FY2023

Fact Sheet

Breakdown of Assets Under Management in Investment Trusts, etc.*1

| | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|-------------------------|-----------|---------|---------|---------|---------|---------|---------|
| Investment trusts | ¥ billion | 969.4 | 1,427.4 | 3,354.4 | 4,893.7 | 6,637.3 | 8,561.5 |
| Investment advisors | ¥ billion | 333.4 | 297.1 | 470.1 | 534.7 | 558.1 | 604.5 |
| Investment corporations | ¥ billion | — | — | — | — | — | — |
| Total | ¥ billion | 1,302.8 | 1,724.5 | 3,824.5 | 5,428.4 | 7,195.4 | 9,166.1 |

Profit/Loss from the Change in Fair Value, and Profit/Loss on Sales of Investment Securities in the Investment Business

| | Unit | FY2018 | FY2019**2 | FY2020 | FY2021 | FY2022 | FY2023 |
|--|-----------|--------|-----------|--------|---------|----------|---------|
| Profit/loss from the change in fair value, and profit/loss on sales of investment securities | ¥ million | 33,699 | 20,305 | 66,342 | 131,285 | (14,358) | (4,930) |

Investment and Exit Figures for Private Equity Investments of the Investment Business

| | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|------------------------------|-----------|---------|---------|---------|---------|---------|---------|
| Investment balance*3 | ¥ million | 355,683 | 459,574 | 614,462 | 712,920 | 682,448 | 801,825 |
| Investment amount*4 | ¥ million | 108,125 | 140,465 | 107,056 | 117,791 | 98,931 | 124,280 |
| Number of investments made | Companies | 230 | 206 | 195 | 257 | 254 | 341 |
| Number of companies exited*5 | Companies | 20 | 24 | 22 | 22 | 22 | 22 |

Breakdown of Investment Balance, Including Private Equity Investment*6 (As of March 31, 2024)

| Breakdown by Industry | Amount (¥ million) | Companies |
|---|--------------------|-----------|
| Internet/AI/IoT | 180,305 | 169 |
| Fintech services | 113,289 | 47 |
| Digital assets/Blockchain | 122,543 | 33 |
| Finance | 37,997 | 66 |
| Biotechnology/Health/Medical | 39,102 | 65 |
| Environmental/Energy | 5,695 | 8 |
| Machine/Automobile | 21,943 | 21 |
| Services | 86,856 | 73 |
| Retail/Food | 3,791 | 9 |
| Materials/Chemicals | 5,256 | 6 |
| Construction/Real estate | 1,362 | 4 |
| Others | 6,036 | 12 |
| Equity interests in external and non-consolidated funds | 49,449 | 91 |
| Total | 673,625 | 604 |

| Breakdown by Region | Amount (¥ million) | Companies |
|---------------------|--------------------|-----------|
| Japan | 294,996 | 443 |
| China | 7,748 | 18 |
| Korea | 5,281 | 4 |
| Southeast Asia | 59,507 | 28 |
| India | 9,978 | 7 |
| United States | 143,726 | 30 |
| Europe | 75,173 | 36 |
| Others | 77,215 | 38 |
| Total | 673,625 | 604 |

| Investment from Non-consolidated Group Management Funds | Amount (¥ million) | Companies |
|---|--------------------|-----------|
| Corporate venture capital (CVC) | 28,052 | 160 |
| Others (overseas JV funds, etc.) | 100,149 | 404 |
| Total | 128,200 | 564 |

Top Three Investment Items in Private Equity and Others** (As of March 31, 2024)

| | Amount (¥ million) | Companies |
|------------------|-----------------------|-----------|
| Services | 53,165 | 17 |
| Internet/AI/IoT | 16,363 | 33 |
| Fintech services | 10,761 | 10 |

Breakdown of Investments and Exit Figures*5 (As of March 31, 2024; Unit: Companies)

| Cumulative Number of Investee Companies | Domestic | Overseas | Cumulative Exit | Domestic | | Overseas | |
|--|----------|----------|--------------------|----------|-----|----------|-----|
| | | | | IPO | M&A | IPO | M&A |
| 2,522 | 1,518 | 1,004 | 360 | 166 | 22 | 123 | 49 |

SBI Investment's Deal Sourcing Results*7

| Business Results | Unit | Sourcing | Due Diligence | Investment |
|------------------|-----------|----------|---------------|------------|
| FY2021 | Companies | 1,588 | 66 | 58 |
| FY2022 | Companies | 2,143 | 121 | 55 |
| FY2023 | Companies | 2,624 | 107 | 26 |

SBI Investment's Management Results*7, 8

| Commitment Amount (¥ billion) | Cumulative Distribution (¥ billion) | Investment Return Ratio (times) | Internal Rate of Return (%) |
|----------------------------------|--|------------------------------------|--------------------------------|
| 787.4 | 427.6 | 1.31 | 5.2 |

*1 For funds that SBI Asset Management provides investment instructions, if Wealth Advisor provides investment advisory services, assets are recorded in both "investment trusts" and "investment advisory," respectively, thus there may be some overlapping amounts for numbers through FY2018

*2 Profit/loss from the change in fair value and profit/loss on sales of investment securities for FY2019 has been changed to align with the segment changes for some subsidiaries in FY2020

*3 Investment from non-consolidated Group management funds has been added to the breakdown of the operational investment securities category of the consolidated financial statement

*4 Total investment amount through direct investments by the SBI Group and consolidated investment funds operated by the SBI Group

*5 Figures for investee companies that have held an IPO or have undergone a stock swap or M&A with a listed company

*6 Breakdown of assets under management, including private equity investments, which is tantamount to "The balance of operational investment securities" in the consolidated financial statements

*7 Results for specialized investment funds under management are not included

*8 Figures are based upon redemption results (cumulative total) of investment partnerships managed by SBI Investment

Full-year Profit Before Income Tax Expense of the Major Biotechnology, Healthcare & Medical Informatics Business Companies (Based on IFRS)*

| | Unit | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---------------------|-----------|---------|---------|---------|---------|---------|---------|
| SBI Biotech | ¥ million | (166) | 16 | (278) | 366 | (205) | (271) |
| SBI Pharmaceuticals | ¥ million | (1,395) | (1,272) | (1,726) | (1,125) | (1,245) | (2,919) |
| SBI ALApromo | ¥ million | 263 | 193 | 348 | 298 | 195 | 55 |
| photonamic | ¥ million | 412 | 173 | 71 | 328 | 194 | 408 |

Note: Excluding impairment losses from drug pipeline, etc.

List of SBI Biotech’s Drug Discovery Pipeline

| Pipeline | Main Diseases Effective Against | Licensed to |
|----------------------------|---|----------------------|
| ILT7 (Daxdilimab/HZN-7734) | Discoid lupus erythematosus (DLE), Dermatomyositis (DM) | Viela Bio*1 |
| SBI-9674 (KK4277) | Systemic lupus erythematosus (SLE), Cutaneous lupus erythematosus (CLE) | Kyowa Kirin*2 |
| SBI-3150 (AK1910) | Autoimmune diseases | ASAHI KASEI PHARMA*3 |
| Cdc7 (monzosertib/AS-0141) | Solid cancers, blood cancers | Carna Biosciences*4 |

- *1 Licensed to MedImmune, LLC of the AstraZeneca Group in 2008. License transferred to Viela Bio, a spin-out from MedImmune, LLC in February 2018
- *2 Licensed to Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.) in the winter of 2016
- *3 Licensed to ASAHI KASEI PHARMA CORPORATION in 2020
- *4 Transferred the Company's intellectual property rights to Carna Biosciences, Inc. in 2014

SBI Pharmaceuticals’ Major Drug Discovery Pipeline Progress

Launch and Out-licensing (3 Cases in Total)

- “ALAGLIO® Divided Granules 1.5g,” a photodynamic diagnostic agent for bladder cancer treatment (carcinoma vesicae). (Launched in Japan in December 2017 by CHUGAI Pharmaceuticals, which was granted exclusive domestic marketing rights. Sold by Nippon Kayaku Co., Ltd. from June 2021)
- Commercialization rights to “ALAGLIO® Divided Granules 1.5g” in China, Taiwan, and Hong Kong. (Licensed to BioPro Pharmaceutical, August 2019)
- Commercialization rights to “ALAGLIO® Divided Granules 1.5g” in South Korea. (Licensed to Verto, May 2020)

Number of Patents Obtained by SBI Pharmaceuticals in Japan and Overseas

| | Registered Patents |
|----------|--------------------|
| Japan | 49 |
| Overseas | 276 |

Note: As of March 31, 2024

| Fields | Pipeline Projects | Current Status | | |
|--|---|--------------------------------|--------------------------------------|---|
| | | Phase I | Phase II | Phase III |
| Photodynamic diagnostic agent (PDD) | Bladder cancer Usage change of intraoperative diagnostic agent (Extension of dosing time) (by SBI Pharmaceuticals) | Approval application | | Conducted domestically |
| | Breast tumor Intraoperative diagnostic agent (by SBI ALApharma Group) | Phase III underway | | Conducted in the U.S. and Canada |
| | Meningioma Expansion of Indication for Intraoperative Diagnostics for Malignant Glioma (by SBI ALApharma Group) | Phase III underway | | ● Obtained orphan drug designation from the FDA ● Conducting in the U.S., Germany, and Austria |
| | Colorectal cancers Urine test screening (by SBI ALApharma Group) | Phase I underway | Currently being conducted in Germany | |
| Interstitial photodynamic therapy (iPDT) | Malignant glioma Interstitial photodynamic therapy (recurrent)* (by SBI ALApharma Group) | Phase II underway | | Conducted in University of Münster (Germany) and 4 other institutions |
| | Malignant glioma Interstitial photodynamic therapy (primary) (by SBI ALApharma Group) | Phase I/II trials now underway | | Conducted in LMU Munich (Germany) and 2 other institutions |
| Radiodynamic therapy (RDT) | Malignant glioma Enhanced radiation therapy (recurrent)* | Phase II underway | | Currently being conducted in collaboration with the University of Münster (Germany) |
| Therapeutic agent | Cardiac ischemiareperfusion injury* (by SBI ALApharma Group) | Phase II underway | | Conducted at Oxford University (UK) |

* Investigator-led trial

Products Submitted by SBI ALApromo under the System of “Foods with Functional Claims” and Approved by the Consumer Affairs Agency (Launch date in parentheses)

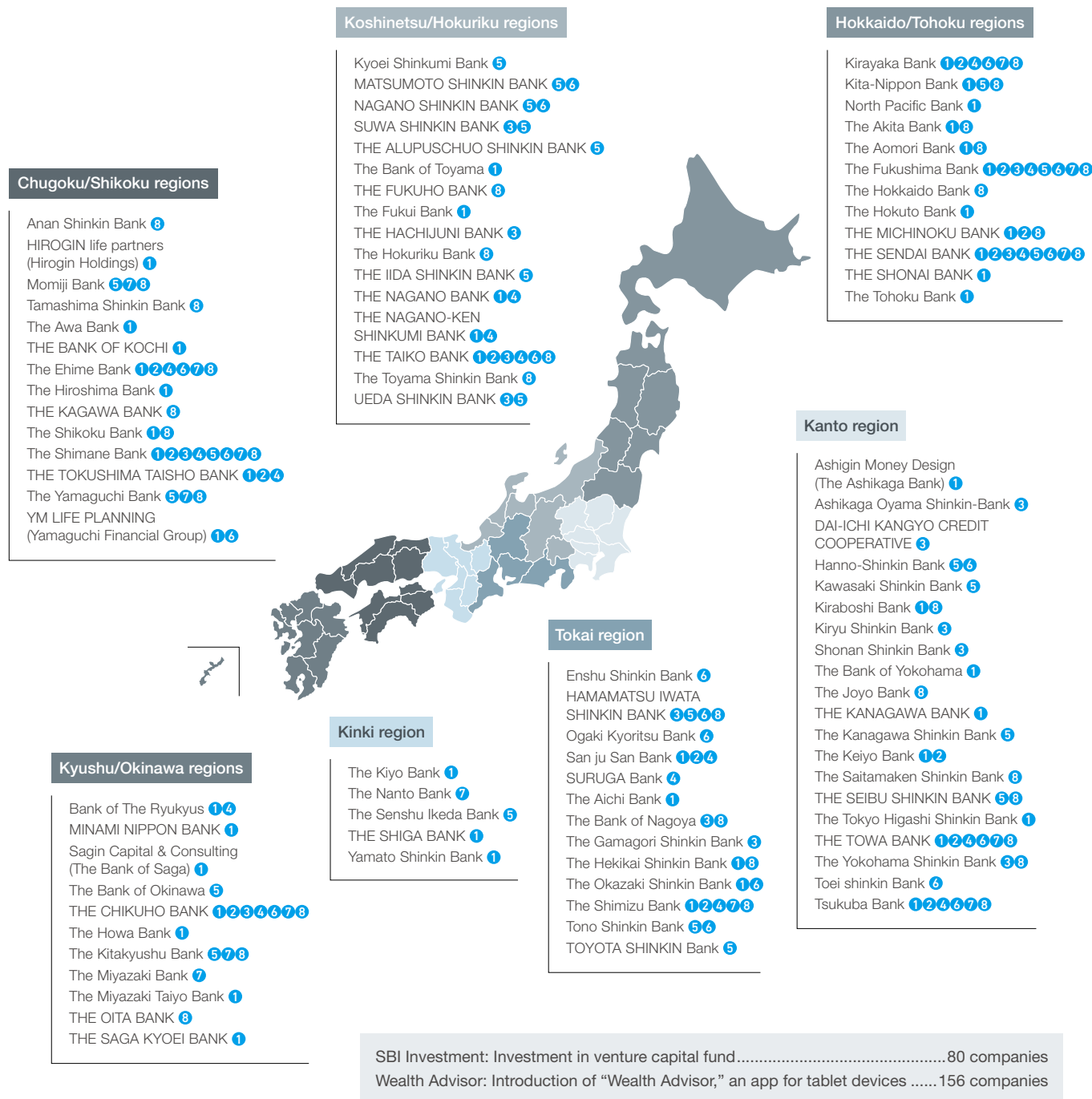
- ALA PLUS TOH DOWN (December 2015)
- SBI ICHOHA (December 2017)
- ALA PLUS TOH DOWN RICH (November 2018)
- ALA PLUS FUKAI NEMURI (March 2019)
- ALA PLUS KARADA ACTIVE (October 2019)
- HATSUGAGENMAI NO SOKOJIKARA (April 2021)
- ALA PLUS MENTAL CARE (July 2021)
- ALA PLUS TOH DOWN ALACIA (December 2021)
- ALA PLUS GOLD HIROU-KAN KEIGEN (May 2022)
- ALA PLUS TOH DOWN DRINK (September 2022)
- ALA PLUS Glycolipid Down (July 2023)
- ALA PLUS TOH DOWN Soft Candy (March 2024)
- ALA PLUS Kokoro Care Soft Candy (March 2024)

Note: As of June 30, 2024

Alliance Status with Regional Financial Institutions

Products and Services Provided by the SBI Group to Regional Financial Institutions

- 1 SBI SECURITIES: Operational alliances in financial instruments intermediary service
- 2 SBI MONEYPLAZA: Management and operation of joint branches
- 3 SBI Remit: Providing international remittance services
- 4 SBI Benefit Systems: Collaboration and alliances in defined contribution pension businesses
- 5 SBI Life Insurance: Sales of Group credit life insurance
- 6 SBI Insurance: Sales of insurance products
- 7 SBI NEO FINANCIAL SERVICES: Introducing banking applications (some applications provided by SBI FinTech Incubation)
- 8 SBI Business Solutions: Customer referral alliance for cloud-based back-office support services, etc.



Note: Table shows certain regional financial institutions (regional banks, shinkin banks, and credit unions) and their affiliates with which SBI Group companies are partnered as of July 2, 2024. (Companies listed in alphabetical order.)

SBI Group's Customer Value

Customer Satisfaction Assessment of Financial Services Business Companies (As of June 30, 2024)



SBI証券
[SBI SECURITIES]
Online Securities
Customer
Satisfaction Ranking
1st

2024 ORICON Customer Satisfaction® Survey
No.1 Overall in Online Securities



SBI 新生銀行
[SBI Shinsei Bank]
Internet Banking
Customer Satisfaction
Assessment
1st

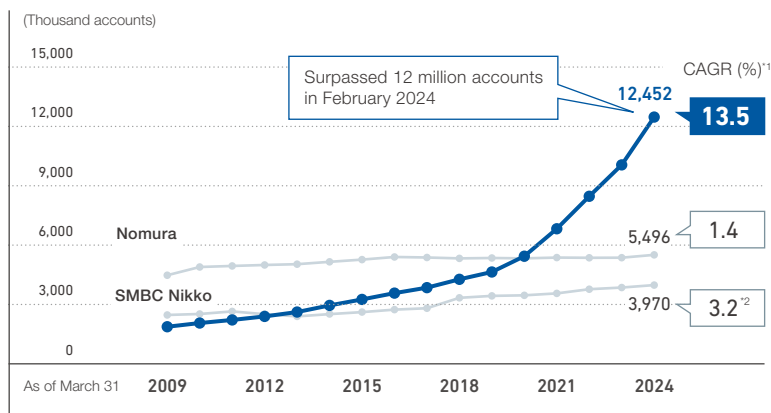
2024 ORICON Customer Satisfaction® Survey
No.1 Overall in Internet Banking



SBI損保
[SBI Insurance]
Comprehensive
Fixed-term Cancer
Insurance
1st

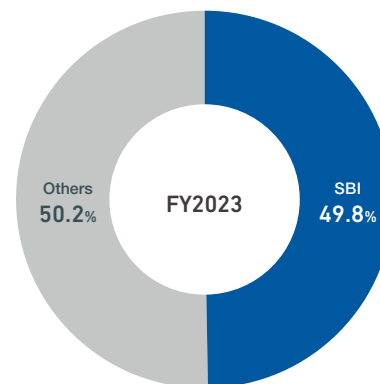
2024 ORICON Customer Satisfaction® Survey
No.1 Overall in Fixed-term Cancer Insurance

Number of Accounts of SBI Group and Two Major Face-to-face Securities Companies



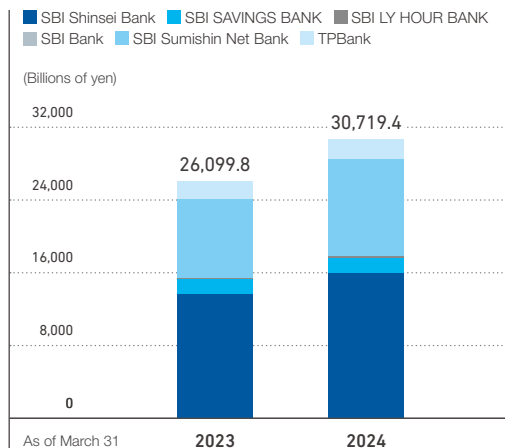
*1 March 2009 to March 2024
*2 Merged with SMBC Friend Securities in January 2018
Sources: Each company's published information

Share of Individual Stock Trading Value



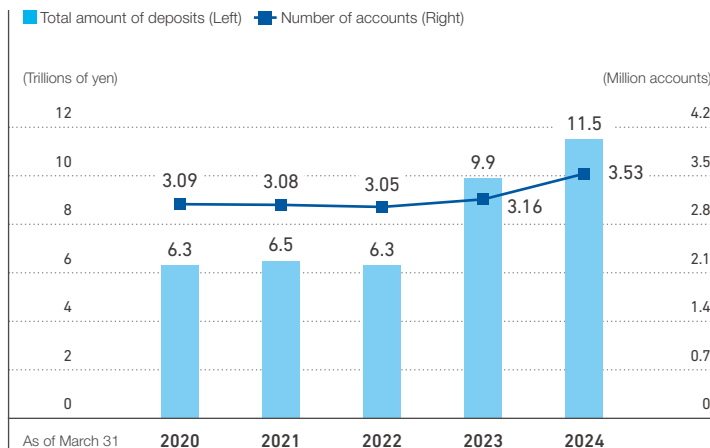
Note 1: Includes SBI Neotrade Securities' values
Note 2: Shares are calculated by dividing each company's individual stock trading value or individual margin trading value by the total individual stock trading value or individual margin trading value of the TSE and NSE, including the ETF and REIT trading values, respectively
Sources: Tokyo Stock Exchange statistics; each company's published information

Total Assets of the Banking Segment in the SBI Group



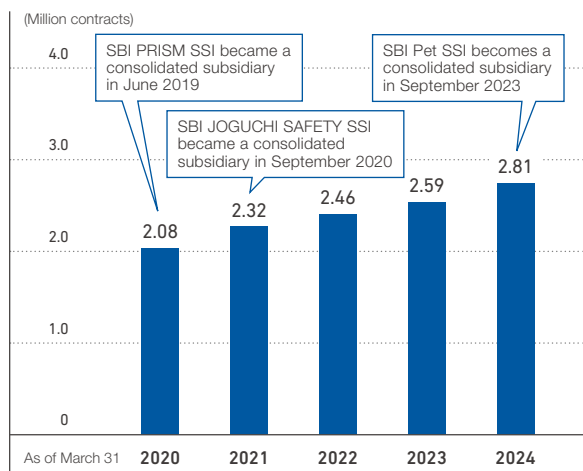
Note 1: Figures of domestic banks are consolidated/JGAAP, other overseas banks are based on each respective country's GAAP accounting standards
Note 2: The conversion rate is calculated at the end of March each year

Number of Accounts and Deposits at SBI Shinsei Bank



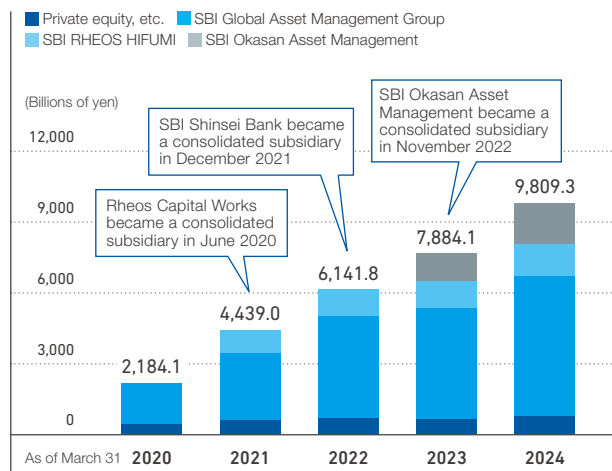
Note: Number of accounts excludes corporate accounts

Number of Contracts in SBI Insurance Group



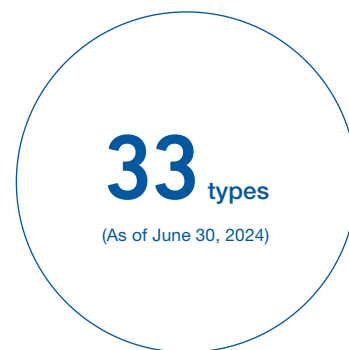
Note: Represents simple sum of the number of contracts of SBI Insurance, SBI Life Insurance, SBI IKIKI SSI, SBI Nihon SSI, SBI Resta SSI, SBI PRISM SSI, SBI JOGUCHI SAFETY SSI, and SBI Pet SSI

SBI Group's Assets Under Management

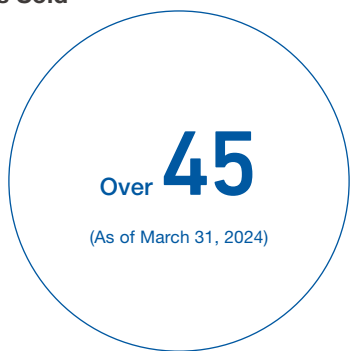


Note 1: Calculated by the exchange rate as of the end of March each year
 Note 2: Amounts are rounded to the nearest ¥100 million
 Note 3: "Private equity, etc." includes neither cash nor commitment amount to be paid in
 Note 4: Assets of each asset management company (SBI Global Asset Management Group, SBI RHEOS HIFUMI and SBI Okasan Asset Management) are recorded in both investment trusts and investment advisory, respectively, so there are some overlapping amounts
 Note 5: Figures of each asset management company include publicly offered investment trusts, publicly offered bond investment trusts, and privately offered investment trusts

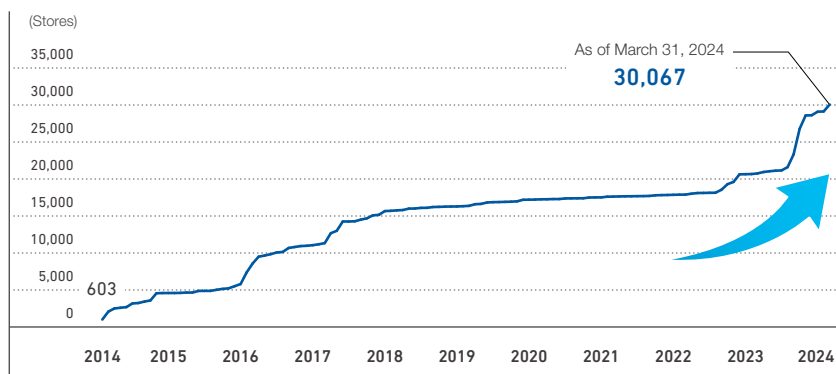
Investment Performance by SBI Investment



Number of Countries in which 5-ALA Cancer Diagnostic Agent is Sold



Number of Domestic Stores that Offer Health Foods Containing 5-ALA



Consolidated Financial Statements of the Group

Consolidated Statement of Financial Position

(Millions of Yen)

| | Notes | As at March 31, 2023 | As at March 31, 2024 |
|---|-----------------------|-------------------------|-------------------------|
| Assets | | | |
| Cash and cash equivalents | 6, 8, 20, 26 | 3,200,916 | 4,580,335 |
| Trade and other accounts receivable | 2, 6, 7, 8, 9, 14, 20 | 10,484,222 | 11,606,228 |
| Inventories | 2, 10, 20 | 98,149 | 240,398 |
| Assets related to securities business | 6, 7, 8, 11 | 4,517,282 | 6,165,370 |
| Other financial assets | 2, 6, 7, 8, 14 | 457,727 | 567,190 |
| Operational investment securities | 6, 7, 8, 12, 14 | 581,364 | 673,625 |
| Other investment securities (includes ¥222,987 million and ¥388,333 million pledged as collateral) | 6, 7, 8, 12, 14, 20 | 1,997,856 | 2,088,542 |
| Reinsurance contracts assets | | 24,033 | 24,270 |
| Investments accounted for using the equity method | 13 | 199,882 | 222,010 |
| Investment properties | 15, 20 | 72,124 | 79,665 |
| Property and equipment | 16, 20 | 124,655 | 133,777 |
| Intangible assets | 17 | 366,040 | 415,699 |
| Assets held for sale | 2, 18, 20 | 75,873 | 184,001 |
| Other assets | 2, 20 | 87,280 | 138,766 |
| Deferred tax assets | 19 | 14,572 | 19,515 |
| Total assets | | 22,301,975 | 27,139,391 |
| Liabilities | | | |
| Bonds and loans payable | 6, 7, 8, 20 | 3,680,355 | 4,477,079 |
| Trade and other accounts payable | 6, 7, 8, 21 | 482,677 | 656,571 |
| Liabilities related to securities business | 6, 7, 8, 22 | 3,888,249 | 5,527,306 |
| Customer deposits for banking business | 6, 7, 8, 20 | 11,472,323 | 13,002,239 |
| Insurance contract liabilities | 23 | 151,952 | 155,046 |
| Income tax payable | | 16,951 | 19,036 |
| Other financial liabilities | 2, 6, 7, 20 | 595,150 | 871,305 |
| Provisions | 25 | 43,811 | 36,853 |
| Liabilities directly associated with assets held for sale | 2, 18, 20 | 47,283 | 138,506 |
| Other liabilities | 2, 20 | 121,082 | 286,443 |
| Deferred tax liabilities | 19 | 50,160 | 61,661 |
| Total liabilities | | 20,549,993 | 25,232,045 |
| Equity | | | |
| Capital stock | 27 | 139,272 | 180,400 |
| Capital surplus | 27 | 186,774 | 280,185 |
| Treasury stock | 27 | (76) | (87) |
| Other components of equity | 27 | 61,047 | 125,726 |
| Retained earnings | 27 | 629,095 | 675,985 |
| Equity attributable to owners of the Company | | 1,016,112 | 1,262,209 |
| Non-controlling interests | | 735,870 | 645,137 |
| Total equity | | 1,751,982 | 1,907,346 |
| Total liabilities and equity | | 22,301,975 | 27,139,391 |

Consolidated Statement of Income

(Millions of Yen)

| | Notes | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-----------|-------------------------------------|-------------------------------------|
| Revenue (includes ¥404,412 million and ¥500,112 million of interest income, and ¥80,537 million and ¥87,665 million of insurance revenue) | 5, 23, 30 | 956,977 | 1,210,504 |
| Expense | | | |
| Financial cost associated with financial income | 31 | (102,473) | (167,940) |
| Provision for credit losses | | (93,780) | (112,765) |
| Insurance service expenses | 23 | (76,000) | (79,173) |
| Operating cost | 31 | (185,284) | (265,861) |
| Selling, general and administrative expenses | 31 | (363,295) | (405,759) |
| Other financial cost | 31 | (19,985) | (41,713) |
| Other expenses | 31 | (22,856) | (13,060) |
| Total expense | | (863,673) | (1,086,271) |
| Gain on bargain purchase | | 2,460 | 2,823 |
| Share of the profit of associates and joint ventures accounted for using the equity method | 5, 13 | 6,376 | 14,513 |
| Profit before income tax expense | 5 | 102,140 | 141,569 |
| Income tax expense | 32 | (30,444) | (27,953) |
| Profit for the year | | 71,696 | 113,616 |
| Profit for the year attributable to | | | |
| Owners of the Company | | 35,445 | 87,243 |
| Non-controlling interests | | 36,251 | 26,373 |
| Profit for the year | | 71,696 | 113,616 |
| Earnings per share attributable to owners of the Company | | | |
| Basic (Yen) | 34 | 133.87 | 316.43 |
| Diluted (Yen) | 34 | 118.34 | 285.60 |

Consolidated Statement of Comprehensive Income

(Millions of Yen)

| | Notes | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|--|-------|-------------------------------------|-------------------------------------|
| Profit for the year | | 71,696 | 113,616 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Equity instruments measured at FVTOCI | 33 | (7,173) | 5,615 |
| Changes in own credit risk on financial liabilities | 33 | 389 | (8) |
| Remeasurement of defined benefit plans | 33 | (1,374) | (1,054) |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 33 | (3) | 0 |
| | | (8,161) | 4,553 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Debt instruments measured at FVTOCI | 33 | (7,823) | (1,500) |
| Currency translation differences | 33 | 30,248 | 71,051 |
| Fluctuations in discount rates of insurance contracts | 33 | 1,350 | 1,490 |
| Cash flow hedges | 33 | — | (3,700) |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 33 | 1,995 | 4,847 |
| | | 25,770 | 72,188 |
| Other comprehensive income, net of tax | | 17,609 | 76,741 |
| Total comprehensive income | | 89,305 | 190,357 |
| Total comprehensive income attributable to | | | |
| Owners of the Company | | 52,864 | 152,506 |
| Non-controlling interests | | 36,441 | 37,851 |
| Total comprehensive income | | 89,305 | 190,357 |

Consolidated Statement of Changes in Equity

(Millions of Yen)

| | Notes | Attributable to owners of the Company | | | | | Total | Non-controlling interests | Total equity |
|---|-------|---------------------------------------|-----------------|----------------|----------------------------|-------------------|-----------|---------------------------|--------------|
| | | Capital stock | Capital surplus | Treasury stock | Other components of equity | Retained earnings | | | |
| As at April 1, 2022 | | 99,312 | 151,390 | (62) | 42,865 | 631,098 | 924,603 | 658,655 | 1,583,258 |
| Cumulative effect of change in accounting policy | 2 | — | — | — | — | 905 | 905 | 385 | 1,290 |
| Restated balance as at April 1, 2022 | | 99,312 | 151,390 | (62) | 42,865 | 632,003 | 925,508 | 659,040 | 1,584,548 |
| Profit for the year | | — | — | — | — | 35,445 | 35,445 | 36,251 | 71,696 |
| Other comprehensive income | | — | — | — | 17,419 | — | 17,419 | 190 | 17,609 |
| Total comprehensive income | | — | — | — | 17,419 | 35,445 | 52,864 | 36,441 | 89,305 |
| Issuance of new shares | 27 | 39,960 | 39,905 | — | — | — | 79,865 | — | 79,865 |
| Change in scope of consolidation | | — | — | — | — | — | — | (8,496) | (8,496) |
| Dividends paid | 28 | — | — | — | — | (37,590) | (37,590) | (18,773) | (56,363) |
| Treasury stock purchased | 27 | — | — | (16) | — | — | (16) | — | (16) |
| Treasury stock sold | 27 | — | (0) | 2 | — | — | 2 | — | 2 |
| Share-based payment transactions | | — | 681 | — | — | — | 681 | 539 | 1,220 |
| Changes of interests in subsidiaries without losing control | | — | (5,202) | — | — | — | (5,202) | 67,119 | 61,917 |
| Transfer | 27 | — | — | — | 763 | (763) | — | — | — |
| As at March 31, 2023 | | 139,272 | 186,774 | (76) | 61,047 | 629,095 | 1,016,112 | 735,870 | 1,751,982 |
| As at April 1, 2023 | | 139,272 | 186,774 | (76) | 61,047 | 629,095 | 1,016,112 | 735,870 | 1,751,982 |
| Profit for the year | | — | — | — | — | 87,243 | 87,243 | 26,373 | 113,616 |
| Other comprehensive income | | — | — | — | 65,263 | — | 65,263 | 11,478 | 76,741 |
| Total comprehensive income | | — | — | — | 65,263 | 87,243 | 152,506 | 37,851 | 190,357 |
| Issuance of new shares | 27 | 6,110 | 3,787 | — | — | — | 9,897 | — | 9,897 |
| Conversion of convertible bonds | | 35,018 | 34,003 | — | — | — | 69,021 | — | 69,021 |
| Change in scope of consolidation | | — | — | — | — | — | — | (21,673) | (21,673) |
| Dividends paid | 28 | — | — | — | — | (40,937) | (40,937) | (14,098) | (55,035) |
| Treasury stock purchased | 27 | — | — | (12) | — | — | (12) | — | (12) |
| Treasury stock sold | 27 | — | 0 | 1 | — | — | 1 | — | 1 |
| Share-based payment transactions | | — | 170 | — | — | — | 170 | (31) | 139 |
| Changes of interests in subsidiaries without losing control | | — | 55,451 | — | — | — | 55,451 | (92,782) | (37,331) |
| Transfer | 27 | — | — | — | (584) | 584 | — | — | — |
| As at March 31, 2024 | | 180,400 | 280,185 | (87) | 125,726 | 675,985 | 1,262,209 | 645,137 | 1,907,346 |

Consolidated Statement of Cash Flows

(Millions of Yen)

| | Notes | Fiscal year ended March 31, 2023 | Fiscal year ended March 31, 2024 |
|---|-------|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | | |
| Profit before income tax expense | | 102,140 | 141,569 |
| Depreciation and amortization | | 56,129 | 55,432 |
| Gain on bargain purchase | | (2,460) | (2,823) |
| Share of profits of associates and joint ventures accounted for using the equity method | | (6,376) | (14,513) |
| Interest and dividend income | | (424,950) | (531,906) |
| Interest expense | | 123,818 | 206,078 |
| Increase in operational investment securities | | (50,286) | (76,851) |
| Increase in trade and other accounts receivables | | (1,818,690) | (936,261) |
| Increase (decrease) in trade and other accounts payable | | (38,059) | 141,447 |
| Increase in assets/liabilities related to securities business | | (397,031) | (8,520) |
| Increase in customer deposits for banking business | | 3,776,127 | 1,397,222 |
| (Decrease) increase in bonds and loans payable in banking business | | (611,135) | 678,701 |
| (Decrease) increase in payables under securities lending transactions | | (17,430) | 163,695 |
| Others | | (10,825) | (166,379) |
| Subtotal | | 680,972 | 1,046,891 |
| Interest and dividend income received | | 422,429 | 517,379 |
| Interest paid | | (103,160) | (190,435) |
| Income taxes paid | | (39,498) | (28,095) |
| Net cash generated from operating activities | | 960,743 | 1,345,740 |
| Cash flows from investing activities | | | |
| Purchase of investment property | | (44,076) | (21,368) |
| Purchase of intangible assets | | (37,568) | (43,480) |
| Purchase of investment securities | | (3,026,500) | (1,834,145) |
| Proceeds from sales or redemption of investment securities | | 2,104,558 | 1,843,947 |
| Acquisition of subsidiaries, net of cash and cash equivalents acquired | 35 | (6,597) | (7,030) |
| Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of | 35 | 16 | 2,499 |
| Payments of loans receivable | | (141,533) | (176,344) |
| Collection of loans receivable | | 115,954 | 158,211 |
| Others | | (39,308) | 12,594 |
| Net cash used in investing activities | | (1,075,054) | (65,116) |
| Cash flows from financing activities | | | |
| Increase (decrease) in short term loans payable | 35 | 375,205 | (146,991) |
| Proceeds from long-term loans payable | 35 | 186,037 | 113,489 |
| Repayment of long-term loans payable | 35 | (71,266) | (157,131) |
| Proceeds from issuance of bonds payable | 35 | 1,342,878 | 2,098,864 |
| Redemption of bonds payable | 35 | (1,062,876) | (1,747,111) |
| Proceeds from issuance of shares | | 79,865 | 9,897 |
| Proceeds from stock issuance to non-controlling interests | | 18,305 | 9,608 |
| Contributions from non-controlling interests in consolidated investment funds | | 39,877 | 25,802 |
| Cash dividends paid | | (37,580) | (40,929) |
| Cash dividends paid to non-controlling interests | | (512) | (4,461) |
| Distributions to non-controlling interests in consolidated investment funds | | (16,355) | (9,729) |
| Purchase of treasury stock | | (16) | (12) |
| Proceeds from sale of interests in subsidiaries to non-controlling interests | | 5,087 | 17,773 |
| Payments for purchase of interests in subsidiaries from non-controlling interests | | (32,503) | (122,074) |
| Others | | (15,721) | (17,823) |
| Net cash generated from financing activities | | 810,425 | 29,172 |
| Net increase in cash and cash equivalents | | 696,114 | 1,309,796 |
| Cash and cash equivalents at the beginning of the year | | 2,499,370 | 3,200,916 |
| Effect of changes in exchange rate on cash and cash equivalents | | 5,432 | 69,623 |
| Cash and cash equivalents at the end of the year | | 3,200,916 | 4,580,335 |

Notes to Consolidated Financial Statements

1. Reporting Entity

SBI Holdings, Inc. (the “Company”) was incorporated in Japan. The consolidated financial statements of the Company consist of the Company, its subsidiaries (hereinafter referred to as the “Group”) and interests in the Group’s associates and joint arrangements. The Group is engaged in various businesses, which primarily consist of five key businesses: “Financial Services Business”, “Asset Management Business”, “Investment Business”, “Crypto-asset Business” and “Next Gen Business”. See Note 5 “Segment Information” for detailed information on each business.

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) as issued by the International Accounting Standards Board.

Since the Group meets the criteria of “Specified Company under International Financial Reporting Standards” defined in Article 1-2 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements, the Group applies Article 93 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements.

The consolidated financial statements were approved and authorized for issue by the Company’s Representative Director, President and CEO, Yoshitaka Kitao and Managing Executive Officer, Yasuo Nishikawa on July 2, 2024.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the below:

- Financial instruments measured at fair value through profit or loss (“FVTPL”)
- Financial instruments measured at fair value through other comprehensive income (“FVTOCI”)

The measurement basis of fair value of the financial instruments is provided in Note 6 “Financial instruments”.

(3) Reporting currency

The consolidated financial statements are presented in Japanese Yen, which is the functional currency of the Company and rounded to the nearest million yen, unless otherwise stated.

(4) Use of estimates and judgments

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 financial instruments – “3. Material Accounting Policies (3) Financial instruments,” “6. Financial Instruments” and “7. Fair Value Measurement”

- Impairment on financial assets – “3. Material Accounting Policies (3) Financial instruments” and “8. Financial Risk Management (4) Credit risk management”
- Impairment on intangible assets – “3. Material Accounting Policies (7) Intangible assets” and “17. Intangible Assets (3) Carrying amount of goodwill”
- Measurements of insurance contracts – “3. Material Accounting Policies (10) Insurance contracts” and “23. Insurance Contracts”
- Recoverability of deferred tax assets – “3. Material Accounting Policies (15) Income tax expense” and “19. Deferred Taxation”
- Scope of subsidiaries – “3. Material Accounting Policies (1) Basis of consolidation” and “36. Subsidiaries”

(5) Application of new and revised IFRSs

The Group adopted the following standard from the year ended March 31, 2024. The accounting policies of these newly adopted standards are stated in “3. Material Accounting Policies (10) Insurance contracts”.

| | IFRS | Summary of new standards and amendments |
|---------|---------------------|---|
| IFRS 17 | Insurance Contracts | Revision with regard to measurement method of insurance liability |

The Group had applied IFRS 4 “Insurance Contracts” until the fiscal year ended March 31, 2023. However, it has applied IFRS 17 “Insurance Contracts” (“IFRS 17”) from the fiscal year ended March 31, 2024.

The date of transition to IFRS 17 was April 1, 2022 (the “date of transition”). The Group recognized the cumulative effect of applying this standard at the date of transition and retrospectively applied the standard to the consolidated financial statements for the previous period in accordance with the transitional treatment.

The Group does not present the quantitative information required by paragraph 28 (f) of IAS 8 in accordance with paragraph C3 (a) of IFRS 17. The impact of the application of IFRS 17 on retained earnings at the date of transition is presented in the consolidated statement of changes in equity as the cumulative effect of change in accounting policy. In transitioning to IFRS 17, the Group applied the fair value approach to life insurance contracts, except for certain contracts, because it is impracticable for the Group to apply the fully retrospective approach due to a limitation in obtaining the necessary information, resulting from system development or other reasons. The Group applied the fully retrospective approach to other insurance contracts.

(Fully retrospective approach)

The Group recognized and measured each group of insurance contracts and group of reinsurance contracts at the date of transition as if IFRS 17 had always been applied, and recognized any resulting net difference in equity.

(Fair value approach)

For insurance contracts to which it is impracticable to apply the fully retrospective approach, the Group determines the contractual service margin (“CSM”) or a loss component of the liability for remaining coverage at the date of transition as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

The Group determines all contracts that are measured by applying the fair value approach using reasonable and supportable information available at the transition date.

Some of the groups of insurance contracts that are measured by applying the fair value approach include contracts issued more

than one year apart. The Group determines the discount rates at the date of initial recognition of such groups at the date of transition instead of at the date of initial recognition.

For all contracts that are measured by applying the fair value approach, the Group determines the cumulative amount of insurance finance income or expenses recognized in other comprehensive income at the date of transition as nil.

(6) Change in presentation method

(Consolidated statement of financial position)

“Inventories” and “Assets held for sale,” which were included in “Other assets” as at March 31, 2023, and “Provisions” and “Liabilities directly associated with assets held for sale,” which were included in “Other liabilities” as at March 31, 2023, are presented separately from the fiscal year ended March 31, 2024 due to their increased materiality.

“Accrued interest receivable,” which was included in “Other financial assets” as at March 31, 2023, is included in “Trade and other accounts receivable” from the fiscal year ended March 31, 2024 due to more appropriate presentation. The effect of this change was ¥37,196 million and ¥45,492 million as at March 31, 2023 and 2024, respectively.

3. Material Accounting Policies

The material accounting policies applied in the preparation of these consolidated financial statements are listed below.

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. In principle, an entity in which the Group owns a majority of the voting rights is included as a subsidiary. However, even if the Group does not own a majority of the voting rights, an entity is included in the category of subsidiary if it is determined that the Group substantially controls the entity's decision-making body. Also, an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, referred to as “structured entity”, is included as a subsidiary. Control is defined as the Group having (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and deconsolidated on the date that the Group loses control. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Inter-company transactions, balances and unrealized gains on transactions among Group companies are eliminated in the consolidated financial statements. Unrealized losses are also eliminated and the related impairment is assessed.

Comprehensive losses arising from subsidiaries are allocated to the owners of the Company and non-controlling interests even if the balances of non-controlling interests are a negative figure.

(b) Associates and joint control

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor an interest in joint venture. When the Group holds between 20% and 50% of voting rights of the other entity, the Group is presumed to have significant influence over the other entity.

A joint venture is a joint arrangement whereby the parties that

have joint control of the arrangement have rights to the net assets of the arrangement and decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Investments in associates and joint ventures are initially recognized at cost and accounted for using the equity method. However, investments held by venture capital organizations and other similar entities in the Group are accounted for at fair value through profit or loss in accordance with IFRS 9.

Under the equity method, investor's share of the profit or loss and other comprehensive income (after adjustments for the purpose of conforming with the group accounting policies), from the date of having significant influence or entering into joint control to the date of losing significant influence or ceasing joint control, of the associates and joint ventures (hereinafter referred to as “equity method investments”) were recognized and recorded as adjustments to the carrying amounts of investments.

When the Group's share of losses in an equity method associate exceeds the carrying amount of the investment in the associate, losses are recognized until the carrying amounts of long-term interests that form part of the net investment are reduced to zero. The Group does not recognize further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealized gain on inter-company transactions with equity method investments are deducted from the balance of carrying amount of investments only to the extent of investor's interests in the investees. For joint operations, the Group's share of the assets, liabilities, revenue and expenses related to the joint operation is recognized.

(c) Business combination

Acquisition method is applied for acquisitions of businesses. The consideration transferred for the acquisition of a subsidiary is the total of acquisition date fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value except for the below.

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”.
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the difference is recognised

immediately in profit or loss.

The Group recognizes non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the recognized amount of acquiree's identifiable net assets.

Acquisition-related cost is expensed as incurred, except for the costs related to the issuance of debt securities and equity securities.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and resulting gain or loss is recognized in profit or loss.

(d) Changes in ownership interests in subsidiaries without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions in accordance with IFRS 10 "Consolidated Financial Statements". The carrying amount of the Group's share and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between "fair value of consideration paid or received" and "adjustments of the carrying amount of non-controlling interests" is recognized in equity and attributed to owners of the Company.

(e) Loss of control

When the Group loses control of a subsidiary, the difference between the "total fair value of consideration received and the retained interest" and "the previous carrying amount of subsidiary's assets (including goodwill), liabilities and non-controlling interests" are recognized in profit or loss.

In addition, any amount previously recognized in other accumulated comprehensive income in relation to the subsidiary is accounted for as if the Group had directly disposed of each related assets or liabilities.

The fair value of the retained interest in the former subsidiary is measured in accordance with IFRS 9.

(2) Foreign currency

(a) 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 in the respective functional currency (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 the year-end 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 equity instruments that are measured at fair value and changes in fair value are recognized in other comprehensive income, and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risk.

(b) Foreign operations

The assets and liabilities, including goodwill and fair value adjustments arising from business combinations, of all the Group entities that have a functional currency that is different from the

presentation currency (mainly foreign operations) are translated into the presentation currency using the rates of exchange prevailing at the end of each reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rates.

Exchange differences arising are recognized as other comprehensive income. The differences are recorded and accumulated as translation reserve in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

(3) Financial instruments

The Group recognizes a financial instrument when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(a) Non-derivative financial assets

(i) Classification and measurement of financial assets

Non-derivative 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.

(ii) Derecognition of financial assets

The Group derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the Group no longer retains the contractual rights to receive the cash flows and transfers substantially all the risks and rewards of ownership of the financial asset.

(b) Non-derivative financial liabilities

(i) Classification and measurement of financial liabilities

Non-derivative financial liabilities held by the Group include corporate bonds and loans, trade and other accounts payable, which are classified into the following designated categories:

- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit or loss (hereinafter "financial liabilities measured at FVTPL")
- Financial liabilities designated at fair value through profit or loss (hereinafter "financial liabilities designated at FVTPL")

(Financial liabilities measured at amortized cost)

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

(Financial liabilities measured at FVTPL)

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

(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.

(ii) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

(c) Impairment of financial assets

The Group estimates expected credit losses for financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts at the end of the reporting period and recognizes such expected credit losses as a loss allowance. If the Group determines that the credit risk of financial instruments has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses. In the event that the Group determines that the credit risk of financial instruments has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses.

The assessment of whether there has been a significant increase in credit risk is based on changes in the probability of a default occurring.

Meanwhile, as for trade receivables that do not contain a significant financing component, lifetime expected credit losses are measured on the basis of historical credit losses and other relevant information regardless of whether there has been an increase or decrease in credit risk.

Amounts of expected credit losses or reversals are recognized in profit or loss as impairment loss or reversals of impairment loss and are presented separately as provision for credit losses in the consolidated statement of income.

(d) Trading assets and liabilities

Financial assets and financial liabilities are classified as trading assets and trading liabilities in the below situation:

- Financial assets acquired mainly for the purpose of sale or repurchase in the short term
- At initial recognition, the financial assets are managed together by the Group as part of a certain financial instrument portfolio, from which an actual short term gain has been realized.
- Derivatives (either not classified as hedging instruments or proved to be ineffective as hedging instruments)

Trading assets and trading liabilities are classified as financial assets and financial liabilities measured at FVTPL, changes in amounts of which are recognized in profit or loss.

(e) Derivatives

The Group uses derivative instruments (interest rate swap contracts and forward exchange contracts) in order to hedge mainly interest rate risk and foreign exchange risk.

(i) Derivatives to which hedge accounting is applied

At the inception of the hedge, the Group formally documents the hedging relationship between the hedged item or transaction and the hedging instrument, which is the derivative, in compliance with our risk management objective and strategy. In addition, at the inception and on an ongoing basis, the Group documents whether the derivative is highly effective in offsetting changes in the fair value or the cash flows of the hedged item attributable to the risk of changes in interest rates, etc.

The changes in the fair value of derivatives, which are designated as hedging instruments for fair value hedges, are recognized in profit or loss. Gain or loss on the hedged item attributable to the risk of changes in interest rates, etc. shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Among the changes in the fair value of derivatives which are designated as hedging instruments for cash flow hedges, the portion of the gain or loss on the hedging instrument that is

determined to be an effective hedge shall be recognized in other comprehensive income, while the ineffective portion shall be recognized in profit or loss.

The amount that has been recognized in other comprehensive income shall be removed from other comprehensive income and reclassified to profit or loss in the consolidated statement of comprehensive income in the same period during which the hedged item of cash flows affects profit or loss.

The Group prospectively discontinues hedge accounting when the criteria of hedge accounting are no longer satisfied. In such a situation, amounts accumulated in other comprehensive income remain unadjusted until the anticipated transaction finally affects profit or loss, or the anticipated transaction is not expected to occur, at which point the underlying amount shall be immediately recognized in profit or loss.

(ii) Derivatives to which hedge accounting is not applied

Among derivatives held for hedging purposes, the Group holds some derivatives to which hedge accounting is not applied. The Group also holds derivatives for trading purposes other than hedging purposes. The changes in fair value of such derivatives are recognized in profit or loss.

(f) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(4) Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to sell. Cost is determined primarily based on the specific identification cost method and includes the purchase cost and all costs incurred to bring inventories to their current storage location and condition.

Cryptocurrency assets held in inventory are measured at fair value based primarily on trading prices on major cryptocurrency asset exchanges, with changes in fair value recognized in profit or loss.

(5) Investment properties

Investment properties are real estate (including real estate under construction) held for the purpose of earning rental income, capital gains, or both. It does not include real estate sold in the ordinary course of business or real estate used for the purposes of the provision of goods or services, manufacture, sale or other administration. Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. 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 investment properties 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.

(6) Property and equipment

(a) Initial recognition and measurement

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.

(b) Depreciation

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. Property and equipment is depreciated on a straight-line method to allocate their depreciable amounts over the estimated useful life of each component. 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 – 50 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.

(7) Intangible assets

(a) Intangible assets arising on business combination (goodwill and other intangible assets)

Goodwill arising on acquisition of subsidiaries is recognized as an intangible asset. Initial recognition and measurement of goodwill are stated in “(1) Basis of consolidation, (c) Business combination”. Intangible assets arising from a business combination, other than goodwill, are recognized at fair value at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment loss. For investees to which the equity method is applied, goodwill is included in the carrying amount of the investment.

Intangible assets other than goodwill with a finite useful life that arise on a business combination are measured at initial cost less accumulated amortization and accumulated impairment loss.

(b) Research and development

Expenditure on research undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as an expense when incurred. Development costs capitalized as a result of meeting certain criteria are measured at initial cost less accumulated amortization and accumulated impairment loss.

(c) Other intangible assets (separately acquired)

Other intangible assets acquired by the Group are measured at initial cost less accumulated amortization and accumulated impairment loss.

(d) Amortization

Intangible assets other than goodwill with finite useful lives are amortized 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 – 23 years

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

(8) Lease**(a) Lease as lessee**

At inception of a contract, the Group determines whether the contract is, or contains, a lease. Lease liability in a lease transaction is initially measured as the present value of unpaid lease payments discounted using an interest rate implicit in the lease at the commencement date of the contract. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The right-of-use asset is measured at the acquisition cost, which is initially measured at the amount of lease liability adjusted by initial direct cost 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 and lease liabilities are not recognized and lease payments on such lease are recognized as an expense over the lease term.

(b) 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.

(9) Impairment of non-financial assets

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

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. The impairment loss recognized in relation to the CGU shall be allocated to reduce the carrying amount of the assets of the unit in such order that (a) first, to reduce the carrying amount of any goodwill allocated to the CGU and (b) then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill shall not be reversed in a subsequent period. An entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Because goodwill that forms part of the carrying amount of an equity method investment is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset, whenever there is an indication that the investment may be impaired.

(10) Insurance contracts

The Group classifies contracts in which it accepts significant insurance risk as insurance contracts, and contracts that transfer significant insurance risk related to underlying insurance contracts as reinsurance contracts.

(a) Level of aggregation

For the purpose of measurement, insurance contracts are aggregated into groups. The Group determines a group of insurance contracts by identifying portfolios of insurance contracts. Each portfolio of insurance contracts comprises contracts subject to similar risks and managed together, and each portfolio is divided into annual cohorts. The annual cohorts include contracts issued within twelve months, and they are divided into three groups based on contract profitability levels:

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- a group of the remaining contracts in the portfolio.

(b) Initial recognition

The Group recognizes a group of insurance contracts it issued from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from a policyholder in the group becomes due; and
- for a group of onerous contracts, when the group becomes onerous.

(c) Measurement

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an

insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with insurance contract services.

(i) Insurance contracts — Contracts to which the premium allocation approach (“PAA”) is not applied

(Initial measurement)

On initial recognition, the Group measures a group of insurance contracts at the total of:

(a) Fulfilment cash flows

The fulfilment cash flows comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks related to the future cash flows, and a risk adjustment for non-financial risk (the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk).

(b) CSM

The CSM of a group of insurance contracts represents the unearned profit the Group will recognize as it provides services under the contracts.

The Group recognizes an onerous insurance contract on initial recognition if any cash flows arising from the contract at the date of initial recognition in total are a net outflow. In recognizing onerous contracts, the Group recognizes a loss in profit or loss for the net outflow described above and identifies the same amount as a loss component of the liability for remaining coverage.

(Subsequent measurement)

The carrying amount of a group of insurance contracts at the end of each reporting period is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows related to services to be provided under the contracts in future periods, and (b) the remaining CSM at the reporting date. The liability for incurred claims includes the fulfillment cash flows relating to unpaid incurred claims and expenses, including claims that have been incurred but not yet reported.

The loss component is measured by allocating the subsequent changes in fulfillment cash flows on a systematic basis.

(ii) Insurance contracts — Contracts to which the PAA is applied
For insurance contracts with a coverage period of no more than one year at initial recognition, and certain insurance contracts that would not differ materially in the measurement of liability for remaining coverage from the one that would be produced when measured without applying the PAA, the Group applies the PAA for measuring a group of insurance contracts.

(Initial measurement)

The carrying amount of the liability for remaining coverage at initial recognition of each group of insurance contracts is measured at the premiums received at initial recognition less any insurance acquisition cash flows (cash flows arising from the activities of selling, underwriting and starting the group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs) allocated to the group of insurance contracts at that date.

(Subsequent measurement)

The carrying amount of the liability for remaining coverage increases through the amortization of insurance acquisition cash flows recognized as premiums received and expenses. It decreases through the recognition of insurance revenue related to services provided and the allocation of additional insurance acquisition cash flows after initial recognition.

If, at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that current estimates of the fulfilment cash flows related to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Group recognizes the liability for incurred claims for the group of insurance contracts at the fulfilment cash flows relating to incurred claims.

(d) Income and expenses

(i) Insurance revenue

Excluding any investment component, which represents the amount required to be repaid to the policyholder in all circumstances, regardless of whether an insured event occurs, insurance revenue is measured as follows:

(Contracts to which the PAA is not applied)

The Group recognizes insurance revenue as it provides services based on a group of insurance contracts. Insurance revenue represents the total of the changes in the liability for remaining coverage that relates to services for which the Group expects to receive consideration.

(Contracts to which the PAA is applied)

Insurance revenue is the amount of expected premium receipts. In principle, the Group allocates and recognizes the portion of the premiums in each reporting period on the basis of the passage of time.

(ii) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognized in profit or loss when incurred. Excluding repayments of investment components, these expenses comprise:

- Incurred claims and other insurance service expenses;
- Amortization of insurance acquisition cash flows;
- Losses on onerous contracts and reversals of such losses; and
- Adjustments to liabilities for incurred claims.

(iii) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money, financial risk and changes in the time value of money and financial risk. The Group has chosen to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income except for certain insurance contracts. The effect of changes in financial variables, such as discount rates, is presented as fluctuations in discount rates of insurance contracts in the consolidated statement of comprehensive income.

(11) Employee benefits

(a) Defined contribution plans

The Company and certain of its subsidiaries have defined contribution plans for employee benefits. Defined contribution

plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions related to defined contribution plans are expensed over the period during which employees render service to the entity.

(b) Defined benefit plans

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 case 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.

(c) Short term employee benefits and share-based payment

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

Also, the Group operates share-based compensation plan as an incentive for board members and employees. Equity-settled share-based compensation plan ("stock option") which were granted after November 7, 2002 and the vesting conditions of which had not been satisfied as at March 31, 2011 is measured at fair value on the grant date. The fair value is calculated by estimating the number of stock options that will ultimately be vested and recognized as expenses with a corresponding increase in equity over the vesting period. For cash-settled share-based compensation plan, a liability is recognized for the goods or services acquired, measured initially at fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(12) Provisions

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 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.

(13) Capital stock

1. Common stock

Common stocks issued by the Group are classified as equity and stock issuance costs, after tax effects, are recognized as a deduction from equity.

2. Treasury stock

The Group's own equity instruments which are reacquired are recognized at cost including acquisition related costs, after tax effects, as a deduction from equity. When the Group sells treasury stocks, the consideration received is recognized as an addition to equity.

(14) Revenue from contracts with customers

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

- Step 1: Identify the contract(s) with the 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

Revenues from contracts with customers are further described below. The revenue streams described below do not include significant estimates of variable consideration or a significant financing component.

(Revenue from rendering of services)

Revenue from rendering of services mainly include commissions received from customers for the execution of agency-based brokerage transactions in the securities business. Brokerage commission relates to transactions in which the Group acts as an agent in the transaction rather than the principal. Transactions that satisfy the following factors fall under transactions in which the Group is involved as an agent rather than the principal.

- The Group is not a primary party to a transaction and therefore not primarily responsible for fulfilling the promise to provide the service.
- The Group does not have inventory risk before securities have been transferred to a customer or after transfer of control to the customer.

Brokerage commission is recognized as revenue when the performance obligations are satisfied and in principle, the fees are received within three business days after fulfillment of the performance obligations.

(Revenue from sales of goods)

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. These revenues are generally paid within three months of the fulfillment of the performance obligation.

(15) 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. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amount. However, deferred tax assets are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or from deductible temporary differences related to investments in subsidiaries and investments accounted for using the equity method, under which it is probable that the difference will not be recovered in the foreseeable future or taxable profit will not be available against which the temporary difference can be

utilised. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or the deferred tax assets and liabilities are expected to be realized simultaneously.

A deferred tax asset is recognized for the unused carry forward 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 carry forward 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 Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and investments accounted for using the equity method, except to the extent that both of the following conditions are satisfied: (i) the Group is able to control the timing of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group shall recognize a deferred tax asset for all deductible temporary differences arising from investments mentioned above, to the extent that, and only to the extent that, it is probable that (i) taxable profit will be available against which the temporary difference can be utilized; and (ii) the temporary difference will reverse in the foreseeable future.

With respect to the amendments to IAS 12 "Income Taxes" (International Tax Reform - Pillar 2 Model Rules), a temporary exception (exemption from recognition and disclosure of deferred tax assets and deferred tax liabilities) has been applied.

(19) New standards, amendments to existing standards, and interpretations that are published but have not yet been adopted by the Group

Of the new standards, amendments to existing standards, and interpretations that have been published before the approval date of the consolidated financial statements, the main ones that the Group has not early adopted are as follows. The impact of the application of IFRS 18 "Presentation and Disclosure in Financial Statements" on the Group is still under consideration.

| IFRS | Mandatory for fiscal year beginning on or after | Anticipated fiscal year end adoption date | Summary of new standards and amendments | |
|---------|---|---|---|---|
| IFRS 18 | Presentation and Disclosure in Financial Statements | January 1, 2027 | March 2028 | Improvement of the structure of the income statement and clarification of the roles of the basic financial statements and notes, etc. |

4. Business Combinations

For the year ended March 31, 2023

Acquisition date fair value of the consideration paid for business combinations amounted to ¥68,737 million in cash.

Fair value of assets acquired, liabilities assumed, and non-controlling interests were ¥276,257 million, ¥226,049 million and ¥18,045 million, respectively. A breakdown of such assets and liabilities is provided in "35. Cash Flow Information (1) Expenditures on acquisition of subsidiaries".

(16) Earnings per share

The Group discloses both the basic earnings per share and diluted earnings per share. Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding (issued shares adjusted for the treasury shares) during the period. For the purpose of calculating diluted earnings per share, the Group adjusts profit for the year attributable to ordinary equity holders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(17) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Discrete financial information of all the segments is available so that the operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. Operating results reported to the board of directors include items that directly belong to the segment and items allocated to the segment on a reasonable basis. Items not allocated to any reportable segment mainly consist of expenses related to the headquarters.

(18) Non-current assets held for sale

The Group classifies a non-current asset or asset group as held for sale if (i) its carrying amount will be recovered principally through a sale transaction rather than through continuing use; (ii) the asset is available for immediate sale and their sale within one year is highly probable; and (iii) management of the Group is committed to a plan to sell the asset.

When the Group is committed to a plan to sell a subsidiary with a loss of control and all the above criteria are satisfied, it classifies the subsidiary's entire assets and liabilities as held for sale regardless of whether it retains any non-controlling interest of the subsidiary.

Non-current assets (or asset groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Goodwill arising from business combinations mainly consists of excess earning capacity that does not meet the requirements for separate identification.

Non-controlling interests are measured at their proportionate share of the identifiable net assets of the acquiree.

Revenue and net income recognized in the consolidated statement of income for the year ended March 31, 2023 were ¥24,205 million and ¥412 million, respectively, since the acquisition date.

For the year ended March 31, 2024

Acquisition date fair value of the consideration paid, which consisted of cash and cash loan, for business combinations amounted to ¥27,806 million and ¥182,746 million, respectively. Fair value of assets acquired, liabilities assumed, and non-controlling interests were ¥248,837 million, ¥43,099 million and ¥132 million, respectively. A breakdown of such assets and liabilities is provided in "35. Cash Flow Information (1) Expenditures on acquisition of subsidiaries".

Goodwill arising from business combinations mainly consists of excess earning capacity that does not meet the requirements for separate identification.

Non-controlling interests are measured at their proportionate share of the identifiable net assets of the acquiree.

Revenue and net income recognized in the consolidated statement of income for the year ended March 31, 2024 were ¥8,905 million and ¥807 million, respectively, since the acquisition date.

5. Segment Information

The Group has five reportable segments: "Financial Services Business", "Asset Management Business", "Investment Business", "Crypto-asset Business" which is expected to remain a growth area and "Next Gen Business" which includes the Biotechnology, Healthcare & Medical Informatics Business, as well as the advanced fields related to Web3.

The reportable segments of the Group represent businesses activities for which separate financial information of the Group's components is available and reviewed regularly by the board of directors for the purpose of allocation of financial resources and performance evaluation.

The following is a description of business activities for the reportable segments.

The Group changed the reporting segment name "Non-Financial Business" to "Next Gen Business" from the second quarter ended September 30, 2023.

The following represents segment information of the Group:

"Elimination or Corporate" includes profit or loss that is not allocated to certain business segments and the elimination of the inter-company transactions within the Group, at a price based on the actual market price.

| (Millions of Yen) | | | | | | | | |
|--|-----------------------------|---------------------------|---------------------|-----------------------|-------------------|----------------|--------------------------|--------------------|
| For the year ended March 31, 2023 | Financial Services Business | Asset Management Business | Investment Business | Crypto-asset Business | Next Gen Business | Total | Elimination or Corporate | Consolidated Total |
| Revenue | | | | | | | | |
| Revenue from external customers | 840,098 | 27,581 | 36,528 | 30,796 | 24,248 | 959,251 | (2,274) | 956,977 |
| Inter-segment revenue | 5,068 | 385 | 156 | (476) | 1,990 | 7,123 | (7,123) | — |
| Total | 845,166 | 27,966 | 36,684 | 30,320 | 26,238 | 966,374 | (9,397) | 956,977 |
| Segment operating income (loss) | | | | | | | | |
| Profit before income tax expense | 152,040 | 10,123 | (16,661) | (18,429) | (3,253) | 123,820 | (21,680) | 102,140 |
| Other Items | | | | | | | | |
| Interest income | 403,267 | 143 | 1,104 | — | 17 | 404,531 | (119) | 404,412 |
| Interest expense | (112,187) | (8) | (3,540) | (422) | (546) | (116,703) | (5,755) | (122,458) |
| Depreciation and amortization | (46,245) | (1,660) | (974) | (2,534) | (1,234) | (52,647) | (1,385) | (54,032) |
| Gain or loss from investments applying the equity-method | 7,304 | — | (612) | — | (316) | 6,376 | — | 6,376 |

"Financial Services Business"

The Financial Services Business consists of a wide range of finance-related business inside and outside Japan, including securities brokerage business, banking services business, and life, property and casualty insurance business.

"Asset Management Business"

The Asset Management Business primarily consists of setting, solicitation, and management of investment trust, investment advice, and provision of financial products information.

"Investment Business"

The Investment Business primarily consists of fund management and investment in Internet technology, fintech, blockchain, finance, and biotechnology-related venture companies in Japan and overseas.

"Crypto-asset Business"

The Crypto-asset Business primarily consists of crypto asset exchange business, which provides crypto asset exchange and trading services.

"Next Gen Business"

The Next Gen Business primarily consists of the Biotechnology, Healthcare & Medical Informatics Business, which includes the development and distribution of pharmaceutical products, health foods, and cosmetics with the 5-aminolevulinic acid (5-ALA), a kind of amino acid which exists in vivo, the research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology, the digitization of medical and health information, the provision of solutions and services that promote the use of medical big data, and medical finance. The Next Gen Business also includes the business of working on advanced fields related to Web3, the renewable energy business, and the business of developing new overseas markets including Africa.

(Millions of Yen)

| For the year ended March 31, 2024 | Financial Services Business | Asset Management Business | Investment Business | Crypto-asset Business | Next Gen Business | Total | Elimination or Corporate | Consolidated Total |
|--|-----------------------------|---------------------------|---------------------|-----------------------|-------------------|-----------|--------------------------|--------------------|
| Revenue | | | | | | | | |
| Revenue from external customers | 1,025,934 | 29,109 | 88,007 | 57,056 | 24,020 | 1,224,126 | (13,622) | 1,210,504 |
| Inter-segment revenue | 5,505 | 340 | 345 | 87 | 2,618 | 8,895 | (8,895) | — |
| Total | 1,031,439 | 29,449 | 88,353 | 57,142 | 26,637 | 1,233,020 | (22,516) | 1,210,504 |
| Segment operating income (loss) | | | | | | | | |
| Profit before income tax expense | 164,981 | 4,843 | (8,288) | 8,428 | (4,952) | 165,012 | (23,443) | 141,569 |
| Other Items | | | | | | | | |
| Interest income | 498,787 | 22 | 1,231 | — | 130 | 500,170 | (58) | 500,112 |
| Interest expense | (191,562) | (61) | (7,141) | (632) | (669) | (200,065) | (9,588) | (209,653) |
| Depreciation and amortization | (47,099) | (1,491) | (1,277) | (749) | (1,651) | (52,267) | (1,471) | (53,738) |
| Gain or loss from investments applying the equity-method | 14,743 | — | 273 | — | (503) | 14,513 | — | 14,513 |

Geographical information regarding non-current assets and revenues from external customers are presented as below.

(Millions of Yen)

| Non-current assets | As at March 31, 2023 | As at March 31, 2024 |
|--------------------|----------------------|----------------------|
| Japan | 408,724 | 466,587 |
| Korea | 115,299 | 126,385 |
| Others | 38,796 | 36,169 |
| Consolidated total | 562,819 | 629,141 |

Note: Non-current assets excluding financial assets and deferred tax assets are allocated based on the location of the assets.

(Millions of Yen)

| Revenue from external customers | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|---------------------------------|-----------------------------------|-----------------------------------|
| Japan | 772,846 | 959,147 |
| Overseas | 184,131 | 251,357 |
| Consolidated total | 956,977 | 1,210,504 |

Note: Revenue is allocated based on the location of the entities.

6. Financial Instruments

(1) Fair value measurement

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 of receivables grouped by category 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 arm's-length transaction price. 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 the

Group entities 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 using interest rates adjusted for remaining periods and credit risk or discounted using interest rates with reference to similar types of new loans or lease transactions. For those for which a market price exists, the fair value is determined based on quoted market prices. For those with short-term maturities, carrying amounts are deemed to be fair values because the carrying amounts approximate fair values.

For financial liabilities designated at FVTPL, fair value is estimated using primarily the same methods as in “Other financial assets and other financial liabilities”.

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 amounts are deemed to be fair values because the carrying amounts approximate fair values.

For financial liabilities designated at FVTPL, fair value is estimated using primarily the same methods as in “Other financial assets and other financial liabilities”.

(2) Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

(Millions of Yen)

| As at March 31, 2023 | 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 | | |
| Trade and other accounts receivable | 668,906 | — | — | 9,815,316 | 10,484,222 | 10,524,667 |
| Assets related to securities business | 270,741 | — | — | 4,246,541 | 4,517,282 | 4,517,282 |
| Other financial assets | 244,987 | — | — | 212,740 | 457,727 | 457,886 |
| Operational investment securities | 581,364 | — | — | — | 581,364 | 581,364 |
| Other investment securities | 696,957 | 29,896 | 817,621 | 453,382 | 1,997,856 | 1,997,859 |
| Total | 2,462,955 | 29,896 | 817,621 | 14,727,979 | 18,038,451 | 18,079,058 |

(Millions of Yen)

| As at March 31, 2024 | 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 | | |
| Trade and other accounts receivable | 740,658 | — | — | 10,865,570 | 11,606,228 | 11,698,614 |
| Assets related to securities business | 430,912 | — | — | 5,734,458 | 6,165,370 | 6,165,370 |
| Other financial assets | 293,609 | — | — | 273,581 | 567,190 | 567,195 |
| Operational investment securities | 673,625 | — | — | — | 673,625 | 673,625 |
| Other investment securities | 875,239 | 33,103 | 603,959 | 576,241 | 2,088,542 | 2,012,716 |
| Total | 3,014,043 | 33,103 | 603,959 | 17,449,850 | 21,100,955 | 21,117,520 |

Classification and fair value of financial liabilities were as follows:

(Millions of Yen)

| As at March 31, 2023 | Carrying amount | | | Total | Fair value |
|--|---|---|--|------------|------------|
| | Financial liabilities measured at FVTPL | Financial liabilities designated at FVTPL | Financial liabilities measured at amortized cost | | |
| Bonds and loans payable | — | 52,020 | 3,628,335 | 3,680,355 | 3,671,109 |
| Trade and other accounts payable | 5,482 | — | 477,195 | 482,677 | 482,676 |
| Liabilities related to securities business | 85,025 | — | 3,803,224 | 3,888,249 | 3,888,249 |
| Customer deposits for banking business | — | 264,262 | 11,208,061 | 11,472,323 | 11,470,108 |
| Other financial liabilities | 322,116 | — | 273,034 | 595,150 | 595,150 |
| Total | 412,623 | 316,282 | 19,389,849 | 20,118,754 | 20,107,292 |

(Millions of Yen)

| As at March 31, 2024 | Carrying amount | | | Total | Fair value |
|--|---|---|--|------------|------------|
| | Financial liabilities measured at FVTPL | Financial liabilities designated at FVTPL | Financial liabilities measured at amortized cost | | |
| Bonds and loans payable | — | 53,507 | 4,423,572 | 4,477,079 | 4,472,402 |
| Trade and other accounts payable | 2,342 | — | 654,229 | 656,571 | 656,571 |
| Liabilities related to securities business | 225,015 | — | 5,302,291 | 5,527,306 | 5,527,306 |
| Customer deposits for banking business | — | 479,859 | 12,522,380 | 13,002,239 | 12,996,423 |
| Other financial liabilities | 411,919 | — | 459,386 | 871,305 | 871,305 |
| Total | 639,276 | 533,366 | 23,361,858 | 24,534,500 | 24,524,007 |

(3) Offsetting Financial Assets and Financial Liabilities

Quantitative information for recognized financial assets and recognized financial liabilities set off in the consolidated statement of financial position of the Group and the amounts of potential effect of recognized financial assets and recognized financial liabilities subject to an enforceable master netting arrangement or similar agreement that are not set off in the consolidated financial position of the Group are presented as follows:

(Millions of Yen)

| As at March 31, 2023 | Financial assets | | | | | Net amount |
|--|--|---|---|---|--------------------------|------------|
| | Gross amounts of recognized financial assets | Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position | Net amounts of financial assets presented in the consolidated statement of financial position | Related amounts not set off in the consolidated statement of financial position | | |
| | | | | Financial instruments | Cash collateral received | |
| Assets related to securities business (Securities borrowing agreements and other similar transactions) | 2,165,060 | (660,623) | 1,504,437 | (1,349,745) | (152,052) | 2,640 |
| Assets related to securities business (Receivables related to securities transactions) | 613,377 | (225,231) | 388,146 | (23,792) | — | 364,354 |
| Assets related to securities business (Financial assets related to foreign exchange transactions) | 29,323 | — | 29,323 | (2,244) | (18,467) | 8,612 |
| Other financial assets (Derivative transactions) | 213,971 | — | 213,971 | (92,205) | (21,304) | 100,462 |

(Millions of Yen)

| As at March 31, 2023 | Financial liabilities | | | | | Net amount |
|---|---|--|--|---|-------------------------|------------|
| | Gross amounts of recognized financial liabilities | Gross amounts of recognized financial assets set off in the consolidated statement of financial position | Net amounts of financial liabilities presented in the consolidated statement of financial position | Related amounts not set off in the consolidated statement of financial position | | |
| | | | | Financial instruments | Cash collateral pledged | |
| Liabilities related to securities business (Securities loan agreements and other similar transactions) | 2,440,352 | (660,623) | 1,779,729 | (949,182) | — | 830,547 |
| Liabilities related to securities business (Payables related to securities transactions) | 1,972,533 | (225,231) | 1,747,302 | (18,673) | — | 1,728,629 |
| Liabilities related to securities business (Financial liabilities related to foreign exchange transactions) | 355,699 | — | 355,699 | (20,711) | — | 334,988 |
| Other financial liabilities (Derivative transactions) | 279,671 | — | 279,671 | (92,205) | (119,159) | 68,307 |

(Millions of Yen)

| As at March 31, 2024 | Financial assets | | | | | Net amount |
|--|--|---|---|---|--------------------------|------------|
| | Gross amounts of recognized financial assets | Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position | Net amounts of financial assets presented in the consolidated statement of financial position | Related amounts not set off in the consolidated statement of financial position | | |
| | | | | Financial instruments | Cash collateral received | |
| Assets related to securities business (Securities borrowing agreements and other similar transactions) | 3,308,937 | (1,212,493) | 2,096,444 | (1,861,383) | (232,128) | 2,933 |
| Assets related to securities business (Receivables related to securities transactions) | 1,168,634 | (512,924) | 655,710 | (37,347) | — | 618,363 |
| Assets related to securities business (Financial assets related to foreign exchange transactions) | 82,950 | — | 82,950 | (4,846) | (23,150) | 54,954 |
| Other financial assets (Derivative transactions) | 261,861 | — | 261,861 | (110,488) | (27,880) | 123,493 |

(Millions of Yen)

| As at March 31, 2024 | Financial liabilities | | | | | Net amount |
|---|---|--|--|---|-------------------------|------------|
| | Gross amounts of recognized financial liabilities | Gross amounts of recognized financial assets set off in the consolidated statement of financial position | Net amounts of financial liabilities presented in the consolidated statement of financial position | Related amounts not set off in the consolidated statement of financial position | | |
| | | | | Financial instruments | Cash collateral pledged | |
| Liabilities related to securities business (Securities loan agreements and other similar transactions) | 3,866,244 | (1,212,493) | 2,653,751 | (1,663,800) | — | 989,951 |
| Liabilities related to securities business (Payables related to securities transactions) | 2,937,630 | (512,924) | 2,424,706 | (37,347) | — | 2,387,359 |
| Liabilities related to securities business (Financial liabilities related to foreign exchange transactions) | 440,272 | — | 440,272 | (27,996) | — | 412,276 |
| Other financial liabilities (Derivative transactions) | 368,331 | — | 368,331 | (110,488) | (151,107) | 106,736 |

The rights of set-off for recognized financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement are enforced when debt default or other specific events that are unexpected in the ordinary course of business occurs, and have an effect on realization or settlement of individual financial assets and financial liabilities.

(4) Impact of interest rate benchmark reform on financial instruments

The Group has almost completed the transitional measures for currencies whose interest rate indices have been suspended from publication. There are no material risks arising from financial instruments in transition.

(5) Hedge accounting

(a) Risk management strategies

(i) Interest rate risk

The Group is exposed to the risk of changes in the fair value of fixed-rate loans and bonds due to fluctuations in market interest rates. To hedge this risk, the Group enters into interest rate swaps to hedge the fair value fluctuation risk arising from expected future interest rate fluctuations for large transactions that are deemed to have a significant amount of interest rate risk in accordance with the Group's interest rate risk management policy. Regarding hedging relationship, all critical terms (i.e., the period of exposure to fair value risk arising from changes in the benchmark interest rate, the interest rate revision interval, and the interest rate revision date) are assumed to be the same, and the Group confirms that an economic relationship exists between the hedged item and the hedging instrument that fully or nearly fully offsets changes in fair value from the inception of the transaction to the maturity date.

(ii) Foreign currency risk

In accordance with its foreign currency risk management policy, the Group hedges the foreign currency risk arising from its net investments in foreign operations through forward exchange contracts. The hedges are designated as components of the foreign exchange fluctuations of the partially designated balances of the hedged foreign operations, and the Group confirms that an economic relationship exists between the hedged item and the hedging instrument that fully offsets the changes in fair value from the hedge inception date through the end of the transaction.

(b) Effect of hedge accounting in the consolidated statement of financial position

The carrying amounts of hedging instruments are as follows.

(Millions of Yen)

| Risk category | Type of hedging relationship | As at March 31, 2024 | |
|------------------|--|----------------------|-------------|
| | | Assets | Liabilities |
| Interest rate | Fair value hedge | 2,727 | 475 |
| | Cash flow hedge | 1,720 | 960 |
| Foreign currency | Hedge of a net investment in a foreign operation | 230 | 200 |

Hedging instruments designated as hedges are included in "Other financial assets" and "Other financial liabilities" in the consolidated statement of financial position.

(c) Effect of hedge accounting in the consolidated statement of income and consolidated statement of comprehensive income

(i) Fair value hedge

The carrying amount of the hedged item and the accumulated fair value hedge adjustment on the hedged item are as follows.

(Millions of Yen)

| Risk category | Account | As at March 31, 2024 | |
|---------------|-------------------------------------|----------------------|---|
| | | Carrying amount | Accumulated fair value hedge adjustment |
| Interest rate | Trade and other accounts receivable | 374,877 | 2,252 |

(ii) Cash flow hedge

The amounts recognized in other components of equity for ongoing cash flow hedges are as follows.

(Millions of Yen)

| Risk category | As at March 31, 2024 |
|---------------|----------------------|
| Interest rate | (2,296) |

(iii) Hedge of a net investment in a foreign operation

The amounts recognized in other components of equity for ongoing hedges of net investments in foreign operations are as follows.

(Millions of Yen)

| Risk category | As at March 31, 2024 |
|------------------|----------------------|
| Foreign currency | 420 |

7. Fair Value Measurement

(1) 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.

(Millions of Yen)

| | As at March 31, 2023 | | | |
|---|----------------------|---------|-----------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Trade and other accounts receivable | — | 72,146 | 596,760 | 668,906 |
| Assets related to securities business | 173,066 | 92,097 | 5,578 | 270,741 |
| Other financial assets | 26 | 227,839 | 17,122 | 244,987 |
| Operational investment securities and other investment securities | | | | |
| Financial assets measured at FVTPL | 74,775 | 260,772 | 942,774 | 1,278,321 |
| Equity instruments measured at FVTOCI | 27,045 | 248 | 2,603 | 29,896 |
| Debt instruments measured at FVTOCI | 580,166 | 164,332 | 73,123 | 817,621 |
| Total | 855,078 | 817,434 | 1,637,960 | 3,310,472 |
| Bonds and loans payable | — | — | 52,020 | 52,020 |
| Trade and other accounts payable | — | — | 5,482 | 5,482 |
| Liabilities related to securities business | 48,289 | 32,367 | 4,369 | 85,025 |
| Customer deposits for banking business | — | 118,322 | 145,940 | 264,262 |
| Other financial liabilities | 219 | 279,900 | 41,997 | 322,116 |
| Total | 48,508 | 430,589 | 249,808 | 728,905 |

(Millions of Yen)

| | As at March 31, 2024 | | | |
|---|----------------------|-----------|-----------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Trade and other accounts receivable | — | 73,445 | 667,213 | 740,658 |
| Assets related to securities business | 243,707 | 178,927 | 8,278 | 430,912 |
| Other financial assets | 15 | 278,545 | 15,049 | 293,609 |
| Operational investment securities and other investment securities | | | | |
| Financial assets measured at FVTPL | 87,685 | 364,394 | 1,096,785 | 1,548,864 |
| Equity instruments measured at FVTOCI | 30,241 | 216 | 2,646 | 33,103 |
| Debt instruments measured at FVTOCI | 360,271 | 156,924 | 86,764 | 603,959 |
| Total | 721,919 | 1,052,451 | 1,876,735 | 3,651,105 |
| Bonds and loans payable | — | — | 53,507 | 53,507 |
| Trade and other accounts payable | — | — | 2,342 | 2,342 |
| Liabilities related to securities business | 127,952 | 92,570 | 4,493 | 225,015 |
| Customer deposits for banking business | — | 153,589 | 326,270 | 479,859 |
| Other financial liabilities | 1 | 350,365 | 61,553 | 411,919 |
| Total | 127,953 | 596,524 | 448,165 | 1,172,642 |

In addition to the above, assets related to crypto assets classified as Level 1 amounted to ¥52,503 million and ¥162,201 million as at March 31, 2023 and 2024, respectively, and assets related to crypto assets classified as Level 2 amounted to ¥49,256 million as at March 31, 2024, and are included in "Inventories" and "Other assets" in the consolidated statement of financial position.

Furthermore, liabilities related to crypto assets classified as Level 1 amounted to ¥39,941 million and ¥183,084 million as at March 31, 2023 and 2024, respectively, and are included in "Other liabilities" in the consolidated statement of financial position.

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

(Millions of Yen)

| | As at March 31, 2023 | | | |
|---|----------------------|------------|-----------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Trade and other accounts receivable | — | 5,607,935 | 4,247,826 | 9,855,761 |
| Assets related to securities business | — | 4,246,541 | — | 4,246,541 |
| Other financial assets | — | 193,095 | 19,804 | 212,899 |
| Operational investment securities and other investment securities | 121,967 | 45,512 | 285,906 | 453,385 |
| Total | 121,967 | 10,093,083 | 4,553,536 | 14,768,586 |
| Bonds and loans payable | — | 2,856,192 | 762,897 | 3,619,089 |
| Trade and other accounts payable | — | 477,194 | — | 477,194 |
| Liabilities related to securities business | — | 3,803,224 | — | 3,803,224 |
| Customer deposits for banking business | — | 7,859,376 | 3,346,470 | 11,205,846 |
| Other financial liabilities | — | 273,034 | — | 273,034 |
| Total | — | 15,269,020 | 4,109,367 | 19,378,387 |

(Millions of Yen)

| | As at March 31, 2024 | | | |
|---|----------------------|------------|-----------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Trade and other accounts receivable | — | 6,110,992 | 4,846,964 | 10,957,956 |
| Assets related to securities business | — | 5,734,458 | — | 5,734,458 |
| Other financial assets | — | 236,306 | 37,280 | 273,586 |
| Operational investment securities and other investment securities | 121,777 | 47,677 | 330,961 | 500,415 |
| Total | 121,777 | 12,129,433 | 5,215,205 | 17,466,415 |
| Bonds and loans payable | — | 3,861,071 | 557,824 | 4,418,895 |
| Trade and other accounts payable | — | 654,229 | — | 654,229 |
| Liabilities related to securities business | — | 5,302,291 | — | 5,302,291 |
| Customer deposits for banking business | — | 8,417,598 | 4,098,966 | 12,516,564 |
| Other financial liabilities | — | 459,386 | — | 459,386 |
| Total | — | 18,694,575 | 4,656,790 | 23,351,365 |

(2) 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:

| | As at March 31, 2023 | | |
|---|--|---|--|
| | Valuation Technique | Unobservable Input | Range |
| Trade and other accounts receivable | Income approach | Discount rate Recovery rate | 0.6%—16.9% 0.0%—100.0% |
| Assets related to securities business | Market approach | Stock volatility Correlation (Foreign Exchange/Interest Rate) | 12.2%—71.4% (4.4%)—4.7% |
| Other financial assets | Market approach and income approach | Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Discount rate Prepayment rates Probability of default Recovery rate | 29.0%—85.0% 8.0%—38.0% 0.8%—1.2% 0.1%—14.2% 0.4%—0.7% 0.0%—74.0% |
| Operational investment securities and other investment securities | Market approach, cost approach and income approach | Discount rate P/E ratio EBITDA ratio Illiquidity discount Prepayment rates Probability of default Recovery rate | 0.3%—65.0% 1.5—45.2 25.0—40.0 10.0%—25.0% 0.0%—27.5% 0.0%—2.6% 0.0%—100.0% |
| Bonds and loans payable | Income approach | Discount rate | 0.0%—0.2% |
| Trade and other accounts payable | Income approach | Discount rate | 0.8% |
| Liabilities related to securities business | Market approach | Stock volatility Correlation (Foreign Exchange/Interest Rate) | 12.2%—71.4% (4.4%)—4.7% |
| Customer deposits for banking business | Income approach | Discount rate | 0.0%—0.2% |
| Other financial liabilities | Market approach and income approach | Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Recovery rate | 29.0%—85.0% 8.0%—38.0% 35.0%—74.0% |

| | As at March 31, 2024 | | |
|---|--|--|--|
| | Valuation Technique | Unobservable Input | Range |
| Trade and other accounts receivable | Income approach | Discount rate Recovery rate | 0.5%—16.9% 80.0% |
| Assets related to securities business | Market approach | Stock volatility Correlation (Foreign Exchange/Interest Rate) | 14.7%—90.4% (4.2%)—9.0% |
| Other financial assets | Market approach and income approach | Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Discount rate Prepayment rates Probability of default Recovery rate | 29.0%—85.0% 8.0%—38.0% 1.2%—1.2% 0.0%—10.5% 1.1% 0.0%—74.0% |
| Operational investment securities and other investment securities | Market approach, cost approach and income approach | Discount rate P/E ratio Price to sales ratio EBITDA ratio Minority discount Illiquidity discount Prepayment rates Probability of default Recovery rate | 0.4%—65.0% 1.5—45.2 7.7—10.6 10.6—40.0 8.3% 20.0%—25.0% 2.4%—20.0% 0.0%—3.7% 0.0%—100.0% |
| Bonds and loans payable | Income approach | Discount rate | 0.0%—0.1% |
| Trade and other accounts payable | Income approach | Discount rate | 1.1% |
| Liabilities related to securities business | Market approach | Stock volatility Correlation (Foreign Exchange/Interest Rate) | 14.7%—90.4% (4.2%)—9.0% |
| Customer deposits for banking business | Income approach | Discount rate | 0.0%—0.1% |
| Other financial liabilities | Market approach and income approach | Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Recovery rate | 29.0%—85.0% 8.0%—38.0% 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), when the volatility increase (decrease) 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 price to sales ratio increases (decreases), when the EBITDA ratio increases (decreases), when the minority discount decreases (increases), 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 measured at fair value on a recurring basis is presented as follows:

(Millions of Yen)

| For the year ended March 31, 2023 | 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 | | | | |
| Balance as at April 1, 2022 | 848,015 | 2,555 | 73,325 | 923,895 | 497,355 | 10,874 | 10,806 |
| Acquisitions through business combinations | 366 | — | — | 366 | 6,269 | — | 6,447 |
| Purchase and issuance | 229,016 | — | 8,220 | 237,236 | 274,167 | — | — |
| Comprehensive income | | | | | | | |
| Net profit (Note 1) | 38,532 | — | 5,315 | 43,847 | 8,932 | (1,156) | 3,526 |
| Other comprehensive income (Note 2) | — | 123 | (578) | (455) | — | — | — |
| Dividends | (13,332) | — | — | (13,332) | — | — | — |
| Sale or redemption | (140,570) | (79) | (13,159) | (153,808) | — | (3,800) | — |
| Settlements | — | — | — | — | (189,963) | (303) | (3,657) |
| Currency translation differences | 6,926 | 4 | — | 6,930 | — | — | — |
| Others | (736) | — | — | (736) | — | — | — |
| Transferred from Level 3 (Note 3) | (25,443) | — | — | (25,443) | — | (37) | — |
| Balance as at March 31, 2023 | 942,774 | 2,603 | 73,123 | 1,018,500 | 596,760 | 5,578 | 17,122 |

| For the year ended March 31, 2023 | Liabilities | | | | |
|--|-------------------------|----------------------------------|--|--|-----------------------------|
| | Bonds and loans payable | Trade and other accounts payable | Liabilities related to securities business | Customer deposits for banking business | Other financial liabilities |
| Balance as at April 1, 2022 | 53,369 | 21,277 | 3,669 | 138,493 | 15,952 |
| Acquisitions through business combinations | — | — | — | — | 6,269 |
| Purchase and issuance | — | — | — | 1,000 | — |
| Comprehensive income | | | | | |
| Net profit (Note 1) | (870) | (6,540) | 888 | 7,107 | 21,195 |
| Other comprehensive income (Note 2) | 21 | — | — | 40 | — |
| Dividends | — | — | — | — | — |
| Sale or redemption | — | — | — | — | — |
| Settlements | (500) | — | (188) | (700) | (1,419) |
| Currency translation differences | — | 8 | — | — | — |
| Others | — | (9,263) | — | — | — |
| Transferred from Level 3 (Note 3) | — | — | — | — | — |
| Balance as at March 31, 2023 | 52,020 | 5,482 | 4,369 | 145,940 | 41,997 |

(Millions of Yen)

| For the year ended March 31, 2024 | 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 | | | | |
| Balance as at April 1, 2023 | 942,774 | 2,603 | 73,123 | 1,018,500 | 596,760 | 5,578 | 17,122 |
| Acquisitions through business combinations | 37 | 0 | — | 37 | — | — | — |
| Purchase and issuance | 398,176 | — | 27,488 | 425,664 | 207,248 | — | — |
| Comprehensive income | | | | | | | |
| Net profit (Note 1) | 12,021 | — | 11,179 | 23,200 | 27,385 | 2,195 | (1,525) |
| Other comprehensive income (Note 2) | — | 60 | 1,243 | 1,303 | — | — | — |
| Dividends | (18,407) | — | — | (18,407) | — | — | — |
| Sale or redemption | (245,936) | (48) | (26,269) | (272,253) | — | — | — |
| Settlements | — | — | — | — | (164,180) | 513 | (548) |
| Currency translation differences | 18,762 | 31 | — | 18,793 | — | — | — |
| Others | 676 | — | — | 676 | — | — | — |
| Transferred from Level 3 (Note 3) | (11,318) | — | — | (11,318) | — | (8) | — |
| Balance as at March 31, 2024 | 1,096,785 | 2,646 | 86,764 | 1,186,195 | 667,213 | 8,278 | 15,049 |

| For the year ended March 31, 2024 | Liabilities | | | | |
|--|-------------------------|----------------------------------|--|--|-----------------------------|
| | Bonds and loans payable | Trade and other accounts payable | Liabilities related to securities business | Customer deposits for banking business | Other financial liabilities |
| Balance as at April 1, 2023 | 52,020 | 5,482 | 4,369 | 145,940 | 41,997 |
| Acquisitions through business combinations | — | — | — | — | — |
| Purchase and issuance | 3,000 | 2,327 | — | 180,450 | — |
| Comprehensive income | | | | | |
| Net profit (Note 1) | (1,005) | (582) | (734) | 6 | 22,863 |
| Other comprehensive income (Note 2) | (8) | — | — | (26) | — |
| Dividends | — | — | — | — | — |
| Sale or redemption | — | — | — | — | — |
| Settlements | (500) | (2,490) | 858 | (100) | (3,307) |
| Currency translation differences | — | 371 | — | — | — |
| Others | — | (2,766) | — | — | — |
| Transferred from Level 3 (Note 3) | — | — | — | — | — |
| Balance as at March 31, 2024 | 53,507 | 2,342 | 4,493 | 326,270 | 61,553 |

Notes:

- 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 and liabilities measured at FVTPL held as at March 31, 2023 and 2024 were ¥26,680 million and ¥14,337 million of gains, respectively.
- Gains and losses recognized as other comprehensive income (loss) are included in "Equity instruments measured at FVTOCI", "Debt instruments measured at FVTOCI", or "Changes in own credit risk on financial liabilities" in the consolidated statement of comprehensive income.
- Transfer due to significant input used to measure the fair value becoming observable.

8. Financial Risk Management

(1) Risk management policy over capital management and financing

In order to maintain financial strength, the Group has basic capital management policies to maintain an appropriate level of capital and debt equity structure.

The balances of interest-bearing debt (Bonds and loans payable), cash and cash equivalents and equity attributable to owners of the Company which the Group manages were as follows:

(Millions of Yen)

| | As at March 31, 2023 | As at March 31, 2024 |
|--|-------------------------|-------------------------|
| Interest-bearing debt (Bonds and loans payable) | 3,680,355 | 4,477,079 |
| Cash and cash equivalents | (3,200,916) | (4,580,335) |
| Net | 479,439 | (103,256) |
| Equity attributable to owners of the Company | 1,016,112 | 1,262,209 |

Pursuant to the Financial Instruments and Exchange Act (“FIEA”), Banking Act, and Insurance Business Act of Japan, domestic subsidiaries of the Group are obligated to maintain a certain level of capital adequacy ratio.

Capital adequacy regulations under which main domestic subsidiaries of the Group are obligated are as follows:

1. SBI SECURITIES Co., Ltd. is required to maintain a certain level of capital-to-risk ratio set forth under the FIEA. If the ratio falls below 120%, the Financial Services Agency (“FSA”) may order changes to operational methods and other changes.
2. SBI Shinsei Bank, Limited is required to maintain a capital adequacy ratio at the level stipulated by the Banking Act, and if the capital adequacy ratio falls below 4%, the FSA can issue early corrective measures, including submission of a business improvement plan, a business improvement order, or a business suspension order.
3. SBI Life Insurance Co., Ltd., SBI Insurance Co., Ltd. and companies that manage the small-amount short-term insurance of our corporate group are required to maintain a certain level of Solvency Margin Ratio in conformity with the Insurance Business Act of Japan. If the Solvency Margin Ratio falls below 200%, the FSA may order submission and implementation of a reasonable improvement plan for sound management.

SBI Savings Bank, SBI LY HOUR BANK and SBI Bank LLC, which are overseas subsidiaries, are obligated to maintain a certain level of capital adequacy ratio in conformity with the local laws and regulatory authorities. If the capital adequacy ratio falls below a certain level, they may be subject to administrative penalties or other actions.

The Group engages in a wide range of finance related businesses, such as financial services business (securities business, banking business, insurance business and other financial services business), asset management business, investment business and crypto-asset business, and each company avoids 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, 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, currency options, interest rate swaps, listed derivatives and margin trading. The Group enters into these transactions primarily to provide products and services to customers and for hedging purposes. The scale and amount of risk in these transactions are managed through a risk management process, including the establishment of maximum limits to ensure that they are not excessive in consideration of the financial condition.

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.

The Group is mainly exposed to the following risks over financial instruments:

- Credit risk
- Market risk
- Liquidity risk

(2) Risks arising from financial instruments

Financial assets held by the Group primarily consist of investment-related assets, securities-related assets and financing-related assets.

Investment-related assets include operational investment securities, other investment securities, and investments in associates which primarily represent investments in stocks and funds. These assets are held for the purpose of fostering the development of venture capital portfolio companies or earning capital gains. These assets are exposed to the issuer’s credit risk and the stock price fluctuation risk. Furthermore, unlisted equity securities are exposed to liquidity risk and investment assets denominated in foreign currency are exposed to the risk of foreign exchange fluctuations. The Group uses hedging transactions and other means to control risks.

Securities-related assets consist of cash segregated as deposits, margin transaction assets, trading instruments, trade date accrual, and short-term guarantee deposits. These assets are exposed to the credit risk and the interest rate risk of the brokerage customers of the Group and financial institutions. Trading instruments are exposed to the credit risk of issuers and the risk of market price fluctuation.

Financing-related assets consist of operational loans receivable. These assets mainly include corporate loans, non-recourse real estate loans, project finance, housing loans for individuals, unsecured loans, and other receivables. These assets are exposed to credit risk of accounts and business, such as default due to worsening economic conditions with higher credit risk exposure, and interest rate risk. Financing-related assets are presented as “trade and other accounts receivable” in the consolidated statement of financial position.

Financial liabilities of the Group primarily consist of loans payable, bonds payable, customer deposits for the banking business and securities-related liabilities. The loans payable of the Group are exposed to liquidity risk from changes in the pricing policy of the financial institutions to the Group. Also, the bonds payable are exposed to liquidity risk that restricts the Group’s ability to raise funds due to changes in market conditions or the lowering of the credit rating of the Group. Customer deposits for the banking business are important financing arrangements and are managed considering adequate safety but are exposed to liquidity risk which makes it difficult to arrange requisite finance

due to withdrawals or other reasons.

Securities-related liabilities consist of margin transaction liabilities, loans payable secured by securities on repurchase agreement transactions, deposits from customers, guarantee deposits received from margin transactions, and trade date accrual. The financing environment of the security business operated by the Group is affected by changes in the business policy of financial institutions and the investment strategy. The Group exercises control by matching the financing with the related security assets.

The Group enters into foreign currency forward contracts and currency option transactions primarily to hedge the risk of short-term foreign exchange fluctuations relating to the settlement of foreign currency denominated receivables and payables and purchase and sale transactions of securities denominated in foreign currencies. The Group enters into interest rate swap contracts to manage its interest rate exposures on borrowings and investment interest, respectively.

Because the counterparties of foreign currency forward contracts, currency option and interest rate swap agreements are limited to creditworthy major Japanese financial institutions and listed derivatives are traded in the public market, the credit risk arising from default is considered to be minimal.

(3) Risk management system over financial instruments

The Company assigns a risk management officer who is in charge of risk management and sets up a risk management department in line with the risk management rules and the group management rules in order to properly analyze and control these risks. The risk management department analyzes and monitors the Group's risk on a timely basis.

(4) Credit risk management

(a) Credit risk management practices

(i) Credit risks regarding financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts

Credit risk is the risk that the Group will incur financial losses resulting from a business partner with credit granted by the Group defaulting on its debt. Credit risk management practices for financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts are as follows.

Receivables are classified into the following three stages and loss allowance is recognized based on changes in and levels of credit risk since their initial recognition:

- For receivables with a low credit risk at the reporting date, or receivables whose credit risk is not low but has not increased significantly since initial recognition, 12-month expected credit losses are recognized as a loss allowance.
- If there is no "credit impairment" but "credit risk has increased significantly" since the initial recognition, the lifetime expected credit losses are recognized as a loss allowance.
- In the case of "credit impairment", the lifetime expected credit losses are recognized as a loss allowance.

Credit risk is assessed based on changes in default risk on relevant financial instruments. The credit risk assessment is performed using internal or external credit ratings of financial instruments, as well as reasonable and supportable information that can be used without undue cost or efforts, such as past due information. For instance, for financial instruments that are categorized as investment grade by an external credit rating

organization, or financial instruments whose internal credit rating corresponds with the internationally-accepted definition of low credit risk, such financial instruments are considered to have low credit risk. The Company determines a "significant increase in credit risk" when the credit risk deteriorates from a "low credit risk" condition or when the credit risk was not low at initial recognition but the credit rating has declined or a certain amount of time has passed since the due date. For instance, such financial instruments include those whose credit rating has been downgraded from investment grade to non-investment grade, or for which a certain delinquency period has passed. In addition, if an incident that could have an adverse impact on estimated future cash flows occurs, financial instruments that are linked to such incidents are determined as credit-impaired financial instruments. Evidence that a financial asset is "Credit-impaired" includes:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties
- Meeting the criteria for classification as delinquent by the regulatory authorities of various countries

Default includes the case where the delinquency period is 90 days or more as of the reporting date, the case where the terms and conditions are revised to give certain concessions to the debtor, the case where the possibility of business failure is recognized as significant, the case where legal or formal business failure has occurred, and the case where substantial business failure has occurred although legal or formal business failure has not occurred.

Based on these assumptions, expected credit losses are measured as unbiased, probability-weighted expected loss amounts, reflecting the time value of money, based on available, reasonable and supportable information about past events, current conditions and projected future economic conditions. Specifically, after grouping based on common credit risk characteristics such as instrument type, credit rating, and collateral value, expected credit losses are measured for each grouping unit using the probability of default (PD), loss given default (LGD), and exposure at default (EAD) as inputs for financial assets in each of the aforementioned stages in the future 12 months or for a lifetime period. The expected credit losses on certain significant financial assets are measured separately using the discounted cash flow (DCF) method, and credit-impaired financial assets are measured and applied with a separate loss ratio.

In measuring expected credit losses, as future forecast considerations, the Group estimates future default probabilities using a PD model based on correlations with macroeconomic indicators such as real GDP and the unemployment rate and multiple economic forecast scenarios (base, upside, and downside), and reflects these probability-weighted estimates in expected credit losses.

If the Company does not have a reasonable expectation of recovering a given financial asset, the gross carrying amount of the financial asset is written off directly. Such financial assets include claims on debtors who are legally or formally insolvent and claims on debtors who are not legally or formally insolvent but are

substantially insolvent. However, there are cases where such directly written-off financial assets will be recovered through external sales.

(ii) Credit risks relating to other financial assets

Credit risks relating to other financial assets are the risk that the Group may suffer losses from decrease or losses of assets due to deteriorated financial conditions of investees/debtors. Credit risk includes country risk that the Group may suffer losses from changes in the currency, political or economic circumstances of a country where investees/debtors operate.

Credit risk management policies of the Group are as follows:

- Accurately analyze financial conditions of investees/debtors and quantify relevant credit risk.

- Appropriately manage the Group's own capital and the related risks by periodic monitoring.
- Under foreign investments or lending transactions, the Group identifies intrinsic risk of investees/debtors with domestic/foreign offices as well as overseas partners followed by periodic monitoring.
- Recognize investment risk as significant risk to be controlled among various credit risks and perform detailed analysis of fluctuation in risk associated with operational investment securities.

The Group operates in accordance with the above risk management policies. Subsidiaries which provide credits to corporate or individual customers as a part of their business are appropriately monitored in accordance with their respective policies.

(b) Quantitative and qualitative information regarding amounts arising from expected credit losses

The movement of loss allowance is as follows:

(Millions of Yen)

| | 12-month expected credit losses | Lifetime expected credit losses | | | Purchased or originated credit-impaired financial asset | Total |
|---|---------------------------------|-------------------------------------|-----------------|-------------------|---|----------|
| | | Significantly increased credit risk | | Trade receivables | | |
| | | Not credit-impaired | Credit-impaired | | | |
| As at April 1, 2022 | 70,853 | 20,833 | 38,715 | 11 | — | 130,412 |
| New financial assets originated or purchased | 60,095 | — | — | 3 | 9,961 | 70,059 |
| Derecognition of financial assets | (31,000) | (13,142) | (31,340) | — | — | (75,482) |
| Transfer | | | | | | |
| Transfer to lifetime expected credit losses | (16,021) | 24,308 | 295 | — | — | 8,582 |
| Transfer to credit - impaired financial assets | (3,455) | 4,796 | 42,845 | — | — | 44,186 |
| Transfer to 12-month expected credit losses | 1,483 | (4,722) | (269) | — | — | (3,508) |
| Write-offs | (2,952) | (633) | (15,750) | — | (1,760) | (21,095) |
| Changes in model/risk variables | (4,510) | (6,423) | 18,625 | (3) | 2,458 | 10,147 |
| Foreign currency translation adjustment on foreign operations | 611 | 802 | 27 | — | — | 1,440 |
| As at March 31, 2023 | 75,104 | 25,819 | 53,148 | 11 | 10,659 | 164,741 |
| New financial assets originated or purchased | 76,003 | — | — | 16 | 4,491 | 80,510 |
| Derecognition of financial assets | (42,519) | (22,369) | (24,218) | — | — | (89,106) |
| Transfer | | | | | | |
| Transfer to lifetime expected credit losses | (19,552) | 27,481 | (911) | — | — | 7,018 |
| Transfer to credit - impaired financial assets | (3,709) | 3,733 | 50,404 | — | — | 50,428 |
| Transfer to 12-month expected credit losses | 4,283 | (11,655) | (1,659) | — | — | (9,031) |
| Write-offs | (3,192) | (1,121) | (19,174) | — | (2,504) | (25,991) |
| Changes in model/risk variables | 3,315 | (7,684) | 12,890 | (2) | 1,731 | 10,250 |
| Foreign currency translation adjustment on foreign operations | 4,367 | 1,425 | 2,884 | — | — | 8,676 |
| As at March 31, 2024 | 94,100 | 15,629 | 73,364 | 25 | 14,377 | 197,495 |

The primary increase in the “12-month expected credit losses” under “New financial assets originated or purchased” for the years ended March 31, 2023 and 2024 is due to an increase in normal receivables.

The total amount of undiscounted expected credit losses at initial recognition on purchased or originated credit - impaired financial assets are ¥34,115 million and ¥24,977 million as at March 31, 2023 and 2024, respectively.

The amount of loss allowance for loan commitments with an

unused portion amounted to ¥1,319 million and ¥1,911 million as at March 31, 2023 and 2024, respectively. The loss allowance on financial guarantee contracts were ¥1,827 million and ¥1,855 million as at March 31, 2023 and 2024, respectively.

Financial assets that have been written off during the years ended March 31, 2023 and 2024, and are still subject to enforcement activities amounted to ¥33,038 million and ¥42,142 million, respectively.

(c) Credit risk exposure

The loans in the banking business included in "Trade and other accounts receivable" by industry are as follows:

(Millions of Yen)

| | As at March 31, 2023 | As at March 31, 2024 |
|--|-------------------------|-------------------------|
| Manufacturing | 397,702 | 385,781 |
| Agriculture and forestry | 2,300 | 1,365 |
| Fishery | 401 | 340 |
| Mining, quarrying of stone, gravel extraction | 357 | 459 |
| Construction | 57,486 | 52,283 |
| Electricity, gas, heating, water | 499,064 | 548,766 |
| Information and communication | 66,076 | 62,812 |
| Transportation, postal services | 237,396 | 244,509 |
| Wholesale and retail trade | 293,162 | 281,495 |
| Finance and insurance | 1,303,452 | 1,205,453 |
| Real estate | 950,979 | 1,175,197 |
| Services | 603,186 | 679,401 |
| Japanese local governments, government-affiliated organizations, and local public corporations, etc. | 259,563 | 547,660 |
| Individuals and others | 5,383,392 | 5,942,127 |
| Total | 10,054,516 | 11,127,648 |

The amount of the Group's maximum exposure to credit risk are as follows:

(Millions of Yen)

| As at March 31, 2023 | 12-month expected credit losses | Lifetime expected credit losses | | | Purchased or originated credit-impaired financial asset | Financial instruments to which impairment requirements do not apply | Total |
|--|---------------------------------|-------------------------------------|-----------------|-------------------|---|---|------------|
| | | Significantly increased credit risk | | Trade receivables | | | |
| | | Not credit-impaired | Credit-impaired | | | | |
| Cash and cash equivalents | 3,200,916 | — | — | — | — | — | 3,200,916 |
| Trade and other accounts receivable | | | | | | | |
| Banking (domestic) (Note 1) | | | | | | | |
| Normal Obligors | | | | | | | |
| Credit to Corporate | 4,640,453 | 52,193 | — | — | — | 384,076 | 5,076,722 |
| Credit to Individual | 6,642 | — | — | — | — | — | 6,642 |
| Others (Note 2) | 2,803,403 | 15,660 | — | — | — | — | 2,819,063 |
| Need Caution Obligors | | | | | | | |
| Credit to Corporate | 37,723 | 32,270 | — | — | — | 96,860 | 166,853 |
| Credit to Individual | — | — | — | — | — | — | — |
| Others (Note 2) | 2,662 | 15,599 | — | — | — | — | 18,261 |
| Credit-impaired Obligors | | | | | | | |
| Credit to Corporate | 16,651 | 1,253 | 18,092 | — | — | 3,864 | 39,860 |
| Credit to Individual | — | — | — | — | — | — | — |
| Others (Note 2) | 2,544 | 507 | 80,040 | — | 29,950 | — | 113,041 |
| Others (no obligor classification) | 280,092 | — | — | — | — | 119,770 | 399,862 |
| Banking (overseas) | | | | | | | |
| Credit to Individual (Note 3) | | | | | | | |
| Group A | 98,668 | 140 | 710 | — | — | — | 99,518 |
| Group B | 423,643 | 29,724 | 3,987 | — | — | — | 457,354 |
| Group C or less | 40,241 | 68,571 | 28,100 | — | — | — | 136,912 |
| Credit to Corporate (external rating) (Note 3) | | | | | | | |
| Group A | 145,012 | — | — | — | — | — | 145,012 |
| Group B | 97,329 | 13,100 | 2,869 | — | — | — | 113,298 |
| Group C or less | 1,967 | — | 374 | — | — | — | 2,341 |
| Credit to Corporate | | | | | | | |
| No overdue information | 382,886 | 40,466 | 10,125 | — | — | — | 433,477 |
| One or more delinquents | — | 6,233 | 18,995 | — | — | — | 25,228 |
| Others (no obligor classification) | — | 1,072 | — | — | — | — | 1,072 |
| Others | 502,606 | 3,467 | 12,404 | 11,634 | — | 64,336 | 594,447 |
| Loss allowance | (75,104) | (25,819) | (53,148) | (11) | (10,659) | — | (164,741) |
| Total | 9,407,418 | 254,436 | 122,548 | 11,623 | 19,291 | 668,906 | 10,484,222 |
| Assets related to securities business | 4,245,853 | — | 688 | — | — | 270,741 | 4,517,282 |
| Other financial assets | 274,964 | — | — | — | — | 244,987 | 519,951 |
| Other investment securities (external rating) | | | | | | | |
| BBB or above | 811,503 | — | — | — | — | — | 811,503 |
| Less than BBB | 120 | — | — | — | — | — | 120 |
| Unrated | 459,380 | — | — | — | — | 726,853 | 1,186,233 |
| Total | 1,271,003 | — | — | — | — | 726,853 | 1,997,856 |

(Millions of Yen)

| As at March 31, 2024 | 12-month expected credit losses | Lifetime expected credit losses | | | Purchased or originated credit-impaired financial asset | Financial instruments to which impairment requirements do not apply | Total |
|--|---------------------------------|-------------------------------------|-----------------|-------------------|---|---|------------|
| | | Significantly increased credit risk | | Trade receivables | | | |
| | | Not credit-impaired | Credit-impaired | | | | |
| Cash and cash equivalents | 4,580,335 | — | — | — | — | — | 4,580,335 |
| Trade and other accounts receivable | | | | | | | |
| Banking (domestic) (Note 1) | | | | | | | |
| Normal Obligors | | | | | | | |
| Credit to Corporate | 5,219,202 | 115,558 | — | — | — | 434,586 | 5,769,346 |
| Credit to Individual | 11,697 | — | — | — | — | — | 11,697 |
| Others (Note 2) | 3,099,616 | 5 | — | — | — | — | 3,099,621 |
| Need Caution Obligors | | | | | | | |
| Credit to Corporate | 37,403 | 43,193 | — | — | — | 114,152 | 194,748 |
| Credit to Individual | — | — | — | — | — | — | — |
| Others (Note 2) | 3,083 | 18,573 | — | — | — | — | 21,656 |
| Credit-impaired Obligors | | | | | | | |
| Credit to Corporate | 1,202 | 986 | 8,554 | — | 2,473 | 9,133 | 22,348 |
| Credit to Individual | — | — | — | — | — | — | — |
| Others (Note 2) | 461 | 632 | 41,744 | — | 69,837 | — | 112,674 |
| Others (no obligor classification) | 462,388 | — | — | — | — | 114,315 | 576,703 |
| Banking (overseas) | | | | | | | |
| Credit to Individual (Note 3) | | | | | | | |
| Group A | 116,225 | 1,700 | 528 | — | — | — | 118,453 |
| Group B | 452,078 | 7,475 | 1,942 | — | — | — | 461,495 |
| Group C or less | 66,217 | 24,648 | 25,679 | — | — | — | 116,544 |
| Credit to Corporate (external rating) (Note 3) | | | | | | | |
| Group A | 119,820 | — | 158 | — | — | — | 119,978 |
| Group B | 69,767 | 12,103 | 7,292 | — | — | — | 89,162 |
| Group C or less | 1,279 | — | 158 | — | — | — | 1,437 |
| Credit to Corporate | | | | | | | |
| No overdue information | 324,358 | 20,811 | 14,431 | — | — | — | 359,600 |
| One or more delinquents | — | 5,879 | 45,614 | — | — | — | 51,493 |
| Others (no obligor classification) | — | 692 | — | — | — | — | 692 |
| Others | 573,678 | 1,475 | 14,688 | 17,763 | — | 68,472 | 676,076 |
| Loss allowance | (94,100) | (15,629) | (73,364) | (25) | (14,377) | — | (197,495) |
| Total | 10,464,374 | 238,101 | 87,424 | 17,738 | 57,933 | 740,658 | 11,606,228 |
| Assets related to securities business | 5,733,822 | — | 636 | — | — | 430,912 | 6,165,370 |
| Other financial assets | 305,329 | — | — | — | — | 261,861 | 567,190 |
| Other investment securities (external rating) | | | | | | | |
| BBB or above | 598,334 | — | — | — | — | — | 598,334 |
| Less than BBB | 128 | — | — | — | — | — | 128 |
| Unrated | 580,347 | — | — | — | — | 909,733 | 1,490,080 |
| Total | 1,178,809 | — | — | — | — | 909,733 | 2,088,542 |

Notes:

1. The categories of Normal Obligors, Need Caution Obligors, and Credit-impaired Obligors in the banking business (domestic) are as follows:

- Normal Obligors: Debtors whose business conditions are favorable and whose financial conditions are deemed to have no particular problems
- Need Caution Obligors: Debtors requiring attention for credit control due to problems with lending conditions such as interest rate reductions and shelving, problems with repayment performance such as virtually overdue principal repayment or interest payment, problems with poor or unstable business conditions, or problems with finances
- Credit-impaired Obligors: Described in "8. Financial Risk Management (4) Credit risk Management (a) Credit risk management practices".

2. For certain financial assets for individuals, only past due information is used to assess whether credit risk has increased significantly since initial recognition. The past due status of the financial assets is as follows:

| As at March 31, 2023 | Within 30 days past due | 31-60 days past due | 61-90 days past due | Over 90 days past due | Total past due claims | Not past due | Total |
|-----------------------|-------------------------|---------------------|---------------------|-----------------------|-----------------------|--------------|-----------|
| Residential mortgages | 9,546 | 380 | 211 | 901 | 11,038 | 1,089,630 | 1,100,668 |
| Qualified revolving | 33,569 | 5,548 | 4,156 | 18,879 | 62,152 | 488,203 | 550,355 |
| Others | 89,319 | 4,724 | 1,598 | 21,526 | 117,167 | 1,171,280 | 1,288,447 |

(Millions of Yen)

| As at March 31, 2024 | Within 30 days past due | 31-60 days past due | 61-90 days past due | Over 90 days past due | Total past due claims | Not past due | Total |
|-----------------------|-------------------------|---------------------|---------------------|-----------------------|-----------------------|--------------|-----------|
| Residential mortgages | 11,900 | 521 | 464 | 674 | 13,559 | 1,209,073 | 1,222,632 |
| Qualified revolving | 23,743 | 5,094 | 4,176 | 18,525 | 51,538 | 496,725 | 548,263 |
| Others | 141,039 | 5,219 | 2,244 | 24,442 | 172,944 | 1,263,720 | 1,436,664 |

3. Credit to Individual and Credit to Corporate in the banking business (overseas) are as follows:

- Group A: A financial asset with low credit risk. In the case of an external rating, it corresponds to "investment grade".
- Group B: A financial asset that has neither low nor a high credit risk. In the case of an external rating, it falls under BBB and CCC or above.
- Group C and below: A financial asset with high or extremely high credit risk. In case of an external rating, they fall under CCC or below.

Trade and other accounts receivable include the amount recoverable by insurance or collateral. Collateral received mainly consists of real estate assets received on loan to small-middle real estate companies or individual or other assets. Evaluation on receiving collateral is made by an independent third party appraiser and the amount of the loan is determined to be filled with evaluation value. However, the value of the collateral may be inadequate due to a declining real estate market. If the Group obtains collateral assets by exercise of security interests, the Group immediately collects the loan by conducting sales or auction of the assets.

The loss allowance for credit impaired financial assets has been reduced by ¥38,126 million and ¥68,533 million by underlying collateral held as a security and other credit enhancements as at March 31, 2023 and 2024, respectively.

The Group also receives pledged financial assets under repurchase agreements, securities lending agreements, and derivative transaction agreements. Collateral assets pledged as at March 31, 2023 and 2024 totaled ¥936,134 million and ¥1,339,628 million, respectively. These collateral assets have been sold, loaned or re-secured, and the Group is obligated to return these collateral assets.

The amount of its maximum exposure to credit risk for undrawn loan commitments is as follows:

(Millions of Yen)

| As at March 31, 2023 | 12-month expected credit losses | Lifetime expected credit losses | | Total |
|-----------------------------|---------------------------------|-------------------------------------|-----------------|-----------|
| | | Significantly increased credit risk | | |
| | | Not credit-impaired | Credit-impaired | |
| Undrawn loan commitments | | | | |
| Banking business (domestic) | 1,415,491 | 7,332 | 13 | 1,422,836 |
| Banking business (overseas) | 154,290 | 3,166 | — | 157,456 |
| Others | 115,168 | 0 | 11 | 115,179 |

(Millions of Yen)

| As at March 31, 2024 | 12-month expected credit losses | Lifetime expected credit losses | | Total |
|-----------------------------|---------------------------------|-------------------------------------|-----------------|-----------|
| | | Significantly increased credit risk | | |
| | | Not credit-impaired | Credit-impaired | |
| Undrawn loan commitments | | | | |
| Banking business (domestic) | 1,754,856 | 17,501 | 58 | 1,772,415 |
| Banking business (overseas) | 91,656 | 2,911 | — | 94,567 |
| Others | 47,795 | 0 | 0 | 47,795 |

The amount of its maximum exposure to credit risk for financial guarantee contracts is as follows:

(Millions of Yen)

| As at March 31, 2023 | 12-month expected credit losses | Lifetime expected credit losses | | Total |
|-------------------------------|---------------------------------|-------------------------------------|-----------------|---------|
| | | Significantly increased credit risk | | |
| | | Not credit-impaired | Credit-impaired | |
| Financial guarantee contracts | 981,754 | 3,143 | 181 | 985,078 |

(Millions of Yen)

| As at March 31, 2024 | 12-month expected credit losses | Lifetime expected credit losses | | Total |
|-------------------------------|---------------------------------|-------------------------------------|-----------------|---------|
| | | Significantly increased credit risk | | |
| | | Not credit-impaired | Credit-impaired | |
| Financial guarantee contracts | 800,689 | 4,381 | 416 | 805,486 |

(5) Market risk management

Market risk is the risk that the Group may suffer losses from fluctuation of interest rate, stock price, foreign exchange rate or other factors.

Market risk management policies of the Group are as follows:

- (i) Understand underlying currency and term of assets and quantify market risk.
- (ii) Appropriately manage the balance between the Group's own capital and its related risk by periodic monitoring.
- (iii) Never enter into derivative transactions for speculative purposes in the absence of established operating rules.

(a) Stock Market Risk

The Group is exposed to stock market risk arising from its investment portfolio. If the market price of operational investment securities and other investment securities held by the Group as at March 31, 2023 and 2024 increased by 10%, profit before income tax expense in the consolidated statement of income would have increased by ¥7,478 million and ¥7,661 million, respectively.

(b) Foreign Exchange Risk

The Group is exposed to foreign exchange risk, mainly in USD, on assets and liabilities dominated in currencies used by various entities other than the Group's functional currency. The Group's main net exposures to foreign exchange risk are as follows:

(Millions of Yen)

| | As at March 31, 2023 | As at March 31, 2024 |
|-----|----------------------|----------------------|
| USD | (661,301) | (1,274,334) |

Foreign Currency Sensitivity Analysis

With all other variables held constant, the impact of a 1% appreciation of the USD against the functional currency on profit before income tax expense in the consolidated statement of income for the years ended March 31, 2023 and 2024 for monetary financial instruments denominated in foreign currencies held by the Group is as follows.

(Millions of Yen)

| | As at March 31, 2023 | As at March 31, 2024 |
|----------------------------------|----------------------|----------------------|
| Profit before income tax expense | (6,613) | (12,743) |

Liquidity risk arises from financial liabilities settled by transfer of cash and other financial assets. Balances of financial liabilities held by the Group by maturity are as follows:

(Millions of Yen)

| As at March 31, 2023 | Carrying amount | Contractual cash flow | Due in one year or less | Due after one year through two years | Due after two years through three years | Due after three years through four years | Due after four years through five years | Due after five years |
|--|-----------------|-----------------------|-------------------------|--------------------------------------|---|--|---|----------------------|
| Bonds and loans payable | 3,680,355 | 3,737,544 | 1,763,351 | 719,841 | 425,053 | 282,780 | 253,734 | 292,785 |
| Trade and other accounts payable | 482,677 | 483,236 | 426,808 | 10,806 | 6,193 | 2,788 | 2,343 | 34,298 |
| Liabilities related to securities business | 3,888,249 | 3,888,259 | 3,888,259 | — | — | — | — | — |
| Customer deposits for banking business | 11,472,323 | 11,573,141 | 10,360,274 | 317,229 | 653,627 | 52,765 | 74,082 | 115,164 |
| Financial guarantee contracts | — | 985,078 | 278,046 | 41,915 | 64,003 | 74,418 | 108,078 | 418,618 |

(c) Interest Rate Risk

The Group is exposed to various interest rate fluctuation risks in its business operations. Interest rate fluctuation, except for those that are hedged by hedging transactions, affects financial income arising from financial assets, which primarily consist of bank balances, money in trust held by subsidiaries in the financial services business, call loans, and loans receivable from individual and corporate customers, and also affects financial costs arising from financial liabilities, which primarily consist of borrowings from financial institutions, bonds payable, and customer deposits for the banking business.

In management's sensitivity analysis, if interest rates of financial instruments held by the Group as at March 31, 2023 and 2024 had been 100 basis points higher, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2023 and 2024 would have increased by ¥12,252 million and ¥17,543 million, respectively.

The analysis is prepared assuming the financial instruments subject to interest rate risk and all other variables were held constant throughout the years ended March 31, 2023 and 2024.

(6) Liquidity risk management

Liquidity risk is defined as the Group's exposure to the below situations:

- Necessary financing cannot be secured due to deterioration of the Group's financial condition
- Risk of loss from financing at higher interest rate than usual with no option
- Risk of loss from transaction at significantly unreasonable price with no option or unable to conduct transactions due to severe situation such as market turmoil.

The Group manages its liquidity risk through the following policies.

- (a) Secure various financing arrangements such as bank overdraft facility, bond issuance registration or stock issuance.
- (b) Collect information on the Group's working capital requirement and understand the cash flow positions.
- (c) Obtain reports from the department responsible for cash management based upon the liquidity risk management policies stated in (a) and (b) above to monitor cash flow risks.

(Millions of Yen)

| As at March 31, 2024 | Carrying amount | Contractual cash flow | Due in one year or less | Due after one year through two years | Due after two years through three years | Due after three years through four years | Due after four years through five years | Due after five years |
|--|-----------------|-----------------------|-------------------------|--------------------------------------|---|--|---|----------------------|
| Bonds and loans payable | 4,477,079 | 4,546,492 | 1,915,057 | 531,506 | 487,311 | 1,009,803 | 168,310 | 434,505 |
| Trade and other accounts payable | 656,571 | 656,163 | 603,796 | 9,795 | 3,688 | 2,727 | 2,407 | 33,750 |
| Liabilities related to securities business | 5,527,306 | 5,527,315 | 5,527,315 | — | — | — | — | — |
| Customer deposits for banking business | 13,002,239 | 13,097,673 | 11,291,156 | 600,503 | 438,897 | 68,552 | 576,632 | 121,933 |
| Financial guarantee contracts | — | 805,486 | 78,949 | 46,182 | 67,658 | 83,836 | 118,408 | 410,453 |

The Group entered into line of credit agreements (e.g., overdraft facilities) with leading domestic and overseas financial institutions to ensure an efficient operating funds procurement and to mitigate liquidity risk.

Contractual amounts and used amounts of overdraft facilities as at each reporting date are as follows:

| | (Millions of Yen) | |
|-----------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Lines of credit | 663,757 | 746,910 |
| Used balance | 159,801 | 245,117 |
| Unused portion | 503,956 | 501,793 |

9. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2023 and 2024, consisted of the following:

| | (Millions of Yen) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Trade accounts receivable and installment receivables | 1,093,991 | 1,245,648 |
| Loans receivable | 8,933,054 | 9,817,380 |
| Operational receivables | 76,812 | 132,290 |
| Finance lease receivables | 208,250 | 223,914 |
| Deposits | 124,059 | 125,117 |
| Others | 48,056 | 61,879 |
| Total | 10,484,222 | 11,606,228 |

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2023 and 2024, consisted of the following:

| | (Millions of Yen) | |
|----------------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| No later than 1 year | 2,604,629 | 3,077,349 |
| Later than 1 year | 7,879,593 | 8,528,879 |
| Total | 10,484,222 | 11,606,228 |

10. Inventories

Inventories as at March 31, 2023 and 2024, consisted of the following:

| | (Millions of Yen) | |
|----------------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Crypto assets | 37,048 | 172,840 |
| Real estate for sale | 47,851 | 55,281 |
| Products | 2,124 | 2,546 |
| Others | 11,126 | 9,731 |
| Total | 98,149 | 240,398 |

Inventories recognized as Operating cost amounted to ¥56,217 million and ¥129,876 million for the years ended March 31, 2023 and 2024, respectively. The amount of write-downs of inventories recognized as expenses during the period was not material.

The carrying amounts of inventories at fair value less costs to sell are described in "7. Fair Value Measurement".

11. Assets Related to Securities Business

Assets related to securities business as at March 31, 2023 and 2024, consisted of the following:

| | (Millions of Yen) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Cash segregated as deposits | 2,498,387 | 3,251,175 |
| Margin transaction assets | 1,267,684 | 1,721,278 |
| Trade date accrual | 324,520 | 564,232 |
| Trading products | 270,741 | 430,912 |
| Short-term guarantee deposits | 96,282 | 78,302 |
| Loans receivable secured by securities | 58,838 | 118,491 |
| Others | 830 | 980 |
| Total | 4,517,282 | 6,165,370 |

12. Operational Investment Securities and Other Investment Securities

“Operational investment securities” and “Other investment securities” in the consolidated statement of financial position as at March 31, 2023 and 2024 consisted of the following:

| | (Millions of Yen) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Operational investment securities | | |
| Financial assets measured at FVTPL | 581,364 | 673,625 |
| Total | 581,364 | 673,625 |
| Other investment securities | | |
| Financial assets measured at FVTPL | 696,957 | 875,239 |
| Equity instruments measured at FVTOCI | 29,896 | 33,103 |
| Debt instruments measured at FVTOCI | 817,621 | 603,959 |
| Financial assets measured at amortized cost | 453,382 | 576,241 |
| Total | 1,997,856 | 2,088,542 |

The Group may designate some of its investments in equity instruments as equity instruments measured at FVTOCI, taking into consideration the actual conditions of the investments such as business relationships with the investee companies.

Fair values of equity instruments measured at FVTOCI presented as “Other investment securities” in the consolidated statement of financial position and related dividends income presented as “Revenue” in the consolidated statement of income consisted of the following, respectively:

| | (Millions of Yen) | |
|------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Fair value | 29,896 | 33,103 |

| | (Millions of Yen) | |
|------------------|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Dividends income | 1,988 | 179 |

Name of investee and related fair values of equity instruments measured at FVTOCI presented as “Other investment securities” in the consolidated statement of financial position mainly consisted of the following:

| | (Millions of Yen) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Other investment securities | | |
| Latitude Group Holdings Limited | 17,078 | 21,871 |
| Yamazaki Baking Co., Ltd. | 1,604 | 1,961 |
| Chengdu Kobelco Construction Machinery Financial Leasing Ltd. | 1,507 | 1,612 |
| Mitsui Chemicals, Inc. | 2,550 | 320 |

The fair value at the date of sale of equity instruments measured at FVTOCI sold during the period, the cumulative gain transferred from other components of equity to retained earnings, net of tax, and dividends received are as follows:

| For the year ended March 31, 2023 | | | For the year ended March 31, 2024 | | |
|-----------------------------------|------------------------|-------------------|-----------------------------------|------------------------|-------------------|
| Fair value at the date of sale | Cumulative gain (loss) | Dividend received | Fair value at the date of sale | Cumulative gain (loss) | Dividend received |
| 79 | 79 | — | 5,972 | 2,043 | 100 |

Equity instruments measured at FVTOCI are sold (derecognized) to enhance the effective operation and efficiency of assets.

For equity instruments measured at FVTOCI whose significant decline in fair value compared to their acquisition costs is other than temporary, cumulative losses (net of tax) transferred from other components of equity to retained earnings for the years ended March 31, 2023 and 2024 were ¥30 million and ¥22 million, respectively.

Gain or loss arising from derecognition of financial assets measured at amortized cost is as follows:

| | (Millions of Yen) | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Gain arising from derecognition of financial assets measured at amortized cost | — | 574 |
| Loss arising from derecognition of financial assets measured at amortized cost | (3) | (1) |

13. Investments Accounted for Using the Equity Method

(1) Investments in associates

The combined financial information of associates accounted for using the equity method is as follows:

| | (Millions of Yen) | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Profit for the year attributable to the Group | 7,258 | 14,376 |
| Other comprehensive income attributable to the Group | 1,719 | 4,522 |
| Total comprehensive income attributable to the Group | 8,976 | 18,898 |

| | (Millions of Yen) | |
|-----------------|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Carrying amount | 190,346 | 211,171 |

Impairment losses of ¥211 million were recognized in the Financial Services Business for the year ended March 31, 2024, as the recoverable amount of certain investments in associates was less than the carrying amount, and are included in “Other expenses” in the consolidated statement of income.

(2) Investments in joint ventures

The combined financial information of joint ventures accounted for using the equity method is as follows:

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Profit for the year attributable to the Group | (882) | 137 |
| Other comprehensive income attributable to the Group | 281 | 325 |
| Total comprehensive income attributable to the Group | (601) | 462 |

(Millions of Yen)

| | As at March 31, 2023 | As at March 31, 2024 |
|-----------------|-------------------------|-------------------------|
| Carrying amount | 9,536 | 10,839 |

14. Structured Entities

The Group conducts investment partnerships and special purpose entities for investment activities in Japan and overseas. These investment partnerships and special purpose entities raise funds from investors, and provide funding mainly in the form of capital contribution and loans to investees or special purpose entities. These investment partnerships, etc., are structured in a way that voting rights are not the dominant factor in deciding who controls the partnerships. The Group is also involved in activities related to the purpose of the trusts through guarantees of the trusts.

The purpose of using the assets and liabilities of the structured entities is restricted by contractual arrangements between the Group and the structured entities.

(1) Consolidated structured entities

Total assets of the consolidated investment partnerships and special purpose entities were ¥771,078 million and ¥998,136 million as at March 31, 2023 and 2024, respectively. Total liabilities were ¥317,477 million and ¥473,505 million as at March 31, 2023 and 2024, respectively.

(2) Unconsolidated structured entities

The Group invests in and provides loans to investment partnerships and special purpose entities, etc. that third parties have control on their operations.

The Group has not entered into any arrangement to provide financial support for the assets and liabilities of these structured entities. Accordingly, the maximum exposure to loss resulting from our involvement with unconsolidated structured entities is limited to the carrying amounts, the details of which are as described below:

(Millions of Yen)

| | As at March 31, 2023 | As at March 31, 2024 |
|-------------------------------------|-------------------------|-------------------------|
| Trade and other accounts receivable | 1,426,877 | 1,370,020 |
| Other financial assets | 17,806 | 67,816 |
| Operational investment securities | 39,990 | 41,901 |
| Other investment securities | 354,798 | 570,368 |
| Total | 1,839,471 | 2,050,105 |

The maximum exposure indicates the maximum amount of possible losses, but not the possibility of such losses being incurred.

15. Investment Property

The movement of cost and accumulated depreciation and impairment losses of investment property consisted of the following:

(Millions of Yen)

| Cost | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|----------------------------|--------------------------------------|--------------------------------------|
| Balance, beginning of year | 35,479 | 73,159 |
| Acquisitions | 44,076 | 46,956 |
| Sale or disposal | (6,396) | (39,023) |
| Balance, end of year | 73,159 | 81,092 |

(Millions of Yen)

| Accumulated depreciation and impairment losses | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Balance, beginning of year | (611) | (1,035) |
| Depreciation | (468) | (681) |
| Sale or disposal | 44 | 289 |
| Balance, end of year | (1,035) | (1,427) |

The carrying amount and fair value of investment property were as follows:

(Millions of Yen)

| | As at March 31, 2023 | As at March 31, 2024 |
|-----------------|-------------------------|-------------------------|
| Carrying amount | 72,124 | 79,665 |
| Fair value | 77,770 | 88,662 |

The fair value as at the end of each 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.

The inputs used for the fair value measurement of investment properties are categorized as Level 3 (unobservable inputs).

Rental income from investment property for the years ended March 31, 2023 and 2024 was ¥2,590 million and ¥3,636 million, respectively, which was included in "Revenue" in the consolidated statement of income. Directly incurred expenses in relation to the rental income (including repairs and maintenance) for the years ended March 31, 2023 and 2024 were ¥2,129 million and ¥2,935 million, respectively, which were included in "Operating cost" and "Selling, general and administrative expenses".

16. Property and Equipment

The movements of cost, accumulated depreciation and impairment loss of property and equipment were as follows:

(Millions of Yen)

| Cost | Buildings | Furniture and fixtures | Machinery and equipment | Land | Others | Total |
|---|-----------|------------------------|-------------------------|---------|----------|----------|
| Balance as at April 1, 2022 | 71,888 | 40,888 | 14,730 | 10,158 | 34,989 | 172,653 |
| Acquisitions | 10,407 | 6,075 | 9,392 | 2,068 | 14,479 | 42,421 |
| Acquisitions through business combinations | 1,905 | 499 | — | 22 | 213 | 2,639 |
| Sales or disposals | (5,225) | (12,663) | (8,532) | (1,994) | (3,921) | (32,335) |
| Foreign currency translation adjustment on foreign operations | 432 | 440 | 3 | 55 | 223 | 1,153 |
| Others | 2,096 | 1,195 | 19,107 | (154) | (20,923) | 1,321 |
| Balance as at March 31, 2023 | 81,503 | 36,434 | 34,700 | 10,155 | 25,060 | 187,852 |
| Acquisitions | 12,270 | 4,754 | 10,745 | 2,378 | 10,994 | 41,141 |
| Acquisitions through business combinations | 1,841 | 216 | 309 | 1,470 | 341 | 4,177 |
| Sales or disposals | (6,327) | (4,726) | (7,019) | (905) | (4,820) | (23,797) |
| Foreign currency translation adjustment on foreign operations | 1,031 | 783 | 5 | 121 | 184 | 2,124 |
| Others | 609 | 1,307 | 114 | — | (1,727) | 303 |
| Balance as at March 31, 2024 | 90,927 | 38,768 | 38,854 | 13,219 | 30,032 | 211,800 |

(Millions of Yen)

| Accumulated depreciation and impairment losses | Buildings | Furniture and fixtures | Machinery and equipment | Land | Others | Total |
|---|-----------|------------------------|-------------------------|-------|---------|----------|
| Balance as at April 1, 2022 | (20,590) | (22,700) | (1,313) | (114) | (4,199) | (48,916) |
| Sales or disposals | 1,953 | 12,173 | 3,520 | 136 | 2,320 | 20,102 |
| Depreciation | (15,719) | (8,135) | (5,510) | (285) | (2,464) | (32,113) |
| Impairment losses | (992) | (612) | (2) | — | (32) | (1,638) |
| Foreign currency translation adjustment on foreign operations | (138) | (311) | (1) | — | (182) | (632) |
| Balance as at March 31, 2023 | (35,486) | (19,585) | (3,306) | (263) | (4,557) | (63,197) |
| Sales or disposals | 4,390 | 3,948 | 4,034 | — | 3,282 | 15,654 |
| Depreciation | (14,149) | (6,822) | (5,527) | (209) | (2,559) | (29,266) |
| Impairment losses | (19) | (13) | — | — | — | (32) |
| Foreign currency translation adjustment on foreign operations | (540) | (519) | (3) | — | (120) | (1,182) |
| Balance as at March 31, 2024 | (45,804) | (22,991) | (4,802) | (472) | (3,954) | (78,023) |

(Millions of Yen)

| Carrying amount | Buildings | Furniture and fixtures | Machinery and equipment | Land | Others | Total |
|------------------------------|-----------|------------------------|-------------------------|--------|--------|---------|
| Balance as at March 31, 2023 | 46,017 | 16,849 | 31,394 | 9,892 | 20,503 | 124,655 |
| Balance as at March 31, 2024 | 45,123 | 15,777 | 34,052 | 12,747 | 26,078 | 133,777 |

The carrying amount of property and equipment includes the carrying amount of right-of-use assets and the carrying amount of lessor's operating lease assets.

Right-of-use assets increased by ¥8,111 million and ¥9,580 million for the years ended March 31, 2023 and 2024, respectively.

(Millions of Yen)

| Carrying amount of right-of-use assets | Buildings | Furniture and fixtures | Machinery and equipment | Land | Others | Total |
|--|-----------|------------------------|-------------------------|------|--------|--------|
| Balance as at March 31, 2023 | 24,244 | 904 | 8 | 725 | 1,294 | 27,175 |
| Balance as at March 31, 2024 | 21,778 | 671 | 99 | 577 | 826 | 23,951 |

(Millions of Yen)

| Carrying amount of lessor's operating lease assets | Buildings | Furniture and fixtures | Machinery and equipment | Others | Total |
|--|-----------|------------------------|-------------------------|--------|--------|
| Balance as at March 31, 2023 | 211 | 2,558 | 29,543 | 15,555 | 47,867 |
| Balance as at March 31, 2024 | 183 | 3,065 | 30,610 | 15,713 | 49,571 |

Impairment losses recognized for the years ended March 31, 2023 and 2024 were ¥1,638 million and ¥32 million, respectively, due to no expectation of initially expected profits and are included in “Other expenses” in the consolidated statement of income. Impairment losses by segment for the year ended March 31, 2023 were ¥929 million in the Financial Services Business, ¥626 million in the Crypto-asset Business and ¥83 million in the Next Gen Business. Impairment losses by segment for the year ended March 31, 2024 were ¥19 million in the Financial Services Business and ¥13 million in the Next Gen Business.

17. Intangible Assets

(1) The movement of cost, accumulated amortization and accumulated impairment losses of intangible assets including goodwill

The movements in cost, accumulated amortization and impairment losses of intangible assets including goodwill for the years ended March 31, 2023 and 2024 were as follows:

| Cost | Goodwill | Software | Customer relationship | Others | Total |
|---|----------|----------|-----------------------|---------|---------|
| Balance as at April 1, 2022 | 200,709 | 147,009 | 28,032 | 10,183 | 385,933 |
| Acquisitions | — | 38,446 | — | 1,105 | 39,551 |
| Acquisitions through business combinations | 46,738 | 1,592 | 5,422 | 1,832 | 55,584 |
| Sales or disposals | — | (5,795) | — | (560) | (6,355) |
| Foreign currency translation adjustment on foreign operations | 3,418 | 434 | 902 | 202 | 4,956 |
| Balance as at March 31, 2023 | 250,865 | 181,686 | 34,356 | 12,762 | 479,669 |
| Acquisitions | — | 39,802 | — | 2,084 | 41,886 |
| Acquisitions through business combinations | 5,837 | 242 | 17,778 | 2,434 | 26,291 |
| Sales or disposals | (1,537) | (2,013) | — | (2,311) | (5,861) |
| Foreign currency translation adjustment on foreign operations | 12,784 | 812 | 2,365 | 768 | 16,729 |
| Balance as at March 31, 2024 | 267,949 | 220,529 | 54,499 | 15,737 | 558,714 |

| Accumulated amortization and impairment losses | Goodwill | Software | Customer relationship | Others | Total |
|---|----------|-----------|-----------------------|---------|-----------|
| Balance as at April 1, 2022 | (12,493) | (58,396) | (18,486) | (3,472) | (92,847) |
| Sales or disposals | — | 5,032 | — | 126 | 5,158 |
| Amortization | — | (21,175) | (1,207) | (1,164) | (23,546) |
| Impairment losses | (174) | (1,775) | — | (7) | (1,956) |
| Foreign currency translation adjustment on foreign operations | — | (118) | (398) | 78 | (438) |
| Balance as at March 31, 2023 | (12,667) | (76,432) | (20,091) | (4,439) | (113,629) |
| Sales or disposals | 149 | 104 | — | 25 | 278 |
| Amortization | — | (22,981) | (1,848) | (1,585) | (26,414) |
| Impairment losses | (36) | (603) | — | (29) | (668) |
| Foreign currency translation adjustment on foreign operations | — | (601) | (1,668) | (313) | (2,582) |
| Balance as at March 31, 2024 | (12,554) | (100,513) | (23,607) | (6,341) | (143,015) |

| Carrying amount | Goodwill | Software | Customer relationship | Others | Total |
|------------------------------|----------|----------|-----------------------|--------|---------|
| Balance as at March 31, 2023 | 238,198 | 105,254 | 14,265 | 8,323 | 366,040 |
| Balance as at March 31, 2024 | 255,395 | 120,016 | 30,892 | 9,396 | 415,699 |

The carrying amount of software in the above table as at March 31, 2023 includes the carrying amount of right-of-use assets of ¥170 million. Amortization expenses were recorded in “Operating cost” and “Selling, general and administrative expenses” in the consolidated statement of income.

(2) Impairment losses for each business segment

The Group recognized impairment losses totaling ¥1,956 million and ¥668 million for the years ended March 31, 2023 and 2024, respectively, due to no expectation of initially expected profits, and recorded them in “Other expenses” in the consolidated statement of income. Impairment losses by segment for the year ended March

31, 2023 were ¥542 million in the Financial Services Business, ¥249 million in the Asset Management Business, ¥174 million in the Investment Business, ¥789 million in the Crypto-asset Business, and ¥202 million in the Next Gen Business. Impairment losses by segment for the year ended March 31, 2024 were ¥668 million in the Financial Services Business. The impairment losses recognized for the year ended March 31, 2024 were mainly recognized for goodwill and software.

(3) Carrying amount of goodwill

Goodwill arising from business combinations is allocated to cash-generating units that are expected to benefit from the synergies of

the business combination at the date of acquisition of the business.

Significant goodwill arising from business combinations were ¥110,015 million and ¥120,172 million as at March 31, 2023 and 2024, respectively, related to SBI Savings Bank in the Financial Services Business and ¥24,910 million as at March 31, 2023 and 2024, related to SBI SECURITIES Co., Ltd. in the Financial Services Business.

The recoverable amounts used for impairment test of goodwill and intangible assets are calculated based on the value in use. Value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate is determined by considering the long-term average growth rate of the market or the country which the CGU belongs to. The maximum per annum growth rate used for measuring value in use was 2% as at March 31, 2023 and 2024. The discount rate used for measuring value in use was 5.7% to 10.5% and 6.1% to 10.5% per annum as at March 31, 2023 and 2024, respectively.

Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

18. Assets Held for Sale and Liabilities Directly Associated with Assets Held for Sale

Assets held for sale and liabilities directly associated with assets held for sale as at March 31, 2023 and 2024, consisted of the following:

| | As at March 31, 2023 | As at March 31, 2024 |
|---|----------------------|----------------------|
| Assets held for sale | | |
| Property and equipment | 72,851 | 175,873 |
| Other assets | 3,022 | 8,128 |
| Total | 75,873 | 184,001 |
| Liabilities directly associated with assets held for sale | | |
| Bonds and loans payable | 46,717 | 136,284 |
| Other liabilities | 566 | 2,222 |
| Total | 47,283 | 138,506 |

The Group is engaged in the formation and sale of funds that invest in the operating lease business, primarily in aircraft and ships, and classifies property and equipment held by the funds and loans from financial institutions as disposal groups held for sale. These assets and liabilities are expected to be sold within one year from the balance sheet date.

19. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2023 and 2024:

| For the year ended March 31, 2023 | As at April 1, 2022 | Recognized through profit or loss | Recognized through other comprehensive income | Change in scope of consolidation | Recognized directly in equity | As at March 31, 2023 |
|---|---------------------|-----------------------------------|---|----------------------------------|-------------------------------|----------------------|
| Deferred Tax Assets | | | | | | |
| Impairment on financial assets measured at amortized cost | 11,560 | 5,463 | — | — | — | 17,023 |
| Lease liability | 12,872 | (1,919) | — | — | — | 10,953 |
| Property equipment and intangible assets | 2,324 | 242 | — | 116 | — | 2,682 |
| Enterprise tax payable | 971 | 732 | — | — | — | 1,703 |
| Tax loss carryforwards | 13,934 | (6,624) | 61 | 201 | — | 7,572 |
| Other | 6,523 | 1,327 | 456 | 859 | — | 9,166 |
| Total | 48,184 | (779) | 517 | 1,176 | — | 49,099 |
| Deferred Tax Liabilities | | | | | | |
| Financial assets and liabilities measured at FVTPL | 42,790 | (122) | — | — | — | 42,668 |
| Equity instruments measured at FVTOCI | 402 | — | (61) | — | — | 341 |
| Debt instruments measured at FVTOCI | 15 | 274 | (284) | — | — | 5 |
| Investments accounted for using the equity method | 16,178 | (7,068) | — | — | — | 9,110 |
| Property equipment and intangible assets | 17,205 | (1,668) | 75 | 1,411 | — | 17,023 |
| Other (Note 1) | 11,621 | (238) | 525 | 2,960 | 671 | 15,540 |
| Total | 88,211 | (8,822) | 255 | 4,371 | 671 | 84,687 |

Note: 1. Beginning balance reflects the cumulative effect of the change in accounting policy of ¥9 million.

(Millions of Yen)

| For the year ended March 31, 2024 | As at April 1, 2023 | Recognized through profit or loss | Recognized through other comprehensive income | Change in scope of consolidation | Recognized directly in equity | As at March 31, 2024 |
|---|---------------------|-----------------------------------|---|----------------------------------|-------------------------------|----------------------|
| Deferred Tax Assets | | | | | | |
| Debt instruments measured at FVTOCI | — | 386 | 139 | — | — | 525 |
| Impairment on financial assets measured at amortized cost | 17,023 | 3,794 | — | 131 | — | 20,948 |
| Lease liability | 10,953 | 1,561 | — | — | — | 12,514 |
| Property equipment and intangible assets | 2,682 | 289 | — | 0 | — | 2,971 |
| Enterprise tax payable | 1,703 | (634) | — | 113 | — | 1,182 |
| Tax loss carryforwards | 7,572 | 788 | 66 | 9 | — | 8,435 |
| Other | 9,166 | 1,043 | 532 | 194 | — | 10,935 |
| Total | 49,099 | 7,227 | 737 | 447 | — | 57,510 |
| Deferred Tax Liabilities | | | | | | |
| Financial assets and liabilities measured at FVTPL | 42,668 | 5,894 | — | — | — | 48,562 |
| Equity instruments measured at FVTOCI | 341 | — | 66 | — | — | 407 |
| Debt instruments measured at FVTOCI | 5 | (6) | 1 | — | — | — |
| Investments accounted for using the equity method | 9,110 | 1,137 | — | — | — | 10,247 |
| Property equipment and intangible assets | 17,023 | 123 | — | 6,327 | — | 23,473 |
| Other | 15,540 | 833 | (315) | 133 | 776 | 16,967 |
| Total | 84,687 | 7,981 | (248) | 6,460 | 776 | 99,656 |

In assessing the recoverability of the deferred tax assets, the Group considers the future taxable temporary differences, projected future taxable income, and tax planning strategies. Deductible temporary differences and tax loss carryforwards for which deferred tax assets have not been recognized are as follows:

| | (Millions of Yen) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Deductible temporary differences | 469,943 | 454,000 |
| Tax loss carryforwards | 227,050 | 269,270 |
| (of which: the carryforward period over 5 years) | 165,045 | 194,771 |

The Group recognized deferred tax assets of ¥114 million and ¥616 million as at March 31, 2023 and 2024, respectively, associated

with certain subsidiaries that had net losses during the years ended March 31, 2023 and 2024. The Group's management assessed that it is probable that tax credit carryforwards and deductible temporary differences will be utilized as the tax losses are not expected to arise on an ongoing basis.

As at March 31, 2023 and 2024, in principle, the Group did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Group was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which deferred tax liabilities were not recognized were ¥465,544 million and ¥537,490 million as at March 31, 2023 and 2024, respectively.

20. Bonds and Borrowings

(1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2023 and 2024, consisted of the following:

| | (Millions of Yen) | | (%) | |
|--|----------------------|----------------------|--------------------------------|--------------|
| | As at March 31, 2023 | As at March 31, 2024 | Average interest rate (Note 1) | Due (Note 2) |
| Short-term loans payable | 871,451 | 726,260 | 0.42 | — |
| Current portion of long-term loans payable | 74,406 | 146,264 | 2.52 | — |
| Current portion of bonds payable | 493,391 | 610,699 | — | — |
| Long-term loans payable | 319,589 | 213,555 | 1.28 | 2025 – 2058 |
| Bonds payable | 1,078,148 | 1,196,849 | — | — |
| Borrowed money | 843,370 | 1,583,452 | 0.38 | 2024 – 2049 |
| Total | 3,680,355 | 4,477,079 | | |

Notes:

- The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2024.
- The due represents the repayment term of the outstanding balance as at March 31, 2024.

Details of the bonds were as follows:

| Issuer and the name of bond | Date of issuance | (Millions of Yen) | | Interest rate (%) | Due |
|--|--------------------------------|----------------------|----------------------|-------------------|-------------------------------|
| | | As at March 31, 2023 | As at March 31, 2024 | | |
| The Company Japanese yen straight bond (Note 1) | May 2021– November 2023 | 109,965 | 129,933 | 0.93–1.10 | May 2023– December 2025 |
| The Company No.16 Unsecured straight bond | December 2018 | 14,992 | — | — | December 2023 |
| The Company No.18 Unsecured straight bond | May 2019 | 24,978 | 24,998 | 0.69 | May 2024 |
| The Company No.20 Unsecured straight bond | December 2019 | 24,967 | 24,987 | 0.70 | December 2024 |
| The Company No.21 Unsecured straight bond | June 2020 | 14,997 | — | — | June 2023 |
| The Company No.22 Unsecured straight bond | June 2020 | 10,000 | 10,000 | 1.00 | June 2025 |
| The Company No.23 Unsecured straight bond | December 2020 | 24,981 | — | — | December 2023 |
| The Company No.24 Unsecured straight bond | December 2020 | 29,936 | 29,960 | 0.93 | December 2025 |
| The Company No.25 Unsecured straight bond | July 2021 | 39,942 | 39,988 | 0.60 | July 2024 |
| The Company No.26 Unsecured straight bond | July 2021 | 39,896 | 39,928 | 0.80 | July 2026 |
| The Company No.27 Unsecured straight bond | December 2021 | 69,864 | 69,946 | 0.80 | December 2024 |
| The Company No.28 Unsecured straight bond | December 2021 | 49,853 | 49,893 | 1.00 | December 2026 |
| The Company No.29 Unsecured straight bond | July 2022 | 51,864 | 51,924 | 1.00 | July 2025 |
| The Company No.30 Unsecured straight bond | July 2022 | 21,925 | 21,943 | 1.18 | July 2027 |
| The Company No.31 Unsecured straight bond | September 2022 | 99,488 | 99,638 | 1.09 | September 2026 |
| The Company No.32 Unsecured straight bond | December 2022 | 41,869 | 41,918 | 1.10 | December 2025 |
| The Company No.33 Unsecured straight bond | December 2022 | 10,959 | 10,968 | 1.20 | December 2027 |
| The Company No.34 Unsecured straight bond | June 2023 | — | 104,735 | 0.95 | June 2026 |
| The Company No.35 Unsecured straight bond | June 2023 | — | 44,850 | 1.15 | June 2028 |
| The Company No.36 Unsecured straight bond | September 2023 | — | 99,488 | 1.28 | September 2027 |
| The Company No.37 Unsecured straight bond | March 2024 | — | 52,820 | 1.00 | March 2027 |
| The Company No.38 Unsecured straight bond | March 2024 | — | 26,894 | 1.30 | March 2029 |
| The Company No.1 Unsecured straight bond (Inter-bond limited pari passu clause and split-restricted small private placement) | March 2023 | 6,972 | 6,977 | 1.20 | October 2029 |
| The Company No.1 U.S. dollar-denominated bond | March 2024 | — | 15,140 | 5.71 | March 2026 |
| The Company Euroyen convertible bonds (Note 2) | September 2018– July 2020 | 118,213 | 10 | — | September 2023– July 2025 |
| The Company Short-term corporate bond (Note 3) | November 2023– March 2024 | 53,982 | 41,992 | 0.06–0.20 | April 2024– June 2024 |
| SBI SECURITIES Co., Ltd. Exchangeable bond (Note 1) | May 2018– March 2024 | 91,413 | 73,584 | 0.05–5.74 | April 2023– June 2033 |
| SBI SECURITIES Co., Ltd. Short-term corporate bond (Note 3) | January 2023– March 2024 | 205,991 | 326,864 | 0.05–0.50 | April 2023– September 2024 |
| SBI Shinsei Bank, Limited Japanese yen straight bond (Note 4) | July 2018– March 2021 | 140,000 | 80,000 | 0.15–0.36 | July 2023– July 2025 |
| APLUS Co., Ltd. Short-term corporate bond (Note 3) | October 2022– February 2024 | 8,500 | 8,000 | 0.04–0.10 | April 2023– April 2024 |

| Issuer and the name of bond | Date of issuance | (Millions of Yen) | | Interest rate | Due |
|--|----------------------------------|----------------------|----------------------|---------------|--------------------------------|
| | | As at March 31, 2023 | As at March 31, 2024 | | |
| APLUS Co., Ltd. Japanese yen unsecured straight bond (Note 5) | December 2019 | 20,000 | 10,000 | 0.29 | December 2024 |
| Showa Leasing Co., Ltd. Short-term corporate bond (Note 3) | October 2022– March 2024 | 25,000 | 23,000 | 0.03–0.16 | April 2023– June 2024 |
| Showa Leasing Co., Ltd. Japanese yen unsecured straight bond (Note 6) | July 2018– December 2019 | 20,000 | 10,000 | 0.25–0.30 | July 2023– December 2024 |
| UDC Finance Limited Foreign currency secured bonds (Note 7) | September 2020– December 2023 | 187,071 | 217,721 | 6.34–7.14 | August 2028– September 2036 |
| Other bonds | March 2019– March 2024 | 13,921 | 19,449 | 0.02–7.10 | June 2023– March 2034 |
| Total | | 1,571,539 | 1,807,548 | | |

Notes:

- The aggregate amount issued based on euro medium term note program is stated above.
- The stock acquisition rights of Euroyen convertible bonds are recognized as embedded derivatives. The amount of the stock acquisition rights is separated from the host, measured at fair value, and recorded as capital surplus after tax effects.
- The aggregate amount of short-term corporate bonds is stated above.
- The aggregate amount of the 5th to 13th series of unsecured bonds (with inter-bond pari passu clause) is stated above.
- The aggregate amount of the 6th series of unsecured bonds (with inter-bond pari passu clause) is stated above.
- The aggregate amount of the 3rd and 4th series of unsecured straight bonds is stated above.
- The bonds are raised in the bond market through the securitization of trade receivables through UDC Endeavour Equipment Finance Trust, UDC Endeavour Auto Finance Trust and UDC Endeavour Auto ABS Finance Trust 2021-1 and 2022-1.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

| | (Millions of Yen) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Cash and cash equivalents | 1,461 | 4,348 |
| Trade and other accounts receivable | 917,168 | 1,642,554 |
| Inventories | 21,670 | 78,556 |
| Other investment securities | 274,486 | 576,647 |
| (of which: financial instruments pledged as collateral) (Note 1) | 222,987 | 388,333 |
| Investment properties | 67,476 | 52,799 |
| Property and equipment | 12,764 | 20,474 |
| Assets held for sale | 11,551 | 136,026 |
| Other assets | 43 | 177 |
| Total | 1,306,619 | 2,511,581 |

Note: 1. Collateral that the transferees are permitted to sell or repledge.

The corresponding liabilities were as follows:

| | (Millions of Yen) | |
|---|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Bonds and borrowings | 514,778 | 1,530,487 |
| Customer deposits for banking business | 1,249 | 932 |
| Other financial liabilities | 220,100 | 383,794 |
| Liabilities directly associated with assets held for sale | 8,149 | 136,284 |
| Other liabilities | 10 | 42,899 |
| Total | 744,286 | 2,094,396 |

Besides the above, securities received as collateral for financing from broker's own capital of ¥65,284 million and ¥93,153 million were pledged as collateral for borrowings on margin transactions as at March 31, 2023 and 2024, respectively.

21. Trade and Other Payables

The components of trade and other payables were as follows:

| | (Millions of Yen) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Accounts payable and notes payable | 61,122 | 65,952 |
| Accounts payable-other | 117,376 | 184,731 |
| Advances received and guarantee deposit received | 254,240 | 359,430 |
| Lease liability | 49,939 | 46,458 |
| Total | 482,677 | 656,571 |

22. Liabilities Related to Securities Business

The components of liabilities related to the securities business were as follows:

| | (Millions of Yen) | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Margin transaction liabilities | 276,287 | 390,877 |
| Loans payable secured by securities on repurchase agreement transactions | 605,382 | 1,007,543 |
| Deposits from customers | 1,400,607 | 1,898,414 |
| Guarantee deposits received | 1,104,363 | 1,372,996 |
| Trade date accrual | 411,068 | 623,884 |
| Trading products | 85,024 | 225,015 |
| Deposits for subscription | 5,518 | 8,577 |
| Total | 3,888,249 | 5,527,306 |

23. Insurance Contracts

(1) Risk management system over insurance contracts

The Group engages in the insurance business such as life and casualty insurance and strives to accurately identify, analyze and assess as well as appropriately manage and administer risk relating to insurance contracts in order to secure management stability. The subsidiaries engaged in the insurance business have established a Risk Management Committee which strives to identify a wide range of risks associated with insurance contracts, and regularly and continuously reports to their respective board of directors, etc. about the risks to ensure the effectiveness of risk management. The Group's primary approach to risks relating to insurance contracts is as follows:

(a) Market risk management

Interest rate risk management

Considering the long-term nature of insurance liabilities in the life insurance business, which accounts for the majority of insurance contract liabilities, the Group invests principally in bonds. The Group also conducts asset and liability management (ALM) so that fluctuations in interest rates do not adversely affect.

(2) Insurance contract liabilities

(a) The reconciliations of insurance contract liabilities from the opening to the ending balances for the years ended March 31, 2023 and 2024 were as follows:

(Millions of Yen)

| For the year ended March 31, 2023 | Liability for remaining coverage | | Liability for incurred claims | | | Total |
|--|----------------------------------|----------------|---|---------------------------------------|--|----------|
| | Excluding loss component | Loss component | Contracts to which the PAA is not applied | Contracts to which the PAA is applied | Risk adjustment for non-financial risk | |
| Balance as at April 1, 2022 | 118,157 | 1,803 | 1,424 | 30,802 | 175 | 152,361 |
| Insurance revenue | (80,537) | — | — | — | — | (80,537) |
| Insurance service expenses | | | | | | |
| Incurred claims and other insurance service expenses | — | — | 4,767 | 72,886 | — | 77,653 |
| Amortization of insurance acquisition cash flows | 1,008 | — | — | — | — | 1,008 |
| Losses on onerous contracts and reversals of such losses | — | 81 | — | — | — | 81 |
| Adjustments to liabilities for incurred claims | — | — | — | (2,877) | 135 | (2,742) |
| Investment components and refunds of premiums | (2,936) | — | 2,936 | — | — | — |
| Insurance finance expenses (income) | (2,073) | — | — | — | — | (2,073) |
| Cash flows | | | | | | |
| Premiums received | 83,034 | — | — | — | — | 83,034 |
| Claims and other insurance service expenses paid (including investment components) | — | — | (7,881) | (66,767) | — | (74,648) |
| Insurance acquisition cash flows | (2,185) | — | — | — | — | (2,185) |
| Balance as at March 31, 2023 | 114,468 | 1,884 | 1,246 | 34,044 | 310 | 151,952 |

Price fluctuation risk management

Regarding market risk management, the Group conducts risk management focusing on indices such as VaR (Value at Risk), which denotes the maximum loss amount expected due to market changes based on the confidence interval, and Basis Point Value (BPV), which denotes price fluctuations in the bond portfolio due to changes in the market interest rate, in addition to identifying risks based on the current Solvency Margin standards and a trial approach looking at Solvency regulations on an economic value basis to be introduced in the future.

(b) Conducting of stress testing

The Group regularly conducts stress testing assuming scenarios such as significant deterioration in the investment environment or the worsening of the incidence rate of insured accidents, in order to analyze the impact on financial soundness, and reports the results of stress testing to the Risk Management Committee, etc.

(c) Insurance underwriting risk

Regarding insurance underwriting risk, the department-in-charge of each company engaged in the insurance business determines its underwriting policies, and conducts risk control by managing the risk portfolio, reforming or abolishing products, establishing the underwriting standards, changing sales policies, designing and arranging reinsurance, etc.

(Millions of Yen)

| For the year ended March 31, 2024 | Liability for remaining coverage | | Liability for incurred claims | | | Total |
|--|----------------------------------|----------------|---|---|--|----------|
| | Excluding loss component | Loss component | Contracts to which the PAA is not applied | Contracts to which the PAA is applied | | |
| | | | | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | |
| Balance as at April 1, 2023 | 114,468 | 1,884 | 1,246 | 34,044 | 310 | 151,952 |
| Insurance revenue | (87,665) | — | — | — | — | (87,665) |
| Insurance service expenses | | | | | | |
| Incurred claims and other insurance service expenses | — | (4) | 4,450 | 77,234 | — | 81,680 |
| Amortization of insurance acquisition cash flows | 1,241 | — | — | — | — | 1,241 |
| Losses on onerous contracts and reversals of such losses | — | (46) | — | — | — | (46) |
| Adjustments to liabilities for incurred claims | — | — | — | (3,705) | 3 | (3,702) |
| Investment components and refunds of premiums | (4,437) | — | 4,437 | — | — | — |
| Insurance finance expenses (income) | 3,300 | 0 | — | — | — | 3,300 |
| Cash flows | | | | | | |
| Premiums received | 91,688 | — | — | — | — | 91,688 |
| Claims and other insurance service expenses paid (including investment components) | — | — | (8,936) | (71,886) | — | (80,822) |
| Insurance acquisition cash flows | (2,580) | — | — | — | — | (2,580) |
| Balance as at March 31, 2024 | 116,015 | 1,834 | 1,197 | 35,687 | 313 | 155,046 |

(b) The reconciliations of component of insurance contract liabilities for contracts to which the PAA is not applied from the opening to the ending balances for the years ended March 31, 2023 and 2024 were as follows:

(Millions of Yen)

| | For the year ended March 31, 2023 | | | For the year ended March 31, 2024 | | |
|---|---|--|--------|---|--|--------|
| | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | CSM | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | CSM |
| Balance, beginning of year | 73,181 | 5,926 | 6,767 | 64,052 | 6,165 | 10,417 |
| Changes that relate to current service | | | | | | |
| CSM recognized for services | — | — | (824) | — | — | (961) |
| Change in risk adjustment for non-financial risk for risk expired | — | (347) | — | — | (358) | — |
| Experience adjustments | 727 | — | — | (115) | — | — |
| Changes that relate to future service | | | | | | |
| Contracts initially recognized in the year | (2,046) | 673 | 1,373 | (2,036) | 863 | 1,215 |
| Changes in estimates that adjust CSM | (3,193) | 97 | 3,096 | (3,052) | (54) | 3,106 |
| Losses on onerous contracts and reversals of such losses | — | — | — | 45 | — | — |
| Insurance finance expenses (income) | (1,894) | (184) | 5 | 3,571 | (287) | 16 |
| Cash flows | (2,723) | — | — | (3,235) | — | — |
| Balance, ending of year | 64,052 | 6,165 | 10,417 | 59,230 | 6,329 | 13,793 |

(c) Significant accounting estimates and judgments related to the measurement of insurance contracts

(i) Components of fulfilment cash flows

Fulfilment cash flows consist of the following:

- estimates of future cash flows
- an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows
- a risk adjustment for non-financial risk

(ii) Estimates of future cash flows

The objective of the Group's estimation of future cash flows is to calculate the expected value of a range of scenarios that reflect the full range of possible outcomes. The cash flows resulting from

each scenario are discounted to calculate the expected present value and weighted by the estimated probability of that outcome.

In estimating future cash flows, the Group incorporates, in an unbiased manner, all reasonable and supportable information available at the reporting date without undue cost or effort. This information includes internal and external historical data on claims and other performance and is updated to reflect current expectations about future events.

In estimating future cash flows, key inputs, mortality and morbidity assumptions, are typically established by combining data from national life tables, industry trends, and recent actual results. Actual results are measured through periodic surveys, the results of which are reflected in both the setting of rates for new products and the measurement of existing insurance contracts.

(iii) Discount rates

Cash flows are discounted using a yield curve adjusted to reflect the relevant cash flow characteristics and the liquidity characteristics of the insurance contracts. The yield curve is calculated based on

observable market data, such as government bonds, by interpolating between the latest available market data and terminal forward rates, taking into account long-term real interest rates and inflation expectations.

The yield curves used to discount the cash flows of insurance contracts are as follows:

| For the year ended March 31, 2023 | 1 year | 5 years | 10 years | 15 years | 20 years | 30 years |
|-----------------------------------|--------|---------|----------|----------|----------|----------|
| JPY | 0.023% | 0.242% | 0.531% | 0.945% | 1.230% | 1.489% |

| For the year ended March 31, 2024 | 1 year | 5 years | 10 years | 15 years | 20 years | 30 years |
|-----------------------------------|--------|---------|----------|----------|----------|----------|
| JPY | 0.201% | 0.521% | 0.909% | 1.338% | 1.717% | 2.083% |

Net cash outflows by due period resulting from recognized insurance liabilities are as follows. Net cash outflow amount does not include the liability for the remaining coverage measured by the PAA:

(Millions of Yen)

| | Within 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | Over 5 years | Total |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|---------|
| Insurance contract liabilities | 20,187 | 13,087 | 7,897 | 5,559 | 4,447 | 57,567 | 108,744 |

(d) Sensitivity to insurance risk

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 prerequisite conditions at initial recognition.

The prerequisite conditions include discount rates (interest rates), death rates, morbidity rates, renewal rates, business expenses and commission, etc. In the case where increases in death rates, morbidity rates, business expenses and commission are expected, future net income and equity are expected to decrease due to the increase in future cash outflows.

The impact of modifying the prerequisite conditions on insurance contract liabilities, profit or loss, and equity is not expected to be material.

(3) Concentration of insurance risk

The Group is not exposed to excessively concentrated insurance risk since the insurance contract portfolios are dispersed geographically throughout Japan.

(4) Comparison between actual claims and previous estimates (i.e., claims development)

The claims development of the insurance business is as follows:

(Millions of Yen)

| | Accident year | | | | | |
|--|---------------|--------|--------|--------|--------|---------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
| Cumulative payments and claim reserves | | | | | | |
| At end of accident year | 27,270 | 26,017 | 30,193 | 34,818 | 37,189 | 155,488 |
| 1 year later | 27,489 | 25,007 | 28,081 | 32,182 | — | 112,759 |
| 2 year later | 28,044 | 23,852 | 27,383 | — | — | 79,279 |
| 3 year later | 27,688 | 23,187 | — | — | — | 50,875 |
| 4 year later | 27,575 | — | — | — | — | 27,575 |
| Estimate of cumulative claims | 27,575 | 23,187 | 27,383 | 32,182 | 37,189 | 147,515 |
| Less: Cumulative payments to date | 26,697 | 21,973 | 23,908 | 26,453 | 20,584 | 119,615 |
| Undiscounted future cash outflows | 878 | 1,214 | 3,475 | 5,729 | 16,605 | 27,900 |
| Others | | | | | | 9,297 |
| Liabilities for incurred claims | | | | | | 37,197 |

24. Lease

(1) Lease as lessee

The Group lease office buildings, stores, and servers for online transaction systems and certain other assets under operating leases. There were no lease contracts which include residual value guarantees and no significant lease contracts for which leases have not yet commenced as at March 31, 2024 to which the lessee is committed.

The lease expenses and the total cash outflow for leases are as follows.

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|--|--------------------------------------|--------------------------------------|
| Depreciation charge for right-of-use assets | | |
| Buildings | 12,021 | 11,032 |
| Furniture and fixtures | 451 | 346 |
| Machinery and equipment | 2 | 33 |
| Land | 285 | 208 |
| Software | 379 | — |
| Others | 316 | 686 |
| Total | 13,454 | 12,305 |
| Interest expense on lease liabilities | 553 | 629 |
| Expense relating to short-term lease and lease of low-value assets | 8,145 | 8,623 |
| Total cash outflow for leases | 23,617 | 23,210 |

(2) Lease as lessor

The Group lease mainly buildings, land, machinery and equipment, and computerized office equipment.

The maturity analysis of lease receivables is as follows:

| | As at March 31, 2023 | |
|--|---------------------------|-----------------------------|
| | Undiscounted lease income | Net investment in the lease |
| No later than 1 year | 61,042 | 56,291 |
| 1 to 2 years | 49,761 | 45,956 |
| 2 to 3 years | 41,724 | 38,446 |
| 3 to 4 years | 29,002 | 26,630 |
| 4 to 5 years | 15,847 | 14,597 |
| Over 5 years | 28,573 | 26,329 |
| Total | 225,949 | 208,249 |
| Unearned financial income | (23,079) | |
| Discounted unguaranteed residual value | 5,379 | |
| Net investment in the lease | 208,249 | |

Financial income on net investment in the lease amounted to ¥8,578 million for the year ended March 31, 2023.

(Millions of Yen)

| | As at March 31, 2024 | |
|--|---------------------------|-----------------------------|
| | Undiscounted lease income | Net investment in the lease |
| No later than 1 year | 63,046 | 58,649 |
| 1 to 2 years | 56,548 | 52,024 |
| 2 to 3 years | 43,241 | 40,117 |
| 3 to 4 years | 28,997 | 26,689 |
| 4 to 5 years | 20,024 | 18,793 |
| Over 5 years | 30,242 | 27,643 |
| Total | 242,098 | 223,915 |
| Unearned financial income | (23,528) | |
| Discounted unguaranteed residual value | 5,345 | |
| Net investment in the lease | 223,915 | |

Financial income on net investment in the lease amounted to ¥9,396 million for the year ended March 31, 2024.

The maturity analysis of lease income related to operating leases is as follows:

| | As at March 31, 2023 | As at March 31, 2024 |
|----------------------|----------------------|----------------------|
| No later than 1 year | 8,963 | 8,493 |
| 1 to 2 years | 7,217 | 7,022 |
| 2 to 3 years | 6,204 | 5,818 |
| 3 to 4 years | 5,118 | 4,066 |
| 4 to 5 years | 3,327 | 2,672 |
| Over 5 years | 7,872 | 6,696 |
| Total | 38,701 | 34,767 |

Lease income from operating lease contracts amounted to ¥14,440 million and ¥13,036 million for the years ended March 31, 2023 and 2024, respectively.

The Group enters into finance leases and operating leases with a residual value at the end of the lease term for properties that are expected to have good second-hand value. These transactions are subject to the risk that the sales price of the leased property returned at the end of the lease term will be less than the residual value set at the beginning of the lease term. The Company regularly monitors this risk and measures the amount of risk, and also strives to minimize the risk by accumulating resale know-how in the second-hand market.

25. Provisions

The movement of provisions is as follows:

(Millions of Yen)

| | Asset retirement obligations | Reserve for losses on interest repayment | Total |
|--------------------------------------|------------------------------|--|---------|
| As at April 1, 2022 | 11,351 | 31,635 | 42,986 |
| Recognition of provisions | 2,474 | 1,101 | 3,575 |
| Used | (989) | (7,267) | (8,256) |
| Increase in value | 86 | — | 86 |
| Others | 320 | 5,100 | 5,420 |
| As at March 31, 2023 | 13,242 | 30,569 | 43,811 |
| Recognition (reversal) of provisions | 541 | (411) | 130 |
| Used | (1,235) | (5,929) | (7,164) |
| Increase in value | 87 | — | 87 |
| Others | (11) | — | (11) |
| As at March 31, 2024 | 12,624 | 24,229 | 36,853 |

Asset retirement obligations mainly relate to expenses for restoration obligations for leased offices, etc., and the timing of expenditure is affected by future business plans and other factors.

Reserve for losses on interest repayment is recorded in the amount necessary to prepare for the repayment amount (loss) arising from a claim for repayment of interest received from a debtor that exceeds the upper limit of the Interest Rate Restriction Act by a money lender operating at a lending interest rate that exceeds the upper limit of the Interest Rate Restriction Act and is below the upper limit of the so-called Investment Act. The payment is made when the debtor makes a claim for repayment.

26. Employee Benefits

Certain companies in the Group have defined contribution pension plans. Pension costs related to the defined contribution plans recognized for the years ended March 31, 2023 and 2024 were not material.

Certain companies in the Group have funded and unfunded defined benefit plans and lump-sum retirement benefit plans. The benefit amounts under the defined benefit plans are set based on the rate of payment at the time of retirement, years of service, final salary before retirement, and other conditions.

The net changes recognized in the consolidated statement of financial position with respect to the defined benefit plan obligations and plan assets for the years ended March 31, 2023 and 2024 consisted of the following:

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|---|-----------------------------------|-----------------------------------|
| Change in present value of defined benefit plan obligations | | |
| Balance, beginning of year | (99,364) | (92,589) |
| Effect of business combinations and disposals | (149) | (282) |
| Service cost | (4,156) | (3,761) |
| Interest cost | (816) | (1,223) |
| Actuarial gains and losses (Note 1) | 6,769 | 3,158 |
| Benefits paid | 5,127 | 5,164 |
| Balance, end of year | (92,589) | (89,533) |
| Change in fair value of plan assets | | |
| Balance, beginning of year | 105,882 | 103,115 |
| Interest income | 894 | 1,401 |
| Income related to plan assets (excluding interest income) | (1,972) | 8,999 |
| Employer contributions | 2,794 | 2,852 |
| Benefits from plan assets | (4,483) | (4,190) |
| Balance, end of year | 103,115 | 112,177 |
| Effect of the asset ceiling | (16,126) | (30,180) |
| Net amount recognized in the consolidated statement of financial position | (5,601) | (7,538) |

Note: 1. Actuarial gains and losses on defined benefit plan obligations arise primarily due to changes in financial assumptions.

Significant actuarial assumptions used to determine the present value of the defined benefit plan obligations

The assumptions used in measuring the defined benefit plan obligations as at March 31, 2023 and 2024 were as follows:

(%)

| | As at March 31, 2023 | As at March 31, 2024 |
|--|----------------------|----------------------|
| Discount rate | 0.98–1.42 | 1.25–1.81 |
| Rate of increase in future compensation levels | 1.80–6.00 | 1.80–6.10 |

Sensitivity to significant actuarial assumptions

A decrease of 0.5% and an increase of 0.5% in the discount rate for the defined benefit plan obligations as at March 31, 2024 would be expected to increase the defined benefit plan obligations by ¥5,456 million and decrease them by ¥5,514 million, respectively. This analysis assumes that all other variables remain constant, but in reality only the discount rate may not vary independently.

The fair values of the main categories of plan assets as at March 31, 2023 and 2024 are as follows:

| | (Millions of Yen) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2024 |
| Plan assets that have a quoted market price in an active market | | |
| Cash and cash equivalents | 2,437 | 2,248 |
| Japanese equity securities | 8,650 | 9,666 |
| Global equity securities | 4,789 | 4,657 |
| Japanese debt | 12,154 | 11,684 |
| Global debt | 4,277 | 4,874 |
| Total | 32,307 | 33,129 |
| Plan assets that do not have a quoted market price in an active market | | |
| Japanese equity securities | 11,512 | 14,612 |
| Global equity securities | 12,791 | 15,045 |
| Japanese debt | 15,429 | 15,584 |
| Global debt | 9,006 | 9,549 |
| Insurance assets (general account) | 17,199 | 17,248 |
| Other assets (Note 1) | 4,871 | 7,010 |
| Total | 70,808 | 79,048 |

Note: 1. Other assets include mainly alternative investment products.

The Group expects to contribute ¥2,969 million to its defined contribution plan in the next fiscal year.

The main investment policy of the defined benefit pension plans is to secure the required comprehensive return on plan assets over the long term under an acceptable level of risk in order to ensure the future provision of benefits to participants and beneficiaries and at the same time to stabilize the contribution burden. To this end, the investment policy is based on the policy asset mix, which is the optimal combination for the future, and the allowable range of deviation based on ALM analysis, etc. The plan aims to maintain a diversified asset allocation among stocks, bonds, alternative products, etc. based on the policy asset mix. In addition, in order to manage the risk of the plan's asset management, when the asset mix temporarily deviates from the policy asset mix due to fluctuations in market values, etc., the plan will rebalance the asset mix.

The weighted average duration of the defined benefit plan obligations as at March 31, 2024 was 13.3 years.

27. Capital Stock and Other Equity Items

(1) Capital stock and treasury stock

The number of authorized shares as at March 31, 2023 and 2024 was 341,690,000 shares.

The Company's issued shares were as follows:

| | (Shares) | |
|---|---|---|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Number of issued shares (common shares with no par value) | | |
| As at the beginning of the year | 245,220,890 | 272,358,290 |
| Increase during the year (Notes 1, 2) | 27,137,400 | 29,531,517 |
| As at the end of the year | 272,358,290 | 301,889,807 |

Notes: 1. The increase during the year ended March 31, 2023 consisted of the issuance of new shares totaling 27,000,000 shares and the exercise of the stock acquisition rights totaling 137,400 shares.

2. The increase during the year ended March 31, 2024 consisted of the exercise of the conversion rights for convertible bonds totaling 25,071,617 shares and the exercise of the stock acquisition rights totaling 4,459,900 shares.

The Company's treasury stock included in the above issued shares was as follows:

| | (Shares) | |
|---------------------------------------|---|---|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Number of treasury stock | | |
| As at the beginning of the year | 22,486 | 27,451 |
| Increase during the year (Notes 1, 3) | 5,885 | 3,775 |
| Decrease during the year (Notes 2, 4) | (920) | (530) |
| As at the end of the year | 27,451 | 30,696 |

Notes: 1. The increase of 5,885 shares during the year ended March 31, 2023 related to the purchase of shares from shareholders with less than one unit of shares.

2. The decrease of 920 shares during the year ended March 31, 2023 related to the sale of shares to shareholders with less than one unit of shares.

3. The increase of 3,775 shares during the year ended March 31, 2024 related to the purchase of shares from shareholders with less than one unit of shares.

4. The decrease of 530 shares during the year ended March 31, 2024 related to the sale of shares to shareholders with less than one unit of shares.

(2) Reserves

(a) Capital surplus

Capital surplus of the Group includes additional paid-in capital of the Company, which is legal capital surplus.

Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from additional paid-in capital to common stock.

(b) Retained earnings

Retained earnings of the Group include the reserve of the Company legally required as legal retained earnings.

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as legal retained earnings until the aggregate amount of capital surplus and statutory reserve reaches 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval of the shareholders meeting.

(3) Other components of equity

The movements of other component of equity were as follows:

(Millions of Yen)

| | Other components of equity | | | | | | | |
|-------------------------------|----------------------------------|---------------------------------------|-------------------------------------|---|------------------|---|--|---------|
| | Currency translation differences | Equity instruments measured at FVTOCI | Debt instruments measured at FVTOCI | Fluctuations in discount rates of insurance contracts | Cash flow hedges | Changes in own credit risk on financial liabilities | Remeasurement of defined benefit plans | Total |
| Balance as at April 1, 2022 | 44,392 | (59) | (1,581) | — | — | 113 | — | 42,865 |
| Change for the year | 24,513 | (3,524) | (3,916) | 930 | — | 196 | (780) | 17,419 |
| Transfer to retained earnings | — | (17) | — | — | — | — | 780 | 763 |
| Balance as at March 31, 2023 | 68,905 | (3,600) | (5,497) | 930 | — | 309 | — | 61,047 |
| Change for the year | 65,175 | 3,086 | (871) | 764 | (2,296) | 15 | (610) | 65,263 |
| Transfer to retained earnings | — | (1,194) | — | — | — | — | 610 | (584) |
| Balance as at March 31, 2024 | 134,080 | (1,708) | (6,368) | 1,694 | (2,296) | (324) | — | 125,726 |

28. Dividends

Dividends paid were as follows:

| Year ended March 31, 2023 | Type of share | Dividend amount (Millions of Yen) | Amount per share (Yen) | Record date | Effective date |
|--|---------------|-----------------------------------|------------------------|--------------------|-------------------|
| Board of Directors' Meeting on June 29, 2022 | Common shares | 29,424 | 120 | March 31, 2022 | June 30, 2022 |
| Board of Directors' Meeting on November 30, 2022 | Common shares | 8,167 | 30 | September 30, 2022 | December 19, 2022 |

| Year ended March 31, 2024 | Type of share | Dividend amount (Millions of Yen) | Amount per share (Yen) | Record date | Effective date |
|--|---------------|-----------------------------------|------------------------|--------------------|-------------------|
| Board of Directors' Meeting on May 12, 2023 | Common shares | 32,680 | 120 | March 31, 2023 | June 9, 2023 |
| Board of Directors' Meeting on November 10, 2023 | Common shares | 8,257 | 30 | September 30, 2023 | December 18, 2023 |

Dividends for which the declared date fell in the year ended March 31, 2024, and for which the effective date will be in the year ending March 31, 2025, are as follows:

| | Type of share | Dividend amount (Millions of Yen) | Amount per share (Yen) | Record date | Effective date |
|---|---------------|-----------------------------------|------------------------|----------------|----------------|
| Board of Directors' Meeting on May 10, 2024 | Common shares | 39,242 | 130 (Note 1) | March 31, 2024 | June 7, 2024 |

Note: 1. The per-share dividend of 130 yen consists of common dividend of 120 yen and commemorative dividend of 10 yen for the 25th anniversary of the foundation of the Company.

29. Share-based Payment

The Company and certain of its subsidiaries have share-based compensation plans for their directors or employees. The share-based compensation plans are granted to persons resolved by the board of directors based on the approval of the shareholders meeting of the Company or certain of its subsidiaries.

Share-based compensation expense recognized during the years ended March 31, 2023 and 2024 amounted to ¥991 million and ¥470 million, respectively, and is included in "Selling, general and administrative expenses".

(1) Equity-settled share-based compensation plan ("Stock option")

Vesting conditions of the stock options include completion of a specified period of service, and accomplishment of the IPO and holding their positions as directors or employees until the accomplishment of the IPO. Also, certain of the stock options vest upon receipt of cash from the directors or employees for the price equivalent to their fair value.

The outline of the stock option plans of the Group is as follows:

① The Company

The outline of the Company's stock option plan is as follows:

| | (Shares) | | (Yen) | |
|-------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | |
| | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | 8,520,900 | 2,173 | 8,383,500 | 2,183 |
| Exercised | (137,400) | 1,563 | (4,459,900) | 2,219 |
| Ending balance | 8,383,500 | 2,183 | 3,923,600 | 2,141 |

Note: 1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2023 and 2024 were ¥2,721 and ¥3,275, respectively.

The unexercised stock options as at March 31, 2024 are as follows:

| Name | (Yen) | (Shares) | Exercise period |
|--|----------------|------------------|--------------------------------------|
| | Exercise price | Number of shares | |
| 2017 Second Stock Acquisition Rights | 1,563 | 861,000 | July 29, 2019– September 30, 2024 |
| 2020 First Stock Acquisition Rights (Note 1) | 2,280 | 468,600 | July 3, 2023– September 30, 2024 |
| 2020 Second Stock Acquisition Rights | 2,308 | 2,594,000 | July 3, 2023 September 29, 2028 |

Note: 1. The stock options were issued upon receipt of cash for the price equivalent to their fair value. And a holder of the stock acquisition rights shall be able to exercise the stock acquisition rights only in the event that the Financial Services Business has achieved ¥55 billion or more in its entire segment profits (profit before income tax expenses) in each fiscal year of the period from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2023, and also marked ¥170 billion or more in its cumulative segment profits (profit before income tax expenses) for the above three fiscal periods.

② Subsidiaries

The outline of the Company's subsidiaries' stock option plans is as follows.

| a-1 SBI Biotech Co., Ltd. | (Shares) | | (Yen) | |
|---------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | |
| | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | 100 | 5,000 | 5,600 | 79,545 |
| Granted | 5,500 | 80,900 | — | — |
| Ending balance | 5,600 | 79,545 | 5,600 | 79,545 |

Notes: 1. Of the remaining stock options as at March 31, 2024, 100 shares were granted before November 7, 2002 thus, the Group does not apply IFRS 2 "Share-based Payment". The exercise period is two years and six months from six months after the date of the IPO.

2. The fair value of stock options granted during the year ended March 31, 2023 was ¥35,416 (the number of shares to be issued per option is 1 share). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

| | | | |
|-------------------------------------|-----------|-------------------------------------|-------------|
| Stock price at the measurement date | : ¥72,300 | Estimated remaining exercise period | : 6.5 years |
| Exercise price | : ¥80,900 | Dividend yield | : 0.00% |
| Estimated volatility | : 54.9% | Risk free rate | : 0.06% |

| a-2 BroadBand Security, Inc. | (Shares) | | (Yen) | |
|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | |
| | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | 81,700 | 800 | 76,100 | 800 |
| Exercised | (5,100) | 800 | — | — |
| Forfeited | (500) | 800 | — | — |
| Change in scope of consolidation | — | — | (76,100) | 800 |
| Ending balance | 76,100 | 800 | — | — |

Notes: 1. Weighted average stock price of stock options upon exercise for the year ended March 31, 2023 was ¥1,412.

| a-3 SBI FinTech Solutions Co., Ltd. | (Shares) | | (Yen) | |
|-------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | |
| | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | 604,000 | 628 | 604,000 | 628 |
| Forfeited | — | — | (604,000) | 628 |
| Ending balance | 604,000 | 628 | — | — |

| a-4 SBI Insurance Group Co., Ltd. | (Shares) | | (Yen) | |
|-----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | |
| | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | 1,460,700 | 1,734 | 1,460,700 | 1,734 |
| Forfeited | — | — | (1,460,700) | 1,734 |
| Ending balance | 1,460,700 | 1,734 | — | — |

| a-5 Rheos Capital Works Inc. | (Shares) | | (Yen) | |
|------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | |
| | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | 884,000 | 545 | 873,000 | 543 |
| Exercised | — | — | (538,500) | 33 |
| Forfeited | (11,000) | 721 | — | — |
| Ending balance | 873,000 | 543 | 334,500 | 1,365 |

Notes:

- The average remaining exercise period as at March 31, 2024 was 3.9 years.
- Weighted average stock price of stock options upon exercise for the year ended March 31, 2024 was ¥1,238.
- SBI Rheos Hifumi Co., Ltd. was established as the holding company of Rheos Capital Works Inc. through a sole share transfer on April 1, 2024. On the same day, stock acquisition rights of the holding company substituted for those of Rheos Capital Works Inc. were issued and allotted.

| a-6 SBI Leasing Services Co., Ltd. | (Shares) | | (Yen) | |
|------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | |
| | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | 339,600 | 2,250 | 328,000 | 2,250 |
| Forfeited | (11,600) | 2,250 | — | — |
| Ending balance | 328,000 | 2,250 | 328,000 | 2,250 |

Note: The average remaining exercise period as at March 31, 2024 was 4.3 years.

| a-7 SBI ARUHI Corporation | (Shares) | | (Yen) | |
|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | |
| | Number of shares | Weighted average exercise price | Number of shares | Weighted average exercise price |
| Beginning balance | — | — | 663,800 | 1,526 |
| Change in scope of consolidation | 759,800 | 1,431 | — | — |
| Exercised | (87,100) | 682 | (44,900) | 684 |
| Forfeited | (8,900) | 1,708 | (56,700) | 1,689 |
| Ending balance | 663,800 | 1,526 | 562,200 | 1,577 |

Notes:

- Weighted average stock prices of stock options upon exercise for the years ended March 31, 2023 and 2024 were ¥1,090 and ¥887, respectively.
- The average remaining exercise period as at March 31, 2024 was 3.7 years.

| a-8 SBI Digital Markets Pte. Ltd. | (Shares) | | (SGD) | |
|-----------------------------------|-----------------------------------|---------------------------------|-------|--|
| | For the year ended March 31, 2024 | | | |
| | Number of shares | Weighted average exercise price | | |
| Beginning balance | — | — | | |
| Granted | 560,000 | 7.40 | | |
| Ending balance | 560,000 | 7.40 | | |

Notes:

- The average remaining exercise period as at March 31, 2024 was 10 years. The stock options did not vest as at March 31, 2024.
- The stock options granted during the year ended March 31, 2024 were 332,000 shares of SBI DM Share Option Scheme-Pioneer Group and 228,000 shares of SBI DM Share Option Scheme-Broader Group.

The fair value of SBI DM Share Option Scheme-Pioneer Group was SGD 8.76 (the number of shares to be issued per option is 1 share). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

| | | | |
|-------------------------------|-------------|-------------------------------------|--------------|
| Stock price at the grant date | : SGD 11.96 | Estimated remaining exercise period | : 6.25 years |
| Exercise price | : SGD 4.26 | Dividend yield | : 0.00% |
| Estimated volatility | : 40.1% | Risk free rate | : 3.07% |

The fair value of SBI DM Share Option Scheme-Broader Group was SGD 5.29 (the number of shares to be issued per option is 1 share). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

| | | | |
|-------------------------------|-------------|-------------------------------------|--------------|
| Stock price at the grant date | : SGD 11.96 | Estimated remaining exercise period | : 6.25 years |
| Exercise price | : SGD 11.96 | Dividend yield | : 0.00% |
| Estimated volatility | : 40.1% | Risk free rate | : 3.07% |

(2) Restricted share-based payment

The Company's restricted share-based payment plan grants monetary compensation claims to directors (the "eligible directors"), excluding outside directors, and allocates restricted shares to the eligible directors by having the eligible directors pay all of the monetary compensation claims by contribution in kind. During the restricted period (from the payment date to February 28, 2025) stipulated in the Restricted Share Allotment Agreement executed between the Company and the eligible directors, the eligible directors may not transfer, pledge as collateral, or otherwise dispose of the restricted shares.

The restricted shares previously allocated, for which the last day of the restricted period has not yet arrived, were as follows:

| | For the year ended March 31, 2022 |
|--|-----------------------------------|
| Payment date | February 15, 2022 |
| Type and number of shares to be issued | 137,800 shares of common stock |
| Issue price | ¥2,830 |

Note: 1. The issue price is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution regarding the allotment of restricted shares.

30. Revenue

Revenue for the years ended March 31, 2023 and 2024 consisted of the following:

| | (Millions of Yen) | |
|--|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Revenue | | |
| Financial income | | |
| Interest income | | |
| Income arising from financial assets measured at amortized cost (Note 1) | 396,530 | 488,677 |
| Income arising from debt instruments measured at FVTOCI (Note 2) | 7,882 | 11,435 |
| Income arising from financial assets measured at FVTPL | 61,845 | 41,497 |
| Income arising from financial liabilities designated at FVTPL | (244) | (2,959) |
| Others | 24,029 | 52,236 |
| Total financial income | 490,042 | 590,886 |
| Insurance revenue | 80,537 | 87,665 |
| Revenue from contracts with customers | | |
| Revenue from rendering of services | 185,461 | 220,659 |
| Revenue from sales of goods | 48,854 | 108,311 |
| Others | 152,083 | 202,983 |
| Total revenue | 956,977 | 1,210,504 |

Notes: 1. The amount mainly consists of interest income arising from bonds held in the banking business and from loans in the banking and securities businesses.
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 for the years ended March 31, 2023 and 2024 consisted of the following: Revenue from rendering of services mainly includes brokerage commission in the securities business. Revenue from sales of goods includes revenue arising from the sale of aircraft, pharmaceutical products, supplements, and cosmetics.

| (Millions of Yen) | | | | | | | | |
|---------------------------------------|-----------------------------|---------------------------|---------------------|-----------------------|------------------------|---------|--------------------------|--------------------|
| For the year ended March 31, 2023 | Financial Services Business | Asset Management Business | Investment Business | Crypto-asset Business | Non-Financial Business | Total | Elimination or Corporate | Consolidated Total |
| Revenue from contracts with customers | | | | | | | | |
| Revenue from rendering of services | 154,582 | 20,298 | 6,354 | 27 | 10,820 | 192,081 | (6,620) | 185,461 |
| Revenue from sales of goods | 5,583 | — | 31,369 | — | 12,204 | 49,156 | (302) | 48,854 |
| Total | 160,165 | 20,298 | 37,723 | 27 | 23,024 | 241,237 | (6,922) | 234,315 |

| (Millions of Yen) | | | | | | | | |
|---------------------------------------|-----------------------------|---------------------------|---------------------|-----------------------|------------------------|---------|--------------------------|--------------------|
| For the year ended March 31, 2024 | Financial Services Business | Asset Management Business | Investment Business | Crypto-asset Business | Non-Financial Business | Total | Elimination or Corporate | Consolidated Total |
| Revenue from contracts with customers | | | | | | | | |
| Revenue from rendering of services | 183,206 | 29,122 | 7,136 | 398 | 8,436 | 228,298 | (7,639) | 220,659 |
| Revenue from sales of goods | 47,487 | — | 48,066 | — | 13,111 | 108,664 | (353) | 108,311 |
| Total | 230,693 | 29,122 | 55,202 | 398 | 21,547 | 336,962 | (7,992) | 328,970 |

(2) Contract balance

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

(Millions of Yen)

| | Balance as at April 1, 2022 | Balance as at March 31, 2023 |
|--|-----------------------------|------------------------------|
| Trade receivables from contract with customers | 10,385 | 10,247 |
| Contract liabilities | 5,876 | 5,136 |

(Millions of Yen)

| | Balance as at April 1, 2023 | Balance as at March 31, 2024 |
|--|-----------------------------|------------------------------|
| Trade receivables from contract with customers | 10,247 | 16,493 |
| Contract liabilities | 5,136 | 5,326 |

Contract liabilities consist primarily of the balance of annual membership fee income in the card business for which the performance obligation has not been satisfied as of the end of the period.

Of the revenues recognized during the years ended March 31, 2023 and 2024, ¥5,876 million and ¥5,136 million were included in the balance of contract liabilities as at April 1, 2022 and 2023, respectively.

31. Expense

Expense for the years ended March 31, 2023 and 2024 consisted of the following:

(1) Financial cost associated with financial income

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|---|-----------------------------------|-----------------------------------|
| Financial cost associated with financial income | | |
| Interest expense | | |
| Financial liabilities measured at amortized cost | (102,473) | (167,940) |
| Total financial cost associated with financial income | (102,473) | (167,940) |

(2) Operating cost

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|-------------------------------|-----------------------------------|-----------------------------------|
| Payroll | (11,934) | (13,981) |
| Outsourcing fees | (59,116) | (83,549) |
| Depreciation and amortization | (14,290) | (13,751) |
| Cost of real estate for sale | (8,102) | (56,715) |
| Others | (91,842) | (97,865) |
| Total operating cost | (185,284) | (265,861) |

(3) Selling, general and administrative expenses

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|--|-----------------------------------|-----------------------------------|
| Payroll | (125,235) | (136,891) |
| Outsourcing fees | (61,205) | (78,729) |
| Depreciation and amortization | (39,742) | (39,987) |
| Research and development | (1,538) | (1,983) |
| Others | (135,575) | (148,169) |
| Total selling, general and administrative expenses | (363,295) | (405,759) |

(4) Other financial cost

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|--|-----------------------------------|-----------------------------------|
| Other financial cost | | |
| Interest expense | | |
| Financial liabilities measured at amortized cost | (20,183) | (36,344) |
| Others | 198 | (5,369) |
| Total other financial cost | (19,985) | (41,713) |

(5) Other expenses

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|----------------------|-----------------------------------|-----------------------------------|
| Impairment loss | (3,585) | (921) |
| Others | (19,271) | (12,139) |
| Total other expenses | (22,856) | (13,060) |

32. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2023 and 2024 were as follows:

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|--------------------------|-----------------------------------|-----------------------------------|
| Income tax expense | | |
| Current | (38,487) | (27,199) |
| Deferred | 8,043 | (754) |
| Total income tax expense | (30,444) | (27,953) |

The Company and its domestic subsidiaries are subject to mainly a national corporate tax, an inhabitants tax, and an enterprise tax, which, in aggregate, resulted in a normal effective statutory tax rate of 30.6%. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

A reconciliation between the normal effective statutory tax rates and the Group's average effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2023 and 2024 is as follows:

(%)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|---|--------------------------------------|--------------------------------------|
| Normal effective statutory tax rate | 30.6 | 30.6 |
| Permanent differences such as meals and entertainment | 1.5 | 1.3 |
| Tax effect on minority interests of investments in fund | (2.9) | 0.2 |
| Temporary differences arising from consolidation of investments | 1.3 | (5.2) |
| Change in unrecognized deferred tax assets | (1.6) | (7.9) |
| Other | 0.9 | 0.7 |
| Average effective tax rate | 29.8 | 19.7 |

The Tax Reform Act of 2023 ("Act for Partial Revision of the Income Tax Act, etc. (Act No. 3 of 2023)") ("Revised Corporation Tax Act") was enacted on March 28, 2023, which includes provisions related to the establishment of a corporate tax system for global minimum taxation. The Revised Corporation Tax Act introduces the income inclusion rule (IIR), which is one of the global minimum tax rules under BEPS, and, beginning with fiscal years beginning on or after April 1, 2024, the tax burden of a parent company located in Japan on its subsidiaries and affiliates in Japan will be additionally taxed on the parent company located in Japan until the minimum tax rate (15%) is reached.

However, the Group has applied the temporary exception provided for in IAS 12 "Income Taxes" and has not recognized any deferred tax assets or liabilities for income taxes arising from the global minimum tax system, nor have they been included in the disclosed amounts.

Assuming that the additional taxation would be applied in the current period, the Company has determined that the impact would not be material.

33. Other Comprehensive Income

Amounts recorded during the year, reclassification adjustments and income tax effects on each item of other comprehensive income for the years ended March 31, 2023 and 2024 were as follows:

(Millions of Yen)

| For the year ended March 31, 2023 | Amount recorded during the year | Reclassification adjustment | Amount before income tax | Income tax effect | Amount after income tax |
|--|---------------------------------|-----------------------------|--------------------------|-------------------|-------------------------|
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Equity instruments measured at FVTOCI | (7,234) | — | (7,234) | 61 | (7,173) |
| Changes in own credit risk on financial liabilities | 389 | — | 389 | — | 389 |
| Remeasurement of defined benefit plans | (1,830) | — | (1,830) | 456 | (1,374) |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | (3) | — | (3) | — | (3) |
| | (8,678) | — | (8,678) | 517 | (8,161) |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Debt instruments measured at FVTOCI | (12,086) | 3,979 | (8,107) | 284 | (7,823) |
| Currency translation differences | 30,255 | (7) | 30,248 | — | 30,248 |
| Fluctuations in discount rates of insurance contracts | 1,875 | — | 1,875 | (525) | 1,350 |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 1,995 | — | 1,995 | — | 1,995 |
| | 22,039 | 3,972 | 26,011 | (241) | 25,770 |
| Total | 13,361 | 3,972 | 17,333 | 276 | 17,609 |

(Millions of Yen)

| For the year ended March 31, 2024 | Amount recorded during the year | Reclassification adjustment | Amount before income tax | Income tax effect | Amount after income tax |
|--|---------------------------------|-----------------------------|--------------------------|-------------------|-------------------------|
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Equity instruments measured at FVTOCI | 5,681 | — | 5,681 | (66) | 5,615 |
| Changes in own credit risk on financial liabilities | (8) | — | (8) | — | (8) |
| Remeasurement of defined benefit plans | (1,586) | — | (1,586) | 532 | (1,054) |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 0 | — | 0 | — | 0 |
| | 4,087 | — | 4,087 | 466 | 4,553 |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Debt instruments measured at FVTOCI | (2,353) | 715 | (1,638) | 138 | (1,500) |
| Currency translation differences | 71,069 | (18) | 71,051 | — | 71,051 |
| Fluctuations in discount rates of insurance contracts | 2,069 | — | 2,069 | (579) | 1,490 |
| Cash flow hedges | (5,293) | 699 | (4,594) | 894 | (3,700) |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | 4,847 | 0 | 4,847 | — | 4,847 |
| | 70,339 | 1,396 | 71,735 | 453 | 72,188 |
| Total | 74,426 | 1,396 | 75,822 | 919 | 76,741 |

34. Earnings per Share

Basic earnings per share and diluted earnings per share attributable to owners of the Company were calculated based on the following information:

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|---|-----------------------------------|-----------------------------------|
| Earnings | | |
| Profit attributable to owners of the Company | 35,445 | 87,243 |
| Dilutive effect: Convertible bonds | 764 | 567 |
| Profit attributable to owners of the Company after dilutive effect | 36,209 | 87,810 |
| Shares | | |
| Basic weighted average number of ordinary shares (shares) | 264,766,019 | 275,712,057 |
| Dilutive effect: Stock options (shares) | 1,651,841 | 1,915,609 |
| Dilutive effect: Convertible bonds (shares) | 39,567,668 | 29,827,618 |
| Weighted average number of ordinary shares after the dilutive effect (shares) | 305,985,528 | 307,455,284 |
| Earnings per share attributable to owners of the Company | | |
| Basic (in Yen) | 133.87 | 316.43 |
| Diluted (in Yen) | 118.34 | 285.60 |

35. Cash Flow Information

Supplemental disclosure of consolidated statement of cash flow information for the years ended March 31, 2023 and 2024 was as follows:

(1) Expenditures on acquisition of subsidiaries

Total consideration paid for acquisition of subsidiaries were ¥68,737 million and ¥210,552 million for the years ended March 31, 2023 and 2024, respectively. The consideration paid for the year ended March 31, 2023 consisted solely of cash and cash equivalents. The consideration paid for the year ended March 31, 2024, consisted of cash and cash equivalents of ¥27,806 million as well as cash loan.

Amounts of major classes of assets and liabilities of subsidiaries, of which the Group obtained control through share acquisition, at the date of acquisition were as follows:

| | (Millions of Yen) | |
|-----------------------------|---|---|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Cash and cash equivalents | 62,140 | 20,776 |
| Trade and other receivables | 121,447 | 188,427 |
| Inventories | 34,453 | 28,015 |
| Other financial assets | 37,712 | 1,698 |
| Other investment securities | 1,931 | 1,526 |
| Intangible assets | 8,310 | 368 |
| Other assets | 10,264 | 8,027 |
| Total assets | 276,257 | 248,837 |
| Bonds and loans payable | 137,521 | 3,428 |
| Trade and other payables | 40,047 | 6,294 |
| Other financial liabilities | 41,685 | 22 |
| Other liabilities | 6,796 | 33,355 |
| Total liabilities | 226,049 | 43,099 |

(3) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities were as follows:

| | (Millions of Yen) | | |
|---|-------------------|-----------|-----------|
| | Borrowings | Bond | Total |
| Balance as at April 1, 2022 | 1,895,341 | 1,469,519 | 3,364,860 |
| Cash flow from operating activities | (409,133) | (202,002) | (611,135) |
| Cash flow from financing activities | 489,976 | 280,002 | 769,978 |
| Non-cash changes | | | |
| Change in scope of consolidation | 125,811 | 11,710 | 137,521 |
| Interest expense | 1,768 | 558 | 2,326 |
| Foreign currency translation adjustment on foreign operations | 2,499 | 11,546 | 14,045 |
| Others | 2,554 | 206 | 2,760 |
| Balance as at March 31, 2023 | 2,108,816 | 1,571,539 | 3,680,355 |
| Cash flow from operating activities | 740,149 | (61,448) | 678,701 |
| Cash flow from financing activities | (190,633) | 351,753 | 161,120 |
| Non-cash changes | | | |
| Change in scope of consolidation | 2,601 | — | 2,601 |
| Interest expense | 1,932 | 3,401 | 5,333 |
| Conversion of convertible bonds | — | (70,037) | (70,037) |
| Foreign currency translation adjustment on foreign operations | 2,297 | 13,516 | 15,813 |
| Others | 4,369 | (1,176) | 3,193 |
| Balance as at March 31, 2024 | 2,669,531 | 1,807,548 | 4,477,079 |

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥25 million and ¥5,023 million for the years ended March 31, 2023 and 2024, respectively. Consideration received consisted solely of cash and cash equivalents.

Amounts of major classes of assets and liabilities of subsidiaries, of which the Group lost control through share sale, at the date of sale were as follows:

| | (Millions of Yen) | |
|-----------------------------|---|---|
| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
| Cash and cash equivalents | 9 | 2,524 |
| Trade and other receivables | — | 1,339 |
| Other assets | — | 3,339 |
| Total assets | 9 | 7,202 |
| Bonds and loans payable | — | 827 |
| Trade and other payables | — | 1,289 |
| Other liabilities | 2 | 1,171 |
| Total liabilities | 2 | 3,287 |

36. Subsidiaries

Major subsidiaries of the Group as at March 31, 2024 were as follows:

| Business segment | Name | Location | Voting Rights Holding Ratio (Note 1) (%) |
|--------------------------------------|---------------------------------------|-----------|--|
| Financial Services Business | SBI FINANCIAL SERVICES Co., Ltd. | Japan | 100.0 |
| | SBI SECURITIES Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI Liquidity Market Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI FXTRADE Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI MONEYPLAZA Co., Ltd. | Japan | 66.6 (66.6) |
| | SBI Insurance Group Co., Ltd. | Japan | 59.7 |
| | SBI Life Insurance Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI Insurance Co., Ltd. | Japan | 99.2 (99.2) |
| | SBI FinTech Solutions Co., Ltd. | Japan | 77.5 |
| | SBI Estate Finance Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI Shinsei Bank, Limited | Japan | 64.8 (64.8) |
| | Showa Leasing Co., Ltd. | Japan | 100.0 (100.0) |
| | APLUS Co., Ltd. | Japan | 100.0 (100.0) |
| | Shinsei Financial Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI SAVINGS BANK | Korea | 100.0 (100.0) |
| SBI Regional Bank Holdings Co., Ltd. | Japan | 100.0 | |
| Asset Management Business | SBI Asset Management Group Co., Ltd. | Japan | 100.0 |
| | SBI Global Asset Management Co., Ltd. | Japan | 52.6 (52.6) |
| | SBI Asset Management Co., Ltd. | Japan | 97.9 (97.9) |
| Investment Business | SBI Capital Management Co., Ltd. | Japan | 100.0 |
| | SBI Investment Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI Hong Kong Holdings Co., Ltd. | Hong Kong | 100.0 |
| | SBI VENTURES ASSET PTE. LTD. | Singapore | 100.0 (100.0) |
| | SBI ALApharma Co., Limited (Note 2) | Hong Kong | 100.0 (100.0) |
| Crypto-asset Business | SBI VC Trade Co., Ltd. | Japan | 100.0 (100.0) |
| Next Gen Business (Note 3) | SBI Pharmaceuticals Co., Ltd. | Japan | 100.0 (100.0) |
| | SBI ALApromo Co., Ltd. | Japan | 100.0 (1.0) |
| | SBI Biotech Co., Ltd. | Japan | 95.8 (1.1) |

Notes: 1. The figure in the parentheses represents the indirect holding ratio of voting rights or indirect investment ratio included in the total.

2. SBI ALApharma Co., Limited, which was included in "Non-Financial Business" (renamed "Next Gen Business") until the year ended March 31, 2023, is now included in "Investment Business" from the year ended March 31, 2024.

3. The Group changed the reporting segment name "Non-Financial Business" to "Next Gen Business" from the year ended March 31, 2024.

Subsidiaries with material noncontrolling interests are as follows:

Year ended March 31, 2023

| Name | Location | Percentage of voting rights held by non-controlling interests (%) | (Millions of Yen) | |
|---------------------------|----------|---|--|--|
| | | | Net income (loss) allocated to non-controlling interests | Cumulative amount of non-controlling interests |
| SBI Shinsei Bank, Limited | Japan | 50.0 | 23,398 | 479,671 |

Year ended March 31, 2024

| Name | Location | Percentage of voting rights held by non-controlling interests (%) | (Millions of Yen) | |
|---------------------------|----------|---|--|--|
| | | | Net income (loss) allocated to non-controlling interests | Cumulative amount of non-controlling interests |
| SBI Shinsei Bank, Limited | Japan | 35.2 | 21,599 | 348,881 |

The following is a condensed financial information of SBI Shinsei Bank, Limited. The following condensed financial information is before elimination of intergroup transactions.

(Millions of Yen)

| | As at March 31, 2023 | As at March 31, 2024 |
|-------------------|-------------------------|-------------------------|
| Total assets | 13,091,690 | 15,630,976 |
| Total liabilities | 12,129,399 | 14,668,826 |
| Total equity | 962,291 | 962,150 |

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|---|---|---|
| Revenue | 409,235 | 468,734 |
| Profit for the year | 46,585 | 53,408 |
| Total comprehensive income | 45,227 | 74,717 |
| Cash flows from operating activities | 1,377,788 | 1,254,529 |
| Cash flows from investing activities | (949,025) | 77,703 |
| Cash flows from financing activities | (13,936) | (80,503) |
| Net change in cash and cash equivalents | 414,827 | 1,251,729 |

37. Related Party Transactions

(1) Related Party Transactions

The Group entered into the following related party transactions during the year ended March 31, 2024.

(Millions of Yen) (Millions of Yen)

| Type | Name | Nature of relationship | Nature of transaction | Transaction Amount | Balance |
|-------------------|-----------------|-------------------------|---|-----------------------|---------|
| Corporate officer | Yoshitaka Kitao | Representative Director | Exercise of stock options (Note1) | 1,186 | — |
| | | | Acquisition of shares of subsidiaries (Note2) | 1,047 | — |
| Corporate officer | Masato Takamura | Representative Director | Exercise of stock options (Note1) | 319 | — |
| Corporate officer | Tomoya Asakura | Representative Director | Exercise of stock options (Note1) | 616 | — |
| Corporate officer | Shumpei Morita | Director | Exercise of stock options (Note1) | 463 | — |
| Corporate officer | Satoe Kusakabe | Director | Exercise of stock options (Note1) | 12 | — |
| Corporate officer | Masayuki Yamada | Director | Exercise of stock options (Note1) | 80 | — |
| Corporate officer | Shinji Matsui | Director | Exercise of stock options (Note1) | 125 | — |
| Corporate officer | Motoaki Shiino | Director | Exercise of stock options (Note1) | 12 | — |

Notes: 1. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolution by the Board of Directors meeting held on May 28, 2020, and June 26, 2020, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the fiscal year ended March 31, 2024.

2. The transfer price was determined by taking into consideration a stock price valuation report by an independent third party.

3. Exercise of stock options represents the exercise of stock acquisition rights which were issued based on the resolution by the Board of Directors meeting held on July 27, 2017, and August 29, 2017, pursuant to Article 236, 238 and 240 of the Companies Act. Stated in the "Transaction Amount" column is the paid-in amount in connection with stock acquisition rights exercised during the fiscal year ended March 31, 2024.

(2) The remuneration of key management personnel of the Company for the years ended March 31, 2023 and 2024

(Millions of Yen)

| | For the year ended March 31, 2023 | For the year ended March 31, 2024 |
|--------------------------|---|---|
| Remuneration and bonuses | 987 | 1,021 |
| Post-employment benefits | 141 | 103 |
| Total | 1,128 | 1,124 |

38. Events after the Reporting Period

(Liquidation of Subsidiary)

On June 20, 2024, the necessary procedures for the liquidation of SIFP B.V., a subsidiary of the Company, were completed.

1. Outline of the subsidiary

- | | |
|--------------------------------------|--|
| (1) Name | SIFP B.V. |
| (2) Location | Basisweg 10, 1043 AP, Amsterdam, the Netherlands |
| (3) Business description | Holding and financial business |
| (4) Paid-in capital | 300 euros |
| (5) Percentage of voting rights held | 100% (of which 100% were held indirectly) |

2. Impact of the liquidation on business activities

The liquidation will have no impact on the business activities of the Group.

3. Impact on profit and loss due to liquidation

In accordance with the liquidation, the foreign exchange differences related to the subsidiary will be transferred from other components of equity to profit or loss. The impact on consolidated financial statements in the year ending March 31, 2025 is still under consideration.



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INDEPENDENT AUDITOR'S REPORT

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

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of SBI Holdings, Inc. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Valuation of operational investment securities that do not have quoted market prices | |
|--|---|
| Key Audit Matter Description | How the Key Audit Matter Was Addressed in the Audit |
| <p>As one of its main businesses, the Group engages in the business of investing in venture companies located in Japan and overseas for the areas such as IT, FinTech, blockchain, finance and biotechnology. The performance forecast of these venture companies is affected by uncertainties that could cause fluctuations in their performance. These factors include, but are not limited to, changes in the competitive environment caused by the rapid progress of technological innovation and fluctuations in industrial standards, the hiring and retention of skilled managers and staff, and weak finance base.</p> <p>As described in Note 3, "Material Accounting Policies (3) Financial instruments" and Note 12, "Operational Investment Securities and Other Investment Securities" in the notes to the consolidated financial statements, operational investment securities held through the investment business are measured at fair value, and all changes in fair value are recognized in profit or loss.</p> <p>As described in Note 12, "Operational Investment Securities and Other Investment Securities" in the notes to the consolidated financial statements, the carrying amount of operational investment securities that are measured at fair value through profit or loss as of March 31, 2024, was ¥673,625 million. A majority of these investment securities were unlisted equity securities. The Group sets the valuation policy for operating investment securities that allows the use of the most appropriate valuation techniques and inputs for each investee, and in accordance with such valuation policy, their fair values are measured through the internal valuation process.</p> <p>As for valuation techniques, such as the income approach and the market approach, the Group considers the state of financing, profitability, financial condition and changes in management resources of each investee and uses a valuation technique that is most appropriate for the investee. In cases where it is difficult to use a single valuation technique, the Group measures fair value by making an overall evaluation of the values determined by multiple valuation techniques.</p> <p>As for inputs used, the Group uses observable inputs to the extent possible, but since unobservable inputs are often used in case of unlisted equity securities, the Group uses inputs that are most appropriate for the investee considering the relevance, objectivity and reasonableness of the inputs. These unobservable inputs include discount rate, price earnings ratio ("P/E ratio"), EBITDA ratio, illiquidity discount and other assumptions.</p> | <p>We understood the relevant valuation policy, valuation processes and related internal controls and tested the valuation of operational investment securities that do not have quoted market prices. Our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> • To evaluate whether the Group's valuation policy complies with applicable accounting standards, we read the relevant documents and performed an inquiry of the official in charge of accounting about the Group's valuation policy. • To evaluate the effectiveness of the valuation process of the Group, including the valuation meeting, that lays a foundation for appropriate valuation techniques and inputs, we inquired of the attendees of the valuation meeting and inspected documents prepared during the valuation process and the supporting documents. • Regarding the use of valuation techniques for each investee, we read the Group's valuation policy and performed an inquiry of the official in charge of accounting about the application of the valuation policy. For cases where it is difficult to use a single valuation technique, we evaluated the reasonableness of the valuation technique used by the Group, using, when necessary, the assistance of our corporation valuation specialists. • To evaluate the reasonableness of fair value measured by the Group by making an overall evaluation of the values determined by multiple valuation techniques, we developed independent estimates to address heightened estimation uncertainty with the assistance of our corporation valuation specialists. • To evaluate the reasonableness of unobservable inputs used for each investee, we performed an inquiry of the official in charge of accounting and inspected the relevant documents, including the investee's business plans. For certain operational investment securities, we used our corporation valuation specialists to assist us to evaluate the reasonableness of the inputs used by the Group. |

| | |
|--|--|
| <p>The use of these valuation techniques and unobservable inputs requires management's subjective judgments. The calculated value may change significantly depending on the selection made by management. As such, there is a high degree of estimation uncertainty.</p> <p>Therefore, we determined the valuation of operational investment securities that do not have quoted market prices as a key audit matter.</p> | |
|--|--|

| Loss allowance estimate for trade and other accounts receivable in the domestic banking business | |
|---|---|
| Key Audit Matter Description | How the Key Audit Matter Was Addressed in the Audit |
| <p>As described in Note 8, "Financial Risk Management (4) Credit risk management (c) Credit risk exposure" in the notes to the consolidated financial statements, the Group held trade and other accounts receivable of ¥9,808,794 million (approximately 36.1% of total assets) in the domestic banking business, which represents as the Group's maximum exposure to credit risk. These trade and other accounts receivable relate mainly to loans made to corporate and individual customers. The related loss allowance was included in the loss allowance of ¥197,495 million as stated in Note 8, "Financial Risk Management (4) Credit risk management (b) Quantitative and qualitative information regarding amounts arising from expected credit losses" in the notes to the consolidated financial statements.</p> <p>As described in Note 3, "Material Accounting Policies (3) Financial instruments" in the notes to the consolidated financial statements, if the Group determines that the credit risk of financial assets and others, including financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income, has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses. In the event that the Group determines that the credit risk of those financial instruments has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses.</p> <p>As described in Note 8, "Financial Risk Management (4) Credit risk management" in the notes to the consolidated financial statements, after grouping based on common credit risk characteristics such as instrument type, credit rating, and collateral value, expected credit losses are measured for each grouping unit using the probability of default ("PD"), loss given default (LGD), and exposure at default (EAD) as inputs in the future 12 months or for a lifetime period. In estimating the future PD, the Group uses a PD model based on correlations with macroeconomic indicators, such as real GDP and the unemployment rate, and multiple economic forecast scenarios (base, upside, and downside), and reflects these probability-weighted estimates in expected credit losses.</p> | <p>We understood the relevant accounting policies, business processes and related internal controls and tested the reasonableness of loss allowance estimate for trade and other accounts receivable held in the domestic banking business. Our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> • To understand the measurement method of loss allowance and the inputs used in the measurement in view of the compliance with applicable accounting standards, we read the relevant documents and performed an inquiry of the official in charge of accounting about the application of the accounting standards. • We tested the effectiveness of internal controls designed to determine whether the estimated loss allowance is appropriate, including those designed to determine if the future forecast information used in the measurement of loss allowance is reliable taking into consideration changes in circumstances during the year, by performing an inquiry of the official in charge of accounting and inspecting the relevant documents. • We tested the accuracy and completeness of data used to calculate the inputs used in the measurement of loss allowance. • With the assistance of our credit risk valuation specialists, we performed the following procedures: <ul style="list-style-type: none"> ✓ To evaluate the reasonableness of the inputs used in the measurement of loss allowance, we read the relevant documents related to the determination of inputs and also performed a recalculation. |

| | |
|--|---|
| <p>The estimates of multiple economic forecast scenarios as well as the probability of each scenario occurring incorporate various factors, including management's judgment about recent and future economic conditions, which involves management's subjective judgment and a high degree of estimation uncertainty.</p> <p>Therefore, we determined the loss allowance estimate for trade and other accounts receivable held in the domestic banking business as a key audit matter.</p> | <ul style="list-style-type: none"> ✓ To evaluate the reasonableness of the PD model for estimating the PD based on correlations with macroeconomic indicators, such as real GDP and the unemployment rate, we read the results of the effectiveness of the PD model assessed by the Group. ✓ We evaluated the reasonableness of multiple economic forecast scenarios that incorporate changes in the economic environment as well as the probability of each scenario occurring, including the comparison with externally available economic forecasts. |
|--|---|

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 integrated report, but does not include the consolidated financial statements and our auditor's report thereon. The integrated report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

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 IFRS Accounting 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 IFRS Accounting Standards and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 IFRS Accounting 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to the Group were ¥2,140 million and ¥353 million, respectively.

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.

Deloitte Touche Tohmatsu LLC

July 2, 2024

Accounting Policies of the Investment Business

Answers to questions we have received from stakeholders regarding the accounting policies of the Investment Business.

1. Changes Fair Value of Financial Instruments Measured at Fair Value Through Profit or Loss (FVTPL)

Owing to SBI Holdings' adoption of IFRS for its accounting standards, the fair value of financial instruments (operating investment securities and other investment securities), including stocks of portfolio companies that the Investment Business holds, are reviewed each quarter.

The fair value of marketable securities is estimated using market prices. The fair value of securities without a market price, such as unlisted stocks, may in some cases be calculated using a market approach, cost approach, or in other cases the most recent transaction price for an issuance of new shares to a third-party may be used.

If a change is made to the fair value of a financial instrument, the following accounting policy takes effect.

Accounting Policies for Calculating the Fair Value of Portfolio Companies

Example: Provided the fair value of a portfolio company increases by 20% during a quarter.

| | (Billions of yen) | |
|------------|-------------------|-----------|
| | 1Q FY2023 | 2Q FY2023 |
| Fair value | 10.0 | 12.0 |

➔ Up ¥2.0 billion

(1) If the investment is from a wholly owned subsidiary of SBI Holdings

| | (Billions of yen) |
|--|-------------------|
| | 2Q FY2023 |
| Revenue | 2.0 |
| Profit before income tax expense | 2.0 |
| Tax (30%) | -0.6 |
| Profit for the period | 1.4 |
| Profit attributable to owners of the Company | 1.4 |
| Non-controlling interests | — |

(2) If the investment is from a consolidated fund (ownership ratio in the fund: 20%)

| | (Billions of yen) |
|--|-------------------|
| | 2Q FY2023 |
| Revenue | 2.0 |
| Profit before income tax expense | 2.0 |
| Tax (30%) | -0.12 |
| Profit for the period | 1.88 |
| Profit attributable to owners of the Company | 0.28 |
| Non-controlling interests | 1.6 |

Tax expense relating to the ownership portion in the fund
 $-2.0 \text{ billion} \times 20\% \times 30\% = -¥0.12 \text{ billion}$

$(¥2.0 \text{ billion} \times 20\% \text{ (ownership ratio in the fund)}) - ¥0.12 \text{ billion (taxes)} = ¥0.28 \text{ billion}$

$¥2.0 \text{ billion} \times 80\% \text{ (non-controlling interests)} = ¥1.6 \text{ billion}$

2. Management Fees of Consolidated Fund for Which the SBI Group Serves as General Partner (GP)

The following accounting policies take effect regarding management fees of a consolidated fund for which the SBI Group serves as a GP*:

* General partner who has the responsibility of operating the fund.

Accounting Policy for Management Fees Paid from a Consolidated Fund

Example: Provided SBI Holdings owns 20% of a ¥100 billion fund (with a 5% management fee) for which SBI Investment serves as a GP.

For convenience, we show a simple example of the accounting policy relating to the management fees incurred and present part of the accounting process in abbreviated form.

| (Billions of yen) | (Billions of yen) | (Billions of yen) |
|--------------------------------------|---------------------------------------|--|
| SBI Holdings + SBI Investment | Fund | Consolidated Profit/Loss |
| Revenue 5.0 | Revenue 0.0 | Revenue 0.0 |
| Expense 0.0 | Expense -5.0 | Expense 0.0 |
| Profit before income tax expense 5.0 | Profit before income tax expense -5.0 | Profit before income tax expense 0.0 |
| Tax (tax rate 30%) -1.2 | Tax 0.0 | Tax (tax rate 30%) -1.2 |
| Profit 3.8 | Profit -5.0 | Profit -1.2 |
| | | Profit attributable to owners of the Company 2.8 |
| | | Non-controlling interests -4.0 |

Offset as an internal transaction

Within the tax expense (¥1.5 billion) relating to management fees at SBI Investment and management fees (expense) paid by the fund: total tax expense (owing to the omission of ¥0.3 billion for the effect of reduced taxes) relating to the ownership portion (20%) for SBI Holdings:
 $-¥1.5 \text{ billion} + (¥5.0 \text{ billion} \times 20\% \times 30\%) = -¥1.2 \text{ billion}$

Note: Management fees are recognized as revenue within funds for which the SBI Group serves as GP, such as CVC funds et al., in which the SBI Group's ownership ratio is extremely low, hence they are not subject to consolidation.

Glossary

This page provides supplementary material to assist in better understanding the business environment surrounding the SBI Group.

| | |
|---------------------------------------|--|
| <p>Alternative Investments</p> | <p>Alternative investments are investment targets and approaches that differ from more traditional assets, such as listed shares and bonds. The two main alternative investment categories are: 1) “alternative assets,” such as private equity (PE), private debt, real estate, and infrastructure; and 2) “alternative strategies,” which include pair trading, long-short strategy trading, and futures-based transactions. Since alternative investments generally have different risk-return profiles than traditional investment targets, adding them to an asset management portfolio usually helps to diversify risk. Alternative investments have attracted growing interest in recent years, and are now being incorporated into pension funds around the globe, including Japan’s Government Pension Investment Fund (GPIF).</p> |
| <p>AML/CFT</p> | <p>Financial institutions are required to comply with guidelines and regulations concerning Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT). Until now, the Financial Action Task Force (FATF), which conducts international inspections of the progress of its member countries, has called out Japan for its policies on these fronts, so the development of appropriate responses and countermeasures has become a priority issue for financial institutions and other businesses.</p> |
| <p>DeFi</p> | <p>Decentralized Finance (DeFi) refers to a decentralized financial ecosystem built on a blockchain. DeFi transactions do not require a centralized intermediary. Provided an Internet connection is available, anyone can access the ecosystem no matter where they live and regardless of their financial situation. The rise of DeFi services such as decentralized exchanges (DEX) and decentralized lending has led to financial functions traditionally provided by centralized financial systems such as banks, securities companies, insurance companies, and digital asset exchanges, are now being provided without the need for a financial intermediary through the use of programs (so-called smart contracts, etc.) that are automatically executed on the blockchain. Although there are still issues regarding security as well as in terms of AML/CFT, the advantages of DeFi are that it is easy to partner with external services, users can manage their assets themselves, and transactions can be made transparently and at a low cost. It is said that DeFi has the potential to completely change the way finance is done.</p> |
| <p>NISA/iDeCo</p> | <p>NISA, which stands for Nippon Individual Savings Account, is a tax-deferred system for small investments. Introduced in 2014, the program provides preferred tax treatment for individual investors. Annual investment limits and the tax-exempt holding period are specified, and within these restrictions, income and capital gains from stocks and investment trusts are eligible for tax exemptions. The term “iDeCo” stands for individual-type Defined Contribution pension plan. It applies to private pension plans that are operated in accordance with the Defined Contribution Pension Act, which was adopted and took effect in 2001. Since iDeCo is a pension plan designed to build assets for retirement, tax benefits are provided. A new NISA system was launched in January 2024, bringing numerous benefits to individual investors, including higher annual investment limits and an indefinite tax-exempt holding period. Also, iDeCo will have its contribution limit raised for some members in December 2024.</p> |
| <p>ST</p> | <p>A security token (ST) is a token (substituting for fiat currency) backed by various tangible assets of value, such as stocks, bonds, and real estate. As a digital security using blockchain technology, these tokens have properties similar to securities, such as distributing revenue to token owners. Overseas STs are issued as financial products that comply with the laws and regulations of each country, and there is the belief that the reliability of investors and the transparency of transactions are guaranteed to the same extent as existing financial products. In Japan, an amendment to the Payment Services Act and the Financial Instruments and Exchange Act, which came into effect in May 2020, made it clear that STs are subject to regulation under the Financial Instruments and Exchange Act. Security Token Offering, which raises funds through the issuance of STs, is attracting attention as a new funding mechanism.</p> |
| <p>Staking Service</p> | <p>Staking is a scheme in which crypto assets are locked up on a blockchain network in order to contribute indirectly to the stable operation of the blockchain, and in exchange, earn additional assets as compensation for doing so. To participate in block creation and authentication of transactions necessary to maintain the existence a blockchain network, a high level of expertise is typically required. However, by using a staking service provided by a crypto asset exchange, individual investors are also enabled to contribute indirectly to maintaining a decentralized blockchain. In recent years, the demand for crypto assets as a source of passive income has increased. Our Group companies, SBI VC Trade and BITPoint Japan, provide staking services to meet this growing demand.</p> |
| <p>Web3</p> | <p>Web3 is said to be a next-generation Internet based on blockchain technology and characterized by “decentralization” and its “trustless” nature. Under the current Web 2.0 structure, user data is owned or transacted by large, centrally controlled companies. As a result, security risks due to information concentrated in one place, as well as problems such as the monopolization of personal information by large companies, have been pointed out. Web3 is expected to solve these problems by using blockchain technology that enables decentralized management of transaction information among multiple users connected to the Internet.</p> |

SBI Group

(Principal Group Companies)

SBI Holdings, Inc.

Prime Market of the TSE

Financial Services Business

Securities-related Business

| | |
|--|--------|
| 1 SBI SECURITIES Co., Ltd. | |
| Comprehensive online securities company | 100.0% |
| 1 SBI Neotrade Securities Co., Ltd. | |
| Financial instruments business (securities trading) | 100.0% |
| 1 SBI Benefit Systems Co., Ltd. | |
| Operational management of defined-contribution pension, etc. | 100.0% |
| 1 SBI MONEYPLAZA Co., Ltd. | |
| Provision of financial products through face-to-face channels | 66.6% |
| 1 SBI Liquidity Market Co., Ltd. | |
| Provision of market infrastructure to supply liquidity to FX margin trading | 100.0% |
| 1 SBI FXTRADE Co., Ltd. | |
| Pure-play foreign exchange broker | 100.0% |
| 1 SBI Simplex Solutions Co., Ltd. | |
| System development and operation for SBI Group including SBI SECURITIES | 51.0% |
| 1 FOLIO Holdings Co., Ltd. | |
| Provision of online securities and infrastructure for discretionary investment systems | 69.5% |
| 1 SBI Thai Online Securities Co., Ltd. | |
| Online securities in Thailand | 100.0% |
| 2 FPT Securities Joint Stock Company | HSX |
| Brokerage, advisory and other securities services in Vietnam | 24.0% |
| 1 SBI Royal Securities Plc. | |
| Comprehensive securities company in Cambodia | 65.3% |
| 1 Osaka Digital Exchange Co., Ltd. | |
| Operation of PTS (Proprietary Trading System) | 59.0% |
| 2 Japannext Co., Ltd. | |
| Operation of PTS (Proprietary Trading System) | 48.8% |
| Banking-related Business | |
| 1 SBI Regional Bank Holdings Co., Ltd. | |
| Bank holding company | 100.0% |
| 1 SBI Shinsei Bank, Limited | |
| Banking business | 64.8% |
| 1 Shinsei Financial Co., Ltd. | |
| Retail loans business | 100.0% |
| 1 APLUS Co., Ltd. | |
| Installment credit business | 100.0% |
| 1 Showa Leasing Co., Ltd. | |
| Comprehensive leasing services business | 100.0% |

| | |
|---|----------------------------|
| 1 DIAMOND ASSET FINANCE COMPANY LIMITED | |
| Real estate financing business | 100.0% |
| 2 SBI Sumishin Net Bank, Ltd. | Standard Market of the TSE |
| Internet-based full-service bank | 34.2% |
| 1 SBI SAVINGS BANK | |
| Savings bank in South Korea | 100.0% |
| 1 SBI LY HOUR BANK PLC. | |
| Commercial bank in Cambodia | 70.0% |
| 1 SBI Bank LLC | |
| Commercial bank in Russia | 90.7% |
| 1 SBI ARUHI Corporation | Prime Market of the TSE |
| Lending and agency services for housing loans | 63.2% |
| 1 SBI Estate Finance Co., Ltd. | |
| Real estate secured loans business | 100.0% |
| 2 TIEN PHONG COMMERCIAL JOINT STOCK BANK | HSX |
| Commercial bank in Vietnam | 20.0% |

Insurance-related Business

| | |
|--|--------|
| 1 SBI Insurance Group Co., Ltd. | |
| Insurance holding company | 59.7% |
| 1 SBI Insurance Co., Ltd. | |
| Non-life insurance business | 99.2% |
| 1 SBI Life Insurance Co., Ltd. | |
| Life insurance business | 100.0% |
| 1 SBI SSI Holdings Co., Ltd. | |
| Small-amount, short-term insurance holding company | 100.0% |
| 1 SBI IKIIKI SSI Inc. | |
| Small-amount, short-term insurance policy business | 100.0% |
| 1 SBI Nihon SSI Co., Ltd. | |
| Small-amount, short-term insurance policy business | 100.0% |
| 1 SBI Resta SSI Co., Ltd. | |
| Small-amount, short-term insurance policy business | 99.6% |
| 1 SBI PRISM SSI CO., LTD. | |
| Small-amount, short-term insurance policy business | 100.0% |
| 1 SBI JOGUCHI SAFETY SSI | |
| Small-amount, short-term insurance policy business | 100.0% |
| 1 SBI Pet SSI Co., Ltd. | |
| Small-amount, short-term insurance policy business | 100.0% |
| 2 Ly Hour SBI Insurance Plc. | |
| Non-life insurance business in Cambodia | 40.0% |

Others

| | |
|--|----------------------------|
| 1 SBI Leasing Services Co., Ltd. | Growth Market of the TSE |
| Operating lease business | 63.5% |
| 1 SBI Remit Co., Ltd. | |
| International remittance business | 83.0% |
| 1 SBI Ripple Asia Co., Ltd. | |
| Sales agency of international settlement system | 60.0% |
| 1 SBI NEO FINANCIAL SERVICES CO., LTD. | |
| Introduction and dissemination of new technology to regional financial institutions | 100.0% |
| 1 SBI FinTech Solutions Co., Ltd. | KOSDAQ |
| Control and operation of e-commerce settlement business and Group fintech-related businesses | 77.5% |
| 1 SBI Business Solutions Co., Ltd. | |
| Provision of back-office support services | 100.0% |
| 1 SBI Private REIT Advisors Co., Ltd. | |
| Real estate investment management | 100.0% |
| 1 SBI REIT Advisors Co., Ltd. | |
| Real estate investment management | 67.0% |
| 1 The Global Ltd. | Standard Market of the TSE |
| Real estate holding company | 52.0% |
| 2 Ascot Corp. | Standard Market of the TSE |
| Real estate development business and real estate solutions business | 33.5% |
| 1 SBI Tozai Realty Advisors Co., Ltd. | |
| Management and operation of real estate assets | 100.0% |
| 2 Regional Revitalization Partners Co., Ltd. | |
| Plans and proposes strategic guidelines for promoting regional revitalization | 84.0% |
| 1 SBI Regional Revitalization Services Co., Ltd. | |
| Plans, proposes, and executes projects relating to regional revitalization | 99.9% |
| 1 SBI Regional Revitalization Investment and Loan Co., Ltd. | |
| Investing and loan business relating to regional revitalization | 99.0% |
| 1 SBI Regional Revitalization Banking System | |
| Banking system-related business | 99.0% |
| 2 Change Holdings, Inc. | Prime Market of the TSE |
| Supervision and management of subsidiaries engaged in operations related to regional development, etc. | 32.3% |
| 2 ProjectHoldings, Inc. | Growth Market of the TSE |
| Consulting business related to DX | 27.8% |



For details of each Group company's business, please refer to our website (<https://www.sbigroup.co.jp/english/company/group/>)

① Consolidated subsidiary ② Equity method associate

Asset Management Business

| | | |
|---|---|--------|
| ① SBI Asset Management Group Co., Ltd. | Management and operation of the SBI Group's Asset Management Business | 100.0% |
| | Prime Market of the TSE | |
| ① SBI Global Asset Management Co., Ltd. | Control and management of the financial services business and asset management business | 52.6% |
| ① SBI Asset Management Co., Ltd. | Investment management and investment advisory services | 97.9% |
| ① Wealth Advisor Co., Ltd. | Investment advisory services etc. | 100.0% |
| ① Carret Asset Management, LLC | Investment management and investment advisory services | 100.0% |
| | Growth Market of the TSE | |
| ① SBI RHEOS HIFUMI Inc. | Control and management of subsidiaries providing investment management and investment advisory services | 46.9% |
| ① Rheos Capital Works Inc. | Investment management business and investment trust sales | 100.0% |
| ① SBI Okasan Asset Management Co., Ltd. | Investment management business and investment advisory business | 51.0% |
| ① SBI-Man Asset Management Co., Ltd. | Investment management and investment advisory activities | 90.0% |

Investment Business

| | | |
|---|---|--------|
| ① SBI PE Holdings, Co., Ltd. | Supervision and operation of the private equity business | 100.0% |
| ① SBI Investment Co., Ltd. | Venture capital fund management | 100.0% |
| ① Shinsei Corporate Investment Limited | Private equity | 100.0% |
| ① SBI VENTURES SINGAPORE PTE. LTD. | M&A advisory business | 100.0% |
| ① SBI Ven Capital Pte. Ltd. | Overseas private equity fund management | 100.0% |
| | KOSDAQ | |
| ② SBI Investment KOREA Co., Ltd. | Venture capital in South Korea | 43.9% |
| ① SBI (China) Co., Ltd. | Management of businesses in China | 100.0% |
| ① SBI (Beijing) Investment Management Co., Ltd. | Private equity fund management in China | 100.0% |
| ① SBI FinTech Incubation Co., Ltd. | Support for introduction of fintech services | 88.9% |
| ① SBI Digital Strategic Investment Co., Ltd. | Investment business, including holding, managing, investing and acquiring securities and other assets | 100.0% |

Crypto-asset Business

| | | |
|-------------------------------|---|--------|
| ① SBI VC Trade Co., Ltd. | Provision of exchange and transaction services and systems related to crypto assets | 100.0% |
| ① BITPoint Japan Co., Ltd. | Crypto asset exchange and trading services | 100.0% |
| ① B2C2 Ltd. | Crypto asset broker (market maker) | 90.0% |
| ① SBI Alpha Trading Co., Ltd. | Crypto asset broker (market maker) | 100.0% |
| ① HashHub Inc. | Crypto asset lending and research business | 100.0% |

Next Gen Business

| | | |
|---------------------------------|--|--------|
| ① SBI Pharmaceuticals Co., Ltd. | R&D, manufacturing and sales of pharmaceuticals, using 5-ALA | 100.0% |
| ① SBI ALApromo Co., Ltd. | Manufacturing and sales of health foods and cosmetics using 5-ALA | 100.0% |
| ① SBI Biotech Co., Ltd. | R&D of pharmaceuticals | 95.8% |
| | Prime Market of the TSE | |
| ② Medical Data Vision Co., Ltd. | Development, production, sales, and maintenance of medical information integration systems | 31.4% |
| ① SBI R3 Japan Co., Ltd. | Provision of the blockchain platform Corda, as well as related businesses | 51.0% |
| ① SBINFT Co., Ltd. | Platform business using blockchain | 83.8% |

| | | |
|--|--|--------|
| ① SBI Wellness Bank Co., Ltd. | Healthcare services for membership | 100.0% |
| ① SBI Digital Hub Co., Ltd. | Business activities relating to the development of the digital space | 98.4% |
| ① SBI Digital Asset Holdings Co., Ltd. | Control and management of digital asset-related businesses | 90.1% |
| ① SBI Security Solutions Co., Ltd. | Operation and development of cybersecurity systems | 100.0% |
| ① SBI DIGITAL MARKETS PTE. LTD. | Corporate financial advisory, issuance, distribution, custody of digital assets and dealing in capital markets | 77.0% |
| ② ASIA DIGITAL EXCHANGE HOLDINGS PTE. LTD. | Operation of a digital asset exchange for institutional investors | 51.0% |

| | | |
|---|--|--------|
| ① SBI Smart Energy Co., Ltd. | Electric power business using renewable energy etc. | 100.0% |
| ① SBI Traceability Co., Ltd. | Provides information on traceability of products using blockchain, etc. | 100.0% |
| ② Machi no Wa Co., Ltd. | Planning, development, sales, etc., of services related to local development and regional economic revitalization | 32.0% |
| ① SBI Financial and Economic Research Institute Co., Ltd. | Research, study, policy recommendation, etc., in the field of digital finance | 100.0% |
| ① SBI Africa Co., Ltd. | Export of used cars in Japan to overseas markets, provision of financial services, and investment in the Africa region, etc. | 100.0% |

Note 1: As of July 1, 2024, percentages are the total Group ownership, which is the sum of the voting rights in possession by the Company and the companies and funds defined as its subsidiaries by IFRS.
 Note 2: In the case of indirect holdings, the percentage of ownership of the company in which they are held is shown.

Corporate Data

Company Outline (As of March 31, 2024)

| | |
|-----------------------|---|
| Company Name | SBI Holdings, Inc. |
| Date of Establishment | July 8, 1999 |
| Head Office | Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6019, Japan TEL: +81-3-6229-0100 FAX: +81-3-3589-7958 |
| Number of Employees | 19,097 (consolidated) |
| Paid-in Capital | ¥180,400 million |
| Fiscal Year | Every year from April 1 to March 31 of next year |

Stock Information (As of March 31, 2024)

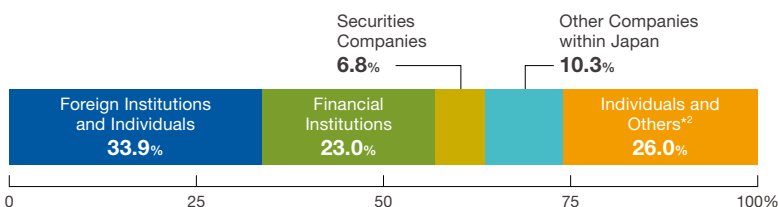
| | |
|------------------------------------|---|
| Listing | Prime Market of the TSE |
| Code | 8473 |
| Shares Authorized | 544,661,000 shares |
| Shares Outstanding | 301,889,807 shares (including treasury stock) |
| Shareholder registry administrator | Mizuho Trust & Banking Co., Ltd. |

Principal Shareholders

| Name | Number of Shares Held (Shares) | Percentage of Outstanding Shares (%) |
|--|--------------------------------|--------------------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 43,146,400 | 14.3 |
| Sumitomo Mitsui Financial Group, Inc. | 27,000,000 | 8.9 |
| Custody Bank of Japan, Ltd. (Trust account) | 18,396,109 | 6.1 |
| The Bank of New York Mellon 140042 | 6,768,251 | 2.2 |
| The Bank of New York Mellon 140051 | 6,286,536 | 2.1 |
| State Street Bank West Client Treaty 505234 | 4,761,417 | 1.6 |
| State Street Bank and Trust Company 505223 | 4,634,545 | 1.5 |
| Yoshitaka Kitao | 4,327,960 | 1.4 |
| State Street Bank and Trust Company 505001 | 4,309,219 | 1.4 |
| JP Morgan Securities Japan Co., Ltd. | 4,222,963 | 1.4 |

The percentage of shares held is calculated after deducting treasury stock.
Apart from the holdings of the major shareholders above, the Company holds 30,696 shares as treasury stock.

Distribution of Ownership among Shareholders*1



*1 Rounded to the second decimal place

*2 Includes shares of the SBI Holdings Employee Stockholding Association and treasury stock

Information on Bonds and Credit Rating (As of April 26, 2023)

| | |
|---------------|---|
| Rating Agency | Rating and Investment Information, Inc. |
| Long-term | A- (Stable) |
| Short-term | a-1 |

Overseas Offices (As of June 30, 2024)

| | |
|----------------|--|
| United States | <ul style="list-style-type: none"> NX Development SBI Holdings USA |
| Canada | <ul style="list-style-type: none"> SBI ALApharma Canada |
| Russia | <ul style="list-style-type: none"> SBI Bank SBI RI Advisory |
| United Kingdom | <ul style="list-style-type: none"> B2C2 SBI Shinsei International |
| Germany | <ul style="list-style-type: none"> photonamic SBI Ventures Europe Future Industry Ventures |
| Netherlands | <ul style="list-style-type: none"> Photonics Healthcare |
| Israel | <ul style="list-style-type: none"> SBI JI INNOVATION ADVISORY |
| Saudi Arabia | <ul style="list-style-type: none"> SBI Middle East |
| Malaysia | <ul style="list-style-type: none"> SBI Ventures Malaysia OSK-SBI Venture Partners VentureTECH SBI |
| Singapore | <ul style="list-style-type: none"> SBI Securities (Singapore) SBI Ven Capital SBI DIGITAL MARKETS |
| India | <ul style="list-style-type: none"> Milestone River Venture Advisory NIRVANA VENTURE ADVISORS |
| South Korea | <ul style="list-style-type: none"> SBI Investment KOREA SBI SAVINGS BANK SBI Capital SBI Cosmoney |
| China | <ul style="list-style-type: none"> SBI (China) SHANGHAI SBI-INESA EQUITY INVESTMENT MANAGEMENT Wuxi Guolian-Yihua Equity Investment Management SBI (Beijing) Investment Management Ningbo YIXUE Investment Management NANJING JIANGBEI SBI Private Investment Fund Chengdu SBI Private Fund Management Chongqing SBI Private Fund Management SBI (Dalian) Information Technology Dalian SBI Ruixin Enterprise Management Service |
| Hong Kong | <ul style="list-style-type: none"> SBI Hong Kong Holdings SBI Securities (Hong Kong) |
| Taiwan | <ul style="list-style-type: none"> SBI Capital 22 Management SNSI Capital Management |
| Philippines | <ul style="list-style-type: none"> ICCP SBI Venture Partners Philippines Representative Office |
| Indonesia | <ul style="list-style-type: none"> BNI SEKURITAS Jakarta Representative Office SBI Kejora Venture Partnership |
| Brunei | <ul style="list-style-type: none"> SBI (B) |
| Vietnam | <ul style="list-style-type: none"> FPT Securities TPBank FPT Capital Fund Management MB Shinsei Finance |
| Cambodia | <ul style="list-style-type: none"> SBI Royal Securities SBI LY HOUR BANK Ly Hour SBI Insurance |
| Thailand | <ul style="list-style-type: none"> SBI Thai Online Securities |
| Australia | <ul style="list-style-type: none"> Latitude Group |
| New Zealand | <ul style="list-style-type: none"> UDC Finance |

| | |
|---|--|
| <ul style="list-style-type: none"> Securities Banking Other Financial Services Investment | <ul style="list-style-type: none"> Biotechnology related Local Affiliates/ Representative Office Strategic Investee |
|---|--|

Corporate History

| | | |
|-------------|--------------|---|
| 1999 | Apr. | Softbank Finance Corp., an intermediate holding company, established to manage finance-related business activities on behalf of SoftBank Corp. |
| | July | Established SOFTBANK INVESTMENT CORPORATION (currently, SBI Holdings, Inc.) to start venture capital business. |
| | Oct. | E*TRADE SECURITIES Co., Ltd. (currently, SBI SECURITIES Co., Ltd.) commenced Internet trading services. |
| | Nov. | Softbank Ventures Inc. (currently, SBI Investment Co., Ltd.) became a wholly-owned consolidated subsidiary. |
| 2000 | July | Established the INTERNET TECHNOLOGY FUND with ¥150.5 billion in initial contributions, at that time, the largest fund commitment of its kind in Japan. |
| | Sept. | E*TRADE SECURITIES Co., Ltd. listed on Osaka Exchange, Inc. and the Nasdaq Japan Market. |
| 2002 | Feb. | Listed on First Section of the TSE. |
| 2004 | July | Morningstar Japan K.K. (currently, SBI Global Asset Management Co., Ltd.) became a subsidiary. |
| 2005 | July | SOFTBANK INVESTMENT CORPORATION changed its name to SBI Holdings, Inc. and transitioned to a holding company structure. |
| | Sept. | Established a representative office in Beijing, China as its first overseas office. |
| | Oct. | Established the SBI Children's Hope Foundation with the goal of contributing to the welfare of children and supporting their independence. |
| 2006 | Aug. | A subsidiary of SoftBank Corp. (currently, Softbank Group Corp.) sold its entire stake in SBI Holdings, Inc. |
| 2007 | Feb. | Established SBI Ven Capital Pte. Ltd. in Singapore as a base for investment throughout Asia. |
| | Sept. | SBI Sumishin Net Bank, Ltd. commenced its business. |
| 2008 | Jan. | SBI Insurance Co., Ltd. commenced its operations. |
| | Apr. | SBI Graduate School commenced its operations. |
| | Aug. | SBI SECURITIES Co., Ltd. becomes a wholly owned subsidiary. |
| | Nov. | SBI Liquidity Market Co., Ltd. started its operations, which supplies market infrastructure for FX trading. |
| 2012 | Mar. | SBI (China) Co., Ltd., as a China-business management company, was established in Dalian, China. |
| | Apr. | SBI ALApromo Co., Ltd. commenced its business. |
| | May | SBI FXTRADE Co., Ltd. commenced its operations. |
| | June | Established SBI MONEYPLAZA Co., Ltd. as a provider of financial products and consulting services via face-to-face channels. |
| 2013 | Mar. | South Korean company Hyundai Swiss Savings Bank (currently, SBI SAVINGS BANK) became a consolidated subsidiary. |
| 2015 | Oct. | SBI Thai Online Securities Co., Ltd., a first pure play online securities company in Thailand, commenced its business. |
| | Dec. | Established a Fintech Fund with the goal of investing in fintech-related venture businesses. |
| 2016 | Feb. | SBI Life Insurance Co., Ltd. launched underwriting business for new insurance. |
| 2017 | Aug. | SBI Bank LLC, a commercial bank in Russia, became a wholly owned consolidated subsidiary. |
| 2018 | Jan. | Established the SBI AI & Blockchain Fund. |
| | June | SBI VC Trade Co., Ltd. launched crypto-asset spot trading service, namely VCTRADE. |
| | Sept. | SBI Insurance Group Co., Ltd. was listed on the TSE Mothers Market. |
| 2019 | Sept. | Established a capital and business alliance with The Shimane Bank, Ltd. Embarked on full-scale collaboration with regional financial institutions with the goal of promoting regional revitalization. |
| 2020 | Apr. | SBI LY HOUR BANK PLC. in Cambodia obtained a commercial banking license. |
| | Apr. | Announced a strategic capital and business alliance between the SBI Group and the SMBC Group. |
| | Apr. | Established the SBI 4+5 Fund to invest primarily in innovative technologies and services in a wide range of industries. |
| | June | Rheos Capital Works Inc. became a consolidated subsidiary. |
| | Aug. | Jointly established Regional Revitalization Partners Co., Ltd. with four partner companies. |
| 2021 | Apr. | Jointly established Osaka Digital Exchange Co., Ltd. with the SMBC Group. |
| | Apr. | Established the SBI Financial and Economic Research Institute Co., Ltd. |
| | Sept. | Established Osaka Head Office. |
| | Dec. | Shinsei Bank, Limited. (currently, SBI Shinsei Bank, Limited) became a consolidated subsidiary. |
| 2022 | Apr. | Transitioned to the Prime Market of the TSE. |
| | Oct. | SBI Regional Bank Holdings Co., Ltd. obtained approval to operate as a bank holding company. |
| | Oct. | SBI Leasing Services Co., Ltd. was listed on the Growth Market of the TSE. |
| 2023 | Mar. | SBI Sumishin Net Bank Ltd. was listed on the Standard Market of the TSE. |
| | Apr. | Rheos Capital Works Inc. was listed on the Growth Market of the TSE. |
| | Sept. | SBI SECURITIES Co., Ltd. eliminated all commissions on online trading of domestic stocks for its Internet Channel customers ("ZERO Revolution"). |
| | Nov. | Launched the SBI Digital Space Fund, a new flagship fund with a ceiling of ¥100 billion. |
| | Dec. | Osaka Digital Exchange Co., Ltd. opened "START," Japan's first security token trading system. |
| 2024 | Apr. | Delisting of Rheos Capital Works Inc. in March 2024 and listing of SBI RHEOS HIFUMI Inc., the new holding company, on the Growth Market of the TSE. |

Books by Yoshitaka Kitao, Representative Director, Chairman, President & CEO



A Virtuous Cycle of Connections and Goodwill
ZAIKAI Co., Ltd.
April 2024



Cultivating the Heart
ZAIKAI Co., Ltd.
April 2023



An Encouragement of the Study of Humanity
Chichi Publishing Co., Ltd.
December 2022



Learning from Great Men
ZAIKAI Co., Ltd.
April 2022



Nourish the Mind
ZAIKAI Co., Ltd.
April 2021



The Challenges for Regional Revitalization
KINZAI Corp.
January 2021



Creating Future with 5-ALA
PHP Institute, Inc.
November 2020



Cleansing One's Mind
Keizaikai Co., Ltd.
October 2019



Management through Challenges and Evolution
GENTOSHA INC.
June 2019
(KR) Maeil Business Newspaper June 2020
(EN) One Peace Books, Inc. December 2020



The Cryptocurrency Revolution Starts Now!
SB Creative Corp.
November 2018



Opening the Mind's Eye
Keizaikai Co., Ltd.
October 2018



Practical FinTech (Magazine)
Nikkei Publishing Inc.
(now Nikkei Business Publications, Inc.)
December 2017



Enlightenments from Ancient Sages' Wisdom
Keizaikai Co., Ltd.
October 2017



Learning Practical FinTech from Successful Companies
Nikkei Publishing Inc.
(now Nikkei Business Publications, Inc.)
(EN) John Wiley & Sons, Inc./
(CN) Fudan University Press/
(KR) News1/(VN) ThaiHaBooks JSC
March 2017



An Encouragement of Self-cultivation
Chichi Publishing Co., Ltd.
December 2016



Daily Reawakening
Keizaikai Co., Ltd.
November 2016



Realizing Yourself through Self-cultivation
Keizaikai Co., Ltd.
November 2015



The Essence of the Words of Masahiro Yasuoka
PRESIDENT INC.
July 2015



Using Knowledge of the Jikkan and Junishi to Create Good Fortune
Chichi Publishing Co., Ltd.
December 2014



Revitalizing Lives
Keizaikai Co., Ltd.
(VN) ThaiHaBooks JSC
November 2014



Correcting the Abuses of the Times
Keizaikai Co., Ltd.
November 2013



Be a True Japanese—Reflections on Sazo Idemitsu
ASA Publishing Co., Ltd.
October 2013



Learn from the Ancient Sages
Keizaikai Co., Ltd.
November 2012



When Confounded in Business, Analects Point the Way
Asahi Shimbun Publications Inc.
August 2012



The Tailwind Behind Japan's Economy
Sankei Shimbun Publications Inc.
June 2012



Applying the
"Analects of Confucius"
in Business
Chichi Publishing Co., Ltd.
May 2012



Yoshitaka Kitao's
Management Dialogue
Kosaido Publishing
Co., Ltd.
March 2012



Understanding
the Times
Keizaikai Co., Ltd.
November 2011



The Lessons of Shinzo
Mori for Nurturing
Human Fortitude
Chichi Publishing
Co., Ltd.
February 2011



Japanese Wisdom and Power
PHP Institute, Inc.
(CN) Fudan University Press
April 2011



Penetrating Insight
Keizaikai Co., Ltd.
November 2010



The Meaning of Life
Kodansha Ltd.
August 2010
Co-authored with
Takeshi Natsuno



The Entrepreneurship Textbook:
Qualities and Skills for
the Next Generation of Leaders
Toyo Keizai Inc.
July 2010



Notes on
Masahiro Yasuoka
Chichi Publishing Co., Ltd.
December 2009



Proverbs of Sages and
Renowned Executives
Who Overcame Adversity
Asahi Shimbun Publications Inc.
(CN) Tsinghua University Press
December 2009



Change will be,
When Things are at
Their Worst
Keizaikai Co., Ltd.
October 2009



Yoshitaka Kitao's
Business Management
Lecture
KIGYOKA NETWORK
June 2009



Think Big, Don't be
the Little Guy
Chichi Publishing Co., Ltd.
January 2009



Reading the Times
Keizaikai Co., Ltd.
September 2008



Why do We Work?
Chichi Publishing Co., Ltd.
(KR) Joongang Books
March 2007



The SBI Group Vision and
Strategy: Continuously
Evolving Management
Toyo Keizai Inc.
(EN) John Wiley & Sons, Inc.
(CN) Tsinghua University Press
October 2005



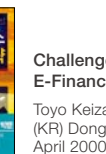
"Mysterious Powers"
Gained from
Chinese Classics
Mikasa Shobo Co., Ltd.
(CN) Peking University Press
July 2005



Developing Character
PHP Institute, Inc.
(CN) World Affairs Press
April 2003



Universal Management,
Growth Management
PHP Institute, Inc.
(CN) World Affairs Press
(KR) Dongbang Media Co. Ltd.
October 2000



Challenges of
E-Finance II
Toyo Keizai Inc.
(KR) Dongbang Media Co. Ltd.
April 2000



Challenges of
E-Finance I
Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1999



"Value-Creation"
Management
Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1997

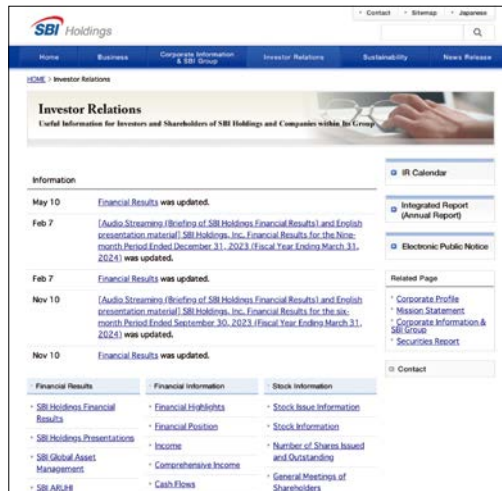
SBI Holdings, Inc.

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WEBSITE DIRECTORY



The screenshot shows the SBI Holdings website home page. The main headline reads "The SBI Group's Further Challenges as Ever Evolving 'Strategic Business Innovator'". Below this, there is a "News Release" section with several entries dated from May to July. A "Business" sidebar lists various services like "Financial Services Business", "Investment Business", and "Next Gen Business". Other sections include "Corporate Information & SBI Group", "Investor Relations", and "IR Calendar".



The screenshot shows the SBI Holdings website investor relations page. The main heading is "Investor Relations" with the subtitle "Useful Information for Investors and Shareholders of SBI Holdings and Companies within Its Group". The page is organized into several sections: "Information" with a list of updates (e.g., "Financial Results was updated" on May 10), "IR Calendar", "Integrated Report (Annual Report)", "Electronic Public Notice", and "Related Page". A "Financial Results" section at the bottom provides links to various reports and financial data.

SBI Holdings Website Top Page

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

Investor Relations

<https://www.sbigroup.co.jp/english/investors/>

