



*Strategic
Business
Innovator*

SBI Holdings, Inc. Financial Results

**for the Three-month Period Ended June 30, 2020
(Fiscal Year Ending March 31, 2021)**

July 30, 2020

The items in this document are provided as information related to the financial results and the business strategy of the SBI Group companies and not as an invitation to invest in the stock or securities issued by each company.

None of the Group companies guarantees the completeness of this document in terms of information and future business strategy.

The content of this document is subject to revision or cancellation without warning.

Note: Fiscal Year (“FY”) ends March 31 of the following year

- I. 1Q FY2020 consolidated financial results (IFRS)**
- II. Factors that contributed to favorable financial results in the midst of the COVID-19 situation**
- III. Measures to increase the customer base, and the strengthening of profitability during and after the COVID-19 Era**

I. 1Q FY2020 consolidated financial results (IFRS)



[Overview of Consolidated Financial Results]

- Revenue increased 20.6% year-on-year to JPY 111.1bn, which is an historical high for a quarterly result since the Company's inception. Profit before income tax expense rose 37.3% year-on-year to JPY 27.8bn, and profit attributable to owners of the Company increased 39.4% year-on-year, to JPY 16.3bn
- In the Financial Services Business, owing to the strong equity and forex markets, as compared to the corresponding period of the previous fiscal year, both the securities and FX businesses achieved favorable business results. Also, the insurance business, which conducts fair value assessments on its securities held based on IFRS, recorded a significant valuation gain in the context of the market environment recovery
- In the Asset Management Business, although temporary expenses were recorded in accordance with the rapid increase in assets, SBI SAVINGS BANK of South Korea continued to achieve stable financial results. Furthermore, the valuation of listed portfolio companies, which had realized substantial losses in 4Q FY2019, turned substantially positive to record significant gains, owing to the recovery in stock prices
- In the Biotechnology-related Business, owing to the continued development of the pharmaceutical pipeline at SBI Pharmaceuticals and SBI Biotech, development costs such as clinical trial costs were incurred.
At Quark Pharmaceuticals, owing to its focused use of management resources for the development of its AKI prophylaxis, and through its aggressive cost reductions, including personnel costs, under the leadership of the new CEO, deficits were minimized to around 50% of that which were recorded in the corresponding period of the previous fiscal year

1Q FY2020 Consolidated Performance (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

	1Q FY2019 (Apr.-June 2019)	1Q FY2020 (Apr.-June 2020)	YoY % change
Revenue	92,127	111,101	+20.6
Profit before income tax expense	20,217	27,757	+37.3
Profit for the period	13,705	20,279	+48.0
Profit attributable to owners of the Company	11,677	16,284	+39.4

[Analyst forecast consensus] *Source: IFIS Japan

1Q FY2020 Profit before income tax expense: JPY 16,607m

[Reference]	FY2019 *Result (Apr. 2019-Mar. 2020)	FY2020 *Annualized rate (Apr. 2020-Mar. 2021)	YoY change (p.)
ROE (%)	8.3	13.2	+4.9

1Q FY2020 Performance by Segment (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

Revenue

	1Q FY2019 (Apr. 2019– June 2019)	1Q FY2020 (Apr. 2020– June 2020)	YoY % change
Financial Services Business	56,784	70,690	+24.5
Asset Management Business	32,799	39,749	+21.2
Biotechnology-related Business	714	771	+7.9

Profit before Income Tax Expense

	1Q FY2019 (Apr. 2019– June 2019)	1Q FY2020 (Apr. 2020– June 2020)	YoY % change / YoY change
	14,566	20,978	+44.0
	11,876	11,990	+1.0
	-3,879	-1,692	+2,187

* Owing to Group company segmentation realignments, 1Q FY2019 results were restated in accordance with the segmentation realignments.

* Figures are before elimination of the inter-segment transactions.

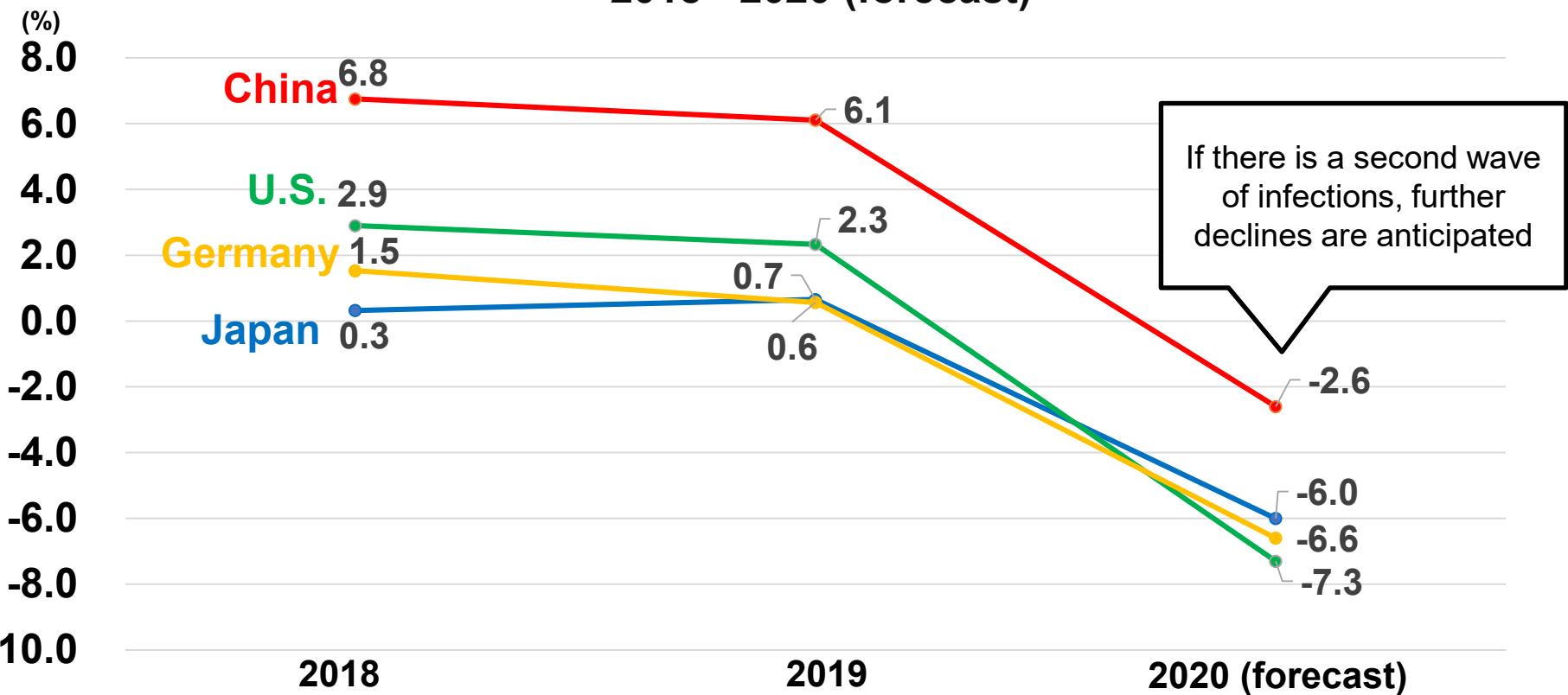
II. Factors that contributed to favorable financial results in the midst of the COVID-19 situation

1. Despite the COVID-19 affected adverse business conditions, various financial markets which were languishing are now in a recovery phase
2. Social changes such as the advancement of digital transformation (DX) provides a tailwind for the Group, which has developed its businesses primarily through the online channels
3. Increasing need for advanced asset management for individuals and financial corporations (especially for regional financial institutions)
4. Pursuit of selection and concentration, as well as cost reduction in the Biotechnology-related Business

- 1. Despite the COVID-19 affected adverse business conditions, various financial markets which were languishing are now in a recovery phase**

Owing to the Global Economic Turmoil Caused by COVID-19, the OECD Countries' Economic Growth Rates are Expected to Turn Sharply Negative

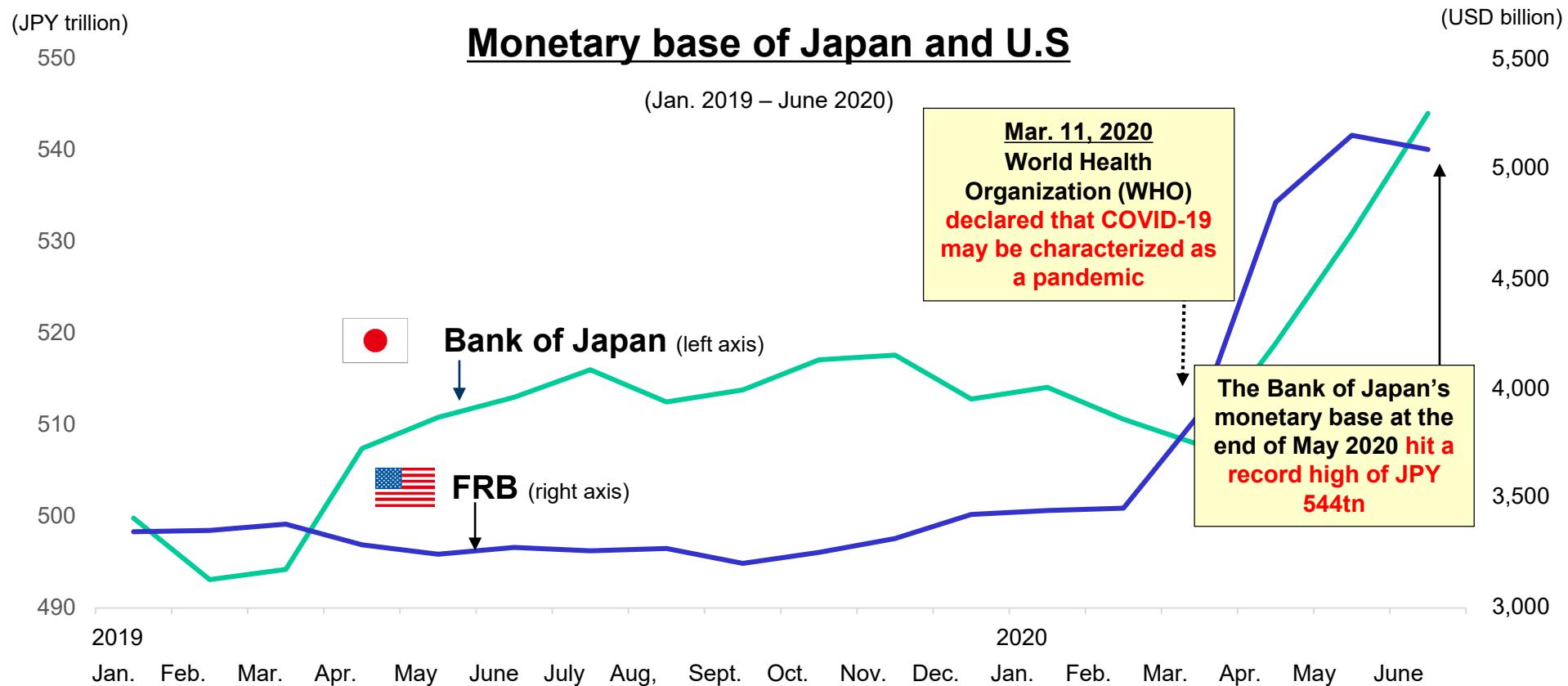
Annual GDP growth rate of major OECD countries (year-on-year %)
2018 - 2020 (forecast)



Source: OECD Data

Owing to the Special Operations in Response to COVID-19, Quantitative Easing was Further Advanced, Leading to a Surge in the Monetary Base

-The Bank of Japan's monetary base hits a record high-

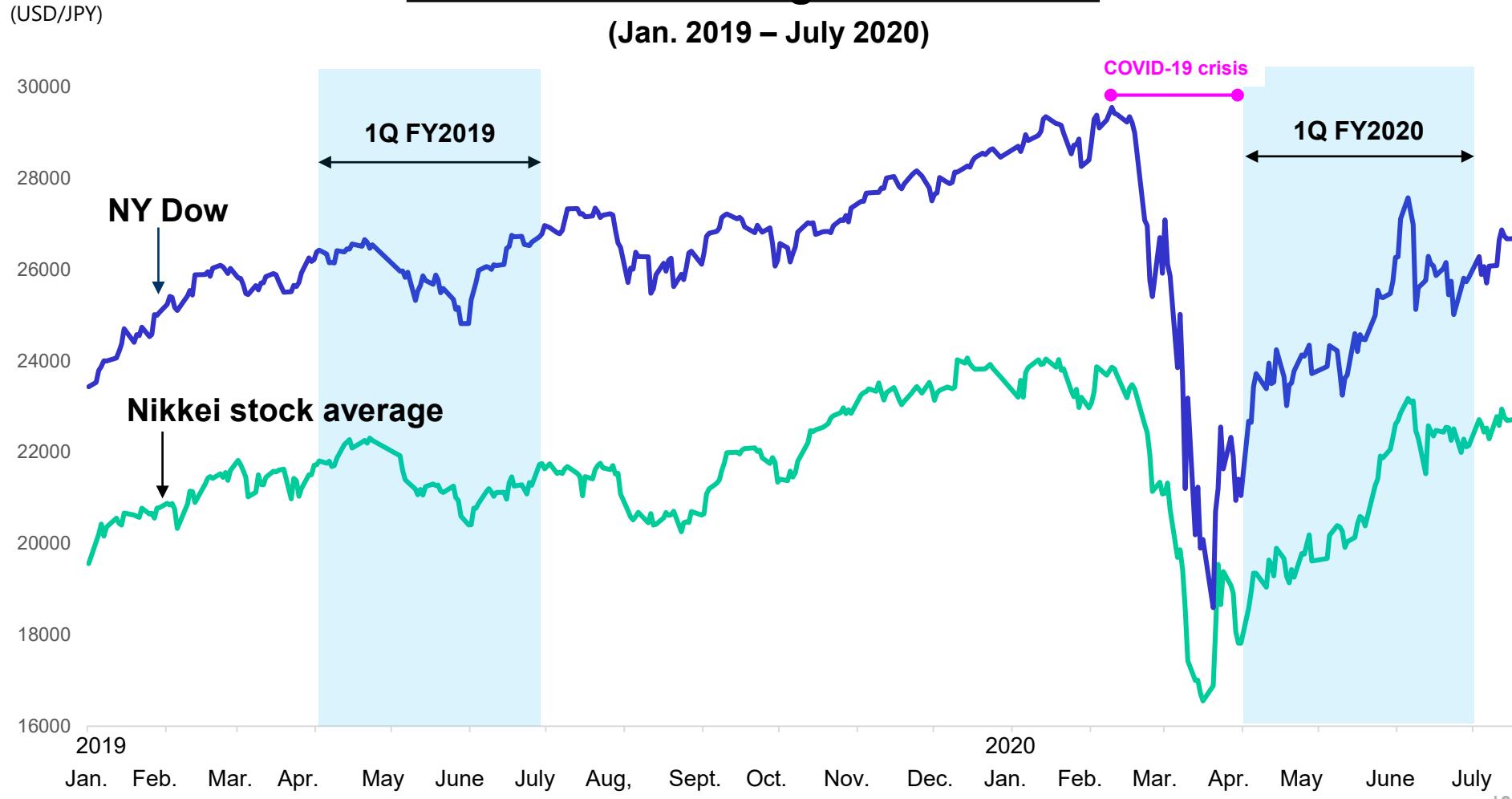


An increase in the monetary base is expected to spur investment and lending by financial institutions

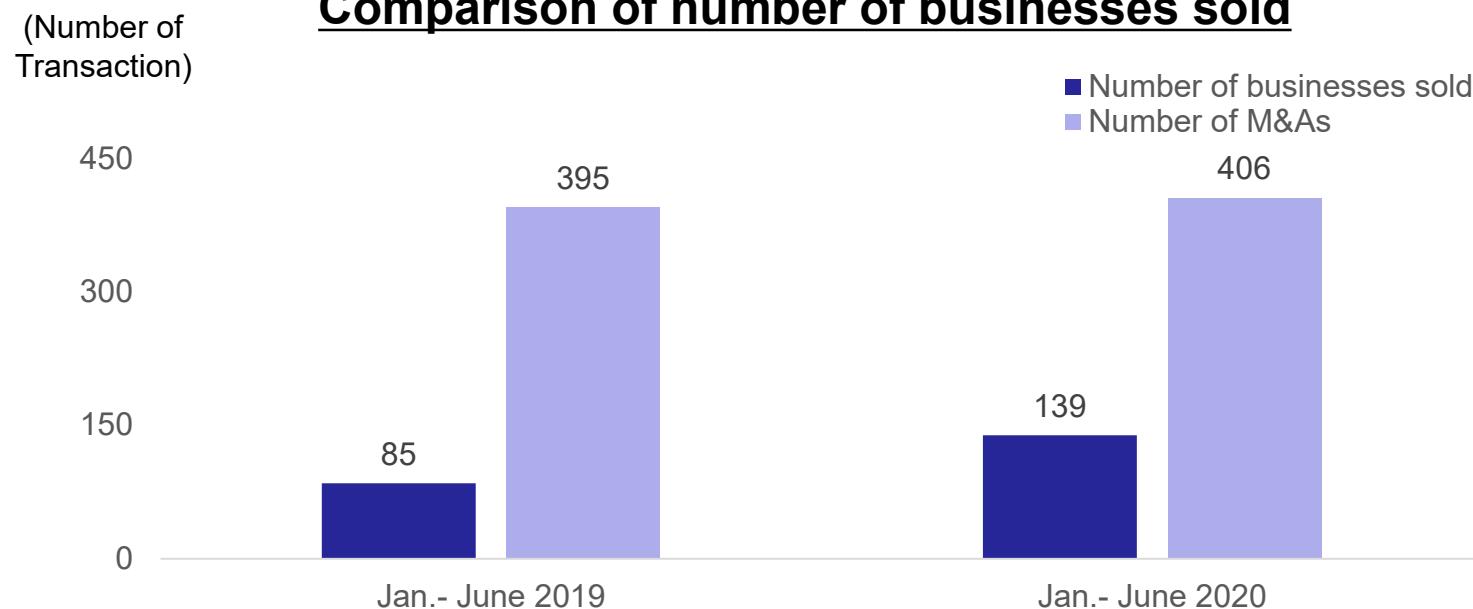
The Stock Market is on a Recovery Trend, as Economic Activity Resumes After a Period of Turmoil Precipitated by the Worldwide Spread of COVID-19

-Stock prices remained steady, owing to various levels of liquidity supplied by central banks-

Nikkei Stock Average and NY Dow
 (Jan. 2019 – July 2020)



The Number of Businesses Sold and M&A Activities Increased, Owing to the Impact of COVID-19, but the Transaction Values Declined



- An increase in the number of companies selecting and concentrating their businesses, owing to the effects of COVID-19, led to a 10 year high of 139 divestitures between Jan. and June 2020, surpassing the record high of 126 divestitures in 2012
- Although the number of mergers and acquisitions increased for the fourth consecutive year to 406, the size of the deals decreased, owing to the decrease in the number of overseas deals precipitated by COVID-19, and the deteriorating domestic market conditions
- The value of transactions in the first half of the fiscal year was JPY 1,467.1bn yen, down about 32% from the corresponding period of the previous year (JPY 2,160.5bn), as the number of larger overseas mergers and acquisitions virtually ceased since Mar.

Source: Nihon Keizai Shimbun July 18 and 21, 2020 (Morning edition)

(1) Recovery of the equity market

- ① Owing to active trading by individual investors, the two market's individual stock brokerage trading value increased steadily by 48.4% year-on-year, contributing to an increase in SBI SECURITIES' commission fees
- ② As the equity market was on a recovery trend, recorded significant gains on valuation and sales of high-tech-related portfolio companies that the Group had invested in at an early investment stage

Comparison of Major Securities Companies' Operating Income (J-GAAP; YoY)

(Unit: JPY million)

		1Q FY2019 (Apr. 2019 – June 2019)	1Q FY2020 (Apr. 2020 – June 2020)	YoY % change
SBI Holdings *1		20,217	27,757	+37.3
Face-to-face	Nomura *2 (cons.)	74,806	181,811	+143.0
	Daiwa (cons.)	12,414	Scheduled to be announced on July 31	
	SMBC Nikko (cons.)	5,336	6,968	+30.6
Online securities	SBI (cons.)	9,266	12,678	+36.8
	Rakuten *3 (cons.)	2,261	3,308	+59.2
	Matsui	1,915	2,977	+55.5
	au Kabucom	813	55	-93.2
	Monex *4 (cons.)	1,215	1,944	+60.0

*1 Figures for consolidated profit before income tax expense (IFRS basis)

*2 Figures for Nomura are based on US-GAAP, and "profit before income tax expense" are presented for the purpose of convenience

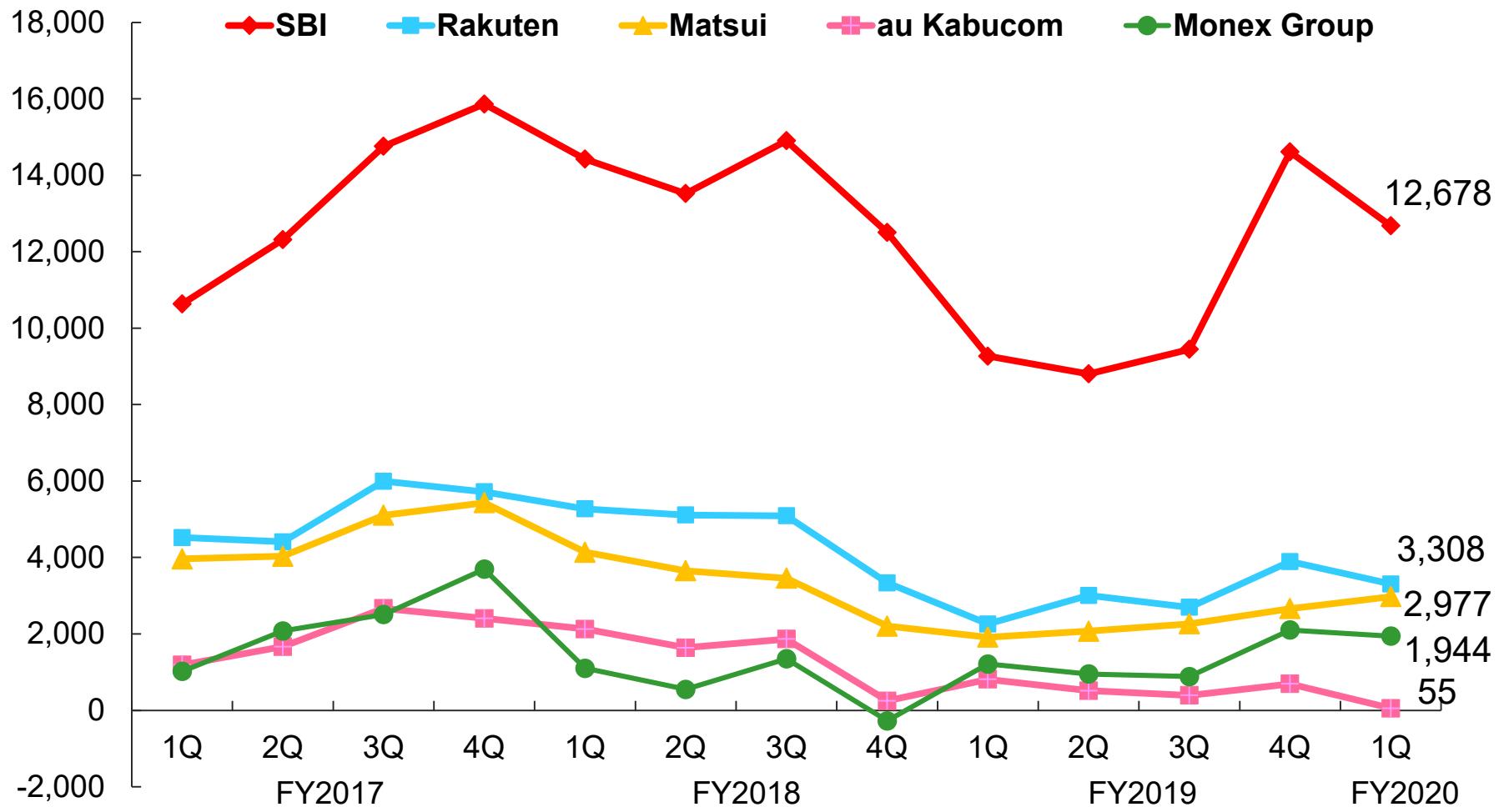
*3 Since Rakuten changed the term of its fiscal year from FY2018, the figures above are for the corresponding period of Apr. 2019-June 2019 and Apr. 2020-June 2020

*4 Relevant figures above are based on IFRS. The amount of "Operating income" represented above is "The amount equivalent to operating income" disclosed by Monex

Source: Compiled by SBIH from the information on the website of each company

Quarterly Operating Income of the 5 Online Securities Companies

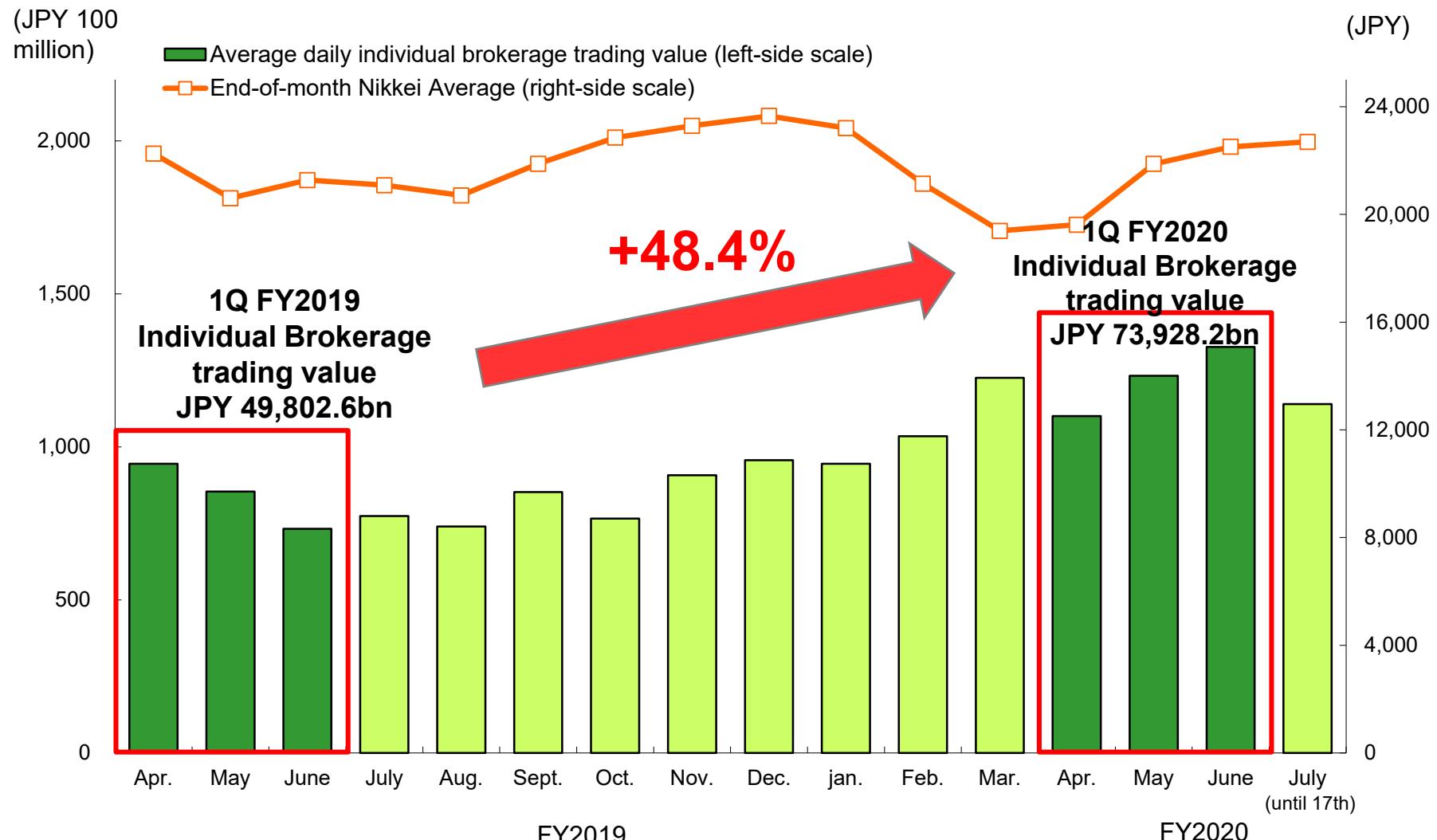
(JPY million)



* As for Monex's figures, relevant figures above are based on IFRS. The amount of "Operating income" represented above is "The amount equivalent to operating income" disclosed by Monex

Source: Compiled by SBIH from the information on the website of each company

Average Daily Individual Brokerage Trading Value (2 Market Total *)

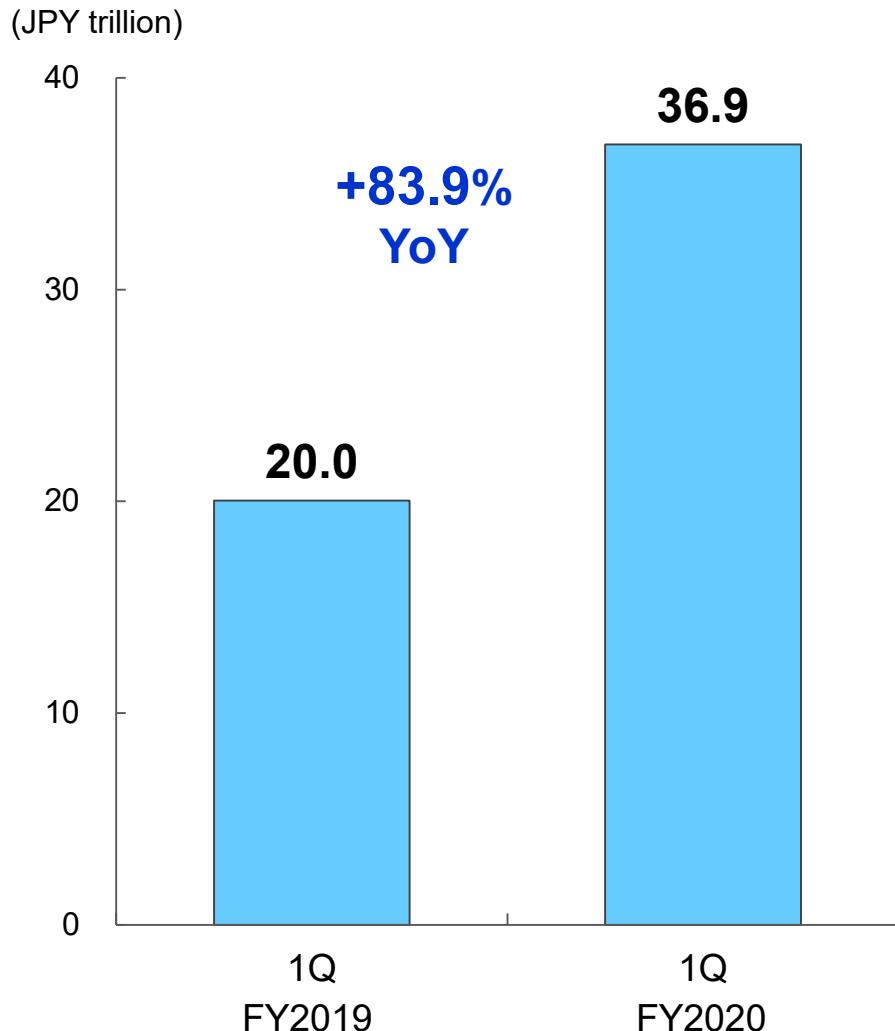


* Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange
(Including TSE Mothers, JASDAQ and NSE Centrex)

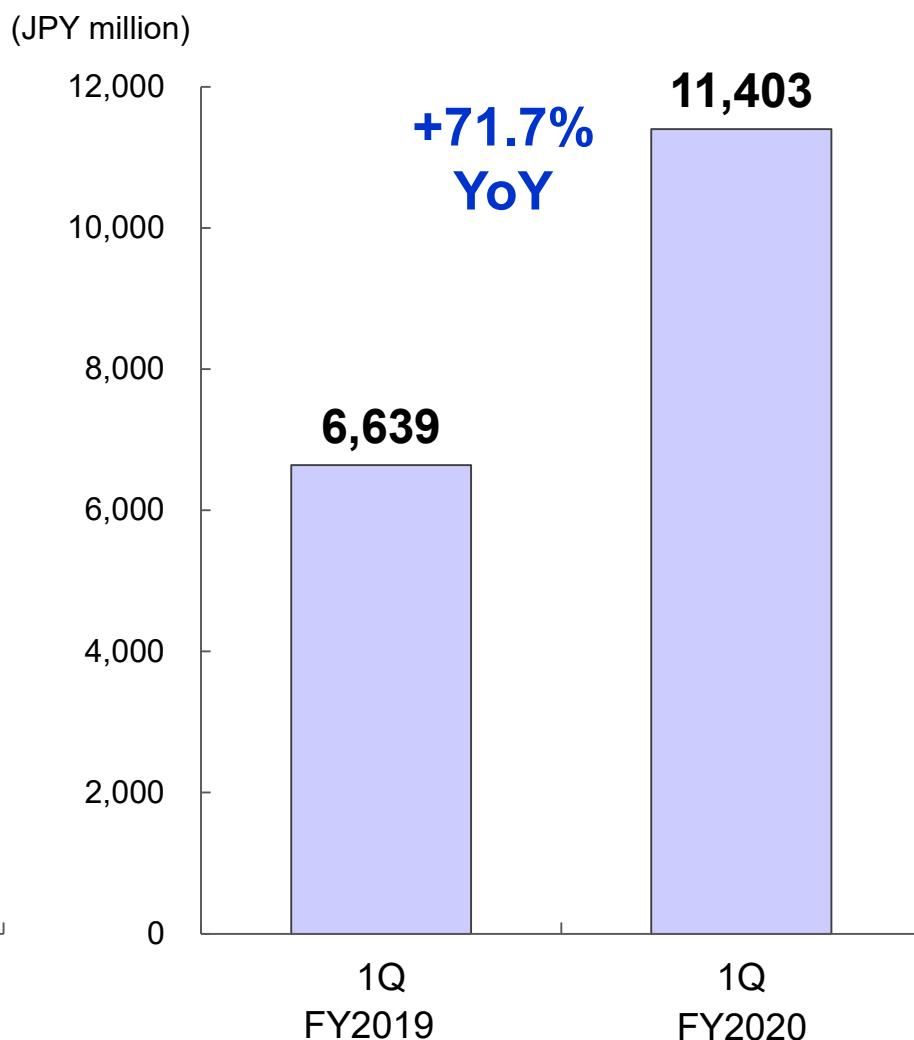
Source: Complied by SBIH from disclosed data from TSE

SBI SECURITIES' Stock Brokerage Trading Value and Commissions

Stock Brokerage Trading Value



Commissions



② Significant fair value valuation gains in the Asset Management Business

During the Apr. to June Period of FY2020, Significant Valuation Gains were Recorded Among the High-tech Portfolio Companies, which were Early Stage Investments

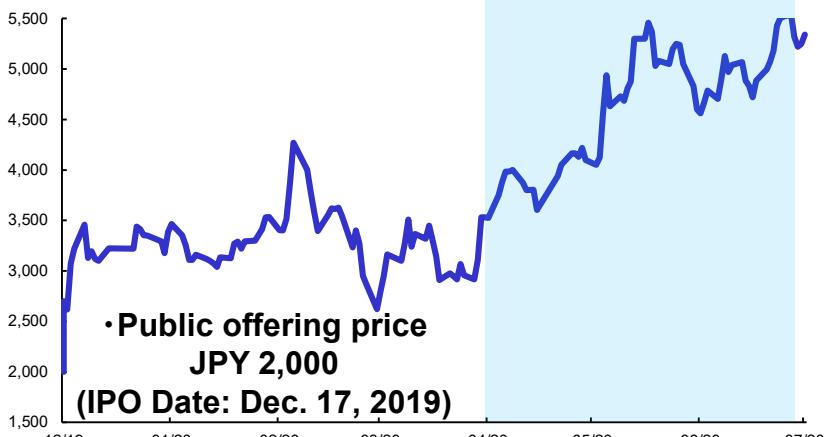


NASDAQ and Dow Jones

(Jan. 2020 ~ July 2020)



■ freee K.K. (Ticker: 4478)



■ BASE, Inc. (Ticker: 4477)



■ AI inside Inc. (Ticker: 4488)



(2) A booming bond market

SBI Sumishin Net Bank successfully captured the timing of the rise in bond prices, owing to the spread of COVID-19 infections, to increase its bond trading revenue

Conventional Banking Business Slumped, Owing to Higher Credit Costs Precipitated by Increased Provisions as a Result of COVID-19

* Aggregated from each bank's financial data

[Net Income comparison of 6 Major Banks in the U.S.]

(USD million)

	1H FY2019 (Jan. 2019–June 2019)	1H FY2020 (Jan. 2020–June 2020)	YoY % change
JPMorgan Chase & Co.	9,652	4,687	-51.4
Citigroup Inc.	4,799	1,316	-72.6
Bank of America Corp	7,348	3,533	-51.9
Wells Fargo & Company	6,206	-2,379	----
Goldman Sachs	2,421	2,423	0
Morgan Stanley	2,201	3,196	+45.2

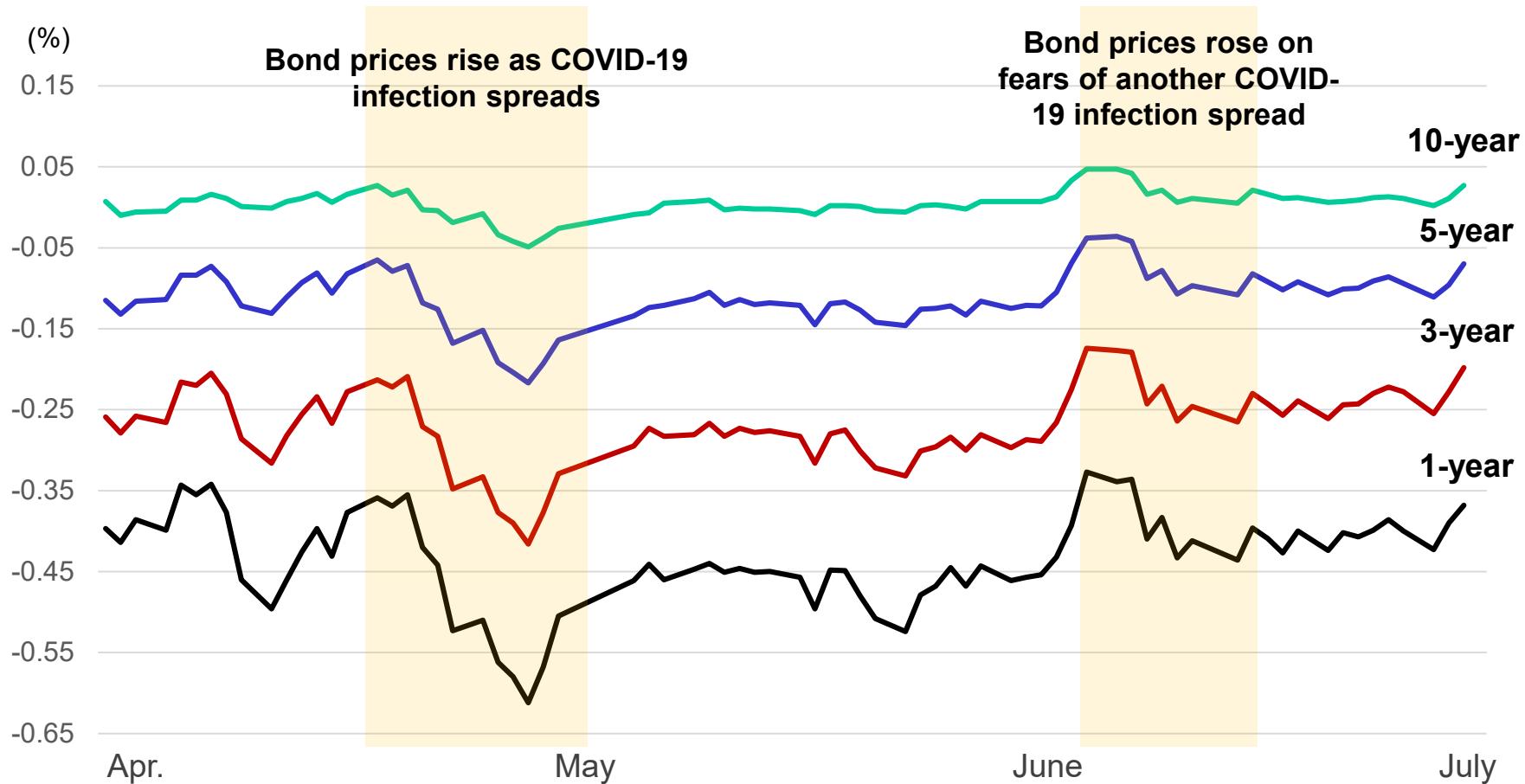
Banks whose primary business is investment banking achieved significant trading revenues, to maintain or substantively improve their results

Bond Market Volatility Owing to COVID-19

* Source: Ministry of Finance website
 "Interest rate information on government bonds"

Change in JGB yield

(Apr. 1, 2020 – July 1, 2020)

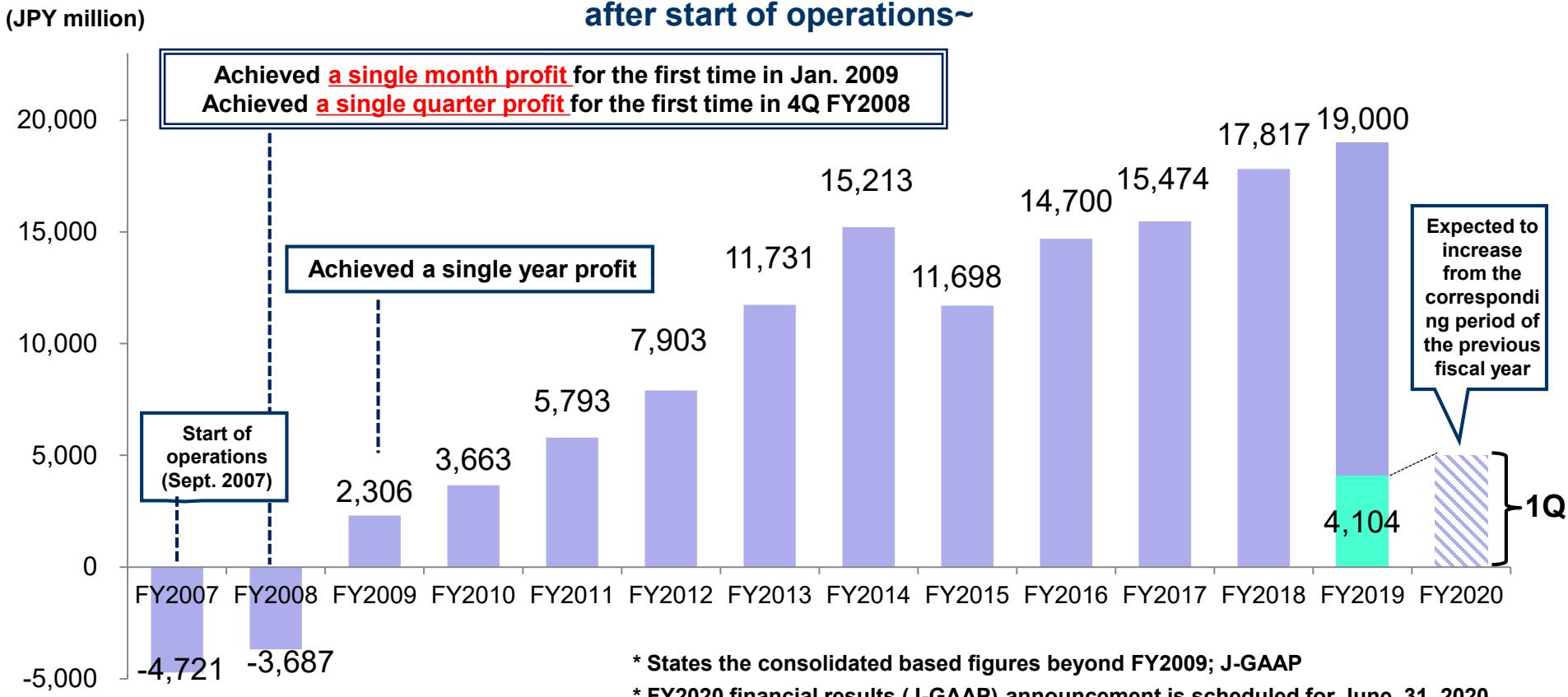


Bond prices rose and fell sharply in response to the status of the spread of COVID-19

SBI Sumishin Net Bank's Earnings are Expected to Increase Over the Corresponding Period of the Previous Fiscal Year



~Change in SBI Sumishin Net Bank's ordinary income (J-GAAP)
after start of operations~



Credit costs, which are expected to be significant at megabanks and many regional banks, are expected to settle back to previous year levels

In the Securities and Insurance Businesses, Gains on Sale, etc., of Bonds Held



Sri Lanka
Government Bonds

In the internationally low interest rate environment, investments at a **relatively high level yield of about 10%** in U.S. dollars may be managed



Selling a portion of bonds held at a time when bond prices rose

1Q FY2020 contribution to SBI SECURITIES' results: **Approx. JPY 500m**



Gains on sale of bonds held,
owing to portfolio reshuffling



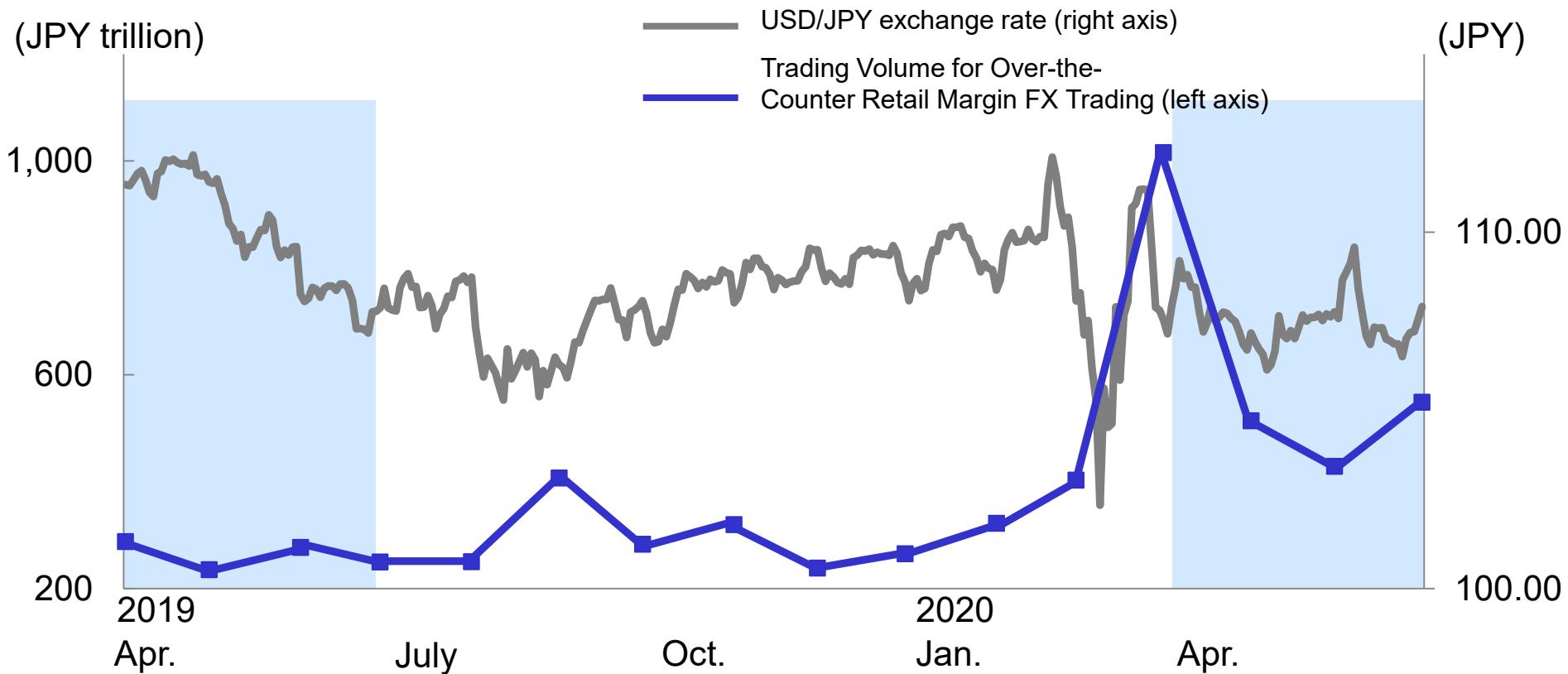
Recorded an investment profit of approx. JPY 2bn on an IFRS basis

(3) Foreign exchange markets with strong trading volumes

Volatility in the Foreign Exchange Markets were Calm as Compared to the Previous Quarter, but Trading Volume Remained Robust

SBI
GROUP

USD/JPY exchange rate and trading volume for over-the-counter retail margin FX trading
(Apr. 2019 – June 2020)



Source: Compiled by SBIH, utilizing information available on the websites of Morningstar Japan and the Financial Futures Association of Japan

Expansion of FX-related Business at the SBI Group

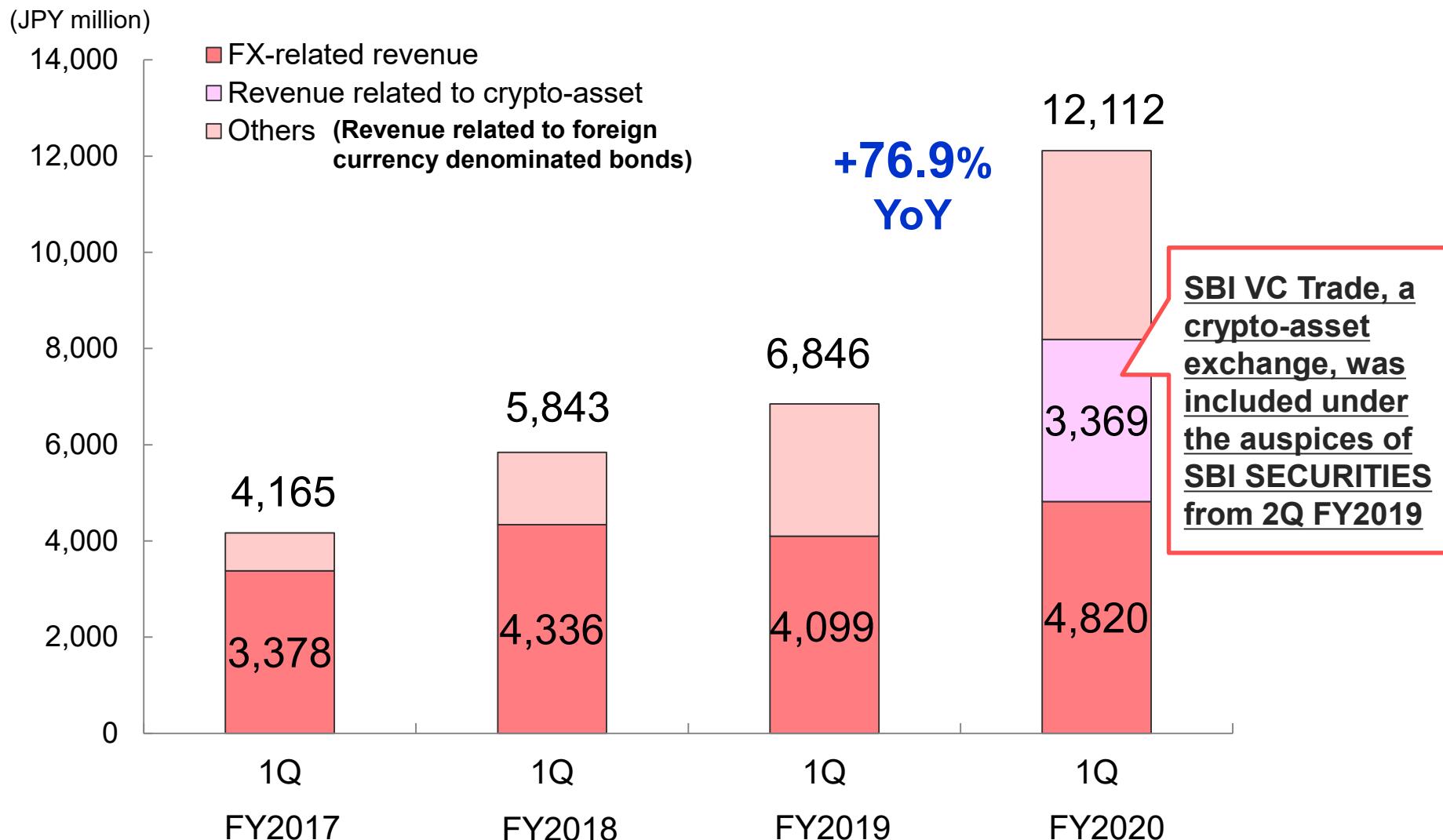
- An increasing number of domestic and foreign companies are participating in trading at the OTC market of SBI Liquidity Market -



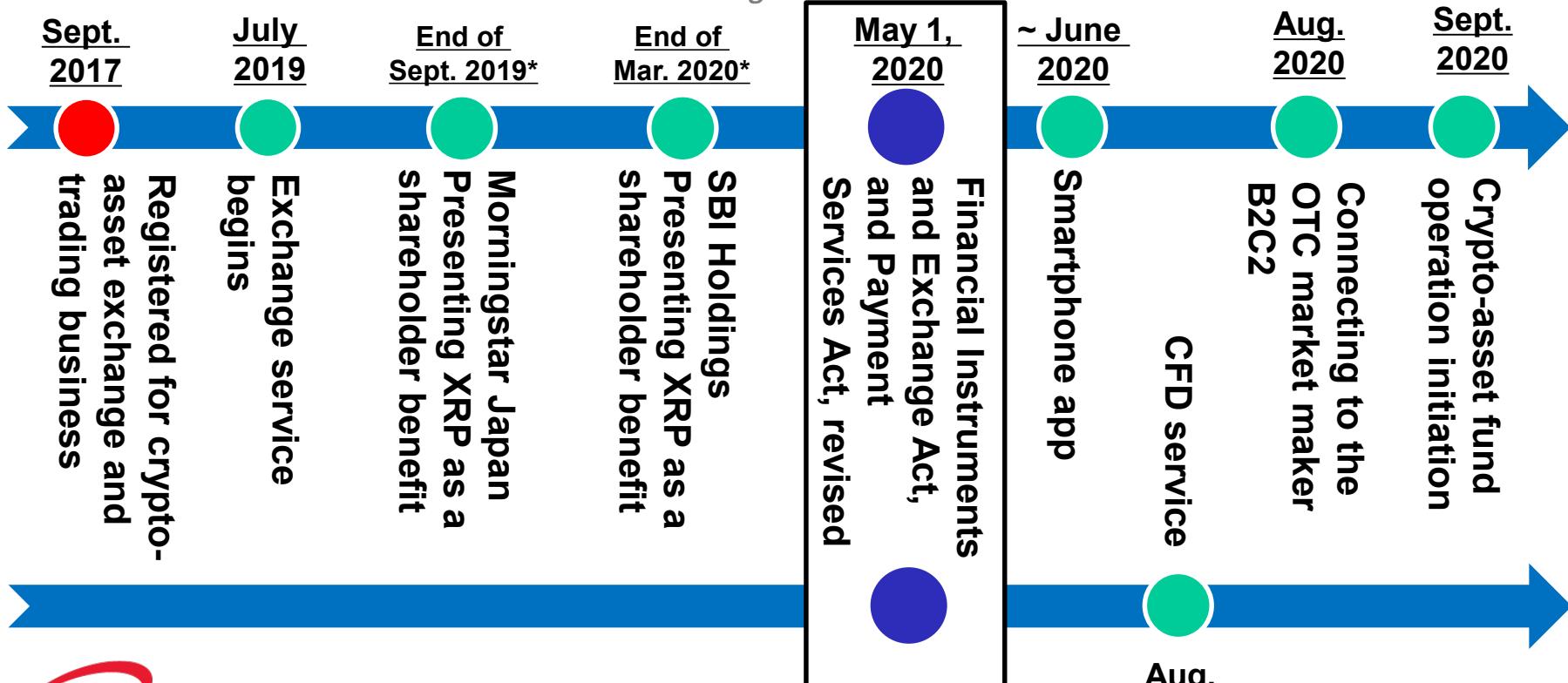
- SBI Liquidity Market provides FX trading services to five financial institutions in Korea
- Started domestic FX trading with YJFX! and Central Tanshi in 2019

SBI SECURITIES' Trading Revenue Trend

Trading revenue, including FX trading revenue, significantly increased, leading to an increased contribution to earnings



SBI VC Trade is Implementing Various Measures to Expand Its Business, in Response to the Revisions in the Payment Services Act of May 2020



*Basis date



[SBI FXTRADE]

(4) The decline in asset prices is viewed as an opportunity to proactively advance M&A activities for companies which may be expected to provide synergies with existing businesses

Endeavors to Increase the Group AUM through Strengthened Collaborations between SBI SECURITIES and Rheos Capital Works, which has become a Consolidated Subsidiary



- Acquired 51.28% of the outstanding shares of Rheos Capital Works, a company that manages investment trusts under the “Hifumi” brand, which has received high praise from individual investors, on June 30, 2020, and converted it to a consolidated subsidiary. (Included in the Financial Services Business segment)
- Approximately JPY 860bn in assets under management as of the end of June 2020

 By expanding the product **distribution of the Hifumi brand managed products** and the utilization of robo-advisors, along with distributing Rheos Capital Works’ products into regional financial institutions, will endeavor to increase its assets under management, **as well as that of the SBI Group as a whole**

By combining the Hifumi brand, which is well received by individual investors, with the SBI Group, a new customer base is expected to be cultivated, along with an increase in investment trust fees that accompanies with the increase in assets under management

 In June 2020, implemented a campaign regarding the “Hifumi” series investment trusts

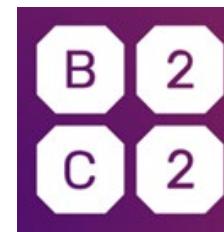
Rheos Capital Works will continue its efforts toward a public listing

Basic Agreement to Acquire a Stake in a Global Crypto-Asset Market Maker, as a Component to Expand Trading Revenue (July 1, 2020)

【Examples of the benefits of partnership with B2C2】



Expanding the customer base by offering tighter spreads



About B2C2

- One of the leading market makers in the crypto-asset sector
- There are a significant number of business partners worldwide, to provide customers with ample liquidity and competitive pricing
- Received first UK authorization by the Financial Conduct Authority for crypto-asset backed CFDs



New business expansion through collaborations

- In global crypto-assets, a basic agreement signed with several shareholders to acquire a stake in U.K. market maker B2C2
- Share purchase planned in two stages (end of Sept. and Dec. with at least 1/3 acquired by Sept. 30) premised on approval from the U.K. Financial Conduct Authority
- Striving to expand customer base by offering tight spreads with liquidity backing from B2C2
- Expectations for synergies through development of innovative financial services and collaboration outside of the field of crypto-assets

Agreed to Acquire All Shares of livestar Securities, a Securities Company Dedicated to Online Trading (Announced on July 29, 2020)



[livestar Securities]

- livestar Securities implemented a waiver of margin trading fees, and lowered its rates on margin trading, which garnered widespread appreciation, primarily from traders
- Scheduled to acquire all shares on Oct. 1, 2020
- As of the end of June 2020, the number of accounts was approx. 180,000, and customer deposits totaled JPY 250bn



The SBI Group covers a broad range of customers, from the high-end segment to traders, and the future asset formation segment



SBI 証券

[SBI SECURITIES]

Comprehensive securities firm with
a wide range of customers



ネオモバ

[Neo-Moba]

Smartphone dedicated securities firm for
novice and young generation customers



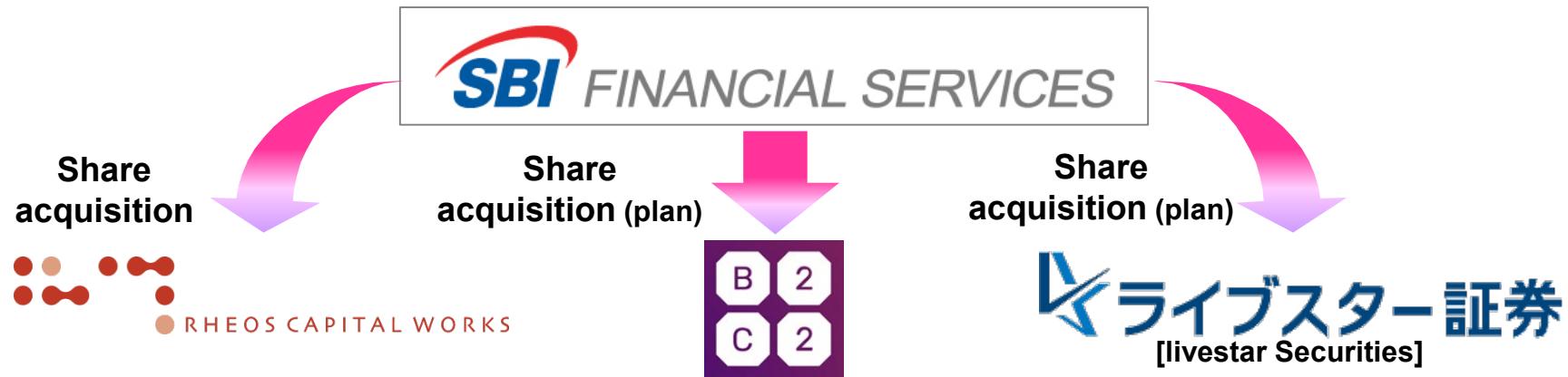
livestar 証券

[livestar Securities]

Securities firm for commissions-sensitive traders

The SBI Group's Current Approach for M&A Activities

-In principle, SBI Holdings or the Group's intermediate holding company will implement M&A activities-



Will endeavor to achieve mutual evolution with the existing Group businesses that have high levels of affinity

E.g. Enhancing the earnings capacity through collaborations between livestar Securities and existing Group businesses

Improving liquidity and matching of stock transactions within the Group

[Image]

Trading orders from individual investors, as well as from institutional investors



Trading orders from customers centered on traders

Generating new revenue sources through SOR and dark pool transactions

Will endeavor to realize cost reductions by standardizing transactions and back office systems within the Group

SBI Insurance Group will Acquire All Shares of Joguchi Safety SSI, which Deals with Rental Housing Insurance in Hokkaido (Announced in June 2020)

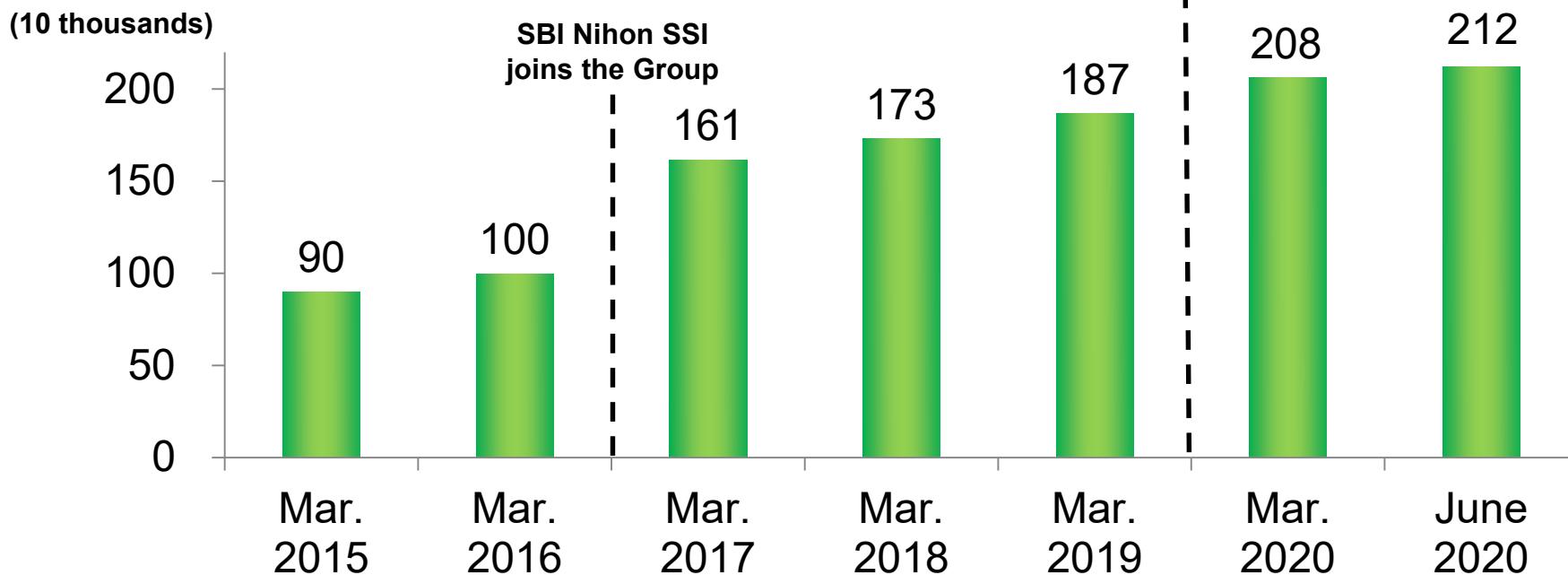
SBI Insurance Group will continue to expand its business organically, as well as advance discontinuous business expansion through M&A activities

SBI Insurance Group's total number of in-force contracts

CAGR
(Mar. 2015 to June 2020) **15.3%**

SBI PRISM SSI*
joins the Group

* In July 2020, the company name has changed from "JAPAN ANIMAL CLUB"



Utilizing Funds Raised from the Issuance of CBs to Advance M&A Activities

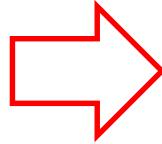
[Overview of the issuance of Euro Yen Convertible Bonds, due 2025 (bonds with stock acquisition rights), resolved on July 7, 2020]

Aggregate issue amount	JPY 70.0bn
Due	Five years (Redemption date: July 25, 2025)
Coupon	0%
Amount to be paid	100.25% of the principal amount of the bonds
Conversion price	JPY 2,913 Conversion premium to the closing date's share price (JPY 2,427): 20.02%

Conversion of previously issued CBs are underway

The remaining value of the Euro Yen CB Due 2022 (bonds with stock acquisition rights) were determined to be redeemed prior to the maturity date under the 130% call option clause

JPY 16.68bn
(as of June 30, 2020)



JPY 8.75bn
(as of July 30, 2020)

Conversion of JPY 7.9bn was completed in a month

Securities referred to herein will not be or have not been registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements

2. Social changes such as the advancement of digital transformation (DX) provides a tailwind for the Group, which has developed its businesses primarily through the online channels
 - COVID-19 has reshaped the preferences of consumers/investors from real to online-

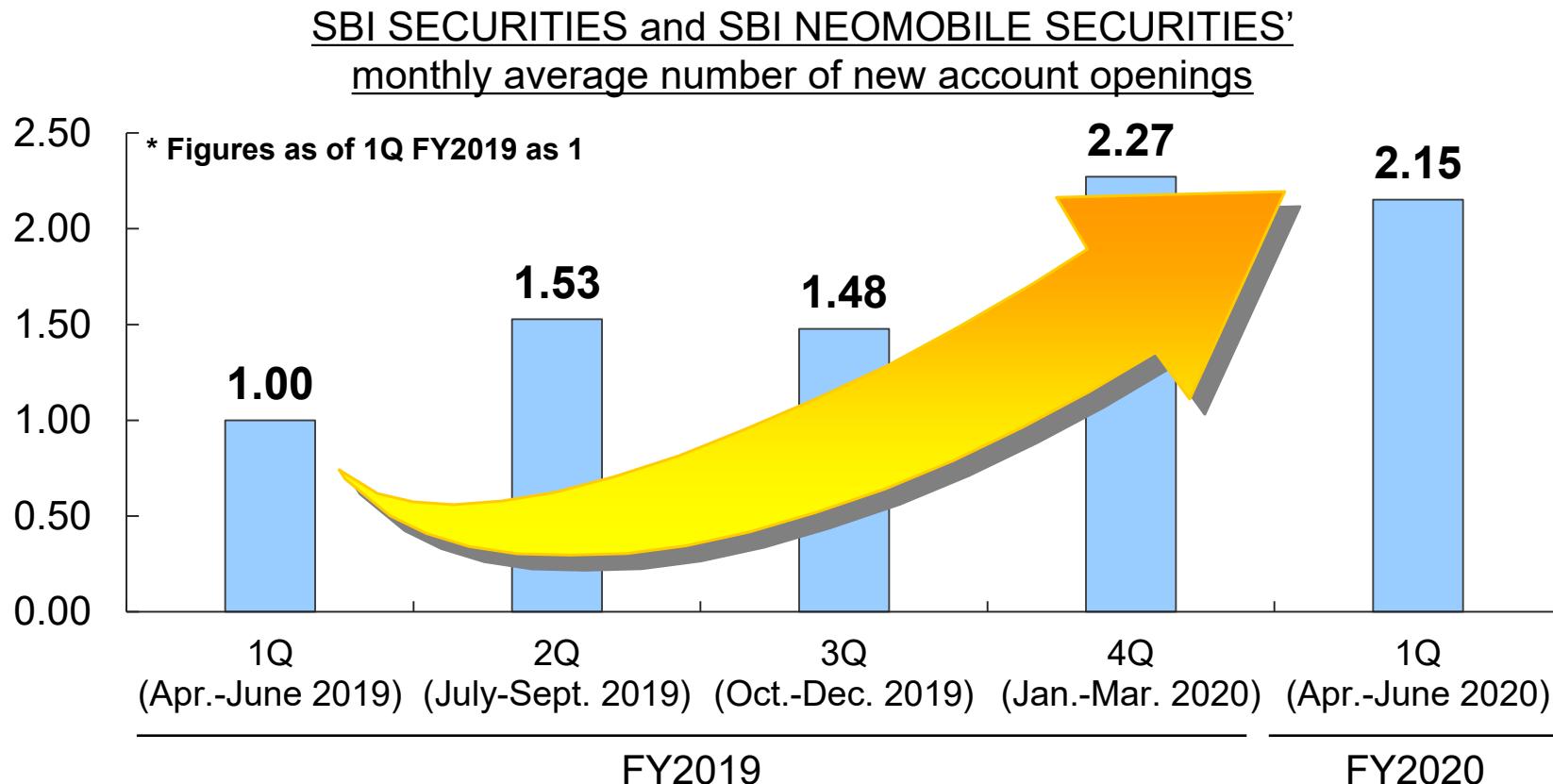
(1) SBI SECURITIES significantly increased its customer base by capturing the rising demand for online investments, against the backdrop of voluntary stay-at-home restraints and the payment of government benefits, owing to the spread of COVID-19 infections

Online Financial Services Preferences became More Evident through Customer Investment Patterns in Financial Products



SBI証券
[SBI SECURITIES]

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[Neo-Moba]

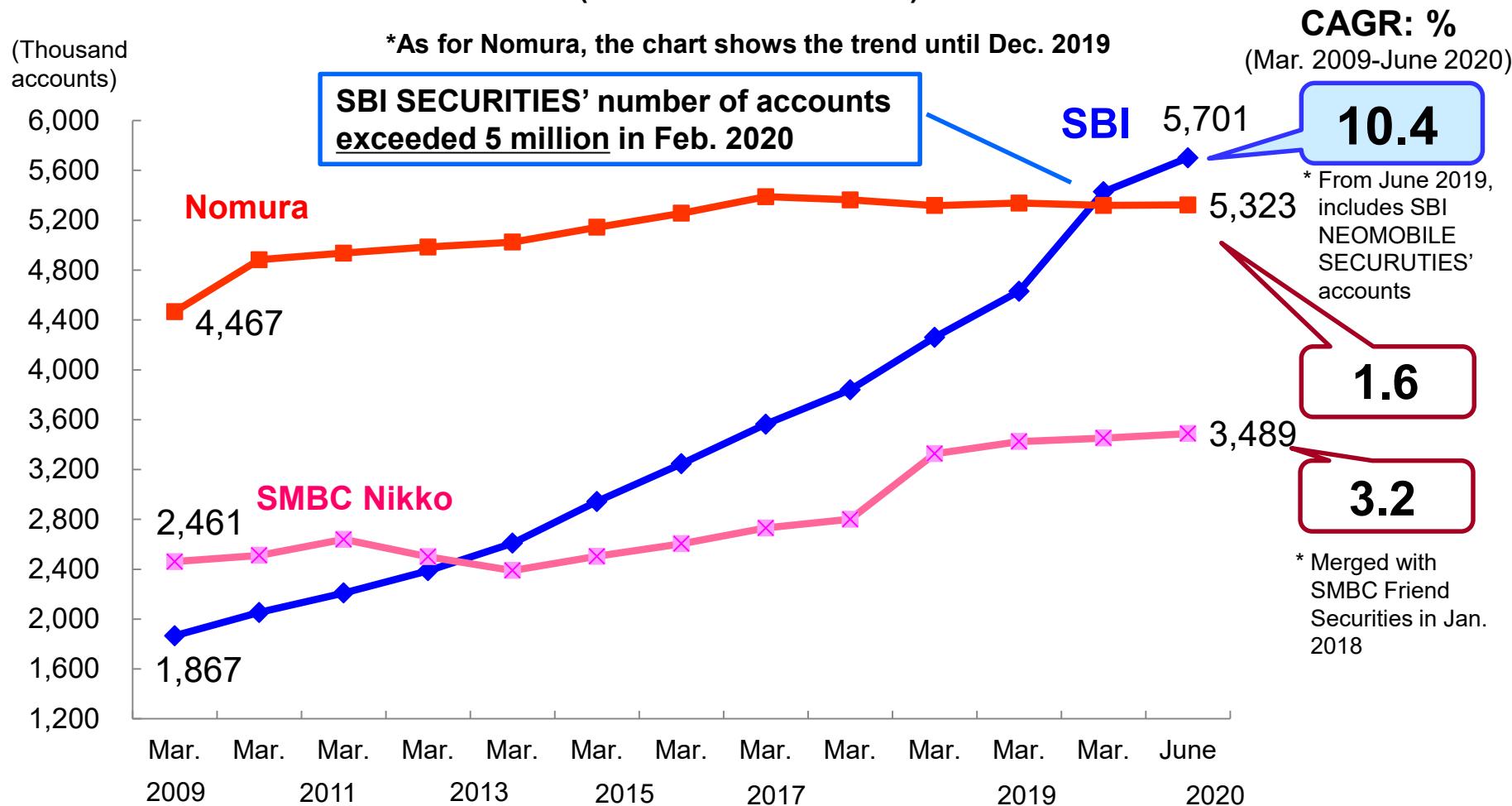


The number of new account openings sharply increased, as a result of the increased demand for asset formation needs

SBI has Surpassed Nomura's Number of Accounts to Become No.1

Number of Accounts of SBI SECURITIES and 2 Major Face-to-face Securities Companies

(Mar. 2009 – June 2020)

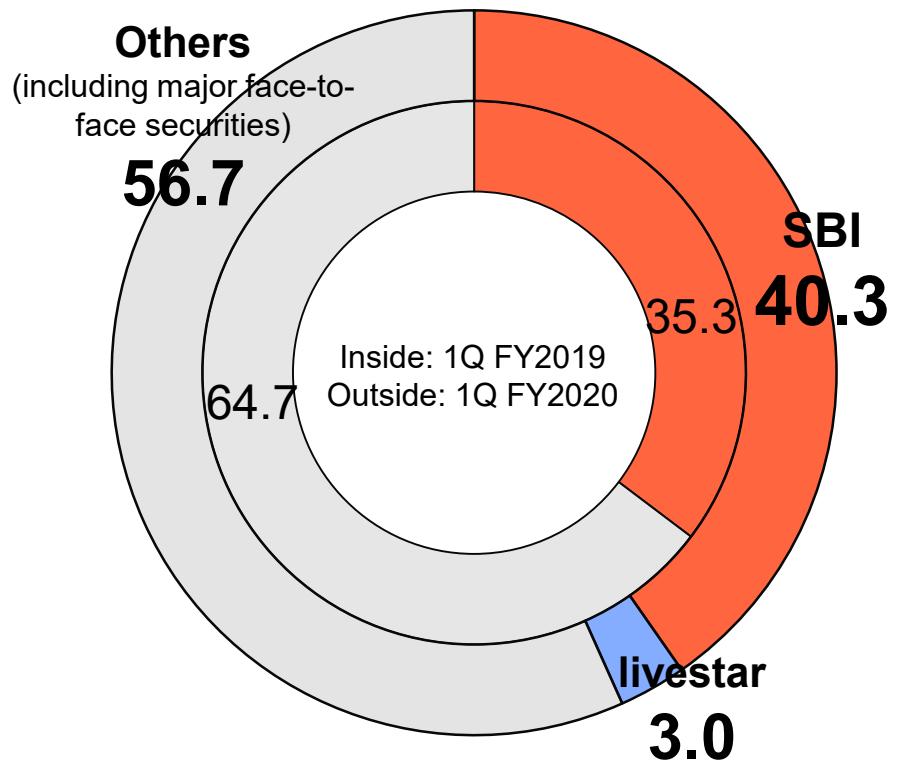


As of the end of Mar. 2017, Daiwa Securities' number of accounts totaled 3,886 thousand accounts, with no further disclosure

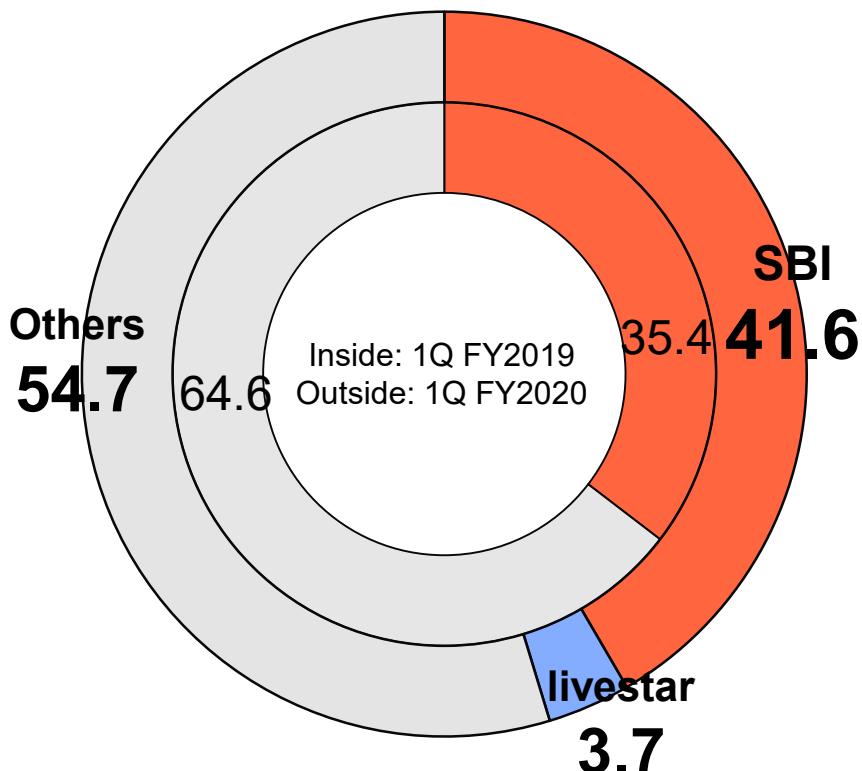
SBI SECURITIES' Share of Individual Stock Trading



Share of Individual Stock
Trading Value (%)
1Q FY2020
(Apr. 2020 – June 2020)



(of which) Share of Individual
Margin Trading Value (%)
1Q FY2020
(Apr. 2020 – June 2020)



<From 1Q FY2016, shares are calculated with the individual stock trading value and individual margin trading value of both the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchanges, including that of ETF and REIT trading value, respectively>

* Shares are calculated by dividing each company's individual stock trading value or individual margin trading value with the whole individual stock trading value and individual margin trading value of the 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, including that of ETF and REIT trading value, respectively

Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company.
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(2) SBI Sumishin Net Bank delivers favorable results, owing to changes in the social preferences toward online financial services

SBI Sumishin Net Bank's Performance Remained Positive Year-on-year, Despite the COVID-19 Disaster

(Equity method investment gain; IFRS)



SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for 1Q FY2020 was JPY 2,023mn, up 1.9% year-on-year



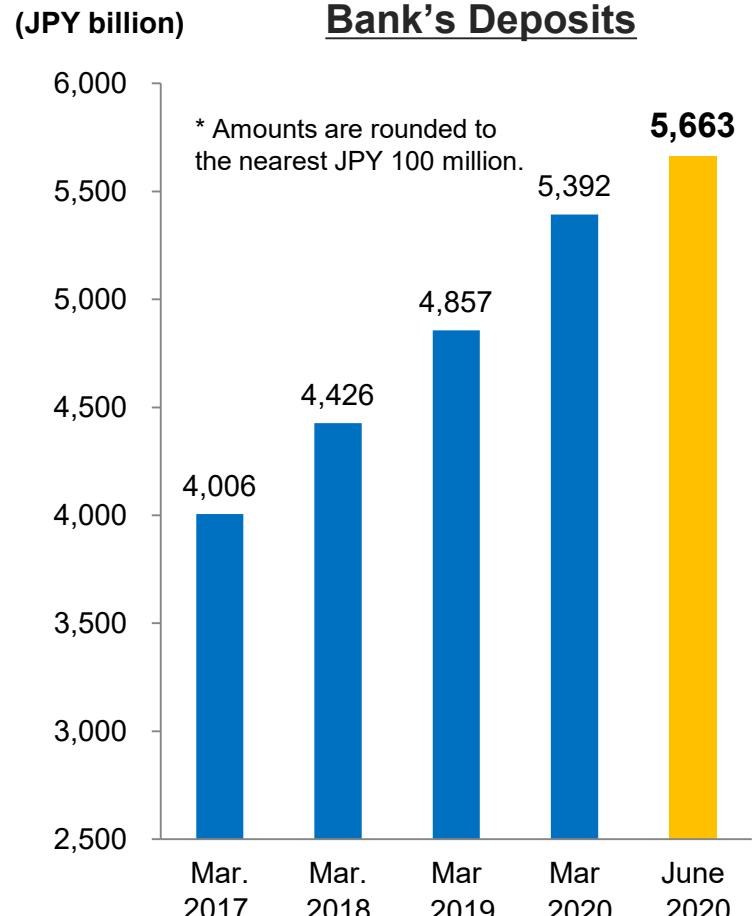
Note: Figures are different from the level of profit under J-GAAP because there are differences between IFRS and GAAP in terms of valuation standards for assets

As of June 30, 2020, the Balance of Accounts and Deposits Exceeded 4.07 Million Accounts and JPY 5.6tn, Respectively, to Significantly Surpass Its Competitors

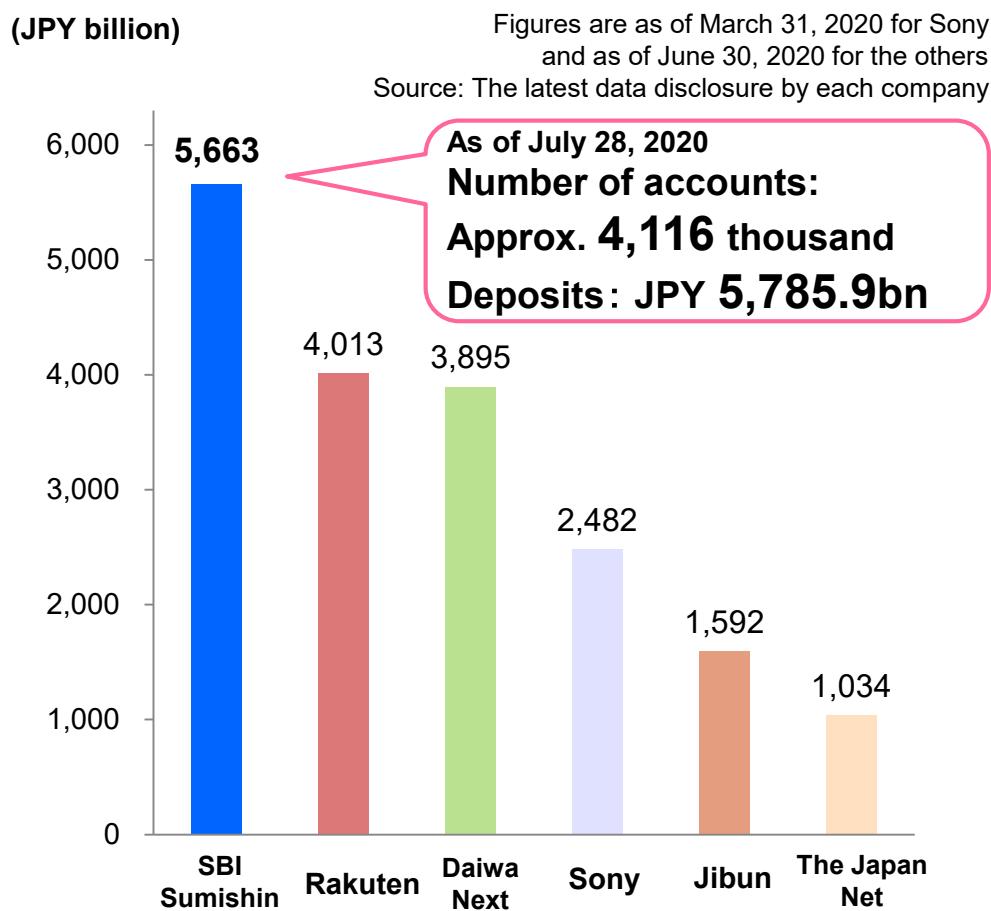


Number of accounts : 4,076,240 / Deposits : 5,662.8bn
(As of the end of June 2020)

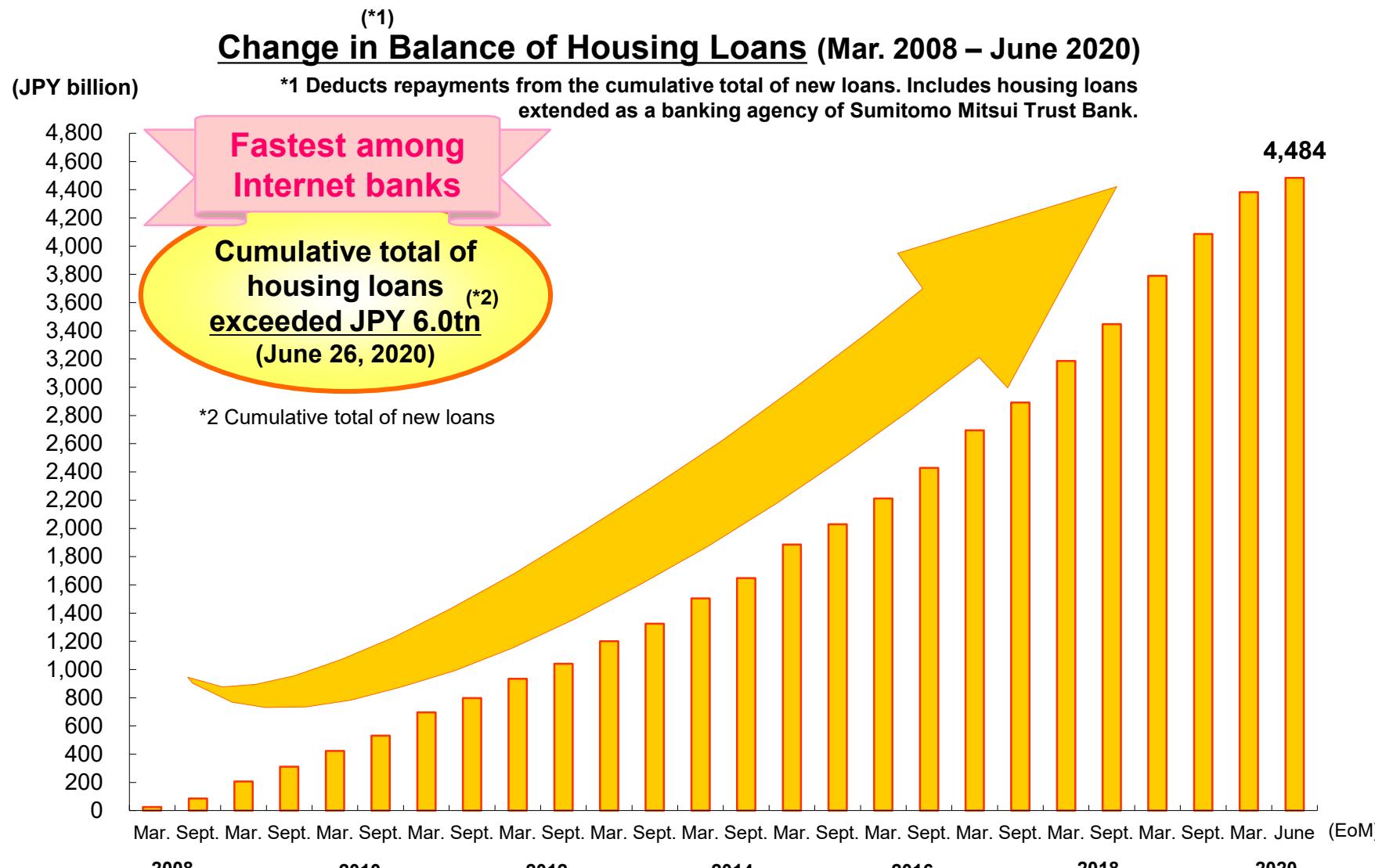
Change in SBI Sumishin Net
Bank's Deposits



Deposits of 6 Internet Banks



SBI Sumishin Net Bank has been Offering Attractive Loan Products with Low Interest Rates to Individual Customers, Especially Through Online, so the COVID-19 Impact on Its Results will be Limited



(3) In the insurance business, changes in people's behavior patterns owing to COVID-19 infections have contributed to earnings, in terms of increased demand for insurance products and fewer claims payments

SBI Insurance Group's Performance (Preliminary Figures)

* Final consolidated figures for 1Q FY2020 will be released on Aug. 7

Consolidated Results for 1Q FY2020 (J-GAAP)

(Unit: JPY million)

	1Q FY2019 (Result)	1Q FY2020 (Preliminary)	YoY % change
Ordinary revenue	16,428	21,348	+29.9
Ordinary profit	1,010	1,855	+83.7
Profit attributable to parent of the Company	619	1,063	+71.7

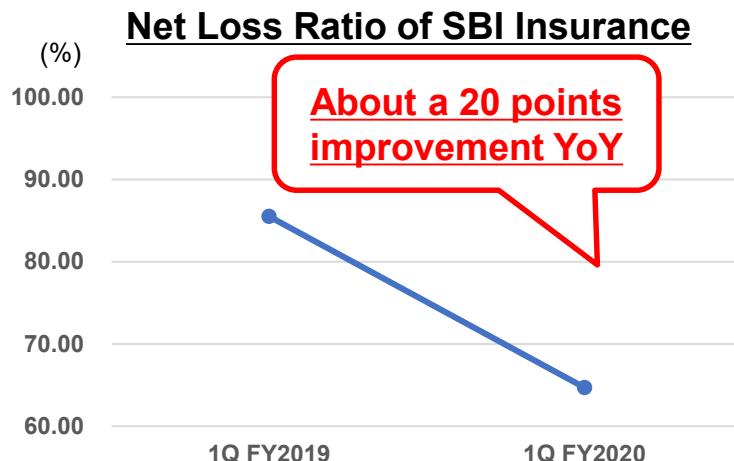
Lifestyle Changes of Individuals, Owing to COVID-19, has had a Positive Impact on the SBI Group's Life and Non-life Insurance Businesses



SBI Insurance

The number of motor vehicle accident by reports declined by more than 20%, owing to COVID-19 related stay-at-home requests

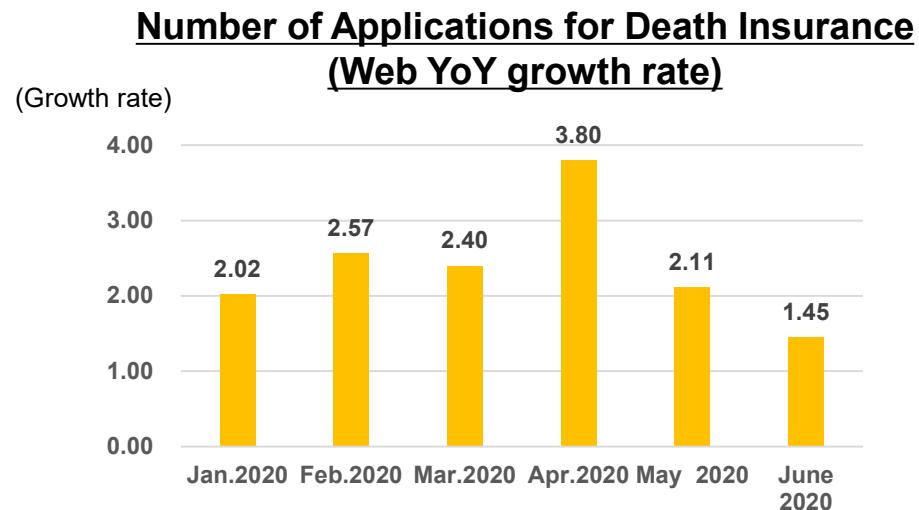
- A decrease in payable claims contributed to an improvement in the net loss ratio, and an increase in the SBI Insurance Group's profits



SBI LIFE Insurance

Key words such as “death” and “hospitalization,” owing to the spread of infections, have become more commonplace

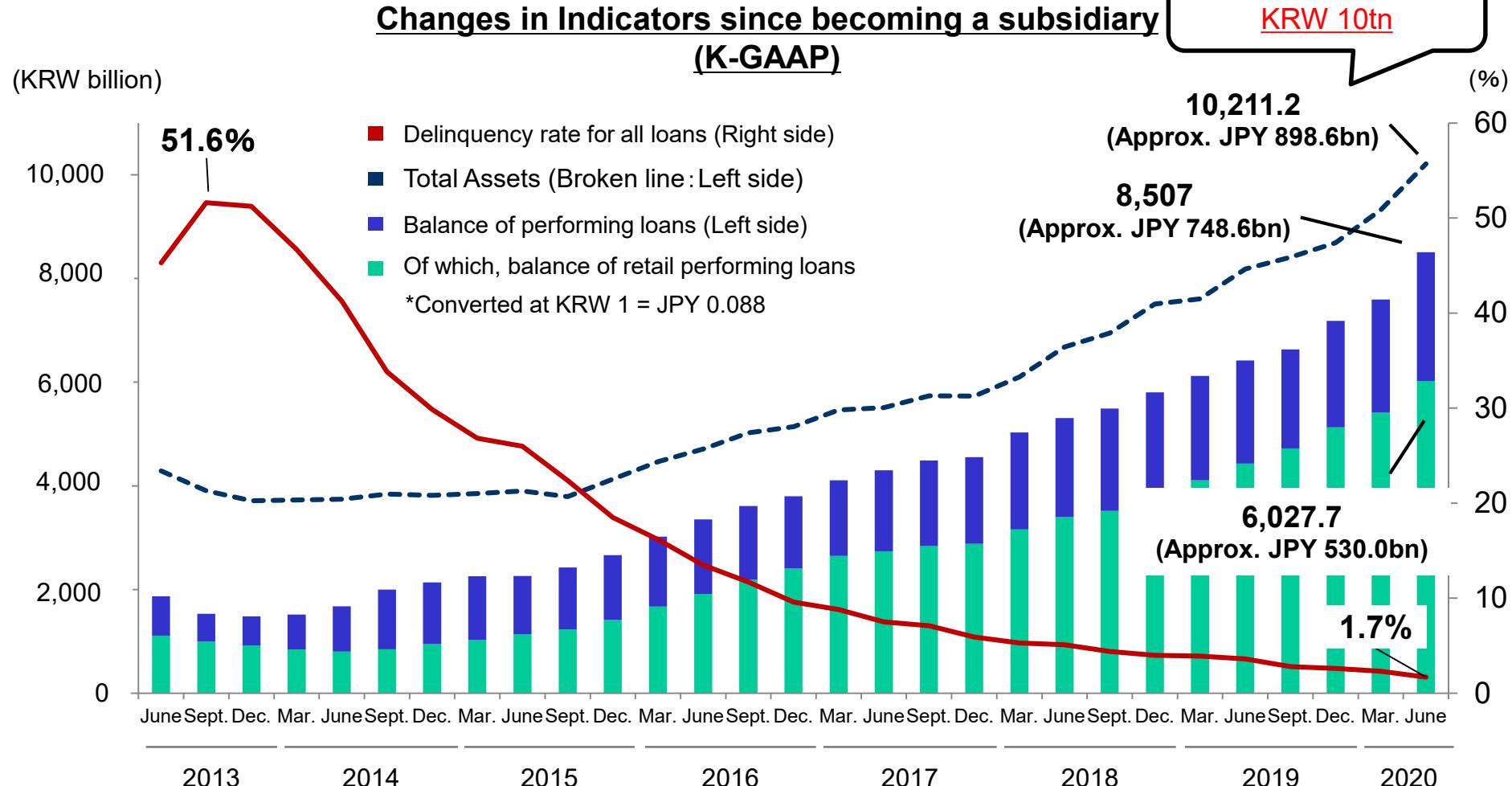
- Increased needs for insurance products on a non-face-to-face basis



(4) SBI SAVINGS BANK was successful in efficiently capturing the growing demand for funds, as a result of COVID-19, by expanding its service offerings through mobile channels

SBI SAVINGS BANK Steadily Increased Its Assets by Successfully Capturing Changes in Market and Industry Trends, as a Result of COVID-19

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The total delinquency rate remains low at 1.7% (2.1% for retail loans)

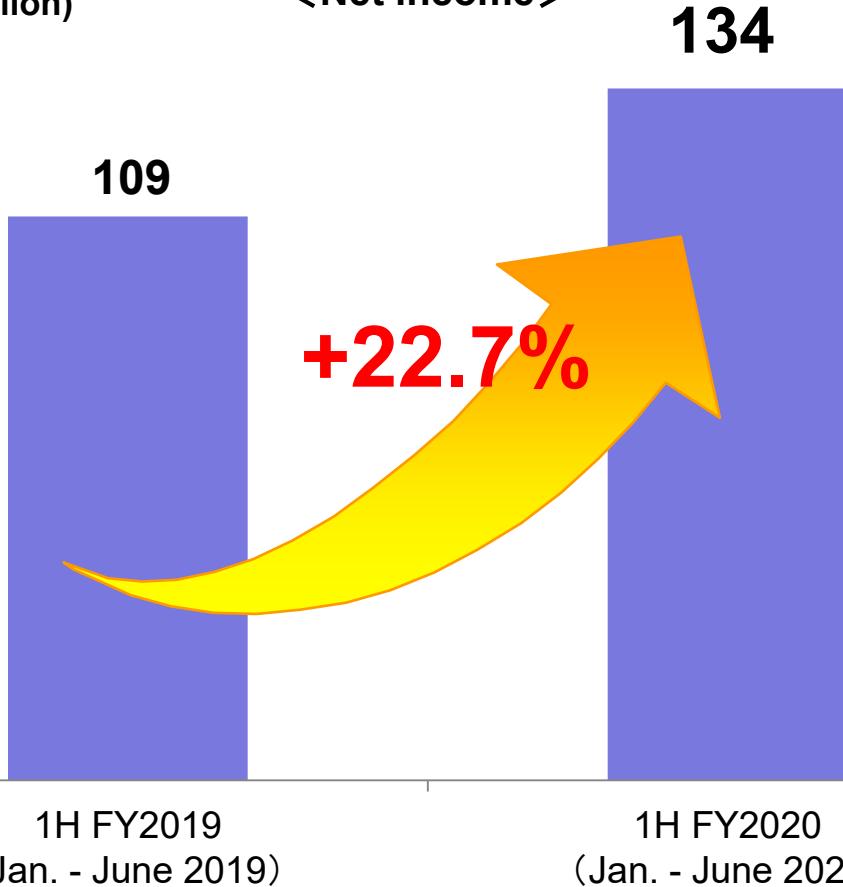
SBI SAVINGS BANK Achieved Favorable Business Results, Despite COVID-19

SBI
GROUP

(Jan. to June 2020; K-GAAP)

(KRW billion)

<Net income>



Owing to the widespread demand from the stay-at-home situation, **succeeded in increasing assets through mobile channels**

As a result of having raised the credit criteria from the beginning of the year, was able to **attract prime customers from competitor regional banks and others**, both in the corporate and retail markets, which **contributed to the favorable business results**

As in the previous year, SBI SAVINGS BANK received an “A –” (Direction: “**Stable**”) rating from 2 credit rating agencies in Korea (Korea Credit Rating and NICE Credit Rating)

3. Increasing need for advanced asset management for individuals and financial corporations (especially for regional financial institutions)

(1) Increasing need of asset management for individuals

- ① **SBI SECURITIES' sales of investment trust products, such as NISA and iDeCo (individual-type defined contribution pension plan), are going well**
- ② **Owing to the increasing need of asset management for the regional financial institutions' customers, Morningstar Japan has expanded its offering of asset management advice tools**

Individuals of All Ages Strongly Recognize the Importance of Asset Formation

- The JPY 20m issue raised by the Financial Services Agency provoked a national debate, as the post retirement funding issue is a personal issue that will be faced by individuals of all ages

→ Even among younger individuals, a flow from savings to asset formation is being undertaken

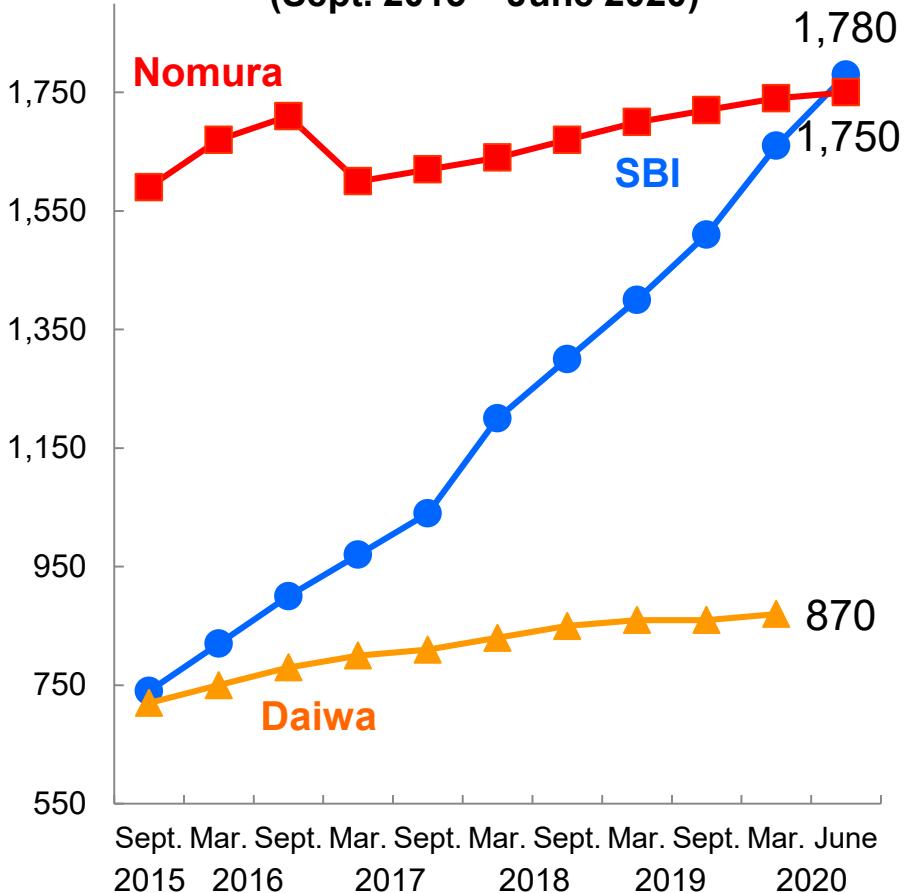


- Owing to the COVID-19 pandemic, a significant number of people have lost their income, and are increasingly concerned about their future prospects
- The importance of asset formation has become more recognized, and investments through NISA and iDeCo (individual-type defined contribution pension plan) have become more active

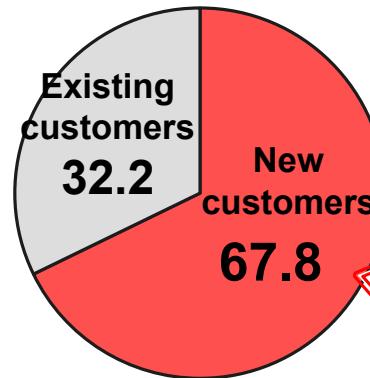
Through the Successful and Continued Steady Acquisition of New Customers of NISA, the Number of Accounts Surpassed that of Nomura to Become the Industry's No. 1

(thousand accounts)

Number of NISA accounts
(Sept. 2015 – June 2020)



NISA's customer attribute of SBI SECURITIES (%)



Number of new customers opening NISA accounts account for 67.8%, and within that 69.4% are beginner investors

SBI SECURITIES' number of Junior NISA accounts reached 84 thousand accounts, accounting for approx. 30% of the entire securities industry's Junior NISA accounts

*1 Includes the number of Junior NISA accounts

*2 Amounts are rounded to the nearest JPY 10 thousand.

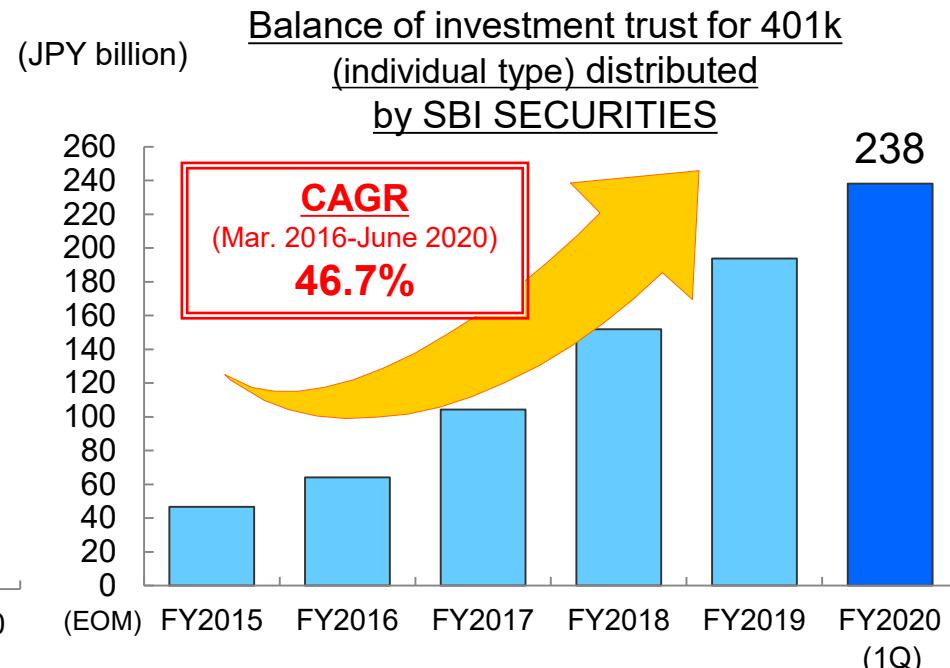
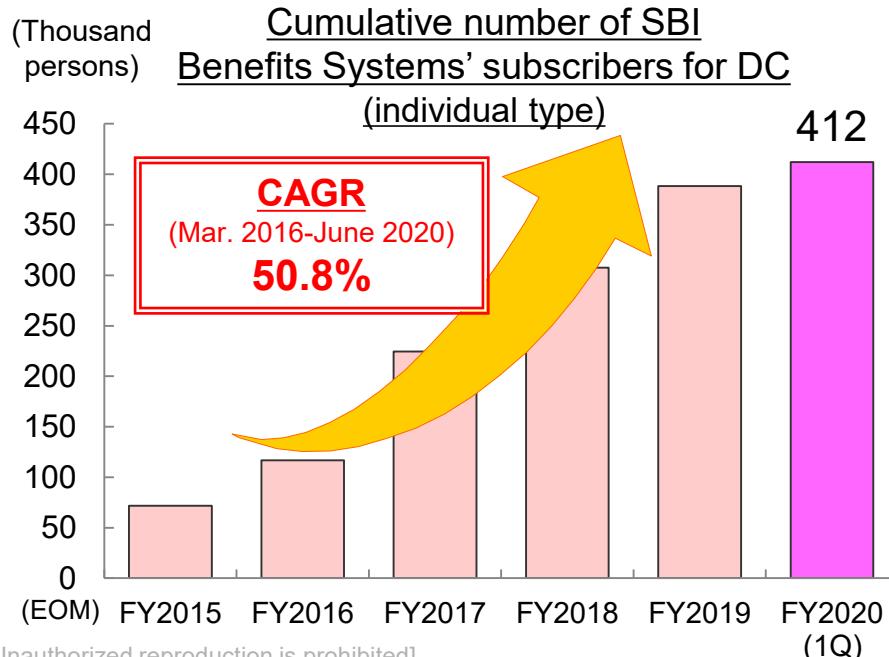
*3 The number of accounts are as of the end of June 2020, compiled by SBIH from the information on website of each company. As for Daiwa the number of accounts is as of the end of Mar. 2020

Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business

The SBI Group has been focused on the Individual Defined Contribution (iDeCo) pension business, well before the expectations for the market size expansion as a result of revisions in the regulation as of Jan. 2017, through SBI Benefit Systems, which was established in 2001

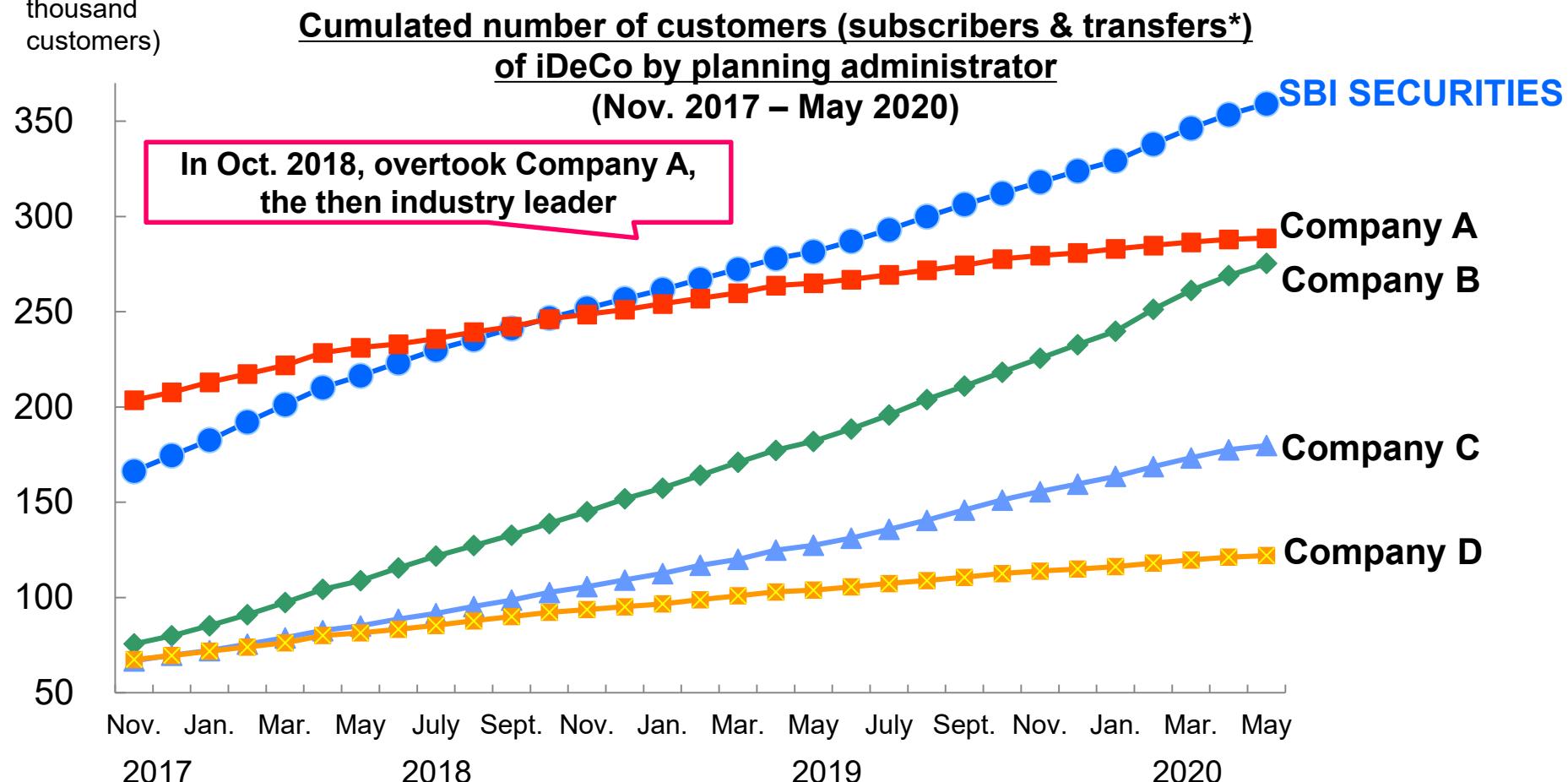
SBI SECURITIES' administrative fees are completely free of charge from May 19, 2017, as to further expand iDeCo business

- As of the end of June 2020, the number of iDeCo accounts totaled approx. 366 thousand, which is approx. 3.0x larger than that of the end of May 2017
- The number of requests for application materials is increasing since Jan. 2020



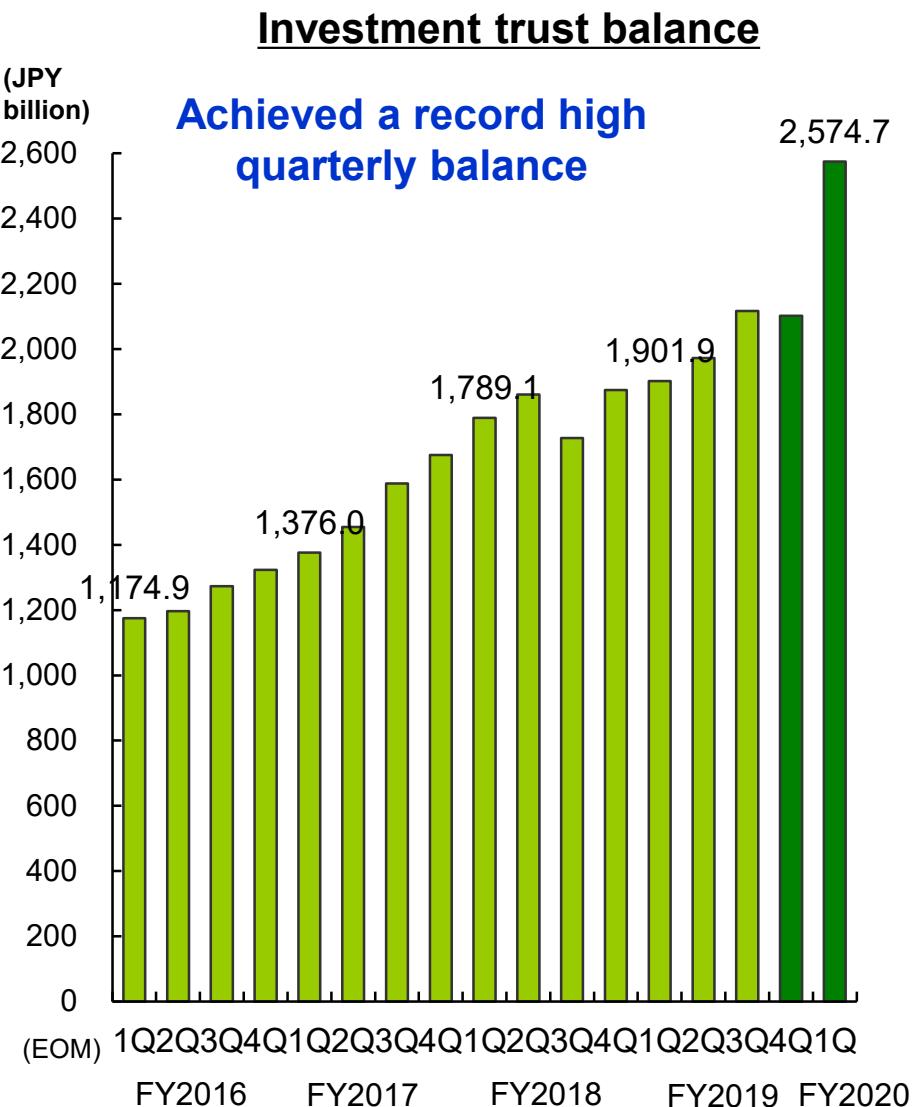
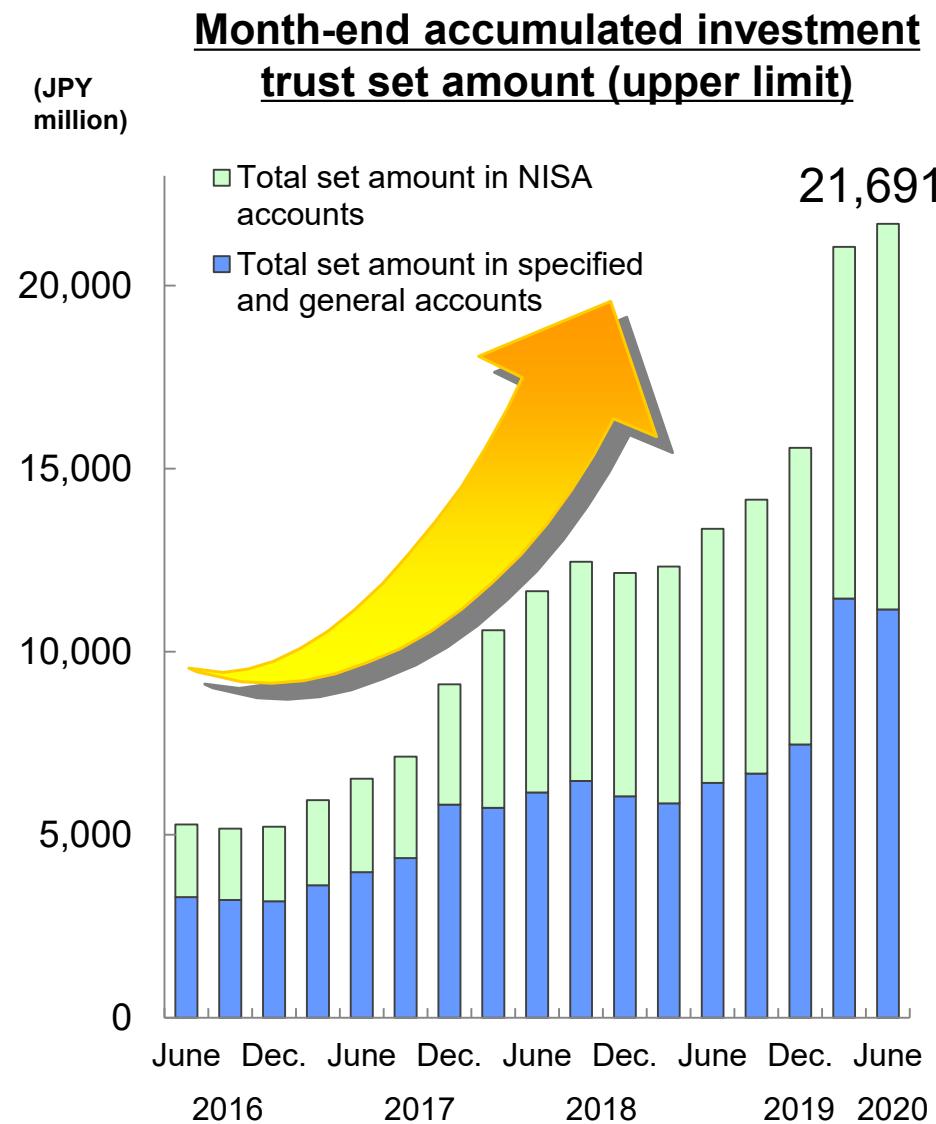
SBI SECURITIES Steadily Increased the Number of New Customers Acquired for Individual-type Defined Contribution Pension Plans (iDeCo), and became the Cumulative Industry Leader in Oct. 2018

(No. of thousand customers)

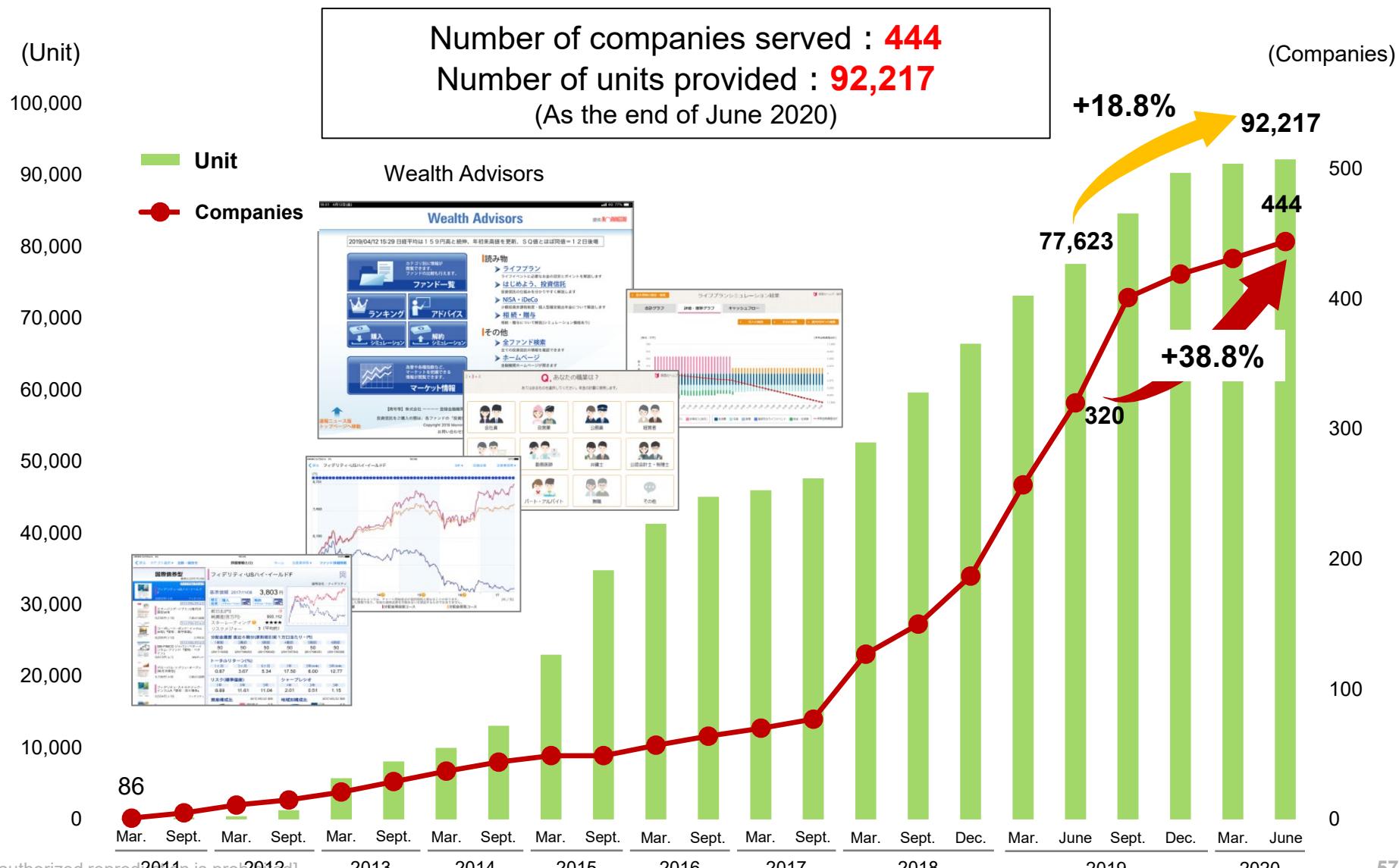


* Cumulative total number of subscribers and transfers announced by the National Pension Fund Association
 Source: Briefing paper of the National Pension Fund Association (partially includes estimates by SBI)

At SBI SECURITIES, the Balance of Investment Trusts have Rapidly Increased During the Course of COVID-19



Number of Morningstar Japan's Asset Management Advice Tools, "Wealth Advisors," Increased Significantly, Owing to the Increasing Need for Asset Management Services

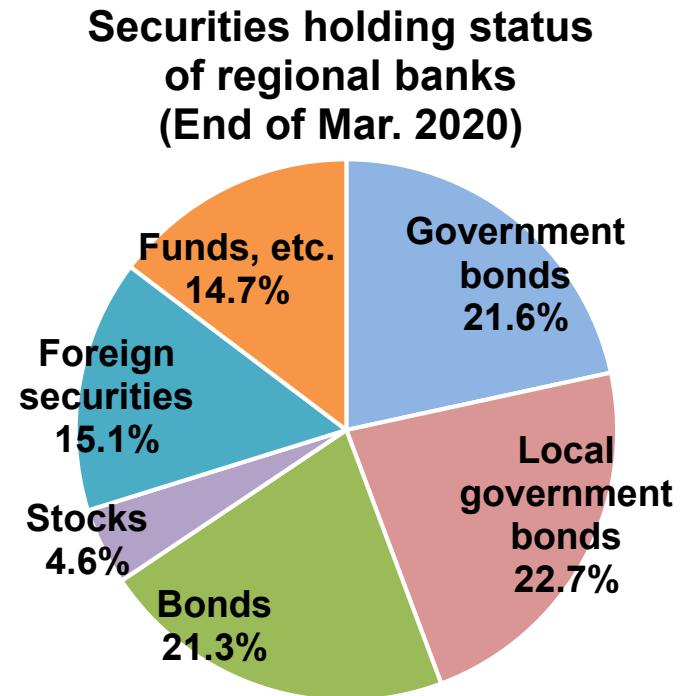


(2) The increasing need of asset management for regional financial institutions

A Major Challenge Facing the Regional Financial Institutions is the Sophistication of Asset Management

Delay in the sophistication of market operations

- Decreased operating income, owing to continued negative interest rates
- With 40% of government and regional bonds facing redemption within the next three years, an issuance of new yen denominated bonds hold little promise of contributing to core net business income
- Shortage of individuals who are capable of handling increasingly sophisticated and diversified securities operations
- There are cases where regional financial institutions postpone losses on problem portfolios, or continue to support losing portfolios

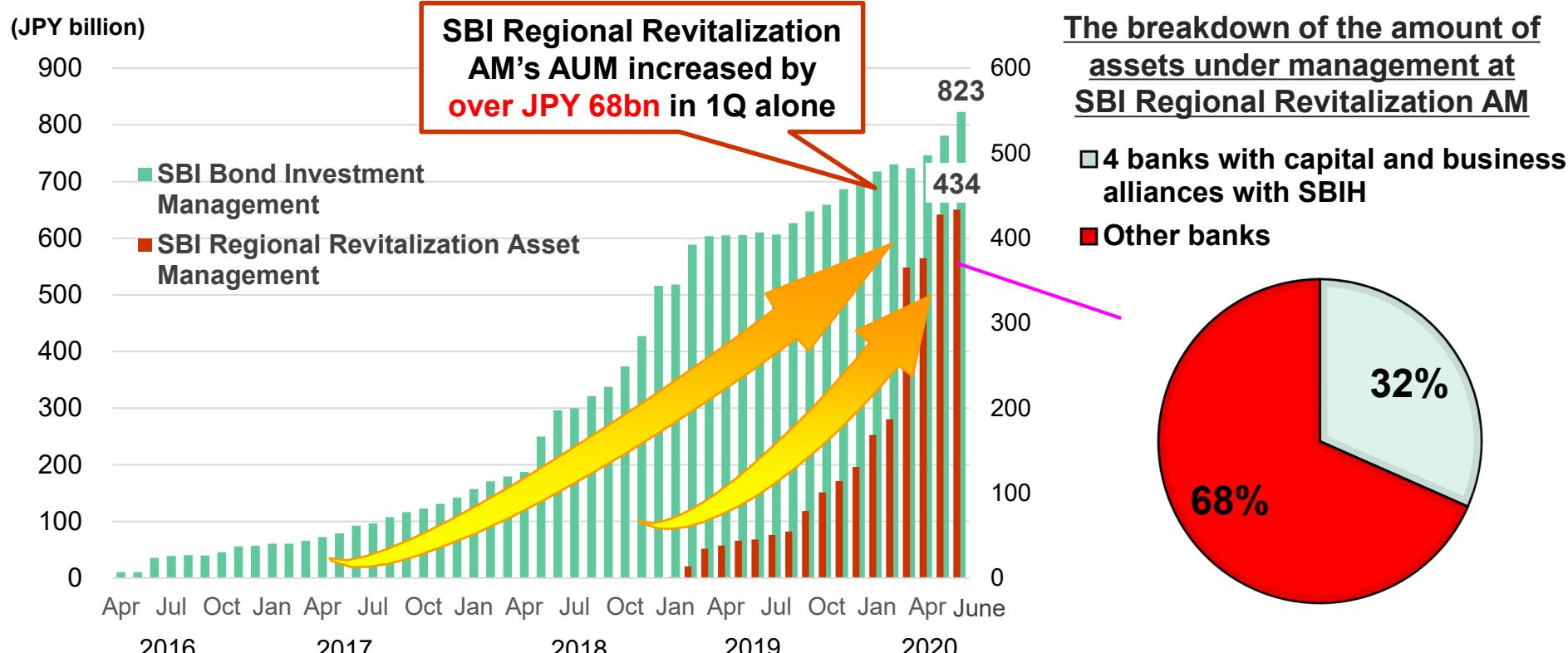


*Source: Bank of Japan, "Asset and Liability Statistics of Private Financial Institutions"

SBI Asset Management Group's AUM from Several Regional Financial Institutions, Including 4 Banks as Capital and Business Partners of SBI Holdings, Exceeded JPY 1.2tn



- SBI Bond Investment Management (co-founded with PIMCO, one of the world's largest bond investors) has consistently provided low cost simple investment products
- SBI Regional Revitalization Asset Management, which is co-invested by 38 regional financial institutions, has been entrusted with the asset management of **JPY 64.2bn** (Investment principal: as of June 2020) from Shimane Bank, and the real yield for that asset has **turned from negative to a positive**, as a result of a portfolio reevaluation

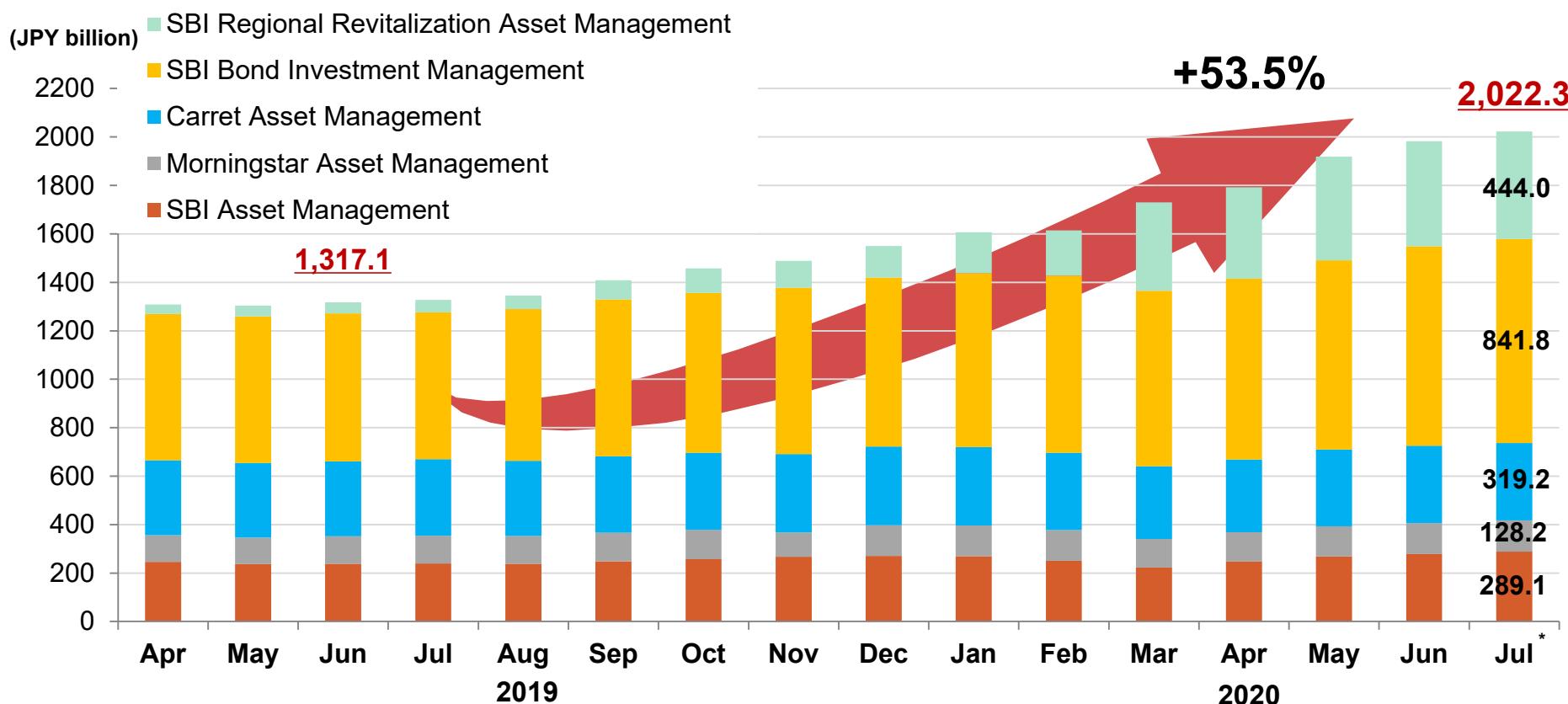


In Response to the Increasing Asset Management Needs for Individuals and Corporations, the SBI Asset Management Group's Investment and Advisory Companies' Investment Asset Balance Exceeded JPY 2tn

SBI Asset Management Group significantly increased its investment asset balance, owing to the **increasing asset management needs** of individual investors and regional financial institutions, along with the severe investment environment of negative interest rates, where approximately 30% of the world's bonds have negative yields

< SBI Asset Management Group's AUM trend >

* As of July 20, 2020



4. Pursuit of selection and concentration, as well as cost reduction in the Biotechnology-related Business

Profit before Income Tax Expense of the Biotechnology-related Business (IFRS)

(JPY million)

	1Q FY2019 (Apr. - June 2019)	1Q FY2020 (Apr. - June 2020)
Profit before income tax expense (excluding temporary factors)	-2,527	-1,692
Loss associated with the sale of Kubota Pharmaceutical Holdings (recorded in 1Q FY2019)	-1,352	—
Total profit before income tax expense of the Biotechnology-related Business	-3,879	-1,692

Owing in part to the sale of Kubota Pharmaceutical Holdings shares, and the recording of the loss in 1Q FY2019, **the total loss in the biotechnology-related business significantly declined to approx. 44% of the corresponding period of the previous fiscal year**

Even after excluding the one-time factors mentioned above, as a result of U.S. Quark focusing its management resources on the AKI clinical trial, and conducting thorough cost reduction measures, **the loss in the Biotechnology-related Business segment was significantly reduced to approx. 67% of that of the previous year**

Impact of COVID-19 (New Coronavirus) Epidemic on the Clinical Trials for U.S. Quark's Acute Kidney Injury (AKI) Prophylaxis

COVID-19 Impact

- In line with the movement to resume economic activities in each country, the recruitment of subjects that had to be stopped gradually progressed, and the recruitment of subjects necessary to complete the clinical trial was completed as of June 18
- Among the administered subjects, only a few subjects were concerned about follow-up observation, such as blood sampling after 90 days, as a result of various measures
- Clinical trial results are expected to be available by the end of FY2020, if there are no adverse effects from a possible second wave of COVID-19 infections

Under the new CEO, Quark will endeavor to reduce expenses, including personnel costs, from the previous JPY 7.5bn to around 60% of that during this fiscal year

- Gal Cohen became the new CEO on Apr. 1. He earned his MBA from Tel Aviv University while working for a major Israeli pharmaceutical company. Previously, he spent 13 years as CEO of MediWound, an Israeli biotech venture that successfully developed an innovative eschar removal agent “NexoBrid ®”

SBI Biotech's Drug Discovery Pipeline

	Licensing partner (timing)	Adaptation disease	Progress	
VIB7734 (Anti-ILT7 antibody)	Viela Bio* (Sept. 2008)	Systemic lupus erythematosus, Cutaneous lupus erythematosus, Sjogren's syndrome, Scleroderma, Dermatomyositis	Phase Ib	An interim analysis of the ongoing phase Ib trial yielded favorable results, including a therapeutic effect. Based on these results, phase 2 trials will proceed for multiple diseases. Final results should be known by around Sept. 2020
SBI-9674	Kyowa Kirin (Dec. 2016)	Autoimmune diseases	Pre-clinical	Development at Kyowa Kirin progressed smoothly, <u>with milestones reached and a lump sum payment received in July 2020</u>
SBI-3150	ASAHI KASEI PHARMA (Mar. 2020)	Autoimmune diseases (Various diseases caused by pDC / activated B cells)	Pre-clinical	<u>An exclusive license agreement was concluded with ASAHI KASEI PHARMA in Mar. 2020.</u> The license granted is an exclusive license to develop, manufacture and market SBI-3150 globally
Cdc7 inhibitor	Carna Biosciences (May 2014)	Colorectal cancers	Phase I (plan)	Carna Bioscience reacquired all development, marketing and manufacturing rights, and is <u>planning to start phase 1 clinical trials after 2021.</u> <u>*IND (clinical trial) application was submitted to the U.S. FDA</u>

*A new company specializing in inflammation and autoimmune disease, spun out from MedImmune, LLC., a subsidiary of AstraZeneca

SBI Pharmaceuticals Engages in the Research and Development of 5-ALA-related Drugs

-Progress in the main pipeline of pharmaceutical products utilizing 5-ALA-

Fields		Pipeline projects	Current status		
			Phase II	Phase III	Application
Drug to treat	1	Cisplatin nephropathy protection (by SBI Pharmaceuticals)	Phase II is underway	Scheduled to complete in Sept. 2020	
	2	Mitochondrial diseases* (by SBI Pharmaceuticals)	Phase III is underway	Scheduled to complete in Apr. 2021	
	3	Cardiac ischemia-reperfusion injury* (by SBI Pharmaceuticals)	Under preparation for Phase II	Scheduled by each university hospital at Oxford, Leicester, Birmingham, and Cambridge in the UK	
Photodynamic therapy (iPDT)	4	Brain tumors* (by photonamic)	Under preparation for Phase II		
Photodynamic diagnostic agent (PDD)	5	Breast tumors (by photonamic)	Under preparation for Phase III		

*Investigator-led trial

III. Measures to increase the customer base, and the strengthening of profitability during and after the COVID-19 era

- 1. Proactively advancing initiatives in anticipation of new trends in the financial industry, during and after the COVID-19 era**
- 2. Further expand customer base and strengthen profitability by promoting the “Open Alliance Strategy”**

1. Proactively advancing initiatives in anticipation of new trends in the financial industry, during and after the COVID-19 era

- (1) As the transition from face-to-face to online transactions accelerates, especially in terms of retail customer preferences, will endeavor to actualize the Neo-securities initiatives through proactive M&A activities
- (2) Increasing investments in promising ventures, such as digital health, which is expected to grow post the COVID-19 era
- (3) Create new funds that incorporate new asset classes, such as crypto-assets and unlisted equities, to meet the diversified investment needs of customers
- (4) As digital transformation is expected to accelerate, with the use of digital assets in the international financial system expected to rapidly progress, will accelerate the establishment of businesses and an organizational structure that will support the process

(1) As the transition from face-to-face to online transactions accelerates, especially in terms of retail customer preferences, will endeavor to actualize the Neo-securities initiatives through proactive M&A activities

-Further reduction of dependence on stock brokerage fees is essential-

Neo-securities initiative

= Endeavoring to eliminate trading fees for domestic stock transactions, and some other fees that are currently incurred by investors

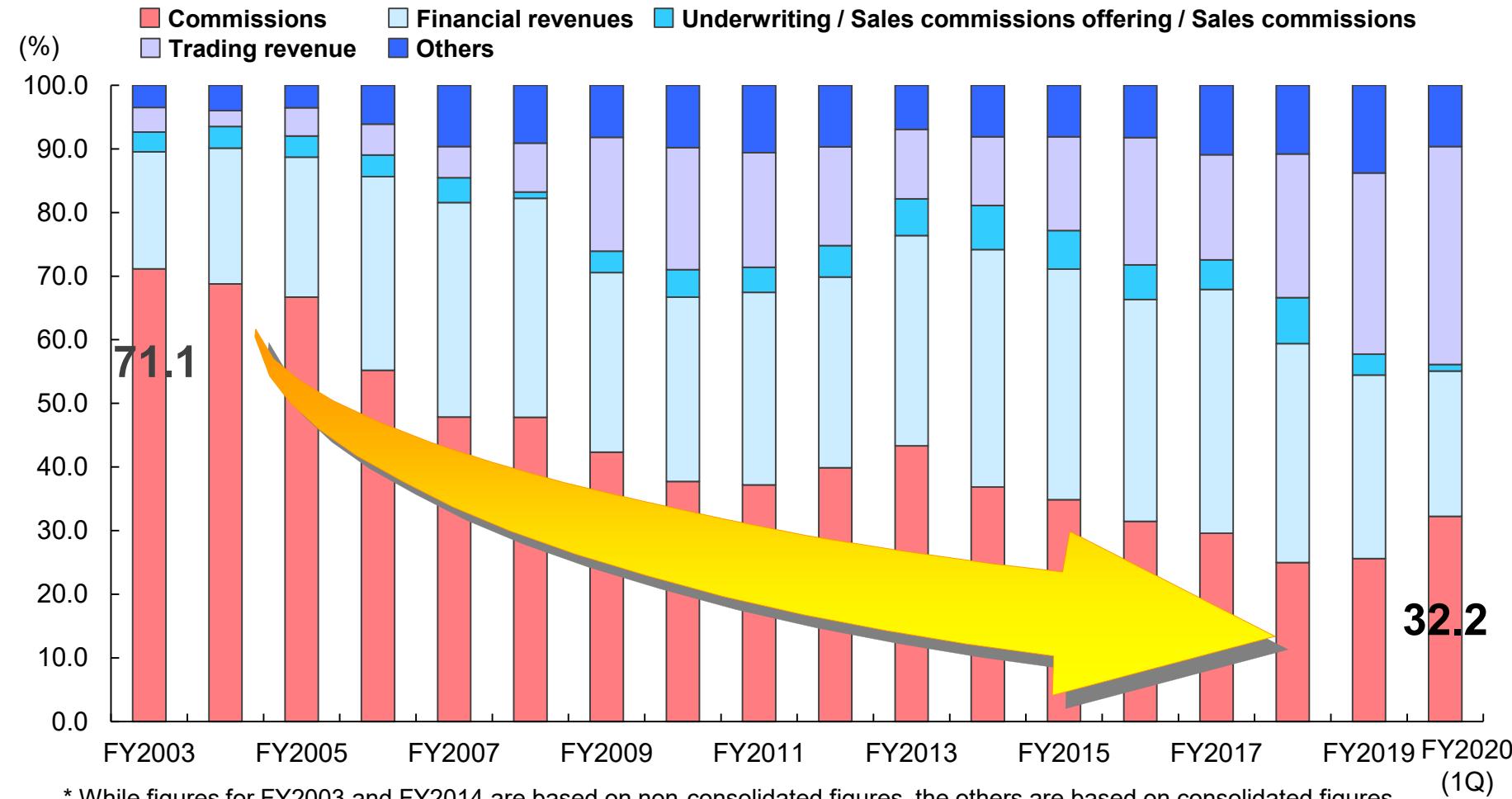
SBI SECURITIES' Operating Revenue Composition

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-Advanced the diversification of revenue sources, to achieve a business foundation that is less affected by the equity market-

Proportion of commissions decreased from 71% in FY2003 to 32% currently

Composition of online domestic stock trading commissions for 1Q FY2020 was 21.4%



Realization of the Neo-securities Initiative, in Three Stages

- In order to achieve the third step, SBI SECURITIES is endeavoring to reduce the contribution of online domestic stock trading commissions to operating income to become less than 5%
- Will implement the initiative through measures with small profit impact

First step

[Already implemented since Dec. 2019]



- ① No fees for mutual funds sales
- ② No fees for ETF and REIT margin trading
- ③ Substantively waiving night-time PTS trading commissions
- ④ Easing the condition of the daily execution amount ceiling for both physical and margin commission-free trading
- ⑤ Substantively waiving trading and sales commissions of 103 domestic ETFs, and 9 U.S. ETFs
- ⑥ Cutting the intra-day margin trading interest rate and stock lending fee to 1.8%

Second step



No fees charged for stock trading

Third step



No fees charged for online domestic stock spot trading and margin trading

The second and third stages of the initiative will be promoted upon the progression of commission-free trading at existing securities companies, and the new entrance of non-financial and foreign companies

Current Initiatives to Actualize the Neo-securities Initiative



Establish a business structure that is less dependent on online domestic stock brokerage commissions

- Further expand the corporate business by focusing on the equity and bond underwriting businesses, for both primary and secondary market issuance, as well as M&A activities
- Expand brokerage services to customer financial institutions, through the Financial Institutional Sales Dept.
- Along with the promotion of NISA and iDeCo products, will grow the the non-flow business, such as investment trust fees of mutual funds by accumulating the investment trust balance through strengthened collaborations with Rheos Capital Works
- Increase trading income by expanding FX and crypto-asset exchange businesses
- Increase the number of co-managed shops of SBI MONEY PLAZA and regional financial institutions, in order to also fulfill face-to-face transaction needs
- Proactively advance domestic and overseas M&A activities for businesses that will decrease the dependence on online domestic stock brokerage commissions

Pursing the achievement of the Neo-securities initiatives: Further expanding the corporate business

Enhancing the Corporate Business to Further Strengthen the Comprehensive Capacity of the Securities Business, by Focusing on the Equity and Bond Underwriting Businesses for Both Primary and Secondary Market Offerings

-IPO participation share remains to be No. 1 in the industry-

Underwriting share of 85.7% is an industry leading figure

IPO Underwriting Ranking (Apr. 2020–June. 2020)

7 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	6	85.7
Daiwa	5	71.4
Nomura	4	57.1
Mizuho	4	57.1
Monex	3	42.9
Ichiyoshi	3	42.9
Toyo	2	28.6
Rakuten	2	28.6

- During the Apr.- July 29, 2020 period, SBI SECURITIES underwrote 1 company as lead manager

PO underwriting business

Underwrote 1 PO in 1Q FY2020



Will endeavor to strengthen the PO underwriting business by continuously focusing on acquiring lead underwriting mandates

Corporate bond underwriting business

Underwrote 9 corporate bonds in total, including that of Z Holdings



Will focus on underwriting newly-issued public bonds, including utilities bonds

* The above IPOs represent issues underwritten in Japan only and do not include additional secondary offerings or overseas issues.

* The data was compiled by SBIH based on each company's published information.

Through SBI SECURITIES' Financial Institutional Sales Dept., Expanded Brokerage Services to Its Customer Financial Institutions, which Total 390 Companies*¹

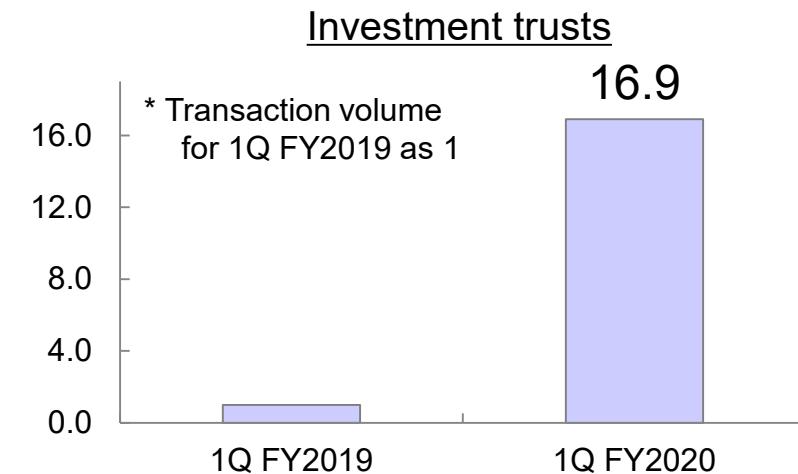
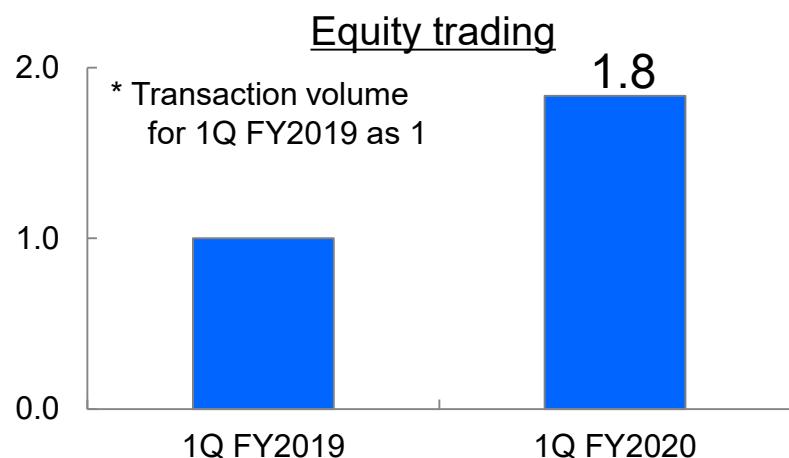


Institutional investors sales division, including Financial Institutional Sales Dept.

SBI SECURITIES is strengthening the distribution of structured bonds (self-origination and distributed a total amount of JPY 118.7bn*² (Dec. 2015 – June 2020)), domestic and overseas investment trusts, as well as bond transactions

*1 As of the end of June 2020 *2 Includes structured bonds toward retail customers

-Transaction volume for FY2020 with financial institutions-



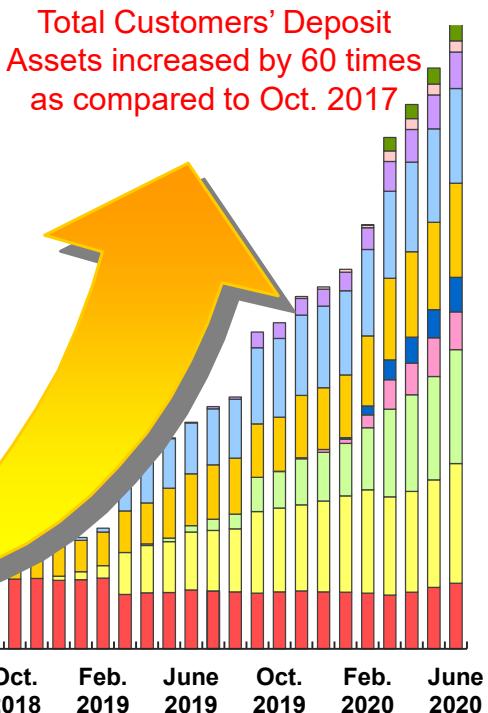
- ◆ Strengthening equity and investment trust sales for domestic and overseas institutional investors
- ◆ Structured bond and foreign bond transactions with regional financial institutions are steadily increasing

Co-managed Shops with Regional Financial Institutions have Rapidly Increased Their Number of Accounts and Customers' Deposit Assets

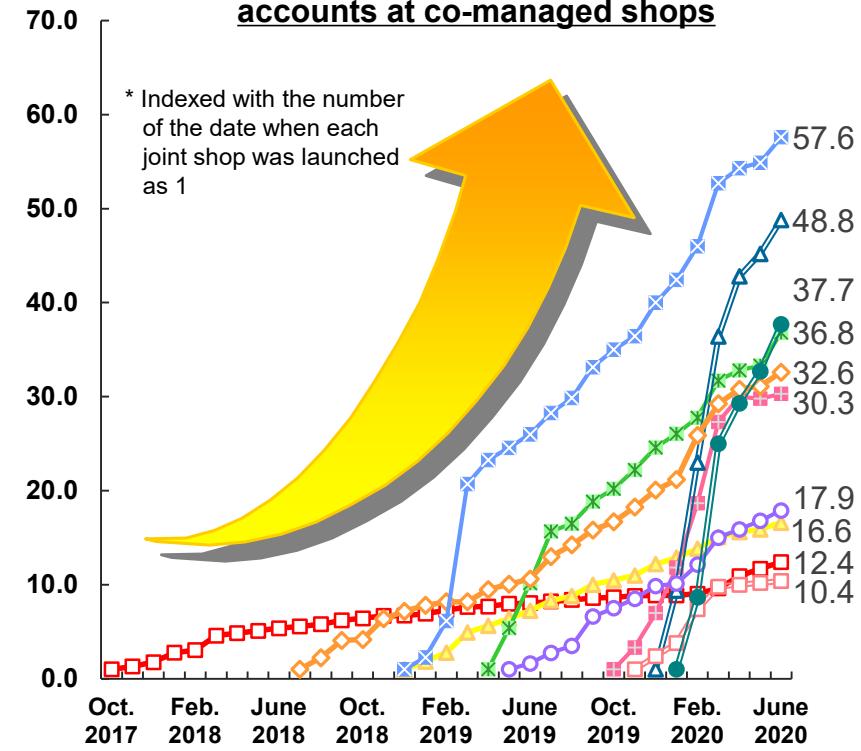
Established a total of 15 shops with 12 banks, including Tsukuba Bank, to operate joint store operations
 (2nd stores with Shimizu Bank, Chikuho Bank, and Mie Bank)

Changes in customers' deposit assets at co-managed shops

Bank	Open
Shimizu Bank	Oct. 2017
CHIKUHO BANK	June 2018
THE SENDAI BANK	Nov. 2018
EHIME BANK	Dec. 2018
THE MIE BANK	Apr. 2019
THE TOWA BANK	Apr. 2019
The Keiyo Bank	Sept. 2019
The Kirayaka Bank	Oct. 2019
Shimane Bank	Dec. 2019
Fukushima Bank	Jan. 2020
Michinoku Bank	May 2020



Changes in the number of accounts at co-managed shops



■ Shimizu Bank
 □ The Keiyo Bank
 ▲ EHIME BANK
 ■ Fukushima Bank

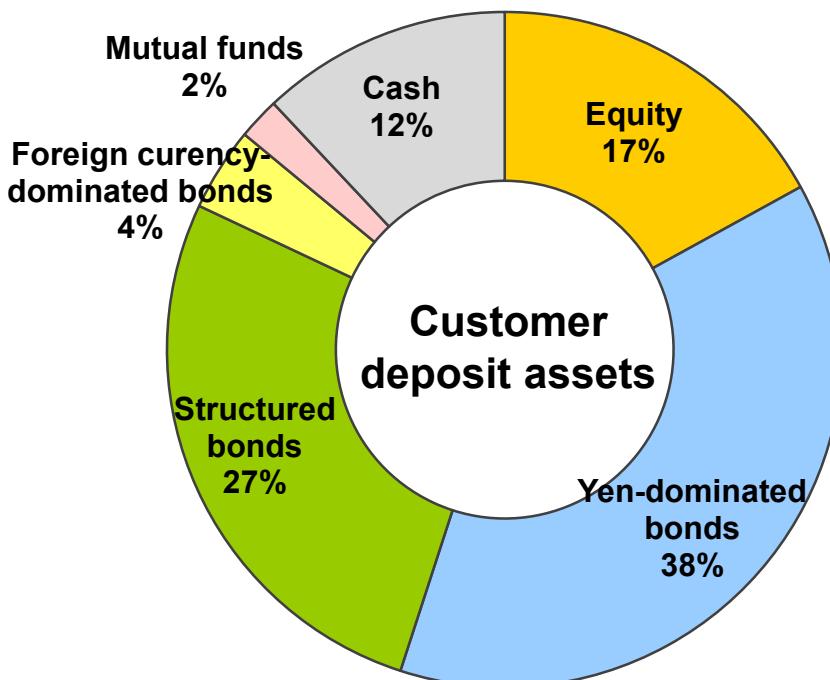
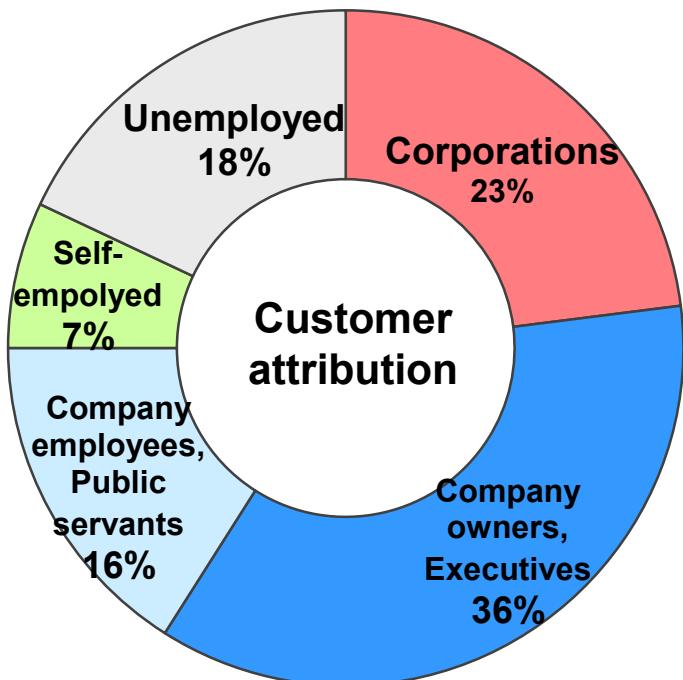
■ THE SENDAI BANK
 □ Shimane Bank
 ■ EHIME BANK
 ■ Fukushima Bank

■ Shimizu Bank
 □ THE MIE BANK
 ▲ Shimane Bank
 △ EHIME BANK
 □ The Kirayaka Bank

■ THE SENDAI BANK
 □ The Keiyo Bank
 ▲ CHIKUHO BANK
 △ THE TOWA BANK
 □ Fukushima Bank

At the Co-managed Shops with Regional Financial Institutions, Account Opening of Corporations and Wealthy Individuals, Including Company Owners Continues to Progress

Breakdown of customer attributes, and customer deposit assets (as of June 2020)



* Total of ten co-managed shops (Shimizu Bank, CHIKUHO BANK, THE SENDAI BANK, EHIME BANK, THE MIE BANK, THE TOWA BANK, The Keiyo Bank, The Kirayaka Bank, Shimane Bank, Fukushima Bank and Michinoku Bank)

- Launched a joint shop with Tsukuba Bank in June 19, 2020
- Furthermore, aside from three regional financial institutions that are planning to open a second shop, two regional financial institutions are newly planning the launch of co-managed shops

Target Areas for Domestic and Overseas M&A Activities, in Order to Proactively Advance the Actualization of the Neo-securities Initiatives

Businesses that decrease dependence on brokerage commissions*

*Deals that will lead to an increase in revenue of financial revenue, underwriting, sales commissions offerings, sales commissions, trading revenue, etc.

e.g.

FX company

Crypto-asset company

M&A specialist

Asset management company



etc.

Considering the decline in asset valuations owing to COVID-19 as an opportunity to further accelerate the advancement of M&A activities in these business areas

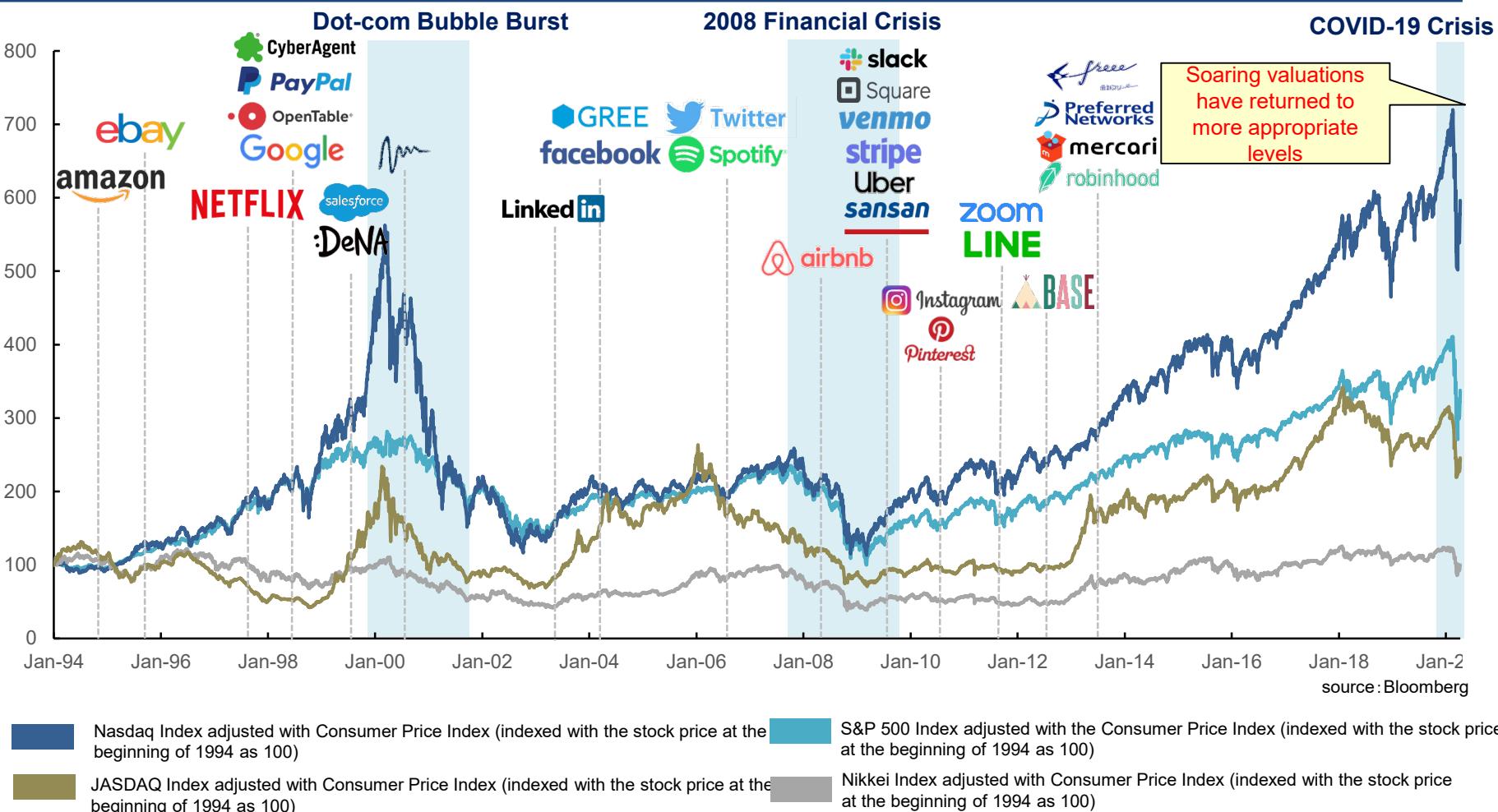
Reduce the composition ratio of brokerage commissions to 5% or less of SBI SECURITIES' operating revenues

(2) Increasing investments in promising ventures, such as digital health, which is expected to grow post the COVID-19 era

Advanced Startups Created During Recessions

During a recession, the world's cycle gets reset, with previously non-existent demand being created, leading to the acceptance of new technologies

Historical Movement of Stock Index and Establishment of Disruptive Startups



SBI Investment is Preparing a New Fund (Common Name 4+5 Fund) Up to JPY 100bn to Accelerate Investments into Growth Industries



- Active investments in promising ventures, such digital healthcare, which is expected to grow post the COVID-19 era-

- Investment areas: In addition to fintech, AI and blockchain, the investment focus will include core technologies such as 5G, IoT and big data that will advance the realization of "Society 5.0 for SDGs," and innovative technology and service fields which will propel "Industry 4.0" such as robotics, along with healthcare (medical and nursing care), infrastructure (transportation and energy) and foods and agriculture, etc.

* Investment area images

Society 5.0 for SDGs (Sustainable Development Goals)



Fintech



Personal Asset Management

Business Support

Security

Blockchain



KYC/AML



Corporate Accounting

Banking Infrastructure

Regulation and compliance

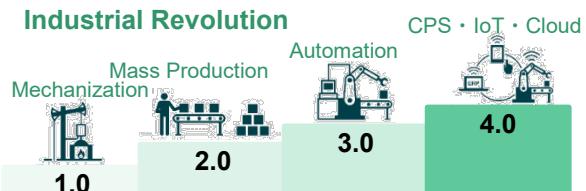
X-Tech

HR Tech

Edu Tech

RE Tech, etc

Industry 4.0



Cyber Physical System (CPS)

Recognition, understanding, sensing

Physical ↔ Cyber

Analysis, forecast, optimization, control

Internet of Things (IoT)



Cloud Computing

Robotics

"Data-driven Society"



Infrastructure

CASE

Green Energy

MaaS

Super City

Healthcare/Food/Bio/Agriculture

Prevention

Diagnostics

Medical Big Data

Treatment

Care

Smart Farming



AI · 5G · Big Data

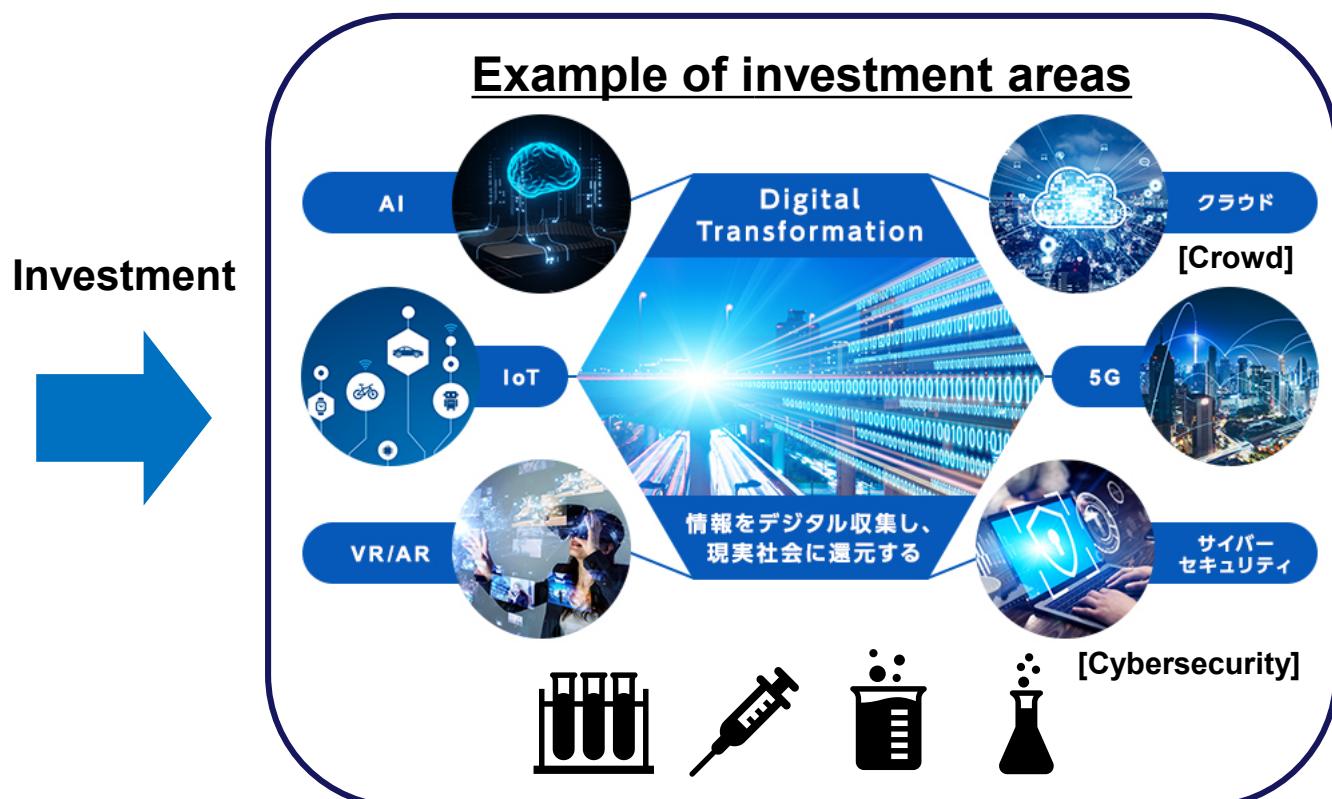
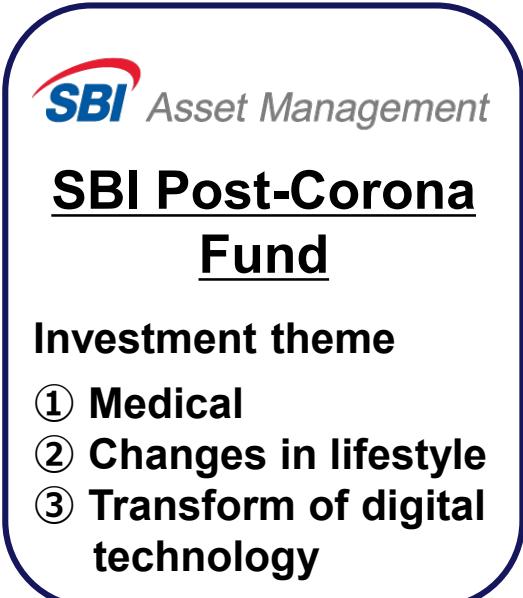


SBI Asset Management Established the “SBI Post-Corona Fund” to Capture the Wave of Social Changes Caused by COVID-19



Fund concept :

Seizing the social transformation brought about by COVID-19 as an opportunity, will endeavor to capture corporate growth to generate medium-to long-term returns by investing in companies involved in the research and development of drugs and vaccines for COVID-19, as well as driving the digital transformation that is accelerating in all areas of the economy, consumption, education, and mobility



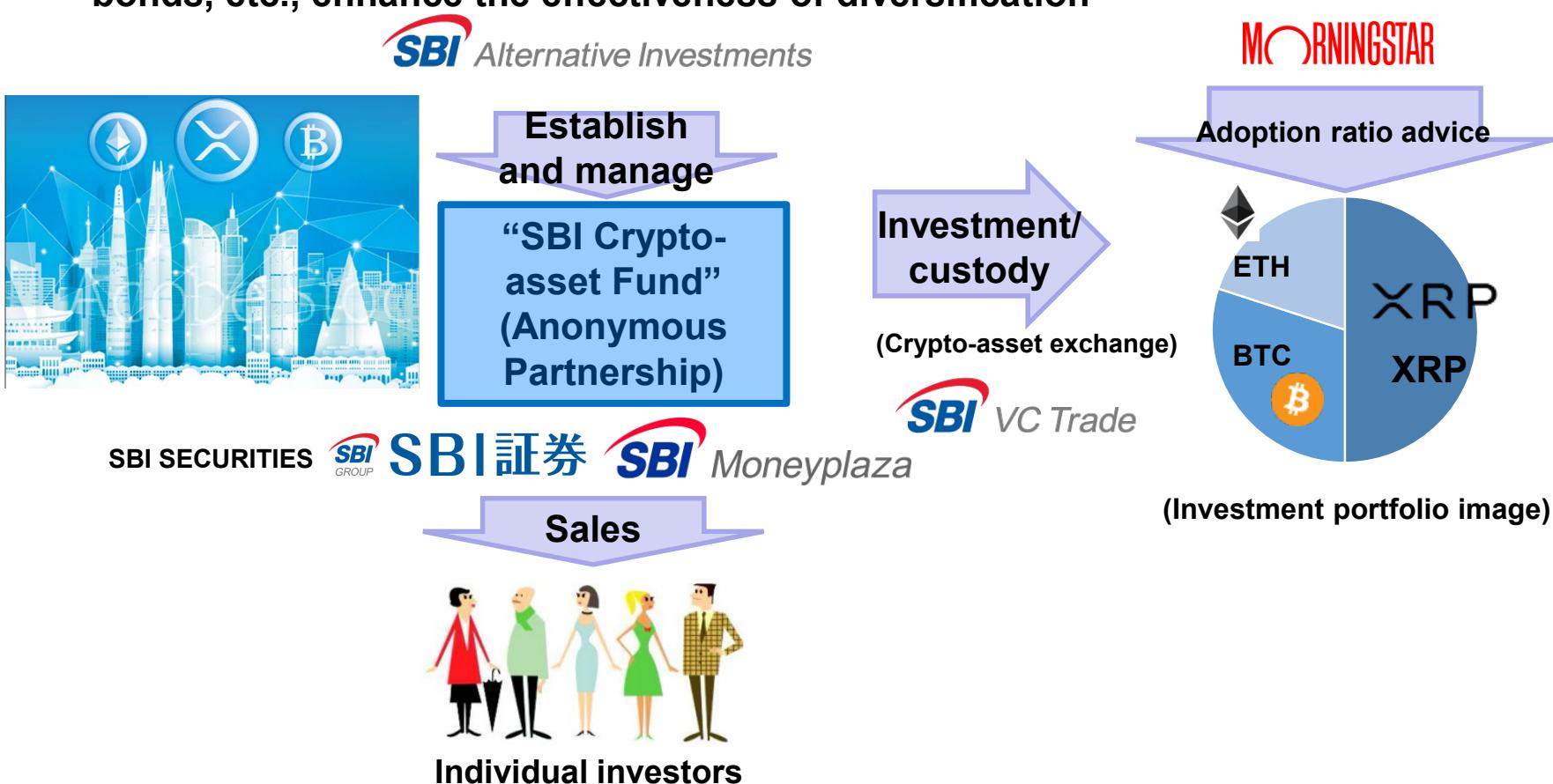
(3) Create new funds that incorporate new asset classes, such as crypto-assets and unlisted equities, to meet the diversified investment needs of customers

Establishment of Japan's First “Crypto-asset Fund” (Anonymous Partnership)



-Fund raise is expected to begin during the summer of 2020-

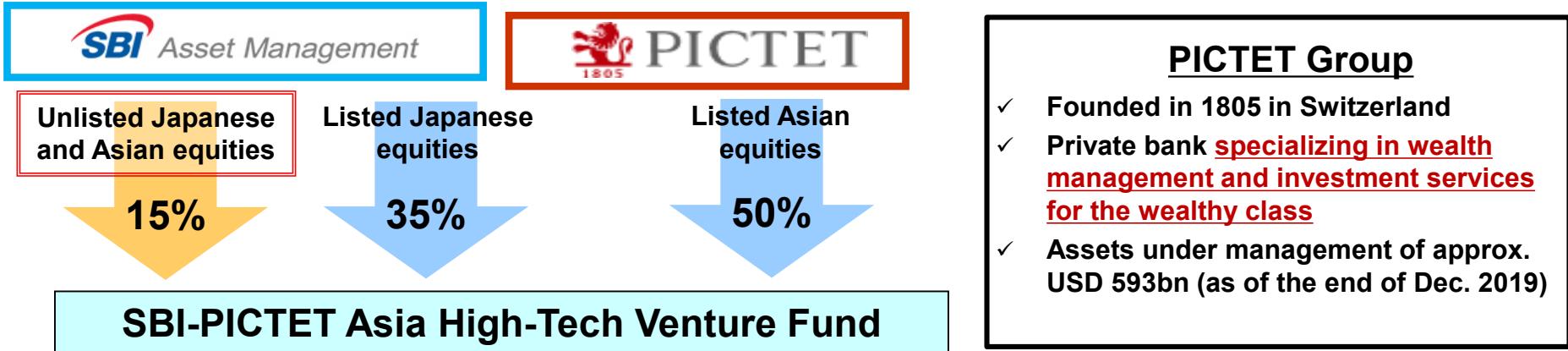
- Providing individual investors with a crypto-asset fund that embodies the resources of the SBI Group
- Crypto-assets, which have a low correlation to traditional assets such as stocks, bonds, etc., enhance the effectiveness of diversification



SBI Group's Private Equity Investment Fund, "SBI-Pictet Asia High-Tech Venture Fund," a Fund that Incorporates Unlisted Equities, was Established on July 29, 2020

- ◆ The first collaboration fund by SBI and PICTET
- ◆ **Maximum 15% investment in unlisted Japanese and Asian equities**
- ◆ **Investment in Japanese and Asian high-tech venture firms**

【Fund Scheme】



Performance of unlisted equity funds previously established by SBI Asset Management

	Fund name	Original subscription amount	Established	Redeemed	Cumulative return (%)	Annual return (%)
1	Softbank Bond & Private Equity Fund (Unofficial name: Unlisted Stock Fund)	JPY 14.13bn	July 2000	Mar. 2006	118.2	14.8
2	Softbank Bond & Private Equity Fund II (Unofficial name: Unlisted Stock Fund II)	JPY 4.61bn	June 2001	Oct. 2005	95.2	16.7

(4) As digital transformation is expected to accelerate, with the use of digital assets in the international financial system expected to rapidly progress, will accelerate the establishment of businesses and an organizational structure that will support the process

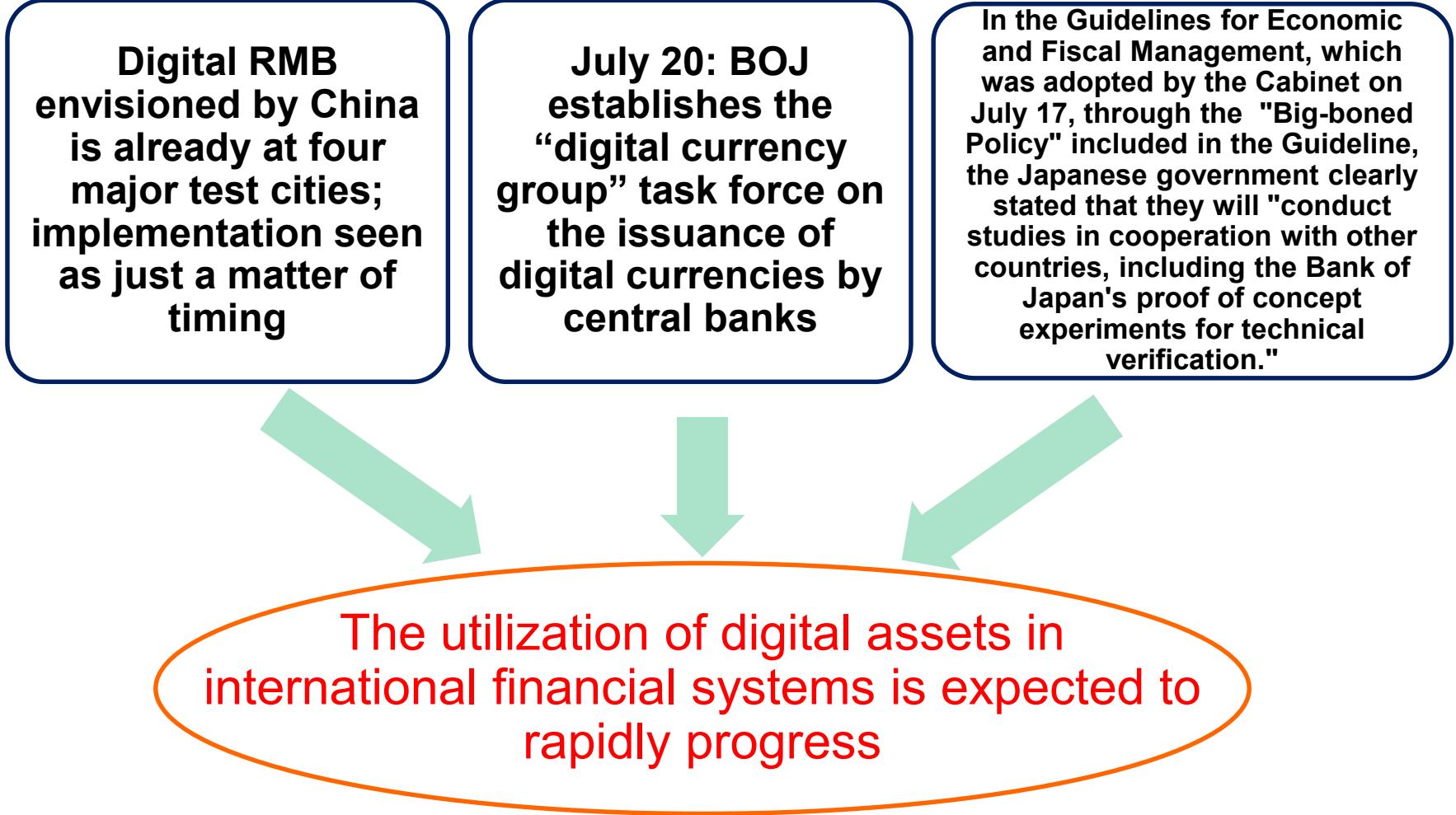
- ① Creating a global ecosystem for proactive business developments in the digital asset field**
- ② Progress towards expansion of primary & secondary markets for security tokens, to innovate financial transactions**
- ③ Supporting use of blockchain and distributed ledger technology (DLT) in the supply chain management field**
- ④ Expand the utilization of digital assets in the remittance and payment sector**
- ⑤ Concept of Japan as a Global Financial Center**
- ⑥ Strengthening contact with the digital generation through the esports business**

Rising Worldwide Interest in Issuance of Central Bank Digital Currencies (CBDCs)

Digital RMB envisioned by China is already at four major test cities; implementation seen as just a matter of timing

July 20: BOJ establishes the “digital currency group” task force on the issuance of digital currencies by central banks

In the Guidelines for Economic and Fiscal Management, which was adopted by the Cabinet on July 17, through the “Big-boned Policy” included in the Guideline, the Japanese government clearly stated that they will “conduct studies in cooperation with other countries, including the Bank of Japan’s proof of concept experiments for technical verification.”



The utilization of digital assets in international financial systems is expected to rapidly progress

Crypto-asset Derivatives and STOs are Covered Under the Financial Instruments and Exchange Act that became Effective in May 2020

Problems with ICOs

- Owing to the global explosion of virtual currencies from 2017 to 2018, the number of fraudulent ICO projects have rocketed, with the purpose and means of financing along with the usage of funds being unclear and service launches incomplete

Discussion lead by regulatory authorities

- In order to protect investors, a study group was established by the FSA in Mar. 2018, and subsequently a “Report from Study Group on Virtual Currency Exchange Services,” was released

Revision of related laws

- The revised Financial Instruments Act and Exchange Act was passed in May 2019
- The revised acts as well as the legislative decree and cabinet office regulations came into effect in May 2020

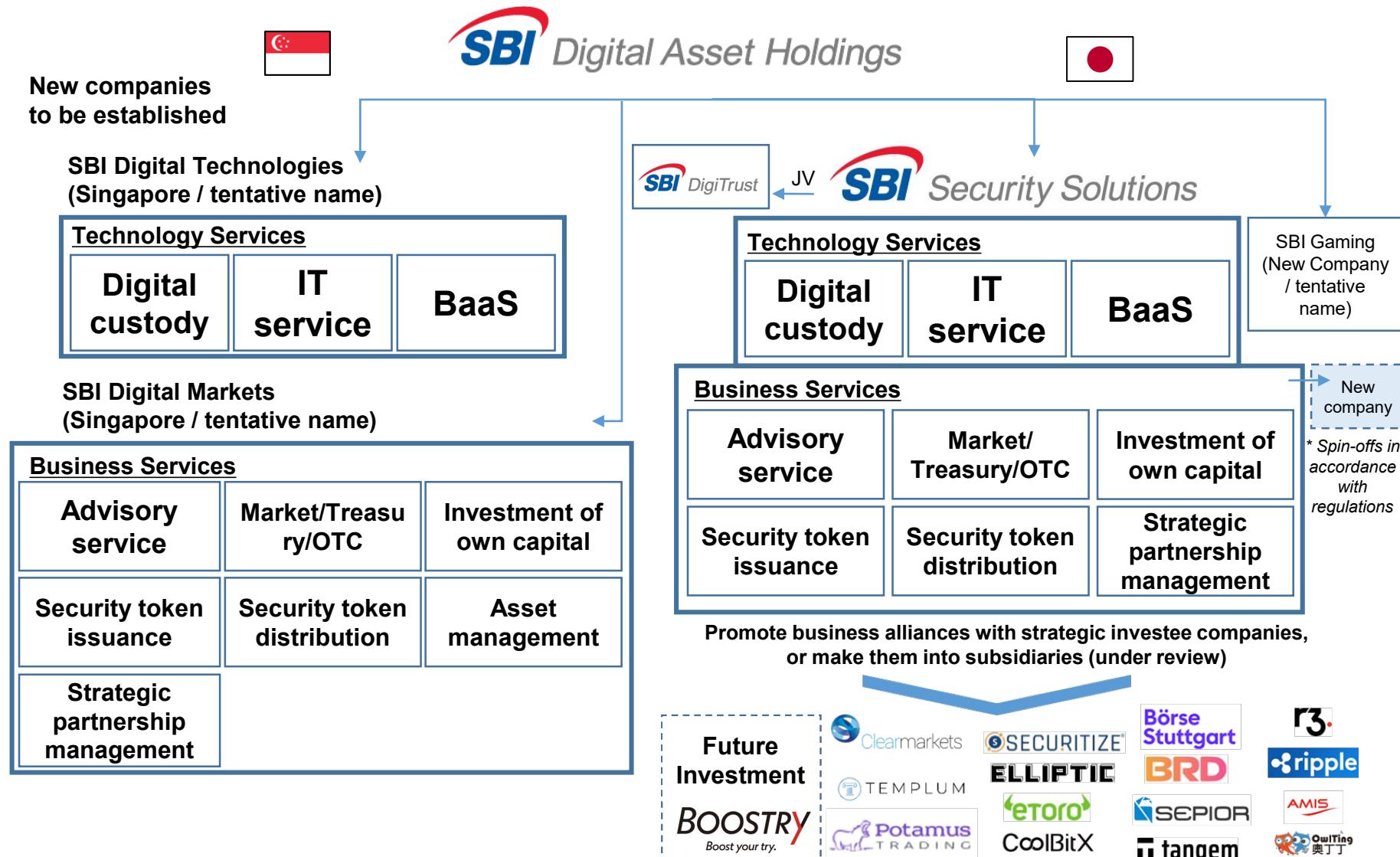
Applied examples

- Margin transactions using crypto-assets will be regulated in the same way as foreign exchange margin transactions (FX transactions)
- Security tokens (STOs) will be deemed as “Paragraph (1) Securities,” which is subject to disclosure restrictions and business restrictions

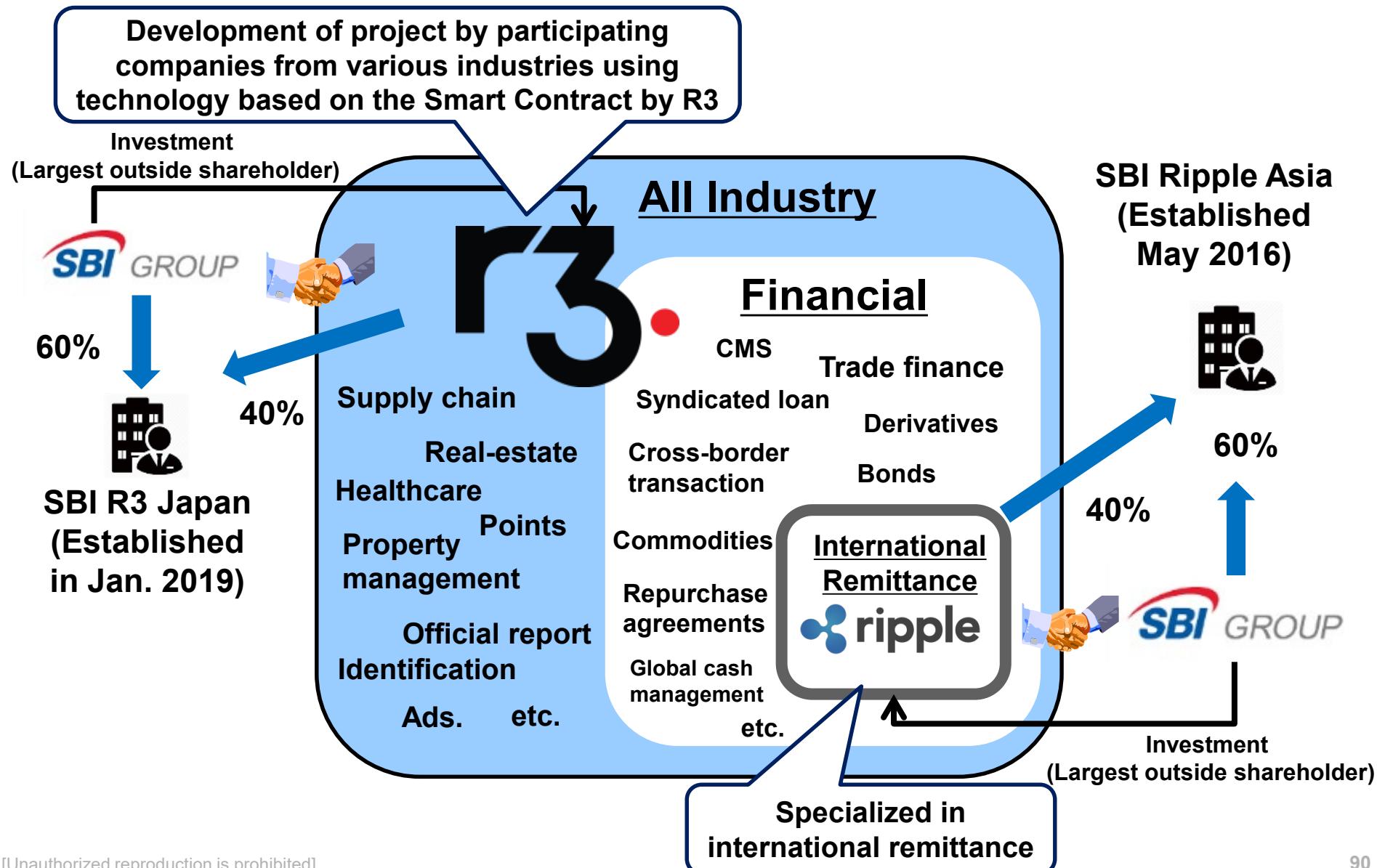
① Creating a global ecosystem for proactive business developments in the digital asset field

- (i) Establishing a global organizational structure centered on SBI Digital Asset Holdings
- (ii) The SBI Group cooperates closely with U.S R3 and U.S. Ripple, which could become the De Facto standard of the next generation, through investment, establishment of JV, etc., with both companies

(i) Establishing a Global Organizational Structure Centered on SBI Digital Asset Holdings



(ii) The SBI Group Cooperates Closely with U.S. R3 and U.S. Ripple, which could Become the De Facto Standard of the Next Generation, Through Investment, Establishment of JV, etc., with Both Companies



② Progress towards expansion of primary & secondary markets for security tokens, to innovate financial transactions

Japan STO Association Received Certification as a Self-regulatory Organization in Apr. 2020



-Adopt Self-regulatory Rules for Security Token Offering (STO), a Financing Method through Electronic Records, for the Sound Development of the Industry-

- 10 companies, including SBI SECURITIES, SMBC Nikko Securities, au Kabucom Securities, Daiwa Securities, Tokai Tokyo Securities, NOMURA SECURITIES, MONEX, Mizuho Securities, Rakuten Securities and Sumitomo Mitsui Trust Bank have joined as regular members, and 23 companies from various fields have participated as support members for the issuance of STOs
- On Aug. 1, one more regular member and 11 support members will join, bringing the total number of members to 45, including 11 regular members and 34 support members

Revision of the law regarding STO

Revisions to the Financial Instruments and Exchange Law of May 31, 2019 regulates token-based financing



Law amendment and ordinance became effective as of May 1, 2020

By bringing together pertinent information with a focus on securities companies, endeavoring to realize STO business opportunities that ensure strict legal compliance and investor protection in Japan

Transforming the Financial Markets with the STO as a New Source of Funding

About security tokens

- Managing real-world assets, such as stocks, bonds and real estate as tokens distributed via blockchain as securities
- Working toward fundraising methods designed to provide a higher degree of freedom than existing marketable securities—for instance, external fundraising that does not entail relinquishing management control available at low cost and for short timeframes

Example 1) Real estate industry

Existing issues

- Liquidity enhancement in the real estate market is insufficient
- Investing in individual real estate properties is not suitable for general investors

Potential of STO

- Fundraising from a broad investor base through division of real estate beneficiary rights into small lots

Example 2) Entertainment business

Existing issues

- Purchase of merchandise or tickets by fans on the basis of their own personal interests constitutes one-way support

Potential of STO

- Relationships become two way: for instance, if projects that people support as fans are successful, they can obtain profit distributions in the form of tokens

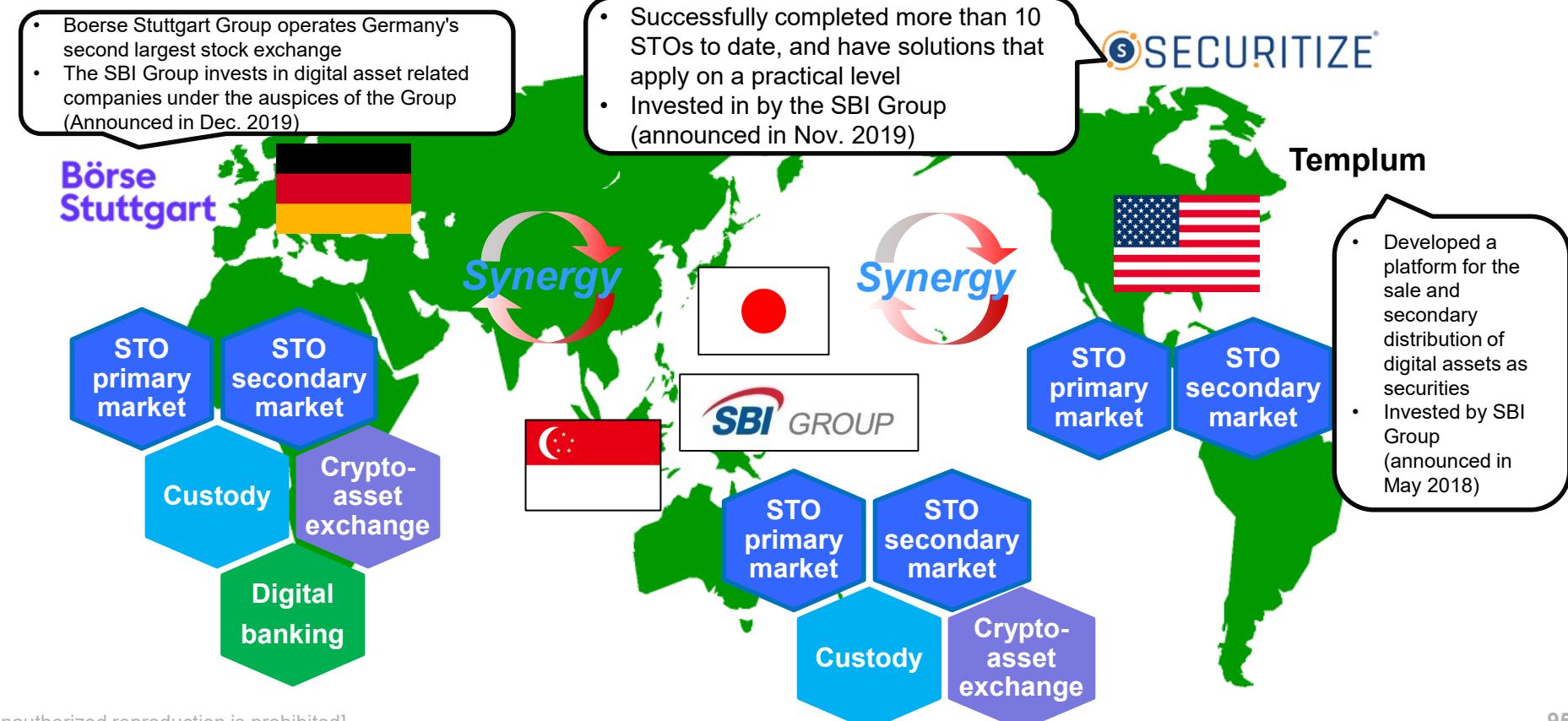
Expanding the Security Token Business within Japan through Collaboration with STO Platform Operator BOOSTRY



- ◆ BOOSTRY develops and runs the ibet STO platform
- ◆ ibet is more than just a financial instruments platform for tokenizing stocks and bonds. It could well become a platform for the secondary trading of tickets for services and coupons issued by businesses and local governments
- ◆ This collaboration enables the leveraging of partners' expertise, technical skills, as well as human and other resources in blockchain and security tokens and is facilitating STO issuance and secondary markets in Japan

Establishing a Global Ecosystem to Develop the STO Market

- ◆ Enhancement of an ecosystem consisting of not only primary markets that issue tokens, but also secondary markets where tokens are traded among holders, is essential for developing and growing the STO market
- ◆ In addition to constructing a digital asset ecosystem, the SBI Group will engage in the STO business globally through collaboration with Japanese and overseas partners, including strategic investees
- ◆ To develop a secondary market with the goal of expanding the STO market, regular members of the Japan STO Association will take the lead in holding discussions about the establishment of a proprietary trading system (PTS) in Japan that will handle digital securities represented in tokens



③ Supporting use of blockchain and distributed ledger technology (DLT) in the supply chain management field

The SBI Group has Already Systematically Accumulated Know-how and Technologies for the Development of Blockchain and Distributed Ledger Technology (DLT) in Various Fields, Including the Supply Chain



SBI Ripple Asia

(A joint venture between SBI Group and Ripple)

SBI R3 Japan

(A joint venture between SBI Group and R3)

Blockchain Promotion Dept.

A cross-sectional organization of the SBI Group

- **Blockchain Conference**

At the time of establishment: 31 companies/divisions (43 people)

- **Other related divisions of the SBI Group**

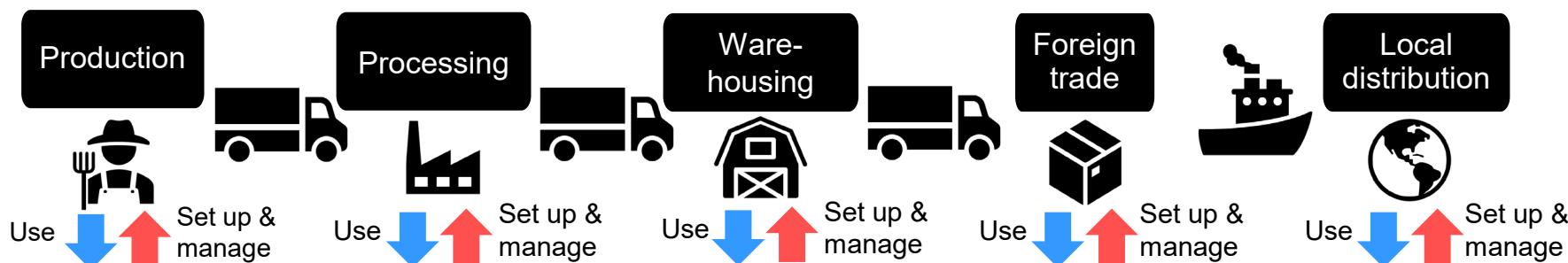
Disseminate know-how and technologies to companies outside of the Group to develop businesses

A Supply Chain Platform Using Corda, Developed by U.S. R3

-Tie-up with Hyakusho Market, a Ministry of Agriculture, Forestry and Fisheries registered exporter, to build a supply chain platform for produce, starting PoC tests for rice shipment process-

The produce supply chain has numerous problems, including information silos between parties and the slow pace of digitalization. Introduction of TaaS (Traceability as a Service) will enable interparty information transparency and make the sharing of work throughout the supply chain more efficient through management of ingredients and more efficient tracing during recalls.

Recording transactions for each process, tracking issuance of trace records



Supply chain platform (Traceability as a Service)

Laying Corda foundation leveraging blockchain & distributed ledger technology

Service tie-up   Data tie-up

Collaboration with admin agencies

Service tie-up   Data tie-up

Linked to smart agriculture

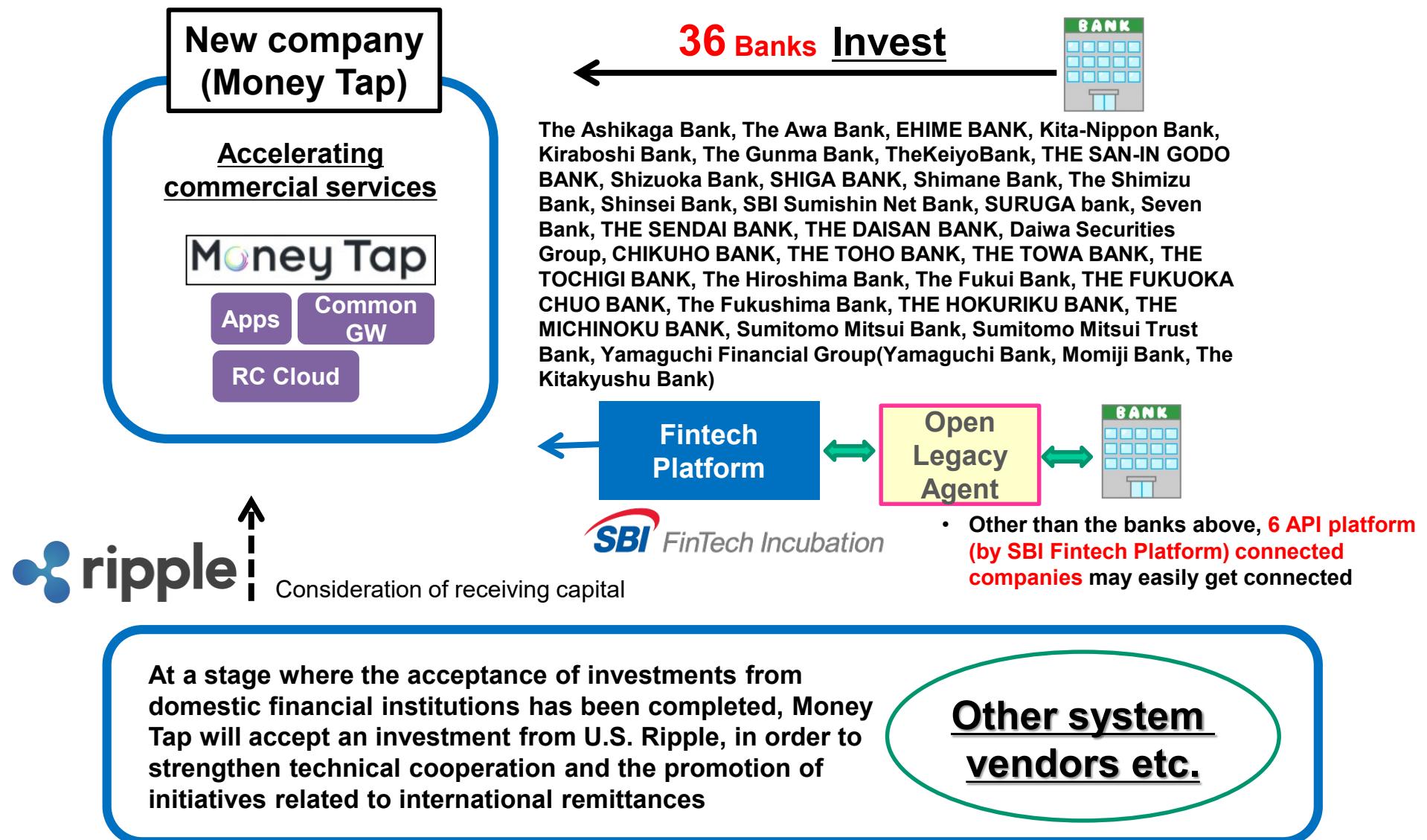
Service tie-up   Data tie-up

Coordination with financial institutions

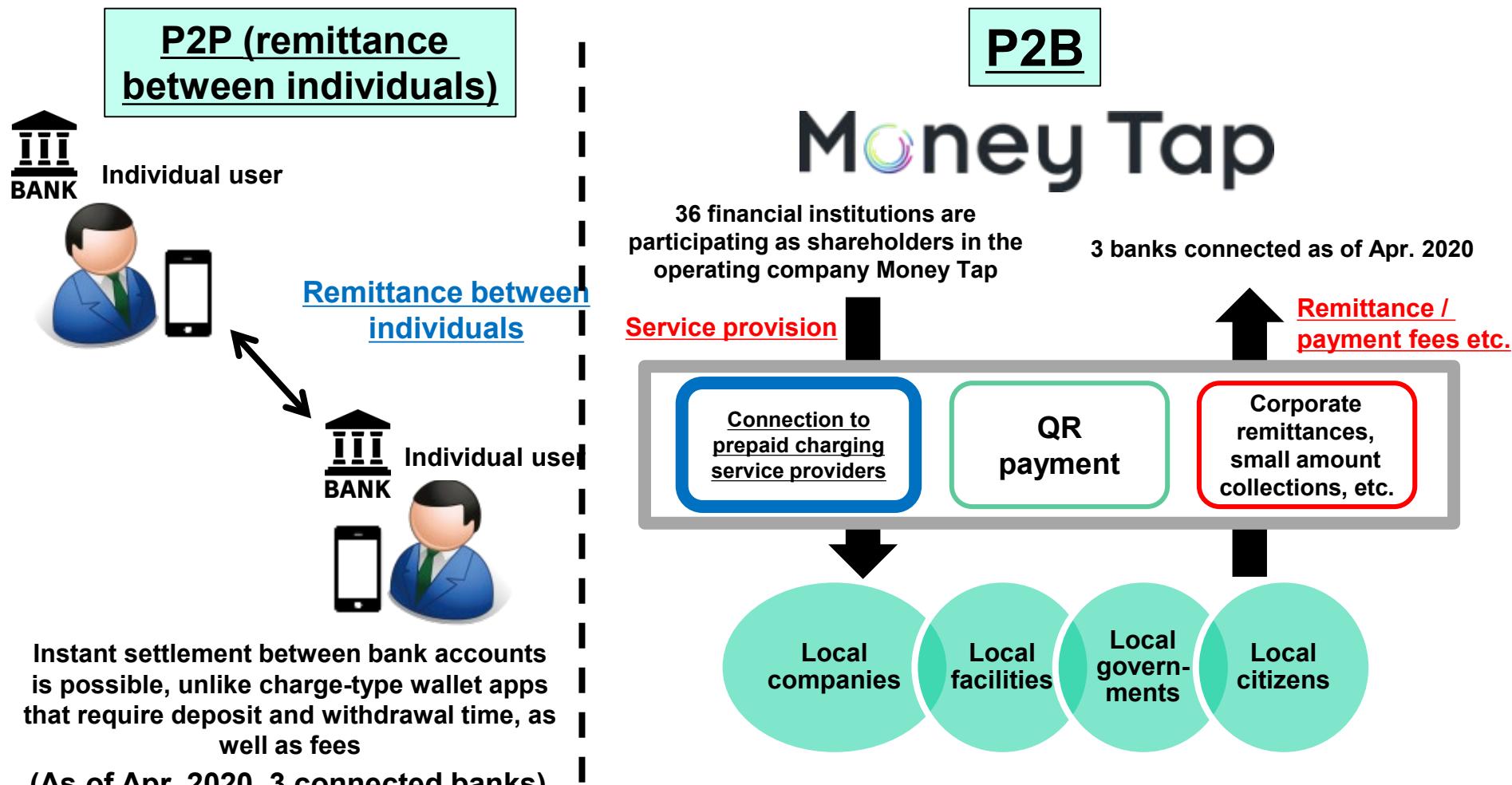
④ Expand the utilization of digital assets in the remittance and payment sector

- (i) Inexpensive payment service connections utilizing Money Tap**
- (ii) Digital currency issuance and distribution support**

Israel's OpenLegacy API Integration Services will Enable a Faster Deployment of API-based Connections



Money Tap Collaborating with Financial Institutions for a Win-win Service Offering



SBI Sumishin Net Bank, Suruga Bank and Ehime Bank are all connected, and negotiations are underway to connect another 20 financial institutions (of which 2 have already committed)

Status of Connections with Prepaid Charging Service

Providers Utilizing Money Tap

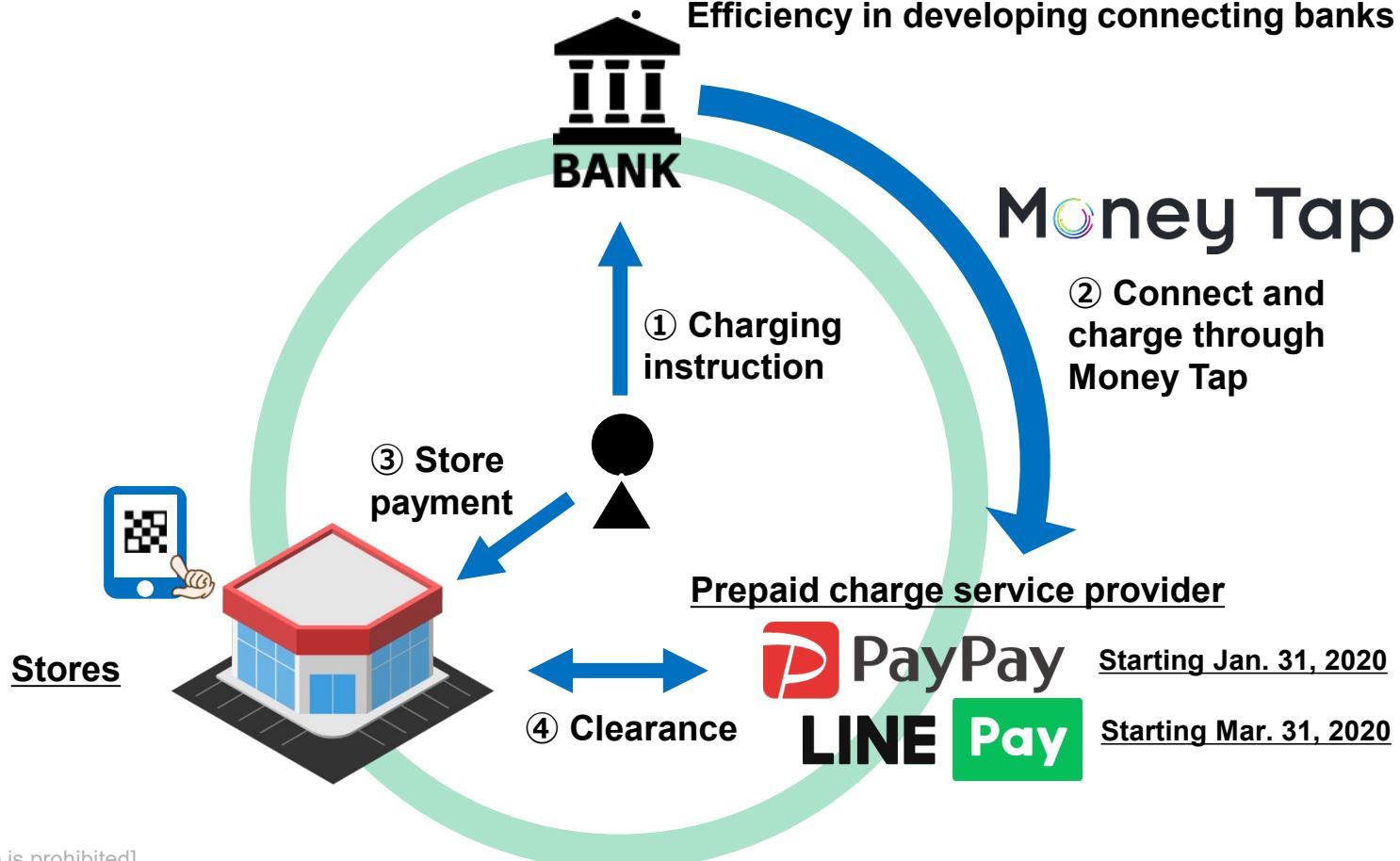
-Charging is possible without utilizing existing infrastructure, such as CAFIS, leading to an easier, lower charging cost-

Advantage (for banks)

- No development costs upon connection
- Lower cost than existing infrastructure
- Ease of selection of prepaid charge provider

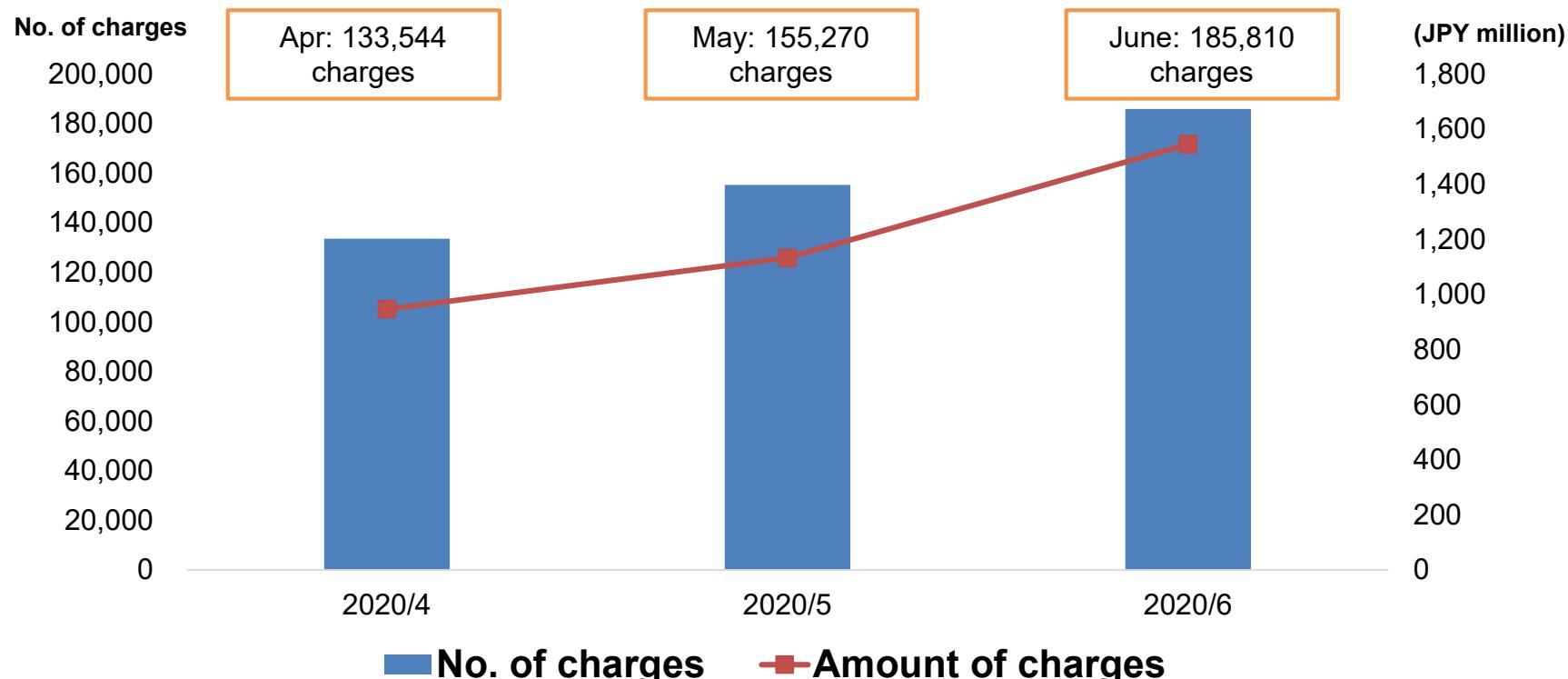
Advantage (for prepaid charge providers)

- No connection development cost for individual banks
- Aggregates charges into one account
- Efficiency in developing connecting banks



The Number and Amount of Charges through Money Tap is Steadily Increasing

- ✓ In May 2020, the number of charges increased by 16.2%, and the amount of charges increased by 19.6%, a significant increase
- ✓ Currently supports PayPay and LINE PAY charges. Planning to support multiple other payment providers such as Kyash, moving forward



SBI Group Supports Digital Currency Issuance in Multiple Regions

-Previously, the technologies of domestic investee startups invested in were utilized, but moving forward, the mechanism to issue and distribute digital tokens on Corda, which is developed and provided by R3, a partner company, will be utilized-

[Example 1: Demonstrations of the “UC Daiba Coin,” a local currency, at the UC Card office in Odaiba, and at restaurants and other locations in the neighborhood]



[Example 3: Support for issuance of “TOKOWAKA Coin” by Chikuho Bank]



[Example 2: Cashless Payment Application “NISEKO Pay” Demonstration Experiment in the Hirafu area of Niseko in Hokkaido]



[Example 4: Supporting the distribution of premium electronic regional coupons at Ukiha City Society of Commerce and Industry in Fukuoka Prefecture]



Starting PoC Testing on S Coins Issued for Settlements Using the S Coin Platform Built with Corda

- ◆ The S coin platform, built using Corda, can design and issue unique digital currencies according to the application. In this demonstration, the platform was used to issue settlement coins “S Coins” by SBIH
- ◆ Using Money Tap to make direct payment transfers from a bank account to the S coin platform as a way to issue S coins
- ◆ Future plans call for use as a platform for issuing regional digital currencies

<App UI>



corda

⑤ Concept of Japan as a Global Financial Center (i)

With the collapse of the "one country, two systems" in Hong Kong, Japan has the opportunity to acquire the status of a global financial center, which has been touted as London for Europe, New York for the U.S. and Hong Kong for Asia

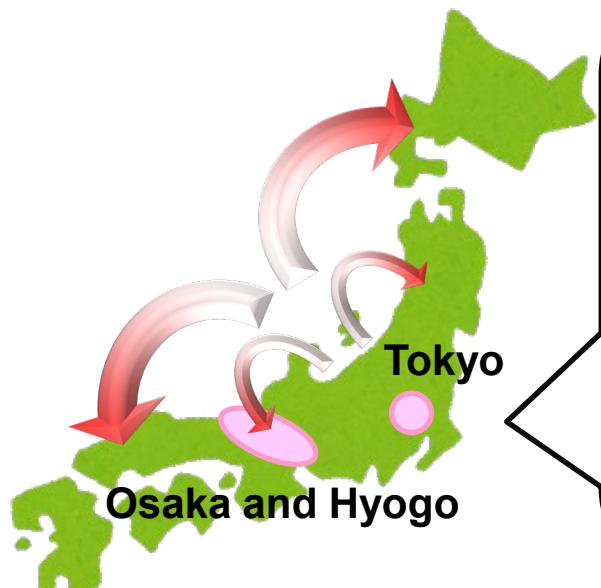


A new national security law enacted in Hong Kong raises doubts about "one country, two systems." U.S. President Trump's executive order revoking preferential status raises the prospect that Hong Kong's ranking as an international financial center could fall

International financial centers is a city or region that excel in the following five areas:

- (1) Business environment with visa and tax advantages
- (2) Human resources
- (3) State of infrastructure
- (4) Financial sector development
- (5) International recognition

Concept of Japan as a Global Financial Center (ii)



While Japan has made efforts to establish a global financial center centered in Tokyo in the past, the problems of a uni-centralized society have become apparent owing to the COVID-19 disaster. From the perspective of a future arrival of a decentralized society, the SBI Group will approach the government in conjunction with the Smart City Initiative, promoted by the Osaka and Hyogo municipalities, mainly in the nearshore areas of Osaka and Hyogo, with the point of realizing this concept through preferential treatment in terms of visa acquisitions and taxation.

- ◆ Will endeavor to create a global commodity market, including derivatives, by converting the Osaka Dojima Commodity Exchange, that succeeds the name of “Dojima” located in Osaka, which is said to be the birthplace of the financial futures market as the first rice futures trades in the Edo period, into a joint-stock company through the participation of the SBI Group
- ◆ With the TPP becoming effective, will endeavor to establish a pan-Pacific common market by commercializing and broadly handling commodities from Asian countries
- ◆ As well as developing weather derivative products that are closely related to crops and financial instruments derived from commodities, the SBI Group aspires to make the Osaka and Hyogo region into a base region for a security token secondary market

Will endeavor to establish a world-renowned global financial center

⑥ Strengthening Contact with the Digital Generation through the Esports Business



<What is esports?>

- Form of sports competition using computer and video games
- 70% of the approx. 5 million viewers in Japan are of the young (digital generation) adult segment, and have a high affinity with the target consumer base of the SBI Group's financial services
- It is expected to become a part of the regional development plans, and is being adopted as a cultural program of the National Sports Festival. This market has also garnered attention as a continued growth area, owing to the COVID-19 situation

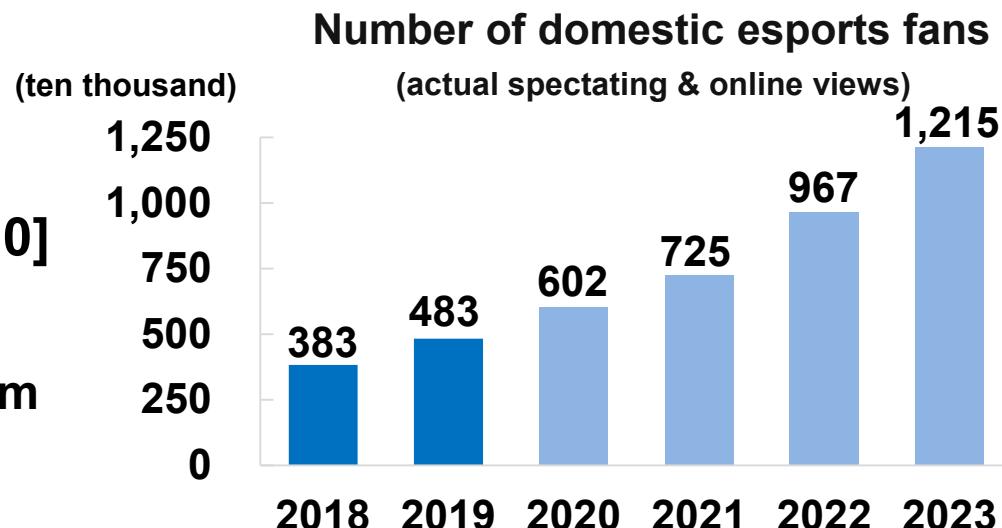


[Announced on June 19, 2020]

Business Content

- Management of esports team
- Operation of esports media
- esports related consulting

*Considering to pay annual salary in XRP



Reference: KADOKAWA Game Linkage

*Numbers after 2020 is based on a forecast made in Feb. 2020

While raising the profile of the SBI Group within the digital generation to create synergies between the various financial services of the Group, will endeavor to contribute to regional revitalization

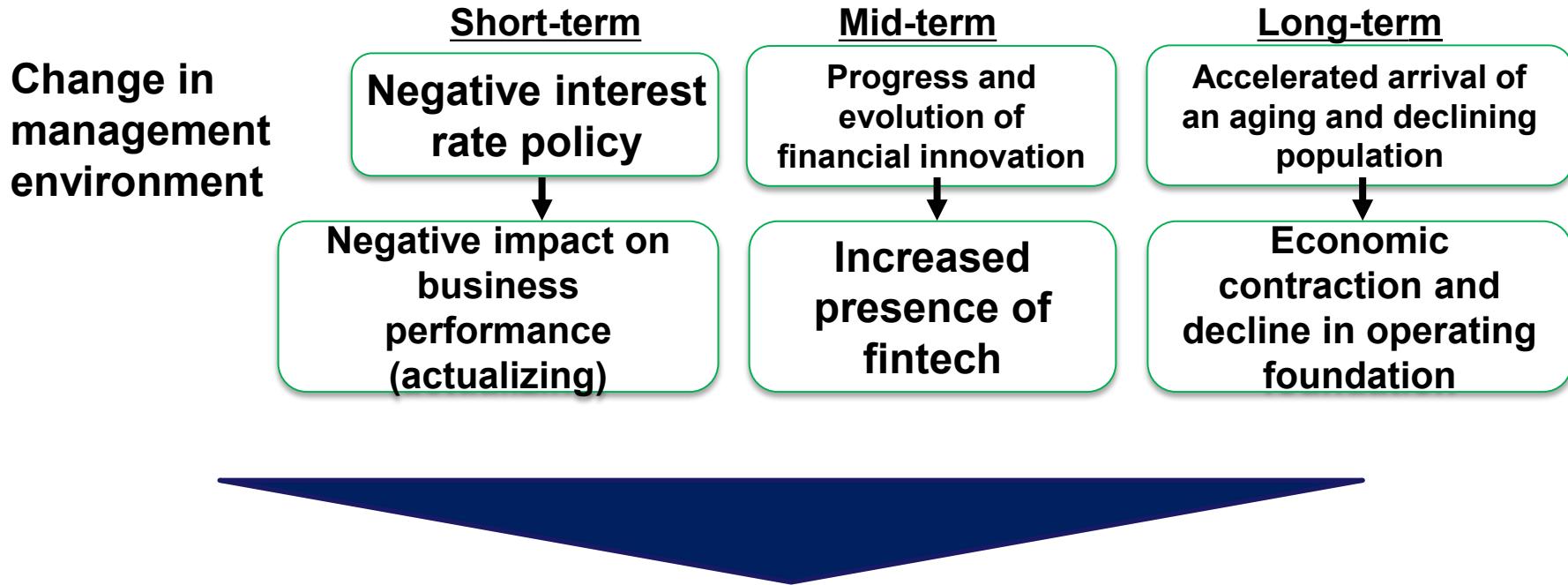
2. Through the advancement of the “Open Alliance Strategy,” will endeavor to increase the customer base and revenues

- (1) “Open Alliance Strategy” with regional financial institutions**
- (2) SBI Sumishin Net Bank is moving toward a global IPO, by unbundling its banking functions and advancing its Neo-bank initiatives to partner companies**
- (3) Strengthening relationships with business corporations, to promote alliances in various business fields**

(1) “Open Alliance Strategy” with regional financial institutions

- ① Advancing the sophistication and diversification of asset management at regional financial institutions
- ② Solving the business succession issue for local companies
- ③ Steady progress within various measures undertaken with the regional financial institutions, with which there are capital and business alliances, toward the "4th Megabank Concept"

The Post-COVID-19 Era Environment Surrounding the Regional Financial Institutions



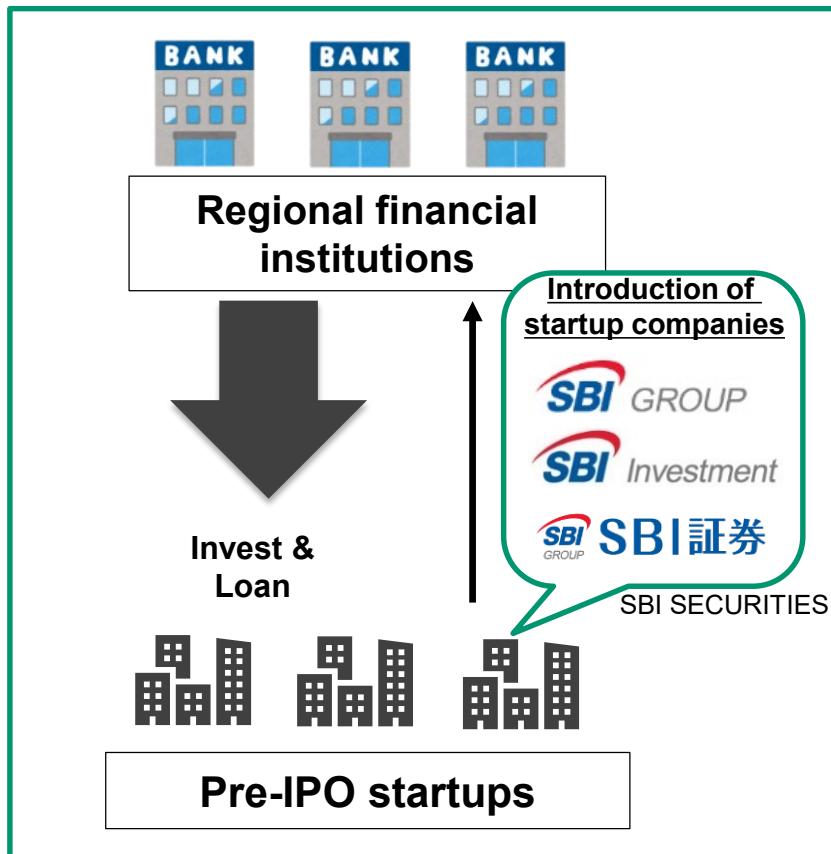
Regional financial institutions, which were already in a difficult business environment, are facing the risk of an **economic slowdown owing to COVID-19**, and an **increase in non-performing loans** owing to their supportive lending to local companies that will be facing difficult cash flow situations

① Advancing the sophistication and diversification of asset management at regional financial institutions

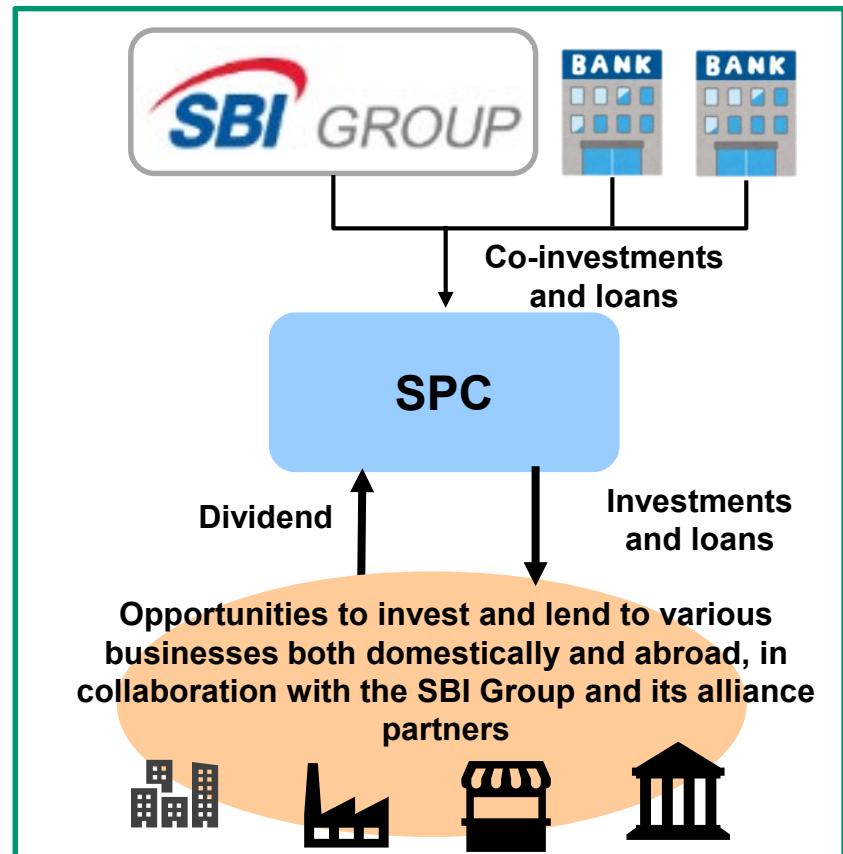
Introducing Investment and Loan Opportunities to Pre-IPO Startup Companies, as well as Providing Co-investment and Loan Opportunities through a SPC

- Developing new asset management opportunities for regional financial institutions in parallel with the operation of SBI Regional Revitalization Asset Management, whose AUM is rapidly increasing

(Example ①: Providing investment and loan opportunities to Pre-IPO startup companies)



(Example ②: Co-investment and loan opportunities through a SPC)



Introduce as an Intermediary in the Arbitrage Business that Focuses on the Interest Rate Differentials between Japan and Abroad, to Partner Regional Financial Institutions



Providing high-yield earnings opportunities, based on information derived from the SBI Group's investee Southeast Asian financial institutions

<Examples of high interest rate services that the SBI Group can provide>



SBI Royal Securities

With the cooperation of ADB, will serve as lead manager of Cambodia's first bond issuance listing

Preparing the country's first transaction formation, which includes CGIF guarantee bonds and ESG bonds



SBI LH
LYHOUR BANK

(SBI LYHOUR BANK PLC.)
A new bank which commenced operations in Phnom Penh City, Cambodia, in June 2020, that will endeavor to expand its business primarily in the retail sector

e.g.①:

Intermediation of investments in high interest rate overseas corporate bonds, for which SBI Royal Securities was the lead underwriter
(KHR-denominated:
Yield 8.5%~)



TPBank
Vì chúng tôi hiểu bạn

A semi-major bank that ranks sixth among private banks (2019, on a pre-tax basis), which is aggressively adopting advanced technologies to expand its business, especially in the retail sector

e.g.③:

Introducing TP Bank's private placement bonds
(7-year term, **9.5% yield**, VND-denominated, subordinated bonds), etc.
* Rating: Moody's B1(Stable)



Sri Lanka Government Bond (USD-denominated) Investment

Rating

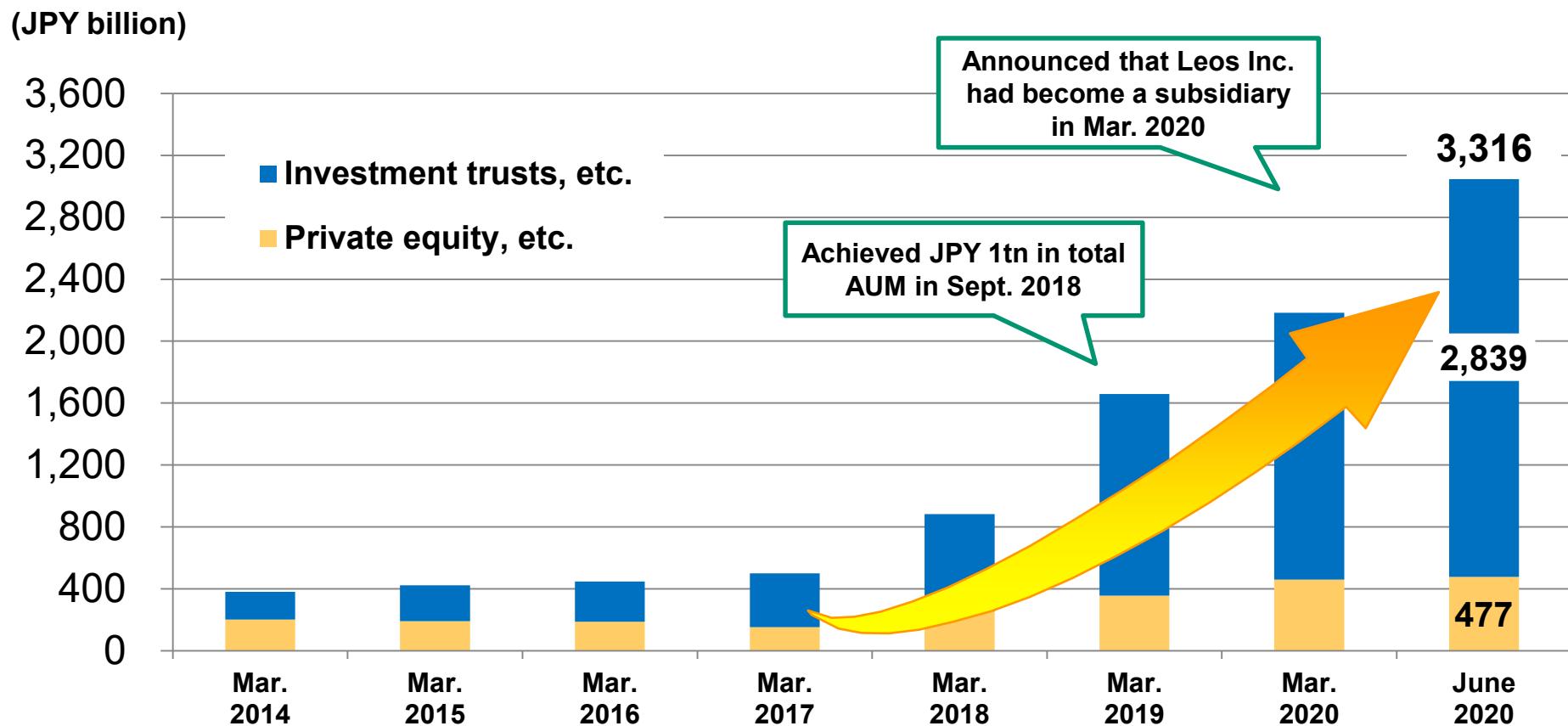
S&P (B-) Moody's (B2) Fitch (B-)

Yield

Yields have skyrocketed, owing to the COVID-19 and downgrade prospects, to currently exceed 30%

Accelerate the SBI Group's accumulative AUM through a strategy that contributes to the diversification of asset management at regional financial institutions

**SBI Group's Assets Under Management, Including Private Equity, have
Already Reached JPY 3tn, and by Responding to the Diversifying Needs of
the Regional Financial Institutions, will Endeavor to Increase the AUM to
JPY 5tn within 2 years, and JPY 10tn within 5 years**



*1 Calculated by the exchange rate as of the end of each month *2 Amounts are rounded to the nearest JPY 100m

*3 "Private equity, etc." includes neither cash nor commitment amount to be paid in. Through Mar. 2017, unlisted stocks invested from investment partnerships and other entities, which had no market prices, were estimated at cost (impairment prices are applied for the stocks for which impairment losses have been recorded). After Mar. 2018, however, these stocks have been estimated at fair value.

*4 "Investment trusts, etc." are the sum of amounts of investment trusts and investment advisors. For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both Investment trusts and Investment advisory, respectively, so there are some overlapping amounts.

② Solving the business succession issue for local companies

Established SBI Regional Business Succession Fund and Began Full-scale Investing Activities in Order to Support Business Succession Nationwide



-Establishing subsequent funds to expand the fund size to approx. JPY 100bn in total at an early date-

- Supporting business successions of SMEs not only in the regional area but nationwide
- Various measures to support improvement of corporate value by utilizing the SBI Group's network
- Support for cross-regional collaboration and integration between investee companies
- SBI Regional Business Succession Fund also expects to acquire management rights of investee company
- In March, first investment was made in TOKUSHIMA KYOWA, which operates dispensing pharmacies. To date, acquisitions of two dispensing pharmacies in Osaka and one dispensing pharmacy in Chiba have been completed, with additional acquisitions under review
- In partnership with SHINMEI Co., Ltd., which is the largest rice wholesaler, undertaking the resolution of business succession of rice wholesalers

Investor

Regional financial institution,
Public institution etc.

Distribution ↑ ↓ (LP) Investment

SBI Regional Business Succession Fund 1

Investment

Recovery through
mergers and
acquisitions, etc.

Investee company



<Investment target>
Dispensing pharmacies, rice
wholesalers, construction
companies, etc..

Support

Company wth advanced tech·know-how



SBI Group



Public institution·Expert

Public institution·Tax accountant
SME management consultant

Completed application process on June 30,
with a total of JPY 10.9bn, which exceeded
the initial target of JPY 10bn

[Unauthorized reproduction is prohibited]

In Collaboration with TRANBI, which Operates an M&A Matching Platform “TRANBI,” will Provide a Wide Range of Business Succession and M&A Opportunities

-Strengthen the business succession support service to SMEs’ executive management-



Business Succession Advisory Office, M&A Advisory Dept.

Seller

SMEs which had little choice but to close their businesses, owing to the lack of successors, even though having business succession needs



TRANBI

M&A Online platform “TRANBI”

Specializes in matching small-scale cases

Proposal of a speedy and low-cost business succession

Buyer



Corporations endeavoring to expand new businesses

Contributes to solving issues associated with various local SMEs’ business succession needs

- ③ Steady progress within various measures undertaken with the regional financial institutions, with which there are capital and business alliances, toward the “4th Megabank Concept”
- (i) Shimane Bank
 - (ii) Fukushima Bank
 - (iii) CHIKUHO Bank
 - (iv) Shimizu Bank

Shares of Regional Financial Institutions that SBI has Entered into Capital and Business Alliances will be Transferred into the New Holding Company

-Up to 10 banks may be forming a capital and business alliance, in consideration of the available resources, including human capital, of the Group-



 島根銀行 (Shimane Bank)
Preparing for transfer

 福島銀行 (Fukushima Bank)
Preparing for transfer

 あなたのまちの
筑邦銀行 (CHIKUHO Bank)
Scheduled to be transferred
in 2Q

 清水銀行 (Shimizu Bank)
Scheduled to be transferred
in 2Q

In Collaboration with Several Partners who Share the Same Desire
of Realizing Regional Revitalization, Planning the Establishment of
Regional Revitalization Partners Co., Ltd., this August



Will function as the driving force of policy-making for regional revitalization, and practice the concept of “public good will lead to private interests” with partner companies

SBI Regional Bank Holdings will Utilize the Functions that Contribute to the Regional Revitalization or Asset Management Functions of the Framework Centered on the Regional Revitalization Partners Co., Ltd.



Banks with capital and business alliance (as of July 2019)



[Shimane Bank]



あなたのまちの
筑邦銀行
[CHIKUHO Bank]

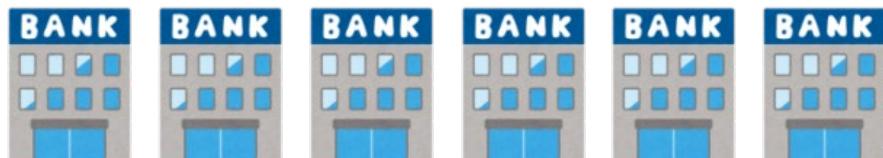


[Fukushima Bank]



清水銀行
[Shimizu Bank]

Future capital and business alliances (up to ten banks)



Progress of Various Measures in Collaboration with Shimane Bank (34.0% of Shares Held)

Measures to strengthen profitability

- Joint branches with SBI MONEY PLAZA have made a strong start, with the number of accounts and assets under custody increasing 5 times and 23 times, respectively, in just over 6 months since the commencement of operations, **contributing to higher fee income**
- Working on portfolio restructuring, lowering asset management costs and increasing stable interest income through entrusting SBI Regional Revitalization Asset Management with asset management operations

Measures for regional revitalization

- Promoting business matching for Shimane Bank customers and companies in Shimane Prefecture through introductions of the SBI Group companies, services, investments and partners
- Strengthening business succession and M&A support system through business alliance with SBI SECURITIES in the M&A business

Measures to improve customer convenience and cost reduction

- Improving customer convenience through introducing banking app provided by SBI NEO FINANCIAL SERVICES
- Providing high quality financial services through the transfer of business related to investment trusts and bonds to SBI SECURITIES
- Driving digital transformation (DX) with the support of the SBI Group

Regarding 1Q FY2020 Results

-V-shaped recovery, partly owing to collaborations with the SBI Group-

Key factors for the recovery

- Number and balance of SME loans to SMEs in San-in region increased as a result of sales based on “Customer-centric Principle”
- Through outsourcing asset management operations to SBI Regional Revitalization AM, increased interest income
- Through joint branch operations with SBI MONEY PLAZA, increased commission income

(JPY million)

180
120
60
0

Quarterly comparison of core operating profit

V-shaped recovery

151

0

1Q FY2019

1Q FY2020

^{*1} <Comparison of PBR transition>

Corporate name	PBR (Sept. 30, 2019)	PBR (June 30, 2020)	Change
Shimane Bank	0.21	0.35	+0.14
TOTTORI BANK	0.27	0.24	-0.03
Chiba Bank	0.44	0.40	-0.04
Average banking industry ^{*2}	0.30	0.30	0
Average of the bottom 10 banks by market capitalization	0.32	0.31	-0.01



Owing to Shimane Bank's own efforts and its alliance with the SBI Group, investor expectations have risen

^{*2} Excerpted from the Tokyo Stock Exchange

"PER and PBR (Consolidated) by Size and Industry

Using Regional Financial Institutions as Intermediaries, the Group is Working with Local Businesses to Expand Attendance Management Services to SMEs Nationwide

-Case study on the joint development of a cloud-based attendance management solution with Japan High Soft in the Shimane Prefecture-



- ✓ Know-how and experience in developing and running cloud services
- ✓ Other products rolled out nationwide



Local
businesses

Needs

Creating efficiencies through the digital transformation of attendance management in a paper environment



(2) Introductions

(1) Interviews

(3) Collaboration moves nationwide

Japan High Soft

- ✓ Affordable and ample human resources
- ✓ Development know-how toward local businesses
- ✓ Connections to regional networks

(Intrinsic trading relationship)

SBI Group's collaborating regional financial institutions



[Shimane Bank]

In the regions, holding interviews on challenges, developing solutions with local businesses, and using the SBI network to expand nationwide

Progress of Various Measures in Collaboration with Fukushima Bank (19.25% of Shares Held)

Measures to strengthen profitability

- Compared to the end of Feb. 2020, the number of accounts and assets under custody at joint branches with SBI MONEY PLAZA have increased 4 times and 52 times, respectively
- Sophistication of securities management through entrusting SBI Regional Revitalization Asset Management with asset management

Measures for regional revitalization

- Promoting support for back office operations of regional companies using the cloud-based workflow system “Approval Time” provided by SBI Business Solutions
- Promoting business matching for Fukushima Bank customers and companies in Fukushima prefecture through introductions of the SBI Group companies, services, investments and partners

Measures to improve customer convenience and cost reduction

- Improving customer convenience through introducing banking app provided by SBI NEO FINANCIAL SERVICES
- Providing a wide range of investment products and high-quality services provided by SBI SECURITIES through financial instruments intermediary services
- Expanding the range of products handled and improving customer convenience by providing SBI Sumishin Net Bank's mortgage loans

Progress of Various Measures in Collaboration with CHIKUHO Bank (Approx. 3% of Shares Held)

Measures to strengthen profitability

- Strengthen collaboration with SBI MONEY PLAZA by launching the operation of “CHIKUHO Bank-SBI MONEY PLAZA Fukuoka” as the second joint branch in Mar. 2020
- **Sophistication of securities management** through entrusting SBI Regional Revitalization Asset Management with asset management operations

Measures for regional revitalization

- Promoting revitalization of local industries by issuing gift certificates electronically with a premium using blockchain and distributed ledger technology from the SBI Group's investee company

Measures to improve customer convenience and cost reduction

- Providing “Chikugin APP” (Provided by SBI NEO FINANCIAL SERVICES) with more than 10 functions, including banking services (balance inquiry) and payment services (LINE Pay, etc.)
- Improving customer convenience and efficiency of overseas remittances for foreign workers in Fukuoka prefecture, through handling of international remittance services provided by SBI Remit
- Providing a wide range of investment products and high-quality services provided by SBI SECURITIES, through financial instruments intermediary services
- Driving digital transformation (DX) through investments in SBI Group companies and funds

Progress of Various Measures in Collaboration with Shimizu Bank (Approx. 3% of Shares Held)

Measures to strengthen profitability

- Strengthen collaboration with SBI MONEY PLAZA by launching the operation of “Shimizu Bank-SBI MONEY PLAZA Shizuoka” as the second joint branch in Mar. 2020
- Sophistication of securities management through entrusting SBI Regional Revitalization Asset Management with asset management operations

Measures for regional revitalization

- Establishing the “Business Development Department” in Shimizu Bank as a department dedicated to the business collaboration with the SBI Group, and developing systems for regional revitalization through business alliances
- Activities to promote Shizuoka Prefecture's model culture, and support the expansion of sales channels with EC websites, in cooperation with BASE (SBI Group's investee company) were awarded the “Distinctive Initiative Case Study” by the Cabinet Office

Measures to improve customer convenience and cost reduction

- Expanding the functions and improving the convenience of “Shimizu Bank App” (Provided by SBI NEO FINANCIAL SERVICES) by adding 2 new features in July 2020
- Launched “Shimizu Bank Real-Time Deposit” as part of the cooperation with SBI SECURITIES
- Driving digital transformation (DX) by using SBI Group's resources

(2) SBI Sumishin Net Bank is moving toward a global IPO, by unbundling its banking functions and advancing its Neo-bank initiatives to partner companies

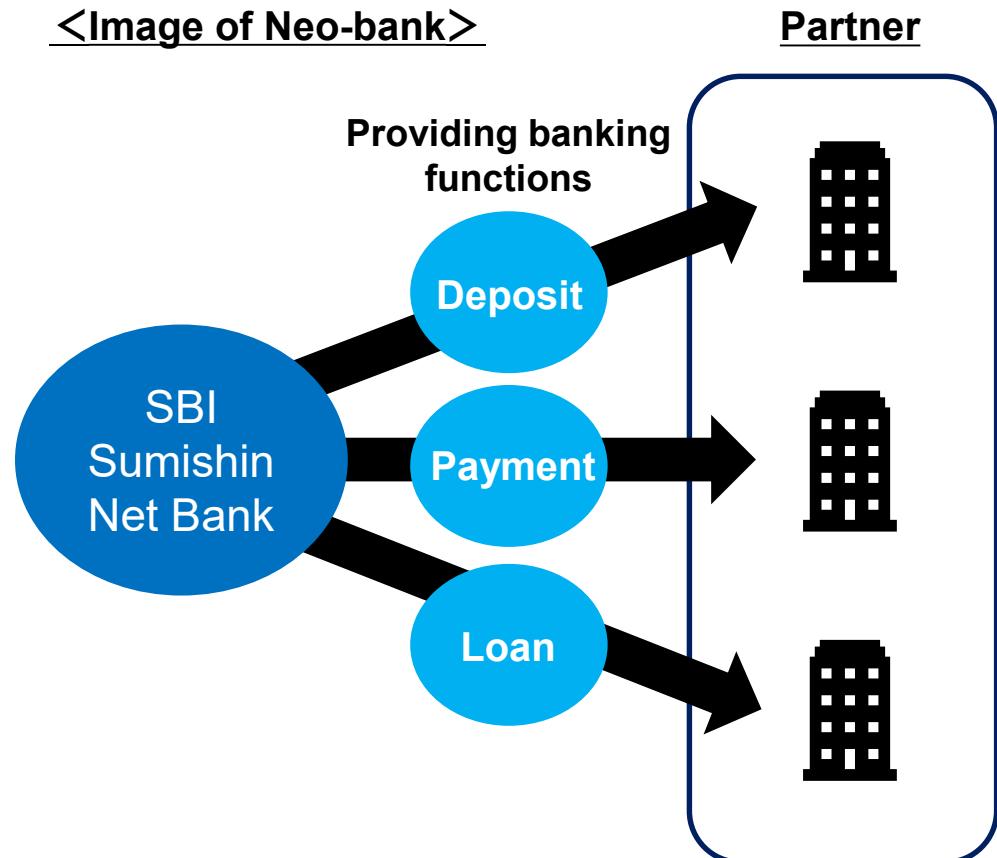
-Preparations for the IPO are underway, including the decision to have Nomura Securities as one of its lead managers-

SBI Sumishin Net Bank is Steadily Growing into One of the World's Top Neo-banks



Neo-bank initiative: Customers using business services of partner companies, also have access to ancillary banking functions from SBI Sumishin Net Bank. SBI Sumishin Net Bank works with partner companies to create a framework by which services can be used both smoothly and comfortably

<Image of Neo-bank>



- ◆ Established **JAL Payment Port** in Sept. 2017 (Co-founded with JAL)
- ◆ Bank agency contracts were entered into by **Recruit Zexy Navi, Asahi Kasei Homes Financial, etc.**, (2019)

Endeavoring to create new banking services through alliances with major operators possessing high loyalty and significant customer base

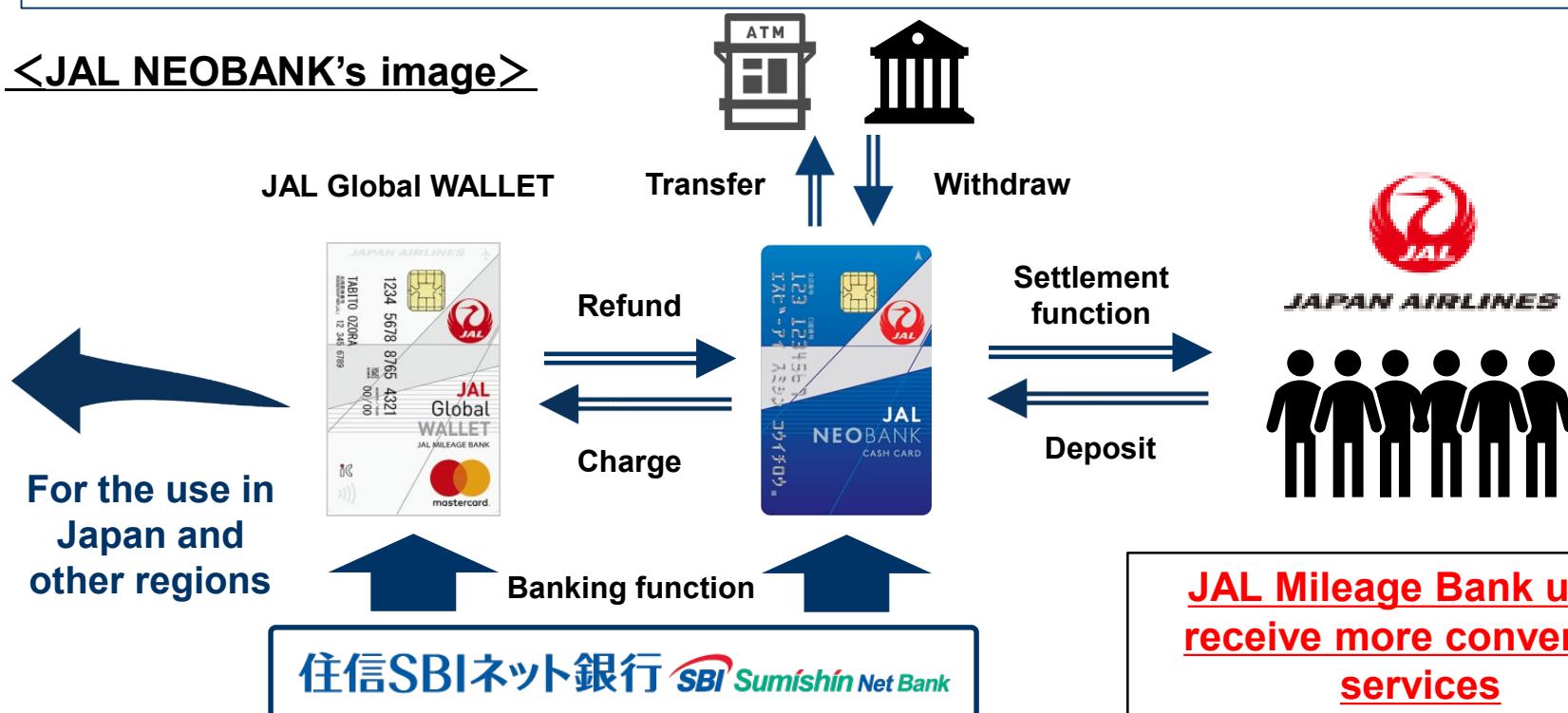
The First Project in the Neo-Bank Initiative “JAL NEOBANK,” which is an Exclusive Banking Service for JAL Mileage Bank Members



JAL NEOBANK

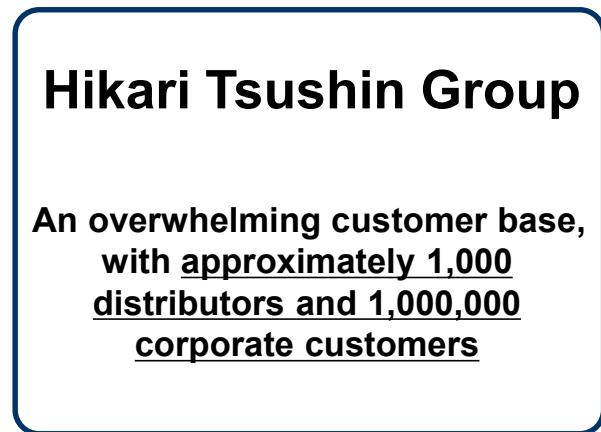
- Banking service utilizing cutting-edge IT technology of SBI Sumishin Net Bank
- Opening a dedicated account allows one to use banking functions as deposit, transfer and settlement
- Providing highly convenient services for customers**, such as charging “JAL Global WALLET” and awarding miles according to the amount of the deposit through the foreign currency deposit function

<JAL NEOBANK's image>



An Alliance with the Hikari Tsushin Group, to Utilize the Financing Capabilities of SBI Sumishin Net Bank

-Basic Agreement Reached with the Hikari Tsushin Group for the Creation of New Businesses for the SME Customer Base, in Nov. 2019-



Creating innovative new businesses for an SME customer base and by doing so, rejuvenating the regional economy while striving to improve the corporate value of both companies

As Part of the Alliance with Z Holdings, The Japan Net Bank is Preparing to Provide Housing Loan Products “Flat 35” Handled by SBI Sumishin Net Bank



- Established as Japan's first Internet-only bank in Sept. 2000
- In Feb. 2018, became a consolidated subsidiary of Z Holdings (former Yahoo), which has a business alliance with the SBI Group
- As of the end of June 2020, the number of accounts reached **4.70mn** accounts and representing a solid customer base

[Alliance image]



Improvement of customer convenience and satisfaction of customer needs

Acquisition of NetMove as a Leading Example of the SBI Group's Open Alliance Strategy

-Promotion of open alliances through M&A-



NetMove, which became a wholly owned subsidiary in Apr. 2019, is steadily expanding its settlement business on the back of the cashless trend

NetMove Corp.

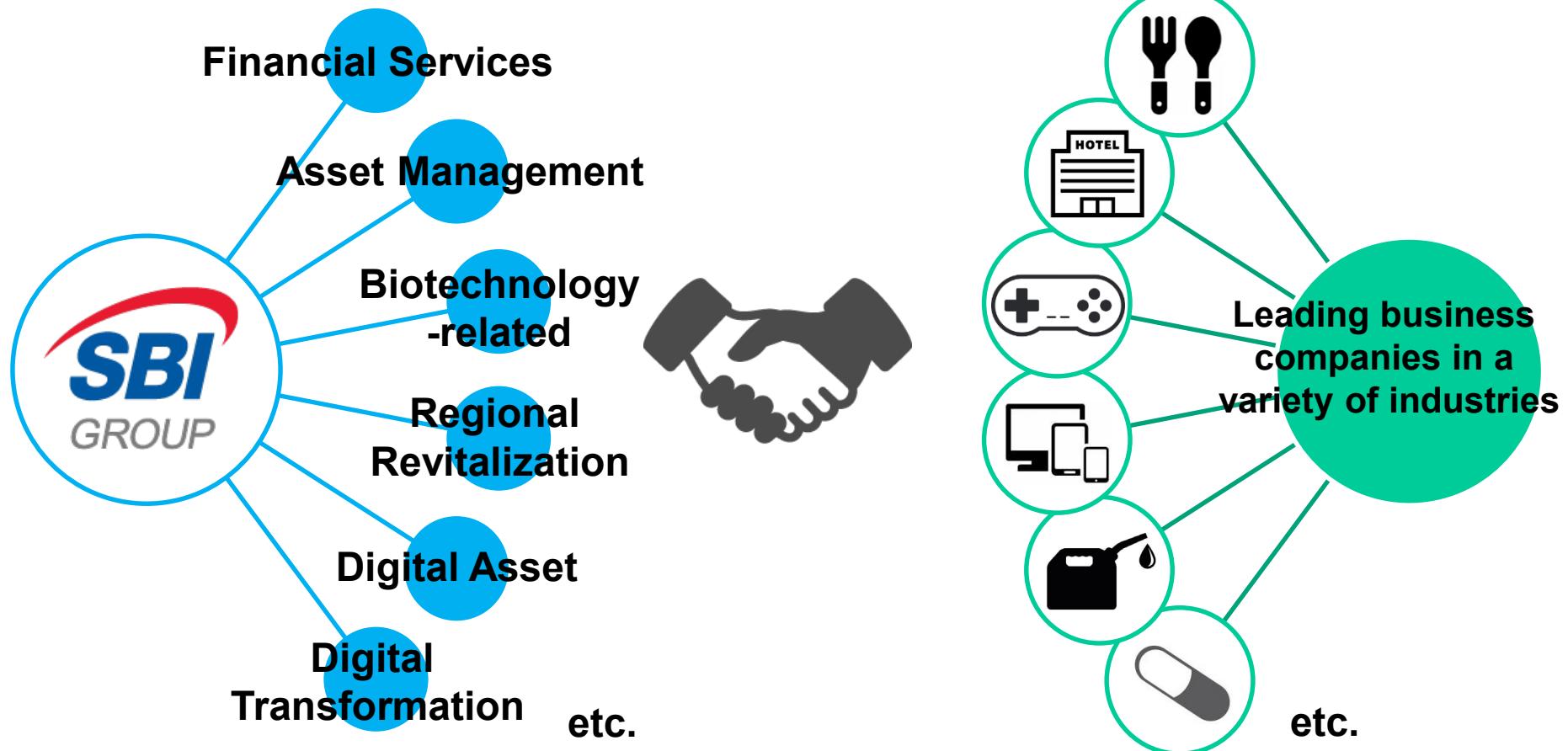
- ◆ NetMove possesses **advanced system design and development capabilities** for settlement and security services, etc.
- ◆ NetMove Corporation provides **highly secure payment services**, such as acquiring the first provider certification in Japan of “PCIP2PE solution,” and “PCIP2PE component,” as defined by “PCISSC,” the credit card industry security standardization organization
- ◆ **The settlement business has been performing well**, owing to the ongoing trend toward a cashless society in Japan. For the 1Q FY2020 period, **both sales and profits are expected to exceed the business plan**



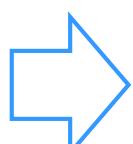
Combining NetMove's advanced technology with SBI Sumishin Net Bank's cutting-edge banking services, to improve **security and provide advanced payment services**

(3) Strengthening relationships with business corporations, to promote alliances in various business fields

In Order to Expand “Open Alliance,” will Maximally Utilize the Group’s Management Resources, and Proactively Propose and Approach Alliances with Leading Companies in Various Industries



Explore bold and quick partnerships between companies through top level executive involvement



Proposals for new business models that will contribute to the further advancement of the partner company’s market share, along with proposals for existing businesses

Continuing to Advance Specific Initiatives of the Strategic Capital and Business Alliance that was Agreed Upon with the SMBC Group in April 2020 Financial Conglomerate

Mega Bank Group



[On Apr. 28, 2020, reached a basic agreement for the strategic capital and business alliance initiative extending over a wide range of businesses]

Provide greater customer convenience by leveraging each company's strengths in various fields, including the digital and face-to-face operations

Smartphone securities and financial services brokerage operations

Face-to-face securities business area

Investments

Regional revitalization

Securities systems and securities affairs

Strengthening of capital relationship between the two Groups

In the securities business, specifically, alliances such as the SMBC Group's capital investment in SBI NEOMOBILE SECURITIES ([capital alliance](#)), along with provision of a new asset formation service (business alliance) was commenced. New discussions for a business alliance in the banking business has also started

Specific Alliance Initiatives in the Securities Business

Endeavoring to further improve customer convenience through the partnership in the smartphone securities and financial service intermediary operations, as well as the provision of a new asset management service

Business alliance

Enhancing the inheritance business



三井住友銀行

[Sumitomo Mitsui Bank]



- Implement inheritance services at [SMBC Bank for SBI SECURITIES customers](#)
- Build a framework enabling inheritance consultations at SMBC branches for SBI SECURITIES customers

Basic agreement

Collaboration utilizing credit card points



三井住友カード

[Sumitomo Mitsui Card]



- Offer a credit card-based investment trust accumulation service as a new asset management service for individual customers
- Offer investment services using V points earned on investment trust balances

Capital and business alliance

Become the dominant No. 1 smartphone securities business provider



ネオモバ

[Neo-Moba]

- SMBC owns **20%** of SBI NEOMOBILE SECURITIES
- Raise usefulness by linking balances with SMBC Bank
- Implement seamless deposit/withdrawal, including automatic fund transfers, with SMBC

Discussions on a Banking Sector Partnership have Commenced

Through the introduction and expansion of the advanced services of the Sumitomo Mitsui Card, will accelerate the “Neo-bank Initiative” promoted by SBI Sumishin Net Bank

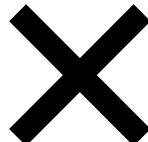


Powered by

住信SBIネット銀行

SBI Sumishin Net Bank

Promoting “Neo-bank initiative,” which provides innovative banking functions to partner companies, and create highly convenient banking services for customers



三井住友カード

- ✓ Experience in handling various cashless payment brands, such as VISA/Mastercard and Apple Pay
- ✓ Expertise in payment and customer data management, and all other card-related businesses

Began discussions on joint provision of Sumitomo Mitsui Card’s mobile payment services to partner companies, including SBI Sumishin Net Bank, in the Neo-bank concept

Conclusion of a Capital and Business Alliance with Escrit (Announced on July 16, 2020)

-Increased efforts to maximize “lifetime value”-



Escript Inc. (listed on the first section of the Tokyo Stock Exchange)

- Engaged in bridal business such as wedding and reception facilities, and the construction and real estate businesses
- Agreement with Escrit Inc. to acquire common shares that are issued by Escrit Inc., through a third-party allocation. Percentage of voting rights held by SBI Group after the allocation of new shares to a third party will be 13.32%



Marriage is one of the most important events in an individual's life cycle, and it is likely that many people will review products and services that they have been using or start using new products and services at that time

**Proposing SBI Group products and services to customers of Escrit Inc.
in response to various life events even after they are married, to
leverage the synergy of the two companies**

Initiated the Provision of Financial Services through a Business Alliance with Takashimaya



The Takashimaya Group will play a leading role in providing various financial services to its customers, both on a face-to-face and online basis, for the provision of various financial services, including investment trusts

- Co-manage the Takashimaya proprietary website that supports the asset formation of Takashimaya customers
- Takashimaya Financial Partners newly established a face-to-face consultation counter, “Takashimaya Financial Counter,” to provide asset management consulting services
- Planning the offering of an investment trust accumulation service that can be settled by Takashimaya’s credit card (started on July 7, 2020)
- Planning the introduction of a point program to accumulate Takashimaya points through the purchase accumulation of investment trusts, using the “Takashimaya Card” (started on July 7, 2020)



Takashimaya Financial Counter

Small-amount Short-term Insurance Companies of the SBI Insurance Group Leverage the Diversity of Their Products, by Expanding Their Sales Channels to Increase Customer Contact



Motorcycle insurance



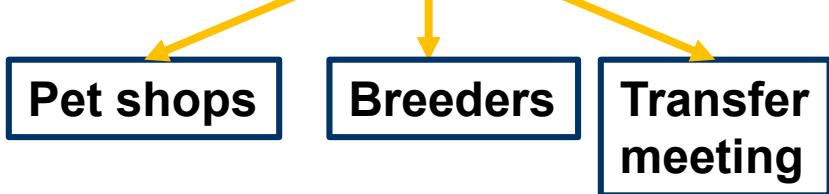
Manufacturers

Dealers

Selling vehicle/theft insurance exclusively for Harley-Davidson owners, and motorcycle vehicle insurance exclusively for YSP (YAMAHA SPORTS PLAZA) owners



Pet insurance



Pet shops

Breeders

Transfer meeting

Cooperating with efforts led by local governments, animal welfare organizations and other transfer organizations to find new owners of animals in order to achieve zero killings
Transferred to a new owner, subject to the purchase of pet insurance

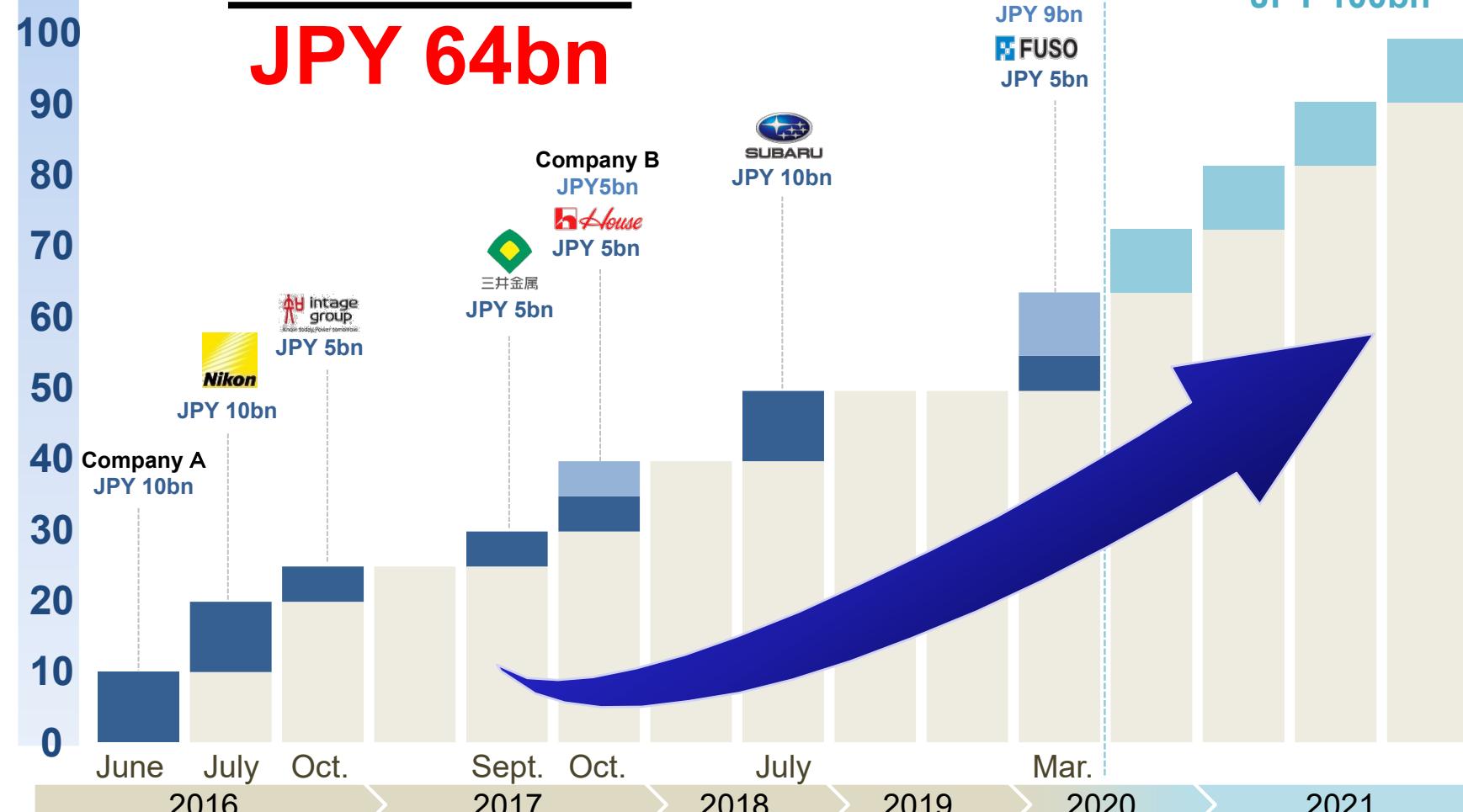
The CVC Fund, which Commenced Operations in 2016, has Steadily
Accumulated the Investment Commitment Amount, and will
Endeavor to Further Increase the Amount through Alliances with

(JPY billion)

Business Corporations

**Commitment amount
(cumulative total)**

JPY 64bn



Commitment amount (plan)

JPY 100bn

Company C
JPY 9bn
 FUSO
JPY 5bn

[Reference materials for each business]

SBI SECURITIES 1Q FY2020 Consolidated Results (J-GAAP)

[Year-on-year comparison]

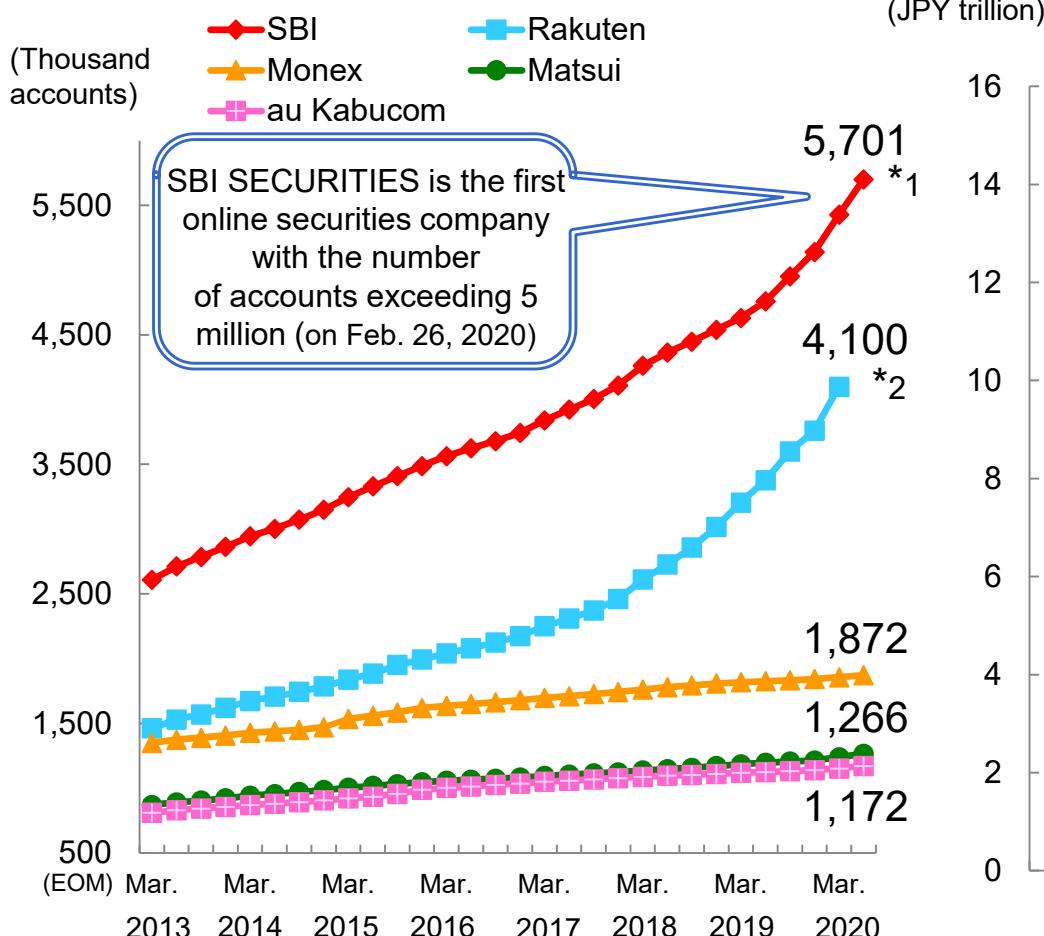
(Unit: JPY million)

	1Q FY2019 (Apr. 2019 – June 2019)	1Q FY2020 (Apr. 2020 – June 2020)	YoY % change
Operating Revenue	27,464	35,375	+28.8
Net Operating Revenue	25,032	32,966	+31.7
Operating Income	9,266	12,678	+36.8
Ordinary Income	9,351	12,746	+36.3
Profit attributable to owners of the Company	6,175	9,106	+47.5

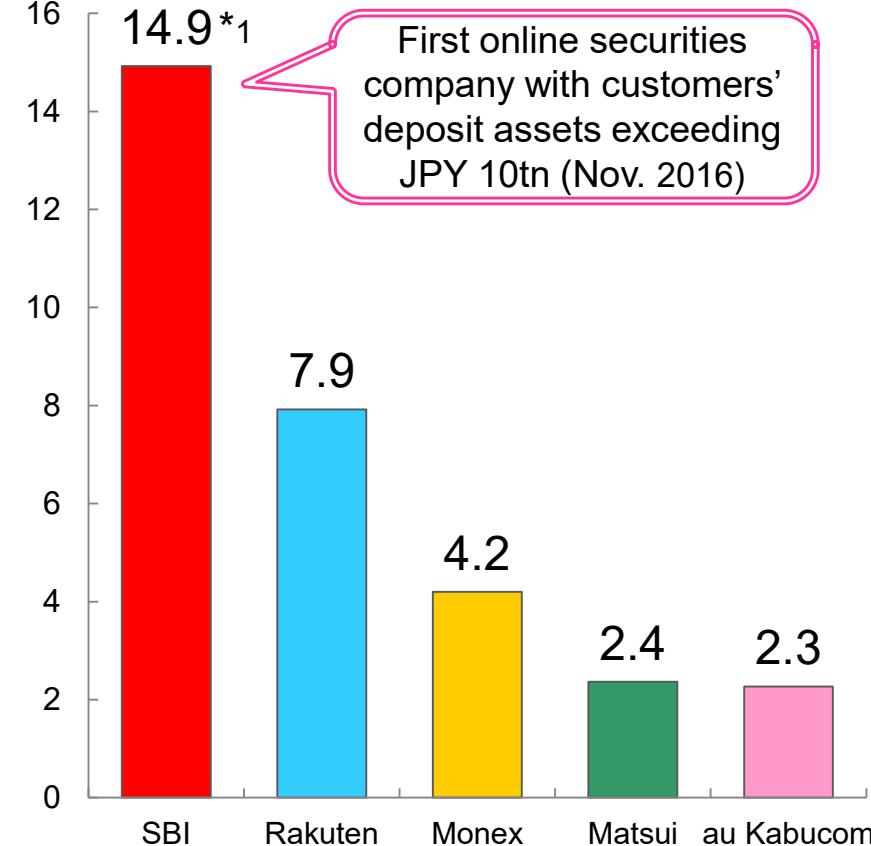
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

Customer Accounts of 5 Major Online Securities Companies (Mar. 2013 – June 2020)



Customers' Deposit Assets of 5 Major Online Securities Companies (as of the end of June 2020)



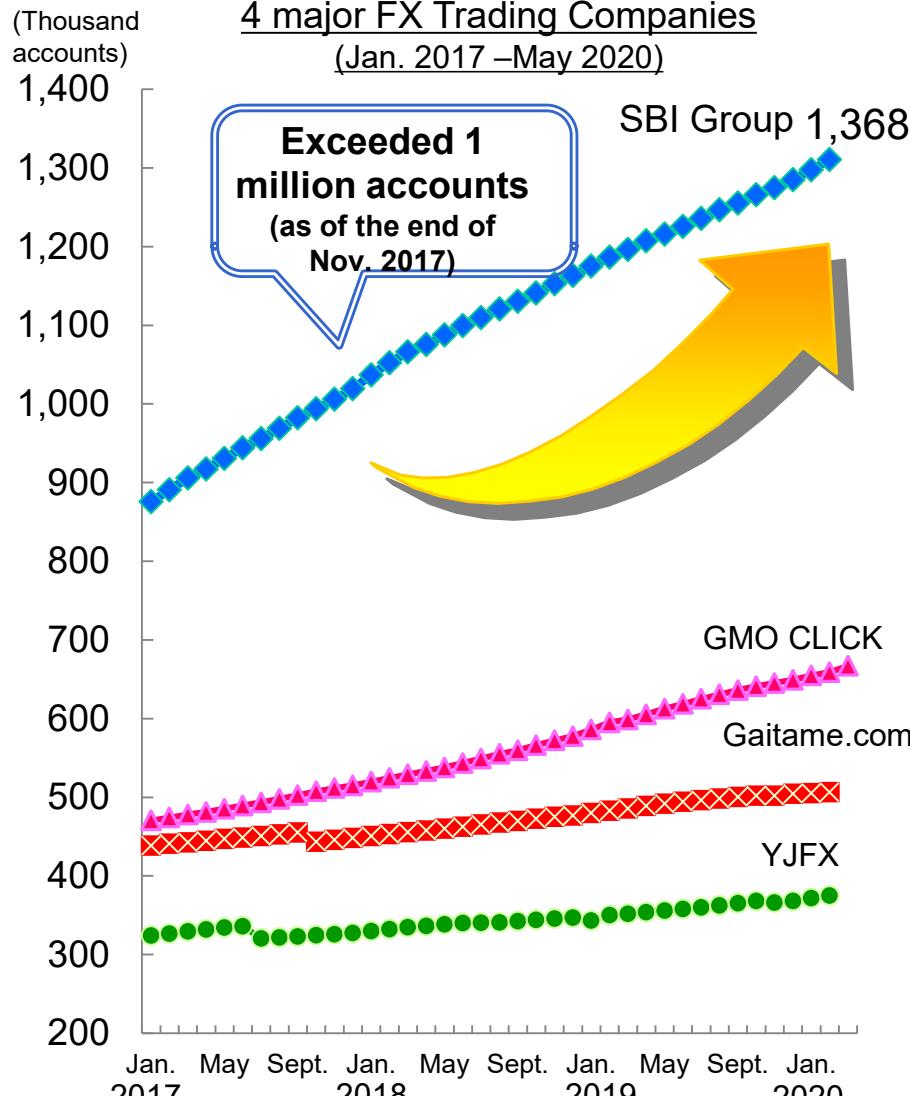
*1 As for SBI, includes SBI NEOMOBILE SECURITIES' number of accounts from June 2019.

*2 Rakuten's number of accounts is as of Mar. 31, 2020.

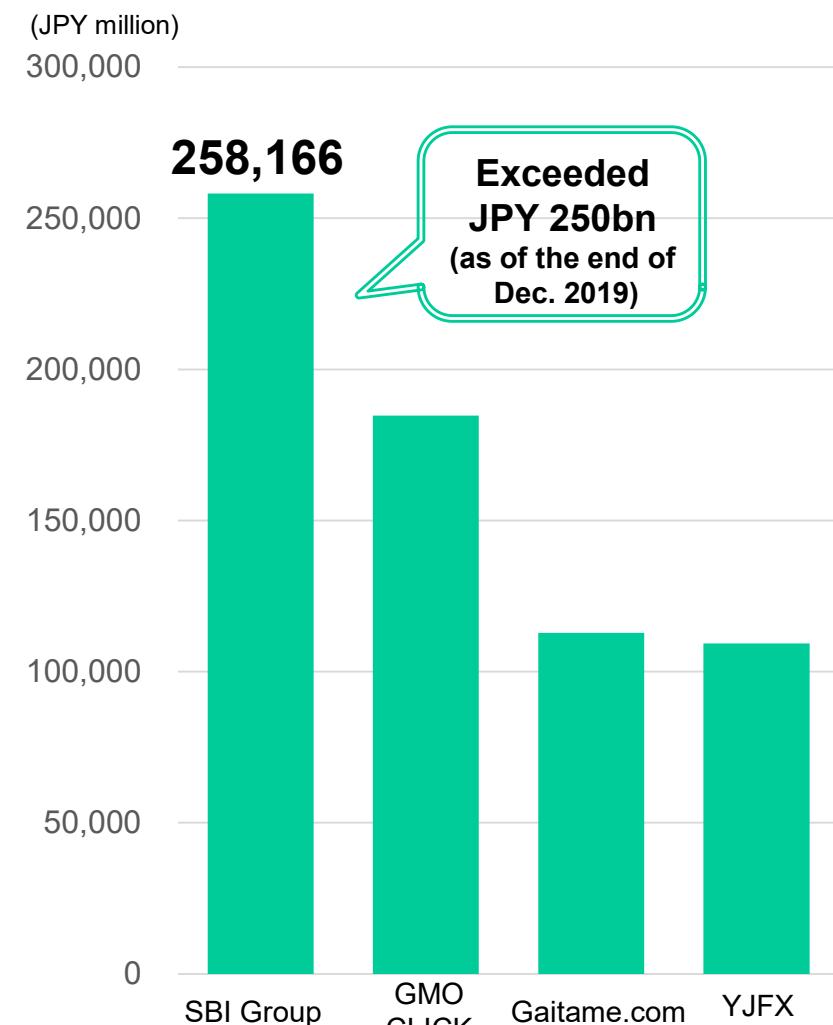
1-(2) FX Business:

The SBI Group's (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank) Total Number of Accounts and Customer Deposit Assets have Overwhelmingly Surpassed that of Its Competitors in the OTC FX Industry

Changes in the number of accounts among
4 major FX Trading Companies
(Jan. 2017 –May 2020)



Customers' Deposit Assets Ranking (May 2020)



Asset Management Business' 1Q FY2020 Performance Overview (IFRS)

(JPY billion)

	1Q FY2019 (Apr. 2019 – June 2019)	1Q FY2020 (Apr. 2020 – June 2020)	YoY % change
Revenue	32.8	39.7	+21.2
Profit before income tax expense	11.9	12.0	+1.0
SBI SAVINGS BANK	4.9	4.5	-7.1 (*1)
Profit/loss from the change in fair value and profit/loss on sales of investment securities	6.6	8.1	+22.6
<u>Listed Securities</u>	3.9	7.1	+81.8
<u>Unlisted Securities</u>	2.7	1.0	-63.2

(*1) Earnings declined, owing to the effect of temporary provisions and SG&A expenses, but profits are expected to exceed costs moving forward

The Number of IPOs and M&As are Expected to be at the Same Level as that in the Previous Fiscal Year

	Full-year FY2019	Full-year FY2020 Prospects
IPO·M&A Deals	24	Over 25

In this current fiscal year, 4 companies were IPO'd

EXIT Date	Company	Market
May 8, 2020	Ayala Pharmaceuticals Inc.	NASDAQ
May 25, 2020	C Channel Corporation	TOKYO PRO Market
June 30, 2020	Goodpatch Inc.	TSE Mothers
July 16, 2020	A-PRO CO.LTD.	KOSDAQ

* In the case where an investee company conducts a share exchange or a merger with a public company, it is described as "M&A."

* Subsidiary IPOs and M&As are also included.

Exit Results and Planned IPO Schedule of Investee Companies of the Fintech Fund (Established in 2015) and SBI AI&Blockchain Fund (Established in 2018)

-Both funds moved into the monetization phase, and preparations are underway for successor funds-

<Investment results>

Investment of approx. JPY 78.0bn into 171 companies has been decided collectively from the two funds

Investment of approx. JPY 113.5bn has been decided, including the co-investment of SBI Holdings, etc.

The Fintech Fund: approx. JPY 25.5bn

SBI AI&Blockchain Fund: approx. JPY 52.5bn

Co-investment from SBI Holdings, etc. : approx. JPY 35.5bn

<Exit results>

Already IPO'd: 13

Already exited through an equity sale to third party: 4

<Planned IPO schedule*>

Year 2020: 4 Year 2021: 22 Year 2022: 51 After Year 2023: 67

Scheduled exits by sales to third party: 3 TBD: 5

*Source: Compiled by SBIH from each company's business plan, etc.

Assets Under Management of the SBI Group

(As of the end of June 2020)



Private equity, etc. JPY 476.9bn^{(*)1}

(Excluding JPY 129.0bn of both cash and commitment amount to be paid in)^{(*)2}

Breakdown of operating investment securities by Industry	Amount
Internet/AI/IoT	131.2
Fintech services	57.2
Digital Asset/Blockchain	57.0
Finance	84.6
Biotechnology/Health/Medical	21.2
Environmental/Energy	2.7
Machine/Automobile	8.5
Services	22.1
Retail/Food	1.9
Materials/Chemicals	3.9
Construction/Real estate	1.0
Others	3.0
Equity interests in external and non-consolidated funds	17.6
Total	412.0

Breakdown of operating investment securities by region	Amount
Japan	224.8
China	15.9
Korea	4.4
Southeast Asia	58.2
India	3.3
U.S.	47.6
Europe	23.8
Others	33.9
Total	412.0

Investment from non-consolidated Group management funds	Amount
Corporate venture capital (CVC)	13.0
Others (Oversea JV fund, etc.)	52.0
Total	65.0

Investment trusts, etc. JPY 2,839.1bn

*1 Private equity investment balance comes from the balance for operating investment securities included in consolidated reporting plus the investment balance from funds (such as CVC funds) removed from consolidation due to the SBI Group's low investment ratios in the corresponding funds, which the SBI Group run as the GP.

*2 Composed of cash in funds and unpaid capital which is to be paid on a capital call.

*3 Calculated by the exchange rate as of the end of June 2020

*4 Amounts are rounded to the nearest JPY 100m

Profit before Income Tax Expense of the Biotechnology-related Business (IFRS)

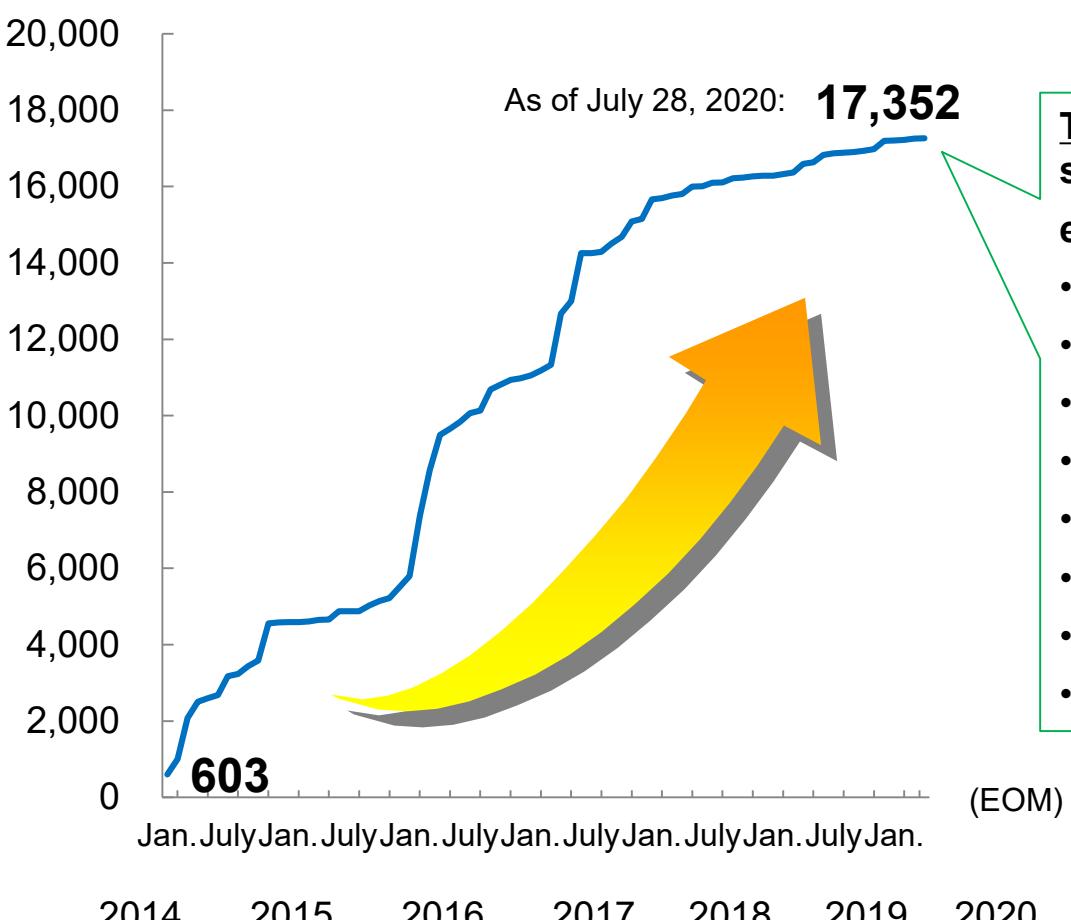
(JPY million)

	1Q FY2019 (Apr. - June 2019)	1Q FY2020 (Apr. - June 2020)
SBI Biotech	-87	-86
Quark Pharmaceuticals (“Quark”)	-1,832	-945
related business 5 -ALA-	SBI Pharmaceuticals	-278
	SBI ALApromo	47
	photonamic	-20
		-38

- Although Quark will continue to record R&D expenses, mainly for Phase III clinical trials of pharmaceuticals for acute kidney injury (AKI), **the deficit will be significantly reduced as a result of aggressive cost reduction, including personnel reductions**
- SBI Pharmaceuticals posted a larger deficit, owing to the recording of drug development expenses for the launch of a pharmaceutical for the treatment of mitochondrial diseases, and the conservative amortization of R&D expenses
- SBI ALApromo's sales and profit before income tax expense decreased from the corresponding period of the previous fiscal year, owing to **the postponement of large-scale sales from 1Q FY2020 to beyond 2Q FY2020**
- Owing to the expansion in the scope of operations of the ALA-related business, personnel costs continue to increase in photonamic with the expansion of its workforce since the 2H FY2019, which will result in an increase in its deficit. **However, considering the impact of the COVID -19 epidemic in the U.S., photonamic is expected to maintain its full year profitability**

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

Number of stores that offer
SBI ALApromo products
(Jan. 2014 – July 28, 2020)



The leading drug store chains started selling 5-ALA products:

e.g.

- Welcia 1,620 stores
- Tsuruha drug 1,430 stores
- Matsumoto Kiyoshi 1,207 stores
- cocokara fine 1,062 stores
- COSMOS Pharmaceutical 1,058 stores
- FUJIYAKUHIN approx. 890 stores
- Sundrug 1,009 stores
- SUGI 802 stores

SBI ALA promo Accelerates the Development of New Foods with Functional Claims

Offering of foods with functional claims:

On sale

Function to improve high levels of fasting blood glucose levels and postprandial glucose levels

- “ALA PLUS Tou (Sugar) Down” utilizing 5-ALA (10 and 30 day supplies) (Launched in Dec. 2015)
- “ALA PLUS Tou (Sugar) Down Rich” utilizing high levels of 5-ALA (Launched in Nov. 2018)

Improvement in the quality of sleep

“ALA PLUS Fukai Nemuri” utilizing 5-ALA (Launched in Mar. 2019)

Submission completed by May 2020

Reduce cholesterol and blood pressure

Renewed “Hatsugagenmai no Sokojikara” as food with functional claims (Planned launch in 2H FY2020)

Cognitive improvement

“SBI Ichoha” utilizing gingko bilboa
(Launched in Dec. 2017)

Improvement in the exercise capacity

“ALA PLUS Karada Active” utilizing 5-ALA (Launched in Oct. 2019)

Submission completed by July 2020

Improvement of depression and mood

Conducted clinical trials in collaboration with University of Hawaii (Planned launch in 1H FY2021)

Under development

Planning submission on FY2020

Recovery from fatigue

Conducted clinical trials in collaboration with Hiroshima University

Increase metabolism while suppressing sugar absorption

ALA + salacia-derived salacinol
Jointly developed with Hiroshima University

Male menopause improvement

Conducted clinical trials in collaboration with Juntendo University

Fatigue reduction after exercising

Conducted clinical trials in collaboration with Juntendo University

Digital Asset-related Business

1Q FY2020 Performance (IFRS)



VC Trade (Crypto-asset exchange)

(Included in the Financial Services Business from 1Q FY2019)

(JPY million)

	1Q FY2019 (Apr. – June 2019)	1Q FY2020 (Apr. – June 2020)
Profit before income tax expense	2,207	2,778



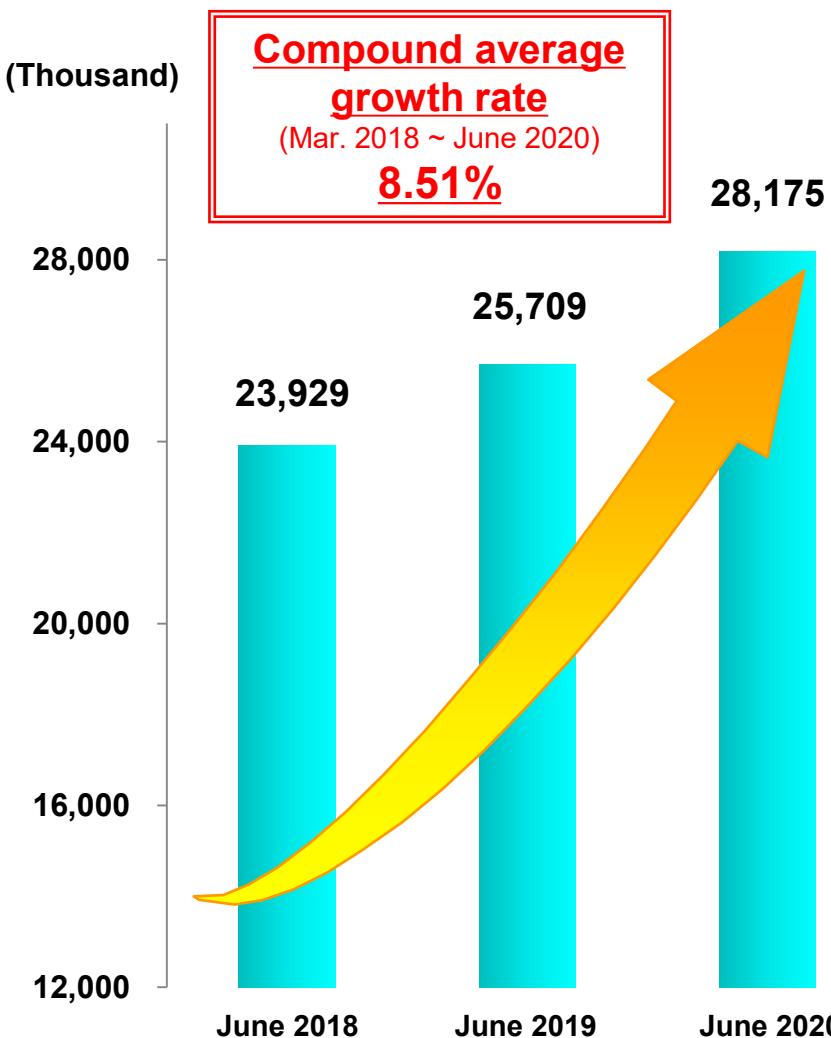
CRYPTO (crypto-asset mining)

(JPY million)

	1Q FY2019 (Apr. – June 2019)	1Q FY2020 (Apr. – June 2020)
Profit before income tax expense	844	-237

5. State of the Group:

SBI Group's Customer Base, which was Expanded through the Thorough Pursuit of the Customer-centric Principle and Group Synergies



Breakdown of the Customer Base

(As of the end of June 2020)*1,2 (Thousands)

SBI SECURITIES	(No. of accounts)	5,701
SBI NEOMOBILE SECURITIES		
SBIH InsWeb	(No. of customers)	9,813
E-LOAN	(No. of customers)	2,813
MoneyLook	(Total no. of customer registrations)	950
Morningstar Japan	(Total no. of service users) *3	1,017
SBI Sumishin Net Bank	(No. of accounts)	4,076
SBI Insurance	(Total no. of contracts)	1,101
SBI Life Insurance	(Total no. of contracts) *4	201
Others (SBI Point etc.)	—	2,504
Total	—	28,175

*1 The cases that customers who are not identified as the same person within each service website and overlapping customers among the Group companies are double counted

*2 Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation, are not included in the figures for the past customer bases

*3 Includes the number of smartphone app downloads, as provided by Morningstar Japan

*4 The total number of contracts of SBI Life Insurance includes number of insured persons with group credit life insurance

Number of Companies and Consolidated Employees of the SBI Group

Number of group companies

	Mar. 2020	June 2020
Consolidated subsidiary (companies)	247	249
Consolidated partnerships (partnerships)	21	26
Total consolidated Subsidiaries (subsidiaries)	268	275
Equity method companies (companies)	34	33
Total group companies (companies)	302	308

Number of consolidated employees

	Mar. 2020	June 2020
Total employees (persons)	8,003	8,257

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