

SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED MARCH 31, 2024

The board of directors (the “Directors”) of SBI HOLDINGS, INC. (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended March 31, 2024.

(Amounts are rounded to the nearest million Japanese yen)

1. Consolidated Financial Results

(1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Revenue		Profit before income tax expense		Profit for the year		Profit attributable to owners of the Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	1,210,504	26.5	141,569	38.6	113,616	58.5	87,243	146.1
Fiscal year ended March 31, 2023	956,977	25.3	102,140	(75.3)	71,696	(79.8)	35,445	(90.3)

	Total comprehensive income		Basic earnings per share attributable to owners of the Company	Diluted earnings per share attributable to owners of the Company
	Millions of yen	%	Yen	Yen
Fiscal year ended March 31, 2024	190,357	113.2	316.43	285.60
Fiscal year ended March 31, 2023	89,305	(76.5)	133.87	118.34

	Ratio of profit to equity attributable to owners of the Company	Ratio of profit before income tax expense to total assets	Ratio of operating income to operating revenue
	%	%	%
Fiscal year ended March 31, 2024	7.7	0.6	11.7
Fiscal year ended March 31, 2023	3.7	0.5	10.7

(Note) Share of results of associates Fiscal year ended March 31, 2024: 14,513 million yen
Fiscal year ended March 31, 2023: 6,376 million yen

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2024	27,209,391	1,907,346	1,262,209	4.6	4,181.45
March 31, 2023	22,301,975	1,751,982	1,016,112	4.6	3,731.17

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2024	1,345,740	(65,116)	29,172	4,580,335
Fiscal year ended March 31, 2023	960,743	(1,075,054)	810,425	3,200,916

2. Dividends

(Declared date)	Dividend per share					Total dividend (annual)	Payout ratio (cons.)	Ratio of dividend to equity attributable to owners of the Company (cons.)
	End of 1 st Q	End of 2 nd Q	End of 3 rd Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	—	30.00	—	120.00	150.00	40,847	112.0	4.0
Fiscal year ended March 31, 2024	—	30.00	—	130.00	160.00	47,499	50.6	4.0
Fiscal Year ending March 31, 2025 (forecast) (Note)	—	—	—	—	—		—	

(Note) The year-end dividend of 130 yen consists of common dividend of 120 yen and commemorative dividend of 10 yen for the 25th anniversary of the foundation of the Company. Fiscal year ending March 31, 2025 forecast is to be determined.

3. Total number of shares outstanding (Common stock)

- (1) Number of shares outstanding (including treasury stock) : March 31, 2024 : 301,889,807 shares
: March 31, 2023 : 272,358,290 shares
- (2) Number of treasury stock : March 31, 2024 : 30,696 shares
: March 31, 2023 : 27,451 shares
- (3) Average number of shares outstanding : Year ended March 31, 2024 : 275,712,057 shares
: Year ended March 31, 2023 : 264,766,019 shares

The Group prepared the consolidated financial statements in accordance with IFRSs.

(Reference Information)
Non-consolidated Financial Results

(1) Non-consolidated Operating Results

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	76,488	6.3	44,483	10.5	30,618	9.9	40,947	(19.3)
Fiscal year ended March 31, 2023	71,943	(6.7)	40,247	(19.9)	27,867	(37.9)	50,732	38.3

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2024	148.51	132.68
Fiscal year ended March 31, 2023	191.61	164.70

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ratio of shareholder's equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	1,913,840	561,955	29.3	1,855.06
March 31, 2023	1,521,734	476,547	31.0	1,734.68

(Note) Shareholders' equity

Fiscal year ended March 31, 2024: 559,967 million yen
 Fiscal year ended March 31, 2023: 472,407 million yen

The non-consolidated financial results were prepared in accordance with JGAAP.

This financial summary is not subject to audit.

1. BUSINESS RESULTS

(1) Overview of Business Results for the Fiscal Year

The Group's consolidated results of operations for the fiscal year ended March 31, 2024, were as follows. Revenue increased 26.5% year-on-year to ¥1,210,504 million, profit before income tax expense increased 38.6% to ¥141,569 million and profit attributable to owners of the Company increased 146.1% to ¥87,243 million. The increase was mainly due to an increase in "income arising from financial assets measured at amortized cost" in the Financial Services Business and an increase in "income arising from financial assets measured at FVTPL" in the Investment Business.

The Group has applied IFRS 17 from the first quarter of the fiscal year ended March 31, 2024. The figure for the fiscal year ended March 31, 2023 has been retrospectively adjusted to reflect this change in accounting policy.

The results of operations for each reporting segment of the Group for the fiscal year ended March 31, 2024, were as follows.

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

	Revenue			Profit before income tax expense		
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	845,166	1,031,439	22.0	152,040	164,981	8.5
Asset Management Business	27,966	29,449	5.3	10,123	4,843	(52.2)
Investment Business	36,684	88,353	140.8	(16,661)	(8,288)	-
Crypto-asset Business	30,320	57,142	88.5	(18,429)	8,428	-
Non-Financial Business	26,238	26,637	1.5	(3,253)	(4,952)	-
Total	966,374	1,233,020	27.6	123,820	165,012	33.3
Elimination or Corporate	(9,397)	(22,516)	-	(21,680)	(23,443)	-
Consolidated Total	956,977	1,210,504	26.5	102,140	141,569	38.6

(% represents year-on-year changes)

(Financial Services Business)

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

The results of operations of the Financial Services Business for the fiscal year ended March 31, 2024, were as follows. Revenue increased 22.0% year-on-year to ¥1,031,439 million, and profit before income tax expense increased 8.5% year-on-year to ¥164,981 million. This was mainly due to an increase in "income arising from financial assets measured at amortized cost" in banking business.

(Asset Management Business)

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

The results of operations of the Asset Management Business for the fiscal year ended March 31, 2024, were as follows. Revenue increased 5.3% year-on-year to ¥29,449 million, and profit before income tax expense decreased 52.2% year-on-year to ¥4,843 million. This was mainly due to the recording of 8,000 million yen in revenue because of returning the "Morningstar" brand to Morningstar, Inc. (Illinois, U.S.A.) in the fiscal year ended March 31, 2023.

(Investment Business)

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

The results of operations of the Investment Business for the fiscal year ended March 31, 2024, were as follows. Revenue increased 140.8% year-on-year to ¥88,353 million, and loss before income tax expense amounted to ¥8,288 million (¥16,661 million of loss before income tax expense for the fiscal year ended March 31, 2023). This was mainly due to an increase in "Income arising from financial assets measured at FVTPL" recognized on investments in companies.

(Crypto-asset Business)

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

The results of operations of the Crypto-asset Business for the fiscal year ended March 31, 2024, were as follows. Revenue increased 88.5% year-on-year to ¥57,142 million, and profit before income tax expense amounted to ¥8,428 million for the fiscal year ended March 31, 2024 (¥18,429 million of loss before income tax expense for the fiscal year ended March 31, 2023). This was mainly due to an increase in crypto asset prices.

(Next Gen Business)

The Next Gen Business primarily consists of Biotechnology, Healthcare & Medical Informatics Business which includes development and distribution of pharmaceutical products, health foods, and cosmetics with 5-aminolevulinic acid (5-ALA), a kind of amino acid which exists in vivo, research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology, the digitization of medical and health information, providing solutions and services that promote and the use of medical big data, and medical finance, business working on advanced fields related to Web 3, renewable energy business, and business developing in new overseas markets including Africa.

The results of operations of the Next Gen Business for the fiscal year ended March 31, 2024, were as follows. Revenue increased 1.5% year-on-year to ¥26,637 million, and loss before income tax expense amounted to ¥4,952 million for the fiscal year ended March 31, 2024 (¥3,253 million of loss before income tax expense for the fiscal year ended March 31, 2023).

(2) Overview of Financial Conditions for the Fiscal Year

As at March 31, 2024, total assets amounted to ¥27,209,391 million and increased by ¥4,907,416 million from total assets of ¥22,301,975 million as at March 31, 2023. The Group's equity increased by ¥155,364 million to ¥1,907,346 million from the fiscal year ended March 31, 2023. As at March 31, 2024, the Group's cash and cash equivalents amounted to ¥4,580,335 million and increased by ¥1,379,419 million from that of ¥3,200,916 million as at March 31, 2023. The changes of cash flows for each activity and the reasons for changes are as follows:

(Operating Cash Flows)

Cash flows from operating activities amounted to ¥1,345,740 million in net cash inflows (¥960,743 million in net cash inflows for the year ended March 31, 2023). The net cash inflows were primarily due to a ¥1,397,222 million cash inflow from an increase in customer deposits for banking business and a ¥748,701 million cash inflow from an increase in bonds and loans payable in banking business, despite a ¥1,006,261 million cash outflow from an increase in trade and other accounts receivables.

(Investing Cash Flows)

Cash flows from investing activities amounted to ¥65,116 million in net cash outflows (¥1,075,054 million in net cash outflows for the year ended March 31, 2023). The net cash outflows were primarily due to a ¥1,834,145 million cash outflow from a purchase of investment securities, despite a ¥1,843,947 million cash inflow from proceeds from sales or redemption of investment securities.

(Financing Cash Flows)

Cash flows from financing activities amounted to ¥29,172 million in net cash inflows (¥810,425 million in net cash inflows for the year ended March 31, 2023). The net cash inflows were primarily due to a ¥2,098,864 million cash inflow from proceeds from issuance of bonds payable, despite a ¥1,747,111 million cash outflow from a redemption of bonds payable, a ¥157,131 million cash outflow from repayment of long-term loans payable, and a ¥146,991 million cash outflow from an increase in short term loans payable.

2. THE BASIC CONCEPT REGARDING SELECTION OF ACCOUNTING STANDARDS

The Group applied IFRS from the fiscal year ended March 31, 2013 in order to improve the international comparability of financial information in the capital markets.

3. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(1) Consolidated Statement of Financial Position

	As at March 31, 2023	As at March 31, 2024
	Millions of Yen	Millions of Yen
Assets		
Cash and cash equivalents	3,200,916	4,580,335
Trade and other accounts receivable	10,484,222	11,676,228
Inventories	98,149	240,398
Assets related to securities business	4,517,282	6,165,370
Other financial assets	457,727	567,190
Operational investment securities	581,364	673,625
Other investment securities (includes ¥222,987 million and ¥388,333 million pledged as collateral)	1,997,856	2,088,542
Reinsurance contracts assets	24,033	24,270
Investments accounted for using the equity method	199,882	222,010
Investment properties	72,124	79,665
Property and equipment	124,655	133,777
Intangible assets	366,040	415,699
Assets held for sale	75,873	184,001
Other assets	87,280	138,766
Deferred tax assets	14,572	19,515
Total assets	22,301,975	27,209,391
Liabilities		
Bonds and loans payable	3,680,355	4,547,079
Trade and other accounts payable	482,677	656,571
Liabilities related to securities business	3,888,249	5,527,306
Customer deposits for banking business	11,472,323	13,002,239
Insurance contract liabilities	151,952	155,046
Income tax payable	16,951	19,036
Other financial liabilities	595,150	871,305
Provisions	43,811	36,853
Liabilities directly associated with assets held for sale	47,283	138,506
Other liabilities	121,082	286,443
Deferred tax liabilities	50,160	61,661
Total liabilities	20,549,993	25,302,045
Equity		
Capital stock	139,272	180,400
Capital surplus	186,774	280,185
Treasury stock	(76)	(87)
Other components of equity	61,047	125,726
Retained earnings	629,095	675,985
Equity attributable to owners of the Company	1,016,112	1,262,209
Non-controlling interests	735,870	645,137
Total equity	1,751,982	1,907,346
Total liabilities and equity	22,301,975	27,209,391

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statement of Income

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

Consolidated Statement of Comprehensive Income

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

(3) Consolidated Statement of Changes in Equity

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

(4) Consolidated Statement of Cash flows

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of Yen	Millions of Yen
Cash flows from operating activities		
Profit before income tax expense	102,140	141,569
Depreciation and amortization	56,129	55,432
Gain on bargain purchase	(2,460)	(2,823)
Share of profits of associates and joint ventures accounted for using the equity method	(6,376)	(14,513)
Interest and dividend income	(424,950)	(531,906)
Interest expense	123,818	206,078
Increase in operational investment securities	(50,286)	(76,851)
Increase in trade and other accounts receivables	(1,818,690)	(1,006,261)
Increase (decrease) in trade and other accounts payable	(38,059)	141,447
Increase in assets/liabilities related to securities business	(397,031)	(8,520)
Increase in customer deposits for banking business	3,776,127	1,397,222
(Decrease) increase in bonds and loans payable in banking business	(611,135)	748,701
(Decrease) increase in payables under securities lending transactions	(17,430)	163,695
Others	(10,825)	(166,379)
Subtotal	680,972	1,046,891
Interest and dividend income received	422,429	517,379
Interest paid	(103,160)	(190,435)
Income taxes paid	(39,498)	(28,095)
Net cash generated from operating activities	960,743	1,345,740
Cash flows from investing activities		
Purchase of investment property	(44,076)	(21,368)
Purchase of intangible assets	(37,568)	(43,480)
Purchase of investment securities	(3,026,500)	(1,834,145)
Proceeds from sales or redemption of investment securities	2,104,558	1,843,947
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(6,597)	(7,030)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	16	2,499
Payments of loans receivable	(141,533)	(176,344)
Collection of loans receivable	115,954	158,211
Others	(39,308)	12,594
Net cash used in investing activities	(1,075,054)	(65,116)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of Yen	Millions of Yen
Cash flows from financing activities		
Increase (decrease) in short term loans payable	375,205	(146,991)
Proceeds from long-term loans payable	186,037	113,489
Repayment of long-term loans payable	(71,266)	(157,131)
Proceeds from issuance of bonds payable	1,342,878	2,098,864
Redemption of bonds payable	(1,062,876)	(1,747,111)
Proceeds from issuance of shares	79,865	9,897
Proceeds from stock issuance to non-controlling interests	18,305	9,608
Contributions from non-controlling interests in consolidated investment funds	39,877	25,802
Cash dividends paid	(37,580)	(40,929)
Cash dividends paid to non-controlling interests	(512)	(4,461)
Distributions to non-controlling interests in consolidated investment funds	(16,355)	(9,729)
Purchase of treasury stock	(16)	(12)
Proceeds from sale of interests in subsidiaries to non-controlling interests	5,087	17,773
Payments for purchase of interests in subsidiaries from non-controlling interests	(32,503)	(122,074)
Others	(15,721)	(17,823)
Net cash generated from financing activities	810,425	29,172
Net increase in cash and cash equivalents	696,114	1,309,796
Cash and cash equivalents at the beginning of the year	2,499,370	3,200,916
Effect of changes in exchange rate on cash and cash equivalents	5,432	69,623
Cash and cash equivalents at the end of the year	3,200,916	4,580,335

(5) Notes to Consolidated Financial Statements

1. Changes in Accounting Policies

Except for the following standard that has been newly applied, the accounting policies adopted in the consolidated financial statements for the fiscal year ended March 31, 2023, are applied consistently in the preparation of these consolidated financial statements.

Statement of standards	Summary of new standards and amendments
IFRS 17 Insurance Contracts	Revision to the definition and accounting treatment of insurance contracts

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

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

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

(Fully retrospective approach)

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

(Fair value approach)

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

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

Some of the groups of insurance contracts that are measured by applying the fair value approach include contracts issued more than one year apart. The Group determines the discount rates at the date of initial recognition of such groups at the date of transition instead of at the date of initial recognition.

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

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

(a) Aggregation

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

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

(b) Initial recognition

Insurance contracts

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

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

(c) Measurement

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the Group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with insurance contract services.

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

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

(a) Fulfilment cash flows

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

(b) CSM

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

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

(Subsequent measurement)

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

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

(ii) Insurance contracts — Contracts to which the PAA is applied

For insurance contracts with a coverage period of no more than one year at initial recognition, and certain insurance contracts that would not differ materially in the measurement of liability for

remaining coverage from the one that would be produced when measured without applying the PAA, the Group applies the PAA for measuring a group of insurance contracts.

(Initial measurement)

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

(Subsequent measurement)

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

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

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

(d) Income and expenses

(i) Insurance revenue

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

(Contracts to which the PAA is not applied)

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

(Contracts to which the PAA is applied)

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

(ii) Insurance service expenses

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

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

(iii) Insurance finance income or expenses

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

presented as fluctuations in discount rates of insurance contracts in the consolidated statement of comprehensive income.

2. Segment Information

The Group reports five business segments, including Financial Services Business, Asset Management Business, Investment Business, Crypto-asset Business that is expected to continue to grow, and Next Gen Business which includes Biotechnology, Healthcare & Medical Informatics Business and the business working on advanced fields related to Web 3.0.

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

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

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

"Financial Services Business"

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

"Asset Management Business"

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

"Investment Business"

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

"Crypto-asset Business"

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

"Next Gen Business"

The Next Gen Business primarily consists of Biotechnology, Healthcare & Medical Informatics Business which includes development and distribution of pharmaceutical products, health foods, and cosmetics with 5-aminolevulinic acid (5-ALA), a kind of amino acid which exists in vivo, research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology, the digitization of medical and health information, providing solutions and services that promote and the use of medical big data, and medical finance, business working on advanced fields related to Web 3.0, renewable energy business, and business developing in new overseas markets including Africa.

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

From this fiscal year, the Group reports five business segments, including Financial Services Business, Asset Management Business, Investment Business, Crypto-asset Business that is expected to continue to grow, and Next Gen Business which includes Biotechnology, Healthcare & Medical Informatics Business and the business working on advanced fields related to Web 3.0.

The results of operations for each reporting segment of the Group for the fiscal year ended March 31, 2024, were as follows.

For the year ended March 31, 2023

	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue	845,166	27,966	36,684	30,320	26,238	966,374	(9,397)	956,977
Profit (loss) before income tax expense	152,040	10,123	(16,661)	(18,429)	(3,253)	123,820	(21,680)	102,140

For the year ended March 31, 2024

	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue	1,031,439	29,449	88,353	57,142	26,637	1,233,020	(22,516)	1,210,504
Profit (loss) before income tax expense	164,981	4,843	(8,288)	8,428	(4,952)	165,012	(23,443)	141,569

3. Revenue

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (Note 1)	396,530	488,677
Income arising from debt instruments measured at FVTOCI (Note 2)	7,882	11,435
Income arising from financial assets measured at FVTPL	61,845	41,497
Income arising from financial liabilities designated at FVTPL	(244)	(2,959)
Others	24,029	52,236
Total financial income	490,042	590,886
Insurance Revenue	80,537	87,665
Revenue from contracts with customers		
Revenue from rendering of services	185,461	220,659
Revenue from sales of goods	48,854	108,311
Others	152,083	202,983
Total revenue	956,977	1,210,504

(Note 1) Interest income arising from loans and bonds in the banking and securities businesses.

(Note 2) Interest income arising from bonds in the banking and insurance businesses.

4. Earnings per Share

The basic and diluted earnings per share attributable to owners of the Company are calculated based on the following information.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Millions of yen	Millions of yen
Earnings		
Profit attributable to owners of the Company	35,445	87,243
Dilutive effect: Convertible bonds	764	567
Profit attributable to owners of the Company after dilutive effect	36,209	87,810
Shares	Shares	Shares
Basic weighted average number of ordinary shares	264,766,019	275,712,057
Dilutive effect: Stock options	1,651,841	1,915,609
Dilutive effect: Convertible bonds	39,567,668	29,827,618
Weighted average number of ordinary shares after the dilutive effect	305,985,528	307,455,284
Earnings per share attributable to owners of the Company	Yen	Yen
Basic	133.87	316.43
Diluted	118.34	285.60

5. Events after the Reporting Period

There was no significant event after the reporting period.