



Consolidated Financial Results (Japanese Accounting Standards) for the Second Quarter of the Fiscal Year ending March 31, 2023

October 26, 2022

Company name Morningstar Japan K. K. Stock exchange listing: Tokyo Stock Exchange
 Stock code 4765 URL <https://www.morningstar.co.jp/>
 Representative (Title) Representative Director and President (Name) Tomoya Asakura
 Person responsible for disclosure (Title) Managing Executive Officer and General Manager of Administration Department (Name) Kazuhisa Ogawa TEL 03-6229-0810
 Scheduled date for filing of quarterly report: November 4, 2022
 Scheduled date of payment of dividends: December 1, 2022
 Supplementary documents for quarterly financial results: None
 Quarterly financial results briefing: Yes (We will post a video of the briefing on our official website, targeting analysts and institutional investors.)

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year ending March 31, 2023 (April 1, 2022 to September 30, 2022)

(1) Consolidated Results of Operations (cumulative)

(Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Second quarter of Fiscal Year ending March 31, 2023	4,080	3.6	1,022	2.9	1,234	4.9	725	0.3
Second quarter of Fiscal Year ended March 31, 2022	3,937	8.9	993	13.9	1,176	10.0	724	3.9

(Note) Comprehensive income Second quarter of Fiscal Year ending March 31, 2023 746 million yen (Δ 48.3%)
 Second quarter of Fiscal Year ended March 31, 2022 1,445 million yen (66.2%)

	Net income per share (basic)	Net income per share (diluted)
	yen	yen
Second quarter of Fiscal Year ending March 31, 2023	8.10	—
Second quarter of Fiscal Year ended March 31, 2022	8.07	—

Diluted net income per share is not stated as there are no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
Second quarter of Fiscal Year ending March 31, 2023	13,711	12,207	85.2	125.90
Fiscal Year ended March 31, 2022	14,055	12,273	84.0	131.64

(Reference) Shareholders' equity Second quarter of Fiscal Year ending March 31, 2023 11,682 million yen
 Fiscal Year ended March 31, 2022 11,804 million yen

2. Dividends

	Dividend				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
Fiscal Year ended March 31, 2022	yen —	yen 8.00	yen —	yen 9.00	yen 17.00
Fiscal Year ending March 31, 2023	—	8.25			
Fiscal Year ending March 31, 2023 (forecast)			—	—	—

(Note) Revision to the most recently announced dividend forecast: None

The forecast of the year-end dividend for the fiscal year ending March 31, 2023 has yet to be determined.

3. Forecast of Consolidated Financial Results for the Fiscal Year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

The forecast of consolidated financial results for the fiscal year ending March 31, 2023 has yet to be determined.

(Note) Revision to the most recently announced earnings forecast: None

* Notes

(1) Changes in significant subsidiaries during the quarter under review

(changes in specified subsidiaries affecting the scope of consolidation): Yes

New - (Company name)	Excluded 2 companies (Company name)	SBI Bond Investment Management Co., Ltd., SBI Regional Revitalization Asset Management Co., Ltd.
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(2) Application of special accounting treatment for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies and estimates, and retrospective restatements

1) Changes in accounting policies caused by revision of accounting standards : Yes

2) Changes in accounting policies other than 1) : None

3) Changes in accounting estimates : None

4) Retrospective restatements : None

(4) Number of shares issued (common stock)

1) Number of shares outstanding at end of period (including treasury stocks)	Q2, Fiscal Year ending March 31, 2023	89,673,600 shares	Fiscal Year ended March 31, 2022	89,673,600 shares
2) Number of treasury stocks at end of period	Q2, Fiscal Year ending March 31, 2023	170 shares	Fiscal Year ended March 31, 2022	170 shares
3) Average number of shares during the period (quarterly cumulative)	Q2, Fiscal Year ending March 31, 2023	89,673,430 shares	Q2, Fiscal Year ending March 31, 2022	89,673,430 shares

* This quarterly financial summary is outside the scope of the quarterly review performed by certified accountants and auditors.

* Explanation regarding the appropriate use of financial forecasts and other special items

(Dividend forecast of Fiscal Year ending March 31, 2023)

The year-end dividend forecast for the Fiscal Year ending March 31, 2023 has yet to be determined. It will be disclosed as soon as the dividend per share is determined after comprehensively taking into account future business performance, etc.

(How to obtain the financial results briefing)

A briefing of financial results for analysts is scheduled to be held on October 26, 2022. We will post a video of the briefing on our official website promptly after it is held.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

(1) Summary of consolidated financial results

Regarding the consolidated financial results for the second quarter of the current fiscal year (from April 1, 2022 to September 30, 2022), under the severe market environment in which the values of both stocks and bonds fell substantially, the Asset Management Business saw the Group's balance of assets under management increase by 611.2 billion yen from the end of the same period of the previous fiscal year (September 30, 2021) to the end of the current quarter (September 30, 2022), and management fees (trust fees) increased due to a rising investment balance. As a result, sales of the Asset Management Business amounted to 3,020 million yen, an increase of 113 million yen (3.9%) from the same period of the previous fiscal year (from April 1, 2021 to September 30, 2021).

In the Financial Services Business, the number of provided Wealth Advisors for tablets used by advisors at financial institutions engaged in sales continued to increase. In addition, there was an increase in the number of financial institutions using our independently developed investment-related tool applications on the internet. As a result, sales of the Financial Services Business totaled 1,059 million yen, an increase of 29 million yen (2.9%) from the same period of the previous fiscal year.

As a result, for the consolidated business results for the second quarter of the fiscal year under review, sales amounted to 4,080 million yen, an increase of 142 million yen (3.6%) from 3,937 million yen for the same period of the previous fiscal year.

Moreover, cost of sales was 1,821 million yen, an increase of 30 million yen (1.7%) from 1,791 million yen for the same period of the previous fiscal year. Selling, general and administrative expenses were 1,235 million yen, an increase of 83 million yen (7.2%) from 1,152 million yen for the same period of the previous fiscal year.

As a result, operating income for the second quarter of the fiscal year under review amounted to 1,022 million yen, an increase of 29 million yen (2.9%) from 993 million yen for the same period of the previous fiscal year.

With non-operating income increasing by 22 million yen and non-operating expenses decreasing by 6 million yen compared with the same period of the previous fiscal year, ordinary income for the period under review totaled 1,234 million yen, an increase of 57 million yen (4.9%) from 1,176 million yen for the same period of the previous fiscal year.

As a result of the above, income before income taxes amounted to 1,228 million yen, an increase of 56 million yen (4.8%) from 1,172 million yen in the same period of the previous fiscal year. However, net income attributable to owners of parent for the period under review was 725 million yen, an increase of 1 million yen (0.3%) from 724 million for the same period of the previous fiscal year, because income attributable to owners of parent increased during the same period of the previous fiscal year due to a refund of prior year income taxes received by Carret Asset Management LLC, a U.S. subsidiary, in the same period of the previous fiscal year.

Summary of Financial Results

	Second quarter of Fiscal Year ended March 31, 2022		Second quarter of Fiscal Year ending March 31, 2023		Increase/Decrease	
	Amount (Thousand yen)	Profit rate (%)	Amount (Thousand yen)	Profit rate (%)	Amount (Thousand yen)	Rate (%)
Net sales	3,937,555		4,080,237		142,682	3.6
Operating income	993,569	25.2%	1,022,580	25.1	29,010	2.9
Ordinary income	1,176,443	29.9%	1,234,243	30.2	57,799	4.9
Net income attributable to owners of parent	724,028	18.4%	725,949	17.8	1,921	0.3

Consolidated net sales increased for the 11th consecutive year and record high sales were recorded for the 6th consecutive year.

Operating income increased for the 3rd consecutive year and record high income was achieved for the 2nd consecutive year.

Ordinary income increased for the 13th consecutive year and record high income was achieved for the 11th consecutive year.

Profit attributable to owners of parent increased for the 13th consecutive year and record high profit was achieved for the 8th consecutive year.

Sales by segment and by service were as follows.

Sales by Segment	Second quarter of the previous fiscal year, from April 1, 2021 to September 30, 2021		Second quarter of the current fiscal year, from April 1, 2022 to September 30, 2022		Rate of change (%)
	Amount (Thousand yen)	Rate (%)	Amount (Thousand yen)	Rate (%)	
Asset Management Business	2,907,482	73.8	3,020,514	74.0	3.9
Financial Services Business	1,030,072	26.2	1,059,723	26.0	2.9
Consolidated net sales	3,937,555	100.00	4,080,237	100.0	3.6

1) Asset Management Business

For two management companies and one investment advisory company, each a subsidiary, the combined total balance of assets under management increased 18.3% year on year to 3.94 trillion yen at the end of the quarter under review (September 30, 2022) from 3.33 trillion yen at the end of the same quarter of the previous fiscal year (September 30, 2021). Sales of the Asset Management Business for the second quarter of the fiscal year under review increased by 113 million yen (3.9%) year on year to 3,020 million yen from 2,907 million yen for the same period of the previous fiscal year, as management fees (trust fees) increased due to a rising investment balance.

Segment income was 751 million yen, an increase of 4 million yen (0.6%) from 747 million yen for the same period of the previous fiscal year.

2) Financial Services Business

The number of "Wealth Advisors" used by financial institutions distributing investment trusts rose to 115,101 units, an increase of 2,471 units (2.2%) from 112,630 units at the end of the same quarter of the previous fiscal year, and data sales for tablet applications also increased. In addition, as a result of an expansion in the number of financial institutions using our independently developed investment-related tool applications online, sales of the Financial Services Business for the second quarter of the fiscal year under review were 1,059 million yen, an increase of 29 million yen (2.9%) from 1,030 million yen in the same period of the previous fiscal year.

Segment income was 271 million yen, an increase of 24 million yen (10.1%) from 246 million yen for the same period of the previous fiscal year.

(2) Explanation of Financial Position

1) Analysis of Financial Position

Total assets decreased by 343 million yen from the end of the previous consolidated fiscal year to 13,711 million yen.

This was due to a decrease of 3,045 million yen in current assets, and an increase of 2,707 million yen in non-current assets. The decrease in current assets was mainly due to a decrease in cash and cash equivalents by 2,563 million yen.

The decrease in cash and cash equivalents was due to a dividend payment of 807 million yen and the purchase of 3,000 million yen worth of investment securities.

The increase in non-current assets was mainly due to an increase of 2,644 million yen in investment securities and of 96 million yen in goodwill.

The increase in investment securities was due to the purchase of 3,000 million yen worth of other securities.

The increase in goodwill was due to an increase in the yen value of goodwill associated with a U.S. subsidiary as a result of foreign currency translation. Total liabilities decreased by 277 million yen from the end of the previous consolidated fiscal year to 1,504 million yen.

The decrease in liabilities was mainly due to a decrease in income taxes payable by 201 million yen. The decrease in income taxes payable was due to the timing of tax payments.

For the period under review, 725 million yen in net income attributable to owners of parent was recorded and 807 million yen in dividends was paid; as a result, retained earnings decreased by 81 million yen to 4,358 million yen.

Valuation difference on available-for-sale securities decreased by 329 million yen due to declines in their fair value.

Foreign currency translation adjustments increased by 264 million yen due to the yen's depreciation, which widened the difference between the exchange rate at the time of acquisition of shares of a U.S. subsidiary and the exchange rate for the period under review.

As a result, total net assets decreased by 65 million yen from the end of the previous consolidated fiscal year to 12,207 million yen.

2) Cash Flows

The balance of cash and cash equivalents at the end of the second quarter of the current consolidated fiscal year decreased by 1,638 million yen from the end of the previous consolidated fiscal year to 2,629 million yen. The status of each cash flow is as follows.

(Cash flows from operating activities)

Cash flows from operating activities increased by 1,259 million yen from the previous consolidated fiscal year to 1,528 million yen (inflow).

This was mainly due to the recording of 1,228 million yen in profit before income taxes, 535 million yen in income taxes paid, and 644 million yen in refunds.

(Cash flows from investing activities)

Cash flows from investing activities decreased by 3,019 million yen from the previous consolidated fiscal year to 3,151 million yen (outflow).

This was mainly due to the purchase of 137 million yen worth of intangible assets and the purchase of 3,000 million yen worth of investment securities.

(Cash flows from financing activities)

Cash flows from financing activities decreased by 57 million yen from the previous consolidated fiscal year to 849 million yen (outflow).

This was mainly due to dividends paid of 807 million yen and lease liabilities paid of 33 million yen.

(3) Business and Financial Issues to Be Addressed on a Priority Basis

During the second quarter of the current consolidated fiscal year, there were no significant changes in the issues to be addressed by the Group.

(4) Research and Development Activities

Not applicable

(5) Explanation about Future Forecast Information such as Consolidated Earnings Forecast

Regarding the forecast for the current fiscal year, it is difficult to predict the trends over the course of the current fiscal year in the financial market closely related to our business, rendering it challenging to make a rational calculation of the business results at the moment, so we have yet to decide the forecast at this time.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Thousand yen)

	Previous Fiscal Year (As of March 31, 2022)	Second Quarter of Current Fiscal Year (As of September 30, 2022)
ASSETS		
Current assets		
Cash and cash equivalents	5,176,612	2,612,939
Accounts receivable	1,611,378	1,673,899
Inventories	*1 1,263	*1 1,475
Other investments and other assets	814,825	270,343
Total current assets	7,604,080	4,558,657
Non-current assets		
Tangible fixed assets	*2 149,951	*2 101,215
Intangible fixed assets		
Goodwill	1,786,713	1,883,708
Software	1,076,849	1,225,785
Other investments and other assets	282,050	32,470
Total intangible assets	3,145,612	3,141,963
Investments and other assets		
Investment securities	2,624,582	5,268,900
Deferred tax asset	345,615	438,642
Other investments and other assets	166,511	188,794
Total investments and other assets	3,136,709	5,896,336
Total non-current assets	6,432,274	9,139,516
Deferred assets		
Stock issuance cost	19,003	13,795
Total deferred assets	19,003	13,795
TOTAL ASSETS	14,055,358	13,711,969

	(Thousand yen)	
	Previous Fiscal Year (As of March 31, 2022)	Second Quarter of Current Fiscal Year (As of September 30, 2022)
LIABILITIES		
Current liabilities		
Accounts payable-trade	62,618	56,685
Accounts payable-other	748,528	741,309
Lease payable	69,089	11,905
Income taxes payable	464,822	262,896
Consumption taxes payable	90,498	32,333
Other investments and other assets	346,255	399,099
Total current liabilities	1,781,813	1,504,230
TOTAL LIABILITIES	1,781,813	1,504,230
NET ASSETS		
Shareholders' equity		
Common stock	3,363,635	3,363,635
Capital surplus	4,478,772	4,503,021
Retained earnings	4,439,392	4,358,281
Treasury stocks	△29	△29
Total shareholders' equity	12,281,770	12,224,908
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△513,787	△843,576
Foreign currency translation adjustments	36,309	300,873
Total accumulated other comprehensive income	△477,478	△542,702
Non-controlling shareholders' equity	469,252	525,531
TOTAL NET ASSETS	12,273,545	12,207,738
TOTAL LIABILITIES AND NET ASSETS	14,055,358	13,711,969

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statement of Income)
(Second quarter of the fiscal year)

	(Thousand yen)	
	Second Quarter of Previous Fiscal Year (From April 1, 2021 to September 30, 2021)	Second Quarter of Current Fiscal Year (From April 1, 2022 to September 30, 2022)
Net sales	3,937,555	4,080,237
Cost of sales	1,791,641	1,821,803
Gross profit	2,145,913	2,258,433
Selling, general and administrative expenses	* 1,152,343	* 1,235,853
Operating income	993,569	1,022,580
Non-operating income		
Interest income	118,511	87,064
Dividends income	44,366	114,169
Gain on sale of investment securities	26,918	15,520
Other investments and other assets	5,889	1,589
Total non-operating income	195,685	218,344
Non-operating expenses		
Foreign exchange losses	7,446	252
Amortization of stock issuance cost	4,449	5,208
Other investments and other assets	915	1,220
Total non-operating expenses	12,811	6,680
Ordinary income	1,176,443	1,234,243
Extraordinary loss		
Loss on valuation of crypto assets	-	4,848
Loss on sale of investment securities	*2 4,035	*2 974
Total extraordinary loss	4,035	5,822
Income before income taxes	1,172,408	1,228,421
Income taxes-current	318,118	354,887
Income taxes-deferred	△4,085	61,486
Total income taxes	314,032	416,374
Profit	858,375	812,047
Net income attributable to non-controlling interests	134,347	86,097
Net income attributable to owners of parent	724,028	725,949

(Quarterly Consolidated Statement of
Comprehensive Income)
(Second quarter of the fiscal year)

	(Thousand yen)	
	Second Quarter of Previous Fiscal Year (From April 1, 2021 to September 30, 2021)	Second Quarter of Current Fiscal Year (From April 1, 2022 to September 30, 2022)
Profit	858,375	812,047
Other comprehensive income		
Valuation difference on available-for-sale securities	581,435	△329,788
Foreign currency translation adjustments	5,907	264,564
Total other comprehensive income	587,342	△65,224
Comprehensive income	1,445,717	746,822
(Breakdown)		
Comprehensive income attributable to owners of parent	1,281,271	666,295
Comprehensive income attributable to non-controlling interests	164,446	80,527

(3) Quarterly consolidated statement of cash flows

(Thousand yen)

	Second Quarter of Previous Fiscal Year (From April 1, 2021 to September 30, 2021)	Second Quarter of Current Fiscal Year (From April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Income before income taxes	1,172,408	1,228,421
Depreciation and amortization expenses	218,929	227,454
Amortization of long-term prepaid expenses	2,503	2,455
Amortization of goodwill	53,713	58,872
Amortization of stock issuance cost	4,449	5,208
Interest and dividend income	△162,877	△201,234
Loss (gain) on sale of investment securities	△22,883	△14,546
Foreign exchange losses (gains)	7,441	△632
Decrease (increase) in trade receivables	△245,406	△128,231
Decrease (increase) in inventories	△156	△211
Increase (decrease) in trade payables	△10,694	△5,932
Increase (decrease) in accounts payable - other	△92,720	63,104
Decrease (increase) in other current assets	△333,014	122,940
Increase (decrease) in other current liabilities	27,935	2,668
Sub total	619,627	1,360,336
Interest and dividend income received	19,297	58,811
Income taxes paid	△375,368	△535,401
Income tax refund amount	5,954	644,803
Cash flows from operating activities	269,510	1,528,549
Cash flows from investing activities		
Purchase of property, plant and equipment	△7,283	△1,637
Purchase of intangible assets	△161,184	△137,668
Proceeds from sales of investment securities	7,000	8,027
Purchase of investment securities	-	△3,000,000
Proceeds from sale of shares of subsidiaries and associates	33	-
Proceeds from refund of leasehold and guarantee deposits	30,000	-
Payments of leasehold and guarantee deposits	-	△19,779
Cash flows from investing activities	△131,435	△3,151,058
Cash flows from financing activities		
Cash dividends paid	△762,224	△807,060
Expenditure on acquisition of subsidiary shares without change in scope of consolidation	-	△9,000
Repayments of lease obligations	△29,829	△33,865
Cash flows from financing activities	△792,053	△849,925
Effect of exchange rate change on cash and cash equivalents	17,231	△75,010
Net increase (decrease) in cash and cash equivalents	△636,747	△2,547,445
Cash and cash equivalents at beginning of period	4,904,960	5,176,908
Cash and cash equivalents at end of period	*4,268,212	*2,629,463

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on the premise of a going concern)

Not applicable

(Change in the scope of consolidation or the scope of application of the equity method)

Change in scope of consolidation

During the second quarter of the consolidated fiscal year, SBI Bond Investment Co., Ltd. and SBI Regional Revitalization Asset Management Co., Ltd., which had been consolidated subsidiaries of the Company, were excluded from the scope of consolidation because they ceased to exist as a result of an absorption-type merger in which SBI Asset Management Co., Ltd., also a consolidated subsidiary of the Company, was the surviving company.

(Notes on the changes in accounting policies)

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance. No. 31, June 17, 2021; hereinafter, "the Implementation Guidance") has been applied since the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Implementation Guidance, the Company decided to apply the new accounting policies specified in the Implementation Guidance going forward. This change had no impact on the Company's quarterly consolidated financial statements.

(Application of special accounting treatment for preparing quarterly consolidated financial statements)

Not applicable

(Changes in accounting estimates)

Not applicable

(Notes on quarterly consolidated balance sheet)

*1 Breakdown of inventories

	(Thousand yen)	
	Previous Fiscal Year (As of March 31, 2022)	Second Quarter of Current Fiscal Year (As of September 30, 2022)
Work in process	-	15
Stocks	1,263	1,460

*2 Accumulated depreciation of tangible fixed assets

	(Thousand yen)	
	Previous Fiscal Year (As of March 31, 2022)	Second Quarter of Current Fiscal Year (As of September 30, 2022)
Accumulated depreciation	275,627	281,692

(Notes on quarterly consolidated statement of income)

* Major items of selling, general and administrative expenses

	(Thousand yen)	
	Second Quarter of Previous Fiscal Year (From April 1, 2021 to September 30, 2021)	Second Quarter of Current Fiscal Year (From April 1, 2022 to September 30, 2022)
Employee's salaries	486,407	507,309

(Notes on quarterly consolidated cash flows)

* Relationship between the quarterly balance of cash and cash equivalents at the end of the period and the amount of items posted on the quarterly consolidated balance sheet

(Thousand yen)

	Second Quarter of Previous Fiscal Year (From April 1, 2021 to September 30, 2021)	Second Quarter of Current Fiscal Year (From April 1, 2022 to September 30, 2022)
Cash and cash equivalents	4,267,916	2,612,939
Deposit to securities company account (of other current assets)	296	16,523
Cash and cash equivalents at end of period	4,268,212	2,629,463

(Notes on shareholders' equity)

I Second quarter of the previous fiscal year (from April 1, 2021 to September 30, 2021)

(1) Dividends paid

Resolution	Kind of shares	Source of dividends	Total dividends (Thousand yen)	Dividend per share (yen)	Date of right allotment	Effective date
May 14, 2021 Board of Directors	Common stock	Retained earnings	762,224	8.50	March 31, 2021	June 1, 2021

(2) Dividends whose effective date falls after the last day of the second quarter of the current fiscal year, among those whose record date falls in the said second quarter

Resolution	Kind of shares	Source of dividends	Total dividends (Thousand yen)	Dividend per share (yen)	Date of right allotment	Proposed effective date
September 22, 2021 Board of Directors	Common stock	Retained earnings	717,387	8.00	September 30, 2021	December 1, 2021

II Second quarter of the current fiscal year (from April 1, 2021 to September 30, 2021)

(1) Dividends paid

Resolution	Kind of shares	Source of dividends	Total dividends (Thousand yen)	Dividend per share (yen)	Date of right allotment	Effective date
May 19, 2022 Board of Directors	Common stock	Retained earnings	807,060	9.00	March 31, 2022	June 1, 2022

(2) Dividends whose effective date falls after the last day of the second quarter of the current fiscal year, among those whose record date falls in the said second quarter

Resolution	Kind of shares	Source of dividends	Total dividends (Thousand yen)	Dividend per share (yen)	Date of right allotment	Proposed effective date
September 22, 2022 Board of Directors	Common stock	Retained earnings	739,805	8.25	September 30, 2022	December 1, 2022

(Notes on significant change in shareholders' equity)

Not applicable

(Business combination)

(Transactions between entities under common control)

At the Board of Directors meeting held on June 23, 2022, the Company resolved to conduct an absorption-type merger regarding its consolidated subsidiaries, SBI Asset Management Co., Ltd., SBI Bond Investment Co., Ltd., and SBI Regional Revitalization Asset Management Co., Ltd., with SBI Asset Management Co., Ltd. as the surviving company, and conducted the said absorption-type merger on August 1, 2022.

1. Summary of Transactions

(1) The names of the parties to the combination and the details of their businesses

1) Company surviving absorption-type merger

Name: SBI Asset Management Co., Ltd.

Business details: Structuring and management of publicly and privately offered investment trusts, mainly equity funds

2) Company absorbed in absorption-type merger

1) Name: SBI Bond Investment Management Co., Ltd.

Business details: Structuring and management of publicly and privately offered investment trusts, mainly bond funds

2) Name: SBI Regional Revitalization Asset Management Co., Ltd.

Business details: Management of investment trusts, etc. for investment of regional financial institutions' own funds

(2) Date of business combination: August 1, 2022

(3) Legal form of business combination

An absorption-type merger with SBI Asset Management Co., Ltd. as the surviving company, and SBI Bond Investment Management Co., Ltd. and SBI Regional Revitalization Asset Management Co., Ltd. as the absorbed companies.

(4) Name of the combined entity

No change.

(5) Summary of the transaction, including its purpose

The Group's asset management business comprises a total of nine companies, including SBI Asset Management Co., Ltd., which mainly structures and manages low-cost index funds; SBI Bond Investment Management Co., Ltd. and SBI Regional Revitalization Asset Management Co., Ltd., which mainly structure and manage private placement investment trusts to support the advancement and diversification of regional financial institutions.

The purpose of the merger was to integrate management resources such as systems, data, and personnel, to improve operational efficiency and enhance profitability, and to further strengthen the risk management and compliance systems.

2. Summary of Accounting Treatment Implemented

These transactions are accounted for as transactions between entities under common control, in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No.21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10, January 16, 2019).

(Segment information etc.)

Segment information

1. Information on sales and income or loss for each reporting segment

Second quarter of the previous fiscal year (from April 1, 2021 to September 30, 2021)

(Thousand yen)

	Reporting segment			Matters concerning difference adjustment	Amount recorded on consolidated financial statements
	Asset Management Business	Financial Services Business	Total		
Net sales					
Sales to external customers	2,907,482	1,030,072	3,937,555	-	3,937,555
Internal sales or transfers between segments	37	12,094	12,131	△12,131	-
Total	2,907,520	1,042,166	3,949,686	△12,131	3,937,555
Segment operating income	747,289	246,280	993,569	-	993,569

Second quarter of the current fiscal year (from April 1, 2022 to September 30, 2022)

(Thousand yen)

	Reporting segment			Matters concerning difference adjustment	Amount recorded on consolidated financial statements
	Asset Management Business	Financial Services Business	Total		
Net sales					
Sales to external customers	3,020,514	1,059,723	4,080,237		4,080,237
Internal sales or transfers between segments	80	11,829	11,910	△11,910	
Total	3,020,595	1,071,552	4,092,148	△11,910	4,080,237
Segment operating income	751,404	271,175	1,022,580		1,022,580

2. Difference between the total of reporting segments and the quarterly consolidated statement of income and the main content of the difference (matters concerning difference adjustment)

(Thousand yen)

Net sales	Second Quarter of Previous Fiscal Year	Second Quarter of Current Fiscal Year
Total of reporting segment	3,949,686	4,092,148
Elimination of transactions between segments	△12,131	△11,910
Net sales in the quarterly consolidated statement of income	3,937,555	4,080,237

(Thousand yen)

Segment operating income	Second Quarter of Previous Fiscal Year	Second Quarter of Current Fiscal Year
Total of reporting segment	993,569	1,022,580
Elimination of transactions between segments	-	-
Operating income in the quarterly consolidated statement of income	993,569	1,022,580

3. Information on impairment loss on non-current assets or on goodwill of each reporting segment

(Significant impairment loss on non-current assets)

Not applicable

(Significant changes in the amount of goodwill)

Not applicable

(Information on significant gain on bargain purchase)

Not applicable

(Information on a per-share basis)

The amount of net income per share and the basis for calculation are as follows.

	Second Quarter of Previous Fiscal Year (From April 1, 2021 to September 30, 2021)	Second Quarter of Current Fiscal Year (From April 1, 2022 to September 30, 2022)
(1) Net income per share	8.07 yen	8.10 yen
(Basis for calculation)		
Net income attributable to owners of parent (Thousand yen)	724,028	725,949
Amount not attributable to common shareholders (Thousand yen)	—	—
Net income attributable to owners of parent related to common stock (Thousand yen)	724,028	725,949
Average number of shares of common stock during the period (Share)	89,673,430	89,673,430
Diluted net income per share is not stated as there are no dilutive shares.		

(Significant subsequent events)

At the Board of Directors meeting held on September 22, 2022, the Company resolved to acquire all shares of Shinsei Investment Management Co., Ltd. on October 3, 2022 and make it a subsidiary (hereinafter, the "Share Acquisition"), and on October 3, 2022, the Company acquired said shares and made it a subsidiary.

The summary of the Share Acquisition is as follows.

1. Purpose of making it a subsidiary (Share Acquisition)

As a core company in the SBI Group's asset management business, the Company provides high-quality, low-cost investment products to help individual and institutional investors manage their assets appropriately. The balance of assets under management at our subsidiaries, led by SBI Asset Management Co., Ltd. (hereinafter, "SBI Asset Management"), has been rapidly expanding and amounted to 3.9 trillion yen at the end of August 2022.

Shinsei Investment Management manages publicly and privately placed investment trusts and its balance of assets under management stood at 577.5 billion yen as of the end of August 2022. By making Shinsei Investment Management a subsidiary, the balance of assets under management of the Group as a whole will expand to 4.5 trillion yen.

Currently, investment products offered by SBI Asset Management and our other management companies mainly consist of publicly offered equity-type index funds and privately placed fixed-income funds entrusted mainly by regional financial institutions. The addition of investment products, such as active funds of funds managed mainly by Shinsei Investment Management, which will become a subsidiary of the Group, is deemed to broaden the range of asset classes of investment products that we can offer and further contribute to the optimal asset management of individual and institutional investors.

The consolidated management of our subsidiaries and Shinsei Investment Management is deemed to strengthen the Group's overall sales and product structuring capabilities, improve the efficiency of the middle-back system, and in turn strengthen the risk management and compliance systems.

By making Shinsei Investment Management a subsidiary, the Group will be able to further expand the scope of its asset management business and the balance of its assets under management, thereby further enhancing its profitability.

(Reference) Balance of assets under management as of August 31, 2022 (100 million yen)

Group total	Shinsei Investment Management	Total
39,612	5,775	45,387

Breakdown of the Group total

SBI Asset Management	Carret Asset Management	Morningstar Asset Management	Group total
33,531	4,192	1,889	39,612

2. Main features of Share Acquisition

(1) Number of shares acquired, amount, and ratio to total number of outstanding shares

1) Subsidiary to be changed	Shinsei Investment Management Co., Ltd.	
2) Counterparty to the acquisition and the number of shares to be acquired	Counterparty to the acquisition	Number of shares acquired
	Shinsei Bank, Limited	9,900 shares
3) Amount	1,300,000 thousand yen	
4) Ratio to total number of outstanding shares	100% (Total number of outstanding shares: 9,900 shares)	

(2) Number and percentage of shares owned before and after acquisition

1) Subsidiary to be changed	Shinsei Investment Management Co., Ltd.	
	Number of shares owned	Ownership ratio
2) Number and percentage of shares owned before and after acquisition	-	-
3) Number and percentage of shares owned after acquisition	9,900 shares	100%

(3) Method of Share Acquisition

The consideration for the Share Acquisition will be cash.

(4) Schedule of Share Acquisition

Date of Board of Directors resolution : September 22, 2022
 Contract date : October 3, 2022
 Payment of stock purchase price : October 3, 2022

3. Summary of Subsidiaries to be Changed (as of September 22, 2022)

(1)	Name	Shinsei Investment Management Co., Ltd.		
(2)	Head office location	2-4-3, Nihonbashi-Muromachi, Chuo-ku, Tokyo		
(3)	Title and name of representative	Haruko Hirai, President & CEO		
(4)	Business details	Business pertaining to investment management business, investment advisory and agency business, and type II financial instruments business		
(5)	Amount of share capital	495,000 thousand yen		
(6)	Date of establishment	December 17, 2001		
(7)	Major shareholders and shareholding ratio	Major shareholder		Shareholding ratio
		Shinsei Bank, Limited		100%
		Shinsei Bank is a subsidiary of the Company's parent company, SBI Holdings.		
(8)	Relationship between the listed company and the company			
	Related party status	Shinsei Investment Management is a subsidiary of SBI Holdings, the parent company of the Company, and falls under the category of a related party.		
	Capital relationship	Not applicable		
	Personal relationship	Not applicable		
	Business relationship	Not applicable		
(9)	Financial position and operating results for the last three years (Unit: thousand yen, excluding per share information)			
		Fiscal Year ended March 31, 2020	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022
	Net assets	982,000	990,903	1,149,416
	Total assets	1,318,374	1,355,577	1,620,476
	Net assets per share	99,191.95 yen	100,091.23 yen	116,102.68 yen
	Net sales	1,484,243	1,466,886	1,939,121
	Operating income	56,225	34,510	220,934
	Ordinary income	55,869	16,619	219,853
	Profit	36,256	8,902	158,513
	Net income per share (basic)	3,662.23 yen	899.27 yen	16,011.44 yen
	Dividend per share	- yen	- yen	- yen

3. Other investments and other assets

At the meeting of the Board of Directors held on September 22, 2022, the Company resolved to pay an interim dividend for the fiscal year under review, as detailed below.

- (a) Total dividends..... 739,805 thousand yen
 (b) Amount per share 8.25 yen
 (c) Proposed effective date of payment request and scheduled commencement date of payment December 1, 2022

(Note) Payments will be made to shareholders listed or recorded on the shareholder list as of September 30, 2022.