

SBI Global Asset Management Co., Ltd.



Consolidated Financial Results (Japanese Accounting Standards) for the Fiscal Year ended March 31, 2023

May 9, 2023

Company name SBI Global Asset Management Co., Ltd. Stock exchange listing: Tokyo Stock Exchange
 Stock code 4765 URL <https://www.sbiglobalam.co.jp>
 Representative (Title) Representative Director and President (Name) Tomoya Asakura
 Person responsible for disclosure (Title) Managing Executive Officer and Director of Administration (Name) Kazuhisa Ogawa +81 3 6229-0812

Scheduled date of ordinary shareholders' meeting: June 22, 2023

Scheduled date for filing of annual securities report: June 30, 2023

Scheduled date of payment of dividends: June 1, 2023

Supplementary documents for financial result: None

Financial results briefing: Yes (A video of the briefing will be posted promptly on our website)

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

1. Consolidated Financial Results for the Fiscal Year ended March 31, 2023 (April 1, 2022, to March 31, 2023)

(1) Consolidated Results of Operations (Percentages show year-on-year changes)

Fiscal Year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	8,747	7.7	1,831	△14.0	2,458	2.3	5,443	274.3
March 31, 2022	8,123	8.5	2,129	20.6	2,403	11.5	1,454	10.3

(Note) Comprehensive income Fiscal Year ended March 31, 2023 6,337 Million yen (216.9%)
 Fiscal Year ended March 31, 2022 2,000 Million yen (28.0%)

Fiscal Year ended	Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to sales
	yen	yen	%	%	%
March 31, 2023	60.70	—	38.5	13.9	20.9
March 31, 2022	16.22	—	14.1	18.2	26.2

(Reference) Share of (profit) loss of entities accounted for using equity method

Fiscal Year ended March 31, 2023 - Million yen

Fiscal Year ended March 31, 2022 - Million yen

(2) Consolidated financial position

Fiscal Year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
March 31, 2023	21,356	16,799	77.2	183.79
March 31, 2022	14,055	12,273	84.0	131.64

(Reference) Shareholders' equity Fiscal Year ended March 31, 2023 16,481 Million yen

Fiscal Year ended March 31, 2022 11,804 Million yen

(3) Consolidated Cash Flows

Fiscal Year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of fiscal year
	Million yen	Million yen	Million yen	Million yen
March 31, 2023	2,608	△3,471	△1,889	2,485
March 31, 2022	1,128	1,324	△2,149	5,176

2. Dividends

Fiscal Year ended	Dividend					Total dividend (annual)	Payout ratio (consolidated)	Net dividend rate (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
March 31, 2022	—	8.00	—	9.00	17.00	1,524	104.8	12.9
March 31, 2023	—	8.25	—	12.75	21.00	1,883	34.6	13.3
Fiscal Year ending March 31, 2024	—	—	—	—	—	—	—	—

(Note) Forecast of the annual dividend for the year ending March 31, 2024, is yet to be determined.

3. Forecasts of Consolidated Financial Results for the Fiscal Year ending March 31, 2024, (April 1, 2023, to March 31, 2024)

Consolidated Forecasts for the Fiscal Year Ending March 31, 2024, are yet to be determined.

*Notes

(1) Changes in significant subsidiaries during fiscal year ended March 31, 2023

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

One new company (Company name) Shinsei Investment Management Co., Ltd. , Excluded 4 companies (Company names) SBI Bond Investment Management Co., Ltd., SBI Regional Revitalization Asset Management Co., Ltd., SBI Asset Management Group Co., Ltd. and E-Advisor Co., Ltd.

(2) 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

(3) Number of shares issued (common stock)

- 1) Number of shares outstanding at end of period (including treasury stocks)
 As of March 31, 2023 89,673,600 shares As of March 31, 2022 89,673,600 shares
 2) Number of treasury stocks at end of period
 As of March 31, 2023 120 shares As of March 31, 2022 170 shares
 3) Average number of shares during period
 Fiscal Year ended March 31, 2023 89,673,453 shares Fiscal Year ended March 31, 2022 89,673,430 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2023 (April 1, 2022, to March 31, 2023)

(1) Non-Consolidated Financial Results

(Percentages show year-on-year changes)

Fiscal Year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	1,716	△11.3	277	△41.8	519	△80.4	5,505	97.8
March 31, 2022	1,935	△23.0	477	△30.1	2,652	183.7	2,783	322.6

Fiscal Year ended	Net income per share (basic)		Net income per share (diluted)	
	yen		yen	
March 31, 2023	61.40		—	
March 31, 2022	31.04		—	

(2) Non-Consolidated Financial Position

Fiscal Year ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	yen
March 31, 2023	18,832	12,734	67.6	142.00
March 31, 2022	10,337	10,062	97.3	112.21

(Reference) Shareholders' equity Fiscal Year ended March 31, 2023 12,734 Million yen
 Fiscal Year ended March 31, 2022 10,062 Million yen

2. Forecasts of Non-consolidated Financial Results for the Fiscal Year ending March 31, 2024

(April 1, 2023, to March 31, 2024)

(Note) Non-consolidated Forecasts for the Fiscal Year Ending March 31, 2024, are yet to be determined.

- * This financial summary is outside the scope of auditing 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, 2024)

The dividend forecast for the Fiscal Year ending March 31, 2024, is 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 May 9, 2023, and a video of the briefing will be posted promptly on our website.

1. Explanation of Business Results

(1) Return of the Morningstar brand and change of trade name

At the Board of Directors meeting held on January 27, 2023, the Company concluded an agreement with Morningstar, Inc. (Illinois, U.S.) to terminate its license agreement and receive 8 billion yen as consideration for the return of the "Morningstar" brand to Morningstar, Inc. (hereinafter, the Termination Agreement).

In accordance with the Termination Agreement, the use of the Morningstar brand ended as of March 30, 2023, in provision of investment information via the Company's website and smartphone apps, products and services provided to financial institutions, and investor seminars.

Moreover, an extraordinary general meeting of shareholders was held on March 29, 2023, and a resolution was passed to amend the Articles of Incorporation to change the trade name of the Company to "SBI Global Asset Management Co., Ltd."

Following the completion of the procedures for the return of the brand, including the change of the trade names of the Company and its subsidiaries, the Company recorded the consideration of 8 billion yen as extraordinary income for the fiscal year ended March 31, 2023. The 8 billion yen was recorded as accounts receivable on the consolidated balance sheet for the fiscal year ended March 2023, but was received in cash by April 19, 2023.

The termination of the said license agreement does not mean the financial services business including investment trust valuation information has been sold, but rather the Morningstar brand has been returned. We have been continuing to offer products and services in the financial services business under the brand name of Wealth Advisor since March 30, 2023.

(2) Business progress and results

During the fiscal year under review (April 1, 2022, to March 31, 2023), the Japanese economy continued to face an uncertain future due to rising prices and global monetary tightening amid concerns about a prolonged conflict in Ukraine, although there were signs of an economic recovery as restrictions on activities aimed at preventing the spread of COVID-19 were eased and economic activities started to return to normal.

In the investment trust market, which is highly relevant to the Group's businesses, the net inflow of publicly offered additional stock investment trusts, excluding ETFs, decreased to 7,477.5 billion yen in the fiscal year under review from 9,688.5 billion yen in the previous fiscal year (April 1, 2021, to March 31, 2022). However, the Nikkei Stock Average rose by 0.79% from the end of the previous fiscal year to 28,041 yen at the end of the fiscal year under review (March 31, 2023).

Under these business circumstances, the balance of publicly offered investment trusts, mainly index funds, in the Group's asset management business increased 54.7% from 931.7 billion yen at the end of the previous fiscal year to 1,441.3 billion yen at the end of the fiscal year under review. In addition, the balance of privately offered investment trusts, which support the advancement and diversification of securities investment of regional financial institutions, has also increased 23.4% from 1,951.7 billion yen at the end of the previous fiscal year to 2,408.1 billion yen at the end of the fiscal year under review. The balance of net assets under management of investment trusts managed by the Group increased 26.8% from 3,697.6 billion yen at the end of the previous fiscal year to 4,692.0 billion yen at the end of the fiscal year under review. In the asset management business, trust fees increase due to a rising investment balance. Together with the six-month sales of Shinsei Investment Management Co., Ltd., which became our subsidiary in October 2022, sales of the asset management business increased 15.0% from 5,949 million yen in the previous fiscal year to 6,841 million yen in the fiscal year under review.

In the financial services business, the number of Wealth Advisor units provided to financial institutions distributing investment trusts increased from 114,680 in the previous fiscal year to 115,645, and there was also an increase in deliveries of our independently developed investment-related tools and fund data to financial institutions. Sales of media solutions decreased due to the termination of licenses such as "Morningstar Fund of the Year" and the discontinuation of seminars following the change in the brand name. As a result, sales of the financial services business in the fiscal year under review were 1,905 million yen, a decrease of 268 million yen (Δ 12.3%) from 2,173 million yen in the previous fiscal year.

For the consolidated business results for the fiscal year ended March 31, 2023, sales were 8,747 million yen, an increase of 623 million yen (7.7%) from 8,123 million yen in the previous fiscal year.

As cost of sales increased 566 million yen and selling, general and administrative expenses increased 355 million yen from the previous fiscal year, operating income for the fiscal year ended March 31, 2023 was 1,831 million yen, a decrease of 298 million yen (Δ 14.0%) from 2,129 million yen in the previous fiscal year.

Net amounts of non-operating income increased 353 million yen and non-operating expenses remained unchanged as compared with the previous fiscal year. Thus, ordinary income for the fiscal year ended March 31, 2023 was 2,458 million yen, an increase of 55 million yen (2.3%) from 2,403 million yen in the previous fiscal year.

As a result of recording extraordinary income of 8,000 million yen, which is a gain on the brand return, and extraordinary loss of 2,339 million yen such as organizational restructuring cost including those arising from the brand return and loss on sale of investment securities, net income attributable to owners of parent for the fiscal year ended March 31, 2023 was 5,443 million yen, an increase of 3,988 million yen (3.74 times) from 1,454 million yen in the previous fiscal year.

2) Summary of consolidated financial results

(Thousand yen)

	Fiscal Year From April 1, 2021, To March 31, 2022		Fiscal Year From April 1, 2022, To March 31, 2023		Increase/Decrease	
	Amount	Profit rate (%)	Amount	Profit rate (%)	Amount	Rate (%)
Net sales	8,123,286		8,747,113		623,826	7.7
Operating income	2,129,805	26.2	1,831,139	20.9	△298,666	△14.0
Ordinary income	2,403,695	29.6	2,458,942	28.1	55,247	2.3
Net income attributable to owners of parent	1,454,134	17.9	5,443,020	62.2	3,988,886	274.3

Consolidated sales increased for the 11th consecutive year and recorded the highest sales for the 4th consecutive year.

Ordinary income increased for the 14th consecutive year and recorded the highest income for the 12th consecutive year.

Net income attributable to owners of parent increased for the 14th consecutive year and recorded highest income for the 10th consecutive year.

3) Sales by Segment and Sales by Service are as follows

(Thousand yen)

Sales by Segment	Fiscal Year From April 1, 2021, To March 31, 2022		Fiscal Year From April 1, 2022, To March 31, 2023		Rate of change (%)
	Amount	Rate (%)	Amount	Rate (%)	
Asset Management Business	5,949,302	73.2	6,841,373	78.2	15.0
Financial Services Business	2,173,984	26.8	1,905,740	21.8	△12.3
Consolidated sales	8,123,286	100.0	8,747,113	100.0	7.7

i) Asset Management Business

The balance of publicly offered investment trusts, mainly index funds, increased 54.7% from 931.7 billion yen at the end of the previous fiscal year to 1,441.3 billion yen at the end of the fiscal year under review. In addition, the balance of privately offered investment trusts, which support the advancement and diversification of securities investment of regional financial institutions, has also increased 23.4% from 1,951.7 billion yen at the end of the previous fiscal year to 2,408.1 billion yen at the end of the fiscal year under review. The balance of net assets under management of investment trusts managed by the Group increased 26.8% from 3,697.6 billion yen at the end of the previous fiscal year to 4,692.0 billion yen at the end of the fiscal year under review.

As a result, sales of the asset management business for the fiscal year under review were 6,841 million yen, an increase of 892 million yen (15.0%) from 5,949 million yen in the previous fiscal year.

Segment income was 1,484 million yen, a decrease of 72 million yen (△4.7%) from 1,557 million yen in the previous fiscal year.

ii) Financial Services Business

The number of units of Wealth Advisor provided to financial institutions distributing investment trusts increased from 114,680 in the previous fiscal year to 115,645, and there was also an increase in deliveries of our independently developed investment-related tools and fund data to financial institutions. On the other hand, sales of web advertising and seminars decreased due to the discontinuation of services using the Morningstar brand.

As a result, sales of the financial services business for the fiscal year under review were 1,905 million yen, a decrease of 268 million yen (△12.3%) from 2,173 million yen in the previous fiscal year.

Segment income was 346 million yen, a decrease of 226 million yen (△39.5%) from 572 million yen in the previous fiscal year.

3) Overview of non-consolidated business performance

Data-related sales increased as the number of units of Wealth Advisor provided to financial institutions distributing investment trusts increased from 114,680 in the previous fiscal year to 115,645, and there was also an increase in deliveries of our independently developed investment-related tools and fund data to financial institutions.

Meanwhile, the Company returned the Morningstar brand to Morningstar, Inc. and ended the use of the Morningstar brand as of March 30, 2023. Due to the prior termination of licenses such as "Morningstar Fund of the Year" and discontinuation of seminars, sales of web advertising and seminars decreased.

As a result, sales fell 218 million yen (△11.3%) from 1,935 million yen in the previous fiscal year to 1,716 million yen, and operating income was 277 million yen, a decrease of 199 million yen (△41.8%) from 477 million yen in the previous fiscal year.

Ordinary income dropped 2,133 million yen ($\Delta 80.4\%$) to 519 million yen from 2,652 million yen in the previous fiscal year, resulting from a decrease in dividend income in the fiscal year under review due to the absence of dividends from subsidiaries.

We recorded 8,000 million yen of consideration for the return of the Morningstar brand and 289 million yen of gain on extinguishment of tie-in shares as extraordinary income, and recorded 1,045 million yen as extraordinary loss including 192 million yen of expenses arising from the Morningstar brand return and other organizational restructuring cost, 605 million yen of loss on sale of investment securities, and 144 million yen of impairment loss.

As a result, net income increased 2,722 million yen (97.8%) to 5,505 million yen from 2,783 million yen in the previous fiscal year.

(3) Explanation on financial position

Total assets grew 7,301 million yen from the end of the previous fiscal year to 21,356 million yen.

This was due to an increase of 6,387 million yen in current assets and an increase of 923 million yen in fixed assets.

The decrease in cash and deposits was due to the payment of dividends of 1,546 million yen and an increase of 1,246 million yen in investment securities.

The recorded accounts receivable in the amount of 8,000 million yen are the consideration for the return of the Morningstar brand. The accounts receivable were paid in cash by April 19, 2023.

The increase in fixed assets was mainly due to an increase of 1,246 million yen in investment securities and a decrease of 565 million yen in intangible fixed assets.

Although investment securities increased through fund management, 2,084 million yen of 3,871 million yen of the fiscal year-end balance is cash equivalents in specified money trusts.

Intangible fixed assets fell due to an impairment loss on goodwill of 184 million yen, an impairment loss on software of 248 million yen, etc.

Total liabilities grew 2,774 million yen from the end of the previous fiscal year to 4,556 million yen.

The increase in liabilities was mainly due to an increase of 2,244 million yen in income taxes payable resulting from an increase in income before income taxes.

Valuation difference on other securities decreased 527 million yen due to the sale of other securities.

Foreign currency translation adjustments increased 217 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 during the period of the fiscal year under review.

Non-controlling shareholders' equity fell 150 million yen due to a decrease in the ratio of non-controlling shareholders' equity resulting from the acquisition of additional shares of SBI Asset Management Co., Ltd., etc.

As a result, total net assets were up 4,526 million yen from the end of the previous fiscal year to 16,799 million yen.

(4) Analysis of cash flow

The balance of cash and cash equivalents at the end of the fiscal year under review decreased 2,691 million yen from the end of the previous fiscal year to 2,485 million yen. The status of each cash flow is as follows.

(Cash flows from operating activities)

Cash flows from operating activities grew 1,480 million yen from the previous fiscal year to 2,608 million yen.

This was mainly due to the recording of 8,119 million yen of income before income taxes, 8,000 million yen of consideration for the license return receivable, 1,546 million yen of loss on sale of investment securities, 250 million yen of decrease in trade receivables, and 669 million yen of income tax refund.

(Cash flows from investing activities)

Cash flows from investing activities decreased 4,795 million yen from the previous fiscal year to 3,471 million yen. This was mainly due to the purchase of investment securities of 5,495 million yen, income of 2,534 million yen arising from the sale of investment securities and cancellation of specified comprehensive trust property, and the acquisition of intangible fixed assets of 314 million yen.

(Cash flows from financing activities)

Cash flows from financing activities grew 260 million yen from the previous fiscal year to 1,889 million yen. This was mainly due to the dividend payment of 1,546 million yen and the expenditure from the acquisition of subsidiary shares without changing the scope of consolidation of 273 million yen, a decrease from the previous fiscal year.

(5) Explanation about future forecast information such as consolidated earnings forecast

In the asset management business, we will strive to contribute to the asset formation of investors by providing index funds at low cost in order to further increase the balance of publicly offered additional stock investment trusts, and to improve earnings of regional financial institutions through appropriate

provision of privately offered investment trusts. We will do so with the aim of supporting the advancement and diversification of asset management of regional financial institutions, etc., thereby increasing the balance, and consequently the earnings of the Group.

In the financial services business, we would like to build a system that can respond swiftly and appropriately to the rapidly changing information environment, and always provide products and services that utilize the latest communication tools. In addition, we would like to provide services that meet the specific measures of fiduciary duty (customer-oriented business operation) promoted by sales financial institutions. In particular, we intend to provide more diverse information so that sales staff of financial institutions can give an adequate explanation to individual investors about the financial products, thereby enabling more investors to manage their assets in an optimal manner and expanding the Company's stable earnings base.

We would like to expand the stable earnings base of the Group based on these two core businesses. Regarding the forecasts for the current fiscal year (April 1, 2023, to March 31, 2024), it is difficult to make reasonable calculations of the Group's business results at this time and we have not yet decided on the forecasts, because it is hard to predict overseas interest rates and economic trends, as well as the financial market trends closely related to the Company's businesses for the full fiscal year.

2. Basic concept regarding the selection of accounting standards

The Group currently conducts its business mostly in Japan, and since there are few activities overseas, it has adopted Japanese GAAP in consideration of the cost of adopting IFRS (International Financial Reporting Standards).

In the future, we will consider adopting IFRS when the need to adopt IFRS for the Group arises.

3. Consolidated Financial Statements and major notes

(1) Consolidated Balance Sheet

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
	(Thousand yen)	(Thousand yen)
ASSETS		
Current assets		
Cash and cash equivalents	5,176,612	2,137,894
Accounts receivable	1,611,378	1,483,903
Inventories	※1 1,263	※1 1,386
Other accounts receivable	627,760	9,430,751
Other current assets	187,065	937,974
Total current assets	7,604,080	13,991,911
Non-current assets		
Tangible fixed assets		
Leasehold improvement	159,445	179,208
Accumulated depreciation	△107,516	△114,746
Leasehold improvement: net	51,929	64,462
Furniture, fixtures and equipment	197,044	200,935
Accumulated depreciation	△168,111	△172,908
Furniture, fixtures and equipment: net	28,932	28,027
Lease equipment under capital	69,089	253,288
Total tangible fixed assets	149,951	345,777
Intangible fixed assets		
Goodwill	1,786,713	1,676,585
Software	1,076,849	863,429
Other current assets	282,050	39,775
Total intangible assets	3,145,612	2,579,790
Investments and other assets		
Investment securities	※2 2,624,582	※2 3,871,154
Deferred tax assets	345,615	416,769
Other current assets	166,511	142,375
Total investments and other assets	3,136,709	4,430,299
Total non-current assets	6,432,274	7,355,867
Deferred assets		
Stock issuance cost	19,003	8,587
Total deferred assets	19,003	8,587
TOTAL ASSETS	14,055,358	21,356,365

(All the figures less than 1,000 are rounded down)

	Fiscal year ended March 31, 2022	(Thousand yen)	(Thousand yen)	Fiscal year ended March 31, 2023	(Thousand yen)
(Thousand yen)					
LIABILITIES					
Current liabilities					
Accounts payable-trade	62,618			62,753	
Accounts payable-other	748,528			1,010,877	
Lease payable	69,089			50,646	
Income taxes payable	464,822			2,709,257	
Consumption taxes payable	90,498			12,179	
Other current assets	346,255			508,107	
Total current liabilities	<u>1,781,813</u>			<u>4,353,823</u>	
Non-current liabilities					
Long-term lease payable	-			202,641	
Total non-current liabilities	<u>-</u>			<u>202,641</u>	
TOTAL LIABILITIES	1,781,813			4,556,464	
NET ASSETS					
Shareholders' equity					
Common stock	3,363,635			3,363,635	
Capital surplus	4,478,772			4,514,168	
Retained earnings	4,439,392			8,335,546	
Treasury stocks	△29			△20	
Total shareholders' equity	<u>12,281,770</u>			<u>16,213,329</u>	
Accumulated other comprehensive income					
Valuation difference on other securities	△513,787			13,440	
Foreign currency translation adjustments	36,309			254,273	
Total accumulated other comprehensive income	<u>△477,478</u>			<u>267,713</u>	
Non-controlling shareholders' equity	469,252			318,858	
TOTAL NET ASSETS	12,273,545			16,799,901	
TOTAL LIABILITIES AND NET ASSETS	14,055,358			21,356,365	

(All the figures less than 1,000 are rounded down)

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

	Fiscal Year	
	From April 1, 2021 To March 31, 2022	From April 1, 2022 To March 31, 2023
	(Thousand yen)	(Thousand yen)
Net sales	8,123,286	8,747,113
Cost of sales	3,654,398	4,221,253
Gross profit	4,468,888	4,525,860
Selling, general and administrative expenses	※1 2,339,083	※1 2,694,721
Operating income	2,129,805	1,831,139
Non-operating income		
Interest income	197,072	143,396
Dividends income	62,335	462,017
Gain on sale of investment securities	26,918	18,494
Other current assets	7,331	23,377
Total non-operating income	293,659	647,285
Non-operating expenses		
Foreign exchange losses	7,436	232
Stock issuance cost	9,278	10,416
Other current assets	3,054	8,832
Total non-operating expenses	19,769	19,481
Ordinary income	2,403,695	2,458,942
Extraordinary profit		
Consideration for the brand return	-	※2 8,000,000
Gain on sale of investment securities	594,466	-
Total extraordinary profit	594,466	8,000,000
Extraordinary loss		
Loss on sale of investment securities	4,035	※3 1,565,298
Loss on valuation of investment securities	326,300	2,562
Impairment loss	50,408	※4 433,072
Organizational restructuring cost	-	※5 224,468
Impairment loss of intangible fixed assets	139,365	※6 98,289
Office relocation expenses	-	9,736
Loss on valuation of crypto assets	-	5,924
Total extraordinary loss	520,110	2,339,352
Income before income taxes	2,478,052	8,119,590
Income taxes-current	878,051	2,875,940
Income taxes-deferred	△115,515	△323,128
Total income taxes	762,535	2,552,811
Profit	1,715,516	5,566,778
Net income attributable to non-controlling interests	261,382	123,758
Net income attributable to owners of parent	1,454,134	5,443,020

(All the figures less than 1,000 are rounded down)

Consolidated Statement of Comprehensive Income

	Fiscal Year	
	From April 1, 2021 To March 31, 2022	From April 1, 2022 To March 31, 2023
	(Thousand yen)	(Thousand yen)
Profit	1,715,516	5,566,778
Other comprehensive income		
Valuation difference on other securities	113,941	553,130
Foreign currency translation adjustments	170,547	217,963
Total other comprehensive income	284,488	771,094
Comprehensive income	2,000,005	6,337,873
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,699,802	6,188,212
Comprehensive income attributable to non-controlling interests	300,202	149,661

(All the figures less than 1,000 are rounded down)

Consolidated Statement of Changes in Shareholders' Equity

Fiscal year ended March 31, 2022

(Thousand yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stocks	
As of April 1, 2021	3,363,635	4,906,035	4,464,870	△29	12,734,512
Fluctuation amount for the period					
Dividends from retained earnings			△1,479,612		△1,479,612
Request for additional purchase of shares less than one unit					
Net income attributable to owners of parent			1,454,134		1,454,134
Increase/decrease in non-controlling interests due to merger between consolidated subsidiaries					
Increase/decrease in equity due to additional acquisition of shares of consolidated subsidiary		△427,263			△427,263
Increase/decrease in equity due to acquisition of treasury stocks by consolidated subsidiary					
Net income attributable to non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes during the period	-	△427,263	△25,478	-	△452,741
As of March 31, 2022	3,363,635	4,478,772	4,439,392	△29	12,281,770

	Accumulated other comprehensive income			Non-controlling shareholders' equity	TOTAL NET ASSETS
	Valuation difference on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
As of April 1, 2021	△627,728	△95,418	△723,146	347,566	12,358,931
Fluctuation amount for the period					
Dividends from retained earnings					△1,479,612
Request for additional purchase of shares less than one unit					
Net income attributable to owners of parent					1,454,134
Increase/decrease in non-controlling interests due to merger between consolidated subsidiaries					
Increase/decrease in equity due to additional acquisition of shares of consolidated subsidiary				△176,783	△604,047
Increase/decrease in equity due to acquisition of treasury stocks by consolidated subsidiary					
Net income attributable to non-controlling interests				261,382	261,382
Net changes of items other than shareholders' equity	113,941	131,727	245,668	37,088	282,757
Total changes during the period	113,941	131,727	245,668	121,686	△85,385
As of March 31, 2022	△513,787	36,309	△477,478	469,252	12,273,545

Fiscal year ended March 31, 2023

(Thousand yen)

	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stocks	
As of April 1, 2022	3,363,635	4,478,772	4,439,392	△29	12,281,770
Fluctuation amount for the period					
Dividends from retained earnings			△1,546,866		△1,546,866
Request for additional purchase of shares less than one unit		14		9	23
Net income attributable to owners of parent			5,443,020		5,443,020
Increase/decrease in non-controlling interests due to merger between consolidated subsidiaries		24,249			24,249
Increase/decrease in equity due to additional acquisition of shares of consolidated subsidiary		11,122			11,122
Increase/decrease in equity due to acquisition of treasury stocks by consolidated subsidiary		9			9
Net income attributable to non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes during the period	-	35,396	3,896,153	9	3,931,558
As of March 31, 2023	3,363,635	4,514,168	8,335,546	△20	16,213,329

	Accumulated other comprehensive income			Non-controlling shareholders' equity	TOTAL NET ASSETS
	Valuation difference on other securities	Foreign currency translation adjustments	Total accumulated other comprehensive income		
As of April 1, 2022	△513,787	36,309	△477,478	469,252	12,273,545
Fluctuation amount for the period					
Dividends from retained earnings					△1,546,866
Request for additional purchase of shares less than one unit					23
Net income attributable to owners of parent					5,443,020
Increase/decrease in non-controlling interests due to merger between consolidated subsidiaries				△24,249	-
Increase/decrease in equity due to additional acquisition of shares of consolidated subsidiary				△275,737	△264,615
Increase/decrease in equity due to acquisition of treasury stocks by consolidated subsidiary				△69	△59
Net income attributable to non-controlling interests				123,758	123,758
Net changes of items other than shareholders' equity	527,227	217,963	745,191	25,902	771,093
Total changes during the period	527,227	217,963	745,191	△150,394	4,526,356
As of March 31, 2023	13,440	254,273	267,713	318,858	16,799,901

(4) Consolidated Cash Flow Statement

	Fiscal Year	
	From April 1, 2021 To March 31, 2022	From April 1, 2022 To March 31, 2023
	(Thousand yen)	(Thousand yen)
Cash flows from operating activities		
Income before income taxes	2,478,052	8,119,590
Depreciation	449,754	433,967
Amortization of long-term prepaid expenses	4,927	4,540
Amortization of goodwill	111,904	117,304
Amortization of stock issuance cost	9,278	10,416
Loss (minus sign means gain) on sale of investment securities	△617,349	1,546,803
Loss (minus sign means gain) on valuation of investment securities	326,300	2,562
Loss on valuation of crypto assets	—	5,924
Impairment loss of intangible fixed assets	139,365	98,289
Impairment loss	50,408	433,072
Office relocation expenses	—	9,736
Organizational restructuring cost	—	224,468
Consideration for the brand return	—	△8,000,000
Interest and dividend income	△259,407	△605,412
Foreign exchange losses (minus sign means gains)	7,185	△250
Decrease (minus sign means increase) in trade receivables	△349,493	250,212
Decrease (minus sign means increase) in inventories	△5	△122
Increase (minus sign means decrease) in trade payables	△219	135
Decrease (minus sign means increase) in accounts receivable	△586,958	△4,164
Increase (minus sign means decrease) in accounts payable—other	△57,116	73,216
Decrease (minus sign means increase) in other current assets	136,350	△81,260
Increase (minus sign means decrease) in other current liabilities	△123,566	△105,788
Sub total	1,719,409	2,533,242
Interest and dividend income received	70,037	149,945
Income taxes paid	△667,271	△744,449
Income tax refund amount	5,955	669,777
Cash flows from operating activities	1,128,130	2,608,515
Cash flows from investing activities		
Purchase of property, plant and equipment	△11,695	△19,198
Purchase of intangible assets	△311,807	△314,428
Purchase of investment securities	—	△5,495,591
Proceeds from sales of investment securities	1,609,199	2,534,716
Income from shares of subsidiaries resulting in change in scope of consolidation	—	※2 △183,301
Proceeds from collection of guarantee deposits	38,750	36,059
Payments for guarantee deposits	—	△29,779
Cash flows from investing activities	1,324,447	△3,471,524
Cash flows from financing activities		
Cash dividends paid	△1,479,612	△1,546,866
Income from disposal of treasury stock	—	23
Expenditure on acquisition of subsidiary shares without change in scope of consolidation	△609,154	△273,674
Repayments of lease obligations	△60,446	△68,663
Cash flows from financing activities	△2,149,212	△1,889,180
Effect of exchange rate change on cash and cash equivalents	△31,416	60,180
Net increase (minus sign means decrease) in cash and cash equivalents	271,948	△2,691,356
Cash and cash equivalents at beginning of period	4,904,960	5,176,908
Cash and cash equivalents at end of period	※1 5,176,908	※1 2,485,551

(5) Notes on Consolidated Financial Statements

(Notes on the premise of a going concern)

Not applicable

(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 fiscal year under review. 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. There is no impact of this change on the consolidated financial statements.

(Important Matters as a Basis for Preparing Consolidated Financial Statements)

1 Matters concerning scope of consolidation

(1) Names of consolidated subsidiaries

As of March 31, 2023, the Group consists of the Company and the following six subsidiaries.

Wealth Advisor Co., Ltd.

SBI Asset Management Co., Ltd.

Shinsei Investment Management Co., Ltd.

SBI Alternative Asset Management Co., Ltd.

Carret Holdings Inc.

Carret Asset Management LLC

SBI Asset Management Co., Ltd. and Shinsei Investment Management Co., Ltd. merged on April 1, 2023, and SBI Asset Management Co., Ltd. was the company surviving the absorption-type merger.

(2) Change in scope of consolidation

SBI Bond Investment Management Co., Ltd. and SBI Regional Revitalization Asset Management Co., Ltd., which were consolidated subsidiaries of the Company, are excluded from the scope of consolidation because they ceased to exist during the second quarter of the fiscal year under review 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.

Shinsei Investment Management Co., Ltd. is included in the scope of consolidation, as it was made into a subsidiary during the third quarter of the fiscal year under review by the Company acquiring all of its shares.

SBI Asset Management Group Co., Ltd., a wholly-owned subsidiary of the Company and an intermediate holding company of the Group's asset management business, is excluded from the scope of consolidation because it ceased to exist as a result of an absorption-type merger in which the Company was the surviving company.

E-Advisor Co., Ltd., which was a consolidated subsidiary of the Company, is excluded from the scope of consolidation because it ceased to exist during the fourth quarter of the fiscal year under review as a result of an absorption-type merger in which Morningstar Asset Management Co., Ltd., also a consolidated subsidiary of the Company, was the surviving company.

Morningstar Asset Management Co., Ltd. changed its trade name to "Wealth Advisor Co., Ltd."

(3) Names of non-consolidated subsidiaries, etc.

SBI Alternative Fund GK

(Reason for exclusion from the scope of consolidation)

SBI Alternative Fund GK is a business operator of an anonymous partnership business that manages investment trusts by the anonymous partnership method. Almost all profits and losses of the subsidiary, including the business of the anonymous partnership, belong to the anonymous partnership member and do not formally or substantially belong to the subsidiary or its parent company. Moreover, there are few transactions with the subsidiary. Since there is a risk that the consolidation of the subsidiary can significantly mislead the judgment of stakeholders, the subsidiary is excluded from the scope of consolidation in accordance with Section 19 of ASBJ Guidance No. 22 "Application Guidelines for Determining the Scope of Subsidiaries and Affiliates in Consolidated Financial Statements."

2 Matters concerning the application of the equity method

Not applicable

3 Matters concerning the fiscal year, etc. of consolidated subsidiaries

Of the consolidated subsidiaries, Carret Holdings, Inc. and Carret Asset Management LLC have a closing date of December 31.

In preparing consolidated financial statements, the balance sheet as of December 31, 2022, and income statement and cash flow statement from January 1, 2022, to December 31, 2022, of Carret Holdings, Inc. and Carret Asset Management LLC are consolidated. For important transactions that occurred between the consolidated closing date and fiscal year end of the above companies, the necessary adjustments for consolidation are made.

4 Matters concerning accounting policy

(1) Valuation basis and valuation method of important assets

1) Securities

- Other securities
 - Securities other than stocks without market value, etc.
 - The market value method (net unrealized gains (losses) are directly included in net assets, and cost of sales is computed using the moving average cost method)
 - Stocks without market value, etc.
 - Moving average cost method
- 2) Inventory
 - Cost method (method of devaluation of book value due to decline in profitability)
 - Supplies ... Total average method
- (2) Depreciation method of important depreciable assets
 - 1) Tangible fixed assets
 - The straight-line method
 - 2) Intangible fixed assets
 - The straight-line method
 - Of software, software for internal use is amortized using the straight-line method based on the in-house usable period (5 years), and software for sale on the market is amortized using the straight-line method based on the expected validity period (3 years or less).
- (3) Accounting standard for material allowances
 - Allowance for bad debt
 - Estimated uncollectible amounts are recorded for specific receivables, such as bad debts, taking into consideration recoverability individually.
- (4) Accounting standard for material revenue and expenses
 - The details of the main performance obligations in major businesses regarding revenue from contracts with customers and the ordinary point in time at which such performance obligations are satisfied (the ordinary point in time at which revenue is recognized) are as follows.
 - 1. Data Solutions
 - Fund data reports, etc.:
 - We provide fund data reports, etc. for financial institutions. Because the performance obligations are satisfied by such provision to customers, we recognize revenue when the provision is completed.
 - Tablet application fees, etc.:
 - We provide financial institutions with Wealth Advisor, a sales support tool, etc. Because the performance obligations are satisfied by customers' use of the services, we recognize revenue according to the length of period of their use.
 - 2. Media Solutions
 - Because the performance obligations are satisfied by posting a customer's ad, we recognize revenue according to the period in which the ad is posted.
 - 3. Asset Management
 - Investment trust management fees are paid as trust fees in accordance with the terms and conditions of investment trusts, in consideration for satisfying the performance obligation to give investment instructions for publicly and privately offered investment trust property based on the terms and conditions of investment trusts. After the establishment of a fund, the amount calculated by multiplying the daily net asset balance by a certain percentage is recognized as revenue over the investment period of the fund.
 - Management fees are paid mainly in consideration for satisfying the performance obligation to perform asset management, after a discretionary investment contract is concluded with a customer (investor). The amount calculated based on conditions, such as the assets to be managed, balance, period and rate, as specified for each discretionary investment contract, is recognized as revenue over the period during which the management is entrusted.
- (5) Basis for converting significant foreign currency assets or liabilities into Japanese currency
 - Assets and liabilities of foreign subsidiaries are converted into yen at the closing exchange rate on the closing date, and the conversion difference is included in the translation adjustment account and non-controlling interests in net assets.
- (6) Important hedge accounting methods
 - Hedge accounting method ... Deferred hedge processing
 - Hedging method and hedged item
 - Hedging method ... Stock index futures
 - Hedged item ... Investment securities
 - Hedging policy
 - To reduce the risk of price fluctuations, we hedge within the scope of the target assets.
 - Method of assessing hedge effectiveness
 - During the period from the start of hedging to the time of determining effectiveness, the cumulative changes in the market value of the hedged item and the hedging instrument are compared, and a judgment is made based on the amount of changes in both.
- (7) Matters concerning amortization of goodwill

Goodwill is equally amortized over 20 years.

(8) Stock issuance cost

Straight-line amortization over 3 years

(9) Scope of funds in consolidated statement of cash flows

Cash (cash and cash equivalents) in the consolidated statement of cash flows consists of cash on hand, deposits that can be withdrawn on an as-needed basis, and short-term investments that can easily be redeemed with a redemption period within three months from the acquisition date, and that bear only a small risk of value fluctuations.

(Business combination)

Transactions between entities under common control

<1> Merger of SBI Asset Management Co., Ltd., SBI Bond Investment Management Co., Ltd. and SBI Regional Revitalization Asset Management Co., Ltd.

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 Management 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 the absorption-type merger

Name: SBI Asset Management Co., Ltd.

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

2) Companies disappearing in the absorption-type merger

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

Business details: Formation 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 disappearing 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 (before the said merger), including SBI Asset Management Co., Ltd., which mainly forms and manages low-cost index funds, SBI Bond Investment Management Co., Ltd. and SBI Regional Revitalization Asset Management Co., Ltd., which mainly form 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).

<2> Merger with a consolidated subsidiary (an intermediate holding company of the asset management business)

At the Board of Directors meeting held on August 25, 2022, the Company resolved to conduct an absorption-type merger of SBI Asset Management Group Co., Ltd., a subsidiary of the Company and an intermediate holding company of the Group's asset management business, on October 1, 2022, and conducted the said absorption-type merger on October 1, 2022.

1. Summary of Transactions

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

1) Company surviving the absorption-type merger: The Company

Business details: Financial services business that mainly compares, analyzes and evaluates information on general asset management and provides customers with such information, as well as provides consulting and other services

2) Companies disappearing in the absorption-type merger

Name: SBI Asset Management Group Co., Ltd.

Business details: An intermediate holding company of the asset management business

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

(3) Legal form of business combination

An absorption-type merger with the Company as the surviving company, and SBI Asset Management Group Co., Ltd. as the disappearing company.

(4) Name of the combined entity: No change.

(5) Summary of the transaction, including its purpose

The objective of SBI Asset Management Group Co., Ltd. as an intermediate holding company of the asset management business was to effectively manage the data, systems, personnel and other management resources of the asset management companies in the Group in order to improve operational efficiency.

As stated in <1> Merger of SBI Asset Management Co., Ltd., SBI Bond Investment Management Co., Ltd. and SBI Regional Revitalization Asset Management Co., Ltd., the absorption-type merger on August 1, 2022, of SBI Asset Management Co., Ltd., SBI Bond Investment Management Co., Ltd., and SBI Regional Revitalization Asset Management Co., Ltd., which were our major subsidiaries in the Group's asset management business, with SBI Asset Management Co., Ltd. as the surviving company, enabled the three companies to integrate management resources and further enhance operational efficiency and profitability.

As we determined that the role of SBI Asset Management Group Co., Ltd. as an intermediate holding company was terminated, we merged with SBI Asset Management Group Co., Ltd. for the purpose of further streamlining the management of the consolidated group.

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).

<3> Acquisition of shares of Shinsei Investment Management Co., Ltd. and making the company into a subsidiary

At the Board of Directors meeting held on September 22, 2022, the Company resolved to acquire all shares of Shinsei Investment Management Co., Ltd., an asset management company, and on October 3, 2022, the Company acquired said shares and made the company into a subsidiary.

1. Summary of Transactions

(1) Overview of business combination

1) Name and business details of the acquired company

Name of the acquired company: Shinsei Investment Management Co., Ltd.

Business details: Management of publicly offered and privately placed investment trusts

2) Main reasons for the business combination

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.

Currently, investment products offered by SBI Asset Management 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 has become our subsidiary, 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. Therefore, the Company made it into its consolidated subsidiary.

3) Date of business combination: October 3, 2022 (deemed acquisition date: October 1, 2022)

4) Legal form of business combination

Acquisition of shares for cash

5) Name of the combined entity

Shinsei Investment Management Co., Ltd.

6) Percentage of voting rights acquired

100% of voting rights after acquisition

7) Main grounds for determining the acquired company

This was due to the acquisition of shares by the Company for cash.

(2) Acquisition costs of the acquired company and its breakdown

Consideration for acquisition (cash): 1,300,000 thousand yen, acquisition cost: 1,300,000 thousand yen

(3) Amount, cause, amortization method and amortization period of goodwill incurred

- 1) Goodwill incurred: 62,528 thousand yen
- 2) Cause of incurrence
This is the excess earnings power expected from future business development.
- 3) Amortization method and amortization period
Straight-line amortization over 20 years

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).

<4> Merger between Morningstar Asset Management Co., Ltd. and E-Advisor Co., Ltd.

At the Board of Directors meeting held on January 27, 2023, the Company resolved to conduct an absorption-type merger of Morningstar Asset Management Co., Ltd. and E-Advisor Co., Ltd., both the Company’s consolidated subsidiaries, with Morningstar Asset Management Co., Ltd. as the surviving company, and conducted the said absorption-type merger on March 30, 2023.

1. Summary of Transactions

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

- 1) Company surviving the absorption-type merger
Name: Morningstar Asset Management Co., Ltd.
Business details: Investment advice for financial institutions, focusing on the formation of investment trusts and defined contribution pension plans
- 2) Companies disappearing in the absorption-type merger
Name: E-Advisor Co., Ltd.
Business details: Equity-related financial services business, publication of “Stock Newspaper,” and provision of financial information on China and Asia

(2) Date of business combination: March 30, 2023

(3) Legal form of business combination

An absorption-type merger with Morningstar Asset Management Co., Ltd. as the surviving company, and E-Advisor Co., Ltd. as the disappearing company.

(4) Name of the combined entity

Wealth Advisor Co., Ltd.
Morningstar Asset Management Co., Ltd. changed its trade name to Wealth Advisor Co., Ltd. as of March 30, 2023.

(5) Summary of the transaction, including its purpose

In the financial services business in the Group, the financial services business related to investment trusts was operated by the Company while the equity-related financial services business was operated by E-Advisor Co., Ltd. In order to integrate the management resources such as systems, data and personnel, and to enhance operational efficiency and profitability, the Company’s financial services business related to investment trusts was split and absorbed into Morningstar Asset Management Co., Ltd. At the same time, we conducted an absorption-type merger of Morningstar Asset Management Co., Ltd. and E-Advisor Co., Ltd. effective March 30, 2023, in which Morningstar Asset Management Co., Ltd. was the surviving company.

As Morningstar Asset Management Co., Ltd. holds an investment advisory license and is the surviving company, it will continue to have this license and will also strengthen the investment advisory services business.

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).

<5> Absorption-type split of financial services business into a subsidiary

1. Summary of Transactions

(1) The split business

Financial services business related to investment trusts
(Business details)
Provision of financial information on investment trusts, advertising, seminars, and overseas financial information

(2) Date of business combination: March 30, 2023

(3) Legal form of business combination

Absorption-type split with the Company as the split company and Morningstar Asset Management Co., Ltd. as the succeeding company.

(4) Name of the combined entity

Wealth Advisor Co., Ltd.

Morningstar Asset Management Co., Ltd. changed its trade name to Wealth Advisor Co., Ltd. as of March 30, 2023.

(5) Allotment related to the company split

As the Company owns all shares of Morningstar Asset Management Co., Ltd., no shares or other money were allocated or delivered in connection with the company split.

(6) Purpose of the company split

As a holding company, the Company aims to increase the corporate value of the Group by optimizing the allocation of management resources across the entire Group, responding quickly to environmental changes, and strengthening governance.

As part of this, with the absorption-type split of the financial services business related to investment trusts operated by the Company into Morningstar Asset Management Co., Ltd. and the absorption-type merger of E-Advisor Co., Ltd., which operated the equity-related financial services business, into Morningstar Asset Management Co., Ltd., both aimed at integrating management resources such as systems, data and personnel and enhancing operational efficiency and profitability, Wealth Advisor Co., Ltd. (whose former trade name was Morningstar Asset Management Co., Ltd.) will promote the financial services business.

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).

(Notes on Consolidated Balance Sheet)

*1 Breakdown of inventories	(Thousand yen)	
	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Supplies	1,263	1,386

*2 Investments in non-consolidated subsidiaries and affiliates	(Thousand yen)	
	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Investment securities (shares)	5,000	14,000

(Notes on Consolidated Statement of Income)

* Major items of selling and general administrative expenses	(Thousand yen)	
	Fiscal Year ended March 31, 2022 (April 1, 2021 - March 31, 2022)	Fiscal Year ended March 31, 2023 (April 1, 2022 - March 31, 2023)
Employee's salaries	1,003,493	1,093,702
Executive's salaries	356,587	423,904
Retirement benefit costs	12,232	11,109

(2) Consideration for the brand return 8,000,000 thousand yen

We recorded the consideration for returning the Morningstar brand to Morningstar, Inc., U.S., as extraordinary income.

(3) Loss on sale of investment securities 1,565,298 thousand yen

This is a loss on the sale of some investment securities held by the Company.

(4) Impairment loss 433,072 thousand yen

Impairment recognition of a portion of goodwill in the amount reflecting profitability at the end of the fiscal year under review

Impairment of software related to the Morningstar brand

In the fiscal year under review, we recognized an impairment loss for goodwill as below in the amount reflecting profitability at the end of the fiscal year under review.

Factors causing goodwill	Businesses and services to which goodwill belongs	Month and year of business combination	Impairment loss of goodwill	Balance of goodwill
Acquisition of Kabushiki Shimbun Co., Ltd., making the company into a subsidiary, and merger	Publication of "Stock Newspaper" and provision of equity-related information	April 2008	31 million yen	- million yen
Acquisition of SBI Searchina Co., Ltd. and making the company into a subsidiary	Provision of financial information on China and Asia	October 2012	152 million yen	- million yen

(5) Organizational restructuring cost 224,468 thousand yen

Costs of returning the Morningstar brand

Retirement of paid royalties (long-term prepaid expenses) to Morningstar, Inc.

Outsourcing and personnel expenses for the elimination and change of the Morningstar brand

Costs of extraordinary general meeting of shareholders, attorney fees, investigation expenses, and calculation expenses

Costs of preparing registration statements for changing the trade name of the Company and our subsidiaries, etc.

(6) Impairment loss of intangible fixed assets 98,289 thousand yen

We disposed of software that was not expected to operate.

(Notes on shareholders' equity)

Fiscal year ended March 31, 2022 (April 1, 2021, to March 31, 2022)

1. Type and total number of outstanding shares

	Beginning of fiscal year	Increase number of fiscal year	Decrease number of fiscal year	Ending of fiscal year
Outstanding shares Common stock	89,673,600	-	-	89,673,600
Annual	89,673,600	-	-	89,673,600

2. Type and number of treasury stock

	Beginning of fiscal year	Increase number of fiscal year	Decrease number of fiscal year	Ending of fiscal year
Treasury stocks Common stock	170	-	-	170
Annual	170	-	-	170

3. Stock option

Not applicable

4. Treasury stock acquisition rights

Not applicable

5. Dividends

(1) Dividends paid

Resolution of	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
September 22, 2021 board of directors	Common stock	Retained earnings	717,387	8.00	September 30, 2021	December 1, 2021

(2) Dividends for which the record date belongs to the fiscal year under review but the effective date belongs to the following fiscal year

Resolution of	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

Fiscal year ended March 31, 2023 (April 1, 2022, to March 31, 2023)

1. Type and total number of outstanding shares

	Beginning of fiscal year	Increase number of fiscal year	Decrease number of fiscal year	Ending of fiscal year
Outstanding shares Common stock	89,673,600	-	-	89,673,600
Annual	89,673,600			89,673,600

2. Type and number of treasury stock

	Beginning of fiscal year	Increase number of fiscal year	Decrease number of fiscal year	Ending of fiscal year
Treasury stocks Common stock	170	-	50	120
Annual	170		50	120

3. Stock option

Not applicable

4. Treasury stock acquisition rights

Not applicable

5. Dividends

(1) Dividends paid

Resolution of	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
September 22, 2022 board of directors	Common stock	Retained earnings	739,805	8.25	September 30, 2022	December 1, 2022

(2) Dividends for which the record date belongs to the fiscal year under review but the effective date belongs to the following fiscal year

Resolution of	Kind of shares	Source of dividends	Total dividends (Thousand yen)	Dividend per share (yen)	Date of right allotment	Effective date
May 9, 2023 board of directors	Common stock	Retained earnings	1,143,338	12.75	March 31, 2023	June 1, 2023

(Notes on Consolidated Cash Flow Statement)

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

	Fiscal Year ended March 31, 2022 (Thousand yen)	Fiscal Year ended March 31, 2023 (Thousand yen)
Cash and cash equivalents	5,176,612	2,137,894
Deposit to securities company account (of other current assets)	296	347,657
Cash and cash equivalents at the end of fiscal year	5,176,908	2,485,551

*2 Main breakdown of assets and liabilities of the company that became a consolidated subsidiary due to the acquisition of shares

Fiscal Year ended March 31, 2022 (April 1, 2021, to March 31, 2022)

Not applicable

Fiscal Year ended March 31, 2023 (April 1, 2022, to March 31, 2023)

The breakdown of assets and liabilities at the start of consolidation resulting from consolidating Shinsei Investment Management Co., Ltd. through acquisition of shares on October 3, 2022 (deemed acquisition date: October 1, 2022), which was absorbed into SBI Asset Management Co., Ltd. (a subsidiary of the Company) as of April 1, 2023, and the relationship between the acquisition cost of the said company's shares and the expenditure (net) on the acquisition are as follows:

	(Thousand yen)
Current assets	1,524,318
Non-current assets	58,990
Current liabilities	327,228
Non-current liabilities	18,609
Goodwill	62,528
Acquisition cost of shares	1,300,000
Cash and cash equivalents	△1,116,698
Net: expenditure on the acquisition	183,301

(Notes on tax)

Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023																																																										
<p>1 Breakdown of deferred tax assets and deferred tax liabilities by major cause</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Thousand yen)</th> </tr> </thead> <tbody> <tr> <td>Disallowed business tax payable</td> <td style="text-align: right;">41,506</td> </tr> <tr> <td>Disallowed account payable</td> <td style="text-align: right;">16,970</td> </tr> <tr> <td>Unrealized profit</td> <td style="text-align: right;">14,718</td> </tr> <tr> <td>Valuation difference on other securities</td> <td style="text-align: right;">124,819</td> </tr> <tr> <td>Impairment loss</td> <td style="text-align: right;">103,991</td> </tr> <tr> <td>Impairment loss of intangible fixed assets</td> <td style="text-align: right;">18,919</td> </tr> <tr> <td>Other current assets</td> <td style="text-align: right;">24,690</td> </tr> <tr> <td>Total deferred tax assets</td> <td style="text-align: right;">345,615</td> </tr> </tbody> </table>		(Thousand yen)	Disallowed business tax payable	41,506	Disallowed account payable	16,970	Unrealized profit	14,718	Valuation difference on other securities	124,819	Impairment loss	103,991	Impairment loss of intangible fixed assets	18,919	Other current assets	24,690	Total deferred tax assets	345,615	<p>1 Breakdown of deferred tax assets and deferred tax liabilities by major cause</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">(Thousand yen)</th> </tr> </thead> <tbody> <tr> <td>Disallowed business tax payable</td> <td style="text-align: right;">128,833</td> </tr> <tr> <td>Disallowed account payable</td> <td style="text-align: right;">44,508</td> </tr> <tr> <td>Unrealized profit</td> <td style="text-align: right;">2,204</td> </tr> <tr> <td>Impairment loss</td> <td style="text-align: right;">149,613</td> </tr> <tr> <td>Impairment loss of intangible fixed assets</td> <td style="text-align: right;">45,346</td> </tr> <tr> <td>Tax loss carry-forwards</td> <td style="text-align: right;">115,876</td> </tr> <tr> <td>Other current assets</td> <td style="text-align: right;">15,754</td> </tr> <tr> <td>Total deferred tax assets</td> <td style="text-align: right;">502,137</td> </tr> <tr> <td colspan="2" style="padding-top: 10px;">(Deferred tax liabilities) (Thousand yen)</td> </tr> <tr> <td>Valuation difference on other securities</td> <td style="text-align: right;">17,360</td> </tr> <tr> <td>Accrued dividends receivable</td> <td style="text-align: right;">68,008</td> </tr> <tr> <td>Total deferred tax liabilities</td> <td style="text-align: right;">85,368</td> </tr> <tr> <td>Net amount of deferred tax assets</td> <td style="text-align: right;">416,769</td> </tr> </tbody> </table> <p>(Note) Amount of tax loss carry-forwards and deferred tax assets by carry-over period</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">Within one year (Thousand yen)</th> <th style="text-align: center;">Annual (Thousand yen)</th> </tr> </thead> <tbody> <tr> <td>Tax loss carry-forwards (a)</td> <td style="text-align: center;">115,876</td> <td style="text-align: center;">115,876</td> </tr> <tr> <td>Valuation allowance</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> </tr> <tr> <td>Deferred tax assets</td> <td style="text-align: center;">115,876</td> <td style="text-align: center;">(b)115,876</td> </tr> </tbody> </table> <p>(a) The amount of tax loss carry-forwards is calculated by multiplying by the statutory effective tax rate.</p> <p>(b) Deferred tax assets are recorded for tax loss carry-forwards of 115,876 thousand yen (calculated by multiplying by the statutory effective tax rate). The amount of deferred tax assets represents the recognition of the portion of tax loss carry-forwards determined to be recoverable based on the expected future taxable income, that resulted from non-recurring losses on the sale of investment securities recorded in the fiscal year under review by current Wealth Advisor Co., Ltd., which is a consolidated subsidiary (formerly E-Advisor Co., Ltd. and Morningstar Asset Management Co., Ltd.; Morningstar Asset Management Co., Ltd., as the surviving company, absorbed and merged with E-Advisor Co., Ltd., changed the trade name, and took over the Company's financial services business as of March 30, 2023).</p>		(Thousand yen)	Disallowed business tax payable	128,833	Disallowed account payable	44,508	Unrealized profit	2,204	Impairment loss	149,613	Impairment loss of intangible fixed assets	45,346	Tax loss carry-forwards	115,876	Other current assets	15,754	Total deferred tax assets	502,137	(Deferred tax liabilities) (Thousand yen)		Valuation difference on other securities	17,360	Accrued dividends receivable	68,008	Total deferred tax liabilities	85,368	Net amount of deferred tax assets	416,769		Within one year (Thousand yen)	Annual (Thousand yen)	Tax loss carry-forwards (a)	115,876	115,876	Valuation allowance	—	—	Deferred tax assets	115,876	(b)115,876
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(Segment information, etc.)

[Segment information]

1. Summary of reporting segments

The Group's reporting segments have separate financial information available from the Group's constituent units and are subject to regular review by the Board of Directors to determine resource allocation decisions and assess performance.

The main types of business by reporting segment (as of March 31, 2023) are as follows.

(Asset Management Business)

Business that provides investment management and investment advice such as investment trust setting, solicitation, and management based on the Financial Instruments and Exchange Act

Service classification	Main business contents
Asset Management	Investment management including setting, solicitation, and management of investment trusts centered on publicly offered additional stock investment trusts and privately offered bond-type investment trusts, investment advisory services for funds of funds, defined contribution pension-related consulting, etc.

(Financial Services Business)

Business that collects information on finance, websites, etc., compares, analyzes, evaluates and processes the accumulated information, provides it to customers, and provides consulting.

Service classification	Main business contents
Financial Services	Daily web-based "Stock Newspaper," stock and corporate information distribution, fund analysis report, domestic stock report, U.S. stock report, provision of custom fund data to financial institutions and media, selection and announcement of fund awards, provision of investment trust comparison analysis tools, advice related to corporate defined contribution pension plans, planning and operation of websites related to individual defined contribution pension plan (iDeCo) and small investment tax exemption system (NISA) as well as their content creation and provision, sales of tablet application data to financial institutions, and provision of information on valuation of crypto assets Advertising on the Group's website (Wealth Advisor website, Chinese information site "Searchina"), consulting income related to advertising of financial product sales institutions in various types of media, marketing consulting, advertising agency business, newspaper advertising, seminars on IR, life planning, asset management, etc., life planning support business including provision of simulation tools, etc.

2. Method of calculating the amount of sales, profits or losses, assets, liabilities and other items in the reporting segments

The method of accounting for the reported business segments is the same as described in "Important matters as a basis for preparing consolidated financial statements."

Profit for the reporting segment is based on operating income.

The amount of sales, profits and other items of the asset management business is the total of the amounts of sales, profits and other items of the following subsidiaries.

SBI Asset Management Group Co., Ltd., SBI Asset Management Co., Ltd., Morningstar Asset Management Co., Ltd., Shinsei Investment Management Co., Ltd., Carret Holdings, Inc., Carret Asset Management LLC, SBI Bond Investment Management Co., Ltd., SBI Regional Revitalization Asset Management Co., Ltd., SBI Alternative Asset Management Co., Ltd.

The amount of assets, liabilities and other items is the total of the amounts of assets, liabilities and other items of the following subsidiaries.

SBI Asset Management Co., Ltd., Shinsei Investment Management Co., Ltd., Carret Holdings, Inc., Carret Asset Management LLC, SBI Alternative Asset Management Co., Ltd.

Of the consolidated subsidiaries, Carret Holdings, Inc., and Carret Asset Management LLC have a closing date of December 31.

For Carret Holdings, Inc. and Carret Asset Management LLC, the figures for assets, liabilities and other items as of December 31, 2022, and sales, profits and other items from January 1, 2022, to December 31, 2022, are used in preparing the segment information. For important transactions that occurred between the consolidated closing date and fiscal year end of the above companies, the necessary adjustments for consolidation are made.

The amount of sales, profits and other items of the financial services business is the total of the amounts of sales, profits and other items of the Company and E-Advisor Co., Ltd.

Internal sales or transfers between segments are determined by consultation while taking into account market prices.

The amount of assets, liabilities and other items is the total of the amounts of assets, liabilities and other items of the Company and Wealth Advisor Co., Ltd.

3. Information on sales and income or loss for each reporting segment
Fiscal Year ended March 31, 2022 (April 1, 2021, - March 31, 2022)

(Thousand yen)

	Reporting segment			Matters concerning difference adjustment	Amount recorded on consolidated financial statements
	Asset Management Business	Financial Services Business	Total		
Sales					
Sales to external customers	5,949,302	2,173,984	8,123,286	—	8,123,286
Internal sales or transfers between segments	73	24,088	24,161	△24,161	—
Total	5,949,376	2,198,072	8,147,448	△24,161	8,123,286
Segment operating income	1,557,255	572,549	2,129,805	—	2,129,805
Segment assets	7,426,371	9,084,079	16,510,451	△2,455,092	14,055,358
Segment liabilities	3,949,248	287,657	4,236,905	△2,455,092	1,781,813
Other					
Depreciation	15,461	434,292	449,754	—	449,754
Amortization of goodwill	86,238	25,665	111,904	—	111,904
Increase in tangible and intangible fixed assets	8,581	280,112	288,693	—	288,693

Fiscal Year ended March 31, 2023 (April 1, 2022, - March 31, 2023)

(Thousand yen)

	Reporting segment			Matters concerning difference adjustment	Amount recorded on consolidated financial statements
	Asset Management Business	Financial Services Business	Total		
Sales					
Sales to external customers	6,841,373	1,905,740	8,747,113	-	8,747,113
Internal sales or transfers between segments	164	24,019	24,184	△24,184	-
Total	6,841,538	1,929,760	8,771,298	△24,184	8,747,113
Segment operating income	1,484,812	346,326	1,831,139	-	1,831,139
Segment assets	8,321,184	15,592,340	23,913,524	△2,557,159	21,356,365
Segment liabilities	2,929,016	4,184,607	7,113,623	△2,557,159	4,556,464
Other					
Depreciation	15,072	418,895	433,967	-	433,967
Amortization of goodwill	100,279	17,025	117,304	-	117,304
Increase in tangible and intangible fixed assets	140,623	554,792	695,416	-	695,416

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

(Thousand yen)

Sales	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Total of reporting segment	8,147,448	8,771,298
Elimination of transactions between segments	△24,161	△24,184
Net sales in the consolidated income statement	8,123,286	8,747,113

(Thousand yen)

Segment operating income	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Total of reporting segment	2,129,805	1,831,139
Elimination of transactions between segments	—	—
Operating income in the consolidated income statement	2,129,805	1,831,139

(Thousand yen)

Segment assets	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Total of reporting segment	16,510,451	23,913,524
Elimination of transactions between segments	△2,455,092	△2,557,159
Assets in the consolidated balance sheet	14,055,358	21,356,365

(Thousand yen)

Segment liabilities	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Total of reporting segment	4,236,905	7,113,623
Elimination of transactions between segments	△2,455,092	△2,557,159
Liabilities in the consolidated balance sheet	1,781,813	4,556,464

(Thousand yen)

Other Item	Total of reporting segment		Elimination of transactions between segments		Amount recorded on consolidated financial statements	
	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Depreciation	449,754	433,967	—	—	449,754	433,967
Amortization of goodwill	111,904	117,304	—	—	111,904	117,304
Increase in tangible and intangible fixed assets	288,693	695,416	—	—	288,693	695,416

(Related information)

1. Information about products and services

Fiscal Year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Thousand yen)

	Asset Management Business	Financial Services Business
Sales to external customers	5,949,302	2,173,984

Fiscal Year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Thousand yen)

	Asset Management Business	Financial Services Business
Sales to external customers	6,841,373	1,905,740

2. Information about the area

(1) Sales

Fiscal Year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

(Note) Sales are classified by country or region based on the customer's location.

(Thousand yen)

Japan	United States	Total
6,785,501	1,337,785	8,123,286

Fiscal Year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Note) Sales are classified by country or region based on the customer's location.

(Thousand yen)

Japan	United States	Total
7,338,551	1,408,562	8,747,113

(2) Property, plants and equipment

Since the amount of property, plants and equipment located in Japan exceeds 90% of the amount of property, plants and equipment on the consolidated balance sheet, information on property, plants and equipment by area is omitted.

3. Information about major customers

Fiscal Year ended March 31, 2022 (April 1, 2021 - March 31, 2022)

Not applicable

Fiscal Year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

Not applicable

4. Information on impairment loss on fixed assets or on goodwill of each reporting segment

[Information on impairment loss on fixed assets of each reporting segment]

Fiscal Year ended March 31, 2022 (April 1, 2021, to March 31, 2022)

Not applicable

Fiscal Year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Thousand yen)

	Asset Management Business	Financial Services Business	All consolidated common / elimination	Amount recorded on consolidated balance sheet
Impairment loss	-	248,623	-	248,623

Significant changes in the amount of goodwill

Fiscal Year ended March 31, 2022 (April 1, 2021, to March 31, 2022)

(Thousand yen)

	Asset Management Business	Financial Services Business	All consolidated common / elimination	Amount recorded on consolidated balance sheet
Impairment loss	-	50,408	-	50,408

Fiscal Year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Thousand yen)

	Asset Management Business	Financial Services Business	All consolidated common / elimination	Amount recorded on consolidated balance sheet
Impairment loss	-	184,449	-	184,449

[Information on amortization of goodwill and unamortized balance per reporting segment]

Fiscal Year ended March 31, 2022 (April 1, 2021, to March 31, 2022)

(Thousand yen)

	Asset Management Business	Financial Services Business	All consolidated common / elimination	Amount recorded on consolidated balance sheet
Current period depreciation amount	86,238	25,665	-	111,904
Fiscal year-end balance	1,585,239	201,474	-	1,786,713

Fiscal Year ended March 31, 2023 (April 1, 2022 - March 31, 2023)

(Thousand yen)

	Asset Management Business	Financial Services Business	All consolidated common / elimination	Amount recorded on consolidated balance sheet
Current period depreciation amount	100,279	17,027	-	117,304
Fiscal year-end balance	1,676,585	-	-	1,676,585

(Note) An impairment loss of 184,449 thousand yen was recorded for goodwill attributable to the financial services business.

[Significant negative goodwill income]

Not applicable

(Information on a per share amount)

	Fiscal Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Net asset per share (Yen)	131.64	183.79
Net income per share (Yen)	16.22	60.70
Diluted net income per share (Yen)	-	-

Diluted net income per share for the fiscal year under review is not stated as there are no dilutive shares.

(Notes) 1. The amount of net income per share and the basis for calculation of diluted net income per share are as follows.

	Fiscal Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Net income per share		
Net income attributable to owners of parent (Thousand yen)	1,454,134	5,443,020
Amount not attributable to common shareholders (Thousand yen)	-	-
Net income attributable to owners of parent related to common stock (Thousand yen)	1,454,134	5,443,020
Average number of shares of common stock during the period (Share)	89,673,430	89,673,453

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

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

	Fiscal Year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	Fiscal Year ended March 31, 2023 (April 1, 2022 – March 31, 2023)
Total amount of net assets (thousand yen)	12,273,545	16,799,901
Amount to be deducted from the total amount of net assets (thousand yen)	469,252	318,858
(Non-controlling interests of above (thousand yen))	(469,252)	(318,858)
Net asset value related to common stock of fiscal year end (thousand yen)	11,804,292	16,481,042
Number of year-end common shares used to calculate net assets per share (shares)	89,673,430	89,673,480

(Significant subsequent events)

(Merger between consolidated subsidiaries)

Merger between SBI Asset Management Co., Ltd. and Shinsei Investment Management Co., Ltd.

At the Board of Directors meeting held on January 27, 2023, the Company resolved to conduct an absorption-type merger regarding its consolidated subsidiaries, SBI Asset Management Co., Ltd. and Shinsei Investment Management Co., Ltd., with SBI Asset Management Co., Ltd. as the surviving company (hereinafter, the Merger), and conducted the said absorption-type merger on April 1, 2023, as below.

1. Purpose of the Merger

SBI Asset Management Co., Ltd., which forms and manages publicly offered equity-type index funds and privately placed fixed-income funds entrusted by regional financial institutions (hereinafter, SBI Asset Management) and Shinsei Investment Management Co., Ltd., which mainly provides active management services of publicly and privately offered investment trusts (hereinafter, Shinsei Investment Management), are the Company's domestic asset management subsidiaries.

The purpose of the Merger is 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 the Merger

Schedule of the Merger

Board of Directors meeting to approve the merger agreement (the companies involved in the merger)	January 27, 2023
Execution date of the merger agreement (the companies involved in the merger)	January 27, 2023
Board of Directors meeting to approve the merger agreement (the Company)	January 27, 2023
Shareholders' meeting to approve the merger agreement (the companies involved in the merger)	March 30, 2023
Date of merger (effective date)	April 1, 2023

Type of merger

This is an absorption-type merger with SBI Asset Management as the surviving company, and Shinsei Investment Management dissolves on the effective date.

Calculation for allotment related to the Merger

The Merger is between subsidiaries of the Company and the transaction is between entities under common control.

Assets and liabilities to be transferred from the company disappearing in the absorption-type merger to the company surviving the absorption-type merger within the group through a common control transaction are to be recorded at their fair book value immediately prior to the transfer (March 31, 2023).

The number of shares of SBI Asset Management to be allotted upon the merger has been determined by calculating the ratio of the amount equivalent to shares held by shareholders of each company to the book value (net assets) of the companies involved in the merger as of December 31, 2022, so that the ratio of the amount equivalent to shares held by shareholders of each company to the combined net assets of the two companies as of December 31, 2022, will be each shareholder's shareholding ratio after the merger.

Allotment related to the merger

SBI Asset Management has allotted a total of 308,937 shares of SBI Asset Management stock at the ratio of 31.2058 shares of common stock for each share of Shinsei Investment Management common stock.

As Shinsei Investment Management is a wholly-owned subsidiary of the Company, all of the shares of SBI Asset Management allotted have been acquired by the Company.

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).

3. Summary of the companies involved in the Merger (as of March 31, 2023)

	Company surviving the absorption-type merger	Companies disappearing in the absorption-type merger
(1) Name	SBI Asset Management Co., Ltd.	Shinsei Investment Management Co., Ltd.
(2) Location	1-6-1, Roppongi, Minato-ku, Tokyo	2-4-3, Nihonbashi-Muromachi, Chuo-ku, Tokyo
(3) Title and name of representative	Kenichi Umemoto, Representative Director and President	Haruko Hirai, President & CEO
(4) Business details	Formation and management of publicly offered equity-type index funds and privately placed fixed-income funds entrusted mainly by regional financial institutions	Management of publicly offered and privately placed investment trusts
(5) Date of establishment	August 29, 1986	December 17, 2001
(Date of becoming the Company's subsidiary)	(October 12, 2012)	(October 3, 2022)

(6)	Common stock	400,200 thousand yen		495,000 thousand yen	
(7)	Number of outstanding shares	1,099,411		9,900	
(8)	Fiscal year-end	March 31		March 31	
(9)	Shareholders and shareholding ratios	Shareholders	Shareholding ratios	Shareholders	Shareholding ratios
		The Company	93.3%	The Company	100.0%
		PIMCO ASIA LIMITED	2.7%		
		14 regional banks (*1)	4.0%		
(10)	Financial position and operating results for the fiscal year ended March 2022 (*2) (in thousand yen, except for per share information)				
	Total assets	5,719,481		1,639,361	
	Net assets	4,745,145		1,288,930	
	Net assets per share	4316.22 yen		130,195.00 yen	
	Net sales	3,888,196		824,048	
	Operating income	1,084,473		71,735	
	Ordinary income	1,185,254		94,212	
	Net income	613,427		51,459	
	Net income per share (basic)	665.08 yen		5,197.92 yen	

- (Notes)
- Five shareholders hold 0.42% and nine shareholders hold 0.21%.
 - Sales, operating income, ordinary income, profit, and net income per share of Shinsei Investment Management Co., Ltd. represent losses and gains for the 6 months after the Company made the company into a subsidiary in October 2022.

4. Post-merger overview

(1)	Name	SBI Asset Management Co., Ltd.			
(2)	Location	1-6-1, Roppongi, Minato-ku, Tokyo			
(3)	Title and name of representative	Kenichi Umemoto, Representative Director and President			
(4)	Business details	Formation and management of publicly and privately offered investment trusts such as equity funds and bond funds, and management of privately offered investment trusts for investment of regional financial institutions' own funds			
(5)	Common stock	400,200 thousand yen			
(6)	Number of outstanding shares	1,408,348			
(7)	Fiscal year-end	March 31			
(8)	Shareholders and shareholding ratios	Shareholders		Shareholding ratios	
		The Company		94.8%	
		PIMCO ASIA LIMITED		2.1%	
		14 regional banks (Note)		3.1%	

- (Note) 1. Five shareholders hold 0.33% and nine shareholders hold 0.16%.

5. Explanation about future forecast information such as consolidated earnings forecast

Since the Merger is between the Company's consolidated subsidiaries, its impact on the Company's consolidated results for the fiscal year under review is immaterial.