Morningstar Japan K.K

Second Quarter Financial Results

Second Quarter Ended September 30, 2020
(Fiscal Year Ending March 31, 2021)

October 23, 2020
Morningstar Japan K.K
Representative Director &
President
Tomoya Asakura
Part 1

Summary of Consolidated Financial Results
Summary of Consolidated Interim Financial Results

Revenue: 9 consecutive growth, recorded all-time high for 4 Interim result in a raw

(¥Thousand)

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2021</th>
<th>Increase △Decrease (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Apr.–September.2019</td>
<td>Apr.–September.2020</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>3,333,100</td>
<td>3,615,730</td>
<td>8.5</td>
</tr>
<tr>
<td>Operating profit</td>
<td>865,790</td>
<td>872,352</td>
<td>0.8</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>1,013,349</td>
<td>1,069,661</td>
<td>5.6</td>
</tr>
<tr>
<td>Net profit</td>
<td>685,072</td>
<td>696,751</td>
<td>1.7</td>
</tr>
</tbody>
</table>

※ Net Profit refers to Net Profit attributable to owners of the parent.
Changes in consolidated net profit

Net profit: 11 consecutive growth, recorded all-time high for 6 in a row

※ Net profit refers to Net profit attributable to owners of the parent.
Consolidated net profit increased by double digits in the second quarter (three months)

Consolidated net profit increased 26.8% in the 2Q (three months) from a 15.7% decline in the 1Q (three months).
<table>
<thead>
<tr>
<th>Segment</th>
<th>Service / Product</th>
<th>FY 2020 Apr.–September. 2019</th>
<th>FY 2021 Apr.–September. 2020</th>
<th>Increase Decrease (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Service Business (Data Solution)</strong></td>
<td>Fund data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Data for tablet devices)</td>
<td>227,384</td>
<td>244,802</td>
<td>7.7%</td>
</tr>
<tr>
<td></td>
<td>(Data for Smartphones, PC)</td>
<td>345,501</td>
<td>375,304</td>
<td>8.6%</td>
</tr>
<tr>
<td></td>
<td>(Asset management tools including Robo Advisor)</td>
<td>50,340</td>
<td>15,700</td>
<td>-68.8%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>623,225</td>
<td>635,805</td>
<td>2.0%</td>
</tr>
<tr>
<td>Fund Report</td>
<td></td>
<td>106,388</td>
<td>105,310</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Stock Newspaper subscription fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Newspaper)</td>
<td>93,501</td>
<td>83,552</td>
<td>-10.6%</td>
</tr>
<tr>
<td></td>
<td>(Web)</td>
<td>18,327</td>
<td>23,083</td>
<td>26.0%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>111,828</td>
<td>106,635</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Financial Service Business (Media Solution)</td>
<td>Media Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Seminar)</td>
<td>200,143</td>
<td>146,791</td>
<td>-26.7%</td>
</tr>
<tr>
<td></td>
<td>(Web Advertising)</td>
<td>169,171</td>
<td>35,518</td>
<td>-79.0%</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>369,314</td>
<td>182,309</td>
<td>-50.6%</td>
</tr>
<tr>
<td></td>
<td>Web consulting (Gomez Consulting Business)</td>
<td>159,719</td>
<td>151,875</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Assets Management (Investment trust fee)</td>
<td>SBI Asset Management</td>
<td>1,273,345</td>
<td>1,066,030</td>
<td>-16.3%</td>
</tr>
<tr>
<td></td>
<td>Carret Asset Management</td>
<td>529,938</td>
<td>552,911</td>
<td>4.3%</td>
</tr>
<tr>
<td></td>
<td>SBI Bond Investment Management</td>
<td>—</td>
<td>450,472</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>SBI Regional Revitalization Asset Management</td>
<td>—</td>
<td>241,263</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1,803,284</td>
<td>2,310,677</td>
<td>28.1%</td>
</tr>
</tbody>
</table>
Part 2

Overview of the Financial Services Business
Double-digit year on year growth in the number of users for our ‘Wealth Advisors’ (an application for tablet devices)

Number of Financial Institution: 458
Total number of tablet: 92,927 (End of September, 2020)

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Megabanks and other major banks</td>
<td>3</td>
</tr>
<tr>
<td>Trust Banks</td>
<td>3</td>
</tr>
<tr>
<td>Net Banks</td>
<td>2</td>
</tr>
<tr>
<td>Regional banks</td>
<td>73</td>
</tr>
<tr>
<td>Shinkin banks</td>
<td>51</td>
</tr>
<tr>
<td>Credit Associations</td>
<td>4</td>
</tr>
<tr>
<td>Labor credit associations</td>
<td>14</td>
</tr>
<tr>
<td>Securities</td>
<td>18</td>
</tr>
<tr>
<td>Asset Managements</td>
<td>24</td>
</tr>
<tr>
<td>Securities broker (IFA included)</td>
<td>265</td>
</tr>
<tr>
<td>Insurance companies</td>
<td>1</td>
</tr>
<tr>
<td>Total companies</td>
<td>458</td>
</tr>
</tbody>
</table>

Double-digit year on year growth in the number of users for our ‘Wealth Advisors’ (an application for tablet devices)
73 out of 102 regional banks have adopted our ‘Wealth Advisors’, demonstrating an overwhelming share in the market.

73 first-tier and second-tier regional banks (out of a total of 102 as of 30 Sept.※) have adopted our ‘Wealth Advisors’.

Our Tablet Share in regional banks

- Morningstar “Wealth Advisors” 72% (73 regional banks)
- Other Companies 28%
An increase in data & tools for smartphones and PCs provided to financial institutions, thanks to the progress in the ‘DX (digital transformation) move’ amidst the COVID-19 crisis

<Commenced the provision of life planning and inheritance-related tools in addition to fund data>

**Number of data provided for smartphones and PCs**

<table>
<thead>
<tr>
<th>(Number of unit)</th>
<th>End of September, 2019</th>
<th>End of September, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>68</td>
<td>81</td>
</tr>
<tr>
<td>55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>65</td>
<td></td>
<td></td>
</tr>
<tr>
<td>70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>85</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

19.1% Up

**Life plan / Inheritance related**

- Life Plan Simulation
- Money color-coded diagnostics
- Financial calculator
- Inheritance simulation
- Insurance filtering tool
- Robo Advisor
- Fund information is provided with expanded functions
- Providing investment trust data for homepage
- Simulation of funded investment trust
- Freshly-picked NISA tax saving simulation
- iDeCo tax saving simulation

(Number of unit)
The number of downloads of "smartphone apps" that increase media value has expanded to double-digit growth.

Changes in the number of smartphone app downloads:

<table>
<thead>
<tr>
<th></th>
<th>End of September, 2019</th>
<th>End of September, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock News Paper</td>
<td>18,031</td>
<td>36,678</td>
</tr>
<tr>
<td>My Virtual Currency</td>
<td>25,095</td>
<td>31,885</td>
</tr>
<tr>
<td>My Investment Trust Information</td>
<td>698,613</td>
<td>766,994</td>
</tr>
</tbody>
</table>

- **741,739** (End of September, 2019) to **835,557** (End of September, 2020) - 12.6% Up
- **741,739** to **766,994** - 9.8% Up
- **741,739** to **835,557** - 2.0 times Up
- **741,739** to **835,557** - 27.1% Up
Morningstar's YouTube channel subscribers topped 11,500

It is also used by sales companies and Investment management companies as a medium for online seminars and promotions.

YouTube channel subscribers have more than quintupled in five months

(As of Oct 20, 2020)

Fund's point of view: 47 videos (as of October 20, 2020)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Video Name (Fund Name)</th>
<th>views</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SBI Bangard S&amp;P500 Index Fund『Nickname: SBI Vanguard S&amp;P500』</td>
<td>27,406</td>
</tr>
<tr>
<td>2</td>
<td>iFree Leveraged NASDAQ100</td>
<td>26,814</td>
</tr>
<tr>
<td>3</td>
<td>Hifumi Plus</td>
<td>16,985</td>
</tr>
<tr>
<td>4</td>
<td>Pictet Global profit Equity Fund</td>
<td>12,441</td>
</tr>
<tr>
<td>5</td>
<td>Saison Vanguard Global Balance Fund</td>
<td>10,203</td>
</tr>
</tbody>
</table>
‘Investment Fund EXPO 2020’ was successfully held for two ‘types’ of attendees - physical and online participants. Roughly 10,000 attended the one day seminar.

Venue visitors: 420
Online visitors: 9,152
Total: 9,572
Number of questionnaire responses: 3,218
(New participants: 3,661)

Abstracts from survey answers

“I am glad that I was able to attend the seminar live. I think we can understand and recall the presentations better at the live seminar.”

“I am pleased to have continued attending the live seminar this year. I could have chosen online attendance. But I did enjoy the dynamic vibe at the live seminar!”

“I live far away from the venue, so I am grateful for the online attendance. ”

“I hope you will continue to offer this choice (online attendance). I appreciate your online participation option as I had to cancel my original live attendance at short notice.”
Sales from seminars for the last three months (2Q) marked a significant improvement.

Sales fell sharply in 1Q, but it staged a major turnaround in 2Q, driven in large part to the provision of seminars on the online platform.
Web-based consultation business offered by ‘Gomez Consulting’ also maintained growth

‘Gomez Consulting’ reported an increase in newly launched ESG-related website consultation transactions. It is also promoting continuous support for website management.

Number of orders for web consulting and site operation support

<table>
<thead>
<tr>
<th>Month</th>
<th>Consulting</th>
<th>Continuous Site Operation Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>April ~ September</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td>April ~ September</td>
<td>25</td>
<td>26</td>
</tr>
</tbody>
</table>

< ESG Site Assessment Report >

＜ESG Site Assessment Report＞
Part 3

Overview of Asset Management business
Asset Under Management of the Group which includes investment advisory is greatly increased to approximately 2.3 trillion yen,

The amount entrusted by institutional investors, mainly regional financial institutions, exceeded 1.5 trillion yen.

63.1% Up

3.37 Times up

※Carret Asset Management's Asset Under Management is converted at Mizuho Bank's month-end rate, September 2020: 1 dollar = 105.81 yen
Net inflow into private placement funds of the SBI group is always ranks at top level in the industry.

- The net inflow of private placement investment trusts of the out group at the market crash due to the COVID-19 crisis shock (March, 2020) was the highest among all 90 companies.
- Cumulative inflow of funds since the beginning of the year is the third highest among all 90 companies.

[Graph showing net fund inflow of private placement investment funds of SBI and Ranking (January – September, 2020)]

<table>
<thead>
<tr>
<th>Rank</th>
<th>Asset Management Company</th>
<th>Y-to-Y total for 2020</th>
<th>Net inflows of funds (billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PIMCO</td>
<td>1144</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>JPMorgan Chase &amp; Co.</td>
<td>1057</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>SBI Asset Management Group</td>
<td></td>
<td>681</td>
</tr>
<tr>
<td>4</td>
<td>Blackrock Asset Management</td>
<td>664</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Mitsubishi UFJ Kokusai Asset Management</td>
<td>456</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Nissei Asset Management</td>
<td>445</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>SOMPO Asset Management</td>
<td>372</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Invesco</td>
<td>322</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>BlueBay</td>
<td>210</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Daiwa Asset Management</td>
<td>180</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Prudential Asset Management</td>
<td>116</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Axa Invest Managers</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Meiji Yasuda Asset Management</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Goldman Sachs Asset Management</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Shinkin Asset Management</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Sinsei Asset Management</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Sumitomo Mitsui Trust Asset Management</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Nikko Asset Management</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Simplex Asset Management</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Neuberger Berman</td>
<td>53</td>
<td></td>
</tr>
</tbody>
</table>

Created from the status of the increase or decrease in assets of management companies of private placement investment trusts.
Operating profit of the asset management companies in the Group

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**SBI Bond Investment Management**

- **April ~ September, 2019**: 89,550 ¥Thousand
- **April ~ September, 2020**: 174,709 ¥Thousand
- **Change**: △65,159 ¥Thousand (95.1%)

**SBI Regional Revitalization Asset Management**

- **April ~ September, 2019**: 115,177 ¥Thousand
- **April ~ September, 2020**: 201,308 ¥Thousand
- **Change**: △86,131 ¥Thousand (50.6%)

**Carret Asset Management**

- **April ~ September, 2019**: 27,162 ¥Thousand
- **April ~ September, 2020**: 40,918 ¥Thousand
- **Change**: △13,756 ¥Thousand (50.6%)

**SBI Asset Management**

- **April ~ September, 2019**: 159,214 ¥Thousand
- **April ~ September, 2020**: 201,308 ¥Thousand
- **Change**: △42,094 ¥Thousand (20.9%)

※ Asset Under Management of Carret Asset Management is at the rate of 105.81 yen to the U.S. dollar at the end of September, 2020.
Net Assets of SBI Asset Management Index Funds

<SBI・Vanguard・S&P 500 Index Funds>

【AUM】
Balance as of Oct 21, 2020: ¥ 78 billion

Management fee (tax included) 0.0938%

Breakthrough 70 billion set from just 11 months

<SBI・the Global Market・Developed countries・Emerging countries Index Fund
『nick name : Snow Ball』>

【AUM】
Balance as of Oct 21, 2020: ¥ 18 billion

Management fee (tax included) the whole world : 0.1102%

Balance as of Oct 21, 2020: ¥ 18 billion

【AUM】
Management fee (tax included) 0.0938%

Breakthrough 70 billion set from just 11 months

Management fee (tax included) the whole world : 0.1102%

Balance as of Oct 21, 2020: ¥ 18 billion

【AUM】
Management fee (tax included) 0.0938%

Breakthrough 70 billion set from just 11 months

Management fee (tax included) the whole world : 0.1102%
An Operational Performance Survey of Domestic Management Companies Published by the Financial Services Agency (August 2020)

Ranking of average management fees and expenses ratio (weighted average), as of end FY2019 (in ascending order)

<table>
<thead>
<tr>
<th>Asset Management company</th>
<th>Management fees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 SBI Asset Management</td>
<td>0.13</td>
</tr>
<tr>
<td>2 Hitachi</td>
<td>0.15</td>
</tr>
<tr>
<td>3 Rakuten</td>
<td>0.18</td>
</tr>
<tr>
<td>4 Nissei Asset Management</td>
<td>0.19</td>
</tr>
<tr>
<td>5 Meiji Yasuda Asset Management</td>
<td>0.28</td>
</tr>
<tr>
<td>6 Sumitomo Mitsui DS Asset Management</td>
<td>0.33</td>
</tr>
<tr>
<td>7 Resona Asset Management</td>
<td>0.35</td>
</tr>
<tr>
<td>8 Nomura Asset Management</td>
<td>0.35</td>
</tr>
<tr>
<td>9 Sumitomo Mitsui Trust Asset Management</td>
<td>0.36</td>
</tr>
<tr>
<td>10 Mitsubishi UFJ Kokusai Asset Management</td>
<td>0.38</td>
</tr>
</tbody>
</table>

※ Created by Morningstar from the Financial Services Agency
Assets under management by ‘SBI-PICTET Asia Hi-Tech Venture Fund’ topped ¥4.0bn (this fund can invest in unlisted companies)

Initial AUM on July 29: ¥ 1.5 billion

**As of October 22:** ¥4.3 billion (Continued application period: Until October 29, 2020)

◆ The first fund managed by SBI in collaboration with Pictet
◆ Investing up to 15% of fund in unlisted shares in Japan and Asia
◆ Investing in high-tech ventures in Japan and Asia

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**[Fund features]**

- Unlisted shares in Japan and Asia: 15%
- Listed stocks in Japan: 35%
- Listed stocks in Asia: 50%

‘SBI-PICTET Asia Hi-Tech Venture Fund’
Part 4
Measures for leaping forward to seize the opportunity of an upgraded listing on the First Section of the Tokyo Stock Exchange

1) Provision of appropriate investment & financial products and management tools to support for the shift ‘from savings to investment’ of ¥100 trillion household deposits and savings.

2) Provision to 7.5 million members of defined contribution-type corporate pension plans with ‘investment advice’ to support their pension management.

3) Provision of ‘portfolio management and investment products’ to regional financial institutions for supporting their management of securities portfolios.
Morningstar Japan, K.K : 20-year history on the Stock Market

<October 19, 2020:
listed on the First Section of the Tokyo Stock Exchange>

Changes in Morningstar's consolidated net profit

※ Following a change in the accounting term, the year ended March 2008 (FY2008) had 15 months. For comparison purposes, therefore, the above operating profit for FY2008 represented for the 12-month period between April 2007 and March 2008, excluding for the three months from between January 2007 and March 2007. The above graphs exclude the amount of inter-company elimination entries in consolidation.
Transaction volume transition of Morningstar

Average daily volume
Listed on TSE JASDAQ
(Jan 6, 2020 ~ Oct 16, 2020)
75,952 shares

Average daily volume
After listing on the First Section of the TSE
(Oct 19, 2020 ~ Oct 22, 2020)
1,036,525 shares

13.6 times
1) Provision of appropriate investment information and financial management tools to support the shift ‘from savings to investment’ of ¥1,000 trillion household deposits and savings
Structure of Financial assets held by households in Japan

¥1,883 trillion (as of end June 2020)

- **Cash and Deposits**: ¥1,031 trillion (54.7%)
- **Insurance, Pension Plans and Fixed Annuities**: ¥528 trillion (28.1%)
- **Stocks, etc.**: ¥173 trillion (9.2%)
- **Investment Trust**: ¥68 trillion (3.6%)
- **Bond Securities**: ¥26 trillion (1.4%)
- **Others**: ¥56 trillion (3.0%)

(¥ Trillion, Composition ratio%)

Source: Created Morningstar from data from the Investment Trusts Association
Providing the most appropriate investment information and financial management products for individual life plans

※ Source: ‘The Role of Financial Services in Aging Society (interim summary)’, by the Financial Services Agency of Japan
The development of original Robo-Advisor by E-Advisor Co., Ltd. (a subsidiary of Morningstar) (slated to launch in May 2021)

Japan’s first ESG service wrap, a package of services that supports portfolio construction encapsulating an ESG perspective.

Referenced data from Morningstar & Sustainability in the United States

Portfolio (6-8 patterns)

Low cost ETF
Shares Shares Bonds

Low cost Bond Fund

E-Advisor

Wrap Service

Separately Managed Account

A lifetime servicing robo-advisor, capable of supporting users in the asset-utilizing period.

< Target customers of this wrap >

Asset Building Users
Periodic Savings Service

Asset Utilizing Users
Periodic Selling Service

SBI Bond Investment Management
Differentiating our services from existing face-to-face and online-based robo-advisory service

<table>
<thead>
<tr>
<th>Cost</th>
<th>Young people (Asset building users)</th>
<th>Age</th>
<th>Aged People (Asset Utilizing Users)</th>
</tr>
</thead>
</table>
| High | <Online-based Robo-advisory Service> (Average fee is about 1.0%)  
- An online-based comprehensive service for young people  
- Those periodically saving smaller amounts are the core customers  
|  | <Personal Financial Advisory Service> (Average fee is about 2.5%)  
- Sold at major banks and securities firms  
- The wealthy elderly are core customers  
| Low | Morningstar’s Robo-advisor (Average fee is within 0.5%)  
- Offering industry’s lowest-cost services  
- Available for asset utilizing users as it offers a periodic asset withdrawal service  
|  | <Online-based Robo-advisory Service> (Average fee is about 1.0%)  
- An online-based comprehensive service for young people  
- Those periodically saving smaller amounts are the core customers  
|  | Morningstar’s Robo-advisor (Average fee is within 0.5%)  
- Offering industry’s lowest-cost services  
- Available for asset utilizing users as it offers a periodic asset withdrawal service  
|  | Online-based Robo-advisory Service  
- Regular withdrawal service  
- Funded investment  
|  | Personal Financial Advisory Service  
- Regular withdrawal service  
- Funded investment  
|  | Fee  
- Within 0.50%  
- Average about 1.0%  
- Average about 2.5%  
|  | Main target  
- Asset Utilizing Users  
- Asset Building Users  
- Asset Building users  
- Asset Utilizing Users  
- Wealthy class  
|  | Main Service  
- Regular withdrawal service  
- Funded investment  
- Funded investment  
- a lump-sum investment  
|
‘Wealth Advisors’, an app for tablet devices, is evolving into an asset management advisory ‘platformer’

Expand from Phase1 “Offers advise for customers”, Phase2 “Collaboration with customer information” to “Collaboration with trading system”
‘Wealth Advisors’ has incorporated the ‘MILIZE’ life plan simulation function

In response to the summary, ‘To Facilitate the Development of Customer-oriented Business Management’ reported by the Market Working Group of the Financial Service Council (August 5, 2020)

Implementation of cross-sectional product proposals in due consideration, among others, of customers’ life plans together with the provision of appropriate post-sales follow up services.

‘MILIZE’ detailed life plan simulation tool
2) Provision of ‘investment advice’ to 7.5 million members of defined contribution-type corporate pension plans with the aim of supporting their effective pension management
Changes in Members of Defined Contribution-type Corporate Pension Plans

(10 Thousand)

※Source: Created Morningstar from data from the Investment Trusts Association
In-house Disclosure of Fund Management Performance (e.g. in a report) to Plan Members and Beneficiaries

- No answer: 11.7%
- Report to management only: 14.1%
- Disclosure to union or employee representative: 2.9%
- Disclosure to all employees: 15.2%
- Only the secretariat does not share: 56.1%

Source: 'Inquiries into the Management of Defined Contribution-type Corporate Pension Plans (conducted between late June 2017 and early August 2017)', the 401k Educational society
※ n=2,651
Type of Assets held by Defined Contribution-type Corporate Pension Plans

This chart shows principal protected products make up more than half of total members’ assets.

- **Investment trust**: 48.1%
- **Deposits and Savings**: 35.7%
- **Insurance**: 16.2%
- **Principal protected products**: 51.9%

Source: Created by Morningstar from "Defined Contribution Pension Statistics" of the Management Organization Liaison Council
More than 60% of participants endure just 1% or lower yields

Source: ‘Inquiries into the Management of Defined Contribution-type Corporate Pension Plans (conducted between late June 2017 and early August 2017)’, the 401k Educational society
※ n=483
E-Advisor Co., Ltd. launches investment advisory service for corporate defined contribution pension plans (Scheduled for March 2021)

Strengthened sales approach to companies with defined contribution pensions

Providing Investment Advice Services to subscribers

Automate operational orders and monitoring to eliminate anxiety about the future of subscribers
3) Provision of portfolio management and investment products to regional financial institutions for supporting their management of securities portfolios
A time to call an end to the domestic bond-centric (government and municipal bonds) fund management

Holding status of securities of regional banks
(As of the end of March 2019)

Trends in 10-year government bond yields
Regional Banks Version of Corporate Governance Code (Corporate Governance Guidelines)

Eight points at issue in light of the management reforms conducted by regional banks (publicized by the Financial Services Agency)

1. Eight points at issue in light of the management reforms conducted by regional banks (publicized by the Financial Services Agency)

   1. Fundamental policies of regional banks
   2. Relations with the local community
   3. Roles of management
   4. Role of the board of directors
   5. Formulation of management strategy
   6. Implementation of management strategy
   7. Business process rationalization and partnership with other institutions

   Amongst several available options toward these ends, such as the use of outside experts or facilities for portfolio management and system integration/sharing, which one(s) to adopt.

   8. Human resources development and maintaining motivation

※ February 7, 2020: Excerpt from the Financial Services Agency’s "Main Issues Contribution to Improving Management and Governance of Regional Financial Institutions-Transformation from "Form "to" Real "-(Draft)"
Morningstar Group’s Global Operational Structure

The Group can deploy global networks of the SBI Group and Morningstar to provide attractive fund management products.

Morningstar has 27 locations around the world

Provision of services in collaboration with major partners
- Provision of market outlook and exchange of views
- Provision of expertise in portfolio management operations
- Human resources development and training

Morningstar deploys its global network to deliver the best execution and maintain high-level liquidity by choosing appropriate brokers.
Morningstar provides portfolio analysis services in a neutral and impartial setting

① Portfolio analysis
- Neutral and impartial positioned Morningstar scrutinizes overall securities asset to provide various opinions concerning for example challenges and areas needing improvement. (used as a second opinion)
  (quantified risk, i.e. Var, sensitivity values, scenario-based analysis, etc.)

② Utilized as a securities investment management platform
- Deploy the service to achieve effective and flexible portfolio management.
- To manage risks associated with the whole portfolio.
- To reduce overall management costs.

③ Taking on trainees to develop their ability and skills
- The Morningstar Group welcomes trainees to help them develop fund management skills and acquire necessary expertise at an investment management firm.
Changes in AUM and operating profit of ‘SBI Bond Investment Management’

Success stories of joint ventures - ①

Joint venture with Pimco, one of the world's largest bond management companies

Establishment: December 7, 2015
Business start: June 30, 2016

Changes in AUM and operating profit

November 2017
Achieved a monthly profit in 1 year and 5 months from the start of business.
Support for Upgrading of investment at Regional Financial Institutions – ②

Changes in AUM and operating profit of ‘SBI Regional Revitalization Asset Management’

Success stories of joint ventures - ②
Joint venture with 38 regional banks

Establishment: March 2018
Business start: November 2018

<Changes in AUM and operating profit>

January 2019
Achieved profitability in a single month in 1 year and 3 months from the start of business
Provision of tools for portfolio analysis and risk management to regional financial institutions, with a view to helping them diversify and refine their securities portfolio management operations

‘MILIZE's securities management portfolio analysis, risk management tool "Acrux"

In a cloud environment, Morningstar provides regional financial institutions with next-generation platforms for securities investment and risk management.

1. Visualizing data to gain a better comprehension of portfolio profiles.
2. Stress testing and scenario-based testing of existing portfolios.
3. Running periodic profit simulations for portfolio restructuring variation

Providing a system using a cloud environment

Data visualization
Part 5

Our stock price and shareholder returns
Changes in stock prices of Morningstar

<Changes over the past one year (October 15, 2019 – October 16, 2020)>

<table>
<thead>
<tr>
<th></th>
<th>Morningstar Japan K.K</th>
<th>TOPIX</th>
<th>Nikkei JASDAQ Stock Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20.1%</td>
<td>-0.2%</td>
<td>5.8%</td>
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<Changes over the past ten year (October 15, 2010 – October 16, 2020)>

<table>
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<tr>
<th></th>
<th>Morningstar Japan K.K (Dividend included)</th>
<th>TOPIX (Dividend included)</th>
<th>Nikkei JASDAQ Stock Average (Dividend included)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.3 times</td>
<td>2.4times</td>
<td>3.1times</td>
</tr>
</tbody>
</table>

Source: Created by Morningstar
Comparison of Business Results for 1H FY2020  
(April ~ September 2020)  
We achieved an increase in profit even in the harsh environment of corona

<table>
<thead>
<tr>
<th></th>
<th>(April-September 2020) Year-over-year basis Operating profit growth rate</th>
<th>(End of March 2020) ROE</th>
</tr>
</thead>
</table>
| First Section of the Tokyo Stock Exchange  
(Average of 695 companies in the company plan) | -56.0%                                                                   | 6.3%                    |
| TSE JASDAQ                            
(Average of 160 companies in the company plan) | -25.3%                                                                   | 5.3%                    |
| Morningstar Japan K.K                 | 0.80%                                                                    | 13.5%                   |

※Companies that closed their books on March 31 (excluding financials).  
※Data were aggregated and calculated by Morningstar, based on companies’ expected profit growth ratios for the first half of fiscal year ending March 2021 (involving 695 firms listed on TSE 1st and 160 on TSE’s JASDAQ).  
※ROE figures represent actual results for fiscal year ended March 2020.
We have already announced an increase in the interim dividend for the current fiscal year. The interim dividend for the fiscal year ending March 2021 is 7.50 yen. Dividends to shareholders for the full year have continued to increase for the 11 consecutive year.

※ The commemorative dividend for the fiscal year ended March 31, 2015 is the 15th anniversary commemorative dividend. The commemorative dividend for the fiscal year ending March 2018 is the 20th anniversary commemorative dividend.