

SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

INTERIM RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

The board of directors (the “Directors”) of SBI HOLDINGS, INC. (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the nine months ended December 31, 2020.

(Amounts are rounded to the nearest million Japanese yen)

1. Consolidated Financial Results

(1) Consolidated Operating Results

(Percentages represent year-on-year changes)

	Revenue		Profit before income tax expense		Profit for the period		Profit attributable to owners of the Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2020	362,218	27.0	93,738	44.8	69,225	52.2	60,810	62.3
Nine months ended December 31, 2019	285,197	12.0	64,715	2.9	45,476	0.4	37,474	(3.2)

	Total comprehensive income		Basic earnings per share attributable to owners of the Company	Diluted earnings per share attributable to owners of the Company
	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2020	81,054	120.6	256.48	225.15
Nine months ended December 31, 2019	36,750	(12.9)	163.36	147.01

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2020	6,466,221	693,062	526,526	8.1
March 31, 2020	5,513,227	593,699	451,476	8.2

2. Dividends

(Declared date)	Dividend per share				
	End of 1 st Q	End of 2 nd Q	End of 3 rd Q	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2020	—	20.00	—	80.00	100.00
Fiscal year ending March 31, 2021	—	20.00	—		
Fiscal Year ending March 31, 2021 (forecast) (Note)				—	—

(Note) Fiscal year ending March 31, 2021 forecast is to be determined.

3. Total number of shares outstanding (Common stock)

(1) Number of shares outstanding (including treasury stock)	: December 31, 2020	: 243,433,790shares
	March 31, 2020	: 236,556,393shares
(2) Number of treasury stock	: December 31, 2020	: 10,694shares
	March 31, 2020	: 5,730,038shares
(3) Average number of shares outstanding	: Nine months ended December 31, 2020	: 237,091,400shares
	Nine months ended December 31, 2019	: 229,388,763shares

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

This financial summary is exempt from quarterly review procedures required by Financial Instruments and Exchange Act.

1. BUSINESS RESULTS

(1) Results of Operations

The Group's consolidated results of operations for the nine months ended December 31, 2020 were as follow. Revenue increased 27.0% year-on-year to ¥362,218 million, profit before income tax expense increased 44.8% to ¥93,738 million and profit attributable to owners of the Company increased 62.3% to ¥60,810 million.

The results of operations for each reporting segment of the Group for the nine months ended December 31, 2020 were as follow.

The Group changed the reporting segment name "Biotechnology-related Business" to "Biotechnology, Healthcare & Medical Informatics Business" from the third quarter ended December 31, 2020.

SBI Leasing Services Co., Ltd., which was included in the Financial Services Business until the previous reporting period, and SBI Crypto Investment Co., Ltd., which was included in the Others until the previous reporting period, are now included in the Asset Management Business beginning with this fiscal year. SBI CapitalBase Co., Ltd., which was included in the Others until the previous reporting period and changed its company name to SBI Equity Crowd Co., Ltd. on July 1, 2020, is now included in the Financial Services Business beginning with this fiscal year. Consequently, segment information for the nine months ended December 31, 2019, is restated in accordance with the new basis of segmentation.

	Revenue			Profit before income tax expense		
	Nine months ended	Nine months ended		Nine months ended	Nine months ended	
	December 31, 2019	December 31, 2020		December 31, 2019	December 31, 2020	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	171,881	223,376	30.0	38,395	61,892	61.2
Asset Management Business	108,212	130,573	20.7	43,693	43,774	0.2
Biotechnology, Healthcare & Medical Informatics Business	3,249	4,091	25.9	(8,720)	(4,795)	—
Total	283,342	358,040	26.4	73,368	100,871	37.5
Others	4,335	9,858	127.4	(1,141)	874	—
Elimination or Corporate	(2,480)	(5,680)	—	(7,512)	(8,007)	—
Consolidated Total	285,197	362,218	27.0	64,715	93,738	44.8

(% represents year-on-year changes)

(Financial Services Business)

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

The results of operations of the Financial Services Business for the nine months ended December 31, 2020 were as follows. Revenue increased 30.0% year-on-year to ¥223,376 million, and profit before income tax expense increased 61.2% to ¥61,892 million.

(Asset Management Business)

The Asset Management Business primarily consists of fund management and investment in Internet technology, fintech, blockchain, finance, and biotechnology-related venture companies in Japan and overseas, financial services business overseas, and asset management services business which provides financial products information.

The results of operations of the Asset Management Business for the nine months ended December 31, 2020 were as follows. Revenue increased 20.7% year-on-year to ¥130,573 million, and profit before income tax expense increased 0.2% year-on-year to ¥43,774 million.

(Biotechnology, Healthcare & Medical Informatics Business)

The Biotechnology, Healthcare & Medical Informatics Business represents development and distribution of pharmaceutical products, health foods, and cosmetics with 5-aminolevulinic acid (ALA*), a kind of amino acid which exists in vivo, research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology, the digitization of medical and health information, providing solutions and services that promote and the use of medical big data, and medical finance.

The results of operations of the Biotechnology, Healthcare & Medical Informatics Business for the nine months ended December 31, 2020 were as follows. Revenue increased 25.9% year-on-year to ¥4,091 million, and loss before income tax expense amounted to ¥4,795 million for the nine months ended December 31, 2020 (¥8,720 million of loss before income tax expense for the nine months ended December 31, 2019).

* Five-aminolevulinic acid (ALA) is an amino acid generated by mitochondria in the human body and an important substance used to produce heme or cytochrome, proteins to generate energy. The production of ALA in the human body decreases with age. ALA is included in food products, including slops of distilled spirits, red wine, and Asian ginseng. ALA is also known as a chloroplastic substance in plants.

(2) Financial Conditions and Cash Flows

As at December 31, 2020, total assets amounted to ¥6,466,221 million and increased by ¥952,994 million from total assets of ¥5,513,227 million as at March 31, 2020. The Group's equity increased by ¥99,363 million to ¥693,062 million from the fiscal year ended March 31, 2020. As at December 31, 2020, the Group's cash and cash equivalents amounted to ¥627,504 million and decreased by ¥216,251 million from that of ¥843,755 million as at March 31, 2020. The changes of cash flows for each activity and the reasons for changes are as follows:

(Operating Cash Flows)

Cash flows from operating activities amounted to ¥132,546 million in net cash outflows (¥3,546 million in net cash inflows for the nine months ended December 31, 2019). The net cash outflows were primarily due to a ¥225,789 million cash outflow from an increase in assets/liabilities related to securities business and a ¥176,659 million cash outflow from an increase in accounts receivables and other receivables, despite a ¥163,218 million cash inflow from an increase in customer deposits in the banking business and a ¥102,819 million cash inflow from an increase in operational liabilities and other liabilities.

(Investing Cash Flows)

Cash flows from investing activities amounted to ¥81,843 million in net cash outflows (¥38,645 million in net cash outflows for the nine months ended December 31, 2019). The net cash outflows were primarily due to a ¥63,931 million cash outflow from purchases of investment securities and a ¥56,495 million cash outflow from payments of loans receivable, despite a ¥35,534 million cash inflow from collection of loans receivable.

(Financing Cash Flows)

Cash flows from financing activities amounted to ¥2,487 million in net cash outflows (¥179,653 million in net cash inflows for the nine months ended December 31, 2019). The net cash outflows were primarily due to a ¥183,616 million cash outflow from decrease in short term loans payable, a ¥56,295 million cash outflow from redemption of bonds payable and a ¥23,263 million cash outflow from cash dividends paid, despite a ¥213,364 million cash inflow from proceeds from issuance of bonds payable and a ¥46,454 million cash inflow from proceeds from long-term loans payable.

2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(1) Interim Condensed Consolidated Statement of Financial Position

	As at March 31, 2020	As at December 31, 2020
	Millions of Yen	Millions of Yen
Assets		
Cash and cash equivalents	843,755	627,504
Trade and other accounts receivable	822,131	1,083,242
Assets related to securities business		
Cash segregated as deposits	1,726,040	2,185,760
Margin transaction assets	495,997	759,461
Other assets related to securities business	576,501	606,898
Total assets related to securities business	2,798,538	3,552,119
Other financial assets	40,994	56,154
Operational investment securities	394,923	452,127
Other investment securities	180,444	202,648
Investments accounted for using the equity method	63,657	100,174
Property and equipment	51,857	76,528
Intangible assets	190,278	215,711
Other assets	116,765	89,253
Deferred tax assets	9,885	10,761
Total assets	5,513,227	6,466,221
Liabilities		
Bonds and loans payable	1,149,050	1,176,620
Trade and other accounts payable	76,977	197,854
Liabilities related to securities business		
Margin transaction liabilities	150,699	226,136
Loans payable secured by securities	351,701	409,702
Deposits from customers	959,773	1,240,614
Guarantee deposits received	819,838	960,851
Other liabilities related to securities business	392,347	335,835
Total liabilities related to securities business	2,674,358	3,173,138
Customer deposits for banking business	734,221	954,189
Insurance contract liabilities	141,898	146,835
Income tax payable	11,373	12,171
Other financial liabilities	23,083	27,477
Other liabilities	88,925	58,246
Deferred tax liabilities	19,643	26,629
Total liabilities	4,919,528	5,773,159
Equity		
Capital stock	92,018	97,680
Capital surplus	139,993	146,245
Treasury stock	(13,874)	(28)
Other components of equity	(6,385)	5,422
Retained earnings	239,724	277,207
Equity attributable to owners of the Company	451,476	526,526
Non-controlling interests	142,223	166,536
Total equity	593,699	693,062
Total liabilities and equity	5,513,227	6,466,221

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

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Millions of Yen	Millions of Yen
Revenue (Interest income of ¥87,849 million and ¥104,272 million included for the nine months ended December 31, 2019 and 2020, respectively)	285,197	362,218
Expense		
Financial cost associated with financial income	(18,959)	(19,823)
Provision for credit losses	(24,811)	(28,057)
Operating cost	(78,384)	(96,546)
Selling, general and administrative expenses	(93,864)	(116,697)
Other financial cost	(3,545)	(4,238)
Other expenses	(5,907)	(9,386)
Total expense	<u>(225,470)</u>	<u>(274,747)</u>
Share of the profit of associates and joint ventures accounted for using the equity method	4,988	6,267
Profit before income tax expense	<u>64,715</u>	<u>93,738</u>
Income tax expense	(19,239)	(24,513)
Profit for the period	<u>45,476</u>	<u>69,225</u>
Profit for the period attributable to		
Owners of the Company	37,474	60,810
Non-controlling interests	8,002	8,415
Profit for the period	<u>45,476</u>	<u>69,225</u>
Earnings per share attributable to owners of the Company		
Basic (Yen)	163.36	256.48
Diluted (Yen)	147.01	225.15

Interim Condensed Consolidated Statement of Comprehensive Income

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Millions of Yen	Millions of Yen
Profit for the period	45,476	69,225
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Equity instruments measured at FVTOCI	(646)	(40)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(160)	132
	<u>(806)</u>	<u>92</u>
Items that may be reclassified subsequently to profit or loss		
Debt instruments measured at FVTOCI	852	375
Currency translation differences	(5,886)	10,895
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(2,886)	467
	<u>(7,920)</u>	<u>11,737</u>
Other comprehensive income, net of tax	<u>(8,726)</u>	<u>11,829</u>
Total comprehensive income	<u><u>36,750</u></u>	<u><u>81,054</u></u>
Total comprehensive income attributable to		
Owners of the Company	28,574	72,617
Non-controlling interests	8,176	8,437
Total comprehensive income	<u><u>36,750</u></u>	<u><u>81,054</u></u>

(3) Condensed Interim Consolidated Statement of Changes in Equity

Nine months ended December 31, 2019

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings	Total		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
As at April 1, 2019	92,018	142,094	(20,128)	16,977	225,714	456,675	105,882	562,557
Profit for the period	-	-	-	-	37,474	37,474	8,002	45,476
Other comprehensive income	-	-	-	(8,900)	-	(8,900)	174	(8,726)
Total comprehensive income	-	-	-	(8,900)	37,474	28,574	8,176	36,750
Conversion of convertible bonds	-	(1,496)	4,821	-	-	3,325	-	3,325
Change in scope of consolidation	-	-	-	-	-	-	(1,845)	(1,845)
Dividends paid	-	-	-	-	(22,871)	(22,871)	(7,774)	(30,645)
Treasury shares purchased	-	-	(11)	-	-	(11)	-	(11)
Treasury shares sold	-	(386)	1,091	-	-	705	-	705
Share-based payment transaction	-	225	-	-	-	225	440	665
Changes of interests in subsidiaries without losing control	-	(762)	-	-	-	(762)	40,835	40,073
Transfer	-	-	-	606	(606)	-	-	-
As at December 31, 2019	92,018	139,675	(14,227)	8,683	239,711	465,860	145,714	611,574

Nine months ended December 31, 2020

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings	Total		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen		
As at April 1, 2020	92,018	139,993	(13,874)	(6,385)	239,724	451,476	142,223	593,699
Profit for the period	-	-	-	-	60,810	60,810	8,415	69,225
Other comprehensive income	-	-	-	11,807	-	11,807	22	11,829
Total comprehensive income	-	-	-	11,807	60,810	72,617	8,437	81,054
Issuance of new shares	1,620	1,419	-	-	-	3,039	-	3,039
Issuance of convertible bonds	-	2,756	-	-	-	2,756	-	2,756
Conversion of convertible bonds	4,042	(484)	12,804	-	-	16,362	-	16,362
Change in scope of consolidation	-	-	-	-	-	-	5,548	5,548
Dividends paid	-	-	-	-	(23,327)	(23,327)	(6,436)	(29,763)
Treasury shares purchased	-	-	(25)	-	-	(25)	-	(25)
Treasury shares sold	-	(378)	1,067	-	-	689	-	689
Share-based payment transaction	-	593	-	-	-	593	(13)	580
Changes of interests in subsidiaries without losing control	-	2,346	-	-	-	2,346	16,777	19,123
As at December 31, 2020	<u>97,680</u>	<u>146,245</u>	<u>(28)</u>	<u>5,422</u>	<u>277,207</u>	<u>526,526</u>	<u>166,536</u>	<u>693,062</u>

(4) Interim Condensed Consolidated Statement of Cash flows

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Millions of Yen	Millions of Yen
Cash flows from operating activities		
Profit before income tax expense	64,715	93,738
Depreciation and amortization	11,101	17,908
Share of profits of associates and joint ventures accounted for using the equity method	(4,988)	(6,267)
Interest and dividend income	(91,484)	(108,968)
Interest expense	22,506	24,049
Increase in operational investment securities	(114,159)	(59,825)
Increase in accounts receivables and other receivables	(109,953)	(176,659)
Increase in operational liabilities and other liabilities	62,712	102,819
Decrease (increase) in assets/liabilities related to securities business	18,162	(225,789)
Increase in customer deposits in the banking business	89,931	163,218
Others	(314)	(20,180)
Subtotal	(51,771)	(195,956)
Interest and dividend income received	90,710	105,970
Interest paid	(21,054)	(22,580)
Income taxes paid	(14,339)	(19,980)
Net cash generated from (used in) operating activities	3,546	(132,546)
Cash flows from investing activities		
Purchases of intangible assets	(11,151)	(10,411)
Purchases of investment securities	(23,070)	(63,931)
Proceeds from sales or redemption of investment securities	27,518	30,116
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(9,613)	(8,029)
Payments of loans receivable	(42,074)	(56,495)
Collection of loans receivable	17,729	35,534
Others	2,016	(8,627)
Net cash used in investing activities	(38,645)	(81,843)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Millions of Yen	Millions of Yen
Cash flows from financing activities		
Increase (decrease) in short term loans payable	44,902	(183,616)
Proceeds from long-term loans payable	23,972	46,454
Repayment of long-term loans payable	(13,807)	(18,726)
Proceeds from issuance of bonds payable	156,327	213,364
Redemption of bonds payable	(36,239)	(56,295)
Proceeds from issuance of shares	—	3,039
Proceeds from stock issuance to non-controlling interests	3,036	5,368
Contributions from non-controlling interests in consolidated investment funds	35,446	14,936
Cash dividends paid	(22,809)	(23,263)
Cash dividends paid to non-controlling interests	(718)	(766)
Distributions to non-controlling interests in consolidated investment funds	(7,081)	(5,663)
Purchase of treasury stock	(9)	(25)
Proceeds from sale of interests in subsidiaries to non-controlling interests	218	6,419
Payments for purchase of interests in subsidiaries from non-controlling interests	(35)	(111)
Others	(3,550)	(3,602)
Net cash generated from (used in) financing activities	<u>179,653</u>	<u>(2,487)</u>
Net increase (decrease) in cash and cash equivalents	144,554	(216,876)
Cash and cash equivalents at the beginning of the period	713,974	843,755
Effect of changes in exchange rate on cash and cash equivalents	(2,206)	625
Cash and cash equivalents at the end of the period	<u><u>856,322</u></u>	<u><u>627,504</u></u>

(5) Notes to Condensed Interim Consolidated Financial Statements

Assumptions for Going Concern

None

Revenue

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	Millions of yen	Millions of yen
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (Note 1)	87,255	103,725
Income arising from debt instruments measured at FVTOCI (Note 2)	594	547
Income arising from financial assets measured at FVTPL	56,324	77,869
Others	158	566
Total financial income	144,331	182,707
Revenue arising on insurance contracts	59,748	69,655
Revenue from contracts with customers		
Revenue from rendering of services	59,166	75,578
Revenue from sales of goods	2,732	5,106
Others	19,220	29,172
Total revenue	285,197	362,218

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

(Note 2) Interest income arising from bonds in the insurance business.

Events after the Reporting Period

There was no significant event after the reporting period.