

SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

INTERIM RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED JUNE 30, 2021

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 three months ended June 30, 2021.

(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	%
Three months ended June 30, 2021	137,474	23.7	33,029	19.0	33,106	63.3	28,958	77.8
Three months ended June 30, 2020	111,101	20.6	27,757	37.3	20,279	48.0	16,284	39.4

	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
Three months ended June 30, 2021	34,632	45.4	118.37	102.01
Three months ended June 30, 2020	23,818	—	70.54	63.76

(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	%
June 30, 2021	7,100,975	741,408	567,670	8.0
March 31, 2021	7,208,572	717,095	562,116	7.8

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, 2021	—	20.00	—	100.00	120.00
Fiscal year ending March 31, 2022	—				
Fiscal Year ending March 31, 2022 (forecast) (Note)		—	—	—	—

(Note) Fiscal year ending March 31, 2022 forecast is to be determined.

3. Total number of shares outstanding (Common stock)

(1) Number of shares outstanding (including treasury stock)	: June 30, 2021	: 244,672,590shares
	March 31, 2021	: 244,639,390shares
(2) Number of treasury stock	: June 30, 2021	: 17,244shares
	March 31, 2021	: 15,084shares
(3) Average number of shares outstanding	: Three months ended June 30, 2021	: 244,635,271shares
	Three months ended June 30, 2020	: 230,835,546shares

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 three months ended June 30, 2021 were as follow. Revenue increased 23.7% year-on-year to ¥137,474 million, profit before income tax expense increased 19.0% to ¥33,029 million and profit attributable to owners of the Company increased 77.8% to ¥28,958 million.

The results of operations for each reporting segment of the Group for the three months ended June 30, 2021 were as follow.

	Revenue			Profit before income tax expense		
	Three months ended June 30, 2020	Three months ended June 30, 2021		Three months ended June 30, 2020	Three months ended June 30, 2021	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	70,690	86,664	22.6	20,978	25,377	21.0
Asset Management Business	39,749	47,687	20.0	11,990	15,712	31.0
Biotechnology, Healthcare & Medical Informatics Business	771	2,799	263.0	(1,692)	(700)	—
Total	111,210	137,150	23.3	31,276	40,389	29.1
Others	864	1,293	49.7	(1,014)	(3,893)	—
Elimination or Corporate	(973)	(969)	—	(2,505)	(3,467)	—
Consolidated Total	111,101	137,474	23.7	27,757	33,029	19.0

(% 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 three months ended June 30, 2021 were as follows. Revenue increased 22.6% year-on-year to ¥86,664 million, and profit before income tax expense increased 21.0% to ¥25,377 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 three months ended June 30, 2021 were as follows. Revenue increased 20.0% year-on-year to ¥47,687 million, and profit before income tax expense increased 31.0% year-on-year to ¥15,712 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 three months ended June 30, 2021 were as follows. Revenue increased 263.0% year-on-year to ¥2,799 million, and loss before income tax expense amounted to ¥700 million for the three months ended June 30, 2021 (¥1,692 million of loss before income tax expense for the three months ended June 30, 2020).

* 5-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 June 30, 2021, total assets amounted to ¥7,100,975 million and decreased by ¥107,597 million from total assets of ¥7,208,572 million as at March 31, 2021. The Group's equity increased by ¥24,313 million to ¥741,408 million from the fiscal year ended March 31, 2021. As at June 30, 2021, the Group's cash and cash equivalents amounted to ¥693,404 million and decreased by ¥109,298 million from that of ¥802,702 million as at March 31, 2021. 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 ¥202,987 million in net cash outflows (¥28,634 million in net cash outflows for the three months ended June 30, 2020). The net cash outflows were primarily due to a ¥249,634 million cash outflow from an increase in assets/liabilities related to securities business and a ¥26,387 million cash outflow from an increase in trade and other accounts receivables, despite a ¥52,481 million cash inflow from an increase in trade and other accounts payable.

(Investing Cash Flows)

Cash flows from investing activities amounted to ¥36,224 million in net cash outflows (¥14,423 million in net cash outflows for the three months ended June 30, 2020). The net cash outflows were primarily due to a ¥36,673 million cash outflow from purchases of investment securities and a ¥17,520 million cash outflow from payments of loans receivable, despite a ¥16,367 million cash inflow from proceeds from sales or redemption of investment securities.

(Financing Cash Flows)

Cash flows from financing activities amounted to ¥130,448 million in net cash inflows (¥19,383 million in net cash outflows for the three months ended June 30, 2020). The net cash inflows were primarily due to a ¥75,858 million cash inflow from an increase in short term loans payable, a ¥58,839 million cash inflow from proceeds from long-term loans payable and a ¥53,612 million cash inflow from proceeds from issuance of bonds payable, despite a ¥44,218 million cash outflow from redemption of bonds payable.

2. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(1) Interim Condensed Consolidated Statement of Financial Position

	As at March 31, 2021	As at June 30, 2021
	Millions of Yen	Millions of Yen
Assets		
Cash and cash equivalents	802,702	693,404
Trade and other accounts receivable	1,183,896	1,221,281
Assets related to securities business		
Cash segregated as deposits	2,292,743	2,231,960
Margin transaction assets	972,573	1,036,873
Other assets related to securities business	631,305	542,190
Total assets related to securities business	3,896,621	3,811,023
Other financial assets	58,715	62,017
Operational investment securities	528,154	540,757
Other investment securities	209,545	225,125
Investments accounted for using the equity method	103,807	115,552
Property and equipment	64,290	43,786
Intangible assets	225,607	227,747
Other assets	123,071	148,358
Deferred tax assets	12,164	11,925
Total assets	7,208,572	7,100,975
Liabilities		
Bonds and loans payable	1,394,137	1,517,734
Trade and other accounts payable	189,729	244,108
Liabilities related to securities business		
Margin transaction liabilities	269,152	239,098
Loans payable secured by securities	602,921	421,095
Deposits from customers	1,277,808	1,257,259
Guarantee deposits received	961,651	981,730
Other liabilities related to securities business	410,270	287,410
Total liabilities related to securities business	3,521,802	3,186,592
Customer deposits for banking business	1,042,132	1,050,100
Insurance contract liabilities	150,123	151,823
Income tax payable	20,125	8,234
Other financial liabilities	30,333	26,749
Other liabilities	107,301	144,941
Deferred tax liabilities	35,795	29,286
Total liabilities	6,491,477	6,359,567
Equity		
Capital stock	98,711	98,744
Capital surplus	147,753	147,377
Treasury stock	(40)	(47)
Other components of equity	18,197	20,158
Retained earnings	297,495	301,438
Equity attributable to owners of the Company	562,116	567,670
Non-controlling interests	154,979	173,738
Total equity	717,095	741,408
Total liabilities and equity	7,208,572	7,100,975

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

	Three months ended June 30, 2020	Three months ended June 30, 2021
	Millions of Yen	Millions of Yen
Revenue (Interest income of ¥31,581 million and ¥41,380 million included for the three months ended June 30, 2020 and 2021, respectively)	111,101	137,474
Expense		
Financial cost associated with financial income	(6,399)	(6,681)
Provision for credit losses	(9,845)	(10,046)
Operating cost	(30,658)	(41,683)
Selling, general and administrative expenses	(36,742)	(46,059)
Other financial cost	(1,342)	(1,655)
Other expenses	(681)	(1,678)
Total expense	<u>(85,667)</u>	<u>(107,802)</u>
Share of the profit of associates and joint ventures accounted for using the equity method	2,323	3,357
Profit before income tax expense	<u>27,757</u>	<u>33,029</u>
Income tax expense	(7,478)	77
Profit for the period	<u>20,279</u>	<u>33,106</u>
Profit for the period attributable to		
Owners of the Company	16,284	28,958
Non-controlling interests	3,995	4,148
Profit for the period	<u>20,279</u>	<u>33,106</u>
Earnings per share attributable to owners of the Company		
Basic (Yen)	70.54	118.37
Diluted (Yen)	63.76	102.01

Interim Condensed Consolidated Statement of Comprehensive Income

	Three months ended June 30, 2020	Three months ended June 30, 2021
	Millions of Yen	Millions of Yen
Profit for the period	20,279	33,106
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Equity instruments measured at FVTOCI	6	16
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	189	133
	<u>195</u>	<u>149</u>
Items that may be reclassified subsequently to profit or loss		
Debt instruments measured at FVTOCI	426	264
Currency translation differences	2,703	1,007
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	215	106
	<u>3,344</u>	<u>1,377</u>
Other comprehensive income, net of tax	<u>3,539</u>	<u>1,526</u>
Total comprehensive income	<u><u>23,818</u></u>	<u><u>34,632</u></u>
Total comprehensive income attributable to		
Owners of the Company	19,769	30,366
Non-controlling interests	4,049	4,266
Total comprehensive income	<u><u>23,818</u></u>	<u><u>34,632</u></u>

(3) Condensed Interim Consolidated Statement of Changes in Equity

Three months ended June 30, 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	-	-	-	-	16,284	16,284	3,995	20,279
Other comprehensive income	-	-	-	3,485	-	3,485	54	3,539
Total comprehensive income	-	-	-	3,485	16,284	19,769	4,049	23,818
Change in scope of consolidation	-	-	-	-	-	-	1,833	1,833
Dividends paid	-	-	-	-	(18,466)	(18,466)	(436)	(18,902)
Treasury shares purchased	-	-	(6)	-	-	(6)	-	(6)
Treasury shares sold	-	(51)	146	-	-	95	-	95
Share-based payment transaction	-	-	-	-	-	-	139	139
Changes of interests in subsidiaries without losing control	-	(233)	-	-	-	(233)	3,842	3,609
As at June 30, 2020	<u>92,018</u>	<u>139,709</u>	<u>(13,734)</u>	<u>(2,900)</u>	<u>237,542</u>	<u>452,635</u>	<u>151,650</u>	<u>604,285</u>

Three months ended June 30, 2021

	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, 2021	98,711	147,753	(40)	18,197	297,495	562,116	154,979	717,095
Profit for the period	-	-	-	-	28,958	28,958	4,148	33,106
Other comprehensive income	-	-	-	1,408	-	1,408	118	1,526
Total comprehensive income	-	-	-	1,408	28,958	30,366	4,266	34,632
Issuance of new shares	33	19	-	-	-	52	-	52
Change in scope of consolidation	-	-	-	-	-	-	(622)	(622)
Dividends paid	-	-	-	-	(24,462)	(24,462)	(662)	(25,124)
Treasury shares purchased	-	-	(7)	-	-	(7)	-	(7)
Treasury shares sold	-	(0)	0	-	-	0	-	0
Share-based payment transaction	-	170	-	-	-	170	(1)	169
Changes of interests in subsidiaries without losing control	-	(565)	-	-	-	(565)	15,778	15,213
Transfer	-	-	-	553	(553)	-	-	-
As at June 30, 2021	<u>98,744</u>	<u>147,377</u>	<u>(47)</u>	<u>20,158</u>	<u>301,438</u>	<u>567,670</u>	<u>173,738</u>	<u>741,408</u>

(4) Interim Condensed Consolidated Statement of Cash flows

	Three months ended June 30, 2020	Three months ended June 30, 2021
	Millions of Yen	Millions of Yen
Cash flows from operating activities		
Profit before income tax expense	27,757	33,029
Depreciation and amortization	6,196	6,061
Share of profits of associates and joint ventures accounted for using the equity method	(2,323)	(3,357)
Interest and dividend income	(33,305)	(45,742)
Interest expense	7,738	8,331
Increase in operational investment securities	(17,450)	(12,379)
Increase in trade and other accounts receivables	(80,026)	(26,387)
Increase in trade and other accounts payable	29,484	52,481
Increase in assets/liabilities related to securities business	(43,804)	(249,634)
Increase in customer deposits in the banking business	71,511	7,165
Others	(8,348)	10,007
Subtotal	(42,570)	(220,425)
Interest and dividend income received	32,356	44,859
Interest paid	(7,300)	(9,366)
Income taxes paid	(11,120)	(18,055)
Net cash used in operating activities	(28,634)	(202,987)
Cash flows from investing activities		
Purchases of intangible assets	(3,350)	(5,195)
Purchases of investment securities	(9,825)	(36,673)
Proceeds from sales or redemption of investment securities	6,596	16,367
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(6,783)	-
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	-	1,600
Payments of loans receivable	(6,594)	(17,520)
Collection of loans receivable	7,332	8,472
Others	(1,799)	(3,275)
Net cash used in investing activities	(14,423)	(36,224)

	Three months ended June 30, 2020	Three months ended June 30, 2021
	Millions of Yen	Millions of Yen
Cash flows from financing activities		
(Decrease) increase in short term loans payable	(77,298)	75,858
Proceeds from long-term loans payable	36,828	58,839
Repayment of long-term loans payable	(6,206)	(6,113)
Proceeds from issuance of bonds payable	60,421	53,612
Redemption of bonds payable	(17,728)	(44,218)
Proceeds from issuance of shares	-	52
Proceeds from stock issuance to non-controlling interests	5	1,666
Contributions from non-controlling interests in consolidated investment funds	4,586	15,875
Cash dividends paid	(18,200)	(24,158)
Cash dividends paid to non-controlling interests	(433)	(680)
Purchase of treasury stock	(6)	(7)
Proceeds from sale of interests in subsidiaries to non-controlling interests	1	2,196
Payments for purchase of interests in subsidiaries from non-controlling interests	(111)	(1,042)
Others	(1,242)	(1,432)
Net cash (used in) generated from financing activities	<u>(19,383)</u>	<u>130,448</u>
Net decrease in cash and cash equivalents	(62,440)	(108,763)
Cash and cash equivalents at the beginning of the period	843,755	802,702
Effect of changes in exchange rate on cash and cash equivalents	992	(535)
Cash and cash equivalents at the end of the period	<u><u>782,307</u></u>	<u><u>693,404</u></u>

(5) Notes to Condensed Interim Consolidated Financial Statements

Assumptions for Going Concern

None

Revenue

	Three months ended June 30, 2020	Three months ended June 30, 2021
	Millions of yen	Millions of yen
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (Note 1)	31,394	41,161
Income arising from debt instruments measured at FVTOCI (Note 2)	187	219
Income arising from financial assets measured at FVTPL	25,151	23,309
Others	165	182
Total financial income	56,897	64,871
Revenue arising on insurance contracts	22,888	27,211
Revenue from contracts with customers		
Revenue from rendering of services	22,233	28,354
Revenue from sales of goods	1,415	6,930
Others	7,668	10,108
Total revenue	111,101	137,474

(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.