

SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022

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 six months ended September 30, 2022.

(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	%
Six months ended September 30, 2022	470,234	40.7	52,687	(51.8)	37,993	(57.3)	7,945	(89.7)
Six months ended September 30, 2021	334,283	46.5	109,276	100.5	88,938	133.0	76,765	131.9

	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
Six months ended September 30, 2022	72,450	(13.1)	30.88	27.89
Six months ended September 30, 2021	83,371	106.5	313.76	270.17

(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	%
September 30, 2022	21,489,892	1,726,623	1,007,596	4.7
March 31, 2022	17,838,200	1,583,258	924,603	5.2

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, 2022	-	30.00	-	120.00	150.00
Fiscal year ending March 31, 2023	-	30.00			
Fiscal Year ending March 31, 2023 (forecast) (Note)			-	-	-

(Note) Fiscal year ending March 31, 2023 forecast is to be determined.

3. Total number of shares outstanding (Common stock)

(1) Number of shares outstanding (including treasury stock)	: September 30, 2022	: 272,264,990shares
	March 31, 2022	: 245,220,890shares
(2) Number of treasury stock	: September 30, 2022	: 24,266shares
	March 31, 2022	: 22,486shares
(3) Average number of shares outstanding	: Six months ended September 30, 2022	: 257,310,430shares
	Six months ended September 30, 2021	: 244,661,537shares

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 six months ended September 30, 2022 were as follows. Revenue increased 40.7% year-on-year to ¥470,234 million, profit before income tax expense decreased 51.8% to ¥52,687 million and profit attributable to owners of the Company decreased 89.7% to ¥7,945 million.

The Group had been reported three business segments: Financial Services Business, Asset Management Business, and Biotechnology, Healthcare & Medical Informatics Business. However, the market environment such as the stock market had a significant impact on specific businesses within each business segment, and as the business in the non-financial field such as Web 3.0 is expected to expand in the future, it had become unclear which segment these businesses belong to. Therefore, the business segment was reorganized from the first quarter of this fiscal year.

From this fiscal year, the Group reports five new business segments, including Financial Services Business, Asset Management Business, Investment Business, Crypto-asset Business that is expected to continue to grow, and Non-Financial Business which includes Biotechnology, Healthcare & Medical Informatics Business and the business working on advanced fields related to Web 3.0.

The results of operations for each reporting segment of the Group for the six months ended September 30, 2022 were as follows.

Segment information for the six months ended September 30, 2021, is restated in accordance with the new basis of segmentation.

	Revenue			Profit before income tax expense		
	Six months ended	Six months ended		Six months ended	Six months ended	
	September 30, 2021	September 30, 2022		September 30, 2021	September 30, 2022	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	222,294	403,111	81.3	58,989	69,626	18.0
Asset Management Business	8,111	8,355	3.0	1,958	1,346	(31.3)
Investment Business	80,889	29,882	(63.1)	59,082	4,794	(91.9)
Crypto-asset Business	15,575	20,534	31.8	985	(12,781)	-
Non-Financial Business	10,176	14,379	41.3	(5,978)	584	-
Total	337,045	476,261	41.3	115,036	63,569	(44.7)
Elimination or Corporate	(2,762)	(6,027)	-	(5,760)	(10,882)	-
Consolidated Total	334,283	470,234	40.7	109,276	52,687	(51.8)

(% represents year-on-year changes)

(Financial Services Business)

The Financial Services Business consists of a wide range of finance-related business inside and outside Japan, 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 six months ended September 30, 2022 were as follows. Revenue increased 81.3% year-on-year to ¥403,111 million, and profit before income tax expense increased 18.0% to ¥69,626 million.

(Asset Management Business)

The Asset Management Business primarily consists of setting, solicitation, and management of investment trust, investment advice, and provision of financial products information.

The results of operations of the Asset Management Business for the six months ended September 30, 2022 were as follows. Revenue increased 3.0% year-on-year to ¥8,355 million, and profit before income tax expense decreased 31.3% year-on-year to ¥1,346 million.

(Investment Business)

The Investment Business primarily consists of fund management and investment in Internet technology, fintech, blockchain, finance, and biotechnology-related venture companies in Japan and overseas.

The results of operations of the Investment Business for the six months ended September 30, 2022 were as follows. Revenue decreased 63.1% year-on-year to ¥29,882 million, and profit before income tax expense decreased 91.9% year-on-year to ¥4,794 million.

(Crypto-asset Business)

The Crypto-asset Business primarily consists of crypto-asset exchange business which provides crypto-asset exchange and trading services.

The results of operations of the Crypto-asset Business for the six months ended September 30, 2022 were as follows. Revenue increased 31.8% year-on-year to ¥20,534 million, and loss before income tax expense amounted to ¥12,781 million for the six months ended September 30, 2022 (¥985 million of profit before income tax expense for the six months ended September 30, 2021).

(Non-Financial Business)

The Non-Financial Business primarily consists of Biotechnology, Healthcare & Medical Informatics Business which includes development and distribution of pharmaceutical products, health foods, and cosmetics with 5-aminolevulinic acid (5-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, business working on advanced fields related to Web 3.0, renewable energy business, and business developing in new overseas markets including Africa.

The results of operations of the Non-Financial Business for the six months ended September 30, 2022 were as follows. Revenue increased 41.3% year-on-year to ¥14,379 million, and profit before income tax expense amounted to ¥584 million for the six months ended September 30, 2022 (¥5,978 million of loss before income tax expense for the six months ended September 30, 2021).

(2) Financial Conditions and Cash Flows

As at September 30, 2022, total assets amounted to ¥21,489,892 million and increased by ¥3,651,692 million from total assets of ¥17,838,200 million as at March 31, 2022. The Group's equity increased by ¥143,365 million to ¥1,726,623 million from the fiscal year ended March 31, 2022. As at September 30, 2022, the Group's cash and cash equivalents amounted to ¥3,825,620 million and increased by ¥1,326,250 million from that of ¥2,499,370 million as at March 31, 2022. 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 ¥1,591,491 million in net cash inflows (¥75,569 million in net cash inflows for the six months ended September 30, 2021). The net cash inflows were primarily due to a ¥2,978,497 million cash inflow from an increase in customer deposits in the banking business, despite a ¥681,136 million cash outflow from an increase in trade and other accounts receivable and a ¥560,760 million cash outflow from a decrease in bonds and loans payable in banking business.

(Investing Cash Flows)

Cash flows from investing activities amounted to ¥959,767 million in net cash outflows (¥23,928 million in net cash outflows for the six months ended September 30, 2021). The net cash outflows were primarily due to a ¥1,204,211 million cash outflow from purchases of investment securities, despite a ¥329,699 million cash inflow from proceeds from sales or redemption of investment securities.

(Financing Cash Flows)

Cash flows from financing activities amounted to ¥672,087 million in net cash inflows (¥5,689 million in net cash inflows for the six months ended September 30, 2021). The net cash inflows were primarily due to a ¥668,603 million cash inflow from proceeds from issuance of bonds payable, a ¥356,036 million cash inflow from an increase in short term loans payable and a ¥147,656 million cash inflow from proceeds from long-term loans payable, despite a ¥493,892 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, 2022	As at September 30, 2022
	Millions of Yen	Millions of Yen
Assets		
Cash and cash equivalents	2,499,370	3,825,620
Trade and other accounts receivable	8,399,588	9,146,810
Assets related to securities business		
Cash segregated as deposits	2,361,620	2,554,315
Margin transaction assets	929,730	1,121,169
Other assets related to securities business	615,967	699,711
Total assets related to securities business	3,907,317	4,375,195
Other financial assets	471,607	580,534
Operational investment securities	607,802	631,926
Other investment securities (includes ¥247,299 million and ¥391,407 million pledged as collateral as at March 31 and September 30, 2022, respectively)	1,076,780	2,013,464
Investments accounted for using the equity method	129,141	176,077
Investment properties	34,868	62,463
Property and equipment	123,737	124,906
Intangible assets	293,086	317,868
Other assets	277,016	219,509
Deferred tax assets	17,888	15,520
Total assets	<u>17,838,200</u>	<u>21,489,892</u>
Liabilities		
Bonds and loans payable	3,364,860	3,467,898
Trade and other accounts payable	487,846	580,851
Liabilities related to securities business		
Margin transaction liabilities	254,345	247,455
Loans payable secured by securities	599,159	607,744
Deposits from customers	1,375,599	1,419,776
Guarantee deposits received	997,678	1,088,011
Other liabilities related to securities business	449,551	471,634
Total liabilities related to securities business	3,676,332	3,834,620
Customer deposits for banking business	7,673,324	10,663,872
Insurance contract liabilities	155,216	156,007
Income tax payable	13,351	10,831
Other financial liabilities	538,512	815,340
Other liabilities	287,577	172,768
Deferred tax liabilities	57,924	61,082
Total liabilities	<u>16,254,942</u>	<u>19,763,269</u>
Equity		
Capital stock	99,312	139,181
Capital surplus	151,390	183,965
Treasury stock	(62)	(68)
Other components of equity	42,865	75,024
Retained earnings	631,098	609,494
Equity attributable to owners of the Company	924,603	1,007,596
Non-controlling interests	658,655	719,027
Total equity	<u>1,583,258</u>	<u>1,726,623</u>
Total liabilities and equity	<u>17,838,200</u>	<u>21,489,892</u>

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

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Millions of Yen	Millions of Yen
Revenue (Interest income of ¥83,694 million and ¥186,492 million included for the six months ended September 30, 2021 and 2022, respectively)	334,283	470,234
Expense		
Financial cost associated with financial income	(13,826)	(37,908)
Provision for credit losses	(21,375)	(37,880)
Operating cost	(94,085)	(144,104)
Selling, general and administrative expenses	(92,968)	(180,368)
Other financial cost	(3,334)	(7,989)
Other expenses	(4,855)	(10,940)
Total expense	(230,443)	(419,189)
Share of the profit of associates and joint ventures accounted for using the equity method	5,436	1,642
Profit before income tax expense	109,276	52,687
Income tax expense	(20,338)	(14,694)
Profit for the period	88,938	37,993
Profit for the period attributable to		
Owners of the Company	76,765	7,945
Non-controlling interests	12,173	30,048
Profit for the period	88,938	37,993
Earnings per share attributable to owners of the Company		
Basic (Yen)	313.76	30.88
Diluted (Yen)	270.17	27.89

Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Millions of Yen	Millions of Yen
Profit for the period	88,938	37,993
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Equity instruments measured at FVTOCI	(268)	(5,553)
Changes in own credit risk on financial liabilities	-	(59)
Remeasurement of defined benefit plans	-	(195)
Share of other comprehensive income of investments accounted for using the equity method	137	(22)
	<u>(131)</u>	<u>(5,829)</u>
Items that may be reclassified subsequently to profit or loss		
Debt instruments measured at FVTOCI	(18)	(14,141)
Currency translation differences	(5,398)	52,063
Share of other comprehensive income of investments accounted for using the equity method	(20)	2,364
	<u>(5,436)</u>	<u>40,286</u>
Other comprehensive income, net of tax	<u>(5,567)</u>	<u>34,457</u>
Total comprehensive income	<u><u>83,371</u></u>	<u><u>72,450</u></u>
Total comprehensive income attributable to		
Owners of the Company	71,153	39,979
Non-controlling interests	12,218	32,471
Total comprehensive income	<u><u>83,371</u></u>	<u><u>72,450</u></u>

(3) Condensed Interim Consolidated Statement of Changes in Equity

Six months ended September 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	-	-	-	-	76,765	76,765	12,173	88,938
Other comprehensive income	-	-	-	(5,612)	-	(5,612)	45	(5,567)
Total comprehensive income	-	-	-	(5,612)	76,765	71,153	12,218	83,371
Issuance of new shares	218	175	-	-	-	393	-	393
Change in scope of consolidation	-	-	-	-	-	-	(1,778)	(1,778)
Dividends paid	-	-	-	-	(24,462)	(24,462)	(5,780)	(30,242)
Treasury shares purchased	-	-	(13)	-	-	(13)	-	(13)
Treasury shares sold	-	(0)	0	-	-	0	-	0
Share-based payment transaction	-	340	-	-	-	340	3	343
Changes of interests in subsidiaries without losing control	-	(1,491)	-	-	-	(1,491)	21,950	20,459
Transfer from other components of equity to retained earnings	-	-	-	844	(844)	-	-	-
As at September 30, 2021	<u>98,929</u>	<u>146,777</u>	<u>(53)</u>	<u>13,429</u>	<u>348,954</u>	<u>608,036</u>	<u>181,592</u>	<u>789,628</u>

Six months ended September 30, 2022

	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, 2022	99,312	151,390	(62)	42,865	631,098	924,603	658,655	1,583,258
Profit for the period	-	-	-	-	7,945	7,945	30,048	37,993
Other comprehensive income	-	-	-	32,034	-	32,034	2,423	34,457
Total comprehensive income	-	-	-	32,034	7,945	39,979	32,471	72,450
Issuance of new shares	39,869	39,851	-	-	-	79,720	-	79,720
Change in scope of consolidation	-	-	-	-	-	-	(621)	(621)
Dividends paid	-	-	-	-	(29,424)	(29,424)	(7,730)	(37,154)
Treasury shares purchased	-	-	(7)	-	-	(7)	-	(7)
Treasury shares sold	-	(0)	1	-	-	1	-	1
Share-based payment transaction	-	341	-	-	-	341	108	449
Changes of interests in subsidiaries without losing control	-	(7,617)	-	-	-	(7,617)	36,144	28,527
Transfer from other components of equity to retained earnings	-	-	-	125	(125)	-	-	-
As at September 30, 2022	<u>139,181</u>	<u>183,965</u>	<u>(68)</u>	<u>75,024</u>	<u>609,494</u>	<u>1,007,596</u>	<u>719,027</u>	<u>1,726,623</u>

(4) Interim Condensed Consolidated Statement of Cash flows

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Millions of Yen	Millions of Yen
Cash flows from operating activities		
Profit before income tax expense	109,276	52,687
Depreciation and amortization	12,266	26,756
Share of profit of investments accounted for using the equity method	(5,436)	(1,642)
Interest and dividend income	(90,574)	(196,085)
Interest expense	17,150	46,335
Increase in operational investment securities	(73,845)	(47,990)
Increase in trade and other accounts receivable	(110,102)	(681,136)
Increase in trade and other accounts payable	104,989	27,411
Increase in assets/liabilities related to securities business	(25,957)	(307,859)
Increase in customer deposits in the banking business	102,745	2,978,497
Decrease in bonds and loans payable in banking business	-	(560,760)
Increase in payables under securities lending transactions	-	117,037
Others	(16,836)	2,067
Subtotal	<u>23,676</u>	<u>1,455,318</u>
Interest and dividend income received	88,315	187,479
Interest paid	(16,525)	(37,017)
Income taxes paid	(19,897)	(14,289)
Net cash generated from operating activities	<u>75,569</u>	<u>1,591,491</u>
Cash flows from investing activities		
Purchases of intangible assets	(10,427)	(18,096)
Purchases of investment securities	(50,119)	(1,204,211)
Proceeds from sales or redemption of investment securities	30,929	329,699
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(5,830)	(9,424)
Proceeds from sales of subsidiaries	1,610	16
Payments of loans receivable	(23,945)	(34,126)
Collection of loans receivable	38,212	43,602
Others	(4,358)	(67,227)
Net cash used in investing activities	<u>(23,928)</u>	<u>(959,767)</u>

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Millions of Yen	Millions of Yen
Cash flows from financing activities		
(Decrease) increase in short term loans payable	(155,938)	356,036
Proceeds from long-term loans payable	96,205	147,656
Repayment of long-term loans payable	(44,543)	(55,267)
Proceeds from issuance of bonds payable	172,908	668,603
Redemption of bonds payable	(50,372)	(493,892)
Proceeds from issuance of shares	393	79,720
Proceeds from stock issuance to non-controlling interests	1,682	9,883
Contributions from non-controlling interests in consolidated investment funds	20,637	20,219
Cash dividends paid	(24,436)	(29,400)
Cash dividends paid to non-controlling interests	(667)	(2,047)
Distributions to non-controlling interests in consolidated investment funds	(5,066)	(5,745)
Purchase of treasury stock	(13)	(7)
Proceeds from sale of interests in subsidiaries to non-controlling interests	2,507	-
Payments for purchase of interests in subsidiaries from non-controlling interests	(3,093)	(15,683)
Others	(4,515)	(7,989)
Net cash generated from financing activities	<u>5,689</u>	<u>672,087</u>
Net increase in cash and cash equivalents	57,330	1,303,811
Cash and cash equivalents at the beginning of the period	802,702	2,499,370
Effect of changes in exchange rate on cash and cash equivalents	(5,120)	22,439
Cash and cash equivalents at the end of the period	<u>854,912</u>	<u>3,825,620</u>

(5) Notes to Condensed Interim Consolidated Financial Statements

Assumptions for Going Concern

None

Revenue

	Six months ended September 30, 2021	Six months ended September 30, 2022
	Millions of yen	Millions of yen
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (Note 1)	83,259	182,698
Income arising from debt instruments measured at FVTOCI (Note 2)	435	3,794
Income arising from financial assets measured at FVTPL	94,676	(6,247)
Income arising from financial liabilities designated at FVTPL	-	3,529
Others	504	12,621
Total financial income	178,874	196,395
Revenue arising on insurance contracts	54,019	61,592
Revenue from contracts with customers		
Revenue from rendering of services	56,800	83,812
Revenue from sales of goods	22,002	20,190
Others	22,588	108,245
Total revenue	334,283	470,234

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

(Note 2) Interest income arising from bonds in the banking and insurance businesses.

Events after the Reporting Period

None