

SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED MARCH 31, 2017

Japan, April 28, 2017

The board of 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 year ended March 31, 2017.

(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 year		Profit attributable to owners of the Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal Year ended March 31, 2017	261,939	0.1	43,139	(17.4)	28,303	(22.8)	32,455	(4.9)
Fiscal Year ended March 31, 2016	261,744	5.8	52,227	(17.2)	36,666	(6.7)	34,115	(25.4)

	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
Fiscal Year ended March 31, 2017	32,806	92.3	159.38	146.52
Fiscal Year ended March 31, 2016	17,063	(71.9)	160.83	147.94

	Ratio of profit to equity attributable to owners of the Company	Ratio of profit before income tax expense to total assets	Ratio of operating income to operating revenue
	%	%	%
Fiscal Year ended March 31, 2017	8.7	1.2	16.5
Fiscal Year ended March 31, 2016	9.0	1.6	20.0

(Note) Share of results of associates Fiscal year ended March 31, 2017: 2,849 million yen
Fiscal year ended March 31, 2016: 1,583 million yen

(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	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2017	3,850,001	415,524	377,992	9.8	1,856.47
March 31, 2016	3,126,784	419,063	371,590	11.9	1,792.08

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal Year ended March 31, 2017	(17,952)	2,437	159,467	391,572
Fiscal Year ended March 31, 2016	32,478	11,179	(76,230)	248,050

2. Dividends

(Declared date)	Dividend per share					Total dividend (annual)	Payout ratio (cons.)	Ratio of dividend to equity attributable to owners of the Company (cons.)
	End of 1 st Q	End of 2 nd Q	End of 3 rd Q	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal Year ended March 31, 2016	—	10.00	—	35.00	45.00	9,393	28.0	2.5
Fiscal Year ended March 31, 2017	—	10.00	—	40.00	50.00	10,153	31.4	2.7
Fiscal Year ending March 31, 2018 (forecast)	—	—	—	—	—		—	

(Note) Fiscal year ending March 31, 2018 forecast is to be determined.

3. Total number of shares outstanding (Common stock)

(1) Number of shares outstanding (including treasury stock)	: March 31, 2017	: 224,561,761shares
	March 31, 2016	: 224,561,761shares
(2) Number of treasury stock	: March 31, 2017	: 20,954,080shares
	March 31, 2016	: 17,211,580shares
(3) Average number of shares outstanding	: Year ended March 31, 2017	: 203,627,774shares
	Year ended March 31, 2016	: 212,117,299shares

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

(Reference Information)
Non-consolidated Financial Results

(1) Non-consolidated Operating Results

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2017	39,524	51.5	12,997	136.5	9,464	601.5	5,659	64.0
Fiscal year ended March 31, 2016	26,086	(17.6)	5,497	37.2	1,349	(41.2)	3,452	(84.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2017	27.79	25.21
Fiscal year ended March 31, 2016	16.27	14.81

(2) Non-consolidated Financial Position

	Total assets	Net assets	Ratio of shareholder's equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2017	667,836	350,122	52.4	1,719.31
March 31, 2016	630,092	358,593	56.9	1,728.93

(Note) Shareholders' equity

Fiscal year ended March 31, 2017: 350,064 million yen

Fiscal year ended March 31, 2016: 358,494 million yen

The non-consolidated financial results were prepared in accordance with JGAAP.

As of the date of this announcement, the results for the year ended March 31, 2017 are under audit by the independent accountants of the Company.

1. BUSINESS RESULTS

(1) Overview of Business Results for the Fiscal Year

The Group's consolidated results of operations for the fiscal year ended March 31, 2017 were as follow. Revenue increased 0.1% year-on-year to ¥261,939million, profit before income tax expense decreased 17.4% to ¥43,139 million, and profit attributable to owners of the Company decreased 4.9% to ¥32,455 million.

The results of operations for each reporting segment of the Group for the fiscal year ended March 31, 2017 were as follow.

Certain subsidiaries, including SBI AXES Co., Ltd., which were included in the Asset Management Business until the previous reporting period, are now included in the Financial Services Business beginning with this fiscal year. Consequently, segment information for the year ended March 31, 2016, is restated in accordance with the new basis of segmentation.

	Revenue			Profit before income tax expense		
	Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017		Fiscal Year ended March 31, 2016	Fiscal Year ended March 31, 2017	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	166,208	176,989	6.5	50,806	48,853	(3.8)
Asset Management Business	91,543	80,392	(12.2)	17,649	13,940	(21.0)
Biotechnology-related Business	4,021	5,530	37.5	(6,572)	(9,574)	—
Total	261,772	262,911	0.4	61,883	53,219	(14.0)
Others	2,259	883	(60.9)	(835)	(830)	—
Elimination	(2,287)	(1,855)	—	(8,821)	(9,250)	—
Consolidation	261,744	261,939	0.1	52,227	43,139	(17.4)

(% represents year-on-year changes)

(Financial Services Business)

The Financial Services Business consists of a wide range of finance-related business and the provision of information regarding financial products, 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 fiscal year ended March 31, 2017 were as follows. Revenue increased 6.5% year-on-year to ¥176,989 million, and profit before income tax expense decreased 3.8% to ¥48,853 million.

(Asset Management Business)

The Asset Management Business primarily consists of fund management and investment in Internet technology, biotechnology, environmental energy and finance-related venture companies in Japan and overseas, investment in overseas financial institutions by forming partnerships with prominent local institutions, and asset management services business which provides information regarding financial products.

The results of operations of the Asset Management Business for the fiscal year ended March 31, 2017 were as follows. Revenue decreased 12.2% year-on-year to ¥80,392 million, and profit before income tax expense decreased 21.0% year-on-year to ¥13,940 million.

(Biotechnology-related Business)

The Biotechnology-related 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, and research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology.

The results of operations of the Biotechnology-related Business for the fiscal year ended March 31, 2017 were as follows. Revenue increased 37.5% year-on-year to ¥5,530 million, and loss before income tax expense amounted to ¥9,574 million for the fiscal year ended March 31, 2017 (¥6,572 million of loss before income tax expense for the fiscal year ended March 31, 2016).

* 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 radish shoots. ALA is also known as a chloroplastic substance in plants.

(2) Overview of Financial Conditions for the Fiscal Year

As at March 31, 2017, total assets amounted to ¥3,850,001million and increased by ¥723,217 million from total assets of ¥3,126,784 million as at March 31, 2016. The Group's equity decreased by ¥3,539 million to ¥415,524 million from the fiscal year ended March 31, 2016. As at March 31, 2017, the Group's cash and cash equivalents amounted to ¥391,572 million and increased by ¥143,522million from that of ¥248,050 million as at March 31, 2016. 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 ¥17,952 million in net cash outflows (¥32,478 million in net cash inflows for the fiscal year ended March 31, 2016). The net cash outflows were primarily due to a ¥105,238 million cash outflow from an increase in accounts receivables and other receivables and a ¥29,362 million cash outflow from increase in operational investment securities, despite a ¥87,149 million cash inflow from an increase in customer deposits in the banking business and a ¥43,139million cash inflow from profit before income tax expense.

(Investing Cash Flows)

Cash flows from investing activities amounted to ¥2,437million in net cash inflows (¥11,179 million in net cash inflows for the fiscal year ended March 31, 2016). The net cash inflows were primarily due to a ¥62,854 million cash inflow from proceeds from sales or redemption of investment securities and a ¥7,091 million cash inflow from payments of loans receivable, despite a ¥66,523 million cash outflow from purchases of investment securities.

(Financing Cash Flows)

Cash flows from financing activities amounted to ¥159,467 million in net cash inflows (¥76,230 million in net cash outflows for the fiscal year ended March 31, 2016). The net cash inflows were primarily due to a ¥161,178 million cash inflow from increase in short-term loans payable, a ¥102,325 million cash inflow from proceeds from issuance of bonds payable and a ¥30,462 million cash inflow from proceeds from long-term loans payable, despite a ¥74,930 million cash outflow from redemption of bonds payable and ¥25,574 million cash outflow from repayment of long-term loans payable.

2. THE BASIC CONCEPT REGARDING SELECTION OF ACCOUNTING STANDARDS

The Group applied IFRS from the fiscal year ended March 31, 2013 in order to improve the international comparability of financial information in the capital markets.

3. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(1) Consolidated Statement of Financial Position

	As at March 31, 2016	As at March 31, 2017
	Millions of Yen	Millions of Yen
Assets		
Cash and cash equivalents	248,050	391,572
Trade and other accounts receivable	369,006	472,128
Assets related to securities business		
Cash segregated as deposits	1,139,908	1,399,851
Margin transaction assets	516,843	617,550
Other assets related to securities business	251,924	315,640
Total assets related to securities business	1,908,675	2,333,041
Other financial assets	29,215	30,050
Operational investment securities	118,886	111,067
Other investment securities	173,907	186,512
Investments accounted for using the equity method	43,853	90,394
Investment properties	12,027	7,105
Property and equipment	11,778	10,498
Intangible assets	188,454	185,493
Other assets	22,607	28,392
Deferred tax assets	326	3,749
Total assets	3,126,784	3,850,001
Liabilities		
Bonds and loans payable	324,585	518,977
Trade and other accounts payable	38,759	52,887
Liabilities related to securities business		
Margin transaction liabilities	85,677	135,698
Loans payable secured by securities	344,423	399,673
Deposits from customers	573,957	738,144
Guarantee deposits received	533,862	600,621
Other liabilities related to securities business	222,424	304,476
Total liabilities related to securities business	1,760,343	2,178,612
Customer deposits for banking business	386,027	485,827
Insurance contract liability	154,133	147,573
Income tax payable	7,066	10,040
Other financial liabilities	12,899	14,663
Other liabilities	13,396	11,946
Deferred tax liabilities	10,513	13,952
Total liabilities	2,707,721	3,434,477
Equity		
Capital stock	81,681	81,681
Capital surplus	145,735	128,004
Treasury stock	(19,132)	(23,801)
Other component of equity	17,107	22,720
Retained earnings	146,199	169,388
Equity attributable to owners of the Company	371,590	377,992
Non-controlling interests	47,473	37,532
Total equity	419,063	415,524
Total liabilities and equity	3,126,784	3,850,001

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

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	Millions of Yen	Millions of Yen
Revenue	261,744	261,939
Expense		
Financial cost associated with financial income	(15,836)	(14,543)
Operating cost	(83,692)	(98,982)
Selling, general and administrative expenses	(96,646)	(95,970)
Other financial cost	(4,442)	(3,477)
Other expenses	(10,484)	(8,677)
Total expense	(211,100)	(221,649)
Share of the profit of associates and joint ventures accounted for using the equity method	1,583	2,849
Profit before income tax expense	52,227	43,139
Income tax expense	(15,561)	(14,836)
Profit for the year	36,666	28,303
Profit for the year attributable to		
Owners of the Company	34,115	32,455
Non-controlling interests	2,551	(4,152)
Profit for the year	36,666	28,303
Earnings per share attributable to owners of the Company		
Basic (Yen)	160.83	159.38
Diluted (Yen)	147.94	146.52

Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	Millions of Yen	Millions of Yen
Profit for the year	36,666	28,303
Items that will not be reclassified subsequently to profit or loss		
Fair value through other comprehensive income ("FVTOCI") financial assets	301	124
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	(18,349)	680
Share of other comprehensive income of associates and joint ventures	(1,555)	3,699
Other comprehensive income, net of tax	(19,603)	4,503
 Total Comprehensive income	 17,063	 32,806
 Total comprehensive income attributable to		
Owners of the Company	14,750	38,082
Non-Controlling interests	2,313	(5,276)
Total Comprehensive income	17,063	32,806

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2016

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Treasury stock	Other component of equity	Retained earnings	Total		
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
As at April 1, 2015	81,681	148,676	(5,137)	36,934	121,337	383,491	47,124	430,615
Profit for the year	—	—	—	—	34,115	34,115	2,551	36,666
Other comprehensive income	—	—	—	(19,365)	—	(19,365)	(238)	(19,603)
Total comprehensive income	—	—	—	(19,365)	34,115	14,750	2,313	17,063
Change in scope of consolidation	—	—	—	—	—	—	4,663	4,663
Dividends paid	—	—	—	—	(9,715)	(9,715)	(9,406)	(19,121)
Treasury shares purchased	—	—	(15,030)	—	—	(15,030)	—	(15,030)
Treasury shares sold	—	111	1,035	—	—	1,146	—	1,146
Changes of interests in subsidiaries without losing control	—	(3,052)	—	—	—	(3,052)	2,779	(273)
Transfer	—	—	—	(462)	462	—	—	—
As at March 31, 2016	81,681	145,735	(19,132)	17,107	146,199	371,590	47,473	419,063
Profit for the year	—	—	—	—	32,455	32,455	(4,152)	28,303
Other comprehensive income	—	—	—	5,627	—	5,627	(1,124)	4,503
Total comprehensive income	—	—	—	5,627	32,455	38,082	(5,276)	32,806
Change in scope of consolidation	—	(4)	—	—	—	(4)	(1,294)	(1,298)
Dividends paid	—	—	—	—	(9,280)	(9,280)	(35,612)	(44,892)
Treasury shares purchased	—	—	(8,019)	—	—	(8,019)	—	(8,019)
Treasury shares sold	—	304	3,350	—	—	3,654	—	3,654
Changes of interests in subsidiaries without losing control	—	(18,031)	—	—	—	(18,031)	32,241	14,210
Transfer	—	—	—	(14)	14	—	—	—
As at March 31, 2017	81,681	128,004	(23,801)	22,720	169,388	377,992	37,532	415,524

(4) Consolidated Statement of Cash flows

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	Millions of Yen	Millions of Yen
Net cash generated from (used in) operating activities		
Profit before income tax expense	52,227	43,139
Depreciation and amortization	11,103	10,690
Share of profits of associates and joint ventures accounted for using the equity method	(1,583)	(2,849)
Interest and dividend income	(72,238)	(80,891)
Interest expense	20,278	18,019
Increase in operational investment securities	(6,449)	(29,362)
Increase in accounts receivables and other receivables	(58,514)	(105,238)
(Decrease) Increase in operational liabilities and other liabilities	(13,890)	15,233
Increase (Decrease) in assets/liabilities related to securities business	19,882	(6,275)
Increase in customer deposits in the banking business	59,883	87,149
Others	(10,562)	(17,663)
Subtotal	137	(68,048)
Interest and dividend income received	71,537	79,991
Interest paid	(19,860)	(16,106)
Income taxes paid	(19,336)	(13,789)
Net cash generated from (used in) operating activities	32,478	(17,952)
Net cash generated from investing activities		
Purchases of intangible assets	(7,223)	(6,241)
Purchases of investment securities	(57,693)	(66,523)
Proceeds from sales or redemption of investment securities	70,533	62,854
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(3,222)	(1,968)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	550	3,344
Payments of loans receivable	(1,806)	(4,182)
Collection of loans receivable	1,942	7,091
Others	8,098	8,062
Net cash generated from investing activities	11,179	2,437

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	Millions of Yen	Millions of Yen
Net cash (used in) generated from financing activities		
Decrease (Increase) in short term loans payable	(108,085)	161,178
Proceeds from long-term loans payable	59,690	30,462
Repayment of long-term loans payable	(30,146)	(25,574)
Proceeds from issuance of bonds payable	56,103	102,325
Redemption of bonds payable	(24,088)	(74,930)
Proceeds from stock issuance to non-controlling interests	91	222
Contributions from non-controlling interests in consolidated investment funds	8,244	20,234
Cash dividends paid	(9,684)	(9,266)
Cash dividends paid to non-controlling interests	(381)	(378)
Distributions to non-controlling interests in consolidated investment funds	(8,827)	(35,266)
Purchase of treasury stock	(15,030)	(8,019)
Proceeds from sale of interests in subsidiaries to non-controlling interests	47	1,032
Payments for purchase of interests in subsidiaries from non-controlling interests	(4,486)	(5,112)
Others	322	2,559
Net cash (used in) generated from financing activities	(76,230)	159,467
Net (decrease) increase in cash and cash equivalents	(32,573)	143,952
Cash and cash equivalents at the beginning of the year	290,826	248,050
Effect of changes in exchange rate on cash and cash equivalents	(10,203)	(430)
Cash and cash equivalents at the end of the year	248,050	391,572

Notes to Consolidated Financial Statements

1. Segment Information

The Group engages in a wide range of business activities, primarily online financial service businesses and investment activities in Japan and overseas. Based on the similarities or economic characteristics of the business or nature of services, “Financial Services Business,” “Asset Management Business” and “Biotechnology-related Business,” which is expected to be the 21st century growth industry, are determined to be reportable segments.

The reporting segments of the Group represent businesses activities for which separate financial information of the Group’s components is available and reviewed regularly by the Board of Directors for the purpose of allocation of financial resources and performance evaluation.

The following is a description of business activities for the reporting segments.

Financial Services Business

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

Asset Management Business

The Asset Management Business primarily consists of fund management and investment in Internet technology, biotechnology, environmental energy and finance-related venture companies in Japan and overseas, investment in overseas financial institutions by forming partnerships with prominent local institutions, and asset management services business which provides information regarding financial products.

Biotechnology-related Business

The Biotechnology-related 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, and research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology.

Business segments classified into “Others” mainly consist of development and trading of investment property. They are not classified as a reporting segment based on the quantitative criteria for the fiscal year ended March 31, 2017.

“Elimination” includes profit or loss that is not allocated to certain business segments, and includes elimination of the intercompany transactions within the Group, at a price based on the actual market price.

The following represents segment information of the Group:

Certain subsidiaries, including SBI AXES Co., Ltd., which were included in the Asset Management Business until the previous reporting period, are now included in the Financial Services Business beginning with this fiscal year. Consequently, segment information for the year ended March 31, 2016, is restated in accordance with the new basis of segmentation.

For the fiscal year ended March, 2016

	Financial Services Business	Asset Management Business	Biotechnology- related Business	Total	Others	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue	166,208	91,543	4,021	261,772	2,259	(2,287)	261,744
Profit (loss) before income tax expense	50,806	17,649	(6,572)	61,883	(835)	(8,821)	52,227

For the fiscal year ended March, 2017

	Financial Services Business	Asset Management Business	Biotechnology- related Business	Total	Others	Elimination	Consolidated Total
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Revenue	176,989	80,392	5,530	262,911	883	(1,855)	261,939
Profit (loss) before income tax expense	48,853	13,940	(9,574)	53,219	(830)	(9,250)	43,139

2. Revenue

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	Millions of yen	Millions of yen
Revenue		
Financial income		
Interest income (Note)	70,054	79,463
Dividends received	2,118	1,524
Income arising from financial assets at FVTPL	14,057	10,776
Gain from trading	18,892	17,686
Others	854	58
Total financial income	105,975	109,507
Revenue arising on insurance contracts	48,922	55,605
Revenue from rendering of services	75,296	70,710
Others	31,551	26,117
Total revenue	261,744	261,939

(Note) Interest income in financial income arises from financial assets measured at amortized cost.

3. Earnings per Share

The basic and diluted earnings per share attributable to owners of the Company are calculated based on the following information.

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
	Millions of Yen	Millions of Yen
Earnings		
Profit attributable to owners of the Company	34,115	32,455
Dilutive effect: Convertible bonds	373	435
Profit attributable to owners of the Company after dilutive effect	34,488	32,890
Shares		
Basic weighted average number of ordinary shares (shares)	212,117,299	203,627,774
Dilutive effect: Stock options (shares)	980,540	206,932
Dilutive effect: Convertible bonds (shares)	20,030,713	20,645,516
Weighted average number of ordinary shares after the dilutive effect (shares)	233,128,552	224,480,222
Earnings per share attributable to owners of the Company		
Basic (in Yen)	160.83	159.38
Diluted (in Yen)	147.94	146.52

(Note) The calculation of diluted earnings per share does not assume exercise of stock acquisition rights that would have an antidilutive effect on earnings per share.

4. Events after the Reporting Period

There was no significant event after the reporting period.