

SBI HOLDINGS, INC.

(Incorporated in Japan with limited liability)

INTERIM RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED JUNE 30, 2024

Japan, August 2, 2024

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, 2024.

(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, 2024	330,541	9.3	51,748	20.3	38,436	19.2	21,372	(12.6)
Three months ended June 30, 2023	302,307	37.0	43,008	81.6	32,256	94.6	24,467	—

	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, 2024	43,319	(45.9)	70.79	70.38
Three months ended June 30, 2023	80,085	37.3	89.84	78.45

(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, 2024	28,163,413	1,914,165	1,265,339	4.5
March 31, 2024	27,139,391	1,907,346	1,262,209	4.7

2. Dividends

	Dividend per share				
(Declared date)	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, 2024	—	30.00	—	130.00	160.00
Fiscal year ending March 31, 2025	—				
Fiscal Year ending March 31, 2025 (forecast) (Note)		—	—	—	—

(Note) Fiscal year ending March 31, 2025 forecast is to be determined

3. Total number of shares outstanding (Common stock)

(1) Number of shares outstanding (including treasury stock)	: June 30, 2024	: 302,144,507 shares
	March 31, 2024	: 301,889,807 shares
(2) Number of treasury stock	: June 30, 2024	: 31,359 shares
	March 31, 2024	: 30,696 shares
(3) Average number of shares outstanding	: Three months ended June 30, 2024	: 301,917,286 shares
	Three months ended June 30, 2023	: 272,332,589 shares

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, 2024 were as follows. Revenue increased 9.3% year-on-year to ¥330,541 million, profit before income tax expense increased 20.3% to ¥51,748 million and profit attributable to owners of the Company decreased 12.6% to ¥21,372 million.

The results of operations for each reporting segment of the Group for the three months ended June 30, 2024 were as follows.

SBI Leasing Services Co., Ltd., which were included in the Investment Business until the previous reporting period, are now included in the Financial Services Business beginning with this fiscal year. Consequently, segment information for the three months ended June 30, 2023, is restated in accordance with the new basis of segmentation.

	Revenue			Profit before income tax expense		
	Three months ended June 30, 2023	Three months ended June 30, 2024		Three months ended June 30, 2023	Three months ended June 30, 2024	
	Millions of Yen	Millions of Yen	%	Millions of Yen	Millions of Yen	%
Financial Services Business	263,445	292,822	11.2	37,487	63,805	70.2
Asset Management Business	6,932	9,454	36.4	1,010	2,647	162.1
Investment Business	21,234	21,464	1.1	9,943	(4,675)	-
Crypto-asset Business	6,845	18,630	172.2	498	1,357	172.5
Next Gen Business	6,257	6,072	(3.0)	(445)	(5,458)	-
Total	304,713	348,442	14.4	48,493	57,676	18.9
Elimination or Corporate	(2,406)	(17,901)	-	(5,485)	(5,928)	-
Consolidated Total	302,307	330,541	9.3	43,008	51,748	20.3

(% 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 three months ended June 30, 2024 were as follows. Revenue increased 11.2% year-on-year to ¥292,822 million, and profit before income tax expense increased 70.2% year-on-year to ¥63,805 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 three months ended June 30, 2024 were as follows. Revenue increased 36.4% year-on-year to ¥9,454 million, and profit before income tax expense increased 162.1% year-on-year to ¥2,647 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 three months ended June 30, 2024 were as follows. Revenue increased 1.1% year-on-year to ¥21,464 million, and loss before income tax expense

amounted to ¥4,675 million (¥9,943 million of profit before income tax expense for the three months ended June 30, 2023).

(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 three months ended June 30, 2024 were as follows. Revenue increased 172.2% year-on-year to ¥18,630 million, and profit before income tax expense increased 172.5% year-on-year to ¥1,357 million.

(Next Gen Business)

The Next Gen Business primarily consists of the Biotechnology, Healthcare & Medical Informatics Business, which includes the development and distribution of pharmaceutical products, health foods, and cosmetics with the 5-aminolevulinic acid (5-ALA), a kind of amino acid which exists in vivo, the research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology, the digitization of medical and health information, the provision of solutions and services that promote the use of medical big data, and medical finance. The Next Gen Business also includes the business of working on advanced fields related to Web3, the renewable energy business, and the business of developing new overseas markets including Africa.

The results of operations of the Next Gen Business for the three months ended June 30, 2024 were as follows. Revenue decreased 3.0% year-on-year to ¥6,072 million, and loss before income tax expense amounted to ¥5,458 million for the three months ended June 30, 2024 (¥445 million of loss before income tax expense for the three months ended June 30, 2023).

(2) Financial Conditions and Cash Flows

As at June 30, 2024, total assets amounted to ¥28,163,413 million and increased by ¥1,024,022 million from total assets of ¥27,139,391 million as at March 31, 2024. The Group's equity increased by ¥6,819 million to ¥1,914,165 million from the fiscal year ended March 31, 2024.

As at June 30, 2024, the Group's cash and cash equivalents amounted to ¥3,985,982 million and decreased by ¥594,353 million from that of ¥4,580,335 million as at March 31, 2024. 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 ¥291,680 million in net cash outflows (¥197,343 million in net cash outflows for the three months ended June 30, 2023). The net cash outflows were primarily due to a ¥642,540 million cash outflow from an increase in trade and other accounts receivable, despite a ¥319,895 million cash inflow from an increase in payables under securities lending transactions.

(Investing Cash Flows)

Cash flows from investing activities amounted to ¥549,189 million in net cash outflows (¥170,560 million in net cash inflows for the three months ended June 30, 2023). The net cash outflows were primarily due to a ¥784,716 million cash outflow from purchases of investment securities, despite a ¥181,182 million cash inflow from proceeds from sales or redemption of investment securities.

(Financing Cash Flows)

Cash flows from financing activities amounted to ¥256,765 million in net cash inflows (¥6,002 million in net cash outflows for the three months ended June 30, 2023). The net cash inflows were primarily due to a ¥847,848 million cash inflow from proceeds from issuance of bonds payable and a ¥203,797 million cash inflow from increase in short term loans payable, despite a ¥767,037 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, 2024	As at June 30, 2024
	Millions of Yen	Millions of Yen
Assets		
Cash and cash equivalents	4,580,335	3,985,982
Trade and other accounts receivable	11,606,228	12,296,016
Inventories	240,398	177,208
Assets related to securities business	6,165,370	6,455,917
Other financial assets	567,190	613,103
Operational investment securities	673,625	716,591
Other investment securities (includes ¥388,333 million and ¥710,375 million pledged as collateral as at March 31, 2024 and June 30, 2024, respectively)	2,088,542	2,721,744
Reinsurance contracts assets	24,270	23,883
Investments accounted for using the equity method	222,010	232,207
Investment properties	79,665	81,050
Property and equipment	133,777	129,892
Intangible assets	415,699	426,036
Assets held for sale	184,001	177,458
Other assets	138,766	120,003
Deferred tax assets	19,515	6,323
Total assets	27,139,391	28,163,413
Liabilities		
Bonds and loans payable	4,477,079	4,837,529
Trade and other accounts payable	656,571	716,937
Liabilities related to securities business	5,527,306	5,536,789
Customer deposits for banking business	13,002,239	13,206,370
Insurance contract liabilities	155,046	153,986
Income tax payable	19,036	8,604
Other financial liabilities	871,305	1,303,922
Provisions	36,853	35,841
Liabilities directly associated with assets held for sale	138,506	140,282
Other liabilities	286,443	254,933
Deferred tax liabilities	61,661	54,055
Total liabilities	25,232,045	26,249,248
Equity		
Capital stock	180,400	180,729
Capital surplus	280,185	282,299
Treasury stock	(87)	(90)
Other components of equity	125,726	144,096
Retained earnings	675,985	658,305
Equity attributable to owners of the Company	1,262,209	1,265,339
Non-controlling interests	645,137	648,826
Total equity	1,907,346	1,914,165
Total liabilities and equity	27,139,391	28,163,413

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

	Three months ended June 30, 2023 Millions of Yen	Three months ended June 30, 2024 Millions of Yen
Revenue (Interest income of ¥119,746 million and ¥139,224 million and Insurance revenue ¥21,424 million and ¥22,960 million included for the three months ended June 30, 2023 and 2024, respectively)	302,307	330,541
Expense		
Financial cost associated with financial income	(39,609)	(46,359)
Provision for credit losses	(31,079)	(33,044)
Insurance service expenses	(18,320)	(19,713)
Operating cost	(58,475)	(58,829)
Selling, general and administrative expenses	(98,904)	(105,590)
Other financial cost	(10,165)	(14,924)
Other expenses	(7,026)	(1,240)
Total expense	(263,578)	(279,699)
Gain on bargain purchase	300	174
Share of the profit of associates and joint ventures accounted for using the equity method	3,979	732
Profit before income tax expense	43,008	51,748
Income tax expense	(10,752)	(13,312)
Profit for the period	32,256	38,436
Profit for the period attributable to		
Owners of the Company	24,467	21,372
Non-controlling interests	7,789	17,064
Profit for the period	32,256	38,436
Earnings per share attributable to owners of the Company		
Basic (Yen)	89.84	70.79
Diluted (Yen)	78.45	70.38

Interim Condensed Consolidated Statement of Comprehensive Income

	Three months ended June 30, 2023	Three months ended June 30, 2024
	Millions of Yen	Millions of Yen
Profit for the period	32,256	38,436
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Financial assets measured at FVTOCI	3,035	1,281
Changes in own credit risk on financial liabilities	(507)	(199)
Remeasurement of defined benefit plans	135	(290)
Share of other comprehensive income of investments accounted for using the equity method	219	1
	2,882	793
Items that may be reclassified subsequently to profit or loss		
Financial assets measured at FVTOCI	(875)	(8,491)
Currency translation differences	41,039	3,326
Fluctuations in discount rates of insurance contracts	(225)	1,562
Cash flow hedge	-	1,670
Share of other comprehensive income of investments accounted for using the equity method	5,008	6,023
	44,947	4,090
Other comprehensive income, net of tax	47,829	4,883
Total comprehensive income	80,085	43,319
Total comprehensive income attributable to		
Owners of the Company	65,175	39,932
Non-controlling interests	14,910	3,387
Total comprehensive income	80,085	43,319

(3) Interim Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2023

	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	Millions of Yen	Millions of Yen
As at April 1, 2023	139,272	186,774	(76)	61,047	629,095	1,016,112	735,870	1,751,982
Profit for the period	-	-	-	-	24,467	24,467	7,789	32,256
Other comprehensive income	-	-	-	40,708	-	40,708	7,121	47,829
Total comprehensive income	-	-	-	40,708	24,467	65,175	14,910	80,085
Issuance of new shares	23	14	-	-	-	37	-	37
Change in scope of consolidation	-	-	-	-	-	-	(4,416)	(4,416)
Dividends paid	-	-	-	-	(32,680)	(32,680)	(3,977)	(36,657)
Treasury shares purchased	-	-	(2)	-	-	(2)	-	(2)
Treasury shares sold	-	(0)	0	-	-	0	-	0
Share-based payment transaction	-	170	-	-	-	170	12	182
Changes of interests in subsidiaries without losing control	-	16,295	-	-	-	16,295	(18,458)	(2,163)
Transfer from other components of equity to retained earnings	-	-	-	(172)	172	-	-	-
As at June 30, 2023	139,295	203,253	(78)	101,583	621,054	1,065,107	723,941	1,789,048

Three months ended June 30, 2024

	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	Millions of Yen	Millions of Yen
As at April 1, 2024	180,400	280,185	(87)	125,726	675,985	1,262,209	645,137	1,907,346
Profit for the period	-	-	-	-	21,372	21,372	17,064	38,436
Other comprehensive income	-	-	-	18,560	-	18,560	(13,677)	4,883
Total comprehensive income	-	-	-	18,560	21,372	39,932	3,387	43,319
Issuance of new shares	329	202	-	-	-	531	-	531
Change in scope of consolidation	-	-	-	-	-	-	(13,695)	(13,695)
Dividends paid	-	-	-	-	(39,242)	(39,242)	(2,573)	(41,815)
Treasury shares purchased	-	-	(3)	-	-	(3)	-	(3)
Treasury shares sold	-	0	0	-	-	0	-	0
Share-based payment transaction	-	-	-	-	-	-	52	52
Changes of interests in subsidiaries without losing control	-	1,912	-	-	-	1,912	16,518	18,430
Transfer from other components of equity to retained earnings	-	-	-	(190)	190	-	-	-
As at June 30, 2024	180,729	282,299	(90)	144,096	658,305	1,265,339	648,826	1,914,165

(4) Interim Condensed Consolidated Statement of Cash flows

	Three months ended June 30, 2023	Three months ended June 30, 2024
	Millions of Yen	Millions of Yen
Cash flows from operating activities		
Profit before income tax expense	43,008	51,748
Depreciation and amortization	14,546	14,243
Gain on bargain purchase	(300)	(174)
Share of profit of investments accounted for using the equity method	(3,980)	(732)
Interest and dividend income	(127,655)	(146,810)
Interest expense	47,990	60,587
Increase in operational investment securities	(30,370)	(40,048)
Increase in trade and other accounts receivable	(253,276)	(642,540)
Increase in trade and other accounts payable	53,743	67,810
Increase in assets/liabilities related to securities business	(21,912)	(279,989)
Increase in customer deposits in the banking business	89,300	152,253
Increase in bonds and loans payable in banking business	23,487	39,590
(Decrease) increase in payables under securities lending transactions	(5,679)	319,895
Others	(91,140)	43,043
Subtotal	(262,238)	(361,124)
Interest and dividend income received	122,382	143,594
Interest paid	(38,313)	(53,924)
Income taxes paid	(19,174)	(20,226)
Net cash used in operating activities	(197,343)	(291,680)
Cash flows from investing activities		
Purchase of investment property	(18,445)	(65)
Purchases of intangible assets	(10,110)	(12,970)
Purchases of investment securities	(671,439)	(784,716)
Proceeds from sales or redemption of investment securities	821,033	181,182
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(1,464)	(961)
Proceeds from sales of subsidiaries	-	259
Payments of loans receivable	(30,950)	(22,120)
Collection of loans receivable	73,292	66,359
Others	8,643	23,843
Net cash generated from (used in) investing activities	170,560	(549,189)

	Three months ended June 30, 2023	Three months ended June 30, 2024
	Millions of Yen	Millions of Yen
Cash flows from financing activities		
(Decrease) increase in short term loans payable	(47,104)	203,797
Proceeds from long-term loans payable	6,808	105,146
Repayment of long-term loans payable	(15,871)	(91,788)
Proceeds from issuance of bonds payable	526,111	847,848
Redemption of bonds payable	(410,128)	(767,037)
Proceeds from issuance of shares	37	531
Proceeds from stock issuance to non-controlling interests	967	54
Contributions from non-controlling interests in consolidated investment funds	257	2,579
Cash dividends paid	(32,293)	(38,858)
Cash dividends paid to non-controlling interests	(6,199)	(3,074)
Distributions to non-controlling interests in consolidated investment funds	(764)	(36)
Purchase of treasury stock	(2)	(3)
Proceeds from sale of interests in subsidiaries to non-controlling interests	174	63
Payments for purchase of interests in subsidiaries from non-controlling interests	(21,759)	-
Others	(6,236)	(2,457)
Net cash (used in) generated from financing activities	(6,002)	256,765
Net decrease in cash and cash equivalents	(32,785)	(584,104)
Cash and cash equivalents at the beginning of the period	3,200,916	4,580,335
Effect of changes in exchange rate on cash and cash equivalents	25,087	(10,249)
Cash and cash equivalents at the end of the period	<u>3,193,218</u>	<u>3,985,982</u>

(5) Notes to Condensed Interim Consolidated Financial Statements

Segment Information

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

The reportable 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 inside and outside Japan, including securities brokerage business, banking services business, and life, property and casualty insurance business.

"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.

"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.

"Crypto-asset Business"

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

"Next Gen Business"

The Next Gen 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 for each reporting segment of the Group for the three months ended June 30, 2024, were as follows.

"Elimination or Corporate" includes profit or loss that is not allocated to certain business segments and the elimination of the inter-company transactions within the Group, at a price based on the actual market price.

SBI Leasing Services Co., Ltd., which were included in the Investment Business until the previous reporting period, are now included in the Financial Services Business beginning with this fiscal year. Consequently, segment information for the three months ended June 30, 2023, is restated in accordance with the new

basis of segmentation.

Three months ended June 30, 2023

	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination	Consolidated 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
Revenue	263,445	6,932	21,234	6,845	6,257	304,713	(2,406)	302,307
Profit (loss) before income tax expense	37,487	1,010	9,943	498	(445)	48,493	(5,485)	43,008

Three months ended June 30, 2024

	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Next Gen Business	Total	Elimination	Consolidated 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
Revenue	292,822	9,454	21,464	18,630	6,072	348,442	(17,901)	330,541
Profit (loss) before income tax expense	63,805	2,647	(4,675)	1,357	(5,458)	57,676	(5,928)	51,748

Assumptions for Going Concern

None

Applicable Financial Reporting Framework

The Group's Condensed Quarterly Consolidated Financial Statements have been prepared in accordance with Article 5, Paragraph 2 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards), applying the provisions for reduced disclosures as set forth in Article 5, Paragraph 5 of the Standards. These condensed quarterly consolidated financial statements have been prepared based on IAS 34, Interim Financial Reporting, ("IAS 34") except that certain of the required disclosures have not been given.

Revenue

	Three months ended June 30, 2023 Millions of yen	Three months ended June 30, 2024 Millions of yen
Revenue		
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (Note 1)	116,878	135,106
Income arising from debt instruments measured at FVTOCI (Note 2)	2,868	4,118
Income arising from financial assets measured at FVTPL	44,979	(6,544)
Income arising from financial liabilities designated at FVTPL	(4,766)	4,641
Others	9,975	13,572
Total financial income	169,934	150,893
Insurance Revenue	21,424	22,960
Revenue from contracts with customers		
Revenue from rendering of services	57,972	52,188
Revenue from sales of goods	23,848	11,538
Others	29,129	92,962
Total revenue	302,307	330,541

(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.