

## A Firm Revenue Base has been Established, and the SBI Group's Businesses Continue to Evolve toward the Next Leap Forward.

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### Q How would you see the recent performance trends?

The profit trend at SBI Holdings for the past few years indicates that its revenue base has been greatly strengthened. While the business environment has been boosted by a tailwind since the start of Abenomics in the second half of FY2012, the Company promoted further business “Selection and Concentration” and earning capacity improvements among the Group companies, and as a result, a strong revenue base centered on the Financial Services Business has been established.

Therefore, even if the market environment goes back to where it was before Abenomics, the level of profits at the SBI Group will be resilient enough that it would not fall back to where it had been at that time.

### Q How would you describe the financial results in FY2015?

FY2015 consolidated results had a record high revenue of ¥261.7 billion, whereas profit before income tax expense was ¥52.2 billion, a 17.2% year-on-year decrease owing to ¥19.2 billion in gains on sales of SBI Mortgage (currently ARUHI) and SBI Life Living (currently Wavedash) during the previous fiscal year, FY2014. Without the impact of these one-time profits, the Company would have attained profit growth of 19.1% from the previous period. The key contributors to these favorable results are the success by SBI SECURITIES, the core business of

the Group, in boosting revenue from other than flow-type businesses, owing to the continuous high level of investment trust balance and open interest credit balance, while the customer base of the Group has seen a healthy expansion over the past few years. Additionally, several previously unprofitable business entities, including SBI Insurance and SBI Remit, achieving full-year profitability based on IFRSs contributed to the favorable results. This established a firm revenue base where continuous growth can be anticipated going forward.

In the Asset Management Business, the SBI SAVINGS BANK of South Korea has become able to steadily earn a profit. In the investment business, multiple stocks with a focus on biotechnology, which the Group has held in the long run with persistence, finally blossomed and increased its fair value evaluation amount, also contributing to the positive financial results of the segment.

### Q Please tell us about the future efforts to focus on from your perspective as CFO.

Companies fall into a decline due to internal causes, not external causes. If a company neglects evolution, it will weaken. In order for each SBI Group company to continuously provide the highest level of products and services within the industry, and to achieve high satisfaction from their customers, ongoing evolution at each Group company is essential.

To accomplish this, for instance, SBI SECURITIES is pushing forward with in-house system development. Although

this can increase the costs in the short run, looking 10 years ahead, the SBI Group believes that this is an important effort not only in terms of profitability but also in terms of service quality improvement. Other Financial Services Business companies are actively promoting implementation tests of FinTech technologies, including blockchain technology, so that they can gain a foothold over competitors in incorporating FinTech technologies in their businesses.

In the Asset Management Business, the SBI Group has gathered assets on a scale of ¥50 billion over the past two years as a result of focusing on new fund establishments, and the Group is accelerating its venture investments in the FinTech field and in emerging countries, primarily in Asia. Since assets under management is expected to continuously rise, particularly among the Group institutional investors, including life, non-life insurance and banking businesses, the Group is enhancing its asset management capabilities and diversifying asset management products through alliances with both Japanese and overseas asset management companies.

The Biotechnology-related Business has been running a deficit and still cannot stand on its own, requiring more funds to be injected. For this reason, the current SBI Holdings stock price looks discounted for the Biotechnology-related Business. Thus, the immediate challenge facing the entire Group will be to proceed with a range of measures to make the Biotechnology-related Business profitable, which would actualize the SBI Group's intrinsic corporate value as well.