CLEARING THE FUTURE PATH THROUGH FINANCIAL STRATEGY

Focusing on the Financial Services Business, which provides sustainable growth, will endeavor to balance investments in the next growth fields with shareholder returns

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Business Environment and Review of Financial Results in FY2017

During the fiscal year ended March 31, 2018 (FY2017), while there was uncertainty regarding the actions of the Trump administration and the geopolitical risks surrounding North Korea, a healthy stock market in the U.S. tied to higher consumption and investments spurred by a major tax reform led to solid conditions for the Japanese stock market as well. As a result, the total domestic individual stock brokerage trading value of the 2 markets* grew 22.4% year-on-year.

Under these circumstances, the SBI Group's consolidated business performance in FY2017, based on IFRSs accounting standards, was solid with record highs on the key performance measures. Revenue was up 28.7% year-on-year to ¥337.0 billion, profit before income tax expense up 66.5% to ¥71.8 billion and profit attributable to owners of the Company was up 43.8% to ¥46.7 billion.

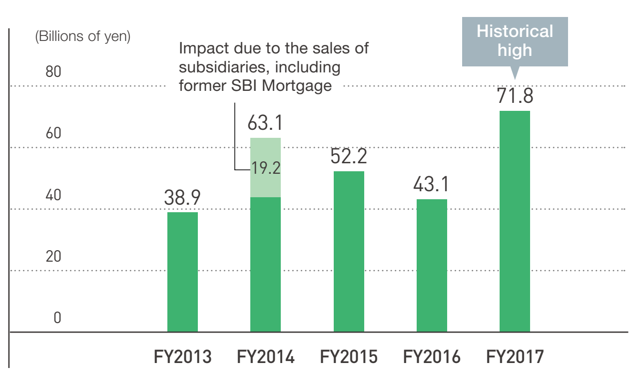
In the Financial Services Business, SBI SECURITIES achieved historical highs in all profit items, while an expansion in the banking and insurance-related businesses helped boost overall performance. Overall revenue rose 20.7% year-on-year to ¥217.3 billion, an historical high, while profit before income tax expense increased 30.6% year-on-year to ¥63.9 billion.

In the Asset Management Business, SBI SAVINGS BANK of South Korea buoyed overall performance. Also, positive changes in fair value valuations, primarily in the FinTech-related securities, contributed to a favorable performance. Revenue rose 51.8% year-on-year to ¥117.6 billion, and profit before income tax expense increased 307.6% year-on-year to ¥56.5 billion, both recording historical highs, respectively.

In the Biotechnology-related Business, the 5-ALA-related business achieved a full-year profit for the first time. However, revenue decreased 24.1% year-on-year to ¥4.2 billion, and loss before income tax expense was ¥37.3 billion for the fiscal year. These results were affected by the recognition of two sets of impairment losses. At Quark Pharmaceuticals, which is preparing for an IPO on the NASDAQ Market in the U.S., an impairment loss on intangible assets of approximately ¥5.7 billion was taken, as the result of a review of business plans relating to the upcoming IPO. At Kubota Pharmaceutical Holdings, an equity method associate, an impairment loss of approximately ¥21.1 billion was taken in light of a re-evaluation of the company's corporate value, in consideration of its announced clinical trial results for its drug development pipeline.

*Japanese stocks listed on the Tokyo Stock Exchange and Nagoya Stock Exchange (including TSE Mothers, JASDAQ and NSE Centrex)

Consolidated Profit before Income Tax Expense (IFRSs) for the Past Five Years



Accelerating Business Investments in the Next Growth Fields

The SBI Group, through the expansion of its business ecosystem and the thorough implementation of the "Customer-centric Principle," has been successful in diversifying its revenue source and has expanded its customer base, to support the current favorable business performance. Moving forward, we believe that this trend will continue to be maintained.

In the Financial Services Business, SBI SECURITIES, has established an overwhelming presence in the retail securities business, and has expanded the corporate business and established new alliances with regional financial institutions. Also, in the banking business, sales of housing loans were augmented by leveraging various face-to-face outlets, and in the insurance business, the introduction of insurance products for sales by regional financial institutions were initiated. These and other efforts have been enacted to strengthen the earning capacity of each business segment, to solidify an earning base that is not dependent on the stock market. In the FinTech field, where we promptly started investing in 2015, some startups have already entered the monetization phase, and even the Biotechnology-related Business, which has persistently produced deficits, is showing signs of heading toward profitability, along with prospects of moving from the investment phase to the monetization phase.

In addition, we are proactively investing in startup companies that possess leading-edge technology in the digital asset field, including cryptocurrency, to advance initiatives for this type of technology. As a seed for new profits for the SBI Group, these fields where we have been investing are beginning to sprout. By shifting our focus to the nurturing of the SBI Group's digital asset-related businesses, we will quickly launch these types of fledgling businesses, including SBI Virtual Currencies, as I believe that a cash generating phase will be upon us.

Financial Management that Balances Business Expansion with Speed Awareness and Shareholder Returns

During this period of accelerating investments into such growth investments, a sophisticated financial strategy is required. Recently, interest has arisen among investors over capital efficiency and capital cost. As for the Company, whereas the investment return ratio is a given, consideration must be given to the speed of recoupment of the investment. The expected return ratio will obviously differ based on whether the investment has prospects for a short-term recoupment, or whether it is an investment requiring funds to be invested over a longer period of time. Regardless of the profits derived, if the funds must be recouped over a longer period of time and Group synergy effects are weak, and if the valuation potential is not significantly high, then such an investment will be deemed at a lower priority.

Also, whereas it is necessary to maintain an healthy balance sheet without an undue reliance on debt, we may need to apply some leverage in order to accelerate the growth of the SBI Group, and maintain a certain level of ROE by capitalizing on the low interest rate environment. Last year, we issued Euro Yen Convertible Bonds that mature in 2020 and 2022, and will continue to raise funds flexibly while being mindful of the interest rate environment. For FY2017, the ROE was 11.6%, achieving our target ROE of 10% or higher.

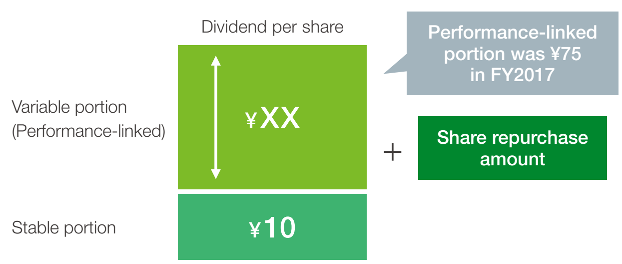
In terms of shareholder returns, due consideration will be undertaken in maintaining a balance with the necessary funds required for the company's growth. For the total shareholder return ratio, which we calculate from the sum of the dividend payments and share repurchases, we continue to be committed to an explicit policy goal of a minimum of 40%. From FY2018, however, we have also incorporated a basic policy of making adjustments in consideration of fair value gains and losses from operating investment securities, which do not generate cash flow. Therefore, while taking into account the importance of cash flow, and premised on our current fundamental stance of shareholder returns, we will focus on conducting financial management in a way that strikes a balance between business expansion and shareholder returns.

Basic Concept of Shareholder Returns

Basic Policies

- Pay a minimum annual dividend of ¥10 per share.
- Conduct shareholder returns with a target of achieving a total shareholder return ratio, as calculated by the sum of dividend payouts and share repurchase costs, of 40% as a minimum
- However, depending on the amount of the Company's consolidated profit before income tax expense that is accounted for by fair value gains and losses from operating investment securities, which does not generate cash flow, the shareholder returns will be determined by making adjustments such as deducting the total amount of fair value gains or losses from the Company's consolidated profit before income tax expense.

Schematic of Shareholder Returns



Target total shareholder return ratio of 40%, as a minimum, of profit for the year attributable to owners of the Company.