



*Strategic  
Business  
Innovator*

# **SBI Holdings, Inc.**

## **Financial Results**

**for the Six-month Period Ended September 30, 2018  
(Fiscal Year Ending March 31, 2019)**

**October 30, 2018**

**The items in this document are provided as information related to the financial results and the business strategy of the SBI Group companies and not as an invitation to invest in the stock or securities issued by each company.**

**None of the Group companies guarantees the completeness of this document in terms of information and future business strategy.**

**The content of this document is subject to revision or cancellation without warning.**

**Note: Fiscal Year (“FY”) ends March 31 of the following year**

- 1. 1H FY2018 consolidated performance**
- 2. Strengthen efforts to further increase the market capitalization of stocks**
- 3. Priority measures moving forward, to achieve significant high growth**

# 1. 1H FY2018 Consolidated Performance

## [Consolidated Performance Highlights]

- **1H FY2018 revenue increased 24.8% year-on-year to JPY 176.8bn, profit before income tax expense increased by 95.4% year-on-year to JPY 54.2bn and profit attributable to owners of the Company was JPY 33.6bn, up 64.8% year-on-year, which achieved significant increase in both revenue and profit. All profit items under profit before income tax expense achieved historical highs for a half-year period, since the adoption of IFRS in FY2012**
- **As for profit before income tax expense by segment, the Financial Services Business was JPY 35.2bn, up 18.7% year-on-year, and the Asset Management Business increased 2.6 times year-on-year to JPY 29.8bn, both leading the performance expansion as the Group's two pillars**
- **In the Biotechnology-related Business, along with the advancement of pharmaceutical research and development at Quark and SBI Pharmaceuticals, development costs such as clinical trial expenses were recorded.  
SBI ALApromo and photonamic increased their profit before income tax expense to 3.9 times and 5.5 times, on a year-on-year basis, respectively, owing to an increase in the sales of self-developed products**

# 1H FY2018 Consolidated Performance (IFRS)

**-Achieved historical highs since the adoption of IFRS in FY2012-**

**[Year-on-year comparison]**

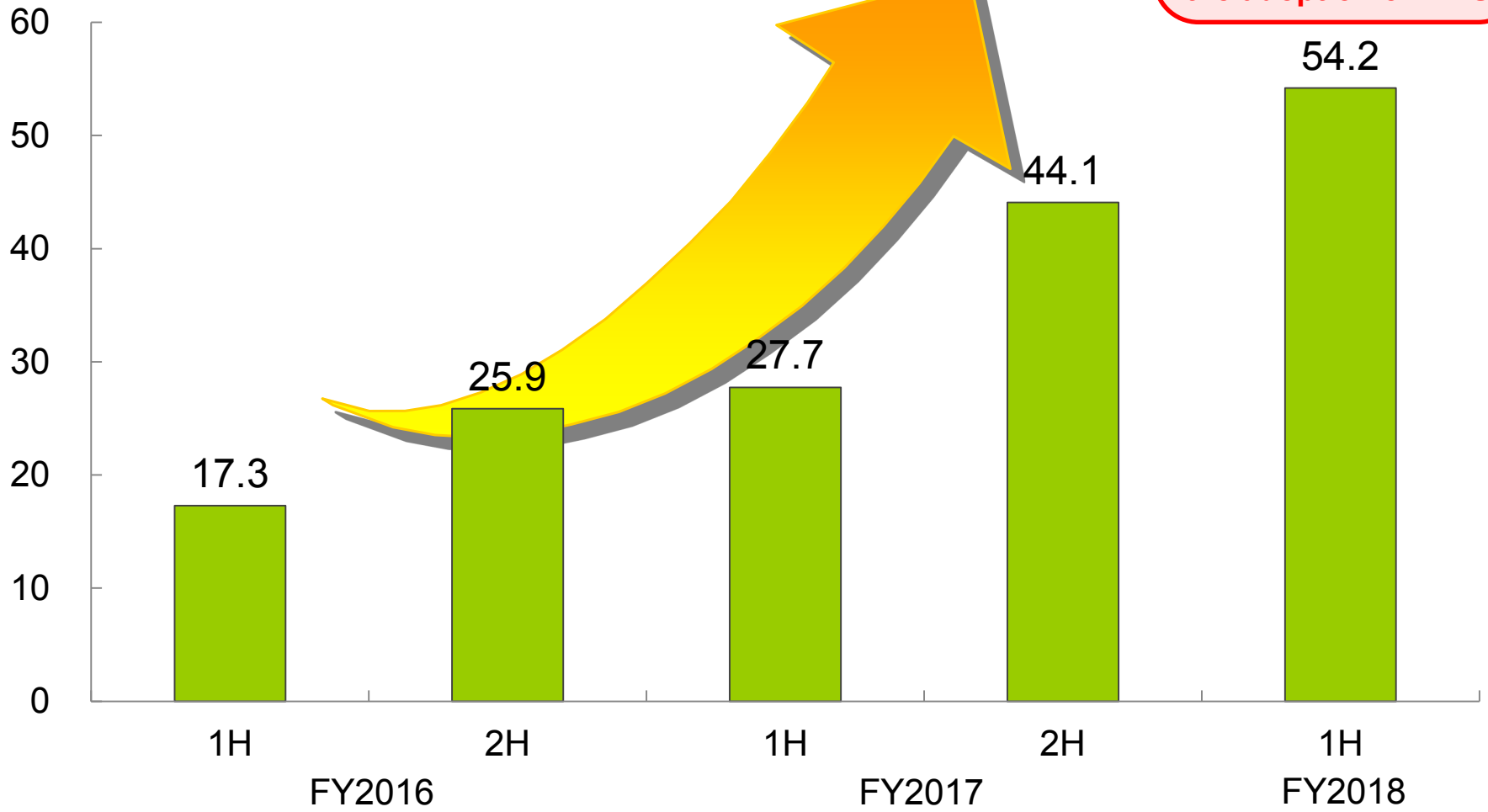
(Unit: JPY million)

|   | <b>1H FY2017</b><br>(Apr. 2017 – Sept. 2017) | <b>1H FY2018</b><br>(Apr. 2018 – Sept. 2018) | <b>YoY %<br/>change</b> |
|---|--|--|-------------------------|
| <b>Revenue</b>  | <b>141,679</b>                               | <b>176,753</b>                               | <b>+24.8</b>            |
| <b>Profit before<br/>income tax<br/>expense</b>             | <b>27,737</b>                                | <b>Record high</b><br><b>54,195</b>          | <b>+95.4</b>            |
| <b>Profit for the period</b>                                | <b>19,108</b>                                | <b>Record high</b><br><b>40,062</b>          | <b>+109.7</b>           |
| <b>Profit attributable to<br/>owners of the<br/>Company</b> | <b>20,385</b>                                | <b>Record high</b><br><b>33,588</b>          | <b>+64.8</b>            |

# Consolidated Profit Before Income Tax Expense Since FY2016, on a Half-year Basis

(Unit: JPY billion)

Historical high for a half-year period since the adoption of IFRS



# Owing to Steady Earnings, an Interim Dividend of JPY 20 Per Share was Declared, for an Increase of JPY 5

[Basic policy for shareholder return]

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

## ■ Dividend forecast (result) per share

|                   | End of 2Q            | Year-end      | Full-year     |
|-------------------|----------------------|---------------|---------------|
| FY2018 (forecast) | <b><u>JPY 20</u></b> | N/A           | N/A           |
| FY2017 (result)   | <b>JPY 15</b>        | <b>JPY 70</b> | <b>JPY 85</b> |

# **[Business Overview of Each Segment]**



# 1H FY2018 Performance by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

## Revenue

## Profit before Income Tax Expense

|                                       | 1H<br>FY2017<br>(Apr. 2017–<br>Sept. 2017) | 1H<br>FY2018<br>(Apr. 2018–<br>Sept. 2018) | YoY %<br>change | 1H<br>FY2017<br>(Apr. 2017–<br>Sept. 2017) | 1H<br>FY2018<br>(Apr. 2018–<br>Sept. 2018) | YoY %<br>change /<br>YoY<br>change |
|---------------------------------------|--|--|-----------------|--|--|------------------------------------|
| Financial<br>Services<br>Business     | 102,742                                    | 113,976                                    | +10.9           | 29,642                                     | 35,176                                     | +18.7                              |
| Asset<br>Management<br>Business       | 38,188                                     | 61,619                                     | +61.4           | 11,579                                     | 29,776                                     | +157.2                             |
| Biotechnology-<br>related<br>Business | 1,860                                      | 1,766                                      | -5.1            | -8,604                                     | -4,802                                     | +3,802                             |

\* Figures are before elimination of the inter-segment transactions.

## **(1) Financial Services Business**

- ① Securities-related business  
(SBI SECURITIES)**
- ② Banking-related business  
(SBI Sumishin Net Bank)**
- ③ Insurance-related business  
(SBI Insurance Group)**

## ① **Securities-related business (SBI SECURITIES)**

- **Consolidated results for 1H FY2018 achieved historical highs in operating revenue and all profit items, owing to the steady expansion of businesses other than stock brokerage commissions, such as financial income, underwriting and sales commissions offering, and trading income**
- **As SBI SECURITIES' number of accounts, customers' deposit assets and the share of individual stock brokerage trading value has significantly surpassed its online brokerage competitors, transitioning to a new phase to fully compete with the major face-to-face securities companies**

# SBI SECURITIES 1H FY2018

## Consolidated Results (J-GAAP)

**-Operating revenue and all the profit items recorded  
historical highs-**

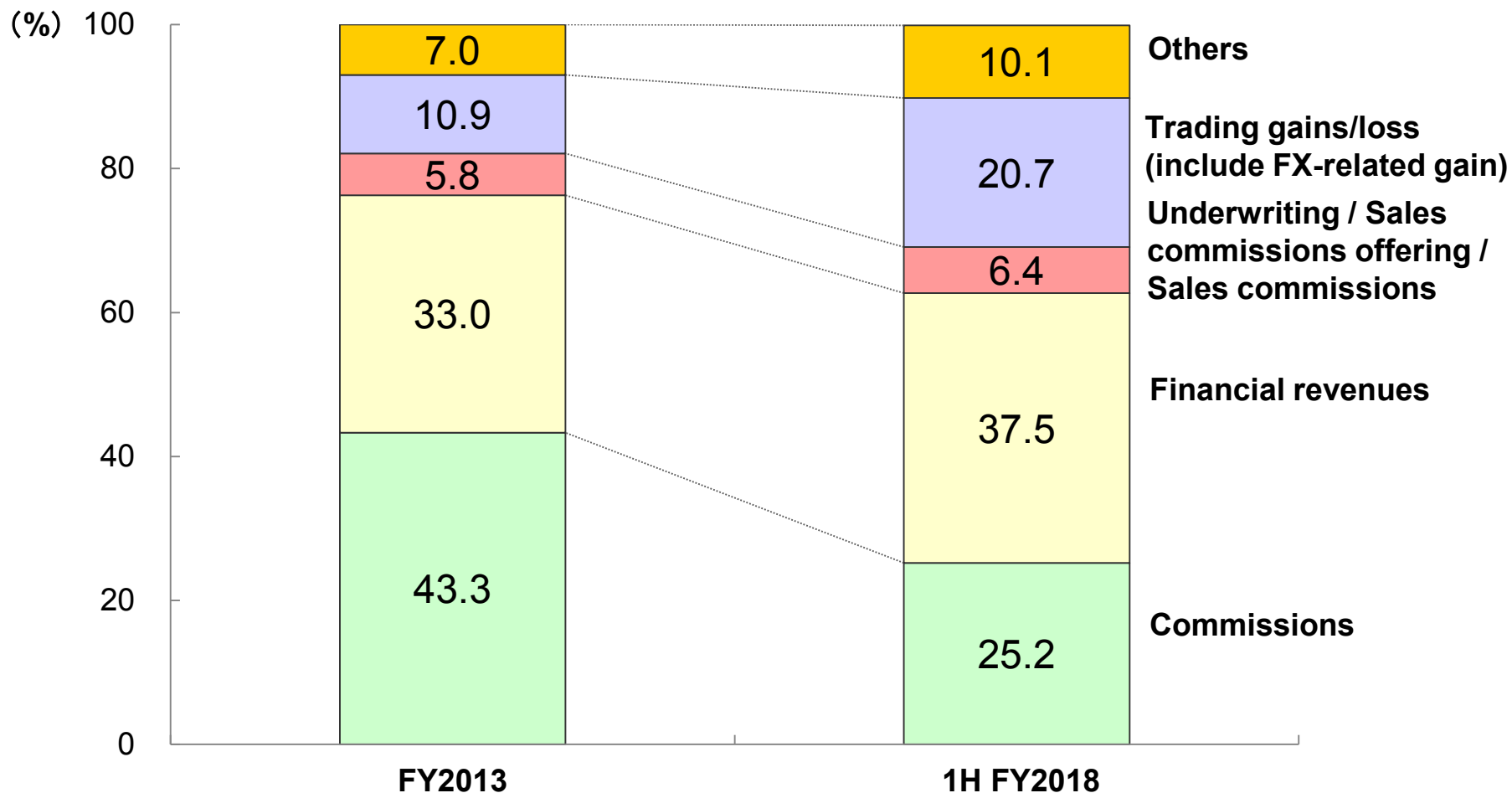
**[Year-on-year comparison]**

(Unit: JPY million)

|  | <b>1H FY2017</b><br>(Apr. 2017 – Sept. 2017) | <b>1H FY2018</b><br>(Apr. 2018 – Sept. 2018) | <b>YoY %<br/>change</b> |
|--|--|--|-------------------------|
| Operating Revenue                            | <b>52,880</b>                                | <b>60,394</b>                                | <b>+14.2</b>            |
| Net Operating Revenue                        | <b>48,198</b>                                | <b>56,735</b>                                | <b>+17.7</b>            |
| Operating Income                             | <b>22,949</b>                                | <b>27,942</b>                                | <b>+21.8</b>            |
| Ordinary Income                              | <b>22,973</b>                                | <b>27,885</b>                                | <b>+21.4</b>            |
| Profit attributable to owners of the Company | <b>15,970</b>                                | <b>19,223</b>                                | <b>+20.4</b>            |

# Changes in SBI SECURITIES' Operating Revenue Structure

Owing to the diversification of its revenue stream, dependence on stock brokerage commissions declined compared to 5 fiscal years ago, and businesses other than stock brokerage commissions, such as financial revenues, underwriting and sales commissions offering, and trading gains/losses centered on the FX-related revenue have expanded



(Based on J-GAAP)

# Comparison of Major Securities Companies' Quarterly Net Income (J-GAAP; YoY)

[Year-on-year comparison]

(Unit: JPY million)

|                   |                    | 1H FY2017<br>(Apr. 2017 – Sept. 2017) | 1H FY2018<br>(Apr. 2018 –Sept. 2018)       | YoY % change |
|-------------------|--------------------|---------------------------------------|--|--------------|
| Online securities | SBI (cons.)        | 15,970                                | 19,223                                     | +20.4        |
|                   | Rakuten *1 (cons.) | 6,075                                 | 6,976                                      | +14.8        |
|                   | Matusi             | 5,570                                 | 5,465                                      | -1.9         |
|                   | kabu.com           | 2,590                                 | 2,682                                      | +3.6         |
|                   | Monex *2 (cons.)   | 2,014                                 | 1,745                                      | -13.4        |
| Face-to-face      | Nomura *3 (cons.)  | 108,706                               | Scheduled to be announced on Oct. 31, 2018 |              |
|                   | Daiwa (cons.)      | 51,301                                | 36,286                                     | -29.3        |
|                   | SMBC Nikko (cons.) | 28,857                                | 27,925                                     | -3.2         |






\*1 Since Rakuten changed the term of its fiscal year from FY2018, the figure above is for the corresponding period of Apr.-Sept. 2018.

\*2 Since Monex adopts IFRS, the relevant figures above are based on IFRS.

\*3 Figures for Nomura are based on US-GAAP

# SBI SECURITIES' Overwhelming Position

[1H FY2018 results]

|                           | Share of individual stock trading value (%)   |   | Number of accounts (thousand)   | Deposit assets (JPY trillion)   | Operating income (JPY million)  |
|---------------------------|---|---|---|---|---|
|                           |   | of which, individual margin trading   |   |   |   |
| <b>SBI</b> (cons.)        |  <b>36.2</b> |  <b>37.3</b> |  <b>4,448</b> |  <b>13.6</b> |  <b>27,942</b> |
| <b>Rakuten</b> *1 (cons.) | <b>18.2</b>   | <b>19.2</b>   | <b>2,611</b>  | <b>5.5</b>  | <b>10,382</b>   |
| <b>Matsui</b>             | <b>10.5</b>   | <b>12.8</b>   | <b>1,157</b>  | <b>2.6</b>  | <b>7,787</b>  |
| <b>kabu.com</b>           | <b>8.8</b>  | <b>10.4</b>   | <b>1,103</b>  | <b>2.4</b>  | <b>3,766</b>  |
| <b>Monex</b> *2 (cons.)   | <b>5.2</b>  | <b>4.2</b>  | <b>1,793</b>  | <b>4.4</b>  | <b>1,652</b>  |

\*1 Since Rakuten has not disclosed its figures beyond Mar. 31, 2018, The number of accounts is the figure as of the end of Mar. 2018. Also, since it changed the term of its fiscal year from FY2018, the figure above is for the corresponding period of Apr.-Sept. 2018

\*2 The amount of "Operating income" represented above is "The amount equivalent to operating income" disclosed by Monex.

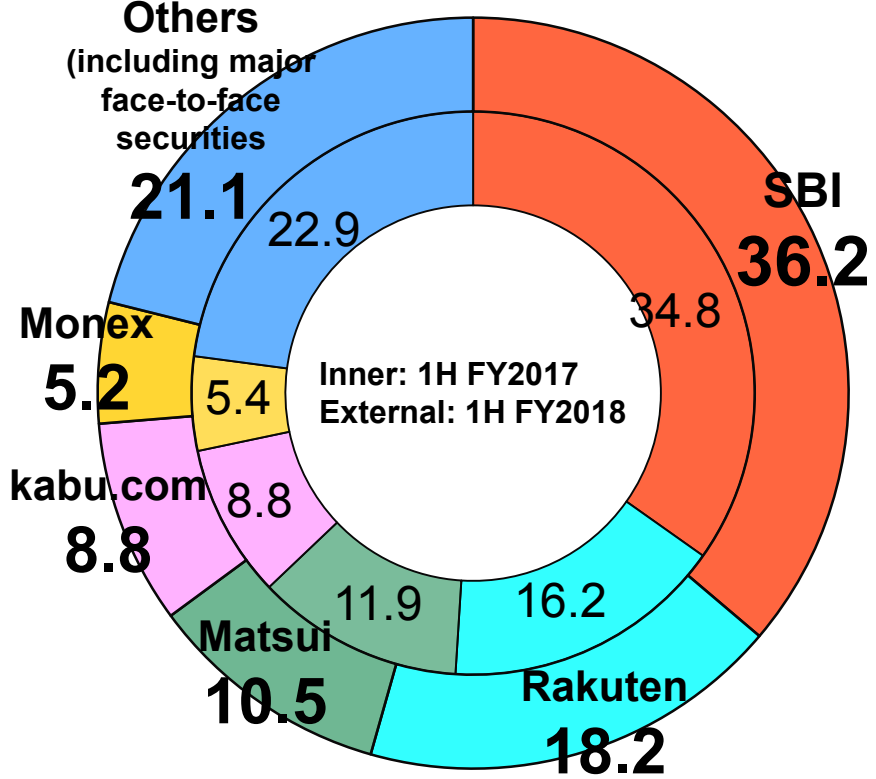
Source: Compiled by SBIH from the information on websites of each company

# SBI SECURITIES' Share of Individual Stock Trading

Share of Individual Stock Trading Value (%)

1H FY2018

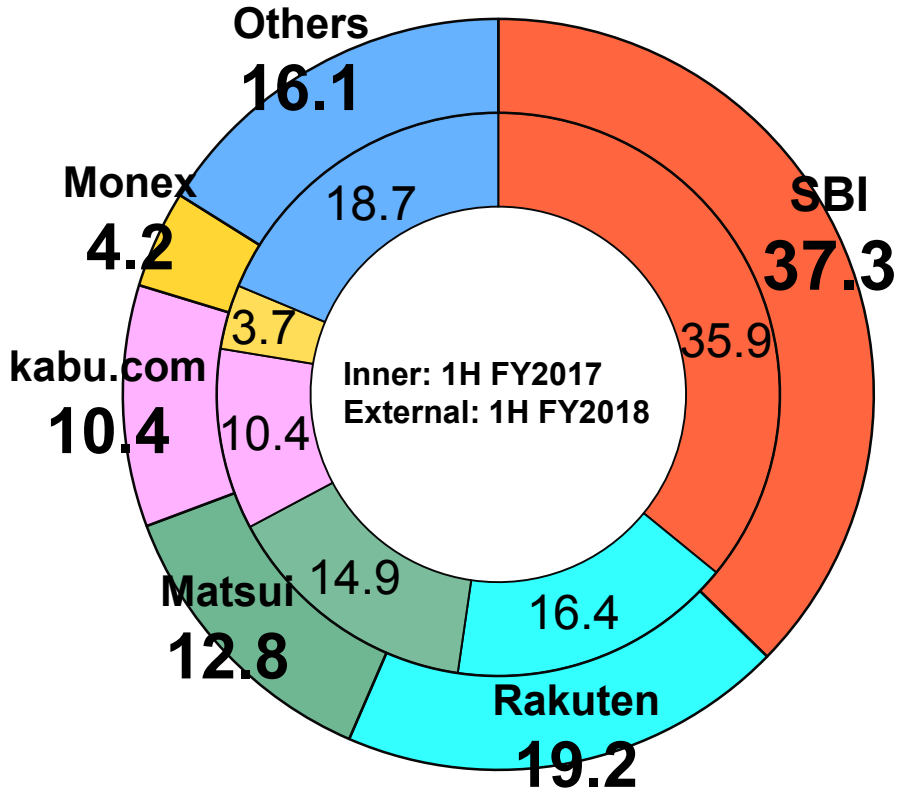
(Apr. 2018 – Sept. 2018)



(of which) Share of Individual Margin Trading Value (%)

1H FY2018

(Apr. 2018 – Sept. 2018)



<From 1Q FY2016, shares are calculated with the individual stock trading value and individual margin trading value of both the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchanges, including that of ETF and REIT trading value, respectively>

\* Shares are calculated by dividing each company's individual stock trading value or individual margin trading value with the whole individual stock trading value and individual margin trading value of the 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, including that of ETF and REIT trading value, respectively



## ② Banking-related business (SBI Sumishin Net Bank)

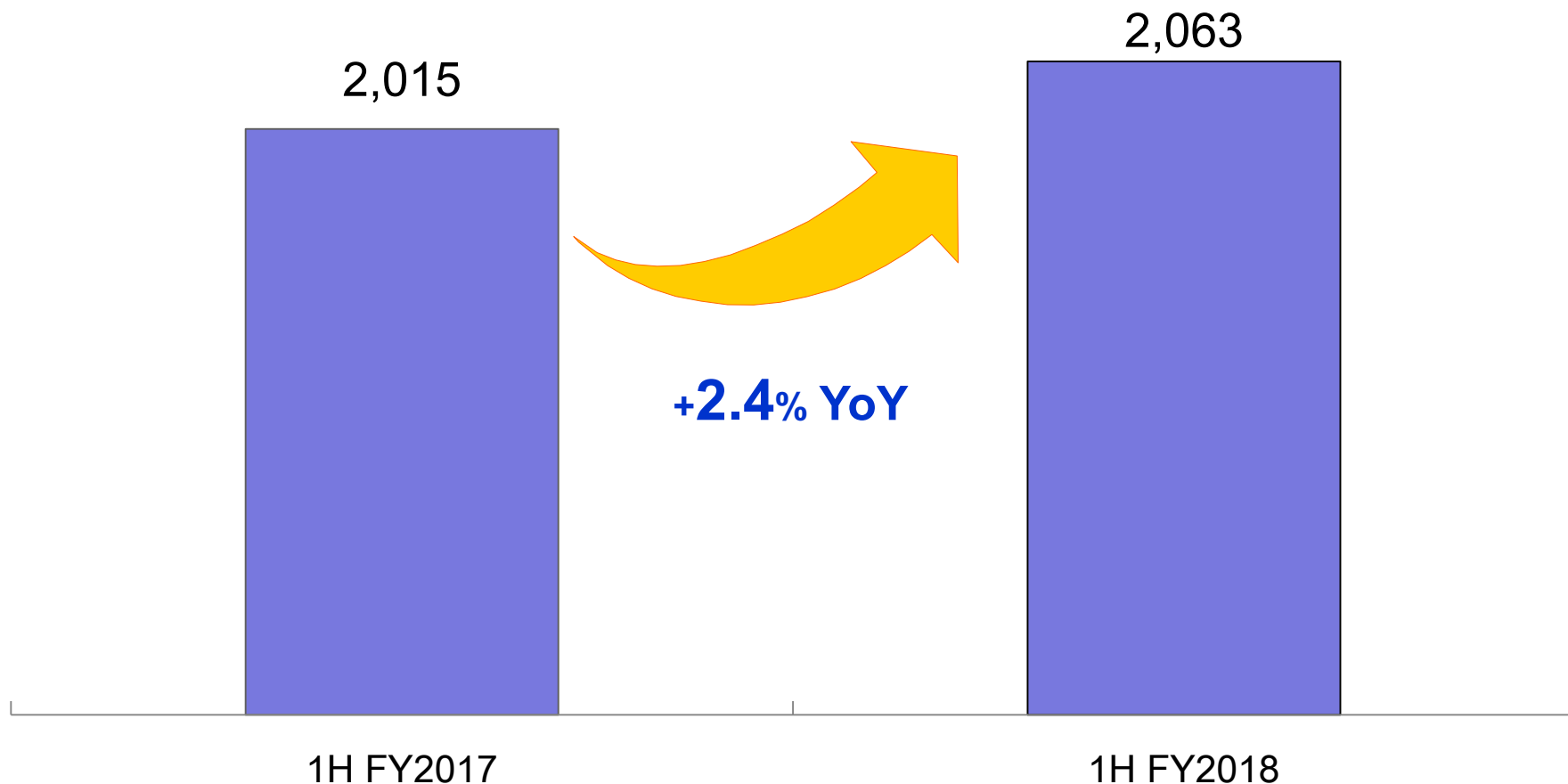
- **SBI Holdings' equity in earnings of SBI Sumishin Net Bank, based on IFRS for 1H FY2018 was JPY 2,063m, up 2.4% year-on-year, owing to the expansion of the housing loans and profits through investment of bond investments, etc.**
- **Ordinary income based on J-GAAP for 1H FY2018 is expected to exceed that of the 1H FY2017 (JPY 7,063m)**
- \* **1H FY2018 financial results announcement is scheduled for Nov. 16, 2018**

# Change in SBI Sumishin Net Bank's Financial Results (IFRS)

SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for 1H FY2018 was JPY 2,063m, up 2.4% year-on-year

## Change in equity in earnings of affiliates

(JPY million)



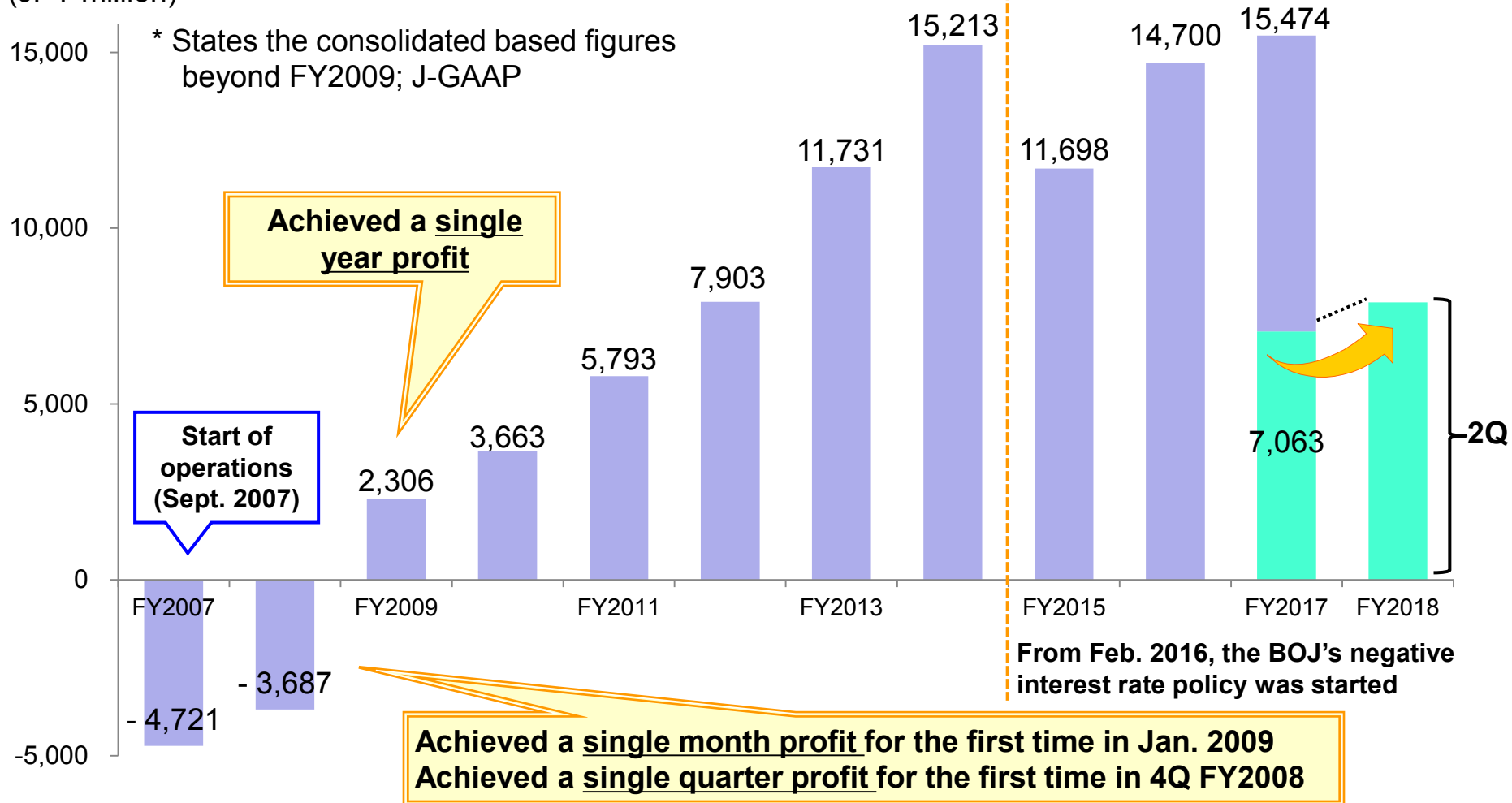
Note: Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed based on J-GAAP.

# SBI Sumishin Net Bank's Ordinary Income has Steadily Increased, with Ordinary Income for 1H FY2018 Expected to Exceed that of 1H FY2017

\* 1H FY2018 financial results announcement is scheduled for Nov. 16, 2018

## Change in Ordinary Income (J-GAAP) after Start of Operations

(JPY million)



## ③ Insurance-related Business (SBI Insurance Group)

- **SBI Insurance Group's consolidated ordinary revenue for 1H FY2018 (preliminary figures on a J-GAAP basis), was adversely affected by natural disasters, etc., at SBI Insurance and SBI Nihon SSI, so was limited to JPY 31,563m, with ordinary income of JPY 654m, however, the forecast for the full-year has not changed**

**\* Final consolidated figures for 1H FY2018 will be released on Nov. 13**

- **SBI Insurance Group's total number of inforce contracts steadily increased, reflecting contributions from associated operating companies**

# SBI Insurance Group's Performance (Preliminary Figures)

\* Final figures for consolidated results for 1H FY2018 will be announced on Nov. 13

## SBI Insurance Group's Consolidated Results (J-GAAP)

|   | <b>1H FY2018<br/>(preliminary)<br/>(Apr. 1, 2018 to<br/>Sept. 30, 2018)</b> |
|---|---|
| <b>Ordinary<br/>revenue</b>                                     | <b>31,563</b>   |
| <b>Ordinary<br/>profit</b>                                      | <b>654</b>  |
| <b>Profit<br/>attributable to<br/>parent of the<br/>Company</b> | <b>204</b>  |

## [Reference: Forecast for full year]

(No change from published figures on Sept. 27, 2018)

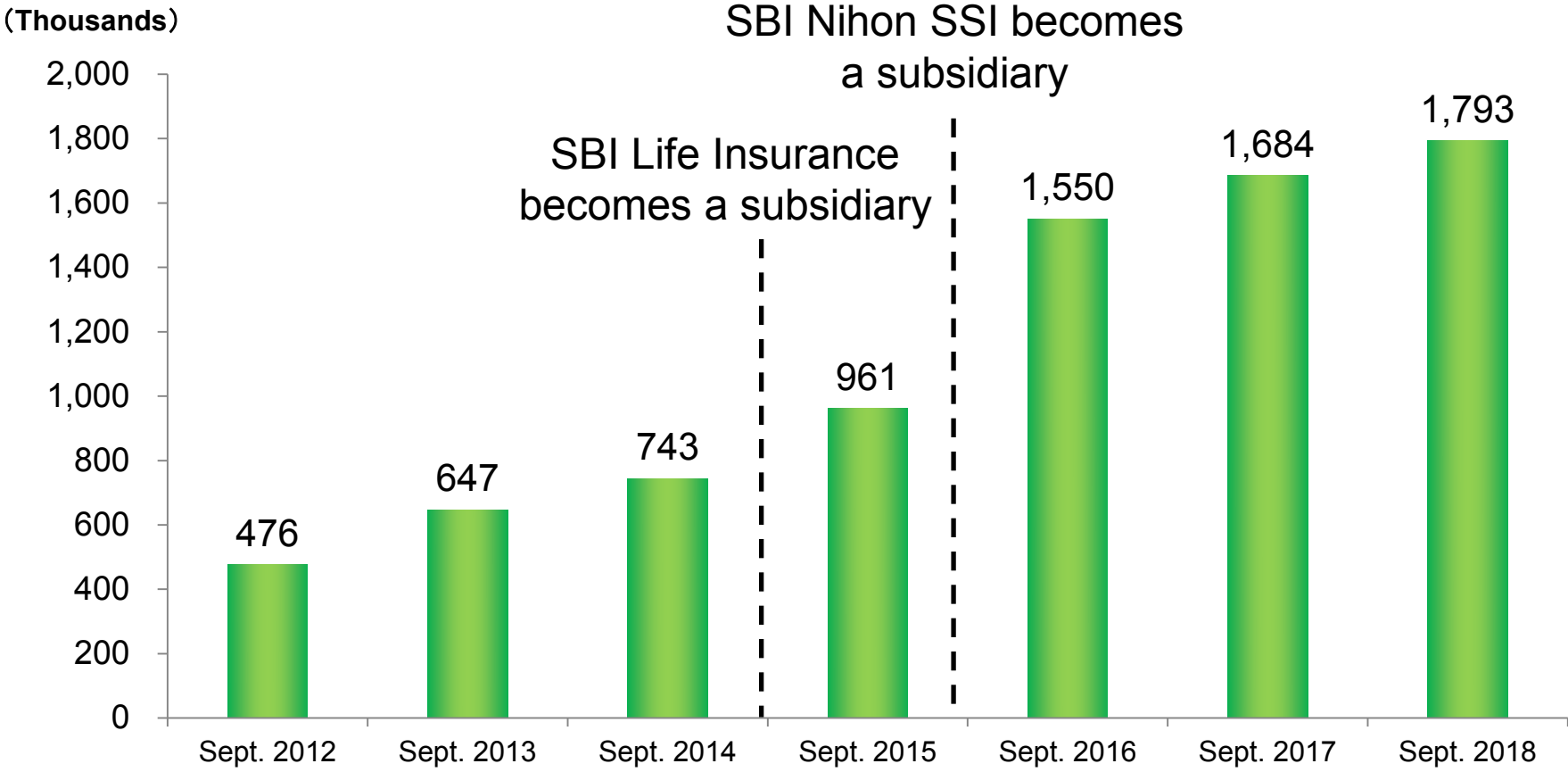
(Unit: JPY million)

|   | <b>FY2017<br/>(Result)<br/>(Apr. 1, 2017 to<br/>Mar. 30, 2018)</b> | <b>FY2018<br/>(Expected)<br/>(Apr. 1, 2018 to<br/>Mar. 30, 2019)</b> |
|---|--|--|
| <b>Ordinary<br/>revenue</b>                                     | <b>62,186</b>  | <b>66,000</b>  |
| <b>Ordinary<br/>profit</b>                                      | <b>1,059</b>   | <b>1,750</b>   |
| <b>Profit<br/>attributable to<br/>parent of the<br/>Company</b> | <b>724</b>   | <b>770</b>   |

\* The SBI Insurance Group is just starting to prepare interim financial statements this fiscal year and thus has no stated consolidated earnings for the same period in previous years.

# SBI Insurance Group's Total Number of Inforce Contracts Steadily Increased

## SBI Insurance Group's trend in number of contracts



## 2. Asset Management Business

- **Investments from the Fintech Fund, etc., contributed to valuation gains and favorable results**
- **SBI SAVINGS BANK of South Korea's profit before income tax expense (based on IFRS incorporation at SBI Holdings) increased 29.6% year-on-year to approx. JPY 9.1bn**
- **Morningstar Japan achieved an year-on-year increase for the ninth consecutive fiscal year in operating income and ordinary income, to record historical highs for the seventh consecutive fiscal year**

# Performance Overview of the 1H FY2018

(IFRS, JPY billion)

|  | 1H FY2017<br>(Apr. 2017 –<br>Sept. 2017) | 1H FY2018<br>(Apr. 2018 –<br>Sept. 2018) | YoY %<br>change |
|--|--|--|-----------------|
| <b>Revenue</b>   | <b>38.2</b>                              | <b>61.6</b>                              | <b>+61.4</b>    |
| <b>Profit before income tax expense</b>  | <b>11.6</b>                              | <b>29.8</b>                              | <b>+157.2</b>   |
| <b>SBI SAVINGS BANK</b>  | <b>7.0</b>                               | <b>9.1</b>                               | <b>+29.6</b>    |
| <b>Profit/loss from the change in fair value and profit/loss on sales of investment securities</b> | <b>4.9</b>                               | <b>19.5</b>                              | <b>+296.2</b>   |



Details of profit/loss from the change in fair value and profit/loss on sales of investment securities in 1H FY2018

|                            | 1H FY2018   |
|----------------------------|-------------|
| <u>Listed Securities</u>   | <b>3.0</b>  |
| <u>Unlisted Securities</u> | <b>16.5</b> |



# IPOs and M&As of the SBI Group Investee Companies

|                          | Full-year FY2017 | Full-year FY2018 prospects |
|--------------------------|------------------|----------------------------|
| <b>IPO·M&amp;A deals</b> | <b>13</b>        | <b>Over 20</b>             |

In FY2018, 9 companies were IPO'd

| EXIT Date     | Company                               | Market      | EXIT Date      | Company               | Market      |
|---------------|---------------------------------------|-------------|----------------|-----------------------|-------------|
| Apr. 19, 2018 | TienPhong Commercial Joint Stock Bank | HOSE        | Sept. 13, 2018 | Mullion               | JASDAQ      |
| June 7, 2018  | Powernet Technology Corp.             | KOSDAQ      | Sept. 21, 2018 | GTGwellness Co., Ltd. | KOSDAQ      |
| June 19, 2018 | Writeup                               | TSE Mothers | Sept. 26, 2018 | BroadBand Security    | JASDAQ      |
| June 27, 2018 | IPS                                   | TSE Mothers | Sept. 27, 2018 | SBI Insurance Group   | TSE Mothers |
| July 24, 2018 | Bank of Innovation                    | TSE Mothers |                |                       |             |

## [Planned IPO schedule of Fintech investee companies]

Already decided on investments into **67** companies

(Total investment amount to be approx. **JPY 24.0bn** through the FinTech Fund and approx. **JPY 18.5bn** by SBI Holdings)

Year 2018: 1; Year 2019: 11; Year 2020: 18 ; After Year 2021: 19; TBD: 15

Additionally, 3 companies (including 1 company which was IPO'd in 2017) were already exited through an equity sale

\* In the case where an investee company conducts a share exchange or a merger with a public company, it is described as "M&A."

\* Subsidiary IPO and M&As are also included.

# Morningstar Japan's Financial Results for 1H FY2018

Achieved an year-on-year increase for the ninth consecutive fiscal year in operating income and ordinary income, to record historical high in the seventh consecutive fiscal year

## Consolidated Results (J-GAAP)

(Unit: JPY million)

|                             | 1H FY2017<br>(Apr. 2017 – Sept. 2017) |                      | 1H FY2018<br>(Apr. 2018 – Sept. 2018) |                      | YoY %<br>change |
|-----------------------------|---------------------------------------|----------------------|---------------------------------------|----------------------|-----------------|
|                             | Amount                                | Income<br>margin (%) | Amount                                | Income<br>margin (%) |                 |
| <b>Net Sales</b>            | <b>2,848</b>                          | <b>-</b>             | <b>3,230</b>                          | <b>-</b>             | <b>+13.4</b>    |
| <b>Operating<br/>Income</b> | <b>863</b>                            | <b>30.3</b>          | <b>905</b>                            | <b>28.0</b>          | <b>+4.8</b>     |
| <b>Ordinary<br/>Income</b>  | <b>910</b>                            | <b>32.0</b>          | <b>981</b>                            | <b>30.4</b>          | <b>+7.7</b>     |
| <b>Net<br/>Income</b>       | <b>614</b>                            | <b>21.6</b>          | <b>645</b>                            | <b>20.0</b>          | <b>+5.0</b>     |

## **3. Biotechnology-related Business**

# 1H FY2018 Profit before Income Tax Expense of the Biotechnology-related Business (IFRS)

(JPY million)

|  |                            | 1H FY2017<br>(Apr. – Sept. 2017) | 1H FY2018<br>(Apr. – Sept. 2018) |   |
|--|----------------------------|----------------------------------|----------------------------------|---|
| <b>SBI Biotech</b>                     |                            | <b>-169</b>                      | <b>41</b>                        | ① |
| <b>Quark Pharmaceuticals (“Quark”)</b> |                            | <b>-3,951</b>                    | <b>-3,791</b>                    | ② |
| <b>5-ALA-related business</b>          | <b>SBI Pharmaceuticals</b> | <b>-374</b>                      | <b>-668</b>                      | ③ |
|  | <b>SBI ALApromo</b>        | <b>36</b>                        | <b>142</b>                       | ④ |
|  | <b>photonamic</b>          | <b>79</b>                        | <b>432</b>                       | ⑤ |

- ① SBI Biotech was profitable in the first half of the year, owing to the receipt of the final year subsidy from AMED, etc.
- ② Quark has three Phase III pipeline drugs, but two are in the final phase of Phase III, so a reduction in clinical trial costs is expected in the second half
- ③ SBI Pharmaceuticals temporarily increased its deficit in the first half, as its pipeline progressed and the related development costs increased
- ④ SBI ALApromo increased its profit before income tax expense by 3.9 times the previous year’s first half, owing to an increase in 5-ALA-related product sales, etc.
- ⑤ photonamic’s sales of “Alacare,” a drug that treats actinic keratosis, and “Gliolan®,” a diagnostic agent for cancer treatment (malignant glioma), increased significantly, along with a first shipment to the U.S., to contribute to a profit before income tax expense of 5.5 times the previous year’s first half

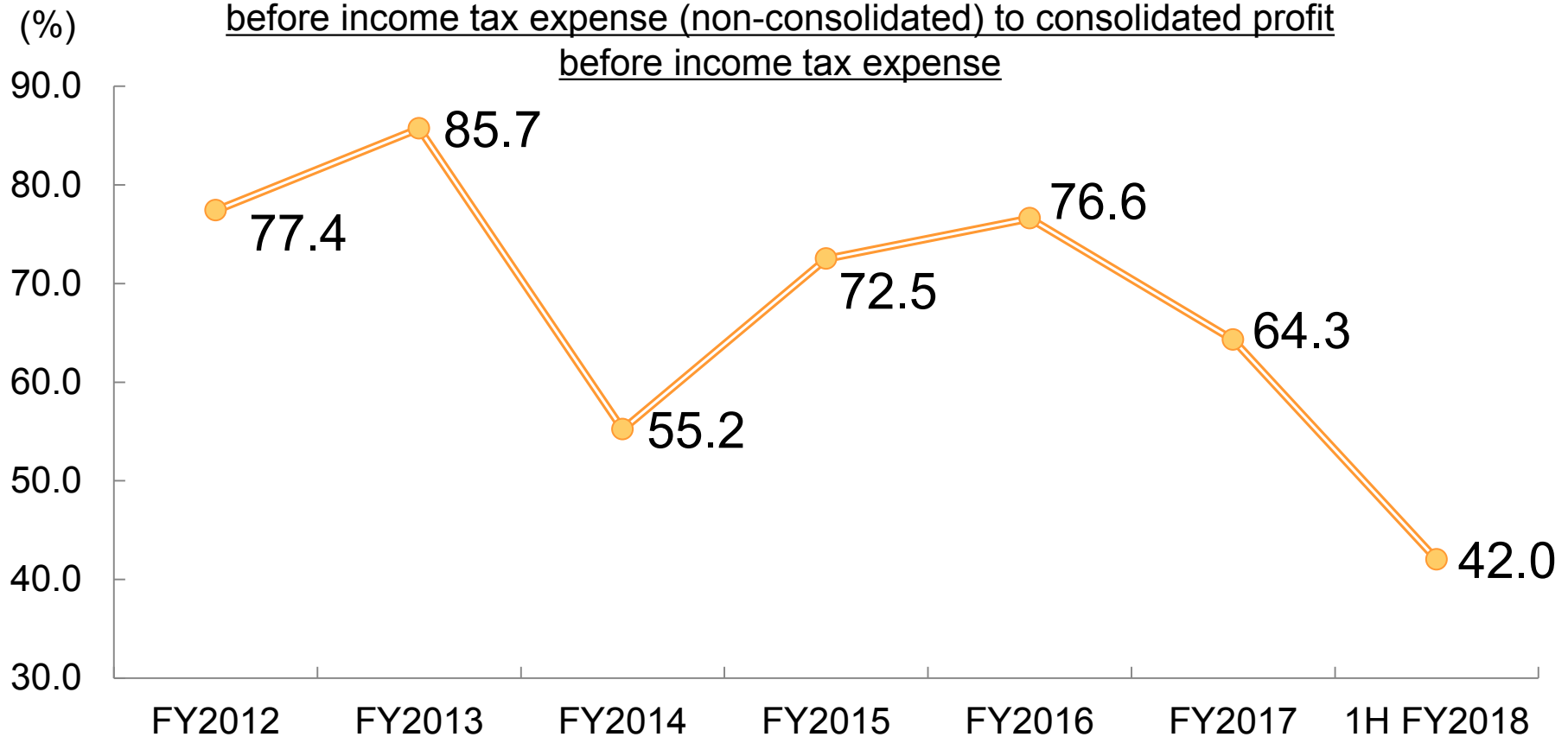
## **2. Strengthen efforts to further increase the market capitalization of stocks**

- (1) SBI Holdings' stock price should no longer be categorized as a securities company**
- (2) The SBI Group's growth rate significantly exceeds that of all financial sectors**
- (3) Contingent upon the results of the clinical trials advanced by Quark, the Biotechnology-related Business may immediately transition into a profit center**
- (4) Proactive implementation of IR activities to individual investors**
- (5) Endeavor the actualization of intrinsic corporate value**
- (6) Progress of the SBI Group's Vision**

# (1) SBI Holdings' Stock Price Should No Longer Be Categorized as a Securities Company

**-SBI Holdings' securities business' contribution to consolidated profits already accounts for less than half of the profits-**

SBI Holdings' composition ratio of SBI SECURITIES' IFRS-based profit before income tax expense (non-consolidated) to consolidated profit before income tax expense



**The transition to a revenue base that is less affected by stock market fluctuations continues to progress**

## (2) The SBI Group's Growth Rate Significantly Exceeds that of All Financial Sectors

|                     | PER (X) <sup>*1, 2</sup> | (Reference)<br>PBR (X) <sup>*1, 3</sup> | CAGR (%) <sup>*4</sup><br>(FY2014 – FY2016) |
|---------------------|--------------------------|---|---|
| <b>SBI Holdings</b> | <b>9.1</b>               | <b>1.4</b>                              | <b>17.0</b>                                 |



**[Average PER, PBR by sector]**

(As of Sept. 2018; Source: Japan Exchange Group)

|                                  | PER (X)     | (Reference)<br>PBR (X) | CAGR (%) <sup>*4</sup><br>(FY2014 – FY2016) |
|----------------------------------|-------------|------------------------|---|
| TSE 1st Section (All industries) | <b>18.5</b> | <b>1.4</b>             | <b>17.1</b>                                 |
| Banks                            | <b>11.4</b> | <b>0.4</b>             | <b>-0.9</b>                                 |
| Securities and commodities       | <b>12.1</b> | <b>0.9</b>             | <b>15.0</b>                                 |
| Insurance                        | <b>16.7</b> | <b>1.2</b>             | <b>9.8</b>                                  |
| Other financials                 | <b>11.8</b> | <b>1.0</b>             | <b>12.8</b>                                 |
| Information and communication    | <b>28.1</b> | <b>2.6</b>             | <b>16.4</b>                                 |
| Pharmaceutical                   | <b>27.5</b> | <b>2.1</b>             | <b>8.4</b>                                  |

\*1 PER and PBR are calculated based on the closing share price as of Oct. 29, 2018.

\*2 EPS of 1H FY2018 is used to calculate the PER. \*3 BPS of the end of Sept. 2018 is used to calculate the PBR.

\*4 Presents the CAGR of profit attributable to owners of the Company during FY2014 to FY2016.

**(3) Contingent upon the results of the clinical trials advanced by Quark, the Biotechnology-related Business may immediately transition into a profit center**



# Through the Establishment of a Subsidiary, Entered the Biotechnology Business, which has a Low Correlation to the Stock Market



## Antibody drug



Achieved first full-year profitability in FY2016

- ✓ Developing immunotherapeutic drugs that target autoimmune diseases where the immune system attacks its own tissues and cancer that has significantly progressed within the immune system
- ✓ Immunotherapeutic drugs are therapeutic agents originally acting on the body's immune system, and SBI Biotech's drug discovery platform is a proprietary "pDC control technology" concerning plasmacytoid DC (pDC), which is considered as the "control tower" of the immune system

## Nucleic acid medicine



A U.S.-based Quark Pharmaceuticals ("Quark")

- ✓ One of the world leaders in discovery and development of siRNA drugs, possessing numerous siRNA drugs at the clinical development level
- ✓ Of Quark's drug discovery pipeline, three have advanced to Phase III stage
- ✓ Major developed drugs are out-licensed to Novartis Pharma (grant exclusive negotiation rights for license agreement) and Pfizer

## 5-ALA (5-aminolevulinic acid) related



(Intermediate holding company in the 5-ALA-related business)

Group companies:



The world's first pharmaceutical company engaged in the development of drugs, and the manufacturing and sales of cosmetics and health foods using 5-ALA

Achieved the first full-year profitability in FY2016



Distributor of cosmetics, health foods using 5-ALA

Achieved the first full-year profitability in FY2017

**Each companies are preparing for their IPOs**

# Quark's Drug Discovery Pipeline Progress

(Economic shareholding of the SBI Group is 95.5%)

|          | Licensing partner         | Adaptation disease  | Progress               |  |
|----------|---------------------------|---|------------------------|--|
| QPI-1002 | Novartis International AG | Delayed graft function in kidney transplantation (DGF)                            | <u>Phase III</u>       | Conducting final clinical trials at 75 institutions, mainly in the U.S., as well as in Canada, Germany, Brazil and other countries. <u>The final results will be available soon</u>  |
|          |                           | Acute kidney injury (AKI)   | <u>Phase III</u>       | Started Phase III clinical trials in July 2018. Planning expansion of clinical trials to 115 facilities worldwide  |
|          |                           |   |                        | Total milestone payments: USD 670m (including pre-receipt)   |
| QPI-1007 | Biocon Ltd of India       | Non-arteritic anterior ischemic optic neuropathy (NAION)                          | <u>Phase III</u>       | Conducting final Phase III clinical trials at 66 institutions, mainly in the U.S. and Europe. <u>Upon administration to the final subject, the final results will become known in October 2020, after a follow-up period of 1 year</u> |
| PF-655   | Pfizer Inc.               | Glaucoma, Diabetic macular edema (DME) and Age-related macular degeneration (AMD) | Phase IIa (Completion) | Quark is reviewing its development plans, since candidate substances with expected higher effects for AMD have been found, and discussing clinical trial for the next step   |

There are three Phase III pipeline drugs, but two are in the final phase of Phase III, so a reduction in development cost is expected in the second half

# Quark in Preparations for Listing

**Since Quark has three products at the Phase III stage in its drug discovery pipeline, it will satisfy the conditions for a NASDAQ Market public listing, therefore it is currently in preparation for an IPO on the U.S. NASDAQ Market**

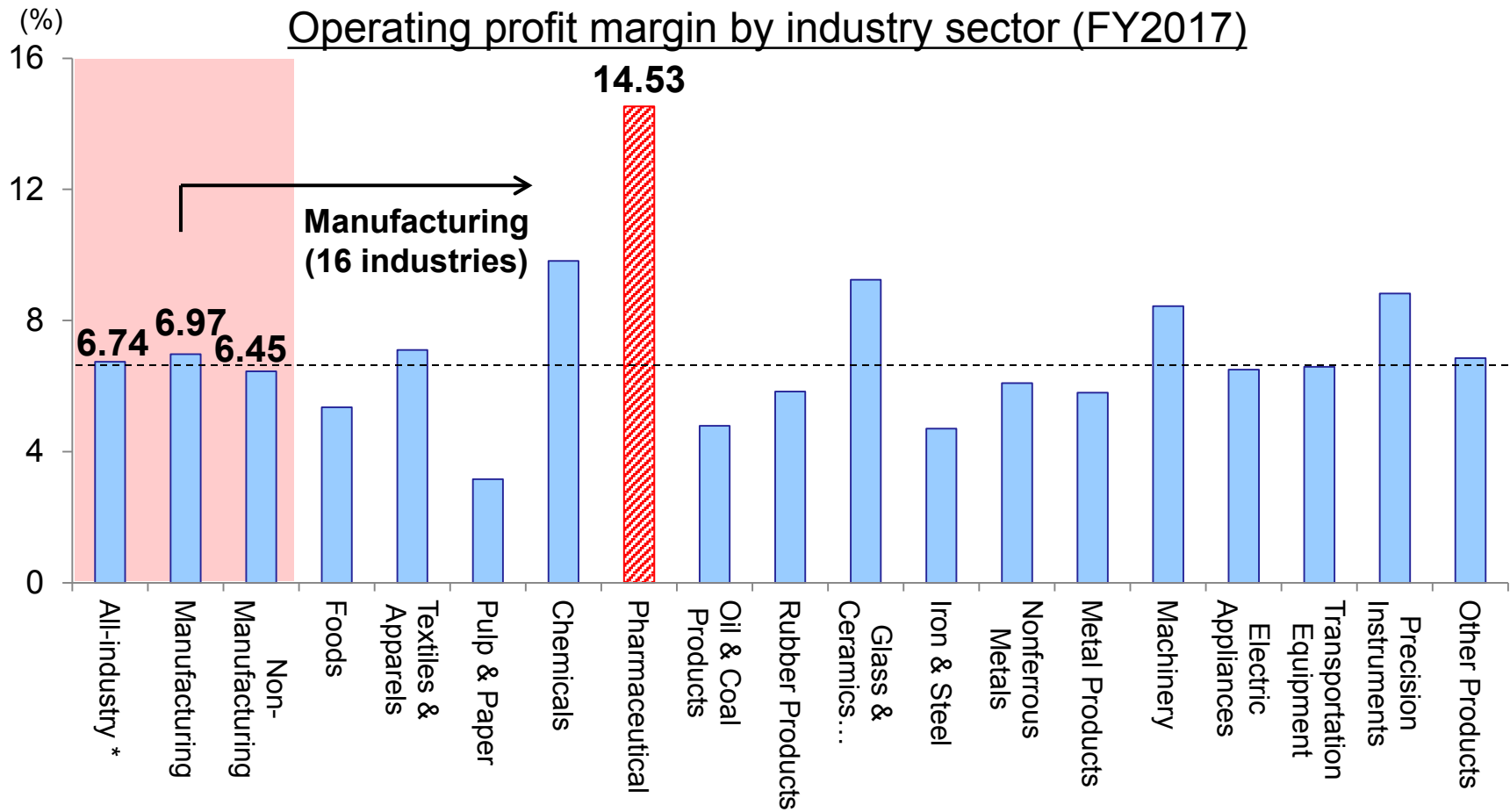
**→Delaying Quark's IPO, owing to expected Phase III results for DGF (for organ function disorder post renal transplantation) in the near future**

**→Planning to be listed on the NASDAQ Market within FY2018**

**By having three Phase III pipeline drugs, Quark is expected to be a unicorn company (a startup with a USD 1bn plus valuation)**

# The Pharmaceutical Business is a Defensive Sector Business with a Lower Correlation to Economic Trends, but with Higher Profit Margin Expectations

**Among the 16 industry sectors of Manufacturing, operating profit margin for Pharmaceuticals is at a high level of 14.53%**



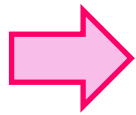
\* The aggregated number of all industries is 2,140 companies, which excludes 158 companies belonging to the financial business

Source: JAPAN EXCHANGE GROUP “Summary of Earnings Digests by Listed Companies”

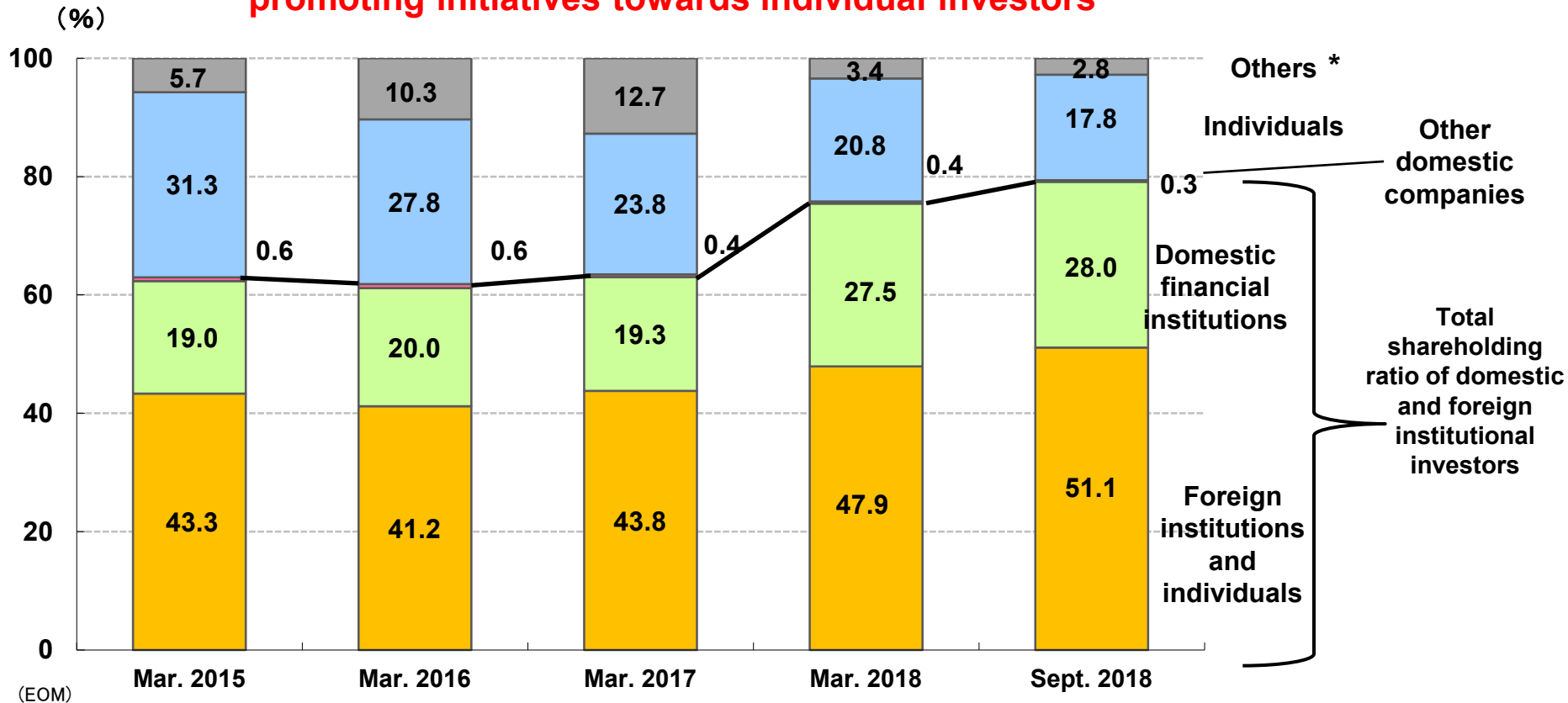
## **(4) Proactive implementation of IR activities to individual investors**

# Changes in SBI Holdings' Shareholder Composition

- ◆ The total number of shareholders is 115,011, of which the number of shareholders who hold 1 unit or more is 67,720
- ◆ Shareholding ratio of domestic and foreign institutional investors increased to 79.1%, whereas individual investors' holdings decreased to 17.8%



To reach the Company's ideal composition of individual shareholders increasing to about 30%, with Japanese institutional investors and foreign investors also holding about 30% each, the SBI Group will be promoting initiatives towards individual investors



\* "Others" include treasury stock (0.1%)

# In addition to Steady Results and Long-term Expectations, the Company Seeks to Boost IR Outreach to Individual Shareholders and Increase their Number

## 1. Proactive disclosure

- Hold information meetings (twice a year, in 3 major cities)
- Timely distribution of presentation materials for results briefing, etc., through video streaming
- Planning to resume video streaming through SBI channel

## 2. High dividends

## 3. Attractive special benefits for shareholders

## 4. Expanding contacts with individuals and improving the name recognition of SBI Holdings

- Provide SBI Group companies' products and services
- BS Fuji "Konokuni no Yukusue 2" Video production and broadcasting. (Every Saturday, 18:00-18:30, JST, from Apr. 2018)



**To become a more attractive company for  
individual investors**

**(5) Endeavor the actualization of intrinsic corporate value**

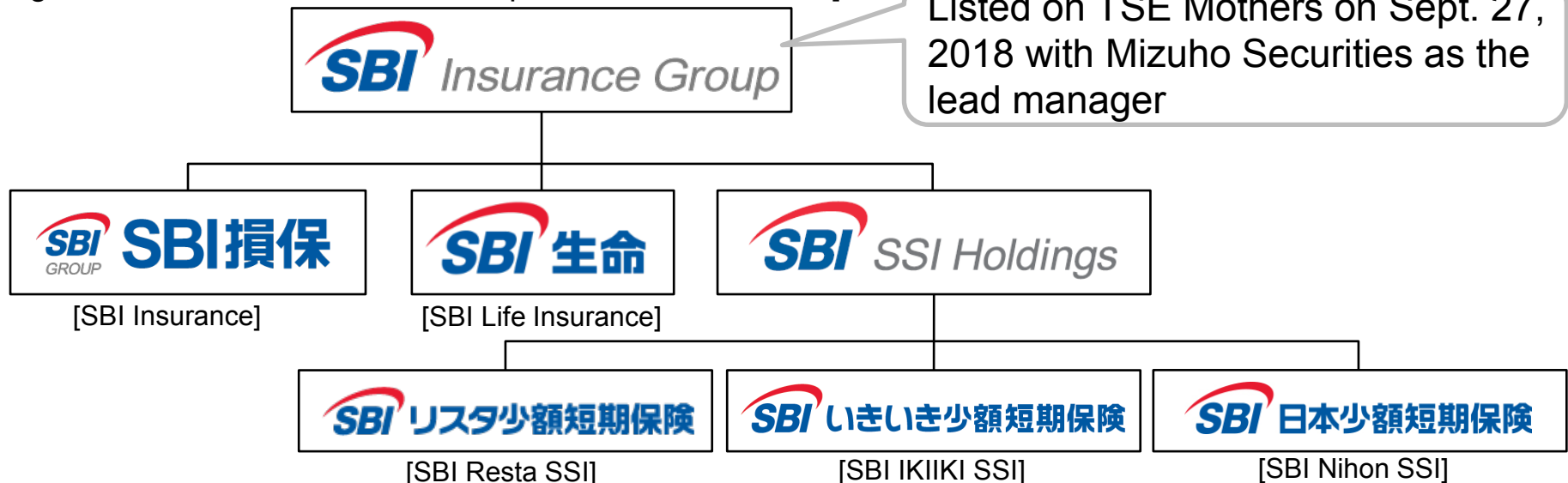


# The SBI Insurance Group, which Listed on the TSE Mothers on Sept. 27, 2018, was the First Step in the Listing of Subsidiary Companies, to Actualize the Intrinsic Corporate Value of Its Subsidiaries

Although the value of the insurance business as evaluated by the Company was conventionally assumed to be zero, its value was immediately actualized upon its listing (based on initial price: JPY 49.3bn\*)

\* Calculated at initial listing price: JPY 2,160, total number of issued shares: 22,820,530 shares

[Organizational chart of the SBI Group's insurance business]



- Received JPY 8bn in funding from the IPO and used the full amount to increase underwriting at SBI Insurance
- Building a rock-solid financial foundation by raising SBI Insurance's solvency margin from 350% to 700%

# Actualizing the Intrinsic Corporate Value in Light of the Initial Public Strategies of the Group Subsidiaries

## Transforming into an easy-to-understand business by manifesting latent corporate value

### [Basic policy on IPO strategies of subsidiary companies]

- If it is preferable to actualize the intrinsic corporate value by listing the company toward the visualization of major businesses' value
- If it is necessary for the company to improve its IT infrastructure and other largescale capital investments on an ongoing basis, or to increase its capital due to a business that requires a large amount of working capital
- In the development of domestic banking and insurance businesses through subsidiaries, if a flexible establishment of an operational system is necessary to preserve managerial freedom under the Japanese legal system → (e.g.) SBI Insurance Group
- If the company is required to maintain a neutral position in the business that it conducts → (e.g.) Morningstar Japan: Listed on NASDAQ Japan (currently TSE JASDAQ) in June 2000
- When the company creates little synergies between itself and other Group companies, and from the perspective of the Group's overall business portfolio, if it would be beneficial for the company to publicly offer its shares so that its shareholder value could be actualized, or if the company's significance in the overall Group strategy has deteriorated

### [List of subsidiaries that are considering listing]

| Company name                  | Business overview   |
|-------------------------------|---|
| SBI Capital Management        | Intermediate holding company of the Asset Management Business |
| SBI Biotech                   | R&D etc. of pharmaceuticals                                   |
| Quark Pharmaceuticals (Quark) | R&D etc. of pharmaceuticals                                   |
| SBI ALApharma                 | Intermediate holding company of the ALA-related Business      |

## **(6) Progress of the SBI Group's Vision**

# Progress of the SBI Group's Vision (modified in Apr. 2018) ①

- Develop the Financial Services, Asset Management and Biotechnology-related Businesses, so that the profit before income tax expense composition by segment in three years will be 5:4:1, while that in five years will be 5:3:2, respectively.

[Consolidated profit before income tax expense (IFRS) by segment : 1H FY2018]

| FS business              | AM business              | Biotechnology-related     | (JPY billion) |
|--------------------------|--------------------------|---------------------------|---------------|
| 35.2<br>(Composition: 6) | 29.8<br>(Composition: 5) | -4.8<br>(Composition: -1) |               |

## Segment forecast

Expansion of business performance due to the completion of the financial ecosystem and steady growth in each business

Along with the continuing profit growth at SBI SAVINGS BANK, Fintech investee IPOs will begin in earnest, leading to an expectation for high levels of profit

Profitability achievement is within scope, owing to the progress in Quark's anticipated IPO, along with an increase in the sales of the 5-ALA-related products, both domestically and abroad

Note 1: The abovementioned is a vision that the Company seeks to achieve in the medium-term, and since there will be changes in the business environment, there cannot be any guarantees on the achievement of the vision.

Note 2: The abovementioned is based on a premise that the world economic situation will not dramatically deteriorate within the next five years.

Note 3: The abovementioned differs from any medium-term management plans or performance targets

# Progress of the SBI Group's Vision (modified in Apr. 2018) ②

- **Targeting consolidated profit before income tax expense of over JPY 100bn within the next year or two**

▶ 1H FY2018 consolidated profit before income tax expense (IFRS): **JPY 54.2bn**

- **Maintain ROE above 10%**

▶ **14.38%** \*Annual calculation  
(calculated based on doubled profit for the year attributable to owners of the company of 1H FY2018)

- **Annual dividend to the level of JPY 100 per share**

▶ **The annual dividend for FY2017 is JPY 85 per share** (End of 2Q : JPY 15, Year-end : JPY 70)  
**The interim dividend for FY2018 is JPY 20 per share**

- **Will endeavor to achieve a market cap of JPY 1tn, by actualizing intrinsic corporate value**

▶ **JPY 652.5bn**  
(Based on the closing price on Oct. 29, 2018)

**Peak market cap. : JPY 863.5bn**  
(Year's intraday high: JPY 3,655 \*as of Oct. 2, 2018)

\*Calculated based on the total number of shares outstanding, not including treasury stocks, as of the end of Sept. 2018

Note 1: The abovementioned is a vision that the Company seeks to achieve in the medium-term, and since there will be changes in the business environment, there cannot be any guarantees on the achievement of the vision.

Note 2: The abovementioned is based on a premise that the world economic situation will not dramatically deteriorate within the next five years.

Note 3: The abovementioned differs from any medium-term management plans or performance targets

### **3. Priority measures moving forward, to achieve significant high growth**

**-Restructuring the business portfolio to achieve sustained high growth-**

- (1) Each financial services business thoroughly pursues synergies among companies within the financial ecosystem to maintain and develop high growth that far exceeds its competitors**
- (2) Strengthened efforts of the existing businesses to realize sustainable future high growth**
- (3) To ensure the continued dramatic growth of the SBI Group, establishing two new ecosystems**

**(1) Each financial services business thoroughly pursues synergies among companies within the financial ecosystem to maintain and develop high growth that far exceeds its competitors**

**-Results of various measures thus far-**

- ① Securities-related business**
- ② Banking-related business**
- ③ Insurance-related business**

(1) - ① Securities-related business : As compared to its peers, increased the customer base at a higher growth rate

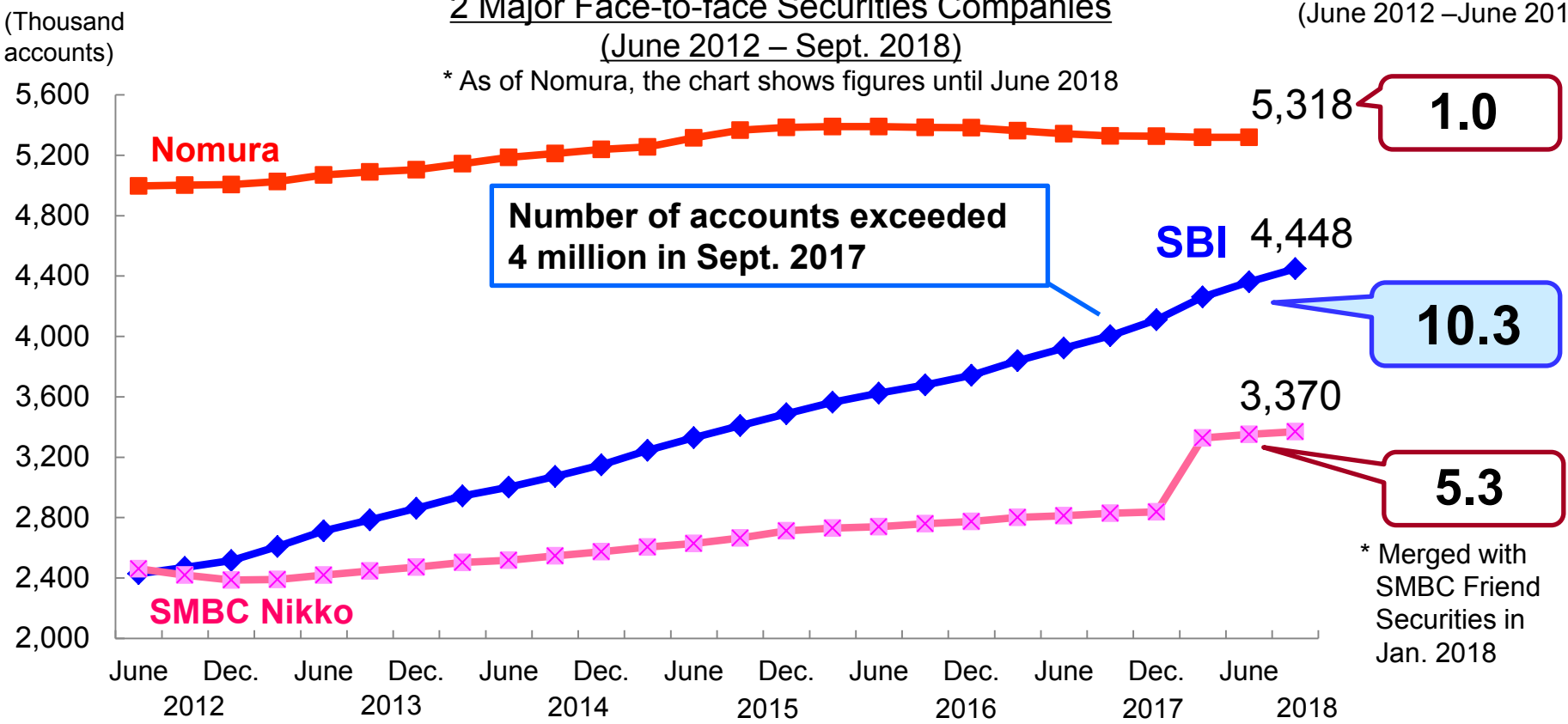


# In Terms of Number of Accounts, SBI SECURITIES Ranks Second in the Industry, Following Nomura

The number of accounts is at a competitive level with the major face-to-face securities companies

Number of Accounts of SBI SECURITIES and 2 Major Face-to-face Securities Companies (June 2012 – Sept. 2018)

**CAGR: %**  
(June 2012 – June 2018)



**As of the end of Mar. 2017, Daiwa Securities' number of accounts totaled 3,886 thousand accounts, with a CAGR at 2.5% during the period from June 2012 to Mar. 2017**

\* Daiwa has not disclosed its figures beyond Mar. 31, 2017

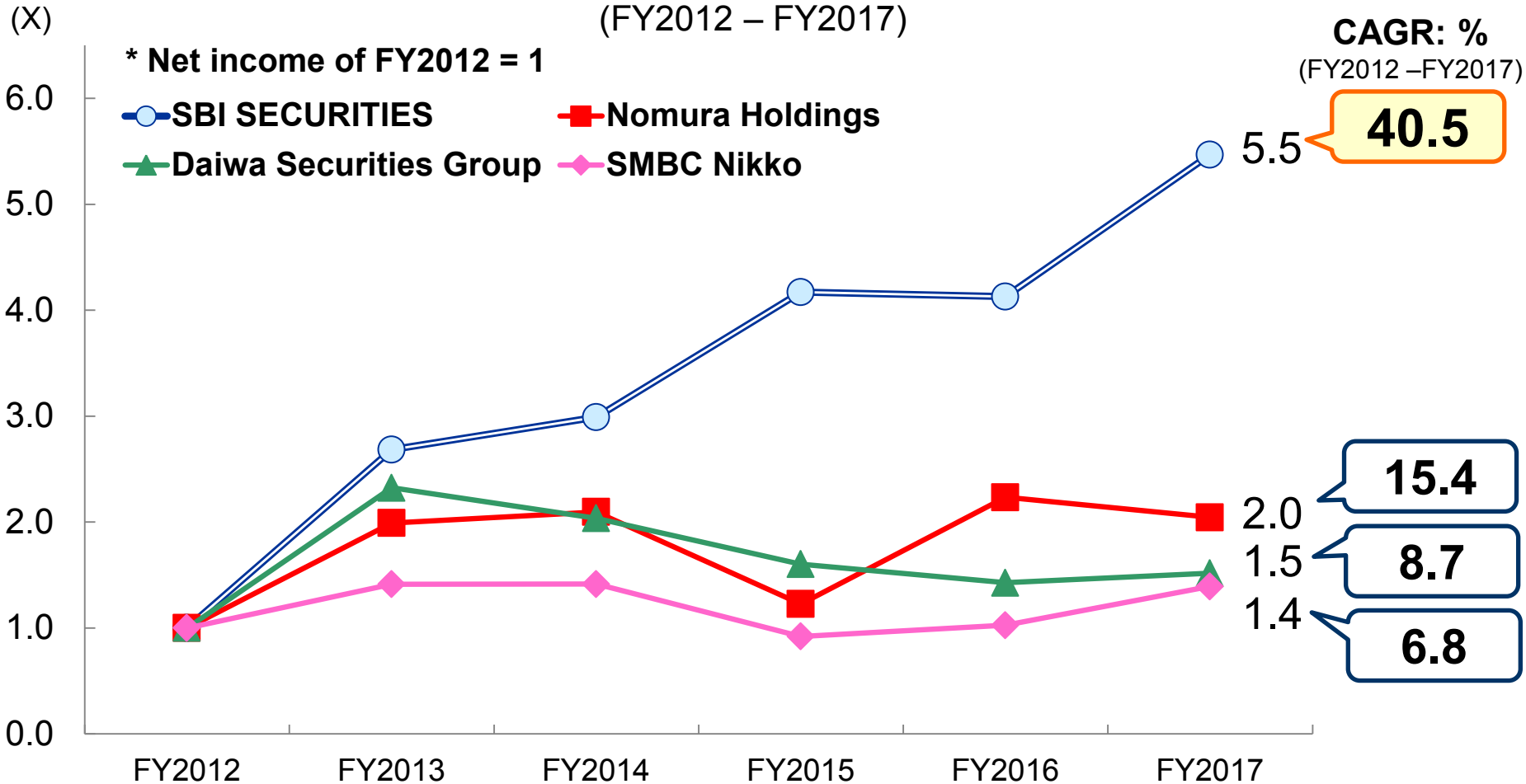
\* Merged with SMBC Friend Securities in Jan. 2018



(1) - ① Securities-related business : High profit growth rate through diversifying revenue sources

# Achieved High Profit Growth Rate through Diversifying Revenue Sources, including a Focused Approach to the Corporate Business

Net Income of SBI SECURITIES and 3 Major Face-to-face Securities Companies  
(FY2012 – FY2017)



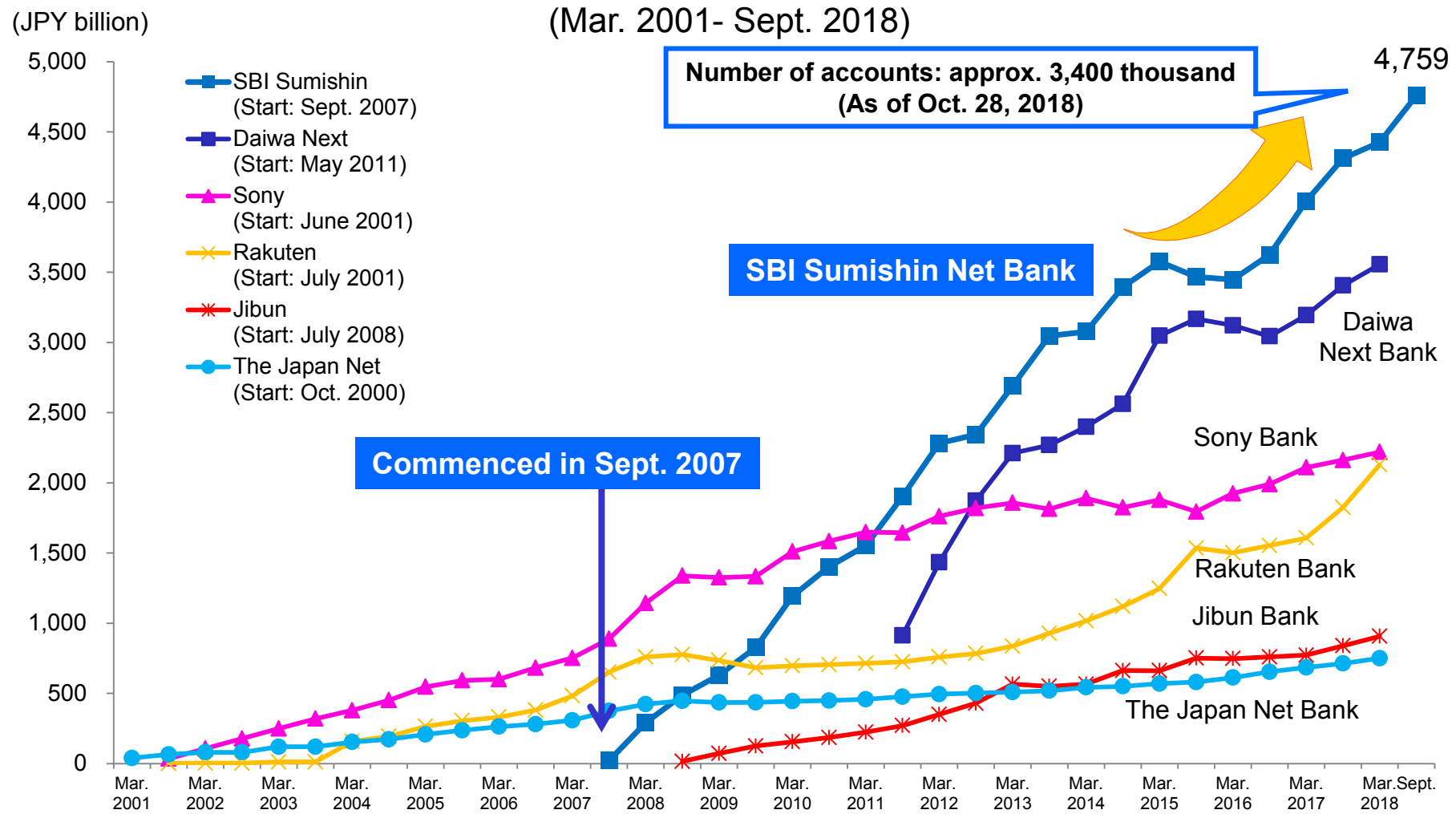
\* Figures for Nomura are based on US-GAAP

Source: Compiled by SBIH from the information on the website of each company



# SBI Sumishin Net Bank has Overcome its Late Start to Become the Top Online Bank in Japan through Rapid Growth in Deposits

## Pure-play Internet Banks' Deposits Since Establishment (\*)



\* Compiled by SBIH from the published materials of the noted banks, with each origin denoting the earliest available data of deposit balance amount, since the establishment of the respective banks.

# (1) - ② Banking-related Business: The positioning of SBI Sumishin Net Bank

## SBI Sumishin Net Bank Expanded its Business Scale in a Short Period of Time Since its Commencement in Sept. 2017, and the Balance of Deposits is 23rd Among 76 Banks, which Includes Regional Banks and New Entrant Banks

### Ranking by deposits

(JPY billion)

(Regional Banks, New Entrant Banks and Pure-play Internet Banks) (\* As of the end of Mar. 2018.)

| Rank | Bank name              | Listing | Deposits |
|------|------------------------|---------|----------|
| 1    | Bank of Yokohama       | *       | 13,773.0 |
| 2    | Chiba Bank             | ✓       | 12,017.0 |
| 3    | Bank of Fukuoka        | *       | 10,183.1 |
| 4    | Shizuoka Bank          | *       | 9,539.8  |
| 5    | Joyo Bank              | *       | 8,509.0  |
| 6    | Nishi-Nippon City Bank | *       | 7,673.2  |
| 7    | 77 Bank                | ✓       | 7,473.0  |
| 8    | Hiroshima Bank         | ✓       | 7,183.5  |
| 9    | Bank of Kyoto          | ✓       | 6,888.1  |
| 10   | Gunma Bank             | ✓       | 6,669.1  |
| 11   | Hachijuni Bank         | ✓       | 6,598.4  |
| 12   | Chugoku Bank           | ✓       | 6,423.7  |
| 13   | Hokuriku Bank          | *       | 6,394.4  |
| 14   | Shinsei Bank           | ✓       | 6,228.2  |
| 15   | Ashikaga Bank          | *       | 5,529.8  |

| Rank | Bank name             | Listing | Deposits |
|------|-----------------------|---------|----------|
| 16   | Juroku Bank           | ✓       | 5,454.1  |
| 17   | Toho Bank             | ✓       | 5,229.8  |
| 18   | Iyo Bank              | ✓       | 5,099.6  |
| 19   | Senshu Ikeda Bank     | *       | 4,954.0  |
| 20   | Ogaki Kyoritsu Bank   | ✓       | 4,909.3  |
| 21   | Yamaguchi Bank        | *       | 4,849.4  |
| 22   | Nanto Bank            | ✓       | 4,826.9  |
| 23   | SBI Sumishin Net Bank | n/a     | 4,758.5  |
| 24   | Hyakugo Bank          | ✓       | 4,722.9  |
| 25   | Shiga Bank            | ✓       | 4,689.7  |
| 26   | Hokkaido Bank         | *       | 4,648.9  |
| 27   | Daishi Bank           | ✓       | 4,641.4  |
| 28   | Higo Bank             | *       | 4,584.4  |
| 29   | Suruga Bank           | ✓       | 4,089.6  |
| 30   | Musashino Bank        | ✓       | 4,036.2  |

| Rank | Bank name               | Listing | Deposits |
|------|-------------------------|---------|----------|
| 31   | San-in Godo Bank        | ✓       | 4,009.3  |
| 32   | Hyakujushi Bank         | ✓       | 3,963.4  |
| 33   | Kiyo Bank               | ✓       | 3,889.5  |
| 34   | Kagoshima Bank          | *       | 3,773.4  |
| 35   | Daiwa Next              | *       | 3,556.0  |
| 36   | Hokkoku Bank            | ✓       | 3,368.6  |
| 37   | Kinki Osaka Bank        | *       | 3,250.0  |
| 38   | Bank of Iwate           | ✓       | 3,080.2  |
| 39   | Aozora Bank             | ✓       | 2,980.3  |
| 40   | The Yamanashi Chuo Bank | ✓       | 2,875.5  |

\* Bank holding companies or financial holding companies are listed

\* The deposits of SBI Sumishin Net Bank are as of the end of Sept. 2018, whereas the other banks are as of the end of Mar. 2018, all on a non-consolidated basis.

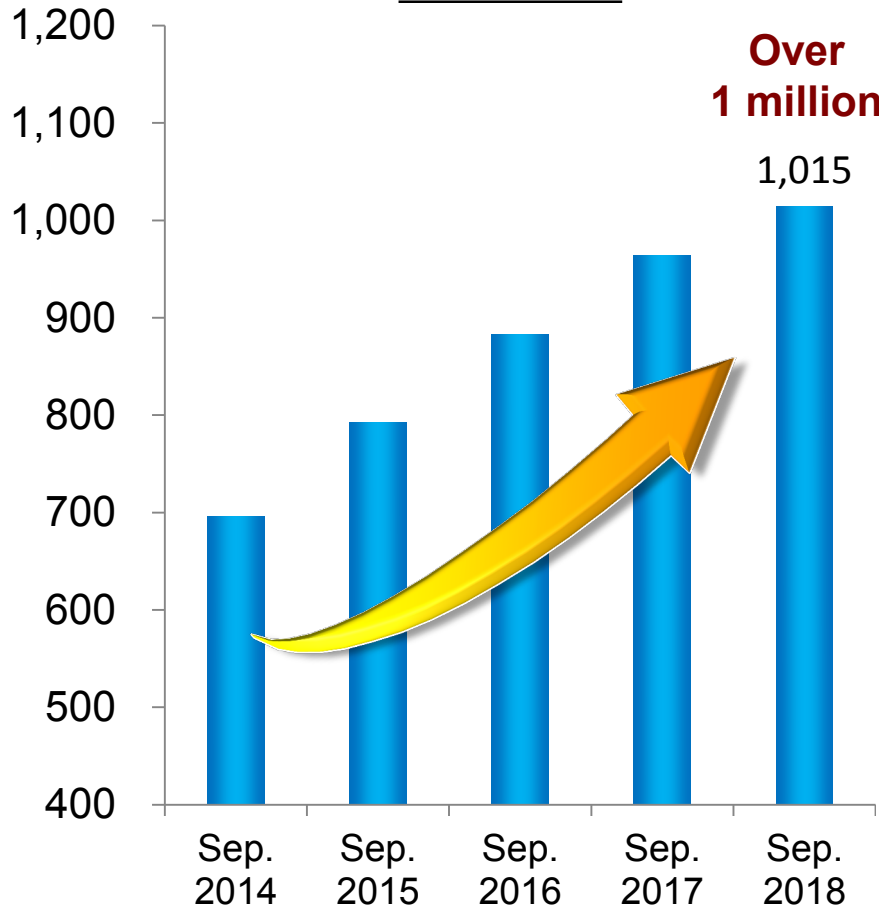
\* Amounts are rounded to the nearest JPY 100 million

(Source: websites of each company)

# SBI Insurance Maintained a High Rate of Increase in Contracts of Approx. 10% Per Annum, to Record Over 1 Million Contracts

**SBI Insurance's Total Number of Contracts**

(Thousand policies)



**Net Combined Ratio**

|  | 1H FY2016 | 1H FY2017 | 1H FY2018   |
|--|-----------|-----------|-------------|
| Loss ratio* <sup>1</sup>               | 79.4      | 77.3      | <u>78.0</u> |
| Operating expenses ratio* <sup>2</sup> | 13.2      | 11.6      | <u>11.8</u> |
| Combined ratio (Net base)              | 92.6      | 88.9      | <u>89.9</u> |

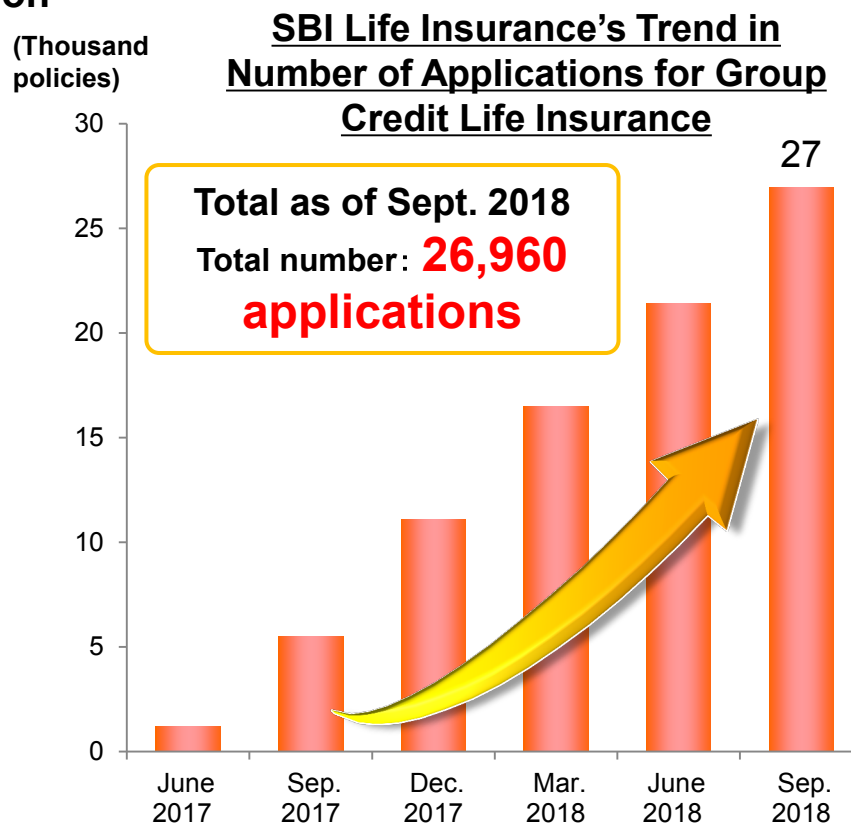
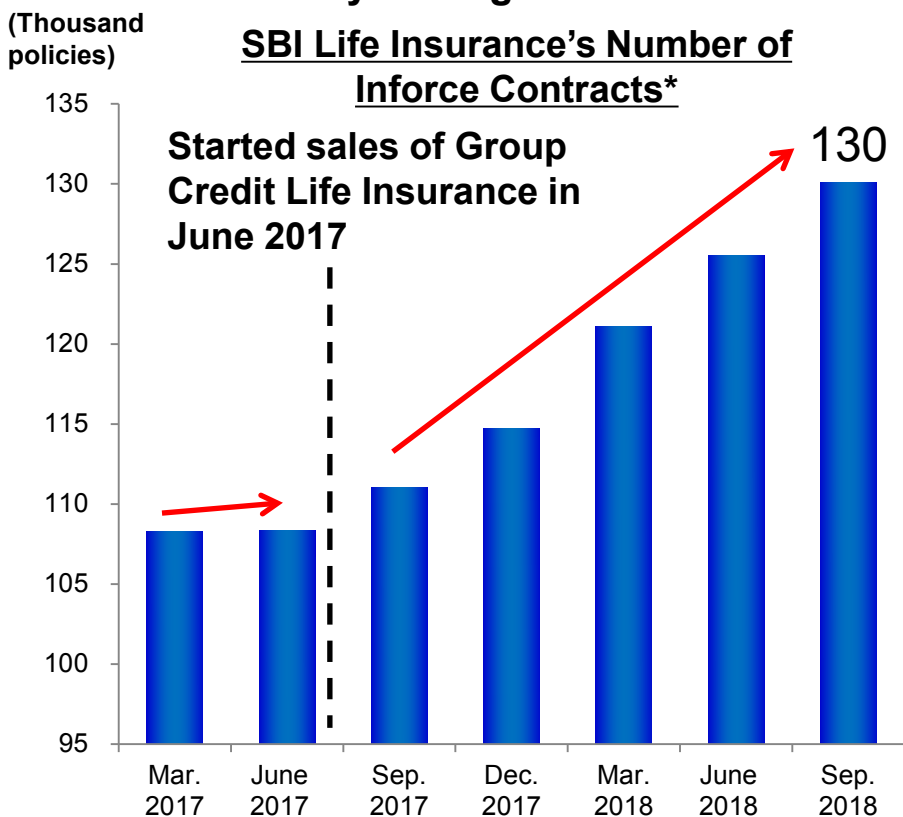
\*1 Loss ratio (%) = (Net insurance payment + Loss adjustment expenses) / Net insurance premium written X 100

\*2 Operating expenses ratio (%) = (Commissions and Collection costs + Operating expenses and general and administrative expenses related to insurance underwriting) / Net insurance premium income written X 100

(1) - ③ Insurance-related Business: SBI Life Insurance's customer base

# SBI Life Insurance's Total Number of Inforce Contracts Continues to Increase at a High Rate, Since the Start of Group Credit Life Insurance Sales

- SBI Life Insurance's total number of inforce contracts recorded a high growth rate of **17.1%** on an year-on-year basis
- Group Credit Life Insurance, sales of which began in June 2017, contributed significantly to an increase in the total number of contracts, concomitantly with an expansion in the business by the regional financial institution



\* Includes number of applications for Group Credit Life Insurance

## **(2) Measures to strengthen existing businesses to realize sustainable future high growth**

- ① Securities-related business**
- ② Banking-related business**
- ③ Insurance-related business**
- ④ Venture capital business**
- ⑤ Asset management-related business**
- ⑥ Overseas financial business**
- ⑦ Biotechnology-related business**

## **① Securities-related business**

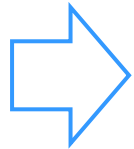
- (i) Further expanding the sales of iDeCo and NISA, which the government regards as a trigger to promote the flow “from savings to asset formation”**
- (ii) Through the continued expansion of the corporate business to strengthen the comprehensive capacity of the business, focusing on the equity and bond underwriting businesses, both for primary and secondary issuances**
- (iii) Through the Financial Institutional Sales Dept., expand brokerage services to financial institutions**
- (iv) Through the promotion of a global deployment of the FX-related business, endeavoring to further increase the volume of FX transactions within the Group**
- (v) Strengthening the acquisition potential of the younger generation, through the provision of a new “Mobile First” service**

① Securities-related business : (i) Strengthening the sales of NISA and iDeCo, which are national strategic products

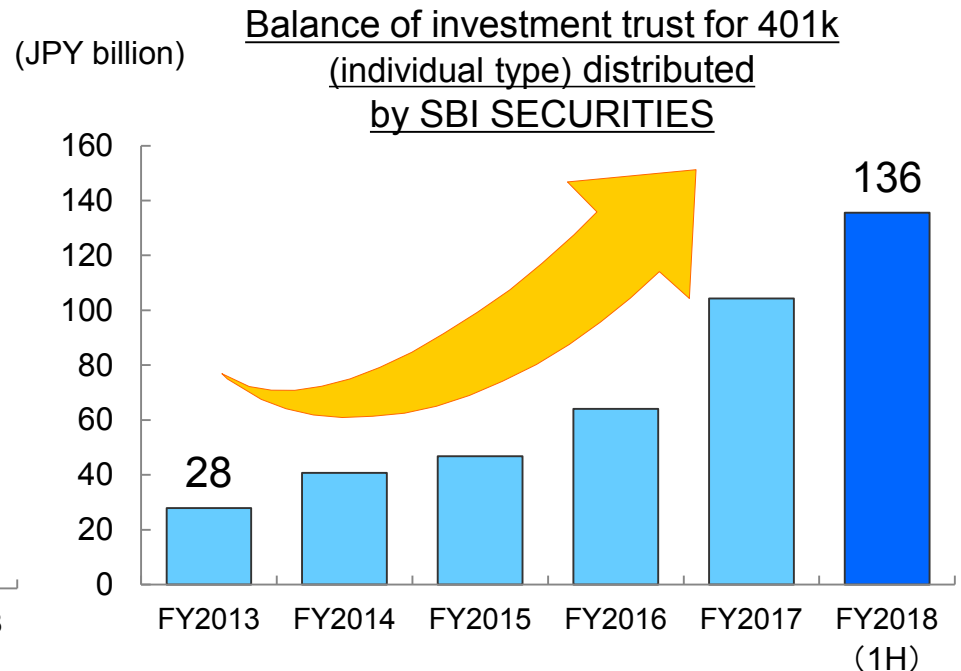
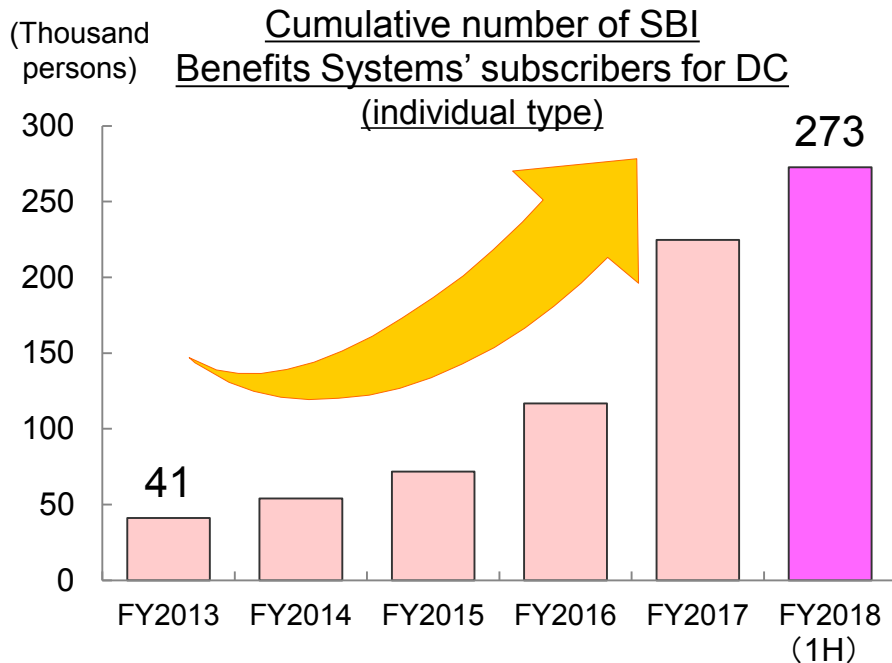
# Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business

The SBI Group has been focused on the Individual Defined Contribution (iDeCo) pension business, well before the expectations for market size expansion as a result of institutional revisions as of Jan. 2017, through SBI Benefit Systems, which was established in 2001

◆ SBI SECURITIES' administrative fees are completely free of charge from May 19, 2017, as to further expand iDeCo business



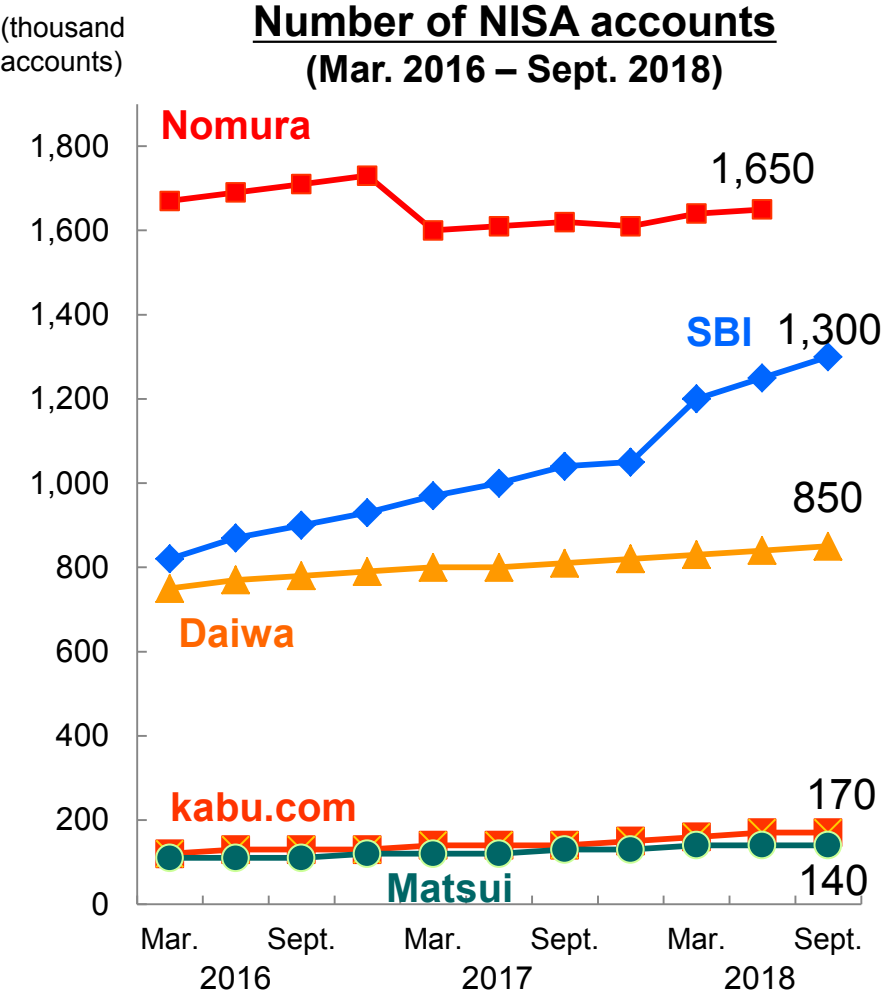
**At the end of Aug. 2018, the number of iDeCo accounts totaled 235,455, which is approx. 1.9x larger than at the end of May 2017**



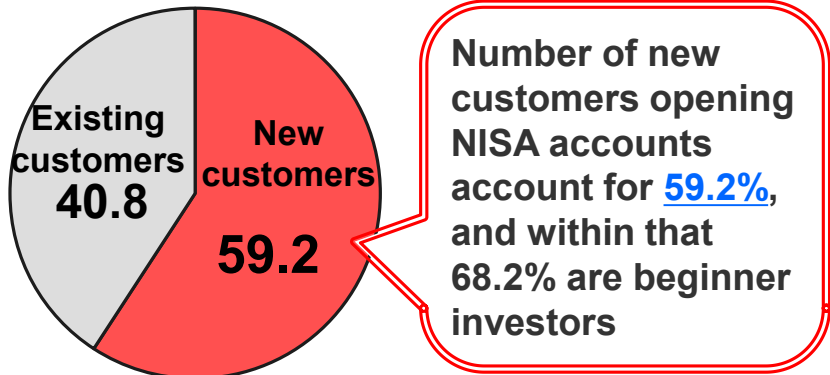


① Securities-related business : (i) Strengthening the sales of NISA and iDeCo, which are national strategic products

# Through the Successful and Continued Steady Acquisition of New Customers of NISA, the Number of Accounts is Now Approaching Nomura



**NISA's customer attribute of SBI SECURITIES (%)**



■ **SBI SECURITIES' number of Junior NISA accounts reached 54 thousand accounts, accounting for approx. 30% of the entire securities industry's Junior NISA accounts**

■ **SBI SECURITIES' active NISA account ratio: 45.5%**

\*1 Includes the number of Junior NISA accounts  
 \*2 Amounts are rounded to the nearest JPY 10 thousand.  
 \*3 The number of accounts are as of the end of June 2018, compiled by SBIH from the information on website of each company. As for Nomura, the number of accounts is as of the end of June 2018.

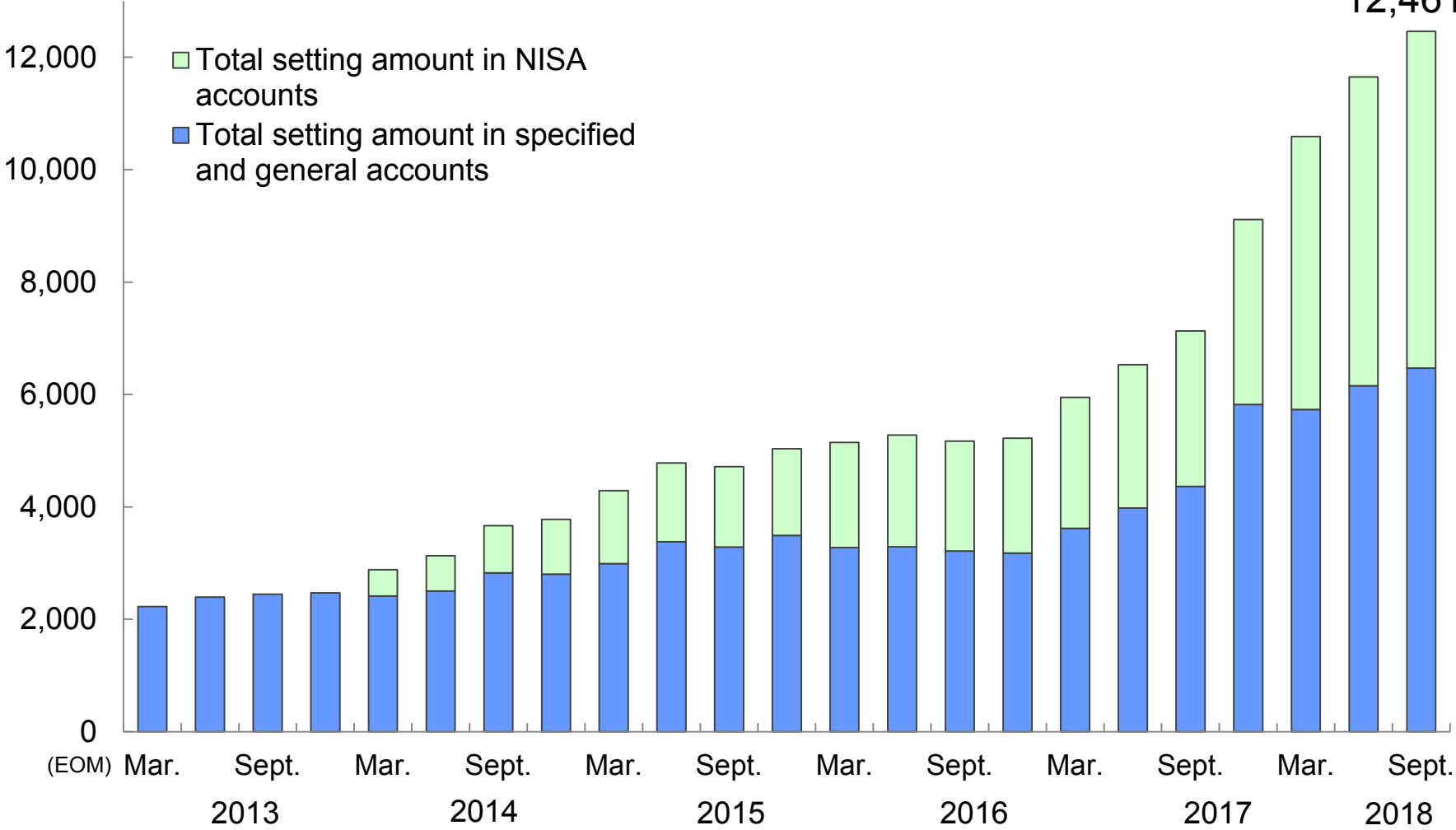
\* Active account ratio is calculated based on the total accounts since Jan. 2018

① Securities-related business : (i) Strengthening the sales of NISA and iDeCo, which are national strategic products

# SBI SECURITIES' Monthly Total Periodic Investment Trust Setting Amount in Sept. 2018 was JPY 12.5bn

**Ceiling for Periodic Investment Trust Setting Amount**  
 (as of the end of each month; Mar. 2013 – Sept. 2018)

(JPY million)



① Securities-related business : (i) Strengthening the sales of NISA and iDeCo, which are national strategic products

# By Providing a Robo-adviser Service, in Collaboration with a FinTech Startup Company, Supporting Neophyte Investors' Asset Formation



## SBI証券

[SBI SECURITIES]



## W WealthNavi

(Venture investee company of the FinTech Fund)



WealthNavi for SBI SECURITIES

Provision of “**WealthNavi for SBI SECURITIES**” that customizes WealthNavi’s robo-advisor service

**Customer assets: JPY 35.7bn** (as of Oct.26, 2018)

**Number of account: approx. 49 thousand**

Combined with WealthNavi for SBI Sumishin Net Bank's customer assets, a total of JPY 49,7bn. This would comprise approx. 50% of WealthNavi’s entire customer assets.

- ✓ A leading-edge asset management service for investors who desire medium- and long-term stable asset growth that automates all asset management processes based on a highly objective and transparent financial algorithm
- ✓ The handling fee is low, levied at an annual rate of 1% of the account balance, and simple, with no other fees required

◆ **Provision of small amount theme-based investment service “Theme-Killer!,” whose portfolio is created based on minkabu’s unique analysis**

① Securities-related business : (ii) Expand the corporate business to further strengthen comprehensive capacity

## Endeavoring to Expand the Corporate Business by Continuing to Strengthen the IPO Underwriting Business, and Expanding the PO Underwriting Business

**Underwriting share of 97.7% is an industry leading figure**

IPO Underwriting Ranking (Apr. 2018–Sept. 2018)

44 companies were listed during the period

| Company name | No. of cases | Underwriting share (%) |
|--------------|--------------|------------------------|
| SBI          | <b>43</b>    | <b>97.7</b>            |
| Mizuho       | <b>35</b>    | <b>79.5</b>            |
| SMBC Nikko   | <b>33</b>    | <b>75.0</b>            |
| Monex        | <b>20</b>    | <b>45.5</b>            |
| Iwai Cosmo   | <b>19</b>    | <b>43.2</b>            |
| Okasan       | <b>19</b>    | <b>43.2</b>            |
| Ace          | <b>18</b>    | <b>40.9</b>            |
| Ichiyoshi    | <b>17</b>    | <b>38.6</b>            |

\* The above IPOs represent issues underwritten in Japan only and do not include additional secondary offerings or overseas issues.

\* The number of underwritten issues represents both lead managed underwritings and syndicate participation.

\* The data was compiled by SBIH based on each company's published information.

### PO underwriting business

In addition to the underwriting of RIZAP's public offering as a lead underwriting manager in June 2018, owing to 14 other POs, the **underwriting amount for 1H FY2018 increased by 10.8% year-on-year**



Will endeavor to strengthen the PO underwriting business by continuously focusing on acquiring lead underwriting mandates

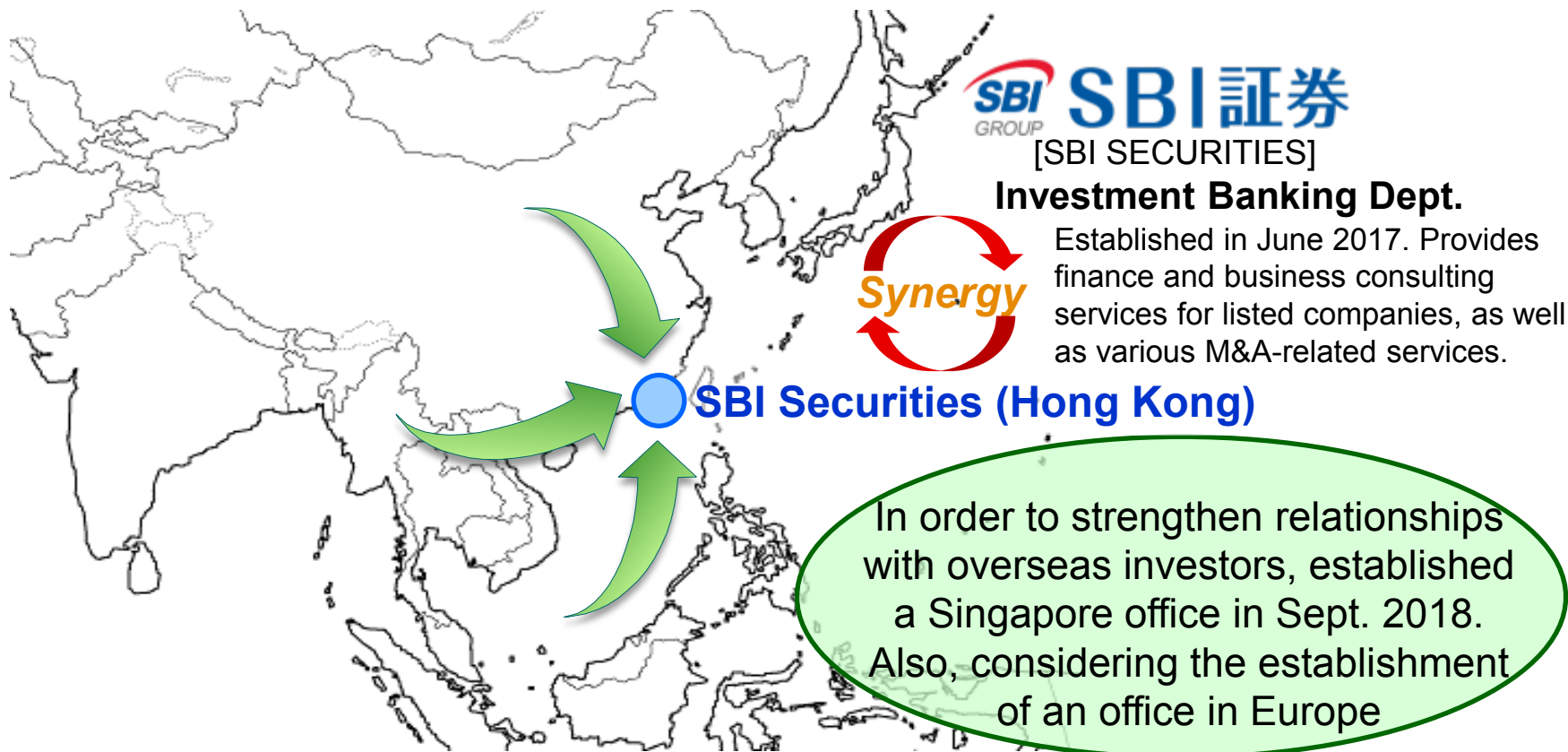
### Corporate bond underwriting business

With the underwriting of eleven corporate bonds in total, including that of SoftBank, the **underwriting amount for 1H FY2018 increased by 2.9x year-on-year**

① Securities-related business: (ii) Expand the corporate business to further strengthen comprehensive capacity

## In Order to Strengthen the Corporate Business, Established an Overseas Office

SBI Securities (Hong Kong) of Hong Kong, which was established in June 2015, will correspond to the global financing needs of domestic customer companies, in conjunction with SBI SECURITIES' Investment Banking Dept.



## SBI SECURITIES' Financial Institutional Sales Dept. Provides Various Financial Instruments, Such as Investment Trusts , as well as Equity and Bond Transactions, to its Customer Financial Institutions of a Total of 224 Companies\*1

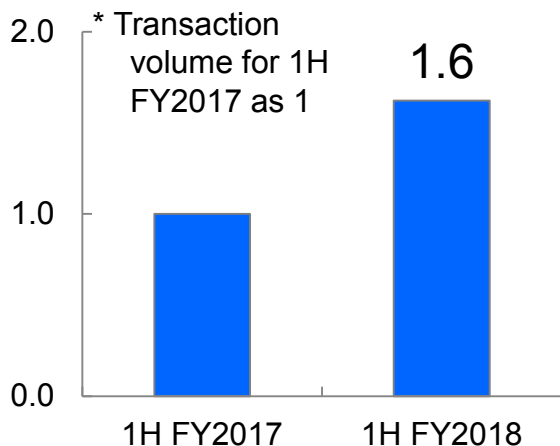


SBI SECURITIES is strengthening the distribution of structured bonds (self-origination and distributed a total amount of JPY 52.9bn\*2 (Dec. 2015 – Sept. 2018)), domestic and overseas investment trusts, as well as bond transactions

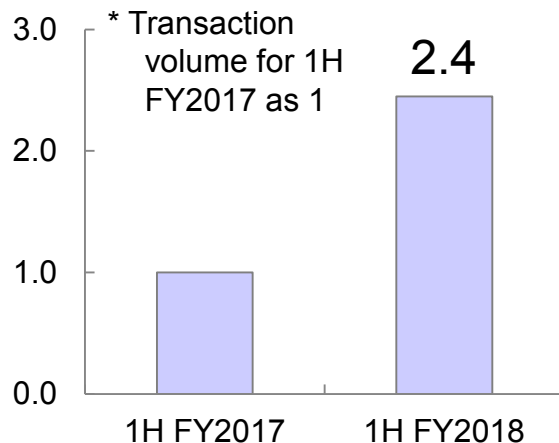
\*1 As of the end of Sept. 2018 \*2 Includes structured bonds toward retail customers

### -Transaction volume for 1H FY2018 with financial institutions-

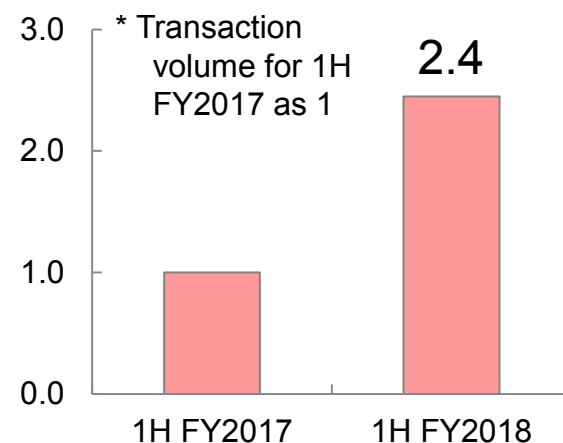
#### Equity trading



#### Investment trusts



#### Newly-issued and existing bond transactions



- ◆ Rapidly increased the underwriting of newly-issued municipal bonds and public bonds
- ◆ Structured bond and foreign bond transactions with financial institutions are steadily increasing

# SBI Liquidity Market, which Serves as the OTC Market for the Group's 3 Companies, Achieved Record Highs

[Year-on-year comparison (J-GAAP; consolidated base)]

(Unit: JPY million)

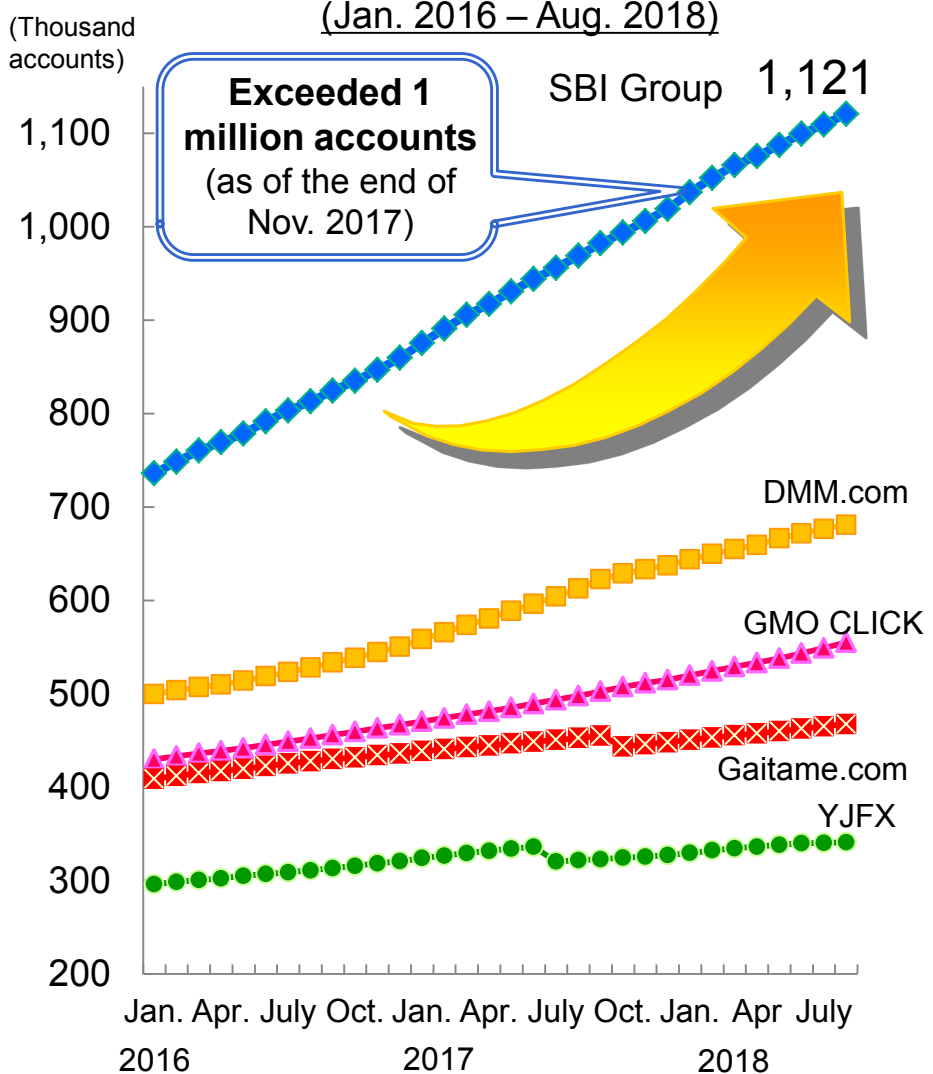
|                                    | 1H FY2017<br>(Apr. 2017 – Sept. 2017) | 1H FY2018<br>(Apr. 2018 – Sept. 2018) | YoY %<br>change |
|------------------------------------|---------------------------------------|---------------------------------------|-----------------|
| Operating revenue                  | 6,698                                 | Record high 9,225                     | +37.7           |
| Operating income before allocation | 4,535                                 | Record high 7,070                     | +55.9           |
| Operating income                   | 1,990                                 | Record high 3,394                     | +70.5           |
| Profit before income tax expense   | 1,989                                 | Record high 3,421                     | +72.0           |
| Net income                         | 1,387                                 | Record high 2,372                     | +71.0           |

\* Operating income before allocation represents the amount before its allocation of profits to affiliated companies: SBI SECURITIES, SBI Sumishin Net Bank and SBI FXTRADE

① Securities-related business : (iv) Global deployment of the FX-related business

# The SBI Group's (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank) Total Number of Accounts and Customer Deposit Assets have Overwhelmingly Surpassed that of Its Competitors in the OTC FX Industry

**Changes in number of accounts among 5 major FX Trading Companies**  
(Jan. 2016 – Aug. 2018)



**Customers' Deposit Assets Raking (Aug. 2018)**

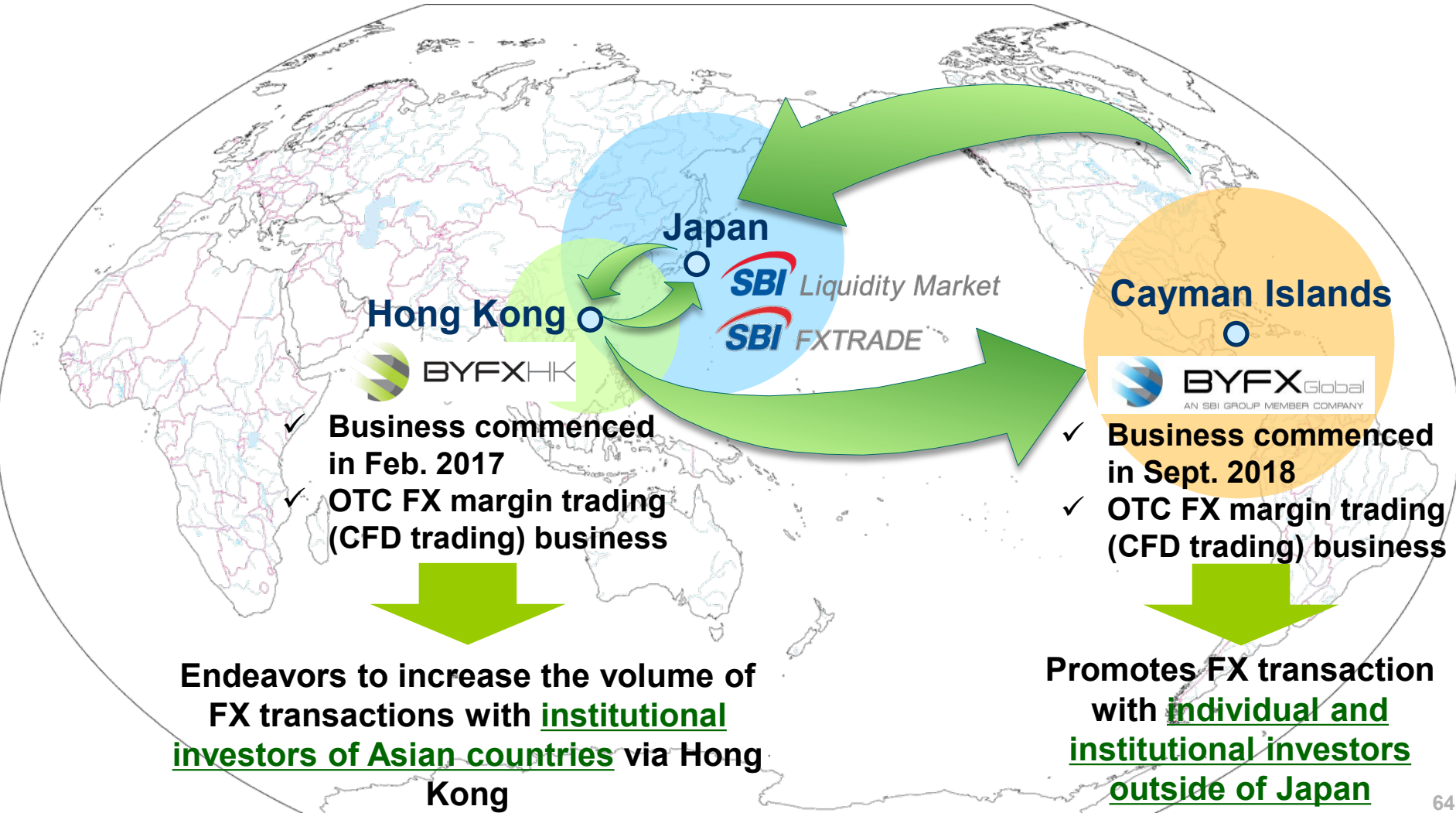
| No. | Company name                | Amount (JPY million) |
|-----|-----------------------------|----------------------|
| 1   | <b>SBI Group</b>            | <b>229,965</b>       |
| 2   | GMO CLICK                   | 147,432              |
| 3   | DMM.com                     | 130,593              |
| 4   | Gaitame.com                 | 113,722              |
| 5   | YJFX                        | 105,708              |
| 6   | MONEY PARTNERS              | 62,506               |
| 7   | Central Tanshi FX           | 57,930               |
| 8   | Hirose FX                   | 46,146               |
| 9   | Traders Securities          | 18,616               |
| 10  | FX PRIME by GMO Corporation | 17,502               |
| 11  | Ueda Harlow                 | 11,413               |
|     | <b>Others (2 companies)</b> | <b>10,775</b>        |
|     | <b>Total</b>                | <b>952,308</b>       |

\* Source: Yano Research "Monthly Research on 16 Major FX Trading Companies." 63



# SBI Group's Global Deployment of the FX Business

By promoting a global deployment of the FX-related Business and further increasing the Group's FX trading liquidity, endeavoring to establish the world's most liquid OTC market



# Jointly Established a Smartphone Dedicated Securities Company for the Younger Generation, with CCC Marketing on Oct. 30, 2018



## CCC MARKETING

- Acquisition of younger generation
- New services dedicated to smartphones

- Expansion of the T-Point economic zone
- Member service enhancements

### SBI Neo Mobile Securities

Shareholding: 95%

Shareholding: 5%

Smartphone dedicated stock trading, etc. (Smartphone Securities)

[Products handled] Domestic stocks, robo-advisor service “WealthNavi”

[Service outline]

- **Point investment**, to purchase financial products using T-Points
- Unique investment information utilizing T-Point purchase data
- UI/UX dedicated to smartphone trading
- **Low** commission system

Product development

Provision of trading systems

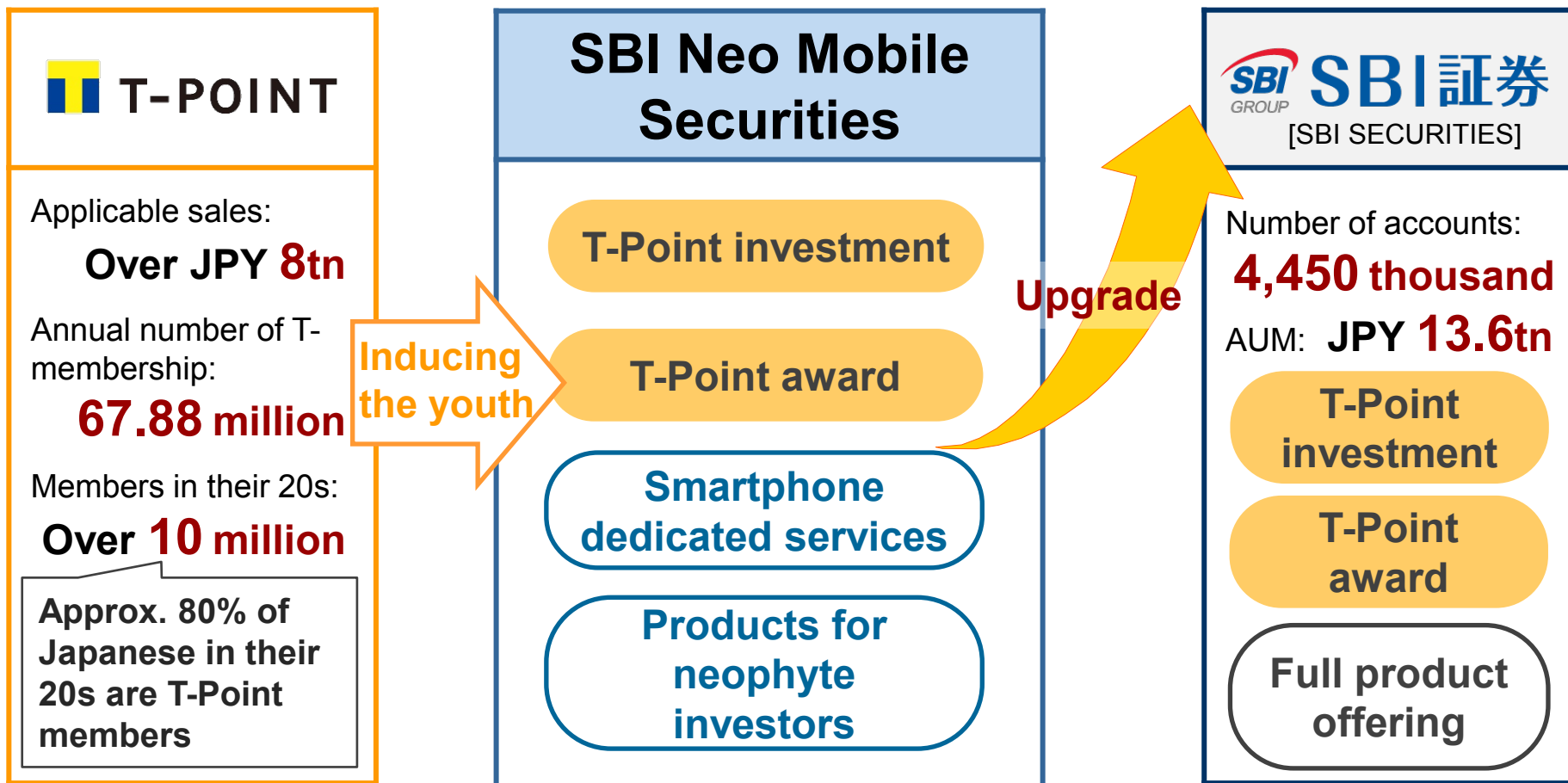


T-Point data base

\* On Oct. 30, 2018, established SBI Neo Mobile Securities Preparatory Company. Company name will be changed post registered as Type I Financial Instruments Business.

# SBI Neo Mobile Securities’ Service Scheme

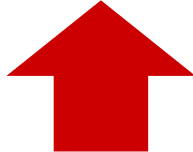
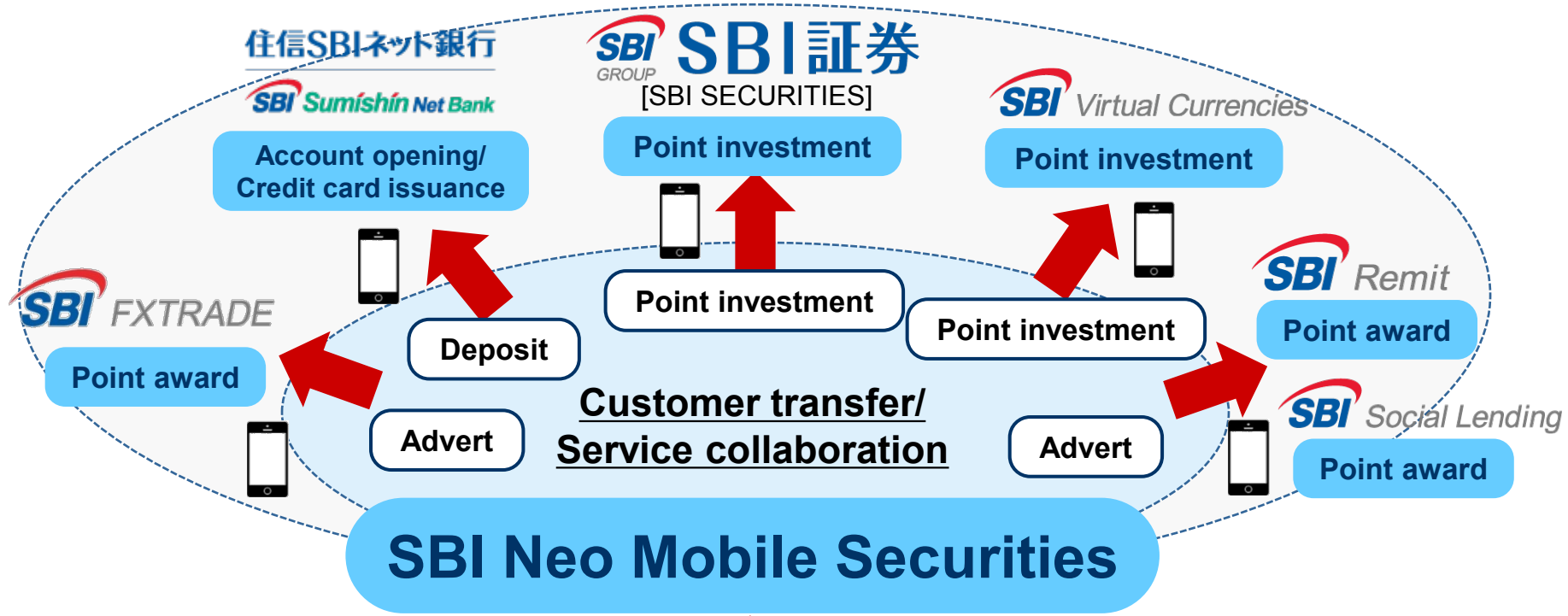
Through the offering of a **significantly lower commission system**, accelerating the acquisition of neophyte investors, primarily in their 20s



\*1 “Annual number of T-membership” refers to an active member who has used a T-card in the previous year, and those who have multiple T-cards are considered unique members, excluding any duplications.

\* 2 “Applicable sales” are total annual purchases using T-Card.

# “Mobile First” Service Deployment, Primarily by SBI Neo Mobile Securities



Acquiring younger generation as customers through the T-Point economic zone

**Younger generation**

**T-POINT TSUTAYA SoftBank Yahoo! Japan**

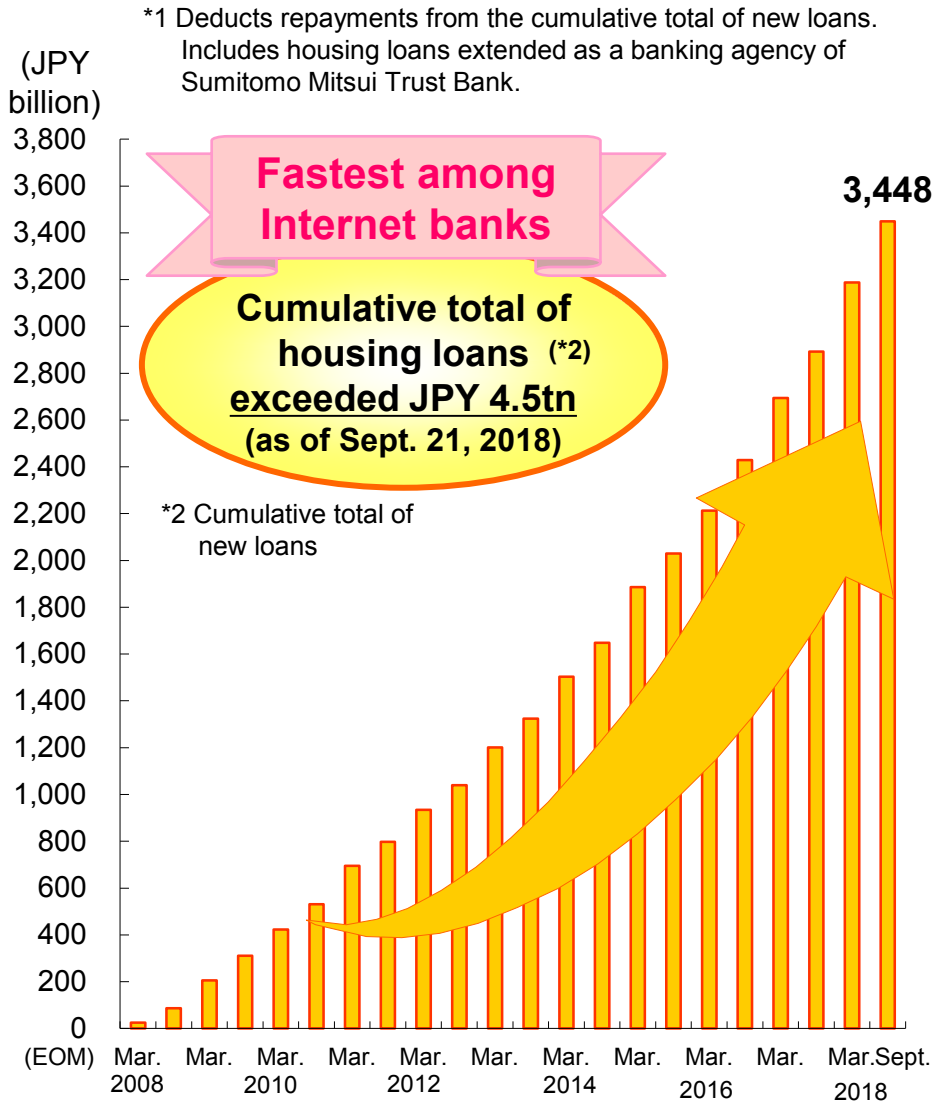
## **② Banking-related business (SBI Sumishin Net Bank)**

- (i) Expanding the sales channel through the face-to-face shops of partner companies**
- (ii) Through an alliance with JAL, issuing an international brand prepaid card**
- (iii) Providing new services through API linkage**
- (iv) Along with the increase of Chinese tourists, SBI Sumishin Net Bank started to add “WeChat Pay,” a Chinese mobile settlement service, for its line of business in addition to “ALIPAY”**
- (v) In addition to personal customer service, expanding services for corporate customers, such as corporate credit cards and business loan services**

## ② SBI Sumishin Net Bank - (i) Housing loans

Owing to Attractive Interest Rates and Highly Beneficial Customer Services, the Cumulative Total of Housing Loans has Steadily Increased

### Change in Balance of Housing Loans \*1 (Mar. 2008 – Sept. 2018)



SBI Sumishin Net Bank's housing loans business:

- ① **Housing loans processed directly by SBI Sumishin Net Bank**
  - Via alliance with real estate companies (from Sept. 2007)
  - Banking agency specialized product "MR. Housing Loan REAL" (from Mar. 2015)
- ② **Banking agency business for Sumitomo Mitsui Trust Bank "Internet Exclusive Housing Loan"** (from Jan. 2012)
- ③ **Long-term fixed rate product "Flat 35"** (from Sept. 2015)

#### **Renewed the Internet Exclusive Housing Loan's merchantability from Oct. 2018**

- Interest rate reduction through an account opening at Sumitomo Mitsui Trust Bank.
- Abolished additional various cost interest rates.
- Introduction of examination method using AI technology

# Expanding the Sales Channel through the Face-to-face Shops of Partner Companies



**Good Mortgage**

From Jan. 2017

**I.F.CREATE**

From Mar. 2018

SBI MONEY PLAZA

**SBI マネープラザ**

**MX Mobiling**

From Oct. 2017

**Yoshida Tsushin**

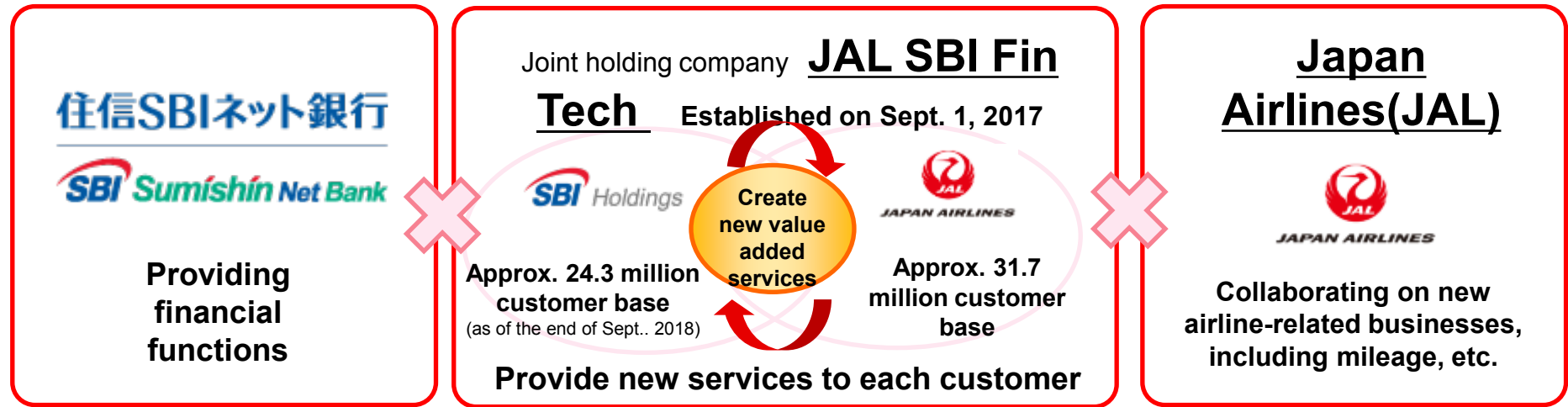
From Sept. 2018

**ARUHI**

- ◆ In order to improve customer convenience, established shops near train terminal stations, such as Otemachi Station, Ikebukuro Station and Shinjuku Station, which are also open for business on weekends
- ◆ On a face-to-face basis, customer questions will be answered and procedures will be followed
- ◆ On Oct. 4, 2018, “Umeda Loan Plaza,” managed by Good Mortgage, opened for business

# Planning to Issue Prepaid Card which Allows Cashless Purchases at Overseas Outlets through an Alliance with JAL

- Planning issuance of an international brand prepaid card by the end of 2018
- Pre-charged cards can be used for cashless purchase of goods at participating international brand locations; no credit needed
- Enables smartphone currency exchange anytime, anywhere



**Established a JV with 3 companies**

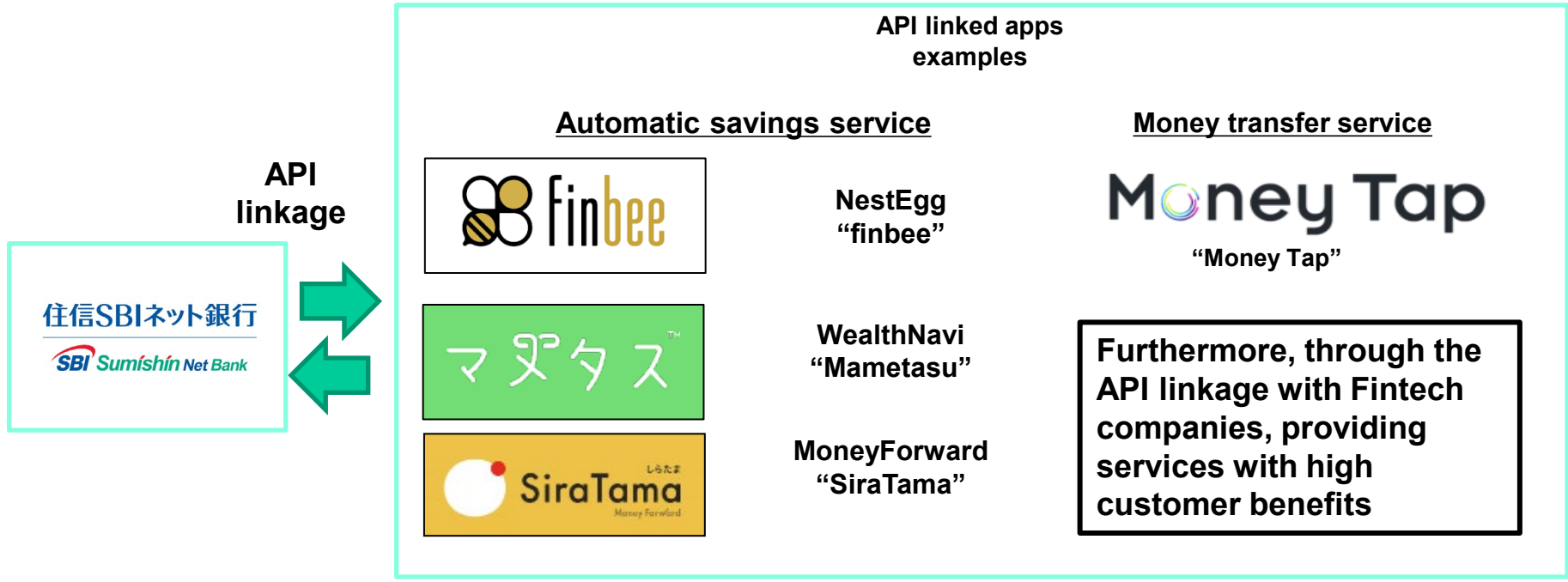
**Joint Venture JAL Payment Port Established on Sept. 19, 2017**

- Contribute to the provision of advanced FinTech services



# Provision of Convenient New Services with API Linkage

- ◆ Initiated Japan’s first API linkage with Money Forward, which provides automated household accounting and asset management services, along with cloud-type accounting software, etc. (Mar. 2016)
- ◆ Customers wishing to utilize any of the API linkage services open an account with SBI Sumishin Net Bank
- ◆ Currently, over 300 banking services are API linked



## Along with an Increase in the Flow of Chinese Tourists, SBI Sumishi Net Bank Added “WeChat Pay,” a Chinese Mobile Settlement Service to Its Offering, in Addition to “ALIPAY”

- ◆ Offers a stress-free shopping experience to Chinese users by introducing WeChat Pay, which is used each month by over 800 million people in China
- ◆ Also partnering with CYUI of China, to leverage the company’s marketing abilities (coupon issuance, etc.) seamlessly in Japan, to differentiate services and increase participating outlets, such as major railway operators, hotel chains, restaurants, clothing chains, travel agencies, etc. Planning on increasing access to merchants dealing in a wide range of industries, to guide users in China to such outlets to promote increased utilization



Provides settlement app



Forming member stores /  
Marketing to users

- “WeChat Pay” is a mobile settlement service, which is associated with “WeChat,” China’s largest communication app provided by Tencent of China
- Now an essential part of the payment infrastructure in China, users can pay for products and services through the WeChat Pay app at participating stores

## Promoting an Increase in the Number of Stores in Japan that can Accommodate the Settlement Services of 2 of China’s Mobile Payment Companies, which Account for a Greater than 90% Market Share

- ◆ The Japan Tourism Agency has drafted a tourism vision of 40 million foreign tourists in 2020 (5x 2012 figures) and 60 million by 2030 (7x 2012 figures) \*1
- ◆ The total consumption by Chinese tourists in Japan account for about 40% of the total domestic consumption by tourists visiting Japan \*2

\*1 “Tourism Vision to Support the Future of Japan,” Japan Tourist Agency, 2016

\*2 Consumption Trend Survey for Foreigners Visiting Japan, Japan Tourist Agency

Alliance from June 2016



Alliance from Oct. 2018



Accounts for greater than 90% market share in China



## Expanding Services for Corporate Customers, such as through Corporate Credit Cards and Business Loan Services

- ◆ **About 50% of corporations opening an account are in the establishment stage\*** \*Within 1 year of the date of founding, as of June 2018
- ◆ **Even in this stage, when it is hard to open a corporate account at other banks, corporations can open one at SBI Sumishin Net Bank**



### Expand corporate services and improve convenience for corporate customers

#### **Initiated provision of credit cards for corporate representatives and sole proprietors**

- Sole proprietors are able to apply while establishing their company
- Usage status of the cards are automatically linked to “free,” a cloud accounting software

#### **Offering the Lending One transaction lending service, built on a recommendation model that automatically communicates borrowing terms**

- The first service by a bank to send monthly notices about borrowing terms according to usage conditions at corporate accounts
- Can complete closings online and borrow short-term on the same day without need for in-person talks or paper settlement documents

#### **Change in the handling of opening a corporate account**

- Can now register by mobile phone in addition to conventional fixed-line and IP phones

### **③ Insurance-related business**

- (i) Dedicated to further improving customer convenience, through the adoption of advanced technologies and collaborations with partners**
- (ii) Through investments into venture companies and health-related companies, providing services and insurance products that are based on AI and database utilization**
- (iii) Continuing the promotion of mutual cross-selling, through the small-amount, short-term insurance business**

③ Insurance-related business: (i) Improving customer satisfaction by adopting technology and collaborating with partner companies

## SBI Insurance has Proactively Adopted Technology and Collaborated with Companies, to Further Improve Customer Convenience



### ◆ Safety support car/ASV discounts introduced \*ASV: Advanced safety vehicle

Safety support car/ASV discounts introduced for the first time in direct insurance for damages in response to the development and adoption of cars equipped with AEB (autonomous emergency braking) and evaluated with regard to the risk reduction effects of vehicles with advanced safety. Applied to policy periods starting on or after Jan. 1, 2018

### ◆ SBI Insurance's "Cancer Insurance" was certified as an AskDoctor's Confirmed product

"SBI Insurance's cancer insurance free medical treatment type (cancer treatment cost insurance)" was certified for the first time in the insurance industry as a "doctor confirmed product" in the Web survey conducted by member doctors of M3, Inc. A survey of 100 doctors directly involved in the medical treatment of cancer was conducted, regarding SBI Insurance's cancer insurance, whether or not they "Will recommend to others," and 87% of doctors replied "I would like to recommend to others."

### ◆ Industry-first introduction of Apple Pay payment for auto insurance

Introduced Apple Pay as a convenient and safe payment option that does not require entering credit card information for car insurance from SBI Insurance

③ Insurance-related business: (i) Improving customer satisfaction by adopting technology and collaborating with partner companies

# SBI Life Insurance's Expansion of Its Products and Customer Base, through Proactive Adoption of Innovative Technologies

## - Personalized insurance -



**FiNC Technologies**  
A technology venture company specializing in mobile health

◆ As an incentive to join the insurance and to promote disease prevention, providing health management apps for all SBI Life Insurance policy holders, to continuously monitor the health status of its customers



◆ Devised a system for presenting the optimal anti-cancer treatment to a patient, based on cancer gene(\* 1,2) panel testing enhanced by AI. Conducted gene analysis and research for patients undergoing cancer treatment at Kindai University Hospital, with the future aim of using the system in the formation of insurance products to reduce the cost burden.

Clinical trials for 30 patients undergoing treatment at Kinki University Medical School Hospital began on May 14

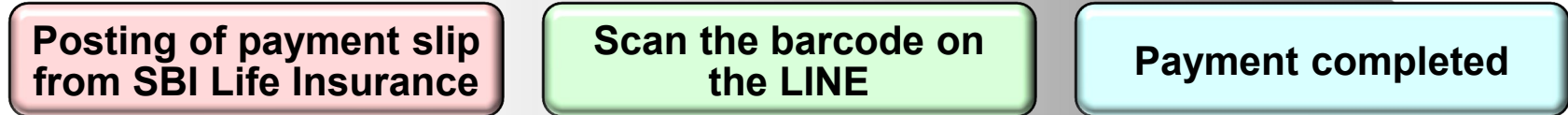
\*1 Research on this product development is premised on not having collection and use of genetic information at the exam administered when subscribing to insurance or when paying insurance.

\*2 Genes analyzed are ones with a pathological abnormality component and are different from the genes that transmit parental traits to a child."

## Providing Insurance as a More Convenient Service through LINE, which has Penetrated Primarily among the Younger Generation

### ◆ SBI Life introduces industry-first premium payments using LINE Pay

SBI Life Insurance introduces LINE Pay bill payment as a way to pay insurance. Simply scan a bar code printed on the bill using a LINE app bar code reader to pay any time any place.



### ◆ SBI Insurance became the Industry's first to utilize the LINE app to accept auto insurance policy images

Set up an official LINE account, and through this account started a service in which cost estimates are readily available just by uploading a vehicle inspection certificate for a vehicle covered by an in-force or new auto policy





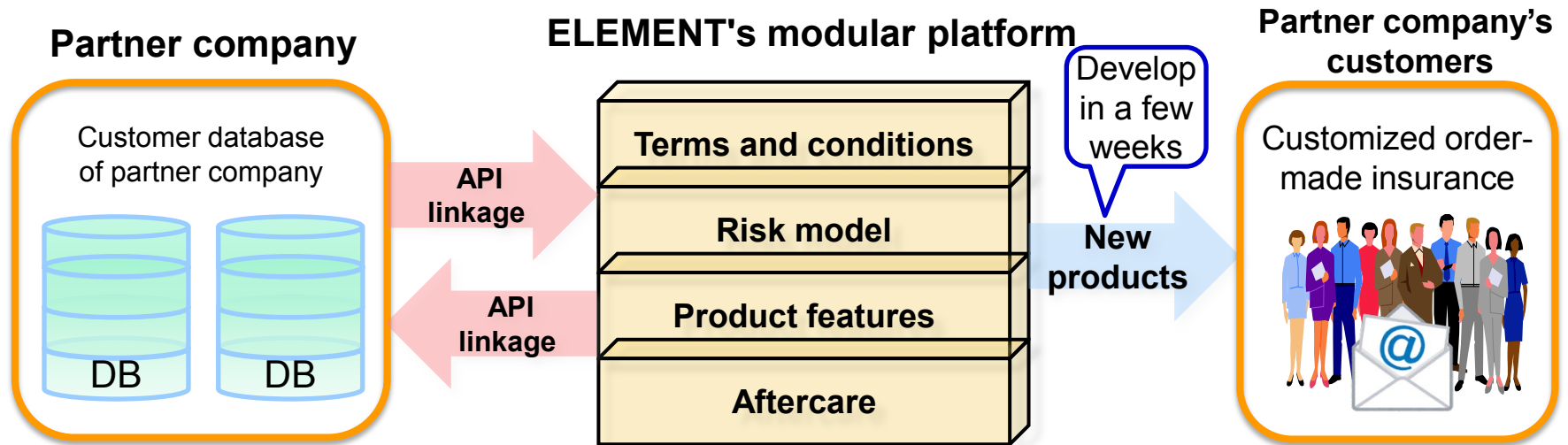
③ Insurance-related business: (ii) Investment for new product development, etc.

## Endeavoring to Introduce and Proliferate Insurance, Utilizing State-of-the-art Technology, from an Investment in ELEMENT Insurance AG, of Germany



**ELEMENT  
(Germany)**

- ◆ **ELEMENT runs a B-to-B-to-C business that rapidly develops insurance products using a modular design and development platform. Without contact with the final consumer, it offers insurance by leveraging the branding and sales channels of its own customers' businesses**



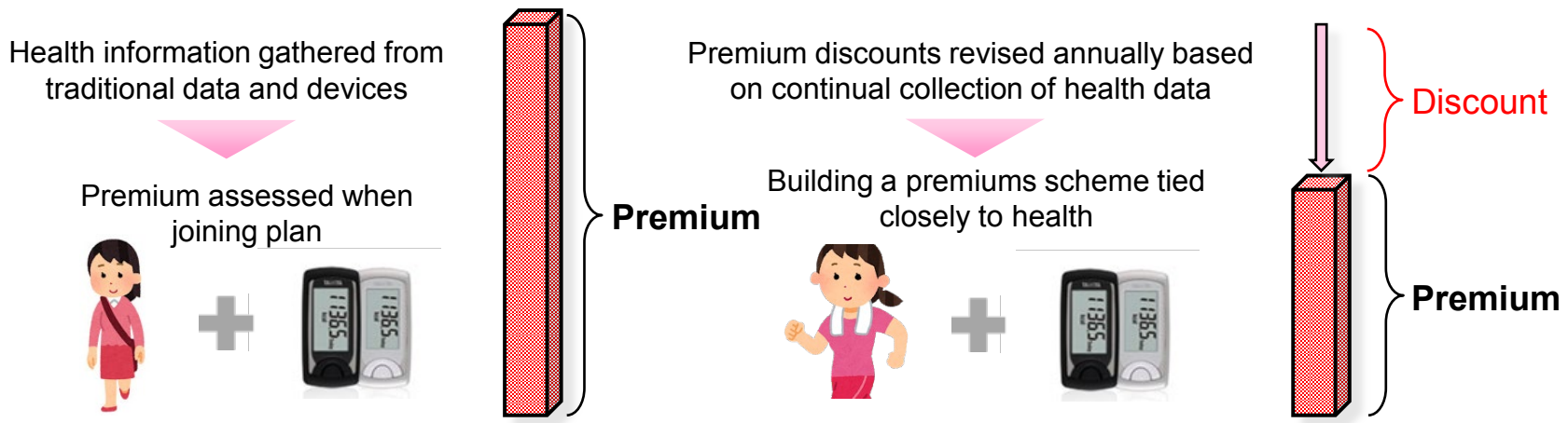
**In small-amount and short-term insurance, where new product offerings are under filing, we seek to quickly develop insurance products that match customers' needs by incorporating the know-how of ELEMENT's product development platform**

# SBI Life Insurance will Endeavor to Create New Products through an Investment into TANITA HEALTH LINK, and the Subsequent Utilization of AI and Pertinent Database

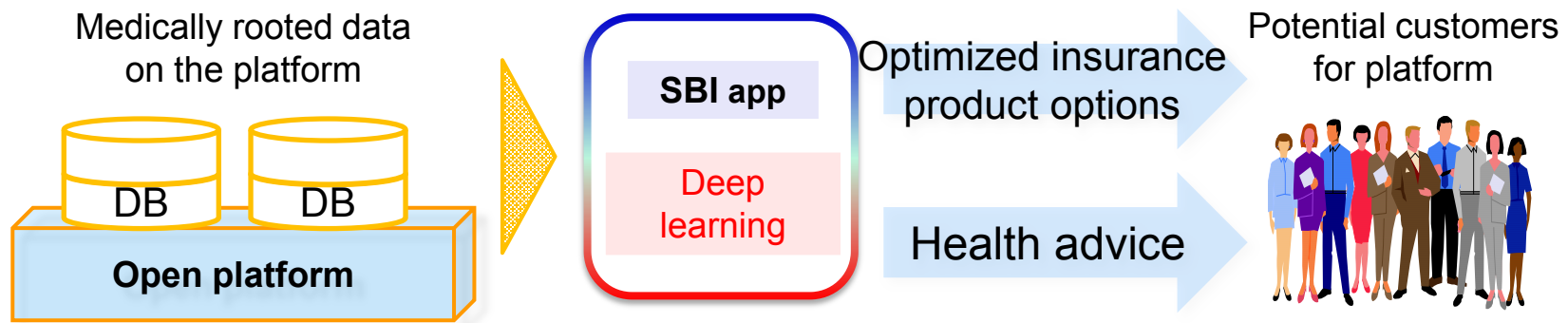


株式会社 タニタヘルスリンク

## ◆ Health-group life insurance linked to data from health management devices



## ◆ Rolling out insurance products & services using open platforms



# By Utilizing the Advantages of the SSI Business, which can Offer a Variety of Products from the 1st to the 3rd Categories, the Three SSI Companies have Initiated a Cross-selling of Products

**SBI 日本少額短期保険**  
[SBI Nihon SSI: Home content insurance, Bike insurance, Sports cycle insurance, Reform insurance]

充実した補償の賃貸住宅総合保険 2017  
**みんなの部屋保険 G3**

みんなの **バイク保険**

みんなの **スポーツ サイクル保険**

**Mutual cross-selling by the three SSI companies**



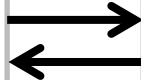
**SBI リスタ少額短期保険**  
[SBI Resta SSI: Earthquake indemnity insurance]

**地震補償保険 Re.sta**

**SBI いきいき少額短期保険**  
[SBI IKIIKI SSI: Death insurance, Medical insurance, Pet insurance]

SBIいきいき少短の **死亡保険** SBIいきいき少短の **医療保険**

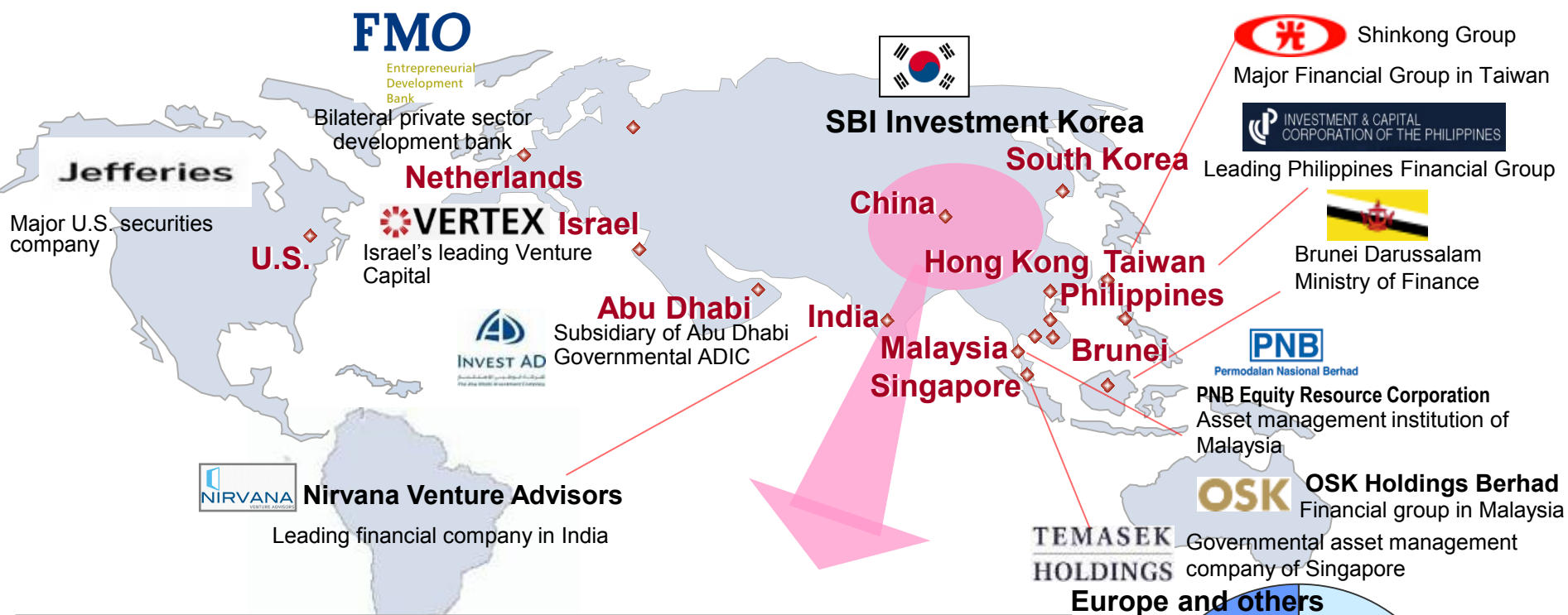
SBIいきいき少短の **ペット保険**



## **④ Venture capital business**

- (i) Active investments in emerging countries, such as in the Asian region**
- (ii) Focused investments into growth fields, such as AI, blockchain, biotechnology, etc., which will be the next generation core industry**

# Establish JV Funds with Leading Local Partners Worldwide for Active Investing, Primarily in Asia



**清华控股有限公司**  
TSINGHUA HOLDINGS CO., LTD.  
An investee subsidiary of Tsinghua University Group

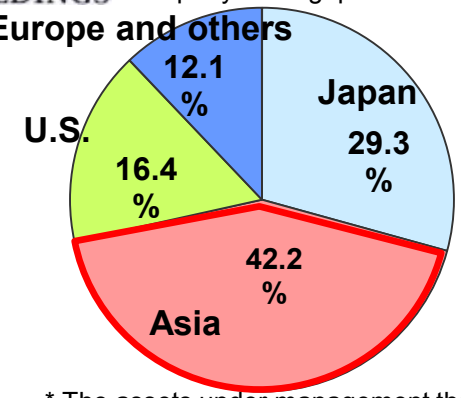
**北大青鸟集团**  
BEIDA JADE BIRD GROUP  
Strategic investment division under Beijing University Group

**INESA**  
仪电控股  
A major Shanghai municipal state-owned information industry company

**FORWARD**  
复旦复华  
Industry group under the aegis of Fudan University

**学大教育**  
xueda.com  
Educational group developing private cram schools

**国联集团**  
GUOLIAN GROUP  
National financial group



\* The assets under management that is already invested as of the end of Sept. 2018. (Excluding cash and uncalled capital) 84

# Establish JV Funds with Leading Local Partners in Russia, to Establish an Investment Structure



**Russian Direct Investment Fund(RDIF)**

the Russian government fund



- Signed a co-investment agreement in May 2018
- As a first step in the joint investment, invested in Sovcombank, which is ranks fourth in total asset size, among Russian private banks



**Iliev Group**

A major Russian conglomerate, with assets in commercial real estate that it manages and operates, valued at over USD 10bn



- Signed a memorandum of understanding on strategic alliances, including the investment business, through the establishment of a co-investment fund in July 2018

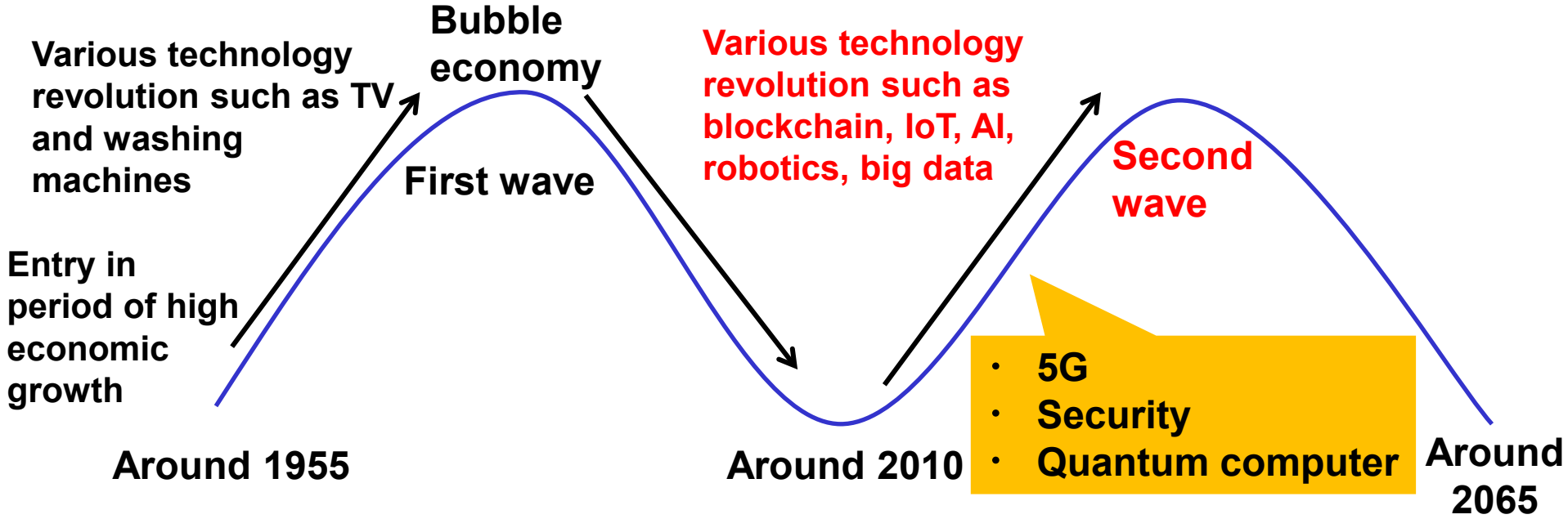
**(ii) Focused investments into growth fields, such as AI, blockchain, biotechnology, etc., which will be the next generation core industry**

④ VB business: (ii) Focusing investments into growth fields that will be the next generation core industry

# New Technologies, Including Blockchain, AI, IoT, Robotics, Big Data, Quantum Computing etc., that are Expected to Dramatically Expand Its Markets, are Emerging One After Another

**In the Kondratieff cycle\*, it is considered that a new cycle of innovations have currently been entered into**

\* Economic business cycle of 50-60 years primarily due to technology revolution





④ VB business: (ii) Focusing investments into growth fields that will be the next generation core industry

**Established the “SBI AI & Blockchain Fund (Common Name: SBI A&B Fund)” in Jan. 2018, as a Successor Fund to the FinTech Fund (Established in Dec. 2015), to Increase Investments in Growth Fields, such as AI and Blockchain**

## **SBI AI&Blockchain LPS**

- **Initial investment tranche began at JPY 20bn. Total funds raised reached JPY 50bn, and subsequently increased to the maximum limit of JPY 60bn**
- **Investors: Over 40 regional financial institutions, as well as institutional investors, corporate pension funds, etc., totaling over 100 companies**
- **Investment target: Promising venture companies mainly in AI and blockchain fields**



**Already decided to invest approx. JPY 14.5bn into 34 companies through SBI AI&Blockchain Fund**

**(Including SBI Holdings' investment, the total investment amounts to approx. JPY 22.5bn)**

④ VB business: (ii) Focusing investments into growth fields that will be the next generation core industry

# Investment Performance in Innovative Technologies through the SBI A&B Fund

**Fintech**

Moven, amarth, CashDash, Crediation, WealthPark, LendingHome, iYell

**Artificial Intelligence**

Tamr, Ascent Robotics, Empath, ANTWORKS  
Reimagine • Rethink • Recreate

**IT service**

Ubiregi, Ralali, CROSS (Former AOS Mobile), TRANBI, metro engines, DESAMIS, PAYKE, MDR

**Healthcare**

SUSMED Sustainable Medicine, ADWELL (You are what you eat), MELTIN MELTIN MMI

**Authenti cation**

Liquid

**Robot**

WHILL

## **⑤ Asset management-related business**

**~Expanding assets under management through M&A  
and the establishment of a joint venture~**

# Established “SBI Regional Revitalization Asset Management,” an Asset Management Company, through a Joint Investment -Total investment participation by 26 banks-



Issue: Faced with operational difficulties, owing to prolonged negative interest rate policy

**Regional financial institutions**

Utilize SBI’s resources

• Know-how about asset management



• Abundant fund information by utilizing the global network  
• investment education and sales support tools



**SBI Regional Revitalization Asset Management**

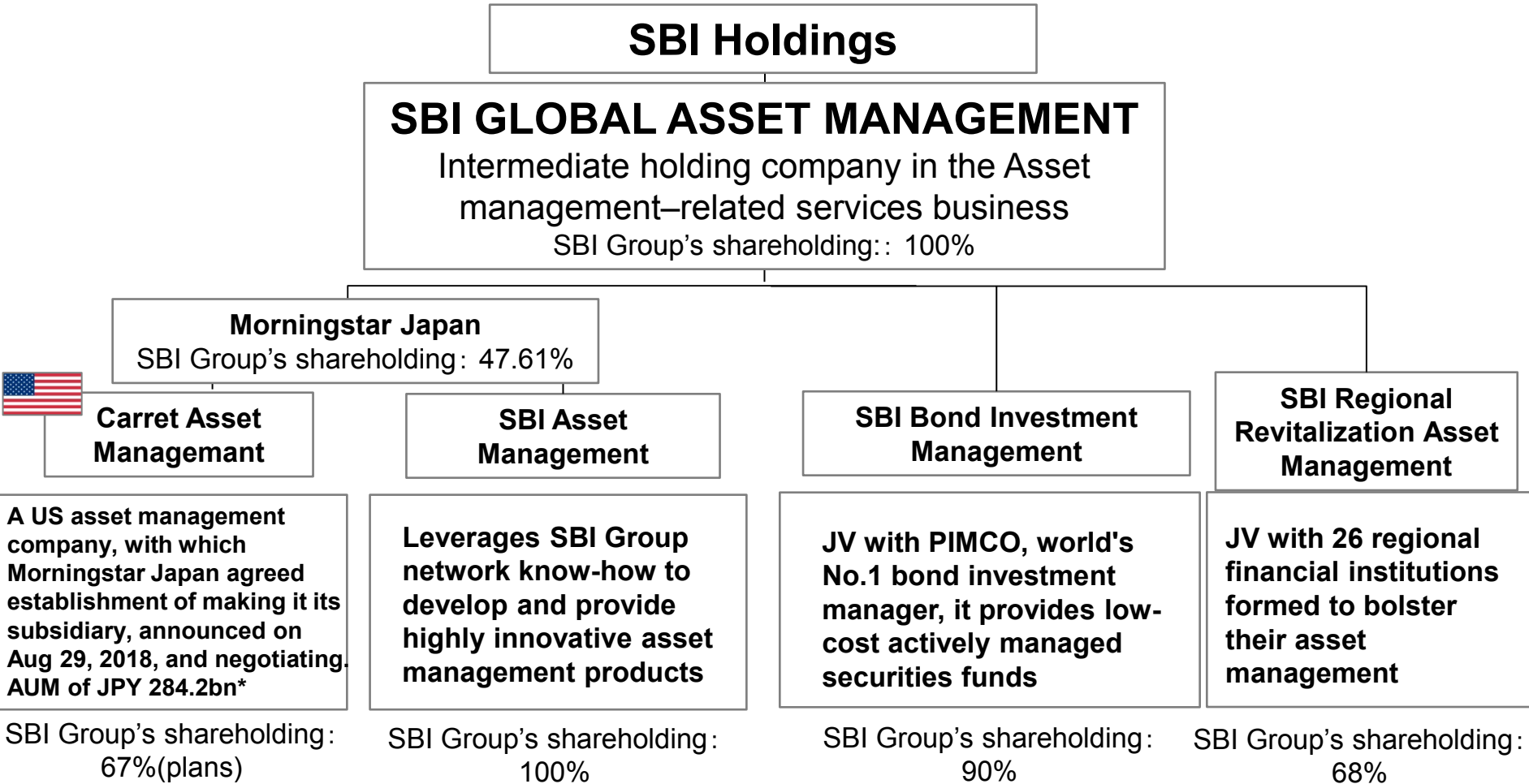
<Participating banks>

THE Aomori BANK, The Ashikaga Bank, EHIME BANK, THE SENDAI BANK, CHIKUHO BANK, THE TOWA BANK, The Bank of Kochi, THE DAITO BANK, THE TOHO BANK, THE TOTTORIBANK, THE KAGAWA BANK, Kita-Nippon Bank, TAISHO Bank, THE TOKUSHIMA BANK, THE FUKUOKA CHUO BANK, THE HOWA BANK, THE SHIMIZU BANK, The Tohoku Bank, FUKUSHIMA BANK, The Hokuetsu Bank, The Miyazaki Taiyo Bank, Yamaguchi Financial Group (THE YAMAGUCHI BANK, THE MOMIJI BANK, THE KITAKYUSHU BANK), THE BANK OF SAGA, THE KANAGAWA BANK



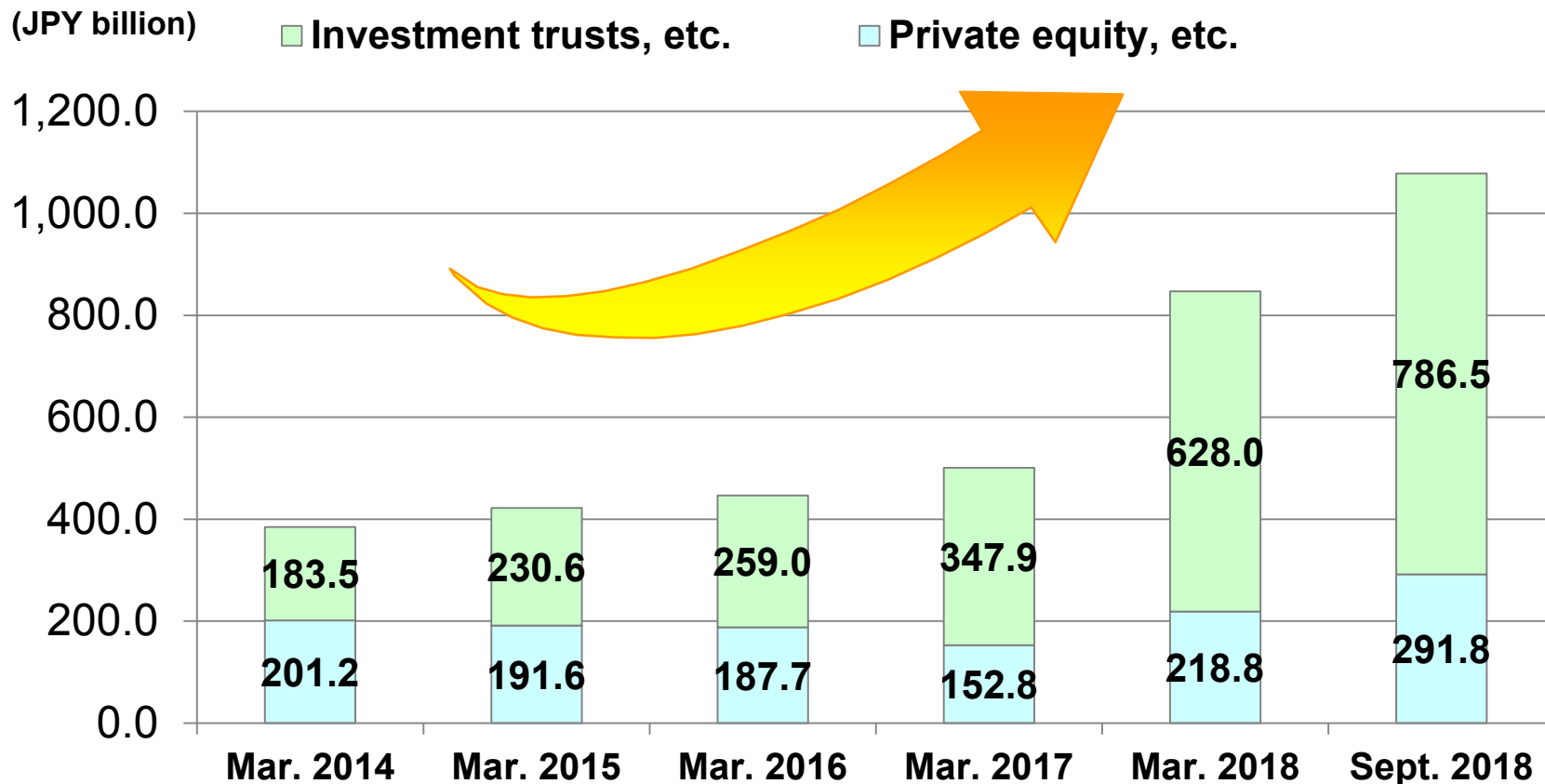
Will support the regional financial institutions that are investors, **from both customer asset management and self fund management perspectives**, as well as the **development of human resources** who will be responsible for the operational practices at each bank

# Planning Conversion of a US Asset Management Company, “Carret Asset Management,” into a Subsidiary, to Expand the Overseas Asset Management System



# Endeavoring to Expand Assets Under Management to JPY 5tn Level through M&A and the Establishment of a Joint Venture Company

~Achieved the target of JPY 1 trillion within one year, set at the beginning of the term~



\*1 Calculated by the exchange rate as of the end of Mar. each year

\*2 Amounts are rounded to the nearest JPY 100m

\*3 "Private equity, etc." includes neither cash nor commitment amount to be paid in.

\*4 "Investment trusts, etc." are the sum of amounts of investment trusts and investment advisors. For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both Investment trusts and Investment advisory, respectively, so there are some overlapping amounts

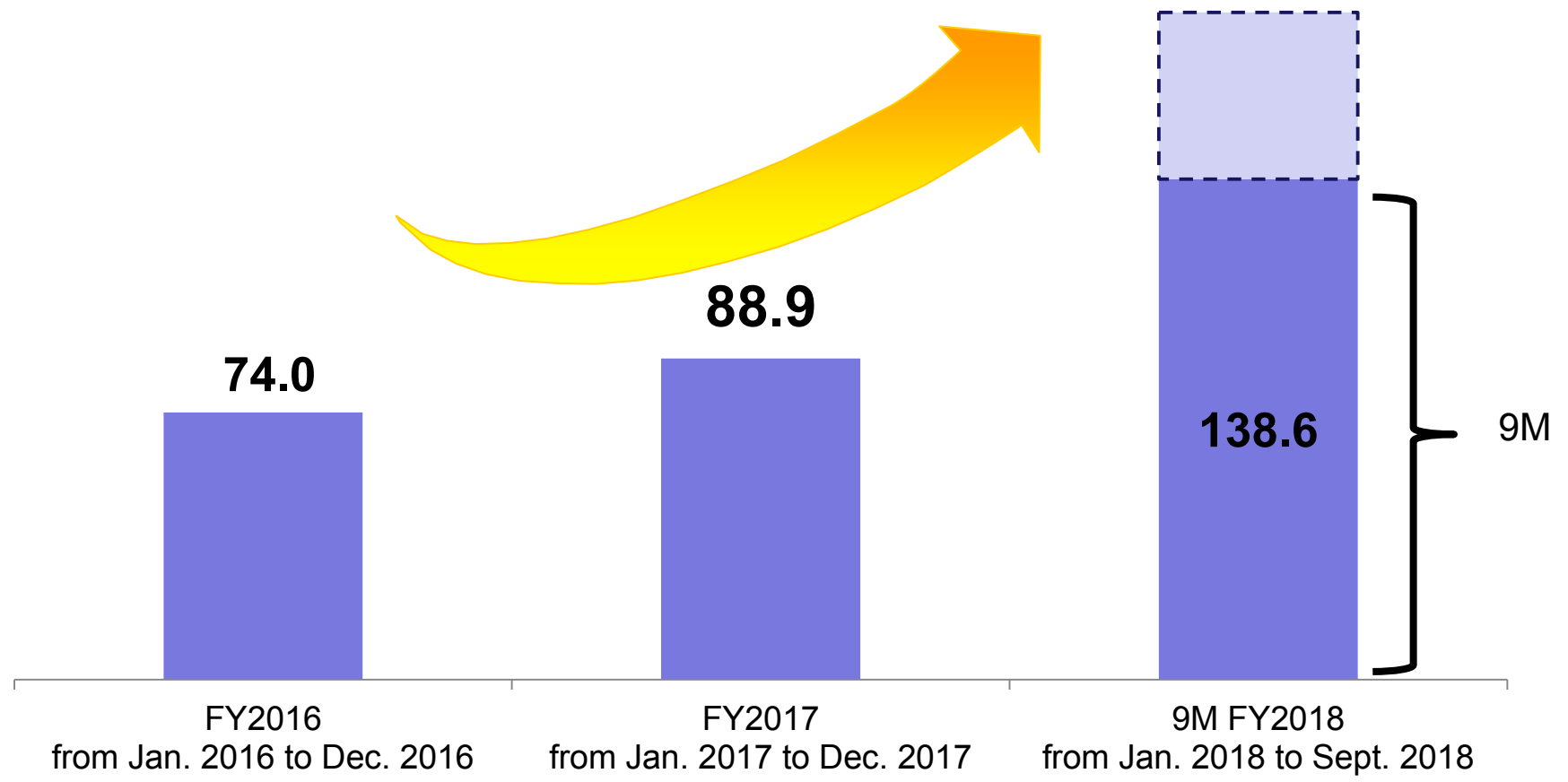
## **⑥ Overseas financial business**

- (i) Overseas financial subsidiaries sharpening focus on expanding their business foundation**
- (ii) Through minority investments in financial institutions of Southeast Asia, benefiting from the fruits of economic growth of each invested country**

# SBI SAVINGS BANK of South Korea's Net Income (based on K-GAAP) for the Full Year Ended Dec. 2018 is Expected to Reach an Historical High

Acquired "A -" (outlook "stable") rating from Korean credit rating agency "Korea Credit Rating"

(KRW billion)

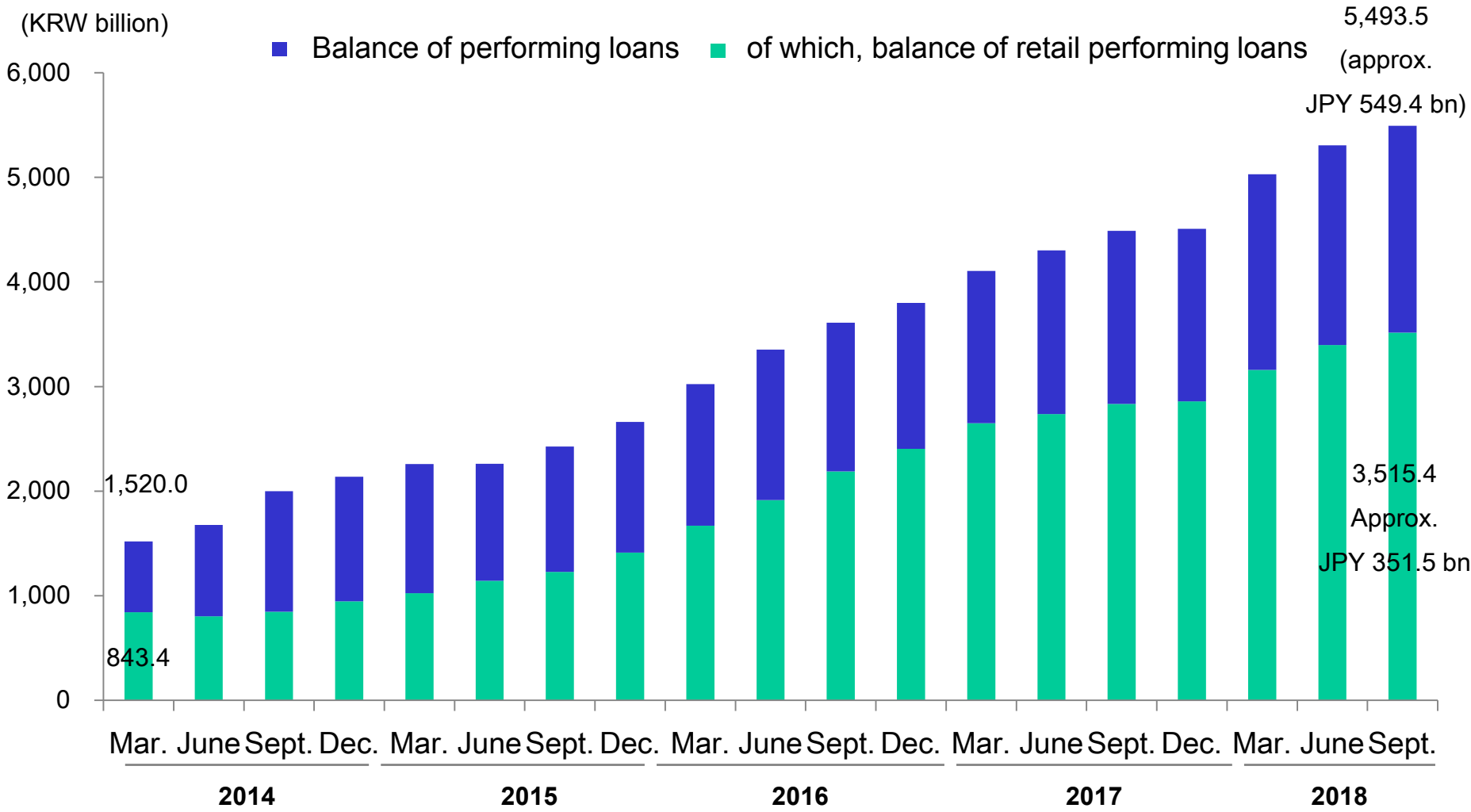






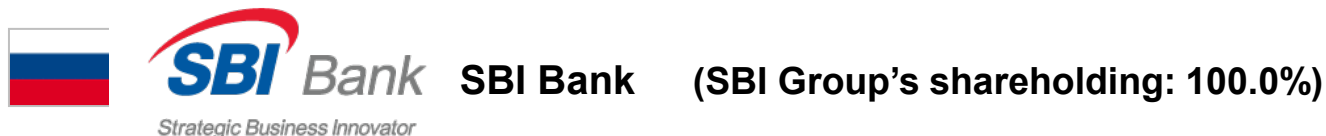
# Balance of Performing Loans (Based on K-GAAP)

- Steadily expanding balance of performing loans centered on retail loans
- The delinquency rate of the entire loan is low at 4.4% (3.8% for retail loan)



\*Converted at KRW 1 = JPY 0.10 96

## Financial Subsidiaries in Russia, Cambodia and Thailand are also Focused on Expanding Their Business Base



- A Russian commercial bank holding a full license
- BBB- credit rating (stable outlook) from the ACRA rating agency in Russia
- Entered into a collaboration with the Skolkovo Innovation Center, founded by former Russian Prime Minister Medvedev, to create a “Russian Silicon Valley.” Promoting utilization of technologies and services of leading Russian FinTech companies



- SBI Royal Securities is the only Japanese full-service general brokerage firm in Cambodia that has obtained a full license for the securities business from the Cambodian government.
- In the brokerage business, the share of stock brokerage trading value was No.1 (As of Sept. 2018: 34.6%)
- In addition to the underwriting of initial public offerings (fifth company to be listed and SBI Royal Securities served as lead manager for 2 companies' IPO among 5 listed companies in Cambodia), the company is the lead manager for the first bond listing in Cambodia



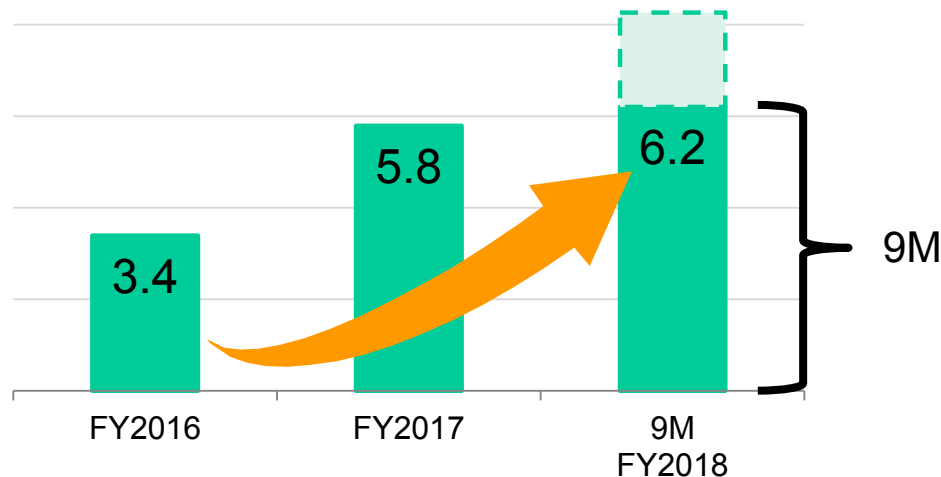
- The first internet securities company in Thailand
- Providing share and derivative transactions to local investors, including Japanese residents in Thailand

# TP Bank in Vietnam Continues Its Growth Trend

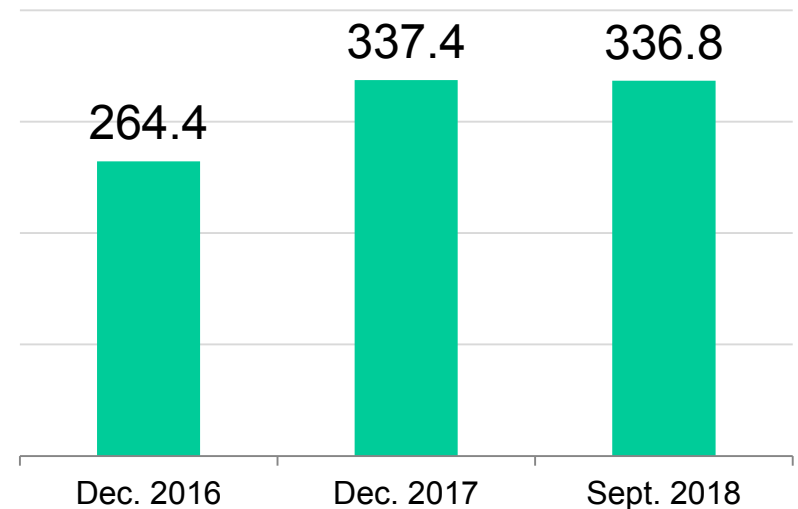


- Invested since Aug. 2009 (SBI Group's shareholding: 19.9%)
- The market capitalization is approx. JPY 79.4bn (as of Oct. 26, 2018 )
- Introducing cutting-edge technologies, to rapidly expand its business, which is focused on the retail business
- Starting fingerprint recognition-based self-service cash withdrawal at LiveBank, a 24-hour/365-day unattended banking service

< Trend of profit before income tax expense > <JPY billion>



<Trend of Deposit Balance> <JPY billion>



\* Converted at VND1= JPY 0.0048

# Investing Early in Securities Companies in Vietnam and Indonesia, in Anticipation of an Expansion of the Securities Markets of Southeast Asia



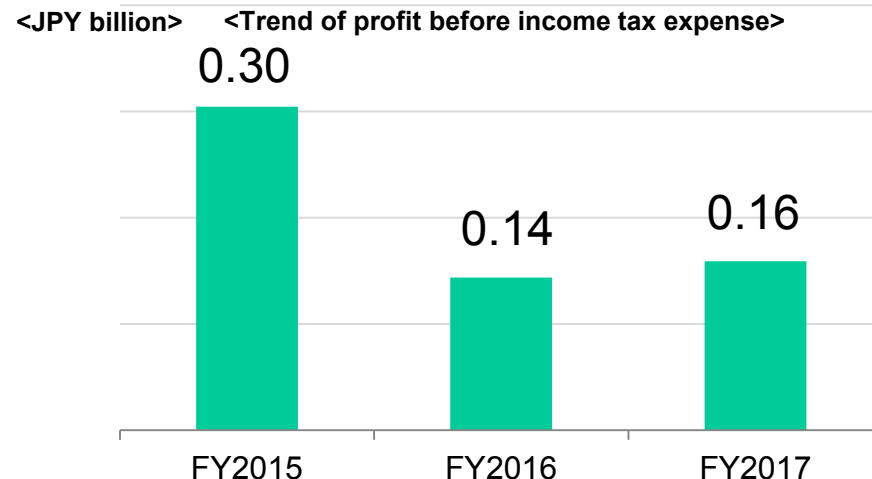
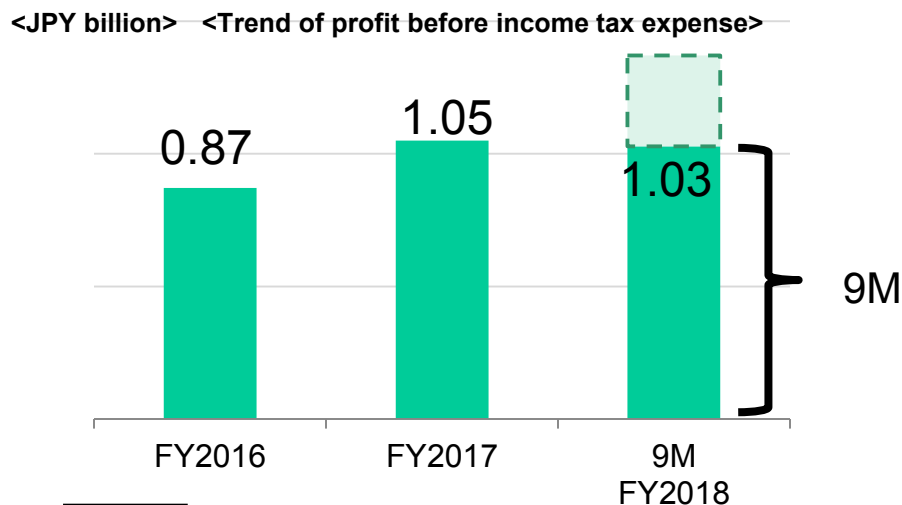
## FPT Securities

- Invested since April 2011 (SBI Group's shareholding: 20.0%)
- A securities company affiliated with the FPT Group, the largest IT company in Vietnam
- Manages brokerage and advisory businesses



## BNI SEKURITAS

- Invested since July 2011 (SBI Group's shareholding: 25.0%)
- Securities company that is primarily engaged in the brokerage business
- Implements collaborative research on next-generation financial services utilizing blockchain and AI, with Bank Negara, Indonesia's fourth largest state owned bank



**Taralite (Fintech Fund investee since May 2017), which develops online lending for small businesses in Indonesia, is steadily growing its business**

\* Converted at VND1= JPY 0.0048

\* Converted at 1IDR= JPY 0.0074

# Invested in Securities Companies in Sri Lanka Where the Development of a Securities Markets is Expected



## First Guardian Equities

- Invested since Sept. 2016 (SBI Group's shareholding: 40.0%)
- The First Guardian Equities Securities has obtained a license for stock brokerage and dealer business from the Colombo Stock Exchange in Sri Lanka. With the First Guardian Equities Securities as broker, the SBI Group acquired stocks of listed companies on Sri Lanka Market
- Profit before income tax for 2017 was approx. JPY 9m



## Wealth Trust Securities

- Invested since Sept. 2017 (SBI Group's shareholding: 20.0%)
- A securities company authorized by the central bank of Sri Lanka to be a primary dealer of government bonds
- Profit before income tax for 2017 was approx. JPY 230 m

\*Converted at 1LKR = JPY 0.65

## Also Invested in E-commerce Companies and Expanded our Business Domain in the Southeast Asia Region



### Sendo

Additional investment in Aug. 2018 (SBI Group's shareholding: 20.8%)  
Fair value as of the end of Sept. 2018 was approx. 1.8 times as much as the investment's book value

- Manages one of the biggest C-to-C marketplace “Sendo” in Vietnam, having over 0.3 million registered merchants selling close to 10.0 million SKUs
- Its amount sold increases steadily since its establishment in 2012 as its volume of businesses on e-commerce having grown up to rank 2nd in Vietnam
- Provides wallet and online payment for users



### Tokopedia

SBI Group's shareholding: 1.96%  
Fair value as of the end of Sept. 2018 is approx. 4.9 times as much as the investment's book value

- Manages one of the biggest C-to-C marketplace in Indonesia, having over 1.5 million registered merchants selling close to 50m SKUs
- Tokopedia is the largest digital goods platform in Indonesia and today offers wallet, Fintech and official stores on its marketplace platform

## **⑦ Biotechnology-related Business -From Cost Center to Profit Center-**

- (i) SBI Biotech**
- (ii) SBI Pharmaceuticals**
- (iii) photonamic**
- (iv) SBI Neopharma**
- (v) SBI ALApromo**

**(i) SBI Biotech**

**SBI Biotech expects to reverse its deficit situation after FY2018, and maintain profitability through the continued development of its existing drug pipeline, as well as through the process of newly out-licensing its drug pipeline**

|   | Licensing partner(timing)                    | Adaptation disease  | Progress            |   |
|---|--|---|---------------------|---|
| <b>VIB7734<br/>(Anti-ILT7<br/>antibody)</b> | <b>Viela Bio*<br/>(Sept. 2008)</b>           | <b>Myositis</b>   | <b>Phase I</b>      | <b>A single dose Phase I study has been completed, and preparing for future clinical trial study plan</b>   |
| <b>SBI-9674</b>                             | <b>Kyowa Hakko<br/>Kirin<br/>(Dec. 2016)</b> | <b>Autoimmune diseases</b>  | <b>Pre-clinical</b> | <b>Kyowa Hakko Kirin is conducting development. Further receipt of milestone payments in accordance with development progress is expected</b>   |
| <b>Cdc7<br/>inhibitor</b>                   | <b>Carna<br/>Biosciences<br/>(May 2014)</b>  | <b>Cancers</b>  | <b>Pre-clinical</b> | <b>Development is in progress at Sierra Oncology, which out-licensed with Carna Biosciences. <u>Plan to apply for clinical trial in 2018.</u> Receipt of milestone payments in accordance with development progress is expected</b>             |
| <b>GNKS356</b>                              | <b>Independently</b>                         | <b>Autoimmune diseases<br/>(Psoriasis / Systemic Lupus<br/>Erythematosus (SLE))</b>     | <b>Pre-clinical</b> | <b>Received subsidies from AMED (Japan Agency for Medical Research and Development) drug discovery promotion project, and acquired various data. <u>Started activities for future development and tie-ups based on the research results</u></b> |
| <b>SBI-3150</b>                             | <b>Independently</b>                         | <b>Autoimmune diseases<br/>(Various diseases caused by<br/>pDC / activated B cells)</b> | <b>Pre-clinical</b> | <b>Continuously engaged in negotiating with several companies for out-licensing</b>   |

\*A new company specializing in inflammation and autoimmune disease, spun out from MedImmune, LLC., a subsidiary of AstraZeneca



# (ii) SBI Pharmaceuticals



**Duration of drug development in Japan (pre-clinical to application):**  
**Avg. 9.2 years**

Source : "Current status and issues of bio-ventures" by METI, in Nov. 2017

**Products launched by SBI Pharmaceuticals :**  
 (Established in Apr. 2008)

Launched 2 products within 10 years after its establishment

- ① Sept. 2013:  
 "ALAGLIO® Oral 1.5g," diagnostic agent for cancer treatment (Malignant Glioma)
- ② Dec. 2017:  
 "ALAGLIO® Divided Granules 1.5g," diagnostic agent for cancer treatment (carcinoma vesicae) → Launched in Japan by Chugai Pharmaceuticals, which SBI Pharmaceuticals provided with exclusive domestic marketing rights in Japan

## -Drug Pipelines Utilizing 5-ALA under the SBI Group-

| Fields                      |   | Pipeline projects                           | Current status                       |          |           |              | Prospects for the next year          |
|-----------------------------|---|---|--------------------------------------|----------|-----------|--------------|--------------------------------------|
|                             |   |   | Phase I                              | Phase II | Phase III | Applica-tion |                                      |
| Diagnostic agent (PDD)      | 1 | Peritoneal dissemination of gastric cancer* | Phase III is underway                |          |           |              | Completed Phase III / Out-licensing  |
| Drug to treat               | 2 | Cisplatin nephropathy protection            | Phase II is underway                 |          |           |              | Conducting Phase II                  |
|                             | 3 | Mitochondrial diseases*                     | Phase III is underway                |          |           |              | Conducting Phase III / Out-licensing |
|                             | 4 | Cardiac ischemia-reperfusion injury*        | Preparation for Phase II is underway |          |           |              | Conducting Phase II                  |
| Photodynamic therapy (iPDT) | 5 | Brain tumors* (by photodynamic)             | Preparation for Phase II is underway |          |           |              | Conducting Phase II                  |

Scheduled by Oxford University and Birmingham University Hospital in the U.K.

\*Investigator-led trial

# (iii) photonamic

## -Advanced into the U.S. market in October 2018-

### photonamic :

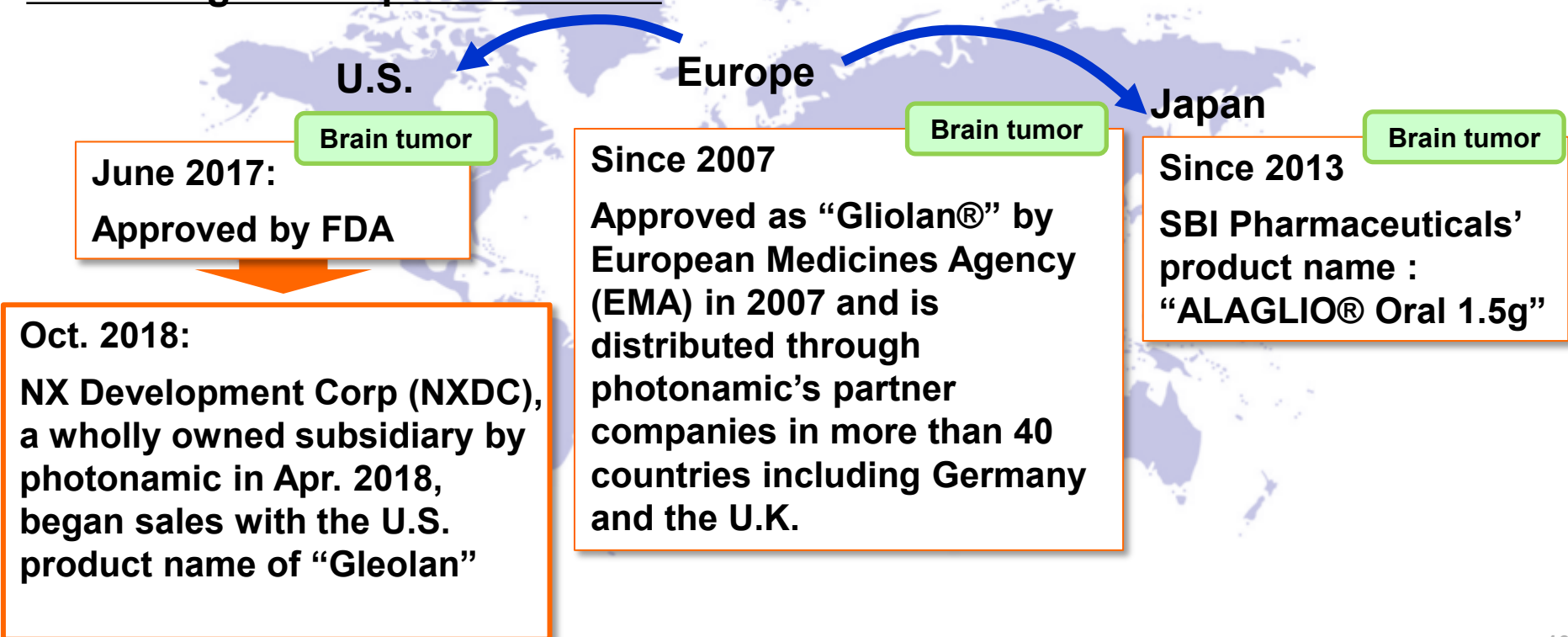
- ✓ Established in Mar. 2002 (Head office : Germany)
- ✓ Business : Development and sale of diagnostic and therapeutic drugs that use 5-ALA, primarily in Europe
- ✓ A wholly owned subsidiary of SBI ALApharma



### Products launched by photonamic :

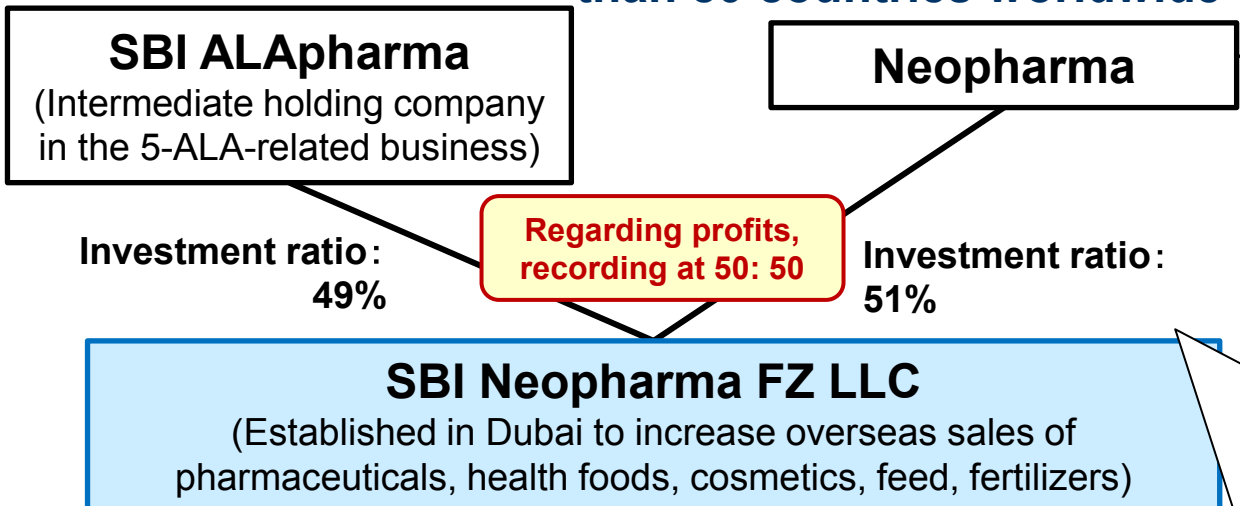
- ① “Alacare,” a drug that treats actinic keratosis
- ② “Gliolan®,” a diagnostic agent for cancer treatment (malignant glioma)

### Gliolan’s global expansion route:



# (iv) SBI Neopharma

SBI Neopharma plans to launch the health food “NatuALA” in more than 80 countries worldwide



**Out-licensing**  
(Pharmaceuticals ①②  
in the following tables)

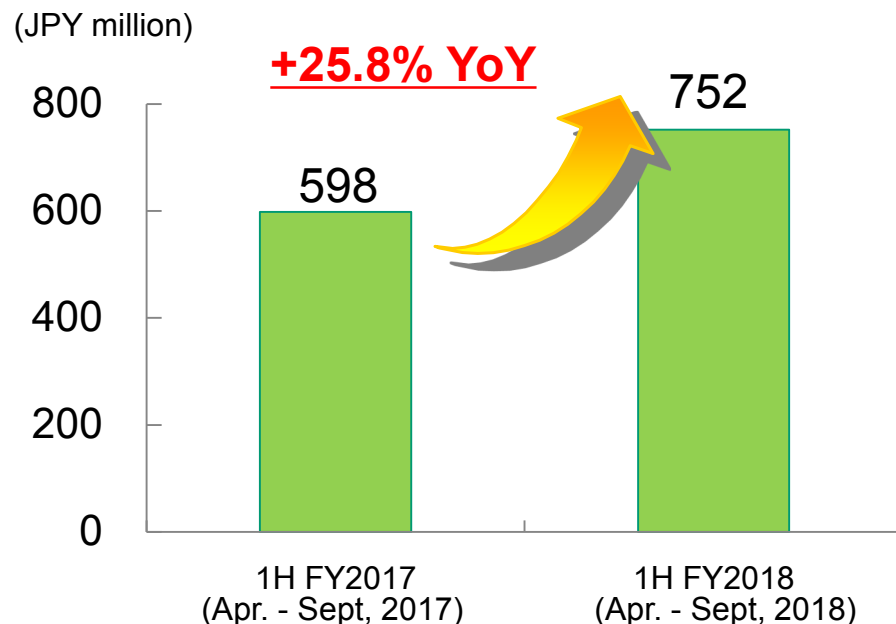
- A corporation established in U.A.E. in 2003 to manufacture and market pharmaceuticals. Presently Neopharma is one of the largest pharmaceutical company in the MENA region with presence in over 50 countries
- Owns generic drug production licenses of 14 companies, including mega-pharma companies, at 7 global sites
- Its corporate group includes promising enterprises such as NMC Health PLC (listed on the London Stock Exchange), currently operating the largest private hospital in Abu Dhabi, where over 4 million patients visit per year
- Established Neopharma Japan as a Japan base of Neopharma Group in 2016

**Scope of products :**

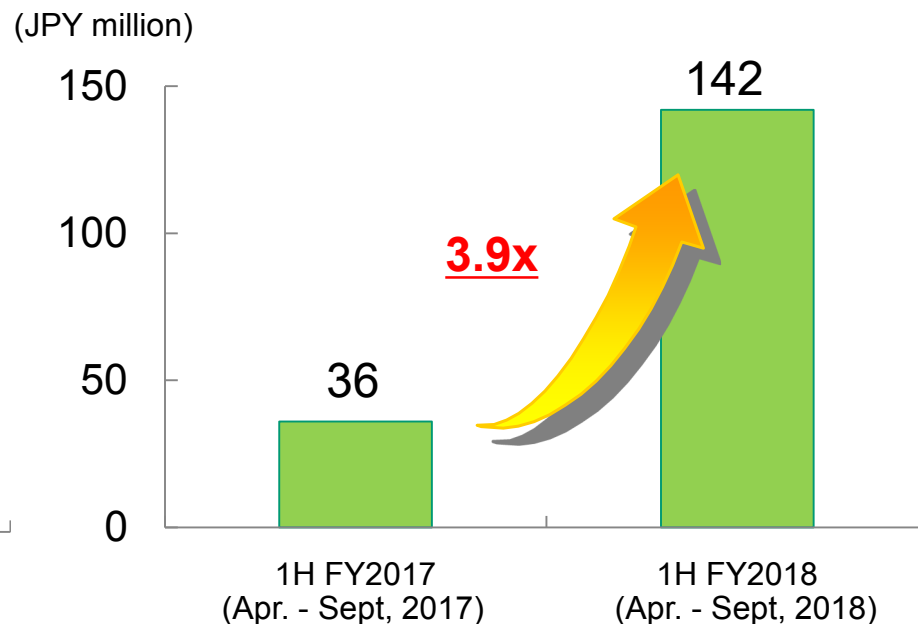
|                 |   |
|-----------------|---|
| Pharmaceuticals | ①Therapeutic drugs for diabetes and malaria infection utilizing 5-ALA, to be developed by Neopharma (Out-licensing to Neopharma in Oct.,2016)   |
|                 | ②Pharmaceuticals including “ALAGLIO® Divided Granules 1.5g” in the territory of MENA and India (to Neopharma, in March 2018)  |
| Health foods    | <p>5-ALA-related products (health foods, cosmetics, feeds and fertilizers)</p> <p>→Launched the sales of 5-ALA-related health foods in the Middle East from May 2017</p> <p>→In preparations for registration applications of health foods in over 80 countries worldwide.</p> <p>In the Middle East, following the UAE, registered in Bahrain, Jordan and Oman, and in the Southeast, in Cambodia and Myanmar, and in Africa, in Mauritius and Kenya. Sales are scheduled to start in the registered countries</p> |

**Profit before income tax expense for 1H FY2018 increased to JPY 142m, by 3.9 times the previous year's first half**

**Revenue (IFRS)**



**Profit before Income Tax Expense (IFRS)**



**-New products already launched during FY 2018-**

- **“ALApplus Cosmetic Series,” cosmetics for moisturizing utilizing 5-ALA, launched Deep Cleansing Gel and Pure Clay Wash, on July 2018, for a full-scale launch of skincare products utilizing 5-ALA**
- **Launched “Hatsugagenmai no Sokojikara” in October 11, 2018, which is a germinated brown rice developed under a collaboration with the National Cerebral and Cardiovascular Center**

# General Foods Adding to SBI ALApromo’s product offering

## -Developed under a collaboration with the National Cerebral and Cardiovascular Center-

|                   |   |
|-------------------|---|
| Research location | National Cerebral and Cardiovascular Center   |
| Research topic    | Studying the development and practical application of new germinated brown rice having high neural function effects   |
| Key points        | Ingestion of our proprietary quality germinated brown rice promotes increased BDNF* within the brain. Experiments on mice also show improvements to depressive behavior and increased spatial memory learning and memory function, with evidence of improved effects for glycolipid metabolism. Through proper use of 5-ALA, we have also developed a manufacturing process based on a good quality germination reaction in which GABA levels, show a significant increase over normal germinated brown rice. |

\* BDNF: brain-derived neurotrophic factor, a type of secretory protein substance. Research to date indicates that an increase in the amount of BDNF will increase resistance to ischemic stroke, increase memory ability, and lessen depression symptoms.



**Product name:**

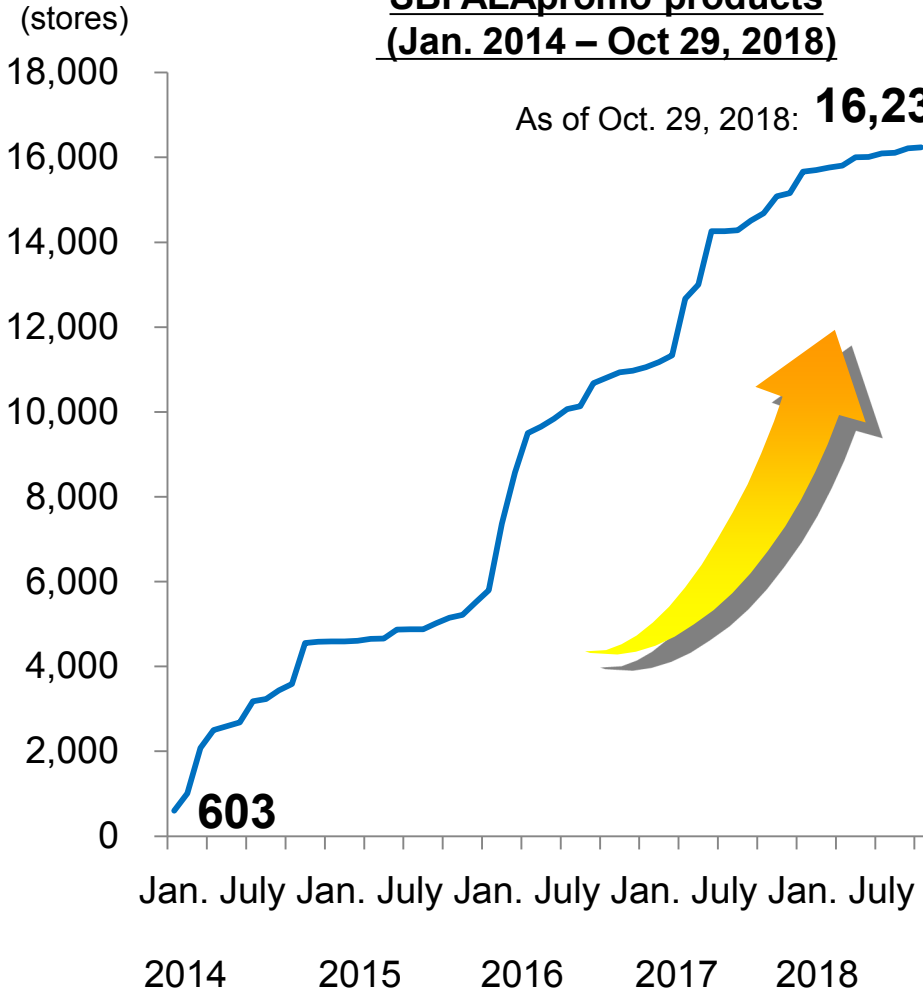
**Properly sprouted “Hatsugagenmai no Sokojikara”**

Using our own 5-ALA-based germination technology to allow germination to proceed “until it is properly sprouted,” we have succeeded in the development of sprouted brown rice with a high nutritional value centered on GABA



# Number of Domestic Stores that Offer Health Foods Containing 5-ALA are Increasing Steadily, and Now Became Over 16,000 Stores

Number of stores that offer SBI ALApromo products (Jan. 2014 – Oct 29, 2018)



- The leading drug store chains started selling 5-ALA products:  
e.g.
- Welcia 1,567 stores
  - Tsuruha Holdings 1,424 stores
  - Matsumoto Kiyoshi 1,191 stores
  - cocokara fine 1,062 stores
  - FUJIYAKUHIN approx. 890 stores
  - COSMOS Pharmaceutical 943 stores
  - Sundrug approx. 820 stores
  - SUGIYAKUHIN 792 stores

# Accelerating the Development of New Foods with Functional Claims

Offering of foods with functional claims:

On sale

Function to improve high levels of fasting blood glucose levels and postprandial glucose levels

“ALAPlus Tou (Sugar) Down” utilizing 5-ALA (10 and 30 day supplies)  
(Launched in Dec. 2015)



Premium product utilizing high levels of 5-ALA  
“ALAPlus Tou (Sugar) Down Rich”

Launch in Nov. 1, 2018



Under development

Cognitive improvement  
“SBI Gingko Bilboa” utilizing ginkgo bilboa  
(Launched in Dec. 2017)

First submitted to the Consumer Affairs Agency in Mar. 2018

Improvement in the quality of sleep  
(Hawaii Univ.)

Improvement in the exercise capacity  
(Shinshu Univ.)

Plan to launch in Feb. 2019

Plan to launch in FY2019



Planning submission in FY2018

Recovery from fatigue  
(Hiroshima Univ.)

Male menopause improvement  
(Juntendo Univ.)

Planning submission in FY2019

Fatigue reduction after exercising  
(Juntendo Univ.)

ALA+ salacia-derived salacinol  
Increase metabolism while suppressing sugar absorption  
(Hiroshima Univ.)

### **(3) To ensure the continued dramatic growth of the SBI Group, establishing two new ecosystems**

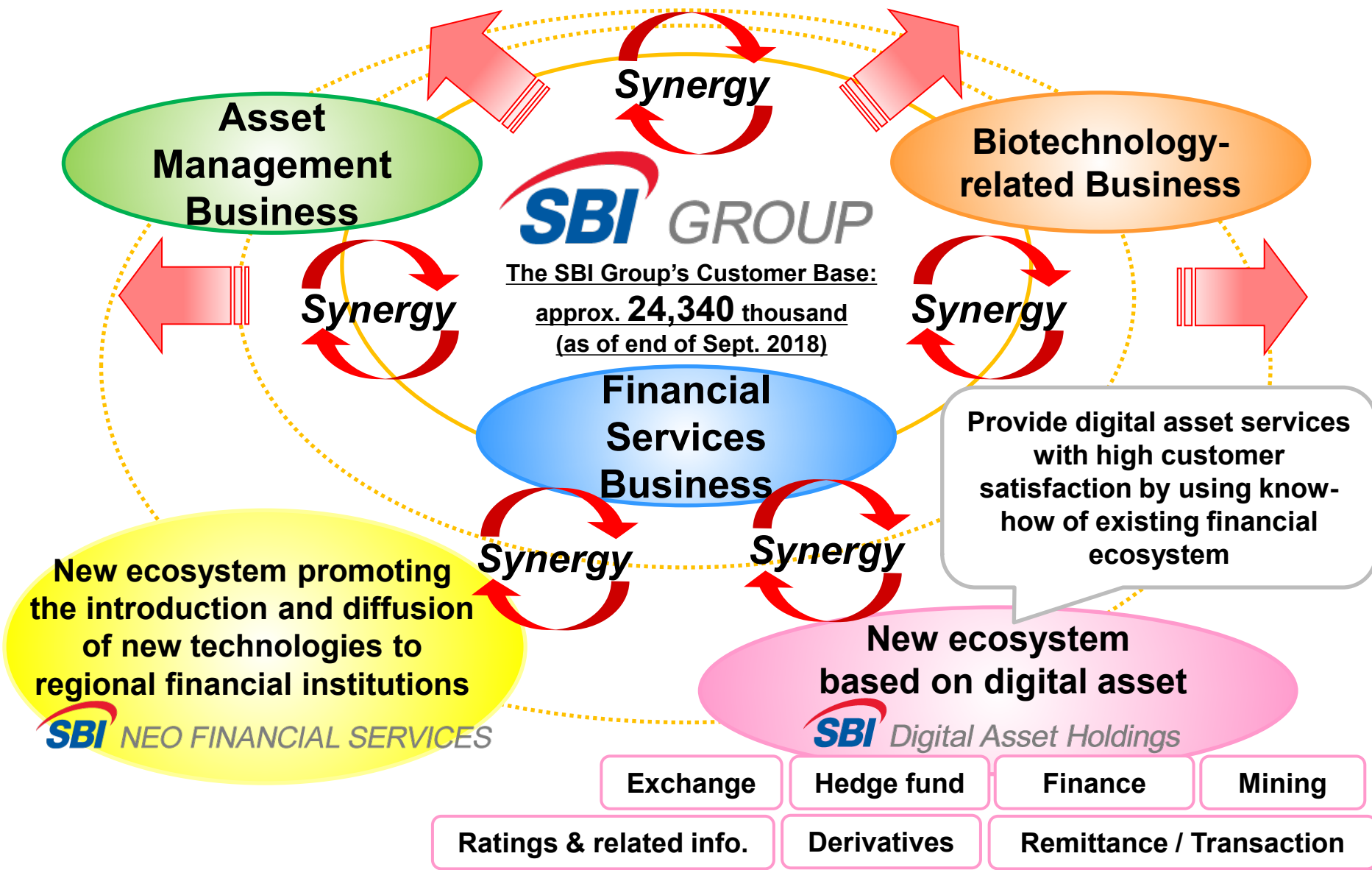
- ① New ecosystem centered on SBI Neo Financial Services promoting the introduction and diffusion of new technologies to regional financial institutions**
- ② New ecosystem based on digital asset**



# Further Development of the SBI Group's Business Ecosystem



Existing ecosystems and new ecosystems are organically combined to create synergistic effects, which cannot be realized by a single company



# The SBI Group's Basic Strategy

**-Advancing business expansion by quickly incorporating technology evolution-**

## Three processes of the SBI Group's basic strategy

### 1. Investment

Investment in promising start-up companies

### 2. Introduction

Technology evaluation and utilization within the SBI Group

### 3. Diffusion

Diffusion of technology across industry

## Mechanism within the SBI Group

Investment business in private equity business centered on SBI Holdings and SBI Investment

- Focused investment strategy specializing in growing fields
- Providing capital, knowledge and strategies

### Financial Services Business

- Fintech 1.5: Start utilizing Web-based blockchain by leveraging the existing corporate ecosystem
- Fintech 2.0: Develop proprietary blockchain applications

### All businesses in the SBI Group

- Establishment of SBI Neo Financial Services that provides new technologies, etc.
- Strengthen alliances with companies outside of the Group

- ① **New ecosystem centered on SBI Neo Financial Services promoting the introduction and diffusion of new technologies to regional financial institutions**

**Support for regional revitalization through  
SBI Neo Financial Services  
-Creating value together with regional  
financial institutions-**

## **Creating value together with regional financial institutions**

**Contributing to regional revitalization through strengthened alliances with regional financial institutions, and expanding the Group's regional operations**

# The Regional Revitalization Project that the SBI Group is Promoting is Transitioning to the Phase 2 Stage

-Formation of an ecosystem centered on SBI Neo Financial Services-

## Phase 1

Strengthening the relationship between regional financial institutions, by contributing to the enhancement of the regional financial institutions' corporate value, through the utilization of existing management resources, including the products and services, of the SBI Group

## Phase 2

- (i) Support the restructuring of regional financial institutions' business model, through the newly established SBI Neo Financial Services
- (ii) Promote technologies and services owned by fintech investee startups, etc., to SMEs, in order to enliven regional industries

## **Phase 1**

**Strengthening the relationship between regional financial institutions, by contributing to the enhancement of the regional financial institutions' corporate value, through the utilization of existing management resources, including the products and services, of the SBI Group**

- (i) SBI SECURITIES**
- (ii) SBI MONEY PLAZA**
- (iii) SBI Insurance**
- (iv) SBI Life Insurance**
- (v) Morningstar Japan**

# SBI SECURITIES Provides Financial Instruments Intermediary Services to Regional Financial Institutions, in Order to Correspond to the Asset Formation Needs of Regional Customers

## -Plans to form alliances with 36 banks in total by the end of Mar. 2019-



Financial instruments intermediary services

Regional financial institutions

Supporting the asset formation process of each regional customer, through the provision of various financial products and services with high customer benefits, based on the "Customer-centric Principle"



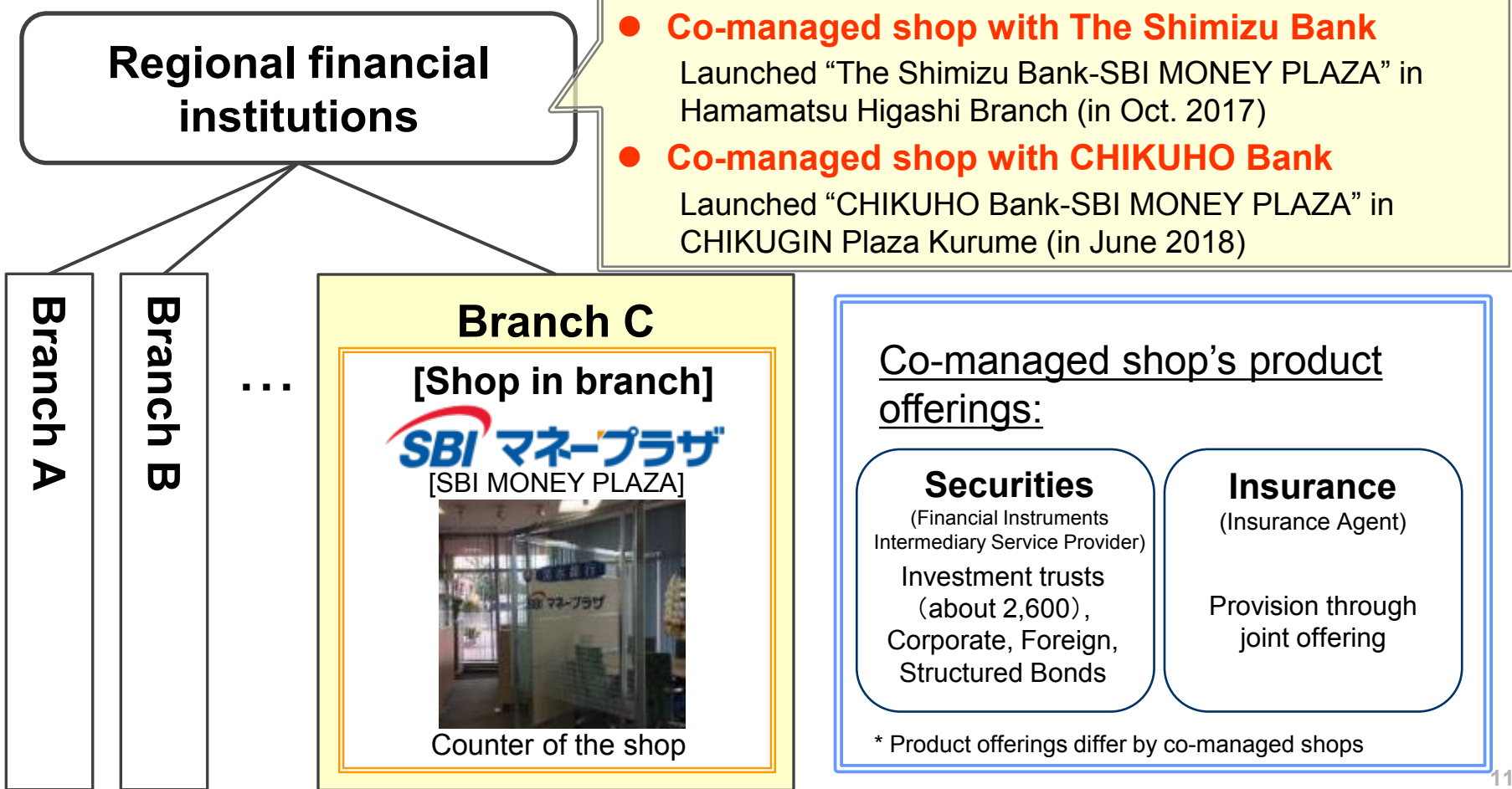
[Alliances with 30 banks]

- The Shimizu Bank
- Kiraboshi Bank
- Bank of The Ryukyus
- THE SENDAI BANK
- Aichi Bank
- The Miyazaki Taiyo Bank
- THE NAGANO BANK
- THE MIE BANK
- The Ehime Bank
- The Aomori Bank
- The Awa Bank
- Kirayaka Bank
- FUKUSHIMA BANK
- THE HOWA BANK
- SHIMANE BANK
- The Daisan Bank
- CHIKUHO Bank
- The Fukui Bank
- The Towa Bank
- The Akita Bank
- Kita-Nippon Bank
- THE OKAZAKI SHIKIN BANK
- MINAMI NIPPON BANK
- The Keiyo Bank
- THE SAGA KYOEI BANK
- THE NAGANO-KEN SHINKUMI BANK
- THE KANAGAWA BANK
- The Kiyo Bank
- The Tohoku Bank
- THE BANK OF KOCHI

# SBI MONEY PLAZA Launched Two Co-managed Shops with Regional Financial Institutions

At the co-managed shop, which serves as an one-stop shop, a variety of financial products, such as securities-related products, insurance products and fund investment products that are handled by SBI MONEY PLAZA will be proposed and offered to regional customers

➔ **Planning the launch of co-managed shops with 3 banks, including THE SENDAI BANK by the end of Mar. 2019**



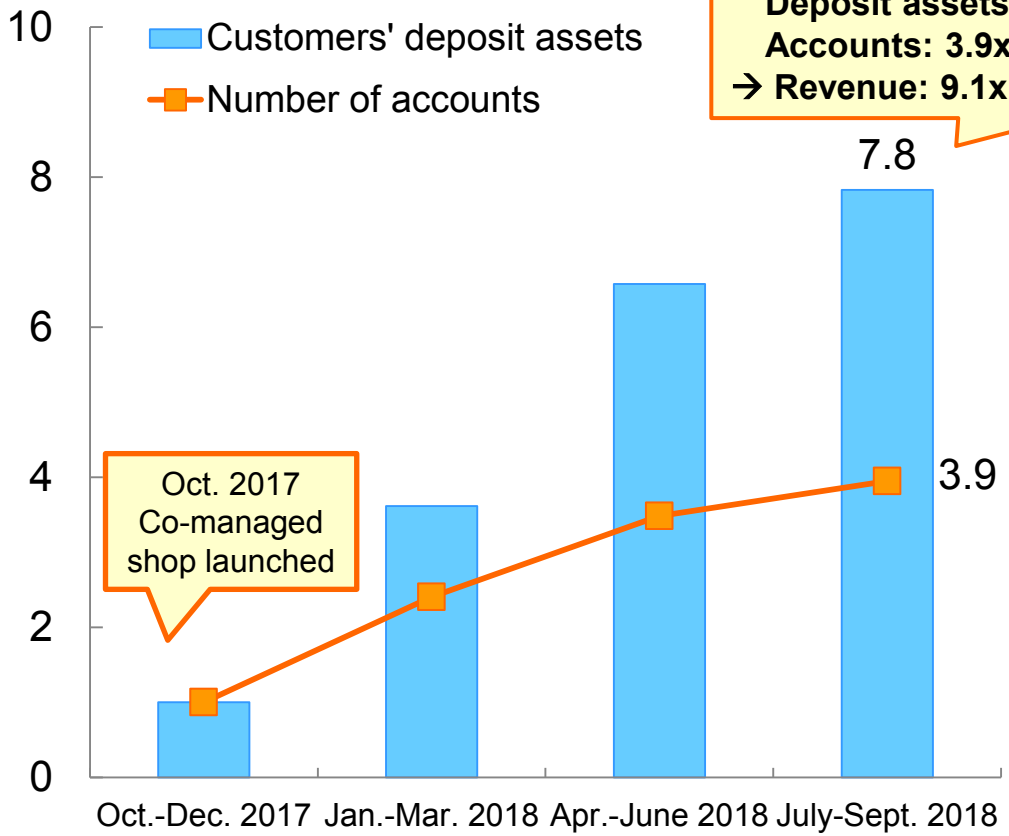


# The Co-managed Shops with The Shimizu Bank and The CHIKUHO BANK, have Rapidly Increased Their Number of Accounts and Customers' Deposit Assets, along with an Increase in Revenue

## Monthly trend of customers' deposit assets and number of accounts

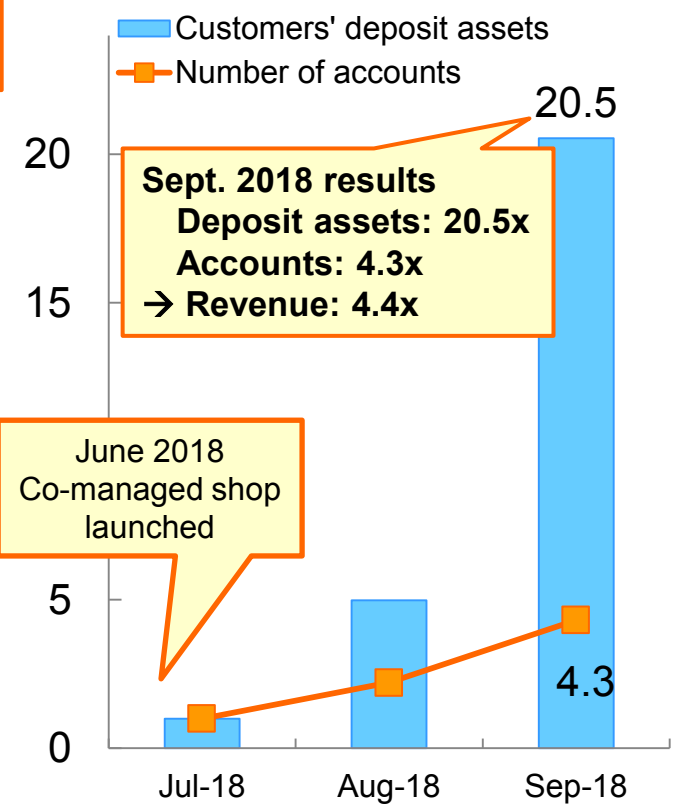
### Shimizu Bank

\* The figure of Oct.-Dec. 2017 as 1



### CHIKUHO BANK

\* The figure of July 2018 as 1



# SBI MONEY PLAZA, through Business Alliances with 37 Regional Financial Institutions, Provides Products for Corporations and Wealthy Individuals



**Regional financial institutions**

**Accounting measures and inheritance preparation products**

- ✓ Operating lease
- ✓ Insurance products
- ✓ Real estate small-lot trust beneficiary rights ... etc.



**Offering**



Regional financial institutions' customer corporations and wealthy individuals

# Several Regional Financial Institutions, etc., Determined to Introduce SBI Insurance's Products

## SBI損保

 [SBI Insurance]



Regional financial institutions, etc.



SBI Insurance will develop the local customer base by offering convenient and diverse insurance products

### < Partners of SBI Insurance >

#### Financial institutions

The Okazaki Shinkin Bank

(From June 25, 2018)

“SBI Insurance Fire Insurance”

THE TAIKO BANK (From July 2, 2018)

“SBI Insurance’s Cancer Insurance”

AEON Bank (From July 27, 2018)

“SBI Insurance’s Auto Insurance”

#### Business corporations

HTB Energy (From Oct. 19, 2018)

“HTB Energy’s Cancer Insurance”

Shikoku Electric Power (From Oct. 22, 2018)

“Shikoku Electric Power’s Cancer Insurance”

EPARK

“SBI Insurance’s Auto Insurance”

“SBI Insurance’s Cancer Insurance”

**11 companies (of which 5 are financial institutions), including the 6 companies above, decided to adopt SBI Insurance’s products, and plans are for sales to start shortly**

## SBI Life Insurance's Group Credit Life Insurance Adoption by Regional Financial Institutions, including Regional Banks, Continues Smoothly

### ◆ Yamaguchi Financial Group (Scheduled this autumn)

As the first partnership with regional banks, in July, SBI Life Insurance's Group Credit Life Insurance was agreed to be adopted for mortgage loans by The Yamaguchi Bank, Momiji Bank and THE KITAKYUSHU BANK, which is under the auspices of the Yamaguchi Financial Group. Plans are for the adoption to begin this fall.

### ◆ SEIBU SHINKIN BANK (from Oct. 1, 2018)

Partnering with SEIBU SHINKIN BANK, as a regional financial institution partner in the metropolitan area

### ◆ The Kanagawa Shinkin Bank (from Sept. 3, 2018)

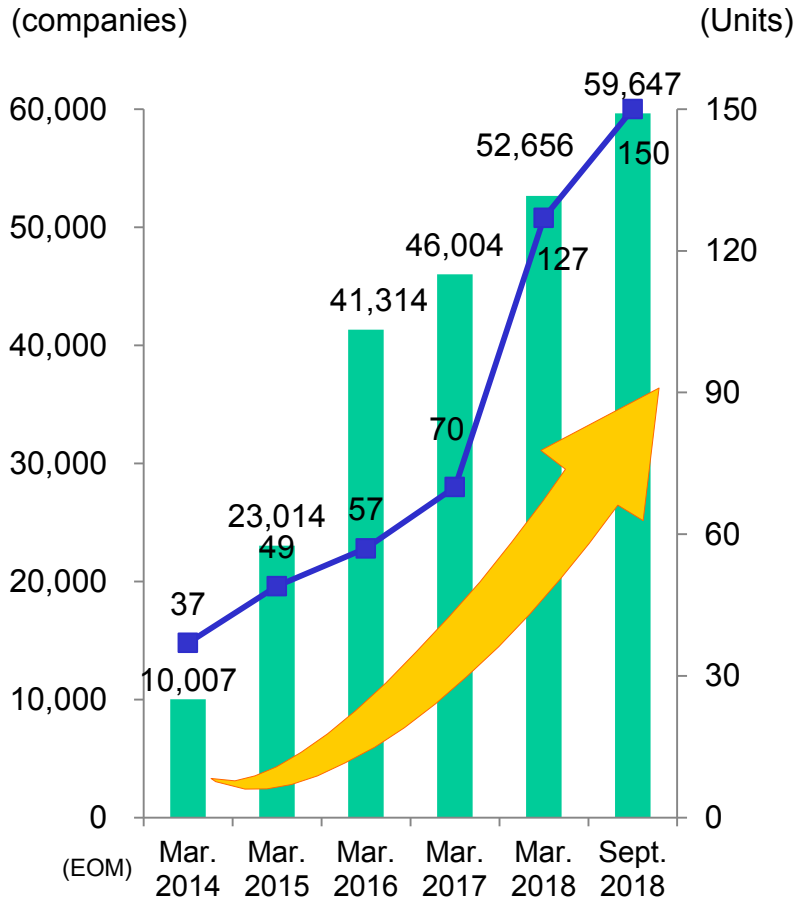
Partnered with the Kanagawa Shinkin Bank, as the first regional financial institution partner in Kanagawa Prefecture

7 banks, including 5 banks mentioned above, have decided to adopt, or have started sales of SBI Life Insurance's Group Credit Life Insurance. While SBI Life Insurance continues to proactively promote the sales of the Group Credit Life Insurance, primarily to regional financial institutions nationwide, over 10 institutions are now considering adoption, with 3 already having adopted

# As a Tool to Make Better Proposals for Local Investors, Morningstar Japan Offers the Tablet App “Investment Trust INDEX,” to Regional Financial Institutions

A total of 59,647 tablets have been delivered to 150 companies, including 54 regional financial institutions

**Tablet app trend of providing companies and units**



## Tablet app “Investment Trust INDEX”



The latest financial information can be carried, additionally it is possible to display charts of portfolios of each fund, and simulations of asset management by touch operation

**Fund outline**

**Chart function**

**Market information**

**Fund comparison and combination functions**

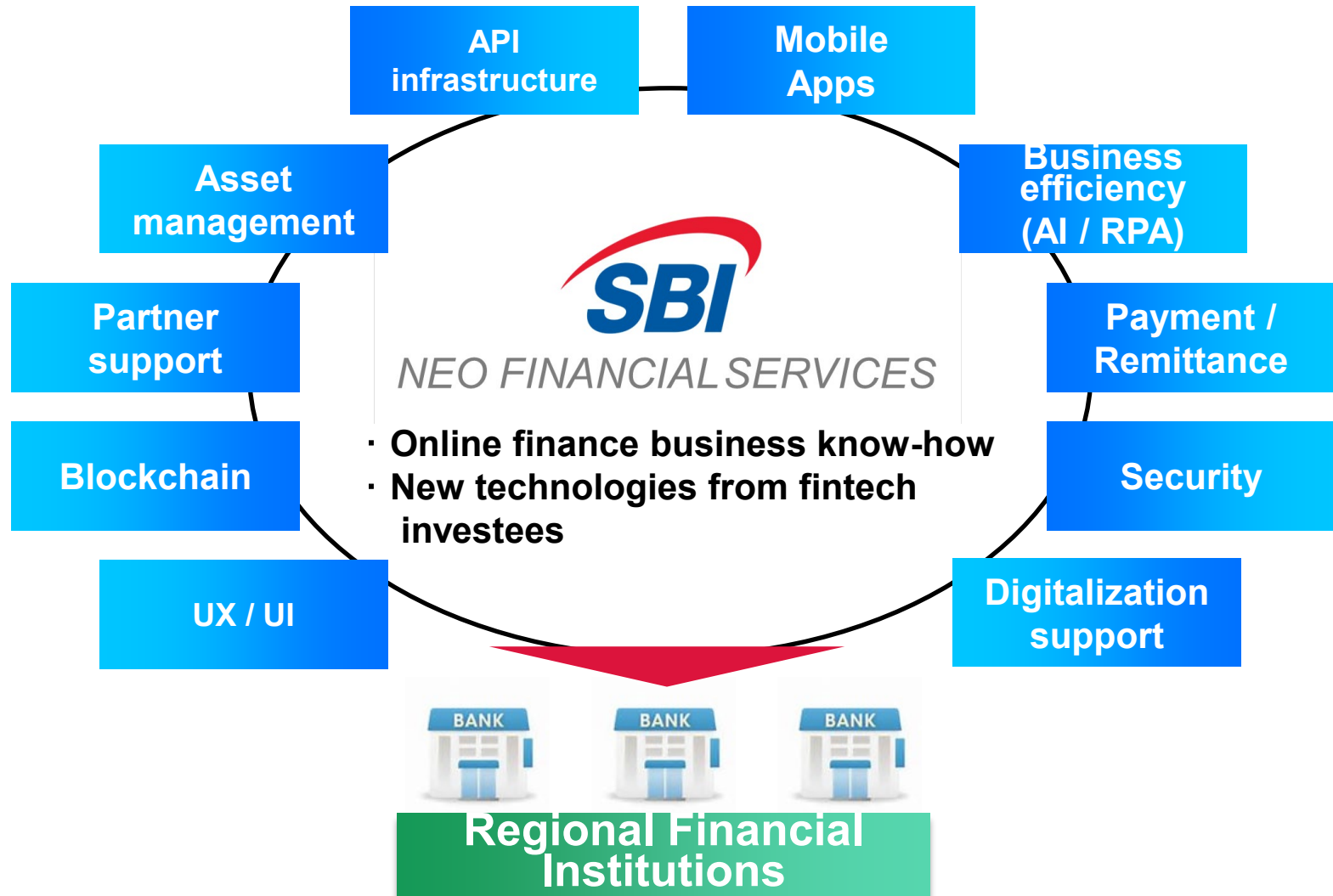
## **Phase 2**

- (i) Support the restructuring of regional financial institutions' business model, through the newly established SBI Neo Financial Services**
- (ii) Promote technologies and services owned by fintech investee startups, etc., to SMEs, in order to revitalize regional industries**

- (i) Support the restructuring of regional financial institutions' business model, through the newly established SBI Neo Financial Services**
  - a. Supporting the introduction of technologies of SBI Investment's fintech-related investee companies**
  - b. Promoting the establishment of joint ventures to localize and implement solutions of overseas fintech companies, some of which will be covering entire Asia**

# Newly Established SBI Neo Financial Services will Provide Diverse Solutions toward the Revitalization of Regional Financial Institutions

-Will employ over 40 personnel, primarily young talented individuals, to improve the sales system-





# a. Supporting the Introduction of Technologies of SBI Investment's Fintech-related Investee Companies

## Blockchain

OTHERA ( England )  
 orb (Japan)  
 r3 (U.S.)  
 bitFlyer, Inc. (Japan)  
 ripple (U.S.)  
 QUOINE (Japan)  
 coinplug, Inc (Korea)

## Robo-advisor

WealthNavi  
 WealthNavi Inc. (Japan)  
 お金のデザイン  
 MONEY DESIGN Co., Ltd. (Japan)

## IoT/Security

GMS Global Mobility Service (Japan)  
 unerry (Japan)  
 COCON COCON Inc. (Japan)  
 Cacco inc. Cacco Inc. (Japan)

## Accounting/PFM

free (Japan)  
 FLOWACCOUNT (Thailand)

## Remittance/Exchange

veem Veem (U.S.)  
 wirex Wirex (England)  
 PayKey Decentralized Mobile Applications (Israel)  
 Episode six (U.S.)  
 wefox FinanceApp (Switzerland)

## Banking API

solarisBank solarisBank (Germany)  
 Moneytree. (Japan)

## Big data

TREASURE Treasure Data (U.S.)  
 GiXo GiXo Ltd. (Japan)

## Other fintech

CompareAsia Group CompareAsia (Korea)  
 finbee NestEgg, Inc. (Japan)  
 DAYLI Financial Group DAYLI Financial (Korea)  
 PLANET TABLE Planet Table Inc. (Japan)  
 Goodpatch Inc. (Japan)  
 RPA HOLDINGS RPA Holdings (Japan)  
 Inagora Inagora  
 PORT INC. PORT INC. (Japan)  
 WAmazing WAmazing (Japan)  
 IZUMI-IZM GROUP IZUMI-IZM GROUP (Japan)  
 e-toro (U.S.)

## Payment

infcurion group infcurion, Inc (Japan)  
 BASE BASE, Inc. (Japan)  
 ORIGAMI Origami Inc. (Japan)  
 paidy Exchange Corporation (Japan)  
 omise Omise (Thailand)  
 Coiney Coiney Inc. (Japan)

## Loan/Factoring

SoFi Social Finance (U.S.)  
 taralite taralite (Indonesia)  
 VENTENY VENTENY (Philippines)

## Crowd-funding

music securities Music Securities, Inc. (Japan)  
 Crowd Realty Crowd Realty, Inc. (Japan)  
 CAMPFIRE CAMPFIRE, Inc. (Japan)

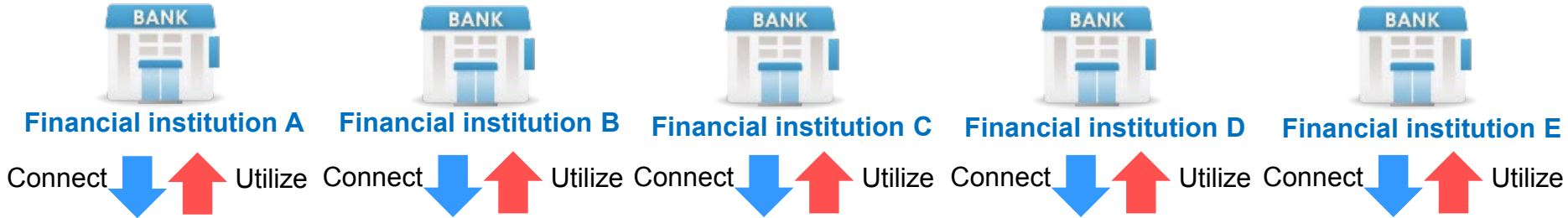
## AI related

KOKOPELLI KOKOPELLI (Japan)  
 Generic Solution Generic Solution Corp. (Japan)  
 cinnamon Cinnamon Inc. (Japan)  
 株式会社 数理ホールディングス SURI Holdings Inc. (Japan)  
 FinLeap FinLeap (Germany)  
 OneConnect OneConnect (China)  
 COG ENT DAZO Cogent Labs (Japan)  
 MINKABU Minkabu, Inc. (Japan)

bithumb BTC Korea COM (Korea)  
 SF Holdings (Russia)

# Providing a Scalable and Functional API Platform at Low Cost, to Support the Introduction of Services and Systems of Fintech Venture Companies

**3 banks introduced the platform, with 2 more making arrangements**



**“Fintech Platform” (API Platform)**  
**Managed by SBI FinTech Incubation**  
 Shareholder ratio: SBI 60%, SoftBank 20%, IBM Japan 10%, Toppan 10%



**SBI Investment Fintech companies**

|                           |            |
|---------------------------|------------|
| Front-end application     | Blockchain |
| Lending                   | Big data   |
| AI                        | Settlement |
| Authentication / Security |            |

住信SBIネット銀行 **SBI Sumishin Net Bank**

**SBI 証券** [SBI SECURITIES]    **SBI Liquidity Market**

**MORNINGSTAR**

**SBI Insurance**    **SBI 生命** [SBI Life Insurance]

SoftBank

**TOPPAN**

**Also planning to offer a white label mobile app with a wealth of menus**

# b. Promoting the Establishment of Joint Ventures to Localize and Implement Solutions of Overseas Fintech Companies, Some of which will be Covering Entire Asia



**Platform / app to support insurance consulting**  
**Support sales of customer-centric optimal insurances**



**Mobile banking app**  
**UI / UX based on behavioral psychology**



**Business process automation platform by AI and RPA**  
**Enhancing business efficiency**



**Keyboard banking function**  
**Banking services on keyboard**



**Automation of housing loan process**  
**Automate from preliminary examination to loan application**

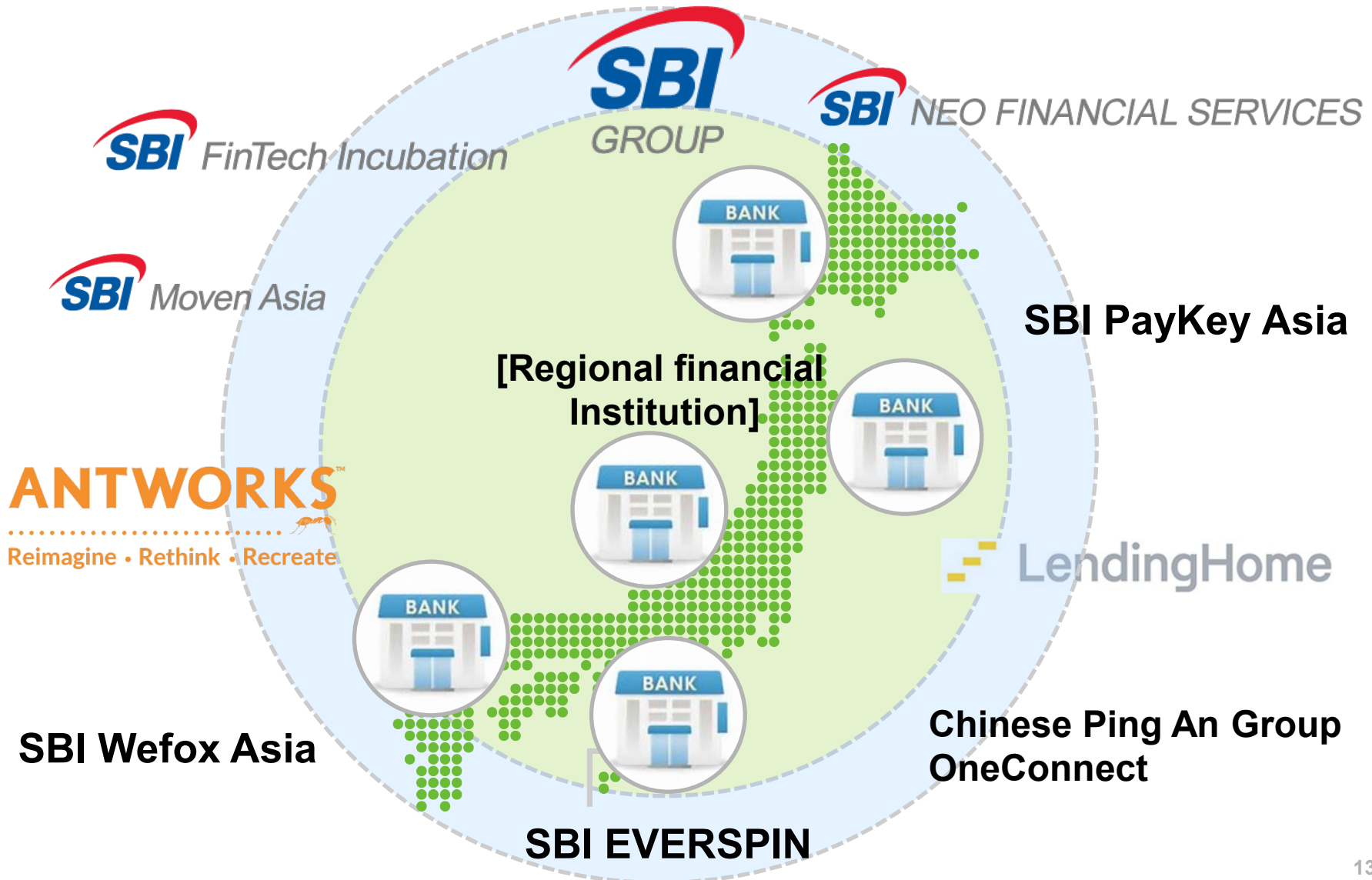


**World's first dynamic security**  
**Run different source code each time**



**IT technology. platform**  
**Provides a comprehensive Fintech platform installed by 2000 financial institutions in China**

# Supporting Nationwide Deployment and Advancement of the Services of the Regional Financial Institutions, through Various Financial Instruments and Services by Utilizing Domestic and Overseas Fintech Solutions



**(ii) Promote technologies and services owned by fintech investee startups, etc., to SMEs, in order to revitalize regional industries**

# Provide Services such as a Platform Enabling Regional Business Operators to Easily Open Online Shops (EC sites) with No Upfront Expenses or Monthly Usage Fees



BASE, Inc.

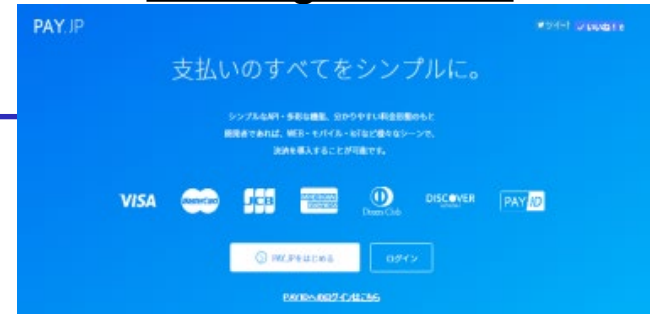
Business description: [Operates EC shopping mall and clearing business](#)

**BASE constructs EC sites free of charge and promotes expansion of business partner sales channels. It provides transaction lending using settlement data.**

## Free EC site construction system



## Clearing business



### Expansion of sales channel

General customers



Local companies



Sales support

Providing transaction lending service

Regional banks



# Business Partnership between The Shimizu Bank and BASE, which Provides an E-commerce Platform

- Promote initiatives for regional revitalization centering on internet business support -

(Investee Venture Company  
of the FinTech Fund)

**The Shimizu Bank**



## [Partnership details]

- Support PR for products of the Shizuoka Prefecture through content, events and seminars on the shopping application “BASE”
- Establishment of a website to disseminate the culture of Shizuoka Prefecture
- Provide ID payment service “PAY ID,” etc.

# Examples of Measures to Revitalize Regional Industries

## by Utilizing Technologies and Services of Investee Fintech Ventures



### Payke, Inc.

- Can read the product's barcode on the smartphone and view any information on the product in your native language
- Available for foreigners visiting Japan at a low cost, and the attractiveness of products can be appealed through forwarded messages



### Writeup.co.,Ltd.

- Provide management support services for small and medium businesses, through subsidies and automatic grant-in-aid acquisition services
- The latest subsidy information will be data recorded, so that proposals may be automatically processed according to a diagnosis of the company



### Liquid Inc.

- Solved speed bottleneck problem through fingerprint authentication, and shortened data matching time to 0.0003 seconds
- Expectations are high as a solution for foreign visitors in regions with low credit settlement introductory rates

機械学習インデックス検索+逐次検索



| INDEX/DATA | RESULT |
|------------|--------|
| ID:****    | —      |
| ID:****    | —      |
| ID:****    | ○      |



## **② New ecosystem based on digital asset**

### **Creating More Efficient and Customer-beneficial Future with Digital Assets and Blockchain**

- (i) Digital asset financial ecosystem approaching completion**
- (ii) Partial launch of new financial services utilizing digital assets and blockchain**

# Strategies for Expanding and Developing Cryptocurrency Markets

## Supporting expansion of actual demands in cryptocurrencies

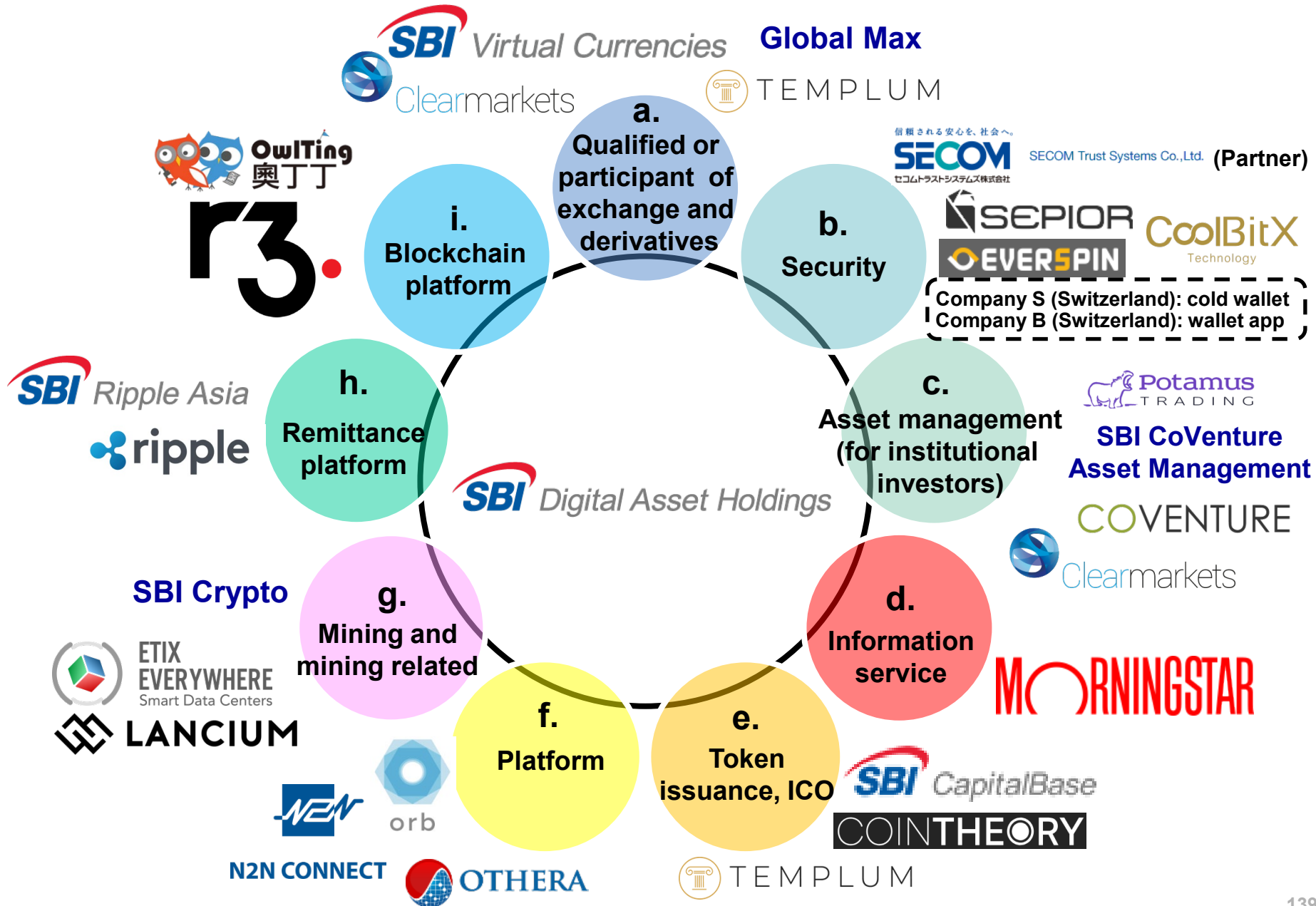
- **Advancing the usage for remittances, trade finance, settlements & payments**
  - ✓ Promoting use in settlements via cryptocurrencies (XRP, Bitcoin Cash, Own-token) for the SBI Group's EC-related portfolio companies and partners
- **Introduction of SBI Group's S Coin Platform to the regional financial institutions**
- **Creating a track record in cryptocurrency through investment in domestic and overseas venture companies involved in business and new product development using cryptocurrency**

## Offering new cryptocurrency trading opportunities to institutional investors

- **Establishing a fund assembled from cryptocurrencies (SBI Coventure Asset Management)**
- **Supplying market information on cryptocurrency (Morningstar Japan)**
- **Creating a cryptocurrency derivatives market**

**(i) Digital asset financial ecosystem  
approaching completion**

# New Financial Ecosystem based on Digital Asset



# Investment Status of Companies that Comprise the Digital Asset Ecosystem -1

## a. Qualified or participant of exchange and derivatives

| Company                | Investment       | Business                                    |
|------------------------|------------------|---|
| SBI Virtual Currencies | 100%             | SBI Group                                   |
| Global Max (Hong Kong) | 100%             | SBI Group                                   |
| Templum (U.S.)         | 4%               | Secondary market for tokens                 |
| Clear Markets (U.S.)   | 20%<br>(maximum) | Electric trading system for OTC derivatives |

## b. Security

|                         |           |  |
|-------------------------|-----------|--|
| SECOM Trust Systems     | Partner   | Collaboration in distributed management (entrustment) of private key |
| CoolBitX (Taiwan)       | 40%       | Provide cold wallet service for blockchain assets                    |
| Sepior (Denmark)        | 49%       | Cryptographic key management system by cloud                         |
| Everspin (South Korea)  | 22%       | Development of a dynamic security system                             |
| Company S (Switzerland) | Adjusting | Cold wallet development  |
| Company B (Switzerland) | Adjusting | Development of wallet app  |

## c. Asset management (for institutional investor)

|                                      |                  |                                     |
|--------------------------------------|------------------|-------------------------------------|
| CoVenture (U.S.)<br>Fund GP under CV | 6%<br>25%        | Digital asset hedge fund management |
| SBI CoVenture Asset Management       | 70%              | SBI Group                           |
| Clear Markets (U.S.)                 | 20%<br>(maximum) | Online SWAP trading system          |
| Potamus (U.S.)                       | 15%              | Broker-dealer                       |

# Investment Status of Companies that Comprise the Digital Asset Ecosystem -2

## d. Information service

| Company           | Investment | Business  |
|-------------------|------------|-----------|
| Morningstar Japan | 47.6%      | SBI Group |

## e. Token issuance, ICO

|                 |      |   |
|-----------------|------|---|
| Templum (U.S.)  | 4%   | TAO (Tokenized asset offering) platform |
| T1R (U.S.)      | 20%  | ICO consultation & financing platform   |
| SBI CapitalBase | 100% | SBI Group                               |

## f. Platform

|                |               |   |
|----------------|---------------|---|
| Othera (U.K.)  | 20%           | Securitized receivables by blockchain         |
| Orb            | Not disclosed | Development of DLT platform                   |
| N2N (Malaysia) | 19.9%         | Global trading hub including cryptocurrencies |

## g. Mining and mining related

|                  |      |  |
|------------------|------|--|
| SBI Crypto       | 100% | SBI Group  |
| Etix (Luxemburg) | 41%  | Data center management                             |
| Lancium (Canada) | 30%  | Container mining facility operation by wind energy |

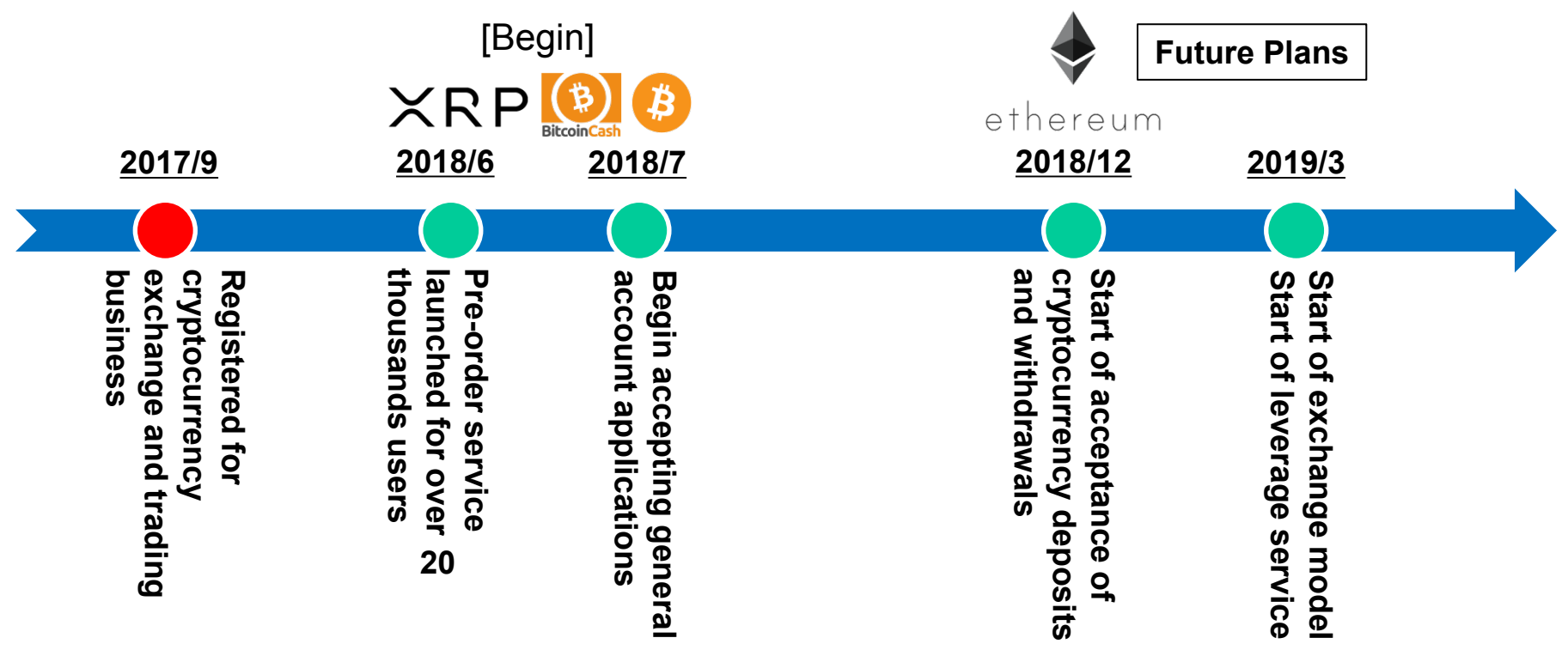
## h. Remittance platform

|                 |           |                                       |
|-----------------|-----------|---------------------------------------|
| Ripple (U.S.)   | About 10% | Domestic and international remittance |
| SBI Ripple Asia | 60%       | SBI Group                             |

## i. Blockchain platform

|                         |               |   |
|-------------------------|---------------|---|
| R3 (U.S.)               | Not disclosed | Management of international DLT ecosystem         |
| Obook Holdings (Taiwan) | 20%           | Blockchain for hotel management and food tracking |

# SBI Virtual Currencies Implements a Variety of Services and Functions to Meet User Needs



SBI Virtual Currencies provides the world's foremost trading environment by utilizing NASDAQ's trading system (matching engine), which has been successfully operated on SBI Japannext's PTS

**Received certification as a self regulating organization on Oct. 24, and will consequently endeavor to promote service development, etc., based on those self regulating guidelines discussed**

# Clear Markets of the U.S. Plans to Start a Cryptocurrency Swap Trading Service



## U.S.-based Clear Markets

(SBI Group equity interest: currently 12%, scheduled to additionally acquire up to 20%)

Clear Markets provides an over-the-counter derivatives electronic trading service in the U.S., U.K. and Japan. It plans to start up a cryptocurrency swap trading service using licenses already held \*

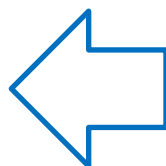
\*

- Swap execution facility (SEF) license from the U.S. Commodity Futures Trading Commission (CFTC)
- Derivatives brokerage licenses in the U.K. and 32 countries in Europe
- “Financial Instruments Business Operator Engaged in Type I Financial Instruments Business” registration under the Financial Instruments and Exchange Act and electronic trading infrastructure provider license

## Financial institutions



Cryptocurrency hedging is necessary for risk control when handling cryptocurrencies and financial instruments that use cryptocurrencies



Provide hedging means with cryptocurrency swap transaction services, etc.

**Increased use of cryptocurrencies and cryptocurrency derivatives and liquidity improvement are expected**



# Regarding Security Vulnerability Countermeasures for the Cryptocurrency Exchange

## -Strengthen collaborations with investee companies-

### Response on wallet

- nChain (U.K.)  
Strategic alliance to support BCH and wallet security
- CoolBitX (Taiwan)  
Provide cold wallet service for blockchain assets
- Company S (Switzerland)  
Provide cold wallet service for blockchain assets
- Company B (Switzerland)  
Development of hot wallet app



“CoolWallet” by CoolBitX

### Response on general security

- Sepior (Denmark)  
Cryptographic key management system specialized for the cloud
- Everspin (South Korea)  
Development of a dynamic security system
- Liquid (Japan)  
Cloud-type personal identification and settlement service
- SBI BITS  
Developed AI face authentication app utilizing deep learning
- SECOM Trust Systems  
Collaboration in distributed management (entrustment) of private key

### The SBI Group's security measures

- ✓ SBI Security Solutions will **develop aggregated security solutions from the technology of these portfolio companies and introduce them into SBI Group companies**
- ✓ Planning to consolidate technologies from the SBI Group and these portfolio companies and sell the solutions through partners in Japan and overseas

# Investing in Sepior of Denmark, a Developer of Key Management as a Service (KMaaS) on the Cloud



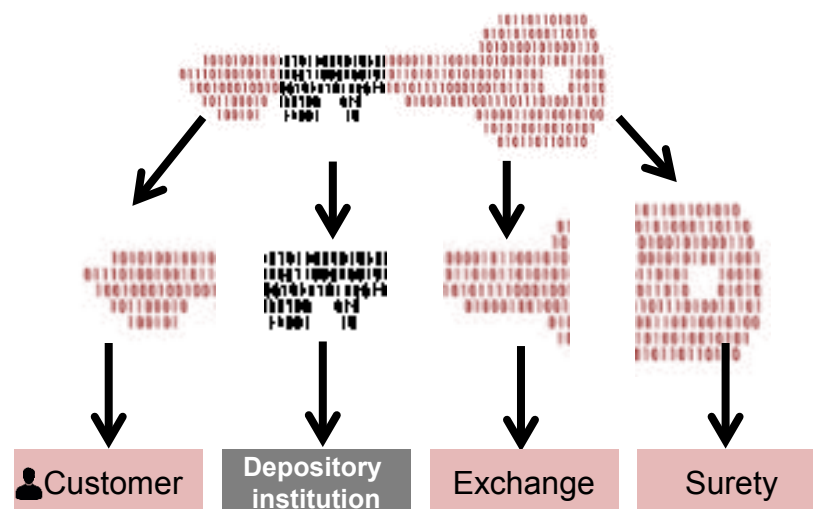
## Sepior (Denmark)

(SBI Group investment ratio: 49%)

- Provides services for the creation and management of encryption keys used in data encryption
- Sepior's services enable encryption keys to be managed across multiple clouds



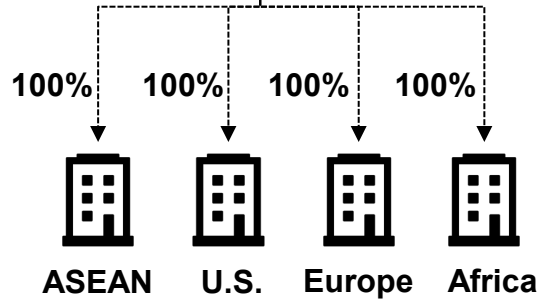
### Online security through distributed management of crypto key



# Establishment of a Joint Venture with Korean Everspin that Develop Dynamic Securities

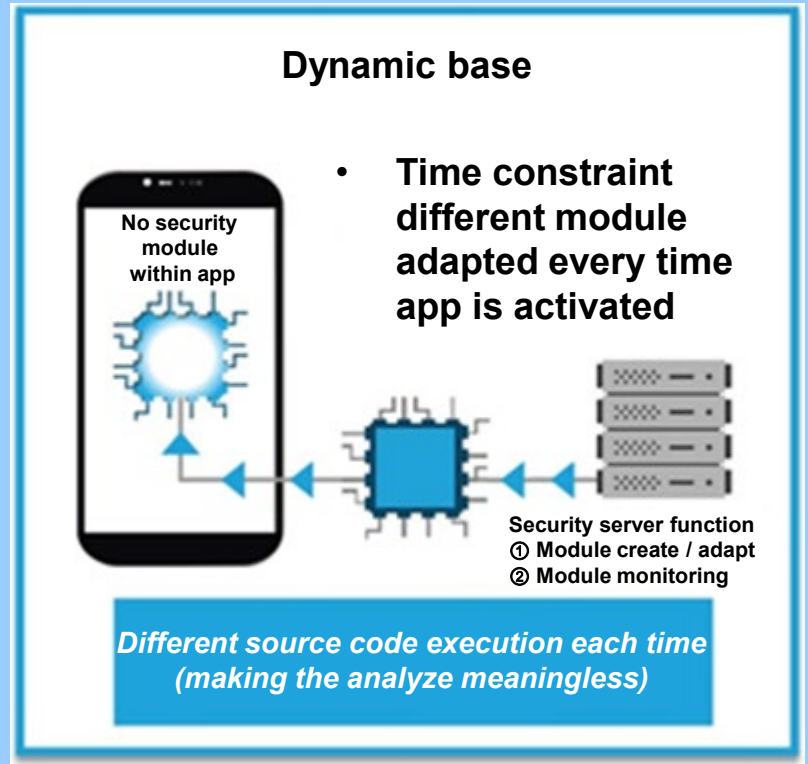


**SBI EVERSPIN (Japanese arm), established in Aug. 21, 2018**



Establish subsidiaries and branches in regions other than a part of the Asia-Pacific region and operate worldwide

## Everspin invented a security solution that changes code every time



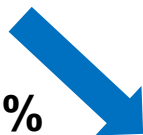
c. Asset management (for institutional investor)

# Accelerating Cryptocurrency Fund Business with CoVenture Holding Company, an U.S. Asset Management Company



SBI Group investee company  
CoVenture Holding Company

70%

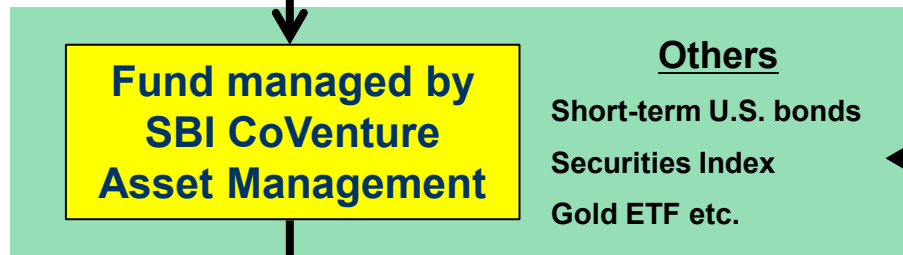


30%



SBI CoVenture Asset Management

Manage



Invest



(Cryptocurrency exchange)



(anonymous cryptocurrencies disclosed)

[SBI SECURITIES]



[SBI MONEY PLAZA]



Sales (Adjusting to start in December)

Consignment of sales



Setup of investment trusts

# Morningstar Japan Offers Digital Asset Market Information



**CoinDesk**

## ■ Business alliance content

- Distribution of news and price information on cryptocurrencies, released in the U.S. to Japanese investors
- Co-host worldwide cryptocurrency conference (Consensus) in Japan and Asia



Firstly, translated articles will be provided through the smartphone app “My Cryptocurrencies,” released by Morningstar Japan



Listed price information and rankings of more than 1,600 cryptocurrencies

## ■ About CoinDesk

- Cryptocurrency news media, started in 2013
- In addition to providing news, collects and discloses Bitcoin Price Index that is connected by API, to companies such as the Financial Times
- 10 million users and 50 million page views per month were recorded. There are 600 thousand followers on SNS, and 150 thousand email magazine subscribers, etc.

- (ii) Partial launch of new financial services utilizing digital assets and blockchain**
  - a. “Money Tap,” the remittance app for smartphones**
  - b. S Coin Platform**

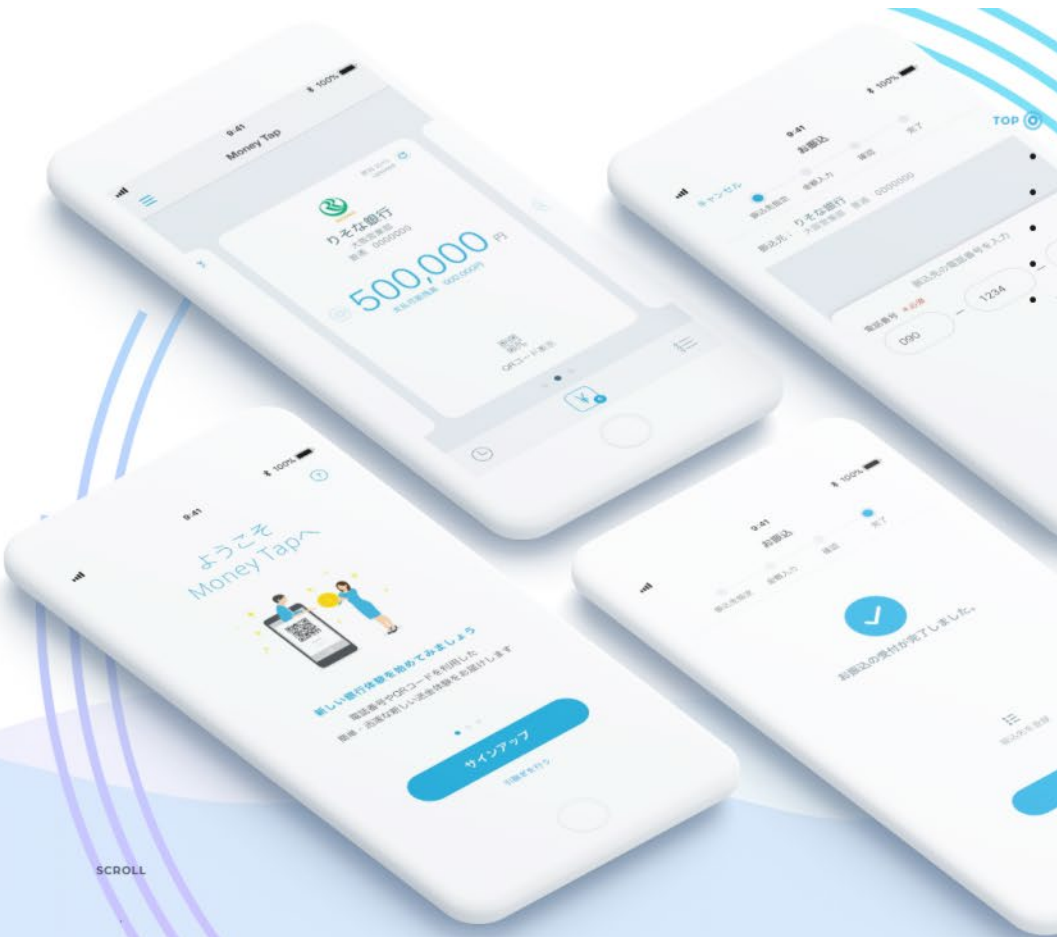
a. "Money Tap," the remittance app for smartphones

# "Money Tap," a Remittance App for Smartphones Utilizing DLT, was Released by The Japan Bank Consortium

Money Tap

## チャージ不要の かんたん銀行送金アプリ

Money Tapは、「内外為替一元化コンソーシアム」から提供する新しい銀行体験アプリです。

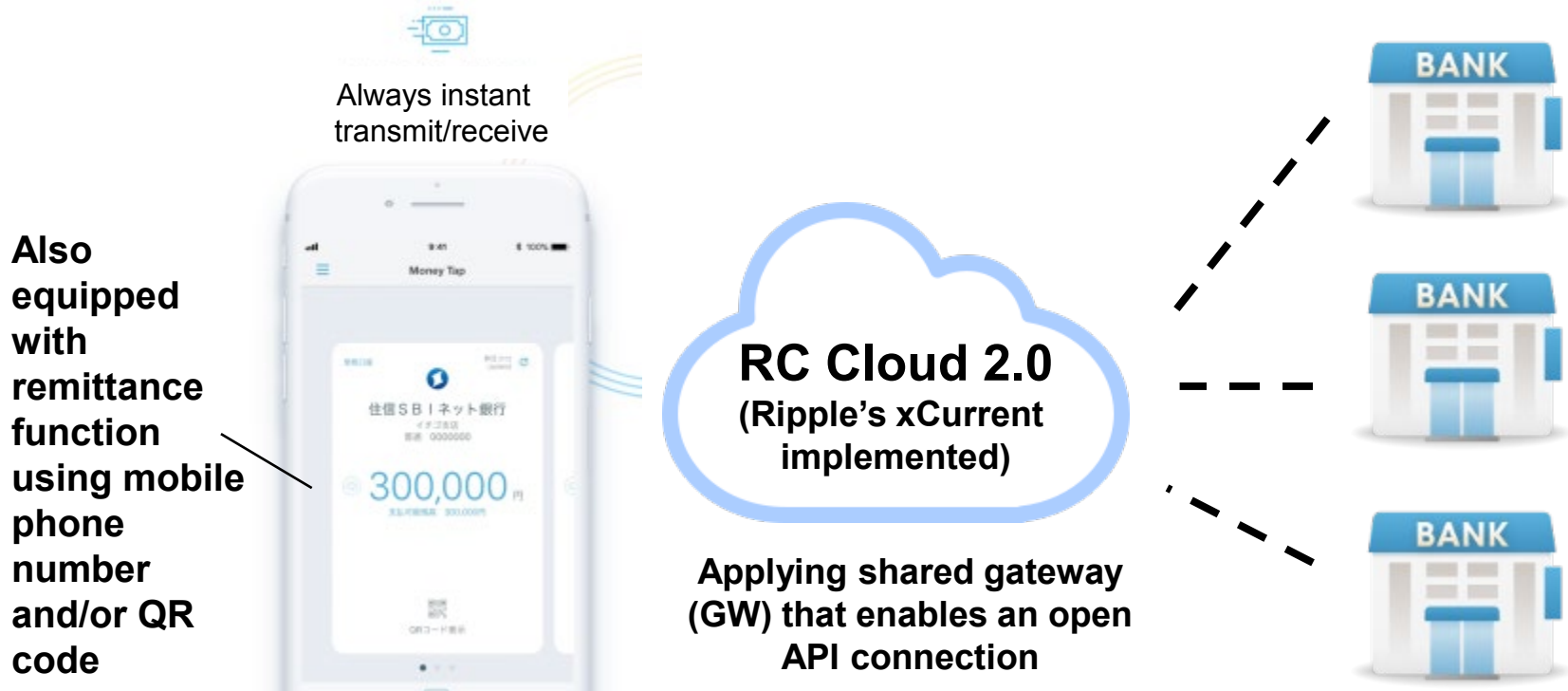


**Available on App Store and Google Play from Oct. 4**

a. "Money Tap," the remittance app for smartphones

# Through "Money Tap," the Provision of an Environment that Allows Users to Safely, Remotely and Comfortably Remit Money Between Individuals

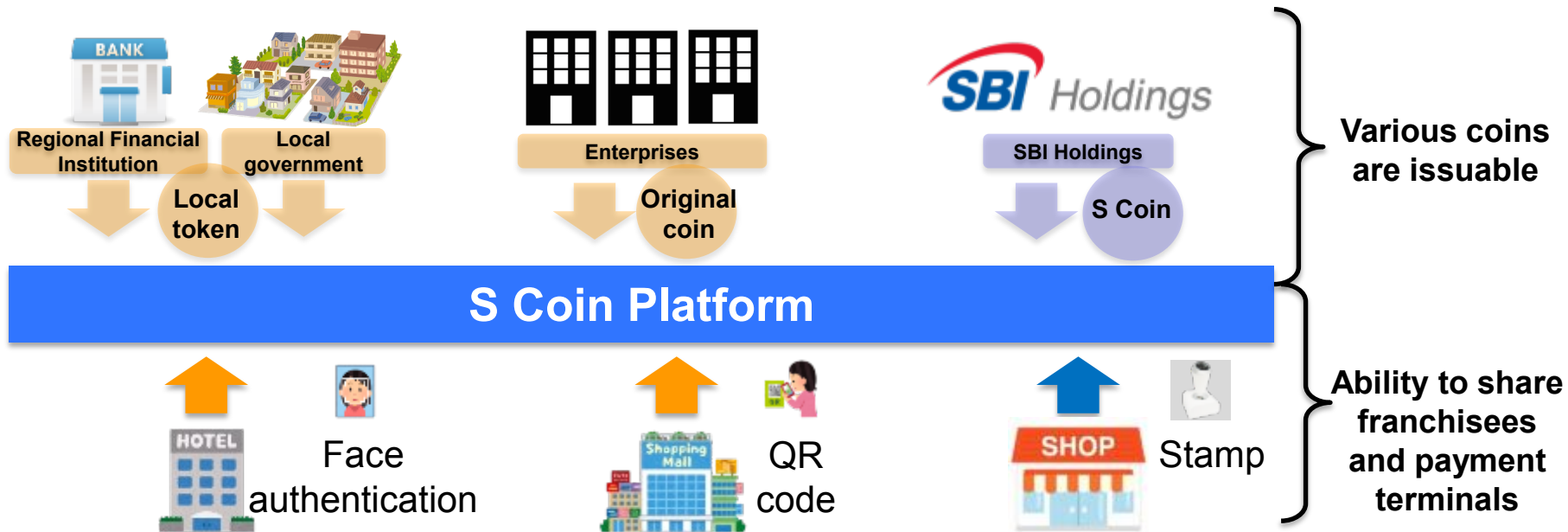
- In connection with 3 banks (SBI Sumishin Net Bank, SURUGA Bank and Resona Bank)
  - A smartphone app that provides a no-fee, 24/365 inter-bank remittance application
  - In addition to account number designation remittances, mobile phone number designation remittance is also possible
- \* As of Oct. 2018





# The SBI Group Provides the “S Coin Platform,” a Platform for Issuing Original Settlement Coins

- By using the S Coin platform:
  - ✓ Coins for payment can be easily issued, including cryptocurrencies
  - ✓ Many companies’ concepts can be rolled out on the same platform enabling mutual use and mutual customers among payment devices and a network of member outlets



➔ **With the increasing number of supporting companies and mutual use cases, the participants will be able to acquire a nationwide settlement network with little effort**

# S Coin Platform Issuance Example -1

Conducted a PoC, starting on Apr. 2018 as a part of research on use of new settlements infrastructure, issuing UC Daiba Coin using blockchain and DLT.

UC Card conducted coin issuance and settlements, while SBI overseed system operations for coin issuance and management, and Orb provides Orb DLT on which the system is based and develops peripheral functions



**Coin issuance &  
system management**

- Issuing a prepaid type of local coin that can be settled, transferred and charged via smartphone
- For UC Card employees, at the UC Card office in Odaiba and neighboring restaurants, etc., it is possible to settle payments without cash, through facial or stamp authentication



**Coin issuance &  
settlement**

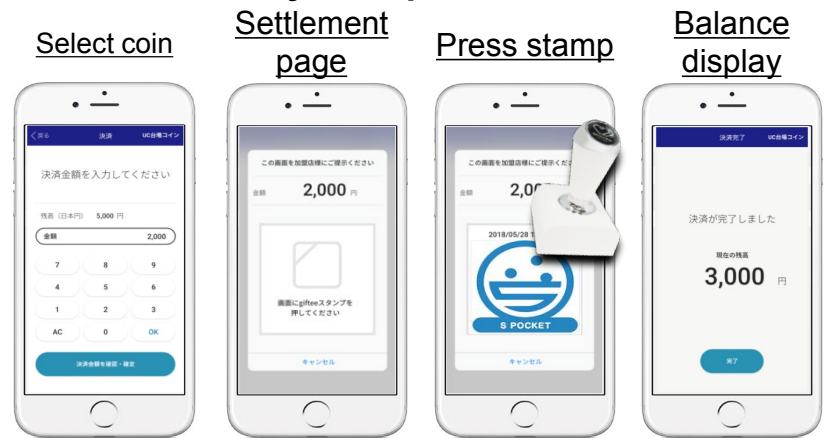
\*Image: facial / stamp authentication



# S Coin Platform Issuance Example -2

Starting from Oct. 2018, SBI Holdings begun PoC with SBI employees and nearby stores in preparation for the commercialization of S Coin. The PoC strives to drastically reduce settlement costs through a settlement infrastructure utilizing DLT

## ■ Settlement by stamp authentication



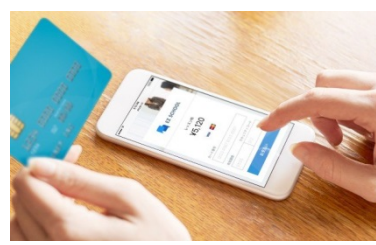
- Availability area: Izumi Garden Tower stores and Office Famima



## ■ 2 ways of charging S Coin

### (1) Charge by credit card

Likewise UC Daiba Coin, using Coiney's technology, users can purchase S coin by simply entering card information



<supporting brand>



### (2) Charging actual money

Exchange cash for S coin using a new experimental terminal being developed by Glory. Display a QR code on a smartphone and let the terminal authenticate

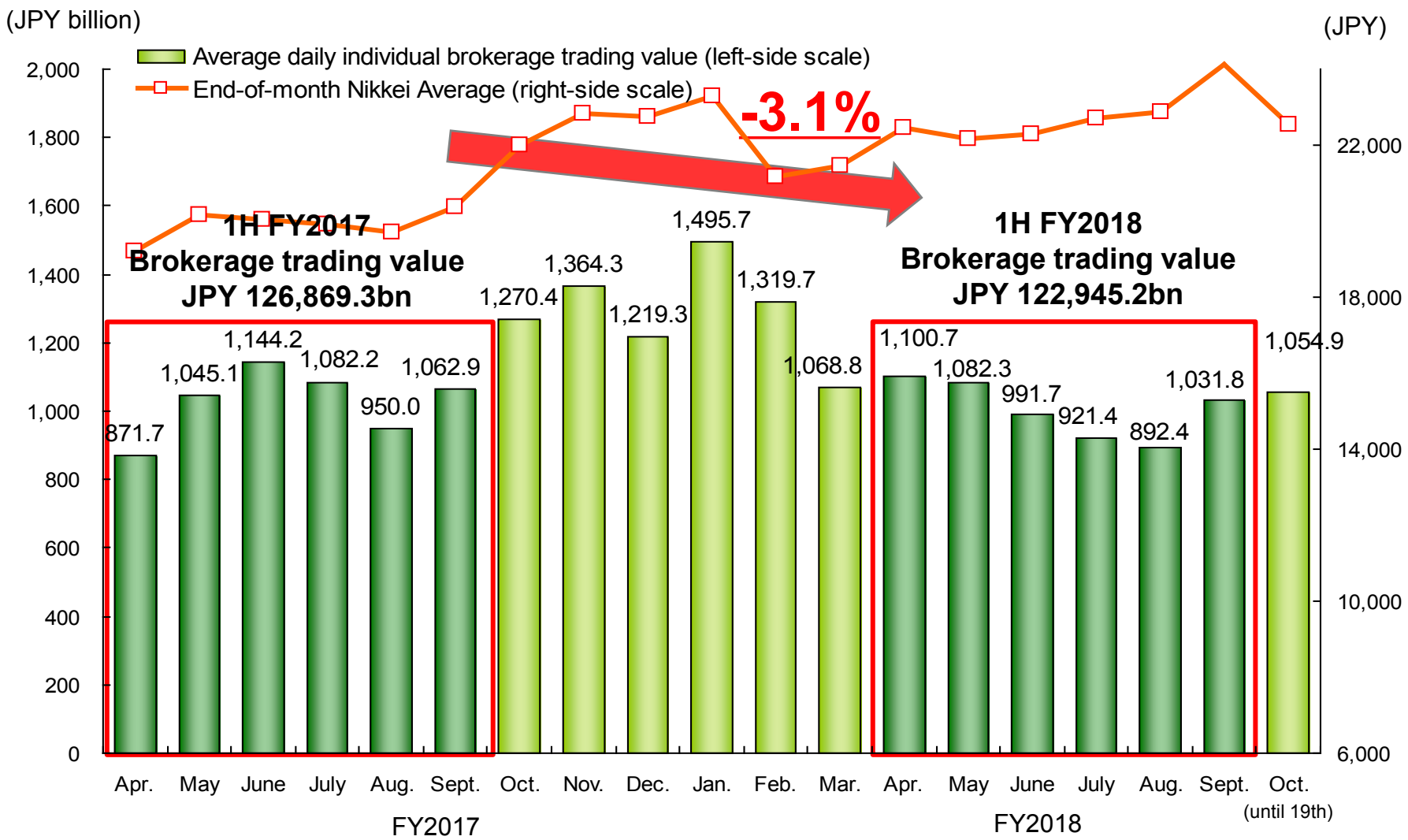


## **[Appendix]**

### **(1) Business foundation of the securities-related business**

# Trend of the Average Daily Individual Brokerage Trading Value

## Average daily individual brokerage trading value (2 Market total \*)



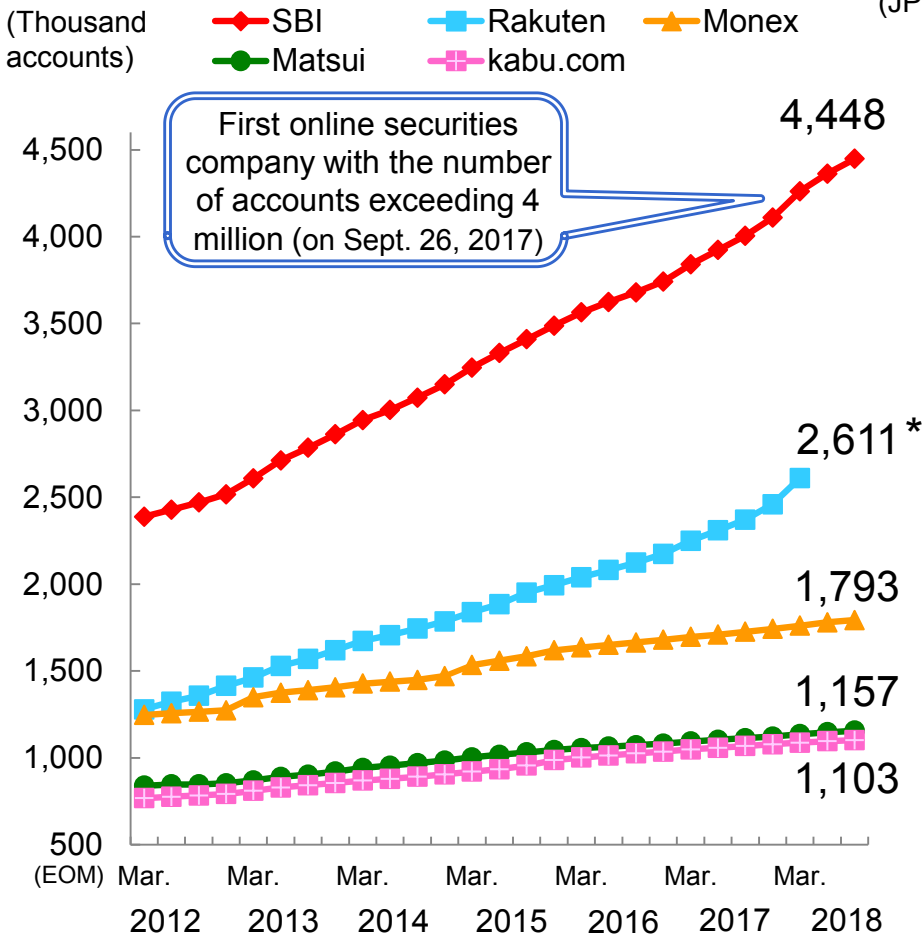
\* Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, JASDAQ and NSE Centrex)

Source: Compiled by SBIH from disclosed data from TSE

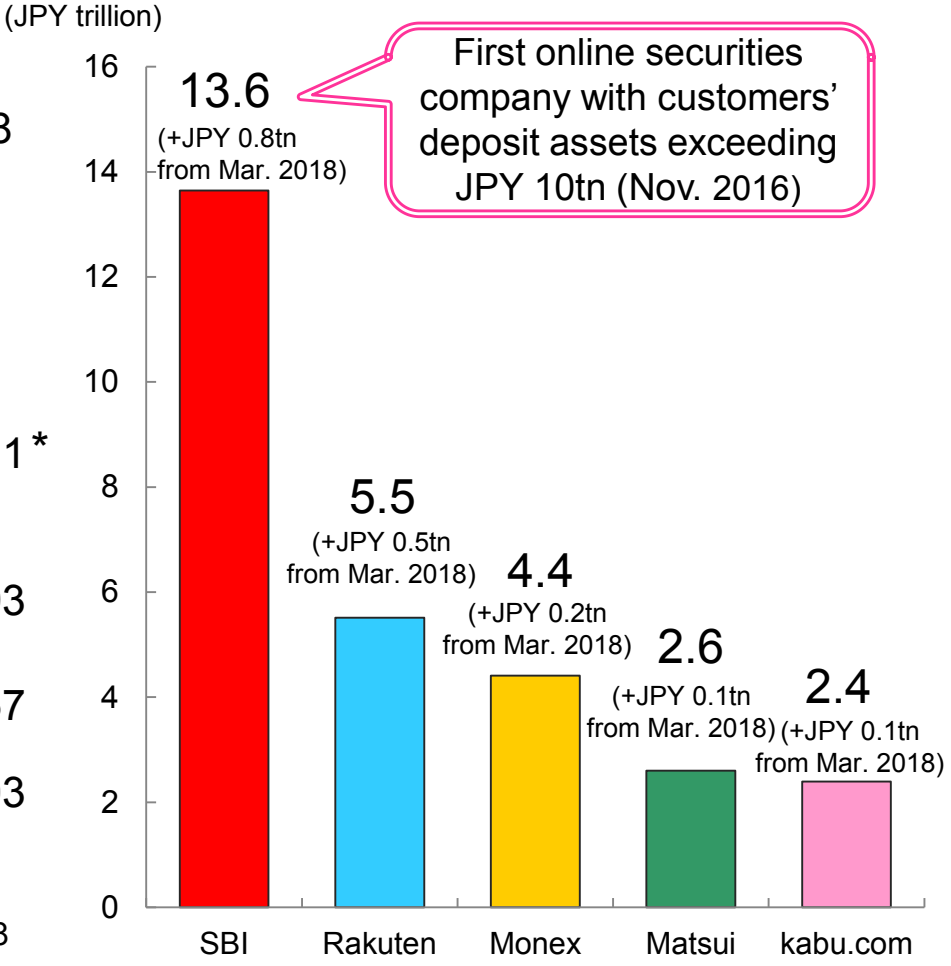
# SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

### Customer Accounts of 5 Major Online Securities Companies (Mar. 2012 –Sept. 2018)



### Customers' Deposit Assets of 5 Major Online Securities Companies (as of the end of Sept. 2018)



\* Rakuten has not disclosed its figures beyond Mar. 31, 2018.

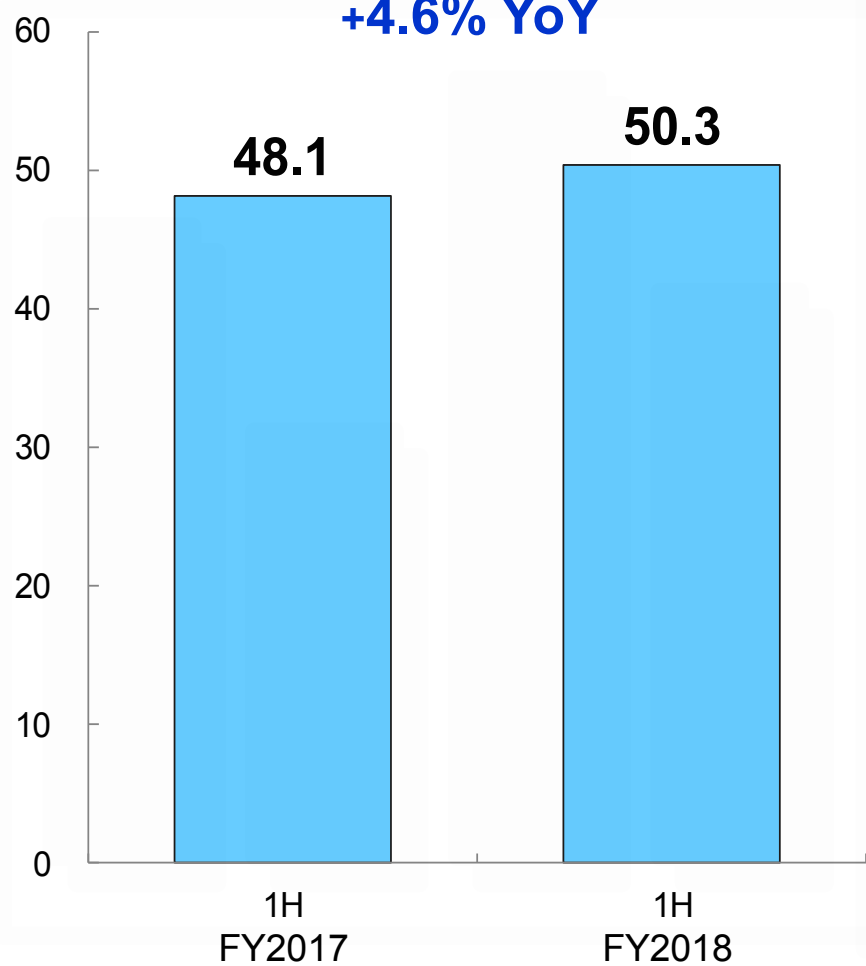
Source: Compiled by SBIH from the information on websites of each company.

# SBI SECURITIES' Stock Brokerage Trading Value and Commissions

### Stock Brokerage Trading Value

(JPY trillion)

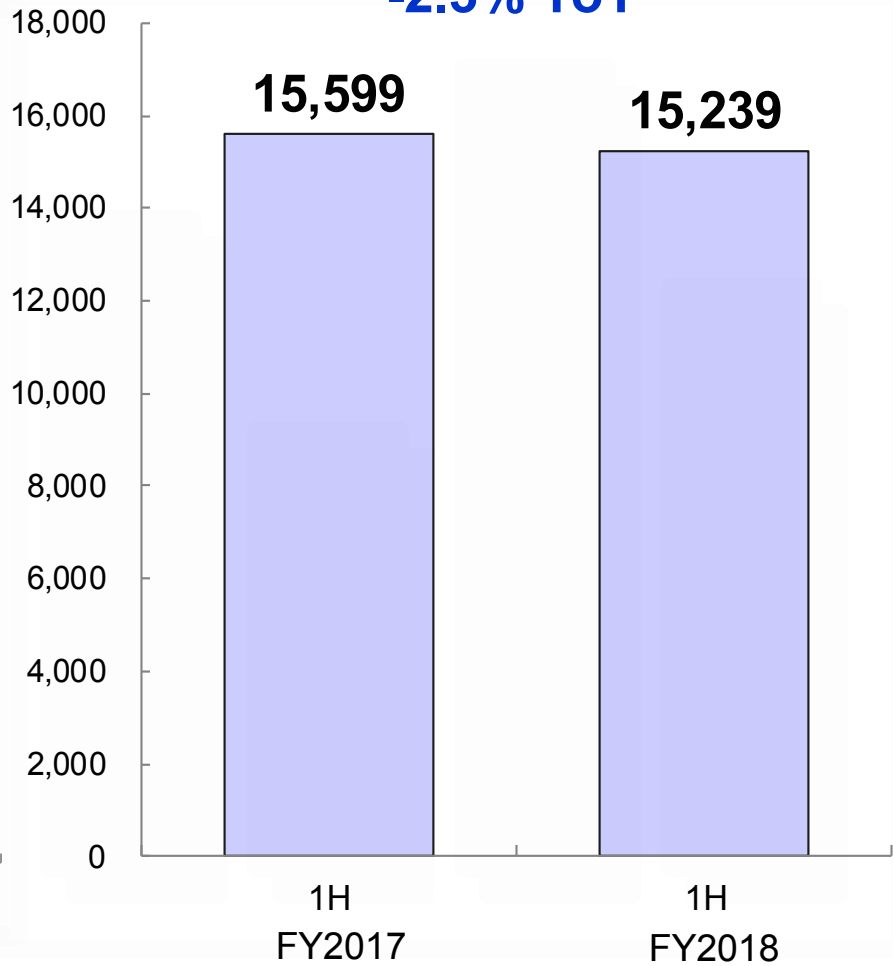
**+4.6% YoY**



### Commissions

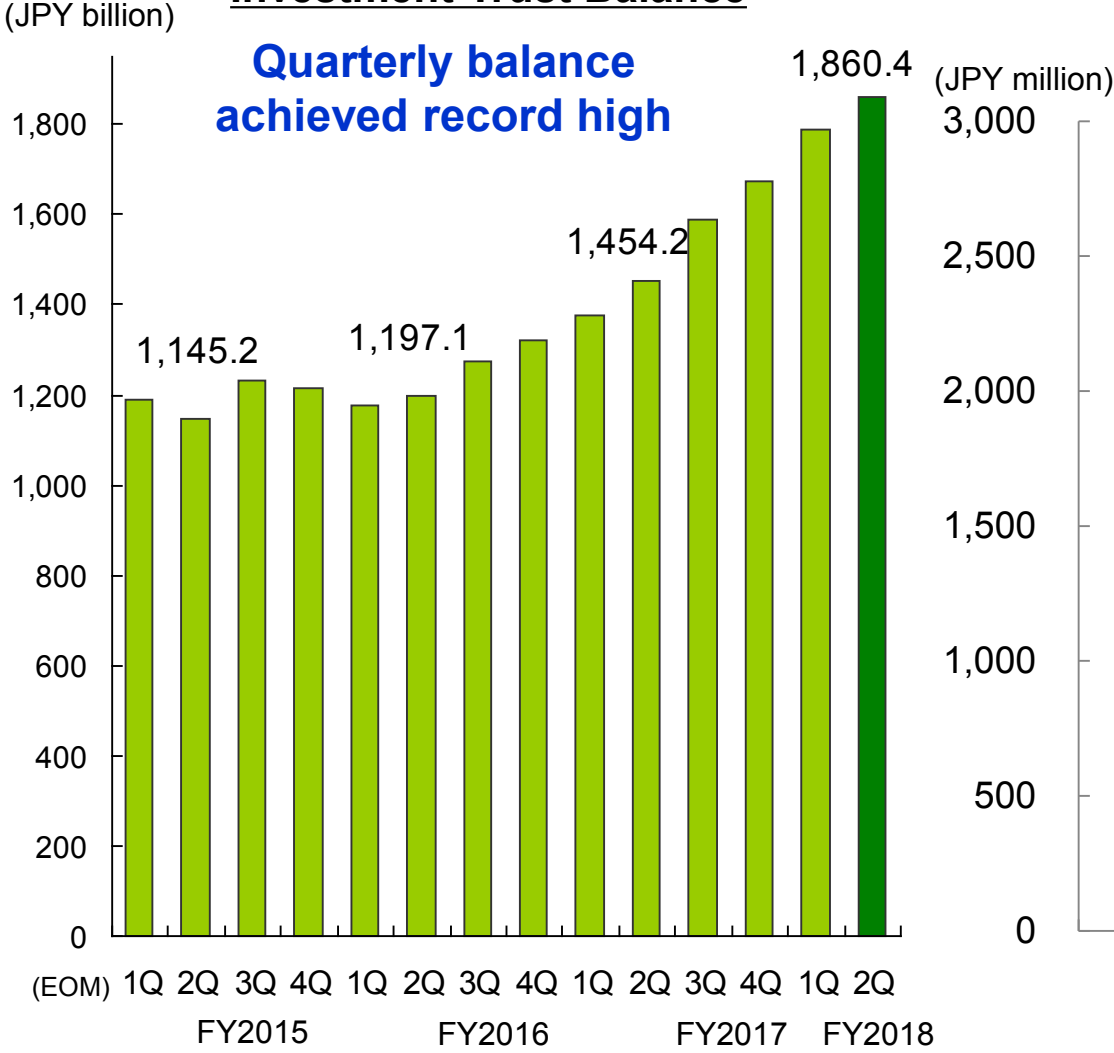
(JPY million)

**-2.3% YoY**

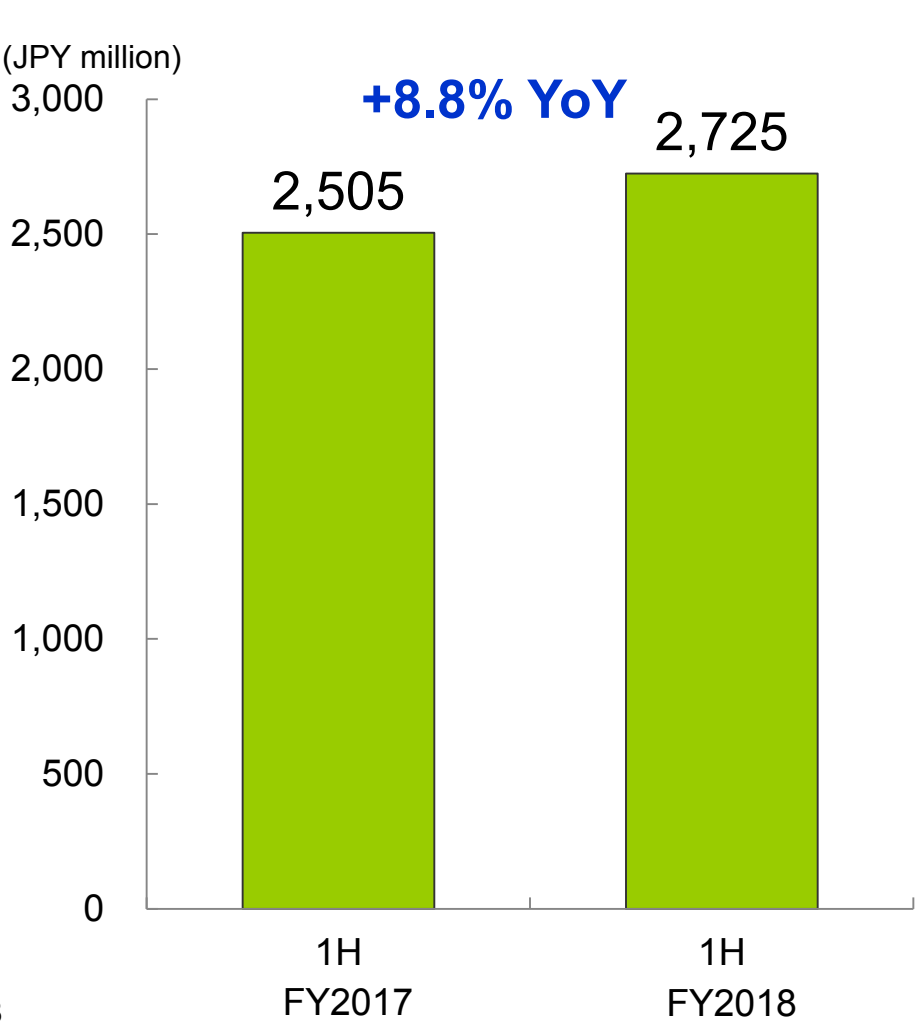


# SBI SECURITIES' Investment Trust Balance and Investment Trust Fees are Both Record Level

## Investment Trust Balance



## Investment Trust Fees

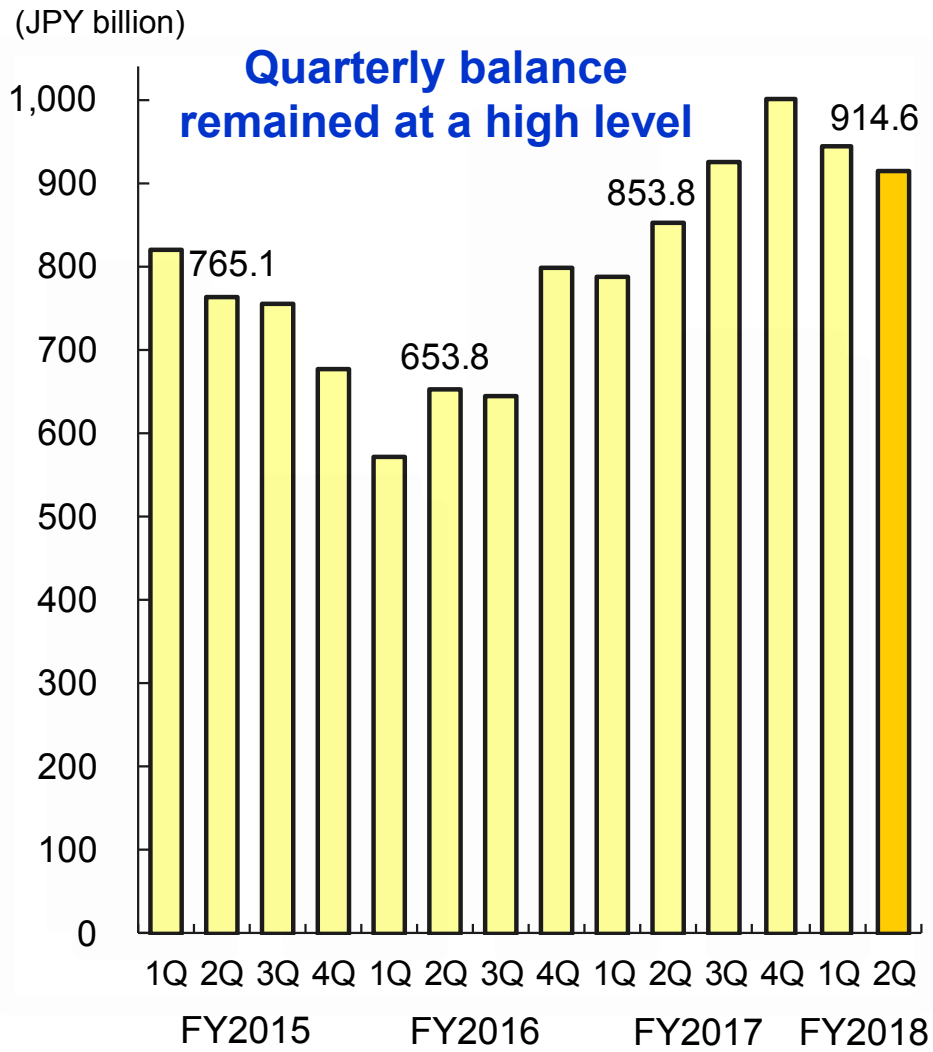


\* Includes MMF, deposits of Chinese Fund and deposits of face-to-face accounts.  
 \* Investment trust fees is included in "Other commission received".  
 \* Trust fee excludes MRF.

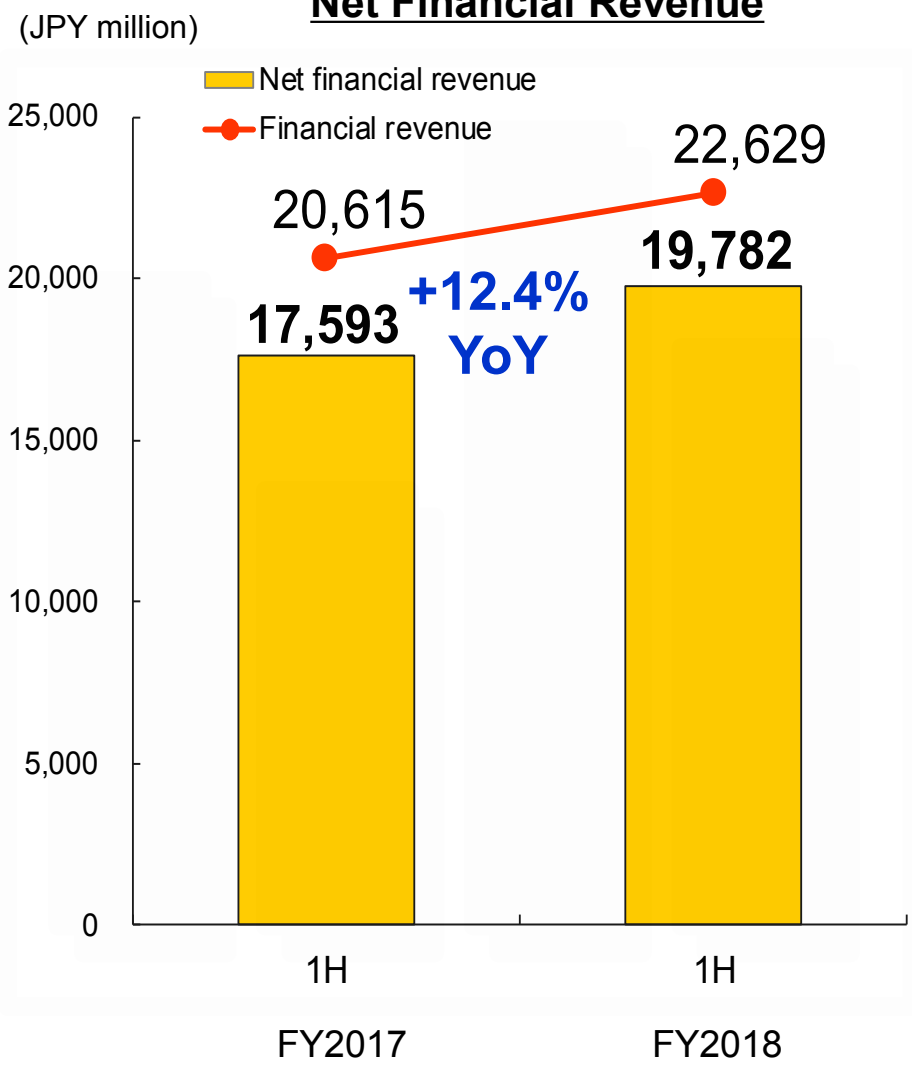


# SBI SECURITIES' Interest Credit Balance and Financial Revenue / Net Financial Revenue

**Open Interest Credit Balance (EOM)**



**Financial Revenue / Net Financial Revenue**



## (2) Assets Under Management of the SBI Group (As of the end of Sept. 2018)

**Private equity, etc. JPY 433.6bn** (Including JPY 141.8bn of both cash and commitment amount to be paid in) (\*3)

| Breakdown by Industry        | Amount       |
|------------------------------|--------------|
| IT/Internet                  | 91.9         |
| Biotechnology/Health/Medical | 19.1         |
| Services                     | 21.3         |
| Materials/Chemicals          | 4.7          |
| Environmental/Energy         | 18.4         |
| Retail/Food                  | 10.4         |
| Construction/Real estate     | 1.0          |
| Machine/Automobile           | 15.8         |
| Finance                      | 96.0         |
| Others                       | 13.2         |
| <b>Total</b>                 | <b>291.8</b> |

| Breakdown by region | Amount       |
|---------------------|--------------|
| Japan               | 85.5         |
| China               | 21.2         |
| Korea               | 60.0         |
| Taiwan              | 1.6          |
| Southeast Asia      | 35.5         |
| India               | 4.9          |
| U.S.                | 47.8         |
| Europe              | 13.1         |
| Others              | 22.2         |
| <b>Total</b>        | <b>291.8</b> |

**Investment trusts, etc. JPY 786.5bn** (\*4)

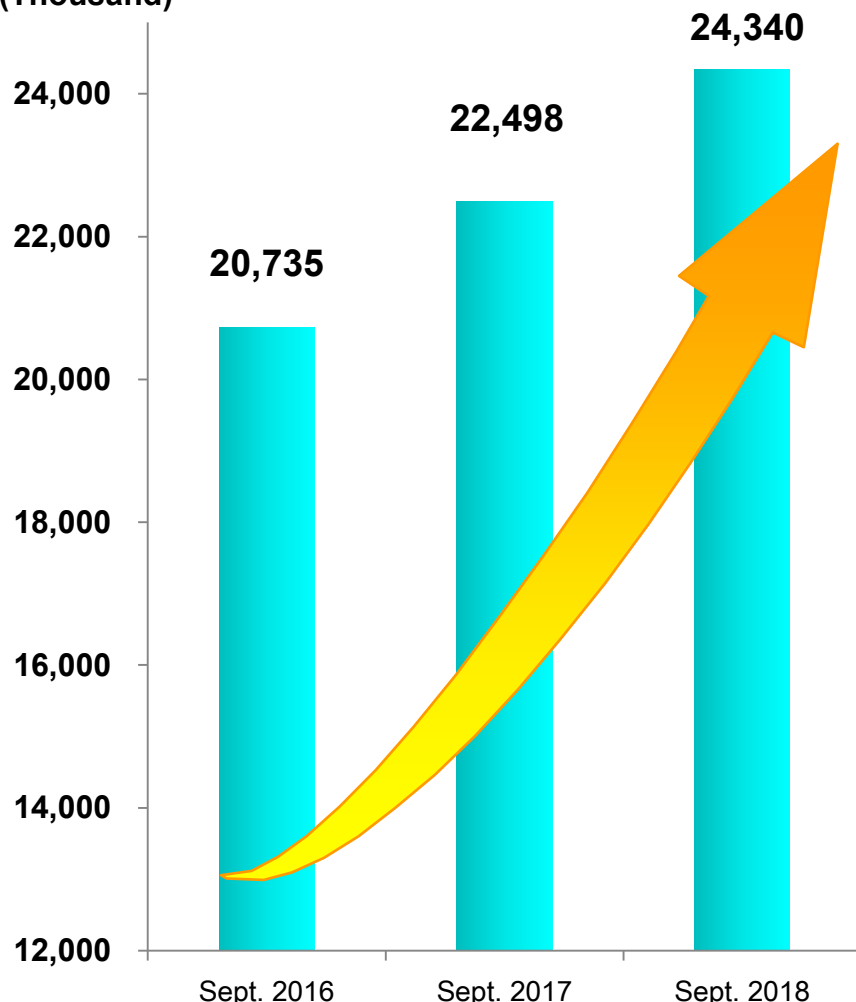
|                     |       |
|---------------------|-------|
| Investment trusts   | 624.5 |
| Investment advisory | 162.0 |

- \*1 Calculated by the exchange rate as of the end of Sept. 2018
- \*2 Amounts are rounded to the nearest JPY 100m
- \*3 Composed of cash in funds and unpaid capital which is to be paid on a capital call.
- \*4 For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both "Investment trusts" and "Investment advisory," respectively, and such overlapping amounts totaled JPY 44.2bn

## **(3) State of the Group**

# The SBI Group's Customer Base, which was Expanded through the Thorough Pursuit of the Customer-centric Principle and Group Synergies

(Thousand)



## Breakdown of the Customer Base

(As of the end of Sept. 2018)<sup>\*1,2</sup> (Thousand)

|                         |  |               |
|-------------------------|--|---------------|
| SBI SECURITIES          | (No. of accounts)                          | 4,448         |
| SBIH InsWeb             | (No. of customers)                         | 9,136         |
| E-LOAN                  | (No. of customers)                         | 2,479         |
| MoneyLook               | (Total no. of customer registrations)      | 945           |
| Morningstar Japan       | (Total no. of service users) <sup>*3</sup> | 855           |
| SBI Sumishin Net Bank   | (No. of accounts)                          | 3,374         |
| SBI Insurance           | (Total no. of contracts) <sup>*4</sup>     | 1,015         |
| SBI Life Insurance      | (Total no. of contracts)                   | 130           |
| Others (SBI Point etc.) | -  | 1,958         |
| <b>Total</b>            | -  | <b>24,340</b> |

\*1 The cases that customers who are not identified as the same person within each service website and overlapping customers among the Group companies are double counted.

\*2 Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation, are not included in the figures for the past customer bases.

\*3 Includes the number of smartphone app downloads, as provided by Morningstar

\*4 The total number of contracts of SBI Insurance excludes continuing contracts, expiring contracts and early-withdrawals.

# Number of Companies and Consolidated Employees of the SBI Group

## Number of Group companies

|   | Mar. 2018 | Sept. 2018 |
|---|-----------|------------|
| Consolidated subsidiaries (companies)       | 180       | 193        |
| Consolidated partnerships (partnerships)    | 17        | 16         |
| Total consolidated subsidiaries (companies) | 197       | 209        |
| Equity method companies (companies)         | 33        | 36         |
| Total Group companies (companies)           | 230       | 245        |

## Number of consolidated employees

|                           | Mar. 2018 | Sept. 2018 |
|---------------------------|-----------|------------|
| Total employees (persons) | 5,391     | 6,030      |

# Market Cap. Ranking of Companies established in 1999

| No. | Code | Market | Company name                          | Establishment | Market Cap. (JPY mil) |
|-----|------|--------|---------------------------------------|---------------|-----------------------|
| 1   | 8473 | TSE1   | SBI Holdings, Inc                     | July 8, 1999  | 653,369               |
| 2   | 3436 | TSE1   | SUMCO CORPORATION                     | July 30, 1999 | 388,310               |
| 3   | 2432 | TSE1   | Ci:z Holdings Co., Ltd.               | Feb. 26, 1999 | 285,003               |
| 4   | 4924 | TSE1   | DeNA Co., Ltd.                        | Mar. 4, 1999  | 277,490               |
| 5   | 6055 | TSE1   | kabu.com Securities Co., Ltd.         | Nov. 19, 1999 | 132,783               |
| 6   | 8703 | TSE1   | JAPAN MATERIAL CO., LTD.              | Dec. 3, 1999  | 126,705               |
| 7   | 2484 | JQS    | Yume no Machi Souzou linkai Co., Ltd. | Sept. 9, 1999 | 100,322               |
| 8   | 6235 | TM     | OPTORUN Co.,Ltd.                      | Sept. 2, 1999 | 95,281                |
| 9   | 8922 | TSE1   | Japan Asset Marketing Co.,Ltd.        | Aug. 25, 1999 | 85,567                |
| 10  | 2491 | TSE1   | Sun Frontier Fudousan Co., Ltd.       | Apr. 8, 1999  | 52,607                |
| 11  | 8934 | TSE1   | ValueCommerce Co., Ltd.               | Sept. 3, 1999 | 50,845                |
| 12  | 2461 | JQS    | Fujio Food System Co., Ltd.           | Nov. 11, 1999 | 45,062                |
| 13  | 9517 | TSE1   | F@N Communications, Inc.              | Dec. 8, 1999  | 44,663                |
| 14  | 2752 | TSE1   | erex Co.,Ltd.                         | Oct. 1, 1999  | 43,927                |
| 15  | 7774 | JQG    | Japan Tissue Engineering Co., Ltd.    | Feb. 1, 1999  | 40,082                |
| 16  | 4563 | TM     | AnGes, Inc.                           | Dec. 17, 1999 | 36,081                |
| 17  | 7169 | JQS    | NEWTON FINANCIAL CONSULTING, Inc.     | Dec. 15, 1999 | 32,577                |
| 18  | 3678 | TSE1   | MEDIA DO HOLDINGS Co., Ltd.           | Apr. 1, 1999  | 27,341                |
| 19  | 2471 | JQS    | APAMAN Co., Ltd.                      | Oct. 20, 1999 | 22,921                |
| 20  | 3778 | JQS    | S-Pool,Inc.                           | Dec. 1, 1999  | 22,740                |

## **(4) Issuance of Euro Yen Convertible Bonds (Bonds with Stock Acquisition Rights)**

# Issuance of Euro Yen Convertible Bonds Due 2023 (Bonds with Stock Acquisition Rights)

**-Resolved on Aug. 28, 2018-**

**The bond issuance was determined, as it was possible to raise funds with a zero coupon, with the paid-in amount exceeding the face value**

|                               |   |
|-------------------------------|---|
| <b>Aggregate issue amount</b> | JPY 50.0bn  |
| <b>Due</b>                    | Five years (Redemption date: Sept. 14, 2023)  |
| <b>Coupon</b>                 | 0%  |
| <b>Amount to be paid</b>      | 104.5% of the principal amount of the Bonds   |
| <b>Conversion price</b>       | JPY 3,508<br>Conversion premium to the closing date's share price (JPY 2,923): 20.01% |

## Use of Proceeds

1. As funds for investments, into venture companies involved in the fields of fintech, AI, blockchain, and related technological areas, as well as digital asset-related businesses, (including investments from SBI's affiliated companies), JPY 20bn
2. As repayment of loans from financial institutions, JPY 20bn
3. As treasury stock acquisition fund, JPY 10bn



**Completed acquisition through ToSTNeT-3 on Aug. 29, 2018**



# Conversion of the Euro Yen Convertible Bonds Issued on Sept. 14, 2017 is Progressing

|   | Zero Coupon Convertible Bonds due 2020 | Zero Coupon Convertible Bonds due 2022 |
|---|--|--|
| Aggregate issue amount                                    | <b>JPY 20.0bn</b>                      | <b>JPY 30.0bn</b>                      |
| Conversion price  | <b>JPY 1,720.4</b>                     | <b>JPY 1,705.6</b>                     |
| Number of converted stocks                                | <b>9,677,974 stocks</b>                | <b>7,809,562 stocks</b>                |
| Bond balance  | <b>JPY 3.35bn</b>                      | <b>JPY 16.68bn</b>                     |
| Number of dilutive stocks at the current conversion price | <b>1,947,221 stocks</b>                | <b>9,779,549 stocks</b>                |

(as of the end of Sept. 2018)



- ◆ Paid-in capital as of Sept. 30, 2018 increased to **JPY 92,018m**
- ◆ Total number of outstanding shares: **236,556,393 shares** (of which **308,232** are treasury shares)

*<http://www.sbigroup.co.jp/english/>*