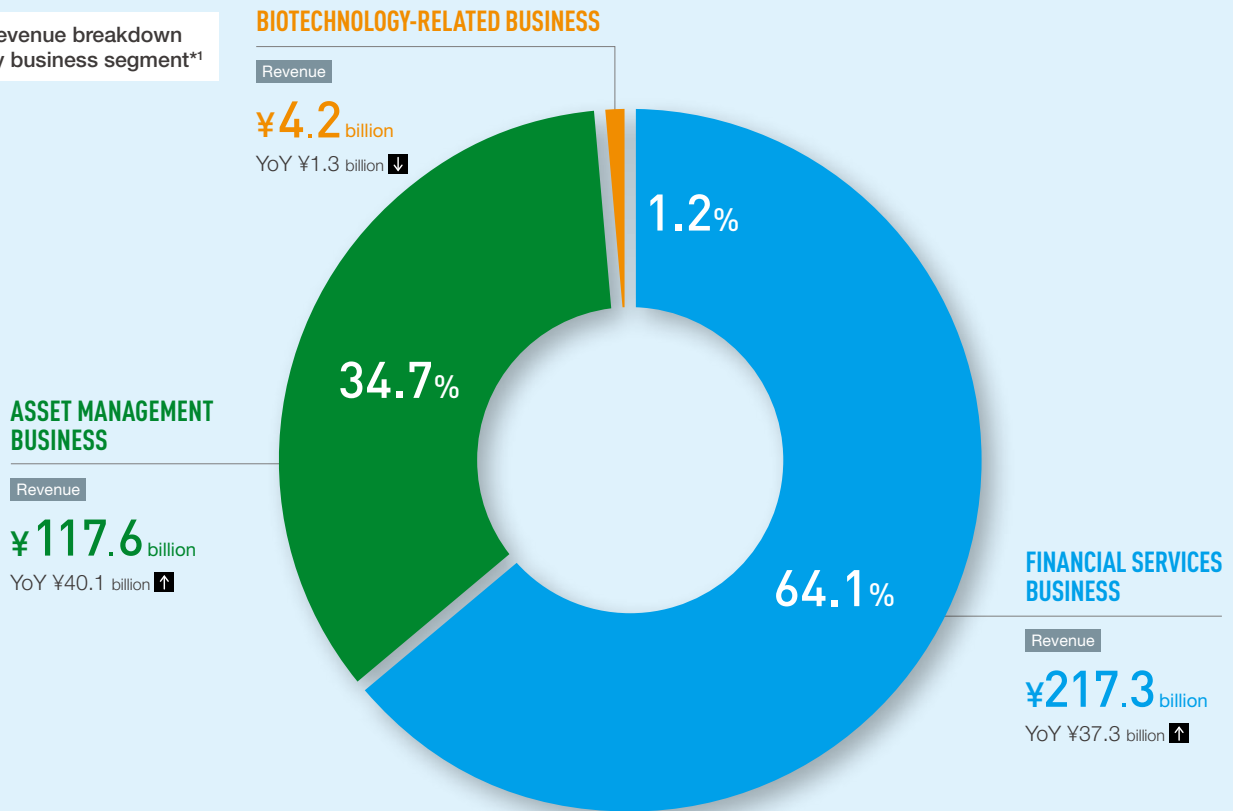


## At a Glance

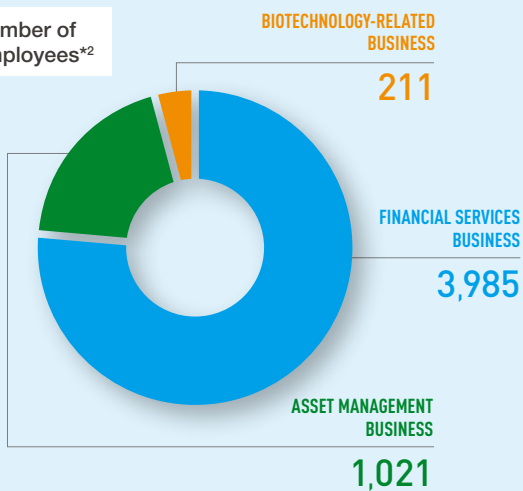
Overview of the SBI Group's Business Operations (FY2017)

# SBI GROUP AT A GLANCE

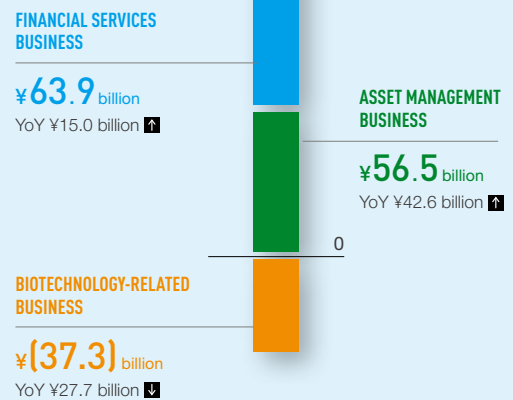
Revenue breakdown  
by business segment\*1



Number of employees\*2



Profit before income  
tax expense



\*1 The ratio of revenue breakdown by business segment is presented as the composite ratio of the total revenue of Financial Services Business, Asset Management Business and Biotechnology-related Business.

\*2 Excluding 174 people, such as shared group employees.



## FINANCIAL SERVICES BUSINESS

»» P.26

Provision of innovative, highly convenient financial products and services via the Internet

### [Main Business]

- Securities-related business
- Banking-related business
- Insurance-related business

### [Performance Highlights]

SBI SECURITIES achieved record highs as a result of favorable stock market conditions. In addition, owing to the diversification of products and services, expansion of sales channels and the introduction of FinTech to improve the efficiency and sophistication of operations, the banking and insurance-related businesses other than the securities business are also now contributing to the performance of the segment as a whole.



## ASSET MANAGEMENT BUSINESS

»» P.28

Investment in venture companies in Japan and abroad in fields including IT and biotechnology, and provision of asset management-related services

### [Main Business]

- Venture capital business
- Asset management services business
- Overseas financial services business

### [Performance Highlights]

In addition to the fact that the SBI SAVINGS BANK of South Korea continued to increase its profits, the change in fair value of securities held, primarily of FinTech investments, at the end of each fiscal year under IFRSs also had a positive effect on the financial performance, resulting in record highs for both revenue and profit before income tax expense upon the adoption of IFRSs.



## BIOTECHNOLOGY-RELATED BUSINESS

»» P.30

Research and development, manufacture and sales of pharmaceuticals, health foods and cosmetics in collaboration with various business partners

### [Main Business]

- Research and development of medical treatments and pharmaceutical products that utilize leading-edge biotechnologies
- Research and development of pharmaceuticals, health foods and cosmetics containing 5-ALA

### [Performance Highlights]

The 5-ALA-related business achieved its first full-year of profitability since its founding. However, owing to a review of business plans at Quark Pharmaceuticals, and the results of clinical trials of the drug discovery pipeline announced by Kubota Pharmaceutical Holdings, which is an equity method associate, impairment losses were incurred, and consequently the loss before income tax expense for the Biotechnology-related Business increased compared to the previous fiscal year.

## FINANCIAL SERVICES BUSINESS

### Customer Satisfaction Assessment of Financial Services Business Companies (As of June 30, 2018)



**SBI証券**  
[SBI SECURITIES]  
Online securities comprehensive ranking

**1st**

"Oricon customer satisfaction ranking" of 2018; Online securities 1st



**SBI Sumishin Net Bank**  
Online banking comprehensive ranking

**1st**

"Oricon customer satisfaction ranking" of 2018; Online Banking 1st

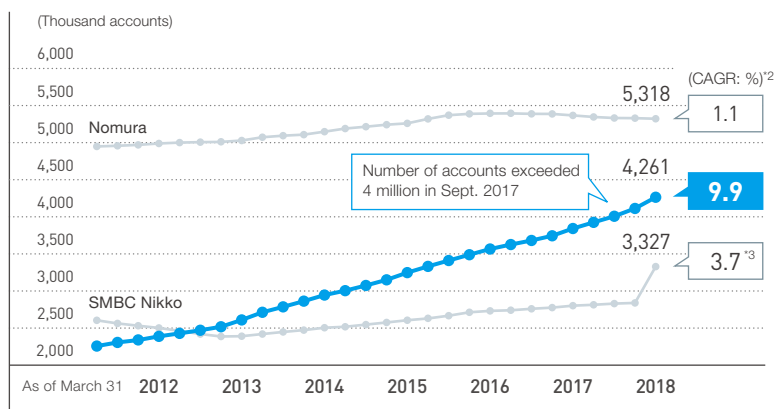


**SBI Insurance**  
Auto insurance satisfaction ranking

**1st**

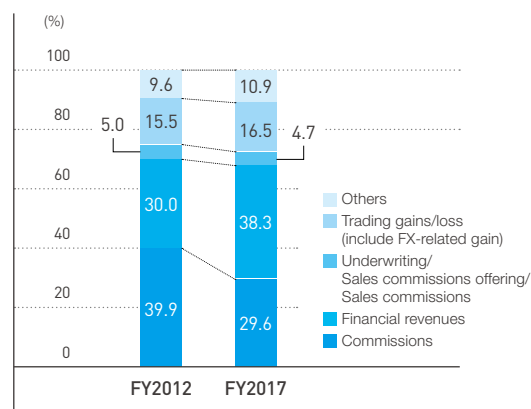
Kakaku.com; Auto Insurance Satisfaction Ranking (2018) 1st

### Number of Accounts of SBI SECURITIES and Two Major Face-to-face Securities Companies\*1



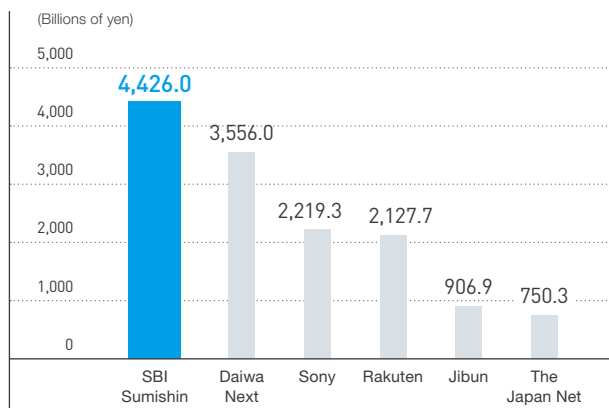
Sources: Each company's published information  
 \*1 As of the end of Mar. 2017, Daiwa Securities' number of accounts totaled 3,886 thousand accounts. Daiwa Securities has not disclosed its figures beyond March 31, 2017  
 \*2 June 2011 to March 2018  
 \*3 Merged with SMBC Friend Securities in January 2018

### Changes in SBI SECURITIES' Operating Revenue Structure



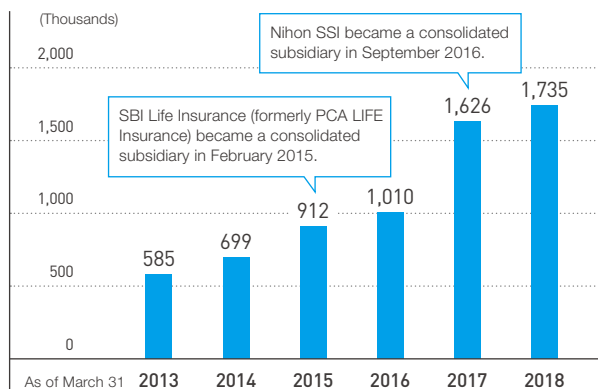
\* Based on JGAAP

### Deposit Assets at Six Pure-play Internet Banks (non-consolidated)



Sources: Each company's published information  
 \* As of March 31, 2018

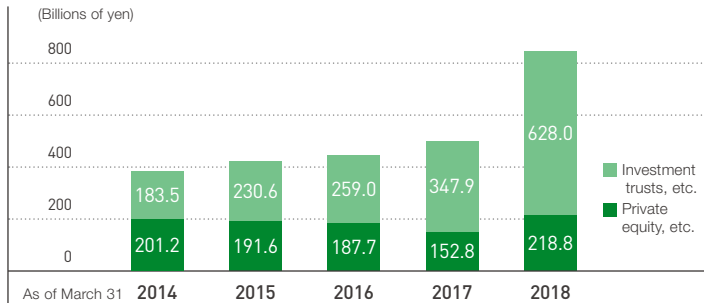
### Number of Contracts in SBI Insurance Group



\* Simple sum of the number of contracts of SBI Insurance, SBI Life Insurance, SBI Resta SSI, SBI IKIKI SSI and Nihon SSI

# ASSET MANAGEMENT BUSINESS

## The SBI Group's Assets Under Management



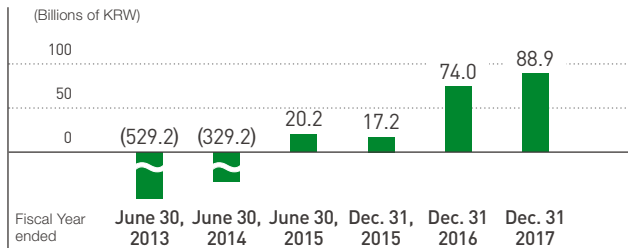
\* Calculated by the exchange rate as of the end of March each year  
 \* Amounts are rounded to the nearest ¥100 million  
 \*\* "Private equity, etc." includes neither cash nor commitment amount to be paid in  
 \*\*\* "Investment trusts, etc." are the sum of amounts of investment trusts and investment 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

## Investment for FinTech Startup Companies

**67** companies / **Approx. ¥40.5 billion**  
 (As of July 31, 2018)

Approx. ¥24.0 billion through the  
**FinTech Fund**  
 Approx. ¥16.5 billion by  
**SBI Holdings and others**

## SBI SAVINGS BANK of South Korea Net Income



\* Fiscal year ended December 31, 2015 was an irregular accounting period of six months  
 \* Based on KGAAP

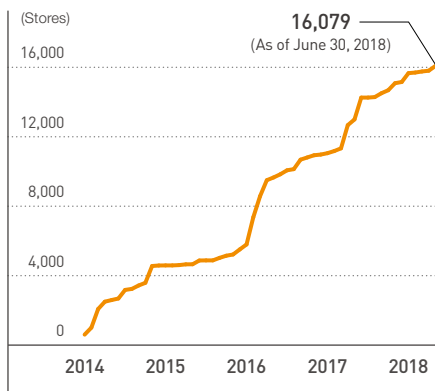
## Position in the Savings Banking Industry

	(Billions of KRW)	
	Total assets	Net income
<b>SBI</b>	<b>5,729.8</b>	<b>88.9</b>
OK	4,063.8	78.0
Korea Investment	2,607.5	50.8
Acuon (formerly HK)	2,260.3	25.2
Welcome	2,077.3	35.0

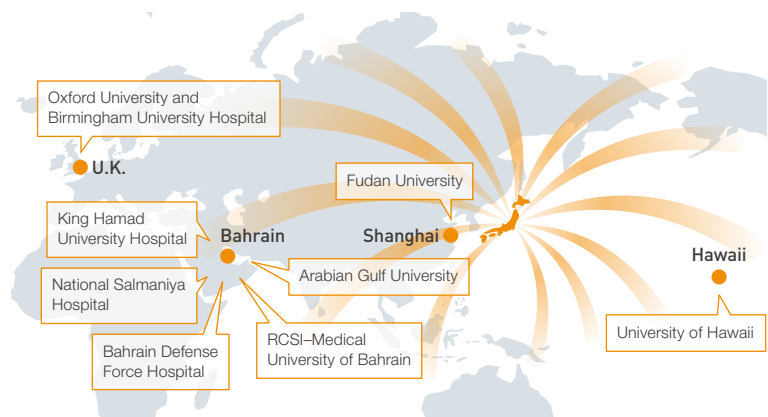
Sources: Each company's published information  
 \* Based on KGAAP

# BIOTECHNOLOGY-RELATED BUSINESS

## Number of Domestic Stores that Offer Health Foods Containing 5-ALA



## Global R&D Partner for Pharmaceuticals Using 5-ALA



\* As of June 30, 2018

# FINANCIAL SERVICES BUSINESS



Increasing Profitability by Leveraging New Technologies and Expanding the Existing Customer Base by Creating Synergies with Digital Asset-related Business

## Principal Companies

Intermediate Holding Company: SBI FINANCIAL SERVICES

SBI SECURITIES  
 SBI Liquidity Market (SBI LM)  
 SBI FXTRADE (SBI FXT)  
 SBI MONEY PLAZA  
 SBI Benefit Systems  
 SBI BITS  
 SBI Japannext  
 SBI Sumishin Net Bank  
 SBI Insurance Group (Insurance holding company)  
 SBI Insurance  
 SBI Life Insurance  
 SBI Resta SSI  
 SBI IKIIKI SSI  
 Nihon SSI  
 SBI FinTech Solutions  
 SBI Remit  
 SBI Social Lending  
 SBI Business Solutions  
 SBI Ripple Asia

## Full-year Profit before Income Tax Expense of the Major Businesses of the Financial Services Business (based on IFRSs)

	(Millions of yen)	
	FY2016	FY2017
Simple sum of SBI SECURITIES, FX business (SBI LM, SBI FXT) and SBI MONEY PLAZA	40,752	54,125
SBI Sumishin Net Bank*	3,185	3,770
Simple sum of SBI Insurance Group and its affiliated companies	1,881	2,263

\* Share of the profit results of associates accounted for using the equity method. Owing to the difference in IFRSs and JGAAP for asset assessment criteria, the profit amount is different from that based on JGAAP

## Principal Initiatives in FY2017 and Future Priority Measures

### Securities-related Business

- Strengthened collaboration with regional financial institutions through the Financial Institutional Sales Dept., and expanded the underwriting business for newly issued municipal bonds and public bonds
- Established an Investment Banking Dept., and started to offer various M&A services in addition to financing and business consulting
- As a step toward further expansion of our iDeCo business, waived all iDeCo asset management fees as of May 2017
- Through the steady expansion of the customer base by the acquisition of new NISA customers, the monthly total periodic investment trust settlement amount exceeded ¥10 billion in February 2018

### Banking-related Business

- Through proactive release of APIs to expand collaboration of services with FinTech startups of the SBI Group's investee companies and others, started offering automatic savings service and asset management services using daily change that targets younger customers.
- In the housing loan business, steadily expanded transaction amount through sales channel expansion
- Started a membership campaign for the new "MIRAINO CARD" credit card
- Promoting business process efficiency through introduction of robotic process automation (RPA)

### Insurance-related Business

- "SBI Insurance's Fire Insurance" contributed to the growth in the number of insurance policies, through the pursuit of Group synergies, along with the promotion of housing loans to regional financial institutions
- Started sales of group credit life insurance products at SBI Life Insurance, which has also been adopted by regional financial institutions
- Expanded the product offering in the small-amount, short-term insurance business, with offerings such as pet insurance to steadily grow the scale of business

## Envisaging Greater Revenue Opportunities by Introducing Leading-edge Technology

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The SBI Group is working to expand financial services that utilize leading edge technologies, through collaborations with its investee companies.

SBI SECURITIES offers “WealthNavi for SBI SECURITIES,” a customized robo-advisor service provided by WealthNavi, and has steadily expanded the scale of this service. In blockchain, working with IBM Japan, SBI SECURITIES is verifying the feasibility of using blockchain in financial market infrastructure, such as for processing bonds, etc. In AI, together with NEC Corporation, the company has started a proof of concept (PoC) testing for applying AI to trade review operations for stocks, and have also started know-your customer (KYC) operations using optical character recognition (OCR) equipped with AI from Double Standard.

SBI Sumishin Net Bank has introduced AI in the screening of housing loans. In customer service, it is making a trial introduction of a hybrid chat service that switches seamlessly between a staffed customer-facing service and an AI-driven one. Also, working jointly with Hitachi, the bank is considering the creation of an AI-based screening service for financial institutions. SBI Sumishin Net Bank has also become the first bank in Japan to publicly release its APIs (application programming interfaces), and through proactive API collaborations with investee companies and others, is offering a series of asset management services that target younger customers.

In the insurance business, SBI Insurance has set up a Safety Support Car Discount/ASV Discount that assesses the reduced risk of advanced safety vehicles (ASVs), which is the first direct insurance service of its kind. SBI Insurance is also starting to accept simple cost estimates based only on an image of the automobile using the LINE messaging app, an Automobile Insurance Image Policy, which is an industry first. The company is also engaged in the development of personalized insurance that calculates insurance fees to reflect the policyholder’s risks and characteristics, by utilizing technologies of the IoT area, such as telematics, or these related to autonomous driving. At SBI Life Insurance, through an alliance with FINC, a technology venture specializing in mobile health, it has started providing a health management app for all policyholders as an incentive for joining its insurance, and to promote preventive health care for subscribers. In collaboration with startup companies and other enterprises, SBI Life Insurance is also developing a new insurance product that sets premiums in accordance with the policyholder’s health. Also, in collaboration with Kindai University, the company is engaged in combining cancer genome analysis with AI, an industry first in Japan.

In these ways, the SBI Group is applying advanced technology for the continual development and offering of products and services that are highly useful to customers, in order to raise the profitability of each business.

## Driving the Financial Sector by Launching Cross-industry Consortia

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This initiative not only capitalizes on the leading-edge technologies of the SBI Group, but also utilizes such technologies across industry sectors. SBI Ripple Asia, a joint venture with Ripple of the U.S. for the development of a next-generation remittance platform, organized “The Japan Bank Consortium.” The consortium completed a trial of the RC Cloud 2.0 remittance platform that uniformly handles domestic and foreign currency exchange, and in March 2018 developed Money Tap, a money transfer app for smartphones via connection to RC Cloud 2.0. This money transfer service has already entered operating trials, and will be offered by SBI Sumishin Net Bank, Resona Bank and SURUGA bank, with commercialization slated for after the summer of 2018.

In addition to The Japan Bank Consortium, in 2018, the SBI Group has established two other consortia which engage in the application of leading-edge technology, such as AI and distributed ledger technology, throughout the financial sector. One is the Card Consortium, which addresses credit card applications for the issuance of cryptocurrency and the tracking of loyalty points, as measures for the sharing and/or prevention of KYC and anti-money laundering (AML) challenges. The second is the Securities Consortium, which addresses the standardization of KYC and AML measures. By being engaged in cross-industry initiatives in this way, the SBI Group is contributing to the improvement of customer benefits and streamlining operational efficiencies for the entire financial sector.

## Expanding the Customer Base of the Various Financial Services Companies, through the Pursuit of Synergies with the Digital Asset-related Business

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SBI Virtual Currencies, which started a cryptocurrency spot trading service in June 2018, is thoroughly pursuing synergies both within and outside of the Group, to work toward achieving profitability in a relatively short period of time upon the start of full-scale services.

Of customers engaged in cryptocurrency transactions, 85% are in their 20’s to 40’s\*. This is a relatively younger generation than the customer distribution of the SBI Group, so we believe that the customer base of the Financial Services Business can be greatly expanded by thoroughly pursuing synergies with the digital asset-related business. By doing so, the various financial services companies are likely to experience a new customer flow centered primarily on the younger generation customers.

\*According to a survey of the Japan Cryptocurrency Business Association (As of March 2018)

# ASSET MANAGEMENT BUSINESS



In Addition to Expanding Investments Abroad and in Leading-edge Technologies, Strengthening Support for Regional Financial Institutions in Japan

## Principal Companies

Intermediate Holding Company: SBI Capital Management

SBI Investment	SBI Ventures Malaysia
SBI FinTech Incubation	SBI SAVINGS BANK
SBI VEN CAPITAL	SBI Investment KOREA
SBI Hong Kong Holdings	SBI Royal Securities
SBI (China)	SBI Thai Online Securities
SBI & TH (Beijing) Venture Capital Management	SBI Bank
	BNI SEKURITAS

Intermediate Holding Company: SBI GLOBAL ASSET MANAGEMENT

Morningstar Japan	SBI ENERGY
SBI Asset Management	SBI Gold
SBI Bond Investment Management	SBI Estate Finance
SBI Regional Revitalization Asset Management	

## Full-year Performance of the Asset Management Business by Major Business Lines (based on IFRSs)

### Private Equity Investment

SBI Investment and funds under its auspices (Billions of yen)

	FY2016	FY2017
Revenue	10.7	47.2
Profit before income tax expense	4.1	40.9

### Overseas Financial Services Business

SBI SAVINGS BANK and other overseas companies (Billions of yen)

	FY2016	FY2017
Revenue	52.2	63.1
Profit before income tax expense	6.1	13.4

### Asset Management Services Business

Morningstar Japan and other companies (Billions of yen)

	FY2016	FY2017
Revenue	4.3	7.3
Profit before income tax expense	1.4	2.2

## Principal Initiatives in FY2017 and Future Priority Measures

### Venture Capital Business

- Contributed to earnings growth from investments focused on FinTech and overseas opportunities
- Earned top-class world ranking in blockchain investments (per CB Insights survey)
- Established SBI AI&Blockchain Fund as the successor core fund to the FinTech Fund
- Following the previous fiscal year, continued to focus on establishing CVC Funds, and have jointly raised seven funds to date, including newly formed funds with MITSUI MINING & SMELTING, HOUSE FOODS GROUP and Subaru Corporation

### Overseas Financial Services Businesses

- SBI SAVINGS BANK of South Korea achieved record profits
- SBI Bank in Russia is developing a full array of financial services, including those incorporating FinTech

### Asset Management Services Business

- Morningstar Japan released "My Cryptocurrencies," a mobile-optimized cryptocurrency information app
- SBI Asset Management won a grand prize in the General Division at the R&I Fund Awards 2018
- Established the SBI Regional Bank Value Creation Fund, to invest in regional financial institutions with favorable prospects for raising corporate value
- Through joint funding with regional financial institutions, established SBI Regional Revitalization Asset Management, an asset management company

## Creating Value by Supporting Regional Financial Institutions

The SBI Group supports the creation of a virtuous cycle that contributes to regional revitalization, through strengthened alliances with regional financial institutions.

In January 2018, the SBI Group established the SBI Regional Bank Value Creation Fund, to invest in regional financial institutions with favorable prospects for raising corporate value. This Fund is a privately placed investment trust offered to qualified institutional investors, and allows investors to make in-kind contributions of shares in targeted regional banks, in addition to cash investments. For both cash investments and in-kind contribution of shares, the Fund can accept supplemental purchase requests each month, and is projected to expand in size up to ¥100 billion. The Fund supports the raising of corporate value at portfolio companies that are regional financial institutions, through the adoption and support of FinTech by companies such as SBI FinTech Incubation, which was established as a joint venture with IBM Japan. Utilization of this fund may lead to the elimination of cross-shareholdings by regional financial institutions, and thereby assist in the strengthening of governance and effective use of capital by these institutions.

Furthermore, SBI Regional Revitalization Asset Management, an asset management company funded through a joint investment with regional financial institutions, which utilizes the SBI Group's management resources, was founded in March 2018. As of June 30, 2018, 16 banks are already participating in this venture. The new company will be contributing to the improvement of asset management capabilities at the regional financial institutions. The company will support the participating regional financial institutions from the dual viewpoints of asset management of those entrusted by customers, as well as the management of their own assets, and will also support the development of the human resources responsible for asset management operations at each bank.

## Focus on Expanding Group Assets Under Management

The SBI Group's asset management company, SBI Asset Management's assets under management grew significantly during the year, with net flows into its investment trusts during FY2017 growing by 14.7 times the previous year's value, a result that greatly exceeds the 3.2 growth multiple for all Japanese providers of investment trusts. In the case of SBI Bond Investment Management, a joint venture with PIMCO of the U.S., one of the world's foremost fixed income asset managers, its assets have also grown steadily.

Additionally, private equity was also very active, with the establishment of several new funds. During FY2017, SBI AI&-Blockchain Fund was established, which is a venture capital fund that will primarily be involved in AI and blockchain investments. Also, three corporate venture capital (CVC) funds were newly established so far, including those with MITSUI MINING & SMELTING, HOUSE FOODS GROUP and Subaru Corporation. These three new funds bring the total to seven CVC funds to date, capitalized at a total of ¥50 billion.

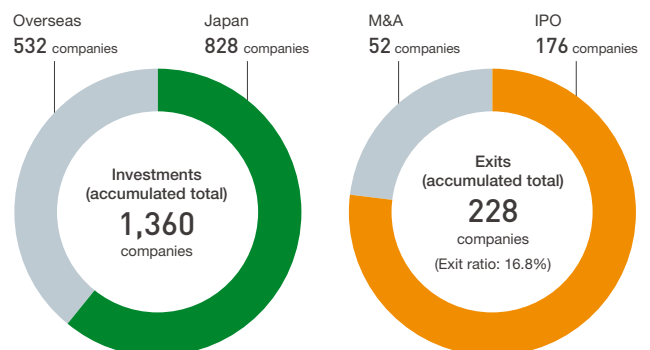
Through initiatives such as these, in investment trusts and private equity, the Group has rapidly expanded its assets under management, to a total of ¥846.8 billion, where the end-of-the-year balance is 1.7 times that of the corresponding figure of FY2016. Looking ahead, we plan to increase our assets under management to a new level, through activities such as M&As and the formation of joint ventures.

## Expanding the Overseas Financial Services Business that are Advancing toward Profitability

As shown by the example of the SBI SAVINGS BANK of South Korea, a major building block in the Group's earnings source, there are excellent growth opportunities in the overseas financial services business. In August 2017, the Group converted SBI Bank (former YAR Bank), a commercial bank in Russia, to a wholly owned subsidiary. Through alliances with FinTech startup companies in which the SBI Group has invested, this move will allow the bank to offer innovative products and services that are highly beneficial to customers. In its corporate business, we have formed a business alliance with the Far East Investment and Export Agency, under the Ministry for Development of the Russian Far East, and HOKKAIDO CORPORATION for the benefit of small- and mid-size Japanese companies, who are considering entering the Russian market. In addition to offering business development expertise, this alliance is building a coherent set of services that can be offered together with financial services, including loans, deposits, foreign exchange and payments.

In Southeast Asia, with its promising future of high economic growth, we have opened a representative office in Jakarta, Indonesia, and are also preparing to set up a base in the Philippines. In this region, we are investing in startup companies in both e-commerce and the FinTech field, and plan to build upon the dramatic growth that we expect from the synergies created between the two types of companies. Meanwhile, we plan to expand business operations by linking up with local affiliates that we have established in Singapore and Malaysia. The SBI Group aspires to transition "from Japan's SBI to the World's SBI," and plans to bolster the overseas financial services business even more in the future.

### Number of SBI Group's Investments and Exits





# BIOTECHNOLOGY-RELATED BUSINESS



Globally Expanding Both the Pharmaceuticals and the Health Foods Business toward Further Profit Growth in the 5-ALA-related Business, which Achieved Its First Full-year of Profitability

## Principal Companies

Intermediate Holding Company: SBI ALApharma

SBI Pharmaceuticals  
SBI ALApromo  
photonamic  
SBI Neopharma  
SBI Biotech  
Quark Pharmaceuticals

## Principal Initiatives in FY2017 and Future Priority Measures

### SBI Biotech, Quark Pharmaceuticals

- SBI Biotech is continuing the development of its drug discovery pipeline, and is seeking new out-licensing opportunities
- At Quark Pharmaceuticals, expenses rose as a result of the steady progress in clinical trials, including several of those in Phase III
- Quark Pharmaceuticals' pipeline candidate targeting acute kidney injury (AKI) has newly entered Phase III

### 5-ALA-related Business

- SBI Pharmaceuticals was profitable for the second consecutive year, owing to the start of sales of "ALAGLIO® Divided Granules 1.5g," which SBI Pharmaceuticals granted exclusive domestic marketing rights to Chugai Pharmaceutical, and received a milestone payment based on licensing agreements
- SBI ALApromo has achieved its first full-year profitability after increasing the number of outlets handling its health foods containing 5-ALA in Japan to 16,000 stores
- SBI ALApromo released "SBI Gingko Bilboa" to market as a new food with functional claims, and is accelerating its product development to expand the product offering of such foods

## Full-year Profit before Income Tax Expense of the Biotechnology-related Business (based on IFRSs)

	(Millions of yen)	
	FY2016	FY2017
SBI Biotech	737	(432)
Quark Pharmaceuticals	(8,270)	(7,902)
5-ALA-related business	(298)	58
SBI Pharmaceuticals	91	42
SBI ALApromo	(233)	40
photonamic (consolidated in Jan. 2016)	(41)	55

\*Excluding impairment losses of drug pipeline, etc.

## 5-ALA-related Products

### Ethical drug



ALAGLIO®  
Divided Granules 1.5g

### Health foods and cosmetics



ALaplus  
Gold



ALaplus  
Body Shape



ALaplus  
Sports High-performance



ALaplus  
Tou (Sugar) Down



SBI Gingko Bilboa



ALaplus  
Cosmetic Series

## Global Expansion of 5-ALA-related Pharmaceuticals

In the SBI Group's Biotechnology-related Business, pharmaceuticals utilizing 5-ALA stand out as a promising field that will make major contributions to profit over the medium- to long-term. One such product is "Gliolan<sup>®</sup>," an intraoperative diagnostic agent using 5-ALA that was developed by photonamic, a wholly owned subsidiary of SBI ALApharma, which is an intermediate holding company of the 5-ALA-related business. After receiving approval from the European Medicines Agency (EMA) in 2007, "Gliolan<sup>®</sup>," through photonamic's sales partners, has accumulated a track record of sales in over 40 countries, including Germany and the U.K. In June 2017, photonamic also received approval of this pharmaceutical agent from the U.S. Food and Drug Administration (FDA), and expects to start sales in the U.S. in the second half of FY2018. The product will be sold under the name "Gleolan," and will be marketed through NX Development Corp., which became a subsidiary of photonamic in April 2018. In Japan, SBI Pharmaceuticals has been selling "ALAGLIO<sup>®</sup> Oral 1.5g" since 2013, as an application of intraoperative diagnostic agent for malignant glioma, a type of brain tumor. More recently, SBI Pharmaceuticals developed "ALAGLIO<sup>®</sup> Divided Granules 1.5g," for the purpose of visualizing tumor tissues during resection of bladder cancer. Its domestic sales were started in December 2017 by Chugai Pharmaceutical, which was granted exclusive marketing rights in Japan. Domestically, SBI Pharmaceuticals is proceeding with initiatives to expand the drug application.

## Strengthening Overseas Sales of Drugs and Health Foods Using 5-ALA

In its objective to expand overseas sales of drugs and health foods using 5-ALA, SBI ALApharma jointly founded SBI Neopharma in Dubai in 2017. The partner in this joint venture, namely Neopharma, is one of the largest pharmaceutical distributors in the Middle East and North Africa region (MENA), and has built a business manufacturing generic drugs under license from 14 companies including global mega-pharmaceuticals, at 7 locations around the world. In May 2017, SBI Neopharma started Middle East sales of health foods containing 5-ALA. The company is currently undertaking registration procedures for selling health foods in over 80 countries. In FY2018, SBI Neopharma plans to start sales of the "NatuALA" health food in 20 or more countries. In the MENA and Indian regions, SBI Neopharma also plans to sell drugs using 5-ALA, including drugs for the treatment of diabetes and malaria, which are out-licensed to Neopharma, as well as "ALAGLIO<sup>®</sup> Divided Granules 1.5g."

## Expanding Sales through Foods with Functional Claims

Since its start of business in 2012, SBI ALApromo, a company engaged in the domestic planning, manufacturing and sales of cosmetics and health foods containing 5-ALA, has steadily increased the number of outlets handling its product offerings. It

now conducts product sales through over 16,000 drugstores and pharmacies nationwide, as well as an official online shop and other channels. In particular, "ALApplus Tou (Sugar) Down," a food with functional claims, which started sales in December 2015, has been a big hit. By continually boosting sales, the product helped SBI ALApromo to increase its revenue in FY2017 by 29.6% year-on-year, and to achieve its first surplus in profit before income tax expense for the full-year since its establishment.

Furthermore, in steps toward expanding its product offering of health foods with functional claims, SBI ALApromo is developing products with functions for improvement in the exercise capacity and the quality of sleep, in addition to premium products with high 5-ALA content, and has completed its filings to the Consumer Affairs Agency. The company has also initiated R&D of products with functions for lessening daily fatigue, alleviating fatigue from physical activities and improving male menopause, and plans to complete the filings by the end of FY2018. Outside of this, SBI ALApromo is rolling out supplements using non-5-ALA components and general food products. In December 2017, it started sales of "SBI Gingko Bilboa," containing a ginkgo bilboa component that is reported to preserve memory. It has also started R&D and commercialization of germinated brown rice in FY2017, and plans to start sales of this new product offering in September 2018.

In a move towards creating a full offering of 5-ALA skincare products, SBI ALApromo sells a complete product offering of lotions and creams, with an addition of cleansing and facial wash, available through the Internet. It is also actively expanding OEM-branded health foods and cosmetics. Starting in FY2017, SBI ALApromo has also been making exclusive use of clinic sales channels to market "ALApplus 75," with high 5-ALA content. Through these types of initiatives, SBI ALApromo intends to further expand sales of its products, and to strive for the continuous profitability of the 5-ALA-related business.

### "ALApplus Tou (Sugar) Down," a Food with Functional Claims Marketed by SBI ALApromo, was Awarded "The Storefront Hit Product" Award

In March 2018, "ALApplus Tou (Sugar) Down," a food with functional claims of SBI ALApromo, received "The Storefront Hit Product" Award at the Kinoushoku Awards 2018 (official name: Foods with Health Claims Market Creation Award) held by Health Business Magazine. These awards, which cover foods with health claims (foods with functional claims, foods for specified health uses and foods with nutrient function claims) encompass the needs of the time, and open up latent demand. The awards were established to recognize the products that will drive the future market. "The Storefront Hit Product" Award that SBI ALApromo received at this year's event is awarded to the product providing the greatest support to consumers through promotion and marketing at retail outlets from an "on-the-ground perspective at drugstores." The award was selected by the vote of the readers of the monthly magazine "H&B Retail."