

Investor Relations 2018

# SBI FinTech Solutions

IR Presentation  
FY2018 H1





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#### Disclaimer

- The information contained in this document is not for inducement of investment but enhancement of investors' understanding and provision of various references for investment decision.
- Completeness of the information and the forward-looking information such as business strategy herein is not guaranteed.
- Please take note that the contents of this document is subject to revision or retraction without prior notice.
- Financial data in this document is not audited by external auditor and is only prepared for investors' convenience. It may be revised during auditing process by external auditor.

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## 01

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### FY2018 H1 Overview

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- 01\_ FY2018 H1 Financial Highlights
- 02\_ FY2018 H1 Comparison by Segment
- 03\_ Performance Ratio Compared to the Forecast

# 01. FY2018 H1 Financial Highlight - 1

The H1 consolidated performance achieved in increase of income and profit, with sales JPY 4,130 million, a 24% increase, operating income JPY 910 million, a 45% increase and net income attributable to owners of the parent JPY 540 million, a 20% increase YoY. It is an all-time high since applying IFRS 15.

Unit: JPY million

Account title	FY2018		FY2018	FY2017	YoY
	Q1	Q2	H1	H1	
Sales	2,042	2,085	4,127	3,334	+23.8%
Gross margin	1,521	1,555	3,076	2,474	+24.3%
Operating income	463	442	905	625	+44.8%
Income before tax	428	367	795	585	+35.8%
Net income	307	226	533	444	+20.1%
Net income attributable to owners of the Parent	309	228	537	446	+20.5%

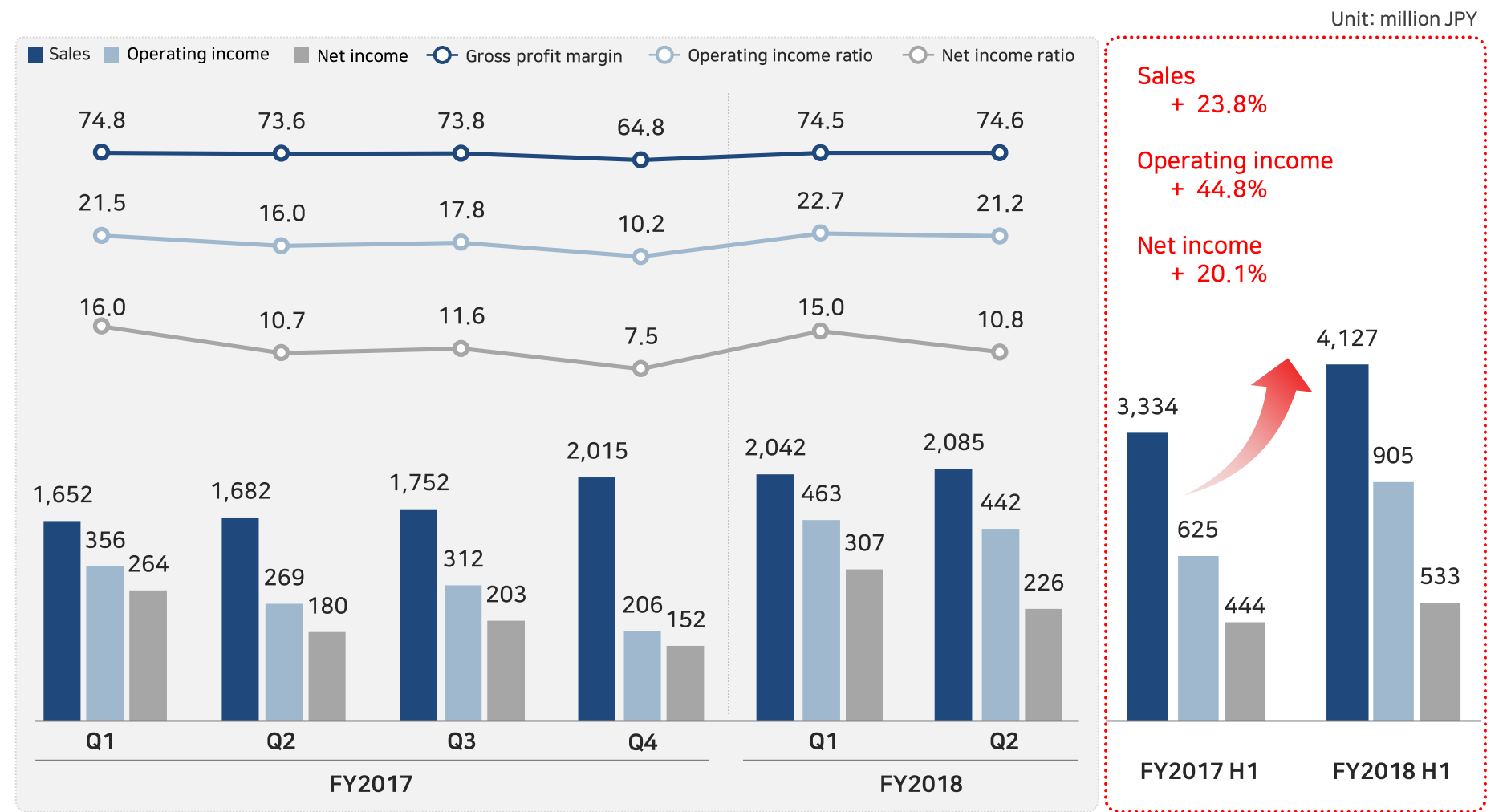
※ IFRS basis

※ Sales recognition criteria is changed from FY2018 Q1 by IFRS15 application. Therefore, FY2017 H1 figures have been revised under the same criteria and provided as comparison information.



# 01. FY2018 H1 Financial Highlight - 2

FY2018 H1 Operating income ratio 21.9%, Net income ratio 12.9% on a Consolidated Basis

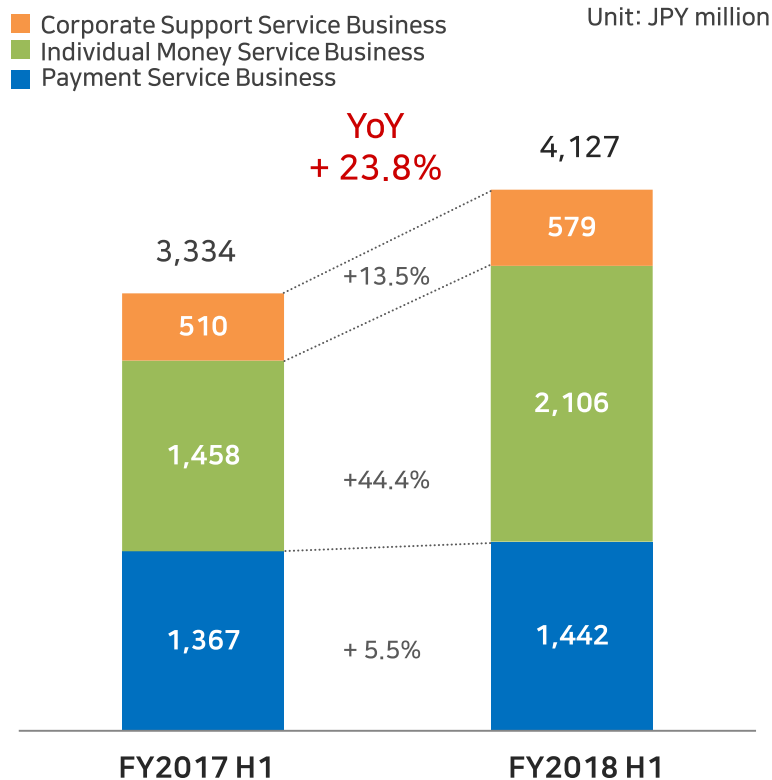


\*) Sales recognition criteria is changed from FY2018 Q1 by IFRS15 application. Therefore, FY2017 H1 figures have been revised under the same criteria and provided as comparison information.

# 01. FY2018 H1 Financial Highlight - 3

Sales of Individual Money Service Business was JPY 2,110 million, a 44.4% increase YoY and led to growth of H1 sales per segments.

## Sales



### YoY Increase Factors

#### Payment Service Business

- Sales for ZEUS' Large merchants was healthy
  - Sales of tablet terminals increased in accordance with revision of Installment Sales Act
- ➔ YoY 5.5% increase

#### Individual Money Service Business

- Significant rise in number/amount of SBI Remit's money transfer centering on Vietnam
  - Sales of Remit Card deposit handling fee also grew
  - Increased in loan execution amount of social lending
- ➔ YoY 44.4% increase

#### Corporate Support Service Business

- Products sales of SBI Business Solutions was well (Cloud based accounting software introduction support service, Keihi Bank II, Shonin Time etc.)
- ➔ YoY 13.5% increase

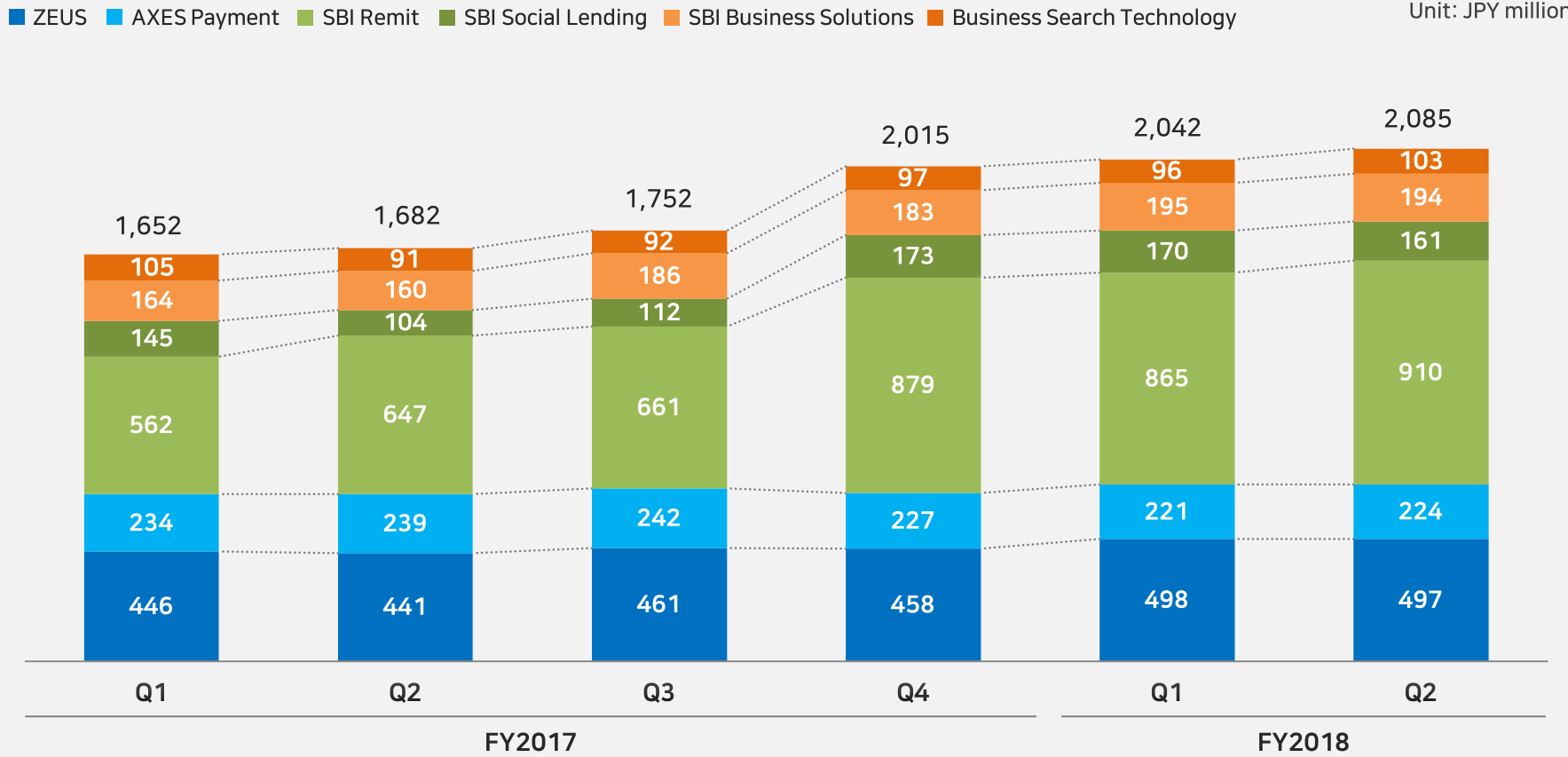
\*) The values per business segment are not adjusted for intercompany transactions.

\*) Sales recognition criteria is changed from FY2018 Q1 by IFRS15 application. Therefore, FY2017 H1 figures have been revised under the same criteria and provided as comparison information.

# 01. FY2018 H1 Financial Highlight - 4

H1 Sales for each subsidiary was steady and led by SBI Remits JPY 1,780 million, a 47% increase YoY and ZEUS JPY 1,000 million, a 12% increase YoY

Sales Transition of Principal Affiliates

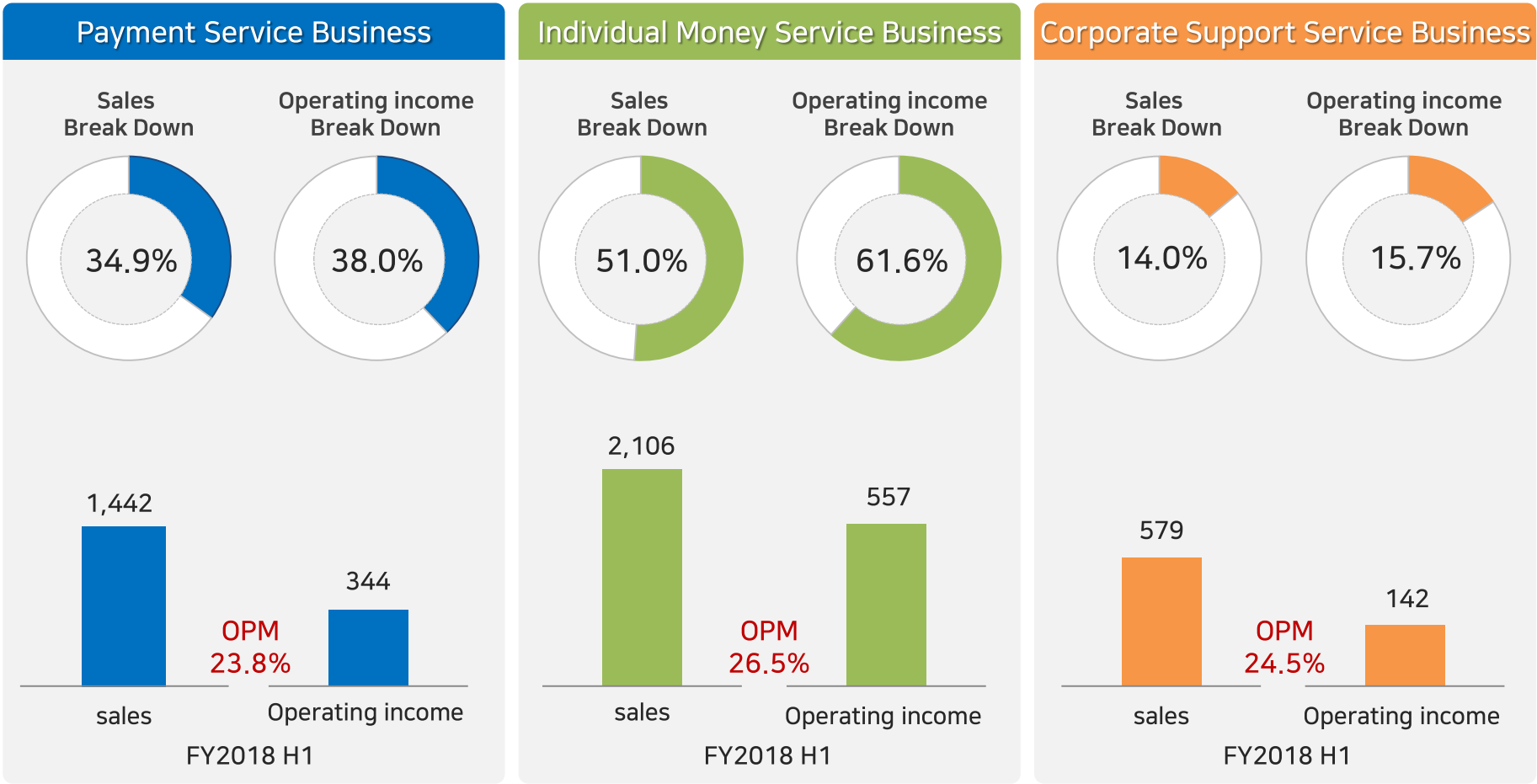


※ The values per business segment are not adjusted of intercompany transactions.  
※ Sales recognition criteria is changed from FY2018 Q1 by IFRS15 application. Therefore, FY2017 H1 figures have been revised under the same criteria and provided as comparison information.

## 02. FY2018 H1 Comparison by Segment

Individual Money Service Business' contribution to the consolidated performance increased due to IFRS 15 application effect and favorable business conditions for

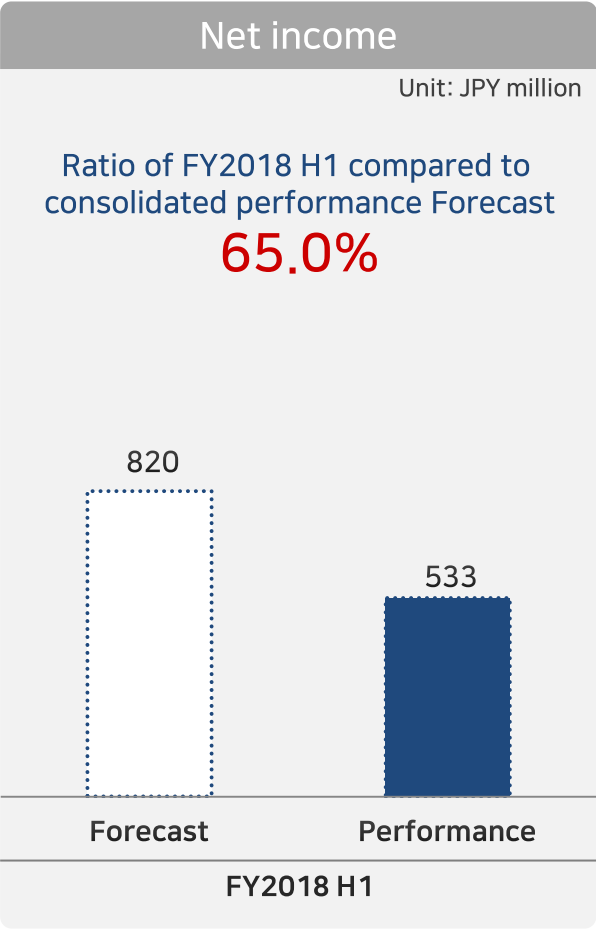
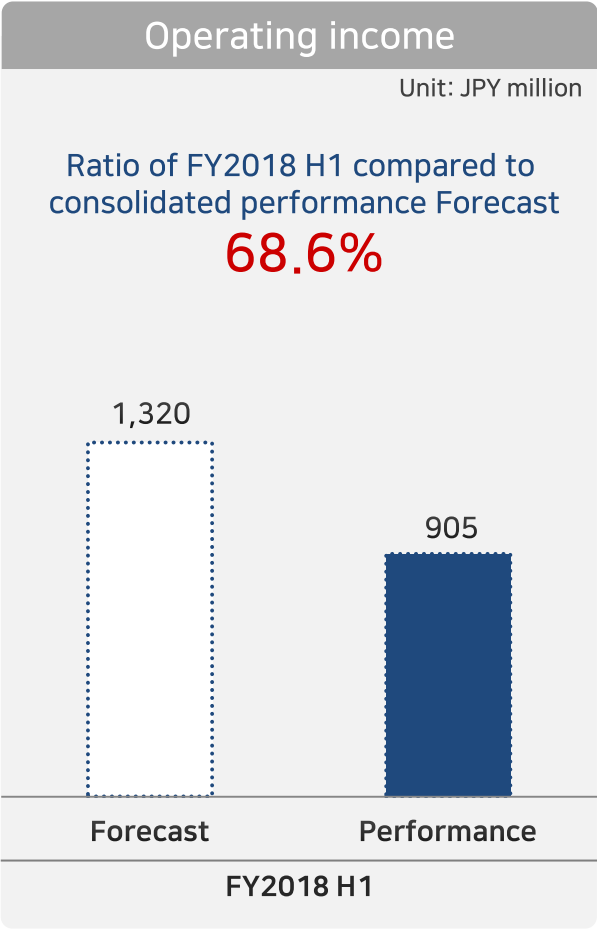
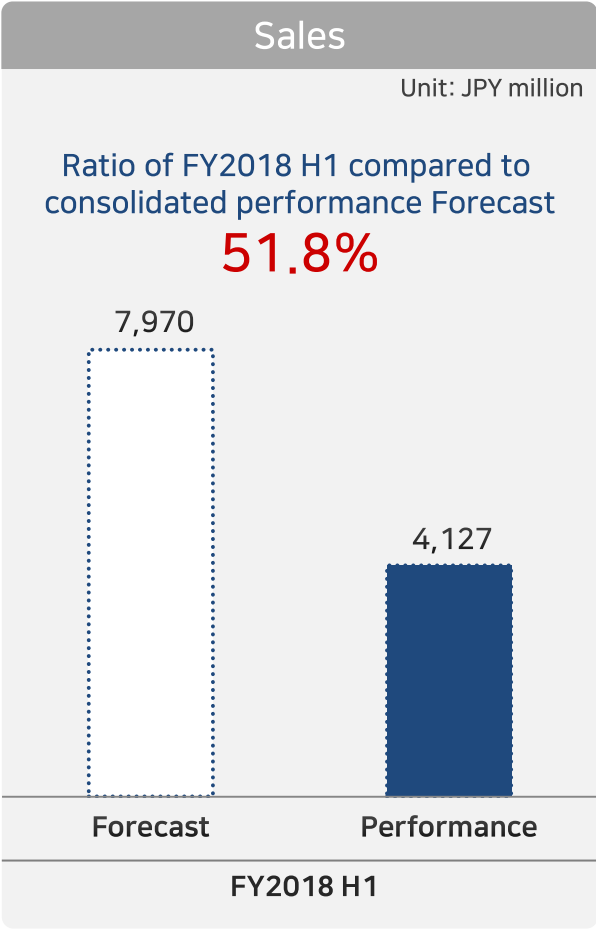
Unit: JPY million



※ The values per business segment are not adjusted of intercompany transactions.  
※ Sales recognition criteria is changed from FY2018 Q1 by IFRS15 application. Therefore, FY2017 H1 figures have been revised under the same criteria and provided as comparison information.

### 03. Performance Ratio Compared to the Forecast

Achieved H1 Sales 52% and Operating income 69% compared to annual performance forecast



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## 02

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### Business Overview

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- 01\_ SBI FinTech Solutions Profile
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# 01. SBI FinTech Solutions Profile

**“Total FinTech Solution Company”**  
Providing various FinTech services in 3 segments



### Individual Money Service Business

International Money Transfer and Social Lending Service which connects borrowers and investors via Internet

#### International Money Transfer Service



SBI Remit



SBI Cosmoney

#### Social Lending Service



SBI Social Lending

### Payment Service Business

Online Payment Service enables EC business operators a one-stop implementation of various payment solutions

#### Payment Service



ZEUS

#### Payment Service



AXES Payment

### Corporate Support Service Business

Various support services for corporations, including back office support, internal site search and IT security services

#### Back office support service



SBI Business Solutions

#### Site search service



Business Search Technologies

#### Total Security Service



BroadBand Security

# 02

## Business Overview

### Individual Money Service Business

SBI Remit



International Money Transfer Service in Japan via Blockchain based Ripple network and various payment networks

SBI Cosmoney



International Money Transfer Service in Korea through joint-venture with Coinplug, Inc.

SBI Social Lending



Social Lending Service connecting online borrowers and investors

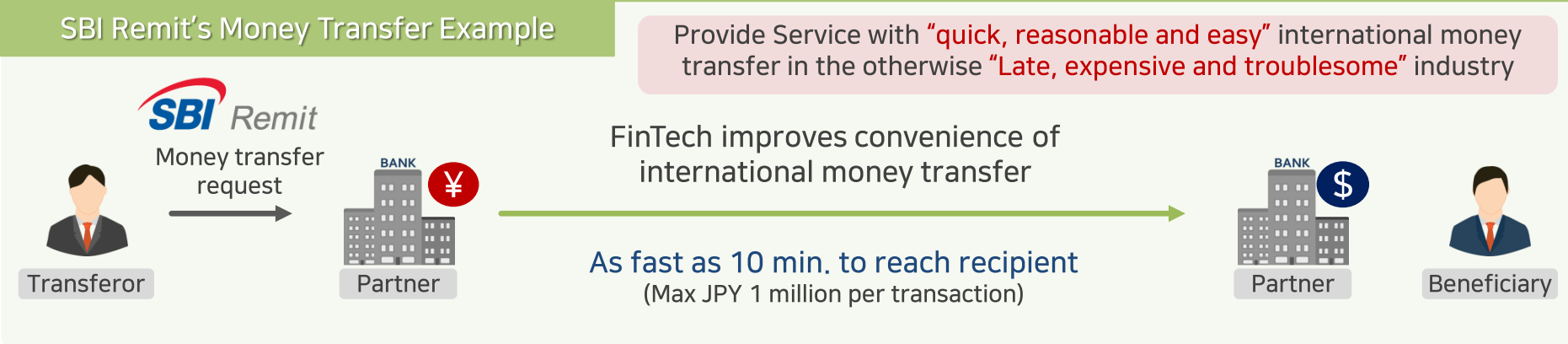
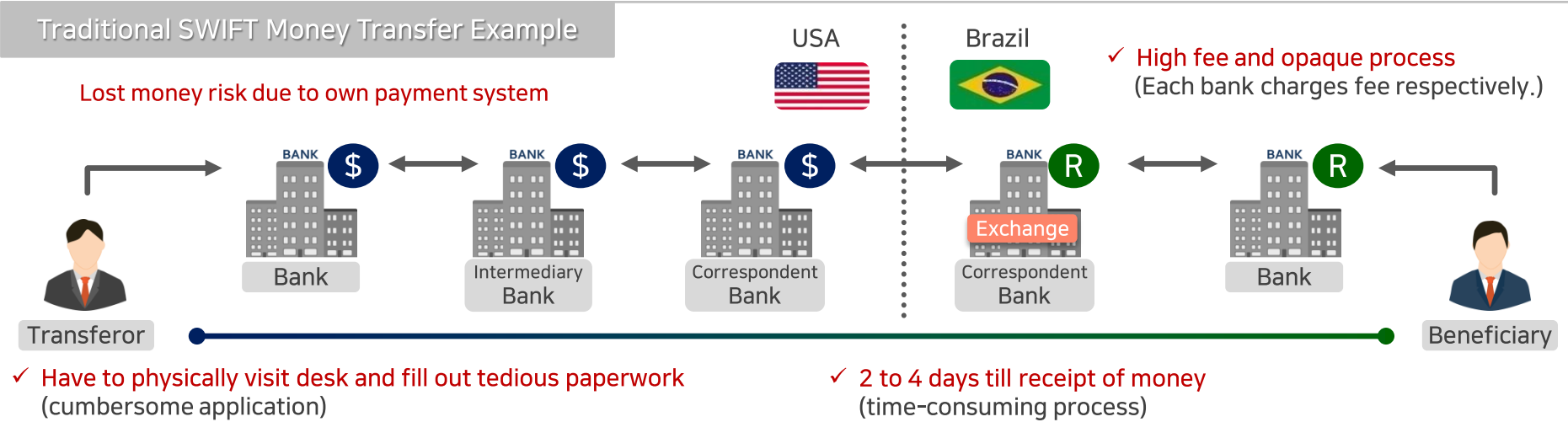


# 02. Individual Money Service Business

## - International Money Transfer Service - Business Model - 1

International money transfer service that replaces existing bank SWIFT money transfer is provided through various payment networks.

Traditional international money transfer need to be via SWIFT system which do not meet customers' needs in the aspect of "Late, expensive and troublesome"

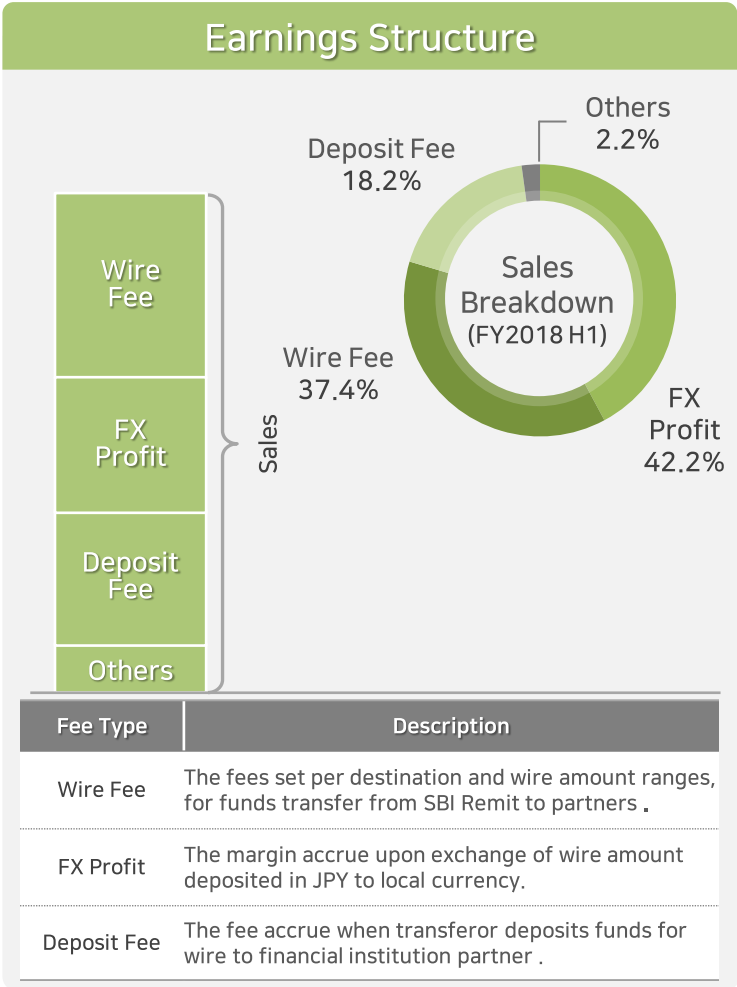
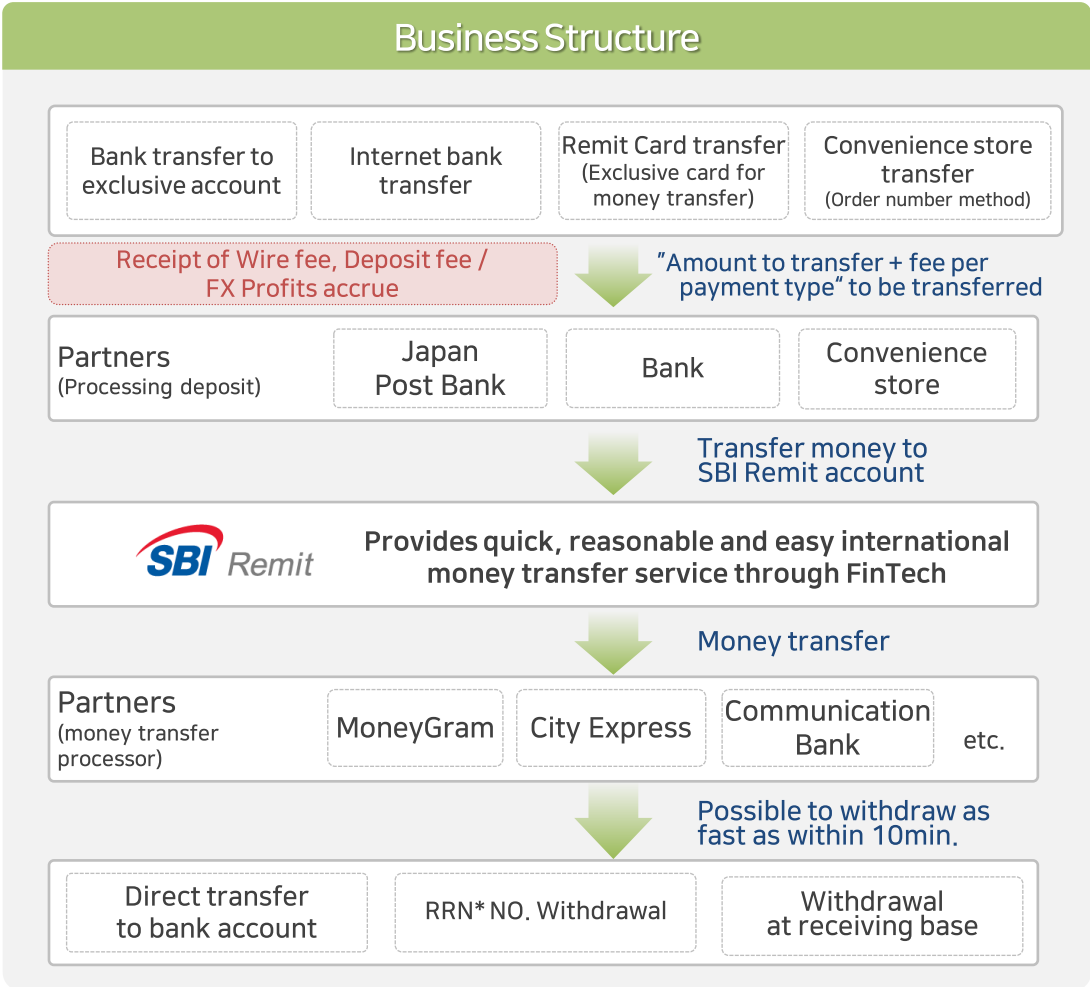


# 02. Individual Money Service Business

## - International Money Transfer Service - Business Model - 2



International money transfer services at industry-lowest fee via the website or when using “Remit Card”.



\*RRN (Receiver Registration Number): Unique number assigned to beneficiary upon registration of beneficiary's data from MoneyGram website before money transfer

## 02. Individual Money Service Business

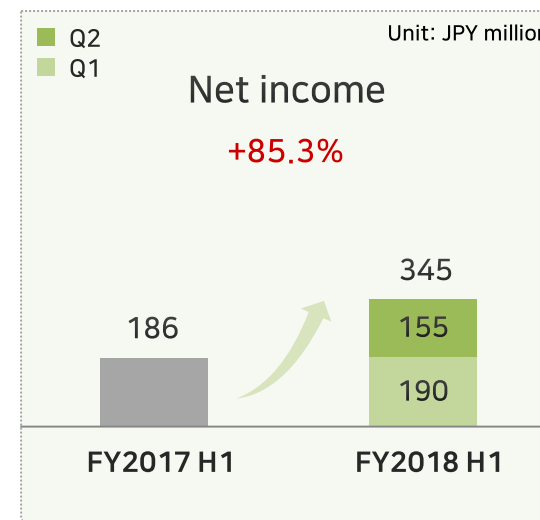
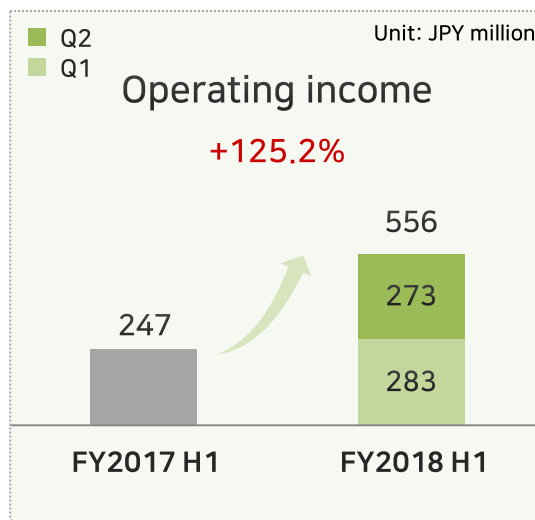
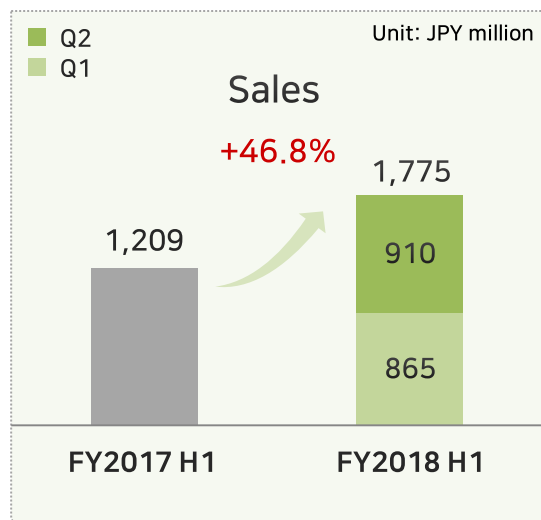
### - International Money Transfer Service - Performance - 1

High growth trend was maintained for H1 based on friendly market environment.

Unit: JPY million

Account title	FY2018 H1	FY2017 H1	YoY
Sales	1,775	1,209	+46.8%
Gross margin	1,326	888	+49.3%
Operating income	556	247	+125.2%
Income before tax	501	222	+125.9%
Net income	345	186	+85.3%

※ IFRS basis



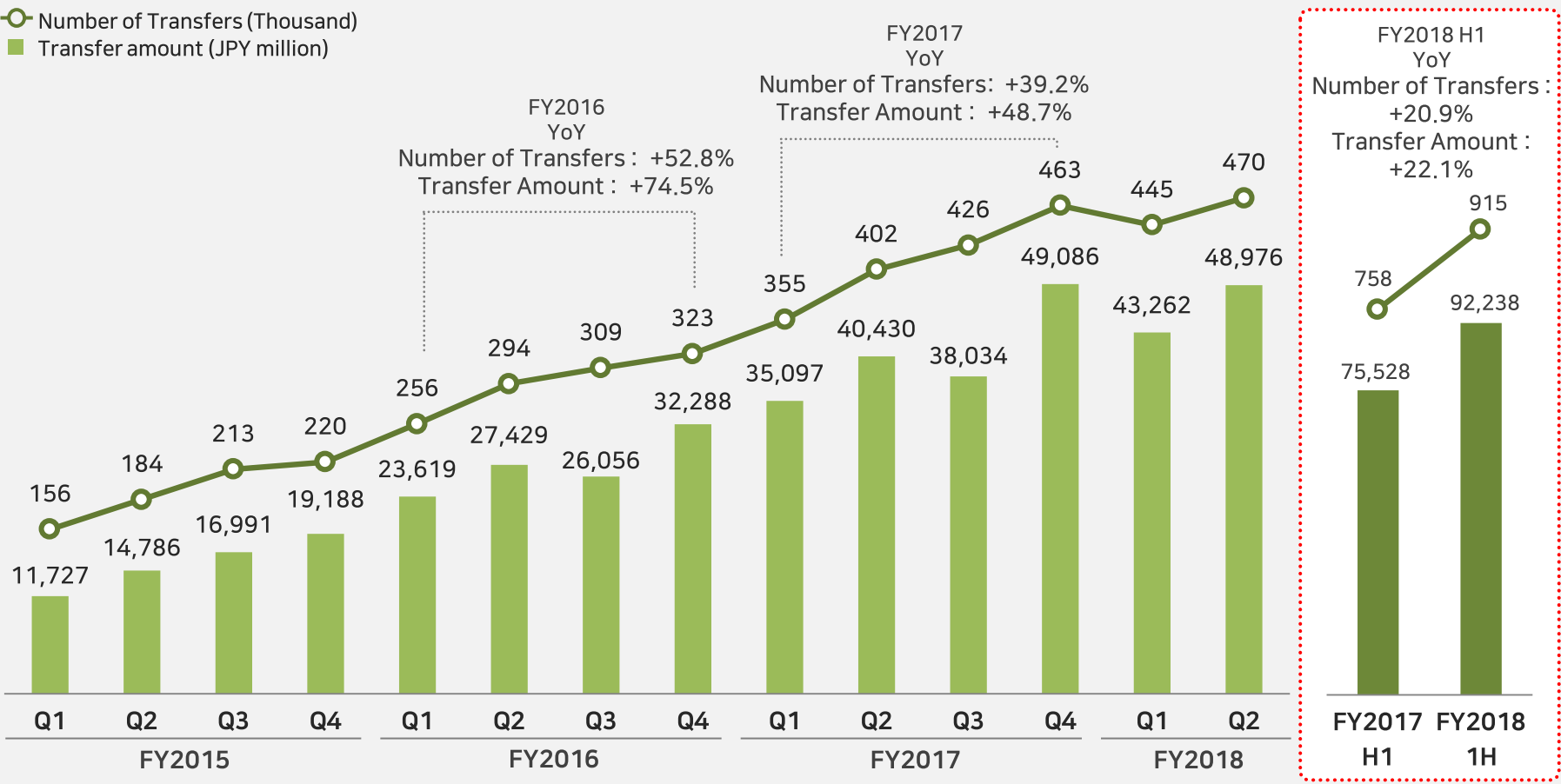
# 02. Individual Money Service Business

## - International Money Transfer Service - Performance - 2



The Amount and number of transaction transferred in H1 reached 21% and 22% increase YoY which are new records.

Trends of Money Transfer Transaction Number / Volume

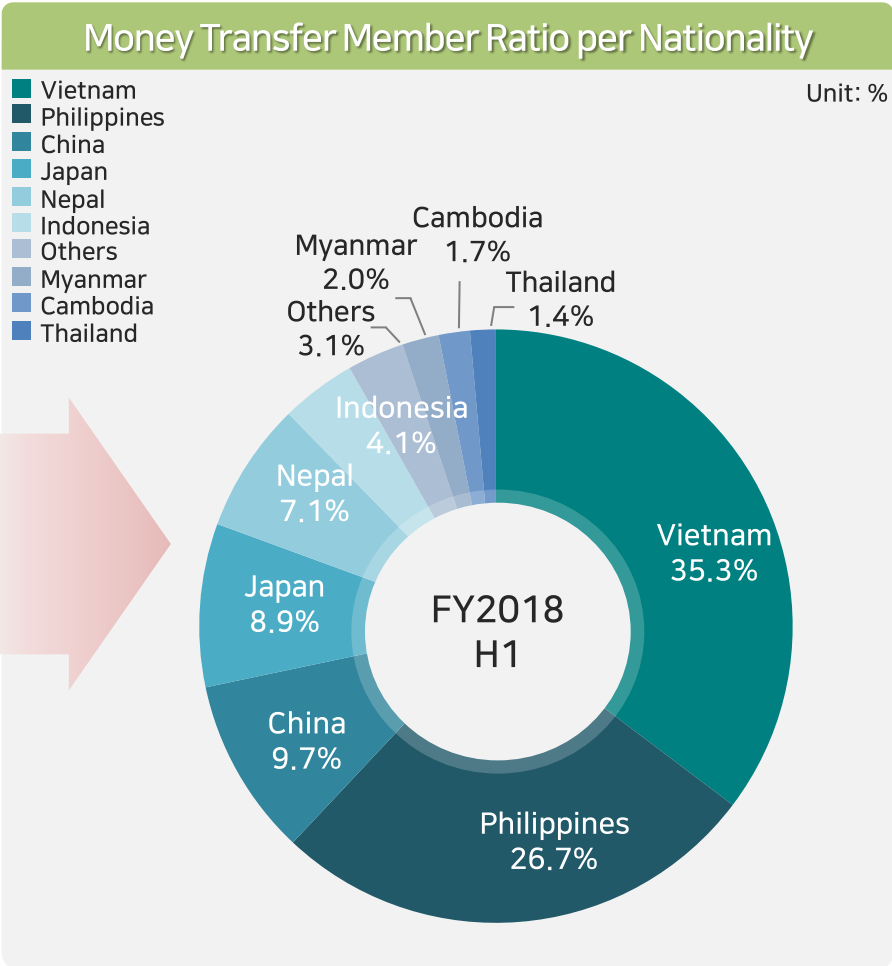
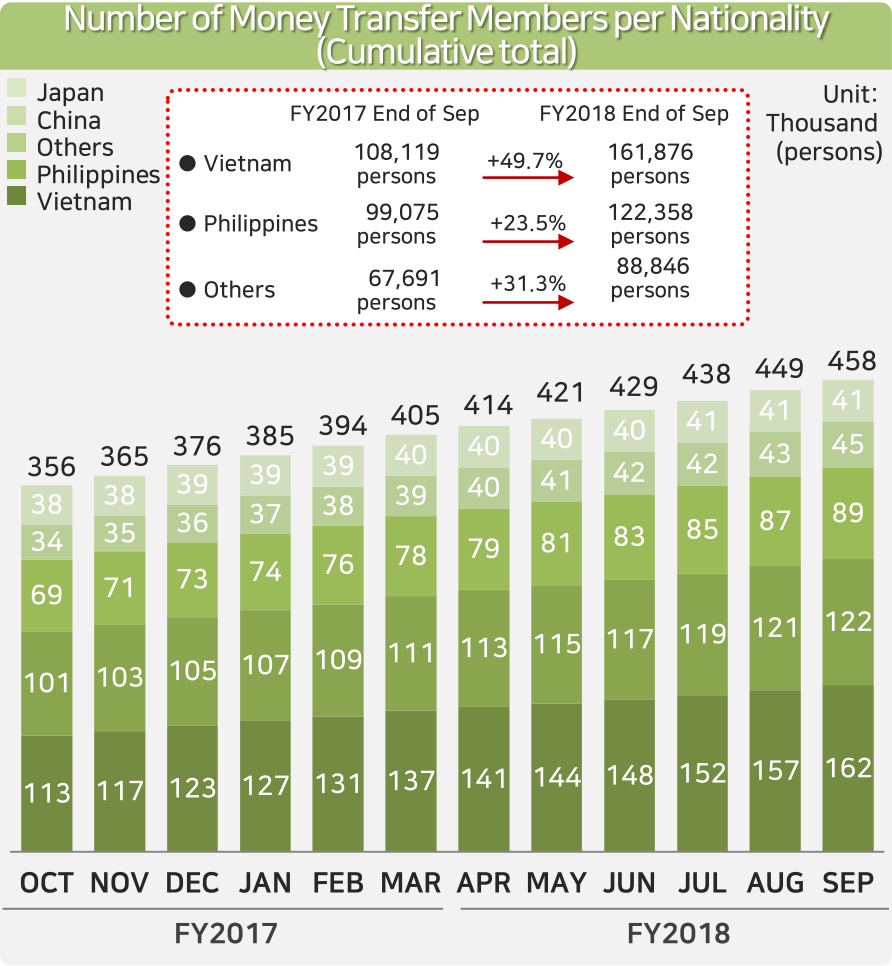


# 02. Individual Money Service Business

## - International Money Transfer Service - Performance - 3



Number of money transfer members per nationality increased centering on Vietnam and Philippines and exceeded 450,000.  
Besides existing market, new markets such as Indonesia, Thailand, Myanmar, Cambodia are under development.

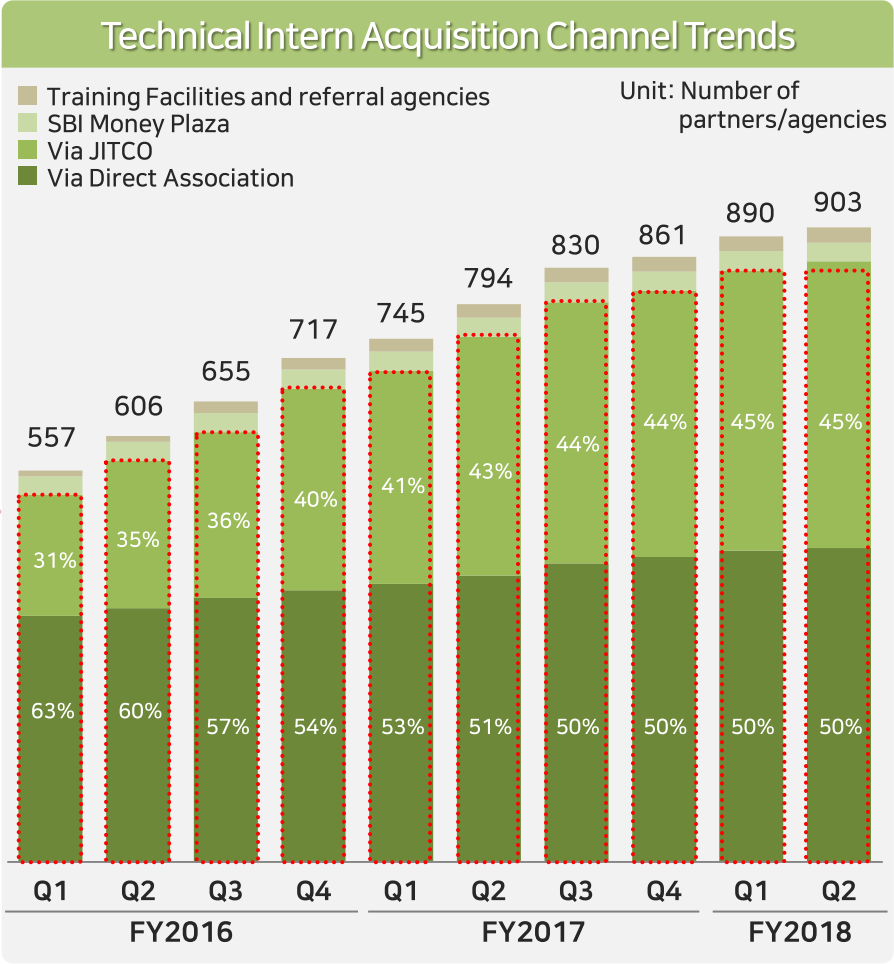
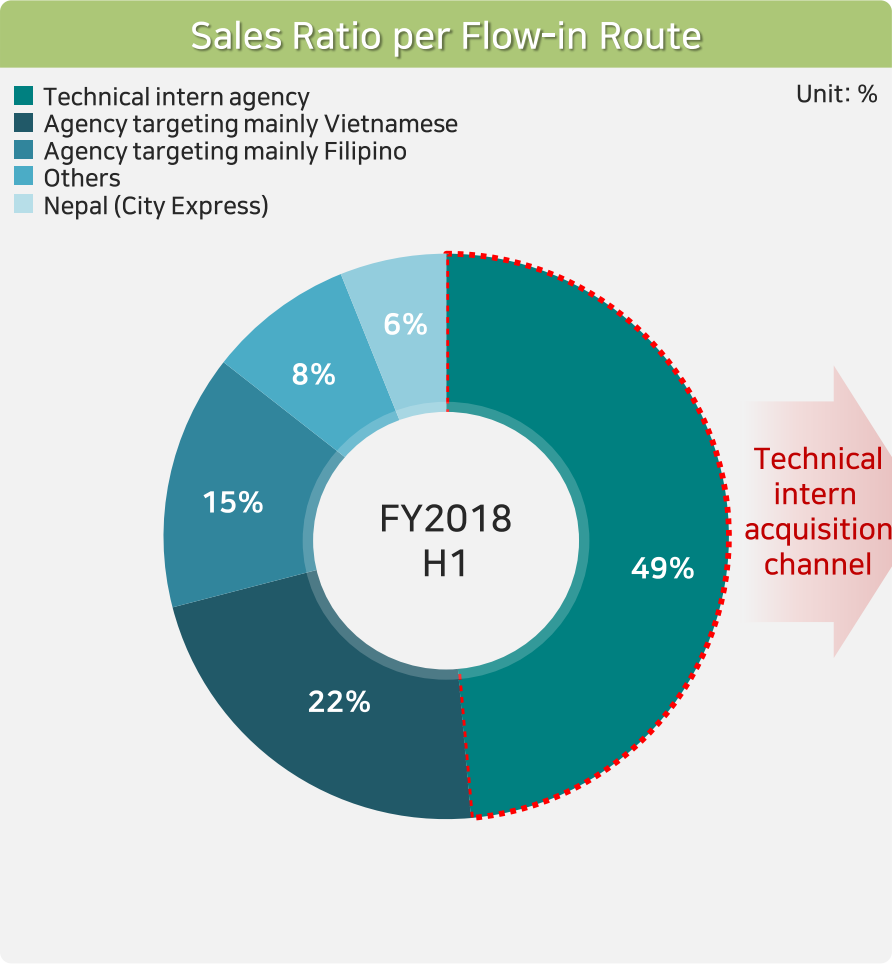


# 02. Individual Money Service Business

## - International Money Transfer Service - Performance - 4



Multiple sales channels are built to acquire money transfer needs.



# 02. Individual Money Service Business

## - International Money Transfer Service - Business Strategy - 1



Operates international money transfer service utilizing block chain technology as the first provider in Asia.  
xCurrent usage rate between Japan-Thailand wires increases to 74%.

### International Money Transfer Services Utilizing Distributed Ledger Technology

Money transfer method using "Transfer Network = xCurrent"  
based on Ripple's distributed ledger technology

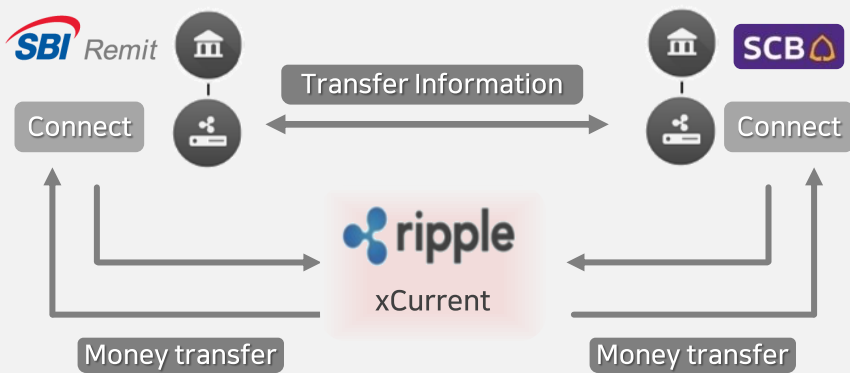


About 40 thousands Thai citizens resident in Japan

Annual transfer amount USD 250 million

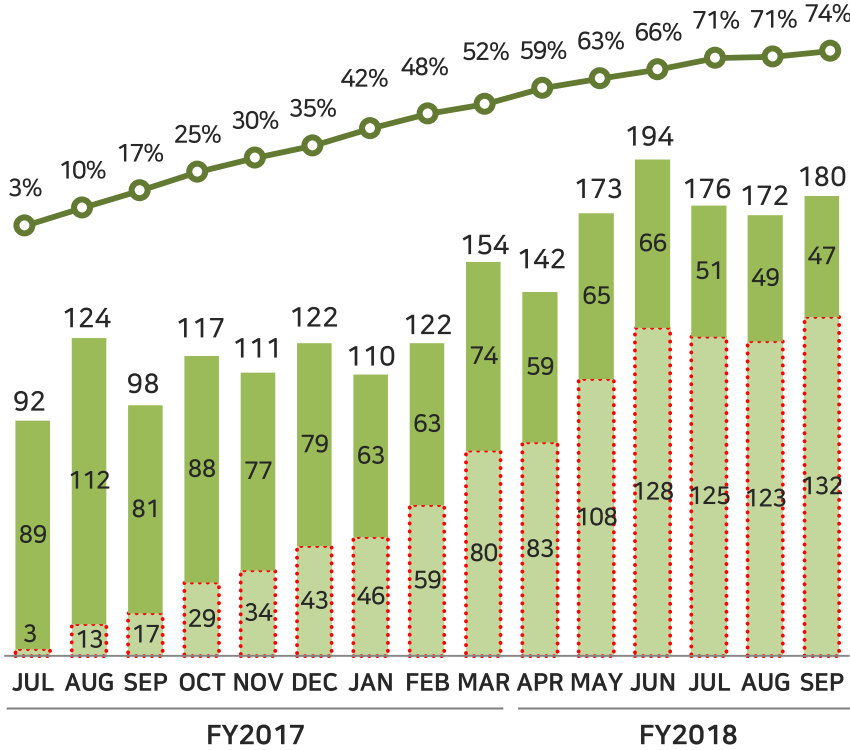
"First case of international transfer utilizing distributed ledger technology in Japan"

Transfer amount from Japan in JPY can be received in Thai baht within 2 to 5 seconds at saving accounts of SCB in Thailand!  
(\*Prior service takes up to two business days)



● Wire amount trends: Japan → Thailand Unit: JPY million

- Via other Networks
- Via Ripple Network
- Ripple Network transaction ratio

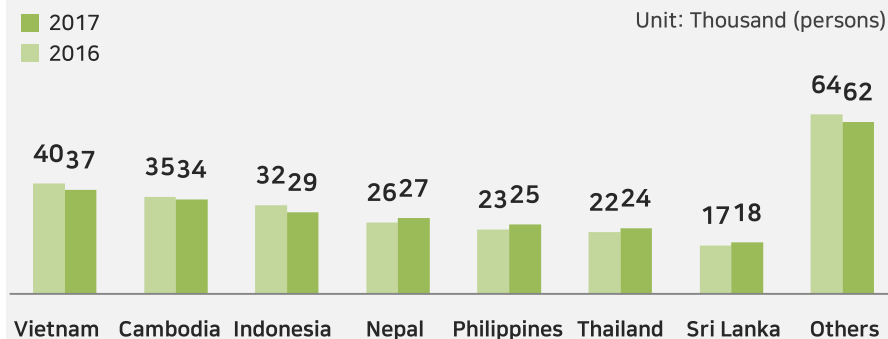


## 02. Individual Money Service Business

### - International Money Transfer Service - Business Strategy - 2

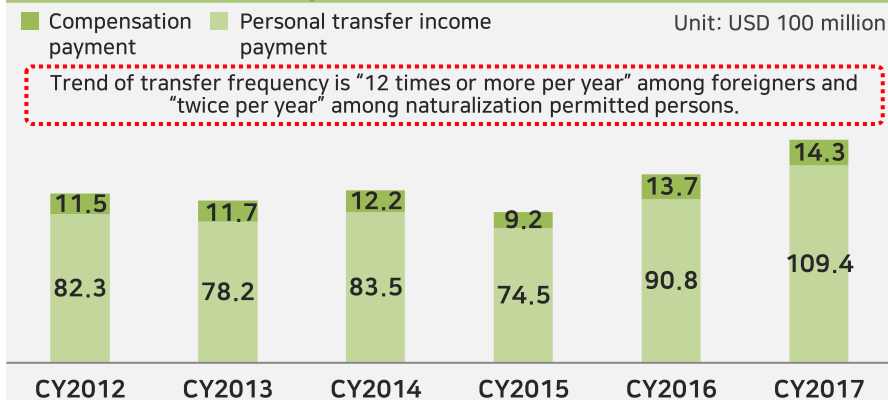
Since the start of the business in March 2018 SBI Cosmoney is actively securing shares of the newly created Korean small-sum money exchange and transfer market, utilizing knowhow accumulated in Japan

#### Non-specialized Employed Foreigners in Korea (E-9) with Resident Status



Source: Statistics Korea

#### Trends of International Money Transfer Volume by Individuals in Korea



Source: Economic Statistics System, Korea

#### Enter into International Money Transfer Business in Korea



- ✓ Through partnership with SBI Remit, provides superior products/services in Korea sharing know-how of international money transfer and global network.
- ✓ Winning market shares by utilizing differentiated fees advantages, and setting the target to enter domestic money transfer market in 2 years and acquire 200,000 members in 3 years that will lead to surplus.

##### ● Countries Service is Provided in



Reasonable fees, up to 80% less than bank's



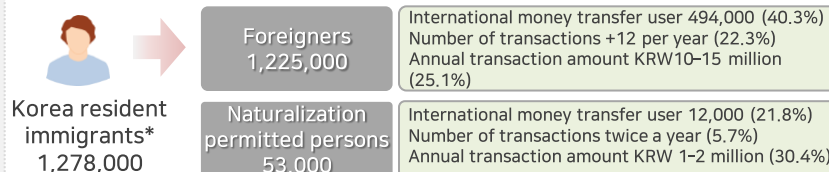
Money transfer are completed as fast as within 30 min up to maximum 1day.

##### ● International small sum money transfer limit

2019 money transfer limit per year and person is increased

USD 20,000 → USD 30,000

##### ● SBI Cosmoney Target Market



Note: "Immigrant" is a common term for foreigner and/or naturalization permitted persons. The figure is based on population of immigrants aged 15 or over and reside in Korea consecutively for more than 90 days (as of 2017.05).

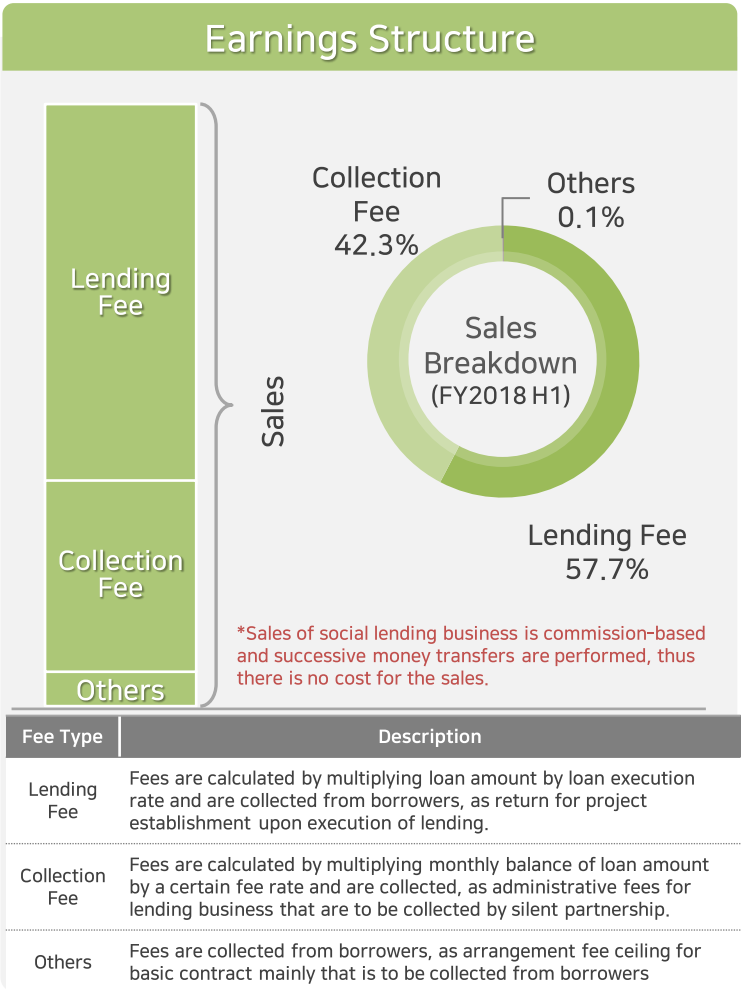
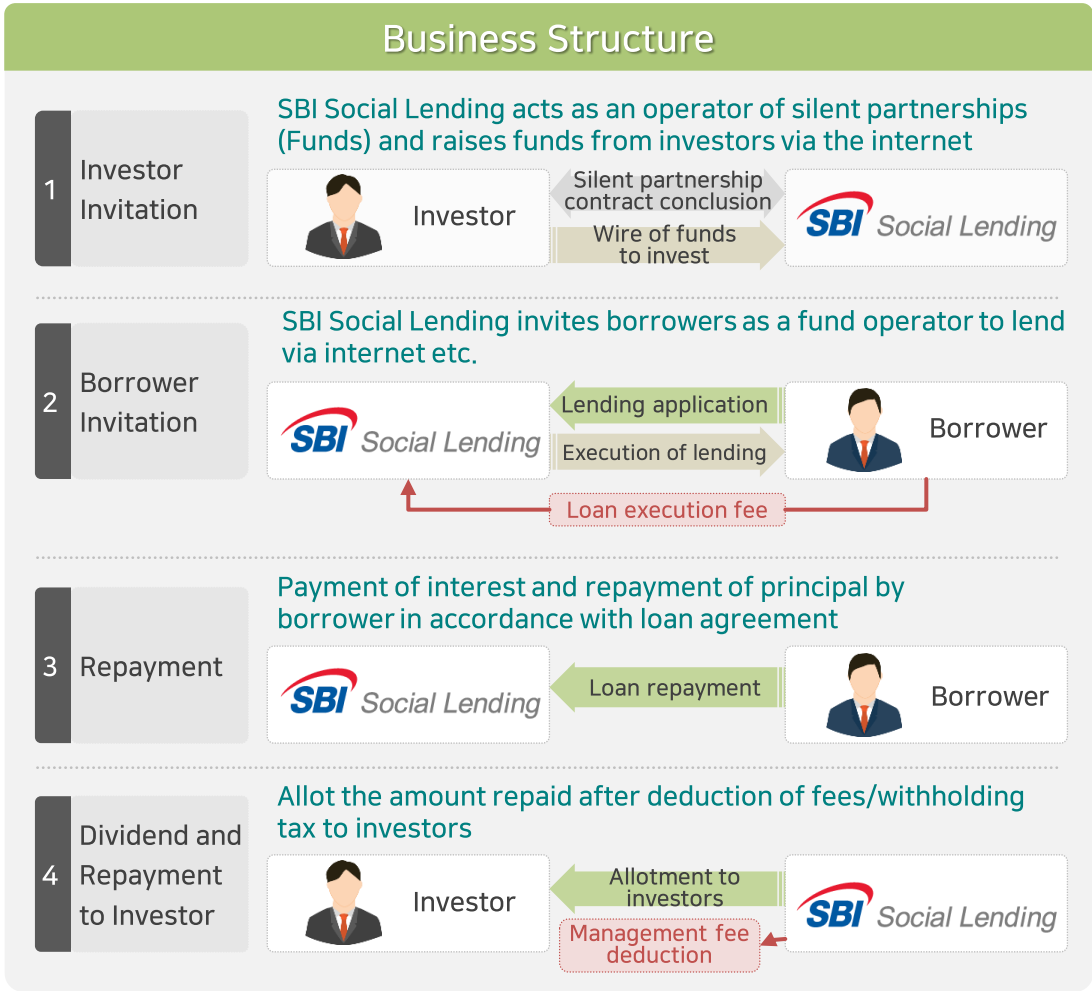


# 02. Individual Money Service Business

## - Social Lending - Business model



Raises funds from multiple investors as an operator of silent partnerships and provides social lending services to borrowers who have financial needs.



## 02. Individual Money Service Business

### - Social Lending - Performance - 1

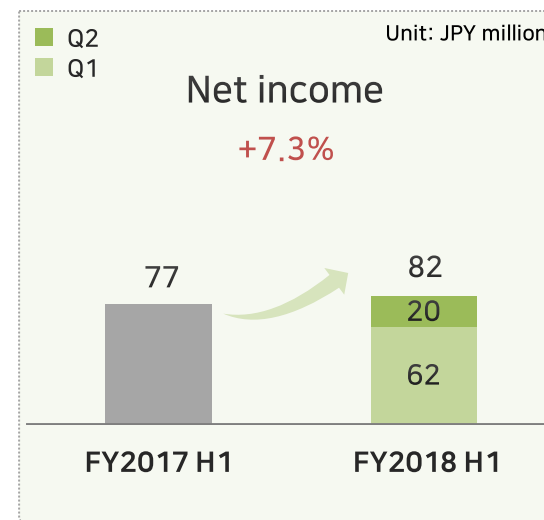
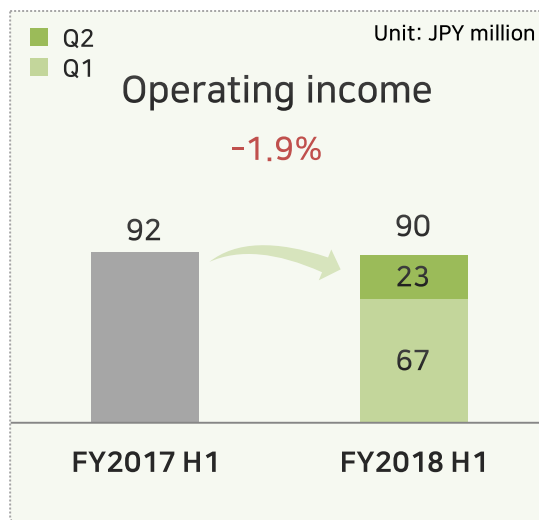
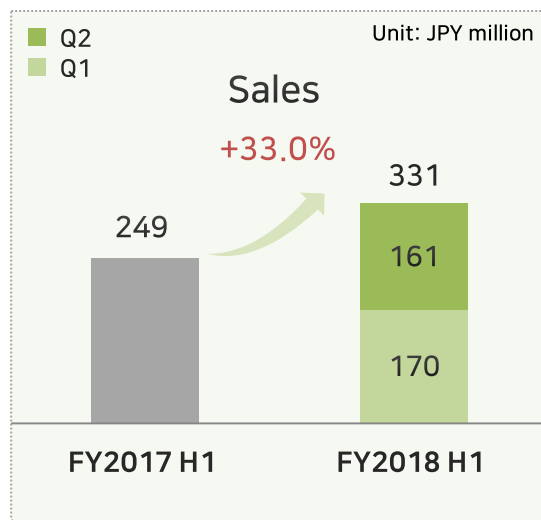
H1 Sales increased 33% YoY because of steady lending execution.

Sales management cost increased due to proactive marketing expenses for customer acquisition.

Unit: JPY million

Account title	FY2018 H1	FY2017 H1	YoY
Sales	331	249	+33.0%
Gross margin	331	249	+33.0%
Operating income	90	92	-1.9%
Income before tax	90	92	-1.9%
Net income	82	77	+7.3%

※ IFRS basis

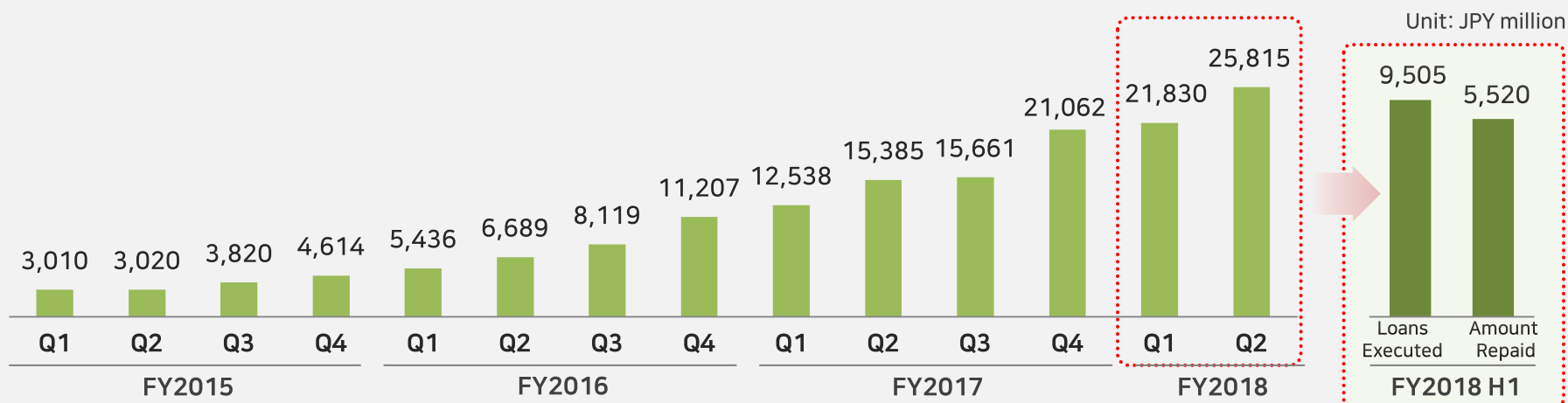


## 02. Individual Money Service Business

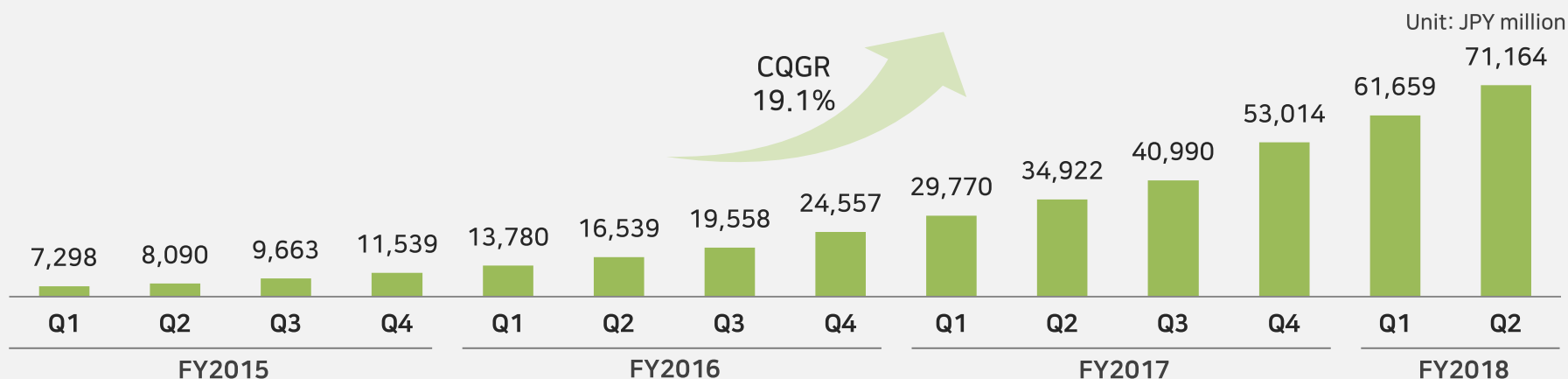
### - Social Lending - Performance - 2

Loan balance is JPY 25.8 billion as of H1 end and total amount of loans executed breaks JPY 71.2 billion.

#### Trend of Loan Balance



#### Trends of Total Amount of Loans Executed

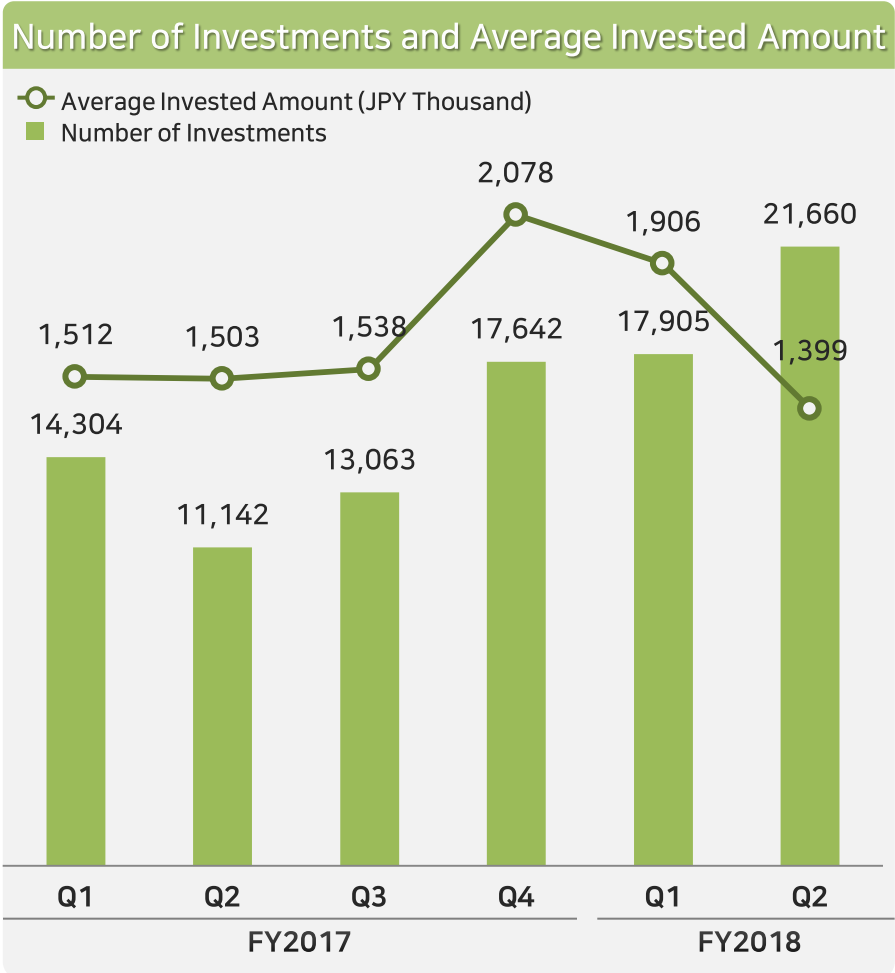
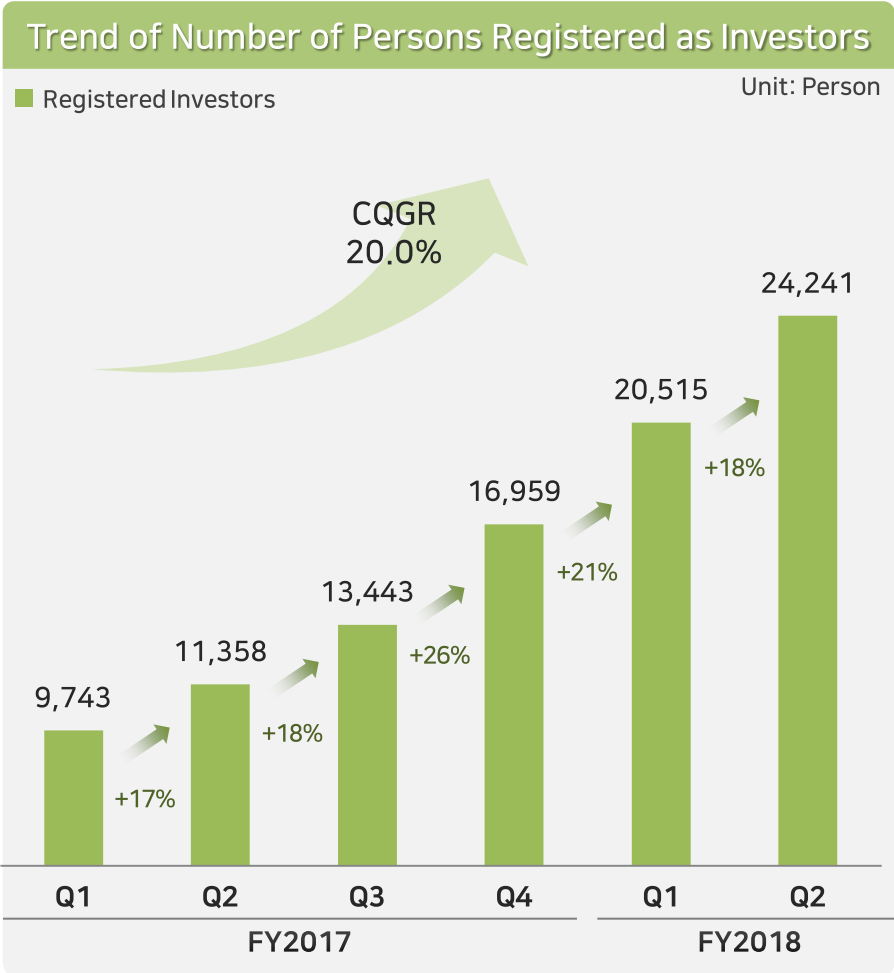


# 02. Individual Money Service Business

## - Social Lending - Performance - 3



Number of investors rose rapidly by marketing enhancements and favorable merchantability.



Note: Investments to multiple funds by one person are counted and included in the Number of Investors. And "Number of Investors and Average Invested Amount" are recorded from the day of commencing investment acceptance. Thus, even if loan is executed in the following month of basis month commenced acceptance of investment, the basis month would be considered as achieved month and data will be reckoned in that month.

# 02. Individual Money Service Business

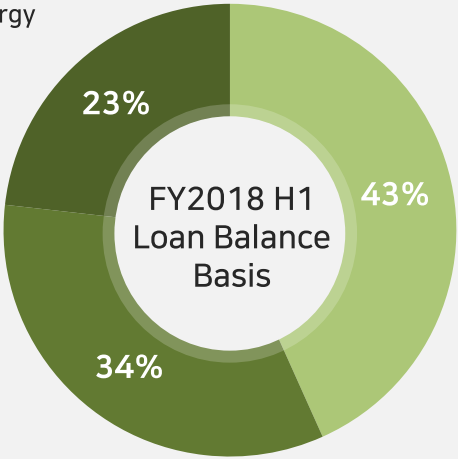
## - Social Lending - Business Strategy



Planning to provide, with reliable partners, various distinctive products such as real estate, renewable energy, IoT and international contribution which are hard to select for investment by general investors themselves.

### Fund Line-Up

- Real Estate PF
- Renewable Energy
- Others



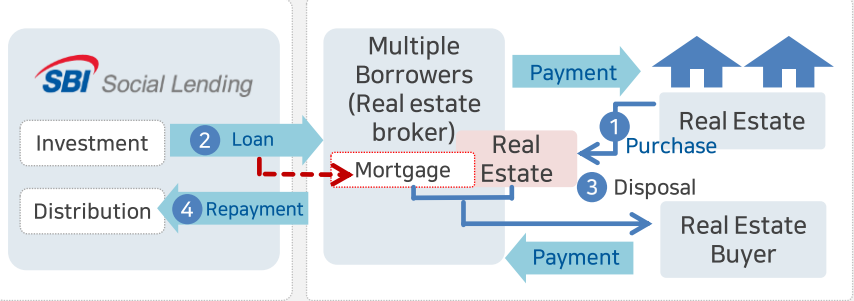
\* Principal funds breakdown of the loan balance (as of September 2018)

Type	Fund Name	Return Ratio (Prospective)	Fund Management Period	Administrative Fee Rate
Real Estate PF	Real Estate Buyers Loan Fund	3.2~6.5%	12~24 months	1~1.5%
	Real Estate Mortgage Provider Fund			
Renewable Energy	Mega Solar Bridge Loan Fund	7.0~8.5%	12~18 months	1~1.5%
Others	Cambodian Technical Interns Support Loan Fund	10.0%	12 months	1%

### Real Estate PF Type Fund

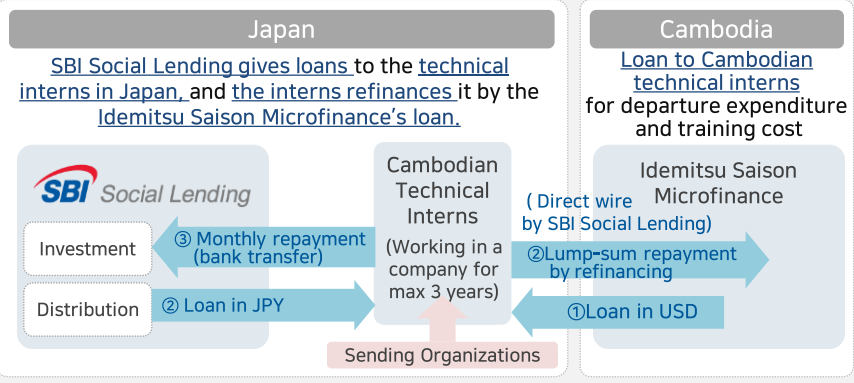
#### ● Real Estate Buyers Loan Fund

Managed by lending program for real estate trading businesses.



#### ● Cambodian Technical Interns Support Loan Fund

As per demand on loan for technical interns in emerging countries, Contributing to development of human resources that will play important roles in the future in emerging countries.



# 02

## Business Overview

### Payment Service Business

ZEUS



Various payment services such as online payments and offline/POS payments

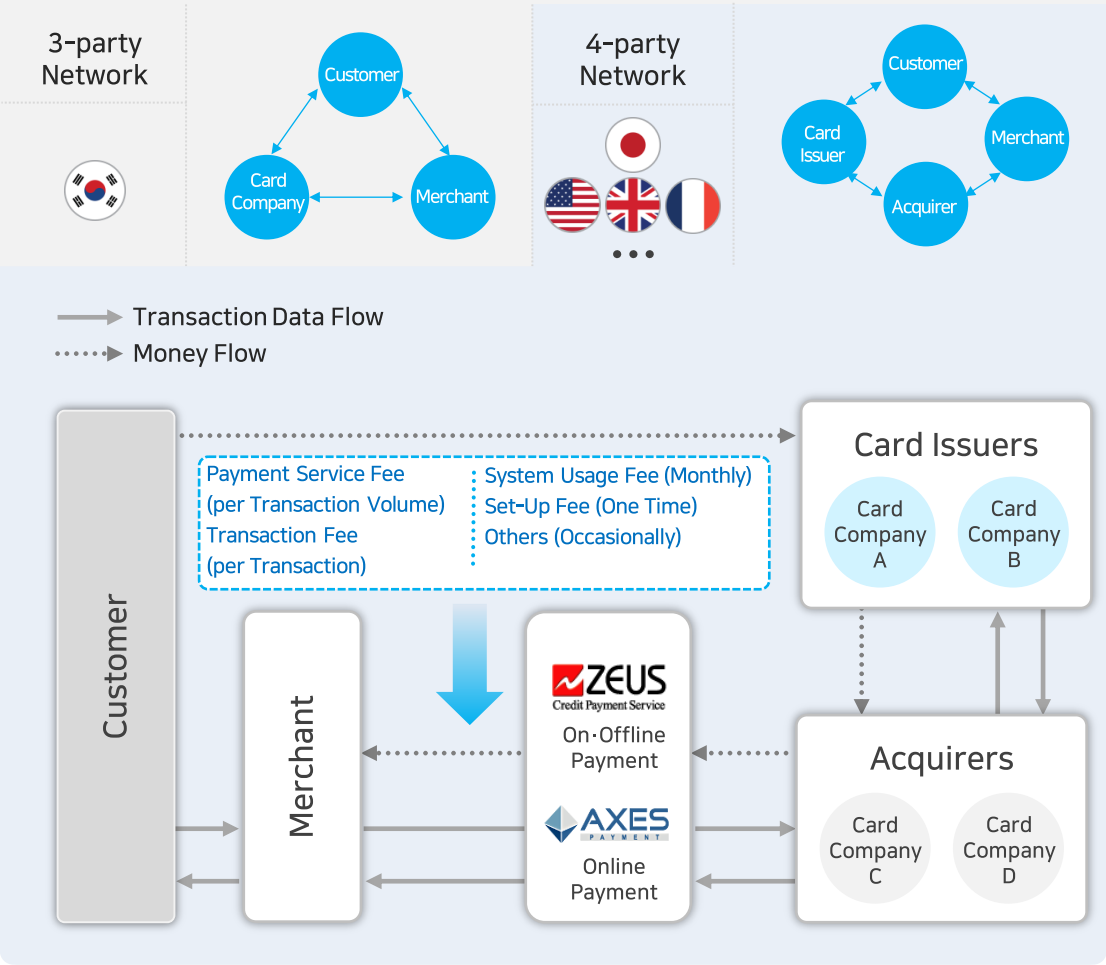
AXES Payment



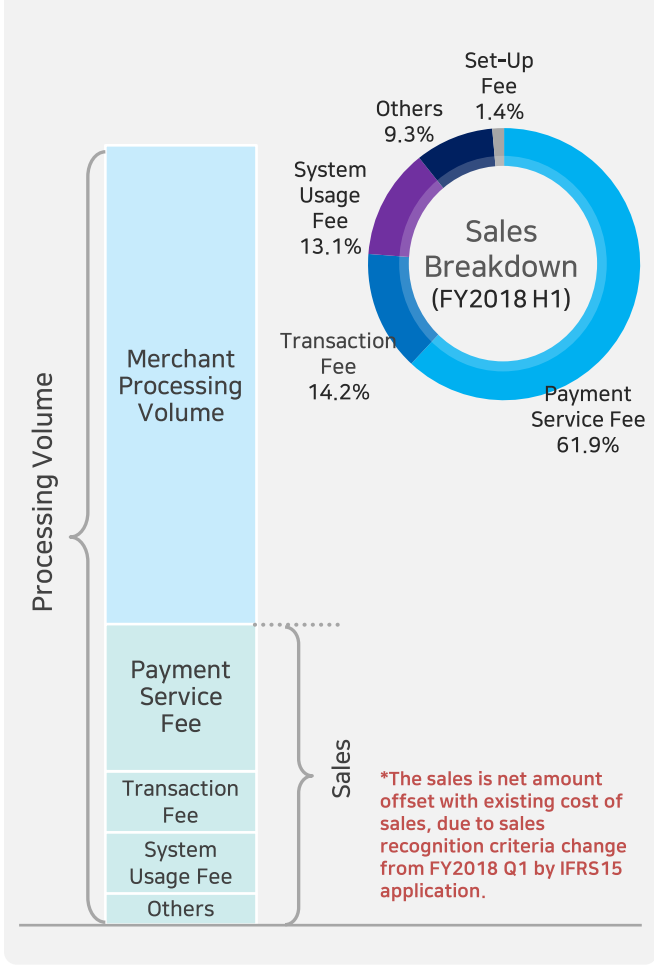
Online payment services

# 03. Payment Service Business - Business Model - 1

## Business Structure



## Earnings Structure

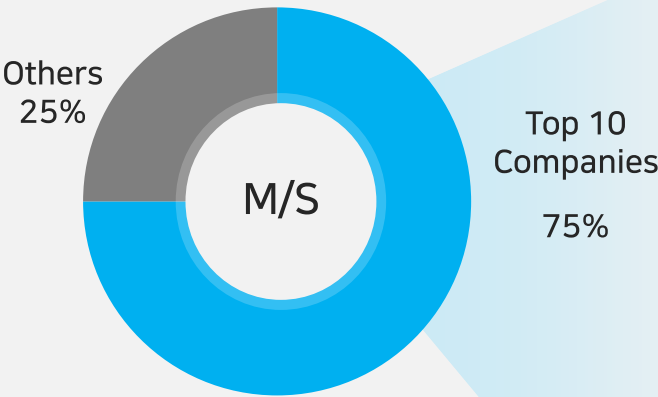


# 03. Payment Service Business - Business Model - 2

Top 10 providers account for 75% of online payment service market share in Japan.  
ZEUS and AXES Payment together rank top 4 on the payment provider market.

## Top 10 Current Online Payment Providers in Japan

Market where 60 online payment service providers engage in is 75% dominated by the top 10 companies



Revision of the Installment Sales Act was enforced in June 2018 in Japan

Registration regulation introduced for business operators handling credit card numbers etc.

Acquirer and payment service providers that provide similar functions as acquirers apply to the regulation (within 6 months after enforcement of the Act for Partial Revision)

The new non-storing card information/PCI DSS compliance obligations may severely complicate business operation for small sized payment gateways

### 2 Major Intragroup Providers

SoftBank  
Payment Service

40-50% of their sales come from inter-group companies



### Mainly CVS Payment

株式会社 電算システム

NP Net Protections



70-90% of their processing volume come from convenience store payment

### Payment Gateway



#### Top 4 among online payment service providers

Acquiring wide range of merchants (small to large) and is the only payment service provider in SBI Group

GMO  
PAYMENT GATEWAY

Holding group companies providing EC related services and also e-payment services



Developing convenience store payment business besides credit card payment (ratio 23%)

Sony  
Payment Services

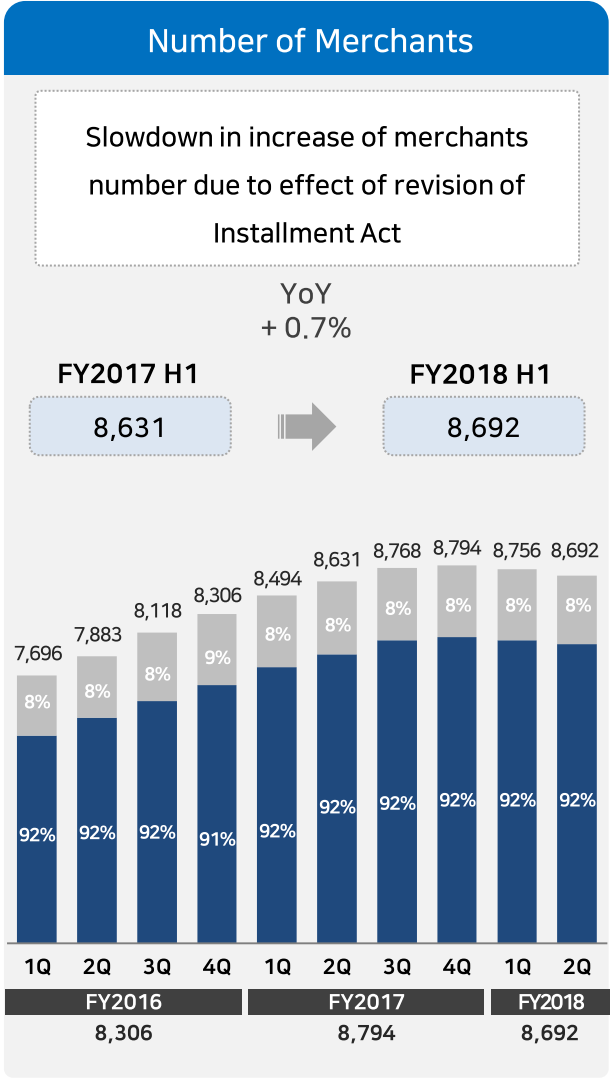
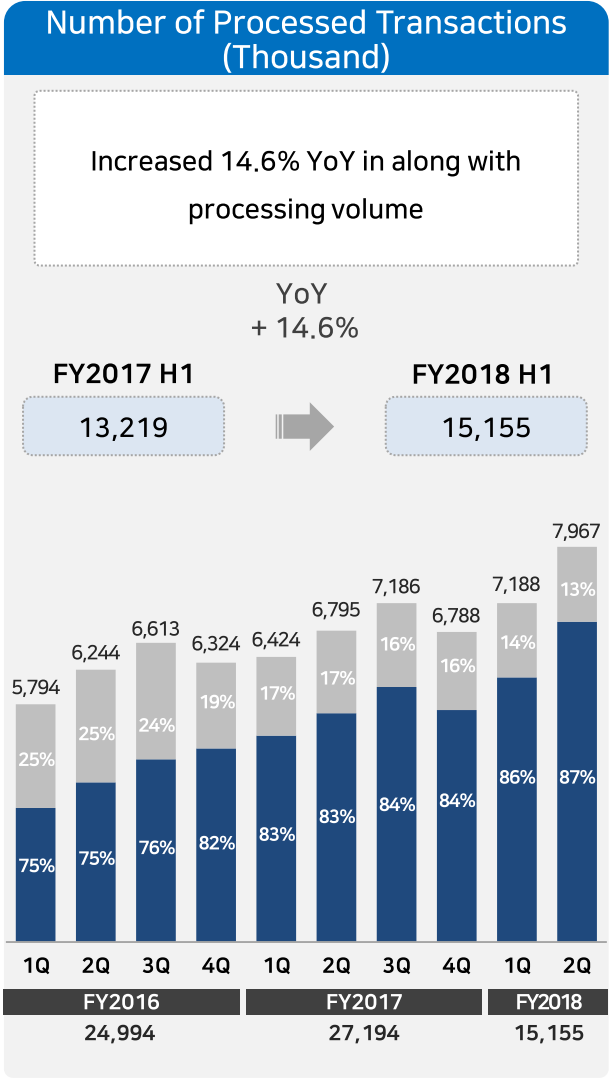
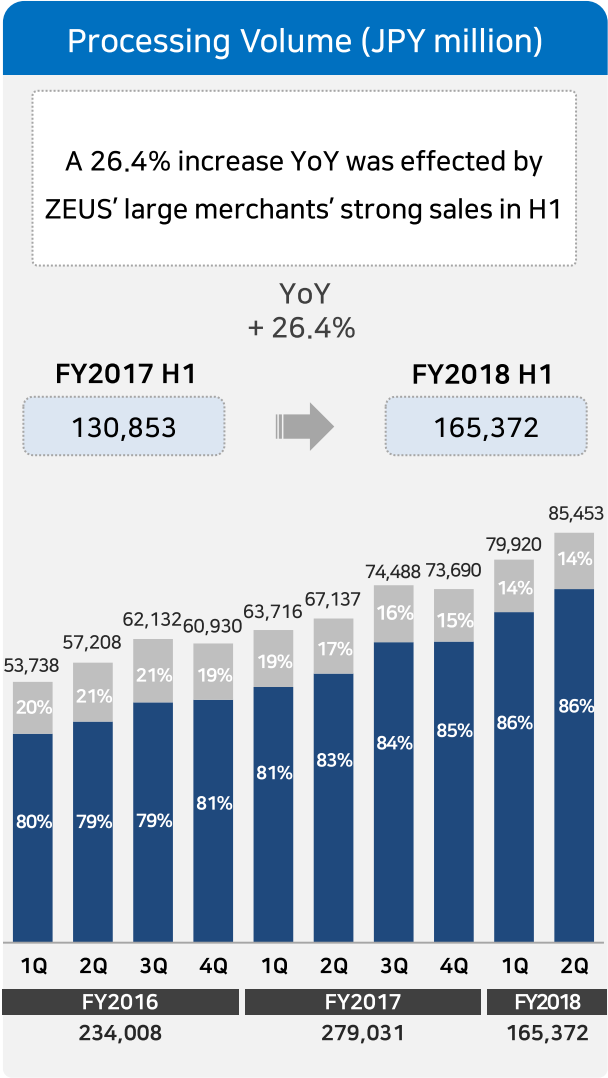
Providing payment services to Sony group companies and other large scaled merchants mainly

Note: Prepared by SBI FinTech Solutions based on the materials from MIC Research Institute



# 03. Payment Service Business - Performance

■ AXES Payment ■ ZEUS



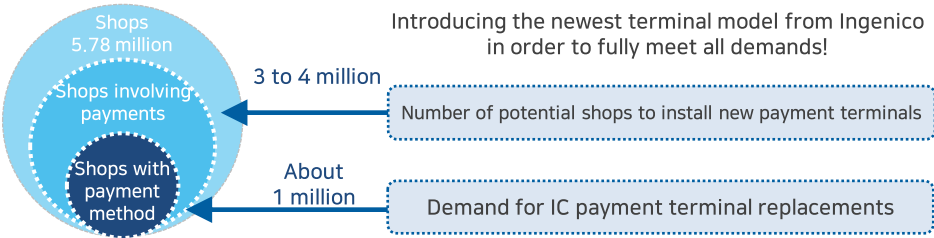
Note: Number of merchants = As of the closing date

# 03. Payment Service Business - Business Strategy

Demand for payment terminals is rising along with the “Cashless” policy and security measures promoted by the Japanese government.

H1 offline payment service processing volume was JPY 15.2 billion, a 37.7% increase YoY.

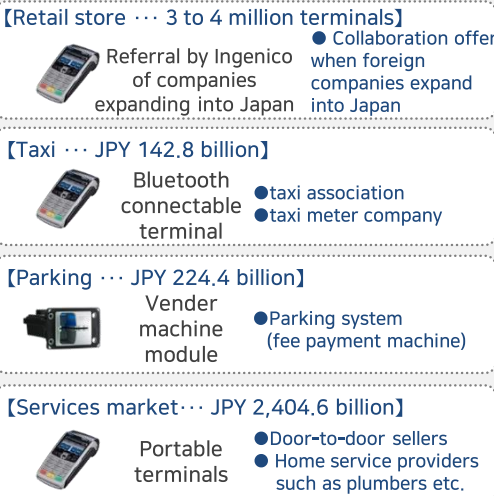
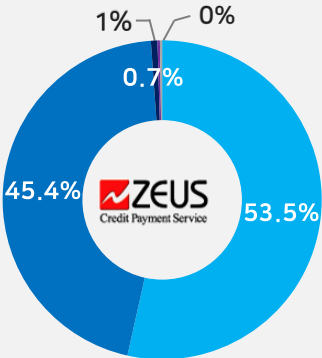
High demand on the terminal market is expected up to 2020



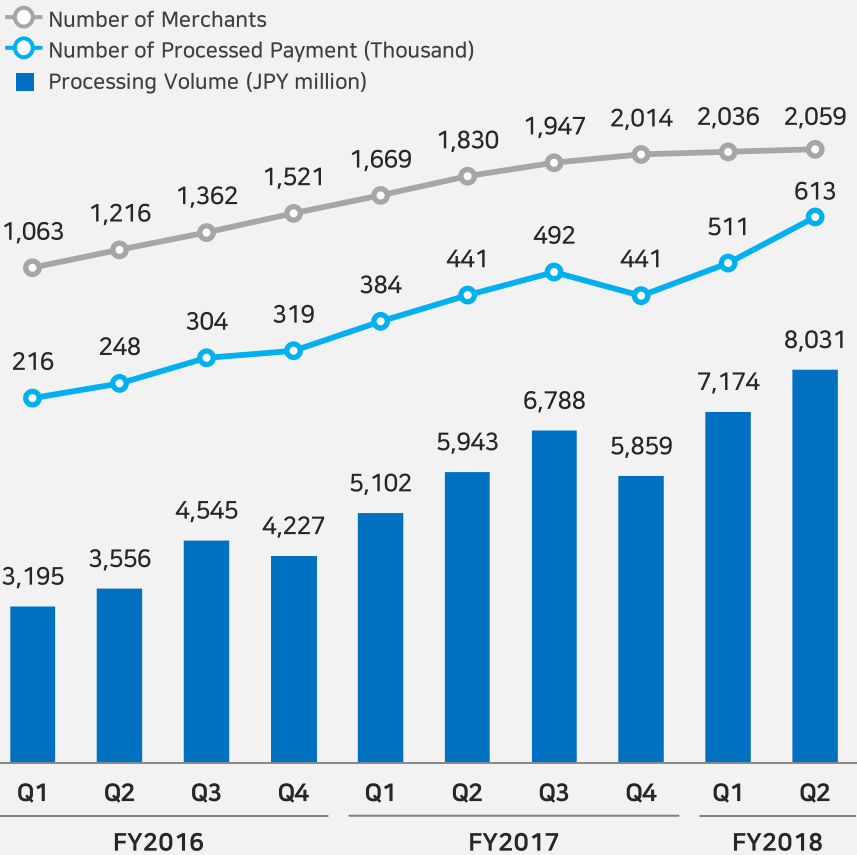
Aiming for market expansion by introduction of suitable terminals to each market and collaboration with partners

## POS Merchant - Composition ratio per business type -

Service Product sales  
Car rental Lodging Parking



## POS Payment Service Performance



Note: Number of merchants=As of the closing date

# 02

## Business Overview

### Corporate Support Service Business

SBI Business Solutions



Cloud based back office support services such as expense settlement, approval management, workflow etc.

Business Search Technology



Site search and product search service which optimizes shoppers journey through the site.

BroadBand Security

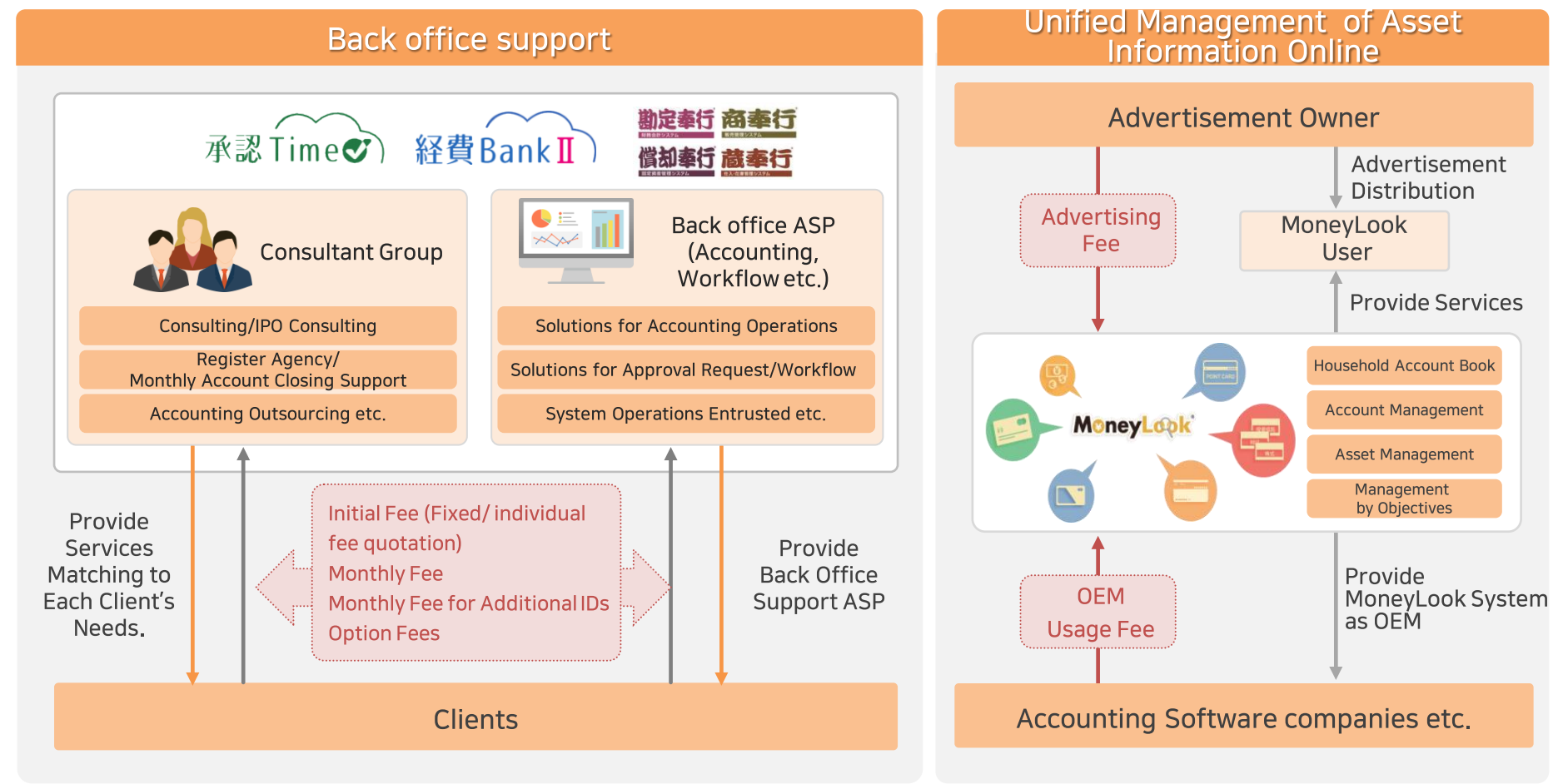


Wide range of Security solution services including Security authentication services.

# 04. Corporate Support Service Business

## - Back office support service - Business Model

Corporate back office support including cloud services and business documents templates as well as account aggregation services that enables users to manage online transaction services of each financial institutions unitarily with a single ID and password.



## 04. Corporate Support Service Business

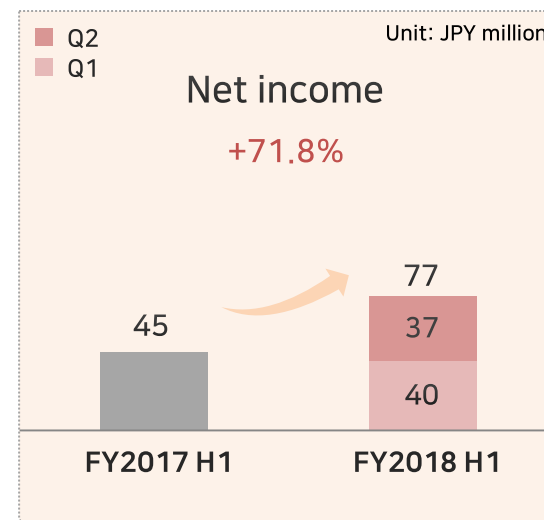
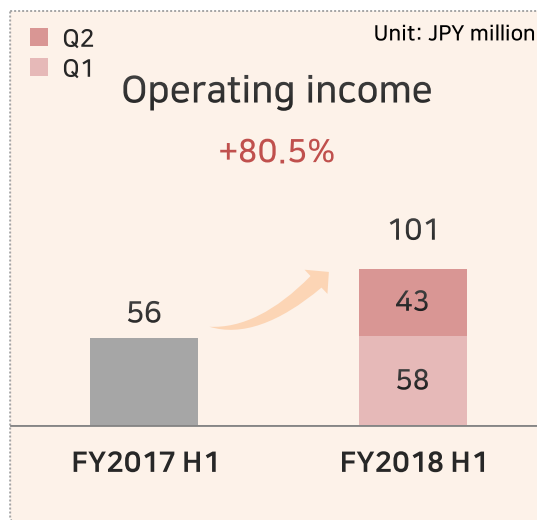
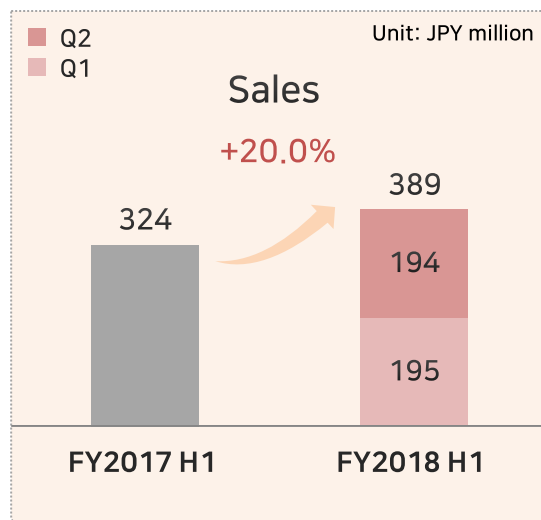
### - Back office support service - Performance - 1

H1 Sales increased 20% YoY, led by healthy sales of cloud-based products.

Unit: JPY million

Account title	FY2018 H1	FY2017 H1	YoY
Sales	389	324	+20.0%
Gross margin	241	175	+37.6%
Operating income	101	56	+80.5%
Income before tax	102	56	+80.3%
Net income	77	45	+71.8%

※ IFRS basis



## 04. Corporate Support Service Business

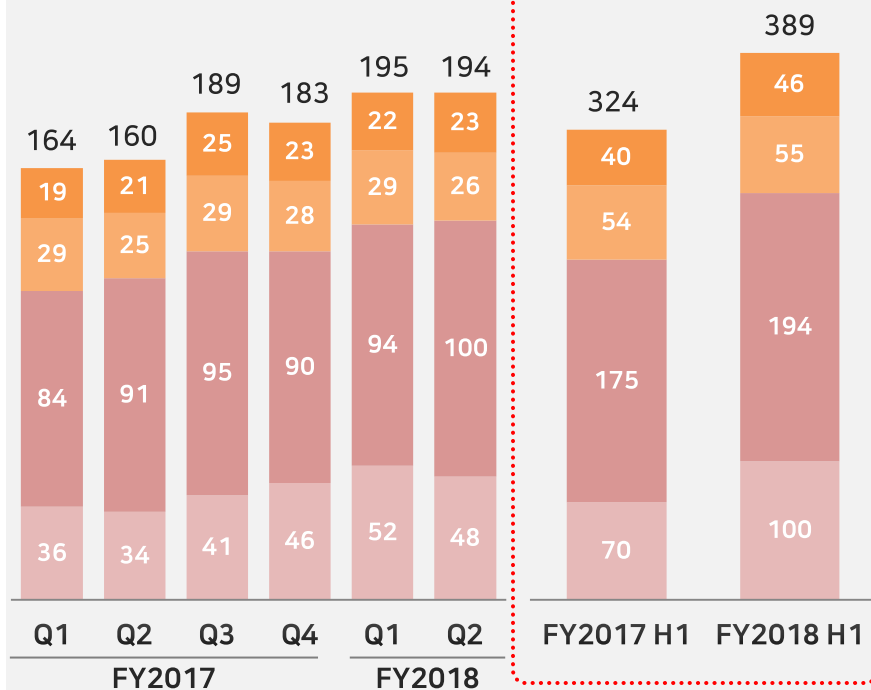
### - Back office support service - Performance - 2

As fixed income ratio of cloud related services exceeds 50%, a stable income base is established.  
More than 15% growth is expected by the addition of MoneyLook, acquired in FY2017.

#### Sales Structure per Business

Unit: JPY million

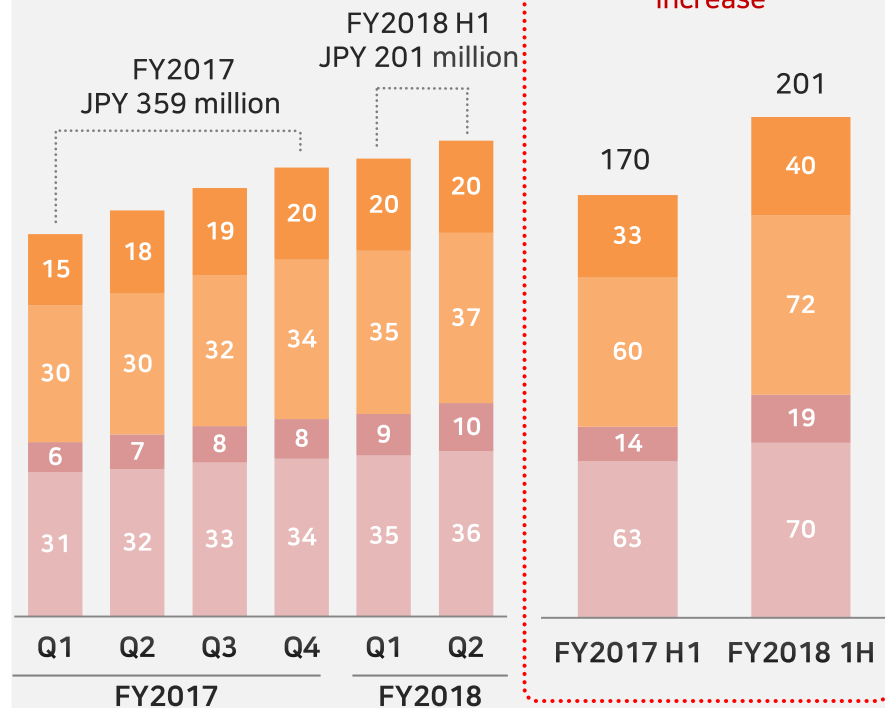
- MoneyLook Business
- Web contents Business
- Accounting Solution Business
- Accounting Service Business



#### Back Office Cloud Sales

Unit: JPY million

- MoneyLook
- Bugyo Cloud
- Shonin Time
- Keihi Bank

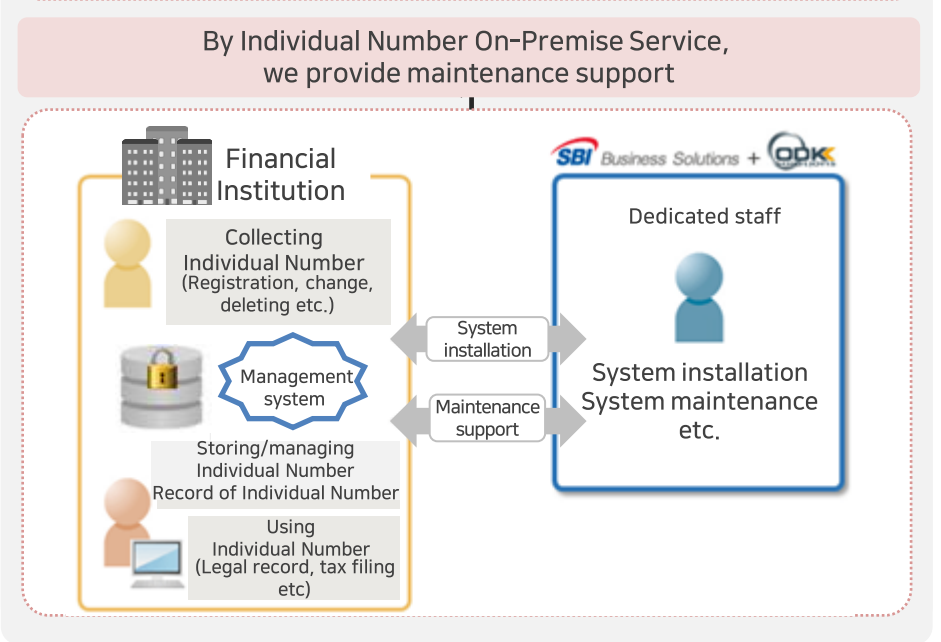
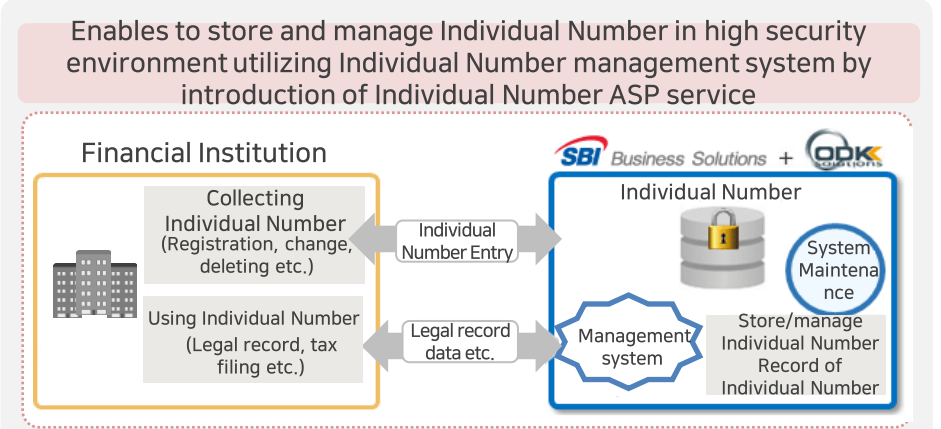
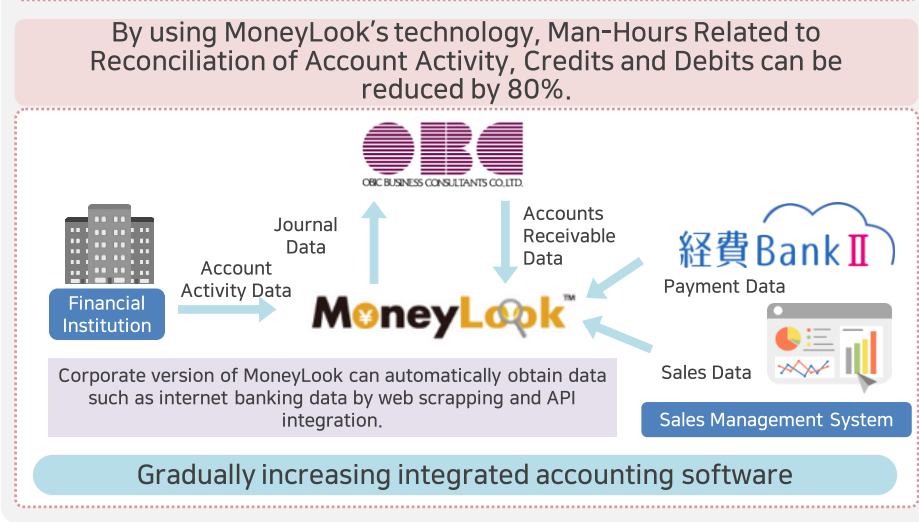
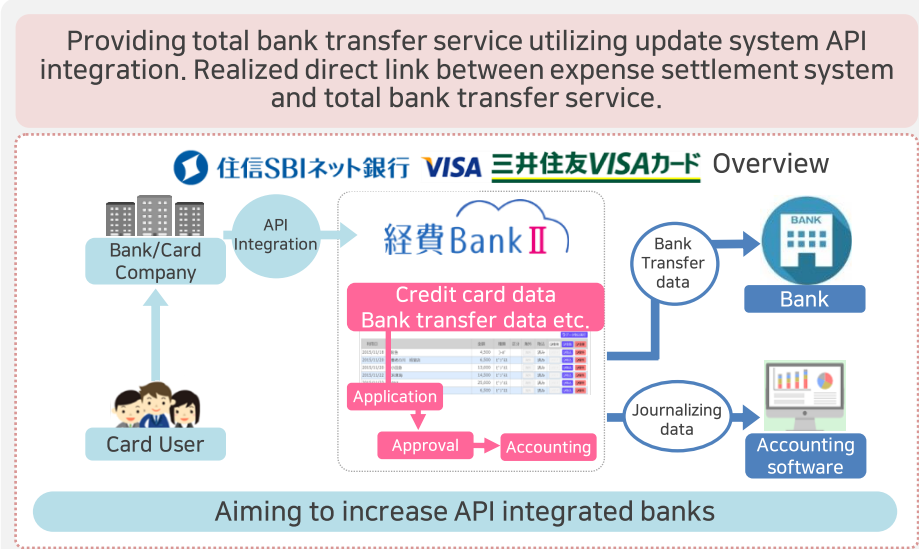


Note: JGAAP is applied for each business segment Sales, and IFRS is applied for the total.

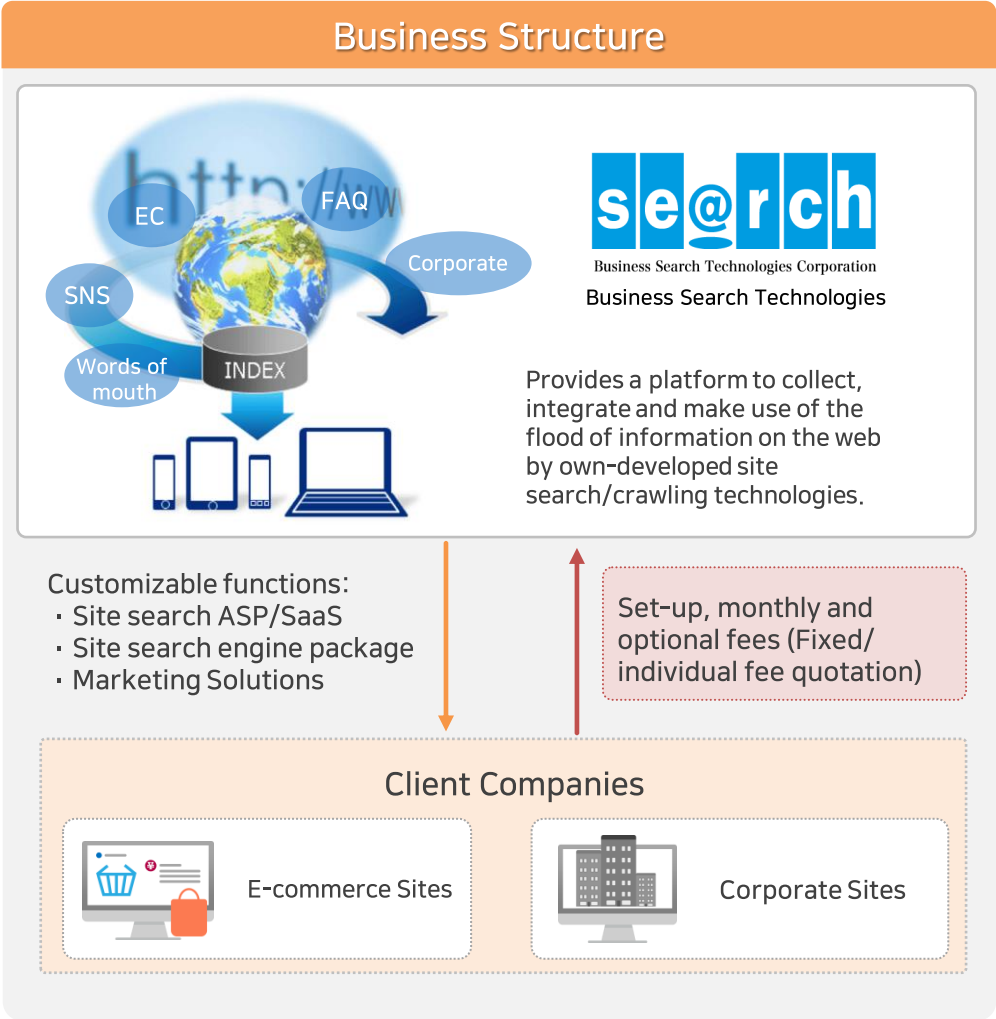
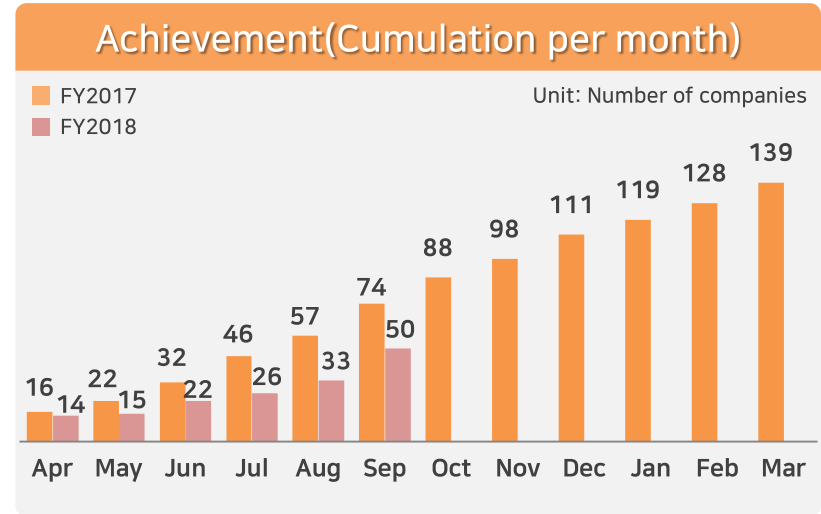
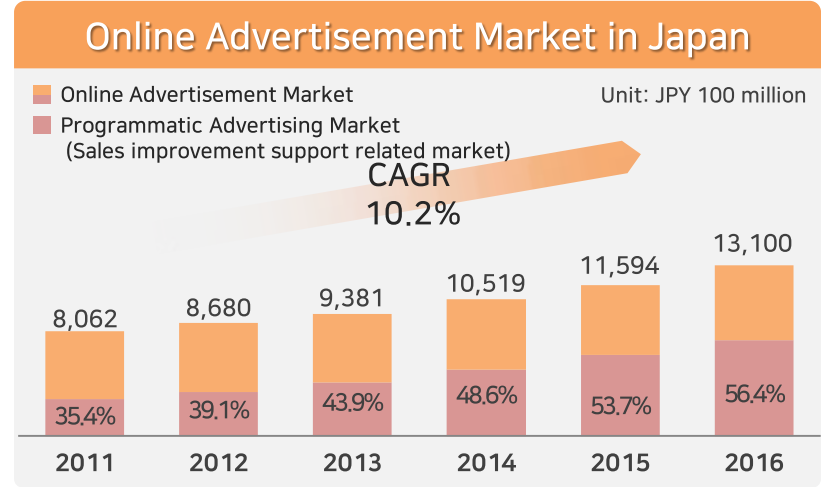
# 04. Corporate Support Service Business

## - Back office support service - Business strategy

Enhancing profitability by expanding a range of services including API integration utilizing FinTech solutions.



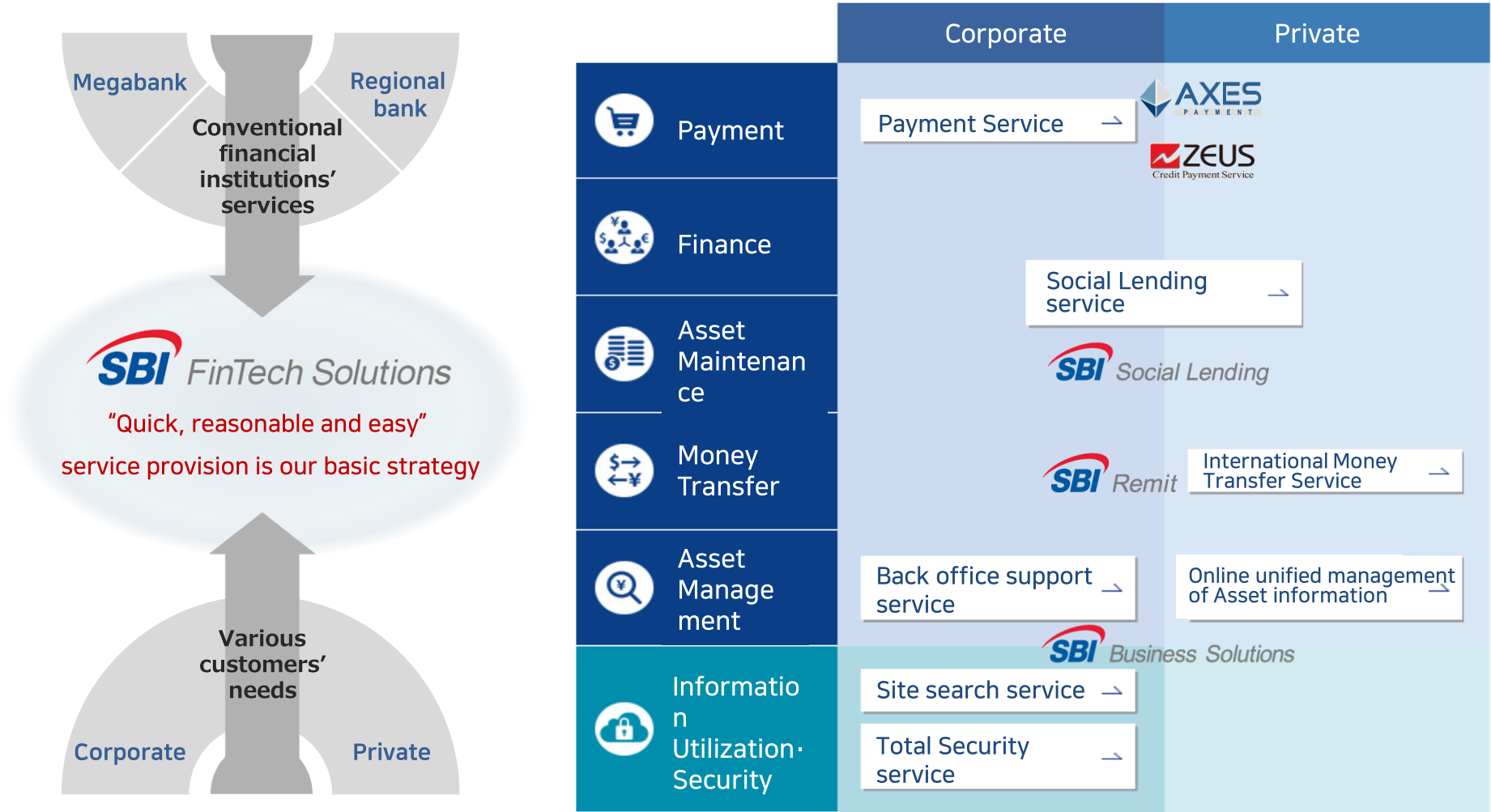
# 04. Corporate Support Service Business - Site search service





# 05. SBI FinTech Solutions Group Business Strategy

With advantages of “FinTech” Captures markets where conventional financial institutions services not match the needs of the customers



INVESTOR RELATIONS 2018

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## 03

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### Market Overview

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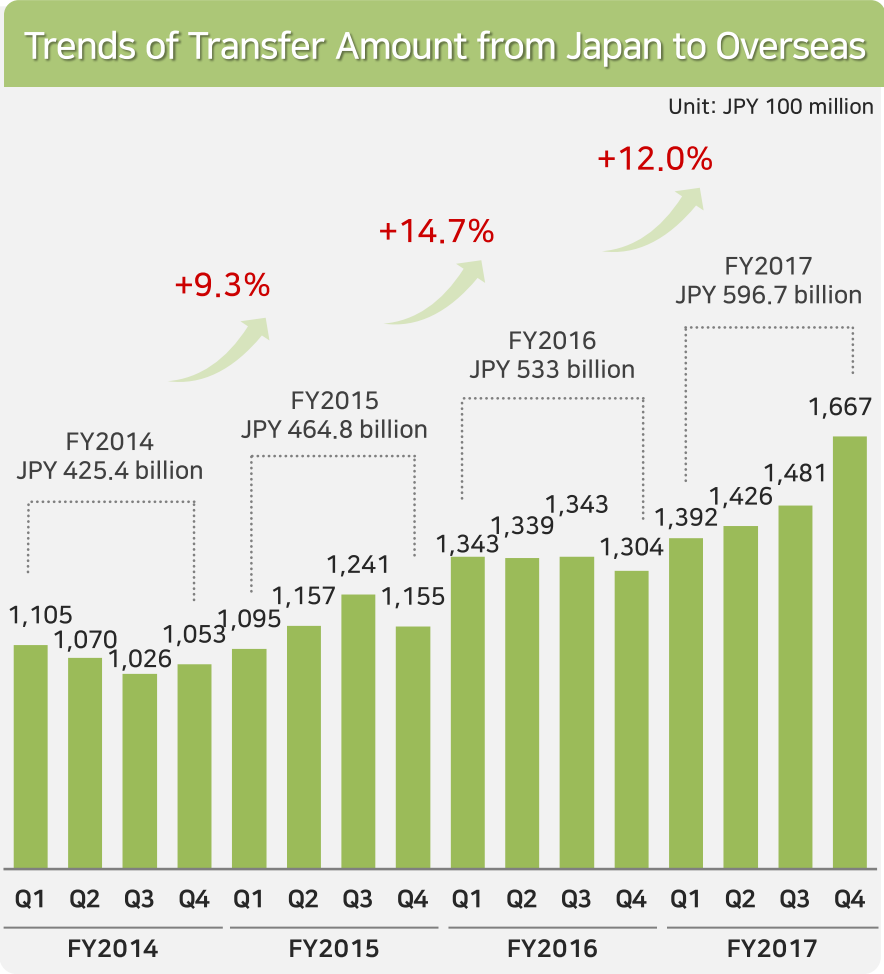
- 01\_ Individual Money Service Business Market
- 02\_ Payment Service Business Market
- 03\_ Corporate Support Service Business Market

# 01. Individual Money Service Business Market

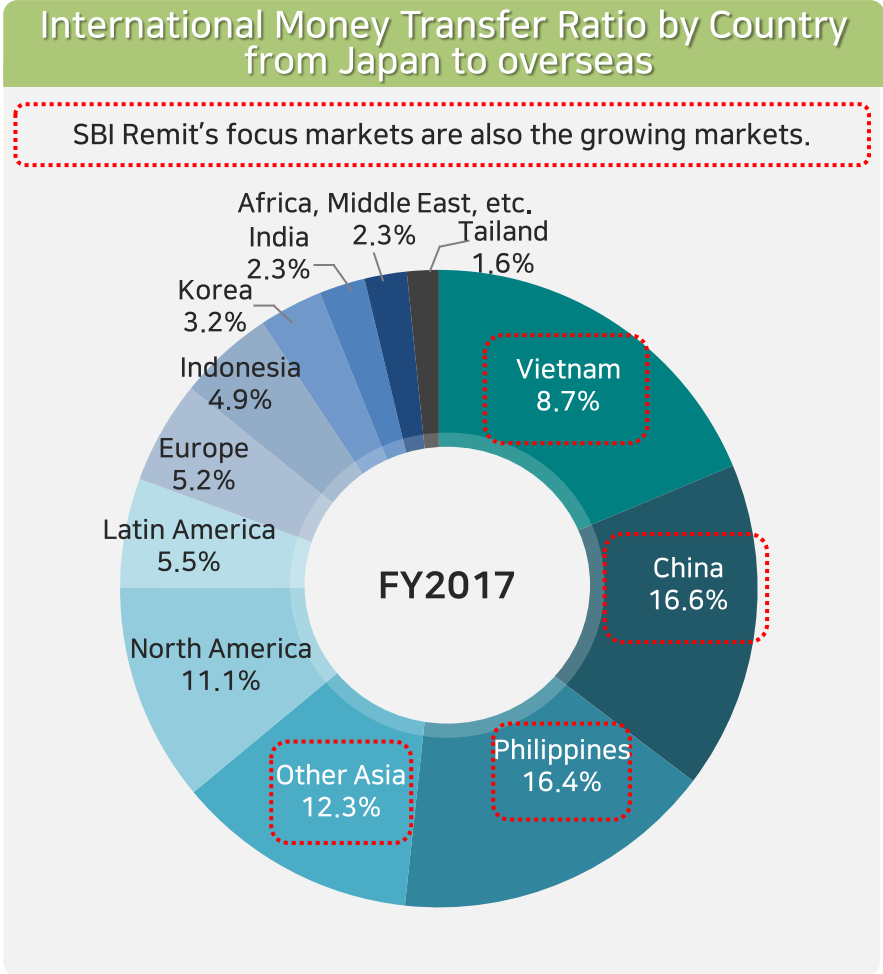
## - International Money Transfer Service - 1



International money transfer market in Japan grows steadily and recorded JPY 596.7 billion as a cumulative total in FY2017.  
SBI Remit expands market with a central focus on Asian nations.



Source: Bank of Japan, statistical data (C2C money transfer)

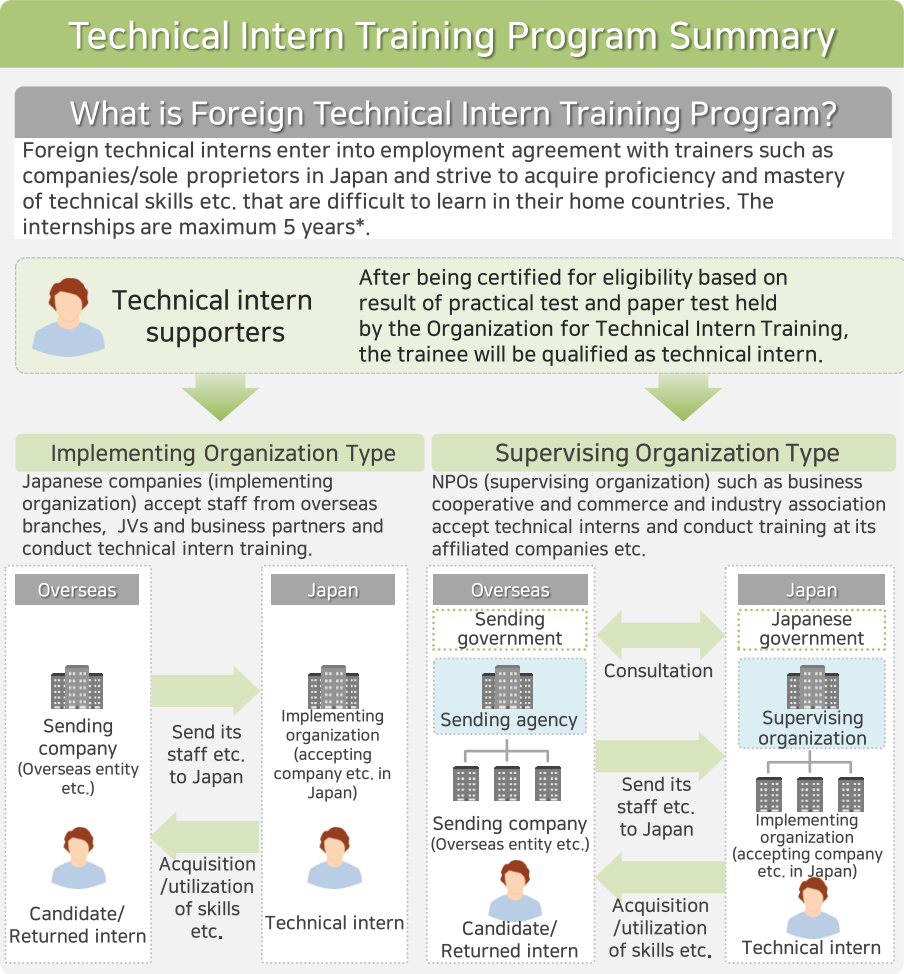


Source: Bank of Japan, statistical data (C2C money transfer)

# 01. Individual Money Service Business Market

## - International Money Transfer Service - 2

Foresees an increased need for money transfer to foreign countries as number of technical interns taking Technical Intern Training Programs increases.

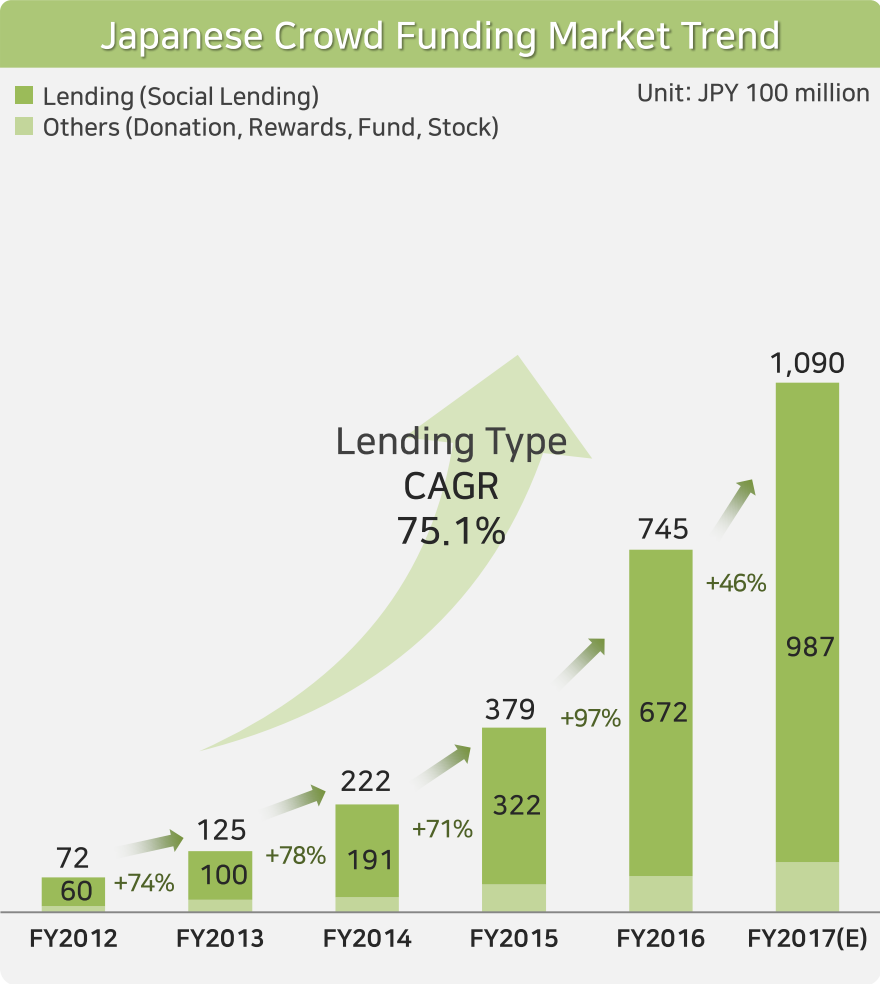


# 01. Individual Money Service Business Market

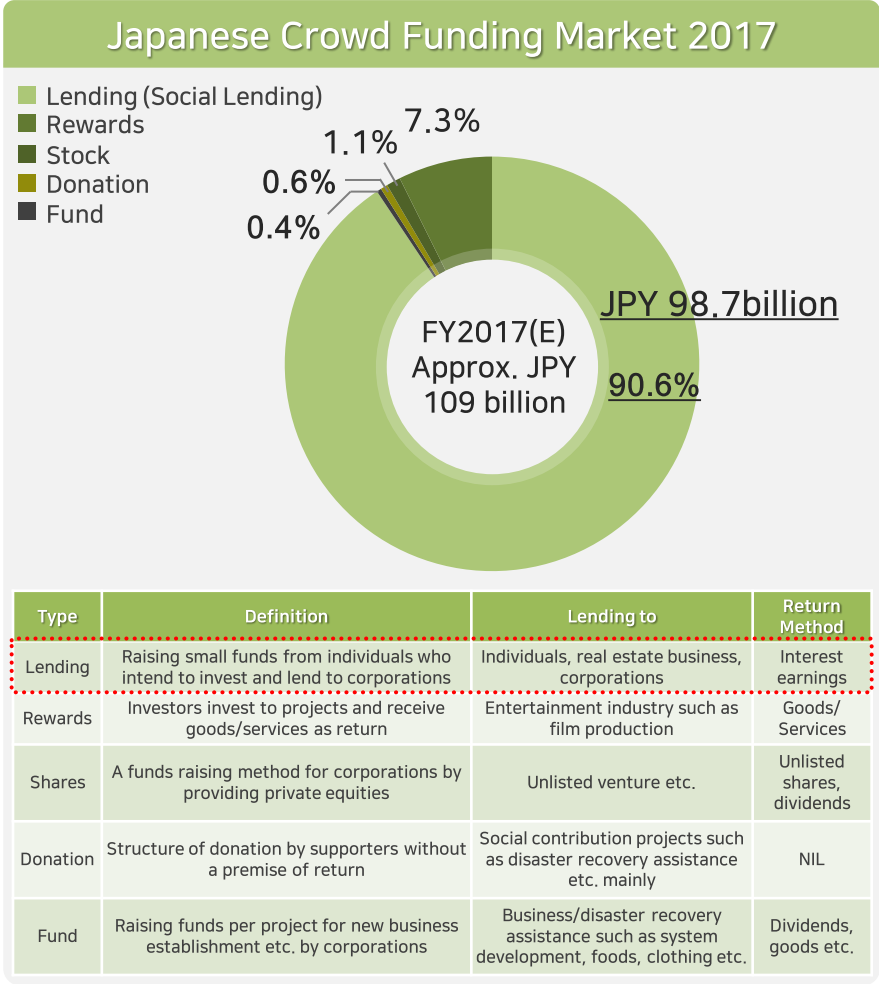
## - Social Lending Service



The crowd funding market is one of the bluest of blue-chip markets expanding at a CAGR of 75% and the category “lending type” that SBI Social Lending engages in accounts for approx. 91% of the expanding market.



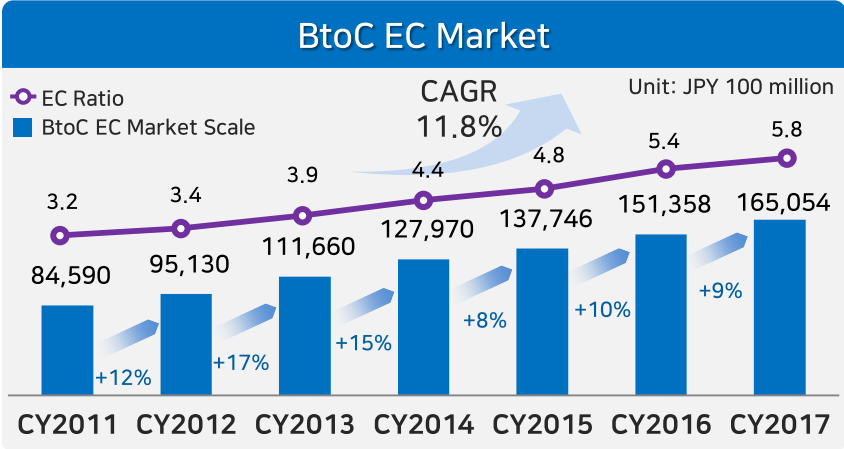
Source: Yano Research Institute



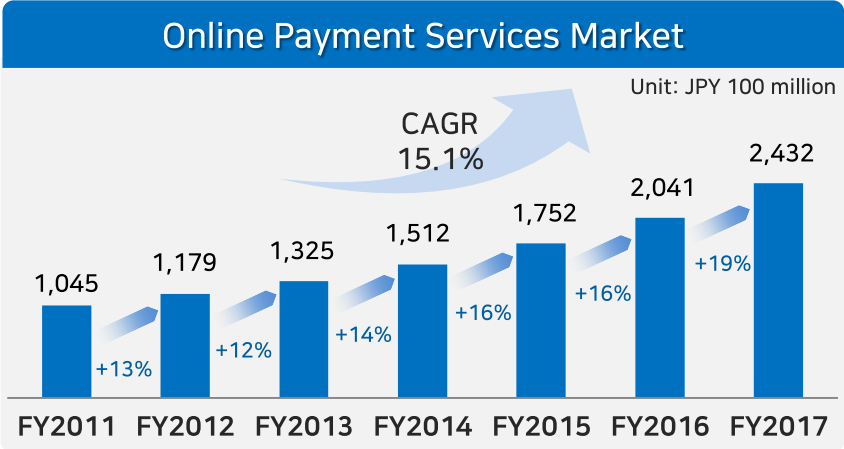
Source: Yano Research Institute

## 02. Payment Service Business Market - 1

Annual average growth rate of Japanese B2C EC market and EC payment service market are 11.8% and 15.1% respectively, showing steady increase trend.

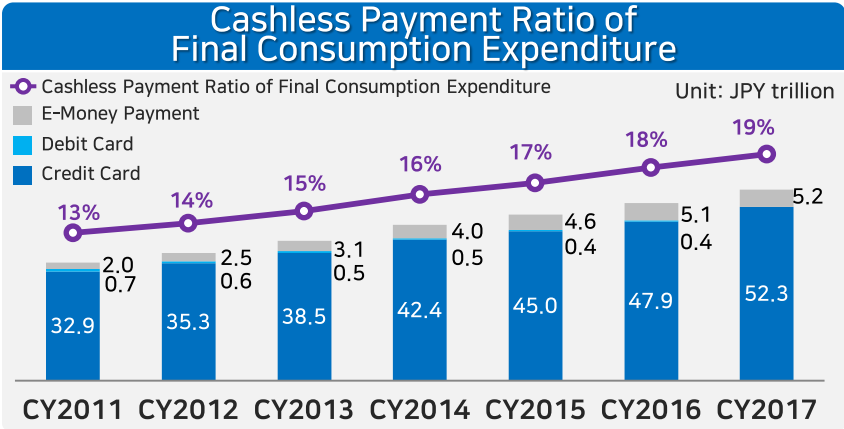


Source: Ministry of Economy, Trade and Industry (Japan)



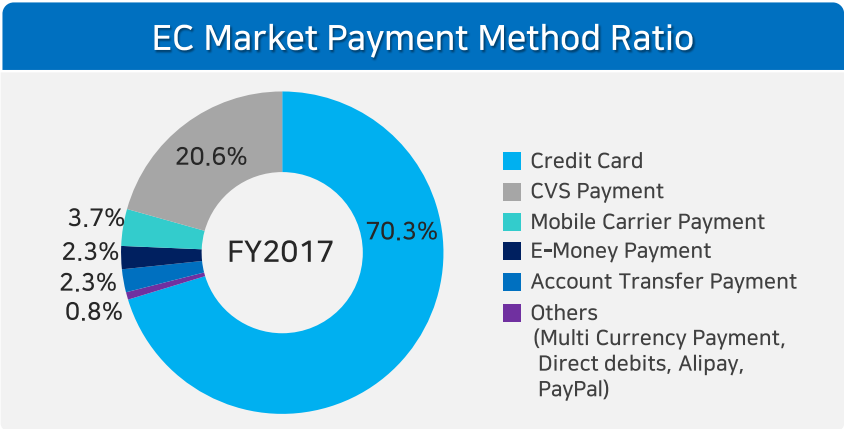
Source: MIC Research Institute

Note: Online Payment Services Market = Sales of 60 Japan domestic online payment service providers



Source: Ministry of Economy, Trade and Industry (Japan) "Cashless vision"

Note: Cashless payment herein means payable condition needless physical cash (bank bill, coin)



Source: MIC Research Institute

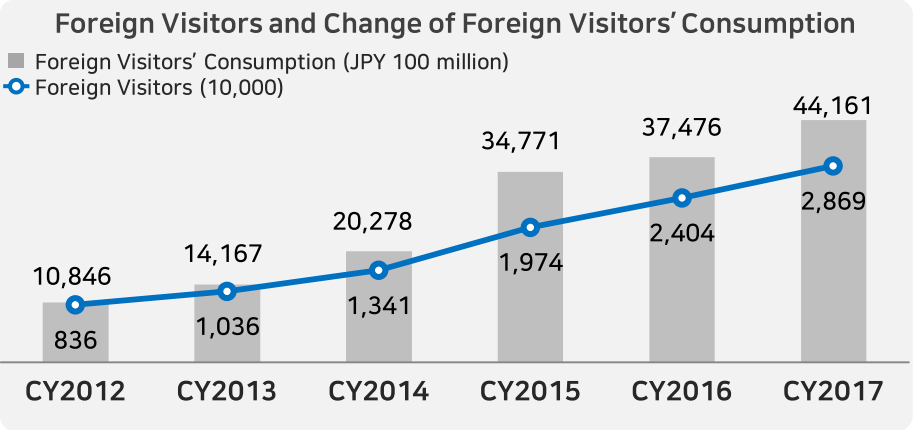
Note: Sales based on Japan domestic electronic payment providers (60 companies)

# 02. Payment Service Business Market - 2

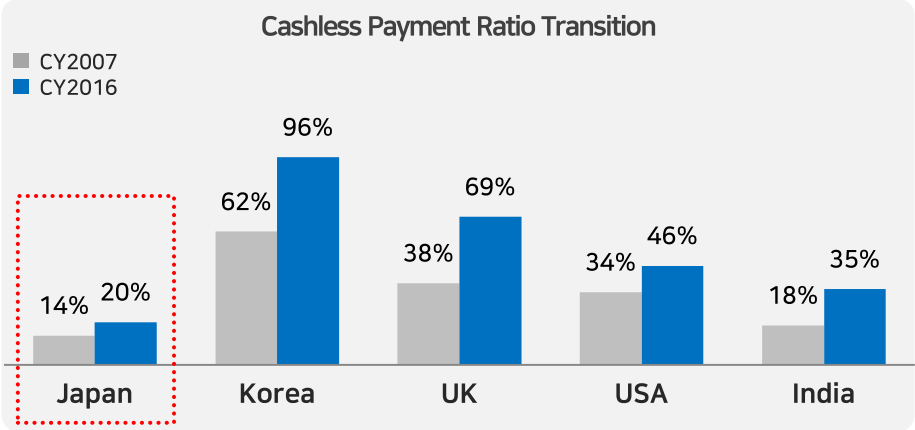
Establishing infrastructure for cashless payments in Japan is an essential task to solve in association with the increasing trend of foreign visitors.  
The government has set the target to 40% cashless payments.



Source: Ministry of Economy, Trade and Industry(Japan) "Cashless vision"



Source: Japan National Tourism Organization

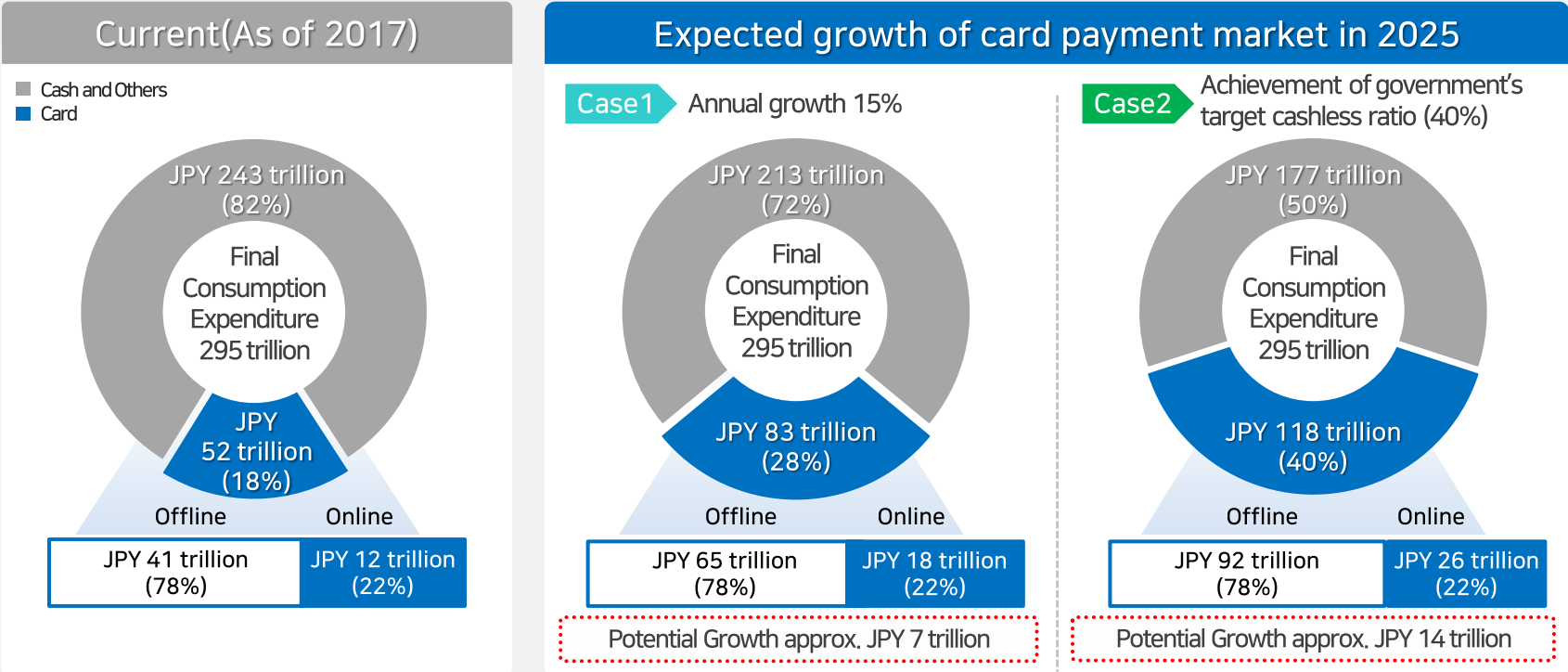


Source: Nomura Research Institute "Current understanding of domestic and foreign evolvement towards cashless economy" (2018.02.08)

# 02. Payment Service Business Market - 3

Domestic online card payment market, the company's primary target, is expected to increase about JPY 7 trillion if card usage ratio increase by accelerating adoption of cashless payments.

## Accelerating Adoption of Cashless Payments

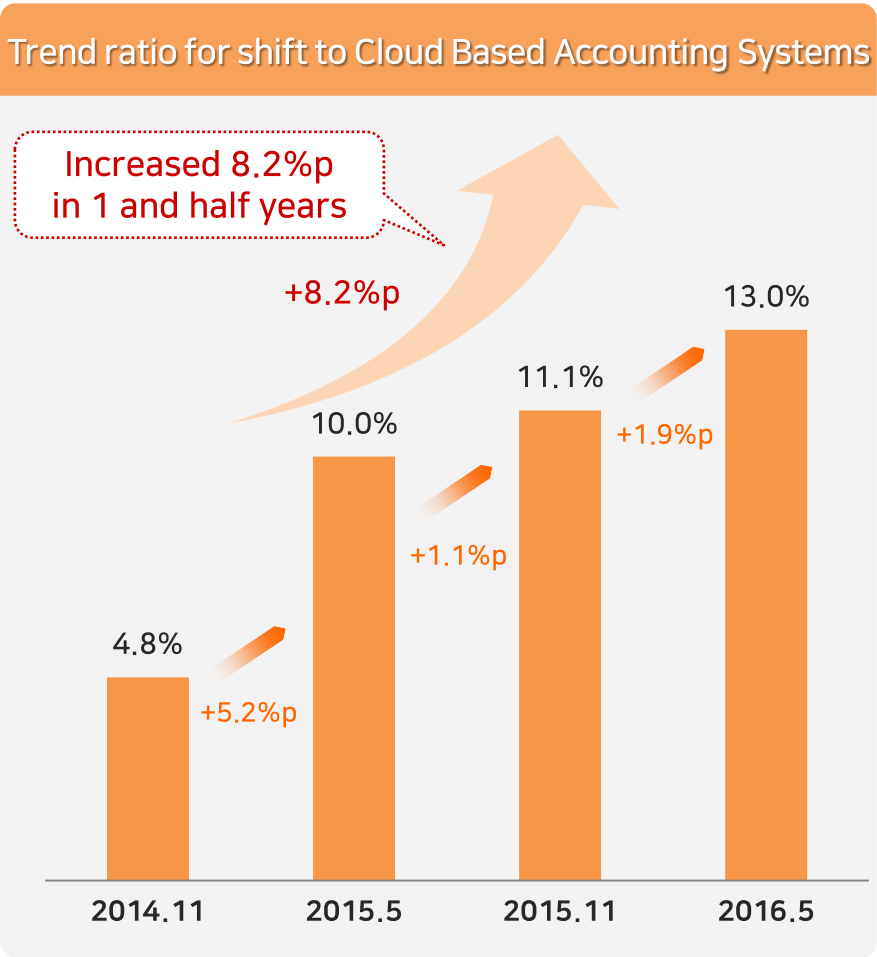




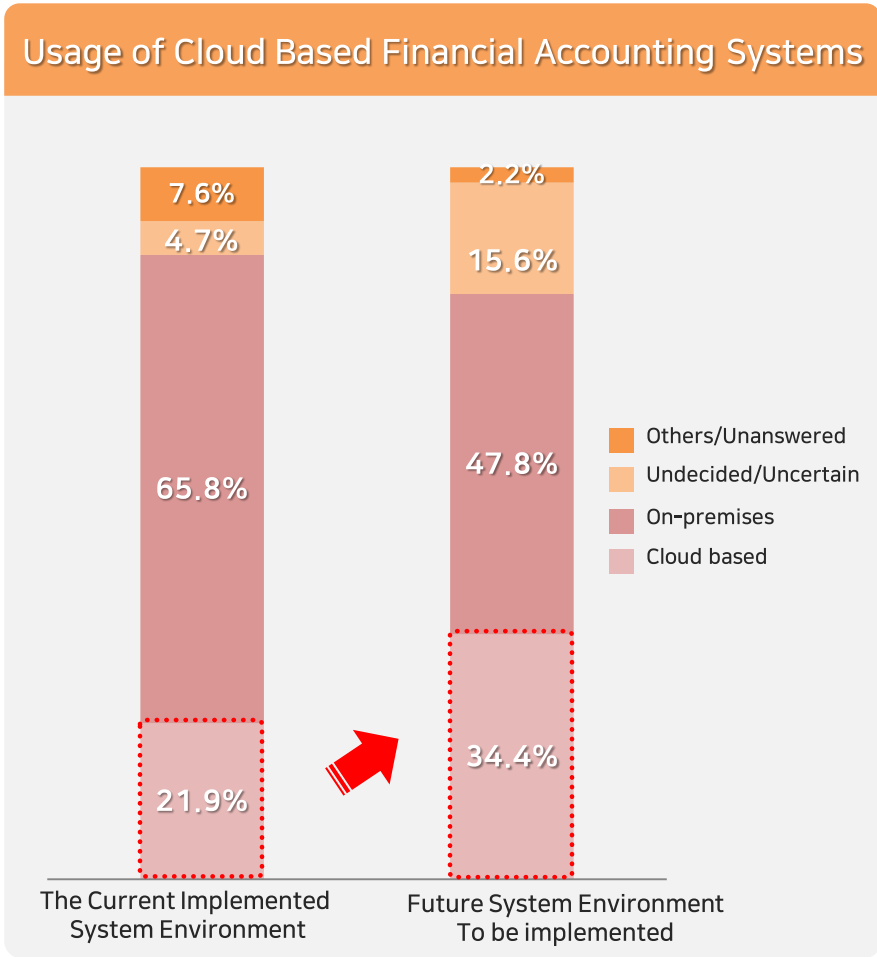
# 03. Corporate Support Service Business

## - Back office support service

The shift to cloud-based from on-premises accounting software will be accelerated based on increased degree of companies' interest and governmental implementation support.



Source: Digital InFact



Source: Yano Research Institute

INVESTOR RELATIONS 2018

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## 04

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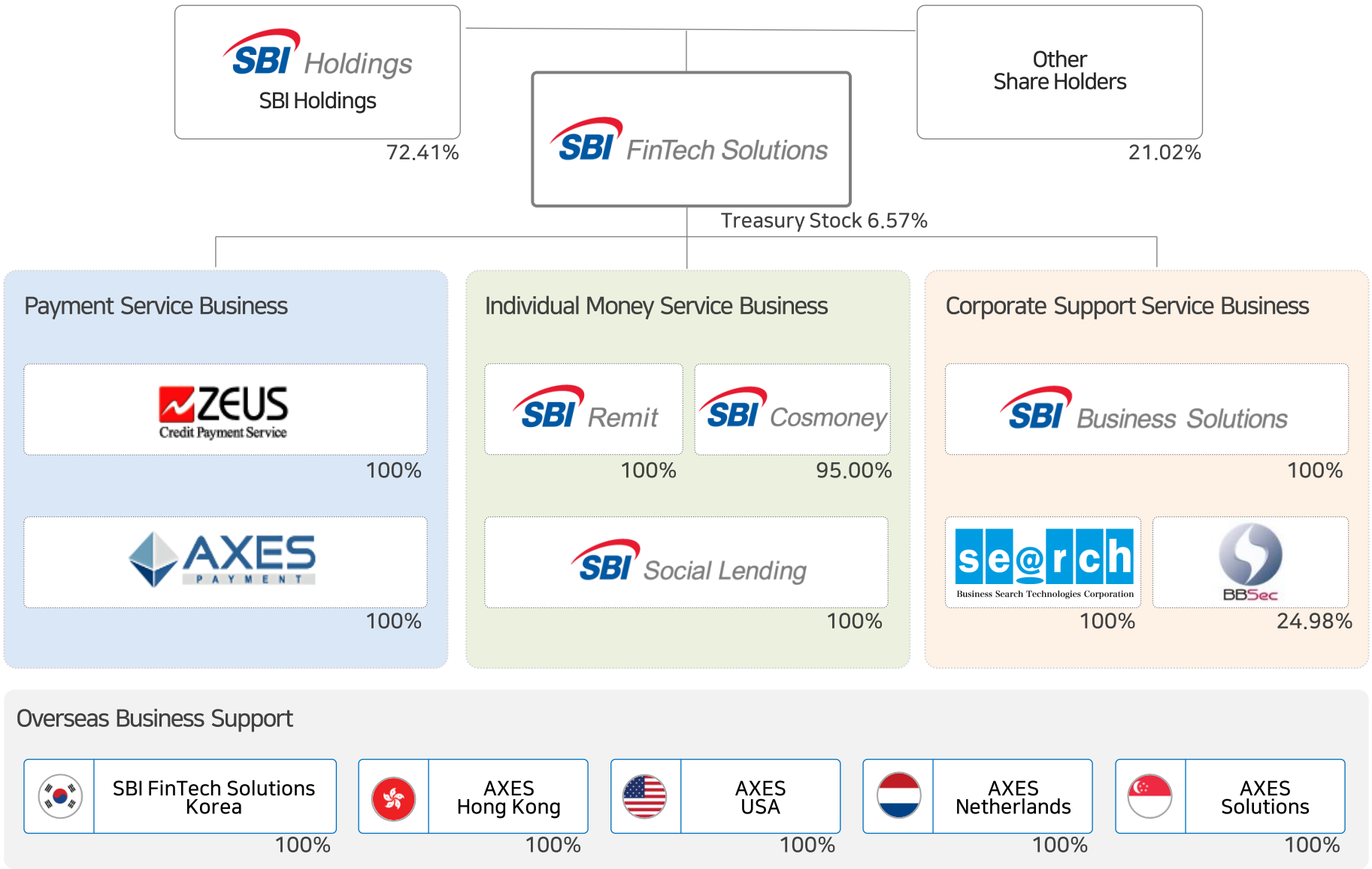
### Appendix

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- 01\_ Organization Structure
- 02\_ Introduction of SBI FinTech Solutions & History
- 03\_ SBI Group
- 04\_ Shareholder Return Policy
- 05\_ Consolidated Statement of Income
- 06\_ Consolidated Statement of Financial Position

# 01. Organization Structure

(As of 2018.9.30)



# 02. Introduction of SBI FinTech Solutions & History



(As of 2018.9.30)

Company Name	SBI FinTech Solutions Co., Ltd.
Established	2011.4.4
Subsidiaries	13 companies including AXES Payment, ZEUS
Headquarter	Aoyama First Building, 2-1-1 Shibuya, Shibuya-ku, Tokyo Izumi Garden Tower, 1-6-1 Roppongi, Minato-ku, Tokyo
Core Business	Payment Service Business Individual Money Service Business Corporate Support Service Business
Accounting Term	March
No. of Employees	309 Employees (Group consolidated base)
Shareholders' capital	JPY 1,453 million

Listed on Korea KOSDAQ	Security Code	950110
	Listing Date	2012.12.17
	Total Number of Shares Issued	24,656,540

2011

SBI AXES Established

Incorporated into SBI Group

2012

SBI AXES Korea Established

Listed on KOSDAQ

2013

SBI Pay for All Acquired

2014

BroadBand Security Entered into capital and business alliance

Business Search Technologies Acquired

2015

SBI Pay for All Absorbed

BroadBand Security Became affiliated company (27.89%)

2016

SBI Holdings went in as SBI AXES' largest shareholder

2017

SBI Social Lending, SBI Remit, SBI Business Solutions Acquired

Change of Corporate Name to SBI FinTech Solutions

SBI Cosmoney Established, Became affiliated company (90%)

2018

SBI Cosmoney performed paid-in capital increase (95%)

# 03. SBI Group

SBI Group is a leading Japanese global online total financial group as well as one of the world’s largest investor in the FinTech industry.



(As of 2018.9.30)

Name	SBI Holdings, Inc.	Accounting Term	March
Established	1999.7.8	Capital	JPY 92.0 billion
Group	245companies	Total Assets	JPY 5,347.4 billion
Number of Employees	6,030 (Consolidated)	Net Assets	JPY 556,1 billion
Listed	Tokyo Stock Exchange 1st Section	Total Market Value	JPY 835.0 billion

The most active corporate block-chain Investors (As of Oct 2017)

Rank	Investor	Examples of Invested Companies
1	SBI Holdings	Orb, R3, Coinplug, Veem, Wirex, bitFlyer
2	Google	Storj Labs, Blockchain, Ripple, LedgerX, Buttercoin
3	Overstock.com	Settlemint, Factom, Ripio, Symbiont, Peernova
4	Citi	Digital Asset, R3, Axoni, Conbalt, Chain
5	Goldman Sachs	Digital Asset, R3, Axoni, Circle

Source: CB Insights, “Blockchain Investment Trends in Review”

## Financial Services Business

**SBI FINANCIAL SERVICES**  
Interim holding company

**SBI証券**  
SBI SECURITIES  
Comprehensive online securities business

**SBI Sumishin Net Bank**  
SBI Sumishin Net Bank  
Internet banking

**SBI マネープラザ**  
SBI MONEY PLAZA  
Store development for financial instruments sales

**SBI Japannext**  
SBI Japannext  
Operation of Proprietary Trading System (PTS)

**SBI Liquidity Market**  
SBI Liquidity Market  
Offering market infrastructure for forex trading

**SBI FXトレード**  
SBI FXTRADE  
Foreign exchange margin transactions

**SBI Insurance Group**  
Insurance holding company

**SBI Insurance**  
SBI Insurance  
Online non-life insurance business

**SBI 生命**  
SBI Life Insurance  
Life insurance

**SBI いきいき少短**  
SBI IKIKI SSI  
small-amount short-term insurance

## Asset Management Business

**SBI Capital Management**  
Interim holding company

**SBI Investment**  
SBI Investment  
Venture capital funds

**SBI Ven Capital**  
SBI Ven Capital  
Based in Singapore

**SBI Savings Bank**  
SBI Saving Bank  
Based in Korea

**SBI Global Asset Management**  
Interim holding company

**MORNINGSTAR**  
Morningstar Japan K.K.  
Credit ratings of investment trust

**SBI Asset Management**  
SBI Asset Management  
Investment advisory services

**MORNINGSTAR ASSET MANAGEMENT**  
MORNINGSTAR Asset Management  
Investment advisory services

## Bio-related Business

**SBI ALA Pharma**  
Interim holding company

**SBI Biotech**  
SBI Biotech  
Pharmaceuticals research and development

**SBI Pharma**  
SBI Pharma  
Development of ALA related products (Pharmaceutical business)

**SBI ALA promo**  
SBI ALA promo  
Sales of ALA

Major group companies with presence in Korea


**SBI FinTech Solutions**  
(Listed on KOSDAQ)

**SBI Investment Korea**  
(Listed on KOSDAQ)

**SBI Savings Bank**  
(Largest saving bank in Korea)

# 04. Shareholder Return Policy

SBI FinTech Solutions has actively continued to provide shareholders’ return on investments.

Basic Year	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017		
								
2012.12.17	2013.3.31	2014.3.31	2014.12.10	2015.3.31	2016.2.18	2016.3.31	2017.3.31	2017.6.30
Dividends per share	Total JPY 17 (KRW 189) (Listing Memorial Dividend JPY 11.23, Year-end Dividend JPY 5.77)	JPY 5 (KRW 50)	•Acquisition period: 2014.12.10 to 2015.12.09  •Total number of acquired shares: 156,347 shares  •Total acquisition cost: KRW493,710,160	JPY 10 (KRW 90)	•Acquisition period: 2016.01.22 to 2016.02.18  •Total number of acquired shares: 1,462,771 shares  •Total acquisition cost: KRW4,973,421,400	JPY 10 (KRW 107)	JPY 10 (KRW 101)	JPY 14 (KRW 137)
Market value dividend ratio	4.6%	1.5%		2.8%		2.7%	2.5%	1.7%
Dividend ratio	50.77%	71.71%		78.33%		49.05%	51.17%	39.53%
Total dividend	JPY 363 million (KRW 4,055 million)	JPY 107 million (KRW 1,072 million)		JPY 213 million (KRW 1,912 million)		JPY 197 million (KRW 2,104 million)	JPY 197 million (KRW 1,988 million)	JPY 323 million (KRW 3,162 million)

\* KRW base Dividends = based on basic exchange rate as of the dividends resolution date.  
Market value dividend ratio = calculated based on dividends per share divided by arithmetic average of the closing prices formed at KOSDAQ for the past one week from 2 trading days before closure date of dividend related shareholder list and being in percentage

Class	FY2018 H1	FY2017	FY2016
End-of-period exchange rate (Statement of Financial Position)	9.8117	10.0146	9.9852
Average exchange rate (Statement of Income)	9.9831	10.0192	10.6110

## 05. Consolidated Statement of Income

### ● JPY Basis

Unit: JPY million

Account title	FY2018 H1	FY2017	FY2016
Sales	4,127	7,101	2,873
Cost of sales	1,050	2,028	730
Gross margin	3,076	5,073	2,142
Selling general / Administrative expenses	2,165	3,837	1,601
Other gains / losses	(6)	(92)	5
Operating income	905	1,143	546
Financial income	8	14	5
Financial expense	(60)	102	11
Foreign exchange gains / losses	(25)	(17)	(1)
Equity method income	(34)	39	4
Income before tax	795	1,077	543
Income tax expenses	262	278	177
Net income	533	798	366
Owners of the parent	537	807	177
Non-controlling interest	(4)	(8)	-

※ IFRS basis

※ Sales recognition criteria is changed from FY2018 Q1 by IFRS15 application. Therefore, FY2017 Q1 figures have been revised under the same criteria and provided as comparison information.

### ● KRW Basis

Unit: KRW million

Account title	FY2018 H1	FY2017	FY2016
Sales	41,197	71,148	30,485
Cost of sales	10,486	20,325	7,754
Gross margin	30,710	50,822	22,731
Selling general / Administrative expenses	21,612	38,447	16,990
Other gains / losses	(63)	(921)	57
Operating income	9,036	11,454	5,797
Financial income	85	144	47
Financial expense	(595)	1,025	113
Foreign exchange gains / losses	(249)	(170)	(7)
Equity method income	(344)	386	42
Income before tax	7,932	10,789	5,766
Income tax expenses	2,613	2,790	1,881
Net income	5,319	7,999	3,885
Owners of the parent	5,364	8,082	3,885
Non-controlling interest	(44)	(83)	-

※ IFRS basis

※ Sales recognition criteria is changed from FY2018 Q1 by IFRS15 application. Therefore, FY2017 Q1 figures have been revised under the same criteria and provided as comparison information.

## 06. Consolidated Statement of Financial Position

Class	FY2018 H1	FY2017	FY2016
End-of-period exchange rate (Statement of Financial Position)	9.8117	10.0146	9.9852
Average exchange rate (Statement of Income)	9.9831	10.0192	10.6110

### ● JPY Basis

Unit: JPY million

Account title	FY2018 H1	FY2017	FY2016
Non-current assets	2,938	2,904	1,644
Current assets	23,874	22,125	10,567
<b>Total assets</b>	<b>26,812</b>	<b>25,029</b>	<b>12,210</b>
Non-current liabilities	1,923	1,930	424
Current liabilities	22,093	20,529	8,693
<b>Total liabilities</b>	<b>24,017</b>	<b>22,459</b>	<b>9,117</b>
Equity attributable to owners of the parent			
Paid-in capital	1,453	1,453	803
Additional paid-in capital	(533)	(533)	1,248
Retained earnings	2,378	2,163	1,554
Treasury stock	(522)	(522)	(522)
Other capital factors	8	(6)	10
<b>Total equity attributable to owners of the parent</b>	<b>2,784</b>	<b>2,555</b>	<b>3,093</b>
Non-controlling interest	11	15	-
<b>Total equity</b>	<b>2,795</b>	<b>2,570</b>	<b>3,093</b>

※ IFRS basis

### ● KRW Basis

Unit: KRW million

Account title	FY2018 H1	FY2017	FY2016
Non-current assets	28,828	29,084	16,411
Current assets	234,242	221,573	105,510
<b>Total assets</b>	<b>263,070</b>	<b>250,657</b>	<b>121,922</b>
Non-current liabilities	18,870	19,326	4,229
Current liabilities	216,774	205,590	86,805
<b>Total liabilities</b>	<b>235,644</b>	<b>224,916</b>	<b>16,411</b>
Equity attributable to owners of the parent			
Paid-in capital	20,552	20,552	11,356
Additional paid-in capital	(7,526)	(7,526)	17,662
Retained earnings	22,405	23,604	17,740
Treasury stock	(5,507)	(5,507)	(5,507)
Other capital factors	(2,635)	(5,538)	(10,363)
<b>Total equity attributable to owners of the parent</b>	<b>27,288</b>	<b>25,584</b>	<b>30,888</b>
Non-controlling interest	138	157	-
<b>Total equity</b>	<b>27,426</b>	<b>25,741</b>	<b>30,888</b>

※ IFRS basis





Imagination and Innovation

## IR Contacts

Tel	+82-2-2038-2791
Fax	+82-2038-2796
Email	<a href="mailto:ir@sbi-finsol.co.jp">ir@sbi-finsol.co.jp</a>
Site	<a href="https://www.sbi-finsol.co.jp/kr/">https://www.sbi-finsol.co.jp/kr/</a>
Address	17F Two IFC, 10, Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul, Korea