

We will write down and transmit the content of the third quarter closing meeting for March 2020, Seven Bank, Ltd. Corporation, which was conducted on February 7, 2020.

[Speaker]

Hisanao Kawada Board of directors, Managing Executive Officer, General Manager of Corporate Planning Department, Seven Bank, Ltd. Corporation

[Text]

● **Financial Results Digest**

Financial Results Digest


Consolidated

Ordinary income: ¥112.3 billion (up ¥0.9 billion year-on-year)

Equity in losses of affiliated companies: ¥2.8 billion

Ordinary profit: ¥31.5 billion (down ¥0.6 billion year-on-year)

Net income attributable to owners of the parent: ¥20.7 billion (up ¥13.2 billion year-on-year)

Consolidated

- ✓ **Both income and profit increased**
- ✓ FCTI turned profitable on the ordinary profit level.

Seven Bank

Ordinary income: ¥91.0 billion (down ¥0.0 billion year-on-year)

Ordinary profit: ¥35.1 billion (up ¥0.9 billion year-on-year)

* Loss on valuation of stocks of subsidiaries and affiliates: ¥2.9 billion

Net income: ¥22.2 billion (up ¥13.7 billion year-on-year)

Seven Bank

- ✓ **Income declined while profit increased**
- ✓ Income declined slightly due to the reversal of a temporary income a year earlier, even as income of the ATM PF business increased.

Loss associated with discontinuation of 7pay Consolidated: Other ordinary expenses; Non-consolidated: Extraordinary losses

- **No change** in **both consolidated and non-consolidated forecasts** from the initial plan
- **No change** in **year-end dividend forecast** from the initial plan at **¥5.50** per share (annual dividend of ¥11.00 per share)

*Loss on valuation of stocks of subsidiaries and affiliates does not impact consolidated results, as it is eliminated upon consolidation.

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Kawada: Kawada in Seven Bank, Ltd. We would like to thank you for participating in the results conference call today. I will explain the financial results for the third quarter, which we announced today.

Before entering into a detailed explanation of the materials, I would like to explain your overall perspective. In recent years, there have been various moves in the banking industry, including cashless transactions, and the environment surrounding the ATM business has become extremely severe.

In this environment, we believe that our financial results in Japan were supported by favorable charges associated with various cashless transactions, and overseas, with the U.S. FCTI returning to profitability from the second-quarter loss, we were able to absorb a considerable JPY3 billion in losses associated with the elimination of "7pay," and we were able to achieve improper results both on a consolidated and non-consolidated basis.

I will explain it in accordance with the materials.

We will explain the details from the settlement digest on page 2.

In the first 9 months of the consolidated fiscal year under review, ordinary income was JPY112.3 billion, ordinary income was JPY31.5 billion, and net income was JPY20.7 billion. On a consolidated basis, ordinary income was negative, but both ordinary income and net income increased.

On the right and right-hand sides, Seven Bank, Ltd. posted ordinary income of JPY91.0 billion, ordinary income of JPY35.1 billion, and net income of JPY22.2 billion. Ordinary income declined slightly, but profit increased on a profit basis.

As shown in the margin, the loss associated with the abolition of "7pay" is included in other ordinary expenses on a consolidated basis, and accounted for as an equity in loss of affiliates of JPY2.8 billion. Consequently, ordinary income is impaired by this amount.

At Seven Bank, Ltd., extraordinary losses on the valuation of shares of companies and associates were recorded and reflected in net income.

Consolidated ordinary income was JPY31.5 billion, a decrease of JPY0.6 billion from the same period of the previous fiscal year. We may be angry when we discuss the assumptions, but if we do not have an equity-method investment loss of 7pay, we would have a positive JPY2.2 billion, so we believe that we are firmly managing our core business as a base.

At present, the forecasts have not changed from the initial forecasts. The dividend forecast has not been changed at this time.

- **Income Statement (Consolidated)**

Income Statement (Consolidated)					
	FY18 1Q-3Q	FY19 1Q-3Q	Changes from FY18 1Q-3Q	FY19 Plan	
Ordinary income	111.4	112.3	0.9	148.9	
Ordinary expenses	79.2	80.7	1.5	109.2	
Ordinary profit	32.1	31.5	(0.6)	39.7	
Net income	7.5	20.7	13.2	26.7	

(Billionyen)

Notes:
 1. Amounts less than one hundred million yen have been truncated.
 2. Previous-year comparisons are based on the units used in these materials.
 3. Exchange rates per USD 1 on the consolidated income statement
 FY18 1Q-3Q = ¥109.60, FY19 1Q-3Q = ¥109.12, FY19 Plan = ¥110.00
 4. Net income is net income attributable to owners of the parent.

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Page 3 explains the consolidated results of operations. In terms of the cumulative total up to the third quarter, as we explained earlier, ordinary income is expected to increase, while net income is expected to increase.

● Income Statement (Seven Bank, Ltd.)



Income Statement (Seven Bank)

■ In the nine months, **ordinary profit increased, while ordinary income slightly declined** year on year

	FY18 1Q-3Q	FY19 1Q-3Q	Changes from FY18 1Q-3Q	FY19 Plan
	(Billion yen)			
Ordinary income	91.0	91.0	(0.0)	120.2
ATM-related fee income	82.1	82.4	0.3	107.5
Ordinary expenses	56.8	55.8	(1.0)	78.4
Ordinary profit	34.2	35.1	0.9	41.7
Extraordinary losses	21.8	3.0	(18.8)	0.1
Net income	8.5	22.2	13.7	28.9
EBITDA	46.3	45.4	(0.9)	56.0
No. of ATMs installed at end of term (units)	24,899	25,207	308	25,502
ATM-related fee income per transaction (yen)	132.9	131.9	(1.0)	134.0
Daily average transactions per ATM (transactions/ATM/day)	93.6	92.2	(1.4)	89.2
Total no. of transactions (million)	632	638	6	822

Note: EBITDA= Ordinary profit + Depreciation and amortization

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Page 4 shows Seven Bank, Ltd.'s non-consolidated profit and loss. Ordinary revenues of JPY91.0 billion declined slightly to a negative JPY0 billion below the JPY0.1 billion level, while net income increased JPY22.2 billion to a positive JPY13.7 billion.

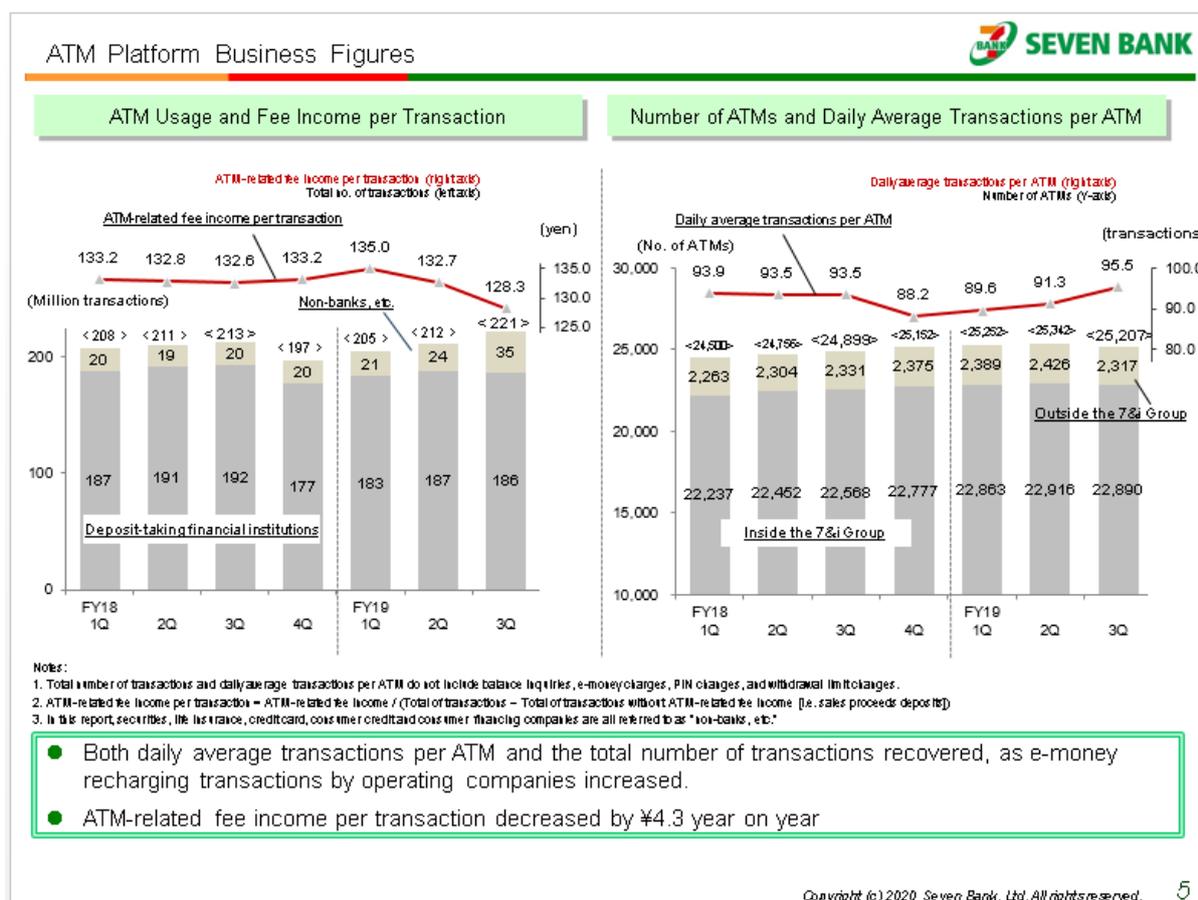
Of course, in the previous fiscal year, we recorded significant impairment losses on our overseas operations, so we naturally achieved an increase in profits on a net income basis. However, we have been able to maintain our top-line ordinary income at almost the same level as in the previous fiscal year.

In the previous fiscal year, Wil, an investment fund that realized gains on its shares, contributed to the increase in ordinary income from extraordinary income of around JPY0.5 billion. As a result, ordinary income in the core business, excluding this portion, was sufficiently positive on an ordinary income basis.

When we announced our second quarter financial results 3 months ago, the year-on-year difference in ordinary revenues was negative JPY0.2 billion, but in the third quarter it was negative JPY0 billion, and we have been able to catch up to a negative figure of less than JPY0.1 billion.

I believe that we will be able to achieve our initial targets in our full-year financial results.

● **ATM Platform Business Figures**



The basic figures for the ATM platform business are shown on page 5.

The graph on the left shows trends in the number of ATMs used and the unit price of commissions received, while the bar graph shows the number of transactions and the line graph shows the unit price. In the third quarter of FY2019, the number of non-deposits and

other financial institutions increased significantly, although the number of such institutions was extremely strong.

Due to the recent increase in the number of recharging transactions to the "● payments " service, which includes non-banks, the number of transactions to non-banks in Third Quarter of FY2019 has risen from 20 million in Third Quarter of FY2018 to 35 million in the same period of the previous fiscal year. Compared to Third Quarter of FY2018 and Third Quarter of FY2019, this has increased by 15 million over the past 3 months, with approximately 5 million charge transactions per month, which has been a major factor behind the increase in the number of transactions.

On the other hand, as you are well aware, the revenue per case (unit commission fee) of the "● payments " charge is slightly lower than that of the bank transactions, and as the percentage of the charge transactions increases, the unit commission fee received is gradually decreasing.

The graph on the right shows trends in the number of ATMs and the average number of ATMs used. The bar chart shows the number of ATMs, and the line chart shows the average number of transactions.

The number of units increased year on year but decreased compared with the second and third quarters of FY2019.

This is the first time that the number of ATMs declines on a quarterly basis, and the decline in the number of ATMs is a negative status for our ATM business.

The breakdown of the number of ATMs is shown separately within the Group and outside the Group. However, the number of ATMs within the Group has decreased slightly.

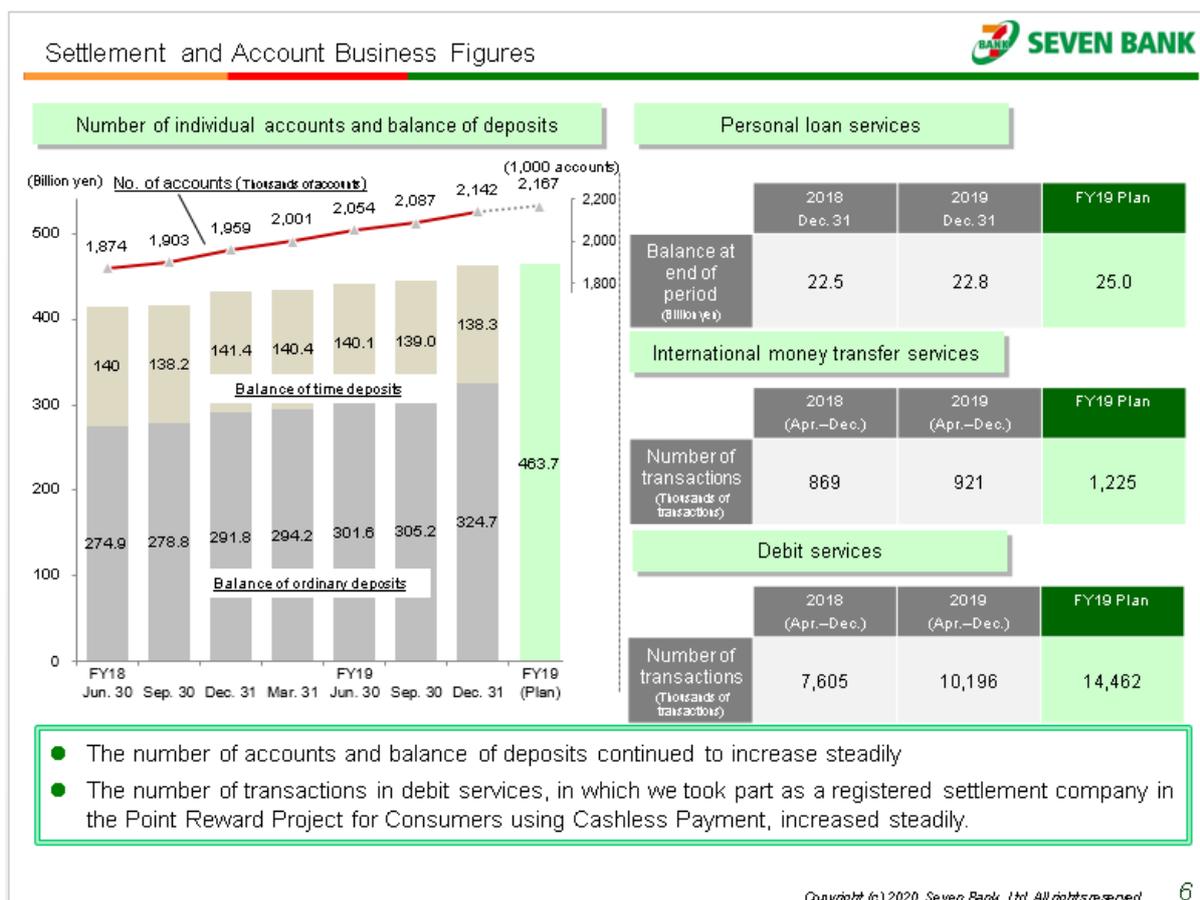
As you can see, the opening of Seven-Eleven Japan stores has been largely restrained, and the net increase has fallen from about 1,000 stores to about 150 stores, resulting in a considerable net increase.

Naturally, as we have repeatedly opened stores under such conditions, the number of ATMs within the Group will be affected by the fact that if the timing of scraps and builds is delayed, 10 or 20 ATMs will temporarily decrease.

Outside the 7&i group, ATMs installed at airports, train stations, and other locations, as well as ATMs substituted by financial institutions, are included. The major decrease this time is due to the removal of hundreds and tens of ATMs by the request of the security company for "removal of alternative ATMs," which has greatly reduced this amount.

The average number of users started to grow significantly from 93.5 to 95.5 y-o-y. These are the explanations on page 5.

● **Settlement and Account Business Figures**



Page 6 describes the Settlement Account Business. The number of accounts shown in the line graph and the balance of deposits shown in the bar graph are steadily increasing. I would like to express my gratitude for the fact that the number of accounts is steadily increasing at a pace of about 20 thousand accounts per month, which is not a reality in the banking industry.

Major services are listed on the right. Although personal loans have fallen far short of the plan due in part to the extremely difficult environment surrounding bank loans, we are still steadily accumulating such loans. International Money Transfer Service and debit services performed very well.

- **Income Statement (FCTI)**

Income Statement (FCTI)					
<ul style="list-style-type: none"> ■ In the nine months, income and profit increased year on year and FCTI achieved profit. 					
	FY18 1Q-3Q (Jan.-Sept. 2018)	FY19 1Q-3Q (Jan.-Sept. 2019)	Changes from FY18 1Q-3Q	(Million USD)	
				FY19 full-year plan	
Ordinary income	183.7	192.3	8.6	255.4	
Ordinary expenses	194.2	190.1	(4.1)	253.8	
Ordinary profit	(10.5)	2.2	12.7	1.6	
Net income	(100.5)	2.3	102.8	0.8	
EBITDA	3.6	7.3	3.7	9.0	
No. of ATMs installed at end of term (units)	13,525	11,948	(1,539)	11,770	
At SEI (units)	8,202	8,424	223	8,311	
Daily average transactions per ATM (transactions/ATM/day)	38.3	42.9	4.6	45.0	
At SEI (transactions/ATM/day)	56.3	55.7	(0.5)	57.2	
Total no. of transactions during the period (thousand)	131,180	144,795	13,615	194,000	

Notes:
1. Total number of transactions for U.S. ATMs includes balance inquiries.
2. Number of ATMs as of December 31, 2019: 10,886 (preliminary figure)
At SEI: 8,465
Other than SEI: 2,421 units directly owned

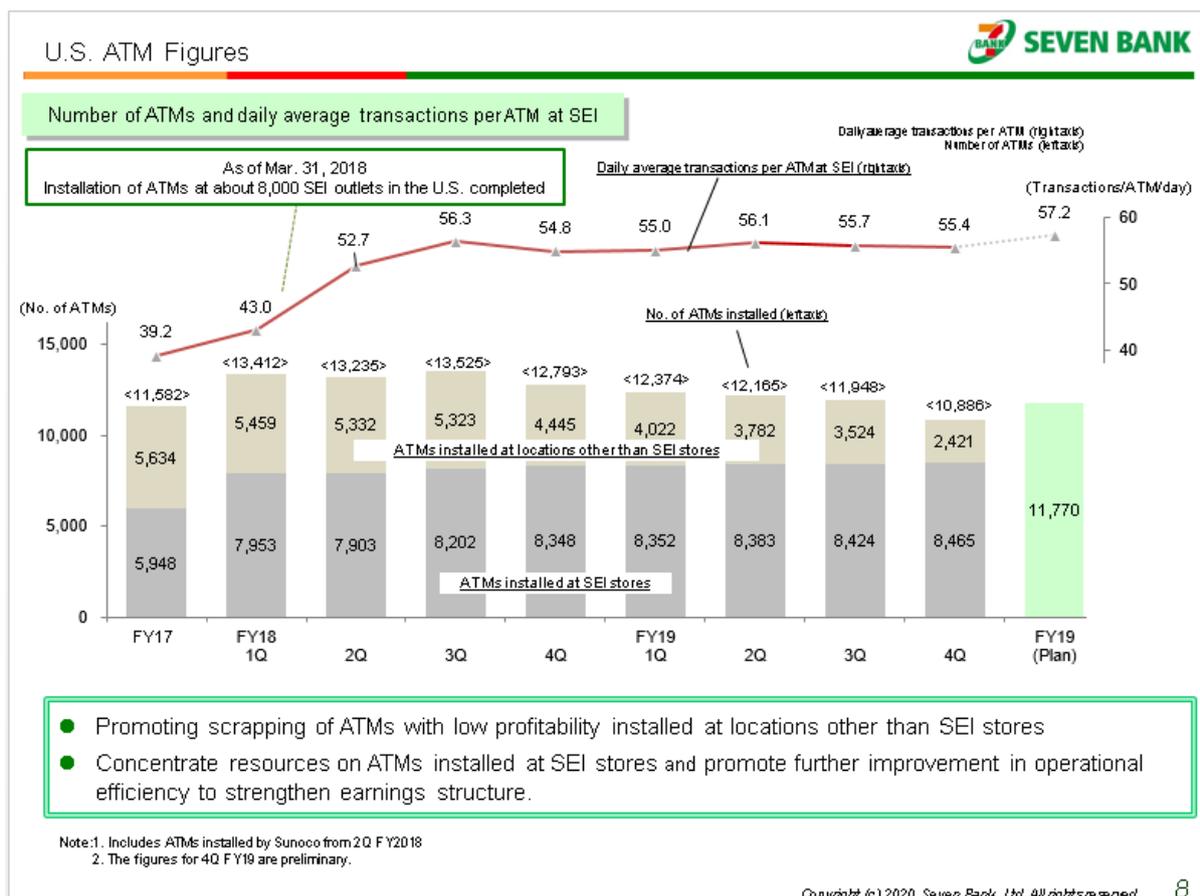
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Page 7 shows FCTI's profit and loss status. In the cumulative period through the third quarter of the fiscal year under review, we achieved year-on-year increases in both sales and profits.

At the briefing on the second quarter financial results, I said that ordinary income was negative US\$0.6 million, which is a positive figure of US\$2.2 million. Net income has returned to profitability from a negative US\$0.3 million to a positive US\$2.3 million, making a significant contribution.

On the right-hand side of this report, we have stated that our FY2019 full-year forecasts are for ordinary income of US\$1.6 million and net income of US\$0.8 million. As these figures have not been revised, they are based on the figures in the initial plan. As net income has already reached US\$2.3 million by the third quarter, we expect it to reach US\$4 million to US\$5 million, which is, of course, larger than this figure.

● U.S. ATM figures

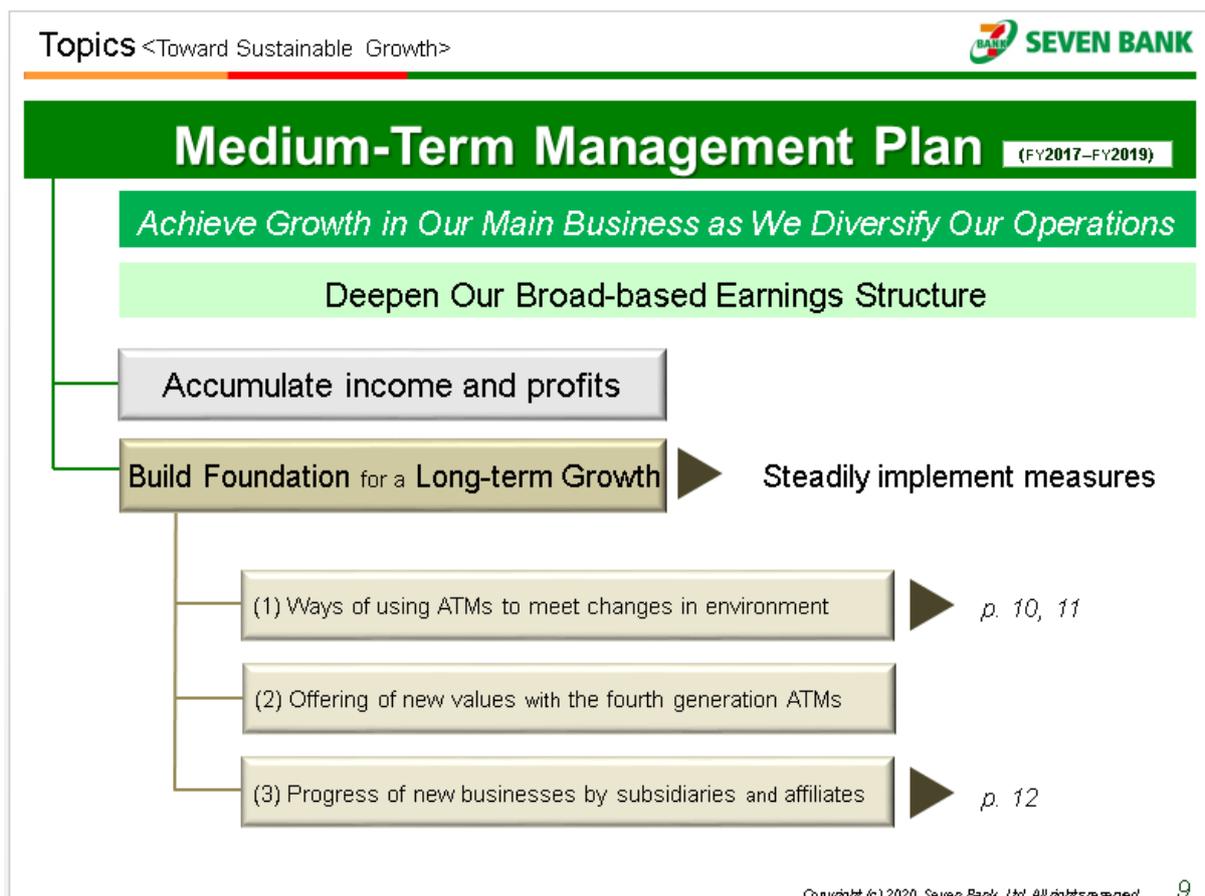


Next, page 8 explains the figures for ATMs in the United States. The bar graph shows the number of ATMs. The line graph shows the average number of ATMs installed in the SEI in the United States. First of all, the line graph shows that it has remained at a high level and has been steadily using it.

Conversely, the number of ATMs other than SEI is extremely low, ranging from 10 to 15, and we intend to dispose of such ATMs because they are basically inefficient.

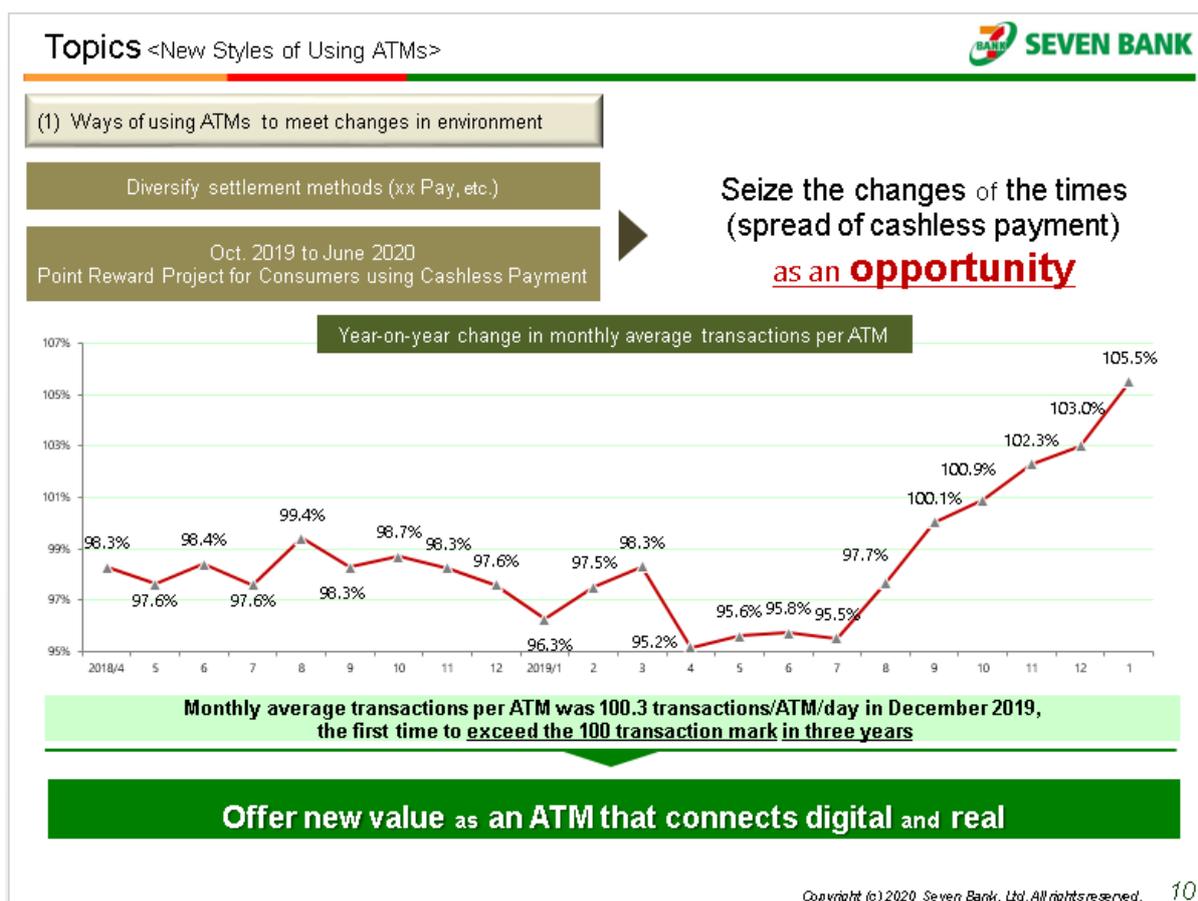
During the fourth quarter, there was a large number of deals sold, and the number of installations outside SEI in the bar graph decreased significantly. However, this is not to say that the number of SEI stores is decreasing, and that the fact that the number of off-SEI ATMs, which are being organized in a policy status, is decreasing, has not had a major impact on the fundamentals of installations of ATMs.

- **Topics < Toward Sustainable Growth>**



Finally, I would like to explain 3 topics related to the medium-term management plan. This fiscal year is the final year of our 3-year medium-term management plan, and we are working to build up earnings and profits and build a foundation for long-term growth. I would like to explain 3 symbolic aspects of building a foundation for long-term growth.

- Topics <New Styles of Using ATMs >①



First, page 10. As a new style of using ATMs, I have talked about many times about the charges of various "● payments." This has won a great deal of support from our customers, and we are using it more than we imagined.

At the same time, this service is not currently available outside Seven Bank, Ltd.'s ATMs, and it has supported a considerable amount of ATMs used. Since September, the average number of ATMs used has been well above the previous year's level. This is a topic that

highlights the achievements of our alliances with new operators in order to create new value for ATMs.

- Topics <New Styles of Using ATMs >②

Topics <New Styles of Using ATMs>

Aim to further grow number of transactions

Increase the number of affiliated financial institutions

Tie-up with new settlement companies

SoftBank Card

LINE Pay

JCB PREMIO

SMBC
三井住友カード

VANDLECARD

Kyash

d払い

au WALLET
スマートローン

WebMoney

au WALLET

PayPay

Pringo

ogram

+

Pay

Jan. 28, 2020: Start of a new partnership

Measures to enhance visibility

Holding joint campaigns

Campaign period	From Feb. 3 (Mon.) to Feb. 29 (Sat.), 2020* For 27 days
Areas	Nationwide
Details (conditions and prizes)	A total of 50,000 people, from those who charge ¥10,000 in cash at a time using a Seven Bank ATM for a specified smartphone payment service, win ¥1,000 (equivalent). *Automatic entry for one unit per account
Target smartphone payments services	Smartphone payment services that can be charged using Seven Bank ATMs and used at Seven-Eleven cashiers (PayPay, au WALLET, LINE Pay, d Payment, Merpay)

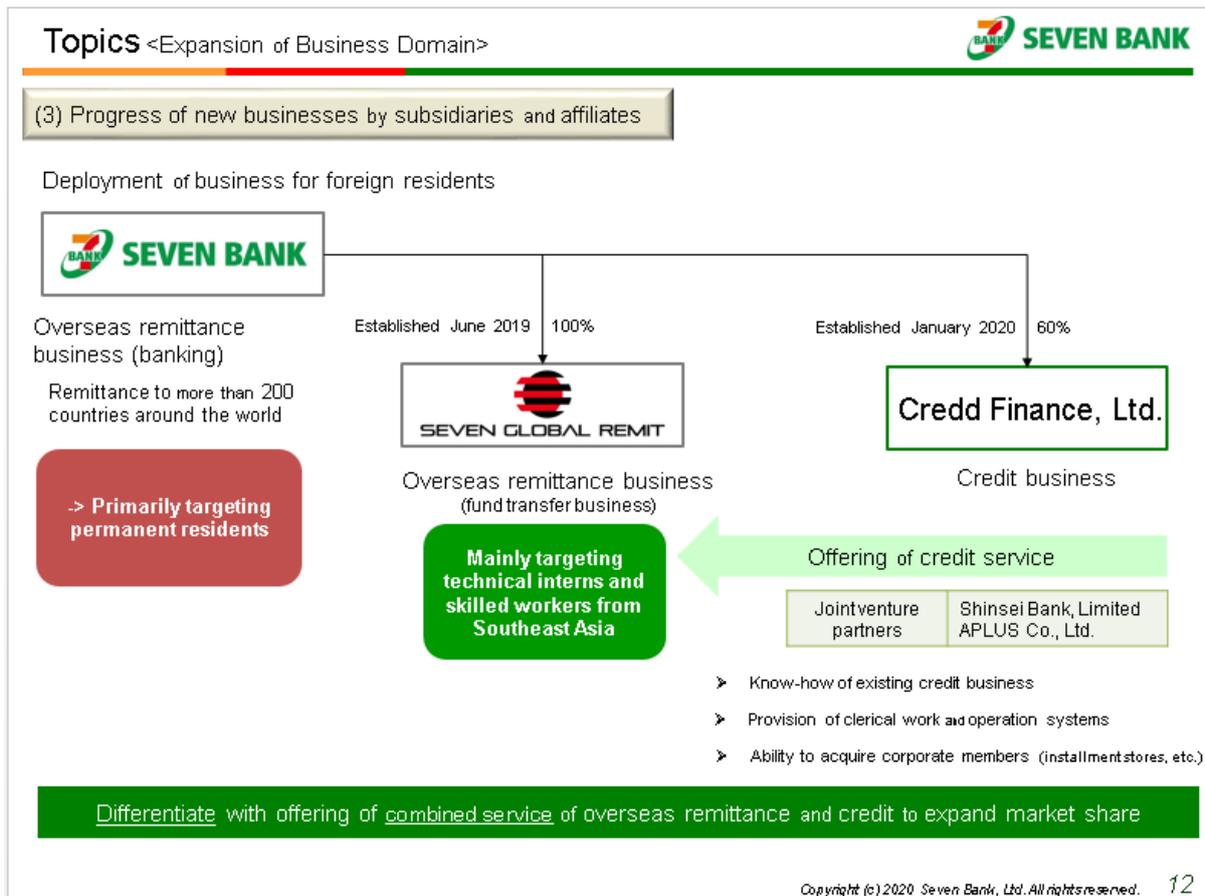
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The campaign on page 11 aims to further accelerate these alliances. As you know, the operators of the Payment services themselves conduct a variety of campaigns, including a 20% return to customers by using the services and a 40% return to customers by visiting restaurants.

In conjunction with this campaign, this campaign is designed to provide incentives to those who charge them through ATMs in the form of a joint campaign.

By providing these 2 incentives, we aim to raise awareness of Payment service's ATM charges and make them available to as many customers as possible.

● Topics <Expand of business domains>



Page 12 shows 1 of the progress made by subsidiaries and affiliates in expanding their business domains.

This section describes the development of business for foreign residents. Seven Bank, Ltd. has been focusing on remittances abroad since 2011, and has grown considerably to the point where it can use about 1.2 million remittances annually.

It is easy to remit funds to various countries, but until now it has mainly been used by permanent residents.

We established SEVEN GLOBAL REMIT, Ltd. as a subsidiary of the fund transfer business, and are working together with other companies to make International Money Transfer

Service even more convenient for skilled trainees and specialized technicians from Southeast Asia.

In addition, foreigners living in Japan do not only want to transfer money in their home country, but also need an account for payroll transfers if they work in Japan. There is also a need for small-scale loans.

Given that it is difficult to respond to loan needs with the present Japanese system, we have established Credd Finance, Ltd. and will take on the challenge of providing loan services, albeit at a small amount, to foreigners who live in Japan with our joint venture partner, APLUS Co., Ltd.

In this way, we are working to provide financial services that meet the needs of foreigners living in Japan, including credit, as well as remittances overseas.

That's all about my explanation.

- **Q&A: Revision of ATM fees at mega-banks and joint use of ATMs**

Questionnaire 1: First, what impact do you have on the revision of convenience store ATM fees by Bank of Mizuho and Bank of Mitsubishi UFJ and the shared use of ATM by Bank of Mitsubishi UFJ and Sumitomo Mitsui Banking Corporation?

As a second question, I would like to ask you about the next medium-term plan, which will start from the next fiscal year, as soon as possible, to the extent that you can think about it at the present time. Thank you very much.

Kawada: Thanks for your questions. First, I would like to explain the impact of the revision of customer fees at mega-banks' convenience store ATMs and the joint use of ATMs.

Banks of Mitsubishi UFJ have officially announced on their websites that they would raise their fees for ATMs at convenience stores, and in March, Mizuho Bank announced that they would terminate the preferential treatment for free use of ATMs.

I think there are any impacts from each. In the case of the Bank of Mitsubishi UFJ, there is certainly a large increase in commissions, but according to today's press releases, the preferential treatment system called "Main Bank Plus" remains unchanged, so that you can use that portion at JPY0.

In addition, the ATM section of the Bank of Mitsubishi UFJ is mixed with the salary day and the month-end on the 25th. Therefore, the convenience store ATM is also expected to be used by customers, which means that the service fee can be made free.

In view of these positive aspects, I would like to see the situation not as serious as it is.

With regard to Mizuho Bank, we have not talked about specific days so far, and simply eliminate the preferential treatment system. Therefore, I think that even if we have experienced this in the past, the number of users may decrease accordingly.

However, from the customer's point of view, it looks like a convenience store ATM to the bank's own ATM. Whether you think it is within your expectation that this will be a fee.

I believe that we must open the lid to know how customers will ultimately act.

When IY Bank was founded, it was said that "IY Bank will never fail." Although we had imagined that the number of ATMs would increase and that the number of alliance partners would increase accordingly, we had to make sure that we could not use the ATMs at convenience stores until we paid a fee.

As a result, the number of users exceeded the expense, and so far we have achieved this kind of growth. It is necessary to eventually open up the cover to see how customers will move against commissions.

I am prepared for a negative or positive impact to some extent, but I would like to carefully monitor what kind of business strategy can be implemented, including at other banks.

The merger of Mitsubishi UFJ and Sumitomo Mitsui Banking Corporation (SMBC) with ATMs has no impact, at least as far as our data are concerned. Of course, it may change over time, but it has taken some time since it began, but in reality there is no negative effect on the number of ATMs used. These are the answers to the first question.

- **Q&A: Next Medium-Term Management Plan**

The second is the medium-term management plan that will start from the next fiscal year. Under the current medium-term management plan, our basic policy is to diversify our business while expanding our core business. While expanding our ATM business, we are no longer in an environment where the ATM business alone can grow, and in order to grow our other businesses, we will invest in or establish subsidiaries for at least 1 to 2 years, and we will enter a variety of new business domains.

The direction of the next medium-term management plan is basically the same. Currently, the ATM business accounts for 9% of the individual sales, but it is certainly expected that cashless operations will continue to take place over a long period of time. Therefore, we believe that the surrounding environment is severe, and we believe it is a win for how to generate revenue in a new business other than the ATM business while maintaining the position in which ATM can be used.

When we develop new business domains, we will leverage the Group's strengths and leverage the knowledge of external companies in a variety of ways. In some cases, we will

incorporate investments and alliances, and I feel that our major direction is to continue to do what we are currently doing.

I think the official announcement will probably be made at the time of the full-year financial results for May. This is all. Thank you very much.

Question 1: Thanks.

- **Q&A: How do you think about the number of QR code increases?**

Question 2: There are 2 questions.

The first concerns QR-code transaction, particularly “PayPay”. By July 2020, it will have run its course for 1 year (since its inception). Even in light of the impact of the termination of various cashless campaigns, the rate of increase in QR code transactions for the next fiscal year may decline, but do you think that the number of increases will remain at a relatively high level?

The second point. The government is considering lifting the ban on payroll payments in digital money as early as FY2020. As a result, especially among younger people, there is a possibility that the use of ATMs will continue to decline, and to the extent possible, what are your thoughts on this matter?

Kawada: Thanks for your questions. As you mentioned, the first QR code has been growing strongly. As you pointed out, the year-on-year rate of change is likely to come to a halt within 1 year.

It is precisely what people use, such as how the campaign will evolve, how long the campaign will continue, and how many more campaigns will go after the campaign has disappeared.

Perhaps a certain amount will remain. Conversely, each business operator believes that if it ceases to use the campaign after it has been conducted, there will be no reason to hold the campaign. Therefore, I believe that it will probably continue to make efforts in various ways.

(If there are still QR code transactions with the efforts of each business operator), we will make steady efforts to do so. If QR code transactions decline and return to cash, then you can use the ATM again, so I think it is important to tackle the ATM in any way.

Perhaps, if QR code transactions prosper, banking and legacy transactions (traditionally focused on deposits and withdrawals) will be tough, and if new settlement methods do not prosper, the need for legacy transactions will remain. Therefore, the ATM business intends to firmly tackle both sides.

- **Q&A: Decrease in use of ATMs due to digitalization of payroll**

Regarding "payroll payments for digital money," I think that opportunities to use ATMs will certainly decrease if cashless payments are made in addition to digital money payrolls.

If the use of cash in Japan as a whole decreases to 10% or 20% of the current level, we need to think about it in various ways. However, we have fully assumed that it will be around half of the current level, and we are considering a variety of internal discussions on how to respond to this situation, so if it is within this range, we will be able to respond sufficiently.

If the payroll of digital money increases, how can we link it to business? From this perspective, we are considering how to commercialize Seven Bank, Ltd., including the use of ATMs.

It is true that there are 25,000 ATMs, and I believe that ATMs can be used without handling cash, so I am currently considering what kind of services can be provided, including such services.

- Questions and answers: FCTI status

Question 3: I would like to ask for your support for 2 items. About Slides 7 and 8.

Income Statement (FCTI) 

■ In the nine months, **income and profit increased** year on year and FCTI **achieved profit**.

(Million USD)

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Ordinary income	183.7	192.3	8.6	255.4
Ordinary expenses	194.2	190.1	(4.1)	253.8
Ordinary profit	(10.5)	2.2	12.7	1.6
Net income	(100.5)	2.3	102.8	0.8
EBITDA	3.6	7.3	3.7	9.0
No. of ATMs installed at end of term (units)	13,525	11,948	(1,539)	11,770
At SEI (units)	8,202	8,424	223	8,311
Daily average transactions per ATM (transactions/ATM/day)	38.3	42.9	4.6	45.0
At SEI (transactions/ATM/day)	56.3	55.7	(0.5)	57.2
Total no. of transactions during the period (thousand)	131,180	144,795	13,615	194,000

Notes:
 1. Total number of transactions for U.S. ATMs includes balance inquiries.
 2. Number of ATMs as of December 31, 2019: 10,886 (preliminary figure)
 At SEI: 8,465
 Other than SEI: 2,421 units directly owned

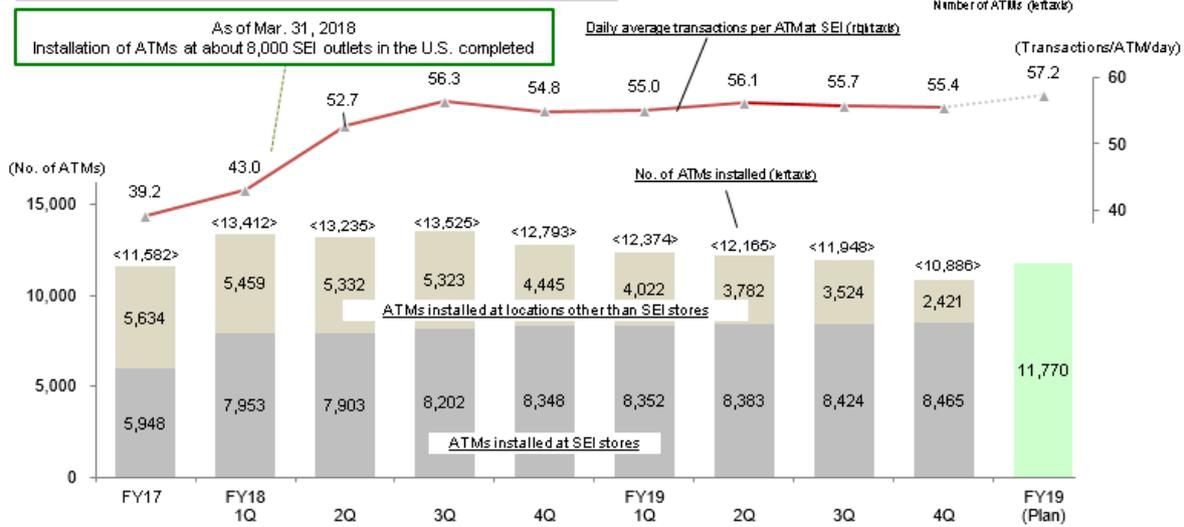
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For example, was the growth in ordinary income modelled slightly compared to the first half?

U.S. ATM Figures



Number of ATMs and daily average transactions per ATM at SEI



- Promoting scrapping of ATMs with low profitability installed at locations other than SEI stores
- Concentrate resources on ATMs installed at SEI stores and promote further improvement in operational efficiency to strengthen earnings structure.

Note.1. Includes ATMs installed by Sunoco from 2Q FY2018
2. The figures for 4Q FY19 are preliminary.

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In addition, on page 8, it seems that the average number of transactions has not reached the full-year plan, so there are some concerns about the momentum of sales. What do you think about this?

Second, it will be a little longer, so you're worried, but I think your company is somewhat aware of the problem that 9 percent of sales are due to ATM.

Nevertheless, as we continue to work on new issues, we are replacing ATMs. What are your thoughts on the balance between the investment required to replace ATMs and the investment required to launch new businesses?

Please give us the above 2 points.

Kawada: Thanks for your questions. Regarding the first question regarding FCTI, ordinary income is not necessarily strong.

The biggest reason is that the ATMs other than SEI are mostly sorted out, as shown on page 8.

Naturally, if we sell (ATMs), our sales will decline, so we believe that our top-line growth will be in line with our expectations when our management resources are concentrated in SEI.

On the other hand, I am more concerned about the fact that the average number of SEI subscribers has not grown significantly. As the United States is a developed country, there is a major trend toward cashless operations.

In Japan, the ATM business does not grow remarkably, but the number of ATMs does not grow rapidly in the United States, so I think it is crucial that we can produce something new while we are doing our best.

- **Q&A: Balancing investments in ATM and new businesses**

In terms of the second point, the ATM business represents 9 percent of domestic sales. Among these, it is true that we are replacing fourth-generation ATMs.

In our case, it takes 5 years to depreciate an ATM. If we switch to the fourth generation, we naturally incur a depreciation burden. This amount of money will be used to squeeze ordinary income, but for the fourth generation ATMs, the ATM-plus concept has been adopted, and we are clearly aware of the need to develop services that are not just cash, and to open up new businesses.

Of course, ATMs are good at handling cash, but we are very conscious of whether or not we can do business by using ATMs other than in-and-out cash, such as certification and My Number.

There is some opinion that all of the above can be done with a smartphone, but for example, money transfers are not cash at present, so it is only possible to do this via the Internet, but in reality, a considerable number of ATM transfers have been used.

When asked why you were using an ATM, I think there are a variety of ideas, including, "I'm worried about smartphones" and "ATMs are easier to understand and more reliable."

Customers do not operate according to theory, and they act in a variety of ways, so we are wondering what will lead to the use of this system in such a situation.

Income is also important for ATMs, but it is also important for ATMs to be used.

How can many people use the system? Of course, this must lead to sales, so it is important to generate incomes.

Currently, we are working hard to replace fourth-generation ATMs, which have the potential for such initiatives.

Question 3: Thanks.

- **Greetings from Kawada**

Kawada: Thanks for today. As you have pointed out, we do not expect the ATM business to grow steadily in the future, but we do not anticipate that cash transactions will soon disappear in Japan.

However, as cashless is undoubtedly going forward, we are working hard to discuss and tackle the issue of how to change our corporate structure from the 1-stop perspective of the ATM business.

We would like to ask for your continued support. I would like to thank you today.