

Ordinary income in Third Quarter decreased by down 7.4% year-on-year mainly due to Seven Bank and Corona crisis. Business diversification, including the launch of the Philippines business, progressed steadily.

[Lead]

I would like to inform you of the content of the 3rd quarter results explanatory meeting held on February 5, 2021 for the fiscal year ended March 2021.

[Speakers]

Senior Managing Executive Officer, Planning Department, Seven Bank, Ltd., Mr. Hisanao Kawada

[Main text]

Kawada Hisanao (hereafter, Kawada): Kawada from Seven Bank. Thank you very much for gathering so many people today. Next, I will explain the financial results for the third quarter of the fiscal year ended March 31, 2021, in accordance with the Company's financial results briefing materials.

This is today's agenda, but it is made up of 3 parts in total. I would like to start by explaining the financial results for the third quarter. Next, I would like to explain the progress of our business strategies. The last of these is Appendix.

Financial Results Digest for Third Quarter of Fiscal Year Ending March 31,2021

The slide is titled "Financial Results Digest for Third Quarter of Fiscal Year Ending March 31, 2021". It features a green and white color scheme. The content is organized into three main sections, each with a green header bar and a green arrow icon. The first section, "Third Quarter of Fiscal Year Ending March 31, 2021", states that both consolidated and non-consolidated (Seven Bank) ordinary income and profit declined. The second section, "FY2020 Plan", states there is no change to either consolidated or non-consolidated plans, and lists two bullet points: performing in line with the FY20 plan and the impact of the state of emergency. The third section, "FY2020 dividend forecast", states there is no change from the initial plan and lists a bullet point about the year-end dividend.

Financial Results Digest for Third Quarter of Fiscal Year Ending
March 31, 2021

Third Quarter of Fiscal Year Ending March 31, 2021

➤ **Both consolidated and non-consolidated (Seven Bank) ordinary income and profit declined**

FY2020 Plan

➤ **No change to either consolidated or non-consolidated plans**

- Performing in line with the FY20 Plan (disclosed in August 2020)
- The state of emergency was declared once again in January 2021 (the target areas were expanded from the four prefectures in the Tokyo metropolitan area)
The level of impact on our business is unclear

FY2020 dividend forecast

➤ **No change from the initial plan**

- Year-end dividend of ¥5.50 per share is planned (annual dividend of ¥11.00 per share including interim dividend of ¥5.50 per share).

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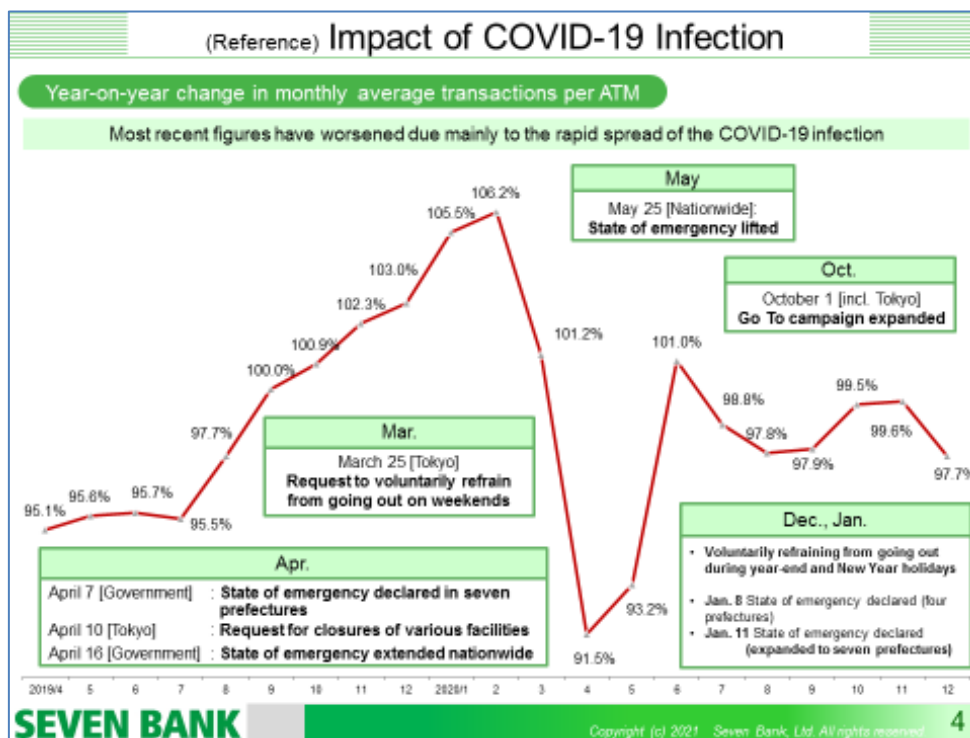
Firstly, this is the third-quarter calculation digest for the fiscal year ended March 31, 2021. Regarding the financial results for the third quarter, both consolidated and non-consolidated ordinary items (ordinary revenues and ordinary income) showed declines in both revenues and profits. On a consolidated basis, ordinary revenues were negative 7.4% and ordinary income was negative 8.9%. I will explain this in detail later. When FY2020 began, we were very concerned about the impact of the new Corona Virus, but the current degree of impact on our business is trending to this extent.

Next is the annual plan. The annual plan will not be changed for both consolidated and non-consolidated companies. The plan for the fiscal year is disclosed in August rather than in May, but at that time, the impact of the new Corona Virus is factored in to a certain extent, so it is trending almost in line with expectations. From summer to autumn, there was a time when economic activity returned slightly and the new Corona Virus subsided, so there was a positive alpha for the plan.

However, the number of people with infections has increased again since the end of December. The state of emergency was issued again in January, and the situation is that we will not know at all what this situation will happen in the future. Therefore, we will not change the annual plan this time. However, compared to the time of the state of emergency between April and May last year, I think everyone will feel it. However, because the economic activities and the flow of people have not been kept to a great extent, the impact on our business will be less than at the time of the previous state of emergency, and we believe that the plan for the fiscal year will be sufficiently cleared.

The dividend forecast remains unchanged from the original plan. The year-end dividend forecast is JPY5.5 and the interim dividend is JPY5.5, for a total of JPY11. The above is the digest.

(Reference) Impact of COVID-19 infection



This is a graph of the average number of ATM transactions compared to the same month of the previous year. This is presented in the financial results briefing materials every time. We are expanding the time horizon. From April to May last year, it fell sharply due to the state of emergency following the Corona disaster, but since then it has been falling slightly below 100%.

December was 97.7%, and the January figure has not yet been announced, but it is a little weaker than December. However, it is a pretty good shape compared to the time of the state of emergency last year.

Income Statement(Consolidated)

Income Statement (Consolidated)				
(Billion yen)				
	FY19	FY20		
	1Q-3Q Result	1Q-3Q Result	Changes from FY19 1Q-3Q	Full-year plan
Ordinary income	112.3	104.0	(8.3)	134.2
Ordinary expenses	80.7	75.2	(5.5)	101.3
Ordinary profit	31.5	28.7	(2.8)	32.8
Net income	20.7	21.3	0.6	23.0

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 used in the consolidated income statement:
FY19 3Q \$1 = ¥109.12, FY20 3Q \$1 = ¥107.95, FY20 plan \$1 = ¥109.99
4. Net income is net income attributable to owners of the parent.

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This was followed by consolidated profit and loss. In the third quarter of the period ending March 2021, recurring revenues were JPY104 billion, the year-on-year change was JPY8.3 billion, and the year-on-year change was JPY7.4%. Ordinary income is JPY28.7 billion, negative JPY2.8 billion and negative 8.9%.

Despite the impact of the Corona status and other factors, net income was JPY21.3 billion, a year-on-year increase of JPY600 million and a positive 2.9%. This figure reflects the fact that Seven Pay was impaired by approximately JPY3 billion in the previous fiscal year, and due to adjustments in accounting for corporate tax amount etc., the company recorded a net income of this kind.

Income Statement(Seven bank)

Income Statement (Seven Bank)				
	FY19	FY20		
	1Q-3Q Result	1Q-3Q Result	Changes from FY19 1Q-3Q	Full-year plan
Ordinary income	91.0	84.3	(6.7)	109.8
ATM-related fee income	82.4	75.1	(7.3)	96.0
Ordinary expenses	55.8	56.8	1.0	77.3
Ordinary profit	35.1	27.4	(7.7)	32.4
Extraordinary losses	3.0	0.0	(3.0)	0
Total income taxes	9.8	8.3	(1.5)	9.9
Net income	22.2	18.9	(3.3)	22.4
EBITDA	45.4	37.0	(8.4)	45.5
No. of ATMs installed at end of term (unit)	25,207	25,548	341	25,515
ATM-related fee income per transaction (yen)	131.9	123.1	(8.8)	124.0
Daily average transactions per ATM (transactions/ATM-day)	92.2	89.9	(2.3)	87.5
Total no. of transactions (million)	638	624	(14)	807

Note: All EBITDA in this material are Ordinary profit + Depreciation and amortization.

Next, I will explain the non-consolidated profit and loss status of Seven Bank. Ordinary revenues were JPY84.3 billion, a year-on-year difference of JPY6.7 billion, or a rate of minus 7.4%. Ordinary income is JPY27.4 billion, and the difference is negative JPY7.7 billion. The ratio is negative 21.9%, net income is negative JPY18.9 billion, which is a negative JPY3.3 billion, and negative 14.9%.

The total number of ATMs used is shown at the bottom of the slides. 624 million cases, with a year-on-year variance of negative 14 million cases, negative 2.2%. This slight weakness in the number of ATMs and lower unit prices for ATMs has led to lower ATM commissions, which has resulted in lower recurring revenues.

Income Statement(FCTI)

Income Statement (FCTI)				
	FY19	FY20		
	1Q-3Q Result (Jan.-Sept.)	1Q-3Q Result (Jan.-Sept.)	Changes from FY19 1Q-3Q	Full-year plan
Ordinary income	192.3	175.8	(16.5)	213.0
Ordinary expenses	190.1	156.3	(33.8)	194.4
Ordinary profit	2.2	19.5	17.3	18.6
Net income	2.3	20.6	18.3	20.5
EBITDA	7.3	24.5	17.2	25.5
No. of ATMs installed at end of term (unit)	11,948	9,485	(2,463)	8,640
ATM SEI (unit)	8,424	8,570	146	8,640
Daily average transactions per ATM (transactions/ATM/day)	42.9	48.1	5.2	46.5
ATM SEI (transactions/ATM/day)	55.7	56.6	0.9	52.6
Total no. of transactions (million)	144.7	138.7	(6.0)	171.5

Notes:
1. Total number of transactions for U.S. ATMs includes balance inquiries.
2. FCTI interest expense: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.
3. Number of ATMs as of December 31, 2020 (preliminary figure): ATM SEI: 8,593 units, Other than SEI: 915 units

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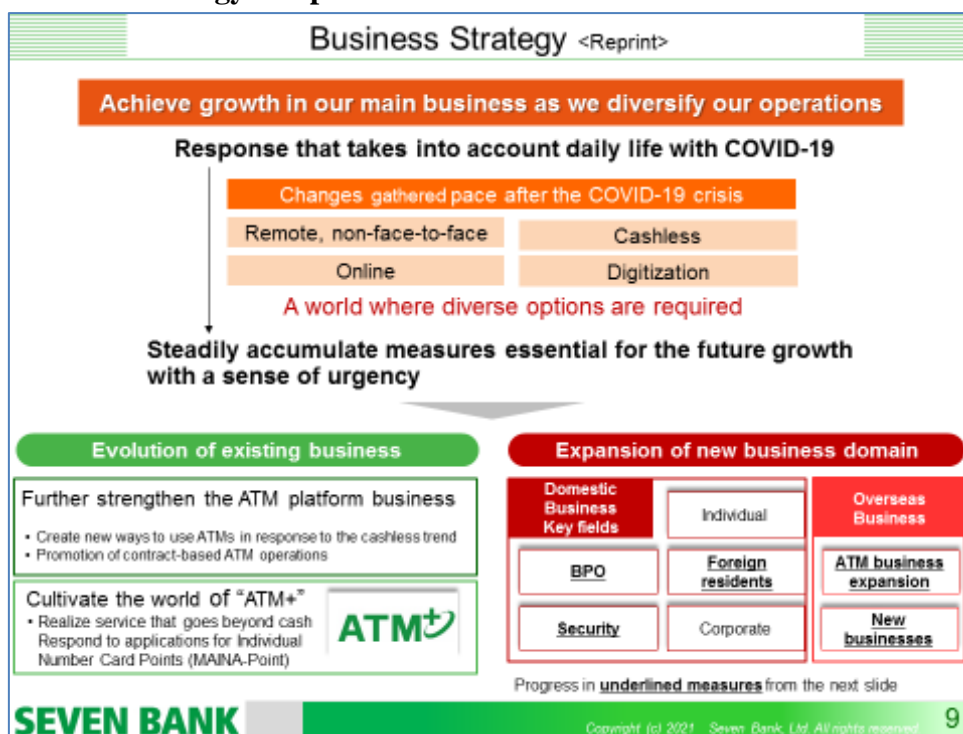
Regarding FCTI, Inc. in the United States, due to the effects of the corona and other factors, our ordinary revenues totaled US\$175 million with a year-on-year difference of negative \$16 million. While the top line was negative 8.6%, recurring expenses for FCTI, Inc. were down sharply, and recurring expenses were more restrained than the top line fell. As a result, earnings were significantly positive.

The US FCTI, Inc. explains why the expense is falling. In the case of the ATM business, the cost of procuring cash to be installed in ATMs is also extremely high. However, the biggest factor behind this is that this cost of procuring funds has decreased significantly due to the drop in interest rates in the United States.

Incidentally, in the third quarter, the number of ATMs declined sharply to 2463 units, but this is other than SEI. ATMs installed outside the U.S. Seven-Eleven stores operated by Seven-Eleven, Inc. are unprofitable ATMs, so we are streamlining them politically, and this is due to the dissipation of that portion. Conversely, the number of SEIs installed is steadily increasing.

Reducing ATMs naturally reduces the total number of ATMs used. The Corona crisis has also reduced the total number of transactions by about 4% and the top line, as shown in the bottom line. The above is FCTI, Inc. status.

Business Strategy <Reprint>



Next, I will explain the progress of our business strategy. This is described in "Business Strategy <Reprint>," but the same material is also presented in the financial results briefing materials for 3 months ago, indicating the overall feeling of our business strategy.

As we diversify our business while expanding our core business, we will need to further accelerate our response to remote, digital and other applications in anticipation of With Corona. Against this backdrop, in addition to steadily conducting business for ATMs, we are working to expand services as possible through Seven Bank ATMs alone as "ATM+ (plus)."

In addition, on the red side of the right, we are working to expand our new business domains by realizing our growth strategies in 5 domestic business domains, plus overseas.

Progress in Business Strategies (i)

Progress in Business Strategies (i)

Contribute to operational reforms (improving efficiency) of Japanese financial institutions

“ATM platform” and “knowledge developed in business operation”

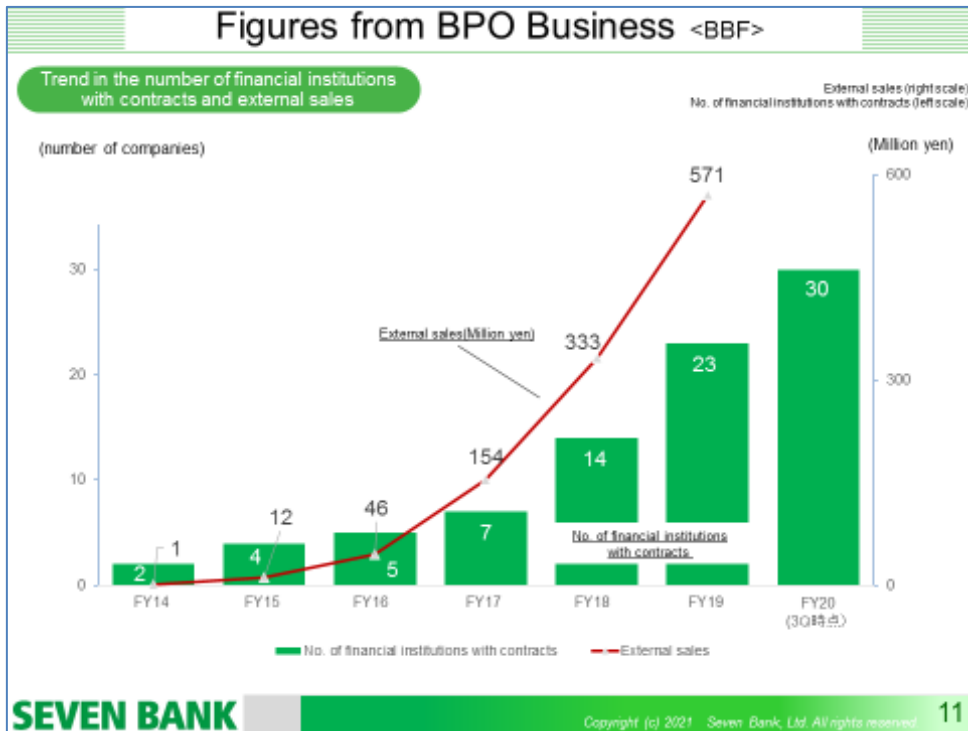
	<ul style="list-style-type: none">➢ Promotion of contract-based operation of ATMs belonging to other financial institutions• Entrusted 62 ATMs from The Tokyo Star Bank (as of Dec. 31, 2020)• Number of ATMs we operate on a contract basis: 235 as of Mar. 31, 2020 → 285 as of Sept. 30 → 330 as of Dec. 31
	<ul style="list-style-type: none">➢ Promotion of digitization and BPO of financial back-office operations• Offer money laundering countermeasures and shared-use service for opening online account• Number of external companies with contracts: 23 as of Mar. 31, 2020 → 30 as of Dec. 31
	<ul style="list-style-type: none">➢ Fraud detection, identity verification business• Prevention of financial crimes through highly accurate identity verification and fraud detection• The Shizuoka Bank and The San-In Godo Bank have introduced identity verification service

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In this report, we will explain the business strategies carried out in collaboration with subsidiaries of Seven Bank from 3 perspectives.

The first is contributing to the operational reforms of domestic financial institutions. Seven Bank's ATM platform and knowledge cultivated through business operations combine BBF's BPO know-how and ACSiON's security expertise to expand business while cooperating in the areas of ATM outsourcing, outsourcing of financial back-office operations, and fraud detection and identity verification.

Figures from BPO Business <BBF>




For your reference, we have included BBF's BPO business, change the number of outsourced contracts and external sales , but the number of companies and net sales are steadily increasing. In particular, we have been very strong since we have been entrusted with anti-money laundering.

Progress in Business Strategies(ii)

Progress in Business Strategies (ii)


Improve convenience in daily lives of foreign residents

Offer new values using financial infrastructure through combined service of
overseas remittance and **credit services**

**SEVEN BANK**


➤ **Track record of overseas remittance exceeding 1.2 million transactions a year**

- Handling nine languages through ATM display, smartphone apps, and customer centers
- Smartphone remittance in tie-up with BDO Unibank, Inc. of the Philippines

**SEVEN GLOBAL REMIT**

➤ **Overseas remittance targeting technical interns and skilled workers**

- Expansion of network to Southeast Asia, the main target
- In Spring 2021, the service based on tie-up with DBS Bank Ltd of Singapore to start

**Credd Finance**

➤ **Offering of credit-related services, etc. to foreign residents**

- Our foreigner customer base + Shinsei Bank Group's knowhow for offering credit services to individuals
- Introduced Senty Credit Card and Senty Personal Loan in the current fiscal year

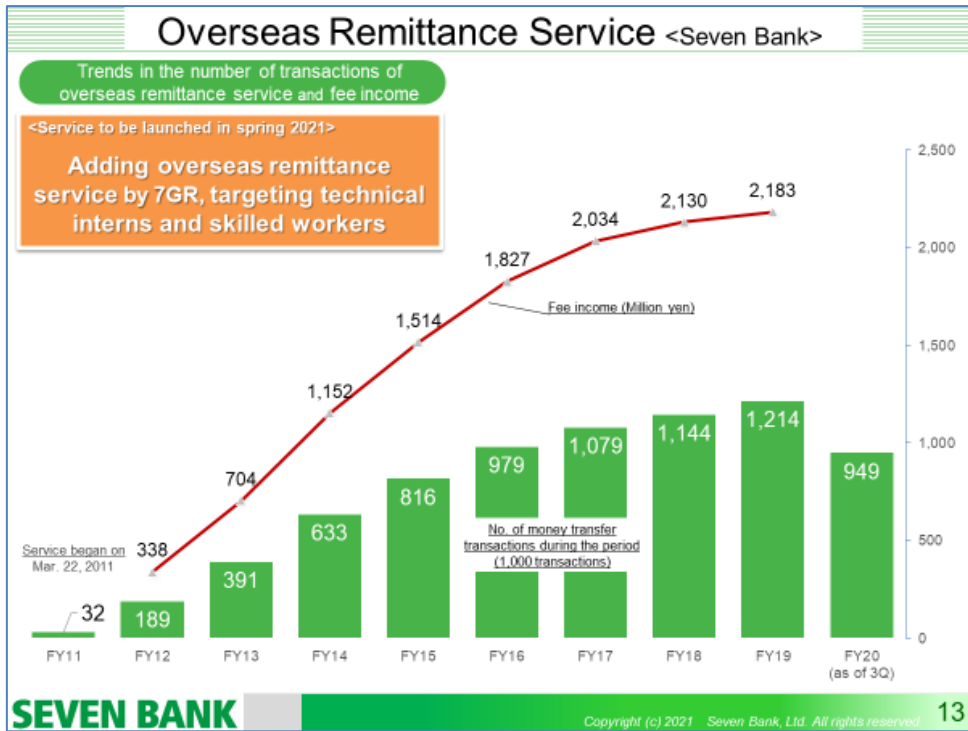
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The second starting point is the improvement of living convenience for foreigners. We are providing new financial infrastructural value by using International Money Transfer Service and credit services as combined services. In the first place, Seven Bank has been remitting money abroad for a long time, and currently it has a track record of around 1.2 million cases a year.

In addition, from Seven Global Remit in the middle, we will provide new products for skilled trainees that were difficult to target at Seven Bank itself. We are preparing to launch this service in late March.

Japanese foreigners have a need to borrow money to live in Japan, rather than just remit money to their home countries. In August, we launched a new credit service called Senty Credit Card, and in October we launched a new credit service called Senty Personal Loan.

Overseas Remittance Service<Seven Bank>



Figures are for International Money Transfer Service you are doing as a Seven Bank. The Seven Global Remit service has not yet begun, so this graph is International Money Transfer Service performance for Seven Bank only.




As you know at present, the flow of people from overseas is completely halted, so for example, the movement to visit Japan by skilled technicians has ceased. In this sense, the business environment is extremely challenging, but even in this situation, we are steadily increasing both the number of cases and the amount of money, in that we are able to achieve at least around the previous year's level.

Progress in Business Strategies(iii)

Progress in Business Strategies (iii)

Initiatives for cultivating global market

“ATM operation capability reflecting situation of respective areas” and
“global store network of 7&i”

	<p>➤ Track record of operating 9,368 ATMs in the U.S. (as of December 2020)</p> <ul style="list-style-type: none">• 9,283 7-Eleven stores in the mainland U.S. (as of September 2020)• Preparing for a trial run of new financial service corresponding to local needs
	<p>➤ Track record of operating 730 ATMs in Indonesia (as of December 2020)</p> <ul style="list-style-type: none">• Ratio of people having bank account is rising and demand for ATM is high (average of 82.8 transactions/ATM/day in FY20)• Net increase of 530 ATMs in FY20
	<p>➤ Plan to start establishing ATMs in the Philippines from February 2021</p> <ul style="list-style-type: none">• 2,960 7-Eleven stores in the Philippines (as of September 2020)• Considering starting installation of cash-recycling ATMs

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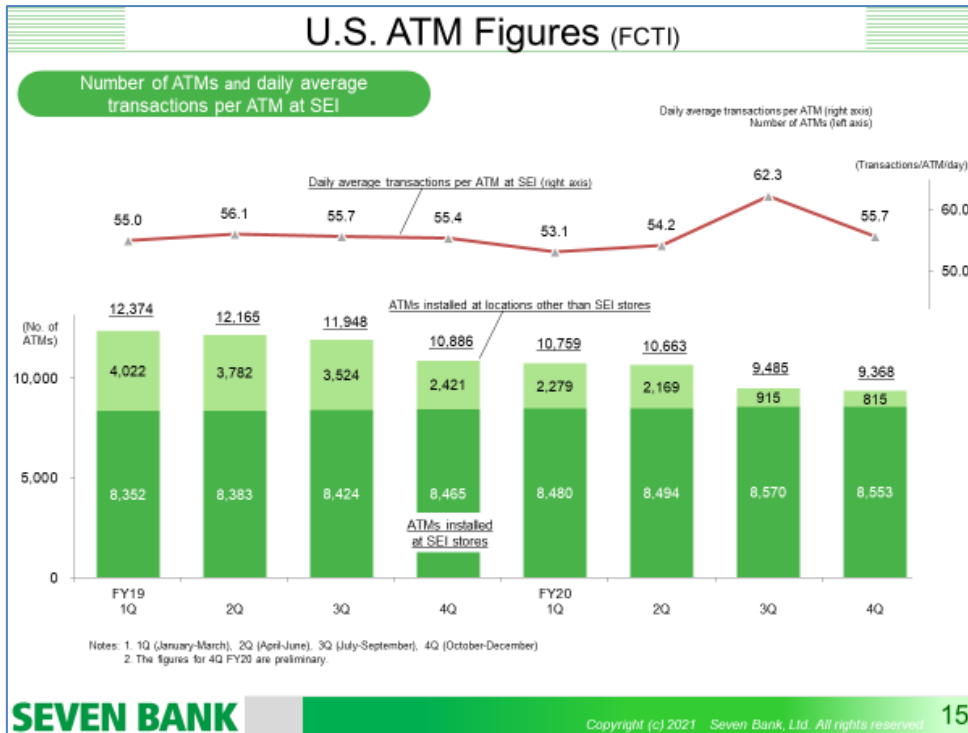
We will continue our efforts to develop the global market, our third starting point. This is overseas. FCTI, Inc. in the United States, PT. ABADI TAMBAH MULIA INTERNASIONAL in Indonesia, and Pito AxM Platform Inc in the Philippines are all working on ATMs locally.

As I mentioned earlier, FCTI, Inc. in the U.S. has been very aggressive and stable, mainly at Seven-Eleven stores. In addition, we are entering trials of new financial services to meet local needs for ATM users.

For Indonesia, there is a great demand because ATMs are still insufficient. We are now completely profitable, and we are steadily increasing the number of ATMs.

Then, in Pito AxM Platform Inc, the Philippines, we are really soon to begin installing ATMs in February. There are approximately 3000 Seven-Eleven stores in the Philippines. We plan to aggressively increase the number of ATMs.

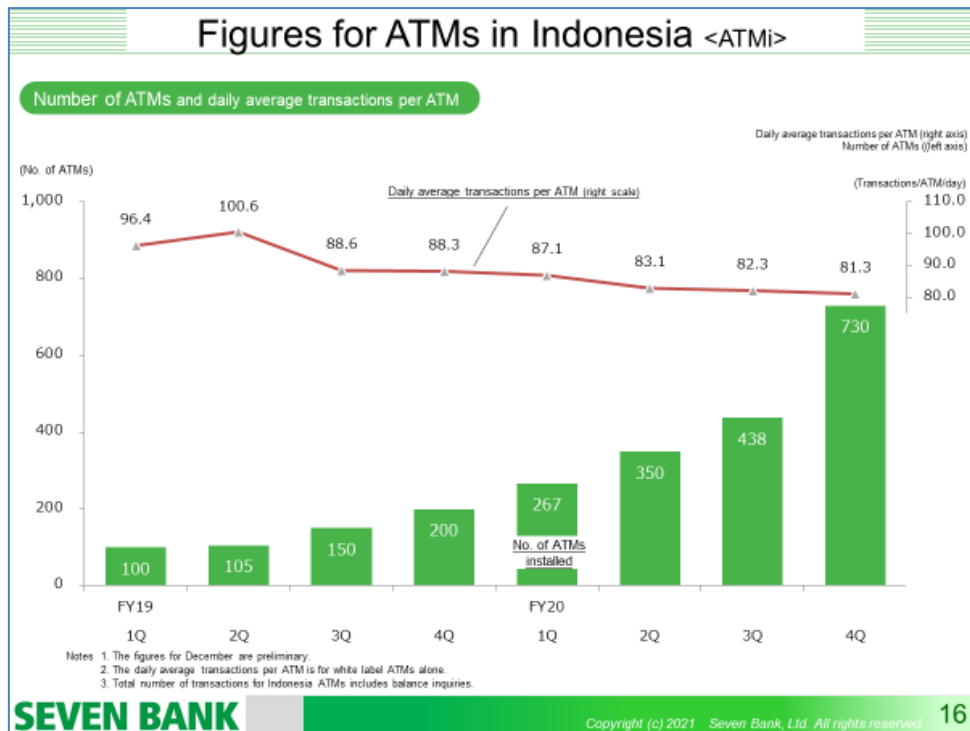
U.S.ATM Figures(FCTI)



Figures are the numbers of ATMs in FCTI, Inc. in the U.S. The number of ATMs is a bar graph, and then the average number of SEI-installed ATMs is a line graph. As I mentioned earlier, because the profitability of ATMs installed other than Seven-Eleven, Inc. is low, the number of thin green areas is steadily decreasing by politically streamlining them.

Accordingly, although the total number of ATMs is also declining, the number of ATMs installed at Seven-Eleven, Inc. stores is steadily trending. I also heard that usage has been steady, and that January was also relatively strong.

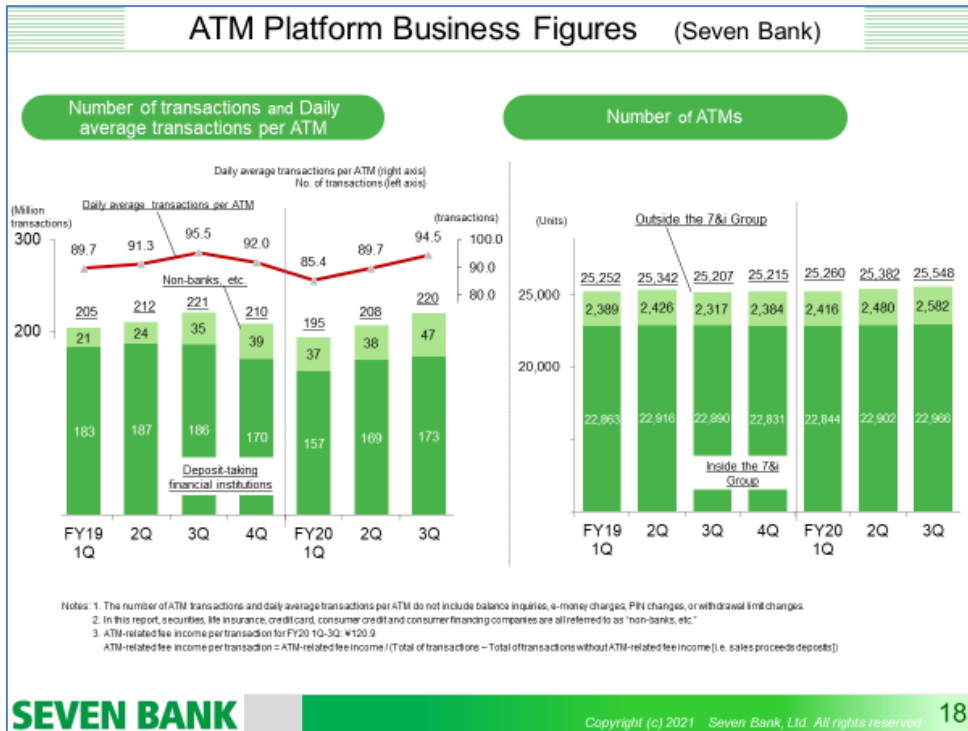
Figures for ATMs in Indonesia<ATMi>



Figures are for ATMs in Indonesia. I think this is the first thing I'll show you. We have already achieved profitability, so we are trying to steadily increase sales while steadily increasing the number of ATMs. The number of ATMs was 730 in the fourth quarter, and we plan to install them at a faster pace in the future.

Normally, when we install new ATMs the average number of ATMs used will decrease because they are not used much at the time of installation. However, by examining the installation site, they are used much more frequently than at the time of installation, and the number of ATMs is steadily changing. We believe that this is a promising market where we can continue to achieve profitability in the future.

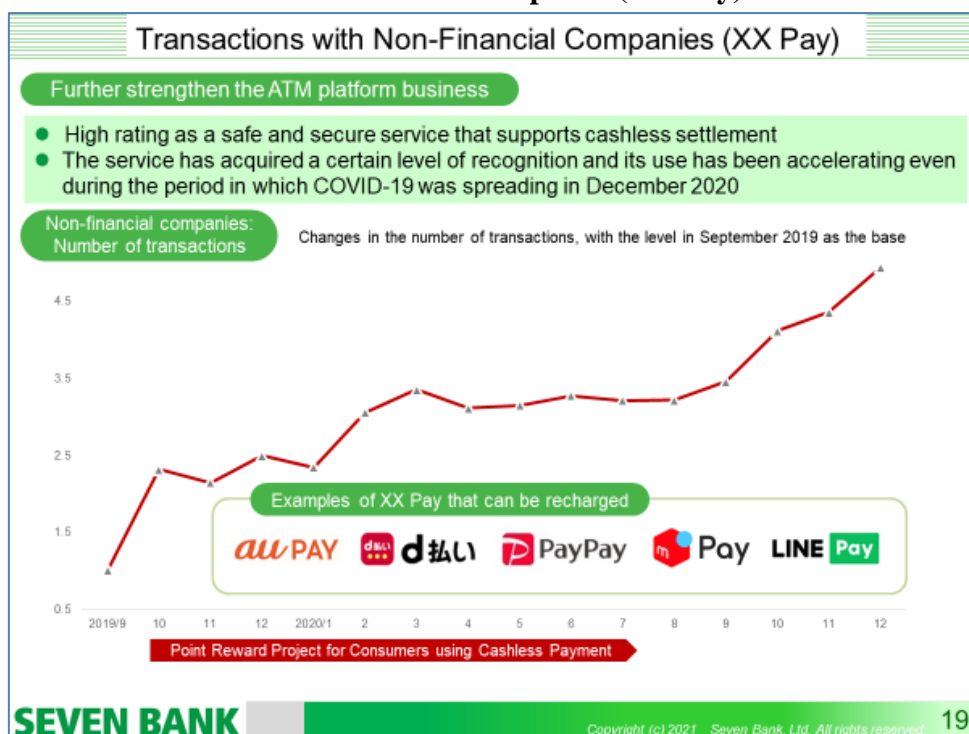
ATM Platform Business Figures(Seven Bank)



Finally, in Appendix, we will explain the supplementary material. This is the number I always show you about the ATM platform business. The first quarter of FY2020 fell a little due to the Corona crisis, but has recovered since then and is now steady.

As Seven-Eleven is somewhat curbing store openings, the shaded green portion of "within the Seven & i Group" is unlikely to increase. However, the number of ATMs is steadily increasing in the "outside of the Seven & i Group" portion, centered on those commissioned by other banks and installs in train stations.

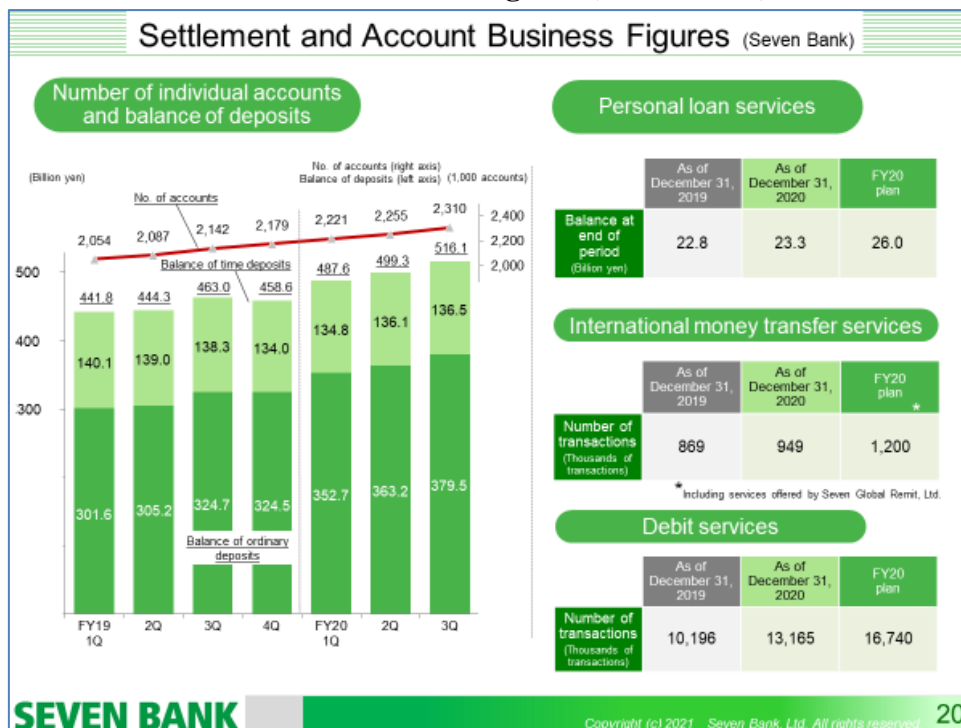
Transactions with Non-Financial Companies (XX Pay)



Transactions with Non-financial companies. This is centered on transactions involving charges for new forms of payment services, such as smartphone payments. As I communicate every time, this is an index showing what happened when September 2019, prior to the start of Point Reward Project for Consumers using Cashless Payment, was set as 1.

Some were concerned that when Point Reward Project for Consumers using Cashless Payment is over, it may level off or decrease, but as you can see, it has surely risen even since then, and the number of users is increasing. Of course, the effects of the Corona calamity are also likely to occur, and a variety of businesses are providing incentives, and these are taking root in a variety of ways. In such a situation, transactions are being extended.

Settlement and Account Business Figures (Seven Bank)



Figures are for the settlement and account business. The number of accounts and deposit balances are steadily increasing. In particular, in April 2020, we launched the My Seven Bank App, which has been very well received, and the number of accounts and deposit balance are steadily increasing.

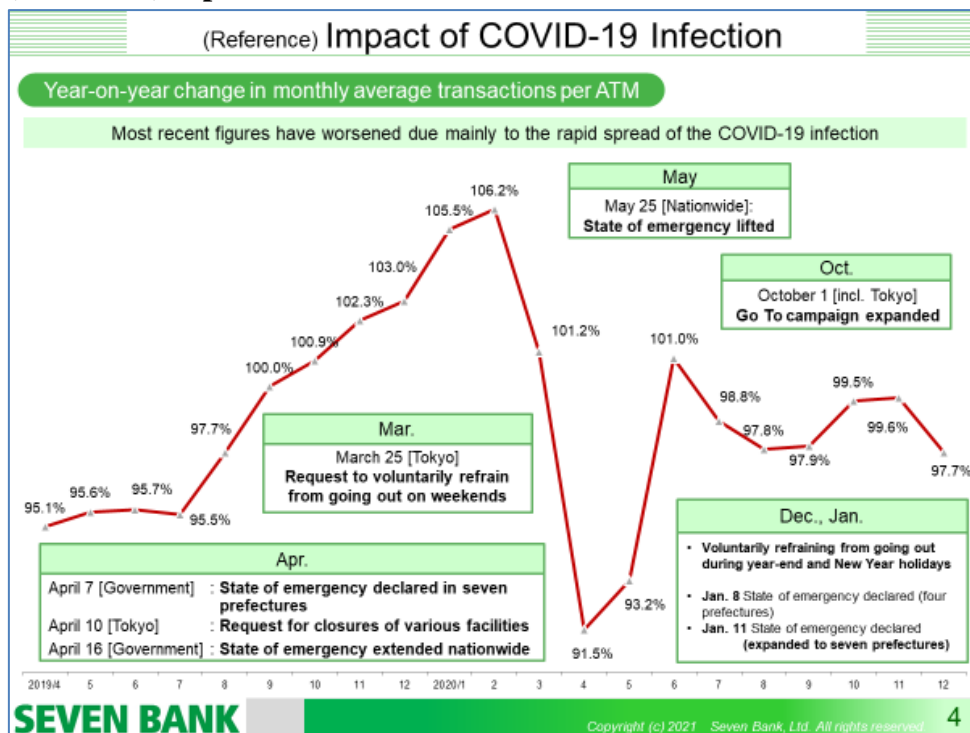
The business environments for personal loans and International Money Transfer Service on the right-hand side are not necessarily good due to the impact of the Corona crisis, but they have been steadily increasing in this situation. Debit services are performing very well, in terms of cashless transactions. That's all for me to finish my explanation.

Q&A: Average number of ATMs used and digital payments for salaries

Questioner 1: The average number of ATMs used on page 1 and page 4 was that YoY's negative margin slightly increased in January compared to December. Please tell us the image of how much downward pressure was expected from February to March in the extension of the Emergency State Declaration, and because the number of ATMs used was strong in February and March last year, do you think YoY's negative margin will become more severe than in January?

The second point is the news report that digital payments of salaries will be lifted in the spring of this year. If this happens, what prospects do you have for whether the use of ATMs will be negative or if digital money will permeate the world more, the overall pie will increase and the positive impact will be greater?

(Reference) Impact of COVID-19 Infection



Kawada: The first point is the explanation of how YoY views the future outlook in the Declaration of Emergencies, in line with the materials on page 4.

To be sure, the number of ATMs used in February and March a year ago was quite strong, so YoY, of course, needs to consider the reaction to this, but we have found that the number of ATMs used is significantly strongly correlated with the movement of people. The state of emergency declaration itself is the same at present, but compared to the declaration of the emergency situation in April and May last year, there are much more people with infections, but even if you are riding a train or walking outside, people's movement is not very restrained, so I do not think there will be a big drop like the 1 at the time of the previous declaration of the emergency situation.

On the other hand, it isn't as good as last year's September, October, and November, when economic activity was revitalizing. Naturally, I think that it will be 95% below 97.7% in December and above last year's April and May. However, I honestly do not know how long this will last. However, I think that even if it continues until the end of the fiscal year, the plan for the fiscal year can be cleared if the degree of impact is about that. That is the answer to your first question.

The second point is the report on the digital payment of salaries. We know that companies in the new money transfer business are fairly conscious of this market. However, it will be how people who actually receive salaries will use them, so in the end, it will be how the people who use them, not the providers of services, will act.

Even with the digitization of salaries, the funds that are still deposited in the bank account by payroll transfer newly deposited in the new fund transfer company's account, so I think that we should work on the same thing in the sense of digitization. Therefore, I think there is an opportunity for you to make money at an ATM when cash is needed.

New settlements, for which we are actively pursuing alliances recently, require cash to be deposited in the account, so I think that they are going to be paid in the form of salaries or paid in the form of charges at ATMs.

To be honest, we do not know exactly what kind of usage the final user will use, and we intend to help you in many ways no matter what the situation may be. Perhaps the move to actively shift pay transfers from bank accounts to a new fund transfer business accounts will occur mainly for younger people and part-time workers, but I think it will take a little time for so-called working people.

However, I think that the methods of smartphone payments and various payments within settlement methods will diversify. Currently, more than a very large number of people are using cash charges at Seven Bank ATMs as 1 way of putting money into their smartphone settlement methods, and we intend to continue meeting this need in the future.

We do not know how diverse payroll transfers and payment methods will be and how many people will use them, but we intend to proactively respond to any social in which we can use our services with peace of mind and convenience, and to make use of them for everyone.

Q&A: Earnings Outlook and Next Medium-Term Management Plan

Questionnaire 2: The first point concerns the earnings outlook for the current fiscal year. If the reoccurrence of the Emergency Declaration does not have a significant impact on earnings, I think it is highly likely that earnings will exceed the plan. On the other hand, since the depreciation burden associated with the replacement installation of fourth-generation ATMs will increase from the next fiscal year onwards, I think it will be difficult to envision an increase in earnings.

In that sense, can we book expenses ahead of schedule during the current fiscal year in anticipation of the next fiscal year? Please tell us if there are any measures, such as the replacement installation of fourth-generation ATMs, within the current fiscal year.

The second point is that we may be involved in the next medium-term management plan, but about our approach to shareholder returns in the future. Please tell us again about your view to shareholder returns because the stock price has been slightly sluggish. Thank you for your attention to the above two questions.

Kawada: First, I would like to answer your question on the earnings forecast for the current fiscal year and whether or not we will be able to book expenses ahead of schedule. First of all, as you have pointed out, if the Corona crisis should be so severe, I believe that we will be able

to clear our result targets for the current fiscal year, perhaps as I mentioned earlier. Honestly, however, the impact of the Corona crisis on our business is uncertain at this point in time, so it is difficult for us to take a more aggressive approach to booking expenses.

In fact, we also examined such matters around the end of last year, but the number of people with infections suddenly increased, and in January, the state of emergency became the business environment of a relaunch, and the decision was made that "we cannot be optimistic." Currently, we are carefully checking the status of infections and trends in the number of cases used.

With regard to the advancement of fourth-generation ATMs, which we mentioned earlier, we are currently advancing the replacement plan at a pace that is close to our physical limitations, so it is difficult to bring them forward. In addition, from the standpoint of immediate effectiveness when booking expenses, we use them in advertising and sales promotions. However, in terms of the schedule for planning these expenses, while there is no time remaining until the end of the fiscal year, it is not easy for us to develop advertising and sales promotions, so we do not intend to book expenses ahead of schedule.

On the other hand, if incomes can be expected in the future regardless of what our earnings for the current fiscal year or next fiscal year are, we have no idea of "must be this fiscal year" or "let's do it next fiscal year." We will actively invest in, and conduct advertising and sales promotions. At the very least, it is honest that we do not think of expenses starting with the figures for the current fiscal year or the figures for the next fiscal year.

The second point is shareholder returns, as I have explained here, we will eventually present them in the medium-term management plan. Until now, the basic policy of Seven Bank has been to pay dividends as shareholder returns, and we have set a dividend payout ratio of at least 40% as 1 benchmark. However, we are advancing discussions on stable dividends from various perspectives, such as the actual amount and dividend payout ratio.

We are paying close attention to our share price, which is highly valued by the market, as a company. However, we must continue to work hard to think about whether we will make share buybacks and increase dividends, and whether we will use capital in the form of aggressive investments for future growth, including dialogue with shareholders.

What we can say now is that stable dividends will probably be clearly stated in the medium-term management plan, and stock prices are extremely important indicators. However, we are placing greater emphasis on growth investments aimed at achieving sustainable incomes, which is the source of future returns.

Q&A: Digital Payment and Unit Price

Questionnaire 3: I personally have the image that if digital payments start, it will be more likely to use a hybrid, such as putting JPY200thousand into your bank account and putting JPY50 thousand into "●●Pay" for salary transfers. Then, I think that money going through the bank

account will decrease, but at that time, I am worried that there will be a negative impact considering your bank's business model. Could you tell us again about this?

The second point is the unit price. I think that the transaction dealings of the operating companies are stronger than expected, but if you go on this way, how much should you recognize the possibility that the unit price of commissions received will fall below JPY120 in the next fiscal year?

Kawada: The first point is digital payroll. As you have pointed out, as a user's needs, I think people will use it in a hybrid. In addition, I think that corporations will, of course, be designated as salaries in this manner, but the needs of the users are as expected.

In that case, I would say that the amount of cash going through the bank account will decrease, or if it is a hybrid, I would like to make a partial direct deposit to a fund transfer operator. However, in the case of Seven Bank, when I think about the account, there are not many accounts that are used by the bank transfer, so I think the impact will be minor compared to other banks.

In addition, it will have an impact on the ATM business, but it still does not put the cash into the bank account, but rather enters the bank account in a digital form or into the accounts of various operating companies. If it is a debit, for example, it can be used as it is. In the smartphone payment, the amount deposited into it is charged, so it can be used as it is. If we proceed with cashless by paying, the deposit is already cashless, so I think there is enough possibility that the opportunity to draw money by ATM will be reduced.

Conversely, I think there will be a variety of people, such as putting them in a bank account and charging the fund transfer provider only the amount of money they need. In this environment, we intend to proactively respond by leveraging our brick-and-mortar bases. However, we believe there are changes, and we will take advantage of these changes as opportunities.

The second point is the unit price for ATM commissions, but if the price remains unchanged, it may be less than JPY120. We were originally very pleased, but in the case of non-banks, the price of the ATM business, which we had been able to do before, was that there were various discounts based on JPY150 or a little higher for non-banks.

I think this has been decided in various industry customs and regulations, so I don't think such a part will change easily. However, the increasing use of Seven Bank ATMs by fund transfer companies and other companies in recent years is an entirely new service. Naturally, the "fee for tie-up" is a new negotiation regardless of existing banking practices.

However, if we do not have such new service transactions, of course, our revenues will also decrease by a few JPY1 billion this fiscal year. Therefore, we intend to actively generate transactions through new services that meet our customers' needs, maintain the number of ATM transactions, and attract more customers to use them. In such a process, it is inevitable in a sense that the unit price that comes out as a result of calculations will decrease due to a change in the

percentage of users. I think this is the result of responding to changes in the expansion equilibrium.

This is the result of our business strategy of actively using our services, and if we want to avoid lowering only the unit price, we would only need to continue our existing services without developing such new services. In that case, we would only be left behind in environmental changes and become a shrinking equilibrium more and more. We will develop and expand Seven Bank's proprietary ATMs services and aggressively pursue policies that will enable widespread use even if unit prices decline somewhat.

However, unfortunately, the unit price of the new service transaction will be individually negotiated, and the price will be determined after extremely tough negotiations.

Q&A: About Unit Price and Investment in New Businesses

Questionnaire 4: First, I would like to hear a little more about the ATM commission unit price and expenses. For example, even if the number of transactions increases slightly due to a decline in unit prices in the future, we believe that there is a good scenario of a decline in sales after all due to a decline in unit prices.

In such a case, what kind of attitude will you take in dealing with commission contracts and so on? In other words, I would like to ask if there is anything like the perspective of how much volume you are trying to maintain and how much unit price you can tolerate.

Second, regarding growth investment, I think you have introduced BBF's BPO, Indonesia, the Philippines, and other businesses this time. In this regard, if costs are to be invested, is there a possibility that expenses will increase to some extent in the future with a sense of scale in a meaningful way?

Kawada: About first question concerning unit price, but ATM partner is a bank, non-bank, Japan Post Bank, Shinkin bank, etc., an existing partner. For example, the bank is not exclusively connected to the ATM of Seven Bank, but is connected to all the ATMs of Japan, so that it can be used with each other, and also it is common to run the ATM on its own.

Newly launched fund transfer service providers against such financial institutions do not have their own ATMs in the first place, nor do they need to use all the ATMs in Japan. Among them, we are going to select ATMs that do not connect with the ATMs that we connect to, and we are thinking about them including prices, so they are fundamentally different.

If the unit price of the financial institution with which we have been affiliated drops steadily, the business will simply shrink. However, but by proposing a new business company that wants to provide a new business using ATMs at low cost., To expand new markets.

The unit price in the calculation will decrease, but I think it is necessary to think separately. In our case, I think it will be finally possible if the unit price is halved, but I think it will be

calculated, but I think that we will sufficiently restrain the break-even point, and there is a considerable profit buffer, so I think there is considerable leeway there. We have already begun implementing measures from now until now, for example, "when the number of transactions is halved, how we will live," or "when the unit price is halved, how we will live." This means that the cost structure will not change in 1 to 2 years, but we are about to change in 3 to 5 years.

I don't know whether it's an accurate answer, but I'm talking about whether you will create a new market without any intention to lower sales or unit prices, or about an existing bank, while thinking that you will be able to actively use Seven Bank's ATMs, for example, if you lower the unit price, you will be able to increase the number of transactions even more. We are also seriously reviewing our cost structure. The above is the first response.

As for the second growth investment, it has taken a little time, but I think that the seeds of the portion that we have steadily invested in are beginning to emerge.

The difference between consolidated and non-consolidated figures is still negative, but the negative amount is gradually shrinking, and I think it will eventually become positive.

Of course, there are some investments that do not work well. Fortunately, we have a reasonable financial strength, so by entering various new fields and nurturing them, we may be negative for a while, but we will steadily make them positive in the future.

<h2> Greetings from Mr. Kawada </h2>

Mr. Kawada: Thank you very much for today. This year will be the 20th anniversary since Seven Bank was established in April 2001. Over the past 20 years, we have grown our ATM business so far and have been used by a large number of people, and we are really grateful.

At the same time, we have received many questions, such as cashless transactions, and our business partners are facing a challenging business environment. In addition, due to the problem of the Corona crisis, the environment surrounding the ATM business is really changing dramatically, and I think it is becoming increasingly severe.

I think you probably feel that ATM usage opportunities are decreasing. We are aware that it will be difficult for the ATM business alone to continue the growth we have achieved over the past 20 years.

In this context, what will be done in the ATM business, first of all. As long as the customers who use our products, we will do our utmost. However, as long as it is a business, we will be profitable. For this reason, I would like to take a firm approach from now on, including the cost structure.

At the same time, we will develop new business domains. This is our efforts in 5 domestic business areas and overseas. It's been taking some time, but as I explained today, I think we are seeing results gradually coming out.

3 months later, in May, we are preparing to present a new medium-term management plan in conjunction with the fiscal year ending March 2021. I would like to show you the kind of sustainable growth that is unique to Seven Bank. I hope you'll look forward to it. We look forward to your continued support. This is all. Thank you for today.