

**Ordinary income of FY2020 decreased by down 7.3% year-on-year, mainly due to Seven Bank and Corona crisis, and invested aggressively with the aim of realizing the second growth FY2021-FY2025.**

I would like to report on the details of the March 2021 Seven Bank, Ltd. financial results briefing held on May 10, 2021.

[Speakers]

Seven Bank, Ltd. President and Representative Director Funatake Yasuaki

[Main text]

## Income Statements<Consolidated>

<div> <div>01</div> <div>Financial Results for The Fiscal Year Ended March 31, 2021</div> <div>Income Statements (Consolidated)</div> </div> <div>SEVEN BANK</div>								
(Billion yen)								
	FY19		FY20	Changes from FY19	FY21 plan			
		Plan			Full year	Changes from FY20	First half	Changes from FY20 1H
Ordinary income	148.5	134.2	137.2	(11.3)	137.6	0.4	66.6	(1.7)
Ordinary expenses	108.7	101.3	101.6	(7.1)	109.2	7.6	53.9	4.4
Ordinary profit	39.8	32.8	35.6	(4.2)	28.3	(7.3)	12.7	(6.0)
Extraordinary income and losses	△0	0	0	0	0	0	0	0
Net income attributable to owners of the parent	26.1	23.0	25.9	(0.2)	19.7	(6.2)	8.9	(5.3)
(Reference) Equity in net earnings of affiliated companies:	(4.7) billion		(0.7) billion		Full-year plan	(0.3) billion		
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 statements: per USD 1 ¥109.03 (FY19), ¥108.00 (FY20 plan), ¥106.76 (FY20), ¥103.00 (FY21 plan)								

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Funatake Yasuaki (hereafter, Funatake): Hello everyone. This is Funatake of Seven Bank.

We would like to hear your meeting today amid a difficult situation of the spread of the new Corona contagious disease.

Over the next 30 minutes, I would like to explain our financial results for FY2020, our plans for FY2021, and our medium-term management plan at the same time. Please refer to the materials as appropriate and listen to the explanation.

First, let me explain the financial results for FY2020. See pages 4 to 5. Both consolidated and non-consolidated sales and profits declined year on year.

There are 3 major points. The first was a decline in the total number of ATMs in Japan and a change in the composition of ATM transactions by type of business, resulting in a decrease in the unit price of ATM commissions received.

## Income Statements(Seven Bank)

**01** Financial Results for The Fiscal Year Ended March 31, 2021  
Income Statements (Seven Bank)



	FY19	Plan	FY20	Changes from FY19	FY21 plan			
					Full year	Changes from FY20	First half	Changes from FY20 1H
Ordinary income	120.2	109.8	111.6	(8.6)	110.9	(0.7)	54.2	(0.9)
ATM-related fee income	108.7	98.0	99.3	(9.4)	98.1	(1.2)	48.1	(0.9)
Ordinary expenses	75.2	77.3	77.0	1.8	83.6	6.6	41.7	4.4
Interest expenses	0.6	0.6	0.5	(0.1)	0.5	0	0.2	0
ATM placement fee expenses	15.7	15.9	15.9	0.2	16.1	0.2	8.0	0.2
Outsourcing expenses	18.9	20.8	20.9	2.0	22.3	1.4	11.1	1.0
Maintenance fees	3.7	4.1	3.8	0.1	3.9	0.1	2.0	0.1
Depreciation and amortization	13.6	13.0	13.0	(0.6)	15.7	2.7	7.6	1.4
Ordinary profit	45.0	32.4	34.5	(10.5)	27.3	(7.2)	12.5	(5.3)
Extraordinary income and losses	(5.1)	0.0	(0.7)	4.4	0	0.7	0	0
Total income taxes	12.2	9.9	18.0	5.8	8.3	(9.7)	3.8	(1.6)
Net income	27.6	22.4	15.8	(11.8)	18.9	3.1	8.6	(3.7)
EBITDA	58.6	45.5	47.6	(11.0)	43.1	(4.5)	20.1	(4.0)
Number of ATMs installed at end of term (units)	25,215	25,515	25,676	461	26,226	550	25,950	568
ATM-related fee income per transaction (yen)	130.9	124.0	121.4	△9.5	110.9	△10.5	110.9	△13.5
Daily average transactions per ATM (transactions/ATM/day)	92.1	87.5	90.5	△1.6	95.5	5.0	93.9	6.3
Total number of transactions (million)	849	807	836	△13	902	66	442	39

Note: EBITDA = Ordinary profit + Depreciation and amortization

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As shown below on page 5, the total number of ATMs in Japan decreased by only about 2% in the aftermath of the Corona disaster. The breakdown shows a significant decrease in banking transactions and a significant increase in charge transactions by smartphone settlement providers, which has greatly changed the composition of ATM transactions by type of business.

As a result, the unit price of ATM commissions was also significantly affected, falling sharply from JPY130.9 in FY2019 to JPY121.4 in FY2020.

As a result, ATM commissions declined. On the other hand, due to the structure of our Infrastructure Business, even if the number of contracts declines, the costs are not immediately curtailed. As a result, ordinary income declined significantly.

## Income Statements<FCTI>

### 01 Financial Results for The Fiscal Year Ended March 31, 2021 Income Statements (FCTI)



(Million USD)

	FY19				FY21 plan			
		Plan	FY20	Changes from FY19	Full year	Changes from FY20	First half	Changes from FY20 1H
Ordinary income	254.0	213.0	227.0	(27.0)	210.3	(16.7)	101.6	(15.4)
Ordinary expenses	247.7	194.4	204.1	(43.6)	188.4	(15.7)	91.5	(11.9)
Interest expenses	35.2	16.9	17.1	(18.1)	12.3	(4.8)	6.2	(4.0)
ATM placement fee expenses	139.7	112.9	115.8	(23.9)	109.6	(6.2)	53.4	(4.8)
Outsourcing expenses	17.4	15.2	15.5	(1.9)	12.8	(2.7)	6.4	(1.7)
Maintenance fees	17.4	15.3	16.0	(1.4)	11.7	(4.3)	5.4	(2.7)
Depreciation and amortization	6.7	6.8	6.7	0	6.9	0.2	3.4	0.1
Ordinary profit	6.3	18.6	22.8	16.5	21.8	(1.0)	10.1	(3.4)
Extraordinary income and losses	0.5	2.0	2.1	1.6	0	(2.1)	0	0
Net income	6.6	20.5	24.6	18.0	21.7	(2.9)	10.0	(3.4)
EBITDA	13.1	25.5	29.6	16.5	28.9	(0.7)	13.6	(3.2)
Number of ATMs installed at end of term (units)	10,886	8,640	9,368	△1,518	8,664	△704	8,616	△2,047
At SEI (units)	8,465	8,640	8,553	88	8,664	111	8,616	122
Daily average transactions per ATM (transactions/ATM/day)	43.1	46.5	48.8	5.7	56.1	7.3	54.8	9.7
At SEI (transactions/ATM/day)	55.4	52.6	56.3	0.9	56.9	0.6	54.0	0.4
Total number of transactions (million)	191.6	171.5	183.1	△8.5	179.0	△4.1	86.6	△1.6

Notes: 1. Number of ATMs installed as of March 31, 2021 (preliminary data): 9,433 (8,623 at 7-Eleven stores; 810 at locations other than 7-Eleven stores)  
2. FCTI interest expenses: equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.

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FCTI, Inc. of consolidated subsidiaries is described on page 6. The company saw steady growth in the number of ATMs used even under the impact of the new Corona viral infectious disease.

FCTI, Inc.'s disposal of low-margin ATMs led to a slight decline in sales, but income improved significantly due to a considerable restraint in expenses.

As I will discuss PT. ABADI TAMBAH MULIA INTERNASIONAL later, the company was able to dramatically increase the number of ATMs installed from 200 to 750, which led to a significant increase in sales.

### 01 Financial Results for The Fiscal Year Ended March 31, 2021 Income Statements (Seven Bank)



(Billion yen)

	FY19				FY21 plan			
		Plan	FY20	Changes from FY19	Full year	Changes from FY20	First half	Changes from FY20 1H
Ordinary income	120.2	109.8	111.6	(8.6)	110.9	(0.7)	54.2	(0.9)
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Ordinary expenses	75.2	77.3	77.0	1.8	83.6	6.6	41.7	4.4
Interest expenses	0.6	0.6	0.5	(0.1)	0.5	0	0.2	0
ATM placement fee expenses	15.7	15.9	15.9	0.2	16.1	0.2	8.0	0.2
Outsourcing expenses	18.9	20.8	20.9	2.0	22.3	1.4	11.1	1.0
Maintenance fees	3.7	4.1	3.8	0.1	3.9	0.1	2.0	0.1
Depreciation and amortization	13.6	13.0	13.0	(0.6)	15.7	2.7	7.6	1.4
Ordinary profit	45.0	32.4	34.5	(10.5)	27.3	(7.2)	12.5	(5.3)
Extraordinary income and losses	(5.1)	0.0	(0.7)	4.4	0	0.7	0	0
Total income taxes	12.2	9.9	18.0	5.8	8.3	(9.7)	3.8	(1.6)
Net income	27.6	22.4	15.8	(11.8)	18.9	3.1	8.6	(3.7)
EBITDA	58.6	45.5	47.6	(11.0)	43.1	(4.5)	20.1	(4.0)
Number of ATMs installed at end of term (units)	25,215	25,515	25,676	461	26,226	550	25,950	568
ATM-related fee income per transaction (yen)	130.9	124.0	121.4	△9.5	110.9	△10.5	110.9	△13.5
Daily average transactions per ATM (transactions/ATM/day)	92.1	87.5	90.5	△1.6	95.5	5.0	93.9	6.3
Total number of transactions (million)	849	807	836	△13	902	66	442	39

Note: EBITDA = Ordinary profit + Depreciation and amortization

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The third point is on page 5, Seven Bank on a non-consolidated basis. As described on page 3, non-consolidated net income decreased significantly in FY2020 due to the partial reversal of deferred tax assets.

This was made in accordance with the provisions of the Accounting Standards and did not have an impact on actual cash flows. The above is an explanation of the results for FY2020.

Next, I would like to explain our plans for FY2021. According to our estimate of the recent situation for the new corona viral infectious disease, we believe that the situation will continue for some time in the future. Accordingly, we have formulated a plan based on the assumption that the current trends in consumption and cashless operations will continue.

As a result, Seven Bank non-consolidated plans lower sales and profits on a recurring basis. On the other hand, Seven Bank non-consolidated net income in FY2021 is expected to increase, as it is compared with the net income after the reversal of deferred tax assets in FY2020.

On the other hand, in terms of consolidated financial results, a slight increase in revenues is planned in anticipation of an increase in revenues from overseas operations and domestic subsidiaries. Unfortunately, both consolidated and Seven Bank non-consolidated ordinary income is forecast to decrease.

**01** Financial Results for The Fiscal Year Ended March 31, 2021

**Income Statements (Consolidated)**

(Billion yen)

	FY19	Plan	FY20	Changes from FY19	FY21 plan			
					Full year	Changes from FY20	First half	Changes from FY20 1H
Ordinary income	148.5	134.2	137.2	(11.3)	137.6	0.4	66.6	(1.7)
Ordinary expenses	108.7	101.3	101.6	(7.1)	109.2	7.6	53.9	4.4
Ordinary profit	39.8	32.8	35.6	(4.2)	28.3	(7.3)	12.7	(6.0)
Extraordinary income and losses	△0	0	0	0	0	0	0	0
Net income attributable to owners of the parent	26.1	23.0	25.9	(0.2)	19.7	(6.2)	8.9	(5.3)


(Reference) Equity in net earnings of affiliated companies: (4.7) billion (0.7) billion Full-year plan (0.3) billion

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 statements:  
per USD 1  
¥109.03 (FY19), ¥108.00 (FY20 plan), ¥106.76 (FY20), ¥103.00 (FY21 plan)

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The plan for consolidated financial results for FY2021 consists of 5 major points. As for the first issue, please refer to page 4. While the decline in profits in FY2020 was largely attributable to the decline in revenues, the breakdown of the 7.3 billion decline in profits in FY2021 was largely attributable to increased costs associated with growth investments, such as an increase in depreciation and system expenses associated with system upgrades.

In other words, even when sales are on a downward trend, we plan to continue activities aimed at future growth without falling into a shrinking equilibrium.

<b>01</b> Financial Results for The Fiscal Year Ended March 31, 2021 <b>Income Statements (Seven Bank)</b>								
					(Billion yen)			
	FY19	Plan	FY20	Changes from FY19	FY21 plan			
					Full year	Changes from FY20	First half	Changes from FY20 1H
Ordinary income	120.2	109.8	111.6	(8.6)	110.9	(0.7)	54.2	(0.9)
ATM-related fee income	108.7	98.0	99.3	(9.4)	98.1	(1.2)	48.1	(0.9)
Ordinary expenses	75.2	77.3	77.0	1.8	83.6	6.6	41.7	4.4
Interest expenses	0.6	0.6	0.5	(0.1)	0.5	0	0.2	0
ATM placement fee expenses	15.7	15.9	15.9	0.2	16.1	0.2	8.0	0.2
Outsourcing expenses	18.9	20.8	20.9	2.0	22.3	1.4	11.1	1.0
Maintenance fees	3.7	4.1	3.8	0.1	3.9	0.1	2.0	0.1
Depreciation and amortization	13.6	13.0	13.0	(0.6)	15.7	2.7	7.6	1.4
Ordinary profit	45.0	32.4	34.5	(10.5)	27.3	(7.2)	12.5	(5.3)
Extraordinary income and losses	(5.1)	0.0	(0.7)	4.4	0	0.7	0	0
Total income taxes	12.2	9.9	18.0	5.8	8.3	(9.7)	3.8	(1.6)
Net income	27.6	22.4	15.8	(11.8)	18.9	3.1	8.6	(3.7)
EBITDA	58.6	45.5	47.6	(11.0)	43.1	(4.5)	20.1	(4.0)
Number of ATMs installed at end of term (units)	25,215	25,515	25,676	461	26,226	550	25,950	568
ATM-related fee income per transaction (yen)	130.9	124.0	121.4	△9.5	110.9	△10.5	110.9	△13.5
Daily average transactions per ATM (transactions/day)	92.1	87.5	90.5	△1.6	95.5	5.0	93.9	6.3
Total number of transactions (million)	849	807	836	△13	902	66	442	39
Note: EBITDA = Ordinary profit + Depreciation and amortization								

For the second point, see page 5. We plan a net increase of 550 ATMs in the domestic market. Currently, each bank is making a series of reductions in its stores and non-store ATMs for the purpose of rationalization. On the other hand, we have received many requests from some commercial facilities and public facilities, such as "If bank's ATMs are gone it will be a problem, so Seven Bank, would you please install ATMs?"

In light of this situation, I feel that there is still room to increase the number of ATMs. By firmly capturing the needs of banks and installation company, we intend to challenge a net increase of 550 units by installing outside the group and replacing bank ATMs.

Third, we will promote the substitution of bank ATMs. We have added a new ATM tie-up fee structure so that our partner banks have an incentive to use our ATMs by our customers.

With this fee structure, the unit price of ATM commissions will decline. Using this as a lever, we aim to expand the number of ATMs installed and increase the average number of ATMs used per machine. In FY2021, we intend to take on the challenge of raising the total number of transactions to 900 million per year. In this way, our strategy is to increase the number of ATMs and number of ATM transactions so as not to reduce revenues as much as possible, although the unit price of ATM commissions will decline.

Fourth is to strengthen the financial services business. We intend to build collaboration with the customer base of the 7&i Group to vigorously expand the number of accounts and the balance of card loans.

The fifth point is about consolidated financial results. I would like to see pages 6, 7, and 8. FCTI, Inc. sales will decline as we continue to liquidate low-margin ATMs. However, ordinary income is expected to remain almost unchanged.

## Overseas Subsidiaries

### 01 Financial Results for The Fiscal Year Ended March 31, 2021



#### Overseas Subsidiaries

(Million yen)

PT. ABADI TAMBAH MULIA INTERNASIONAL	FY19	FY20			FY21 plan			
		Plan		Changes from FY19	Full year	Changes from FY20	First half	Changes from FY20 1H
Ordinary income	142	460	429	287	1,501	1,072	555	401
Ordinary expenses	118	409	300	182	1,287	987	531	415
Ordinary profit	23	51	129	106	214	85	24	(13)
Net income	29	51	114	85	214	100	24	(13)

Note: Exchange rate: per IDR 100  
¥0.771 (FY19), ¥0.751 (FY20 plan), ¥0.735 (FY20), ¥0.7517 (FY21 plan)

- Number of ATMs installed: 200 (as of Dec. 31, 2019) ➤ 750 (as of Dec. 31, 2020) ➤ 2,000 (plan for Dec. 31, 2021)

#### New market

##### Pito AxM Platform, Inc.



#### ➤ ATM operation knowhow + store network of 7-Eleven in the Philippines

- Installed cash-recycling ATMs at 7-Eleven in the Philippines (2,978 stores as of Dec. 31, 2020)
- Began installing ATMs in Feb. 2021 (117 as of Mar. 31, 2021)
- Plan to install 320 ATMs until June 2021

PT. ABADI TAMBAH MULIA INTERNASIONAL is described on page 9, but we are planning to increase sales and profits by significantly increasing the number of ATMs installed. We plan to increase the number of ATMs installed from 750 at the end of December 2020 to 2000 at the end of December 2021.

As for the Philippine Pito AxM Platform, Inc., we are finally able to realize stable operations. Although the number of ATMs used has not grown significantly at this time, the number of ATMs is steadily increasing even under conditions in which economic activities are constrained by the impact of the new Corona viral infectious disease. We intend to lead to future growth by expanding the number of ATMs installed and expanding the number of partner financial institutions in the future.

## Subsidiaries in Japan(1)

### 01 Financial Results for The Fiscal Year Ended March 31, 2021

#### Subsidiaries in Japan (1)



(Million yen)

Bank Business Factory	FY19	FY20			FY21 plan			
		Plan		Changes from FY19	Full year	Changes from FY20	First half	Changes from FY20 1H
Ordinary income	1,573	1,895	2,025	452	2,130	105	951	90
Ordinary expenses	1,414	1,762	1,804	390	1,920	116	945	68
Ordinary profit	158	133	221	63	210	△11	6	21
Net income	111	93	144	33	147	3	4	19

- Number of non-group companies from which BBF received contracts for back-office support: 23 (as of Mar. 31, 2020) ➤ 29 (as of Mar. 31, 2021) ➤ 41 (plan for Mar. 31, 2022)

Seven Payment Service	FY19	FY20			FY21 plan			
		Plan		Changes from FY19	Full year	Changes from FY20	First half	Changes from FY20 1H
Ordinary income	115	315	369	254	521	152	230	53
Ordinary expenses	233	405	347	114	518	171	238	47
Ordinary profit	△117	△90	22	139	3	△19	△7	△7
Net income	△117	△90	16	133	2	△14	△7	△7

- Number of companies with which 7PS had contracts: 276 (as of Mar. 31, 2020) ➤ 423 (as of Mar. 31, 2021) ➤ 550 (plan for Mar. 31, 2022)

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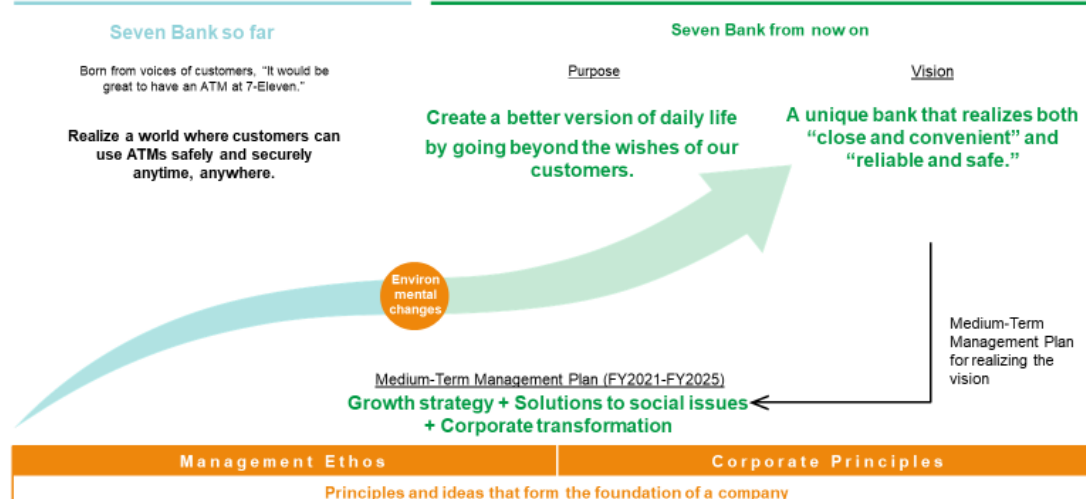
The domestic subsidiaries are explained on page 7. BBF (Bank Business Factory) and 7 PS (Seven Payment Service) have steadily expanded their businesses, although the scope of their operations is still small. In FY2021, we forecast an increase in consolidated ordinary revenues based on the anticipated growth in such domestic subsidiaries.

That is all for explanation of the financial results for FY2020.

## Seven Bank's Vision

### 01 Seven Bank's Vision

#### What Seven Bank Aspires to Be



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I would like to explain the Medium-Term Management Plan that we announced at the same time. As the outlook is still unclear, with regard to the announcement of the Medium-Term Management Plan at such time.


However, there were a variety of opinions within the company, but, because of this time, we decided that it was necessary to clearly present our aimed direction, future management policy, and operation management policy both inside and outside the company, and so we made the announcement.

The plan focuses on basic strategies, strategies, and operational policies, so I would like to ask for your understanding.

## Purpose of Seven Bank

01

Seven Bank's Vision



**Purpose of Seven Bank**

**Create a better version of daily life  
by going beyond the wishes of our customers.**

Our customers' wishes are seeds that grow and become the future.

Seven Bank began in response to our customers who wanted to see ATMs in 7-Eleven stores.  
Customers' wishes came first, that is our origin.

Times change,  
and so do people's needs and wants. They also become diverse.  
While holding true to our core philosophy, we keep evolving to meet our customers' wishes.

As a unique bank that offers convenience, reliability and trust, Seven Bank continues to launch new initiatives  
that support people and society.  
As a vital part of people's daily lives, we remain inventive, striving to create new lasting value beyond traditional financial services.

We strive to be closer to our customers, to help them fulfill their wants and needs easily.  
Using cutting-edge technology and manpower, we challenge ourselves to move beyond the status quo.  
We seek to create a better version of daily life for everyone.

That is our reason for being.

Our purpose is shown on pages 2 and 3. Because of uncertainty period in which the environment, we have reexamined the reason for the existence and value of our company in the 20th anniversary of the Company's founding.

We then established our purpose in order to demonstrate the determination of all employees to share and engage in transformation.

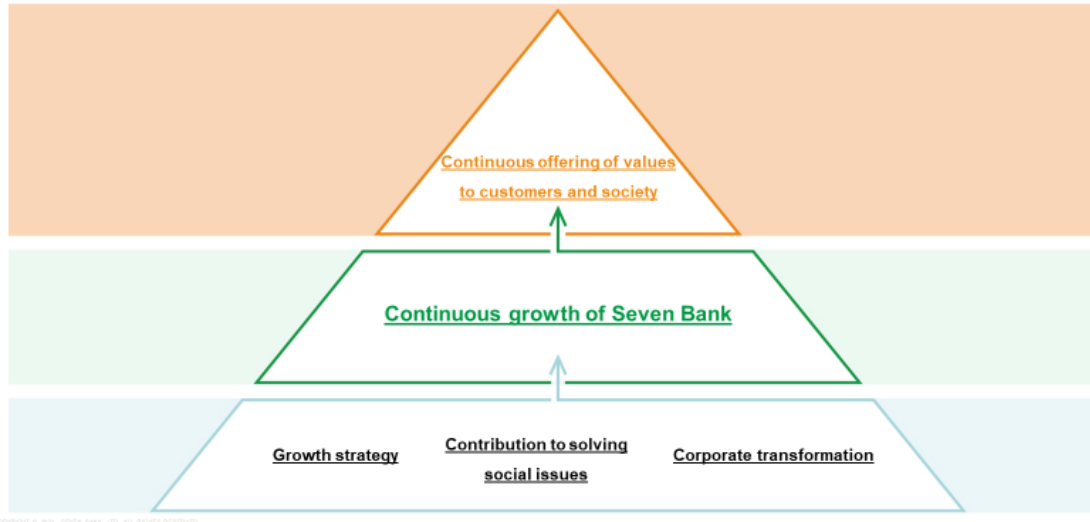
"Create a better version of daily life by going beyond the wishes of our customers". This is our purpose, and we exist for this purpose. Consequently, there may be times when we are uncertain about future business expansion, but when doing so, we will always use this purpose as a criterion.



## Seven Bank's Management Concept

### 01 Seven Bank's Vision

#### Seven Bank's Management Concept



Described on pages 5 to 8, the Medium-Term Management Plan calls for management to be conducted from 3 perspectives in order to achieve sustainable growth as a company.

The first business strategy is to change the business itself in response to changes in the environment. The second is to contribute to solving social issues by positioning sustainability as the foundation of our long-term management strategy.

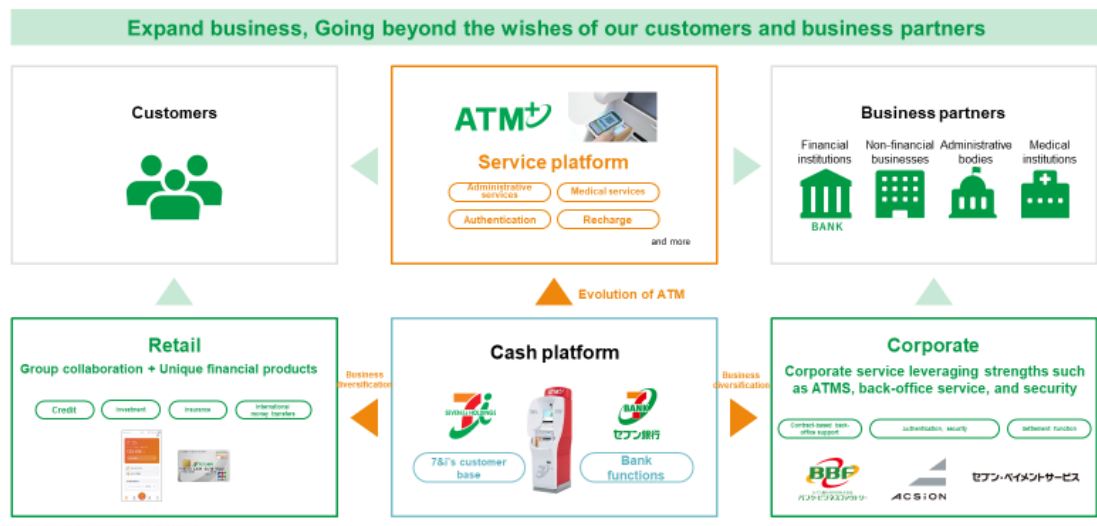
Third, in order to adapt to a new environment, we will transform our organization in response to digitization, recent work style reforms, and other factors. In addition, through data-focused management, we will realize corporate transformation, or "Corporate Transformation," including business models and business processes. We intend to pursue management over the next 5 years while making these 3 perspectives a major pillar.

## Business expansion starting from the strengths of Seven Bank

02 Medium-Term Management Plan FY21-FY25



Business expansion starting from the strengths of Seven Bank



I would like to talk about 5 points of the Medium-Term Management Plan. With regard to the first business strategy, we intend to accelerate the further evolution of the ATM business and the diversification of our business, as well as the expansion of our overseas business. See pages 9 to 12.

In particular, page 9 describes the strengths of the ATM business, the foundation of reliability we have cultivated as a bank, and our collaboration with the 7&i Group. These are our strengths, and we intend to differentiate ourselves by leveraging these strengths.

When we look at recent trends in the banking industry and financial, it is sometimes felt that the banking industry itself is throwing out its own strengths when a variety of new players are appearing. In fact, we believe that the reliable operational capabilities that banks have cultivated, reliable and safe fund management and fund transfer methods, as well as high standards of certification technology and security functions, are important resources now as we move toward a digitization social.

In the current phase of the emergence of new financial and payment entrants, we intend to create new businesses, including corporate businesses, by firmly refining these functions and providing them to social.

## Overseas Strategy

### 02 Medium-Term Management Plan FY21-FY25 Overseas Strategy



Deploy multi-layered financial service in each country with the ATM business as an entry point



#### Countries where we currently have business

U.S.	Indonesia  Philippines
<ul style="list-style-type: none"> <li>- ATM business has been steadily expanding along with the deployment of SEI</li> <li>- Develop and offer new businesses by utilizing ATM user data</li> </ul>	<ul style="list-style-type: none"> <li>- First of all, we will proactively increase the number of ATMs to stabilize the ATM business</li> <li>- Also consider new businesses corresponding to the maturity of each market</li> </ul>

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The second is the overseas business strategy described on page 13. We would like to start with the ATM business and proceed in 3 steps. First, we will firmly install ATMs on site and build a network. Next, we will develop our financial services business by utilizing data from people using ATMs, etc.

Beyond that, we would like to realize global money transfers by enabling fund transfers among the ATM networks in the U.S., the Philippines, Indonesia, or even in the fourth country, which our group have built.

## Contribution to Solving Social Issues (1)

### 02 Medium-Term Management Plan FY21-FY25 Contribution to Solving Social Issues (1)



Position sustainability as the basis for the long-term management strategy and continuously promote it



#### Review of basic policy and promotion structure (April 2021)

Basic policy	Promotion structure
<p>Completely revised the former Basic CSR Policy into <b>Basic Sustainability Promotion Policy</b></p> <p>Clearly state our policy to actively contribute to solving social issues through our business activities, without limiting it to just social contribution activities.</p>	<div> <div>Board of Directors</div> <div>Executive Committee</div> <div>Sustainability Committee (former CSR・Environment Committee)</div> <div>Departments and subsidiaries</div> </div> <ul style="list-style-type: none"> <li>- Decision regarding policy, important matters, etc.</li> <li>- Status evaluation</li> <li>- Sets forth policies, company-wide action plan, KPI, etc., confirms implementation status, and presents evaluations, etc. to the management</li> <li>- Diversify committee members</li> <li>- Promote and implement measures</li> </ul>

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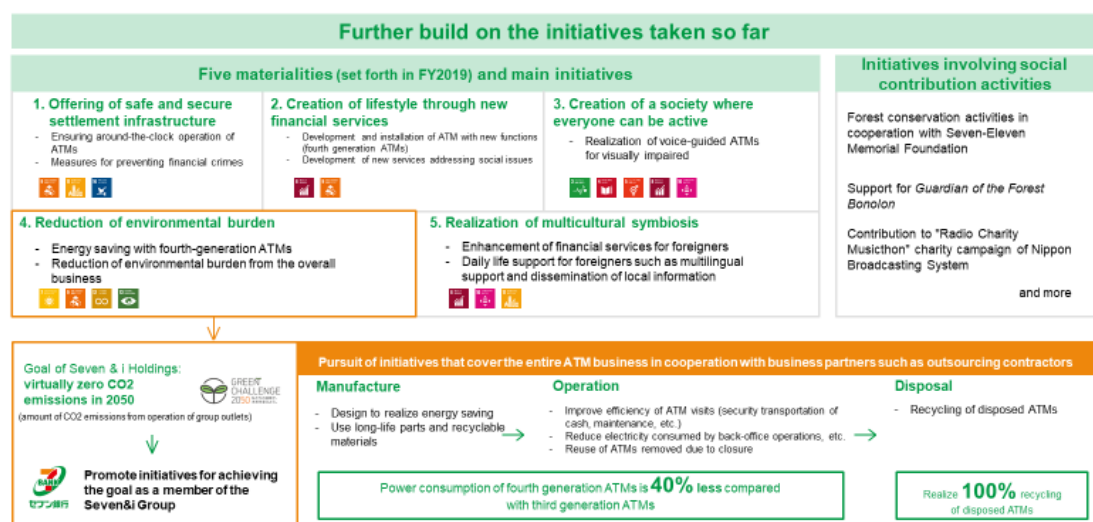
Solving social issues through business operations. As described on pages 14 and 15, we have long set and promoted on five Materiality. In addition, societal demands such as reducing environmental impact have been increasing in recent years. To respond to such requests, we will actively promote collaboration with business partners, including ALSOK and NEC, toward carbon-free operations related to ATMs operation and maintenance.

## Contribution to Solving Social Issues (2)

**02** Medium-Term Management Plan FY21-FY25



Contribution to Solving Social Issues (2)



We will also strive to recycle 100% of the old ATMs that we are currently replacing. In addition, we are committed to contributing to solving social issues by actively participating as a member of the Group in GREEN CHALLENGE 2050 undertaken by the 7&i Group.

## Corporate transformation

02 Medium-Term Management Plan FY21-FY25

### Corporate transformation



The third is the Corporate Reform and CX Project. As described on page 16, we intend to launch a project team and proceed with a review of our organization, human resources, business model and business processes in preparation for our corporate transformation.

We will build an organization in which our own skills are upgraded, career development, work style selection, and autonomous human resources can thrive. On the business front, we will leverage new technologies and data to transform our business model and business processes.

For example, for ATMs, we have used data to create "ATMs that do not stop" or systems for operating ATMs efficiently. However, in the new era of the future, I would also like to consider whether we can utilize a variety of data, including the profile of the 2 million people who use it on a daily basis and card information, from a different perspective.

## Financial Goals

**02** Medium-Term Management Plan FY21-FY25



### Financial Goals

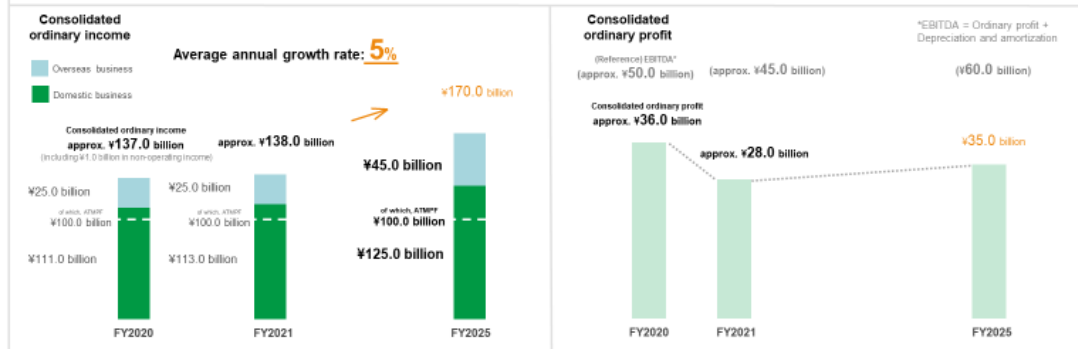
**We attach utmost importance to profit expansion in the Medium-Term Management Plan period for business diversification**

#### Financial goals for FY2025

**Consolidated ordinary income: ¥170.0 billion**

**Consolidated ordinary profit: ¥35.0 billion**

**ROE: 8% or more**



Fourth, financial targets and strategies are described on page 17 and later. As the slides show, we are targeting ordinary income of JPY170 billion and ordinary income of JPY35 billion in 5 years. Currently, the conventional ATM business is on a downward trend, but as I mentioned earlier, we intend to maintain earnings of JPY100 billion by increasing the number of ATMs installed and adding new services.

Even in a market that is expected to shrink, we would like to maintain earnings of JPY100 billion while maintaining our market share.

Finally, regarding the domestic financial business. The current scale of incomes is just over JPY10 billion, but we plan to increase it to approximately JPY25 billion. Our overseas business currently generates approximately JPY25 billion in ordinary income, and we plan to increase this from approximately JPY40 billion to JPY45 billion.

Going forward, as we upgrade to new ATMs or invest strategically, the depreciation burden will increase. As a result, the level of earnings per year for each of the next 5 years will be lower than in FY2020, but on a EBITDA basis, we intend to steadily accumulate this burden.

We intend to maintain a minimum ROE of 8%. To put it somewhat, the period of the medium-term management plan will be to pursue management with an emphasis on expanding business fields and expanding earnings, so I think there will be a period of somewhat lower profit margins and efficiency. However, with regard to ROE, we would like to conduct efficient management in a manner that firmly maintains 8% or more.

## Financial Strategy

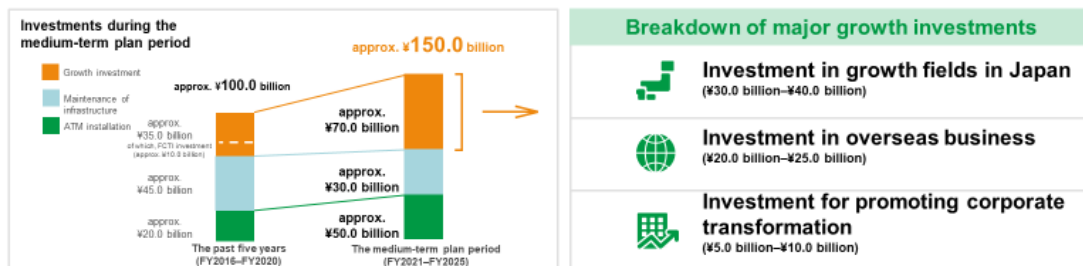
### 02 Medium-Term Management Plan FY21-FY25

#### Financial Strategy



We will invest a total of ¥150 billion during the Medium-Term Management Plan period for future profit expansion	
Basic policy	<ul style="list-style-type: none"> <li>- Achieve both proactive investment for future growth and stable shareholder returns</li> <li>- We will use cash flow* for investment and dividend payment</li> </ul>
Investment details	<ul style="list-style-type: none"> <li>- Growth investment (in the scale of ¥70 billion) aimed at promotion of growth strategy and corporate transformation</li> <li>- Promote installation of the fourth generation ATMs and develop infrastructure that realize “the wishes of our customers”</li> </ul>

\*Cash flow: Net income + Depreciation and amortization



Page 18 is the area of investment. Looking ahead to this period of the medium-term management plan and beyond FY2026, We plan to invest JPY150 billion and make strategic expenditures during a five year period.

First, we will invest approximately JPY50 billion in the renewal of a type 4 ATM that is currently underway. In addition, due to the successive upgrading of systems related to our core businesses, we will need to invest an additional approximately JPY30 billion. We also intend to invest approximately JPY70 billion in new growth areas.

The amount invested in growth areas, of approximately JPY70 billion, is 1 of which is expected to be approximately JPY30 billion to JPY40 billion for domestic business diversification and enhancement. This is an investment to build a service platform for ATM+, as described in the slides on page 8 entitled "Business Development Based on Seven Bank's Strengths."

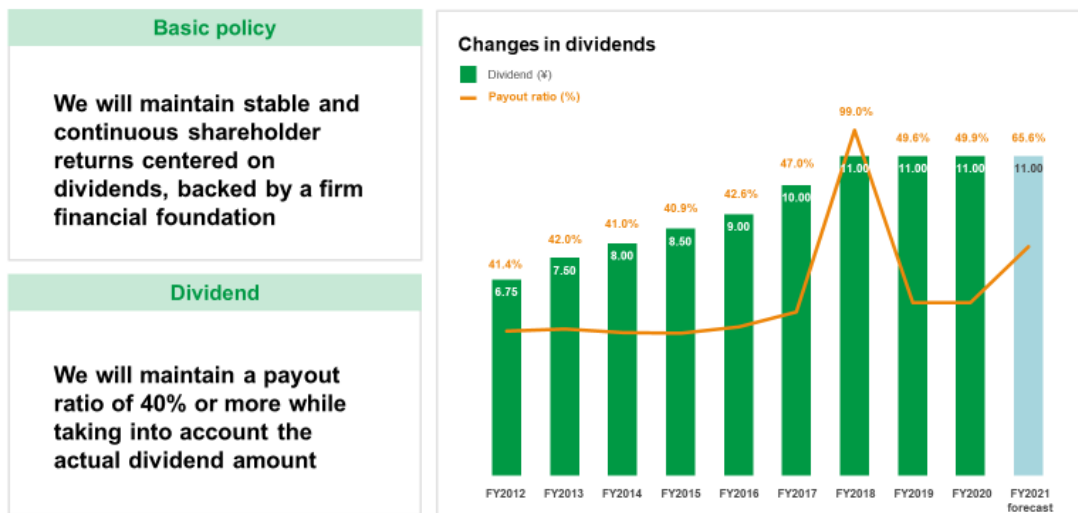
For example, we are investing in growth areas to build functions such as ATM-based attestation and KYC, or to materialize new products such as small-lot loans, investments, and insurance. We expect to spend approximately JPY30 billion to JPY40 billion.

The main investment in overseas business will be the expansion of ATMs, but we intend to make planned investments in business diversification while judging the return on investment, and we expect this investment to range from approximately JPY20 billion to JPY25 billion.

Also, as a CX project, organizational reform will be the case, but we would like to invest approximately JPY5 billion to JPY10 billion in business model, business plan, and process reform, thereby improving the efficiency of the company as a whole.

## Shareholder Returns

### 02 Medium-Term Management Plan FY21-FY25 Shareholder Returns



Finally, with regard to shareholder returns, this time we have clearly announced a policy of maintaining our previous approach.

In terms of business cash flow, while making strategic investments, we assume that we will be able to maintain our dividend at least at the previous level on an actual amount basis. We intend to pursue aggressive strategic investment and stable shareholder returns at the same time.

Although it is simple, I have explained our financial results for FY2020, our plans for FY2021, and our medium-term management plan for FY2021-2025.

### Q&A: New Rate Structure and Share Repurchase

Questionnaire 1: There are 2 questions. The first question was explained by the president just now, but I would like you to tell us about the newly added fee structure this time, to the extent the background and other specific details.

The second question concerns capital measures, but if we calculate backward from the minimum ROE target of 8% for the final year of the medium-term management plan, we can make a trial calculation even if we do not assume the implementation of a share buyback. Again, please tell us the concept of a share buyback during the period of this medium-term management plan?

Funatake: First of all, regarding the rate structure, as you know, the background is that customer fees when using our ATMs are gradually rising even at some banks. From the conventional system of JPY100 at daytime and JPY200 at night, new fees such as JPY200 at daytime and JPY300 at night are also being set.



In this sense, the cost of using ATMs is becoming extremely high for customers. On the other hand, banks are currently working to reduce ATMs, and in particular, are moving forward with efforts to reduce off-store ATMs.

When we look at this situation, it is not our desire to inconvenience our customers due to higher costs, but on the other hand, I feel that our role will become extremely large as ATMs are increasingly being reduced.

In light of this, as I mentioned earlier, we have added a rate structure that makes it easier to lead to ATMs at convenience stores, or that provides incentives where it is easier for us to leave our own operation of ATMs to us. I don't say much about the specifics, but we have added a fee structure that takes into account the customer fees set by the bank.

Second, regarding the acquisition of treasury stock. Looking at the various situations of companies that are very concerned about due to the impact of the new Corona Virus at present, I strongly feel that it is necessary to have solid internal reserves and financial bases.

In this sense, we do not incorporate share buybacks in this medium-term management plan. Of course, we think it is necessary to think flexibly if conditions change, but at this time we do not anticipate a share buyback.

#### **Q&A: Breakdown of Ordinary Income and Unit Price under the Medium-Term Management Plan**

Questioner 2: Please ask two questions. First, in the medium-term management plan, ordinary revenues increased by JPY20 billion overseas and domestic finance by more than JPY10 billion. Please tell us a breakdown of this.

For example, how do you image about the breakdown in the U.S., Indonesia, and the Philippines overseas, and if you don't mind, please tell me how do you image contribution or breakdown to ordinary income?

The second is the unit price, but I am acutely aware that transactions such as PayPay will increase and the unit price will decline due to changes in the composition of the number of transactions. However, I am concerned that the unit price of PayPay itself will decline and deteriorate.

When you formulate this medium-term management plan, how much do you estimate the reduction in the unit price that will come from the so-called payment company affiliated with PayPay and other operating companies? Please tell us, do you estimate that it will not fall any more from the level that has already fallen?

Funatake: First of all, what locations have increased their earnings by JPY20 billion in the medium-term business plan. The first is that we assume that FCTI, Inc. in the U.S. will increase

by around JPY5 billion, and, as in the case of PT. ABADI TAMBAH MULIA INTERNASIONAL and Pito AxM Platform, Inc., we can also increase it by around JPY4 billion in both Indonesia and the Philippines.

In addition to the fourth country, some are considering whether FCTI, Inc.'s new businesses can provide financial products and services to ATMs. Including such items, we think it is possible to achieve a range of JPY40 billion to JPY45 billion.

Domestically, we plan to increase from JPY10 billion to JPY15 billion, but we expect that we will be able to increase it in the future for existing products such as loans and debit cards. Furthermore, we expect the domestic group of subsidiaries to gradually increase earnings, and as a whole, we assume a situation of around JPY25 billion to JPY30 billion.

Regarding the unit price of cash charge transactions, the number of cash charge transactions increased sharply in March. If this percentage of transactions is going to grow, the overall unit price may be slightly lower, but at least the unit price for PayPay and other cash charge transactions has bottomed out considerably.

I do not think that the unit price for each charge transaction will fall significantly from this, but as I mentioned earlier, if the number of charge transactions increases a little further in the composition ratio, the overall unit price will be affected, so I think it will decrease somewhat.

#### **Q&A: Contribution and Breakdown of Incomes in Overseas Business**

Questionnaire 2: Could you tell us about the contribution and breakdown of the increase in sales from the overseas business to incomes?

Funatake: I cannot tell you much in detail, but as a whole, we are currently at a profit level of around 10% to 15% in foreign countries, and I think we will be able to make the same profit contribution in the future as well. Rather, if the number of ATMs increases and economies of scale work, I think the profit margin will rise further, but in this plan we assume a profit margin of around 15%.

#### **Q&A: Top Line and Ordinary Income**

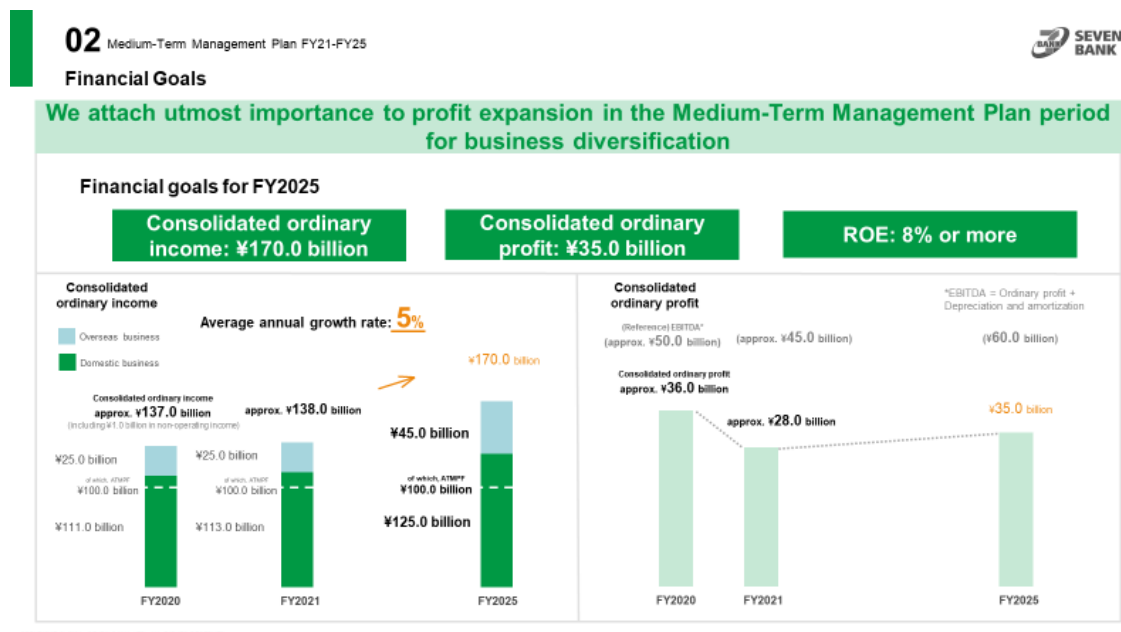
Questioner 3: 2, I will ask. Both are for the medium-term management plan, but the first is for the top line on page 17 of the slides.

It is planned to grow by 5% on an annual average. Does the top line of new businesses, such as domestic subsidiaries and Indonesia, grow steadily, and after doing so, will CAGR become an image of 5%? Do you have an expectation that will push up the total top line by 5% from the first year?

I would like to tell you the pace of top-line growth, and if there are any things like the shades of the mid-term business plan.

The second point is ordinary income. I think that the replacement of domestic ATMs will make ordinary income difficult for some time. Please tell us your thoughts about what will be the bottom of your recurring profit base for roughly every fiscal year while you are looking at the medium-term management plan.

Please also tell us whether EBITDA is depreciating irrelevant, so it is growing upward.



Funatake: First, the annual growth rate is stated at 5%. This is described in order to have an image of the pace of growth. Rather than growing on average at 5% per year, I think it will grow up in the second half of the year.

Particularly within our company, for example, BBF is becoming able to grow steadily. 7 Global Remit, ACSiON (ACCION) and others have just started up, so I think they will contribute significantly in the second half of the year.

In this connection, I think that the ordinary profit on a profit basis from FY2022 to FY2023 will be approximately the same as the plan for FY2021. The burden of ATM depreciation accumulates every year, so I think it will be very heavy.

As I mentioned earlier, since we have accumulated earnings since the second half of FY2024, we assume that profits will gradually increase from FY2024 to FY2025.

Questionnaire 3: What are your thoughts on EBITDA? For example, if there are some upfront expenditures at ACSiON and 7 Global Remit, I think the first half of the medium-term management plan will be challenging not only for ordinary income but also for EBITDA? I would also like to ask about that too.

Funatake : That's right. In this sense, the first half of the medium-term management plan is very difficult for EBITDA. If the top line does not go up, EBITDA will basically not go up, but we assume that this will bear fruit in the second half of the year.

#### **Q&A: Average Domestic Usage Cases, Fees, and Depreciation**

Questioner 4: 2 points, I will ask. The first point is the average number of domestic ATMs used and the commission unit price. When you look at the plan for the new fiscal year, it seems the unit price or gross profit falls as you go to increase the number of customers now. Generally, I think that there will be a timing when the increase in the number of customers offsets the decrease in the unit price somewhere, but what do you assume that the timing and the time when revenue will turn positive as a whole?

The second question is about the numerical value. When you look out the next 3 years or so and set depreciation at JPY17 billion this fiscal year, when do you think it will peak? For example, what is the depreciation after 3 years, what is the direction of the cost?

Funatake: The first is the relationship between the top line and commissions. As you have mentioned, in terms of the number of customers and the unit price per customer, this time we have prioritized "increasing the number of customers at any rate" and have incorporated a new fee system, and we intend to prioritize this, so that as many people as possible will use it. In this environment, we anticipate that customers will be able to develop new services as they use them, as they come up with a variety of needs.

Regarding "where the increase in the number of customers offsets the decrease in the commission unit, and where they will turn around once again", unfortunately, this year's sales will decline. However, for now, we do not think unit prices will fall significantly further. From FY2022 onward, ATM commissions are also expected to gradually recover.

However, when asked whether it will grow significantly, I think that the overall number of bank ATM transactions is declining, so the number of new charge transactions will increase.

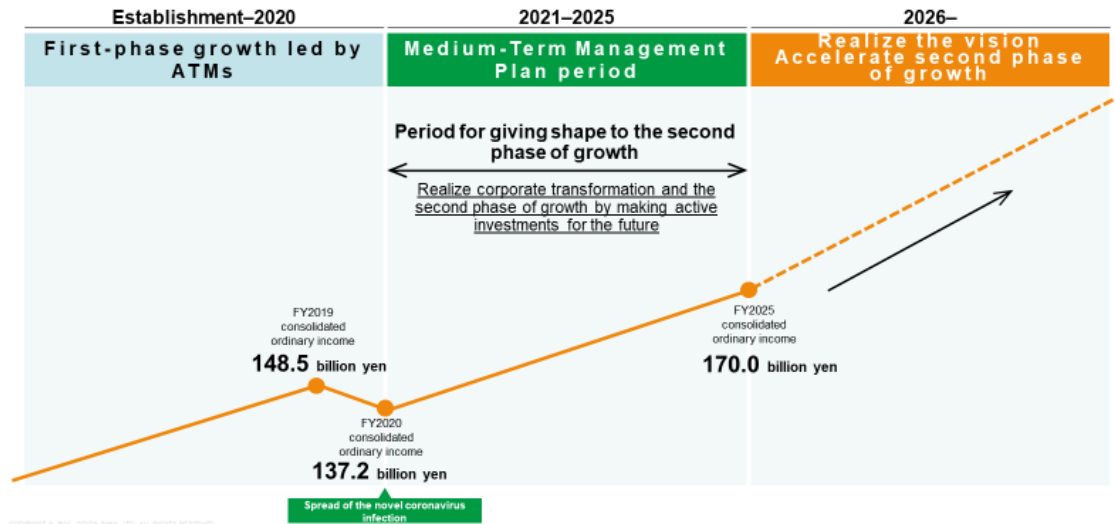
As I mentioned earlier, there is still a solid need for ATMs. By firmly expanding ATMs, I think it is possible to "increase the total number of ATMs used."

Regarding depreciation, honestly, depreciation will continue to increase until 2025. In this sense, EBITDA will increase, but I think that depreciation costs will have to accumulate JPY2 billion per year, or JPY3 billion per year, until around 2025. In other words, from FY2026 onward, we expect it to decline beyond the pass-through.

## Q&A: Profits and Competition from FY2026

02 Medium-Term Management Plan FY21-FY25

Positioning of Medium-Term Management Plan



Questioner 5: Two things, please. Looking at page 7 in the explanation of today's medium-term management plan, I think the angles of the dotted lines from that point onward are a little steeper than up to FY2025.

The president's explanation also stated that the period of the upfront investment to respond to the changes in the industry was a period in which your company would enjoy the remaining advantages as the upfront investment was subsequently rewarded and your company proceeded with the substitution of bank ATM operations, etc., or as the number of bank ATMs declined. In the same way for profits, do you have an image that the angles will sharpen from FY2026?

Second, what are your competitors' perceptions of the advantages you have over the competitors that you are aware of as they are about to reap the benefits of being a survivor by spending several years upfront, i.e., money on ATMs and incorporating advanced ATMs, including facial identification, in the same way that you are doing? Please tell us what are your advantages over the competitors you are aware of?

Funatake : First of all, thank you for noticing that "on page 7 of the slide, the angle is up, isn't it?"

We will make aggressive upfront investments over the 5-year period ending in 2025, and we believe that incomes will further increase in 2026 and beyond as this is a harvesting period.

Not surprisingly, at the same time, incomes will rise in the same way, and we would like to create a world in which we can firmly enjoy the benefits of the survivors of ATMs.

However, if we only rely on ATM business, that is a kind of risk. Therefore, as announced in this Medium-Term Management Plan, the intent of this Medium-Term Management Plan is to diversify our business and expand our business while looking ahead to a world that does not necessarily require us to rely on ATMs.

While the ATM market is shrinking, someone is the competitor in trying to fight as a survivor. Recently, during this Golden Week, I appeared in newspapers and other media, so I think there are a variety of ideas for you.

I understand that SBI has entered the ATM business as 1 of the measures to collaborate with regional banks and collaborate with them, or that there is a story between Mitsubishi UFJ Bank and Sumitomo Mitsui Banking Corporation to jointly operate ATMs.

However, since it is not yet materialized at this point, in that sense, I think that our current position is 1 step ahead of the other, and above all, we recognize that we have already installed 25,000 ATMs nationwide across the country, which is our greatest strength.

As well as our competitors, we are always looking at what kind of services we can create with ATMs by reading changes in society and the needs of our customers.

### **Greetings from Funatake**

Funatake : Thank you very much for gathering with so many people today. I would like to say a few words at the end. We were able to mark our 20th anniversary in April last month. Looking back now, it has been 20 years that we have grown by always realizing our customers' desire to have it.

First of all, we were able to create ATMs at convenience stores and other locations, but after that, we created International Money Transfer Service, a scheme that can handle overseas cards at all ATMs and easily transfer money to overseas via ATMs. In addition, during the past 20 years, we have been realized customer's wishes. ATM cash receipt service ,which can be received by ATMs without going through bank accounts, and smartphone ATMs, ATM cash charge service, and My Number support etc.

It was our 20-year history that have realized something that did not exist. In the next 20 years, we have formulated this medium-term management plan and our purpose, with the aim of becoming a unique bank that embodies new services and values while discovering the feelings of our customers that we want to be "good" and even more latent needs.

Although there may be few hurry dynamic areas, we would like to live as a unique bank that constantly realizes the aspirations of our customers, so I would like to ask for your continued support in the future. Thank you very much for your time today.