

[Title]

Seven Bank, the Second Quarter saw a decline in profits due to aggressive upfront investment, but was largely in line with plan.

We will report the details of Seven Bank, Ltd. for the Second Quarter of the Fiscal Year Ending March 31, 2022, at the results briefing on November 8, 2021.

[Speakers]

Seven Bank, Ltd. President and Representative Director Funatake Yasuaki


[Main text]

Financial Results Digest for Second Quarter of Fiscal Year Ending March 31, 2022

[Consolidated]

01

Financial Results for Second Quarter of Fiscal Year Ending March 31, 2022



Financial Results Digest for Second Quarter of Fiscal Year Ending March 31, 2022 [Consolidated]

- [Year-on-year] Ordinary income slightly declined. Ordinary profit fell owing to the impact of upfront investment.
- [Vs. plan] Ordinary income was roughly in line with the plan. Upswing in ordinary profit compared with the plan due primarily to lower-than-expected expenses resulting from delays in upgrade to a new ATM model caused by semiconductor supply shortage.

| | | Vs. FY20 2Q | Vs. plan |
|---|---------------|-------------|----------|
| Ordinary income | ¥67.4 billion | (1.3%) | +1.2% |
| Ordinary expenses | ¥52.3 billion | +5.6% | (2.9%) |
| Ordinary profit | ¥15.0 billion | (19.7%) | +18.1% |
| Net income attributable to owners of the parent | ¥10.8 billion | (23.9%) | +21.3% |
| EBITDA | ¥22.9 billion | (10.1%) | — |

Notes:

1. Amounts less than one hundred million yen have been truncated.
2. Comparisons with the previous year and plan are based on the units used in these materials.
3. Exchange rates used in the consolidated income statement:
FY20 1H \$1 = ¥108.23, FY21 1H \$1 = ¥107.82, FY21 plan \$1 = ¥103.00
3. All EBITDA in this material are Ordinary profit + Depreciation and amortization.

Funatake Yasuaki (hereafter, Funatake): Hello everyone. This is Funatake of Seven Bank. Thank you very much for attending the telephone conference today despite your busy schedule. In accordance with the materials, I would like to explain the results for the Second Quarter of the Fiscal Year Ending March 31, 2022.

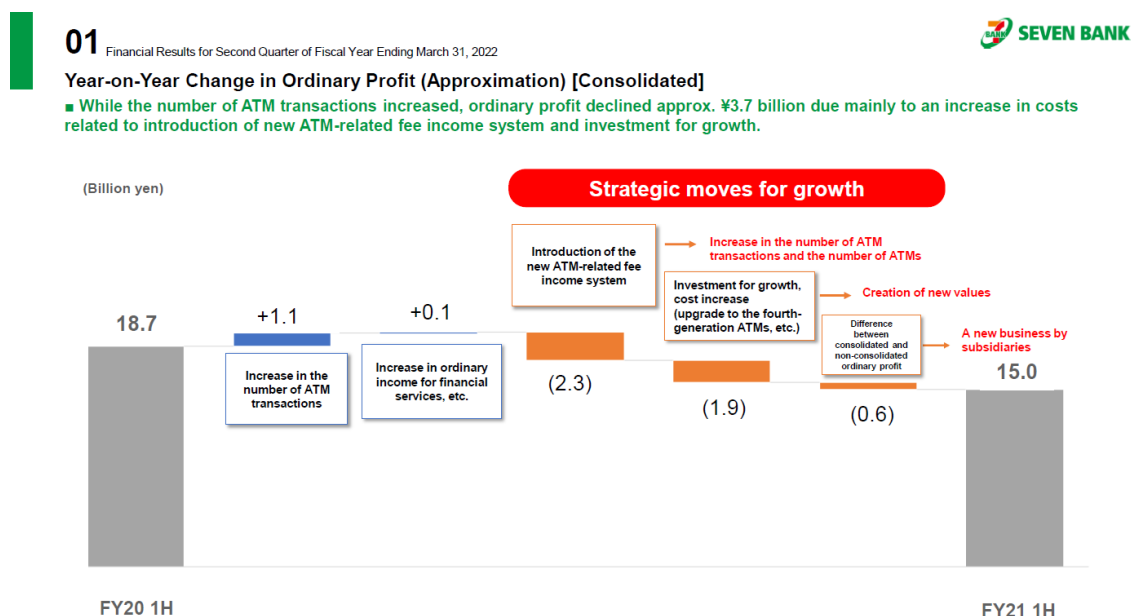
First, please refer to the slides on page 3 for the financial results digest. Ordinary income and Ordinary profit declined year on year. Compared to the plan, the number of domestic ATM banking transactions was slightly higher than the plan, but this was offset in part

by the sluggish number of non-bank transactions. As a result, revenues were virtually unchanged and were in line with the plan.

In the annual plan, the Company's policy was to proactively and strategically spend expenses. However, expenses decreased compared to the plan due to delays in investment caused by replacement of ATMs and other factors, as well as timing differences in new businesses and other factors.

As a result, on an ordinary income basis, Ordinary profit increased significantly compared to the plan.

Trend of Second Quarter Performance [Consolidated]



Please refer to page 4. Although sales and profits declined, the scale of the decline in sales narrowed between the previous fiscal year and the current fiscal year compared to the extent of the decline between the previous fiscal year and the previous fiscal year. On the other hand, the scale of the decline in profits was significant.

Please refer to the comparison between the first half of 2019 and the first half of 2020.

Although the top line decreased by approximately ¥6 billion due to a decrease in the number of ATM transactions resulting from the expanded use of Corona infectious diseases, ordinary profit declined by approximately ¥1 billion due to a reduction in expenses of ¥5 billion.

The comparison between the first half of fiscal 2020 and the first half of fiscal 2021 is explained below. In 2021, both the number of ATMs and the total number of ATM transactions have increased. However, the top line declined by around ¥1 billion due to a decrease in the unit charge price.

On the other hand, ordinary expenses increased by around ¥3 billion due to aggressive investments and expenses for growth.

As a result, ordinary profit decreased by about 4 billion yen from the previous year.

The number of ATMs and the total number of ATMs used also increased in the first half of fiscal 2020 and the first half of fiscal 2019, even in the aftermath of the Corona disaster.

I think that we have developed the use and role of new ATMs.

However, the introduction of a strategic new fee structure based on a medium-to long-term perspective resulted in a decrease in the New ATM-related Fee Income System from this fiscal year. In addition, the mix of cash charge transactions has increased, but these have lower unit prices compared to traditional transactions, which has depressed ATM-related fee income per transaction. As a result, sales declined.

As I explained earlier, expenses increased due to the introduction of new Type ATMs and aggressive investment aimed at developing new business fields, as well as upfront expenditure payments.

As a result, ordinary income declined by about 19.7%.

Year-on-Year Change in Ordinary Profit (Approximation) [Consolidated]

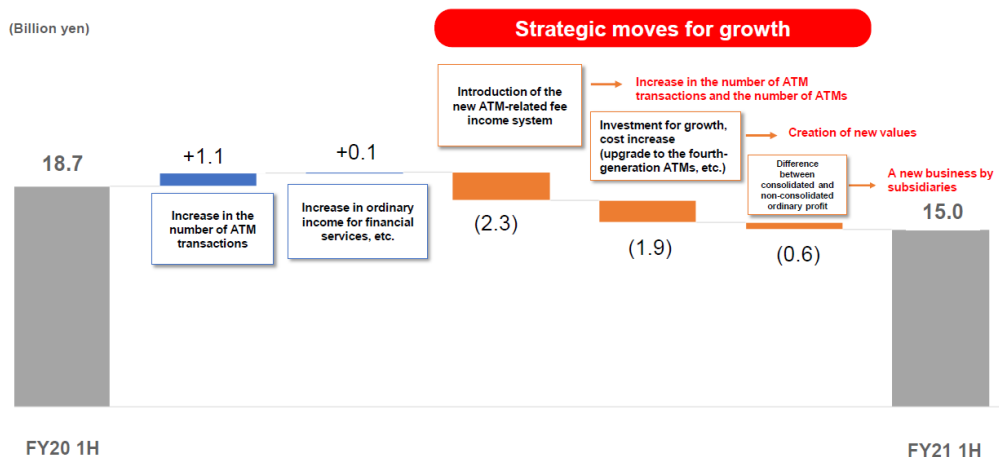
01

Financial Results for Second Quarter of Fiscal Year Ending March 31, 2022



Year-on-Year Change in Ordinary Profit (Approximation) [Consolidated]

■ While the number of ATM transactions increased, ordinary profit declined approx. ¥3.7 billion due mainly to an increase in costs related to introduction of new ATM-related fee income system and investment for growth.



Page 5 shows an analysis of the year-on-year difference in Ordinary Profit. As I explained earlier, we are realizing an increase in ATM usage and an increase in sales in the financial services business. However, overall profits declined by around ¥3.7 billion due to a decline in sales following the introduction of a new commission structure and the payment of investments and expenses associated with our growth strategy.

Income Statement [Seven Bank]

01

Financial Results for Second Quarter of Fiscal Year Ending March 31, 2022



Income Statement [Seven Bank]

- [Year-on-year] Ordinary income slightly declined. Ordinary profit fell owing to the impact of upfront investment.
- [Vs. plan] Ordinary income was roughly in line with the plan. See the digest of consolidated results (p. 3) for the reasons behind better-than-expected profit

| | | Vs. FY20 2Q | Vs. plan |
|-------------------|---------------|-------------|----------|
| Ordinary income | ¥54.6 billion | (0.9%) | +0.7% |
| Ordinary expenses | ¥39.9 billion | +6.9% | (4.3%) |
| Ordinary profit | ¥14.7 billion | (17.4%) | +17.6% |
| Net income | ¥10.0 billion | (18.6%) | +16.2% |
| EBITDA | ¥21.9 billion | (9.1%) | +8.9% |

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Page 6 shows the figures for Seven Bank on a non-consolidated basis.

Income Statement of Main Operating Companies [Non-consolidated, Before Consolidation Adjustment]

01

Financial Results for Second Quarter of Fiscal Year Ending March 31, 2022



Income Statement of Main Operating Companies [Non-consolidated, Before Consolidation Adjustment]

(Million yen)

| | Subsidiaries in Japan | | Overseas subsidiaries | |
|---------------------|--------------------------------------|------------------------------|-----------------------------|------------------------------|
| | Bank Business Factory | Seven Payment Service | FCTI | ATMi |
| | [Contract-based back-office support] | [Money transfer, settlement] | [ATM operation in the U.S.] | [ATM operation in Indonesia] |
| Ordinary income | 938 | 207 | 11,525 | 585 |
| (Changes from FY20) | +77 | +30 | (1,139) | +431 |
| Ordinary profit | (78) | 49 | 1,501 | 167 |
| (Changes from FY20) | (63) | +63 | +35 | +130 |
| Net income | (53) | 41 | 1,461 | 167 |
| (Changes from FY20) | (38) | +55 | +1 | +130 |

Lower profit on higher income

Income increased but profit declined due to upfront investment for business expansion

Higher profit on higher income

ATM cash receipt service expanded steadily

Higher profit on lower income

Improved profitability by removing low margin ATMs

Higher profit on higher income

The business is on track. Significantly increased installation of ATMs

Note: Exchange rate: FY20 1H IDR 100 = ¥0.744, FY21 1H IDR 100 = ¥0.755

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Page 7 shows the status of subsidiaries. In the Bank Business Factory (BBF) business, expenses are ahead of schedule due to the receipt of large-scale orders. Accordingly, although we are unfortunately in the red in the first half of the fiscal year, we expect to achieve profitability for the full fiscal year.

Regarding Seven Payment Service, amid the Corona crisis, transactions are steadily expanding and we have secured a profit. Amid changes in the remote or online environment, there is a growing need for businesses to make easy and reliable payments to individuals, and for individuals to receive payments without registering their bank accounts. This is becoming increasingly used in a variety of usage situations.

In fact, we had planned to increase expenses, including personnel expenses, in line with business expansion. However, due to some delays in personnel replenishment, expenses significantly decreased compared to the plan.

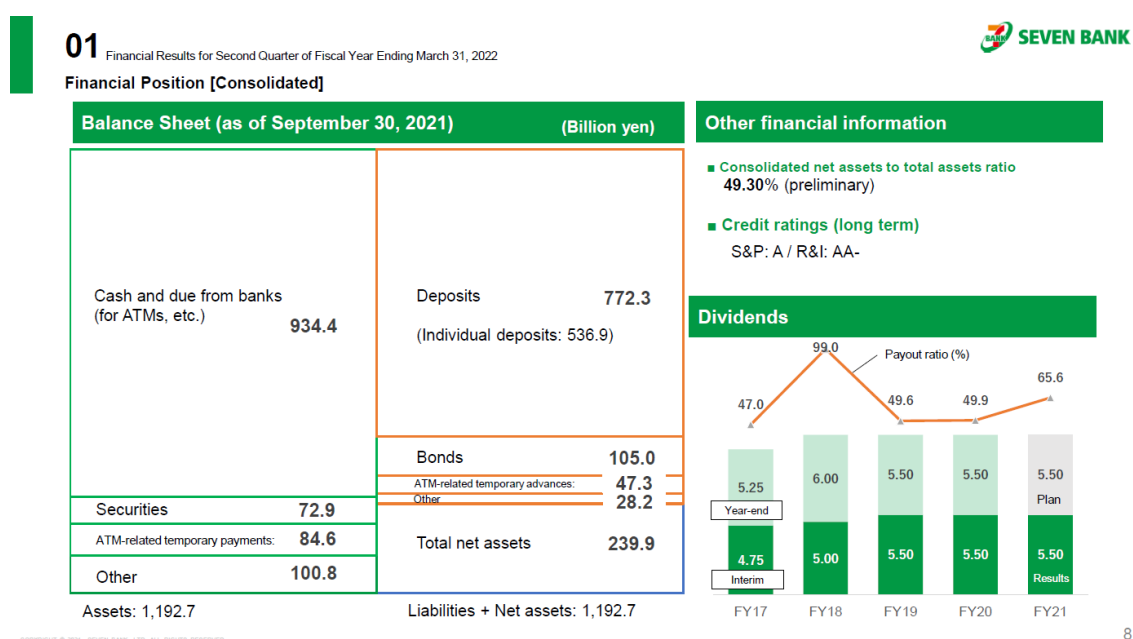
As a result, earnings are expected to exceed the full-year plan as of the first half of the fiscal year. I think expenses will increase a little in the second half, but I think profits will increase even further.

Overseas, the use of ATMs remained firm despite the Corona crisis.

FCTI sales declined due to the sale of unprofitable ATMs. However, because we were able to control expenses, we were able to maintain earnings at the same level as the previous year.

ATMi achieved significant increases in both sales and profits due to a steady increase in the number of units even amid the Corona crisis.

Financial Position [Consolidated]



Page 8 is the balance sheet. This is in line with the past.

Financial Results Forecast

01

Financial Results for Second Quarter of Fiscal Year Ending March 31, 2022

Financial Results Forecast



Full-year forecast for fiscal year ending March 31, 2022 [Consolidated]

| | |
|---|-----------------------|
| Ordinary income | ¥137.6 billion |
| Ordinary profit | ¥28.3 billion |
| Net income attributable to owners of the parent | ¥19.7 billion |

➤ No change to the full-year plan

- Roughly in line with the plan through 2Q, except for the downswing in expenses
- The business results forecast was left unchanged given the uncertainties over the abatement of the spread of the novel coronavirus infection

*Corrected the exchange rate as the base of the consolidated profit-and-loss plan for the second half to \$1 = ¥108.00 (\$1 = ¥103.00 before the correction)

Dividend forecast for the fiscal year ending March 31, 2022

➤ No change from the initial plan

Interim dividend: ¥5.50 per share (Year-end dividend of ¥5.50 per share for annual dividend of ¥11.00 is planned.)

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The result forecasts are shown on page 9.

The full-year forecasts are recurring revenue of ¥137.6 billion and recurring profit of ¥28.3 billion, unchanged from the initial plan. The outlook for the Corona status is uncertain, and consumption behavior is still unstable reflecting this uncertainty. The recent use of ATMs has also shown unstable trends on a daily basis, making it difficult to forecast results.

As a result, the full-year plan has not been changed.

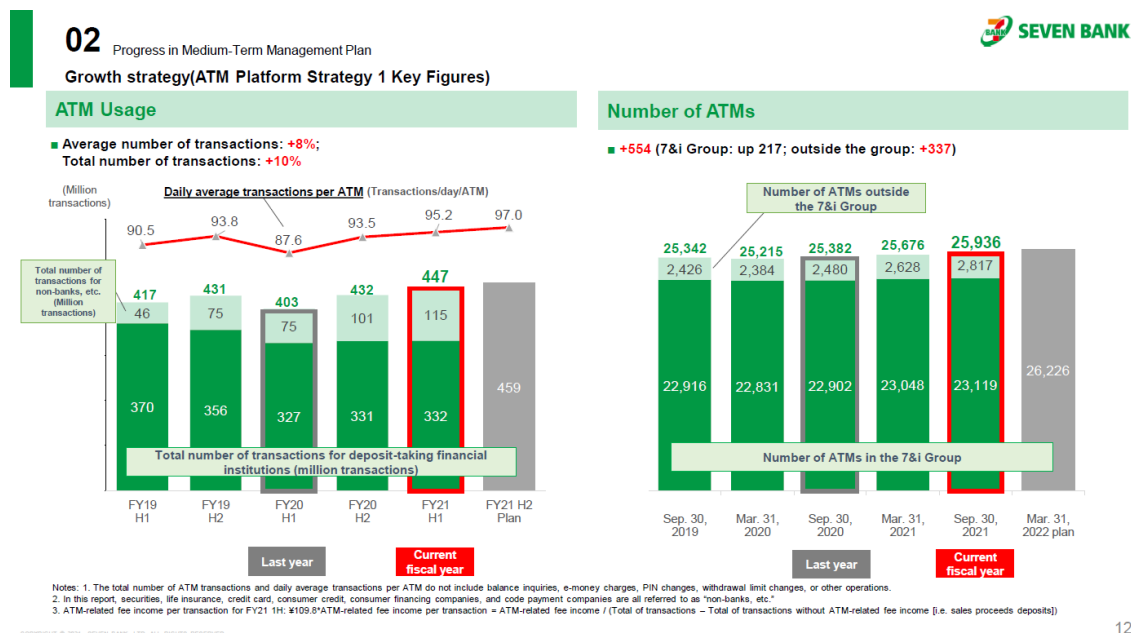
The figure below the slides is written with a "*" mark, but some changes have been made to the exchange rate in light of the recent situation.

However, we have not revised our forecasts on a dollar basis.

As a result, the consolidated figures would be upwardly revised by the amount of the yen's depreciation. However, in addition to the fact that the outlook for the future is subject to uncertainty, as I mentioned earlier, and because the amount of Ordinary Income is only about 1 billion yen even if the exchange rate is adjusted, the forecast for the full fiscal year itself has not been changed.

We plan to pay a dividend of ¥5.5 per share for the interim period as planned. There are no changes to the full-year forecast at this point.

Growth strategy(ATM Platform Strategy 1 Key Figures)



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Please refer to page 12 for the progress of the medium-term plan.

Despite a challenging environment, both the number of ATMs and the total number of ATMs used are expanding almost in line with the plan.

However, while bank transactions with high unit prices have been sluggish, the composition ratio has changed significantly due to an increase in transactions with code settlement business companies with low unit prices.

As a result, earnings are in a challenging situation, but we would like to work on new ATM usage styles and to increase existing transactions as much as possible.

The number of ATMs is also steadily increasing. This time, in particular, there has been a significant increase, particularly outside the Group.

We believe that we will be able to fully achieve the 26226 units planned for the end of March 31, 2022.

Growth strategy(ATM Platform Strategy 2)

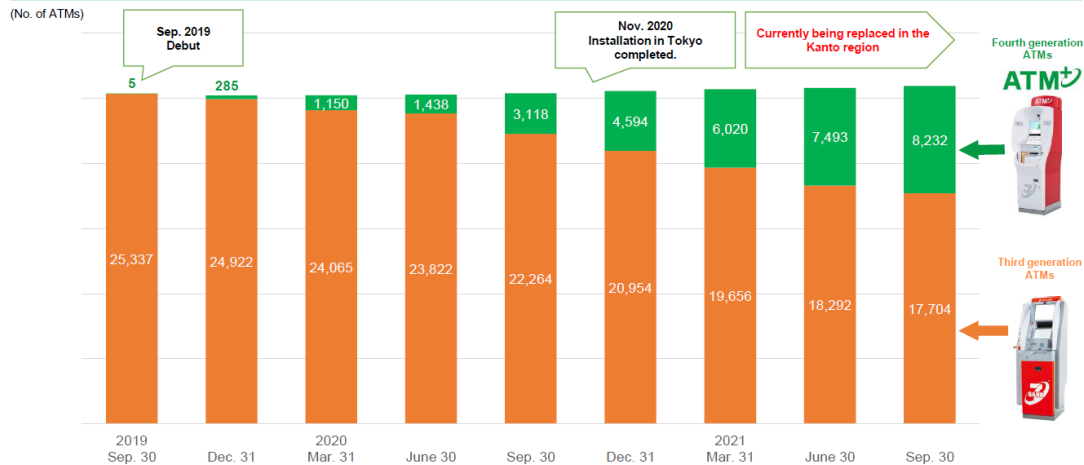
02

Progress in Medium-Term Management Plan

Growth strategy(ATM Platform Strategy 2)



Expand installation of fourth generation ATMs. More than 30% of replacement has been completed.



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Page 13 is about switching to fourth generation ATMs.

As the slides show, we have completed the replacement of about 30%, mainly in the Kanto region. However, the speed of replacement has declined somewhat due to the impact of a shortage of semiconductors.

In our view, we are delaying around 400 units from the plan, but in order to continue replacement until 2024, we would like to firmly balance the account within the period up to the final replacement year.

Growth strategy(ATM Platform Strategy 3)

02

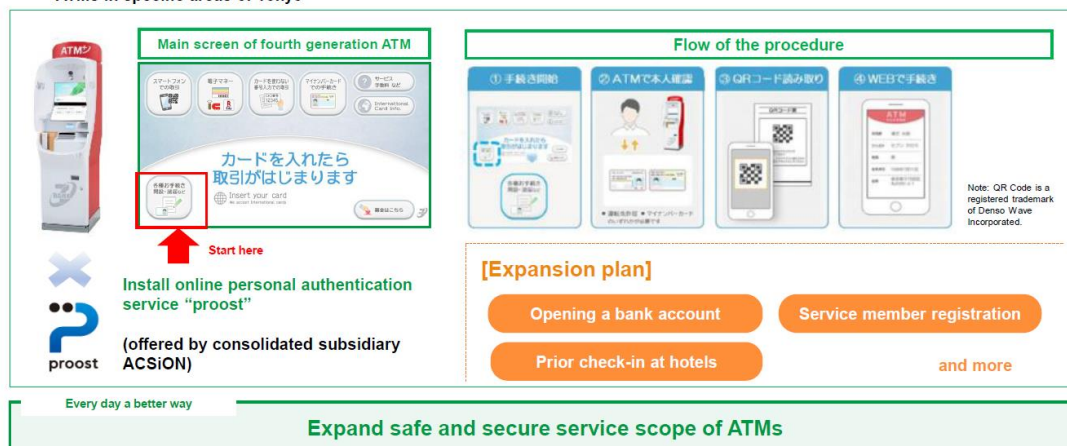
Progress in Medium-Term Management Plan

Growth strategy(ATM Platform Strategy 3)



Large-scale feasibility study of ATM authentication began

- In September 2021, we began accepting address change for Shizuoka Bank account holders using about 1,000 fourth generation ATMs in specific areas of Tokyo



Beginning on page 14, we will explain our initiatives related to new ATM services. We have outlined several topics related to our efforts to create a world of "ATM+". Page 14 explains the large-scale demonstration tests for ATM certification. In September, we began accepting applications for Shizuoka Bank's address change notification procedures for approximately 1000 new ATMs installed in specific areas of the Tokyo metropolitan area. In the future, we plan to start demonstration tests such as opening bank accounts, registering service members, and pre-checking-in of hotels in cooperation with several companies.

Growth strategy(ATM Platform Strategy 4)

02

Progress in Medium-Term Management Plan

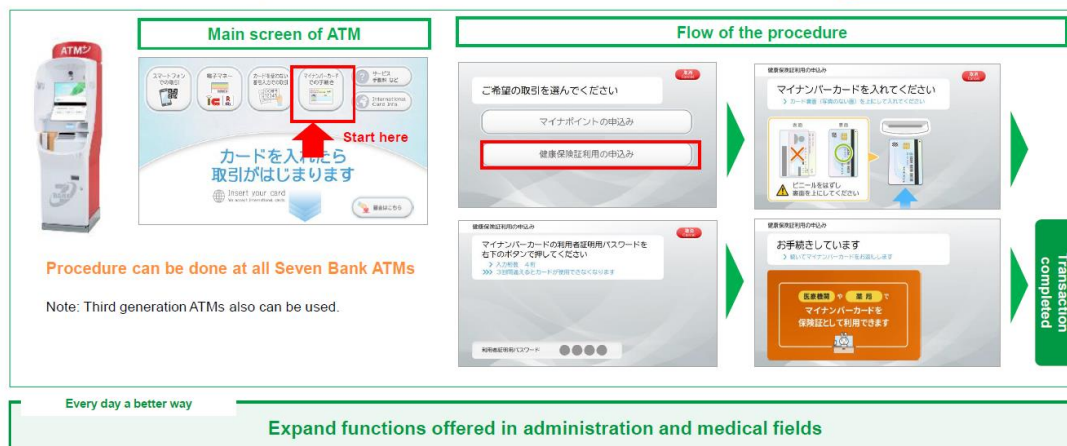
Growth strategy(ATM Platform Strategy 4)



Application for the use of Individual Number Card as health insurance card (March 2021)

From October 20, 2021
The government began full-scale
use of Individual Number Card as
health insurance card

- Easy application by having the ATM read the Individual Number Card



Page 15 concerns the application to use the Individual Number Card health insurance card. Our services have already begun in March, but the government began full-scale use on October 20. This is a service for reading Individual Number Card and linking it to health insurance card. We are highly regarded by our customers for being able to do it very easily.

The new administration is talking about the revival of negative points and various support benefits in order to revitalize the economy after the convergence of the new Corona Virus. We would like to participate in the digitization of administrative services utilizing the Individual Number Card.

Growth strategy(ATM Platform Strategy 5)

02

Progress in Medium-Term Management Plan

Growth strategy(ATM Platform Strategy 5)



Expand operation of ATMs for other banks and installation of ATMs outside the 7&i Group

- Began joint use of ATMs with Toho Bank at York Benimaru outlets in Fukushima Prefecture



- Started installing ATMs at Tobu Railway stations



Every day a better way

Seven Bank ATMs anytime anywhere to increase further

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Let me talk about measures to create a world of ATM+, as well as the environment in which affiliated financial institutions will gradually reduce ATMs amid rationalize.

We believe that one strategy is to contribute to cost reductions by assuming the ATM operations conducted by partner financial institutions, and in this context we are promoting ATM substitution.

"Began joint use of ATMs with Toho Bank at York Benimaru outlets in Fukushima Prefecture" commenced on the left side of the slides. Various banks other than Toho Bank are talking about the same, and I would like to accelerate this movement gradually. Please refer to the right side of the slides.

Currently, ticket vending machines at stations are mainly used as charging machines, but Tobu Railway has told us that it would like to contribute to customer convenience as much as possible by installing ATMs on former ticket vending machines, and we have installed them in this way. We are also in business so that we can spread it to other railway companies as well.

Growth strategy(Retail Strategy 1 Key Deposit Figures)

02

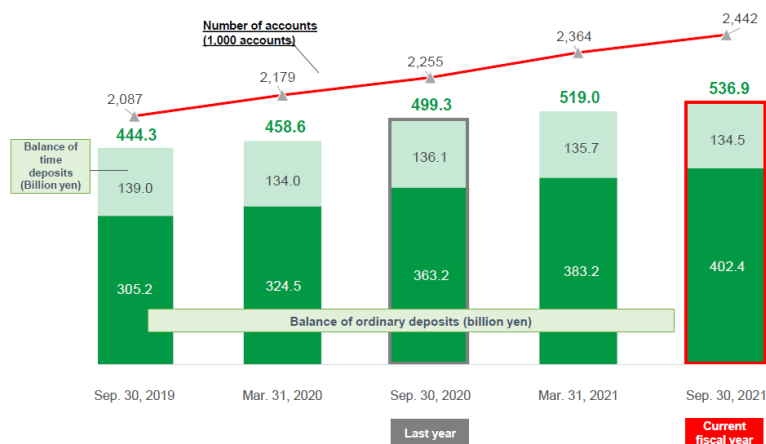
Progress in Medium-Term Management Plan



Growth strategy(Retail Strategy 1 Key Deposit Figures)

Trend in Number of Accounts and Balance of Deposits (Individual)

■ Both number of accounts and balance of deposits increased strongly



News!
My Seven Bank App won the
Support DX Award 2021



Our retail strategy. In our financial products services business, as can be seen on page 18, we started smartphone banking called the "My Seven Bank" app last year, and the number of accounts is steadily expanding. Along with this, loans and debits are steadily expanding.

Growth strategy(Retail Strategy 2 Key Financial Service Figures)

02

Progress in Medium-Term Management Plan

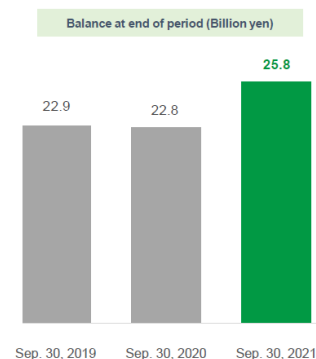


Growth strategy(Retail Strategy 2 Key Financial Service Figures)

Personal loan services

■ Improved product attractiveness significantly:
+13%

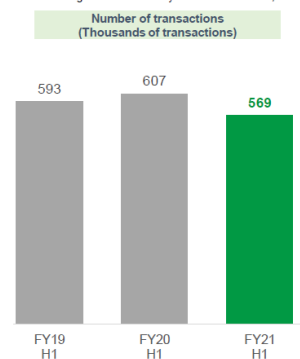
Note: Including services offered by Credit Finance



International money transfer services

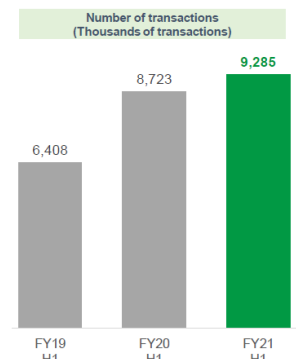
■ Number of users declined due to restrictions on entering the country: -6%

Note: Including services offered by Seven Global Remit, Ltd.



Debit services

■ Transactions increased along with advance of cashless transactions: +6%



Please refer to page 19. Personal loan services were up 13% year on year, enabling us to accumulate a balance of ¥25.8 billion. Debit services are gradually becoming increasingly used in the trend toward cashless operations.

Unfortunately, however, the International money transfer Services listed in the center of the slides is somewhat declining, partly due to the fact that foreign visitors are in arrears. However, despite the decrease in foreign visitors to Japan, the decline is decreasing. To put it somewhat in our case, we have not only offered short-term visitors, but have also developed an International money transfer Services for foreigners who have been living in Japan for a long time.

As a result, the needs of residents are strong and solid, and we expect steady use to continue.

Growth strategy(Retail Strategy 3)

02 Progress in Medium-Term Management Plan
Growth strategy(Retail Strategy 3)

Started offering Seven Bank Post Payment Service

- In addition to recharge (pre-payment) at ATM, post payments for small amounts also available
Started offering the service to external businesses (prepaid card issuers, etc.)

[Scheme diagram]

Till now

Credit knowhow for card loans

+

New

Small-sized, short-term EC credit knowhow

↓

Every day a better way

Expanding financial services that suit various shopping styles

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Page 20 explains the launch of Seven Bank's deferred payment service. This is a service similar to "BNPL", which has been attracting attention recently.

We started offering Seven Bank Post Payment Service. We are offering the service to "Pochitto Charge", which is the deferred payment function of the prepaid Visa card "Vandle Card" issued by the company called "Kanmu"

Thanks to these efforts, we are steadily expanding. Regarding this, we would first like to create a system that can be firmly operated, and then develop services to other businesses.

Growth strategy(Retail Strategy 4)



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In order to develop multi-layered business for foreign residents, we not only provide the International money transfer services described earlier, but also issue dedicated credit cards for foreigners living in Japan and provide purpose-specific loans. This is a joint venture with APLUS Co., Ltd., and it is off to a good start.

This service entails credit risk and is also an unprecedented service for foreign residents, so we are proceeding cautiously for the time being.

Nevertheless, there were certainly some needs that felt a response. We believe that by successfully launching this approach, we will become a service that can appeal to foreign residents.

Growth strategy(Corporate Strategy 1)

02

Progress in Medium-Term Management Plan

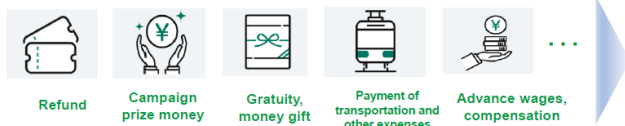
Growth strategy(Corporate Strategy 1)



B to B: ATM cash receipt service

セブン・ペイメントサービス

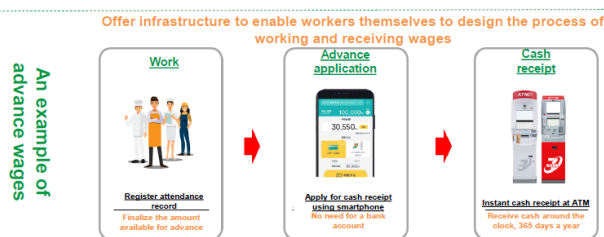
- Respond to various ATM cash receipt needs and its applications are expanding further



セブン・ペイメントサービス

ATM受取

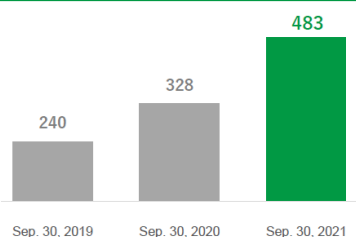
From business to individual
Money transfer service that does
not require a bank account



Every day a better way

"Easy money transfer and anytime receipt" in various scenes.

Changes in the number of client companies



23

Another is corporate strategy. ATM receipt service is described on page 23.

As I mentioned earlier, there is a need from the company side for "We want to make payments easily to individuals," while from individuals for "I want to be able to receive payments without registering a bank account once."

This is very well matched, and amid the prevalence of the new Corona Virus, services are expanding increasingly in areas such as event refunds, campaign winners, payment of expenses and transportation expenses, and prepayment wages and compensation receipts and payments. The number of companies with which we do business has risen to 483.

It is also our unique service, and we believe that we can expect it to be significant in the future as it is a service that can leverage the strengths of 25000 ATMs.

Growth strategy(Corporate Strategy 2)

02

Progress in Medium-Term Management Plan

Growth strategy(Corporate Strategy 2)



B to B to X: progress in platform business (contract-based service business)



■ Support anti-money laundering measures and non-contact DX promotion by leveraging knowhow accumulated at Seven Bank



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Page 24 is about outsourced administrative services for Bank Business Factories. This was also started by capturing the rationalization needs of financial institutions. Thanks to these efforts, we are steadily expanding.

We are expanding our services in areas such as account opening and anti-money laundering services. As a result of recent news reports, it is said that financial institutions will be required to continuously manage customers and that various administrative tasks will increase in response to the reports of mutual examination of FATF in Japan. Under these circumstances, we anticipate that the need for outsourcing of clerical work will increase further.

As I mentioned earlier in the section on "ATM+," we intend to materialize it as a new business for corporate customers that operate Internet businesses, such as partner financial institutions and e-commerce, by consigning a series of related administrative tasks in addition to ATM certification.

Growth strategy(Overseas Strategy 1 U.S.)

02 Progress in Medium-Term Management Plan

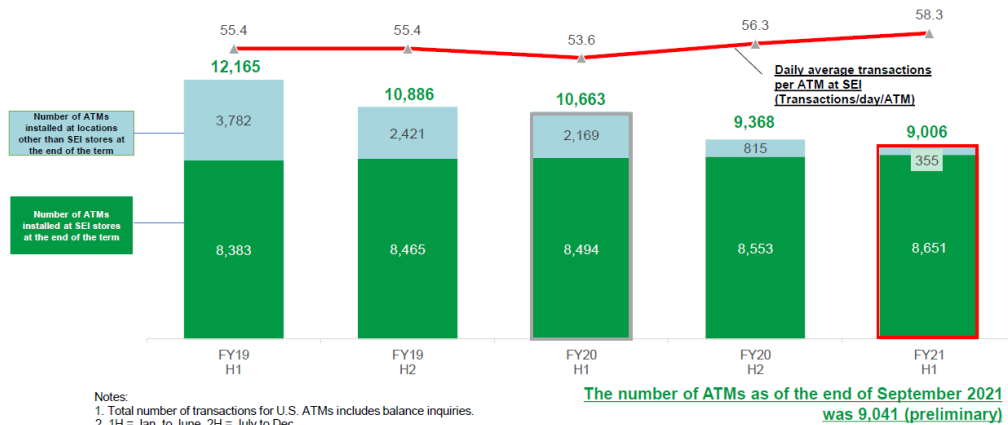
Growth strategy(Overseas Strategy 1 U.S.)



Number of ATMs and Number of Transactions



- As flow of people returned, the number of transactions has been stable. Removal of ATMs installed at locations other than SEI stores also progressed.



Overseas strategy. Please see the graph on the slides. The number of ATMs used in the U.S. has remained stable even in the Corona disaster. The number of ATMs installed is declining as we are reducing unprofitable ATMs, but the number of ATMs used is steady.

I think that we will be affected by various changes in the human system in the future, but if we continue to make steady progress in the future, we will be able to realize our plan for the current fiscal year.

Growth strategy(Overseas Strategy 2 Indonesia and Philippines)

02

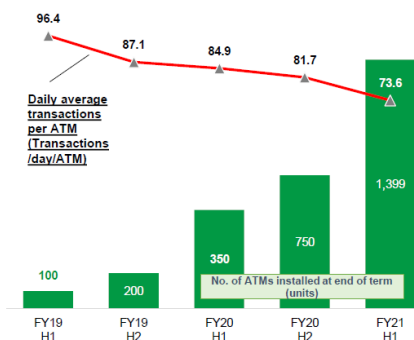
Progress in Medium-Term Management Plan

Growth strategy(Overseas Strategy 2 Indonesia and Philippines)

Indonesia



- The business is on track. Accelerated installation of ATMs.
- The ratio of recently installed ATMs is high and daily average transactions per ATM declined



The number of ATMs as of the end of September 2021 was 1,763 (preliminary)

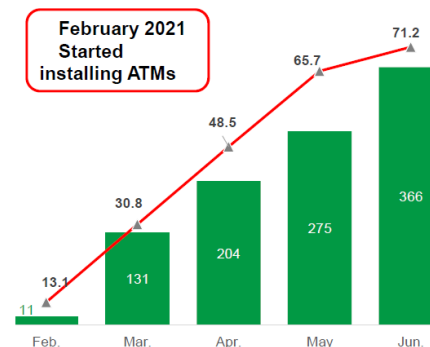
Note: 1H = Jan. to June, 2H = July to Dec.

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Philippines



- Both ATM installation and number of transactions expanded smoothly.



The figure as of the end of September 2021 was 678 (preliminary)

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In Indonesia, we have significantly increased the number of ATMs installed in response to requests from local convenience stores. In particular, 1399 units were installed in the first half of 2021, approximately four times the number at the end of the previous first half. While the number of installations has increased, the average number of installations has not fallen much, and we feel that we may be able to increase the number of installations even more.

The Philippines just started in February 2021. We are developing our business remotely, and the number of installed units is steadily increasing. As of the end of September, we had installed 678 units. Currently, only one bank in BDO Unibank, the largest local bank, is branding banks, so-called partner banks. Although the number of transactions per bank does not increase significantly, there are a number of new comments from banks saying that they would like to form alliances.

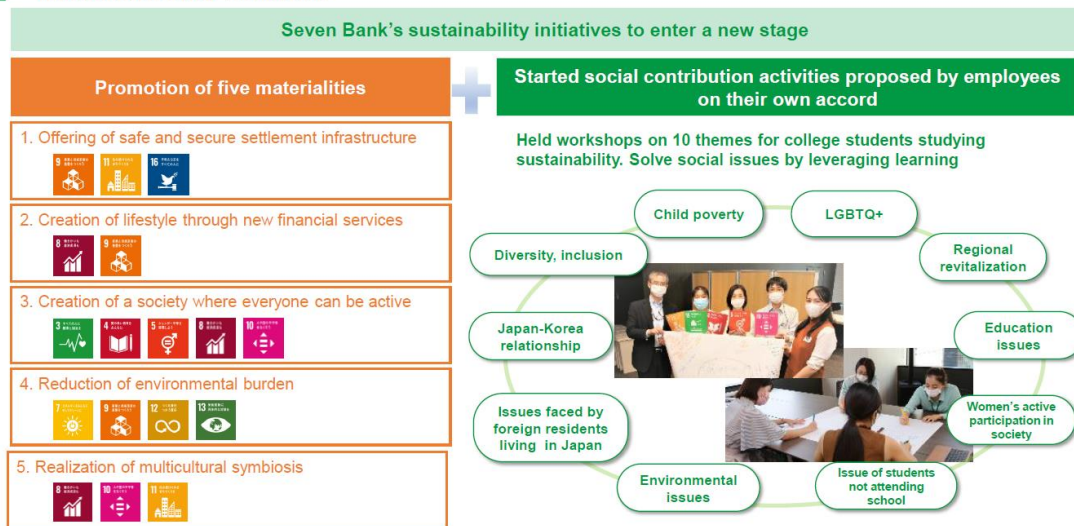
Currently, although it is a collapse of Corona, we intend to expand our business on the twin pillars of increasing the number of ATMs installed and gradually increasing the number of tie-ups with banks.

Contribution to solving social issues

02

Progress in Medium-Term Management Plan

Contribution to solving social issues



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Sustainability Initiatives. We are already working on the five priority issues on the left side of the slides. At the same time as continuing to focus on these areas, we aim to create an environment in which each and every employee can engage in SDGs on his or her own.

In the future, we intend to develop awareness and systems and systems.

With regard to the promotion of priority issues in particular, we believe that we can provide our services, such as ATMs, for the digitization of government and healthcare, in addition to services for foreigners. With regard to reducing global environmental impact, managements are also promoting initiatives to reduce electricity consumption by replacing new ATMs in order to make ATM operations carbon-free.

In addition, we intend to work with ALSOK that outsource transmission surveillance services to reduce CO2 by reducing the number of security sends, or to take thorough measures to recycle ATMs that we dispose of, in order to materialize our priority issues. The above is an explanation of the summary of financial results.

Looking at the recent use of ATMs and the movement of cash at ATMs, I feel painfully that "not only convenience, but also a sense of security are important factors." We have come to an age in which everything can be done with a smartphone, but when "can only

be done with a smartphone," there may also be uneasy who say that they are "worried" or who can't use it in the first place and are left behind. I think that there will be some users who can't use it in the first place.

We intend to create the "ATM+" world with a stance of "Making things that can be done with smartphones even at ATMs." We believe that this will create peace of mind for users and, in turn, for society as a whole. I feel that there will be a new role for ATMs there, and I would like to work on it so that it can be materialized.

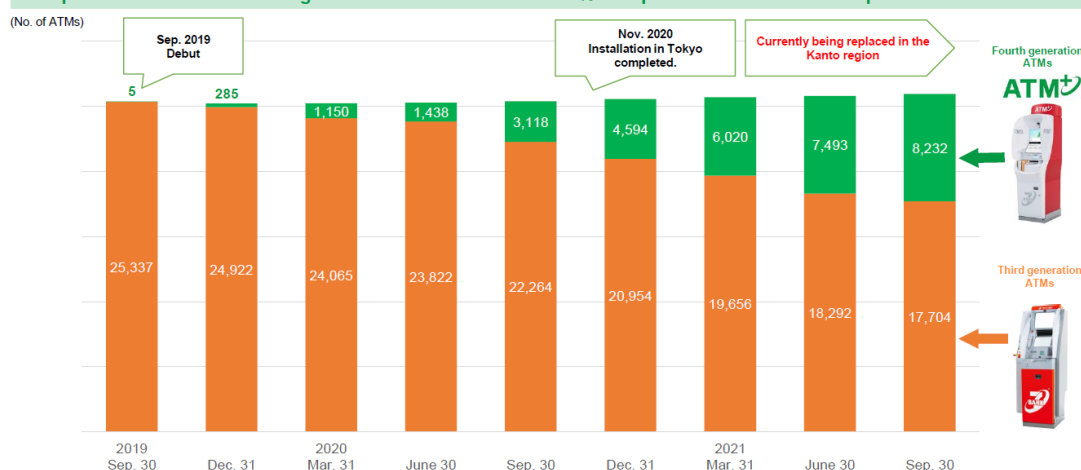
My explanation is above.

Q&A: Background and Outlook for Lower Expenses and White knight at Shinsei Bank

02 Progress in Medium-Term Management Plan Growth strategy(ATM Platform Strategy 2)



Expand installation of fourth generation ATMs. More than 30% of replacement has been completed.



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Questioner 1: Question 1 about expenses. As I explained earlier by the president, in the first half of the fiscal year, depreciation and outsourcing expenses fell due to delays in the installation of types of 4ATM due to a shortage of semiconductor supplies, and other expenses seemed to have fallen due to the timing issues of new businesses. Again, what is the background to this downturn in expenses and what is your outlook for the future? Please also tell us about the timeliness of installation of types of 4ATM, if any. Question 2 was reported in some media as a candidate for Shinsei Bank's white knight, but I would like to hear the president's thoughts.

Funatake: As I explained earlier, the reason for the downturn in expenses is that, in addition to delays in the replacement of types of 4ATM, we are making various efforts to invest in growing businesses to diversify our business, but, honestly speaking, there is a part that we will not be able to make progress in line with the timelines we have set. The environment also changes, and there are competitors. It may be delayed if requirements are revised in IT development, etc. Such divergence in investment timing is also a factor.

Regarding the outlook for the future, I think that what was not digested in the first half will be digested in the second half of the year. However, I think that some depreciation expenses, which fell below the target due to delays in the timing of investment for business diversification, will be pushed back from the next fiscal year onward. Therefore, I think there is a possibility that expenses for the current fiscal year will fall slightly below the planned value.

However, in the phase of aggressive investment aimed at business diversification, as shown in the medium-term management plan, there is a part that we will never proceed as planned. In some cases, it may be pushed back, or conversely, due to the relationship with competitors, it is considered necessary to proceed ahead of schedule. Therefore, our stance is to operate from a medium-to long-term perspective rather than to make a single-year judgment.

Regarding the planning for types of 4ATM, as I mentioned earlier, this fiscal year was delayed by about 400 units, and although it is unclear whether we will be able to recover this delay in this fiscal year or next fiscal year, I think that we will be able to recover it firmly around 2023 and 2024. As a result, we intend to complete the replacement by fiscal 2024, but the plan itself remains unchanged.

The second question is about the white knight of Shinsei Bank, but at present we do not have such a gauge or competence. Shinsei Bank is an important business partner for us, so we will be closely watching what will happen in the future.

Q&A: Impact of banks' fee revisions and earnings effect of deferred payment services

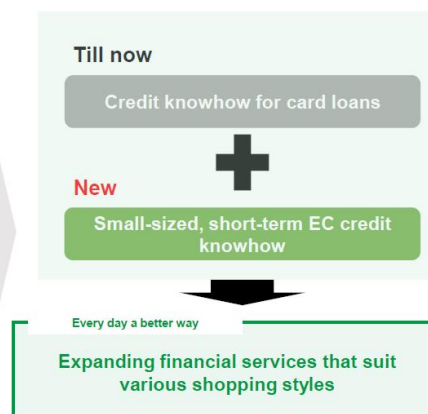
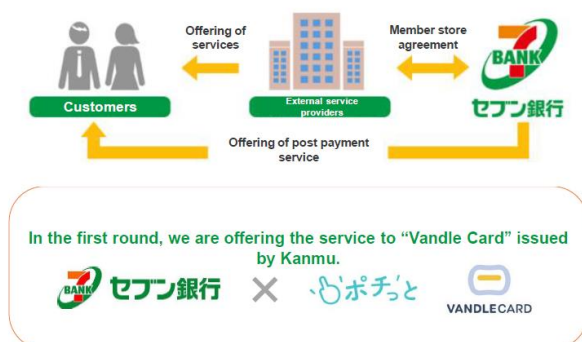
02 Progress in Medium-Term Management Plan Growth strategy(Retail Strategy 3)



Started offering Seven Bank Post Payment Service

- In addition to recharge (pre-payment) at ATM, post payments for small amounts also available
Started offering the service to external businesses (prepaid card issuers, etc.)

[Scheme diagram]



Questioner 2: Please ask two questions. First, I think you talked about the revision of bank commissions from the beginning of the fiscal year, but I think that the strategy itself was to "reduce the unit price of commissions in the short term, but eliminate later worries."

Please tell us how many more banks will be riding on the fee revision after that, and how much does it affect the unit price?

The second point is about the deferred payment service that I introduced earlier.

I may not know the potential of the bundled cards well, but what time horizon should I think of the quantitative revenue as a benefit? I would like BNPL to add a quantitative explanation.

Funatake: First, answer the commission structure. Commissions are revised on the occasion of a contract renewal that is conducted once a year, so there are not many changes during the period.

At the start of April this year, about 6 to 7 percent of the total bank has entered the new system. Not surprisingly, for the banks that adopted the new fee system, it has been effective in curbing costs, so they have been welcomed with a certain degree of favor.

We launched a campaign to promote ATM usage from July of this year, and I think the fact that we are able to do so is the result of a strategic review of our commission structure.

The current situation has been well received, and we intend to use this as an opportunity to improve the number of ATM transactions by replacing ATMs and conducting campaigns.

Regarding the second BNPL deferred payment service, the extent of the contribution to earnings is minimal because the service has just started in the honest way. However, the number of transactions has exceeded expectations, and we have confirmed just under 10000 transactions per day. I think it will take a considerable amount of time to contribute to incomes because of small-lot financing.

Therefore, I would be grateful if you could take a look at it over a period of two to three years.

It is different from a loan that uses 1 million yen or 2 million yen, so I think a certain amount of time will be needed to become a large business.

Questionnaire 2: The first point is bank charges, but I think it is as if you say "once a year."

Do you feel that the banks that have not yet entered this fiscal year will enter the next fiscal year or later?

Funatake: I think that each bank will be examined after calculating its own gains and losses, but in the future, many of the banks that will join will feel at most about half of the other.

Large banks have their own strategies, so I think they are unlikely to be adopted.

Q&A: Outlook for Overseas Business, Growth Investment, and Collaboration Revenue

02

Progress in Medium-Term Management Plan

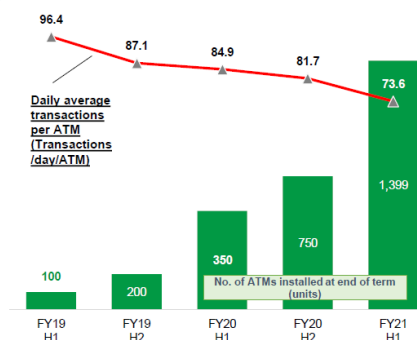
Growth strategy(Overseas Strategy 2 Indonesia and Philippines)



Indonesia



- The business is on track. Accelerated installation of ATMs.
- The ratio of recently installed ATMs is high and daily average transactions per ATM declined



The number of ATMs as of the end of September 2021 was 1,763 (preliminary)

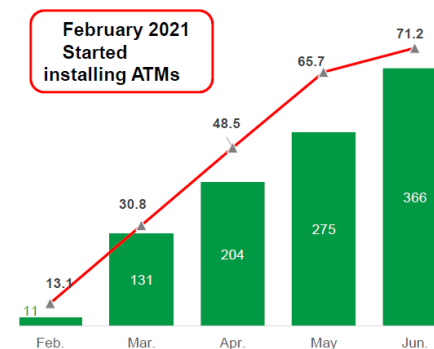
Note: 1H = Jan. to June, 2H = July to Dec.

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Philippines



- Both ATM installation and number of transactions expanded smoothly.



The figure as of the end of September 2021 was 678 (preliminary)

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Questionnaire 3: The first point is about the Indonesian business.

In the first half of fiscal 2021, we received favorable evaluations compared to the plan, mainly due to the upside in the number of units installed. However, personally, during the period of the medium-term management plan, we had the image that, for example, the number of units installed exceeded 3000 units and ordinary income exceeded 1 billion yen.

In light of this, do you have a current outlook that will considerably exceed the results for the first half of fiscal 2021? Please tell us about the outlook for the Indonesian business during the period of the medium-term management plan?

For the second point, first of all, I would like to ask what areas are currently of high priority for growth investment in the domestic growth areas from ¥30 billion to ¥40 billion, and what areas are seeing areas where we can expect a certain level of contribution to earnings during the period of the medium-term management plan.

The other thing, I think it is difficult to answer, but I hope that you will comment on what progress has been made in the most recent years in the direction of collaboration revenue with Seven & i Holdings.

Funatake: As you mentioned, the first issue in Indonesia is very strong, and the need to install ATMs is also extremely high. Therefore, I think there is a possibility that it may exceed the number of units installed that was assumed in the medium-term management plan.

There are some areas that are unstable due to the Corona calamity, but we would like you to move in that direction, and we will do our utmost to realize that.

Second, with regard to investments in domestic growth areas, we anticipate a broad range of financial product services in areas such as credit, securities, and insurance. In addition, we assume an investment scale of between ¥30 billion and ¥40 billion, including the field of ATM certification and outsourcing of administrative work. Also as I mentioned earlier, we have started a service like payment in arrears. I believe that securities and insurance can be materialized in the future, as we are actually developing a variety of measures.

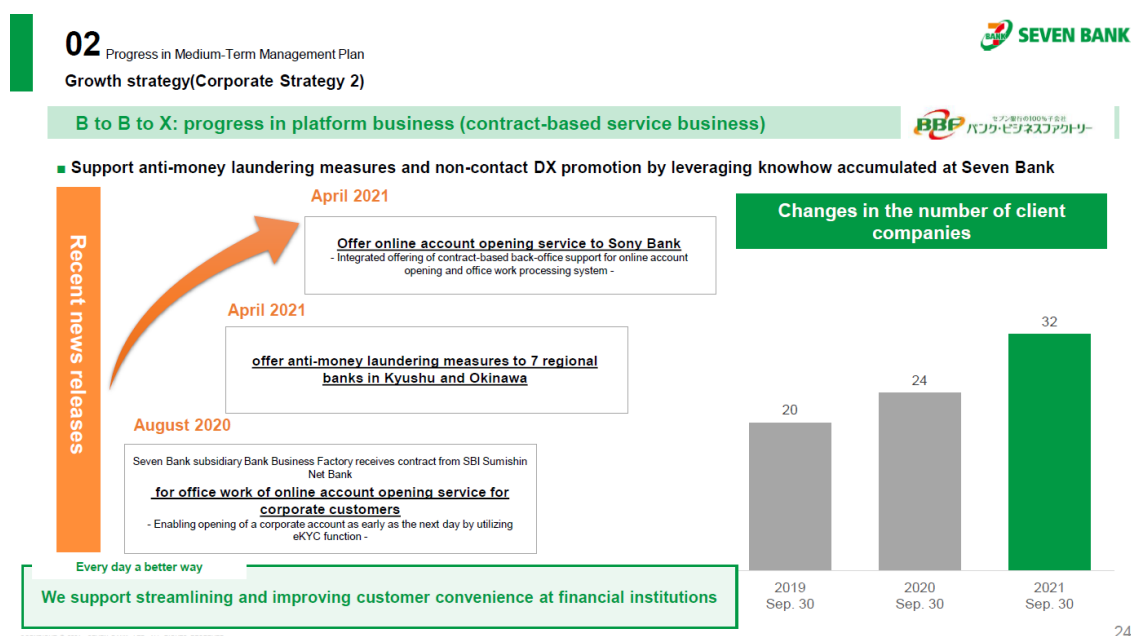
We have begun demonstration tests of ATM certification and outsourcing of operations. We intend to get into as many different companies as possible to materialize this site while finding good and bad points. However, we think ATM certification will take a little more time, as it is also in conjunction with the rollout of types of 4ATM, and it will not bear fruit this year or next year.

Taking these factors into account in total, we will promote each initiative so that we can contribute as much as possible to the sales of ¥170 billion that we set out in the medium-term management plan. Regarding whether or not income will be generated through collaboration with the Group, collaboration with 7ID is one major point for us. Regarding 7ID, we are discussing how to cooperate with Group companies. It is taking a little time, and we do not currently see what we can materialize within this fiscal year. However, we intend to firmly "make it firmly" during the medium-term management period.

Questionnaire 3: Aiming to expand collaboration with 7ID, as I mentioned earlier, is the image that the overall "fruit will be visible" in the second half of the medium-term management plan period by expanding the product lineup, including in the areas of securities and insurance as well as in arrears payments?

Funatake: You are right. By linking with 7ID to bear fruit, we are now focusing on measures to improve content, and I would like to see you perceive you as preparing for it.

Q&A: Relationship with parent company and BtoBtoX businesses



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Questionnaire 4: The first point concerns the question just mentioned, but about the relationship with the parent company. Regarding your current initiatives, it appears that you are promoting various new businesses in partnership with companies that are somehow unrelated to the Group, such as by setting up ATMs outside the Group. I would like to tell you whether there have been any changes compared to the past, such as the sense of distance from the parent company.

At the same time, I would like to know how much of the investment during the period of the medium-term management plan is related to the parent company.

The second point is about BtoBtoX service that you introduced this time.

How many years will this take to monetize? I would like to know, for example, how long it will take ACSiON to become profitable, how much it will have to recognize the expense burden in P/L by then, and if there are any prospects for such numbers.

Funatake: The first point is a sense of distance from the parent company, but from the conclusion, there is nothing that has changed. For example, the fact that many ATMs are installed outside the group is that the number of stores in the group is not increasing, so I think that it is relatively more often for us to increase them independently.

In addition, as I mentioned earlier, there is a portion that we would essentially like to consider through collaboration with 7ID or with the non-bank sector, but in parallel, we will need a range of products and services. Currently, we are focusing on product lineups and launching services, and it may appear that there are many alliances outside the Group at this time. However, there is no change in our policy of firmly providing services to Group customers.

Regarding the parent company's related investments, we cannot tell you how much we will invest in growth strategies. However, we are moving forward with the replacement of Type 4ATMs in the direction of investing from ¥50 billion to ¥60 billion over the last five years.

Most of this will be the replacement of ATMs within the group, so in this sense, I think that group-related ATM investment accounts for a considerably large percentage.

Regarding the second "BtoBtoX," I will discuss the future potential and the extent of incomes and expenses. The time required for each initiative and the competitive environment are becoming extremely fierce, so it is impossible to say nothing. However, we have started our business with the goal of achieving annual ordinary revenues of up to around ¥3 billion to ¥5 billion during the medium-term management period.

I think it will take at least three years, even on a single-year basis, to achieve profitability.

Q&A: More information on the use of BNPL

02

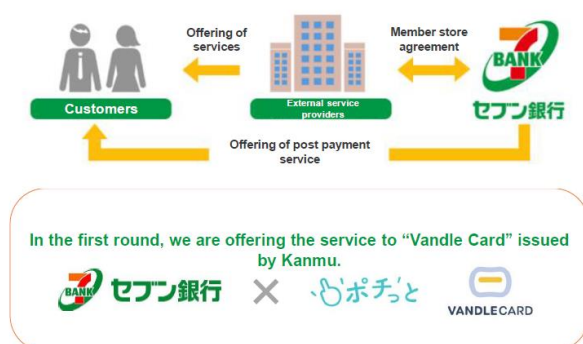
Progress in Medium-Term Management Plan
Growth strategy(Retail Strategy 3)



Started offering Seven Bank Post Payment Service

- In addition to recharge (pre-payment) at ATM, post payments for small amounts also available
Started offering the service to external businesses (prepaid card issuers, etc.)

[Scheme diagram]



Questioner 5: Tell me briefly about BNPL. "Currently, there are about 10000 transactions per day." What are the most common situations for use, for example?

Funatake: As I mentioned earlier, this is a service for a prepaid Visa card called "Vandle Card" of Kanmu. For example, when online shopping and you are a little short on money, you charge and then pay, or if it is a brick-and-mortar store, a Visa franchisee or another store, you use "Pochitto" to charge in advance and then shop. Charging in the form of a "pochitto" means that at that time, we are charging while there is no money, so we are doing that as a credit transaction.

Questioner 5: Please tell us about the current unit price per case and how much you collect it.

For example, a well-known BNPL company in the United States has a variety of repayment styles, such as seven days or once every two weeks. What is your bank collecting funds at what average unit price and in what manner?

Funatake: The average transaction amount ranges from 10000 yen to 15000 yen.

Maturities are limited to two months, but in many cases, repayments are made within one month or so.

Closing Remarks from Mr. Funatake

Funatake: Thank you very much for attending even though you are busy today. As I mentioned earlier, with regard to ATMs, we intend to firmly operate legacy businesses while at the same time creating a new world called "ATM+."

I believe that is what is required of us or the significance of our existence. I would very much like to take on a variety of challenges around here. We hope that you will support us in a variety of ways, so we look forward to your continued support.

Thank you very much.