


Financial Results for the Fiscal Year Ended March 31, 2019

Mr. Yasuaki Funatake (hereinafter referred to as "Funatake"): Hello, everyone. I am Funatake of the Seven Bank. Thank you for taking the time to gather here in spite of your busy schedule.

I would like to explain the financial results for the fiscal year ending March 31, 2019, and the outlook for the fiscal year ending March 31, 2020, as well as the progress made under the Medium-Term Management Plan.

Financial Results Digest

Financial Results Digest		
Financial Results for Fiscal Year Ended March 31, 2019		
Consolidated	Non-consolidated	
Ordinary income: ¥147.2 billion (up ¥19.6 billion year-on-year)	Ordinary income: ¥119.5 billion (up ¥2.9 billion year-on-year)	
Ordinary profit: ¥40.7 billion (up ¥2.4 billion year-on-year)	Ordinary profit: ¥43.0 billion (up ¥0.8 billion year-on-year)	
Net income attributable to owners of the parent: ¥13.2 billion (down ¥12.1 billion year-on-year)	Net income: ¥14.5 billion (down ¥14.6 billion year-on-year)	
Both ordinary profit and ordinary income were record		
■ Annual dividends per share were ¥11.00 (interim: ¥5.00; year-end: ¥6.00, an increase of ¥1.00 per share)		
Outlook for Fiscal Year Ending March 31, 2020		
Consolidated	Non-consolidated	
Ordinary income: ¥148.9 billion (up ¥1.7 billion year-on-year)	Ordinary income: ¥120.2 billion (up ¥0.7 billion year-on-year)	
Ordinary profit: ¥39.7 billion (down ¥1.0 billion year-on-year)	Ordinary profit: ¥41.7 billion (down ¥1.3 billion year-on-year)	
We revised the numerical targets in the Medium-Term Management Plan and expect decline in profit for the fiscal year ending March 2020		
■ Expect to pay interim and year-end dividends of ¥5.50 per share each for total annual dividends of ¥11.00 per share		



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First, please refer to the financial statements in accordance with the materials.

As shown on the screen, in fiscal 2019, for both consolidated and non-consolidated results, we achieved increases in revenues and profits on a recurring basis. The number of ATMs also increased steadily, and the number of ATM transactions increased as well. In this sense, we were able to steadily secure both earnings and profits.

However, in the interim term, impairment loss was recorded as an extraordinary loss, mainly in the overseas business.

Net income amounted to ¥14.5 billion on a non-consolidated basis and ¥13.2 billion on a consolidated basis, about half the level of the previous year. However, on a recurring basis, net income reached a record high.

The annual dividend was 11 yen, an increase of 1 yen from the previous year.

This fiscal year is the final year of the Medium-Term Management Plan, but we have downwardly revised the targets. We forecast that sales will increase but profit will decrease in the fiscal year ending March 2020. As in the current fiscal year, we plan to pay a dividend of 11 yen per share.

I will explain, focusing on the outlook for fiscal 2019.

Income Statement (Consolidated)

(Billion yen)

					FY19 Plan			
	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	127.6	147.2	147.2	19.6	148.9	1.7	73.6	0.2
Ordinary expenses	89.3	107.3	106.5	17.2	109.2	2.7	53.0	0.3
Ordinary profit	38.3	39.9	40.7	2.4	39.7	(1.0)	20.6	(0.1)
Extraordinary losses	0.1	14.6	14.9	14.8	0.1	(14.8)	0.0	(14.6)
Net income attributable to owners of the parent	25.3	12.8	13.2	(12.1)	26.7	13.5	13.8	14.0

(Reference) Equity in net earnings of affiliated companies FY18 - ¥0.2 billion FY19 plan - ¥1.6 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 statement:
per USD 1
FY2017 = ¥112.16, FY2018 = ¥110.44, FY2019 plan = ¥110.00



This is the consolidated income statement.

As I mentioned earlier, the figures for fiscal 2018 actual results are as I mentioned earlier. In fiscal 2019 Plan, ordinary income is expected to be 148.9 billion yen, ordinary expenses are expected to be 109.2 billion yen, and ordinary income is projected to be 39.7 billion yen, a decrease of about 1.0 billion yen from the previous year.

As indicated in the Reference column below, in fiscal 2019, equity in earnings of affiliates of ¥1.6 billion was factored in as a component of this topic. As a result, ordinary income declined in fiscal 2019.

Income Statement (Seven Bank, Ltd.)

Income Statement (Seven Bank)

SEVEN&i HLDGS.

(Billion yen)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	116.6	119.6	119.5	2.9	120.2	0.7	59.6	(0.8)
ATM-related fee income	105.9	108.3	107.8	1.9	107.5	(0.3)	53.4	(1.0)
Ordinary expenses	74.3	77.1	76.5	2.2	78.4	1.9	37.8	0.3
Interest expenses	0.7	0.8	0.6	(0.1)	0.8	0.2	0.4	0.1
ATM placement fee expenses	14.3	14.8	15.0	0.7	16.0	1.0	7.9	0.5
Outsourcing expenses	18.3	18.8	18.5	0.2	20.3	1.8	9.7	0.5
Maintenance fees	4.1	3.9	3.8	(0.3)	3.9	0.1	1.8	0.0
Depreciation and amortization	15.7	16.1	15.8	0.1	14.2	(1.6)	6.8	(1.3)
Ordinary profit	42.2	42.5	43.0	0.8	41.7	(1.3)	21.8	(1.0)
Extraordinary losses	0.1	21.9	22.0	21.9	0.1	(21.9)	0.0	(21.8)
Total income taxes	13.0	6.4	6.4	(6.6)	12.7	6.3	6.6	6.4
Net income	29.1	14.0	14.5	(14.6)	28.9	14.4	15.1	14.4
EBITDA	58.0	58.6	58.9	0.9	56.0	(2.9)	28.7	(2.2)
No. of ATMs installed at end of term (units)	24,392	25,350	25,152	760	25,502	350	25,333	577
ATM-related fee income per transaction (yen)	132.9	133.1	132.9	0	134.0	1.1	134.3	1.3
Daily average transactions per ATM (transactions/ATM/day)	94.1	92.3	92.3	(1.8)	89.2	(3.1)	90.2	(3.5)
Total no. of transactions (million)	815	830	829	14	822	(7)	414	(5)

Note: EBITDA = Ordinary profit + Depreciation and amortization

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Seven Bank's non-consolidated results for fiscal 2019 show increase in revenues and decrease in profits.

As for the breakdown of the increase in revenue, ordinary revenue was 120.2 billion yen, an increase of 0.7 billion yen from the previous year. Unfortunately, ATM commissions under this figure were negative 0.3 billion yen.

The number of ATMs installed at the end of the fiscal year has been increasing at a net pace of 7-800 units, and around 1,000 units at times when we have installed more, but in fiscal 2019 the number of ATMs installed increased by a net increase of 350 units.

As announced by Seven-Eleven Japan, the pace of new store openings have declined slightly because they concentrated on structural reforms of the organization. As a result, the net increase in the number of ATMs is 350 units.


On the other hand, the average number of transactions remained considerably affected by factors such as the new fees charged by some cash card issuing regional banks to card holder customers which use Seven Bank ATMs. In addition, the average number of transaction is still on a declining trend, due in part to the emergence of new fee-charging areas.

Previously, this declining trend was offset by the increase in numbers of ATMs installed, and the total number of ATM transaction increased. However, this fiscal year, the net increase in the number of ATM transaction was slowed down in this manner. As a result, the total number of ATM transaction is expected to decline slightly, to 822 million.

Another factor behind the decline in earnings on a non-consolidated basis is the launch of Next-Generation ATM planned in September 2019. As a result of the installation of the Next-Generation ATMs, construction-related costs will be added.

Another factor is gradual increase in depreciation costs as the Next-Generation ATMs begin to be installed. As a result of these factors, we expect to see a slight increase in costs in spite of lower income growth, and we expect to see a decline in earnings this time.

Income Statement



Income Statement (FCTI)

(Million USD)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	96.5	244.3	248.5	152.0	255.4	6.9	125.2	6.1
Ordinary expenses	120.4	258.4	257.3	136.9	253.8	(3.5)	125.5	(5.9)
Interest expenses	12.5	30.1	31.7	19.2	37.7	6.0	18.1	3.5
ATM placement fee expenses	58.0	141.9	140.1	82.1	139.9	(0.2)	69.2	1.0
Outsourcing expenses	7.8	19.5	17.8	10.0	17.6	(0.2)	8.8	(0.2)
Maintenance fees	8.4	20.3	19.6	11.2	20.8	1.2	10.3	0.5
Depreciation and amortization	9.5	16.0	15.7	6.2	7.4	(8.3)	3.5	(9.2)
Ordinary profit	(23.9)	(14.0)	(8.7)	15.2	1.6	10.3	(0.3)	12.0
Extraordinary losses	0.0	90.0	90.6	90.6	0.6	(90.0)	0.6	(89.4)
Net income	(27.4)	(104.0)	(99.5)	(72.1)	0.8	100.3	(1.0)	101.3
EBITDA	(14.3)	2.0	6.9	21.2	9.0	2.1	3.2	2.8
No. of ATMs installed at end of term (units)	11,582	13,300	12,795	1,213	11,770	(1,025)	11,761	(1,474)
At SEI (units)	5,948	8,400	8,349	2,401	8,311	(38)	8,306	403
Daily average transactions per ATM (transactions/ATM/day)	20.3	36.7	37.5	17.2	45.0	7.5	43.8	9.3
At SEI (transactions/ATM/day)	39.2	50.0	52.0	12.8	57.2	5.2	55.6	7.5
Total no. of transactions during the period (thousand)	51,812	177,400	177,628	125,816	194,000	16,372	94,000	12,085

Notes: 1. Number of ATMs installed as of March 31, 2019: 12,378 (Installed at 7-Eleven stores: 8,354 Installed at stores other than 7-Eleven stores: 4,024)
2. FCTI interest expenses: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.

Next, we have a U.S. business (FCTD).

In fiscal 2019, the U.S. expense burden was slightly reduced due in part to an impairment charge during fiscal 2018.

In addition, we have implemented considerably large-scale restructuring measures, including the consolidation and closure of offices. We are now making steady progress toward achieving this goal, and in fiscal 2019, we are currently promoting our company as a whole in an effort to achieve profitability.

The plan for the current fiscal year is aimed at securing a profit with ordinary income of 1.6 million dollars.

The number of ATMs is projected to decline by about 1,000 units. As I have said before, the ATM market in the U.S. is becoming increasingly competitive in installing ATMs, and the level of commissions paid to locations to install ATMs are rising considerably.

There are some locations where if we pay these high installation fee, we will be in the midst of a profit-and-loss situation unable to achieve profit. In this sense, we will not force to do so, but instead we will streamline our low-profit ATMs in an effort to transform them into a lean business structure.

However, the number of transactions per unit is steadily increasing, mainly in Seven-Eleven store locations. Based on this, we intend to steadily increase both sales and profits.

Profit and Loss of Operations <Domestic Subsidiaries>

Income Statement (Domestic Consolidated Subsidiaries)



BBF								
(Million yen)								
	FY17	Plan (May 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	972	1,016	1,189	217	1,410	221	640	74
Ordinary expenses	881	981	1,052	171	1,260	208	616	126
Ordinary profit	90	35	137	47	150	13	24	(52)
Net income	57	22	108	51	97	(11)	17	(32)

7PS								
(Million yen)								
	FY17	Plan (May 2018)	FY18	Difference with plan	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	--	492	45	(447)	127	82	51	47
Ordinary expenses	--	597	182	(415)	328	146	129	42
Ordinary profit	--	(104)	(137)	(33)	(200)	(63)	(77)	5
Net income	--	(104)	(137)	(33)	(200)	(63)	(77)	5



The Bank Business Factory (BBF) has focused on entrusted operations in the security field, such as the illegal use of bank accounts, for example money laundering etc., as a new business field. The pursuit of safety and security has become a business field, and the number of contractors for clerical work is increasing gradually. In fiscal 2019, we anticipate further increases in both sales and profits.

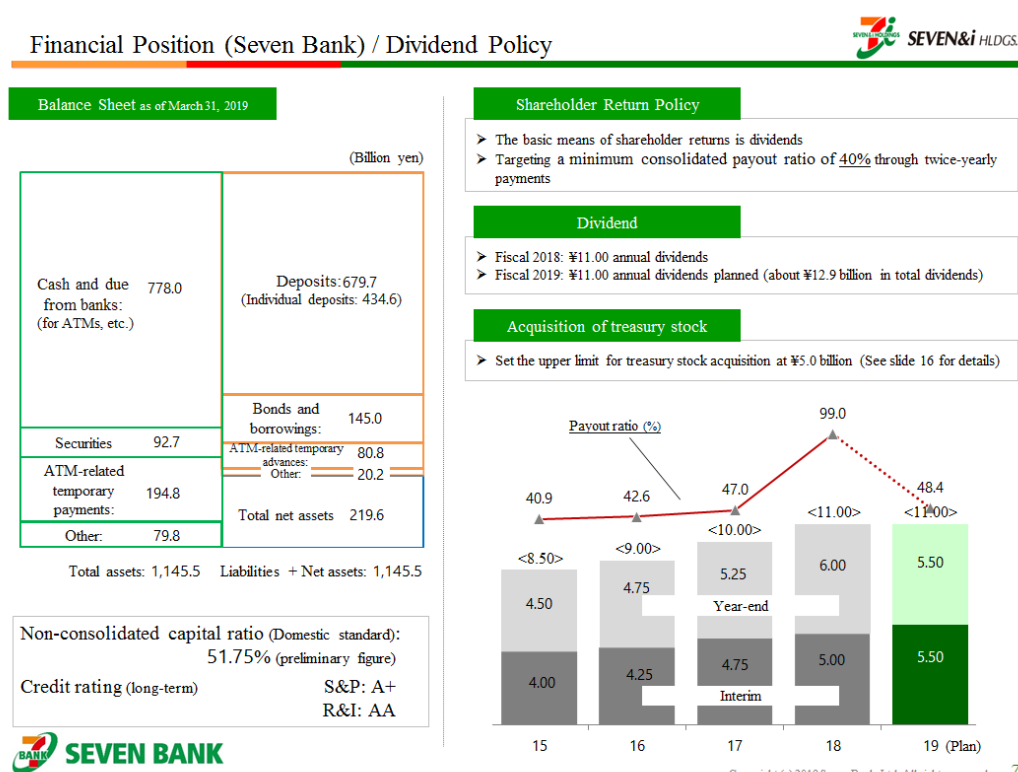
On the other hand, there is 7PS. This is a settlement agency that launched the "ATM Receipt (Cash Receipt Service) Service" last year as a new ATM service. At first, we imagined this would become a big business immediately, but after experiencing one year, fiscal year 2018, I recognized it wasn't as easy as I thought.

Since the new service was a service no one has never experienced, we could not build recognition of this service to customers. In fiscal 2018, we faced a challenging business environment, partly due to the fact that it did not permeate every business corporation seeking to use this technology.

However, in terms of business partners, we have already formed alliances with approximately 150 companies in fiscal 2018. In fiscal 2019, we believe we will be able to expand our partners to about 200 companies.

In this sense, many cooperation said they would like to use ATM Receipt Service. I believe that the challenge is how to expand the recognition of this service to customers so that it can be used in practice with businesses that "want to use it." In fiscal 2019, I would like to make further progress toward this goal. Nevertheless, we are still planning to record a deficit. Unfortunately, our consolidated results will fall short of our forecasts.

Financial Condition <Seven Bank> and Shareholder Returns



This is the status of financial affairs and shareholder returns.

There have been no major changes to our basic policy on shareholder returns. However, in fiscal 2019, we plan to pay an annual dividend of ¥11 per share, and we have also established a share buyback limit of ¥5.0 billion.

In addition to presenting our management's view of our share price, we have also invested in a variety of new fields during the course of this Medium-Term Management Plan. We have also made effective use of the profits generated through impairment charges and other measures, but we still have a certain amount of leeway.

For this reason, we have decided to set a buyback limit, based on the belief that our share buybacks are the most efficient way of returning profits to shareholders, rather than making

investments that are unreasonable. It would be fortunate, if this total share buyback and dividend would be seen as a way that we have given due consideration to the return of profits to our shareholders.

Review of the Medium-Term Management Plan

Achieve Growth in Our Main Business as We Diversify Our Operations

ATM Platform Business

Create new styles of ATM usage

Settlement and Account Business

Provide financial services that meet the needs of the 22 million customers who visit Seven & i Group stores each day

Overseas Business

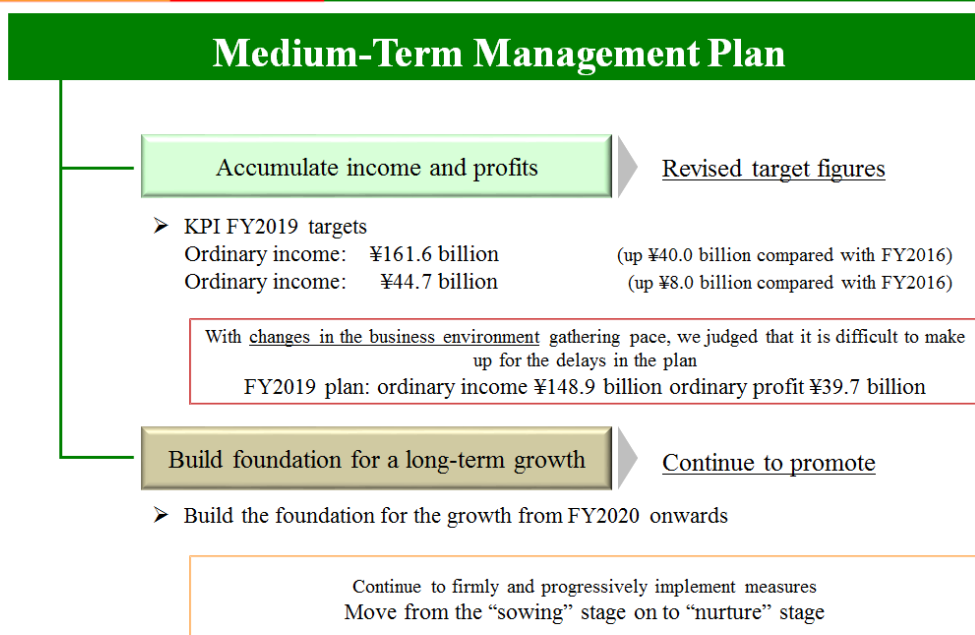
Get U.S. operations on track, consolidate the base in Asia

The following is the progress made under the Medium-Term Management Plan.

The Medium-Term Management Plan started in 2017 aiming to achieve diversification of business while expanding our core business.

Progress of Medium-Term Management Plan ①

Status of Progress in Medium-Term Management Plan (1)



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As a KPI, over the past three years we have set ordinary income as increase of ¥40.0 billion and ordinary income as increase of ¥8.0 billion.

The business environment has changed dramatically, and honestly speaking, the numbers were a little ambitious. We have decided to revise downward our Medium-Term Plan, since for final projection for fiscal 2019, on an ordinary revenue basis, we will not achieved our plan by approximately 13 billion yen, and on an ordinary income basis, we will not achieved our plan by approximately 5 billion yen.

On the other hand, in the sense of promoting business diversification, we have sown the seeds for building a foundation for medium-to long-term growth.

In the past three years, we have decided to use about half of our profits for growth investments. I believe that we have made steady progress in this area.

Progress under Medium-Term Management Plan ②

Status of Progress in Medium-Term Management Plan (2)



	Plan	FY2019 Outlook	Difference	Factors
Consolidated	+40.0	+27.3	(12.7)	Accumulated ordinary income with respect to FY2016 results (Billion yen)
ATM Platform Business				
Consistently expand the scale	+10.0			Daily average transactions per ATM continues to gradually decline
Further improve quality				
Create new styles of ATM usage	+5.0	+3.6	(11.4)	The ATM installation has been delaying compared with the plan primarily due to the control in new 7-Eleven store opening
				To start new services, it takes time to develop a new market
Settlement and Account Business				
Loan service	+5.0	+3.0	(2.0)	Changes in environment surrounding bank loans and slower growth in outstanding loans
International money transfer services				The revision of the Immigration Control and Refugee Recognition Act to further expand the money transfer market
Debit services				The number of cards issued and the usage have been strong, but spending per transaction has been below expectations
Sales proceeds deposit service				Corporate customers who are using services other than 7-Eleven have been steadily increasing
Overseas Business				
U.S. operations	+20.0	+19.5	(0.5)	Installation at all U.S. 7-Eleven stores completed as planned
Asia (Indonesia, etc.)	+α	+0.0	+0.0	The business environment changed and we could not expand business operations



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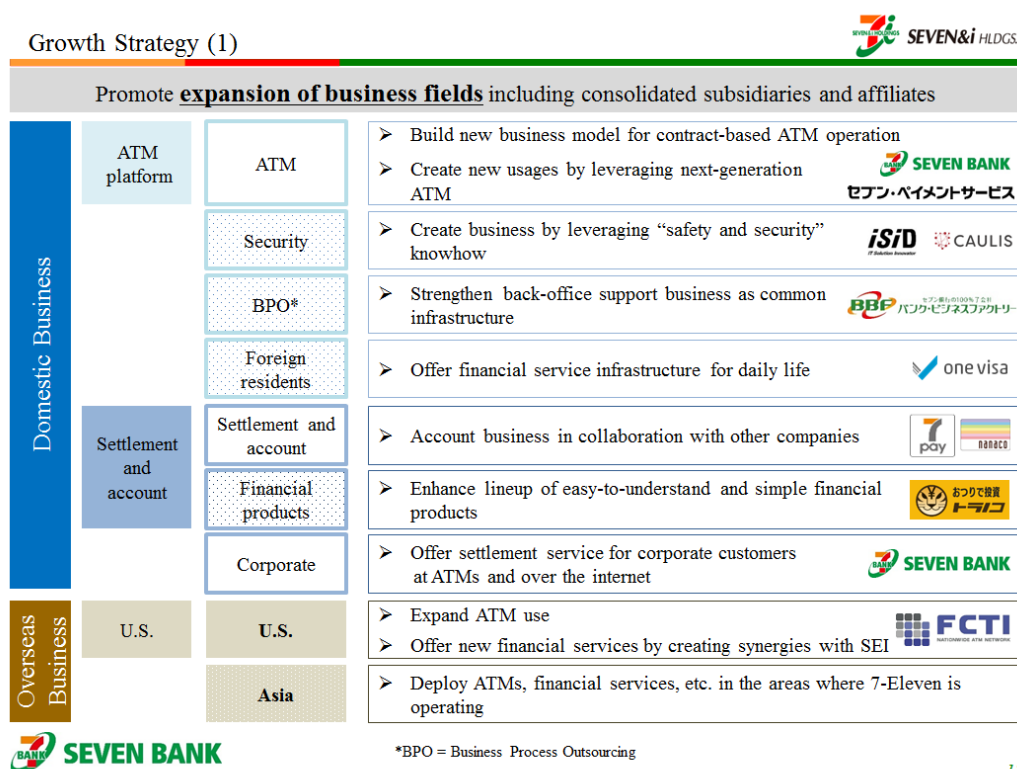
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Progress in the Medium-Term Management Plan and KPIs. As I mentioned earlier, we are planning of allocating 40 billion yen in revenues over the three-year period between ATMs, settlement accounts, and overseas.

For overseas business, the installation of ATMs in the Seven-Eleven of U.S. has been proceeding steadily, and the results have been in line with the plan to some extent. However, the ATM Platform Business and the Settlement Account Business, as we have seen here, fell considerably short of the forecasts.

Despite changes in the business environment, we were not as easy as we had anticipated to cultivate new markets for the incomes that will emerge in the future. As a result, these figures have been achieved.

Growth strategy①



On the other hand, this is a medium-to long-term strategy. In this area, we made various investments in an effort to take on the challenge of developing new business domains.

As for ATMs, we are considering various ways to build a new business model for ATM outsourcing.

As a Next-Generation ATM, we will install a new type 4 ATM in September 2019. To this end, we are working to develop new services, including demonstration tests, by creating new value for use of ATMs. By the time the new ATMs are launched in September, we hope to start something at the demonstration test stage.

As we have already announced, we will take on the challenge of new businesses in the security field, as the more we become an "Internet society," the more we need safety and security. In this way, we are working with ISiD to create a new company, making identity verification and identity verification one of our services and commercializing it.

Next is the BPO (Business Process Outsourcing). This is the outsourcing of administrative work promoted by our consolidated subsidiary Bank Business Factory. On this, thankfully, we are seeing a steady increase in demand in various fields, including the money laundering countermeasures I mentioned earlier.

As a new business for foreigners living in Japan, we have already offered International Money Transfer Service for more than eight years. Thanks to this, a large number of foreigners now have our accounts and use our International Money Transfer Service. I believe that this number will increase further in the future.

We hope to create a new service platform for these people. We have been working with one visa, Inc. as a partner, and expanding this alliance in the future, we intend to develop new services targeting foreigners.

Then, it's a Settlement and Account. The new "7pay" service will be launched within the Group in July.

This is an extremely important service for us in the sense of expanding our points of contact with customers, and we are now putting effort into this. After this has started, I would like to think of adding services to it.

As one of its additional services, we are now starting to invest in TORANOTEC to become an equity-method affiliate and create a new world of investments, with the aim of developing unique financial products that are easy to understand and simple.

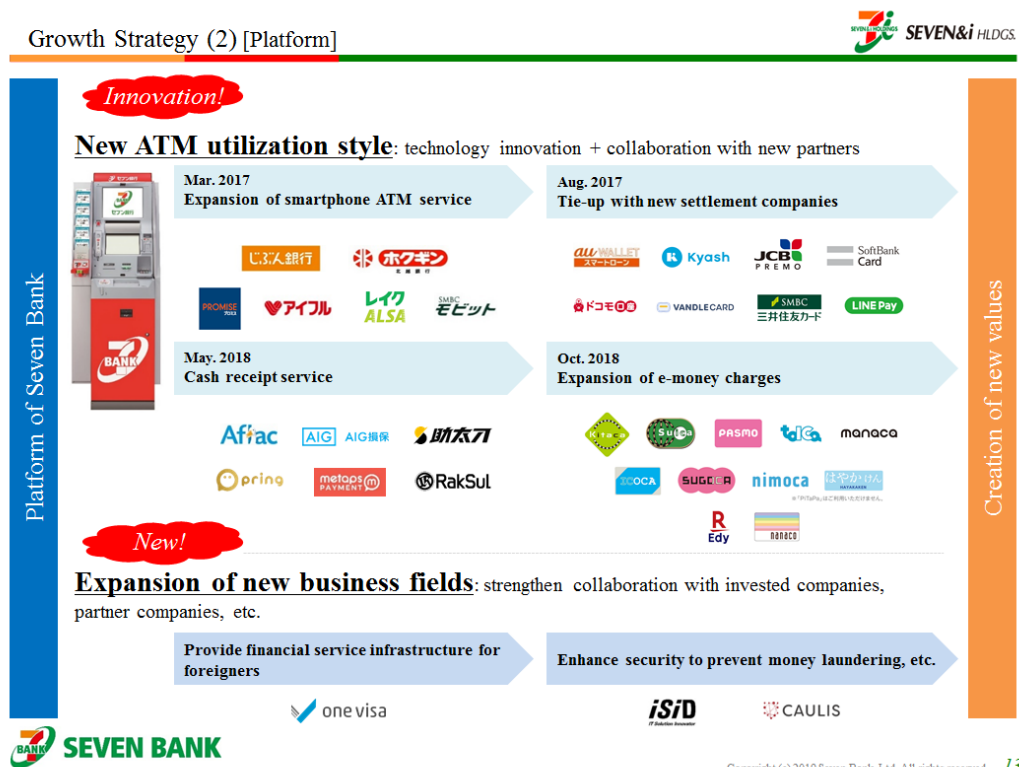
Another is payment service for corporations. This is a real-time remittance, which has already started moving, but it will be paid in advance of salary or in the form of a sharing economy. The world which "we can do a variety of things without necessarily using bank accounts. "will expanded in this way.

Including this, BtoC and even CtoC efforts will be undertaken. Even in these areas, we are committed to creating new businesses.

As I mentioned earlier, we will work hard to return to profitability for U.S. business. In Asia, we will expand ATMs and financial services in regions where Seven-Eleven stores exist.

Southeast Asia is a growth area. We intend to continue thinking about areas where we can open new stores or enter new markets, focusing on the areas I mentioned earlier.

Growth Strategy ② [Platform]

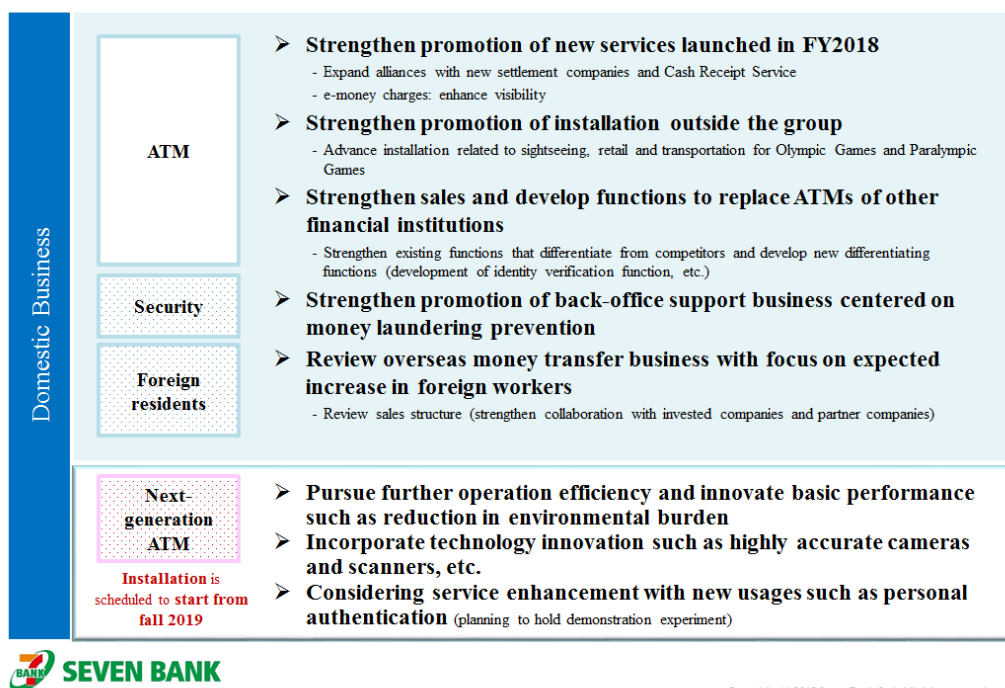


Looking at the diagram above, we are advancing tie-ups with new ATM usage styles.

In order to expand new business domains, we are also selecting partner companies to form alliances and strengthen security for financial services infrastructure for foreigners.

Growth Strategy (3) [Priority Policies for FY 19-1]

Growth Strategy (3) [FY2019 Key Measures 1]



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In addition, we have written a number of priority measures for fiscal 2019.

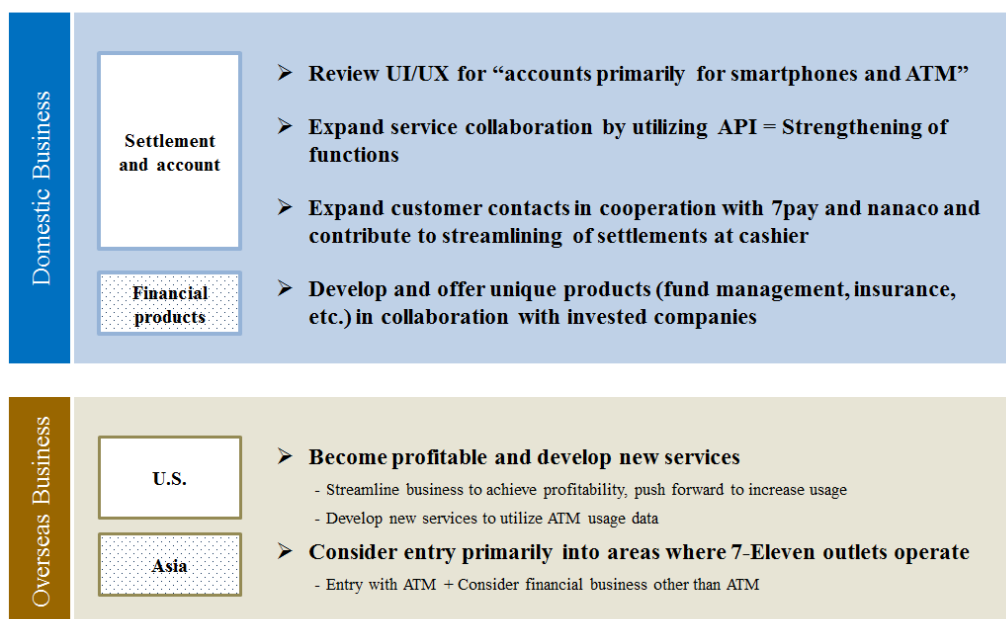
As I mentioned earlier, the decline in the number of ATM transactions has led to a decline in revenue from ATM transaction fees from financial institutions. We intend to improve this situation by launching other income sources as soon as possible.

Among these, there are several measures, one of which is ATMs. Under these circumstances, we believe it is necessary to strengthen businesses and develop functions in earnest in order to replace ATMs of other financial institutions.

Another Next-Generation ATM is scheduled to start in September 2019. As I mentioned earlier, I hope to create a new world for ATMs, so that we can communicate new demonstration experiments, including the use of the ATMs as platforms, including identity verification (by promoting functional development).

Growth Strategy (4) [Priority Policies for FY 19-2]

Growth Strategy (4) [FY2019 Key Measures 2]



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Then, it's a Settlement and Account.

I would like to change the concept and system of the bank account so far, and I would like to change it to a smartphone-centered account. We plan to restructure our accounts aiming to making them the most easy to open, by non-paper application, through smartphones and ATMs that can instantly confirm identity.

At the same time, growing number of the Group's customers such as "7pay" which I mentioned earlier, “nanaco” are using Seven-Eleven Japan apps.

Approximately 14 million members now have Seven IDs. We will take a full-fledged approach to these 14 million people to expand our loans, overseas remittances, and debit cards. I would like to make this year a year that leads to incomes.

Acquisition of Treasury Stock

Acquisition of Treasury Stock



Treasury stock acquisition: established upper limit of ¥5.0 billion

- Judge taking the status of capital, trend in business performance, level of the company's stock price, opportunity for growth investment, improvement in capital efficiency, etc. into account

Overview of acquisition of treasury stock			FY17	FY18	FY19	Total for three years
Acquisition amount	¥5.0 billion (upper limit)	Dividend per share (yen)	10.0	11.0	11.0	
Number of shares to be acquired	13.5 million (upper limit)	Total dividends (Billion yen)	11.9	13.1	12.9	37.9
	Ratio of treasury stock to be acquired to shares outstanding*: 1.13%	Payout ratio (%)	47.0	99.0	48.6	
Acquisition period	From May 13 to July 31, 2019	Acquisition of treasury stock (Billion yen)	--	--	5.0	5.0
Acquisition method	Market purchase based on discretionary trading contract	Total return (Billion yen)	--	--	17.9	42.9
Cancellation of shares to be acquired	Scheduled cancellation date August 20,2019	Overall return ratio (%)	--	--	67.2	

* Shares outstanding do not include treasury stock.
As of March 31, 2019: 1,191,632,629 shares (treasury shares: 831,371)



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Finally, on share buyback.

As I mentioned earlier, we have set a stock repurchase limit of 5 billion yen. We have been planning to pay a total dividend of three years during the mid-term plan, but in addition we plan to acquire another 5 billion shares in fiscal 2019. Assuming a total return of ¥42.9 billion (over three years) and assuming the current dividend of ¥11, we plan to return profits to shareholders in the form of a total dividend of ¥37.9 billion and a share buyback of ¥5.0 billion.

We will continue to pay dividends and other dividends in a consistent and stable manner while maintaining our previous policy. In addition, we intend to secure funds for growth and to conduct business in growth fields.

I briefly explained our financial results for fiscal 2018 and our plans for fiscal 2019.

Questions and Answers: What growth strategies do you believe are promising?

Financial Results Digest



Financial Results for Fiscal Year Ended March 31, 2019

Consolidated

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Ordinary profit: ¥40.7 billion (up ¥2.4 billion year-on-year)

Net income attributable to owners of the parent:

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Non-consolidated

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Net income: ¥14.5 billion (down ¥14.6 billion year-on-year)

Both ordinary profit and ordinary income were record

- Annual dividends per share were ¥11.00 (interim: ¥5.00; year-end: ¥6.00, an increase of ¥1.00 per share)

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Non-consolidated

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Ordinary profit: ¥41.7 billion (down ¥1.3 billion year-on-year)

We revised the numerical targets in the Medium-Term Management Plan and expect decline in profit for the fiscal year ending March 2020

- Expect to pay interim and year-end dividends of ¥5.50 per share each for total annual dividends of ¥11.00 per share



Questioner 1: There are two questions. Firstly, I would like to ask a little rough question about the consolidated recurring profit for the fiscal year ending March 2020, and the decline of 1 billion yen in Year over Year for the first time in a long time. Although there are reasons such as the investment in 7 Pay and the slowdown in the opening of Seven-Eleven stores, I believe that the total number of Depository institution used in Japan, which had grown steadily in the past, is likely to decline by more than 1 percent.

How does the president look at the total number of ATM transaction in Japan from a slightly longer perspective rather than in the fiscal year ending March 2020? Could you please explain whether the decline will continue or whether recovery is possible?

Growth Strategy (1)

Promote expansion of business fields including consolidated subsidiaries and affiliates			
Domestic Business	ATM platform	ATM	<ul style="list-style-type: none"> Build new business model for contract-based ATM operation Create new usages by leveraging next-generation ATM
		Security	<ul style="list-style-type: none"> Create business by leveraging “safety and security” knowhow
		BPO*	<ul style="list-style-type: none"> Strengthen back-office support business as common infrastructure
		Foreign residents	<ul style="list-style-type: none"> Offer financial service infrastructure for daily life
	Settlement and account	Settlement and account	<ul style="list-style-type: none"> Account business in collaboration with other companies
		Financial products	<ul style="list-style-type: none"> Enhance lineup of easy-to-understand and simple financial products
		Corporate	<ul style="list-style-type: none"> Offer settlement service for corporate customers at ATMs and over the internet
Overseas Business	U.S.	U.S.	<ul style="list-style-type: none"> Expand ATM use Offer new financial services by creating synergies with SEI
		Asia	<ul style="list-style-type: none"> Deploy ATMs, financial services, etc. in the areas where 7-Eleven is operating

In addition, many measures have been written on page 12. What are your thoughts (what is promising) on the medium-to long-term prospects? This is the first point.

Income Statement (Seven Bank)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	116.6	119.6	119.5	2.9	120.2	0.7	59.6	(0.8)
ATM-related fee income	105.9	108.3	107.8	1.9	107.5	(0.3)	53.4	(1.0)
Ordinary expenses	74.3	77.1	76.5	2.2	78.4	1.9	37.8	0.3
Interest expenses	0.7	0.8	0.6	(0.1)	0.8	0.2	0.4	0.1
ATM placement fee expenses	14.3	14.8	15.0	0.7	16.0	1.0	7.9	0.5
Outsourcing expenses	18.3	18.8	18.5	0.2	20.3	1.8	9.7	0.5
Maintenance fees	4.1	3.9	3.8	(0.3)	3.9	0.1	1.8	0.0
Depreciation and amortization	15.7	16.1	15.8	0.1	14.2	(1.6)	6.8	(1.3)
Ordinary profit	42.2	42.5	43.0	0.8	41.7	(1.3)	21.8	(1.0)
Extraordinary losses	0.1	21.9	22.0	21.9	0.1	(21.9)	0.0	(21.8)
Total income taxes	13.0	6.4	6.4	(6.6)	12.7	6.3	6.6	6.4
Net income	29.1	14.0	14.5	(14.6)	28.9	14.4	15.1	14.4
EBITDA	58.0	58.6	58.9	0.9	56.0	(2.9)	28.7	(2.2)
No. of ATMs installed at end of term (units)	24,392	25,350	25,152	760	25,502	350	25,333	577
ATM-related fee income per transaction (yen)	132.9	133.1	132.9	0	134.0	1.1	134.3	1.3
Daily average transactions per ATM (transactions/ATM/day)	94.1	92.3	92.3	(1.8)	89.2	(3.1)	90.2	(3.5)
Total no. of transactions (million)	815	830	829	14	822	(7)	414	(5)

Note: EBITDA = Ordinary profit + Depreciation and amortization

The second question is a little more detailed. In the fiscal year ending March 2020 of Seven Bank, the fourth page, non-consolidated expenses increased by ¥1.9 billion. Of this, ATM installation payment fees were ¥1.0 billion and outsourcing expenses were ¥1.8 billion, which exceeded depreciation expenses (overall expenses). Given the introduction of fourth-generation (Type 4) ATMs and the associated running costs, when will non-consolidated expenses peak in the medium to long term?

For example, is the peak in the third quarter of 2021 or will it continue to rise for a while?

I would like to ask your rough idea rather than something concrete. These are the two points I would like to ask.









Funatake: First of all, on the total number of ATM transaction in Japan. Over the past few years, the impact of card issuing financial institutions charging card holders when using 7 Bank ATMs, has been extremely significant. This year, in particular, the decline in the number of users in the Niigata region is having a significant impact, and I think this will have a significant impact for this whole year.

However, the trend of charging customers fee for using our ATMs has already spread considerably, and the number of areas left is small. From this perspective, we believe that the decline in the average number of transactions per ATM unit will bottom out after a while. On the other hand, "How will the shifting to cashless expand?" With this in mind, I think it is difficult to expect that the numbers will immediately return to its former level. In this sense, the average number of transactions will gradually decline for the time being, but, eventually the phase would come when the number of transactions will start growing again.

Then, I think the next question would be, "Is 7 Bank willing to increase the numbers of ATMs rapidly?" I believe this is difficult. I think it will be difficult to increase numbers of ATMs in the similar pace as in the past, but after Seven-Eleven has completed its organization structural reforms, one thing would be, how Seven-Eleven will increase numbers of stores.

Another thing, in terms of what we can do on our own is, "What kind of ATM strategies would each financial institutions which I mentioned earlier have?" If they would gradually leave it to ATM operator specialist like us, our number of ATMs will increase. If this were to happen, the total number of ATMs transactions will rise again gradually. The number of ATM transactions across Japan as a whole may decrease, but I believe that 7 Bank can increase its number of transactions by increasing our market share.

Growth Strategy (1)

Promote expansion of business fields including consolidated subsidiaries and affiliates			
Domestic Business	ATM platform	ATM	<ul style="list-style-type: none"> ➢ Build new business model for contract-based ATM operation ➢ Create new usages by leveraging next-generation ATM 
		Security	<ul style="list-style-type: none"> ➢ Create business by leveraging “safety and security” knowhow 
		BPO*	<ul style="list-style-type: none"> ➢ Strengthen back-office support business as common infrastructure 
		Foreign residents	<ul style="list-style-type: none"> ➢ Offer financial service infrastructure for daily life 
	Settlement and account	Settlement and account	<ul style="list-style-type: none"> ➢ Account business in collaboration with other companies 
		Financial products	<ul style="list-style-type: none"> ➢ Enhance lineup of easy-to-understand and simple financial products 
		Corporate	<ul style="list-style-type: none"> ➢ Offer settlement service for corporate customers at ATMs and over the internet 
Overseas Business	U.S.	U.S.	<ul style="list-style-type: none"> ➢ Expand ATM use ➢ Offer new financial services by creating synergies with SEI 
		Asia	<ul style="list-style-type: none"> ➢ Deploy ATMs, financial services, etc. in the areas where 7-Eleven is operating

You also asked about us implementing a variety of measures on page 12, and which of these measures is promising. Of course, in terms of profit now, it is relatively small compared to ATM's 100 billion level, in the sense that the digit is still different by one or two. However, I believe that it is extremely important to accumulate a number of ¥2.0 billion, ¥3.0 billion, and ¥5.0 billion amount revenues.

In this sense, BPO done by Bank Business Factory has been growing steadily for now. We wish to grow various types of business including money laundering preventive business.

It is also the market of Foreigners in Japan we think may grow over the next few years.

Financial institutions including Japanese Banks have not been working firmly on service for foreigners entering Japan due to low return thought there are risks and compliance costs. I believe that this is a big market for financial institutions. We have high expectations for these two business fields.

I hope to create a financial version of the so-called Seven Premium. I think these three areas, investment, insurance, and loans, are interesting for business to create income.

Nevertheless, all of these businesses are already Red Ocean businesses, and I would like to make something completely different from UI and UX in the process of the financial product.

In this sense, it may take time for a while, but it will be interesting if we succeed. Or, I think we can provide new value, and I'm looking forward to it.


Costs of the type 4 ATMs will continue to grow in the years. As stated in newspapers etc. that it would be around 70 billion yen, but I think it would be about 70 billion yen to include the costs relating to it. If this happens, depreciation expenses will naturally increase gradually every year.

In this sense, the annual net increase in depreciation expenses will be added to expenses, and we expect that expenses will increase slightly for a while.

However, the New-Generation ATM is not only a new service, but is also being developed with a focus on rationalization, efficiency improvement, and cost efficiency of the process. According to our estimate, we expect cost reductions of about 15-20% and we are currently in the process of development.

This is if we are able to replace all current ATMs to Next-Generation ATMs. When Existing ATMs and New-Generation ATMs are installed at the same period, it is hard to see the cost cut effect. Instead, the burden of depreciation increases while they both are installed at the same period. I believe that in the near future, the depreciation burden will decrease or the cost efficiency will gradually become more effective. This is the end of my explanation.

Questions and Answers: What measures will be taken to improve domestic ATM revenues?




Income Statement (Seven Bank)

(Billion yen)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
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Ordinary income	116.6	119.6	119.5	2.9	120.2	0.7	59.6	(0.8)
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Ordinary expenses	74.3	77.1	76.5	2.2	78.4	1.9	37.8	0.3
Interest expenses	0.7	0.8	0.6	(0.1)	0.8	0.2	0.4	0.1
ATM placement fee expenses	14.3	14.8	15.0	0.7	16.0	1.0	7.9	0.5
Outsourcing expenses	18.3	18.8	18.5	0.2	20.3	1.8	9.7	0.5
Maintenance fees	4.1	3.9	3.8	(0.3)	3.9	0.1	1.8	0.0
Depreciation and amortization	15.7	16.1	15.8	0.1	14.2	(1.6)	6.8	(1.3)
Ordinary profit	42.2	42.5	43.0	0.8	41.7	(1.3)	21.8	(1.0)
Extraordinary losses	0.1	21.9	22.0	21.9	0.1	(21.9)	0.0	(21.8)
Total income taxes	13.0	6.4	6.4	(6.6)	12.7	6.3	6.6	6.4
Net income	29.1	14.0	14.5	(14.6)	28.9	14.4	15.1	14.4
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No. of ATMs installed at end of term (units)	24,392	25,350	25,152	760	25,502	350	25,333	577
ATM-related fee income per transaction (yen)	132.9	133.1	132.9	0	134.0	1.1	134.3	1.3
Daily average transactions per ATM (transactions/ATM/day)	94.1	92.3	92.3	(1.8)	89.2	(3.1)	90.2	(3.5)
Total no. of transactions (million)	815	830	829	14	822	(7)	414	(5)

Note: EBITDA = Ordinary profit + Depreciation and amortization



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Questioner2: Please let me ask two questions. The first is the decrease in ATM commissions received by 7 Bank from Financial institutions in Japan. As explained by President Director, I understood this fiscal year will decline. Looking to the next fiscal year, impact of the slowdown in the opening of convenience stores at Seven-Eleven Japan will be fully effective. In this sense, domestic ATM commissions will continue to decline for some time.

Under such circumstances, are there any fundamental measures to improve domestic ATM revenues, such as raising the price range of volume discounts? This is the first question.

Treasury stock acquisition: established upper limit of ¥5.0 billion

- Judge taking the status of capital, trend in business performance, level of the company's stock price, opportunity for growth investment, improvement in capital efficiency, etc. into account

Overview of acquisition of treasury stock			FY17	FY18	FY19	Total for three years
Acquisition amount	¥5.0 billion (upper limit)	Dividend per share (yen)	10.0	11.0	11.0	
Number of shares to be acquired	13.5 million (upper limit)	Total dividends (Billion yen)	11.9	13.1	12.9	37.9
	Ratio of treasury stock to be acquired to shares outstanding*: 1.13%	Payout ratio (%)	47.0	99.0	48.6	
Acquisition period	From May 13 to July 31, 2019	Acquisition of treasury stock (Billion yen)	--	--	5.0	5.0
Acquisition method	Market purchase based on discretionary trading contract	Total return (Billion yen)	--	--	17.9	42.9
Cancellation of shares to be acquired	Scheduled cancellation date August 20,2019	Overall return ratio (%)	--	--	67.2	

* Shares outstanding do not include treasury stock.
As of March 31, 2019: 1,191,632,629 shares (treasury shares: 831,371)

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As of March 31, 2019: 1,191,632,629 shares (treasury shares: 831,371)



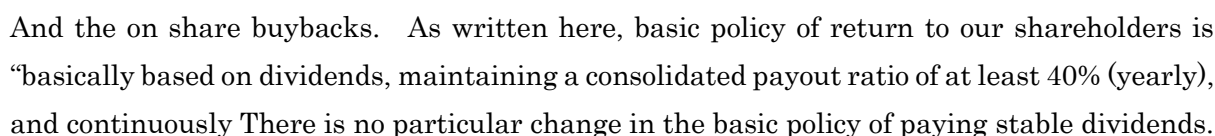
Secondly, there was announcement about the buy-back. Could you tell us about this sustainability? If own shares are bought, ownership percentage of the parent company will increase. Could you tell us how you feel about the parent company's equity in such a situation?

Funatake: First of all, we will discuss the commissions received for ATMs in Japan. As you said, "Does the number of ATMs recover rapidly from the next fiscal year?" depends on Seven Eleven Japan's ability to aggressively open new stores in the short term after structural reforms. Unfortunately, if store openings continue at the current pace, the total number of ATMs used per ATM will not grow significantly.

However, as I mentioned earlier, the average number of transactions has been declining for some time, but if the trend of charging subsides to a certain extent, the decline in the average number of transaction per unit is likely to subside slightly.

It isn't that the number of ATMs aren't growing. The number of units is increasing by about 300 to 350, and we are working hard to increase the number of units installed outside the Group. Unfortunately, if the average number of transaction remains unchanged, the total number of transaction will decline slightly. If the average number of transactions remains at

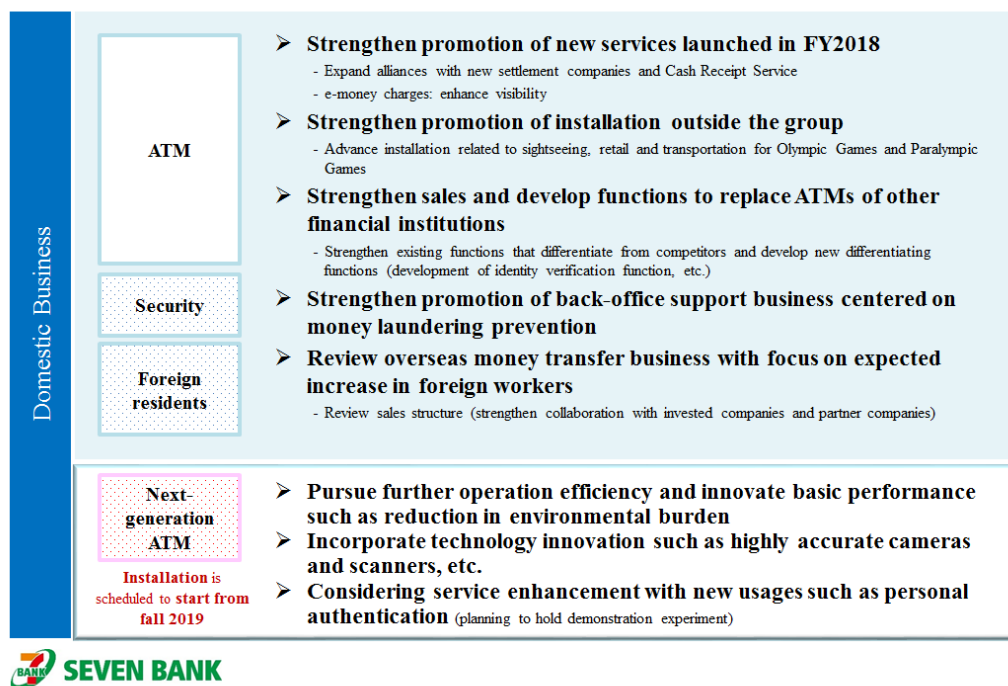
And then the question, "Are you going to do something a little earlier to increase ATM revenue?" In fact, volume discounts are already included, so this may not a very pleasant story, but, when volume falls, the effectiveness of volume discounts is weakened. Therefore, if the number of discounts decreases, the unit price will rise. Unfortunately, I think it's not a good idea to bring it out about commissions now, considering the relationship with banks.



As you mentioned, since we have a relationship with the Group, we do not intend to make the group's stock percentage up to 50%, Share buyback will have some limits in this condition. At some point, however, it may be possible that the Group may release them by themselves.

In that sense, the share buyback is to be done (dynamically) while watching the situation from time to time rather than doing something regularly.

Questions and Answers: Strengthening the Promotion of the Establishment of ATMs Outside the Group




Questioner 3: One question please. Page 14 says "Strengthening the establishment of stores outside the Group." How many locations do you think are there to install ATMs besides entrustment from other financial institutions amid the slowdown in the opening of Seven-Eleven Japan stores? Please tell us how much you think you can increase the numbers of ATM installed outside of the group when ATMs itself are becoming saturated.

Funatake: Today, the number of ATMs installed outside the Group is just under 2,000. Recently, the number of ATMs has been increasing steadily, from 150 to 200. Looking at this, it depends on the area, but in central and metropolitan areas, new buildings to be built constantly, and there are growing needs in that area.


On the other hand, if you go to local areas, you will find that there will be a limited number of non-group installations. The areas where people gather, including the central metropolitan area/Tokyo metropolitan areas and the Kansai region, are changing every day, so I think that there are locations where it is quite suitable for installing ATMs. In this sense, I believe that we can continue to do something at the current level for several years.

Questions and Answers: When will "7pay" achieve profitability?

 **SEVEN&i HLDGS.**
 (Billion yen)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	116.6	119.6	119.5	2.9	120.2	0.7	59.6	(0.8)
ATM-related fee income	105.9	108.3	107.8	1.9	107.5	(0.3)	53.4	(1.0)
Ordinary expenses	74.3	77.1	76.5	2.2	78.4	1.9	37.8	0.3
Interest expenses	0.7	0.8	0.6	(0.1)	0.8	0.2	0.4	0.1
ATM placement fee expenses	14.3	14.8	15.0	0.7	16.0	1.0	7.9	0.5
Outsourcing expenses	18.3	18.8	18.5	0.2	20.3	1.8	9.7	0.5
Maintenance fees	4.1	3.9	3.8	(0.3)	3.9	0.1	1.8	0.0
Depreciation and amortization	15.7	16.1	15.8	0.1	14.2	(1.6)	6.8	(1.3)
Ordinary profit	42.2	42.5	43.0	0.8	41.7	(1.3)	21.8	(1.0)
Extraordinary losses	0.1	21.9	22.0	21.9	0.1	(21.9)	0.0	(21.8)
Total income taxes	13.0	6.4	6.4	(6.6)	12.7	6.3	6.6	6.4
Net income	29.1	14.0	14.5	(14.6)	28.9	14.4	15.1	14.4
EBITDA	58.0	58.6	58.9	0.9	56.0	(2.9)	28.7	(2.2)
No. of ATMs installed at end of term (units)	24,392	25,350	25,152	760	25,502	350	25,333	577
ATM-related fee income per transaction (yen)	132.9	133.1	132.9	0	134.0	1.1	134.3	1.3
Daily average transactions per ATM (transactions/ATM/day)	94.1	92.3	92.3	(1.8)	89.2	(3.1)	90.2	(3.5)
Total no. of transactions (million)	815	830	829	14	822	(7)	414	(5)

Note: EBITDA = Ordinary profit + Depreciation and amortization

 **SEVEN BANK**

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Questioner 4: There are three questions. The first point is the ATM installation fee. It seems that the fee rate per unit is rising slightly, but will this be the same rate, or is this due to the Next-Generation ATM installation?

Income Statement (Consolidated)



(Billion yen)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	127.6	147.2	147.2	19.6	148.9	1.7	73.6	0.2
Ordinary expenses	89.3	107.3	106.5	17.2	109.2	2.7	53.0	0.3
Ordinary profit	38.3	39.9	40.7	2.4	39.7	(1.0)	20.6	(0.1)
Extraordinary losses	0.1	14.6	14.9	14.8	0.1	(14.8)	0.0	(14.6)
Net income attributable to owners of the parent	25.3	12.8	13.2	(12.1)	26.7	13.5	13.8	14.0

(Reference) Equity in net earnings of affiliated companies

FY18 - ¥0.2 billion

FY19 plan - ¥1.6 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 statement:
per USD 1
FY2017 = ¥112.16, FY2018 = ¥110.44, FY2019 plan = ¥110.00



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Second, the equity in losses of affiliates of "7pay." About the plan to spend ¥1.6 billion in fiscal 2019. I think it may be difficult to predict the situation amid intense competition and relations with Seven Eleven, but could you please give me an explanation such as the perspective of the next fiscal year and the timing of achieving profitability.

Income Statement (FCTI)



(Million USD)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	96.5	244.3	248.5	152.0	255.4	6.9	125.2	6.1
Ordinary expenses	120.4	258.4	257.3	136.9	253.8	(3.5)	125.5	(5.9)
Interest expenses	12.5	30.1	31.7	19.2	37.7	6.0	18.1	3.5
ATM placement fee expenses	58.0	141.9	140.1	82.1	139.9	(0.2)	69.2	1.0
Outsourcing expenses	7.8	19.5	17.8	10.0	17.6	(0.2)	8.8	(0.2)
Maintenance fees	8.4	20.3	19.6	11.2	20.8	1.2	10.3	0.5
Depreciation and amortization	9.5	16.0	15.7	6.2	7.4	(8.3)	3.5	(9.2)
Ordinary profit	(23.9)	(14.0)	(8.7)	15.2	1.6	10.3	(0.3)	12.0
Extraordinary losses	0.0	90.0	90.6	90.6	0.6	(90.0)	0.6	(89.4)
Net income	(27.4)	(104.0)	(99.5)	(72.1)	0.8	100.3	(1.0)	101.3
EBITDA	(14.3)	2.0	6.9	21.2	9.0	2.1	3.2	2.8
No. of ATMs installed at end of term (units)	11,582	13,300	12,795	1,213	11,770	(1,025)	11,761	(1,474)
At SEI (units)	5,948	8,400	8,349	2,401	8,311	(38)	8,306	403
Daily average transactions per ATM (transactions/ATM/day)	20.3	36.7	37.5	17.2	45.0	7.5	43.8	9.3
At SEI (transactions/ATM/day)	39.2	50.0	52.0	12.8	57.2	5.2	55.6	7.5
Total no. of transactions during the period (thousand)	51,812	177,400	177,628	125,816	194,000	16,372	94,000	12,085

Notes: 1. Number of ATMs installed as of March 31, 2019: 12,378 (Installed at 7-Eleven stores: 8,354 Installed at stores other than 7-Eleven stores: 4,024)
2. FCTI interest expenses: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.



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The third point is the perspective of FCTI earnings. This term has been in the black with a figure of US \$ 16 million, but as a perspective from now on, for example, it is expected that the number of average ATM transaction is 57.2, but can you take measures so the number becomes over 60? Is cost reduction possible? Please tell us something about the perspective of future earnings. Thank you.

Income Statement (Seven Bank)



(Billion yen)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
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Depreciation and amortization	15.7	16.1	15.8	0.1	14.2	(1.6)	6.8	(1.3)
Ordinary profit	42.2	42.5	43.0	0.8	41.7	(1.3)	21.8	(1.0)
Extraordinary losses	0.1	21.9	22.0	21.9	0.1	(21.9)	0.0	(21.8)
Total income taxes	13.0	6.4	6.4	(6.6)	12.7	6.3	6.6	6.4
Net income	29.1	14.0	14.5	(14.6)	28.9	14.4	15.1	14.4
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Note: EBITDA = Ordinary profit + Depreciation and amortization



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Funatake: First of all, the fee for installing ATMs. I forgot to add this so I would like to say this now. The fees for installing ATMs have increased slightly. Installing ATMs has become increasingly competitive in various parts of the world in recent years.

In this sense, installation fees are gradually rising at the market level. At the same time, there are situations within the Group. We are also a bank, and in that sense we need to pay installation fees in line with market standards, so we are reviewing ATM installation fees. That is the reason why there is slight increase.

We believe that the new banks etc. are increasingly seeking to secure incomes by expanding the number of ATMs in these markets.

Income Statement (Consolidated)



(Billion yen)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	127.6	147.2	147.2	19.6	148.9	1.7	73.6	0.2
Ordinary expenses	89.3	107.3	106.5	17.2	109.2	2.7	53.0	0.3
Ordinary profit	38.3	39.9	40.7	2.4	39.7	(1.0)	20.6	(0.1)
Extraordinary losses	0.1	14.6	14.9	14.8	0.1	(14.8)	0.0	(14.6)
Net income attributable to owners of the parent	25.3	12.8	13.2	(12.1)	26.7	13.5	13.8	14.0

(Reference) Equity in net earnings of affiliated companies

FY18 - ¥0.2 billion

FY19 plan - ¥1.6 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 statement:
 per USD 1
 FY2017 = ¥112.16, FY2018 = ¥110.44, FY2019 plan = ¥110.00



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The second subject is to return to profitability at 7pay. This is about business of "7pay", so I cannot say much. We believe that the "7pay" will become an upfront cost by first expanding points of contact with customers. In this sense, we must accept some of the upfront costs for this project.

Income Statement (FCTI)



(Million USD)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	96.5	244.3	248.5	152.0	255.4	6.9	125.2	6.1
Ordinary expenses	120.4	258.4	257.3	136.9	253.8	(3.5)	125.5	(5.9)
Interest expenses	12.5	30.1	31.7	19.2	37.7	6.0	18.1	3.5
ATM placement fee expenses	58.0	141.9	140.1	82.1	139.9	(0.2)	69.2	1.0
Outsourcing expenses	7.8	19.5	17.8	10.0	17.6	(0.2)	8.8	(0.2)
Maintenance fees	8.4	20.3	19.6	11.2	20.8	1.2	10.3	0.5
Depreciation and amortization	9.5	16.0	15.7	6.2	7.4	(8.3)	3.5	(9.2)
Ordinary profit	(23.9)	(14.0)	(8.7)	15.2	1.6	10.3	(0.3)	12.0
Extraordinary losses	0.0	90.0	90.6	90.6	0.6	(90.0)	0.6	(89.4)
Net income	(27.4)	(104.0)	(99.5)	(72.1)	0.8	100.3	(1.0)	101.3
EBITDA	(14.3)	2.0	6.9	21.2	9.0	2.1	3.2	2.8
No. of ATMs installed at end of term (units)	11,582	13,300	12,795	1,213	11,770	(1,025)	11,761	(1,474)
At SEI (units)	5,948	8,400	8,349	2,401	8,311	(38)	8,306	403
Daily average transactions per ATM (transactions/ATM/day)	20.3	36.7	37.5	17.2	45.0	7.5	43.8	9.3
At SEI (transactions/ATM/day)	39.2	50.0	52.0	12.8	57.2	5.2	55.6	7.5
Total no. of transactions during the period (thousand)	51,812	177,400	177,628	125,816	194,000	16,372	94,000	12,085

Notes: 1. Number of ATMs installed as of March 31, 2019: 12,378 (Installed at 7-Eleven stores: 8,354 Installed at stores other than 7-Eleven stores: 4,024)
2. FCTI interest expenses: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.



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For the FCTI level of earnings. I wanted to say "I'll make a profit!" "with confidence, but I'm afraid it's still in this situation.

Interest rates were raised last year, but it will effect this whole year. I think the upward pressure on interest rates will weaken slightly from the next fiscal year, as the rise in interest rates has stopped temporarily.

From the next fiscal year onward, we intend to increase profits a little more, achieving a level of US\$5 million to US\$10 million.

"At that time, what will you do?" of course, we will maintain or increase the number of ATM transactions, but I believe it will be necessary to add new revenue schemes here.

I'm having conversations with Seven-Eleven in America, and also by analyzing the behavior of ATM customers, we are starting to study in various ways whether it is possible to provide financial services suitable for ATM customers.

Particularly in the case of Seven-Eleven in America, there are many people who don't have a bank account. These people are withdrawing money from a precharge-type card, but we are

considering whether we can provide financial products and services that fit these people while watching their purchasing structure and various behaviors.

By adding such services, I would like to bring FCTI to a level of income and profit that has one or two more digits than now.