



Financial Results for Fiscal 2019

May 8, 2020
Seven Bank, Ltd.

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Financial Results for Fiscal Year Ended March 31, 2020

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Seven Bank postponed the release of its new Medium-Term Management Plan, which was originally planned for today, as it is extremely difficult to make a proper and reasonable future estimate due to the global spread of the novel coronavirus infection (COVID-19). The bank also leaves its performance forecast for the fiscal year ending March 31, 2021, as undetermined for now.

It will carefully determine the impact of the novel coronavirus infection on its business performance and announce the plan and forecast as soon as details become clear.

Financial Results Digest

Financial Results for Fiscal Year Ended March 31, 2020

Consolidated

Ordinary income: **¥148.5 billion**
(up ¥1.3 billion year-on-year)

Equity in losses of affiliated companies: ¥4.7 billion

Ordinary profit: **¥39.8 billion**
(down ¥0.9 billion year-on-year)

Net income
attributable to owners of the parent: **¥26.1 billion**
(up ¥12.9 billion year-on-year)

Non-consolidated

Ordinary income: **¥120.2 billion**
(up ¥0.7 billion year-on-year)

Ordinary profit: **¥45.0 billion**
(up ¥2.0 billion year-on-year)

Loss on valuation of stocks of subsidiaries and affiliates: ¥5.0 billion

Net income: **¥27.6 billion**
(up ¥13.1 billion year-on-year)

Losses on equity method affiliates

Seven Pay Co., Ltd., TORANOTEC Ltd., TORANOTEC Asset Management Ltd.

Dividend

- Dividends for fiscal 2019: annual dividend of ¥11.00 per share (interim: ¥5.50; year-end: ¥5.50)
- Dividends for fiscal 2020: undetermined (Nevertheless, the existing return policy will be maintained.)

Income Statement (Consolidated)

(Billion yen)

	FY18	FY19		
		Plan		Changes from FY18
Ordinary income	147.2	148.9	148.5	1.3
Ordinary expenses	106.5	109.2	108.7	2.2
Ordinary profit	40.7	39.7	39.8	(0.9)
Extraordinary losses	14.9	0.1	0.1	(14.8)
Net income attributable to owners of the parent	13.2	26.7	26.1	12.9

(Reference) Equity in net earnings of affiliated companies:

FY18
-0.2 billion yen

FY19 Plan
-1.6 billion yen

FY19 Result
-4.7 billion yen

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:
FY2018 \$1=¥110.44, FY2019 \$1=¥109.03

Income Statement (Seven Bank)

(Billion yen)

	FY18	FY19		
		Plan		Changes from FY18
Ordinary income	119.5	120.2	120.2	0.7
ATM-related fee income	107.8	107.5	108.7	0.9
Ordinary expenses	76.5	78.4	75.2	(1.3)
Interest expenses	0.6	0.8	0.6	0.0
ATM placement fee expenses	15.0	16.0	15.7	0.7
Outsourcing expenses	18.5	20.3	18.9	0.4
Maintenance fees	3.8	3.9	3.7	(0.1)
Depreciation and amortization	15.8	14.2	13.6	(2.2)
Ordinary profit	43.0	41.7	45.0	2.0
Extraordinary losses	22.0	0.1	5.1	(16.9)
Total income taxes	6.4	12.7	12.2	5.8
Net income	14.5	28.9	27.6	13.1
EBITDA	58.9	56.0	58.6	(0.3)

No. of ATMs installed at end of term (units)	25,152	25,502	25,215	63
ATM-related fee income per transaction (yen)	132.9	134.0	130.9	(2.0)
Daily average transactions per ATM (transactions/ATM/day)	92.3	89.2	92.1	(0.2)
Total no. of transactions (million)	829	822	849	20

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

Income Statement (FCTI)

(Million USD)

	FY18			
		Plan	FY19	Changes from FY18
Ordinary income	248.5	255.4	254.0	5.5
Ordinary expenses	257.3	253.8	247.7	(9.6)
Interest expenses	31.7	37.7	35.2	3.5
ATM placement fee expenses	140.1	139.9	139.7	(0.4)
Outsourcing expenses	17.8	17.6	17.4	(0.4)
Maintenance fees	19.6	20.8	17.4	(2.2)
Depreciation and amortization	15.7	7.4	6.7	(9.0)
Ordinary profit	(8.7)	1.6	6.3	15.0
Extraordinary losses	90.6	0.6	(0.5)	(91.1)
Net income	(99.5)	0.8	6.6	106.1
EBITDA	6.9	9.0	13.1	6.2

No. of ATMs installed at end of term (units)	12,795	11,770	10,886	(1,909)
At SEI (units)	8,349	8,311	8,465	116
Daily average transactions per ATM (transactions/ATM/day)	37.5	45.0	43.1	5.6
At SEI (transactions/ATM/day)	52.0	57.2	55.4	3.4
Total no. of transactions during the period (thousand)	177,628	194,000	191,646	14,018

Notes: 1. Number of ATMs installed as of March 31, 2020: 10,759 (Installed at 7-Eleven stores: 8,480 Installed at locations other than 7-Eleven stores: 2,279)
 2. FCTI interest expenses: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.

Income Statement (Consolidated Subsidiaries)

Japan

BBF

(Million yen)



	FY18	FY19		
		Plan	FY19	Changes from FY18
Ordinary income	1,189	1,410	1,573	384
Ordinary expenses	1,052	1,260	1,414	362
Ordinary profit	137	150	158	21
Net income	108	97	111	3

- Number of non-group companies from which BBF received contracts for back-office support: 23 (as of the end of March 2020)

Overseas

ATMi (Indonesia)

(Million yen)



	FY18	FY19		
		Plan	FY19	Changes from FY18
Ordinary income	96	143	142	46
Ordinary expenses	131	142	118	(13)
Ordinary profit	(34)	1	23	57
Net income	(175)	1	29	204

- No. of ATMs installed: 200 (as of the end of December 2019)

7PS

(Million yen)

SEVEN PAYMENT SERVICE

A wholly owned subsidiary of Seven Bank, Ltd.

	FY18	FY19		
		Plan	FY19	Changes from FY18
Ordinary income	45	127	115	70
Ordinary expenses	182	328	233	51
Ordinary profit	(137)	(200)	(117)	20
Net income	(137)	(200)	(117)	20

- Number of companies with which 7PS has contracts: 276 (as of the end of March 2020)

Subsidiaries established in FY19

- Established in April 2019 (Philippines)
Pito AxM Platform, Inc.
- Established in June 2019
Seven Global Remit, Ltd.
- Established in July 2019
ACSion, Ltd.
- Established in January 2020
Credd Finance, Ltd.



Financial Position (Seven Bank) / Shareholder Returns

Balance Sheet as of March 31, 2020: Seven Bank

(Billion yen)

Cash and due from banks 842.6 (for ATMs, etc.)	Deposits 686.6 (Individual deposits: 458.6)
	Bonds 105.0
	ATM-related temporary advances: 45.0
	Other: 24.8
Securities 80.8	Total net assets 229.8
ATM-related temporary payments: 81.8	
Other: 86.0	

Total assets: 1,091.2 Liabilities + Net assets: 1,091.2

Non-consolidated capital ratio

(Domestic standard): 55.64% (Preliminary data)

Credit rating (long-term) S&P: A+
R&I: AA

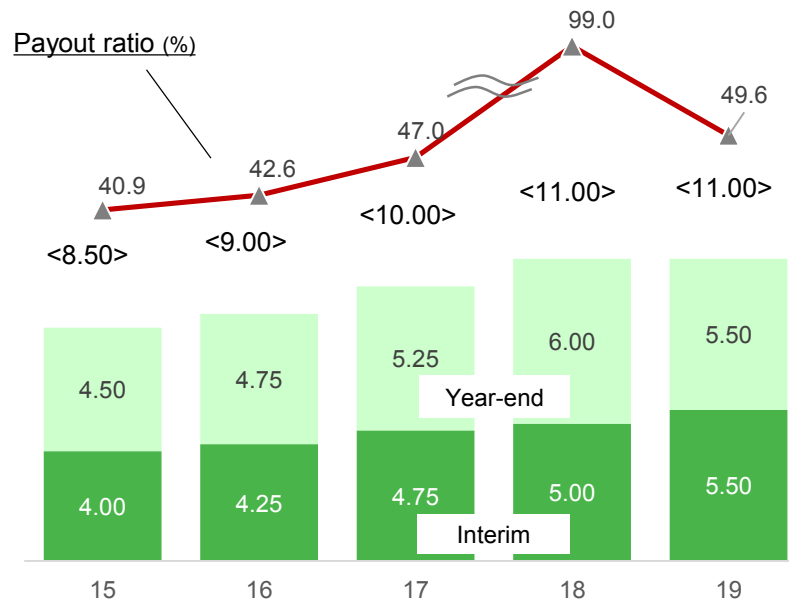
Shareholder Return Policy

- The basis of shareholder returns is dividend payment twice a year.
- **Stable, continuous** dividend payment targeting a minimum consolidated annual payout ratio of 40%

Dividend

- FY19: ¥11.00 annual dividends (Total dividends: 12,970 million yen)
- FY20: undetermined for now

Dividends and payout ratio



Medium-Term Management Plan

(FY2017-FY2019)

Achieve Growth in Our Main Business as We Diversify Our Operations

Accumulate income and profits

➤ **Changes in business environment accelerated, and the targets were not met**

Consolidated	Accumulation during the medium-term management plan period		Achievement rate
	Plan	Result	
Ordinary income	+¥40.0 billion	+¥26.9 billion	67%
Ordinary profit	+¥8.0 billion	+¥3.1 billion	38%

Build Foundation for a Long-Term Growth

➤ **Steadily implementing measures**

(1) Ways of using ATMs to meet changes in environment

▶ **Smartphone transactions, recharging transactions (QR, e-money)**
Significantly contributed to the growth in the number of transactions from the third quarter on.

(2) Offering of new values with the fourth generation ATMs

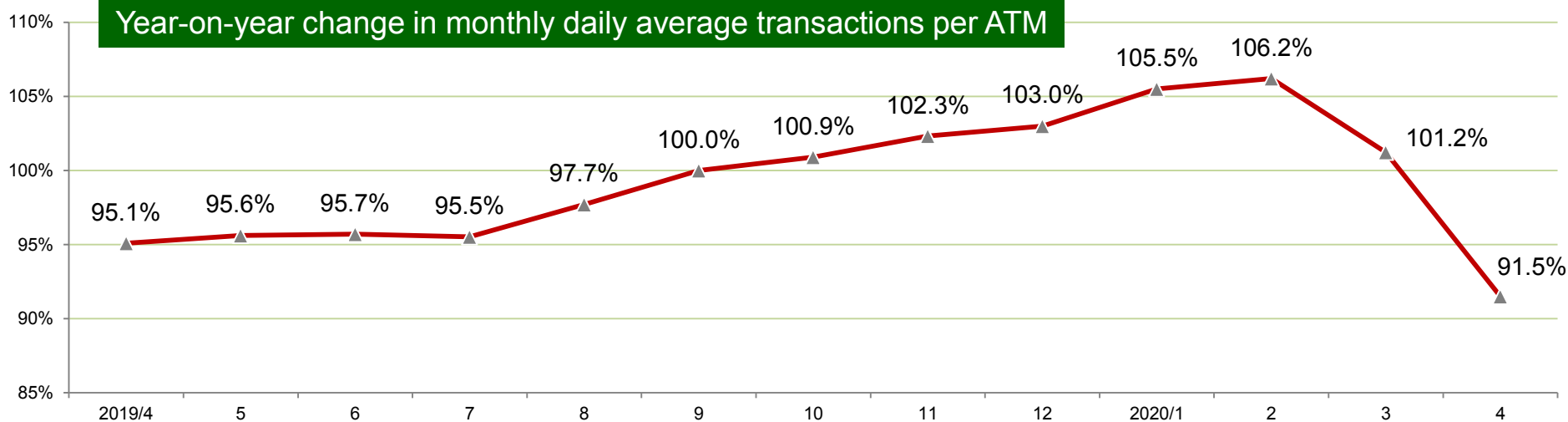
▶ **Development of the fourth generation ATM**
Began installation in September 2019, 1,150 units as of the end of the fiscal year

(3) Progress of new businesses by subsidiaries and affiliates

▶ **Promote establishment of subsidiaries and investment in companies**
Develop and expand new business domains

Impact of Spread of Novel Coronavirus Infection

- Since the declaration of the state of emergency, the number of ATM transactions in cities, primarily during night time and on holidays, declined..
Areas where the state of emergency was declared: 7 prefectures (April 7) -> nationwide (April 16) The affected areas expanded.
- There were delays in parts procurement for manufacturing of the fourth generation ATMs, and part of the replacement plan has been delayed.
- Existing operations (ATM system, and security transport and guard, etc.) have been stable.



ATM installation	Number of ATMs installed*1	Change	
7-Eleven stores	22,165	Slightly decreased	Unchanged in residential areas and decreased in business establishments and resorts.
Food supermarkets of 7&i Group	590	Increased	The number of customers increased primarily for household goods and food stuff.
Stations	515	Decreased	Telecommuters increased while public transport users significantly decreased

Daily average transactions per ATM installed at 7-Eleven stores in the U.S., YoY change			
January 2020	February	March *2	April *2
105.2%	102.2%	82.8%	81.5%

*1 As of Mar. 31, 2020
*2 Preliminary data

Previous Medium-Term Management Plan (FY2017-FY2019)

Achieve Growth in Our Main Business as We Diversify Our Operations

No major change in the basic policy

- Build Foundation for a Long-Term Growth
Move from the “sowing” stage on to “nurture” stage

- In response to the novel coronavirus infection, follow through the mission as a **social infrastructure**
- Steadily drive forward **the diversification of businesses and services** that realizes medium- to long-term growth, and implement **the structural reforms** to embody and accelerate the growth.

Future Approaches (Business Strategies)

Response to changes and thorough implementation of the basics


Evolution of existing business

New business domain

[Domestic business]	Individual	Develop familiar and unique financial products	
	Foreign residents	Provide financial service infrastruc such as remittance	 
	BPO	Strengthen back-office support business as common infrastructure	
	Security	Create business by leveraging “safety and security” knowhow	
	Corporate	Offer infrastructure such as settlement agent service	 
[Overseas business]	Expand ATM business and consider new businesses		

Cultivate the world of “ATM+”


- Realize service that goes beyond cash



できたらいいなを、プラスしていく。

Further strengthen the ATM platform business

- A network of more than 25,000 ATMs nationwide
- Stable operation around the clock for 365 days a year



Leverage firm financial foundation

- Respond flexibly and swiftly to opportunities for investment for growth
- Improve productivity, develop human resources, work style innovation, etc.
Promote structural reform

Stable shareholder return

- With dividend payment twice a year as the basis of shareholder returns, ensure stable and continuous dividend payment, with a payout ratio of 40% or more set as the minimum goal.

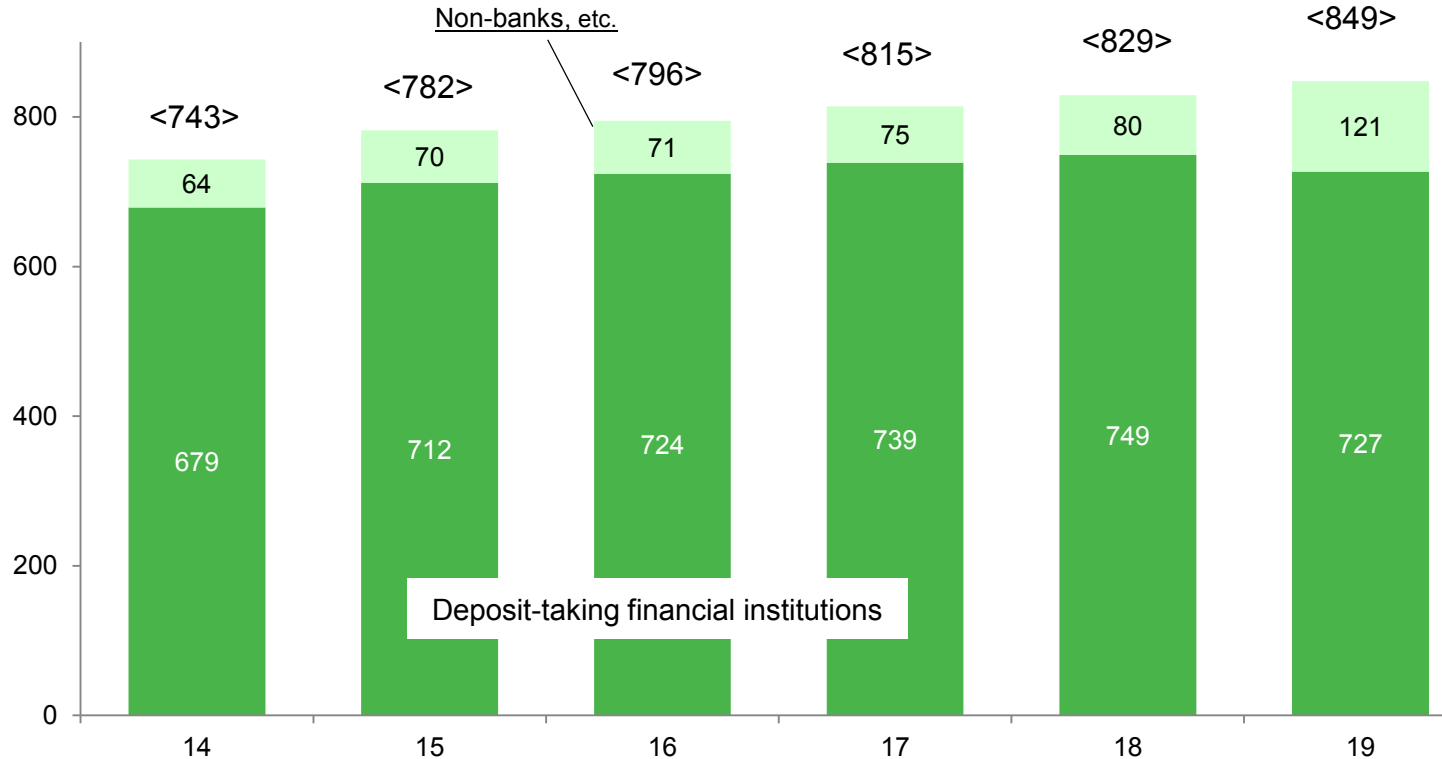
Appendix

Reference Materials

Fiscal year ended March 31, 2020

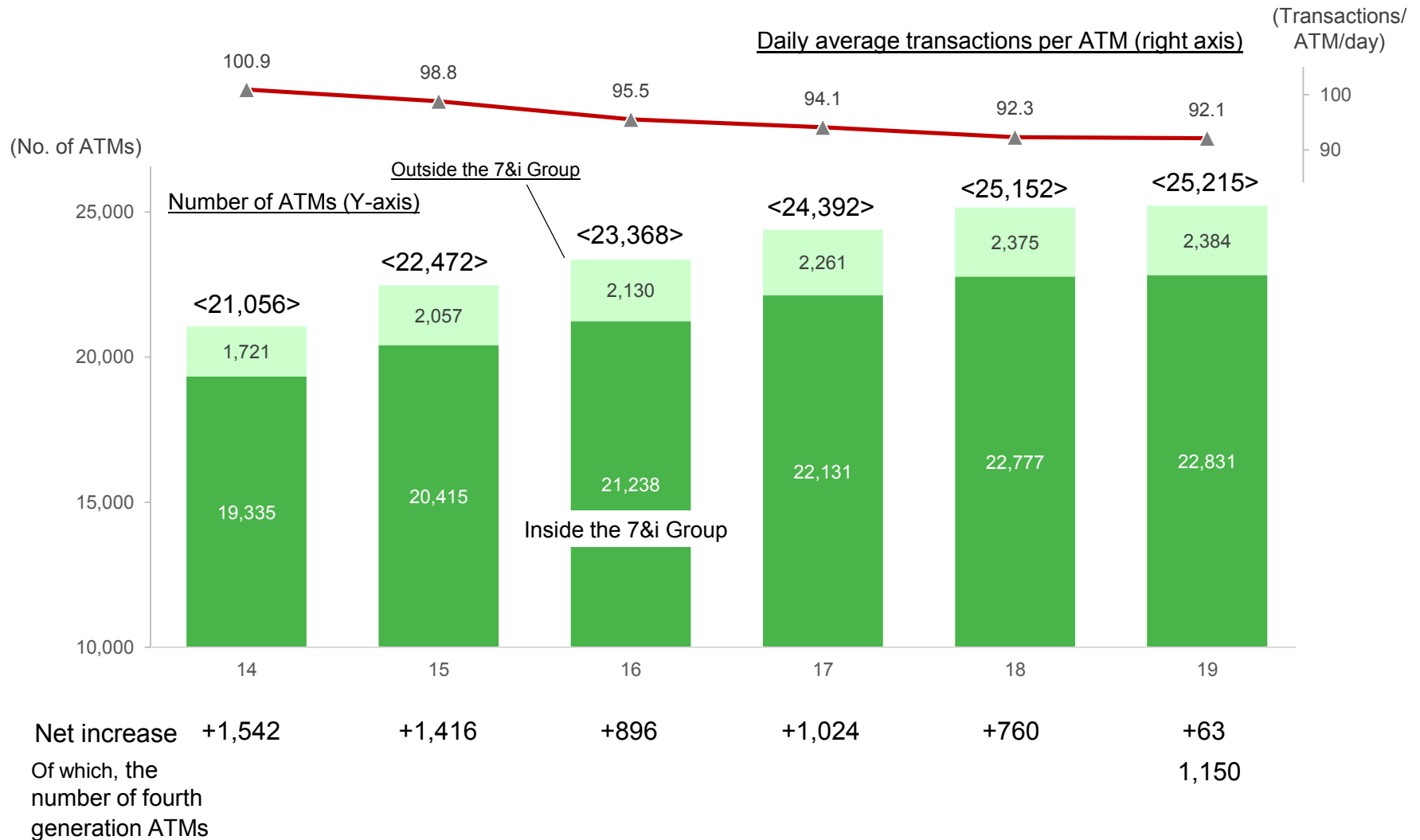
ATM Usage

(Million transactions)



- Notes: 1. Daily average transactions per ATM do not include balance inquiries, e-money charges, PIN changes and withdrawal limit changes.
 2. $\text{ATM-related fee income per transaction} = \frac{\text{ATM-related fee income}}{(\text{Total no. of transactions} - \text{Total no. of transactions without ATM-related fee income [i.e. sales proceeds deposits]})}$
 3. In this report, securities, life insurance, credit card, consumer credit and consumer financing companies are all referred to as "non-banks, etc."
 4. ATM-related fee income per transaction for FY19: ¥130.9

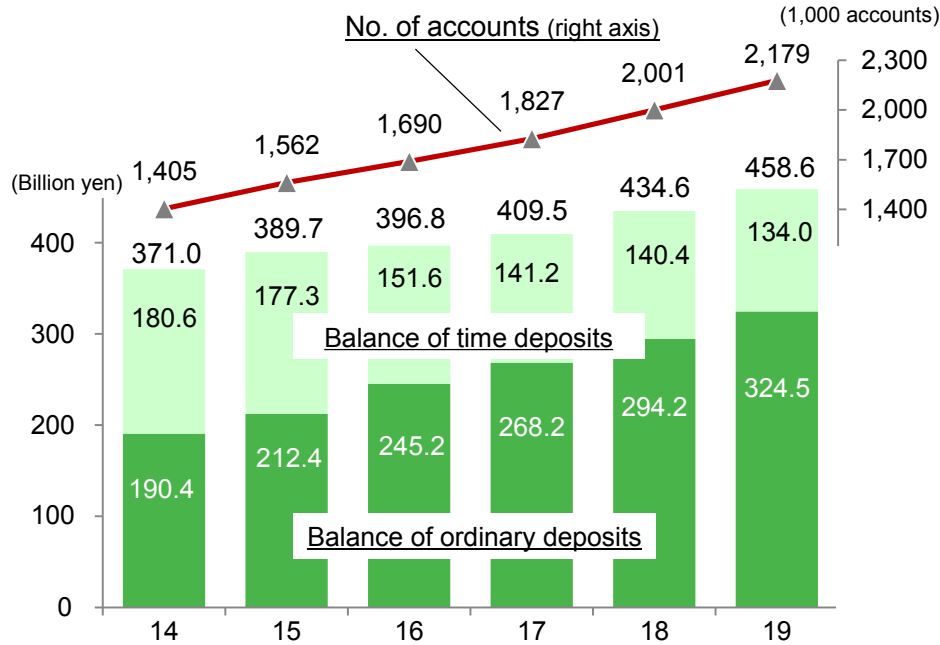
Number of ATMs and Daily Average Transactions per ATM



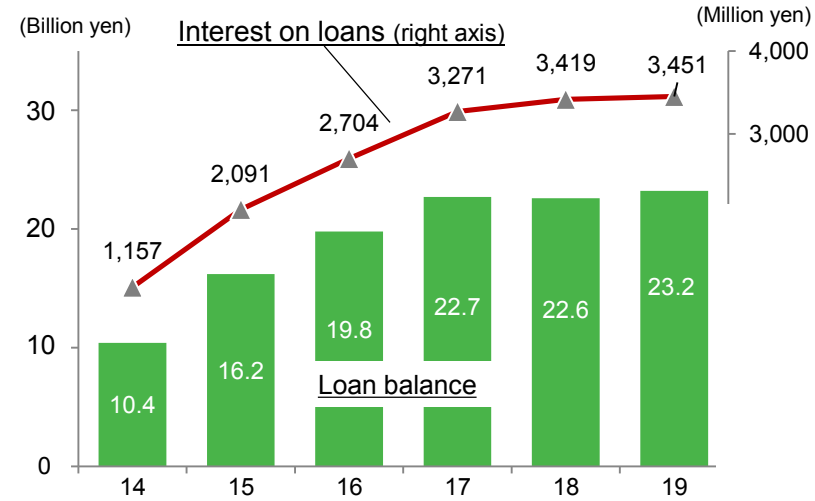
Note: Daily average transactions per ATM do not include balance inquiries, e-money charges, PIN changes and withdrawal limit changes.

Settlement and Account Business

Number of individual accounts and balance of deposits



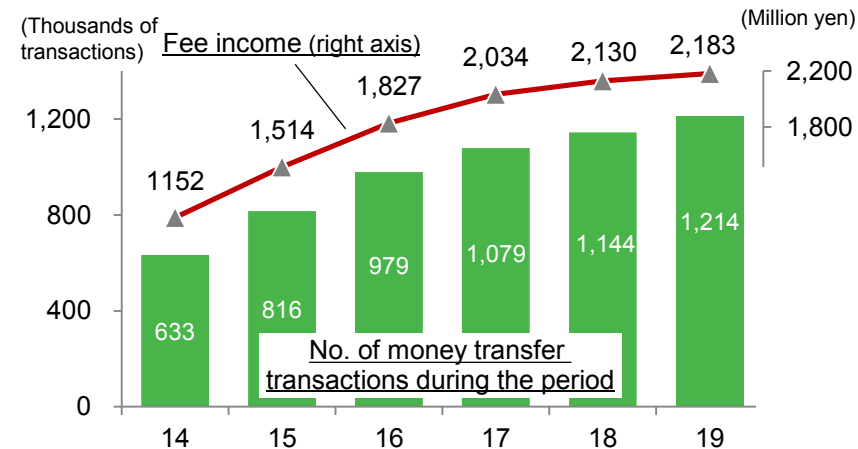
Personal loan services



Debit services

	FY18	FY19
Accounts (Thousands of accounts)	484	602
Number of transactions (Thousands of transactions)	10,473	13,962

International money transfer services





SEVEN BANK

These presentation materials contain forward looking statements regarding Seven Bank, Ltd. (“Seven Bank”) and its consolidated subsidiaries, etc. Except for concrete historical facts, these forward looking statements are based on the information available when they were written. As such, these forward-looking statements may contain some premises (assumptions). These statements and premises (assumptions) are subjective and subject to various risks and uncertainties. As a result of such risks and uncertainties, the actual financial results of Seven Bank may differ substantially from these forecasts and expectations. Such risks and uncertainties include, without limitation, system malfunctions, disasters, crimes and other various risks entailed in the ATM Platform Business, Settlement and Account Business, and Overseas Business. Any information in these materials, which is other than that of Seven Bank and its consolidated subsidiaries, etc. is based on publicly available information, and we have not validated the accuracy or appropriateness of such information and do not guarantee its accuracy. All rights reserved.