

Financial Results

for the Second Quarter of Fiscal 2021

Today's Agenda



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

02 Progress in Medium-Term Management Plan

03 Appendix



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%)	—

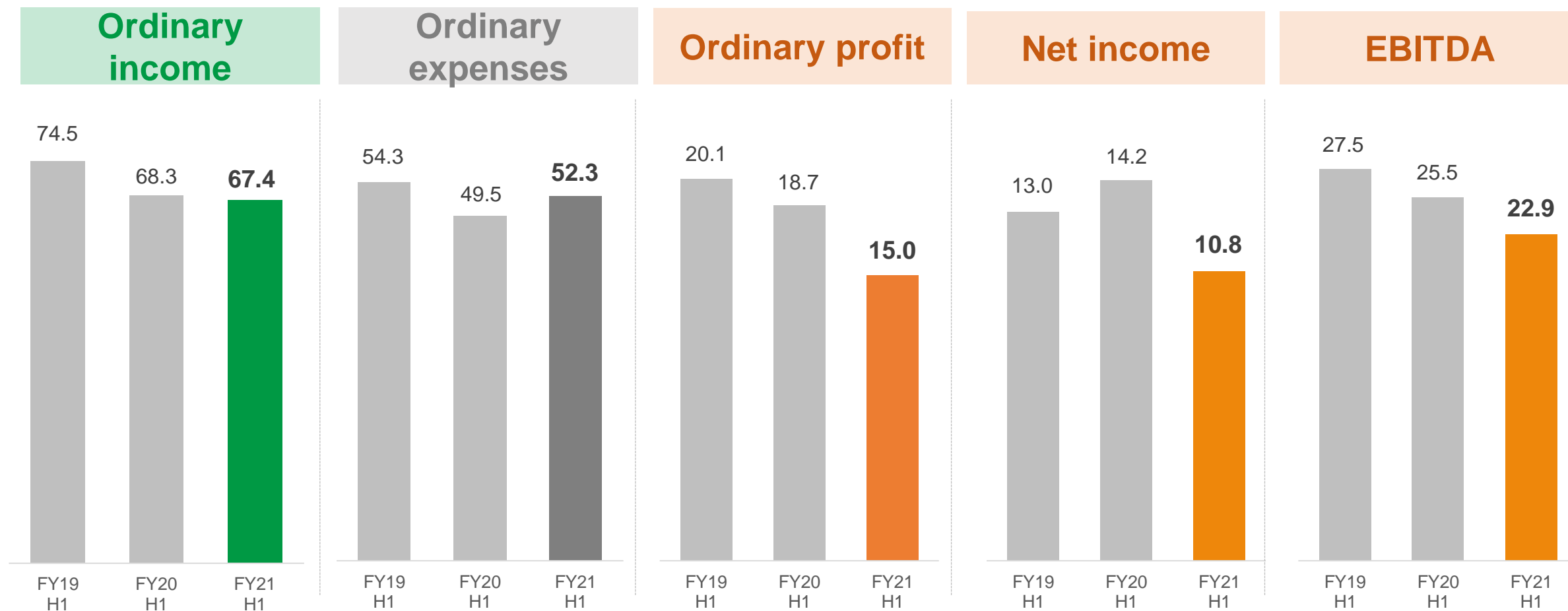
Notes:

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.

Trend of Second Quarter Performance [Consolidated]

- [Ordinary income] Slight decline from the same period a year earlier. Down 9.5% compared with two years ago, before the coronavirus.
- [Ordinary profit] Down 19.7% from the same period a year earlier. Down 25.3% compared with two years ago.

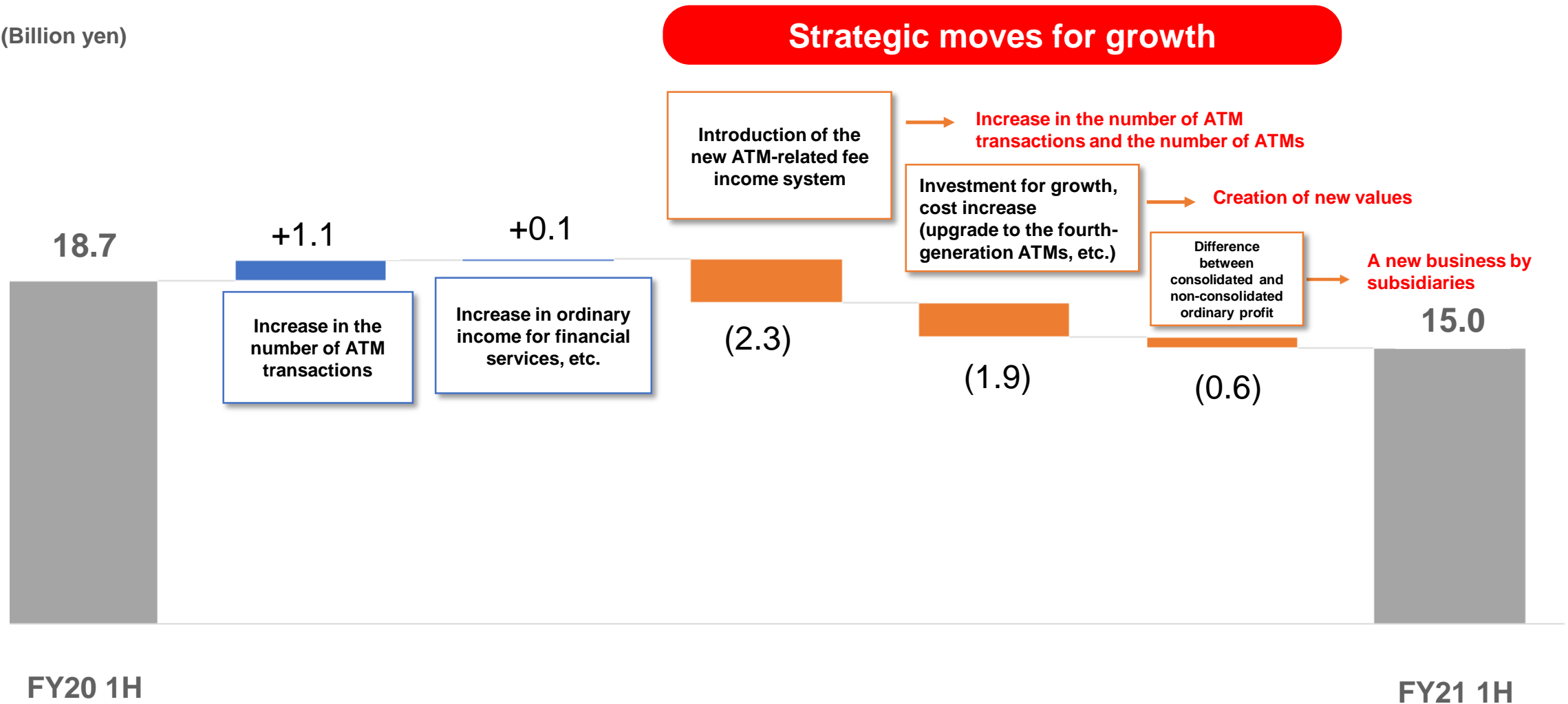
(Billion yen)



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.

(Billion yen)



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%

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

Financial Position [Consolidated]

Balance Sheet (as of September 30, 2021)

(Billion yen)

Cash and due from banks (for ATMs, etc.)	934.4	Deposits	772.3
		(Individual deposits: 536.9)	
		Bonds	105.0
		ATM-related temporary advances:	47.3
		Other	28.2
Securities	72.9		
ATM-related temporary payments:	84.6		
Other	100.8		
		Total net assets	239.9

Assets: 1,192.7

Liabilities + Net assets: 1,192.7

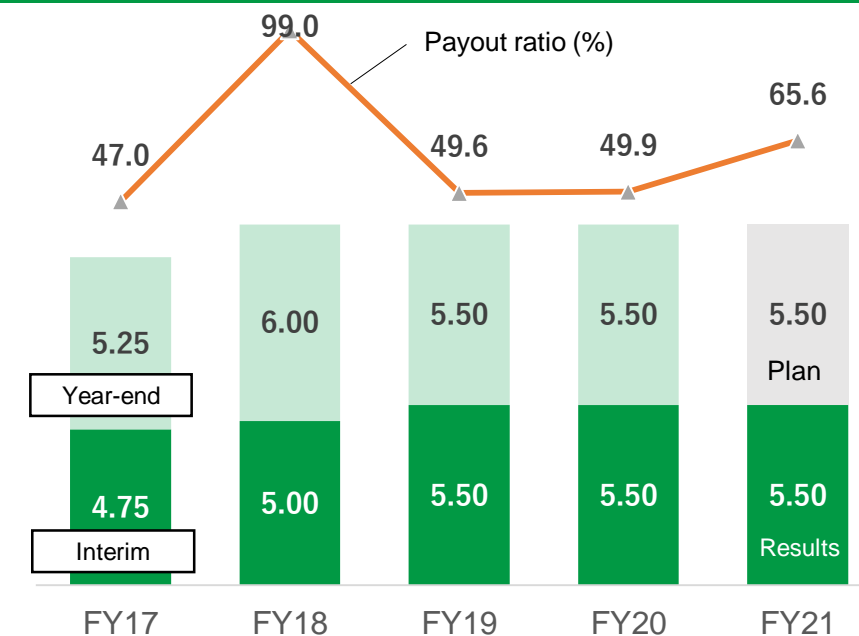
Other financial information

■ Consolidated net assets to total assets ratio
49.30% (preliminary)

■ Credit ratings (long term)

S&P: A / R&I: AA-

Dividends



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.)



02

Progress in Medium-Term Management Plan

Overview of Medium-Term Management Plan (FY2021-FY2025)

[Repost of the Medium-Term Management Plan materials]

We give concrete shape to the second phase of growth with focus on “growth strategy,” “contributions to solving social issues,” and “corporate transformation.”

Growth Strategy

Evolve from cash platform to ATM+

Expand growth fields that come after ATMs by leveraging our strengths
(business diversification)

Domestic
business

Core

ATM Platform Business

Growth

Retail strategy

Corporate strategy

Overseas
business

Overseas strategy

Contribution to solving social issues

Review basic policy and structure of sustainability promotion

Further develop initiatives for the five materialities

Cooperation with the group and external contractors for solving
environmental issues

Corporate transformation

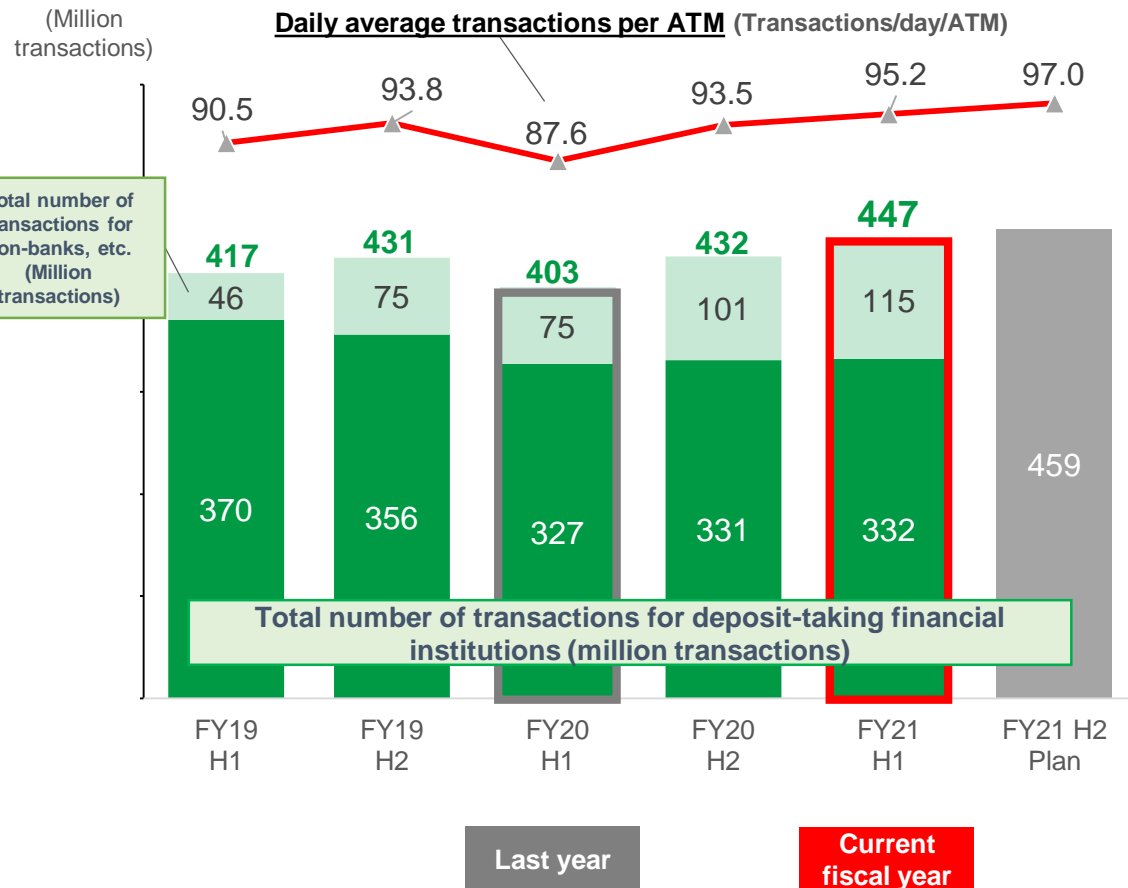
Reform into an organization where independent human resources can
take an active part

Innovation of business model and process with focus on data utilization
and efficiency improvement

Growth strategy(ATM Platform Strategy 1 Key Figures)

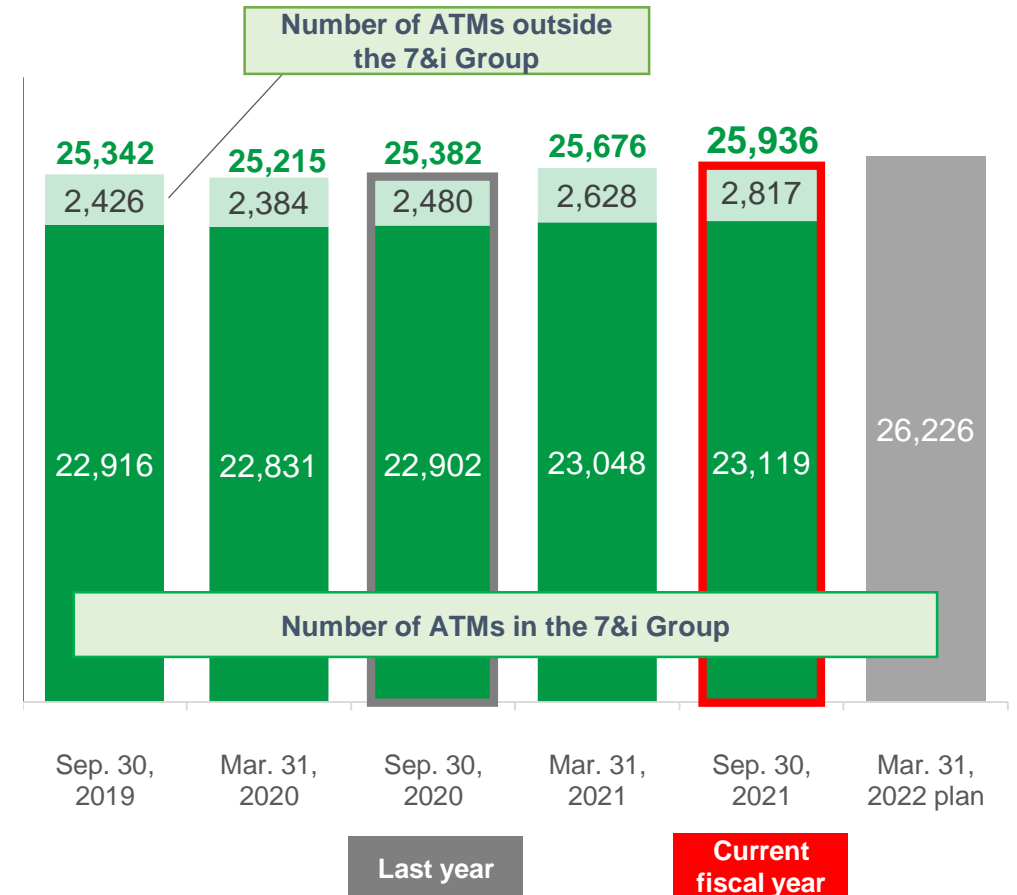
ATM Usage

- Average number of transactions: **+8%**;
Total number of transactions: **+10%**



Number of ATMs

- **+554** (7&i Group: up 217; outside the group: **+337**)



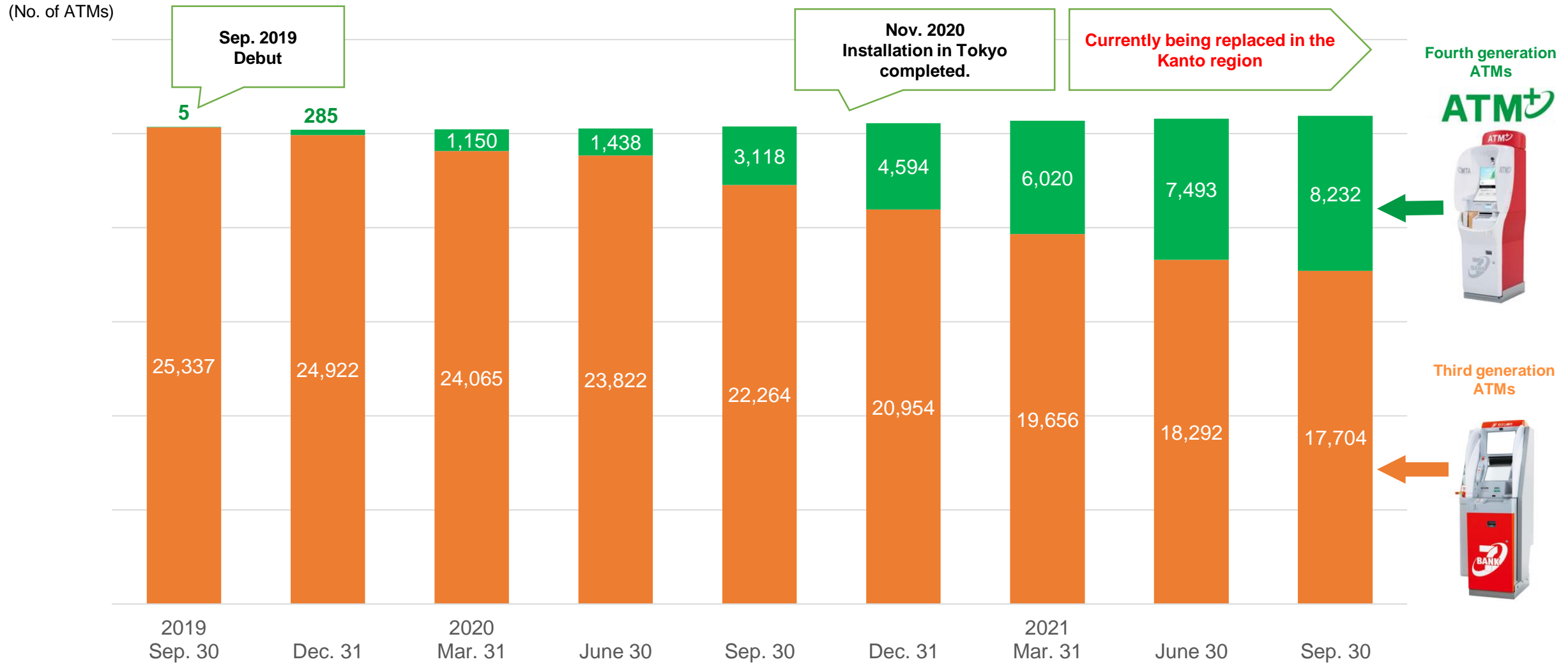
Notes: 1. The total number of ATM transactions and daily average transactions per ATM do not include balance inquiries, e-money charges, PIN changes, withdrawal limit changes, or other operations.

2. In this report, securities, life insurance, credit card, consumer credit, consumer financing companies, and code payment companies are all referred to as "non-banks, etc."

3. ATM-related fee income per transaction for FY21 1H: $\text{¥109.8} \times \text{ATM-related fee income per transaction} = \text{ATM-related fee income} / (\text{Total of transactions} - \text{Total of transactions without ATM-related fee income [i.e. sales proceeds deposits]})$

Growth strategy(ATM Platform Strategy 2)


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




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



Main screen of fourth generation ATM



Start here




Install online personal authentication service “proost”


(offered by consolidated subsidiary ACSiON)

Flow of the procedure


① 手続き開始




② ATMで本人確認



③ QRコード読み取り



④ WEBで手続き



[Expansion plan]

Opening a bank account

Service member registration

Prior check-in at hotels

and more

Note: QR Code is a registered trademark of Denso Wave Incorporated.

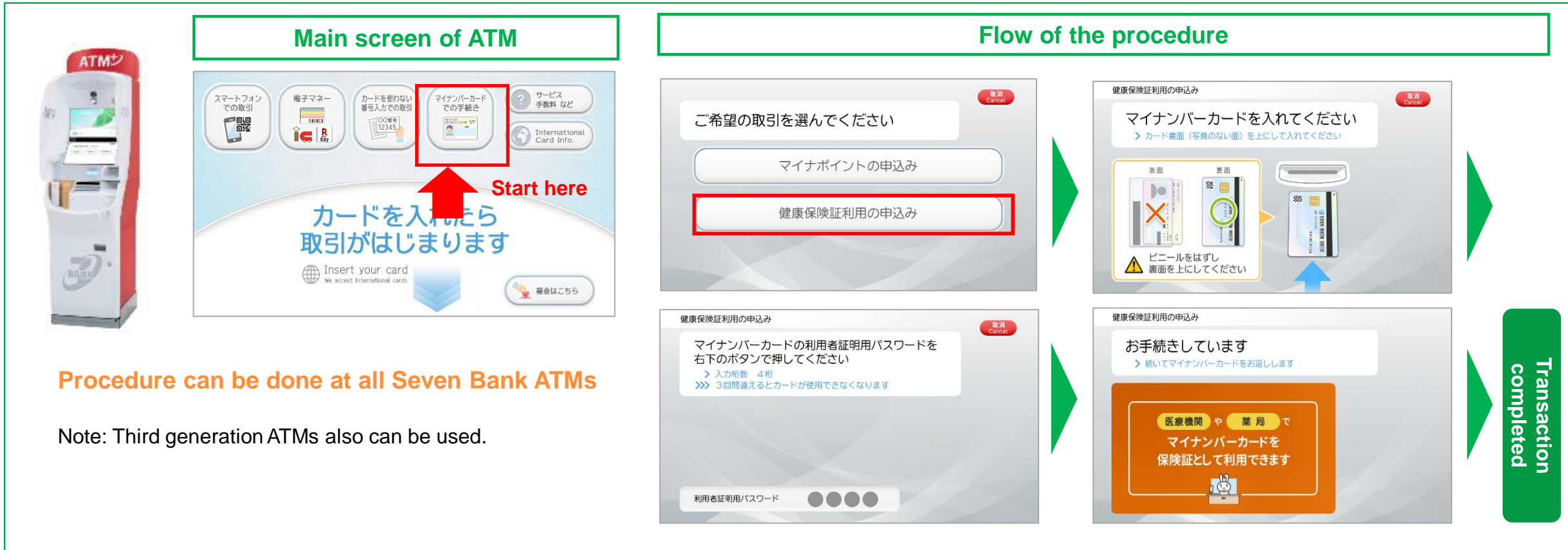
Every day a better way

Expand safe and secure service scope of ATMs

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

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

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



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

Overview of Medium-Term Management Plan (FY2021-FY2025)

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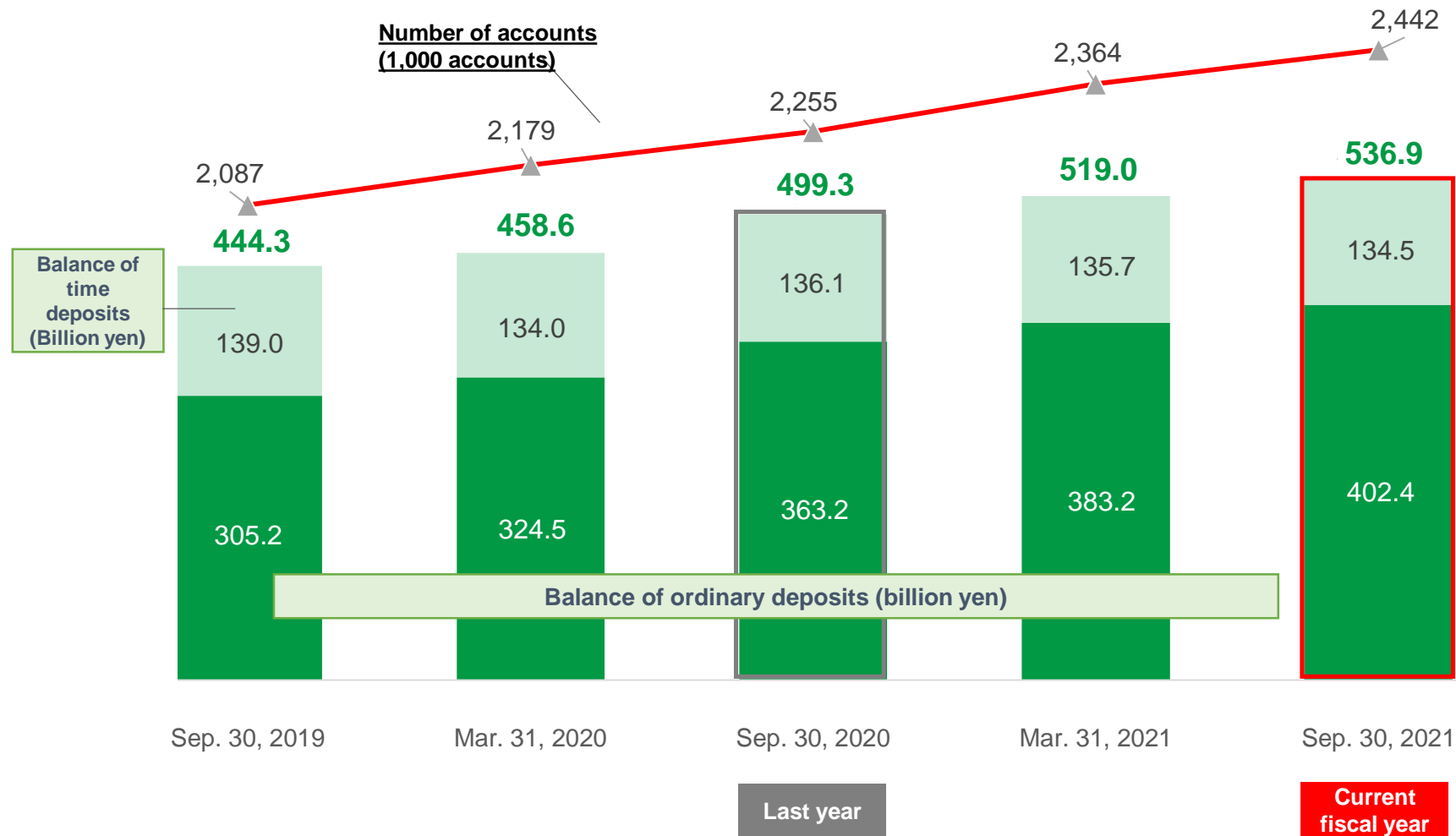
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Growth strategy(Retail Strategy 1 Key Deposit Figures)

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

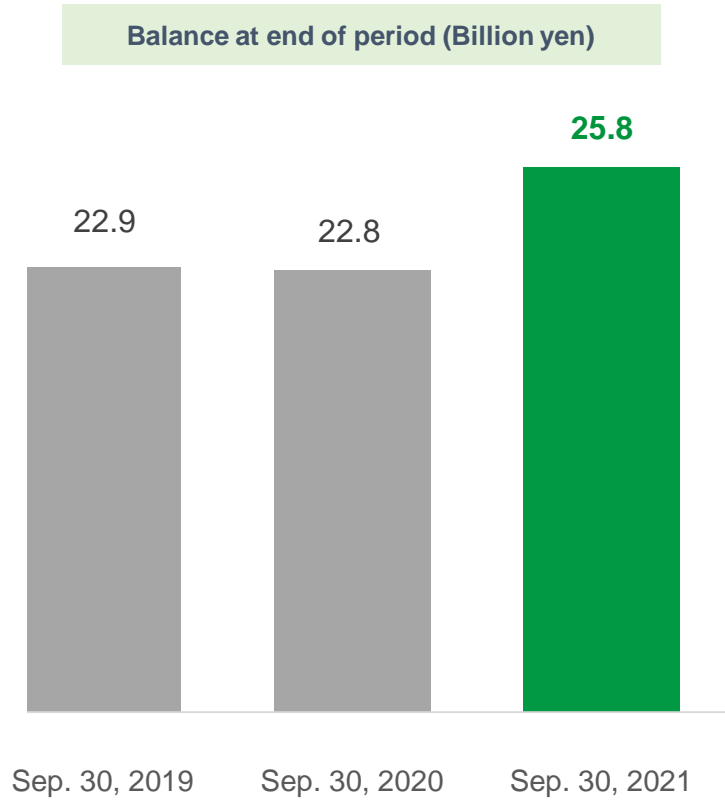


Growth strategy(Retail Strategy 2 Key Financial Service Figures)

Personal loan services

■ Improved product attractiveness significantly: **+13%**

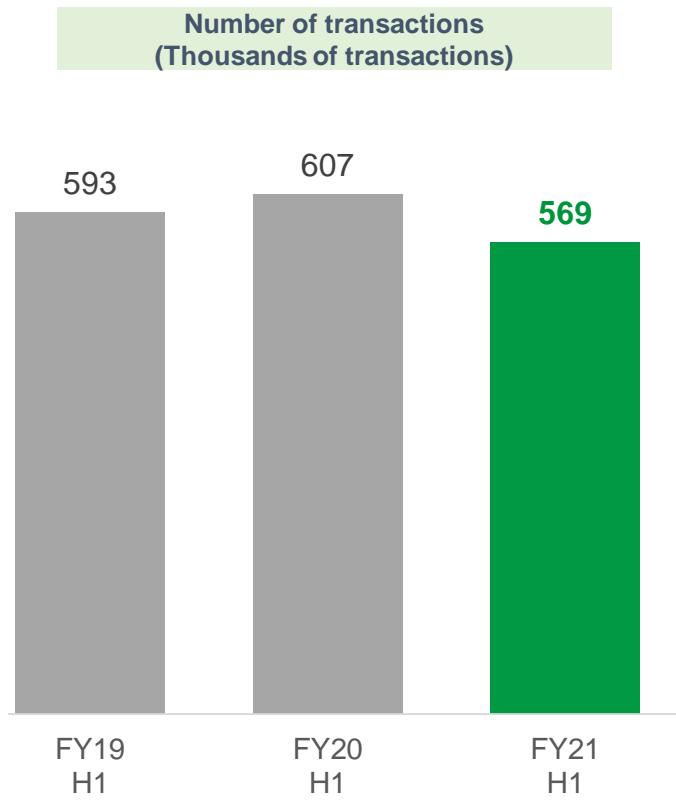
Note: Including services offered by Credd Finance



International money transfer services

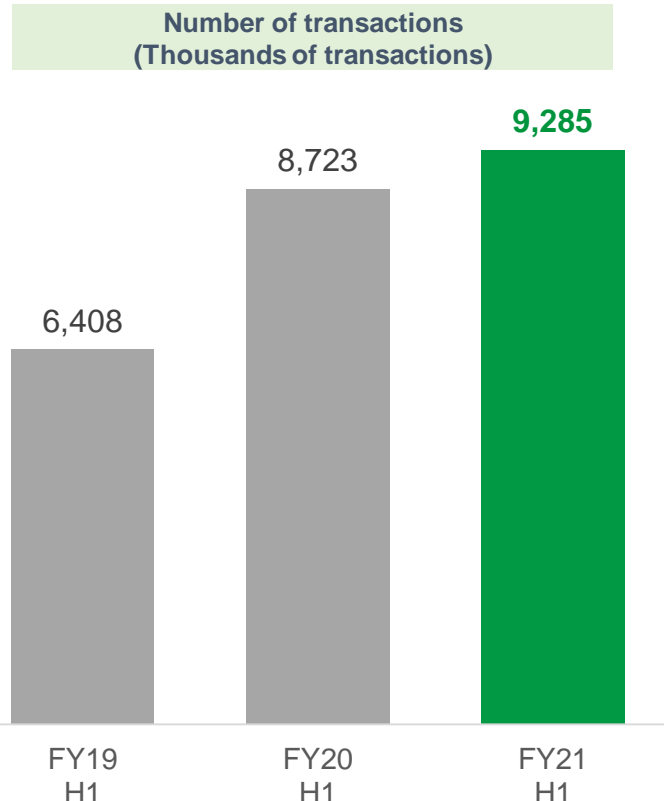
■ Number of users declined due to restrictions on entering the country: **- 6%**

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



Debit services

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

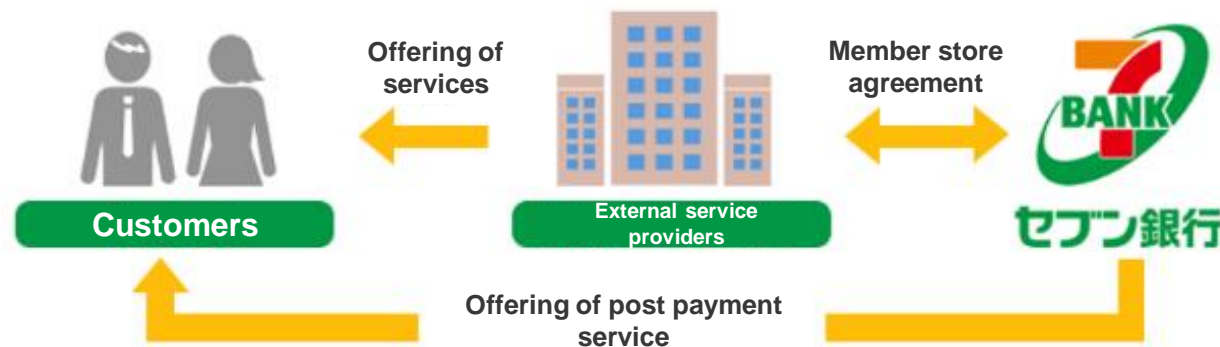


Growth strategy(Retail Strategy 3)

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]



In the first round, we are offering the service to “Vandle Card” issued by Kanmu.



セブン銀行



い'ポち'と



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

Expand multi-layered business targeting foreign residents

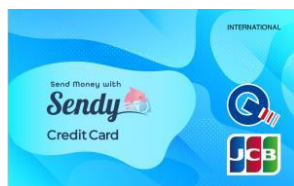
Support living expenses in Japan



Dedicated credit card

Sendy Credit Card

From August 2020



Loan by purpose

Sendy Personal Loan

From October 2020



Support money transfer to home

Seven Bank International Money Transfer Service



Easy money transfer using app without a bank account

International money transfer services



From March 2021



セブン銀行ATMでいつでも現金チャージ

スマホで現金をデジタル化



アカウント残高からいつでも海外送金

簡単操作多言語対応



ベトナムにいる受取人の銀行口座へ入金

リアルタイムレート
※事前にアプリから受取人を登録する必要があります

<Responding to multiple languages>

ATM (12 languages)



Contact Center (10 languages)



Partly

Every day a better way

Making everyday life of foreign residents more comfortable.

Overview of Medium-Term Management Plan (FY2021-FY2025)

[Repost of the Medium-Term Management Plan materials]

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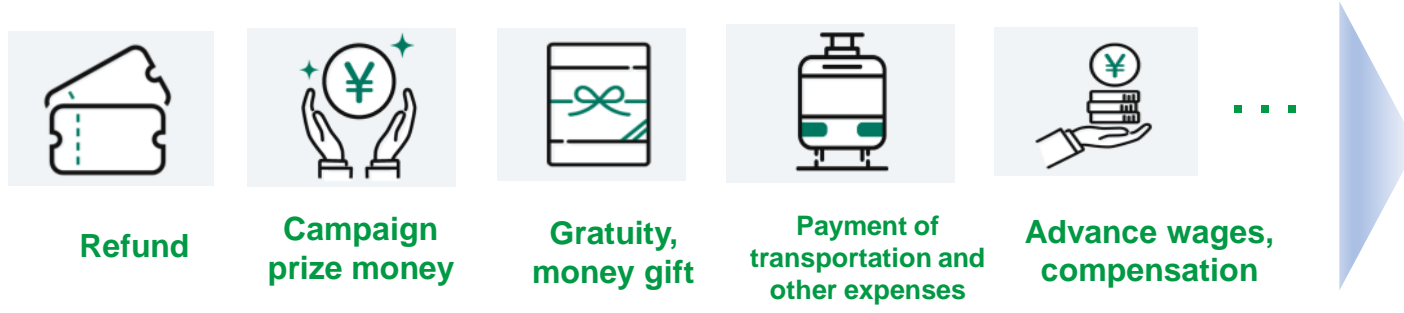
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B to B: ATM cash receipt service

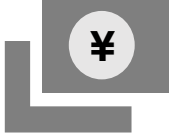
セブン・ペイメントサービス

- 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

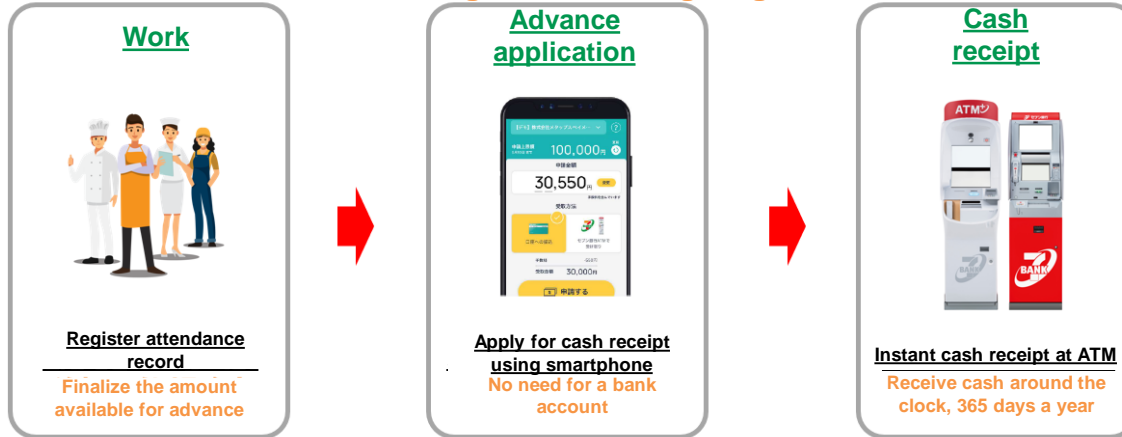
ATM受取



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

Offer infrastructure to enable workers themselves to design the process of working and receiving wages

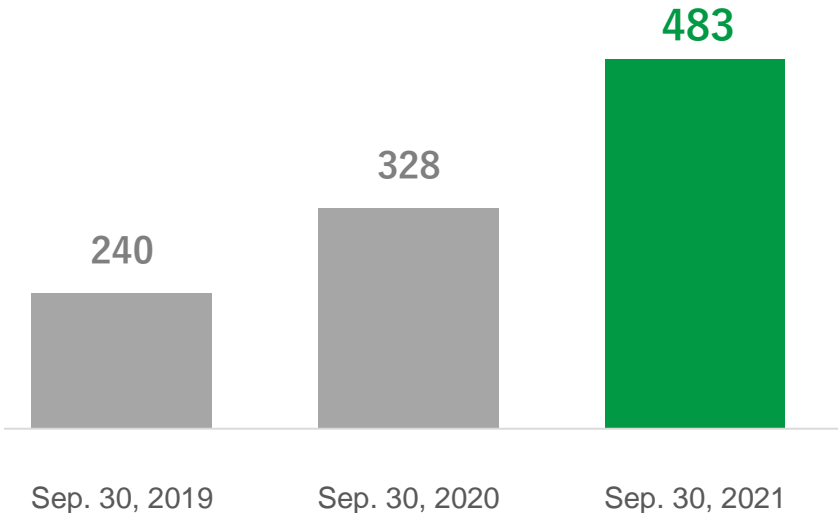
An example of advance wages



Every day a better way

“Easy money transfer and anytime receipt” in various scenes.

Changes in the number of client companies



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

Recent news releases

April 2021

Offer online account opening service to Sony Bank

- Integrated offering of contract-based back-office support for online account opening and office work processing system -

April 2021

offer anti-money laundering measures to 7 regional banks in Kyushu and Okinawa

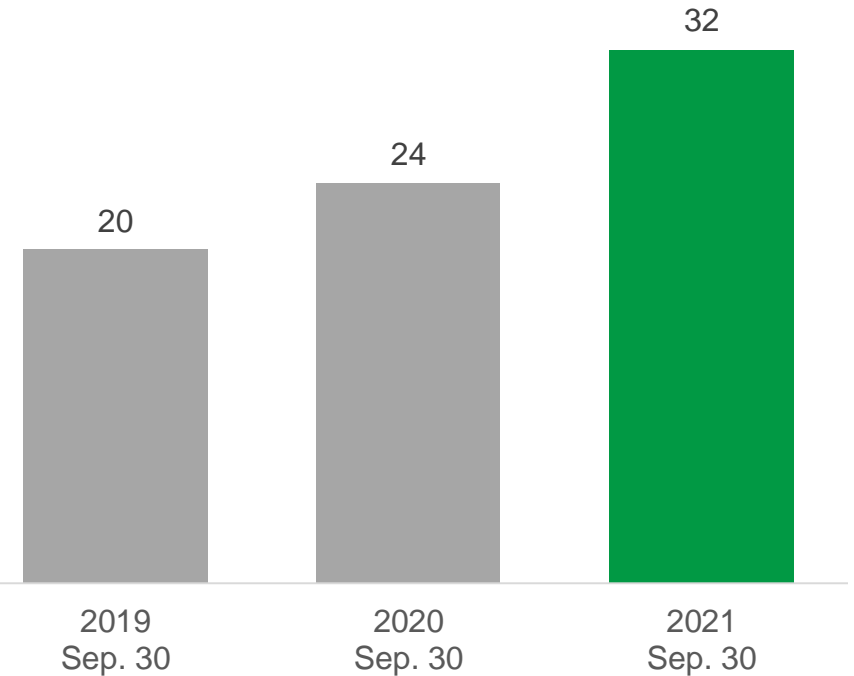
August 2020

Seven Bank subsidiary Bank Business Factory receives contract from SBI Sumishin Net Bank

for office work of online account opening service for corporate customers

- Enabling opening of a corporate account as early as the next day by utilizing eKYC function -

Changes in the number of client companies



Every day a better way

We support streamlining and improving customer convenience at financial institutions

Overview of Medium-Term Management Plan (FY2021-FY2025)

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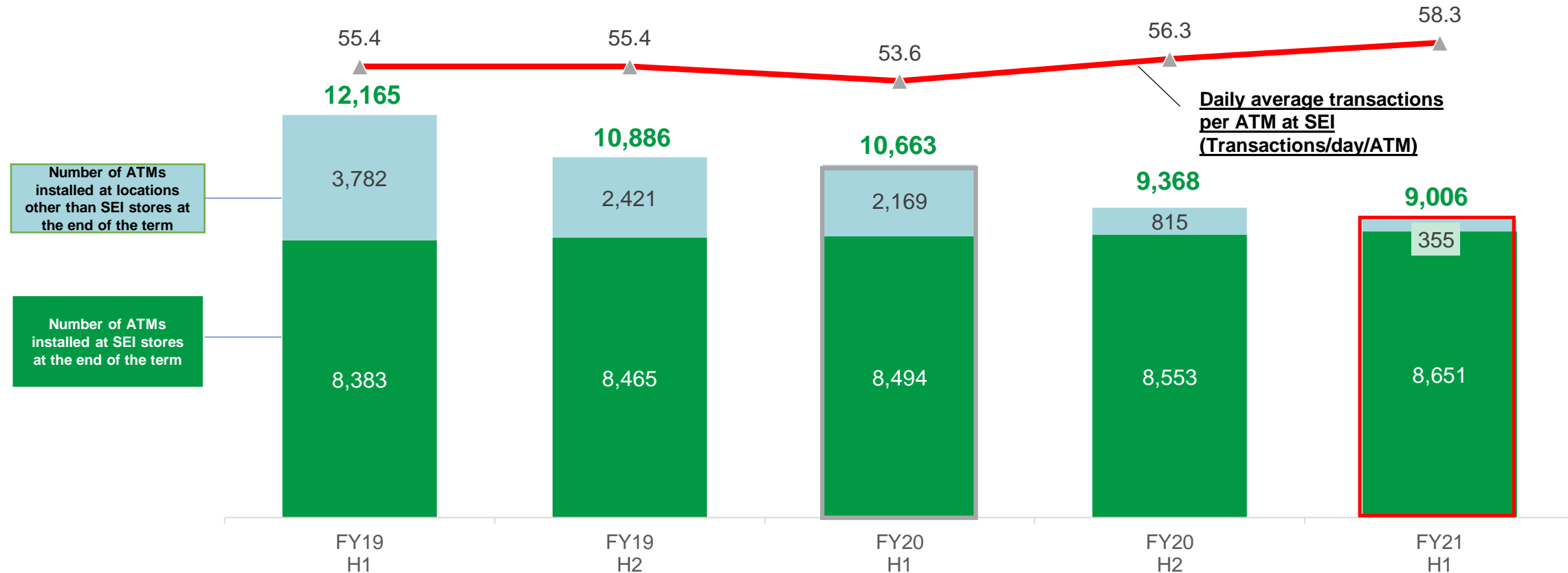
Innovation of business model and process with focus on data utilization
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Growth strategy(Overseas Strategy 1 U.S.)

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.



Notes:

1. Total number of transactions for U.S. ATMs includes balance inquiries.
2. 1H = Jan. to June, 2H = July to Dec.

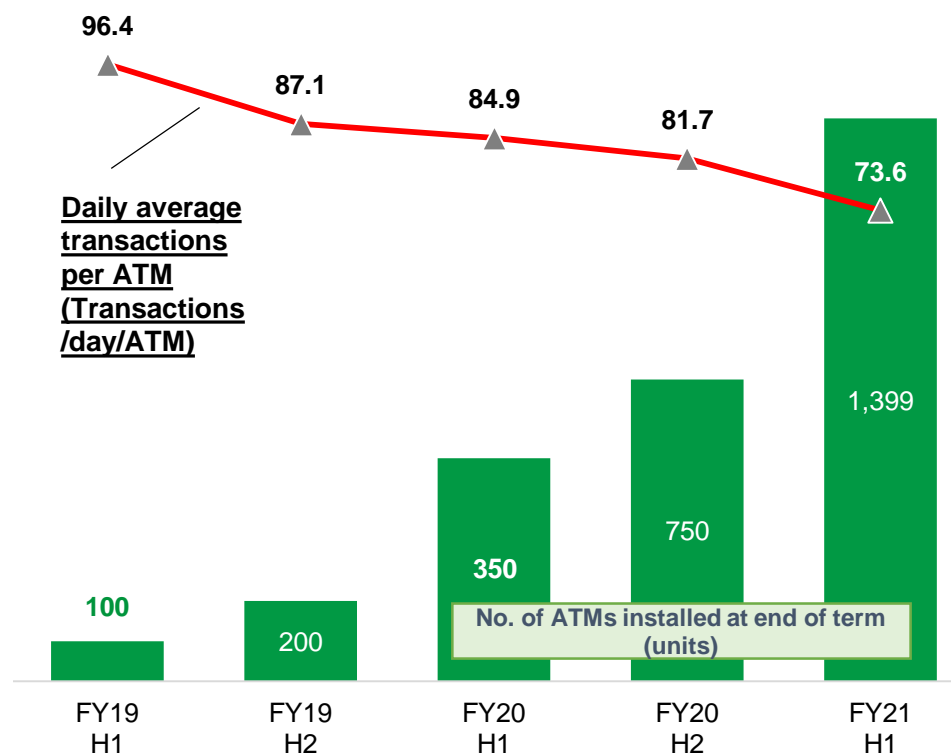
The number of ATMs as of the end of September 2021 was 9,041 (preliminary)

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



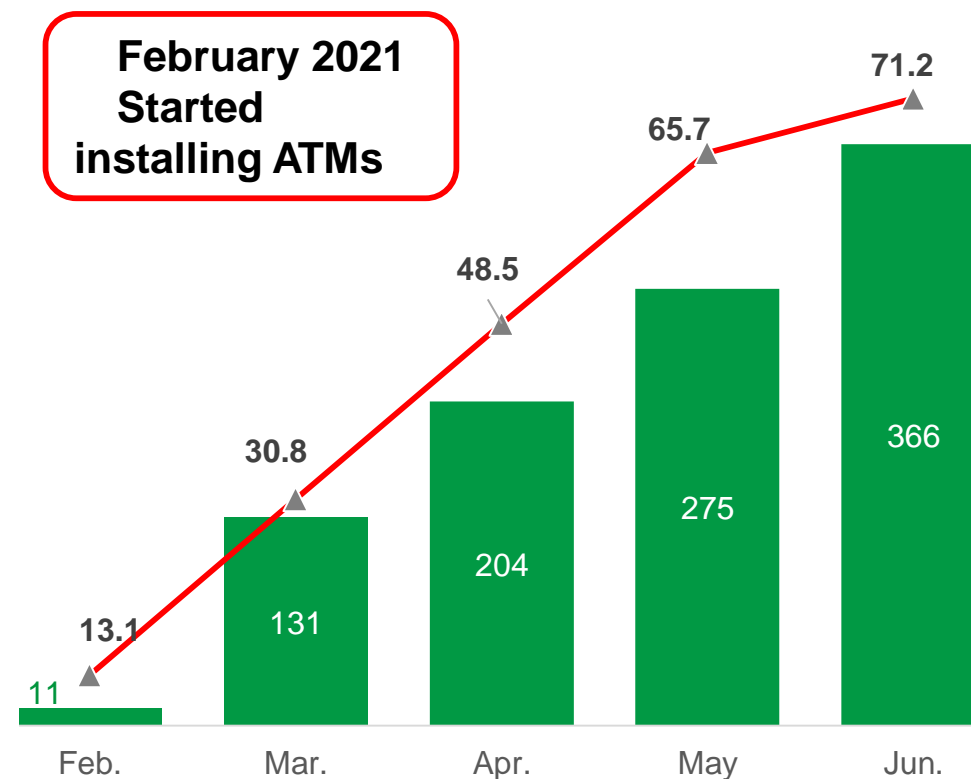
The number of ATMs as of the end of September 2021 was 1,763 (preliminary)

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

Philippines



- Both ATM installation and number of transactions expanded smoothly.



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

Overview of Medium-Term Management Plan (FY2021-FY2025)

[Repost of the Medium-Term Management Plan materials]

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Contribution to solving social issues

Seven Bank's sustainability initiatives to enter a new stage

Promotion of five materialities

1. Offering of safe and secure settlement infrastructure



2. Creation of lifestyle through new financial services



3. Creation of a society where everyone can be active



4. Reduction of environmental burden

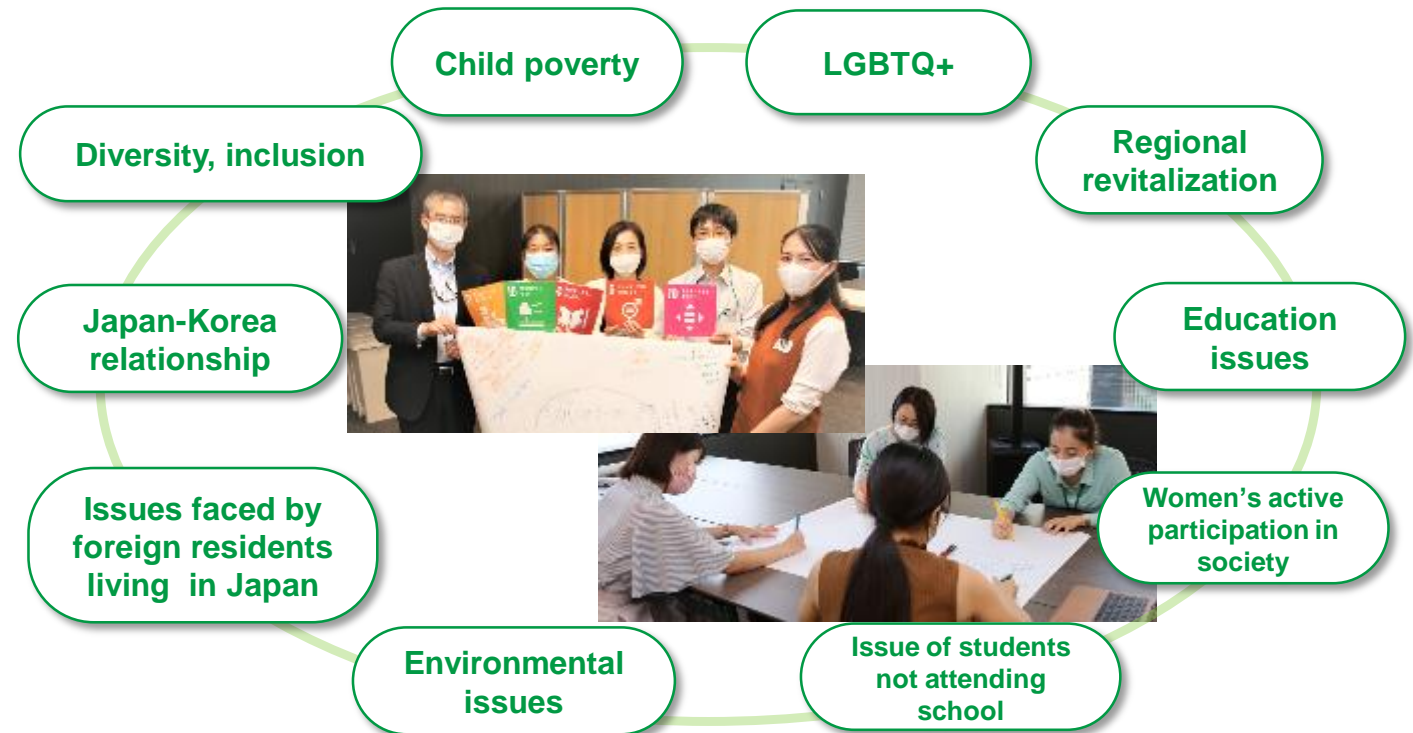


5. Realization of multicultural symbiosis



Started social contribution activities proposed by employees on their own accord

Held workshops on 10 themes for college students studying sustainability. Solve social issues by leveraging learning





03

APPENDIX

Statement of Income <Consolidated>

(Billion yen)

	FY20		FY21				
	Results		H1 results			Plan	
	Full year	H1		Changes from FY20	Difference with plan	Full-year	H1
Ordinary income	137.2	68.3	67.4	(0.9)	0.8	137.6	66.6
Ordinary expenses	101.6	49.5	52.3	2.8	(1.6)	109.2	53.9
Ordinary profit	35.6	18.7	15.0	(3.7)	2.3	28.3	12.7
Net income attributable to owners of the parent	25.9	14.2	10.8	(3.4)	1.9	19.7	8.9

Statement of Income <Seven Bank>

(Billion yen)

	FY20		FY21				
	Results					Plan	
	Full-year	H1	H1 results	Changes from FY20	Difference with plan	Full-year	H1
Ordinary income	111.6	55.1	54.6	(0.5)	0.4	110.9	54.2
ATM-related fee income	99.3	49.0	48.2	(0.8)	0.1	98.1	48.1
Ordinary expenses	77.0	37.3	39.9	2.6	(1.8)	83.6	41.7
Interest expenses	0.5	0.2	0.2	0	0	0.5	0.2
ATM placement fee expenses	15.9	7.8	8.2	0.4	0.2	16.1	8.0
Outsourcing expenses	20.9	10.1	10.6	0.5	(0.5)	22.3	11.1
Maintenance fees	3.8	1.9	1.9	0	(0.1)	3.9	2.0
Depreciation and amortization	13.0	6.2	7.2	1.0	(0.4)	15.7	7.6
Ordinary profit	34.5	17.8	14.7	(3.1)	2.2	27.3	12.5
Extraordinary income and losses	(0.7)	0	(0.1)	(0.1)	(0.1)	0	0
Total income taxes	18.0	5.4	4.4	(1.0)	0.6	8.3	3.8
Net income	15.8	12.3	10.0	(2.3)	1.4	18.9	8.6
EBITDA	47.6	24.1	21.9	(2.2)	1.8	43.1	20.1
No. of ATMs installed at end of term (units)	25,676	25,382	25,936	554	(14)	26,226	25,950
ATM-related fee income per transaction (yen)	121.4	124.4	109.8	(14.6)	(1.1)	110.9	110.9
Daily average transactions per ATM (transactions/ATM/day)	90.5	87.6	95.2	7.6	1.3	95.5	93.9
Total number of transactions (million)	836	403	447	44	5	902	442

Statement of Income <FCTI>


(Million USD)

	FY20		FY21				
	Results		H1 results (Jan.-June)			Plan	
	Full-year	H1		Changes from FY20	Difference with plan	Full-year	H1
Ordinary income	227.0	117.0	106.8	(10.2)	5.2	210.3	101.6
Ordinary expenses	204.1	103.4	92.9	(10.5)	1.4	188.4	91.5
Interest expenses	17.1	10.2	7.6	(2.6)	1.4	12.3	6.2
ATM placement fee expenses	115.8	58.2	55.0	(3.2)	1.6	109.6	53.4
Outsourcing expenses	15.5	8.1	7.0	(1.1)	0.6	12.8	6.4
Maintenance fees	16.0	8.1	6.1	(2.0)	0.7	11.7	5.4
Depreciation and amortization	6.7	3.3	3.1	(0.2)	(0.3)	6.9	3.4
Ordinary profit	22.8	13.5	13.9	0.4	3.8	21.8	10.1
Extraordinary income and losses	2.1	0.0	(0.1)	(0.1)	(0.1)	0	0
Net income	24.6	13.4	13.5	0.1	3.5	21.7	10.0
EBITDA	29.6	16.8	17.0	0.2	3.4	28.9	13.6
No. of ATMs installed at end of term (units)	9,368	10,663	9,006	(1,657)	390	8,664	8,616
At SEI (units)	8,553	8,494	8,651	157	35	8,664	8,616
Daily average transactions per ATM (transactions/ATM/day)	48.8	45.1	54.1	9.0	(0.7)	56.1	54.8
At SEI (transactions/ATM/day)	56.3	53.6	58.3	4.7	4.3	56.9	54.0
Total number of transactions (million)	183.1	88.2	91.8	3.6	5.2	179.0	86.6

Statement of Income <Other Subsidiaries>

(Million yen)



 セブン銀行の100%子会社 バンク・ビジネスファクトリー	FY20		FY21				
	Results		H1 results			Plan	
	Full-year	H1				Full-year	H1
Ordinary income	2,025	861	938	77	(13)	2,130	951
Ordinary expenses	1,804	877	1,016	139	71	1,920	945
Ordinary profit	221	(15)	(78)	(63)	(84)	210	6
Net income	144	(15)	(53)	(38)	(57)	147	4



株式会社 セブン・ペイメントサービス セブン銀行100%子会社	FY20		FY21				
	Results		H1 results			Plan	
	Full-year	H1				Full-year	H1
Ordinary income	369	177	207	30	(23)	521	230
Ordinary expenses	347	191	157	(34)	(81)	518	238
Ordinary profit	22	(14)	49	63	56	3	(7)
Net income	16	(14)	41	55	48	2	(7)

Statement of Income <Other Subsidiaries>

(Million yen)



	FY20		FY21				
	Results		H1 results (Jan.-June)			Plan	
	Full-year	H1		Changes from FY20	Difference with plan	Full-year	H1
Ordinary income	429	154	585	431	30	1,501	555
Ordinary expenses	300	116	417	301	(114)	1,287	531
Ordinary profit	129	37	167	130	143	214	24
Net income	114	37	167	130	143	214	24



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