Notice Regarding Extraordinary Loss and Revision of Forecast
(Disclosure on September 7, 2018)

Explanatory materials

September 2018

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Regarding Extraordinary Loss and Revision of Forecast

1. Extraordinary losses are recorded for the second quarter of the fiscal year ending March 31, 2019.

Amount of extra ordinary losses [*1]
Consolidated : approx. ¥14.5 billion
Non-consolidated: approx. ¥21.8 billion (unrealized losses on stockholdings) [*2]

*1:Auditing by an auditing firm is in progress and extraordinary losses are expected.
*2:Unrealized losses on shares of subsidiaries and affiliates are eliminated in the consolidated financial statements, therefore there is no impact on consolidated results.

(Billion yen)	Total	FCTI	ATMi
Consolidated	14.5 (approx.)	14.4	0.1
Non-consolidated	21.8 (approx.)	21.4	0.4

- ✓ Losses incurred in the promotion of overseas businesses (North American:FCTI and Indonesia:ATMi)
- ✓ Mainly goodwill and intangible assets at the time of acquisition of shares in FCTI

2. Revisions to earnings forecasts for FY18

- ✓ Occurrence of the above extraordinary loss (impairment loss on goodwill, etc.)
- ✓ In consideration of the delay in the income of overseas operations

3. Dividend plan: No change from initial plan(10 yen per share per year)

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Revision of Result Forecast <Consolidated>

(Billion yen)

	FY17	FY18 Initial Plan (May 2018)				FY18 Revision Plan (September 2018)					
		Full year	Changes from FY17 results	H1	Changes from FY17 results	Full year	Changes from Initial plan	Changes from FY17 results	H1	Changes from Initial plan	Changes from FY17 results
Ordinary income	127.6	146.7	19.1	72.6	10.4	**147.2**	**0.5**	**19.6**	**73.0**	**0.4**	**10.8**
Ordinary expenses	89.3	106.9	17.6	52.0	9.7	**107.3**	**0.4**	**18.0**	**52.7**	**0.7**	**10.4**
Ordinary profit	38.3	39.8	1.5	20.6	0.8	**39.9**	**0.1**	**1.6**	**20.3**	**(0.3)**	**0.5**
Extraordinary loss	0.1	0.1	0.0	0.0	0.0	**14.6**	**14.5**	**14.5**	**14.6**	**14.6**	**14.6**
Net income attributable to owners of the parent	25.3	26.8	1.5	13.8	0.2	**12.8**	**(14.0)**	**(12.5)**	**(0.5)**	**(14.3)**	**(14.1)**

Note 1) All counts in this document are rounded down to the nearest unit of display.
Note 2) All the year-on-year differences in this document are compared on a per-display basis.
Note 3) Currency rates of consolidated statements
Per USD :1
FY2017 results = 112.16 yen, FY2018 initial plan = 110.00 yen, FY2018 first half revised plan = 108.67 yen, 2018 full year revised plan = 110.00 yen
Per IDR :100
FY2017 results = 0.838 yen, FY2018 initial plan = 0.900 yen, FY2018 first half revised plan = 0.790 yen, FY2018 full year plan = 0.900 yen

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Revision of Result Forecast <Seven Bank>

(Billion yen)

	FY17	FY18 Initial Plan (May 2018)				FY18 Revision Plan (September 2018)					
		Full year	Changes from FY17 results	H1	Changes from FY17 results	Full year	Changes from Initial plan	Changes from FY17 results	H1	Changes from Initial plan	Changes from FY17 results
Ordinary income	116.6	119.6	3.0	59.9	1.8	**119.6**	**0.0**	**3.0**	**59.9**	**0.0**	**1.8**
Ordinary expenses	74.3	77.1	2.8	37.5	0.9	**77.1**	**0.0**	**2.8**	**37.5**	**0.0**	**0.9**
Ordinary profit	42.2	42.5	0.3	22.4	0.9	**42.5**	**0.0**	**0.3**	**22.4**	**0.0**	**0.9**
Extraordinary loss	0.1	0.1	0.0	0.0	0.0	**21.9**	**21.8**	**21.8**	**21.9**	**21.9**	**21.9**
Net income	29.1	29.4	0.3	15.5	0.7	**14.0**	**(15.4)**	**(15.1)**	**0.1**	**(15.4)**	**(14.7)**

NOTE)Unrealized losses on investments in subsidiaries and shares amounting to ¥21.8 billion, which are included in extraordinary losses
US$1 = 110.00 yen
100 IDR = 0.900 yen

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Revision of Result Forecast <FCTI>

(Million US$)

	FY17	FY18 Initial Plan (May 2018)				FY18 Revision Plan (September 2018)					
		Full year	Changes from FY17 results	H1	Changes from FY17 results	Full year	Changes from Initial plan	Changes from FY17 results	H1	Changes from Initial plan	Changes from FY17 results
Ordinary income	96.5	239.1	142.6	113.8	77.9	**244.3**	**5.2**	**147.8**	**119.1**	**5.3**	**83.2**
Ordinary expenses	120.4	250.0	129.6	122.7	79.2	**258.4**	**8.4**	**138.0**	**131.4**	**8.7**	**87.9**
Ordinary profit	(23.9)	(10.9)	13.0	(8.9)	(1.3)	**(14.0)**	**(3.1)**	**9.9**	**(12.3)**	**(3.4)**	**(4.7)**
Extraordinary loss	0.0	0.0	0.0	0.0	0.0	**90.0**	**90.0**	**90.0**	**90.0**	**90.0**	**90.0**
Net income	(27.4)	(10.9)	16.5	(8.9)	(4.0)	**(104.0)**	**(93.1)**	**(76.6)**	**(102.3)**	**(93.4)**	**(97.4)**

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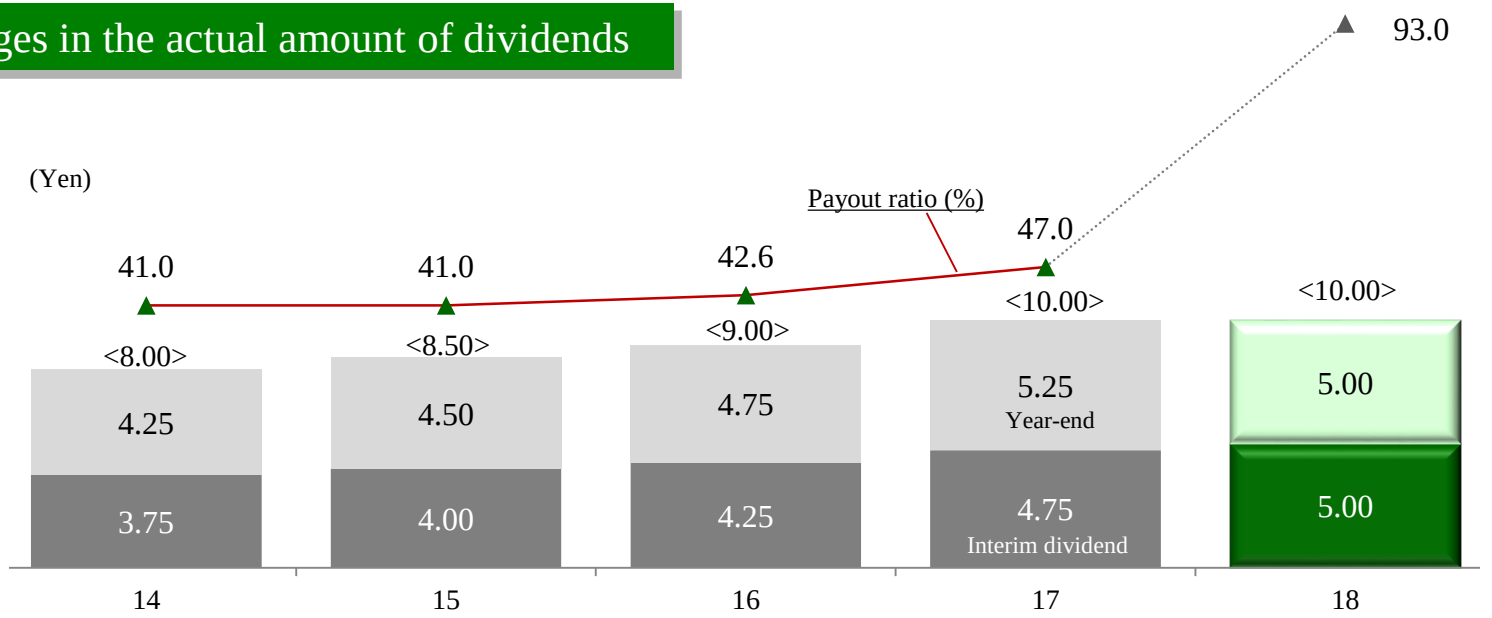
Shareholder Returns (Dividends)

Changes in the actual amount of dividends



- ✓ Impairment loss, which was announced today, is contingent and non-cash expenses
- ✓ By comprehensively taking into account the fund position, financial result and the soundness of the financial position

No change in dividend plan announced on May 11, 2018

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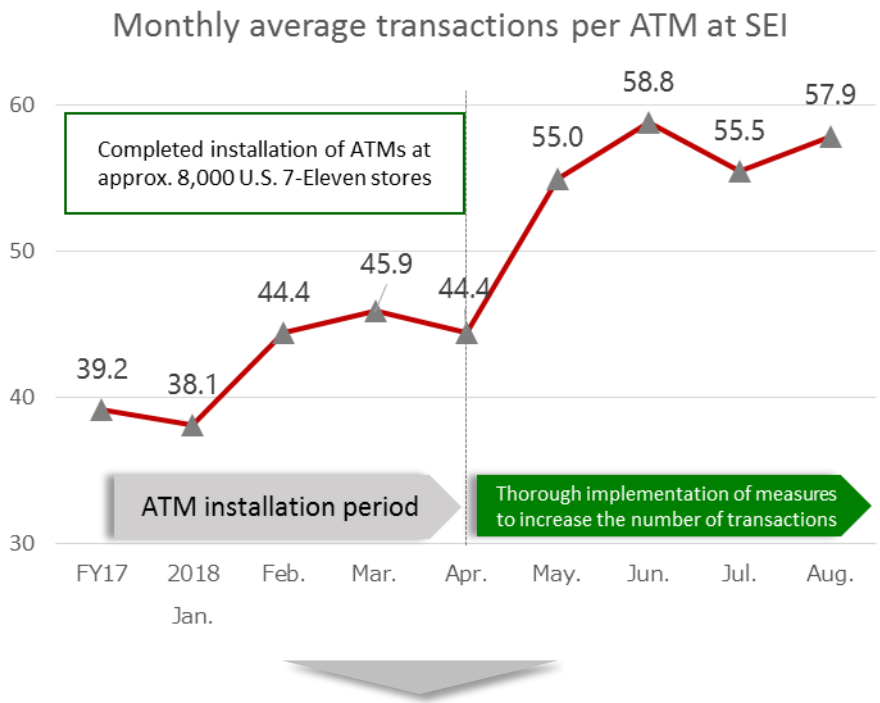
1. FCTI (North America)



Since completion of installation of ATMs at SEI, the number of transactions has been increasing
Income rose steadily in line with the plan

2. ATMi (Indonesia)

Review of business plan

Past achievements

- ✓ Completion of installation of ATMs at SEI
- ✓ Strong increase in number of transactions

Future Measures

At SEI

- ✓ Installation of ATMs at Sunoco
  - ・Temporary costs incurred when installation starts in the second half of FY18
  - ・Factors for increase in revenue from the next fiscal year
- ✓ Review of operating costs (maintenance costs, etc.)
  - ・Improvement of operational issues from the start of installation

At non-SEI

- ✓ Revision of contract terms
  - ・Commencement of negotiations with low-profit customers
- ✓ Early liquidation of ATMs (ATMs owned by location where installed)

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Reference (Effect of Impairment Loss)

Items	Effect		Remark
	FY18	Next fiscal year or later	
FCTI Profit			【FY18】 Positive impact on ordinary profit (depreciation burden minus about $10 million) 【Next fiscal year or later】 Positive impact on ordinary profit (depreciation burden minus about $20 million)
Consolidated Profit			【FY18】 Negative impact on net income (extraordinary loss of approximately ¥14.5 billion) 【Next fiscal year or later】 Positive impact on ordinary profit (due to the elimination of about ¥1 billion in depreciation of goodwill)
ROE			【FY18】 Negative impact due to a temporary decline in profits 【Next fiscal year or later】 Positive impact due to an increase in net income
EPS			【FY18】 Decreased due to a temporary decline in profits 【Next fiscal year or later】 Increase due to increase in current income

The positive and negative notation in the affect column are the comparison between the impairment loss on goodwill and the non-impairment loss on goodwill, and other factors are assumed to be constant.

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