May 10, 2024
FOR IMMEDIATE RELEASE
Seven Bank, Ltd.

To Whom It May Concern

Notice Concerning Renewal of the ATM Placement Agreement by FCTI, Seven Bank's US subsidiary, with 7-Eleven, Inc.

We hereby announce that FCTI, Inc. (location of head office: Dallas, Texas, USA; representative: Wayne Malone, President; hereinafter referred to as "FCTI"), which is Seven Bank's wholly-owned US subsidiary, renewed the ATM placement agreement with 7-Eleven, Inc. (location of head office: Dallas, Texas, USA; representative: Joseph M. DePinto, Director and CEO; hereinafter referred to as "SEI"), which covers the 7-Eleven stores (including Speedway stores) located in the US. The details thereof are set out below.

1. Purpose and contents of the agreement

Currently, the Group is promoting the overseas ATM operation business in three (3) countries, the US, Indonesia, and Philippines, by utilizing its knowledge on operation of ATMs in Japan. In the US, FCTI, which is a wholly-owned subsidiary of Seven Bank, started to deploy ATMs at 7-Eleven stores located in the US in 2017 under a contract concluded with SEI, and has provided stable ATM services based on the enhanced network with 8,561 units as of March 31, 2024 (preliminary report). In addition, pursuant to this contract, FCTI pays an ATM installation and management fee as compensation for the installation of ATMs and contract services.

Under this renewed ATM placement agreement (from July 2024 to June 2032), in addition to 7-Eleven stores located in the US where our ATMs have been placed, ATMs will also start to be newly installed and operated in sequence at Speedway stores run by 7-Eleven, Inc. from 2025. Through this installation, the number of ATMs placed by FCTI is expected to increase to as much as approximately 11,600 units.

Furthermore, at the same time, an experimental introduction will be started into certain stores toward the shift from cash dispensers specialized in the traditional cash withdrawal function (CDs; dedicated machines for cash withdrawal) to cash recycling machines, which enable cash deposits and withdrawals (CRMs; banknote-recycling-type ATMs).

Going forward, FCTI aims to continue to conduct the "Realization of retail banking service business" that provides new added value beyond cash deposits and withdrawals to customers through expansion and stable operation of the ATM business with the cooperation and support of the Seven Bank Group.

2. Corporate Outline of FCTI, Seven Bank's US Subsidiary

(1)	Name	FCTI, Inc.
(2)	Location	Dallas, Texas, USA
(3)	Name and title of representative	President: Wayne Malone
(4)	Line of business	ATM network and service provider
(5)	Amount of business	US$19 million
(6)	Establishment date	August 25, 1993
(7)	Large shareholders and its shareholdings	Seven Bank, Ltd. Shareholding ratio: 100%
(8)	Number of employees	81 (as of March 31, 2024)
(9)	Number of ATMs	8,561 (preliminary report as of March 31, 2024)
(10)	Sales	US$189.1 million (for fiscal year 2023)

3. Corporate Outline of the Agreement Counterparty

(1)	Name	7-Eleven, Inc.	
(2)	Location	Dallas, Texas, USA	
(3)	Name and title of representative	Director and CEO: Joseph M. DePinto	
(4)	Line of business	Convenience store business	
(5)	Amount of capital	US$17,000	
(6)	Establishment date	June 28, 1927	
(7)	Large shareholder and its shareholdings	Seven & i Holdings Co., Ltd.	Shareholding ratio: 100% (including those held indirectly)
(8)	Number of employees	47,731 (as of December 31, 2023)	
(9)	Relationship between the listed company (Seven Bank) and the relevant company (7-Eleven, Inc.)	Capital ties:	There are no direct capital ties between Seven Bank/FCTI and 7-Eleven, Inc. However, Seven & i Holdings Co., Ltd. is the ultimate parent company of both Seven Bank/FCTI and 7-Eleven, Inc., indirectly owning 46.25% of Seven Bank and 100% of 7-Eleven, Inc., respectively.
		Personnel ties:	None
		Transactional ties:	FCTI has entered into an agreement on placement of ATMs and administrative services with 7-Eleven, Inc.
		Whether or not a "related party (*kanren tojisha*)"	The parent company of Seven Bank and 7-Eleven, Inc. is the same company (Seven & i Holdings Co., Ltd.) and, therefore, each of the two companies corresponds to a "related party (*kanren tojisha*)."
(10)	Number of stores	13,122 (including 597 stores located in Canada, as of December 31, 2023)	

4. Effect on financial results, etc.

For effect of the execution of the ATM placement agreement on the consolidated financial results for the fiscal year ending March 31, 2025, please refer to “[Summary] Financial Results for the Fiscal Year Ended March 31, 2024 (Consolidated Data)” and “Financial Results for The Fiscal Year Ended March 31, 2024,” which were respectively disclosed today.

5. Matters regarding transaction with a controlling shareholder

SEI, the counterparty to this ATM installation contract, is not the parent company that has direct control over us, and the conflicts of interest with us and FCTI are indirect.

But, SEI (counterparty of the ATM placement agreement) and Seven Bank belong to the same parent company (Seven & i Holdings Co., Ltd.) and, therefore, this agreement falls within conducting transaction with a controlling shareholder.

(1) Status of compliance with “Guidelines on Measures to Protect Minority Shareholders in Conducting Transactions with a Controlling Shareholder”

Below is the guidelines on measures to protect minority shareholders in conducting transactions with a controlling shareholder which is referred to a corporate governance report published on December 27, 2023.

“Seven & i Holdings Co., Ltd. is Seven Bank’s parent company, indirectly holding 46.28% of all of the voting rights, and therefore falls under the category of controlling shareholder stipulated in the Timely Disclosure Rules. When conducting transactions, etc. with the parent company, Seven Bank comply with the arm’s-length rule under the Banking Law, which is a rule established to prevent the soundness of Seven Bank’s management from being compromised through conflict-of-interest transactions. Seven Bank fully confirms the necessity of such transactions and that the conditions of such transactions do not differ significantly from conditions of usual transaction with third parties.”

In order to ensure the renewal of the contract does not unfairly undermine interests of minority shareholders, we have taken the measures described subsequently in "(2) Matters regarding measures to ensure fairness and avoid conflicts of interest" and "(3) Outline of the opinion obtained from a person who has no interest in the controlling shareholder regarding the fact that the transaction is not disadvantageous to minority shareholders." and determined that these measures comply with the above guidelines.

(2) Matters regarding measures to ensure fairness and avoid conflicts of interest

As a measure to ensure fairness, as described in (3) below, we have obtained a written opinion from Skadden Arps Law Office stating that it is not disadvantageous to our minority shareholders.

In light of this legal view, our Board of Directors, which is composed of a majority of independent outside directors, thoroughly deliberates on the renewal of this contract multiple times before making a resolution on the approval of the conditions of the contract.

As a measure to avoid conflicts of interest, the Company has determined that Mr. Tsuyoshi Kobayashi, who also serves as the Managing Executive Officer of Seven & i Holdings Co., Ltd., falls under a special interested person, and the Board of Directors' deliberations and resolutions regarding the renewal of this agreement are conducted only by the directors excluding Mr. Kobayashi.

(3) Outline of the opinion obtained from a person who has no interest in the controlling shareholder regarding the fact that the transaction is not disadvantageous to minority shareholders

We have obtained an opinion dated April 5, 2024 from Skadden Arps Law Offices, which has no interest in Seven & i Holdings Co., Ltd. the controlling shareholder or SEI, the counterparty to the Transaction, that the Transaction is not disadvantageous to minority shareholders for the following reasons.

(a) The purpose of this contract renewal is considered reasonable to maximize FCTI's profit, as it is expected to strengthen its revenue base by allowing FCTI to begin installing and operating ATMs in Speedway stores in addition to the 7-Eleven stores in the U.S. that FCTI had previously installed.

(b) The negotiations for this contract renewal began in January 2023, when SEI requested proposals from several ATM operators, including FCTI, for the selection of the next ATM operator in the form of a bidding process. After several rounds of conditional offers, FCTI was selected as the ATM operator. Since these negotiations were always conducted in the context of comparisons with the terms and conditions offered by other bidders, it was difficult for SEI to arbitrarily manipulate the terms and conditions, etc., and FCTI is considered to have conducted these negotiations independently without undue involvement from the controlling shareholder.

(c) The economic terms and conditions for the renewal contract were agreed under a condition which improves FCTI profitability to some extent through repeated negotiations with SEI while competing with other bidding participants and are not considered to be unreasonably disadvantageous.

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