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

To Whom It May Concern

Notice Concerning Recording of Extraordinary Losses and Reversal of Deferred Tax Assets of Seven Bank's consolidated subsidiaries

We hereby announce that the Group recorded extraordinary losses and reversed deferred tax assets as follows in the consolidated financial statements for the fiscal year ended March 31, 2024.

1. Recording of extraordinary losses by consolidated subsidiaries

(1) Recording of extraordinary losses by FCTI, Inc., a consolidated subsidiary

From 2022 to 2023, a class action lawsuit was filed against FCTI, Inc. (hereinafter referred to as "FCTI"), which is Seven Bank's consolidated subsidiary, in the US for inaccurate guidance on the balance inquiry screen of ATMs placed by FCTI.

In response to this filing of the lawsuit, FCTI and Seven Bank scrutinized the content of the allegations and carefully examined a responding policy, and then have determined to enter into a settlement with the plaintiff group, comprehensively taking into account various factors.

Accordingly, due to this settlement, provision for loss on litigation of 1,406 million yen was recorded as extraordinary losses in Seven Bank's consolidated financial statements for the fiscal year ended March 31, 2024.

This settlement will officially become final through approval procedures of the local court. In addition, as for the guidance on the balance inquiry screen of ATMs, which was the reason for filing the class action lawsuit, modifications were already implemented.

(2) Recording of extraordinary losses by Seven Card Service Co., Ltd., a consolidated subsidiary

Seven Card Service Co., Ltd. (hereinafter referred to as "7CE"), which is Seven Bank's consolidated subsidiary, granted nanaco points to customers who chose nanaco points operated by 7CE in the second My Number points campaign that was implemented from 2022 to 2023.

In doing so, 7CE had been given points less the portion based on the expiration rate as of February 2022 in accordance with the public solicitation guidance for the second My Number points campaign. However, the actual points that expired were significantly less than the originally expected points expired, as a result of the use of points largely surpassing the expiration rate in the past. Consequently, My Number points-related loss of 4,619 million yen for the difference between the expected expiring portion upon the application for the My Number point campaign and the actual portion that expired was recorded as extraordinary losses in Seven Bank's consolidated financial statements for the fiscal year ended March 31, 2024.

2. Reversal of deferred tax assets by consolidated subsidiaries

As a result of carefully examining realizability of deferred tax assets in view of the environment surrounding FCTI and 7CE and the future outlook for their operating results, etc., FCTI reversed the full amount of deferred tax assets, and 7CE reversed part of deferred tax assets. Accordingly, 4,590 million yen was recorded in income taxes – deferred in Seven Bank's consolidated financial statements for the fiscal year ended March 31, 2024.

3. Effect on financial results, etc.

The above-mentioned recording of extraordinary losses and reversal of deferred tax assets were reflected in "Summary of financial results for the fiscal year ended March 31, 2024 [Japanese GAAP] (consolidated data)," which were disclosed today.

3. Overview of the subsidiaries

(1) Overview of FCTI, a consolidated subsidiary

(1)	Name	FCTI, Inc.
(2)	Location	Dallas, Texas, the United States
(3)	Title and name of representative	President / Wayne Malone
(4)	Description of business	ATM operation business
(5)	Stated capital	USD19 million (as of March 31, 2024)

(2) Overview of 7CE, a consolidated subsidiary

(1)	Name	Seven Card Service Co., Ltd.
(2)	Location	4-5 Nibancho, Chiyoda-ku, Tokyo
(3)	Title and name of representative	President and Representative Director / Hisanao Kawada
(4)	Description of business	Credit card business, electronic money business
(5)	Stated capital	7,500 million yen (as of March 31, 2024)

(End of document)