CREDIT SAISON

INTEGRATED REPORT 2023

Management Philosophy

We will fulfill our corporate social responsibility by striving to meet the expectations of all our customers, shareholders, and business partners. We will compete successfully in the market by promoting our three shared values: practical implementation of the principles of customer satisfaction as a leading-edge service company; mutual respect for our interests and those of our business partners; and developing a corporate culture of creative innovation.

Declaration of Conduct and Standards of Conduct

To realize Credit Saison's management philosophy, the Declaration of Conduct and the Standards of Conduct have been established.

Declaration of Conduct

Credit Saison has established the Declaration of Conduct to clarify how the Company should conduct its activities in order to realize its management philosophy.

Standards of Conduct

We have established the Standards of Conduct that provide specific guidelines for employees to act in accordance with the Declaration of Conduct. We shall share the Standards of Conduct and act accordingly.

▶ Click here for details of the Declaration of Conduct and Standards of Conduct.
https://corporate.saisoncard.co.jp/en/company/compliance.html

The concept behind our logo

CREDIT SAISON

About the Company's corporate colors

Saison Blue

Symbolizing people's happiness and aspirations

Saison Green

Symbolizing trust, peace of mind, culture, and innovation

CONTENTS

Editorial Policy

Credit Saison works diligently to provide its wide range of stakeholders, including customers, shareholders, and investors, with accurate information in an equitable manner on a timely basis.
In addition to an overview of its operating results and financial standing, the Credit Saison Integrated Report 2023 contains non-financial information that covers environmental, social, and governance (ESG), as well as a wide range of other fields. This report is intended to help our many stakeholders to better understand the Company's efforts to create value over the medium and long term and ensure its sustainable growth.
In compiling this report, we have referred to the International Integrated Reporting Framework recommended by the IFRS Foundation and the Guidance for Collaborative Value Creation issued by Japan's Ministry of Economy, Trade, and Industry (METI).

Environment Social Governance 価値協創ガイダンス

Forward-looking Statements

This report contains information including details of the Company's management plans, projections, strategies, and estimates that are not historical facts. This information reflects the beliefs of management based on currently available information. Projections and forward-looking statements are subject to certain risks and uncertainties.
As a result, projections of future performance, the business environment, and other forward-looking estimates might differ materially from actual results.

Reporting Period

This Report covers the 2022 fiscal year (FY2022: April 1, 2022, to March 31, 2023). Some activities in FY2023 are described as well.

Basic Concept of the Medium-term Management Plan

Innovative

With all kinds of problems as starting points, innovate existing values and create new value.

DNA of Creative Destruction
➤ P3

Internal Venture Program
➤ P35

Digital

By promoting digital conversion in combination with real life, change the customer/ employee experience

Utilizing Generative AI
➤ P40

Developing DX Human Resources
➤ P38

We follow three concepts to drive our businesses and create new value

Global

Use financial services as a method to take on the challenge of financial inclusion

Expansion into Latin America
➤ P25

Breakthrough in the India Business
➤ P24

Credit Saison's History of Continuing to Create New Value

1951

Founding

The dawn of the Saison Group's philosophy and culture

Seiji Tsutsumi, the founder of the Saison Group, foresaw the growth of consumer needs after the needs for food, clothing, and shelter had been satisfied following World War II. Tsutsumi advocated an "integrated lifestyle industry" to promote distribution reform by expanding business to all areas of daily life while leading the consumption culture. "Always paying attention to the customer and providing society with new innovations"—this idea is at the heart of the Saison Group.

1951
Founding of Midoriya Co., Ltd., a department store that sold products on a monthly installment basis

1982
Issued the Seibu Card with no annual fee and started instant credit screening, instant card issuance, and instant use at Saison Card counters

1985
Launched the credit guarantee business

Making society more prosperous through innovation

1980

Conversion to the payment business

Creating revolutionary innovations one after another to become the No. 1 credit card company

New unconventional services

1988
Developed an international credit card with no annual membership fees through a tie-up with Visa and Mastercard

1997
Issued the Saison American Express® Card through a tie-up with American Express

2002
Started Eikyufumetsu Points, a program for points that never expire

永久不滅ポイント

2006
Launched the points exchange website Eikyufumetsu.com (currently Saison Point Mall)

2009
Entered the Flat 35 loans business

セゾンの住宅ローン

Neo Finance Company

2000

A change of business structure

Expansion of the credit card business and full-fledged advance into the finance business

2014

Acceleration of the Global Business

Growing from a Japanese non-bank to a finance company distinctive in Asia

2022

Acceleration of digitalization

Transformation into a comprehensive life services group
Fusing real and digital to achieve customer success

Always from the customer's perspective

2010
Issued the world's first Centurion design card with American Express

2013
Started handling Saison Asset Formation Loans

2014
Established a subsidiary in Singapore

2017
Started handling Saison Rent Guarantee services

2018
Established Kisetsu Saison Finance (India) Pvt. Ltd. in India

Providing exhilarating experiences that exceed customer expectations by utilizing digital technologies

2021
CSDX Strategy announced

CSDX
CREDIT SAISON Digital Transformation

Launched Saison's Lifestyle Research website toward transformation into a comprehensive life services group

2023
Brazil/Mexico market entries

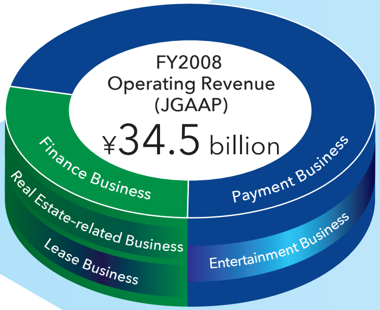
Note: "American Express" is a registered trademark of American Express.
Credit Saison Co., Ltd., uses the trademark under license from American Express.

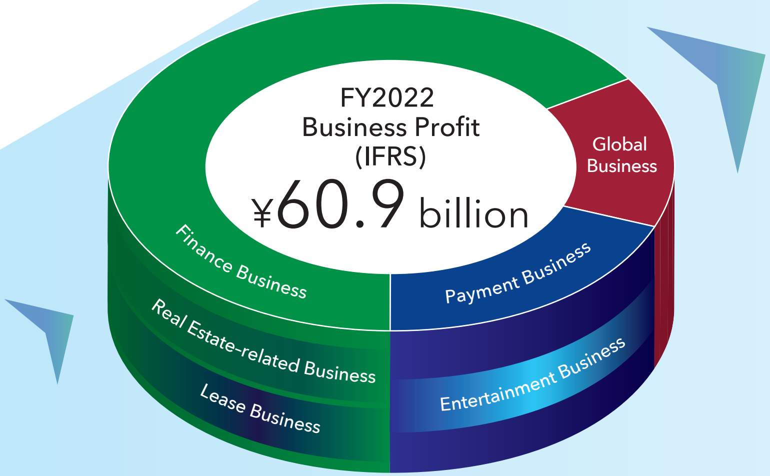
Transforming the Business Portfolio

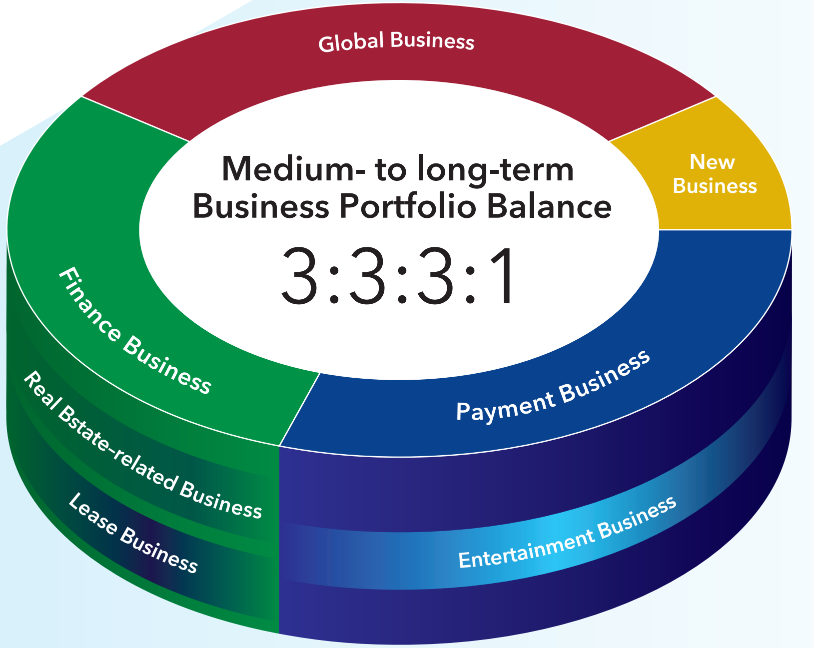
Construct a business model without relying on the Payment (Credit) Business

Credit Saison has continued to transform its business portfolio with a view to securing medium- to long-term growth while responding to changes in the environment, including the launch of payment services by other industries, enforcement of the revised Money Lending Business Act (2010), and the global spread of COVID-19. In particular, we are working to strengthen other existing businesses and create new businesses with the aim of constructing a business model without relying on our longstanding mainstay Payment Business.

In terms of the balance for the medium- to long-term business portfolio, we envision a 3:3:3:1 ratio structure for the Payment, Finance, global, and new businesses, respectively. We are steadily approaching this 3:3:3:1 ratio by expanding the Global Business and bolstering the Payment Business structure.

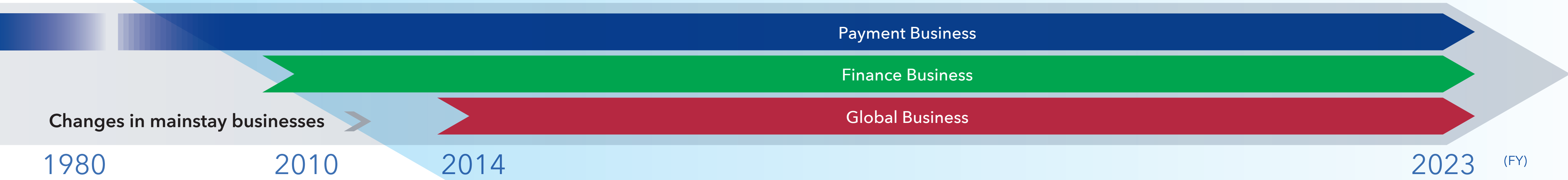






*1 The Payment Business includes the Entertainment Business; the Finance Business includes the Lease and Real Estate-Related Businesses

*2 From the first quarter of FY2023, the Global Business, which was included in the Payment Business up to FY2022, has been changed to an independent reporting segment.



The Six Businesses

We offer a variety of payment services, including credit cards and smartphone-based payments, with an eye to bringing about a cashless society. We also engage in rent guarantee business activities that are closely aligned to our credit card business. Moreover, we undertake back-office processing operations on a contract basis on behalf of credit card and other companies.

Including the credit guarantee and finance businesses, we fulfill a variety of financial functions that address market needs, while providing such products and services as credit guarantees for free loans that can also be used for business funds, Flat 35 with preferential benefits for card members, and Saison Asset Formation Loans to assist in the acquisition of investment real estate.

We undertake concert and other ticket sales and engage in related activities that encompass the amusement business, among others.

We conduct the real estate business, real estate leasing business, and servicing (loan collection agency) business, among others.

Driven largely by the lending and investment businesses, we promote business development not only in Asia but also globally. We aim to achieve financial inclusion by offering digitalized and localized financial services to people (underserved people) and small businesses that are unable to receive sufficient or adequate financial services.

We offer “finance leases” and “business-use installment sales” based on office automation (OA) communication equipment tailored to the capital investment plans of business operators.

Besides supporting business trends such as the POS cash register peripherals market, which facilitates cashless payments, we take on challenges in growth fields such as environmental products.

Message from the CEO

Hiroshi Rinno
Representative,
Chairman and CEO

Expanding the economic zone of a comprehensive life services group while balancing "creative destruction" and "individual freedom"

Always paying close attention to international political trends, I think about the global position of Japanese companies. Geopolitical risks are rising more than ever, with the Russia-Ukraine conflict and the situation in the Middle East becoming increasingly tense. In addition to the ongoing friction between the United States and China, the world is heading in the direction of multipolarization, as exemplified by the European Union and Russia as well as the Global South movement, which includes India.

Under these circumstances, Japan's presence is greatly diminished compared to its standing in the second half of the 20th century, when the country was recognized as the world's second-ranked economic power. It is my belief, however, that Japanese companies have a chance to raise their profiles even against the backdrop of this multipolarizing world if they are able to create 21st century global business models that differ from those of the 20th century.

Global strategy that calls for a multifaceted response

In the 20th century, "control" was the mainstream global strategy of Japanese companies, which involved holding most of the capital of local companies and dispatching presidents from Japan. In the 21st century, this approach no longer works. The important thing is to contribute to the economic development of the countries and regions into which companies have expanded, in a form that meets the wishes of those countries and regions. Also demanded in an era of multipolarization are multifaceted responses tailored to the local area. Investment ratios are not a major factor.

As reflected in the Company's FY2022 financial results, Credit Saison's global business is currently experiencing rapid growth, primarily in India. A major characteristic is that we develop original businesses from the perspectives of the local people, using those countries and regions that are continuing to grow economically as our starting point. At Kisetsu Saison Finance (India) Pvt. Ltd., an Indian subsidiary for which the main business is lending to the underserved population who cannot receive sufficient financial services from banks and other financial institutions, we steadily expanded our business through a collaborative model (BtoB) with local Fintech businesses and eventually launched a BtoC model geared toward individuals. This Indian model will also be deployed in other countries, such as Brazil and Mexico.

Building a loosely connected economic zone in Japan, aiming eventually for a global ripple effect

Toward the achievement of our "transformation into a comprehensive life services group" goal, we are currently building a loosely connected economic zone of equal partners called the Saison Partner Economic Zone. To compete against other companies, which are enclosing themselves within their own economic zones, it is important to adopt a loose approach that excludes regulations, such as the number of companies within a single industry that can be partnered with or whether there are any capital ties. Equally important is how well customer needs can be met.

As a comprehensive life services group that solves customers' problems, Saison's Lifestyle Research website that we launched in September 2021 continues to grow steadily, as evidenced, for example, by recently recording 4.7 million page views per month. As far as the speed of monetization through the building of an economic zone is concerned, although differences can be seen in the expectations of each of the relevant parties, I believe it is important to have the patience to proceed calmly and gradually.

In the real estate industry, Credit Saison already enjoys relationships and collaborations with such companies as Mitsui Fudosan Co., Ltd., Tokyu Land Corporation, and Daiwa House Industry Co., Ltd. Up to now, we have also formed alliances in areas such as the credit guarantee business with nearly 400 financial institutions, including regional banks, credit unions, and credit associations. Going forward, we will also face the challenges of creating new business models that combine the strengths of both banks and non-banks while taking on the challenges of diversifying our business. Working to enhance our partnership network with a wide variety of companies, we have entered into a capital and business alliance with Suruga Bank, which has strengths in the retail business.

The only thing that yields profit for companies is their customers. It is therefore important to have partnerships launched on the basis of customer needs, and thus I think it is better to build a system that creates synergies while building "give and take"–based relationships. This loosely connected economic zone naturally has its sights set on global expansion.

"Creative destruction" and "freedom"

I often point out four important management resources for companies: human resources, brands, innovation, and time.

Discovering and securing the human resources that will support growth is never easy. For the human resources at the level of running businesses, they will need to be drilled through hard training. Also, as human resources are demonstrating increased job mobility, to retain these talented human resources Credit Saison must itself continue to be an attractive and interesting company. We human beings have an instinctual desire for knowledge, we want to know things we don't know. Just as there is a lot of learning that can be gained through play, playing, learning, and working are essentially equivalent when it comes to stimulating that instinct. A free and rewarding work culture, and an environment in which diverse values are embraced, make it possible for individuals with different values to proactively pursue work by saying, "I want to try that job." This encourages the active engagement of talent.

To expand and upgrade the Saison Partner Economic Zone, branding is critical to creating a favorable impression, and the organization must be innovative to create new business models. Innovative organizations have the deep-rooted habit of creatively destroying, for example, products, services, and work styles, and this creative destruction arises from interactions with diverse people.

In organizations as well, so that being free leads to a rich life with no regrets, I would like each and every human resource to think for themselves about what to do with the time they are given and act on their own, based on their own free will. In the years to come, Credit Saison wants to remain the kind of company that mutually recognizes each individual's diverse values and supports each individual's desire for growth. I am convinced that my current job is to offer my support in this respect.

Interview with the COO

Scaling up business inside and outside Japan through a process of “Innovative,” “Digital,” and “Global” evolution

As we expand our business both inside and outside Japan, the future remains shrouded in uncertainty. This is due to a variety of factors, including current international conditions, which are characterized by heightened geopolitical risks, uncertainty surrounding the Chinese economy, and foreign exchange trends such as the prolonged depreciation of the yen. Even within Japan, there exist countless signs of change, including future interest rate policies, price trends, and even a shift from savings to investment. While these trends can have both positive and negative effects, as Credit Saison, we view each sign as an opportunity.

Katsumi Mizuno
Representative, Executive President and COO

Q Credit Saison has announced robust results for FY2022. What do you believe are the factors behind this performance?

In the Company’s financial results for FY2022 we recorded our highest ever consolidated final profit of ¥43.5 billion. As a result, we now expect to achieve the business profit target of ¥70 billion set under the Medium-term Management Plan in FY2023, one year ahead of our plan. The factors contributing to this result were the recovery of the Payment Business and the steady growth of the Finance Business against the backdrop of steady real estate market conditions. At the same time, our global business has grown significantly, with growth exceeding our initial expectations and making a major contribution. In addition, valuation gains from the fair value of funds held exerted a positive impact on financial results.

Group companies are also making progress in reforming their business models, including Saison Fundex and Saison Realty (formerly Atrium Group), which have reformed their management systems. Our human resources are key to achieving the overarching goal of “transforming ourselves into a comprehensive life services group.” Having secured and developed professional human resources for a variety of fields, I believe that our lineup is now fairly well rounded.

Q Can you give us some background on the rapid expansion of your global business, especially in India?

We commenced operations in India in 2019 after establishing a company in 2018. Shortly thereafter, we faced an extended period during which we were unable to provide financing due to the COVID-19 pandemic that emerged in 2020. During this time, the Company focused on strengthening its systems. Naturally, the high growth potential of India itself, with its GDP growth rate in the 7% range and an average age of around 28 years, is also a factor in business expansion. I feel that vitality firsthand every time I go there. On one hand, having worked to strengthen our human resources in areas such as governance, financial accounting, and risk management, which form our business foundation, we were able to lay the groundwork for accelerating the growth of our Indian business once the COVID-19 pandemic came to an end. On the other hand, risk management unique to emerging countries is also important. Credit Saison’s human resources in India stood at approximately 700 as of the end of

September 2023, and operations are overseen by people who are familiar with local business practices and have experience in providing loans at other non-banks and financial institutions. Our great strength lies in our talented local human resources, who have a keen sense of the local risks and are able to make management decisions and put strategies into effect on the spot.

Q The consolidated final profit target is expected to be achieved, and your new Medium-term Management Plan is scheduled to be announced in May 2024.
Please tell us about your key initiatives, pending issues from the current Medium-term Management Plan that need to be addressed, and your thoughts on the future business portfolio.

To assist in formulating the new Medium-term Management Plan, I personally visited workplaces and on around 50 occasions had the opportunity to speak directly with many employees.

Since the completion of associated core systems in 2018, the Payment Business has steadily resolved one issue at a time, and we will further promote the fusion of the Payment Business and the Finance Business, which is currently under way, and the expansion and upgrade of our corporate sales structure. As a result of having allocated a large number of human resources to corporate sales, such as multitasking, which handles finance products in addition to credit cards, the transaction volume of corporate cards has grown to about 20% of the total business. While continuing to promote structural reforms in the Payment Business, including measures to reskill human resources and improve productivity per person, we will enhance our efforts to, for example, acquire new small and medium-sized enterprise (SME) customers.

In the Finance Business, after having announced our capital and business alliance with Suruga Bank in May 2023, we began collaboration in the mortgage guarantee business in October. Further promoting collaboration with Suruga Bank, we will work on business expansion with a sense of urgency, focusing, for example, on the development of products for wealthy individuals and SMEs.

In the Global Business, we will obtain local credit ratings in India while leveraging the creditworthiness of Credit Saison in Japan, which has a solid financial base. Through this process, we are developing a strategic capital policy to raise funds from local financial institutions. In addition, we began full-scale operations in Mexico and Brazil from October 2023. By horizontally deploying the Indian business model and know-how, we can expect an early start-up in both countries. In both markets, where there are almost no non-banks, the sense of security that stems from being a Japanese brand will be an effective tool, so I would like to establish a unique position.

Last year, I presented a graphic of our medium- to long-term business portfolio with a 3:3:3:1 ratio structure for the Payment, Finance, global and new businesses, respectively. From the size of the market and its speed of growth, I feel that the Global Business has the potential to expand by up to 50% over the long term, such as 10 years from now. There is also the potential for a 3:3:3:3 ratio structure due to growth in new businesses, including those of affiliated companies. As far as business profit is concerned, I would like to grow the Group to the ¥100 billion scale as soon as possible.

Q In terms of the basic "Innovative," "Digital," and "Global" concepts, are there any changes in the direction of the Company toward the realization of "transforming into a comprehensive life services group"?

We recognize that our "transformation into a comprehensive life services group" and the three concepts are only at the halfway stage, and thus there are no plans to change. We believe the key to evolving into a Version 2.0 lies in the "Digital" concept. In addition to reaching the stage of being able to allocate human resources more to the strengthening of sales capabilities by labor-saving operations through

digitalization, shifting to in-house systems development will also lead to reduced depreciation costs in the years to come. While working toward our human resources target of creating 1,000 people with digital technology backgrounds, which was identified under our CSDX Strategy announced in November 2022, management, and myself included, will take the lead in raising digital literacy while working to boost morale throughout the organization.

With regard to the "Innovative" concept, in addition to actively promoting partnerships and M&A with an eye on fields other than finance, we will continue to foster a culture that facilitates the occurrence of innovation, such as creating opportunities to propose new business development within the Company.

The "Global" concept is developed in both the lending and investment businesses. The investment business not only aims for capital gains but also serves a radar function in discovering the new seeds of innovation. While selecting areas for expansion based on viewpoints that include demographic trends, local digitalization status, and deregulation, we will keep an eye on cost balance as we work to expand our business. As we look beyond Central and South America to, for example, Africa in the years to come, the optimization of our overall management system will become an issue for consideration. Also, the funds from our lending business are directed toward individual as well as micro, small, and medium enterprises (MSMEs) that lend to the underserved strata of society and those below that. Operating at the forefront of financial inclusion, our lending business is one that is making a major contribution to the attainment of the SDGs. In addition to being able to better monitor a company's structure and decision-making processes as well as perform effective risk management, by carrying out both investment and financing I feel that there is greater significance in developing the business along two axes, as this will also serve to boost the speed of growth.

Q Please tell us about your efforts and results to date for each business, as well as what you see as challenges for the future.

In the Payment Business, we are focusing on Generation Z and wealthy people as we work to improve spending per person and lifetime value (LTV). The AMEX brand accounts for approximately 40% of the entire Payment Business's transaction volume, and we are aiming for the top share in the BtoB market by leveraging this brand awareness, focusing more on corporate sales, and exercising firm credit controls.

In the Finance Business, we will strengthen our collaboration with Suruga Bank in the areas of real estate finance and the housing loan business. Digitalization continues to lag in these areas, not only in our company but also in the industry as a whole. Under the next Medium-term Management Plan, I would therefore like to drive this business to become the No. 1 digital company in the industry and use this as a tool by which to strengthen sales.

I recognize that the current business environment for the Lease Business, which focuses on small-lot leases, is such that credit management remains important, as evidenced by the increasing number of bankruptcies of businesses that used so-called zero-zero financing. In contrast, as our transaction volume has increased to an all-time high and our competitiveness has improved, we will consider developing medium- to large-scale lease products. By way of example, we are considering products related to environmental needs, such as office equipment, drones, electric scooters, and even solar power and storage batteries. In this process, I believe that collaborating with a specialist leasing company could be one option.

In the Real Estate–Related Business, centered on Saison Realty, we are making steady progress with a business model transformation that will make renovation and rental residences its mainstay businesses. Also taking on the challenges of procuring new resources using digital technology, I would first like the Real Estate–Related Business, to build up a solid track record.

The Entertainment Business is developing its hall business centered on Concerto, but the market is facing a decline in the number of players. We will continue to sow the seeds for the next pillars of earnings, such as game centers, renovating vacant houses, and even cloud kitchens (kitchen store facilities specializing in delivery services), as we work to change the business model.

Q What are your thoughts on sustainability?

We are honored to have received high praise for our sustainability efforts. Climate change countermeasures, in particular, are important to our customers, especially Generation Zers, when choosing a company, and I would like to advance our efforts on an ongoing basis. In addition, once a relationship begins in our business, especially in payment businesses such as credit cards, the relationship with the customer continues over a long period. Because safety, security, and stability are essential to deepening relationships of trust and as the foundation of our business, we also actively invest in IT to strengthen security.

With regard to initiatives designed to fully utilize and develop our human resources, who are essential for our medium- to long-term growth, we are promoting the provision of opportunities to enable young employees, in particular, to actively take on challenges. Including the setting up of forums for new business proposals and relaxing the qualification requirements for taking promotion exams that are now by a show of hands, we have introduced a system that broadens promotion opportunities for motivated employees. In the fiscal year under review, we also expanded and upgraded our employee benefits, including financial bonuses and phantom stock. Within the Company, human resources who possess advanced skills are playing active roles in a variety of fields, not only in digital technology but also in real estate and structured finance. At the same time, we are also working on instructing and training the next generation, and progress is being made with human resources and skill diversification.

Q In closing, what message do you have for stakeholders?

I am committed to working toward equality for all our stakeholders. While continuing to respond sincerely to our customers and business partners, I would like to increase employee engagement through financial bonuses, promotions, and the expansion of training programs. We recently reached the stage at which more than half of our employees have joined the stock ownership plan, and I feel that our employees' expectations for our company are higher as a result of these efforts. To assist employees in building assets, we are actively discussing PBR, ROE, shareholder returns, and other matters within the Company to further improve our stock price level while endeavoring to disclose information and deepen dialogue with investors.

For our shareholders, we announced plans to increase dividends for the third consecutive year in our FY2022 financial results. I have learned a great deal through dialogue with investors who have long-term perspectives, and my feeling is that even the markets are evaluating our growth expectations favorably. While continuing to strive to improve capital efficiency, I believe that we will raise our ROE target from the current 8% to the 10% level under the next Medium-term Management Plan and, as we get within range, that will be reflected in our PBR.

Our opportunities for growth, including global opportunities, are increasing considerably. I would like all our stakeholders to have expectations of Credit Saison's future growth from a long-term perspective.

Value Creation Process

Contributing to the creation of a sustainable society that is even more convenient and prosperous than today's by resolving social and environmental issues

[Management Philosophy] leading-edge service company

Transforming ourselves into a comprehensive life services group centered on financial services

Main Management Resources

Corporate culture that has been handed down in continuous succession

- Awareness toward co-creation with all stakeholders
- Meritocracy free from age, gender, or educational attainment bias
- An organizational culture that allows creative destruction and failure

Human resources with vitality

- Human resources that are active under our common system for all employees

Innovation creation capabilities

- Credit know-how nurtured over the 70-plus years since the Company's founding
- Professional human resources well-versed in the payment/finance fields
- Service development track record in the finance field
- System infrastructure capable of responding flexibly to change

Rock-solid sales platform

- Customer base with an industry-leading number of members

Sound financial base

- Diverse financing based on high creditworthiness
- Highest level of creditworthiness for an independent non-bank

The Six Businesses > P5

Payment Business

Entertainment Business

Finance Business

Lease Business

Real Estate-related Business

Global Business

Transforming existing values and creating new values in response to various problems

By promoting digital conversion in combination with real life, change the customer/employee experience

Use financial services as a method to take on the challenge of financial inclusion

Innovative

Digital

Global

Providing a wide range of advanced security services with the strengths of creditworthiness and a wide customer base

CREDIT SAISON

Materialities for Sustainability

- Achieving sustainable growth and improving corporate value through sound corporate management
- Creating human resources and an organization where each person can fulfill an active role in their own way
- Enriching our customers' lives and enabling them to live happily and true to themselves
- Creating a better society through co-creation with partners
- Protecting the rich natural environment and culture that enriches life, and energizing people in the region and community

Requests from the market environment/society

- Declining birthrate, aging population
- Climate change
- Digitalization
- Promoting conversion to cashless operations
- Growing needs for asset formation

Value Created in Collaboration with Stakeholders

Customers / Partners / Regions/communities / Shareholders / Employees

Financial results

Return on equity (ROE)	7.5% (previous fiscal year: 6.5%)
Shareholders' equity ratio (equity ratio attributable to owners of parent)	15.4% (previous fiscal year: 15.6%)
Group business profit	¥60.9 billion (previous fiscal year: ¥52.3 billion)
Total dividends	¥10.9 billion (previous fiscal year: ¥8.6 billion)
Total shareholder return (consolidated)	111.0% (previous fiscal year: 85.5%)

Realization of a resilient organization

Progress in social and environmental initiatives led mainly by the Sustainability Promotion Committee

Number of committee meetings/working groups held	28 in total
Committee: Nine times; WG: Climate change 10 times; DE&I: Nine times	
Number of dialogues held with shareholders/investors	214
Number of security incidents	0

Fostering motivation and diverse values

Ratio of female employees	74.5%
Ratio of female managers*1	24.9%
Number of human resources with digital technology backgrounds	Approx. 260
Paid leave take-up rate	86.3%

New business/Product development

Number of new product releases	Approx. 40
Number of SWITCH SAISON*2 proposals and number of commercialization projects	Approx. 1,000 proposals; four commercialization projects

Strengthening ability to resolve social and environmental issues

- Business alliances aimed at building a carbon-neutral and recycling-oriented society
- Environmental protection activities (operation of Akagi Nature Park): About 65,000 visitors
- Reducing paper consumption by digitizing the flow of operations
- Financial inclusion for the underserved class worldwide, beyond Asia

*1 General manager and manager
*2 Internal venture program

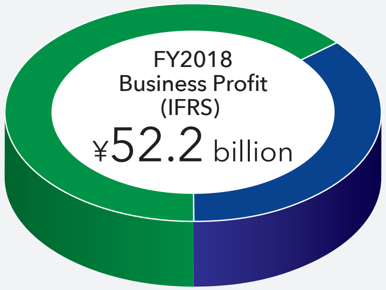
For details, please see page P35

Retrospective Overviews of Past Medium-term Management Plans

FY2016–FY2018 | **FY2019–FY2021** | **To FY2022**

Further acceleration of efforts to revise the card business and transformation to a general non-bank

Building a Foundation



FY2018 Results

EPS	Shareholders' Equity Ratio	ROE
¥186.8	15.3%	6.2%

Basic Policy

Realize innovation and changing business models

- Face the challenge of new business models
- Expand the stock business and the fee business

Results

Full migration to the Associated Core System

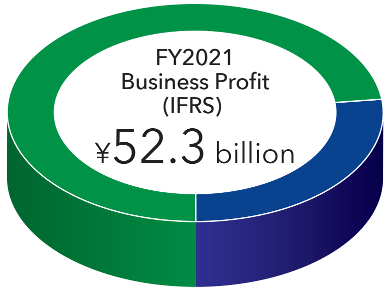
- Completed a foundation capable of alliance expansion and product development

Responsive to diverse customer needs

- Payment platform enhancement/ Finance Business expansion

Expanded the Global Business into more countries

Transformation and Renewed Growth



FY2021 Results

EPS	Shareholders' Equity Ratio	ROE
¥226.4	15.6%	6.5%

Basic Policy

Become a finance company advancing with customers for 50 years

- Provide peace of mind and discover the potential in money

Results

Achieved a certain degree of progress toward business diversification

Payment Business

- Recovery under way due to the effects of shortened business hours and people having refrained from going out

Finance Business

- Steady expansion as the second pillar

Global Business

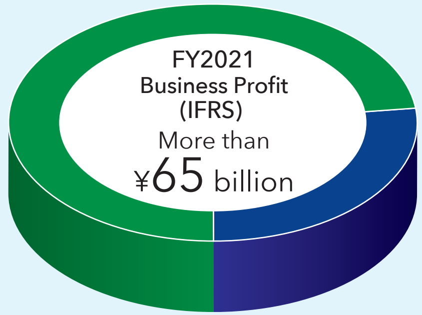
- Prospect of increased profit contribution as a third pillar

Neo Finance Company in Asia

■ Payment Business*1 ■ Finance Business*1

FY2021 business profit

(excluding the impact of provision for loss on interest repayment)



About the impact of provision for loss on interest repayment

In addition to carefully examining such factors as its past reimbursement record, the Company has posted the necessary allowance required to address future uncertainties, including changes in economic conditions and taken preparatory steps to account for unexpected events with respect to trends in interest reimbursement claims.

In FY2021, the Company recorded a provision for loss on interest repayment of ¥13.6 billion after taking into account the projected future trend of interest repayment claims, etc.

The level of business profit was more than ¥65.0 billion, exceeding the initial target of ¥60.0 billion after excluding this impact.

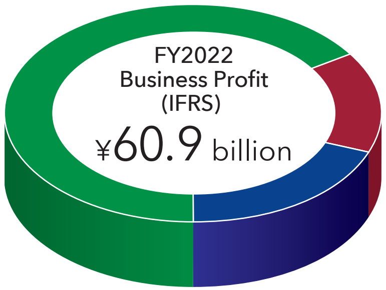
*1 The Payment Business includes the Entertainment Business; the Finance Business includes the Lease and Real Estate-related businesses

Overview of the Current Medium-term Management Plan

FY2022 — Transformation into a comprehensive life services group

FY2024 — New Medium-term Management Plan from FY2024

Business profit (initial target) ¥53 billion → ¥70 billion →



■ Payment Business*1 ■ Finance Business*1 ■ Global Business*2

FY2022 Results

EPS
¥278.9

Shareholders' Equity Ratio
15.4%

ROE
7.5%

- Both growth in consolidated contribution including the Global Business and growth in each non-consolidated business trending firmly.
- Projected to achieve the Company's consolidated business profit target of ¥70 billion for FY2024, one year ahead of schedule.
- The next Medium-term Management Plan will start anew from FY2024.

Portfolio transformation

Muscularization of the business structure

Aim for more than ¥100 billion in business profit as a medium-term goal

Re-growth phase

*1 The Payment Business includes the Entertainment Business; the Finance Business includes the Lease and Real Estate-Related businesses
*2 From the first quarter of FY2023, the Global Business, which was included in the Payment Business up to FY2022, has been changed to an independent reporting segment

Basic Policy

Transformation into a comprehensive life services group

Achieving customer success through the fusion of the real and digital worlds

With transformation into a comprehensive life services group as its medium-term management vision, Credit Saison formulated the Medium-term Management Plan for the FY2022 to FY2024 period with the core concepts of innovative, digital, and global, and achieving customer success through the fusion of the real and digital worlds as its mission statement.

Vision under the Medium-term Management Plan

1. Establish the Saison Partner Economic Zone and Reinforce Cooperation among the Group's Companies
2. Revitalize the Payment Business
3. Promote Healthy Growth and Expansion into New Fields for the Finance Business
4. Accelerate Global Business Development and Further Growth Expansion

Basic Concept

Continue and penetrate the three concepts and accelerate the drive of each business.

Digital **Innovative** **Global**

Growth Strategy Framework

Sales expansion → Global ➤ P21 | Payment ➤ P27 | Finance ➤ P29 ← Improved profitability

Reinforcement of Business Foundation

CSDX Strategy ➤ P38 | Human Resource Strategy ➤ P31 | Financial Capital Strategy ➤ P41

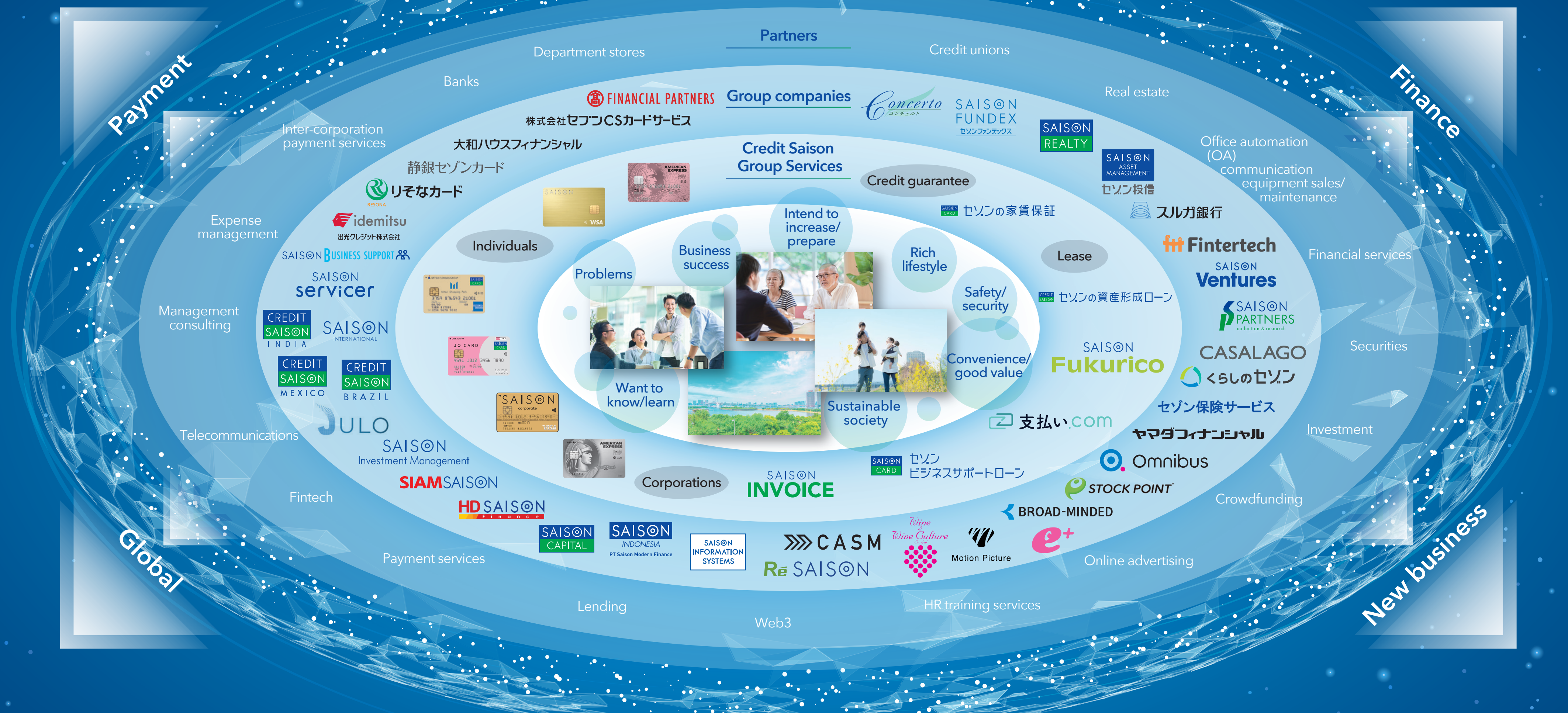
Mainly related materialities

- Achieving sustainable growth and improving corporate value through sound corporate management
- Creating human resources and an organization where each person can fulfill an active role in their own way
- Enriching our customers' lives and enabling them to live happily and true to themselves
- Creating a better society through co-creation with partners
- Protecting the rich natural environment and culture that enriches life, and energizing people in the region and community

Establishment of the Saison Partner Economic Zone and Reinforcement of Cooperation among the Group's Companies

Establish the Saison Partner Economic Zone

In transforming ourselves into a comprehensive life services group, our goal is to establish the Saison partner economic zone. We will pursue synergies with Group companies in addition to our existing business partners with the aim of becoming a non-bank with a strong presence in each of the Payment, Finance, and Real Estate-related businesses. Specifically, we will actively promote initiatives that allow our existing alliance partners to utilize the Group's base of approximately 35 million customers and expand our share of corporate transactions through Group collaboration. In addition to developing new products in the fields of payment, asset management, and real estate, we will create value suited to individual customers by combining resources of Saison partners through the diversification of coordinated relationships and services.



Establishment of the Saison Partner Economic Zone and Reinforcement of Cooperation among the Group's Companies: Interview with the Executive Officer in Charge

Hironao Wakamei
Executive Officer
In charge of Group Strategic Management Dept.
General Manager, Group Strategic Management Dept.

Taking on the challenge of establishing the Saison Partner Economic Zone with all Group employees working in unison

Q Please tell us about the new initiatives launched as part of Credit Saison's integrated Group management with its affiliated companies and the resulting synergy toward transforming into a comprehensive life services group as raised in the Medium-term Management Plan from FY2022.

We have engaged in Group management that aims to enhance corporate value while respecting the independence of each of our affiliated companies and maintaining a sense of friendly competition. As a result, we have started to form a corporate Group that stays true to Credit Saison with its rich diversity and engagement in a wide range of businesses. Under the current Medium-term Management Plan, we have put forth the basic goal of transforming into a comprehensive life services group, and aim to build the Saison Partner Economic Zone with an awareness of integrated Group management.

As an example, as we recognize that communication is the most important aspect of business cooperation, the Credit Saison Chairman and President visit each affiliated company in person in addition to receiving explanations of initial business plans and progress reports from affiliated companies. This approach provides a forum for them to cooperate directly with our affiliated companies in their short-, medium-, and long-term business strategies and progress updates, as well as to exchange opinions, thereby serving to create opportunities to think about managing the Group as an integrated whole. As part of our efforts to deepen information sharing at the front lines, we established a new Group intranet, introduced a common-use Slack environment, and made other improvements to the information sharing infrastructure used by Group companies. At the same time, we are advancing initiatives to share information in face-to-face settings, including sales representative exchange meetings.

Moreover, we introduced shared services (outsourcing of accounting and other back-office operations to Credit Saison) for some affiliated companies in an effort to improve the efficiency of operations and have also begun building a framework to reinforce and rationalize sales. Currently, we are working to expand the number of eligible companies by launching Group-wide task forces, which include members from both Credit Saison and our affiliated companies as part of ongoing investigations.

We are also implementing branding strategies and are working to foster a more unified image for the Group by naming our companies, products, and services after "Saison."*

Q How are these initiatives progressing? Please tell us about the major outcomes and any challenges that have arisen.

We have seen a tendency for the Group as a whole, including Credit Saison, to focus on customer satisfaction and profit generation from its own perspective. Although I do not intend to deny the marketing strengths that we have developed in a way that stays true to Saison in their entirety, this approach tends to lead to discussions and actions regarding partial optimization. Yet, to realize integrated Group management, each employee of the Group must think and act from the perspective of overall optimization. As I see it, the most important aspect for achieving this perspective is for Credit Saison and each affiliated company to possess an interest in and attempt to learn about the businesses of the other members. We will therefore advance related initiatives with a focus on building frameworks and mechanisms, as well as on strengthening communication, for this purpose.

Q To achieve the goal of transforming into a comprehensive life services group, what do you think the Group must do in particular going forward?

Each Group employee must undergo a further change in his or her mindset. Starting next spring, we will accelerate personnel exchanges between Group companies via internal recruitment along with efforts to strengthen communication, and will begin considering rationalization through the consolidation of branches. Moreover, I feel that we must reinforce the personnel system in a way that links contributions to the Group with employee evaluations, as well as strengthen management and accounting systems that help visualize the degree of contribution by our affiliated companies. There are many things left to do. And as a member of the Group, I will place our customers first as I act with an awareness of optimization for the entire Group.

* Atrium Co., Ltd., was renamed Saison Realty Co., Ltd. (April 2023), and JPN COLLECTION SERVICE CO., LTD., was renamed SAISON COLLECTION SERVICE CO., LTD. (July 2023)

The management style taken by each Group company has focused on the independence of each company, without being hemmed in by brands or capital relationships. Moreover, we will maintain the independence of each company into the future as we aim to differentiate ourselves from our competitors and establish a comprehensive life services group that offers the greatest convenience to our customers. To achieve these aims, we will further strengthen Group product coordination with respect to each customer in a customer-oriented manner within the Saison Partner Economic Zone, a loose network of horizontal connections.

Outcomes of integrated Group management

Contributions to profits by Saison Fundex Corporation and Saison Realty Co., Ltd.

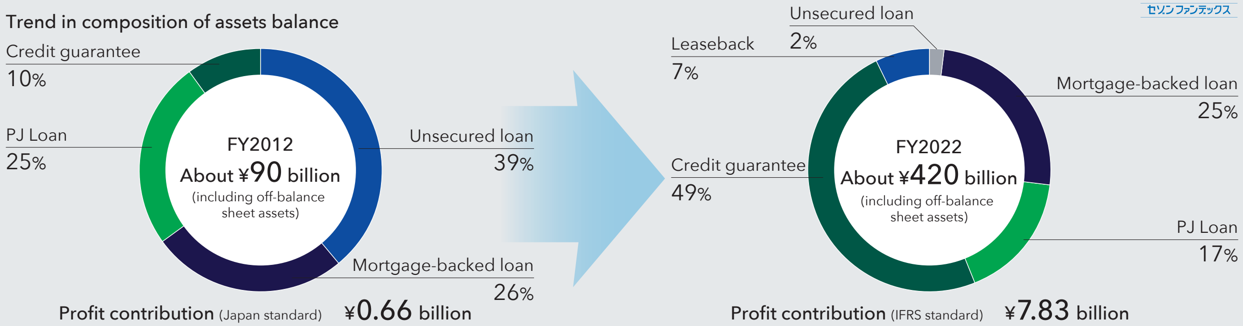
Saison Fundex and Saison Realty have exhibited remarkable outcomes amid efforts to advance integrated Group management.

In particular, Saison Fundex is undergoing a business model change, transitioning from its conventional business portfolio centered on unsecured loans to one centered on real estate finance.

Saison Fundex

Shift from unsecured loans (credit card loans) to a business portfolio centered on real estate finance

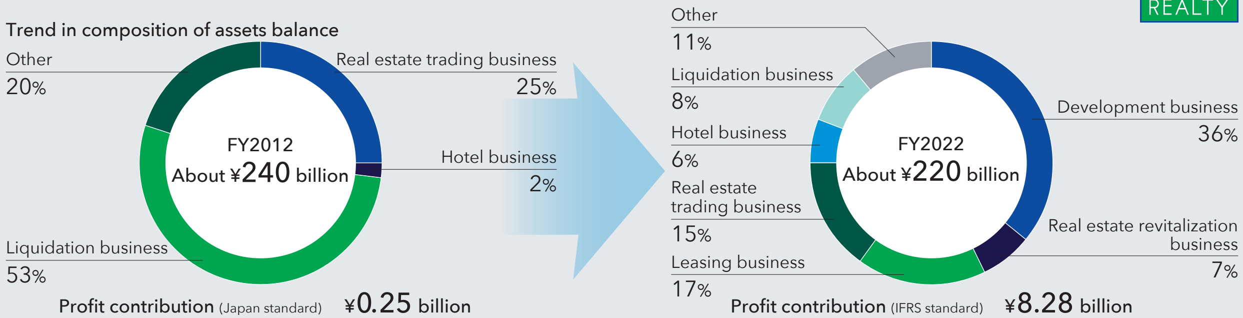
Trend in composition of assets balance



Saison Realty

Changed its focal business to the development and leasing businesses; the assets of the liquidation business are on a downtrend

Trend in composition of assets balance



Case study

We are working to generate synergy at the frontline level by holding exchange meetings attended by corporate sales representatives from each Group company, which provide opportunities for participants to get to know each other.

This effort promotes the exchange of opinions toward generating ideas that help utilize the Group's resources in an integrated manner with the aim of transitioning to a comprehensive life services group and provide value to our customers.

In FY2023, we held these meetings two times, during which we advanced efforts to strengthen coordination toward establishing relationships between the Group and our customers through a total of 30 presentation proposals, including complex proposals that combine the functions of each company.

Moreover, this effort expanded communication channels between Group companies and served to broaden the Group's integrated profits by forming relationships that connect each company in a direct, even-footed, and timely manner.

Corporate sales representative exchange meeting

SAISON ASSET MANAGEMENT CO., LTD.

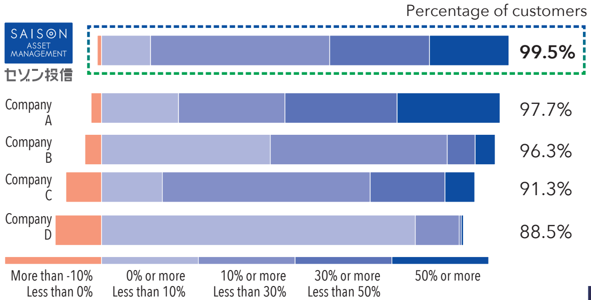
Enabling periodic monthly investments through Credit Saison-issued credit cards

Since its founding in 2006, SAISON ASSET MANAGEMENT has held the philosophy of aiding asset formation in a way that supports well-being for the valuable future of each of our customers. Under this philosophy, it has provided long-term asset growth funds that have received the support of many of our customers, with more than 150,000 contracts totaling approximately ¥700 billion in assets under management (as of November 30, 2023).

With the start of the New NISA system in January 2024, Credit Saison-issued Saison Card and UC Card members are now able to use their credit cards to make periodic monthly investments in the three investment trusts that can be purchased using SAISON ASSET MANAGEMENT general transaction accounts.

CREDIT SAISON × SAISON ASSET MANAGEMENT セゾン投信

Percentage of customers by investment trust profit/loss
(other businesses)
No.1 99.5%



January 2024

SAISON ASSET MANAGEMENT launches the new "Saison-to-tsuzuku" Internet transaction service

Enables "Invest by Card" for up to ¥100,000 per month using Credit Saison-issued credit cards

R&I ファンド大賞 2023 10年連続受賞

REFINITIV LIPPER FUND AWARDS 2023 WINNER JAPAN

* Source: Prepared by Credit Saison based on "Analysis on the Common KPIs Comparable Across Investment Trust Distributors," Financial Services Agency (as of March 31, 2023)
* R&I Fund Award
Shisan Keisei Tatsujin Fund "10-year Investment Trusts/Foreign Stock Core Superior Fund Award"
The R&I Fund Award is presented to provide reference information based on the past data R&I believes to be reliable (however, its accuracy and completeness are not guaranteed by R&I) and is not intended to recommend the purchase, sale or holding of particular products or guarantee their future performance. The Award is not the Credit Rating Business, but one of the Other Lines of Business (businesses excluding Credit Rating Business and also excluding the Ancillary Businesses) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities. Intellectual property rights including copyright and all other rights in this Award are the sole property of R&I, and any unauthorized copying, reproduction and so forth are prohibited.
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Shisan Keisei Tatsujin Fund "Investestment Trusts/Mixed-asset Japanese Yen-backed Flexible/10-year Assessment Period/Best Fund Award"
The Refinitiv Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the Refinitiv Lipper Fund Award. For more information, see lipperfundawards.com.
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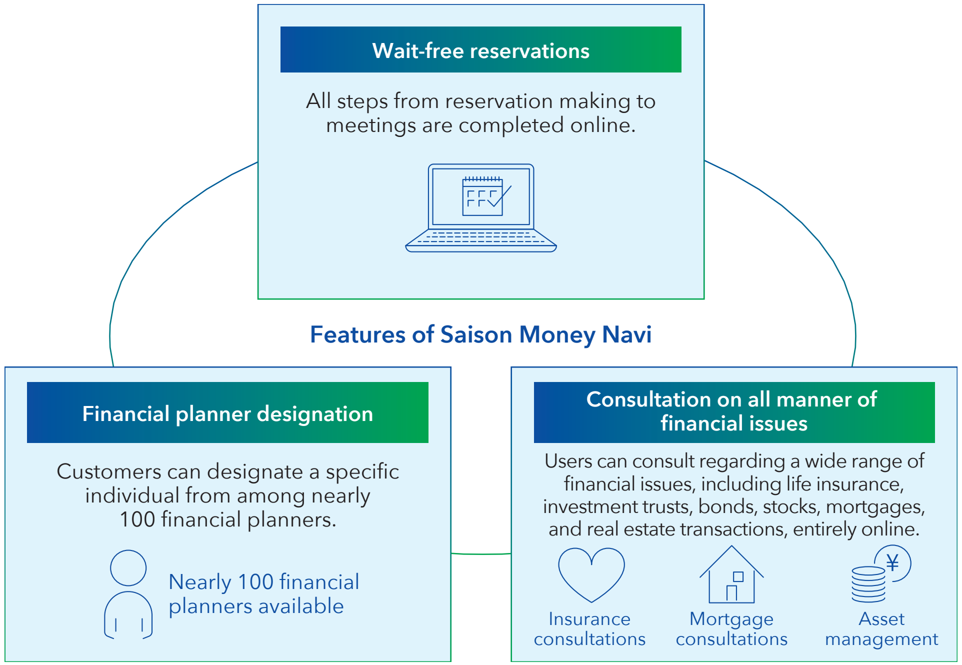
Trade name: SAISON ASSET MANAGEMENT CO., LTD.
Financial instruments business operator: Kanto Local Finance Bureau (FIBO) No. 349
Member association: The Investment Trusts Association, Japan

Broad-minded Co., Ltd.

Launch of Saison Money Navi

In August 2022, Credit Saison and Broad-minded Co., Ltd., entered into a capital and business alliance in aims of further expanding and growing the financial service domains of both companies. As part of our efforts to strengthen coordination involving financial advisory (planning) services, in July 2023 we launched Saison Money Navi, an online financial planning service that allows users to designate a financial planner and reserve meeting times online. This service allows users to receive free consultations regarding a wide range of financial issues, including insurance, investment trusts, bonds, stocks, mortgages, and real estate transactions.

オンラインFPショップ
セゾンのマネナビ
produced by BROAD-MINDED



Capital and Business Alliance with Suruga Bank Ltd.:

Creating a Neo Finance Solution Company

Credit Saison entered into a business alliance with Suruga Bank Ltd. in May 2023. In recent years, the business environment surrounding the Company has become competitive, requiring it to differentiate itself from a wide variety of players because more competitors such as banks, securities companies, and insurance agencies are offering comprehensive financial services, while banking services have expanded through the use of BaaS. The business environment surrounding Suruga Bank is also changing beyond the traditional boundaries of the banking industry, with general business companies now offering banking services and Fintech companies diversifying their payment services. Credit Saison and Suruga Bank will closely and rapidly collaborate in order to create a new business model that combines the strengths of both banks and non-banks, with the aim of enhancing the medium- to long-term corporate value of both companies.

- Card loans
- Specific-purpose loans
- Housing loans
- Investment real estate loans
- Testamentary trusts
- Insurance
- Business targeting foreign nationals

- Credit cards
- Flat 35
- Asset formation loans
- Reform loans
- Real estate mortgage loans
- Banking agency services
- Real estate trust beneficiary rights sales
- Guarantee (e.g., rent/loans on deeds/housing loans)

- Business loans
- Business matching (e.g., management issue support)
- Advisory services (business succession, M&A support)
- Structured finance

- Corporate cards
- Real estate mortgage loans
- Condominium management association loans
- Medical fee factoring
- Structured finance
- Leasing

October 2023

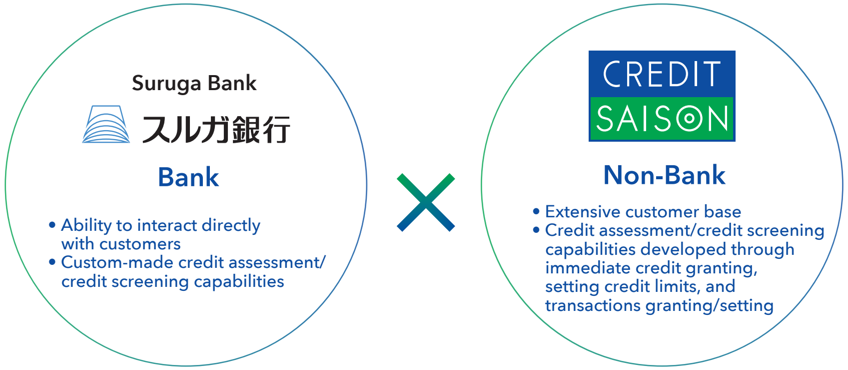
Collaboration in the mortgage business

Commence handling of mortgages with Credit Saison guarantees at Suruga Bank

November 2023

Collaborative development of the real estate finance business

Commence joint provision of "collaboration loans"



Total of all business fields over the next five years (FY2023 to FY2027)

Aim for ¥350 billion or more in new loans

Summer 2024 (Planned)

Establishment of Saison Branch by Suruga Bank

Spring 2024 (Planned)

Co-commercialization of Saison Platinum Business AMEX Card

Katsumi Mizuno
Credit Saison Co., Ltd.
Representative,
Executive President and COO

The ideal partner for driving innovation

Banking functions are essential in both enhancing the services Credit Saison provides to its customers and transforming into a comprehensive life services group, a key goal identified in its Medium-term Management Plan. Recognizing each other as a partner that is capable of maximizing corporate value, Credit Saison, as a non-bank service provider with strengths in the retail business, and Suruga Bank, as a banking institution, entered into a capital and business alliance by engaging in seamless collaboration. Moreover, the corporate culture of Suruga Bank, which has conceived of many innovative services even as it functions as a regional bank, has much in common with that of Credit Saison, which I believe will enable the two entities to create new services that do not currently exist in the market.

I believe that mutual understanding, respect, and disclosure are essential to a successful capital and business alliance. As both Credit Saison and Suruga Bank move toward a common goal, I feel it is important for us to maintain a closeness that allows us to speak honestly and in a way that transcends our respective positions. This includes respecting our particular corporate cultures based on a clear understanding of our unique situations, and by constantly communicating to ensure we maintain the same level of information as the business environment changes moment by moment. We have already initiated steps to exchange human resources not only at the executive officer and general manager levels but also at the staff level. I believe that further energizing communication and deepening relationships will serve to generate true synergy.

Growing together and creating new added value

To realize our corporate philosophy of "I'm glad you're here...I'm glad we met," we raised the management strategy of evolving the retail and solution businesses. By seamlessly combining the broad range of functions developed by Credit Saison in its quest to become a comprehensive life services group with our retail banking functions, I felt we would be able to create a business model that was better able to eliminate the disadvantages faced by our customers over a broader range of their everyday lives. Another reason I decided to form the alliance was because I was certain that working together would allow us to provide new added value to both our own customers and those of Credit Saison, and that Credit Saison would serve as a partner in aiming to achieve growth for both companies.

The most important aspect to succeed with this new business model that combines a bank and a non-bank is building a relationship of trust between the two companies. I also feel it is important to facilitate open communication at different levels and between different fields, not just at the executive officer level, as is typical. We have already initiated steps to dispatch employees between the companies and to engage in personnel exchanges between departments for this reason. And I have heard from our employees that they have found it easy to discuss matters because the two companies have similar corporate cultures, that they have been stimulated in a positive manner, and that new ideas will likely emerge. I therefore intend to continue creating forums where employees can speak informally and openly with each other and to deepen this relationship so that we can stimulate each other, grow together, and provide new added value to our customers.

Kosuke Kato
Suruga Bank Ltd.
Representative Director and President

Global Business: Interview with the Director in Charge

Kosuke Mori
Director, Senior Managing Executive Officer
Overall Global Business execution
Head of Global Business Division

Focusing on the global rollout of the successful business model we created in India, growing profits and ensuring financial inclusion for all

Q How is the progress of the growth strategy "Accelerate Global Business Development"?

In April 2022, we established our International Headquarters (IHQ) in Singapore., FY2022 was a year in which we took a big step forward, particularly in the globalization of our core lending business. In addition to Vietnam, which has always driven our contributions to profits, we have seen surging growth in our post-pandemic business in India. Given the successes in India, we leveraged the business model we built and established our presence in Brazil and Mexico where, similar to India, there are large Fintech ecosystems. In Indonesia, we acquired JULO, a company specializing in digital lending, as an affiliate company to grow our lending business in the market.

As far as our core investment business is concerned, the investments we made at an early stage approximately ten years ago have appeared as a major gain on investment valuation. However, the current global business environment for venture investment has cooled due in part to uncertainty about the macro environment, including rising interest rates. Based on this, we are currently taking a more selective focus to our venture investments but continue to be committed to our focus of backing founders in the seed and early stage who are solving important problems. We remain on lookout for businesses which are synergistic with our lending business and building networks in each market.

Q Tell us about the initiatives being undertaken for operations in India, which is experiencing rapid growth.

Upon first entering the Indian market our business model was BtoB or BtoBtoC. By focusing on lending to underserved individuals and micro, small, and medium enterprises (MSMEs) through partner Fintech players and emerging lenders, we have kept risks associated with credit and collection to a minimum. As a result of having raised our local presence, we accumulated a vast amount of data and knowledge, and this has led to more business opportunities than ever before. Therefore, in FY2023, in order to scale up the business, the B-to-C model was launched, taking the existing risk-diversified business model to the next level. For individual customers, we offer an embedded finance* service in partnership with non-financial companies with a big customer base. Our lending products are embedded in their app, and we built our capability in managing credit and collections in-house.. In addition, we are also developing lending for MSMEs. In order to effectively communicate with MSMEs, we have implemented a 'phygital' strategy since FY2022, which integrates both digital and physical domains. This strategy leverages our extensive network of approximately 40 branch offices established throughout India. We are confident that this approach will allow us to better serve our clients and meet their needs.

* A system in which a company's financial services are embedded within the services provided by non-financial businesses and offered to end users; also known as "plug-in finance."

What are your thoughts on the factors behind growth in the global business?

Our lending business has grown even while responding to the rising cost of funding amidst escalating interest rates and regulatory changes related to Fintech. The main reason for this is the strength of the local team, which is able to think and act on its own, and IHQ and Credit Saison that support it. Talented young professionals in the local teams are actively engaged in the business with a sense of ownership, as if they themselves were business entrepreneurs. Enabling us to achieve the maximum potential of such our people is the existence of our unique DNA and culture, which encourages people to think while moving forward without fear of failure. Moreover, the IHQ and Credit Saison both work together like two sides of the same coin, providing a strong foundation to support the business in areas such as finance and accounting, legal affairs, business development, and governance. In addition, one of our strengths is the nimble decision making of our management team, which was able to give the go-ahead to enter Brazil and Mexico a mere half year after commencing a full-scale market survey, and despite us making initial inroads into India.

Even though we consider the expansion of our global business in the face of high interest rates and rising geopolitical risks as a major step forward, we cannot rest on our laurels and must continue to strive for success. Whether we can scale up our business with BtoB and BtoC business models, and whether we can expand it globally will be judged after FY2023.

Please tell us about your business strategy going forward.

We are confident that our global business will significantly grow, both through lending and investment business. We will pursue business expansion through our subsidiaries in India, Brazil, Mexico, and Indonesia. In our lending business, there are few synergies expected by operating in geographical proximity to each other. This is because each country has a completely different business environment. In Southeast Asia, for example, languages, cultures and ethnic groups are diverse, and the level of development of regulations, business licenses and infrastructure, including digital infrastructure, varies from country to country and region to region. Therefore, we focus on selecting regions to enter based on the scale of their Fintech ecosystem rather than geographic conditions. We will continue to examine potential countries to expand our business all over the world, including Africa, Latin America, Central Asia, and Eastern Europe. In addition, the most valuable resource needed to expand the global business is human resource. Going forward, we will continue striving to retain outstanding human resource.

Please tell us your thoughts on contributing to the SDGs through financial inclusion.

Our business contributes directly to financial inclusion and creating employment opportunities, which are themes under the SDGs. As a non-bank company, we are different from typical impact investment funds in that we are an operating company with local roots, committed to the market from a long-term perspective and engaged in investment and lending. In the fall of 2023, we published our first Impact Report from our IHQ to broadly inform the public about our efforts. We continue to contribute to society by further promoting financial inclusion.

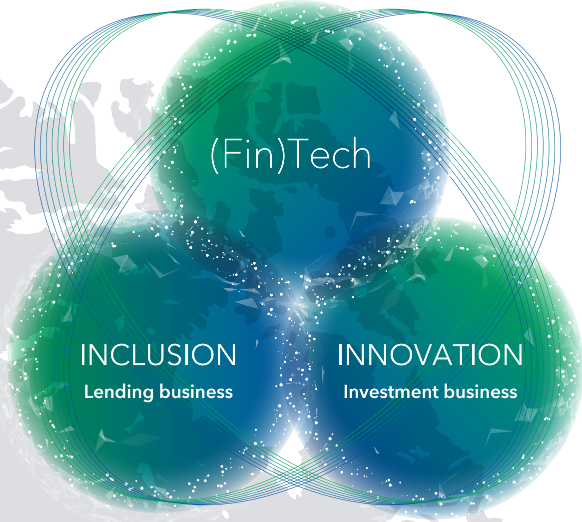
Accelerating Global Business Expansion

Accelerating Global Business expansion

Credit Saison is expanding its global businesses mainly in Southeast Asia and India, focusing on core enterprises are lending and investment. In addition, we established lending subsidiaries in Brazil and Mexico in FY2022, bringing the total number of countries where we operate to seven. In the lending business, we work on realizing financial inclusion through lending to the underserved*, and in the investment business, we pursue returns while at the same time creating synergies with existing businesses through investments in startups by our corporate venture capital (CVC) in Singapore.

We keep contributing to the company's growth by accelerating the expansion of global business driven by our IHQ in Singapore.

* Individuals and enterprises with insufficient access to financial services from banks and other traditional financial institutions



(Fin)Tech-led INCLUSION and INNOVATION

FY2022
Segment business profit
¥9 billion
* Of which the lending business accounted for ¥3.2 billion

India
Kisetsu Saison Finance (India) Pvt. Ltd.
(hereafter, Credit Saison India)
Lending business for individuals and MSMEs
CREDIT SAISON INDIA

Thailand
Siam Saison Co., Ltd.
Lending business for business operators
SIAMSAISON

Vietnam
HD SAISON Finance Co., Ltd.
Lending business for individuals
HD SAISON Finance

Singapore
Saison International Pte. Ltd.
International Headquarters (IHQ)
SAISON INTERNATIONAL

Saison Investment Management Pte. Ltd.
Offshore lending business centered on emerging economies
SAISON Investment Management

Saison Capital Pte. Ltd.
Overseas corporate venture capital
SAISON CAPITAL

Indonesia
PT. Saison Modern Finance
Lending business for individuals and MSMEs
SAISON INDONESIA PT Saison Modern Finance

Julo Holdings Pte. Ltd.
Digital lending business for individuals
JULO

Mexico
Credit Saison Mexico S.A. DE C.V., SOFOM E.N.R.
Lending business for individuals and MSMEs
CREDIT SAISON MEXICO

Brazil
Credit Saison Brazil Participações Ltda.
Lending business for individuals and MSMEs
CREDIT SAISON BRAZIL

Accelerating India business

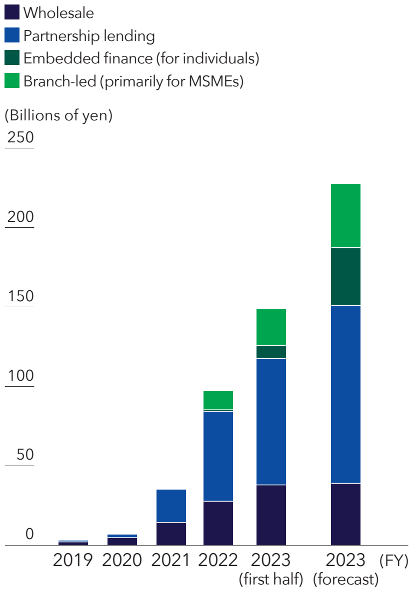
Kisetsu Saison Finance (India) Pvt. Ltd. (hereafter, Credit Saison India) engages in the lending business for the underserved in India and has achieved remarkable growth since the launch of its operation in 2019.

Deploying multifaceted businesses through four business models

Credit Saison India is rolling out multi-product, multi-vertical strategies based on four business models. As of September 30, 2023, it saw its balance of receivables grow to approximately ¥150 billion and its consolidated contribution to profit in the first half of the fiscal year steadily expand to ¥910 million, making it the primary growth driver for the global business.

- **Wholesale**
  Lending to Fintech players, emerging lenders, and other non-banks.
  They are in charge of whole process of lending to end-borrowers, from acquiring end-borrowers to collecting.
- **Partnership lending**
  Lending through partnerships with fintech players. Credit Saison India provides loans to end customers and holds credit balance.
- **Embedded finance (for individuals)**
  Lending through partnerships with non-financial companies. Credit Saison India services are embedded in apps offered by companies who have a big customer base such as mobile telecom carriers, etc.
- **Branch-led (primarily for MSMEs)**
  Direct lending, primarily to MSMEs. Utilizes branches throughout India as sales offices.

Changes in the balance of receivables held by Credit Saison India



Toward a further leap

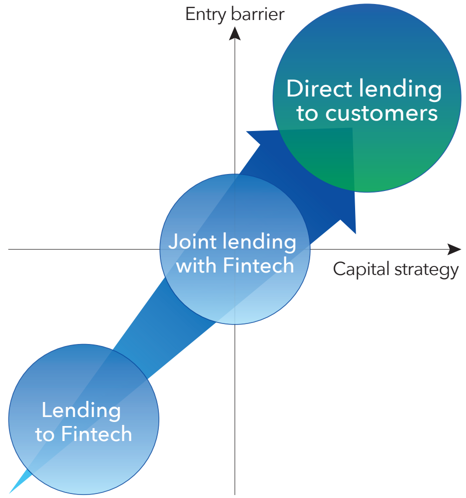
Business strategy

Through lending based on partnerships with Fintech players and others, Credit Saison India has been building its business foundation while acquiring data and knowledge. In 2021, it launched direct lending services based on this experience, and has since offered strategic initiatives such as embedded finance and branch-led lending tailored to customer types.

And it continues to differentiate itself from its competitors by diversifying its businesses and to take on the challenge of high profitability business models.

Credit Saison India has opened 40 branches throughout India

Stepped strategy from BtoBtoC to BtoC



Capital strategy

Credit Saison India raises strategic financing in order to support rapidly expanding business and to ensure advantageous interest rates.
Credit Saison India received a AAA rating from Care Ratings, an Indian rating agency, in March 2022, and a AAA rating from CRISIL Rating, one of the largest ratings in March 2023. To date, it has borrowed from 28 financial institutions, including top local banks. Moreover, it issued Credit Saison's overseas subsidiaries' first bond(Non-Convertible Debentures) last August, and it has steadily been growing while gaining the trust of local markets.

Credit Saison India CEO's interview

Becoming a lending powerhouse in India

Q What are some of the initiatives and secrets that Credit Saison India has adopted to achieve its goals since its establishment?

We think "Execution" is a key in company's operations and business. With this in mind, putting together a core team that can execute the planned roadmap is one major factor in our success. At the senior management level, we have a great team who have been able to work together to operationalize all areas that are needed for a regulated NBFC to operate in India and scale up the lending business while ambitious but in a resilient manner.

Now coming down to how we have been able to execute this, I believe OKRs (Objective and Key Results) have played a very critical role here to enable this. OKRs serve as a method to set specific objectives to be achieved over a certain time period, present and measure quantitative results. We have streamlined our OKR process a lot over the years and we now have it in a state whereby it's a very clear structure on what we need to do across all of our business verticals quarter on quarter and helps align various teams across all functions and verticals. OKRs have allowed us to have cross collaboration across teams with a clear visibility of what each function needs to do in order to enable our goals. In a nutshell, Execution is King! But using OKRs to Execute is God!

Q What is your strategy for future growth?

The vision of the business as we got started was to build out a neo-lending conglomerate in India. While many of other new age NBFCs are a mono line lending company, we see ourselves as a multi-product, multi-vertical company. We have ensured continued growth by committing to building a business with the right foundation. With the right and optimal capital strategy both from an equity (eg IPO) and debt perspective, our aim now is to go beyond just building out a neo lending conglomerate and become a diversified lending powerhouse here in India.

Presha Paragash CEO (left)
Kisetsu Saison Finance (India) Pvt. Ltd.

Beyond Asia to Latin America

CREDIT SAISON BRAZIL　CREDIT SAISON MEXICO

Credit Saison established subsidiaries in Brazil in February 2023 and in Mexico in March 2023, thereby marking our successful entry into Latin America. Both countries have the underserved who lack sufficient access to financial services. while both have recently experienced rapid development in infrastructure (Fintech ecosystem), partly due to government support. Based on the knowledge and experience acquired through our business in India, Credit Saison will provide financial services tailored to the local needs with the aim of realizing financial inclusion in Latin America.

Actively promote local talented resource

Investment Business: CVC

Saison Capital Pte. Ltd., Singapore-based CVC entity, have continued to actively invest in early-stage startups in India and Indonesia. Saison Capital has led and participated in investments across fintech, business-to-business commerce and e-commerce. Moreover, in September 2022 we established Saison Crypto Pte. Ltd.. which has also led and participated in investments across real world assets, decentralized finance and web3 developer tooling.

Saison Capital member speaking on a panel for the Asia PE-VC Summit 2023

Web3 domain investments (examples)

PONTEM NETWORK
MYTHIC PROTOCOL
Thala Labs
D3 LABS
HELIX

Publishing the Group's first Impact Report

In November 2023, we published our first Impact Report for the Group by Saison International Pte. Ltd. Saison International formed a dedicated team led by members who have experience and knowledge of impact, and instilled the concepts of ESG and impact across the global business to maximize the generation of positive impact.

Impact investment goals and business models

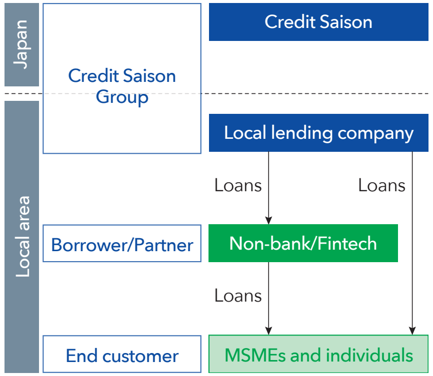
GOAL 01

Unlock MSMEs' growth potential and economic opportunities

GOAL 02

Improve the livelihoods of historically underserved individuals and households

Credit Saison provides loans to the underserved in emerging countries through Singapore-based Saison Investment Management Pte. Ltd. as well as other lending subsidiaries.



Major data

Number of borrowers	Number of loans disbursed
707,344	1,080,911

* Excerpt from the Impact Report, all figures are from the end of FY2022

Feedback from service users

The mother of two children, Ms. Sophanaren opened a clothing and accessory shop five years ago.

"Although I had applied for loans at various financial institutions in the past, I never passed the screening process. So, the loan I received from MAXIMA Microfinance (a borrower of Saison Investment Management) was my first, which allowed me to increase my purchases."

Phat Sophanaren (resident of Cambodia)

On Publishing the Impact Report

Marie Anna Bénard
Head of Impact
Saison International Pte. Ltd.

First of all, we are pleased to publish our first Impact Report and to be a part of this integrated report to share our progress to the stakeholders. This year, the focus has been on defining a relevant ESG and Impact framework for the global business, to date we have been able to implement this for some of our subsidiaries. In the medium term, we wish to complete this process by fully developing and integrating the ESG and Impact lens in all subsidiaries to achieve financial inclusion, that has been at the core of our impact strategy.

In impact investing, it is essential to 'measure' to visualize how much impact has been generated. But some of our counterparties do not necessarily have the data we request them to report. This means we constantly need to raise awareness and adapt to the reality of our business, and we try to improve impact data collection efficiency, hopefully in more automated way. Besides, measurement is not all. Once we get the necessary data, one critical aspect of our job is to increase our impact and incentivize our partners to do a better job, e.g. in putting in place the necessary policies and procedures to mitigate their negative impact on the environment or to better protect their customers. Other than Financial inclusion, Climate has been a hot and emerging topic over the past years, and we believe there is room to increase our contribution and demonstrate our sense of innovation in this area as well.

Last but not least, Saison International has expanded its mandate, geographical footprint and team over the past years. Our assumption is that this should translate into increasing positive impact, however, if we are not careful it could also potentially increase vulnerability to environmental and social risks. Today, we are trying to strengthen our capacity to measure and demonstrate our contribution to positive impact but also our internal capacity to manage and mitigate our potential negative impact. By strengthening both capacities, we hope it will contribute to Credit Saison's growth and strategic positioning in Japan, and globally.

➤ Click here for the Impact Report (English version) visit: https://saison-international.com/impact/

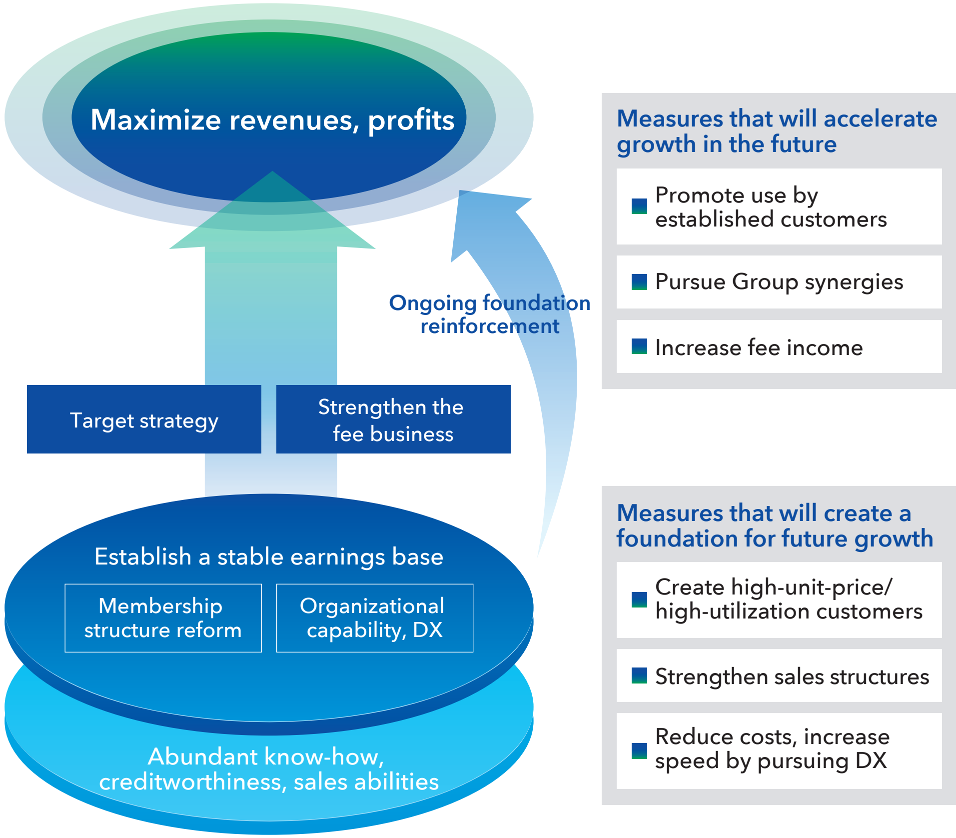
Revitalization of the Payment Business

Payment Business strategy basic concepts

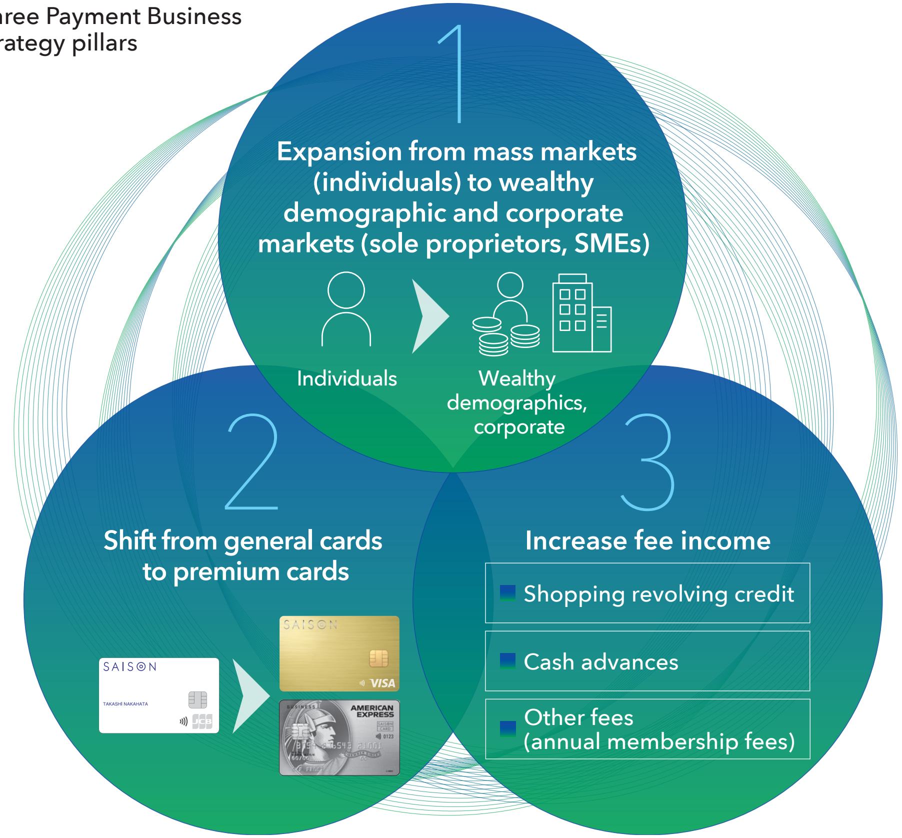
The Payment Business is developing strategies aimed at expanding the wealthy demographic and corporate markets, shifting to premium cards, and increasing fee income. We are making steady progress in the "New GOLD Card Strategy" and "AMEX Strategy" in the current Medium-term Management Plan, cultivating high-unit-price/high-utilization customers, strengthening sales structures, and reducing costs through DX.

To accelerate this growth, we will first strive to "create an exhilarating experience" and "provide a comfortable cashless lifestyle" for customers in their daily lives, thus retaining new customers and turning them into active users. At the same time, we will work to expand fee businesses such as shopping revolving credit and cash advances.

We are working to maximize revenues and profits by establishing a stable earnings base that will serve as a foundation for growth, leveraging the abundant know-how, creditworthiness, and sales abilities we have cultivated to date.



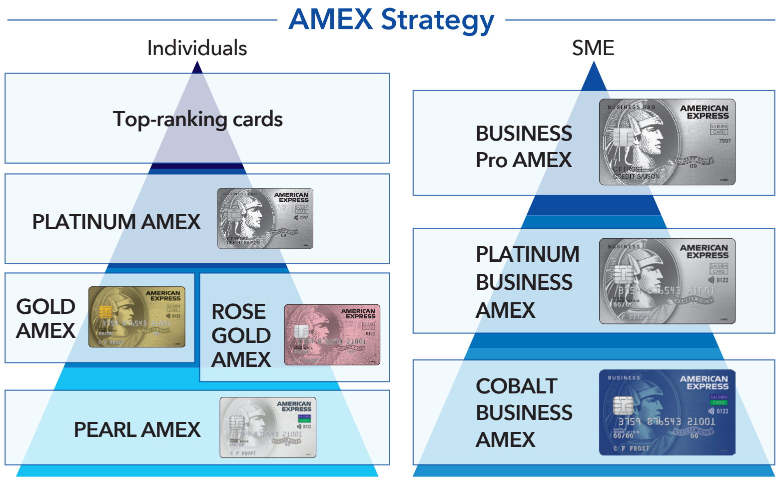
Three Payment Business strategy pillars



Payment Business strategy in the current Medium-term Management Plan

To revitalize the Payment Business, we are acquiring customers such as individuals, SMEs, and those in wealthy demographics through the AMEX Strategy and promoting the use of premium cards as their main cards through the New GOLD Card Strategy. We are encouraging a wide range of individual customers gained through cards with no annual fees to upgrade to premium cards, with the aim of them adopting premium cards as their main cards to increase the per-customer spend and annual spending. In the corporate field, we are developing cards for SMEs and wealthy demographics.

Establish a new model centered on the "AMEX Strategy" and the "New GOLD Card Strategy"

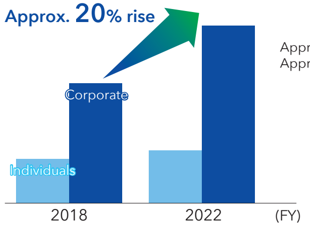


Promote cards to be used as a main card with the new royalty service SAISON GOLD Premium Card

Expansion of wealthy demographic and corporate (sole proprietors, SMEs) markets

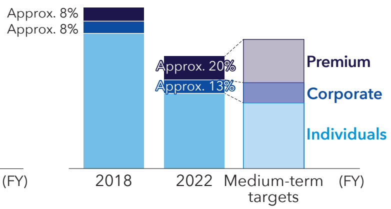
Shopping spend per customer

Corporate market approx. 3.5x larger than individual market



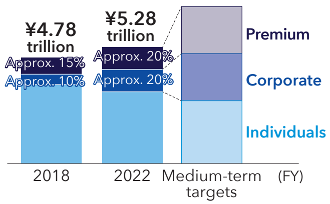
New issuance breakdown share

2018 ▶ 2022 (FY)
Wealthy demographic (premium) approx. 12 pt rise
Corporate share approx. 5 pt rise



Shopping transaction value breakdown share

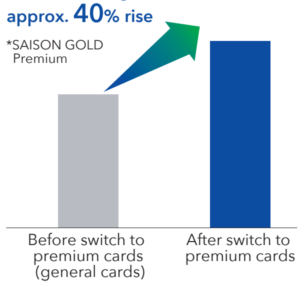
2018 ▶ 2022 (FY)
Wealthy demographic share approx. 5 pt rise
Corporate share approx. 10 pt rise



Shift to premium cards

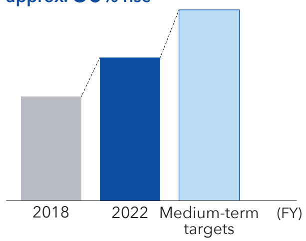
Unit price around the switch to premium cards

Unit price around the switch (annual average)
approx. 40% rise



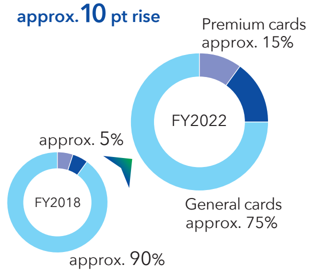
Share of members who spend more than ¥1 million annually (individuals, SMEs)

2018 ▶ 2022 (FY)
approx. 30% rise



Cardholder composition ratio

Premium card share
approx. 10 pt rise

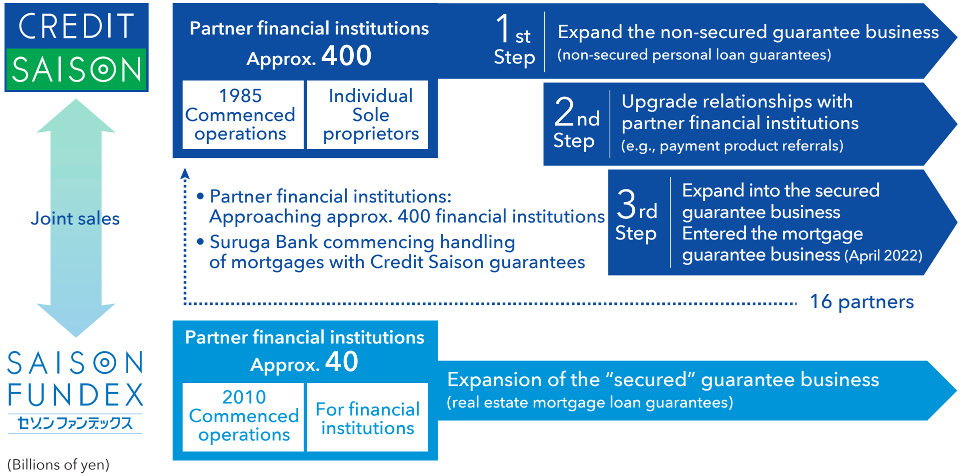


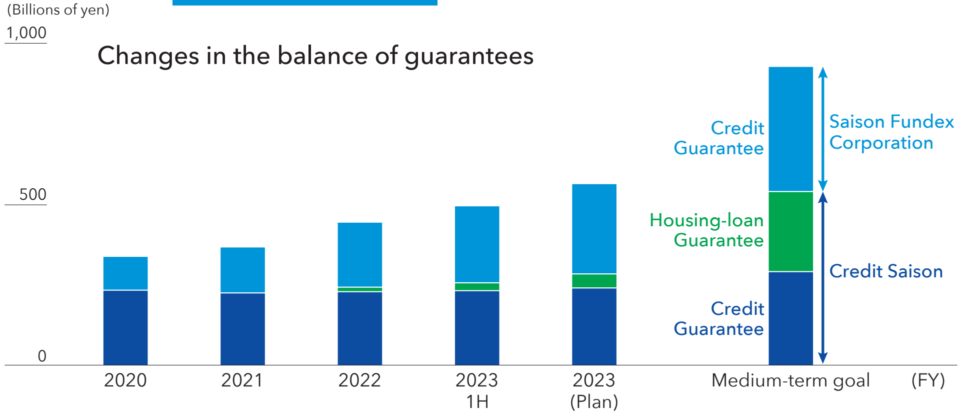
Promotion of Healthy Growth and Expansion into New Fields for the Finance Business

Key initiatives in the Finance Business

Expansion of the Guarantee Business in the Secured Area

While focusing largely on the unsecured area to date, the Company is working to expand its business domain and bring it to a further growth phase by entering the secured market. Building on our collaboration with Saison Fundex Corporation, a company that entered the credit guarantee business in 2010, we will expand guarantee business activities in the secured field.

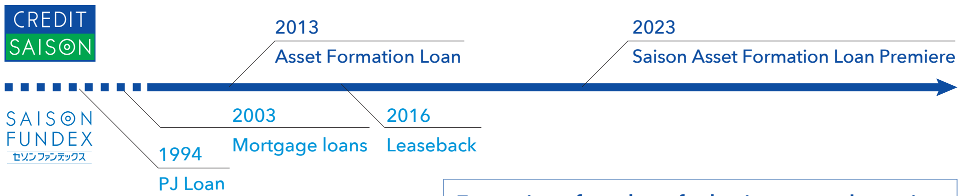


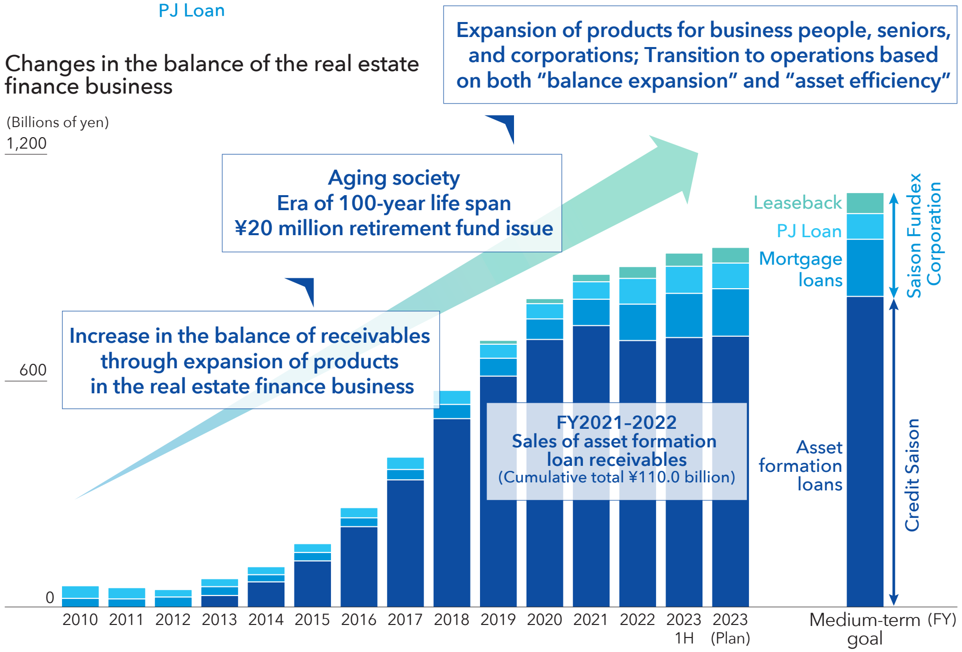


Growth of the real estate finance business

We are steadily expanding the real estate finance business by implementing a variety of measures, including efforts to expand products for business people, seniors, and corporations. We are working toward further growth together with Saison Fundex.

Expansion of products in the real estate finance business





Integrating the Finance Business and the Payment Business

Growth of the rent guarantee business

In FY2022, younger age groups in their 20s and 30s accounted for a large part of enrollees, with approximately 55% of customers being in their 20s. By creating a route through which credit card rent payments serve as the trigger for transitioning to use as a primary card, this effort helps to attract customers with high Life Time Value (LTV).

To further promote this initiative, we revised the organization in October 2022 to reposition the Rent Guarantee Department as part of the Payment Business Division instead of the Finance Division.

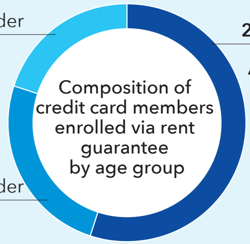
Rent guarantee as an effective channel for attracting new customers

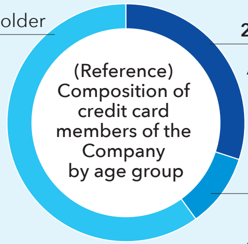
Centered on young customers in their 20s and 30s → Attract a younger customer base → Long-term engagement through transition to a primary card

Attract members with high LTV

Retention of young people

The ratio of those in their 20s and younger enrolled for our credit cards via rent guarantee is about double those enrolled for our credit cards.

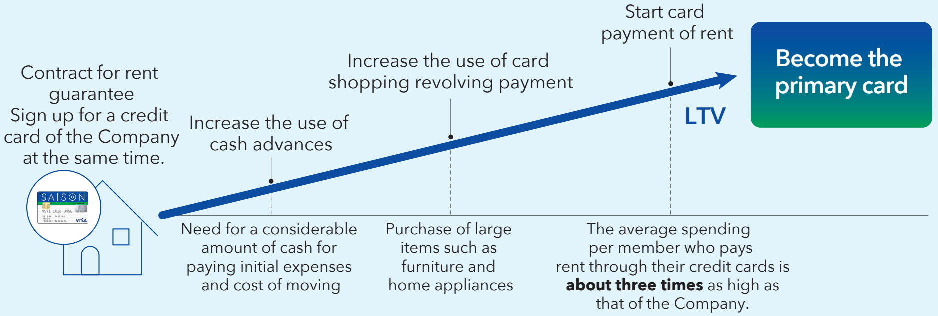




*Data for FY2022

Become the primary card

Grow them into primary cards leveraging card payment of rents.

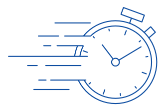
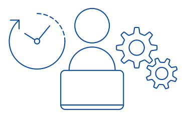
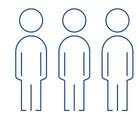


Growth of the rent guarantee business and DX promotion

Because Credit Saison advanced DX for the rent guarantee business at an early stage, we have been able to roll out this business through a combination of paperless operations and automation, thereby allowing us to deploy it without investing human resources even as operational volumes have expanded.

Application of DX to the rent guarantee business

Improve business efficiency through integrating rent guarantee screening into credit card screening and the shift of business processes to DX.

Integration into credit card screening	Shift to paperless operation	Digitization of manual work
Speed up screening	**Improve operational efficiency**	**Reduce labor costs**
		
Expand the number of new customers	Increase processing volume per person	Optimize the number of personnel

Human Resource Strategy: Interview with the Executive Officer in Charge

Kazue Yasumori
Managing Executive Officer
Head of Strategic Human Resources Dept., Processing Business Division,
General Manager,
Processing Business Division

While taking advantage of each and every person's individuality and strengths, realizing "a sustainable society that is even more convenient and prosperous than today's"

Q Credit Saison has adopted the goal of strengthening the capabilities of the human resource responsible for business growth under its current Medium-term Management Plan. What is the Company's definition of "professional human resources"?

The term "professional human resources" refers to employees who deeply cultivate areas of specialization and employees who newly cultivate areas covering a wide variety of the business. While refining existing products and services based on global trends and customer feedback, those employees who can deeply cultivate areas of specialization play an important role that can grow one into 10, 10 into 100, and can sometimes lead 100 to 0. In contrast, those employees who can newly cultivate areas while experiencing a wide variety of business fields are playing a valuable role in creating one from zero, regardless of the form of existing products and services. In both cases, it is necessary to cultivate a high level of perspective and broad outlook that enables the employees to achieve the results required by management strategies while being aware of their strengths, aspirations, and social conditions.

Q Please tell us about the main goals under the current Medium-term Management Plan that are geared toward the Company's transformation into a comprehensive life services group as well as the progress made, the degree of achievement, and the challenges you are facing in that transformation.

To play a part in "a sustainable society that is even more convenient and prosperous than today's," we need employees from diverse backgrounds with a variety of experiences, ways of thinking, and work styles to play active roles. Employees with a sales mindset who realize digital thinking based on logic and a focus on customer satisfaction are essential for creating a new Credit Saison. With the goal of creating 1,000 human resources who possess digital IT skills by FY2024, we will have trained a total of 260 core and business human resources with digital IT skills at the Technology Center by FY2022, and will focus on developing human resources skilled in digital IT through collaboration between the Technology Center and each business division in FY2023.

I also believe that it is necessary to promote female employees and mid-career employees to management positions so that diverse human resource possess the ability to make decisions. In FY2022, the percentage of female managers (i.e., general managers and managers) was 24.9%, which is not low by any means. However, because the ratio of female managers is insufficient compared to the overall ratio of female employees in the Company, I would like to take new initiatives to give all employees the opportunity to take on positions with decision-making authority.

Q What is the particular focus of your human resources strategy under the new Medium-term Management Plan to be announced in May 2024?

There are three ideas that we are focusing on for our human resources strategy under the new Medium-term Management Plan. The first is "strengthening the creation of professional human resources for deep and new business cultivation." Next, in collaboration with business divisions, comes "Human Resource Business Assist," the building of personnel functions by means of specific initiatives based on the characteristics and issues of the business divisions. Finally, there is "diversity based on work-life fullness."

We will continue to address the creation of professional human resources—for example, by expanding opportunities for dialogue in the selection process for our internal open recruitment system, which we refer to as open challenge, revising the assessment program with an emphasis on diversity, and strengthening the mid-career recruitment of human resources who possess specialized knowledge—while revising our operations and standards.

In the building of business division personnel functions, we will assign human resources to concurrently serve in the Strategic Human Resources Department and at business divisions. This comes in response to the situation where issues such as recruitment, training, labor, organizational revitalization, and reassignment vary depending on the business division, and responding with uniform operations and systems is beset with difficulties. By understanding the actual situation in more detail and attempting to resolve issues, we aim to become an entity that can ultimately assist in the growth of the business division from a human resources perspective.

The term "work-life fullness" means bringing about fulfillment both for the Company and yourself, at work and at home, rather than just one or the other. We design systems and create environments to not only accommodate diversity in terms of attributes, such as gender, age, disability, and nationality, but also to bring about fulfillment in a variety of life stages as individual people. For example, employees have periods of time away from work for reasons such as childbirth, childcare, and nursing care, and the Company has put in place leave systems for these purposes. If, however, employees wanted to leave the Company to acquire skills or expand their knowledge, their only option was to quit. We are thinking of a system that will change this common practice and allow them to return as valuable assets to Credit Saison.

Q Following on from 2017 and 2022, the Company made further revisions to the personnel system in April 2023. Please tell us about the aims of those revisions and about any initiatives that have been particularly successful.

With the aim of enabling every employee to utilize their individuality and strengths to take on challenges without fear of failure and to allow failure as an organization to lead to growth, we have renewed our human resource systems on two occasions. We unified employee categories, organized grade categories, introduced an assessment program, and created a new career path called a specialist position, which is equivalent to a manager. The number of people being promoted to specialist positions is increasing, probably because they have been able to recognize their own areas of strength after having attended the assessment program and demonstrated results.

As career paths were previously limited to manager positions primarily in the management field, I think this was a great source of anxiety for employees who were unable to envision their future careers even after having cultivated their specialist fields. It is my belief that having achievements in their own areas of expertise recognized and then having them proceed to the next step will produce significant results for both our employees and the Company.

In April 2023, we expanded the eligibility conditions for taking the assessment program and made revisions that required applicants to apply voluntarily. Because autonomous career development is essential for utilizing the diverse career paths provided by the human resource system, we have revised the course with the aim of encouraging participants to take on challenges on their own initiative and, even if they fail, they can understand the important points and aim for the next step.

Initiatives such as study sessions and roundtable discussions with experienced people have expanded in FY2023 to encourage participants in each business division, and I feel that the vertical and horizontal connections that go beyond work have become stronger.

A photo taken when participating in the "SAISON CAMPUS" company cafeteria renewal project that led to the creation of opportunities for dialogue.

Q As the strengthening of human resource gains in importance, what kind of initiatives do you have in mind for Credit Saison going forward? Also, please tell us what you expect from your employees.

I would like them to have many conversations with people they have never had contact with before, both inside and outside the Company. Nowadays, this or that effect, such as time or cost performance, is being talked about, but I would like them to have the opportunity to come into contact with and understand many values without being limited to short-term effects. To build "a sustainable society that is even more convenient and prosperous than today's," we will need the ability to discern the true nature of things and the ability to think of ways to satisfy diverse values. I would like to create a new Credit Saison together with employees who are able to learn things they didn't know, think for themselves, come up with answers, and take action without being confined within individual team, or company boundaries.

Human Resource

Human resource strategy designed to realize management and business strategies

Since its establishment, Credit Saison has, in the face of various difficulties, continued to view people as the source of its value creation while taking on challenges as a leading-edge service company. Aiming for a "sustainable society that is even more convenient and prosperous than today's," for the very reason that we have now adopted "transforming ourselves into a comprehensive life services group" in our medium-term management vision, we are making active investments in human resource. These investments are based on the idea that "career advancement and a willingness to face challenges on the part of professional human resource who continue to create new value" are what drives value creation to realize management strategies centered on the three points of focus of our human resource strategy. That three-point strategy—management, business, and human resources—forms a whole, and we will continue to create value that is unique to Credit Saison.

Initiatives designed to realize corporate value creation

Credit Saison's Human Resource and Culture RESOURCE	Points of Focus/Main Initiatives INPUT/ACTION		FY2022 Initiative Results OUTPUT: FY2022 Actual	OUTPUT: Targets	Value Creation OUTCOME: Ideal Vision
Diverse human resource	1 Career advancement of diverse human resource	Strengthening of mid-career recruitment	Mid-career recruitment 110 people up 59.4% YoY		Activities of and challenges facing diverse professional human resource who continue to create value → A comprehensive life services group that helps to resolve the world's problems / Leading-edge service company
		Recruitment training of digital savvy human resource	No. of human resource with digital technology backgrounds 260 up 73.3% YoY	FY2024 1,000	
Meritocracy free from age, gender, or educational attainment bias		Promotion of DE&I	Ratio of female managers 24.9% up 1.6 pt YoY	FY2024 25%	
		Diverse work styles	Ratio of eligible employees taking childcare leave Female 100% Male 58.5%	FY2024 Males taking childcare leave* 50%	
DNA of facing challenges and initiating reforms	2 Corporate culture to embrace challenges	Fostering a willingness to embrace challenges	Internal recruitment entrants 180 people Appointees 55 people		
			NEXT SAISON Results 10 projects in progress, 5 projects under consideration		
	3 Proactive learning/growth	Education system restructuring/reskilling	Amount invested in human resource development ¥137,000/person up 8.4% YoY		
Common personnel system for all employees	4 Health management	Mental health measures	Ratio of employees who have undergone a stress test 89.9%	FY2023 90%	
		Countermeasures to lifestyle-related diseases	Ratio of employees who received regular health checkups 100%	FY2023 100%	

* Planning to quickly achieve targets set under the action plan (FY2022–2024) and to set new target values

TOPICS Introduction of engagement survey

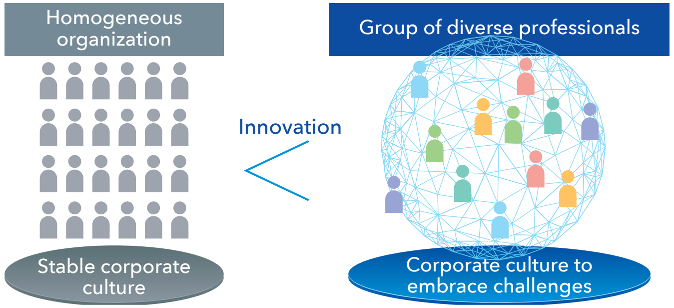
With the aim of each organization making self-directed organizational improvements and implementing effective human resource measures, we introduced an engagement survey for all employees in December 2023. We will continue to review and implement effective measures to revitalize the organization and human resource while closely monitoring employee engagement.

Career advancement of diverse human resource

We believe that innovation is brought about by bringing together human resource who possess diverse personalities, strengths, and values, including in terms of age, gender, disability, nationality, lifestyle, career, and work style. Valuing the spirit of DE&I, we are working to create environments in which everyone can fulfill an active role in their own way.

■ Strengthening of mid-career recruitment

To achieve our Medium-term Management Plan, we are mainly promoting the mid-career recruitment of professional human resource to ensure diversity in knowledge and experience as well as to break the mold of homogeneity. To accelerate the realization of our business strategies, we are creating synergies with members with different abilities. We have also put in place a rework entry system that allows members who, due to various reasons, were unable to continue working and left to rejoin the Company under the same conditions as when they left, subject to certain conditions. In response to changes in the labor market, we aim to secure ready-to-work human resources who can play active roles in our company.



Ratio of mid-career personnel in management positions

34.8%

■ Creating environments that make the most of diverse individuals

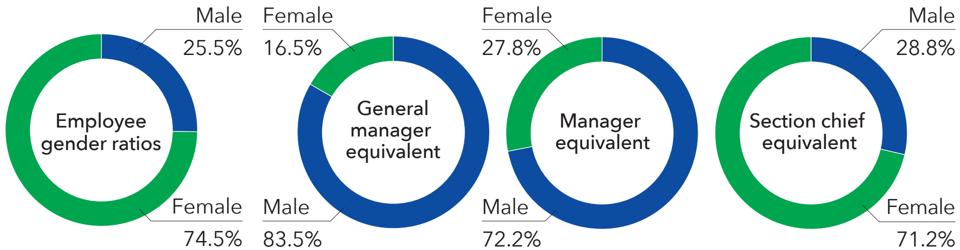
To provide comfortable working environments for human resource who possess diverse experiences, skills, and values, we have put in place systems that enable flexible work styles, such as side jobs, telework, and flextime. Having also revised the compensation system for specialized human resource, we are creating a multi-track career path, such as creating a new career path called specialist position that is equivalent to a section manager position, and promoting the creation of environments in which employees can make the best use of their individual strengths and skills. We have also introduced a peer bonus system that allows employees to express their gratitude and foster a culture of recognizing each other's achievements.

■ Work styles unconstrained by age or company career

In 2017, we introduced a common personnel system for all employees and thereby realized equal pay for equal work. This has eliminated disparities in wages and systems based on employee classification and age, while providing compensation based on the role played. We are continually creating a culture and environments in which each individual, regardless of age or career history, can fulfill an active role in their own way and create new value.

■ Gender equality

Having respected diversity since the 1980s, Credit Saison has introduced a personnel system that maximizes the abilities of each and every employee. With regard to promoting women's empowerment, we believe that one of our key strategies is for female employees, who account for more than 70% of our employees, to play roles in which they can have a say and contribute to the Company, and we aim for the ratio of female managers to reach 25% by FY2024. To achieve this, we are implementing a variety of initiatives, including holding seminars to support the balance between childcare and work. We are also working to increase the number of male employees taking childcare leave, such as by holding roundtable discussions for male employees involved in childcare. In addition to fostering a workplace culture in which everyone can participate in childcare regardless of gender, we are encouraging women to continue working by sharing the balance of childcare and housework with their partners while promoting work-style reforms across the Company as a whole.



Data for FY2022

■ Employment of people with disabilities and environment creation

So that employees with disabilities can continue to be active in their own unique ways, we provide a variety of work locations (e.g., assignment to various divisions, ubiquitous office teams that cut out and consolidate administrative tasks, Saison Farm indoor farms) tailored to individual characteristics and skills, and are working to improve such work environments. We are also strengthening initiatives to support their retention, including workshops to deepen the understanding of disabilities and interviews with employees with disabilities, the employees working with them, and their supporters.

Creation of global synergies

At our overseas bases, we recruit members of various nationalities with a focus on local hiring and are promoting local business operations under the leadership of local talent by appointing local talent to our management teams. In addition, holding the SAISON GLOBAL SUMMIT once a year and providing opportunities to exchange diverse values, we are working to promote DE&I through, for example, the sharing of details about business activities, religious understanding, and language support.

Corporate culture to embrace challenges

To provide new value to society as a leading-edge service company, we are fostering a challenge-oriented culture across the organization based on two underpinning factors: a willingness to take on challenges without being afraid of making mistakes and a climate of cooperation with greater psychological safety. The challenges we face in further expanding a corporate culture to provide added backup to employees as they themselves face challenges will continue.

Open challenge (Group-wide recruitment system)

Based on our management strategies, we are recruiting employees for our focus business fields, new businesses, and Group companies. In FY2022, 30.6% of those employees who volunteered for recruitment postings were transferred to their desired departments, where they are now taking on challenges and playing active roles in new fields, including at Group companies.

FOC promotion meetings

Giving rise to a flood of communication within and outside the Company, including Group companies, we launched FOC (Full of Communication) promotion meetings in April 2023 to promote activities designed to increase the number of employees we know both inside and outside the Company and to break down barriers to communication. Through four projects, we are aiming to increase speed toward business development by conducting activities centered on all types of communication.

FOC promotion meeting projects

DonGreen
Employee interaction utilizing Akagi Nature Park

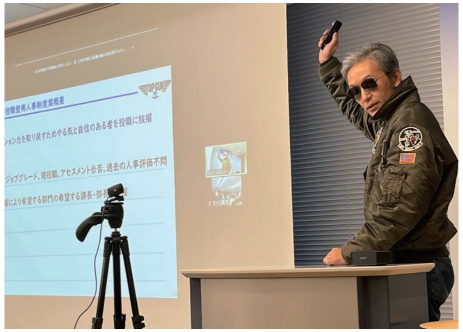
Interceding
Creating work environments through interceding

TGIF
Interactions outside of work that expand the community

Tarekomyu
Smooth internal communication system

NEXT SAISON

This initiative aims to have executives exhibit leadership and consider the future of Credit Saison together with employees to achieve management strategies. Executives themselves take the lead in promoting a new Credit Saison, including creating new businesses and expanding existing businesses, while involving our employees. This has led to new initiatives, such as the launch of ReSAISON Co., Ltd., which was established in August 2022 and aims to realize a recycling-oriented economy. Through interactions with top management, employees also learn how to think from the perspective of managers.



Scene from a NEXT SAISON activity

SWITCH SAISON

We have been holding this program since 2019 as an internal venture program to help employees bring their ideas to fruition in a speedy fashion. This program aims to foster a culture in which employees can spontaneously come up with ideas on their own initiative and to improve their skills, encouraging employees to take on challenges. Four out of a cumulative total of approximately 1,000 proposals have been commercialized, and a variety of initiatives created, including SAISON TEACHER corporate lessons financial education program and on-site lessons and employee YouTuber SAISON KAZUYA.

Initiatives designed to foster a willingness to take on challenges

The Company aims to create an environment in which all employees can take on challenges with enthusiasm and contribute to the organization. Therefore, in April 2023, we reviewed the eligibility requirements for the assessment program, expanded the eligibility, and changed to a candidacy system. We are hoping that this will allow employees to take on the challenges of advancing their careers on their own initiative, thereby leading to further corporate growth.

Proactive learning/growth

As the transformation of our business portfolio continues, it will be necessary for employees to transform themselves and to establish a culture of self-learning to realize management strategies. Our company supports the learning of each and every employee who is oriented toward self-growth and continuous development.

■ Assessment program

In FY2022, we introduced assessment programs for promotions to manager equivalent and section chief equivalent grades. By means of this program, employees clarify those of their own strengths and abilities that need to be developed by visualizing individual abilities, such as problem discovery and interpersonal collaboration, from a variety of aspects. We aim to bring about improvements in the accuracy of skill development and for proactive learning to be encouraged.

■ Diverse training programs

<table>
<tr><th></th><th>Junior employees</th><th>Mid-level employees</th><th>Managers</th><th>Management</th></tr>
<tr><td rowspan="4">Tiered and role-based skills</td><td>Initial orientation training</td><td>Promotion training</td><td></td><td>Resilience training</td></tr>
<tr><td rowspan="2">Follow-up training (New graduates)</td><td rowspan="2">Demonstrated skill measurement program</td><td colspan="2">Management update training</td></tr>
<tr><td colspan="2">Harassment training</td></tr>
<tr><td colspan="2">Skill improvement training</td><td colspan="2">Training for newly appointed managers</td></tr>
<tr><td rowspan="2">Specialized skills</td><td colspan="4">Specialized skill improvement training</td></tr>
<tr><td colspan="4">Support for acquiring work-related qualifications</td></tr>
<tr><td rowspan="4">Self-development</td><td colspan="4">Optional training</td></tr>
<tr><td colspan="4">Saison learning</td></tr>
<tr><td colspan="4">DE&I-related training</td></tr>
<tr><td colspan="4">FP literacy improvement training</td></tr>
</table>

1. Tiered skill training

We provide training for employees to acquire role-appropriate abilities and skills. Used as opportunities for employee proactive learning and career reskilling, we aim for this training to lead to the growth of employees and the Company alike.

2. Specialized skill training

Each division conducts skill improvement training that combines training and practice in its own specialized area, such as sales, finance, digital technology, and customer support, as well as study sessions aimed at gaining qualifications.

3. Training for managers

To facilitate the skill development of every employee, it is important for them to have support and encouragement from their superiors. Aiming to provide management with the ability to produce results in difficult circumstances, the Company is providing its employees with opportunities to learn management and ways of thinking to create new value.

4. Optional training

We are providing systems that allow every employee to freely choose and attend training programs commensurate with the level of competency they wish to acquire. While making self-learning a habit, we are supporting behavior that promotes the growth of employees and of the Company.

5. Saison learning

We launched this in-house tutoring system, which was developed based on a suggestion (NEXT SAISON) from an officer, in June 2022. Designed to invigorate exchanges between employees and spur self-development, employees playing the role of instructor provide in-house classes on various themes including business skills and operational knowledge. To convey gratitude to the instructors, Eikyufumetsu Points can be gifted using a peer-to-peer bonus system.

■ Support for acquiring qualifications

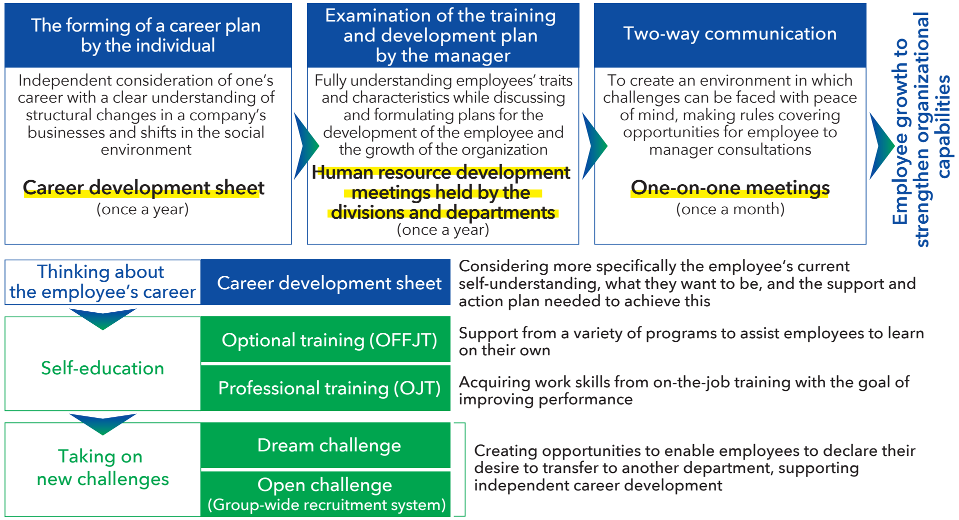
In addition to qualifications that are essential for business operations, we also provide support for gaining qualifications that are judged necessary for improving work performance. We help turn employees into professionals by subsidizing the costs of advance learning and examinations to gain qualifications.

Examples of subsidized qualifications

Money lending business specialist, Personal information handling specialist, IT passport, Securities sales representative, AML/CFT standard, Financial planner, etc.

Support for employee self-directed career development

Centered on the career development sheet, a support mechanism is in place that allows employees to think about their careers and take the initiative regarding their future. In addition, supervisors at the department manager level and above gather once a year and hold human resource development meetings to discuss in detail every employee's performance status, aptitude, and training methods, while also taking the wishes of individual employees into account. This has been ongoing since 2019, and we are formulating effective and systematic development plans from a multifaceted perspective and building an organizational structure to support and develop our employees.



Health management

In the belief that that the realization of our management strategies is based on the health of our employees and healthy work environments, we are striving to create workplace environments in which employees can continue to thrive and are thus promoting a variety of initiatives.

Resilience Program as an approach to top management

To develop people and organizations that are strong in the face of change in the lead-up to our third founding, we focused on the ability to powerfully lead an organization in times of adversity (resilience) and implemented the Resilience Program for officers. By having officers set examples worth following; make a habit of enhancing the four vital forces of physical, emotional, cognitive, and spiritual strength; and spread throughout the organization, we aim to have employees continue to work with vigor and happiness.

Activities to address women's health issues

So that female employees, who constitute more than 70% of all employees, can continue to work in good health, we are implementing initiatives in response to their life-stage changes. In parallel with the development of Femtech (a product and service that uses technology to solve women's health issues), which was proposed by female employees as a new business, we are conducting seminars and internal awareness-raising activities based on the concept of aiming to create workplaces where women can work in a healthy manner both mentally and physically.

Helping employees to continue working while receiving treatment

Through our Self-Management Assistance Program, we support employees who have been forced to take a leave of absence due to health issues, be they mental or physical, so that they can continue working independently after they have returned to work. The goals and health condition of each such employee are checked at each phase, and their supervisor, an industrial physician, a public health nurse, and the Strategic Human Resources Department work together while supporting the employee during the leave of absence, when returning to work, and after they have returned to work.

Initiatives to optimize working hours and promote a work-life balance

With the aim of optimizing working hours, employees and their supervisors monitor holidays and leave usage as well as the status of overtime work on a daily basis, while the Time Management Committee, including labor and management, advances initiatives to improve working hours. Having established systems that support flexible work styles, such as hourly paid leave, half-day paid leave, full flex-time, and telework, we aim to enhance and upgrade our employees' work-life balance.

	FY2020	FY2021	FY2022
Average monthly overtime hours worked	9.3	10.1	11.4
Total annual hours worked	1,797.2	1,787.4	1,768.8
Average paid holidays usage rate (%)	72.4	73.5	86.3
Average paid holidays used (days)	13.1	14.0	15.2

Achieving sustainable growth and improving corporate value through sound corporate management

Creating human resources and an organization where each person can fulfill an active role in their own way

Enriching our customers' lives and enabling them to live happily and true to themselves

CSDX Strategy: Interview with the Director in Charge

Kazutoshi Ono
Director, Senior Managing Executive Officer and CDO, CTO
Group-wide DX Strategy,
Why SAISON Strategy
Head of CSDX Development Dept.,
Customer Success Division

Significant progress regarding in-house development and other aspects of the CSDX Strategy

In FY2022, we made significant progress in our CSDX strategy. Although the original scope of our shift to in-house development was centered on software, data analysis, and design, we also recently launched an in-house development team in the area of IT infrastructure. This expansion is allowing us to rebuild our mobile device, network, security, and other systems into modern iterations that are more robust and that offer greater flexibility and convenience. In other words, this past year saw the scope of our in-house development expand beyond the application layer to include the infrastructure layer. In terms of customer experience, we also developed several of our own systems related to SAISON GOLD Premium that are currently in use by many of our customers. And we have made frequent improvements to these following their release. Another major example of progress was our successful in-house development of a new ID platform called SAISON ID, which enables customers with multiple credit cards to log in using one ID.

Until recently, Credit Saison recruited and trained human resources with a focus on digital professionals hired from outside the Company (core digital human resources) and on reskilled human resources that transferred through in-house recruitment programs (business digital human resources). Starting in the current fiscal year, however, we have begun promoting digital literacy acquisition for all employees. In this way, employees from business divisions besides those involved in digital technologies and IT will, in accordance with the characteristics of their duties, successively acquire no-code and low-code tools that they will use to automate their own duties. Some business divisions have already produced results through these initiatives. Similarly, in March 2023 we held an event during which the management team participated in no-code and low-code boot camps of their own accord to show what it looked like to take action, thereby serving as a good example for this effort.

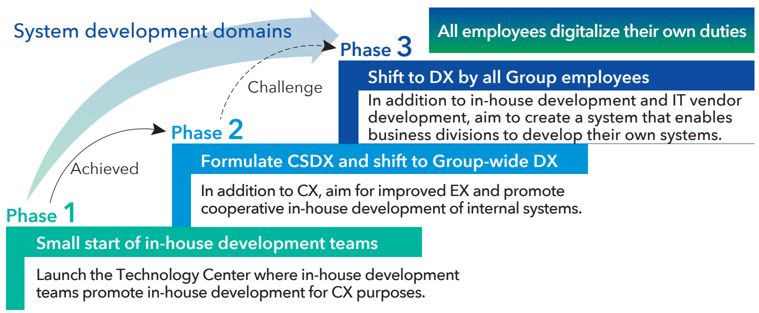
On the other hand, in FY2023 Credit Saison welcomed its 74th year in business. And given this long history, we still see room for improvement in the many manual operations and paper-based operations among those duties that have continued unchanged throughout our history. Although we managed to automate a total of 790,000 hours' worth of work from FY2019 to FY2022, we will accelerate the shift to paperless operations using those systems we have released since FY2019 and those systems that are currently under development. Shifting to in-house system development will also do more than simply enable automation and efficiency improvements, however. It will also allow us to address the rapid changes in the market and to make more frequent service improvements, thereby serving as a powerful tool in continuously maintaining our competitive advantages in today's rapidly changing environment.

Group-wide DX

The Technology Center, which as CTO I worked with two career-track employees to launch in March 2019, has now been functioning for a full four years, and as of September 2023 had grown into an organization consisting of 117 members. Today, the Center promotes in-house development and data use over a wide range of areas, from software development to data analysis and system design.

As the first phase of our efforts to establish an environment for Group-wide DX, we launched in-house development teams from scratch and implemented additional functions for our Saison Portal smartphone mobile app while recruiting engineers and system designers. We also advanced in-house development for the area of customer experience (CX). In Phase 2, we further expanded the scale of these efforts and conducted in-house recruitment programs for career-track employees aiming to reskill themselves. In addition to CX, we aimed to improve employee experience (EX). Specifically, we advanced in-house development of internal systems used by our employees and constructed a system that bundles together those business divisions involved in IT and in-house development into a single business division so that their respective strengths mutually complement each other.

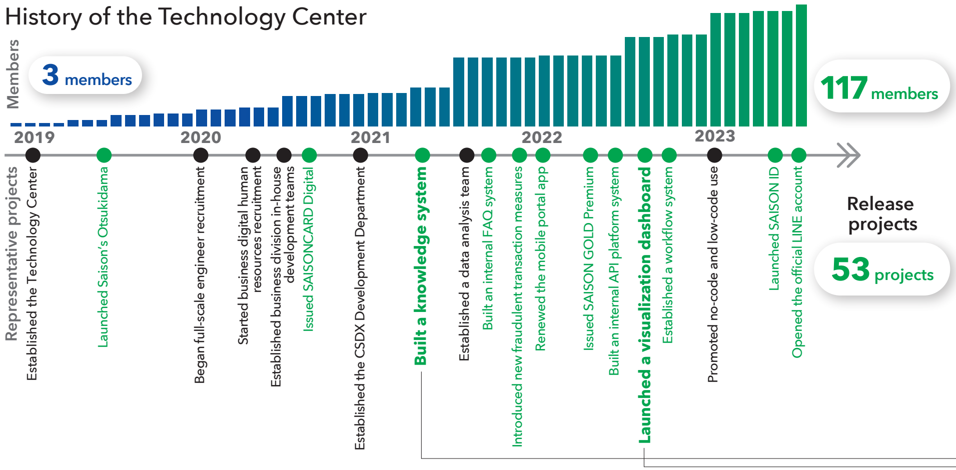
We will advance Phase 3 under the concept of DX by all Group employees with the aim of creating an environment that will enable business divisions to develop their own systems as a third option in addition to in-house development and development by IT vendors. In this way, we will not rely on efforts in which IT-related departments alone advance digitalization but also construct an internal training system for no-code and low-code tools that will enable individual employees at their respective business divisions to effectively utilize digital technologies.



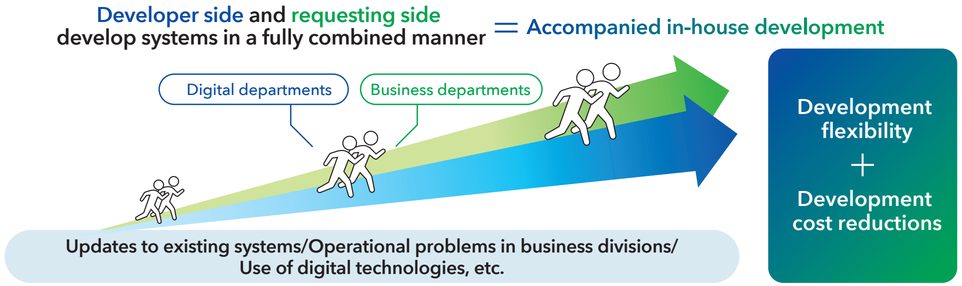
Promoting in-house development through CSDX

Our in-house development efforts that initially began with the release of the new Saison's Otsukidama campaign have successfully gone on to develop more than 50 projects, including mobile apps for SAISON GOLD Premium, internal API platform systems, improved fraud detection accuracy, and our official LINE account. Similarly, these efforts have also enabled data use.

History of the Technology Center

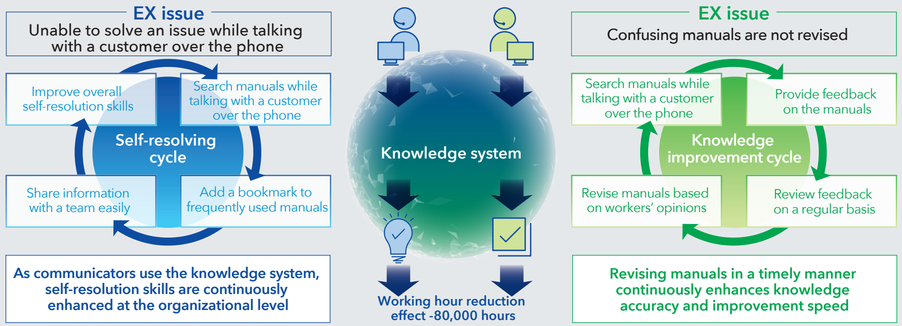


Keeping the development of internal systems in-house aims to enable digital human resources and business side human resources to "accompany" each other as we develop these systems. Specifically, digital human resources travel to the front lines of the business departments to directly experience the issues faced there as they work to develop systems intended to help solve these challenges. This approach realizes a development system that creates simple prototypes in-house and makes improvements as feedback is received from the business side.



In-house development case study [1]: Customer service manual system

In August 2021, through an in-house development we converted our roughly 20,000 pages of customer service manuals into a knowledge system for the communicators at our call centers, thereby enabling them to immediately search the required items when talking with customers over the phone. We also reviewed the business process for reflecting feedback from the front lines, and equipped the knowledge system with a function that feeds back the contents of these manuals. This effort has allowed our staff to respond to inquiries that they were unable to resolve on their own previously and successfully reduced approximately 80,000 hours' worth of work. We have continued to add new functions that improve this system's accuracy since its release with the aim of raising the quality of customer service.



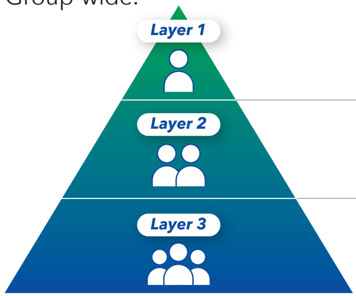
In-house development case study [2]: Visualization dashboards

In August 2022, we began full-scale development of visualization dashboards using Tableau, a BI tool*. Departments involved in digital technology have taken charge of developing the dashboards for the primary sales coefficients for each business division, sales performance at collaborating commercial facilities, and survey results, and are working to develop these dashboards in cooperation with the business departments. This effort has allowed us to replace the Excel-based manual data aggregation work and data processing work that varied by worker with a flow that updates this data in real time, which is accelerating the speed of data-based decision-making.

* Business Intelligence tool
Software that analyzes and visualizes different types of data held by companies, and aids in management strategy decision-making and operations

Digital human resources

We categorize our digital human resources into three layers, where core digital human resources possessing digital skills, business digital human resources possessing business knowledge, and digital IT human resources who have acquired knowledge on digital technology through reskilling engage in joint development as they advance digitalization Group-wide.



Core digital human resources
Human resources who possess deep knowledge and experience regarding digital technology and data utilization and lead Group-wide digitalization
- Engineers
- Data scientists
- Cybersecurity
- Designers

Business digital human resources
Human resources who not only possess business knowledge and experience but also reskill themselves on digital technology and data utilization, and promote Group-wide digitalization
- Generalists + core technologies

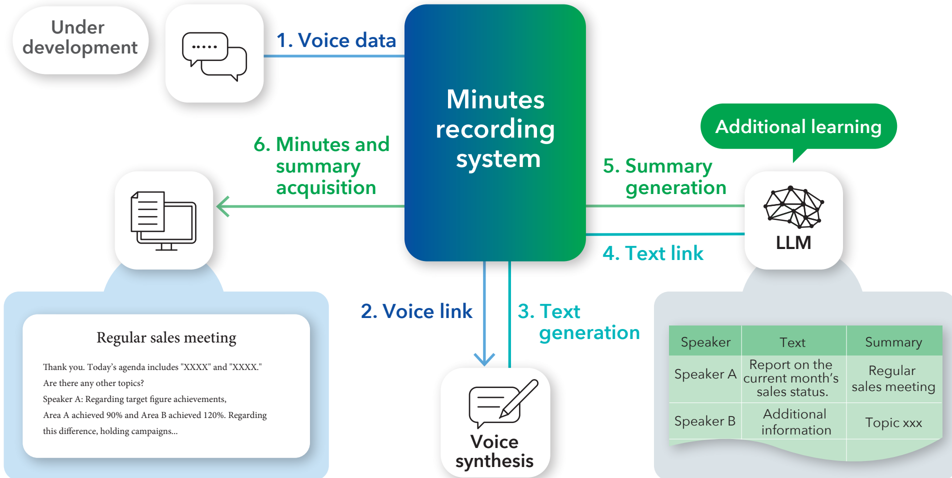
Digital IT human resources
Human resources who possess knowledge regarding digital technology and data utilization and use such knowledge in their work
- Citizen developers
- Citizen data scientists
- Digital marketers
- Domain experts

No-code and low-code tool use

To expand the use of no-code and low-code tools, Credit Saison promotes reskilling for all of its employees. The management team has taken the initiative in participating in boot-camp training programs to gain actual experience in what can be achieved with no-code and low-code development. We have also issued concurrent posts for business divisions and digital divisions, where the individuals assigned to these posts acquire knowledge on these tools as they promote the development of hybrid systems that solve the issues faced by their own divisions. To enable all employees to acquire and utilize no-code and low-code tools in the future, we are developing and have begun recruiting participants for our own training programs in the current fiscal year. As part of these training programs, we have prepared teaching materials that utilize the Company's data, as well as verification tests that identify the status of knowledge acquisition, in support of knowledge acquisition by participants. After acquiring this knowledge, those who have participated in this training program are expected to develop and use dashboards that solve problems faced by their own divisions.

Generative AI use

In today's business environment, we expect the use of generative AI to emerge as an important element that produces competitive advantages. For this reason, we have raised the promotion of generative AI use as one of the core challenges in the current fiscal year's CSDX. As of November 2023, we had developed our own ChatGPT specifically for internal purposes, which is already starting to be used by every employee. Moreover, as a new system designed to improve the efficiency of internal operations, we have begun developing our own system that converts voice data from meetings at and outside the Company into text, and that uses generative AI to prepare meeting summaries and minutes. We will continue to utilize generative AI to drive innovation in new services and existing systems that serves to improve the efficiency of our business and enhances the satisfaction of our customers.



Financial Capital Strategy: Interview with the Executive Officer in Charge

Masaki Negishi
Managing Executive Officer and CFO
Head of Treasury & Accounting Dept.,
General Manager, Global Business Division,
In charge of Corporate Planning Dept.

Rapidly executing investments that directly connect to growth

Although we are still engaged in ongoing discussions regarding the new Medium-term Management Plan, one of the major themes is actualizing initiatives that enhance corporate value in a way that goes beyond expanding profit scale, while also holding medium- and long-term perspectives.

As an independent non-bank, Credit Saison achieves growth by deploying businesses with localized characteristics both in Japan and abroad. In particular, we are focused on creating business opportunities abroad and will therefore continue to execute sufficient growth investments. And by enhancing the earning power of the businesses operated by each company in Japan, we intend to produce investment capacity and to enhance capital efficiency on a consolidated basis. Similarly, we intend to advance these initiatives along the axes of profit growth, capital efficiency enhancement, and capital cost optimization while also combining short-, medium-, and long-term initiative time frames.

As part of the financial capital strategy, we must find a way to safely achieve major growth as soon as possible amid the differing growth paces, asset scales, and risks experienced by each business. For this reason, we are also seeing a growing importance in discussions by the ALM Committee and Board of Directors regarding management resources, and in particular their allocation with an awareness that includes capital productivity. Moreover, because strategies involving finance and capital are part and parcel with management strategies (growth strategies), we are also seeing greater relevance for the departments in charge of our management strategies, financial strategies, and IR to engage with the Company and the outside world in a unified manner. In particular, to advance initiatives intended to realize management with an awareness of capital costs and the share price, we believe it is critical to hold dialogue within markets as part of the story for the overall strategy.

To increase shareholder value, we must take action that strengthens our corporate structure and that continues to expand our business. In addition, we will strive to enhance internal reserves that will enable us to undertake these initiatives, even as we look to return profits to our shareholders by making suitable, stable, and continuous dividend payments to them in light of the fact that we are starting to make progress in establishing a foundation for profit growth over the medium to long term. In this respect, taking into account the gain on negative goodwill coinciding with the transition of Suruga Bank to an affiliated company accounted for by the equity method during the second quarter of FY2023, we intend to offer a normal dividend of ¥80 and a special dividend of ¥20, for a total year-end dividend of ¥100 in FY2023.

Approaches to realizing management with awareness of capital costs and the share price

We will focus on the following three points as priority measures aimed at enhancing corporate value and at achieving a PBR of 1 or more as part of our efforts to realize management with an awareness of capital costs and the share price.

Components in enhancement of corporate value

Enhancement of corporate value — Aim for a PBR of 1 or more

More than ¥100.0 billion in business profit

Profit growth	Improvement of capital efficiency	Capital cost optimization
Priority measures for enhancing corporate value		
Improve the "earning power" of existing businesses	Business operations with an awareness of raising productivity	Stable and consistent dividend policy
Expand global business	Reduce cross-shareholdings	Flexible share buybacks
Boost "earning power" through growth investment	CSDX strategy and human resources development and active participation	Strengthen investor relations

Note: Details will be announced in the new Medium-term Management Plan (May 2024)

Level of surplus capital

Level of surplus capital factoring in future organic growth: Approx. ¥50.0 billion

Status of share buybacks

There is no change to the policy of implementing share buybacks, which will be resolved separately by the Company's Board of Directors once there is a clearer outlook on the surrounding environment

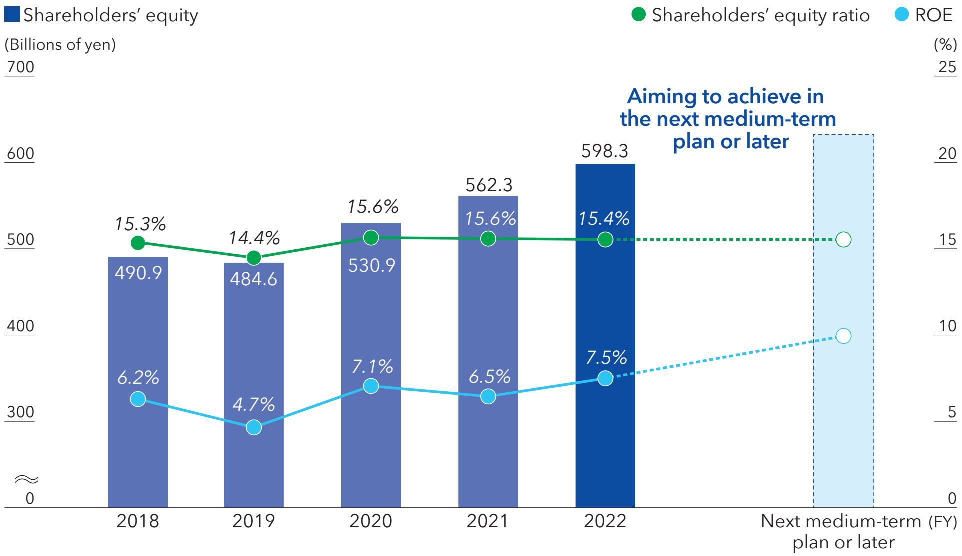
Medium- to long-term management goals

With the aim of enhancing corporate value, the Group has raised maintaining and improving financial soundness as a priority issue, and considers the shareholders' equity ratio (equity ratio attributable to owners of parent) and ROE (return on equity attributable to owners of the parent) as the most important indicators among the primary indicators that are seen as important for management. As an independent non-bank company, securing a specific shareholders' equity ratio stands as a crucial aspect when considering the Company's credit rating and transactions with the financial institutions that serve as our creditors.

Amid concerns of higher interest rates in the future, stable financial operations and more robust risk capital management that supports such will become even more relevant.

Medium- to Long-term Management Goals

Shareholders' equity ratio (equity ratio attributable to owners of parent)	ROE (return on equity attributable to owners of the parent)
About 15% ▶ Progress in line with benchmark	Above 10% ▶ FY2022 around 8% Aiming to achieve in the next medium-term plan or later



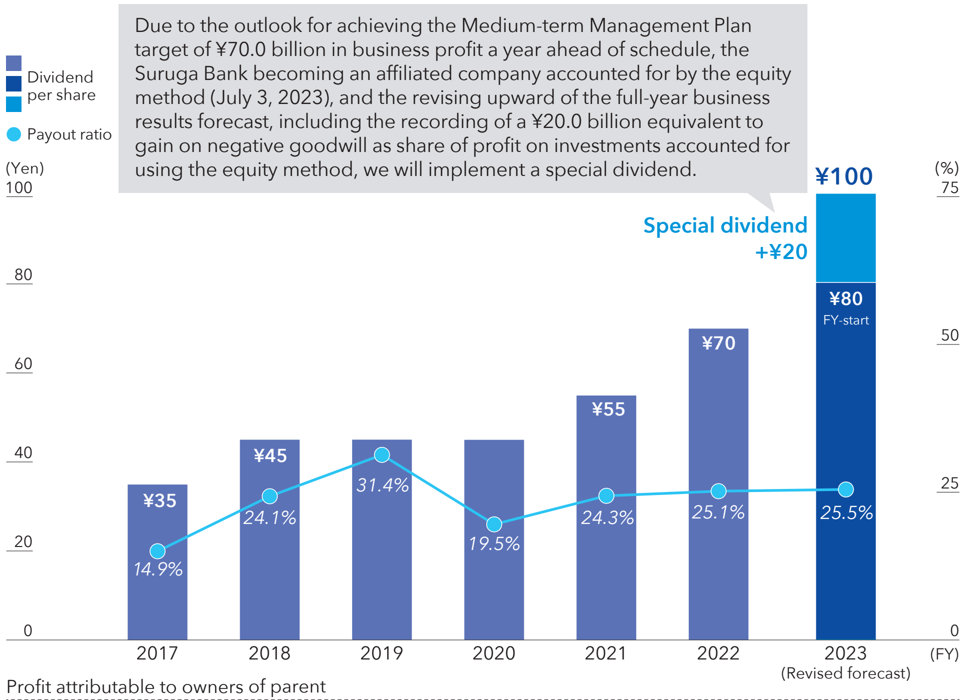
Shareholder returns and dividends

The Company believes taking action that strengthens its corporate structure and that continues to expand business is important for increasing shareholder value. Meanwhile, in regard to returning profits to shareholders, we intend to enhance internal reserves for enabling these actions, even as we endeavor to make suitable, stable, and continuous dividend payments to our shareholders.

We have not made any changes to our policy on returning profits to our shareholders, and we plan to maintain a stable, continuous dividend policy as well as to continue to flexibly implement our share buyback policy at the proper timing.

Basic policy on dividends

Stable, continuous dividend



	2017	2018	2019	2020	2021	2022	2023
Profit attributable to owners of parent	¥38.3 billion	¥30.5 billion	¥22.8 billion	¥36.1 billion	¥35.3 billion	¥43.5 billion	¥64.0 billion

Basic approach to risk capital management

- ALM is introduced to measure risk and allocate risk capital for each business.
- Profit and loss fluctuation risks are measured by aiming at a confidence level of 99.75% using an Earnings at Risk (EaR) model to maintain an A+ rating.
- Remeasurement is performed regularly to reflect track record updates and changes on the balance sheet.

Assets categorized by business

Payment Business | Lease Business | Credit guarantee Business | Finance Business | Real-related Business | Global Business | etc.

×

Risk factors

Interest rate | Bad debt | Price fluctuation

Major revisions in FY2022

Top priority

As a non-bank with interest-bearing debt of approximately ¥2.5 trillion, the Company will have sufficient risk capital to maintain an A+ credit rating from R&I.

Background to review of the Risk Capital Allocation Model

Implement a review of the surplus risk capital allocation model considering changes in the Company's business environment, including the outlook for contribution to business profit of the Finance Business, which has grown into the second pillar, and the Global Business to become the third pillar in a shift from the business model based on the existing payment business.

Results of review of major items

Confidence level, including EaR required to maintain A+ credit rating	Percentage of consolidated shareholders' equity to be secured as minimum required capital	Risk allocation model for each business
99.75% ▶ No change	20% ▶ Revised to 15%	Non-consolidated: finance-related business Consolidated: review of Real Estate-related Business/Global Business, etc.

Basic policy of fund procurement

Basic policy

We will place importance on stability and cost when diversifying our procurement methods and will maintain our conservative approach to financial operations as we shift to long-term, fixed interest rate fund procurement in preparation for interest rate increases.

Initiatives for reducing risks and procurement costs

Indirect financing:

Strengthen relationships with existing business partners, cultivate new business partners, diversify procurement sources, continue the basic policy on interest-bearing debt

Direct funding:

Diversify funding methods, maintain a rating that indicates a sound financial base

As of the end of March 2023, consolidated interest-bearing debt (including lease debt of ¥13.9 billion):

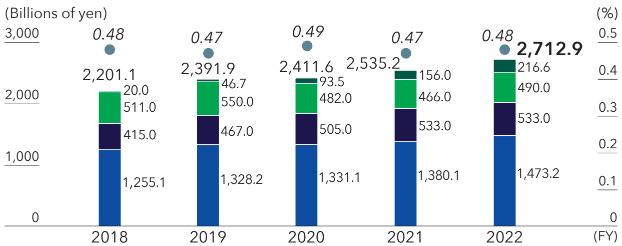
¥2,805.1 billion (debt accounted for 55.4%, corporate bonds for 18.9%, CP for 17.5%, and securitizations for 8.2%)

■ Sound financial base

- Credit Rating ▶ R&I A+
- Issuance of 20-year bonds, first among card companies

June 2017	¥10 billion	January 2021	¥8 billion
April 2018	¥15 billion	October 2021	¥13 billion
April 2019	¥12 billion		

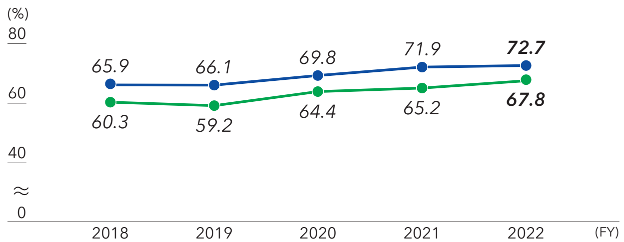
Balance of interest-bearing debt (non-consolidated)



■ Structure of interest-bearing debt

- Almost 70% of the interest-bearing debt is composed of long-term funds
- Fixed interest rate procurement accounts for about 60% of the total
- A committed credit line, etc. of ¥480 billion is secured in terms of liquidity facility

Long-term/fixed borrowing ratio (non-consolidated)



Sustainability of the Credit Saison Group

➤ Click here for details of the Sustainability of the Credit Saison Group.
https://corporate.saisoncard.co.jp/en/sustainability/esg/

Basic Approach

Based on our "leading-edge service company" management philosophy, we contribute though the everyday operation of our businesses to resolve problems and move society forward in ways only Credit Saison can by leveraging our unique know-how, management resources, and the experiences of each of our employees. We will create a sustainable society that is even more convenient and prosperous than today's.

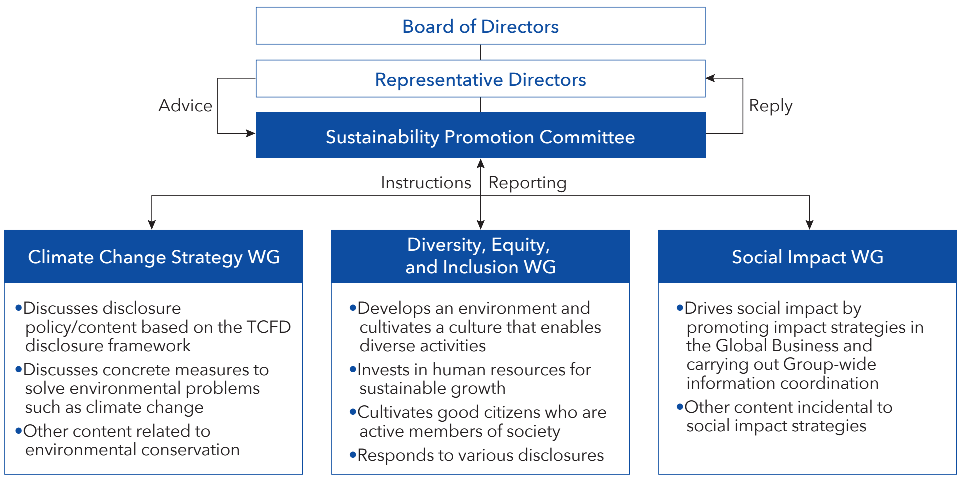
Value co-creation with stakeholders

To remain as a company on which society depends, it is important to understand what stakeholders demand and to reflect these demands in our services and business activities. We will always seriously consider the opinions of our stakeholders and use those opinions to improve our corporate value and achieve sustainable growth.

Sustainability promotion system

In August 2021, we established the Sustainability Promotion Committee with the understanding that addressing issues involving sustainability, including consideration of global environmental issues, respect for human rights, and the health of our employees, is an important management theme that will both reduce risk and lead to earnings opportunities. To realize a sustainable society, this Committee is strengthening efforts throughout the Group to solve social and environmental issues through its business.

Structure of the Sustainability Promotion Committee



Human Resource Strategy ➤ P31

Corporate Governance ➤ P59

Contributing to a Safe, Secure, and Convenient Cashless Society ➤ P53

Information/Cybersecurity ➤ P54

A sustainable society that is even more convenient and prosperous than today's

Contribution to achieving the SDGs

SUSTAINABLE DEVELOPMENT GOALS

Response to Climate Change ➤ P48

Environment ➤ P50

Human Rights ➤ P52

Coexistence with Local Communities ➤ P55

Global Business ➤ P21

Expectations and needs of stakeholders = Efforts to address important issues

Shareholders

Employees

Customers

Partners

Regions/communities

Materialities for sustainability

- Achieving sustainable growth and improving corporate value through sound corporate management
- Creating human resources and an organization where each person can fulfill an active role in their own way
- Enriching our customers lives, and enabling them to live happily and true to themselves
- Creating a better society through co-creation with partners
- Protecting the rich natural environment and culture that enriches life, and energizing people in the region and community

Sustainability Promotion Committee

Declining birthrate, aging population

Climate change

Digitalization

Promoting conversion to cashless operations

Growing needs for asset formation

Changing society/Global environment

Response to Risk/Opportunities

The Credit Saison Group's businesses carry with them several risks, including risks related to the external environment as well as financial and business aspects. In this context, in addition to continuing to strengthen our response to the risks common to the industry that we have been dealing with so far, there remains the necessity to evaluate any risks that have emerged due to changes in the external environment from a medium- to long-term perspective and to take countermeasures. Some of the risks that could significantly influence investor decisions are listed below.

Materialities for sustainability and initiatives

- Achieving sustainable growth and improving corporate value through sound corporate management
- Creating human resources and an organization where each person can fulfill an active role in their own way
- Enriching our customers lives, and enabling them to live happily and true to themselves
- Creating a better society through co-creation with partners
- Protecting the rich natural environment and culture that enriches life, and energizing people in the region and community

Risks common to the industry

Materialities	Risks	Details	Responses ➤ P41 Financial Capital Strategy
	Economic Conditions	• Decrease in transaction volumes of credit cards, loans, credit guarantees, and real estate mortgage loans provided by the Group, and decline in the loan collection rate due to deterioration of the domestic and overseas economic environment (employment environment, household disposable income, personal consumption, etc., due to recession) • Decrease in capital investment by SMEs, which are the main customers of the Lease Business, and deterioration in corporate earnings • Recorded loss on valuation of real estate for sale, etc., due to falling real estate prices in the Real Estate–related Business	• Calculation by risk capital management (RCM) of the risk capital required by our business to maintain ratings and maximize returns within the scope of the risk capital surplus
	Fund Procurement	• Among fund procurement methods, such as borrowing from financial institutions and the issuing of corporate bonds and CP, liquidity risk due to the considerable amount of funding with a procurement period of less than one year	• In fund procurement, maintaining a certain percentage of long-term and fixed financing; the setting of liquidity enhancement limits, such as commitment lines; and the reduction of liquidity risk by promoting diversification by executing direct procurement, such as corporate bonds and the liquidation of receivables
	Market Risk	• Risk of falling prices of investment assets, such as stocks of listed and unlisted companies, venture investment funds, bonds, real estate, and real estate funds • Rise in funding interest rates when interest rates rise	• Appropriate management of market risk by introduction and utilization of RCM and ALM
	Impairment of Financial Instruments (Allowance for Doubtful Accounts)	• Risk of non-repayment of receivables by large numbers of customers due to changes in the domestic and overseas economic environment (employment environment, household disposable income, personal consumption, etc., due to recession)	• Ongoing soundness of claims and appropriate allowance for doubtful accounts by strengthening credit management systems, such as establishment and operation of credit management systems relating to credit limits, credit information management, and internal ratings, as well as monitoring of credit status
	Provision for Loss on Interest Payment	• Risk of increase in the amount of reimbursement claims from customers regarding the portion of interest that was higher than the interest rate ceiling set by the Interest Rate Restriction Act, interest that within the Group in Japan was repaid before the revision of the Act	• The amount of allowance required at the present time is recorded in consideration of the past reimbursement record and trends in interest reimbursement claims
	Impairment of Goodwill	• Risk of ongoing impairment into the future when goodwill is not amortized on a regular basis with respect to IFRS to which the Group is subject • Negative impacts on financial results and financial standing when impairment is declared due to a continuous increase in the balance of goodwill in the event that new goodwill arises following M&As, etc.	• Investment limits based on RCM are set in order to establish mechanisms for avoiding excessive risk • Deliberations by supervisory divisions and specialized departments are conducted regarding the propriety of acquisition prices at the investment stage • Follow up and regular monitoring of the business environment are implemented to achieve the income and expenditure plan at the time of acquisition once financing is complete
	Various Regulatory and Legal System Changes	• Revisions, changes in interpretation, and increasing strictness of general laws and regulations pertaining to company management, and adoption of new legal regulations • Risk of having to cease certain services due to regulatory changes, etc.	• Internal systems, rules, and operations are reviewed, maintained, etc., in accordance with the changes • While complying with laws and regulations, prompt responses to service developments in accordance with new regulations
	Anti-Money Laundering	• Risk of violations to laws and regulations when money laundering and terrorism financing measures (hereafter, money laundering measures) fail to function effectively • Deterioration in the business operations, financial results, and financial standing of the Company and the Group due to business suspensions, penalties, and other administrative actions, and due to damage to reputation, etc.	• Preparations are made for complying with various laws and regulations in Japan and abroad as a result of being subject to various laws and regulations in Japan and abroad, and of falling under the supervision of supervisory authorities in Japan and abroad based on these • Further strengthening of money laundering measures is ongoing
	Compliance	• Risk of negative impacts on the business operations, financial results, and financial standing of the Group due to administrative actions or damage to reputation following the occurrence of legal or regulatory violations	• Employee training, monitoring of training implementation status, and other preventive measures are promoted by constructing a compliance framework and by strengthening internal control systems • Early detection and prompt response are enabled through the preparation of an internal reporting system for violations of legal and regulatory compliance, acts of wrongdoing by managers and employees, scandals, and potential conflicts of interest, etc.

Risks and opportunities that need to be addressed over the medium to long term

Materialities	Risks		Details	Responses
	Occurrences of Large-Scale Disasters	Risks	• Physical damage to owned assets and human damage to employees due to large-scale natural disasters (e.g., earthquakes) in various regions in Japan and overseas	• Formulating a BCP plan and regularly confirming its effectiveness; implementing BCP education and training • Improving the credit card usage environment by decentralizing authorization systems to the Kanto and Kansai regions ➤ P48 Response to Climate Change
		Opportunities	• Securing human resources through BCP plan formulation and education, building trust with other corporations, and improving corporate value • Continuously developing services as social infrastructure by preparing for unexpected circumstances	
	Impact of the COVID-19 Pandemic	Risks	• Economic downturn, corporate bankruptcies, and prolonged decline in personal consumption due to continued uncertain future restrictions on behavior and pandemic trends • Decreasing acquisition of new members due to intensifying competition caused by factors such as diversification of payment methods through promotion of cashless payment and entry from companies in other industries	• Response to changes in the business environment by transforming the business portfolio from management based on the Payment Business to a comprehensive life services group • Expand services targeting new customer segments by building new remote-type member capture models using SAISON CARD Digital • Thoroughly implement employee health management and infection countermeasures
		Opportunities	• Improving customer satisfaction through Group-wide efforts to appropriately and quickly resolve all kinds of problems that arise in a mature society • Initiated business structure transformation based on changes in customer psychology and behavior caused by the COVID-19 pandemic	
	Impact of Climate Change	Risks	• Decreasing transaction volume and increasing financing cost associated with deterioration of Group creditworthiness and brand due to factors such as a delay in responding to climate change and serious impact on the global environment and economy resulting from factors such as intensification of natural disasters and changes in ecosystems associated with climate change • Increasing bad debt costs due to deterioration of customers' household finances and business performance caused by abnormal weather such as typhoons and heavy rains	• In August 2021, we established the Sustainability Promotion Committee (attended by the Representative, Executive President and COO) to strengthen initiatives for sustainable business operations • Express support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and promote information disclosure on governance, strategy, risk management, and indicators/targets related to responding to climate change • Promote CO_2 reduction by reducing paper consumption by changing to online statements and applications, reducing the issuance of plastic cards through SAISON CARD Digital, and use of recyclable materials in the envelope windows of statements * Online statements: As of March 2022, 50% reduction compared to total members/Reduction of 500 grams of CO_2 per envelope * Online applications: 95% of face-to-face card applications are accepted on tablet devices • Switched all electricity used at Credit Saison's Ubiquitous Building data centers to electricity derived from 100% virtually renewable energy using non-fossil certificates with tracking ➤ P48 Response to Climate Change * CO_2 emissions reduced among the Company's business activities August 2023: Approximately 38% annually (approximately 1,433 t-CO_2) after introducing at Tokyo Ubiquitous Building December 2023: Approximately 58% annually (approximately 2,200 t-CO_2) after introducing at Kansai Ubiquitous Building
		Opportunities	• Improving corporate value through recognition of climate change countermeasures and CO_2 reduction activities • Securing human resources by improving corporate value and name recognition, improving employee motivation, and gaining the trust of various stakeholders by increasing recognition from investors who have a high interest in ESG	
	Competitive Environment	Risks	• Intensifying competition due to new entrants from other industries into the payment industry as the result of deregulation and technological advancement • Presenting favorable transaction conditions and services to customers without regard to profitability by competitors in the real estate finance market	• In addition to issuing credit cards, prepaid cards, and other plastic cards, working to provide a wide variety of payment platforms aimed at improving customer convenience in a bid to realize a cashless society, including smartphone payments, QR code payments linked to partner apps, and the smartphone-exclusive payment service "SAISON CARD Digital." ➤ P38 CSDX Business • Increasing screening speed for the purpose of improving customer convenience, strengthening relationships with real estate–related companies, and achieving differentiation by providing products and services unavailable from other companies
		Opportunities	• Developing new business domains and new products/services through collaboration with other industries • Expanding market share by improving convenience and strengthening relationships with affiliated companies	
	Overseas Business Development	Risks	• Market trends in the countries in which the Company develops its business, the presence of competitors, politics, the economy, law, culture, religion, customs, foreign exchange rates, and various other country risks	• Dispersing country risks by expanding into multiple countries/regions; reducing risks through regular risk analysis of the countries where we are located; establishment of a detailed monitoring system for local affiliates ➤ P21 Global Business
		Opportunities	• Development of existing and new services in countries/regions where there are many people who do not possess a bank account and are unable to receive financial services	
	System Risk and Cyberattack Risk (including leaks of personal information, etc.)	Risks	• System failures due to malfunction of computer systems, communication line disruptions, etc. • Decreasing reliability due to the emergence of risks and leakage/unauthorized use of personal information (member information) or confidential information due to cyberattacks, etc.	• Development of contingency plans, such as ensuring the backup of important systems • Improving employee awareness of information security and developing countermeasures against cyberattacks, such as minimizing damage through the introduction of systems capable of detecting advanced cyberattacks • Appropriate protection measures and system development of personal information, as stipulated Opportunities under Opportunities the Personal Information Protection Law, acquisition of Privacy Mark ➤ P54 Information/Cybersecurity
		Opportunities	• External sales of core systems in which the Company has been accumulating know-how for many years • In collaboration with external partners, external sales of secure payment systems in which use is made of fraud prevention technology	
	Actualization of Administrative Risks	Risks	• Risk of negligence and inappropriate handling of administrative tasks due to a large amount of manual paperwork	• Creating an administrative work manual, regular inspection of administrative work status, prevention of employee errors and fraud, development and operation of a whistleblowing system for early detection of any illegal activity • Promoting automation of administrative work by the systematization and introduction of robotic process automation (RPA)
		Opportunities	• Expanding demand for administrative process agencies at affiliated cards and partners	
	Reputation Risk	Risks	• Risks affecting business operations, financial results, and financial standing in the event negative reviews or rumors are spread regarding the Company and the Group, regardless of the veracity of such	• Striving for early detection of gossip and rumors • Implementing countermeasures that respond in a timely, appropriate fashion according to the degree of impact and extent of dissemination in order to minimize impacts
		Opportunities	• Building of relationships with stakeholders through reputation management • New customers and greater earnings due to consumer need identification and service improvements	
	Relationships with Major Partners	Risks	• Deterioration of business performance of business alliances that form important strategies and business partners with whom we have a capital relationship, changes of business alliance conditions, and cancellation of alliances with partners	• Strengthening relationships with existing partners • Building a business model that does not depend on a specific partner by promoting new alliances with partners in diverse industries and sectors ➤ P15 Establish the Saison Partner Economic Zone and Reinforce Cooperation among the Group's Companies
		Opportunities	• Business development utilizing the acquisition of memberships through alliances with partner companies and organizations, expansion and diversification of services, product sales channels, and customer bases of both parties	
	Securing and Developing Human Resources	Risks	• Risk of being unable to secure diverse, talented human resources to provide high-level services to customers and develop advanced products and services; risk of human resources leaving the Company	• Providing equal opportunities by developing work systems and common employment patterns that meet employees' needs, the securing of excellent human resources by adopting personnel systems that can utilize the abilities and characteristics of employees, such as the executive officer and specialist/expert systems • Introducing support systems such as a new business proposal system, a voluntary selective training program, and career development seminars by age group; creating a culture of taking on challenges through the development of an environment that allows for long-term/multifaceted training and career development, for example, personnel allocation based on employee requests centered on open recruitment ➤ P33 Human Resource
		Opportunities	• New service/product development by securing talent with expertise in digital technology	

Response to Climate Change

(Information Disclosure Based on the TCFD Recommendations)

➤ Click here for details of Information Disclosure Based on the TCFD Recommendations
https://corporate.saisoncard.co.jp/en/sustainability/environment/tcfd/

The Company expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2022 and is involved in the TCFD consortium, a discussion forum for the companies and financial institutions supporting the recommendations. With respect to disclosures of governance, strategy, risk management, metric, and target information as recommended by the TCFD, we listed the FY2021 results for these on our website in June 2023.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES TCFD Consortium

Governance

Credit Saison established the Sustainability Promotion Committee in August 2021 as an organization for discussing the direction of its activities to achieve its sustainability-related strategies and to respond to inquiries from the representative director. The Committee is also attended by the Representative, Executive President and COO. We also set up three working groups–the Climate Change Strategy Promotion Working Group (WG), the DE&I (Diversity, Equity, & Inclusion) Promotion WG, and the Social Impact WG–under the purview of this Committee. These meet regularly to deepen discussions on each theme.

➤ Please refer to page 44 for details.

Strategy

We predict changes in the external environment and analyze the future impacts of climate change on our operations in accordance with the TCFD framework and by using a scenario analysis method. It is important for us to pursue sustainable growth by mitigating climate change and adapting to it through our business activities. Based on this understanding, we believe that actions to address climate change are important in the management of our business. We identify and assess its impact on us by forecasting changes in the external environment and our operating environment accompanying the manifestation of climate-related risks and by identifying risk events. In the scenario analysis, we referenced multiple existing scenarios published by organizations such as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

Risk management

For climate change risks, the Sustainability Promotion Committee leads the formulation of policies and strategies for minimizing risks and seizing opportunities and structurally monitors related efforts.

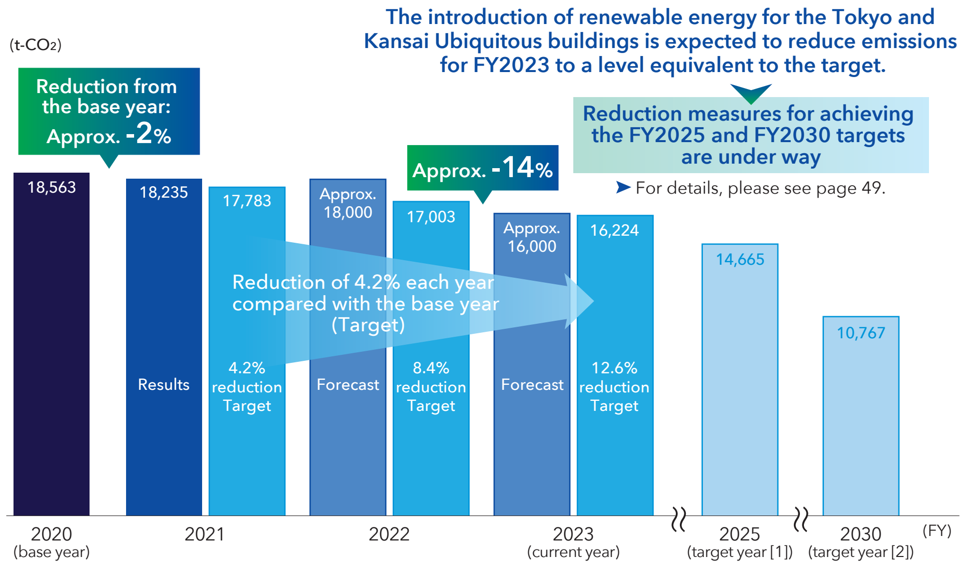
Metrics and targets

Credit Saison included the six companies that are collectively responsible for more than 95% of net revenue within the scope of measurement. These companies are working to reduce GHG emissions through efforts including the introduction of renewable energy and the reduction of paper use.

Consolidated Group companies within the scope of measurement

CREDIT SAISON | SAISON REALTY | SAISON FUNDEX | Concerto | SAISON servicer | SAISON PERSONAL PLUS

Scope 1 and 2 reduction targets and trends Note: Market standard



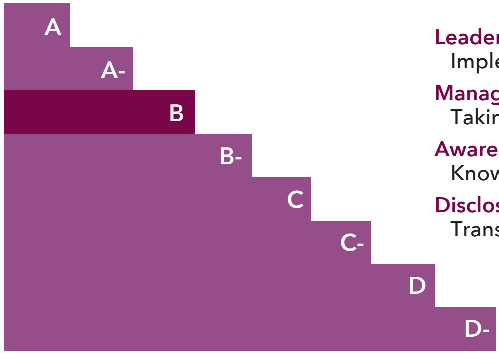
Received a score of B for our first response to the CDP Climate Change Questionnaire in 2022

Credit Saison responded to the CDP* Climate Change Questionnaire for the first time in 2022, for which we received a score of B. We will continue to engage in climate change action through product and service developments, the introduction of renewable energy, and other areas, and will strive to disclose the sustainability information demanded globally.

CDP DISCLOSURE INSIGHT ACTION

* CDP is a non-governmental organization (NGO) administered by a U.K. based charity organization. CDP operates a global information disclosure system that allows investors, corporations, states, regions, and cities to manage their own environmental impacts. The CDP was formerly known as the Carbon Disclosure Project.

Climate change related assessment (excerpt from the CDP report)



Leadership (A/A-): Implementing current best practices

Management (B/B-): Taking coordinated action on climate issues

Awareness (C/C-): Knowledge of impacts on, and of, climate issues

Disclosure (D/D-): Transparent about climate issues

Promoting the use of online statements and environmentally friendly materials

Credit Saison is promoting the use of online applications for credit cards and financial commodities, online credit card statements, and environmentally friendly materials. In FY2022, the online statement ratio increased to approximately 54%, with online statements being received by approximately 13 million customers.

Moreover, we are also working to reduce plastic waste, where our use of a new envelope material for the Tento-mushi (ladybug) Express card member magazine is expected to reduce plastic waste by approximately 17 tons per year.

Switching to renewable energy for 100% of the electricity used at Credit Saison's Tokyo Ubiquitous Building and Kansai Ubiquitous Building

Credit Saison switched all electricity used at the Tokyo Ubiquitous Building and Kansai Ubiquitous Building, which consist of call center functions and operations for the customers of our card business, etc., to electricity derived from 100% virtually renewable energy using non-fossil certificates with tracking. The Tokyo Ubiquitous Building, for which conversion was completed in August 2023, is estimated to have reduced CO_2 emissions from our business activities* by approximately 38% annually (approximately 1,435 t-CO_2). Together with the Kansai Ubiquitous Building, for which conversion was completed in December 2023, in total these two properties are expected to reduce CO_2 emissions from our business activities by approximately 58% annually (approximately 2,193 t-CO_2). As a result, the ratio of renewable energy electricity as part of Credit Saison's total electricity consumption is expected to reach approximately 61%.

* Total for Scope 1 and Scope 2


Tokyo Ubiquitous Building

CO_2 reductions through DX and paperless operations

With its responsibility for operations, the Operation DX Department is advancing efforts to improve the efficiency of operations through DX. The number of new credit card accounts opened online has increased threefold over the past three years following improvements to the user interface for the withdrawal account registration and update page, expansion of online direct debit financial institutions, and other measures. Of the roughly 9 million operations made per year, as of October 2023 approximately 60% had been automated as part of the Department's DX efforts. Moreover, the Department introduced a work flow system for payment and refund operations to eliminate the need for voucher printing. This system is expected to reduce paper use by approximately 500,000 sheets per year and CO_2 emissions by approximately 4.7 tons per year.

Environment

➤ Click here for details on Environment
https://corporate.saisoncard.co.jp/en/sustainability/environment/

Basic Approach

Corporations around the world are responsible for taking action to solve environmental problems. We will strive to reduce the environmental impact of our business and actively work to reduce the environmental impact of society through means such as financial products. We also promote environmental conservation activities through the management of Akagi Nature Park.

"SAISON CARD Digital for becoz" received grand prizes in two external awards

We have partnered with Datafluct, Inc. to launch SAISON CARD Digital for becoz ("becoz card") from June 2022. This is the first credit card in Japan* that can visualize CO_2 emissions based on payment data to counter climate change. In March 2023, the becoz (=be CO_2 zero) card received grand prizes of the NIKKEI Decarbonization Award 2022 (project category) sponsored by Nikkei Inc. and the Japan Financial Innovation Award 2023, which recognizes financial innovation, sponsored by FINOLAB. The Company was recognized for its efforts to visualize CO_2 emissions through daily purchasing activities aimed at raising user awareness of environmental issues. The card has been well received by those who have a strong awareness of sustainability. Credit Saison is working to enhance its services, launching an initiative a year after the becoz card was issued in June 2023 that enables customers to participate in environmental conservation activities at the Akagi Nature Park (Shibukawa City, Gunma Prefecture), operated by Credit Saison, depending on the amount spent using the becoz card.

* According to research by Credit Saison.

Raise awareness through environmental events

Through our active participation in events that promote sustainable products and services, the becoz card helps to raise awareness of climate change and contributes to environmental conservation activities. In 2023, we participated in GOOD LIFE Fair 2023, which showcases goods and services from all around Japan that brighten people's lifestyles, and in Environment Day Nagoya 2023 (Nagoya City, Aichi Prefecture), where citizens, businesses, and government collaborate to learn about the environment and take action.

Initiatives for Akagi Nature Park

With the theme of "coexistence of humanity and nature" and the concept of providing lush natural scenery to pass on to future children, Credit Saison has been operating Akagi Nature Park in Shibukawa City, Gunma Prefecture since 2010. The devastation of forests destroys ecosystems and significantly impacts our lives by limiting our water supply, increasing the risk of mudslides and other disasters, and reducing the Earth's ability to sequester CO_2. Through our reforestation project, we strive to increase the amount of CO_2 sequestered and protect biodiversity. At the same time, we focus on balancing the Akagi Nature Park's function as a natural environment conservation area with its exhibition and tourism facility functions by providing hands-on environmental learning opportunities such as tree transplanting to "create a forest where people and nature can coexist."

As a result, survey results show that the Satoyama ecosystem is well maintained mainly in terms of the illumination level of the Quercus serrata forests and the growth status and number of species of forest floor plants, indicating that the park's focus not only on management for conservation but also on park maintenance is contributing to biodiversity conservation.


Migratory butterfly/Asagimadara (chestnut tiger butterfly)


Summer vacation workshops


Summer vacation science classroom


Hands-on tree transplanting activities to learn about the relationship between disasters and forests

Initiatives by ReSAISON

We established ReSAISON Co., Ltd. in August 2022 as a joint venture with the Cyclers Group, which has comprehensive recycling functions. The Company contributes to developing secondary distribution markets by recycling and engaging in resource recovery through the salvage, resale, and material recycling of office equipment with expired leases, particularly office automation equipment. In September 2023, we held an event to collect unwanted items at Mitsui Residential for resale and material recycling, with the aim of reducing waste and realizing a circular economy.


Recycling center

CREDIT SAISON × Cyclers

ReSAISON

Human Rights

➤ Click here for details on Human rights: Policy/main initiatives
https://corporate.saisoncard.co.jp/en/sustainability/esg2/esg_policy.html

Basic Approach

To embody our management philosophy of being a leading-edge service company, together with our stakeholders, we will create a sustainable society that respects human rights through our "Action Declaration" and "Behavioral Standards," which are the values and conduct policy that we expect all officers and employees to share.

CREDIT SAISON DIVERSITY

Human rights policy

We respect basic human rights by complying with various relevant laws and regulations related to human rights in each of the countries where we operate, and by understanding and supporting international norms such as the Universal Declaration of Human Rights, the International Bill of Human Rights, and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Furthermore, we conduct our business activities based on the UN Guiding Principles on Business and Human Rights.

Respect for human rights in business activities

We respect basic human rights by understanding and supporting various international norms related to human rights in each of the countries where we operate. We strive to respect human rights by establishing policies such as prohibition of discrimination, respect for freedom of association and collective bargaining rights, prohibition of harassment, prohibition of child labor and forced labor, and payment of wages.

Initiatives for respecting human rights

■ Prohibition of harassment

We have defined harassment items (subject to disciplinary action) in our rules of employment. We also conduct harassment education in compliance training tailored to different levels of the organization, including executive employees including general managers, managers, and newly appointed managers. Furthermore, we appoint compliance officers in each department and carry out education programs led by the departments themselves.

■ Respect for human rights in tune with our human resource strategy

We believe that innovation is born out of diversity, by bringing together people with their individual personalities, strengths, and values that come with age, gender, handicap, nationality, lifestyle, career, and work style. Our endeavors focus on the creation of an environment where all can flourish in their own way, and we promote initiatives for the active participation of all employees while valuing the spirit of DE&I, such as the introduction of the COMMON PERSONNEL SYSTEM for all employees to realize equal pay for equal work, the strengthening of mid-career recruitment and ways of working without regard to age or company history, including reskilling, the hiring of people with disabilities and creating environments that suit them, and hiring locally at our overseas offices.

➤ Click here for details on human resource Strategy
P33 Human Resource

➤ Click here for details on Initiatives for DE&I
https://corporate.saisoncard.co.jp/en/sustainability/diversity/gender/

■ Universal Manners Test/LGBT Manners Training

We encourage employees to take the Universal Manners Test to learn the ways of thinking and behaviors that enable them to act from the perspective of someone different from themselves, such as the elderly and people with disabilities. Our employees also participate in LGBT Manners Training to learn how to interact with diverse people.

➤ Universal Manners Test/LGBT Manners Training
https://corporate.saisoncard.co.jp/en/sustainability/csr/

■ Initiatives on children's rights

In addition to eliminating child labor in Japan and other countries, we take initiatives to address problems faced by children in the aspects of education, the environment, and others. To create a prosperous future for the next generation, we respect and support children's rights through initiatives such as the "School Visit: SAISON TEACHER" financial education program and nature education through hands-on classes for parents and children at Akagi Nature Park (certified for forest therapy).

➤ School Visit: SAISON TEACHER
https://corporate.saisoncard.co.jp/sustainability/csr/teacher/
(Japanese only)

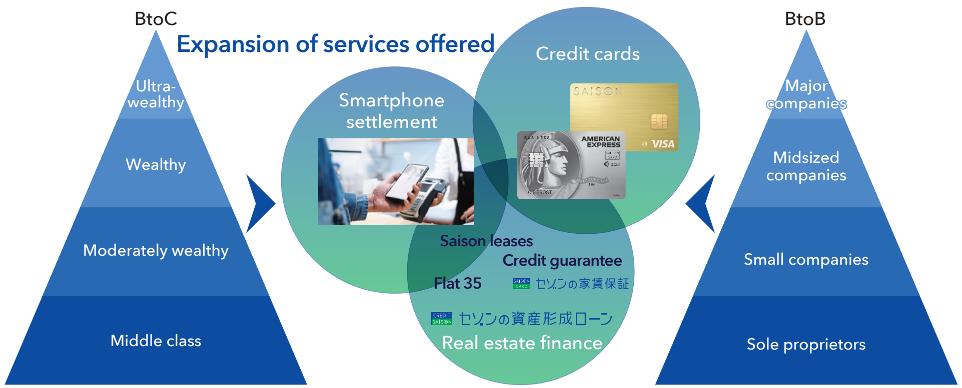
➤ Akagi Nature Park
https://corporate.saisoncard.co.jp/en/sustainability/environment/

Contributing to a Safe, Secure, and Convenient Cashless Society

Basic Approach

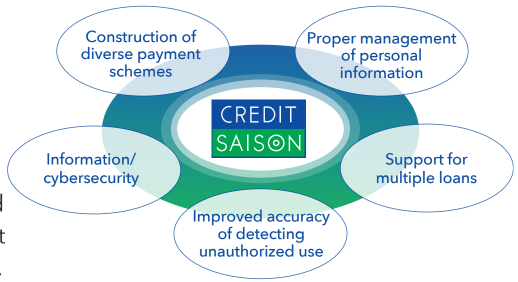
Cashless payments in Japan are progressing significantly in conjunction with the growth of digitalization and the spread of COVID-19. As a company that provides financial services such as credit cards, we aim to create a safe, secure, and convenient cashless society. We are working to manage personal information and build security infrastructure against new forms of unauthorized use.

Credit Saison's aim is to become a leading-edge service company by providing services that enable our customers to realize high-quality and affluent lifestyles, centered on financial services. In our pursuit of a sustainable society that is even more convenient and prosperous than today's, our offerings have expanded from the provision of financial services, primarily credit cards, to a wide range of services.



Realizing a safe, secure, and convenient cashless society

As cashless payments become increasingly commonplace, we are working to develop environments, such as for the construction of diverse payment schemes, proper management of personal information, support for multiple loans, improved accuracy of detecting unauthorized use, and others, so that customers can use their credit cards safely, securely, and with convenience.



➤ Contributions to Society
https://corporate.saisoncard.co.jp/en/sustainability/csr/

➤ Payment Business (BtoC)
https://corporate.saisoncard.co.jp/en/business/payment/

SAISON ID makes credit card usage safer, more secure, and convenient

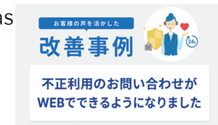
We have launched SAISON ID, a new service that can manage multiple IDs for our Net Answer members' site. Customers who hold multiple partner cards will no longer need to log in with separate IDs for each card, making it easier to manage spending amounts and membership information. It can also be used to log into one's Saison Card LINE official account or other companies' services that use Net Answer IDs to link information. As we work toward the creation of our Saison Partner Economic Zone that enhances convenience for our card members, we continuously strive to improve our service.

➤ SAISON ID
https://www.saisoncard.co.jp/customer-support/saison-id/
(Japanese only)

➤ Saison Card LINE official account
https://www.saisoncard.co.jp/service/line/
(Japanese only)

Early resolution of problems by opening a Web-based unauthorized use investigation desk

Given the recent rising number of instances of unauthorized credit card use that threaten peace of mind when making cashless payments, in September 2023 we launched the "Net Answer Investigation Desk Function" to put customers at ease in the unlikely case that they are charged for usage they did not authorize. By enabling Net Answer to accept queries for fraudulent use investigations, previously only accepted by telephone from the Information Center, it is now possible that customers can find prompt solutions in as little as five minutes.



➤ Net Answer Investigation Desk Function
https://www.saisoncard.co.jp/topic/entry/voice_51/
(Japanese only)

Information/Cybersecurity

Basic Approach

We have positioned cybersecurity measures as a management theme to respond to threats such as cyberattacks that have become increasingly advanced and sophisticated in recent years.

As a company that provides financial services, we have established the Information Security Policy and strive to conduct appropriate information management. We also work to appropriately protect and manage information assets such as hardware and software, and continuously maintain and improve information security.

Policy

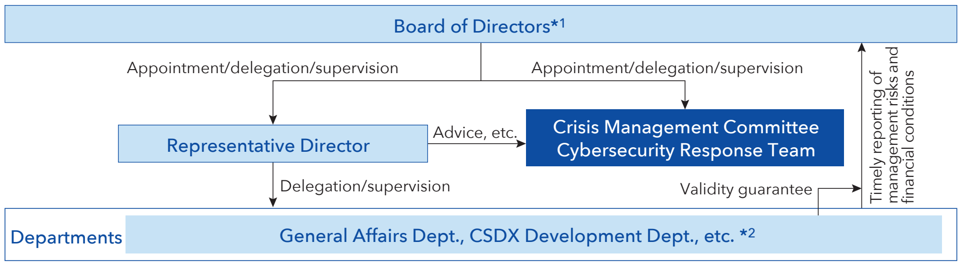
Based on our understanding that the appropriate management of information assets we own is an important task for businesses, we have established basic policies that our directors, executive officers, and employees should observe.

Management systems

We maintain and comply with various regulations related to information security, including information management regulations, and are continuously reviewing our internal regulations to heighten our security level. Furthermore, we appoint the head of each department as a compliance officer and build and promote a system for promoting information security.

We have also set up the Cybersecurity Response Team as an organization within the Crisis Management Committee, which is under the supervision of the Board of Directors. Collecting information on security vulnerabilities, monitoring cyberattacks and other forms of trouble, and formulating response policies and procedures, the Team is working to establish systems that minimize the damage caused by an incident and then restore the situation. Responsibility for overseeing these initiatives rests with the CIO (and CISO), positions established within the CSDX Development Department that promotes cybersecurity measures, and with the director and senior managing executive officer responsible for the CSDX Development Department, who concurrently serves as CDO (and CTO).

Cybersecurity diagram



*1 Head of CSDX Development Dept.: Director, Senior Managing Executive Officer and CDO, CTO
*2 General Manager of CSDX Development Dept.: concurrently CIO and CISO

Audits and training

To ensure information security, regular audits are conducted by our internal audit department or external auditors, and security items are covered in audits conducted by Deloitte Touche Tohmatsu LLC. We also provide our directors, executive officers, and employees with information security training continually through various compliance training programs. There were no serious incidents in FY2022 or FY2023 (as of the end of September 2023).

Information/Cybersecurity initiatives

To respond to recent cyberattacks, including targeted attacks, we believe that rather than extensions of the past more specialized and specific measures are needed. To implement a drastic response for the IT infrastructure area, which represents a constraint on security measures, in FY2023 we are proceeding with a gradual and speedy response. Specifically, with regard to areas from where threats originate, we are addressing, for example, security strengthening and network improvements as well as a preparedness system while keeping risk countermeasures in mind.

Theme 1 Security strengthening

To improve security measures, we are promoting the replacement of in-house terminals. In addition to further strengthening security by carrying out these replacements, consolidating the devices will also improve operational efficiency for employees who use multiple devices to perform their business duties.

Theme 2 Network improvements

In conjunction with modernizing and optimizing network routes on the premise of high speed and expansion of cloud usage, we are working to strengthen security measures against recent cyberattacks.

Theme 3 Preparedness system

We are building a security posture in conjunction with our CSDX strategy initiatives, such as creating a specialized organization and in-house system development through the recruitment and training of digital human resources.
We also periodically conduct system risk assessments to detect and improve system vulnerabilities. To develop a Group-wide preparedness system, we are working to foster awareness through in-house education activities such as regular compliance education in the Corporate Risk Management Department. As a response to cyberattacks such as targeted attack e-mails, we also continuously take measures to prepare for cyberattacks, such as regularly conducting simulated e-mail drills to improve employee awareness of information security.

Coexistence with Local Communities

➤ Click here for details on Contributions to Society
https://corporate.saisoncard.co.jp/en/sustainability/csr/

Basic Approach

We conduct social contribution activities based on the following approach: "A corporation should not only fulfill its responsibilities as a social entity, such as compliance with laws and regulations and contribution to profits, but also develop its business using methods and contents that satisfy or exceed the actual and latent demands of citizens, communities, and society."

JFA Major Partner agreement and start of SAMURAI BLUE Card Saison issuance

Starting from 2023, Credit Saison has signed an eight-year JFA Major Partner agreement with the Japan Football Association (JFA). Our support for the Japan national soccer team has been ongoing for 22 years, ever since we signed an initial supporting company agreement with the JFA in 2001. In addition to the Japan national men's team, we will support a wide range of JFA projects, including the 47 prefectural soccer associations, nurturing the next generation, and promoting the active participation of women. Also, in November 2023, we will begin issuing the SAMURAI BLUE Card Saison, which provides benefits based on the amount spent, such as exclusive benefits for card members and invitations to exclusive events. In the years ahead, we will continue to engage in support activities that connect soccer culture and supporters.

JAPAN NATIONAL TEAM MAJOR PARTNER SAISON

©JFA

Credit Saison is a major partner of Japan's national soccer team.

Contributing to local communities through business

In November 2022, the Ikebukuro Area Platform was established for companies, organizations, schools, and government agencies to collaborate in the Ikebukuro area of Tokyo, where the Credit Saison head office is located. As a member of the Platform, our company is participating in initiatives that contribute to "improving the value and attractiveness of Ikebukuro." We have also established Saison Business Support, which provides solutions to local business operators, in Kagoshima Prefecture. Our company is thus contributing to local communities through its business.

SAISON BUSINESS SUPPORT

Next-generation education and financial education that will lead to regional economic revitalization and human resource development

In January 2023, as part of the Hiroike Institute's educational partnership agreement with Reitaku University, we began accepting applications for the Reitaku University original credit card, a service developed mainly by students with the support of our employees.

Through KASSAI, a cloud-based support payment service that collects application fees for Fintertech Co., Ltd., which promotes the creation of next-generation financial services using cutting-edge technology, in December 2023 we also sought support for the student-led Kashiwa Firework Festival Project (Kashiwa City, Chiba Prefecture). Since the agreement was signed, industry-academia collaboration efforts have been progressing.

Regional revitalization through Furusato tax payment service

In April 2023, the number of local governments that could use Saison's Furusato tax payment service, which had been launched in October 2020, as a donation destination had increased significantly to more than 1,500, and the number of return gifts had increased significantly to more than 550,000 items. Connecting donors, including Saison Card and UC Card members, with local governments across the country, we are working to revitalize local communities by providing a system that makes it easy for all donors to use the Furusato tax payment service. We are also supporting donations for disaster recovery efforts and carrying out recovery support activities that do not incur processing charges from local governments.

Roundtable Discussion between Outside Directors

Strengthening governance for "offense" and "defense" as we look to be a game-changer in a transitioning financial industry

Naoki Togashi
Outside Director
(Independent)

Nana Otsuki
Outside Director
(Independent)

Eiji Sakaguchi
Outside Director
(Independent)

Hitoshi Yokokura
Outside Director
(Independent)

Q | What are your assessments of the Company's governance structure, and what challenges does it face?

Togashi: Compared to when I was appointed in 2017, I feel that the Company has made great strides in strengthening internal auditing, risk management, and other "defensive" governance. Our tasks going forward, I believe, are to firmly build and bolster audit and management structures established under local holding companies in our fast-growing global business and to deepen discussions on our ideal vision for the future in our finance business with respect to issues such as credit screening, reserves, screening criteria, and returns on a risk-capital basis.

Yokokura: I was appointed as an outside director in 2020. Even within these past three years I have seen dramatic changes to the situation, including surging growth in the Global Business, an increased presence in the Finance Business, and recovery in the Payment Business, among other developments. Under such circumstances, the role of outside directors is to support management so that the Company can make decisions about maintaining and increasing our corporate value while engaging in sound risk-taking. The Company's Board of Directors' meetings are the scene of lively discussions and are well documented. The ratio of outside directors has increased from this fiscal year, and diversity has further risen in the ranks. I feel that we have a system that has evolved to enable each individual to demonstrate their respective skills and personalities in a multifaceted manner.

Sakaguchi: I have been serving as an outside director from the current fiscal year. Prior to my appointment, my belief was that there was a structure in which Chairman Rinno usually led the discussion, but that is not really the case. We have a very open Board of Directors where members can freely and frankly express their opinions. My feeling is that the transparency of information sharing and the operational structure of the Board of Directors are at a very high standard, even compared to that required by the Corporate Governance Code.

Otsuki: I was appointed in 2017, and from the beginning I had the impression that the Board was extremely open, giving maximum opportunity for people outside the Company to express their opinions. Many of the directors are also from outside the Company, giving the impression that management oversight is provided from a broad perspective. Subsequently, the Company changed itself in major ways, such as with system development, overseas expansion, new M&A, and other activities. I can clearly recall that there were quite heated discussions at every step along the way.

What are your thoughts on the accomplishments and issues regarding the current Medium-term Management Plan?

Yokokura: I believe we have achieved our goals as evidenced by our business performance. The point we need to watch closely now is how capital allocation will be made from the next Medium-term Management Plan onward.

Togashi: Having achieved the goals of the plan a year ahead of schedule, we had the option of continuing the current plan as is. However, I appreciate that it is in the nature of the current management team to tackle the challenges of formulating a new Medium-term Management Plan. The prospect of lifting an unprecedented monetary easing policy is increasing, and if that becomes a reality, there will likely be an enormous impact on the Company in terms of procurement availability, cost, and other factors. The fact that management is trying to come up with their next growth strategy amid this situation, I feel, demonstrates their unyielding determination, or in other words, "unless we can come through this, there will be no break-away future for non-banks."

Sakaguchi: In light of the expectations and demands placed on us by the stock market, some may have thought it necessary to formulate a new Medium-term Management Plan and work to issue a steady stream of messaging.

Yokokura: I agree. The business and economic environment has changed considerably since the current Medium-term Management Plan was formulated, and going forward we need to have a robust discussion on just how to achieve our high goals under such circumstances.

Otsuki: The current Medium-term Management Plan started during the unimaginable COVID-19 pandemic, and it was within this environment, where we could not even see our hand in front of our faces, that we formulated the plan. Nonetheless, I think that we achieved results. It is highly likely that 2024 will be the year that we see a major turning point in Japan's financial policy, and as the Tokyo Stock Exchange's market reform set in motion from 2023 progresses, we will be under even more intense scrutiny from the market. As a company engaged in the financial industry, which is hugely affected by these factors, we must brace ourselves and stand firm.

Togashi: In Japan, we are one of the few players to be engaged in various financial businesses beyond the framework of credit cards, consumer credit, personal finance, and other areas. To remain independent and continue to exist in the future, it is essential for us to constantly keep abreast of changes in the market and customer needs. As part of this, I think that an issue for the next Medium-term Management Plan will be for the various businesses in the Group to create mutual synergies. In the domestic market as well, we will sow the seeds of revenue by seizing upon synergies, and there are many opportunities for growth. On the other hand, investors might call it a conglomerate discount if you simply expand your reach. So how do you create synergies? Of course, that means working toward horizontal cooperation within the Group. To this end, I believe that, first of all, the executive side should be more energetic in discussions at Board meetings, speaking up without hesitation about businesses that are outside their own jurisdiction.

Yokokura: As an attorney, I sometimes handle corporate misconduct cases. In companies that are involved in such incidents, there seems to be a tendency for Board members to take no interest in matters outside their jurisdiction or to reject opinions on matters within their own sphere of responsibility. At the Company's Board of Directors, while there is an atmosphere conducive to open discussion on all sorts of matters, I believe that thinking from the perspective of "offense" about what direction the Company as a whole should take, regardless of area of responsibility, will lead to sound governance in terms of "defense" as well.

Sakaguchi: I totally agree. We need to take a more attentive stance concerning our internal business. What's more, the Company talks about being "comprehensive," but I believe that




there will always be situations where a more specific focus on a particular business or field will lead to synergies.

Togashi: That is an interesting point. While the Company is also taking on the challenge of non-financial areas, considering strategies that link these to finance might lead to the creation of synergies. Well, how would you go about generating synergies? Of course, we will find the answer in human resources. It is critical that we increase the number of people within the Company who can illustrate the story of our overall corporate strategy.

Yokokura: That would be people who not only connect the dots but also draw the picture. It might also be good for personnel departments to aim for solutions that find and bring together human resources with the necessary skills, based on a recognition of management issues.

Otsuki: We do not have any large-scale facilities like factories or for logistics, and almost all our assets that generate revenue are human resources. The Company should be commended for its pioneering efforts in motivating all employees to become full-time employees. Female CEOs in our overseas subsidiaries, which are an area of growth, are also putting their skills to use. However, in FY2022, the ratio of female officers at the Company stood at 24.9%, which is at an underdeveloped level, and an issue also exists in terms of diversity.

Q | Please tell us about the role you yourself would like to perform and your expectations of the Company.

Sakaguchi: As you can see from this group of outside directors, we have a lineup of risk management experts. That is why, I believe, we need to play a role that encourages risk taking. We would like to support the Company, such as by somehow prioritizing the many things that need to be done in management so that we can better bring form to the content of the "comprehensive" issues espoused by the Company.

Yokokura: As a lawyer and accountant by profession, what I have come to value in reaching a decision is to always be conscious of the important facts, whether there is anything wrong with the logic, if the conclusion has been reached through a proper process, and whether the argument itself is ethical. I would like to support appropriate risk-taking by keeping these "facts," "logic," "processes," and "ethics" in mind during Board discussions.

Otsuki: The Company has taken a big step up from "defensive DX" to "offensive DX," based on updates to core systems completed with the previous Medium-term Management Plan. Under the next plan, by making this into a sharp tool we will further promote our "transformation into a comprehensive life services group" as set forth in the current Medium-term Management Plan, and together with expanding our business capacity in Japan, we look forward to taking a great leap forward on a global scale in Asia and Central and South America.

Togashi: Credit Saison has now come to a crossroads in terms of just how to transform its credit card business, our founding business. While settlement makes available only two functions, either "immediate" or "deferred payment," driven by a history of technological innovation, there are now a diverse array of payment products in Japan, from cards to code payments, far exceeding options offered in other countries. On the other hand, we are now in an age where technologically, one method can offer two functions. Outside of Japan, in India, Thailand, and other countries, technological innovation has enabled them to achieve leapfrog-type development. So, considering that what changes at overseas locations will also eventually arrive in Japan, whether that is credit cards fading away or transformation to a settlement style, payment systems will depend on precisely what steps we take in the future. As we formulated the new Medium-term Management Plan ahead of schedule, I would like to make every effort to ensure that when we look back a decade from now, we will be a company that is said to have been a game changer at a major turning point.

Corporate Governance

Our basic view on corporate governance

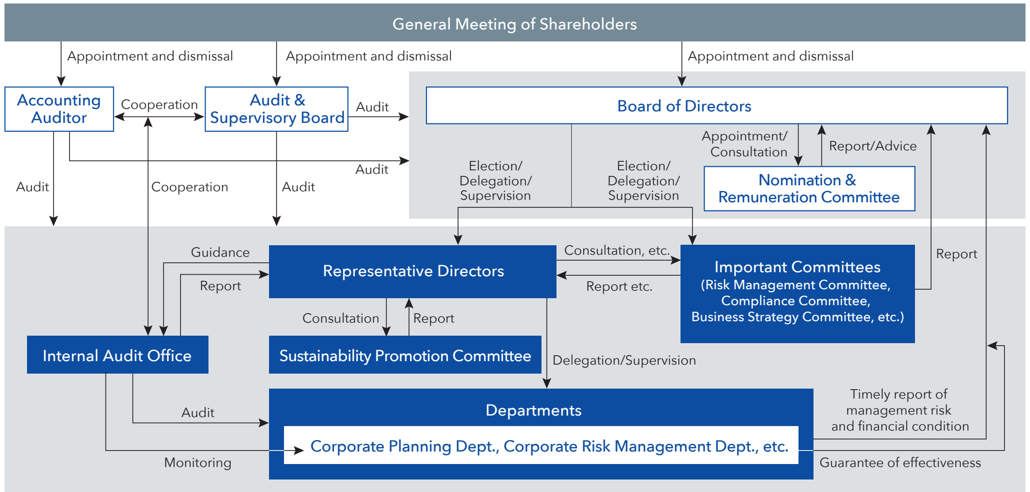
The Credit Saison Group is implementing a variety of initiatives to improve and strengthen our corporate governance in recognition of the enormous importance that bolstering management supervisory functions intended to attain business objectives and to enhance management transparency holds for sustainably growing corporate value. We will continue to study approaches to management that best suit the Credit Saison Group considering global trends in corporate governance and our basic policies for ensuring the proper functioning of internal controls.

➤ Click here for details of our Corporate Governance Report.
https://corporate.saisoncard.co.jp/en/sustainability/governance/pdf/governance_report_202209EG.pdf

Matters Concerning Composition of Governing Bodies and Organization Management

Organization Form	Company with Audit & Supervisory Board Members
Number of directors stipulated by the Articles	25
Term of office for directors stipulated by the Articles	1 year
Chairman of the Board of Directors	President
Number of Directors (of which are Outside Directors)	12 (4)
Appointment status of Outside Directors	Appointed
Number of Independent Directors designated among Outside Directors	4
Number of Audit & Supervisory Board members stipulated by the Articles	5
Number of Audit & Supervisory Board members (of which are outside Audit & Supervisory Board members)	3 (2)
Number of Independent Directors designated among Audit & Supervisory Board members	2

Corporate Governance Structure

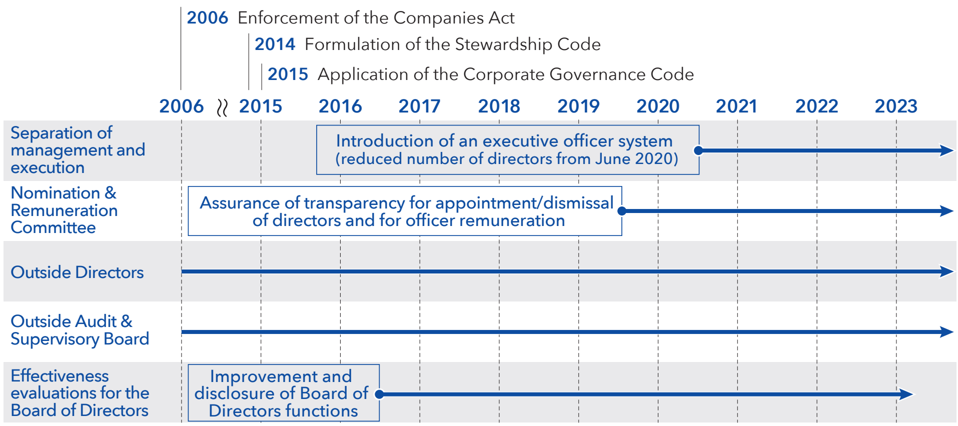


Management/Executive system

Credit Saison (the Company) has adopted the Audit & Supervisory Board (ASB) model, with ASB members, for its corporate governance system. To ensure that we retain the confidence of our shareholders and other investors, we strive to improve and strengthen corporate governance by nominating outside directors and outside ASB members. The Board of Directors and Nomination & Remuneration Committee receive advice and recommendations from outside directors to ensure the appropriateness of business decision-making. This is intended to enable directors, who are well versed in business matters, to maintain and improve management efficiency.

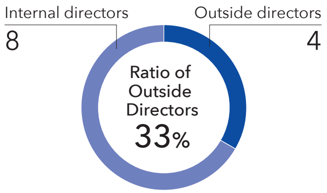
We have introduced an executive officer system to strengthen our corporate governance system through separation between operational execution and management supervision. As of October 2023, the Board of Directors consists of 12 members, four of whom are independent outside directors. The term of office for Directors is set at one year to ensure the Board can respond flexibly to changes in the business environment and to ensure that shareholders can have confidence in the Company's management. Going forward, we aim to exercise more appropriate management supervision functions while developing an efficient business execution system.

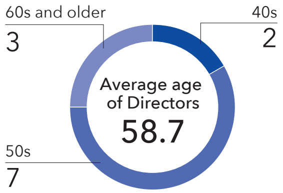
Changes in the Governance Structure

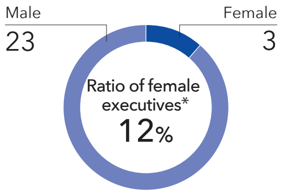


Composition of the Directors (As of September 30, 2023)

The Board of Directors consists of members, some of whom were hired through periodic recruitment and others through mid-career recruitment, from a wide range of career backgrounds, including finance, retail, real estate, and digital technology.







* Total of directors, executive officers, and ASB members

Board of Directors

The Company reviewed the criteria for submission of proposals to the Board of Directors and delegated authority for business execution to the business strategy committee, the Directors in charge, and the Executive Officers, in April 2023. This review is expected to not only reduce the number of proposals on the Board of Directors, allowing more time for discussion of each item, but also to improve the speed of business execution and create opportunities for training successors by expanding the authority and responsibility of decision-makers by the delegation of authority.

Year ended March 31, 2023, Board of Directors

20 meetings 94 discussion items

Major discussion topics/Number of discussion items

Internal control and compliance	6
Financial results and financial standing	7
Management strategies and management planning	12
Human resources	19
Other individual matters	20
Subsidiary, associate, and Group governance	30

Nomination & Remuneration Committee

The Nomination & Remuneration Committee is made up of Directors elected by resolution of the Board of Directors, and is currently composed of five members, the majority of whom are independent outside directors and which include the Representative Chairman and CEO as the chairperson. The Committee meets at least once a year.

Year ended March 31, 2023, Nomination & Remuneration Committee

5 meetings* 9 discussion items

Major discussion topics/Number of discussion items

Election and assessment process for Directors, etc.	2
Election of Directors, etc., and General Meeting of Shareholders' election proposal deliberations	2
Directors' remuneration system, etc.	4
Skill matrix for Directors, etc.	1

* Including one meeting held in writing

Effectiveness of the Board of Directors

Implementation Summary

With the goal of improving the effectiveness of the Board of Directors, the Company implements a self-evaluation-based annual assessment and analysis for all directors and Audit & Supervisory Board members (including retirees before the expiration of their term of office) elected in the previous year.

A questionnaire is given to each director and Audit & Supervisory Board member covering the following items, with the Board of Directors conducting discussions based on feedback from the results.

Assessment Items

1) Composition of the Board of Directors
2) Management of the Board of Directors
3) Roles and Responsibilities of the Board of Directors

Summary of Assessment Results

We have confirmed that the Board of Directors is operating at a generally proper level and that the effectiveness of the Board of Directors has been secured.

Based on the opinion that the criteria for the selection and submission of proposals for the Board of Directors meetings need to be improved in order to allocate more time to the deliberation of important management issues, such as the strategies and capital policies, etc., of the Company and the Group as a whole, the Company reviewed the criteria for submission of proposals to the Board of Directors and delegated authority for business execution to the business strategy committee, the Directors in charge, and the Executive Officers, in April 2023. This review is expected to not only reduce the number of proposals on the Board of Directors, allowing more time for discussion of each item, but also to improve the speed of business execution and create opportunities for training successors by expanding the authority and responsibility of decision-makers by the delegation of authority.

The Company will continue to examine the effectiveness through the evaluation of the effectiveness of the Board of Directors to see if the review contributes to improvement of the effectiveness of the Board of Directors, and based on the recognition of issues to further revitalize discussions at Board of Directors meetings aimed at enhancing corporate value, the Company will continue to improve operations to further improve the effectiveness of the Board of Directors.

About Director remuneration

■ Basic policy on Director remuneration

As the Credit Saison policy for determining the amount for director remuneration, etc., and the calculation method thereof, at its meeting on February 25, 2021, the Board of Directors deliberated the policy for determining the content of Individual Directors' Compensation following consultation and a report by the Nomination & Remuneration Committee regarding the details to be deliberated in advance. This policy is intended to ensure that remuneration sufficiently functions as an incentive for Directors to sustainably improve corporate value and to build a remuneration structure that is linked to shareholder profits. At the Board of Directors meeting held on June 21, 2023, we revised part of the policy regarding the determination of the content of Individual Directors' Compensation for those Directors posted overseas. The basic policy for determining the individual remuneration package of directors, etc., is to consider the level of companies/industries of similar size and the balance with employee remuneration for the system of director remuneration and individual remuneration. At the same time, we set the remuneration level according to position, presence, or absence of representation rights, etc.

Remuneration structure

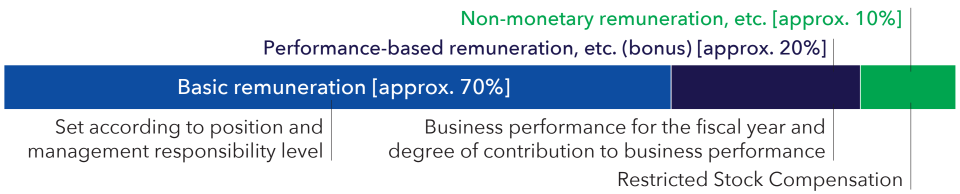
The remuneration structure is composed of basic remuneration, performance-based remuneration (bonus), and non-monetary remuneration including restricted stock compensation. For outside directors and Audit & Supervisory Board members, remuneration is basic remuneration only. Furthermore, the Nomination & Remuneration Committee considers the ratio of remuneration by type for executive directors based on the remuneration levels of companies, industries, etc., of similar size to Credit Saison. The ratio of each type of remuneration, etc., is based on a 7:2:1 ratio of basic remuneration: performance-based remuneration, etc. (bonuses): non-monetary remuneration, etc. (restricted stock compensation). For Directors posted overseas, the ratio for each type of remuneration, etc., is based on remuneration excluding fringe benefits. However, Restricted Stock Compensation might not be paid to Directors posted overseas, and in such cases, the approximate ratio of each type of remuneration is as follows: basic remuneration: performance-based remuneration (bonus) = 8:2 (however, excluding fringe benefits).

Eligible officers	Basic remuneration (monetary remuneration)	Performance-based remuneration, etc. (bonuses)	Non-monetary remuneration, etc.
Executive directors	Amount calculated as fixed monthly remuneration after setting annual remuneration levels for each position and considering the presence or absence of representation rights, etc.*1	Amount calculated by multiplying the amount of the basic bonus by position, etc., considering the retention rate, etc., by the performance-based coefficient*3 for quantitative indicators*2 and the performance-based coefficient for qualitative evaluation*4	Amount calculated as restricted stock compensation*5 after setting annual remuneration levels for each position and considering the presence or absence of representation rights, etc.*6
Outside directors	Fixed remuneration only	–	–
ASB members*7	Fixed remuneration only	–	–

*1 Fringe benefits such as housing allowance, child allowance, and temporary return allowance, etc., might be paid to Directors posted overseas.
*2 Quantitative indicators: Non-consolidated ordinary income (excluding temporary factors, etc.) growth rate and plan achievement rate.
*3 Performance-based coefficient: Based on a 50:50 ratio between the quantitative performance indicator growth rate and the plan achievement rate, while comprehensively considering the occurrence of large-scale disasters, pandemics, etc.
*4 Qualitative evaluation: This is the result of evaluating each degree of contribution to improving the Company's business performance and corporate value by all directors, including the relevant director.
*5 Restricted stock compensation: Please refer to the Securities Report for details of the conditions.
*6 Fringe benefits such as insurance premiums, etc., might be covered by the Company for Directors posted overseas as non-monetary compensation.
*7 Audit & Supervisory Board member remuneration: The amount of remuneration for each Audit & Supervisory Board member is determined through deliberations by the Audit & Supervisory Board within the total amount resolved at the General Meeting of Shareholders.

Remuneration structure of executive directors

Remuneration coefficient of executive directors



In calculating the planned amount of performance-based remuneration (bonuses) for FY2022, we comprehensively considered the impact of factors such as COVID-19 and set the expected performance-based coefficient for quantitative indicators at 105% and the expected performance-based coefficient for qualitative indicators of each director to 80%–120%.

The amount of remuneration for each individual can be entrusted to the Chairman of the Board based on a resolution of the Board of Directors. The scope or remuneration is the amount of basic remuneration for each director, the evaluation allocation of performance-based remuneration (bonuses) for each director, and the allocated amount of monetary remuneration claims related to the acquisition of restricted shares. As a measure for the Chairman of the Board to properly exercise this authority, the Nomination & Remuneration Committee has established standards for the remuneration received by directors. Based on these standards, the Chairman of the Board makes decisions within the scope delegated by the Board of Directors.

In determining the actual issued amount of remuneration for individual directors in FY2022, Representative, Chairman and CEO Hiroshi Rinno will be entrusted with the determination of the amount of basic remuneration for each director and the allocation amount of monetary remuneration claims related to the acquisition of restricted stock. He will also be entrusted with the evaluation allocation of performance-based remuneration (bonuses) for each director.

Total amount of remuneration, etc., for each officer category, total amount of remuneration, etc., by type, and number of eligible officers

The total amount of remuneration, etc., for each officer category of the Company, the total amount of remuneration, etc., by type, and the number of eligible officers in FY2022 are as follows.

Classification	Total remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of people
		Basic remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (excluding outside directors)	332	228	77	27	7
ASB members (excluding outside ASB members)	16	16	–	–	1
Outside directors	24	24	–	–	3
Outside ASB members	36	36	–	–	3

Notes: 1. The total amount of remuneration paid to directors does not include employee salaries in the case of employees who serve concurrently as executive directors.
2. Performance-based remuneration, etc., lists the planned payment amount of performance-based remuneration (bonuses) for FY2022.
3. The content of non-monetary remuneration, etc., is the common stock of the Company, and the conditions for allotment are as described in the remuneration structure and calculation section of the Company's 73rd business term Securities Report.
4. The numbers above include one director who retired.
5. As of the end of FY2022, there were nine directors and four Audit & Supervisory Board members.
6. Since there are no Directors whose total amount of consolidated remuneration exceeds ¥100 million, the names, classifications, total consolidated remuneration, and amount of consolidated remuneration by type for each Director have been omitted.

Strengthening the risk management and compliance systems

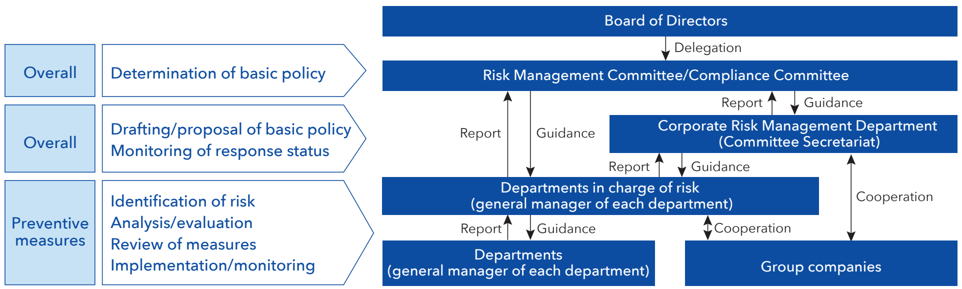
To achieve sustainable improvement of corporate value, we position the enhancement of corporate governance as a key management initiative. To this end, we are improving internal control systems, strengthening risk management systems, ensuring thorough compliance, and creating mechanisms based on diversity, equity, and inclusion.

In establishing internal control systems, the Board of Directors decides on basic policies for such, with the aim of building systems that ensure appropriate and efficient operations mainly in the Corporate Planning Department, which is the unit responsible for overseeing internal controls. As for internal controls on financial reports, the Corporate Risk Management Department leads the way in promoting the establishment of internal controls in the Company and at our consolidated Group companies, while the Internal Audit Office carries out independent monitoring.

Regarding risk management, the Risk Management Committee and the Corporate Risk Management Department lead the way in preventing risks from materializing and in working to minimize the effects on the Company when they do arise. Accordingly, we strive to maintain our risk management framework by holding regular internal training sessions for employees in accordance with "risk management rules," "rules concerning loss risk management," and "crisis management rules." In addition to the above, with regard to matters inherent in our Company Group or control matters that involve serious risks, for domestic subsidiaries, the Group Strategic Management Department establishes and controls the matters, and for overseas subsidiaries, the Global Management Department, which is responsible for overall management of overseas affiliate subsidiaries, gathers information. As such, the Company oversees the status of business execution at each Group company and shares information with the departments in charge of each Group company.

As for our compliance system, we have established the Compliance Committee to ensure legal compliance, fairness, and ethical standards in our corporate activities. In addition to assigning compliance responsibilities to employees in each department, we issued a declaration on how the Company should conduct its activities and organized the ways in which officers and employees should conduct themselves as standards of conduct. As a further means of strengthening our compliance system, we have disclosed this declaration and standards of conduct on the Company's employee website, inform employees about our compliance help desk, and hold compliance training sessions to ensure rigorous adherence to these standards.

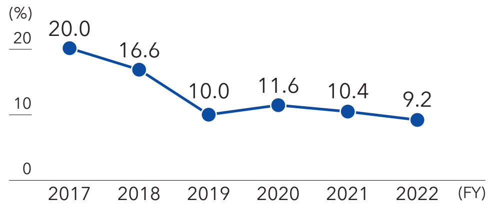
Risk management system/compliance system



Strategic shareholding shares

Regarding strategic shareholding shares, Credit Saison only holds shares of companies that are transaction (investment) partners necessary for our Group's business strategy and that are rational to hold. When verifying the rationality of holdings, we properly ascertain the risks and costs associated with holdings and the returns from holdings, including from a medium- to long-term perspective, and comprehensively verify profitability and other matters at the Board of Directors and the ALM Committee. As a result of verification, while considering factors such as the impact of the market, we promptly sell stocks that are judged to have little rationality to hold.

Consolidated net assets ratio for strategic shareholding shares



Dialogue with shareholders and investors (IR activities)

Credit Saison endeavors to convey corporate information to all shareholders and investors in a prompt, fair, and easy-to-understand manner, and actively discloses business results, financial conditions, strategies, and other matters that the Company believes to be effective in providing a better understanding of the Company. We also actively disclose sustainability initiatives that can only be implemented by Credit Saison aimed at achieving a sustainable society. In addition to continuing to participate in results briefings, conferences hosted by securities companies, and briefings for individual investors, we are actively engaging in dialogue with shareholders and investors, such as by holding business strategy briefings on our global business and CSDX strategy, which attracted a lot of attention during discussions. The Company will continue to promote IR activities with an awareness of shareholder and investor needs.

Individual meetings with sell-side analysts/institutional investors

2018	2019	2020	2021	2022
190 times	158 times	176 times	196 times	214 times

Feedback regarding the details of dialogue with shareholders and investors

In regard to the opinions and requests acquired from shareholders and investors through dialogue, and to the analyst reports that are occasionally issued, as the department in charge of investor relations, the Public Relations Office takes the lead in appropriately providing feedback to the Company's executives and making reports regarding dialogue at the Board of Directors meetings and management meetings, etc., in order to apply these opinions and requests in discussions for enhancing corporate value.

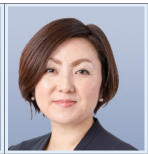
Board of Directors/Audit & Supervisory Board Members/Executive Officers (As of October 1, 2023)

Credit Saison visualizes the management skills of its directors, Audit & Supervisory Board members, and executive officers as a skill matrix. To conduct flexible management in uncertain times, management composes members with diverse skills and expertise.

												
	Representative, Chairman and CEO Hiroshi Rinno	Representative, Executive President and COO Katsumi Mizuno	Representative, Executive Vice President and CHO Naoki Takahashi	Director, Senior Managing Executive Officer Yoshiaki Miura	Director, Senior Managing Executive Officer and CDO, CTO Kazutoshi Ono	Director, Senior Managing Executive Officer Kosuke Mori	Director, Managing Executive Officer Naoki Nakayama Newly appointed	Director (Non-executive) Kosuke Kato Newly appointed	Director Naoki Togashi	Director Nana Otsuki	Director Hitoshi Yokokura	Director Eiji Sakaguchi Newly appointed
									Outside/ Independent	Outside/ Independent	Outside/ Independent	Outside/ Independent
	Born in 1942	Born in 1969	Born in 1950	Born in 1966	Born in 1976	Born in 1977	Born in 1965	Born in 1966	Born in 1960	Born in 1964	Born in 1969	Born in 1966
Board of Directors ◎: Chairman ○: Member	○	◎	○	○	○	○	○	○	○	○	○	○
Nomination & Remuneration Committee ◎: Chairman ○: Member	◎	○							○	○	○	
Skill matrix												
Corporate management	●	●	●	●	●	●		●	●			●
Global	●	●			●	●			●	●		●
Financial affairs/ Accounting			●			●		●		●	●	●
Human resources/ Labor affairs	●		●									
Legal affairs/ Risk management				●				●		●	●	
Sales/ Marketing	●	●		●			●	●	●			●
Digital/IT				●	●	●		●	●			
M&A/New business	●	●	●	●	●	●		●				●
Real estate							●			●		●
Finance/ Loans			●				●	●	●			●
ESG	●	●	●			●				●		

Notes: 1. The data presented in this table do not reflect all the skills possessed by the Board of Directors, Audit & Supervisory Board members, and executive officers. Up to seven of the major skills and other attributes are marked.
2. To transform into a comprehensive life services group, we are placing particular focus on global, digital/IT, and M&A/new business skills for our business strategy.

Board of Directors/Audit & Supervisory Board Members/Executive Officers

														
	Standing Audit & Supervisory Board Member Hideo Suzuki	Standing Audit & Supervisory Board Member Hiroaki Igawa	Audit & Supervisory Board Member Chie Kasahara	Managing Executive Officer Shunji Ashikaga	Managing Executive Officer Kazue Yasumori	Managing Executive Officer and CFO Masaki Negishi	Managing Executive Officer Ryuki Tabata	Executive Officer Yasuyuki Isobe	Executive Officer Yuichi Kawahara	Executive Officer Naoki Misaka	Executive Officer Hironao Wakamei	Executive Officer Ryo Kihara	Executive Officer Koji Sugahara	Executive Officer Yoshiyuki Kimura
	Newly appointed										**Newly appointed**	**Newly appointed**	**Newly appointed**	**Newly appointed**
		Outside/ Independent	Outside/ Independent											
	Born in 1956	Born in 1958	Born in 1968	Born in 1971	Born in 1973	Born in 1972	Born in 1967	Born in 1969	Born in 1975	Born in 1975	Born in 1970	Born in 1973	Born in 1979	Born in 1971
Audit & Supervisory Board ◎: Chairman ○: Member	◎	○	○											
Skill matrix														
Corporate management	●			●										
Global			●			●							●	●
Financial affairs/ Accounting		●				●								●
Human resources/ Labor affairs					●									
Legal affairs/ Risk management		●	●									●		
Sales/ Marketing	●		●	●		●	●	●	●	●	●	●	●	
Digital/IT			●					●	●					
M&A/New business			●	●		●			●	●	●		●	●
Real estate		●										●		
Finance/ Loans		●		●		●	●	●		●		●		●
ESG		●			●									●

11-Year Summary of Selected Financial Data (As of March 31, 2023)

(Millions of yen)

JGAAP*1/IFRS*2		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Financial Data												
Consolidated												
For the year	Operating revenues/Net revenue	244,405	247,577	259,076	269,919	278,944	292,183	304,855	311,410	282,625	299,017	322,638
	Selling, general and administrative expenses	187,170	197,852	206,192	221,553	236,661	241,740	220,974	236,910	202,380	222,541	229,322
	Impairment losses on financial assets	–	–	–	–	–	–	34,088	39,376	31,867	24,575	34,611
	Financial costs	14,922	13,388	12,722	11,772	11,069	9,671	9,878	10,471	11,266	11,461	15,257
	Operating income	42,312	36,336	40,161	36,593	31,213	40,771	–	–	–	–	–
	Ordinary income/Business profit	53,214	44,408	43,687	43,802	53,065	56,717	52,233	36,184	48,352	52,336	60,977
	Net income attributable to owners of the parent/ Profit attributable to owners of the parent	32,770	25,552	12,628	26,163	42,253	38,329	30,517	22,863	36,132	35,375	43,599
At year-end	Total equity	394,868	422,829	447,082	418,988	446,882	480,669	491,741	485,476	532,057	563,738	600,041
	Total assets	2,141,802	2,285,943	2,373,299	2,550,990	2,720,051	2,940,022	3,212,465	3,357,229	3,409,247	3,610,778	3,896,105
	Interest-bearing debt	1,359,856	1,468,740	1,557,836	1,729,066	1,857,477	1,957,244	2,203,818	2,413,565	2,429,488	2,569,040	2,805,175
Per share data (yen)	Net income per share/Basic net income per share	178	139	69	147	259	235	187	143	231	226	278
	Equity per share/Equity attributable to owners of the parent per share	2,132	2,283	2,424	2,564	2,725	2,933	3,006	3,102	3,397	3,598	3,827
Key financial ratios (%)	Return on equity (ROE)	8.8	6.3	2.9	6.1	9.8	8.3	6.2	4.7	7.1	6.5	7.5
	Return on assets (ROA)	1.5	1.2	0.5	1.1	1.6	1.4	1.0	0.7	1.1	1.0	1.2
	Equity ratio	18.3	18.3	18.8	16.4	16.4	16.3	15.3	14.4	15.6	15.6	15.4
Non-Consolidated												
For the year	Operating revenues	204,121	205,873	219,336	228,713	238,637	249,865	259,018	268,020	251,307	252,416	266,103
	Selling, general and administrative expenses	149,844	160,927	169,899	186,492	203,038	207,093	215,726	235,794	208,269	219,371	221,512
	Financial costs	16,882	15,119	14,066	12,620	11,282	9,872	9,748	10,535	11,530	11,381	11,923
	Operating income	37,394	29,826	35,370	29,599	24,316	32,900	33,543	21,690	31,507	21,663	32,668
	Ordinary income	41,529	34,872	38,449	32,614	28,210	38,871	39,634	28,348	38,026	30,421	43,424
	Net income	24,147	18,637	11,315	25,570	21,045	22,190	25,875	33,391	29,931	21,909	34,220
At year-end	Total equity	349,202	367,808	388,470	359,428	374,477	396,831	407,533	404,809	441,683	456,739	483,683
	Total assets	2,051,908	2,200,459	2,287,986	2,468,797	2,623,644	2,831,296	3,107,284	3,210,925	3,280,302	3,444,915	3,665,162
	Interest-bearing debt	1,337,201	1,457,001	1,551,189	1,725,891	1,852,551	1,953,740	2,202,839	2,378,701	2,413,154	2,536,247	2,713,246
Key financial ratios (%)	Return on equity (ROE)	7.2	5.2	3.0	6.8	5.7	5.8	6.4	8.2	7.1	4.9	7.3
	Return on assets (ROA)	1.2	0.9	0.5	1.1	0.8	0.8	0.9	1.1	0.9	0.7	1.0
	Equity ratio	17.0	16.7	17.0	14.6	14.3	14.0	13.1	12.6	13.5	13.3	13.2
Transaction volume*3	Credit card business	3,547,050	3,852,980	4,089,389	4,258,284	4,476,608	4,683,038	4,788,537	4,946,908	4,500,366	4,823,174	5,287,073
	Credit card cash advance	260,089	264,092	277,025	267,723	253,837	248,156	242,980	237,555	155,004	160,622	164,720
	Business agency	2,166,062	2,303,998	2,434,824	2,522,242	2,671,710	2,873,183	3,014,831	2,985,255	2,609,412	2,737,512	2,894,900
	Lease business total	105,356	114,694	106,801	106,000	108,101	114,569	115,589	127,178	114,885	113,159	126,631
	Credit guarantee	115,297	126,281	137,335	150,101	159,914	131,922	114,277	101,510	70,283	84,586	98,914
	Real estate mortgage loans	11,571	46,780	50,459	82,420	125,629	160,762	207,779	175,621	141,698	124,417	122,539
	Other (Finance Business)	48,201	75,969	80,633	114,043	180,286	241,949	287,830	341,131	322,366	252,894	218,676
	Other	28,040	33,633	37,737	37,907	35,883	32,119	27,351	30,260	26,696	106,075	152,840
	Total volume of new contracts	6,281,666	6,818,427	7,214,203	7,538,720	8,011,968	8,485,698	8,799,174	8,945,420	7,940,715	8,402,442	9,066,297

*1 Japanese standards were applied until FY2017. *2 International Financial Reporting Standards (IFRS) are applied from FY2018 onward.

*3 Certain Other (Finance Business) and Other transaction volumes for FY2021 have been reclassified owing to a change in the rent guarantee business from the Finance Business to the Payment Business in the third quarter of FY2022.

Segment Highlights/5-Year Non-financial Data (As of March 31, 2023)

(Millions of yen)

IFRS*1*2	FY2018	FY2019	FY2020	FY2021	FY2022
Net revenue					
Payment Segment*3	228,518	232,441	209,130	213,148	231,590
Lease Segment	12,586	12,269	12,290	11,837	12,049
Finance Segment*3	39,231	43,112	43,412	47,144	50,754
Real Estate-related Business Segment	18,113	17,227	14,595	22,704	24,177
Entertainment Business Segment	8,761	8,822	5,536	6,407	6,214
Adjustment	(2,357)	(2,462)	(2,340)	(2,224)	(2,148)
Total net revenue	304,855	311,410	282,625	299,017	322,638
Business profit					
Payment Segment*3	16,915	6,297	22,332	14,166	19,969
Lease Segment	5,720	2,951	4,706	5,800	5,018
Finance Segment*3	19,209	18,004	17,664	19,777	22,056
Real Estate-related Business Segment	8,305	6,957	5,390	12,350	12,595
Entertainment Business Segment	2,078	1,969	(1,745)	237	719
Adjustment	3	3	3	3	618
Total business profit	52,233	36,184	48,352	52,336	60,977
Breakdown of income from payment business segment					
Card shopping	136,464	140,579	131,029	132,081	143,024
Cash advances	33,084	32,932	28,882	26,106	24,741
Loans on deeds	1,071	844	654	517	412
Processing/transactions handled on behalf of other companies' cards	28,227	31,014	27,402	27,437	27,213
Agency services	15,896	12,491	5,069	5,061	5,306
Payment-related income*3	11,507	12,297	13,684	19,573	28,638
Finance income	852	767	1,024	987	876
Intersegment revenue or transfers	1,415	1,512	1,384	1,383	1,377
Total credit service business income*3	228,518	232,441	209,130	213,148	231,590
Main card indices (non-consolidated)					
New cards issued (thousands)	211	180	125	152	170
Total membership (thousands of members)	2,679	2,639	2,570	2,540	2,503
Active membership (thousands of members)	1,490	1,496	1,395	1,389	1,381
Transaction volume (100 million yen)	50,315	51,844	46,553	49,837	54,517
Shopping	47,885	49,469	45,003	48,231	52,870
Cashing	2,429	2,375	1,550	1,606	1,647
Balance (100 million yen)	6,405	6,457	5,730	5,573	5,818
Card shopping revolving credit balance	4,225	4,268	3,888	3,833	4,090
Cashing	2,180	2,188	1,842	1,739	1,728

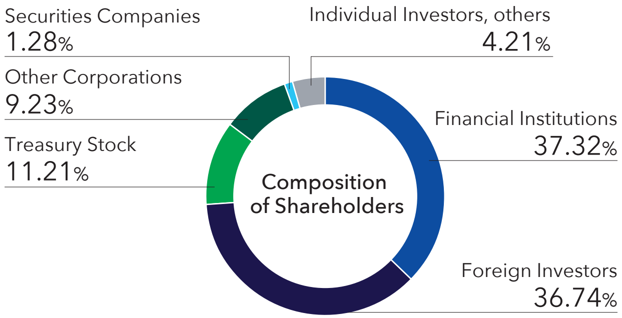
		FY2018	FY2019	FY2020	FY2021	FY2022
E: Environment						
Total CO_2 emissions (tons of CO_2)						
Subtotal of Scope 1 + Scope 2 (market base)		–	–	18,563	18,235	Currently being calculated
Subtotal of Scope 1 + Scope 2 (location base)		–	–	18,879	18,334	Currently being calculated
Scope 3		–	–	730,645	724,168	Currently being calculated
Energy usage amount (power consumption) (kWh)		–	8,807,000	8,557,000	8,296,000	7,800,000
Paper usage (CSDX Strategy Index)		–	–	160,368,120	138,400,569	125,196,720
Water resource input (for own buildings only) (thousand m^3)		–	–	38.6	37.1	22.9
S: Society						
Number of employees (persons)		3,239	2,981	4,319	4,084	3,966
(number of women)		2,424	2,169	3,250	3,058	2,956
(number of men)		815	812	1,069	1,026	1,010
Ratio of female managers (%, department head positions)		20.8	21.0	24.3	24.5	24.9
Number of overseas employees*4		39	89	126	272	563
Employment ratio of persons with disabilities		2.04	2.16	2.33	2.31	2.32
Average length of service (years, total of men and women)		10.9	11.8	12.4	13.3	14.0
(length of service by women)		10.6	11.6	12.1	13.1	13.8
(length of service by men)		11.7	12.2	13.4	14.0	14.3
Ratio of men taking childcare leave (%)		3.0	0.0	57.8	48.7	58.5
Number of people taking long-term care leave (persons, total of men and women)		27	24	36	26	53
(number of women taking long-term care leave)		26	23	35	23	52
(number of men taking long-term care leave)		1	1	1	3	1
Average annual salary (thousands of yen, total)		518	534	517	519	547
(for managers)		1,056	1,051	1,026	1,016	1,068
(for non-managers)		481	487	472	477	497
(for women)		457	467	457	458	484
(for men)		722	728	709	707	737
Monthly average overtime working hours (hours)		10.2	10.8	9.3	10.1	11.4
Amount invested in human resource development (thousands of yen)		46,061	44,556	48,330	51,413	54,128
Training/challenge system						
LGBT Manners Training	Number of people/ number of times	–	–	12/4	19/4	13/3
Universal Manners Training	Number of people/ number of times	–	13/4	26/7	25/5	27/5
SWITCH SAISON	Number of projects	–	308	489	182	47
Dementia Supporter Training Workshop	Number of people/ number of times	–	–	496/15	307/14	238/16
Average days of paid leave taken (days)		13.4	15.0	13.1	14.0	15.2
Acquisition rate (%)		75.7	82.5	72.4	73.5	86.3
Turnover (%)		7.6	3.3	3.6	7.8	6.8
(by women)		8.0	5.6	4.4	7.4	6.5
(by men)		6.4	5.9	3.3	6.6	7.0
Number of visitors to Akagi Nature Park (persons)		89,780	70,345	59,173	74,161	65,748
Total amount of point donations (thousands of yen)		57,523	37,312	37,782	18,673	61,652
G: Governance						
Number of meetings of the Board of Directors		18	19	19	19	20
Attendance rate of outside directors (%)		90.7	98.2	100.0	100.0	100.0
Number of directors		15	9	9	9	9
(number/ratio of outside directors)		3/20.0	3/33.3	3/33.3	3/33.3	3/33.3
(number/ratio of independent outside directors)		3/20.0	3/33.3	3/33.3	3/33.3	3/33.3
(number/ratio of female directors)		2/13.3	1/11.1	1/11.1	1/11.1	1/11.1
Number of executive officers		–	10	10	11	11
(number/ratio of female executive officers)		–	2/20.0	2/20.0	2/18.2	2/18.2
Number of Audit & Supervisory Board members		4	4	4	4	4
(number/ratio of female Audit & Supervisory Board members)		1/25.0	1/25.0	1/25.0	1/25.0	1/25.0
Number of serious legal violations		0	0	0	0	0
Expenditures for preventing corruption		0	0	0	0	0

*1 International Financial Reporting Standards (IFRS) are applied from FY2018 onward. *2 Figures for net revenue and business profit represent the amounts before appropriation of inter-segment transactions.
*3 Segment highlights for FY2021 have been reclassified owing to a change in the rent guarantee business from the Finance Business to the Payment Business in the third quarter of FY2022.
*4 Total of six consolidated subsidiaries

Corporate Information/Investor Relations Information (As of September 30, 2023)

Stock information

Common Stock Authorized	300,000 thousand shares
Common Stock Outstanding	185,444 thousand shares
Number of Shareholders	18,310



Major shareholders (Top 10)

Institution	Equity stake: Number of shares (thousands)	Equity stake: Ownership percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	36,419	22.12
Custody Bank of Japan, Ltd. (trust account)	15,346	9.32
Suruga Bank Ltd.	8,224	5.00
Daiwa Securities Group Inc.	8,050	4.89
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	6,911	4.20
HSBC BANK PLC A/C M AND G(ACS) VALUE PARTNERS CHINA EQUITY FUND	6,592	4.00
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	4,840	2.94
JP MORGAN CHASE BANK 385632	3,192	1.94
Mizuho Bank, Ltd.	3,000	1.82
SSBTC CLIENT OMNIBUS ACCOUNT	2,802	1.70

Notes: 1. The 20,789,140 treasury shares held by Credit Saison are not included in the above list of major shareholders.
2. Ownership percentages are based on the number of outstanding shares excluding treasury shares.

Shareholders memo

Fiscal Year	Period beginning on April 1 and ending on March 31 of the following year
Ordinary General Meeting of Shareholders	Convened each year in June
Record Date	Ordinary general meeting of shareholders and year-end dividend payments - March 31 Should any other record date be required, a public notice will be issued in advance.
Transfer Agent and Administrator of Special Accounts	Sumitomo Mitsui Trust Bank Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Administrative Office of Transfer Agent	Stock Transfer Agency Business Department, Sumitomo Mitsui Trust Bank Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
Mailing Address	Stock Transfer Agency Business Department, Sumitomo Mitsui Trust Bank Limited, 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan
Telephone Inquiries	0120-782-031 (9 a.m.–5 p.m. excluding weekends and holidays)
URL	https://www.smtb.jp/personal/procedure/agency/
Method of Public Notice	Electronic notice (Credit Saison website) https://corporate.saisoncard.co.jp/en/public_announcement/
Stock Listing	Tokyo Stock Exchange (Prime)
Securities Code	8253

[Notice of Address Change, etc., and Inquiries Relating to Shares]
Shareholders who have an account with a securities company are asked to contact the relevant securities company regarding address change and other notices, as well as inquiries. Shareholders who do not have an account with a securities company are asked to call the number indicated above for telephone inquiries.

[Special Accounts]
For shareholders who were not using the "Hofuri" system (Japan Securities Depository Center, Inc.) prior to the introduction of the electronic share certificate system, an account (special account) has been opened at Sumitomo Mitsui Trust Bank Limited above as the transfer agent. Inquiries on special accounts should be directed to the transfer agent at the number indicated above for telephone inquiries.

[Information on Additional Purchase System/Buy Back System for Shares Less Than One Unit]
Our Company has established a system in which shareholders who own shares less than one unit (100 shares) can purchase additional shares at the market price (Additional Purchase System) and a system in which shareholders can sell shares less than one unit back to our Company (Buy Back System). For shares less than one unit recorded in a special account, please contact the telephone inquiry number listed above. For shares less than one unit deposited with a financial securities firm, please contact the financial securities firm where you have an account.

Corporate profile

Name	Credit Saison Co., Ltd.
Incorporated	May 1, 1951
Head Office	52F, Sunshine 60 Bldg., 1-1 Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan
Representative	Hiroshi Rinno, Representative, Chairman and CEO Katsumi Mizuno, Representative, Executive President and COO Naoki Takahashi, Representative, Executive Vice President and CHO
Business	1. Payment Business 2. Lease Business 3. Finance Business 4. Real Estate-related Business 5. Global Business 6. Entertainment Business
Paid-in Capital	¥75,929 million
Number of Regular Employees	3,957

Note: In addition to our regular employees, we employ temporary and part-time employees, with the average number of non-regular employees per term at 1,733 (based on conversion to a 7.5-hour workday).

Major External Awards/Editor's Postscript

Major external awards

Status of ESG Index incorporation

FTSE Blossom Japan Sector Relative Index

ESG index adopted by the GPIF consisting of Japanese companies that excel in ESG responses in each sector.

2022 CONSTITUENT MSCI日本株女性活躍指数 (WIN)

ESG index used by GPIF the selects companies that excel in terms of gender diversity

MORNINGSTAR GenDi J

ESG index used by GPIF that evaluates companies' commitment to gender equality

S&P/JPX カーボン エフィシェント 指数

ESG index used by GPIF based on companies' disclosure of environmental information and carbon efficiency

Environment-related assessments

CDP DISCLOSURE INSIGHT ACTION

CDP Climate Change Questionnaire 2022
Certified as "B Rating"

DX-related assessments

SLACK SPOTLIGHT AWARDS 2022
Won the Digital HQ Excellent award by country (Japan)

DX認定

Certification system of the Ministry of Economy, Trade and Industry based on the Act on Facilitation of Information Processing

DX銘柄2023 Digital Transformation

Selects companies that develop internal mechanisms for promoting DX that lead to the enhancement of corporate value and an excellent track record in the use of digital technology.

Product- and service-related assessments

2021 日経優秀製品・サービス賞 最優秀賞 SAISON CARD Digital

SAISON CARD Digital won the highest award
Nikkei Excellent Products and Service Awards 2021
Organized by Nikkei Inc.

NIKKEI 脱炭素アワード 2022 プロジェクト部門大賞

The SAISON CARD Digital for becoz won the grand prize
Project category, NIKKEI Decarbonization Awards 2022

Grand Prix Japan Financial Innovation Award 2023

The SAISON CARD Digital for becoz won the grand prize
Japan Financial Innovation Award 2023
Organized by FINOLAB Inc.

DE&I and health management-related assessments

2023 健康経営優良法人 Health and productivity

Certified as Health & Productivity Management Outstanding Organization 2023 by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

gan-ally-bu AWARD 2023 GOLD

We won gold at the Cancer Ally Awards 2023, a private project that commends companies committed to addressing the cancer and employment issue.

健康優良企業

In 2022, we acquired the Silver certification under the National Federation of Health Insurance Societies program to recognize companies with excellent health management initiatives.

Information disclosure tools

Credit Saison discloses various types of information for its shareholders, investors, and all other stakeholders on its website.

Corporate Information
https://corporate.saisoncard.co.jp/en/company/

Business
https://corporate.saisoncard.co.jp/en/business/

Sustainability
https://corporate.saisoncard.co.jp/en/sustainability/

IR Information
https://corporate.saisoncard.co.jp/en/ir/

Editor's postscript

Thank you for reading Credit Saison Integrated Report 2023 to the end.

This, the fifth edition of our integrated report, summarizes the future growth potential of the Group in its efforts to advance new initiatives as a comprehensive life services group in an easy-to-understand manner. Specifically, along with outlining the Credit Saison Growth Story published in the Financial Results Briefing for the First Half of FY2023 (November 2023), it describes the approach to achieving ¥70 billion in consolidated business profit as the target for the final fiscal year of the current Medium-term Management Plan (FY2022–FY2024) one year earlier than planned, the capital and business alliance with Suruga Bank Ltd., and other changes in the business model and business portfolio. Moreover, this report maintains an awareness and uses language that focuses on the associations between materialities for sustainability and business strategies, and on how each business connects to value delivery. The Public Relations Office has taken the lead in cooperating with a wide range of related departments at Credit Saison to prepare this report. To further deepen communications with our stakeholders in the years to come, we will continue to accept frank opinions from our readers, strive to disclose information in an appropriate manner, and commit to further enhancements to the report's content.


Public Relations Office
Production Team Members

Credit Saison Co., Ltd.

52F, Sunshine 60 Bldg., 1-1 Higashi-Ikebukuro 3-chome,
Toshima-ku, Tokyo 170-6073, Japan
https://corporate.saisoncard.co.jp/en/

CREDIT SAISON

FINANCIAL SECTION 2023

For the Year Ended March 31, 2023

The accompanying consolidated financial statements expressed in Japanese yen are the translation of those issued domestically. The amounts expressed in U.S. dollars are not included in the original audited consolidated financial statements. Such U.S. dollar amounts are translated in accordance with the basis stated in "Basis of Presentation" on the next page and are additionally presented herein solely for the convenience of readers outside Japan, and are not subject to audit.

Basis of Presentation

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Credit Saison Co.,Ltd. (the “Company”) is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥133.54 to $1, the approximate rate of exchange at March 31, 2023. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	FY2022 (As of March 31, 2023) Millions of yen	FY2022 (As of March 31, 2023) Thousands of U.S. dollars
Assets		
Cash and cash equivalents	¥159,671	$1,195,681
Trade and other receivables	2,990,519	22,394,182
Inventories	133,247	997,810
Operational investment securities	62,521	468,181
Investment securities	74,394	557,098
Other financial assets	20,346	152,359
Property, plant, and equipment	28,753	215,319
Right-of-use assets	11,044	82,706
Intangible assets	150,458	1,126,688
Investment property	116,612	873,236
Investments accounted for using equity method	89,176	667,785
Deferred tax assets	41,615	311,636
Other assets	16,714	125,165
Assets held for sale	1,030	7,713
Total assets	¥3,896,105	$29,175,566

	FY2022 (As of March 31, 2023) Millions of yen	FY2022 (As of March 31, 2023) Thousands of U.S. dollars
Liabilities and equity		
Liabilities		
Trade and other payables	¥253,329	$1,897,029
Financial guarantee liabilities	7,875	58,976
Bonds and borrowings	2,805,175	21,006,256
Other financial liabilities	19,606	146,823
Income taxes payable	10,385	77,767
Provision for point card certificates	126,023	943,717
Provision for loss on interest repayments	18,091	135,479
Other provisions	1,437	10,766
Deferred tax liabilities	86	647
Other liabilities	54,051	404,757
Total liabilities	3,296,063	24,682,220
Equity		
Equity attributable to owners of parent	598,301	4,480,317
Share capital	75,929	568,588
Capital surplus	83,560	625,731
Retained earnings	481,163	3,603,138
Treasury shares	△ 62,668	△469,286
Other components of equity	20,317	152,145
Non-controlling interests	1,739	13,028
Total equity	600,041	4,493,345
Total liabilities and equity	¥3,896,105	$29,175,566

CONSOLIDATED STATEMENT OF INCOME

	FY2022 (April 1, 2022 to March 31, 2023) Millions of yen	Thousands of U.S. dollars
Revenues		
Income from the payment business	¥229,336	$1,717,364
Income from the lease business	12,048	90,223
Income from the finance business	50,754	380,070
Revenue from the real estate-related business	58,715	439,683
Revenue from the entertainment business	30,807	230,702
Finance income	877	6,571
Total	382,540	2,864,615
Of which, interest income	118,520	887,526
Cost of sales		
Cost of sales for the real estate-related business	35,309	264,407
Cost of sales for the entertainment business	24,593	184,165
Total	59,902	448,573
Net revenue	322,638	2,416,042
Selling, general, and administrative expenses	229,322	1,717,256
Impairment losses on financial assets	34,611	259,187
Finance costs	15,257	114,255
Gain arising from the derecognition of financial assets measured at amortized cost	43	326
Share of profit of investments accounted for using equity method	5,982	44,801
Other income	12,590	94,279
Other expenses	1,017	7,621
Profit before tax	61,044	457,128
Income tax expense	17,183	128,677
Profit	¥43,861	$328,451
Profit attributable to		
Owners of parent	¥43,599	$326,493
Non-controlling interests	261	1,957
Profit	¥43,861	$328,451

RECONCILIATION FROM PROFIT BEFORE TAX TO BUSINESS PROFIT

	FY2022 (April 1, 2022 to March 31, 2023) Millions of yen	Thousands of U.S. dollars
Profit before tax	¥61,044	$457,128
Reconciliations (Other income)	△616	△4,614
Reconciliations (Other expenses)	825	6,180
Adjustments for the application of the effective interest method to financial assets	△276	△2,070
Subtotal	△67	△503
Business profit	¥60,977	$456,624

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FY2022 (April 1, 2022 to March 31, 2023)

	Millions of yen							
	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance as of April 1, 2022	¥75,929	¥85,152	¥442,550	¥△62,737	¥21,492	¥562,387	¥1,351	¥563,738
Profit			43,599			43,599	261	43,861
Other comprehensive income					2,442	2,442	22	2,464
Comprehensive income	–	–	43,599	–	2,442	46,041	283	46,325
Purchase of treasury shares				△1		△1		△1
Share-based payment transactions		182		70		253	0	254
Dividends			△8,600			△8,600		△8,600
Transfer from other components of equity to retained earnings			3,612		△3,612	–		–
Obtaining of control of subsidiaries						–	100	100
Changes in ownership interest in subsidiaries		△1,774			△4	△1,779	3	△1,775
Total transactions with owners	–	△1,591	△4,987	69	△3,617	△10,127	104	△10,022
Balance as of March 31, 2023	¥75,929	¥83,560	¥481,163	¥△62,668	¥20,317	¥598,301	¥1,739	¥600,041

	Thousands of U.S. dollars							
	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance as of April 1, 2022	$568,588	$637,651	$3,313,993	$△469,804	$160,947	$4,211,377	$10,119	$4,221,496
Profit			326,493			326,493	1,957	328,451
Other comprehensive income					18,286	18,286	165	18,452
Comprehensive income	–	–	326,493	–	18,286	344,780	2,123	346,903
Purchase of treasury shares				△8		△8		△8
Share-based payment transactions		1,369		526		1,896	6	1,902
Dividends			△64,404			△64,404		△64,404
Transfer from other components of equity to retained earnings			27,055		△27,055	–		–
Obtaining of control of subsidiaries						–	754	754
Changes in ownership interest in subsidiaries		△13,290			△33	△13,323	23	△13,299
Total transactions with owners	–	△11,920	△37,349	518	△27,088	△75,840	785	△75,055
Balance as of March 31, 2023	$568,588	$625,731	$3,603,138	$△469,286	$152,145	$4,480,317	$13,028	$4,493,345

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Notes on important matters forming the basis for preparation of consolidated financial statements)

1. BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Credit Saison Co., Ltd. (the "Company") and its subsidiaries (the "Group") are prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the provisions of Article 120-1 of Regulations for Companies Accounting Regulation. In accordance with the second sentence of the same paragraph, some of the disclosure items required by IFRS have been omitted from the consolidated financial statements. Statements of comprehensive income and cash flows are not required as a part of the basic financial statements under the Companies Act of Japan and applicable regulations and, accordingly, are not presented herein.

2. SCOPE OF CONSOLIDATION

Number of consolidated subsidiaries: 41

Names of principal consolidated subsidiary:

- SAISON FUNDEX CORPORATION
- JPN COLLECTION SERVICE CO.,LTD.
- SAISON ASSET MANAGEMENT CO., LTD.
- Atrium Servicing Co., Ltd.
- Saison Personalplus Co., Ltd.
- Atrium Co., Ltd.
- Concerto Inc.
- Saison Partners CO., LTD.
- L-BLUE
- Saison International Pte. Ltd.
- Kisetsu Saison Finance(India)Pvt. Ltd.
- Saison Capital Pte. Ltd.
- PT. Saison Modern Finance

3. ACCOUNTED FOR USING EQUITY METHOD

Number of companies accounted for using equity method: 41

Names of principal companies:

- Saison Information Systems Co., Ltd.
- IDEMITSU CREDIT CO., LTD.
- Resona Card Co., Ltd.
- Shizugin Saison Card Co., Ltd.
- Daiwa House Financial Co., Ltd.
- Takashimaya Financial Partners Co., Ltd.
- Seven CS Card Service Co., Ltd.
- eplus inc.
- HD SAISON Finance Company Limited

4. FISCAL YEAR OF CONSOLIDATED SUBSIDIARIES

When the reporting date of a subsidiary is different from that of the Company, the subsidiary prepares, for consolidation purposes, additional financial information as of the reporting date of the consolidated financial statements.

5. ACCOUNTING POLICIES

(1) Valuation standards and methods for financial assets

(a) Financial assets

1) Initial recognition and measurement

The Group classifies financial assets into financial assets measured at amortized cost, at fair value through profit or loss, or at fair value through other comprehensive income. The Group determines such classification at the time of initial recognition.

The Group recognizes financial assets on the transaction date when it becomes a party to the contract on such financial instruments.

All financial assets are measured at fair value plus any transaction costs, except for those classified as financial assets measured at fair value through profit or loss.

Financial assets that meet both of the following conditions are classified as financial assets measured at amortized cost:

- The assets are held within a business model whose objective is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets other than those measured at amortized cost are classified as financial assets measured at fair value.

Equity instruments measured at fair value are individually designated as measured at fair value through profit or loss or at fair value through other comprehensive income, and such designation is applied consistently after the initial recognition.

Debt instruments measured at fair value that meet both of the following conditions are classified as debt instruments measured at fair value through other comprehensive income:

- The financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Operational investment securities include stocks, investment trusts, and investments in partnerships, which are held solely for the purpose of investment. Investment securities include stocks, investment trusts, investments in partnerships held for the purpose of promoting business primarily through business, and capital alliances.

2) Subsequent measurement

After initial recognition, financial assets are measured as follows, depending on their classifications:

(i) Financial assets measured at amortized cost

Financial assets are measured at amortized cost using the effective interest method.

(ii) Debt instruments measured at fair value through other comprehensive income

A gain or loss on debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the debt instrument is derecognized or reclassified. When the financial asset is derecognized, cumulative gain or loss previously recognized in other

comprehensive income is reclassified to profit or loss.

(iii) Financial assets measured at fair value through profit or loss

A gain or loss on financial assets measured at fair value through profit or loss is recognized in profit or loss.

(iv) Equity instruments measured at fair value through other comprehensive income

A gain or loss on equity instruments designated as those measured at fair value through other comprehensive income is recognized in other comprehensive income.

Dividends received from such financial assets are recorded in profit or loss under “Other income.”

3) Derecognition of financial assets

Financial assets are derecognized if the contractual rights to receive cash flows from the financial assets expire or if the Group has transferred substantially all the risks and rewards of ownership of the financial assets. If the Group retains control of a transferred asset, the asset and any liability associated with the asset are recognized to the extent of their continuing involvement.

4) Impairment of financial assets

Allowance for doubtful accounts is recognized for expected credit losses on financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income.

If the credit risk on financial assets at the end of the reporting period has not increased significantly since initial recognition, allowance for doubtful accounts is measured at an amount equal to the amount of expected credit losses from possible defaults in the next 12 months after the end of the reporting period (12-month expected credit losses). In this case, 12-month expected credit losses are collectively estimated to measure the allowance for doubtful accounts based on information such as the probability of default, subsequent collection rates, and other reasonable and supportable information, including forward-looking data.

Conversely, if the credit risk on financial assets at the end of the reporting period has increased significantly since initial recognition, allowance for doubtful accounts is measured at an amount equal to the expected credit losses that result from all possible default events over the expected life of such financial assets (lifetime expected credit losses). In this case, allowance for doubtful accounts is determined by estimating the lifetime expected credit losses related to the collection of such financial assets based on information such as the probability of default, future recoverable amounts, and other reasonable and supportable information, including forward-looking data. In principle, it is presumed that the credit risk on financial assets has increased significantly when contractual payments are more than 30 days past due. In assessing whether the credit risk has increased significantly, the Group considers reasonably available and supportable information in addition to past due information.

However, for trade receivables that result from transactions that are within the scope of IFRS 15, “Revenue from Contracts with Customers” (IFRS 15) and that do not contain a significant financing component, allowance for doubtful accounts is always recognized at an amount equal to the lifetime expected credit losses, regardless of whether or not the credit risk has increased significantly since initial recognition.

As a general rule, the Group determines that a default has occurred when the contractual payment of a receivable is 90 days or more past due. When it is determined that there is a default of a receivable, such receivable is deemed to be a credit-impaired receivable.

The Group directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(b) Financial liabilities

1) Initial recognition and measurement

The Group classifies financial liabilities as subsequently measured at amortized cost, except for derivatives and financial guarantee liabilities. The classification is made at the time of initial recognition.

Debt securities issued by the Group are initially recognized at the date of issuance. All other financial liabilities are recognized on the transaction date when the Group becomes a party to the contract of such financial liabilities.

Financial liabilities measured at amortized cost are recognized at an amount after deducting transaction costs directly attributable to the issuance of the liabilities.

2) Subsequent measurement

After initial recognition, financial liabilities are measured at amortized cost using the effective interest method, except for derivatives and financial guarantee liabilities.

Amortization using the effective interest method as well as gains and losses arising from derecognition are recognized as "Finance costs" in profit or loss of the period.

3) Derecognition of financial liabilities

The Group derecognizes financial liabilities when they are extinguished (i.e., when the obligation specified in the contract is discharged), canceled, or expired.

(c) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities offset each other with the net amount presented in the consolidated statement of financial position only if the Group has a legal right to offset and has the intention to either settle amounts on a net basis or realize the assets and settle the liabilities simultaneously.

(d) Derivatives and hedge accounting

The Group utilizes derivatives, such as interest rate swaps, for the purpose of hedging interest rate risk and foreign currency risk. These derivatives are initially recognized at fair value at the date when the contracts are entered into and subsequently remeasured at fair value.

At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship to which the Group plans to apply hedge accounting as well as the Group's risk management objective and strategy for undertaking the hedge. That documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and the description of how the Group will assess the effectiveness of changes in fair value of the hedging instruments used in offsetting its exposures to changes in the fair value or cash flows of the hedged items arising from the hedged risk.

A hedging relationship is considered to be effective when it meets all the following requirements:

・ There is an economic relationship between the hedged item and the hedging instrument.

・ The effect of credit risk does not dominate the value changes that result from that economic relationship.

・ The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group prospectively assesses whether the hedging relationships will be effective on an ongoing basis. Hedge ineffectiveness may arise when the fair value change on the hedging instrument exceeds or falls below that of the hedged item.

Hedge ratio is appropriately determined based on an economic relationship between the hedged item and hedging instrument, as well as the Group's risk management strategies.

If a hedging relationship ceases to meet the hedging effectiveness requirement, but the risk management objective remains the same, the Group adjusts the hedge ratio so that the hedging relationship becomes effective again. The Group terminates the hedge accounting if the risk management objective for the designated hedge relationship is changed.

Hedges that qualify for hedge accounting are classified and accounted for as follows:

1) Fair value hedges

Fair value changes on derivatives are recognized in profit or loss of the consolidated statement of income. Fair value changes on hedged items attributable to hedged risks are recognized in profit or loss in the consolidated statement of income with the carrying amounts of the hedged items being adjusted.

2) Cash flow hedges

The effective portion of gains or losses on hedging instruments is recognized in other comprehensive income in the consolidated statement of comprehensive income, while the ineffective portion is immediately recognized in profit or loss in the consolidated statement of income.

The amount posted in other comprehensive income is reclassified to profit or loss when the hedged transaction affects profit or loss.

If a forecast transaction or a firm commitment is no longer expected to occur, cumulative gains or losses previously recognized in equity through other comprehensive income are reclassified to profit or loss. If a hedged future cash flow is still expected to occur, the amount previously recognized in equity through other comprehensive income remains in equity until the future cash flow occurs.

(e) Financial guarantee liabilities

A financial guarantee contract is a contract that requires a contract issuer to make specified payments to reimburse the holder of a guarantee contract for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Revenue is recognized by multiplying the balance of guarantee by the guarantee fee rate.

Financial guarantee liability is measured at fair value when the contract is initially signed. After initial recognition, the amount is measured at the higher of the following:

1) The amount of allowance for doubtful accounts calculated in accordance with the section above titled "Impairment of financial assets"

2) The initially measured amount, less the cumulative amount of revenue recognized in accordance with IFRS 15

(2) Valuation standards and methods for inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is determined at the estimated selling price in the ordinary course of business, less estimated costs for completion and estimated selling expenses. Cost is calculated mainly based on the specific identification method.

(3) Valuation standards and methods for property, plant, equipment and depreciation methods

(a) Recognition and measurement

Property, plant, and equipment are measured by using the cost model and are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. Acquisition cost includes costs directly attributable to the acquisition of assets and costs involved in dismantling, removing and restoring. Gain or loss on disposal of an item of property, plant and equipment represents the net amount of proceeds from disposal less carrying amount, which is recognized in profit or loss.

(b) Depreciation

Depreciation is calculated based on the depreciable amount. The depreciable amount is calculated by deducting the residual value from the acquisition cost of the asset. Depreciation is recognized in profit or loss by mainly using the straight-line method over the estimated useful life of each component of property, plant and equipment. Land and construction in progress are not subject to depreciation.

The estimated useful lives of main assets are as follows:

Buildings	39 to 50 years
Other	5 to 6 years

Depreciation methods, estimated useful lives, and residual values are reviewed at the end of each reporting period. Any change is applied prospectively as a change in accounting estimates.

(4) Depreciation method for investment property

Investment property is property (including property under construction) held to earn rental income or capital gains, or both. Investment property is measured under the cost model and is measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated based on the depreciable amount. The depreciable amount is calculated by deducting the residual value from the acquisition cost or the amount equivalent to the acquisition cost. Depreciation is recognized in profit or loss over the estimated useful life of each asset, other than land, by mainly using the straight-line method.

The estimated useful lives of main assets are as follows:

Investment property	15 to 50 years

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the derecognition are calculated as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss at the time of derecognition.

(5) Valuation standards and methods for intangible assets (excluding goodwill) and amortization methods

Intangible assets acquired individually are measured under the cost model. Intangible assets are stated at cost, less accumulated amortization and accumulated impairment losses. These intangible assets include borrowing costs to be capitalized.

After initial recognition, intangible assets other than goodwill and software in progress are amortized over their estimated useful lives under the straight-line method and are recognized in profit or loss, except for intangible assets with indefinite useful lives.

The estimated useful lives of main assets are as follows:

Software	5 to 15 years
Other	5 to 10 years

Amortization methods, estimated useful lives, and residual values are reviewed at the end of each reporting period, and any change is applied prospectively as a change in accounting estimates.

(6) Leases

(a) Leases as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If a contract is, or contains, a lease, the Group recognizes a right-of-use asset and a lease liability at the commencement date. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The right-of-use asset is measured at cost, which is the amount of the initial measurement of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee, and any other costs such as obligations to restore the leased assets to their original condition as required under lease agreements.

After initial recognition, the right-of-use asset is depreciated over the shorter of the useful life or the lease term under the straight-line method.

Lease payments are allocated to finance costs and repayments of lease liabilities based on the interest method. Finance costs are recognized in the consolidated statement of income.

However, for short-term leases within a lease term of 12 months or leases for which the underlying asset is of low value, the right-of-use asset and lease liability are not recognized. The lease payments are recognized as expenses over the lease term under the straight-line method.

(b) Leases as a lessor

The Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

For the finance lease, the Group recognizes assets held under a finance lease in its consolidated statement of financial position at the commencement date and presents them as receivable at an amount equal to the net investment in the lease.

For the operating lease, the Group presents assets subject to operating leases in its consolidated statement of financial position and recognizes lease payments to be received as income over the lease term under the straight-line method in the consolidated statement of income.

(7) Goodwill

The Group measures goodwill as the excess of the aggregate of the consideration transferred and the amount of any non-controlling interests in the acquiree measured at the acquisition date over the net of acquisition-date amounts of identifiable assets acquired and liabilities assumed (ordinarily in their fair value).

Goodwill is not amortized but is tested for impairment in each reporting period or each time when there is an indication of impairment.

Impairment losses of goodwill are recognized in the consolidated statement of income and not reversed subsequently.

Goodwill is stated at cost less accumulated impairment losses in the consolidated statement of financial position.

(8) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amount of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Recoverable amounts of goodwill and intangible assets with indefinite useful lives or those not yet available for use are estimated at the same time each year, regardless of whether or not there is an indication of impairment.

The recoverable amount of an asset or a cash-generating unit is the higher of value in use or fair value less costs of disposal. In calculating the value in use, the estimated future cash flows are discounted to their present value by using a pretax discount rate that reflects the time value of money and risks specific to the asset. Assets that are not tested individually for impairment are integrated into the smallest cash-generating unit that generates cash inflows through continuing use that are largely independent of those from other assets or groups of assets. At the time of goodwill impairment testing, cash-generating units to which goodwill is allocated are integrated so that impairment testing is conducted in a manner that reflects the smallest unit with which goodwill can be associated. Goodwill acquired in a business combination is allocated to each cash-generating unit that is expected to benefit from synergies of the combination.

Impairment losses are recognized in profit or loss when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss recognized for a cash-generating unit is first allocated to reduce the carrying amount of goodwill allocated to the unit and subsequently allocated to reduce other assets of the unit on a pro -rata basis, based on the carrying amount of each asset in the unit.

Impairment losses recognized for goodwill are not reversed. Impairment loss recognized in prior periods for other assets is assessed at the end of each reporting period to determine whether there is any indication that such impairment losses may no longer exist or may have decreased. If any change has been made to the estimate used to determine the recoverable amount of an asset, an impairment loss for the asset is reversed up to the carrying amount of the asset that would have been determined had no impairment loss been recognized for the asset in prior years (net of any associated depreciation and amortization expenses).

(9) Accounting policy for significant provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the time value of money is significant, the estimated future cash flows are discounted to their present value by using a pretax discount rate that reflects the time value of money and risks specific to the liability. Unwinding of the discounted amount arising from the passage of time is recognized in profit or loss.

(a) Provision for point card certificates

The Group offers a rewards program to its card holders (members) as the major benefit of holding a credit card. Under the program, card holders can exchange points earned based on the amount of credit card purchases for a variety of items. Points granted to members have no expiry date.

The Group recognizes a provision for point card certificates as a liability by estimating costs to be incurred through the exchange of points in the future. To measure liability, the Group determines the estimated points to be exchanged in the future out of the outstanding number of points at the end of the period, which is multiplied by a point unit value. The use of points by members involves uncertainty.

(b) Provision for loss on interest repayments

The Group recognizes a provision for loss on interest repayments at an amount required in preparation for future claims for interest repayments, considering historical data on repayments and other information.

(c) Other provisions

Other provisions include asset retirement obligations, and provision for loss on collecting gift tickets, all of which are individually immaterial.

(10) Employee benefits

(a) Defined contribution pension plans

The Group adopts defined contribution pension plans. Defined contribution pension plans are post-employment benefit plans under which an employer pays fixed contributions to an independent entity and has no legal or constructive obligation to pay further contributions. Contributions under the defined contribution pension plans are recognized in profit or loss in the period in which employees render the related services.

(b) Short-term employee benefits

Undiscounted amount of short-term employee benefits is recognized as an expense in the period in which the employees render related services.

Expenses for bonuses and paid absences are recognized as a liability at an amount estimated to be paid based on applicable policies for the bonuses and paid absences when the Group has a legal or constructive obligation for the payment and a reliable estimate can be made for the amount.

(11) Revenue

Centering on the card business, the Group engages in multiple business domains, such as the Internet business, lease business, and finance business. For the purpose of segment reporting, the Group's businesses are divided into five reportable segments: Payment business, Lease business, Finance business, Real estate-related business, and Entertainment business. Revenue recognition criteria by segment are as follows:

(a) Payment business

The payment business provides services such as credit card shopping, credit card cash advance, term loans, and processing/agency for other companies' credit cards and business agencies. Revenue recognition criteria by service are as follows:

1) Credit card shopping

(i) Affiliated store fees

Revenue is recognized at the time when a credit card is used, which is when service is completed and the performance obligation is satisfied under the contracts with affiliated stores, who are customers of the Group.

(ii) Customer fees

Customer fees mainly represent fees received from cardholders for using revolving payments and other services. As stated in Note "5. ACCOUNTING POLICIES, (1) Valuation standards and methods for financial assets, (a) Financial assets, 2) Subsequent measurement," revenue is recognized under IFRS 9, "Financial Instruments" ("IFRS 9"), using the effective interest method.

(iii) Annual membership fees, etc.

Revenue is recognized over a certain period determined under the contracts with cardholders to which performance obligation is satisfied for the membership fees received.

2) Credit card cash advance

Revenue from cash advance services represents fees received from cardholders for using credit card cash advance via credit cards or loan cards issued by the Group. As stated in Note "5. ACCOUNTING POLICIES, (1) Valuation standards and methods for financial assets, (a) Financial assets, 2) Subsequent measurement," revenue is recognized under IFRS 9 using the effective interest method.

3) Term loans

Revenue from term loan services represents fees received from cardholders or customers who obtain loans directly from the Group in forms other than credit card cash advance. As stated in Note "5. ACCOUNTING POLICIES, (1) Valuation standards and methods for financial assets, (a) Financial assets, 2) Subsequent measurement," revenue is recognized under IFRS 9 using the effective interest method.

4) Processing/agency for other companies' credit cards and business agencies

Processing/agency for other companies' credit cards is a service provided on a contractual basis for processing and use of the Company's ATMs, for which the Company receives fees from its partner companies. Business agencies refers to receivables collection businesses and temporary staffing businesses, which receive fees from their partner companies. Revenue is recognized when service is rendered, and the performance obligation is satisfied on a contractual basis.

(b) Lease business

Revenue is recognized under IFRS 16, "Leases." ("IFRS 16"). For details, see Note "5. ACCOUNTING POLICIES, (6) Leases, (b) Leases as a lessor."

(c) Finance business

1) Credit guarantees

Fees are received when the Group guarantee loans provided by their partner financial institutions. Revenue is recognized under IFRS 9. For details, see Note "5 ACCOUNTING POLICIES, (1) Valuation standards and methods for financial assets, (e) Financial guarantee liabilities ."

2) Finance-related business

Fees are directly received from customers who obtain loans directly from the Group. As stated in Note "5. ACCOUNTING POLICIES, (1) Valuation standards and methods for financial assets, (a)

Financial assets, 2) Subsequent measurement,” revenue is recognized under IFRS 9 using the effective interest method.

(d) Real estate-related business

For real estate sales, revenue is recognized when property is delivered to customers, which is when a performance obligation is satisfied. For real estate rentals, revenue is recognized under IFRS 16.

(e) Entertainment business

Revenue is recognized primarily when services are rendered at stores engaged in amusement business, which is when a performance obligation is satisfied.

Revenues from the above businesses are recognized at an amount reflecting the amount of consideration to which the Group expects to be entitled in exchange for transferring the goods or services to the customer based on the following five-step approach in accordance with IFRS 15, except for interest and dividend income received under IFRS 9 and income from lease arrangements under IFRS 16:

Step 1: Identify contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to performance obligations in the contract

Step 5: Recognize revenue when (or as) the performance obligation is satisfied

Revenue recognized under IFRS 15 is based on contracts with customers, and the amount of revenue containing variable consideration is immaterial. No significant financing component is included in the amount of promised consideration.

(12) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into functional currency of each entity of the Group by using the spot exchange rate at the date of the transaction.

Foreign currency monetary assets and liabilities at the end of the reporting period are translated into functional currency using the spot exchange rate at the end of the reporting period.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency using the exchange rate at the date when the fair value was measured.

Exchange differences arising from translations or settlements are recognized in profit or loss. Exchange differences arising from the translation of equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

(b) Foreign operations

Assets and liabilities of foreign operations, including any goodwill arising on the acquisition of a foreign operation and any fair value adjustments, are translated into Japanese yen using the spot exchange rate at the end of the reporting period, while income and expenses are translated into Japanese yen using average exchange rates during the period.

Exchange differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income.

Upon the disposal of a foreign operation, exchange differences relating to the foreign operation are reclassified to profit or loss as part of the gain or loss on disposal.

(Notes regarding changes in presentation)

Effective from the current fiscal year, the rent guarantee business, which was originally grouped to the

"Finance business segment," has been changed to the "Payment business segment" in accordance with the reorganization that was conducted in October 2022. In order to reflect this change in presentation, the income from the rent guarantee business has been transferred from "income from the finance business" to "income from the payment business" in the consolidated statements of income. As a result, for the current fiscal year, "income from the payment business" increased by ¥1,745 million (U.S. $13,068 thousand) and "income from the finance business" decreased by the same amount.

(Notes on accounting estimates)

The items that are included in the consolidated financial statements for the current fiscal year as a result of accounting estimates and which may have a significant impact on the consolidated financial statements for the following fiscal year are as follows:

	Millions of yen	Thousands of U.S. dollars
Trade and other receivables	¥2,990,519	$22,394,182
Other financial assets	12,312	92,197
Property, plant, and equipment	28,753	215,319
Right-of-use assets	11,044	82,706
Intangible assets	150,458	1,126,688
Investment property	116,612	873,236
Deferred tax assets	41,615	311,636
Financial guarantee liabilities	7,875	58,976
Other financial liabilities	2,616	19,590
Provision for point card certificates	126,023	943,717
Provision for loss on interest repayments	¥18,091	$135,479

The above amounts for "Trade and other receivables" and "Other financial assets" are net of the allowance for doubtful debts; the amounts are ¥71,498 million (U.S. $535,408 thousand) and ¥18 million (U.S. $140 thousand), respectively.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions on future events in preparing the consolidated financial statements in compliance with IFRS. Results of accounting estimates may differ from the related actual results by nature. Estimates and assumptions with risks of significantly affecting the carrying amounts of assets and liabilities in the following fiscal year are as follows:

With regard to the impact of the coronavirus disease (COVID-19) infection, although the economy is expected to continue to pick up as people learn to coexist with COVID-19, it is considered that the uncertainty remains. COVID-19 has various impacts, but particularly with regard to the credit risk on receivables held by the Group, due to the repayment of effectively interest-free and unsecured loans provided as a countermeasure against COVID-19 has started, the deterioration in cash flow was expected. To appropriately reflect the impact on the collection rate, the Group calculates the expected negative impacts on its operating performance under such scenarios. The Group adjusts accounting estimates, such as the allowance for doubtful accounts, if the expected negative impacts relate to those estimates.

Although the Group believes that these estimates are best available at the time of preparation of the consolidated financial statements, there is a high degree of uncertainty in the assumptions used in the estimates. In the event that COVID-19 accompanying changes in the economic situation occur in the future, the estimates may be reviewed in the consolidated financial statements from the next fiscal year.

(a) Impairment of financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income (Allowance for doubtful accounts and financial guarantee liabilities)

The Group recognizes expected credit losses for financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income as the present value of differences between contractual future cash flows that it will receive in accordance with the contract and future cash flows that it expects to receive.

In estimating future cash flows, the Group takes into account not only historical information, such as the possibility of default and the collection rate of receivables after default, but also reasonably expected future events and other factors. Specifically, when various macroeconomic variables are expected to deteriorate in the future and the probability of default of the Group's receivables is expected to increase, the Group adjusts the probability of default by using macroeconomic variables, such as GDP and unemployment rate, which are correlated with expected credit losses. At each reporting date, the Group obtains the most recent future forecast values for macroeconomic variables and considers whether the estimate needs to be changed.

Regarding the probability of default, collection rate of receivables after default, forecast of economic environment using macroeconomic variables, evaluation of correlation between macroeconomic variables and expected credit losses, and the amount of impairment losses recognized for the financial assets may substantially differ if assumed circumstances change.

(b) Provision for point card certificates

The Group offers a rewards program to its card holders (members) as the major benefit of holding a credit card. Under the program, card holders can exchange points earned based on the amount of credit card purchases for a variety of items. Points granted to members have no expiry date.

The Group recognizes a provision for point card certificates as a liability by estimating costs to be incurred through the exchange of points in the future. To measure liability, the Group determines the estimated points to be exchanged in the future out of the outstanding number of points at the end of the period, which is multiplied by a point unit value. The use of points by members involves uncertainty. These estimates and assumptions may significantly affect provision amounts if assumed circumstances change.

(c) Provision for loss on interest repayments

The Group recognizes a provision for loss on interest repayments at an amount required for future claims by considering historical data on interest repayments. If such claims for interest repayments unexpectedly increase or decrease due to a change in legal regulations or other reasons, the actual amount of repayments may differ from the initial estimate, resulting in the over- or understatement of provision for loss on interest repayments.

(d) Impairment of non-financial assets

The Group conducts impairment testing for property, plant and equipment, intangible assets including goodwill and investment property. In determining recoverable amounts through the impairment test, the Group makes certain assumptions on useful lives of assets, future cash flows, pretax discount rate, long-term growth rate, and other factors. These assumptions are determined based on management's best estimates and judgments; however, the assumptions may be affected by results of changes in uncertain economic conditions in the future. If the assumptions need to be reviewed, this may significantly affect amounts recognized in consolidated financial statements in the following fiscal years.

(e) Financial instruments measured at fair value, including derivatives

The Group determines the value of financial assets and liabilities measured at fair value, including derivatives, using the following: quoted prices in an active market for identical assets or liabilities; fair values determined by using inputs other than the abovementioned quoted prices that are observable for the assets and liabilities, either directly or indirectly; or fair values determined by using valuation techniques that incorporate unobservable inputs. Among others, fair values determined using valuation techniques that incorporate unobservable inputs are based on management judgments and assumptions, including appropriate actuarial assumptions and calculation models. These estimates and assumptions may significantly affect the fair values of financial instruments if assumed circumstances change.

The details and amounts of fair values of financial instruments are stated in the note of financial instruments.

(f) Recoverability of deferred tax assets

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and their tax bases. Deferred tax assets and deferred tax liabilities are calculated using the tax rates expected to be applicable at the time when the relevant deferred tax assets are realized or deferred tax liabilities are settled in accordance with laws and regulations enacted or substantially enacted at the end of the reporting period. Deferred tax assets are recognized for all of the deductible temporary differences, unused tax losses, and unused tax credits to the extent that it is probable that the Group will earn sufficient future taxable profit. Estimates of future taxable profit are based on subjective judgments and assumptions made by the Group's management, which are supported primarily by business plans approved by management. The changes in assumed circumstances or amendment to tax laws in the future may significantly affect the amounts of deferred tax assets and deferred tax liabilities.

(NOTES TO CONSOLIDATED FINANCIAL STATEMENTS)

1. ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT LOSSES OF PROPERTY, PLANT, AND EQUIPMENT

30,959	231,836
Millions of yen	Thousands of U.S. dollars

2. ALLOWANCE FOR DOUBTFUL ACCOUNTS DEDUCTED DIRECTLY FROM ASSETS

Trade and other receivables	71,498 Millions of yen	535,408 Thousands of U.S. dollars
Other financial assets	18 Millions of yen	140 Thousands of U.S. dollars

3. ASSETS PLEDGED AS COLLATERAL AND LIABILITIES RELATED TO COLLATERAL

Assets pledged as collateral		Liabilities related to collateral	
Type	Ending Balance	Type	Ending Balance
Trade and other receivables (Accounts receivable – installment) (Finance lease receivables)	304,148 Millions of yen 2,277,579 Thousands of U.S. dollars	Bonds and borrowings (Long-term borrowings) (Long-term loans payable under securitized borrowings)	296,756 Millions of yen 2,222,232 Thousands of U.S. dollars
Other financial assets (Guarantee deposits)	1,511 Millions of yen 11,314 Thousands of U.S. dollars	Other financial liabilities (Deposits received)	603 Millions of yen 4,515 Thousands of U.S. dollars
		Other financial liabilities (Advances received)	80 Millions of yen 599 Thousands of U.S. dollars
Total	305,659 Millions of yen 2,288,894 Thousands of U.S. dollars	Total	297,439 Millions of yen 2,227,347 Thousands of U.S. dollars

"Long-term loans payable under securitized borrowings" are liabilities arising from the securitization of instalment receivables and finance lease receivables.
"Guarantee deposits" are deposited as guarantee money for issuance, etc., in accordance with Article 14-1 of the Law Concerning Funds Settlement.

4. INVESTMENT SECURITIES

Investment securities of ¥1,504 million (U.S. $11,262 thousand) are subject to stock lending agreements.

5. CONTINGENCIES

Debt guarantee

	Millions of yen	Thousands of U.S. dollars
Customers related to retail loans provided by partner financial institutions	¥215,751	$1,615,634
Customers related to loans with pictures pledged as collateral provided by partner financial institutions	26	196
Customers related to rent guarantee business	226,669	1,697,393
Customers related to mortgage loans provided by partner financial institutions	196,895	1,474,431
Customers related to housing loans provided by partner financial institutions	7,176	53,736
Total	¥646,519	$4,841,393

6. COMMITMENTS

(Lender)

The Group provide cash advance and card loan services that accompany its credit card operations in the Payment business. The amount of undrawn loans equivalent to loan commitments in the line of credit facility for the operations as well as for unconsolidated subsidiaries and associates is as follows:

	Millions of yen	Thousands of U.S. dollars
Total loan commitments	¥3,983,661	$29,831,222
Balance of loans taken out	180,604	1,352,436
Net amount	¥3,803,057	$28,478,785

Regarding the contracts equivalent to loan commitments above, the majority are for cash advance services that accompany credit card services furnished to the Company's cardholders, and thus, not all loan commitments will be taken out.

(Borrower)

The Company enters into loan commitment contracts with five banks to finance working capital efficiently.
The unused portion of the loan commitment under these contracts is as follows:

	Millions of yen	Thousands of U.S. dollars
Total amount of commitments	¥300,000	$2,246,517
Borrowings made under the commitment	–	–
Net amount	¥300,000	$2,246,517

(NOTES TO CONSOLIDATED STATEMENT OF INCOME)

BUSINESS PROFIT

Business profit is determined by adding or subtracting certain reconciliation items to or from profit before tax.

Given the nature and frequency of income and expenses, reconciliations are determined based on a judgement of whether they can help provide effective comparative information on the Group's performance and appropriately reflect how the businesses are managed.
The breakdown of reconciliations is as follows:

	Millions of yen	Thousands of U.S. dollars
Reconciliations (Other income)	¥△616	$△4,614
Gain on valuation of investment securities (stocks, etc.)	△530	△3,971
Gain on sale of fixed assets	△23	△177
Gain on change in equity	△1	△8
Other	△60	△456
Reconciliations (Other expenses)	825	6,180
Impairment losses on non-financial assets	649	4,861
Loss on disposal of fixed assets	170	1,273
Other	6	45
Adjustments for the application of the effective interest method to financial assets(*)	△276	△2,070
Total	¥△67	$△503

* Mainly reversal of effective interest rate adjustments, such as loan administration fees and transaction costs.

(NOTES TO CONSOLIDATED STATEMENT OF CHANGES IN EQUITY)

1. TYPE AND NUMBER OF SHARES ISSUED AS OF MARCH 31, 2023

Common stock 185,444,772 shares

2. DIVIDENDS

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen) *Thousands of U.S. dollars	Dividends per share (Yen) *U.S. dollars	Record date	Effective date
Ordinary general meeting of shareholders held on June 22, 2022	Common stock	¥8,600 *$64,404	¥55 *$0.41	March 31, 2022	June 23, 2022

(2) Dividends with an effective date falling in the following fiscal year are as follows:

Resolution (planned)	Class of shares	Resource of dividends	Total amount of dividends (Millions of yen) *Thousands of U.S. dollars	Dividends per share (Yen) *U.S. dollars	Record date	Effective date
Ordinary general meeting of shareholders held on June 21, 2023	Common stock	Retained earnings	¥10,948 *$81,986	¥70 *$0.52	March 31, 2023	June 22, 2023

(NOTES TO FINANCIAL INSTRUMENTS)

1. STATUS OF FINANCIAL INSTRUMENTS

(1) Policy on financial instruments

The Group is engaged in the Payment business, Lease business, Finance business, Real estate-related business, and Entertainment business. While considering market forces and the balance of short-term and long-term borrowings, the Group utilizes both indirect financing through bank borrowings and direct financing through the issuance of bonds and commercial papers as well as securitization of receivables to operate businesses in each segment. As the Group is significantly affected by interest rate fluctuations, the Group mitigates interest rate risks by promoting the use of Asset-Liability Management(ALM), which is the practice of managing assets and liabilities in a comprehensive manner. For the same purpose, the Group also enters into derivative transactions, such as interest rate swaps.

(2) Description of financial instruments and risks

Financial assets of the Group are mainly composed of accounts receivable – installment from its card members. The Group is exposed to credit risks mainly when the repayment ability of credit card members deteriorates. The majority of accounts receivable – installment as of March 31, 2023, resulted from the Payment business. Changes in economic environment surrounding the business, such as labor conditions, household disposable income, and consumer spending due to recession, may hinder card members from fulfilling their obligations in accordance with contract terms and conditions.
The Group's (operational) investment securities mainly consist of stocks, investment trusts, and investments in partnerships, which are held for the purpose of pure investment and business promotion.
The Group is exposed to liquidity risk, which represents the risk that it cannot fulfil the repayment obligation when due for interest-bearing debts, such as borrowings, bonds and commercial papers, under certain circumstances. For example, a greater-than-expected change might be seen in financial markets or the Group might not be able to participate in markets due to a downgrade of the Group's credit rating. In addition, the Group has borrowings with floating interest rates, which expose it to the risk of interest rate fluctuations, but some of these borrowings are hedged against this risk by interest rate swap transactions.
Derivative transactions include interest rate swap transactions conducted as a part of ALM. The Group applies hedge accounting to these hedging instruments for interest rate fluctuation risks associated with borrowings that are hedged items.

(3) Risk management system for financial instruments

① Credit risk management

The Group strives for continuous improvement in the quality of receivables and develops and operates a system related to credit control, such as credit limits, credit information control, and internal ratings, in accordance with the Company's internal rules for credit risk management. The Group periodically holds Board of Directors and other relevant meetings to discuss and report the status of credit controls. The ALM Committee is responsible for the management of (operational) investment securities by regularly obtaining credit and fair value information. Long-term loans receivable are regularly monitored at the level of each department for borrowers' credit risk and other risks. In dealing with counterparty risk in derivative transactions, in order to avoid credit risk that arises from default, the Group contracts with domestic and foreign banks and securities companies with high creditworthiness.

② Market risks management

(i) Interest rate risk management

The Group manages interest rate fluctuation risks through ALM. Methods and procedures for risk management are stated under internal rules for ALM. Based on the policy determined by the ALM Committee, the Board of Directors understands the implementation status and discusses matters to be addressed. The relevant departments regularly review the overall status of interest rates and terms of financial assets and liabilities and monitor them through sensitivity (gap) analysis and other measures. Through ALM, the Group also enters into derivative transactions for interest rate swaps to hedge interest rate fluctuation risks.

(ii) Price fluctuation risk management

Based on the ALM policy, the Group mitigates price fluctuation risks of investment products, including (operational)investment securities by implementing preliminary investigations, setting a cap on investment amounts, and also implementing ongoing monitoring for potential investments. Additionally, stocks held for the purpose of promoting business through business or capital alliances are monitored by relevant departments of the Group for issuers' market environments, financial conditions, and other risk factors.
Relevant departments are responsible for regularly reporting to the ALM Committee and other management.

(iii) Derivative transactions

Regarding the derivative transactions, relevant departments are responsible for executing derivative transactions in accordance with procedures specified in internal control regulations stipulated by the Board of Directors, and the total transaction limit and the range of the hedge ratios are authorized by the Board of Directors in advance. The status of major derivative transactions is reported to the Board of Directors on a quarterly basis.
Consolidated subsidiaries enter into derivative transactions in accordance with control regulations stipulated by each subsidiary. Subsidiaries are required to report to the Company on a quarterly basis regarding the hedging relationships between derivatives and corresponding receivables/payables, counterparties, transaction amounts, remaining periods, and the fair values of transactions.

(iv) Quantitative information about market risk

Financial instruments affected by interest rate risk, the main risk variable of the Group, mainly consist of trade and other receivables, bonds and borrowings, and interest rate swap transactions. Quantitative analysis for the management of interest rate fluctuation risks for such financial assets and liabilities is conducted by reasonably estimating changes in interest rates over the next year or so after the end of the reporting period and the effect on profit or loss for the year due to the change. To determine the effect on profit or loss, the Group classifies financial assets and liabilities into those with fixed interest rates and those with floating interest rates and takes the difference between floating rate assets and floating rate liabilities to calculate an interest rate gap. Assuming that all risk variables other than interest rates remain constant, when the benchmark interest rate as of March 31, 2023, rises by one basis point (0.01%), profit before tax for the fiscal year ended March 31, 2023, would increase by ¥7 million (U.S. $51 thousand), and conversely, when the benchmark interest rate falls by one basis point (0.01%), profit before tax for the fiscal year ended March 31, 2023, would decrease by ¥7 million (U.S. $51 thousand). The effect assumes that risk variables other than interest rates remain constant and that there are no correlations between interest rates and other risk variables. When actual interest rates go beyond the reasonably estimated range, it could have a greater impact on profit or loss compared to the estimated amount.

③ Liquidity risk management related to financing

The Group manages liquidity risks through ALM to implement timely cash management, diversify financing methods, obtain commitment lines from multiple financial institutions, and balance short-term and long-term borrowings in consideration of market forces.

(4) Supplementary explanation of matters concerning fair value of financial instruments

The fair values of financial instruments include values based on quoted market prices and also include reasonably estimated values in case there are no quoted market prices. Since certain assumptions are used in the calculation of such values, the values may differ if different assumptions are used. In addition, the contract amounts of derivative transactions in "2. Fair Value of Financial Instruments" do not indicate the market risk associated with derivative transactions.

2. MATTERS RELATED TO THE FAIR VALUE OF FINANCIAL INSTRUMENTS

Classification based on fair value hierarchy

The Group analyses financial assets and financial liabilities measured at fair value or those whose fair value is disclosed in the notes. The following shows the classification of fair value from Level 1 to Level 3 based on the fair value hierarchy.

The levels under the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using the observable price

Level 3: Fair value determined by using valuation techniques that incorporate unobservable inputs

(1) Fair Value Calculation Methodology

The fair value of financial instruments is calculated as follows:

<u>Assets</u>

1) Cash and cash equivalents

As cash and cash equivalents have short maturities, and the carrying amount approximates the fair value, the amounts are stated at that carrying amount.

2) Trade and other receivables

(a) Accounts receivable – installment

Accounts receivable – installment with variable interest rates reflect market interest rates in the short term and are stated at carrying amount given that the carrying amount approximates the fair value, unless the credit status of debtors changes significantly in later periods. In contrast, the fair value is determined for accounts receivable – installment with fixed interest rates by discounting credit risk-adjusted future cash flows from the group of financial assets classified by the type of loans and maturity terms, using a risk-free market interest rate. The fair value of certain delinquent receivables is measured by deducting the estimated amount of loss allowance from the carrying amount of receivables at the end of the reporting period, assuming that the calculated amount approximates the fair value.

The fair value of certain receivables without a due date but with other limitations, such as limiting the loan amount to the value of collateralized asset, is measured at the carrying amount, assuming

that the carrying amount approximates the fair value based on expected repayment periods and interest rate terms.

The fair value calculation does not incorporate future interest repayments.

(b) Finance lease receivables

The fair value of finance lease receivables is determined by estimating future cash flows of the principal and interests arising from respective lease periods and subtracting debtor's credit risk, which is then discounted using a risk-free market rate.

3) Operational investment securities and investment securities

The fair value of operational investment securities and investment securities is determined as follows: listed stocks are valued at prices on the stock exchanges; bonds are valued at prices on the exchange markets or information provided by counterpart financial institutions, or at prices that are reasonably calculated based on the value of underlying assets; and investment trusts are based on the disclosed net asset value. The fair value of investments in limited liability investment partnerships and similar partnerships is deemed to be the amount proportionate to the Group's share of equity interests, which is determined based on the fair value of assets belonging to the partnership as long as they can be fair valued. The fair value of unlisted stocks is calculated by using valuation techniques based on discounted cash flow, transactions and the market price of comparable companies. When determining the fair value of unlisted stocks, unobservable inputs, such as weighted-average cost of capital, price-earnings ratio, and price-book value ratio, are used.

4) Other financial assets

Derivatives and short-term investments, as financial assets or liabilities measured at fair value through profit or loss, are calculated based on prices quoted by counterparty financial institutions. Financial assets other than derivatives and short-term investments are stated at that carrying amount since these are settled in a short period of time and the carrying amount approximates the fair value.

<u>Liabilities</u>

1) Trade and other payables

Trade and other payables are stated at carrying amount as the carrying amount approximates the fair value due to the short settlement period.

2) Bonds and borrowings

(a) Short-term loans payable

Short-term loans payable are stated at the carrying amount as the carrying amount approximates the fair value due to the short settlement period.

(b) Commercial papers

Commercial papers are stated at the carrying amount as the carrying amount approximates the fair value due to the short settlement period.

(c) Long-term loans payable

Long-term loans payable with variable interest rates only take a change in credit spread into account as variable interest rates reflect market interest rates in a short period. The current credit spread is determined by referring to a credit spread that would be offered by financial institutions if the Group were to newly obtain finance with similar terms and conditions for the average remaining maturity for the outstanding borrowings. To calculate the difference between the carrying amount and the fair value, the Group calculates the fair value by first compartmentalizing the differences of interest arising from fluctuation of the credit spread by certain period of time, and then discounting them at risk-free market interest rates corresponding to each period of time. The fair value of long-term loans payable with fixed interest rates is determined by discounting the aggregate amount of principal and interest of the long-term loans compartmentalized by certain periods of time at interest rates that would be offered for similar borrowings.

(d) Bonds

The fair value of public offering bonds issued by the Company is measured based on the market price, which is the Reference Statistical Prices (Yields) for Over-the-Counter Bond Transactions issued by the Japan Securities Dealers Association. As private placement bonds issued by the Company are those subscribed privately by its main banks, the fair value is calculated in the same way as described in “(c) Long-term loans payable.”

(e) Long-term loans payable under securitized borrowings

Long-term loans payable under securitized borrowings will not be affected by ups and downs in the Company’s creditworthiness; therefore, the fair value measurement of such payables only takes into account changes in market interest rates. The fair value of Long-term loans payable under securitized borrowings is determined by discounting the aggregate amount of principal and interests of the borrowings compartmentalized by certain periods of time at interest rates that would be offered for similar borrowings.

3) Other financial liabilities

In regard to derivatives, they are stated in "Assets 4) Other financial assets". For liabilities other than derivatives, since these are settled in a short period of time, the carrying amount approximates the fair value, and is therefore stated at that carrying amount.

4) Financial guarantee liabilities

The fair value of financial guarantee liabilities is determined by discounting future cash outflows for guarantees to be provided under financial guarantee contracts, which is adjusted by debtor’s credit risk.

The amount of financial guarantee contracts classified as contingent liabilities is ¥654,395 million (U.S. $4,900,369 thousand). The liability amount recognized in the consolidated statement of financial position is ¥7,875 million (U.S. $58,976 thousand) and the fair value is ¥23,257 million (U.S. $174,161 thousand) (asset).

(2) Financial instruments measured at fair value

Financial instruments measured at fair value and the breakdown by level of the fair value hierarchy are as follows:

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets				
Measured at fair value through profit or loss				
Trade and other receivables	¥–	¥15,171	¥–	¥15,171
Operational investment securities	–	70	62,450	62,521
Investment securities	–	4,047	20,910	24,957
Other financial assets	–	3,250	–	3,250
Equity instruments measured at fair value through other comprehensive income				
Investment securities	42,658	6,029	749	49,437
Debt instruments measured at fair value through other comprehensive income				
Trade and other receivables	–	–	2,656	2,656
Total	42,658	28,569	86,766	157,995
Liabilities				
Measured at fair value through profit or loss				
Other financial liabilities	–	2,616	–	2,616
Total	¥–	¥2,616	¥–	¥2,616

(Thousands of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Assets				
Measured at fair value through profit or loss				
Trade and other receivables	$–	$113,610	$–	$113,610
Operational investment securities	–	530	467,651	468,181
Investment securities	–	30,306	156,584	186,890
Other financial assets	–	24,344	–	24,344
Equity instruments measured at fair value through other comprehensive income				
Investment securities	319,445	45,150	5,612	370,208
Debt instruments measured at fair value through other comprehensive income				
Trade and other receivables	–	–	19,894	19,894
Total	319,445	213,942	649,742	1,183,130
Liabilities				
Measured at fair value through profit or loss				
Other financial liabilities	–	19,590	–	19,590
Total	$–	$19,590	$–	$19,590

(3) Quantitative information on financial instruments classified as Level 3

Significant unobservable inputs used to measure the fair value of financial instruments classified as Level 3 are as follows:

	Fair value (Millions of yen)	Fair value (Thousands of U.S. dollars)	Valuation techniques	Unobservable inputs	Range
Measured at fair value through profit or loss					
Operational investment securities	¥56,090	$420,028	Capitalization method	Capitalization rate	3.2% – 5.2%
			Net asset value	–	–
			Discounted cash flow	weighted average cost of capital (WACC)	3.65% – 10.31%
Investment securities	19,968	149,530	Market prices of comparable companies	price-earnings ratio (PER)	10.6 – 23.6
				price book-value ratio (PBR)	0.9 – 2.2
			Net asset value	–	–
Measured at fair value through other comprehensive income					
Trade and other receivables	2,656	19,894	Discounted cash flow	Discount rate	2.98% – 12.17%
Investment securities	749	5,612	Net asset value	–	–
Total	¥79,465	$595,065			

(Notes) 1. Operational investment securities are mainly composed of investments in funds for real estate.
2. Investment securities are mainly composed of unlisted stocks and investments in funds for unlisted stocks.
3. In addition to the valuation techniques in the table above, some issues are measured by the transaction case method, etc.

(4) Reconciliation of financial instruments classified as Level 3 from the beginning to the end of the period

The reconciliation of financial instruments measured at fair value classified as Level 3 is as follows:

(Millions of yen)

	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Balance at beginning of period	¥69,495	¥3,439	¥72,935
Total gains and losses	8,915	18	8,933
Profit or loss (Note 1)	8,915	19	8,934
Other comprehensive income	–	△1	△1
Purchases	19,746	150	19,896
Sales	△15,163	△201	△15,365
Transfer from Level 3 (Note 2)	△96	–	△96
Others	462	–	462
Balance at end of period	83,360	3,406	86,766
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period (Note 1)	5,347	△169	5,178

(Thousands of U.S. dollars)

	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Balance at beginning of period	$520,410	$25,755	$546,165
Total gains and losses	66,760	138	66,898
Profit or loss (Note 1)	66,760	148	66,908
Other comprehensive income	–	△9	△9
Purchases	147,871	1,123	148,994
Sales	△113,548	△1,510	△115,059
Transfer from Level 3 (Note 2)	△723	–	△723
Other	3,465	–	3,465
Balance at end of period	624,235	25,506	649,742
Change in unrealized gains or losses for the period included in profit or loss for assets held at the end of the reporting period (Note 1)	40,045	△1,270	38,775

(Notes) 1. The amounts are included in "Revenue from the payment business," "Revenue from the finance business," "Revenue from the real estate-related business," "Other income," as well as "Impairment losses on financial assets" and "Other expenses" per the consolidated statement of income.
2. The transfer from Level 3 is due to the availability of observable data as a result of the listing.

(5) Valuation processes

Valuations and procedures to determine the fair value of financial instruments classified as Level 3 are undertaken by the Group's independent administrative division, which is responsible for regularly checking the details of investees' businesses, the availability of their business plans, and comparable listed companies to determine whether fair value measurements, including valuation models, are appropriate.

(6) Sensitivity analysis of fair value measurement classified as Level 3

Fair value measurements classified as Level 3 are conducted using valuation techniques based on inputs, such as prices and rates, whose fair values are not observable in the market. The following sensitivity analysis shows the effect on profit or loss and other comprehensive income for changes in unobservable inputs within a reasonably possible range, which are used to measure the fair value of financial assets classified as Level 3 in the consolidated statement of financial position. Sensitivity analysis is conducted by taking into account the type of financial instruments and market conditions at the time of analysis. Changes in significant assumptions for each valuation technique are set as follows:

- Capitalization method: Capitalization rate changes within the range of plus/minus 0.5%
- Discounted cash flow method: WACC changes within the range of plus/minus 1%
- Market price of comparable companies: PBR and PER change within the range of plus/minus 0.1 and plus/minus 1.0, respectively

When fair values of operational investment securities, investment securities, and trade and other receivables classified as Level 3 are measured through a valuation technique other than the above using reasonably possible alternative assumptions for unobservable inputs, such fair values would not be included in the table below if the change in fair value is not material.

(Millions of yen)

	Total fair value	Impact on profit or loss		Impact on other comprehensive income	
		Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Measured at fair value through profit or loss					
Operational investment securities	¥6,503	¥2,387	¥ △1,867	¥–	¥–
Investment securities	7,815	1,374	△1,035	–	–

(Thousands of U.S. dollars)

	Total fair value	Impact on profit or loss		Impact on other comprehensive income	
		Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Measured at fair value through profit or loss					
Operational investment securities	$48,700	$17,878	$△13,981	$–	$–
Investment securities	58,525	10,295	△7,751	–	–

(7) Financial instruments that are not measured at fair value

Fair value of financial instruments that are not measured at fair value and the fair value hierarchy by level is as follows. Financial instruments whose carrying amounts approximate fair value are not included in the table below.

(Millions of yen)

	Fair value				Total carrying amount
	Level 1	Level 2	Level 3	Total	
Assets					
Trade and other receivables	¥–	¥1,926,471	¥1,102,371	¥3,028,843	¥2,972,690
Total	–	1,926,471	1,102,371	3,028,843	2,972,690
Liabilities					
Financial guarantee liabilities (assets)	–	–	△23,257	△23,257	7,875
Bonds and borrowings	–	2,796,043	–	2,796,043	2,805,175
Total	¥–	¥2,796,043	¥ △23,257	¥2,772,785	¥2,813,051

(Thousands of U.S. dollars)

	Fair value				Total carrying amount
	Level 1	Level 2	Level 3	Total	
Assets					
Trade and other receivables	$–	$14,426,179	$8,254,992	$22,681,172	$22,260,677
Total	–	14,426,179	8,254,992	22,681,172	22,260,677
Liabilities					
Financial guarantee liabilities (assets)	–	–	△174,161	△174,161	58,976
Bonds and borrowings	–	20,937,870	–	20,937,870	21,006,256
Total	$–	$20,937,870	$△174,161	$20,763,709	$21,065,232

(NOTES TO INVESTMENT PROPERTY)

1. STATUS OF INVESTMENT PROPERTY

The Company and some of its consolidated subsidiaries have investment property in Tokyo and other areas.

2. FAIR VALUE OF INVESTMENT PROPERTY

	Millions of yen	Thousands of U.S. dollars
Carrying amount	¥116,612	$873,236
Fair value	¥150,146	$1,124,353

（Note） 1.The carrying amount recorded in the consolidated statement of financial position is acquisition cost less accumulated depreciation and accumulated impairment losses.
2.Fair value at the end of the period is mainly determined by the Group, which refers to the Real Estate Appraisal Standard (and the appraisal value is adjusted using indicators as necessary).

(NOTES TO REVENUE RECOGNITION)

1. BREAKDOWN OF REVENUE

The breakdown of revenue recognized from contracts with customers and other sources is as follows:

(Millions of yen)

	Revenue recognized from contracts with customers	Revenue recognized from other sources	Total
Income from the payment business	¥139,770	¥89,566	¥229,336
Income from the lease business	–	12,048	12,048
Income from the finance business	–	50,754	50,754
Revenue from the real estate-related business	52,492	6,222	58,715
Revenue from the entertainment business	30,807	–	30,807
Finance income	–	877	877
Total	¥223,070	¥159,470	¥382,540

(Thousands of U.S. dollars)

	Revenue recognized from contracts with customers	Revenue recognized from other sources	Total
Income from the payment business	$1,046,652	$670,711	$1,717,364
Income from the lease business	–	90,223	90,223
Income from the finance business	–	380,070	380,070
Revenue from the real estate-related business	393,085	46,597	439,683
Revenue from the entertainment business	230,702	–	230,702
Finance income	–	6,571	6,571
Total	$1,670,441	$1,194,174	$2,864,615

Revenue recognized from other sources includes interest and dividend income based on IFRS 9 and lease income based on IFRS 16.

Interest and dividend income is recognized as revenue in accordance with IFRS 9, and income from the Lease business, and also from real estate rentals in the Real estate-related business, is recognized as revenue in accordance with IFRS 16. Revenue recognized in accordance with IFRS 9 amounted to ¥144,282 million (U.S. $1,080,447 thousand) for FY2022. Revenue recognized in accordance with IFRS 16 amounted to ¥15,187 million (U.S. $113,727 thousand) for FY2022.

2. CONTRACT BALANCE

The breakdown of contract balances is as follows:

	Millions of yen		Thousands of U.S. dollars	
	Beginning of period (April 1, 2022)	End of period (March 31, 2023)	Beginning of period (April 1, 2022)	End of period (March 31, 2023)
Receivables arising from contracts with customers				
Trade and other receivables	¥103,824	¥110,342	$777,475	$826,286
Contract liabilities	8,437	8,651	63,184	64,784

Contract liabilities mainly represent a deferred portion of annual membership fees. The amounts of revenue recognized in FY2022 that was included in the beginning balance of contract liabilities were ¥6,342 million (U.S. $47,495 thousand).

None of the revenue recognized in FY2022 arose from performance obligations satisfied (or partially satisfied) in previous periods.

3. TRANSACTION PRICE ALLOCATED TO REMAINING PERFORMANCE OBLIGATIONS

The Group has adopted a practical expedient and omitted information on remaining performance obligations, given that there were no significant transactions for which an individual estimated contract period exceeds one year.

(NOTES TO EARNINGS PER SHARE)

1. EQUITY ATTRIBUTABLE TO OWNERS OF PARENT PER SHARE	(Yen)	¥3,827.22
	*U.S. dollars	$28.66
2. BASIC EARNINGS PER SHARE	(Yen)	¥278.92
	*U.S. dollars	$2.09

(NOTES TO SIGNIFICANT SUBSEQUENT EVENTS)

On April 17, 2023, the Group sold its interest in a silent partnership, which was included in "Assets held for sale" in the consolidated statement of financial position for the fiscal year ended March 31, 2023. It is expected to have a gain of ¥3,920 million (U.S. $29,354 thousand) from this sale and will be recorded as other income in the consolidated statement of income for the fiscal year ending March 2024.

INDEPENDENT AUDITOR'S REPORT

May 12, 2023

To the Board of Directors of
Credit Saison Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Mitsuo Kimura

Designated Engagement Partner,
Certified Public Accountant:

Takahisa Kudo

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of Credit Saison Co., Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2023, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2022 to March 31, 2023, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<u>Notes to the Readers of Independent Auditor's Report</u>

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. The other information in "the Business Report and the accompanying supplemental schedules" referred to in the "Other Information" section of this English translation is not translated.