Interview with the COO

Transitioning to an offensive arrangement for our third founding through the building of the Saison partner economic zone and remarkable global business growth

Katsumi Mizuno

Representative, Executive President and COO

Q A year has passed since you were first appointed in March 2021. Please tell us your views looking back over this past year.

Although behavioral restrictions during the COVID-19 pandemic this past year were erratic, swinging back and forth between looser and tighter approaches, within the Company I kept an awareness of communicating with the frontlines as often as possible, and strove to actively observe the frontlines through both on- and off-line means. I continuously stated my thoughts on the new Medium-term Management Plan and the importance of making deliberate changes. Ultimately, I was able to converse with more than half of our employees. I aspire to a level organization wherever possible, and I dive into and travel around the frontlines, which I feel has closed the distance between management and the frontlines. Externally, I actively visited our business partners, together with Chairman Rinno, and shared with them our concept of an economic zone that positions our customers as hubs linked together by loose horizontal connections.

Q In addition to trends in the spread of COVID-19, the situation in Ukraine and other challenges presented uncertainty. What is your sense of the current business environment?

The effects that a weak yen, higher crude oil prices, inflation, and other world affairs have on the Company can be both positive and negative. A weak yen and inflation, for example, have a positive impact from the standpoint of transaction volumes, where the overseas funds in which we were early investors when the yen was strong have had a positive impact in terms of the numbers. On the other hand, when the yen swings lower the cost of dollar-denominated payments, including some payment fees and cloud usage fees, for example, increase, which has a negative impact.

Our global business has shown remarkably strong growth, so macro trends in international affairs are no longer someone else's problem. Therefore, we keep watch with our antenna always up in regard to how various overseas situations will affect the Company's businesses and finance recipients.

Q Looking back over the previous Medium-term Management Plan, what is your assessment?

Despite being faced with the COVID-19 pandemic, we basically achieved all our initial target values. Although we recorded broad allowances regarding the overpayments issue, this problem is approaching an end in terms of the fact that we have come to see some degree of settlement. And our new system remains in stable operation, so I feel we have entered a period where we will without question transition to an offensive arrangement.

The three innovative, digital, and global themes raised in the new Medium-term Management Plan have each shown steady progress. The innovative theme serves as the overarching concept for the entire Plan, including digital and global, but in addition to service revisions and reductions, we will drive forward products and services that fuse digital technologies and innovation, like SAISON CARD Digital, which launched in 2020. Internally, we are taking a bidirectional bottom-up and top-down approach to creating innovative initiatives, where executives lead by example and propose new businesses in some cases. In terms of digital, we have been more successful than expected in recruiting and securing DX human resources under the CSDX Strategy, and we will continue to launch new services in succession as we advance our redesign of operations. Global has also begun to produce significant early results, which will be introduced in the Global Strategy (P.28).

Q Please provide an overview of the new Medium-term Management Plan that was recently announced.

In May 2022, we announced the new Medium-term Management Plan: transforming into a comprehensive life services group while achieving customer success through the fusion of the real and digital worlds. The reason we purposefully changed the phrasing used in the previous Medium-term Management Plan from comprehensive life services company to group is because we felt that we wanted a greater awareness of an economic zone that consists of loose horizontal links centered on our customers. The Company has always taken a stance of encouraging independent management at each Group company, even in terms of individual Group company governance, so we never considered an economic zone concept that was tightly tied by brand or capital relationships. This is because the Company essentially considers our services from the starting point of our customers and aspires to become a comprehensive life services group that offers a high level of convenience for our customers. This loosely bound economic zone consists of a broad, lightly tied group of companies that provide those services that we feel our customers desire to use and is based on the concept of bringing together various services from different brands. For this reason, we will sometimes even form alliances with competitors and incorporate them into this economic zone when doing so would assist our customers.

On the other hand, in terms of the Saison brand, which was built up by our founder, Seiji Tsutsumi, and has attracted broad support among the affluent and senior segments, we decided to use the term *Saison partner economic zone* because we hope to fully relaunch this brand for Generation Y and Generation Z, which do not possess the same positive brand awareness as other segments. The Saison Group has valued the ideal of solving the problems of our customers from the starting point of our customers, and this ideal has spread beyond Japan to touch the heartstrings of our overseas employees, who have been rapidly growing in number. In Vietnam, India, Indonesia, and the other foreign countries in which we engage in various businesses, the Saison brand has come to symbolize the ideal of viewing our customers as the starting point and has begun to take root as a common facet among our employees.

Under the new Medium-term Management Plan, we have four growth strategies: 1) Establishment of the “Saison Partner Economic Zone” and reinforcement of business coordination among the Group, 2) Revitalization of the Payment Business, 3) Promotion of healthy growth and expansion into new fields for the Finance Business, and 4) Acceleration of global business expansion. As the quantitative goals for the final fiscal year of the plan, we aim to achieve consolidated business profit of ¥70.0 billion and an ROE of around 8%.

Q Please tell us about the key points to the four growth strategies raised in the new Medium-term Management Plan.

In establishing the Saison partner economic zone and business coordination among the Group, we will further promote the effective use of the Group’s customer base, which consists of approximately 36 million members. Amid this loosely bound economic zone, we will create value for customers while demonstrating mutual synergy through a more stratified series of services enabled by combining resources between Group companies and between the different businesses within the Company in a complex manner.

To revitalize the Payment Business, we will promote our transition to our customers’ main cards by advancing two strategies, namely the AMEX Strategy, which is based on SAISON AMEX products that leverage the AMEX brand with its well-known standing as a safe and secure brand, and the New GOLD Card Strategy, which enhances the Life Time Value of our customers. We will also promote measures that allow both our individual and corporate customers, including SMEs, to use AMEX for making settlements.

To promote healthy growth and expansion into new fields for the Finance Business, we will advance structural reforms that emphasize balance by identifying the opportunities and risks in real estate financing, while leveraging the strengths of each Group company with real estate–related businesses. In the area of asset formation loans, along with working to sell bonds as we have in the past, we will take on the challenge of businesses targeting power couples and other households that have an average annual income of ¥10 million or more.

To accelerate global business expansion, we aim to achieve financial inclusion through the core lending business, which targets underserved demographics that find it difficult to receive loans from standard financial institutions, and the core investment business, which targets promising start-ups throughout the world. As we begin to see the relaxation of movement restrictions imposed during the COVID-19 pandemic, we have high anticipation for growth acceleration among existing businesses and will support this growth through fast-paced decision-making centered at the International Headquarters (IHQ) established this year in Singapore. Moreover, CVC has strengthened and expanded its teams at a rapid pace and aims to explore investment targets on a worldwide basis.

Q Tell us about your image for the Company five and 10 years from now.

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. In FY2021, overly robust real estate business profits led the Company, which brought the ratio to 7:2:1 for the Finance, Payment, and global businesses, respectively. The ratio accounted for by the global business has shown more rapid expansion than expected, however, and the Payment Business has emerged in a form that soundly and stably produces profits at a steady level. So, I feel that the future 3:3:3:1 ratio structure has become a viable reality.

Regarding new businesses, in August 2022 we established ReSAISON Co., Ltd., which aims to increase waste recycling rates and realize a recycling-oriented society. In September 2022, we launched Saison’s VETs Support Club, which enables remote diagnosis and consultation services for pets by using video calls to connect pet owners and veterinarians online. Through a collaboration with the Japan Veterinary Medical Association, we built a network covering approximately one-third of all veterinary clinics in Japan. We will continue to offer this service as a new business while we work to spin it off as a new company.

Although I mentioned that we have entered a period when we will go on the offensive, looking at the current growth momentum in the global business and the professional know-how and skills of members involved in the global business, we have even seen indications that we will emerge as a company that 10 years from now will earn more than half of its business profits overseas. When I was in charge of the global business and would visit different countries, we were still at the stage of gathering human resources and building the network from scratch, which is in part why we adopted a management style centered on Japanese personnel. Today, however, our foreign national employees lead the global business. As a country that has achieved remarkable economic growth, India presents robust capital demand, and we currently operate offices in 16 locations throughout the country. A female entrepreneur from Malaysia in her 30s serves as CEO, leading a local staff of around 300 as she works to steadily expand operations. The business in India is already profiting, and we expect to see the balance scale grow to ¥100 billion in the near future, which has led us to debate the format of future business growth in India with an eye to an IPO. Similarly, the business in Vietnam and at Julo, the entity conducting P2P lending in Indonesia, are both driving business growth under the leadership of local staff. By implementing measures for the Credit Saison business foundation based on expectations for growth in the global business, we envision the Company itself undergoing a major transformation into an international company. And we intend to grow the Company by expanding the Finance Business and Payment Business in a way that places them into a friendly rivalry with the global business.

Q What are some of the challenges in promoting growth?

The key to the Company's ongoing transformation is human resources, and the diversity of the people that gather at the Company has made quite a bit of progress. Our open corporate culture that accepts diversity and our management stance of actively delegating authority by preparing positions for younger employees have become aspects that attract human resources with a rich spirit of challenge. In fact, the Company has drawn many individuals that profess their desire to accomplish something when they join the Company. To ensure that these individuals undertake new challenges, I intend to steadily advocate a culture that allows for failure. Although we revised the personnel system in September 2022, the goal of this move was in part to prepare a route for those who want to undertake challenges and an opportunity to do so upon first fully considering what it is that they want to accomplish. This is important for advancing our work-style reforms. Building an organization in which individuals can engage in their work with a sense of joy and motivation is a core element of corporate vitality. And building a resilient organization requires each employee to be both physically and mentally healthy; in other words, this also requires health management.

Now that we have entered a period where we will go on the offensive, we intend to undertake new challenges in the global, finance, and payment businesses, while skillfully controlling failure to some degree. Meanwhile, detecting the changes in the times naturally requires us to directly visit the frontlines. Which is why I will lead by example as part of a management style where we fully experience the atmosphere of what is occurring at our clients, business partners, and frontlines, and listen to their respective challenges as raw feedback. Most important, however, we will confront issues of sustainability head on to ensure business continuity.

Q Finally, please provide a message to the stakeholders.

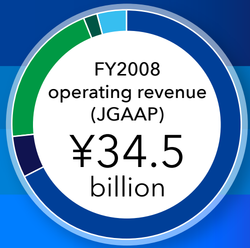
First, we increased the dividend this year for our shareholders. Although we will continue to consider increasing the dividend, acquiring shareholders' equity, and other forms of shareholder returns as necessary, the mainstay of shareholder returns is without question based on improving performance by ensuring our initiatives organically function with our customers, business partners, employees, and other stakeholders, as well as on increasing corporate value by discovering growth potential.

Therefore, we will work to solve the different problems of our customers in a tailored fashion by approaching our customers of our own initiative and by deploying services with a human touch, an approach that has served us well thus far. Moreover, we have previously advanced initiatives together with our business partners that aim to expand our customer base. Within the loosely bound economic zone concept centered on our customers, as we solve the problems of our customers, we will undertake initiatives that offer advantages for our business partners, such as sending customers from our customer base to our business partners. Because the capabilities of employees are the very essence of vitality for companies, we are considering approaches to expand returns to our employees, such as introducing a performance-based remuneration system. At the same time, we will create an environment that allows our employees to continue undertaking various challenges as they enjoy the changes that the Company steadily implements and see these changes in the Company as growth opportunities for themselves.

Through these initiatives that organically link customers, business partners, employees, and other stakeholders, we intend to achieve sustainable growth as a company that is also attractive in terms of performance and growth potential, so we humbly ask for your continued support.

Retrospective Overviews of Past Medium-term Management Plans

Initiatives before FY2015



Payment · Lease · Finance · Real estate-related · Entertainment

Basic Management Policy for FY2015

Change the business model to one that combines five businesses via stronger corporate marketing

Face the challenge of becoming a peerless new finance company in Asia able to overwhelm the competition

Basic Management Policy for FY2014

Face the challenge of changing the business model by strengthening corporate marketing

Evolve into a non-bank capable of responding to change

Basic Management Policy for FY2013

Establish a multiple core earnings source structure through collaboration management using strategic resources to become the No. 1 consolidated issuer, accelerate the shift to non-banking, and crystallize Asian strategies

FY2016–FY2018

Medium-term Management Plans

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

Basic Policy

Realize innovation and changing business models

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

Strategies/Measures

1. Face the challenge of changing the card business model
2. Collaborate strategically via open innovation
3. Enter multilateral alliances centered on the finance business
4. Develop diverse business throughout Asia

Results

Full migration to the Associated Core System

➤ Completed a foundation capable of alliance expansion and product development

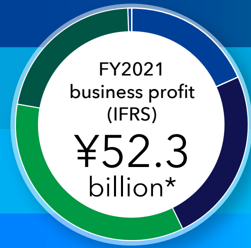
Responsive to diverse customer needs

➤ Payment platform enhancement/Finance business expansion

Expanded the Global Business into more countries

FY2019–FY2021

Medium-term Management Vision
Neo Finance Company in Asia



MISSION STATEMENT

Become a finance company advancing with customers for 50 years

Provide peace of mind and discover the potential in money

Strategies/Measures

Ⅰ Growth strategies and structural reforms in the Payment Business — Payment Business
1. Expand shopping transaction volume (BtoC field)
2. Expand shopping transaction volume (BtoB field)
3. Expand the card shopping revolving balance/cash advance business
4. Create new businesses and enhance digital marketing

Ⅱ Further expand the Finance Business as a non-bank — Lease & Finance Segments
1. Strengthen relationships with partners and expand new alliances — Finance Business

Ⅲ Expand the earnings base of the Global Business with a view to the future — Global Business
1. Transition from the sowing stage to the harvesting stage in countries where we have operations — Global Business

Results

The Payment Business was in the process of recovery from the effects of shortened business hours and people having refrained from going out. In contrast, the Company had the definite prospect of business diversification, the Finance Business having expanded steadily as the second pillar, and the Global Business being expected to contribute more to profits as the third pillar.

➤ For details, please see pages 30-33.

Note: With a view to the future, in FY2021 the Company recorded provision for loss on interest repayment of ¥13.6 billion. Excluding the impact of this one-time factor, actual business profit was more than ¥65 billion, thereby achieving the business profit target of ¥60 billion adopted for the Medium-term Management Plan.

Overview of the New Medium-term Management Plan

Basic Policy

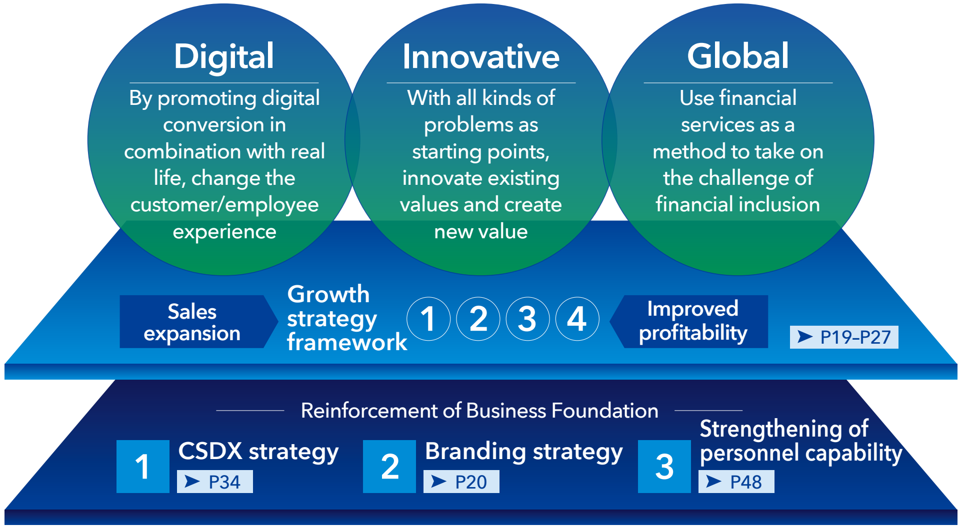
Transformation into a comprehensive life services group

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

Having adopted transformation into a comprehensive life services group as its medium-term management vision, under the basic concept of innovative, digital, and global, the Company formulated a Medium-term Management Plan to cover the period from FY2022 to FY2024 with the mission statement of "achieving customer success through the fusion of the real and digital worlds." As a NEO Finance Company that is unfettered by the limitations of a standard finance company, we will help resolve all the kinds of problems that arise in mature societies toward the realization of the Medium-term Management Plan. The entire Group will work to resolve issues in a more friendly, appropriate, and quick manner than anywhere else; increase customer satisfaction; and create new value. Through these efforts, we aim to achieve consolidated business profit of ¥70 billion in FY2024, the final year of the plan.

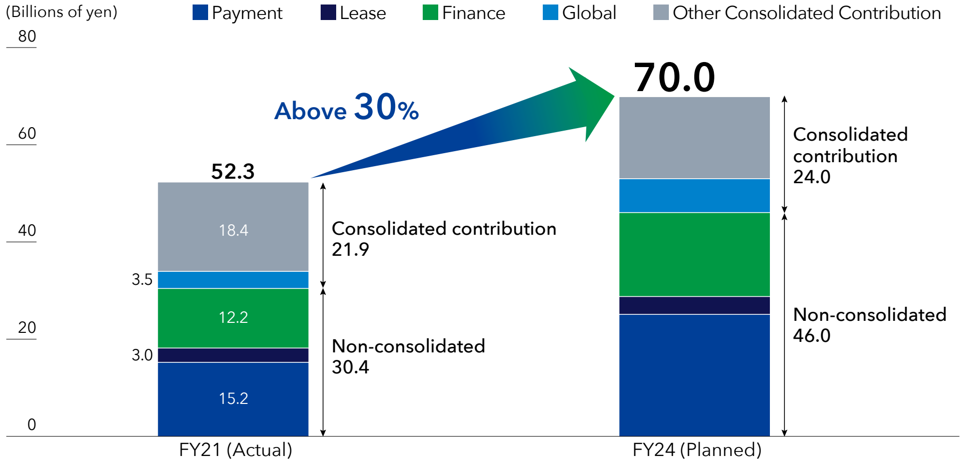
Basic Concept

Continue with the three concepts, accelerating their penetration and drive within each business



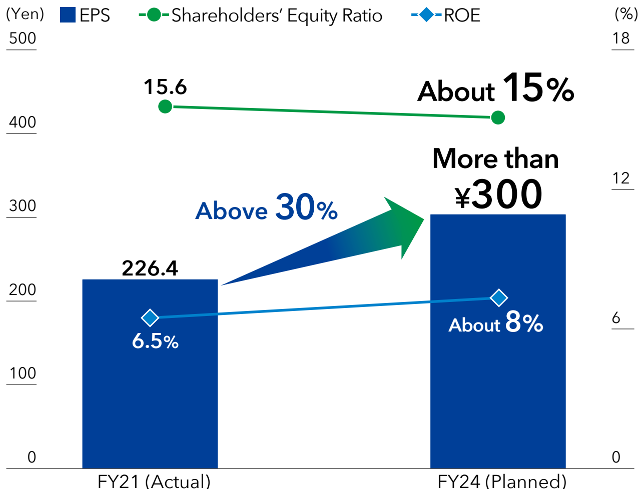
Management indicators

Business profit targets



Notes: 1. Included in the Payment Business, aside from payment/leasing/finance
2. Non-operating profit and loss included in the Payment Business

Main indices of management indicators



Medium- to Long-term Management Goals

Shareholders' Equity Ratio: About 15%

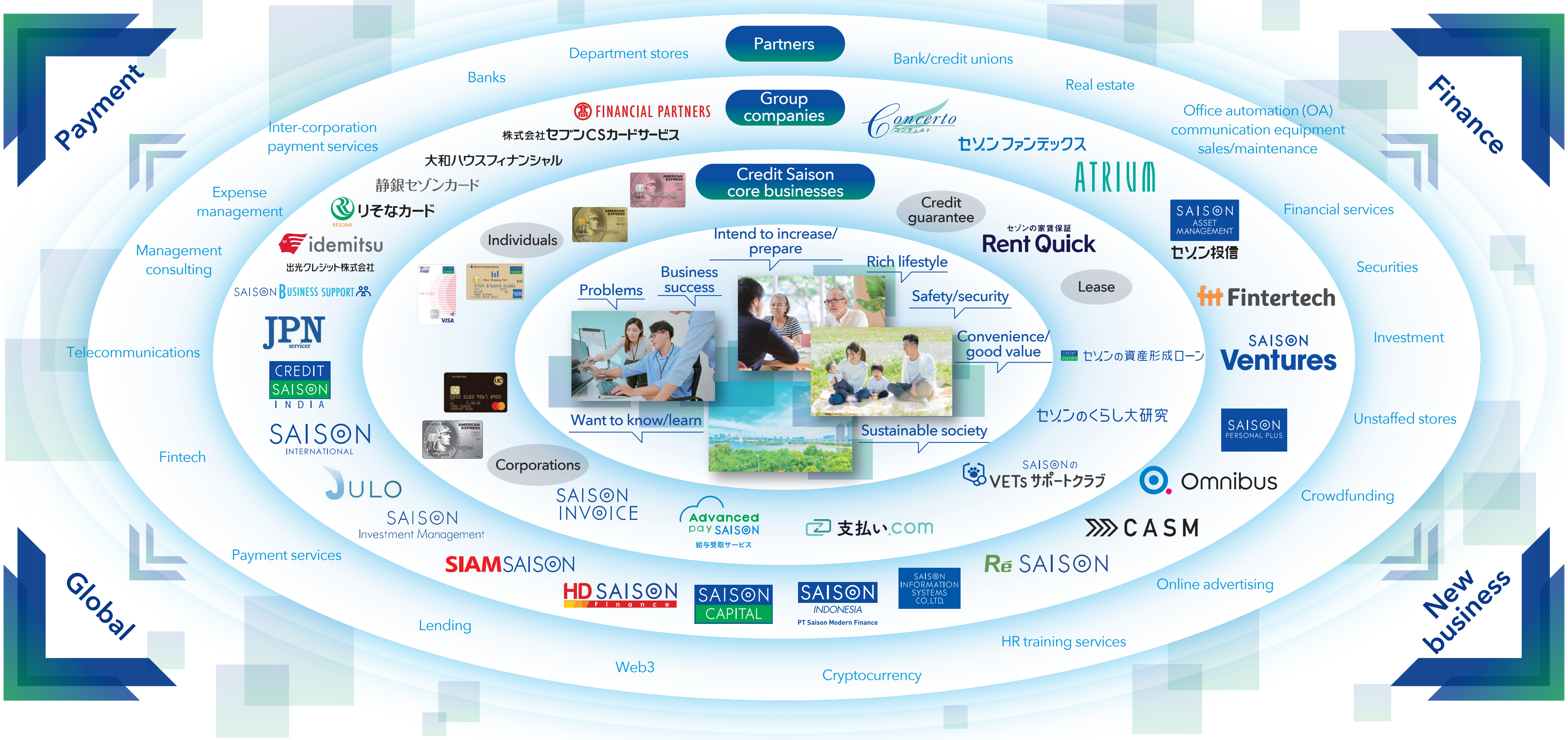
Progress in line with benchmark

ROE: Above 10%

Goal in current medium-term plan (up to FY24) is around 8%
Aiming to achieve in the next medium-term plan or later (from FY25 onward)

Growth Strategy (1): Establish the Saison Partner Economic Zone and Reinforce Business Coordination within the Group

Saison Partner Economic Zone Concept Map



Establish the Saison partner economic zone

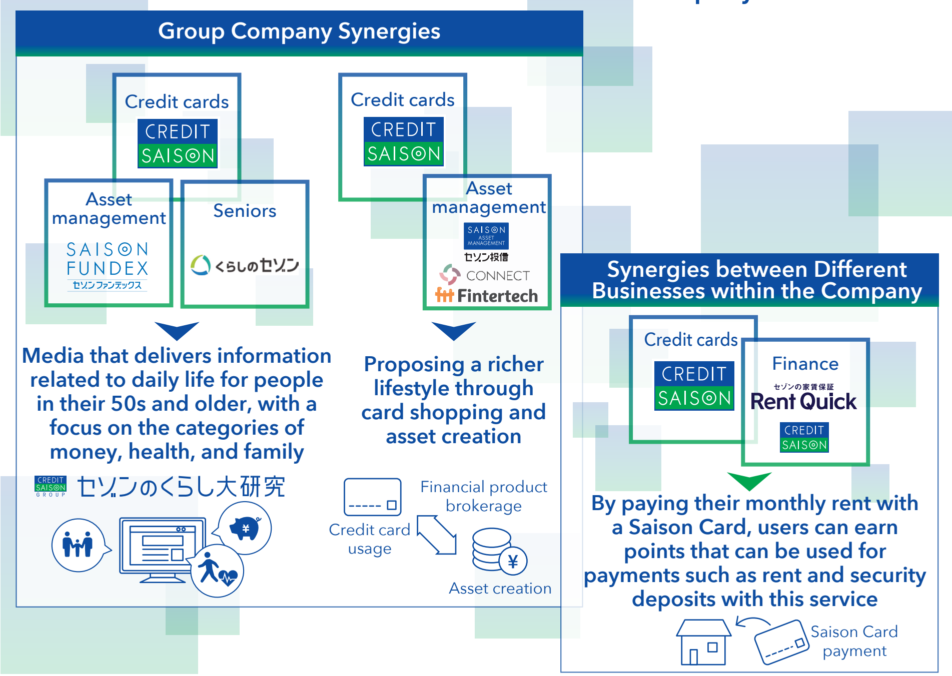
We will pursue synergies with Group companies in addition to our existing business partners to establish the Saison partner economic zone with the aim of becoming a non-bank with a strong presence in each financial business: Payment, Finance, and Real Estate-related. Specifically, we will actively promote initiatives that allow our existing alliance partners to utilize the Group's base of approximately 36 million customers, and we will work to 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.

Establish the Saison partner economic zone and reinforce business coordination within the Group

Group company management teams have adopted a fiercely independent style, without being hemmed in by brands or capital relationships. While maintaining the management independence of each Group company, we will continue to develop and expand the Saison partner economic zone, a loosely connected horizontal economic sphere. Against this backdrop, we aim to differentiate ourselves from our competitors by further strengthening Group product coordination based on each customer, as well as establish Saison as a comprehensive life services group that offers the greatest convenience to our customers. To this end, we will further promote the creation of synergies among Group companies and different businesses within the Company, including initiatives to date shown below.

➤ For details on major affiliates, please see page 68.

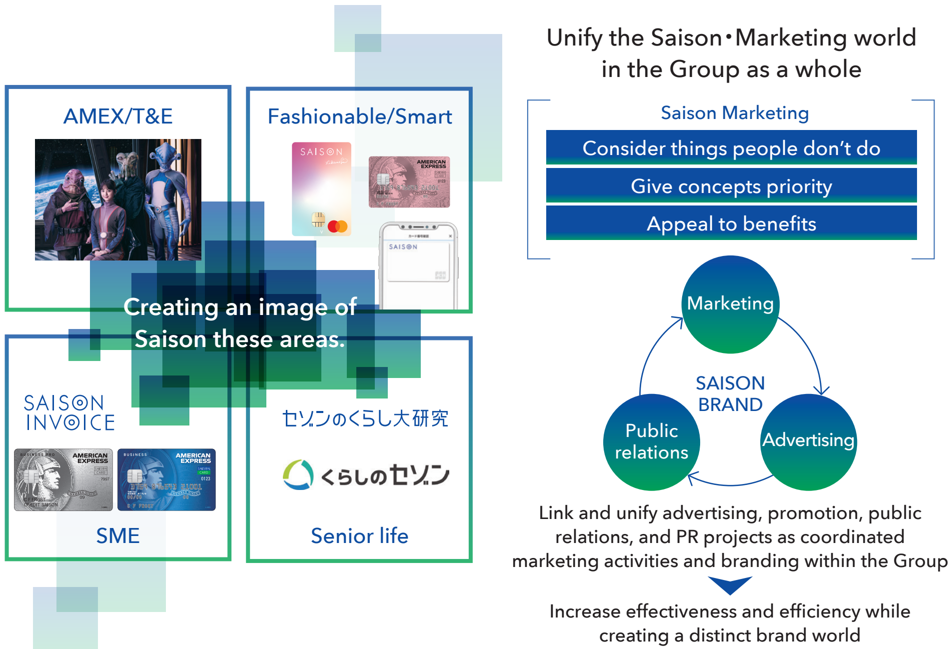
Creating value by demonstrating synergies between Group companies and different businesses within the Company



Branding strategy

In our branding strategy, we will again return to the former Saison Group concept, namely, to promote a distribution revolution by expanding business in all areas related to daily life while taking the lead in consumption activities and culture by anticipating new consumer needs. In so doing, we will position the Saison brand more than ever at the forefront of our strategy. As we pursue this alliance strategy, the Saison brand, which until now has been linked as a sub-brand, will be positioned under the concept of Saison Marketing. Based on this concept, the Group will work together to develop the Saison brand into a brand that catches the attention of customers everywhere.

By raising customer recollection rates, promote mutual use of Group company services among customers

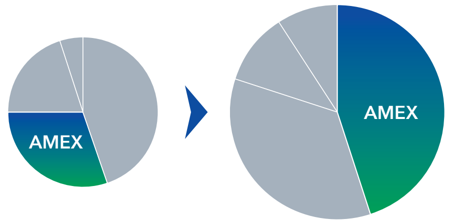


Growth Strategy (2): Revitalization of the Payment Business

AMEX Strategy

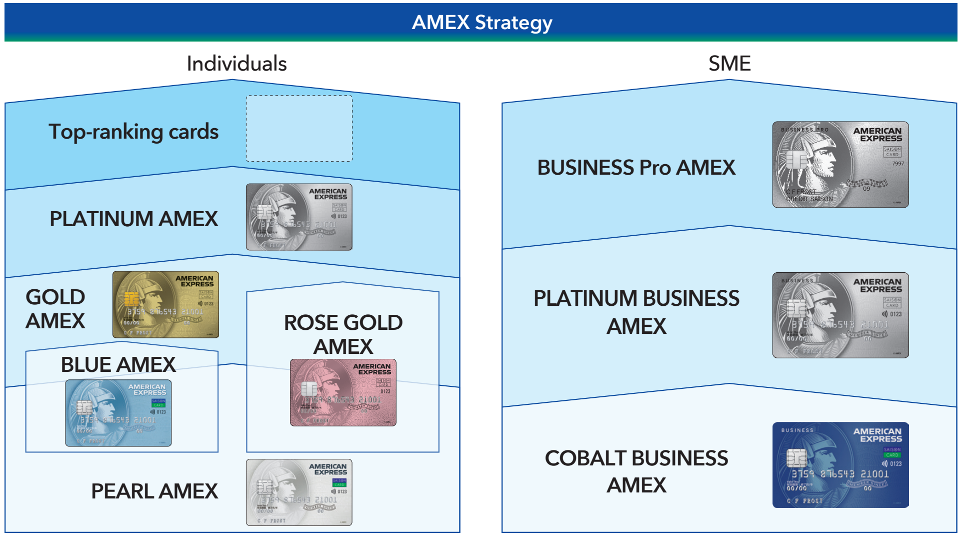
To revitalize the Payment Business, we will further promote the effective use of the AMEX brand. We have been affiliated with AMEX for about 25 years, and since 2022 the AMEX brand has become the No. 1 brand among other international brands in terms of our transaction volume at the Company. By working to make SAISON AMEX a top-ranking AMEX brand and pursuing the AMEX Strategy to establish products, the Company aims for a total transaction volume of more than ¥3 trillion by FY2026 for Credit Saison's proprietary AMEX brand. Furthermore, we will strive to acquire new members among individuals, SMEs, and wealthy demographics, as well as to invigorate the use of AMEX cards.

Credit Saison Shopping Transaction Volume Share by Brand



AMEX brand became No. 1 in Credit Saison's monthly transaction volume
Penetration of SAISON=AMEX as people's perception of the brand

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



New GOLD Card Strategy

Another core strategy for revitalization of the Payment Business is the New GOLD Card Strategy. Targeting the broad customer base we have expanded to date, we have released a new GOLD card, SAISON GOLD Premium, which grants benefits based on the amount spent as a new royalty program starting in July 2022, and we are working to make this the main card for our customers. For good customers who own a proper card, customer spending tripled after switching to GOLD AMEX compared to standard memberships. In addition, customer spending among SAISON GOLD Premium members has also been growing continuously since the card was issued, indicating that measures to acquire GOLD members are already showing results.

Expansion of business in the BtoB field

To revitalize the Payment Business, we will also expand business in the BtoB field. In FY2021, we worked to significantly shift our nationwide sales structure from traditional sales to individuals to sales to corporations, and we have established a human resource structure to strategically capture the BtoB market. Starting in FY2022, we will strive to expand our share of the BtoB payment market as we strengthen our non-card payment products, SME channels, and customer communication in sales, while collaborating not only with Fintech companies centered on the AMEX brand but also with SaaS providers that promote BtoB payments among Fintech companies.

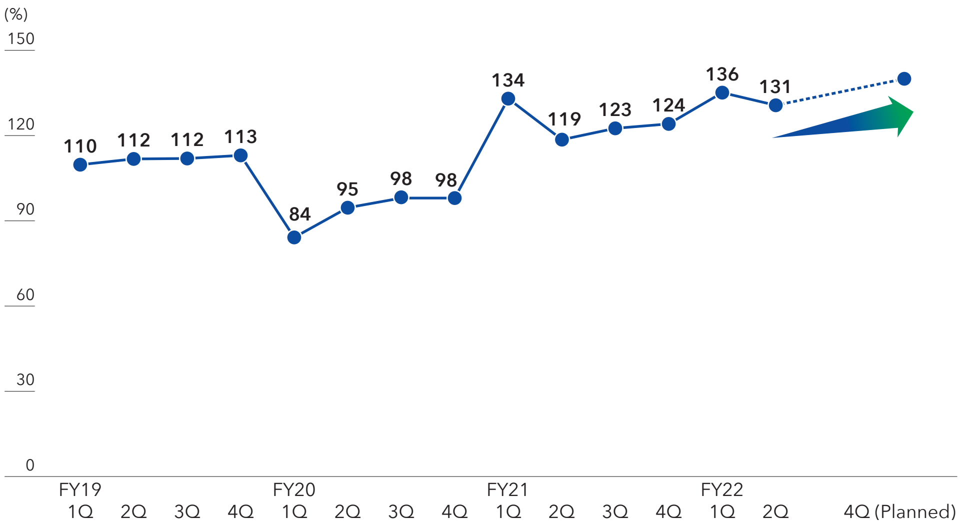
Invest in the BtoB field with a focus on non-card payment, SME channel strengthening, and enhancement of customer communication themes, striving for expanded market share

Product	Channel	Sales
Entry into the non-card payment field	Expansion of alliance businesses and strengthening of coordination	Enhancement of customer communication
 × 支払い.com SAISON INVOICE		
Business card and commercial product cross-sales	Expansion of sales channels through alliance businesses	• Inside SalesTeams strengthening • CustomerSuccess strengthening • WEB, Marketing strengthening

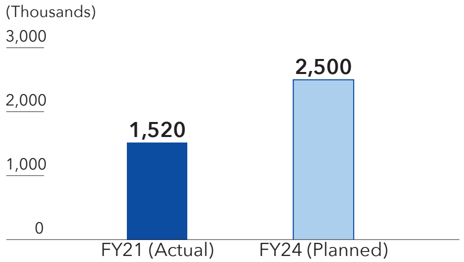
Main Indices of the Payment Business

BtoB shopping transaction volume YoY

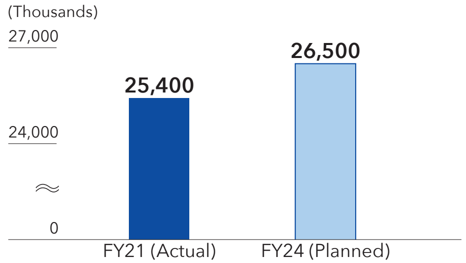
BtoB transaction volume remained high during COVID-19



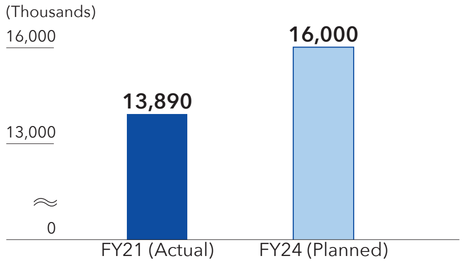
New card issuances



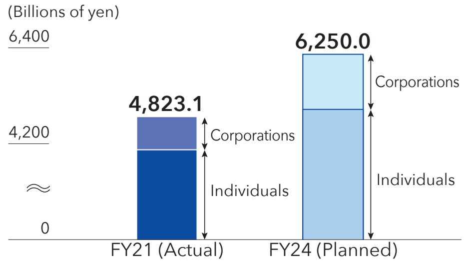
Total cardholders



Active cardholders



Shopping transaction volume



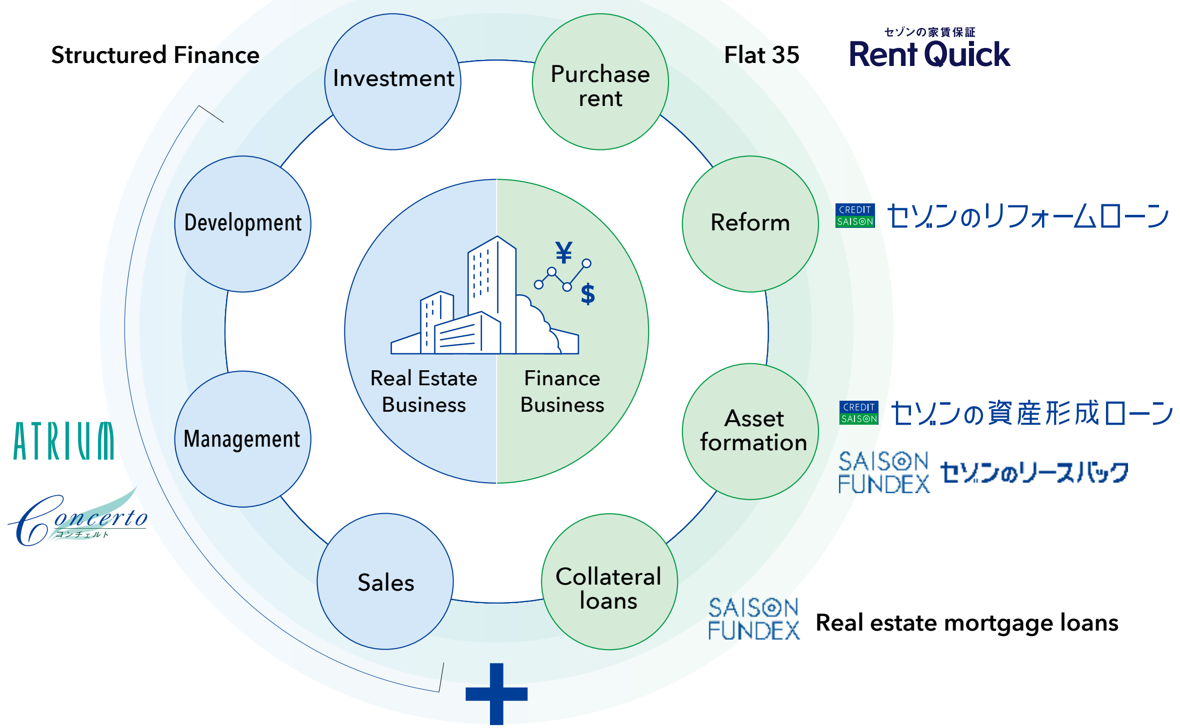
Growth Strategy (3): Promotion of Healthy Growth and Expansion into New Fields for the Finance Business

Five major layers of structural reform

In the Finance Business, we will work to further improve asset efficiency without allowing currently favorable market conditions to make us complacent. We will clarify the division of roles that leverage the strengths of Group companies with real estate-related businesses. In addition, we will further deepen cooperation with our business partners while pursuing structural reforms centered on five key areas: improving investment efficiency, strengthening corporate sales ability, strengthening structured finance, promoting digital transformation, and developing new products targeting wealthy demographics.

Furthermore, we will closely monitor risks while furthering strengthening cooperation with Group companies such as Atrium, Concerto, and Saison Fundex, along with our partners, to ensure the sound growth of the Finance Business Group-wide.

Using division of roles that leverages the strengths of Group companies with real estate-related businesses, cover the market
Active promotion of a balance of opportunity and risk in real estate financing



Taking on the challenge of developing products targeting wealthy demographics utilizing the assets of the Company and its alliances

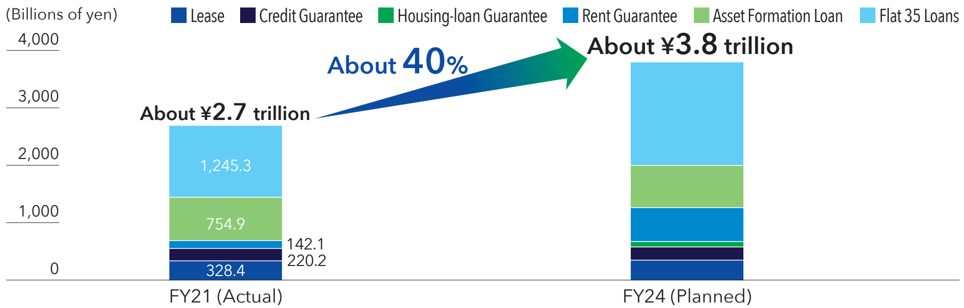
Five Major Layers of Structural Reform

1. **Improving investment efficiency:** Taking on the challenge of selling asset formation loans and bonds, and launching businesses targeting wealthy demographics
2. **Strengthening corporate sales ability:** Sales promotion at more than 300,000 lessees
3. **Strengthening structured finance**
4. **Promoting digital transformation:** Reduced costs and improved productivity
5. **Developing new products targeting wealthy demographics:** Initiatives based around real estate investment

Growth strategies that identify opportunities and risk

To improve asset efficiency, we will take on the challenge of developing new product channels targeting wealthy demographics based on asset formation loans, bond sales, and real estate loans, as well as developing and planning of the products themselves. To strengthen our corporate sales ability, we will promote sales to more than 300,000 lessees. To promote structured finance and digital transformation associated with these measures, we will work to create systems focused on productivity improvement to ensure the development of low-cost, diversified businesses. We will actively expand into new business areas while promoting a balance of opportunities and risks in real estate financing.

Lease/Finance-related business product balance target (including off-balance)



Payment Business + Finance Business Integration

Expand sales of payment-related products to individual customers and corporate customers in the Finance Business

Growth Strategy (4): Acceleration of Global Business Expansion

We have established operating companies in India and four Southeast Asian nations and are accelerating the development of our lending business in the Asian region. Despite the impact of the COVID-19 pandemic, the Company continues to steadily expand its business, particularly in India and Vietnam, with locally driven, robust risk management.

In addition, through investments in FinTech business operators and cutting-edge areas made through our overseas corporate venture capital (CVC) business, we are focusing on creating synergies with existing businesses while exploring potential new business opportunities.

Through these initiatives, we will promote our business to underpin a third pillar of growth in the Group and to contribute to efforts to realize a sustainable society on a global scale.

Lending Business

- India — **Kisetsu Saison Finance (India) Pvt. Ltd.** Digital lending focused on BtoBtoC (CREDIT SAISON INDIA)
- Vietnam — **HD Saison Finance Co., Ltd.** Individual installments, cash loans, etc. (HD SAISON Finance)
- Indonesia — **PT. Saison Modern Finance** Lending to SMEs via P2P platforms (SAISON INDONESIA PT Saison Modern Finance)
- Indonesia — **Julo Holdings Pte.Ltd.** Offering virtual credit cards to individuals (JULO)
- Singapore — **Saison Investment Management Pte. Ltd.** Impact investment business (SAISON Investment Management)
- Thailand — **Siam Saison Co., Ltd.** Supply chain finance within the commercial distribution of Group companies (SIAMSAISON)

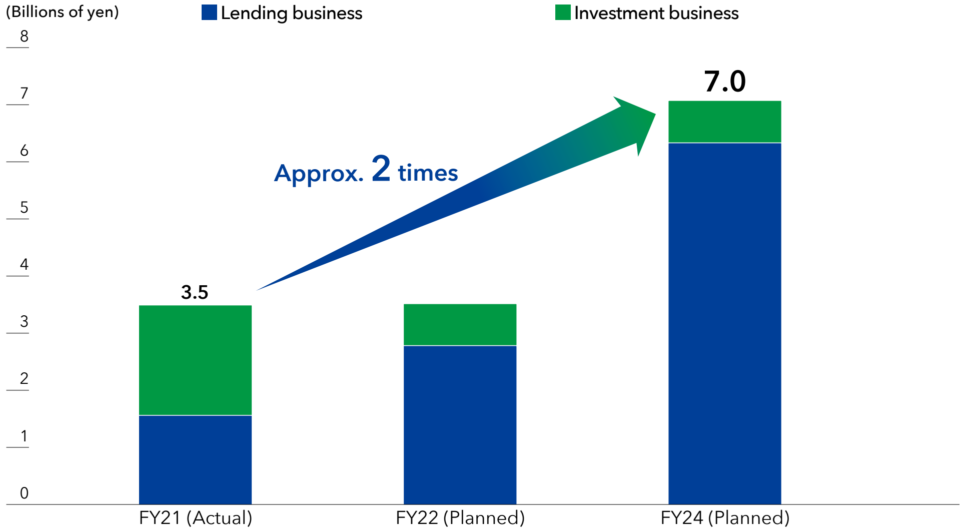
Investment Business

- Singapore — **Saison Capital Pte. Ltd.** Overseas CVC (SAISON CAPITAL)

Construction of Foundations for Business Expansion

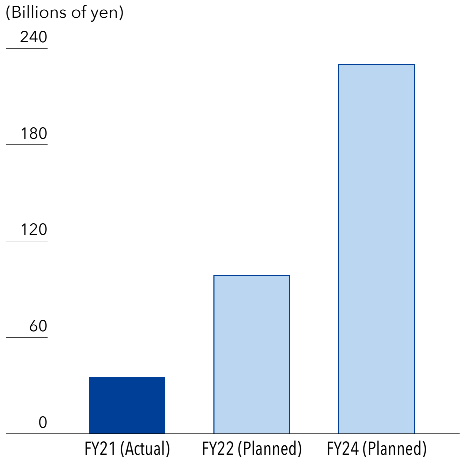
- Singapore — **Saison International Pte. Ltd.** International Headquarters (IHQ) (SAISON INTERNATIONAL)

Business profit target (accumulated profit for each country's business)

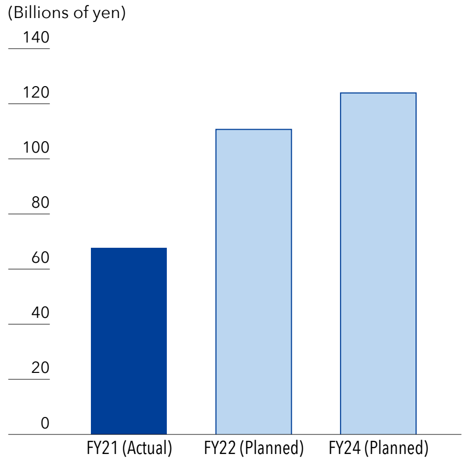


Main indices of the global business

Kisetsu Saison Finance (India) outstanding loans



HD Saison Finance (Vietnam) outstanding loans



Lending Business **Breakthrough in the India Business**

Three years since business commenced, firm growth has been achieved through our unique strategy

In India, Kisetsu Saison Finance (India) Pvt. Ltd. provides loans to the local underserved population.

Since its launch in 2019, both its business and organization have steadily expanded in scale, growing to become one of the mainstays of our global business in about three years, with a loan balance of more than ¥60 billion as of the end of September in FY2022, and a consolidated contribution profit of ¥860 million in the first half of the fiscal year, second only to Vietnam.

Lending by Kisetsu Saison Finance (India) consists primarily of financing to local non-banks (wholesale lending) and financing to individuals and SMEs through partnerships with FinTech business operators. By working with local non-bank partners and leveraging FinTech know-how, we have found solutions to the problems of credit and collection, which are major financing issues in developing countries, and have steadily increased the number of partners and customers by securing human resources and fortifying the foundation for system development at this company.

■ Strategy for success in India

Kisetsu Saison Finance (India)'s loans are positioned as so-called senior loans, which are loans that have a high reimbursement ranking in the event of a customer's default or the bankruptcy of a partner. This allows this company to successfully enter the market with less risk. In addition, at the end of FY2021 we launched a proprietary lending business (BtoC model) that leverages our accumulated expertise and customer base to develop into a more profitable business model.

Underpinning these growth strategies is the local appointment of excellent human resources. The CEO and nearly all the more than 300 employees are local staff, allowing for a swift response to rapidly evolving local trends and regulatory developments.

Kisetsu Saison Finance (India) CEO Interview

Setting Our Sites on Becoming the Lending Giant of India

Q What kind of contribution is Kisetsu Saison Finance (India) Pvt. Ltd. considering vis-à-vis India's underserved population and lending market?

India offers huge business opportunities, and we aim to satisfy the needs of our customers in a variety of ways as a stable, long-term lender. With a core focus on helping small and medium-sized enterprises (SMEs) and customers who are unable to obtain loans from banks to acquire adequate financing, both directly and indirectly, we hope to achieve our vision of building India's first neo-lending conglomerate through a partnership and technology-driven approach.

Q What are the strengths that make Kisetsu Saison Finance (India) Pvt. Ltd. stand out among all the other lending business operators? Also, please tell us about your future growth strategy that will utilize those strengths.

The monthly lending volume of our FinTech-affiliated lending business has grown by approximately tenfold over the past year. We've achieved major differentiation from our competitors through financing cost advantages gained from our AAA rating and system integration with our partners, and this has made us a lender of choice among our industry peers. Our current loan balance is just above ¥60 billion, but we are already looking down the road at ¥100 billion in the future. For now, we will focus on continuing to expand the BtoB model, and to become India's Lending Giant, we will use the profits to build a foundation for the BtoC model while further growing the scale of our operations.

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

Investment Business | Overseas CVC Business

Saison Capital Pte. Ltd. invests in start-up companies and funds with a focus on Southeast Asian FinTech business operators. In FY2021, the company achieved its first exit, and moreover, in 2022, it was selected as a CVC TOP10* company by CB Insights. In this way, we are raising both our profile and business track record.

In addition to existing investment areas, we are actively investing in the web3 domain with the aim of further developing our investment business and creating the next pillar of our business, and we will seek to integrate it with existing businesses in the future as we pursue returns.

*A top 10 ranking of the world's most exceptional venture capital partners

CVC investments (examples)

Web3 domain investments (examples)

Building a Foundation for Business Expansion

■ Established an international headquarters (IHQ) in Singapore as a foundation for the acceleration of business expansion

To support future business expansion, we established our IHQ in Saison International Pte. Ltd.* in Singapore. We will steadily transfer the shares of each overseas affiliate to Saison International, and by accelerating the pace of decision-making and designing a cross-functional organization, we will transition to a structure that can compete globally.

*Corporate name changed from Credit Saison Asia Pacific Pte. Ltd.

Sustainability

Issuance of our first social bond
Allocated to loans for underserved populations, primarily in Asia

In June 2022, we issued our first social bond (bonds issued by companies, local governments, etc., to raise funds for projects that help solve social issues).

The procured financing will be used for a capital increase and loans to Kisetsu Saison Finance (India) Pvt. Ltd. in India and to Saison Capital Pte. Ltd. in Singapore. The issuance of such corporate bonds will allow us to contribute to social development and the resolution of issues facing society by diversifying funding sources and accelerating financial inclusion for the underserved population that does not have access to existing financial services.

■ Supporting the activities of diverse human resources

Currently, we have more than 7,000 employees at our overseas locations (including joint ventures), most of whom are locally hired and of diverse nationalities.

We are also promoting locally led business operations by actively appointing talented local personnel to our management team.

The SAISON GLOBAL SUMMIT 2022 held in July 2022

Global Strategy: Interview with the Director in Charge

Promoting business growth based on financial inclusion, an important prerequisite in achieving the SDGs, in a bid to create greater social value

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

Q Looking back on the Group's global business in FY2021, what were the outcomes and challenges?

By ensuring that our stance toward business and risk management was in line with conditions under COVID-19, we were able to substantially accelerate the pace of renewed lending business growth in FY2021. In India, we were also successful in improving technological accessibility through the development of systems in-house and promoting smooth operations while gaining support as the partner of choice from affiliated FinTech business operators. As a result, we were able to take advantage of the overwhelming scale of demand in India and achieve a significant leap forward, with a nearly fivefold increase in the balance of outstanding loans compared with the previous fiscal year. In Vietnam, we took positive steps to promote sound operations while managing risks despite the major wave of COVID-19 infections entering 2021. Another major development worth mentioning in FY2021 was the launch of the impact investment business in practical terms. Here, we put in place a framework for providing much needed funds to such underserved groups as micro businesses and individuals, who are unable to obtain adequate financing services from banks and other institutions, in collaboration with FinTech business operators, emerging lenders, and microfinance institutions. In this regard, FY2021 was a year during which we saw clear signs of what will become a core pillar of our lending business in the future.

New activity in the investment business was temporarily suspended in FY2020 due to the impact of COVID-19. With the resumption of activities in FY2021, energies were directed toward accelerating the pace of theme-specific new investments in such areas as embedded finance*1 and BtoB supply chain finance while strengthening our presence in the region. As far as the sourcing of investment projects is concerned, we also undertook various measures to put in place a sourcing system. This included steps to foster a community to share know-how through various initiatives including the creation of FinTech knowledge content while capturing human resources through the use of social networking services. These endeavors led to the improvement of Saison Capital's branding.

*1 Embedded finance: Also referred to as plug-in finance, embedded finance is the integration of financial services or tools within the products or services provided by non-financial organizations.

Q Please tell us about the business environment and competition in Southeast Asia and India and how it affects your business.

In addition to the various restrictions imposed following the outbreak and spread of COVID-19, many foreign players, including Chinese companies that had engaged in transactions under favorable short-term terms and conditions, withdrew or scaled back their operations amid changes in the geopolitical environment and growing global concerns toward China and Russia. In terms of the Group's global expansion, Credit Saison has continued to place considerable importance on the long-term development of the countries and regions in which it operates. Against this backdrop, I sense that each market is increasingly welcoming partners like us who are able to build relationships with this long-term perspective. Amid the sharp decline in stock markets, inflation, and the incidence of interest rate hikes since the end of 2021, we have witnessed a change in the FinTech funding environment in the lending business. Signs of a change in the balance of power between the Company and FinTech business operators have also emerged as, for example, startups that cannot demonstrate profitability find it more difficult to raise funds amid the decline in the number of fund providers. Taking the aforementioned into consideration, we recognize that recent changes in the business environment are providing a tailwind for the Company.

Q Credit Saison has identified acceleration of global business expansion as a growth strategy under its new Medium-term Management Plan. How is the global business positioned within the Group as a whole?

Amid the innovative, digital, and global themes raised Group-wide, our goal is to develop the Group as a third pillar that can firmly support growth from a quantitative performance perspective. As I mentioned earlier, there are indications that a lending business framework for providing much needed funds to the underserved through alliances with FinTech business operators and emerging lenders is beginning to emerge in various countries. There are also signs of an improvement in organizational capabilities that encompass the human resources, know-how, and systems necessary to expand horizontally into other new markets over the medium to long term based on this framework. In this sense, I would offer that the global business is becoming one of the Group's three pillars both in name and in reality.

Q What do you see are the challenges for the global business?

Every aspect of our global business is new. In addition to differences with the Group's existing activities, the global business is an initiative that we are undertaking completely from scratch. This includes establishing diverse regulations and systems depending on the country and region. Taking the aforementioned into consideration, we recognize that human resources will determine the success or failure of every aspect of our global business. Human resources in this instance comprise local front-office staff, personnel who are responsible for the corporate functions of each country's business at the IHQ in Singapore, and employees who support our global business from Tokyo.

While recognizing that the front-office staff in charge of launching new businesses are distinguished by their entrepreneurial spirit, my challenge is to create an environment that allows them to maximize their strengths and excel. At the SAISON GLOBAL SUMMIT 2022 meeting of team members from each country held in July 2022, I was convinced that the Company's vision and mission had attracted the best human resources. Looking ahead, we will draw on our track record in Japan to realize financial inclusion and innovation in each country with a greater sense of urgency. As I mentioned just a moment ago, this mission is attracting the best and the brightest. The growth of each individual directly translates to further business expansion. And, as business expands, individuals are afforded greater responsibilities and perspectives thereby expanding the arena in which they can excel. We are aware that this virtuous cycle of human resources and business growth will allow us to acquire and further strengthen our human resources base.

Q Please tell us about the impact and changes that the IHQ in Singapore has had since its establishment in April 2022.

This is now my ninth year working in Singapore. Throughout this period, I have worked closely with the Company's Head Office in Tokyo and promoted teamwork when conducting business and undertaking investments in each country. Singapore has positioned efforts to become a hub for global human resources as a national strategy. Against this backdrop, we recognize the critical need to put in place an Achilles' heel function in Singapore at a time when our global business is growing more rapidly than ever. This is precisely the accelerator that will help ramp up the pace of growth of our global business into one of the Group's three pillars. Moreover, we recognize the importance of a global business strategy that is not led by a team comprised largely of Japanese and controlled by Japan. Rather, we envision that an international lineup based in Singapore will oversee the overseas market. For this reason, we have dubbed the newly established structure as an international as opposed to a regional headquarters. Moving forward, we will gradually delegate more authority to the IHQ to accelerate growth through timely decision-making.

Q How does the global business contribute to its ongoing sustainability as well as the sustainability of society?

Credit Saison has continued to adopt an innovative approach when promoting financial inclusion in Japan through products and services that banks cannot provide. Positioned at the heart of efforts to achieve the SDGs, Credit Saison is committed to funding the financial inclusion and innovation endeavors driven by FinTech business operators and emerging lenders through its global business.

Over and above impact investment, the wide-ranging financial inclusion that is being realized also in India and Vietnam plays an important role in shining a light on the Group's sustainability activities. Kicking off these activities, Credit Saison procured funds for the purpose of financial inclusion overseas through the issuance of social bonds in June 2022. Next year, one year after the issuance of social bonds, we hope to publish an impact report on the effects of our global financial inclusion business. In publishing this report, we will internally measure and analyze both quantitatively and qualitatively the scope and income range of the people we have reached and the areas in which we have contributed.

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

I joined the Company with the aim of serving as a bridge between Japanese companies and the global market. Currently responsible for the Group's financial inclusion business, which stands directly at the center of our efforts to achieve the SDGs and helps create substantial social value, I find my work today extremely rewarding. Looking around the world, there is a large number of such underserved groups as micro businesses and individuals as well as a host of problems to solve. Against this backdrop, we will first work with FinTech business operators and emerging lenders to laterally expand our business in Asia and other markets with large FinTech ecosystems*2. We will then use the know-how and resources gained from this business growth as the driving force to further develop financial inclusion in emerging markets. Moving forward, Credit Saison will continue to ensure that the Company's economic value leads to the creation of further social value. As we work to achieve our established goals, we ask for the continued support and understanding of all stakeholders.

*2 FinTech ecosystem: An industrial ecosystem comprised of a diverse range of participants, including companies, financial institutions, government agencies, lawyers, investors, technology developers, and others involved in FinTech.

Financial Capital Strategy: Interview with the Executive Officer in Charge

Continuing stable financial operations while strengthening risk capital management

Shingo Baba
Managing Executive Officer and CFO
Financial & capital strategy, IR, M&A
Head of Public Relations Office,
Corporate Risk Management Dept.,
Treasury & Accounting Dept.

Q Please provide an overview of the business results for FY2021.

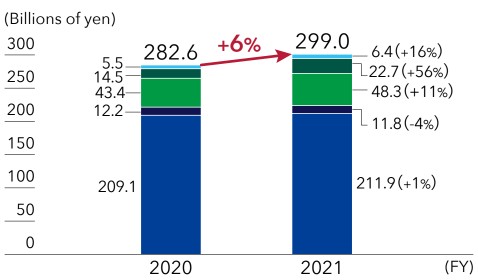
As a company that enjoys many partnerships with brick-and-mortar stores, Credit Saison experienced particularly strong headwinds during the COVID-19 pandemic when consumers refrained from going out, making for continued severity in the business environment throughout FY2021. Despite this situation, the business results for FY2021 saw increased sales among all business segments, except the Lease Business, as net revenue totaled ¥299.0 billion, up 6% year on year. With profits increasing in every segment except the Payment Business, for which we recorded a provision for loss on interest payments, business profit ultimately amounted to ¥52.3 billion, up 8% year on year. If we exclude the temporary overpayment portion in the Payment Business, our assessment shows that in practice we achieved our ¥60 billion business profit target for the final fiscal year of the previous Medium-term Management Plan. Regarding the Payment Business, we are aware of issues including the need to strengthen initiatives intended to capture new cardholders, which will have an impact over the medium to long term, and to expand transaction volumes for the high-yield shopping revolving balance and cash advances. In the Finance Business, despite the COVID-19 pandemic, we diversified operations by decidedly expanding the top line for asset formation loans, Flat 35 loans, and rent guarantees. The Real Estate–related Business also experienced stable growth in real estate prices due to the low interest rate environment, while Atrium contributed significantly to profits as the operating company and the Entertainment Business returned to positive territory.

Q Now that the previous Medium-term Management Plan has ended, what is your overall assessment?

Although the pandemic's complete transformation of the business environment after we initially formulated the Medium-term Management Plan had an impact on the Company, we worked to revise the business composition in line with this changing environment, for which we made steady progress in both the Payment Business and the Finance Business. For example, we transitioned from business development centered on the real world as usual to expanding digital services using SAISON CARD Digital. Although we cannot deny that areas of

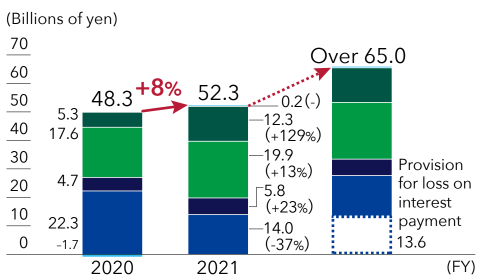
Net revenue by segment

■Payment ■Lease ■Finance ■Real estate-related ■Entertainment

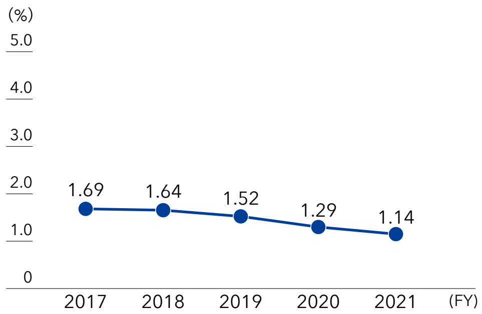


Business profit by segment

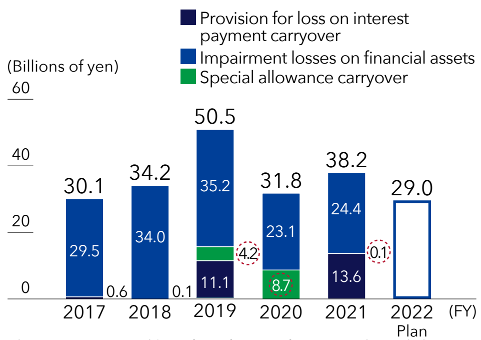
Note: Growth rate in parentheses



Credit risk delinquency over 90 days (consolidated)



Credit risk bad debt costs (consolidated)



• Utilized macroeconomic variables as future forecast information and recorded additional provisions from the future forecast numbers
• Due to the ratio of unpaid receivables and the status of deferred payment receivables, special allowances were recorded to prepare for future increases in such accounting line items as delinquent receivables.

the global business experienced delays in terms of the pace of the Plan compared to our initial expectations due in part to restrictions on movement, we did manage to successfully strengthen its functions as a business entity, including system building and governance enhancements. Now that we are living with COVID-19, we expect to see further activity in the payment, finance, and global businesses.

Q Tell us about the current credit risk situation.

Credit Saison has been able to maintain credit risk at a low level in terms of delinquency over 90 days. In general, credit risk increases in the event of emergencies, during which bad debt costs also tend to balloon, so we braced ourselves when the world first entered the COVID-19 pandemic. Looking back, however, our credit quality actually improved during this time. Along with macroeconomic elements such as generous support in the form of government subsidies and unsecured and interest-free loans, as well as the Bank of Japan's ongoing negative interest rate policy, our improved credit quality stemmed in part from a higher deposit rate corresponding to the degree to which consumption fell as people refrained from going out. Our analysis also shows that our AI-based fraud detection system and efforts to strengthen credit controls were effective in improving credit quality. Although we did accumulate provisions for loss on interest payments in anticipation of future trends, in FY2022 this effort enabled us to build up allowances equivalent to more than 3.6 years of losses, even if we assume a drawdown at the same level as FY2021. As of November 2022, we do not plan to make any broad additional allocations, but we will continue to keep a close eye on future trends.

Q Please tell us about the basic policy behind the financial strategy.

Considering the Company's business model, we manage the Company with an awareness of financial soundness (credit rating A+). For more than 10 years, we have measured the confidence level, which represents the amount of risk suited to this rating, as 99.75%, and have engaged in risk capital management in a way that allocates the minimum required capital by quantifying this level for each business and affiliated company. The ALM*1 Committee deliberates risk quantification, risk capital investment policies, and WACC*2 and ROIC*3 targets for each business, from which we derive the investment allowance for implementing aggressive growth investments and shareholder returns. Calculating these enables us to prioritize the maintenance and enhancement of financial soundness while executing agile decision-making for matters that fall within the scope of the investment allowance, even in the case of high-risk overseas investment and financing projects or share repurchases.

In terms of individual investment proposals, members of the Investment Strategy Committee with expertise in financial, digital, and global matters, as well as those involved in finance, accounting, legal affairs, and risk oversight, deliberate on matters from a multifaceted perspective to first identify risk. Following this, we make the actual investment decisions through requests for approval and at meetings of the Board of Directors. In terms of high-value investment and overseas investment proposals, we employ the capabilities of outside experts to help identify potential risks and deliberate the countermeasures for these at Board of Directors' meetings.

As of the end of March 2022, consolidated interest-bearing debt (including lease debt of ¥15.3 billion) amounted to ¥2,569.0 billion, of which debt accounted for 54.5%, corporate bonds for 20.7%, CP for 18.1%, and securitizations for 6.7%. Of the assets owned by the Group, 68.6% consist of installment accounts receivable, mainly in the Payment Business. With the turnover rate averaging more than three times a year, however, we have been able to maintain a high level of liquidity.

*1 Asset Liability Management (ALM): Comprehensive management of assets and liabilities
*2 Weighted Average Cost of Capital (WACC): The interest expected to be paid by a company on average to all right holders as compensation for financing
*3 Return on Invested Capital (ROIC)

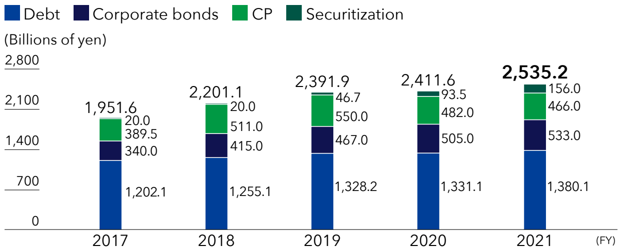
Q Please tell us your thoughts on fund procurement.

We place importance on stability and cost when procuring funds and endeavor to diversify our procurement methods. In terms of our main funding methods, in addition to relative transactions with banks, financial institutions, life insurance companies, and non-life insurance companies, we conduct indirect financing such as syndicated loans and commitment lines, and direct funding such as issuance of straight bonds and CP. In terms of indirect procurement, in addition to building relationships with existing business partners, we are striving to mitigate refinancing risks and to reduce costs by cultivating partnerships with new financial institutions with which we can expect long-term stable transactions to diversify our procurement sources. For direct financing, in addition to straight bonds and CP, we are working to reduce liquidity risk and costs by diversifying our funding methods, such as with the liquidation of receivables that are not affected by our credit status.

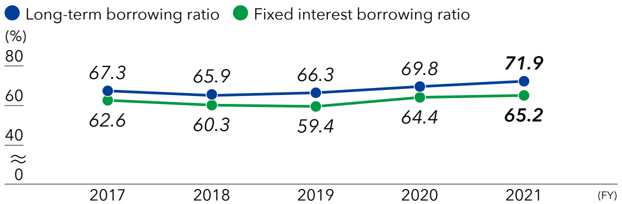
In terms of interest-bearing debt, we will continue to maintain our basic policy of a 70% long-term interest rate ratio and 60% fixed interest rate ratio as part of our ongoing conservative approach to financial operations. Unlike the ongoing negative interest rate situation in Japan, the United States, Europe, and even emerging economies are slowly approaching a period of rising interest rates. Assuming the potential for interest rate increases in Japan, as well, we will maintain our conservative approach to financial operations so that we can continue to procure funds in a stable manner at low interest rates. This will also allow us to gradually benefit from the effects of a shift to long-term fixed interest rates at the time of rollover and new fund procurement.

Moreover, in the global business, which is driving business expansion with a focus on Southeast Asia, we must investigate measures to mitigate foreign exchange risks that coincide with lending and investments. Conducting asset management and procurement using the same currency will enable us to hedge foreign exchange risk for the entire Group to some degree, so we will work to procure funds locally in addition to utilizing foreign exchange contracts and currency swaps for yen procurement in Japan. We have already acquired a local credit rating for our operating company in India and have established a system that enables external procurement from local financial institutions. From the perspective of regulations and business scale, the global business is not necessarily able to procure funds locally for every country and region like we have in India, so we will provide support in the form of guarantees and direct lending from Tokyo as necessary and pursue ideal financing methods throughout the entire Group.

Balance of interest-bearing debt (non-consolidated)



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



Q Please tell us about the background to the social bonds issued in June 2022 and your thoughts on this.

In addition to being part of the financing method diversification that the Company is advancing as an important measure, we issued these social bonds as one of our ESG initiatives amid the recent increase in investors that are engaged in ESG finance. Using funds that are stably procured at low interest rates to help provide financing to underserved demographics in emerging economies, for example, will also serve to fuel business growth for the Company while having an impact on society. Although the scale of this effort is still small, we intend to expand these initiatives in the future in stages.

Q Please tell us your thoughts on the shareholders' equity ratio.

To raise corporate value, we have defined three major indicators, namely business profit, ROE (return on equity attributable to owners of the parent) to ensure an awareness of capital efficiency, and shareholders' equity ratio (equity ratio attributable to owners of parent) for maintaining and improving financial soundness. As an independent non-bank company, securing a specific shareholders' equity ratio is a particularly important indicator for us when considering the Company's credit rating and transactions with financial institutions and other creditors. In addition to considering the opinions of rating agencies and market trends, we maintain an awareness of flexibly securing a shareholders' equity ratio of around 15% over the medium to long term as another one of the guidelines. At the same time, in each instance we investigate our stance on the shareholders' equity ratio considering discussions by the ALM Committee and Board of Directors. We are also holding discussions over asset allocation and maintain a policy of strengthening initiatives intended to increase ROIC and reduce WACC for each project. This policy calculates WACC for each project based on quasi-capital derived by applying the risk ratio to the used assets. We also intend to take an approach that allows us to present specific asset allocation policies upon fully investigating the adequate level of asset allocation from the perspective of various stakeholders. In particular, the rapidly growing global business has seen a demand for business assessments that do not rely solely on ROIC indicators but that also consider growth potential. For this reason, we aim for business growth that looks to flexibility and speed from both a quantitative perspective and a qualitative perspective based on a sensibility that is unique to the Company.

Q How do you intend to link the Company's medium- and long-term financial capital strategies to value creation?

With an eye to higher interest rates in the future, the central pillar of the financial capital strategy focuses entirely on stable financial operations. I am certain that each business division will fully realize business growth, so my role is to strengthen risk capital management. And I must also provide quantitative yet easy-to-understand explanations to various stakeholders, including investors, creditors, business partners, and employees. The fact that the Company includes sensibility-based management as part of business growth is a point that sets us far apart from our competitors. Founded on our solid financial base, we intend to connect our capital strategies to greater corporate value.

Q In November 2022, the Company announced a revision to the risk capital allocation model. Please provide some details on this.

The Company's business composition is transitioning from a business model centered on the Payment Business to one that assumes growth in both the Finance and global businesses. The global business has experienced changes regarding both the quality and quantity of the country risks for each country and region in which we do business, foreign currency risks, and other risks that we consider, which is one of the reasons we revised the risk capital allocation model. The most recent revision continues to use the same confidence level of 99.75% for earnings at risk (EaR)*4 required to maintain our current credit rating yet reduces the percentage of consolidated shareholders' equity to be secured as the minimum required capital from the conventional 20% to 15%. As a result of revising the risk allocation model for finance-related businesses, real estate-related businesses, and global businesses, the capital surplus calculated as approximately ¥50 billion will continue to be distributed into appropriate shareholder returns and aggressive growth investments. We will continue to revise the allocation model on a regular basis in line with business growth as we deepen discussions into further upgrading the model.

*4 Earnings at Risk (EaR): The maximum variation in earnings value assumed due to changes in the market environment over a specific period and within a specific confidence interval.

Q Please tell us your thoughts on the capital policy and shareholder returns.

The Company has defined the basic policy for the capital policy as engaging in efforts to enhance corporate value while fully balancing the three aspects of soundness, growth potential, and shareholder returns. To increase shareholder value, we believe it is important to take action that strengthens our corporate structure and that continues to expand our business. Meanwhile, our policy on returning profits involves enhancing internal reserves and making appropriate, stable, and continuous dividend payments to our shareholders.

We generally distribute our dividend on earnings retained once per year as a year-end dividend payment, which in FY2021 amounted to ¥55 per share. Moreover, we intend to efficiently invest these internal reserves in growing areas that will contribute to sustainable growth in corporate value. In November 2022, we formulated a policy for purchasing treasury shares as a shareholder return measure and have prepared to execute this policy in a flexible manner upon comprehensively taking account of investment opportunities, our financial standing, and the stock price level. In working to raise the Company's corporate value, we must also share our perspective through extensive dialogue with as many stakeholders as possible and address this issue while considering the balance between our shareholders and creditors.

Capital policy (risk capital management)

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

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.

Results of review of major items

Confidence level, including EaR required to maintain A+ credit rating
99.75% ➤ No change

Percentage of consolidated shareholders' equity to be secured as minimum required capital
20% ➤ Revised to 15%

Risk allocation model for each business
Non-consolidated: finance-related business
Consolidated: review of real estate-related business/global business, etc.

Basic approach to allocation of surplus capital

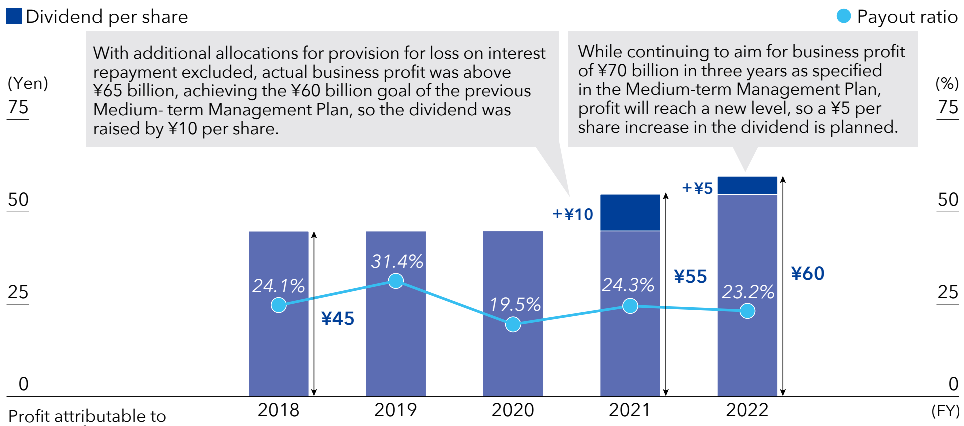
Allocation of surplus capital approx. ¥50.0 billion

Appropriate shareholder returns
In addition to returns through dividends in line with growth, carry out stock buybacks with awareness of capital efficiency

Investment in growth areas
Investment in new partners (M&A, new alliances) in each business and proactive investment in growth areas inside and outside Japan to create a comprehensive life services group

Dividend per share and payout ratio

Shareholder returns
Stable, continuous dividend
No dividend cuts in the past, even during times of management hardship like the 2008 global financial crisis.



	2018	2019	2020	2021	2022
Profit attributable to owners of parent (Billions of yen)	30.5	22.8	36.1	35.3	Forecast 40.5
Stock buybacks (Billions of yen)		10.0			Flexible implementation

At the meeting of the Board of Directors held on November 10, 2022, the Company formulated and approved a policy for the purchase of treasury shares as a shareholder return measure. The specific details for the purchase of treasury shares will be published after being resolved at a separate meeting of the Company's Board of Directors.