CREDIT SAISON

INTEGRATED REPORT 2021

It has always been the case.

A disadvantaged business environment, a variety of constraints, adversity, crises

Credit Saison has developed innovative services in the credit card industry, such as Japan's first signature-less payments and Eikyufumetsu Points.
We are living in an era of rapid change in which everything changes in 30 years.
Conversely, we do not know where the potential lies. It is necessary to have an attitude of dreaming big and taking on challenges.
Companies that are unable to continue to innovate will stop growing and eventually decline.
We have continued to grow, to the point we can now rely on 36 million cardholders, due to the thorough pursuit of customer convenience and convention-shattering innovation.

Representative, Chairman and CEO
Hiroshi Rinno

Saison Group founder
Seiji Tsutsumi

Staying ahead of the times

Response to change

Creative destruction

Innovation

Surpass our competition

No. 1 in the industry in terms of four card indicators

Humanism

Diverse human resources

Equal pay for equal work

Management Philosophy

We will fulfill our corporate social responsibility by striving to meet the expectations of all of 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.

Having adopted a policy of exiting mass culture, Tsutsumi succeeded in developing retail, hotel, and resort businesses.
He created a new consumer culture by popularizing the DC brand.
In the meantime, he was also active as a writer and poet under the pen name Takashi Tsujii.

And Now,
Ushering in Our Second Foundation

Transforming Ourselves into a Comprehensive Life Service Corporate Group

The impact of the COVID-19 pandemic on society has been severe, but, looking at the current situation from a management perspective, we see a great opportunity to introduce big changes. All our current practices and ideas are rooted in the past, and organizations that are unable to reinvent themselves are doomed to a fast decline.
It is because these are difficult times that the switch to aggressive business management must come soon. Companies with a single business model tend to have a weak management base. To diversify our business models to overcome the current situation, we are targeting our own transformation from a corporate entity centered on the payment business to a comprehensive life services corporate group by leveraging the strengths of the entire group.

Representative, Executive President and COO
Head of Public Relations Office,
Branding Strategy Dept.,
Payment Business Division,
Sales Development Division,
General Manager, Payment Business Division
Katsumi Mizuno

Innovative

Digital

Promoting digitalization, while valuing the real services that are our strength; achieving customer success by providing services that are close to the customer.

Director,
Senior Managing Executive Officer and CTO, CIO
Company-wide promotions of DX strategies
Head of Digital Innovation Division,
In charge of IT Strategy Dept., Strategic Planning Dept.,
General Manager, IT Strategy Dept., Technology Center
Kazutoshi Ono

Global

Under the themes of FinTech and financial inclusion, we will accelerate business development from Southeast and South Asia to other parts of the world.

Senior Managing Executive Officer
Head of Global Business Division,
General Manager, Global Business Division,
In charge of India business,
being assigned to Credit Saison Asia Pacific Pte. Ltd.
Kosuke Mori

Neo Finance Company in Asia

Creating new value through innovation

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 2021 contains non-financial information that covers a wide range of environmental, social, and governance (ESG), as well as 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.

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 2020 fiscal year (FY2020: April 1, 2020, to March 31, 2021). Some activities in FY2021 are described as well.

A History of Reforms and Challenges

Since its establishment as a department store that sold products on a monthly installment basis, Credit Saison has provided a variety of services tailored to the changing times while expanding its business.

Operating revenues

(Billions of yen)

400

300

200

100

0

1951
Company established as Midoriya Co., Ltd.

Conversion to payment business

1982
Started the issuance of the no annual membership fee Seibu Card
Started instant credit screening, instant card issuance
Started a nationwide network of Saison Counters
Started the lease business

1985
Started the credit guarantee business

1990
Introduced Japan's first signature-less payments

1997
Started the issuance of the SAISON American Express® Card

2002
Started Eikyufumetsu Points, which never expire

永久不滅ポイント

Finance business begun in earnest

2009
Started handling "Flat 35 Loans"

セゾンの住宅ローン

2013
Started handling Saison Asset Formation Loans

Acceleration of global business

2014
Global business begun in earnest
Singapore base commences operations

2016
Started Point Investment Service for long-term investment using Eikyufumetsu Points

2017
Abolished employee classifications; introduced a common HR system under which all employees are on indefinite-term contracts

Acceleration of digitalization

2021
CSDX strategy announced

CSDX
CREDIT SAISON Digital Transformation

Released a comprehensive living service portal site to transform ourselves into a comprehensive life service corporate group

1951 1980 1990 2000 2010 2020

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

From Establishment to the Early 2000s

Period of Business Expansion

Established membership base

The company that is today Credit Saison was established in May 1951 as Midoriya Co., Ltd., a department store that sold products on a monthly installment basis. Having joined the Seibu Distribution Group (later the Saison Group) due to a deterioration in its management in the 1970s, the Company shifted to being a credit card company. Since changing the company name to Seibu Credit Co., Ltd., in 1980, and later to Credit Saison Co., Ltd., in 1989, the Company has launched a succession of customer-oriented services that have broken with generally accepted industry practices and traditions, including instant credit screening, instant card issuance, signature-less payments, and Eikyufumetsu Points that never expire. In 2002, Credit Saison achieved the top position in the industry in terms of four indicators: the number of cards issued annually, total cardholding membership, the number of cards in operation annually, and annual card transaction volume.

From the Early 2000s to 2010

Shift in Business Composition

Expanded the fee business as a new revenue stream

Since 2002, in accordance with the active reorganization of the credit card industry, we have been aggressively forming strategic alliances, strengthening marketing from both card development and usage activation aspects, and promoting efforts to improve added value for cards. In 2006, the Company merged with UC Card Co., Ltd. (UC member operating company), and maximized the utilization of the management resources cultivated in its card business. In addition to strengthening each business, such as in leasing, credit guarantee, and finance, we worked to expand the fee business as a new revenue stream, for example, by establishing the industry's first card processing company.

From 2011

Global Business Begun in Earnest

Shift to new business model

Aiming to be the No. 1 company in the cashless payment market, we are promoting collaboration management with our own products and services and alliance partners. At the same time, we are positioning the global business as a future revenue base and entering the retail financial business in line with each country, centered on ASEAN. Using these products and services as tools, we have established a complex sales system that turns corporations and individuals into customers. As a non-bank capable of responding to changes, we are shifting to a business model that addresses the various payment and financial needs of companies and provides cashless functions for all individuals and corporations in Japan and elsewhere in Asia.

From 2019

Intensification to Become a Leading-edge Service Company

Facing challenges toward the creation of new value

We are promoting a Medium-term Management Plan that has becoming a Neo Finance Company in Asia as its management vision. By developing solutions that cover the life cycles of individuals and corporations, we are facing challenges as a finance company advancing with customers for 50 years. By means of 1) a payment business growth strategy and structural reform, 2) further expansion of the finance business as a non-bank, and 3) expansion of our global business revenue base with a view to the future, the Company is working on sustainable growth as a general non-bank.

From a period of high economic growth to the bubble economy ➤ | Collapse of the bubble economy/ Heisei era recession ➤ | Global financial crisis ➤ | Abenomics ➤ | Tokyo Olympics ➤

Historical Context

Giving young employees a chance and tirelessly driving innovation

Hiroshi Rinno
Representative, Chairman and CEO

Introduction

We can probably now say that the COVID-19 pandemic as driven by the Delta variant is rapidly approaching its end here in Japan. In 2020, I mentioned that the significant impact on society brought about by the pandemic was also a superb opportunity for companies to drive innovation. Even now that we have lived with COVID-19 for more than a year, I still believe that, as driven by the pandemic, society has had a great opportunity to completely transform itself from where it stood in 2020. Of course, we also face many impasses during such major transformations. The question remains, however, how will we seize upon even greater opportunities and the chance to succeed. As far as Credit Saison is concerned, I feel that we are now embarking upon a second founding.

The source of growth is the power to drive innovation

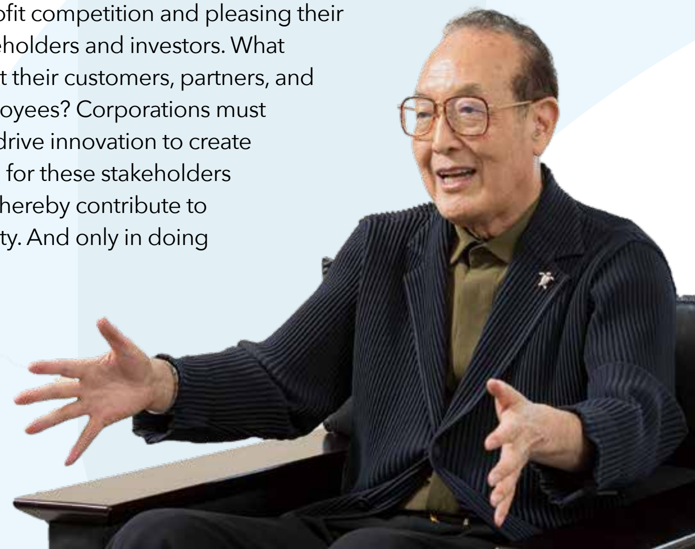
Looking back over the years since our initial founding, it seems to me that Credit Saison has primarily grown because of our tireless drive to innovate in ways that help improve convenience for our customers. During this time, we have released countless new concepts that have received the backing of our customers and that have attracted many card members centered on women, who make up the core of shoppers, including credit cards for which credit screening, issuance, and use are instantaneous, and that are free from annual membership fees, and later Eikyufumetsu Points, which never expire, and signature-less payments. The ability to drive this kind of innovation without being concerned about breaking some taboo of the industry is, even to this day, a major strength of Credit Saison.

During the years between joining Seibu Department Stores in 1965 and my transfer to Credit Saison in 1982, I observed the management style of Seiji Tsutsumi, who built up Seibu Department Stores to become the No. 1 store of its kind in Japan, from up close. One of the things I will never forget are the details of the talks that Mr. Tsutsumi often made during the executive meetings a few years after I joined the company. Giving off an overwhelming energy like that of the sun, the words that would emerge from his mouth described the management idea of "customer-first," the organizational concept of "management republicanism," and the organizational culture of "humanism." He would then go on to espouse the philosophies of "gender equality," "the uselessness of educational backgrounds," "meritocracy," and "not implementing a seniority system." For those of you who are familiar with the environment at that time, you can probably imagine just how progressive Mr. Tsutsumi's speeches were and the vivid impression they left upon me. Despite launching Seibu Department Stores in Ikebukuro, a disadvantageous location for this business at the time, Mr. Tsutsumi transformed this experience of adversity into an advantage, and later went on to drive innovations that formed the core of a "culture," to create a new "culture" in Ikebukuro, and to significantly change the world. Even before the term "creative destruction" came into being, Mr. Tsutsumi served as a manager who took the initiative in putting this concept into practice. I have learned much from this management style of Mr. Tsutsumi, and as a manager, I have pioneered a path that has enabled Credit Saison to grow while replaying this process of creative destruction in the credit card industry.

As just one of many members of society, companies must maintain a sense of impending crisis

As part of our second founding, Credit Saison must continue to achieve growth by leveraging our ability to drive innovation. To do so, we will continue to hold a sense of impending crisis and not become bound by the many successful experiences of our past. Lacking a sense of impending crisis weakens the competitive fervor that is critical for companies and drains them of their strength to drive innovation. What waits beyond is only defeat, caused by overlooking those opportunities and the chance to be victorious that were before their very eyes. Coming out on top is the essence of a company, so defeat is something we can never accept.

The world is now starting to shift its way of thinking from "shareholder capitalism" to "stakeholder capitalism." In other words, the very essence of competition—for whom and how we compete—is changing. One might want to think that in the pursuit of economic gains, corporations are the most important presence in society. But society is made up of many different organizations beyond just corporations, including educational institutions and local governments, and we must never forget that corporations are not some kind of special presence among these. As a member of society, an organization must fulfill its responsibilities and obligations in the same way as other entities. Based on this way of thinking, it is clear that it is a mistake for corporations to prioritize greater profits for shareholders and to be satisfied with simply triumphing in profit competition and pleasing their shareholders and investors. What about their customers, partners, and employees? Corporations must also drive innovation to create value for these stakeholders and thereby contribute to society. And only in doing



so should they bring profits to shareholders. I believe this is the form for which corporations should aspire, and we have therefore stated our Management Philosophy as: "We will fulfill our corporate social responsibility by striving to meet the expectations of all of 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."

Toward transforming ourselves into a comprehensive life service corporate group

As part of our second founding that we will soon welcome, we have set a new vision of "transforming ourselves into a comprehensive life service corporate group: Achieving customer success through the fusion of the real and digital worlds." Under this vision, the entire Group will work to raise the level of customer satisfaction by responding more thoughtfully, appropriately, and swiftly than any other company to every problem faced by consumers as part of their lives. This is our vision for the comprehensive life service corporate group to which we aspire.

Amid the COVID-19 pandemic, the shift to e-commerce, delivery services, and other areas of the virtual world accelerated, just as department stores and other real-world businesses struggled. E-commerce is expected to continue growing and could eventually expand to account for 20% of all consumer spending. Looking at things from a different perspective, however, this also means that the real world will, of course, still account

for the remaining 80%. It is unlikely that people can fully enjoy themselves by only shopping in the virtual world. Credit Saison has beat out our competition by expanding membership centered on house cards for large-scale allied retailers and banks, so in terms of real versus virtual, our strengths currently lie in the real world. Going forward, however, we intend to strengthen our position in the virtual world beyond what it is today, and thereby further expand the economic sphere of the Credit Saison Group.

Three basic concepts led by young employees

To achieve the vision for our second founding, the three basic concepts of "Innovative," "Digital," and "Global" will become important. We no longer can tell whether innovation will arise from employees, partners, or customers. Which is why we must collect ideas, opinions, and data from as wide a range as possible and make management decisions based on these. In other words, everyone must be a participant. And all these participants must be flush with diversity. This diversity is so important that you could even say it controls the fate of the Company. For example, those of our employees who enter the Company through regular recruitment and who are trained within the Company establish a strong sense of loyalty to the Company, yet it is difficult for those who have only ever been part of one organization to emerge as mavericks. Therefore, Credit Saison aggressively recruits mid-career professionals who have accumulated experience outside the Company to breathe fresh air into the organization. When these human resources mix with dyed-in-the-wool employees, the organization maintains its potential to easily drive innovation. This is one of the specific ways in which we realize diversity.

In terms of digital, we formulated the "CSDX Strategy" in September 2021. Under the direction of Kazutoshi Ono as CTO, we are leveraging digital technologies to reform and transform our business and to provide exhilarating experiences that exceed the expectations of our customers and employees. This move is intended to build a company that can lead in the digital era. Moreover, we are turning our sights from Japan, with its unceasing low growth, to the rest of the world, and are placing our energies into expansion in global markets such as Southeast Asia with its young population and high growth potential. In this area, we will focus our efforts under the leadership of Kosuke Mori, senior managing executive officer and person in charge of the overall global business, from our base in Singapore.

This era of low growth for Japan is unlike its high economic growth period, when growth could be expected as long as one applied the right strategies. In addition to the right strategies, today personnel who can act as leaders to implement these strategies possess an extremely important key to growth. Although it is the power of younger employees in their early 40s that will lead these digital and global strategies, we have instilled a meritocracy that does not concern itself with age or length of service in order to expand diversity. Mid-career recruits are also effective in imparting an impending sense of crisis upon management in that we do not know when they will leave for another employer. This is important because an impending sense of crisis is an element that strengthens competitiveness and drives innovation.

Developing human resources and expanding the economic sphere through incubation

In working to expand the Group's economic sphere, one of the key words is incubation. In the future, we will build more than 100 companies and increasingly leave their management up to young employees who volunteer to take the reins through open recruitment. Even when it is difficult to launch businesses from scratch, we still have the option of birthing new companies from affiliated companies within the Credit Saison Group, joint ventures, alliances, and M&As as a means of developing young employees throughout the world and expanding our economic sphere. As such, I hope we can be a company that is supportive in enabling employees to choose what they do and where they work entirely on their own and to plan out their own lives. Given that everyone only has the chance to live their life once, we intend to nurture a set of values within them that includes the desire to venture out within a slightly more permissible range. This is another goal of incubation.

Looking back, I forfeited my vacations to transform the monthly installment sales retailer Midoriya into a credit card company and spent my days endlessly thinking about and writing up my ideas for the rebirth of Credit Saison. I believe the "power of dreams" that is exerted when we are totally absorbed with something gives rise to creativity, which ultimately drives innovation and can even evolve us as individuals. This is true whether we are talking about work, study, or play. The source for the "power of dreams" is a curiosity that maintains an interest in different things. Once fully absorbed, studying, working, and playing fuse together and become nearly equal. And this leads to a fulfilling life. It is my hope that those young employees who raise their hands and volunteer will demonstrate this "power of dreams."

As one of our new businesses, KURASHINO SAISON is a company that emerged with its name change in April 2021 to solve all home-related problems, from house cleaning to building management services and countermeasures against infectious diseases. Another one is the brain health diagnosis test business, in which we invested in 2019. This business offers approaches to the problems of the older generations who are familiar with Saison. This endeavor is already starting to develop in an impressive direction for a new business, including receiving interest in an alliance from an overseas company, something that was completely unexpected during the COVID-19 pandemic. The success rate of new businesses is not necessarily high, which is why it is okay to fail. If the decision to withdraw can be made with confidence, we can challenge various possibilities through repeated trial-and-error. As a company with this capability, we intend to establish an economic sphere as a comprehensive life service corporate group around which all manner of life industries orbit. At the dawn following the establishment of this economic sphere, we might be able to remove "Credit" from the "Credit Saison Group" name. This would essentially be the revival of the Saison Group that collapsed just 10 years after it was first built by Mr. Tsutsumi. And as the core company of the Saison Group, Credit Saison will provide financial products to the rest of the Group. Perhaps it is my intention to try and achieve what Mr. Tsutsumi was unable to by creating the ultimate ideal that he had in mind. And then our customers would feel they could come to our site for help whenever they have challenges in their lives. It is my hope to emerge as a Group that has earned this kind of backing. To realize this vision—five or 10 years in the future—we will first make repeated improvements based on the portal site that we launched in September 2021.

Producing human resources that can see the true nature with their own eyes

One area on which I have recently focused is U.S.-China friction and other international political movements. Although global is one of the basic concepts for realizing the vision of our second founding, for the younger generations to increasingly play a role on the global stage in the future, I feel it is extremely important for them to go beyond economics and deepen their understanding of political, cultural, philosophical, and religious affairs on the ground in countries around the world. They must be able to face the truth of the different events now occurring around the world, without being swayed by the overwhelming amounts of information. They must go to directly understand, experience, and live local cultures and customs, and seek a fitting approach under which they can push forward. This is the path I hope they travel.

In our 2020 integrated report, I mentioned the professional shogi player Sota Fujii, and expressed how excited and impressed I am with the limitless potential possessed by the younger generation. Over the past year, Mr. Fujii became the youngest person in history to capture the shogi triple crown after sweeping the Kisei, Oi, and Eio titles in succession. Even looking abroad, Shohei Ohtani has exhibited remarkable success in the United States as a baseball player. In business, it is difficult to display records in a visualized format, as can be done for shogi players and athletes. At Credit Saison, however, we intend to continue providing opportunities for our younger employees to undertake challenges with the aims of producing the Sota Fujiis and Shohei Ohtanis of the business world.

International society is now being pressured to solve the three major issues of human rights, disparity, and the environment, yet these problems stem from the fact that somewhere along the line democratic nations and capitalist economies became warped. Therefore, we must continually question the true nature, correct distorted value systems, and share the right sets of values. In our second founding and beyond, Credit Saison aims to continue serving as a company that forever travels this path.

September 2021

Promoting digitalization that leverages the Company's real strengths toward becoming a "leading-edge service company 2.0" with a flat organization

Katsumi Mizuno
Representative, Executive President and COO

Q You were appointed executive president and COO in March 2021. First, please tell us your aspirations upon taking the position.

When the general public hears the name Credit Saison, I think that the impression they have of us as a credit card company remains strong. In fact, the Company's Payment Business has a history dating back more than 30 years, but the same business model will not work for decades. Some 20 years have passed since 2000, when we adopted "a leading-edge service company" in our management philosophy, and now two new waves, called digitalization and globalization, are under way in the Company. Looking at the lifestyles of our customers, they have smartphones on hand, and their lifestyles have changed to the extent that they can now receive a variety of services via those smartphones. Also, the movement of society toward digitalization has been further accelerated since last year by the pandemic.

At a time when both society and the Company are experiencing major changes, I was appointed to the post of president. Regarding from now as Credit Saison's second founding period, I would like to review the ways that companies should be, including their business models, and take on the challenges of changing everything. It is, so to speak, "leading-edge service company 2.0." With the increasing number of senior citizens who possess a high level of digital literacy, we will further fine tune the strengths of Credit Saison, which has been providing heartfelt services with a human touch, while building a range of new, digital technology-based services during the second founding period. I will bring about major reforms at Credit Saison in the next 5–10 years so that we can reach the stage at which people will say that "Credit Saison used to be a card company."

Q How do you view the industry environment in which Credit Saison operates?

The movement toward cashless payments is being accelerated by the COVID-19 pandemic. In addition to the traditional credit card companies, QR code payments and electronic money payment providers, and more recently, deferred payment business operators have appeared, and the industry is in a state of intense rivalry. In terms of the scale of transaction volume, however, the approximately ¥60 trillion of domestic credit card transactions holds an overwhelming lead over the other forms of cashless payment. For example, even in the case of QR code payments, the scale of domestic transactions is said to be ¥4 trillion, but if you look at the other side of the payments, about half of them are tied to credit cards aligned with bank accounts. In that sense, Credit Saison's primary competitors have not changed significantly.

Q Please tell us your retrospective views on FY2020.

FY2020 was a difficult year for making predictions due to the repeated issuances of state-of-emergency declarations during the COVID-19 pandemic. Under such circumstances at Credit Saison, the Payment Business especially felt the effects of the pandemic, and the top line in COO messages decreased. In terms of having to wait for the recovery of the flow of people for the Payment Business to improve, I recognize that the weakness of the current business model is that it is easily influenced by the flow of people.

In contrast, in addition to the factors that reduced operations-related expenses, credit costs decreased due to the portion suppressed by low consumption, the progress made with bad debt costs, and cashing and revolving payments. Although we recorded a special allowance to prepare for future increases in credit costs, in FY2020 overall revenue decreased and income increased. In the coming months, judging from the trends in Europe and the United States, consumption will likely kick-start if vaccinations progress and behavioral restrictions are relaxed to some extent. I therefore see a high possibility of reactionary consumption also occurring.

Globally, business in the three countries that form the focus of the Company's efforts—India, Indonesia, and Vietnam—was significantly affected by the fourth wave of COVID-19, albeit at different times. Having been affected by the fourth wave ahead of the others, stability is already returning to India. Although there are concerns that the country is heading for a fifth wave of COVID-19, if the business environment improves there, I believe that we will be able to steadily expand our global business.

Amid the pandemic, the value of utilizing digital technology has changed significantly on the customer side as well. Naturally, these changes will accelerate the pace of the Company's digitalization process, but at the same time, we have also worked on a review of our sales structure to respond swiftly to changes in the market. To strengthen corporate sales targeting, for example, small and medium-sized enterprises (SMEs), we promoted the consolidation of branches, reviewed the organizational structure under the jurisdiction of the conventional branch offices, and changed to a nationwide network system by which the whole of Japan was divided into three parts: eastern and western Japan, and Kyushu. For our employees, this has facilitated the promoting of work styles that are not tied to a work system or office, and while increasing the number of business sales bases deeply rooted in each region on a nationwide basis, we have also put in place a system that enables efficient sales activities through horizontal communication.

Q Please tell us about the management reforms and strategies in FY2021.

As the second founding period, in FY2021 we will promote the management reforms stated in our management vision of "transforming ourselves into a comprehensive life service corporate group: Achieving customer success through the fusion of the real and digital worlds." Regarding digital technology, we will work to fuse channels centered on SAISON CARD Digital. In August 2021, we formed an alliance with Jupiter Shop Channel Co., Ltd. (hereinafter Shop Channel), which is engaged in TV shopping. While utilizing digital technology to realize faster payments, we will devise ways to evolve the quality of services in the new TV media venue for shopping. In terms of the real world, at points of contact where we can maximize exciting experiences for our customers, we will further improve customer convenience, that is, achieve customer success, by fusing the human touch services in which we have confidence with the digital.

Q To realize your vision, you have adopted three basic concepts: "Innovative," "Digital," and "Global." Please outline your innovative strategy.

The mainstay of our innovative strategy is the Payment Business. Previously, the Payment Business has brought about various innovations that have broken with industry convention, such as instant credit screening, instant card issuance, and Eikyufumetsu Points. Although there were times when we were affected by, for example, the revision of the Money Lending Business Act, we have finished rebuilding our core system and are now working to utilize digital technology while further evolving our services. The previously mentioned Shop Channel is one example, but we will continue to create innovative services centered on digital technology and promote the shift to digital cards, including cards affiliated with existing issuers. And while creating inspirational experiences for customers with innovative new services, we will also create inspirational experiences for employees by utilizing digital technology to streamline operations.

Q Please give us an overview of your digital strategy.

In September 2021, we announced details of our "CSDX Strategy." We are devising ways to improve the experiences of both our customers and employees by internalizing systems. Specifically, as a financial services provider, we will ensure the stability appropriate for areas where system failures are not an option, while at the same time engaging in parallel developments that emphasize the speed of responding quickly to changes in the times.

One of the purposes of in-house production is to train talented human resources with digital technology expertise in-house. In the process of rebuilding the core system, which was launched in 2018, we have already expanded to about 150 digital technology personnel, but we would like to increase their number to 1,000 by 2024. The Company breaks down the human resources who possess digital technology expertise into three levels according to their knowledge and skills related to digital technology and data. We will develop human resources by utilizing not only external human resources, including core human resources with digital expertise positioned in the upper echelons, but also in-house recruitment.

Having already overcome what is a rigorous training program, the first batch of internally recruited participants have graduated. In this manner, successful steps have been taken to build a mechanism that started operating from September. Recruitment for a second course attracted nearly 100 applicants, and I feel that a good cycle is under way.

Q And how about your global strategy?

Globally, with Singapore serving as a regional headquarters, we have expanded into eight countries, mainly in Southeast Asia, including India, Indonesia, the Philippines, Vietnam, and Thailand. We consider the format through which to pursue entry and the business to be developed in each market, including the financial inclusivity of each market. We then enter the business that is most likely to be commercially viable. As the personnel composition is multinational, the global business is a veritable mass of diversity.

In India, for example, the Company provides financial backing for the small-sum financial needs required for

the construction of school buildings and for the weaving machines to make sari, the native costume. Having a school population of 400 million and a shortage of school buildings, in India many children use huts made of piled-up blocks instead of classrooms. The current situation is that bank loans are not available for the construction cost of a school building, which is equivalent to about ¥700,000. The same applies to a new loom required to weave a sari, which would cost the equivalent of about ¥400,000. Our local employees find financial needs that can provide a clue to solving these social issues in each region, then devise and advance schemes that contribute to the lives of local people. We have experienced some mistakes overseas in the past, but tolerating some mistakes is important. The question is how a failure informs the next project. Thinking about failures in a thorough manner will lead to success. To grow our global business into one of our revenue bases, we are strengthening our business foundation and continuing to take on the challenges of new businesses.

Q How will the structure of your business portfolio change in the years to come by advancing these strategies?

Our business portfolio used to be just the Payment Business, but the Finance Business has been growing as the second pillar. In terms of the ratio to business profit in FY2020 (IFRS basis), the Finance Business, which includes the leasing and credit guarantee business, accounted for more than half of the total, followed by the Payment Business. Although it is not segmented at this time and will take some time over the years to come, the global business will grow as the third pillar. Looking even further ahead, as a comprehensive life service corporate group we plan to give rise to many innovative role models through incubation to create the next businesses that will follow on from the global business. If we do not sow the seeds, nothing will grow. Even if there are shoots that wither and die in the process, I hope in some small way to grow businesses that go on to make large-flowered blooms from the seeds that I have sown. In the years to come, I would like to continue to cherish a corporate culture of taking on challenges without fear of failure.

Five to 10 years from now, I would like Credit Saison, when viewed from a global perspective, to have become a finance company that has a strong presence particularly in Asia. Ideally, I think the business portfolio should be 30% each for payment, finance, and global, and the remaining 10% should come from the next business for which we are now sowing the seeds. The element that will bring that portfolio to fruition is digital capability. As the number of people who feel a sense of antipathy toward digital devices steadily diminishes, we will provide human-touch services, which are our strength in communicating with customers, and which at the same time will lead to our customers being excited and amazed.

Q Please tell us about your sustainability efforts.

In terms of how to balance social and environmental issues with economic value, the most important component in the years to come will be climate change countermeasures. Extreme weather, which is described as once every 50-year events, is occurring with greater frequency, and climate change is something that concerns me personally. Even novel coronavirus pandemics might continue to occur as frequently as climate change in the years to come. As a company, if we do not build up our business on the premise of dealing with pandemics and climate change, business risks will manifest themselves. The balancing of our dealings regarding business with social and environmental issues is the sustainability that

we at Credit Saison strive for and something that the Sustainability Committee discusses in a focused manner.

Q Finally, please provide a message to the stakeholders.

The overall control of the entire Credit Saison Group, including its basic strategies and policies, rests with Chairman and CEO Hiroshi Rinno. While working hard as the person in charge of the specific implementation of our strategies and policies, I will be doing my utmost to carry out my duties. From the perspective of younger employees, I think it is easier for me, who is closer than Chairman Rinno to them in age, to express my opinion without hesitation. I would like to lead a flat, open, and free form of organizational management, in which the safety of mental health is guaranteed and that each person is entitled to voice his or her own opinions and ideas are not dismissed.

While taking on the challenges of meeting the expectations of our customers, shareholders, and all our business partners, Credit Saison will continue to operate as a company that maintains win-win relationships with all its stakeholders, including society, communities, and employees. We look gratefully forward to your continued support.

September 2021

Our Image of Society

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

Approach to resolving social issues

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

Social issues that Credit Saison should especially help resolve

Realization of financial inclusion

Changing society/Global environment

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

Established in 1951 as Midoriya Co., Ltd., a department store that sold products on a monthly installment basis, Credit Saison has, in the face of various difficulties, continued to take on challenges as a leading-edge service company. As we have in the past, we will continue to contribute to the realization of a “sustainable society that is even more convenient and prosperous than today’s” by resolving social and environmental issues in ways that only Credit Saison can.

September 2021

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

Main Management Resources

Corporate culture that has been handed down in continuous succession

- Awareness toward co-creation with all stakeholders
- Meritocracy free from any age, gender, or educational attainment bias
- An organizational culture that allows creative destruction and failures
- "CS Style" action guidelines

Human resources with vitality

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

Consolidated no. of employees	5,623
Non-consolidated no. of employees	4,319 (of whom 3,250 are women)

*Excluding part-time employees

Innovation creation capabilities

- Credit know-how nurtured over the 71 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

Industry-leading customer base

Number of individual members:	approx. 36 million
Number of corporate card issuers:	More than 50,000 companies

Global base network

Domestic:	Three sales departments
Overseas branches (centered on ASEAN)	in eight countries

Sound financial base

Diverse financing based on high creditworthiness

Consolidated total assets	¥3,409.2 billion
Interest-bearing debt	¥2,429.4 billion

Highest level of creditworthiness for independent non-bank

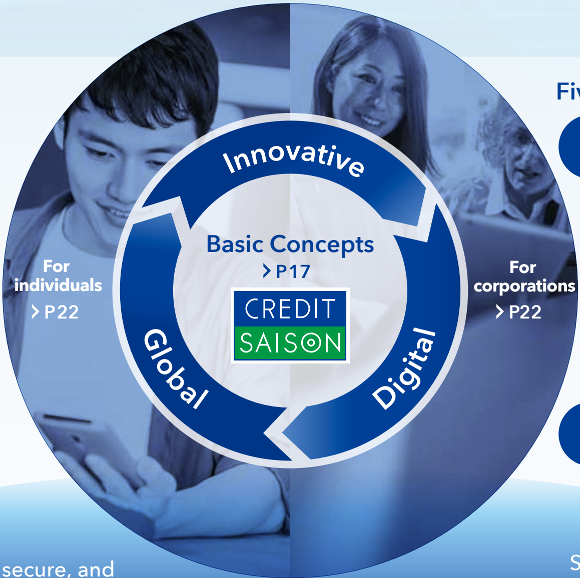
High credit rating Rating and Investment Information, Inc. (R&I) (Continuously for 25 years since October 1996)	A+

Management Philosophy

Leading-edge service company

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

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



Five Businesses > P18

- Finance Business
- Payment Business
- Lease Business
- Real Estate-Related Business
- Entertainment Business

Important issues (management base)

- Contributing to a safe, secure, and convenient cashless society
- Social contributions
- Eco-friendliness
- Promoting diversity
- Strengthening corporate governance

Social issues to be resolved by Credit Saison » **Contribution to economic development by realizing financial inclusion**

Requests from the market environment/society

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

Value Created in Collaboration with Stakeholders

Shareholders | Customers | Business partners | Employees | Administrative agencies | Regional communities

Realization of a resilient organization

Progress in social and environmental initiatives by establishing the Sustainability Promotion Committee (August 2021)

Number of committee meetings/ working groups held:	11 in total Committee: Three times / WG: Climate change five times; DE&I: Three times
Environmental preservation activities (operation of Akagi Nature Park)	Approx. 60,000 visitors
Reduction in paper consumption from the digitalization of recruitment procedures	
Number of dialogues held with shareholders/ investors:	176

Fostering motivation and diverse values

Ratio of female employees	75.2%
Ratio of female managers*3	52.0%
No. of human resources with digital technology backgrounds	approx. 150
Paid leave take-up rate	72.4%

New business/Product development

Number of new product releases:	approx. 20*2
Number of SWITCH SAISON proposals and number of commercialization projects:	approx. 900 proposals, two commercialization projects
Number of security incidents	0

Strengthening ability to resolve social issues

- Alliance through LP investment in domestic and overseas venture funds
- Investment in domestic and overseas seed/ early-stage companies through CVC subsidiaries (Saison Ventures, Saison Capital)

Financial results

Return on equity (ROE)	7.1% (previous fiscal year: 4.7%)
Shareholders' equity ratio (equity ratio attributable to owners of parent)	15.6% (previous fiscal year 14.4%)
Improvement of Group business profit	¥48.3 billion (33.6% increase from the previous fiscal year)
Total dividends	¥7.0 billion (¥7.0 billion in the previous fiscal year)
Total shareholder return (non-consolidated)	78.3% (72.3% in the previous fiscal year)

Notes: *1 The standard is as of the end of March 2021, but some as of November 2021 also included.
*2 Total aggregated number of products and services from April 2020 to March 2021
*3 General manager, manager, and section manager positions

Basic Concepts

Transforming ourselves into a comprehensive life service corporate group

In FY2020, the spread of COVID-19 had a major impact on society and the economy, and we were forced to change our existing business model centered on physical locations, which had until then been our strength. On the other hand, given that our lifestyles and values are undergoing such a drastic change, we are eager to take advantage of this opportune moment to switch to a management style that goes on the offense. In FY2021, we will accelerate our transformation by establishing the themes of Innovative, Digital, and Global as the basic concepts of our management strategy.

Using M&A, capital participation, business alliances, and other means to create new businesses and expand upon existing businesses

- Developing new products and increasing sales of the AMEX brand as a strategic weapon
- Challenging new markets by developing new products and new businesses
- Providing services that match market needs

Bolstering the foundation of the global business by promoting financial inclusion in emerging markets

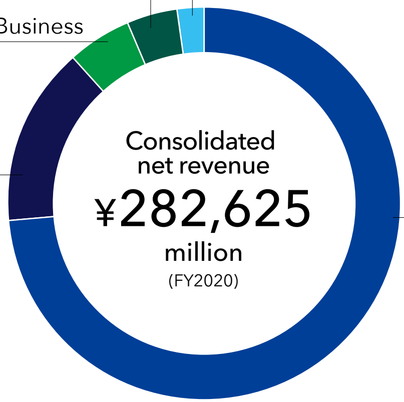
- Establishing a business foundation for dramatic performance
- Concentrated investing of management resources in businesses that contribute to profits
- Creating and diversifying businesses
  (Implementation of the CVC business and the impact business by Saison Capital Pte. Ltd.)

Promoting digitalization, while valuing real services Achieving customer success by providing services that are close to the customer

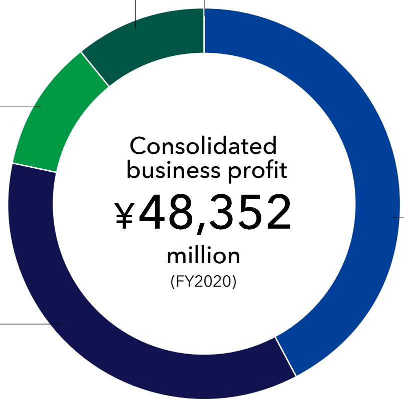
- Promoting a proper card strategy utilizing the smartphone self-contained service “SAISON CARD Digital”
- Expanding the issuer business and the processing business through digitalization and channel diversification
- Utilizing digitalization to fuse the Payment Business and the Finance Business

The Five Businesses

Net revenue by segment



Business profit by segment



*Share in parentheses

In addition to credit cards, we offer a variety of payment services, including prepaid cards and smartphone-based payments, with an eye to bringing about a cashless society. To better meet the needs of our customers, we also engage in a processing business outsourced to us by credit card companies.

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 are taking on new challenges in fields such as environmental products.

Including the credit guarantee business and the finance business, we develop lifestyle creation financial services ranging from home purchases to rentals, with a focus on Flat 35 and Saison Asset Formation Loans.

Real estate business, real estate leasing business, and servicing (loan collection agency) business, etc.

Including the amusement business, etc.

Progress of the Vision and Medium-term Management Plans

Initiatives Prior to FY2016

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

Construction of Foundations FY2016-FY2018

Previous Medium-term Management Plan

Basic Policy

Realize innovation and changing business models

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

Numerical Targets

Consolidated business profit for FY2018

¥60.0 billion (JGAAP)

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

Consolidated ordinary income FY2015 ¥43.8 billion (JGAAP) ➤ Consolidated ordinary income FY2018 ¥54.1 billion (JGAAP)

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

Expand the Global Business into more countries
FY2015: Five countries ➤ FY2018: Eight countries

Transformation and Renewed Growth FY2019-FY2021

Medium-term Management Plan
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

Provide house card functions integrated with alliance partners' customer strategies, expand the customer base through settlement services

Utilize know-how from Japan, expand financial services in high-potential emerging markets in Asia

Management Targets

Regarding FY2019 (consolidated business profit target ¥36.1 billion) as the lowest point, work toward returning to a growth trajectory over the next three years

Consolidated business profit (consolidated ordinary income)

FY2018 ¥52.5 billion (IFRS) ➤ FY2021 ¥52.0 billion* (IFRS)

*Revised given the impact of COVID-19

Progress of the Medium-term Management Plan

Under the Medium-term Management Plan, our vision is to become a Neo Finance Company in Asia, and we are forging ahead on various measures, namely, the three key points of having a growth strategy and structural reform in the Payment Business, the further expansion of the Finance Business as a non-bank, and expanding the revenue base of Credit Saison's global business with a view to the future.
While the spread of COVID-19, which we initially had not anticipated, caused us to revise business profit to ¥52.0 billion, we are making steady progress toward revival of our payment business and transformation to a general non-bank.

Our Aims for the New Medium-term Management Plan and Key Points

Ⅰ Growth strategies and structural reform 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

— Payment Business/Solution Business

4. Create new businesses and enhance digital marketing — Asset Management Business/Digital Marketing

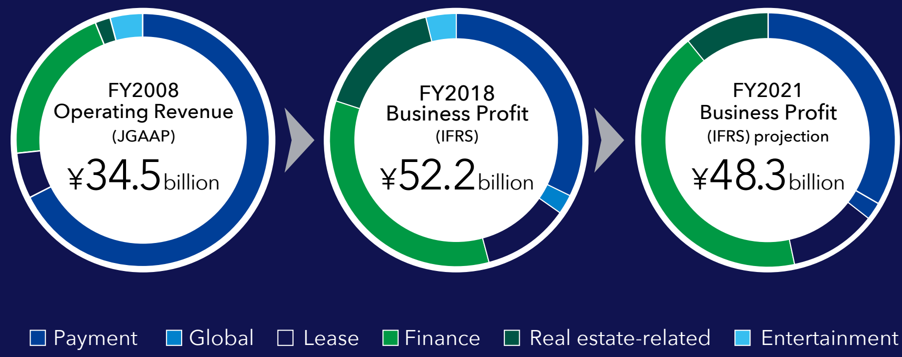
Ⅱ Further expand the Finance Business as a non-bank — Lease & Finance Segments

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

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



Turning adversity into opportunity – Confronting a new normal –

Amid a "new normal" brought about by the spread of COVID-19, we launched SAISON CARD Digital in November 2020 with the intention of turning adversity into opportunity. In the past, we issued plastic affiliate cards for each respective business operator, but through SAISON CARD Digital, a smartphone-based cardless scheme, we are promoting a proprietary card strategy that enables alliances with multiple business operators using a single proprietary card pattern. By leveraging SAISON CARD Digital's advantage of delivering a card number to a customer's smartphone in as little as five minutes after an application has been made, we have secured alliances with more than 150 companies. In addition, from March 2021, we commenced Credit Saison's prepaid service for medical and nursing care fees, etc. (factoring), to support the cash flow of healthcare and nursing care providers, dispensing pharmacies, and others for which business operations have been affected by the decline in outpatient numbers due to coronavirus infections. Within the Group, KURASHINO SAISON Co., Ltd. (formerly AIR Co., Ltd.), is capturing demand for measures to counter pandemic infections and is offering services pertaining to a range of housing troubles, including house cleaning and other disinfecting operations. These and other initiatives represent the strategy we have put in place to seize upon opportunities revealed by changes in the environment.

Main services

SAISON CARD Digital

CREDIT SAISON 医療・介護報酬等前払いサービス

くらしのセゾン

Transforming ourselves into a comprehensive life service corporate group

Ⅰ Create new businesses
(e.g., M&A, capital participation, business alliances)

Ⅱ Achieve customer success by combining the real and digital worlds

CSDX Strategy ➤ P24 Global Strategy ➤ P28

- Strengthen approach to Generation Z, women, seniors, and affluent segments
- Strategically utilize the AMEX brand
- Strengthen solutions for SMEs
- Strengthen the global business

➤ P33

- Reconstruct the domestic network
- Integrate the operations of the digital/IT departments
- Innovate our personnel strategy

➤ P27 CSDX Strategy ➤ P24

- Improve customer convenience and management efficiency by promoting digitalization
- Maximize the real strengths of our Company at the point of contact with customers

➤ P32

- Group companies fulfill a role in services and provide comprehensive life services
- Expand business through venture investment, capital alliances, and M&A

Business Strategy

Background and Policy

As a business strategy, we are focusing on strengthening three areas: our approaches to the Generation Z, women, seniors, and affluent segments; our active utilization of the AMEX brand and our solutions for SMEs; and our global business. For individuals, we have been issuing concept-type cards, which are clearly designed to target women, the affluent, young people, and Generation Z, since November 2020. For corporations, in addition to individual, credit-type business cards, we have started offering corporate credit-type business cards and are taking on the challenges of reforming the credit model.

Issues and Initiatives

In the BtoC field, we issued the Saison Gaming Card for the young segment and Generation Z in 2020 and the Likeme♡ by saison card in 2021. For women, we adopted the rose gold color as the first of its kind in Japan in November 2020, and the Saison Rose Gold American Express® Card, which can only be applied for within a limited time, has been well received. For the affluent class, we began offering the Daiwa Securities Saison Platinum American Express® Card in November 2020.

In the BtoB field, we introduced the Saison Business Pro Card, a corporate card featuring up to 1% cash back and a credit line setting that enables card payment of business expenses, as a solution for SMEs in May 2021. Even amid the COVID-19 pandemic, the results for SMEs have been steadily increasing, and we expect the digital transformation (DX) of corporate procedures for SMEs to be further promoted in the years to come. For the AMEX brand, which boasts high status and customer loyalty, we will promote a brand strategy so that when people speak of AMEX it will be recognized as being equal to “Saison.” Tailored to the travel business that has declined due to the COVID-19 pandemic, we are also advancing a review of our product lineup in accordance with changes in the environment, such as updating to a new service based on a change to the incidental use of travel accident insurance.

Key Performance Indicators (KPIs)

Indicator	FY2018	FY2019	FY2020
Total number of credit cardholders	26.79 million	26.39 million	25.70 million
Number of active card members	14.90 million	14.96 million	13.95 million
Card shopping transaction value	¥4,788.5 billion	¥4,946.9 billion	¥4,500.3 billion
Cash advances transaction volume	¥242.9 billion	¥237.5 billion	¥155.0 billion

Individuals

Issue concept-type credit cards with clear targets

Female segment

Saison Rose Gold American Express® Card
(From November 2020)

Affluent segment

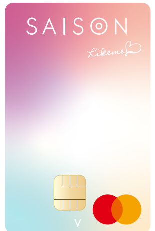
Daiwa Securities Saison Platinum American Express® Card
(From November 2020)

Young segment

Saison Gaming Card
(From December 2020)

Generation Z segment

Likeme♡ by saison card
(From March 2021)

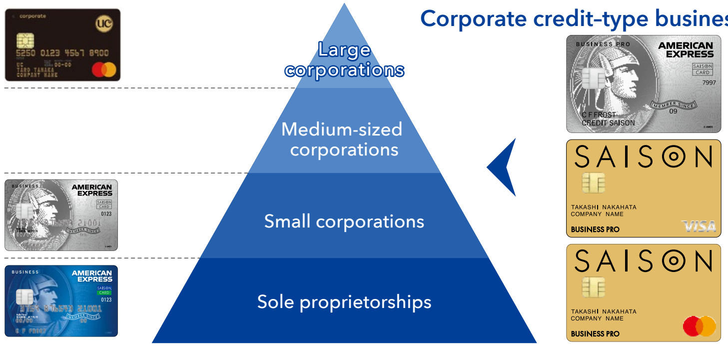


Corporate Customers

Challenge to innovate the credit model

Start provision of new corporate credit-type business credit cards in addition to individual credit-type business credit cards
(Scheduled for May 2021)

Corporate credit-type business credit cards

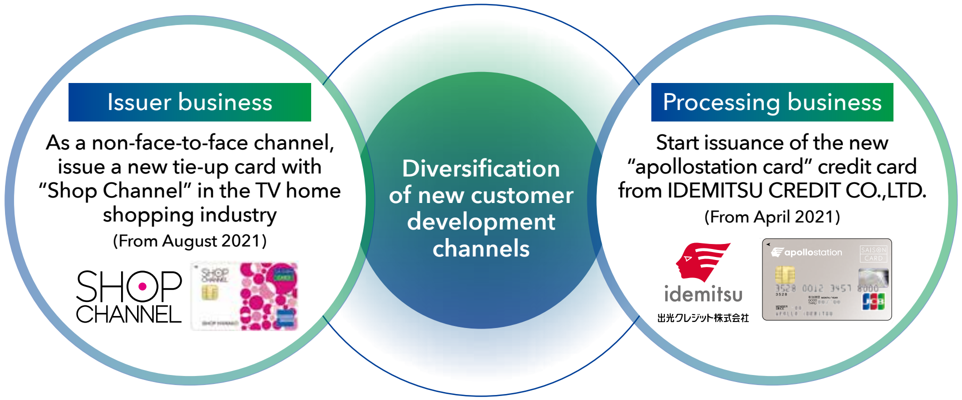


Main Services

Expansion of Issuer Business and Processing Business through Digitalization and Channel Diversification

By utilizing the SAISON CARD Digital scheme to develop both existing partner services and new partners, we are encouraging customers to join and make payments via their smartphones while at the same time achieving improvements in the efficiency of our human resources. In the issuer business, we started issuing a new tie-up card with Shop Channel in the TV home shopping industry in August 2021 and, in the processing business, started issuing the new apollostation cards by IDEMITSU CREDIT CO.,LTD., in April 2021.

Digitalization of existing tie-up card issuers



Utilizing Digitalization to Fuse the Payment Business and the Finance Business

With Credit Saison's Flat 35, Loans, we are promoting the digitalization of the application process, including the launch of an electronic contract service and a tablet pre-screening application system. Rent Quick Credit Saison's Rent Guarantee service encourages users to join and use SAISON CARD Digital. We will promote the fusion of both businesses by expanding sales of payment-related products to individual and corporate customers in the Finance Business, such as promoting combined sales of payment products and Group products with Writeup Co., Ltd.'s consulting services for small and medium-sized business owners.

Bringing about a transformation in both the customer experience and employee experience through a redesign of the Company in a way that fits with the digital era

Kazutoshi Ono
Director, Senior Managing Executive Officer and CTO, CIO
Company-wide promotions of DX strategies
Head of Digital Innovation Division
In charge of IT Strategy Dept., Strategic Planning Dept.
General Manager, IT Strategy Dept., Technology Center

Q Please tell us your thoughts regarding DX as the Company's CTO and CIO.

The terms "Before Internet/After Internet" and "Before digital/After digital" literally express the fact that the eras before and after the advent of the Internet and the transition to digital technologies are completely different. Against this backdrop, if a company were able to redesign and update those of its businesses and organizations originally designed in the "before" era in a way that incorporates strengths suited to the "after" era, it would succeed in becoming even stronger and in sustaining growth. This is a belief I have continued to hold for a long time. Amid the transition between these eras, the positioning of IT has transformed from conventional enterprise IT intended to enhance the efficiency of and shorten the time required for internal work into business IT, which goes beyond simply improving work efficiency. As a result, the way in which we now apply IT in the services and products we provide creates a qualitative change in the customer experience itself, which in turn ultimately connects to business competitiveness.

Given this business environment, I believe that it is extremely important for us to move away from relying on outside vendors for all our IT needs and instead internalize digital technologies within the Company. We also possess the option of handling on our own those aspects of DX that are involved with the customer experience that directly helps to set us apart from our competitors. As we observe the response of our customers, we will develop on our own those aspects of DX that require us to frequently make minor corrections (pivots) without changing our basic footing. If we can drive transformation while firmly grasping this power of digital within our own hands, Credit Saison will make major bounds as one of the few financial companies to have successfully reinvented itself in the digital era. And I believe this will serve as a force that also revitalizes Japan's industry. These are my beliefs under which I have driven DX forward.

Q What are your thoughts on how you will separate those aspects of DX that you internalize from those which you do not?

We have named our approach the Bimodal Strategy, under which we consider DX through three different patterns, namely those aspects for which we will rely on existing vendors, those aspects for which we will transition to in-house development, and those aspects for which we will take a hybrid approach. Emphasizing stability, requiring many different teams, and having aspects that are partially a test of strength, Mode 1 will rely on the cooperation of outside partners. Aspects of DX that require rapid launch and areas where results can be produced through small teams will be internalized as Mode 2. Anything that falls in between these two will be advanced in a hybrid format. Specifically, we will transition to in-house development of the work systems used by the service and business divisions, as well as three of our API platforms.

After I joined the Company in March 2019, we began the development of Saison's Otsukidama completely in-house with eight members recruited from the Technology Center, which had just been formed at that time. During this process, we determined that we could develop business division systems on our own, so in this sense we have already taken steps toward in-house development.

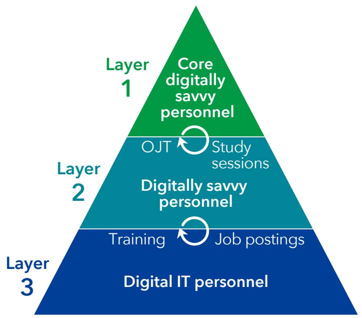
Q Please tell us about the CSDX Strategy.

Our approach to DX is ultimately intended to help improve the CX (customer experience) and the EX (employee experience), in other words, ease work for employees. Having established these two goals as the linchpins of DX, we will incorporate approaches that are suited to the digital era, as well as the strengths of in-house development, as a means of realizing DX in ways that contribute to CX or EX, or both at the same time. We can achieve neither CX nor EX without digital human resources, however. In this respect, digital human resources stand at the center of our efforts to drive business creation and business co-creation on the side of CX, and digital development processes and strengthening of digital platforms on the side of EX.

Q Please tell us about the digital human resources required for DX.

We view our digital human resources for this purpose in three separate layers. Core digital human resources are specialists who possess digital skills and have found success outside the Company. Business digital human resources are those who have accumulated experience in various departments and have applied through open recruitment. These business digital human resources, who understand business sites with a sense of reality, supplement those areas of business in which core digital human resources on their own would lack an understanding. Likewise, business digital human resources utilize their knowledge and serve as communication contact points with various departments within the Company, thereby enabling the business side and the system side to work together on an equal footing when considering and creating those systems that are truly desired by the frontlines. We believe that this approach is key. In fact, our efforts to secure business digital human resources have progressed smoothly, with nearly 30 employees applying for 12 openings during the first open recruitment in 2020 and nearly 90 applying for more than 20 openings in 2021. Going forward, we will also increase the number of digital IT human resources who already possess knowledge of existing work systems and the credit card industry but intend to acquire digital skills in the future.

Of the nearly 40 employees at the Technology Center, just under 30 are core digital human resources and about 10 are business digital human resources. We intend to expand the number of business digital human resources to equal that of core digital human resources going forward.



Q Where does the secret lie for making the CSDX Strategy a success?

First, one of the clear outcomes we foresee as part of the CSDX Strategy is a significant decrease in application development costs through in-house development. In addition, by accompanying their colleagues within the Company, employees will experience and share each other's difficulties and thereby understand their respective challenges, where considering the optimal solutions for these challenges together and working with each other to develop applications within the Company holds the key to success for the CSDX Strategy. Hybridizing technical contributions by core digital human resources with the in-depth knowledge on business possessed by business digital human resources will create a kind of internal ecosystem in which these two groups influence each other, as well as our digital IT human resources. This is perhaps one of the greatest features and strengths of the CSDX Strategy.

Q How will you work to retain digital human resources?

In the world of engineers, a rewarding work experience is not solely about compensation, the development environment, and machine specifications. Indeed, I have seen with my own eyes how the value system of the working environment and the empathy for this environment act as powerful cohesive forces. Since its founding, the Technology Center has recruited engineers, data scientists, designers, and security specialists from outside the Company and has acted as a department that carries out the in-house development functions for DX, in other words, Mode 2, via teams specialized with core digital human resources. In October 2021, we reorganized the IT Strategy Department as a new arm to oversee the Bimodal Strategy and have put in place a structure wherein the System Planning Department handles Mode 1 DX and the Technology Center takes the lead on Mode 2 DX. Although the same types of engineers are involved in Mode 1, which emphasizes stability, and Mode 2, which emphasizes speed, the cultures are as different as oil and water. Even so, we have established a set of rules so that these different value systems proceed with development under the HRT Principles: Humility, Respect, and Trust. And as a workplace that balances the speed of a start-up company with the scale of many different customers, I believe it serves as an environment that allows engineers to enjoy their work while producing results.

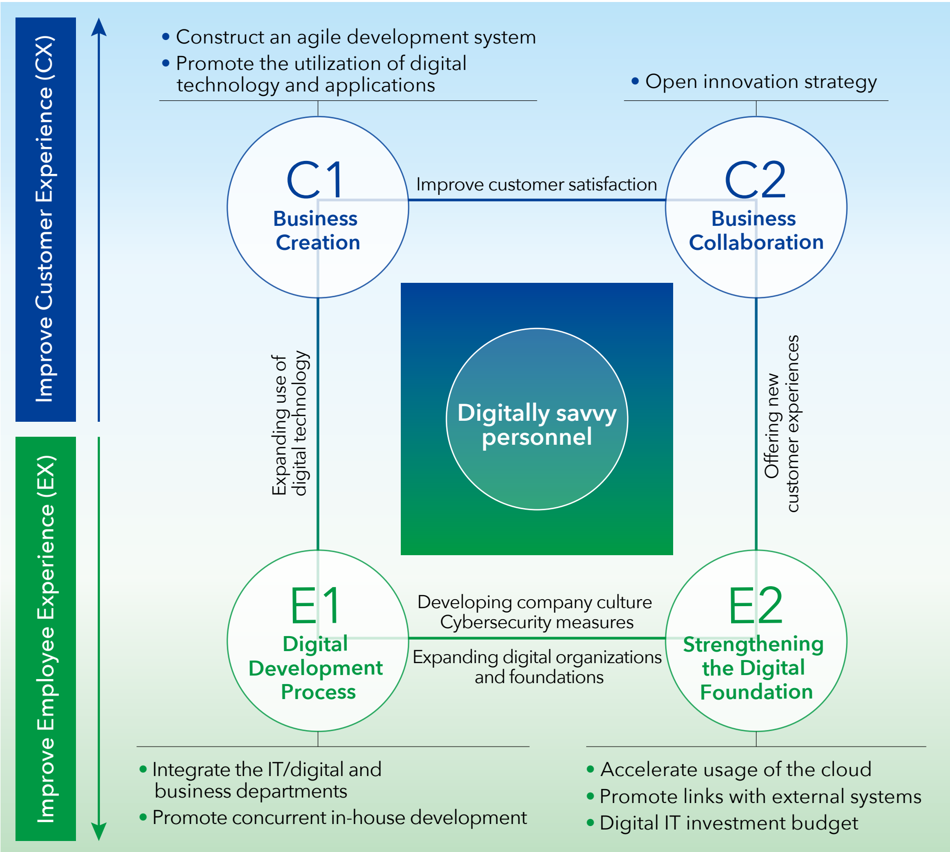
Q Finally, do you have a message for the readers as the officer in charge of the CSDX strategy?

Currently, highly capable human resources in the digital arena are gathering at the Company, while at the same time those of our human resources adept in the actual work are steadily acquiring digital skills. Looking 5–10 years down the road, we will embody our Management Philosophy of a leading-edge service company by engaging in business development that fits with the digital era and by continuously creating new and unprecedented services that are received with surprise and delight. With the DNA created by our CEO, Hiroshi Rinno, coursing through our veins, Credit Saison overflows with the potential to incorporate the power of digital in a single stroke and become stronger than ever. And I feel this is an extremely rewarding work experience. For us to be seen as a successful example of a digital redesign that is suited to the times, we will continue to vigorously push forward with this endeavor. So, I hope that our stakeholders look forward to this day.

Background and Policy

Amid the wave of digitalization that is ever accelerating amid the COVID-19 pandemic, at Credit Saison we are strongly promoting DX in terms of both offensive and defensive DX–through business transformation/conversion beyond digitalization–with the aim of providing thrilling experiences that exceed the expectations of both customers and employees alike. We aim to be a corporation that leads the digital age by realizing both CX, which creates thrilling experiences for customers, and EX, which transforms the experiences of employees.

CSDX Strategy's Four Columns



Issues and Initiatives

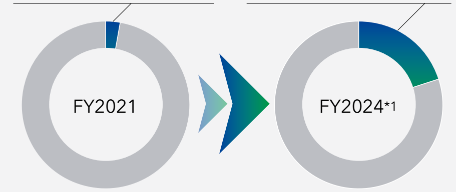
In promoting digitalization, at the Technology Center that was established in 2019 we are developing in-house systems under the leadership of the CTO and CIO, who are themselves professional human resources with engineering backgrounds. We are promoting DX in terms of both business creation and business co-creation that contributes to improving the customer experience, digital development processes that lead to improved employee experience, and the strengthening of the digital infrastructure. This we are achieving by means of a bimodal strategy by which we apply Mode 1, which emphasizes stability, to areas where failure cannot be tolerated as a financial business, and Mode 2 to areas where speed is important and it is necessary to respond quickly to changes in the times. For example, in the offensive digitalization that contributes to improvements in CX, we have already realized new products, including SAISON CARD Digital and Otsukidama, by means of in-house system development. In the meantime, regarding the defensive digitalization that contributes to improvements in EX, we are advancing the knowledge system for call centers, the FAQ system for all employees, etc., by means of agile development through in-house production while actively working to improve user interface (UI) and user experience (UX).

Accelerating to Digital Organization

- By 2024, expand the number of digital human resources to 1,000 and accelerate the transition to a digital organization by revitalizing the gradation organization and promoting the cultivation of business digital human resources

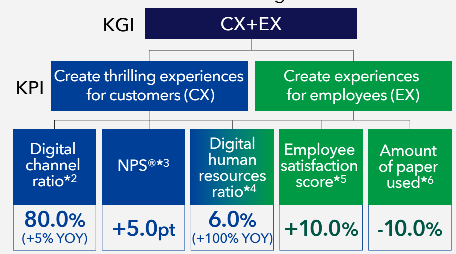
Digital human resources: **150** (composition ratio: 3%)

Digital human resources: **1,000** (composition ratio: 20%)



CSDX Promotion Indices (FY2022)

- Set CSDX promotion indices to create thrilling experiences for customers (CX) and transform employee experiences (EX)
- The achievement status of the CSDX promotion indices is confirmed twice a year (September/March) at the CSDX Promotion Meeting.



*1 The digital human resources rate in FY2024 is estimated based on the number of employees in FY2020.
*2 Digital channel support ratio in the credit card and finance businesses
*3 NPS® is a registered trademark of Bain & Company, Fred Reichheld, and Satmetrix Systems.
Source: NTTCom Online NPS® Benchmark Survey 2021 Credit Card Division, Benchmark Survey 2020 Credit Card Division, etc.
*4 Number of digital human resources (Layer 1 to Layer 3) ÷ Total number of employees
*5 Measure of satisfaction with questions about sense of cooperation, motivation, and information sharing
*6 Paper usage in credit card and finance business operations

For more detailed information. please check our website:
https://corporate.saisoncard.co.jp/en/business/csdx/

Customer Strategy

Background and Policy

Due to the widespread use of smartphones, it has become possible for customers to carry out a range of transactions. Furthermore, amid the COVID-19 pandemic, digitalization is rapidly expanding because non-face-to-face and non-contact methods can prevent the spread of infection. Under such circumstances, we will work to bring about the fusion of the real and the digital, achieve customer success by providing services that are close to our customers, and switch from a sold-out model to a retention model.

Promoting Digitalization, while Valuing the Real Services That Are Our Strengths
Achieving Customer Success by Providing Services That Are Close to the Customer

Our Company's strengths are in real services

- Staff responses at counters, call centers, etc.
- Innovation at branches/operation departments

Achieve customer success

Transition from a "sell out product" model to a retention model

Promoting digitalization

- Achieve in-house system development/operation
- Achieve an agile service development system through in-house IT maintenance
- Provide a customer experience that is easy and convenient
- Improve UI/UX
- Pursue an effortless experience that eliminates customer hassle/stress

Issues and Initiatives

By means of our customer strategy, we will value the real that is our strength while striving to improve customer convenience and management efficiency through digitalization. To promote digitalization, we are working on in-house system development and operation while building an agile service development system by developing in-house IT. While pursuing effortlessness that eliminates hassle and stress for our customers, we will create CX that can be said to be easy and convenient by improving the UI and UX. For example, by having new customers use the smartphone self-contained service SAISON CARD Digital at the time of enrollment, we will not only be providing a sense of security through digital usage notifications when using the service but also offering benefits according to their usage records. In addition, when customers make inquiries, we plan to provide a digital channel as a new service to resolve questions. On the other hand, instead of digitalizing everything, for customers who want real verbal communication we will continue to offer that service. We will continue to provide services that are close to our customers, such as enrollment, procedures, and inquiries through Saison Counters and call centers.

Usage Examples

Enrollment

- Smartphone self-contained service SAISON CARD Digital

Inquiries

- Construction of knowledge system at call centers
- Release of new services on digital channel to answer questions

Usage

- Provide peace of mind through usage notifications
- Provide benefits according to usage record

Expanding the global business while promoting localization and solving societal issues of financial inclusivity

Kosuke Mori

Senior Managing Executive Officer
Head of Global Business Division,
General Manager, Global Business Division,
In charge of India business
Being assigned to Credit Saison Asia Pacific Pte. Ltd.

Q What is the status of your global strategy?

After the Company entered the Shanghai, China, market in 2005, we established a regional hub in Singapore in 2014 and a presence in eight countries, primarily in Asia, including Vietnam, Cambodia, Indonesia, and Thailand, as well as India, with a view to expanding our business globally. Southeast Asia has the highest growth potential of all overseas regions, not to mention its close geographical proximity to Japan, together with close ties and affinity to our country. It was therefore a natural conclusion for us to focus our efforts on developing our business in Southeast Asia as a priority region among overseas markets.
Since joining the company in July 2013, I have been planting the seeds of businesses that could become the next pillars of Credit Saison, with Singapore as the hub of Southeast Asia. Now, some eight years later, promising sprouts have emerged, and we are beginning to see businesses that likely will blossom within the next 2–3 years.

Q Please tell us about the business environment and the competitive situation in Southeast Asia.

Even before the pandemic, the digital infrastructure was advancing rapidly in Southeast Asian countries, but COVID-19 has spurred that momentum; if you cannot tackle digital, you cannot ride this wave. Moreover, in terms of the financial environment, COVID-19 has provided the impetus for attracting an unprecedented amount of funds from around the world to the Southeast Asian region. In such a situation, competition is escalating among various players, from major financial institutions such as banks to start-ups engaged in FinTech as they seek to expand their customer base through digitalization. This is partly because investors from around the world are financially backing start-ups and partly because major local financial institutions are focusing on digital transformation to survive.

In Southeast Asia and India, an overwhelming segment of the population is underserved in terms of financial services from banks and other such institutions. To provide for this segment of the population, a range of FinTech start-ups are using apps to offer installment payments for EC purchases and financial loans based on payment data from restaurants. We have partnered with these innovative FinTech companies to develop a "BtoBtoC" model that places us at the center of the FinTech ecosystem, and our business is expanding along with the growth of this ecosystem.

Q What kinds of initiatives are you undertaking in countries where you already have a presence?

As we were a late entrant in Southeast Asia, we were feeling our way around the different regulations in each country to figure out how to proceed with our financial business. I think we have been blessed with having a variety of paths before us on what form our presence should take, gained through the repetition of proposing and reexamining options, such as creating our own subsidiaries from scratch, partnering with local companies that possess licenses and customer bases, establishing joint ventures, or investing in or acquiring local companies. For example, the establishment of a joint venture company in Vietnam to engage in our retail finance business and the acquisition of licenses for digital lending operations and other ventures in Indonesia were originally born out of encounters with people in the region, starting with a single business card and by constantly knocking on doors.

While Southeast Asia and South Asia have overwhelming populations of the underserved, their digital infrastructures have developed in a leapfrog fashion, with some areas even more advanced than Japan.

We have a history of making our cards available to women in Japan, which is the very essence of inclusion, and our growth has been thanks to the support we have received from so many people.

In Southeast Asia as well, we are promoting financial inclusiveness by providing services digitally to the huge numbers of underserved populations, and I feel that areas of overlap exist. Given that the underserved have great needs for financial solutions, I would like to ride the digital wave and grow our business with the flexibility and speed that only a non-bank can provide.

Q Please tell us about your future global strategy.

The first step is to nurture the budding business and make it bloom. At the same time, we will continue along a second path to sow more seeds than ever before. The most essential resource for the success of our global strategy is, of course, our human resources. Whether they are hired externally or trained internally, or they are local or from Credit Saison's headquarters, they are all equally important, regardless of nationality.

In the past, the focus has been on creating one from zero, such as sowing the seeds of a business or searching for seeds, but I believe that the process of turning one into 10 and 10 into 100 will present a different level of challenges. With "Set for Scale" as the theme for the current fiscal year, we will continue to build out monetary scale, the number of personnel, and the corporate functions that support them as we take on the challenge of a new dimension.

Regarding the cultivation of new businesses, for example, we have started to finance the supply chain of the Siam Cement Group, the largest corporate group in Thailand, and we are preparing to enter the Philippines. We will also aggressively pursue new business development in regions outside of Asia.

Q What kind of management do you have in place for human resources?

We place great importance on the localization of human resource management at on-site locations. For example, our local management team in India is made up entirely of local members. This is because right from the start we have been conscious of the need to build an excellent management team made up of local Indian personnel. Less than half a year after the start of our business there, India was forced into a severe lockdown due to the pandemic's spread, and under such circumstances, many foreign nationals dispatched to India, including Japanese, were forced to return to their home countries. However, with a team of local personnel firmly taking care of the business as their own, we have been able to steadily conduct operations in an orderly manner, not only in normal times but also in emergencies.

On the other hand, it is important to have people who fully understand the culture and background of Credit Saison in order to promote internal collaboration. At the regional headquarters in Singapore, the Credit Saison spirit spontaneously comes to life, including among local personnel. I think this has been fostered by hiring young people who are motivated to raise their hands and take on challenges, entrusting them with an ever-greater workload, and encouraging them to take on new challenges. This is similar to the process I went through as an employee hired mid-career. Instilling thinking to the effect of "I can do it, I want to do it," and by knowing that they have support from top management, they will be able to continue to take on challenges without fear of failure. In this way, you will grow and your business will grow as well. As the business grows, the greater the range of work you will be responsible for. I believe that this kind of human resource management is leading to the development of local human resources, even overseas, who are also in tune with the culture of Credit Saison.

Q What kind of role is the global business playing relative to the new vision of "transforming ourselves into a comprehensive life service corporate group"?

Being engaged in the global business, I often hear the phrases "Everything is FinTech" and "embedded finance." This is because FinTech is embedded in various aspects of people's lives and companies' economic activities, whether you look at EC purchases or payments between corporations. I believe that Credit Saison's goal of becoming a comprehensive life service corporate group is, as the phrase implies, a vision in which the barriers between financial services and other services disappear and become integrated. Ultimately, I think we will arrive at a model that is increasingly prevalent in the lives of consumers and in the economic activities of corporations, both domestically and globally. The current focus of our global business is financial services and FinTech, but I believe that we can establish ourselves as a comprehensive life service corporate group, even overseas, by integrating other services and products in the future.

As the head of global business, I aim to establish the No. 1 local business driven by top-class management teams, even by international standards. This means by Indians in India and Indonesians in Indonesia, and so on. We will also continue to take on the challenge of resolving issues in global society, such as financial inclusion, so that Credit Saison is commonly recognized as a global company that represents Japan.

Background and Policy

Amid expectations for an ongoing expansion in both population and GDP, we expect significant growth in Asia, although the fact that relatively few people in the region have bank accounts indicates that the current level of financial services being offered might not be sufficient to meet the needs of all the people.

Given these conditions, the spread of smartphones and the rapid progress of digitalization are contributing to new services being developed using the latest in cutting-edge technologies. Credit Saison will realize financial inclusion and, in turn, contribute to the economic development of these regions by leveraging its partnerships with local companies to provide financial products and solutions to underserved segments of the population mainly in Southeast Asia and India where many have insufficient access to financial services from banks and other institutions.

Issues and Initiatives

Overseas, we are working to improve our business foundation to make our global business a major pillar of the Company's business. At HD SAISON Finance Company Ltd. in Vietnam, in addition to the individual installment business for motorcycles and home appliances, we are developing a credit card business throughout the country. Going forward, we will prepare a system for expanding membership acquisition and will work on such areas as function development.

Saison Capital Pte. Ltd., which invests mainly in overseas early-stage start-ups, will resume new investment while paying close attention to the COVID-19 infection situation. We have also started an impact investment business that provides necessary funds to underserved individuals and small and medium-sized enterprises mainly in Asia. Through these projects, we will continue to take on further challenges by promoting efforts toward financial inclusion and the Sustainable Development Goals (SDGs) set by the United Nations. Despite being affected by COVID-19 infections, demand from our main target demographics, such as the middle layer and underserved layer, has remained strong even during the COVID-19 pandemic. While collaborating with a wide variety of local partners we will develop our global business into a pillar of the Company's business.

India

Kisetsu Saison Finance (India) Private Limited

- Established June 2018 (Investment ratio 100%)
- Digital lending business

Indonesia

PT. Saison Modern Finance

- Established September 2015 (Investment ratio 82%)
- Digital lending business/leasing business

Philippines

- Undertaking preparations for the launch of the finance business

Singapore

Credit Saison Asia Pacific Pte. Ltd.

- Established May 2014 (Investment ratio 100%)
- Overseas business development and integrated management

Saison Capital Pte. Ltd.

- Established June 2019 (Investment ratio 100%)
- Investment and financing for overseas start-ups

Vietnam

HD SAISON Finance Company Ltd.

- Established May 2015 (Investment ratio 49%)
- Retail finance business

Thailand

SIAM SAISON Co., Ltd.

- Established in November 2018 (Investment ratio 30%)
- Digital credit granting/payment business

China

Credit Saison Corporation (Shanghai) Limited

- Established March 2005 (Investment ratio 100%)
- Consulting business

Cambodia

Idemitsu Saison Microfinance (Cambodia) Plc.

- Established August 2015 (Subsidiary of an affiliated company in which Credit Saison holds a 50% stake)
- Loan and installment payments business

Main Services

Concentrated Investment of Management Resources in Businesses That Contribute to Profits in Order to Make the Global Business a Major Pillar of the Company's Business

In the global business, we will concentrate our management resources in businesses that contribute to profits. At HD SAISON Finance Company Ltd., our joint venture in Vietnam, we will start full-scale development of the credit card business, which we had soft-launched in August 2020, from 2021. In India, Kisetsu Saison Finance (India) Private Limited has obtained a long-term AA+ rating from the local rating agency CRISIL and will expand the loan amount by raising funds from local financial institutions. In Indonesia, we will strengthen our business foundation centered on P2P lending and consumer finance.

India

CREDIT SAISON INDIA

Kisetsu Saison Finance (India) Private Limited

- Aim to increase loan amount by procuring funds from a local financial institution
- Start hybrid lending in addition to wholesale lending and tie-up lending
- Received an AA+ long-term rating from CRISIL, an Indian ratings company that is a subsidiary of S&P Global

Money View · zest · EarlySalary · LENDINGKART

Vietnam

HD SAISON Finance

HD SAISON Finance Company Ltd.

- Expansion of individual installment payments (e.g., for motorcycles, smartphones)
- Full-scale development of the credit card business

Indonesia

SAISON INDONESIA
PT Saison Modern Finance

PT. Saison Modern Finance

- Expand the business foundation through P2P lending and consumer finance
- Realize a selection of new strategic partners

Business Creation and Diversification
Implementation of the CVC Business and the Impact Business by Saison Capital Pte. Ltd.

At Saison Capital Pte. Ltd., we are making strategic investments in Southeast Asia and India as priority regions. We are already investing in multiple projects by discovering next-generation unicorns and promoting investment activities centered on business collaboration. Also, regarding impact investment, currently in Cambodia, Indonesia, and the Philippines, we have started lending utilizing technology in the financial inclusion sector and plan to continue actively investing and lending mainly in Southeast Asia.

CVC business

- Achieve strategic investment that emphasizes Southeast Asia and India
- Strengthen branding and deal sources through LP investment and unique scouting programs

Investments (example)

KOINWORKS · BukuKas · OY! · HELICAP HELICOPTER CAPITAL · Segari · purasu money · tazapay · STASHFIN · repute · بازار · ula · growsari · Nimbly Technologies · infina

Impact financing busines

Current status
Full-scale implementation started

Target sector	Target region
Financial inclusion technology	Southeast Asia

Asset categories	Strategic partners
Private debt/ financing	Supplementing resources through tie-ups

After establishing a new company, shift to this phased development

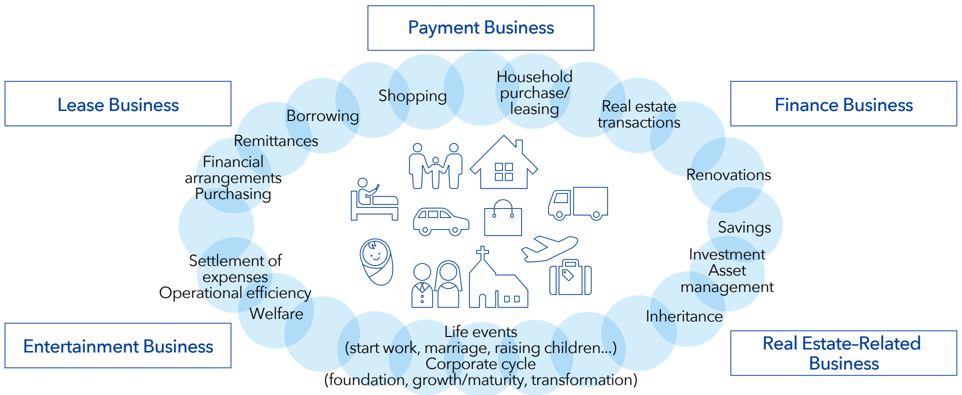
Background and Policy

Toward the realization of a comprehensive life service corporate group, each Group company is launching a variety of products. Group companies that provide services that meet market needs will continue to develop solution services that enrich the lives of our customers with high quality. At the same time, we aim to provide comprehensive life services by creating new businesses that utilize the networks of each company. We will also utilize venture investment, business alliances, M&A, and other means to further expand our business.

Issues and Initiatives

We are developing new businesses while exploring various forms, such as business alliances and the formation of joint ventures, toward transforming ourselves into a comprehensive life service corporate group. In particular, we are considering creating new businesses by collaborating with business partners to provide services that are closely related to daily life, such as the advertising, healthcare, and pet businesses. SAISON ASSET MANAGEMENT CO., LTD., which has taken on the needs of customers' asset formation, had total assets under management exceeding ¥400 billion in April 2021. In addition, SAISON FUNDEX CORPORATION has been well received for its Saison leasebacks, which meet the changing times and customer needs, such as products to support retirement funds.

Providing Comprehensive Life Services Tailored to Customers' Life Events across the Five Businesses and Group Companies



Main Services

Launched the "Saison's Lifestyle Research" Website

In September 2021, we launched the "Saison's Lifestyle Research" website, which brings together the collective strengths of the entire Group, with the aim of transforming ourselves into a comprehensive life service corporate group. As a medium that provides tips and triggers information for solving problems and worries related to living from 50 years of age—centered on the categories of money, health, and family—we provide information on how to resolve each concern from a variety of perspectives. Utilizing the big data handled in the Payment Business in the years to come, we will expand the content to match the target generation. As a scientific and distinctive information medium based on marketing data, we will, for example, increase the number of articles on themes of high interest that emerge from the consumption behavior of seniors.

https://life.saisoncard.co.jp/

For more details, please check our news releases.
https://corporate.saisoncard.co.jp/wr_html/news_data/avmqks000000bn86-att/20210928_Release.pdf

Accelerate reforms by increasing the number of employees who question the conventional wisdom of work and think for themselves

Q Please tell us what excites you about your role as the person in charge the Strategic Human Resources Dept. as the Company pursues its management vision of "transforming ourselves into a comprehensive life service corporate group."

The Credit Saison Group aims to achieve customer success through the fusion of the real and digital worlds based on the basic concepts of "Innovative," "Digital," and "Global" to realize its management vision. I believe the innovative concept requires not only "0-to-1 personnel," who are able to create one from zero, but also those who can turn one into 10 and then 10 into 100, while in some cases dismantling 100 back to zero.

One of the five key phrases of the "CS Style" action guidelines common to all employees is "question conventional wisdom." Previously, staff departments focused on the creation of new products and services, yet line departments are now revising business processes in a concerted effort to satisfy customers easily and quickly. "Innovative" behavior begins with having a sense of discomfort about one's own previous work in an unquestioning matter, regardless of the field.

Increasing the number of employees, even by one, who have this sense of discomfort requires training based on internal case studies. While on-the-job training is important, we also focus on training across divisions and departments to enable employees to "question conventional wisdom."

Q Please tell us about your initiatives and achievements in FY2020.

In the past, the Strategic Human Resources Dept. had been deeply colored by the principle of standardization, but now the value of this standardization has faded with the current diversification of business. I feel that we need to pursue training tailored to each individual's thinking and business needs as much as possible. The first step is to ascertain exactly what is going on, and to this end, it is important to engage in dialogue with employees. We held discussions online with regional offices from Hokkaido to Kyushu, while speaking with head office staff departments both in person and online. From the second half of FY2019 to the middle of the first quarter of FY2021, the Strategic Human Resources Dept. and the Career Development Office comprehensively conducted interviews and roundtable discussions using a combination of approaches.

Regional office employees do not know because the information is not addressed individually to them. In response, we tell them that instead of being passive, they should try to obtain this information. On the other hand, it came to our attention that corporate departments appear to be delivering the information but actually aren't.

During our roundtable discussions, I pushed back by saying "nothing will change unless you have the desire to step forward." This prompted employee interest in making proposals to identify "Femtech" needs for the Company's more than 70% female employees and, in certain cases, provide beneficial products and services to customers, which have resulted in positive spin-offs.

Meanwhile, there were few opportunities to meet global employees directly due to the COVID-19 pandemic, yet online conferences enabled us to connect with overseas staff and showcase fellow employees in other countries and regions who are also working under the Credit Saison umbrella. Although the pandemic

Kazue Yasumori
Managing Executive Officer
General Manager,
Processing Business Division,
In charge of the Screening Center,
Tokyo Risk Management Center,
Osaka Risk Management Center,
Strategic Human Resources Dept.

has caused many hardships, it has also prompted us to establish communication methods that transcend domestic and international distances.

Q Please discuss the types of employees required for "transforming ourselves into a comprehensive life service corporate group."

I think the most important thing is our response to diversification. The problems and needs of customers are increasingly diverse. The goal of "transforming ourselves into a comprehensive life service corporate group" is to provide services that satisfy customers. To realize this, it is important that Credit Saison employees are engaged in what is going on around them, regardless of age, gender, nationality, or job rank.

The power to transform the Company from its previous financial business model to a comprehensive life service corporate group does not lie in a single individual or an influential CEO. The key is to ensure that as many employees as possible can connect their work with social issues. While Company-wide strategies target, to a certain extent, categories such as Generation Z, women, and seniors, employees must propose and realize strategies based on their actual experiences.

Q How do your recruitment and training approaches differ from before?

We are shifting to skill- and job-oriented recruitment. We seek mid-career hires able to fully leverage the skills and experience they have cultivated in the direction Credit Saison is pursuing. We also require them to work as a team while creating synergies with existing employees so that "one plus one equals three or even 10." Our hiring process for new graduates is evolving with a deeper focus on asking what each new graduate wants to do within the Company's business and what they are interested in.

Executives and recognized experts conduct training online. For example, we have called on Director, Senior Managing Executive Officer, CTO, and CIO Kazutoshi Ono to talk about the digital domain. In addition, Executive Officer Kaori Shimada, who is in charge of corporate sales, will speak on preparing for corporate sales while Managing Executive Officer in charge of finance Naoki Nakayama will comment on the outlook of the real estate business.

In 2020, I conducted a training program exclusively for female employees to help instill a leadership mindset. This training opened the door to short-time workers and those on childcare leave. As a part of this training program, participants were encouraged to adopt a proactive approach toward obtaining information even when working reduced hours or on paid leave. Emphasis was placed on utilizing in-house Company networks and devoting as much time as possible to recurrently pursuing work that met with each participant's aspirations. In doing so, participants were comforted that they should never feel guilty about life events such as childbirth and childcare. In addition, I have always thought it was important for women to make their presence felt in the Company. With that in mind, I had a female person in charge, rather than a manager, discuss the Saison Rose Gold American Express® Card, which was conceived solely by female employees and launched in November 2020. I think I impressed upon them that managers are not the only ones who have a say or presence in the Company and that it is not only management that can bring about reforms.

Q Personnel exchanges from outside the Company and internal recruitment are picking up. What has been the effect of this development?

Yes, the number of temporarily transferred employees has been increasing. For example, one of our employees who is currently working at CASM—a joint venture between CyberAgent and Credit Saison—remarked favorably: "As a new company, it will take some time for results to emerge, but I would like to see as many employees as possible learn about this experience."

In addition, we have listed about 30 internal and external openings from this fiscal year, with about 400 employees applying. I think the role of human resources is to leverage the principle of internal competition and to provide the opportunity for individuals to grasp their desired jobs and positions. We need to make open recruitment the norm to break free from the seniority system. By clearly expressing their vision and creating a concrete talent portfolio based on workforce planning, departments can create a buzz. As the notion that "a vision can be illuminating" spreads by word of mouth, the number of applicants should increase.

Q Please tell us about the challenges going forward.

In our industry, digitalization is creating synergies, so future labor shortages are not a serious concern. That said, I think we need to think of ways to improve openness and renewal through promotions and demotions with a clear direction. For employees to be active until the age of 70 or 75, the Company needs to take additional human resources measures to clarify what it can do and what individual employees should think about.

Furthermore, the common personnel system for all employees that we implemented in September 2017 in anticipation of the legalization of equal pay for equal work was positive in that employees with limited work contracts found what they wanted to do and raised their voices. Conversely, I see some negative effects from the elimination of the promotion system. This system has not yet become a company-wide platform, so I think establishing reskilling and recurrent work is counterproductive. We are currently working to build a talent system that can properly manage each employee's profile so that interviews no longer go unrecorded despite conducting interviews at every opportunity.

In addition, I believe that the true meaning of "Innovative" is found by listening to the voices of employees. With this in mind, I ask department managers to break down the direction of the Company based on what it means to be a comprehensive life service corporate group, and what the department is targeting in an effort to convey to each employee that this is why these jobs exist. Based on this, which jobs you can do as an employee is expressed in a single package. Conveying one's message to this extent would prompt employees to think about their own careers and would make what their managers have to say more important for them. The Strategic Human Resources Dept. intends to create mechanisms to ensure that reforms are implemented rapidly, while enhancing the psychological safety of employees by eliminating an atmosphere of uncertainty, pressure, and conjecture.

Achieving Group-wide synergies through the interplay between structural reforms and new businesses

Shingo Baba
Managing Executive Officer and CFO
M&A, Group company management
Head of Corporate Planning Dept., Corporate Risk Management Dept., Treasury & Accounting Dept.

Q Please evaluate and analyze the business results for FY2020.

In FY2020, Credit Saison reported a decrease in sales and an increase in profits. In specific terms, net revenue totaled ¥282.6 billion, down 9% year on year, due to the impact of COVID-19. Business profit amounted to ¥48.3 billion, up 34% compared with the previous fiscal year.

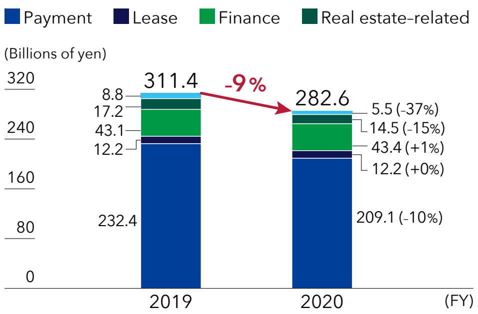
In the Payment Business, net revenue declined by 10% year on year due to falling numbers of new cardholders, and less shopping and other transaction volumes and balance, as the Company was unable to take advantage of its strengths in developing and utilization of cards at partner stores due to store closures and self-quarantining on account of the COVID-19 pandemic. On the other hand, operating income rose substantially, up 185% year on year, as we kept in check operations-related expenses linked to card transaction volumes and other factors, had lower bad debt costs due to weak capital demand, and there was the absence of a one-time cost increase that occurred in FY2019.

Although the Lease Business was also affected by the voluntary suspension of business by partners due to COVID-19, we held net revenue at +0%, essentially the same level as the previous year, and profit increased by 85% above the previous year due to a decrease in bad debt costs.

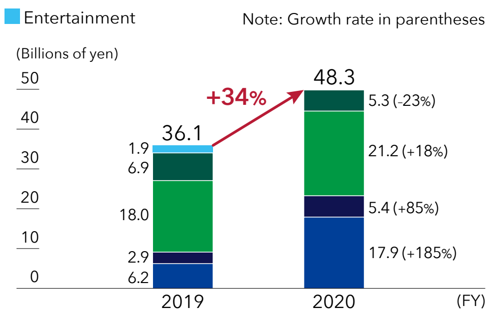
In the Finance Business, credit guarantees balances fell due to the impact of partner financial institutions' focus on government support for business operators in response to the spread of COVID-19. On the other hand, Flat 35 Loans and asset formation loans demonstrated stable sales that were up 1% over the previous year, and profit rose 18% due to the promotion of support for home purchases and a focus on cooperation with partners.

In addition, the Real Estate-Related Business recorded a decrease in sales of 15% from the previous year and a decline in profits of 23% due to self-restraint in business operations and other factors, while the Entertainment Business posted a business loss of ¥1.7 billion due to the

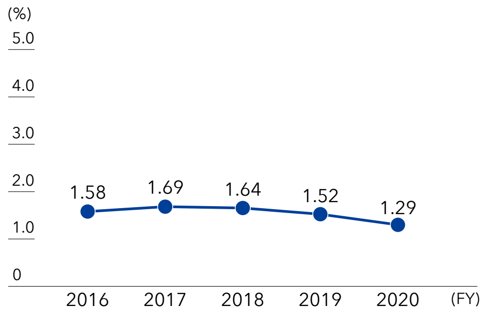
Net revenue by segment



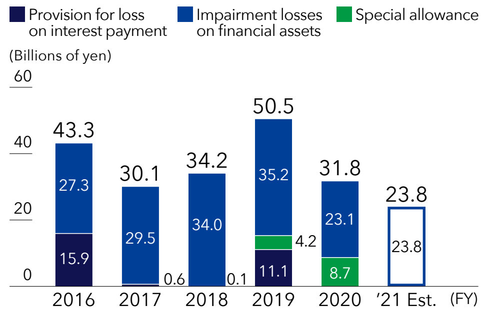
Business profit by segment



Credit risk
Delinquency over 90 days (consolidated)



Credit risk
Bad debt costs (consolidated)



cancellation of live performances and the closure of facilities.

As shown above, profit rose as an unintended result of lower costs in the COVID-19 pandemic, but from FY2021 onward, we will grow the top line in each domain while expecting a cost reversal as the COVID-19 pandemic abates.

First, in the Payment Business, we will review the conventional human wave tactics approach to customer development and implement business structural reforms, including with the realization of success with customers through the integration of our strengths in the physical domain and digitalization driven by the promotion of digital transformation (DX). For example, the alliance with Shop Channel is going extraordinarily well, and the smartphone self-contained service SAISON CARD Digital, which launched in November 2020, is also expected to be profitable as it can be issued without face-to-face meetings and is non-contact, while being promoted mainly as a proprietary card.

Moreover, the Real Estate-Related Business is expected to perform well in the future due to stable real estate prices. In the Entertainment Business, ticket sales company Eplus Inc. is a joint venture between Sony Music Entertainment (Japan) Inc. and the Company, and its financial base is stable. Given this, the Company is working to differentiate itself from competitors by taking certain risks and acquiring new content with an eye on the post-COVID-19 period.

Taking a medium- to long-term perspective, we will broaden our management base as a comprehensive life service corporate group. In addition to SWITCH SAISON, in which employees develop services based on ideas they come up with themselves, the executive version, Make New SAISON 2.0, has been launched. The Finance Business, which also steadily contributes to profits in the COVID-19 pandemic, is expected to see new business contract needs. By combining measures aimed at improving efficiency through business structural reforms with an array of new businesses, this development will elicit their respective merits and realize synergies across the entire Group.

Q Please explain your policy on funds procurement.

As a non-bank financial institution, our ability to procure funds at low cost and in a stable manner is directly linked to our business activities, which in turn leads to increased profitability. In such a business model, maintaining financial soundness and being aware of credit ratings is a priority. In this regard, our basic policy of preparing for emergencies by securing liquidity on hand and funding commitment lines remains unchanged. We believe that we were able to navigate through the COVID-19 pandemic in a stable manner, and in preparation for the expected tapering (a reduction of quantitative monetary easing measures) and future interest rate hikes, we will diversify the repayment dates of interest-bearing liabilities and continue to maintain a long-term borrowing ratio of about 70% and a fixed ratio of about 60%.

Our main method of financing is through borrowings from banks and other financial institutions, as well as from the financial markets through the issuance of bonds and CP (commercial paper). In this context, we set a goal to raise funds from local financial institutions in FY2020, based on the assumption that we would expand the scale of our overseas business. However, due to the impact of the COVID-19 pandemic, as well as the emphasis on efficient management with low interest rates in Japan, we did not reach the level we had expected. Nonetheless, that our local subsidiary received a long-term rating of AA+ from CRISIL, a rating agency for S&P subsidiaries in India, proved to be one major step forward in accelerating our overseas expansion. In the future, we will continue to diversify our procurement with an emphasis on stability and cost in response to the market trends of the day.

We are also currently in discussions with rating agencies and other parties regarding a social bond for which we will be the issuer, which will be limited to investments and loans for impact projects in Asia that launched in December 2020. We are forging ahead on initiatives to address the SDGs and aim to help further address environmental, social, and governance (ESG) concerns through the realization of financial inclusion while simultaneously procuring funds.

Q What is your focus in terms of risk capital management?

Risk capital management is one of the pillars that underpins the maintenance of ratings by rating agencies and stable funding. We aim to maintain and improve upon the “A+ (stable)” rating obtained from R&I (Rating and Investment Information, Inc.) through a series of management measures, such as understanding the amount of assumed risk for each business, diversifying risks without relying on specific businesses, improving asset efficiency, and expanding surplus capacity by replacing the business portfolio.

We also see risk capital management as one of the tools with which to engage our investors. Starting in FY2021, we are keen to provide opportunities for the executives in charge to offer first-hand explanations of the CSDX and global strategies and to further strengthen our engagement with investors.

We have not reduced dividends even under past severe business environments, and we have continued to pay stable dividends during the COVID-19 pandemic as well. We will continue to maintain this policy of stable dividends. That said, we are currently in a phase where we should be investing our management resources in global businesses that are anticipated to undergo remarkable growth, and we are eager to manage our risk capital surplus so that it will be effectively utilized for future growth and we will not face too much risk. We believe that we will be able to increase dividends by promoting the business structural reforms and global business development that we are currently undertaking.

Q Please tell us about your asset allocation strategy.

At the ALM (Asset and Liability Management) Committee meetings to be held in FY2021, we plan to calculate WACC (weighted average cost of capital) and ROIC (return on invested capital) for each of our major businesses and use them in planning our asset allocation strategy. Through this process, I believe that we will be able to take a further step in our discussions from the two perspectives of profitability through efficient use of capital and business growth, and that those engaged business divisions will deepen their discussions. As the outside directors, who were not originally members of the ALM Committee, have asked to participate in the committee and because we are having these discussions together, I expect a lively discussion based on their opinions, which, while severe, are grounded in their respective areas of expertise.

Q In conclusion, please tell us about your view of the financial strategy in terms of "transitioning to a comprehensive life service corporate group."

Ever since I joined the Company, I have felt a strong sense of trying to preserve the corporate culture that started with Seiji Tsutsumi. This sensory aspect, which includes culture, does not appear on the financial balance sheet. However, I believe that this non-financial information will become the basis of an economic sphere unique to the Company if it can be instilled in Japan and overseas. One of my roles is to communicate with stakeholders based on quantitative information to explain the values behind our culture to the outside world and to create connections between those within and outside of the Company. We have just now arrived at the starting point. We would like to fully explain our business strategy and the value we create to our stakeholders and to consider and implement our financial strategy based on their assessment.

Basic Policy behind the Financial Strategy

Financial soundness and liquidity on hand

Considering the Company's business model, under our financial strategy we manage the Company with an awareness of financial soundness (credit rating A+). We measure the confidence level, which represents the amount of risk suited to this rating, as 99.75% and engage in risk capital management in a way that allocates the minimum required capital by quantifying this level for each business and affiliated company. Based on the investment allowance derived in this way, we engage in "growth investments" and distribute "shareholder returns." Calculating these enables us to execute 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, and to prioritize the maintenance and improvement of financial soundness.

One aspect we pay particular attention to in working to maintain financial soundness is securing liquidity on hand for emergency funds. Against the more than ¥3 trillion in total assets held by the Group, we have secured a commitment line of approximately ¥300 billion, a credit receivables liquidation limit of approximately ¥180 billion, cash on hand of approximately ¥100 billion, and liquidity on hand of approximately ¥580 billion.

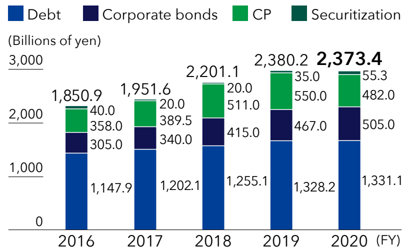
Diversifying methods to procure funds

The Group places importance on stability and cost when procuring funds and endeavors to diversify its 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, we are striving to mitigate refinancing risks by cultivating new financial institutions with which we can expect long-term stable transactions and diversifying 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.

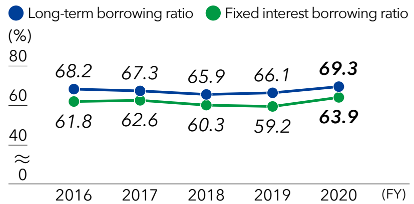
Moreover, we will need to investigate measures for mitigating foreign exchange risk as we expand business in Southeast Asia. We can address foreign exchange risk by hedging yen procurement in Japan with foreign exchange contracts and currency swaps, and by procuring funds locally.

Balance of interest-bearing debt (non-consolidated)



Note: Securitized borrowings coinciding with the Flat 35 Loan business are calculated after excluding the interest-bearing debt balance and long-term/fixed ratio estimate.

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



Risk Capital Management

We have defined business profit, ROE (return on equity), and the shareholders' equity ratio as the major management indicators for raising corporate value. As an independent non-bank company, among these, securing a certain shareholders' equity ratio is critical to building financial stability. With this understanding, we consult the opinions of rating agencies and manage the Company with attention paid to maintaining a 15% shareholders' equity ratio over the medium to long term.

In terms of risk management, the ALM Committee deliberates risk quantification for each business, risk capital investment policies, the weighted average cost of capital (WACC), and the target for return on invested capital (ROIC).

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 at meetings of the Executive Board and 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.

Capital policy (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
- Finance Business
- Real Estate Business
- Global Business
- Credit Guarantee Business

etc.

×

Risk factors

- Interest rate
- Bad debt
- Price fluctuation

Consolidated capital

¥543.5billion

(excludes the impact of adopting IFRS 9)

FY2020

- Risk capital allocation for each business ¥396.8 billion
- Dividends ¥70 billion
- Minimum required capital ¥108.7 billion
- Investment allowance ¥30.9 billion

Risk capital surplus 139.6billion

Risk capital allocation policy

Twenty percent of the consolidated capital within the risk capital surplus is secured as the minimum required capital (¥108.7 billion).

After excluding the minimum required capital, an investment allowance (¥30.9 billion) is aggressively invested as resources in global businesses with high growth potential.
In addition, we will actively invest management resources in new businesses, including M&A, to return profits to shareholders and expand growth opportunities.
Moreover, the Payment Business, which was severely impacted by COVID-19, invested resources in efforts to maximize LTV.

With an eye toward achieving sustainable growth in growth investments for the future and in existing businesses, we will review the business portfolio in consideration of capital costs and optimize the business portfolio by redeploying the management resources that have been generated.

Shareholder returns

We believe it is important to take action that strengthens our corporate structure and continues to expand our business to increase shareholder value. In terms of returning profit to shareholders, our policy is to make stable, continuous dividend payments to our shareholders while enhancing internal reserves to realize these goals.

In the past, we have maintained stable dividends even when recording losses coinciding with the restructuring of our real estate subsidiary. We have also maintained a consistent dividend forecast even during the current COVID-19 pandemic. As a non-bank, it is important for us to hold a certain level of shareholders' equity as part of business operations, so we will focus on our ability to continue offering a stable dividend without being swayed by performance or transient factors.

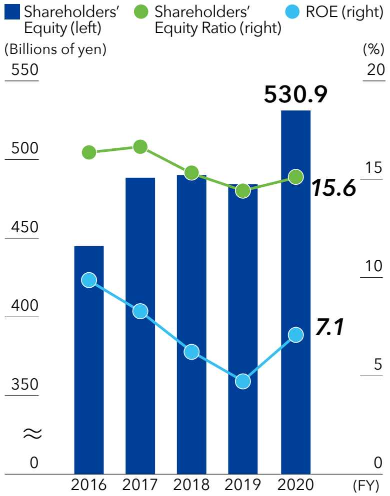
Meanwhile, we will maintain a robust financial structure that allows us to acquire shareholders' equity whenever necessary, while at the same time preparing to respond agilely at the required timing. In working to raise corporate value, it is also important for us to share perspectives through close dialogue with creditors, and we will address shareholder returns in consideration of the balance between shareholders and creditors.

Trends in management indicators

Medium- to long-term target

ROE of 10% or more

Shareholders' Equity Ratio of about 15%

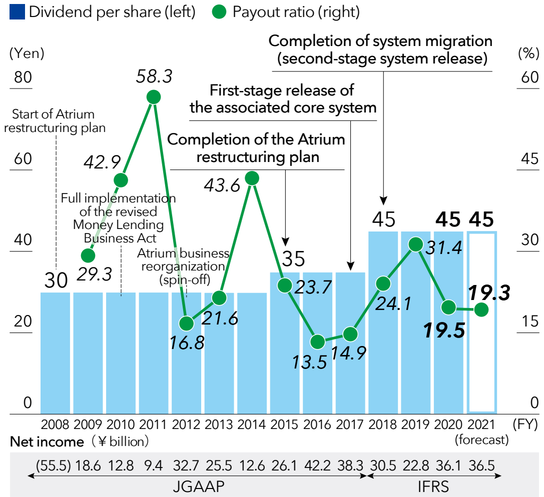


Dividend per share and payout ratio

Dividend policy

Stable and continuous dividend payments

No dividend cuts in the past even during times of management hardship



Responses to Risks/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. The forward-looking statements contained herein are based on the Credit Saison Group's judgment as of the date of submission of its Securities Report (June 23, 2021).

Risks common to the industry

Risk	Details	Responses
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)	Calculation by risk capital management (RCM) of the risk capital required by business to maintain ratings and maximization of 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; the reduction of liquidity risk by promoting diversification by executing direct procurement, such as corporate bonds and 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
Various Regulatory and Legal System Changes	• 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 • Risk of having to cease certain services due to regulatory changes, etc.	• The amount of allowance required at the present time is recorded in consideration of the reimbursement record and trends in interest reimbursement claims • While complying with laws and regulations, prompt responses to service developments in accordance with new regulations

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

Risk		Details	Responses
Occurrences of Large-Scale Disasters due to Climate Change	Risks	Collateral damage to owned assets and physical injury to employees resulting from more frequent natural disasters and abnormal weather due to climate change	• 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 • Establishing a new Sustainability Promotion Committee in August 2021 chaired by the Representative and Executive President, and enhancing the response to climate change and other issues ➤ P41 Credit Saison's ESG Management
	Opportunities	Earning the trust of customers, business partners, and employees through BCP (Business Continuity Plan) formulation and education while increasing corporate value	
Impact of the COVID-19 Pandemic	Risks	Risk of economic downturn, corporate bankruptcies, declines in consumer spending, and repeated issuance and extensions of state- of -emergency declarations resulting from a failure to curtail the COVID-19 pandemic	• Thoroughly implement employee health management and infection countermeasures, and expand services targeting new customer segments by building new remote-type member capture models using SAISON Card Digital ➤ P20 Progress of the Medium-term Management Plans ➤ P44 Health management
	Opportunities	Initiated business structure transformation based on changes in customer psychology and behavior caused by the COVID-19 pandemic	
Competitive Environment	Risks	Intensifying competition due to new entrants into the payment industry from other industries brought about by deregulation and technological advances	• 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 SAISON CARD Digital ➤ P27 Customer Strategy
	Opportunities	Development of new business fields and new products/services through collaborations with other industries	
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
	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	
Overseas Business Development	Risks	Market trends in the countries in which the Company develops its business, the presence of competitors, politics, economy, law, culture, religion, customs, foreign exchange rates, and various other country risks	• Dispersion of country risk by expanding into multiple countries/regions, risk mitigation through regular risk analyses and monitoring of countries in which the Company maintains a presence ➤ P28 Global Strategy
	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	Risks	• System failures due to malfunction of computer systems, communication line disruptions, etc. • Decreased trust due to leakage or unauthorized use of, for example, personal information (membership information) and confidential information due to cyberattack, etc.	• Development of contingency plans, such as ensuring the backup of important systems • Development of measures to counter cyberattacks, such as raising employee information security awareness and minimizing damage • Appropriate protection measures and system development of personal information, as stipulated under the Personal Information Protection Law, acquisition of Privacy Mark
	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) ➤ P22 Business Strategy
	Opportunities	Expanding demand for administrative process agencies at affiliated cards and partners	
Development and Securing of 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	• 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 voluntary elective training programs and age-based career development seminars, and creating a challenge-oriented culture through the establishment of an environment that works to offer long-term, multifaceted education and career development ➤ P33 Human Resource Strategy
	Opportunities	New service/product development by securing talent with expertise in digital technology	

Credit Saison's ESG Management

Basic Approach to ESG Management

Based on our "leading-edge service company" management philosophy, we contribute through 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 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 business activities. Credit Saison will always place the utmost importance on the expectations and harsh opinions of its stakeholders. Every effort will be made to channel this feedback into further improving the Company's corporate value and ensuring its sustained growth.

SDG Initiatives

Contributing to the SDGs is one of the major goals of Credit Saison. Meanwhile, simultaneously creating "Social Value" and "Economic Value" is one of the obligations placed on companies engaged in global business. To fulfill these goals and obligations, we are steadily advancing ESG management. In promoting ESG management, we are addressing social and environmental issues from the perspective of the "Five Ps" in a bid to achieve inclusion in the SDGs.

Establishing the new Sustainability Promotion Committee

In August 2021, Credit Saison established the Sustainability Promotion Committee as an advisory body to the Representative Director in relation to sustainability activities. This Committee will enhance initiatives to resolve social and environmental problems through business Group-wide with the aim of achieving a sustainable society. It will also serve to link activities targeting social and environmental problems that had conventionally been carried out independently in a way that allows us to pursue initiatives in a more integrated, three-dimensional, and concrete manner.

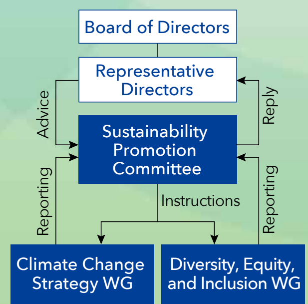
We have established two task forces under the Committee, namely the Climate Change Strategy WG and the Diversity, Equity, and Inclusion WG, for the purpose of promoting decisions made by the Committee and of reporting and making proposals to it. Along with endorsing the TCFD recommendations, the Committee will promote diversity, equity, and inclusion, such as the advancement of women.

With the Representative, Executive President and COO serving as its chair, the Committee comprises globally minded male and female members who hail from within and outside the Company and are thus able to promote the exchange of various opinions.

About committee activities during FY2021

During FY2021, the first fiscal year in which it was active, the Sustainability Promotion Committee met each month to reflect the Sustainability Strategy within the next Medium-term Management Plan.

Structure of Sustainability Promotion Committee



Sustainability Promotion Committee Members	
Chairperson	Representative, Executive President and COO Katsumi Mizuno
Vice-chair	Managing Executive Officer and CFO Shingo Baba
Members	Senior Managing Executive Officer Kosuke Mori
	Managing Executive Officer Kazue Yasumori
	Executive Officer Kaori Shimada
	Outside Director Nana Otsuki
Advisory member	
Makoto Hayama (Fellow at the Institute for Global Environmental Strategies)	

Human Resources

Related Stakeholders — Employees

To accelerate reforms led by innovative human resources, Credit Saison has established systems that allow employees with different genders, educational histories, nationalities, and backgrounds to independently build their own careers while leveraging their individuality.

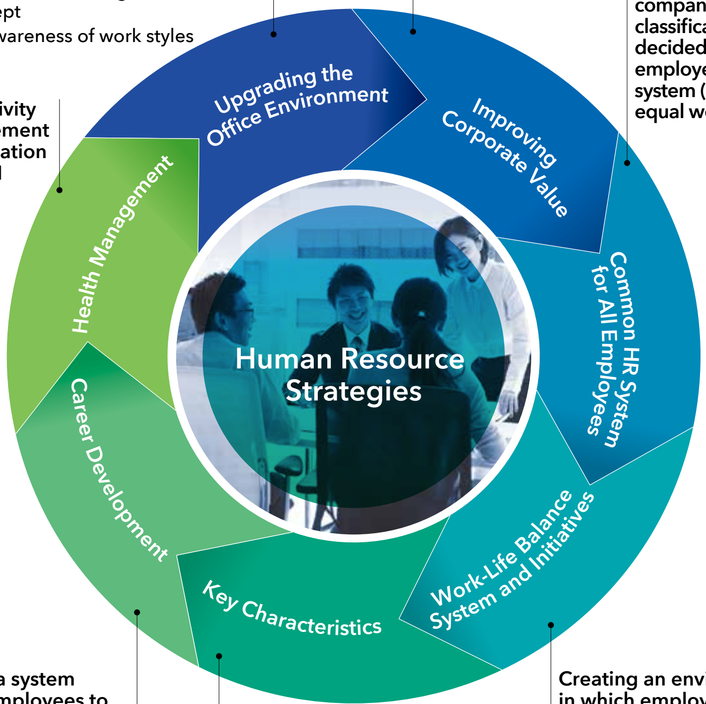
Reforming work styles to realize the streamlining of operations and enable employees to work more resourcefully

- Realizing the “office leading to the future” concept
- Reforming awareness of work styles

Working on sustainable growth as a “leading-edge service company”

Having abolished company employee classifications, decided to adopt an employee role-based system (Equal pay for equal work)

Productivity Management Organization for 2021



Establishing a system that allows employees to make learning a habit and form their own careers

- Career development sheet
- One-on-one meetings
- Open challenge
- Choice-based training

Fostering a corporate culture in which every person can continue to take on challenge

- CS Style
- SWITCH SAISON
- SAISON CONFERENCE
- Make New SAISON 2.0
- CS Style Chips

Creating an environment in which employees can autonomously aim for greater productivity, such as via a flextime system and working from home

Reforming the personnel system for sustainable growth: Pursuing the advancement of all employees

With the aim of “creating an environment and corporate culture that bolsters the potential of each and every employee,” in 2017 we abolished the existing employee classifications, which included specialist workers and specific-category employees (part-timers). Except for some types of part-time employees, all employees are now designated as full-time employees who are indefinitely employed and treated according to their respective functional roles of responsibility (with equal pay for equal work).

System before reforms (up to September 2017)

- General work employees: Indefinite-term employment / Monthly salary / Bonus / Defined contribution pension plan
- Professional employees: Indefinite-term employment / Monthly salary / Bonus
- Temporary employees: Fixed-term employment / Monthly salary
- Mate employees (part-time employees): Fixed-term employment / Hourly wage

Currently (from September 16, 2017)

Full-time employees: Indefinite-term employment / Monthly salary / Bonus / Defined-contribution pension plan

- Abolished employee classifications and moved all employees to indefinite-term contracts
- Realized equal pay for equal work based on role
- Bonuses provided to all employees twice a year
- Unified all programs, including defined-contribution pension plans and welfare benefit programs

Programs and initiatives to support diversity, equity and inclusion

Realization of diverse work styles

Program	Content
Telework	We promote effective utilization of commuting or moving time by working at home and mobile work to increase productivity and promote activity.
Flextime	Employees can determine their working hours of the working day at their own discretion within the range of total monthly working hours each month to realize their optimum work style according to the operational circumstances of their department.
Hourly paid leaves	In addition to day and half-day paid leaves, employees can now take hourly leaves for various purposes. (Maximum 5 workdays per year)
Reduced workdays or working hours	Employees can have reduced workdays or working hours not only for childcare or nursing care, but also for developing skills after work. (Maximum 168 days per year, reduced hours of up to 2 hours daily in units of 30 minutes)
Second job	Employees who meet the requirements can take on a sideline. We support any arrangement which can lead to career advancement and where the experience gained externally can benefit the main work in the company.

Supporting balance with home

Program	Content
Childcare leave	It is possible to take childcare leave until March 31 of the fiscal year the child turns three years old. We can provide a strong system for balancing work and childcare by not limiting the period of childcare leave to one year. During this time, the person can spend the time in a way that suits them, such as working hard to improve their career through self-development, allowing for a smooth return to work.
Spouse childbirth leave	Employees may take 5 days of paid leave within 30 days before or after the day of birth to their spouse.
Morning sickness leave, hospital visit leave	Female employees who are pregnant and have difficulty working due to morning sickness or after childbirth, or female employees who are pregnant or are within one year after childbirth and need to go to the hospital for checkups can take the necessary number of days off.
Child nursing leave	Employees who take care of children who are under elementary school age can take 5 days off per year (with pay) if they have only one child, or 10 days per year (without pay from the 6th day) if they have two or more children, in increments of one day, half a day, or hours in order to provide care to sick or injured children or to receive vaccinations or medical checkups for their children.
Nursing care leave	During the period of time that nursing care is necessary, employees can take five days per year if you have one family member to care for, or tendays per year if you have two or more family members to care for, in increments of one day, half a day, or hours.

Supporting employee growth

We are developing the means and environment for each individual to proactively consider and work on his or her career. In addition, we aim for the growth of our employees and the organization by providing opportunities to take on challenges and a system to support those challenges.

Career Development Sheet	Declaration of past experience and orientation and future career and growth plans. Thinking about the future direction of career will lead our employees to take active action in making it a reality. The contents of the declaration will be used as a reference for human resource development planning and optimal job placement.
Career Design Program	We provide support to our employees in considering their autonomous career according to the expected roles by age and issues in their personal career development.
Human Resource Development Meeting	Once a year, supervisors get together to talk about employee development plans. Development approaches that suit each employee are nailed down not only based on the wishes of the individual but also from multiple perspectives to support the employee's growth.
One-on-One Meetings	This type of meeting creates an environment where supervisors and subordinates can communicate in both directions and feel safe to challenge each other.
Dream challenge	Once a year, employees can apply for a transfer to their desired department. This system allows employees with a clear image of their own career path and potential contribution to the company to directly contact the Strategic Human Resources Dept.
Open challenge	This system allows employees to apply for positions, such as when a new business or new department is being set up, without having to go through their superiors.
Job competition	Employees at the section manager level or above can declare their desired position once a year. It is also possible for them to submit a request to start a new company, and all declarations will be looked over by management and used as a reference for organizational and personnel changes.
Choice-based training	Credit Saison has prepared a program that allows employees to choose the learning they need for their own training and career development in line with their own goals.

In addition, we provide training to managers on basic knowledge (education on systems, performance evaluation, etc.), management, communication, mental health, and harassment.

Supporting the advancement of diverse human resources

Promotion of the advancement of women

With women accounting for approximately 70% of all employees, Credit Saison listens to the feedback of our employees as we work to expand those systems that allow all employees to continue working in a highly motivated manner and that ensure female employees do not have to quit their jobs or abandon their careers due to major life events. In recognition of these activities, we have been selected as a constituent of the MSCI Japan Women's Empowering Index for four consecutive years. Currently, our ratio of female managers (general managers, section chiefs, department managers) stands at 52.0%.

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Support for the promotion and retention of employment of people with disabilities

We recruit both new graduates and mid-career workers throughout the year. To support the retention of employees, we introduce tools to support their employment, provide training, and conduct regular interviews. In addition, in order to create new employment opportunities, we have opened the "Saison Farm Toda," which grows herbs indoors, and the "Ubiquitous Office Team," which consolidates internal office work, to further promote employment.

History of support for diverse human resources

1980
- '82 Initiated proactive hiring of women for both new graduates and mid-career
- '89 Introduced work location courses (countrywide and regional types)

1990
- '92 Introduced the childcare leave system
- '93 Introduced the nursing care leave system
- '97 Introduced the childcare and nursing care reduced working hour system

2000
- '07 Expanded the reduced working hour system (up to April 15 of the year that the child reaches the fourth grade of elementary school)
- '07 Expanded the scope of counter-restricted positions to all sales
- '07 Introduced the spouse childbirth leave system

2010
- '12 Extended the nursing care leave system and expanded the reduced working hours system (expanded reduced working hours options)
- '13 Expanded the reduced working hours system (resumption of reduced working hours after returning to regular working hours)
- '16 Tested the introduction of a remote work system
- '17 Introduced a common personnel system for all employees to be further active
- '18 Promotion of employment of people with disabilities through the establishment of a farm called "Saison Farm Toda"
- '19 Initiatives to reform work styles through office renewal

2020
- '20 Expanded telework application coverage amid the corona pandemic
- '21 Promoted employment of people with disabilities through establishing an administrative team

Health management

Health management declaration

To continue to create new value as a "leading-edge service company," we aim to ensure each employee is always in their best condition so they can perform at the height of their potential, the happiness of our employees and their families, and the provision of good services to our customers and partners.

Basic Principles

Ensuring health and safety is a critical requirement for all operations. Our basic views concerning health are as follows.

1. For employees, health is necessary for realizing their life design plans.
2. For companies, employees need to be healthy to harness their capabilities sufficiently to contribute to the business activities and social activities.
3. Employees should look after their own health but companies ought to support such activities.

Policies

- Companies comply with mandatory safety considerations.
- Companies maintain the necessary systems for safety management. Specifically, companies promote systems for task environments, work environment management, and health management while providing education on occupational safety and health to supervisors and managers as well as employees.
- Employees take steps on their own to ensure their safety and improve their health.

1. Employees actively participate in activities to promote health that companies implement.
2. Employees are responsible for managing their own health so they can do their work enthusiastically.

Health management promotion system

The health promotion team within the Strategic Human Resources Dept. play a central role in promoting activities for maintaining and improving employees' health.

A system has been set up that allows employees to easily consult regarding their mental and physical wellbeing.

Representative, Executive President and COO

Representative, Executive Vice President and CHO

Strategic Human Resources Dept.

Planning and promotion of health management, safety and health, labor management, implementation of health maintenance and health promotion measures, support for employees on sick leave

Industrial physicians 2

Public health nurses 3

Cooperation

Palette Health Insurance Society

Each office all over Japan

Implementation and operation of health promotion measures for each office, led by the hygiene committee of each office

Specific Activities

Creating healthy mind and body

- Activities on women's health
- Cancer control
- Measures against lifestyle-related diseases and smoking

Creating a workplace where anyone can continue to work

- Activities for ensuring appropriate working hours and having employees balance work and family life
- Helping employees to continue working while receiving treatment

For more detailed information, please check our website: https://corporate.saisoncard.co.jp/en/sustainability/diversity/health/

External evaluation

2021
健康経営優良法人
Health and productivity

We have been recognized as an Excellent Health Management Corporation 2021.

gan-ally-bu AWARD 2020
GOLD

We were awarded "Gold" in the "Gan Ally Award"

In 2020, we were recognized as a company with excellent performance in the promotion of cancer control in the corporate action for promoting cancer control.

健
健康優良企業

In July 2021, we acquired the Silver certification, recognized as a company with excellent health management initiatives.

About the 53rd floor "Camp" freely usable space and introduction of SCANDIA MOSS for the 52nd floor breakroom

In the spring of 2021, Credit Saison opened "Camp," a freely usable space on the 53rd floor of Sunshine City, and renovated the breakroom on the 52nd floor. SCANDIA MOSS is an environmentally friendly, natural material that was born from the wilds of Scandinavia. Installing SCANDIA MOSS along part of the walls serves to purify the room of airborne ammonia, acetaldehyde, acetic acid, and other toxic substances, thereby helping to create an environmentally friendly space.

We will continue to use environmentally friendly products when designing office spaces in an ongoing effort to improve the environment.

CS Style

To ensure every employee embodies the uniqueness of Credit Saison, the Company formulated an employee conduct policy called "CS Style" that is shared by all employees. As a conduct policy that leads to the realization of the Company's "leading-edge service company" management philosophy, every employee works daily to put CS Style into practice.

Management Philosophy

Leading-edge service company

Value

Practical implementation of the principles of customer satisfaction
Mutual respect for our interests and those of our business partners
Developing a corporate culture of creative innovation

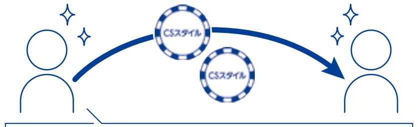
The action guidelines (work style) required of employees to realize our management philosophy

CS Style

Embrace challenges	Question conventional wisdom	Work until the job is finished	Elevate team power	Elevate yourself

Peer-to-peer bonus system (CS Style Chips)

Credit Saison is introducing a new version of its peer-to-peer bonus system that allows employees to send incentives to each other for the results and contributions of those jobs that are not easily recognized on a day-to-day basis. The giving of chips with words of gratitude and praise among employees for actions and initiatives aligned with CS Style is leading to the stimulation of communication that crosses between locations and departments, improvement of motivation, and promotion of CS Style practices.



Great that you successfully used Zoom to hold an online seminar for customers!
I was under the impression that "you can't succeed without visiting the customer," but I was able to make contact with many people at once, so it was a win-win situation without any effort on the customer's part!
I'd like to follow your example!
#Embrace challenges
#Question conventional wisdom

SWITCH SAISON in-house venture program

As of October 2021, we have held the SWITCH SAISON in-house venture program, which aims to rapidly transform our employees' ideas into part of the business, five times. Thus far, we have adopted several business proposals from among the nearly 900 total submissions. The program attracts employee ideas from across all age groups and offers support through a commercialization mentor program. At the same time, the program allows for flexible personnel changes for those who have made successful proposals.

Holding the SAISON CONFERENCE and Make New SAISON 2.0 events

We are advancing these efforts to raise employee motivation and foster a sense of unity among the Group. As part of Make New SAISON 2.0, an executive version of SWITCH SAISON, our executives propose new businesses. Moreover, we held the SAISON CONFERENCE, which aims to have the CEO and executives share our vision and strategies, to deepen the understanding of our current situation and management strategies, as well as to create a corporate culture that undertakes challenges without fearing failure.

Special feature

SWITCH SAISON in-house ventures

Launched for the purpose of fostering a corporate culture in which employees generate ideas and of creating new services that address the changes in society's needs and markets, SWITCH SAISON also connects to in-house education activities intended to achieve diversity, equity, and inclusion.

Proposals transformed into part of the business

SAISON KAZUYA YouTube Channel

Kazuya Ito
Digital Marketing Dept.

Due in part to the difficulty of conducting face-to-face sales because of COVID-19, I realized that we could use YouTube to steadfastly convey and disseminate information 365 days a year, 24 hours a day without rest. I hope that this approach to YouTube-based sales activities eventually serves as an opportunity to foster a corporate culture that allows us to enjoy our work while undertaking challenges without becoming stuck in convention. I would be pleased if those of different age groups find this idea interesting, including customers coming to see us as a company that can undertake different challenges and those looking for work choosing us as a place to apply. Although this idea necessarily aims to contribute to higher profits through greater awareness, I also hope viewers see us as the most interesting credit card company in Japan.

School Visit: SAISON TEACHER

This project got its start as part of the first batch of SWITCH SAISON submissions. As of March 2021, approximately 4,000 students have attended 90 events. This project offers classes grounded in reality as its employee lecturers can apply knowledge acquired through actual work. The program has also begun offering online classes designed with an awareness of two-way communication.

Once the age of adulthood is lowered under a revision to Japan's Civil Code slated for April 2022, Japan might well see an increasing number of financial problems among younger age groups. We therefore hope that this program will provide younger people with accurate financial knowledge as a means of preventing these problems. We will pursue classes in a way that helps attendees become independent consumers with the ability to choose and use the appropriate payment method.

In-house awareness activities

Femtech seminar and exhibition

Tomoko Seki
Digital Marketing Dept.

As a company with a high number of female employees and customers, and that has fostered a sense of safety and trust among women, I felt that offering products and services under the concept of Femtech, which aims to solve the health problems of women through technology, could connect to new customers and create comfortable working environments for employees. When we held in-house Femtech seminars and exhibitions, we were able to draw out many new revelations. Going forward, we will identify more needs and study their feasibility and aim to evolve this program into an activity that addresses the unique emotional and physical symptoms and demands of women, including the desire to feel at ease or to consult with specialists.

Initiatives for universal manners and manners toward LGBT

We encourage employees to take the Universal Manner Test*1 to learn the "mindset" and "actions" that enable them to act from the perspective of someone different from themselves, such as an elderly person or a person with a disability. We also participate in LGBT*2 manner training*3, where we learn about the concerns and anxieties of the LGBT community, and learn specific knowledge and ways of dealing with the community in order to provide support.

*1 The Universal Manners Test is organized by the Universal Manners Association of Japan, and is a certification test for systematically learning and acquiring the "mindset" and "actions" needed to deal with diverse people, including the elderly and people with disabilities.
*2 LGBT is a general term for sexual minorities and is an acronym for [L] lesbian (female homosexual), [G] gay (male homosexual), [B] bisexual, and [T] transgender (a person who lives or wants to live a gender different from the one assigned at birth).
*3 LGBT Manners Training" is sponsored by the Japan Universal Manners Association, and provides specific knowledge and ways to deal with the concerns and anxieties that the LGBT community tend to have, as well as points that can be taken into consideration and ways to provide casual support in the workplace and in services.

Environment

Related Stakeholders

Regional communities Customers Employees

Credit Saison implements environmental efforts on an ongoing basis regarding regular operations within the Company, including the full-on promotion of paperless operations. We also pursue environmental conservation activities together with local communities through the management of Akagi Nature Park.

Paperless initiatives

Eliminating paper applications by promoting SAISON CARD Digital

Credit Saison is working to reduce paper consumption and CO_2 emissions by promoting the use of online card statements and applications.

Reducing paper consumption will help to lower CO_2 emissions, while digitalization is expected to reduce CO_2 emissions by 500 g per card statement envelope. Through the expansion of digitalization, we will continue to both improve customer convenience while promoting initiatives to manage environmental issues.

Moreover, we are promoting the digitalization of Saison Counters, as well as the transition to paperless procedures and labor-saving operations.

Contributing to society through the management of the Akagi Nature Park

Under the theme of "Coexistence of Humanity and Nature," the Akagi Nature Park (Shibukawa City, Gunma Prefecture) provides an environment that aims to create a beautiful forest in which animals and plants can grow with vitality, and where visitors can feel the comforting presence of nature. The Park got its start in the 1980s under the leadership of Seiji Tsutsumi of the Seibu Saison Group, who undertook the 21st century challenge of creating a "harmonious coexistence between human activity and nature," and developed the Park by replacing the vegetation in what was once a man-made forest. Credit Saison has managed the park since 2010 with the assistance of many individuals, companies, and organizations that have endorsed the Park's goal of passing on a rich nature to the children who will support the future.

As a place of environmental education that conveys the wonder of nature, a cultural forest of uncompromising "beauty," and a location of recreation and relaxation that allows one to feel the comforting presence of nature, the Park welcomes regular visitors and has developed various programs. One of the newer programs offered by the Park is "Parents and Children Exercise and Play Classrooms," which allows participants to enjoy therapeutic walks in the forest while exercising their bodies. As a result of avoiding outings to prevent the spread of COVID-19, secondary health issues arising from factors such as a lack of exercise have become a recent problem. Forests, however, are relaxing and can strengthen the immune system, among other effects. Using its standing as a "Forest Therapy Site" for which these effects have been proven through physiological and psychological experiments, the Park has contributed to the greater health of those in the community.

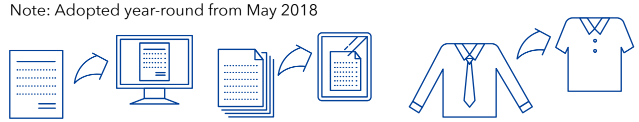
Paperless operations using a document management application

Ami Miyauchi
General Affairs Dept.

Credit Saison is working to reduce paper consumption by promoting the digitalization of paper documents, particularly by using paperless faxes and document management applications. Along with improving operational efficiency by shortening the time spent searching for and filing documents, digitalization helps reduce document storage space and the volume of discarded documents, which contributes to reduced CO_2 emissions and other environmental impacts.
For example, the Credit Saison Finance Business Rent Guarantee Group introduced a document management application for customer rent guarantee service operations in September 2020 to transition some of the operational flow to paperless operations. One year after introduction, the Group has reduced paper consumption approximately 10% despite a roughly 180% increase in the number of applications compared with the previous year.

We will further promote the shift to paperless operations and continue efforts targeting environmental problems.

- Reduction of paper consumption through online statements (500 g of CO_2 reduction per envelope)
- Paperless board meetings by using tablet devices for meeting materials
- Active use of conference calls and video conferencing
- Reduction of electricity consumption by shutting down PCs when away from the desk or not in use
- Casual office attire (Cool Biz, Warm Biz)
Note: Adopted year-round from May 2018



Partnerships

Related Stakeholders
Customers
Business partners

By leveraging our strengths to support the development of solutions that combine the technologies, ideas, and services of other companies, and to support start-up companies, Credit Saison is working to develop new services and business collaborations with various companies.

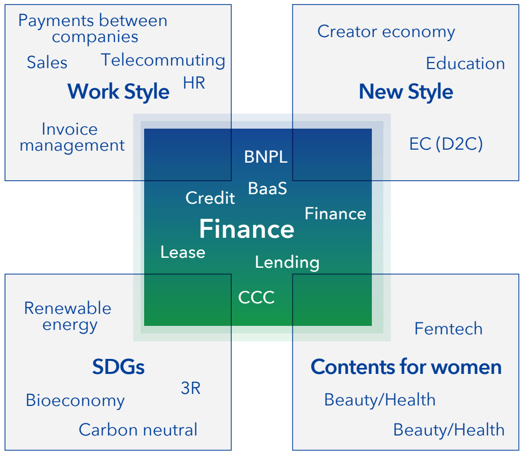
Investment-related approaches and activities

In response to social issues and changes in the environment, Credit Saison invests along the two axes of “solution development with a focus on finance” and “support for start-up companies undertaking the challenge of innovation.”

In 2012, we began participating in limited partnerships (LPs) for the purpose of collecting overseas information and launched collaborations with start-up companies in Japan. We have established a certain degree of presence by executing direct investments in companies that possess the potential for business synergy. In 2015, we began principal investments with the establishment of Saison Ventures Co., Ltd., which provides corporate venture capital (CVC) for companies in Japan.

SAISON Ventures

Investment areas



Investing in Grace Group Inc. as a provider of egg freezing services

In October 2021, we invested in Grace Group, a company that provides egg freezing services for the purpose of tackling social issues, including promoting the advancement of women and addressing declining birthrates. We engaged in advertising activities intended to increase awareness of the Grace Group’s services and developed optimal financial products to actively support the careers and life plans of a diverse range of women. Going forward, we will go beyond investing in egg freezing services to tackle overall women’s healthcare as a means of expanding the Femtech market, which covers a wide range of fields that address each life stage.

Grace Bank

Making Wine&Wine Culture Co., Ltd., and the Wine and Spirits Culture Association, which administer the TANABE YUMI WINE SCHOOL and SAKURA Japan Women’s Wine Awards (SAKURA Awards), into fully owned subsidiaries

Q Please tell us about the background to this project.

This initiative has been ongoing for the past 30 years along the lines of wine, “Sommelier Training,” and “Wine Culture Promotion” as led by Yumi Tanabe, a leading wine expert and educator in Japan. The SAKURA Awards, which began in 2014, was the first to adopt an international wine judging committee to be led by women working in the wine industry. Having been involved for many years in promoting the advancement of women, this initiative echoed with us and led us to become more interested in helping to develop the initiative and make it part of our business. (Aikawa)

Toshihisa Aikawa
Wine&Wine Culture Co., Ltd. Director
Credit Saison Co., Ltd., Corporate Planning Dept. Strategic M&A Office General Manager

Q What are you trying to achieve through this project?

Under the theme of “Women and Wine,” we are leveraging our network to utilize this initiative as a promotion and event activity for Saison Card members, and are considering offering wine schools, proposals that marry wine and food, and a SAKURA Awards wine party. With a target of women who enjoy both their work and private lives, we will rapidly deploy membership services under the theme of wine, for which there is a high demand among our customers, regarding the Saison Rose Gold American Express® Card that we began issuing in November 2020. (Aikawa)

Yumi Tanabe
Wine&Wine Culture Co., Ltd. Representative Director
Wine and Spirits Culture Association Chairperson
TANABE YUMI WINE SCHOOL President
SAKURA Awards Chairperson and Judging Committee Manager

Q Please discuss your vision in working together with Credit Saison.

By leveraging our more than 30 years of experience in the wine industry and working alongside Credit Saison with its nearly 36 million Saison Card members, we believe we can disseminate wine culture beyond where it stands today and help to expand consumption. We will convey the joy of wine to an even greater number of people through STOREE SAISON and the “Tento-mushi (ladybug)” card member magazine. (Tanabe)

Establishing CASM, Inc. together with CyberAgent, Inc., as a marketing company that leverages card payment data

In June 2021, we established CASM, Inc. together with CyberAgent, Inc., a leader in the digital marketing industry, as new companies that will provide marketing solutions leveraging card payment data. CyberAgent, Inc., also owns "AI Lab," an AI technology research-and-development organization.

AI Lab has been involved in the research of alternative data applications for the purpose of ascertaining real-time economic conditions at the refined granularity required for research into recommendation information optimization and for decision-making by companies and governments. AI technology enables comprehensive alternative data analysis, including high-precision payment data analysis, as well as insights into consumption behavior and customers.

This project aims to utilize our payment data more effectively, as well as to create new businesses and value.

CyberAgent. CREDIT SAISON CASM

Q Please tell us about the background to this project.

Credit card payment data allow users to rapidly ascertain consumption trends from the level of accuracy based on identity verification and the promptness of payments. Because the need to utilize these data as "alternative data" is expected to increase amid the major changes in purchasing behavior due to the new lifestyles resulting from the COVID-19 pandemic, we felt that we could transform these data into new value creation and businesses by combining them with the know-how in Internet advertising and marketing held by CyberAgent, Inc. This understanding led us to establish a joint venture with this partner. (Kawahara)

Kazutomo Kawahara
Credit Saison Co., Ltd.
Executive Officer
Digital Innovation Division and Digital Marketing Dept.
General Manager

Q What are you trying to achieve through this project?

By combining Internet technology with card payment data, we can optimize and diversify recommendation information for card members in a way that makes them realize they want a specific product, for example, or provide marketing solutions for manufacturers and retailers that utilize payment data in a way that promotes changes in customer behavior and leads to increased sales. We will also attempt to create new businesses that combine the business fields and know-how of both companies. (Kawahara)

Q Please discuss the reasons you chose Credit Saison and how you feel about our corporate culture on a daily basis.

I felt that because Credit Saison holds the payment data for nearly 36 million people and is actively working to create new businesses that utilize and expand on such data it was a match for the AI knowledge and development technologies held by CyberAgent, Inc. Those involved in the project are steadily moving forward with confidence in the potential held by data and are strongly bolstered by Credit Saison's stance of constantly challenging new fields. (Shimoda)

Mitsuru Shimoda
CASM.inc
Representative Director

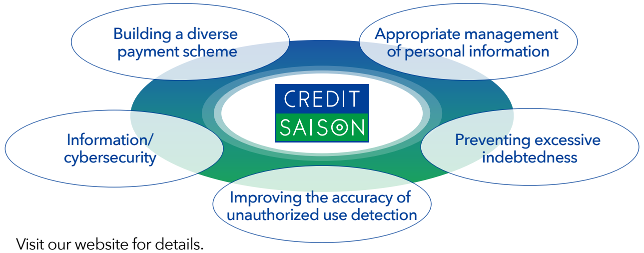
Regional Development

Related Stakeholders

Regional communities | Administrative agencies

Contributing to regional economic development and problem solving in Japan and overseas through financial services while creating a convenient and plentiful society.

Achieving a Safe, Secure, and Convenient Cashless Society



Visit our website for details.
https://corporate.saisoncard.co.jp/en/sustainability

Partnership agreements with local governments

Credit Saison concluded a partnership agreement on disaster prevention and education with Yokohama City and set up the Bosai Café to educate people about how to prevent and mitigate disasters. As part of this program, we make donations to Yokohama City's disaster awareness program and to hold disaster prevention workshops. We also signed a partnership agreement on health promotion with Fukushima Prefecture and in addition to supporting activities that promote people's health, we also make donations to the prefecture's animal welfare center.

Also, we have also signed a comprehensive agreement on cooperation with Kanagawa Prefecture and are working together to revitalize the local community and solve social issues using Eikyufumetsu Points.

Yokohama City disaster prevention and mitigation workshop

Donating to the Fukushima Prefecture Animal Welfare Center

Note: Donations can be made to any of these programs with Eikyufumetsu Points.

Note: All photos are for representation purposes only.

Providing financial services in Asia

In the rapidly growing Asian region, Credit Saison is developing retail financial businesses tailored to each country and aiming to realize financial inclusion for their emerging middle classes. To contribute to the expansion of the finance business and the development of the regional economy, we are promoting the foundation of medium- to long-term overseas strategies and business development along two axes: business alliances with strategic partners in each country and investment in and the financing of promising companies.

- In Vietnam, in addition to launching a new credit card business, by developing the individual installment business for motorcycles and home appliances
- In Indonesia, by developing the digital lending business
- In Thailand, by providing BtoB financial services
- In India, by developing the digital lending business

Underserved segment that is unable to receive sufficient financial services from banks, etc.

↓

Providing financial products and financial solutions in collaboration with local companies

↓

Achieving financial inclusion and contributing to the economic development of the countries in which Credit Saison operates

Akagi Nature Park initiatives with special-needs schools

Under the management philosophy of "Preserving a Lush Forest for the Children of the Future," the Akagi Nature Park engages in activities that contribute to the community in a way that creates a sustainable society together with local companies and schools.

In 2021, the Park began selling products made by students at the Gunma Prefectural Shibukawa Special-needs School as part of their occupational training program. Experiencing how the products they make are sold and delivered to customers helps the students to learn more broadly about society's systems. This initiative thereby aims to help students imagine themselves working and to fill in gaps wherever possible between school and work to ensure the students become human resources who can excel in the future. In addition, by acknowledging human resources in a diverse range of situations and with different values, we discover hints to improve the comfort of all Park visitors and to incorporate the concept of diversity into the Park.

Social Contribution

Related Stakeholders: Regional communities, Administrative agencies

In working to realize a sustainable society that is even more convenient and prosperous than it is today, we will go beyond simply using our assets, and merge these with the technologies, ideas, and services of our stakeholders as we drive forward initiatives to resolve problems.

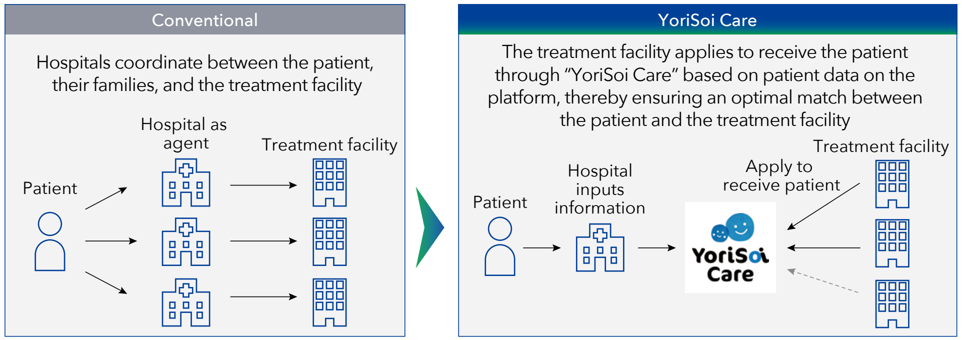
Launching the "YoriSoi Care" hospital discharge support service as a joint project with MedPeer, Inc., in the field of home healthcare

With its aging society, Japan is faced with the urgent challenge of enabling the elderly to receive the medical and nursing care services they require in the communities in which they have always lived, while maintaining a lifestyle that stays true to themselves. Home healthcare and nursing care, however, rely on collaboration between many related organizations, including hospitals and nursing care facilities.

In cooperation with MedPeer, which operates the "Primary Care Platform" as a link between medical institutions and patients, we launched the "YoriSoi Care" hospital discharge support service as a joint business venture in the home healthcare field. This project leveraged the platform building know-how MedPeer possesses as part of its healthcare business together with our know-how and networks in the Finance Business. Along with improving the efficiency of hospital discharge coordination operations, this effort aims to create a "Hospital Discharge Support Platform" that expands options for patients and allows them to easily find a treatment facility that meets their needs.

Through this business, we will provide new value in home healthcare and will work to expand services in the healthcare business and solutions in the BtoB area.

Conventional hospital discharge coordination operations (left) and "YoriSoi Care" hospital discharge support service flow (right)



"KASSAI" fundraising service

To create "the future of finance," in 2020 we executed a capital participation in Fintertech Co., Ltd., a subsidiary of Daiwa Securities Group. This move is intended to develop and provide "next-generation financial services," such as cryptocurrency-backed loans and loan-type crowdfunding.

Due to the significant impact of COVID-19, the continued existence of the travel, sports, restaurant, music, theater, and many other industries has been threatened. There is nothing more unfortunate than losing an entire industry or organization even though there are those who want it to continue and want to support it, feeling that they must not lose something so important to themselves. To improve the sustainability of these industries in whatever way we can, we believe systems are needed to deliver the thoughts of their supporters in a concrete form so that they can be made a reality, which is why we manage the "KASSAI" fundraising service. "Gold Ribbon Walking," an activity supported by Aflac Life Insurance Japan Ltd. that seeks to improve recovery rates among and promote an understanding of children battling childhood cancer, and the Kansai Philharmonic Orchestra, which canceled or reduced the scale of many of its performances, are two examples that have used this service.

Support for sporting and cultural activities

With the desire to continue to grow alongside Japan's national soccer team, we have been a supporting company to the team since 2001 and through a sponsorship agreement with the Asian Football Confederation (AFC) have supported the soccer community in Asia since 2014. We are also committed to supporting the dreams of children by providing valuable opportunities that fall outside the realm of normal daily activities, including as part of our "High Touch Kids" program, which is held under our philosophy of having children visit sports stadiums to see Japan's representatives strive toward victory in person.

Credit Saison has also been a sponsor of performances in Japan by José Carreras of Spain, one of the members of the world-renowned The Three Tenors, since 1999. We support José Carreras' activities in a variety of ways, including through the donation of funds obtained from commemorative goods prepared for his annual recitals to the International José Carreras Leukaemia Foundation, which was founded after his successful battle with leukemia.

©JFA

Incorporation of External Opinions and Knowledge to Improve Governance

Naoki Togashi
Outside Director (Independent)
Director, NAGAHORI CORPORATION
Trustee, Japan Association of Corporate Executives

Nana Otsuki
Outside Director (Independent)
Expert Director, Monex, Inc.
Professor, Nagoya University of Commerce and Business Graduate School
Trustee, Nishogakusha University
Audit & Supervisory Board Member, Tokio Marine Holdings, Inc.
Outside Director, Mochida Pharmaceutical Co., Ltd.

Hitoshi Yokokura
Outside Director (Independent)
Partner, Waseda Legal Commons, LPC
Auditor, Minori Audit Corporation
Outside Audit & Supervisory Board Member, ITO EN, LTD.

Outside Director Roundtable Discussion

We will deepen discussions at Board of Directors' meetings with the aim of "transforming ourselves into a comprehensive life service corporate group" while utilizing external knowledge and perspectives.

Q In 2021, Credit Saison set forth a new management strategy for "transforming into a comprehensive life service corporate group." What must the Company do to achieve this goal, and how do you approach the executive side as an outside director?

Togashi: As for the Company's goal of "transforming ourselves into a comprehensive life service corporate group," I see this as a grand experiment that no other credit card company, or even more specifically, no Japanese business company, has ever attempted before. There are few successful examples of financial groups entering the non-financial arena. Against this backdrop, Credit Saison, as a so-called independent credit card company, is entering non-financial fields as a core business, which is extremely challenging because this is not simply a matter of starting a physical or online retail distribution business. This move reflects the fact that we have reached a major turning point in this era, so the realization of this ambitious objective cannot be seen as an extension of the past. It will be important for the Company to ensure that the various steps it takes reflect the world it is truly aiming for. I find examining the individual proposals toward reaching this goal to be motivating. In this sense, my role is to foster a deeper discussion about the perspective from which we should move forward. I always try to think deeply about various future-oriented businesses with an eye to going beyond simply "breaking out of the industry mold" to "create something unimaginable."

Yokokura: Materials detailing specific agenda items at recent Board of Directors' meetings provide a conceptual outline for the Company's goal of "transforming into a comprehensive life service corporate group," while each agenda item has been designed with an awareness of how it relates to this goal. As I mentioned in the Integrated Report 2020, I still feel that the ultimate role of outside directors, who are in a position to supervise business execution, is to step on the final emergency brake. In addition, I think it is important to focus on the Company's policy-making process from the perspective of supporting appropriate risk-taking and to deepen discussions by constantly checking, for example, on the consistency of decision-making as it is positioned within this overarching strategy and how it stands in relation to the strategic goal. It is difficult for part-time outside directors to gain a thorough knowledge of the finer points of a company. As an unbiased and detached outside director, however, I try to deepen discussions with the executive side by using my expertise, such as my way of thinking as a lawyer and my perspective as an accountant.

Otsuki: For a company that has so far operated in a stable manner to endeavor to "transform itself" is

easier said than done. In addition, with the business environment drastically changing, not only Credit Saison but also its competitors are broadening various initiatives to further expand their operations. Accordingly, I think "speed," "boldness," and "communication" will be especially important for the Company going forward. Although "speed" is of course important, "boldness" is needed for making decisions without being too risk-averse, though this requires enhanced follow-up and monitoring to detect and correct any mistakes as soon as possible. As for "communication," I think it is necessary to enhance the disclosure of not only financial but also non-financial information, such as environmental initiatives, and to disseminate such information both internally and externally.

Togashi: Regarding financial information, the matters of each business unit discussed mainly at the Board of Directors meetings are only one aspect of the overall picture. Yet, the Company's corporate value is formed by accumulating such data, so I think one of our roles is to speak out about how each business unit is currently positioned from the overall perspective of financial strength, capital strength, and corporate value.

Otsuki: I completely agree. It is important for all companies, not just Credit Saison, to try new things that have never been done before. In this context, decisions are made by examining the business activities and risks of individual departments from an overall perspective. We as outside directors play a critical role in helping to maintain this sense of balance.

Q How do you think the Board of Directors should evolve?

Otsuki: The role of directors, whether internal or external, is to supervise the executive side, and this will not change even as the Board of Directors evolves. On the other hand, I feel that as the direction of the Company changes, directors and outside directors will in turn be required to add more value. Some studies have shown that Japanese companies, in particular, tend to demand that their outside directors have more advisory functions than American companies do. I feel that there are needs and expectations for such advisory functions for outside directors at Credit Saison as well.

Togashi: In the case of American companies, for example, when an IT committee is established, half of the members are outside directors with IT experience, or if the firm is a financial institution, they have IT experience in a financial institution. The Nomination & Remuneration Committee also includes experts, such as individuals with experience in HR and those who have been involved in HR matters. The mission of outside directors is to supervise corporate management, but with the increasing need for specialized business discussions, they are expected to provide third-party opinions based on the knowledge and experience they have acquired in their careers, even when this experience is in a different field, while a deep understanding of the business is becoming essential. I therefore feel that we are in an age when it is difficult to serve as an outside director unless you have expertise connected to that business. Accordingly, we as outside directors need to become more sophisticated to help the Board of Directors evolve. In addition, even though our function is to supervise and monitor, we make decisions on equity and investment proposals that come before the Board of Directors, so I believe that we have moved beyond supervision to performing a risk-taking role.

Yokokura: The composition of Credit Saison's outside directors shows that we are not a homogeneous group of people, and thus we all have perspectives that are completely different from one another. I think the Board of Directors functions well in that the three of us each ask questions from different angles and delve deeper into discussions.

Togashi: The skills matrix of outside directors shows real differences.

Yokokura: I think the characteristics of Board members are a result of the Company's earnest approach to corporate governance.

Togashi: Yes indeed. On the other hand, when I think about the issues facing the Board of Directors today, one thing that must be addressed is the need to strengthen the administration of the financial management system to include more crisis scenarios, given the fact that the number of investment and equity proposals is increasing in Japan and overseas. Funding is necessary to open up new frontiers, but it is not inexhaustible. How much corporate value is being generated with current capital? What is the debt ratio? How much procurement capacity is available? These financial considerations have an important role to play, and while a crisis management system is currently in place, it needs to be deepened to promote management based on various scenarios. It is also important to more urgently and immediately inform management and the Board of Directors of issues that arrive when pursuing investment and equity activities in order to contain them. Furthermore, looking beyond the successes of large investment or equity proposals, it is important to be able to not only make quantitative judgments such as good revenue and financial position but also to fully consider and evaluate qualitative aspects—both defensively and offensively (including risks)—such as the qualifications of the management personnel of the acquired company, their commitment to the business, the relationship of trust between the management and mid-level employees, and the corporate culture.

Otsuki: I mentioned earlier that Credit Saison's three challenges are "speed," "boldness," and "communication." For "communication," I think that effectively conveying to the capital markets what the Company is already doing, both financially and non-financially, will positively impact financial strength and the Company's ability to raise funds, which are a limited resource as Mr. Togashi mentioned. As for changes in the governance structure, the Company newly established in August 2021 the Sustainability Promotion Committee,

on which I serve as a member. I have been amazed at the extremely high level of awareness among its members since the very first meeting. Beyond simply holding meetings, the committee has been active in sharing what they have learned about sustainability on a daily basis. Each member is taking a leadership role while making sustainability a personal matter, and I'm very much looking forward to seeing how these members with an extremely high level of awareness will get the entire company involved.

Yokokura: Looking at the further evolution of the Board of Directors, Board meetings should discuss not only individual agenda items but also major policies and ideas such as how to steer the entire company and address risks when they arise. We need to discuss opportunities and risks from a micro perspective to transform Credit Saison into a "comprehensive life service corporate group." In addition, however, it would be good if the Board of Directors could delve deeper into the overall vision for the Company from a macro perspective that is not limited to specific proposals. Directors in charge have a direct stake in each specific agenda item, but there needs to be a forum for discussing what the Company as a whole should be like, separate from the businesses each director represents.

Togashi: Executive officer meeting materials provide an avenue for better understanding of the pros/cons and opinions expressed prior to Board meetings. I think this has enabled the Board to operate more effectively and efficiently than before. As Mr. Yokokura mentioned, though, it would be good to have an off-site meeting where major themes can be decided.

Otsuki: Materials from the executive board meetings are certainly shared, making it easier to keep track of internal discussions. Still, there is room to improve the efficiency of the Board of Directors by devising ways to discuss all the items on the agenda.

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

Togashi: Many people, including investors, probably still think of Credit Saison as a credit card company. A look at the actual business shows that the finance business is growing and, in turn, Credit Saison has expanded beyond being a credit card firm. And now, for the first time in the industry, the Company is working on "transforming into a comprehensive life service corporate group." I'm sure some people view this challenging "transformation" as a cause for concern. In a time of drastic change, however, it looks to me that Credit Saison is taking the initiative with an eye to 5–10 years down the road. Looking back, the Seibu Group leveraged its credit card business to transform its installment payment subsidiary into a credit card company, which has subsequently expanded its financial business and is now poised to enter the non-financial field in a unique manner. I view this as the evolution of Credit Saison, and looking back five years from now, this will likely be seen as "revolutionary." To this end, we as outside directors will do our utmost to work together with executive management, and I hope that all stakeholders have high expectations for the future growth of the Company.

Otsuki: As Mr. Togashi said, we are now doing our best to achieve dynamic growth that is unprecedented. As of today, most of what we can share with you, including capital markets, is about past efforts. Going forward, however, the Company will provide a vision that is a clean break from the past. Credit Saison will continue to make every effort to communicate with stakeholders to ensure that they understand this point. In addition, the Company is taking on the challenge of various new initiatives led by young employees. We will continue to discuss such initiatives from the perspective of outside directors as we pursue these initiatives together. Many of these initiatives are new to us though, so we are bound to make some mistakes. However, we are "not afraid of failure" and see that "small mistakes are common," so we hope you will understand this as well.

Yokokura: As I mentioned last year, history has proven that it is not those who are strongest at the time but those who can adapt to change that survive. This is true of the dinosaurs that died out while mammals endured. Credit Saison is now taking on the challenge of maintaining its position while continuing to grow as a "comprehensive life service corporate group." At Board meetings, discussions are held with a firm focus on the Company's goals, and there is always an attempt to further promote and deepen these discussions, which I view as a healthy and earnest approach to "adapting to change." I hope that all our stakeholders will continue to keep a close eye on this healthy growth.

Our basic view on corporate governance

To realize our basic management policy of obtaining the understanding and consent of our shareholders by continuously improving corporate value over time and creating innovative services, the Credit Saison Group is implementing a variety of initiatives to improve and strengthen our corporate governance in recognition of the enormous importance of bolstering management supervisory functions to attain business objectives and enhance management transparency.

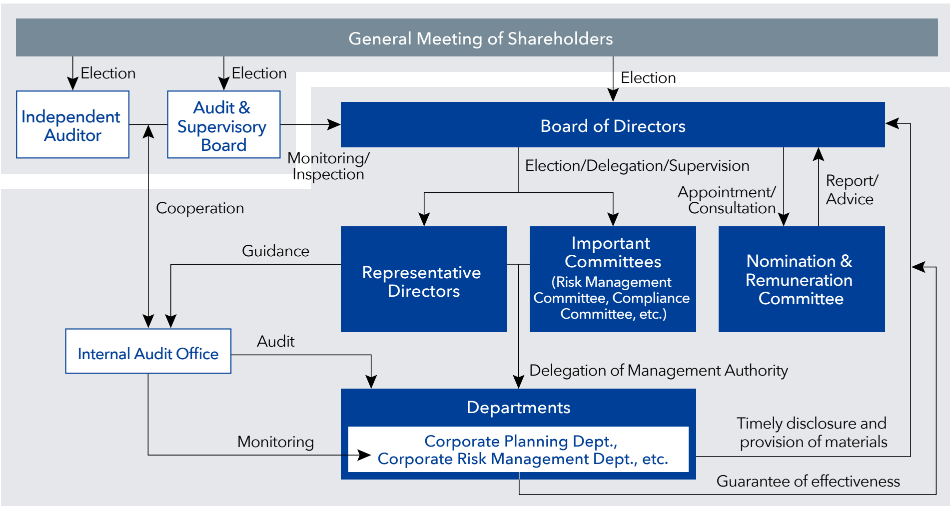
➤ For details, please see our Corporate Governance Report.

https://corporate.saisoncard.co.jp/en/sustainability/diversity/governance/pdf/governance_report_202111EG.pdf

Matters concerning composition of governing bodies and organization management

Governance System	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)	9 (3)
Outside directors on the Board	Appointed
Of outside directors, the number who are "independent directors"	3
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)	4 (3)
Number of outside Audit & Supervisory Board members who are "independent directors"	3

Corporate Governance Structure



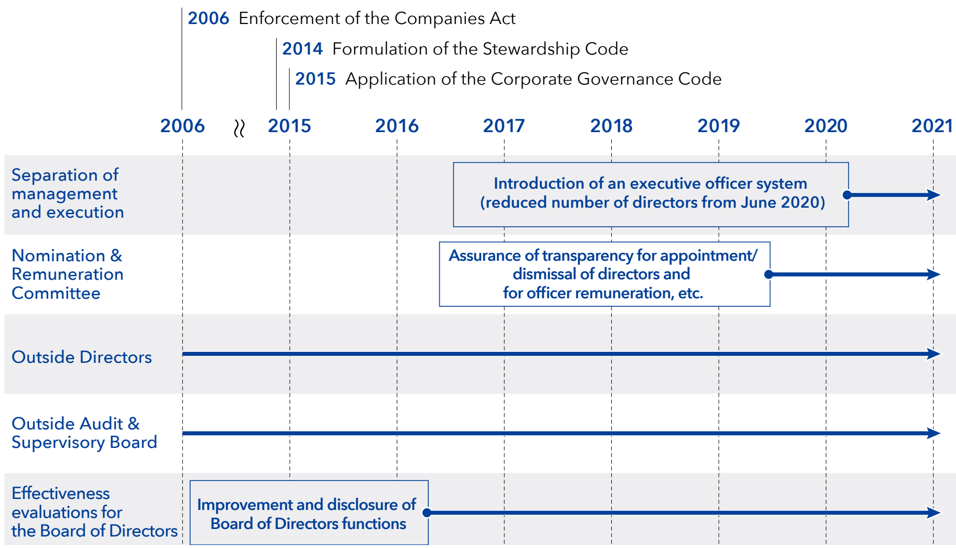
Management/executive system

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 enables directors, who are well versed in business matters, to maintain and improve management efficiency.

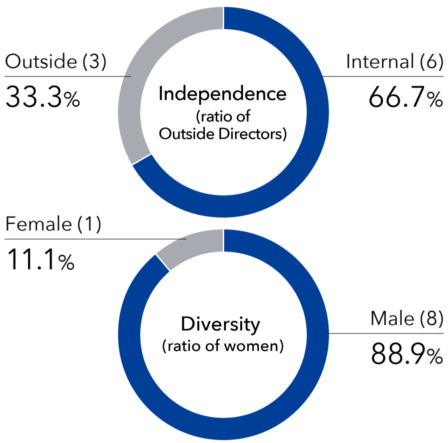
In addition, the ASB is strengthening its management oversight function by coordinating with directors, executive officers, and others from the Internal Audit Office and the unit responsible for supervision of internal controls.

Since March 2020, we have reviewed the director composition of our Board of Directors and introduced our executive officer system, in order to strengthen our corporate governance system through separation between operational execution and management supervision. With these changes, 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



Nomination & Remuneration Committee

As an advisory body to the Board of Directors, the Nomination & Remuneration Committee has five members, the majority of whom are outside directors. The Committee is chaired by the Company's Representative Chairman and CEO, and its members are appointed by resolution of the Board of Directors. The Committee consults with the Board of Directors about matters related to the appointment and dismissal of directors and the formulation of remuneration policies for directors, deliberates them, and submits reports about such matters to the Board of Directors.

The 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 as a whole has been secured. With the introduction of the executive officer system in March 2020, the composition of the Board of Directors has become appropriate. Furthermore, the establishment of the Committee of Executive Officers to deliberate and report on progress of important matters related to general management and matters to be resolved by the Board of Directors in advance has created an environment for deeper discussion. As a result, the Committee of Executive Officers has had the effect of encouraging intensive reporting on the progress of important issues related to business execution and the exchange of diverse opinions and clarification of deliberations through preliminary discussion on matters to be resolved by the Board of Directors. 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.

Status of compliance with the Corporate Governance Code

The Credit Saison Group follows all the principles stipulated in the Tokyo Stock Exchange's Corporate Governance Code with the exception of the following:

Supplementary Principles 4.1 (3) Roles and Responsibilities of the Board (1)

The business environment in which the Company operates has been significantly affected by advancements in digital technologies, including FinTech, and given the expansion in businesses requiring fresh perspectives, including the establishment of overseas operations, it might not always be appropriate to establish set standards based on one-time discussions for the knowledge, experience, and ability required for the Chief Executive Officer (CEO). The Company at present has not formulated specific succession plans for the CEO or conducted oversight regarding such at the Board of Directors. The Credit Saison Group intends to review how the Board of Directors can effectively oversee succession plans, including through discussions by the Nomination & Remuneration Committee over succession plan guidelines in line with the Company's medium-to long-term strategies.

Supplementary Principle 4.3 (2) Roles and Responsibilities of the Board (3)

The business environment in which the Company operates has been significantly affected by advancements in digital technologies, including FinTech, and given the expansion in businesses requiring fresh perspectives, including the establishment of overseas operations, it might not always be appropriate to establish set standards based on one-time discussions for the knowledge, experience, and ability required by the Chief Executive Officer (CEO). The Company at present has not established special procedures or evaluation criteria for appointing its CEO. The Credit Saison Group intends to review procedures for properly appointing qualified CEOs, including through discussions by the Nomination & Remuneration Committee over succession plan guidelines in line with the Company's medium- to long-term strategies.

Supplementary Principle 4.3 (3) Roles and Responsibilities of the Board (3)

The Company at this time has not established special procedures or evaluation criteria for the dismissal of the CEO. However, if a CEO, etc., causes significant damage to the Group, or violates laws, regulations, or the Articles of Incorporation in a manner that merits dismissal, the Board of Directors with the participation of outside directors will deliberate the matter thoroughly before moving to dismiss.

Principle 4.11 Preconditions for Board and Audit & Supervisory Board Effectiveness

In a rapidly changing business environment, the Credit Saison Group believes it is important to improve the value-creation function of the Company by ensuring that the Board of Directors is well balanced in terms of experience, knowledge, and special abilities, and not just in terms of gender or nationality. We have appointed directors with a sufficient level of diversity that are able to effectively respond to business format changes while leveraging our strengths in line with our medium- to long-term strategies. At present, the structure of the Board of Directors does not sufficiently take gender and nationality into account. With the Company's medium- to long-term strategies in mind, we strive to appoint a diverse range of directors, including consideration of gender and nationality. The Company's independent outside directors are appointed based on the need for human resources with the knowledge necessary to effectively contribute to sustainable growth and the enhancement of corporate value over the medium to long term, including in financial matters such as capital efficiency. Our Audit & Supervisory Board members are appointed based on their experience, abilities, and knowledge in finance, accounting, and legal affairs.

About Director Remuneration

About 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.

As the basic policy for determining the content of remuneration for Individual Directors' Compensation, the Company considers the balance between the level of remuneration at other companies and industries of similar size with employee salaries, regarding the director remuneration structure and individual remuneration, and has set a level of remuneration for Directors in accordance with their position and existence of representative rights, etc. The remuneration for inside Directors consists of basic remuneration, performance-based remuneration (bonus), and Restricted Stock Compensation. The remuneration for outside Directors consists of basic remuneration only.

The basic remuneration is a fixed monthly remuneration, and the annual remuneration level by position is set and the amount is calculated after taking into account the existence of representative rights, etc. The performance-based remuneration (bonus) is calculated by multiplying the amount of the basic bonus by position, etc., taking into account the retention rate, etc., by the performance-based coefficient for quantitative indicators (based on a 50:50 weighting of the growth rate of quantitative performance indicators and the achievement rate of plans, respectively, and comprehensively taking into account the occurrence of large-scale disasters, pandemics, etc.) and the performance-based coefficient for qualitative evaluation, and will be paid at a certain time each year. The performance indicators for the performance-based remuneration (bonus) are the growth rate of non-consolidated ordinary income (excluding one-time factors, etc.) and the achievement rate of plans to enhance corporate value. In addition, the Company uses as qualitative performance indicators the results of evaluation of each Director by all Directors, including such Director, regarding each director's contribution to the Company's performance and enhancement in corporate value.

In calculating the planned amount of performance-based remuneration (bonus) for FY2020, the impact of the COVID-19 pandemic will be taken into consideration, where the performance-based coefficient for quantitative indicators is expected to be 80% and the performance-based coefficient for qualitative indicators is expected to range from 80% to 120% for each Director.

Non-monetary remuneration shall be paid at a certain time each year as Restricted Stock Compensation, with the annual remuneration level set by position and the amount calculated by taking into consideration such factors as the existence of representative rights. The following conditions have been set for the Restricted Stock Compensation.

(1) Eligible Directors shall not transfer, create a security interest on, or otherwise dispose of (hereinafter referred to as "Transfer Restriction") the restricted stock that is allotted as such compensation (hereinafter referred to as "Allotted Shares") during the period from the day when the Eligible Directors are allotted the Allotted Shares up to the day when such Eligible Directors retire or leave any of their position as Director or any other position specified by the Board of Directors (hereinafter referred to as the "Transfer Restriction Period").
(2) In the event that the Eligible Directors retire or leave any of the positions of (1) above prior to the expiration of the period specified separately by the Company's Board of Directors (hereinafter referred to as the "Period of Service"), excluding in the case of reasons acknowledged as justifiable by the Board of Directors, the Company shall acquire the Allotted Shares rightfully without contribution.
(3) The Company shall lift the Transfer Restriction on all of the Allotted Shares at the expiration of the Transfer Restriction Period, on the condition that the Eligible Directors have continuously served as Director and in any other position specified by the Company's Board of Directors during the Period of Service. However, in the event that the Eligible Directors retire or leave any of the positions specified in (1) above prior to the expiration of the Period of Service, for the reasons stipulated in (2) above that are acknowledged as justifiable by the Company's Board of Directors, the number of Allotted Shares for which the Transfer Restriction is to be lifted and the timing of lifting the Transfer Restriction shall be reasonably adjusted as necessary.
(4) Pursuant to the stipulation in (3) above, at the time of expiration of the Transfer Restriction Period, the Company will acquire the Allotted Shares for which the Transfer Restriction has not been lifted, rightfully without contribution.
(5) Notwithstanding the stipulation in (1) above, in the case where an agreement of a merger with the Company as the disappearing company, share exchange agreement, or share transfer plan through which the Company becomes a wholly-owned subsidiary, or a matter concerning other organizational restructuring, etc., is approved at the Company's General Meeting of Shareholders (or at the Company's Board of Directors meeting in the case where approval of the General Meeting of Shareholders is not required for the said organizational restructuring, etc.) during the Transfer Restriction Period, the Transfer Restriction will be lifted by the resolution of the Company's Board of Directors prior to the effective date of the said organizational restructuring, etc., with regard to the number of the Allotted Shares reasonably set forth in light of the period from the start date of the Transfer Restriction Period to the approval date of the said organizational restructuring, etc.
(6) In the case prescribed in (5) above, pursuant to the stipulation in (5) above, at the time immediately after the lifting of the Transfer Restriction, the Company will acquire the Allotted Shares for which the Transfer Restriction has not been lifted, rightfully without contribution.

The Nomination & Remuneration Committee considers the ratio of remuneration by type based on the remuneration levels in other companies and industries of similar size to the Company. The approximate ratio of each type of remuneration is as follows: basic remuneration/performance-based remuneration (bonus)/non-monetary remuneration (Restricted Stock Compensation) = 7:2:1.

Credit Saison resolved to establish a Nomination & Remuneration Committee as a voluntary advisory committee at the Board of Directors meeting held on June 7, 2019. Regarding director remuneration, this committee will report on the following matters based on the submission by the Board of Directors.

- Formulation of the remuneration policy and the individual remuneration package of directors
- Other matters which the Board of Directors has discussed with the Nomination & Remuneration Committee
- Formulation, amendment, or abolition of basic policies that are necessary for deliberation of the matters stated above
- Other matters deemed necessary by the committee

The decision authority of the amount of remuneration for each individual Director may be delegated to the Chairman of the Board of Directors based on a resolution of the Board of Directors, and the scope of such authority is the amount of basic remuneration for each Director, the allocation of evaluation of performance-based remuneration (bonus) for each Director, and the allocation of monetary remuneration receivables for the acquisition of restricted stock. As a measure to ensure that such authority is properly exercised by the Chairman of the Board of Directors, the Nomination & Remuneration Committee formulates the criteria for the remuneration to be received by Directors, and the Chairman of the Board of Directors makes decisions based on such criteria and in accordance with the scope delegated by the Board of Directors.

In regard to the total amount of Director remuneration, at the 57th Ordinary General Meeting of Shareholders held on June 23, 2007, it was resolved that the annual amount of remuneration for Directors should be within ¥750 million per year (which includes the amount for Outside Directors of up to ¥50 million per year) and the annual amount of remuneration for Audit & Supervisory Board members should be within ¥150 million (Provided, however, that it does not include the amount of employee salary portion for Directors who concurrently serve as an employee.).

In addition, at the 70th Ordinary General Meeting of Shareholders held on June 18, 2020, it was approved that grant monetary remuneration receivables, which shall be up to ¥150 million per year to the Directors excluding outside Directors as the property to be contributed in-kind, within the scope of the above monetary remuneration limit for Directors, and the total number of the Company's common stock to be issued or disposed of by paying all of the monetary remuneration receivables granted as contribution in kind shall not exceed 250,000 shares per year (in the event of unavoidable grounds that require adjustment of the total number of shares to be issued or disposed of as the restricted stock, such total number of shares may be adjusted within a reasonable range). The remuneration for Audit & Supervisory Board members is fixed remuneration only, and the amount of remuneration for each Audit & Supervisory Board member is determined by discussion of the Audit & Supervisory Board within the total amount resolved at the General Meeting of Shareholders.

The total amount of remuneration for FY2020 for different classifications of directors and ASB members, along with subtotals for different types of remuneration, is shown below.

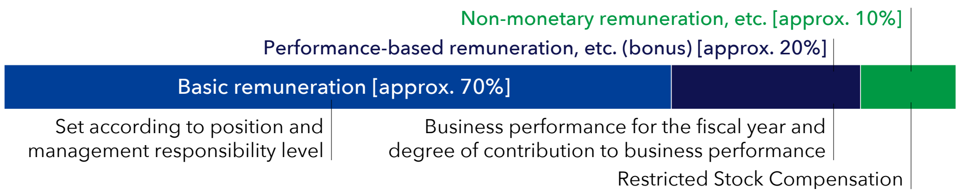
Classification	Total remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)			Number of people
		Basic remuneration	Performance-based remuneration, etc.	Non-monetary remuneration, etc.	
Directors (excluding outside directors)	347	257	68	22	12
ASB members (excluding outside ASB members)	16	16	–	–	1
Outside directors	24	24	–	–	4
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. Number of people as described above includes eight retired Directors, including one outside Director.
3. Performance-based remuneration represents the planned amount of performance-based remuneration (bonus) to be paid for the current fiscal year.
4. The content of non-monetary remuneration is the Company's common stock, and the conditions, etc., at the time of allotment are as described in (1) – (4) on page 58.
5. As of the end of FY2020, there were eight Directors and four Audit & Supervisory Board members.

■ Name, classification, total remuneration (consolidated), and total amount of remuneration (consolidated) by type of each director, outside director, and ASB member

We omitted listing individuals as there were no directors, outside directors, or ASB members whose total remuneration exceeded ¥100 million.

Internal Director Remuneration Structure



■ Strengthening the compliance and risk management systems

To keep improving our corporate value, we identify the enhancement of corporate governance as a key management initiative. To this end, we are improving our internal control systems, strengthening our risk management framework, and fully adhering to compliance requirements.

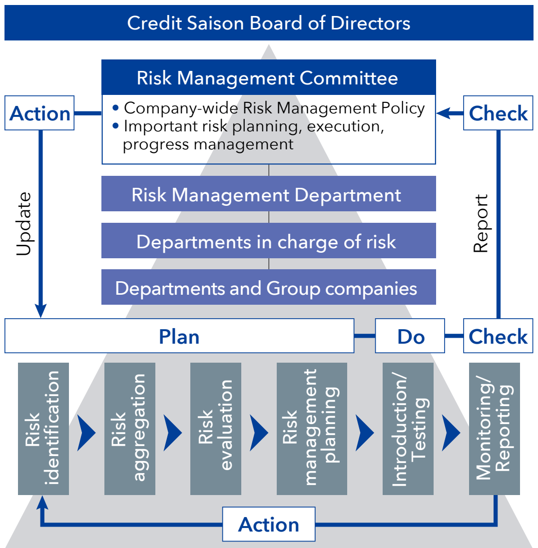
In establishing internal control systems, the Board of Directors decides on basic policies for such, with the aim of building systems that ensure appropriate and efficient operations mainly in the Corporate Planning Department, the unit responsible for overseeing internal controls. As for internal controls on financial reports, the Corporate Risk Management Department leads the way in promoting the proper functioning 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 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." With respect to various issues within the Group and matters of control that pose serious risks, the Group Strategy Office of the Corporate Planning Dept. leads the way in monitoring business execution at Group companies and sharing information with the management departments of Group companies.

As for our compliance system, we have established a 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 directors, executive 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 code 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.

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.

Risk Management System



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. In addition, the Company actively discloses those sustainability-related initiatives intended to achieve a sustainable society that can only be undertaken by Credit Saison. Moreover, the Company actively engages in dialogue with shareholders and investors through financial Results Briefings, securities company organized conferences, individual meetings, and briefings for individual investors. In addition to these efforts, the Company held the General Meeting of Shareholders in a streaming format over the Internet for the first time in 2021 as a measure to prevent the spread of COVID-19. The Company will continue to promote IR activities with an awareness of shareholder and investor needs.

Results of IR Activities in FY2020

Financial Results Briefing	2
Securities company organized conferences	2
Individual meetings with sell-side analysts/institutional investors	176
Investor briefing for individuals	1

Use of Live Internet Streaming at the 71st Ordinary General Meeting of Shareholders

Topics from FY2020 **March 2021: "Corporate Website" Renewal**

To improve convenience for all users, the most recent website renewal updated the entire design and layout with a focus on more intuitive content placement and easier access to required information. Moreover, the update expands upon content and information included in "IR news," "Credit Saison in numbers," "Brand concept," and "Sustainability" with the aim of creating a website that allows for a straightforward, comprehensive understanding of the Company's information.

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

(As of October 1, 2021)

Front row (from left): Tatsunari Okamoto, Yoshiaki Miura, Katsumi Mizuno, Hiroshi Rinno, Naoki Takahashi, Kazutoshi Ono Back row (from left): Nana Otsuki, Naoki Togashi, Hitoshi Yokokura

Board of Directors

Hiroshi Rinno
Born in Aug. 1942

Representative, Chairman and CEO
Corporate strategy, global strategy, branding, Group strategc management

Mar. 1982 Joined Credit Saison Co., Ltd. General Manager, Credit Business Planning Dept.
Apr. 1983 Director
June 2000 President and CEO
Mar. 2019 Representative, Chairman and CEO

Katsumi Mizuno
Born in Aug. 1969

Representative, Executive President and COO
Overall management execution
Head of Public Relations Office, Branding Strategy Dept., Payment Business Division, Sales Development Division,
General Manager, Payment Business Division

Apr. 1992 Joined Credit Saison Co., Ltd.
June 2013 Director
June 2020 Director, Senior Managing Executive Officer
Mar. 2021 Representative, Executive President and COO

Naoki Takahashi
Born in Aug. 1950

Representative, Executive Vice President and CHO
Promotions of strategies, new businesses, Head of Audit Office, General Affairs Dept., Strategic Human Resources Dept., IT Strategy Dept.

Apr. 2005 Joined Credit Saison Co., Ltd. Advisor
June 2005 Managing Director
Mar. 2016 Representative, Executive Vice President
Mar. 2020 Representative, Executive Vice President and CHO

Yoshiaki Miura
Born in Sept. 1966

Director, Senior Managing Executive Officer
Credit card joint ventures affairs
Head of Processing Business Division, Credit Division

Apr. 1990 Joined Credit Saison Co., Ltd.
June 2016 Director
June 2020 Director, Senior Managing Executive Officer

Kazutoshi Ono
Born in Aug. 1976

Director, Senior Managing Executive Officer and CTO, CIO
Company-wide promotions of DX strategies
Head of Digital Innovation Division, In charge of IT Strategy Dept., Strategic Planning Dept., General Manager, IT Strategy Dept., Technology Center

Mar. 2019 Joined Credit Saison Co., Ltd. as CTO, General Manager, Technology Center
June 2019 Director
Mar. 2020 Director, Managing Executive Officer
June 2021 Director, Senior Managing Executive Officer and CTO, CIO

Tatsunari Okamoto
Born in Apr. 1967

Director, Managing Executive Officer
Head of Finance Division,
General Manager, Finance Division,
In charge of Leasing Business Dept.

Apr. 1990 Joined Credit Saison Co., Ltd.
June 2011 Director
June 2020 Director, Managing Executive Officer

Naoki Togashi
Born in Oct. 1960

Outside Director (Independent)

Apr. 2007 Trustee, Japan Association of Corporate Executives (Present)
June 2014 Director, NAGAHORI CORPORATION (Present)
Apr. 2017 Representative Director, Japan Representative Partner, Oliver Wyman Group (Present)
June 2017 Outside Director, Credit Saison Co., Ltd. (Present)

Nana Otsuki
Born in Sept. 1964

Outside Director (Independent)

June 2017 Outside Director, Credit Saison Co., Ltd. (Present)
Apr. 2018 Professor, Nagoya University of Commerce and Business Graduate School (Present)
June 2018 Audit & Supervisory Board Member, Tokio Marine Holdings, Inc. (Present)
Sept. 2019 Trustee, Nishogakusha University (Present)
Mar. 2021 Expert Director, Monex Inc. (Present)
May 2021 Outside Director, Mochida Pharmaceutical Co., Ltd. (Present)

Hitoshi Yokokura
Born in May 1969

Outside Director (Independent)

Mar. 1995 Registered as certified public accountant (Present)
Dec. 2007 Admitted to Japanese Bar, Tokyo Bar Association Joined Bingham (Present)
Apr. 2014 Partner, Waseda Legal Commons, LPC (Present)
July 2017 Auditor, Minori Audit Corporation (Present)
June 2020 Outside Director, Credit Saison Co., Ltd. (Present)
July 2021 Outside Audit & Supervisory Board Member, ITO EN, LTD. (Present)

From left: Hiroaki Igawa, Chie Kasahara, Haruhisa Kaneko, Munehiro Harada

Back row (from left): Masaki Negishi, Kaori Shimada, Yuichi Kawahara, Yasuyuki Isobe, Ryuki Tabata
Front row (from left): Kazue Yasumori, Shunji Ashikaga, Kosuke Mori, Shingo Baba, Naoki Nakayama

Audit & Supervisory Board Members

Haruhisa Kaneko
Born in Nov. 1956

Standing Audit & Supervisory Board Member

Jan.	1990	Joined Credit Saison Co., Ltd.
June	2008	Director
Mar.	2010	Managing Director
Mar.	2015	President, Qubitous Co., Ltd. (Merged with Credit Saison Co., Ltd. in April 2020)
June	2019	Standing Audit & Supervisory Board Member of Credit Saison Co., Ltd. (Present)

Munehiro Harada
Born in July 1954

Standing Audit & Supervisory Board Member (Outside/Independent)

Apr.	1978	Entered National Police Agency
Apr.	2012	Director General, Kanto Regional Police Bureau
June	2013	Managing Director, Nichidenkyo
June	2019	Standing Audit & Supervisory Board Member of Credit Saison Co., Ltd. (Present)

Hiroaki Igawa
Born in Oct. 1958

Standing Audit & Supervisory Board Member (Outside/Independent)

Apr.	1982	Entered Ministry of Finance
June	2013	Director-General, Nagoya Customs
June	2014	Auditor (Regular Employee), East Nippon Expressway Company Limited
June	2019	Standing Audit & Supervisory Board Member of Credit Saison Co., Ltd. (Present)

Chie Kasahara
Born in Sept. 1968

Audit & Supervisory Board Member (Outside/Independent)

Apr.	2000	Registered as an attorney at law, Dai-Ichi Tokyo Bar Association (Present)
June	2015	Audit & Supervisory Board Member (Outside), Credit Saison Co., Ltd. (Present)
Jan.	2019	Senior Partner, Atsumi & Partners (Present Atsumi & Sakai) (Present)
June	2019	Audit & Supervisory Board Member of Achilles Corporation (Present)
Dec.	2020	Audit & Supervisory Board Member of MTI Ltd. (Present)

Executive Officers

Kosuke Mori
Born in May 1977

Senior Managing Executive Officer
Head of Global Business Division, General Manager, Global Business Division, In charge of India business, Being assigned to Credit Saison Asia Pacific Pte. Ltd.

Shunji Ashikaga
Born in May 1971

Managing Executive Officer
Company-wide Corporate Sales
Head of Saison AMEX Division, General Manager, Saison AMEX Division, In charge of Credit Guarantee Dept.

Naoki Nakayama
Born in June 1965

Managing Executive Officer
In charge of Finance Planning Dept., Finance Business Dept.
General Manager, Finance Business Dept.

Shingo Baba
Born in Jan. 1971

Managing Executive Officer
CFO
M&A, Group company management
Head of Corporate Planning Dept., Corporate Risk Management Dept., Treasury & Accounting Dept.

Kazue Yasumori
Born in Nov. 1973

Managing Executive Officer
General Manager, Processing Business Division, In charge of Screening Center, Tokyo Risk Management Center, Osaka Risk Management Center, Strategic Human Resources Dept.

Yasuyuki Isobe
Born in Aug. 1969

Executive Officer
Collection & Research Business
General Manager, Credit Division

Masaki Negishi
Born in Sept. 1972

Executive Officer
In charge of Corporate Planning Dept., Processing Sales Dept., Processing Planning Dept.,
New Business Development Dept.,
Global Strategy Planning Dept.

Yuichi Kawahara
Born in Dec. 1975

Executive Officer
General Manager, Digital Innovation Division, Digital Marketing Dept.

Kaori Shimada
Born in Oct. 1966

Executive Officer
Head of CS Planning Dept., General Manager, Sales Development Division, General Manager, CS Planning Dept.

Ryuki Tabata
Born in June 1967

Executive Officer
In charge of Processing Development Dept., Affinity Business Dept., MF Business Development Dept.

Skills and Signature Strengths of Directors, Audit & Supervisory Board Members, and Executive Officers

Credit Saison decided to visualize the management skills of directors, Audit & Supervisory Board members, and executive officers as a skill matrix and release the results of its "VIA-IS" based strength assessment as strengths that characterize those individuals that are important for flexible management in an age of uncertainty. By leveraging management skills and these strengths, we will continue to undertake greater challenges and contribute to society as a comprehensive life services corporate group into the future.

Introduction of a skill matrix

Position	Name	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
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 CTO, CIO	Kazutoshi Ono	●	●					●	●			
Director, Managing Executive Officer	Tatsunari Okamoto	●					●				●	
Outside Director	Naoki Togashi	●	●				●	●			●	
Outside Director	Nana Otsuki		●	●		●				●		●
Outside Director	Hitoshi Yokokura			●		●						
Standing Audit & Supervisory Board Member	Haruhisa Kaneko	●	●				●		●	●	●	
Standing Audit & Supervisory Board Member	Munehiro Harada	●			●	●						●
Standing Audit & Supervisory Board Member	Hiroaki Igawa			●		●				●	●	●
Audit & Supervisory Board Member	Chie Kasahara		●			●	●	●	●			
Senior Managing Executive Officer	Kosuke Mori	●	●	●					●			●
Managing Executive Officer and CFO	Shingo Baba			●		●			●		●	●
Managing Executive Officer	Shunji Ashikaga	●					●		●		●	
Managing Executive Officer	Kazue Yasumori				●							●
Managing Executive Officer	Naoki Nakayama						●			●	●	
Executive Officer	Yasuyuki Isobe						●	●			●	
Executive Officer	Kaori Shimada						●				●	●
Executive Officer	Masaki Negishi		●				●		●		●	
Executive Officer	Ryuki Tabata						●				●	
Executive Officer	Yuichi Kawahara						●	●	●			

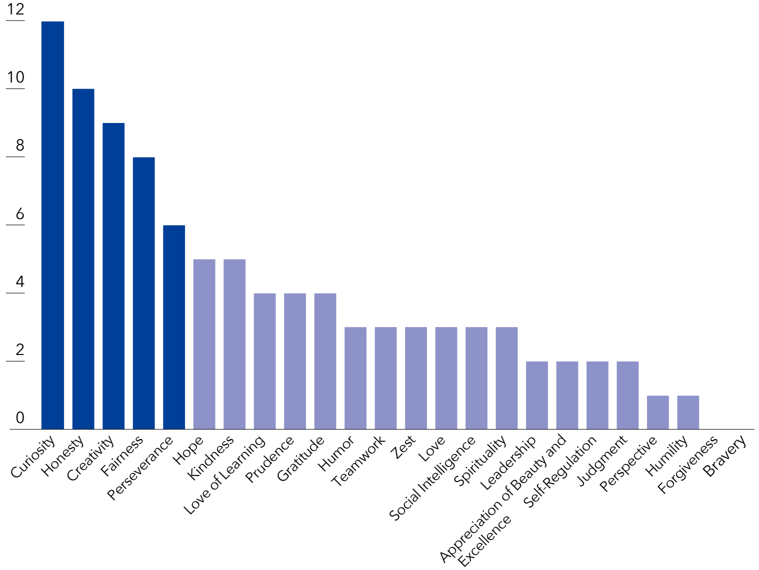
Notes: 1. The data presented in this table do not reflect all the skills possessed by the Board of Directors, Audit & Supervisory Board members, and executive officers. Up to six of the major skills and other attributes are marked.

2. From a business strategy perspective in particular, emphasis is being placed on the Global, Digital/IT, and New Business/M&A skills in a bid to transform ourselves into a comprehensive life service corporate group.

Director and Executive Officer Strengths

Based on the strength assessment results using VIA-IS*1, we found the Credit Saison Board of Directors to be characterized by "Curiosity," "Honesty," "Creativity," "Fairness," and "Perseverance." These characteristics can be considered strengths that also connect to the shared values of "practical implementation of the principles of customer satisfaction," "mutual respect for our interests and those of our business partners," and "developing a corporate culture of creative innovation," which serve as our management philosophy.

Top 5 Signature Strengths*2



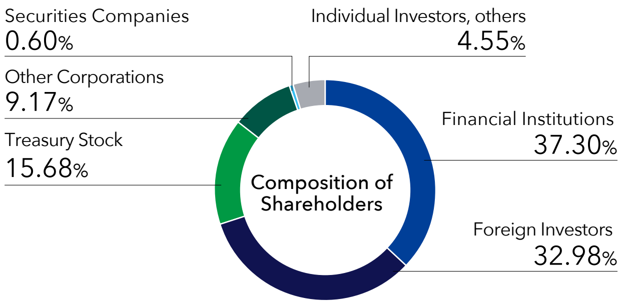
*1 "VIA-IS" is an assessment tool developed by Dr. Christopher Peterson and Dr. Martin Seligman, two of the foremost figures in positive psychology. The strengths that characterize individuals are segmented into 24 categories, the top five of which are referred to as "Signature Strengths." http://www.positivepsych.jp/via.html
Peterson, C., & Seligman, M. E. P. (2004). *Character strengths and virtues: A handbook and classification.* New York: Oxford University Press and Washington, DC: American Psychological Association. www.viacharacter.org

*2 Nine directors and 10 executive officers conducted self-assessments, from which the top five characteristics were aggregated.

Corporate Information/Investor Relations Information (As of September 30,2021)

Stock Information

Common Stock Authorized	300,000 thousand shares
Common Stock Outstanding	185,444 thousand shares
Number of Shareholders	19,265



Major Shareholders (Top 10)

Institution	Equity stake: Number of shares (thousand)	Equity stake: Ownership percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	34,535	22.09
Custody Bank of Japan, Ltd. (trust account)	14,212	9.09
Daiwa Securities Group Inc.	8,050	5.15
HSBC BANK PLC A/C M AND G (ACS)	5,988	3.83
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	4,453	2.85
THE BANK OF NEW YORK 133972	4,440	2.84
Custody Bank of Japan, Ltd. (securities investment trust account)	3,786	2.42
Mizuho Bank, Ltd.	3,000	1.92
Custody Bank of Japan, Ltd. (pension special deposit account)	2,337	1.49
STATE STREET BANK AND TRUST COMPANY 505103	2,056	1.32

Notes: 1. The 29,070,289 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 (9:00-17:00 excluding weekends and holidays)
URL	https://www.smtb.jp/personal/agency/index.html
Method of Public Notice	Electronic notice (Credit Saison website) https://corporate.saisoncard.co.jp/en/public_announcement/
Stock Listing	Tokyo Stock Exchange
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.

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
Listed Stock Exchange	Tokyo (First Section)
Business	1. Payment Segment (credit card business, servicing (loan collection agency) business, etc.) 2. Lease Segment (lease business) 3. Finance Segment (credit guarantee business and finance-related business) 4. Real Estate-Related Segment (real estate business, real estate leasing business, and servicing (loan collection agency) business, etc.) 5. Entertainment Segment (amusement business, etc.)
Paid-in Capital	¥75,929 million
Number of Regular Employees	4,288

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 1,598 (based on conversion to a 7.5-hour workday).

11-Year Summary of Selected Financial Data

(Millions of yen)

JGAAP[1]/IFRS[2]		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Financial Data												
Consolidated												
For the year	Operating revenues/Net revenue	285,712	244,009	244,405	247,577	259,076	269,919	278,944	292,183	304,855	311,410	282,625
	Selling, general and administrative expenses	235,758	192,184	187,170	197,852	206,192	221,553	236,661	241,740	220,974	236,910	202,380
	Impairment losses on financial assets	–	–	–	–	–	–	–	–	34,088	39,376	31,867
	Financial costs	22,577	19,958	14,922	13,388	12,722	11,772	11,069	9,671	9,878	10,471	11,266
	Operating income	27,377	31,865	42,312	36,336	40,161	36,593	31,213	40,771	–	–	–
	Ordinary income/Business profit	33,762	38,590	53,214	44,408	43,687	43,802	53,065	56,717	52,233	36,184	48,352
	Net income attributable to owners of the parent/ Profit attributable to owners of the parent	12,829	9,453	32,770	25,552	12,628	26,163	42,253	38,329	30,517	22,863	36,132
At year-end	Total equity	347,915	355,727	394,868	422,829	447,082	418,988	446,882	480,669	491,741	485,476	532,057
	Total assets	2,231,246	2,155,906	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
	Interest-bearing debt	1,657,832	1,409,802	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
Per share data (in yen and U.S. dollars)	Net income per share/Basic net income per share	70	51	178	139	69	147	259	235	187	143	231
	Equity per share/Equity attributable to owners of the parent per share	1,880	1,921	2,132	2,283	2,424	2,564	2,725	2,933	3,006	3,102	3,397
Key financial ratios (%)	Return on equity (ROE)	3.8	2.7	8.8	6.3	2.9	6.1	9.8	8.3	6.2	4.7	7.1
	Return on assets (ROA)	0.6	0.4	1.5	1.2	0.5	1.1	1.6	1.4	1.0	0.7	1.1
	Equity ratio	15.5	16.4	18.3	18.3	18.8	16.4	16.4	16.3	15.3	14.4	15.6
Non-Consolidated												
For the year	Operating revenues	239,657	210,207	204,121	205,873	219,336	228,713	238,637	249,865	259,018	268,020	251,307
	Selling, general and administrative expenses	194,194	153,505	149,844	160,927	169,899	186,492	203,038	207,093	215,726	235,794	208,269
	Financial costs	19,977	18,809	16,882	15,119	14,066	12,620	11,282	9,872	9,748	10,535	11,530
	Operating income	25,484	37,893	37,394	29,826	35,370	29,599	24,316	32,900	33,543	21,690	31,507
	Ordinary income	28,706	41,001	41,529	34,872	38,449	32,614	28,210	38,871	39,634	28,348	38,026
	Net income	7,596	5,613	24,147	18,637	11,315	25,570	21,045	22,190	25,875	33,391	29,931
At year-end	Total equity	320,303	322,502	349,202	367,808	388,470	359,428	374,477	396,831	407,533	404,809	441,683
	Total assets	2,097,773	2,059,435	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
	Interest-bearing debt	1,575,231	1,368,154	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
Key financial ratios (%)	Return on equity (ROE)	2.4	1.8	7.2	5.2	3.0	6.8	5.7	5.8	6.4	8.2	7.1
	Return on assets (ROA)	0.4	0.3	1.2	0.9	0.5	1.1	0.8	0.8	0.9	1.1	0.9
	Equity ratio	15.3	15.7	17.0	16.7	17.0	14.6	14.3	14.0	13.1	12.6	13.5
Transaction volume	Credit card business	3,953,411	3,402,494	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
	Credit card cash advance	371,403	266,904	260,089	264,092	277,025	267,723	253,837	248,156	242,980	237,555	155,004
	Business agency	1,362,275	2,112,431	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
	Lease business total	92,709	96,852	105,356	114,694	106,801	106,000	108,101	114,569	115,589	127,178	114,885
	Credit guarantee	73,375	92,837	115,297	126,281	137,335	150,101	159,914	131,922	114,277	101,510	70,283
	Real estate mortgage loans	3,053	11,144	11,571	46,780	50,459	82,420	125,629	160,762	207,779	175,621	141,698
	Other (finance business)	57,451	49,604	48,201	75,969	80,633	114,043	180,286	241,949	287,830	341,131	322,366
	Other	35,923	27,625	28,040	33,633	37,737	37,907	35,883	32,119	27,351	30,260	26,696
	Total volume of new contracts	5,949,600	6,059,891	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
Non-Financial Data (Non-Consolidated)												
	No. of employees	2,265	1,865	1,938	2,007	2,078	2,163	2,289	3,297	3,239	2,981	4,319
	(Females)	1,652	1,306	1,358	1,395	1,447	1,515	1,597	2,483	2,424	2,169	3,250
	(Males)	613	559	580	612	631	648	692	814	815	812	1,069
	Ratio of female managers (%)	20.5	20.8	19.0	18.1	20.1	20.9	22.4	21.2	20.8	21.0	24.3
	No. of paid leave days approved/Ratio of paid leave used (%)	9.1 (52.1)	8.3 (46.1)	9.1 (49.8)	9.1 (49.9)	9.5 (52.8)	8.2 (45.7)	9.2 (52.4)	10.0 (56.8)	13.1 (72.9)	15.0 (82.5)	13.1 (72.4)
	Average overtime hours per month	13.7	14.6	13.2	16.2	15.6	16.1	14.5	11.1	10.2	10.8	9.3

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

Segment Highlights

(Millions of yen)

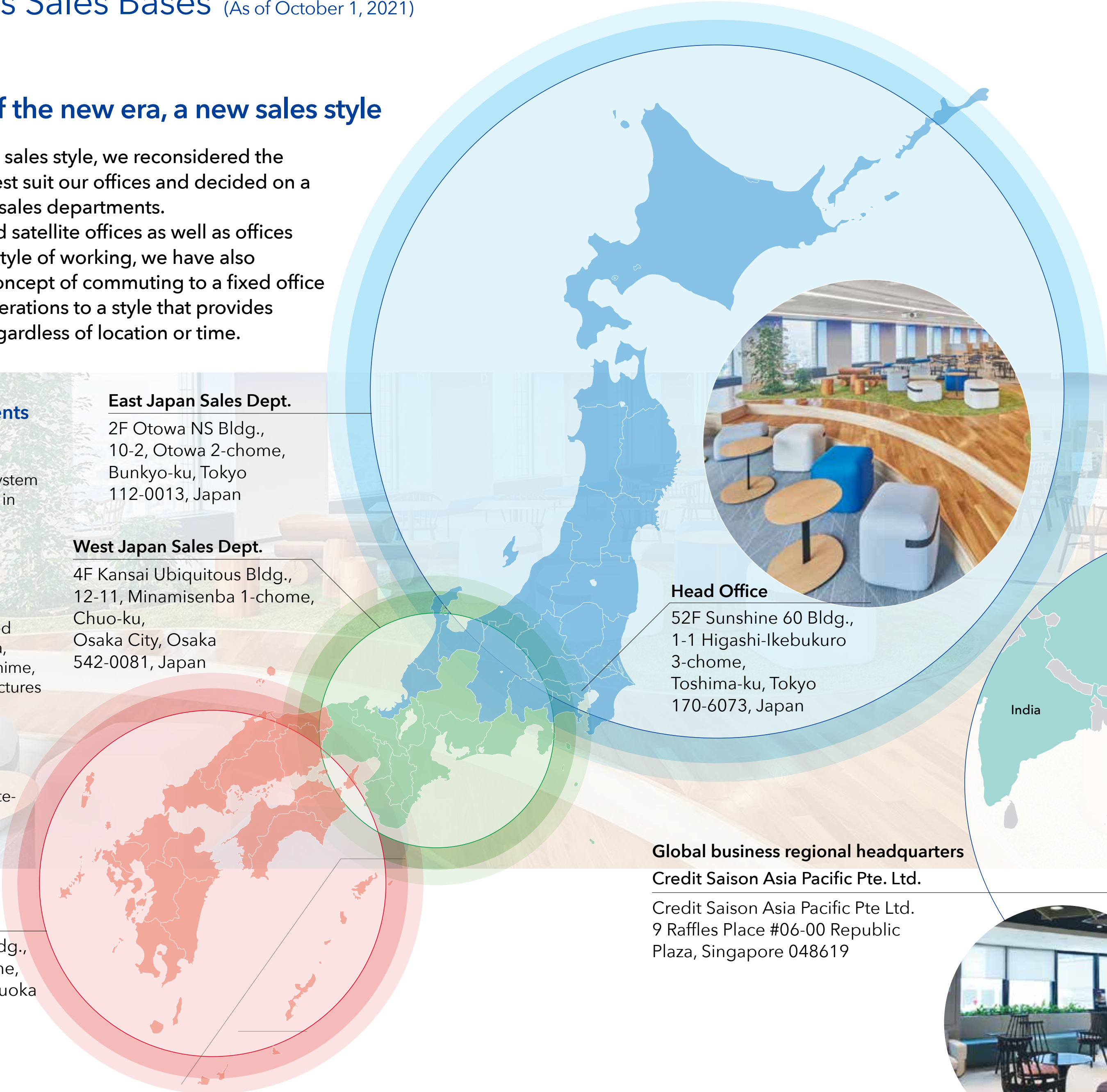
JGAAP[1]/IFRS[2,3]	2017	2018	2019	2020	2021
Operating revenues/Net revenue					
Payment Segment	211,633	220,320	228,518	232,441	209,130
Lease Segment	13,278	12,885	12,586	12,269	12,290
Finance Segment	31,074	35,417	39,231	43,112	43,412
Real Estate-Related Business Segment	13,648	15,472	18,113	17,227	14,595
Entertainment Business Segment	10,396	9,288	8,761	8,822	5,536
Adjustment	(1,086)	(1,200)	(2,357)	(2,462)	(2,340)
Total net revenue	278,944	292,183	304,855	311,410	282,625
Operating income/Business profit					
Payment Segment	7,971	12,719	16,915	6,297	17,968
Lease Segment	4,313	4,349	5,720	2,951	5,455
Finance Segment	12,817	16,213	19,209	18,004	21,279
Real Estate-Related Business Segment	4,904	6,401	8,305	6,957	5,390
Entertainment Business Segment	1,199	1,082	2,078	1,969	(1,745)
Adjustment	5	3	3	3	3
Total business profit	31,213	40,771	52,233	36,184	48,352
Breakdown of income from payment business segment					
Card shopping	124,654	131,827	136,464	140,579	131,029
Cash advances	35,473	34,745	33,084	32,932	28,882
Loans on deeds	1,511	1,329	1,071	844	654
Processing/transactions handled on behalf of other companies' cards	25,542	27,034	28,227	31,014	27,402
Agency services	13,934	15,045	15,896	12,491	5,069
Payment-related income	9,217	8,969	11,507	12,297	13,684
Finance income	261	208	852	767	1,024
Intersegment revenue or transfers	1,037	1,158	1,415	1,512	1,384
Total credit service business income	211,633	220,320	228,518	232,441	209,130
Main card indices (non-consolidated)					
New cards issued (thousands)	2,610	2,440	2,110	1,800	1,250
Total membership (thousands of members)	26,460	26,950	26,790	26,390	25,700
Active membership (thousands of members)	14,780	14,980	14,900	14,960	13,950
Transaction volume (billions of yen and billions of U.S. dollars)	4,730.4	4,931.1	5,031.5	5,184.4	4,655.3
Shopping	4,476.6	4,683.0	4,788.5	4,946.9	4,500.3
Cashing	253.8	248.1	242.9	237.5	155.0
Balance (billions of yen and billions of U.S. dollars)	594.8	631.3	640.5	645.7	573.0
Card shopping revolving credit balance	380.8	414.2	422.5	426.8	388.8
Cashing	214.0	217.1	218.0	218.8	184.2

1. Japanese standards were applied until FY2017. 2. International Financial Reporting Standards (IFRS) are applied from FY2018 onward. 3. Figures for net revenue and business profit represent the amounts before appropriation of inter-segment transactions.

Major Business Sales Bases (As of October 1, 2021)

In consideration of the new era, a new sales style

Due to the changes in our sales style, we reconsidered the approaches that would best suit our offices and decided on a system of three domestic sales departments.
Utilizing newly established satellite offices as well as offices designed for the remote style of working, we have also changed the traditional concept of commuting to a fixed office and updated our sales operations to a style that provides value to our customers regardless of location or time.



Domestic sales departments

3 bases

Changed to a domestic sales system comprising three departments, in Tokyo, Osaka and Fukuoka

Satellite offices

9 bases

Using the current offices, located in Aomori, Fukushima, Shizuoka, Nagano, Ishikawa, Okayama, Ehime, Kagoshima and Okinawa prefectures

Remote-style offices

4 bases

Newly established as our remote-style bases in Sapporo, Sendai, Nagoya and Hiroshima

East Japan Sales Dept.

2F Otowa NS Bldg.,
10-2, Otowa 2-chome,
Bunkyo-ku, Tokyo
112-0013, Japan

West Japan Sales Dept.

4F Kansai Ubiquitous Bldg.,
12-11, Minamisenba 1-chome,
Chuo-ku,
Osaka City, Osaka
542-0081, Japan

Head Office

52F Sunshine 60 Bldg.,
1-1 Higashi-Ikebukuro
3-chome,
Toshima-ku, Tokyo
170-6073, Japan

Kyushu Sales Dept.

9F Kyukan Hakata Ekimae Bldg.,
19-27, Hakataekimae 2-chome,
Hakata-ku, Fukuoka City, Fukuoka
812-0011, Japan

Global business regional headquarters

Credit Saison Asia Pacific Pte. Ltd.

Credit Saison Asia Pacific Pte Ltd.
9 Raffles Place #06-00 Republic
Plaza, Singapore 048619

Organization Chart

1 CS Asia Pacific Pte.
2 Kisetsu Saison Finance
3 Saison Modern Finance
4 Idemitsu Saison Microfinance
5 SIAM SAISON
6 世尊商務諮詢
7 HD SAISON Finance (Abbreviation)

List of Affiliated Companies (As of October 30, 2021) Note: In the order of the Japanese syllabary

Main consolidated subsidiaries

Payment Segment		
JPN servicer	JPN COLLECTION SERVICE CO., LTD.	Services
SAISON ASSET MANAGEMENT セゾン投信	SAISON ASSET MANAGEMENT CO., LTD.	Asset management
SAISON PERSONAL PLUS	Saison Personalplus Co., Ltd.	Temporary staffing business
SAISON FUNDEX セゾンファンデックス	SAISON FUNDEX CORPORATION	Loans, real estate, credit guarantees
CREDIT SAISON INDIA	Kisetsu Saison Finance (India) Pvt. Ltd.	Digital lending business in India
SAISON INDONESIA PT Saison Modern Finance	PT. Saison Modern Finance	Digital lending, payments, points business, and lease business in Indonesia

Finance Segment		
SAISON FUNDEX セゾンファンデックス	SAISON FUNDEX CORPORATION	Credit guarantee business, real estate finance business, loan business

Real Estate-Related Segment		
ATRIUM	Atrium Co., Ltd.	Comprehensive real estate business, servicing business
Concerto コンチェルト	Concerto Inc.	Amusement services, amusement business, real estate rental business

Entertainment Segment		
Concerto コンチェルト	Concerto Inc.	Amusement services, amusement business, real estate rental business

Major equity-method affiliates

Payment Business		
idemitsu 出光クレジット株式会社	IDEMITSU CREDIT Co., Ltd.	Credit card business, prepaid card business, finance business
静銀セゾンカード株式会社	Shizugin Saison Card Co., Ltd.	Credit card business, credit guarantee business, prepaid card business
SAISON INFORMATION SYSTEMS CO.,LTD.	Saison Information Systems Co., Ltd.	Information processing services
株式会社セブンCSカードサービス	Seven CS Card Service Co., LTD.	Credit card business
大和ハウスフィナンシャル Daiwa House Group	Daiwa House Financial Co., Ltd.	Credit card business
髙島屋ファイナンシャル・パートナーズ株式会社	Takashimaya Financial Partners Co., Ltd.	Credit card business
りそなカード RESONA	Resona Card Co., Ltd.	Credit cards and credit guarantees
HD SAISON Finance	HD SAISON Finance Company Ltd.	Finance business in Vietnam

Entertainment Segment		
e+	Eplus Inc.	Ticket sales

Responsible Officer's Guarantee/Editor's Postscript

Responsible officer's guarantee

On Publishing the Credit Saison Integrated Report 2021

Thank you for reading to the end of the Credit Saison Integrated Report 2021. Based on our leading-edge service company management philosophy, we are taking on the challenges of "transforming ourselves into a comprehensive life service corporate group" that, under our basic concept of Innovative, Digital, and Global, is working to achieve customer success by combining the real and the digital. This report describes the status of building our management foundation. We also clarify the value creation mechanism that makes use of the diversity that is our strength, such as in the more active participation of women in the workplace, and showcase a variety of initiatives designed to assist in resolving social issues through collaboration with various stakeholders. During the preparation of this Report, we consulted the International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation advocated by the Ministry of Economy, Trade and Industry as we edited. This report was produced in collaboration with a wide range of relevant departments within the Company, with the Corporate Planning Office of the Corporate Planning Department playing a central role in editing. As the executive officer responsible for editing, I hereby declare that the preparation process was properly carried out and that the details listed herein are accurate.

I hope that this report will serve as a communication tool for all stakeholders, including customers, shareholders, investors, business partners, and employees, to gain a better understanding of and become more familiar with Credit Saison. As we will continue to value dialogue with our stakeholders and would like to devise ways to enhance disclosure and transparency in the years to come, we would appreciate receiving your unreserved opinions.

Shingo Baba
Managing Executive Officer
CFO
M&A, Group Company Management
Head of Corporate Planning Dept., Corporate Risk Management Dept., Treasury & Accounting Dept.

Environment
Social
Governance
Guidance for Collaborative Value Creation

Information disclosure tools

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

We published a report with the integrated format for the first time in March 2020, and this marks our third such report. Because the chances of reading this report on a variety of devices have increased due to the COVID-19 pandemic, we started with a fundamental review that changed the format from vertical to horizontal to improve legibility and ease of reading.

By using our creativity for the content and visual aspects while emphasizing the narrative-based aspects of this report, we devised ways in which readers could gain a better understanding of the "Credit Saison of the past" and the "Credit Saison of the future." I do think, however, that there are some sections that are still insufficient to enable readers to fully acquire an appreciation of our strategies and future-oriented initiatives. We will thus continue to seek the honest opinions of our readers so that we can further deepen communication with all stakeholders while upgrading and expanding the content of the report.

Having won an award at the International ARC Awards, an annual report competition in the United States, the Credit Saison Integrated Report 2020 has even received high acclaim overseas.

ARC AWARDS INTERNATIONAL XXXV 2021 WINNER

International ARC Awards Summary Annual Review Category/Bronze Award

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 2021

For the Year Ended March31, 2021

CREDIT SAISON

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	FY2020 (As of March 31, 2021)	
	Millions of yen	Thousands of U.S. dollars
Assets		
Cash and cash equivalents	¥ 101,001	$912,228
Trade and other receivables	2,607,838	23,553,453
Inventories	139,530	1,260,213
Operational investment securities	47,250	426,752
Investment securities	78,774	711,470
Other financial assets	13,374	120,793
Property, plant, and equipment	29,095	262,786
Right-of-use assets	14,850	134,122
Intangible assets	171,421	1,548,241
Investment property	73,888	667,347
Investments accounted for using equity method	80,680	728,693
Deferred tax assets	37,569	339,318
Other assets	13,972	126,195
Total assets	¥ 3,409,247	$30,791,616

	FY2020 (As of March 31, 2021)	
	Millions of yen	Thousands of U.S. dollars
Liabilities and equity		
Liabilities		
Trade and other payables	¥229,962	$2,076,972
Financial guarantee liabilities	9,823	88,721
Bonds and borrowings	2,429,488	21,942,634
Other financial liabilities	23,799	214,951
Income taxes payable	6,079	54,911
Provision for point card certificates	113,207	1,022,469
Provision for loss on interest repayments	17,121	154,637
Other provisions	1,521	13,744
Deferred tax liabilities	1,005	9,077
Other liabilities	45,181	408,066
Total liabilities	2,877,190	25,986,187
Equity		
Equity attributable to owners of parent	530,971	4,795,619
Share capital	75,929	685,778
Capital surplus	85,198	769,493
Retained earnings	414,260	3,741,510
Treasury shares	△62,808	△567,275
Other components of equity	18,392	166,113
Non-controlling interests	1,086	9,808
Total equity	532,057	4,805,428
Total liabilities and equity	¥3,409,247	$30,791,616

CONSOLIDATED STATEMENT OF INCOME

	FY2020 (April 1, 2020 to March 31, 2021) Millions of yen	Thousands of U.S. dollars
Revenues		
Income from the payment business	¥206,722	$1,867,073
Income from the lease business	12,286	110,972
Income from the finance business	43,412	392,092
Revenue from the real estate-related business	32,382	292,474
Revenue from the entertainment business	29,548	266,872
Finance income	1,028	9,292
Total	325,381	2,938,778
Of interest income	108,784	982,519
Cost of sales		
For the real estate-related business	18,743	169,286
For the entertainment business	24,012	216,874
Total	42,755	386,160
Net revenue	282,625	2,552,617
Selling, general, and administrative expenses	202,380	1,827,858
Impairment losses on financial assets	31,867	287,822
Finance costs	11,266	101,760
Share of profit of investments accounted for using equity method	4,168	37,652
Other income	12,475	112,676
Other expenses	2,839	25,644
Profit before income tax expense	50,915	459,859
Income tax expense	14,668	132,482
Profit	¥36,247	$327,377
Profit attributable to		
Owners of parent	¥36,132	$326,343
Non-controlling interests	114	1,033
Profit	¥36,247	$327,377

RECONCILIATION FROM PROFIT BEFORE TAX TO BUSINESS PROFIT

	FY2020 (April 1, 2020 to March 31, 2021) Millions of yen	Thousands of U.S. dollars
Profit before tax	¥50,915	$459,859
Reconciliations (Selling, general, and administrative expenses)	924	8,351
Reconciliations (Other income)	△6,672	△60,263
Reconciliations (Other expenses)	2,473	22,337
Adjustments for the application of the effective interest method to financial assets	711	6,429
Subtotal	△2,562	△23,145
Business profit	¥48,352	$436,713

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FY2020 (April 1, 2020 to March 31, 2021)

		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, 2020		¥75,929	¥85,279	¥384,182	¥△62,881	¥2,161	¥484,670	¥805	¥485,476
Profit				36,132			36,132	114	36,247
Other comprehensive income						17,209	17,209	17	17,227
Comprehensive income		–	–	36,132	–	17,209	53,342	131	53,474
Purchase of treasury shares					△0		△0		△0
Disposal of treasury shares			△0		0		0		0
Share-based remuneration transactions			31		73		104	32	137
Dividends				△7,033			△7,033		△7,033
Transfer from other components of equity to retained earnings				978		△978	–		–
Changes in ownership interest in subsidiaries			△112				△112	112	–
Other							–	3	3
Total transactions with owners		–	△80	△6,055	72	△978	△7,041	148	△6,893
Balance as of March 31, 2021		¥75,929	¥85,198	¥414,260	¥△62,808	¥18,392	¥530,971	¥1,086	¥532,057

		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, 2020		$685,778	$770,223	$3,469,855	$△567,933	$19,518	$4,377,441	$7,279	$4,384,720
Profit				326,343			326,343	1,033	327,377
Other comprehensive income						155,434	155,434	157	155,592
Comprehensive income		–	–	326,343	–	155,434	481,777	1,190	482,967
Purchase of treasury shares					△3		△3		△3
Disposal of treasury shares			△0		0		0		0
Share-based remuneration transactions			285		661		946	293	1,240
Dividends				△63,529			△63,529		△63,529
Transfer from other components of equity to retained earnings				8,839		△8,839	–		–
Changes in ownership interest in subsidiaries			△1,015				△1,015	1,015	–
Other							–	29	29
Total transactions with owners		–	△730	△54,690	658	△8,839	△63,601	1,337	△62,264
Balance as of March 31, 2021		$685,778	$769,493	$3,741,510	$△567,275	$166,113	$4,795,619	$9,808	$4,805,428

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 34

Name of principal consolidated subsidiary Saison Fundex Corporation

At the meeting of the Board of Directors held on February 26, 2020, a resolution was passed for the absorption-type merger of Qubitous Co., Ltd. ("the absorption merger"), a consolidated subsidiary of the Company. The effective date of the absorption merger was April 1, 2020.

3. ACCOUNTED FOR USING EQUITY METHOD

Number of companies accounted for using equity method 31

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 or not the credit risk has increased significantly, the Group takes 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,” (IFRS15) 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 on 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, and 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 47 years
Other	5 to 10 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	19 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 (excluded 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. Included in costs are 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 20 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 a 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 the 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, provision for loss on collecting gift tickets, and allowance for losses on warranty of defects, 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 agency. 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 "3. Significant Accounting Policies (4) Financial instruments, (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 arises 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 "3. Significant Accounting Policies (4) Financial instruments, (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 "3. Significant Accounting Policies, (4) Financial instruments, (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 agency

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 agency refers to card processing and receivables collection businesses conducted by subsidiaries as outsourcing 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 "3. Significant Accounting Policies, (10) 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 "3. Significant Accounting Policies, (4) Financial instruments, (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 "3. Significant Accounting Policies, (4) Financial instruments, (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 the 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 the 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 the 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.

(13) Other important matters for the preparation of the consolidated financial statements

(a) Accounting for consumption tax

Consumption tax is accounted for by the tax exclusion method.

(b) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company. Amounts less than one million yen are rounded down to the nearest million yen. Japanese yen amounts have been translated into U.S. dollars at the rate of ¥110.72 = U.S.$1, the approximate exchange rate on March 31, 2021, for the convenience of the reader. Amounts less than one thousand dollars are rounded down to the nearest thousand dollars. These translations should not be construed as representations that Japanese yen amounts have been or could be converted into U.S. dollars at that or any other rate

(Notes on changes in presentation)

In accordance with the revision of the Corporate Accounting Rules, "Notes on Accounting Estimates" has been included in the notes to the consolidated financial statements for the current fiscal year.

(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	¥2,607,838	$23,553,453
Other financial assets	3,239	29,261
Property, plant, and equipment	29,095	262,786
Right-of-use assets	14,850	134,122
Intangible assets	171,421	1,548,241
Investment property	73,888	667,347
Deferred tax assets	37,569	339,318
Financial guarantee liabilities	9,823	88,721
Other financial liabilities	5,809	52,467
Provision for point card certificates	113,207	1,022,469
Provision for loss on interest repayments	¥17,121	$154,637

The above amounts for "Trade and other receivables" and "Other financial assets" are net of the allowance for doubtful debts; the amounts are ¥49,075 million (U.S. $443,238 thousand) and ¥141 million (U.S. $1,282 thousand), respectively.

1. 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:

Although the outbreak of the novel coronavirus disease (COVID-19) has started over a year ago, concerns regarding the resurgence of infection remain and the outlook regarding this matter remains uncertain. Depending on the situation of the spread of the disease, deterioration in the economic situation, such as a slump in personal consumption or corporate bankruptcies caused by the spread of COVID-19, could have a significant impact on the Group's performance and financial position. COVID-19 has various impacts, particularly with regard to the credit risk on receivables held by the Group and the risk of impairment of non-financial assets. In calculating the impact of these two risks on the Group's consolidated financial statements, the Group uses macroeconomic variables, such as the unemployment rate announced by think tanks. The calculation methodology is based on the deterioration of macroeconomic variables that correlate with credit risk and the reduction in future cash flows from the cash-generating units. In most think-tank scenarios, macroeconomic variables deteriorate in the year ending March 2022 and recover in the year ending March 2023. Therefore, 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 and impairment of nonfinancial assets, 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 spreads or accompanying changes in the economic situation occur in the future, the estimates may be revised 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 the 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

31,853	287,690
Millions of yen	Thousands of U.S. dollars

2. ALLOWANCE FOR DOUBTFUL ACCOUNTS DEDUCTED DIRECTLY FROM ASSETS

Trade and other receivables	49,075	443,238
	Millions of yen	Thousands of U.S. dollars
Other financial assets	141	1,282
	Millions of yen	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)	93,353 Millions of yen 843,148 Thousands of U.S. dollars	Bonds and borrowings (Securitized borrowings)	93,353 Millions of yen 843,148 Thousands of U.S. dollars
Other financial assets (Guarantee deposits)	1,511 Millions of yen 13,647 Thousands of U.S. dollars	Other financial liabilities (Deposits received)	1,743 Millions of yen 15,744 Thousands of U.S. dollars
Total	94,864 Millions of yen 856,795 Thousands of U.S. dollars	Total	95,096 Millions of yen 858,892 Thousands of U.S. dollars

"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 ¥2,618 million (U.S. $23,645 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	¥216,529	$1,955,648
Customers related to loans with pictures pledged as collateral provided by partner financial institutions	40	363
Customers related to rent guarantee business	82,220	742,601
Borrowings entered into by GFINSERVICES (S) PTE. LTD.	1,069	9,660
Customers related to mortgage loans provided by partner financial institutions	103,763	937,167
Customers related to housing loans provided by partner financial institutions	1,486	13,423
Total	¥405,109	$3,658,864

6. COMMITMENTS

（Lender）

The Group provide cash advance and card loan services that accompany their 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 subsidiaries and associates is as follows:

	Millions of yen	Thousands of U.S. dollars
Total loan commitments	¥4,084,300	$36,888,553
Balance of loans taken out	178,436	1,611,600
Net amount	¥3,905,864	$35,276,952

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	$2,709,537
Borrowings made under the commitment	–	–
Net amount	¥300,000	$2,709,537

(NOTES TO CONSOLIDATED STATEMENT OF INCOME）

1. 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 (Selling, general, and administrative expenses)	¥924	$8,351
Loss related to COVID-19 (*1)	924	8,351
Reconciliations (Other income)	△6,672	△60,263
Gain on sale of shares of subsidiaries and associates	△3,968	△35,845
Gain on sale of fixed assets	△2,629	△23,747
Other	△74	△670
Reconciliations (Other expenses)	2,473	22,337
Loss on disposal of noncurrent assets	592	5,348
Amount of payment (*2)	580	5,245
Impairment losses on nonfinancial assets	1,218	11,001
Other	82	740
Adjustments for the application of the effective interest method to financial assets(*3)	711	6,429
Total	¥△2,562	$△23,145

*1 In response to various requests from the national and local governments taken to address COVID-19, the Group compensated some of its employees due to the suspension of business partners and locations and took measures to close some locations temporarily. This item of reconciliation from business profit comprises nonrecurring expenses that include the fixed costs (such as personnel costs and depreciation) resulting from the aforementioned businesses. The Group recognizes ¥662 million (U.S. $5,983 thousand) grant, received as a government grant pertaining to COVID-19, in the third quarter of the fiscal year ended March 31, 2021, as profit or loss and has excluded it from related expenses.
*2 A onetime adjustment for expenses with business partners.
*3 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, 2021

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 18, 2020	Common stock	¥7,033 *$64,632	¥45 *$0.41	March 31, 2020	June 19, 2020

(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 23, 2021	Common stock	Retained earnings	¥7,035 *$63,542	¥45 *$0.40	March 31, 2021	June 24, 2021

(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, 2021, 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 in 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 risk management

(i) Interest rate risks 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 risks management

Based on the ALM policy, the Group mitigates price fluctuation risks of investment products, including investment (operational) 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, 2021, rises by one basis point (0.01%), profit before tax for the fiscal year ended March 31, 2021, will decrease by ¥2 million (U.S. $21 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, 2021, will increase by ¥2 million (U.S. $21 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

The amounts reported in the consolidated statement of financial position, the fair values, and the differences between them as of March 31, 2021, are as follows:

		Carrying amount	Fair value	Difference
Assets				
Trade and other receivables	(Millions of yen)	¥2,607,838	¥2,664,526	¥56,687
	*Thousands of U.S. dollars	$23,553,453	$24,065,446	$511,993
Operational investment securities and investment securities	(Millions of yen)	47,250	47,250	–
	*Thousands of U.S. dollars	426,752	426,752	–
Investment securities	(Millions of yen)	78,774	78,774	–
	*Thousands of U.S. dollars	711,470	711,470	–
Other financial assets	(Millions of yen)	13,374	13,374	–
	*Thousands of U.S. dollars	120,793	120,793	–
Total	(Millions of yen)	2,747,236	2,803,924	56,687
	*Thousands of U.S. dollars	24,812,470	25,324,463	511,993
Liabilities				
Trade and other payables	(Millions of yen)	229,962	229,962	–
	*Thousands of U.S. dollars	2,076,972	2,076,972	–
Bonds and borrowings	(Millions of yen)	2,429,488	2,435,074	△5,585
	*Thousands of U.S. dollars	21,942,634	21,993,084	△50,449
Other financial liabilities	(Millions of yen)	23,799	23,799	–
	*Thousands of U.S. dollars	214,951	214,951	–
Total	(Millions of yen)	¥2,683,250	¥2,688,836	¥△5,585
	*Thousands of U.S. dollars	$24,234,559	$24,285,008	$△50,449

The fair value of financial instruments is calculated as follows:

Assets

(1) Trade and other receivables

(a) Accounts receivable – installment

Accounts receivable – installment with variable interest rates reflect market interest rates in the short term. Thus, accounts receivable – installment are stated at carrying amount, given that the fair value approximates the carrying amount, unless the credit status of debtors changes significantly in later periods. On the other hand, 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 bad debts 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 fair value approximates the carrying amount 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.

(2) 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.

(3) Other financial assets

Since these are settled in a short period of time, the fair value approximates the carrying amount, and is therefore stated at that carrying amount.

Liabilities

(1) Trade and other payables

Trade and other payables are stated at carrying amount as their fair values approximate their carrying amount 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 their fair values approximate their carrying amount due to the short settlement period.

(b) Commercial papers

Commercial papers are stated at the carrying amount as their fair values approximate their carrying amount 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 was 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 receivables

Long-term loans payable under securitized receivables 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 receivables 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

Since these are settled in a short period of time, the fair value approximates the carrying amount, 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 ¥414,932 million (U.S. $3,747,586 thousand). The liability amount recognized in the consolidated statement of financial position is ¥9,823 million (U.S. $88,721 thousand) and the fair value is ¥26,003 million (U.S. $234,858 thousand) (asset).

(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. NOTE TO FAIR VALUE OF INVESTMENT PROPERTY

	Millions of yen	Thousands of U.S. dollars
Carrying amount	¥73,888	$667,347
Fair value	¥93,427	$843,818

(Note) 1.The amount recorded in the consolidated statement of financial position is the cost less accumulated depreciation and accumulated impairment losses.
2.Fair values at the end of the period are 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 EARNINGS PER SHARE)

1. EQUITY ATTRIBUTABLE TO OWNERS OF PARENT PER SHARE	(Yen)	¥3,397.92
	*U.S. dollars	$30.69
2. BASIC EARNINGS PER SHARE	(Yen)	¥231.24
	*U.S. dollars	$2.09

(NOTES TO SIGNIFICANT SUBSEQUENT EVENTS)

There are no pertinent items.

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan
Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Credit Saison Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated statement of income and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, all expressed in Japanese yen.

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, 2021, and its consolidated financial performance for the year then ended in accordance with the Companies Act of Japan and applicable regulations and accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 5.(13)(b) to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

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.

Emphasis of Matter

As explained in Note 1 to the consolidated financial statements, the information provided in the notes to the consolidated financial statements is limited to that required by the Companies Act of Japan and applicable regulations. 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. Our opinion is not modified in respect of this matter.

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 the Companies Act of Japan and applicable regulations and accounting principles generally accepted in Japan, 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 principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 the Companies Act of Japan and applicable regulations and accounting principles generally accepted in Japan, 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.

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.

Deloitte Touche Tohmatsu LLC

May 13, 2021