

Message from the CEO

Crises and constraints give rise to customer-supported innovation leading to success over the competition

Hiroshi Rinno

Representative, Chairman and CEO



It is in uncertain times such as these that the essence of a company is put to the test

In last year's Integrated Report, I mentioned that 2020 would likely become a landmark year in human history, similar to the Great Depression, which began in 1929. In fact, due to the pandemic caused by the novel coronavirus (COVID-19) outbreak, the movement of people, goods and money was stopped in its tracks; the supply chains and economies of each country, including automobile factories, were hit hard; and people were forced to transition to a so-called new normal lifestyle. Although the development of drugs and vaccines is being conducted with a sense of urgency around the world, there are still no signs of a global return to normalcy amid the second and third waves, and personal consumption is declining at a time when the future is clouded with uncertainty. Other factors include the preferential measures for cashless payments due to the consumption tax rate hike in 2019 and more people using cards instead of cash from the viewpoint of hygiene as a measure to prevent COVID-19 infections. In such times of emergency, I think it is important to revisit our starting point. What was Credit Saison's starting point? In essence, our foundation was based on the three values that we advocate as a leading-edge service company, namely, "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." Focusing on customers, we will do our utmost to provide better services, improve customer convenience and win customer support. With the belief

since its founding that Credit Saison should be a company for society, I have been realizing the creation of customer value together with our employees.

To my mind, the essence of capitalism involves risk-taking and creative destruction. Seiji Tsutsumi, who built up Seibu Department Stores to become the No. 1 store of its kind in Japan, broke up the Tokyo Marubutsu department store into its new PARCO format and converted Midoriya Department Stores, a retailer specializing in the monthly installment retail business, into a credit card company, Seibu Credit. This kind of innovation is the very essence of creative destruction. So, what is the essence of a company in a capitalist society? I think that lies in competition. To compete in delivering good products and good services to customers. Also important to this process is marketing that tries to understand what the customer is thinking that he or she would like to do and the customer's way of thinking to create joy and surprises for them. By continuing to innovate and be supported by our customers, we can emerge ahead of the competition. Companies that are unable to continue to innovate lose their growth potential and eventually wither and perish. I believe that the growth we have achieved so far is due to the numerous innovations that have emerged from our corporate culture of creative innovation.

As we are living in an era of uncertainty, our success with customers, competitiveness and ability to innovate are being put to the test.

Innovation born from crises and constraints

Why has Credit Saison been able to continue innovating? Looking back on the history of the Saison Group, I feel that it is because of our disadvantaged position in the business environment, the sense of an impending crisis and the raft of restrictions placed on us that we have been able to grit our teeth, persevere and produce results. These factors have led to changes in the times. Armed with the experience of adversity that started in Ikebukuro, Tokyo, a disadvantageous location for a department store and the branch where I was, we have been carrying out various innovations through culturally centered brand image strategies and changing society.

Following a transfer in 1982, I went to work on converting the monthly installment sales retailer Midoriya, which had become part of the Saison Group due to deteriorating management in the 1970s, into a credit card company. In Japan, where credit and bank cards were beginning to gain in popularity, Midoriya was a latecomer. But I had a specific vision in mind. In the United States, which I had previously visited, when proffering high-denomination bills at cash registers, I had seen their watermarks being checked to confirm that they were not counterfeit, so I had witnessed a card society in which cards

were trusted more than cash. I was thus convinced that if we were to create a culture in Japan where cards were used roughly to the same extent as they were in the United States, we could survive even if a latecomer.

All you need to survive is to keep creating new things. Products that are said to be the same as yesterday's products are synonymous with retrogression while others are moving forward. So people have to be constantly thinking about what will change next. Initially, I had one lingering doubt. At that time, the credit limit conditions of credit card companies were that the cardholder be "a manager of some listed company, has been working there for 10 years or more and owns a house." Since we are talking about Japan in the 1980s, it is no exaggeration to say that most men met these conditions. In contrast, the customers I saw at Saison Group department stores and supermarkets were overwhelmingly women. A man who is "a manager of some listed company, has been working there for 10 years or more and owns a house" leaves the shopping to his wife. Credit cards were being issued to those who for the most part do not come to department stores. That was my understanding of the situation. In that case, if customers who came to the store could write

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their names, addresses and phone numbers on the spot, I thought they could, following an instant credit screening, be instantly issued with credit cards for immediate use with no annual membership fee. The credit limits were ¥50,000 for cash advances and ¥100,000 for shopping. Although there was a risk, most people would be able to repay a credit line in the tens of thousands of yen. It was more important to have more people using the card than to be wary of risk. With that in mind, I made credit cards available to women, who in terms of shopping represent the core demographic. As we also put into practice customer satisfaction principles, such as offering discounts in the

Lack of a sense of impending crisis is a company's greatest enemy

I mentioned before that it is easier to innovate and seize opportunities if you are in a difficult situation. Looked at another way, it serves as an alarm bell that you could be immediately overtaken if you are resting on your laurels in a peaceful environment. Among our employees who have made great strides toward the peak of the industry are some who have come to think that they are working for a successful company, but in fact the lack of a sense of impending crisis associated with such thinking poses the greatest risk to the Company. The experience of success bestows a negative element on humans. If you feel that things are okay as they are, innovation will not take place and you will not be competitive. The belief that we are successful leads to pride; we might start to neglect our efforts and could be abandoned by our customers. What awaits us after a lack of a sense of impending crisis is defeat in competition.

Since then, the consumer finance industry,



retail industry, we gained a tremendous upsurge of support from women.

Customer support provides robust added impetus. At that time, the number of cards issued by the industry's top credit card companies stood at about seven million, but from the time we started "instant credit screening, instant card issuance," the number of cards issued increased by hundreds of thousands every month.

In the face of various constraints in existing society, we thoroughly pursued customer convenience and created innovations that broke industry taboos. This was the starting point for the growth of our credit card business.

including credit cards, has been significantly affected by the 2008 Supreme Court ruling on overpayment refund requests, the revision of the Money Lending Business (MLB) Act (implemented in June 2010) and the revision of the Installment Sales Act (implemented in June 2008).

I was annoyed that the Company, which had been operating soundly up until that point, was suddenly forced into a difficult situation due to environmental changes, such as laws and regulations of this kind. These moves changed the landscape of the industry, with competitors becoming affiliated with megabanks due to financial difficulties. We have maintained our independence, but we lack the sense of impending crisis that "this company is in a very bad

situation." We learned many lessons from this series of events, and I am constantly telling my employees about the importance of the three enhancements: In addition to competition and innovation, what an organization needs to survive is a sense of impending crisis.

Sharpen sensitivities and increase a "sense of empathy" from society

Looking around the world, every company is advocating "ESG management" and "SDGs" as if following a trend. I feel uncomfortable in such a homogeneous climate. Of course, it is important to do business that is socially meaningful and to contribute to society as a result. However, the essence of a company is to win over the competition. I think that we can contribute to society by creating value for our customers, bringing about innovation and securing success over the competition.

Human resources are the source of this value. It was human resources, mainly young people in their 30s, who revived Midoriya when on the verge of bankruptcy and developed the company into the current Credit Saison. Because humanism as an organizational culture—that is, not

discriminating on the grounds of educational background, gender, nationality and other factors—has been considered a management idea since Mr. Tsutsumi's era, from the time I came to the Company, I have appointed a diverse range of human resources, regardless of educational background, gender, nationality or age. In 2017, we eliminated part-time and contract work and introduced equal pay for equal work to improve the wages and benefits of about 2,200 people. I do not like such classifications as "non-regular employees" and "full-time employees" and want to give all employees equal opportunity and treat them fairly. The younger stages of life have high consumption needs, and I have been thinking that consumption and the economy will not improve unless

measures are taken to increase the disposable income of those generations. That was one of the reasons why I decided to make everyone a full-time employee.

The ideal I envisage is a company that gives freedom to the employees who are working there and where every person's ideas are reflected in their work. I do not want Credit Saison to become a company where people only reluctantly come to work. We carry out in-house venture

To remain a "leading-edge service company"

The previously mentioned revision of the MLB Act served as a major turning point, and we made investments for the next generation, such as rebuilding the core system, and finally completed the foundation for a new growth strategy. Taking advantage of this foundation to accomplish reform and regrowth in the three years from FY2019, we have formulated and implemented the Medium-term Management Plan with the vision of becoming a "Neo Finance Company in Asia."

In the domestic credit card market, in which the number of cards owned per person is saturated at 2.6–2.7, payments using smartphones have been standing out, and we recognize that the business model with which we had enjoyed success in the 20th century is becoming obsolete. In addition, COVID-19's impact on society has been enormous, and in a sense, this presents an ideal opportunity for innovation to occur. Our competitors are also promoting digital transformation (DX), but there is a sense of impending crisis that if DX has not been completed by about 2025, the battle might be lost.

Although the domestic market is saturated, we will narrow our products and targets and work to further expand our membership base of 37 million people. Among them, Generation Z (those born from 1996) is the target group on which to focus, and our new targets will be sole proprietors and settlements for BtoB businesses. Deeming smartphones to be a major platform, so that it can be said that "smartphones are Credit Saison," the weekly Business Strategy Meeting, at which new ideas and innovations are brought in and free discussions held, has become established as an internal culture with the goal of launching new products and services monthly. We are also actively hiring talented personnel with digital technology

With expectations for the next generation

Looking within Japan, I am excited and impressed again by the limitless untapped potential displayed by the younger generation, as exemplified by the professional shogi player Sota Fujii and the athletes in their teens who are competing on the world stage. For Credit Saison's younger generation employees, I would like to provide an environment where coming to the Company is fun and interesting for them and so that they can evolve on their own while absorbed

programs to speed up the commercialization of our employees' ideas, but to create new services that respond to social needs and changes in the market, it is important to sharpen well-attuned sensitivities to change. I believe that business sensitivity (BQ), which is a combination of SQ (sensitivity) with IQ (intelligence) and EQ (humanity), is the key to gaining the sympathy of society and ensuring growth in the next generation.

expertise to promote DX. As it is important for such people to have a certain amount of freedom and to take on various challenges, I will commit to fully utilizing these talented human resources after they join the Company.

However, in the saturated market that is Japan, where the population is falling due to the declining birthrate and aging population, high growth cannot be expected in the years to come. What will drive the Company's growth is our global business in Asia. Including affiliated companies and investment destinations, we have already expanded into nine countries: China, India, Singapore, Vietnam, Myanmar, Indonesia, Cambodia, Thailand and the Philippines. In Asia, most people cannot receive financial services from banks (the unbanked segment). Depending on the development stage of each country, I would like us to focus on the financial service needs of the local people, help to realize economic prosperity and lead to the prosperity of each country. Although there are some parts of the original plan that have been delayed due to the COVID-19 pandemic, we will continue to push forward strongly to secure growth in the Asian market. In overseas expansion, it is of course important to exercise governance, such as compliance, but the basic principle will remain what I term "localism." In other words, I would like to appoint local personnel who have the best understanding of the local market and business customs to director and executive positions and leave the running of the business to them, so that every employee is allowed to do the work that he or she is passionate about and wants to do. We are calling this "Neo Finance," but perhaps it will develop into a business that goes beyond the boundaries of finance. Our management philosophy is to remain a leading-edge service company, so that does not matter.

Message from the COO

Utilizing digital-based convenience and human customer contact points to support the lifelong abundance of our customers from a financial perspective

Masahiro Yamashita

Representative,
Executive President and COO



Q | Tell us about how you saw FY2019 as your first year as President and COO.

As the first year of the Medium-term Management Plan, in FY2019 we began deploying various measures for the purpose of providing finance services tailored to the life cycle and life stage changes among both our corporate and individual customers under our mission statement of “becoming a finance company advancing with customers for 50 years.” We also completed our management integration with Qubitous, a wholly owned subsidiary engaged in credit card processing contracted services, on April 1, 2020, which will enable us to advance business development that places attention on high quality and speed through a seamless structure in the future. In consultation with Hiroshi Rinno as CEO of Credit Saison, we also worked to enhance governance. Following our establishment of the Nomination & Remuneration Committee in June 2019, we adopted an Executive Officer System in March 2020 to establish an environment that will allow the Board of Directors to place greater focus on its management and supervisory functions. Similarly, following the Ordinary General Meeting of Shareholders in June, we reorganized the Board of Directors to a nine-member structure that includes three Outside Directors.

In terms of performance, despite having taken a conservative standpoint for FY2019 based on the depreciation burden of the new Core System released in stages from the fall of 2017 to the fall of 2018, in addition to steady progress in business itself, our cost-reduction efforts paid off and placed us on a standing from which we were able to anticipate increased sales and profits through the third quarter.

Due to the emergence of the COVID-19 pandemic during the fourth quarter, however, a larger allowance for uncollectible receivables in the event of an emergency and increased expenses from accelerating IC chip updates led business income to close at ¥36.1 billion for the year compared with ¥52.2 billion the previous fiscal year. This in turn resulted in increased sales and lower profits.

Q | How will you develop business amid the environmental changes brought about by the COVID-19 pandemic?

As with the saying “repeating thought and action 100 times makes for habit,” having been forced to live with COVID-19 for more than half a year already since the start of 2020 has made it difficult to imagine going back to normal. Because credit cards are closely tied to customer spending, the impacts of this situation are clearly reflected in the numbers, where some parts of the business have been hit hard from the decline of in-store shopping due to temporary closures of department stores and self-restraint in regard to travel, dining out and events,

whereas other parts of the business have grown robustly due to stay-at-home demand, such as online shopping, streaming services and online gaming. We must therefore vary the areas in which we invest management resources while rapidly ascertaining trends in society within the new normal of living with COVID-19.

Before the emergence of COVID-19, we were already advancing the introduction of services that allow customers to apply for credit cards using their smartphones as a means of addressing the advantages of digital channels. The COVID-19 pandemic has served to dramatically accelerate the realization of the online, remote concepts that we had been advancing under the challenge of addressing consumption that ignores time constraints and physical distances following the spread of e-commerce. Specifically, we launched a more evolved version of SAISON CARD Digital in November 2020. Every aspect of SAISON CARD Digital, from sign-up to credit examination, card issuance and card use, is completed using a smartphone, thus allowing the card number to be issued in as little as five minutes and serving as digital credit that can be issued and used immediately without ever requiring a physical credit card. As a result, even those customers without a Saison Card can receive the benefits of perks and services on the spot. From a different vantage point, this means that the sites where customers use this card also serve as sites where we can provide services and solicit card applications. This capability goes beyond simply minimizing transaction opportunity loss due to time and distance constraints. Instead, it enables alliances with a wide range of partners by reducing the initial costs involved in issuing credit cards.

I believe the domestic market has nearly reached the end of the stage where we can expand the customer base through large-scale alliances. And I feel that going forward we will grow new membership by more seamlessly integrating these kinds of refined sites and services while at the same time advancing measures that also serve as the face of new credit card solicitation sites. COVID-19 will serve as the trigger for accelerating the application of this digital transformation, so we are initiating restructuring projects aimed at improving business operations geared toward improved productivity and reduced expenses, developing new products and services, and investing resources in a varied manner.

Q | Tell us about your understanding of the business environment with an outlook beyond COVID-19.

In the short term, the domestic credit card market will take a major hit with the consumption slump triggered by COVID-19. Taking a slightly longer-term perspective, however, the market will enjoy a tailwind as various measures are promoted in response to the 40% cashless payment target for 2025 raised in the “Cashless Vision” formulated by the Ministry of Economy, Trade and Industry.

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Looking abroad, some countries, such as South Korea and Sweden, have achieved a cashless payment rate exceeding 90%, so we feel that Japan has the potential to exceed 40%. Although the cashless payment tax return policy implemented following the consumption tax increase has ended, I feel that this policy was also important in broadly spreading the term “cashless” throughout society. As the need for online, remote interaction grows amid the COVID-19 pandemic, and as consumption transitions from brick-and-mortar stores to the Internet as a more general trend, I foresee sufficient potential for growth in terms of credit cards and electronic payments.

To earn the backing of our customers within this business climate, I believe we must tirelessly continue to provide products and services that match the specific life events, life stages and needs of both our individual and corporate customers as “a finance company advancing with customers for 50 years.”

Q Under this business climate, on which areas will you focus management resource allocations?

Although we will invest management resources to provide services for areas in which customer needs exist, the three areas on which we will place significant focus are the BtoC area, primarily for women, younger customers and the affluent segment; the BtoB area for payments between companies; and the global area. We will sequentially roll out products specialized for women and younger customers, as well as products limited to customers in special areas. There are also many affluent customers among the Group's 37 million members.

Given that we have not concentrated on development of services for the affluent segment until now, I believe that there is sufficient room to develop products and services targeted at customers in this segment. In September 2019, we entered a capital and business alliance agreement with Daiwa Securities Group Inc., through which we introduce our respective customers to each other and develop new products. We are also working together to develop services specialized for the affluent segment by fusing our respective know-how.

We intend to release the services we develop in stages and to expand these while confirming the backing of our customers.

Q What kinds of services will you deploy in the BtoB area?

In terms of the BtoB area, the market for payments between companies alone is said to be around ¥900 trillion-¥940 trillion, but the majority of this has yet to be converted to electronic payments. It is also important for us to consider how to incorporate this significant market in the future in terms of financing for corporations. Although corporate credit cards for large companies



are vital for the payment field, small and medium-sized enterprises (SMEs) account for more than 90% of Japanese companies; even though individual payments among SMEs might be small, the overall payment volume is huge. In addition to capital demand among sole proprietors, which are also members of our credit cards as individuals, I see other areas of demand from these members, including support for the transition to electronic expense settlement for greater operational efficiency and to electronic payments with their partners. I also feel that we can address the various needs of the hundreds of thousands of companies with which we do business, including those for capital demand, payment methods and credit guarantees.

As with individual customers, we aim to provide solutions tailored to the growth stage of the specific businesses of our corporate customers in a timely manner.

Q What are the key points for providing solutions tailored to the specific stages of individual and corporate customers?

During our more than 50-year-long relationship with customers, the initial touchpoint from which business with our individual customers begins in most cases is the issuance of credit cards around the age of 20. From here, we begin to maintain connections throughout the customer's life. Over this time, our customers experience various life events, including employment, entrepreneurship, marriage, home ownership and car purchases, so when a customer changes the name and address on a credit card, for example, we can determine that the customer has married based on such data. We are therefore developing a platform that will allow us to predict if a customer plans to buy a home or a car in the near term, or will need to purchase insurance, and to offer products that address the customer's needs in a targeted manner at the required timing in each case. This is also true for corporate transactions. When we only have a lease transaction with a corporate customer at present, for example, we consider what we can do to help in terms of capital needs and payment methods and consider what kinds of other solutions are required at the current stage based on the kinds of past transactions they have had with our group. I believe that we must identify this kind of prospective demand and make proposals at the proper timing.

In the payment business, we built and released a new Core System and have continued to make various proposals targeting new affiliate cards and acquisitions of new contracted services since FY2019, and several

projects have begun to move forward. This system will centrally manage information and allow us to continue to propose various products that match customer needs while also creating synergy between businesses, including cross-selling based on the fusion of the payment business and finance business.

Q Tell us about the global business.

In just a short time, the global business has grown to operate in nine countries, primarily in Southeast Asia. In addition to expanding the number of markets in which this business operates, I hope to transition from the “sowing stage” to the “harvesting stage” in those markets in which we already operate.

Although we have seen aspects of the Southeast Asian market that resemble parts of the Japanese market, this does not mean the know-how we have accumulated domestically can be applied as is. Unlike developed countries that spent years evolving from landlines to smartphones, for example, many countries in Southeast Asia have skipped this evolutionary process and seen smartphones rapidly become the norm. In this regard, there are two approaches, one for those areas where we can apply our accumulated know-how as is and one for those where business development must necessarily assume the application of new technologies. One of the patterns for business development in the global business relies on alliances with local companies. A second pattern is business development in cooperation with Japanese companies and start-ups that have entered the market ahead of us, for example, as with Gojo & Company, Inc., where we finance business capital and Gojo & Company deploys a microfinance business in emerging economies. There is a lot of know-how and knowledge we can absorb from these tie-up partners, and we will work to establish a presence in these markets by collaborating with the right partners instead of striving on our own. Although we will need to develop these businesses amid the COVID-19 pandemic, we already see the potential for an earnings base in several of the countries in which we operate. For example, we have acquired a license from the India Reserve Bank to launch a digital lending business in India and we will launch new credit card services in Vietnam in addition to the installment credit services we already offer for motorcycles, smartphones and home appliances.

Q Tell us about how you see the future business portfolio and revenue structure.

We spent the roughly 10 years through 2018 developing the new Core System and therefore had to freeze new development on existing systems during that time. Amid the limitations this placed on development of the payment business, we nurtured the finance business into a second pillar of the Company. In the meantime, I believe

that the best business portfolio would be a ratio of 1:1:1 for the payment business, the finance business and the global business, which we will realize by growing the global business into a third pillar of the Company.

Achieving this ratio, however, will take a little more time because the global business is at the stage of moving from sowing seeds to nurturing and harvesting the results. And given the diversity of ethnicities and business customs faced by the global business, I feel that we must plan business growth while investigating the different risks. In an era of uncertainty where we cannot predict what will happen, as shown recently by COVID-19, I feel that it is best to have a well-balanced earnings base in anticipation of the future.

Q Tell us your thoughts on ESG.

I believe that our services themselves connect to the solutions for society's challenges. This is particularly evident in the global business. Regarding the unbanked segment, which is not even able to open a bank account, particularly in Southeast Asia, I believe that providing support for financing this segment's capital needs can do more than just help deal with the problems faced by individuals. It can also contribute to the prosperity of countries in Southeast Asia.

Contributions to resource conservation that arise from paperless transactions coinciding with the transition to a cashless society and the Akagi Nature Park, which is managed from the perspective of preserving a lush forest for the children of the future, are initiatives for the environment (E) in Japan that also have a social (S) aspect. As an initiative for the next generation, we have begun SAISON TEACHER as a program of on-site classes through which our employees provide financial education to middle and high school students around Japan.

Evolution in innovation and technology also arises from the strong desire to solve society's challenges, so I feel that we should continue to value the idea of keeping our attention on social contribution as a company.

Q Finally, please provide a message to the stakeholders.

As a distribution type credit card company, we have developed our services under market-oriented and client-oriented concepts. Digital transformation is accelerating today in part through the spread of remote work triggered by the COVID-19 pandemic. Although we will also take the lead in pursuing “hi-tech” elements for this reason, I believe we should continue to value “hi-touch” elements that are flush with a human sense as well. Given the tendency to create sterile relationships through the pursuit of greater efficiency, we aim to provide services and products that capture needs while staying side-by-side with our customers and clients by maintaining a greater sense of human warmth.

A History of Reforms and Challenges

Establishment as a retailer specializing in installment sales

- 1951 May Company established as Midoriya Co., Ltd.
- 1968 June Listed on the First Section of the Tokyo Stock Exchange
- 1976 Mar. Formed a capital tie-up with Seibu Department Stores Ltd. (currently Sogo & Seibu Co., Ltd.)
- 1980 Aug. The Company's name was changed from Midoriya Department Stores to Seibu Credit Co., Ltd.

Second establishment, shift to become a credit card company

- 1982 Aug. 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
- 1983 Mar. "Seibu Card" name changed to SAISON CARD
- 1985 May Started the credit guarantee business
- 1988 July Started the issuance of international credit cards with VISA and Mastercard
- 1989 Oct. The Company's name was changed to Credit Saison Co., Ltd.
- 1990 Apr. Introduced the first signature-less payments in Japan
- 1991 Jan. Started the affinity card business
- 1995 June Started the issuance of an international credit card with JCB
- 1997 Oct. Started the issuance of the SAISON American Express® Card
- 2002 Feb. Started Eikyufumetsu Points, which never expire

- 2003 Aug. Reached agreement on a comprehensive alliance with Idemitsu Kosan Co., Ltd.
- 2004 Feb. Formed an equity and business tie-up with Resona Holdings, Inc.
- 2004 Apr. Formed a strategic alliance with Takashimaya Company, Limited
- 2004 Aug. Reached an agreement on a strategic business partnership* with Mizuho Financial Group, Inc., Mizuho Bank, Ltd., and UC CARD Co., Ltd. (*Partnership terminated in October 2019)
- 2005 Apr. Started new credit center Ubiquitous operations
- 2006 Jan. Merged with UC Card Co., Ltd. (card issuance business)
- 2006 June Formed a comprehensive alliance with Yamada Denki Co., Ltd.
- 2006 July Reached an agreement to form a business alliance with The Shizuoka Bank, Ltd.
- 2006 Oct. Launched Eikyufumetsu.com (current Saison Point Mall) online shopping mall
- 2006 Nov. Established a joint venture with Daiwa House Industry Co., Ltd.
- 2007 Mar. Reached an agreement to form a comprehensive alliance with Yamaguchi Financial Group, Inc.
- 2007 Oct. Established Qubitous Co., Ltd., the industry's first comprehensive processing service specialist (Qubitous integrated by an absorption-type merger in April 2020)
- 2009 Mar. Started handling "Flat 35 loans"
- 2010 Apr. Basic agreement reached on a comprehensive business alliance with SEVEN & i FINANCIAL GROUP CO., LTD.
- 2010 Apr. Started operation of the Akagi Nature Park

- 2011 July Started the issuance of NEO MONEY, a prepaid card exclusively for use by Japanese travelers visiting other countries
- 2013 Jan. Started handling Saison Asset Formation Loans
- 2014 May Established Credit Saison Asia Pacific Pte. Ltd., an overseas business development and regional headquarters in Singapore
- 2014 July Commenced the Saison Portal and the UC Portal, which provide smartphone apps for cardholders
- 2014 Sept. Saison Asset Management Co., Ltd., formed a capital and operational alliance with Japan Post Co., Ltd.
- 2015 May Formed a capital and business tie-up with Vietnam's HD Bank; established HD SAISON Finance Company Ltd.
- 2015 June Established Saison Ventures Co., Ltd., the first corporate venture capital company established by a Japanese credit card company
- 2015 Sept. Established PT. Saison Modern Finance, a finance services company, in Indonesia
- 2016 Dec. Started Point Investment Services for long-term investment using Saison Eikyufumetsu Points
- 2017 July Started handling Saison Rent Guarantee Rent Quick
- 2017 Sept. Abolished employee classifications; introduced a common HR system under which all employees are on indefinite-term contracts
- 2017 Dec. Formed a capital tie-up with Grab Holdings Inc.; established Grab Financial Services Asia Inc.
- 2018 June Established Kisetsu Saison Finance (India) Private Limited in India
- 2018 Nov. Partnered with SCG, Mitsui & Co.; reached an agreement on the establishment of SIAM SAISON Co., Ltd., in Thailand

- 2019 Apr. Concluded the Agreement on Cooperation with Shibukawa City and the Akagi Nature Park
- 2019 June Established the Nomination & Remuneration Committee
Established an overseas venture capital company, Saison Capital Pte. Ltd.
- 2019 Sept. Formed a capital business partnership with Daiwa Securities Group Inc.
- 2019 Nov. Started Saison Cardless Payment for instant membership, instant usage via smartphone
Started providing Saison Pocket smartphone securities service
- 2019 Dec. Began accepting applications for the Saison Cobalt Business American Express® Card
- 2020 Mar. Introduced an executive officer system
Started providing the SAISON TEACHER visiting lecture finance education program
- 2020 Oct. Started providing Saison Furusato Donations
- 2020 Nov. Began accepting applications for the Daiwa Securities Saison Platinum/American Express® Card
Started providing new SAISON CARD Digital smartphone-based settlement services
Started the issuance of the Saison Rose Gold American Express® Card
- 2020 Dec. Started the issuance of the Saison Gaming Card
Started an impact investment business at a subsidiary in Singapore

From Establishment to the Early 2000s

From the Early 2000s to 2010

From 2011

From 2019

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. Due to a deterioration in its management in the 1970s, the Company joined the Seibu Distribution Group (later the Saison Group) and after its second establishment period and shift to being a credit card company, the company name was changed to Seibu Credit Co., Ltd., in 1980. Since that time, we have 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, including the number of cards issued annually, the number of cards in operation annually and annual card balance.

Shift in Business Composition

Expanded 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 related to distribution, finance and credit sales, 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.

Global Business Begun in Earnest

Shift to new business model

Aiming to be the No. 1 company in the cashless payment market, we promoted collaboration management with our own products and services and alliance partners. At the same time, we positioned the global business as a future earnings base and entered 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 shifted 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.

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 become 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 that has been working with its customers for 50 years. By means of 1) a growth strategy and structural reform in the payment business, 2) digital innovation and the creation of new businesses, 3) further expansion of the lease business and finance business, and 4) expansion of the earnings base of Credit Saison's global business with a view to the future and demonstration of Group synergies, the Company is working on sustainable growth as a general non-bank.

Historical Context

Collapse of the bubble economy/Heisei era recession ▶

Abenomics ▶

Tokyo Olympics

From a period of high economic growth to the bubble economy ▶

Global financial crisis ▶

Credit Saison's Value Creation Process

Sources of Value

Diverse human resources

Common personnel system for all employees
(Wage scales and conditions are consistent for all full-time employees.)

Professional human resources well versed in a variety of fields including credit and finance

Number of employees
2,981
(including 2,169 women)

Expertise and innovation

Credit know-how nurtured over the 70 years since the Company's founding

Ability to develop services and solutions as an independent non-bank

Sound financial base

Highest level of creditworthiness as an independent non-bank

Credit rating
R&I A+
(Continuously for 24 years since October 1996)

Sales platform

Industry top class in membership and customer segment

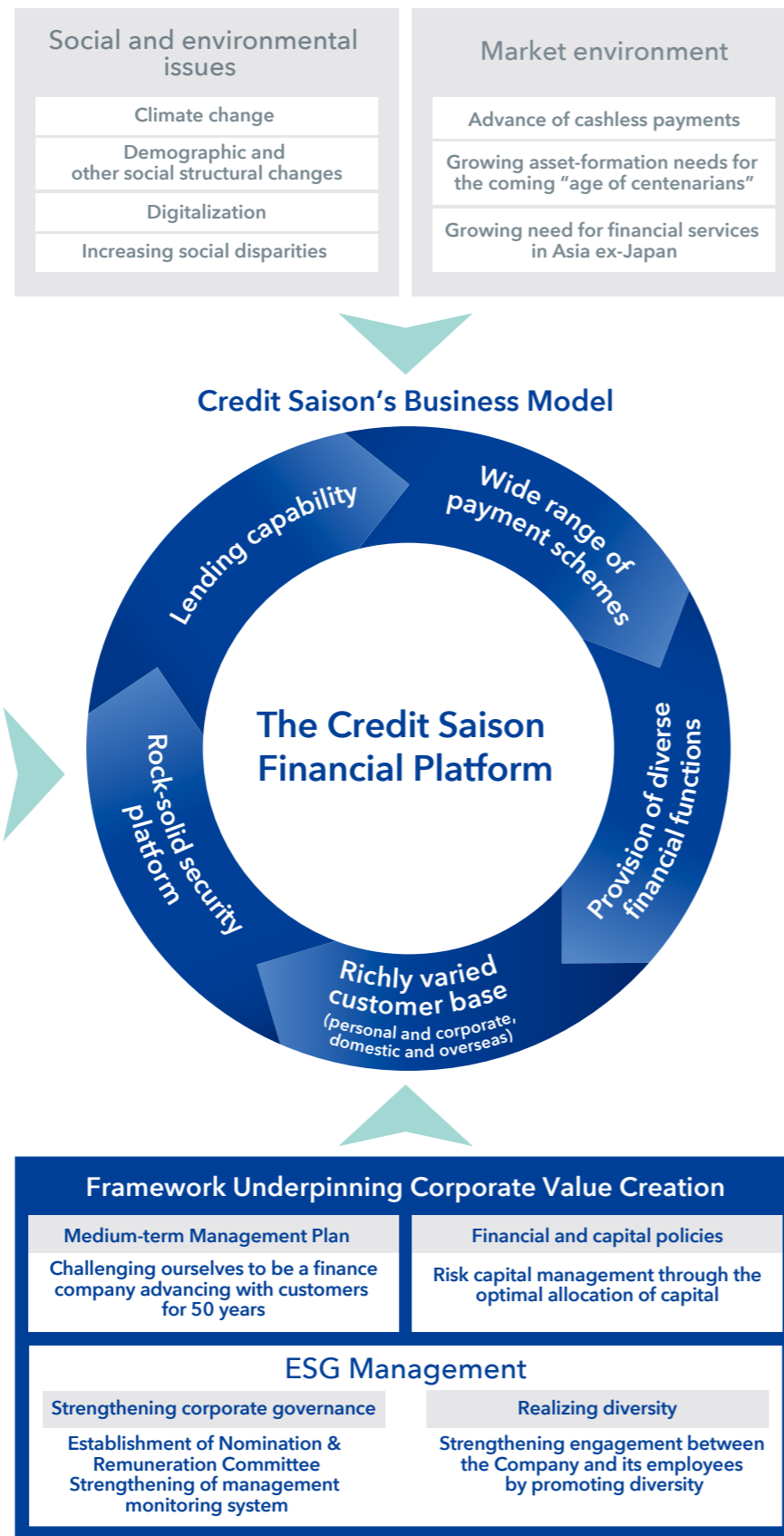
Marketing network focusing mainly on Japan and ASEAN

Total cardholders (consolidated)
Around **37** million

Number of stores/organizations with affiliate cards issued to
Around **200**

Branches in Japan Overseas branches
10 branches **9** countries

Number of stores/organizations with corporate card and cards for SMEs issued
Around **50,000** companies



Helping individual members lead a vibrant life

Six Business Domains

- Payment Business**
- Solutions Business**
- Asset Management Business**
- Digital Marketing**
- Finance Business**
- Global Business**

Providing business solutions to corporate customers



Contributing to a more convenient and abundant sustainable society

Strong Organization/ Financial Results

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

Number of discussions with shareholders and investors 158	Director independence (outside directors as percentage of directors) One-third
Total return ratio 75.1%	Payout ratio 31.4%

Social Value

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

Promoting diversity	
Ratio of female employees 72.8%	Ratio of female managers 21.0%
Formation of sustainable workplace environments	
No. of paid leave days approved/ Ratio of paid leave used 15 days 82.5%	
Number of press-release topics, including newly developed services and solutions, during the fiscal year Approx. 50	

Environmental Value

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

Environmental-preservation activities through operation of the Akagi Nature Park

Reduction in paper consumption from the digitalization of Saison Counter

Medium-term Management Vision

Neo Finance Company in Asia

Transformation and Renewed Growth

Medium-term Management Plan

FY2019-FY2021 For details, see next page. ▶

Construction of Foundations

Previous Medium-term Management Plan

FY2016-FY2018

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 ordinary income 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 FY2018

¥54.1 billion
(JGAAP)

Full migration to Associated Core System

Completed a foundation capable of alliance expansion and product development

Responsive to diverse customer needs

Payment platform enhancement/
Finance business expansion

Consolidated ordinary income FY2015

¥43.8 billion
(JGAAP)

Expand the Global Business into more countries

FY2015: Five countries ▶ FY2018: Nine countries

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 changes"

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

Overview of the Medium-term Management Plan (FY2019-FY2021)

Medium-term Management Vision

Neo Finance Company in Asia

Mission Statement

Become a finance company advancing with customers for 50 years

Provide peace of mind and discover the potential in money

- 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

Numerical Targets

Consolidated business income (≠ consolidated ordinary income)

Regarding FY2019 (consolidated business income target ¥42.5 billion) as the lowest point, work toward returning to a growth trajectory over the next three years

FY2018		FY2021
¥52.2 billion	➔	¥60.0 billion
(IFRS)		(IFRS)

Six business domains to assist in improving customers' QOL

Diverse lineup of money services for customers (individual/company)

Provide house card functions integrated with affiliated partners' customer strategies and expand our customer base through settlement services

Expand sales of financial products through customer-oriented, cross-sectional sales between businesses

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

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

- I **Growth strategies and structural reform in the Payment Business**
 - 1 Expand shopping transaction volumes (BtoC field)
 - 2 Expand shopping transaction volumes (BtoB field)
 - 3 Expand the shopping revolving/cash advance business
 - 4 Create new businesses and enhance digital marketing
- II **Further expand the Finance Business as a non-bank**
- III **Expand the earnings base of the Global Business with a view to the future**

