Medium-Term Management Plan (FY2024-2026) and Summary of FY2023 Financial Results

May 15,2024

Credit Saison Co., Ltd.

Tokyo Stock Exchange Prime Market, Securities Code: 8253

Credit Saison Co., Ltd.

Medium-Term Management Plan (FY24-26) and Summary of FY23 Financial Results

May 16, 2024

[Number of Speakers]

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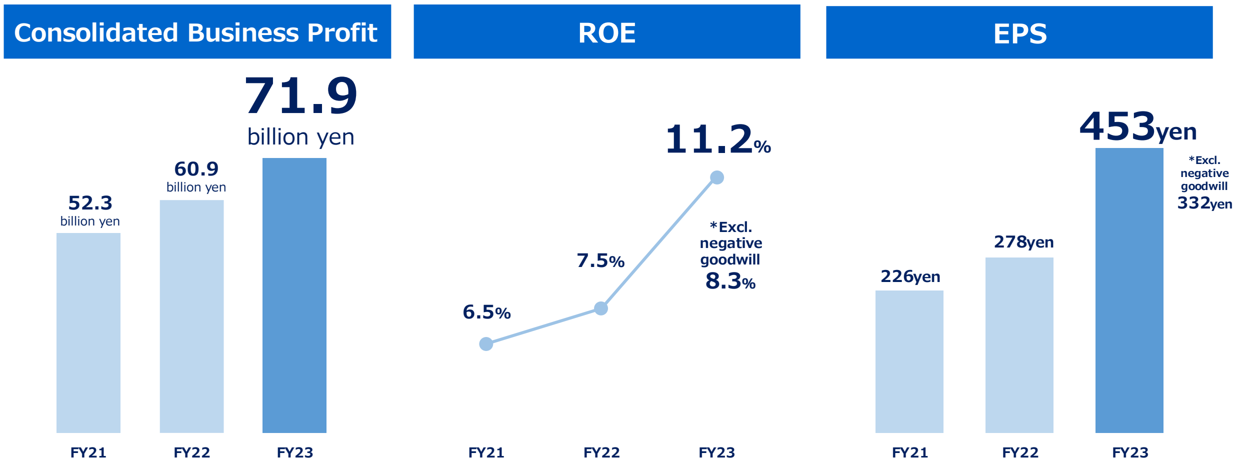
Katsumi Mizuno	Representative, Executive President and COO
Masaki Negishi	Managing Executive Officer, CFO

Primary Management Indicators

- ✓ Achieved consolidated operating profit target of 70.0 billion yen that was set in the previous medium-term management plan (FY2022-2024) one year ahead of schedule
- ✓ Established a foundation for our next stage, with a capital and business alliance with Suruga Bank, as well as with expansions to our global business and affiliated company business



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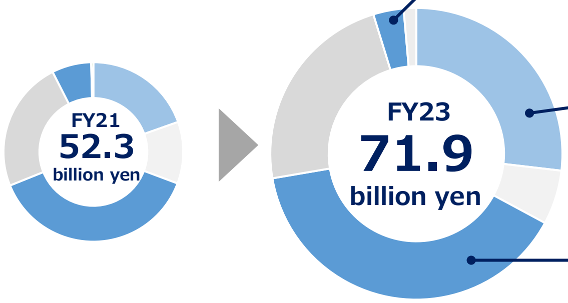
Mizuno: This is Mizuno. Thank you.

First of all, I will review the previous medium-term management plan. Although the previous medium-term management plan was to run through FY2024, we achieved our goals one year ahead of schedule. Consolidated business profit was JPY71.9 billion, ROE was 11.2%, and EPS was JPY453.

Results by Segment

✓ **Building a foundation for each business that will lead to the new medium-term management plan**



Global Business

FY21 **3.7** billion yen→ FY23 **2.4** billion yen

(-**1.3** billion yen)

While the Lending Business steadily expandedReboundary impact of realized gains, etc. in the Investment Business

Payment Business

FY21 **10.2** billion yen→ FY23 **19.2** billion yen

(+**9.0** billion yen)

Expanded premium and SME segments through changes to membership structure

Finance Business

FY21 **19.9** **billion yen**→ FY23 **28.2** billion yen

(+**8.3** billion yen)

Group collaboration with Saison Fundex and Suruga Bank

This shows the status by segment. As for global business, in FY2021, there was a realized gain in the investment business, but due to the rebound, the business profit fell to JPY2.4 billion in FY2023 from JPY3.7 billion in FY2021. I will discuss it later, but the lending business is performing well.

Next is the payments business. Business profit, which was JPY10.2 billion in FY2021, went up to JPY19.2 billion, and the finance business, which was JPY19.9 billion, went up to JPY28.2 billion, both showing solid growth for the domestic business.

Vision for 2030

GLOBAL NEO FINANCE COMPANY
— A global comprehensive life services group with finance at the core —

We will not remain as a mere finance company, but will
develop global synergies in the "Saison Partner Economic Zone" created through partnerships

01
Strong presence in **domestic and international target customer segments**

02
Comprehensive lifestyle services with **financial services at the core**

03
"Saison" recognized as a global financial services player

Next, I would like to describe the goal of the Credit Saison Group.

This is the figure we are aiming for in 2030. As a global neo finance company, our goal is not to remain a mere finance company, but to create synergies globally in the Saison Partner economic sphere created through partnerships.

I will explain it later, but there are three key points.

01. Strong presence in domestic and international target customer segments

Domestic	International
High net worth individuals and corporations (sole proprietors and SMEs)	**Underserved individuals and MSMEs**
Differentiation strategy that creates cross-selling and up-selling	Realizing financial inclusion

*SME: Small and Medium-sized Enterprises

*Underserved: Individuals who do not have sufficient access to or who are inconvenienced by existing financial services due to economic, geographic, or infrastructure issues.
*MSME: Micro Small and Medium Enterprises

First, we will establish a presence in our target customer segments both domestically and internationally.

In Japan, there are many players in the payment industry. In this circumstance, we are considering differentiating ourselves from our competitors by acquiring a customer base centered on wealthy individuals and corporations, and establishing a presence in this area in Japan. The same is true for finance.

On the other hand, in overseas business, the target is underserved layer and MSME. We would like to achieve financial inclusion by focusing on the horizontal development of the India model that we are currently implementing.

02. Comprehensive lifestyle services with financial services at the core

- ✓ **Aim to build a talent portfolio that achieves customer strategy and improves productivity**
- ✓ **Improve productivity through digital and innovation**

Finance/payment specialists | **Real estate** specialists | **Digital** human resources | **Global** human resources

LEVEL UP

REFINE

Training

- ✓ Create career paths for individuals who obtain qualifications
- ✓ Enhance in-house training programs

Retention

- ✓ Create a competitive compensation system
- ✓ Increase transparency for career paths

Engagement

- ✓ Regularly share management vision and goals
- ✓ Utilize engagement surveys

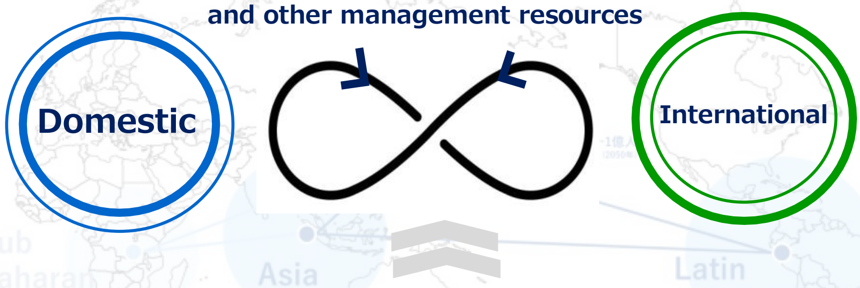
Second, we provide comprehensive lifestyle services with financial services at its core. We believe that expanding its human capital management is a very important part of achieving this.

We intend to expand our human resources in four areas: specialized personnel in finance and settlement, specialized personnel in real estate, digital personnel, and global personnel.

03. "Saison" recognized as a global financial services player

- ✓ **Regional development of an alliance model that leverages the Fintech ecosystem**
- ✓ **Evolve the provision of value with finance at its core through business expansion in both domestic and overseas operations and bi-directional integration**

Integration of human resources and other management resources



Major initiatives for globalizing Credit Saison as a whole

Held the Saison Global Summit;
visits to offices around the world by executives and division heads; and
trainee system, etc.

Third, we will strive to gain recognition for Saison as a global financial business player. In Vietnam, HD SAISON is displaying the Saison logo, and we would like to create a model in which the Saison logo or the Saison name is recognized globally in a similar manner.

New Medium-Term Management Plan (FY2024-2026) Goals and Priority Themes

New Medium-Term Management Plan (FY2024 -2026)

Business profit of
100.0 billion yen and ROE of 9.5%

Improving corporate value
PBR of 1, and market capitalization of 1 trillion yen

BY FY2030: GLOBAL NEO FINANCE COMPANY

Priority Themes

01. **Thoroughly bulk up** domestic businesses
02. **Utilize banking functions** to accelerate each business, and strengthen financial functions
03. **Evolution of** unique **global development** starting from **India**, and bidirectional fusion between **Japan and overseas**
04. Business strategy-linked **employee growth and strengthening of management base**

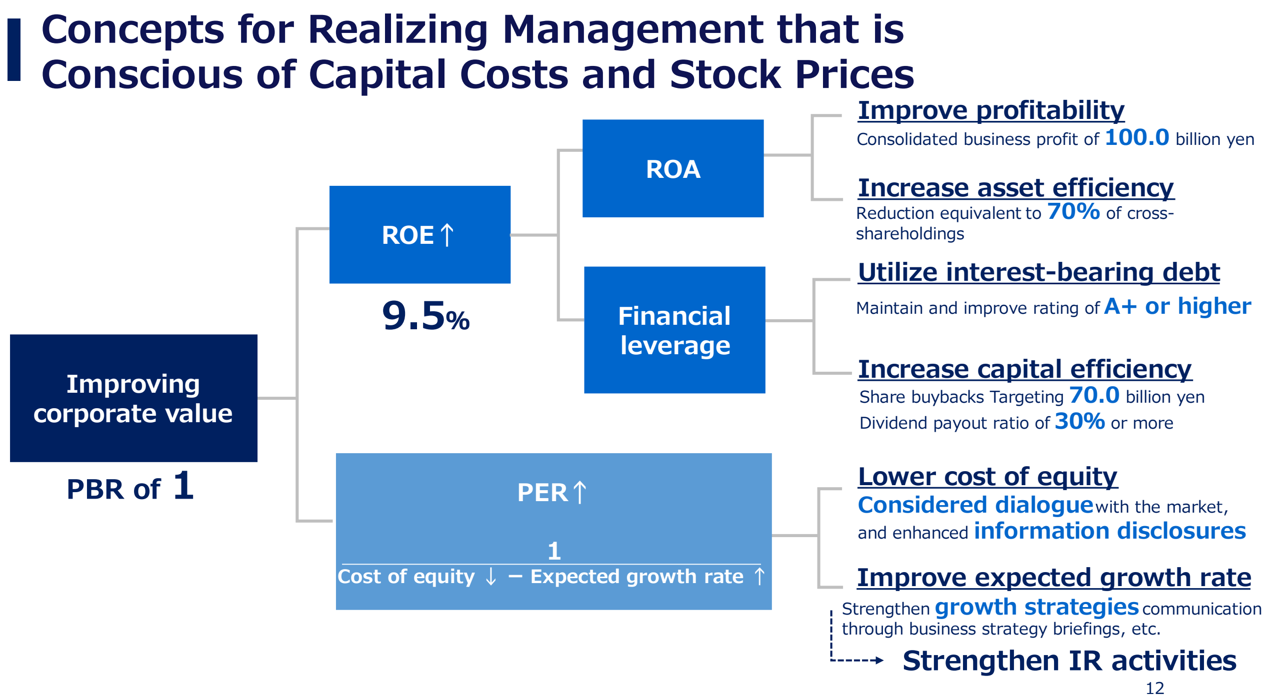
Previous Medium-Term Management Plan (FY2022-2023)
Business profit of 71.9billion yen

Next is the new medium-term management plan. This is the plan for FY2024 through FY2026.

As priority themes, we aim to achieve consolidated business profit of JPY100 billion and ROE of 9.5% between FY2024 and FY2026.

By achieving these goals, we hope to increase our corporate value, which we consider to be only a passing point, and achieve a P/B ratio of 1x and a market capitalization of JPY1 trillion.

For the key themes, please refer to them later.



This is our approach to achieving management that is aware of the cost of capital and stock price. Each is applied to a logic tree.

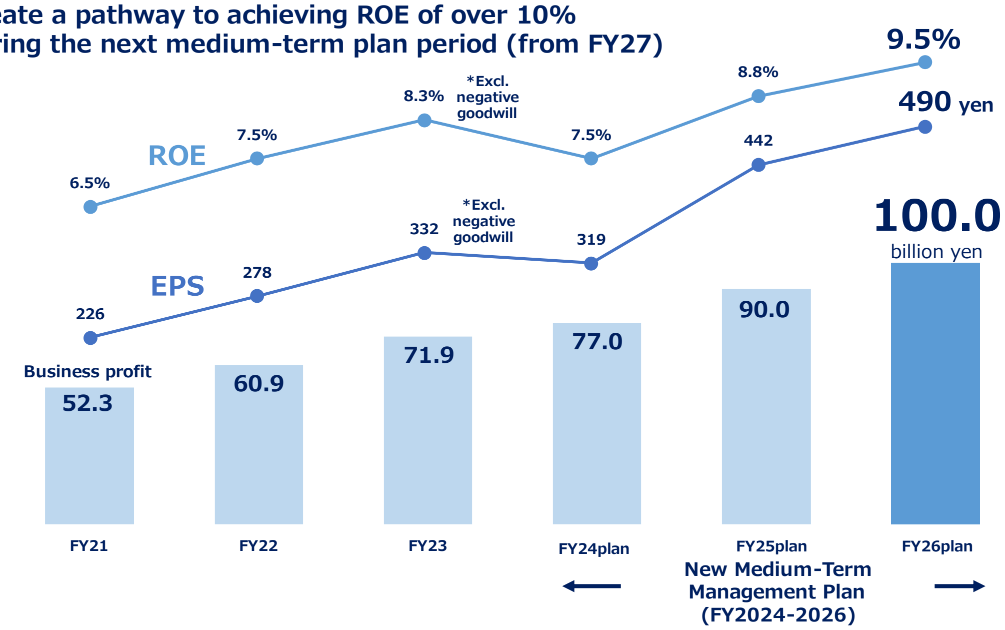
In particular, one of the areas we intend to strengthen is the improvement of profitability. By achieving the consolidated business profit of JPY100 billion, as mentioned earlier, and by improving the efficiency of our assets, we would like to reduce our strategic shareholdings by the equivalent of 70%.

On the other hand, for financial leverage, we promote effective use of interest-bearing debt and intend to maintain and improve a rating of A+ or better. The other thing is capital efficiency. As we have already announced, we intend to repurchase our own shares with a target of JPY70 billion.

Regarding shareholder returns, we intend to achieve a dividend payout ratio of at least 30%, while at the same time enhancing careful dialogue with the market and information disclosure regarding lower cost of shareholders' equity. On the other hand, we intend to strengthen our IR activities by enhancing various initiatives in the future.

Business Profit / ROE / EPS Outlook

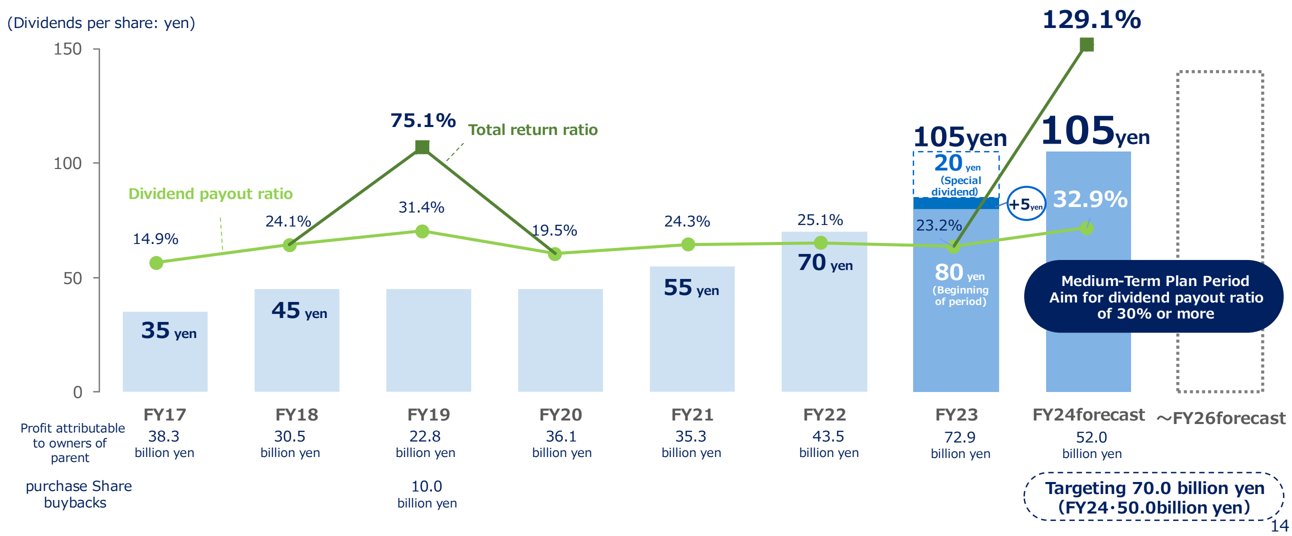
✓ Create a pathway to achieving ROE of over 10% during the next medium-term plan period (from FY27)



This is the outlook for business profit, ROE, and EPS. To reiterate, we are aiming to achieve a business profit of JPY100 billion and ROE of 9.5% in FY2026.

Shareholder Returns

- ✓ Based on the consolidated financial results for FY23, we have increased the ordinary dividend by 5 yen from the latest divide nd forecast to 105 yen per share.
- ✓ The basic policy of "stable and continuous dividends" remains unchanged, but the dividend payout ratio will be 30% or more
- ✓ To optimize the amount of equity capital, during the new medium -term management plan period (FY2024 -2026) we plan to purchase Sh are buybacks Targeting 70.0 billion yen Of this, 50.0 billion yen will be implemented in FY24



Based on the consolidated business results for FY2023, we are considering increasing the ordinary dividend by JPY5 from the most recent dividend forecast to JPY105 per share.

While our basic policy of stable and continuous dividends will remain unchanged, we would like to aim for a dividend payout ratio of 30% or more during the new medium-term management period. As I have explained repeatedly, we plan to repurchase our own shares during the new medium-term management plan period, with a target of JPY70 billion shares.

Financial Strategy

Medium-term consolidated financing strategy
"Maintain financial stability" and
"pursue a balance in financing costs"

01. **Maintain and improve R&I ratings, and obtain multiple ratings**
02. **Stability (reduce liquidity and interest rate fluctuation risks)**
03. **Reduce financing costs** (sale of non-performing assets, etc.)
04. **Reduce consolidated group liquidity and exchange rate fluctuation risks**

This is financial strategy. For medium-term consolidated financing strategy, we intend to pursue a balance of financing costs while emphasizing stability and profitability above all else.

Cash Allocation

Basic Policy

- ✓ Strengthen investments for continued growth
- ✓ Promote structural reforms to increase capital efficiency
- ✓ Achieve stable shareholder returns

Concept for New Medium-Term Plan (FY2024-2026)

- ✓ Strengthen "earning power" through growth investments
- ✓ Improve "earning power" for existing businesses
- ✓ Business management that is conscious of improving productivity

FY24-FY26 Outlook

Cash In	Cash Out
Asset sales 40.0 billion yen～	Growth investments Structural reforms from 80.0 billion yen
Utilize leverage	Increase capital efficiency up to 70.0 billion yen
	Expand business receivables

Maintain creditworthiness (ratings of A+ or higher)

■Capital Policy

- ✓ Reduction equivalent to **70%** of cross-shareholdings
- ✓ Dividend payout ratio of **30%** or more
- ✓ Share buybacks Targeting **70.0** billion yen
  FY24･**50.0**billion yen, and flexibly implement thereafter
- ✓ Reduce capital costs (CAPM of 8.5%－11.5%)

■Priority Measures

- ✓ Growth investments of **80.0** billion yen
  (of which, **70.0** billion yen focused on global businesses)
- ✓ Business structure reform, and pursuit of synergies with affiliated companies, etc.

This is cash allocation. We intend to aggressively strengthen our investments for continued growth, especially in the global arena.

On the one hand, we would like to strengthen our earning power by investing in growth and continue to invest at a certain level in existing businesses, while operating our businesses with an awareness of improving production.

Human Capital Initiatives

Settlement bonuses / special bonusses

Improve employee motivation via bonuses that reflect performance

Average annual employee salary FY21→FY23 up approx. 10%

Shareholding association system

Create a culture in which all employees are conscious of Credit Saison's business results and stock price

FY23 shareholding association participation rate:**48.5**%

*Some affiliate companies plan to introduce from around summer

A Credit Saison where everyone can play an active role

Create systems and mechanisms that support diverse work styles

- Promoting male childcare leave (roundtable discussions and seminars, etc.)
  Male childcare leave rate:**49**% in FY21 → **66**% in FY23
- March 2024: Introduction of vacation and leave system for "self-development/self-improvement" and "infertility treatment"

This is a human capital initiative. As we did in FY2022, we have provided a financial bonus for our employees in FY2023. This measure has resulted in a wage increase of approximately 115% to 118% on an upward basis for approximately half of the general workforce, or more than 50%.

In addition to motivating our employees in this way, we have a very well-developed stock ownership plan, and about half of our employees are currently enrolled in our stock ownership plan.

We would like to carefully explain this part of the plan to our employees, while also implementing measures that will make them more motivated.

Human Capital Initiatives

Career development support and human resources investment

Human resources development to achieve customer strategy and to improve productivity

Example initiatives <Developing specialists>

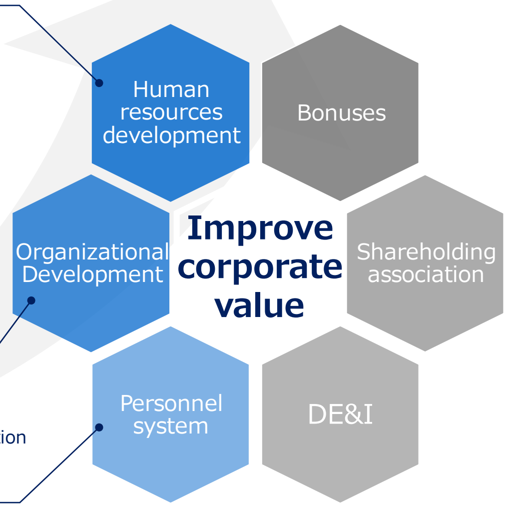
- ✓ **Support for acquiring qualifications<Improve financial literacy>**
  Partial support for pre-study and exam costs
  Example: Real estate home builder, Financial planner
  * Securities broker representative qualification
  Promoting acquisitions from December 2021;
  obtained by 241 individuals (as of April 10, 2024)
- ✓ **Building training programs**
  Establish year-round training to acquire everything from specialized knowledge to specialist knowledge of each business
- ✓ **OJT (mentor) system**

Improving condition of body and mind

- Introduced engagement survey in December 2023
- Certified as a 2024 KENKO Investment for Health Outstanding Organization (5 consecutive years)

Fostering a culture that encourages proactively taking on challenges

- Challenge-type promotion system
- Common personnel system (equal pay for equal work)
- Newly establish multi-track career paths



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In terms of human resource development and organizational development personnel systems, we will continue to invest capital in career development and human capital.

In particular, with regard to the acquisition of qualifications, we would like to actively invest in measures to increase financial literacy, such as acquiring qualifications as Certified Securities Broker Representative, Real estate licensee, and financial planners, in order to back up Daiwa Securities and Saison Asset Management.

In fact, we have been recommending the acquisition of the Certified Securities Broker Representative qualification since December 2023, and as of April 10, 2024, there were over 240 employees who had obtained the certification, indicating active employee participation.

In addition, to improve employee engagement, we introduced an engagement survey in December 2023 and we will develop measures to further increase employee engagement with the Company at the section and department level.

In order to foster a culture that encourages positive challenges, we would like to establish systems such as a challenge-based promotion system and a multiple-route career path system.

CSDX <VISION>

✓ **By utilizing digital technologies, we aim to change and transform our businesses and become a company that leads in the digital era**

Create moving customer experiences
Customer Experience

Transform employee experiences
Employee Experience

5 Basic Strategies for CSDX

Optimize digital infrastructure and digital development processes, and realize new value and business collaboration by utilizing digital technologies and data

Unique Credit Saison models

Digital development processes
In-house development, and no-code/low-code development

Business creation
Creation of real x digital experiences, and promoting the use of generative AI

Business process transformation

Digital human resources development

Business model creation

Digital infrastructure
Promote the use of in-house API infrastructure, and optimize costs by utilizing the cloud

Business collaboration
Strengthen the Saison Partner Economic Zone, and invest in cutting-edge digital companies

Collaboration

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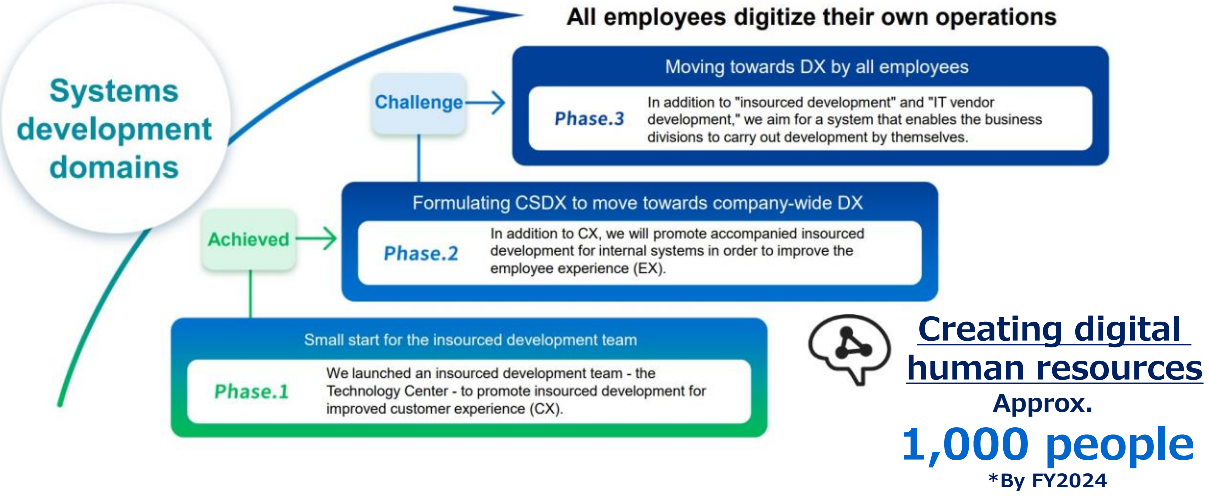
This is the position of all these things as business foundation. We would like to actively promote DX. We are making very good progress in our efforts to ensure that DX personnel or DX departments are involved in all aspects of our business, from entry to exit.

CSDX <Aiming for DX by All Employees>

✓ **We aim to take the knowledge that we have accumulated through internal development and human resources development and deploy it throughout the company, and to create a system in which all employees digitize their own work**



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In order to achieve the goal of DX by all employees, all Board members, including myself, will receive training in no-code and low-code, and the general staff is using no-code and low-code while engaging in various activities to become a new digital workforce.

Ultimately, we would like to increase the number of personnel who can move their hands in this way, who can actually create things, not just holding the qualifications, to about 1,000 by FY2024.

CSDX <Complete Innovation of Business Processes, Centered around Generative AI>

■SAISON AI

✓ **Actively holding briefing sessions and sharing usage examples to promote employee utilization**

In-house ChatGPT: SAISON ASSIST

- In-house development of a chatbot that can be used for summarizing documents and project ideas, etc.

In-house Chatbot

- In-house development of a chatbot that can responds to questions that are frequently asked within the company
- Promoting the development of a chatbot that can respond via Slack

System for Creating Meeting Minutes

- Developed an in -house system that converts audio data from meetings into text, and then summarizes it
- Has functions for making corrections based on additional learning, and can also convert in -house terminology into text

■Complete Digitalization of Business Processes

Contracts
Digitalizing contracts via electronic contracts

Operations
・Digitalizing reception and screening
・Automating via data linkage systems

Inquiries
Realizing customer support via multi-channels

Activity data
・Visualizing activity data via BI tools
・Automating analysis work via data analysis tools

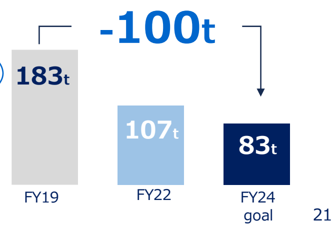
Started building a remote environment that can be accessed from home

Cumulative time reduction due to software

-790k hours — FY19–22 cumulative

-1,000k hours — FY19–24 cumulative goal

Printer paper usage



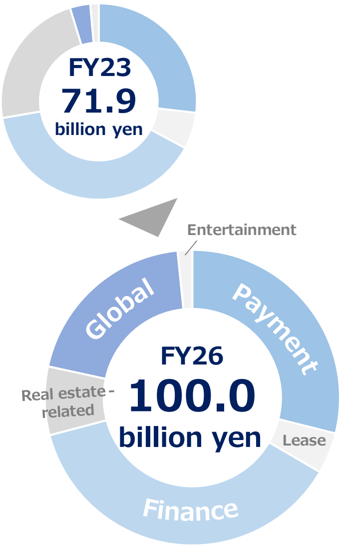
This is the use of AI that will play or is already playing a central role in DX in the future. I think this is almost the same approach with other companies, but we will promote SAISON ASSIST using internal ChatGPT, internal chatbots, and centralize all work that can be entrusted to AI for minute taking.

In terms of business processes, we would also like to promote the use of data obtained from contracts, operations, inquiries, and the like, with the goal of complete digitization.

In fact, we have already achieved a cumulative reduction of 790,000 hours of work through software, and we aim to achieve a cumulative reduction of 1,000,000 hours in FY2024.

This is the easy indicator. We will continue to promote paperless operations, with the goal of reducing paper consumption from 183 tons in FY2019 to approximately 100 tons in FY2024, and we will continue to implement the DX.

Business Profit Trend Plans by Segment



(billion yen)

	FY23 (a)	FY24 plan	FY25 plan	FY26 plan (b)	FY23 & FY26 plan diff. (b-a)
Payment	19.2	20.5	24.3	28.9	+9.7
Strengthen revenue base via member structure reform, and business reform via DX･AI					
Lease	4.3	4.0	4.0	4.5	+0.2
Despite the impact of increased bad debt costs, strengthen sales activities to existing primary dealers					
Finance	28.2	31.5	33.8	37.5	+9.3
Expand Group businesses with Saison Fundex and Suruga Bank					
Real estate-related	16.4	13.0	14.0	7.5	-8.9
Loss of gain on sales of real estate trust beneficiary rights for Saison Realty (FY24), and sale of assets related to liquidation business (FY25)					
Global	2.4	6.8	12.5	20.0	+17.6
Expand direct lending via Credit Saison India					
Entertainment	1.0	1.2	1.4	1.6	+0.6
Expand amusement business via increased ticket sales, etc.					
Total*	71.9	77.0	90.0	100.0	+28.1

*Includes intersegment transactions

Next, the business strategy.

This is the plan for profit transition by segment. Of special note here is the global portion. By dramatically growing our global operations, we are aiming to achieve a business profit of JPY20 billion in FY2026.

Vision for Global Business

Global Business Theme

Make the world more prosperous and sustainable through financial inclusion

Establish a global lending business, and have it become our third earnings pillar

- **Horizontal expansion of Indian model** based on Fintech ecosystem
- Build a **unique economic zone** through alliances with local partners, and realize localized value creation

Create positive impacts through our business in each country

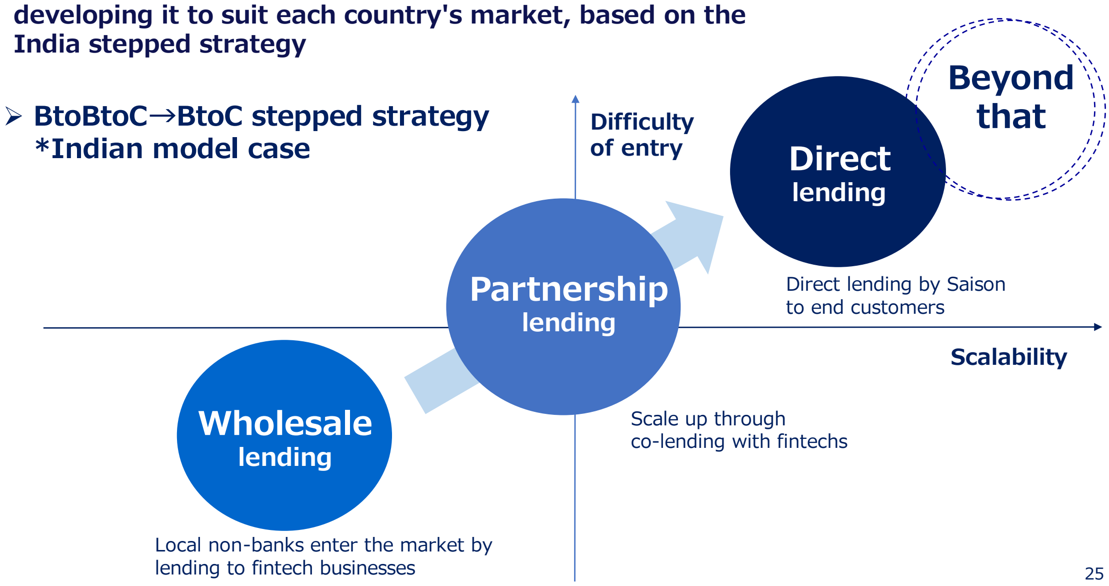
- Unlock MSMEs' **growth potential** and **economic opportunities**
- **Improve** the livelihoods of historically **underserved individuals and households**

This is the goal of our global business. As I mentioned earlier, our theme is to create a more prosperous and sustainable world through financial inclusion.

The global lending business will become our third earnings pillar, and we hope to make a positive impact through our operations in each country, which will contribute more to the economic development of each country, although the business model will change slightly with the development of each country.

Global Lending Business (1) Step Strategy

✓ **Aim to build Credit Saison's unique global lending business by developing it to suit each country's market, based on the India stepped strategy**



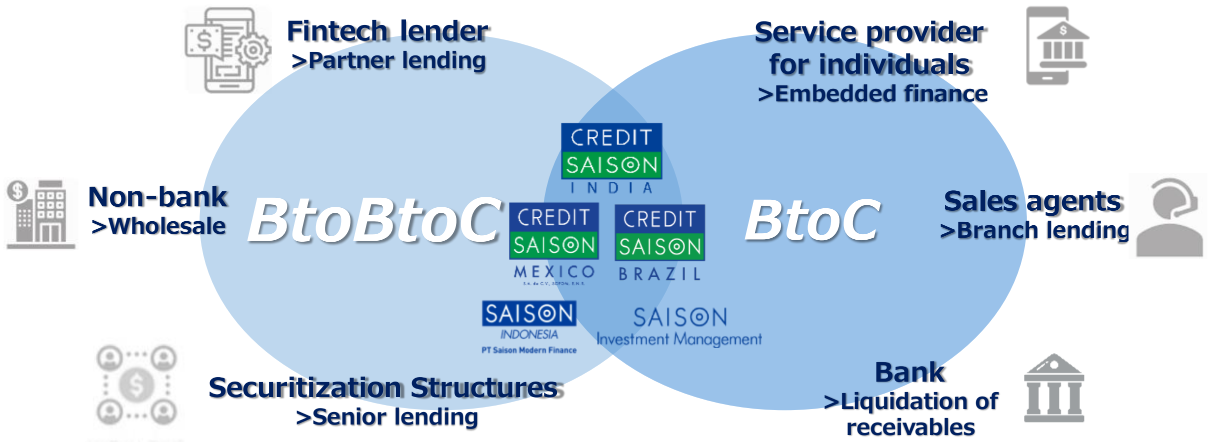
This is the first strategy of the global lending business, the step strategy. This follows the model in India.

This model starts with wholesale lending, move up to partnerships lending, to direct lending, in a step-by-step fashion to improve the accuracy of credit granting/setting credit limits. This model is working well in India.

We would like to develop this in Mexico and Brazil in the same way, but we believe that there will be some changes in business model in each country.

Global Lending Business (2) Alliance Strategy

✓ Through alliance strategies with various partners, aim to develop to fit each country's market and establish a unique economic zone

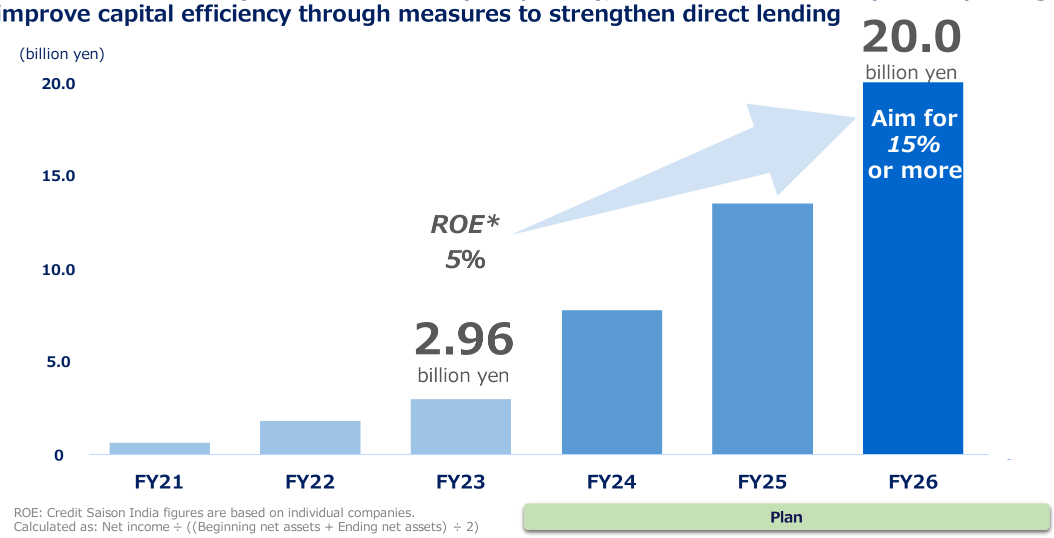


On the other hand, this is an alliance strategy in expanding this lending business. In India, we are already working with IT vendors who have their own customers to realize mutual customer referral in the form of embedded finance.

In fact, we have been B-to-B-to-C until now, but we would like to actively expand our B-to-C business by providing direct lending through embedded finance or branch lending through the opening of branch offices.

Credit Saison India: Trends in Consolidated Contribution Profit

- ✓ In FY23, growth rate moderated due to increased allowance for loan losses due to regulatory changes in partnership lending (fintech alliance lending)
- ✓ From FY24 onwards (new medium-term plan period), aim to accelerate the pace of profit growth and improve capital efficiency through measures to strengthen direct lending

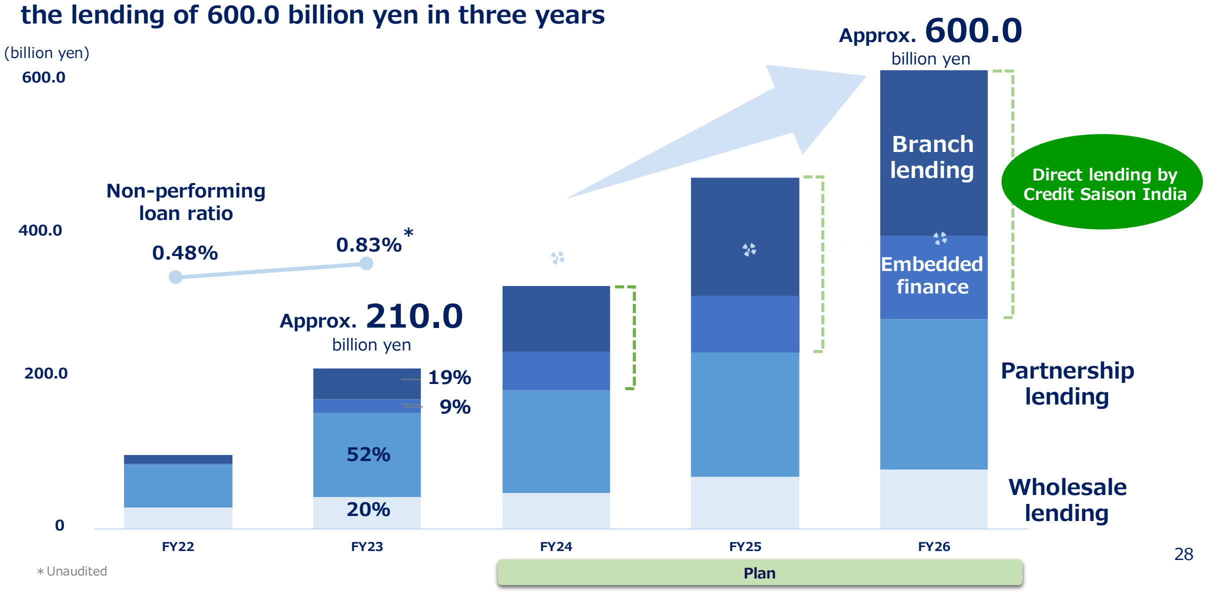


ROE: Credit Saison India figures are based on individual companies.
Calculated as: Net income ÷ ((Beginning net assets + Ending net assets) ÷ 2)

As I mentioned earlier, we hope to generate JPY20 billion in consolidated business profit in FY2026.

Receivable balance

✓ The balance of receivables in FY23 doubled from the previous year
✓ We will continue to strengthen direct lending while controlling risks, aiming for the lending of 600.0 billion yen in three years



CREDIT SAISON INDIA

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As for India, we have achieved our initial goal of JPY200 billion in outstanding loans this fiscal year. With the outstanding loan of JPY210 billion in FY2023, I believe that we are doing a very good job of controlling risk in terms of the NPL ratio.

The Indian personnel responsible for local operations are extremely talented, and I would like to discuss later how we can control this part of the operation.

Growth Strategy by Verticals

CREDIT SAISON INDIA

✓ **Aim to further expand direct lending by expanding touch points/networks with customers**

Step		Business model	Growth strategy
Step 2	B to C / B to B (Direct Lending)	**(4) Branch lending**	✓ Expand customers by **increasing branches and utilizing sales agents** ✓ Differentiate from other companies by **creating multiple products** such as secured loans ✓ Improve asset efficiency by **liquidation of receivables** in partnership with banks <No. of branches> 20 (FY22) → 45 (FY23) → 75+ (FY24 (plan))
Step 2	B to C / B to B (Direct Lending)	**(3) Embedded finance**	✓ **Expand partnerships with non-financial businesses** with strong customer bases ✓ "Become a lender of choice" with **superior tech capabilities** ✓ **Convert them to direct Saison customers and improve unit price per customer** through cross-selling strategies <No. of alliance partners> 5 (FY22) → 8 (FY23) → Plan to partner with businesses that have customer bases in the billions, such as e-commerce malls
Step 1	B to B to C	**(2) Partnership lending**	✓ Continued implementation to ensure stable profits and profitability
Step 1	B to B to C	**(1) Wholesale lending**	✓ Continued implementation as market knowledge/insights

Here is the plan for the so-called direct lending, which are the branch lending and embedded financing.

Currently, 45 branches have been opened in FY2023. We aim for 75 branches in FY2024. We will steadily open branches in each of the major cities or in cities in India that have market potential.

With regard to embedded finance, we would like to expand our partnerships with non-financial businesses while also providing our expertise.

<appendix> Details by Business Model

✓ **Enables product design tailored to risk level**

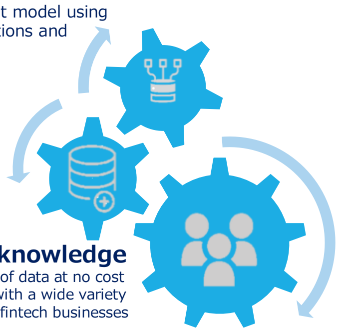
Product	Wholesale	Partnership	Embedded finance	Branch lending
Overview	Loans to local non-banks	Loans through alliances with fintech players	Loans through alliances with non-financial companies	Loans utilizing branches and sales agents
Target customer	Local non-banks	Individuals/SMEs originated by fintech players	Individuals	MSMEs
Rate of return	–	–	Upper 10%	Upper 10%
Avg. loan amount per customer	Up to 300 million rupees	–	Up to 150,000 rupees	–
Average loan term	Up to 24 months	3–36 months	18–24 months	–
No. of partners (incl. past transactions)	50+	15	8	170

This is a list of rate of return and other information on wholesale lending, partnership lending, etc. We hope you will read this one.

<appendix> Solid Credit Backed by Data

- ✓ **Build a solid credit model that combines in-house data and public data**
- ✓ **Achieve risk control through optimal credit methods tailored to products and target customers**

Credit
Build a credit model using unique functions and techniques



Data access/knowledge
Acquire large amounts of data at no cost through collaborations with a wide variety of fintech businesses

Human resources
Risk, analysis, and collection team of 300 people with some of the best backgrounds in India

For individuals (embedded finance)

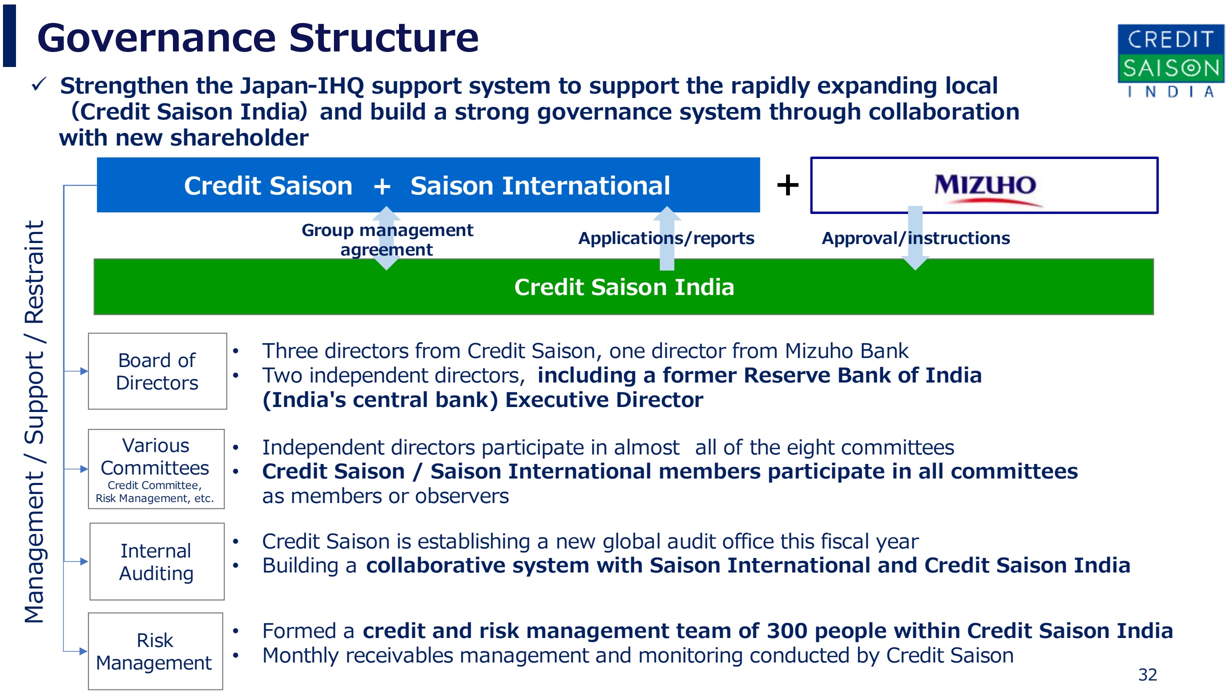
- Build an outstanding credit model by **leveraging partnership lending data and know-how**
- Efficient operation through **automatic review of all cases**
- Real-time monitoring of receivables trends, and **flexible review of credit models**

For MSMEs (branch lending)

- Determine repayment ability **through the use of open and reliable data**
- Understand actual business conditions **through on-site surveys**
- Cross-check consistency by **multiplying information** from multiple perspectives, including customer declarations and third parties

This is about data-backed credit granting/setting credit limits. In terms of the personnel we have in place here, we have a 300 person Risk & Analysis and Recovery team with some of the best backgrounds in India.

As you can see from the NPL ratio I mentioned earlier, I believe this part is functioning very well.



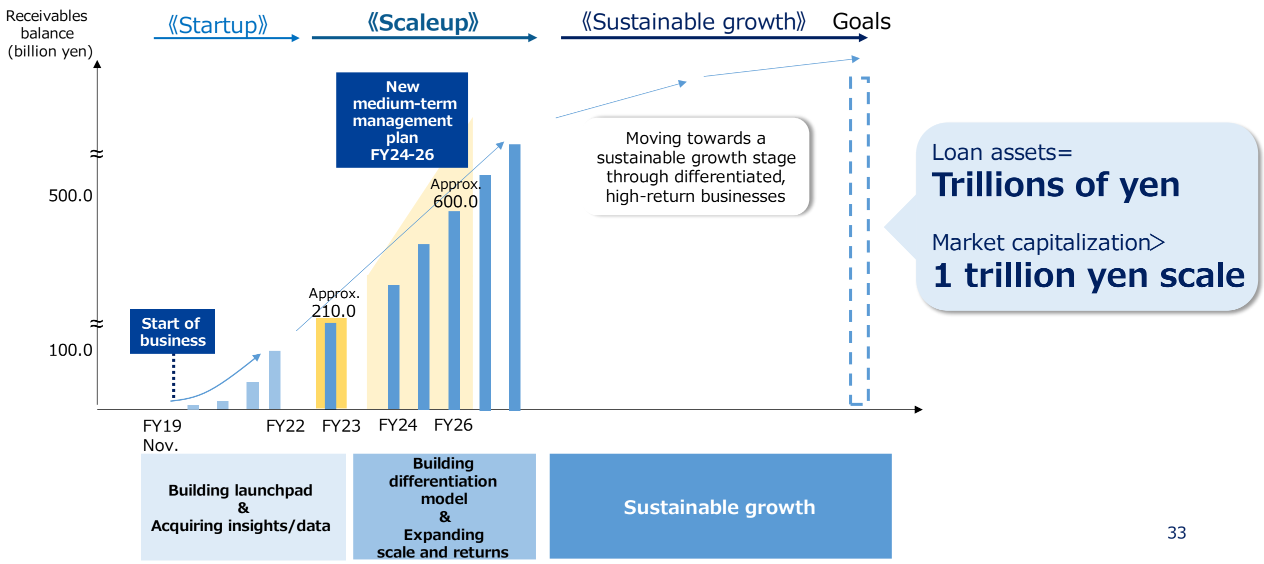
On the other hand, this is a governance structure. In February 2024, Mizuho Bank invested in the Company and participates in its management.

We have former RBI, Central Bank, and Central Bank of India members as outside directors on the existing Board, and we believe that the governance structure will be strengthened by the addition of Mizuho Bank.

We would like to promote a model in which this part is supported by either Japan or Singapore (Saison International).

Long-Term Goals

✓ **Moving towards a sustainable growth stage through differentiated, high-return businesses**
✓ **Aiming to be a top 10 non-bank in India**



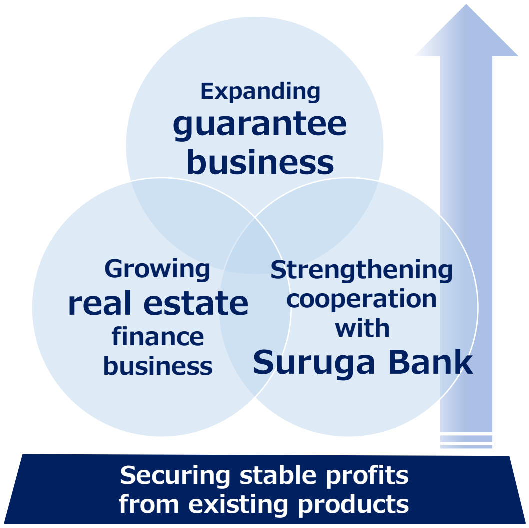
This is long-term goal. As for India, considering the current situation, at the current rate of growth, I believe that loan assets will reach several trillion yen in the future, with a market capitalization of JPY1 trillion, although they are still a so-called venture now. We would like to promote this as our long-term goal.

Finance Business Priority Initiatives

Expanding profits through Group businesses

01. Credit Saison x Saison Fundex
Growth in guarantee business and real estate finance field

02. Credit Saison x Suruga Bank
Expanding development in the finance field



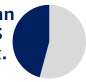
This is a key focus of the finance business. The key is to strengthen cooperation with group companies, and we would like to strengthen our cooperation with Saison Fundex and Suruga Bank.

01. Credit Saison x Saison Fundex

✓ Aim for growth in "asset efficiency" and "increase in revenue scale" by strengthening the guarantee business.

FY21 Off-BS Approx. 30%

FY26plan Off-BS Approx. 45%



Guarantee business

CREDIT SAISON

✓ Expand secured guarantee area and mortgage loan guarantee business in addition to unsecured guarantee area
✓ Maximize profits through profit structure reform

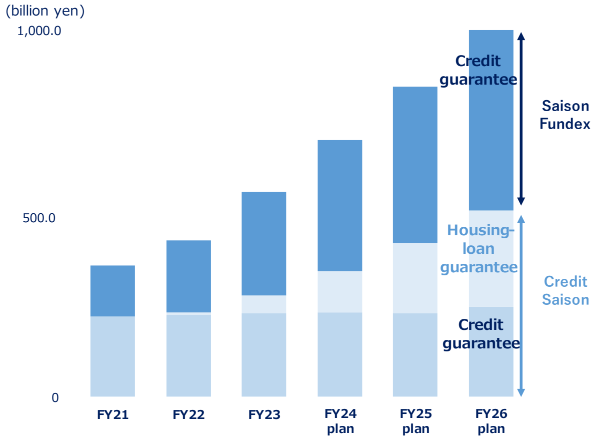
For individuals and sole proprietors | Approx. 400 affiliated financial institutions

SAISON FUNDEX セゾンファンデックス

✓ To expand the secured guarantee areaAccelerate the number of partner financial institutions
✓ Promote WEB x Real (partnerships/introductions)
✓ Increased productivity through efficient operations

For individuals, sole proprietors and corporations | Approx. 45 affiliated financial institutions

■ Trends in guarantee balance



First of all, Credit Saison and Saison Fundex would like to promote the guarantee business, which is the pillar of our off-balance sheet strategy, in strong collaboration with both companies.

In particular, we have introduced new products such as mortgage guarantees, and now have approximately 450 financial institution partners for our company and Saison Fundex combined. We would like to aim to earn profits in the off-balance sheet area by further strengthening these relationships.

✓ Aiming to increase receivables balance by expanding products for business people, seniors, and corporations

Real estate finance business

CREDIT SAISON

✓ Strengthen relationships with sales and business partners
✓ Expand handling of products for the wealthy

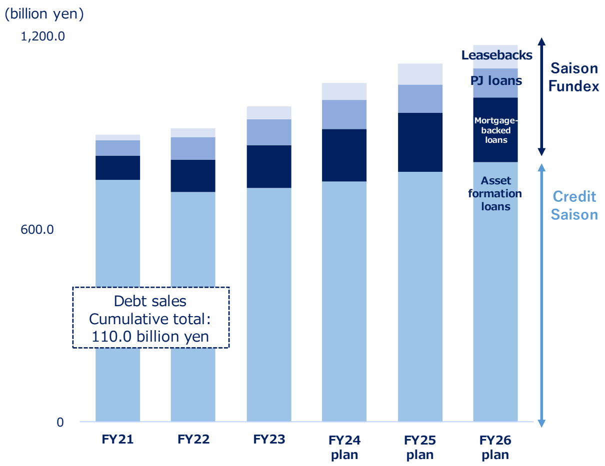
For individuals and real estate businesses

SAISON FUNDEX セゾンファンデックス

✓ Explore and deepen product offerings to meet market trends and customer needs

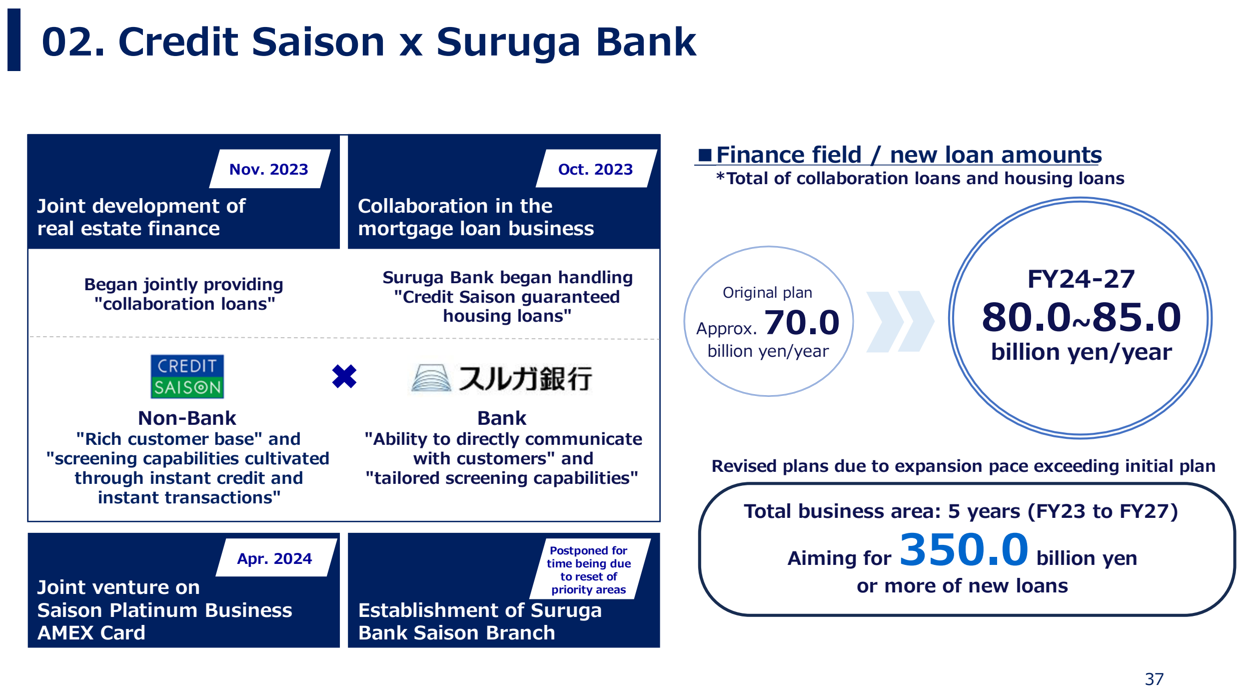
For individuals/sole proprietors and corporations/real estate businesses

■ Trends in receivables balance



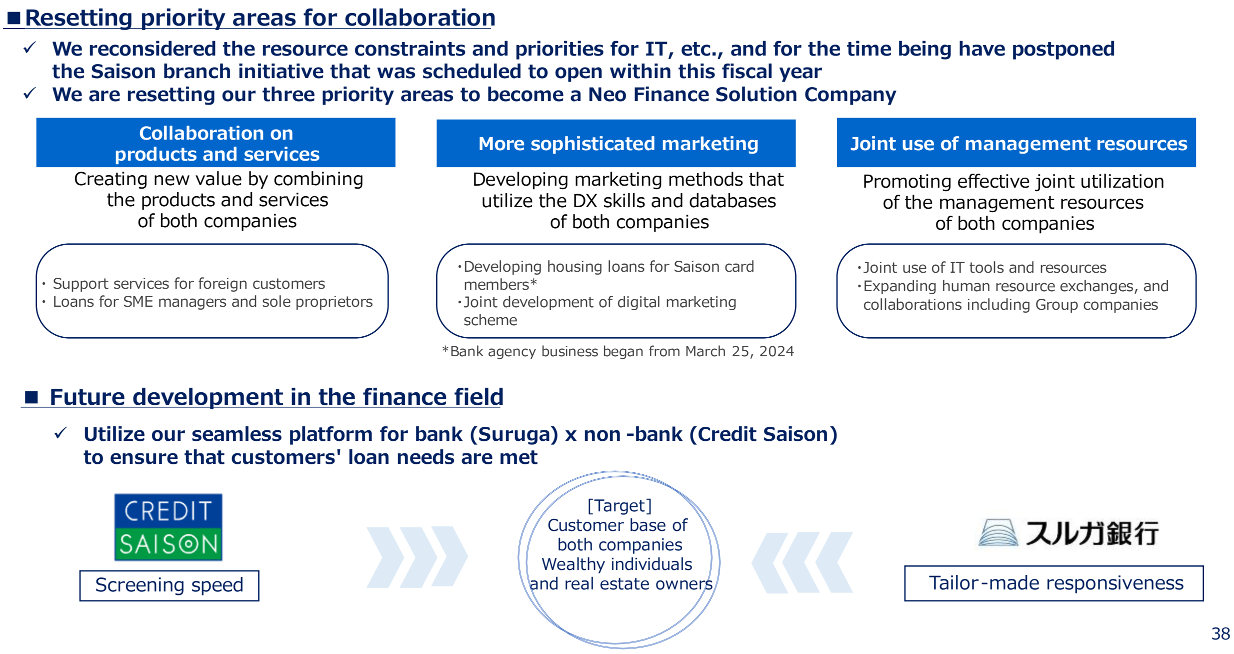
We will aim to increase the loan balance by expanding products for businesspersons, seniors, and corporations. Since last fiscal year, we introduced products for high-net-worth individuals, and in our future strategy, we would like to expand our product lineup to include corporate customers as well.

We would like to promote more continuous dissemination of products that meet the needs of the market and our customers.



This is the progress of the partnership with Suruga Bank. Our initial plan was for about JPY70 billion in new loan executions per year, and based on current conditions, we are doing very well. From FY2024 to FY2027, we hope to generate annual transaction volume of JPY80 billion to JPY85 billion through the collaboration loan with Suruga Bank.

We would like to proceed with the execution of approximately JPY350 billion in new loans over the next five years to gain actual profit in our business areas in total.



In light of this, we are redefining our priority areas for collaboration, and although we initially planned to establish a Saison branch at Suruga Bank, we are now moving forward to service products to steer our efforts toward areas where we can generate more revenue.

In these areas, we would like to invest in human exchanges in particular at an accelerated pace. Both parties are committed to actively expanding the number of personnel transferred from the Company to Suruga Bank and accepted from Suruga Bank.

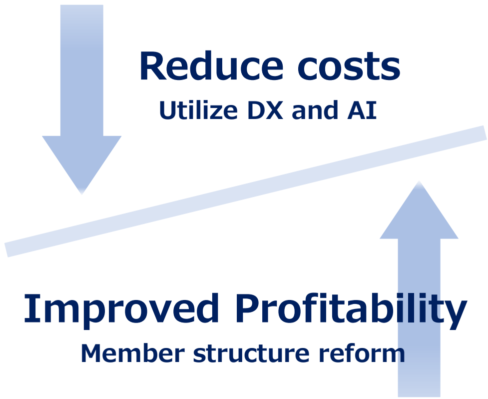
Payment Business Priority Initiatives

Accelerate premium tier and SME strategies and reduce costs through structural reforms

01. Premium strategy
Expand share of customers with high unit prices and high utilization rates

02. Expand asset / non-asset profits
Increase profits through member structure reform

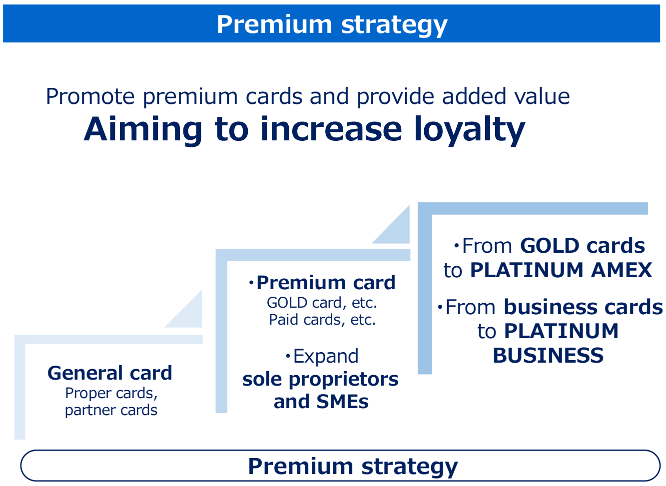
03. Implement cost structure reforms
Review operations by utilizing DX and AI

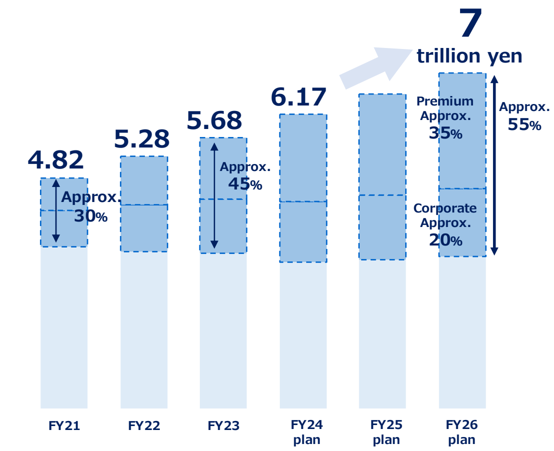


This is a key focus of the payments Business. Here, as I mentioned at the beginning, we will accelerate our premium tier and SME strategies, and on the other hand, we will realize cost reductions through structural reforms.

01. Premium strategy

✓ **Increase profitability by expanding the share of high-unit-price, high-utilization customers**





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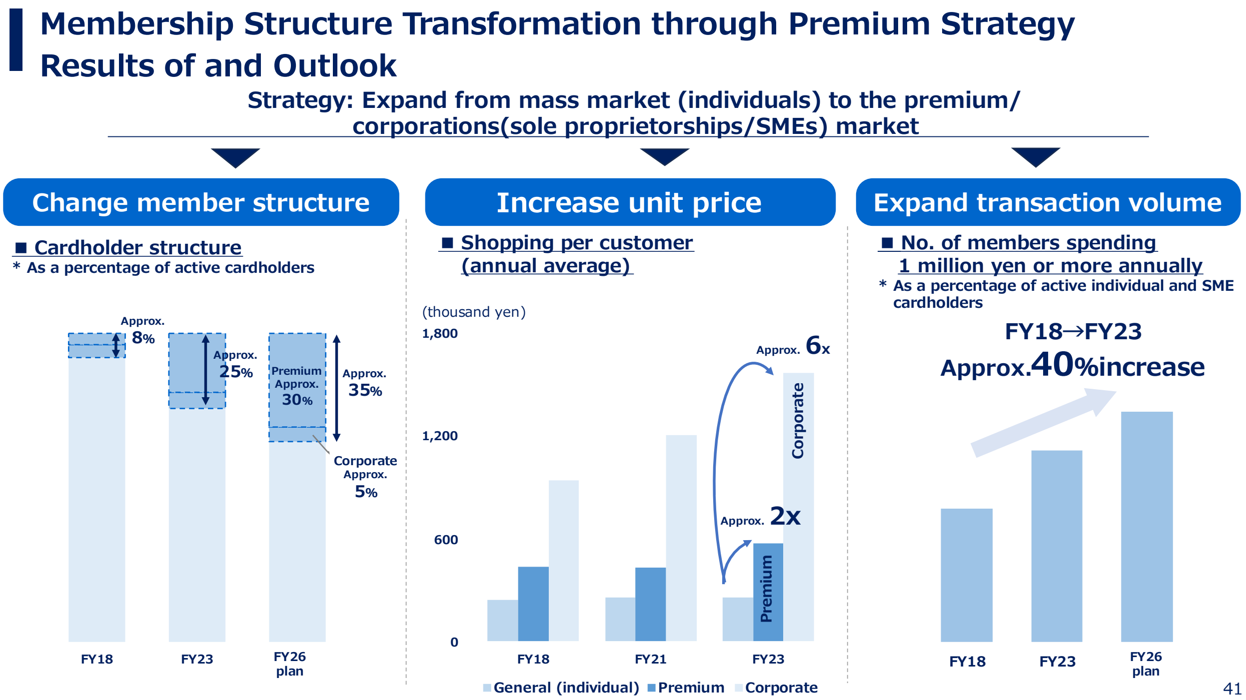
One is the premium strategy. In order to expand the share of high-operating, high-unit-price customers, we will invest resources in this area in addition to the affluent customers. First of all, we are aiming to properly increase profitability and improve loyalty. In our plan for FY2026, we would like to achieve a transaction volume of approximately JPY7 trillion, with approximately 55% of our share in the premium segment and corporate customers.



We have already begun to see considerable effects in terms of membership structure reform, higher unit prices, and increased transaction volume, and we will continue to actively promote these areas during the new medium-term management plan period.

02. Expand Asset / Non-Asset Profits

✓ **Build a stable foundation through member structure reform, and improve profitability through rate revisions, etc.**

Steps for expanding revolving balance

Improve profitability and limit balance decreases

Raise revolving fee rate and improve UIUX

Release new features

Upsell to revolving payments by letting customers **split purchases after shopping**

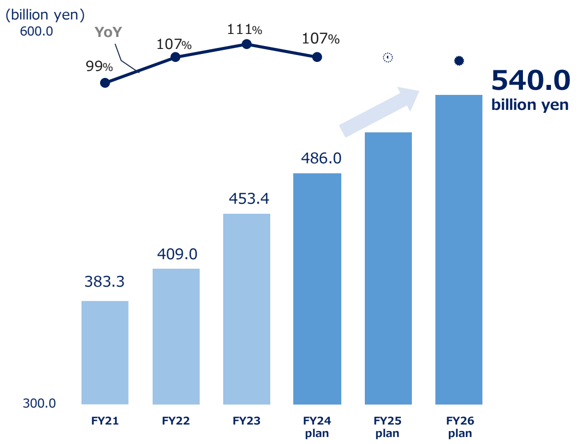
Member structure reform

Expand use of **premium cards and business cards for sole proprietors**
Grow usage among **high-income earners**

Expecting further expansion through premium strategy (p. 40)

Expansion of transaction volume

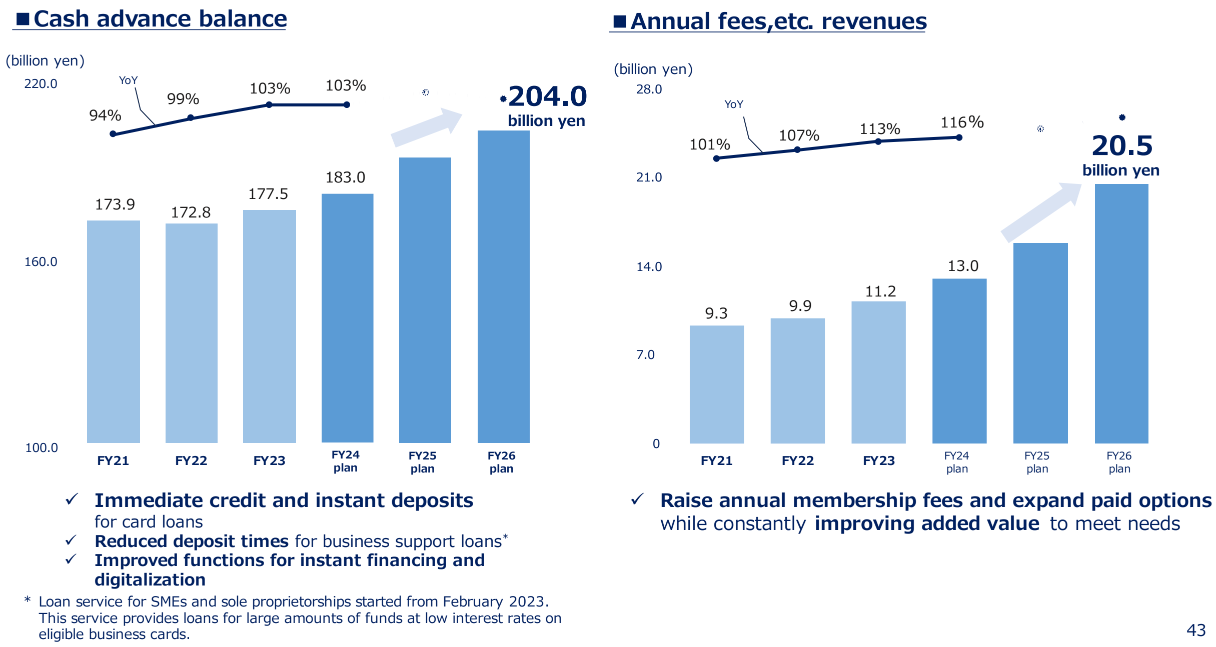
■ Card shopping revolving balance



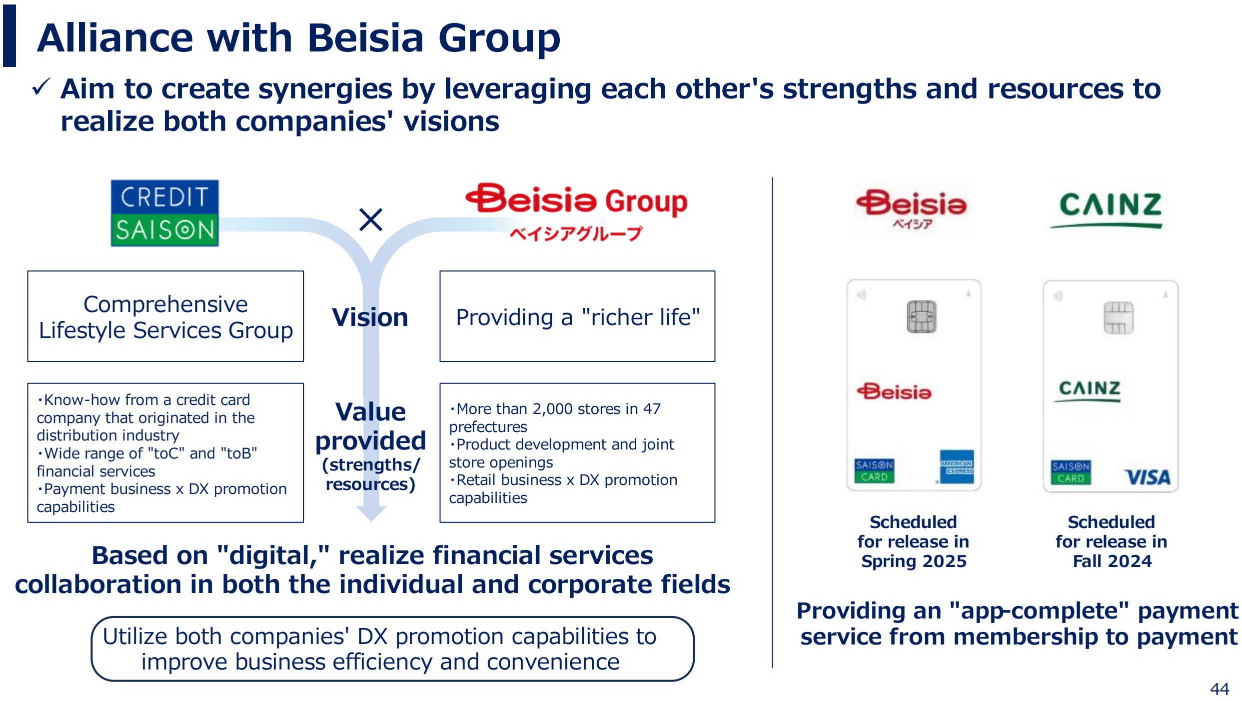
In terms of revenue growth using both non-asset and asset-based, the revolving business is performing well.

Currently, the revolving balance for FY2023 is JPY453.4 billion, the highest level ever. The plan is to raise this to JPY540 billion in FY2026.

As we expand our premium cards and business cards for sole proprietors, we would like to appeal our card shopping revolving to this new segment.



Cash advances balance is on upward trend in FY2023. We are also planning to increase the balance to over JPY200 billion in FY2026 as we expand various functions. On the other hand, we are also planning to increase revenues such as annual membership fees by expanding membership among high net worth individuals and SMEs, which I mentioned earlier, although revenues such as annual membership fees will be in the form of assets.

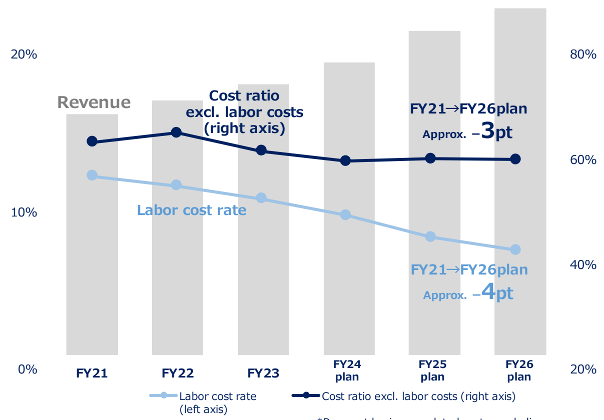


On the other hand, in an effort to broaden the base of our membership, we have now achieved a partnership with the Beisia Group. Starting with Cainz in the fall of 2024, and then Beisia in FY2025, we would like to achieve financial service cooperation in both the corporate and individual sectors, with a particular focus on digital in this area.

03. Implement Cost Structure Reforms

✓ **Reduce costs and improve profit margins by using DX and AI to review operations**

■ Cost ratio to operating revenue for payment business



*Payment business -related costs, excluding financial costs and bad debt costs

DX・AI

DX and AI to save manpower in operations
・Improve automation rate and accuracy during call taking, screening, and progress
・Digital counter (use of online customer service)
・DX utilization for information

Review of operations

Reduce/get rid of low-profit operations
・Reduce paper-based work such as paper application forms

Reassign personnel to growth businesses and reduce temporary employment

On the other hand, in the payment business, we aim to operate our business on a solid foundation. We will not get caught up in the competition that other companies are engaged in, such as points and reductions, but will aim to be in a place where we can make steady profits.

In this context, we would like to actively promote the review of operations and cost reduction, etc., utilizing DX and AI. In particular, we intend to more aggressively and boldly pursue structural reforms for less profitable operations.

That is all from me.

FY23 Financial Results Digest

- ✓ Profit attributable to owners of parent reached **72.9** billion yen (+67.4% YoY), a **record high.**
- ✓ **Revenue increased** due to **steady performance** in the payment and finance businesses, as well as due to an **expansion of the lending business** in the global business.
- ✓ Based on the rebound impact of valuation gains on held funds that was recorded in the global business for the previous fiscal year, as well as the predictions of future trends in interest rate refund claims, etc., although there was a provision of 2.3 billion yen for loss on interest repayments, **income increased** due to **growth** in the **finance business** (increased profit contribution from Saison Fundex, and profit contribution from Suruga Bank becoming an equity method company) and in the **real estate-related business** (gains on sale of real estate trust beneficiary interests, etc.).
- ✓ Profit attributable to owners of parent is Profit **increased significantly** as a result of recording an amount equivalent to gain on negative goodwill due to the conversion of Suruga Bank into an affiliated company accounted for by the equity method as share of profit on investments accounted for using equity method

Negishi: My name is Negishi. I would like to provide an overview of the full-year financial results for FY2023.

FY23 Business Results

(100 million yen)

		FY21	FY22	FY23	YoY
Consolidated	Net revenue	2,990	3,226	**3,616**	**112.1%**
	Business profit	523	609	**719**	**118.0%**
	Profit attributable to owners of parent	353	435	**729**	**167.4%**
Non-Consolidated	Operating revenue	2,524	2,661	**2,838**	**106.7%**
	Operating profit	216	336	**378**	**112.6%**
	Ordinary profit	304	434	**461**	**106.3%**
	Profit	219	342	**359**	**105.0%**

Consolidated net revenue was JPY361.6 billion, 112% of the previous year, and business profit was JPY71.9 billion, 118% of the previous year, exceeding the target of JPY70 billion for FY2024 set in the previous medium-term plan a year ahead of schedule. And we were able to achieve a record-high net income of JPY72.9 billion, 167.4% of the previous year.

Net income outperformed the plan we announced. The main factors were an increase in business profit, a gain on negative goodwill of Suruga Bank, and additional valuation gains on some investment securities.

Overview of Business Results by Segment

(100 million yen)

	Net revenue			Business profit		
	FY22	FY23	YoY	FY22	FY23	YoY
Payment	2,202	**2,352**	106.8%	101	**192**	190.0%
Lease	120	**125**	104.1%	51	**43**	84.0%
Finance	507	**585**	115.3%	222	**282**	127.3%
Real estate related	241	**239**	99.0%	130	**164**	125.6%
Global	113	**272**	239.3%	90	**24**	27.4%
Entertainment	62	**63**	101.7%	7	**10**	150.1%
Total	3,247	**3,637**	112.0%	603	**718**	119.0%
Intersegment transactions	△21	**△21**	100.1%	6	**0**	13.7%
Consolidated	3,226	**3,616**	112.1%	609	**719**	118.0%

This shows the results by segment. Looking at business profit, for payment business, it was JPY19.2 billion, 190% of previous year. Although JPY2.3 billion of provision for loss on interest repayment was made, the business profit was higher than the previous year due to steady growth in shopping revenues and a rebound of the previous year's provision for bad debts.

In addition, the finance business grew by 127% YoY to JPY28.2 billion. In addition to the growth of Credit Saison on a non-consolidated basis, this figure reflects the profit contribution from the very steady business at Saison Fundex and the impact of conversion of Suruga Bank into an equity method company.

Real estate-related business was JPY16.4 billion, 125% of the previous year, with a large contribution of the gain on sale of real estate trust beneficiary interests in Q1.

Contribution by Consolidated Companies

■Business profit Difference

(100 million yen)

	Consolidated Business profit	Non-consolidated Ordinary Profit	Differenc
FY23	719.4	461.5	257.8
(Year-on-year difference)	+109.6	+27.3	+82.3

■Contribution by Consolidated Companies

(100 million yen)

		Contribution to business profit	Year-on-year difference	Business description
Major consolidated subsidiaries	Saison Realty Group	**105.8**	+22.9	Comprehensive real estate business
	SAISON FUNDEX CORPORATION	**97.3**	+18.9	Real estate financing business, credit guarantee business, and personal loan business
	Kisetsu Saison Finance(India)Pvt. Ltd.	**29.6**	+11.7	Digital lending business in India
	SAISON COLLECTION SERVICE CO., LTD.	**10.7**	+1.5	Asset management
Major equity method affiliates	Suruga Bank Ltd.	**33.6**	+33.6	Banking
	Takashimaya Financial Partners Co.,Ltd	**10.0**	+1.2	Credit card business, insurance business, investment trust business, and trust business
	Seven CS Card Service CO.,LTD	**9.1**	▲1.9	Credit card business
	Saison Information Systems Co., Ltd*	**3.2**	▲5.2	Information Processing services, Data Integration Software services
(Reference)	HD SAISON Finance Co., Ltd.	**2.9**	▲15.3	Finance business in Vietnam

*Saison Information Systems Co., Ltd., change its trade name to Saison Technology Co., Ltd. on April 1, 2024.

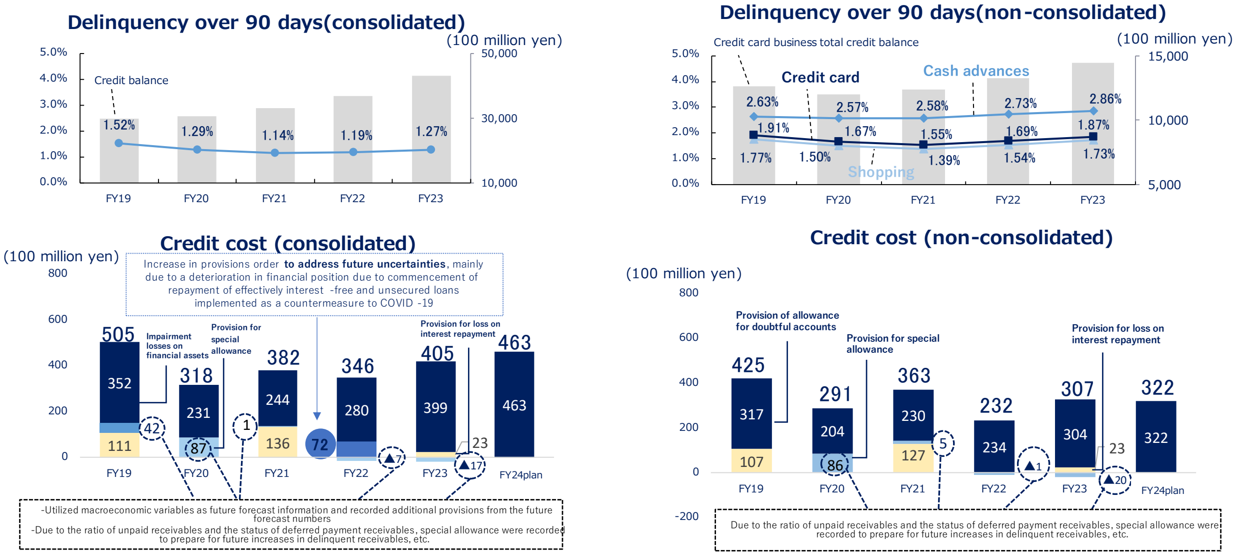
Here are the contributions of the main consolidated companies. Looking at the consolidated subsidiaries, Saison Realty Group contributed JPY10.5 billion, Saison Fundex JPY9.7 billion, and Kisetsu Saison Finance JPY2.9 billion, all of which are performing very well.

In addition, Suruga Bank has been added to the list of major equity-method affiliates, contributing JPY3.3 billion to earnings.

HD SAISON Finance of Vietnam, which has made a relatively large contribution to the total, landed at JPY290 million this time, down JPY1.53 billion from the previous year. The economic environment in Vietnam has worsened, and the situation has been a bit difficult.

Credit Risk

✓ **Delinquency over 90 days remained at a low level.Allocation of additional provision for loss on interest repayment with the future in mind.（2.3billion yen)**



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This is credit risk. Looking at the delinquency over 90 days, it is slightly below the pre-COVID FY19 level both on non-consolidated and consolidated basis.

Meanwhile, credit costs have increased both on a non-consolidated and consolidated basis. If you look at the non-consolidated, this time, in FY23, we made an additional provision of JPY2.3 billion for losses on interest repayments.

Factors contributing to the increase in the delinquency rate include the increase in the customer base with slightly higher unit prices in the payment business and concern about receivables from customers in their 20s, who are growing along with the expansion of digital cards, which are doing very well.

For the reason of the increase in delinquency rate on consolidated basis, in addition to the JPY2.3 billion in interest repayments, direct lending receivables from Kisetsu Saison in India has been steadily increasing, and its cost is increasing proportionately.

FY24 Earnings Forecast

- ✓ **Consolidated Profit attributable to owners of parent**
  - ➢**FY23 Reversal effect of the gain on negative goodwill from the conversion of Suruga Bank into an equity-method affiliate (approx.-22.0 billion yen), etc.**
- ✓ **Non-Consolidated Profit**
  - ➢**FY23 Reversal of extraordinary income (gain on sales of investment securities, etc.) (-2.0 billion yen), etc.**

	(100 million yen)	FY23results (a)	FY24forecast (b)	Differences (b-a)	YoY
Consolidated	Net revenue	3,616	4,130	513	114.2%
	Business profit	719	770	50	107.0%
	Profit attributable to owners of parent	729	520	△209	71.2%
Non-Consolidated	Operating revenue	2,838	3,030	191	106.7%
	Operating profit	378	425	46	112.2%
	Ordinary profit	461	480	18	104.0%
	Profit	359	340	△19	94.6%

Finally, this is the forecast for FY2024. Consolidated net revenue is expected to be JPY413 billion, 114% of the previous year, business profit JPY77 billion, 107% of the previous year, and net income JPY52 billion, 71.2% of the previous year. This figure is expected to reflect the absence of recording of an amount equivalent to gain on negative goodwill due to conversion of Suruga Bank into an equity method company.

That is all from me.

Main Questions and Answers

Q1.

(page 16) Could you explain the background behind this shift in the capital policy? The contents of communication have changed to cash, from the previous capital surplus and capital. Could you tell us about the company's stance on the future importance of constraints such as returns, cash, and capital, respectively?

A1.

Our approach has always been to strike a balance between growth investment and the productivity of capital. Basically, we have not made a significant shift away from our policy so far.

In the 2010s when we struggled to achieve profit growth, we had to prioritize growth investment out of necessity. Having successfully built a solid foundation for growth, we intend to manage the business in a way that also takes the productivity of capital into consideration. Now that the time is ripe, we have shifted to the next stage.

While we have made a cash allocation this time, our fundamental priority in management is to maintain ratings while taking into account factors such as financial soundness. Therefore, we aim to continue prioritizing the risk capital management perspective as we have been doing until now.

However, in considering how to improve capital productivity, we reached the decision of conducting this share buyback. We believe there is a need to carry out management while concurrently staying mindful of cash, and we have communicated the information based on this viewpoint.

Q2.

Concerning the share buyback target of 70 billion yen that the company has set for the period of the medium-term management plan, would it be right to assume that the company is committed to this target even in the event of a downswing in the outlook for business profits, with the only consequence being that there will no longer be the upside of an increase in dividends?

A2.

There are aspects that we would like to implement flexibly, but we intend to follow through with it for now.

Q3.

Regarding the share buyback, is it correct to understand that the Seven CS Card Service case, which was previously a pending issue, now has a resolution in sight?

In addition, I believe that you will be selling shares of Seven & i Holdings concurrently with the sale of cross-shareholdings, but I think that Credit Saison's shares will also conversely be sold. How will the company address the situation in that case?

A3.

Our policy is to continue with the status quo.

We do not yet have concrete plans regarding the sale of individual stocks for cross-shareholdings, and we will proceed with discussions going forward.

As the shares of Seven & i Holdings make up a significant portion of our company's cross-shareholdings, it is highly unlikely that we will leave them completely untouched. However, we will engage in discussions on this matter, including the timing, while ensuring that we maintain thorough communication.

Q4.

You have mentioned previously that the reason for not being able to carry out a share buyback was due to technical insider information. Would it be correct to say that this issue has now been resolved?

A4.

Yes. Deliberations are currently suspended.

Q5.

Could you tell us the priority and degree of commitment for the business profit of 100 billion yen and ROE of 9.5% that you have set out as goals in the medium-term management plan? In the event that the company does not achieve the target business profit of 100 billion yen due to various factors related to the economic environment, could you tell us if there is a second plan for achieving the target?

A5.

Since we have only just started, we basically intend to focus on pursuing the two goals of achieving business profit of 100 billion yen and ROE of 9.5%. Within the target business profit of 100 billion yen, the Global Business accounts for a significant portion of 20 billion yen. As this is a domain that we need to proceed with more cautiously than for our domestic businesses, and because there is a possibility that business profit may fall below the current plan, we are proceeding with new businesses while remaining mindful of such downside business risks.

There are various options for inorganic growth that we have not included in the plan. Therefore, while some concerns may emerge about the three main businesses that provide the basis for our 100 billion yen target, we aim to also generate profits from new businesses and other efforts concurrently, and to achieve our target ROE of 9.5%.

Q6.

Please clarify the handling of treasury shares in the share buyback on this occasion. At the current stock price, treasury shares make up approximately 20% of the issued shares. Going forward, will you consider keeping the treasury stock for use in further expanding the "Saison Partner Economic Zone," as you did in the alliance with Suruga Bank, or will you consider other options such as cancellation?

A6.

The weightage of treasury shares will gradually increase, but as of today, we have not made any decisions regarding cancellation. Firstly, we aim to complete the acquisition of 50 billion yen of shares in FY2024 to optimize capital, and if opportunities such as M&A arise, we would definitely like to utilize the shares in that way. While we also recognize that the proportion of treasury shares will increase, please understand that this does not necessarily mean that we are ruling out the possibility of cancellation itself.

Q7.

(pages 15 and 23) There is a comment about the sale of non-performing assets on Page 15 of the materials, while page 23 sets out plans to gradually reduce the contribution of real estate to profit. Could you explain the stance behind this reduction, and whether there are any plans for complete withdrawal or sale of the business?

A7.

At present, cross-shareholdings are the only area for which we have set out a clear policy for asset sales from the perspective of enhancing asset efficiency. Of course, as we continue to conduct our business in a way that is mindful of ROE, how to enhance asset efficiency will be an important theme, so we aim to engage in discussions as appropriate while monitoring progress.

I believe that what you are referring to on page 23 is the real estate-related segment in the Business Profit Trend Plans by Segment.

The main reason for the reduction in profit in FY2026 is our planned sale of the assets related to liquidation business held by Saison Realty, which we have been making gradual progress with every year, and which we aim to complete by FY2025. The difference between FY2025 and FY2026 reflects the interim period when we are no longer in possession of these assets related to liquidation business, and we are currently not considering cutting back in areas other than our three main businesses, including the real estate businesses.

Q8.

I believe total assets currently stand at approximately 4,300 billion yen in the FY2023 balance sheet. What are your plans for the amount of total assets in three years? Could you also tell us your plans for capital adequacy ratio?

A8.

We have planned for a figure of about 5,300 billion yen in the balance sheet, and capital adequacy ratio of about 14%.

Q9.

(page 15) There is a point here on maintaining and improving R&I ratings as well as obtaining multiple ratings. However, I think there may be fairly severe opinions if the company were to seek to obtain external ratings. Given that the company has its Global Business and real estate finance business, could you share with us your perspective on the feasibility of maintaining a planned capital adequacy ratio of about 14% under the current capital policy?

A9.

Regarding the capital adequacy ratio, we are communicating as necessary with R&I, which we have obtained rating with. Concerning this plan, since we are engaging in discussions based on risk capital and not capital adequacy ratio, how the asset portfolio changes going forward will become a significant element in our considerations.

Our intention is to control this by maintaining and improving ratings, and we will also consider selling risk assets where necessary.

Q10.

If you have prepared estimates on the RAC ratio, could you share the information with us? In addition, could you confirm if my understanding is correct, that the level of equity capital will be built up mainly through the accumulation of profits?

A10.

I do not have that information on hand.

Q11.

(page 30) In relation to the India business, could you tell us the definition of "rate of return?" In addition, there are no figures for wholesale and partnership lending. Could you explain how this should be interpreted?

A11.

The figures for rate of return shown are generally for FY2023. Figures for wholesale and partnership lending are not currently disclosed for reasons such as the competitive environment, and the fact that economic conditions are prescribed based on a comprehensive assessment.

Q12.

Could you explain once again about the competitive environment and competitive advantages in relation to the India business?

In light of moves by various megabanks to invest in non-banks in India, we are interested in the competitive environment within the context of the potential of the market as a whole.

A12.

When we first entered the market, we used the finance company, Bajaj Finance, as our benchmark, and we believe that we should continue doing so. We recognize that we first need to catch up with the former SMFG India Credit (formerly Fullerton India) in terms of scale.

With investment from Mizuho Bank, we have now developed a system that allows us to establish our presence at a certain level. Therefore, our goal for the immediate future is to aim to rank among the top 10 among non-banks in India.

Q13.

What are some of the key success factors for the India business?

A13.

Based on our experience in Japan, a crucial factor is the ability to ensure proper collection at the end, or in other words, how well we are able to control credit. Additionally, both companies Board of Directors frequently discuss the close monitoring of changes in the regulatory aspects.

Page 32 explains our governance structure, which includes the appointment of a former Director of the Reserve Bank of India (RBI) as an independent director in our Board of Directors. Within this structure, we discuss anticipated changes in central bank regulations and establish measures at an early stage. In this way, we believe we have put in place a certain level of governance concerning regulations.

On the other hand, with regard to credit, by leveraging credit knowhow as I have explained on page 31, we feel that we have been able to utilize alternative data more proactively in India than in Japan. If we advance efforts to enhance our collection capabilities or improve creditworthiness in this respect, we feel, at present, that this could potentially be a winning factor for us.

Q14.

(page 42) Could you share your perspective on the business environment with regard to the shopping revolving balance? While there was steady growth in FY2023, how is continuity looking at present?

A14.

With regard to the recent revolving balance, there are two significant contributing factors: the steady and strong accumulation of usage balances by GOLD card customers in our premium strategy, and our proactive efforts to promote revolving payments.

We are gradually announcing the increase in the revolving fee rate, but we do not think that the increase in fees will lead to a reduction in the use of revolving payments.

For example, while the usage rate of revolving payments for shopping is set at 15% in the terms and conditions, due to the provision of preferential interest rates to some customers, the actual rate offered is in fact slightly above 12%.

Q15.

(page 45) I would like to inquire about two points regarding the long-term perspective for the cost structure for domestic payments.

Firstly, the medium-term plan sets out a target cost ratio of about 60%, excluding labor costs. What is your appraisal of the level of this cost ratio? For example, can it actually be reduced further?

Secondly, given the struggle to raise the topline despite efforts, is this level of expenditure acceptable? I would like to ask for your comments on its feasibility, and the ideal level that it should be.

A15.

With regard to the cost ratio, we envisage digitalization and labor saving in manual operations. While there are still many areas that require manual operation, as well as operations that need to be carried out while referring to manuals, we have made progress in developing an in-house system over the past two years as we advanced efforts in digital transformation (DX). By replacing the work that we have previously been doing with digital operations, we aim to reduce labor cost ratio by 4% from FY2021 to FY2026.

Furthermore, we aim to reduce labor costs through the digitalization of operations that have been undertaken by temporary workers or part-time workers, for example. We believe that DX is the key to these efforts. While reducing the cost ratio through the digitalization of manual operations, we do not think that there will be a major impact in terms of disrupting business operations.

Q16.

Is there any room for further cuts from a long-term perspective?

A16.

Currently, labor costs, system costs, bad debt costs, and financing costs are significantly related to the Payment Business. On the other hand, financing costs will continue increasing alongside the rise in interest rates. Bad debt costs are also expected to increase to some extent in parallel with the increase in transaction volume and balance as the business grows. These are two aspects that are, to some degree, unavoidable.

I think that the question of how to reduce system costs and labor costs is crucial to the Payment Business. The environment is changing gradually through the development of in-house systems, making it possible to carry out peripheral processing on various things without having to use core systems. Therefore, I believe we will be able to make further cuts to system costs in the future.

As for labor costs, as I have explained earlier, we plan to achieve reductions by enhancing the efficiency of DX.