

71st

Business Report

CREDIT SAISON CO., LTD. Interim Business Report
71st Fiscal Year (April 1, 2020 – September 30, 2020)

India

Bangladesh

Myanmar

Thailand

Cambodia

Vietnam

Malaysia

Singapore

Indonesia

China

Taiwan

Philippines

Japan

Neo Finance
Company in Asia

Challenge to become a finance company advancing with customers for 50 years

I would like to express my appreciation for your continued support and patronage.

My deepest condolences to the families of all who lost their lives due to coronavirus disease (COVID-19) and best wishes to those currently affected by the virus and those living with anxiety during the pandemic. I pay my highest regard to all the healthcare workers and other essential workers on the frontlines of COVID-19.

Let me report on the business results for the first half of the 71st fiscal year (April 1, 2020 – September 30, 2020).

Credit Saison has formulated a medium-term management plan to be carried out until the fiscal year ending March 2022 (72nd fiscal year), upholding the midterm business vision of the “Neo Finance Company in Asia.” The plan provides the mission statement “Becoming a finance company advancing with customers for 50 years: Providing peace of mind and discovering potentials in money.” This year is the second year of the medium-term management plan, and we are working on initiatives such as “Growth strategies and structural reforms in the payment business,” “Further expansion of the finance business,” and “Expanding the revenue base of global business with an eye on the future.”

In Japan, Credit Saison launched the financial product intermediary business relating to general securities accounts of Daiwa Securities Co. Ltd. under the capital and business alliance with Daiwa Securities Group Inc. We expanded our lineup of credit cards by issuing a new affiliated card “Hekishin Saison American Express® Card” in partnership with Hekikai Shinkin Bank and adding “MileagePlus Saison Platinum American Express® Card” as the platinum line of “MileagePlus Saison Card,” an affiliated card with United Airlines. To improve customer convenience, Credit Saison introduced “Apple Pay Instant Usage Service” that allows new card members to use Apple Pay mobile payment before receiving their plastic card and expanded the scope of the “PARCO Point” service, originally limited to PARCO Cards, to include Saison Cards. The latter is an effort to achieve the ALL SAISON concept whereby customers can enjoy various services through a single Saison Card. Furthermore, Credit Saison is making ongoing efforts to diversify its earning capacity independent of the card business by promoting finance products such as leasing, credit guarantees, Flat 35 Loans, Asset Formation Loans, and rent guarantees.

Meanwhile, we position the overseas business as the pillar of our future revenue base, and are planting seeds for future growth even amid the COVID-19 crisis. For example, HD SAISON Finance Company Ltd., which mainly operates the installment credit business centering on loans for motorcycles and home appliances in Vietnam, has started providing limited features and services to a limited number of members as a soft launch of the credit card business, in the run-up to the full launch.

Affected by partner companies temporarily shutting down and self-quarantining among the public to combat COVID-19, net revenue was down 11.9% year-on-year to ¥140,355 million and business income decreased by 8.0% year-on-year to ¥28,766 million. On the other hand, profit attributable to owners of parent increased by 9.4% year-on-year to ¥20,395 million, as a reaction to one-off factors in the previous fiscal year, namely, recording impairment expense for a part of software held by Qubitous Co., Ltd. and decreased income tax expense upon transfer of shares of UC Card Co., Ltd.

We have been working on ESG management since the 1980s, and are engaged in activities to support those needing aid amid the COVID-19 crisis. Credit Saison established a charity website for donating to the frontline of healthcare and local communities and participated in J-WAVE's “#Don't Stop the Music” project in support of the music industry that had to voluntarily suspend its activities. In addition, we have promoted initiatives to further enhance our corporate governance structure by separating business execution from administration and supervision through the introduction of the executive officer system in March 2020. We will continue to improve corporate value and contribute to society by helping society become more prosperous and convenient.

Lastly, I would like to ask for shareholders' continued support and encouragement for Credit Saison.



December 2020

Masahiro Yamashita Representative, Executive President and COO

Mission Statement

Becoming a finance company advancing with customers for 50 years:

Providing peace of mind and discovering potentials in money

Payment

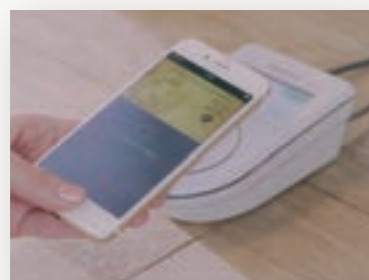
Payment Business

Growth Strategies and Structural Reforms in the Payment Business

The Project for Encouraging Businesses to Introduce Cashless Payment Systems and Pass on Benefits to Consumers run by the Ministry of Economy, Trade and Industry prompted Credit Saison to promote cashless settlement by offering services designed to support small- and medium-sized enterprises in introducing cashless payment terminals and by diversifying its payment services to include payments using smartphones. While we have been working to develop and introduce new products and services, COVID-19 put a cap on the economic activities of companies and individuals and significantly affected our performance. The total number of card members dropped by 1.7% from the previous fiscal year-end to 25.95 million, and card shopping transaction volume decreased by 12.3% year-on-year to ¥2,147.5 billion.

Transition to Smartphone-based Services

In addition to a service providing instant usage of a credit card at affiliated stores via linkage to affiliated apps, we have launched the Apple Pay Instant Usage Service.



We have rolled out a new settlement service called "SAISON CARD Digital," which issues a digital card on a user's smartphone in five minutes at earliest after the user completes an application and allows them to complete various processes in the app, as part of our efforts to promote the transition to smartphone-based services.

Expanding Our Asset Formation Business

More than 500,000 users enjoy our "Point Investment Service" designed to simulate investments. The Service have led many users to open accounts with "Saison Pocket," our smartphone securities service. It has evolved to be a platform that facilitates investment beginners to take up real investment. Moreover, by presenting products offered by Daiwa Securities Co. Ltd. and CONNECT Co. Ltd. under our alliance with Daiwa Securities Group Inc., we have a product lineup that caters to customers' diverse needs.

Promoting Cashless Corporate Settlement

We are strengthening sales activities to promote cashless payments in the corporate settlement field mainly targeting small- and medium-sized enterprises and sole-proprietors. We have kicked off new settlement solutions for corporate customers using a prepaid system to cater to the needs of affiliated stores for earlier and diversified settlement of sales proceeds.

Other Topics

■ Launched MileagePlus Saison Platinum American Express® Card. (August 25, 2020)



■ Started offering PARCO Points for purchases made with a Saison Card (September 17, 2020)



Finance

Finance Business

Further Expansion of the Finance Business

Finance

Despite obstacles such as the shutdown of condominium galleries due to the COVID-19 pandemic, we continued to offer the "Saison Home Loan Package" that includes "Flat 35 Loans Plus," "Flat 35 Bridge Loans," and "Saison Reform Loans," as means of support for purchasing homes. As a result, the loan balance (including the balance of receivables transferred to the Japan Housing Finance Agency (JHF) in the amount of ¥1,016.2 billion) amounted to ¥1,044.3 billion, up 8.7% from the previous fiscal year-end. The loan balance of "Saison Asset Formation Loans" (loans for buying condominiums for investment purposes) amounted to ¥664.6 billion, up 6.8% from the previous fiscal year-end. This was the result of ongoing collaboration efforts with our partners, although COVID-19 forced them to voluntarily close or shorten their hours, and we had to shift to the minimum necessary workforce.

Lease & Rental

We are conducting marketing mainly for office automation (OA) equipment, kitchen equipment, etc., in accordance with the capital investment plans of business operators. We worked to reinforce our trust-based relationships with existing mainstay partners and strengthened marketing to new priority partners. This resulted in the balance of receivables held increasing to ¥327.5 billion, up 0.5% from the previous fiscal year-end, despite our partners' voluntary shutdowns and other COVID-19 restrictions.

Credit Guarantee

We strove to build a finely-tuned system to collaborate with regional financial institutions and other relevant entities through our guarantee service for non-secured personal loans with an expanded scope to include business purposes. However, the COVID-19

pandemic forced partner financial institutions to reduce their business operations, and we had to focus on supporting business operators. As a result, the balance of credit guarantees (before deduction of financial guarantee liabilities) turned out to be ¥332.0 billion, down 4.8% from the previous fiscal year-end, and the number of partner financial institutions totaled 400, unchanged from the previous fiscal year-end.



ESG

Creating a Sustainable Society in the Manner of Credit Saison

Credit Saison set up a website that accepts donations using "Eikyufumetsu Points" or by credit card to the frontline of healthcare and local communities that need support amid the COVID-19 crisis and participated in J-WAVE's "#Don't Stop the Music" project to support the music industry that had to voluntarily suspend its activities.

SAISON TEACHER

We have fully launched a financial education program for junior and high school students called "SAISON TEACHER on-site classes" as our way to support the education of the next generation. The program operates flexibly to meet the needs of schools, including offering an

online class amid the COVID-19 crisis.

To develop an organization that supports the active involvement of employees, we promoted workstyle reform by adopting IT technologies, including those needed for telecommuting and web conferencing, with a view to improving productivity while preventing the spread of COVID-19. We have introduced a new peer-to-peer bonus program called "CS Style Chips." In this program, employees can show

their admiration to other members who take actions or initiatives aligned with the Standards of Conduct as part of our efforts to invigorate employee motivation.



Expanding the Revenue Base of Global Business with an Eye on the Future

With the global business as one of the pillars of its future revenue base, Credit Saison operates retail finance businesses tailored to each country, aiming to bring financial inclusion across Asia.

HD SAISON Finance Company Ltd. in Vietnam started providing limited features and services as a soft launch of its new credit card

business in the run-up to the full launch, in addition to the installment credit business for motorcycles and home appliances. Saison Capital Pte. Ltd. in Singapore invests mainly in early-stage startups. It has suspended new investments under the COVID-19 crisis, but plans to gradually resume operations while

carefully watching ongoing trends to move ahead with its business.



Global

Global Business

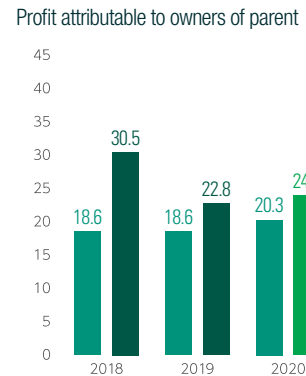
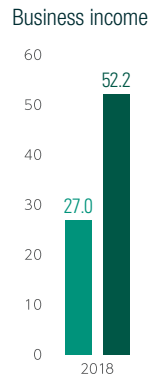
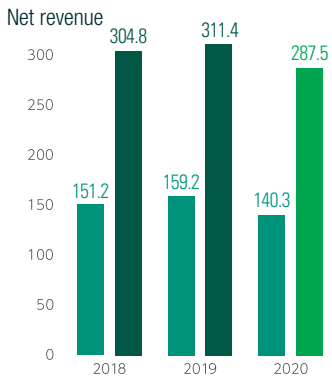
■ Midterm business vision

Credit Saison has established a medium-term management plan to be carried out until the fiscal year ending March 2022. Titled “Neo Finance Company in Asia,” the plan outlines the following mission statement: “Becoming a finance company advancing with customers for 50 years: Providing peace of mind and discovering potentials in money.”

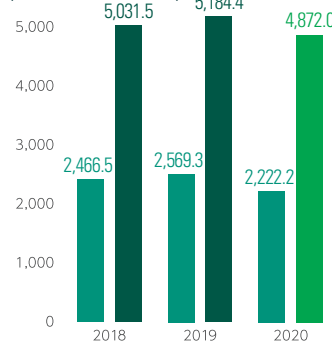
To achieve the goal of becoming a “Neo Finance Company in Asia,” Credit Saison will transform itself into a finance company that provides customers with optimum services for each financial event in their lives, focusing on settlement services such as credit cards and prepaid cards. Through these efforts, Credit Saison seeks to achieve consolidated business income of ¥60 billion in the fiscal year ending March 2022.

■ FINANCIAL DATA

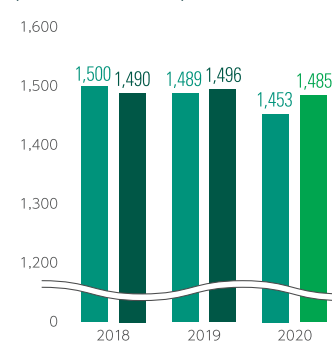
Operating Results



Card transaction volume (Non-consolidated)



Active card members (Non-consolidated)



Supporting Company



We will continue to support the desire to always take on challenges.

Since 2001, Credit Saison has been a corporate supporter of the Japanese national soccer teams, backed by our passion to keep growing hand in hand with them. And since 2014, Credit Saison has also supported Asian soccer, which is of great popularity in Asia in recent years, through the sponsorship agreement with the Asian Football Confederation (AFC). Just as the Japanese national soccer teams bear the Japanese flag and continue their feat on the world stage, we, at Credit Saison, hope to take on various challenges as a leading-edge service company.

C O R P O R A T E D A T A

Corporate Information

(As of September 30, 2020)

CREDIT SAISON CO., LTD.

Incorporated: May 1, 1951
 Paid-in Capital: ¥75,929 million
 Number of Employees: 4,415 In addition, Average Number of Non-regular Employees: 666 (in 7.5 hours/day equivalent)
 Head Office: 52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan
 Major Businesses: ① Payment Segment (credit card business, servicing (loan collection) business, etc.)
 ② Lease Segment (lease business)
 ③ Finance Segment (credit guarantee business and finance-related business)
 ④ Real Estate-Related Segment (real estate business, real estate leasing business, servicing (loan collection) business, etc.)
 ⑤ Entertainment Segment (amusement business, etc.)

Board of Directors and Audit & Supervisory Board Members

Representative, Chairman and CEO	Hiroshi Rinno	Standing Audit & Supervisory Board Member	Haruhisa Kaneko
Representative, Executive President and COO	Masahiro Yamashita	Standing Audit & Supervisory Board Member (Outside)	Munehiro Harada
Representative, Executive Vice President and CHO	Naoki Takahashi	Standing Audit & Supervisory Board Member (Outside)	Hiroaki Igawa
Director, Senior Managing Executive Officer	Katsumi Mizuno	Audit & Supervisory Board Member (Outside)	Chie Kasahara
Director, Senior Managing Executive Officer	Yoshiaki Miura		
Director, Managing Executive Officer	Tatsunari Okamoto		
Director (Outside)	Naoki Togashi		
Director (Outside)	Nana Otsuki		
Director (Outside)	Hitoshi Yokokura		

Stock Information

(As of September 30, 2020)

Common Stock Authorized 300,000,000 shares Common Stock Outstanding 185,444,772 shares Number of Shareholders 15,184

Major Shareholders (Top 10)

Name	Equity Stake	
	Number of Shares (thousands)	Ownership Percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	29,268	18.72
Custody Bank of Japan, Ltd. (trust account)	13,135	8.40
Daiwa Securities Group Inc.	8,050	5.15
Custody Bank of Japan, Ltd. (trust account 9)	5,855	3.75
HSBC BANK PLC A/C CLIENTS 1	4,694	3.00
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	4,067	2.60
Custody Bank of Japan, Ltd. (securities investment trust account)	3,926	2.51
THE BANK OF NEWYORK 133972	3,118	1.99
Mizuho Bank, Ltd.	3,000	1.92
Custody Bank of Japan, Ltd. (trust account 5)	2,879	1.84

*1. 29,100,948 treasury shares held by Credit Saison are not included in the above list of major shareholders.

*2. The ownership percentage is calculated based on the number of shares outstanding excluding treasury shares.

Shareholders' Notes

Fiscal Year: Period beginning on April 1 and ending on March 31 of the following year
 Ordinary General Meeting of Shareholders: Convened each year in June
 Record Date: Ordinary general meeting of shareholders and year-end dividend payments - March 31
 Should any other record date be required, a public notice will be issued in advance.
 Transfer Agent and Administrator of Special Accounts: Sumitomo Mitsui Trust Bank Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
 Administrative Office of Transfer Agent: Stock Transfer Agency Business Department, Sumitomo Mitsui Trust Bank Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan
 (Mailing Address) Stock Transfer Agency Business Department, Sumitomo Mitsui Trust Bank Limited, 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan
 (Telephone Inquiries) 0120-782-031 (9:00-17:00 excluding weekends and holidays)
 (URL) <https://www.smtb.jp/personal/agency/index.html>
 Method of Public Notice: Electronic notice (Credit Saison website <https://corporate.saisoncard.co.jp/>)
 Stock Listing: Tokyo Stock Exchange
 Securities Code: 8253

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

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