

Credit Saison (8253) Announces Financial Results for Fiscal Year 2013

During fiscal year 2013, our credit card business showed an increase in shopping transaction volume of 8.6% over the previous period to ¥3,852.9 billion. This rise was a result of an increase in payments handled for high-priced goods such as jewelry and home electronics due to aggressive promotion of credit card usage during the sudden period of increased demand before the consumption tax increase. This is also in addition to promotions to utilize annual bonus payments and revolving repayment options throughout affiliated retail stores.

In order to expand our revenue base in our online businesses the Company improved the usability of the point website Eikyufumetsu.com and partnered with key Internet-focused venture capital firms to develop "eMark+Lite", an activity history analysis service and "Saison CLO", a service for sending off customers to affiliated retail outlets.

To increase growth in our nonbank business activities, the Company strengthened promotional campaign activities for our leasing business activities within major retailers which resulted in an increase in transactions within that sector. In addition, the Company increased sales activities to promote newly affiliated retail partners. This resulted in an increase in lease transaction volume to ¥114.6 billion (an 8.9% increase compared to the previous period), our highest recorded number in this sector to date. In the Finance Business, the Company established new partnerships with major financial institutions and worked to strengthen relationships with our existing partners within the credit guarantee business which resulted in a 16.6% increase in the balance of credit guarantees from the end of the previous period to a total of ¥230 billion. As a result of the increased activity before the consumption tax increase the Company saw a 42.5% increase from the end of the previous period in the long-term fixed-rate housing loan Flat 35 to a total of ¥218.6 billion, which has enabled us to establish a strong operating base in this sector.

Conversely, as a result of our ¥10.8 billion provision for loss on interest repayments, operating revenue increased by 1.3% from the previous period to ¥247.5 billion, operating income decreased by 14.1% to ¥36.3 billion, ordinary income decreased by 16.5% to ¥44.4 billion, and net income for the current period decreased by 22.0% to ¥25.5 billion. The operating results by segment for the consolidated fiscal year are given below.

1. Sales Summary

(1) Credit Services Business

To expand our customer base the Company strengthened our customer acquiring activities by utilizing premium credit card offers and Internet marketing campaigns. This resulted in a solid increase in applications from affiliated retail outlets and 2.53 million new credit cards issued (a 0.7% increase over the previous period). The Company partnered with affiliated retail outlets to run local promotions for credit card use in Yaesu/Nihonbashi, Kyoto, Sapporo, and other areas. This resulted in an 8.6% increase in shopping billings to ¥3,852.9 billion. Through a focus on promotions of proper credit use the Company saw an increase in new cash advances to reach total transaction volume of ¥274.5 billion (a 2.5% increase). This demonstrates a solid recovery in this sector and a stalling of the decline observed in previous periods. As part of our activities in response to the ongoing trends moving towards a cashless society, the Company established the smartphone settlement service "Coiney" to obtain more small- to mid-sized company credit card merchant affiliates and issued 3.07 million new Cocokara Club cards (Visa prepaid cards) since the Company began taking applications in April of 2013. The Company also made advanced

investments to acquire new credit card members and expand our array of services in order to further expand this customer base. As a result of this and our ¥10.8 billion provision for loss on interest repayments, operating revenue decreased by 0.4% from the previous period to ¥189.6 billion and operating income decreased by 39.1% to ¥14.7 billion from all of our credit services business activities.

(2) Leasing Business

In our leasing business activities the Company observed a strengthening in promotional campaigns tailored for the needs of our affiliates, primarily within existing major affiliated partners outlets. In addition to an increase in transactions the Company saw an increase in new retail affiliate members and expanded product lines into kitchen appliances and other sectors, which resulted in an 8.3% increase in billings to ¥107.2 billion. Our rental business activities saw an 18.2% increase in transaction volume to ¥7.4 billion through the addition of new affiliates for the sale of LED lighting in order to meet the increased demand for more energy-efficient products. This resulted in our highest recorded number to date for leasing transaction volume of ¥114.6 billion (an 8.9% increase) for the period.

(3) Financial Business

The Company partnered with 26 new regional financial institutions during this period to reach a total of 368 total partners in the credit guarantee sector. Furthermore, by strengthening our relationships from both a sales and management perspective with our existing financial institution partners, the Company recorded a 16.6% increase in the balance of credit guarantees from the end of the previous period to a total of ¥230 billion. As a result of the increased activity before the proposed national sales tax increase, the continuation of our 100% loan-value ratio via our packaged "Flat 35 PLUS" loan, and a strengthening of relationships with our partners the Company observed a 57.6% increase over the previous period in exercised loans to ¥75.9 billion and a 42.5% increase in total lending outstanding to ¥218.6 billion, both significant improvements over the previous period. In addition, by strengthening relations with our most valued partners, our "Saison Asset Formation Loans" saw solid improvements in both exercised loans and total loan amount to ¥27.8 billion and lending outstanding to ¥31.9 billion. These results have enabled us to form a solid operating base as a nonbank financial institution. Furthermore, as a result of more thorough credit management, our financial business saw a 10.3% increase in operating revenue over the previous period to ¥19.1 billion, and a 12.1% increase in operating income to ¥10 billion.

(4) Real Estate Related Business

Atrium Co., Ltd., a consolidated subsidiary of Saison Co., Ltd., has maintained solid performance over the period due to a recovery in the real estate market and aggressive sales activities. Atrium is also working on early asset compression of development properties in its liquidating business activities.

2. Overview of Ordinary Income and Net Income

Despite thorough risk management aimed at increasing high-quality claims, advanced investments made to acquire new credit card members and promote credit card usage as well as our ¥10.8 billion provision for loss on interest repayments resulted in a 4.5% increase in operating costs to ¥211.2 billion, a 14.1% decrease in operating income to ¥36.3 billion, and a 16.5% decrease in pretax profit to ¥44.4 billion. As a result, net income for the current period decreased by 22% to ¥25.5 billion.

3. Next Period Forecast

Our forecasts for non-consolidated operating performance through fiscal year 2014 are as follows: ¥212.5 billion operating revenue (3.2% increase from the previous period), ¥34 billion ordinary income (2.5% decrease), and ¥17.5 billion net income for the current period (6.1% decrease).

Our forecasts for consolidated operating performance through fiscal year 2014 are as follows: 253 billion operating revenue (2.2% increase), ¥40 billion ordinary income (10% decrease), and ¥23 billion net income for the current period (10% decrease).

The Company forecast dividends of ¥30 per share for the next period, unchanged from the current period.

End

(For your reference)

◆Non-consolidated Results for Fiscal Year 2013

(1)New card members acquired	:	3,320,000	(Down 1.8%)
(2)New cards issued	:	2,530,000	(Up 0.7%)
(3)Total No. of card members	:	24,750,000	(Net Decrease from end of previous year 60,000)
(4)Active card members	:	14,200,000	(Net Increase from end of previous year 580,000)
(5)Active ratio	:	58.1%	(Up 2.5%)
(6)Shopping transactions Volume	:	¥3,852.9 billion	(Up 8.6%)
(7)Shopping revolving credit balance	:	¥267.8 billion	(Up 2.9%)
(8)Card advance transaction volume	:	¥264.0 billion	(Up 1.5%)
(9) Card cash advance balance	:	¥218.7 billion	(Down 8.0%)
(10) Operating revenue	:	¥205.8 billion	(UP 0.9%)
(11)Ordinary income	:	¥34.8 billion	(Down 16.0%)
(12)Net income	:	¥18.6 billion	(Down 22.8%)