

Credit Saison (8253) Announces Financial Results for the First Quarter of Fiscal Year 2016

In the term from April to June, 2016, the Company formulated its midterm management plan ending fiscal 2018, a year, for which we chose becoming "Neo Finance Company in Asia" as our managerial vision, and intensified the efforts aiming at transfer to new business models.

In addition to expansion of the customer base through acquisition of new card members, a measure to ensure sustainable growth, the Company made a range of efforts to facilitate the transfer to cashless payments in the personal consumption area by offering all kinds of means of payment, such as credit cards, prepaid cards, etc. Also, by expanding through cooperation with partner companies the selection of solution tools for corporations, the Company tackled the issue of inducing corporations to switch to cashless payments. Furthermore, we accelerated development of business models yielding new profits through development of new businesses with the leading online companies as well as through open innovations made together with venture companies. Moreover, the Company strove to strengthen our nonbank businesses such as the credit-guarantee operations and finance operations, reinforced our cooperation with the main partners through financial products tailored to fit diverse funding needs, and strove to accumulate a good-quality loans.

In the Asia ex-Japan region, the Company strove to expand its retail financial operations by entering into strategic partnership with local enterprises in Vietnam and Indonesia.

A summary of performance for each segment during the first quarter of fiscal 2016 is as follows.

1. Sales Summary

(1) Credit Services Business

Expanding card membership and customer base. Shopping transaction volume and revolving balance expanded, and the operating income was ¥5.6 billion (up 2.8% YoY).

- (1) In addition to acquisition in collaboration with partner companies of new card members such as Mitsui Shopping Park Card Saison and other products, the Company strengthened acquisition of new card members through the use of Internet and tablet terminals, and the total card members swelled by 170,000 members to 25,790,000 members.
- (2) As a result of promotion of active use of cards and wide range of payment methods including revolving repayment centering on the partner retail outlets, such as supermarkets and shopping centers, shopping transaction volume grew 4.1% YoY to ¥1.085.6 billion, while revolving balances increased by ¥10.9 billion (up 3.2% from the previous fiscal year-end) to ¥349.6 billion.
- (3) As one of a wide range of efforts to promote cashless payment, the Company vigorously promoted cards and services for corporate customers tailored to the size of the business and its needs, and new issuance of corporate cards lifted 17% YoY resulting in an increase of transaction volume by 22%.
- (4) Online membership is the bedrock of the Company's online business. This membership expanded by 310,000 to 12.82 million members, and operating revenues from Internet advertising targeting our Internet card holders increased 23.6% YoY.

- (5) In May, 2016, using the data held by the Company, together with Digital Garage, Inc. we created Saison DMP, a private data management platform targeting card members that shall ensure optimal distribution of information and offer a marketing solution to corporations. Also, in June, 2016, the Company engaged in creation of a number of new business models yielding profits from all kinds of Internet based services, one example being the launch of 'hintos', a media introducing ground-breaking services of venture companies.
- (6) In the Asia ex-Japan region, the Company made a good progress with the development of its overseas business. HD SAISON Finance Company Ltd. in Vietnam posted an increase in both the case load and the transaction volume focusing on loans for purchases of motorcycles and consumer electronics. PT.Saison Modern Finance in Indonesia strove to expand its lease business.

(2) Lease Business

In Lease Business, thanks to implementation of joint campaigns with major partner retailers and reinforcement of marketing efforts towards the new sales outlets focusing on major partners and risk control, resulting in an increase of transaction volume to ¥27.3 billion, up 6.0% YoY.operating income of ¥1.3 billion, up 3.7% YoY.

(3) Finance Business

The Company accumulated a body of good-quality loans based on strong product appeal across a diverse array of financing needs through reinforcement of close cooperation with the partners, resulting in an increase of operating income by 17.3% YoY to ¥3.8 billion.

- (1) In credit-guarantee operations, the Company made an effort to establish a framework of close cooperation with regional banks, credit unions and other regional financial institutions through free guaranteed loans, which were expanded to include also corporate loans, resulting in the number of partner institutions reaching 394 institutions (an increase of 12 institutions YoY), while guaranteed balances grew to ¥305.3 billion (up 2.5% from the previous fiscal year-end).
- (2) For Flat 35, a housing-loan product with a long-term fixed rate, the Company expanded the lineup of products offered with such products as the Saison Home Assistance Loan, a loan for various expenses required when purchasing a house, which we launched in February, 2016, which translated into the value of project reaching ¥31.8 billion (up 57.8% YoY) and the balance of loans transferred to JHFA rising 4.6% against the previous fiscal year-end to ¥371.8 billion.
- (3) For the Saison Asset Formation Loan, a loan product supporting the purchase of real estate for investment purposes, the Company worked on reinforcement of coordination with leading partners, and value of project went up 106.3% YoY to ¥22.4 billion, while total loan balance steadily expanded up 16.6% against the previous fiscal year-end to ¥147.2 billion.

2. Overview of Ordinary Income and Net Income

In terms of non-consolidated business performance, operating revenue rose 4.6% YoY to ¥57.9 billion, operating income increased 10.8% YoY to ¥11 billion, and ordinary income increased 11.6% YoY to ¥12.7 billion. On consolidated base, on the other hand, due to the fact that in the corresponding period of last year, in Real Estate Related Business there has been a temporary gain on sales resulting from large sales of real estate following implementation of the reconstruction plan for Atrium Co., Ltd., a consolidated subsidiary company, which created a reactionary decline for this year, and also due to some other factors, operating revenue declined 1.9% YoY to ¥67.5 billion, operating income dropped 16.2% YoY to ¥12.4 billion, ordinary income decreased 13.3% YoY to ¥15.3 billion, and quarterly net income went down 10.8% YoY to ¥11.2 billion.

The Company published its forecast for business results the full 2016 fiscal year on May 13, 2016. These forecasts remain unchanged at ¥278.0 billion for operating revenue, ¥42.0 billion for ordinary income and ¥35.0 billion for net income.

(References) Non-consolidated results for Q1, fiscal 2016

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| (1) New card members acquired | : | 770,000 | (down 6.5% YOY) |
| (2) New cards issued | : | 620,000 | (down 3.4% YOY) |
| (3) Total No. of card members (Online membership) | : | 25,790,000 (12,820,000) | (net increase of 170,000 members from end of previous fiscal year) (net increase of 310,000 members from end of previous fiscal year) |
| (4) Active card members | : | 14,700,000 | (net decrease of 70,000 members from end of previous fiscal year) |
| (5) Shopping transactions volume | : | ¥1,085.6 billion | (up 4.1% YOY) |
| (6) Shopping revolving credit balance | : | ¥349.6 billion | (up 3.2% from end of previous fiscal year) |
| (7) Card advance transaction volume | : | ¥66.7 billion | (down 4.5% YOY) |
| (8) Card cash advance balance | : | ¥217.5 billion | (up 0.4% from end of previous fiscal year) |
| (9) Operating revenue | : | ¥57.9 billion | (up 4.6% YOY) |
| (10) Ordinary income | : | ¥12.7 billion | (up 11.6% YOY) |
| (11) Q1/FY 2016 Net income | : | ¥9.3 billion | (up 23.7% YOY) |