# Message from the COO

## Leveraging the DNA we have inherited to manifest our worldwide presence as a “GLOBAL NEO FINANCE COMPANY”

Katsumi Mizuno

Representative,
Executive President and COO

### Our vision for 2030

In May 2024, at the same time that we unveiled the New Medium-term Management Plan (hereafter, the New Medium-term Plan), we adopted the idea of becoming a “GLOBAL NEO FINANCE COMPANY—A global comprehensive life services group with finance at the core” as our vision for 2030. This is in keeping with the concept of an integrated lifestyle industry advocated by the late Seiji Tsutsumi, who led the Saison Group. However, modern consumer preferences and business practices differ greatly from how they were back then, when digital technology had not become as mainstream as it is now. In this context, we would like to build a “Saison Partner Economic Zone” through flexible partnerships that are not limited to the domain of finance, and propose tools to solve our customers’ problems. However, the expansion of such tools in all areas is ultimately connected by the financial function of “payment.” In addition to the expertise we have accumulated over the years, we will improve our capabilities as a group specializing in finance and payment by enhancing the wide range of financial functions that surround payment, thereby expanding the range of services we can provide as a finance company. In addition to our recent alliance with Suruga Bank Ltd. to incorporate banking functions, we are pursuing business alliances in individual functions, such as securities functions with Daiwa Securities Co. Ltd. and consulting functions for life planning with Sony Life Insurance Co., Ltd.

We began our Vision with the word “Global,” not only because of our fervent belief that sustainable corporate growth requires constantly taking on challenges and undertaking reforms in the face of Japan’s shrinking economic market, the result of its declining birth rate and aging population, but also due to our confidence in the remarkable growth of our global business, which supports our desire to address the world’s problems on a global scale.

### Plotting out our business portfolio over the medium to long term

With regard to the GLOBAL NEO FINANCE COMPANY business portfolio, when the president was appointed in 2021, we envisioned a business portfolio with a 3:3:3:1 ratio structure for the Payment, Finance, Global, and new businesses, respectively. However, in last year’s integrated report, we supplemented this with the potential for our Global Business to expand to 50% from a long-term perspective and the possibility of a “3:3:3:3” ratio structure due to the growth of new businesses, including that of affiliated companies. Notably, considering the recent strong response to our Global Business, I feel that there is a strong possibility

that the Global Business will finally reach "5" during the period starting in FY2027, for which we will formulate the next Medium-term Plan. In any case, however, we do not envision a business portfolio in which any one business stands out, but one in which each business grows and expands in scale, while engaging in friendly competition.

With regard to new businesses, we will continue to improve our structure to provide our customer base of approximately 35 million customers with a one-stop shop for products and services best suited to solve their problems. I would like to continue exploring various options for new businesses, such as considering business alliance partners and areas to enhance, as well as moving forward by bringing businesses in-house.

### Hitting our business profit target for the previous Medium-term Management Plan one year ahead of schedule

After FY2018, when business profit was ¥52.2 billion, the growth certainty of the business slowed due to the impact of the COVID-19 pandemic, and business profit for FY2021 reached ¥52.3 billion. Amid those circumstances, the previous Medium-term Plan, which began in FY2022, set a business profit target of ¥70.0 billion for the final year (FY2024), but we viewed it as quite a challenge. However, thanks to the thorough implementation of structural reforms while developing businesses in line with the new normal and the efforts of all employees, we were able to reach business profit of ¥71.9 billion in FY2023, achieving our goal one year ahead of schedule amid the economic recovery trend since the COVID-19 pandemic. In addition to our successful efforts to bulk up our businesses through structural reforms, our Group companies have reformed their business models and contributed to earnings, which has contributed significantly to revenue. I believe that our domestic businesses have firmly developed their "earning power." When I took office as Executive President in March 2021, I disseminated the urgent message that our company might decline if we did not properly implement reforms. I made efforts to travel all over Japan to talk with many of our employees as well. It is my assessment that the understanding of the need for reform has spread throughout the Company, and our employees have done their best, which resulted in our FY2023 performance.

### Formulating the New Medium-term Management Plan

In the New Medium-term Plan, starting in FY2024, we have set a business profit target of ¥100.0 billion for FY2026, three years later. At the same time, we will raise ROE to 9.5% and break the status quo, with a PBR below 1. The most significant factor will be continuing our efforts to strengthen our earning power.

In the New Medium-term Plan, we touted four priority themes: (1) Thoroughly bulk up domestic businesses; (2) Utilize banking functions to accelerate each business, and strengthen financial functions; (3) Evolution of unique global development starting from India, and bidirectional fusion between Japan and overseas; and (4) Business strategy-linked employee growth and strengthening of management base.

As for global expansion, about 10 years have passed since we began the Global Business, and the business foundation is finally in place. In particular, our business in India has shown remarkable progress, taking advantage of the country's dynamic growth. I firmly believe that the next advancement in our company's growth will come from the horizontal deployment of our Global Business, starting from this country. We also ventured into Mexico and Brazil in FY2023, and are conducting research in Africa as one of the markets that shows promise as well. To further expand our global business, we will target markets with large populations, where economic growth is showing promise and digitalization is making further progress. I would like to achieve further business growth by expanding into new areas while maintaining bases in the three regions of ASEAN, India, and South America.

On the other hand, looking at our current business structure, our domestic businesses accounted for approximately 90% of our ¥71.9 billion in business profit in FY2023. In terms of looking ahead to future growth on a global scale, it is essential for us to maintain a stable revenue base in Japan. While firmly strengthening and growing our domestic businesses, we will allocate our growth investments globally, keeping an eye toward 2030 and beyond.

Looking at the domestic business environment, our competitors, such as financial institutions and telecommunications carriers, have also launched economic zone concepts. What sets us apart from our competitors, however, is that we do not promote a customer retention strategy based on points. Even if we were to invest in ways to get customers that revolve around points, consumers who value points, also known as bargain hunters, do not really stick around. In Japan—a shrinking market with a declining birth rate and an aging population—I believe that measures for boosting the loyalty of highly "sticky" customers will be effective, and I would like to expand a flexible economic zone that can solve the problems of such customers. We are lucky that many people think of the Saison Group as "kind of likable," which is very fortunate. We will steadily move forward with our brand strategy, without being carried away by the trends of the day, so that we can continue being a brand that people associate with being somewhat stylish and progressive.

### Risk awareness

We expect cashless payment to continue to grow in Japan in the future. While we do not perceive much business risk in terms of the size of the market, it is important to control both financing and payments to ensure a solid profit margin. At the same time, we are strengthening our cybersecurity as a company that handles personal information, based on our awareness that increasingly sophisticated cyberattacks can be a matter of life and death.

In overseas markets, although we are not particularly worried about economic growth in the Global South, we always assume risks because the interest rate environment, exchange rates, and changes to laws and regulations can be growth inhibitors. With regard to Kisetsu Saison Finance (India) Pvt. Ltd., our company in India, we received investment backing from Mizuho Bank, Ltd., and have built a group governance structure that enables us to anticipate future regulatory trends and issues that might be raised in audits. While Mexico and Brazil have not yet reached that stage, we would like to improve governance by including outside members on the Board, using the example of India for reference.

### Dialogue with employees

I am now enthusiastically promoting dialogue with employees regarding the New Medium-term Plan we announced in May. In the first quarter, we held about 10 information sessions where I explained the overall outline of the New Medium-term Plan to about 300 employees, mainly at the level of general managers and managers, then took questions from them and interviewed them about issues faced by their respective departments. Beginning in July, I will engage in similar dialogue with each Group company while making requests about the roles I expect them to play and other such matters. From the second half of the fiscal year onward, I will engage in realistic dialogue with as many employees as possible, even those below the rank of chief. I believe it is very important to make these efforts in the first year of the Medium-term Plan.

To reliably achieve the numerical targets we set forth this time, we would like to further strengthen our earning power above all else, and ensure that we will achieve ROE above 10% in the next Medium-term Plan for FY2027 and beyond.

### A corporate culture in which diversity thrives

As multiple businesses have developed, a corporate culture that embraces the value of diversity seems to have naturally come to life. The Board of Directors also works to incorporate the perspectives and knowledge of its diverse membership to enhance the corporate value of the Company. This company does not need people whose approach excludes different cultures. It is essential to proceed by accepting the diverse opinions of various personnel and applying them to one's own business and work.

### Our human resource strategy

In the New Medium-term Plan, our future human resource strategy is to develop human resources with specialized skills and knowledge in four areas—financial payment, real estate, digital, and global—by 2030. We will promote initiatives to enable employees to gain fresh expertise and knowledge in a new value system through active reassignment, not just for mid-career employees but also for personnel who have been doing the same kind of work for many years. Through personnel exchange and staffing arrangements, we hope to develop a workforce that combines both diversity and specialized skills.

In addition, expanding compensation is an important factor in attracting and retaining talented personnel. In the previous Medium-term Plan, we were able to achieve our target one year ahead of schedule, so we returned more than 500,000 yen to all employees across the board, from directors to general employees, as end-of-fiscal-year bonuses. It is vital to reward achievements and to make assessments that are commensurate with performance. At the same time, however, as Finance and Payment are completely different businesses, we recognize that organizing compensation structures for each business division and for specialized personnel will be a challenge going forward.

Regarding digitally savvy personnel, we define them as Tier 1 through Tier 3, with the most professional Tier 1 personnel currently numbering 150. Under the leadership of Kazutoshi Ono, CDO and CTO, who manages the company with the engineers' feelings in mind, the retention rate is surprisingly high for the tech industry, with almost no personnel quitting the company. To expand the number of personnel with digital technology backgrounds, we have set a goal of increasing our Tier 3 digital workforce to 1,000 people, and at present, we have developed a firm foundation, with such personnel numbering just under 400 people*. We expect them to be very strong assets to our DX over the medium to long term.

* As of July 31, 2024

### A message for stakeholders

Having achieved our business profit target one year ahead of schedule in the previous Medium-term Plan, we now have renewed confidence that we can finally return to a full-fledged growth path, including earning power. In the past, it has been difficult to steer the company onto a growth path due to problems with core systems and the COVID-19 pandemic. Our PBR still remains below 1. We would like to return PBR to a healthy state as soon as possible, while achieving the numerical targets of the New Medium-term Plan. In addition to proactive information disclosure through IR activities, I myself intend to increase opportunities to engage in dialogue with institutional investors and enthusiastically explain any gaps in perception with the capital markets.

Looking back on our history, we have a unique philosophy and a track record of contributing to society while achieving business growth, such as taking credit cards—which had been, at first, tools possessed by the sort of people who had worked for years at publicly traded companies—and opening them up to women and young adults. The businesses we are currently engaged in on a global scale are being developed based on the same philosophy as the businesses we have operated in Japan up to now. More than economic benefits to the Company, the desire to develop the economies of the regions in which we operate, improve the lives of the people living in those regions, and solve the problems they face is rooted in our DNA. Going forward, we will continue to pursue sustainable growth while contributing to the environment and society through our businesses, in addition to our important responsibility as social infrastructure to operate 24 hours a day, 365 days a year, in a safe and secure manner. I hope that you will all continue to have expectations for Credit Saison and ask for your continued support.

# Retrospective Overviews of Past Medium-term Management Plans

FY2023 was the second year of our three-year Medium-term Management Plan for which the was "Transformation into a comprehensive life services group - Achieving customer success by fusing the real and digital worlds -." Under this plan, our Group has been working as one to achieve our key policies of "establishing a Saison Partner Economic Zone and reinforcing cooperation among the Group's companies," "revitalizing the Payment Business," "promoting the healthy growth of the Finance Business and expanding into new fields," and "accelerating Global Business development." As a result of these efforts, we reached our business profit target of ¥70.0 billion a year earlier than planned, so we formulated a New Medium-term Management Plan.

## FY2016 to FY2018

[ FY2018 Results ]

| | |
|---|---|
| Business profit (IFRS) | ¥52.2 billion |
| EPS | ¥186.8 |
| Shareholders' equity ratio | 15.3% |
| ROE | 6.2% |

## FY2019 to FY2021

[ FY2021 Results ]

| | |
|---|---|
| Business profit (IFRS) | ¥52.3 billion |
| EPS | ¥226.4 |
| Shareholders' equity ratio | 15.6% |
| ROE | 6.5% |

## FY2022 to FY2023

**Transforming into a comprehensive life services group**
**Achieving customer success through the fusion of the real and digital worlds**

| [ FY2024 Targets ] | | [ FY2023 Results ] |
|---|---|---|
| Consolidated business profit | ¥70.0 billion | ¥71.9 billion |
| EPS | Over ¥300 | Over ¥453 |
| ROE | Approx. 8% | 11.2% |
| Shareholders' equity ratio | Approx. 15% | 16.3% |

Achieved one year ahead of plan

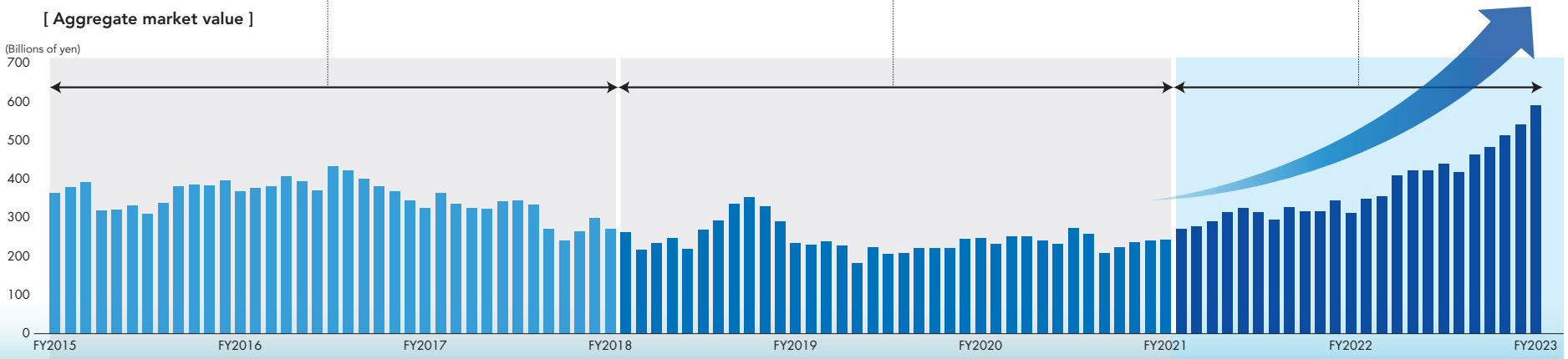
| [ FY2021 Results ] | | |
|---|---|---|
| Dividend | ¥55 | ¥105 |
| Payout ratio | 24.3% | 23.2% |

Increased dividends

**Results**

- Steady growth of domestic businesses (Payment Business, Finance Business)
- Launched collaboration with Suruga Bank Ltd. to diversify and reinforce financial services
- Built foundation for dramatic Global Business growth

**[ Aggregate market value ]**




**Aim to achieve our vision for 2030 and establish the Saison Partner Economic Zone**

# Our Vision for a 2030 and the Saison Partner Economic Zone

## Our vision for a 2030 GLOBAL NEO FINANCE COMPANY

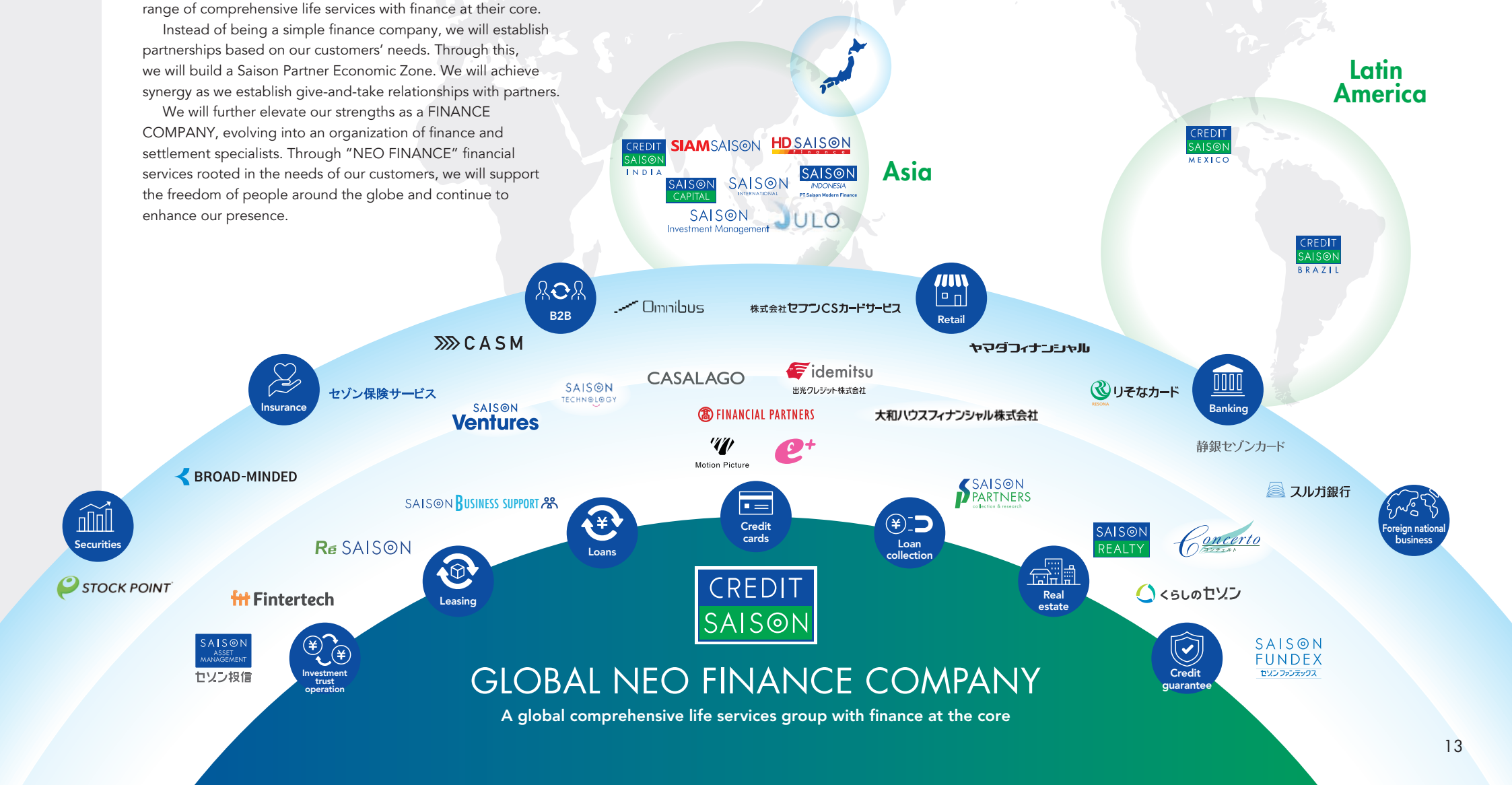
The GLOBAL NEO FINANCE COMPANY that the Credit Saison Group aims to become by 2030 is a Group that offers a wide range of comprehensive life services with finance at their core.

Instead of being a simple finance company, we will establish partnerships based on our customers' needs. Through this, we will build a Saison Partner Economic Zone. We will achieve synergy as we establish give-and-take relationships with partners.

We will further elevate our strengths as a FINANCE COMPANY, evolving into an organization of finance and settlement specialists. Through "NEO FINANCE" financial services rooted in the needs of our customers, we will support the freedom of people around the globe and continue to enhance our presence.

**Main related materialities**

- Achieving sustainable growth and improving corporate value through sound corporate management
- Creating human resources and an organization where each person can fulfill an active role in their own way
- Enriching our customers' lives and enabling them to live happily and true to themselves
- Creating a better society through co-creation with partners
- Protecting the rich natural environment and culture that enriches life, and energizing people in the region and community



## Challenges We're Taking on to Achieve Our 2030 Targets

Our goal is to become a "GLOBAL NEO FINANCE COMPANY—A global comprehensive life services group with finance at the core -." This means that we will use the Saison Partner Economic Zone that we build through our partnerships to create global synergy while, at the same time, continuing to grow as a corporate group that provides a wide range of services.

### Group-wide initiatives for 2030

#### 01 Establish a strong presence in domestic and international target customer segments

- Develop our financial expertise, financial functions, and face-to-face channels and develop deeper approaches for reaching wealthy individuals and SMEs
- Achieve financial inclusion through the provision of financial services, primarily through the deployment of the Indian model in other countries

**Japan**

**Wealthy customers and corporate customers (sole-proprietors, SMEs*1)**

Differentiation strategy that generates cross-selling and up-selling

Finance personnel → **Individually optimized financial services** → Enrichment of functions

**Overseas**

**Underserved people*2, individuals and MSMEs*3**

Achieve financial inclusion

- Deploy the Indian model in other areas
- Financial services tailored to local needs

#### 02 Transform ourselves into a comprehensive lifestyle services with financial services at the core

- Build a human resource portfolio that can implement customer strategies and improve productivity
- Improve productivity using digital technologies and innovation

| Finance and payment | Real estate | Digital | Global |
|---|---|---|---|
| Specialized personnel | Specialized personnel | Personnel | Personnel |

**LEVEL UP** **REFINE**

| Training | Retention | Engagement |
|---|---|---|
| • Career path development for certification-holders<br>• Enrichment of internal training program | • Creation of a competitive compensation system<br>• Increased transparency of career paths | • Periodic sharing of management vision and objectives<br>• Utilization of engagement surveys |

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

- Regionally deploy an alliance model that leverages the FinTech ecosystem
- Expand business both in Japan and overseas, evolve finance-centered provision of value through bidirectional fusion of these two business segments

**Fusion of management resources such as human resources**

Japan ∞ Overseas

Main initiatives aimed at globalization of Credit Saison as a whole

**Holding of the Saison Global Summit, visits to sites in different countries, primarily by executives and general managers, training system, etc.**

### Our vision for 2030

**GLOBAL NEO FINANCE COMPANY**

**A comprehensive life services group with finance at the core**

*1 Small and Medium-sized Enterprises *2 People with insufficient access (or insufficiently convenient access) to existing financial services due to economic or geographical factors, infrastructure issues, or the like *3 Micro Small & Medium Enterprises