feature

Transforming the Group's Business Portfolio

A DNA of facing challenges and initiating reforms aimed at 2030 and beyond

We believe that for a company or business to continue to grow, it must reject the status quo, constantly taking on the challenges of instituting new reforms. Ever since it was founded, Credit Saison's DNA has consisted of manifesting that belief by turning it into action. This DNA of taking on challenges and instituting reforms extends to the other companies in the Group, linking business growth with the strengthening of the Group.

In this special feature, we will look at the example of the transformation led by Saison Fundex Corporation. This consolidated subsidiary has expanded its business scope to take on the challenges of the global business by using various trial-and-error approaches with the aim of responding more deeply and swiftly to customer and market needs. We will continue to implement business reforms like these as we work to become a GLOBAL NEO FINANCE COMPANY.

GLOBAL NEO FINANCE COMPANY

A comprehensive life services group with finance at the core

Improvement of Group strength through growth of individual businesses

Global Business

We do global lending business in India, Southeast Asia, and Latin America with the aim of realizing financial inclusion. We began these business efforts in earnest in 2014, exploring business formats as we went. As a result of these activities, we have heightened the certainty of profit creation.

Establishment of business through trial-and-error

Our DNA Locally led business operation

Global Business: A Decade of taking on challenges ›P16

DNA of facing challenges and initiating reforms

Finance Business

In addition to the growth of the Finance Business such as the credit guarantee and asset formation loan business, we have transformed the business portfolio of Saison Fundex Corporation. In May 2023, we further expanded our business foundation through activities such as initiatives performed together with Suruga Bank Ltd., with which we have a capital alliance.

Entry into the guarantee, real estate, and finance businesses

Bank alliance

The Transformation of Saison Fundex Corporation ›P19

Creation of customer-centric services

Payment Business

We have constantly kept our focus on the customer, continuously producing new innovations, as can be seen in our instant credit screening, instant card issuance, and instant card use, along with our Eikyufumetsu Points. The market environment is one of constant and dramatic change, such as the introduction of payment services from members of other industries. Through our core strategies, such as our premium segment and SME strategies, we aim to differentiate ourselves from our competitors and to expand our business.

No annual fee

Eikyufumetsu Points

Instant credit screening, instant card issuance, and instant card use

Signatureless payment

Ceaseless innovation

<Special Feature>

Global Business: A Decade of Tackling Challenges

A decade of tackling challenges and advancing

Ever since we established a regional headquarters in Singapore in 2014, we have been expanding our business to various parts of Southeast Asia, India, and Latin America, with the aim of achieving financial inclusion on a global scale. In the process of taking on new challenges, we shifted from a "time machine" strategy in which we locally applied the Japanese model to a FinTech-centered lending business, focusing on strong partnership and locally led operations. We now have more than 1,000*1 local personnel working in our global business.

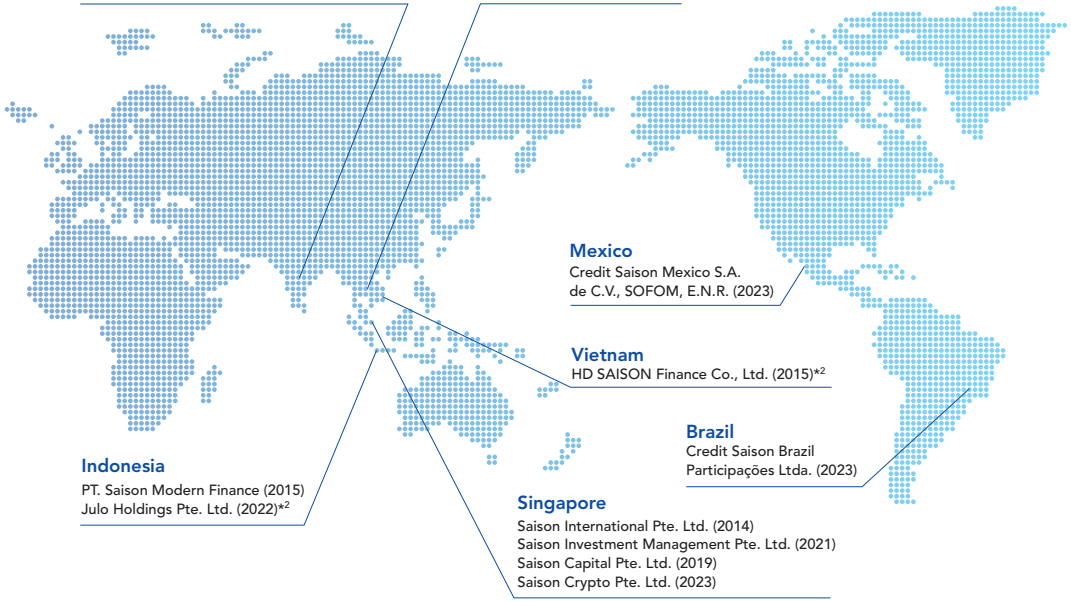
We work together as a Group to ensure that our global business, the third pillar of the Company, continues to grow.

*1 As of June 30, 2024. Consolidated overseas subsidiaries only.

Creating Opportunities Enabling Dreams

Overseas activity **7** countries

No. of companies **11**



India
Kisetsu Saison Finance (India) Pvt. Ltd. (2018)

Thailand
Siam Saison Co., Ltd. (2018)

Mexico
Credit Saison Mexico S.A. de C.V., SOFOM, E.N.R. (2023)

Vietnam
HD SAISON Finance Co., Ltd. (2015)*2

Brazil
Credit Saison Brazil Participações Ltda. (2023)

Indonesia
PT. Saison Modern Finance (2015)
Julo Holdings Pte. Ltd. (2022)*2

Singapore
Saison International Pte. Ltd. (2014)
Saison Investment Management Pte. Ltd. (2021)
Saison Capital Pte. Ltd. (2019)
Saison Crypto Pte. Ltd. (2023)

*2 Year of investment by our Group

[History of the Global Business]

2005 Established consulting subsidiary in China

2014 **Established regional headquarters in Singapore, launched full-fledged Global Business**

2015 **Established our first overseas joint ventures in Vietnam and Indonesia**

2018 **Established joint venture with Grab Inc. (Now Grab Holdings Ltd.), began digital lending business in Southeast Asian countries**

Established joint venture in Thailand with Mitsui & Co., Ltd. and Siam Cement Group

Established subsidiary in India and began lending business

Established an overseas CVC

2022 **Changed name of Singapore company to Saison International Pte. Ltd. and expanded functions as an international headquarters (IHQ)**

Invested in Julo Holdings Pte. Ltd., which operates the digital lending business in Indonesia

Established a CVC entity with a focus on investing in Web3

2023 **Entered the Latin American market establishing subsidiaries in Brazil and Mexico**

Keith Wong
Saison International Pte. Ltd. COO

I joined Saison International in 2018 as the second local member, when the "Saison" brand was less known. The unique, innovative culture of Credit Saison was the main motivation for me to join the company and the key reason why we succeeded in building many new businesses in a short time. Saison International is now the Group's International Headquarters, with 30 team members of diverse backgrounds and skill sets, working together to manage a truly multinational business. The interactions and cross-pollination among different operations have led to many new business ideas, and together with the leaders and members across the global businesses, we are constantly exploring business opportunities and preparing ourselves for the challenges ahead. I am confident we will navigate the global business through the uncertainties and bring it to greater heights, and I look forward to the next 10 years and beyond!

Kosuke Mori

Director, Senior Managing Executive Officer
Overall Global Business execution,
Head of Global Business Division,
Sustainability Dept.

Message from the Director in Charge

Saison is promoting global transformation, with the aim of spreading its wings around the world

This year marks about 10 years since the full-scale launch of the Global Business. Please reflect on the past and tell us about the strategies and goals in the New Medium-term Management Plan.

The first five years after we launched the Global Business were a repeating cycle of trial and error. We were looking to expand our credit card business overseas at the time. However, we found it difficult to bring over the Japanese model as it was because some countries require a banking license. In addition, at that time, our basic strategy was to establish joint ventures with local companies under the leadership of our Head Office, and we launched our operations in Vietnam and Indonesia based on this strategy. The turning point came in 2018, when we engaged in a joint venture with Grab, a leading ride hailing service in Southeast Asia. By coming into contact with Grab's management team, including its founder, I was able to experience the dynamism of the company's management, and learn about the speed and human resource strategies that only a unicorn company can provide. This experience became the cornerstone for the launch of our India business, which we were also pursuing at the time, and marked a pivotal moment for strategies that were locally led. In this way, we have learned numerous lessons and discovered a winning formula in the last five years.

In the New Medium-term Management Plan, we will evolve to the next stage, under the theme of "global transformation," with the aim of achieving ¥20.0 billion in business profit from the Global Business. Our global transformation means that our overseas subsidiaries develop the Saison brand worldwide through the creation of synergy, not only between their own businesses but also between countries. By doing so, they learn from one another, give back to each other, and share each company's good aspects, transcending the positions of head office and subsidiaries. I believe that this will create a foundation for the organization to continue to evolve over the long term.

Currently, in addition to scaling up our business in India, we are focusing on getting our businesses in Brazil and Mexico, which we launched in early 2023, on track. The major difference between the businesses in these two countries and the business in India at the time of launch is plentiful human resources. The level of human resources, including the International Headquarters (IHQ) in Singapore, has risen dramatically compared to five years ago. We believe that getting involved in businesses across national borders will lead to their own development, which in turn will improve the capability of the Group as a whole.

The global macroeconomic environment is changing rapidly and becoming more uncertain every day. What are your thoughts on the changing market conditions surrounding the Global Business?

For the Global Business, market conditions cannot be summed up in a single comment, as there are risks that affect the worldwide market—like pandemics—as well as country-specific risks, such as changes in policy. For example, India has room for growth in the finance market due to its growing economy, as well as its digital infrastructure, but there is always the

regulatory risk. While Brazil's economy will continue to grow, we assume that interest rates will decline as credit securitization in the supply chain continues. While Mexico has a lot of room for growth as a destination for transferring production from China, as well as high potential in terms of financial inclusion, its digital infrastructure remains underdeveloped. Basically, our business has high potential because we are operating in markets with room for expansion to underserved populations. However, we cannot respond to these sorts of country-specific risks with a standardized strategy under the direction of the Head Office. This is where local experts play a crucial role. Although India experienced a pandemic lockdown shortly after we started business operations, growth accelerated as a result of our efforts to build systems during that time. In terms of underwriting, we were able to obtain valuable worst-case data while minimizing damage due to the fact that the business was still small in scale. It was precisely because of local personnel that we were able to respond in such a flexible manner. By infusing them with the experience and expertise that our company has previously gained in Japan from overcoming restrictions on total lending and maximum interest rates, among other challenges, I believe that we will be able to prepare for any possible shocks that might occur in the future.

Please tell us about initiatives in the India business and specific measures for the future, as well as the challenges you face.

As a result of entering the market through a partnership with a local FinTech company (B-to-B-to-C), the India business has succeeded in accumulating a wide range of knowledge and data, while also reducing risks. At the same time, we have been focusing on the B-to-C model for about two years now, as we believe that entering into direct lending to end-users (direct lending) is an inevitability in order for us to sustainably achieve major growth in earnest. This year, we are pushing to diversify our products by starting to offer secured loans, which will increase our receivable balance, improve profitability, and hedge risks. In addition, we have diversified our fundraising by borrowing from local banks and issuing Non-Convertible Debentures and CP, based on the business acquiring an AAA rating from an Indian credit rating agency. Going forward, we aim to further improve growth and asset efficiency not constrained by our own balance sheet by liquidating our receivables.

In terms of challenges, the risk of regulation, which I mentioned earlier, is significant. However, we have a dedicated team in place, and a structure that enables them to respond swiftly and appropriately. People have a tendency to think negative thoughts when they hear about a high regulatory risk. However, we understand that in the case of India, the underlying goal is healthy market growth and consumer protection, and that regulation is, in fact, a necessary process from a medium- to long-term perspective.

What are your thoughts on the success of the human resources that drive the businesses in each region?

"How is Saison able to attract the best and brightest?" This is a question I am often asked. While there are many different perspectives, I believe that ultimately the important thing is the DNA of the organization. There are many other attractive companies in terms of creditworthiness and financial strength. However, many of our members chose to join us because they were drawn to our organization's DNA, which has been in place since our founding, to challenge ourselves, try new things, and think on the move. Overseas, where changing jobs is commonplace, it is, of course, important to retain each and every member. Above all, though, we believe it is important to continue to attract people who share our DNA and pass it on, even if the people change. This year, for the first time, we formulated the Global Business's own mission, vision, and values to put this DNA into words as a shared philosophy. To more effectively communicate these initiatives outside the company, we are currently focusing on branding and communication.

You also serve as the Chairperson of the Sustainability Committee. Please tell us about the recent changes in the environment surrounding sustainability, as well as Credit Saison's specific initiatives and achievements.

Providing financial services to underserved populations—an initiative we are developing in the Global Business—is widely recognized as financial inclusion, which is also necessary to achieve the SDGs. In other words, the Global Business itself has a positive impact on society. I am responsible for the Global Business, am the Head of the Sustainability Department, and serve as the Chairperson of our Sustainability Committee. I oversee the sustainability of the entire Group and aim to enhance our corporate value by strengthening our external communication.

As for initiatives related to the Global Business in FY2023, the Group's first Impact Report was published in November by the Impact Team formed at Saison International. We also established the Social Impact Promotion WG within the Sustainability Committee, with one of the Impact team members also serving as the head of the WG, thereby promoting integration between the head office and overseas subsidiaries. In terms of addressing climate change, our first initiative is to measure the CO_2 emissions of our Indian subsidiary for the first time, which we plan to disclose in FY2024.

Sustainability is now one of the factors that investors consider when selecting a company, and there are an increasing number of initiatives that publicly listed companies need to take. We will continue to create social value through our business, and at the same time, we will continue to actively disseminate those efforts.

<Special Feature>

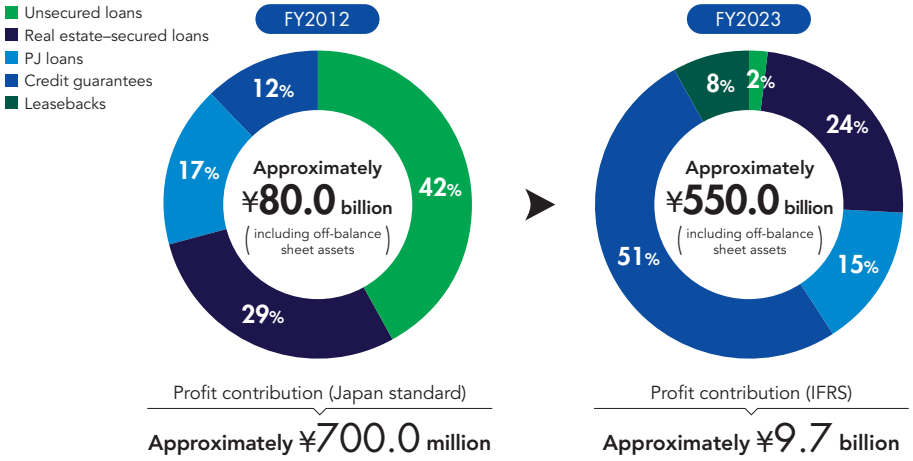
The Transformation of Saison Fundex Corporation

Since its establishment in 1984, Saison Fundex Corporation, a consolidated subsidiary of the Company, has been striving to develop its business in line with the changing times and customer needs, and has achieved a business transformation from unsecured loans (credit card loans) to a business portfolio centered on real estate finance.

At present, we are working to expanding our business through continuous innovations such as promoting assurance engagement alliances with financial institutions and developing the real estate solutions business by leveraging our business model, credit expertise, and discerning ability to assess the value of real estate, which we have cultivated through our loan-based real estate collateralized loan business and real estate finance business.

Our mission is to solve our customers' financial problems. We will continue to leverage our unique strengths as a specialist in "real estate crossed with finance" in order to meet their diversifying financial needs accurately and flexibly, and to achieve new financial solutions.

[Trend in composition of assets balance]



Profit contribution (Japan standard)

Approximately ¥700.0 million

Profit contribution (IFRS)

Approximately ¥9.7 billion

For answers to your financial problems.

Yoshiaki Miura

Saison Fundex Corporation
President and Representative Director

Our customers have diverse financial needs. The number of financial institutions in Japan—including megabanks, regional financial institutions, and agricultural cooperatives—exceeds 1,400, and we can receive stable financial services on a daily basis, thanks to the network of branches across Japan. However, there is no end to the number of inquiries about not being able to get a bank loan or not being able to get a loan in time because of the time it takes for the screening process. We at Saison Fundex Corporation have been providing faster and more in-depth financial services to those in financial trouble, as well as optimal solution services to our customers.

In addition to providing financial solution services to customers who are unable to obtain loans from banks and other financial institutions by utilizing our high level of expertise in real estate finance, our credit guarantee business—which we launched in 2010 in partnership with a regional bank—has grown rapidly due to its reputation for our individualized screening approach to meet the detailed needs of the market. Credit guarantee balances in FY2024 will exceed ¥350.0 billion, and at present, the number of financial institutions with which we are affiliated is continuing to increase.

Our leaseback business, which we launched in 2017, has become one of the industry's leading companies and is often used for daily life solutions by elderly households who need money in old age. In 2023, we made Fundex Servicing Co., Ltd. into a subsidiary and entered the servicing business. We are making the best use of our real estate servicing collection expertise in the loan business to aim for a more in-depth screening system.

In this way, the Company has been able to meet diversifying customer needs through a unique screening system, product development, and promotions, leveraging our experience in real estate finance and consumer finance. We have expanded the scale of the business, even as the industry has shrunk since the revision of the Money Lending Business Act. The scale of our business (operating assets) has increased sixfold over the past 10 years to nearly 10 times the level of our previous plan, and we expect to reach ¥7.0 billion in net income in FY2024, with a target of ¥10.0 billion in net income in our New Medium-term Plan.

As Japan's population ages, market needs are expected to shift to more personalized products. Passing on property, businesses, and other assets to the next generation has become a social issue. As part of the Credit Saison Group, we strive to provide comprehensive lifestyle services through the financial business to help our customers lead fulfilling lives, and we will continue to transform our business model so that our financial services are a familiar presence in life's emergencies and in important business activities.