

# **Financial Results**

## **Briefing for the First Half of FY2023**

**November 10,2023**

**Credit Saison Co.,Ltd.**

**Securities Code: 8253**

### **Credit Saison Co., Ltd.**

Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024

November 10, 2023

## Presentation

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**Moderator:** Good afternoon, ladies and gentlemen. Thank you for taking time out of your busy schedule today to participate in this conference call for Credit Saison and its financial results for H1 of the fiscal year ending March 31, 2024.

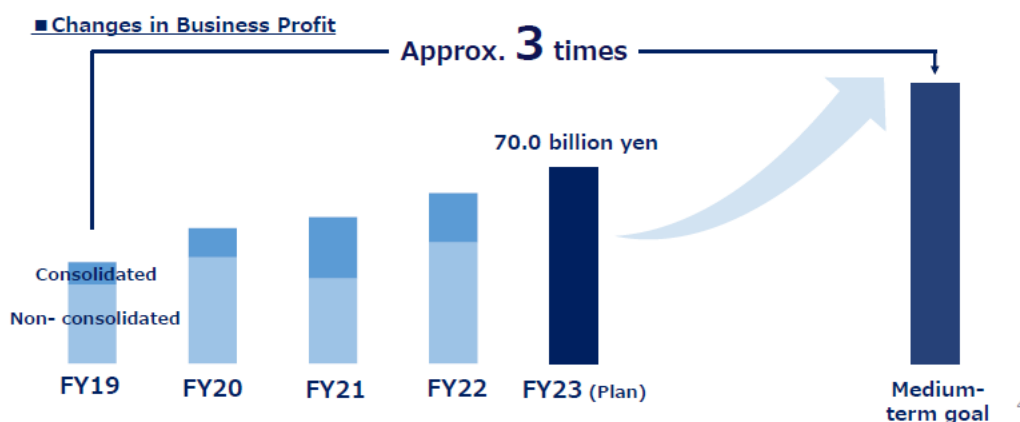
On today's conference call are, Katsumi Mizuno, Representative, Executive President and COO, Masaki Negishi, Managing Executive Officer, CFO.

COO, Mizuno, will now give a 20-minute presentation on growth strategies and capital measures for each business. After that, CFO Negishi will give a 5-minute presentation on the H1 financial results, followed by a Q&A session. The entire meeting is scheduled to last 60 minutes. Please refer to our IR site for the presentation materials.

Let us begin our explanation. President Mizuno, please go ahead.

**Mizuno:** My name is Mizuno from Credit Saison. Thank you for your time today.

As all Group companies move forward with transformation, we **aim to achieve more than 100.0 billion yen in business profit**



Page four of the document is the growth story.

The current medium-term management plan has set a goal of achieving the initial plan one year ahead of schedule, and the financial results have considerably increased the certainty of achieving this goal.

The next medium-term management plan will be officially announced in May 2024. In this context, we would like to make it a cornerstone that all group companies promote transformation and aim to achieve business profits of approximately JPY100 billion or more in the medium term.

As shown in the graph regarding the transition of business profit, we would like to achieve a business profit that is approximately three times that of the pre-COVID level.

## From Transformation to Growth

### Portfolio Transformation

- ✓ Promote diversification of businesses that do not rely on the payment business

**Growth of global finance affiliates**

- ✓ Review strategy for payment business

### Develop more “muscular” business structure

- ✓ **Improve efficiency by promoting reallocation of resources and digitalization** in line with transformation of the business structure



Aim for more than 100.0 billion yen in business profit

**Regrowth phase**

5

Page five, the current medium-term management plan, focuses on two main areas: portfolio transformation and muscularization of the business structure.

With respect to portfolio transformation, we have been promoting diversification of our business without relying on the payment business, mainly in the areas of finance, global operations, and growth of affiliated companies. We have revised our strategy for the payment business, another pillar of our business, and intend to develop it under a more muscular structure.

In line with the shift in our business structure toward a more muscular business structure, we have made considerable progress in reallocating our human resources, in particular, in the current medium-term management plan. In addition to this, we have been improving efficiency through the promotion of digitalization. The CSDX strategy will be implemented with the aim of maximizing the effects of DX by making the best use of the resources we have within our company or by making good use of knowledge from outside sources. We believe that we are finally entering a phase of renewed growth by aiming to achieve consolidated business profit of over JPY100 billion.

## Main Points of the Regrowth Phase



- 01** Accelerate global business growth
- 02** Increase competitiveness of the payment business and finance business
- 03** Pursue synergies with banks and other finance functions
- 04** Realize management with awareness of capital costs and the share price

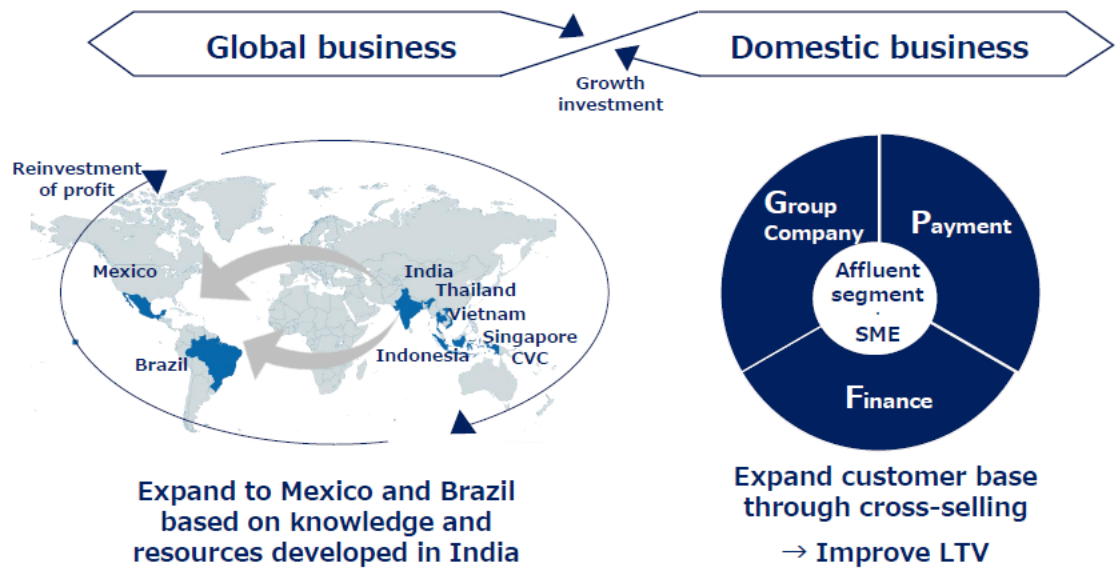
6

Page six, there are four points regarding the re-growth phase.

The first point is to accelerate the growth of our global business, which I will explain later. The second is to improve the competitiveness of the domestic business, the payment business and the finance business. Third is the pursuit of synergies with financial institutions, particularly Suruga Bank, with whom we recently announced a capital and business alliance. Fourth, we would like to promote the realization of management that is conscious of the cost of capital and stock price, partly in response to the TSE's request.

## Overall Image of Regrowth Phase

\*Details will be announced in the new Medium-term Management Plan (May 2024)



Page seven, first, is an overall image of the re-growth phase.

Global business and domestic business, simply expressed in a diagram, look like this. In particular, with regard to global operations, the company will promote expansion in Mexico and Brazil based on the knowledge and resources it has developed in India. This time, we will be developing this business in Latin America, and we would like to make a new plan for the entire world in the next mid-term business plan.

In the domestic business, we will continue to focus on the wealthy and SME customers, while aiming to expand our customer base and increase LTV through cross-selling, within the three axes of group companies, payment, and finance.

At the same time, we would like to return the knowledge we have gained from our global operations to our domestic business, and through this, we would like to promote new innovations.

## Global Business Strategy



- 01** Steadily grow into third pillar of business
- 02** Increase scalability of India business to drive acceleration of global business expansion
- 03** Launch business in current fiscal year in **Brazil and Mexico** with aim to create a second India

8

Next page, global strategy.

We also have three main objectives. The first of these is to steadily grow into the third pillar of our business. The second is to improve the scalability of the Indian business to drive the expansion and acceleration of the global business. Third is Brazil and Mexico, where we aim to become a driving force like India, and we will start operations this fiscal year.

## Status of Global Business Expansion

- ✓ Expansion of both lending business and investment business into 7 countries based on the theme of “(Fin)Tech-led INNOVATION and INCLUSION”

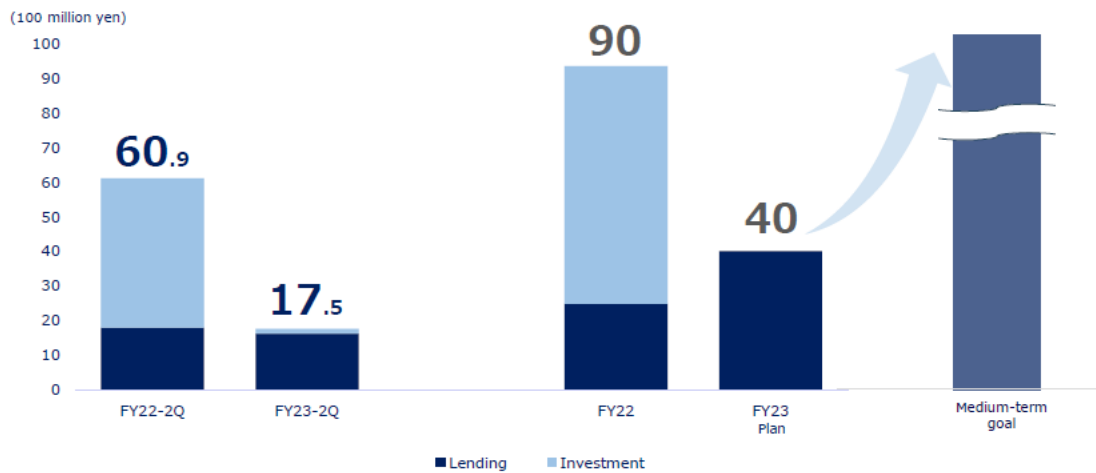


Next page, global business development.

We are currently operating in seven countries, including CVC in Singapore, and we would like to develop our business in both the lending and investment businesses, while dividing our operations between direct and offshore operations in each of the countries mentioned above.

## Changes in Business Profit

- ✓ The lending business, including India, is generally progressing in line with the initial plan
- ✓ Steadily solidify foundation for further dramatic growth in the future



10

As you will see on the next page, the lending business in India and others are generally progressing as planned at the beginning of the fiscal year.

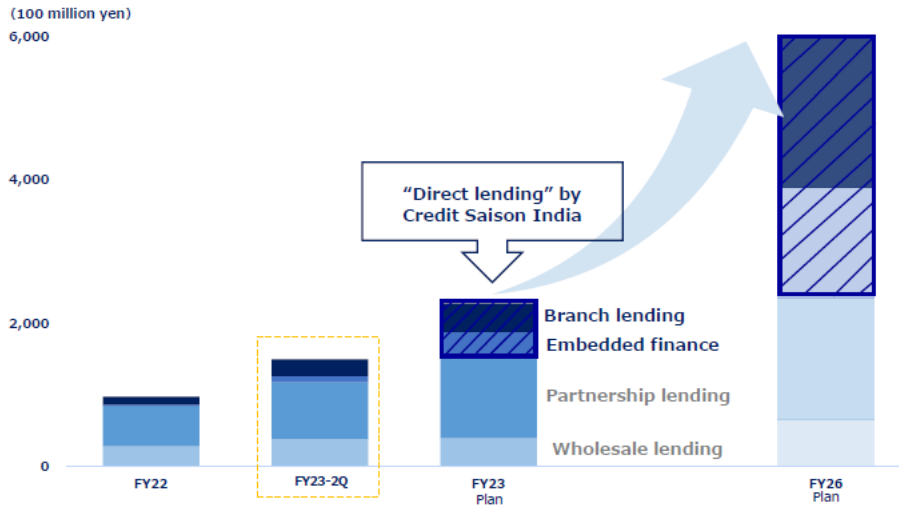
Last fiscal year, VC investments generated considerable one-time gains, but the market environment has been extremely difficult this fiscal year, and I think the lending business will be based on aiming for steady growth to some extent. In the medium term, we would like to double or even triple this scale.



## Credit Saison India



- ✓ Outstanding loans increased steadily to over 140.0 billion yen
- ✓ Aim to build up to 600.0 billion yen by 2026 while diversifying business lines



11

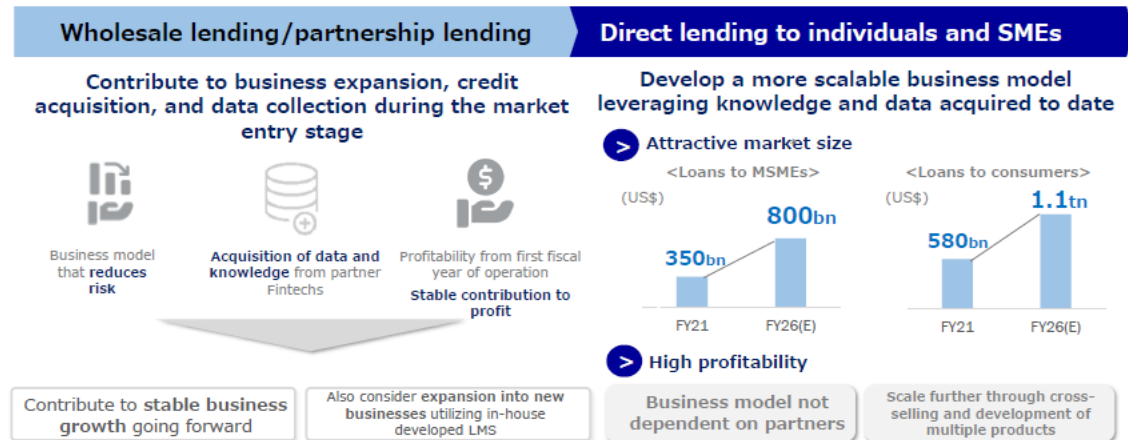
Page 11, which is an estimate by a foreign investment bank, shows that in India, the market size for micro-SME and consumer-focused lending may be around JPY200 trillion. We believe that this is a very promising market, even as we capture market growth that will probably expand significantly over the next five years.

The current loan balance, which was approximately JPY100 billion at the end of March of last fiscal year, has now exceeded JPY140 billion after Q2 and is expanding steadily. Going forward, we intend to push the scale to JPY600 billion by FY2026 while diversifying each business line.

## Credit Saison India



- ✓ Shift weight from lending based on the partnership model that has driven business expansion so far to direct lending with high scalability and build solid foundation through strategy of business line diversification



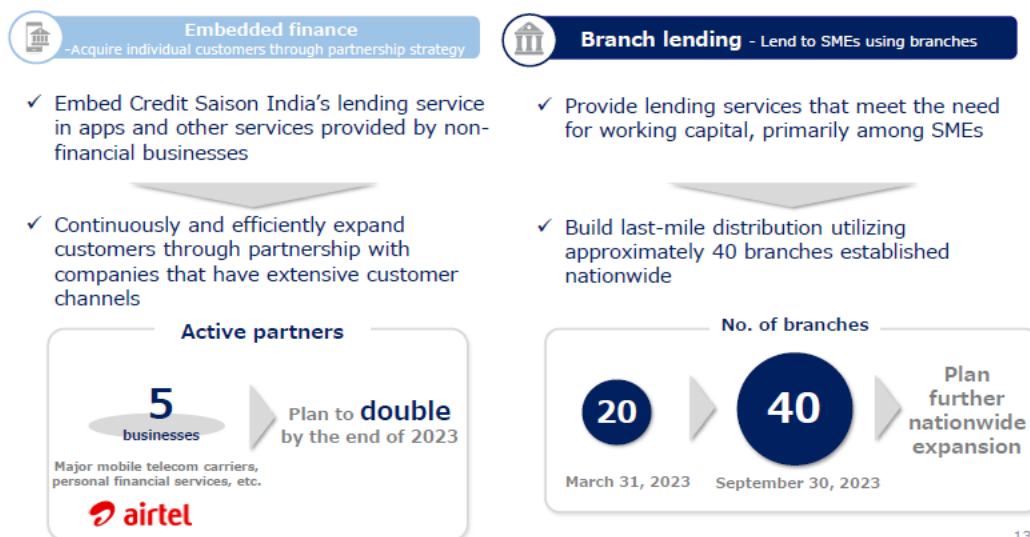
\* Bain & Company, India Fintech Report 2022

12

Page 12, the partnership model that has driven our business expansion to date is wholesale lending and partnership lending, in which we have accumulated knowledge and experience.

Since last fiscal year, we have been promoting direct lending, or so-called direct lending, to individuals and small and medium-sized businesses. The market size of both micro-SME and consumer products is expected to grow very rapidly over the next five years, and we are determined to capture the growth of this market.

## Future Growth Driver - Direct Lending Strategy



13

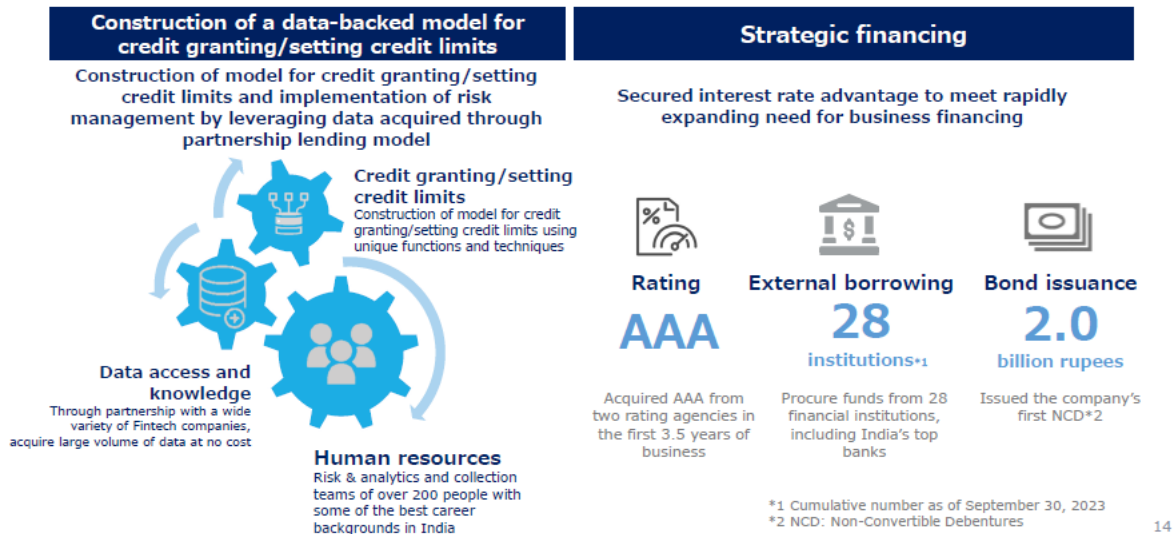
Page 13, we are currently working on two more new initiatives in these direct lending strategies in the future.

One is embedded finance. In fact, we have already started to deploy embedded loans in apps and other applications provided to non-financial companies. Currently, there are five businesses as active partners. You may see the logos of the major carriers here. We are now steadily advancing our strategy of embedding our loans in the apps of these non-financial businesses that have a large number of customers.

The other is brand lending, or lending to SMEs at branches, which we initially set a target of 40 branches by the end of this fiscal year, and as of the end of September, we had achieved 40 branches.

We are planning to expand to 80 locations next year, 120 the year after that, and about 40 locations each year, so we will continue to make good use of this kind of expansion and promote our own brand lending by combining fintech and real lending.

## Strengths of Credit Saison India



14

Although the next page will be in response to the expansion of the scale of this business, we would like to be on the defensive with credit collection and capital procurement as our two main pillars.

In terms of a credit model backed by data, we have secured top-level human resources in India. We have a staff of about 200 people for risk analysis, etc., and we have been able to develop our business with a very low risk profile. The credit function is to be strengthened by making better use of data in these areas.

On the other hand, there is the financing part. While making good use of our Credit Saison rating in Japan, we currently have a AAA rating for our subsidiary in India. We have also started external borrowing from 28 institutions and issuing corporate bonds, and since fundraising is extremely important to support this kind of growth, we will continue to pursue strategies that will allow us to proceed without delay.

## Full-Scale Expansion of Latin America Business



- ✓ Apply the India business model against backdrop of world-class economic growth and presence of Fintech ecosystem
- ✓ Promote business with cross-national "One Team" for future expansion in terms of both sales and organization

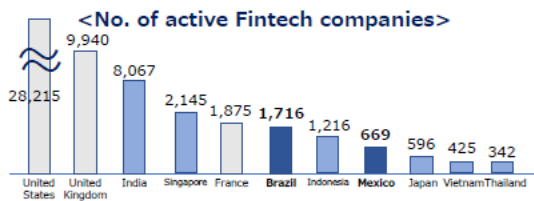
### Attractive growth potential

#### <Global GDP ranking>

2022	2030 (Forecast)	2050 (Forecast)
5 India	3 India	2 India
11 Brazil	8 Brazil	5 Brazil
14 Mexico	9 Mexico	7 Mexico

\*PwC, The World in 2050

### Increase in Fintech numbers, supported by development of laws and regulations



\*Tracxn Database

### Promote construction of foundation for full-scale business expansion

- Business promotion
  - ✓ Commence investment and financing in Brazil and steadily expand pipeline with Mexico
- System and organization
  - ✓ In addition to the local management team, in order to make maximum use of the resources cultivated in the global business, provide support from specialists in India from the perspective of credit granting/setting credit limits and risks, and advice and support from specialists at IHQ in Singapore for corporate functions
  - ✓ Build foundation for full-scale business operations in the second half and beyond through development of rules and regulations and capital increases

### Plan to steadily build up receivables by customizing the India model to match local market

Establish business while customizing the India model for local markets

Aim to be a "second India" in the medium to long term

15

Page 15, the Latin business is in full swing.

Mexico and Brazil are markets that are not so familiar to the Japanese market, but in fact, from a global perspective, they have attractive growth potential. In terms of GDP growth and fintech activity in the country, there are actually more fintech lenders than in Japan.

We are currently in the process of preparing to develop a similar model that we did in India.

In addition, we will follow up on the development of human resources with the support of our members in India, and we hope to build up a large group of human resources at an early stage.

## Payment Business Strategy



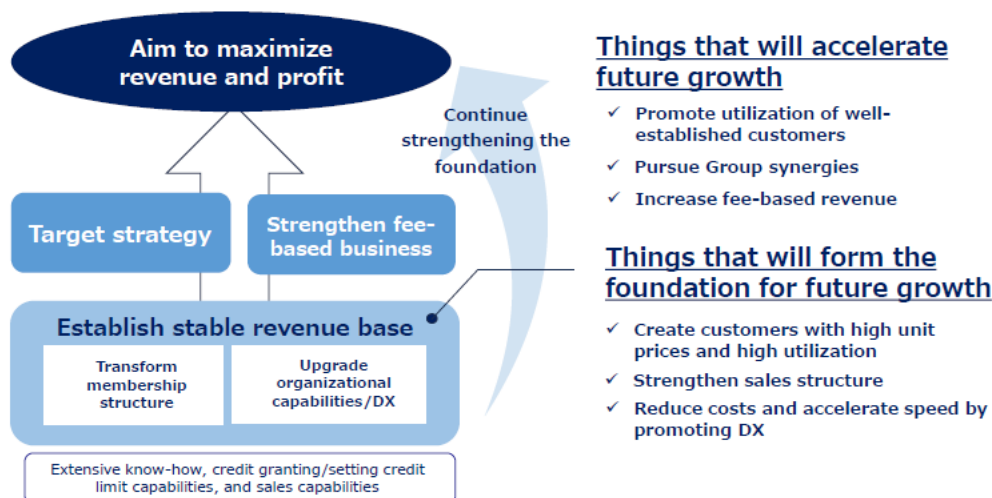
- 01** Expand from mass market (individuals) into the **affluent segment/corporate (sole-proprietors and SMEs) market**
- 02** From general cards to **premium cards**
- 03** Aim to **increase fee-based revenue**

16

Page 16, I would like to discuss the strategy for the domestic business, the payment business.

We will focus on three pillars for the revitalization of our payment business: the expansion of the mass market from individuals to wealthy individuals and the corporate market, the shift from general cards to premium cards, and the expansion of fee income.

## Basic Concept to Improve Earning Power



17

The next page is the basic concept for improving earning power. To begin with, in the current medium-term management plan, we originally announced the so-called American Express Gold Strategy, which is to secure a stable customer base and revenue base. This has been going quite well, and we are now in the process of creating high unit price and high utilization customers, strengthening our sales structure, and reducing costs through DX.

To establish this customer as something that will accelerate growth in the future. Furthermore, group synergies. We would also like to send these affluent or active users to our group companies.

Furthermore, our data shows that these premium customers may have an image that they do not use revolving payments that much. In fact, our data shows that revolving credit and cash advances are growing rapidly among customers with high utilization rates. This is also the case for the customers we are actually developing and enrolling now. We would like to bring the strategic framework to grow this area quite thick.

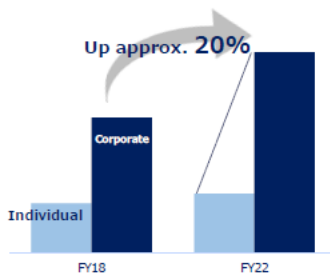
## Aim to Expand the Affluent Segment and Corporate (sole-proprietors and SMEs) Market

- ✓ Membership structure reforms have expanded the high-unit price/high-activity customer base.

### ■ Card shopping customer spending

FY22  
Corporate vs.  
individual

Approx.  
**3.5 times**



### ■ Changes in the breakdown of new issuances

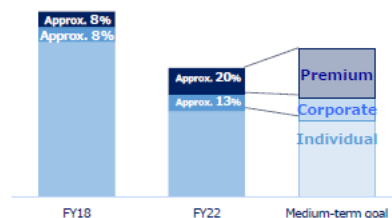
FY18→FY22

Affluent segment  
share (Premium)

Up approx. **12**  
percentage points

Corporate share

Up approx. **5**  
percentage points



### ■ Changes in the breakdown of card shopping transaction volume

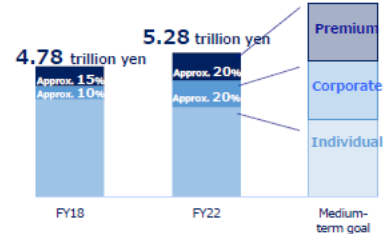
FY18→FY22

Affluent segment  
share (Premium)

Up approx. **5**  
percentage points

Corporate share

Up approx. **10**  
percentage points



18

Page 18 is about the expansion of the high-net-worth class and corporate market, and how the strategy we have been pursuing is actually expanding the scale of our business.

As for per-customer shopping, corporate customers are 3.5 times higher than individual customers. In terms of the breakdown share of new issues, compared to FY2018 to FY2022, the share of wealthy borrowers is up 12 points, and the share of corporations is up 5 points, and the breakdown share of shopping transaction volume has also increased significantly.

As of FY2022, we have secured a 20% share for wealthy individuals and a 20% share for corporations out of the approximately JPY5.3 trillion, and in the future, we intend to raise each of these shares to around 30%.

We are planning to increase the overall transaction volume with it.



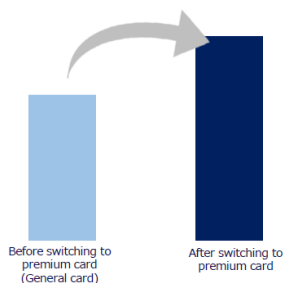
## Shift to premium cards

- ✓ Promote premium cards as the main cards through a shift from general cards to premium cards
- ✓ Further expansion of high unit price customer base by continuing to promote shift to premium cards

### ■ Customer spending before and after switching to premium card

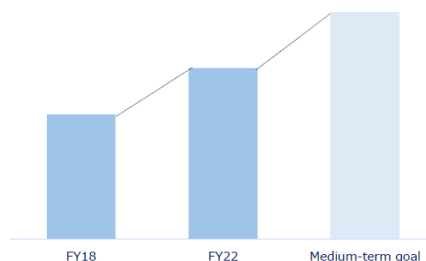
Customer spending after switching (annual average)  
Up approx. **40%**

\*SAISON GOLD Premium



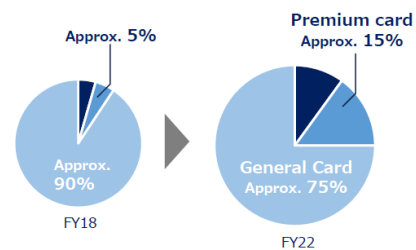
### ■ Changes in share of members spending at least 1 million yen a year

FY18→FY22  
Up approx. **30%**



### ■ Percentage of cardholders

FY18→FY22  
Premium card share  
Up approx. **10 percentage points**



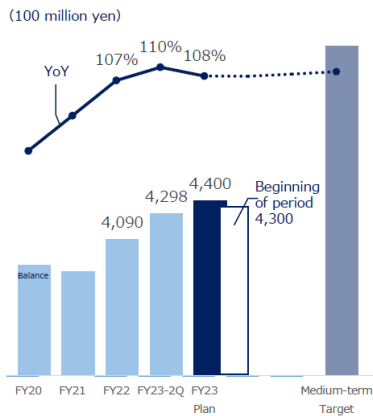
Page 19 is about the shift to premium cards. After the switch to premium cards, the average unit price usage has increased by about 40%, and the membership share of customers who spend more than JPY1 million per year has increased by 30%, and the overall membership composition has increased by about 10% for premium cards.

## Increase Fee-based Revenue

✓ Continue promoting various measures aimed at stable expansion

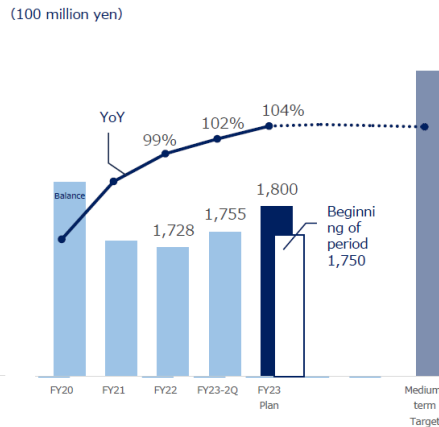
### ■ Changes in card shopping revolving balance

Aim for all-time high balance



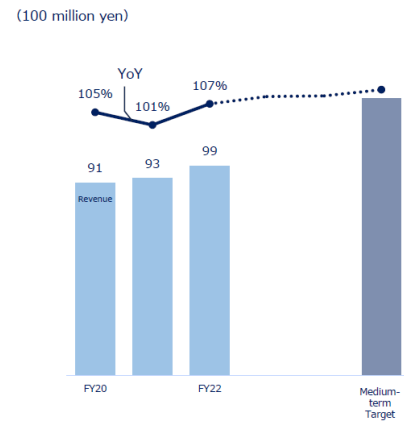
### ■ Changes in cash advance balance

Move away from trend of decline toward growth



### ■ Other fees (annual fees)

Contribute to profit through steady growth



20

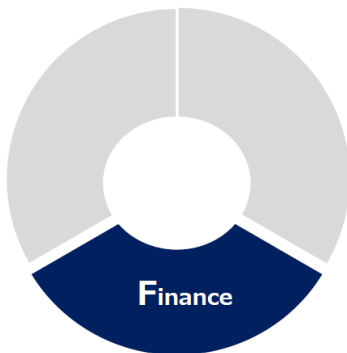
The next page shows the expansion of fee income, which is actually divided into three categories: revolving credit, cash advances, and other fees.

As for shopping revolving credit, we have already bottomed out from the FY2022 pandemic situation, and the balance is now approaching a record high level. In the future, we would like to increase this scale to about 1.5 times the current scale.

As for the cash advance balance, as I mentioned in my previous financial report for H1, the balance has already bottomed out since May of this year, and as of now, the balance is steadily increasing. The plan is to expand this balance by 1.5 times in the future.

In addition, we are now expanding sales of premium cards, as I mentioned earlier, as well as other fees in the context of expanding sales of the American Express brand. The main component is annual membership fees, which are also growing steadily, and we would like to develop this as the third pillar of fees. We plan to expand the scale of this project by 1.2 to 1.5 times.

## Finance Business Strategy



- 01** Aim for further growth phase by expanding **business domains** through entry into **secured** business in addition to the traditional **non-secured** business
- 02** Expand from **personal loan** products to products for **business people, seniors, and corporations**  
Transition to operations based on both **“balance expansion”** and **“asset efficiency”**

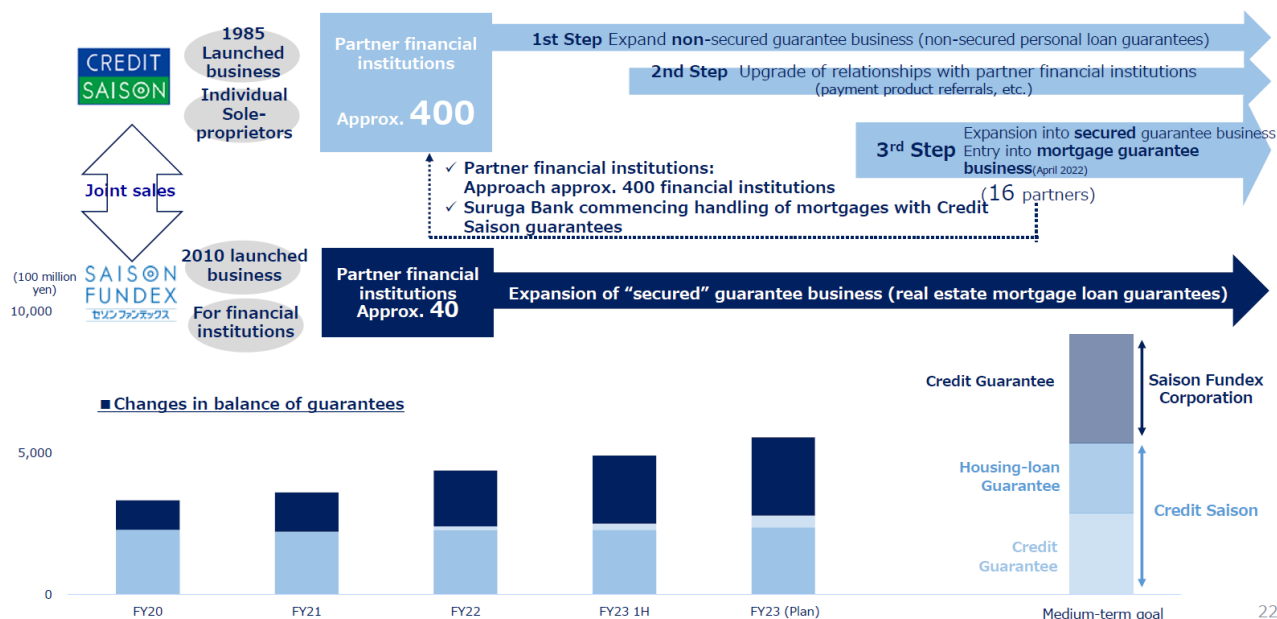
21

Next is the finance business.

There are two pillars to this, and our finance business has traditionally focused on the unsecured area. By entering the secured market here, we hope to first expand our business domain and bring it to a further growth phase.

On the other hand, we would like to expand our products from those for individuals to those for businesspersons, seniors, and corporations, and to operate in a way that also raises both balance expansion and asset efficiency.

## Expansion of Guarantee Business



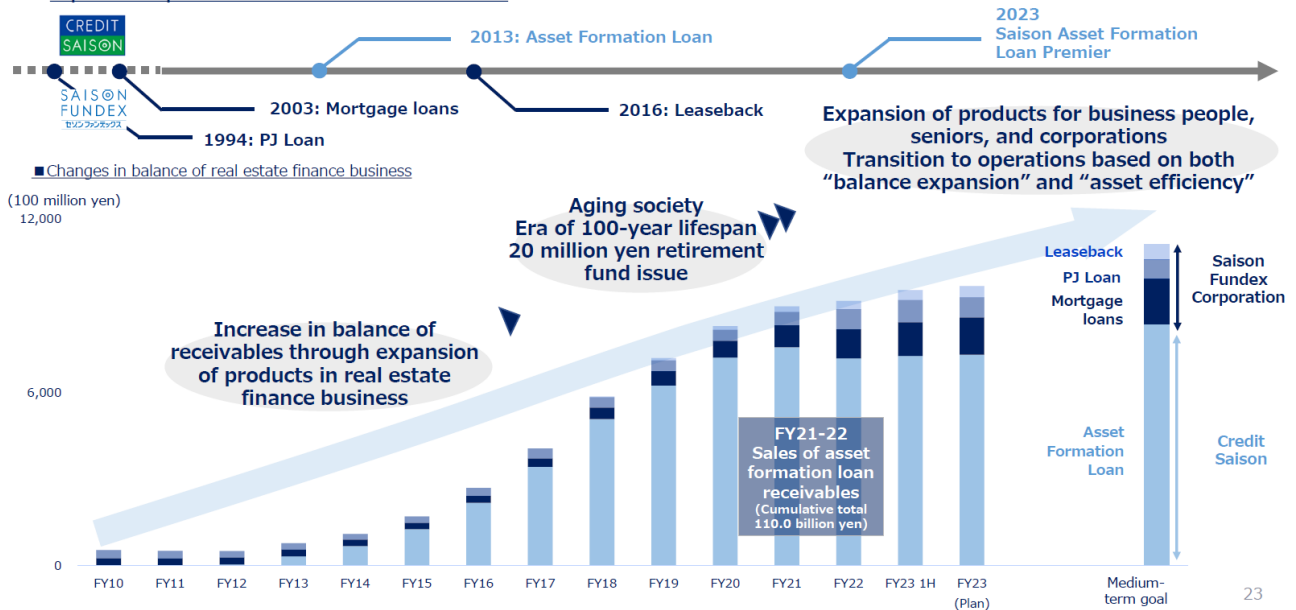
The next page is the expansion of the guarantee business in the secured area.

We have been in the credit guarantee business since 1985 and have about 400 partner financial institutions. Below that is Saison Fundex. This company started its credit guarantee business in FY2010. We have about 40 partner financial institutions, and while we have focused on unsecured loans, Fundex has developed its business mainly through secured loans.

As mentioned in our third step, we entered the secured guarantee business and mortgage loan guarantee business in April 2022, and by sharing our know-how with Saison Fundex, we intend to further expand this business area.

## Growth of Real Estate Finance Business

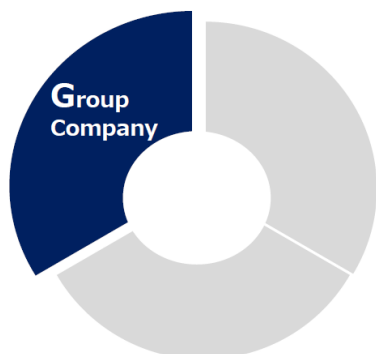
### Expansion of products in real estate finance business



Page 23 is the growth of the finance business.

Although the balance has been growing steadily, the medium-term goal of the Company and Saison Fundex together is to achieve steady growth, including asset formation loans and other loans, as shown in the table here.

## Group company



Pursue synergies between **payment/finance businesses** operating in Japan and **financial functions including banks**



**Bank**



**Asset Management**



**Financial Planning**

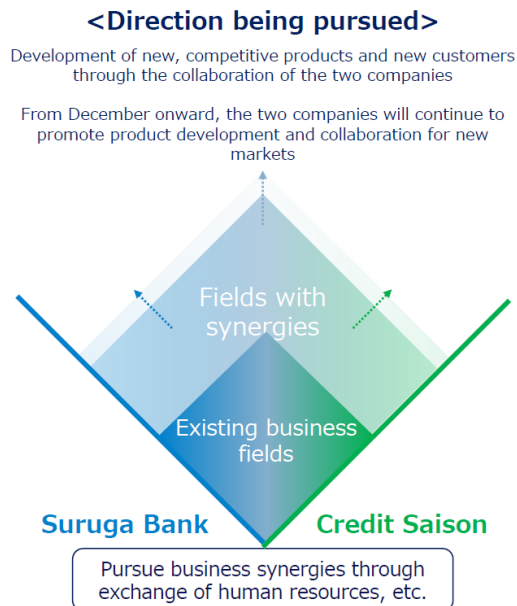



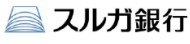
**Servicer**

The next page is for group-affiliated companies.

We would like to pursue synergies between the finance business we are developing in Japan and financial functions such as banking.

## Bank - Progress of Capital and Business Alliance with Suruga Bank



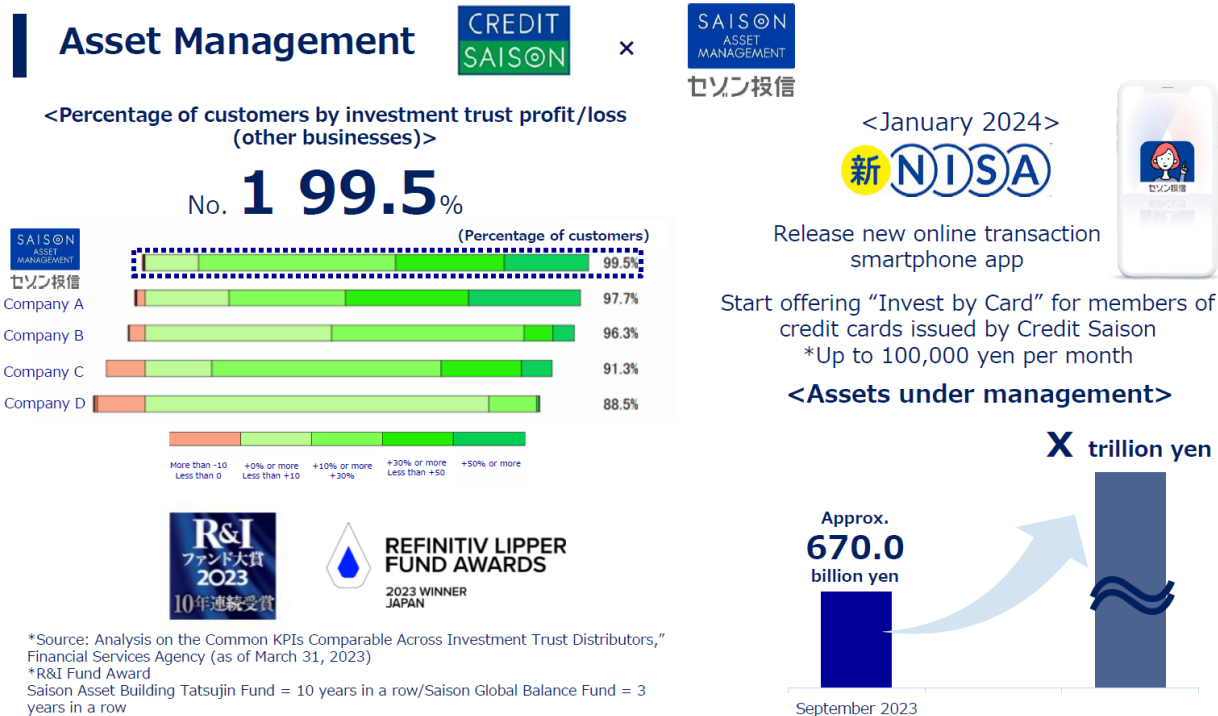
Collaborative development of the real estate finance business November 2023	Collaboration in the mortgage business October 2023
<p>Commence joint provision of "collaboration loans"</p> <div>   </div> <p><b>Non-Bank</b> "Extensive customer base" "Credit assessment/credit screening capabilities developed through immediate credit granting/setting credit limits and transactions"</p> <p><b>Bank</b> "Ability to interact directly with customers" "Custom-made credit assessment/credit screening capabilities"</p> <p>Total of business fields over next five years (FY2023 to FY2027) Aim for <b>350.0 billion yen or more</b> in new loans</p>	<p>Commence handling of mortgages with Credit Saison guarantees at Suruga Bank</p>
<p>Co-commercialization of Saison Platinum Business AMEX Card Spring 2024 (Planned)</p>	<p>Establishment of Saison Branch by Suruga Bank Summer 2024 (Planned)</p>

25

The next page shows the progress of our cooperation with Suruga Bank, with which we entered into a capital and business alliance in July of this fiscal year. The joint provision of collaborative loans has already started, and the mortgage loan guarantee business was launched in October.

In addition, we are planning to issue a Saison Platinum Business Card and establish a Saison branch of SURUGA, which will probably be around next spring/summer. It will take some time due to the system and approval from the authorities, but we will expand this business together with Suruga Bank. We would like to aim for a total of JPY350 billion or more over the next five years in terms of the amount of new executions.

We have already made progress on human exchange and are now building a foundation to take the next step.



The next page, page 26.

As for H1, there were various media reports, etc. In the field of asset management, we intend to strongly grow Saison Investment Trust.

Investment trusts are currently the focus of much attention due to the new NISA, but we believe that Saison Investment Trust's 99.5% positive investment performance is very competitive for us.

In January next year, in conjunction with the new NISA, we will launch a new system to send our Saison cardholders and start a system that allows them to accumulate up to JPY100,000 per month on their Saison card.

The current balance of assets under management is JPY670 billion, but we would like to at least double or even triple this amount.



## Financial Planning / Servicer

**Financial Planning**

**CREDIT SAISON** × **BROAD-MINDED**

June 2023  
Application of equity method

Strengthen collaboration in **affluent segment businesses**

**Real estate** **Inheritance** etc.

Service enabling consultation on a wide range of money matters (life and non-life insurance, investment trusts, and stocks, etc.)  
(Commenced July 2023)

オンラインFPショップ  
**セゾンのマネナビ**

**Servicer**

**Pursue Group synergies from “loan expansion” to “loan collection” as the Credit Saison Group**

Credit card receivables, etc.  
Expand “unsecured” areas

**CREDIT SAISON**

**SAISON servicer**

Real estate finance  
Expand “secured” areas

**SAISON FUNDEX**  
セゾンファンデックス

**FUNDEX SERVICING**

April 2023

**アトリウム債権回収サービス**

Made special servicer which mainly handles real estate secured loans into Saison Fundex Corporation subsidiary

27

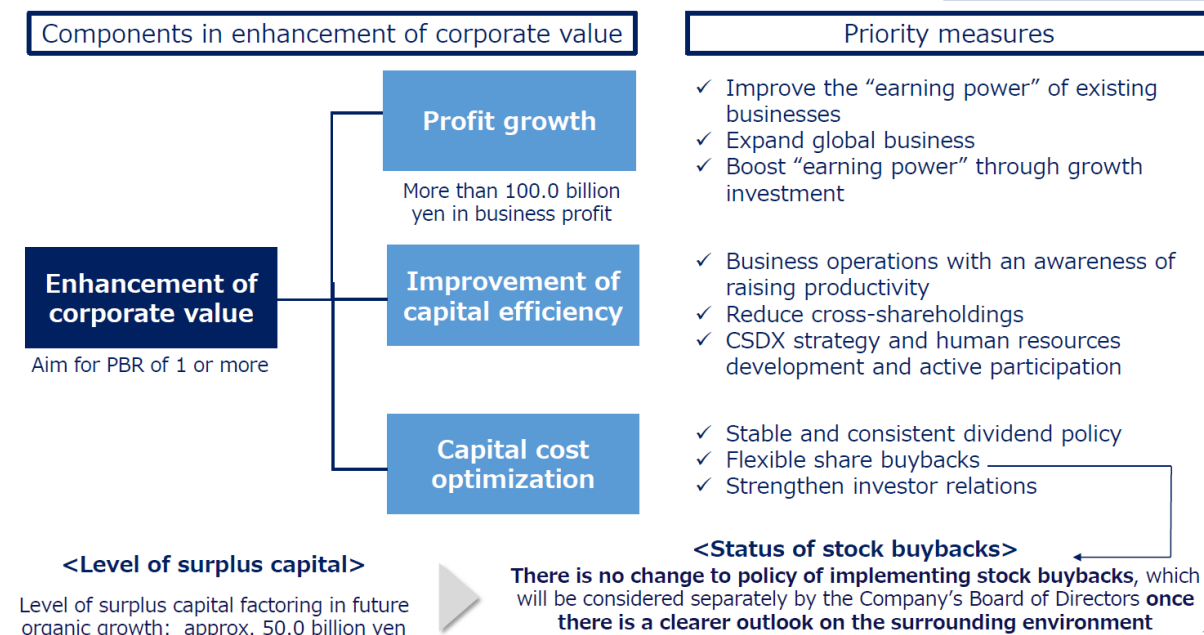
The next page is a collaboration in the area of the wealthy business area of finance.

In June 2023, we entered into a capital alliance with Broad-minded, and we intend to attract wealthy individuals by making good use of FPs in this way, while providing a system that enables consultation on a wide range of money-related issues.

On the other hand, on the right side, in the context of a comprehensive development from entrance to exit, the Credit Saison Group has Saison Collection Service. As we have expanded our credit portfolio, we are now in the process of putting in place a scheme that will allow us to centrally manage or complete the final part, collection, within our group. We intend to strongly pursue growth in this area as well.

## Approaches to Realizing Management with Awareness of Capital Costs and the Share Price

Details will be announced in the new Medium-term Management Plan (May 2024)



28

Continued on the next page is our approach to achieving cost of capital and stock price conscious management.

The details of this plan will be announced in the next medium-term management plan to be released in May of the next fiscal year, but I would like to discuss the basic concept of the plan.

First of all, in terms of the components for increasing corporate value, first and foremost, one of the main pillars is to aim for an increase in corporate value, and to aim for a P/B ratio of 1x or more.

If we divide them into three areas, the first is profit growth. As I mentioned earlier at the beginning of this presentation, we will aim to achieve business profits in excess of JPY100 billion. Our priority is to steadily grow our global, payment, and finance businesses, as I have just mentioned. We would like to proceed with steadily increasing earning power while improving asset efficiency.

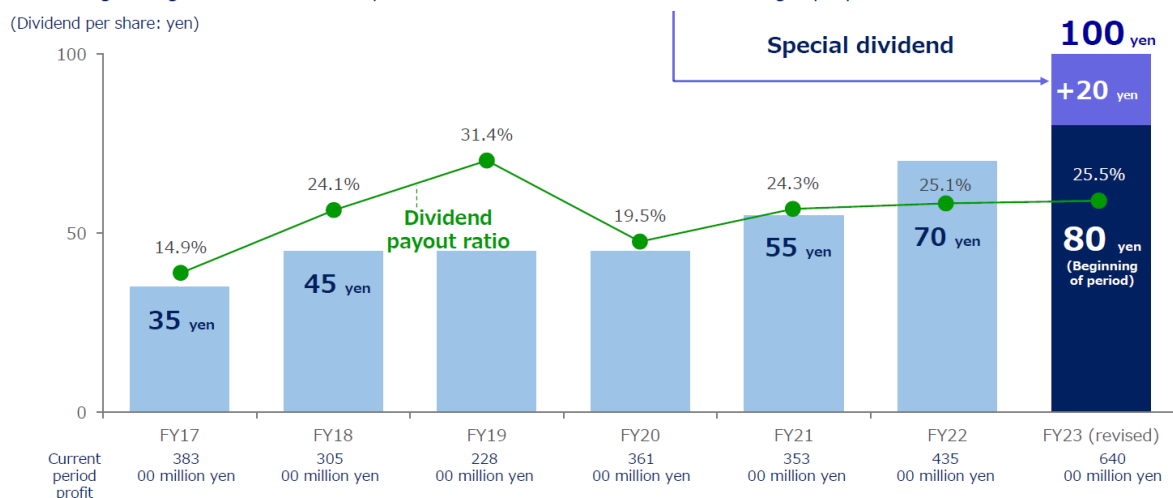
The second is to improve capital efficiency, which means operating the business with an eye on improving productivity. We would like to proceed with this project while making good use of DX. We would also like to consider reducing our policy shareholdings.

Next, we continue with the optimization of the cost of capital.

In this area, we will pursue a stable and continuous dividend policy and flexible share buybacks. We will proceed with the share buyback as soon as we have all the internal and external factors in place, but basically, there will be no change to this policy, and we will aim to make an announcement at the earliest possible time.

## Shareholder Returns and Dividends

- ✓ Medium-term Management Plan target for 70.0 billion yen in business profit expected to be achieved a year ahead of schedule
- ✓ Suruga Bank became an affiliated company accounted for by the equity method (July 3, 2023)  
Upward revision of full-year business results forecast, including recording of 20.0 billion yen equivalent to gain on negative goodwill as share of profit on investments accounted for using equity method



29

Finally, there is shareholder return and dividends.

As already announced today, we expect to achieve the consolidated business profit target of JPY70 billion in the medium-term management plan one year ahead of schedule. In addition, negative goodwill of JPY20 billion was generated in the process of converting Suruga Bank to an equity-method affiliate. We have revised our full-year forecasts upward, including recording this as investment income.

In this context, we would like to pay a special dividend of JPY20 in addition to the dividend forecast of JPY80 that we initially announced.

That is all from me.

**Moderator:** Thank you very much.

I will now move on to the H1 financial report. Executive Officer Negishi, please go ahead.

## Financial Results Digest

### Net revenue

- ✓ **Revenue increase** due to **the expansion of the lending business** in our global business in addition to **the strong performance** in our payment business and finance business

### Business profit

- ✓ Profit increased due to growth in our **finance business (contribution to profit of Saison Fundex Corporation, conversion of Suruga Bank into an equity-method company, etc.)** and our **real estate-related business (gain on sale of real estate trust beneficiary interests, etc.)**, offsetting factors including the rebound effect from valuation gain on owned funds recorded in our global business in the previous fiscal year

### Profit

- ✓ **Profit increased significantly** as a result of recording an amount equivalent to **gain on negative goodwill** due to the conversion of Suruga Bank into an affiliated company accounted for by the equity method as share of profit on investments accounted for using equity method

### Full-year Business Results Forecast

- ✓ Despite some uncertainties about the outlook, including the impact of credit costs and rising interest rates, **the full-year business results forecast has been revised up** based on the **strong first half business results** and **the impact of making Suruga Bank into an affiliated company accounted for by the equity method**

31

**Negishi:** My name is Negishi. Thank you for your cooperation.

I will start with a summary of the Q2 financial results, which is the digest of the financial results on page 31.

Net revenues increased due to solid performance in payments and financing, as well as expansion of the global lending business.

Operating income increased due to growth in finance and real estate-related businesses, despite the absence of valuation gains on funds held by the global business recorded in the previous fiscal year.

In addition, the Company recorded an amount equivalent to the gain on negative goodwill as equity in earnings of affiliates due to the conversion of Suruga Bank into an equity-method affiliate. As a result, income increased significantly.

Although there are some uncertainties in the future, such as bad debt costs and the impact of rising interest rates, we have revised our full-year forecast upward, taking into account the current solid performance and the impact of Suruga Bank becoming an equity-method affiliate.

## 1H Results & Full-Year Business Results Forecast

(100 million yen)

		FY22 2Q	FY23 2Q	YoY	FY23 Initial forecast	FY23 Revised forecast	Forecast Difference	2Q Progress rate
Consolidated	Net revenue	1,573	<b>1,751</b>	111.3%	3,560	<b>3,620</b>	60	48.4%
	Business profit	393	<b>398</b>	101.2%	700	<b>700</b>	—	56.9%
	Profit	274	<b>440</b>	160.0%	490	<b>640</b>	150	68.8%
Non-consolidated	Operating revenue	1,300	<b>1,388</b>	106.7%	2,790	<b>2,825</b>	35	49.2%
	Operating profit	181	<b>189</b>	104.6%	390	<b>370</b>	-20	51.3%
	Ordinary profit	234	<b>235</b>	100.3%	455	<b>455</b>	—	51.8%
	Profit	172	<b>189</b>	110.0%	320	<b>320</b>	—	59.2%

32

In terms of figures, the H1 results and the full-year forecast on page 32 show that consolidated net revenue was JPY175.1 billion, 111% of the previous year's level. Although business profit was JPY39.8 billion, 101% of the previous year's level, and quarterly profit was JPY44 billion, 160% of the previous year's level, we have revised our forecast for the fiscal year from JPY356 billion to JPY362 billion for net revenue and from JPY49 billion to JPY64 billion for quarterly profit.

## Overview of Business Results by Segment

	Net revenue			Business			(100 million yen)
	FY22 2Q	FY23 2Q	YoY	FY22 2Q	FY23 2Q	YoY	
Payment	1,072	<b>1,149</b>	107.2%	108	<b>101</b>	92.9%	
Lease	60	<b>62</b>	104.3%	26	<b>23</b>	89.1%	
Finance	251	<b>285</b>	113.6%	109	<b>122</b>	111.8%	
Real estate related	123	<b>130</b>	105.6%	77	<b>116</b>	150.4%	
Global	45	<b>101</b>	225.5%	60	<b>17</b>	28.9%	
Entertainment	31	<b>32</b>	102.5%	7	<b>10</b>	138.1%	
Total	1,584	<b>1,762</b>	111.3%	390	<b>391</b>	100.2%	
Intersegment transactions	-11	<b>-11</b>	101.7%	3	<b>6</b>	222.5%	
Consolidated	1,573	<b>1,751</b>	111.3%	393	<b>398</b>	101.2%	

33

Next, on page 33 is a summary of results by segment.

Net revenue increased in all segments. Progress has been very good.

On the other hand, while operating income in the payments and leasing segment decreased due to an increase in bad debt costs and other factors, operating income in the Finance segment increased due to profit contributions from Fundex, Suruga Bank, and other companies. In real estate-related business, profit increased due to the sale of trust beneficiary right in real estate of Saison Realty, which also contributed to profit.

Global business recorded a decrease due to the absence of fund valuation gains in the previous fiscal year. Lastly, in the entertainment sector, we have seen an increase in profits due in part to the growth of eplus.

## Contribution by Consolidated Companies

### ■ Business profit Difference

(100 million yen)

	Consolidated Business profit	Non-consolidated Ordinary Profit	Difference
FY23-2Q	398.1	235.6	162.4
(Year-on-year difference)	+4.6	+0.7	+3.8

### ■ Contribution by Consolidated Companies

(100 million yen)

		Contribution to business profit	Year-on-year difference	Business description
Major consolidated subsidiaries	Saison Realty Group	88.2	+34.5	Comprehensive real estate business
	SAISON FUNDEX CORPORATION	46.1	+10.1	Real estate financing business, credit guarantee business, and personal loan business
	Kisetsu Saison Finance(India)Pvt. Ltd.	9.1	+0.4	Digital lending business in India
	Concerto Inc.	9.0	+0.6	Entertainment business and real estate leasing business
Major equity method affiliates	Seven CS Card Service CO., LTD.	5.5	-0.5	Credit card business
	Takashimaya Financial Partners Co., Ltd.	5.1	+1.2	Credit card business
	HD SAISON Finance Co., Ltd.	4.8	-8.2	Finance business in Vietnam
	Suruga Bank Ltd.	4.6	+4.6	Banking

34

The consolidated company's contribution on page 34 shows that the difference between consolidated and non-consolidated ordinary income was JPY16.2 billion, compared to non-consolidated ordinary income of JPY23.5 billion.

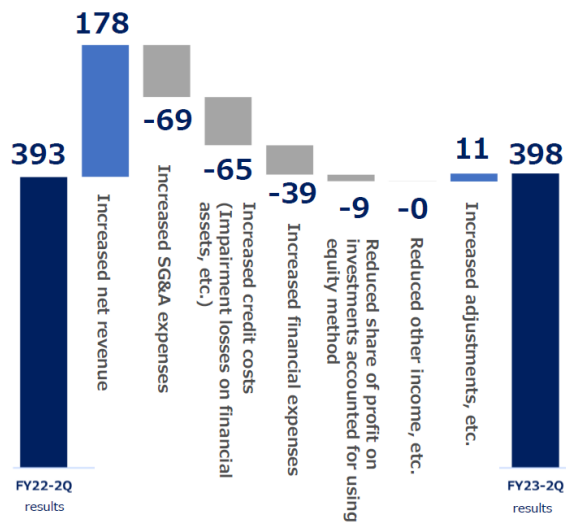
The Saison Realty Group contributed JPY8.8 billion, and Saison Fundex contributed JPY4.6 billion, partly because its real estate finance business and credit guarantee business performed very well.

The Suruga Bank contributed JPY460 million to profit.

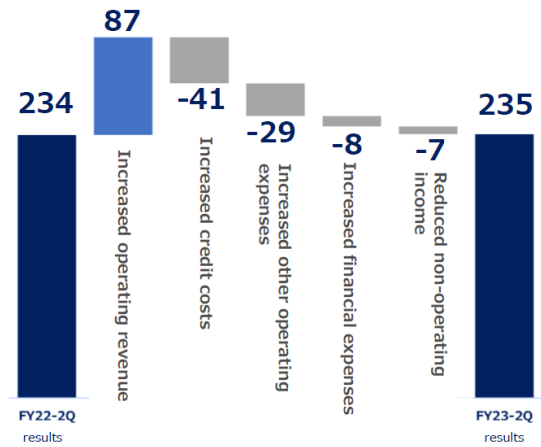
## Main Changes in Consolidated Business Profit/Non-consolidated Ordinary Profit

(100 million yen)

### ■ Consolidated Business Profit



### ■ Non-consolidated Ordinary Profit



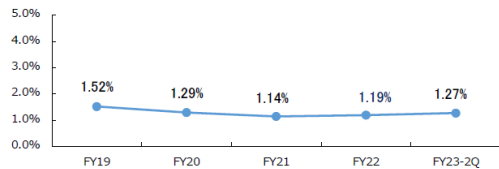
The next page, page 35, is for your perusal.



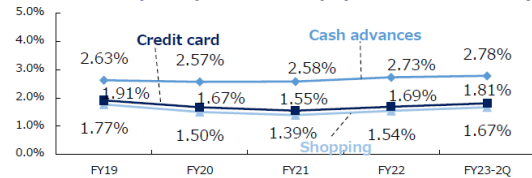
## Credit Risk

- ✓ While delinquency over 90 days remains low, provisions have been increased with an eye to the future to address uncertainties going forward

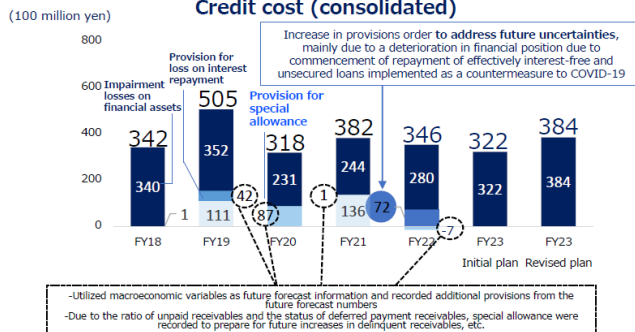
Delinquency over 90 days(consolidated)



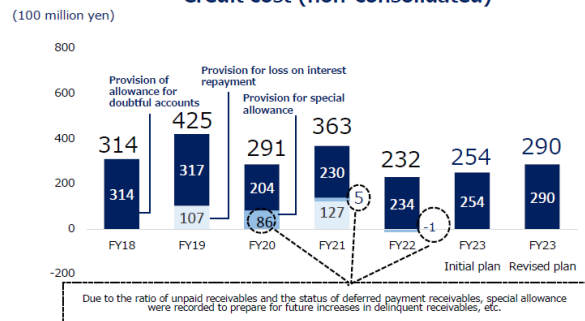
Delinquency over 90 days(non-consolidated)



Credit cost (consolidated)



Credit cost (non-consolidated)



Then there is the credit risk on page 36.

Although the non-consolidated and consolidated 90+ day delinquency rates shown continue to be lower than the pre-COVID levels as of FY2019, we have increased our allowance to some extent for the future to address the uncertainties that may arise in the future.

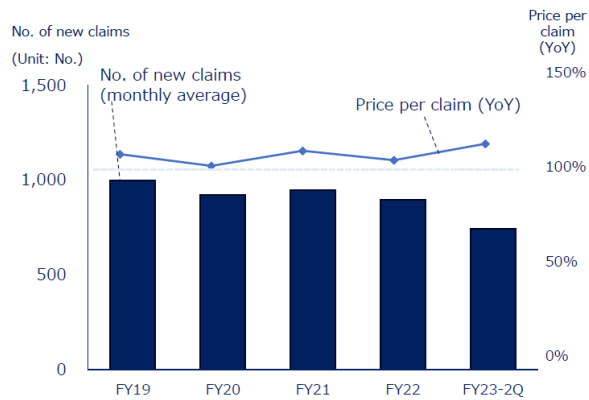
## Interest Repayment Claims

Additional provision of ¥13.6 billion on the consolidated basis and ¥12.7 billion on the nonconsolidated basis in FY 2021

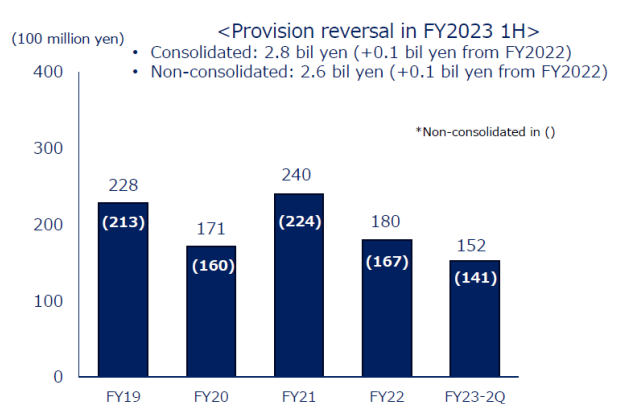
Level of provision adequate at present

Monitoring future trends

### ■ No. of new claims and price per claim (monthly average)



### ■ Balance of provision for loss on interest repayment



37

Continued on page 37.

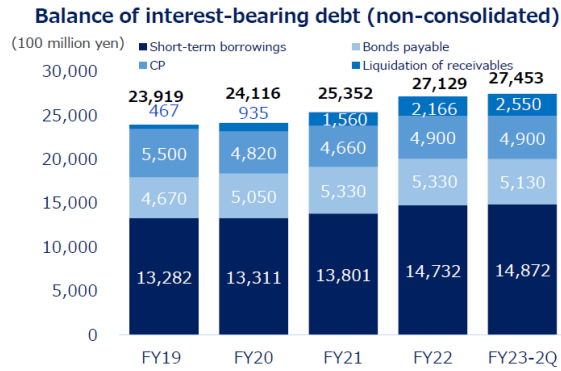
As for interest repayment claims, the monthly average number of new cases received remained at a low level compared to the previous year as planned. Since the unit processing cost is slightly above the previous year's level, we would like to respond to this trend by monitoring it closely to some extent.

As for the balance of reserves, we believe that it is JPY15.2 billion, which is probably sufficient at this point in time.

# Financial Policy

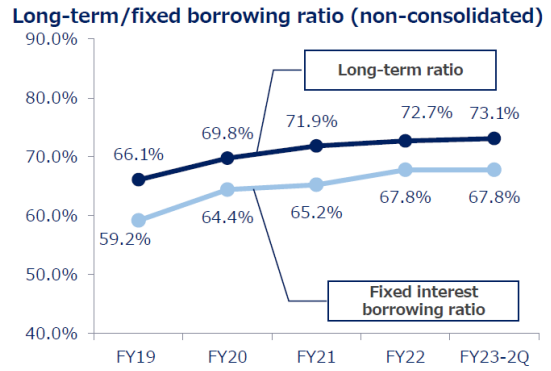
## ■ Sound financial base

- Credit Rating ▶ R&I **A+**
- Issuance of **20** years bonds, first in card companies  
June 2017 10 billion yen, April 2018 15 billion yen  
April 2019 12 billion yen, January 2021 8 billion yen  
October 2021 13 billion yen



## ■ Structure of interest-bearing debt

- Almost 70% of the interest-bearing debt is composed of long-term funds
- Fixed interest rate procurement accounts for about **60%** of the total
- Committed credit line, etc. of **480 billion** yen is secured in terms of liquidity facility



Please read the last page, page 38.

That is all from my side.