


Medium-Term Management Plan (FY2024-2026)

May 15,2024

Credit Saison Co., Ltd.

Tokyo Stock Exchange Prime Market, Securities Code: 8253

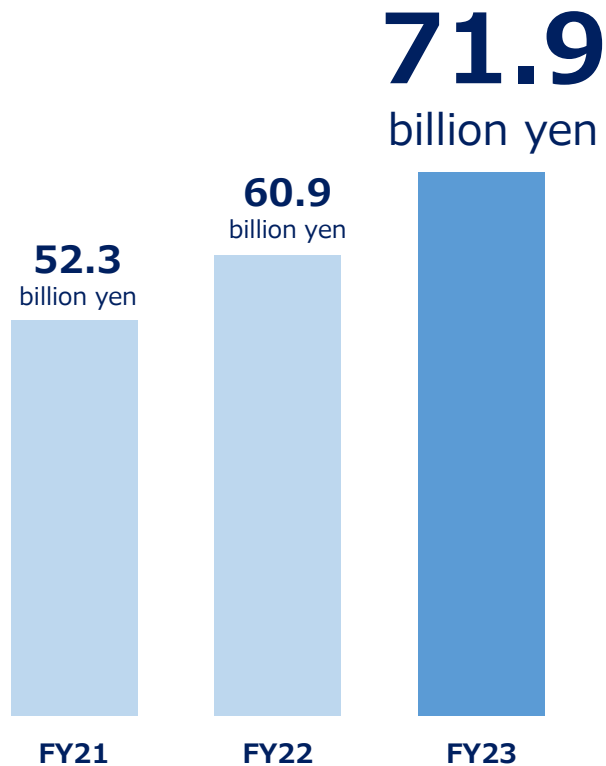


Review of the Previous Medium-Term Management Plan (FY2022-2023)

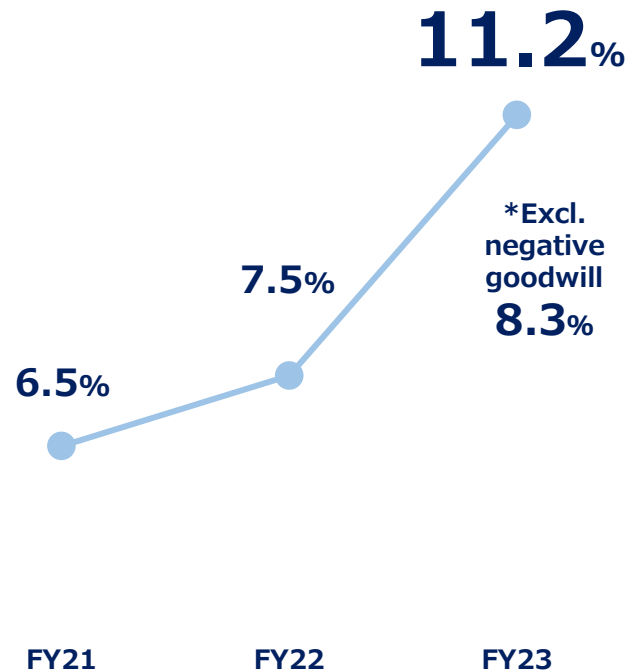
Primary Management Indicators

- ✓ Achieved consolidated operating profit target of 70.0 billion yen that was set in the previous medium-term management plan (FY2022-2024) one year ahead of schedule
- ✓ Established a foundation for our next stage, with a capital and business alliance with Suruga Bank, as well as with expansions to our global business and affiliated company business

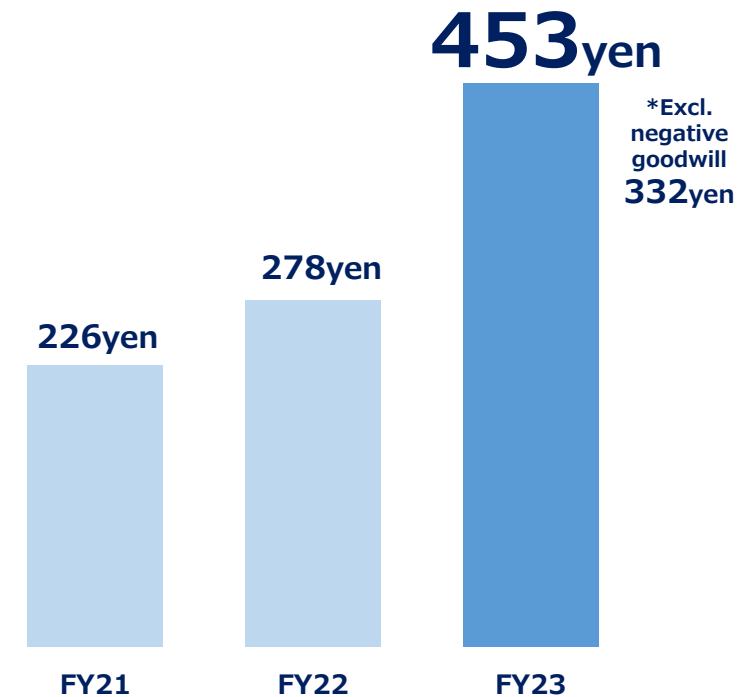
Consolidated Business Profit



ROE

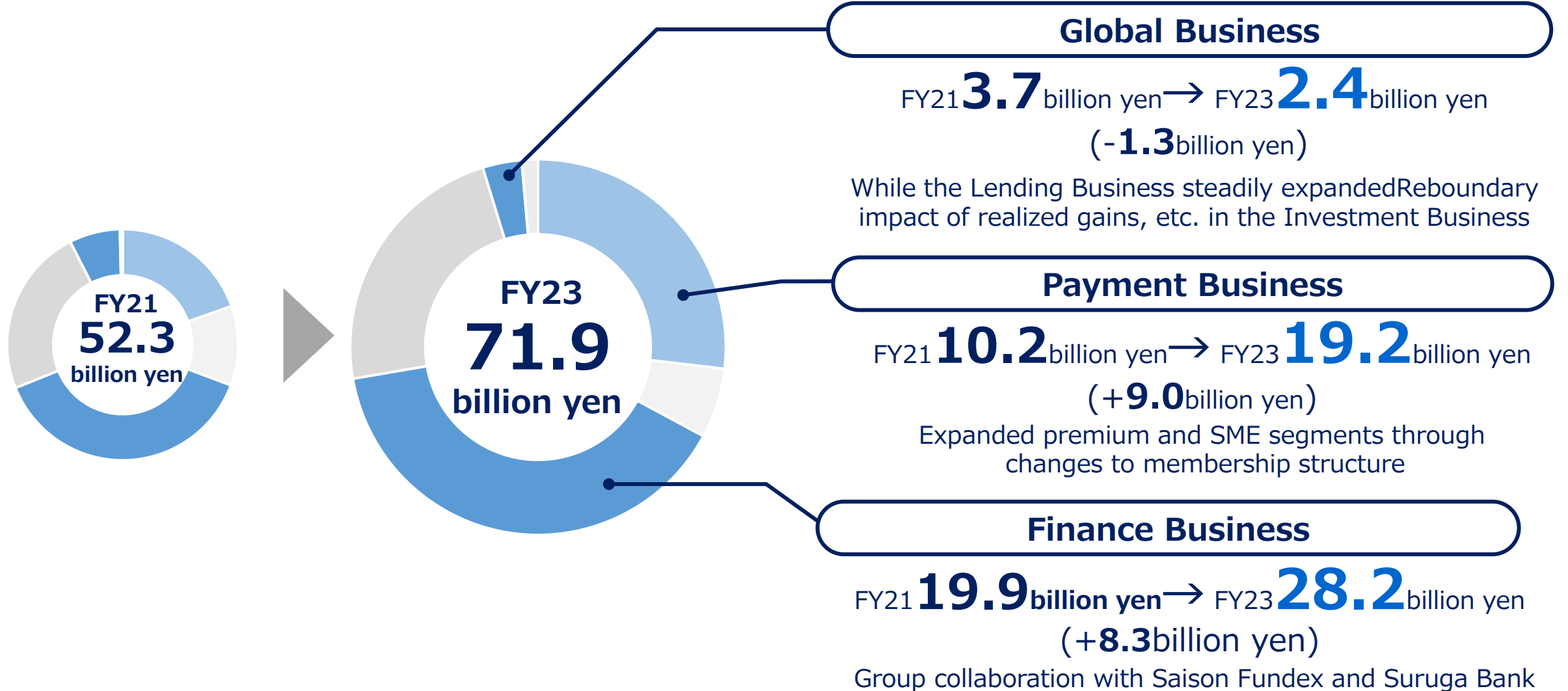


EPS



Results by Segment

- ✓ Building a foundation for each business that will lead to the new medium-term management plan





Credit Saison Group Vision

Vision for 2030

GLOBAL NEO FINANCE COMPANY

— A global comprehensive life services group with finance at the core —

We will not remain as a mere finance company, but will
**develop global synergies in the
"Saison Partner Economic Zone"
created through partnerships**

01

Strong presence in
**domestic and international
target customer segments**

02

Comprehensive
lifestyle services with
financial services at the core

03

**"Saison" recognized
as a global
financial services player**

01. Strong presence in domestic and international target customer segments

Domestic

High net worth individuals and corporations
(sole proprietors and SMEs)

Differentiation strategy that creates cross-selling and up-selling



*SME: Small and Medium-sized Enterprises

International

Underserved individuals and MSMEs

Realizing financial inclusion



*Underserved: Individuals who do not have sufficient access to or who are inconvenienced by existing financial services due to economic, geographic, or infrastructure issues.

*MSME: Micro Small and Medium Enterprises

02. Comprehensive lifestyle services with financial services at the core

- ✓ Aim to build a talent portfolio that achieves customer strategy and improves productivity
- ✓ Improve productivity through digital and innovation



Finance/payment
specialists



Real estate
specialists



Digital
human resources



Global
human resources

LEVEL
UP



REFINE

Training

- ✓ Create career paths for individuals who obtain qualifications
- ✓ Enhance in-house training programs

Retention

- ✓ Create a competitive compensation system
- ✓ Increase transparency for career paths

Engagement

- ✓ Regularly share management vision and goals
- ✓ Utilize engagement surveys

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

- ✓ Regional development of an alliance model that leverages the Fintech ecosystem
- ✓ Evolve the provision of value with finance at its core through business expansion in both domestic and overseas operations and bi-directional integration



Held the Saison Global Summit;
visits to offices around the world by executives and division heads; and
trainee system, etc.

New Medium-Term Management Plan (FY2024-2026)

New Medium-Term Management Plan (FY2024-2026)

Goals and Priority Themes

New Medium-Term Management Plan (FY2024-2026)

Business profit of
100.0 billion yen and **ROE of 9.5%**

Improving corporate value
PBR of **1**, and market capitalization of **1** trillion yen

BY FY2030:
GLOBAL NEO
FINANCE
COMPANY

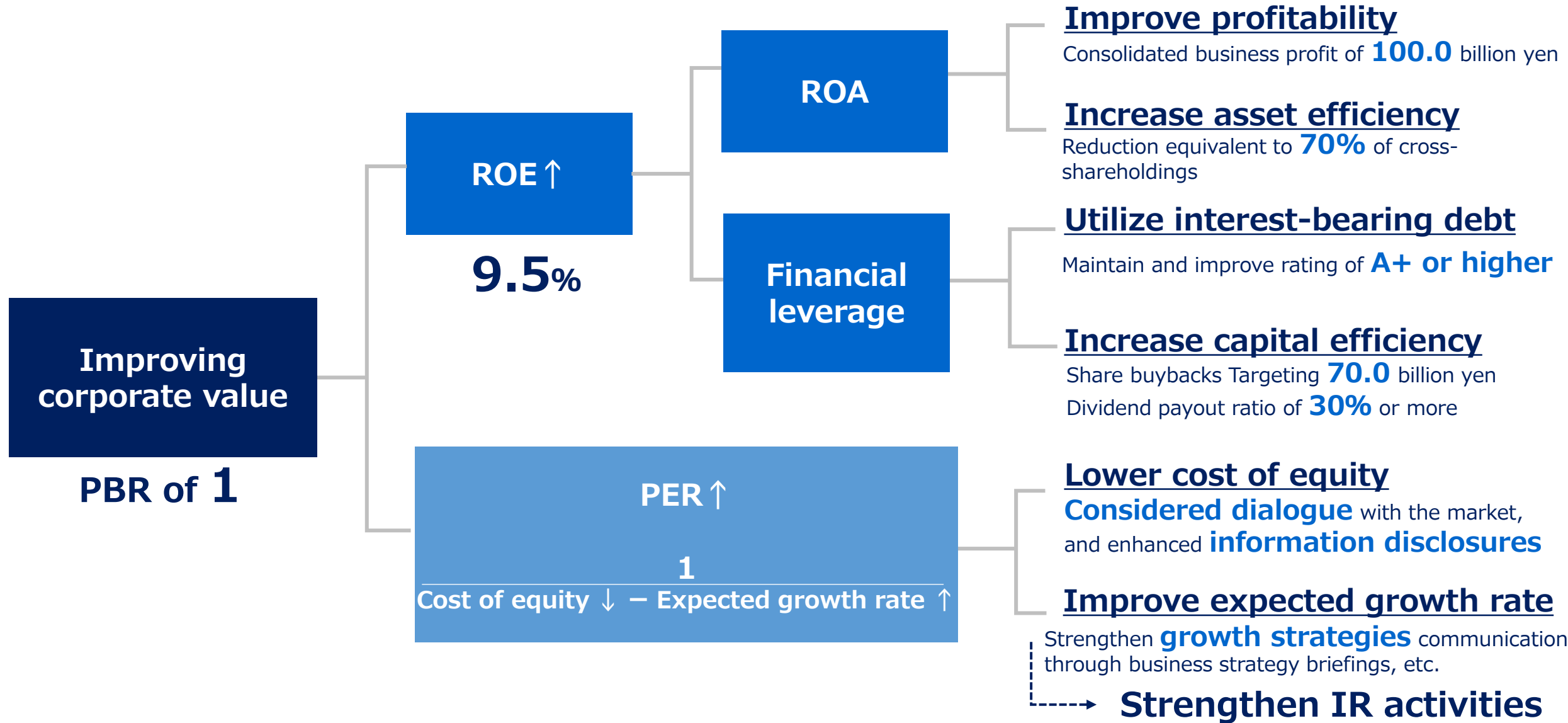
Priority Themes

01. **Thoroughly bulk up** domestic businesses
02. **Utilize banking functions** to accelerate each business, and strengthen financial functions
03. **Evolution of unique global development** starting from **India**, and bidirectional fusion between **Japan and overseas**
04. **Business strategy-linked employee growth and strengthening of management base**

Previous Medium-Term Management Plan (FY2022-2023)

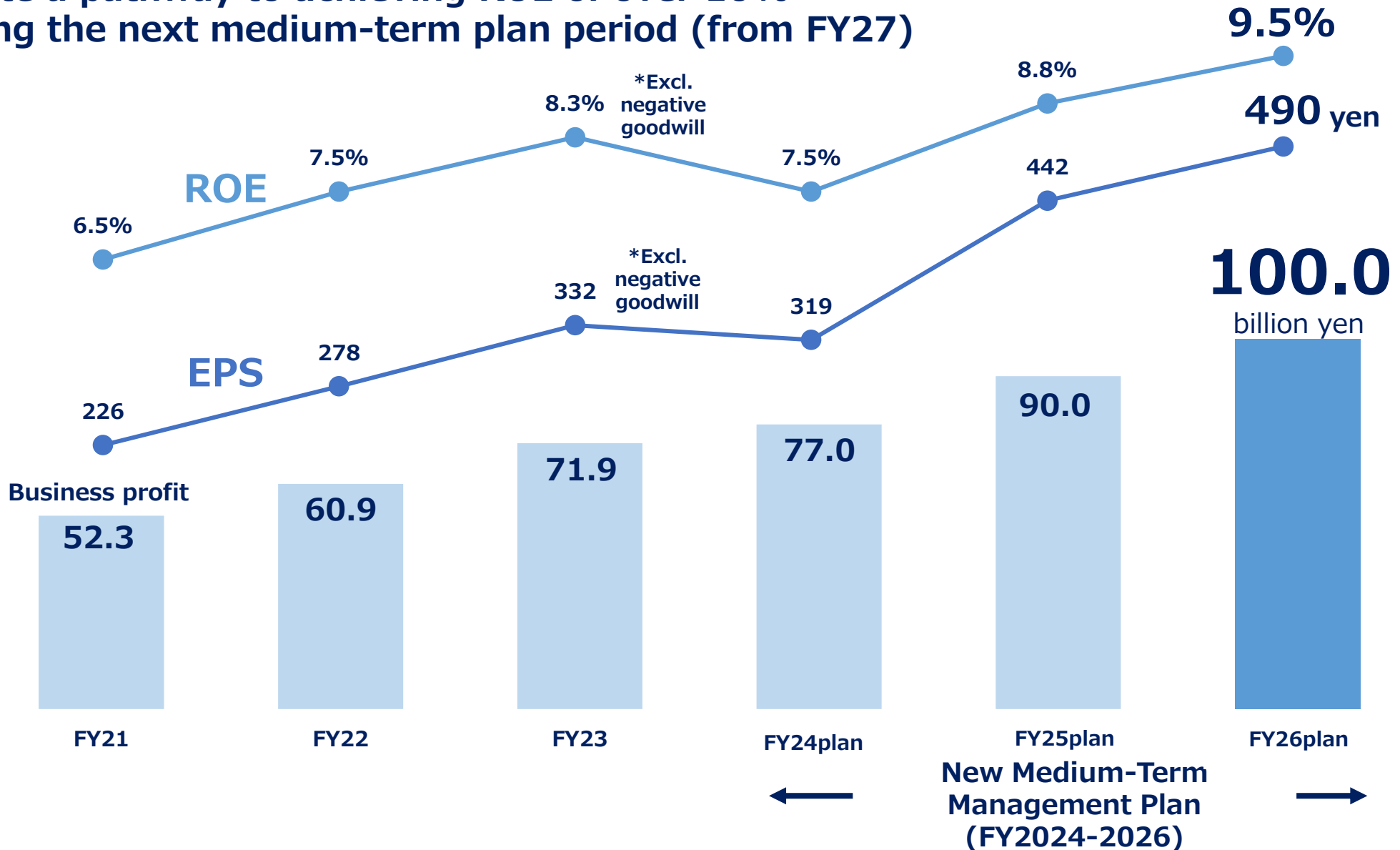
Business profit of 71.9 billion yen

Concepts for Realizing Management that is Conscious of Capital Costs and Stock Prices



Business Profit / ROE / EPS Outlook

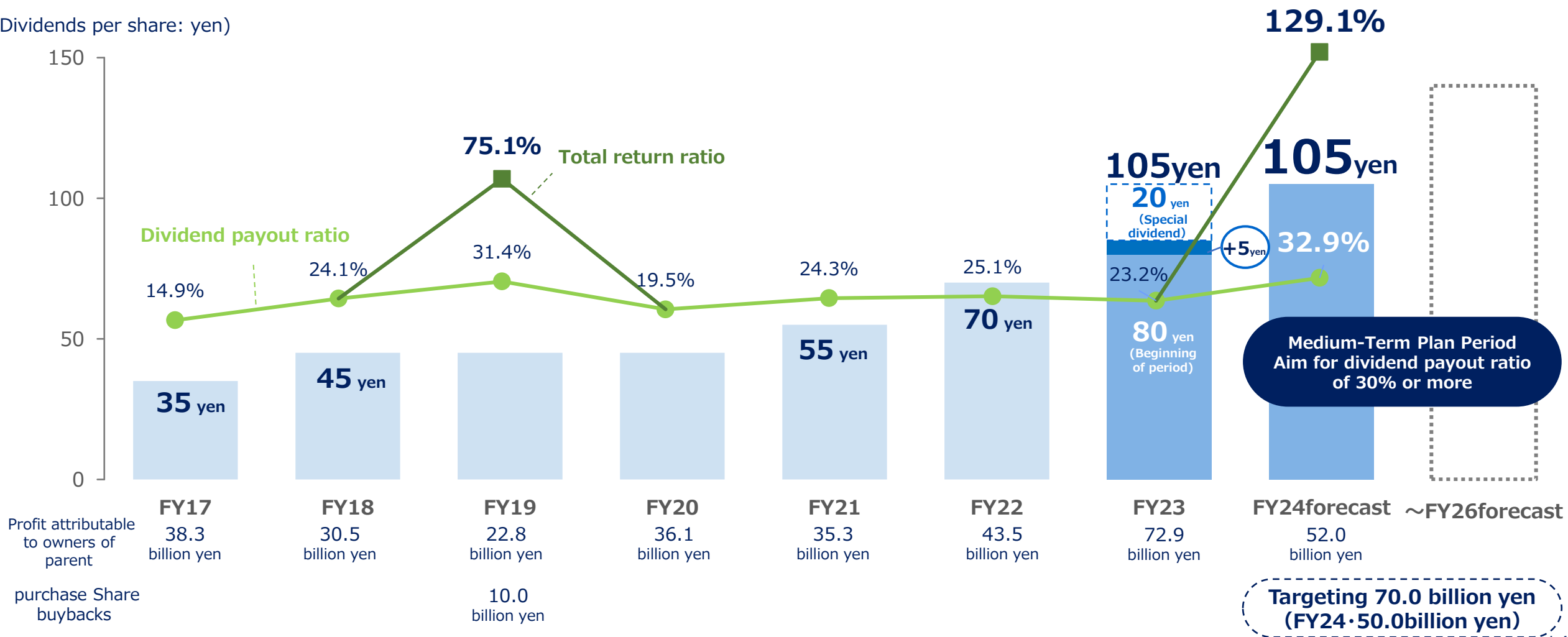
- ✓ Create a pathway to achieving ROE of over 10% during the next medium-term plan period (from FY27)



Shareholder Returns

- ✓ Based on the consolidated financial results for FY23, we have increased the ordinary dividend by 5 yen from the latest dividend forecast to 105 yen per share.
- ✓ The basic policy of "stable and continuous dividends" remains unchanged, but the dividend payout ratio will be 30% or more
- ✓ To optimize the amount of equity capital, during the new medium-term management plan period (FY2024-2026) we plan to purchase Share buybacks Targeting 70.0 billion yen Of this, 50.0 billion yen will be implemented in FY24

(Dividends per share: yen)



Financial Strategy



Medium-term consolidated financing strategy

"Maintain financial stability" and
"pursue a balance in financing costs"

01. **Maintain and improve R&I ratings, and obtain multiple ratings**
02. **Stability** (reduce liquidity and interest rate fluctuation risks)
03. **Reduce financing costs** (sale of non-performing assets, etc.)
04. **Reduce consolidated group liquidity and exchange rate fluctuation risks**

Cash Allocation

Basic Policy

- ✓ Strengthen investments for continued growth
- ✓ Promote structural reforms to increase capital efficiency
- ✓ Achieve stable shareholder returns

Concept for New Medium-Term Plan (FY2024-2026)

- ✓ Strengthen "earning power" through growth investments
- ✓ Improve "earning power" for existing businesses
- ✓ Business management that is conscious of improving productivity

FY24-FY26 Outlook

Cash In

Cash Out

Asset sales 40.0 billion yen~	Growth investments Structural reforms from 80.0 billion yen
Utilize leverage	Increase capital efficiency up to 70.0 billion yen
	Expand business receivables
Maintain creditworthiness (ratings of A+ or higher)	

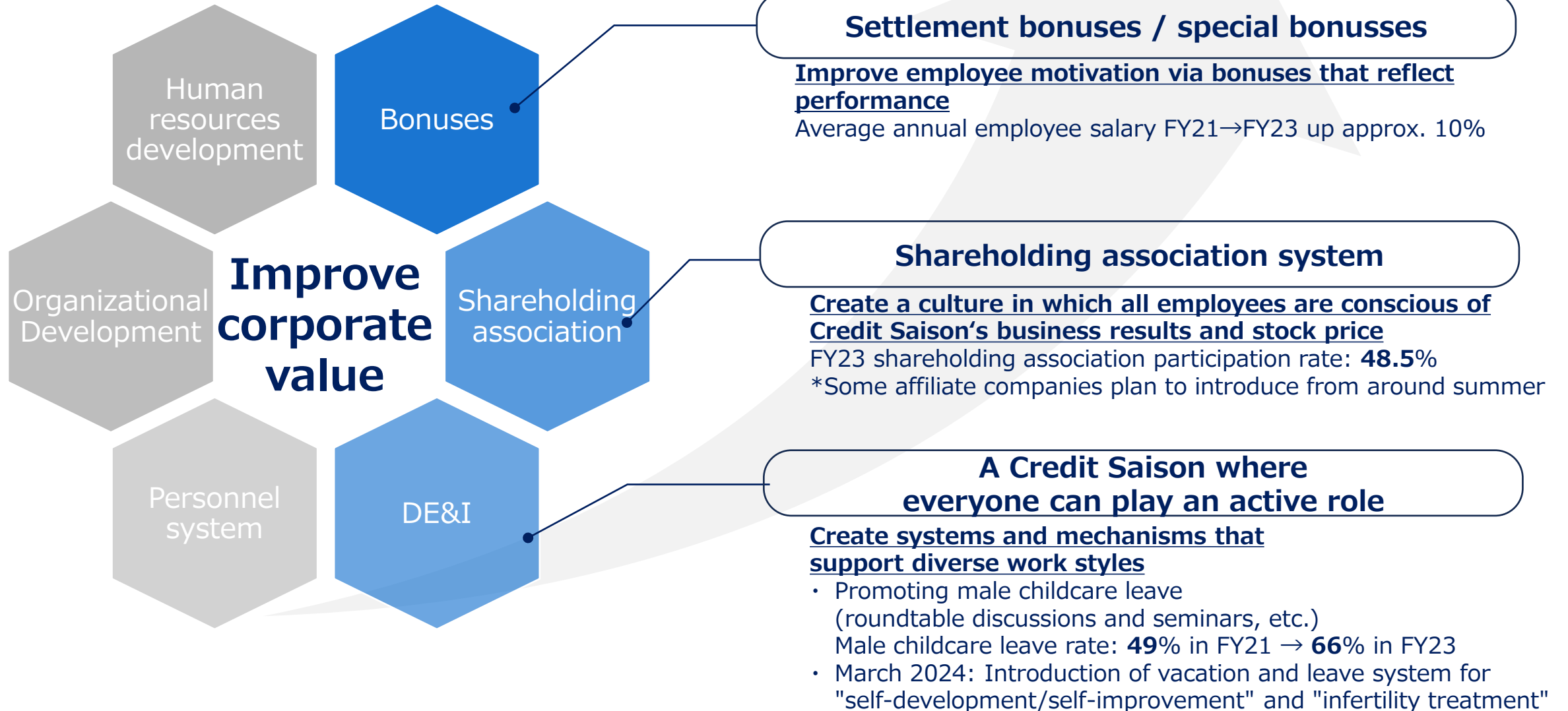
■ Capital Policy

- ✓ Reduction equivalent to **70%** of cross-shareholdings
- ✓ Dividend payout ratio of **30%** or more
- ✓ Share buybacks Targeting **70.0 billion yen**
FY24 **50.0 billion yen**, and flexibly implement thereafter
- ✓ Reduce capital costs (CAPM of 8.5% – 11.5%)

■ Priority Measures

- ✓ Growth investments of **80.0 billion yen**
(of which, **70.0 billion yen** focused on global businesses)
- ✓ Business structure reform, and pursuit of synergies with affiliated companies, etc.

Human Capital Initiatives



Human Capital Initiatives

Career development support and human resources investment

Human resources development to achieve customer strategy and to improve productivity

Example initiatives <Developing specialists>

- ✓ **Support for acquiring qualifications <Improve financial literacy>**
Partial support for pre-study and exam costs
Example: Real estate home builder, Financial planner
* Securities broker representative qualification
Promoting acquisitions from December 2021;
obtained by 241 individuals (as of April 10, 2024)
- ✓ **Building training programs**
Establish year-round training to acquire everything from specialized knowledge to specialist knowledge of each business
- ✓ **OJT (mentor) system**

Improving condition of body and mind

- Introduced engagement survey in December 2023
- Certified as a 2024 KENKO Investment for Health Outstanding Organization (5 consecutive years)

Fostering a culture that encourages proactively taking on challenges

- Challenge-type promotion system
- Common personnel system (equal pay for equal work)
- Newly establish multi-track career paths



CSDX <VISION>

- ✓ By utilizing digital technologies, we aim to change and transform our businesses and become a company that leads in the digital era

Create moving customer experiences

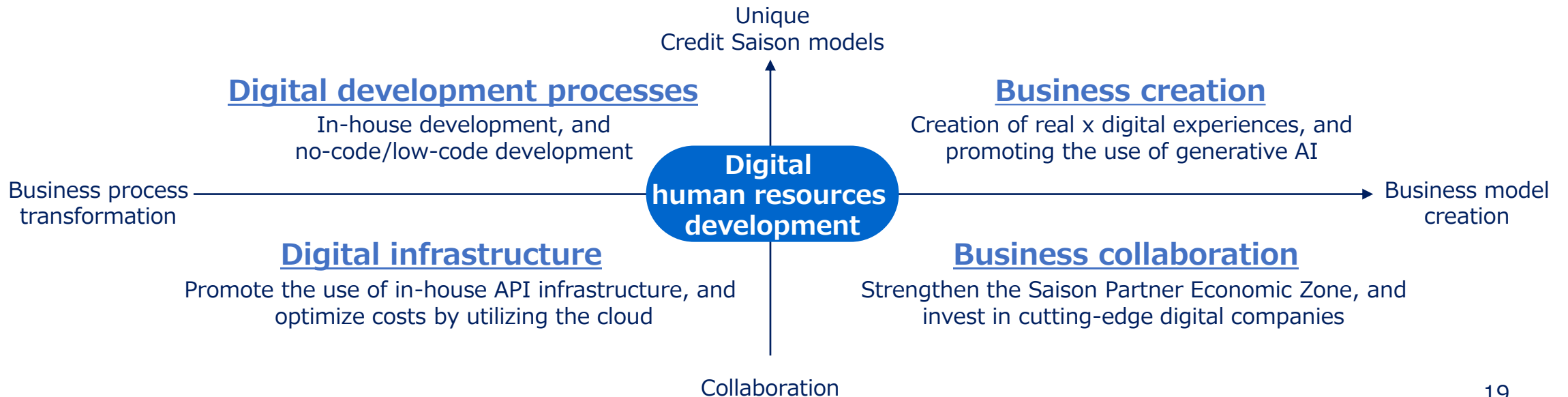
Customer Experience

Transform employee experiences

Employee Experience

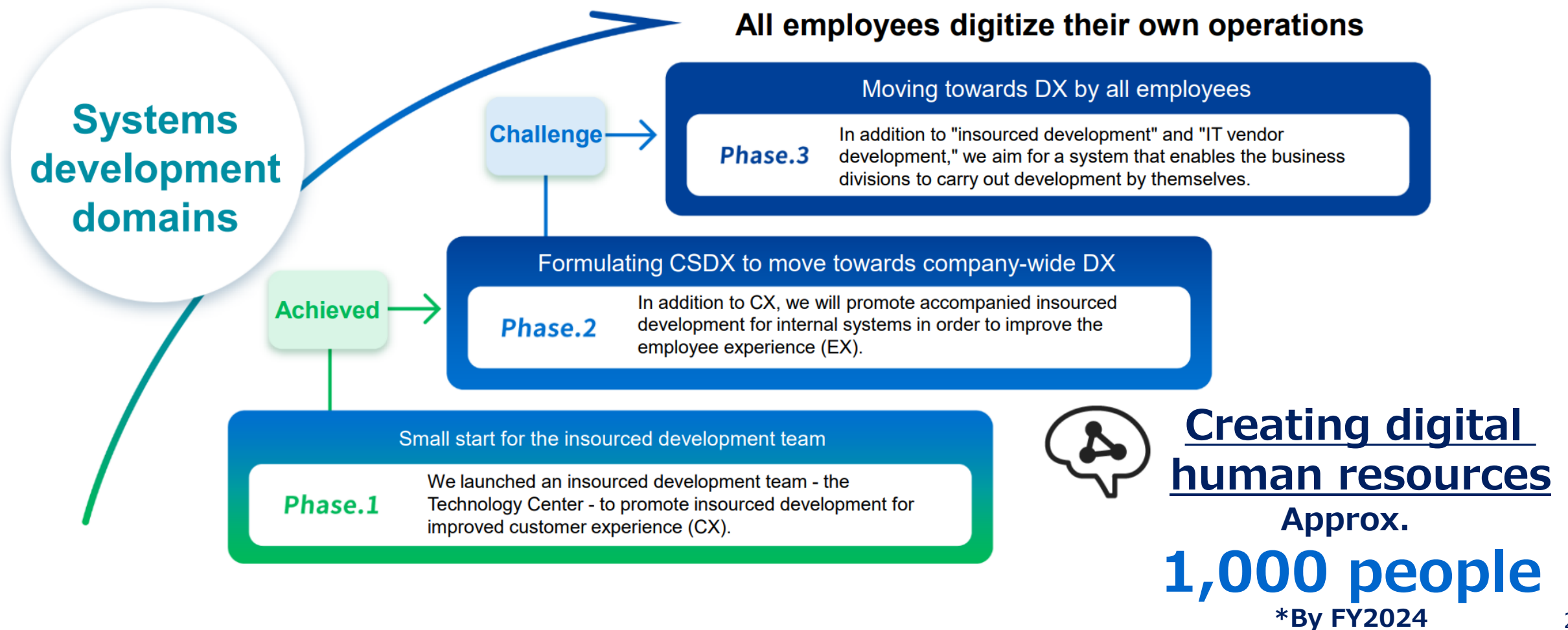
5 Basic Strategies for CSDX

Optimize digital infrastructure and digital development processes, and realize new value and business collaboration by utilizing digital technologies and data



CSDX <Aiming for DX by All Employees>

- ✓ We aim to take the knowledge that we have accumulated through internal development and human resources development and deploy it throughout the company, and to create a system in which all employees digitize their own work



CSDX <Complete Innovation of Business Processes, Centered around Generative AI>

■ SAISON AI

- ✓ Actively holding briefing sessions and sharing usage examples to promote employee utilization

In-house ChatGPT: SAISON ASSIST

- In-house development of a chatbot that can be used for summarizing documents and project ideas, etc.

In-house Chatbot

- In-house development of a chatbot that can respond to questions that are frequently asked within the company
- Promoting the development of a chatbot that can respond via Slack

System for Creating Meeting Minutes

- Developed an in-house system that converts audio data from meetings into text, and then summarizes it
- Has functions for making corrections based on additional learning, and can also convert in-house terminology into text

■ Complete Digitalization of Business Processes



Contracts

Digitalizing contracts via electronic contracts



Operations

- Digitalizing reception and screening
- Automating via data linkage systems



Inquiries

Realizing customer support via multi-channels



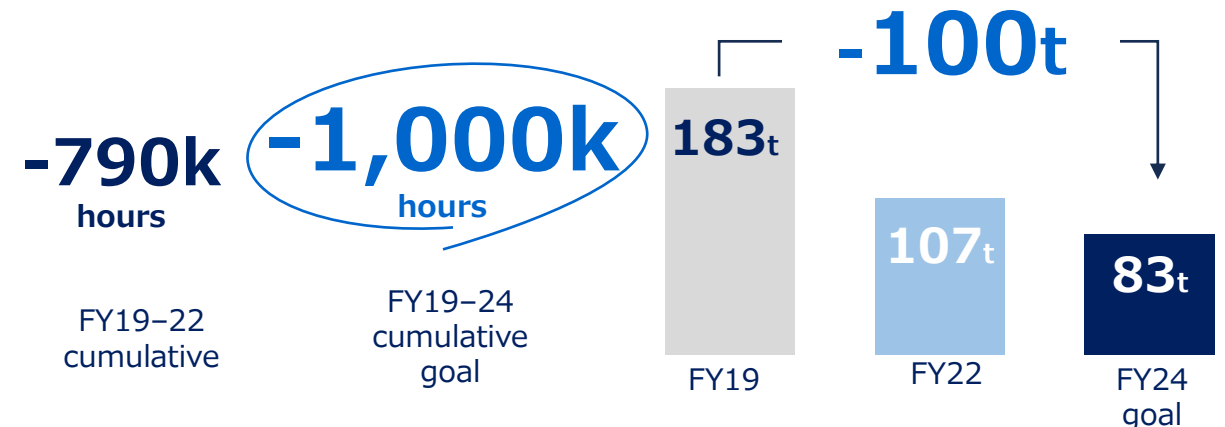
Activity data

- Visualizing activity data via BI tools
- Automating analysis work via data analysis tools

Started building a remote environment that can be accessed from home

Cumulative time reduction due to software

Printer paper usage

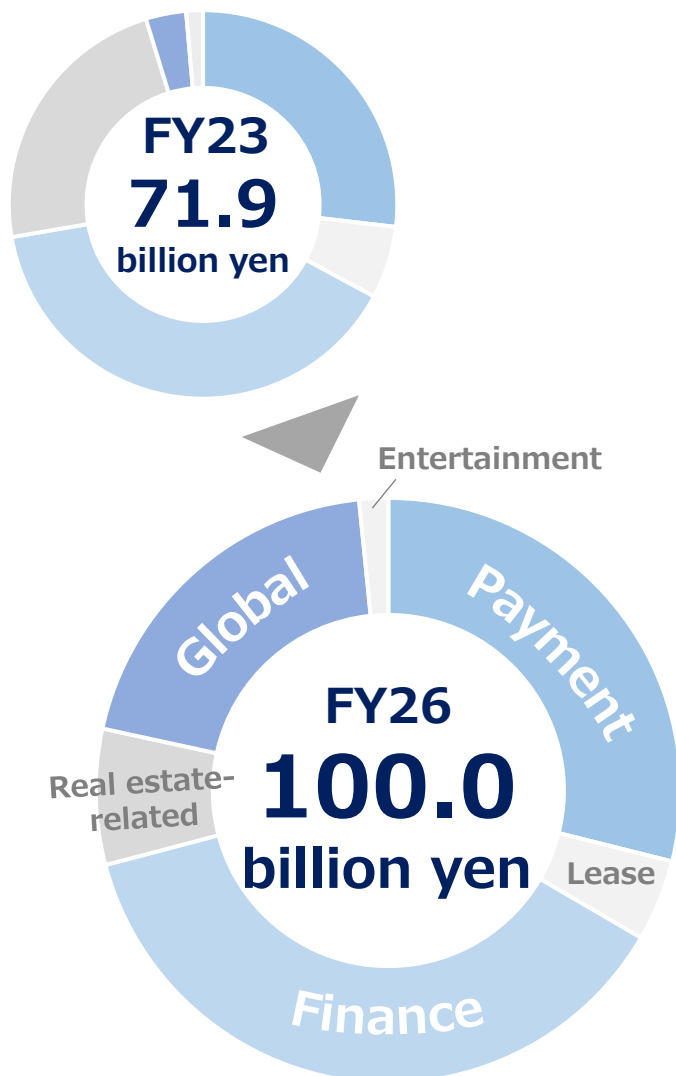




Business Strategy

Business Profit Trend Plans by Segment

(billion yen)



	FY23 (a)	FY24 plan	FY25 plan	FY26 plan (b)	FY23 & FY26 plan diff. (b-a)
Payment	19.2	20.5	24.3	28.9	+9.7
Strengthen revenue base via member structure reform, and business reform via DX·AI					
Lease	4.3	4.0	4.0	4.5	+0.2
Despite the impact of increased bad debt costs, strengthen sales activities to existing primary dealers					
Finance	28.2	31.5	33.8	37.5	+9.3
Expand Group businesses with Saison Fundex and Suruga Bank					
Real estate-related	16.4	13.0	14.0	7.5	-8.9
Loss of gain on sales of real estate trust beneficiary rights for Saison Realty (FY24), and sale of assets related to liquidation business (FY25)					
Global	2.4	6.8	12.5	20.0	+17.6
Expand direct lending via Credit Saison India					
Entertainment	1.0	1.2	1.4	1.6	+0.6
Expand amusement business via increased ticket sales, etc.					
Total*	71.9	77.0	90.0	100.0	+28.1

*Includes intersegment transactions

Vision for Global Business

Global Business Theme

Make the world more prosperous and sustainable through financial inclusion



Establish a global lending business, and have it become our third earnings pillar

- ✓ **Horizontal expansion of Indian model** based on Fintech ecosystem
- ✓ Build a **unique economic zone** through alliances with local partners, and realize localized value creation

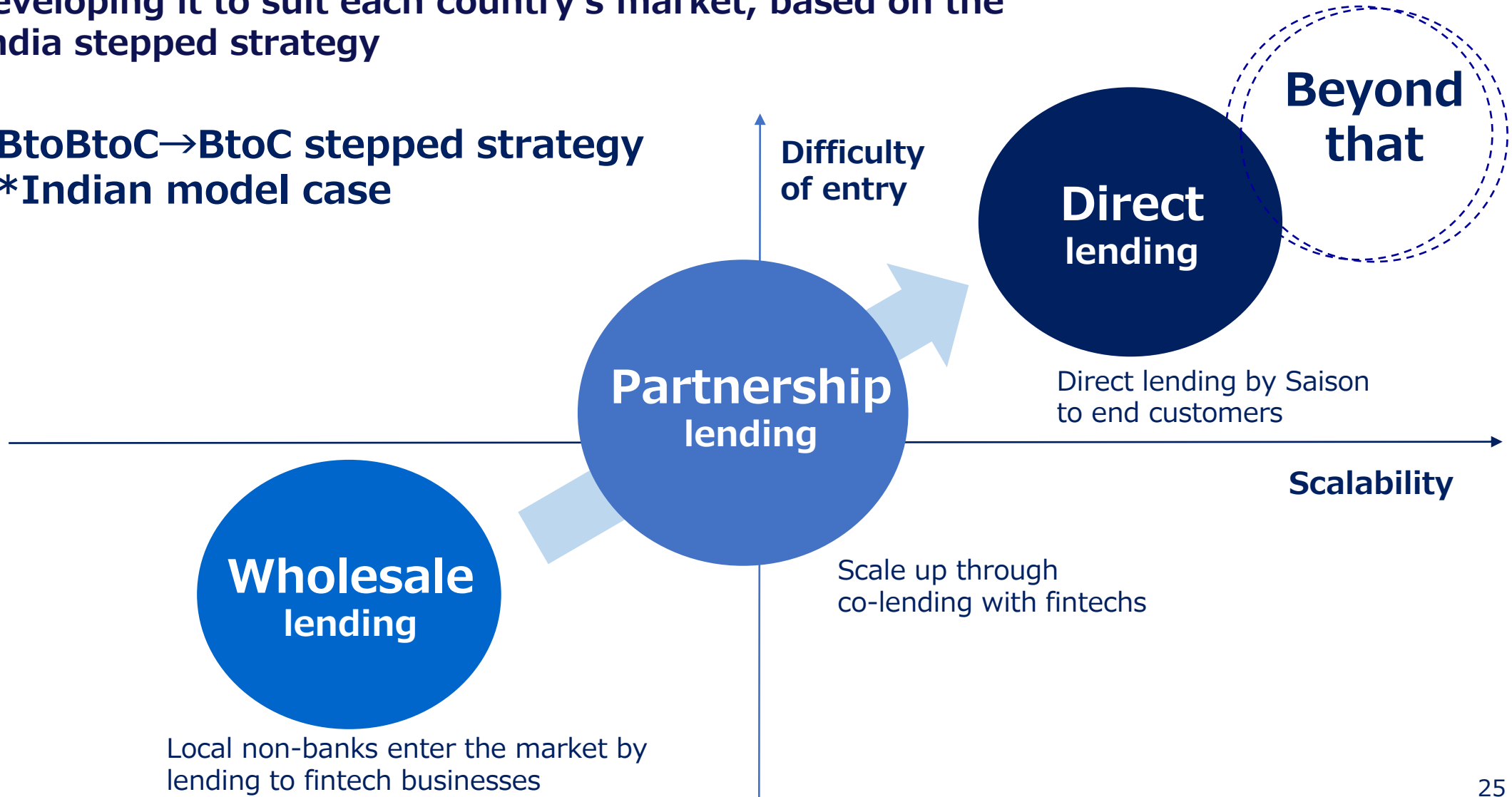
Create positive impacts through our business in each country

- ✓ Unlock MSMEs' **growth potential** and **economic opportunities**
- ✓ **Improve** the livelihoods of historically **underserved individuals and households**

Global Lending Business (1) Step Strategy

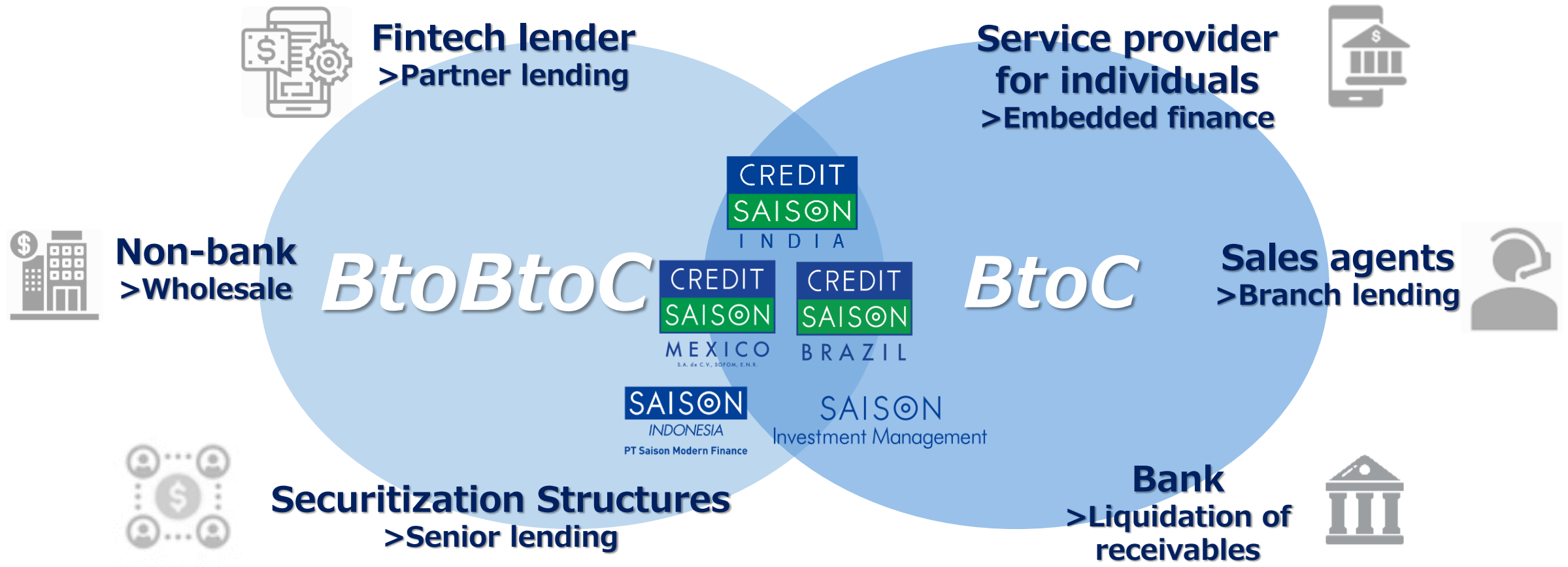
- ✓ Aim to build Credit Saison's unique global lending business by developing it to suit each country's market, based on the India stepped strategy

- **BtoBtoC→BtoC stepped strategy**
*Indian model case



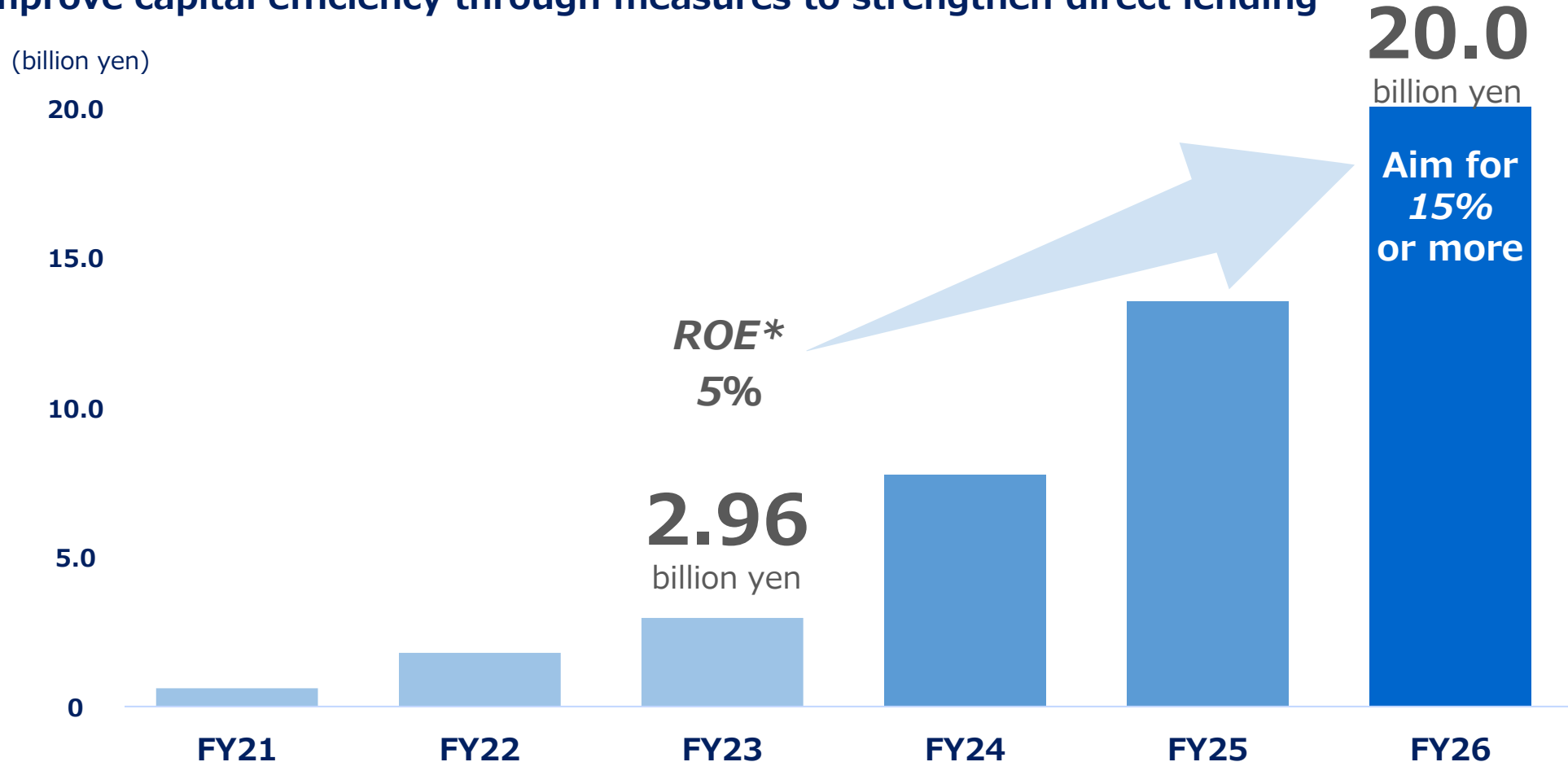
Global Lending Business (2) Alliance Strategy

- ✓ Through alliance strategies with various partners, aim to develop to fit each country's market and establish a unique economic zone



Credit Saison India: Trends in Consolidated Contribution Profit

- ✓ In FY23, growth rate moderated due to increased allowance for loan losses due to regulatory changes in partnership lending (fintech alliance lending)
- ✓ From FY24 onwards (new medium-term plan period), aim to accelerate the pace of profit growth and improve capital efficiency through measures to strengthen direct lending

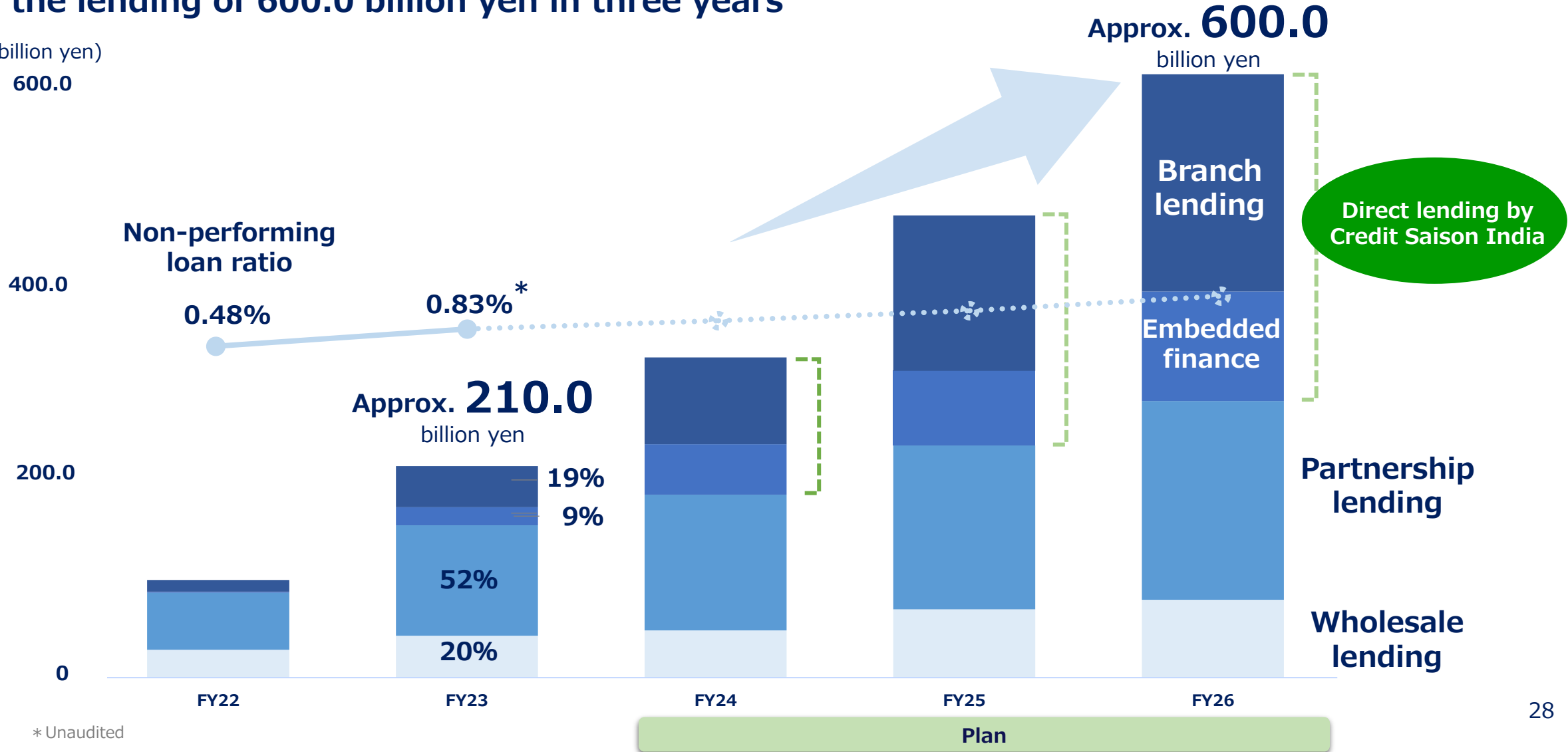


ROE: Credit Saison India figures are based on individual companies.
Calculated as: $\text{Net income} \div ((\text{Beginning net assets} + \text{Ending net assets}) \div 2)$

Receivable balance

- ✓ The balance of receivables in FY23 doubled from the previous year
- ✓ We will continue to strengthen direct lending while controlling risks, aiming for the lending of 600.0 billion yen in three years

(billion yen)
600.0







Growth Strategy by Verticals

✓ Aim to further expand direct lending by expanding touch points/networks with customers

		Business model	Growth strategy	
Step 2	B to C / B to B (Direct Lending)	(4) Branch lending	<ul style="list-style-type: none"> ✓ Expand customers by increasing branches and utilizing sales agents ✓ Differentiate from other companies by creating multiple products such as secured loans ✓ Improve asset efficiency by liquidation of receivables in partnership with banks 	<p><No. of branches></p> <p>20 → 45 → 75+</p> <p>FY22 FY23 FY24 (plan)</p>
		(3) Embedded finance	<ul style="list-style-type: none"> ✓ Expand partnerships with non-financial businesses with strong customer bases ✓ "Become a lender of choice" with superior tech capabilities ✓ Convert them to direct Saison customers and improve unit price per customer through cross-selling strategies 	<p><No. of alliance partners></p> <p>5 → 8</p> <p>FY22 FY23</p> <p>Plan to partner with businesses that have customer bases in the billions, such as e-commerce malls</p>
Step 1	B to B to C	(2) Partnership lending	<ul style="list-style-type: none"> ✓ Continued implementation to ensure stable profits and profitability 	
		(1) Wholesale lending	<ul style="list-style-type: none"> ✓ Continued implementation as market knowledge/insights 	

<appendix> Details by Business Model

✓ Enables product design tailored to risk level

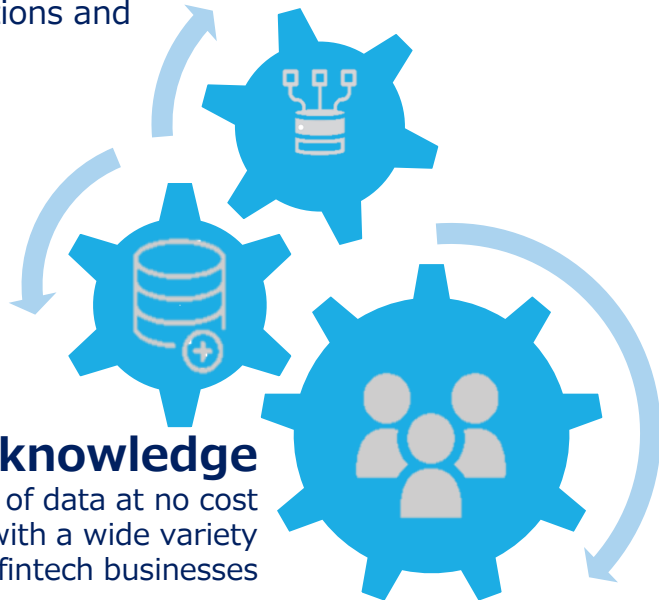
Product	 Wholesale	 Partnership	 Embedded finance	 Branch lending
Overview	Loans to local non-banks	Loans through alliances with fintech players	Loans through alliances with non-financial companies	Loans utilizing branches and sales agents
Target customer	Local non-banks	Individuals/SMEs originated by fintech players	Individuals	MSMEs
Rate of return	–	–	Upper 10%	Upper 10%
Avg. loan amount per customer	Up to 300 million rupees	–	Up to 150,000 rupees	–
Average loan term	Up to 24 months	3–36 months	18–24 months	–
No. of partners (incl. past transactions)	50+	15	8	170

<appendix> Solid Credit Backed by Data

- ✓ Build a solid credit model that combines in-house data and public data
- ✓ Achieve risk control through optimal credit methods tailored to products and target customers

Credit

Build a credit model using unique functions and techniques



Data access/knowledge

Acquire large amounts of data at no cost through collaborations with a wide variety of fintech businesses

Human resources

Risk, analysis, and collection team of 300 people with some of the best backgrounds in India



For individuals (embedded finance)

- ✓ Build an outstanding credit model by **leveraging partnership lending data and know-how**
- ✓ Efficient operation through **automatic review of all cases**
- ✓ Real-time monitoring of receivables trends, and **flexible review of credit models**



For MSMEs (branch lending)

- ✓ Determine repayment ability **through the use of open and reliable data**
- ✓ Understand actual business conditions **through on-site surveys**
- ✓ Cross-check consistency by **multiplying information** from multiple perspectives, including customer declarations and third parties

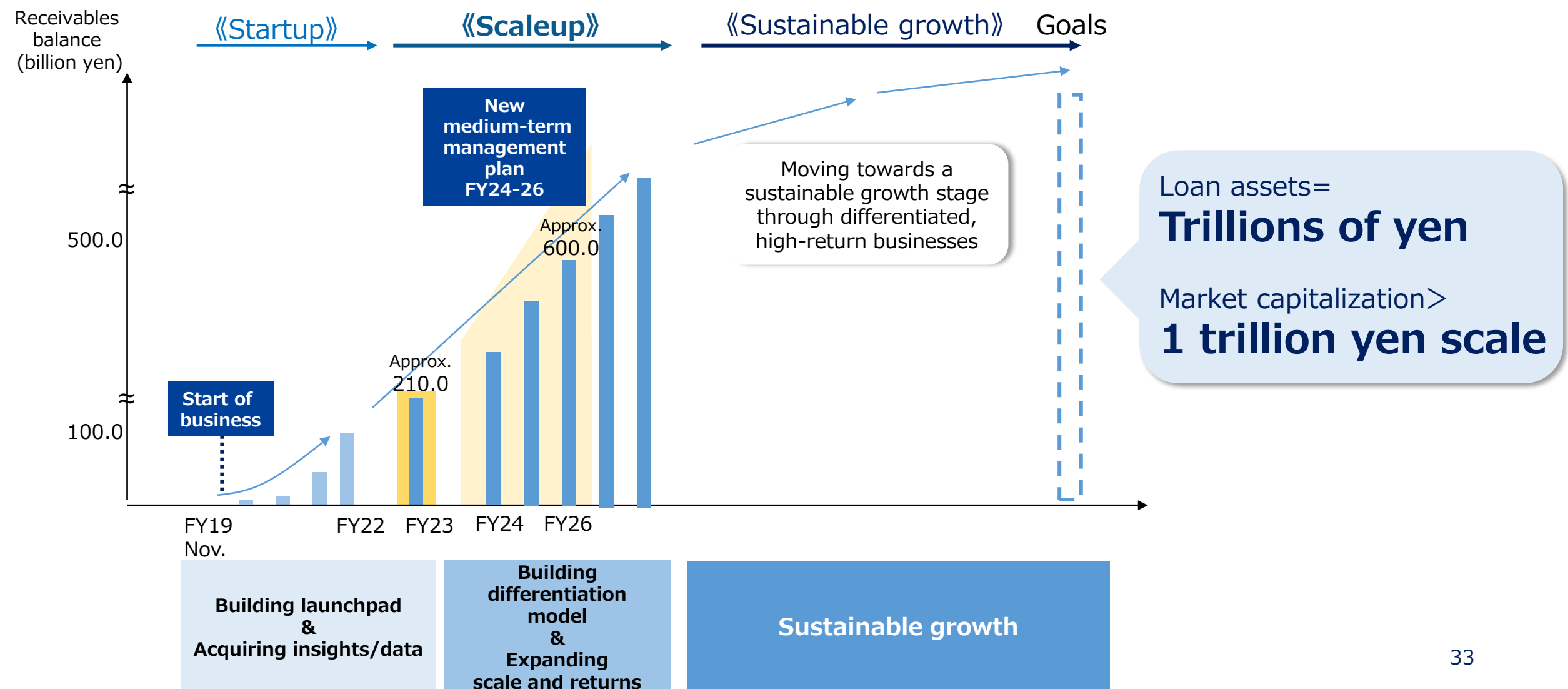
Governance Structure

- ✓ Strengthen the Japan-IHQ support system to support the rapidly expanding local (Credit Saison India) and build a strong governance system through collaboration with new shareholder



Long-Term Goals

- ✓ Moving towards a sustainable growth stage through differentiated, high-return businesses
- ✓ Aiming to be a top 10 non-bank in India



Finance Business Priority Initiatives

Expanding profits through Group businesses

01. Credit Saison x Saison Fundex

Growth in guarantee business and real estate finance field

02. Credit Saison x Suruga Bank

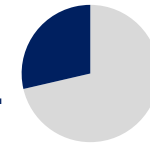
Expanding development in the finance field



01. Credit Saison x Saison Fundex

- ✓ Aim for growth in “asset efficiency” and “increase in revenue scale” by strengthening the guarantee business.

FY21
Off-BS
Approx.
30%



FY26plan
Off-BS
Approx.
45%



Guarantee business



- ✓ Expand secured guarantee area and mortgage loan guarantee business in addition to unsecured guarantee area
- ✓ Maximize profits through profit structure reform

For individuals and sole proprietors

Approx. 400 affiliated financial institutions



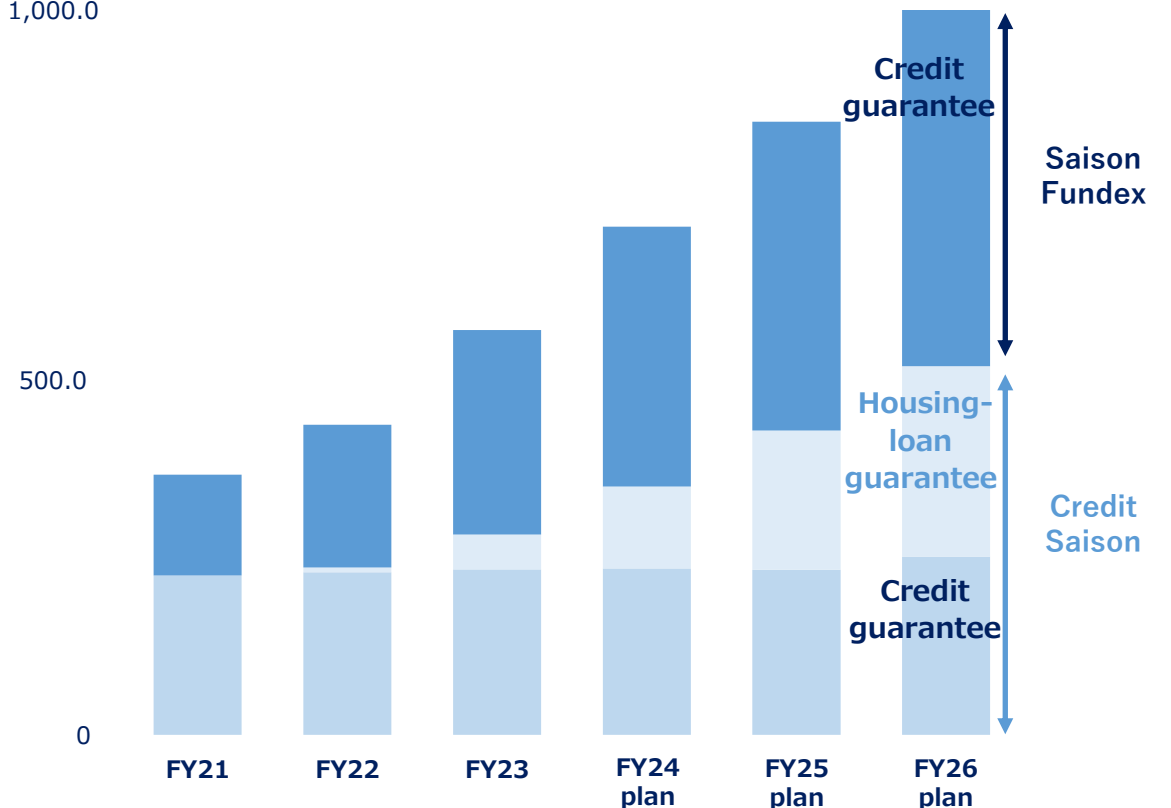
- ✓ To expand the secured guarantee area Accelerate the number of partner financial institutions
- ✓ Promote WEB x Real (partnerships/introductions)
- ✓ Increased productivity through efficient operations

For individuals, sole proprietors and corporations

Approx. 45 affiliated financial institutions

Trends in guarantee balance

(billion yen)
1,000.0



- ✓ Aiming to increase receivables balance by expanding products for business people, seniors, and corporations

Real estate finance business



- ✓ Strengthen relationships with sales and business partners
- ✓ Expand handling of products for the wealthy

For individuals and real estate businesses

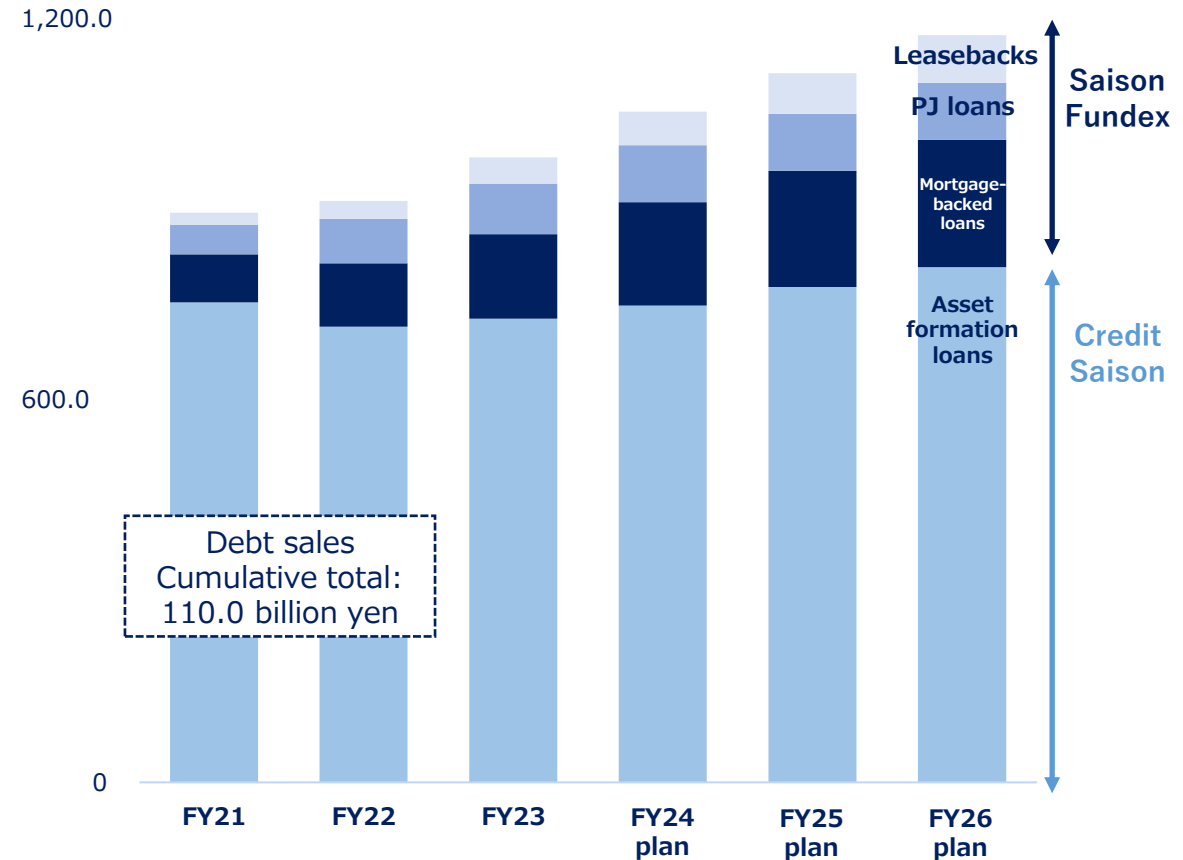


- ✓ Explore and deepen product offerings to meet market trends and customer needs



For individuals/sole proprietors and corporations/real estate businesses

■ Trends in receivables balance

(billion yen)



02. Credit Saison x Suruga Bank

<p style="text-align: right;">Nov. 2023</p> <p>Joint development of real estate finance</p>	<p style="text-align: right;">Oct. 2023</p> <p>Collaboration in the mortgage loan business</p>
<p>Began jointly providing "collaboration loans"</p>	<p>Suruga Bank began handling "Credit Saison guaranteed housing loans"</p>
<p></p> <p>Non-Bank</p> <p>"Rich customer base" and "screening capabilities cultivated through instant credit and instant transactions"</p>	<p> スルガ銀行</p> <p>Bank</p> <p>"Ability to directly communicate with customers" and "tailored screening capabilities"</p>
<p style="text-align: right;">Apr. 2024</p> <p>Joint venture on Saison Platinum Business AMEX Card</p>	<p style="text-align: right;">Postponed for time being due to reset of priority areas</p> <p>Establishment of Suruga Bank Saison Branch</p>

■ Finance field / new loan amounts

*Total of collaboration loans and housing loans



Revised plans due to expansion pace exceeding initial plan

Total business area: 5 years (FY23 to FY27)

Aiming for **350.0** billion yen or more of new loans

■ Resetting priority areas for collaboration

- ✓ We reconsidered the resource constraints and priorities for IT, etc., and for the time being have postponed the Saison branch initiative that was scheduled to open within this fiscal year
- ✓ We are resetting our three priority areas to become a Neo Finance Solution Company

Collaboration on products and services

Creating new value by combining the products and services of both companies

- Support services for foreign customers
- Loans for SME managers and sole proprietors

More sophisticated marketing

Developing marketing methods that utilize the DX skills and databases of both companies

- Developing housing loans for Saison card members*
- Joint development of digital marketing scheme

*Bank agency business began from March 25, 2024

Joint use of management resources

Promoting effective joint utilization of the management resources of both companies

- Joint use of IT tools and resources
- Expanding human resource exchanges, and collaborations including Group companies

■ Future development in the finance field

- ✓ Utilize our seamless platform for bank (Suruga) x non-bank (Credit Saison) to ensure that customers' loan needs are met

CREDIT
SAISON

Screening speed



[Target]
Customer base of
both companies
Wealthy individuals
and real estate owners



 スルガ銀行

Tailor-made responsiveness

Payment Business Priority Initiatives

Accelerate premium tier and SME strategies and reduce costs through structural reforms

01. Premium strategy

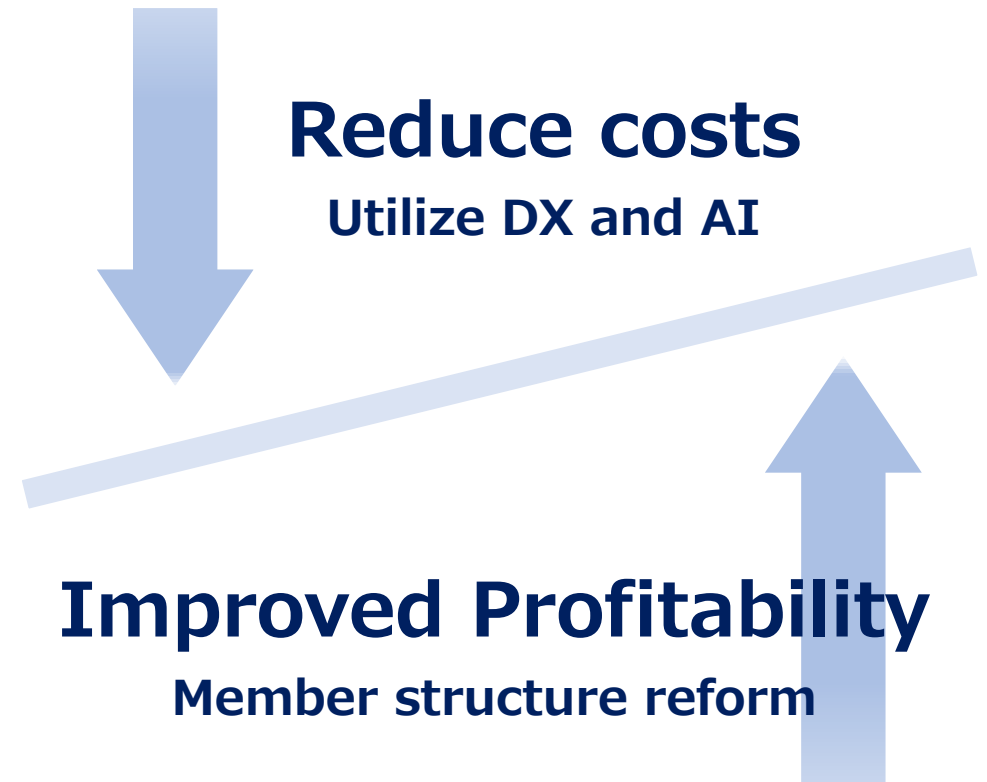
Expand share of customers with high unit prices and high utilization rates

02. Expand asset / non-asset profits

Increase profits through member structure reform

03. Implement cost structure reforms

Review operations by utilizing DX and AI



01. Premium strategy

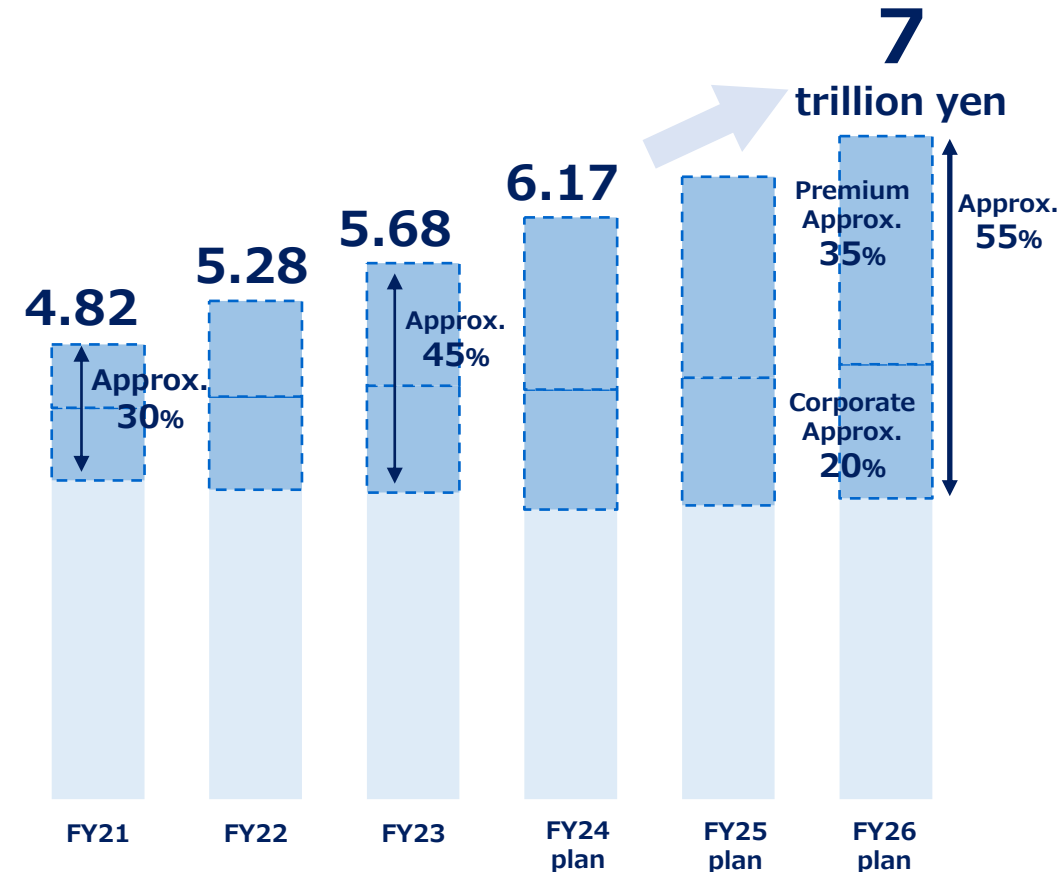
✓ Increase profitability by expanding the share of high-unit-price, high-utilization customers

Premium strategy

Promote premium cards and provide added value
Aiming to increase loyalty



■ Shopping transaction volume (trillion yen)



Membership Structure Transformation through Premium Strategy

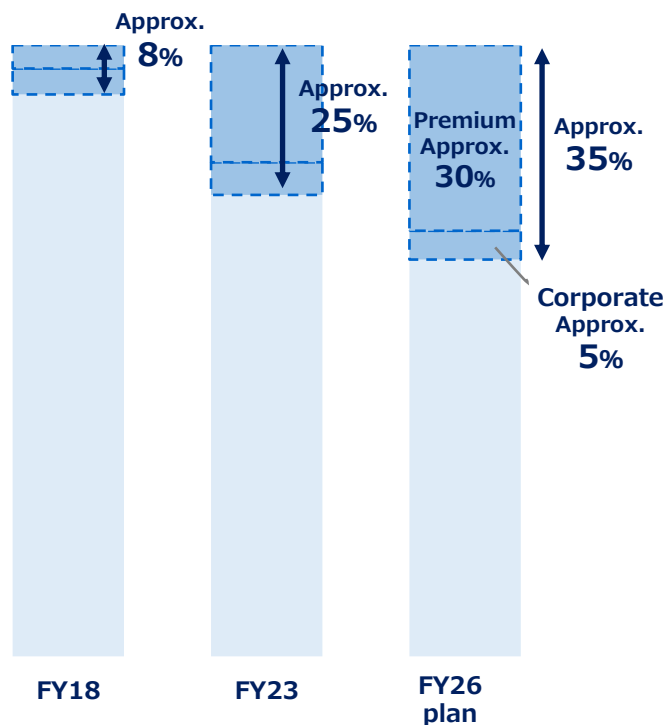
Results of and Outlook

Strategy: Expand from mass market (individuals) to the premium/
corporations(sole proprietorships/SMEs) market

Change member structure

■ Cardholder structure

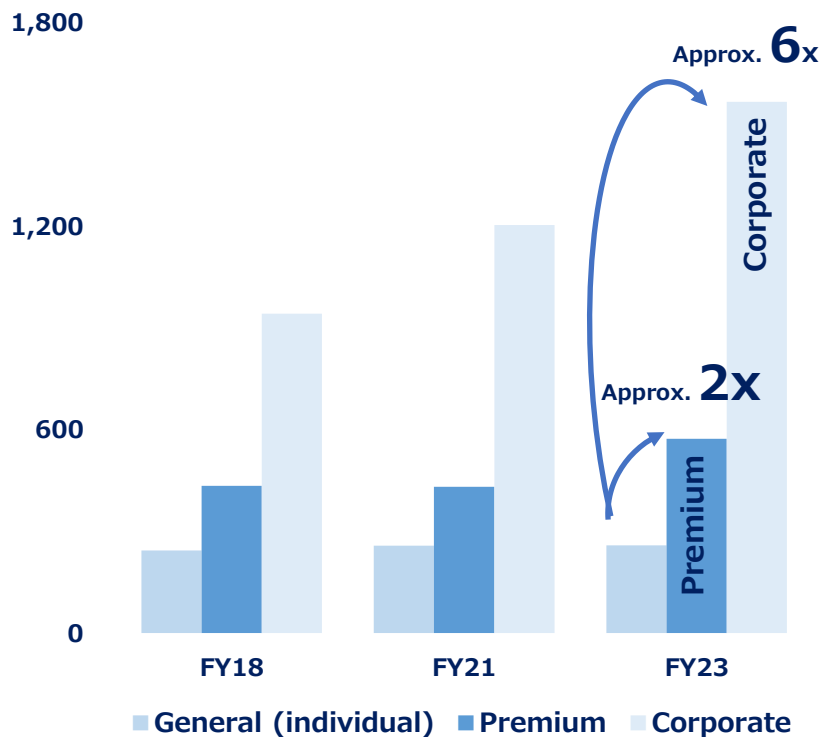
* As a percentage of active cardholders



Increase unit price

■ Shopping per customer (annual average)

(thousand yen)

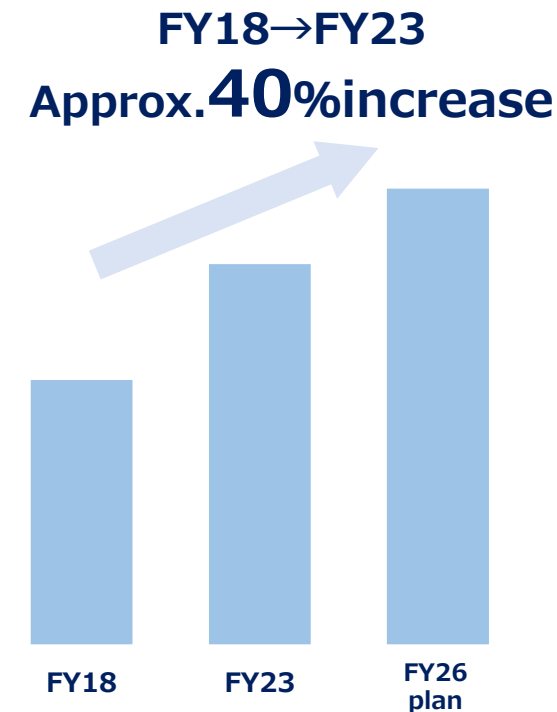


Expand transaction volume

■ No. of members spending

1 million yen or more annually

* As a percentage of active individual and SME cardholders



02. Expand Asset / Non-Asset Profits

- ✓ Build a stable foundation through member structure reform, and improve profitability through rate revisions, etc.

Steps for expanding revolving balance

Improve profitability and limit balance decreases
 Raise revolving fee rate and improve UI/UX

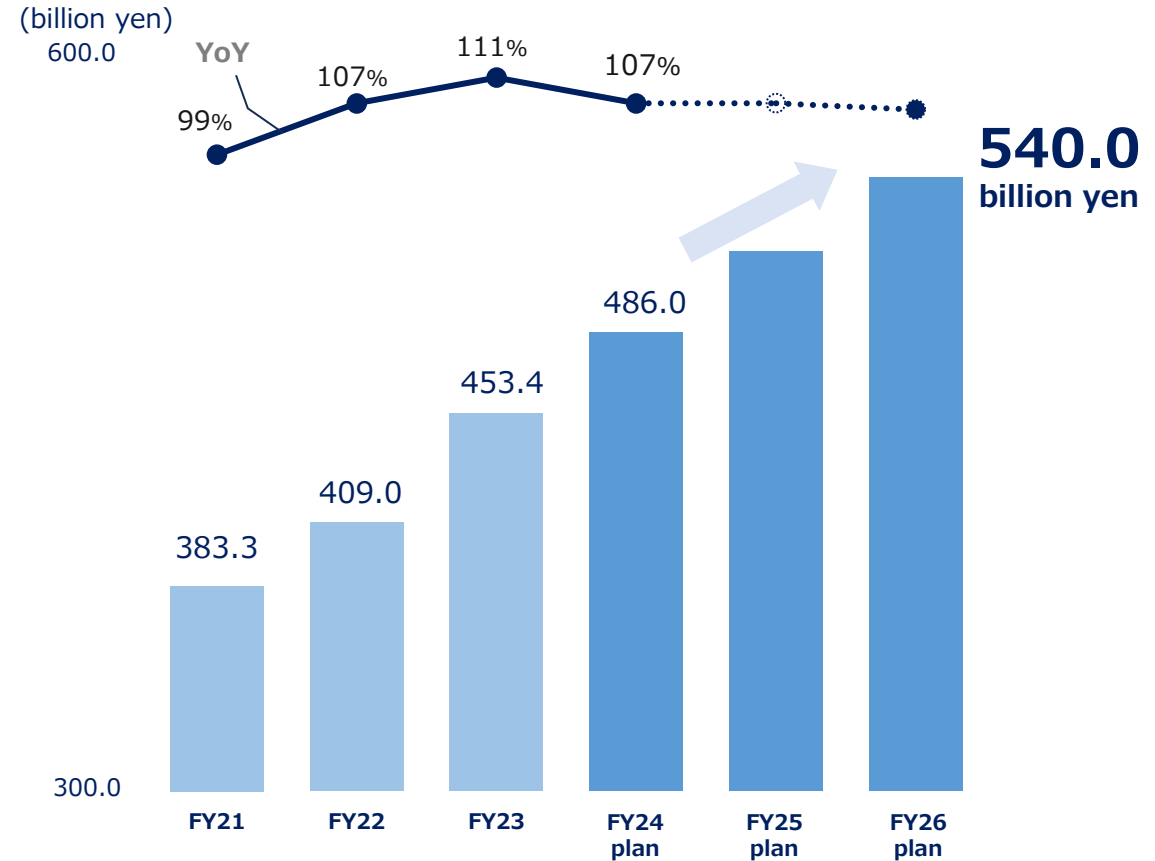
Release new features
 Upsell to revolving payments by letting customers **split purchases after shopping**

Member structure reform
 Expand use of **premium cards and business cards for sole proprietors**
 Grow usage among **high-income earners**

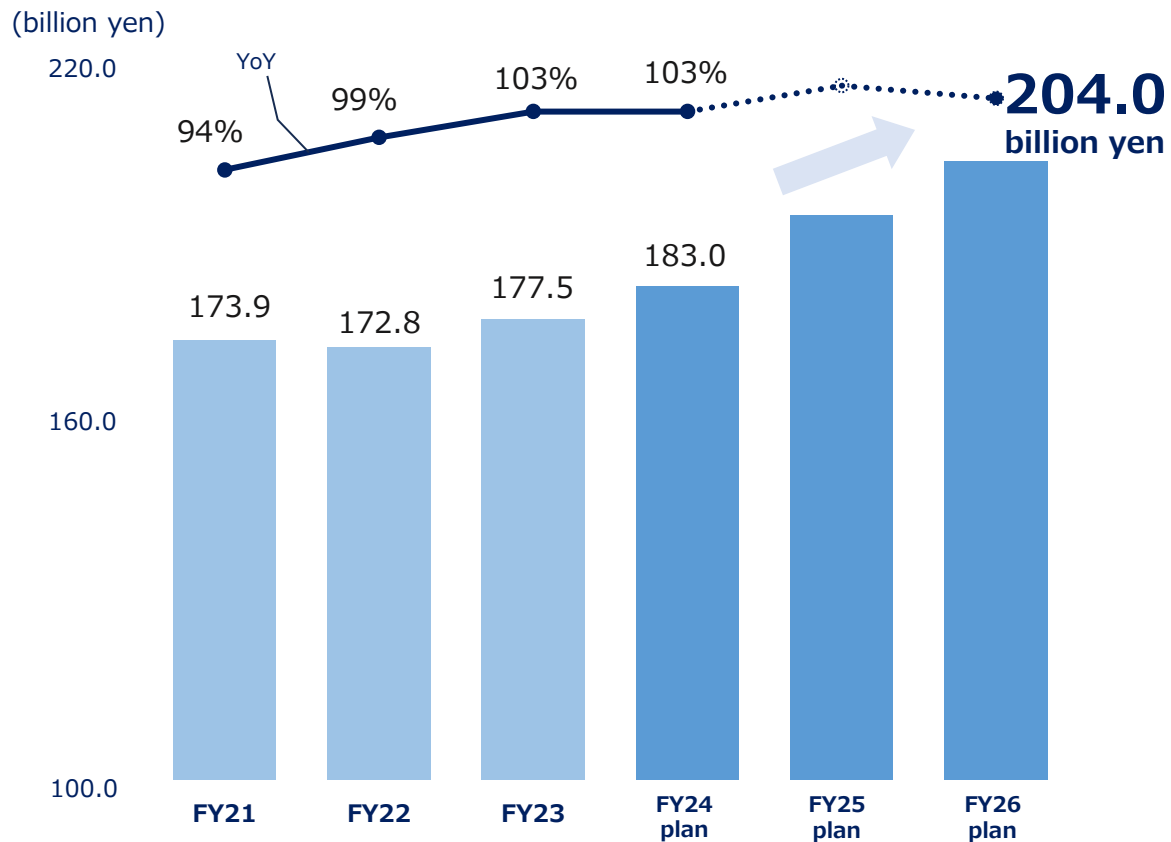
»» Expecting further expansion through premium strategy (p. 40)

Expansion of transaction volume

■ **Card shopping revolving balance**



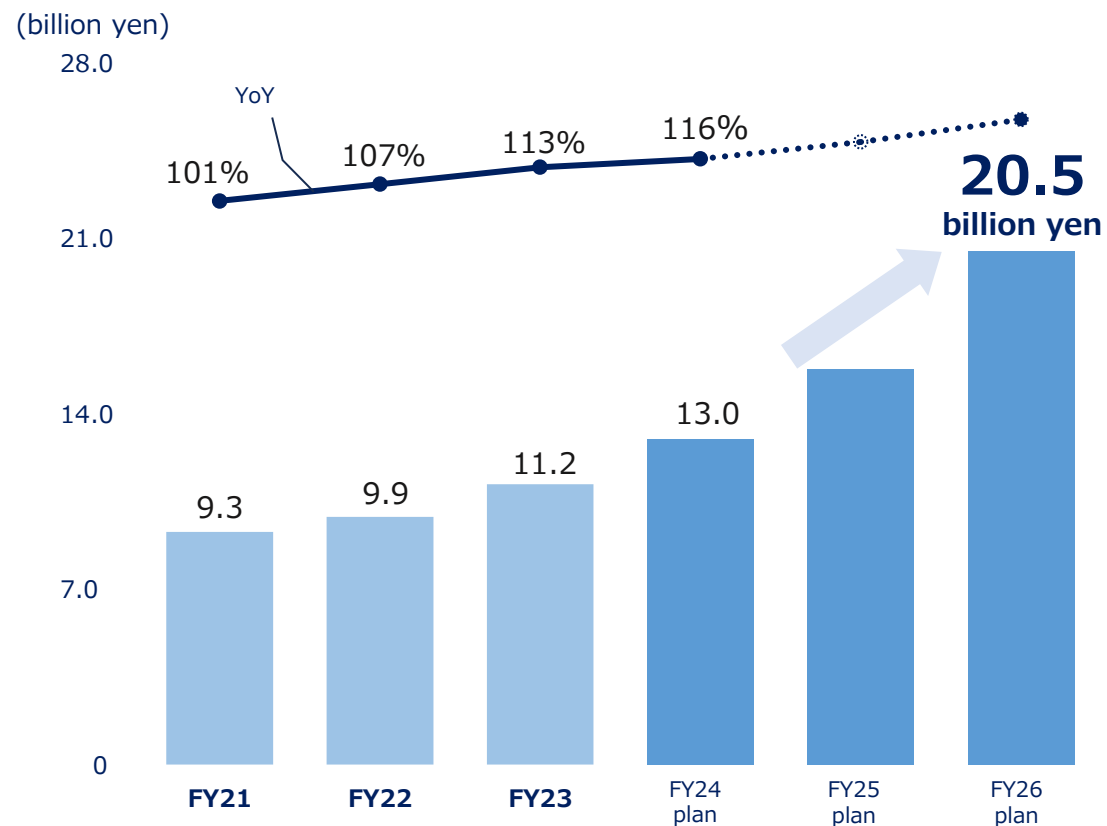
■ Cash advance balance



- ✓ **Immediate credit and instant deposits** for card loans
- ✓ **Reduced deposit times** for business support loans*
- ✓ **Improved functions for instant financing and digitalization**

* Loan service for SMEs and sole proprietorships started from February 2023. This service provides loans for large amounts of funds at low interest rates on eligible business cards.

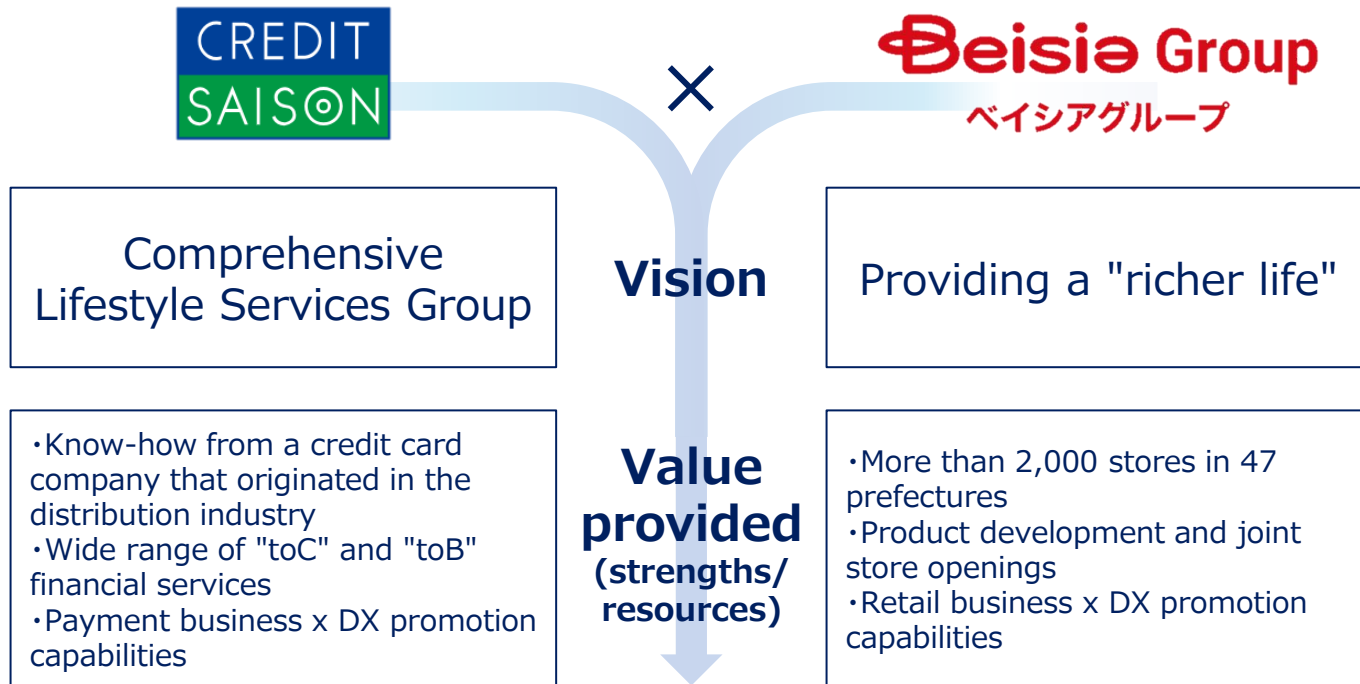
■ Annual fees, etc. revenues



- ✓ **Raise annual membership fees and expand paid options** while constantly **improving added value** to meet needs

Alliance with Beisia Group

- ✓ Aim to create synergies by leveraging each other's strengths and resources to realize both companies' visions

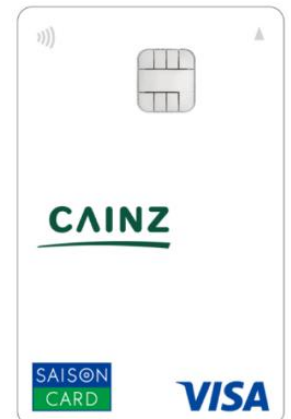


Based on "digital," realize financial services collaboration in both the individual and corporate fields

Utilize both companies' DX promotion capabilities to improve business efficiency and convenience



Scheduled for release in Spring 2025



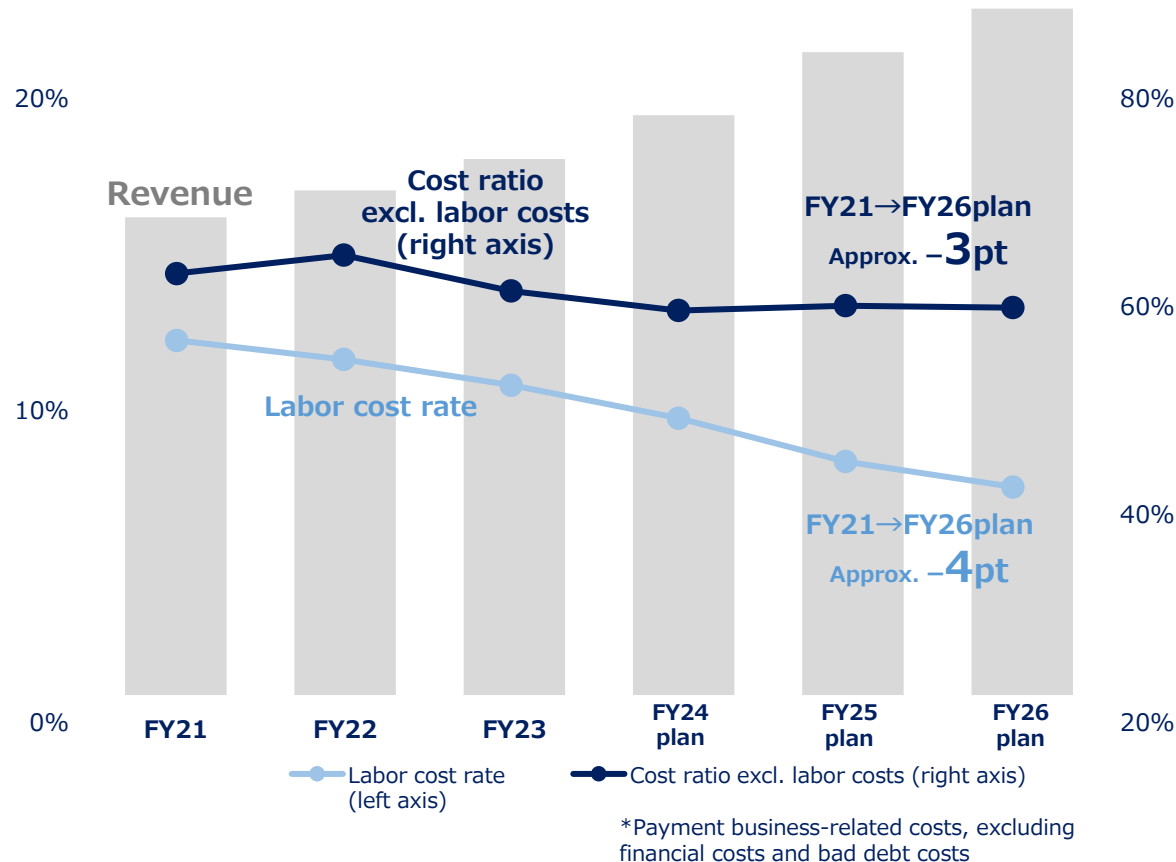
Scheduled for release in Fall 2024

Providing an "app-complete" payment service from membership to payment

03. Implement Cost Structure Reforms

- ✓ Reduce costs and improve profit margins by using DX and AI to review operations

■ Cost ratio to operating revenue for payment business



DX·AI

DX and AI to save manpower in operations

- Improve automation rate and accuracy during call taking, screening, and progress
- Digital counter (use of online customer service)
 - DX utilization for information

Review of operations

Reduce/get rid of low-profit operations

- Reduce paper-based work such as paper application forms



Reassign personnel to growth businesses and reduce temporary employment