

# 70<sup>th</sup>

## Business Report

CREDIT SAISON CO., LTD. Interim Business Report  
70th Fiscal Year (April 1, 2019 – September 30, 2019)



# Neo Finance Company in Asia

# Neo Finance Company in Asia

Dear Shareholders:

I would like to express my appreciation for your continued support and patronage.

Let me report on the business results for the first half of the 70th fiscal year (April 1, 2019 – September 30, 2019).

Credit Saison has formulated a medium-term management plan to be carried out until the fiscal year ending March 2022 (72nd fiscal year), upholding the midterm business vision of the “Neo Finance Company in Asia.” The plan provides the mission statement “Becoming a finance company advancing with customers for 50 years: Providing peace of mind and discovering potentials in money.” To achieve this medium-term management plan, Credit Saison is taking on the challenge of transforming itself into a finance company that provides customers with optimum services for their life events that involve financial decisions by using credit cards with long service lives as touchpoints.

With the completion of transfer to the Associated Core System in October 2018, which had been a long-term management priority, and with a proactive structure in place that will allow us to aim for future business growth, Credit Saison entered into an alliance with freee K.K. in June 2019 in preparation for the launch of the “freee Saison Platinum Business American Express® Card.” The new card, which builds on a credit model utilizing corporate financial and transaction data, is available to sole-proprietors and owners of small- and medium-sized enterprises that use the cloud accounting software “freee.” Additionally, in September 2019, Credit Saison reached an agreement with Daiwa Securities Group Inc. to form a capital and business alliance. The objective of the alliance is to mutually leverage the finance business know-how and customer networks cultivated by each of the companies since its founding, develop and offer “next-generation comprehensive financial services” catering to diverse market needs, and create “the future of finance.” Furthermore, in an effort to diversify its earning capacity independent of the card business, Credit Saison began handling the “Saison Platinum Flat,” a guarantee type product of the Japan Housing Finance Agency’s long-term mortgage-backed securities business, in June 2019, in addition to leases, credit guarantees, Flat 35 Loans (purchase type), and Asset Formation Loans. In this and other ways, Credit Saison has been proactively developing new alliances, services, and content.

As a result of the foregoing, net revenue was up 5.3% year on year to ¥159.285 billion, business income increased by 15.4% year on year to ¥31.263 billion and profit attributable to owners of the parent decreased by 0.1% year on year to ¥18.637 billion.

Homogenization competition will result in market saturation, and just being hardworking will only give you cookie-cutter ideas. When it comes to innovation, the inner motivation and purpose of “why do it” matters more than the approach of “how to do it.” To that end, Credit Saison will make a flexible and powerful organization that can derive solutions on its own in this age of unpredictability and uncertainty, as set out in our statement “open, frank and innovative,” that symbolizes our corporate culture.

Furthermore, we will continue to improve corporate value and contribute to society by practicing ESG management that we have been working on since the 1980s and contributing to the development of a more prosperous and convenient society.

Lastly, I would like to ask for shareholders’ continued use of Saison cards and UC Cards, as well as their unchanging support for Credit Saison.



December 2019

**Masahiro Yamashita** President and COO

# Payment

Payment Business

## Growth Strategy and Initiatives for Structural Reforms in the Payment Business

Credit Saison responds to diversifying payment services that include prepaid cards and smartphone settlement in addition to credit cards, and implements measures to encourage customers to shift from the cash market. In the Credit Services Segment, the total number of card members decreased by 0.6% from the previous fiscal year-end to 26.62 million and card shopping transaction volume grew by 4.5% year on year to ¥2,448.0 billion. In April 2019, we launched "Saison Classe," a service that presents Saison and UC card members using the smartphone apps "Saison Portal" and "UC Portal,"

who were previously offered uniform services, with user class-based benefits according to their usage results. From September 2019, we commenced the "Saison's Otsukidama" campaign in which we give away ¥10,000 in cash to 10,000 members each month. As such, we endeavored to enhance our services for card users. In October 2019, we joined the "Project for Encouraging Businesses to Introduce Cashless Payment Systems and Pass on Benefits to Consumers" for small- and medium-sized enterprises and micro enterprises, run by the Ministry of Economy, Trade and Industry, and have

been promoting initiatives toward spreading cashless settlement. Furthermore, through the capital and business alliance with Daiwa Securities Group Inc. announced in September 2019, we will develop and provide "next-generation comprehensive financial services" utilizing and combining finance business know-how and customer networks based on the credit card and securities businesses.

# Global

Asia Business

## Accelerating Promotion of Retail Financial Business in Asia

In the rapidly-growing countries in Asia, Credit Saison is rolling out a wide array of finance business strategies to contribute to the economic development and the interests of the people of each country. HD SAISON Finance Company Ltd. in Vietnam has been developing its business by deploying mainly the installment credit business centering on loans for motorcycles and home appliances, and is now preparing for the new launch of the credit card business. PT. Saison Modern Finance in Indonesia has been deploying the digital lending business and is aiming for early profitability as the sole multi-e-finance company in Indonesia. Additionally, Grab Financial Services Asia Inc., which operates throughout Southeast Asia, has commenced the digital lending business using smartphones, and SIAM SAISON Co., Ltd. in Thailand has begun to provide a wide range of B-to-B financial services including installment payments for the placement and receipt of orders and relevant payments related to construction materials in the country's domestic construction industry. Our Indian arm Kisetsu Saison Finance (India) Private Limited was granted a business license by the Reserve Bank of India in October 2019. Under the management vision of "Realizing financial inclusion through the

utilization of technology and the innovation of business models," it intends to enter the digital lending business and to play a part in the economic growth of India. Furthermore, in June 2019, we launched our investment business in Singapore through the establishment of Saison Capital Pte. Ltd. to focus on the financing of and investment in early-stage startups outside Japan. Saison Capital Pte. Ltd. will strengthen and promote the financing of and investments in promising startups around the world including Africa and South America, as well as Asia, based on timely decision-making while enabling collaboration with the businesses in markets where we already operate and the early capture of innovative business models.



# Solution

Solution Business

## Offering Solutions Best Suited to Business Scale and Needs

Credit Saison has been promoting efforts toward cashless settlement in the corporate settlement field as well as greater efficiency in back-office operations, by leveraging its resources including its know-how of the credit card business, a customer base of approximately 37 million people and a wide variety of partners accumulated over the years. Credit Saison entered into an alliance with freee K.K. in preparation for the launch of the "freee Saison Platinum Business

American Express® Card." The new card, which builds on a credit model utilizing corporate financial and transaction data, is available to sole-proprietors and owners of small- and medium-sized enterprises that use the cloud accounting software "freee." Furthermore, we have been rolling out aggressive marketing measures to capture the small- and medium-sized enterprise market, including the expanded marketing of the "Saison Platinum Business American

Express® Card" and the provision of the "Payment Agency Service," a third-party payment service for purchases. As for initiatives to expand our business consignment, we were commissioned by JAPAN POST Co., Ltd. in June 2019 with the system development of "Post Office Club," a nationwide membership service, and the administration of its call centers and membership information.

# Investment

Asset Management Business

## Expanding Contacts with First-time Investors through the Point Investment Service

We continuously enhance services and improve the convenience of the website for the "Point Investment Service" using Eikyufumetsu Points, such as the long-term investment experience "Tsumitate (accumulation) function," the robo-advisor investment plan simulation service and the "Individual Stock Course," which is linked to the stock price of real companies, in addition to the existing

four courses of "Active," "Balance," "Japanese Equities Index (TOPIX)" and "U.S. Equities Index (V00)." We have expanded contacts with first-time investors, and as of September 30, 2019, there were approximately 500,000 users of this service. We will utilize Credit Saison's resources and further expand our investment business so that customers who are interested in investment activities can

enjoy experiencing the various stages of investing.



# Finance

Finance Business

## Offering Finance Functions that Match Market Needs

Utilizing its sales capabilities and nationwide network built up in the card business, Credit Saison is working to build its business foundation as a non-bank resilient to environmental changes with a diversified range of revenue streams through strengthening relationships with partner companies and providing finance services tailored to market needs.

### Lease & Rental

We are conducting marketing mainly for office automation (OA) equipment, kitchen equipment and the like in accordance with the capital investment plans of business operators. We worked to reinforce our trust-based relationships with existing mainstay partners through implementation of joint campaigns, etc. and to strengthen our marketing to new priority partners. This resulted in the balance of receivables held to increase 4.6% from the previous fiscal year-end to ¥322.8 billion.

### Credit Guarantee

Centering on guarantees for non-secured personal multipurpose loans, we are focused on capturing sound loan transactions by working in close cooperation with partner financial institutions in terms of both sales and administration. We strove to build a finely-tuned system to collaborate with regional financial institutions through multipurpose loan products whose purposes were expanded to include business purposes. As a result, the total number of partner financial institutions decreased by two year on year to 403 and the balance of credit guarantees increased by 0.1% from the previous fiscal year-end to ¥347.1 billion.

### Finance

Backed by the Saison brand's sense of trust and security resulting from the preferential services for card members and the credit card business, "Flat 35 Loans" provided support for purchasing homes by offering "Saison Home Loan Packages" including "Flat 35 Loans PLUS," "Flat 35 Bridge Loans," "Saison Home Assist Loans (loans for various costs upon purchasing a home)," and the "Saison Platinum Flat," which was launched in June 2019 and utilizes the "Flat 35 Loans" (guarantee type). As a result, the loan balance after the transfer of receivables to the Japan Housing Finance Agency (JHF) increased by 12.8% from the previous fiscal year-end to ¥862.3 billion. As for "Saison Asset Formation Loans," thanks to our efforts to increase sound receivables with the collaboration with our partners, the loan balance increased by 9.1% from the previous fiscal year-end to ¥552.1 billion.



# Digital Marketing

Digital Marketing

## Creation of Businesses that Leverage Digital Devices and Customer Data

Credit Saison is further expanding the number of Internet members and members of smartphone apps, while promoting new business models that combine the big data/customer base owned by Saison with the resources owned by outside firms. Furthermore, we are striving to enhance the Quality of Life of our card members by efficiently and effectively offering "optimum content" and "highly

convenient payment functions" through digital technology. As part of these initiatives, we have strengthened our health platform by investing in Brain Activation Research Institute, Inc., which conducts brain health checkups for the elderly.

## Topics in April to September 2019

- Launched "Saison Classe," a service offering user class-based benefits according to members' usage results
- Invested in Brain Activation Research Institute, Inc. and in September released "Periodic Inspection of Brain Activity Levels (Brain Activation Research Institute)."
- Formed a capital and business alliance with Daiwa Securities Group Inc.
- Launched "Saison's Otsukidama" campaign in which ¥10,000 in cash is given away for every ¥500 used on the Saison/UC card to 10,000 members each month.

# ESG

## Creating a Sustainable Society in the Manner of Credit Saison

Based on our "leading-edge service company" management philosophy, we leverage our unique know-how, management resources, and the experience of each of our employees to contribute to developing society and solving social problems in our own way through our daily operations. As such, Credit Saison strives for a sustainable society that is much more convenient and prosperous.

We are engaged in initiatives to achieve a safe, secure, and convenient cashless society and activities utilizing Eikyufumetsu Points and credit card settlement to support those affected by

natural disasters. We are contributing to the sustainable growth of the rapidly changing financial community through supporting nature conservation activities led by Akagi Nature Park and other sports and cultural activities. Furthermore, we also provide support for the growth and the enhancement of financial knowledge of children who will lead the next generation through participation in various educational programs with the communities. We have also been engaged in initiatives to strengthen our corporate governance, including the establishment in June 2019 of the Nomination & Remuneration Committee as a non-statutory advisory body to the Board of Directors.

# Diversity & Inclusion

## Creating Organization that Allows Each Employee to Unleash His or Her Potential

We promote diversity and inclusion with the aim of becoming a lively and rewarding organization where each employee is allowed to unleash his or her full potential. To draw out greater capabilities and potential of each employee, we have established a career development support system including 1 on 1 meetings and human resources development conferences, and introduced optional seminars where employees may take the seminars at their discretion. We have also launched "SWITCH SAISON," a venture program that commercializes ideas of the employees in a timely manner in order to encourage the growth and spirit of challenge of

the employees, as well as promoted the utilization of "Eikyufumetsu Chips," a peer bonus system where employees can express their appreciation for each other, as a way of generating a sense of unity and improving engagement.



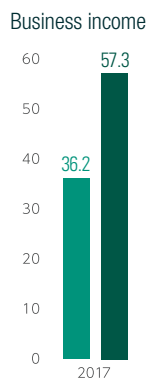
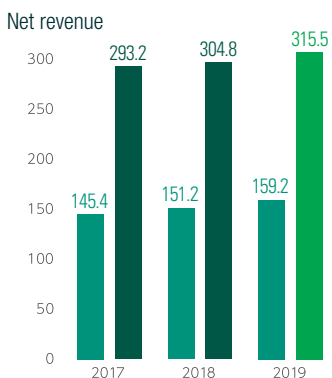
## ■ Midterm business vision

Credit Saison has established a medium-term management plan to be carried out until the fiscal year ending March 2022. Entitled “Neo Finance Company in Asia,” the plan outlines the following mission statement: “Becoming a finance company advancing with customers for 50 years: Providing peace of mind and discovering potentials in money.”

To achieve the goal of becoming a “Neo Finance Company in Asia,” Credit Saison will transform itself into a finance company that provides customers with optimum services for each financial event in their lives, focusing on settlement services such as credit cards and prepaid cards. Through these efforts, Credit Saison seeks to achieve consolidated business income of ¥60 billion in the fiscal year ending March 2022.

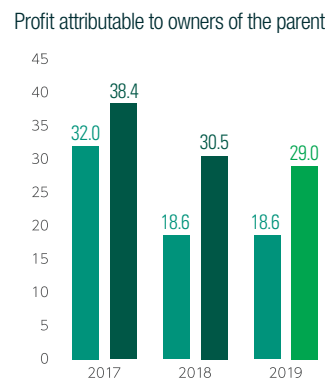
## ■ FINANCIAL DATA

### Operating Results

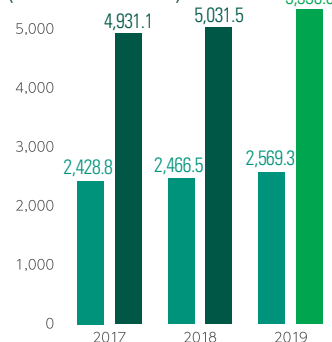


(Billions of yen, 10 thousand persons)

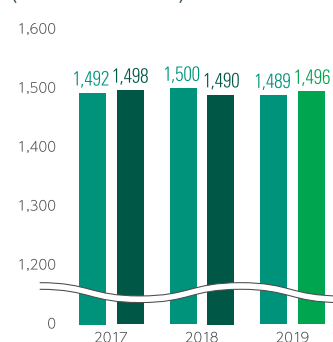
— Second Quarter — Full Year — Full Year Forecast



### Card transaction volume (Non-consolidated)



### Active card members (Non-consolidated)



(Notes)

1. Credit Saison has adopted International Financial Reporting Standards (IFRS) in place of the traditional JGAAP since the fiscal year ended March 31, 2019. The figures for the second quarter of 2017 in the above graphs are based on the JGAAP, while those for the full-year of 2017 and thereafter are based on IFRS.
2. Operating revenue, ordinary income and profit attributable to owners of parent according to the JGAAP are replaced with net revenue, business income and profit attributable to owners of the parent, respectively.

## Supporting Company

We will continue to support the desire to always take on challenges.

Since 2001, Credit Saison has been a corporate supporter of the Japanese national soccer teams, backed by our passion to keep growing hand in hand with them. And since 2014, Credit Saison has also supported Asian soccer, which is of great popularity in Asia in recent years, through the sponsorship agreement with the Asian Football Confederation (AFC). Just as the Japanese national soccer teams bear the Japanese flag and continue their feat on the world stage, we, at Credit Saison, hope to take on various challenges as a leading-edge service company.



Credit Saison is a supporter of Japanese national soccer teams.

## CORPORATE DATA

### Corporate Information

(As of September 30, 2019)

CREDIT SAISON CO., LTD.

Incorporated: May 1, 1951  
 Paid-in Capital: ¥75,929.36 million  
 Number of Employees: 3,107 In addition, Average Number of Non-regular Employees: 601 (in 7.5 hours/day equivalent)  
 Head Office: 52F Sunshine 60 Bldg., 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-6073, Japan  
 Major Businesses: ① Credit Service Segment (credit card business, servicing (loan collection agency) business, etc.)  
 ② Lease Segment (lease business)  
 ③ Finance Segment (credit guarantee business and finance-related business)  
 ④ Real Estate-Related Segment (real estate business and real estate leasing business, etc.)  
 ⑤ Entertainment Segment (amusement business, etc.)

Board of Directors and Audit & Supervisory Board Members

Chairman and CEO	Hiroshi Rinno	Director	Shingo Baba	Director (Outside)	Nana Otsuki
President and COO	Masahiro Yamashita	Director	Yasuyuki Isobe	Standing Audit & Supervisory Board Member	Haruhisa Kaneko
Representative, Executive Vice President	Naoki Takahashi	Director	Shunji Ashikaga	Standing Audit & Supervisory Board Member (Outside)	Munehiro Harada
Managing Director	Katsumi Mizuno	Director	Kazutoshi Ono	Standing Audit & Supervisory Board Member (Outside)	Hiroaki Igawa
Managing Director	Tatsunari Okamoto	Director	Kazue Yasumori	Audit & Supervisory Board Member (Outside)	Chie Kasahara
Managing Director	Yoshiaki Miura	Director (Outside)	Kaoru Hayashi		
Director	Akihiro Matsuda	Director (Outside)	Naoki Togashi		

### Stock Information

(As of September 30, 2019)

Common Stock Authorized 300,000,000 shares Common Stock Outstanding 185,444,772 shares Number of Shareholders 15,403  
 Major Shareholders (Top 10)

Name	Equity stake	
	Number of Shares (thousands)	Ownership Percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	24,849	15.66
Japan Trustee Services Bank Ltd. (trust account)	10,258	6.46
Japan Trustee Services Bank Ltd. (trust account 9)	7,355	4.63
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	6,534	4.12
Trust & Custody Services Bank, Ltd. (securities investment trust account)	4,491	2.83
Mizuho Bank, Ltd.	3,000	1.89
Japan Trustee Services Bank Ltd. (trust account 5)	2,770	1.75
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS - UNITED KINGDOM	2,739	1.73
JP MORGAN CHASE BANK 385151	2,589	1.63
The Nomura Trust and Banking Co., Ltd. (investment trust account)	2,458	1.55

\*1. 26,717,264 treasury shares held by Credit Saison are not included in the above list of major shareholders.

\*2. The ownership percentage is calculated based on the number of shares outstanding excluding treasury shares.

### Shareholders' Notes

Fiscal Year: Period beginning on April 1 and ending on March 31 of the following year  
 Ordinary General Meeting of Shareholders: Convened each year in June  
 Record Date: Ordinary general meeting of shareholders and year-end dividend payments - March 31  
 Should any other record date be required, a public notice will be issued in advance.  
 Transfer Agent and Administrator of Special Accounts: Sumitomo Mitsui Trust Bank Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan  
 Administrative Office of Transfer Agent: Stock Transfer Agency Business Department, Sumitomo Mitsui Trust Bank Limited, 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan  
 (Mailing Address) Stock Transfer Agency Business Department, Sumitomo Mitsui Trust Bank Limited, 2-8-4, Izumi, Suginami-ku, Tokyo 168-0063, Japan  
 (Telephone Inquiries) 0120-782-031 (9:00-17:00 excluding weekends and holidays)  
 (URL) <https://www.smtb.jp/personal/agency/index.html>  
 Method of Public Notice: Electronic notice (Credit Saison website <https://corporate.saisoncard.co.jp/>)  
 Stock Listing: Tokyo Stock Exchange  
 Securities Code: 8253

[Notice of Address Change, etc. and Inquiries Relating to Shares] Shareholders who have an account with a securities company are asked to contact the relevant securities company regarding address change and other notices, as well as inquiries. Shareholders who do not have an account with a securities company are asked to call the number indicated above for telephone inquiries.

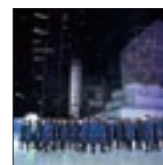
[Special Accounts] For shareholders who were not using the "Hofuri" system (Japan Securities Depository Center, Inc.) prior to the introduction of the electronic share certificate system, an account (special account) has been opened at Sumitomo Mitsui Trust Bank Limited above as the transfer agent. Inquiries on special accounts should be directed to the transfer agent at the number indicated above for telephone inquiries.



東池袋52

"Higashi Ikebukuro 52" formed by 53 female members selected from among all employees of Credit Saison Co., Ltd., with its headquarters on the 52nd floor of the Sunshine 60 Building, Higashi-Ikebukuro, Tokyo, and its affiliated companies; is now active with six singles released!

"All Seasons Best – Winners are those who enjoy life!" - the album with the four singles



永久不滅ポイント

You can get the album with 200 points.

1st single: "Watashi Saison"  
 2nd single: "Natsu Saison"  
 3rd single: "Aki Saison"  
 4th single: "Yuki Saison"

\*The 5th single "Ai Saison" and the latest 6th single "Shiawase no Saison" are now available on our official website.

CREDIT SAISON

