



71<sup>st</sup>

# Business Report

CREDIT SAISON CO., LTD. Business Report

71st Fiscal Year (April 1, 2020 – March 31, 2021)

Transforming ourselves into a comprehensive life services corporate group

Dear Shareholders:

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

My name is Katsumi Mizuno. I am the Representative, Executive President and COO, newly appointed in March 2021.

Let me report on the business results for the 71st fiscal year (April 1, 2020 -March 31, 2021).

The Japanese economy during the 71st fiscal year remained in severe circumstances due to the impact of coronavirus disease (COVID-19). The business environment for the industry we operate in also continues to be severe, affected by the persistent trend of frugal spending by consumers and the impact of natural disasters in addition to the negative effects of the economic downturn caused by restrictions on activities and self-quarantining amid the COVID-19 pandemic.

Credit Saison upheld the midterm vision of “Neo Finance Company in Asia” in the 71st fiscal year as the second year of the medium-term management plan covering the period up to the fiscal year ending March 31, 2022 (72nd fiscal year) with the mission statement of “Becoming a finance company advancing with customers for 50 years.” We have been working on initiatives such as “Growth strategies and structural reforms in the payment business,” “Further expansion of the finance business,” and “Expanding the revenue base of global business with an eye on the future.”

In Japan, we launched various types of cards targeting a wide range of markets. They include concept cards such as the smartphone-based settlement service “SAISON CARD Digital,” “Saison Rose Gold American Express® Card,” a card that comes in a premium design for a limited period targeting “women in their 30s and 40s who want to be true to themselves in both their professional and private lives,” the “Saison Gaming Card” targeting the expanding game market, and the “Like me by saison card” with a core target of young people of the Generation Z, as well as the “Daiwa Securities Saison Platinum/American Express® Card” for customers using the “Daiwa Fund Wrap Premium” service of Daiwa Securities Co. Ltd.

Further, in addition to the promotion of existing finance products, such as leasing, credit guarantees, Flat 35 Loans, Asset Formation Loans, and rent guarantees, we launched “Saison’s Factoring of Medical, Nursing and Dispensing Fees (Early Monetization Service)” at one of the industry’s lowest rates to support the cash flow of medical clinics, nursing care providers, and dispensing pharmacies whose businesses have been affected by the downturn in outpatient numbers caused by the spread of COVID-19.

We position the global business as a pillar of our future revenue base. While it was impacted in every country by the spread of COVID-19, we have minimized credit risk by suppressing new loans at an early stage.

Our joint venture company in Vietnam, HD SAISON Finance Company Ltd., started full operation of the new credit card business in the fiscal year ended March 31, 2021 following a test launch in August 2020. In India, Kisetsu Saison Finance (India) Private Limited obtained an AA+ long-term credit rating from Indian credit rating agency, CRISIL Limited, and will expand its lending by obtaining finance from local financial institutions. Our Singapore arm, Saison Capital Pte. Ltd., which had suspended new investments and lending due to the impact of COVID-19, is gradually resuming impact investments and corporate venture capital investments.

Financial results for the 71st fiscal year were greatly affected by temporary shutdowns of partner companies and self-quarantining among the public due to the spread of COVID-19, causing net revenue to fall 9.2% year-on-year to ¥282,625 million. On the other hand, business income increased by 33.6% year-on-year to ¥48,352 million and profit attributable to owners of parent increased by 58.0% year-on-year to ¥36,132 million. This was because items corresponding to card transaction volume, namely, operating expenses and allowances for doubtful accounts, declined, and due to the absence of one-off factors in the previous fiscal year such as additions to the provision for loss on interest repayments and the front-loading of expenses for renewing IC cards.

In the 72nd fiscal year, the Credit Saison Group will take on the challenge of transforming into a “comprehensive life services corporate group” that aims to realize customer success through the fusion of real-world and digital services, with the basic concepts of “Innovative,” “Digital,” and “Global.” To this end, we will provide services that will enable customers to enjoy a life of quality and bounty and evolve into a “lifestyle infrastructure group.” We will also practice management that is conscious of the Environment, Society and Governance (ESG) and, contribute to the development of society that is more convenient and enriched as part of our efforts to enhance corporate value in a sustainable manner.

Lastly, I would like to ask for shareholders’ continued support and encouragement for Credit Saison.



Innovative

June 2021

Katsumi Mizuno Representative,  
Executive President and COO

水野 克己



# Transforming ourselves into a comprehensive life services corporate group

In the 71st fiscal year, we engaged in “growth strategies and structural reforms in the payment business,” “digital innovation and the creation of new businesses,” “further expansion of the lease business and finance business,” and “the expansion of the revenue base of global business with an eye on the future.” We are also promoting digital transformation (DX), which will enhance customer convenience and management efficiency, with the aim of building the foundations for our growth trajectory.

## Topics

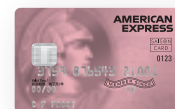
### SAISON CARD Digital

In November 2020, we rolled out a new settlement service that issues a digital card using an app on a user's smartphone in a matter of five minutes after credit card application is completed. It can be used for online shopping and non-contact payment in brick-and-mortar stores and caters to the growing need for “non-face-to-face” and “non-contact” transactions amid the COVID-19 pandemic, winning new card members, primarily among the younger generations. Over 100 diverse companies have introduced it to take advantage of the feature that allows immediate use after card application.



### Saison Rose Gold American Express® Card

In November 2020, we launched Japan's first monthly-fee card as the latest in the line-up of Saison American Express® Cards. The card comes in a rose gold colored edition available for a limited time, and provides premium features such as limited perks, and has won the popularity mainly of women, its target customer group.



## Digital Division

**Kazutoshi Ono** Senior Managing Executive Officer and CTO, CIO, and Head of Digital Innovation Division



The 71st fiscal year was a year in which we pursued the transition to in-house development of new product systems.

New products such as “SAISON CARD Digital,” “Saison Gaming Card,” and “Likeme♡by saison card” are

designed, developed and operated by the Technology Center, which is our digital expert organization. The Center incorporates new products into smartphone apps and takes care of the server-side installation, realizing speedy product releases and service improvements.

In the 72nd fiscal year, we will step up a gear in our initiatives on digital technologies. We will move ahead with

### Saison Gaming Card

In December 2020, we launched a new concept card that focuses on gamers in the ever-expanding Japanese game market, offering a tool to experience the world of games. The card features a dedicated app, Saison Gaming Card App, and an exclusive point program called “Gaming Coin.” We will work to expand the services offered by this card for an enhanced gaming experience.

### Likeme♡by saison card

In March 2021, we rolled out a concept card targeting Generation Z as its core customer. This card adopts a cashback program returning 1% of purchases, featuring a design reflecting the views of the Generation Z that pursues what they're “in to.” With customer communication mainly taking place on the social media, this card is successfully acquiring young card members.



### Saison's Factoring of Medical, Nursing and Dispensing Fees (Early Monetization Service)

In March 2021, we launched an early monetization service at one of the industry's lowest rates to support the cash flow of medical, nursing care and pharmacy business operators. Application is completed online, and meets the needs of a wide variety of operators, including hospitals, medical clinics, dental clinics, nursing care providers, and dispensing pharmacies.

integrating our existing IT division (IT Strategy Dept.) and the digital division (Technology Center) to progressively launch new services as a leading-edge service company, and strive to achieve a more agile IT system that can improve existing services. Specifically, we will categorize IT system development into three types, namely those that should (1) transition to in-house development, (2) continue to be developed by outsourcing to IT vendors, and (3) be developed and operated in a hybrid-approach by integrating the in-house digital organization and IT vendors. We plan to gradually expand and develop IT systems (1) and (3) that can be handled in-house.

\*Mr. Kazutoshi Ono has been appointed as a candidate for Director at the 71st Ordinary General Meeting of Shareholders on June 23, 2021.

## Global

## Topics

### Credit Card Business in Vietnam

In addition to running the installment credit business for motorcycles and home appliances, HD SAISON Finance Company Ltd. launched its credit card business in August 2020 which now covers all Vietnam in 2021. Going forward, we will develop its corporate structure to acquire more card members and work on developing new functions and services.



### Impact Investment Program

Saison Capital Pte. Ltd. in Singapore mainly finances and invests in startup companies outside Japan in their early stages. Through this vehicle, we have launched impact investment as a pilot program centered on the Asian region. We will continue to take on challenges to achieve the United Nations' Sustainable Development Goals (SDGs).



### Local Credit Rating Obtained in India

Kisetsu Saison Finance (India) Private Limited is steadily expanding its digital lending business and has obtained a long-term credit rating of AA+ from an Indian credit rating agency. We will continue to work toward the further expansion of business in India to contribute to its economic growth.



## Global Division

**Kosuke Mori** Senior Managing Executive Officer and Head of Global Business Division



Credit Saison's global business engages in the lending business, with a focus on Southeast and South Asia, aiming to achieve financial inclusion in growth markets.

HD SAISON Finance Company Ltd. in Vietnam launched our first credit card outside Japan, in addition to operating an installment credit business for motorcycles and home appliances.

Kisetsu Saison Finance (India) Private Limited in India and PT. Saison Modern Finance in Indonesia are expanding their digital lending through partnerships with various Fintech players. Saison Capital Pte. Ltd. in Singapore engages in the impact investment program that connects lending in various

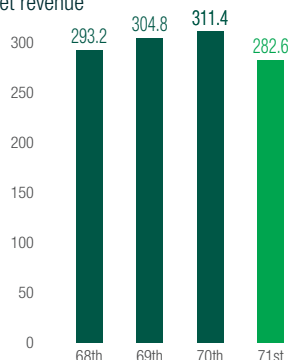
countries and the funds of domestic and overseas investors to contribute to financial inclusion and other targets of the SDGs. Saison Capital Pte. Ltd. has a keen eye on such innovative business models for its corporate venture capital business to invest in ahead of competitors. Through these businesses, we promote global development that transcend countries and markets.

While carefully watching COVID-19 developments, Credit Saison will continue to strengthen the governance and foundations of existing businesses toward further growth, while also taking on the challenge of new businesses that will make the global business a pillar of its revenue.

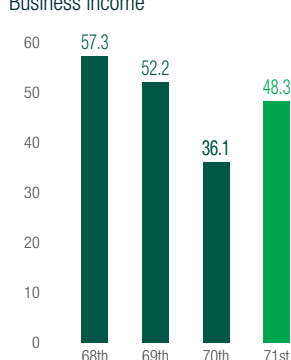
## ■ FINANCIAL DATA

### Operating Results

Net revenue

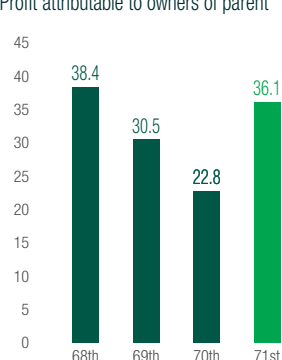


Business income

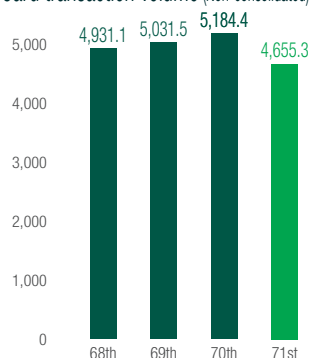


(Billions of yen, 10 thousand persons)

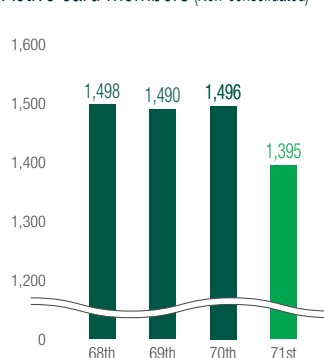
Profit attributable to owners of parent



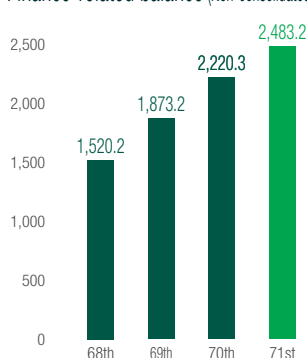
Card transaction volume (Non-consolidated)



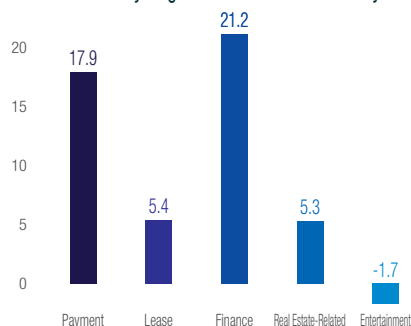
Active card members (Non-consolidated)



Finance-related balance (Non-consolidated)



Business income by segment for the 71st fiscal year



(Notes)

1. Credit Saison has adopted International Financial Reporting Standards (IFRS) in place of the traditional JGAAP since the 69th fiscal year. The figures for the 68th fiscal year 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.

\*The Entertainment Segment recorded a business loss of ¥1.7 billion due to the impact of the spread of COVID-19.

## Sustainability

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

Leveraging Credit Saison's proprietary know-how, management resources, and the individual knowledge of our employees, we are pursuing efforts for sustainable social development and problem-solving in a manner that is uniquely Credit Saison-style. To this end, we used "Eikyufumetsu Points" to support the frontline of healthcare during the COVID-19 pandemic, implemented a financial education program for junior and high school students called "School Visit: SAISON TEACHER" to support the education of the next generation (adopting online classes, etc. to fulfill needs during the pandemic), and managed Akagi Nature Park as part of our environmental conservation and regional revitalization activities. In addition, to further promote financial inclusion and SDGs initiatives in emerging markets, especially in Southeast Asia, our Singapore subsidiary has launched an impact investment program.

**SUSTAINABLE DEVELOPMENT GOALS**



We manage Akagi Nature Park as part of our social contribution activities.

## CORPORATE DATA

### Corporate Information (As of March 31, 2021)

CREDIT SAISON CO., LTD.  
 Incorporated: May 1, 1951  
 Paid-in Capital: ¥75,929 million  
 Number of Employees: 4,319  
 In addition, Average Number of Non-regular Employees and Temporary Employees: 1,736 (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: ❶ Payment Segment (credit card business, servicing (loan collection) business, etc.)  
 ❷ Lease Segment (lease business)  
 ❸ Finance Segment (credit guarantee business and finance-related business)  
 ❹ Real Estate-Related Segment (real estate business, real estate leasing business, servicing (loan collection) business, etc.)  
 ❺ Entertainment Segment (amusement business, etc.)

#### Board of Directors and Audit & Supervisory Board Members

Representative, Chairman and CEO	Hiroshi Rinno	Standing Audit & Supervisory Board Member	Haruhisa Kaneko
Representative, Executive President and COO	Katsumi Mizuno	Standing Audit & Supervisory Board Member (Outside)	Munehiro Harada
Representative, Executive Vice President and CHO	Naoki Takahashi	Standing Audit & Supervisory Board Member (Outside)	Hiroaki Igawa
Director, Senior Managing Executive Officer	Yoshiaki Miura	Audit & Supervisory Board Member (Outside)	Chie Kasahara
Director, Managing Executive Officer	Tatsunari Okamoto		
Director (Outside)	Naoki Togashi		
Director (Outside)	Nana Otsuki		
Director (Outside)	Hitoshi Yokokura		

\*Mr. Masahiro Yamashita resigned as Representative, Executive President and COO on February 28, 2021.

### Stock Information (As of March 31, 2021)

Common Stock Authorized 300,000,000 shares Common Stock Outstanding 185,444,772 shares Number of Shareholders 16,717  
 Major Shareholders (Top 10)

Name	Equity Stake	
	Number of Shares (thousands)	Ownership Percentage (%)
The Master Trust Bank of Japan Ltd. (trust account)	30,523	19.52
Custody Bank of Japan, Ltd. (trust account)	13,859	8.86
Daiwa Securities Group Inc.	8,050	5.15
HSBC BANK PLC A/C M AND G (ACS)	5,323	3.41
THE BANK OF NEW YORK 133972	4,556	2.91
Custody Bank of Japan, Ltd. (securities investment trust account)	4,036	2.58
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	4,027	2.58
Custody Bank of Japan, Ltd. (trust account 9)	3,303	2.11
Mizuho Bank, Ltd.	3,000	1.92
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	2,258	1.44

\*1. 29,102,770 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)	<a href="https://www.smtb.jp/personal/agency/index.html">https://www.smtb.jp/personal/agency/index.html</a>
Method of Public Notice:	Electronic notice (Credit Saison website <a href="https://corporate.saisoncard.co.jp/">https://corporate.saisoncard.co.jp/</a> )
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.