

Financial Results Briefing of FY2020

Towards a second foundation
~Transforming ourselves into a
comprehensive life services corporate group~



May 17, 2021

Credit Saison Co., Ltd.



◆ Financial Results of FY2020/ Business Results Forecast for FY2021 Financial Policy & Capital Policy

Managing Executive Officer, CFO
Shingo Baba

◆ Business Strategy for FY2021

Representative, Executive President and COO
Katsumi Mizuno

This report contains forward-looking statements that reflect our plans and expectation. These forward-looking statements are not guarantees of future performance and known and unknown risks, uncertainties and other factors that may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.

◆ Financial Results of FY2020/ Business Results Forecast for FY2021 Financial Policy & Capital Policy

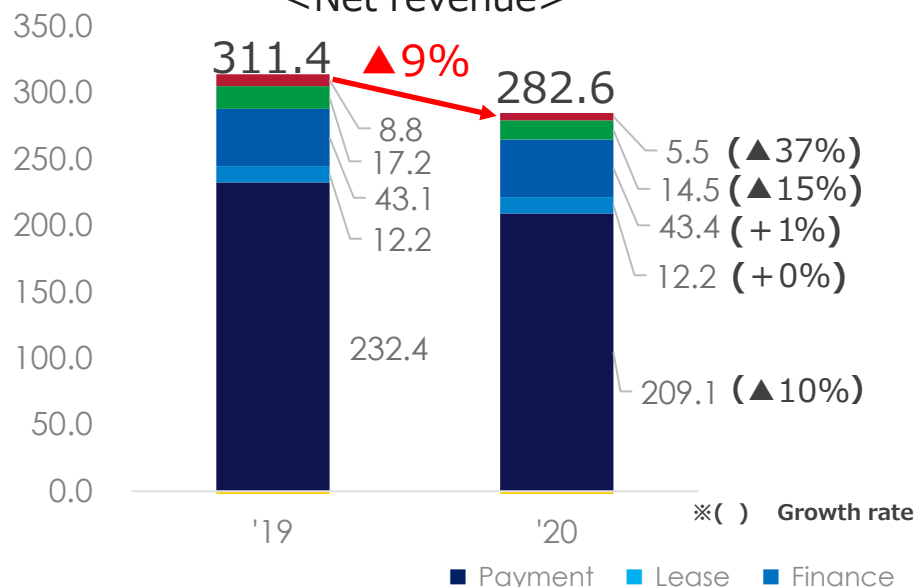
- Financial Results of FY2020 P.4-P.8
- Business Results Forecast for FY2021 P.9-P.12
- Financial Policy & Capital Policy P.13-15



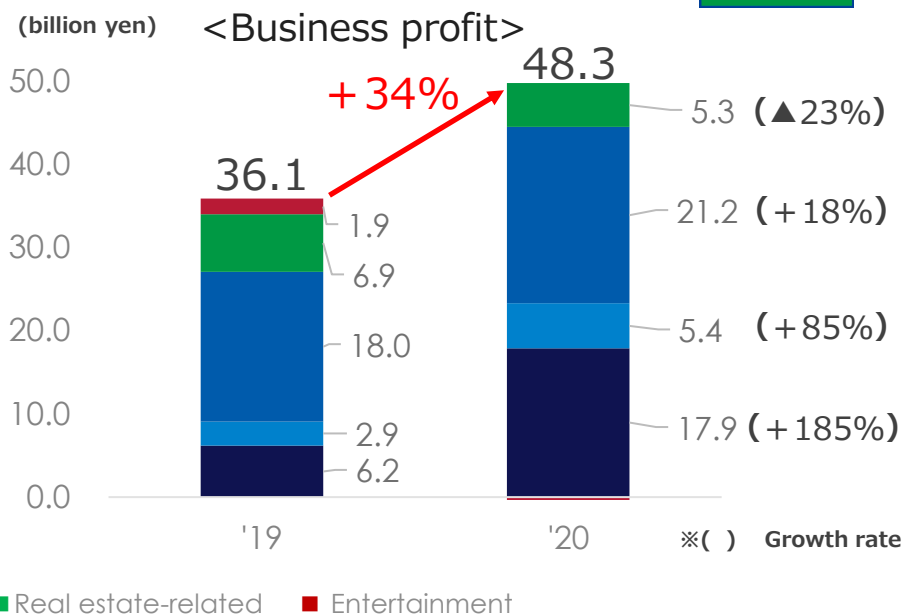
- Although the top line decreased due to the impact of COVID-19, revenue decreased and income increased due to suppression of operating expenses and reduction of credit costs
- Although the loan content has improved, a special allowance was recorded to prepare for future increases in credit costs
✂ Consolidated: ¥8.7 billion, non-consolidated: ¥8.6 billion
- While positioning the maintenance and improvement of financial soundness as a priority issue, the shareholders' equity ratio was 15.6%, which is appropriate for a milestone, and ROE was 7.1%, which is an improvement of 2.4% from the previous year
✂ Medium to long term management indicators: Shareholders' Equity Ratio About 15%, ROE Over 10%

Financial Results ~ Results by Business Segment(IFRS) ~

(billion yen)



(billion yen)



Payment business

- Revenue fell (-10% YoY) due to impact of business suspensions at partner institutions and voluntary restraint on outings due to the COVID-19 pandemic. However, income increased (+185% YoY) due to a reduction in operating expenses related to card transaction volume, etc., additional transfer of provision for loss on interest repayment, and the absence of costs associated with advance renewal of IC cards. The latter two were transient factors in the previous fiscal year.

Lease business

- Despite the impact of business suspensions at partner institutions, etc. due to the COVID-19 pandemic, revenue increased (+0% YoY). Furthermore, income rose (+85.0% YoY) due to a reduction in the allowance for doubtful accounts, affected by the disbursement of various benefits by the national government.

Finance business

- Despite the impact of business suspensions at partner institutions, etc. due to the COVID-19 pandemic, both revenues (+1.0% YoY) and income (+18.0% YoY) grew due to expanded balances in Flat 35 Loans and Asset Formation Loans.

Real estate-related business

- Both revenue (-15.0% YoY) and income (-23.0% YoY) decreased due to reduced sales activities, etc., engendered by the COVID-19 pandemic.

Entertainment business

- The Company declared a business loss of ¥1.7 billion due to occurrences such as the cancellation of concerts and other performances and business suspensions at amusements facilities, arising from the impact of the COVID-19 pandemic.



Contribution by consolidated companies(IFRS)

※() =Year-on-year difference

Non-Consolidated Ordinary income	Consolidated Business profit	Difference
¥38.0billion (+ ¥9.67billion)	¥48.3billion (+ 12.16billion)	¥10.3billion (+ 2.49billion)

Major consolidated subsidiaries	contribution to business profit
Saison Fundex Corporation (lending business, real estaterelated financing business)	¥4.50billion (+ ¥0.5billion)
Atrium Group (real estate liquidation business, servicing business)	¥1.66billion (▲¥2.05billion)
SAISON PERSONAL PLUS COMPANY LIMITED. (temporary staffing business, Servicing business)	¥0.93billion (+ ¥0.19billion)
Concerto CO.,LTD. (entertainment business, real estate rental business)	¥0.72billion (▲¥1.44billion)

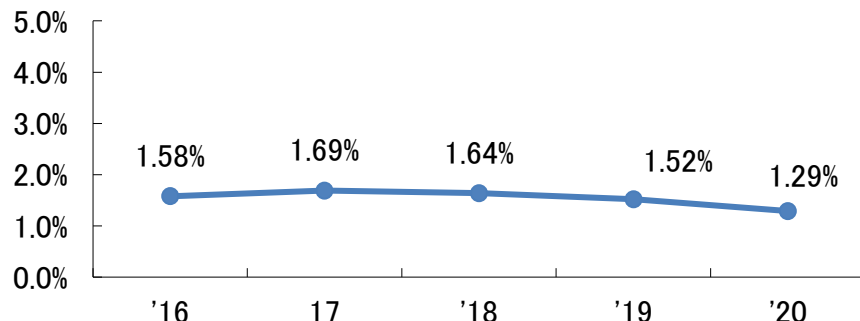
Major equity method affiliates	contribution to business profit
Saison Information Systems Co., Ltd. (information processing business)	¥1.34billion (+ ¥0.42billion)
HD SAISON Finance Company Ltd. (retail financing business in Vietnam)	¥1.32billion (▲¥0.23billion)
Takashimaya Financial Partners Co., Ltd. (credit card business)	¥0.93billion (▲¥0.05billion)
Seven CS Card Service CO., LTD. (credit card business)	¥0.91billion (+ ¥0.40billion)



Credit Risk

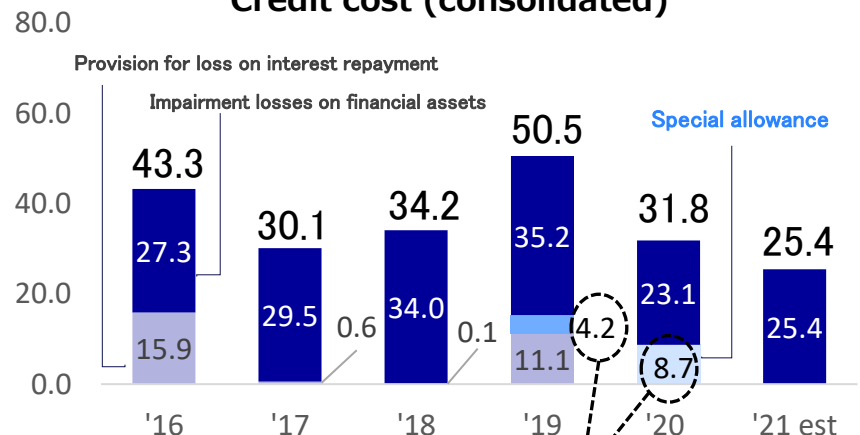
Although monetary easing has improved the content of receivables, a special allowance was recorded to prepare for future increases in bad debts.

Delinquency over 90 days
(consolidated)



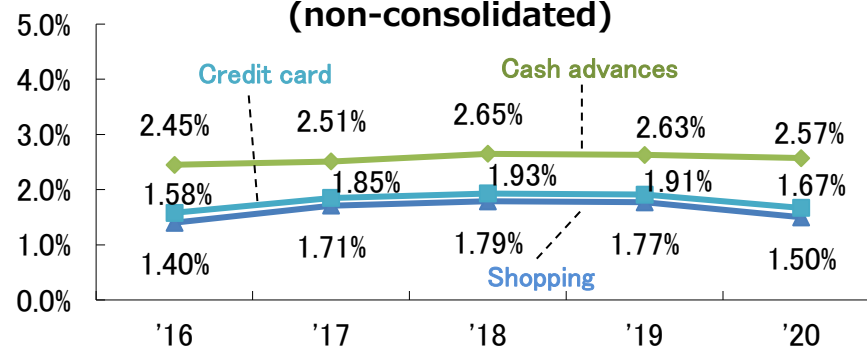
(billion yen)

Credit cost (consolidated)



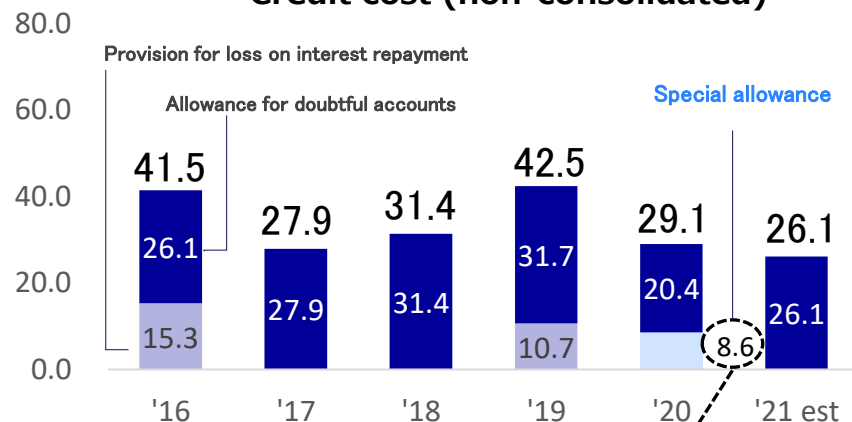
- Utilized macroeconomic variables as future forecast information and recorded additional provisions from the future forecast numbers
- Due to the ratio of unpaid receivables and the status of deferred payment receivables, special allowance were recorded to prepare for future increases in delinquent receivables, etc.

Delinquency over 90 days
(non-consolidated)



(billion yen)

Credit cost (non-consolidated)



Due to the ratio of unpaid receivables and the status of deferred payment receivables, special allowance were recorded to prepare for future increases in delinquent receivables, etc.

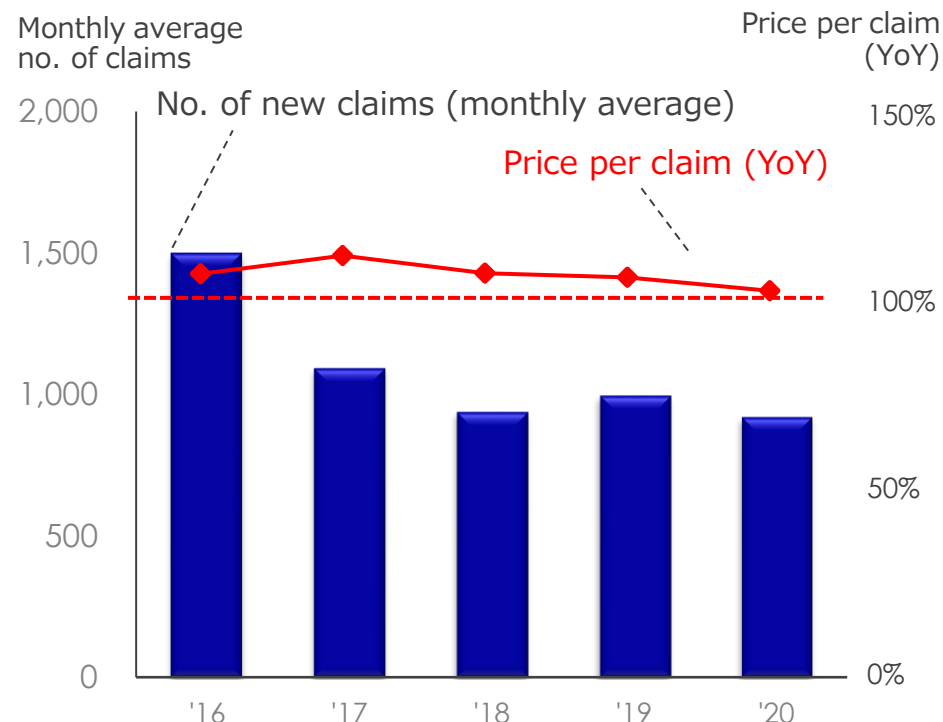
Interest Repayment Claims

Additional provisions of ¥11.1 billion on a consolidated basis and ¥10.7 billion on a non-consolidated basis were recorded in the accounts of FY2019.

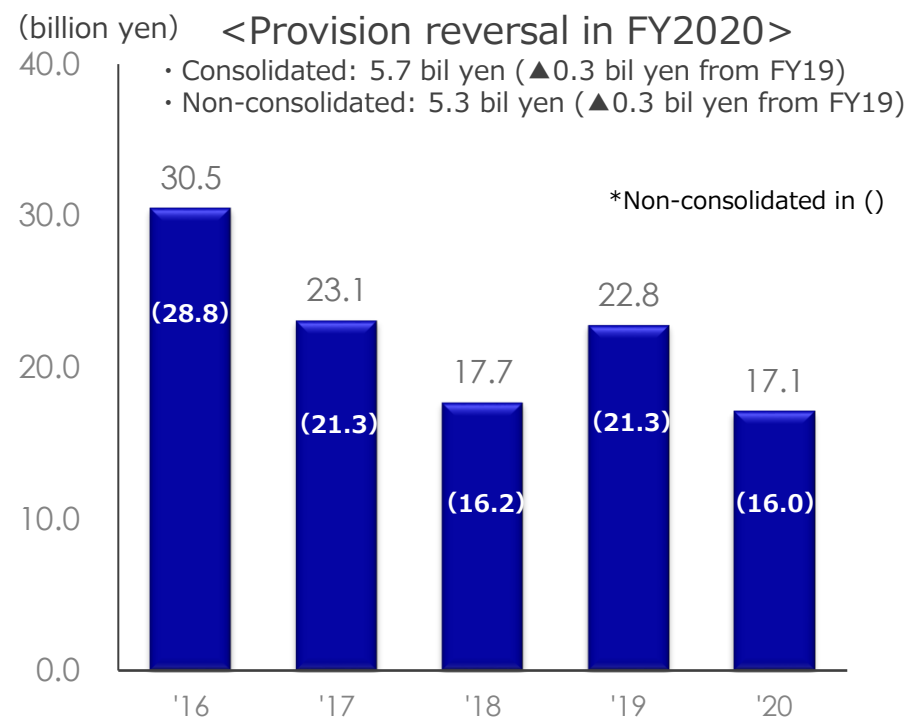
The Company currently has a sufficient level of provisions.

The Company has no plans for additional provisions in the current fiscal year but will continue to monitor trends closely.

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



■ Trend of provision balance due to interest repayment losses





Business Results Forecast for FY2021^①

Although the Medium-term Management Plan (FY2019 to FY2021) sets business profit of ¥60 billion as a target for FY2021, the situation has changed to one in which is difficult to achieve due to the unexpected outbreak of COVID-19.

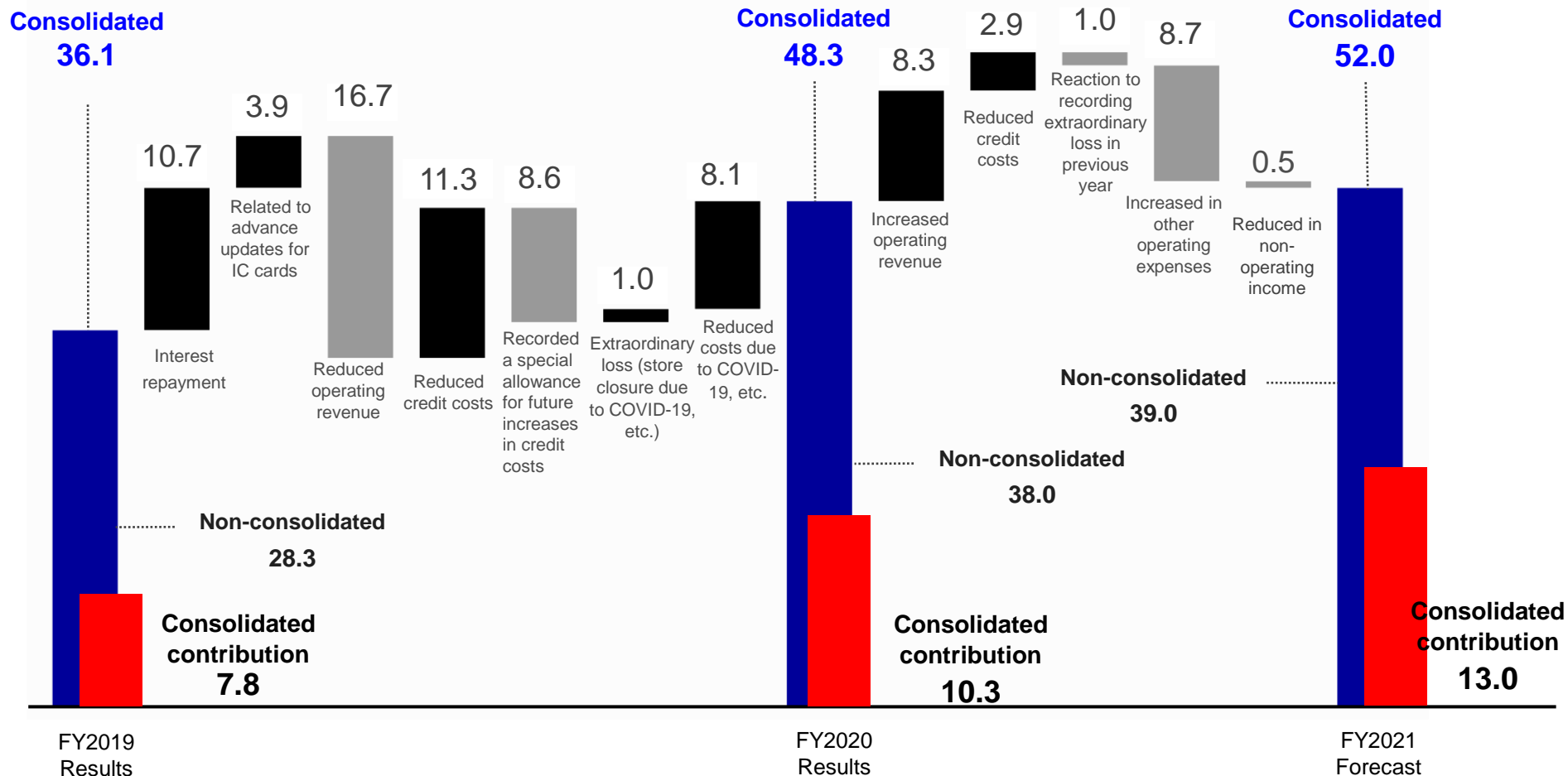
Therefore, we now use a single-year business results forecast for assessing future changes in the business environment.

(billion yen)

		Fiscal 20 Actual (A)	Fiscal 21 Estimate (B)	Differences (B – A)
Consolidated	Net revenue	282.6	299.5	+ 16.8
	Business profit	48.3	52.0	+ 3.6
	Profit attributable to owners of parent	36.1	36.5	+ 0.3
Non-consolidated	Operating revenue	251.3	259.7	+ 8.3
	Ordinary income	38.0	39.0	+ 0.9
	Net income	29.9	26.0	▲ 3.9

Business Results Forecast for FY2021 (2): Main Increases/Decreases in Business Profit

(billion yen)

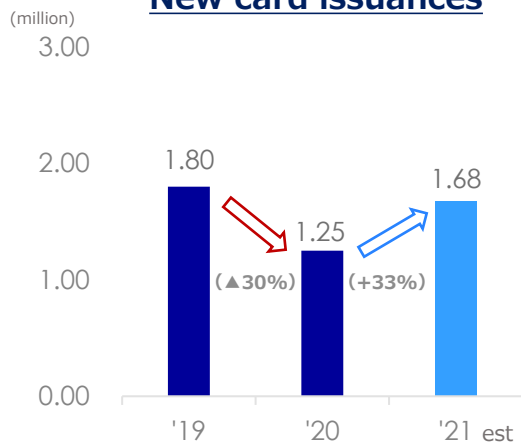




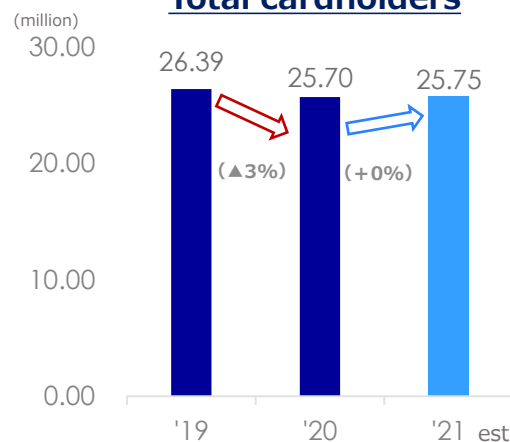
Main Indices of Payment Business

(Year-on-year difference)

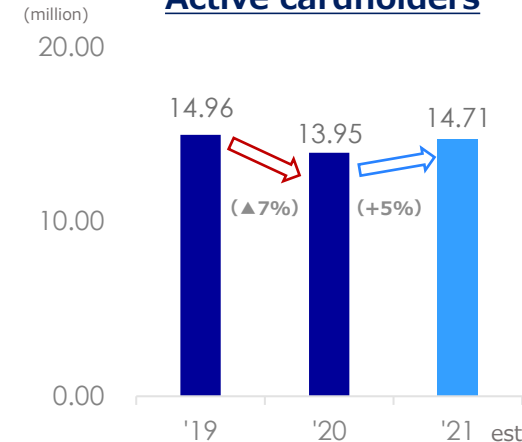
New card issuances



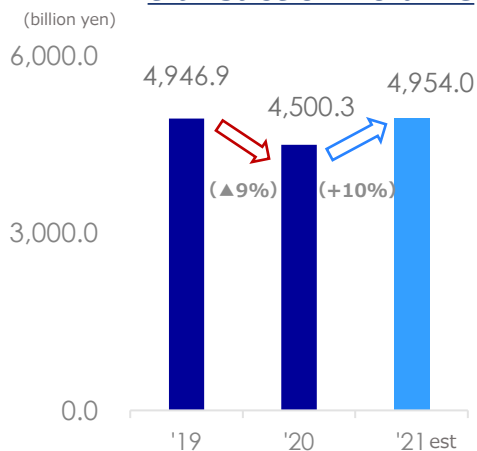
Total cardholders



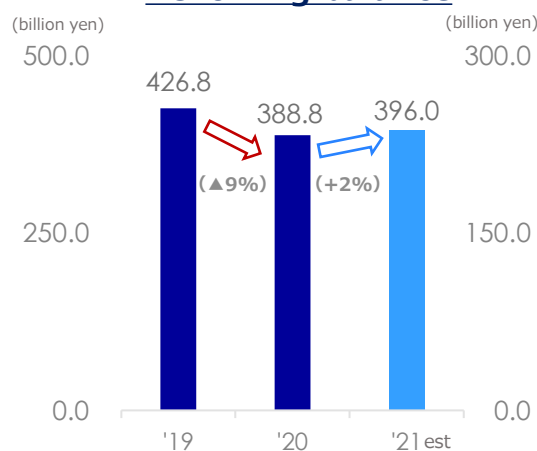
Active cardholders



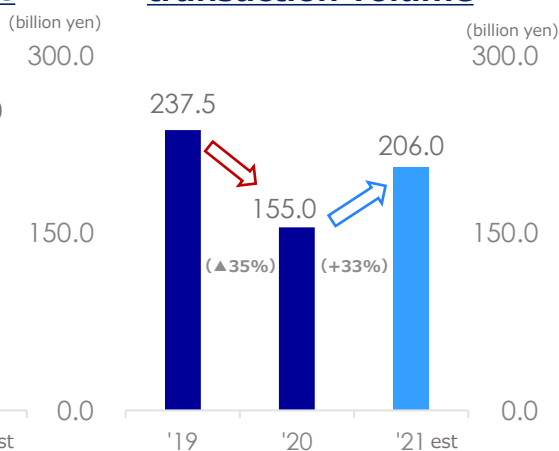
Card shopping transaction volume



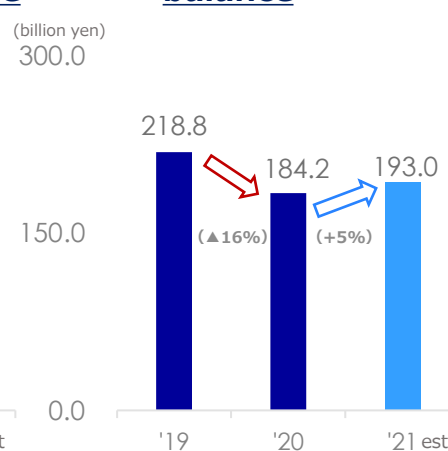
Card shopping Revolving balance



Cash advance transaction volume



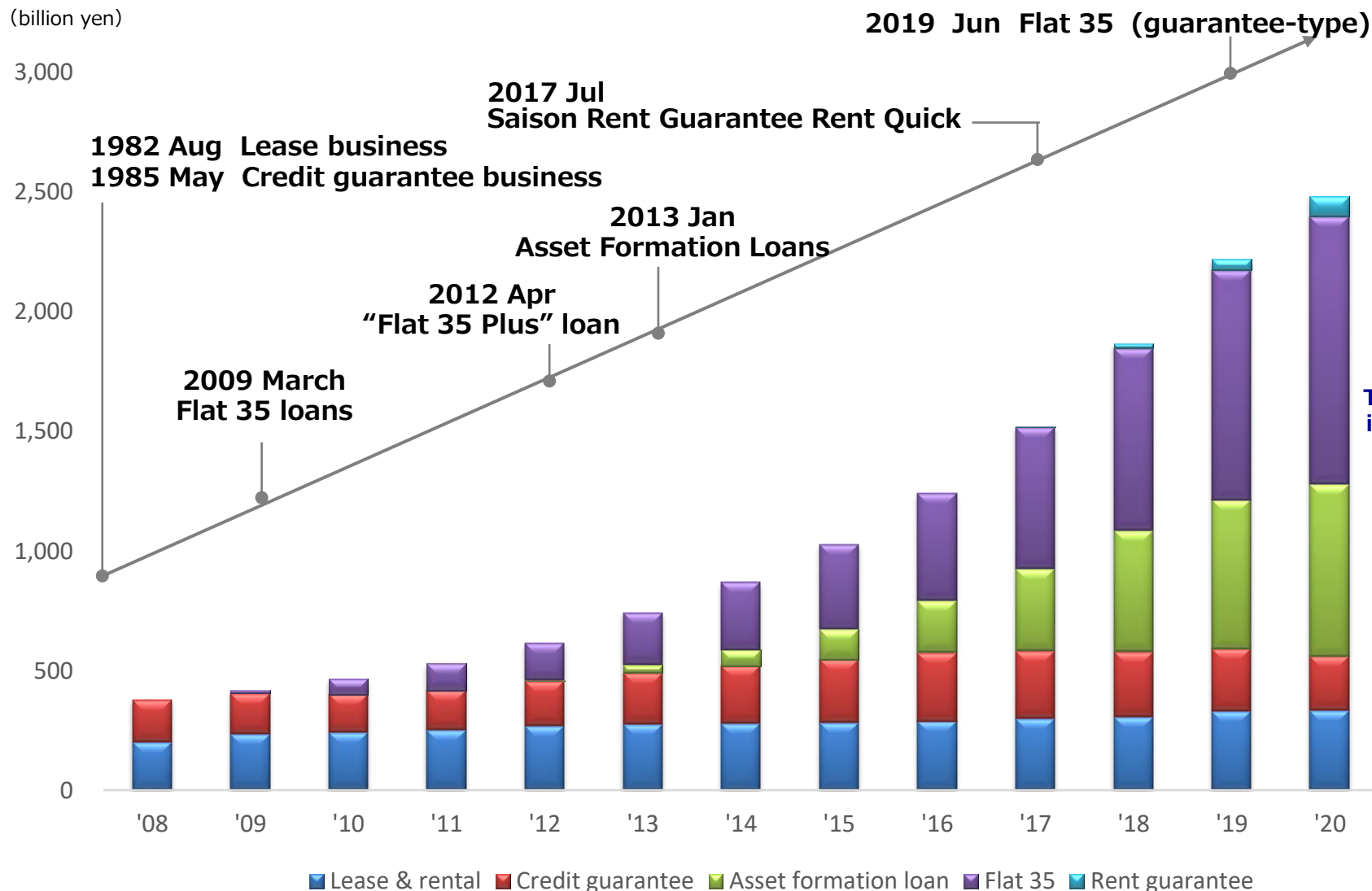
Cash advance balance





Transition of Finance Business

Asset Balance
(Including off-balance)





Financial Policy (Structure of Interest-bearing Debt)

■ About a sound financial base

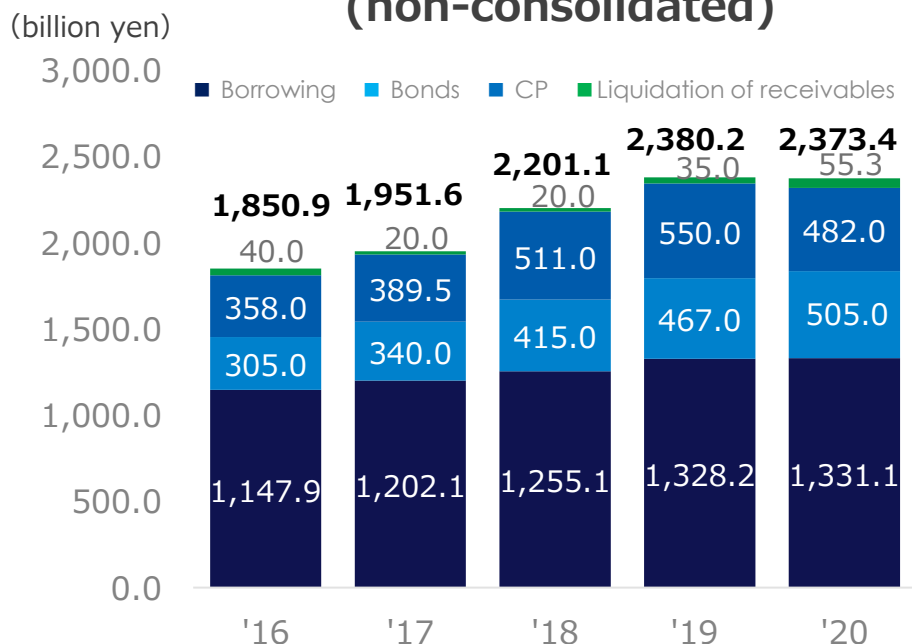
- Credit Rating ▶ R&I **A+**
- Issuance of **20** years bonds, first in card companies

June 2017 10billion yen, April 2018 15billion yen
April 2019 12billion yen, January 2021 8billion yen

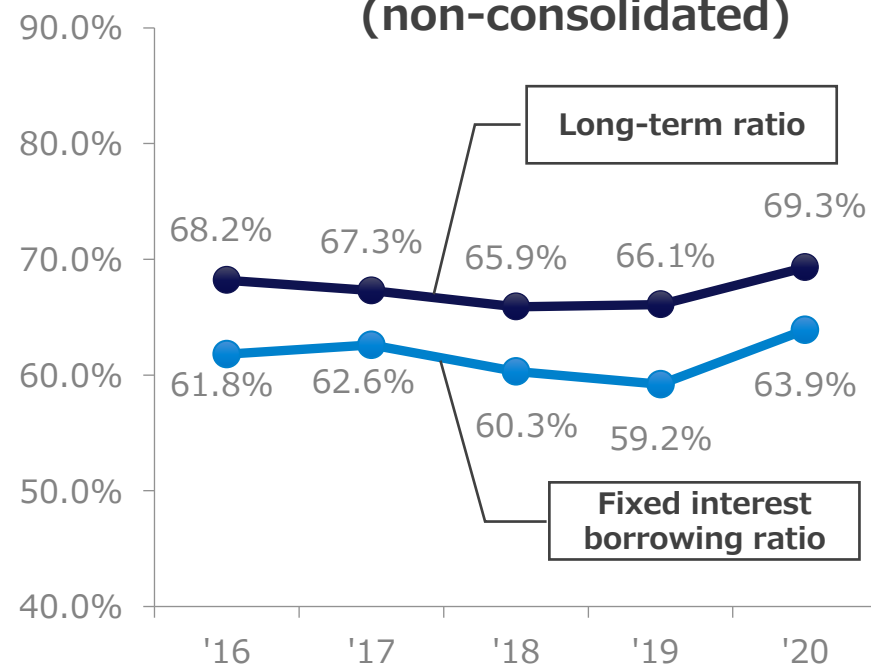
■ Regarding structure of interest-bearing debt

- 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 and etc. of **480 billion yen** is secured in terms of liquidity facility

Balance of interest-bearing debt (non-consolidated)



Long-term / fixed borrowing ratio (non-consolidated)



※Securitized borrowings coinciding with the Flat 35 home loan business are calculated after excluding the interest-bearing debt balance and long-term/fixed ratio estimate.

Management indicators & Shareholder returns

Maintaining and improving financial soundness as a priority, aiming to improve asset efficiency by realizing sustainable growth through strategic investments in Japan and overseas, expanding business with excellent asset efficiency, and reducing inefficient assets.

With proper risk capital management
Maintaining and improving financial soundness (credit rating A+)

- Knowing the possible risks for each business
- Minimizing risks by not depending on any business solely
- Improving asset efficiency (=profit margin)
- Expansion of surplus quota by changing the buss portfolio

Distribution of capital surplus

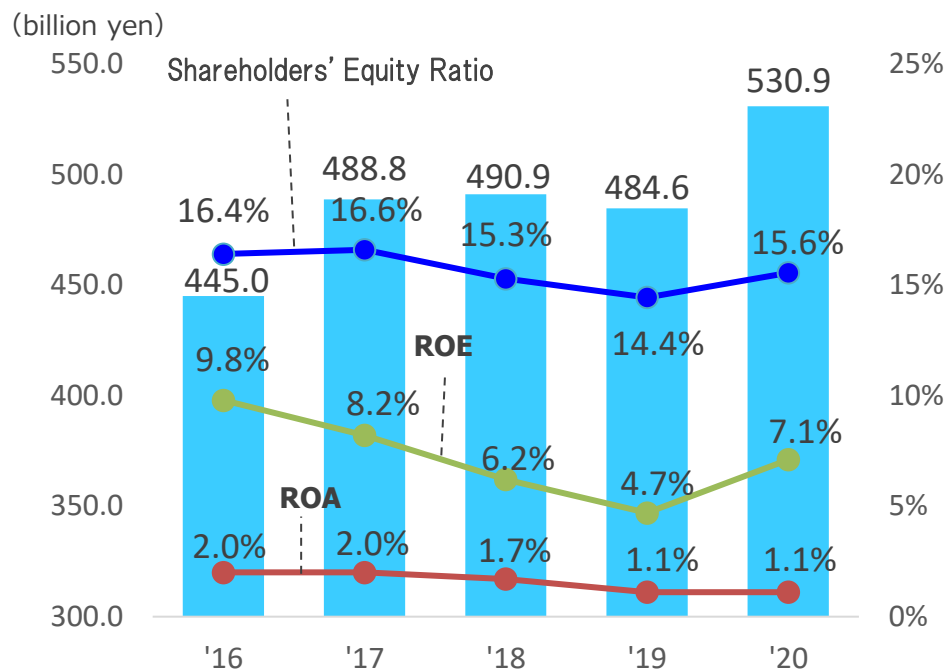
Aggressive investment in growing fields

- Strategic investments in Japan and overseas (capital alliance / M&A)
- Investments in new alliances in various businesses

Appropriate shareholder returns

- Stable & continuous dividends through expansion of revenue base <FY2021: expected dividend of 45 yen per share, expected dividend payout ratio of 19.3%>
- Stock buyback to improve capital efficiency

<Trends of Shareholders' EquityRatio, ROA & ROE>



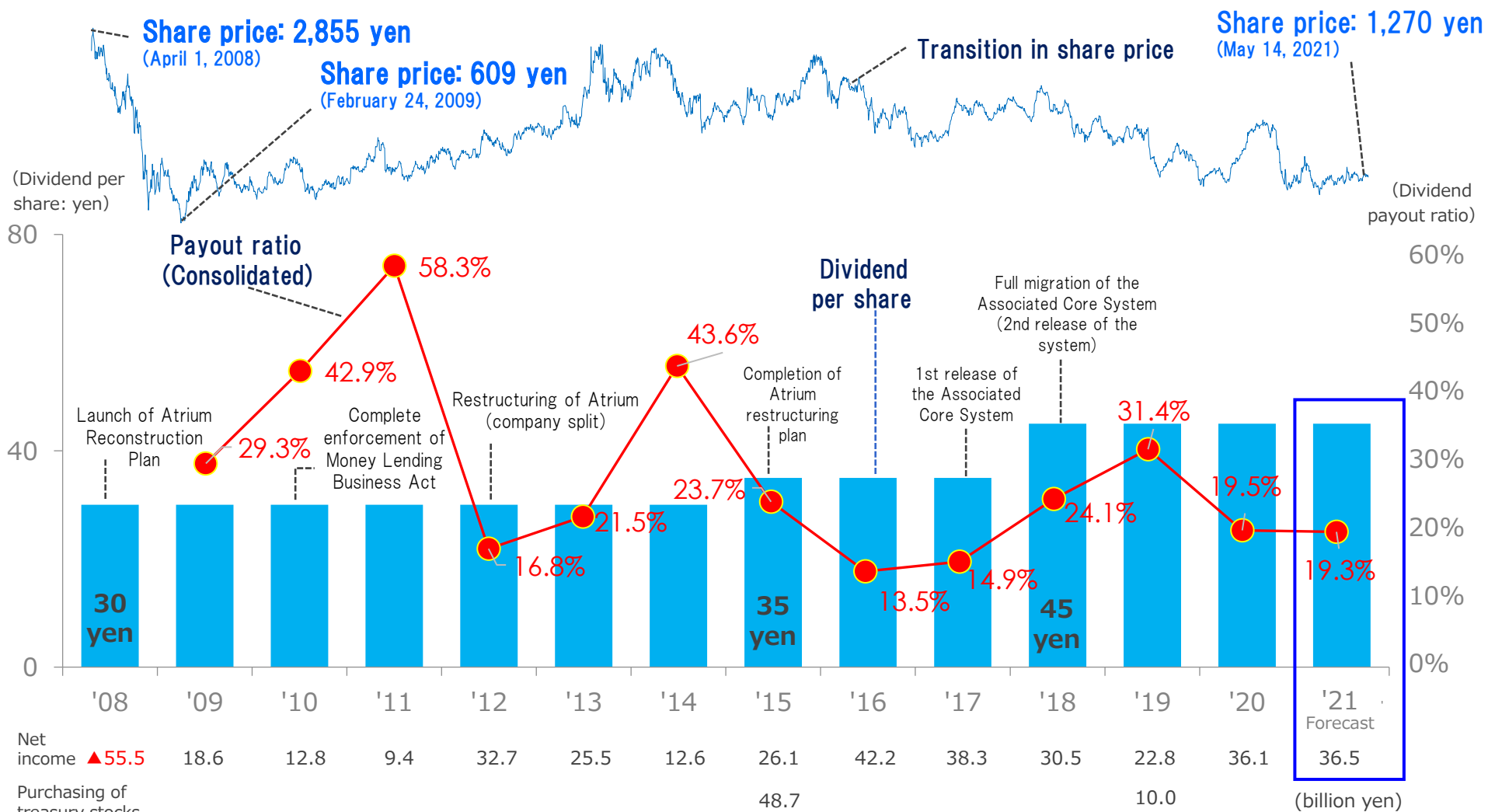
Medium to long term management indicators

Shareholders' Equity Ratio
ROE

About 15%
Over 10%

Status of Shareholder Returns

When the financial crisis triggered by the bankruptcy of Lehman Brothers occurred, the Company did not reduce its dividends despite a deficit of ¥55.5 billion. Furthermore, we will pay stable and continuous dividends even in an environment marked by uncertainty regarding the future spread of COVID-19.



◆ Business Strategy for FY2021

- Business Strategy for FY2021

P.18-P.28



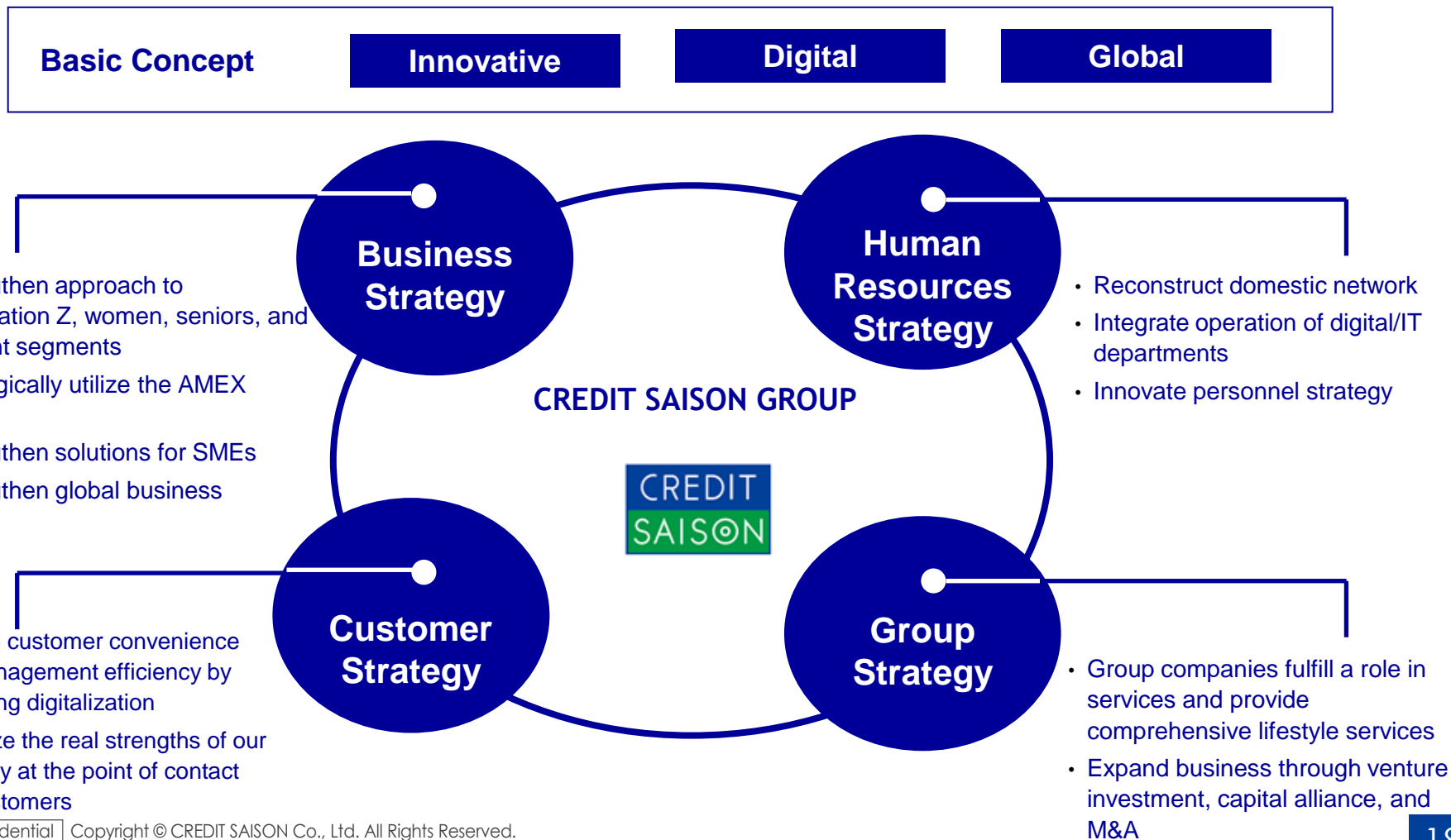
Diagram of Overall Management Strategy (FY2021)



Transforming ourselves into a comprehensive life services corporate group

I. Creation of new business (M&A, capital participation, business tie-ups, etc.)

II. Achievement of customer success through fusion of real and digital



Digital

Our company's strength in real services

- Staffed response at counters, call centers, etc.
- Innovation at branches/operation departments



Promoting digitalization

- **Achieve in-house** system development/operation
Achieve an **agile service development** system through in-house IT maintenance
- Provide a customer experience that is **easy and convenient**
- **Improve UI/UX**
- **Pursue an effortless experience** that eliminates customer hassle/stress

**Achieve
customer
success**

Transition from “sell out product” model to retention model

Usage Examples

Enrollment

- Smartphone self-contained service SAISON CARD
Digital



Usage

- Provide peace of mind through usage notifications
- Provide benefits according to usage record



Inquiries

- Construction of knowledge system at call centers
- Release of new services on digital channel to answer questions

Promotion of Proper Card Strategy Utilizing the Smartphone Self-contained Service “SAISON CARD Digital”

CREDIT
SAISON

Digital

Conventional tie-ups

Issue affiliated credit cards (plastic credit cards) for each business operator



SAISON CARD Digital

Alliance with multiple business operators through one proper card pattern



Alliance partners (example)

Makes it possible to change appearance of credit card through issuance of digital card

Wolt



FOD



Expansion of Issuer Business and Processing Business Through Digitalization and Channel Diversification

Digital

Digitalization of existing tie-up card issuers

Existing partners



三井ショッピングパークアプリ
アプリも支払い

ポケパル
払い

FAST LABI



Card joint venture companies



 FINANCIAL PARTNERS



Diversification of new customer development channels

Issuer business

As a non-face-to-face channel, issue a new tie-up card with “Shop Channel” in the TV home shopping industry (scheduled for early August 2021)

SHOP
CHANNEL



Processing business

Start issuance of new credit card from Idemitsu Card “apollostation card” (from April 2021)

 idemitsu

出光クレジット株式会社

Negotiations are ongoing with multiple businesses
Scheduled to be released at the optimal timing

Utilizing Digitalization to Fuse Payment Business and Finance Business

Digital

Provide digital products

Expand sales of payment-related products to individual customers and corporate customers in the Finance Business

Provide added value through benefit services, etc.

SAISON Flat 35

セゾンの
住宅ローン

- Promote digitalization (use of internet for preliminary screening, etc.)
- Promote credit card enrollment to users of Flat 35

ずっと固定金利の安心
【フラット35】

Rent guarantee service “Rent Quick”

セゾンの家賃保証
SAISON CARD Rent Quick

Expand card enrollment and rent payment through the rent guarantee service Rent Quick and SAISON CARD Digital



Credit guarantee



Promote combined sales of payment products/group products for SME owners

Writeup!

Developing New Products and Increasing Sales of AMEX Brand as a Strategic Weapon

CREDIT
SAISON

Innovative

<BtoC field>

- Issue concept-type credit cards with clear targets

Female segment



Saison Rose Gold
American Express® Card
(From November 2020)

Young segment



Saison Gaming Card
(From December 2020)

Affluent segment



Daiwa Securities Saison Platinum
American Express® Card
(From November 2020)

Generation Z segment

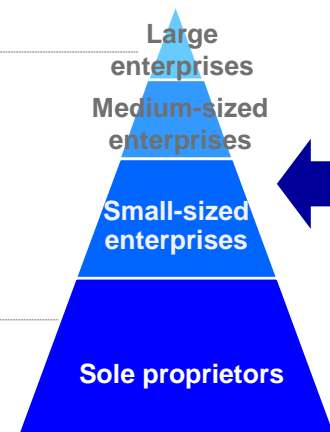


Likeme♡by saison card
(From March 2021)

<BtoB field>

- Challenge the innovation of credit model
Start provision of new corporate credit-type business credit cards in addition to individual credit-type business credit cards (scheduled for late May 2021)

Corporate credit-type
business credit cards



Promotion of brand strategy to deeply associate SAISON with AMEX

- Service development that creates a feeling of status and loyalty
- Improve the quality of customer service such as concierges, etc.
- Start providing new services based on the change to travel accident insurance "incidental use"



Note: Start provision from April 2021



Challenging New Markets by Developing New Products and New Businesses

Innovative

Medical fee factoring

Support the financing of medical companies, care companies, pharmacies, etc., whose business management was impacted by the decrease in outpatients, etc., due to the COVID-19 pandemic
(from March 29, 2021)

Business loan: SAISON Value Loan

Full-scale development of SAISON Value Loan, an unsecured business loan for corporations that was soft-launched in September 2020

For individuals
(general consumers)
(affluent segment)

Saison's strengths:
Develop new products through
credit power and utilization of
partners/clients

For corporations
(SME owners)

New business development for achieving a comprehensive lifestyle service corporate group

- Develop solution services for luxurious and rich customer lifestyle
- Utilize the Group network to create new businesses in fields such as advertising, healthcare, and pets

Introduction of Some Group Companies Providing Services That Match Market Needs

Innovative

Response to asset formation needs



セゾン投信

いそがないで歩こう。

Total managed assets

Awards record (example)

Exceeded **¥400 billion**

(As of April 2, 2021)



REFINITIV LIPPER
FUND AWARDS
2021 WINNER
JAPAN

(7 consecutive years)

Support for retirement funds

SAISON
FUNDEX

セゾンファンデックス

- Businesses that meet the changing times and customer needs; for example, products to support retirement funds

家を売っても、住み続けられる安心。

セゾンのリースバック

Countermeasures against infectious disease

 Fintertech

Initiatives for next-generation financing services

- <First in Japan>

Digital asset guarantee loan and lending

- Fundraising service KASSAI



 暮らしのセゾン

Solving home problems
(House cleaning,
countermeasures against
infectious disease, etc.)



Establishing Business Foundation for Dramatic Performance

— Make Global Business a Major Pillar of the Company's Business —



Global



India



Kisetsu Saison Finance (India) Private Limited

- Established Jun 2018 (99.99% stake)
- Digital lending business



Vietnam



HD SAISON Finance Company Ltd.

- Established May 2015 (49% stake)
- Retail finance business



Indonesia



PT. Saison Modern Finance

- Established Sept 2015 (82% stake)
- Digital lending / leasing business



Singapore

Credit Saison Asia Pacific Pte. Ltd.

- Established May 2014 (100% stake)
- overseas business development and integrated management



Thailand



- Established Nov 2018 (40% stake)
- Digital credit granting / payment business



China

Credit Saison Corporation (Shanghai) Limited

- Established Mar 2005 (100% stake)
- Consulting business

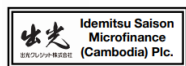


Saison Capital Pte. Ltd.

- Established Jun 2019 (100% stake)
- Investment and financing for overseas start-ups



Cambodia



Idemitsu Saison Microfinance (Cambodia) Plc.

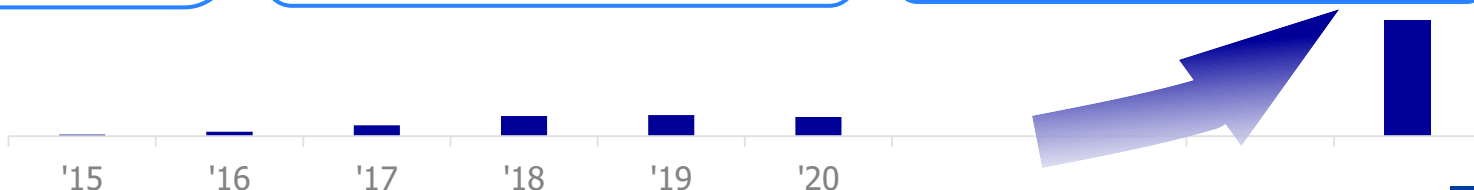
- Established Aug 2015 (Subsidiary of an affiliated company in which CS holds a 50% stake)
- Loan and installment payments business



Philippines

Undertaking preparations for the launch of the finance business

Income contribution



Concentrated Investment of Management Resources in Businesses That Contribute to Profits in Order to Make Global Business a Major Pillar of the Company's Business



Global



India



Kisetsu Saison Finance (India) Private Limited

- Aim to increase loan amount by procuring funds from local financial institutions

- Start hybrid lending in addition to wholesale lending and tie-up lending

Received AA+ long-term rating from CRISIL, an Indian ratings company that is a subsidiary of S&P Global



Vietnam



HD SAISON Finance Company

- Expansion of individual installment payments (motorcycles, smartphones, etc.)
- Full-scale development of credit card business



Indonesia



PT. Saison Modern Finance

- Expand business foundation through P2P lending and consumer finance
- Realize selection of new strategic partners

Business Creation and Diversification

— Implementation of CVC Business and Impact Business by Saison Capital —

Global

CVC business

- Achieve strategic investment that emphasizes Southeast Asian and India
- Strengthen branding and deal sources through LP investment and unique scout programs

Investments (example)

KOINWORKS

HELICAP
HELICOPTER CAPITAL

OY!

BukuKas
Buku Merajuti Mudah

SEGARI

tazapay

BetterTomorrow

ula

repute

Nimbly
Technologies

Impact financing business

Current status: Pilot implementation



Target sector
Financial inclusion
technology



Target region
Southeast Asia



Asset categories
Private debt/financing



Strategic partners
Supplementing resources
through tie-ups



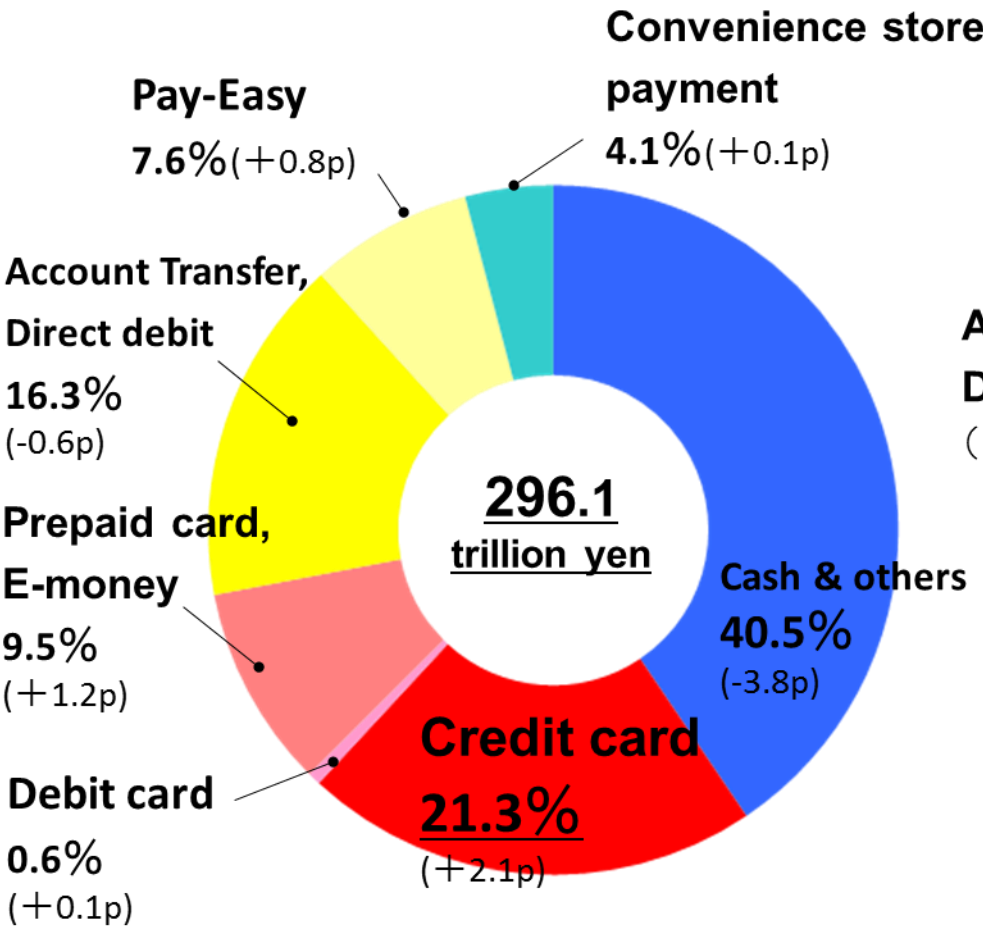
Transition to full-scale implementation phase
(scheduled for first half of FY2021)

Reference information

(Reference) Comparison of Share for Payment Methods in Consumer Spending in Japan and the U.S.

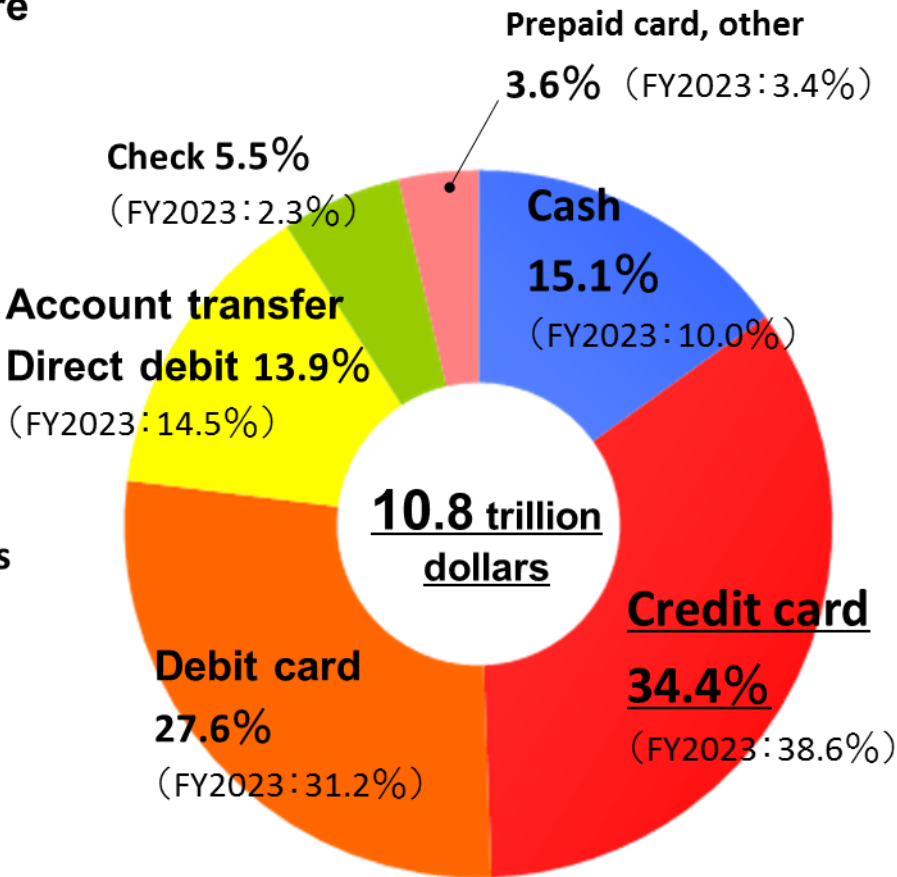
Japan (FY 2019)

※ YoY in ()



U.S.A. (FY2018 → FY2023 forecast)

※share forecast of FY2023 in ()



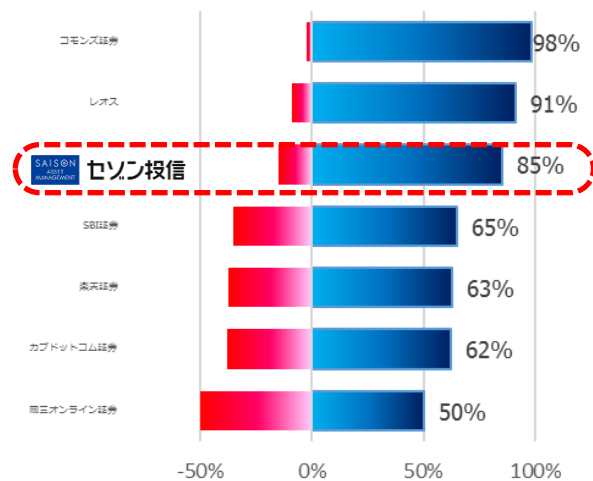
※Japan: Calculated by our company based on sources such as the Ministry of Economy, Trade and Industry, New Payment Report, Mitsubishi UFJ Research and Consulting, and official documents from various companies.
 Credit card's shares include transaction volume of corporate cards estimated at 3 trillion yen (1% of its total)
 ※U.S.A: Calculated by our company based on the "2015 Results and 2020 Forecast" listed in the NILSON REPORT.



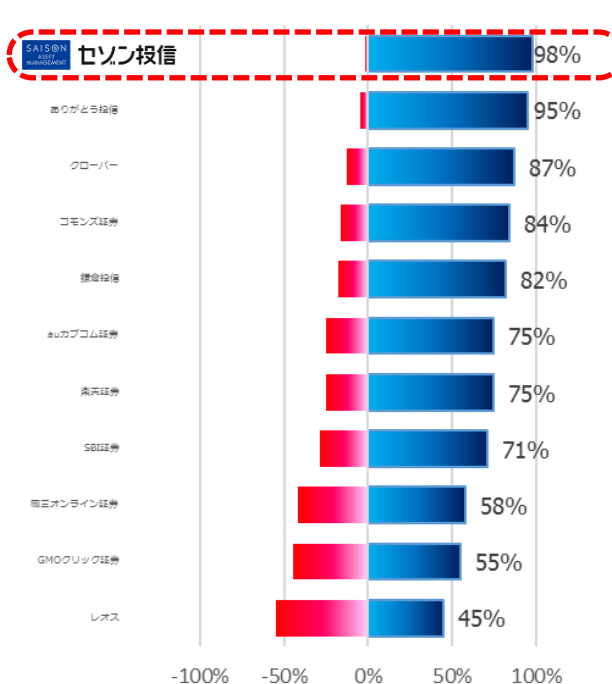
Reference: Customer Ratio by Investment Profit/Loss of Major Online Investment Managers

SAISON ASSET MANAGEMENT emphasizes investor return and realizes a positive investment profit for numerous customers

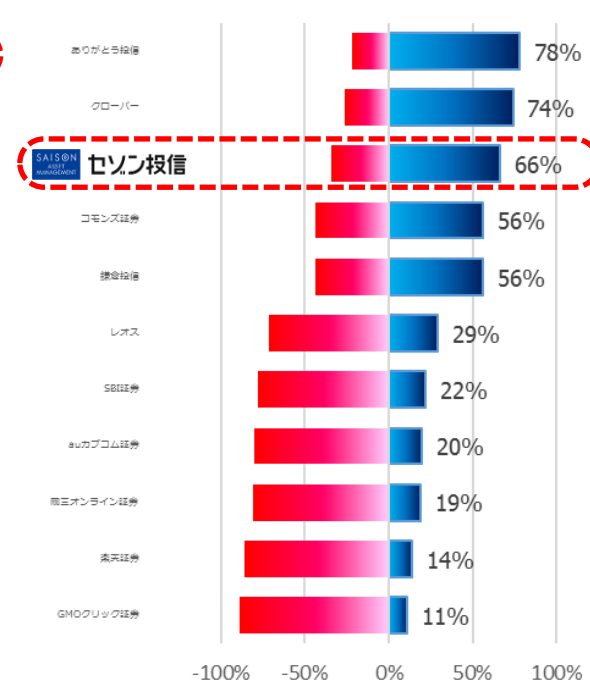
As of March 31, 2018



As of March 31, 2019



As of March 31, 2020



Percentages are the ratio of customers with positive investment profits

Source: Financial Services Agency “Efforts by Financial Companies for Stable Asset Formation (November 6, 2020)”

“Publication Status for Results of Customer-Oriented Business Operations (February 6, 2020)” “Publication Status for Comparable Shared KPIs at Sales Companies (May 8, 2019)”

Comprehensive renewal of corporate/IR website with the aim of strengthening contents and improved usability (April 2021)

Issuance of integrated report to enhance disclosure of financial and non-financial information

(first edition issued in May 2020)
(second edition issued in February 2021)

