

Financial Results of First Half of FY2021

November 9, 2021

Credit Saison Co., Ltd.





◆ Financial Results of FY2021 1H Financial Policy & Capital Policy

Managing Executive Officer and CFO
Shingo Baba

◆ Business Strategy for FY2021 2H

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 FY2021 1H / Financial Policy & Capital Policy

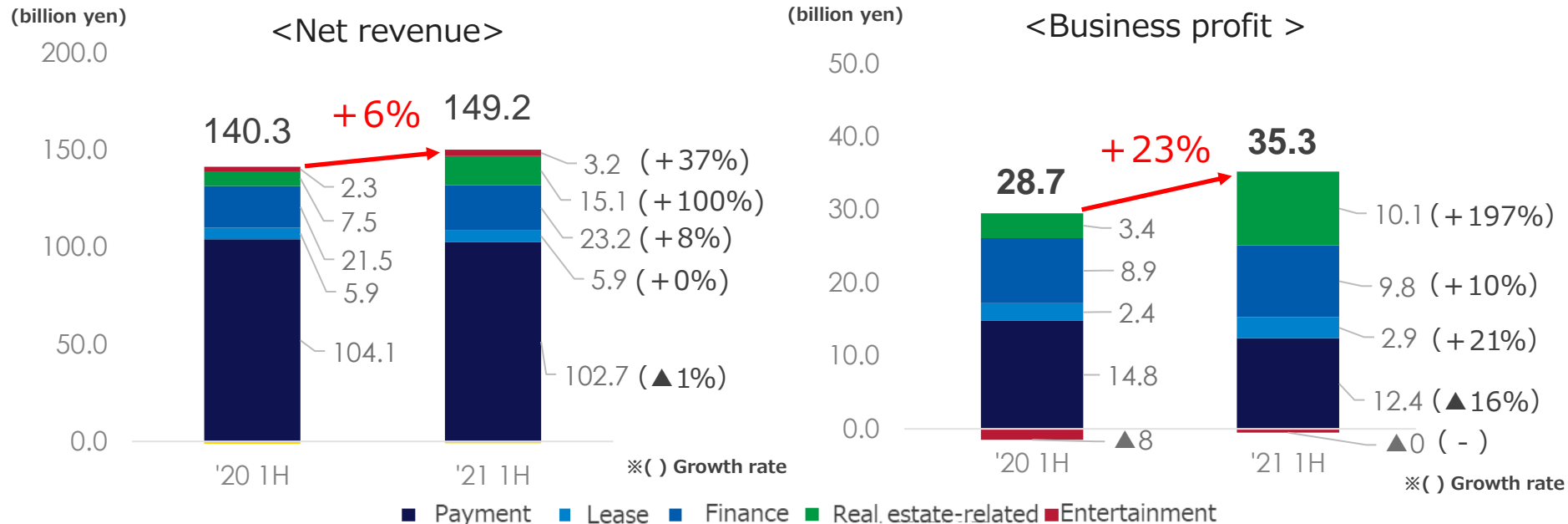
- Financial Results of FY2021 1H P.4-P.10
- Financial Policy & Capital Policy P.11-P.14



Financial Results Digest

- The payment business is still recovering due to the effects of shortened business hours and voluntary restraint on unnecessary outings and travel in order to prevent the spread of the COVID-19 pandemic.
- On the other hand, the real estate-related business grew significantly due to rebound from the business contraction in the previous fiscal year.
- The delinquency over 90 days remained at a low level. Although credit cost continued to be suppressed, the amount of reversal for provision for loss on interest repayment trended higher than the previous fiscal year. Therefore, it is necessary to review additional provisions after ascertaining future trends.
- We will actively invest the investment allowance (excluding the minimum required capital) in high-growth global businesses by focusing on future growth investment. Furthermore, we will expand growth opportunities through management investment in new businesses, including M&A.

Financial Results ① ~ Results by Business Segment(IFRS)~



Payment business

- Business continued to be impacted by the effects of shortened business hours and voluntary restraint on unnecessary outings and travel in order to prevent the spread of the COVID-19 pandemic. Furthermore, there were other factors such as a rebound from the transfer of personnel expenses, etc. (from selling, general and administrative expenses to extraordinary loss) due to the COVID-19 pandemic in the previous year. As a result, both revenue and income decreased.

Lease business

- Both revenue and income increased as the result of working to strengthen relationships of trust through efforts such as using remote sales to hold joint campaigns with existing mainstay lease dealers.

Finance business

- Both revenue and income increased due to expansion of financing balance through products such as Flat 35, Asset Formation Loan, and rent guarantee service.

Real estate-related business

- Both revenue and income increased due to rebound from business contraction, etc., in the previous fiscal year.

Entertainment business

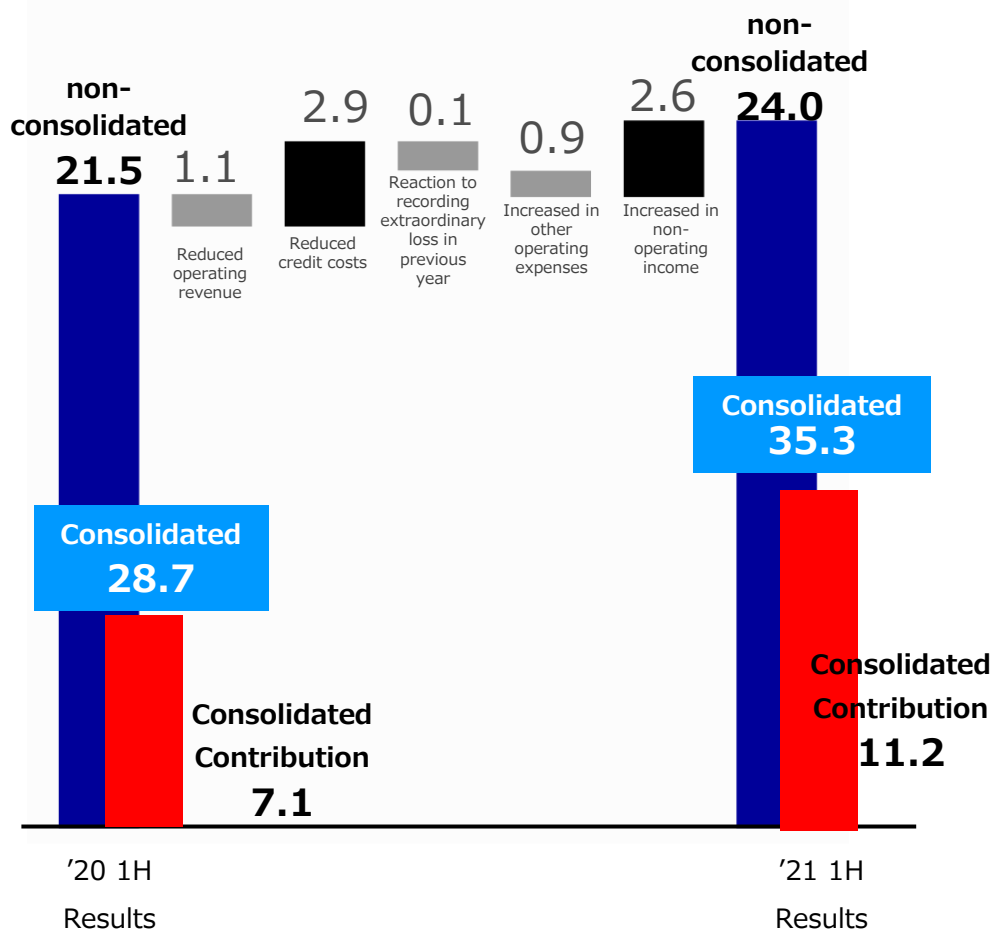
- Although the business continued to be impacted by the cancellation of live performances and other events in order to prevent the spread of the COVID-19 pandemic, revenue increased and business loss decreased due to a rebound from business suspensions at amusements facilities in the previous fiscal year.

Financial Results ② ~ Main Increases/Decreases in Business Profit&Contribution by consolidated companies(IFRS)~

※() =Year-on-year difference

Non-Consolidated Ordinary income	Consolidated Business profit	Difference
¥24.0billion (+ 2.41billion)	¥35.3billion (+ 6.54billion)	¥11.2billion (+ 4.12billion)

<Main Increases/Decreases in Business Profit>



<Contribution by consolidated companies(IFRS)>

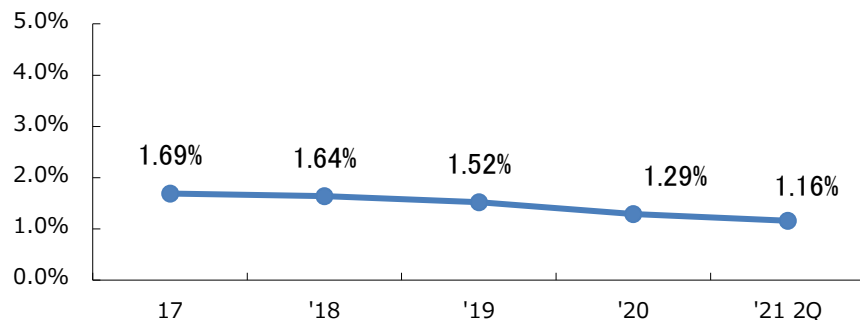
Major consolidated subsidiaries	contribution to business profit
Atrium Group (real estate liquidation business, servicing business)	7.95billion (+ 6.49billion)
Saison Fundex Corporation (lending business, real estatelated financing business)	3.13billion (+ 0.80billion)
Concerto CO.,LTD. (entertainment business, real estate rental business)	0.77billion (+ 0.36billion)
SAISON ASSET MANAGEMENT CO., LTD. (Asset management)	0.42billion (+ 0.20billion)

Major equity method affiliates	contribution to business profit
Saison Information Systems Co., Ltd. (information processing business)	0.58billion (▲0.14billion)
Seven CS Card Service CO., LTD. (credit card business)	0.45billion (▲0.00billion)
Takashimaya Financial Partners Co., Ltd. (credit card business)	0.41billion (▲0.04billion)
Idemitsu Credit Co., Ltd. (credit card business)	0.20billion (▲0.36billion)

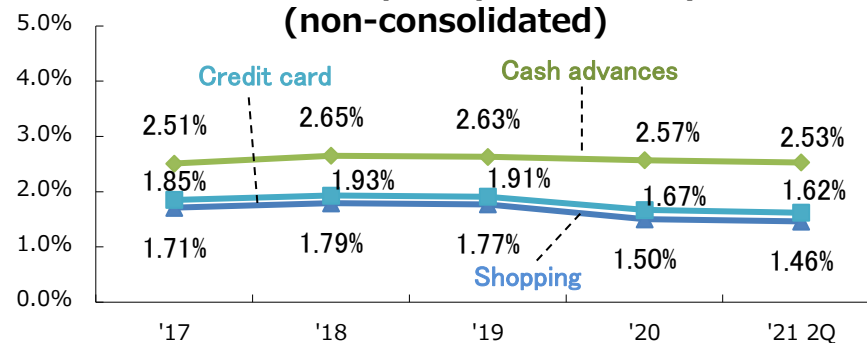
Credit Risk

Delinquency over 90 days remained at a low level.
Revised full-year forecast in consideration of credit cost being lower than initially expected.

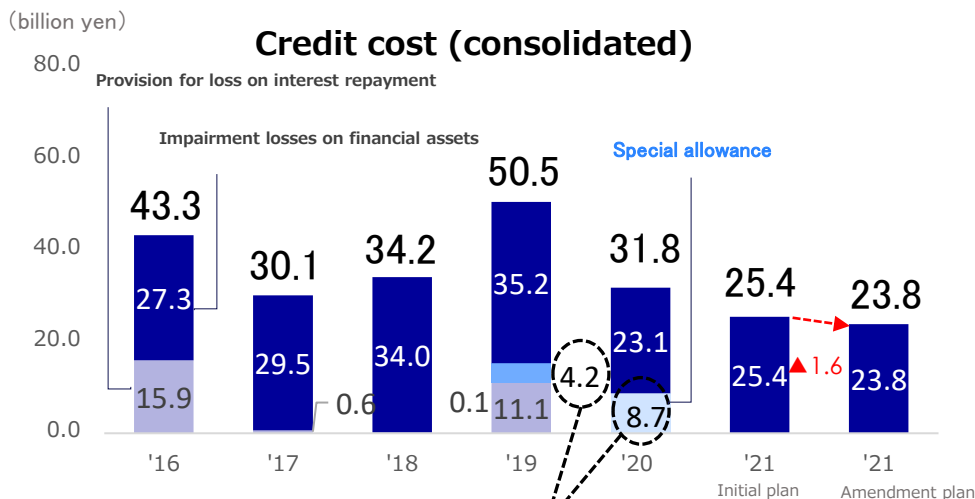
Delinquency over 90 days (consolidated)



Delinquency over 90 days (non-consolidated)

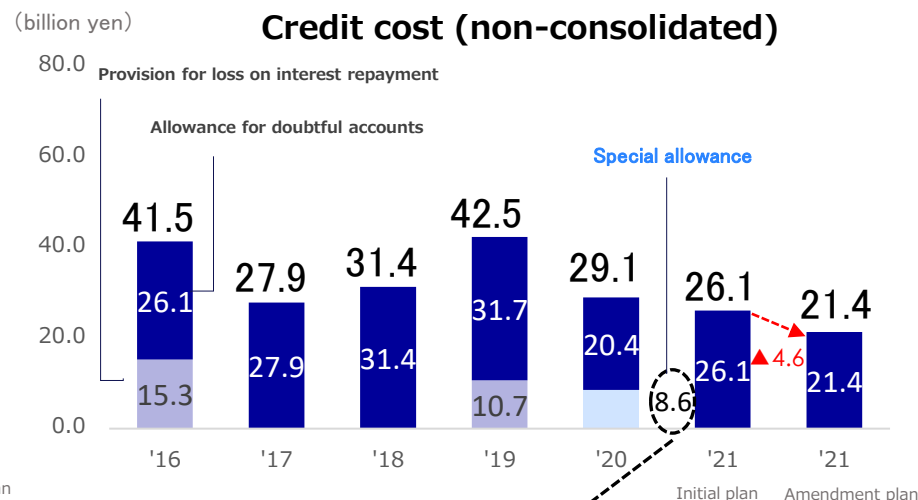


Credit cost (consolidated)



- 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.

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.



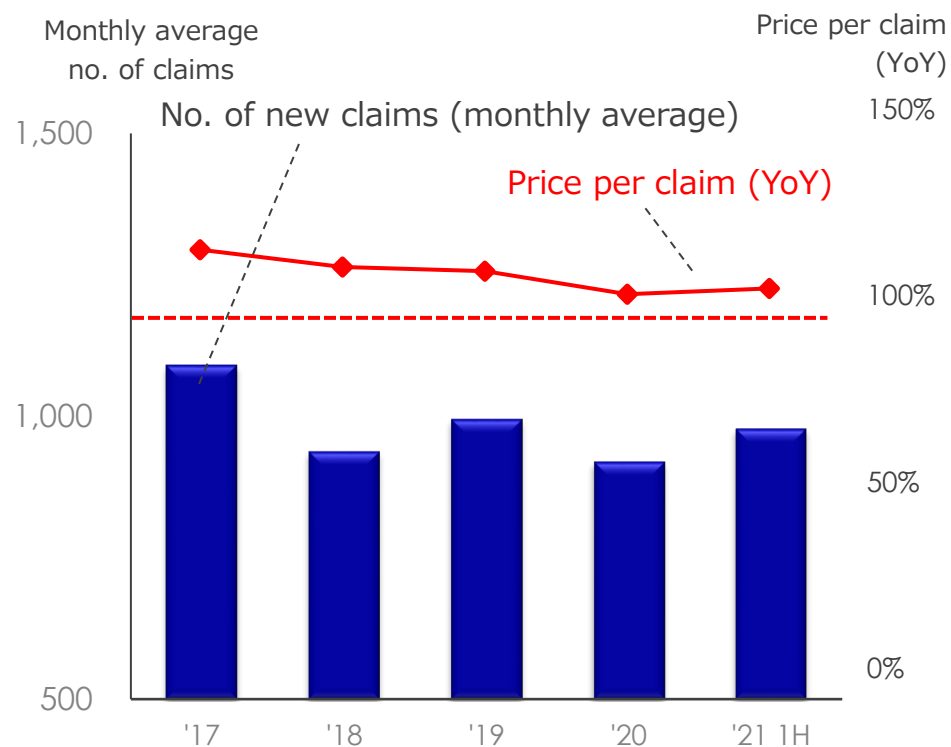
Interest Repayment Claims

Amount of provision reversal trended higher than previous year



Review necessity of additional provision after ascertaining future trends

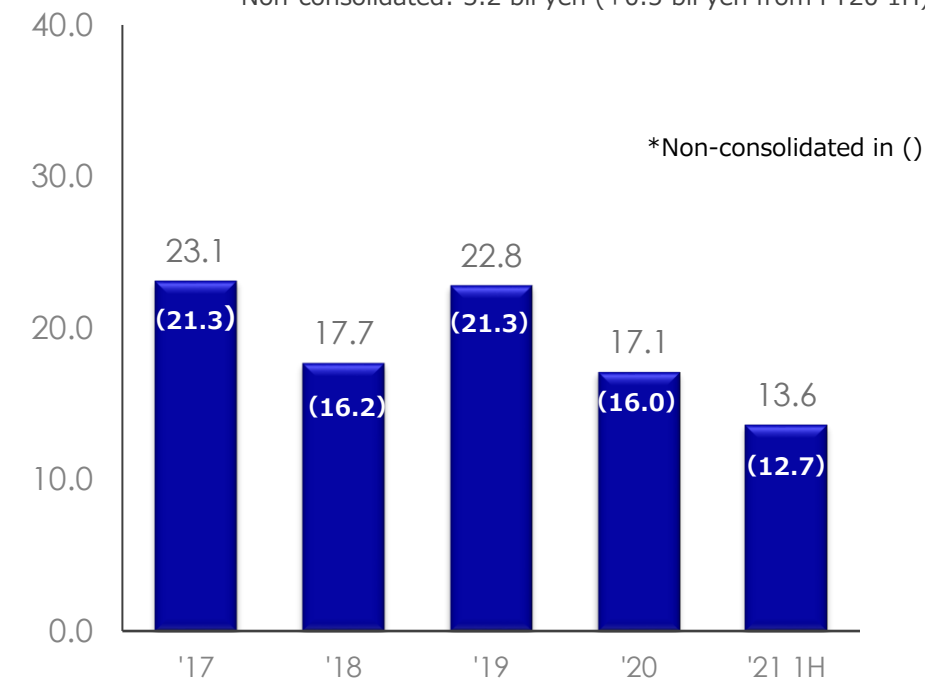
■ No. of new claims and price per claim (monthly average)



■ Trend of provision balance due to interest repayment losses

<Provision reversal in FY2021 1H>

- Consolidated: 3.4 bil yen (+0.5 bil yen from FY20 1H)
- Non-consolidated: 3.2 bil yen (+0.5 bil yen from FY20 1H)



Revised Business Results Forecast for FY2021

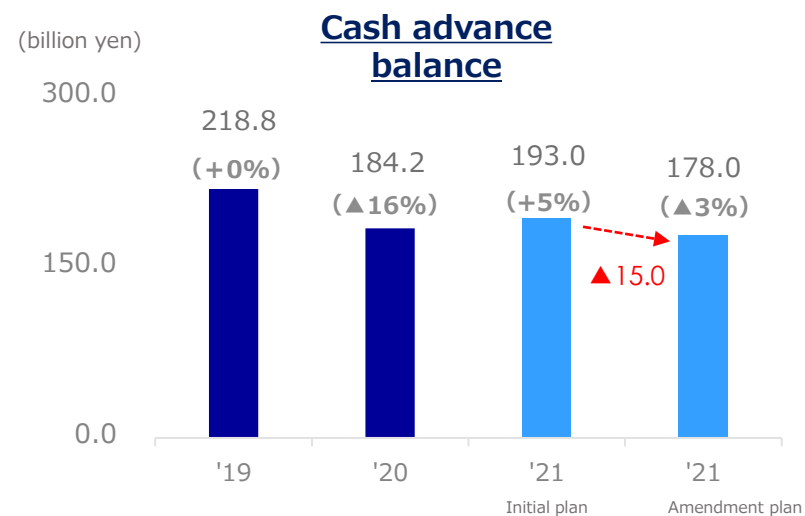
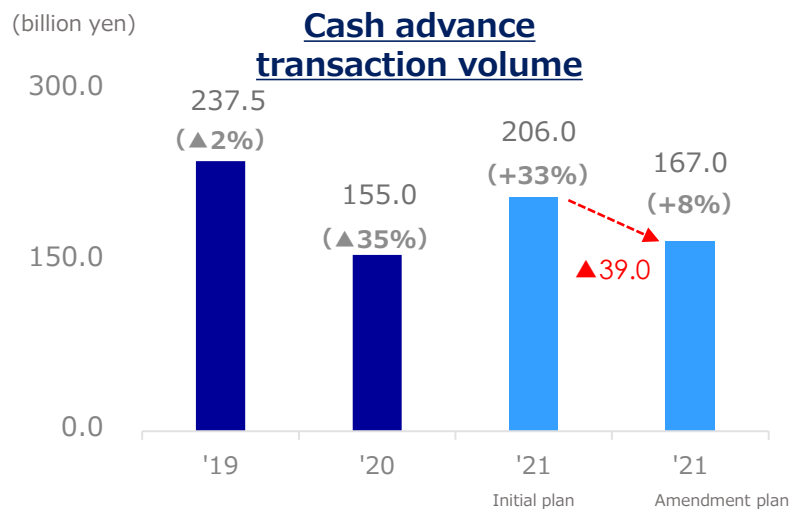
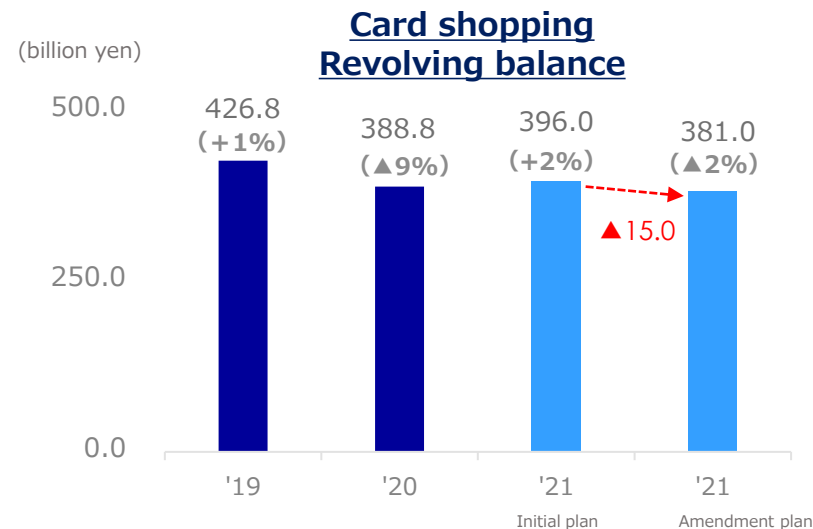
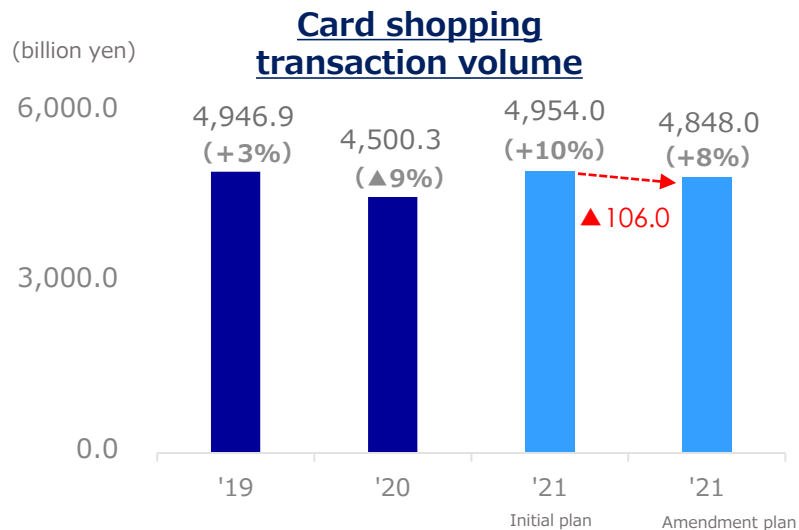
(non-consolidated_Operating revenue only)

(billion yen)

		Previous forecast (announced in May 14) (A)	Revised forecast (announced in November 9) (B)	Differences (B – A)
Consolidated	Net revenue	299.5	299.5	±0
	Business profit	52.0	52.0	±0
	Profit attributable to owners of parent	36.5	36.5	±0
Non- consolidated	Operating revenue	259.7	253.0	▲6.7
	Ordinary income	39.0	39.0	±0
	Net income	26.0	26.0	±0

Main Indices of Payment Business

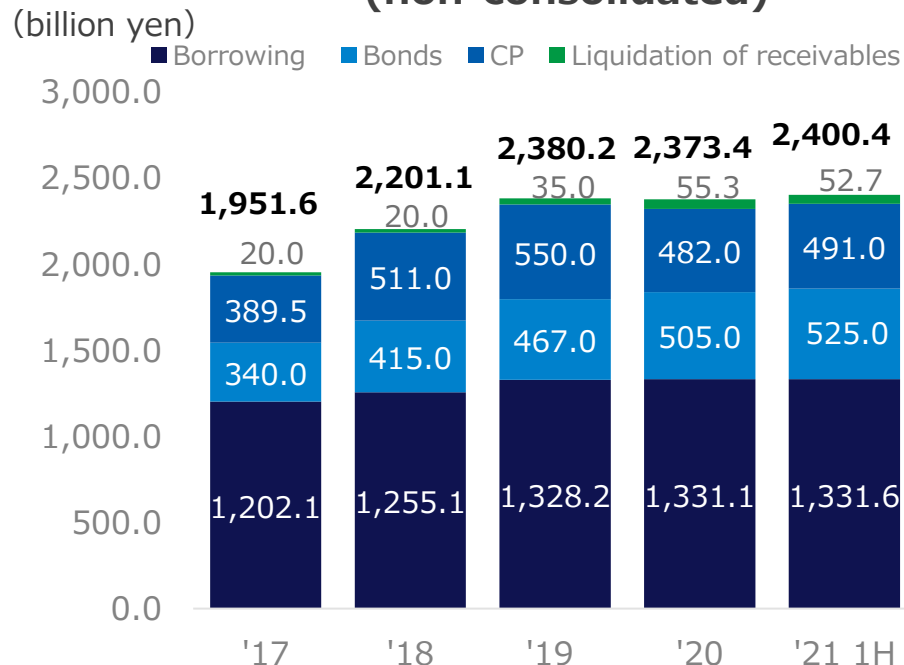
※ () = Year-on-year difference



■ 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
 October 2021 13billion yen

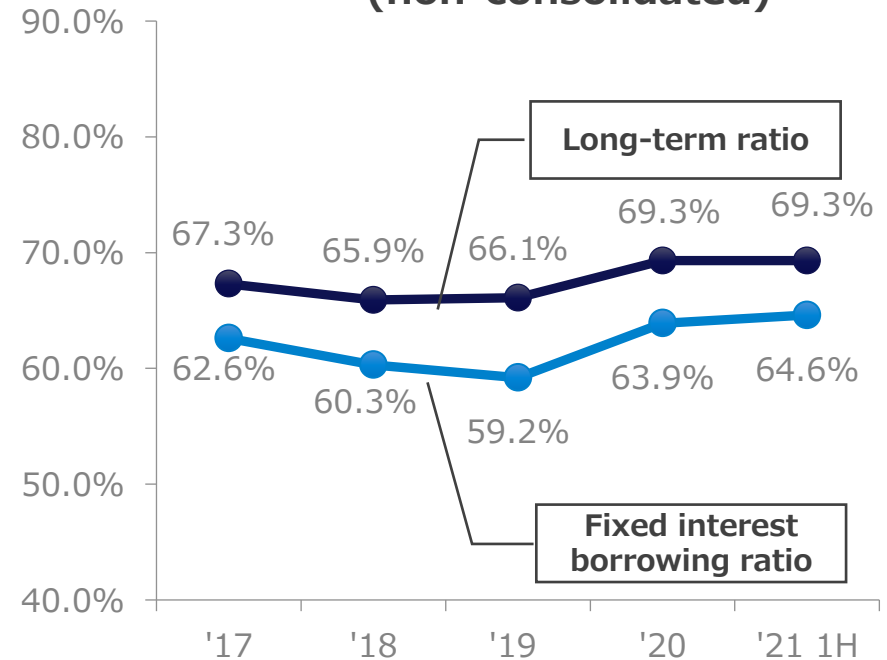
Balance of interest-bearing debt (non-consolidated)



■ 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

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

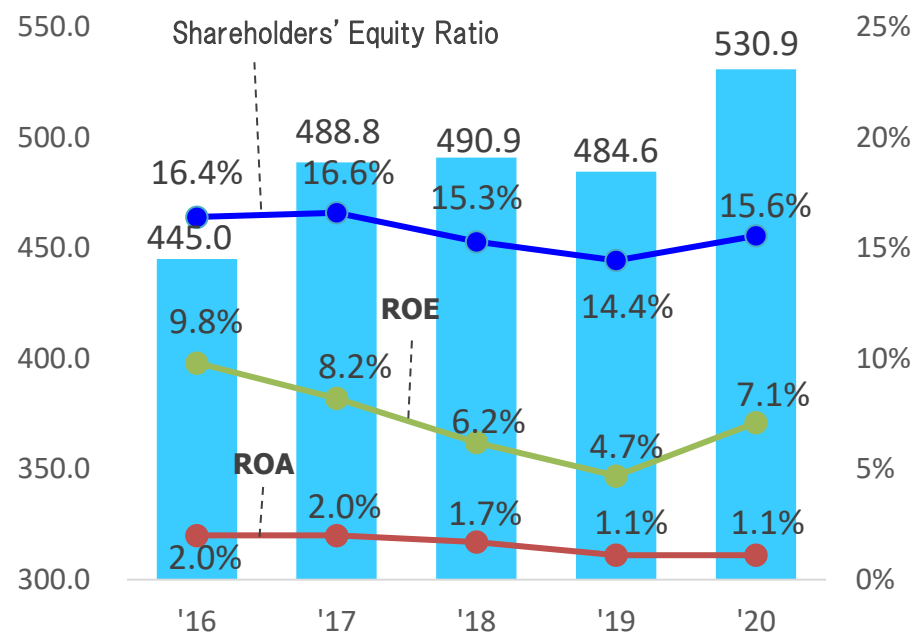
- Strategic investments in Japan and overseas (capital alliance / M&A)
- Investments in new alliances in various businesses

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>

(billion yen)



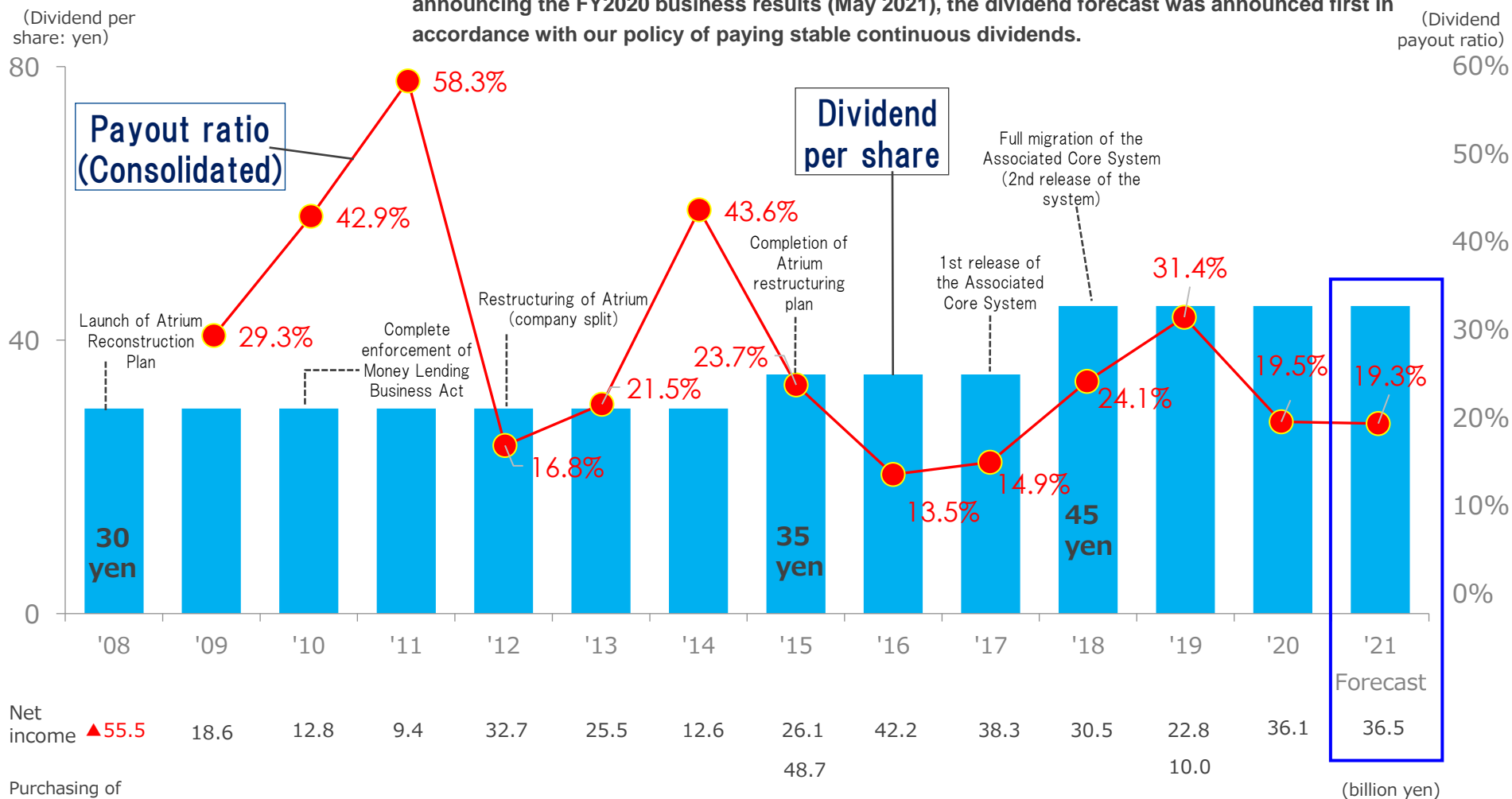
Medium to long term management indicators

Shareholders' Equity Ratio	About 15%
ROE	Over 10%

Status of Shareholder Returns

<Basic policy>
Maintaining stable payout

- When the financial crisis triggered by the collapse of Lehman Brothers occurred, the dividend was not be reduced even though a loss of ¥55.5 billion was incurred.
- Although the announcement of the FY2020 business results forecast was made at the time of announcing 1Q business results (August 2020) due to the COVID-19 pandemic, at the time of announcing the FY2020 business results (May 2021), the dividend forecast was announced first in accordance with our policy of paying stable continuous dividends.



Capital policy (Risk capital management)

- ALM management is introduced to measure risk and allocate risk capital for each business
- Profit & loss fluctuation risks are measured by aiming at a confidence level of 99.75% using EaR※ model in order to maintain A+※rating. (※Earnings at Risk)
- Re-measurement is performed regularly to reflect track record updates and changes on balance sheet

【Assets categorized by business】



【Risk factors】

Interest rate

credit cost

Price fluctuation

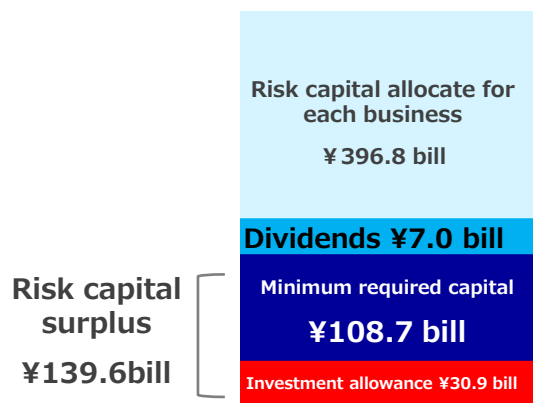
【Consolidated capital: ¥543.5 billion】

(excludes the impact of adopting IFRS 9)

(by end of March, 2021)

【Risk capital allocation policy】

1. From among the surplus risk capital, **20%** of consolidated shareholders' equity is secured as the minimum required capital (¥108.7 billion)
2. We will **actively invest** the investment allowance of **30.9 billion yen** (excluding the minimum required capital) in **high-growth global businesses**. Furthermore, in order to expand growth opportunities, we will actively **invest management resources in new businesses, including M&A**. Also, **in the payment business**, which was significantly impacted by COVID-19, we will **invest resources in efforts to maximize LTV**.
3. In order to realize future growth investment and sustainable growth of existing businesses, we will review the business portfolio by considering the cost of capital and will promote the optimization of the business portfolio by re-investing the generated management resources.



◆ Business Strategy for FY2021 2H

- Business Strategy for FY2021 2H

P.16-P.38

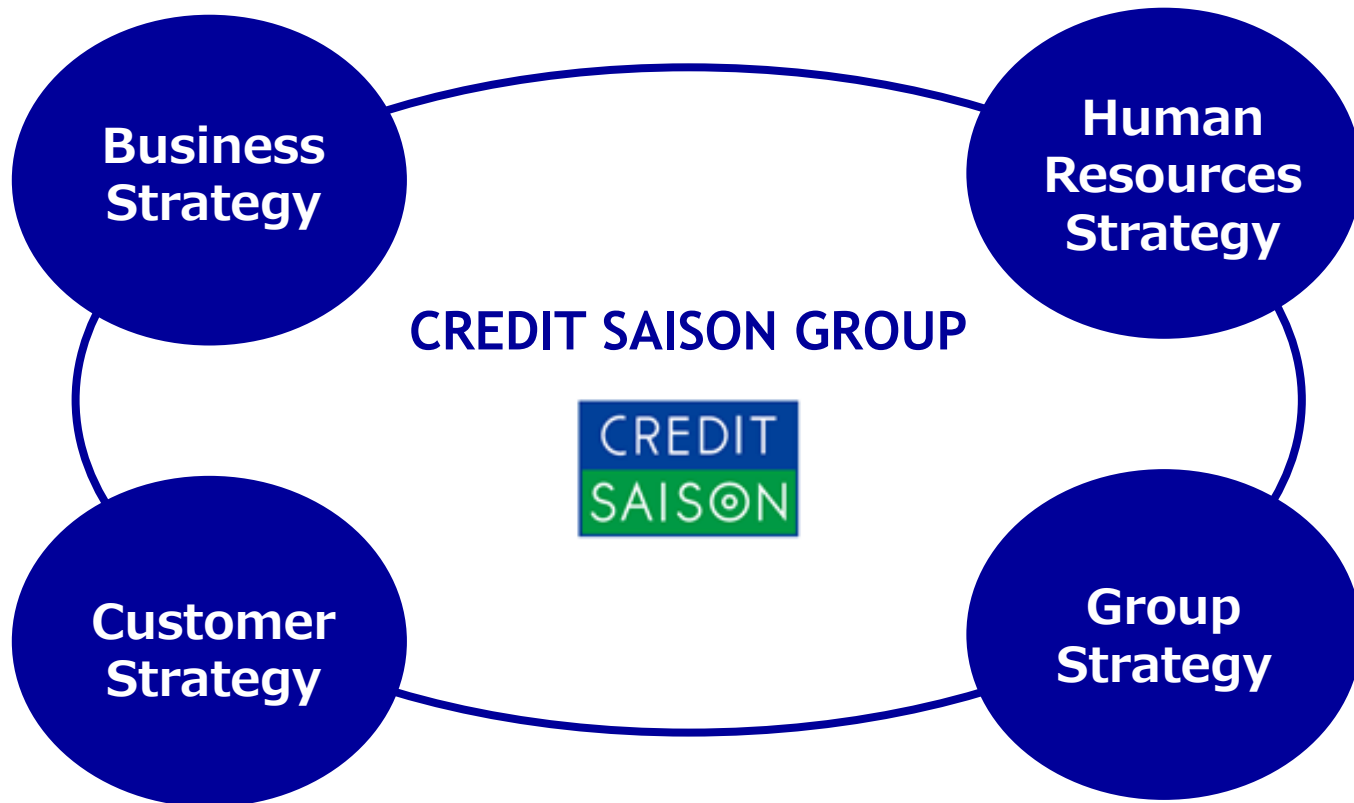
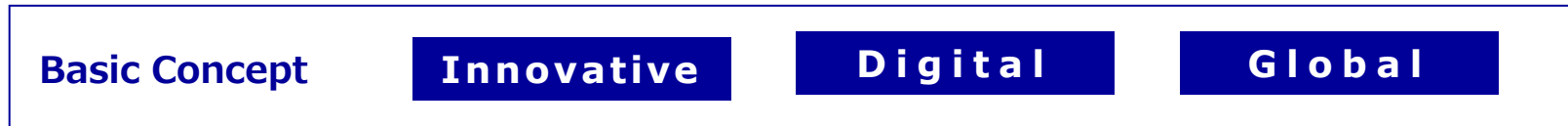


Diagram of Overall Management Strategy (FY2021)



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



Specific Measures That Credit Saison is Currently Attempting to Implement

I . Domestic Business

Payment

Re-growth after completing **structural reforms**
(BtoC fields/BtoB fields)

Finance

Further expansion of the **finance business**, which has grown into the **second pillar**

New Business

Taking on the challenge of new businesses to **create a pillar of future profits**

Digital

Aiming to be a **leading company in the digital age** through our **CSDX VISION**

II . Global Business

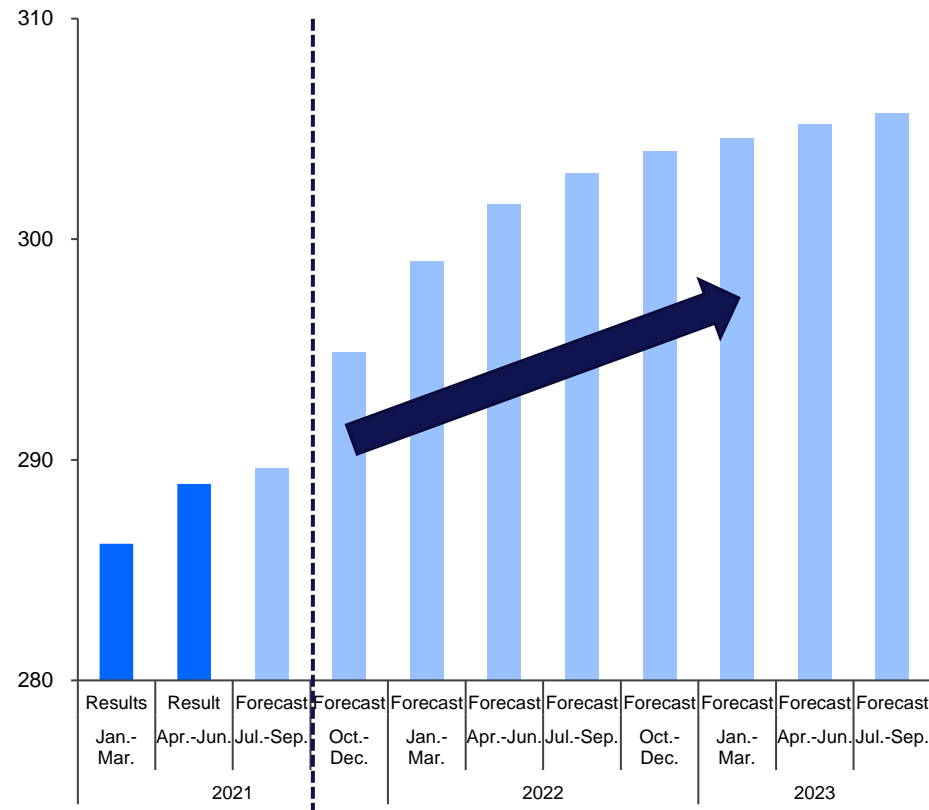
Taking on the challenge of expanding **global businesses** into the **third pillar**

III . Group Business

Concentrating the collective strengths of the entire Credit Saison Group to **transform into a “comprehensive lifestyle service corporate group”**

Outlook for final private consumption spending

(Trillion yen)



Source:

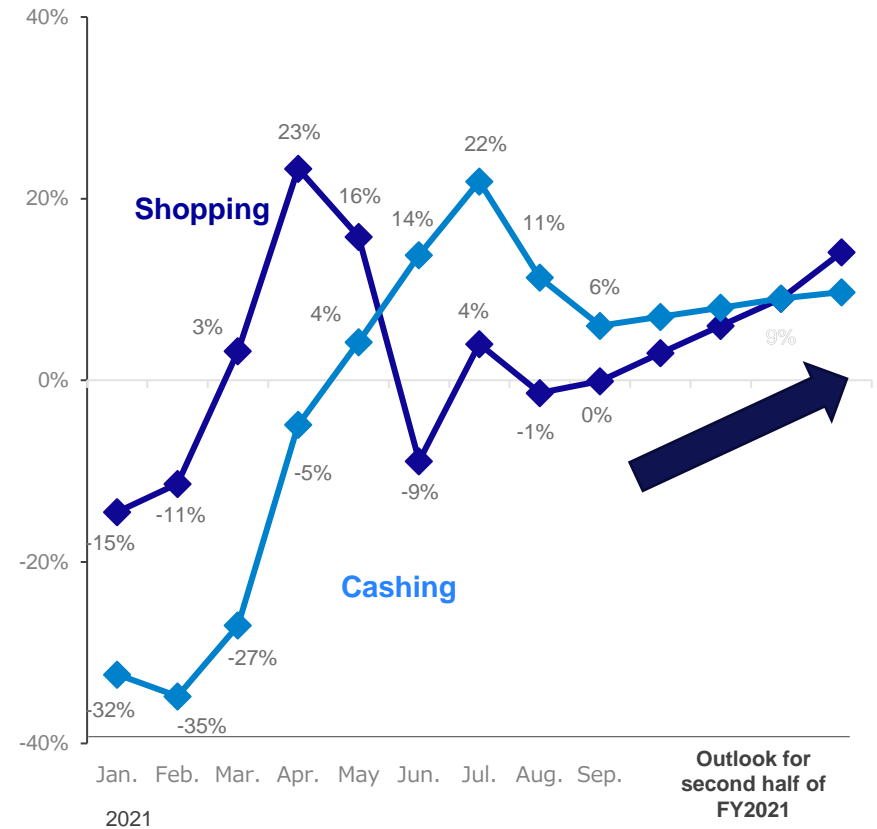
Created by the Company based on sources such as the following.

Cabinet Office: Statistical Table (Quarterly GDP Bulletin)

Nomura Securities: Japan—Revised Economic Outlook for FY2021 to FY2023 (September 8, 2021)

SMBC Nikko Securities: “Nikko House View” Quarterly Japan Economic Forecast (Revised Edition from September 2021)

Card shopping・Cash advance transaction volume (YoY)



I . Domestic Business

Payment

Changes in products (BtoC field)

Promotion of proper card strategy

Utilizing the smartphone self-contained service “SAISON CARD Digital”

SAISON CARD Digital (New Proper card)

Alliance partners
Approx. 150 companies



<アライアンス先（一例）>

SHOP
CHANNEL

I . Domestic Business

Payment

Changes in products (BtoC field)

Promotion of proper card strategy
Realizing a new partnership style

Proper card function

partner smartphone apps

SAISON CARD Digital



X



三井ショッピングパークアプリ
アプリも支払い

PARCOのQRコード決済
ポケパル払い

FAST LABI



I . Domestic Business

Payment

Changes in products (BtoC field)

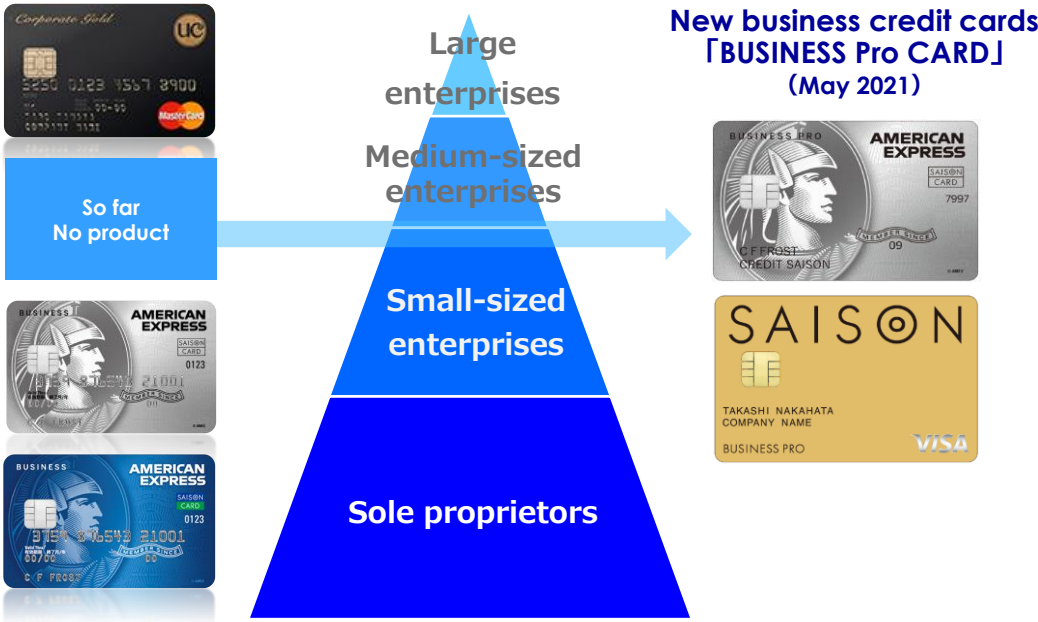
Maximize our share of card payments in the Small and Medium Enterprise (SME) market

Launch of new products

Completion of product lineup for all corporations

Transaction volume for BtoB products

Remained at a high level approx. 30% higher than the previous fiscal



BtoB field

約15%

BtoC field
約85%

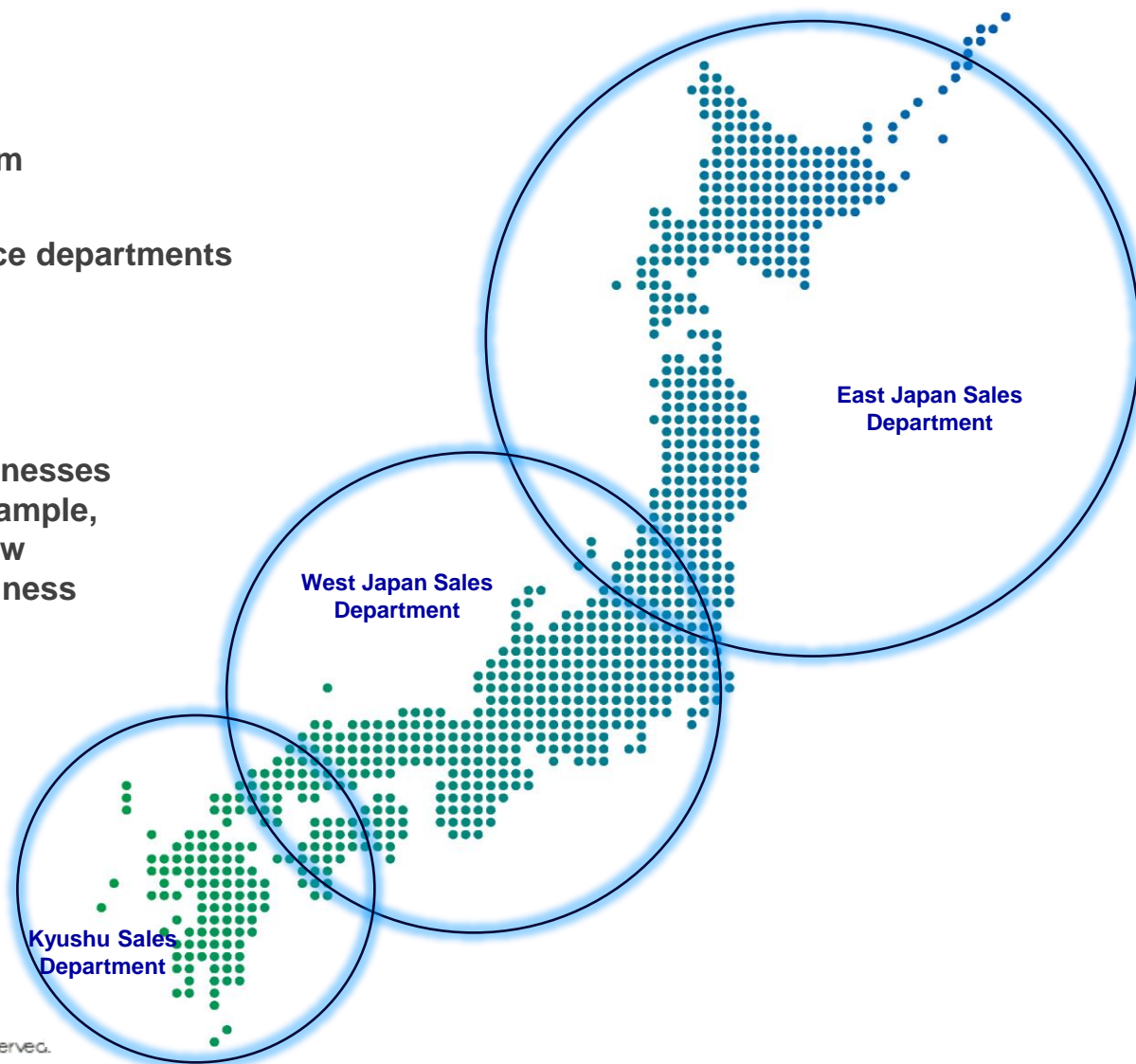
I . Domestic Business

Payment

- (1) Change the management system
- (2) Increase efficiency of back office departments



Reassignment of personnel to businesses aimed at expanding profits; for example, new processing contracts, new businesses, and the finance business

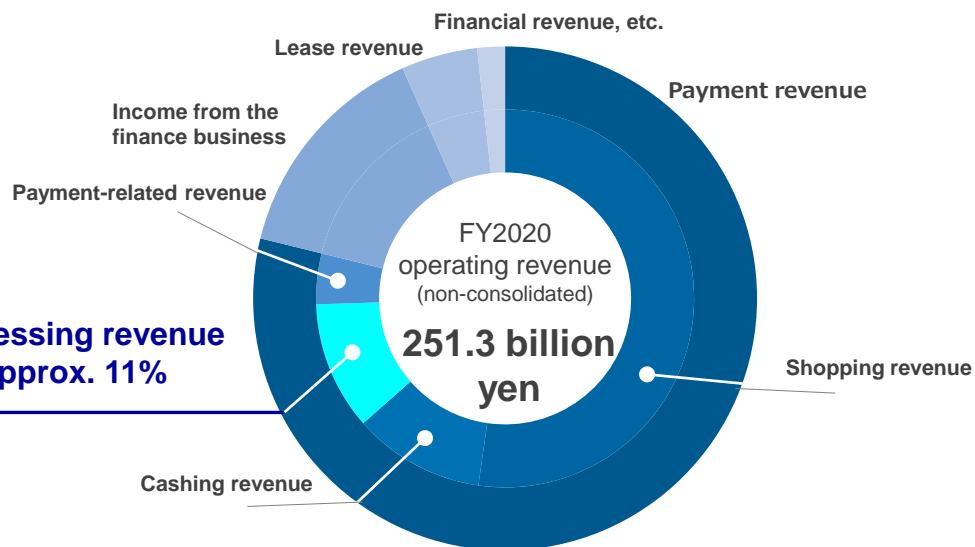


I . Domestic Business

Payment

Expansion of processing revenue by acquiring new contractors

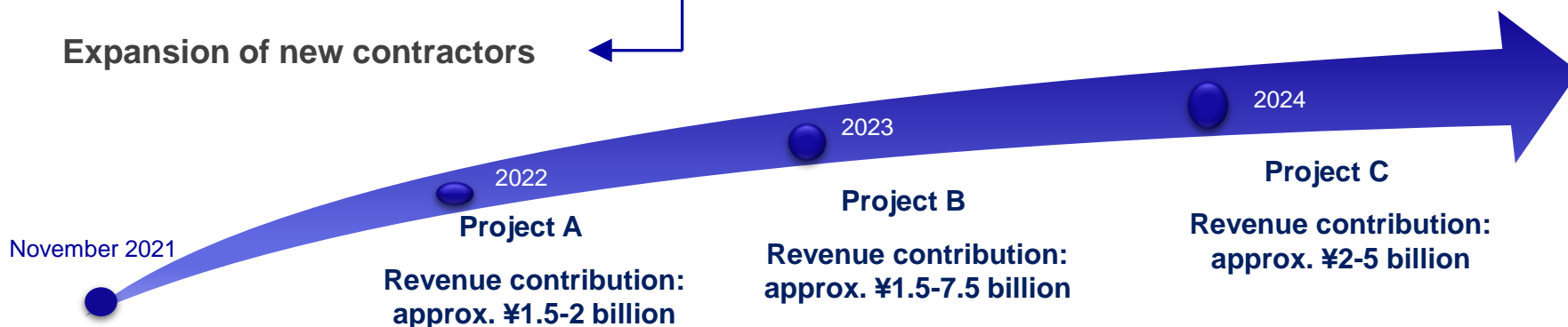
Composition ratio of operating revenue (non-consolidated)



Business expansion at existing contractors



Expansion of new contractors



I . Domestic Business

< Formulated digital transformation strategy "CSDX strategy">

CSDX VISION

Customer Experience

Create a thrilling experience for customers

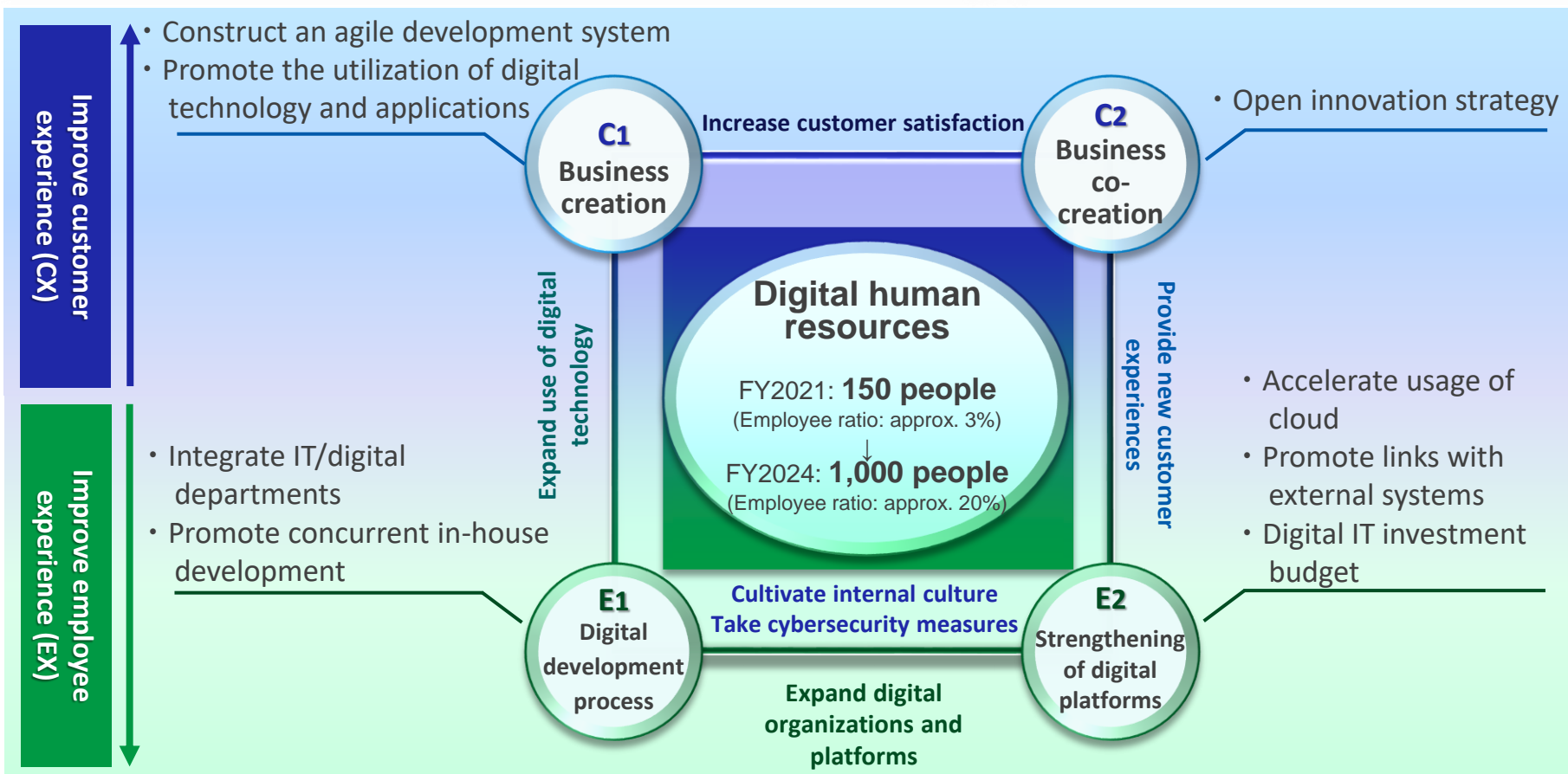
Employee Experience

Convert the experience of employees

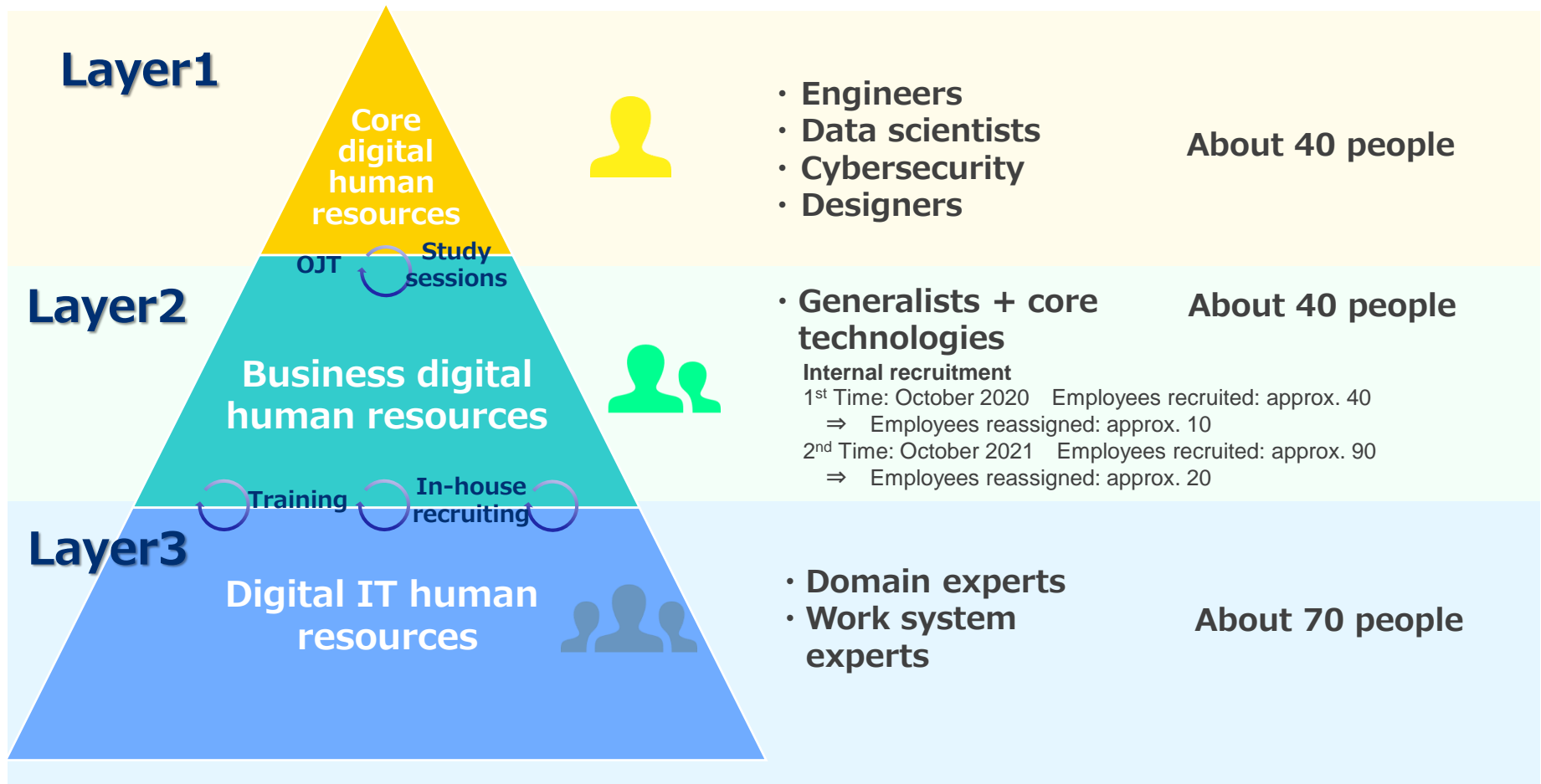
Aim to be a corporation that leads the digital era by using digital technology to transform/convert businesses and provide thrilling experiences that exceed expectations

I . Domestic Business

CSDX Strategy

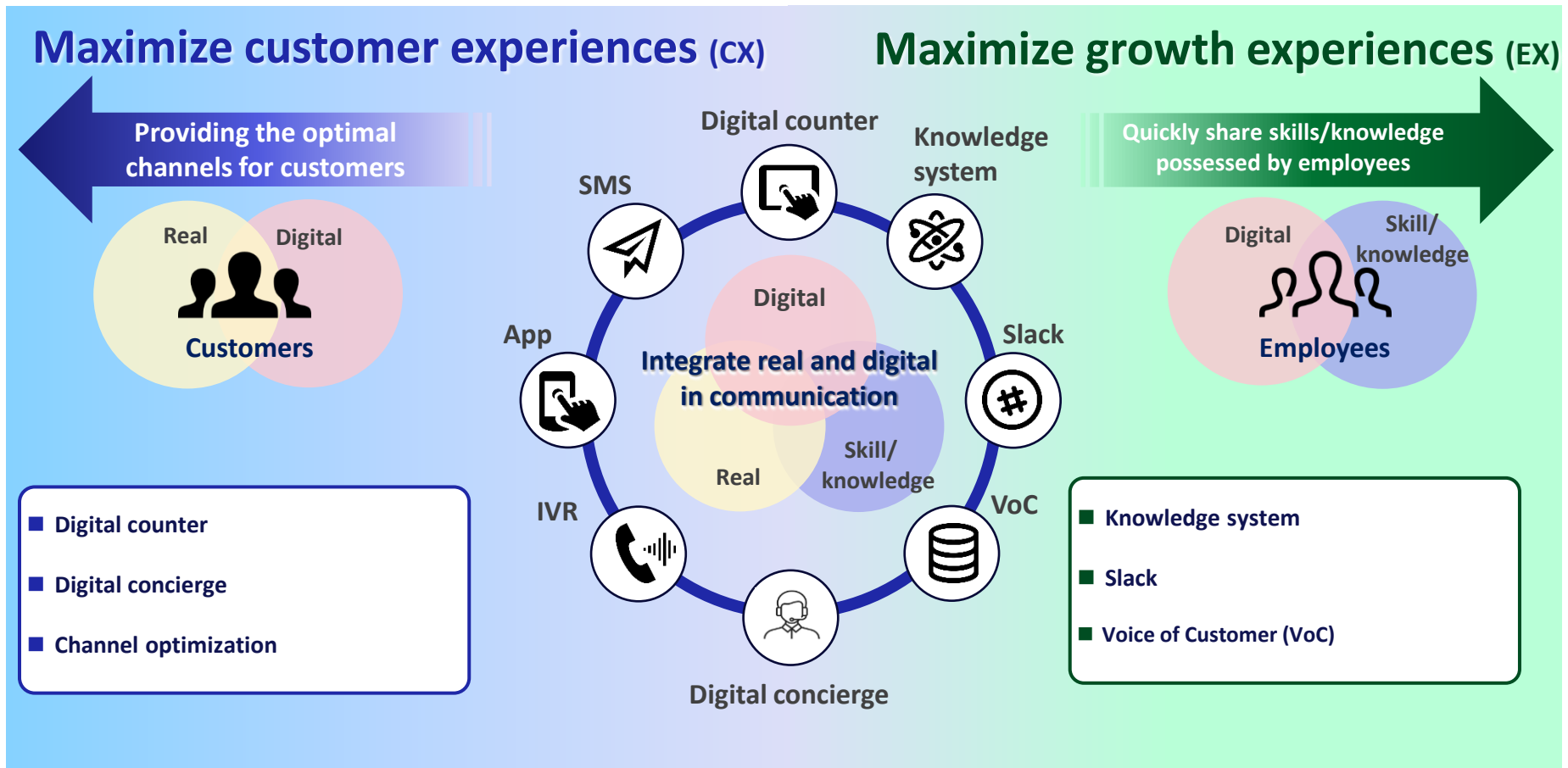


I . Domestic Business



I . Domestic Business

< Achieve omnichannel communication that integrates real and digital in communication such as contact with customers and sharing of skills/knowledge among employees >



I . Domestic Business

Finance

Further growth of the finance business that has grown into one of our main businesses

Credit Saison's Flat 35

Striving to become No. 1 in the industry

夢の実現、まるごと安心。

セゾンの住宅ローン



Credit Saison's Flat 35

- Increased screening speed by starting to provide (August 2021) products such as the Electronic Contract Service and Tablet Pre-Screening Application System
- Expansion of sales network

Rent Quick Credit Saison's rent guarantee service

Striving to become No. 1 in the industry

Rental support based on
peace of mind and **trust**

セゾンの家賃保証



Rent Quick

- Expansion of card subscription and rent payment using SAISON CARD Digital for users of rent guarantee products
- Strengthening of sales system

Credit Guarantee



- Started offering Dream Passport (internet-only small-scale loan), a guaranteed product for financial institutions (as of June 2021)

この街のホームドクター
大阪信用金庫《だいしん》 碧海信用金庫

I . Domestic Business

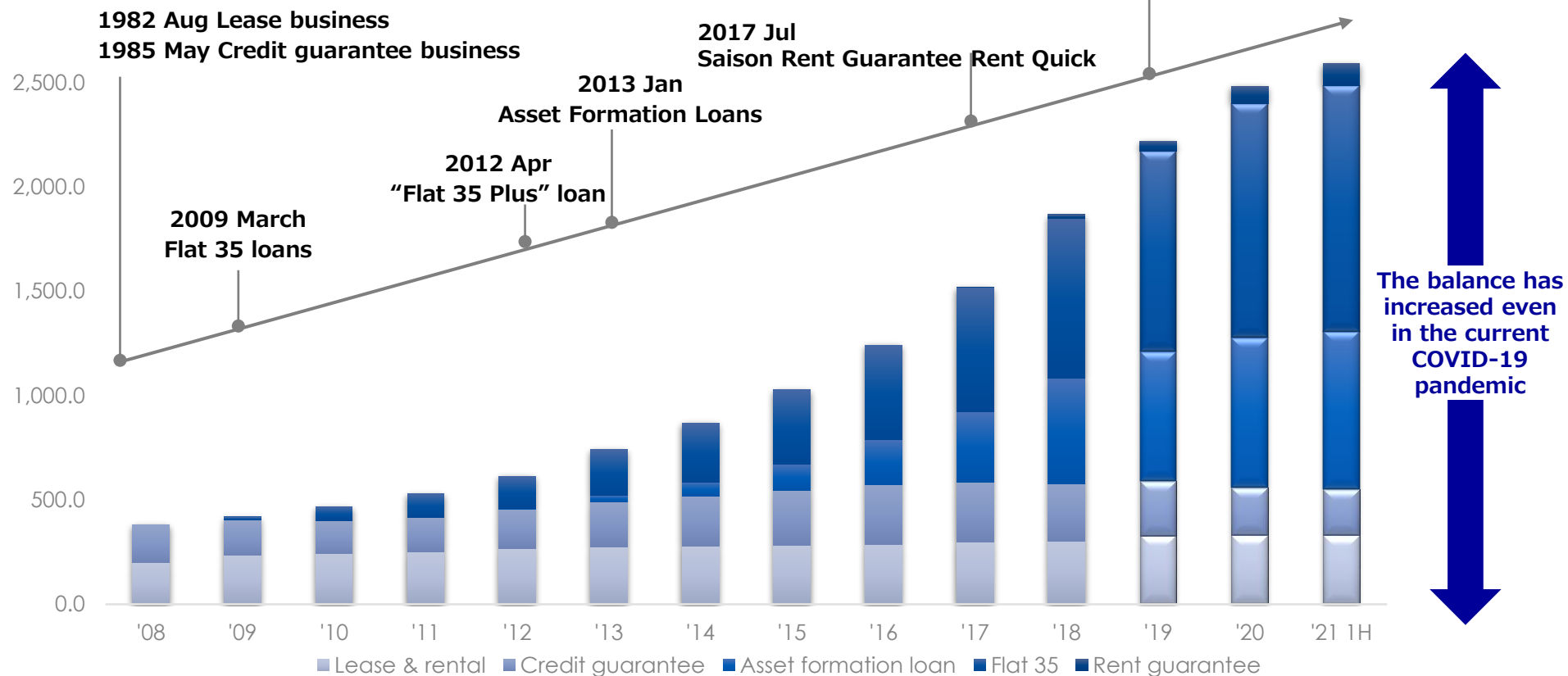
Finance

<Further growth of the finance business that has grown into one of our main businesses>

< Asset Balance (including off-balance) >

((billion yen)

3,000.0



II. Global Business



India

**Kisetsu Saison Finance
(India) Private Limited**

- Digital lending business



Vietnam

**HD SAISON
Finance Company Ltd.**

- Retail finance business



Indonesia

**PT. Saison
Modern Finance**

- Digital lending / leasing business



Singapore

Credit Saison Asia Pacific Pte. Ltd.

- overseas business development and integrated management



Saison Capital Pte. Ltd.

- Investment and financing for overseas start-ups



Thailand

SIAM SAISON Co., Ltd.

- Digital credit granting / payment business



China

**Credit Saison Corporation (Shanghai)
Limited**

- Consulting business



Cambodia

**Idemitsu Saison Microfinance
(Cambodia) Plc.**

- Loan and installment payments business



Philippines

- Undertaking preparations for the launch of the finance business

II. Global Business

Main countries being entered for global business

Profit contribution in first half of FY2021: approx. ¥0.2billion

Vietnam



HD SAISON
Finance Company



- Expanded credit card business throughout Vietnam in addition to the individual installment and loan business
- Despite the impact of lockdown from July, we built a system to expand card issuance with a focus on business in the post COVID-19



II. Global Business

Main countries being entered for global business
Profit contribution in first half of FY2021: approx. ¥0.2billion

India



**Kisetsu Saison Finance
(India) Private Limited**



- Started full-scale expansion of affiliated lending from Q2, and acquired an external credit rating (long-term AA+)



II. Global Business

Increasing lines of business in order to expand global business

Singapore



Saison Capital

< Impact financing business >

Transition to full-scale implementation phase

- Transition from pilot implementation to full-scale implementation phase
- Expand structuring to connect with external investors
- Promote social bonds, etc., that use impact investment business as funding



II. Global Business

< Increasing lines of business in order to expand global business >

Singapore



Saison Capital

< CVC business >

Discovery of unicorn corporations

- Discovery of unicorn corporations in FinTech and adjacent fields regardless of investment method (direct or LP investment)

Portfolio (example)

KOINWORKS

HELICAP

OY!

I⁺repute

ula

BukuKas
Bikin Menjadi Mudah

STASHFIN

tazapay

SEGARI

Nimbly
Technologies

growsari

infina

PODIUM

Finantier

nextpay

SLICE I/O

igo

OnePipe

SARISUKI

finblox

بازار

ob

purasu money

FEGO

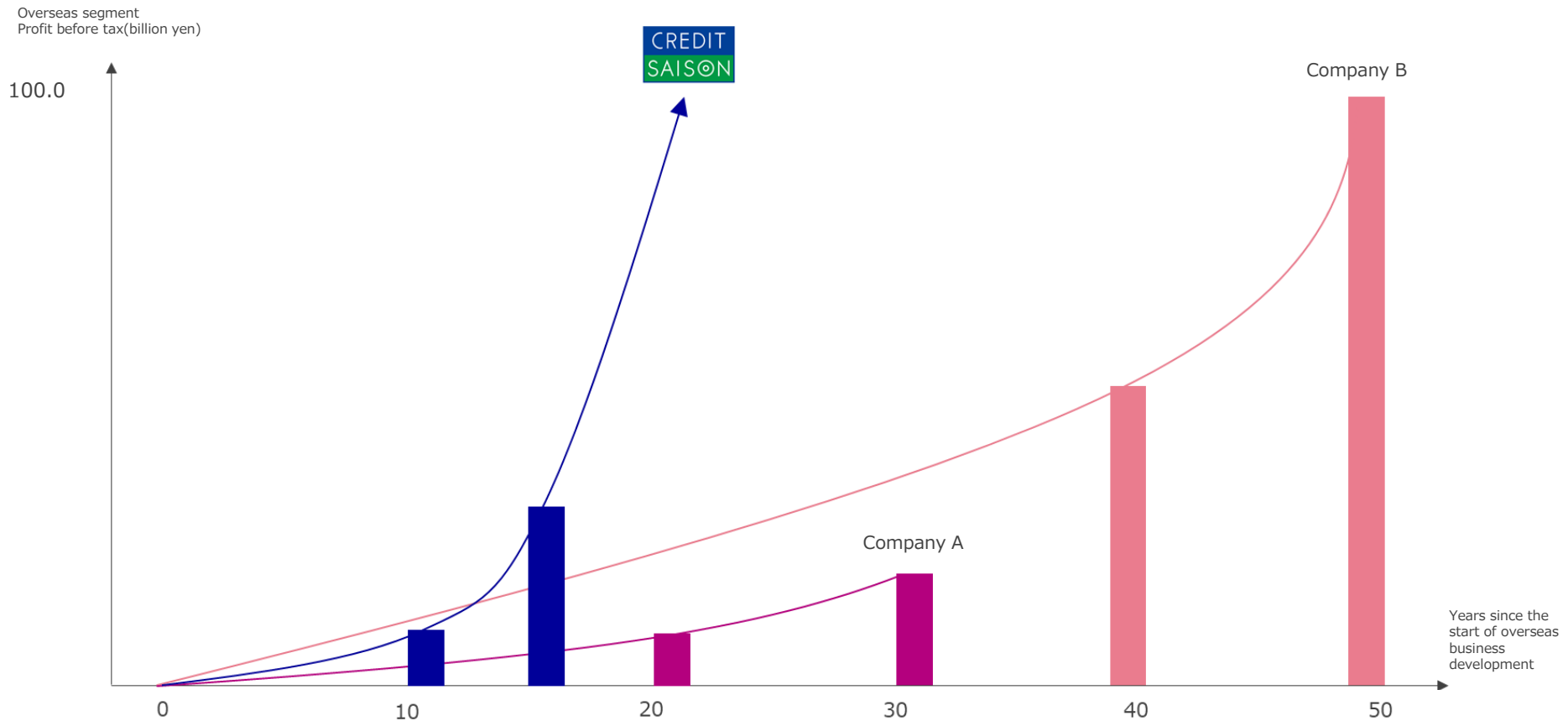
DROPVERSE

AMBER

II. Global Business

Global business roadmap for a third pillar

Grow our global business into a third pillar by developing proprietary businesses tailored to each country



I . Domestic Business

New Business

<Taking on the challenge of new businesses to create a pillar for future profits>

For women

< July 2021>

SAKURA
Japan Women's Wine Awards



Expand services for women; for example, the premium card Saison Rose Gold AMEX which available only for women for a limited time

< October 2021>

 Grace Bank



Supporting women who choose embryo freezing as an initiative for social issues such as promoting women's advancement and taking measures against the declining birthrate



Started offering special loan services available only to users of Grace Bank

I . Domestic Business

New Business

< Taking on the challenge of new businesses to create a pillar for future profits >

For Generation Z

< June 2021 >

CA CyberAgent®

»»» C A S M



Aiming to create new businesses and financial DX businesses that satisfy the diverse values of customers by combining the knowledge of both companies

< October 2021 >

Motion Picture



As a platformer for experiential consumption, we aim to improve a customer experience that combines “real” and “digital”

I . Domestic Business

New Business

< Taking on the challenge of new businesses to create a pillar for future profits >

For the elderly generation

< May 2021 >

MedPeer



From October 2021, started providing the hospital discharge support service YoriSoi Care as a joint business in the field of home medical care

< September 2021 >

Providing information for solving concerns related to life as a whole, with a focus on the categories of money, health, and family



Sustainability related information



Basic approach to Sustainability

Based on our “leading-edge service company” management philosophy, we contribute through the everyday operation of our businesses to resolving problems and move society forward in ways only Credit Saison can by leveraging our unique knowhow, management resources, and the experiences of each of our employees. We will create a sustainable society that is even more convenient and prosperous than today’s.

SUSTAINABLE DEVELOPMENT GOALS



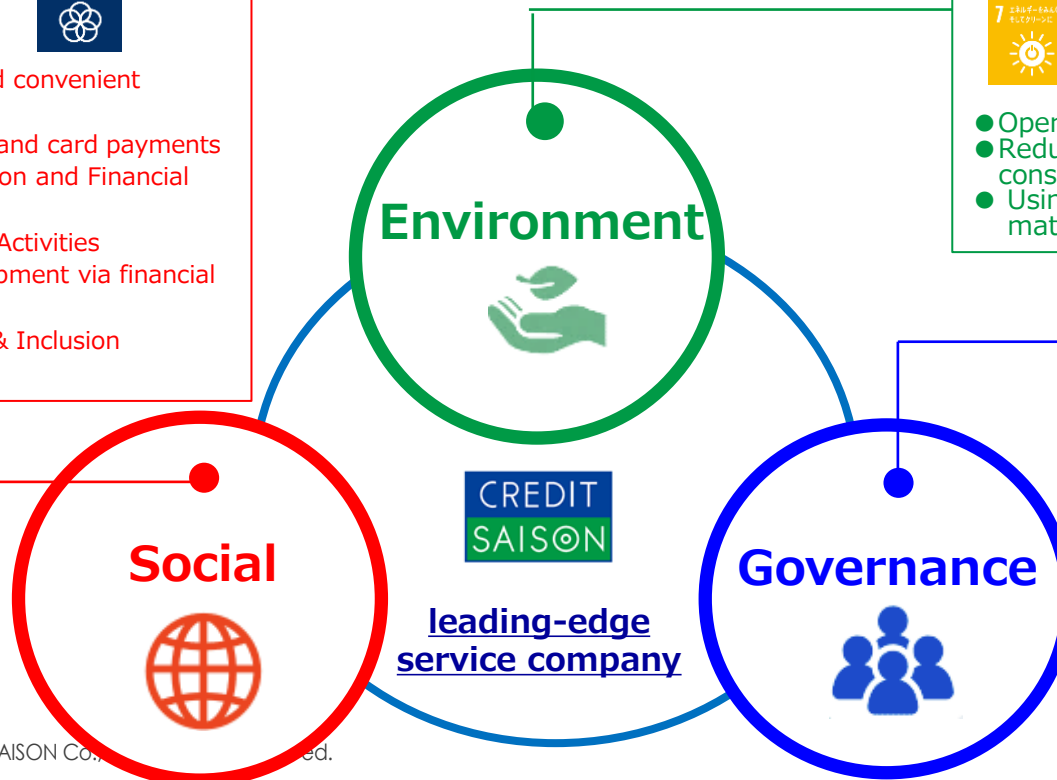
- Realization of a safe, secure and convenient cashless society
- Donation by exchanging points and card payments
- Education for the Next-Generation and Financial Education
- Supporting Sports and Cultural Activities
- Support SEA’s economic development via financial services
- Realization of Diversity, Equity, & Inclusion
- Reform Working style



- Operate the Akagi Nature Park
- Reduction in paper consumption/CO2 emissions
- Using environment-friendly materials



- Establishment of nomination and remuneration committee (2019.6~)
- Introduction of executive officers system (2020.3~)
- Maintain diversity in terms of women participation

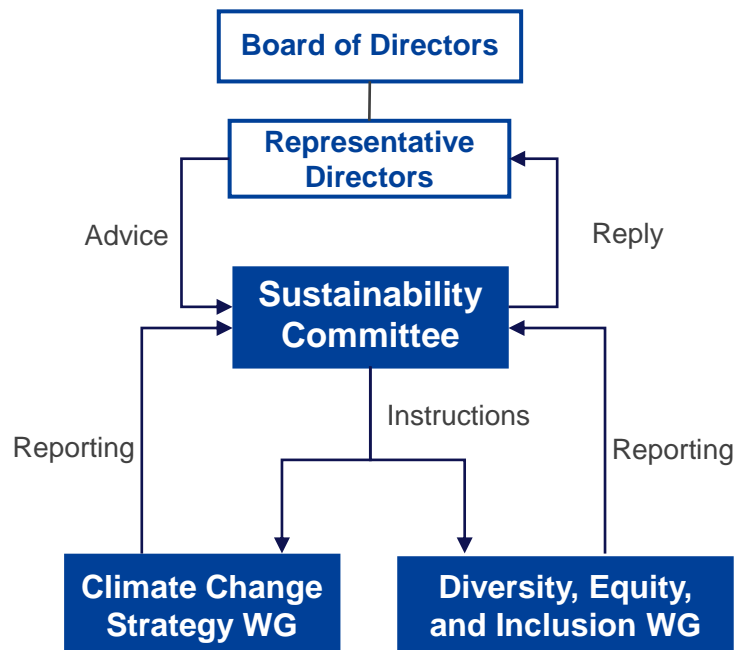




Establishment of Sustainability Committee (as of August 2021)

Established the **Sustainability Committee** to strengthen efforts by the entire Credit Saison Group to address social issues through business; for example, supporting TCFD proposals and financial inclusion for the realization of a sustainable society

Structure of Sustainability Committee



- Strengthen efforts to combat global warming, for example; supporting TCFD recommendations

Support for the TCFD recommendations on climate-related financial disclosures

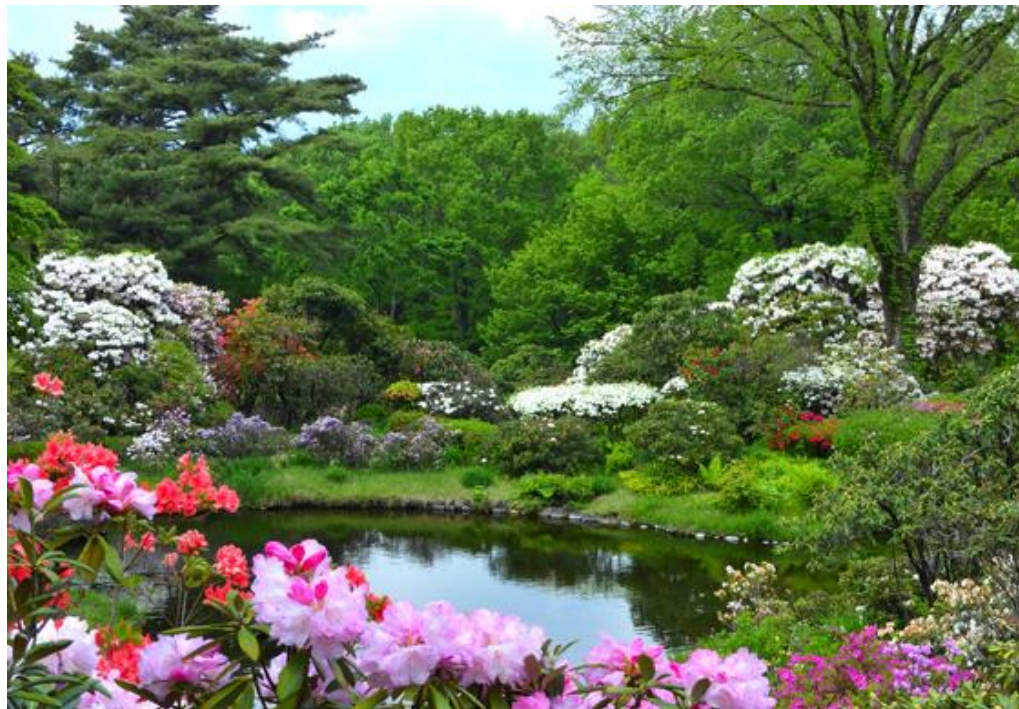
Governance	Strategy	Risk management	Indicators and targets
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- Promote Diversity, Equity, and Inclusion
- Reflect into medium-term management plan



A one-of-a-kind forest unique Japan, a country with four beautiful seasons.

We pray for the happiness of today's children, their children, and all children in future generations. Instead of simply planting flowers, we started by creating an environment for cultivating flowers. This unique forest started from the Saison Group's philosophy that “ideals exist to be realized.”



Spring



Summer



Autumn



Winter



- Education for the Next-Generation and Financial Education
「Business trip class ～SAISON TEACHER～」
Hold financial education for children to acquire correct financial knowledge



■ Diversity, Equity & Inclusion

Since the 1980s, the Company has been actively hiring women. Furthermore, in order to enable women to actively participate in various occupations and positions, we are expanding systems so that women can aspire to continue employment and develop their careers even when experiencing life events such as marriage and childbirth.

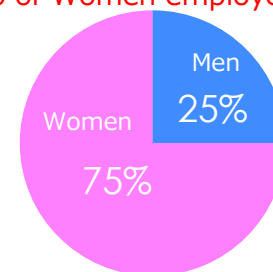
Introduced a common human resource system for all employees that gives all employees indefinite employment and unifies all systems, including wages (from September 2017)

- Supporting company of Japan's National Soccer Teams



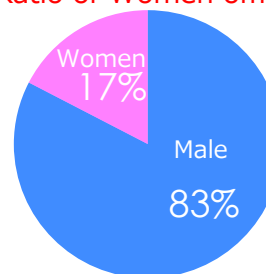
<Ratio of Women employees>

※2020 results

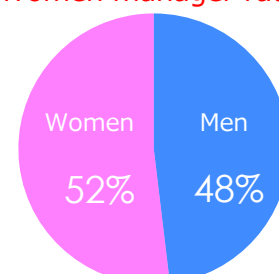


<Ratio of Women officer>

<Women manager ratio>

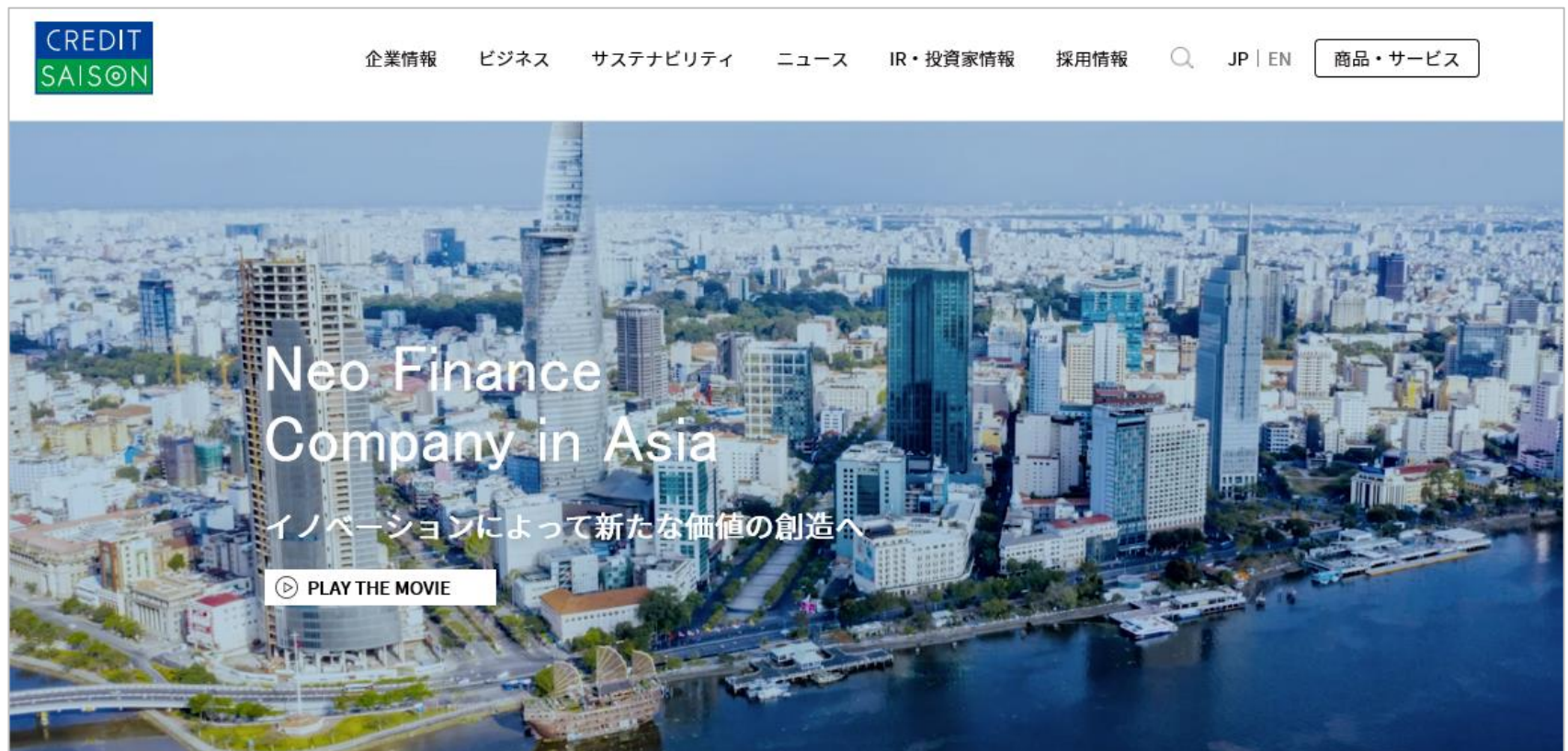


Total of directors, executive officers and audit and supervisory director



Total of General directors, managers and section managers

Comprehensive renewal of corporate/IR website
with the aim of strengthening contents and
improved usability (March 31, 2021)



**Issuance of integrated report to
enhance disclosure
of financial and non-financial
information
(first edition issued in March 2020)**



**Credit Saison Integrated Report 2020
(issued in December 2020)**

**For the first time, received the Bronze Prize, at
the International ARC Awards 2021, which is
the world's largest annual reporting
competition**



