

Financial Results Briefing of First Half of FY2022

November 10, 2022

Credit Saison Co., Ltd.



AGENDA

Financial Results of FY2022 1H

Financial Policy & Capital Policy

Managing Executive Officer, CFO
Shingo Baba

◆ Business Strategy for FY2022 2H

Executive President and COO
Katsumi Mizuno

◆ Sustainability-related information

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.

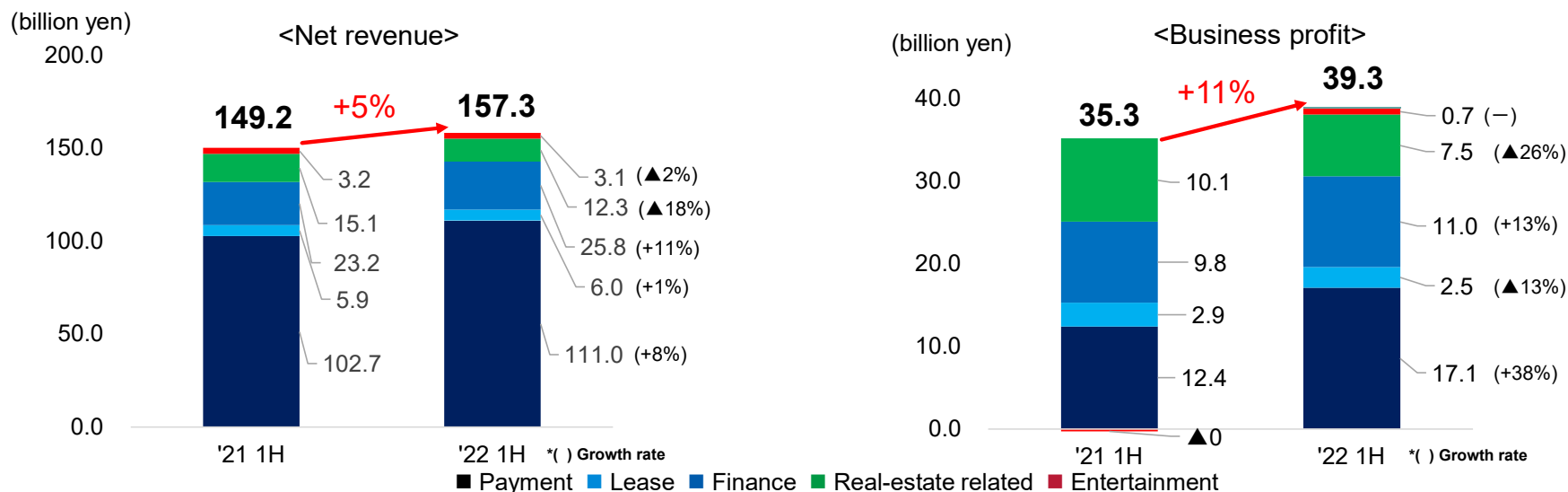


Financial Results of FY2022 1H/ Financial Policy & Capital Policy

Financial Results Digest

- In our **payment business**, in addition to the recovery trend, which includes double-digit growth in card shopping transaction volume, there was **steady growth in all business segments** including **solid growth in our finance business** as a 2nd pillar, and **expanding income contributions of our global business** as a 3rd pillar.
- The first half business results **exceeded** the previous forecast due to **business growth and income contributions from domestic and overseas affiliates** in addition to **cost reductions that placed greater emphasis on cost-effectiveness** and a **decrease in costs related to bad debt** resulting from improved credit quality.
- The full-year business results forecast has been **upwardly revised** from the initial forecast based on **recent business conditions, unrealized gains on the fair value of funds held**, and other factors.
- As a result of implementing a **review of the risk capital allocation model**, **surplus capital will be around ¥50.0 billion**, which will be used to **continue appropriate shareholder returns and aggressive investment in growth**.
(The basic policy on profit distribution has been changed. See page 5 of the Financial Results Summary for details.)

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



Payment business

- Despite a sharp increase in the number of new COVID-19 cases, economic activity is recovering and there were signs of an upturn in personal consumption. Revenue increased due to a recovery in card shopping transaction volume, and income increased because of higher contribution to business profit of Kisetu Saison Finance (India) Pvt. Ltd. and others, an increase in unrealized gains on the fair value of funds held, and a greater-than-expected depreciation in the yen.

Lease business

- Revenue increased as a result of running various campaigns to strengthen sales promotion at existing major dealers, while income decreased due to IFRS adjustments (impairment losses on financial assets).

Finance business

- Both revenue and income increased due to expansion of financing balance through products such as Flat 35 Loans and rent guarantee service, as well as the contribution to business profit of Saison Fundex Corporation.

Real estate-related business

- Both revenue and income decreased due to a rebound from the large increases recorded in the previous fiscal year.

Entertainment business

- Although income decreased due to the impact from the closure of entertainment facilities, income increased as ticket sales remained strong with the recovery in events.

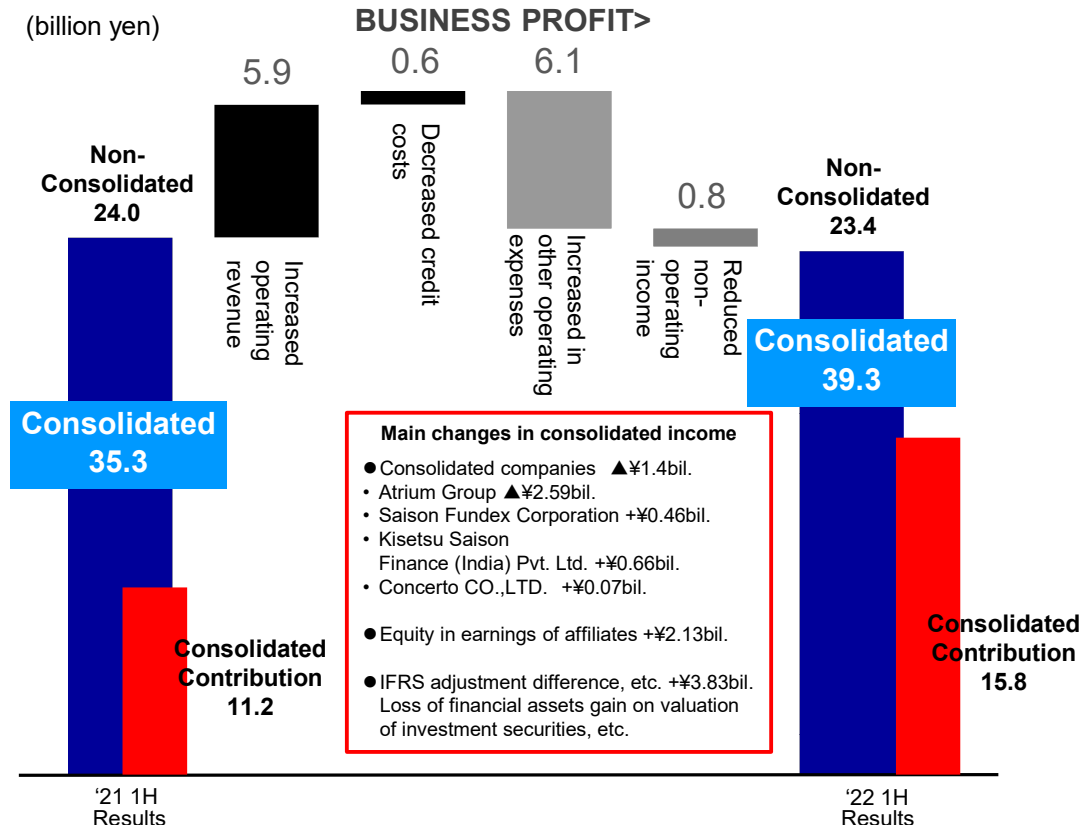
Financial Results ②

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

*() = Year-on-year difference

Non-Consolidated Ordinary income	Consolidated Business profit	Difference
¥23.4billion(▲¥0.52billion)	¥39.3billion(+¥4.03billion)	¥15.8billion(+¥4.56billion)

<MAIN INCREASES/DECREASES IN BUSINESS PROFIT>



<Contribution by consolidated companies(IFRS)>

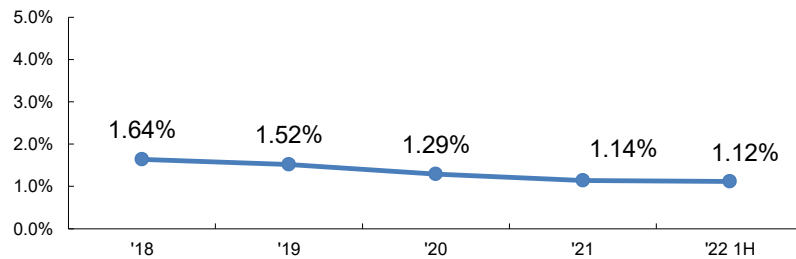
Major equity method affiliates	contribution to business profit
Atrium Group (real estate liquidation business, servicing business)	¥5.36billion (▲¥2.59billion)
Saison Fundex Corporation (Lending business) (Real estate finance business)	¥3.59billion (+¥0.46billion)
Kisetsu Saison Finance(India)Pvt.Ltd. (Digital lending business in India)	¥0.86billion (+¥0.66billion)
Concerto CO.,LTD. (Entertainment business) (Real estate leasing business)	¥0.84billion (+¥0.07billion)

Major equity method affiliates	contribution to business profit
HD SAISON Finance Co., Ltd. (Finance business in Vietnam)	¥1.3billion (+¥1.1billion)
Idemitsu Credit Co., Ltd. (credit card business)	¥0.71billion (+¥0.51billion)
Seven CS Card Service CO., LTD. (credit card business)	¥0.61billion (+¥0.15billion)
Eplus Inc. (Ticket sales business)	¥0.5billion (+¥0.71billion)

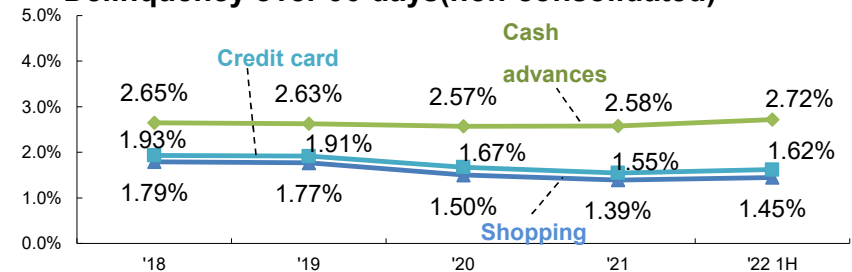
Credit Risk

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)

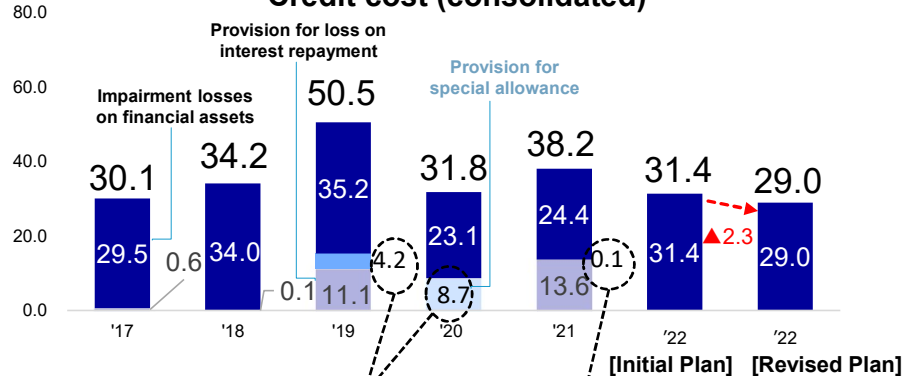


Delinquency over 90 days(non-consolidated)



(billion yen)

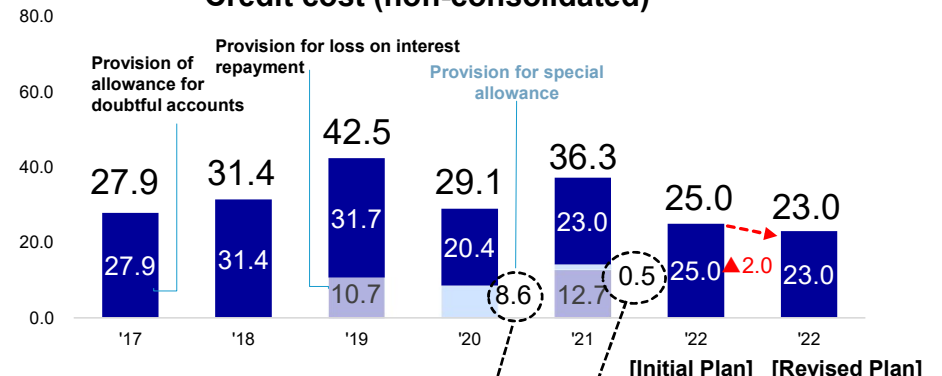
Credit cost (consolidated)



- 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.

(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 provision of ¥13.6 billion on the consolidated basis and ¥12.7 billion on the nonconsolidated basis in fiscal 2021

Level of provision adequate at present

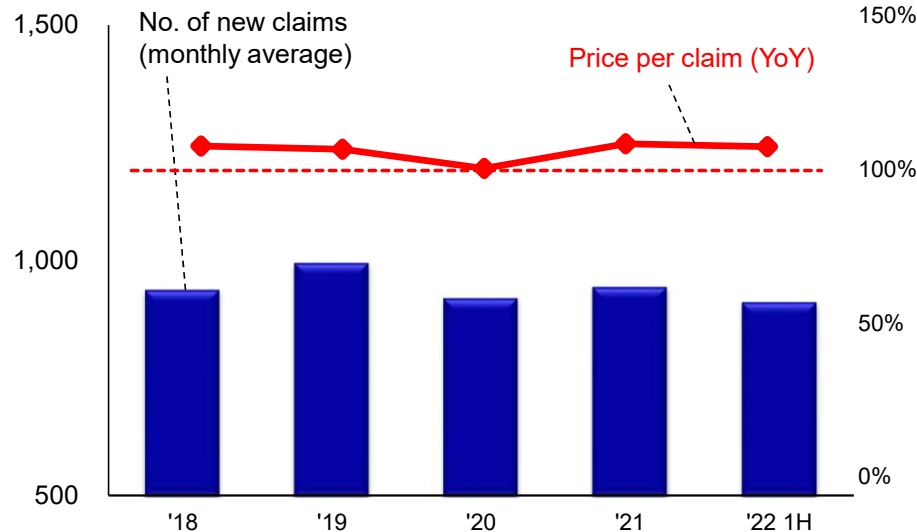
**No plans for additional provision
Monitoring future trends**

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

No. of new claims
(Unit: No.)

Price per claim
(YoY)

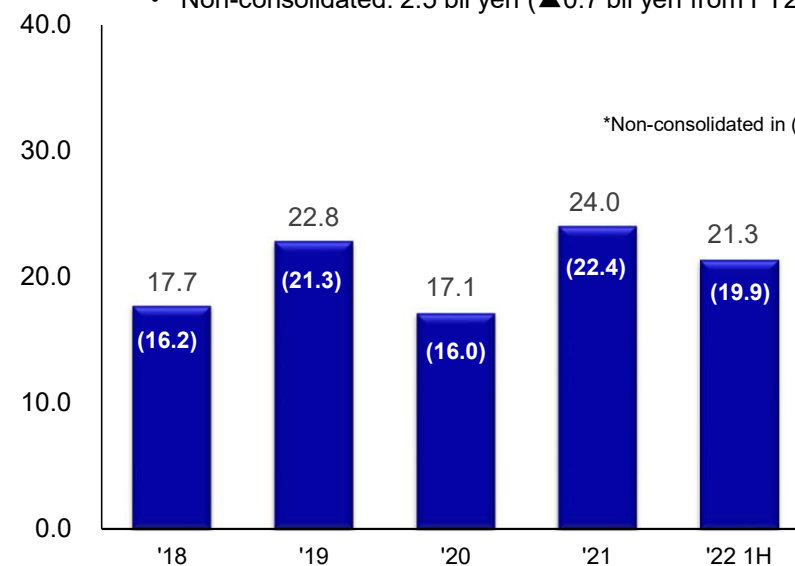
(billion yen)



■ Balance of provision for loss on interest repayment

<Provision reversal in FY2022 1H>

- Consolidated: 2.7 bil yen (▲0.7 bil yen from FY21)
- Non-consolidated: 2.5 bil yen (▲0.7 bil yen from FY21)



*Non-consolidated in ()

Revision of Business Results Forecast for FY2022

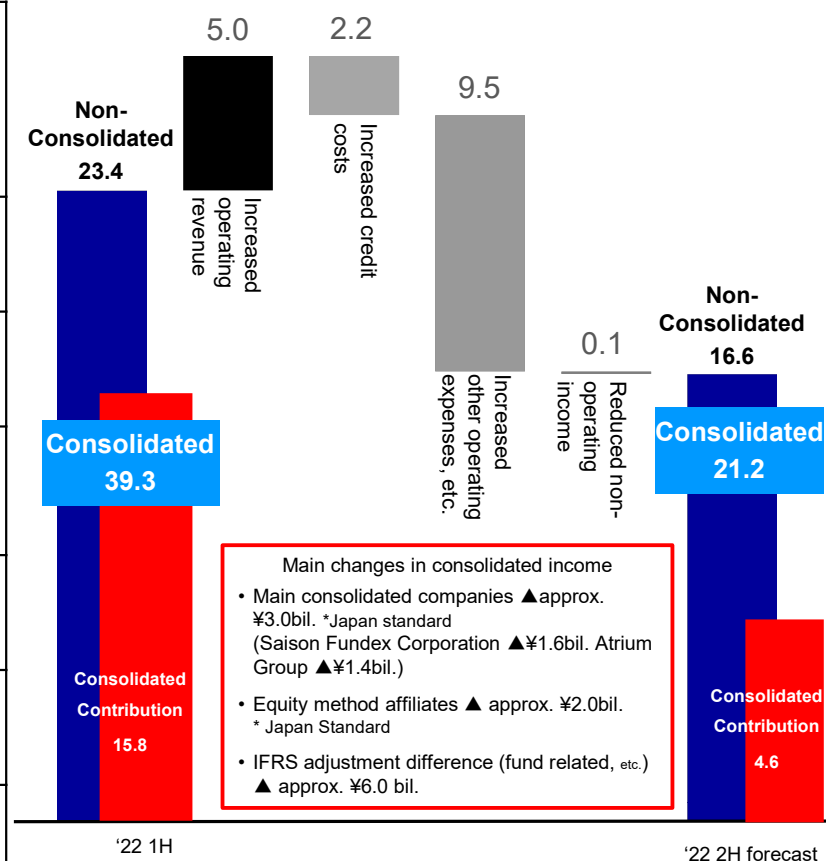
(billion yen)

		Previously announced forecast (Announced May 13) (A)	Current forecast (Announced November 10) (B)	Amount of increase (decrease) (B—A)
Consolidated	Net revenue	312.0	319.0	+7.0
	business profit	53.0	60.5	+7.5
	Profit attributable to owners of parent	35.5	40.5	+5.0
Non-Consolidated	Operating revenue	260.0	265.0	+5.0
	Ordinary profit	37.0	40.0	+3.0
	Profit	24.0	26.0	+2.0

1H results (C)	2H forecast (B—C)
157.3	161.7
39.3	21.2
27.4	13.1
130.0	135.0
23.4	16.6
17.2	8.8

<MAIN INCREASES/DECREASES IN BUSINESS PROFIT IN 2H FY2022>

(billion yen)



Financial Policy (Structure of Interest-bearing Debt)

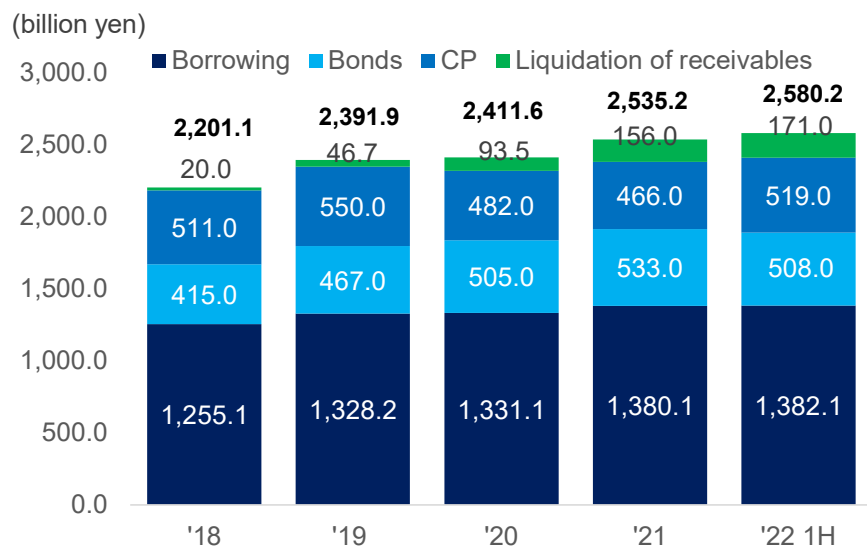
■ About a sound financial base

- 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
October 2021 13billion yen

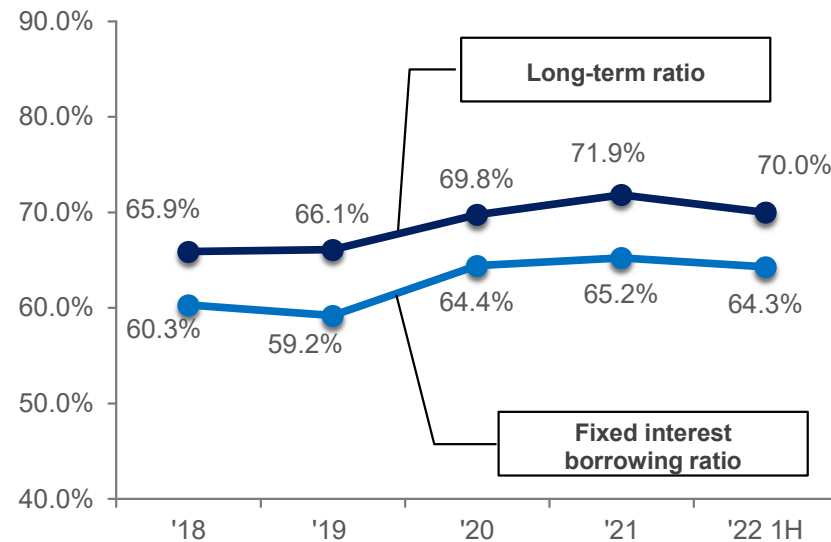
■ Regarding structure of interest-bearing debt

- 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)



Capital Policy (Risk Capital Management)

Background to Review of Risk Capital Allocation Model

Implement review of the surplus risk capital allocation model in light of changes in the Company's business environment, including the outlook for contribution to business profit of the finance business which has grown into 2nd pillar and the global business to become 3rd pillar in shift from business model based on existing payment business

Top Priority

As a non-bank with interest-bearing debt in excess of approximately 2.5 trillion yen, the Company will have sufficient risk capital to maintain an A+ credit rating from R&I.



Results of review of major items

Confidence level, including EaR required to maintain A+ credit rating
99.75%
↓
No change

Percentage of consolidated shareholders' equity to be secured as minimum required capital
20%
↓
Revised to 15%

Risk allocation model for each business
↓
Non-consolidated: finance related business
Consolidated: review of real estate-related business/global business, etc.



Basic approach to allocation of surplus capital

Allocation of surplus capital approx. ¥50.0 billion

*At the meeting of the Board of Directors held on November 10, 2022, the Company formulated and approved a policy for the purchase of treasury shares as a shareholder return measure. The specific details for the purchase of treasury shares will be published after being resolved at a separate meeting of the Company's Board of Directors.

Appropriate shareholder returns

Investment in growth areas

In addition to returns through dividends in line with growth, carry out stock buybacks with awareness of capital efficiency

Investment in new partners (M&A, new alliances) in each business and proactive investment in growth areas inside and outside Japan to create a comprehensive lifestyle services group

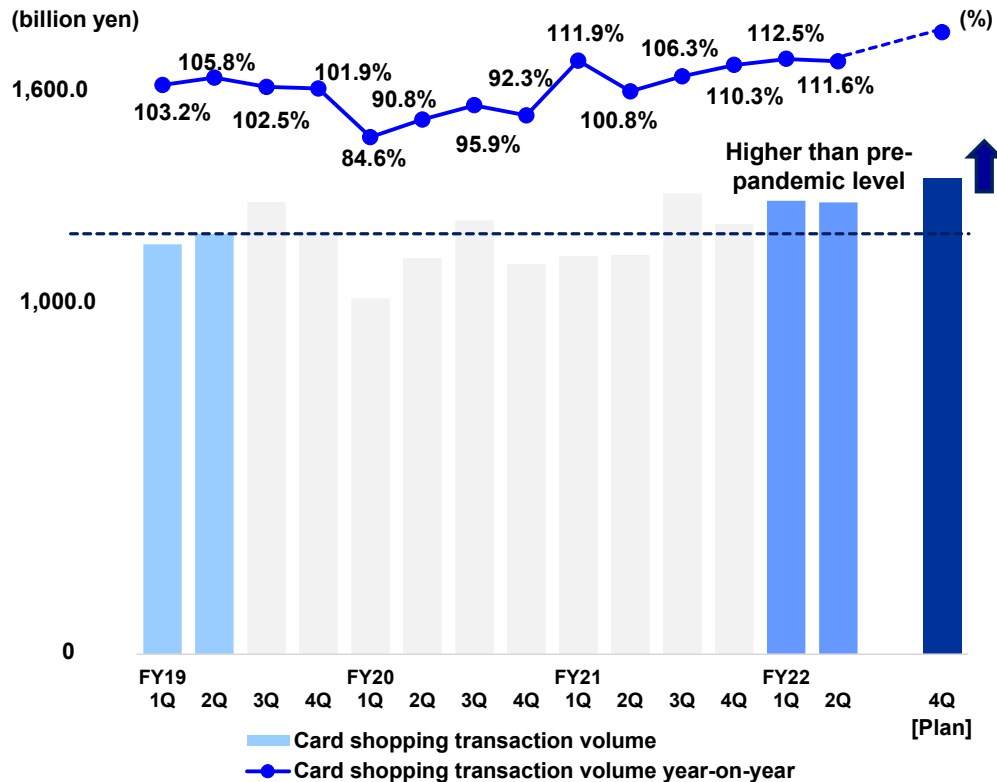


◆ Business Strategy for FY2022 2H

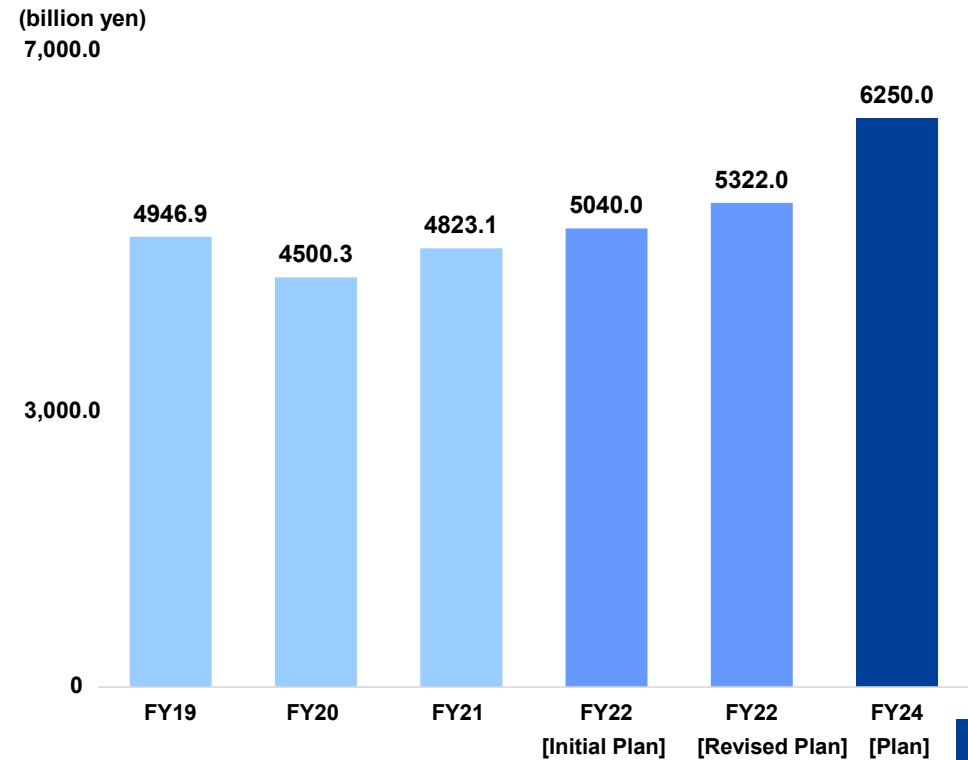
Recovery in card shopping transaction volume

Card shopping transaction volume has recovered to higher than the pre-pandemic level and has maintained double-digit growth rate year on year
Annual plan revised up based on current conditions

Card shopping transaction volume and year-on-year



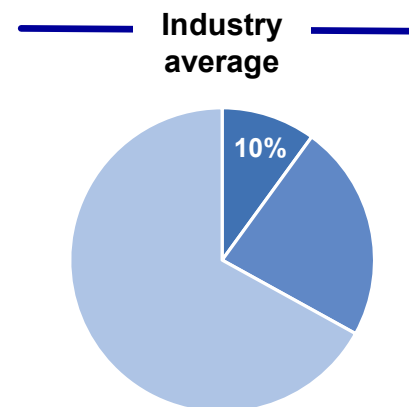
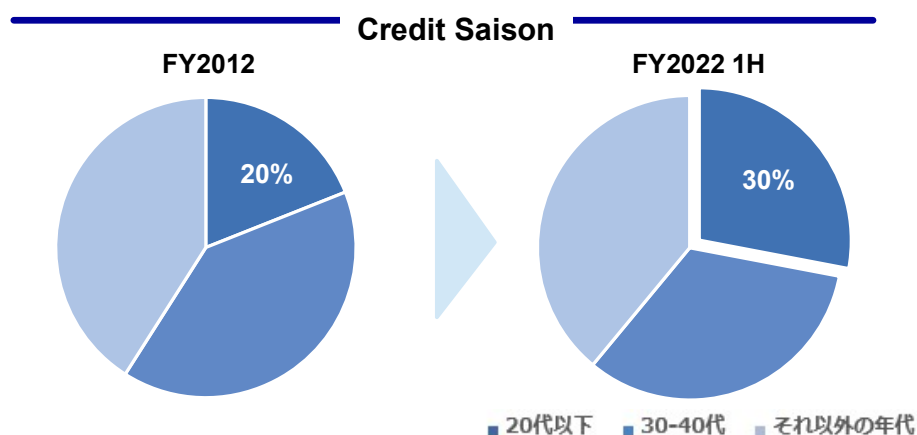
card shopping transaction volume/annual plan



Expansion of young members

New product releases since FY2020 have achieved a certain level of success in attracting young members.

Percentage of new members by age group



[Source] Japan Consumer Credit Association
Japan credit card statistics 2021

Products designed for young people

<SAISON CARD Digital>

Started issuing in November 2020.



Smartphone complete credit card

<Saison Gaming Card Digital>

Started issuing in December 2020.
Revamped in September 2022



Concept card targeted at game users

<Likeme♡by saison card>

Started issuing in March 2021.



Concept card targeted at young people

< Collaboration with SHEIN >

Started collaboration in October 2022.



Big impact in various media, including the Nikkei

New GOLD Card Strategy

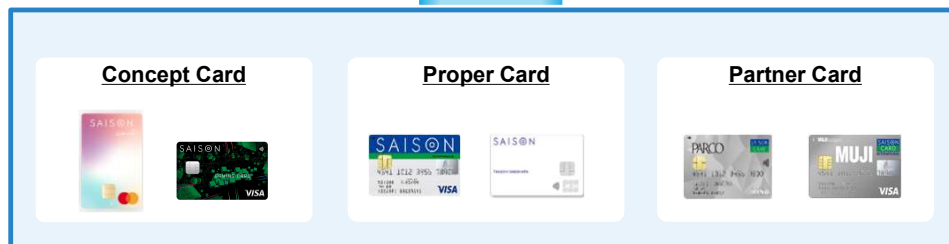
Started invitations for [SAISON GOLD Premium](#), a New Royalty Service (from July 29, 2022)
Partnering [with GOLD AMEX](#) to increase customer spending by promoting usage as main card

New GOLD Card Strategy

Promote usage as main card by shifting ordinary card customers to GOLD card
⇒ Increase sales per customer and transaction volume



Invitation = Making customers feel special



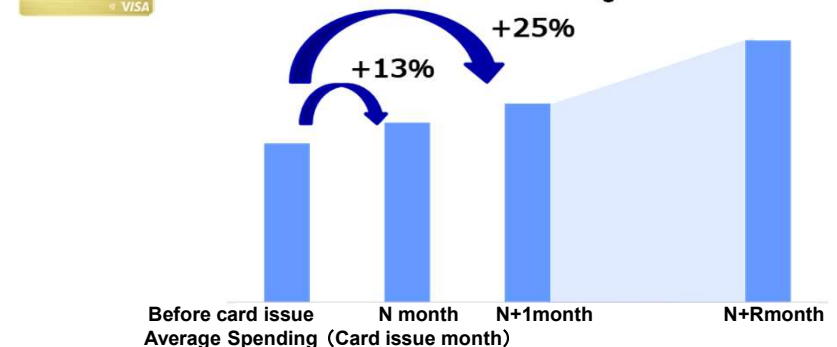
Customer spending

Achievements of enrollment measures of GOLD AMEX with annual fee discounts for good customers with proper cards

Three-fold increase in customer spending compared to standard membership



Customer spending of SAISON GOLD Premium members continues increasing after card issue



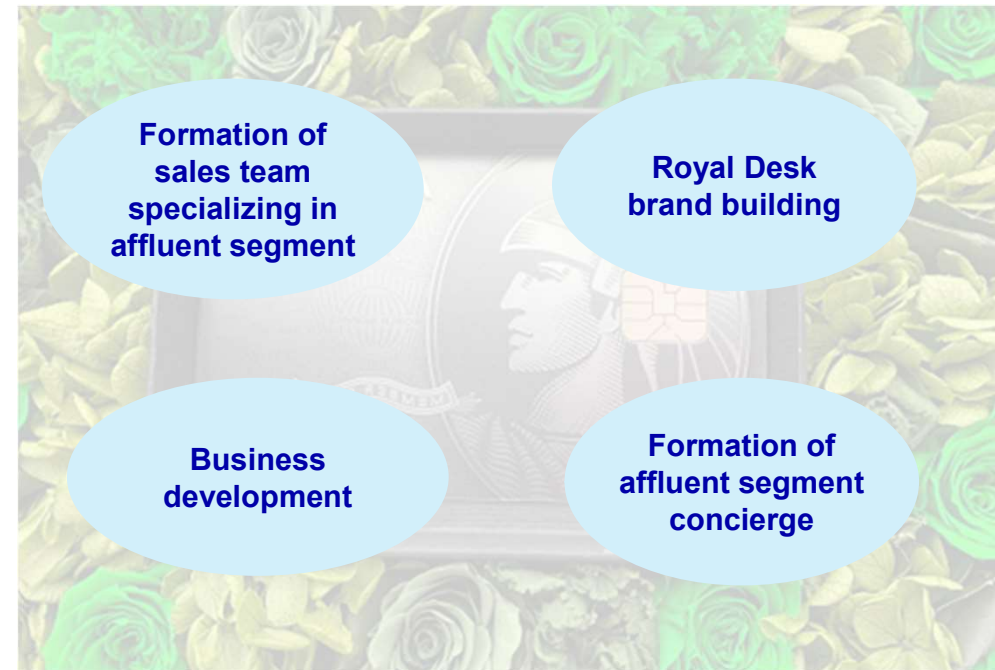
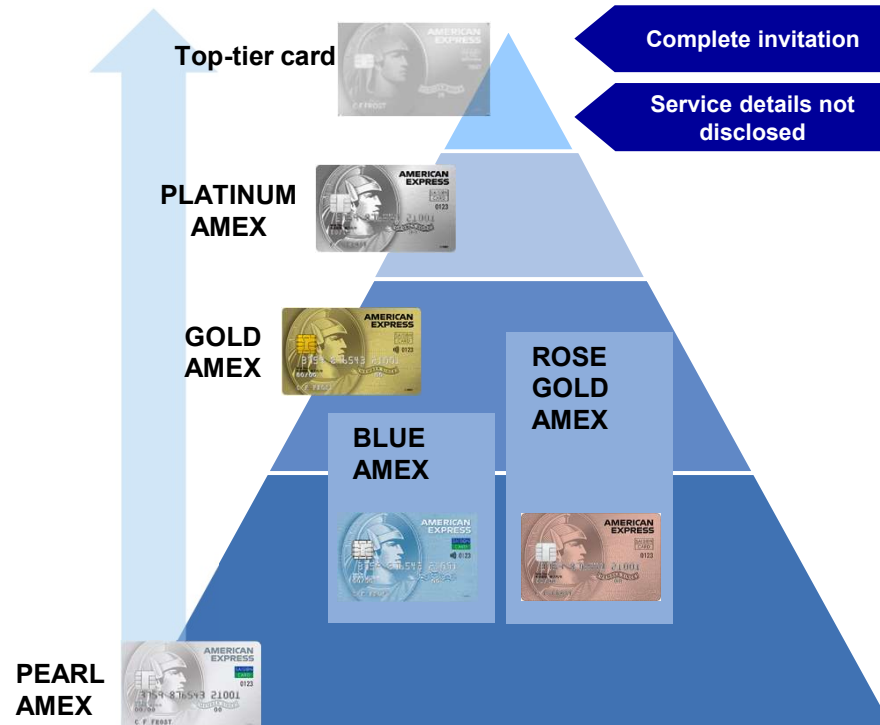
AMEX Strategy (1) - Expand the Affluent Segment

Issue a top-tier card for the affluent segment that exceeds PLATINUM AMEX and is completely invitation-only

Full-scale operation of affluent segment business

<Product lineup for individual members>

<Initiatives for affluent segment business>

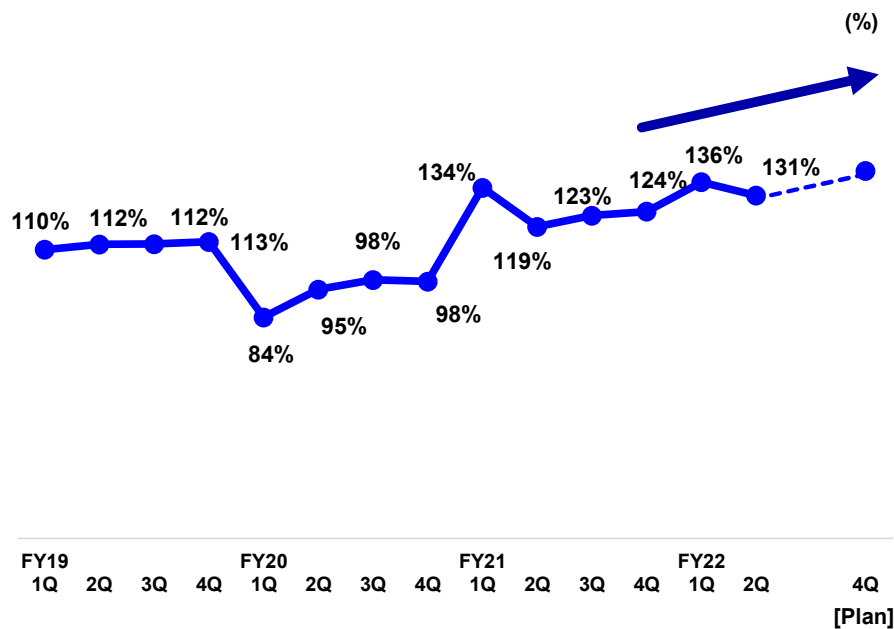


AMEX Strategy (2) - Expansion of Business in the BtoB Field

Growth rate of card shopping transaction volume in the BtoB field remained over **30%** even during the pandemic
Work to further expand market share in BtoB field by launching new products

Year-on-year card shopping transaction volume in BtoB field

BtoB transaction volume remained high even during the pandemic



New products

Business partnership with UPSIDER in BtoB payment field

Started service in April 2022



Issued credit card specifically for the construction industry

Started accepting applications in July 2022

SORABiTO ×



Expand processing revenue

Work to expand revenue in processing business through existing and new contractors

Existing contractors

Further expand revenue of existing contractors

- Expand the top line through contracted development of new products
- Reduce costs based on DX
- Collaboration between Group companies



New contractors

Proposals for processing and new development tailored to partners

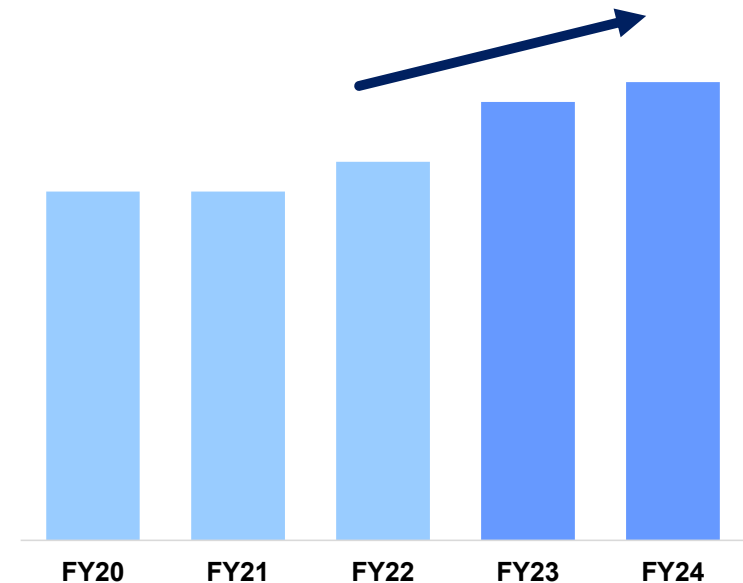
- Full and partial contracting of processing
- BIN sponsor

[FY2022 results for new contracts]

Contracted operations for major information and communications company

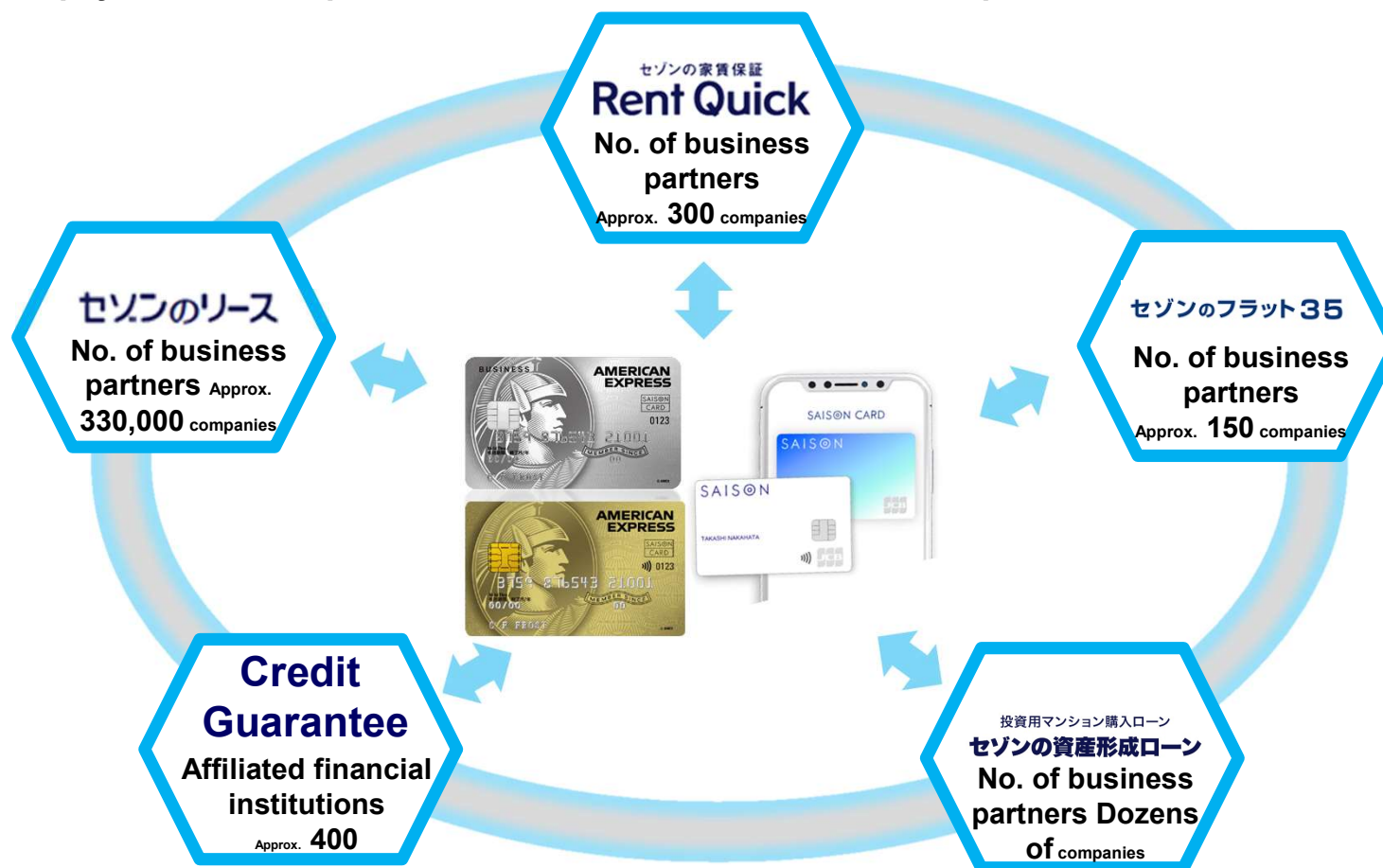
Processing revenue outlook

Further expand revenue in the future by acquiring new contractors



Integrate payment business × finance business

Expand sales of payment-related products to individual customers and corporate customers of finance business



Integrate payment business × finance business - rent guarantee



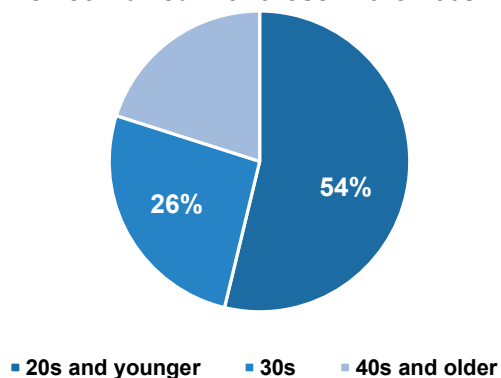
Since rent guarantee users can pay their monthly rent and guarantee commission with a Saison Card, cross-sell Saison Card membership when they apply for a rent guarantee.

Benefit for payment business

Retention of young people

Composition by age of credit card members enrolled via rent guarantee

In terms of age groups, 50% of credit card members aged in their 20s or younger are enrolled via rent guarantee, rising to 80% when combined with those in their 30s

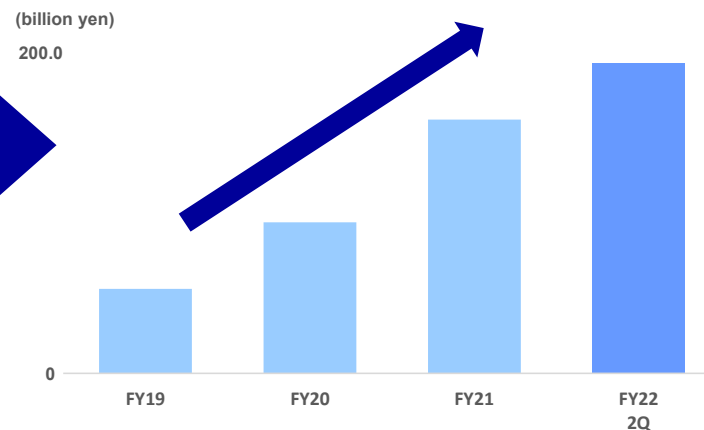


Benefit for finance business

Realization of instant credit screening using credit cards

Accumulated balance of rent guarantees

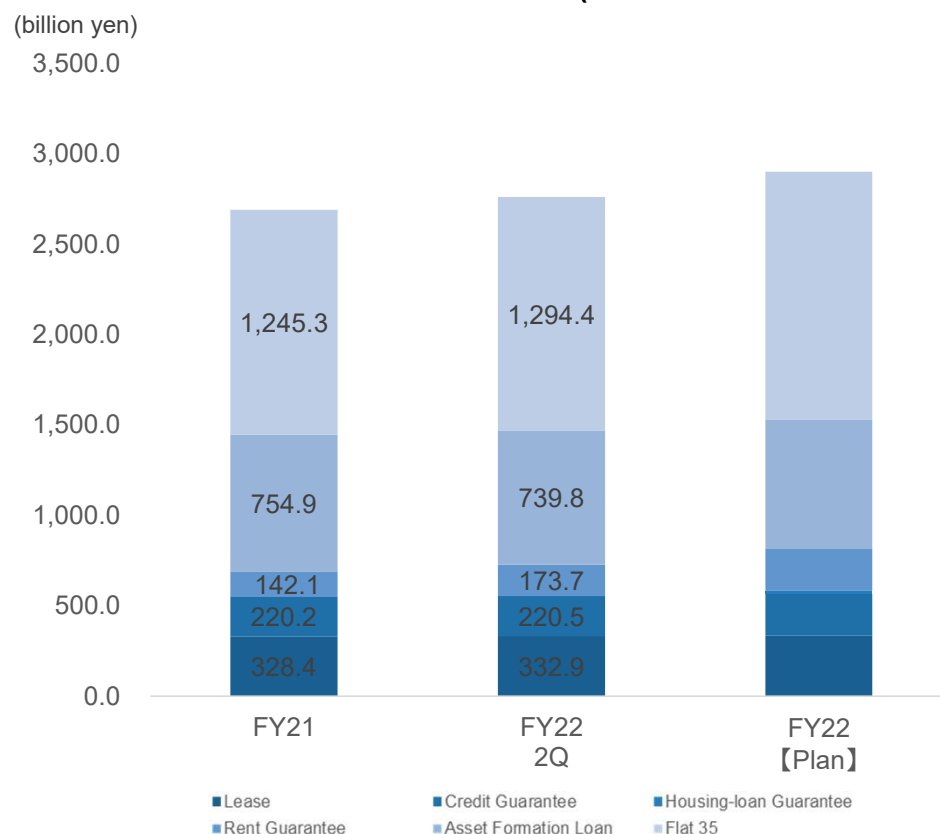
Increase outstanding balance by differentiating from other companies, such as instant credit screening using credit cards



Synergy

Strong accumulation of balances in the finance business

LEASE/FINANCE-RELATED BUSINESS PRODUCT BALANCE TARGET (INCLUDES OFF-BALANCE SHEET)



Asset Formation Loan

Sell receivables to improve asset efficiency

Lease

Promote corporate merchandise sales to 330,000 lease users

Flat 35

Promote DX, including improvements in credit screening speed, etc.

Housing-loan Guarantee

Started providing housing-loan guarantees to financial institutions in April
Gradually expand new partners

Credit Guarantee

Started providing simple online loans in April

Acceleration of global business expansion

Establishment of operating companies in India and five Southeast Asian countries to accelerate the development and expansion of the lending business in Asia

Lending Business



Kisetsu Saison Finance (India) Pvt. Ltd.
Digital lending business based on BtoBtoC model



HD Saison Finance Co. Ltd.
Installment payments for individual products, cash loans, etc.



PT. Saison Modern Finance
SME lending via PtoP platform



Julo Holdings Pte. Ltd.
Provision of virtual credit cards for individuals



Siam Saison Co. Ltd.
Supply chain finance within Group company commercial channels



Saison Capital Pte. Ltd.
overseas CVC



Construction of foundation for business expansion

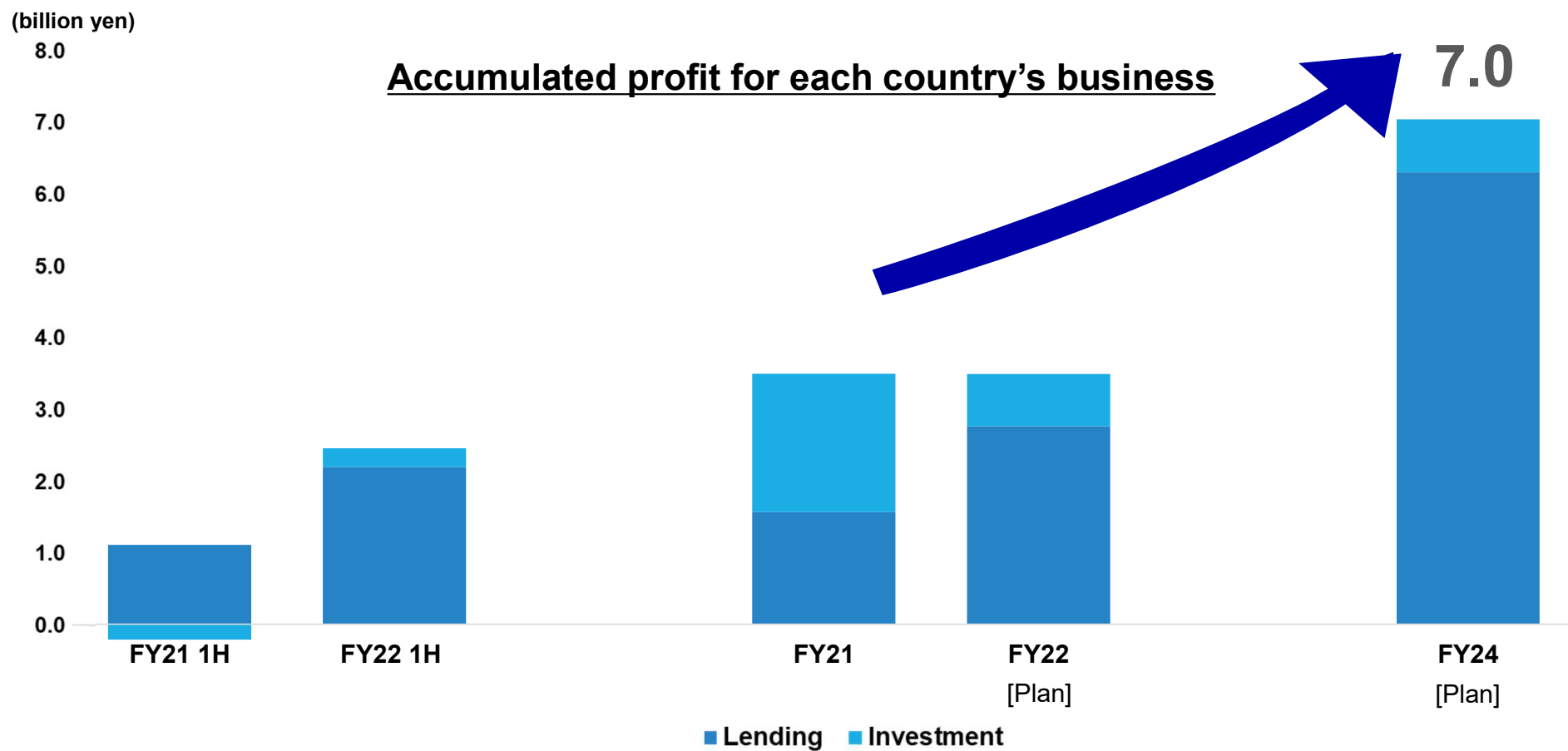


Saison International Pte. Ltd.
International Headquarters (IHQ)
Established April 2022
*Company name changed from Credit Saison Pacific Pte. Ltd.



Investment Business

Global Business Business Profit Trend



India

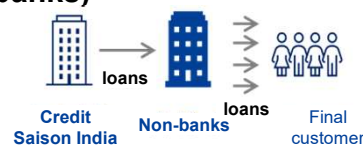
Kisetsu Saison Finance (India) Pvt. Ltd. - Credit Saison India

Balance growing in excess of budget due to expansion of lending in partnership with fintech
Aim for further expansion by accelerating direct lending and creating new businesses

Business model

◆ Wholesale lending (loans for non-banks)

- Loans to businesses with non-bank licenses (non-banks)
- Non-banks handle everything from customer acquisition to collections, and Credit Saison India provides back-finance



◆ FinTech partner loans

- Provide loans in partnership with local FinTech businesses
- Credit Saison India holds the end customer's receivables, while the FinTech business handles customer acquisition and collections



No. of partner FinTechs **15** companies

◆ Direct lending

- Credit Saison India provides loans directly to customers.

*Phygital...a term that combines physical and digital
 Credit and loans are managed through a combination of system-based digitization and on-site surveys.



Consumer digital loans

Phygital (*)-based SME loans

Trend for outstanding loans

(billion yen)

200.0

150.0

100.0

50.0

0.0

FY21
Q1FY21
Q2

FY21

FY22
Q1FY22
Q2FY22
[Plan]FY24
[Plan]

Global

Lending Business

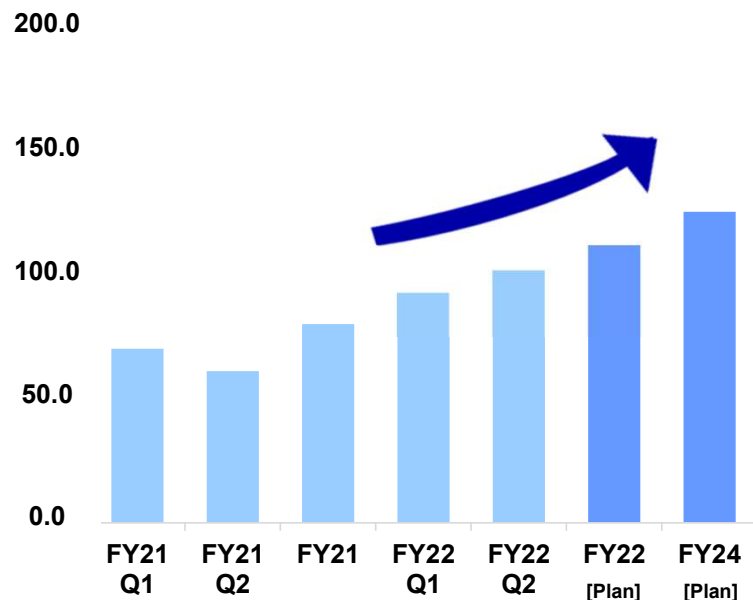
Vietnam

HD SAISON Finance Company Ltd.

Motorbike loans, etc. have recovered to pre-pandemic levels.
In particular, cash loans are driving overall growth, which exceeds the budget on the local currency base.

Trend for outstanding loans

(billion yen)



Singapore

Saison Capital Pte. Ltd.

Investment Business

In addition to fintech and e-commerce, we are actively investing in the big trend Web3 area.
Also promoting branding strategy to strengthen sourcing

Investment record

CVC business cumulative operating revenue	Total no. of investments	No. of investments in 2022 1H
2.74 billion yen	76	20

*Cumulative total/number since investment began in 2019

Main recent investments



Web3 area



KRAYON



Ranked at number 4 among world's top CVCs

Global Top CVCs YTD by median Mosaic score of companies in 2022

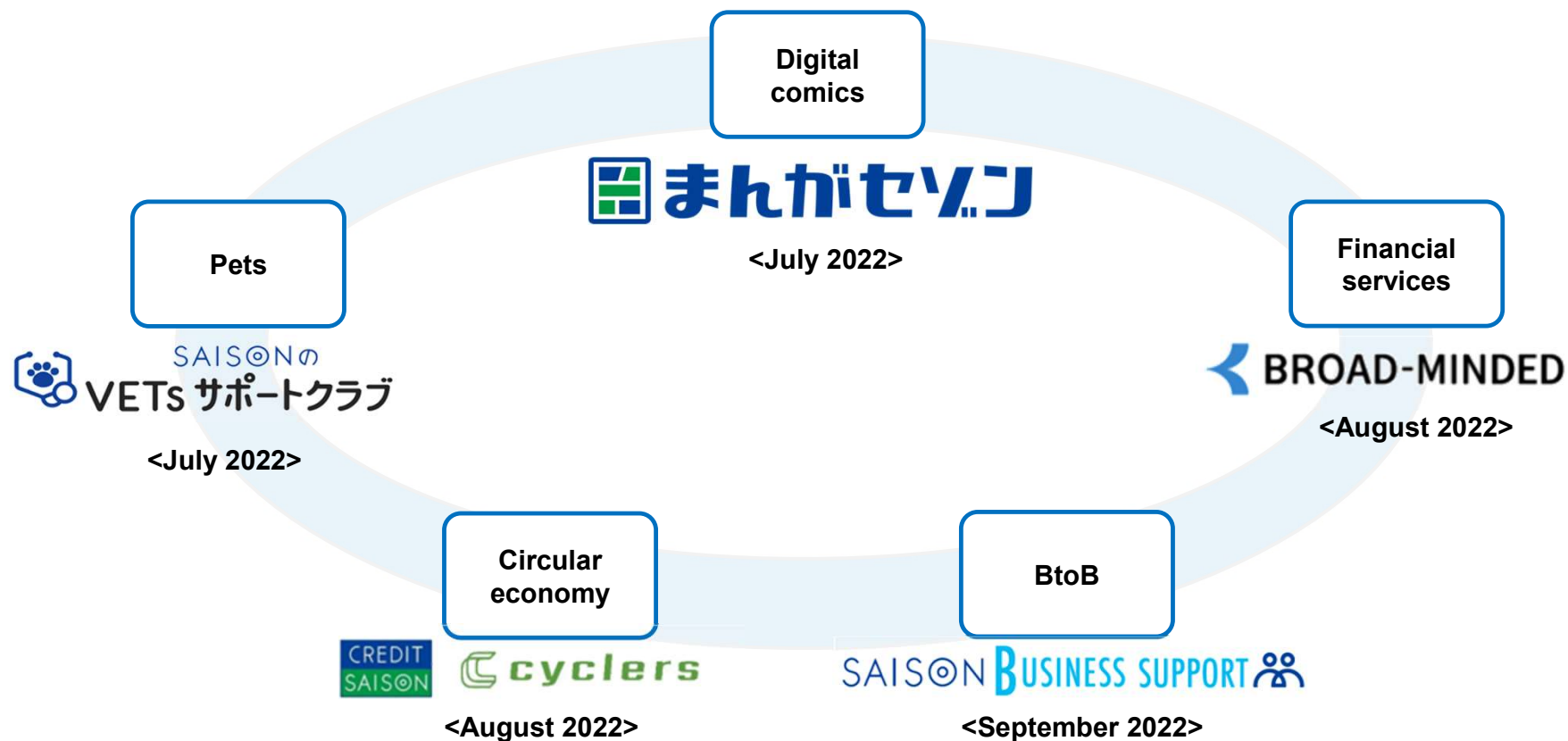
Stripe, Saison Capital to launch SEA-focused insights program



Joint insights program with Stripe

Creation of new business

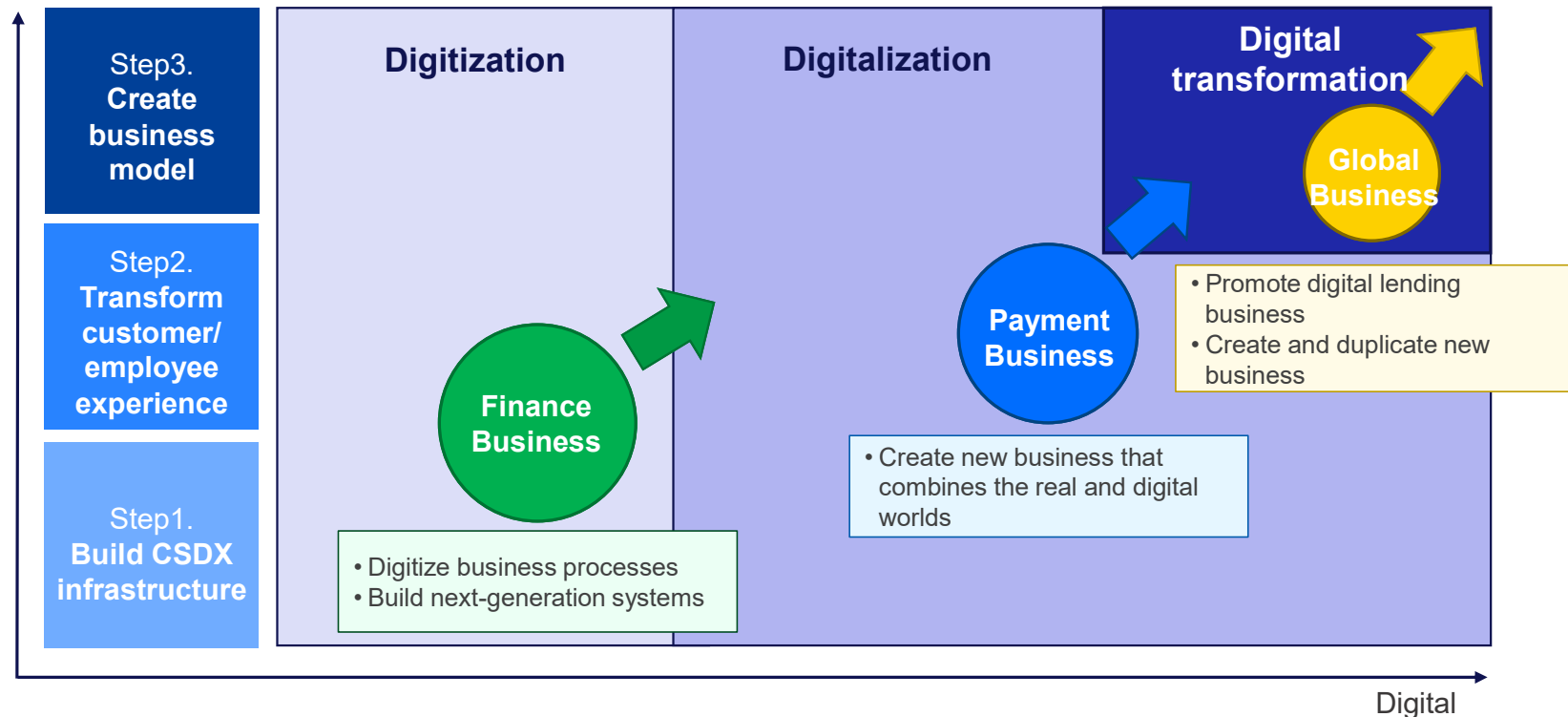
Create new businesses using flexible and optimal methods to meet diversifying values and needs



Promote innovation using digital technology

Use digital technology in line with digital penetration rate of business to transform customer/employee experience, create innovative business models, and provide inspiring experiences that exceed society's expectations

Innovation



Create digital human resources

Increase the number of digital human resources to 1,000 by FY2024 to accelerate the shift to a digital organization by nurturing digital human resources through enhancement of human resource development systems and a digital certification system

Create 1,000 digital human resources



*Percentage of digital human resources in FY2024 calculated based on number of employees in FY2020



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.



Addressing climate change



**Announced endorsement of TCFD
recommendations**

**Joined TCFD Consortium
(May 2022)**

**Disclosed information based on TCFD
disclosure framework**



**Submitted first response to CDP Climate
Change 2022 Questionnaire
(August 2022)**

Business development aimed at contributing to environmental issues (June and August 2022)

CREDIT
SAISON

Japan's first



- SAISON CARD Digital for becoz
Began issuing (June 2022)*1

Realization of carbon neutral lifestyle
Creation of new circular networks and new value
to realize a recycling-oriented society

Re SAISON

- Established Re Saison Co., Ltd. (August 2022)*2

*1... Japan's first credit card to enable visualization of CO2 emissions based on payment data in partnership with DATAFLUCT Inc. and incorporating CO2 visualization technology from Doconomy

*2... A joint venture company aimed at realizing a recycling-oriented society through the construction of reuse schemes

<Business overview>

- Recycle and reuse resources through salvage, sales, and material recycling of leased goods, mainly office automation equipment, when leases expire
- Develop a new secondary distribution market by valuing the residual value of products and circulating them in a highly efficient manner

SAISON CARD Digital for
becoz
[Register here](#)



becoz wallet
[Register here](#)



Contribution to society

■ Operate the Akagi Nature Park



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

With the theme of “coexistence of humanity and nature” and the concept of providing lush natural scenery to pass on to future children, Credit Saison has been operating Akagi Nature Park in Gunma Prefecture since 2010. Park entry is free of charge for card holders.

■ Various fundraising activities through Eikyufumetsu Points and card payments (Ukraine emergency assistance fund)



Donation to Embassy of Ukraine (52.54 million yen)

■ Supporting Sports and Cultural Activities



Supporting company of Japan's National Soccer Teams



Co-sponsor of Japanese performance by Jose Carreras
Donations and support for activities of Jose Carreras Leukemia Foundation

Issuance of the first Credit Saison social bonds (June 2022)



Solving social issues faced by underserved small and micro businesses and individuals in Southeast Asia, India, and other emerging economies



- Capital increase and loan for local subsidiary in India (Kisetsu Saison Finance (India) Pvt. Ltd.)

- Loan for local subsidiary in Singapore (Saison Capital Pte. Ltd.)

Plans to use the funds for new expenditure or refinancing related to two eligible projects

Diversity, Equity, and Inclusion

- Credit Saison's Diversity Declaration -

Credit Saison aims to be a company where we acknowledge and harness each other's capabilities so all employees can actively contribute and thrive as individuals.



■ Diversity mark determined through internal application

-Concept-

Each person spreads their wings and takes flight in their own way.
They express their strengths, their environment, and their individuality, which differ from each other but are more amazing when they come together.
The birds carry flowers, fruits, songs, hope, and love.



■ Credit Saison official note page "Saison no mirai kaigi"

-Concept-

<A forum to think about the happy future that lies ahead>
We will carefully deliver our large-as-life daily efforts and thoughts in our own words.

<https://note.saisoncard.co.jp/>

Diversity, Equity, and Inclusion

-Introduction of end-of-financial year bonus system-

Realization of “third foundation” growth strategy by increasing employee motivation

If the **actual results for fiscal year exceed** the amount of ordinary profit (non-consolidated, annual plan), a **certain percentage of the excess amount** will be paid as an **"end-of-financial year bonus"**.

Cash payment



Phantom stock payment



Financial education for the next generation

- Education for the Next-Generation and Financial Education
“Business trip class ~SAISON TEACHER~”
Hold financial education for children to become independent consumers



<Results> No. of classes: 204/No. of participants: 10,081*Results from December 2019 to September 2022

Signing ceremony for education partnership agreement at Reitaku University (August 2022)



< Activities >

1. Participation and cooperation by our employees in open college courses, project planning and management experience, active learning, problem-based learning (PBL), etc.
2. Introduction of “Business trip class ~SAISON TEACHER~”
3. Implementation of “Reitaku University original credit card project”
* Faculty of Economics and Business Administration class for planning and issuing a Reitaku University original credit card
Promotion of marketing, sales promotion, and advertising, etc. with Credit Saison employees

(Reference) Information on the Integrated Report

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

Received an award at the International ARC Awards 2022 for the second year in a row

■ Award category

<First award>

- Silver in PDF Version of Annual Report category

<Second year in a row award>

- Honors in Summary Annual Review category

*Bronze in previous fiscal year



Reference : Major External Certifications



GPIF-adopted ESG index for status of information disclosure and carbon efficiency level

Selected for
five years in a row

2022 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)

GPIF-adopted ESG index for companies with superb gender diversity



Ministry of Economy, Trade and Industry certification system based on the "Act on Facilitation of Information Processing"



Project sponsored by Nikkei Shimbun



Private sector project recognizing companies carrying out initiatives for the problem of "cancer and employment"



Certification of the Ministry of Economy, Trade and Industry and the Japan Health Conference



Certification of the National Federation of Health Insurance Societies



SLACK SPOTLIGHT AWARDS 2022
Received the country-specific (Japan)
Digital HQ Award for Excellence