

Financial Results

Briefing for the First Half of FY2023

November 10,2023

Credit Saison Co.,Ltd.

Securities Code: 8253



AGENDA

Growth Story

P.4 From Transformation to Growth

P.8 Global

P.16 Payment

P.21 Finance

P.24 Group company

P.28 Approaches to Realize Management with Awareness of Capital Costs and the Share Price

P.29 Shareholder Returns and Dividends

Overview of Financial Results for the First Half of FY2023

P.31 Financial Results Digest

P.32 1H Results & Full-Year Business Results Forecast

P.33 Overview of Business Results by Segment

P.34 Contribution by Consolidated Companies

P.35 Main Changes in Consolidated Business Profit/Non-consolidated Ordinary Profit

P.36 Credit Risk

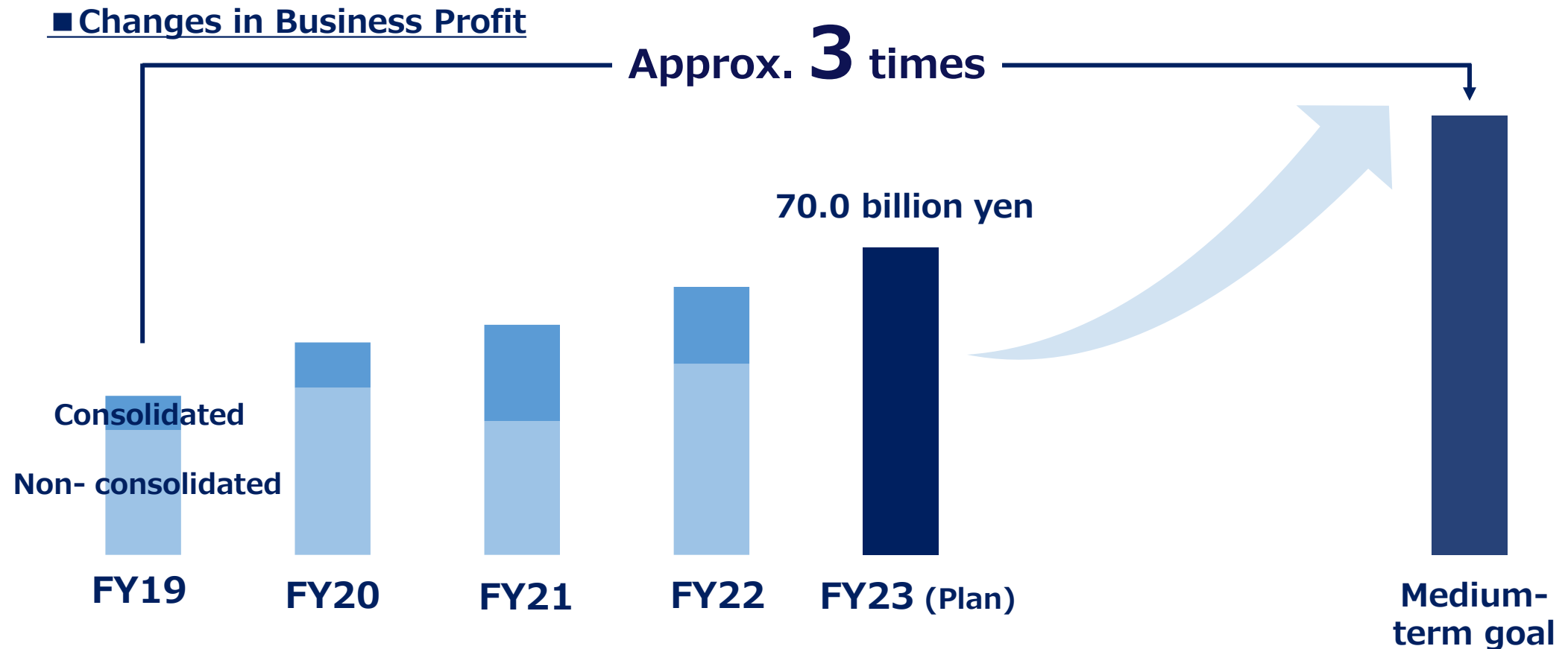
P.37 Interest Repayment Claims

P.38 Financial Policy



Growth Story

As all Group companies move forward with transformation, we **aim to achieve more than 100.0 billion yen in business profit**



From Transformation to Growth

Portfolio Transformation

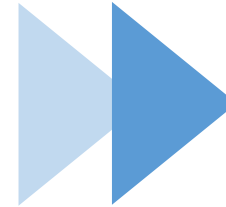
- ✓ Promote diversification of businesses that do not rely on the payment business

Growth of global finance affiliates

- ✓ Review strategy for payment business

Develop more “muscular”
business structure

- ✓ Improve efficiency by promoting reallocation of resources and digitalization in line with transformation of the business structure



Aim for more than 100.0
billion yen in business profit

**Regrowth
phase**

Main Points of the Regrowth Phase

Aim for more than 100.0
billion yen in business profit

Regrowth phase

- 01** Accelerate global business growth
- 02** Increase competitiveness of the payment business and finance business
- 03** Pursue synergies with banks and other finance functions
- 04** Realize management with awareness of capital costs and the share price

Overall Image of Regrowth Phase

*Details will be announced in the new Medium-term Management Plan (May 2024)

Global business

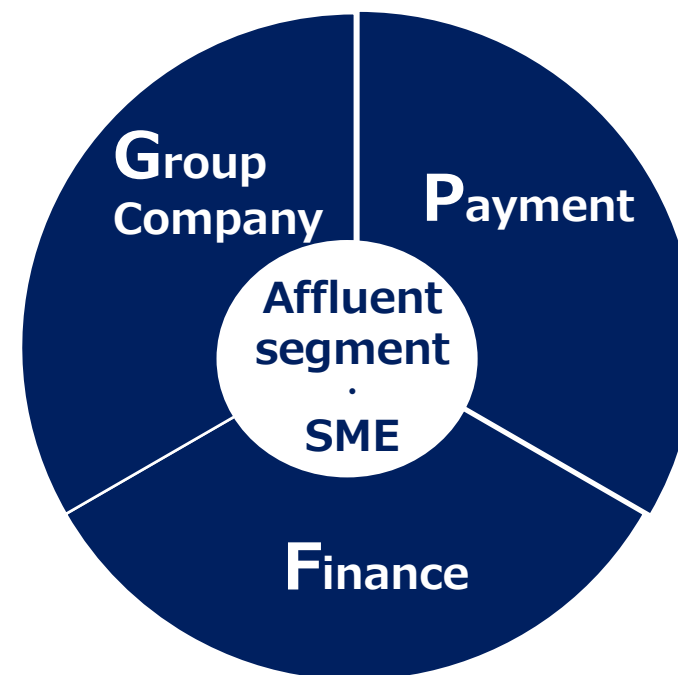
Domestic business

Growth
investment

Reinvestment
of profit

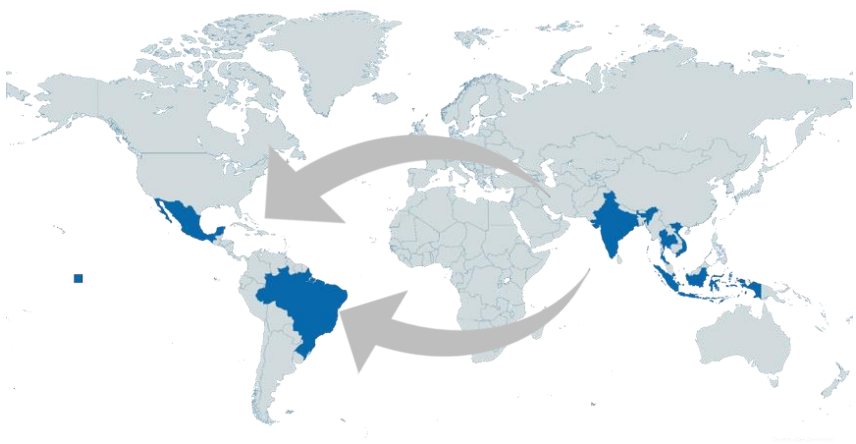


**Expand to Mexico and Brazil
based on knowledge and
resources developed in India**



**Expand customer base
through cross-selling
→ Improve LTV**

Global Business Strategy



01

Steadily grow into third pillar of business

02

Increase scalability of India business to drive acceleration of global business expansion

03

Launch business in current fiscal year in Brazil and Mexico with aim to create a second India

Status of Global Business Expansion

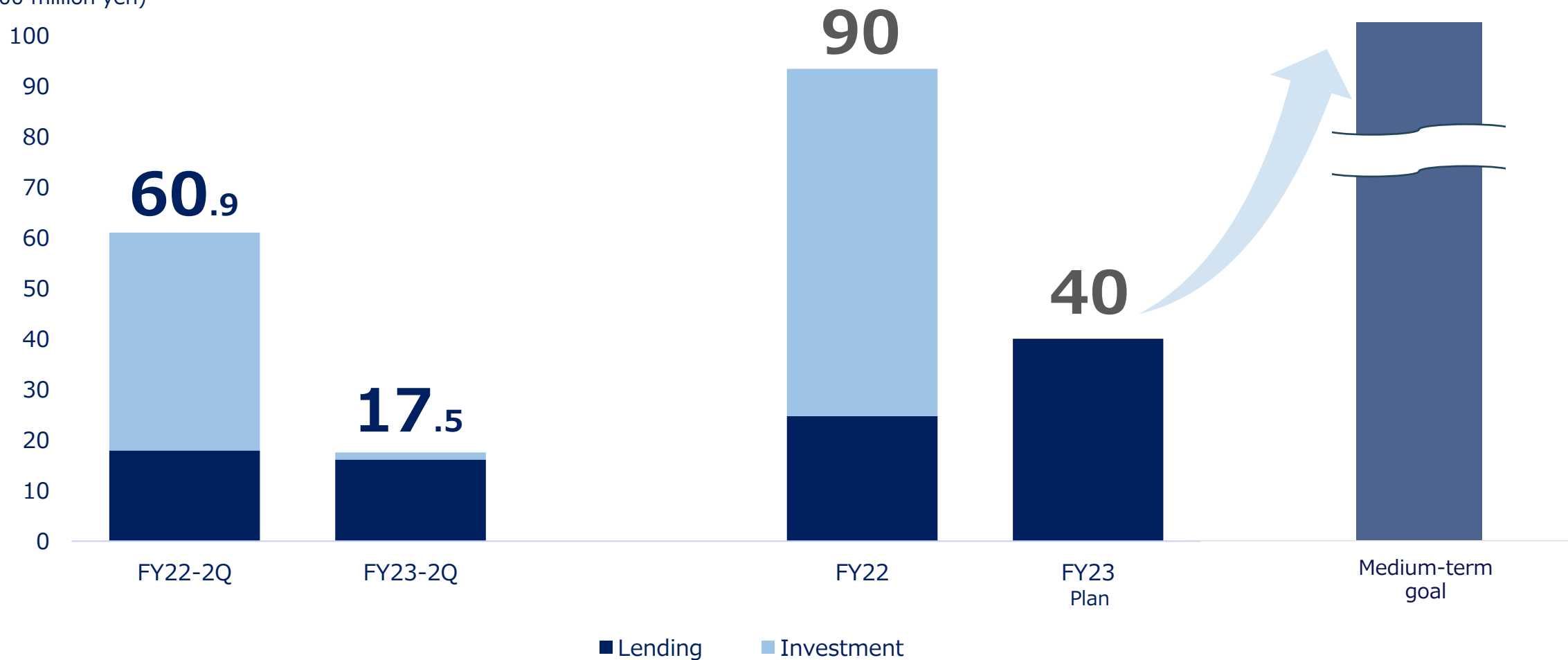
- ✓ Expansion of both lending business and investment business into 7 countries based on the theme of “(Fin)Tech-led INNOVATION and INCLUSION”



Changes in Business Profit

- ✓ The lending business, including India, is generally progressing in line with the initial plan
- ✓ Steadily solidify foundation for further dramatic growth in the future

(100 million yen)



Credit Saison India

- ✓ Outstanding loans increased steadily to over 140.0 billion yen
- ✓ Aim to build up to 600.0 billion yen by 2026 while diversifying business lines

(100 million yen)

6,000

4,000

2,000

0

FY22

FY23-2Q

FY23
Plan

FY26
Plan

“Direct lending” by
Credit Saison India

Branch lending

Embedded finance

Partnership lending

Wholesale lending

Credit Saison India

- ✓ Shift weight from lending based on the partnership model that has driven business expansion so far to direct lending with high scalability and build solid foundation through strategy of business line diversification

Wholesale lending/partnership lending

Contribute to business expansion, credit acquisition, and data collection during the market entry stage



Business model that **reduces risk**



Acquisition of data and knowledge from partner Fintechs



Profitability from first fiscal year of operation
Stable contribution to profit

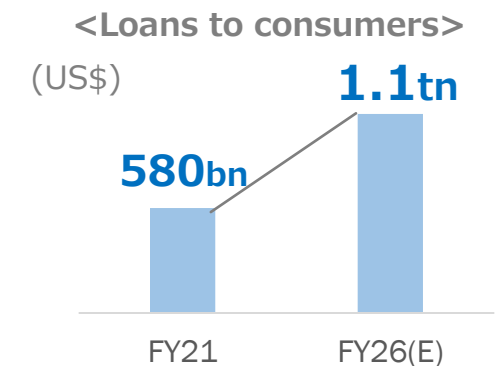
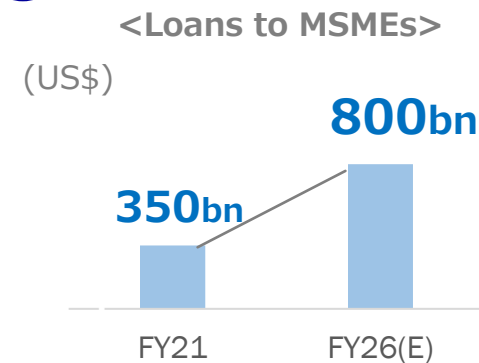
Contribute to **stable business growth** going forward

Also consider **expansion into new businesses** utilizing in-house developed LMS

Direct lending to individuals and SMEs

Develop a more scalable business model leveraging knowledge and data acquired to date

> Attractive market size



> High profitability

Business model not dependent on partners

Scale further through cross-selling and development of multiple products

Future Growth Driver - Direct Lending Strategy



Embedded finance

-Acquire individual customers through partnership strategy

- ✓ Embed Credit Saison India's lending service in apps and other services provided by non-financial businesses
- ✓ Continuously and efficiently expand customers through partnership with companies that have extensive customer channels

Active partners

5
businesses



Plan to **double**
by the end of 2023

Major mobile telecom carriers,
personal financial services, etc.



Branch lending - Lend to SMEs using branches

- ✓ Provide lending services that meet the need for working capital, primarily among SMEs
- ✓ Build last-mile distribution utilizing approximately 40 branches established nationwide

No. of branches

20

March 31, 2023



40

September 30, 2023

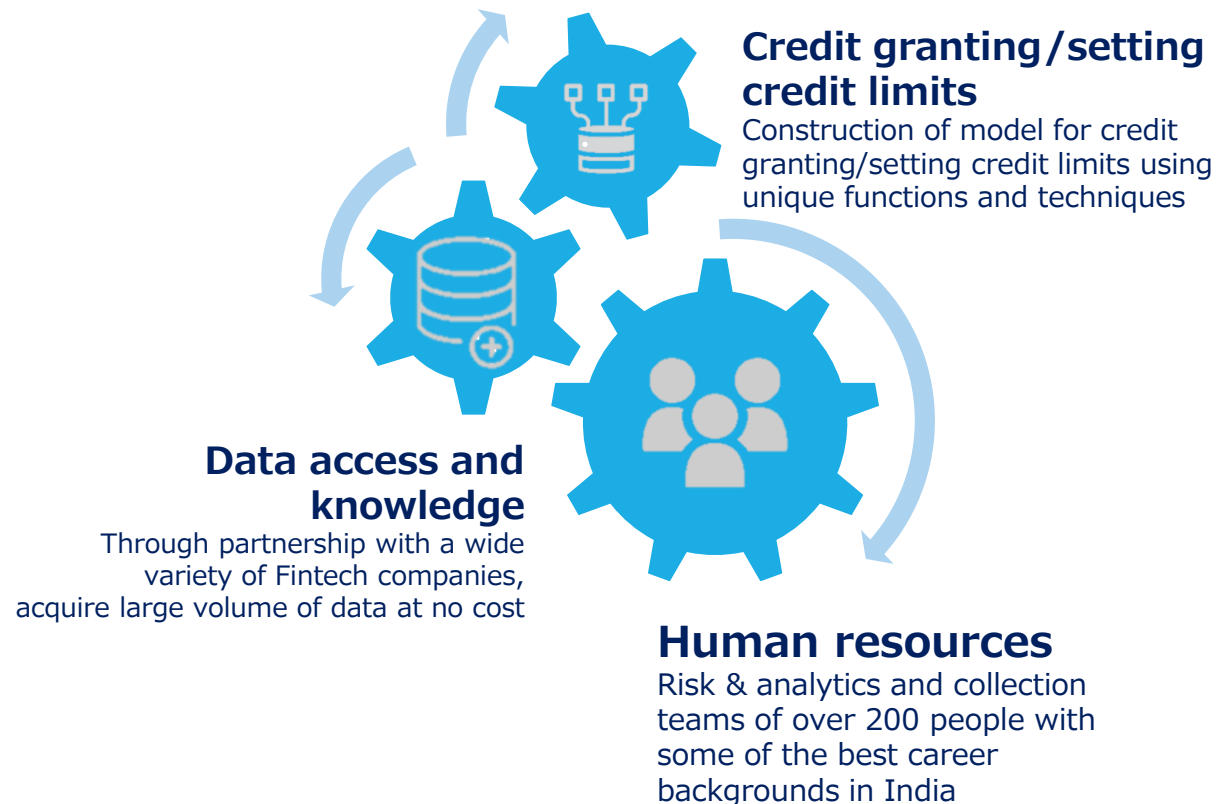


Plan
further
nationwide
expansion

Strengths of Credit Saison India

Construction of a data-backed model for credit granting/setting credit limits

Construction of model for credit granting/setting credit limits and implementation of risk management by leveraging data acquired through partnership lending model



Strategic financing

Secured interest rate advantage to meet rapidly expanding need for business financing



Rating

AAA

Acquired AAA from two rating agencies in the first 3.5 years of business



External borrowing

28

institutions*1

Procure funds from 28 financial institutions, including India's top banks



Bond issuance

2.0

billion rupees

Issued the company's first NCD*2

*1 Cumulative number as of September 30, 2023

*2 NCD: Non-Convertible Debentures

Full-Scale Expansion of Latin America Business

- ✓ Apply the India business model against backdrop of world-class economic growth and presence of Fintech ecosystem
- ✓ Promote business with cross-national “One Team” for future expansion in terms of both sales and organization

Attractive growth potential

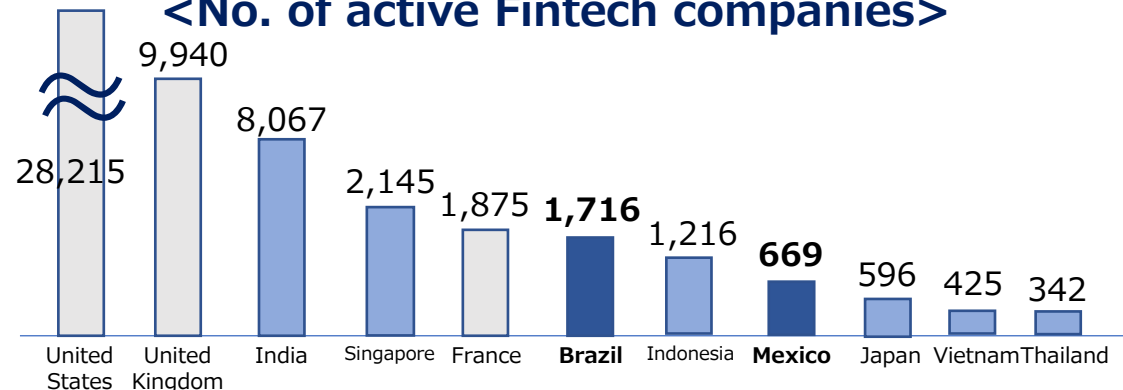
<Global GDP ranking>

2022		2030 (Forecast)		2050 (Forecast)	
5	India	3	India	2	India
11	Brazil	8	Brazil	5	Brazil
14	Mexico	9	Mexico	7	Mexico

*PwC, The World in 2050

Increase in Fintech numbers, supported by development of laws and regulations

<No. of active Fintech companies>



*Tracxn Database

Promote construction of foundation for full-scale business expansion

■ Business promotion

- ✓ Commence investment and financing in Brazil and steadily expand pipeline with Mexico

■ System and organization

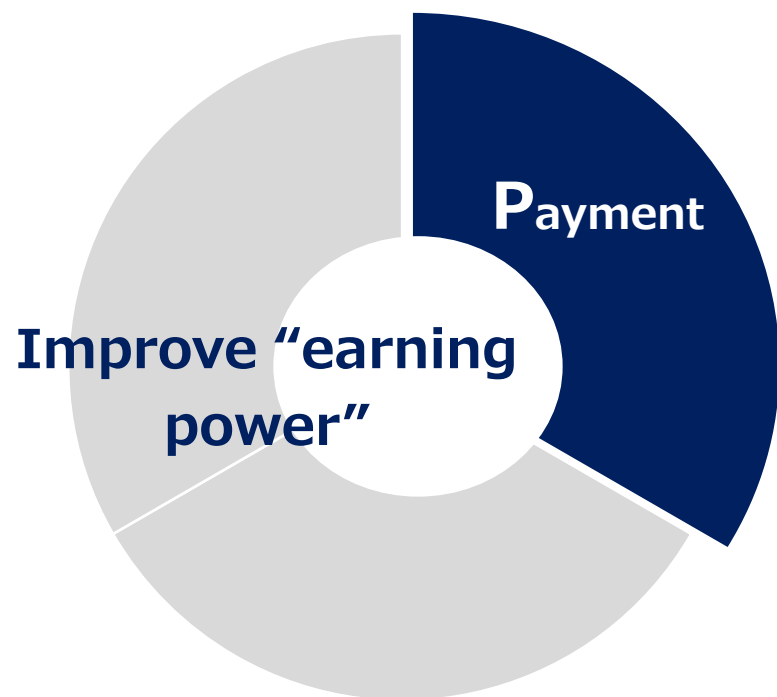
- ✓ In addition to the local management team, in order to make maximum use of the resources cultivated in the global business, provide support from specialists in India from the perspective of credit granting/setting credit limits and risks, and advice and support from specialists at IHQ in Singapore for corporate functions
- ✓ Build foundation for full-scale business operations in the second half and beyond through development of rules and regulations and capital increases

Plan to steadily build up receivables by customizing the India model to match local market

Establish business while customizing the India model for local markets

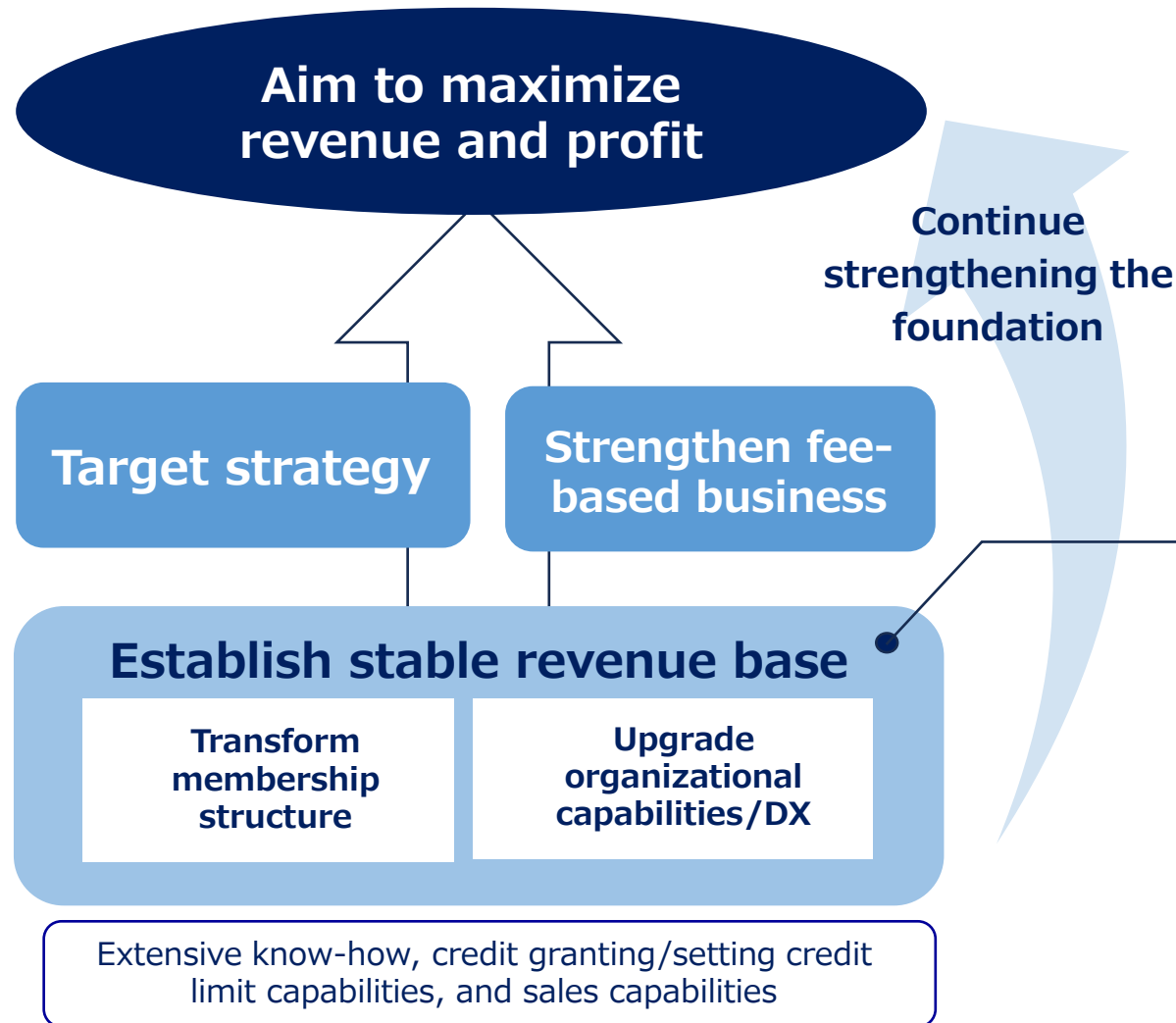
Aim to be a “second India” in the medium to long term

Payment Business Strategy



- 01** Expand from mass market (individuals) into the **affluent segment/corporate (sole-proprietors and SMEs) market**
- 02** From general cards to **premium cards**
- 03** Aim to **increase fee-based revenue**

Basic Concept to Improve Earning Power



Things that will accelerate future growth

- ✓ Promote utilization of well-established customers
- ✓ Pursue Group synergies
- ✓ Increase fee-based revenue

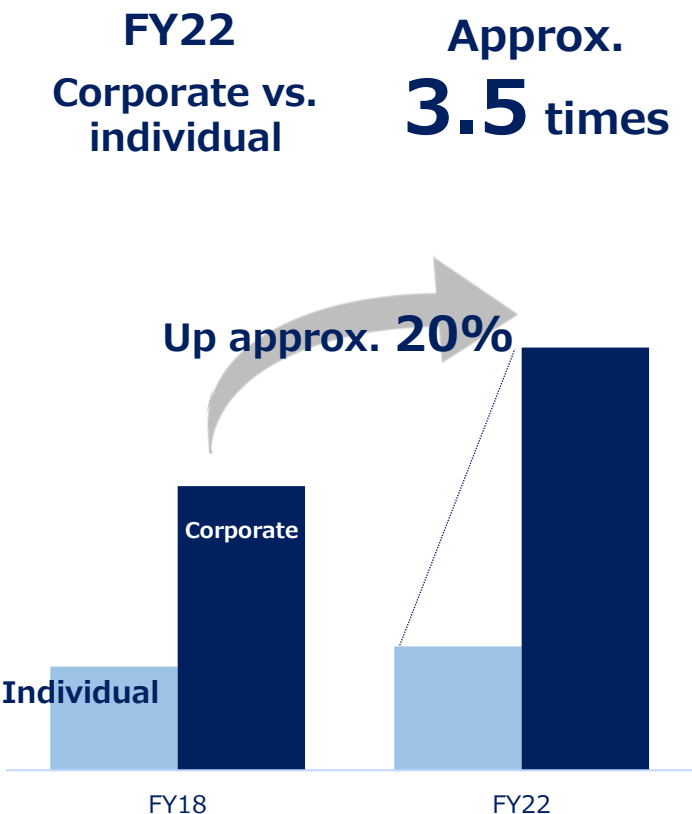
Things that will form the foundation for future growth

- ✓ Create customers with high unit prices and high utilization
- ✓ Strengthen sales structure
- ✓ Reduce costs and accelerate speed by promoting DX

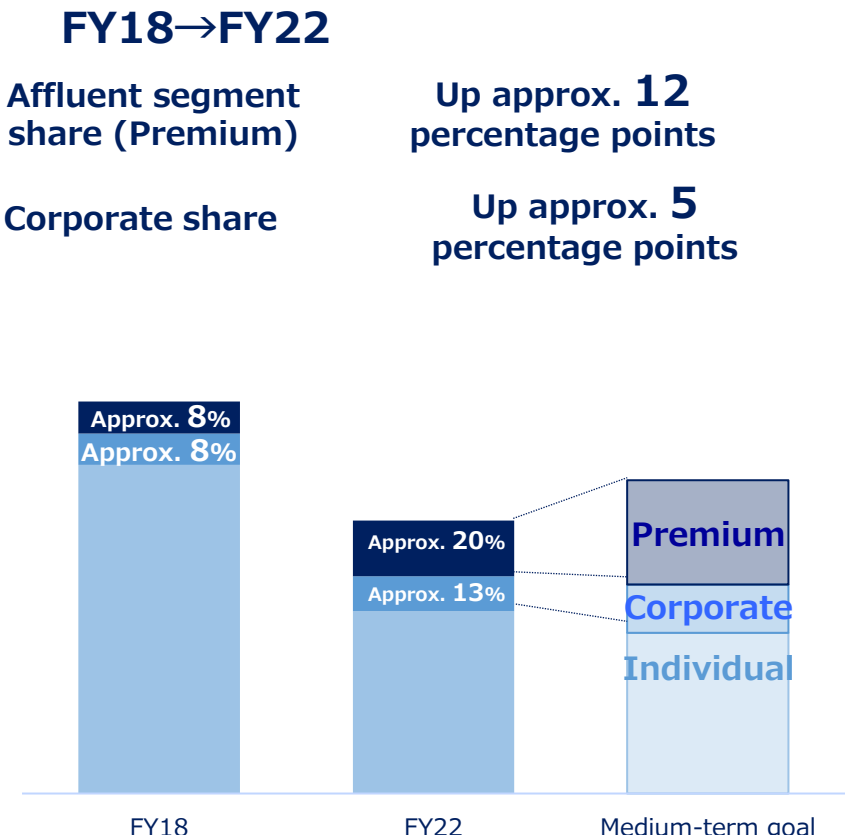
Aim to Expand the Affluent Segment and Corporate (sole-proprietors and SMEs) Market

✓ Membership structure reforms have expanded the high-unit price/high-activity customer base.

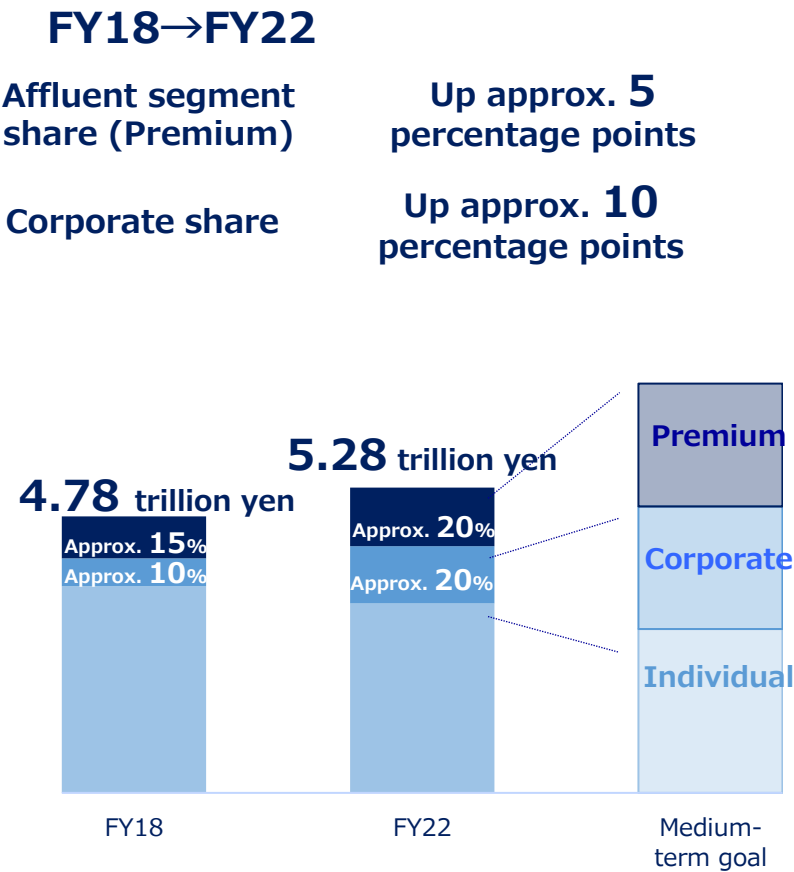
■ Card shopping customer spending



■ Changes in the breakdown of new issuances



■ Changes in the breakdown of card shopping transaction volume



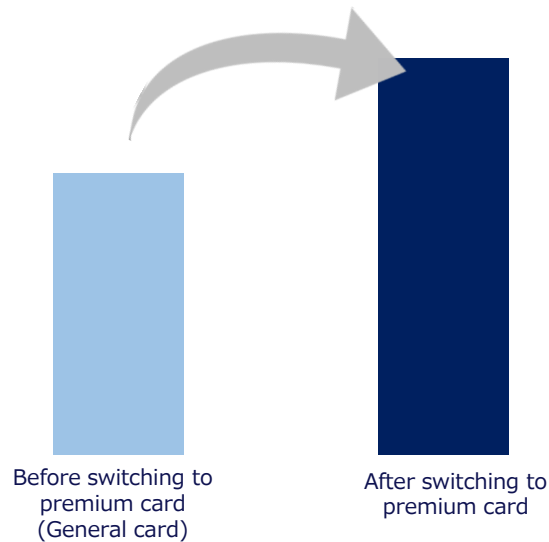
Shift to premium cards

- ✓ Promote premium cards as the main cards through a shift from general cards to premium cards
- ✓ Further expansion of high unit price customer base by continuing to promote shift to premium cards

■ Customer spending before and after switching to premium card

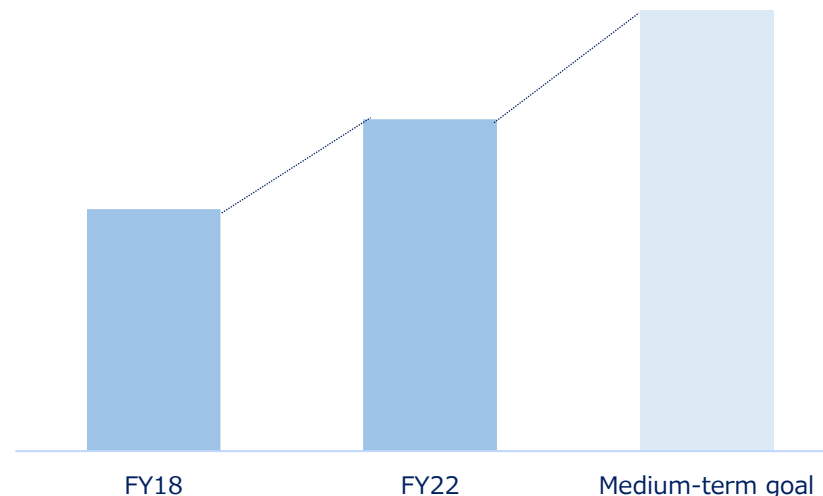
Customer spending after switching (annual average)
Up approx. **40%**

*SAISON GOLD Premium



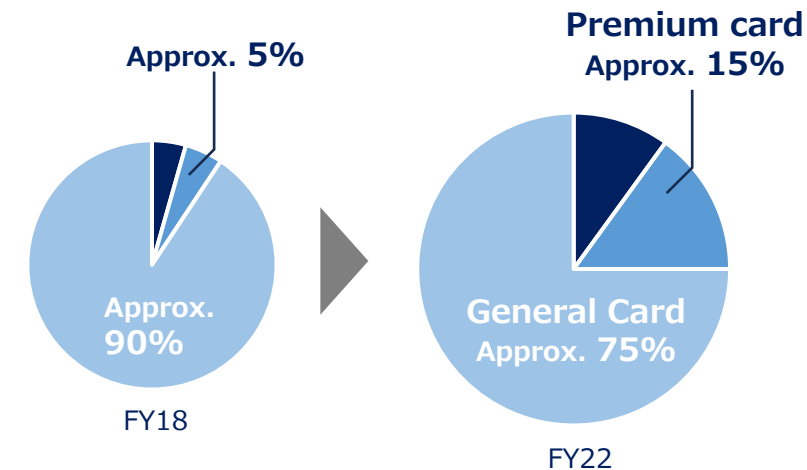
■ Changes in share of members spending at least 1 million yen a year

FY18→FY22
Up approx. **30%**



■ Percentage of cardholders

FY18→FY22
Premium card share
Up approx. **10 percentage points**



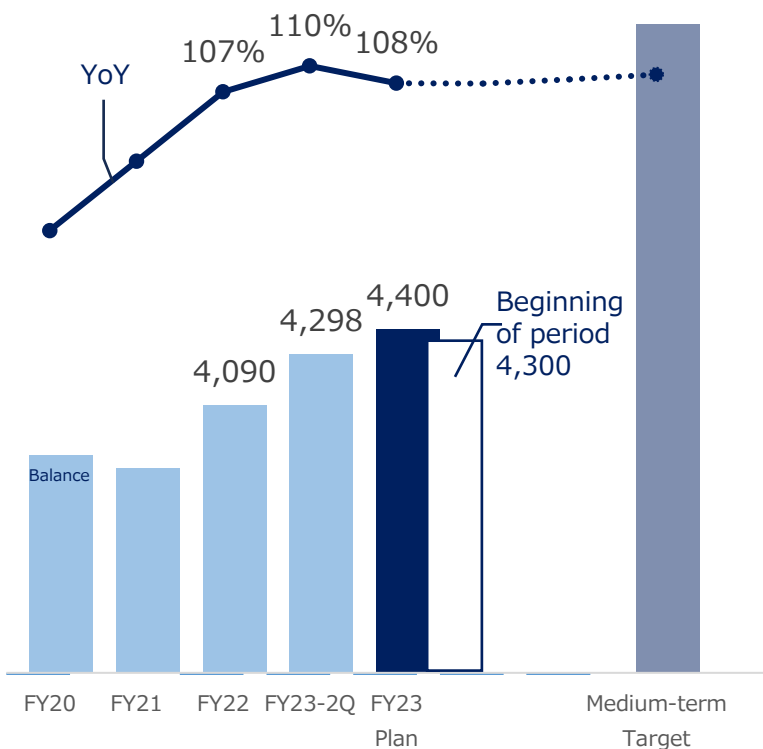
Increase Fee-based Revenue

✓ Continue promoting various measures aimed at stable expansion

■ Changes in card shopping revolving balance

Aim for all-time high balance

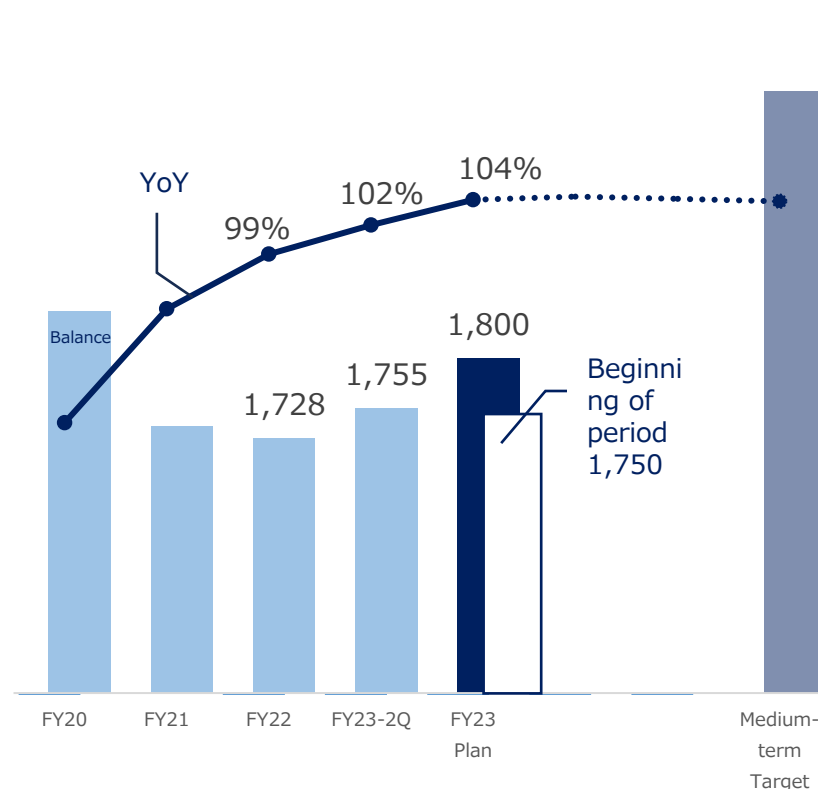
(100 million yen)



■ Changes in cash advance balance

Move away from trend of decline toward growth

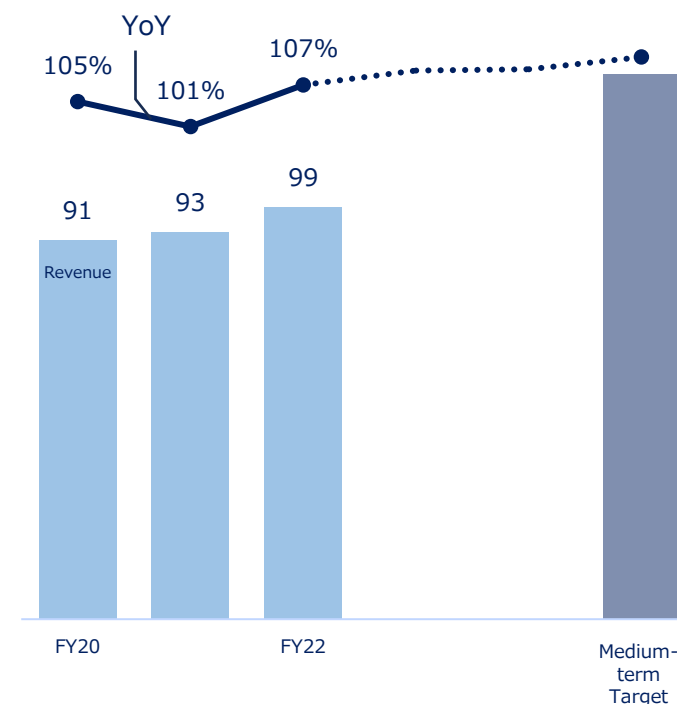
(100 million yen)



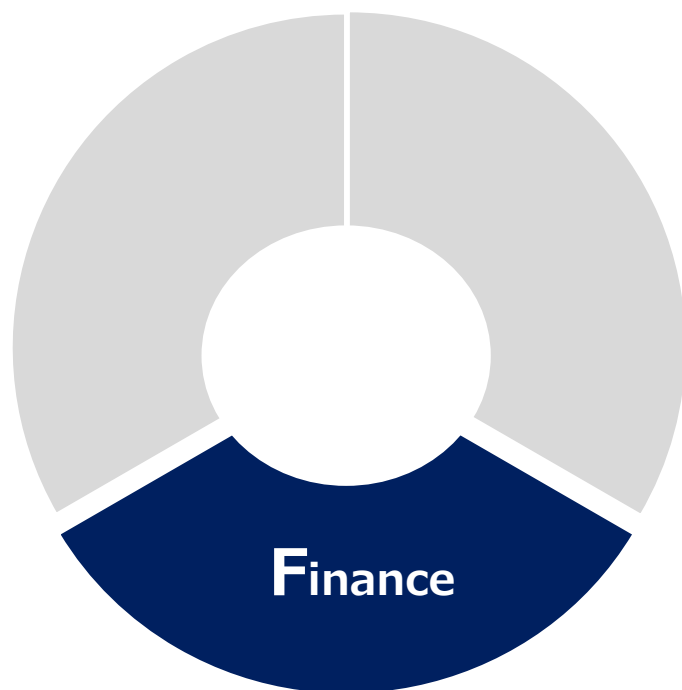
■ Other fees (annual fees)

Contribute to profit through steady growth

(100 million yen)



Finance Business Strategy



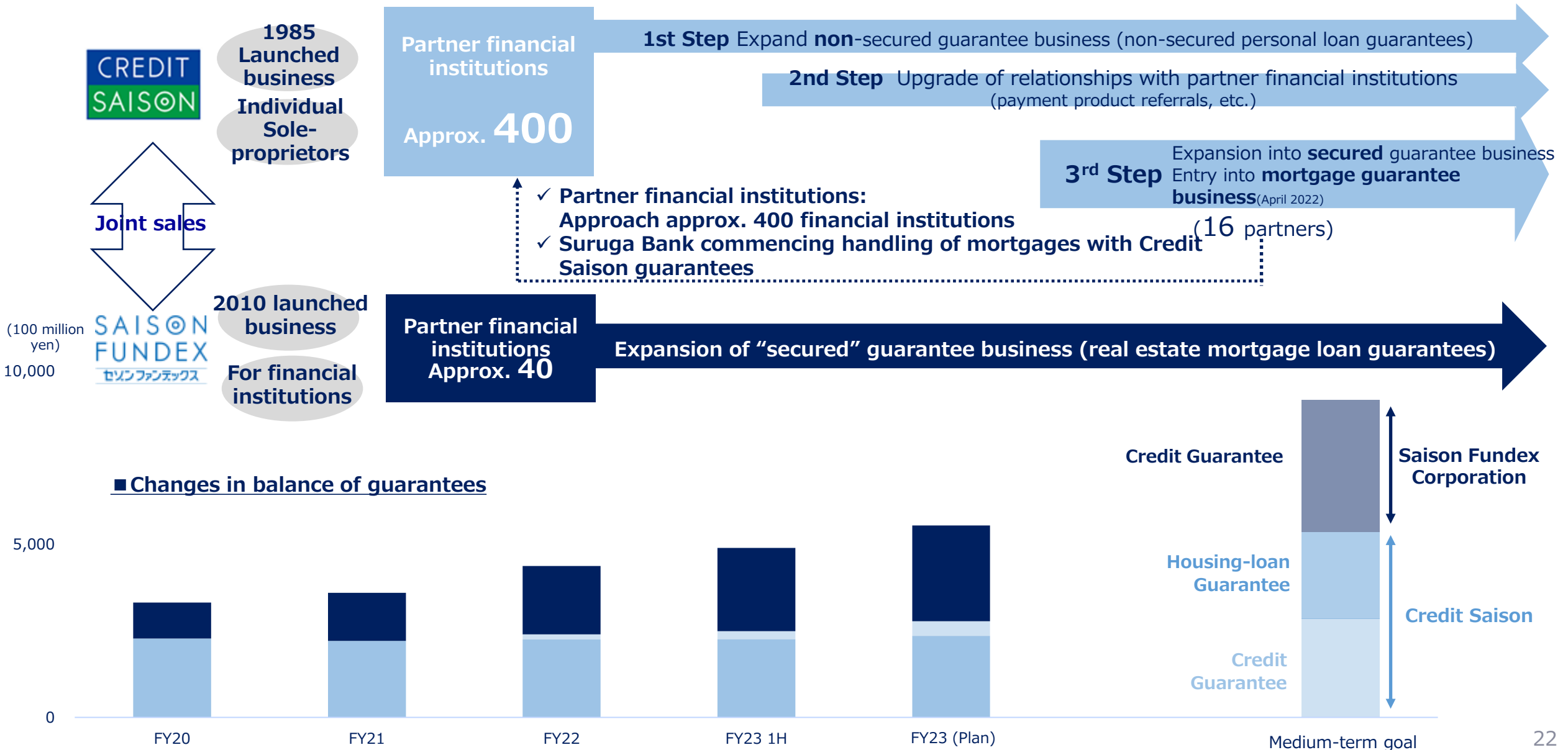
01

Aim for further growth phase by expanding business domains through entry into **secured** business in addition to the traditional **non-secured** business

02

Expand from personal loan products to products for business people, seniors, and corporations
Transition to operations based on both “**balance expansion**” and “**asset efficiency**”

Expansion of Guarantee Business

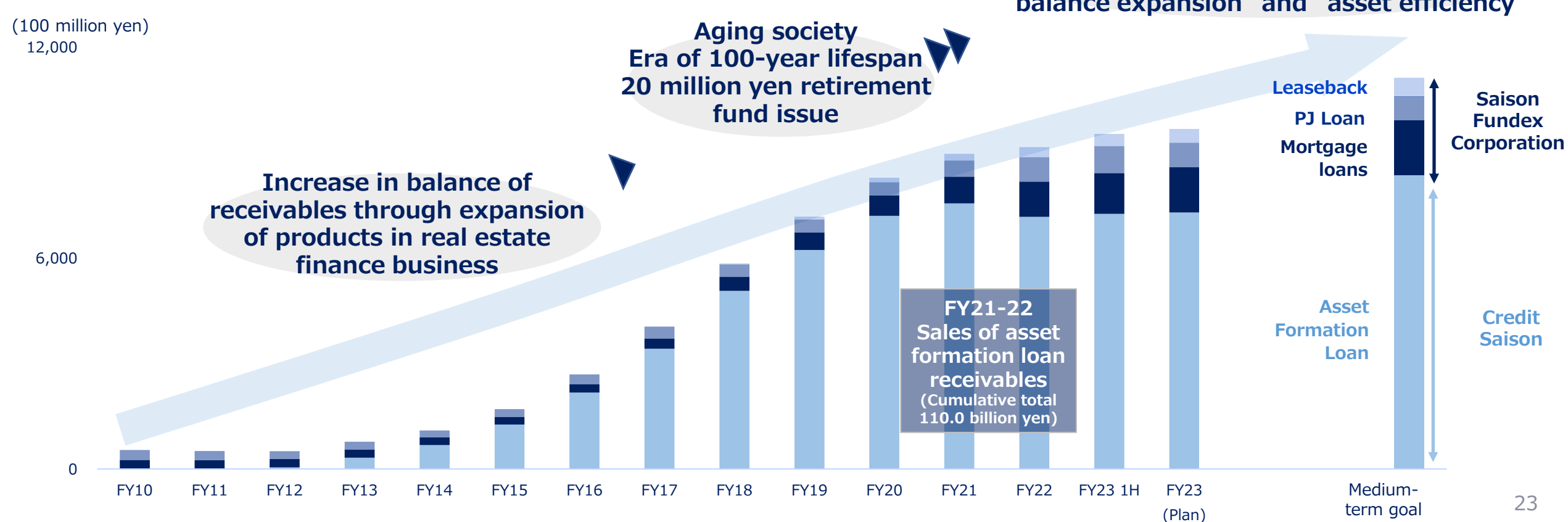


Growth of Real Estate Finance Business

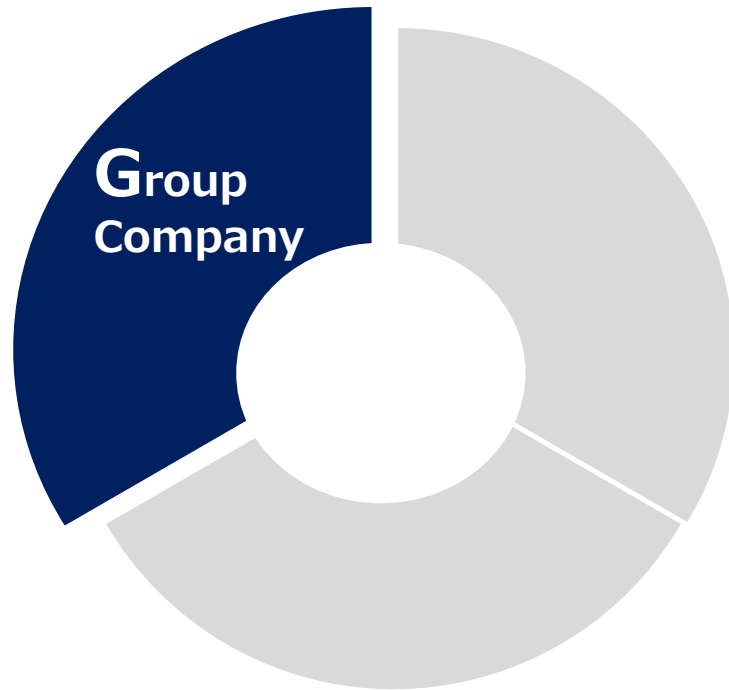
Expansion of products in real estate finance business



Changes in balance of real estate finance business



Group company



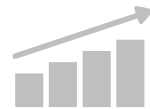
Pursue synergies between **payment/finance businesses** operating in Japan and **financial functions including banks**



Bank



Asset Management



Financial Planning



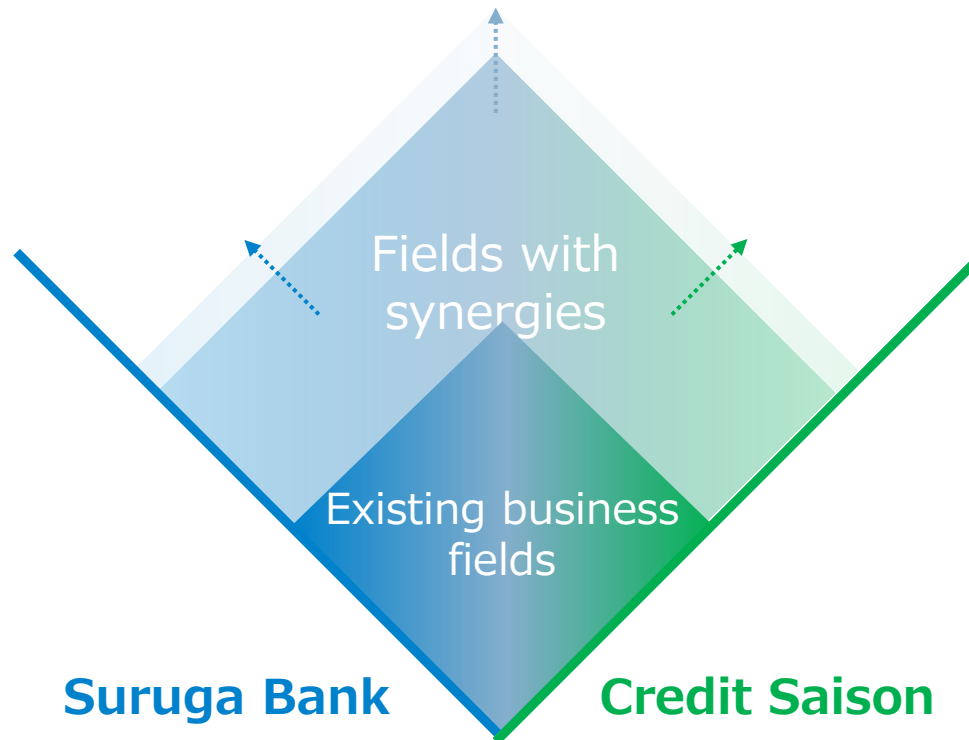
Servicer

Bank - Progress of Capital and Business Alliance with Suruga Bank

<Direction being pursued>

Development of new, competitive products and new customers through the collaboration of the two companies

From December onward, the two companies will continue to promote product development and collaboration for new markets



Pursue business synergies through exchange of human resources, etc.

Collaborative development of the real estate finance business

November 2023

Commence joint provision of "collaboration loans"



Non-Bank

"Extensive customer base"
"Credit assessment/credit screening capabilities developed through immediate credit granting/setting credit limits and transactions"

Collaboration in the mortgage business

October 2023

Commence handling of mortgages with Credit Saison guarantees at Suruga Bank



スルガ銀行

Bank

"Ability to interact directly with customers"
"Custom-made credit assessment/credit screening capabilities"

Total of business fields over next five years (FY2023 to FY2027)

Aim for **350.0 billion yen or more** in new loans

Co-commercialization of Saison Platinum Business AMEX Card

Spring 2024
(Planned)

Establishment of Saison Branch by Suruga Bank

Summer 2024
(Planned)

Asset Management



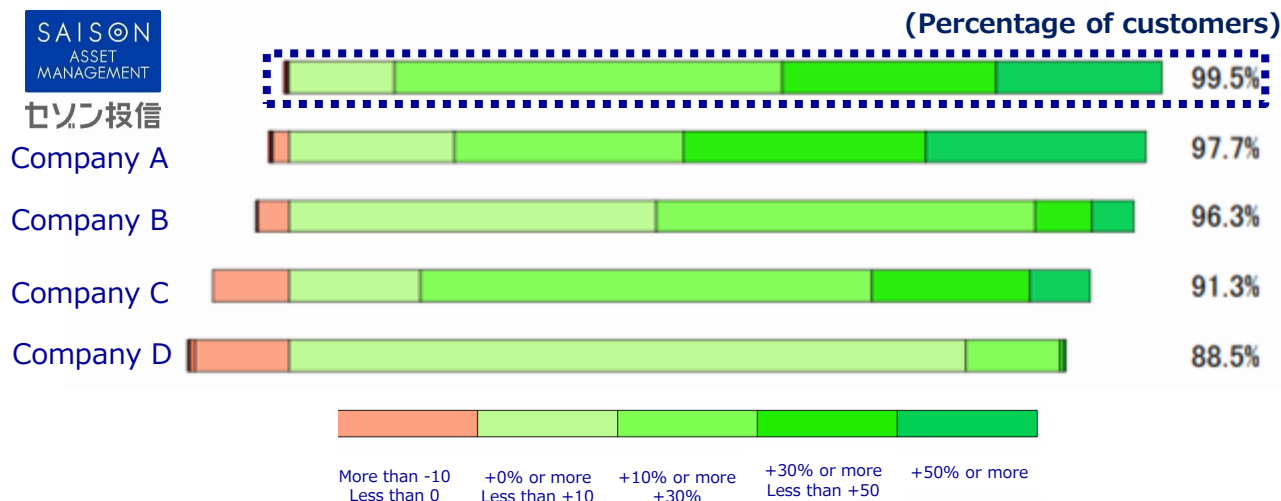
×



セゾン投信

<Percentage of customers by investment trust profit/loss
(other businesses)>

No. **1 99.5%**



REFINITIV LIPPER
FUND AWARDS
2023 WINNER
JAPAN

*Source: Analysis on the Common KPIs Comparable Across Investment Trust Distributors,
Financial Services Agency (as of March 31, 2023)

*R&I Fund Award

Saison Asset Building Tatsujin Fund = 10 years in a row/Saison Global Balance Fund = 3
years in a row

<January 2024>



Release new online transaction
smartphone app

Start offering "Invest by Card" for members of
credit cards issued by Credit Saison
*Up to 100,000 yen per month

<Assets under management>

X trillion yen

Approx.
670.0
billion yen



September 2023

Financial Planning / Servicer

Financial Planning



×  BROAD-MINDED

June 2023

Application of equity method

Strengthen collaboration in **affluent segment businesses**

Real estate

Inheritance

etc.

Service enabling consultation on a wide range of money matters (life and non-life insurance, investment trusts, and stocks, etc.)
(Commenced July 2023)

オンラインFPショップ
セゾンのマネナビ

Servicer

Pursue Group synergies from “loan expansion” to “loan collection” as the Credit Saison Group

Credit card receivables, etc.

Expand “unsecured” areas

SAISON
servicer



Real estate finance
Expand “secured” areas

SAISON
FUNDEX
セゾンファンデックス

**FUNDEX
SERVICING**

April 2023

株式会社 **アトリウム債権回収サービス**

Made special servicer which mainly handles real estate secured loans into Saison Fundex Corporation subsidiary

Approaches to Realizing Management with Awareness of Capital Costs and the Share Price

Details will be announced in the new Medium-term Management Plan (May 2024)

Components in enhancement of corporate value

Priority measures

Enhancement of corporate value

Aim for PBR of 1 or more

Profit growth

More than 100.0 billion yen in business profit

Improvement of capital efficiency

Capital cost optimization

- ✓ Improve the “earning power” of existing businesses
- ✓ Expand global business
- ✓ Boost “earning power” through growth investment
- ✓ Business operations with an awareness of raising productivity
- ✓ Reduce cross-shareholdings
- ✓ CSDX strategy and human resources development and active participation
- ✓ Stable and consistent dividend policy
- ✓ Flexible share buybacks
- ✓ Strengthen investor relations

<Level of surplus capital>

Level of surplus capital factoring in future organic growth: approx. 50.0 billion yen

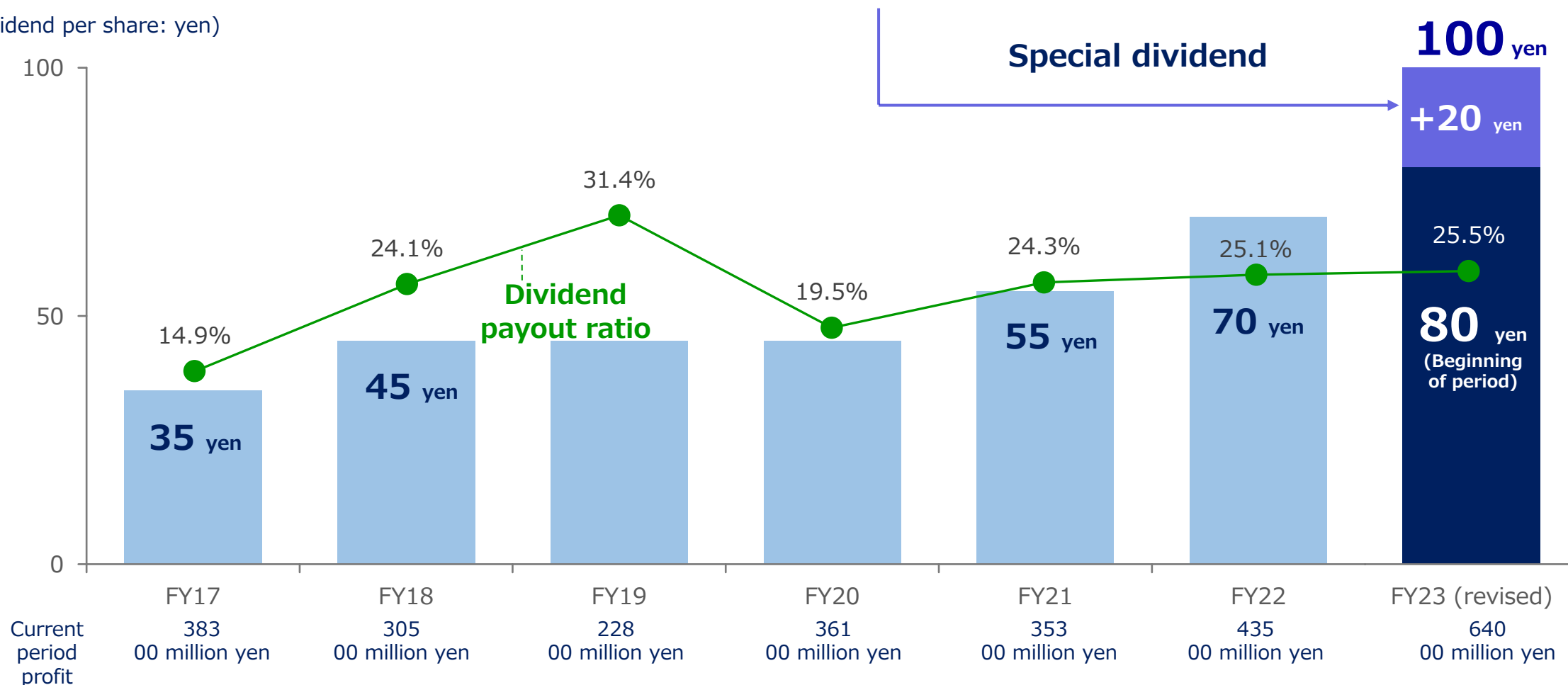
<Status of stock buybacks>

There is no change to policy of implementing stock buybacks, which will be considered separately by the Company’s Board of Directors **once there is a clearer outlook on the surrounding environment**

Shareholder Returns and Dividends

- ✓ Medium-term Management Plan target for 70.0 billion yen in business profit expected to be achieved a year ahead of schedule
- ✓ Suruga Bank became an affiliated company accounted for by the equity method (July 3, 2023)
Upward revision of full-year business results forecast, including recording of 20.0 billion yen equivalent to gain on negative goodwill as share of profit on investments accounted for using equity method

(Dividend per share: yen)



Overview of Financial Results for the First Half of FY2023

Financial Results Digest

Net revenue

- ✓ **Revenue increase** due to **the expansion of the lending business** in our global business in addition to **the strong performance** in our payment business and finance business

Business profit

- ✓ Profit increased due to growth in our **finance business (contribution to profit of Saison Fundex Corporation, conversion of Suruga Bank into an equity-method company, etc.)** and our **real estate-related business (gain on sale of real estate trust beneficiary interests, etc.)**, offsetting factors including the rebound effect from valuation gain on owned funds recorded in our global business in the previous fiscal year

Profit

- ✓ **Profit increased significantly** as a result of recording an amount equivalent to **gain on negative goodwill** due to the conversion of Suruga Bank into an affiliated company accounted for by the equity method as share of profit on investments accounted for using equity method

Full-year Business Results Forecast

- ✓ Despite some uncertainties about the outlook, including the impact of credit costs and rising interest rates, **the full-year business results forecast has been revised up** based on the **strong first half business results** and **the impact of making Suruga Bank into an affiliated company accounted for by the equity method**

1H Results & Full-Year Business Results Forecast

(100 million yen)

		FY22 2Q	FY23 2Q	YoY	FY23 Initial forecast	FY23 Revised forecast	Forecast Difference	2Q Progress rate
Consolidated	Net revenue	1,573	1,751	111.3%	3,560	3,620	60	48.4%
	Business profit	393	398	101.2%	700	700	—	56.9%
	Profit	274	440	160.0%	490	640	150	68.8%
Non- consolidated	Operating revenue	1,300	1,388	106.7%	2,790	2,825	35	49.2%
	Operating profit	181	189	104.6%	390	370	-20	51.3%
	Ordinary profit	234	235	100.3%	455	455	—	51.8%
	Profit	172	189	110.0%	320	320	—	59.2%

Overview of Business Results by Segment

	Net revenue			Business			(100 million yen)
	FY22 2Q	FY23 2Q	YoY	FY22 2Q	FY23 2Q	YoY	
Payment	1,072	1,149	107.2%	108	101	92.9%	
Lease	60	62	104.3%	26	23	89.1%	
Finance	251	285	113.6%	109	122	111.8%	
Real estate related	123	130	105.6%	77	116	150.4%	
Global	45	101	225.5%	60	17	28.9%	
Entertainment	31	32	102.5%	7	10	138.1%	
Total	1,584	1,762	111.3%	390	391	100.2%	
Intersegment transactions	-11	-11	101.7%	3	6	222.5%	
Consolidated	1,573	1,751	111.3%	393	398	101.2%	

Contribution by Consolidated Companies

■ Business profit Difference

(100 million yen)

	Consolidated Business profit	Non-consolidated Ordinary Profit	Difference
FY23-2Q	398.1	235.6	162.4
(Year-on-year difference)	+4.6	+0.7	+3.8

■ Contribution by Consolidated Companies

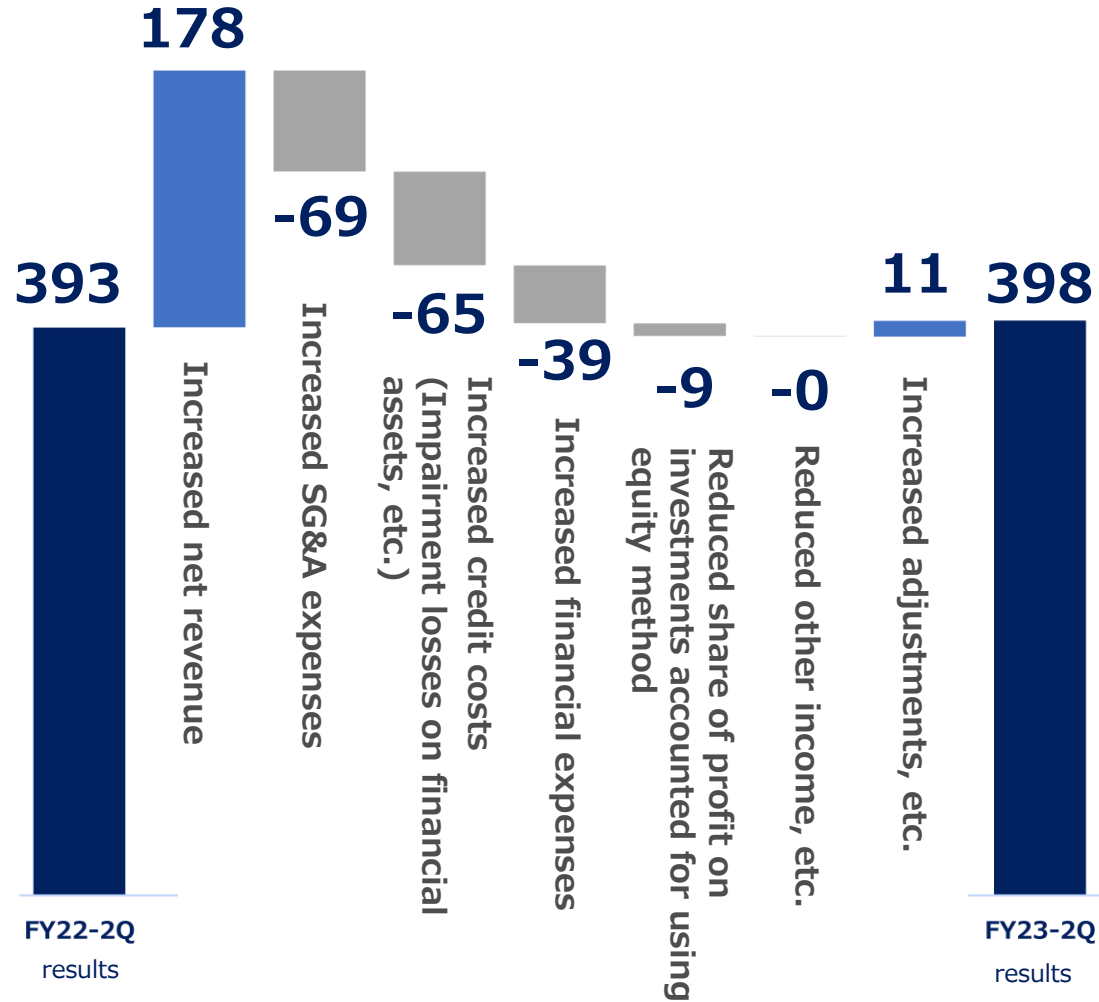
(100 million yen)

		Contribution to business profit	Year-on-year difference	Business description
Major consolidated subsidiaries	Saison Realty Group	88.2	+34.5	Comprehensive real estate business
	SAISON FUNDEX CORPORATION	46.1	+10.1	Real estate financing business, credit guarantee business, and personal loan business
	Kisetsu Saison Finance(India)Pvt. Ltd.	9.1	+0.4	Digital lending business in India
	Concerto Inc.	9.0	+0.6	Entertainment business and real estate leasing business
Major equity method affiliates	Seven CS Card Service CO., LTD.	5.5	-0.5	Credit card business
	Takashimaya Financial Partners Co., Ltd.	5.1	+1.2	Credit card business
	HD SAISON Finance Co., Ltd.	4.8	-8.2	Finance business in Vietnam
	Suruga Bank Ltd.	4.6	+4.6	Banking

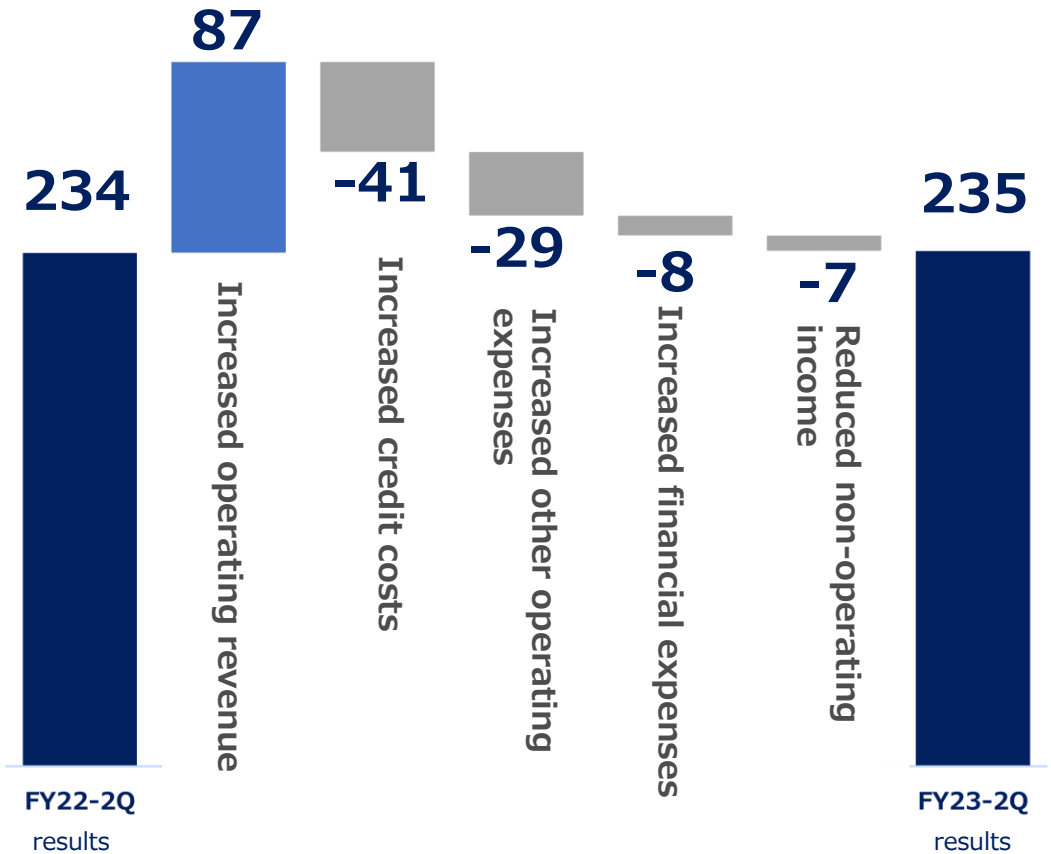
Main Changes in Consolidated Business Profit/Non-consolidated Ordinary Profit

(100 million yen)

Consolidated Business Profit



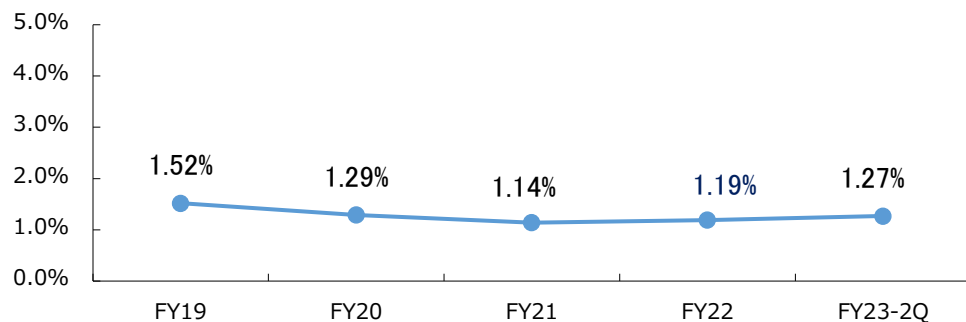
Non-consolidated Ordinary Profit



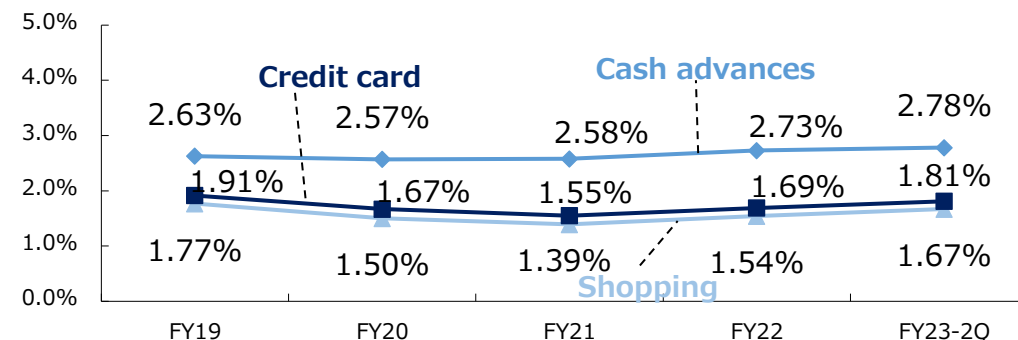
Credit Risk

- ✓ While delinquency over 90 days remains low, provisions have been increased with an eye to the future to address uncertainties going forward

Delinquency over 90 days(consolidated)

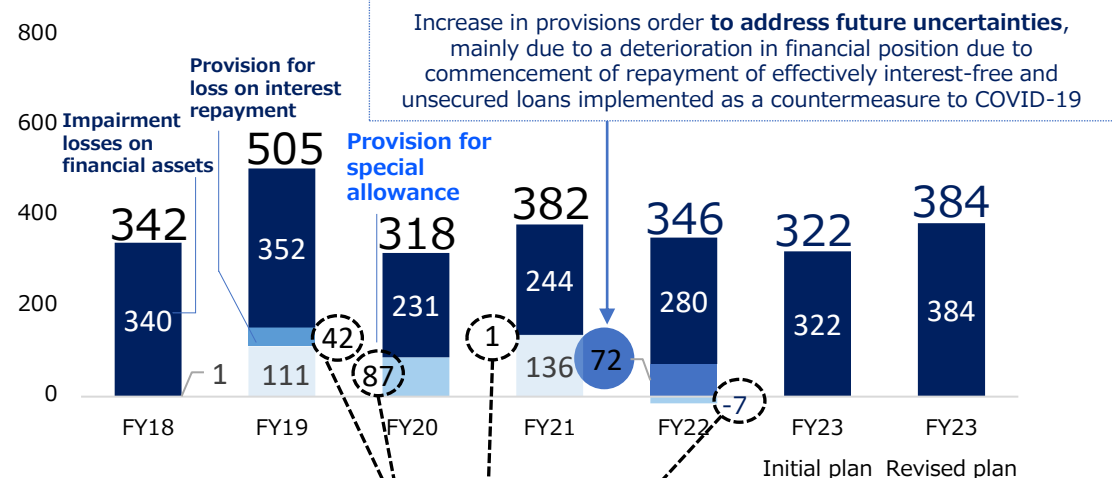


Delinquency over 90 days(non-consolidated)



Credit cost (consolidated)

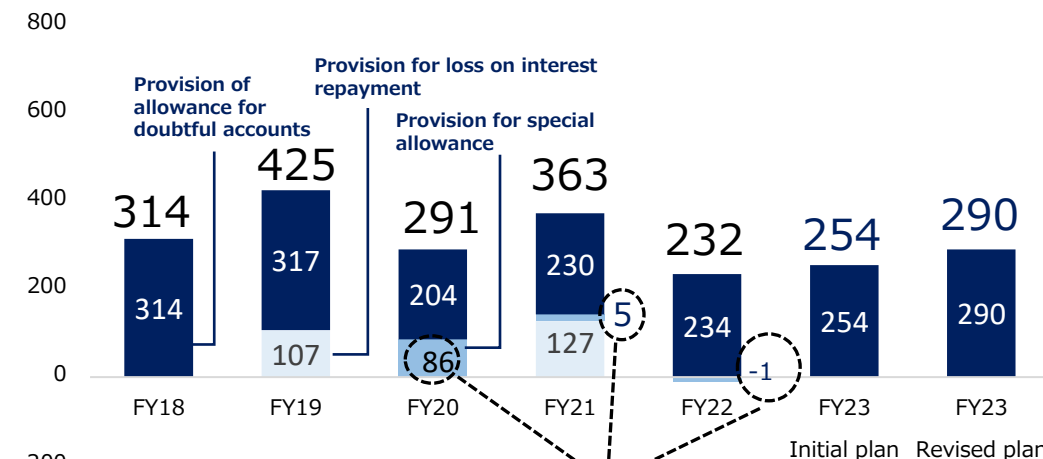
(100 million yen)



-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)

(100 million yen)



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.

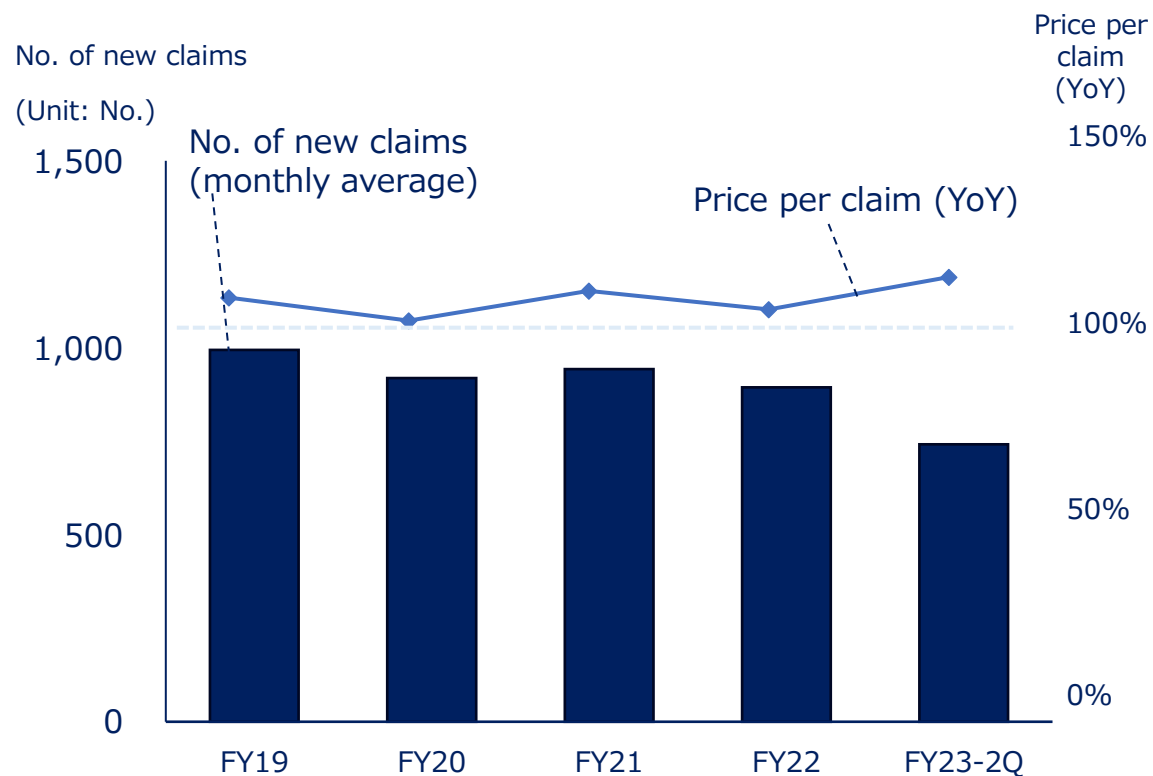
Interest Repayment Claims

Additional provision of ¥13.6 billion on the consolidated basis and ¥12.7 billion on the nonconsolidated basis in FY 2021

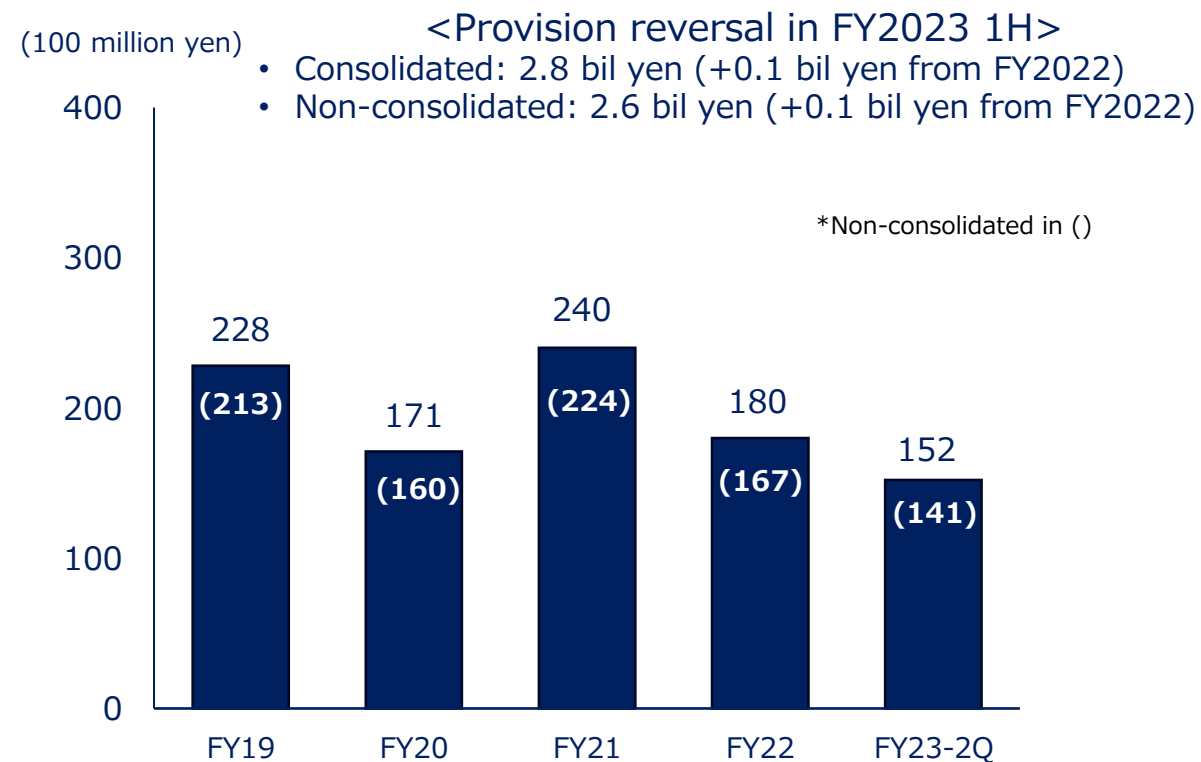
Level of provision adequate at present

Monitoring future trends

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



■ Balance of provision for loss on interest repayment



Financial Policy

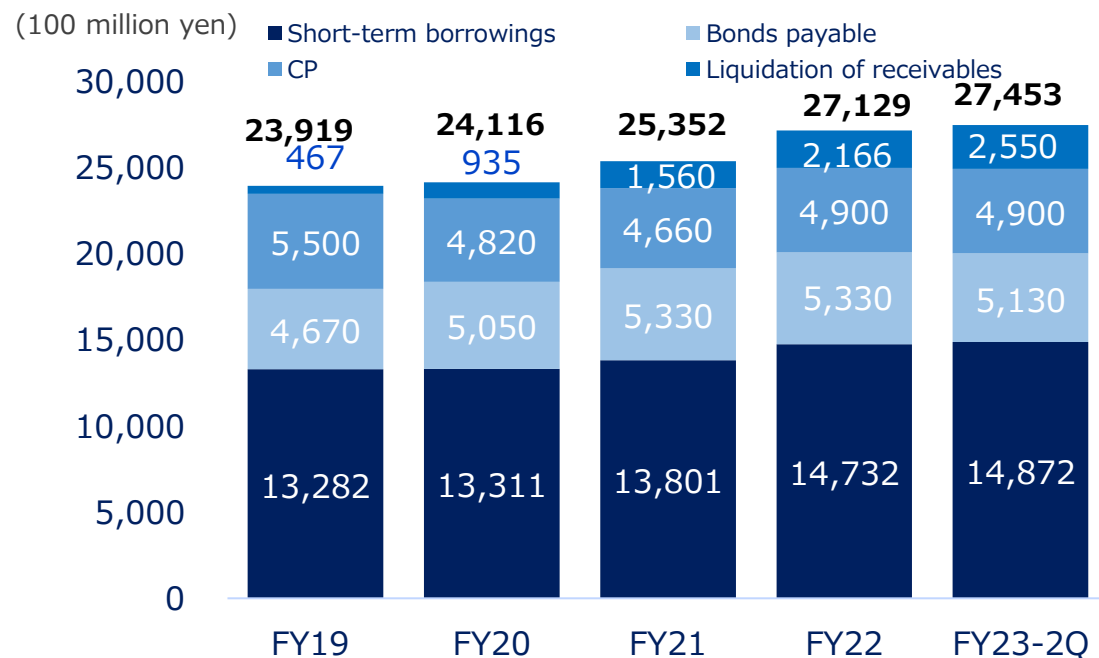
■ Sound financial base

- Credit Rating ▶ R&I **A+**
- Issuance of **20** years bonds, first in card companies
June 2017 10 billion yen, April 2018 15 billion yen
April 2019 12 billion yen, January 2021 8 billion yen
October 2021 13 billion yen

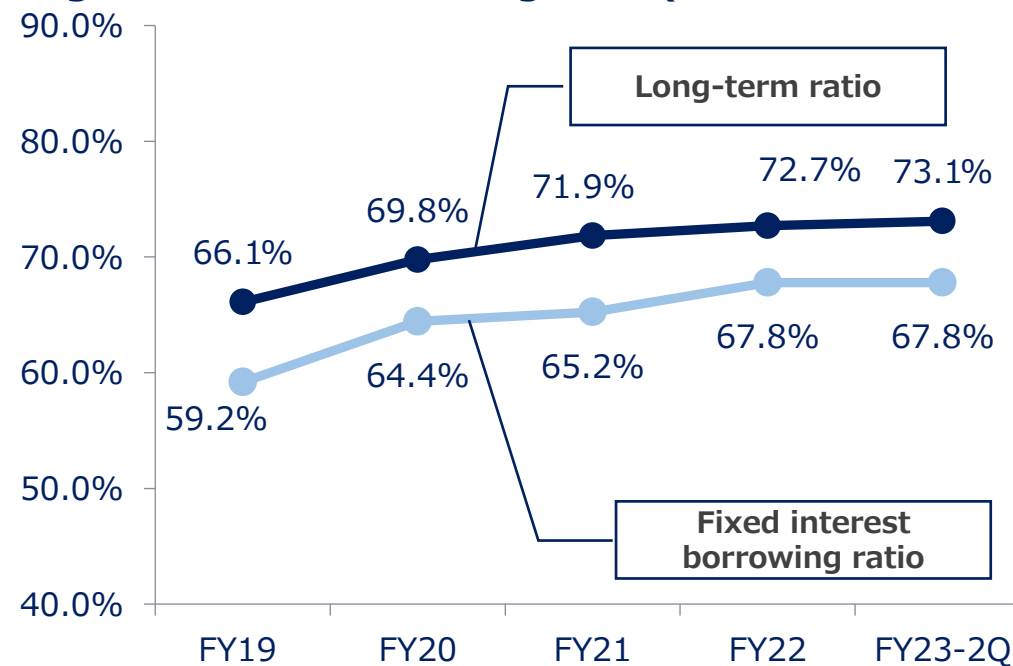
■ Structure of interest-bearing debt

- 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, 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)



ESG/External Evaluations (updates)

ESG Indices adopted by GPIF

- ✓ **Selected for the first time for FTSE BLOSSOM JAPAN SECTOR RELATIVE INDEX** composed of Japanese companies in each sector with outstanding ESG responses
- ✓ **Morningstar ® Japan ex-REIT Gender Diversity Tilt Index**
Highest rating of Group 1

Information on Various Reports

- ✓ Late December 2023 (planned)
Publication of **Credit Saison Integrated Report 2023**
 - *To be published on the Company's investor relations site
 - *English edition to be publication in January 2024

Investor Relations Information

URL: <https://corporate.saisoncard.co.jp/en/ir/>

Sustainability Information

URL: <https://corporate.saisoncard.co.jp/en/sustainability/>

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.