

# **Financial Results**

## **Briefing for the First Half of FY2024**

**November 14,2024**

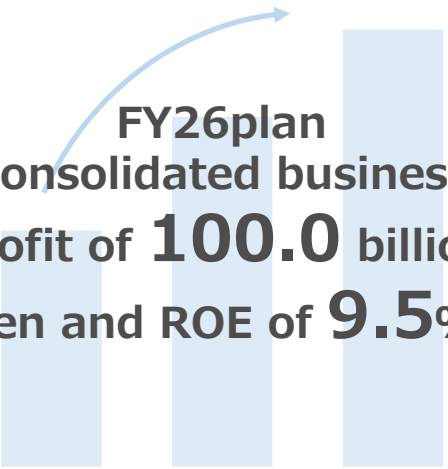
**Credit Saison Co.,Ltd.**

**Tokyo Stock Exchange Prime Market, Securities Code: 8253**

# Medium-term Management Plan Progress

# Key Points of Market Interest following the Announcement of the New Medium-Term Management Plan

## Confidence Level in Achieving the Targets of the New Medium-Term Management Plan



FY26 plan  
Consolidated business  
profit of **100.0** billion  
yen and ROE of **9.5%**

## Background to Enhanced Disclosures for Capital Policy

Targeting 70.0 billion yen  
share buyback plan  
**exceeded**  
market expectations

### First disclosure of dividend payout ratio level

Dividend payout ratio of 30% or more during the new medium-term management plan period

## Strengthening IR Activities



Overseas IR

Global  
strategy briefings\*

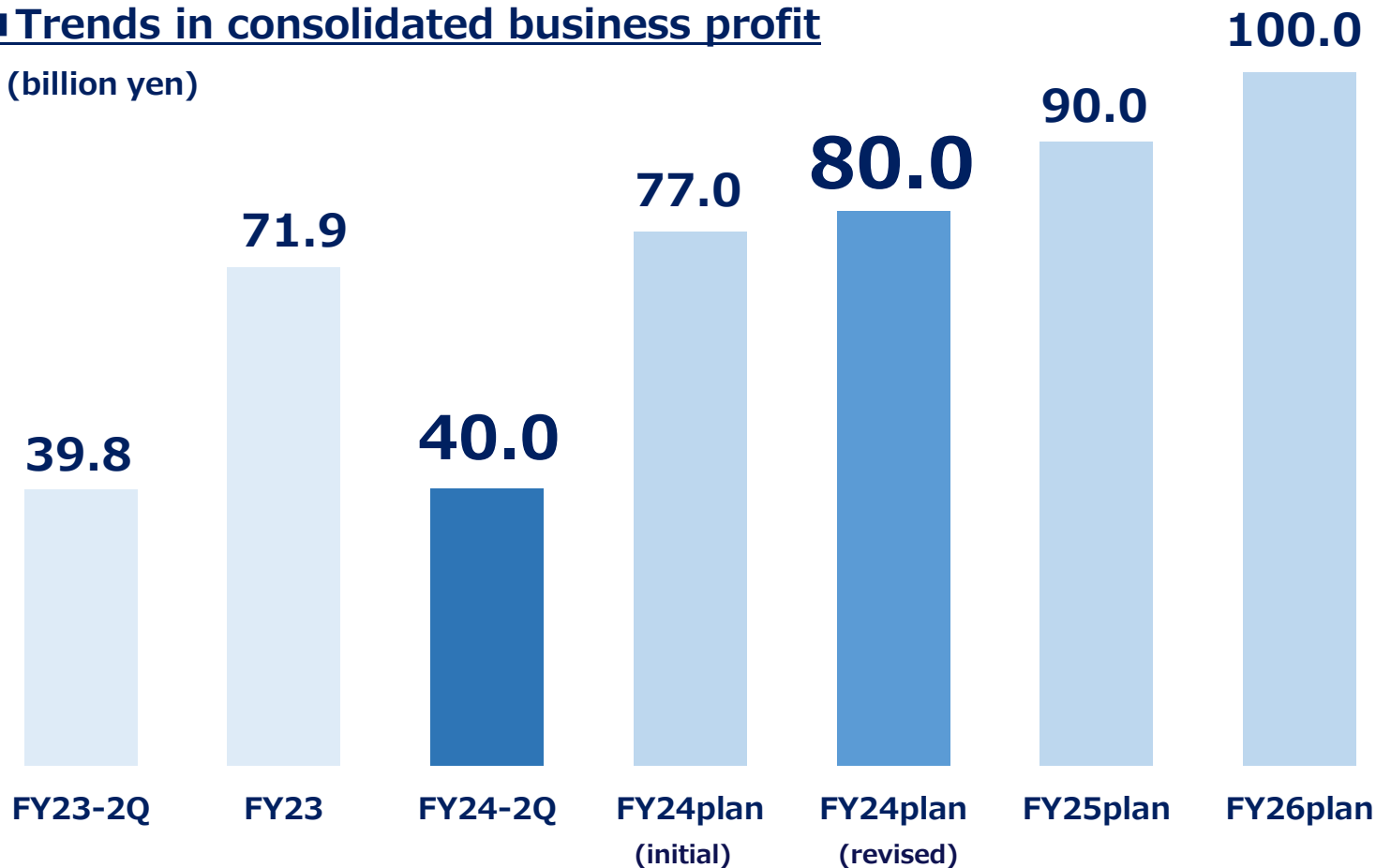
Number of IR meetings following announcement of the new medium-term management plan: **1.5x YoY**

# Expectations for Sustainable Growth

# Strong Start to the New Medium-Term Management Plan: Steadily Improving Earnings Power and Upward Revisions to Earnings Forecasts

## ■ Trends in consolidated business profit

(billion yen)



2Q (April-September 2024)

Consolidated Business Profit

**40.0**  
billion yen

YoY

**100.5%**

Progress Rate

**50.0%**

# 2Q Financial Results Digest

## Net revenue

- ✓ **Our three pillars of growth** (global business, payment business, and finance business) are the drivers for **increased revenue**.

## Business profit

- ✓ **The global business** saw steady growth in its lending business, **the finance business** had expanded profit contribution from Saison Fundex, and expanded profits from collaboration with Suruga Bank, **the payment business** solidly expanded due to factors such as double-digit YoY growth in card shopping revolving balances, **profits increased** after overcoming special factors (recording valuation losses on investments in the global business's investment business, and the absence of gains on the sale of real estate trust beneficiary rights recorded in the previous fiscal year in the real estate-related business)

## Profit attributable to owners of parent

- ✓ Profits decreased due to the impact 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 application to Suruga Bank in the previous year as investment profit under the equity method.

## Full-year earnings forecast

- ✓ Despite special factors such as recording valuation losses on investments in the global business and the reversal of special allowance recorded during the COVID-19 pandemic to prepare for potential future increases in delinquent receivables, **our full-year earnings forecast has been revised upward to 80.0 billion yen (an increase of +3.0 billion yen from the initial plan) due to the improved earning power of core businesses.**

# Overview of Major Businesses

**Global Business**

Finance Business

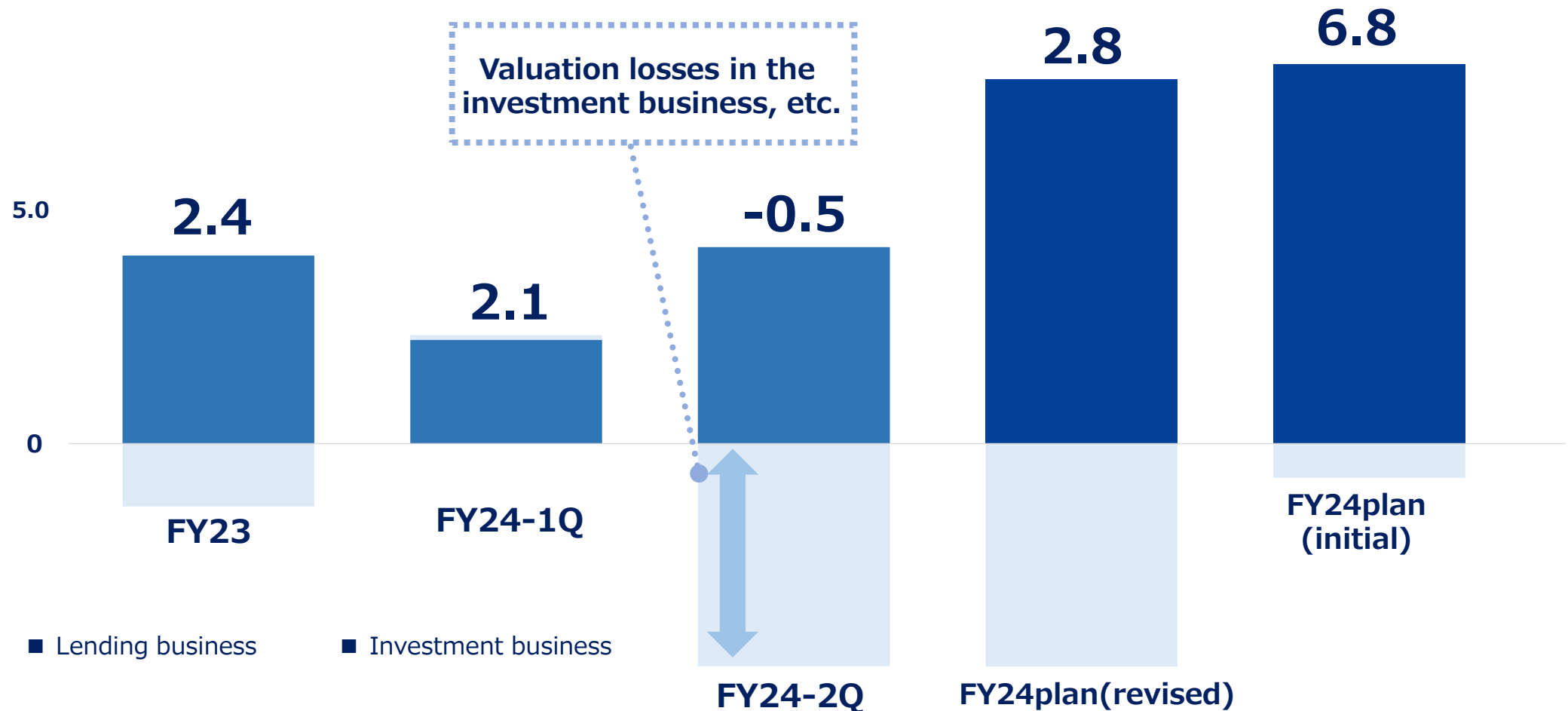
Payment Business

# Trands in Business Profit in the Global segment

- ✓ While the lending business grew due to expansion of the business in India, a business loss was recorded due to valuation losses on investments.

(billion yen)

10.0



# Credit Saison India: Trends in Profit Contribution

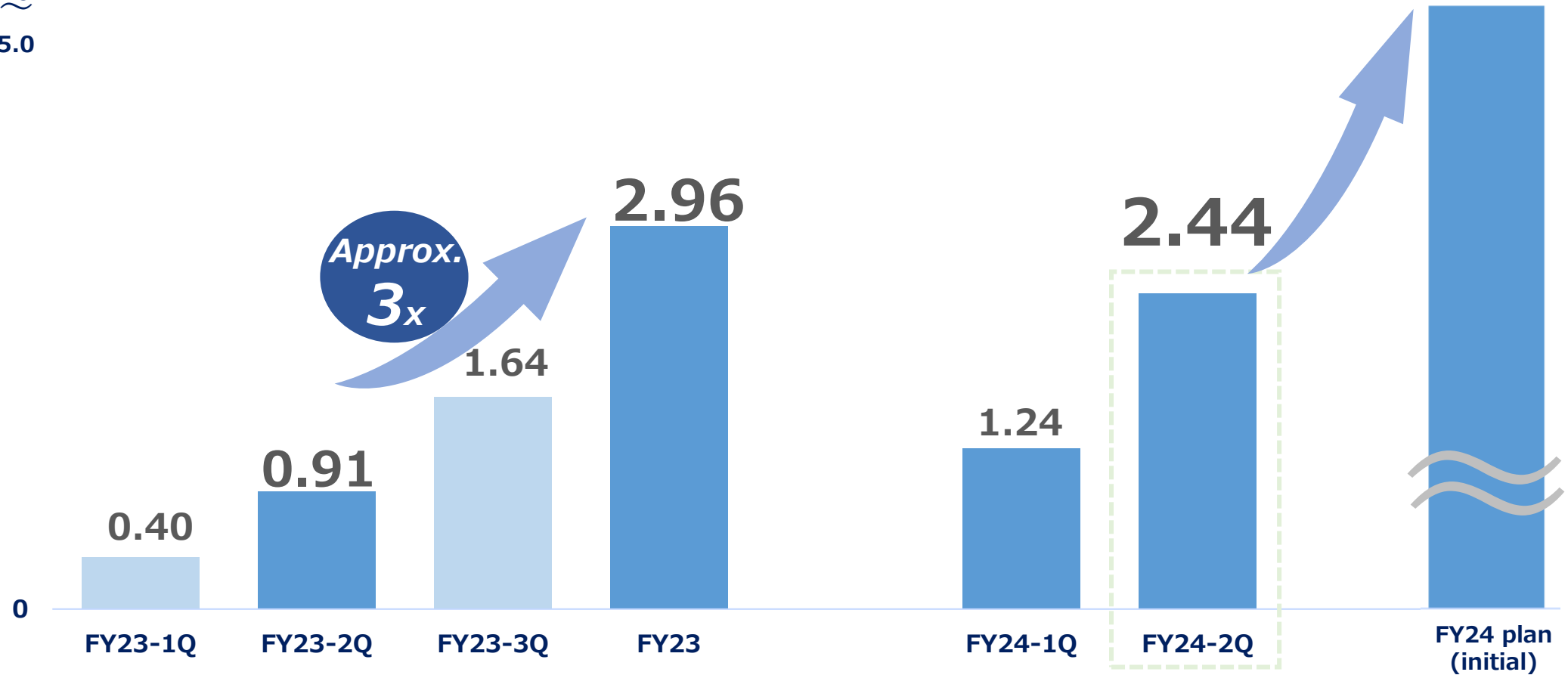
- ✓ Steady progress toward the initial plan
- ✓ Aiming for healthy and sustainable growth to achieve 20 billion yen by FY26 (the final year of the new medium-term management plan)

(billion yen)

10.0

≈

5.0



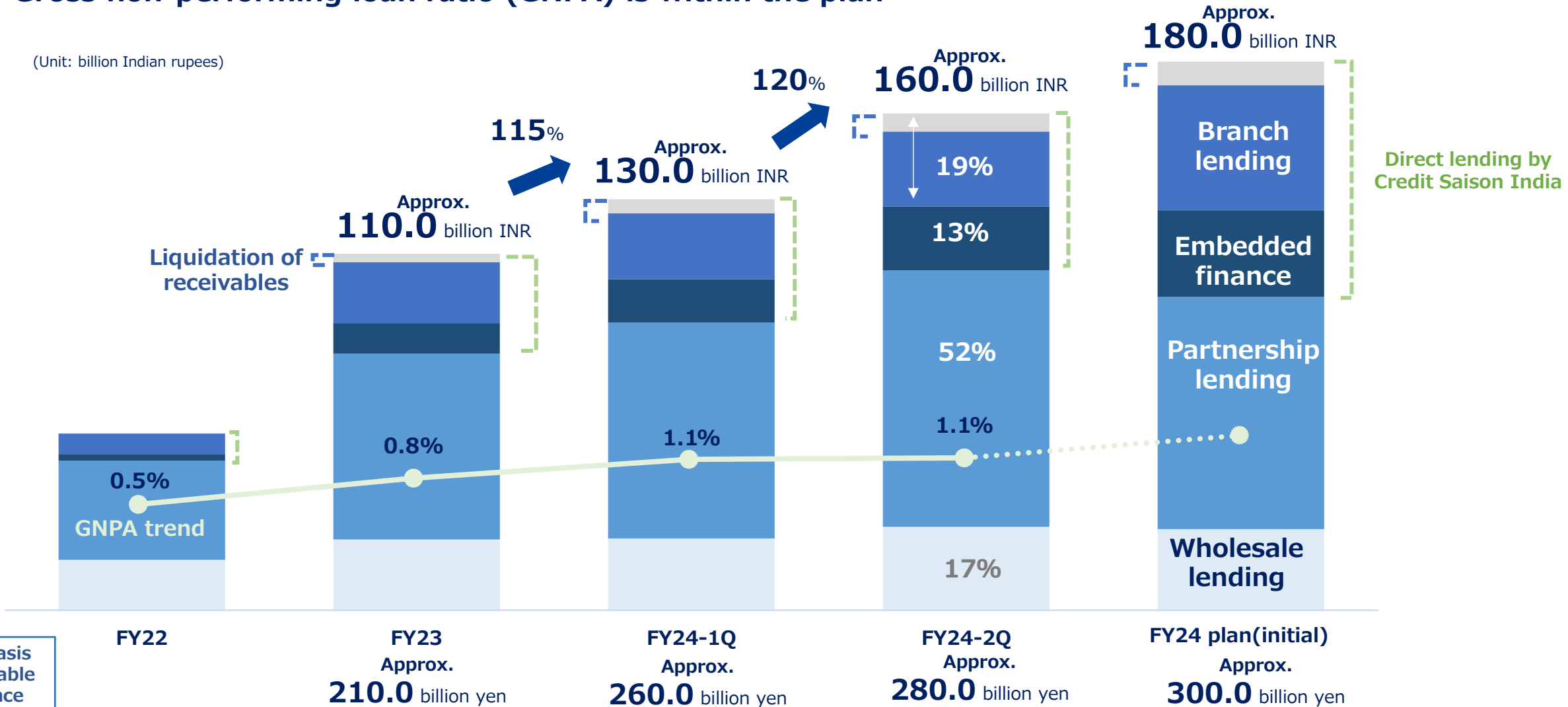


# Credit Saison India: Receivable Balance



- ✓ Steady increased centered on direct lending toward the FY24 plan of 300.0 billion yen
- ✓ Gross non-performing loan ratio (GNPA) is within the plan

(Unit: billion Indian rupees)



\* Year-end rate INR 1.71 yen (-0.11 yen from the end of the previous period) \* GNPA : Figures before consideration of collateral, etc.  
 \* Liquidation of receivables: Credit Saison India sells loan receivables to financial institutions such as banks to improve asset efficiency

# Credit Saison India: Wholesale & Partnership Lending

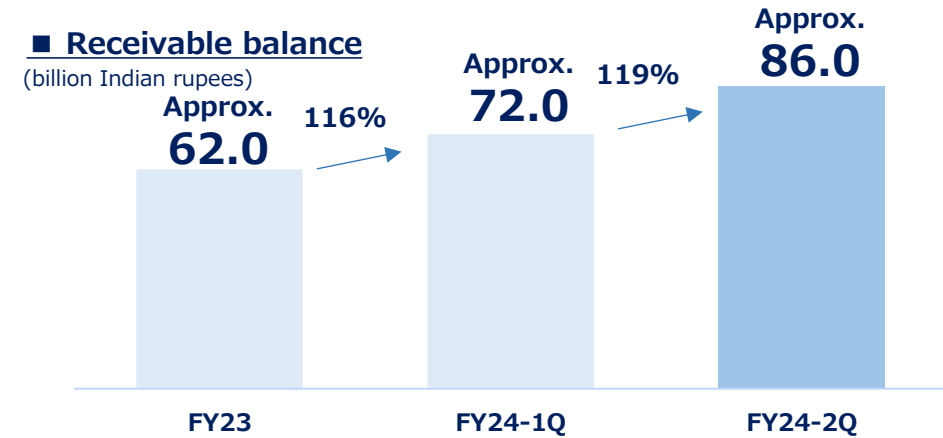
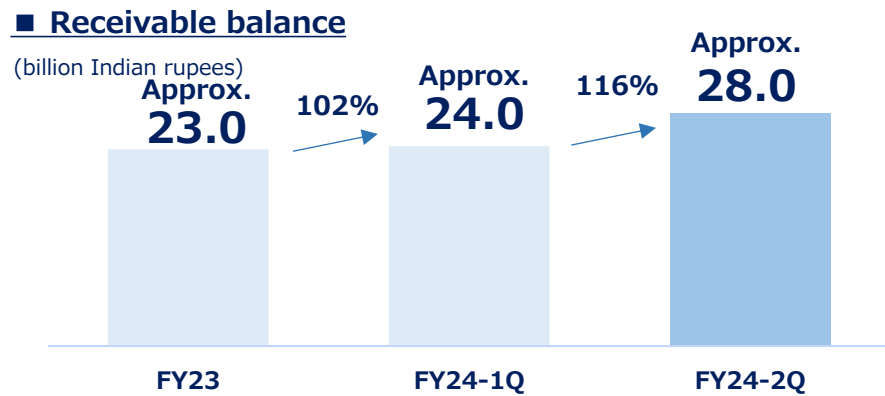
- ✓ These verticals have contributed to steady growth of Credit Saison India while increasing new partners

## Wholesale lending

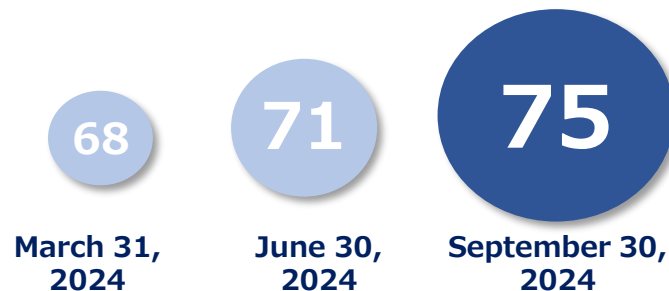
## Partnership lending

### Lending to NBFCs and emerging lenders

### Co-lending with Fintech



### Number of active partners



### Number of active partners

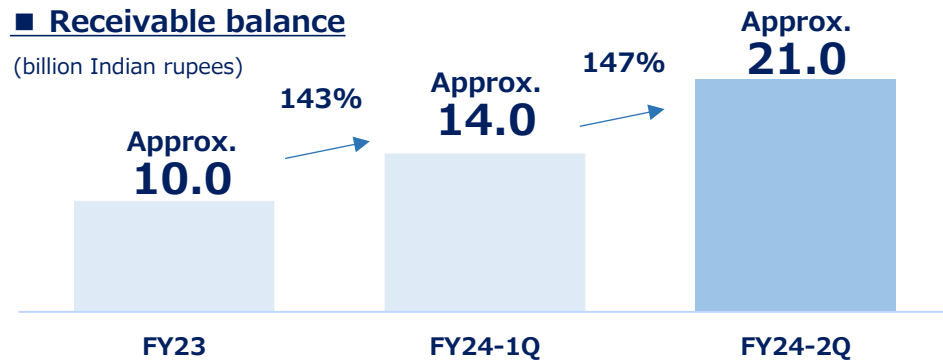


# Credit Saison India: Progress in Direct Lending

- ✓ Embedded Finance steadily increased its receivables and its partners
- ✓ Branch Lending increased the number of branches to expand its business

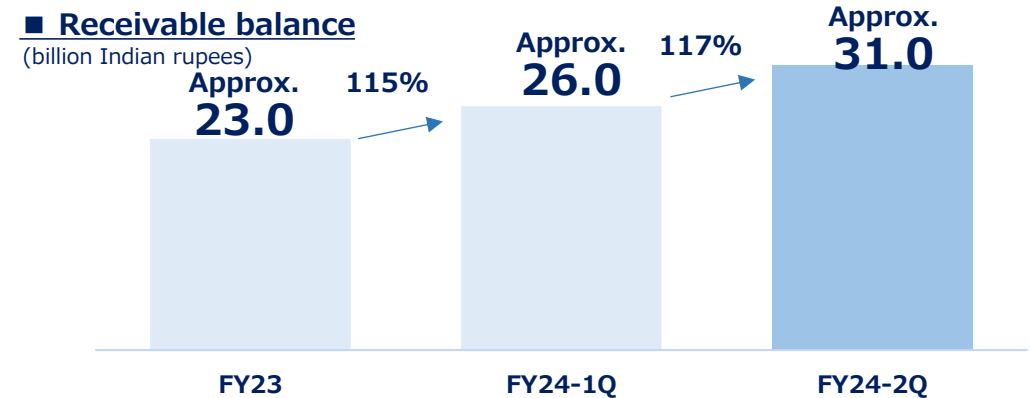
## Embedded finance

Direct consumer lending through integration into the apps of non-financial companies

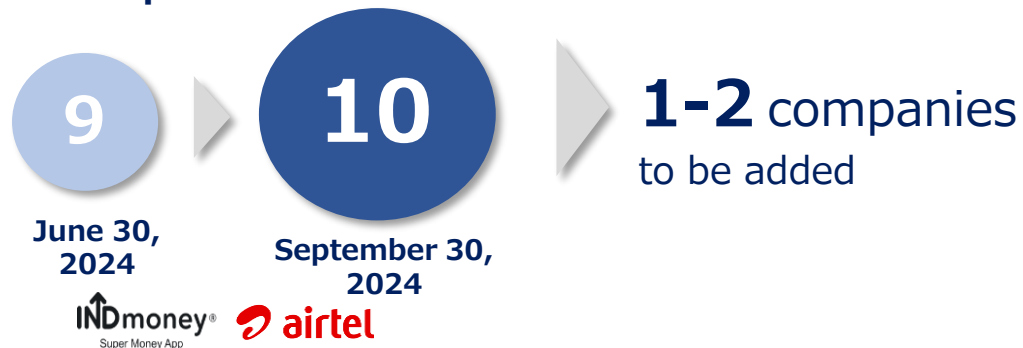


## Branch lending

Direct lending to small and micro enterprises by using branches across India



### Number of active partners



### Number of branches



### Differentiation points

- ✓ Speedy and attentive customer service
- ✓ Competitive interest rates based on AAA rating\*
- ✓ Diversified products

\*Long-term credit rating by Indian rating agencies CARE and CRISIL



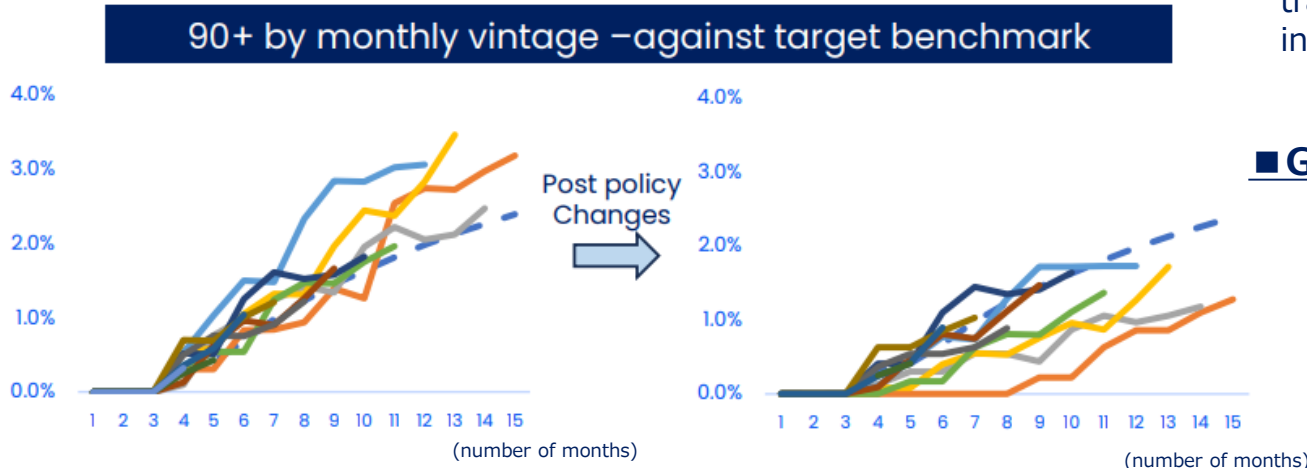
Guarantee program for Indian micro, small, and medium enterprises that guarantees a certain percentage of loans (P.12) 11

# <Appendix> Risk-Related information

## ■ Credit Saison India's risk control initiatives

### <For consumers>

- ✓ Real-time monitoring of receivables trends, and, when overdue receivables exceed the benchmark line, credit models are promptly reviewed and new models are verified through backtesting.



### <For small and micro enterprises>

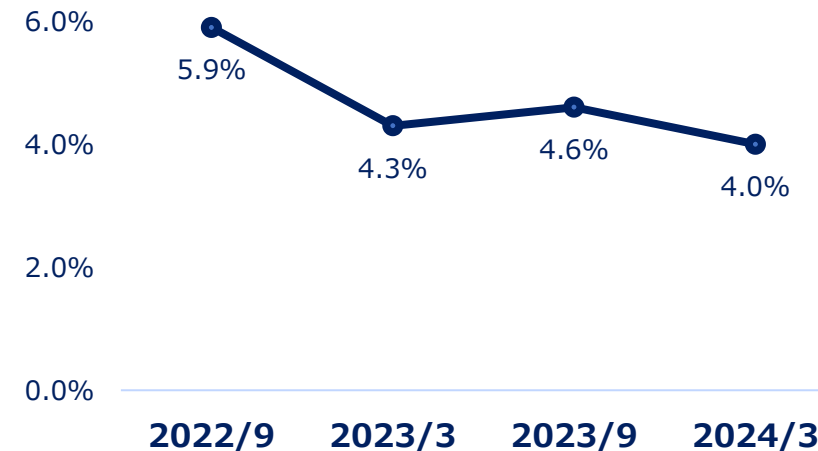
- ✓ Sophisticated underwriting through the use of reliable data and on-site surveys
- ✓ Cross-check consistency by comparing information from multiple perspectives, including customer declarations and third parties' data
- ✓ Increased credit managers as well as expansion of branches

## ■ Guarantee System for Small and Micro Enterprises in India



- ✓ A guarantee system established by the government to support funding for small and micro enterprises with the aim of promoting job creation and economic development.
- ✓ For example, "CGTMSE," which guarantees a certain percentage of loans to enable unsecured lending to small and micro enterprises, and "CGFMU," which provides guarantees for a certain percentage of factoring transactions to mitigate risks for factoring companies and financial institutions.

## ■ GNPA trends in the non-bank sector in India



\*RBI, Financial Stability Report, Sectorial GNPA ratio of NBFCs, Total

# <appendix> Governance Structure

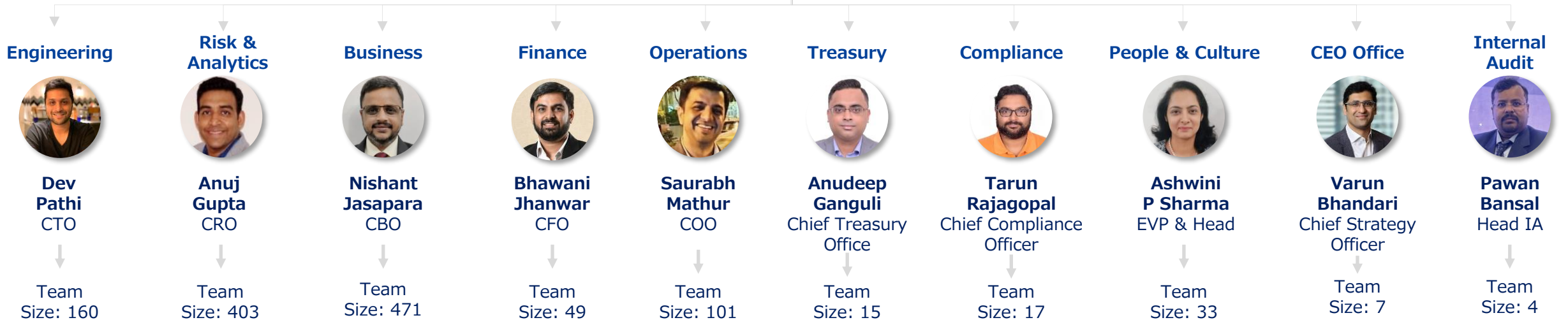
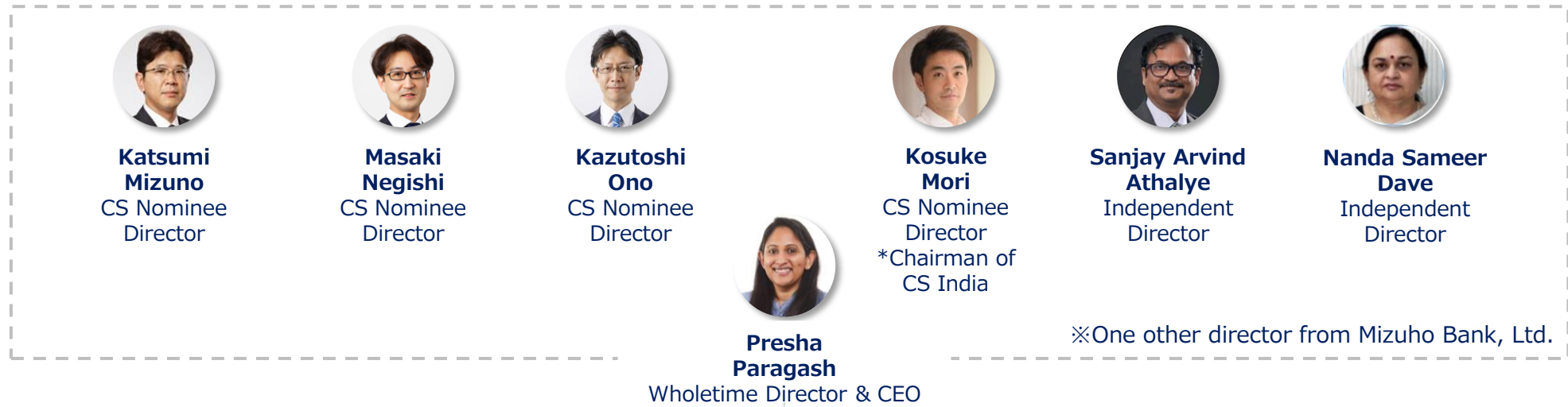
Updated and republish

- ✓ Strengthen Japan-IHQ support system to support the rapidly expanding CS India business and build a further strong governance system with Mizuho bank



# <appendix> Organization structure

✓ Board consists diversified members, including an independent director who retired as an Executive Director from the Reserve Bank of India (India's central bank)



# Overview of Major Businesses

Global Business

Finance Business

Payment Business

# Expanding Profits and Enhancing Competitiveness through Group Businesses



\*Suruga Bank

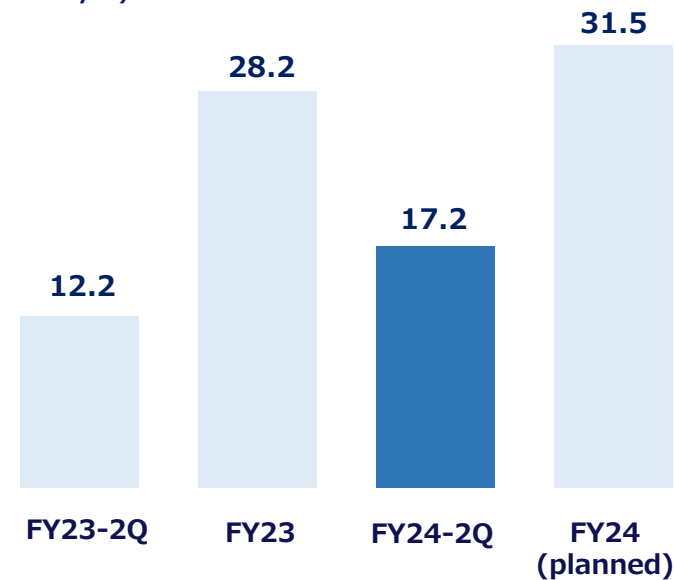
## 2Q (April-September 2024)

Finance Business profit: **17.2** billion yen

YoY  
**141%**

Progress rate  
**55%**

(billion yen)





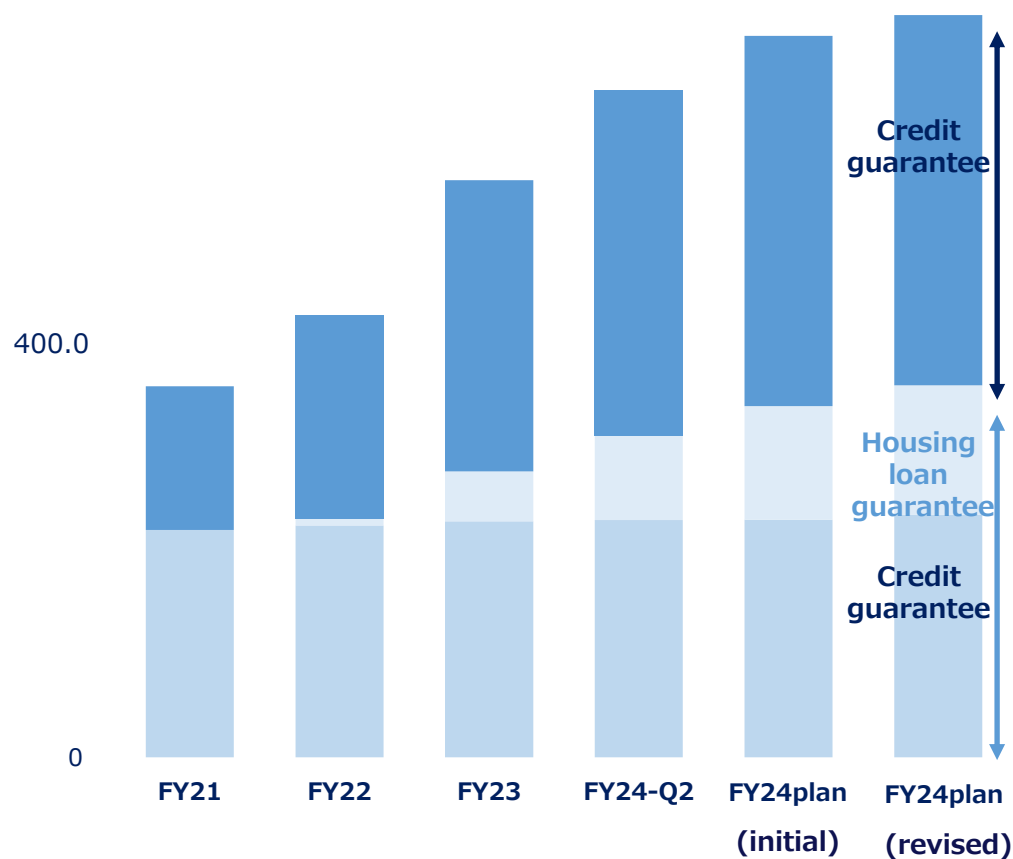
# Credit Saison x Saison Fundex

## [Guarantee business]

### Trends in guarantee balance

(billion yen)

800.0



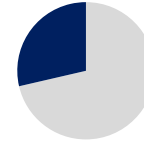
SAISON FUNDEX  
セゾンファンデックス

CREDIT SAISON

### Towards expansion of off-bs ratio

\*Off-BS ratio for the Finance Business

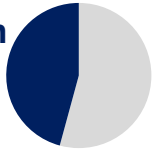
FY21  
Off-BS  
Approx.  
30%



FY24-2Q  
Off-BS  
Approx.  
40%



FY26 plan  
Off-BS  
Approx.  
45%



Leveraging our strength in handling long-term guarantees backed by real estate, our guarantee balance has surpassed **300.0 billion yen** (approx. 1.5x the balance in 15 months\* ⇒ increase of approx. 100.0 billion yen)

For individuals, sole proprietors and corporations

Secured guarantees (real estate-backed loan guarantees)

Approx. 45 affiliated financial institutions

Housing loan guarantee

Expanded affiliated financial institutions by approaching Free loan partners (YoY increase of +16)

For individuals and sole proprietors

Secured guarantees (housing loan guarantees)

32 affiliated financial institutions

\*Launched in April 2022

Credit guarantee

Stable balance trend by responding to diverse funding needs

For individuals and sole proprietors

Unsecured guarantees (non-secured free loan guarantees)

Approx. 400 affiliated financial institutions

\*Trends over approximately 15 months from April 2023 to June 2024

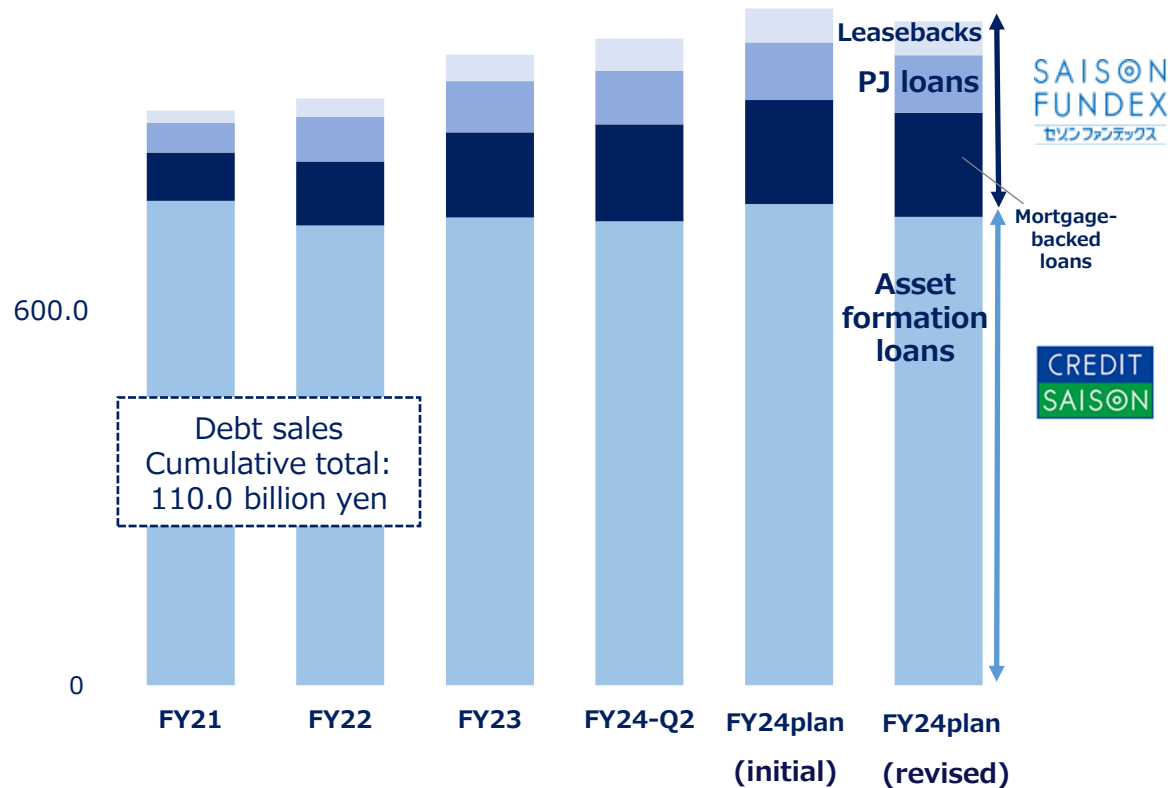
# Credit Saison × Saison Fundex

## [Real Estate Finance Business]

### ■ Trends in receivables balance

(billion yen)

1,200.0



✓ A product lineup that meets a wide variety of needs and a flexible screening system, Steady growth in outstanding balance due to promotion effects, etc.

- ✓ Strengthening relationships with major partners in investment condominiums, and expanding new partnerships
- ✓ Accumulating high-quality receivables  
Reducing risk by focusing on properties in the Tokyo metropolitan area
- ✓ Expanding products to meet diverse needs

# Credit Saison × Suruga Bank

## Neo Finance Solution Company



### Expanding products in the finance field

- ✓ **Housing loan guarantee business**  
(launched in October 2023)  
At Suruga Bank, began handling housing loans with Credit Saison guarantees
- ✓ **Joint development of real estate finance**  
(launched in November 2023)  
Began jointly providing "collaboration loans"
- ✓ **Housing loans**  
(launched in March 2024)  
Credit Saison began handling Suruga Bank's housing loans  
Addresses customer needs such as those of foreign nationals without permanent residency and those with high-value loans

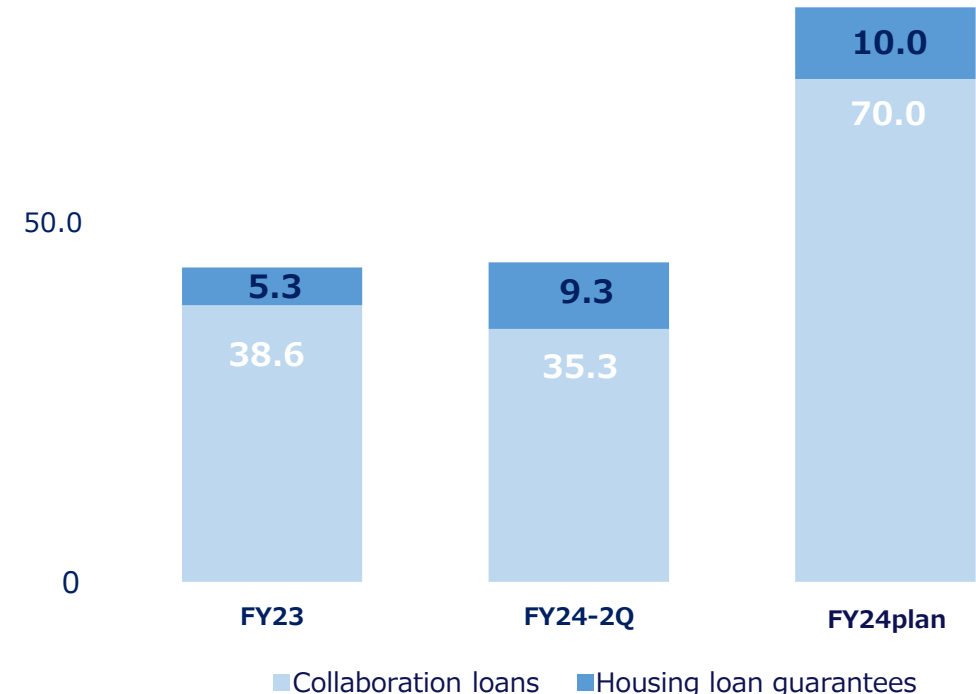
In other segments as well, we are promoting initiatives that utilize the resources of both companies

### Finance field / new loan amounts

\*Total of collaboration loans and housing loans

(billion yen)  
100.0

FY24-27 plan  
**80.0-85.0**  
billion yen/year



# Overview of Major Businesses

Global Business

Finance Business

**Payment Business**

# Overcoming Interest Rate Increases and Achieving Sustainable Growth Structural Reforms in the Payment Business

**Premium Strategy**  
to increase earning power

Foundation that supports  
structural reforms

Improving  
profitability

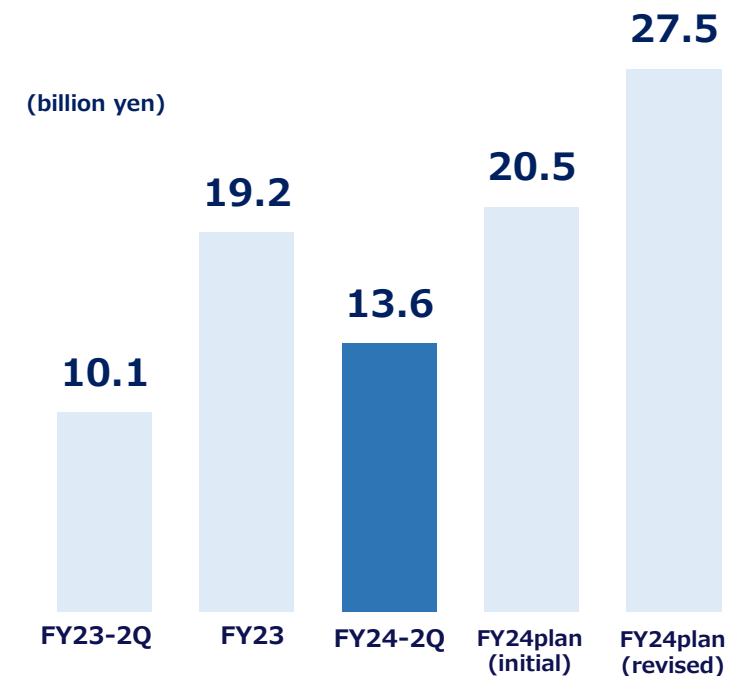
Improving  
productivity by  
utilizing DX and AI

**2Q (April-September 2024)**

Payment Business Profit: **13.6** billion yen

YoY  
**135%**

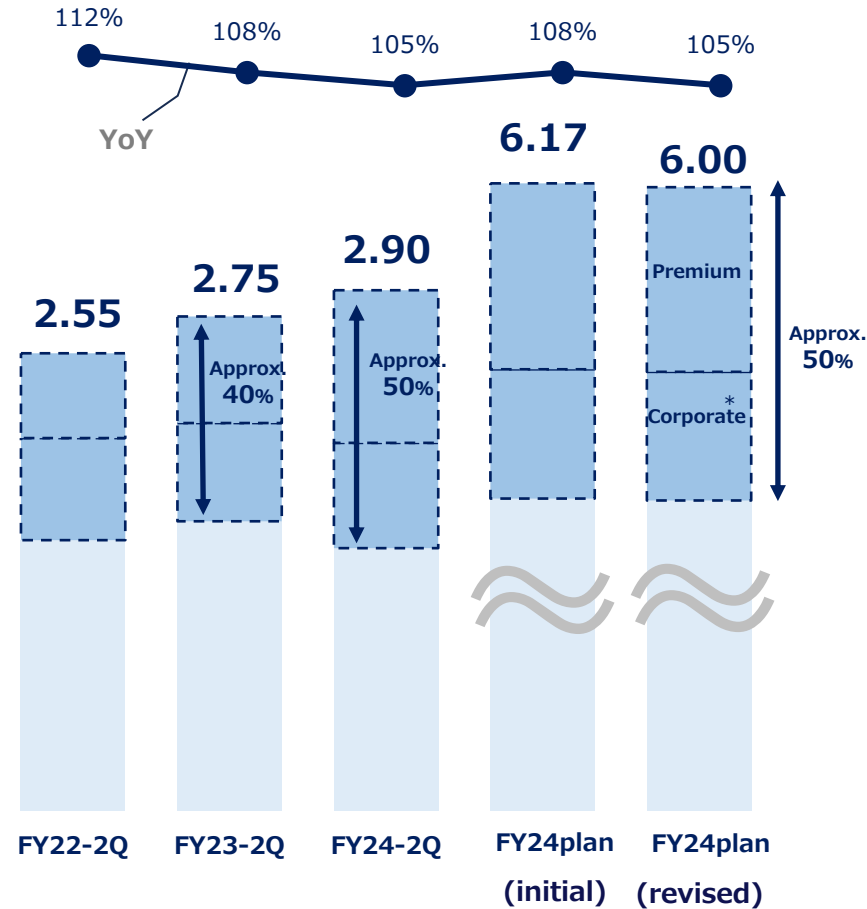
Progress rate  
**50%**



# Key Indicators

## Shopping transaction volume

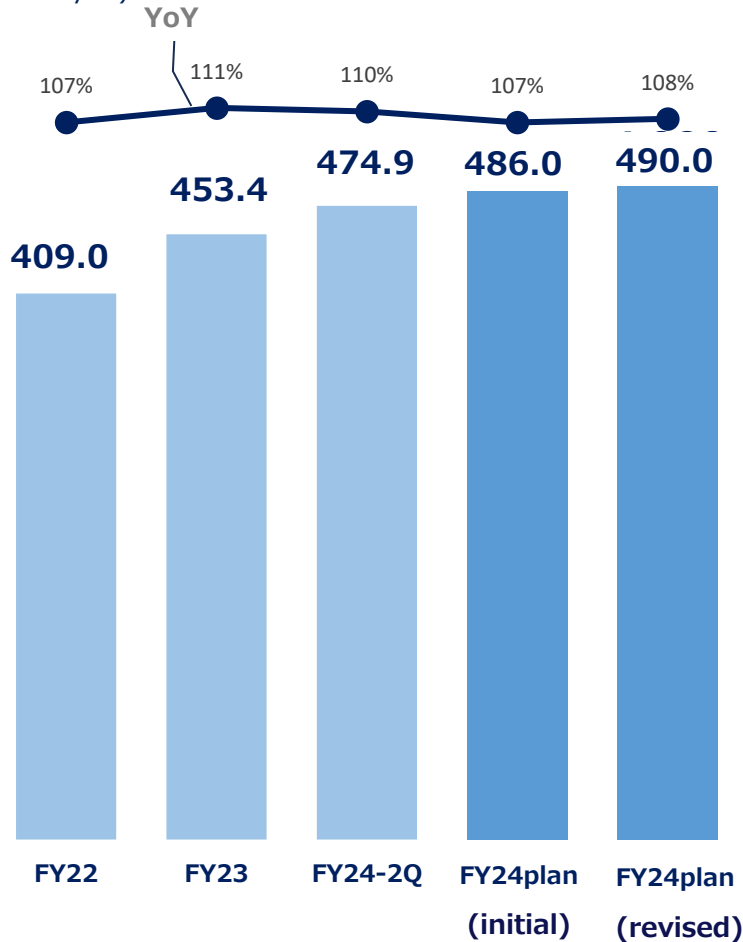
(trillion yen)



Transaction volume has increased by promoting our premium strategy  
Share of high-unit-price and high-utilization customers has expanded

## Card shopping revolving balance

(billion yen)

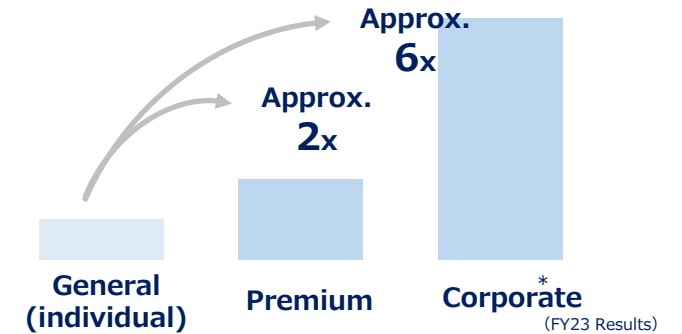


Our premium strategy has raised shopping transaction volumes, and our card shopping revolving balance is steadily increasing by bringing in younger customers with high revolving payment needs

## Improving Profitability through Our Premium Strategy

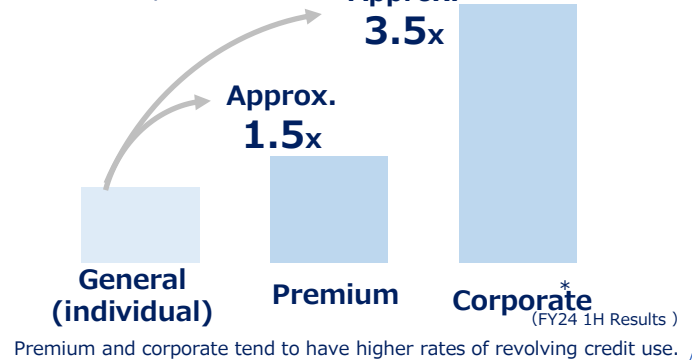
### 01. Expanding the share of high-unit-price, high-utilization customers

Comparison of average annual shopping spend per customer



### 02. Increase in revolving unit price and revolving usage rate

Comparison of revolving balance per customer



# Establishment of a Stable Member Base

## Expanding the premium membership base through rank advancement

- ✓ **Invitation appeals to high-utilizing customers**
  - Analyze targets for rank-up appeals using the Saison Data Platform (CSDX) and measure the effectiveness of early engagement emails.
- ✓ **Improved merchantability**
  - Improve customer loyalty through enhanced ancillary services and flexible limits
  - AMEX cards can be upgraded with the same card number, improving convenience

Improved profitability

**PLATINUM AMEX / PLATINUM BUSINESS/ Sole proprietors and SMEs**

**DIAMOND AMEX**



## Premium Card



## General card

Proper cards, partner cards



Future premium members

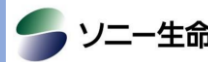
- ✓ **Expand new alliance proposal activities, and deepening initiatives with existing partners**



Scheduled for release in fall 2024

- ✓ **Cross-selling tailored to customer needs**

Services provided by more than 5,500 Lifeplanners nationwide



- Providing Sony Life Insurance's life plan consulting services to Saison's card members
- Business cards × corporate-related products

- ✓ **Strengthening relationships with partner companies**



In addition to AMEX cards for SMEs and sole proprietors, applications for personal AMEX cards were launched in October 2024



Information provided to affluent customers who have transactions with Daiwa Securities

## Initiatives to increase new memberships

# Alliance Strategies to Achieve Premium Strategy

A diverse network of alliances made possible by our status as an independent non-bank

## New Alliance Strategy

Targeting digital services with growth potential,  
Creating multiple monetization points against the  
backdrop of both companies' economic spheres



- ✓ Comprehensive collaboration to provide a variety of services with cards as the core
- ✓ Reaching out to a customer base that we have not been able to connect with so far, especially the younger generation
- ✓ Cost-effective operations by utilizing partner media and content

## Deepen initiatives with existing business partners

Leveraging the strengths and resources of  
both companies Pursuit of further synergies

- ✓ **Deepening efforts to leverage group content**
  - Providing special value for ALL Saison members
  - Acquisition of members in new areas
- ✓ **Promotion of premium cards to business partners**
  - Gold card promotion for employees of partner companies
  - Increased loyalty through product revisions
- ✓ **Marketing collaboration using membership data**
  - Combined approach to the premium (affluent) segment
  - Realization of digital-based collaborative services



# Progress on Initiatives to Improve Profitability

## Expanding asset revenue

Improve profitability rate

### Increase revolving fee rates

- ✓ Customer notifications started in August 2024  
The impact of customer attrition from this measure is minimal (within the expected range)
- ✓ Increased revolving fee rate for the Saison brand to a maximum of 18% (applied from November withdrawals)

Revenue impact

An average rate increase of 2 points is expected to contribute an additional approx. 10 billion yen annually.

Considering rate increases for the UC brand as well (targeting implementation from the next fiscal year onward)

Releasing new features

### Launch of a "post-purchase revolving payments" service

- ✓ From October 15, 2024, launch of a service that allows customers to later change their one-time payments or lump-sum bonus payments for shopping into revolving payments

Following the release of the service, it has led to usage by younger customers and by customers who previously only used one-time payments

## Diversifying revenue sources

We are promoting the design of appropriate fees that match the services provided, while also closely monitoring customers and the macro environment

- ✓ Raising annual membership fees while constantly improving added value

### Renewal of Saison Rose Gold AMEX

Travel insurance and Priority Pass annual fee incentives, Enhanced travel-related services

⇒ New member numbers grew approximately three times that of the previous year.  
(FY24 1H results / YoY change)

- ✓ —Introducing service fees for inactive members, applicable to certain cards, to maintain the continued provision of card benefits and system usage (scheduled to begin with August 2025 withdrawals)
- ✓ Revising statement issuance fees in consideration of the increase in postal rates

# A Foundation that Supports Structural Reforms

## DX and AI to save manpower in operations and improve customer convenience



### August 2024 release of AI-powered credit card screenings in as little as 0 seconds

- ✓ Up to 30% reduction in input items when applying for a card
- ✓ Reduced time required to issue a card (screening in as little as 0 seconds)



### Expanded Net Answer self-service channels

- ✓ Function for balance inquiries and for issuing balance certificates (June 2024)



### Improved screening automation rate and accuracy

- ✓ Progressing as planned

## Improving profit margins by streamlining operations

- ✓ Reduce/eliminate unprofitable operations
- ✓ Streamline operations by utilizing DX and AI



As a result of these efforts, **temporary employment** in the Payments Division **was reduced** and **personnel were reallocated** to growth businesses.



# Capital Policy Progress

# Progress on Capital Policy

Details Announced in the  
New Medium-Term Management Plan  
in May 2024

## Share Buybacks

Planned 70.0 billion yen of share buybacks in the new medium-term management period (FY24-26) (of which, 50.0 billion yen to be implemented in FY24)



## Reduce Cross-Shareholdings

Reduction equivalent to 70% of cross-shareholdings in the new medium-term management period (FY24-26)



## Progress in 1H

### Cumulative Acquisition of Treasury Shares

- (1) Total number of shares acquired:  
7,110,600 shares (progress rate: 28.4%)
- (2) Total acquisition cost of shares:  
23,343,577,612 yen (progress rate: 46.7%)

\* As of October 31, 2024 (Timely disclosure basis)

### Details of Sales

- (1) Shares sold:  
3 listed securities held by the company
- (2) Gain on sale of investment securities:  
Approx. 16.8 billion yen (progress rate: 51.9%)

\* In the consolidated financial statements, these are accounted for as other comprehensive income, and therefore do not affect net income attributable to owners of the parent company.

\* As of October 31, 2024

**Human Capital · CSDX**

# Initiatives to Improve Corporate Value

## Human resources development to achieve the new medium-term plan strategy



### Developing specialists

#### ✓ **Support for acquiring qualifications**

Example: Employees obtaining securities broker representative qualification

**241** individuals (early April 2024) ⇒

**725** individuals (October 2024)

**Promoting comprehensive financial consulting by having employees acquire advanced financial knowledge and by providing a wide range of financial services**



### Improving employee engagement

#### ✓ Continue holding **policy briefings by President COO Mizuno**

Holding nationwide briefings on the new medium-term plan

#### ✓ **Use of engagement survey**

Visualization of issues and activation of communication

**Bridging the gap between management and employees, leading to employee satisfaction and improved productivity**

## Creating a culture in which all employees are conscious of Credit Saison's business results and stock price



### Settlement bonus system

- ✓ System where, if the actual value at fiscal year-end exceeds the annual plan for standalone ordinary profit, a certain percentage of the excess amount is returned to employees in cash and **phantom stock**
- ✓ In 2024, a uniform payment of over **500,000** yen was given to all employees.

**Fostering employees' awareness of business results and stock price**  
Phantom stock has increased by approx. **200,000** yen (total of payments from FY2022 to 20FY23)



### Shareholding association system

- ✓ Participation rate in shareholding system (standalone)  
FY2022: **11.5%** ⇒ FY2024-2Q: **49.0%**
- ✓ **Began introducing** the system at some affiliated companies (from September 2024)

**Supporting employees' asset building while also enhancing their sense of participation in management**

# CSDX Initiatives

## Creating Digital Human Resources

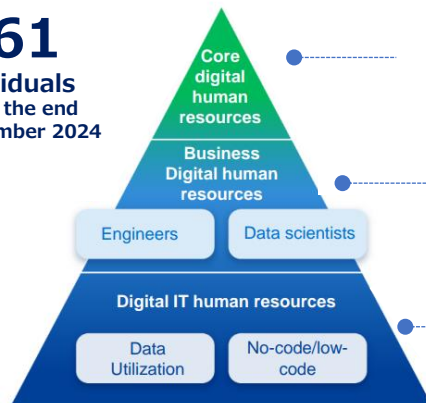
### Dedicated digital human resources for business divisions

- ✓ Employees who have learned DataSpider and Tableau have begun developing automation for data extraction to data processing within their departments.
- ✓ Employees with 1 to 2 years of development experience, who joined as general hires, engaged in in-house development, achieving a reduction of 1,500 hours of work in the first half of the 75th fiscal year.

### Digital certification system

- ✓ A certification system for data extraction skills from Tableau and internal databases
- ✓ Over 40 participants from 16 departments have joined the Tableau Digital Certification Program

**361**  
individuals  
\*As of the end  
of September 2024



Core digital human resources:  
96 individuals  
Continued external recruitment

Business digital human resources:  
48 individuals  
Accepted 8 individuals from internal recruitment

Digital IT human resources:  
217 individuals  
Dedicated digital human resources for business divisions, and a digital certification system

## Complete Digitalization of Business Processes



### Systems Development

- ✓ Digitalization of screening and reception operations for finance business



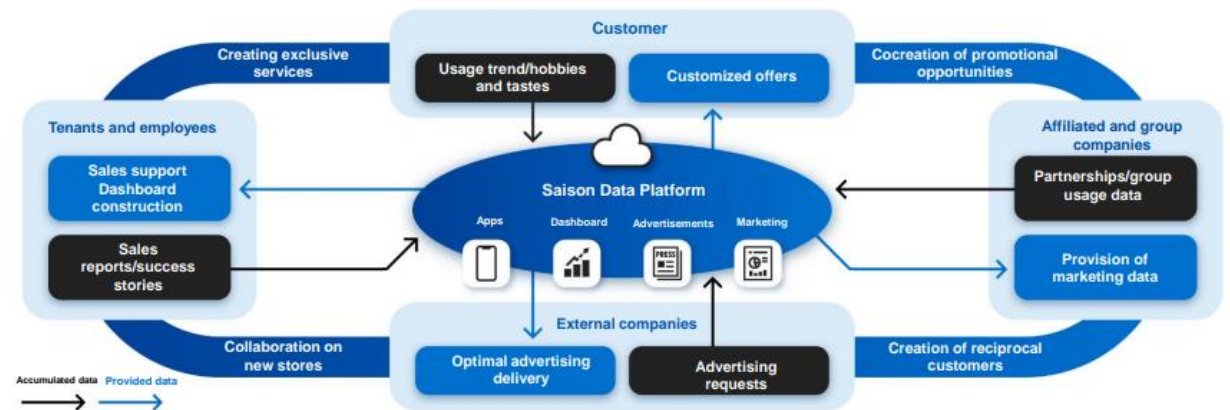
### Development of new data analysis tools

- ✓ Partial automation of screening in the finance business  
Business reduction 250 hours per year /  
Cost reduction 50 million yen per year

Business reduction hours  
**-1.25** million hours  
FY19~FY24 1H cumulative total

## The Saison Data Platform

- ✓ To support the promotion of the premium strategy, analyzing target customers for rank-up promotions and measuring effectiveness of early engagement emails
- ✓ Started providing Tableau dashboards to partner and group companies



## In-house production generated AI tools



### In-house ChatGPT "SAISON ASSIST"

- ✓ Interactive function with AI assistant that can be used to summarize sentences, plan ideas, etc.
- ✓ Increasingly popular and used more than 20,000 times per month



### In-House Chatbot "FAQ Assist-kun"

- ✓ In-house development of a chatbot that can respond to questions that are frequently asked within the company
- ✓ Although responses have been mainly from back-office operations in the past, usage targeting some business units also started in 2Q.



### System for Creating Meeting Minutes "SCRIBE ASSIST"

- ✓ Developed an in-house system that converts audio data from meetings into text, and then summarizes it
- ✓ Usage increased 1.5 times in 3 months due to updates including additional functions (End of June ⇒ End of September)



In-house study sessions on generative AI are held on a departmental/team basis.

**Aiming to promote and establish a bottom-up understanding of generative AI**

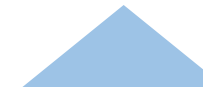
## Generative AI Initiatives



Round 2

### Generative AI does the work itself (Replacement of duties)

- ✓ AI performs tasks previously performed by humans on its own
- ✓ Realization of data analysis that could not be achieved manually, etc.



Aiming to Step Up



Round 1

### Generative AI assists in improving individual productivity

- ✓ Consult internal ChatGPT SAISON ASSIST instead of "search"
- ✓ Requested SCRIBE ASSIST, a minute generation system, to take minutes that had been "manually inputted," etc.



**FY2024 2Q**  
**Financial Results Summary**

# Financial summary

( ¥ 100 Million)

		FY23 2Q	FY24 2Q	YOY	FY24plan (initial)	FY24plan (revised)	Difference from initial plan	Progress rate
Consolidated	Net revenue	1,751	<b>1,963</b>	112.1%	4,130	<b>4,160</b>	30	47.2%
	Business profit	398	<b>400</b>	100.5%	770	<b>800</b>	30	50.0%
	Profit attributable to owners of parent	440	<b>284</b>	64.6%	520	<b>550</b>	30	51.7%
Non-Consolidated	Operating revenue	1,388	<b>1,475</b>	106.2%	3,030	<b>3,060</b>	30	48.2%
	Operating profit	190	<b>209</b>	110.1%	425	<b>435</b>	10	48.2%
	Ordinary profit	235	<b>253</b>	107.5%	480	<b>500</b>	20	50.7%
	Profit	189	<b>315</b>	166.7%	340	<b>470</b>	130	67.2%

# Overview of Business Results by Segment

( ¥ 100 Million)

Net revenue	FY23 2Q	FY24 2Q	YoY	FY24plan (initial)	FY24plan (revised)	Difference from initial plan	Progress rate
Payment	1,149	<b>1,212</b>	105.5%	2,499	2,529	30	48.0%
Lease	62	<b>65</b>	104.9%	135	135	—	48.6%
Finance	285	<b>325</b>	114.1%	633	633	—	51.5%
Real estate related	130	<b>124</b>	95.2%	260	260	—	47.8%
Global	101	<b>214</b>	210.6%	513	493	△20	43.4%
Entertainment	32	<b>31</b>	98.4%	67	67	—	47.5%
<b>Total</b>	1,762	<b>1,974</b>	112.0%	—	—	—	—
Intersegment transactions	△11	△ <b>11</b>	—	—	—	—	—
<b>Consolidated</b>	1,751	<b>1,963</b>	112.1%	4,130 <sup>*1</sup>	4,160 <sup>*2</sup>	30 <sup>*3</sup>	47.2%

\*1:Includes 2.3 billion yen  
in financial revenue

\*2:Includes 4.3 billion yen  
in financial revenue

\*3:Financial revenue +2.0 billion yen

# Overview of Business Results by Segment

( ¥ 100 Million)

Segment profit or loss (Business profit or loss)	FY23 2Q	FY24 2Q	YoY	FY24plan (initial)	FY24plan (revised)	Difference from initial plan	Progress rate
<b>Payment</b>	101	<b>136</b>	134.9%	205	275	70	49.7%
<b>Lease</b>	23	<b>21</b>	92.8%	40	40	—	54.2%
<b>Finance</b>	122	<b>172</b>	140.9%	315	315	—	54.7%
<b>Real estate related</b>	116	<b>70</b>	60.5%	130	130	—	54.3%
<b>Global</b>	17	△ <b>5</b>	—	68	28	△40	—
<b>Entertainment</b>	10	<b>4</b>	49.3%	12	12	—	41.1%
<b>Total</b>	391	<b>401</b>	102.5%	—	—	—	—
<b>Intersegment transactions</b>	6	△ <b>0</b>	—	—	—	—	—
<b>Consolidated</b>	398	<b>400</b>	100.5%	770*	800*	30	50.0%

\*Includes intersegment transactions

# Contribution by Consolidated Companies

## ■ Business profit Difference

( ¥ 100 Million)

	Consolidated Business profit	Non-consolidated Ordinary Profit	Difference
FY24-2Q	400.0	253.4	146.6
(Year-on-year difference)	1.9	17.7	▲15.8

## ■ Contribution by Consolidated Companies

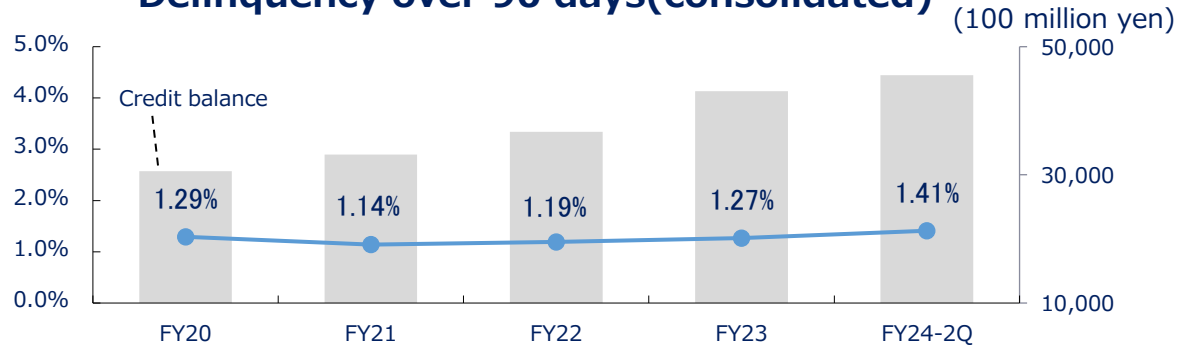
( ¥ 100 Million)

		Contribution to business profit	Year-on-year difference	Business description
Major consolidated subsidiaries	SAISON FUNDEX CORPORATION	59.2	+13.1	Real estate financing business, credit guarantee business, and personal loan business
	Saison Realty Group	37.4	▲50.7	Comprehensive real estate business
	Kisetsu Saison Finance(India)Pvt. Ltd.	24.3	+15.2	Digital lending business in India
	SAISON ASSET MANAGEMENT CO., LTD.	7.4	+1.8	Asset management
Major equity method affiliates	Suruga Bank Ltd.	27.7	+23.1	Banking
	HD SAISON Finance Co., Ltd.	15.8	+10.9	Retail Finance Business in Vietnam
	Seven CS Card Service CO.,LTD	6.0	+0.4	Credit card business
	Takashimaya Financial Partners Co.,Ltd	5.7	+0.5	Credit card business, insurance business, investment trust business, and trust business

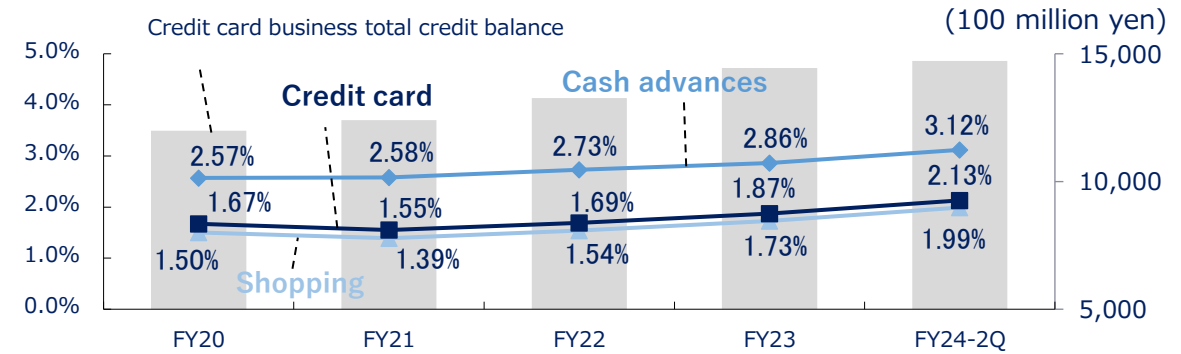
# Credit Risk

- ✓ Partial reversal of the special allowance set aside for future increases in delinquent loans in the COVID-19 pandemic
- ✓ Build predictive models using AI and DX, and enhance counseling for developing credit (limit control) and delinquencies when they occur

### Delinquency over 90 days(consolidated)

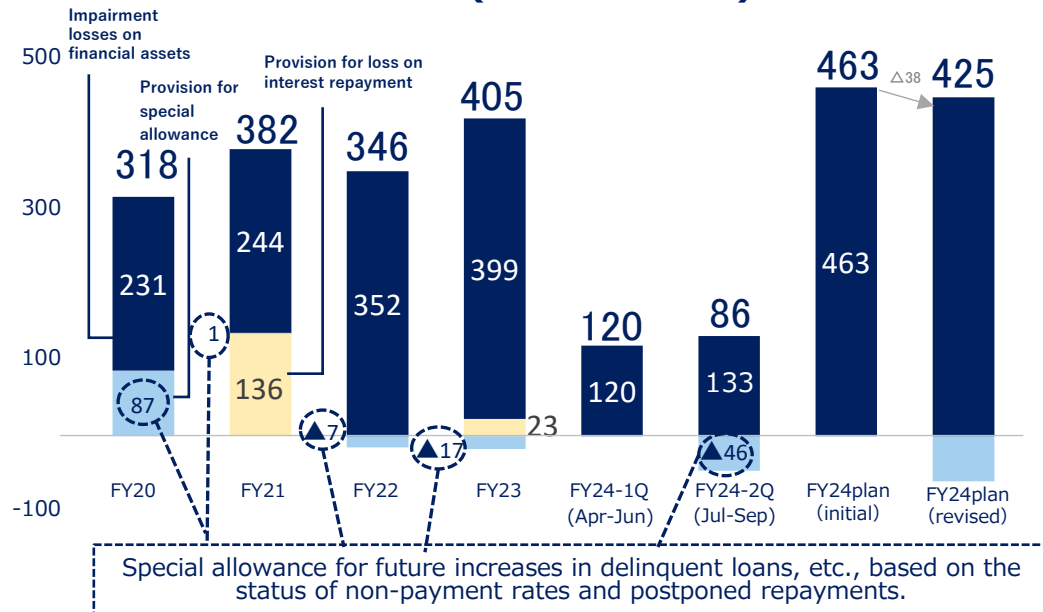


### Delinquency over 90 days(non-consolidated)



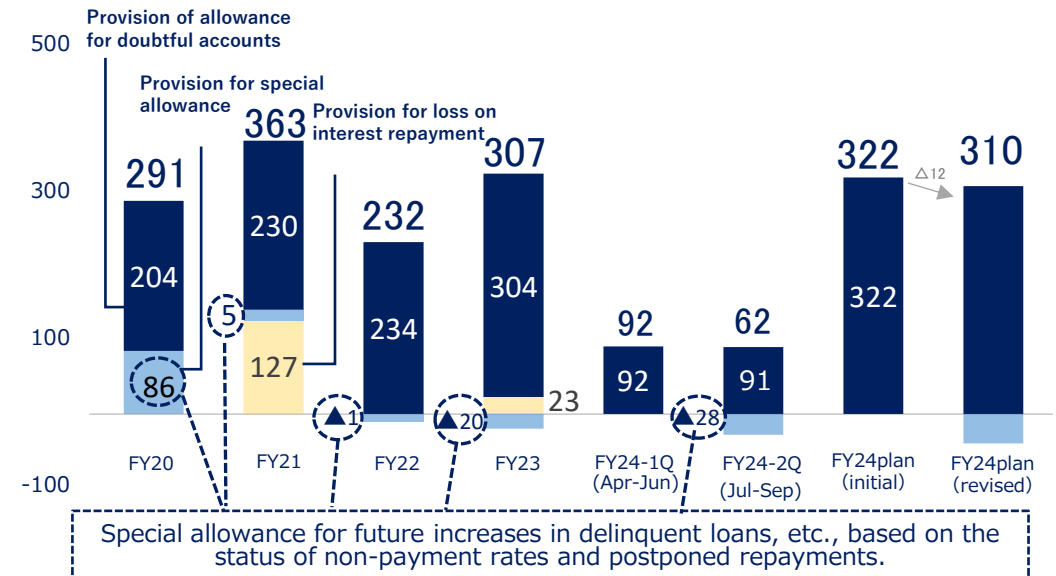
(100 million yen)

### Credit cost (consolidated)



### 【単体】貸倒コスト

(100 million yen)

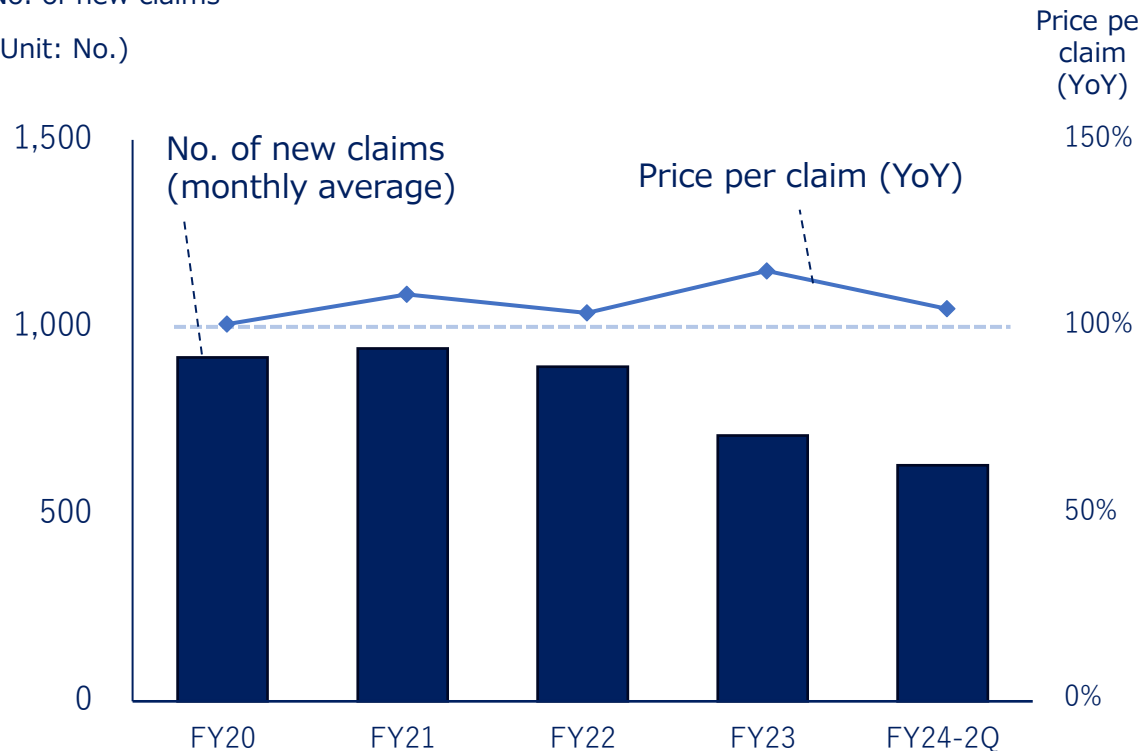


# Interest Repayment Claims



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

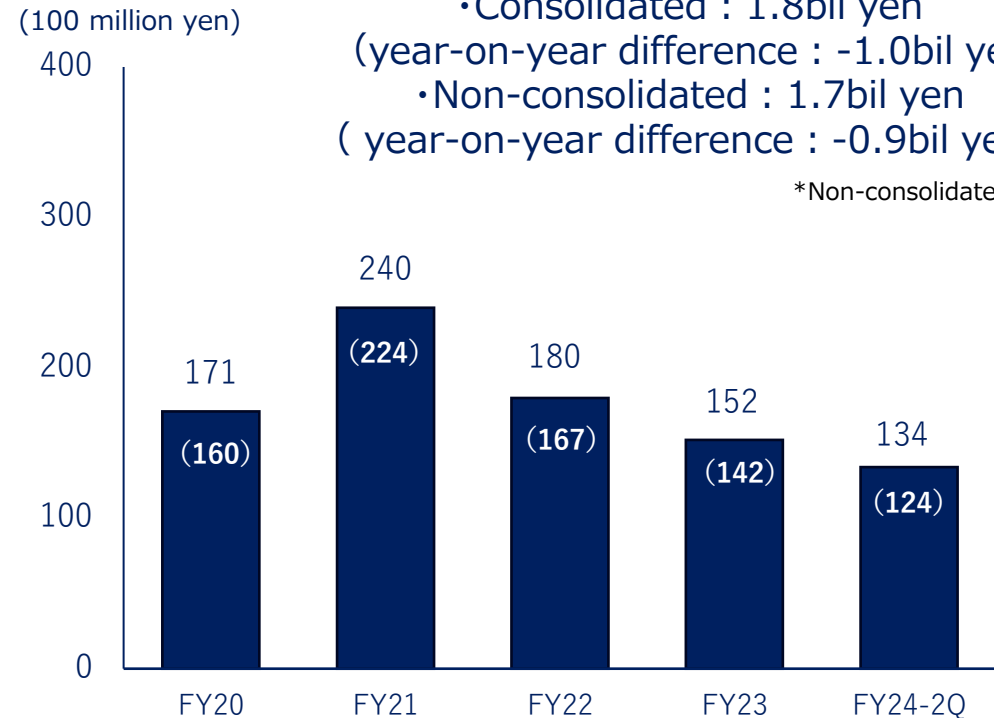
No. of new claims  
(Unit: No.)



## ■ Balance of provision for loss on interest repayment

<Provision reversal in FY24-2Q>  
 • Consolidated : 1.8bil yen  
 (year-on-year difference : -1.0bil yen)  
 • Non-consolidated : 1.7bil yen  
 (year-on-year difference : -0.9bil yen)

\*Non-consolidated in ( )

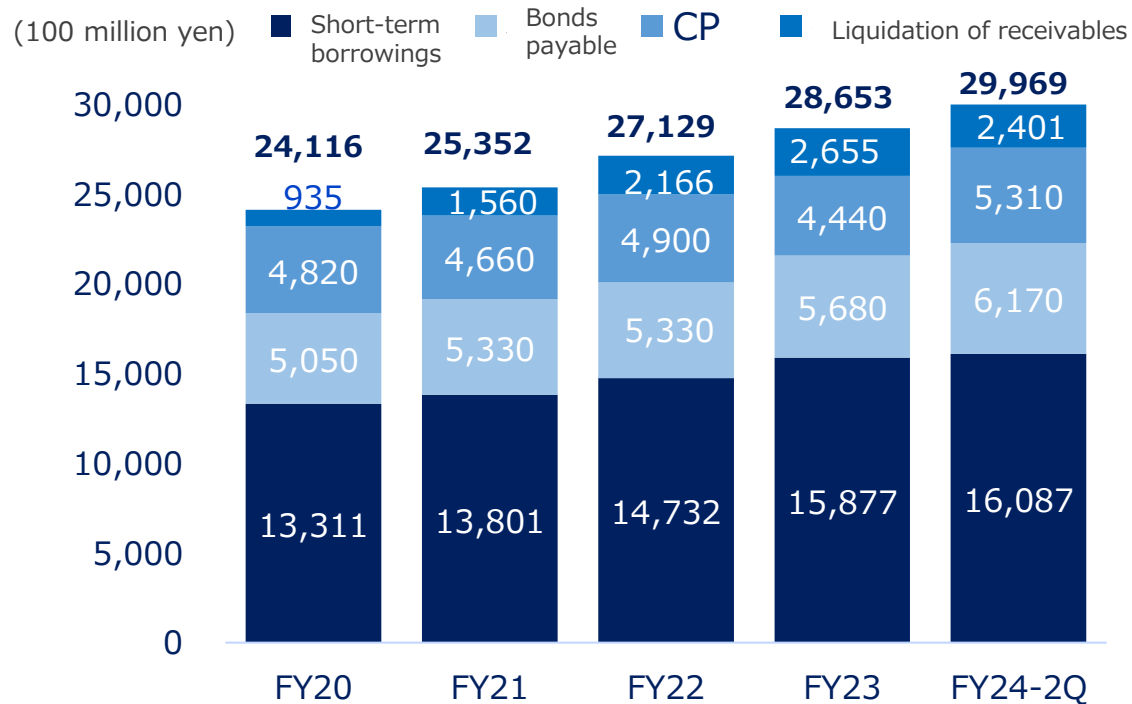


# Financial Policy

## ■ 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

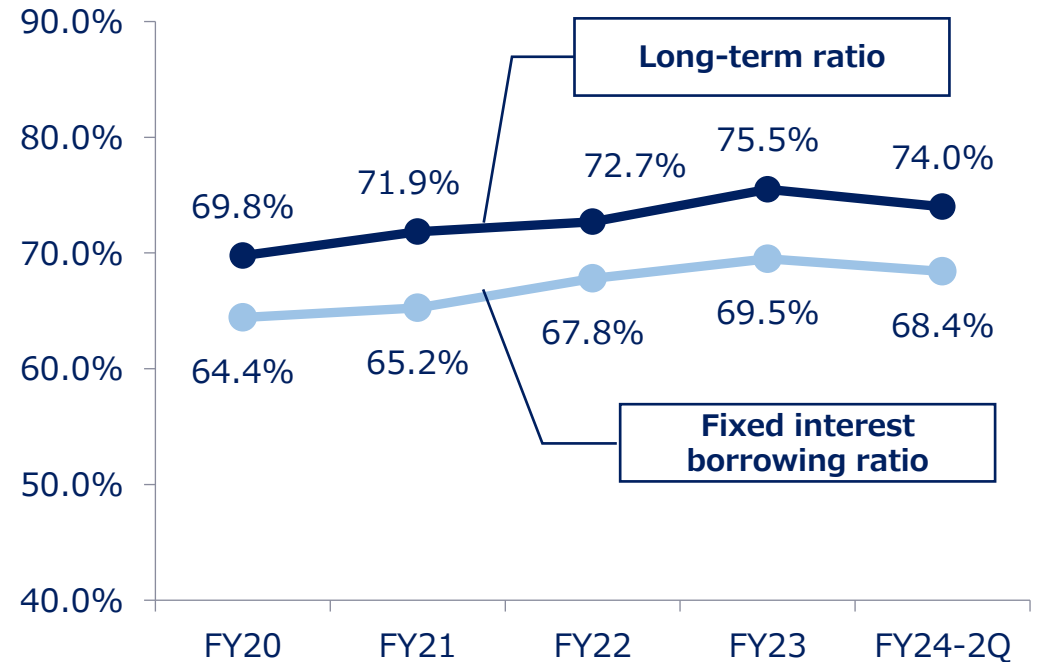
## Balance of interest-bearing debt (non-consolidated)



## ■ 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 **70%** of the total
- Committed credit line, etc. of **530 billion** yen is secured in terms of liquidity facility

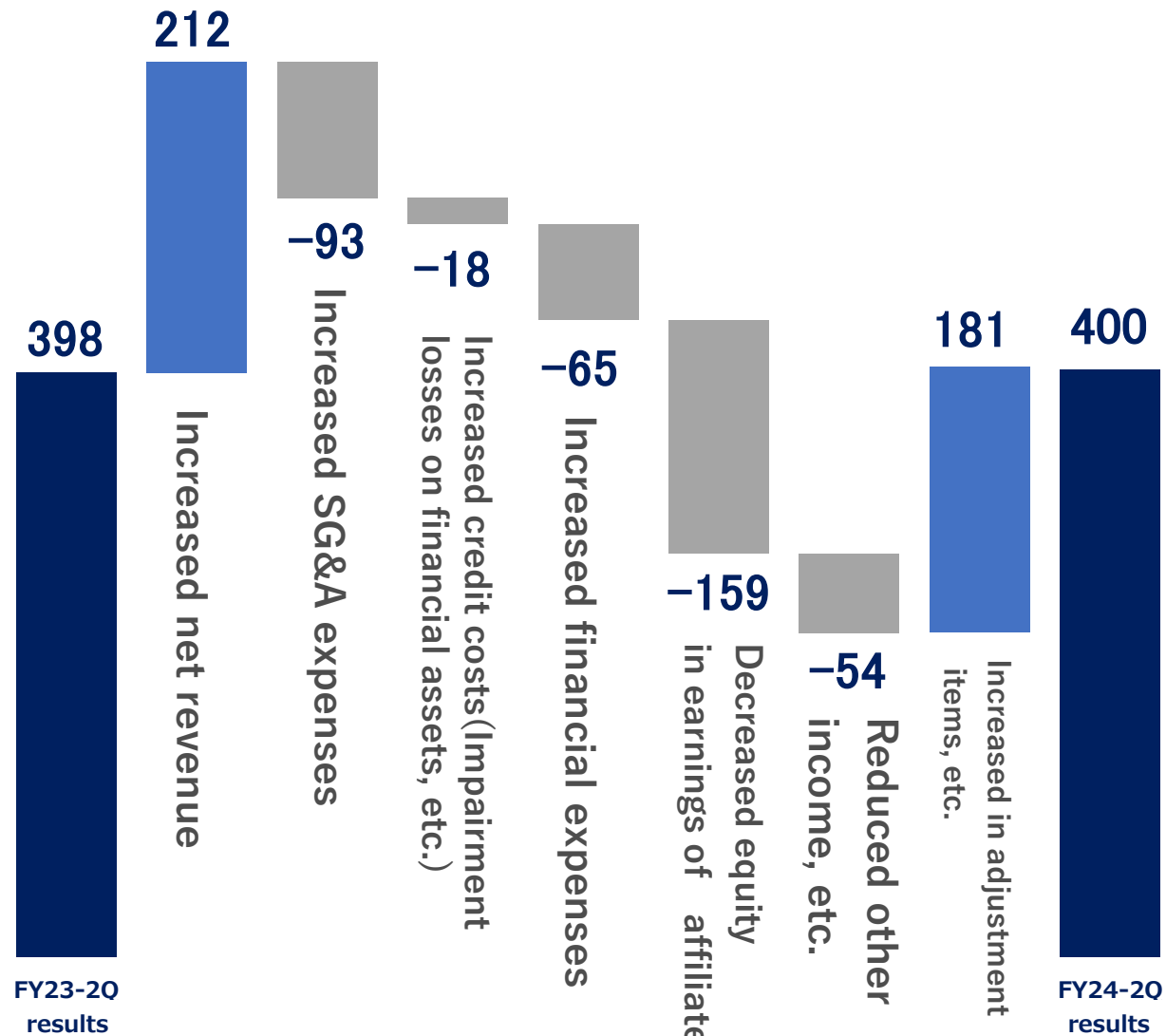
## Long-term/fixed borrowing ratio (non-consolidated)



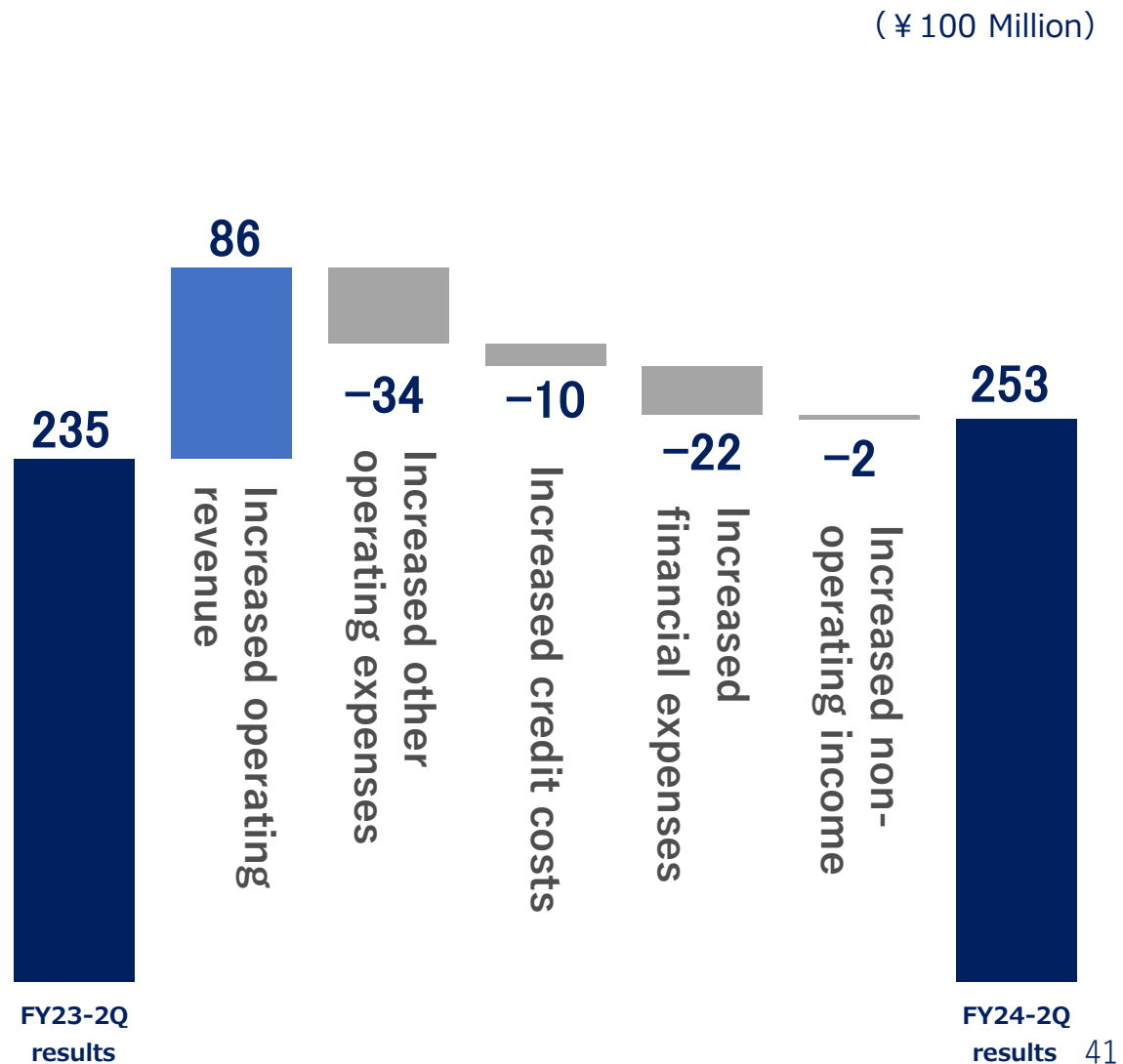


# <appendix> Main Increases/Decreases in business profit (consolidated), ordinary profit (non-consolidated)

## ■ Business profit (consolidated)



## ■ Ordinary profit (non-consolidated)



# **New Medium-Term Management Plan (FY2024-2026)**

# New Medium-Term Management Plan (FY2024-2026)

## Goals and Priority Themes

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New Medium-Term Management Plan (FY2024-2026)

Business profit of  
**100.0 billion yen** and **ROE of 9.5%**

Improving corporate value  
PBR of **1**, and market capitalization of **1** trillion yen

BY FY2030:  
GLOBAL NEO  
FINANCE  
COMPANY

### Priority Themes

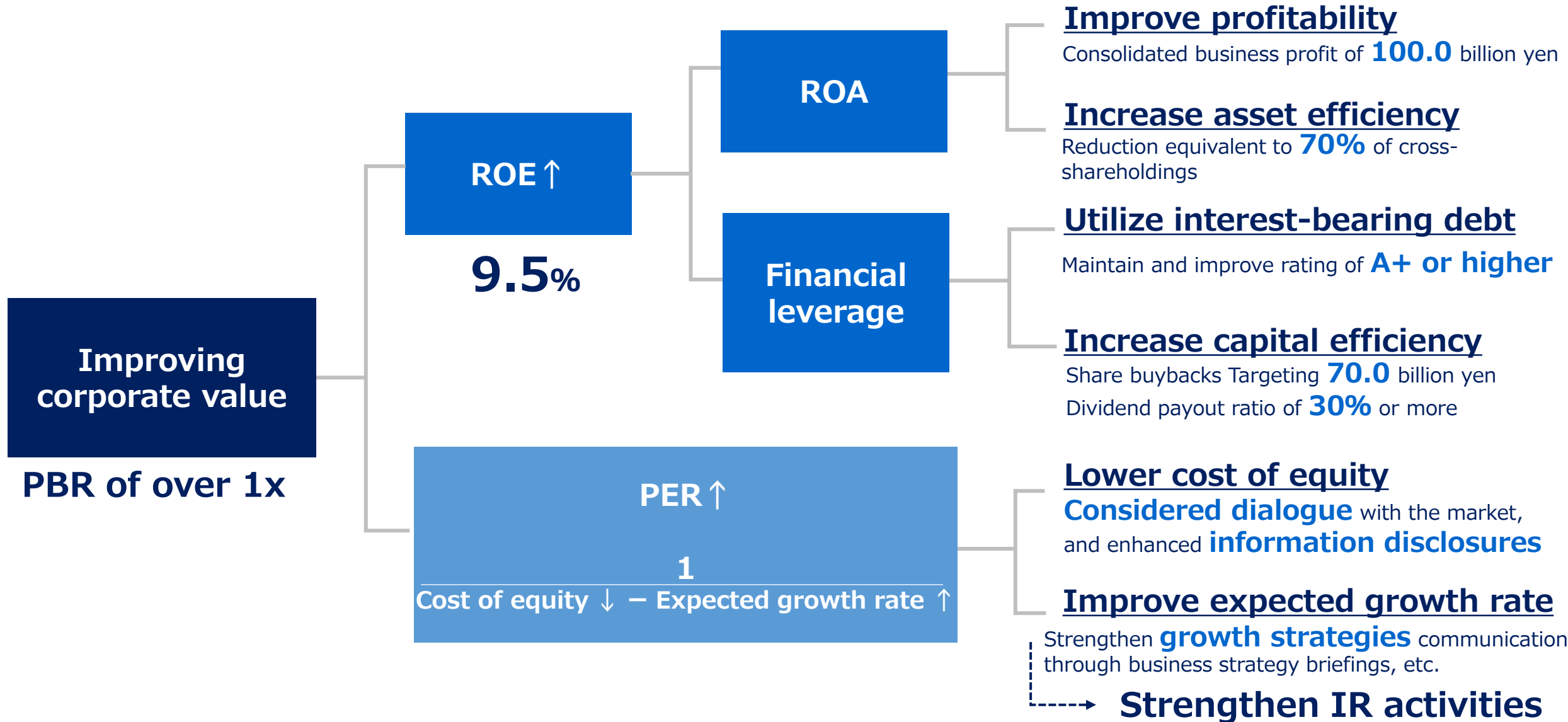
01. **Thoroughly bulk up** domestic businesses
02. **Utilize banking functions** to accelerate each business, and strengthen financial functions
03. **Evolution of unique global development** starting from **India**, and bidirectional fusion between **Japan and overseas**
04. **Business strategy-linked employee growth and strengthening of management base**

Previous Medium-Term Management Plan (FY2022-2023)

Business profit of 71.9 billion yen

# Concepts for Realizing Management that is Conscious of Capital Costs and Stock Prices

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Medium-term consolidated financing strategy

"Maintain financial stability" and  
"pursue a balance in financing costs"

01. **Maintain and improve R&I ratings, and obtain multiple ratings**
02. **Stability** (reduce liquidity and interest rate fluctuation risks)
03. **Reduce financing costs** (sale of non-performing assets, etc.)
04. **Reduce consolidated group liquidity and exchange rate fluctuation risks**

# Cash Allocation

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### Basic Policy

- ✓ Strengthen investments for continued growth
- ✓ Promote structural reforms to increase capital efficiency
- ✓ Achieve stable shareholder returns

### Concept for New Medium-Term Plan (FY2024-2026)

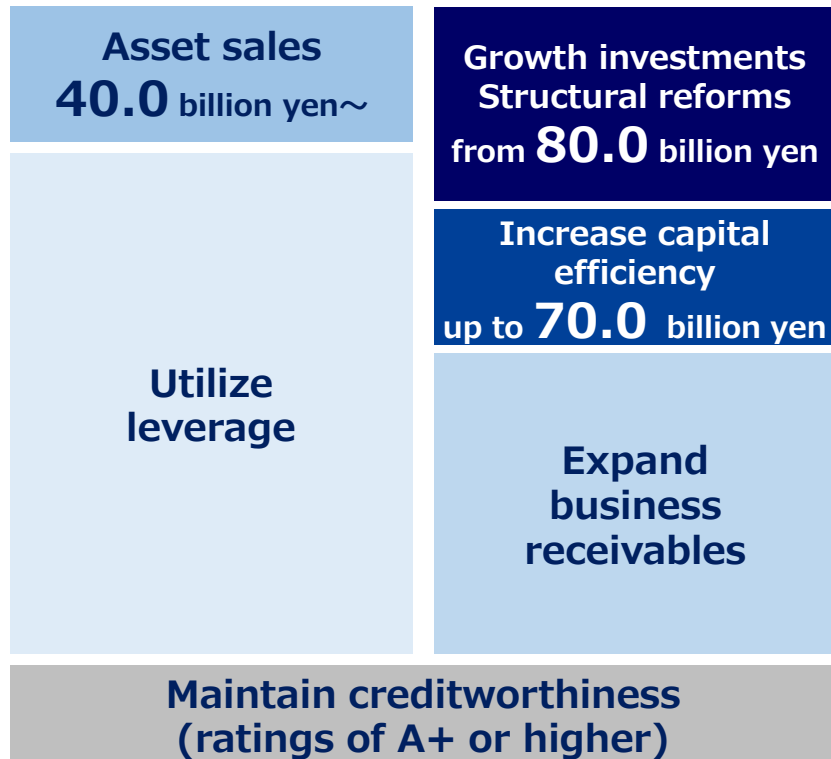
- ✓ Strengthen "earning power" through growth investments
- ✓ Improve "earning power" for existing businesses
- ✓ Business management that is conscious of improving productivity



## FY24-FY26 Outlook

Cash In

Cash Out



### ■ Capital Policy

- ✓ Reduction equivalent to **70%** of cross-shareholdings
- ✓ Dividend payout ratio of **30%** or more
- ✓ Share buybacks Targeting **70.0** billion yen  
 FY24 **50.0** billion yen, and flexibly implement thereafter
- ✓ Reduce capital costs (CAPM of 8.5% – 11.5%)

### ■ Priority Measures

- ✓ Growth investments of **80.0** billion yen  
 (of which, **70.0** billion yen focused on global businesses)
- ✓ Business structure reform, and pursuit of synergies with affiliated companies, etc.

# Business Profit Trend Plans by Segment

Update and  
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(billion yen)

	FY23 (a)	FY24plan (initial)	FY24plan (revised)	FY25 plan	FY26 plan (b)	FY23 & FY26 plan diff. (b-a)
<b>Payment</b>	19.2	20.5	27.5(+7.0)	24.3	28.9	+9.7
Strengthen revenue base via member structure reform, and business reform via DX·AI						
<b>Lease</b>	4.3	4.0	4.0(±0)	4.0	4.5	+0.2
Despite the impact of increased bad debt costs, strengthen sales activities to existing primary dealers						
<b>Finance</b>	28.2	31.5	31.5(±0)	33.8	37.5	+9.3
Expand Group businesses with Saison Fundex and Suruga Bank						
<b>Real estate-related</b>	16.4	13.0	13.0(±0)	14.0	7.5	-8.9
Loss of gain on sales of real estate trust beneficiary rights for Saison Realty (FY24), and sale of assets related to liquidation business (FY25)						
<b>Global</b>	2.4	6.8	2.8(-4.0)	12.5	20.0	+17.6
Expand direct lending via Credit Saison India						
<b>Entertainment</b>	1.0	1.2	1.2(±0)	1.4	1.6	+0.6
Expand amusement business via increased ticket sales, etc.						
<b>Total*</b>	71.9	77.0	80.0(+3.0)	90.0	100.0	+28.1

\*Includes intersegment transactions

## **Disclaimer**

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 forwardlooking statements.

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# ESG/External Evaluations (an example)



ESG index used by GPIF based on companies' disclosure of environmental information and carbon efficiency

2024 CONSTITUENT MSCI日本株 ESGセレクト・リーダーズ指数

ESG index adopted by the GPIF consisting of Japanese companies that excel in ESG responses in each sector.



A new stock index comprised of "companies that are highly attractive to investors" that meet the requirements of global investment standards, such as efficient use of capital and a management perspective with investors in mind.



ESG index used by GPIF that evaluates companies' commitment to gender equality

2024 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)

ESG index used by GPIF the selects companies that excel in terms of gender diversity



Selection system for companies that demonstrate excellent digital utilization performance



Sompo Sustainability Index

SOMPO Asset Management's proprietary active indexes used for sustainable management that invests in a wide range of companies with high ESG ratings



FTSE Blossom Japan Sector Relative Index

ESG index adopted by the GPIF consisting of Japanese companies that excel in ESG responses in each sector.



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

# <Appendix> Composition of Main Businesses

Segment	Global business	Finance business	Payment business
Business content	<ul style="list-style-type: none"> <li>■ Lending Lending that is mainly targeted at underserved customers</li> <li>■ Investment Investing in promising startups and VC funds, mainly in the Fintech and Web3 fields</li> </ul>	<ul style="list-style-type: none"> <li>■ Credit guarantees Free loans and housing loans, etc.</li> <li>■ Asset formation loans Investment real estate</li> <li>■ Real estate-secured loans Commercial real estate</li> <li>■ Flat 35</li> </ul>	<ul style="list-style-type: none"> <li>■ Credit cards</li> <li>■ Processing Contracted business from credit card companies</li> <li>■ Rent guarantees</li> </ul>

Major affiliated companies



Segment	Lease business	Real estate related business	Entertainment business
Business content	<ul style="list-style-type: none"> <li>■ Vendor leasing OA equipment and kitchen equipment, etc.</li> </ul>	<ul style="list-style-type: none"> <li>■ Real estate deals and rentals</li> <li>■ Hotel business</li> </ul>	<ul style="list-style-type: none"> <li>■ Ticket sales</li> <li>■ Amusement operations</li> </ul>

Major affiliated companies

