Financial Results Briefing of FY2019

May 19, 2020

Credit Saison Co., Ltd.

AGENDA

- **Financial Results of the first year (FY2019) of Mid-term Management Plan**
  Financial Policy & Capital Policy
  Director, Managing Executive Officer, Shingo Baba
  Head of Corporate Planning Dept., Corporate Risk Management Dept., Treasury & Accounting Dept.

- **Mid-term Management Plan Progress & Future Initiatives**
  Representative, Executive President and COO, Masahiro Yamashita

- **ESG related**
  Representative, Executive President and COO, Masahiro Yamashita

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.

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◆Financial Results of the first year (FY2019) of Mid-term Management Plan Financial Policy & Capital Policy

- Financial Results of FY2019 P.5-P.8
- Financial Policy & Capital Policy P.9-P.11

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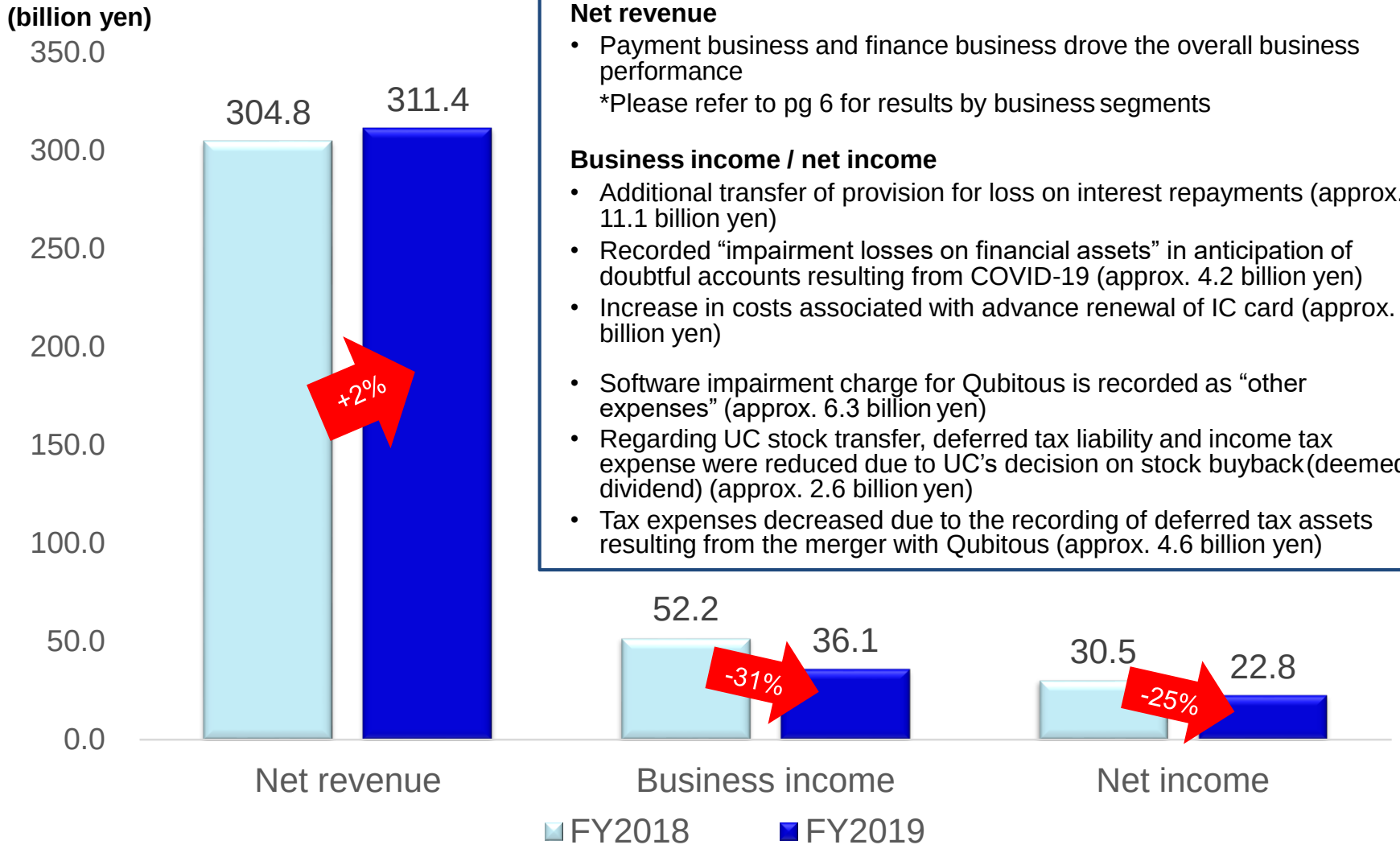
FY2019 Financial Report ~ Financial Results (IFRS)



Net revenue

- Payment business and finance business drove the overall business performance
  *Please refer to pg 6 for results by business segments

Business income / net income

- Additional transfer of provision for loss on interest repayments (approx. 11.1 billion yen)
- Recorded “impairment losses on financial assets” in anticipation of doubtful accounts resulting from COVID-19 (approx. 4.2 billion yen)
- Increase in costs associated with advance renewal of IC card (approx. 3.9 billion yen)
- Software impairment charge for Qubitous is recorded as “other expenses” (approx. 6.3 billion yen)
- Regarding UC stock transfer, deferred tax liability and income tax expense were reduced due to UC’s decision on stock buyback (deemed dividend) (approx. 2.6 billion yen)
- Tax expenses decreased due to the recording of deferred tax assets resulting from the merger with Qubitous (approx. 4.6 billion yen)

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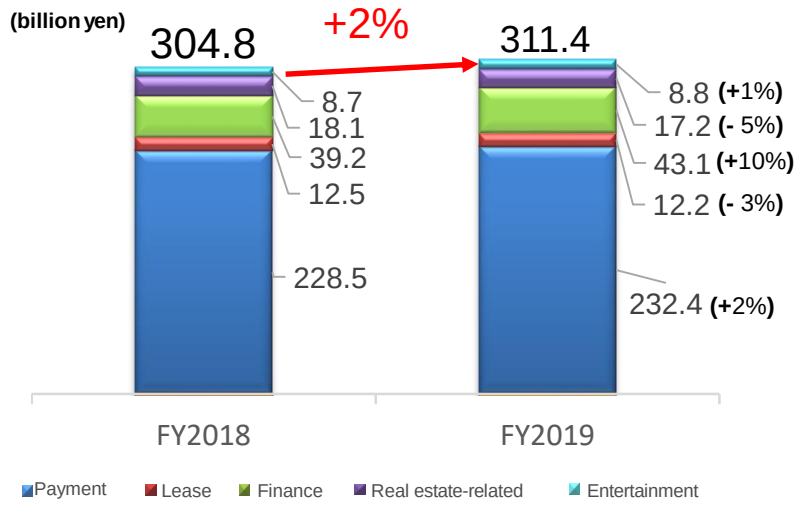
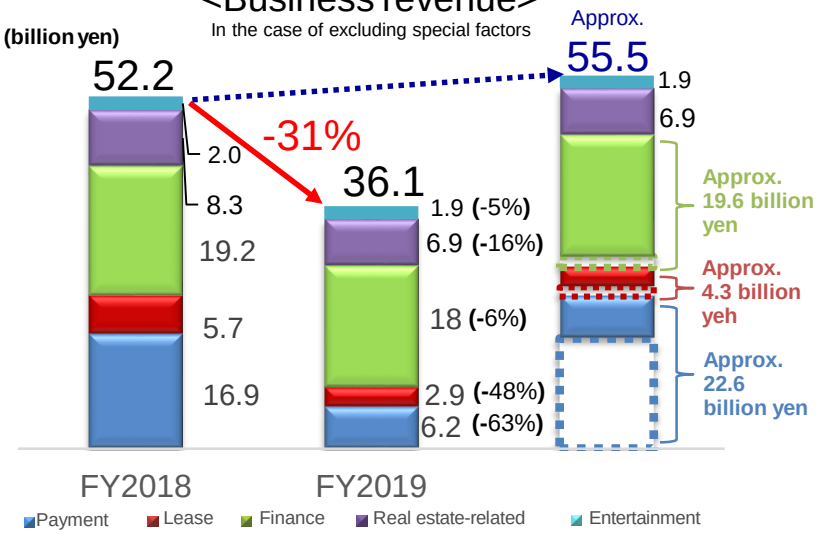
Results by Business Segment (IFRS)

<Net revenue>



<Business revenue>

In the case of excluding special factors



■ Contribution by consolidated companies (IFRS)

Major consolidated subsidiaries	Income contribution
Saison Fundex Group (lending business, real estate- related financing business)	¥4.00 billion
Atrium Group (real estate liquidation business, servicing business)	¥3.71 billion
Concerto Inc. (entertainment business, real estate rental business)	¥2.17 billion
SAISON PERSONAL PLUS COMPANY LIMITED (temporary staffing business, servicing business)	¥0.74 billion

Major equity method affiliates	Income contribution
HD SAISON Finance Company Ltd. (retail financing business in Vietnam)	¥1.55 billion
Idemitsu Credit Co., Ltd. (credit card business)	¥1.13 billion
Takashimaya Financial Partners Co., Ltd. (credit card business)	¥0.98 billion
Saison Information Systems Co., Ltd. (information processing business)	¥0.91 billion

【Payment business】

- While shopping transaction volume and revolving balance increased, revenue increased and income decreased due to special factors
  - * Additional transfer of provision for loss on interest repayments (approx. 11.1 billion yen)
  - * Impairment losses on financial assets resulting from COVID-19 (approx. 1.2 billion yen)
  - * Increase in costs associated with advance renewal of IC card (approx. 3.9 billion yen)

【Finance business】

- Despite the expansion of Flat 35 Loans and Asset Formation Loans, revenue increased and income decreased due to impairment losses on financial assets resulting from COVID-19 (approx. 1.6 billion yen)

【Lease business】

- Revenue decreased and income decreased due to the reversal of allowance for doubtful accounts in the previous fiscal year and impairment losses on financial assets resulting from COVID-19 (approx. 1.4 billion yen), etc.

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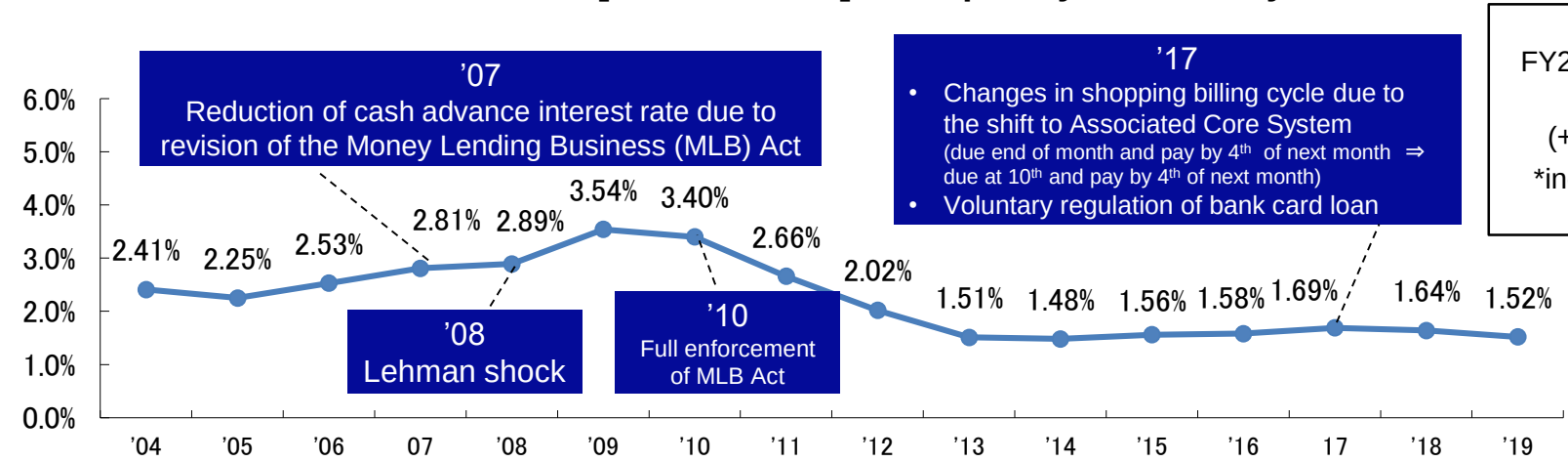
Credit Risk

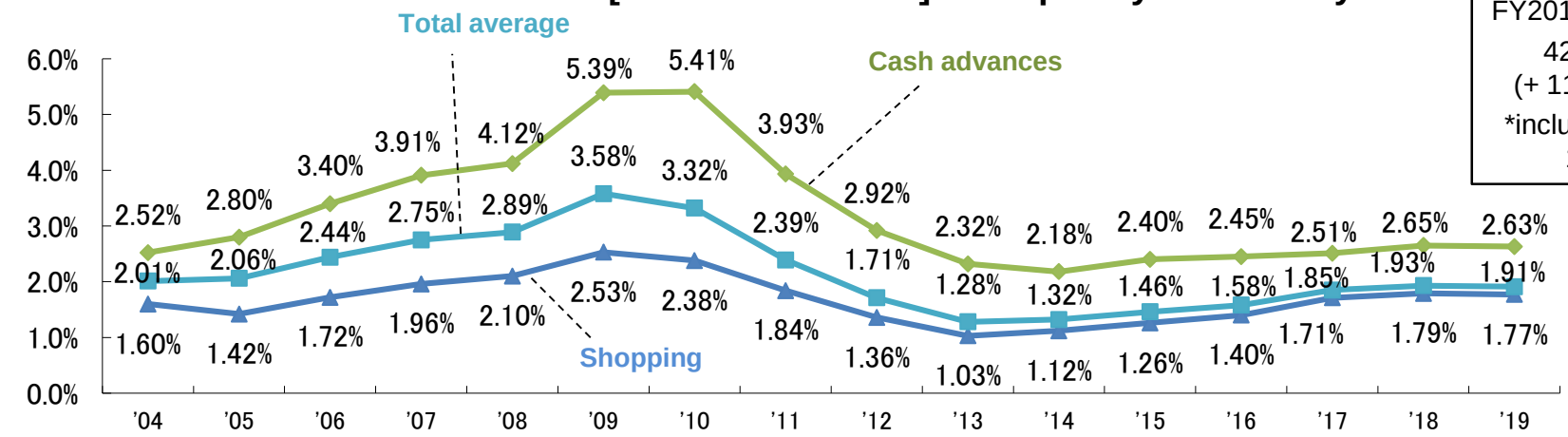
Delinquency rate is maintained at a relatively low level

[Consolidated] Delinquency over 90 days



【Consolidated】
FY2019 Bad debts cost
50.5 billion yen
(+16.2 bil yen YoY)
*includes provision of 11.1 bil yen

[Non-consolidated] Delinquency over 90 days



【Non-consolidated】
FY2019 Bad debts cost
42.5 billion yen
(+ 11.1 bil yen YoY)
*includes provision of 10.8 bil yen

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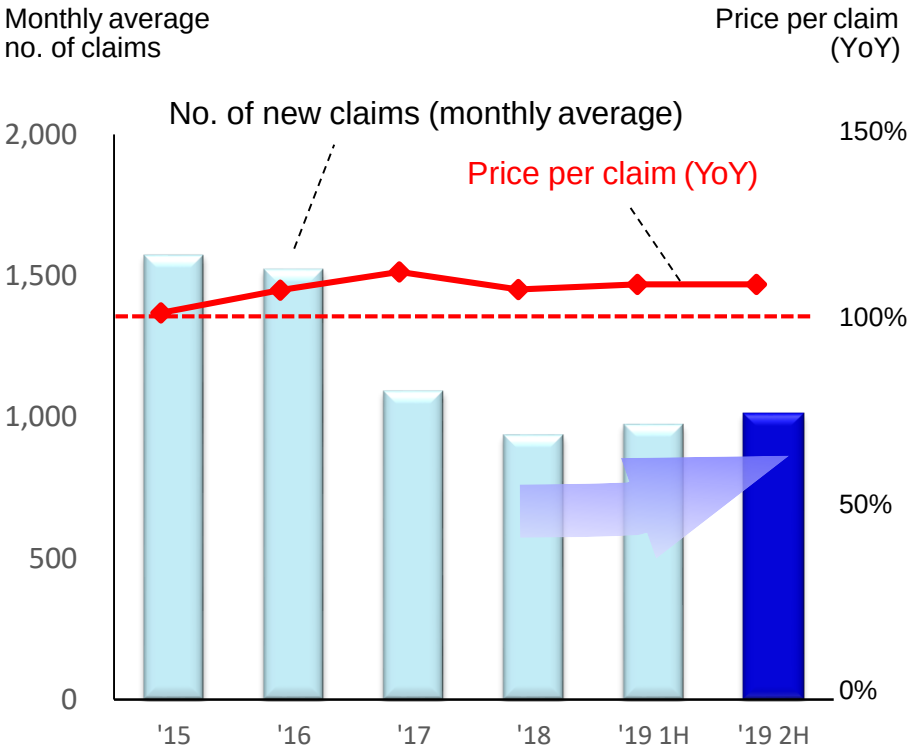
Interest Repayment Claims

New interest repayment claims and price per claim were up on the previous year, causing a divergence from initial forecasts

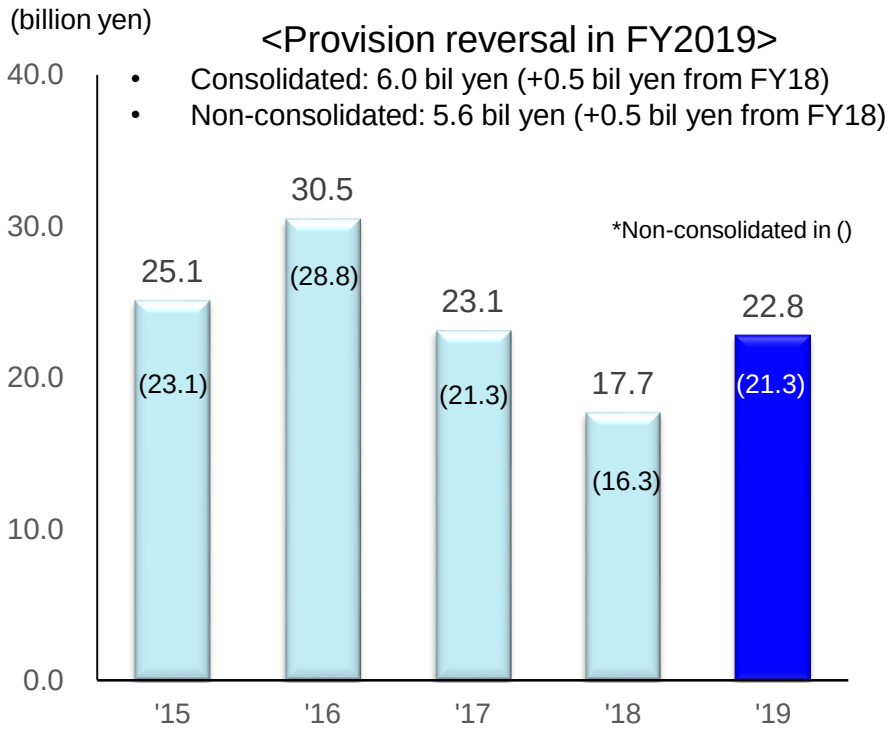
Revise forecasts with the assumption of the same trends continuing for a while

Increase provision for loss on interest repayments to 11.1 billion yen in anticipation of the future

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



■ Trend of provision balance due to interest repayment losses



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Financial Policy (Structure of Interest-bearing Debt)

■ Sound financial foundations

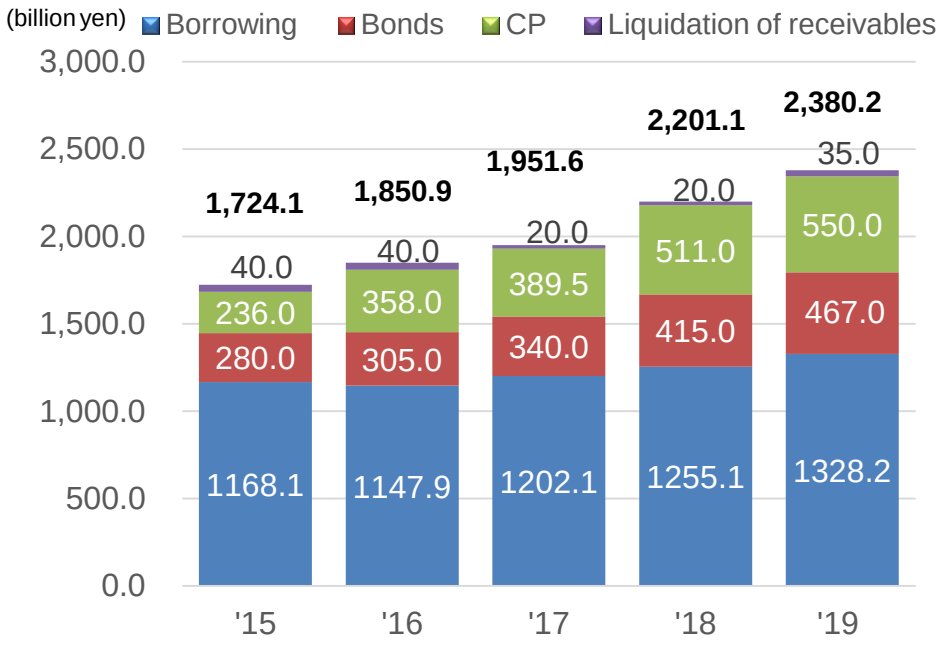
- Credit Rating ▶ R&I **A+**
- Issuance of **20** years bonds, first in card companies
  June 2017: 10 billion yen, April 2018: 15 billion yen
  April 2019: 12 billion yen

■ 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 405 billion yen is secured in terms of liquidity facility

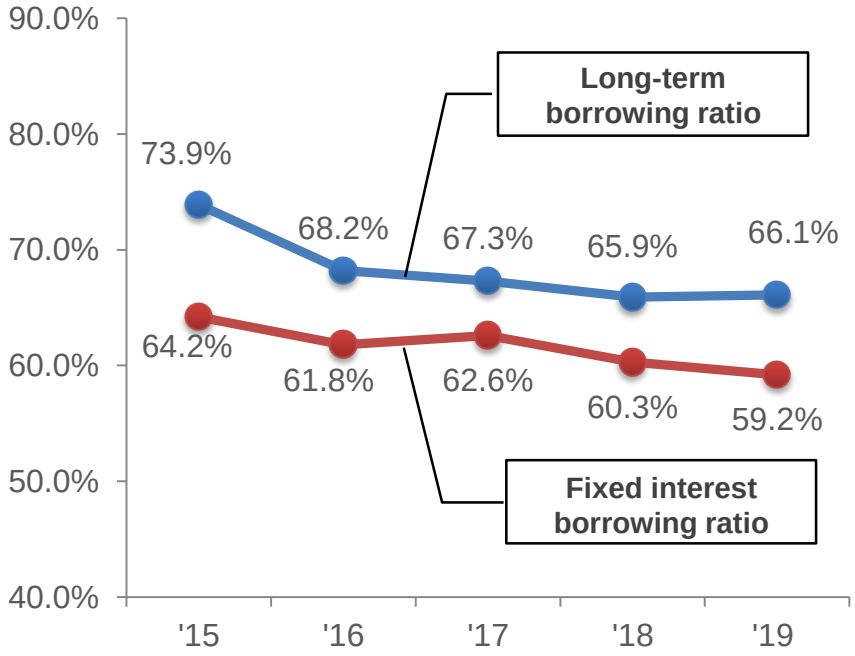
Balance of interest-bearing debt

[non-consolidated]



Long-term / fixed borrowing ratio

[non-consolidated]



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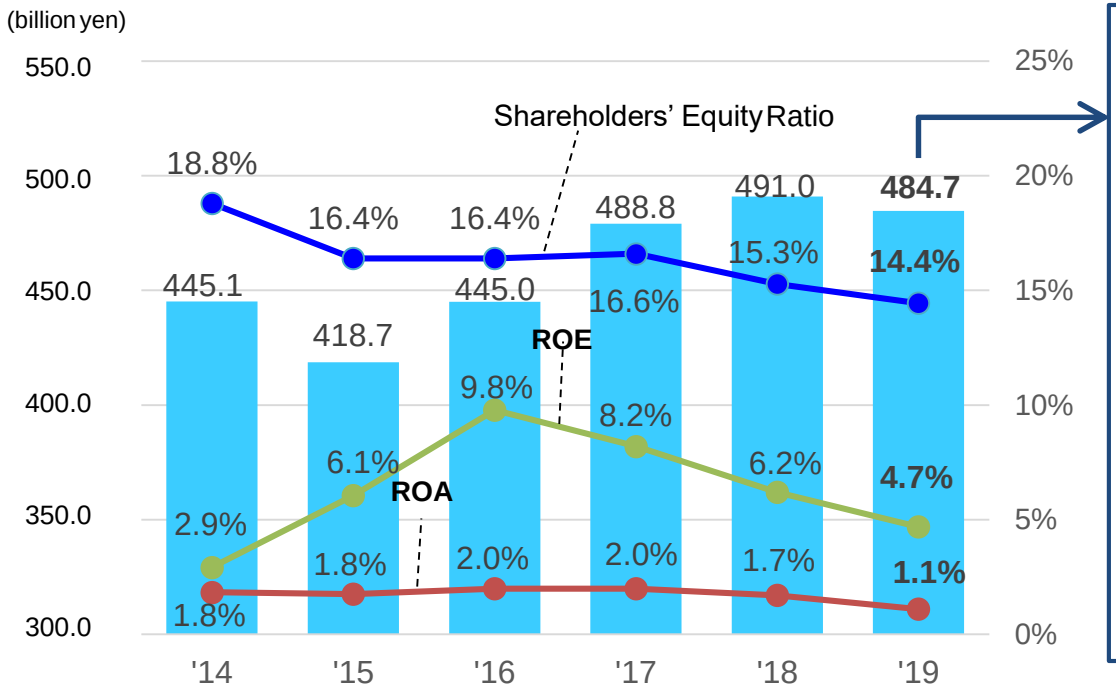
Regarding Management Indicators

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

Trends of Shareholders' Equity Ratio, ROA & ROE



【Changes in Shareholders' Equity Ratio】

Shareholders' Equity Ratio: 484.7 billion yen (-6.3 billion yen from FY18)

- Increase through profit +22.8 billion yen
- Purchase of treasury shares -10.0 billion yen
- Dividends for the 69th period -7.3 billion yen
- Other changes in capital -11.8 billion yen

【Calculation of surplus risk capital and allocation policies】

Similar to business results forecasts, the calculation of surplus risk capital and allocation policies will be determined when it becomes possible to make reasonable calculations for the future outlook

Mid- to long-term management indicators

Capital adequacy ratio (CAR) approx. 15%

ROE over 10%

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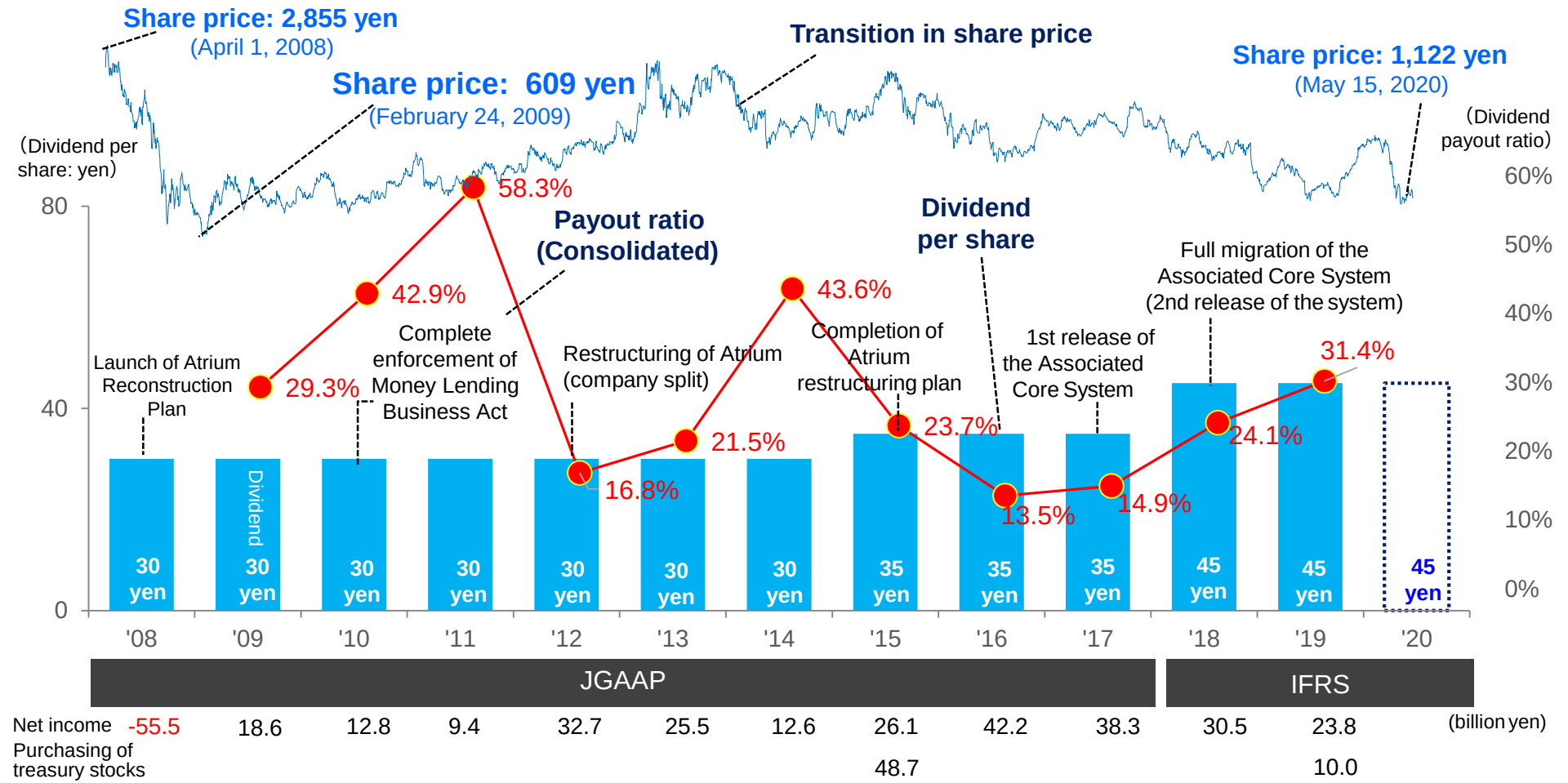
Status of Shareholder Returns

There are no changes to our basic policies on profit sharing. In FY2020, the scheduled dividend payout is 45 yen per share based on the policy of maintaining stable ongoing dividends.



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◆ Mid-term Management Plan and Progress & Future Initiatives

- Mid-term Management Plan (FY2019-2021) P.13 - P.15
- Impacts of the Novel Coronavirus (COVID-19) P.16 - P.17
- Progress of Core Businesses and Outline for Development P.18 - P.38

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Medium-Term Management Plan (FY2019 – FY2021)
Medium-Term Management Vision

Medium-Term Management Vision

Mission Statement

Neo Finance Company in Asia

A Finance Company Advancing with Customers for 50 Years:

~ Providing Peace of Mind and Discovering Potentials in Money ~

Providing house card functions integrated with affiliated partners' customers strategies, and expand customer base through settlement services

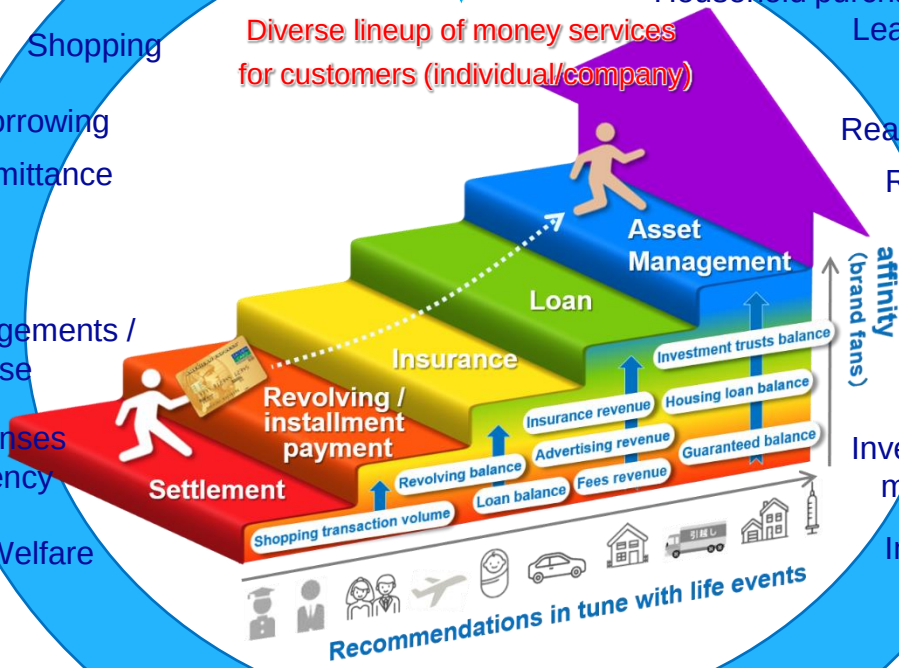
Payment
Settlement Business

Finance
Finance Business

Shopping
Borrowing
Remittance
Financial arrangements / Purchase
Settlement of expenses
Operational efficiency
Welfare

Household purchase / Leasing
Real-estate transaction
Renovations
Savings
Investment/Asset management
Inheritance

Diverse lineup of money services for customers (individual/company)



Life events (new job, marriage, kids…)
Corporate cycle (foundation, growth, maturity, transformation)

Expand financial services in high-potential emerging markets in Asia utilizing know-how from Japan

Solution
Solution Business

Investment
Asset Management Business

Global
Asia Business

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Reconstruction of Branding Strategy

Reconstruction of the Saison brand and brand establishment in Asia

VISION

Leading-edge service company

Neo Finance Company in Asia

MISSION

Becoming a finance company advancing with customers for 50 years

VALUE

Saison style

“Take on challenges”

“Question common practices”

“Perseverance”

“Increase strengths of team”

“Increase own strengths”

Redesign of corporate logo and Saison brand logo

Redesigned to a simpler design with increased visibility while retaining the corporate colors of “Saison blue” and “Saison green”

	<Before redesign>	<After redesign>
Corporate logo	SAISON CARD / UC / Credit Saison Co., Ltd.	CREDIT SAISON
Saison Card logo	SAISON CARD INTERNATIONAL	SAISON CARD

■ **Credit Saison’s corporate colors**

Saison blue	Symbolizing people’s happiness and aspirations
Saison green	Symbolizing trust, peace of mind, culture and innovation

Aim to improve Saison’s brand recognition in Asia through the unification of VI (visual identity) **in product and service logos and global businesses**

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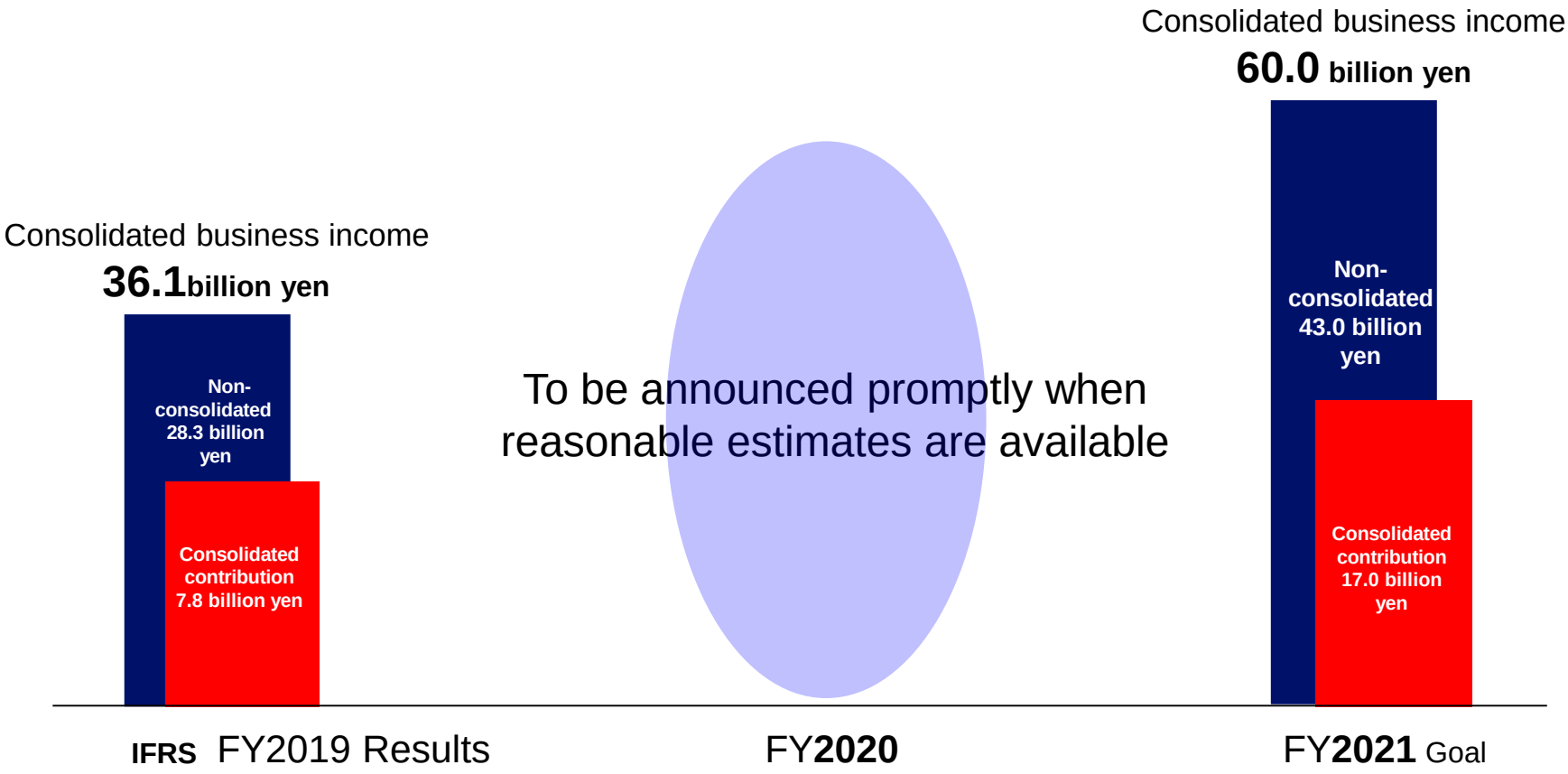
Mid-term Management Plan（FY2019-2021） - Numerical Targets -

- **Business results forecasts for FY2020 are pending because it is difficult to make accurate and reasonable estimates at the moment due to the impact of COVID-19**
- **As set out initially in the plan, aim to achieve business income of 60 billion yen during the final fiscal year (FY2021) of the Mid-term Management Plan remain unchanged**



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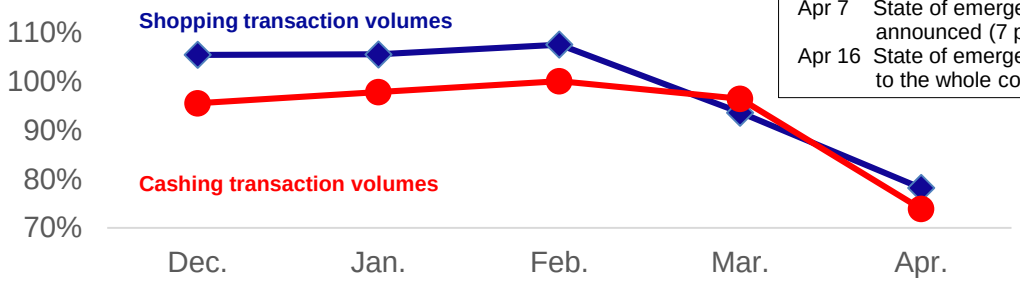
Impacts of the Novel Coronavirus (COVID-19)

<Payment business>

- **Transaction volumes down greatly on the previous year due to partner retailers being requested to close or shorten their business hours/ people being asked to refrain from going outside as part of the measures taken under the state of emergency, "STAY HOME Week", etc.**

(Reference) Transitions in transaction volumes YoY

Feb. 13	1st round of COVID-19 measures announced
Feb. 25	Announcement of basic policies for COVID-19 measures
Feb. 27	Schools requested to close
Mar. 2	School closures begin
Mar. 10	2nd round of COVID-19 measures announced
Mar. 25, 26	People are requested to stay home for the Tokyo Metropolitan Area
Apr 7	State of emergency announced (7 prefectures)
Apr 16	State of emergency extended to the whole country



(Reference) Transitions in transaction volumes by sector

Sectors above previous year

*Performance of Saison ONUS affiliated stores

Besides supermarkets, increasing demand for consumption at home led to favorable transaction volumes for sectors serving home-based consumption, such as e-commerce retailers

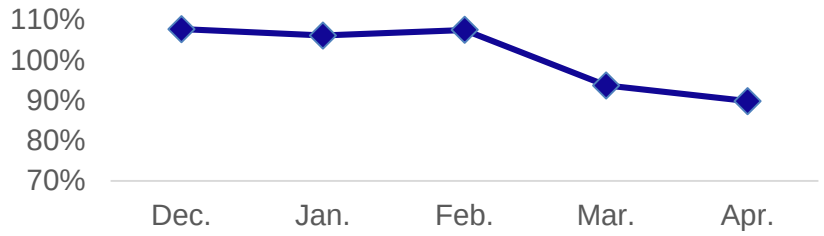
Sectors below previous year

Department stores, retail, travel, hotels, gasoline, etc. all struggling in terms of transaction volumes

<Lease business>

- **Transaction volumes decreased due to the impact of partners closing or shortening their business hours**

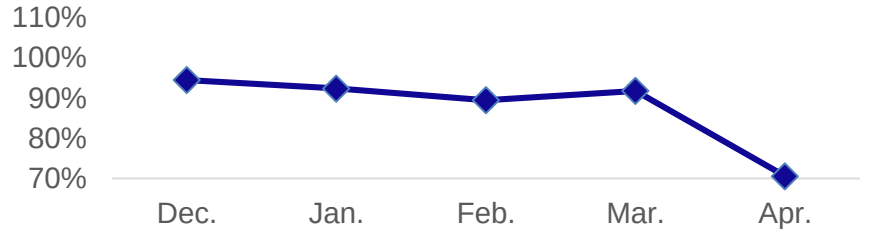
(Reference) Transitions in transaction volumes YoY



<Credit guarantee business>

- **Hugely decreased due to the impact of partner financial institutions closing or shortening their business hours**

(Reference) Transitions in transaction volumes YoY



***April performance = Preliminary results**

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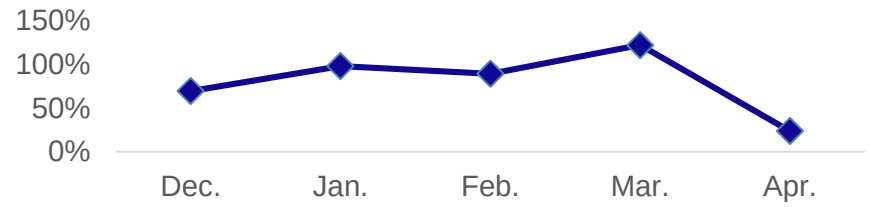
Impacts of the Novel Coronavirus (COVID-19)

<Asset formation loan business>

■ Business operations carried on with minimum employees

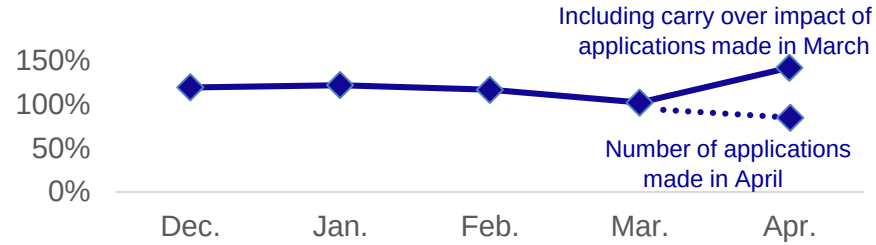
(Reference) Transitions in transaction volumes YoY



< Flat 35 loans business>

■ Hugely decreased due to the impact of condominium showrooms closing, etc.

(Reference) Transitions in transaction volumes YoY



<Global business>

Vietnam

HD SAISON

■ Nationwide lockdown lifted (from Apr. 23) excluding parts of Hanoi

■ Operational systems under adjustments toward reopen

Indonesia

SAISON INDONESIA
PT Saison Modern Finance

■ Social restrictions (teleworking, advice to stay at home, restrictions on movement/activities)

■ Stop accepting new applications

India

CREDIT SAISON INDIA

■ Nationwide lockdown from Mar. 25

■ Stop accepting new applications

<Real estate-related business>

ATRIUM

■ Stagnation of property sales due to contraction of real estate market

<Finance-related business>

SAISON FUNDEX
セゾンファンデックス

■ Drop in number of applications due to suspension of promotions

<Entertainment business>

Concerto コンチェルト

■ Currently closed due to request to close under state of emergency

e+

■ Drop in transaction volumes due to the cancellation/postponement of concerts

*April performance = Preliminary results

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Medium-Term Management Plan (FY2019 – FY2021)
The three main focuses

Ⅰ. Growth strategies and structural reform in the Payment Business

Ⅱ. Further expansion of Finance Business

Ⅲ. Expanding the earnings base of global business toward future

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Ⅰ. Growth strategies and structural reform in the Payment Business

1. **Expansion of shopping transaction volumes <BtoC field>**
   - ①Strengthening customer base through expansion of new partnership networks
   - ②Revitalizing card use by shifting from “regular services” to “services based on card usage”
   - ③Great variety of benefits in a single card
   - ④Transition to smartphone-based card services
   - ⑤Redefining Saison counters
2. **Expansion of shopping transaction volumes <BtoB field>**
   - ①Streamlining of cashless methods in settlement between companies
   - ②Expansion to SME market
   - ③Constructing a corporate platform
3. **Expansion of revolving / cash advances balance**
   - ①Enhancing merchantability and convenience in line with customer needs
   - ②Meeting customer needs through development of new products
4. **Initiatives in insurance business**
5. **Creation of new businesses and enhancement of digital marketing**
   - ①Stepping up efforts in asset management business
   - ②Improving members’ QoL through the evolution of “digital” x “service”

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I. Growth Strategies and Structural Reform in the Payment Business
1. Expansion of shopping transaction volumes <BtoC field>

①-1 Strengthening customer base through expansion of new partnership networks

<FY2019 Results>

New = FY2019 second half onward

<BtoC field>

Money Forward
Saison Card started collaboration with the spare change savings app "Shiratama in prepaid card"

mastercard
Launched travel prepaid card "Cash Passport Platinum"

New Engate
Launched "Shonan Bellmare Card Saison"

New LIQUID
Launched "Saison Cardless Payment" Adopted "eKYC," a complete online solution for identity verification

New SMART+
Launched "Saison Pocket," an Investment application for smartphone securities

<BtoB field>

大和証券グループ本社 Daiwa Securities Group Inc.
- Introducing customers mutually for existing products of both companies / development of new customer base
- Developing new comprehensive financial services combining knowledge of both companies

freee
Launched "freee Saison Platinum Business American Express® Card"

全国商工会連合会 CFSCIJ
Collaboration on support for introducing cashless payments for small and medium-sized businesses

New
Launched new business card "Saison Cobalt Business American Express® Card"

<Processing>

日本郵便
Entrusted with system development of the "Post Office Club" and management of call center and member information

New Fintertech
Launch of "Digital Asset Mortgage Loans," which finances legal tender by mortgaging encrypted assets

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I. Growth Strategies and Structural Reform in the Payment Business
1. Expansion of shopping transactions volumes <BtoC field>

①-2 Strengthening customer base through expansion of new partnership networks

<FY2019 Results and FY2020 Key points> **Initiatives with Daiwa Securities Group**

Initiatives through Daiwa Securities Group

〈Referral of Credit Saison Card members〉

- Mar. 2020 Conclusion of a customer referral contract
  Launch of "Daiwa iDeCo Campaign"



- Jun. 2020 Conclusion of financial instruments intermediary contract, scheduled to go online

ダイワファンドラップ ONLINE

〈Approaches to Daiwa Securities customers〉

- 2020 fall onward To launch card sign-up campaign (under discussion)



Sep. 2019 Capital and business alliance

2 billion yen invested
Staff dispatch

5% stake
Staff dispatch

大和証券グループ本社 Daiwa Securities Group Inc.

Daiwa Securities Group

CREDIT SAISON

Credit Saison

1. Mutual customer referrals for existing products of both companies and cultivation of new customer bases
2. Development of new comprehensive financial services combining the know-how of both companies

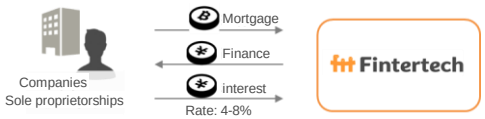
66% stake
Staff dispatch

34% stake
Staff dispatch

Fintertech

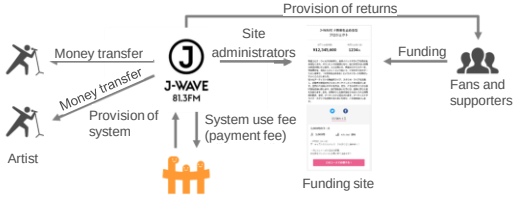
Initiatives through Fintertech

- Mar. 2020 Launch of "Digital Asset Mortgage Loans" service, which combines the financial know-how of Saison and Daiwa Securities Group with the encrypted asset management technologies of Fintertech



- May 2020 Participation in J-WAVE's "#Don't Stop the Music" project, providing a cloud-based funding system





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I. Growth Strategies and Structural Reform in the Payment Business
1. Expansion of shopping transaction volumes <BtoC field>

①-3 Strengthening customer base through expansion of new partnership networks

<FY2020 Key points> Accelerate the speed of business growth through the expansion of partners as issuer and expansion of processing business utilizing know-how as issuer

Expansion of partners as issuer

■ **Utilization of issuance scheme for "sub-proper cards*" to businesses with original card design needs**
*Original card design of partners utilizing existing card functions

【Example tie-up card】(P.27)
・freee Saison Platinum AMEX



■ **Provision of "payment functions" to retailers with own smartphone app**

【Examples of providing functions 】(P.24)

PARCO



YAMADA



■ **Provision of "Saison Cardless Payment" functions to all kinds of companies, both real and virtual** (P.24)

Expansion of processing business utilizing know-how as issuer

【Saison's strengths】

Able to accept consignment both on system development and operation	Able to share know-how as issuer (recruiting members, encouraging use, etc.)

■ **Customization of range of consignment according to needs of partners**
⇒ Choose from complete consignment of system development and operations relating to credit, prepaid and debit cards, to partial consignment such as risk management, call center, etc.

■ **Approaches to existing or new payment providers**





With the merger with Qubitous Co., Ltd. in April 2020, we shifted to a system enabling seamless and consistent operation

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I. Growth Strategies and Structural Reform in the Payment Business
1. Expansion of shopping transaction volumes <BtoC field>

② Revitalizing card use by shifting from "regular services" to "services based on card usage"

<FY2019 Results>

■ **Encouraged use of Saison card as main card**

⇒ Provision of benefits by class according to use of Saison's services

"Saison Classe"

(Released in April 2019)



<Results>

Shopping transaction volume for top Saison Classe members (YoY)

★6 + Approx. 22%

★5 + Approx. 14%

★4 + Approx. 10%

*★4～★6 Membership share Approx. 55%

<FY2020 Key points>

■ **Further improve customer satisfaction by expanding class-based benefits for Saison Classe**

Benefits (example)

★6 ・・・**Double of Eikyufumetsu Points**

★4 - 6・・・**Birthday point gift**

永久不滅ポイント 2倍

■ **In addition to Saison Classe, develop new products that "classify" customers**

⇒ Release of new cards for affluent consumers

③ Great variety of benefits in a single card

<FY2019 Results>

■ **Endeavored to provide shared services and benefits to customers through a single Saison card**

⇒ From 3% off for Walmart Card Saison only to 3% off for all Saison cards

SEIYU

SAISON CARD INTERNATIONAL このマークが目印

すべてのセゾンカード ご利用で まいにち 3%お得

<Results>

Transaction volume of ALL Saison cards excluding Walmart Card Saison for Seiyu

+ Approx. 38% YoY

<FY2020 Key points>

■ **Speed up the efforts to achieve "ALL SAISON concept"**

・**Initiatives with existing tie-up cards issuers**

SEIYU PARCO MUJI 無印良品

・**Initiatives with target partners**

Kintetsu 近鉄百貨店 QVC Qoo10 an eBay company エアトリ

・**Expansion of member stores providing preferential treatment, such as hotels, restaurants, etc.**

SAISON CARD UC 優待のあるお店

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I. Growth Strategies and Structural Reform in the Payment Business
1. Expansion of shopping transaction volumes <BtoC field>

Regarding new initiatives

<FY2019 Results>

■ **Participation in cashless / Consumer Rebate Program**

*Oct. 2019 – Jun. 2020



■ **Expansion of transaction volume through Saison's Otoshidama Campaign**

- One lottery ticket for every 500 yen (incl. tax) spent on Saison and UCcards (maximum 3 per day)
- 10,000 people get the chance to win 10,000 yen cash every month (Released in Sept. 2019)



<Results>

Transaction volume at convenience stores

+ Approx. 5% YoY

*Performance of ONUS affiliated stores

Transaction volume of smartphone app users

+ Approx. 5% YoY

<FY2020 Key points>

■ **Revitalization of services through collaboration with other services**

"Use in cashless/Consumer Rebate Program"

Lottery tickets + other gifts through "use of Saison Classe"



and more

■ **Improved customer satisfaction through improvements to services, such as additional functions like "consolation prize lottery tickets"**

④ Transition to smartphone-based card services

<FY2019 Results>

■ **Realization of a convenient and safe and secure cashless society**

⇒ Provision of services that can be used instantly at partner stores through their smartphone apps

Existing smartphone payment methods

SAISON CARD | UC | Apple Pay

- Contactless payment



- QR code payment



New

Newly developed smartphone payment methods

PARCO



YAMADA



<FY2020 Key points>

■ **Cards that can be applied for on a smartphone there and then, and issued on the smartphone's screen on the spot in as little as 5 minutes. Concerning physical cards, issue cards with heightened security that do not display the card number or expiry date.**

■ **Promote the introduction of contactless payment**

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I. Growth Strategies and Structural Reform in the Payment Business
2. Expansion of shopping transaction volumes <BtoC field>

⑤ Redefining Saison counters

Digital counters

<FY2019 Results>

■ **Digitalization through paperless initiatives for various procedures at Saison counters**

<Stores with digital counters>
- Nov. 2019: SHIBUYA PARCO / Mitsui Outlet Park Kisarazu / Mitsui Outlet Park Sendai Port / LaLaport YOKOHAMA / Lazona Kawasaki Plaza
- Mar. 2020: All 32 Mitsui Fudosan branches

<FY2020 Key points>

■ **Promotion of digitalization at stores where technologies have yet to be introduced**

<Future plan>
- All PARCO stores, once business has resumed (Scheduled for June 2020)
- All other stores (Scheduled for the 1st half of 2020)



One shift work

■ **Revision of business hours at Saison counters with to improve productivity and efficiency**

【Before】10:00 - 21:00 ⇒【Now】11:00 - 19:00

<Stores with new business hours>
- LaLaport Kashiwanoha/ LaLaport Shin Misato / LaLaport Iwata /ALPARK

■ **Further promotion of operation streamlining by introducing the one shift work system to more counters**

<Future plan>
- Aim to implement one shift work system in all stores with the exception of some Mitsui Fudosan branches

New initiatives

<Before> Provision of F2F "instant issuance / use"
<Now> Introduction of "Saison Cardless Payment", a smartphone-based payment service

↓

Ended the F2F "instant issuance" service (PARCO)

PARCO



■ **Construct system aimed to increase non F2F card applications by enabling self sign up through QR codes, etc.**



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I. Growth Strategies and Structural Reform in the Payment Business
2. Expansion of shopping transaction volumes <BtoC field>

① Streamlining of cashless methods in settlement between companies

＜FY2019 Results＞

■ Promoting cashless payments by providing comprehensive solution services which meet the needs of companies

⇒ Transaction volumes in BtoB field almost doubled compared with FY2014, when we began reinforcing our corporate sales

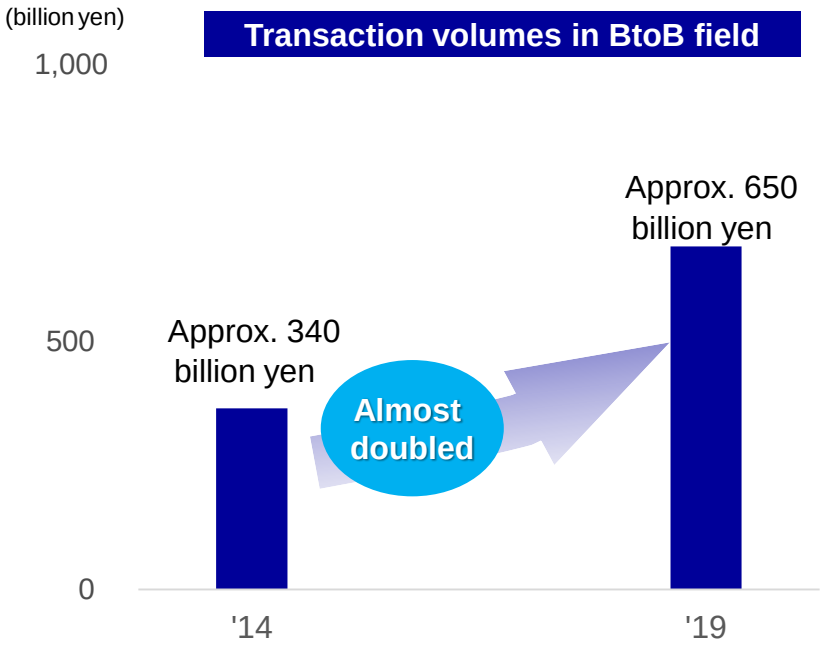
＜FY2020 Key points＞

■ Improve product features of solution services

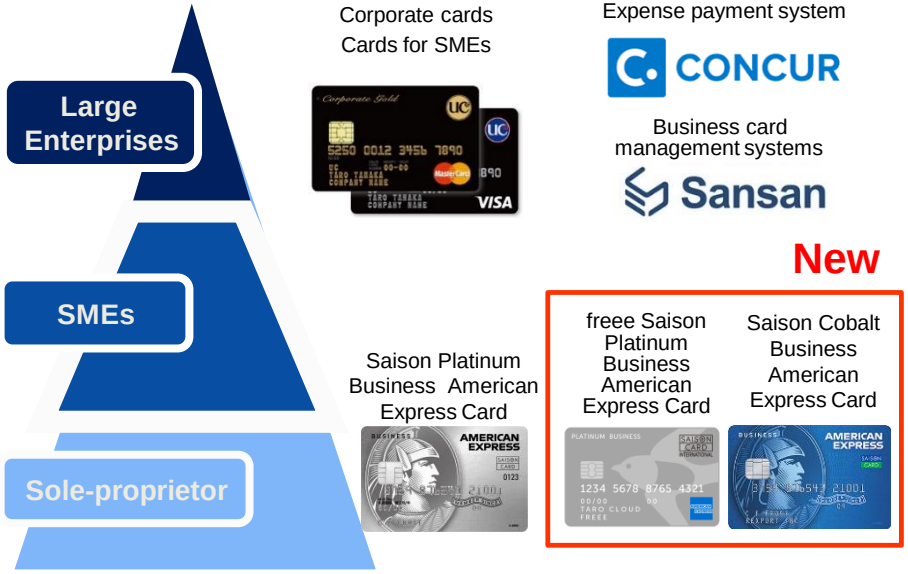
■ Development of new products to support businesses

Accelerate cashless payments in corporate market

Transaction volumes in BtoB field



Solution services (examples)



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I. Growth Strategies and Structural Reform in the Payment Business
2. Expansion of shopping transaction volumes <BtoB field>

② Expansion to SME market

<FY2019 Results>

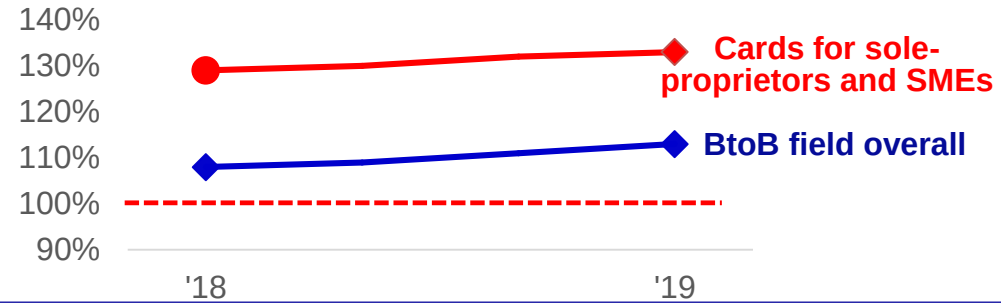
- Issued new cards for sole proprietors and SMEs to promote the shift to cashless payments in the SME market
  - ① Launch of freee Saison Platinum Business AMEX Card in collaboration with freee K.K.
  - ② Launch of Saison Cobalt Business AMEX Card



<FY2020 Key points>

- Construction of a unified management system of solution services by company instead of by product
- Improve client satisfaction level through products design and services improvement that reflect the needs of companies

Shopping transaction volume growth rate for cards for sole-proprietor and SMEs



- The growth rate of cards for sole-proprietor and SMEs continues to exceed 30% YoY (taking over BtoB shopping transaction volume)
- Shopping transaction volume in BtoB field continues to grow by more than 10% YoY

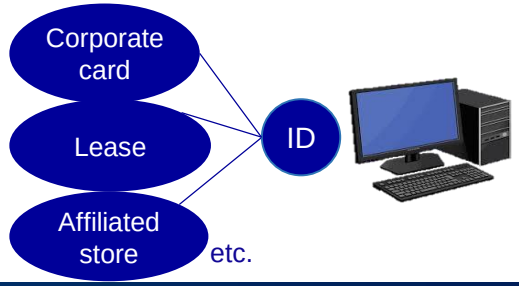
③ Constructing a corporate platform

<FY2019 Results>

- Currently promoting the construction of online sharing platforms that can be administered at the company level

<FY2020 Key points>

- Construction of foundations for promoting cross-selling through the release of the online platform (1st release scheduled for June 2020)



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I. Growth Strategies and Structural Reform in the Payment Business
3. Expansion of revolving / cash advance balance

Enhancing merchantability and convenience in line with customer needs

＜FY2019 Results＞

■ **Improvement of product features reflecting customer needs**

Cash advance balance
- Online applications for increasing limit
- Improving product features
  *Introducing “slow & steady course” by repaying through cash advance & revolving methods

Revolving balance
- Improving product features
  *Improvement in yield due to the revision of interest rate to 15.00%
  *Revision of cycle start date
  Revision of payment method (introducing “balance sliding course” and revision on repaying amount option in “fixed amount course”

＜FY2020 Key points＞

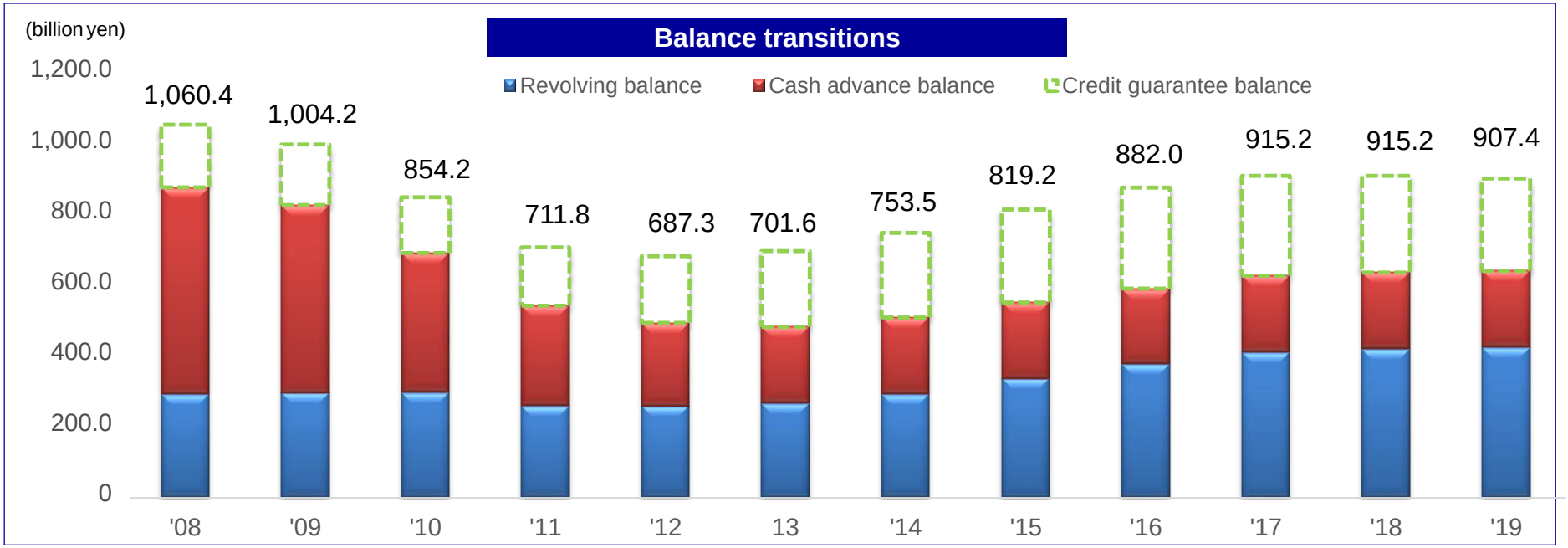
■ **Increase recognition of those product features improved in FY2019**

⇒ **Strengthen appeal using Saison Portal**

■ **Increase balance through further improvements of product features and new product releases**

(Flexible interest settings, cardless loans, etc.)





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I. Growth Strategies and Structural Reform in the Payment Business

4. Initiatives in insurance business

Promote insurance business to approximately 27 million cardholders by making full use of various sales channels and products lineup

<Various sales channels>



Saison counters



Call centers

Adult education schools

Web

<Various products lineup>

- 自動車保険: Automobile insurance / Motorbike insurance / Driver insurance
- 暮らし・生活の保険: Injury insurance / Fire / property insurance / Pet insurance
- 旅行・レジャー: Overseas travel insurance / Domestic travel / Leisure insurance
- 万一の保険: Family insurance / Motorbike insurance / Driver insurance
- 医療・ガン保険: Health insurance / Cancer insurance / Income protection insurance

<FY2019 Results>

■ Saison Financial Advisor Service

Saison-certified financial planners providing life plan consultations, boosting customer satisfaction

■ Saison adult education schools

Operating adult education schools to provide more customers opportunities to understand about money

■ Expansion of products lineup and services

Saison Commuting-troubles Insurance



Find your most suitable insurance plan on smartphone (by answering 7 questions)



New ネット完結型 セゾンの 保険シリーズ

Care insurance
Cancer insurance
Medical insurance

<FY2020 Key points>

■ Saison Financial Advisor Service

In addition to existing insurance products, revitalize financial services by adding new financial products through strengthened partnership with Daiwa Securities, etc.

■ Saison adult education schools

Plan to increase the number of Saison adult education schools and hold classes online due to COVID-19

SAISON CARD UC セゾン マネースクール



■ Expansion of products lineup and services

Continue to expand sales channels for products released in FY2019 and develop new products

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I. Growth Strategies and Structural Reform in the Payment Business
5. Creation of new businesses and enhancement of digital marketing
① Stepping up efforts in asset management business

Supporting customers' first steps in investment for their 100-year lives by using a credit card with a long service life as a touch point in accordance to their life events

<FY2019 Results>

■ **History of asset management business**

Dec. 2016 Launched Point Investment Services

永久不滅ポイント
ポイント運用

No. of users
Approx. 500,000

Total investment
Approx. 1 billion yen

New

Nov. 2019 Launched Saison Pocket, an investment service for smartphones

~ Invest in accumulation fund of investment trusts and stock using card payments and Eikyufumetsu Points ~





<FY2020 Key points>

■ **Expand products and services to attract more users**
■ **Strengthen partnership between Saison Asset Management, Daiwa Securities and Smartplus to expand Saison Pocket as an asset formation platform**



Asset formation platform セゾンポケット

Strengthened partnership

Strengthened partnership

大和証券グループ本社 Daiwa Securities Group Inc.

SAISON ASSET MANAGEMENT セゾン投信

SMART+

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I. Growth Strategies and Structural Reform in the Payment Business
5. Creation of new businesses and enhancement of digital marketing
② Improving members' QoL through the evolution of "digital" x "service"

② Creation of member services, concierge service and new businesses that improve the QoL of members

＜FY2019 Results＞

Strengthening "Healthcare Platform"

- Invested in Brain Activity Research Institute Co., Ltd., with the aim of improving health platforms
  ⇒ Launched "Periodic Inspection of Brain Activity Levels," a periodic cognitive function inspection to help prevent dementia (September 2019)
- Collaborated with TIPNESS Limited to publicize this service through in-store booths and raise awareness through the provision of brain activity exercises, etc.



TIPNESS × 脳活総研

＜FY2020 Key points＞

Strengthen BtoB field in addition to BtoC

- In addition to self checkup at home, develop new service to enable simple in-store checkup
- Expansion of services through in-store checkup devices



In-store devices

＜Examples of setup location＞
Drug stores, elderly care facilities, pharmacies, etc.

② Promotion of DX (digital transformation)

＜FY2020 Key points＞

- Achievement of digital innovation through "4 DX strategy"

1. DX for payment business
Development of cards in special fields / expansion of Saison Cardless Payment

2. DX for peripheral services
Improvement of Saison Classe, Point Mall, etc.

4 DX strategy

3. DX for marketing
Cross-selling and up-selling utilizing data

4. DX for internal IT
Promotion of insourcing, streamlining and automation of internal infrastructure, including the operation departments

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Medium-Term Management Plan (FY2019 – FY2021)
The three main challenges

Ⅰ. Growth strategies and structural reform in the Payment Business

Ⅱ. Further expansion of Finance Business

Ⅲ. Expanding the earnings base of global business toward future

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Ⅱ. Further expansion of Finance Business – Strengthening relationships with partners and expand new alliances

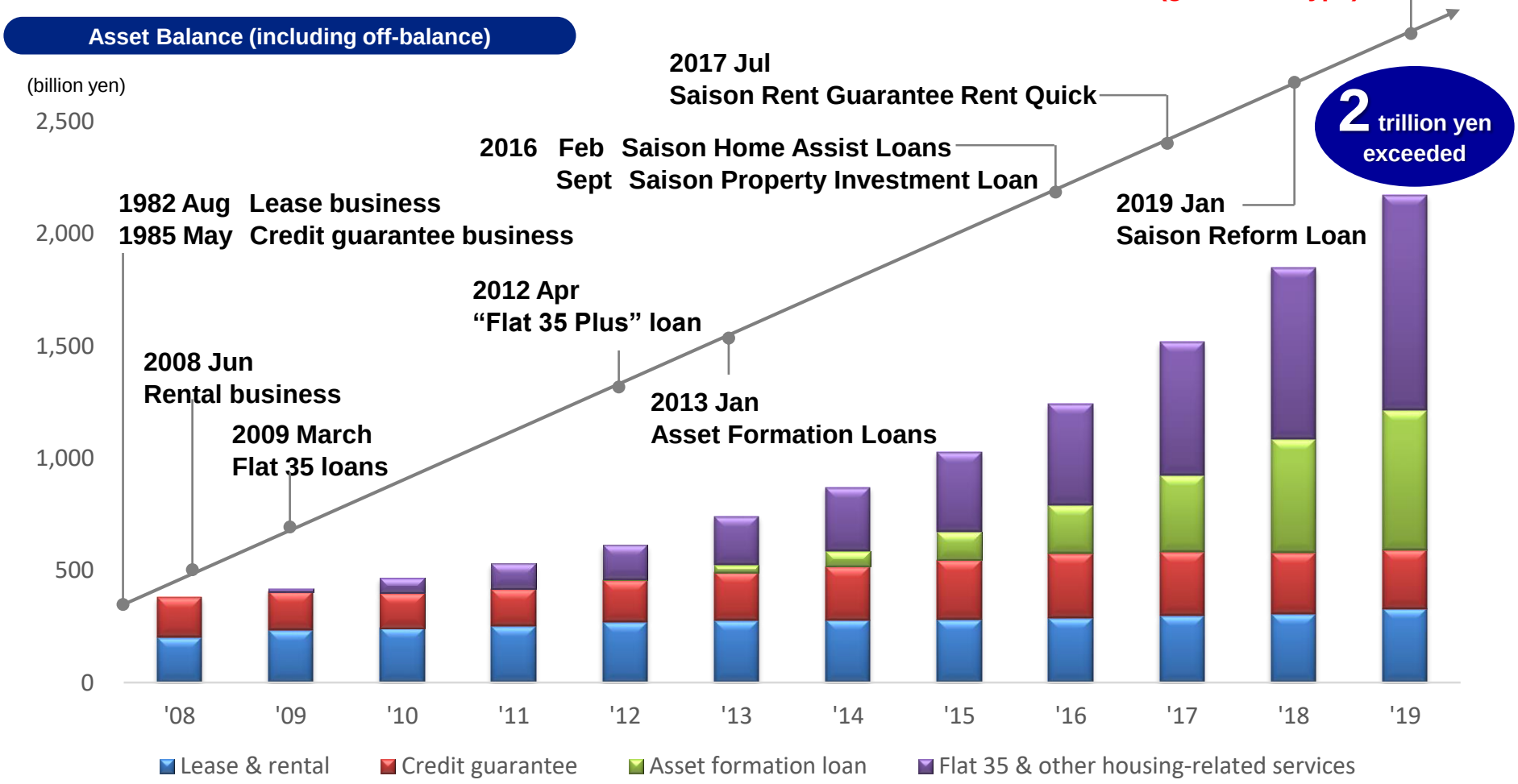
<FY2019 Results>

- Expanding finance products lineup by introducing new products
- Offering financial services tailored to market needs and strengthening relationships with partners

New

2019 Apr Saison's Rent Guarantee Rent Quick "Pay rental fees by Points" service
Jun Flat 35 (guarantee-type)

Asset Balance (including off-balance)



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II. Further expansion of Finance Business – Strengthening relationships with partners and expand new alliances

<FY2020 Key points>

■ **Further accelerate the merger of payment and finance businesses**

⇒ **Provision of finance-related products to cardholders and payment-related products to clients in the finance sector**

Payment Business
Cardholders
Approx. 37 million

→ **Provision of diverse money services to a single customer through the cross-selling of our products** ←

Finance Business
Clients
Approx. 330,000

■ **Main initiatives in respective finance businesses**

Flat 35 & other housing-related service

- Flat 35 loans: Expansion of market share utilizing new product Flat 35 Loans (guarantee-type)
- Rent guarantee: Expansion of business infrastructure through increase in partners, etc.

Leasing & Rental

- Increase credit balance through the development of new business, products, etc.
- Structural reforms through the implementation of measures to improve productivity

Asset Formation Loan

- Continued accumulation of good credit
- Strengthening of risk management

Credit Guarantee

- Launch efforts to develop new products
- Streamlining of business operations through digitalization

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Medium-Term Management Plan (FY2019 – FY2021)
The three main challenges

Ⅰ. Growth strategies and structural reform in the Payment Business

Ⅱ. Further expansion of Finance Business

Ⅲ. Expanding the earnings base of global business toward future

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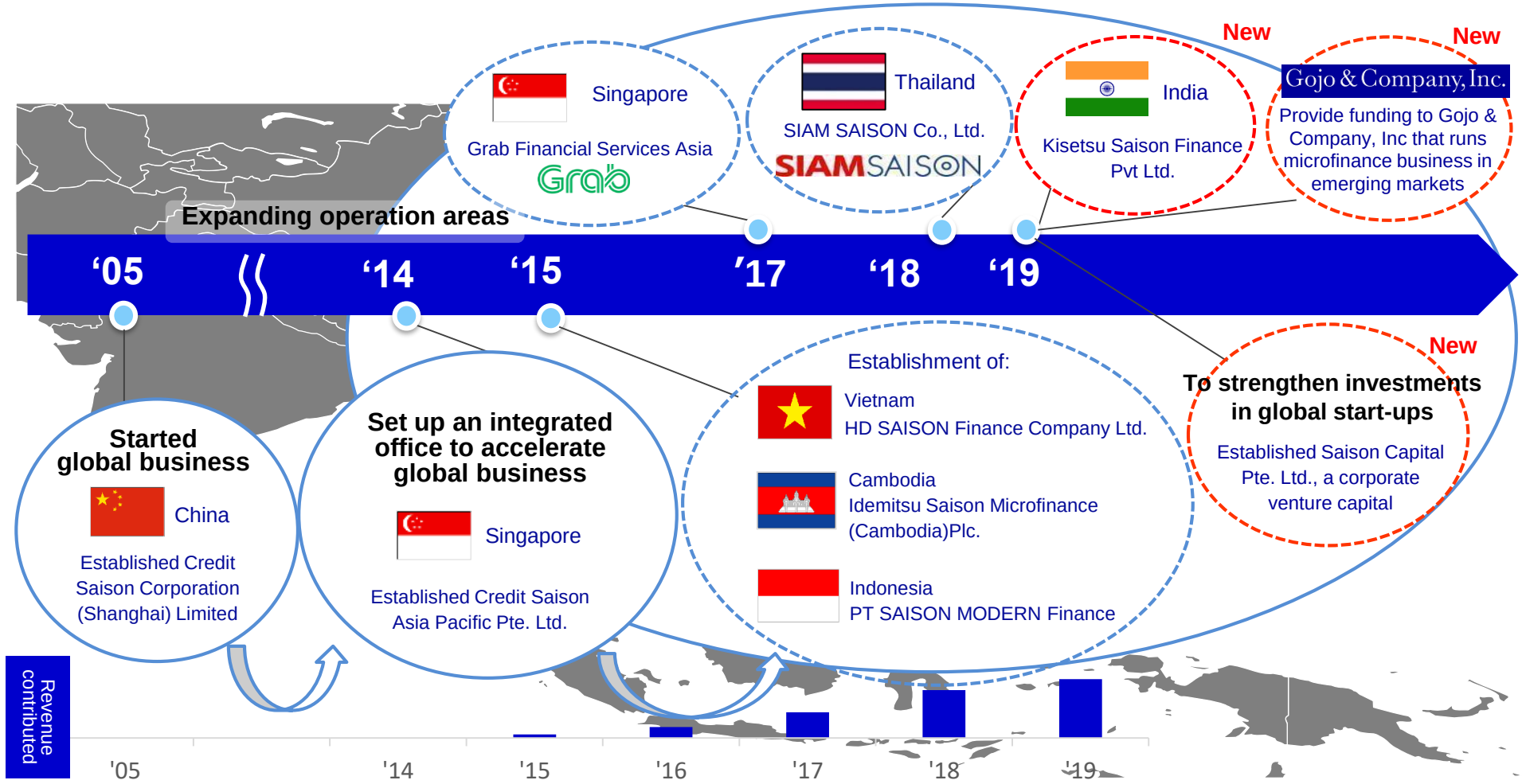
Ⅲ. Expanding the earnings base of global business toward future
Transition from “sowing” to “harvesting” stage in operation countries

＜FY2019 Results＞

■ **Expanding operation areas in aim of global business as the pillar of earnings base**

- Started digital lending business in India through Kisetsu Saison
- Established Saison Capital for investments in global start-ups
- Provide funding to Gojo & Company, Inc that provides microfinance business in emerging markets



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Ⅲ. Expanding the earnings base of global business toward future
Transition from “sowing” to “harvesting” stage in operation countries

Myanmar
Undertaking the business-license application procedures required for the launch of the microfinance business

India
Kisetsu Saison Finance (India) Private Limited
- Established Jun 2018 (99.99% stake)
- Digital lending business

Singapore
Grab Financial Services Asia Inc.
- Established Dec 2017
- Digital lending business

Saison Capital Pte. Ltd.
- Established Jun 2019 (100% stake)
- Investment and financing for overseas start-ups

Credit Saison Asia Pacific Pte. Ltd.
- Established May 2014 (100% stake)
- overseas business development and integrated management

Thailand
SIAM SAISON Co., Ltd.
- Established Nov 2018 (40% stake)
- Digital credit granting / payment business

China
Credit Saison Corporation (Shanghai) Limited
- Established Mar 2005 (100% stake)
- Consulting business

Philippines
Undertaking preparations for the launch of the loan business

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

Indonesia
PT. Saison Modern Finance
- Established Sept 2015 (70% stake)
- Digital lending / leasing business

Vietnam
HD SAISON Finance Company Ltd.
- Established May 2015 (49% stake)
- Retail finance business

Bangladesh

Taiwan

Malaysia

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Entry completed | Under preparation

Ⅲ. Expanding the earnings base of global business toward future
Transition from “sowing” to “harvesting” stage in operation countries

＜FY2020 Main focus＞

■ **Making decision and focusing on the transition from “sowing” to “harvesting” stage in operation countries**

Vietnam

HD SAISON Finance Company

＜Established joint venture in May 2015 (49% stake)＞

- Creating new revenue base of new credit card business
- Providing individual article installment for motorcycles, smartphones and home appliances





Indonesia

PT SAISON MODERN Finance

＜Established Sept 2015 (70% stake)＞

- Joint business with FinTech players in P2P lending
- Providing consumer financing such as individual article installment (home appliances, tuition fees) and etc.



India

Kisetsu Saison Finance (India) Private Limited

＜Established June 2018 (99.99% stake)＞

- Starting digital lending business after acquired business license from the India Reserve Bank
- Forming alliances with companies with lending know-how in India in order to expand business

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◆ ESG Related

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Basic approach to ESG Management

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 know-how, 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.

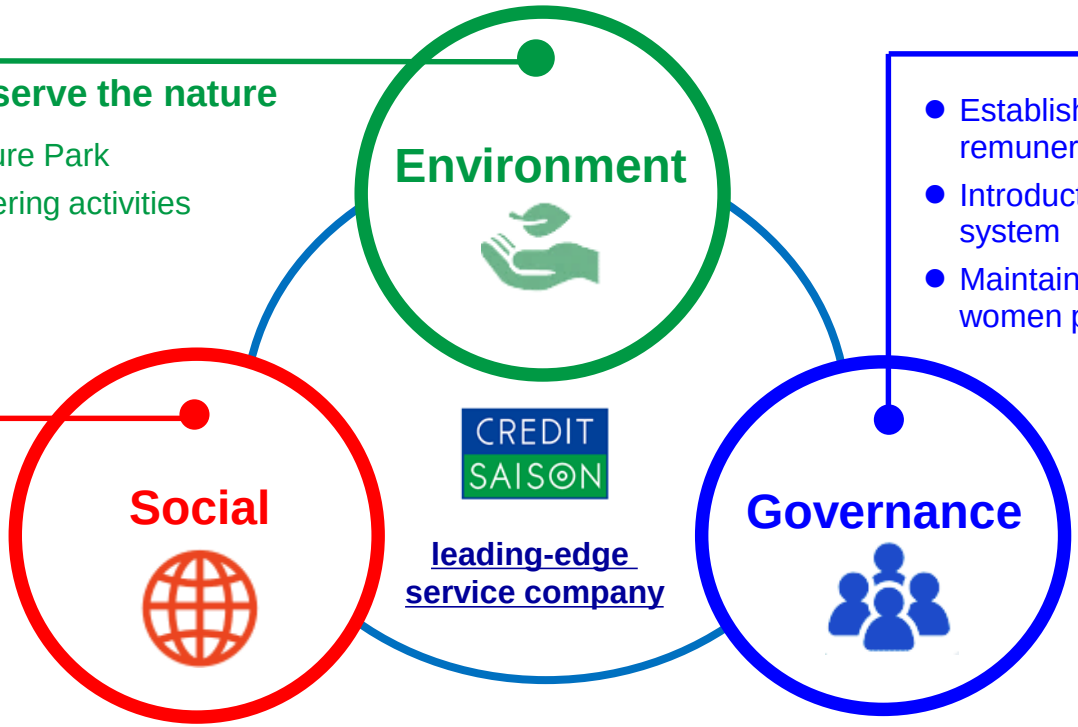
Environment

To conserve and preserve the nature

- Operate the Akagi Nature Park
- Environmental volunteering activities
- Paperless initiatives

Governance

- Establishment of nomination and remuneration committee
- Introduction of executive officer system
- Maintain diversity in terms of women participation



Social

Contributing to the society

- Realization of a cashless society
  - Promotion of card and mobile payments
  - Construct a next-generation payment platform
- Contribute to finance education and enrichment of life design
  - Provide financial program
  - Offer investment opportunities through Point Investment Service and etc.
- Contribute to local community and society
  - Donation by exchanging points and card payments
  - Support SEA’s economic development via financial services

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Basic approach to ESG Management

<FY2019 New initiatives>

Environment – To conserve and preserve the nature

■ April 2019

Conclusion of a cooperation agreement with Shibukawa City

Strengthening cooperation toward regional development

赤城自然園
Akagi Nature Park



Governance – Corporate Governance

■ Jun 2019: **Established nomination and remuneration committee**

Act as an advisory body to the BOD, the committee deliberates on matters concerning the election/dismissal of directors and remuneration with the aim to improve the objectivity and transparency

■ Mar 2020: **Introduced executive officer system**

In order to respond more quickly to changes in the business environment, we aim to strengthen the corporate governance by creating an environment in which the BOD can focus on management and supervisory functions, meanwhile fostering next generation leaders by increasing more management-level appointments.

Social – Contributing to the society

■ April 2019

Introduced an in-house venture program <SWITCH SAISON>



▶

■ Mar 2020

Offering financial education program for junior & high schools students <SAISON TEACHER on-site classes>



■ Jan 2020

Signed a Cooperative and Collaboration Agreement with Kanagawa prefecture

- Initiatives for pet protection
- Supporting young para-athletes



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Support for the fight against COVID-19

“STAY HOME” logo and message

SAISON CARD STAY HOME

“we could make it through, as long as we stand together.”

This is the slogan we issued back in 1982.

Behind this slogan was our burning desire to provide services with increased value. Many things have happened in our world over the 38 years since then. We have faced countless tribulations, such as the Great Hanshin Earthquake, 911, the Lehman Shock, and the Great East Japan Earthquake and Tsunami. And we still carry the pain of these tragedies with us today.

Today, we once again stand in the face of adversity. Stand resolute and brace for the storm; be ready to congratulate one another when this has passed. Go ahead and say it for yourselves.

We could make it through, as long as we stand together. -2020

<Establishment of a special support website>

Eikyufumetsu Points

To protect medical professionals in Japan fighting against COVID-19!



Crowdfunding

Fund for activities helping to prevent the spread of COVID-19

新型コロナウイルス感染症
拡大防止活動基金

“Furusato (hometown) tax" support scheme

Choose which area of Japan to support in their efforts to tackle COVID-19



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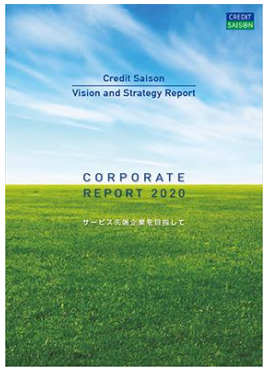
Memo



【Announcement】

We have published our first Integrated Report,
Credit Saison Vision and Strategy Report 2020, on March 31 2020.
Currently available on our IR website.

https://corporate.saisoncard.co.jp/ir/integrated_report/

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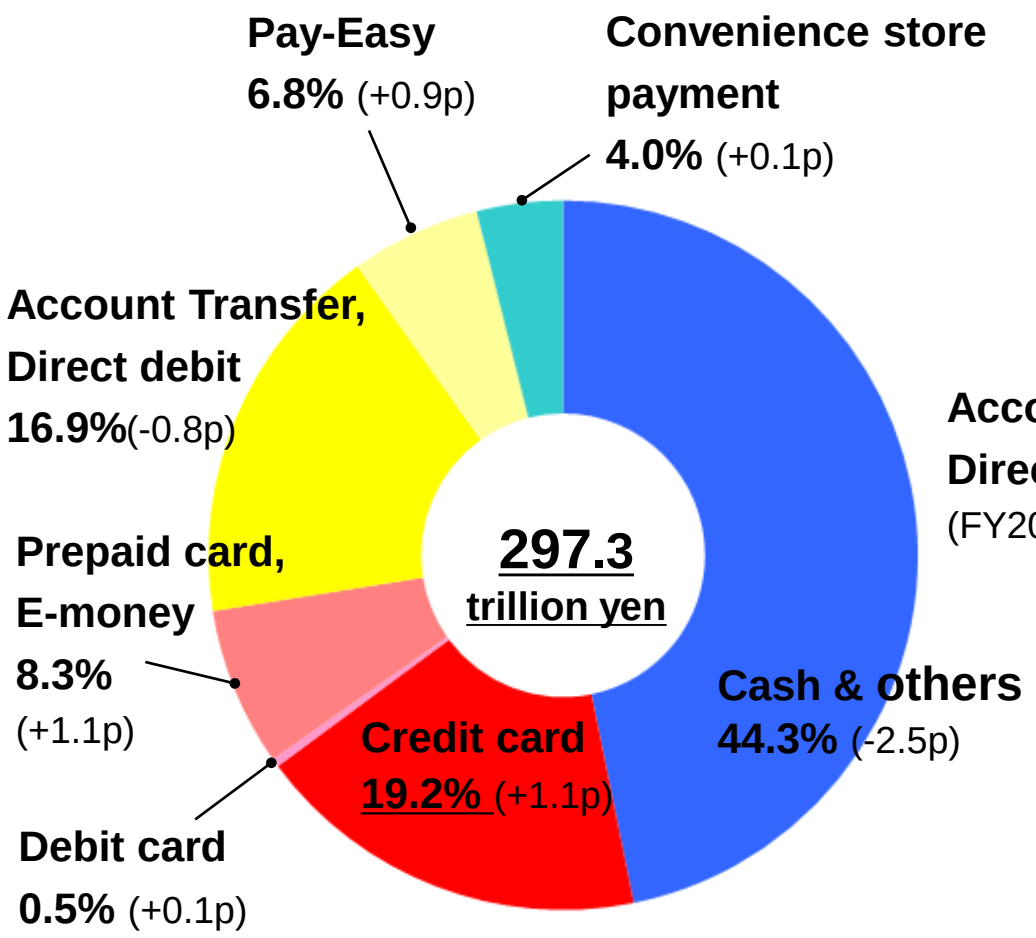
(Reference) Comparison of Share for Payment Methods in Consumer Spending in Japan and the U.S.

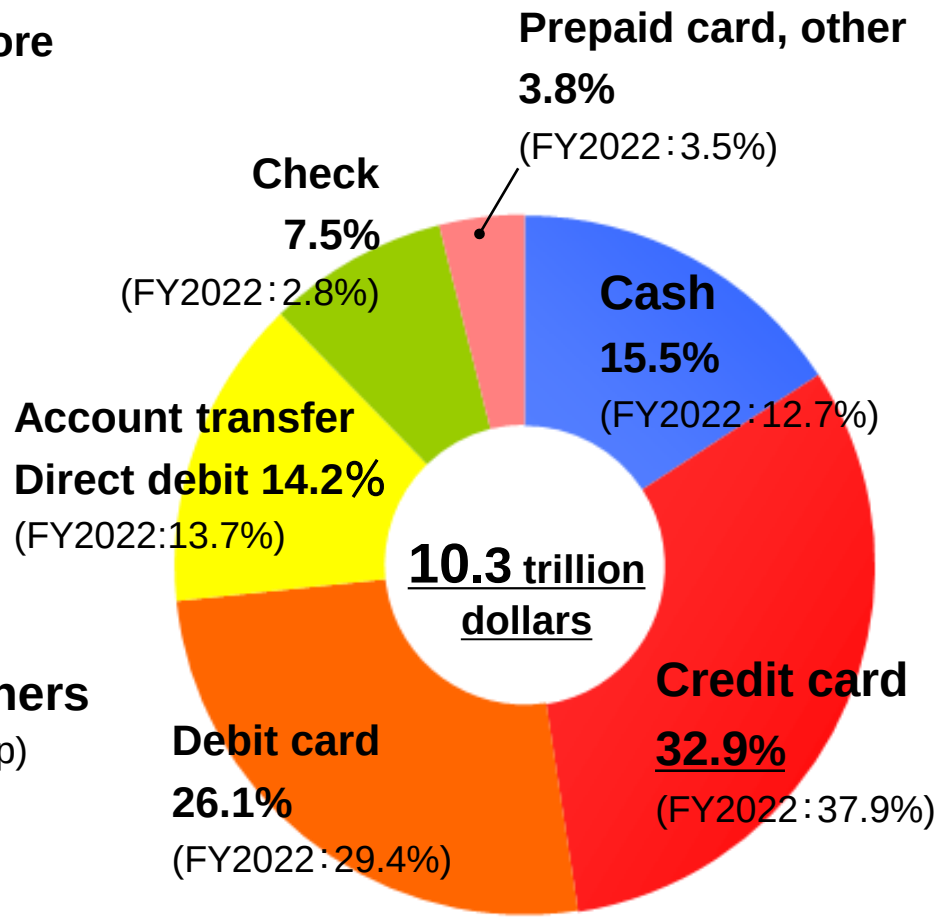
Japan (FY 2018)

※ YoY in ( )



U.S.A. (FY2017 → FY2022 forecast)

※share forecast of FY2022 in ( )



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

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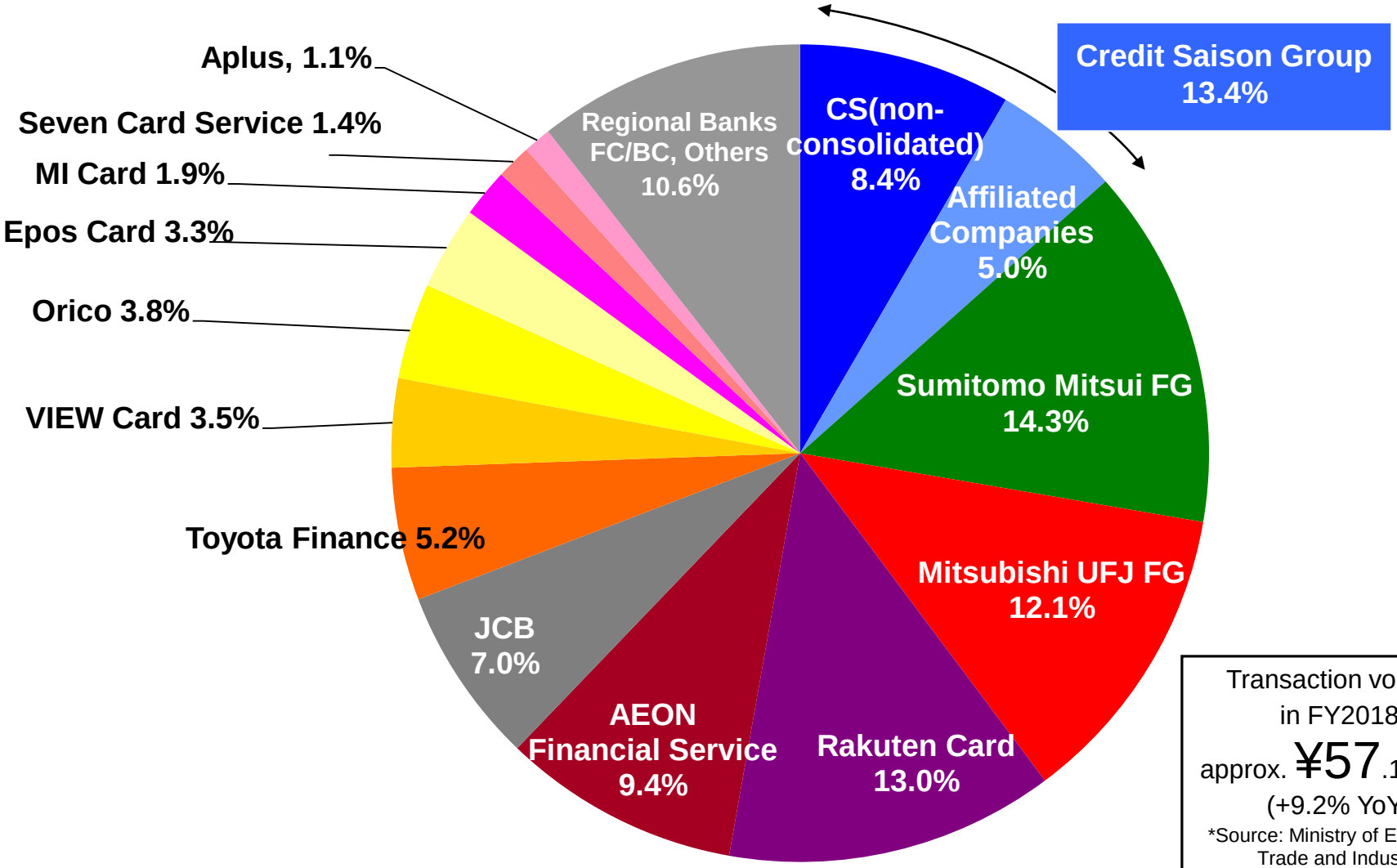
(Reference) Domestic Market Share (Shopping Transaction Volume)



Transaction volume
in FY2018
approx. ¥57.1 trillion
(+9.2% YoY)
*Source: Ministry of Economy, Trade and Industry

※Calculated by the Company by using own method based on each company's official report.
※Data used is basically on non-consolidated basis (excluding overseas card members), both FC and BC of all brand companies (approx..100) are categorized as "Regional banks FC/BC".
※Affiliated Companies: Idemitsu Credit, Seven CS Card, Takashimaya Credit, Resona Card, Shizugin Saison Card, Daiwa House Financial

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