

《Translation of excerpted sections》

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2023



(IFRS)

August 10, 2022
Stock exchange listing: Tokyo
(URL <https://www.saisoncard.co.jp>)

Listed company name: Credit Saison Co., Ltd.

Code number: 8253

Representative: Katsumi Mizuno / Representative, Executive President and COO

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Scheduled date to submit Quarterly Securities Report: August 12, 2022

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: None

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to June 30, 2022)

(1) Consolidated Operating Results (cumulative)

(% represents year-on-year change)

	Net revenue		Business profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
1 st Quarter FY2022	77,802	4.9	21,881	16.5	22,157	32.2	15,228	34.7	15,177	35.1	18,392	51.4
1 st Quarter FY2021	74,155	7.8	18,783	16.5	16,760	6.7	11,305	0.5	11,237	(0.1)	12,150	(14.0)

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
1 st Quarter FY2022	97.11	96.95
1 st Quarter FY2021	71.92	71.88

(2) Consolidated Financial Position

	Total assets (Millions of yen)	Total equity (Millions of yen)	Equity attributable to owners of parent (Millions of yen)	Ratio of equity attributable to owners of parent to total assets (%)
1 st Quarter FY2022	3,689,192	573,645	572,206	15.5
FY2021	3,610,778	563,738	562,387	15.6

2. Dividends

	Annual dividends				
	End of first quarter (Yen)	End of second quarter (Yen)	End of third quarter (Yen)	End of fiscal year (Yen)	Annual (Yen)
FY2021	–	0.00	–	55.00	55.00
FY2022	–	–	–	–	–
FY2022 (Projected)	–	0.00	–	60.00	60.00

(Note) Revision of projected dividends most recently announced: None

3. Consolidated Earnings Forecasts for Fiscal 2022 (April 1, 2022 to March 31, 2023)

(% represents year-on-year change)

	Net revenue		Business profit		Profit attributable to owners of parent		Basic earnings per share (Yen)
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	
First six months	153,000	2.5	30,000	(15.0)	20,000	(7.2)	127.96
FY2022	312,000	4.3	53,000	1.3	35,500	0.4	227.13

(Note) Revision of projected earnings forecasts most recently announced: Yes

Regarding the revision of the consolidated earnings forecast, please refer to the “Notification Regarding the Revision of the Second Quarter Forecast for the Fiscal Year Ending March 31, 2023 (Consolidated)” announced today (August 10, 2022).

Notes

- (1) Changes in significant subsidiaries during first quarter: None
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
- (2) Changes in accounting policies and changes in accounting estimates
 - a. Changes in accounting policies required by IFRS: None
 - b. Changes in accounting policies other than a. above: None
 - c. Changes in accounting estimates: None
- (3) Number of shares issued (common shares):
 - a. Number of share issued at the end of the period (including treasury shares):

1 st Quarter FY2022: 185,444,772 shares	FY2021: 185,444,772 shares
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 - b. Treasury shares at the end of the period:

1 st Quarter FY2022: 29,148,997 shares	FY2021: 29,148,823 shares
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 - c. Average number of shares during the period (cumulative):

1 st Quarter FY2022: 156,295,899 shares	1 st Quarter FY2021: 156,263,145 shares
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- Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

- Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements, etc.)

The forecasts indicated above are based on our future outlook as of the announcement date of these materials, assumptions that form the basis of plans, and predictions. Actual performance may differ from the projected results due to various factors.

(Means of obtaining supplementary material on quarterly financial results)

The Company provides English translations of supplementary materials on its businesses and performance and its quarterly financial statements (excerpted sections only) on its website.

Condensed Quarterly Consolidated Financial Statements
(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Cash and cash equivalents	108,970	104,741
Trade and other receivables	2,794,545	2,856,816
Inventories	128,462	129,778
Operational investment securities	52,992	58,739
Investment securities	72,431	73,152
Other financial assets	14,597	19,992
Property, plant and equipment	30,342	30,258
Right-of-use assets	12,364	12,191
Intangible assets	162,317	159,584
Investment property	94,763	99,886
Investments accounted for using equity method	86,914	90,238
Deferred tax assets	41,377	41,607
Other assets	10,697	12,202
Total assets	3,610,778	3,689,192

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities and equity		
Liabilities		
Trade and other payables	244,349	233,379
Financial guarantee liabilities	8,884	8,700
Bonds and borrowings	2,569,040	2,655,995
Other financial liabilities	19,373	19,626
Income taxes payable	13,038	7,125
Provision for point card certificates	118,368	120,842
Provision for loss on interest repayment	24,066	22,652
Other provisions	1,574	1,544
Deferred tax liabilities	974	974
Other liabilities	47,368	44,704
Total liabilities	3,047,040	3,115,546
Equity		
Share capital	75,929	75,929
Capital surplus	85,152	85,232
Retained earnings	442,550	449,257
Treasury shares	(62,737)	(62,738)
Other components of equity	21,492	24,524
Total equity attributable to owners of parent	562,387	572,206
Non-controlling interests	1,351	1,438
Total equity	563,738	573,645
Total liabilities and equity	3,610,778	3,689,192

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	First quarter of FY2021 (April 1, 2021 to June 30, 2021)	First quarter of FY2022 (April 1, 2022 to June 30, 2022)
Revenue		
Income from the payment business	51,038	54,224
Income from the lease business	2,966	2,975
Income from the finance business	11,223	12,709
Revenue from the real estate-related business	17,853	13,693
Revenue from the entertainment business	8,456	7,920
Finance income	234	318
Total	91,773	91,842
Cost of sales		
Cost of sales for the real estate-related business	10,743	7,673
Cost of sales for the entertainment business	6,874	6,366
Total	17,617	14,039
Net revenue	74,155	77,802
Selling, general and administrative expenses	50,003	53,690
Impairment losses on financial assets	7,152	6,055
Finance costs	2,606	3,134
Share of profit of investments accounted for using equity method	1,490	2,053
Other income	1,548	5,225
Other expenses	671	43
Profit before tax	16,760	22,157
Income tax expense	5,454	6,928
Profit	11,305	15,228
Profit attributable to		
Owners of parent	11,237	15,177
Non-controlling interests	68	51
Profit	11,305	15,228
Earnings per share		
Basic earnings per share (Yen)	71.92	97.11
Diluted earnings per share (Yen)	71.88	96.95

Reconciliation from profit before tax to business profit

(Millions of yen)

	First quarter of FY2021 (April 1, 2021 to June 30, 2021)	First quarter of FY2022 (April 1, 2022 to June 30, 2022)
Profit before tax	16,760	22,157
Reconciliations (Impairment losses on financial assets)	1,348	–
Reconciliations (Other income)	(78)	(311)
Reconciliations (Other expenses)	633	–
Adjustments for the application of the effective interest method to financial assets	120	34
Subtotal	2,023	(276)
Business profit	18,783	21,881

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter of FY2021 (April 1, 2021 to June 30, 2021)	First quarter of FY2022 (April 1, 2022 to June 30, 2022)
Profit	11,305	15,228
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	1,054	(1,619)
Share of other comprehensive income of investments accounted for using equity method	839	(560)
Items that may be reclassified to profit or loss		
Net change in fair value of debt instruments measured at fair value through other comprehensive income	(0)	(0)
Effective portion of cash flow hedges	(896)	1,402
Exchange differences on translation of foreign operations	(181)	2,554
Share of other comprehensive income of investments accounted for using equity method	28	1,387
Total other comprehensive income, net of tax	844	3,163
Comprehensive income	12,150	18,392

Comprehensive income attributable to		
Owners of parent	12,087	18,339
Non-controlling interests	62	52
Comprehensive income	12,150	18,392

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
First quarter of FY2021 (April 1, 2021 to June 30, 2021)

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance as of April 1, 2021	75,929	85,198	414,260	(62,808)	18,392	530,971	1,086	532,057
Profit			11,237			11,237	68	11,305
Other comprehensive income					850	850	(5)	844
Comprehensive income	–	–	11,237	–	850	12,087	62	12,150
Purchase of treasury shares				(0)		(0)		(0)
Share-based payment transactions		41				41	0	41
Dividends			(7,035)			(7,035)		(7,035)
Transfer from other components of equity to retained earnings			348		(348)	–		–
Other						–	12	12
Total transactions with owners	–	41	(6,686)	(0)	(348)	(6,994)	12	(6,981)
Balance as of June 30, 2021	75,929	85,239	418,811	(62,808)	18,893	536,064	1,161	537,226

First quarter of FY2022 (April 1, 2022 to June 30, 2022)

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance as of April 1, 2022	75,929	85,152	442,550	(62,737)	21,492	562,387	1,351	563,738
Profit			15,177			15,177	51	15,228
Other comprehensive income					3,161	3,161	1	3,163
Comprehensive income	–	–	15,177	–	3,161	18,339	52	18,392
Purchase of treasury shares				(0)		(0)		(0)
Share-based payment transactions		80				80	0	81
Dividends			(8,600)			(8,600)		(8,600)
Transfer from other components of equity to retained earnings			130		(130)	–		–
Obtaining of control of subsidiaries						–	34	34
Total transactions with owners	–	80	(8,470)	(0)	(130)	(8,519)	34	(8,485)
Balance as of June 30, 2022	75,929	85,232	449,257	(62,738)	24,524	572,206	1,438	573,645

(5) Segment information, Etc.

(i) General information regarding reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available, and which are subject to regular review by the Board of Directors for the purpose of making decisions about the allocation of management resource and assessing the segments' performance.

The Company and its consolidated subsidiaries separately develop and conduct business activities that directly relate to their various customers, and that are mainly based on market and customer service offerings. In accordance with these considerations, the Group's reportable segments are classified by market and customer service offerings and comprise the "Payment," "Lease," "Finance," "Real Estate-Related" and "Entertainment" business segments.

The Payment business segment mainly consists of the credit card business, which is the Group's major segment, and various peripheral businesses closely related to the credit card business.

The Lease business segment operates the Group's leasing business which is centered on the leasing of office equipment.

The Finance business segment consists of the credit guarantee business and the finance related business.

The Real Estate-Related business segment comprises the real estate business and the real estate leasing business.

In the Entertainment business, the Group is developing an amusement business centered on the management of amusement centers/arcades.

(ii) Information regarding profit or loss by reportable segments

For the first quarter ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(Millions of yen)

	Payment	Lease	Finance	Real estate-related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	51,272	2,966	11,223	17,853	8,456	91,773	–	91,773
Intersegment revenue	339	0	–	218	0	558	(558)	–
Total	51,611	2,966	11,223	18,072	8,456	92,331	(558)	91,773
Net revenue	51,611	2,966	11,223	7,326	1,582	74,710	(555)	74,155
Segment profit (Business profit) or Segment loss (Business loss) (Note 1)								
	7,414	1,701	4,796	4,917	(47)	18,782	0	18,783
Reconciliations	–	–	–	–	–	–	–	(2,023)
Profit before tax	–	–	–	–	–	–	–	16,760

For the first quarter ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(Millions of yen)

	Payment	Lease	Finance	Real estate-related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	54,543	2,975	12,709	13,693	7,920	91,842	–	91,842
Intersegment revenue	336	0	–	102	0	439	(439)	–
Total	54,880	2,975	12,709	13,795	7,920	92,281	(439)	91,842
Net revenue	54,880	2,975	12,709	6,230	1,554	78,350	(547)	77,802
Segment profit (Business profit) (Note 1)								
	10,493	1,287	5,824	3,925	207	21,738	142	21,881
Reconciliations	–	–	–	–	–	–	–	276
Profit before tax	–	–	–	–	–	–	–	22,157

(Notes) 1. Business profit or Business loss is a profit indicator calculated by subtracting the adjustment amount by the application of the effective interest rate method for financial assets and the non-recurring one-time profit and loss items from the profit before tax.

2. Adjustments include inter-segment eliminations.

Breakdown of reconciliations from segment profit (business profit) to profit before tax

(Millions of yen)

	First quarter of FY2021 (April 1, 2021 to June 30, 2021)	First quarter of FY2022 (April 1, 2022 to June 30, 2022)
Segment profit (Business profit)	18,783	21,881
Adjustments for the application of the effective interest method to financial assets	(120)	(34)
Reconciliations (Impairment losses on financial assets)	(1,348)	–
Allowance for doubtful accounts accumulated due to malfeasance by business partners (*)	(1,348)	–
Reconciliations (Other income)	78	311
Gain on valuation of investment securities (stocks, etc.)	–	278
Gain on change in equity	–	33
Gain on sale of fixed assets	52	–
Other	26	–
Reconciliations (Other expenses)	(633)	–
Loss on valuation of investment securities (stocks, etc.)	(633)	–
Reconciliations - total	(2,023)	276
Profit before tax	16,760	22,157

* The estimated uncollectible amount was recorded as allowance for doubtful accounts as doubt arose with regard to a portion of the Company's receivables due to malfeasance by business partners. This item of reconciliation from business profit comprises impairment losses on financial assets resulting from the aforementioned.