

《Translation of excerpted sections》

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



(IFRS)

November 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

Inquiries to: Yuka Wakamatsu / General Manager, Public Relations Office; Phone: (03) 3982-0700

Scheduled date to submit Quarterly Securities Report: November 14, 2022

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to September 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)	(%)
2 nd Quarter FY2022	157,310	5.4	39,347	11.4	39,965	20.2	27,595	27.2	27,499	27.6	33,316	34.3
2 nd Quarter FY2021	149,211	6.3	35,309	22.7	33,252	13.4	21,686	6.2	21,554	5.7	24,798	4.4

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
2 nd Quarter FY2022	175.93	175.64
2 nd Quarter FY2021	137.93	137.85

(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 (%)
2 nd Quarter FY2022	3,691,101	588,634	587,125	15.9
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	–	0.00	–	–	–
FY2022 (Projected)	–	–	–	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)	(%)	
FY2022	319,000	6.7	60,500	15.6	40,500	14.5	259.07

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

For detail on the revision to the consolidated earnings forecasts please refer to “Notification Regarding Differences between Forecast of (Consolidated and Non-Consolidated) Business Results and Actual Results for the First Half of the Fiscal Year Ending March 31, 2023 and Revision of Forecast of Full-year (Consolidated and Non-Consolidated) Business Results” released today (November 10, 2022).

4. Change in Basic Policy on Profit Sharing

We believe it is important to take action that strengthens our corporate structure and continues to expand our business to increase shareholder value. In terms of returning profit to shareholders, our policy is to make stable, continuous dividend payments to our shareholders while enhancing internal reserves to realize these goals.

At the meeting of the Board of Directors held on November 10, 2022, the Company formulated and resolved a policy to acquire treasury shares, as a measure to return earnings to shareholders. The Company will resolve the specific implementation of the acquisition of treasury shares at a separate meeting of the Board of Directors and will disclose the details of said implementation at that time.

The resolution described above is a resolution of Company policy. Details of the acquisition of treasury shares will be implemented flexibly based on a general consideration of a variety of factors, such as investment opportunities, financial condition and share-price levels.

Notes

(1) Changes in significant subsidiaries during second 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):

2nd Quarter FY2022: 185,444,772 shares FY2021: 185,444,772 shares

b. Treasury shares at the end of the period:

2nd Quarter FY2022: 29,116,218 shares FY2021: 29,148,823 shares

c. Average number of shares during the period (cumulative):

2nd Quarter FY2022: 156,309,959 shares 2nd Quarter FY2021: 156,277,247 shares

- 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 Statements of Financial Position

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Cash and cash equivalents	108,970	96,653
Trade and other receivables	2,794,545	2,860,670
Inventories	128,462	135,805
Operational investment securities	52,992	61,273
Investment securities	72,431	76,794
Other financial assets	14,597	20,965
Property, plant and equipment	30,342	29,891
Right-of-use assets	12,364	11,106
Intangible assets	162,317	156,316
Investment property	94,763	98,893
Investments accounted for using equity method	86,914	90,414
Deferred tax assets	41,377	40,984
Other assets	10,697	11,330
Total assets	3,610,778	3,691,101

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities and equity		
Liabilities		
Trade and other payables	244,349	227,796
Financial guarantee liabilities	8,884	8,818
Bonds and borrowings	2,569,040	2,643,699
Other financial liabilities	19,373	18,570
Income taxes payable	13,038	11,513
Provision for point card certificates	118,368	122,716
Provision for loss on interest repayment	24,066	21,335
Other provisions	1,574	1,476
Deferred tax liabilities	974	977
Other liabilities	47,368	45,562
Total liabilities	3,047,040	3,102,467
Equity		
Share capital	75,929	75,929
Capital surplus	85,152	85,203
Retained earnings	442,550	461,581
Treasury shares	(62,737)	(62,667)
Other components of equity	21,492	27,078
Total equity attributable to owners of parent	562,387	587,125
Non-controlling interests	1,351	1,508
Total equity	563,738	588,634
Total liabilities and equity	3,610,778	3,691,101

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Second quarter of FY2021 (April 1, 2021 to September 30, 2021)	Second quarter of FY2022 (April 1, 2022 to September 30, 2022)
Revenue		
Income from the payment business	101,557	109,760
Income from the lease business	5,949	6,000
Income from the finance business	23,237	25,895
Revenue from the real estate-related business	38,410	27,312
Revenue from the entertainment business	16,914	15,805
Finance income	531	564
Total	186,600	185,339
Cost of sales		
Cost of sales for the real estate-related business	23,708	15,380
Cost of sales for the entertainment business	13,679	12,649
Total	37,388	28,029
Net revenue	149,211	157,310
Selling, general and administrative expenses	101,427	109,145
Impairment losses on financial assets	12,843	12,331
Finance costs	5,555	6,951
Share of profit of investments accounted for using equity method	1,809	3,943
Other income	2,764	7,297
Other expenses	707	156
Profit before tax	33,252	39,965
Income tax expense	11,566	12,370
Profit	21,686	27,595
Profit attributable to		
Owners of parent	21,554	27,499
Non-controlling interests	131	95
Profit	21,686	27,595
Earnings per share		
Basic earnings per share (Yen)	137.93	175.93
Diluted earnings per share (Yen)	137.85	175.64

Reconciliation from profit before tax to business profit

(Millions of yen)

	Second quarter of FY2021 (April 1, 2021 to September 30, 2021)	Second quarter of FY2022 (April 1, 2022 to September 30, 2022)
Profit before tax	33,252	39,965
Reconciliations (Impairment losses on financial assets)	1,364	–
Reconciliations (Other income)	(143)	(542)
Reconciliations (Other expenses)	625	48
Adjustments for the application of the effective interest method to financial assets	209	(124)
Subtotal	2,057	(618)
Business profit	35,309	39,347

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Second quarter of FY2021 (April 1, 2021 to September 30, 2021)	Second quarter of FY2022 (April 1, 2022 to September 30, 2022)
Profit	21,686	27,595
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	2,030	(1,032)
Share of other comprehensive income of investments accounted for using equity method	907	(683)
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	(33)	1,965
Exchange differences on translation of foreign operations	145	3,793
Share of other comprehensive income of investments accounted for using equity method	63	1,679
Total other comprehensive income, net of tax	3,112	5,721
Comprehensive income	24,798	33,316

Comprehensive income attributable to		
Owners of parent	24,668	33,216
Non-controlling interests	130	100
Comprehensive income	24,798	33,316

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
Second quarter of FY2021 (April 1, 2021 to September 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			21,554			21,554	131	21,686
Other comprehensive income					3,114	3,114	(1)	3,112
Comprehensive income	–	–	21,554	–	3,114	24,668	130	24,798
Purchase of treasury shares				(0)		(0)		(0)
Share-based payment transactions		14		71		86	0	86
Dividends			(7,035)			(7,035)		(7,035)
Transfer from other components of equity to retained earnings			345		(345)	–		–
Other						–	12	12
Total transactions with owners	–	14	(6,690)	70	(345)	(6,949)	13	(6,936)
Balance as of September 30, 2021	75,929	85,213	429,124	(62,737)	21,160	548,690	1,229	549,919

Second quarter of FY2022 (April 1, 2022 to September 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			27,499			27,499	95	27,595
Other comprehensive income					5,717	5,717	4	5,721
Comprehensive income	–	–	27,499	–	5,717	33,216	100	33,316
Purchase of treasury shares				(0)		(0)		(0)
Share-based payment transactions		73		71		145	0	145
Dividends			(8,600)			(8,600)		(8,600)
Transfer from other components of equity to retained earnings			131		(131)	–		–
Obtaining of control of subsidiaries						–	34	34
Changes in ownership interest in subsidiaries		(22)				(22)	22	–
Total transactions with owners	–	51	(8,468)	70	(131)	(8,478)	57	(8,421)
Balance as of September 30, 2022	75,929	85,203	461,581	(62,667)	27,078	587,125	1,508	588,634

(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 second quarter ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(Millions of yen)

	Payment	Lease	Finance	Real estate-related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	102,088	5,949	23,237	38,410	16,914	186,600	–	186,600
Intersegment revenue	665	0	–	430	0	1,096	(1,096)	–
Total	102,753	5,949	23,237	38,840	16,915	187,697	(1,096)	186,600
Net revenue	102,753	5,949	23,237	15,128	3,235	150,304	(1,092)	149,211
Segment profit (Business profit) or Segment loss (Business loss) (Note 1)	12,420	2,936	9,805	10,160	(14)	35,308	1	35,309
Reconciliations	–	–	–	–	–	–	–	(2,057)
Profit before tax	–	–	–	–	–	–	–	33,252

For the second quarter ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Payment	Lease	Finance	Real estate-related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	110,324	6,001	25,895	27,312	15,805	185,339	–	185,339
Intersegment revenue	679	0	–	218	0	898	(898)	–
Total	111,003	6,001	25,895	27,531	15,805	186,237	(898)	185,339
Net revenue	111,003	6,001	25,895	12,354	3,156	158,411	(1,101)	157,310
Segment profit (Business profit) (Note 1)	17,161	2,548	11,066	7,541	724	39,043	303	39,347
Reconciliations	–	–	–	–	–	–	–	618
Profit before tax	–	–	–	–	–	–	–	39,965

(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)	
	Second quarter of FY2021 (April 1, 2021 to September 30, 2021)	Second quarter of FY2022 (April 1, 2022 to September 30, 2022)
Segment profit (Business profit)	35,309	39,347
Adjustments for the application of the effective interest method to financial assets	(209)	124
Reconciliations (Impairment losses on financial assets)	(1,364)	-
Allowance for doubtful accounts accumulated due to malfeasance by business partners (*)	(1,364)	-
Reconciliations (Other income)	143	542
Gain on valuation of investment securities (stocks, etc.)	-	541
Gain on change in equity	64	1
Gain on sale of fixed assets	52	-
Other	26	-
Reconciliations (Other expenses)	(625)	(48)
Loss on valuation of investment securities (stocks, etc.)	(567)	-
Loss on disposal of fixed assets	-	(46)
Other	(58)	(1)
Reconciliations - total	(2,057)	618
Profit before tax	33,252	39,965

* 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.