

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



(IFRS)

February 9, 2023
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: February 14, 2023

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 Third Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to December 31, 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)	(%)
3 rd Quarter FY2022	242,104	7.2	63,423	14.2	64,488	18.9	45,503	25.6	45,268	25.9	51,532	44.9
3 rd Quarter FY2021	225,926	6.0	55,551	18.1	54,223	12.2	36,216	8.3	35,955	7.7	35,575	(12.5)

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
3 rd Quarter FY2022	289.60	289.15
3 rd Quarter FY2021	230.07	229.93

(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 (%)
3 rd Quarter FY2022	3,885,424	606,740	605,109	15.6
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	319,500	6.9	69,000	31.8	47,000	32.9	300.65

(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 the Revision of Forecast of Business Results for the Full Fiscal Year Ending March 31, 2023 (Consolidated and Non-Consolidated)” released today (February 9, 2023).

4. Changes in Presentation

As stated in “(5) Segment Information, Etc.,” effective the third quarter ended December 31, 2022 (from April 1, 2022 to December 31, 2022), the segment that the rent guarantee business belongs to changed from the Finance business segment to the Payment business segment. In order to reflect the changes to the method of presentation of these segments, the income from the rent guarantee business has been transferred from income from the finance business to income from the payment business. As a result, for the third quarter ended December 31, 2021 (from April 1, 2021 to December 31, 2021), income from the payment business was increased by 836 million yen, while income from the finance business was decreased by the same amount.

Notes

- (1) Changes in significant subsidiaries during third 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):

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

3 rd Quarter FY2022: 29,116,344 shares	FY2021: 29,148,823 shares
---	---------------------------
 - c. Average number of shares during the period (cumulative):

3 rd Quarter FY2022: 156,315,516 shares	3 rd Quarter FY2021: 156,282,843 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 December 31, 2022
Assets		
Cash and cash equivalents	108,970	118,915
Trade and other receivables	2,794,545	3,024,502
Inventories	128,462	130,827
Operational investment securities	52,992	62,129
Investment securities	72,431	81,896
Other financial assets	14,597	25,036
Property, plant and equipment	30,342	28,785
Right-of-use assets	12,364	10,303
Intangible assets	162,317	153,142
Investment property	94,763	106,961
Investments accounted for using equity method	86,914	89,643
Deferred tax assets	41,377	38,278
Other assets	10,697	14,999
Total assets	3,610,778	3,885,424

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities and equity		
Liabilities		
Trade and other payables	244,349	276,944
Financial guarantee liabilities	8,884	8,375
Bonds and borrowings	2,569,040	2,773,083
Other financial liabilities	19,373	20,606
Income taxes payable	13,038	9,890
Provision for point card certificates	118,368	124,464
Provision for loss on interest repayment	24,066	19,716
Other provisions	1,574	1,414
Deferred tax liabilities	974	466
Other liabilities	47,368	43,721
Total liabilities	3,047,040	3,278,683
Equity		
Share capital	75,929	75,929
Capital surplus	85,152	85,117
Retained earnings	442,550	479,363
Treasury shares	(62,737)	(62,667)
Other components of equity	21,492	27,367
Total equity attributable to owners of parent	562,387	605,109
Non-controlling interests	1,351	1,630
Total equity	563,738	606,740
Total liabilities and equity	3,610,778	3,885,424

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Third quarter of FY2021 (April 1, 2021 to December 31, 2021)	Third quarter of FY2022 (April 1, 2022 to December 31, 2022)
Revenue		
Income from the payment business	157,402	170,687
Income from the lease business	8,879	9,007
Income from the finance business	34,625	37,710
Revenue from the real estate-related business	53,099	48,066
Revenue from the entertainment business	24,822	23,330
Finance income	734	634
Total	279,562	289,437
Cost of sales		
Cost of sales for the real estate-related business	33,648	28,678
Cost of sales for the entertainment business	19,988	18,654
Total	53,636	47,333
Net revenue	225,926	242,104
Selling, general and administrative expenses	153,296	165,567
Impairment losses on financial assets	18,398	18,651
Finance costs	8,335	10,712
Share of profit of investments accounted for using equity method	3,297	5,230
Other income	5,746	12,456
Other expenses	715	370
Profit before tax	54,223	64,488
Income tax expense	18,006	18,985
Profit	36,216	45,503
Profit attributable to		
Owners of parent	35,955	45,268
Non-controlling interests	260	234
Profit	36,216	45,503
Earnings per share		
Basic earnings per share (Yen)	230.07	289.60
Diluted earnings per share (Yen)	229.93	289.15

Reconciliation from profit before tax to business profit

(Millions of yen)

	Third quarter of FY2021 (April 1, 2021 to December 31, 2021)	Third quarter of FY2022 (April 1, 2022 to December 31, 2022)
Profit before tax	54,223	64,488
Reconciliations (Impairment losses on financial assets)	1,364	–
Reconciliations (Other income)	(732)	(1,139)
Reconciliations (Other expenses)	461	179
Adjustments for the application of the effective interest method to financial assets	234	(105)
Subtotal	1,327	(1,065)
Business profit	55,551	63,423

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Third quarter of FY2021 (April 1, 2021 to December 31, 2021)	Third quarter of FY2022 (April 1, 2022 to December 31, 2022)
Profit	36,216	45,503
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	(3,057)	1,239
Share of other comprehensive income of investments accounted for using equity method	756	(706)
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)	(1)
Effective portion of cash flow hedges	711	5,671
Exchange differences on translation of foreign operations	575	(288)
Share of other comprehensive income of investments accounted for using equity method	373	115
Total other comprehensive income, net of tax	(640)	6,029
Comprehensive income	35,575	51,532

Comprehensive income attributable to		
Owners of parent	35,313	51,299
Non-controlling interests	261	233
Comprehensive income	35,575	51,532

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
Third quarter of FY2021 (April 1, 2021 to December 31, 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			35,955			35,955	260	36,216
Other comprehensive income					(642)	(642)	1	(640)
Comprehensive income	–	–	35,955	–	(642)	35,313	261	35,575
Purchase of treasury shares				(0)		(0)		(0)
Share-based payment transactions		65		71		136	1	137
Dividends			(7,035)			(7,035)		(7,035)
Transfer from other components of equity to retained earnings			(185)		185	–		–
Obtaining of control of subsidiaries		(189)				(189)	38	(150)
Other						–	(2)	(2)
Total transactions with owners	–	(124)	(7,221)	70	185	(7,088)	36	(7,051)
Balance as of December 31, 2021	75,929	85,074	442,994	(62,737)	17,935	559,195	1,384	560,580

Third quarter of FY2022 (April 1, 2022 to December 31, 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			45,268			45,268	234	45,503
Other comprehensive income					6,030	6,030	(0)	6,029
Comprehensive income	–	–	45,268	–	6,030	51,299	233	51,532
Purchase of treasury shares				(1)		(1)		(1)
Share-based payment transactions		113		71		184	0	185
Dividends			(8,600)			(8,600)		(8,600)
Transfer from other components of equity to retained earnings			144		(144)	–		–
Obtaining of control of subsidiaries						–	34	34
Changes in ownership interest in subsidiaries		(148)			(11)	(160)	10	(150)
Total transactions with owners	–	(34)	(8,455)	70	(156)	(8,577)	45	(8,531)
Balance as of December 31, 2022	75,929	85,117	479,363	(62,667)	27,367	605,109	1,630	606,740

(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.

From the third quarter ended December 31, 2022, to reflect the reorganization that was conducted in October 2022, the method of presenting the rent guarantee business, which was previously included in the Finance business segment, has changed, and it is now included in the Payment business segment.

As a result of the above change, segment information for the third quarter ended December 31, 2021 has been restated based on the reportable segments after the change.

(ii) Information regarding profit or loss by reportable segments

For the third quarter ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(Millions of yen)

	Payment	Lease	Finance	Real estate-related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	158,136	8,879	34,625	53,099	24,822	279,562	-	279,562
Intersegment revenue	881	1	-	365	0	1,248	(1,248)	-
Total	159,017	8,880	34,625	53,465	24,822	280,811	(1,248)	279,562
Net revenue	159,017	8,880	34,625	20,076	4,834	227,435	(1,509)	225,926
Segment profit (Business profit) (Note 1)	22,324	4,199	15,937	12,852	222	55,535	15	55,551
Reconciliations	-	-	-	-	-	-	-	(1,327)
Profit before tax	-	-	-	-	-	-	-	54,223

For the third quarter ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(Millions of yen)

	Payment	Lease	Finance	Real estate-related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	171,320	9,008	37,710	48,066	23,330	289,437	-	289,437
Intersegment revenue	1,031	0	-	336	0	1,369	(1,369)	-
Total	172,352	9,009	37,710	48,403	23,330	290,806	(1,369)	289,437
Net revenue	172,352	9,009	37,710	19,997	4,675	243,746	(1,641)	242,104
Segment profit (Business profit) (Note 1)	28,466	3,760	17,297	12,355	1,061	62,941	482	63,423
Reconciliations	-	-	-	-	-	-	-	1,065
Profit before tax	-	-	-	-	-	-	-	64,488

(Notes) 1. Business profit 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)

	Third quarter of FY2021 (April 1, 2021 to December 31, 2021)	Third quarter of FY2022 (April 1, 2022 to December 31, 2022)
Segment profit (Business profit)	55,551	63,423
Adjustments for the application of the effective interest method to financial assets	(234)	105
Reconciliations (Impairment losses on financial assets)	(1,364)	–
Allowance for doubtful accounts accumulated due to malfeasance by business partners (*)	(1,364)	–
Reconciliations (Other income)	732	1,139
Gain on valuation of investment securities (stocks, etc.)	538	1,114
Gain on change in equity	64	1
Gain on sale of fixed assets	52	23
Other	76	–
Reconciliations (Other expenses)	(461)	(179)
Impairment losses on non-financial assets	(47)	(26)
Loss on sale of fixed assets	(365)	–
Loss on disposal of fixed assets	–	(152)
Other	(48)	(0)
Reconciliations - total	(1,327)	1,065
Profit before tax	54,223	64,488

* 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.