

《Translation of excerpted sections》

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2024



(IFRS)

August 10, 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: August 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 First Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to June 30, 2023)

(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 FY2023	85,879	10.4	23,572	7.7	24,009	8.4	17,042	11.9	16,950	11.7	22,737	23.6
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

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
1 st Quarter FY2023	108.43	108.39
1 st Quarter FY2022	97.11	96.95

(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 FY2023	3,922,029	612,010	610,080	15.6
FY2022	3,896,105	600,041	598,301	15.4

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)
FY2022	–	0.00	–	70.00	70.00
FY2023	–				
FY2023 (Projected)		0.00		80.00	80.00

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

3. Consolidated Earnings Forecasts for Fiscal 2023 (April 1, 2023 to March 31, 2024)

(% 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	170,000	8.1	31,000	(21.2)	21,500	(21.8)	137.53
FY2023	356,000	10.3	70,000	14.8	49,000	12.4	313.44

(Note) Revision of projected earnings forecasts most recently announced: None

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
- Changes in accounting policies required by IFRS: Yes
 - Changes in accounting policies other than a. above: None
 - Changes in accounting estimates: None
- (3) Number of shares issued (common shares):
- Number of share issued at the end of the period (including treasury shares):

1 st Quarter FY2023:	185,444,772 shares	FY2022:	185,444,772 shares
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 - Treasury shares at the end of the period:

1 st Quarter FY2023:	29,117,450 shares	FY2022:	29,116,888 shares
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 - Average number of shares during the period (cumulative):

1 st Quarter FY2023:	156,327,469 shares	1 st Quarter FY2022:	156,295,899 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 Statements of Financial Position

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Cash and cash equivalents	159,671	112,993
Trade and other receivables	2,990,519	3,051,054
Inventories	133,247	139,044
Operational investment securities	62,521	64,399
Investment securities	74,394	74,578
Other financial assets	20,346	20,148
Property, plant and equipment	28,753	28,657
Right-of-use assets	11,044	11,043
Intangible assets	150,458	147,345
Investment property	116,612	125,940
Investments accounted for using equity method	89,176	89,652
Deferred tax assets	41,615	42,011
Other assets	16,714	15,159
Assets held for sale	1,030	–
Total assets	3,896,105	3,922,029

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Trade and other payables	253,329	232,241
Financial guarantee liabilities	7,875	7,801
Bonds and borrowings	2,805,175	2,842,783
Other financial liabilities	19,606	22,040
Income taxes payable	10,385	7,720
Provision for point card certificates	126,023	127,049
Provision for loss on interest repayment	18,091	16,619
Other provisions	1,437	1,517
Deferred tax liabilities	86	86
Other liabilities	54,051	52,160
Total liabilities	3,296,063	3,310,018
Equity		
Share capital	75,929	75,929
Capital surplus	83,560	83,659
Retained earnings	481,163	486,108
Treasury shares	(62,668)	(62,669)
Other components of equity	20,317	27,052
Total equity attributable to owners of parent	598,301	610,080
Non-controlling interests	1,739	1,930
Total equity	600,041	612,010
Total liabilities and equity	3,896,105	3,922,029

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	First quarter of FY2022 (April 1, 2022 to June 30, 2022)	First quarter of FY2023 (April 1, 2023 to June 30, 2023)
Revenue		
Income from the payment business	52,781	56,649
Income from the lease business	2,975	3,085
Income from the finance business	12,334	13,724
Revenue from the real estate-related business	13,693	12,974
Revenue from the global business	1,818	4,378
Revenue from the entertainment business	7,920	7,841
Finance income	318	334
Total	91,842	98,988
Cost of sales		
Cost of sales for the real estate-related business	7,673	6,842
Cost of sales for the entertainment business	6,366	6,266
Total	14,039	13,108
Net revenue	77,802	85,879
Selling, general and administrative expenses	53,690	57,039
Impairment losses on financial assets	6,055	8,230
Finance costs	3,134	5,069
Gain arising from the derecognition of financial assets measured at amortized cost	–	95
Share of profit of investments accounted for using equity method	2,053	1,563
Other income	5,225	6,991
Other expenses	43	182
Profit before tax	22,157	24,009
Income tax expense	6,928	6,966
Profit	15,228	17,042
Profit attributable to		
Owners of parent	15,177	16,950
Non-controlling interests	51	91
Profit	15,228	17,042
Earnings per share		
Basic earnings per share (Yen)	97.11	108.43
Diluted earnings per share (Yen)	96.95	108.39

Reconciliation from profit before tax to business profit

(Millions of yen)

	First quarter of FY2022 (April 1, 2022 to June 30, 2022)	First quarter of FY2023 (April 1, 2023 to June 30, 2023)
Profit before tax	22,157	24,009
Reconciliations (Other income)	(311)	(490)
Reconciliations (Other expenses)	–	141
Adjustments for the application of the effective interest method to financial assets	34	(87)
Subtotal	(276)	(436)
Business profit	21,881	23,572

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter of FY2022 (April 1, 2022 to June 30, 2022)	First quarter of FY2023 (April 1, 2023 to June 30, 2023)
Profit	15,228	17,042
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	(1,619)	2,269
Remeasurements of defined benefit plans	–	(21)
Share of other comprehensive income of investments accounted for using equity method	(560)	(42)
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	1,402	(1,448)
Exchange differences on translation of foreign operations	2,554	3,961
Share of other comprehensive income of investments accounted for using equity method	1,387	976
Total other comprehensive income, net of tax	3,163	5,695
Comprehensive income	18,392	22,737

Comprehensive income attributable to		
Owners of parent	18,339	22,629
Non-controlling interests	52	107
Comprehensive income	18,392	22,737

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
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

First quarter of FY2023 (April 1, 2023 to June 30, 2023)

(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, 2023	75,929	83,560	481,163	(62,668)	20,317	598,301	1,739	600,041
Profit			16,950			16,950	91	17,042
Other comprehensive income					5,679	5,679	16	5,695
Comprehensive income	–	–	16,950	–	5,679	22,629	107	22,737
Purchase of treasury shares				(0)		(0)		(0)
Share-based payment transactions		74		(0)		74		74
Dividends			(10,948)			(10,948)	(93)	(11,041)
Transfer from other components of equity to retained earnings			(1,057)		1,057	–		–
Loss of control of subsidiaries						–	78	78
Changes in ownership interest in subsidiaries		(6)			(0)	(7)	96	89
Other		30				30		30
Total transactions with owners	–	99	(12,005)	(0)	1,056	(10,851)	82	(10,768)
Balance as of June 30, 2023	75,929	83,659	486,108	(62,669)	27,052	610,080	1,930	612,010

(5) Changes in Presentation

- (a) As stated in “(6) 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 first quarter ended June 30, 2022 (from April 1, 2022 to June 30, 2022), “income from the payment business” was increased by 375 million yen, while “income from the finance business” was decreased by the same amount.
- (b) As stated in “(6) Segment Information, Etc.,” effective the first quarter ended June 30, 2023 (from April 1, 2023 to June 30, 2023), the “Global business segment,” which had been included in the “Payment business segment,” was changed into to its own reportable segment. In order to reflect the changes to the method of presentation of these segments, the income from the “Global business segment” has been reclassified. As a result, for the first quarter ended June 30, 2022 (from April 1, 2022 to June 30, 2022), “income from the payment business” was decreased by 1,818 million yen, while “revenue from the global business” was increased by the same amount.

(6) 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," "Global" 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.

The Global business segment operates the lending business and the investment 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.

In addition, from the first quarter ended June 30, 2023, after conducting a review of management classifications for profit and loss in conjunction with our initiatives concerning future expansion of global operations, we changed to the method of presenting businesses and associated companies involved in global operations, which had been included in the Payment business segment, in their own Global business segment. Moreover, in order to more appropriately evaluate business performance of each segment, the method by which finance costs are allocated were changed, and such costs are allocated to each reportable segment based on reasonable criteria.

As a result of the above change, segment information for the first quarter ended June 30, 2022 has been restated based on the reportable segments after the change.

(ii) Information regarding profit or loss by reportable segments

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	Global	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue									
Revenue from external customers	53,006	2,975	12,334	13,693	1,911	7,920	91,842	–	91,842
Intersegment revenue	336	0	–	102	–	0	439	(439)	–
Total	53,343	2,975	12,334	13,795	1,911	7,920	92,281	(439)	91,842
Net revenue	53,343	2,975	12,334	6,230	1,911	1,554	78,350	(547)	77,802
Segment profit (Business profit) (Note 1)	6,362	1,319	5,738	4,030	4,080	207	21,738	142	21,881
Reconciliations	–	–	–	–	–	–	–	–	276
Profit before tax	–	–	–	–	–	–	–	–	22,157

For the first quarter ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(Millions of yen)

	Payment	Lease	Finance	Real estate-related	Global	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue									
Revenue from external customers	56,860	3,085	13,724	12,974	4,501	7,841	98,988	–	98,988
Intersegment revenue	477	0	–	85	–	0	563	(563)	–
Total	57,337	3,085	13,724	13,059	4,501	7,842	99,551	(563)	98,988
Net revenue	57,337	3,085	13,724	6,255	4,501	1,575	86,482	(602)	85,879
Segment profit (Business profit) (Note 1)	7,314	1,137	6,015	7,273	1,262	383	23,386	185	23,572
Reconciliations	–	–	–	–	–	–	–	–	436
Profit before tax	–	–	–	–	–	–	–	–	24,009

(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)	
	First quarter of FY2022 (April 1, 2022 to June 30, 2022)	First quarter of FY2023 (April 1, 2023 to June 30, 2023)
Segment profit (Business profit)	21,881	23,572
Adjustments for the application of the effective interest method to financial assets	(34)	87
Reconciliations (Other income)	311	490
Gain on valuation of investment securities (stocks, etc.)	278	490
Gain on change in equity	33	-
Reconciliations (Other expenses)	-	(141)
Loss on sale of shares of subsidiaries and associates	-	(130)
Other	-	(11)
Reconciliations - total	276	436
Profit before tax	22,157	24,009