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To all whom it may concern

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Notification Regarding Recognition of Gain on Negative Goodwill, Differences between Forecast of (Consolidated and Non-Consolidated) Business Results and Actual Results for the First Half of the Fiscal Year Ending March 31, 2024, Revision of Forecast of Full-year (Consolidated and Non-Consolidated) Business Results, and Revision of Forecast of Year-end Dividend (Special Dividend)

Credit Saison Co., Ltd. (hereinafter: "Credit Saison") hereby announces the recognition of a gain on negative goodwill associated with Suruga Bank, Ltd. becoming an affiliated company accounted for by the equity-method of Credit Saison (consolidated) in the business results for the first half of the fiscal year ending March 31, 2024 (April 1, 2023 - September 30, 2023). Credit Saison also announces differences between the actual results and forecast as well as forecast of the (consolidated and non-consolidated) business results for the first half of the fiscal year ending March 31, 2024 announced on May 15, 2023, and revision of forecast of full-year (consolidated and non-consolidated) business results and the year-end dividend forecast (special dividend).

Details

1. Recognition of Gain on Negative Goodwill

On July 3, 2023, Credit Saison acquired 35,089,000 common shares (15.12% of total outstanding shares) of Suruga Bank, Ltd. and made the bank an affiliated company accounted for by the equity method. As a result, an amount equivalent to gain on negative goodwill of 20,043 million yen was recognized as investment gains accounted for using equity method in the (consolidated) business results for the first half of the fiscal year ending March 31, 2024.

2. Differences between Forecasts and Actual Results

(1) Differences between Consolidated Forecast and Actual Results for the First Half of the Fiscal Year Ending March 31, 2024 (Year to Date)

(April 1, 2023 - September 30, 2023)

	Net revenue	Business profit	Profit attributable to owners of the parent	Basic earnings per share
	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	170,000	31,000	21,500	137.53
Actual results (B)	175,117	39,813	44,010	276.26
Amount of increase (decrease) (B-A)	5,117	8,813	22,510	
Rate of increase (decrease) (%)	3.0	28.4	104.7	
(Reference) Actual results for the second quarter of the previous fiscal year (Q2 FYE Mar 2023)	157,310	39,347	27,499	175.93

(2) Differences between Non-Consolidated Forecast and Actual Results for the First Half of the Fiscal Year Ending March 31, 2024 (Year to Date)

(April 1, 2023 - September 30, 2023)

	Operating revenue	Operating profit	Ordinary profit	Profit	Profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	134,000	13,500	18,500	13,500	86.31
Actual results (B)	138,877	18,980	23,565	18,939	118.41
Amount of increase (decrease) (B-A)	4,877	5,480	5,065	5,439	
Rate of increase (decrease) (%)	3.6	40.6	27.4	40.3	
(Reference) Actual results for the second quarter of the previous fiscal year (Q2 FYE Mar 2023)	130,096	18,143	23,485	17,225	110.14

3. Revision of Forecast of Full-year Business Results

(1) Revision of Forecast of Consolidated Full-year Business Results for the Fiscal Year Ending March 31, 2024

(April 1, 2023 - March 31, 2024)

	Net revenue	Business profit	Net income attributable to owners of the parent	Basic earnings per share
	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	356,000	70,000	49,000	313.44
Current revised forecast (B)	362,000	70,000	64,000	392.02
Amount of increase (decrease) (B-A)	6,000	—	15,000	
Rate of increase (decrease) (%)	1.7	—	30.6	
(Reference) Actual results for the previous fiscal year (FYE Mar 2023)	322,638	60,977	43,599	278.92

(2) Revision of Forecast of Non-consolidated Full-year Business Results for the Fiscal Year Ending March 31, 2024

(April 1, 2023 - March 31, 2024)

	Operating revenue	Operating profit	Ordinary profit	Profit	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously announced forecast (A)	279,000	39,000	45,500	32,000	204.60
Current revised forecast (B)	282,500	37,000	45,500	32,000	194.35
Amount of increase (decrease) (B-A)	3,500	(2,000)	—	—	
Rate of increase (decrease) (%)	1.3	(5.1)	—	—	
(Reference) Actual results for the previous fiscal year (FYE Mar 2023)	266,103	32,668	43,424	34,220	218.81

4. Reasons for Differences and Revisions

As for the non-consolidated business result forecast for the first half of the fiscal year ending March 31, 2024, operating profit, ordinary profit, and profit each exceeded the previous forecast, mainly due to an increase in operating revenue resulting from steady growth in shopping transaction volume and revolving balance. Accordingly, consolidated net revenue and business profit also exceeded the previous forecast.

In addition, as announced in the press release "Notice Concerning the Capital and Business Alliance Between Credit Saison Co., Ltd. and Suruga Bank, Ltd." dated May 18, 2023, Credit Saison concluded a capital and business alliance agreement with Suruga Bank, Ltd. and made the company an equity method affiliate. As described in "1. Recognition of Gain on Negative Goodwill" in this document, Credit Saison recorded 20,043 million yen, which is equivalent to the amount of gain on negative goodwill, as investment gains as a result of the conversion to an equity method affiliate.

Therefore, in light of these circumstances, Credit Saison has revised its full-year (consolidated and non-consolidated) earnings forecasts for the fiscal year ending March 31, 2024, as shown above.

5. Revision of Dividend Forecast

	Annual dividend		
	Second quarter	Year-end	Total
Previous forecast (Announced on May 15, 2023)	0.00yen	80.00 yen	80.00 yen
Current revised forecast	-	100.00 yen (Ordinary dividend: 80.00 yen) (Special dividend: 20.00 yen)	100.00 yen (Ordinary dividend: 80.00 yen) (Special dividend: 20.00 yen)
Current fiscal year actual	0.00yen	-	-
Previous fiscal year actual (FYE Mar 2023)	0.00yen	70.00 yen	70.00 yen

6. Reasons for Revision of Dividend Forecast

Credit Saison believes that initiatives to strengthen its corporate structure and to continuously expand its business are important for enhancing shareholder value. Regarding the sharing of profits, the Company intends to secure sufficient internal reserves to achieve these objectives while providing appropriate, stable, and continuous dividends to its stockholders.

Based on this basic policy, Credit Saison had forecast to pay a year-end dividend of 80 yen per share for the fiscal year ending March 31, 2024, but has decided to pay a special dividend of 20 yen per share in accordance with the above revised earnings forecast. As a result, Credit Saison has revised its year-end dividend forecast per share for the fiscal year ending March 31, 2024 to a total of 100 yen per share, consisting of an ordinary dividend of 80 yen per share and a special dividend of 20 yen per share.

The matter will be submitted to the Company's 74th Ordinary General Meeting of Shareholders scheduled to be convened in late June 2024.

*The above figures were compiled using assumptions and forecasts that are the basis for future outlooks and plans current as of the date of publication. Actual results may differ from forecast figures due to a wide range of factors.