

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



(IFRS)

February 13, 2024
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: February 14, 2024

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, 2024 (April 1, 2023 to December 31, 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)	(%)
3 rd Quarter FY2023	268,771	11.0	61,495	(3.0)	83,775	29.9	62,397	37.1	62,057	37.1	68,253	32.4
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

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
3 rd Quarter FY2023	386.70	386.52
3 rd Quarter FY2022	289.60	289.15

(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 FY2023	4,278,529	670,604	668,291	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	–	0.00	–		
FY2023 (Projected)				100.00	100.00

(Note) Revision of projected dividends most recently announced: None
Year-end dividend forecast for the fiscal year ending March 31, 2024
Ordinary dividend: 80.00 yen Special dividend: 20.00 yen

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)	(%)	
FY2023	362,000	12.2	70,000	14.8	64,000	46.8	392.02

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

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: Yes
- 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 FY2023: 185,444,772 shares	FY2022: 185,444,772 shares
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- b. Treasury shares at the end of the period:

3 rd Quarter FY2023: 22,297,080 shares	FY2022: 29,116,888 shares
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- c. Average number of shares during the period (cumulative):

3 rd Quarter FY2023: 160,480,572 shares	3 rd Quarter FY2022: 156,315,516 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 December 31, 2023
Assets		
Cash and cash equivalents	159,671	116,456
Trade and other receivables	2,990,519	3,307,589
Inventories	133,247	144,010
Operational investment securities	62,521	76,551
Investment securities	74,394	76,909
Other financial assets	20,346	46,406
Property, plant and equipment	28,753	29,305
Right-of-use assets	11,044	16,752
Intangible assets	150,458	141,187
Investment property	116,612	139,616
Investments accounted for using equity method	89,176	128,074
Deferred tax assets	41,615	37,367
Other assets	16,714	18,301
Assets held for sale	1,030	–
Total assets	3,896,105	4,278,529

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities and equity		
Liabilities		
Trade and other payables	253,329	282,286
Financial guarantee liabilities	7,875	7,970
Bonds and borrowings	2,805,175	3,091,702
Other financial liabilities	19,606	23,950
Income taxes payable	10,385	9,154
Provision for point card certificates	126,023	128,635
Provision for loss on interest repayment	18,091	14,048
Other provisions	1,437	1,482
Deferred tax liabilities	86	331
Other liabilities	54,051	48,362
Total liabilities	3,296,063	3,607,925
Equity		
Share capital	75,929	75,929
Capital surplus	83,560	81,563
Retained earnings	481,163	531,616
Treasury shares	(62,668)	(47,639)
Other components of equity	20,317	26,821
Total equity attributable to owners of parent	598,301	668,291
Non-controlling interests	1,739	2,313
Total equity	600,041	670,604
Total liabilities and equity	3,896,105	4,278,529

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Third quarter of FY2022 (April 1, 2022 to December 31, 2022)	Third quarter of FY2023 (April 1, 2023 to December 31, 2023)
Revenue		
Income from the payment business	162,962	174,321
Income from the lease business	9,007	9,323
Income from the finance business	37,710	43,765
Revenue from the real estate-related business	48,066	42,260
Revenue from the global business	7,724	16,935
Revenue from the entertainment business	23,330	24,195
Finance income	634	1,655
Total	289,437	312,456
Cost of sales		
Cost of sales for the real estate-related business	28,678	24,296
Cost of sales for the entertainment business	18,654	19,388
Total	47,333	43,685
Net revenue	242,104	268,771
Selling, general and administrative expenses	164,845	175,552
Impairment losses on financial assets	18,651	27,086
Finance costs	10,712	17,503
Gain arising from the derecognition of financial assets measured at amortized cost	-	177
Share of profit of investments accounted for using equity method	5,230	26,421
Other income	11,734	9,481
Other expenses	370	933
Profit before tax	64,488	83,775
Income tax expense	18,985	21,377
Profit	45,503	62,397
Profit attributable to		
Owners of parent	45,268	62,057
Non-controlling interests	234	340
Profit	45,503	62,397
Earnings per share		
Basic earnings per share (Yen)	289.60	386.70
Diluted earnings per share (Yen)	289.15	386.52

Reconciliation from profit before tax to business profit

(Millions of yen)

	Third quarter of FY2022 (April 1, 2022 to December 31, 2022)	Third quarter of FY2023 (April 1, 2023 to December 31, 2023)
Profit before tax	64,488	83,775
Reconciliations (Share of profit of investments accounted for using equity method)	–	(21,305)
Reconciliations (Other income)	(1,139)	(1,348)
Reconciliations (Other expenses)	179	534
Adjustments for the application of the effective interest method to financial assets	(105)	(160)
Subtotal	(1,065)	(22,279)
Business profit	63,423	61,495

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Third quarter of FY2022 (April 1, 2022 to December 31, 2022)	Third quarter of FY2023 (April 1, 2023 to December 31, 2023)
Profit	45,503	62,397
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	1,239	3,058
Remeasurements of defined benefit plans	–	(11)
Share of other comprehensive income of investments accounted for using equity method	(706)	(49)
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	(1)	4
Effective portion of cash flow hedges	5,671	854
Exchange differences on translation of foreign operations	(288)	1,585
Share of other comprehensive income of investments accounted for using equity method	115	413
Total other comprehensive income, net of tax	6,029	5,855
Comprehensive income	51,532	68,253

Comprehensive income attributable to		
Owners of parent	51,299	67,906
Non-controlling interests	233	346
Comprehensive income	51,532	68,253

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
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

Third quarter of FY2023 (April 1, 2023 to December 31, 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			62,057			62,057	340	62,397
Other comprehensive income					5,848	5,848	6	5,855
Comprehensive income	–	–	62,057	–	5,848	67,906	346	68,253
Purchase of treasury shares				(2,693)		(2,693)		(2,693)
Disposal of treasury shares		(2,173)		17,669		15,495		15,495
Share-based payment transactions		172		53		226		226
Dividends			(10,948)			(10,948)	(93)	(11,041)
Transfer from other components of equity to retained earnings			(655)		655	–		–
Obtaining of control of subsidiaries						–	297	297
Loss of control of subsidiaries						–	78	78
Changes in ownership interest in subsidiaries		(12)			(0)	(13)	(57)	(70)
Other		17				17		17
Total transactions with owners	–	(1,996)	(11,604)	15,029	655	2,083	226	2,309
Balance as of December 31, 2023	75,929	81,563	531,616	(47,639)	26,821	668,291	2,313	670,604

(5) Changes in Presentation

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 third quarter ended December 31, 2022 (from April 1, 2022 to December 31, 2022), “income from the payment business” was decreased by 7,724 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 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 third quarter ended December 31, 2022 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, 2022 (from April 1, 2022 to December 31, 2022)

(Millions of yen)

	Payment	Lease	Finance	Real estate-related	Global	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue									
Revenue from external customers	163,401	9,008	37,710	48,066	7,918	23,330	289,437	–	289,437
Intersegment revenue	1,031	0	–	336	–	0	1,369	(1,369)	–
Total	164,433	9,009	37,710	48,403	7,918	23,330	290,806	(1,369)	289,437
Net revenue	164,433	9,009	37,710	19,997	7,918	4,675	243,746	(1,641)	242,104
Segment profit (Business profit) (Note 1)	18,896	3,906	17,223	12,703	9,149	1,061	62,941	482	63,423
Reconciliations	–	–	–	–	–	–	–	–	1,065
Profit before tax	–	–	–	–	–	–	–	–	64,488

For the third quarter ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(Millions of yen)

	Payment	Lease	Finance	Real estate-related	Global	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue									
Revenue from external customers	174,836	9,323	43,765	42,261	18,074	24,195	312,456	–	312,456
Intersegment revenue	1,243	0	–	234	–	0	1,478	(1,478)	–
Total	176,079	9,324	43,765	42,495	18,074	24,195	313,935	(1,478)	312,456
Net revenue	176,079	9,324	43,765	18,309	18,074	4,806	270,359	(1,588)	268,771
Segment profit (Business profit) (Note 1)	19,085	3,534	21,390	14,170	1,065	1,342	60,589	906	61,495
Reconciliations	–	–	–	–	–	–	–	–	22,279
Profit before tax	–	–	–	–	–	–	–	–	83,775

(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 FY2022 (April 1, 2022 to December 31, 2022)	Third quarter of FY2023 (April 1, 2023 to December 31, 2023)
Segment profit (Business profit)	63,423	61,495
Adjustments for the application of the effective interest method to financial assets	105	160
Reconciliations (Share of profit of investments accounted for using equity method)	–	21,305
Gain on bargain purchase	–	21,305
Reconciliations (Other income)	1,139	1,348
Gain on valuation of investment securities (stocks, etc.)	1,114	663
Gain on change in equity	1	–
Gain on sale of fixed assets	23	672
Other	–	11
Reconciliations (Other expenses)	(179)	(534)
Loss on sale of shares of subsidiaries and associates	–	(130)
Impairment losses on non-financial assets	(26)	(20)
Loss on sale of fixed assets	–	(117)
Loss on disposal of fixed assets	(152)	(155)
Other	(0)	(109)
Reconciliations - total	1,065	22,279
Profit before tax	64,488	83,775