

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2022



(IFRS)

August 6, 2021
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: Hironao Wakamei / General Manager, Corporate Planning Dept. and General Manager, Group Strategic Management Office of Corporate Planning Dept.; Phone: (03) 3988-(2110)

Scheduled date to submit Quarterly Securities Report: August 13, 2021

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: No

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, 2022 (April 1, 2021 to June 30, 2021)

(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 FY2021	74,155	7.8	18,783	16.5	16,760	6.7	11,305	0.5	11,237	(0.1)	12,150	(14.0)
1 st Quarter FY2020	68,789	(11.2)	16,125	10.8	15,706	10.0	11,253	13.7	11,251	13.6	14,133	710.7

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
1 st Quarter FY2021	71.92	71.88
1 st Quarter FY2020	72.02	71.87

(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 FY2021	3,423,273	537,226	536,064	15.7
FY2020	3,409,247	532,057	530,971	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)
FY2020	–	0.00	–	45.00	45.00
FY2021	–	–	–	–	–
FY2021 (Projected)	–	0.00	–	45.00	45.00

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

3. Consolidated Earnings Forecasts for Fiscal 2021 (April 1, 2021 to March 31, 2022)

(% 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	146,800	4.6	29,500	2.5	19,000	(6.8)	121.59
FY2021	299,500	6.0	52,000	7.5	36,500	1.0	233.58

(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
 - 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 shares issued at the end of the period (including treasury shares):
1st Quarter FY2021: 185,444,772 shares FY2020: 185,444,772 shares
 - b. Treasury shares at the end of the period:
1st Quarter FY2021: 29,181,810 shares FY2020: 29,181,240 shares
 - c. Average number of outstanding shares during the period (cumulative):
1st Quarter FY2021: 156,263,145 shares 1st Quarter FY2020: 156,231,341 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.

2. Condensed Quarterly Consolidated Financial Statements
(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Cash and cash equivalents	101,001	100,256
Trade and other receivables	2,607,838	2,629,027
Inventories	139,530	133,459
Operational investment securities	47,250	45,077
Investment securities	78,774	79,233
Other financial assets	13,374	14,252
Property, plant and equipment	29,095	31,242
Right-of-use assets	14,850	14,292
Intangible assets	171,421	169,286
Investment property	73,888	76,360
Investments accounted for using equity method	80,680	82,225
Deferred tax assets	37,569	37,420
Other assets	13,972	11,138
Total assets	3,409,247	3,423,273

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities and equity		
Liabilities		
Trade and other payables	229,962	218,294
Financial guarantee debt	9,823	9,682
Bonds and borrowings	2,429,488	2,451,205
Other financial liabilities	23,799	24,805
Income taxes payable	6,079	5,447
Provision for point card certificates	113,207	114,828
Provision for loss on interest repayment	17,121	15,470
Other provisions	1,521	1,555
Deferred tax liabilities	1,005	1,005
Other liabilities	45,181	43,753
Total liabilities	2,877,190	2,886,047
Equity		
Share capital	75,929	75,929
Capital surplus	85,198	85,239
Retained earnings	414,260	418,811
Treasury shares	(62,808)	(62,808)
Other components of equity	18,392	18,893
Total equity attributable to owners of parent	530,971	536,064
Non-controlling interests	1,086	1,161
Total equity	532,057	537,226
Total liabilities and equity	3,409,247	3,423,273

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	First quarter of FY2020 (April 1, 2020 to June 30, 2020)	First quarter of FY2021 (April 1, 2021 to June 30, 2021)
Revenue		
Income from the payment business	50,633	51,038
Income from the lease business	2,947	2,966
Income from the finance business	10,586	11,223
Revenue from the real estate-related business	9,637	17,853
Revenue from the entertainment business	3,631	8,456
Finance income	377	234
Total	77,814	91,773
Cost of sales		
For the real estate-related business	6,080	10,743
For the entertainment business	2,944	6,874
Total	9,025	17,617
Net revenue	68,789	74,155
Selling, general and administrative expenses	47,417	50,003
Impairment losses on financial assets	7,265	7,152
Finance costs	2,672	2,606
Share of profit of investments accounted for using equity method	1,076	1,490
Other income	3,360	1,548
Other expenses	163	671
Profit before tax	15,706	16,760
Income tax expense	4,453	5,454
Profit	11,253	11,305
Profit attributable to		
Owners of parent	11,251	11,237
Non-controlling interests	2	68
Profit	11,253	11,305
Earnings per share		
Basic earnings per share	72.02	71.92
Diluted earnings per share	71.87	71.88

Reconciliation from profit before tax to business profit

(Millions of yen)

	First quarter of FY2020 (April 1, 2020 to June 30, 2020)	First quarter of FY2021 (April 1, 2021 to June 30, 2021)
Profit before tax	15,706	16,760
Reconciliations (Impairment losses on financial assets)	–	1,348
Reconciliations (Selling, general and administrative expenses)	1,587	–
Reconciliations (Other income)	(1,383)	(78)
Reconciliations (Other expenses)	–	633
Adjustments for the application of the effective interest method to financial assets	214	120
Subtotal	418	2,023
Business profit	16,125	18,783

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter of FY2020 (April 1, 2020 to June 30, 2020)	First quarter of FY2021 (April 1, 2021 to June 30, 2021)
Profit	11,253	11,305
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	2,462	1,054
Share of other comprehensive income of investments accounted for using equity method	(135)	839
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	(7)	(0)
Effective portion of cash flow hedges	432	(896)
Exchange differences on translation of foreign operations	20	(181)
Share of other comprehensive income of investments accounted for using equity method	107	28
Total other comprehensive income, net of tax	2,880	844
Comprehensive income	14,133	12,150

Comprehensive income attributable to		
Owners of parent	14,114	12,087
Non-controlling interests	18	62
Comprehensive income	14,133	12,150

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
First quarter of FY2020 (April 1, 2020 to June 30, 2020)

(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, 2020	75,929	85,279	384,182	(62,881)	2,161	484,670	805	485,476
Profit			11,251			11,251	2	11,253
Other comprehensive income					2,863	2,863	16	2,880
Comprehensive income	–	–	11,251	–	2,863	14,114	18	14,133
Purchase of treasury shares				(0)		(0)		(0)
Disposal of treasury shares		(0)		0		0		0
Dividends			(7,033)			(7,033)		(7,033)
Transfer from other components of equity to retained earnings			(1,137)		1,137			–
Changes in ownership interest in subsidiaries		(112)				(112)	112	–
Total transactions with owners	–	(112)	(8,171)	0	1,137	(7,146)	112	(7,033)
Balance as of June 30, 2020	75,929	85,166	387,262	(62,881)	6,162	491,638	937	492,575

First quarter of FY2021 (April 1, 2021 to June 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			11,237			11,237	68	11,305
Other comprehensive income					850	850	(5)	844
Comprehensive income	–	–	11,237	–	850	12,087	62	12,150
Purchase of treasury shares				(0)		(0)		(0)
Share-based remuneration transactions		41				41	0	41
Dividends			(7,035)			(7,035)		(7,035)
Transfer from other components of equity to retained earnings			348		(348)	–		–
Other						–	12	12
Total transactions with owners	–	41	(6,686)	(0)	(348)	(6,994)	12	(6,981)
Balance as of June 30, 2021	75,929	85,239	418,811	(62,808)	18,893	536,064	1,161	537,226

(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 first quarter ended June 30, 2021, the Group reviewed the allocation standards for the Company's common expenses, and carried out changes to the method for calculating the profit or loss of each operating segment in order to more appropriately evaluate and manage the performance of each reportable segment.

(ii) Information regarding reportable segments

For the first quarter ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	51,005	2,953	10,586	9,637	3,631	77,814	-	77,814
Intersegment revenue	361	0	-	241	0	603	(603)	-
Total	51,367	2,953	10,586	9,878	3,631	78,417	(603)	77,814
Net revenue	51,367	2,953	10,586	3,796	687	69,390	(601)	68,789
Segment profit (Business profit) or Segment loss (Business loss) (Note 1 and 3)	7,701	1,126	6,018	1,717	(440)	16,124	0	16,125
Reconciliations	-	-	-	-	-	-	-	(418)
Profit before tax	-	-	-	-	-	-	-	15,706

For the first quarter ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	51,272	2,966	11,223	17,853	8,456	91,773	–	91,773
Intersegment revenue	339	0	–	218	0	558	(558)	–
Total	51,611	2,966	11,223	18,072	8,456	92,331	(558)	91,773
Net revenue	51,611	2,966	11,223	7,326	1,582	74,710	(555)	74,155
Segment profit (Business profit) or Segment loss (Business loss) (Note 1)								
Segment profit (Business profit) or Segment loss (Business loss) (Note 1)	7,414	1,701	4,796	4,917	(47)	18,782	0	18,783
Reconciliations	–	–	–	–	–	–	–	(2,023)
Profit before tax	–	–	–	–	–	–	–	16,760

(Notes) 1. Business profit or Business loss is calculated by adding or subtracting certain items of adjustment to or from profit before tax.

The items of adjustment are determined by the Group based on the judgment that they provide useful comparative information of business performance from the consideration of the nature or frequency of the respective revenue or expense and appropriately reflect the method by which the business is managed.

2. Adjustments include inter-segment eliminations.

3. From the first quarter ended June 30, 2021, the Group reviewed the allocation standards for the Company's common expenses, and carried out changes to the method for calculating the profit or loss of each operating segment. In the event that operating segment information for the first quarter ended June 30, 2020, was prepared using the method of calculation after the change, Business profit of the payment business would increase by 864 million yen, while Business profit of the leasing and financing businesses would decrease by 61 million yen and 803 million yen, respectively.

Breakdown of reconciliations from segment profit (business profit) to profit before tax

(Millions of yen)

	First quarter of FY2020 (April 1, 2020 to June 30, 2020)	First quarter of FY2021 (April 1, 2021 to June 30, 2021)
Segment profit (Business profit)	16,125	18,783
Adjustments for the application of the effective interest method to financial assets	(214)	(120)
Reconciliations (Selling, general and administrative expenses)	(1,587)	–
Loss related to COVID-19 (*1)	(1,587)	–
Reconciliations (Impairment losses on financial assets)	–	(1,348)
Allowance for doubtful accounts accumulated due to malfeasance by business partners (*2)	–	(1,348)
Reconciliations (Other income)	1,383	78
Gain on valuation of investment securities (stocks, etc.)	982	–
Gain on sale of fixed assets	266	52
Other	134	26
Reconciliations (Other expenses)	–	(633)
Loss on valuation of investment securities (stocks, etc.)	–	(633)
Reconciliations - total	(418)	(2,023)
Profit before tax	15,706	16,760

*1 In response to various requests from the national and local governments taken to address the novel coronavirus disease (COVID-19), we compensated some of our employees due to the suspension of business partners and locations, and took measures to close some locations temporarily. This item of reconciliation from business profit comprises non-recurring expenses that include the fixed costs (such as personnel costs and depreciation) resulting from the aforementioned.

*2 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.