

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

(IFRS)



November 9, 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

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Scheduled date to submit Quarterly Securities Report: November 12, 2021

Scheduled date to commence dividend payments: –

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Results for the Second Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 to September 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)	(%)
2 nd Quarter FY2021	149,211	6.3	35,309	22.7	33,252	13.4	21,686	6.2	21,554	5.7	24,798	4.4
2 nd Quarter FY2020	140,355	(11.9)	28,766	(8.0)	29,315	16.5	20,424	10.3	20,395	9.4	23,742	84.0

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
2 nd Quarter FY2021	137.93	137.85
2 nd Quarter FY2020	130.53	130.36

(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 (%)
2 nd Quarter FY2021	3,451,323	549,919	548,690	15.9
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	–	0.00	–	–	–
FY2021 (Projected)	–	–	–	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)	(%)	
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 second 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):
 2nd Quarter FY2021: 185,444,772 shares FY2020: 185,444,772 shares
 - b. Treasury shares at the end of the period:
 2nd Quarter FY2021: 29,148,759 shares FY2020: 29,181,240 shares
 - c. Average number of outstanding shares during the period (cumulative):
 2nd Quarter FY2021: 156,277,247 shares 2nd Quarter FY2020: 156,245,918 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 September 30, 2021
Assets		
Cash and cash equivalents	101,001	108,968
Trade and other receivables	2,607,838	2,650,594
Inventories	139,530	126,655
Operational investment securities	47,250	47,820
Investment securities	78,774	81,955
Other financial assets	13,374	16,440
Property, plant and equipment	29,095	30,819
Right-of-use assets	14,850	14,005
Intangible assets	171,421	167,180
Investment property	73,888	80,059
Investments accounted for using equity method	80,680	79,852
Deferred tax assets	37,569	36,602
Other assets	13,972	10,369
Total assets	3,409,247	3,451,323

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities and equity		
Liabilities		
Trade and other payables	229,962	210,316
Financial guarantee liabilities	9,823	9,598
Bonds and borrowings	2,429,488	2,472,127
Other financial liabilities	23,799	22,042
Income taxes payable	6,079	11,742
Provision for point card certificates	113,207	115,933
Provision for loss on interest repayment	17,121	13,670
Other provisions	1,521	1,558
Deferred tax liabilities	1,005	1,005
Other liabilities	45,181	43,408
Total liabilities	2,877,190	2,901,403
Equity		
Share capital	75,929	75,929
Capital surplus	85,198	85,213
Retained earnings	414,260	429,124
Treasury shares	(62,808)	(62,737)
Other components of equity	18,392	21,160
Total equity attributable to owners of parent	530,971	548,690
Non-controlling interests	1,086	1,229
Total equity	532,057	549,919
Total liabilities and equity	3,409,247	3,451,323

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Second quarter of FY2020 (April 1, 2020 to September 30, 2020)	Second quarter of FY2021 (April 1, 2021 to September 30, 2021)
Revenue		
Income from the payment business	102,843	101,557
Income from the lease business	5,942	5,949
Income from the finance business	21,544	23,237
Revenue from the real estate-related business	17,045	38,410
Revenue from the entertainment business	12,878	16,914
Finance income	600	531
Total	160,855	186,600
Cost of sales		
For the real estate-related business	9,974	23,708
For the entertainment business	10,525	13,679
Total	20,499	37,388
Net revenue	140,355	149,211
Selling, general and administrative expenses	98,127	101,427
Impairment losses on financial assets	13,834	12,843
Finance costs	5,645	5,555
Share of profit of investments accounted for using equity method	2,306	1,809
Other income	4,552	2,764
Other expenses	291	707
Profit before tax	29,315	33,252
Income tax expense	8,890	11,566
Profit	20,424	21,686
Profit attributable to		
Owners of parent	20,395	21,554
Non-controlling interests	28	131
Profit	20,424	21,686
Earnings per share		
Basic earnings per share	130.53	137.93
Diluted earnings per share	130.36	137.85

Reconciliation from profit before tax to business profit

(Millions of yen)

	Second quarter of FY2020 (April 1, 2020 to September 30, 2020)	Second quarter of FY2021 (April 1, 2021 to September 30, 2021)
Profit before tax	29,315	33,252
Reconciliations (Selling, general and administrative expenses)	929	–
Reconciliations (Impairment losses on financial assets)	–	1,364
Reconciliations (Other income)	(1,879)	(143)
Reconciliations (Other expenses)	–	625
Adjustments for the application of the effective interest method to financial assets	401	209
Subtotal	(548)	2,057
Business profit	28,766	35,309

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Second quarter of FY2020 (April 1, 2020 to September 30, 2020)	Second quarter of FY2021 (April 1, 2021 to September 30, 2021)
Profit	20,424	21,686
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	3,687	2,030
Share of other comprehensive income of investments accounted for using equity method	(43)	907
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	(237)	(33)
Exchange differences on translation of foreign operations	10	145
Share of other comprehensive income of investments accounted for using equity method	(99)	63
Total other comprehensive income, net of tax	3,318	3,112
Comprehensive income	23,742	24,798

Comprehensive income attributable to		
Owners of parent	23,709	24,668
Non-controlling interests	33	130
Comprehensive income	23,742	24,798

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
Second quarter of FY2020 (April 1, 2020 to September 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			20,395			20,395	28	20,424
Other comprehensive income					3,313	3,313	4	3,318
Comprehensive income	–	–	20,395	–	3,313	23,709	33	23,742
Purchase of treasury shares				(0)		(0)		(0)
Disposal of treasury shares		(0)		0		0		0
Share-based payment transactions		(61)		73		11		11
Dividends			(7,033)			(7,033)		(7,033)
Transfer from other components of equity to retained earnings			(1,220)		1,220	–		–
Changes in ownership interest in subsidiaries		(112)				(112)	112	–
Total transactions with owners	–	(173)	(8,254)	73	1,220	(7,134)	112	(7,022)
Balance as of September 30, 2020	75,929	85,105	396,323	(62,808)	6,695	501,244	951	502,196

Second quarter of FY2021 (April 1, 2021 to September 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			21,554			21,554	131	21,686
Other comprehensive income					3,114	3,114	(1)	3,112
Comprehensive income	–	–	21,554	–	3,114	24,668	130	24,798
Purchase of treasury shares				(0)		(0)		(0)
Share-based payment transactions		14		71		86	0	86
Dividends			(7,035)			(7,035)		(7,035)
Transfer from other components of equity to retained earnings			345		(345)	–		–
Other						–	12	12
Total transactions with owners	–	14	(6,690)	70	(345)	(6,949)	13	(6,936)
Balance as of September 30, 2021	75,929	85,213	429,124	(62,737)	21,160	548,690	1,229	549,919

(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 second quarter ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	103,441	5,945	21,544	17,045	12,878	160,855	–	160,855
Intersegment revenue	738	0	–	487	0	1,226	(1,226)	–
Total	104,179	5,945	21,544	17,532	12,878	162,081	(1,226)	160,855
Net revenue	104,179	5,945	21,544	7,554	2,353	141,578	(1,223)	140,355
Segment profit (Business profit) or Segment loss (Business loss) (Note 1 and 3)								
	13,141	2,724	10,332	3,421	(855)	28,764	1	28,766
Reconciliations	–	–	–	–	–	–	–	548
Profit before tax	–	–	–	–	–	–	–	29,315

For the second quarter ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	102,088	5,949	23,237	38,410	16,914	186,600	–	186,600
Intersegment revenue	665	0	–	430	0	1,096	(1,096)	–
Total	102,753	5,949	23,237	38,840	16,915	187,697	(1,096)	186,600
Net revenue	102,753	5,949	23,237	15,128	3,235	150,304	(1,092)	149,211
Segment profit (Business profit) or Segment loss (Business loss) (Note 1)								
Segment profit (Business profit) or Segment loss (Business loss) (Note 1)	12,420	2,936	9,805	10,160	(14)	35,308	1	35,309
Reconciliations	–	–	–	–	–	–	–	(2,057)
Profit before tax	–	–	–	–	–	–	–	33,252

(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 second quarter ended September 30, 2020, was prepared using the method of calculation after the change, Business profit of the payment business would increase by 1,720 million yen, while Business profit of the leasing and financing businesses would decrease by 306 million yen and 1,414 million yen, respectively.

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

(Millions of yen)

	Second quarter of FY2020 (April 1, 2020 to September 30, 2020)	Second quarter of FY2021 (April 1, 2021 to September 30, 2021)
Segment profit (Business profit)	28,766	35,309
Adjustments for the application of the effective interest method to financial assets	(401)	(209)
Reconciliations (Selling, general and administrative expenses)	(929)	–
Loss related to COVID-19 (*1)	(929)	–
Reconciliations (Impairment losses on financial assets)	–	(1,364)
Allowance for doubtful accounts accumulated due to malfeasance by business partners (*2)	–	(1,364)
Reconciliations (Other income)	1,879	143
Gain on valuation of investment securities (e.g. stocks)	1,379	–
Gain on change in equity	64	64
Gain on sale of fixed assets	435	52
Other	–	26
Reconciliations (Other expenses)	–	(625)
Loss on valuation of investment securities (e.g. stocks)	–	(567)
Other	–	(58)
Reconciliations - total	548	(2,057)
Profit before tax	29,315	33,252

*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. The Group recognizes the ¥657 million grant received as a government grant pertaining to COVID-19 in the second quarter of the fiscal year ending March 31, 2021 as profit or loss, and has excluded it from related expenses.

*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.