

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



(IFRS)

February 9, 2022
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, 2022

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, 2022 (April 1, 2021 to December 31, 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)	(%)
3 rd Quarter FY2021	225,926	6.0	55,551	18.1	54,223	12.2	36,216	8.3	35,955	7.7	35,575	(12.5)
3 rd Quarter FY2020	213,229	(10.3)	47,025	(1.0)	48,338	18.9	33,455	(1.3)	33,394	(2.0)	40,644	10.5

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
3 rd Quarter FY2021	230.07	229.93
3 rd Quarter FY2020	213.72	213.54

(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 FY2021	3,651,167	560,580	559,195	15.3
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 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 shares issued at the end of the period (including treasury shares):

3 rd Quarter FY2021: 185,444,772 shares	FY2020: 185,444,772 shares
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 - b. Treasury shares at the end of the period:

3 rd Quarter FY2021: 29,148,915 shares	FY2020: 29,181,240 shares
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 - c. Average number of outstanding shares during the period (cumulative):

3 rd Quarter FY2021: 156,282,843 shares	3 rd Quarter FY2020: 156,251,732 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.

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

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Cash and cash equivalents	101,001	111,813
Trade and other receivables	2,607,838	2,846,192
Inventories	139,530	124,395
Operational investment securities	47,250	49,605
Investment securities	78,774	74,236
Other financial assets	13,374	16,272
Property, plant and equipment	29,095	30,516
Right-of-use assets	14,850	13,041
Intangible assets	171,421	164,714
Investment property	73,888	87,965
Investments accounted for using equity method	80,680	81,332
Deferred tax assets	37,569	38,689
Other assets	13,972	12,392
Total assets	3,409,247	3,651,167

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities and equity		
Liabilities		
Trade and other payables	229,962	294,269
Financial guarantee liabilities	9,823	9,206
Bonds and borrowings	2,429,488	2,575,097
Other financial liabilities	23,799	24,903
Income taxes payable	6,079	13,230
Provision for point card certificates	113,207	117,214
Provision for loss on interest repayments	17,121	11,967
Other provisions	1,521	1,559
Deferred tax liabilities	1,005	1,005
Other liabilities	45,181	42,131
Total liabilities	2,877,190	3,090,586
Equity		
Share capital	75,929	75,929
Capital surplus	85,198	85,074
Retained earnings	414,260	442,994
Treasury shares	(62,808)	(62,737)
Other components of equity	18,392	17,935
Total equity attributable to owners of parent	530,971	559,195
Non-controlling interests	1,086	1,384
Total equity	532,057	560,580
Total liabilities and equity	3,409,247	3,651,167

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Third quarter of FY2020 (April 1, 2020 to December 31, 2020)	Third quarter of FY2021 (April 1, 2021 to December 31, 2021)
Revenue		
Income from the payment business	156,249	156,566
Income from the lease business	8,896	8,879
Income from the finance business	32,608	35,461
Revenue from the real estate-related business	24,846	53,099
Revenue from the entertainment business	21,391	24,822
Finance income	840	734
Total	244,832	279,562
Cost of sales		
Cost of sales for the real estate-related business	14,191	33,648
Cost of sales for the entertainment business	17,411	19,988
Total	31,602	53,636
Net revenue	213,229	225,926
Selling, general and administrative expenses	148,034	153,296
Impairment losses on financial assets	18,682	18,398
Finance costs	8,338	8,335
Share of profit of investments accounted for using equity method	3,654	3,297
Other income	8,574	5,746
Other expenses	2,064	715
Profit before tax	48,338	54,223
Income tax expense	14,882	18,006
Profit	33,455	36,216
Profit attributable to		
Owners of parent	33,394	35,955
Non-controlling interests	60	260
Profit	33,455	36,216
Earnings per share		
Basic earnings per share	213.72	230.07
Diluted earnings per share	213.54	229.93

Reconciliation from profit before tax to business profit

(Millions of yen)

	Third quarter of FY2020 (April 1, 2020 to December 31, 2020)	Third quarter of FY2021 (April 1, 2021 to December 31, 2021)
Profit before tax	48,338	54,223
Reconciliations (Selling, general and administrative expenses)	924	–
Reconciliations (Impairment losses on financial assets)	–	1,364
Reconciliations (Other income)	(4,446)	(732)
Reconciliations (Other expenses)	1,691	461
Adjustments for the application of the effective interest method to financial assets	517	234
Subtotal	(1,312)	1,327
Business profit	47,025	55,551

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Third quarter of FY2020 (April 1, 2020 to December 31, 2020)	Third quarter of FY2021 (April 1, 2021 to December 31, 2021)
Profit	33,455	36,216
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	7,566	(3,057)
Share of other comprehensive income of investments accounted for using equity method	(12)	756
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	2	(0)
Effective portion of cash flow hedges	46	711
Exchange differences on translation of foreign operations	(92)	575
Share of other comprehensive income of investments accounted for using equity method	(321)	373
Total other comprehensive income, net of tax	7,189	(640)
Comprehensive income	40,644	35,575

Comprehensive income attributable to		
Owners of parent	40,575	35,313
Non-controlling interests	69	261
Comprehensive income	40,644	35,575

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
Third quarter of FY2020 (April 1, 2020 to December 31, 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			33,394			33,394	60	33,455
Other comprehensive income					7,180	7,180	8	7,189
Comprehensive income	–	–	33,394	–	7,180	40,575	69	40,644
Purchase of treasury shares				(0)		(0)		(0)
Disposal of treasury shares		(0)		0		0		0
Share-based payment transactions		(49)		73		23		23
Dividends			(7,033)			(7,033)		(7,033)
Transfer from other components of equity to retained earnings			(1,445)		1,445	–		–
Changes in ownership interest in subsidiaries		(112)				(112)	112	–
Total transactions with owners	–	(162)	(8,479)	73	1,445	(7,123)	112	(7,010)
Balance as of December 31, 2020	75,929	85,116	409,097	(62,808)	10,787	518,122	987	519,110

Third quarter of FY2021 (April 1, 2021 to December 31, 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			35,955			35,955	260	36,216
Other comprehensive income					(642)	(642)	1	(640)
Comprehensive income	–	–	35,955	–	(642)	35,313	261	35,575
Purchase of treasury shares				(0)		(0)		(0)
Share-based payment transactions		65		71		136	1	137
Dividends			(7,035)			(7,035)		(7,035)
Transfer from other components of equity to retained earnings			(185)		185	–		–
Obtaining of control of subsidiaries		(189)				(189)	38	(150)
Other						–	(2)	(2)
Total transactions with owners	–	(124)	(7,221)	70	185	(7,088)	36	(7,051)
Balance as of December 31, 2021	75,929	85,074	442,994	(62,737)	17,935	559,195	1,384	560,580

(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 third quarter ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	157,087	8,898	32,608	24,846	21,391	244,832	–	244,832
Intersegment revenue	1,073	1	–	728	0	1,802	(1,802)	–
Total	158,160	8,900	32,608	25,574	21,391	246,635	(1,802)	244,832
Net revenue	158,160	8,900	32,608	11,370	3,979	215,020	(1,791)	213,229
Segment profit (Business profit) or Segment loss (Business loss) (Note 1 and 3)	21,881	4,245	16,884	5,219	(1,208)	47,022	2	47,025
Reconciliations	–	–	–	–	–	–	–	1,312
Profit before tax	–	–	–	–	–	–	–	48,338

For the third quarter ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	157,299	8,879	35,461	53,099	24,822	279,562	–	279,562
Intersegment revenue	881	1	–	365	0	1,248	(1,248)	–
Total	158,181	8,880	35,461	53,465	24,822	280,811	(1,248)	279,562
Net revenue	158,181	8,880	35,461	20,076	4,834	227,435	(1,509)	225,926
Segment profit (Business profit) (Note 1)	22,186	4,200	16,073	12,852	222	55,535	15	55,551
Reconciliations	–	–	–	–	–	–	–	(1,327)
Profit before tax	–	–	–	–	–	–	–	54,223

(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 third quarter ended December 31, 2020, was prepared using the method of calculation after the change, Business profit of the payment business would increase by 2,498 million yen, while Business profit of the leasing and financing businesses would decrease by 479 million yen and 2,019 million yen, respectively.

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

(Millions of yen)

	Third quarter of FY2020 (April 1, 2020 to December 31, 2020)	Third quarter of FY2021 (April 1, 2021 to December 31, 2021)
Segment profit (Business profit)	47,025	55,551
Adjustments for the application of the effective interest method to financial assets	(517)	(234)
Reconciliations (Selling, general and administrative expenses)	(924)	–
Loss related to COVID-19 (*1)	(924)	–
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)	4,446	732
Gain on valuation of investment securities (e.g. stocks)	3,897	538
Gain on change in equity	64	64
Gain on sale of fixed assets	485	52
Other	–	76
Reconciliations (Other expenses)	(1,691)	(461)
Impairment losses on non-financial assets	(1,103)	(47)
Loss on sale of fixed assets	–	(365)
Amount of payment (*3)	(580)	–
Other	(7)	(48)
Reconciliations - total	1,312	(1,327)
Profit before tax	48,338	54,223

*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 ¥662 million grant received as a government grant pertaining to COVID-19 in the third 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.

*3 A one-time adjustment for expenses with business partners.