

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2021



(IFRS)

February 9, 2021
Stock exchange listing: Tokyo
(URL <https://www.saisoncard.co.jp>)

Listed company name: Credit Saison Co., Ltd.

Code number: 8253

Representative: Masahiro Yamashita / Representative, Executive President and COO

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

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, 2021 (April 1, 2020 to December 31, 2020)

(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 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
3 rd Quarter FY2019	237,755	3.6	47,488	6.8	40,665	5.2	33,882	24.5	34,076	21.7	36,776	116.6

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
3 rd Quarter FY2020	213.72	213.54
3 rd Quarter FY2019	212.54	211.82

(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 FY2020	3,466,207	519,110	518,122	14.9
FY2019	3,357,229	485,476	484,670	14.4

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)
FY2019	–	0.00	–	45.00	45.00
FY2020	–	0.00	–	–	–
FY2020 (Projected)	–	–	–	45.00	45.00

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

3. Consolidated Earnings Forecasts for Fiscal 2020 (April 1, 2020 to March 31, 2021)

(% 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)	(%)	
FY2020	287,500	(7.7)	44,000	21.6	29,000	26.8	185.58

(Note) Revision of projected earnings forecasts most recently announced: Yes
Regarding the revision of the consolidated earnings forecast, please refer to the “Notification Regarding the Revision of Forecast of Business Results for the Full Fiscal Year Ending March 31, 2021 (Consolidated and Non-consolidated)” announced today (February 9, 2021).

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: 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):

3 rd Quarter FY2020: 185,444,772 shares	FY2019: 185,444,772 shares
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 - b. Treasury shares at the end of the period:

3 rd Quarter FY2020: 29,179,492 shares	FY2019: 29,213,396 shares
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 - c. Average number of outstanding shares during the period (cumulative):

3 rd Quarter FY2020: 156,251,732 shares	3 rd Quarter FY2019: 160,328,303 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, 2020	As of December 31, 2020
Assets		
Cash and cash equivalents	109,761	112,226
Trade and other receivables	2,565,409	2,660,836
Inventories	135,380	137,400
Operational investment securities	48,789	47,936
Investment securities	60,724	71,274
Other financial assets	13,905	14,236
Property, plant and equipment	29,414	28,699
Right-of-use assets	17,565	15,504
Intangible assets	181,058	172,964
Investment property	61,508	68,906
Investments accounted for using equity method	77,198	79,302
Deferred tax assets	47,910	43,927
Other assets	8,601	10,601
Assets held for sale	–	2,391
Total assets	3,357,229	3,466,207

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities and equity		
Liabilities		
Trade and other payables	230,927	277,002
Financial guarantee debt	10,206	9,746
Bonds and borrowings	2,413,565	2,448,217
Other financial liabilities	26,619	29,368
Income taxes payable	9,364	9,059
Provision for point card certificates	109,938	112,498
Provision for loss on interest repayment	22,897	18,594
Other provisions	1,554	1,553
Deferred tax liabilities	903	938
Other liabilities	45,775	40,119
Total liabilities	2,871,753	2,947,097
Equity		
Share capital	75,929	75,929
Capital surplus	85,279	85,116
Retained earnings	384,182	409,097
Treasury shares	(62,881)	(62,808)
Other components of equity	2,161	10,787
Total equity attributable to owners of parent	484,670	518,122
Non-controlling interests	805	987
Total equity	485,476	519,110
Total liabilities and equity	3,357,229	3,466,207

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	Third quarter of FY2019 (April 1, 2019 to December 31, 2019)	Third quarter of FY2020 (April 1, 2020 to December 31, 2020)
Revenue		
Income from the payment business	174,438	156,249
Income from the lease business	9,200	8,896
Income from the finance business	32,213	32,608
Revenue from the real estate-related business	50,137	24,846
Revenue from the entertainment business	37,068	21,391
Finance income	565	840
Total	303,624	244,832
Cost of sales		
For the real estate-related business	35,520	14,191
For the entertainment business	30,348	17,411
Total	65,868	31,602
Net revenue	237,755	213,229
Selling, general and administrative expenses	168,271	148,034
Impairment losses on financial assets	24,529	18,682
Finance costs	7,714	8,338
Share of profit of investments accounted for using equity method	5,903	3,654
Other income	4,857	8,574
Other expenses	7,335	2,064
Profit before tax	40,665	48,338
Income tax expense	6,782	14,882
Profit	33,882	33,455
Profit attributable to		
Owners of parent	34,076	33,394
Non-controlling interests	(193)	60
Profit	33,882	33,455
Earnings per share		
Basic earnings per share	212.54	213.72
Diluted earnings per share	211.82	213.54

Reconciliation from profit before tax to business profit

(Millions of yen)

	Third quarter of FY2019 (April 1, 2019 to December 31, 2019)	Third quarter of FY2020 (April 1, 2020 to December 31, 2020)
Profit before tax	40,665	48,338
Reconciliations (Selling, general and administrative expenses)	–	924
Reconciliations (Other income)	(705)	(4,446)
Reconciliations (Other expenses)	7,138	1,691
Adjustments for the application of the effective interest method to financial assets	390	517
Subtotal	6,823	(1,312)
Business profit	47,488	47,025

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Third quarter of FY2019 (April 1, 2019 to December 31, 2019)	Third quarter of FY2020 (April 1, 2020 to December 31, 2020)
Profit	33,882	33,455
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	2,080	7,566
Share of other comprehensive income of investments accounted for using equity method	(371)	(12)
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	2
Effective portion of cash flow hedges	1,331	46
Exchange differences on translation of foreign operations	24	(92)
Share of other comprehensive income of investments accounted for using equity method	(177)	(321)
Total other comprehensive income, net of tax	2,894	7,189
Comprehensive income	36,776	40,644

Comprehensive income attributable to		
Owners of parent	36,966	40,575
Non-controlling interests	(189)	69
Comprehensive income	36,776	40,644

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
Third quarter of FY2019 (April 1, 2019 to December 31, 2019)

(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 2019	75,929	85,642	360,303	(52,881)	22,004	490,998	743	491,741
Profit			34,076			34,076	(193)	33,882
Other comprehensive income					2,889	2,889	4	2,894
Comprehensive income	–	–	34,076	–	2,889	36,966	(189)	36,776
Purchase of treasury shares				(8,923)		(8,923)		(8,923)
Disposal of treasury shares		(0)		0		0		0
Dividends			(7,353)			(7,353)		(7,353)
Transfer from other components of equity to retained earnings			1,770		(1,770)	–		–
Changes in ownership interest in subsidiaries		(363)				(363)	288	(75)
Total transactions with owners	–	(363)	(5,582)	(8,922)	(1,770)	(16,640)	288	(16,352)
Balance as of December 31, 2019	75,929	85,278	388,796	(61,804)	23,123	511,324	841	512,166

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 remuneration 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

(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.

(ii) Information regarding reportable segments

For the third quarter ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	175,003	9,200	32,213	50,137	37,068	303,624	—	303,624
Intersegment revenue	1,130	3	—	710	0	1,843	(1,843)	—
Total	176,133	9,203	32,213	50,848	37,068	305,467	(1,843)	303,624
Net revenue	176,133	9,203	32,213	15,325	6,720	239,596	(1,841)	237,755
Segment profit (Business profit) (Note 1)	17,703	3,475	16,044	8,146	2,116	47,485	2	47,488
Reconciliations	—	—	—	—	—	—	—	(6,823)
Profit before tax	—	—	—	—	—	—	—	40,665

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)								
Segment profit								
Segment loss	21,881	4,245	16,884	5,219	(1,208)	47,022	2	47,025
Reconciliations	—	—	—	—	—	—	—	1,312
Profit before tax	—	—	—	—	—	—	—	48,338

(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.

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

(Millions of yen)

	Third quarter of FY2019 (April 1, 2019 to December 31, 2019)	Third quarter of FY2020 (April 1, 2020 to December 31, 2020)
Segment profit (Business profit)	47,488	47,025
Adjustments for the application of the effective interest method to financial assets	(390)	(517)
Reconciliations (Selling, general and administrative expenses)	—	(924)
Loss related to COVID-19 (*1)	—	(924)
Reconciliations (Other income)	705	4,446
Gain on valuation of investment securities (stocks, etc.)	—	3,897
Gain on sale of shares of subsidiaries and associates	545	—
Gain on sale of businesses	82	—
Gain on sale of fixed assets	—	485
Other	77	64
Reconciliations (Other expenses)	(7,138)	(1,691)
Loss on valuation of investment securities (stocks, etc.)	(588)	—
Impairment losses on non-financial assets	(6,351)	(1,103)
Amount of payment (*2)	—	(580)
Other	(198)	(7)
Reconciliations - total	(6,823)	1,312
Profit before tax	40,665	48,338

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