

## Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending March 31, 2019

[JGAAP]



November 13, 2018  
Stock exchange listing: Tokyo  
(URL <http://www.saisoncard.co.jp>)

**Listed company name: Credit Saison Co., Ltd.**

Code number: 8253

Representative: Hiroshi Rinno / President and CEO

Inquiries to: Yuichi Kawahara / General Manager, Corporate Planning Dept.; Phone: (03) 3988-2110

Scheduled date to submit Quarterly Securities Report: November 14, 2018

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, 2019 (April 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results (cumulative) (% represents year-on-year change)

|                                | Operating revenue |     | Operating profit  |        | Ordinary profit   |        | Profit attributable to owners of parent |        |
|--------------------------------|-------------------|-----|-------------------|--------|-------------------|--------|---|--------|
|                                | (Millions of yen) | (%) | (Millions of yen) | (%)    | (Millions of yen) | (%)    | (Millions of yen)                       | (%)    |
| 2 <sup>nd</sup> Quarter FY2018 | 150,215           | 3.3 | 20,060            | (23.1) | 26,854            | (25.9) | 18,427                                  | (42.4) |
| 2 <sup>nd</sup> Quarter FY2017 | 145,411           | 6.0 | 26,082            | 2.7    | 36,240            | 16.9   | 32,010                                  | 13.3   |

(Note) Comprehensive income: 2<sup>nd</sup> Quarter FY2018 19,466 million yen [(32.8)%]  
2<sup>nd</sup> Quarter FY2017 28,981 million yen [8.6%]

|                                | Earnings per share | Earnings per share (diluted) |
|--------------------------------|--------------------|------------------------------|
|                                | (Yen)              | (Yen)                        |
| 2 <sup>nd</sup> Quarter FY2018 | 112.82             | –                            |
| 2 <sup>nd</sup> Quarter FY2017 | 195.98             | –                            |

(2) Consolidated Financial Position

|                                | Total assets      | Net assets        | Equity ratio | Net assets per share |
|--------------------------------|-------------------|-------------------|--------------|----------------------|
|                                | (Millions of yen) | (Millions of yen) | (%)          | (Yen)                |
| 2 <sup>nd</sup> Quarter FY2018 | 3,062,628         | 494,416           | 16.1         | 3,018.30             |
| FY2017                         | 2,940,022         | 480,669           | 16.3         | 2,933.46             |

(Reference) Equity: 2<sup>nd</sup> Quarter FY2018 492,985 million yen FY2017 479,128 million yen

### 2. Dividends

|                    | Dividends per share  |                       |                      |                    |        |
|--------------------|----------------------|-----------------------|----------------------|--------------------|--------|
|                    | End of first quarter | End of second quarter | End of third quarter | End of fiscal year | Annual |
|                    | (Yen)                | (Yen)                 | (Yen)                | (Yen)              | (Yen)  |
| FY2017             | –                    | 0.00                  | –                    | 35.00              | 35.00  |
| FY2018             | –                    | 0.00                  | –                    | –                  | –      |
| FY2018 (Projected) | –                    | –                     | –                    | 45.00              | 45.00  |

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

### 3. Consolidated Earnings Forecasts for Fiscal 2018 (April 1, 2018 to March 31, 2019)

(% represents year-on-year change)

|        | Operating revenue |     | Operating profit  |       | Ordinary profit   |        | Profit attributable to owners of parent |        | Earnings per share |
|--------|-------------------|-----|-------------------|-------|-------------------|--------|---|--------|--------------------|
|        | (Millions of yen) | (%) | (Millions of yen) | (%)   | (Millions of yen) | (%)    | (Millions of yen)                       | (%)    | (Yen)              |
| FY2018 | 305,500           | 4.6 | 38,200            | (6.3) | 51,000            | (10.1) | 33,000                                  | (13.9) | 202.04             |

(Note) Revision of consolidated earnings forecasts most recently announced: Yes

#### Notes

- (1) Changes in significant subsidiaries during the second quarter: None  
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing consolidated quarterly financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
  - a. Changes in accounting policies in accordance with revisions of accounting standards and other regulations: None
  - b. Changes in accounting policies other than a. above: None
  - c. Changes in accounting estimates: None
  - d. Restatement of prior period financial statements after error corrections: None
- (4) Number of shares issued (common shares):
  - a. Number of shares issued at the end of the period (including treasury shares):

|  |                            |
|--|----------------------------|
| 2 <sup>nd</sup> Quarter FY2018: 185,444,772 shares | FY2017: 185,444,772 shares |
|--|----------------------------|
  - b. Number of treasury shares at the end of the period:

|   |                           |
|---|---------------------------|
| 2 <sup>nd</sup> Quarter FY2018: 22,112,462 shares | FY2017: 22,112,371 shares |
|---|---------------------------|
  - c. Average number of outstanding shares during the period (cumulative):

|  |  |
|--|--|
| 2 <sup>nd</sup> Quarter FY2018: 163,332,352 shares | 2 <sup>nd</sup> Quarter FY2017: 163,333,102 shares |
|--|--|

- Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

- Proper use of projected results, 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.

**Consolidated Quarterly Financial Statements**  
**(1) Consolidated Quarterly Balance Sheets**

(Millions of yen)

|   | FY2017<br>(As of March 31, 2018) | Second quarter of FY2018<br>(As of September 30, 2018) |
|---|----------------------------------|--|
| <b>(ASSETS)</b>                                 |                                  |  |
| Current assets                                  |                                  |  |
| Cash and deposits                               | 74,612                           | 78,429   |
| Accounts receivable - installment               | 1,927,544                        | 2,026,622  |
| Purchased receivables                           | 15,347                           | 16,988   |
| Lease investment assets                         | 231,733                          | 236,663  |
| Operational investment securities               | 35,976                           | 33,682   |
| Real estate for sale                            | 102,009                          | 109,076  |
| Other inventories                               | 1,578                            | 2,033  |
| Other   | 34,073                           | 39,779   |
| Allowance for doubtful accounts                 | (50,570)                         | (52,432)   |
| Total current assets                            | 2,372,304                        | 2,490,844  |
| Non-current assets                              |                                  |  |
| Property, plant and equipment                   | 76,490                           | 76,479   |
| Intangible assets                               | 210,605                          | 212,894  |
| Investments and other assets                    |                                  |  |
| Liquidation business assets                     | 32,108                           | 30,928   |
| Other   | 249,817                          | 252,622  |
| Allowance for doubtful accounts                 | (2,924)                          | (2,922)  |
| Total investments and other assets              | 279,001                          | 280,629  |
| Total non-current assets                        | 566,097                          | 570,003  |
| Deferred assets                                 | 1,620                            | 1,780  |
| Total assets                                    | 2,940,022                        | 3,062,628  |
| <b>(LIABILITIES)</b>                            |                                  |  |
| Current liabilities                             |                                  |  |
| Notes and accounts payable - trade              | 295,523                          | 286,258  |
| Short-term loans payable                        | 247,960                          | 242,960  |
| Current portion of long-term loans payable      | 55,300                           | 69,500   |
| Current portion of bonds                        | 20,000                           | 40,000   |
| Commercial papers                               | 389,500                          | 453,000  |
| Lease obligations                               | 466                              | 469  |
| Income taxes payable                            | 5,173                            | 2,448  |
| Provision for bonuses                           | 2,636                            | 2,775  |
| Provision for directors' bonuses                | 172                              | 64   |
| Provision for loss on interest repayment        | 9,229                            | 7,109  |
| Allowance for losses on collecting gift tickets | 139                              | 137  |
| Deferred installment income                     | 9,579                            | 9,446  |
| Other   | 50,185                           | 46,616   |
| Total current liabilities                       | 1,085,865                        | 1,160,787  |

(Millions of yen)

|   | FY2017<br>(As of March 31, 2018) | Second quarter of FY2018<br>(As of September 30, 2018) |
|---|----------------------------------|--|
| Non-current liabilities                               |                                  |  |
| Bonds payable   | 320,000                          | 355,000  |
| Long-term loans payable                               | 902,299                          | 900,399  |
| Long-term loans payable under credit fluidity         | 20,000                           | 20,000   |
| Lease obligations                                     | 1,318                            | 1,256  |
| Provision for directors' retirement benefits          | 128                              | 132  |
| Provision for loss on guarantees                      | 7,359                            | 7,953  |
| Allowance for losses on warranty of defects           | 19                               | 15   |
| Provision for point card certificates                 | 101,319                          | 102,999  |
| Provision for loss on interest repayment              | 13,918                           | 13,532   |
| Asset retirement obligations                          | 467                              | 459  |
| Other   | 6,655                            | 5,677  |
| Total non-current liabilities                         | 1,373,486                        | 1,407,424  |
| Total liabilities                                     | 2,459,352                        | 2,568,211  |
| (NET ASSETS)  |                                  |  |
| Shareholders' equity                                  |                                  |  |
| Capital stock   | 75,929                           | 75,929   |
| Capital surplus                                       | 85,634                           | 85,634   |
| Retained earnings                                     | 334,698                          | 347,406  |
| Treasury shares                                       | (52,880)                         | (52,880)   |
| Total shareholders' equity                            | 443,381                          | 456,089  |
| Accumulated other comprehensive income                |                                  |  |
| Valuation difference on available-for-sale securities | 36,806                           | 37,982   |
| Deferred gains or losses on hedges                    | (458)                            | (291)  |
| Foreign currency translation adjustment               | (601)                            | (794)  |
| Total accumulated other comprehensive income          | 35,746                           | 36,896   |
| Share acquisition rights                              | 0                                | 0  |
| Non-controlling interests                             | 1,540                            | 1,430  |
| Total net assets                                      | 480,669                          | 494,416  |
| Total liabilities and net assets                      | 2,940,022                        | 3,062,628  |

**(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income**  
**Consolidated Quarterly Statements of Income (Cumulative)**

(Millions of yen)

|   | Second quarter of FY2017<br>(April 1, 2017 to<br>September 30, 2017) | Second quarter of FY2018<br>(April 1, 2018 to<br>September 30, 2018) |
|---|--|--|
| Operating revenue   |  |  |
| Income from the credit service business   | 108,485  | 110,891  |
| Income from the lease business revenue  | 6,483  | 6,388  |
| Revenue from the finance business   | 17,283   | 20,019   |
| Income from the real estate related business                                    |  |  |
| Revenue from the real estate related business                                   | 21,029   | 17,614   |
| Cost of the real estate related business  | 12,770   | 9,371  |
| Income from the real estate related business                                    | 8,259  | 8,242  |
| Income from the entertainment business  |  |  |
| Revenue from the entertainment business   | 26,666   | 26,113   |
| Cost of the entertainment business  | 21,873   | 21,574   |
| Income from the entertainment business  | 4,793  | 4,538  |
| Financial revenue   | 105  | 134  |
| Total operating revenue   | 145,411  | 150,215  |
| Operating expenses  |  |  |
| Selling, general and administrative expenses                                    |  |  |
| Provision for point card certificates   | 7,475  | 6,343  |
| Provision of allowance for doubtful accounts                                    | 11,515   | 11,945   |
| Provision for loss on guarantees  | 4,129  | 4,690  |
| Commission fee  | 33,467   | 38,152   |
| Other   | 57,996   | 64,272   |
| Total selling, general and administrative expenses                              | 114,584  | 125,404  |
| Financial expenses  | 4,743  | 4,750  |
| Total operating expenses  | 119,328  | 130,154  |
| Operating profit  | 26,082   | 20,060   |
| Non-operating income  |  |  |
| Interest income   | 12   | 17   |
| Dividend income   | 924  | 1,076  |
| Share of profit of entities accounted for using equity method                   | 8,250  | 4,246  |
| Gain on liquidation business  | 34   | 443  |
| Other   | 1,051  | 1,105  |
| Total non-operating income  | 10,274   | 6,889  |
| Non-operating expenses  |  |  |
| Interest expenses   | 10   | 10   |
| Equity in loss of limited liability partnerships and other similar partnerships | 85   | 69   |
| Loss on disposal of supplies  | 1  | 7  |
| Other   | 18   | 7  |
| Total non-operating expenses  | 117  | 95   |
| Ordinary profit   | 36,240   | 26,854   |

(Millions of yen)

|  | Second quarter of FY2017<br>(April 1, 2017 to<br>September 30, 2017) | Second quarter of FY2018<br>(April 1, 2018 to<br>September 30, 2018) |
|--|--|--|
| Extraordinary income                           |  |  |
| Gain on sales of investment securities         | 8,481  | 136  |
| Other  | 293  | –  |
| Total extraordinary income                     | 8,775  | 136  |
| Extraordinary losses                           |  |  |
| Loss on disposal of non-current assets         | 22   | 15   |
| Loss on valuation of investment securities     | –  | 957  |
| Other  | 1  | 72   |
| Total extraordinary losses                     | 23   | 1,045  |
| Profit before income taxes                     | 44,991   | 25,945   |
| Income taxes - current                         | 6,414  | 2,453  |
| Income taxes - deferred                        | 6,759  | 5,166  |
| Total income taxes                             | 13,174   | 7,619  |
| Profit   | 31,816   | 18,326   |
| Loss attributable to non-controlling interests | (193)  | (101)  |
| Profit attributable to owners of parent        | 32,010   | 18,427   |

## Consolidated Quarterly Statements of Comprehensive Income (Cumulative)

(Millions of yen)

|  | Second quarter of FY2017<br>(April 1, 2017 to<br>September 30, 2017) | Second quarter of FY2018<br>(April 1, 2018 to<br>September 30, 2018) |
|--|--|--|
| Profit   | 31,816   | 18,326   |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                                | 1,524  | 1,157  |
| Deferred gains or losses on hedges   | 97   | 166  |
| Foreign currency translation adjustment  | (31)   | (30)   |
| Share of other comprehensive income of entities accounted for<br>using equity method | (4,426)  | (153)  |
| Total other comprehensive income   | (2,835)  | 1,140  |
| Comprehensive income   | 28,981   | 19,466   |
| Comprehensive income attributable to   |  |  |
| Comprehensive income attributable to owners of parent                                | 29,184   | 19,576   |
| Comprehensive income attributable to non-controlling interests                       | (203)  | (110)  |

### (3) Segment information, etc.

#### Segment information

For the second quarter ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

Information regarding revenue, profit and other items by reportable segments

(Millions of yen)

|                                    | Reportable segments |       |         |                     |               |         | Adjustments | Consolidated quarterly statements of income |
|------------------------------------|---------------------|-------|---------|---------------------|---------------|---------|-------------|---|
|                                    | Credit service      | Lease | Finance | Real estate related | Entertainment | Total   |             |   |
| Operating revenue                  |                     |       |         |                     |               |         |             |   |
| External revenue                   | 108,586             | 6,487 | 17,283  | 8,259               | 4,793         | 145,411 | –           | 145,411                                     |
| Inter-segment revenue and transfer | 557                 | 9     | –       | 11                  | –             | 578     | (578)       | –   |
| Total                              | 109,143             | 6,497 | 17,283  | 8,270               | 4,793         | 145,989 | (578)       | 145,411                                     |
| Segment profit                     | 11,308              | 2,166 | 7,913   | 4,029               | 663           | 26,081  | 1           | 26,082                                      |

(Notes) 1. Adjustments include inter-segment eliminations.

2. Segment profit is adjusted to total operating profit in the consolidated quarterly statements of income.

For the second quarter ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

Information regarding revenue, profit and other items by reportable segments

(Millions of yen)

|                                    | Reportable segments |       |         |                     |               |         | Adjustments | Consolidated quarterly statements of income |
|------------------------------------|---------------------|-------|---------|---------------------|---------------|---------|-------------|---|
|                                    | Credit service      | Lease | Finance | Real estate related | Entertainment | Total   |             |   |
| Operating revenue                  |                     |       |         |                     |               |         |             |   |
| External revenue                   | 111,024             | 6,389 | 20,019  | 8,242               | 4,538         | 150,215 | –           | 150,215                                     |
| Inter-segment revenue and transfer | 674                 | 1     | –       | 9                   | –             | 685     | (685)       | –   |
| Total                              | 111,698             | 6,391 | 20,019  | 8,251               | 4,538         | 150,900 | (685)       | 150,215                                     |
| Segment profit                     | 3,805               | 3,138 | 8,747   | 3,603               | 762           | 20,058  | 1           | 20,060                                      |

(Notes) 1. Adjustments include inter-segment eliminations.

2. Segment profit is adjusted to total operating profit in the consolidated quarterly statements of income.