

《Translation of excerpted sections》

Consolidated Financial Statements
for the First Quarter of the Fiscal Year Ending March 31, 2020
(IFRS)



August 9, 2019
 Stock exchange listing: Tokyo
 (URL <https://www.saisoncard.co.jp>)

Listed company name: Credit Saison Co., Ltd.

Code number: 8253

Representative: Masahiro Yamashita / President and COO

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

Scheduled date to submit Quarterly Securities Report: August 14, 2019

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, 2020 (April 1, 2019 to June 30, 2019)

(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 FY2019	77,488	2.7	14,549	(4.3)	14,280	(8.2)	9,897	(6.7)	9,901	(9.4)	1,743	(86.4)
1 st Quarter FY2018	75,460	–	15,202	–	15,556	–	10,605	–	10,923	–	12,772	–

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
1 st Quarter FY2019	60.71	60.67
1 st Quarter FY2018	66.88	–

(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 FY2019	3,265,771	485,036	484,298	14.8
FY2018	3,212,465	491,741	490,998	15.3

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)
FY2018	–	0.00	–	45.00	45.00
FY2019	–	–	–	–	–
FY2019 (Projected)	–	0.00	–	45.00	45.00

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

3. Consolidated Earnings Forecasts for Fiscal 2019 (April 1, 2019 to March 31, 2020)

(% represents year-on-year change)

	Net revenue		Business profit		Profit attributable to owners of parent		Basic earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
First six months	157,500	—	21,000	—	14,000	—	87.16
FY2019	322,000	5.6	42,500	(18.6)	29,000	(5.0)	180.55

(Note) Revision of consolidated earnings forecasts most recently announced: None

Pursuant to a resolution at a meeting of the Board of Directors held on June 7, 2019, the Company acquired its treasury shares.

“Basic earnings per share” in the consolidated business forecasts take into account the impact of the share acquisition as of July 31, 2019.

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: 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):

1 st Quarter FY2019: 185,444,772 shares	FY2018: 185,444,772 shares
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 - b. Treasury shares at the end of the period:

1 st Quarter FY2019: 23,002,191 shares	FY2018: 22,112,702 shares
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 - c. Average number of outstanding shares during the period (cumulative):

1 st Quarter FY2019: 163,109,688 shares	1 st Quarter FY2018: 163,332,371 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 Balance Sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Cash and cash equivalents	82,642	75,470
Trade and other receivables	2,393,197	2,434,315
Inventories	151,385	152,385
Operational investment securities	39,973	41,251
Investment securities	91,553	82,410
Other financial assets	11,916	13,626
Property, plant and equipment	29,341	28,703
Right-of-use asset	–	18,594
Intangible assets	219,972	218,883
Investment property	56,683	60,467
Investments accounted for using equity method	92,752	93,333
Deferred tax assets	32,148	35,256
Other assets	10,897	11,071
Total assets	3,212,465	3,265,771

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities and equity		
Liabilities		
Trade and other payables	314,729	304,711
Financial guarantee debt	8,305	8,185
Bonds and borrowings	2,203,818	2,263,948
Other financial liabilities	28,441	31,044
Income taxes payable	3,120	4,755
Provision for point card certificates	104,963	106,185
Provision for loss on interest repayment	17,762	16,357
Other reserves	1,530	1,522
Deferred tax liabilities	1,025	1,025
Other liabilities	37,026	42,999
Total liabilities	2,720,724	2,780,735
Equity		
Share capital	75,929	75,929
Capital surplus	85,642	85,644
Retained earnings	360,303	362,853
Treasury shares	(52,881)	(53,978)
Other components of equity	22,004	13,850
Total equity attributable to owners of parent	490,998	484,298
Non-controlling interests	743	737
Total equity	491,741	485,036
Total liabilities and equity	3,212,465	3,265,771

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	First quarter of FY2018 (April 1, 2018 to June 30, 2018)	First quarter of FY2019 (April 1, 2019 to June 30, 2019)
Revenue		
Income from the payment business *	55,583	57,954
Income from the lease business	3,169	3,018
Income from the finance business	9,287	10,215
Revenue from the real estate related business	9,271	10,681
Revenue from the entertainment business	12,796	12,710
Finance income	271	183
Total	90,379	94,764
Cost of sales		
Cost of the real estate related business	4,383	6,831
Cost of the entertainment business	10,535	10,443
Total	14,918	17,275
Net revenue	75,460	77,488
Selling, general and administrative expenses	53,570	55,250
Impairment losses on financial assets	7,764	8,484
Finance costs	2,492	2,598
Share of profit of investments accounted for using equity method	2,051	1,934
Other income	1,882	1,559
Other expenses	10	368
Profit before tax	15,556	14,280
Income tax expense	4,950	4,383
Profit	10,605	9,897

(Millions of yen)

	First quarter of FY2018 (April 1, 2018 to June 30, 2018)	First quarter of FY2019 (April 1, 2019 to June 30, 2019)
Profit attributable to		
Owners of parent	10,923	9,901
Non-controlling interests	(317)	(4)
Profit	10,605	9,897

(Yen)

Earnings per share		
Basic earnings per share	66.88	60.71
Diluted earnings per share	–	60.67

* As a result of a change to a segment name, “Income from the credit service business” has been renamed “Income from the payment business” effective the first quarter of the fiscal year ending March 31, 2020.

Breakdown of reconciliations from profit before tax to business profit

(Millions of yen)

	First quarter of FY2018 (April 1, 2018 to June 30, 2018)	First quarter of FY2019 (April 1, 2019 to June 30, 2019)
Profit before tax	15,556	14,280
Reconciliations (Other income)	(596)	–
Reconciliations (Other expenses)	–	110
The adjustment amount for financial assets by applying the effective interest rate method	243	157
Subtotal	(353)	268
Business profit	15,202	14,549

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter of FY2018 (April 1, 2018 to June 30, 2018)	First quarter of FY2019 (April 1, 2019 to June 30, 2019)
Profit	10,605	9,897
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	1,806	(6,541)
Share of other comprehensive income of investments accounted for using equity method	7	(404)
Items that may be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(0)	(0)
Effective portion of cash flow hedges	105	(931)
Exchange differences on translation of foreign operations	(0)	(15)
Share of other comprehensive income of investments accounted for using equity method	247	(260)
Total other comprehensive income, net of tax	2,166	(8,154)
Comprehensive income	12,772	1,743

Comprehensive income attributable to		
Owners of parent	13,089	1,749
Non-controlling interests	(317)	(6)
Comprehensive income	12,772	1,743

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
First quarter of FY2018 (April 1, 2018 to June 30, 2018)

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance as of April 1, 2018	75,929	85,629	344,291	(52,880)	35,913	488,883	1,965	490,849
Cumulative effect of accounting change			(9,148)		(3,343)	(12,491)		(12,491)
Restated balance	75,929	85,629	335,143	(52,880)	32,569	476,391	1,965	478,357
Profit			10,923			10,923	(317)	10,605
Other comprehensive income					2,166	2,166	0	2,166
Comprehensive income	-	-	10,923	-	2,166	13,089	(317)	12,772
Purchase of treasury shares				(0)		(0)		(0)
Disposal of treasury shares						-		-
Dividends			(5,719)			(5,719)		(5,719)
Transfer from other components of equity to retained earnings			8		(8)	-		-
Changes in ownership interest in subsidiaries						-		-
Total transactions with owners	-	-	(5,711)	(0)	(8)	(5,719)	-	(5,719)
Balance as of June 30, 2018	75,929	85,629	340,355	(52,880)	34,728	483,761	1,648	485,409

First quarter of FY2019 (April 1, 2019 to June 30, 2019)

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance as of April 1, 2019	75,929	85,642	360,303	(52,881)	22,004	490,998	743	491,741
Profit			9,901			9,901	(4)	9,897
Other comprehensive income					(8,152)	(8,152)	(2)	(8,154)
Comprehensive income	-	-	9,901	-	(8,152)	1,749	(6)	1,743
Purchase of treasury shares				(1,097)		(1,097)		(1,097)
Disposal of treasury shares		(0)		0		0		0
Dividends			(7,353)			(7,353)		(7,353)
Transfer from other components of equity to retained earnings			2		(2)	-		-
Changes in ownership interest in subsidiaries		1				1	0	2
Total transactions with owners	-	1	(7,351)	(1,097)	(2)	(8,449)	0	(8,449)
Balance as of June 30, 2019	75,929	85,644	362,853	(53,978)	13,850	484,298	737	485,036

(5) Segment information

(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.

Change of segment name

Effective the first quarter of the fiscal year ending March 31, 2020, the business segment "Credit Service" was renamed "Payment." The change to this reportable segment's name does not have an effect on the segment information. Note that below in the table for the first quarter ended June 30, 2018, the new business segment name is used.

(ii) Information regarding reportable segments

For the first quarter ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
External revenue	55,854	3,170	9,287	9,270	12,796	90,379	–	90,379
Inter-segment revenue	336	2	–	236	0	575	(575)	–
Total	56,191	3,172	9,287	9,507	12,796	90,955	(575)	90,379
Net revenue	56,191	3,172	9,287	5,120	2,261	76,033	(572)	75,460
Segment profit (Business profit) (Note 1)	4,968	1,810	4,769	2,879	774	15,201	0	15,202
Reconciling items	–	–	–	–	–	–	–	353
Profit before tax	–	–	–	–	–	–	–	15,556

- (Notes) 1. Business profit 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.

For the first quarter ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
External revenue	58,138	3,018	10,215	10,681	12,710	94,764	–	94,764
Inter-segment revenue	382	1	–	232	–	616	(616)	–
Total	58,521	3,019	10,215	10,914	12,710	95,380	(616)	94,764
Net revenue	58,521	3,019	10,215	4,081	2,266	78,103	(615)	77,488
Segment profit (Business profit) (Note 1)	6,206	1,131	4,599	1,842	767	14,548	0	14,549
Reconciliation items	–	–	–	–	–	–	–	(268)
Profit before tax	–	–	–	–	–	–	–	14,280

- (Notes) 1. Business profit 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)

	First quarter of FY2018 (April 1, 2018 to June 30, 2018)	First quarter of FY2019 (April 1, 2019 to June 30, 2019)
Segment profit (Business profit)	15,202	14,549
The adjustment amount for financial assets by applying the effective interest rate method	(243)	(157)
Reconciliations (Other income)	596	–
Gain on sales of investment securities	596	–
Reconciliations (Other expenses)	–	(110)
Loss on valuation of investment securities (stocks, etc.)	–	(110)
Other	–	(0)
Total reconciliation items	353	(268)
Profit before tax	15,556	14,280