

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



(IFRS)

August 7, 2020
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: August 14, 2020

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, 2021 (April 1, 2020 to June 30, 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)	(%)
1 st Quarter FY2020	68,789	(11.2)	16,125	10.8	15,706	10.0	11,253	13.7	11,251	13.6	14,133	710.7
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)

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
1 st Quarter FY2020	72.02	71.87
1 st Quarter FY2019	60.71	60.67

(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 FY2020	3,311,987	492,575	491,638	14.8
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	–	–	–	–	–
FY2020 (Projected)	–	0.00	–	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
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
First six months	138,500	(13.0)	19,000	(39.2)	12,500	(32.9)	80.01
FY2020	287,000	(7.8)	30,000	(17.1)	19,500	(14.7)	124.81

(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 Second Quarter of the Fiscal Year and the Full Fiscal Year Ending March 31, 2021 (Consolidated and Non-consolidated)” announced today (August 7, 2020).

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: 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):

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

1 st Quarter FY2020: 29,213,416 shares	FY2019: 29,213,396 shares
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 - c. Average number of outstanding shares during the period (cumulative):

1 st Quarter FY2020: 156,231,341 shares	1 st Quarter FY2019: 163,109,688 shares
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Reference

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

(% represents year-on-year change)

	Operating revenue		Operating profit		Ordinary profit		Profit		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
First six months	124,500	(6.2)	13,400	(21.4)	16,500	(17.6)	14,500	(40.7)	92.76
FY2020	256,500	(4.3)	18,200	(16.1)	25,000	(11.8)	19,500	(41.6)	124.75

- 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 June 30, 2020
Assets		
Cash and cash equivalents	109,761	107,252
Trade and other receivables	2,565,409	2,521,340
Inventories	135,380	134,001
Operational investment securities	48,789	45,997
Investment securities	60,724	65,510
Other financial assets	13,905	14,039
Property, plant and equipment	29,414	30,156
Right-of-use assets	17,565	17,169
Intangible assets	181,058	177,675
Investment property	61,508	63,710
Investments accounted for using equity method	77,198	77,411
Deferred tax assets	47,910	46,210
Other assets	8,601	11,511
Total assets	3,357,229	3,311,987

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities and equity		
Liabilities		
Trade and other payables	230,927	225,458
Financial guarantee debt	10,206	8,948
Bonds and borrowings	2,413,565	2,378,284
Other financial liabilities	26,619	26,372
Income taxes payable	9,364	3,481
Provision for point card certificates	109,938	110,781
Provision for loss on interest repayment	22,897	21,369
Other Provisions	1,554	1,554
Deferred tax liabilities	903	903
Other liabilities	45,775	42,258
Total liabilities	2,871,753	2,819,411
Equity		
Share capital	75,929	75,929
Capital surplus	85,279	85,166
Retained earnings	384,182	387,262
Treasury shares	(62,881)	(62,881)
Other components of equity	2,161	6,162
Total equity attributable to owners of parent	484,670	491,638
Non-controlling interests	805	937
Total equity	485,476	492,575
Total liabilities and equity	3,357,229	3,311,987

(2) Condensed Quarterly Consolidated Statements of Income

(Millions of yen)

	First quarter of FY2019 (April 1, 2019 to June 30, 2019)	First quarter of FY2020 (April 1, 2020 to June 30, 2020)
Revenue		
Income from the payment business	57,954	50,633
Income from the lease business	3,018	2,947
Income from the finance business	10,215	10,586
Revenue from the real estate-related business	10,681	9,637
Revenue from the entertainment business	12,710	3,631
Finance income	183	377
Total	94,764	77,814
Cost of sales		
For the real estate-related business	6,831	6,080
For the entertainment business	10,443	2,944
Total	17,275	9,025
Net revenue	77,488	68,789
Selling, general and administrative expenses	55,250	47,417
Impairment losses on financial assets	8,484	7,265
Finance costs	2,598	2,672
Share of profit of investments accounted for using equity method	1,934	1,076
Other income	1,559	3,360
Other expenses	368	163
Profit before tax	14,280	15,706
Income tax expense	4,383	4,453
Profit	9,897	11,253
Profit attributable to		
Owners of parent	9,901	11,251
Non-controlling interests	(4)	2
Profit	9,897	11,253
Earnings per share		
Basic earnings per share	60.71	72.02
Diluted earnings per share	60.67	71.87

Reconciliation from profit before tax to business profit

(Millions of yen)

	First quarter of FY2019 (April 1, 2019 to June 30, 2019)	First quarter of FY2020 (April 1, 2020 to June 30, 2020)
Profit before tax	14,280	15,706
Reconciliations (Selling, general and administrative expenses)	-	1,587
Reconciliations (Other income)	-	(1,383)
Reconciliations (Other expenses)	110	-
Adjustments for the application of the effective interest method to financial assets	157	214
Subtotal	268	418
Business profit	14,549	16,125

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First quarter of FY2019 (April 1, 2019 to June 30, 2019)	First quarter of FY2020 (April 1, 2020 to June 30, 2020)
Profit	9,897	11,253
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	(6,541)	2,462
Share of other comprehensive income of investments accounted for using equity method	(404)	(135)
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)	(7)
Effective portion of cash flow hedges	(931)	432
Exchange differences on translation of foreign operations	(15)	20
Share of other comprehensive income of investments accounted for using equity method	(260)	107
Total other comprehensive income, net of tax	(8,154)	2,880
Comprehensive income	1,743	14,133

Comprehensive income attributable to		
Owners of parent	1,749	14,114
Non-controlling interests	(6)	18
Comprehensive income	1,743	14,133

(4) Condensed Quarterly Consolidated Statements of Changes in Equity
First quarter of FY2019 (April 1, 2019 to June 30, 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			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

First quarter of FY2020 (April 1, 2020 to June 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			11,251			11,251	2	11,253
Other comprehensive income					2,863	2,863	16	2,880
Comprehensive income	-	-	11,251	-	2,863	14,114	18	14,133
Purchase of treasury shares				(0)		(0)		(0)
Disposal of treasury shares		(0)		0		0		0
Dividends			(7,033)			(7,033)		(7,033)
Transfer from other components of equity to retained earnings			(1,137)		1,137	-		-
Changes in ownership interest in subsidiaries		(112)				(112)	112	-
Total transactions with owners	-	(112)	(8,171)	0	1,137	(7,146)	112	(7,033)
Balance as of June 30, 2020	75,929	85,166	387,262	(62,881)	6,162	491,638	937	492,575

(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 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								
Revenue from external customers	58,138	3,018	10,215	10,681	12,710	94,764	–	94,764
Intersegment 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
Reconciliations	–	–	–	–	–	–	–	(268)
Profit before tax	–	–	–	–	–	–	–	14,280

For the first quarter ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(Millions of yen)

	Payment	Lease	Finance	Real estate related	Entertainment	Total	Adjustments (Note 2)	Consolidated
Revenue								
Revenue from external customers	51,005	2,953	10,586	9,637	3,631	77,814	–	77,814
Intersegment revenue	361	0	–	241	0	603	(603)	–
Total	51,367	2,953	10,586	9,878	3,631	78,417	(603)	77,814
Net revenue	51,367	2,953	10,586	3,796	687	69,390	(601)	68,789
Segment profit (Business profit) or Segment loss (Business loss) (Note 1)								
Segment profit								
Segment loss	7,701	1,126	6,018	1,717	(440)	16,124	0	16,125
Reconciliations	–	–	–	–	–	–	–	(418)
Profit before tax	–	–	–	–	–	–	–	15,706

(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)

	First quarter of FY2019 (April 1, 2019 to June 30, 2019)	First quarter of FY2020 (April 1, 2020 to June 30, 2020)
Segment profit (Business profit)	14,549	16,125
Adjustments for the application of the effective interest method to financial assets	(157)	(214)
Reconciliations (Selling, general and administrative expenses)	–	(1,587)
Loss related to COVID-19 (*)	–	(1,587)
Reconciliations (Other income)	–	1,383
Gain on valuation of investment securities (stocks, etc.)	–	982
Gain on sale of fixed assets	–	266
Other	–	134
Reconciliations (Other expenses)	(110)	–
Loss on valuation of investment securities (stocks, etc.)	(110)	–
Other	(0)	–
Reconciliations - total	(268)	(418)
Profit before tax	14,280	15,706

* 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.