



Financial Results Explanatory Materials for the Fiscal Year Ended March 2019

Premium Group Co., Ltd.
(Tokyo Stock Exchange First Section:7199)
May 15, 2019

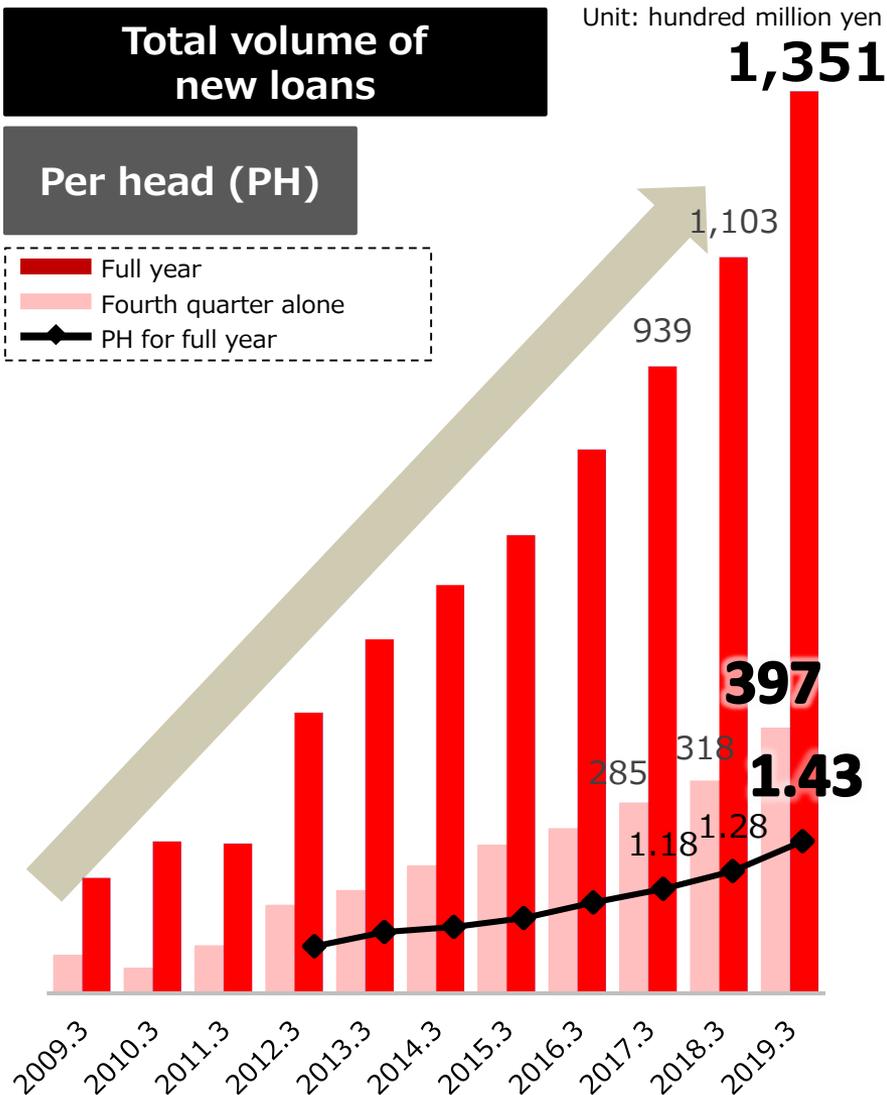


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Financial Summary of the Fiscal Year Ended March 2019



Credit Finance Business: Change in Total Volume of New Loans



**Total volume of new loans for the full year:
135.1 billion JPY**

Increase by 22.5% year on year

- ✓ Fourth quarter alone: 39.7 billion JPY
(year-on-year increase: +24.9%)
- ✓ Eight consecutive years of growth
- ✓ Growth also in PH for the full year
(128 million JPY → 143 million JPY)

Growth Drivers

1) Enhanced Sales Force

- ✓ Increased from 75 to 78
- ✓ Boosting of sales efficiency
(combination of on-site sales, business trip sales and contact center sales proved successful)

2) MULTI ACTIVE*

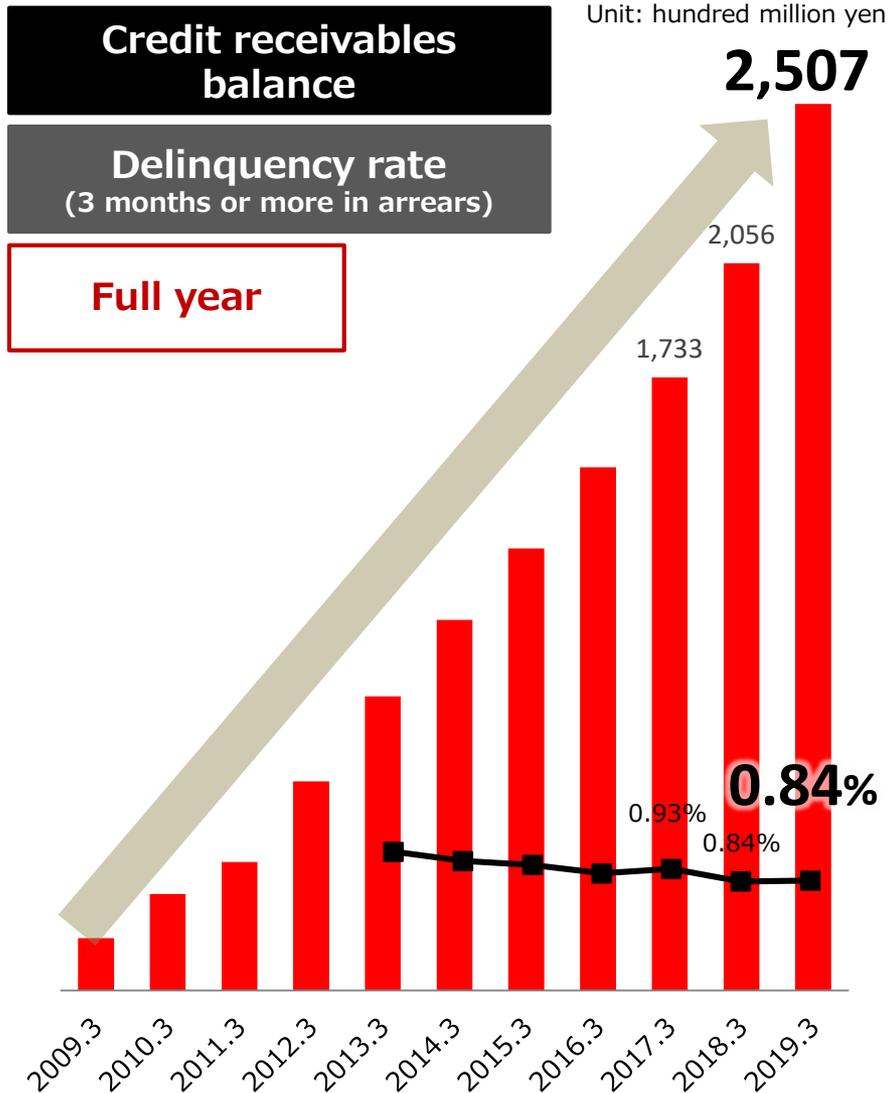
- ✓ Deepening relationship with network stores

* We offer several services to secondhand car dealers. A differentiation strategy toward the construction of continuous business activities with them.

(Note 1) "Total volume of new loans" refers to the total amount of the amount of credit contracts newly signed in the period. The figures are inclusive of the total volume of new loans also of products other than automotive credit financing (Ecology Credit, etc.) and are the actual results of PFS.

(Note 2) "Per head (PH)" refers to the average monthly total volume of new loans or warranties per sales staff. The monthly total volume of new loans or warranties refers to the total amount of the amount of credit contracts or amount of warranty contracts newly signed in a month. The amount of credit contracts refers to the total amount of the remaining amount of charges for the product and the split commission.

Credit Finance Business: Change in Credit Receivables Balance



Credit receivables balance for the full year:
250.7 billion JPY

Increase by **21.9%** year on year

- ✓ Surpassed 250 billion JPY.
- ✓ Maintaining double-digit growth since foundation.
- ✓ Delinquency rate remained low.

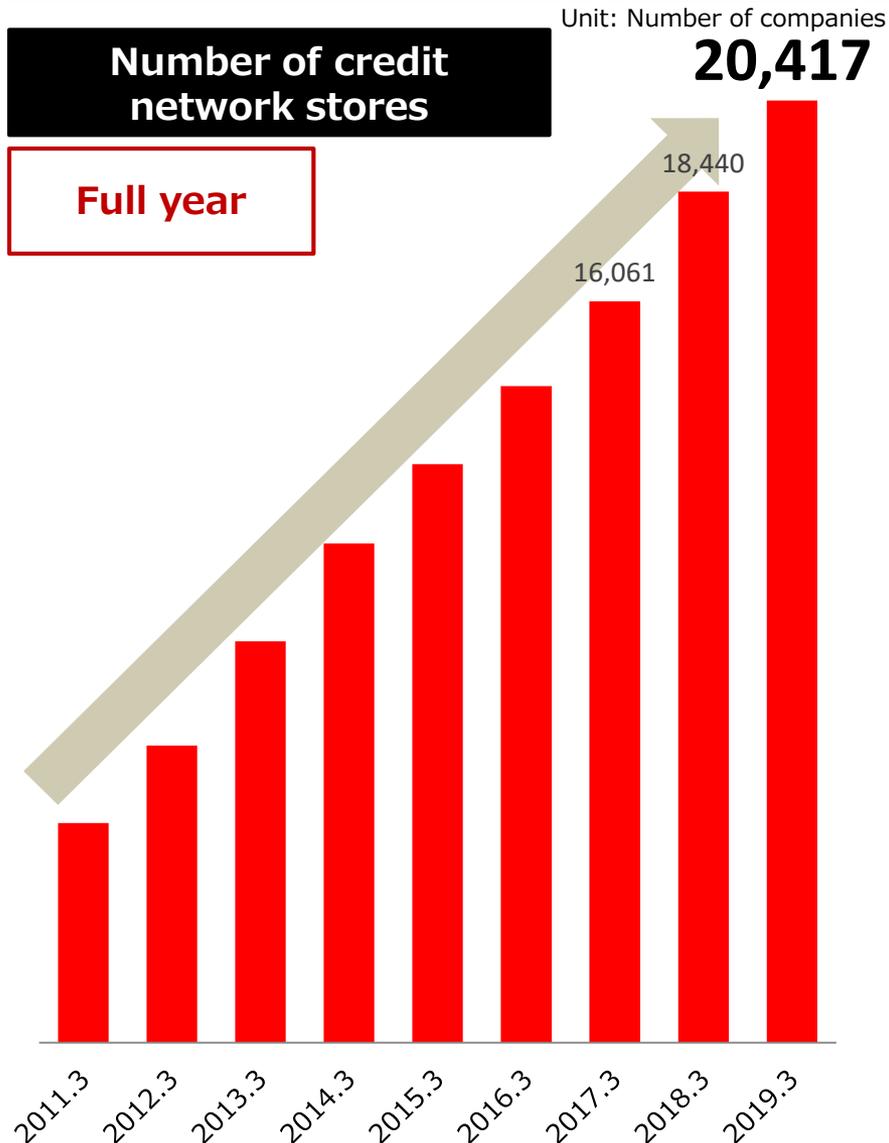
Characteristics of credit receivables

- ✓ Superior credit with low risk.
 - Debt amount
(average balance per debtor: 1.48 million JPY)
- ✓ Minimizing default through more efficient debt collection activities.
 - Early actions and Utilization of SMS

(Note 1) "Credit receivables balance" refers to the total amount of the amount that has not been repaid or for which the warranty period has not elapsed at the end of the period out of the cumulative total volume of new loans from the commencement of operations to the end of the period. The figures are inclusive of the total volume of new loans of also products other than automotive credit financing (Ecology Credit, etc.) and are the actual results of PFS.

(Note 2) "Delinquency rate" refers to the total of the amount of receivables that are 3 months or more in arrears and special receivables (receivables with judicial intervention), expressed as a percentage of the credit receivables balance at the end of the period. The figures are the actual results for the periods subsequent to when the receivables collection index definition was revised in the fiscal year ended March 31, 2013 and are the actual results of PFS.

Credit Finance Business: Number of Network Stores



Number of credit network stores for the full year: 20,417

Increase by 10.7% year on year

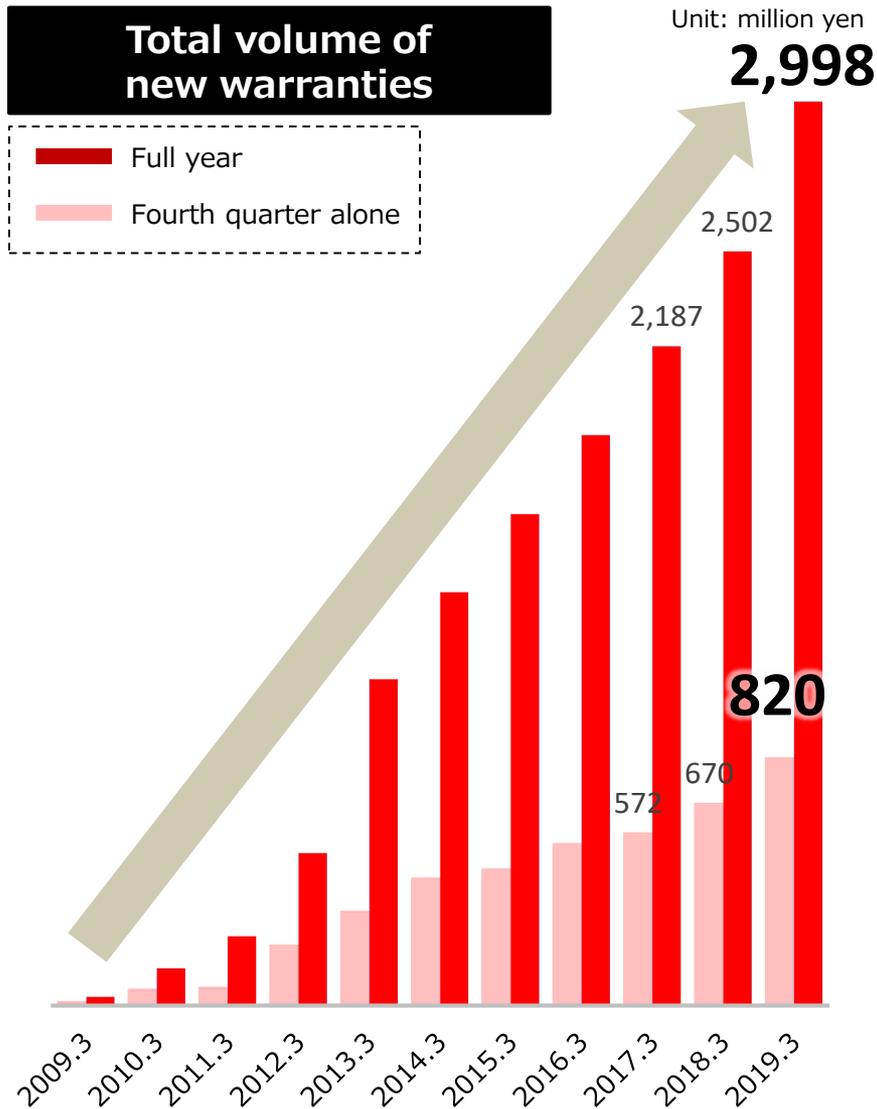
- ✓ Exceeded 20,000 stores.
- ✓ Number of credit network stores is steadily increasing since establishment.
- ✓ Continued to focus on increasing the operation rate

Initiatives for network stores to increase in number and be in operation

- ✓ Strengthen MULTI ACTIVE.
 - Expansion of cross-selling product lineup.
- ✓ Listing on TSE increased the credibility of the company.
- ✓ Calling out for dormant stores at the same time.
 - Utilization and additional establishment of contact centers.

(Note) "Number of network stores" refers to the number of business operators that have signed a network store contract, counting one business operator as one network store even if that business operator has several stores. The figures are the actual results for the periods subsequent to when our group's enterprise system was renewed in the fiscal year ended March 31, 2010 and are the actual results of PFS.

Warranty Business: Change in Total Volume of New Warranties



Total volume of new warranties for the full year: **3.0 billion JPY**

Increase by **19.8%** year on year

- ✓ Fourth quarter alone: 820 million JPY (year-on-year increase: +22.4%)
- ✓ Maintaining double-digit growth since foundation.
- ✓ Growth also large for our company brand products. (year-on-year increase: +50.5%)

Growth Drivers

1) Sales force enhancement

2) MULTI ACTIVE

- ✓ Cross-selling with credit proved successful.
- ✓ Steady transaction growth of OEM products.

(Note) "Total volume of new warranties" refers to the total amount of warranty contracts newly signed in the period. The figures are the actual results of PFS.

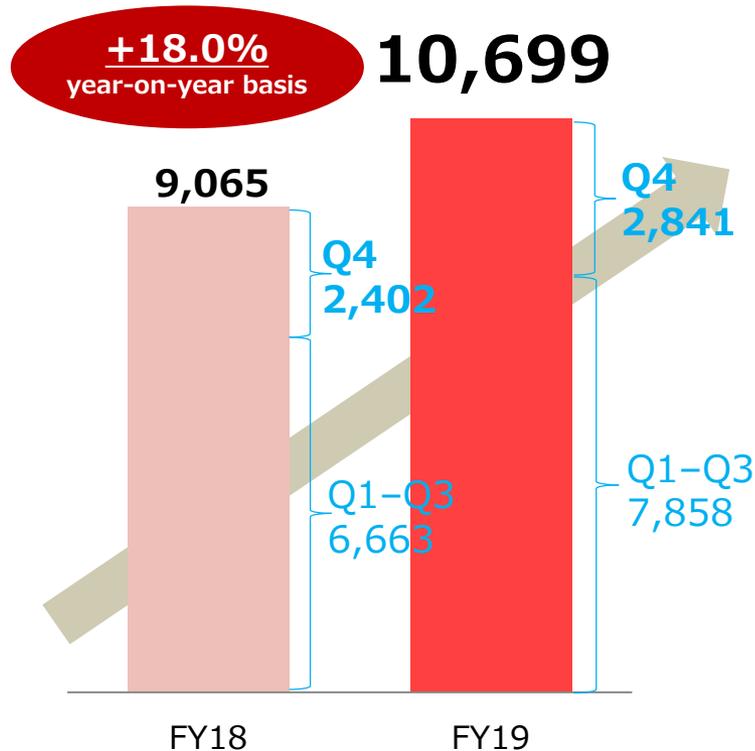
Full-Year Financial Highlights (Year-on-year comparison)

Full year

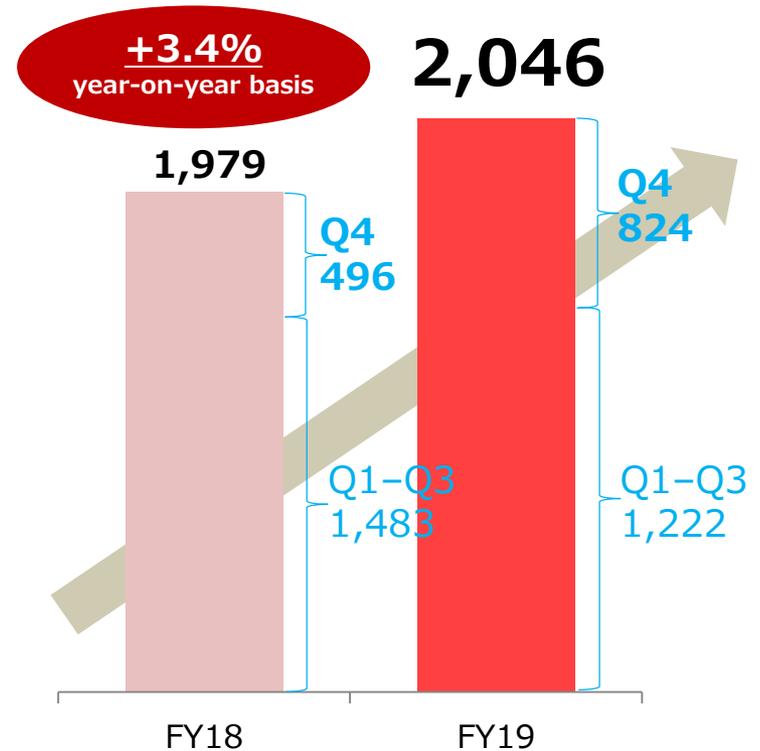
IFRS

- ✓ Operating revenue was 10.7 billion JPY (year-on-year increase: +18.0%).
- ✓ Profit before tax increased to 2.05 billion JPY (year-on-year increase: +3.4%) despite an increase in expenses due to the change in accounting standards.

Operating revenue (Unit: million yen)



Profit before tax (Unit: million yen)



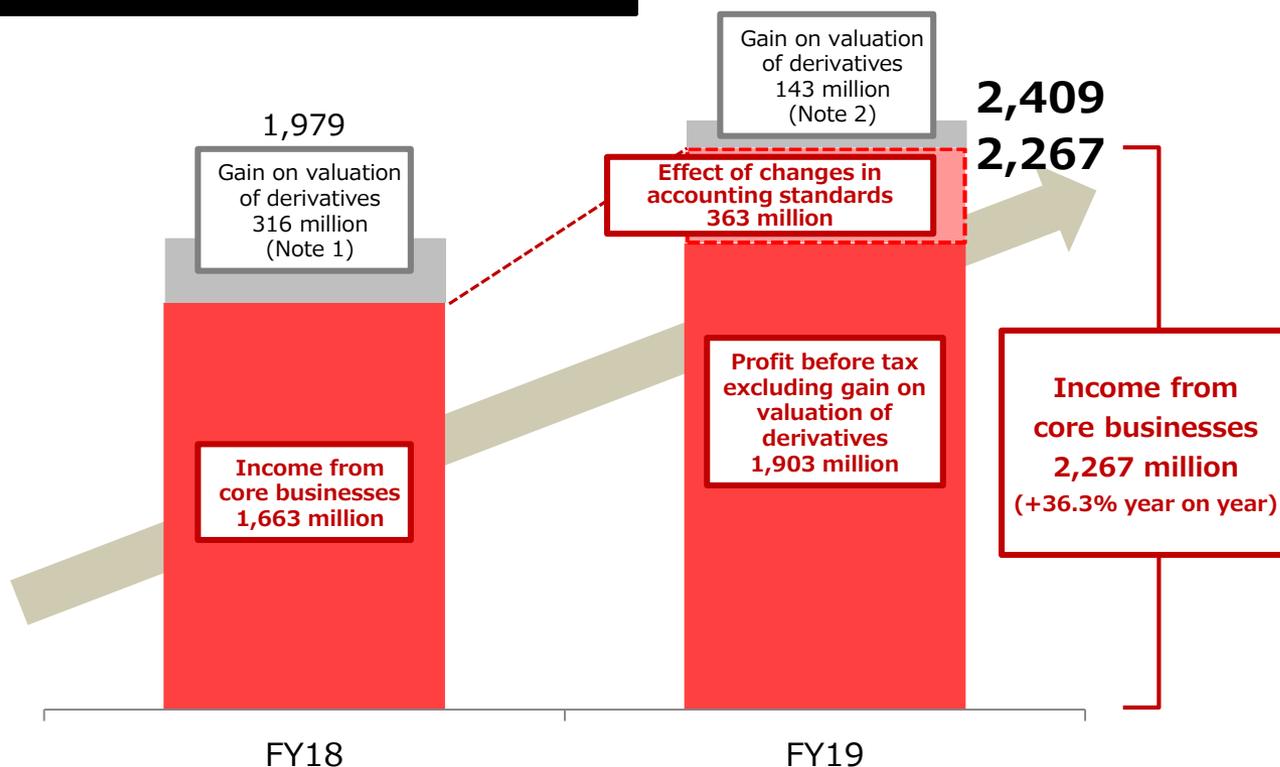
Full-Year Financial Highlights (Comparison of profits before tax)

Full year

IFRS

- ✓ Due to changes in accounting standards, profit before tax for the full year decreased by 0.36 billion JPY.
- * Excluding the above effect, pretax income was 2.27 billion JPY, a year-on-year increase of 36.3%.

Profit before tax (Unit: million yen)

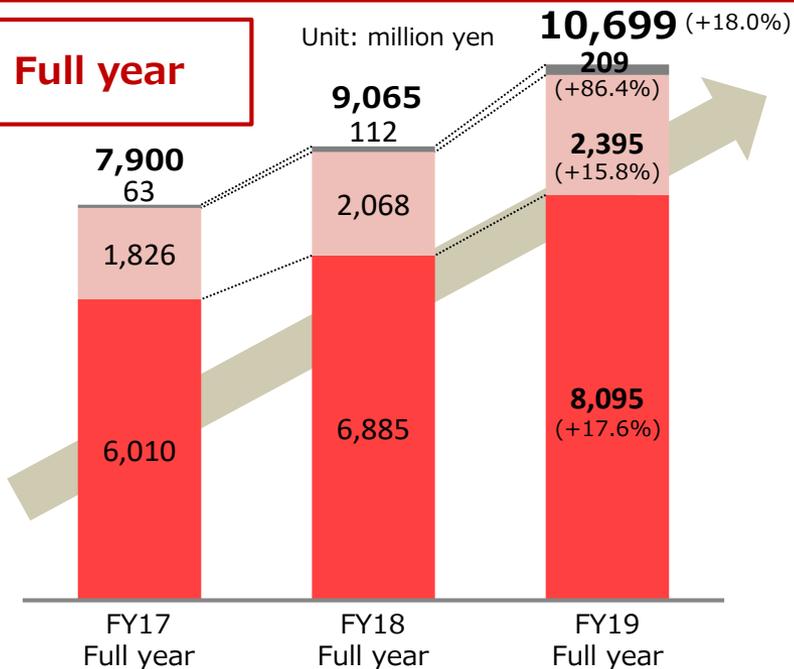


(Note 1) Gain on valuation of derivatives in the fiscal year ended March 2018 is temporary profit brought by the acquisition of subscription rights to shares (Warrant No. 2) issued by Eastern Commercial Leasing ("ECL"), a local company in Thailand which is an equity method affiliate of our company. All of said subscription rights to shares were exercised in the second quarter of the fiscal year ended March 2018, and thus there is no gain on valuation of derivatives arising in the fiscal year ended March 2019 and after.

(Note 2) Gain on valuation of derivatives arose in the fiscal year ended March 2019 due to the acquisition of subscription rights to shares (Warrant No. 3) issued by ECL. Since the rights have not been exercised, gain on valuation may also arise in the fiscal year ending March 2020. Please see APPENDIX for the details.

Breakdown of Operating Income by Business (PL)

Full year

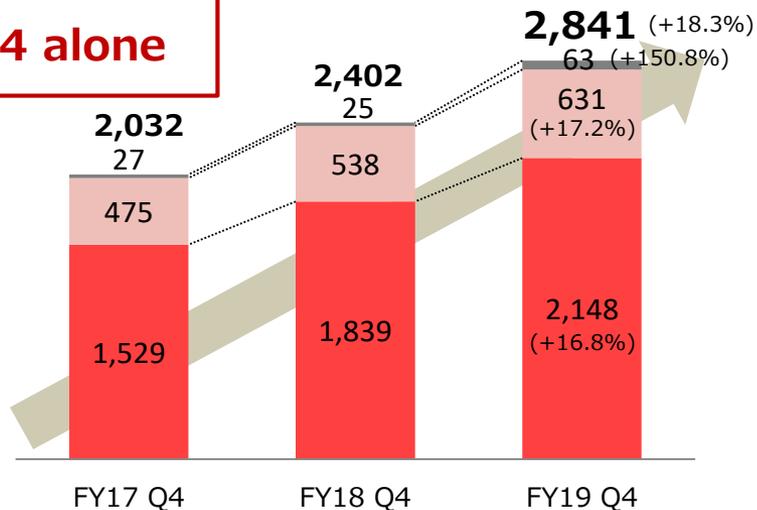


Operating income for the full year: 10.7 billion JPY

Increase by 18.0% year on year

- ✓ Fourth quarter alone: 2.84 billion JPY (year-on-year increase: +18.3%)
- *Our group has a single segment.

Q4 alone



Characteristics of the core businesses

- ✓ Upside potential toward revenue growth are high
- ✓ Stock business by accumulating the balance
 - ① Stable revenue
 - ② Little seasonality in earnings

*Stock up 20.24 billion JPY of future revenue in balance sheet
(Credit: 16.78 billion JPY, Warranty and others: 3.46 billion JPY)

- **Credit Finance Business**
 - **Warranty Business**
 - **Other Business**
(car maintenance/overseas business/software business)
- * From Q3 FY ended March 2019

Operating expense (PL) (year-on-year comparison)

Full year

IFRS

- ✓ Operating expenses totaled 10.0 billion JPY (year-on-year increase: +34.3%)
- ✓ When increase in expenses due to changes in accounting standards is not factored: 8.46 billion JPY (year-on-year increase: +13.7%), maintaining a level that falls below the rate of growth in operating revenue (+18.0%)

[FY18]

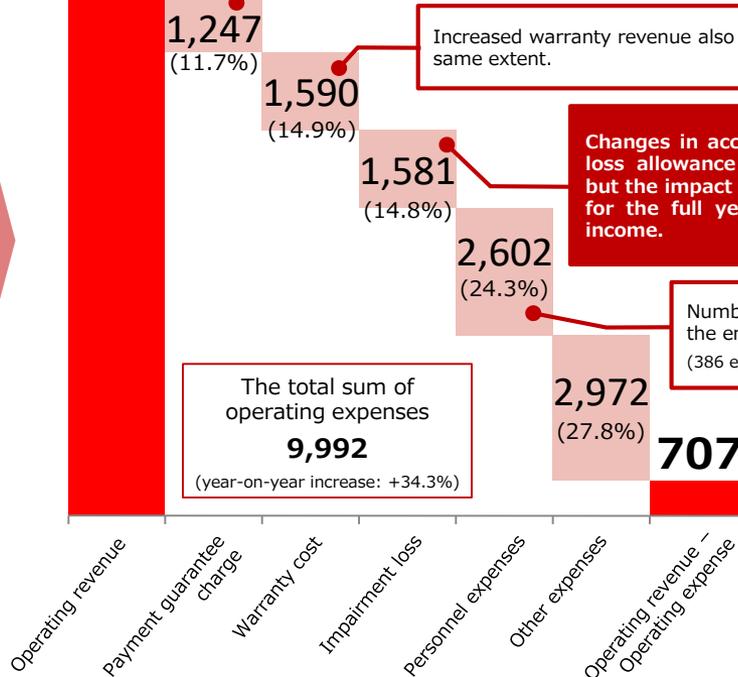
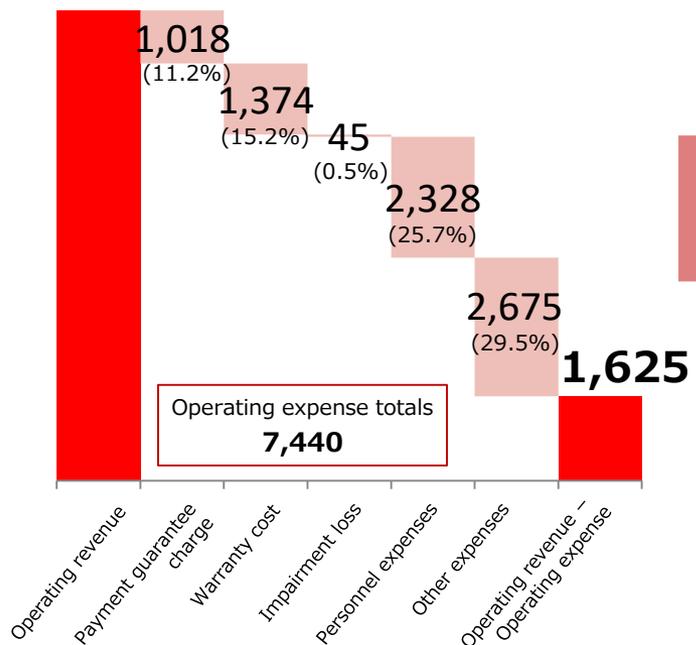
[FY19]

(Unit: million yen)

(Amount expressed as percentage of operating revenue is shown in parentheses)

9,065

10,699



Increase in expenses attributable to growth of credit business, while a portion is due to slight increase from changing the composition of balance of receivables of differing insurance premium rates (insurance premium rates remain unchanged)

Increased warranty revenue also increased expenses, but not to the same extent.

Changes in accounting standards (IFRS9) built up loss allowance and caused expenses to increase but the impact remained on 360 million JPY in total for the full year with the inclusion of insurance income.

Number of employees increased by 62 from the end of the previous fiscal year. (386 employees as of end of March 2019)

Q4 Topics 1

Acquisition and retirement of company's 2nd series subscription rights to shares

A resolution was made on March 14, 2019 on the acquisition of 2nd series subscription rights to shares with exercise price amendment clause (subject to exercise restrictions) through third-party allotment and their retirement judging that procurement of funds in the amount initially planned would be difficult, and the acquisition and retirement was completed on March 29, 2019.

- ✓ There is no impact on PL due to the acquisition and retirement.
- ✓ Expansion of existing businesses and development of new businesses such as through M&A will be promoted without delay with cash and deposit, borrowings from financial institutions, etc. for the time being.

Q4 Topics 2 Review of the Fiscal Year Ended March 2019

2018	June	Established Premium System Services Co., Ltd. with the aim of securing system personnel and achieving higher efficiency.
	August	Formed a partnership with UcarPAC Co., LTD., which offers automobile buyback services via the internet
		Formed a partnership with Park 24 Co., Ltd. in cashless payment services
	September	Opened a third maintenance and repair facility in Thailand
		Opened a second contact center in Fukuoka
	October	Stepped up provision of “Premium Auto Concierge” service in collaboration with the Orix Group for consultations concerning “life with a car”
		Acquired stake in SoftPlanner Co., Ltd., which develops and sells systems for the auto industry
		Opened a fourth maintenance and repair facility in Thailand
		Opened Japan’s first our own maintenance and repair facility “FIX MAN” in Sapporo
	December	Changed the listing market from the Second Section to the First Section of the Tokyo Stock Exchange
Resolved to acquire the shares of L’Operaio Solutions K. K., a warranty company		
2019	February	Launched full-scale auto leasing business for individuals
		Launched warranty business in Thailand
	March	Launched an initiative for screening which does not require a cosigner using IoT devices

Financial Results Forecasts and Priority Measures for the Fiscal Year Ending March 2020



Consolidated Financial Results Forecast for the Fiscal Year Ending March 2020

Double-digit or larger increase in revenue and profit is expected again for the fiscal year.

(Unit: million yen)	FY ended March 2019	FY ending March 2020 (Forecast)		
			Year-on-year (Change)	Year-on-year (percentage)
Operating income	10,699	12,548	1,849	+17.3%
Profit before tax	2,046	2,232	186	+9.1%
Profit	1,337	1,473	136	+10.2%
Profit attributable to owners of parent	1,346	1,484	139	+10.3%
Basic earnings per share (JPY)	109.66	111.58	1.92	+1.8%
Annual dividend (JPY)	42.5	43.0	0.5	+1.2%

Deducting gain on valuation of derivatives in the previous fiscal year
(140 million JPY before tax, 100 million JPY after tax)

⇒ **Profit is also forecast to steadily increase**

Operating income	10,699	12,548	1,849	+17.3%
Profit before tax	1,903	2,232	329	+17.3%
Profit	1,238	1,473	235	+19.0%
Profit attributable to owners of parent	1,247	1,484	238	+19.1%
Basic earnings per share (JPY)	93.76	111.58	17.82	+10.6%
Annual dividend (JPY)	42.5	43.0	0.5	+1.2%

Summary of Forecasts (Financial Results/Management Indices)

Continuation of trend of increase in revenue and profit
“Growth of existing businesses”

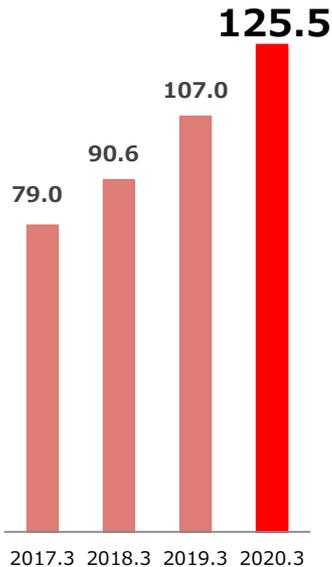
Development of growth drivers
“Growth of new/overseas businesses”

Pursuit of management efficiency and shareholder return
“Maintenance of ROE in the 20% range”

Securement of stable finance
“Maintenance of equity ratio”

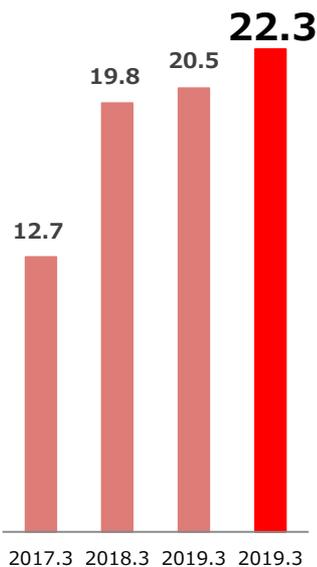
(1) Operating income

Unit: hundred million yen



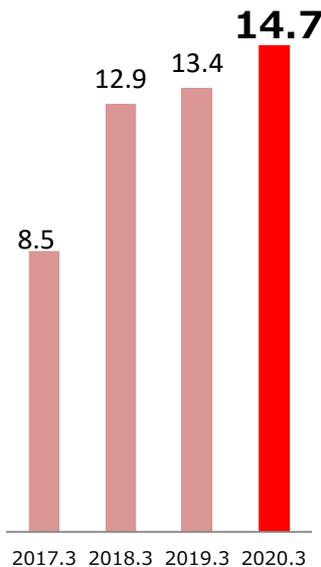
(2) Profit before tax

Unit: hundred million yen



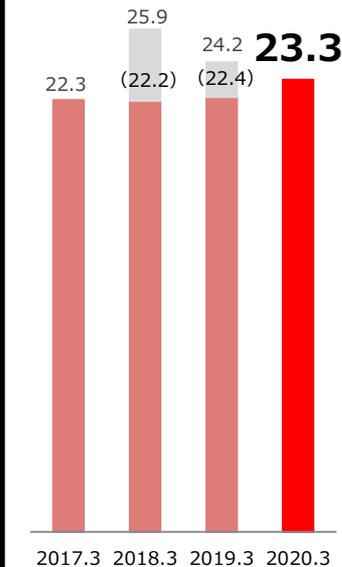
(3) Profit

Unit: hundred million yen



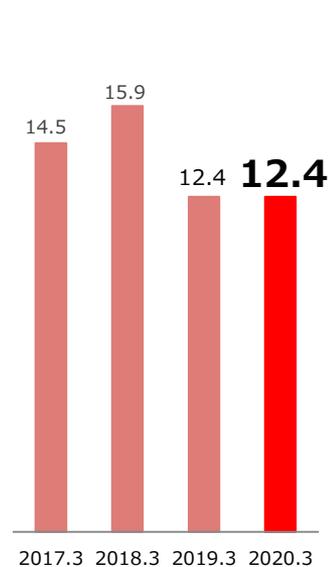
(4) ROE

Unit: %



(5) Equity ratio

Unit: %

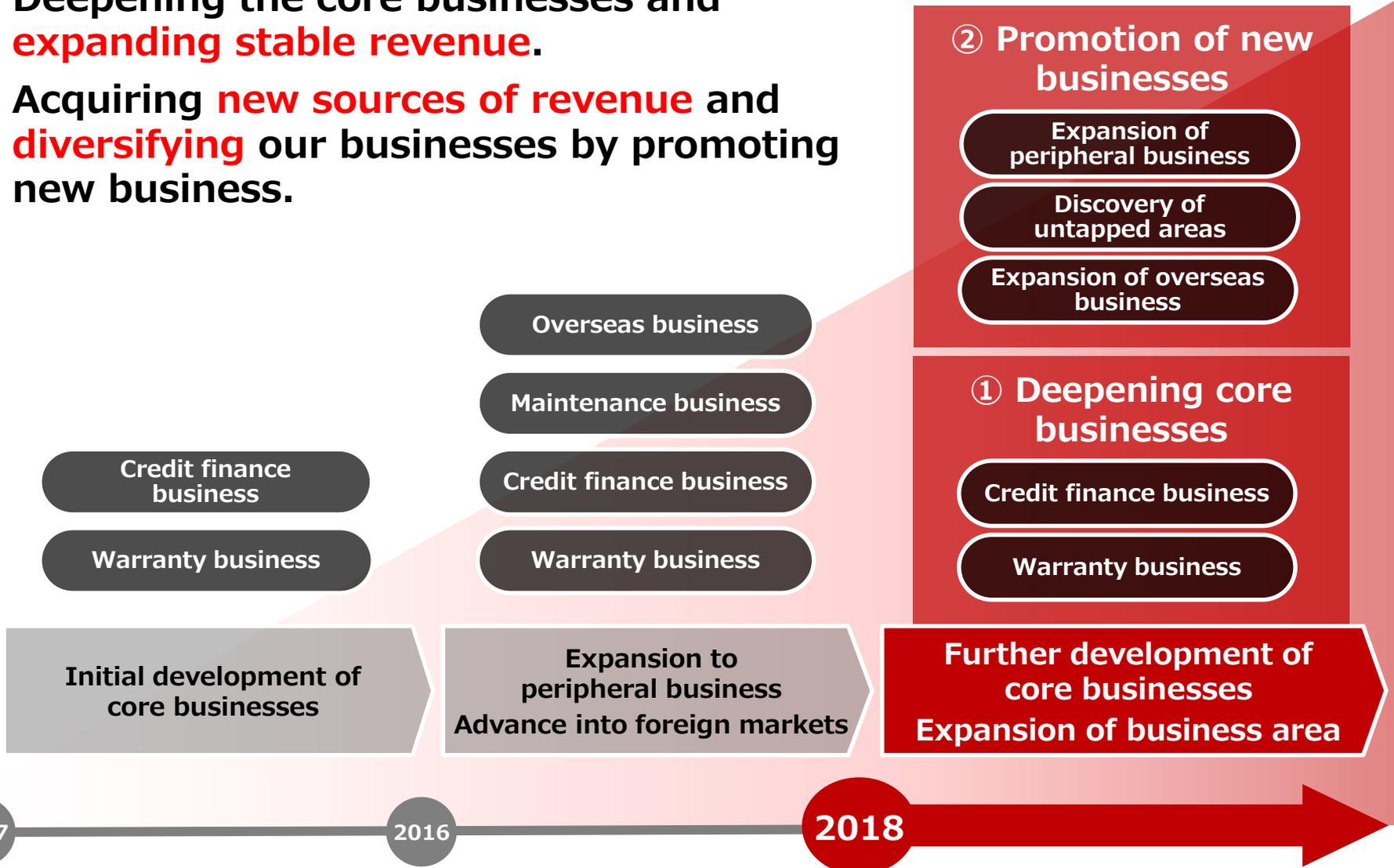


(Note 1) As to the actual figure of ROE for the fiscal year ended March 2018 in (4) ROE, a figure after deducting gain on valuation of derivatives (in gray) is indicated in the parenthesis.

(Note 2) The figures in (5) Equity ratio are “ratios of equity attributable to owners of the parent” in the consolidated management indices, etc.

Diagram of Growth Strategy

- ① Deepening the core businesses and **expanding stable revenue.**
- ② Acquiring **new sources of revenue** and **diversifying** our businesses by promoting new business.



Summary of Measures Taken in the Fiscal Year Ended March 2019

Deepening of core business

- ✓ Grew the credit finance business by establishing new branch offices and improving sales efficiency.
- ✓ Promoted expansion of the market volume jointly with the warranty subsidiary of which shares the group acquired.

Development of peripheral business

- ✓ Promoted development of network of maintenance and repair facilities with an aim to enable service sharing with the existing network of network stores (auto stores).
- ✓ Grew the auto leasing business for individuals and for-auto-industry packaged software business by increasing the number of stores handling them.

Expansion of new businesses

Growth of overseas business

- ✓ Implemented in-house development, collaboration and M&A to enhance all-round support for “life with a car.”
- ✓ Stayed profitable and expanded revenues in countries where the group had rolled out (Thailand and Indonesia).
- ✓ Advanced to new countries mainly in the ASEAN region.

Aim to enhance all-round support for “life with a car” in Japan and abroad

Creation of Attractive “Organization”

Promoting creation of a diversified and strong organization that can contribute to sustainability in society through business activities

SDGS

Sustainability

- Revitalize used car distribution through business growth and promote “reuse”
- In the warranty business, contribute to the environment by including many rebuilt parts (used parts) in repair parts
- In the credit finance business, support ownership (use) of automobiles in Japan and abroad with the new screening method using “an engine starting control system”

Promotion of women’s participation and advancement in workplace

- Activities for “Lean in Premier,” which discusses women’s careers
- Selected as one of FY 2018 Nadeshiko Challenge Enterprises by the Ministry of Economy, Trade and Industry
- Percentage of women in management position: 18.2% (6 females out of 33, as of May 15, 2019)

Human resources development/Higher motivation

- Improve hiring environment (secure talented personnel)
- Proactively promote young employees to management positions (A 27-year-old was appointed as a branch manager in January 2019, the youngest ever)
- Pay raise for the sixth consecutive year



Employee turnover
in Fiscal 2019

3.7%

(Fiscal 2018:
5.9%)



Premium

APPENDIX

Accrual of Gain on Valuation of Derivatives

Issuance of subscription rights to shares “Warrant No. 3” was resolved in January 2019 at the extraordinary meeting of shareholders of Eastern Commercial Leasing p.l.c. (“ECL”), a local company in Thailand which is an equity method affiliate of our company, for expansion of businesses and reinforcement of competitiveness. In line with such, our company **acquired** 140,823,175 units of subscription rights to shares **without contribution**, and **143 million JPY of gain on valuation of derivatives has accrued** as of March 31, 2019.

Exercising of the rights is allowed every six months, but the timing is yet to be decided.

Overview of Warrant No. 3

Issuer	Eastern Commercial Leasing p.l.c.	Number of units the company acquired	140,823,175 units (Shareholding ratio: 25.4%)
Issuance date	February 7, 2019	Exercise ratio	1 common share per warrant unit
Total number of warrants	554,428,622 units	Exercise price	1.85 bahts per common share
Allotment ratio	1 warrant unit to 2 shares	Rights exercise period	Every 6 months from August 30, 2019 to February 5, 2021
Allottee	Existing shareholders (allotment without contribution)	Account item	“Gain on valuation of derivatives” in “other finance income”