



# **Financial Results Explanatory Materials for the Second Quarter of Fiscal Year Ending March 2019**

**Premium Group Co., Ltd.**  
**(Tokyo Stock Exchange Second Section:7199)**  
**November 14, 2018**



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# About Premium Group

# Company Profile

<b>Company Name</b>	Premium Group Co., Ltd.
<b>TSE code / TSE market</b>	7199 / Tokyo Stock Exchange Second Section
<b>Established</b>	May 25, 2015 (Note) In 2007, Premium Financial Services Co., Ltd. (then G-ONE Credit Services Co., Ltd.) was established. (Note) Started its business as a second-tier subsidiary of IDOM Inc. (then Gulliver International Co. Ltd.)
<b>Head Office</b>	Roppongi First Bldg., 9-9, Roppongi 1-chome, Minato-ku, Tokyo
<b>President and CEO</b>	Yohichi Shibata
<b>Total number of issued shares</b>	6,060,000
<b>Capital</b>	193,348,000 JPY (Note) Including capital reserves
<b>Number of Employees</b>	337 employees (Number of employees of the group as of September 30, 2018, excluding temporary staff)
<b>Major Shareholders</b>	⟨Major institutional investors⟩ Coupland Cardiff Asset Management (8.10% as of July 31, 2018) Mitsubishi UFJ Financial Group, Inc. (5.06% as of Oct. 29, 2018), etc. ⟨Major companies⟩ Recruit Holdings Co., Ltd., Aozora Bank, Ltd., Sompo Japan Nipponkoa Insurance Inc., SUMITOMO CORPORATION, etc.
<b>Group's Business</b>	Primary businesses include automotive credit finance business, development and sales of warranty products, and operation of automobile maintenance facilities in Japan. Our overseas businesses include consulting/warranty businesses in Thailand and other countries.

# Overview of Premium Group

Premium Group is comprised of companies providing finance & services focused on **credit** and **warranty** (Note)

**Credit** is a service offering customers the option to have charges incurred upon purchase of goods or services paid in advance on behalf of the customer and for the customer to repay in installments.

**Warranty** is a service offering customers coverage for the cost of repairs within a predetermined scope should defects arise in goods in the customer's possession.

## Characteristics of Premium Group

### Accumulative revenue business

Credit and warranty both feature an accumulative revenue structure based on deferral of income

A business model that can expect stable growth

### Cash rich

Credit and warranty both have stable cash position due to "lump-sum advance" of fund and guarantee commission payments

Business model that has favorable cash flows

(Note) The credit business and warranty business are businesses operated by Premium Financial Services Co., Ltd. (hereinafter, "PFS"), a major subsidiary and one of the main business entities of the group.

# Engaged in Auto-Related Services as a Group of 11 Companies in Japan and Overseas

Premium Group Co., Ltd.



(Note) Hereinafter, "PG"

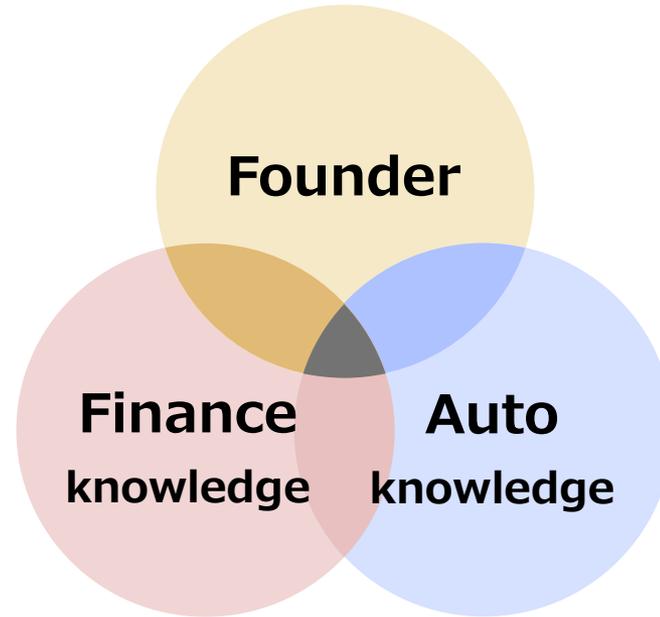
- Japan
- Thailand
- Indonesia

(Note) % figures on the right are % of voting rights held.  
The figure for ECL is as at May 2018.

	Premium Financial Services Co., Ltd.	Credit business and warranty business focused on automotive credit financing	100.0%	Consolidated Subsidiaries
	PAS Co., Ltd.	Auto maintenance and repair, bodywork and paintwork business	100.0%	
	PLS Co., Ltd.	Auto leasing business targeted at individuals as auto finance product	100.0%	
	SoftPlanner Co., Ltd.	Development and sale of auto maintenance and repair systems and auto sales management software	80.0%	
	Premium System Services Co., Ltd.	Systems planning, development and operation business across Premium Group	67.0%	
	PFS (Thailand) Co., Ltd.	Consulting business, warranty product development business, etc. in Thailand	49.0%	Equity Method Affiliates
	CIFUT Co., Ltd.	Development and provision of auto-related IoT devices	49.0%	
	Eastern Commercial Leasing p. l. c.	Automobile finance business (Listed on the Stock Exchange of Thailand)	25.4%	
	Eastern Premium Services Co., Ltd.	Auto repair business in Thailand	36.0%	
	Pt Premium Garansi Indonesia	Warranty business in Indonesia	33.0%	

# President and CEO, Leading Our Company Since Its Foundation

President and CEO  
Yohichi Shibata



<b>1982</b>	April	Joined Satoshoji Corp.
<b>1985</b>	April	Joined APLUS Co., Ltd. (then Daishinpan Inc.)
<b>2003</b>	December	Joined IDOM Inc. (then Gulliver International Co., Ltd.)
<b>2007</b>	April	Appointed as executive officer of Gulliver International Co., Ltd.
	<b>August</b>	<b>Assumed role of President and CEO of PFS Co., Ltd. (then G-ONE Credit Services Co., Ltd.). (incumbent)</b>
<b>2016</b>	May	Appointed as board member of Eastern Commercial Leasing p.l.c. (incumbent)
	July	Inaugurated as President and CEO of PG Co., Ltd. (incumbent)
	August	Inaugurated as President and CEO of PAS Co., Ltd.
	November	Appointed as part-time board member of Eastern Premium Services Co., Ltd. (incumbent)
<b>2017</b>	July	Appointed as President and CEO of PLS Co., Ltd. (then Premium Lease Co., Ltd.)
<b>2018</b>	April	Appointed as board member of PFS(Thailand) Co., Ltd. (incumbent)

# Business Portfolio

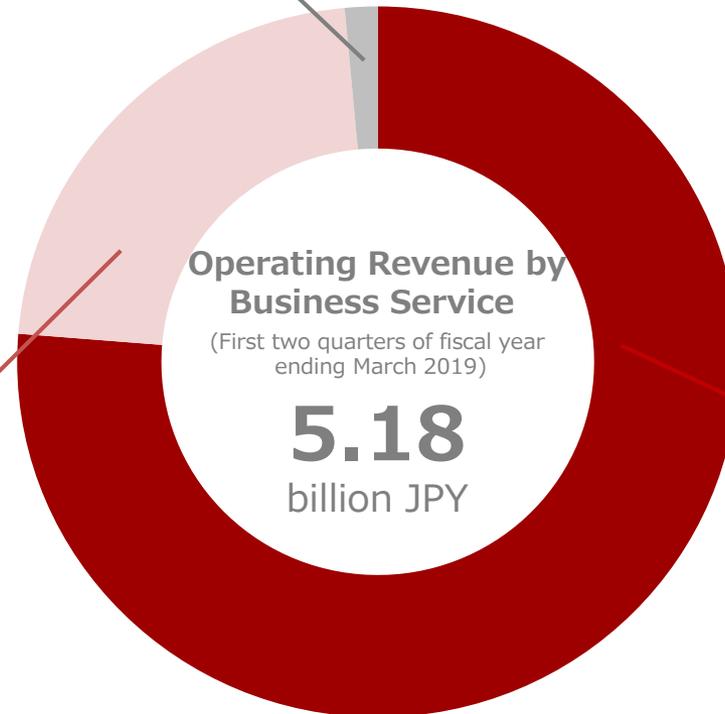
Other Business

**1.5%**

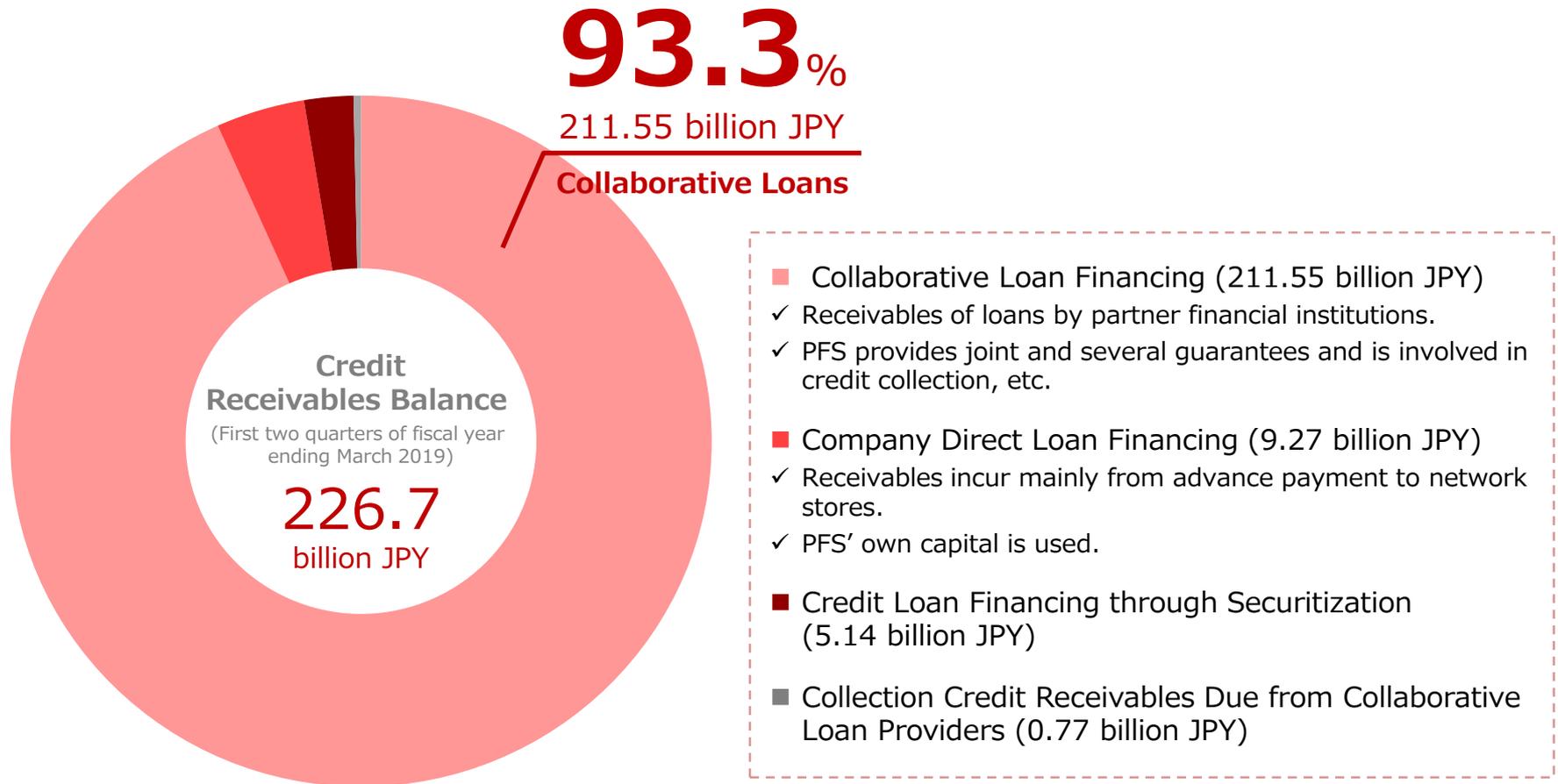
- **Maintenance Business**  
Automobile repairs required in the warranty business
- **Overseas Business**  
Overseas business expansion (mainly in Thailand)



Warranty business for automobiles purchased by consumers. Primarily providing warranty products that the company has developed on its own.



# Most of the Receivables Balance Consists of Collaborative Loan Financing



Collaborative loan financing and collection credit receivables are off-balance

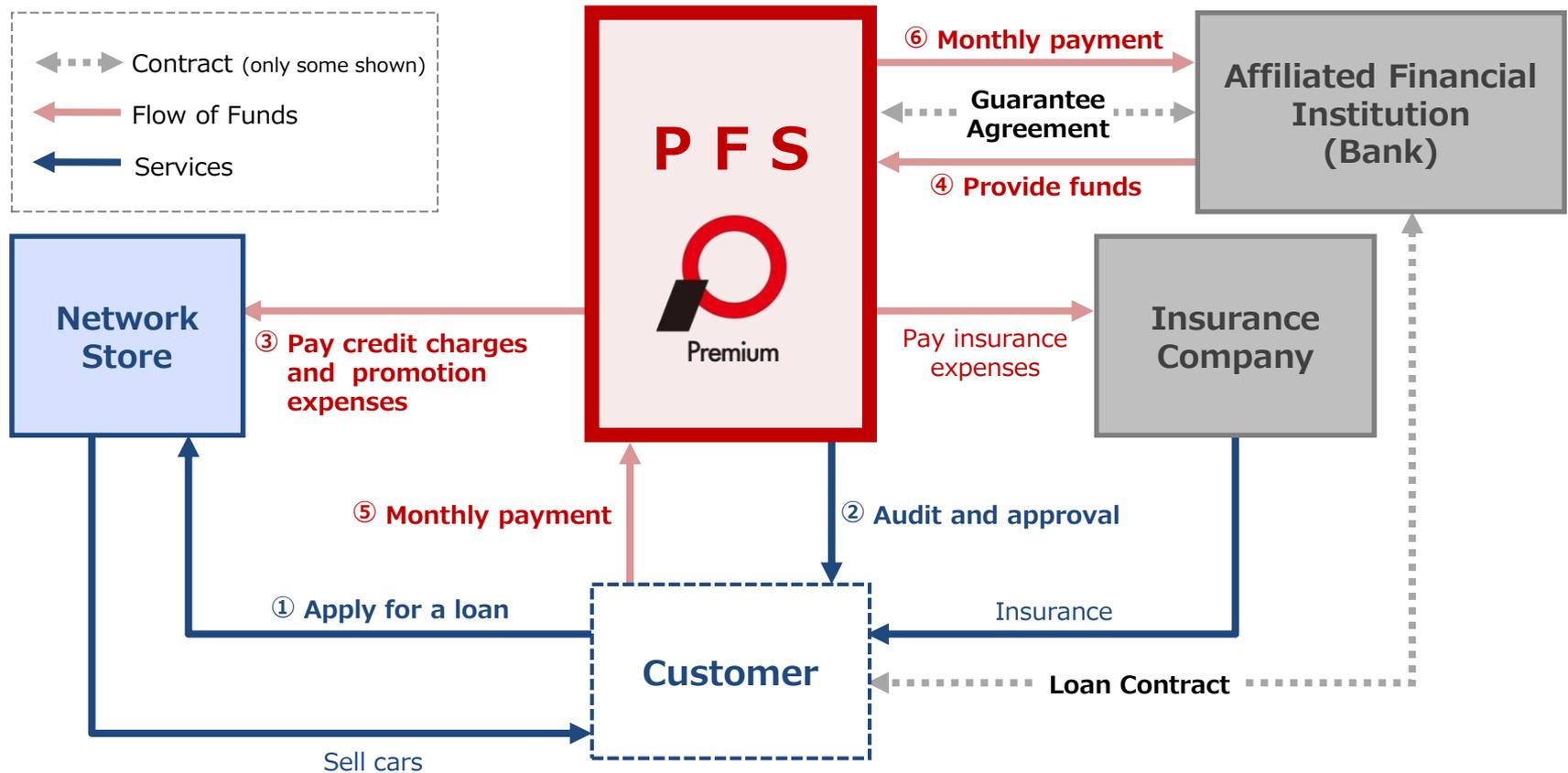
(Note) "Credit receivables balance" refers to the total amount of the amount that has not been repaid by customers at the end of the period out of the cumulative total volume of new loans (sum total of credit principal and split commission) from the commencement of operations to the end of the period.

# Overview of Automotive Credit Financing Business (Advantageous Cash Position)

- Although collaborative loans are funded mainly by banks, PFS provides joint and several guarantees and is involved in sales, credit examination, and credit collection.

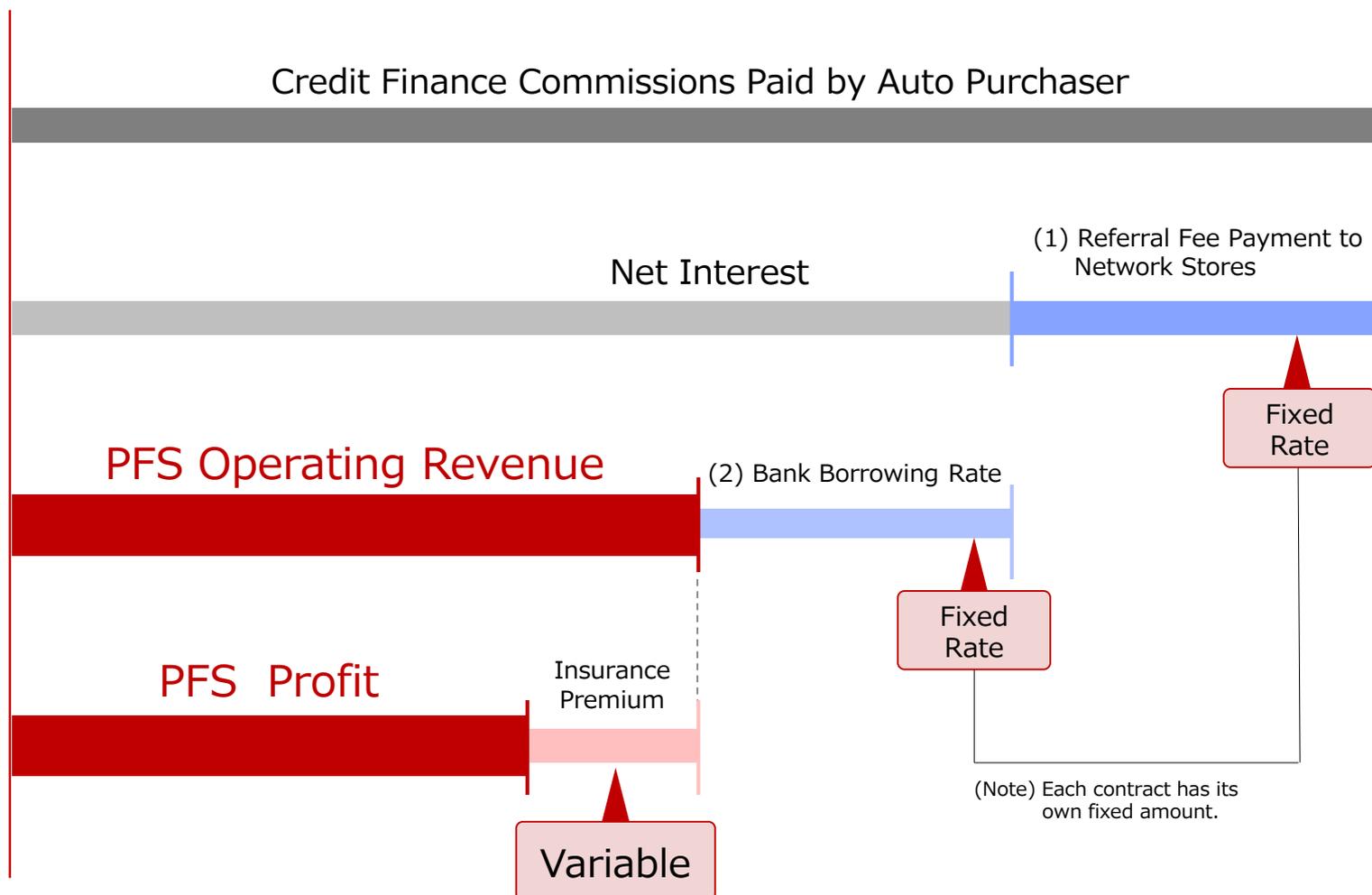
B-to-B-to-C Business

## Overview of Collaborative Loan Business Regarding Automotive Credit Financing



(Note) "Network store" refers to a business operator that has signed a network store contract with our group and continuously offers and brokers to customers the credit products provided by our group.

# Our Revenue from Credit Commissions (Illustrative Example)



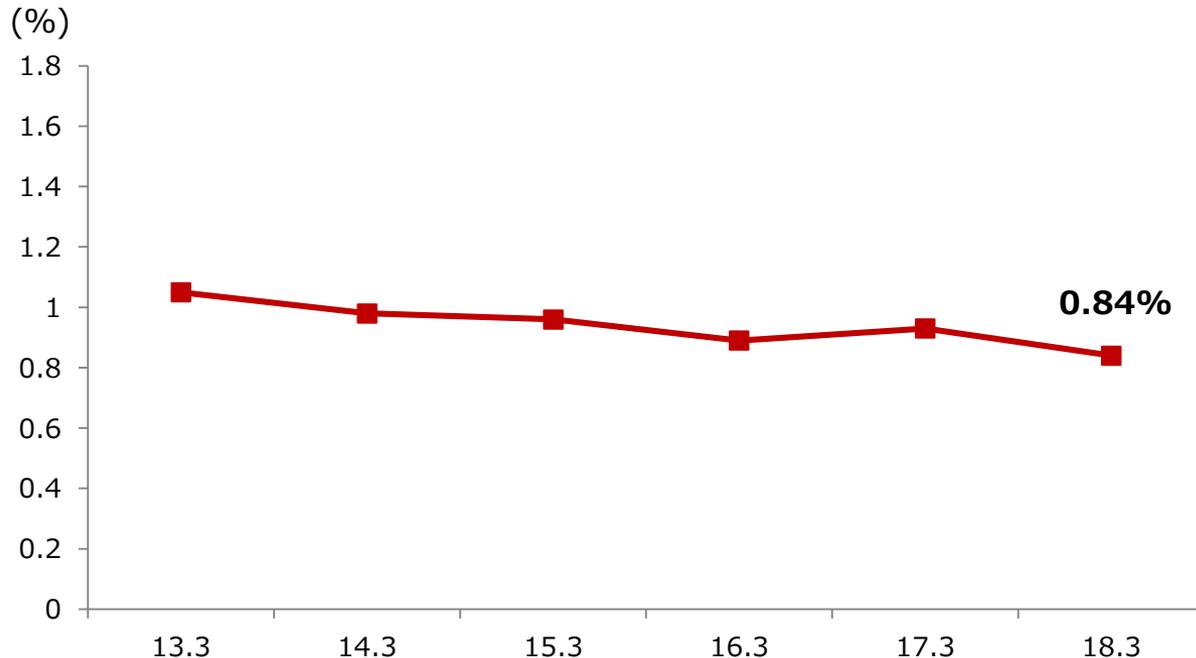
(Note) This is an illustrative example for collaborative loan financing, which accounts for most of PFS' credit receivables balance.

The diagram above does not show the exact amounts/flows of money in the transactions, as this was created to show the concept of our revenue recognition, as well as deductions from credit commission paid by our customers, in our collaborative loan transactions.

# Delinquency Rate Decreasing Through Customer Follow-Up

Delinquency Rate Trends (most recent 6 years)

## Delinquency rate (3 months or more in arrears)



(Note) "Delinquency rate" refers to the sum total of the amount of receivables that are 3 months or more in arrears and special receivables (receivables for which customers have entrusted debt arrangement procedures, etc. to attorneys, etc.) expressed as a percentage of the credit receivables balance at the end of the period.

# Warranty Business Provides Both Our Company Brand and OEM Products

- The cumulative total number of warranty contract cars (since April 2010) is **approximately 400,000 units** and high-accuracy product design and pricing are achieved by utilizing **repair big data**. Warranty covers up to 395 auto parts and provides about 1,000 items of products.

## Our Products

### Prime Warranty

Own brand product we developed independently.

### Car Sensor After-sales Warranty

OEM to vehicles published in "Car Sensor" magazine

(Note) Partnership with Recruit Marketing Partners Co., Ltd.

### Other OEM Supply

OEM supply to major and medium-sized used car dealers, providing about 1,000 items classified into 5 types.

## Parts Covered by Prime Warranty

**保証部品一覧表** トラブル発生率の高い部品のほとんどが保証対象！ 安心カーライフをお約束します！！

各ブランドごとの保証対象部品と機構 **LLプラン**には**Mプラン**と**RSプラン**の範囲が含まれます。**Mプラン**には**RSプラン**の範囲が含まれます。

※全て真正部品が対象となります。  
 ※記載している整備品であっても、保証適用とならない場合がございます。  
 詳細は別紙、特別規約をご覧ください。  
 例)衝突、事故等での外傷原因による故障、天災・いたずらが原因する故障など。

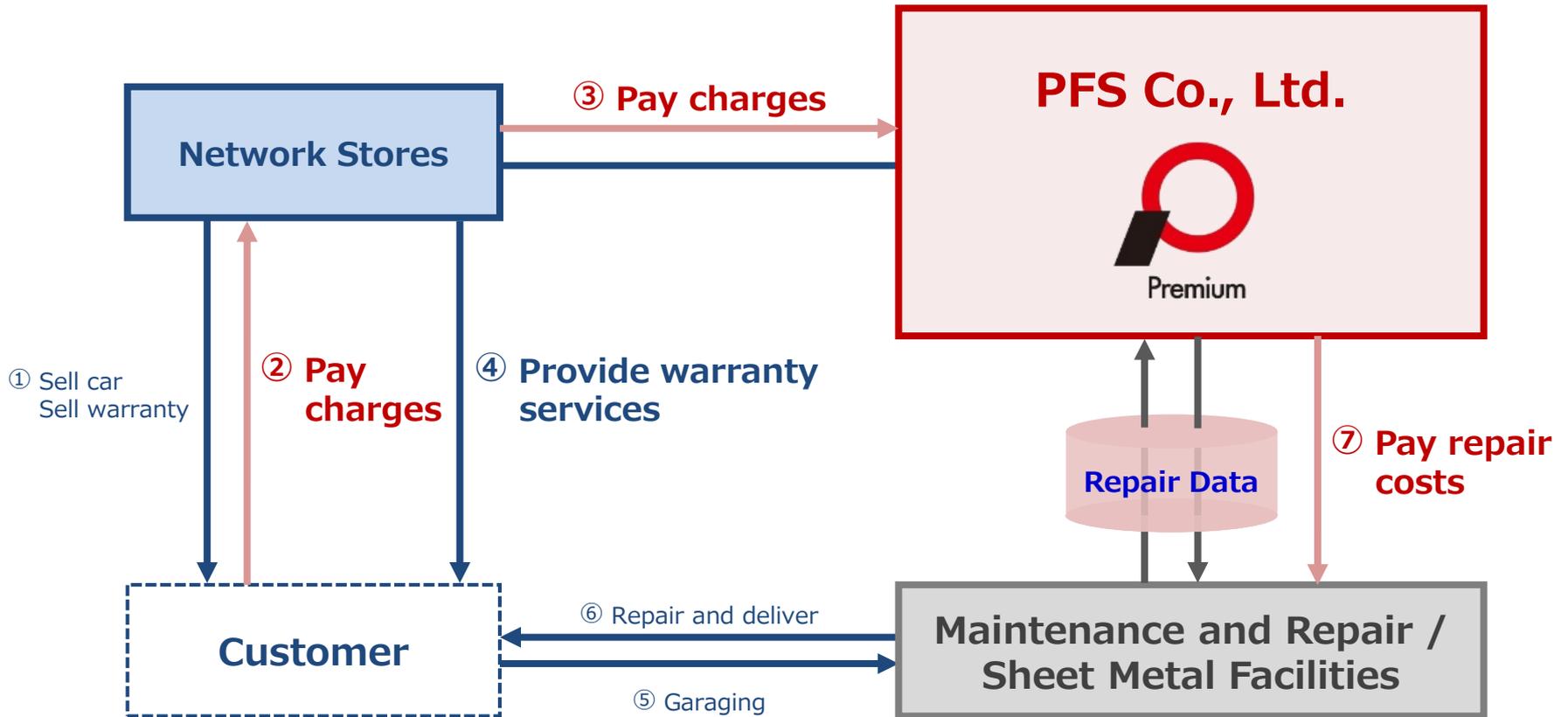
**ロードサービス** 24時間対応、365日受付のロードサービスが受けられます。

- レッカー牽引 (24時間)
- 車1冊して来 (24時間)
- ガス欠 (24時間)
- バッテリーが残り少なくなってきたら (24時間)
- パンク時のタイヤ交換 (24時間)
- 取付作業 (24時間)

# Overview of Warranty Business (Advantageous Cash Position)

- Product development and appropriate pricing based on extensive repair big data

B-to-B-to-C Business



# Strengths of Premium Group

Premium Group caters to the various needs of network stores<sup>(Note)</sup> by providing combined added value based on **3 strengths**.

**Independence**

Combined product lineup

×

**Expertise**

Auto and finance know-how

×

**Mobility**

Nationwide sales network

One-stop provision of finance & services

Want to sell on **credit**

**Network Store**

(used car dealer, etc..)

Want to secure **after-sales functions**, such as **maintenance and repair**

Want to **cover by warranty**

Purchase/Sale of car, etc.

Want to **procure cheaply new cars and auto parts and accessories**

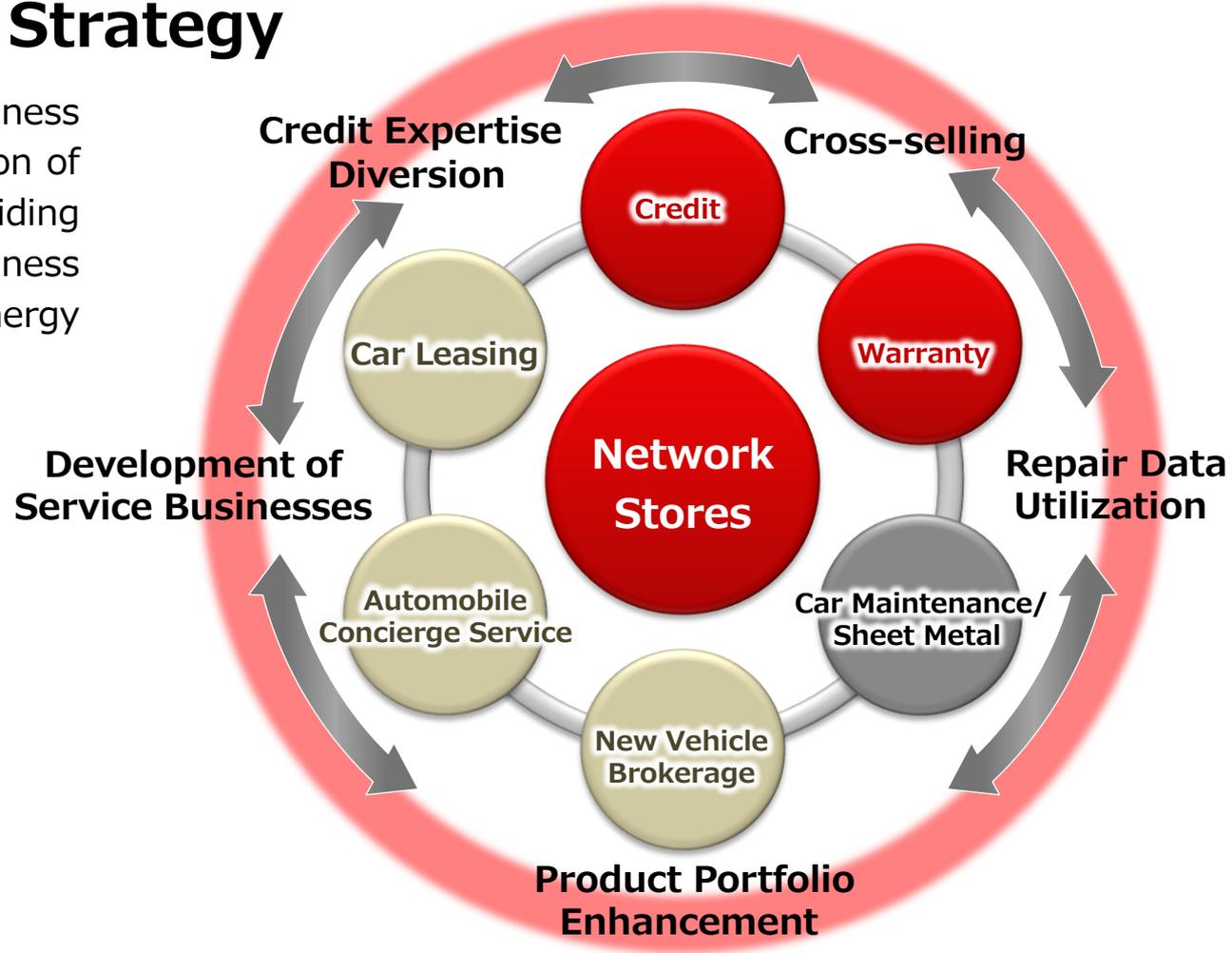
**Customer**

(Note) "Network store" refers to a business operator that has signed a network store contract with our group and continuously offers and brokers to customers the credit products provided by our group.

# "MULTI ACTIVE" Strategy

## "MULTI ACTIVE" Strategy

Strategy to build lasting business relationships through expansion of business contacts by providing multiple services to auto business partners while leveraging synergy with existing business.



# Market Size

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Auto-related market size is extremely large.  
In such a giant market, aiming to create new business while deepening core business.

Automotive credit  
Credit grant amount:  
**Approximately  
4.6  
trillion JPY** \*<sub>1</sub>

Used car retail  
market  
**Approximately  
3.7  
trillion JPY** \*<sub>2</sub>

Car maintenance  
and repair market  
**Approximately  
5.3  
trillion JPY** \*<sub>3</sub>

\*1 Japan Consumer Credit Association "Japanese Credit Statistics"

\*2 Yano Research Institute "Automotive Aftermarket 2018"

\*3 Yano Research Institute "Automotive Aftermarket 2018"

# Overseas Business Initiatives

## Thailand

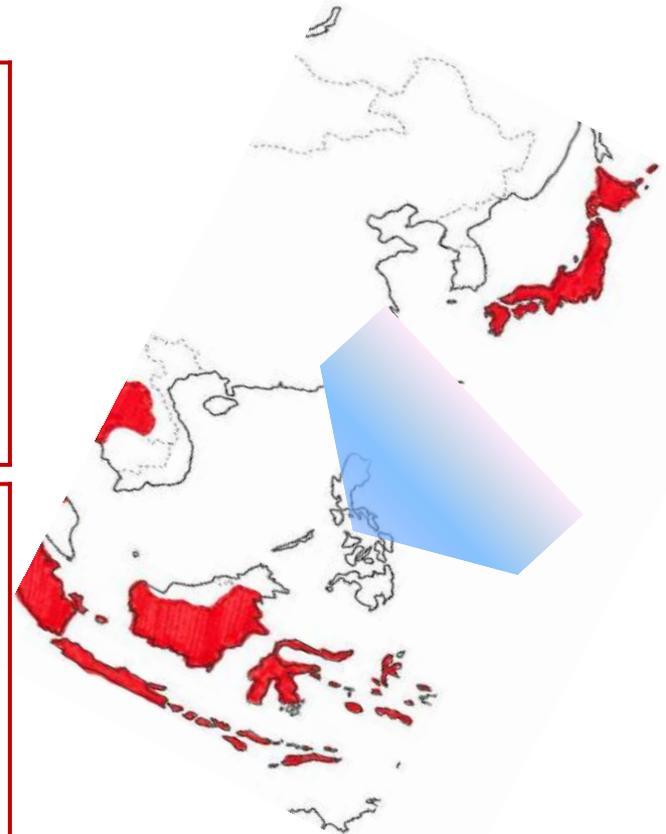


- ✓ Preparing warranty business expansion in collaboration with a local company.
- ✓ Established our own maintenance and repair facility "FIX MAN" in 4 locations, forming a maintenance and repair network centering on Bangkok.
- ✓ Promoting the automotive credit financing business at local affiliate.

## Indonesia



- ✓ Test started warranty business in collaboration with Sumitomo Corporation and Sinar Mas Group, which is one of the three largest conglomerates in Indonesia.



**Considering proactive overseas business expansion, focusing on the ASEAN region**



Pictured from left

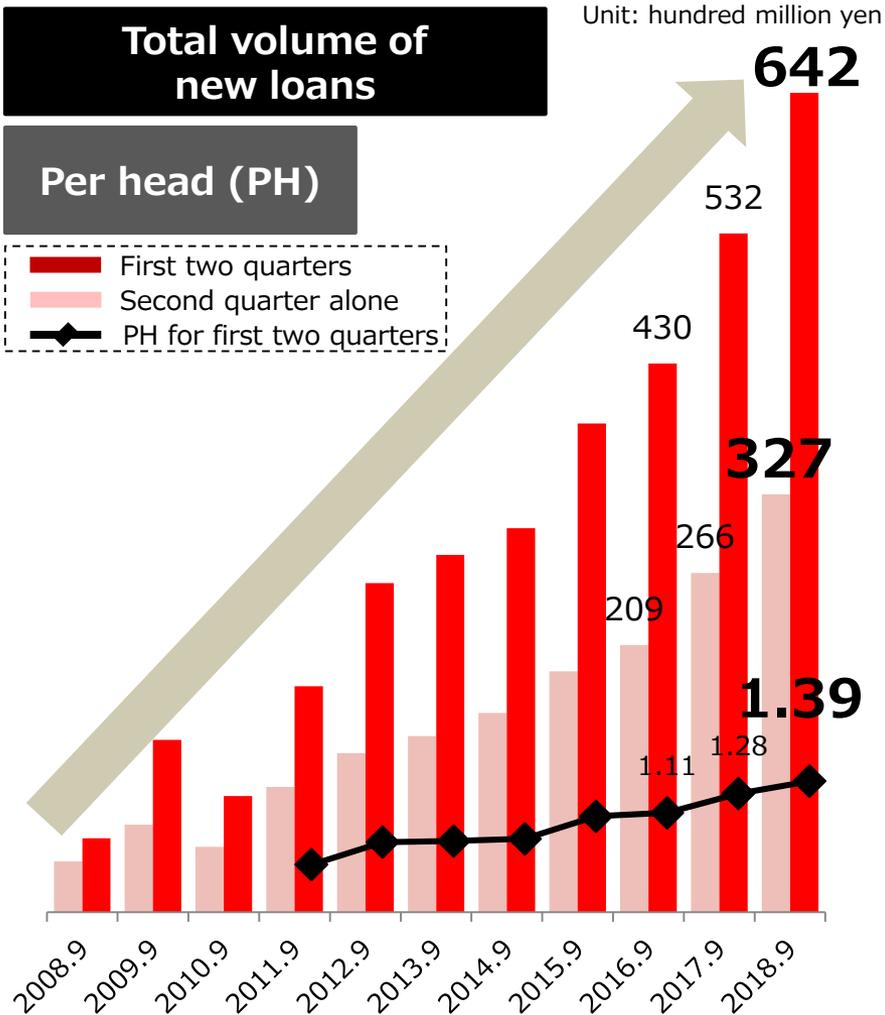
- FIX MAN No. 3
- FIX MAN No. 4

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# Financial Summary of the Second Quarter of Fiscal Year Ending March 2019



# Credit Finance Business: Change in Total Volume of New Loans



**Total volume of new loans for the first two quarters: 64.2 billion JPY**

**Growth of 120.7% on a year-on-year basis**

- ✓ Second quarter alone: 32.7 billion JPY (year-on-year change: 123.1%)
- ✓ Eight consecutive years of growth
- ✓ Growth also in PH for first two quarters (128 million JPY → 139 million JPY)

## Growth Drivers

### 1) Enhanced Sales Force

- ✓ Increased from 72 to 76
- ✓ Boosting of sales efficiency (combination of on-site sales, business trip sales and contact center sales proved successful)

### 2) MULTI ACTIVE\*

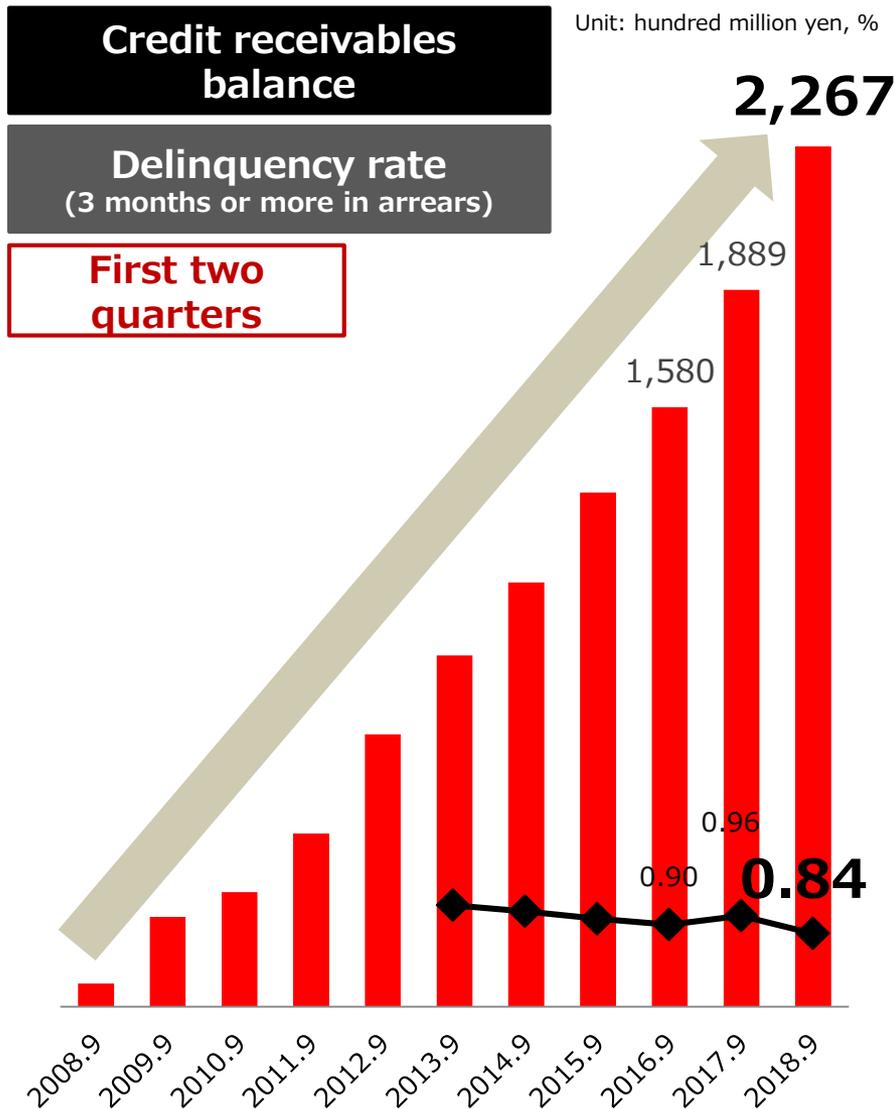
- ✓ Deepening relationship with network stores

\* 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 first two quarters: 226.7 billion JPY**

**Growth of 120.0% on a year-on-year basis**

- ✓ Surpassed 220 billion JPY.
- ✓ Maintaining double-digit growth since foundation.
- ✓ Delinquency rate below 1%.

## Characteristics of credit receivables

- ✓ Superior credit with low risk.
  - Debt amount  
(average balance per debtor: 1.39 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

First two  
quarters

Unit: Number of  
companies

19,357

17,667

15,143

2010.9 2011.9 2012.9 2013.9 2014.9 2015.9 2016.9 2017.9 2018.9

Number of credit network stores for the first two quarters: 19,357

Growth of 109.6% on a year-on-year basis

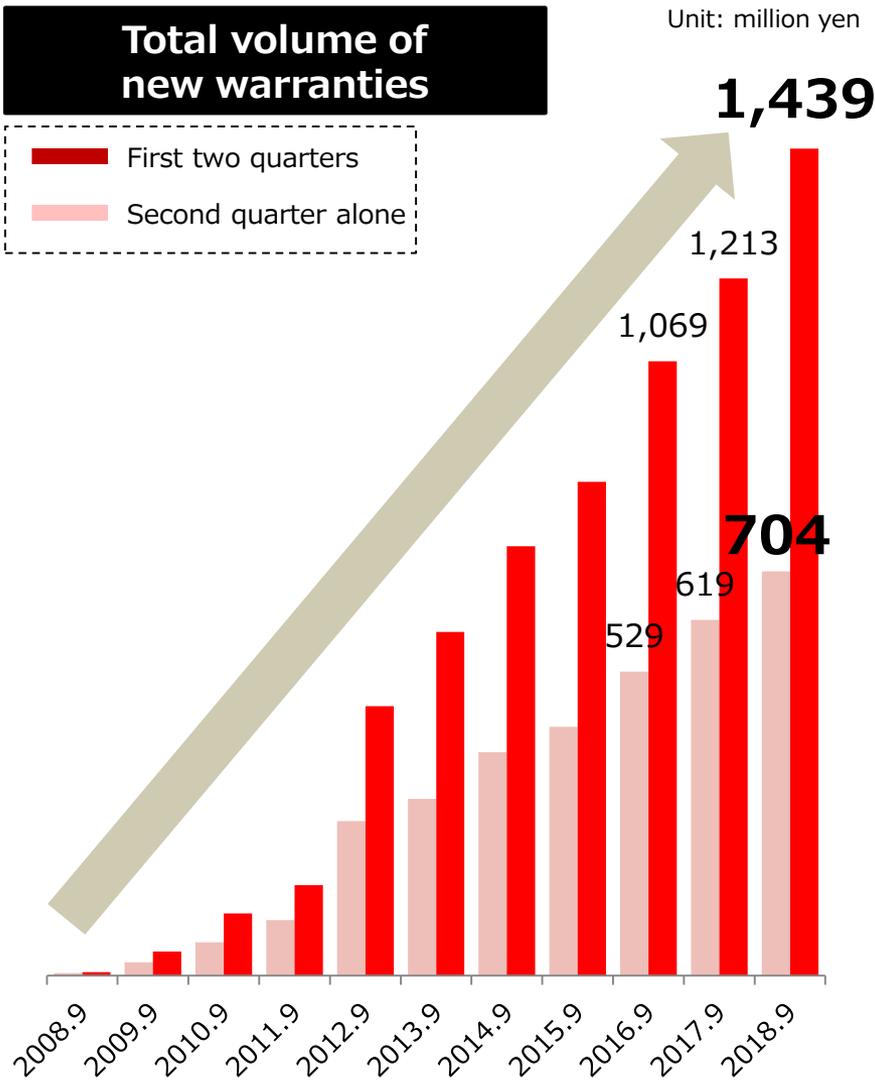
- ✓ Number of credit network stores is steadily increasing since establishment.
- ✓ Number expected to exceed 20,000 by the end of this fiscal year.

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 first two quarters: 1,439 million JPY**  
**Growth of 118.6% on a year-on-year basis**

- ✓ Second quarter alone: 704 million JPY (year-on-year change: 113.6%)
- ✓ Maintaining double-digit growth since foundation.
- ✓ Growth also large for our company brand products. (year-on-year change: 169.9%)

## 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.

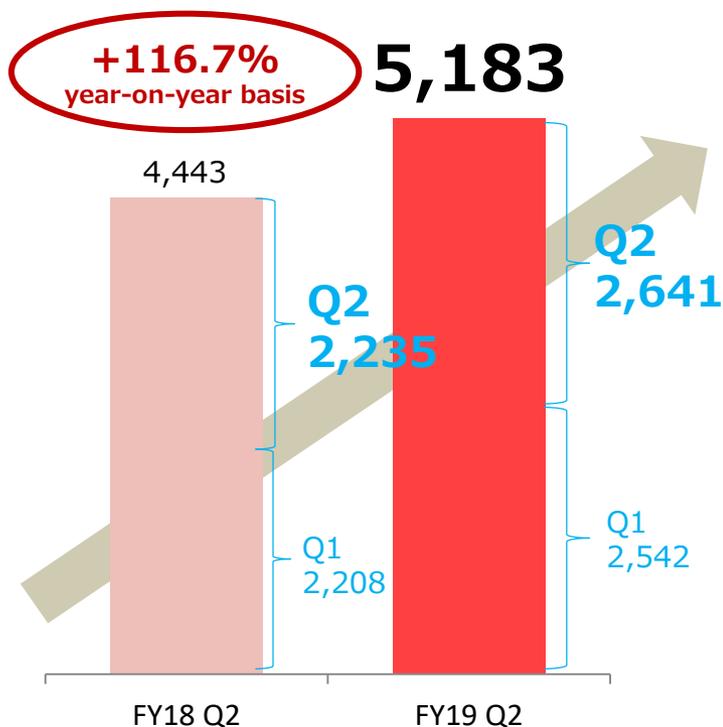
# Second Quarter Financial Highlights (year-on-year comparison)

First two  
quarters

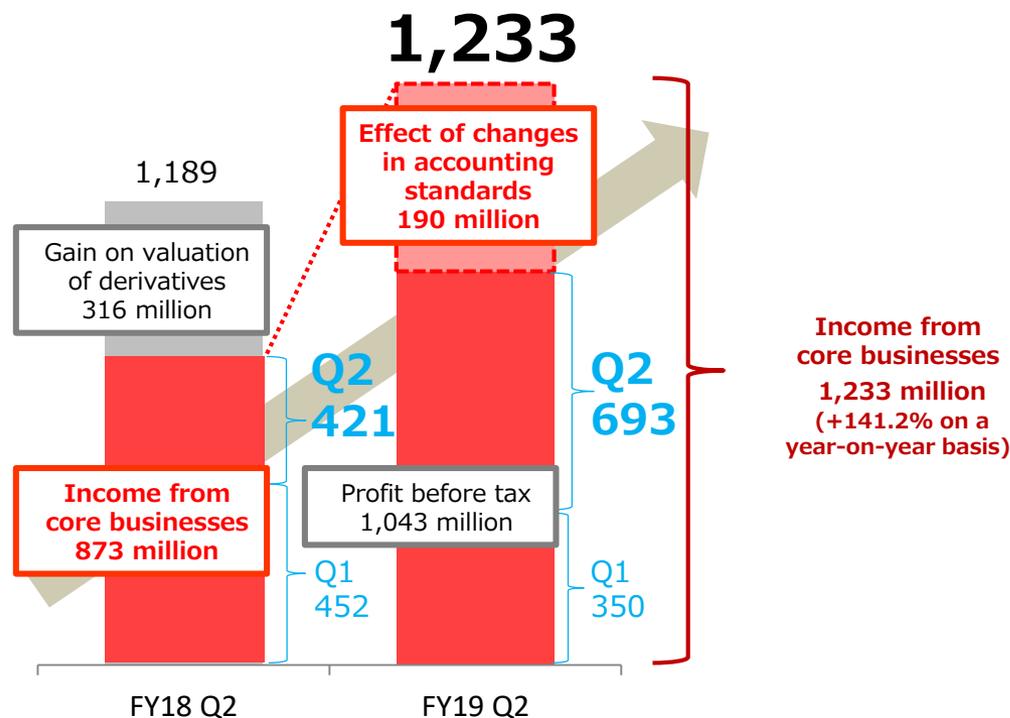
IFRS

- ✓ Operating revenue was 5,183 million JPY (year-on-year change: 116.7%).
- ✓ Due to changes in accounting standards, profit before tax for first the first two quarters decreased by 190 million JPY.
- \* Excluding the above effect, pretax income was 1,230 million JPY, a year-on-year increase of 141.2%.

Operating revenue (Unit: million yen)

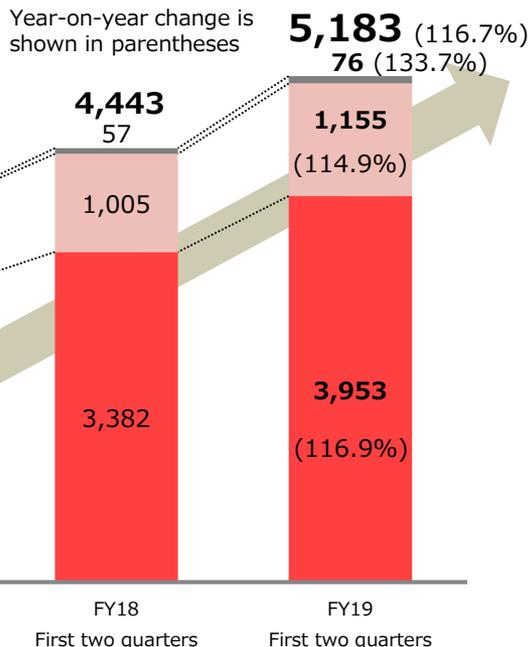


Profit before tax (Unit: million yen)



# Breakdown of Operating Income by Business (PL)

**First two quarters**

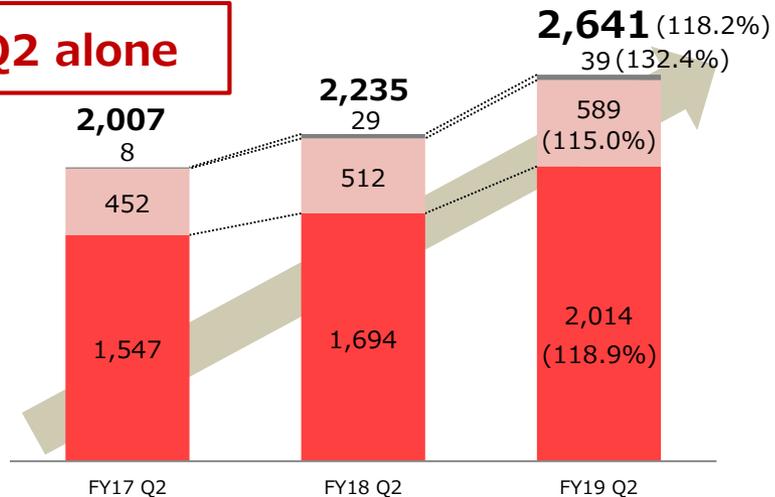


**Operating income for the first two quarters: 5,183 million JPY**

**Growth of 116.7% on a year-on-year basis**

- ✓ Second quarter alone: 2,641 million JPY (year-on-year change: 118.2%)
- ✓ All three segments grew steadily
- ✓ Secured 18.27 billion in unrealized revenue

**Q2 alone**



**Characteristics of the core businesses**

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



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

First two  
quarters

IFRS

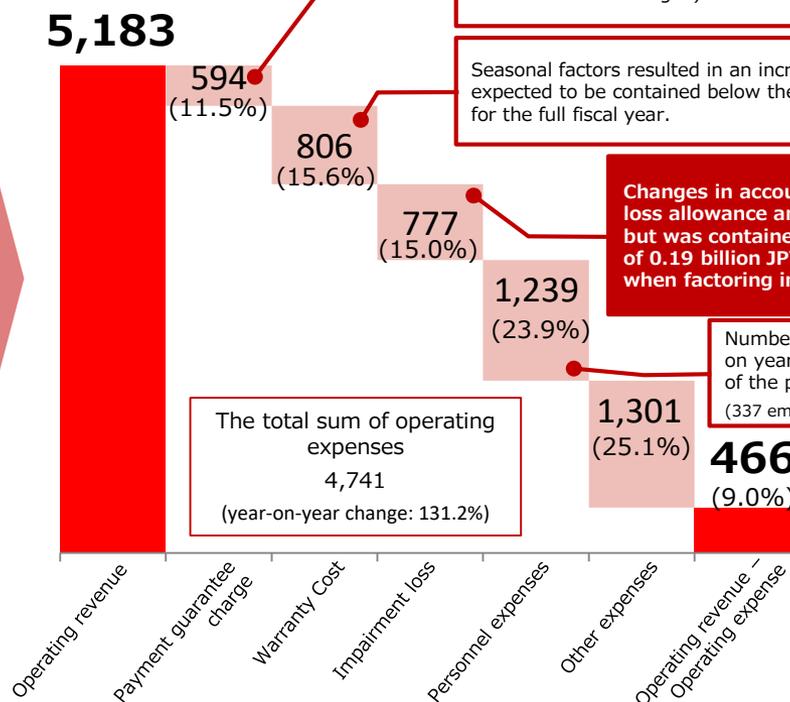
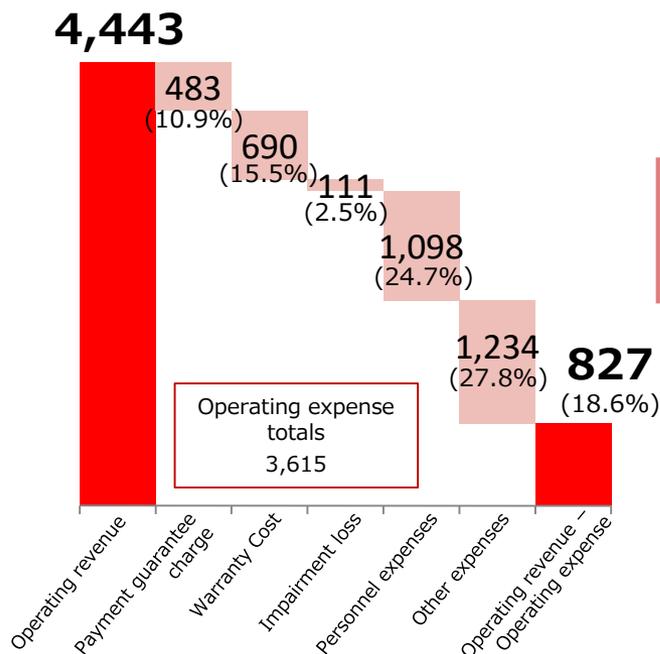
- ✓ Operating expense totaled 4.74 billion JPY (year-on-year change: 131.2%)
- ✓ When increase in expenses due to changes in accounting standards is not factored: 3.96 billion JPY (year-on-year change: 109.7%), maintaining a level that falls below the rate of growth in operating revenue (116.7%)

[FY18 Q2]

[FY19 Q2]

(Unit: million yen)

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



Increase in expense attributable to credit business growth, but part is slight increase in expense due to changing the composition of balance of receivables of differing insurance premium rates (insurance premium rates remain unchanged)

Seasonal factors resulted in an increase for the first two quarters, it is expected to be contained below the rate of growth in operating revenue for the full fiscal year.

Changes in accounting standards (IFRS9) built up loss allowance and caused expenses to increase but was contained, resulting in a decrease in profit of 0.19 billion JPY in total for the first two quarters when factoring in insurance income.

Number of employees increase by 27 year on year from the end of the second quarter of the previous fiscal year  
(337 employees as of end of September 2018)

The total sum of operating expenses  
4,741  
(year-on-year change: 131.2%)

# Outlook for the Full Fiscal Year

No revision to earnings

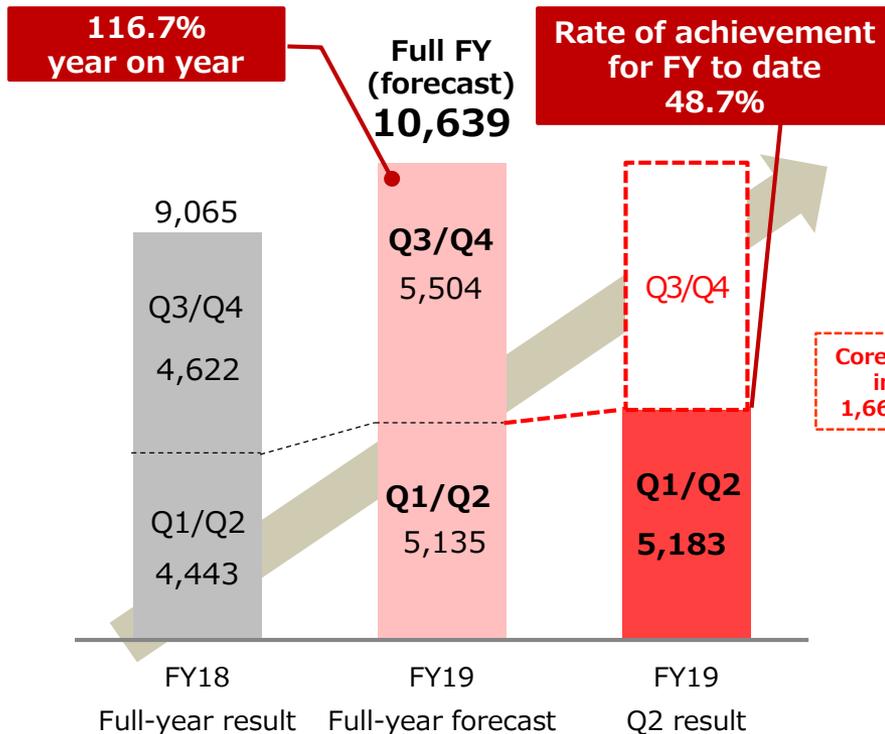
No revisions in projected dividend payment (85 JPY)

First two quarters

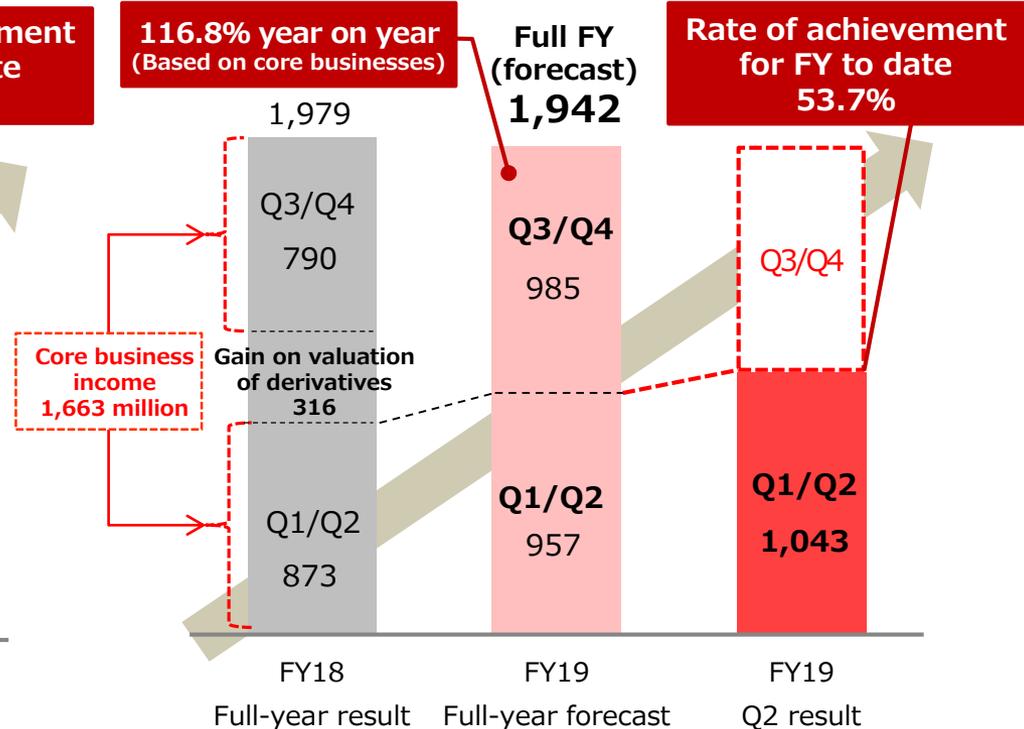
IFRS

- ✓ Operating revenue resulted in an amount exceeding the forecast for the first two quarters. (+0.48 billion JPY, 100.9%)
  - ✓ Profit before tax also resulted in an amount exceeding the forecast for the first two quarters. (+0.09 billion JPY, 109.0%)
- Likely to achieve forecasts for the full fiscal year.

## Operating revenue (Unit: million yen)



## Profit before tax (Unit: million yen)



(Note) The above figures are images only. Numbers shown above for after the second quarter are the forecast as of today. The actual results may vary.

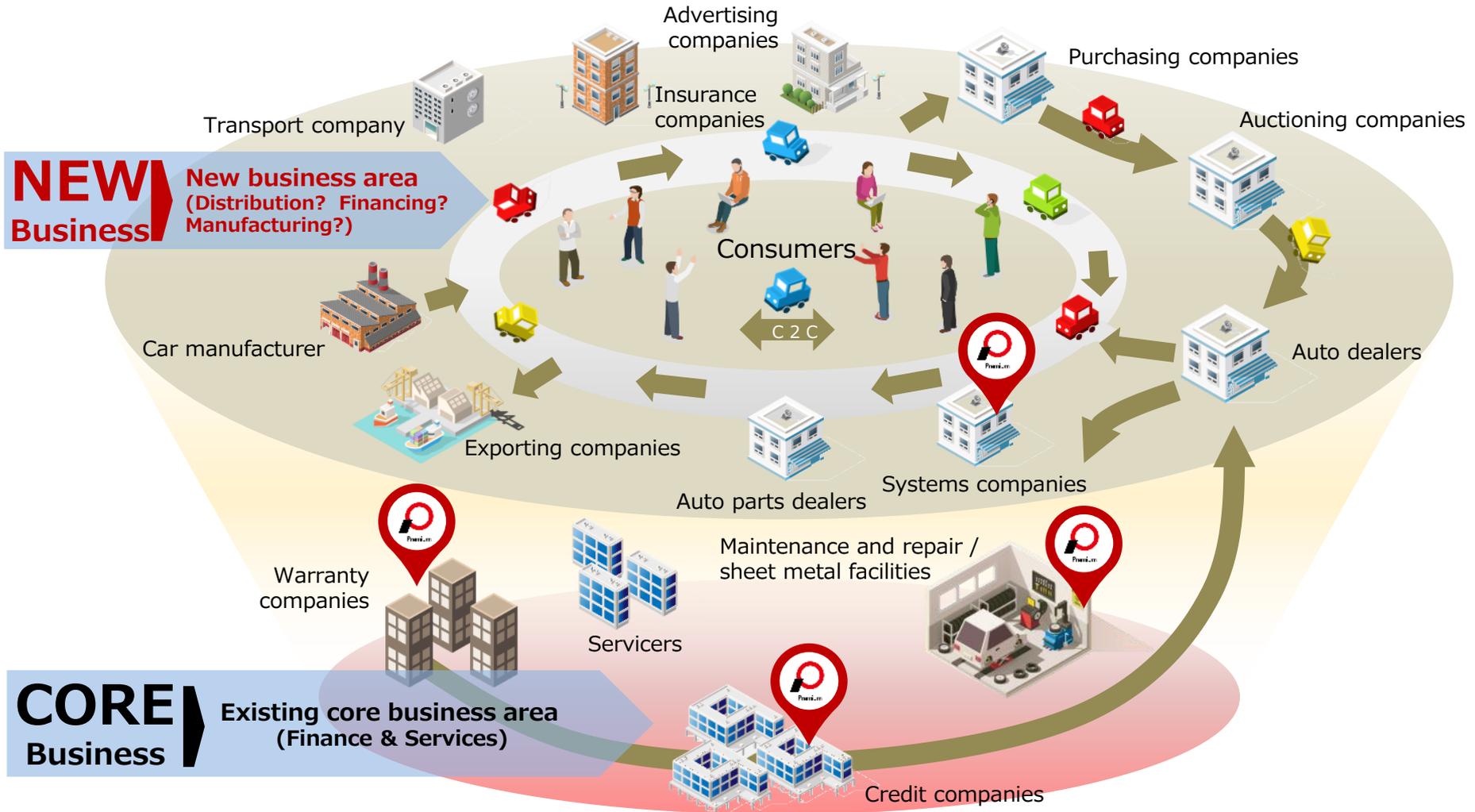
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# Business Policy and Progress



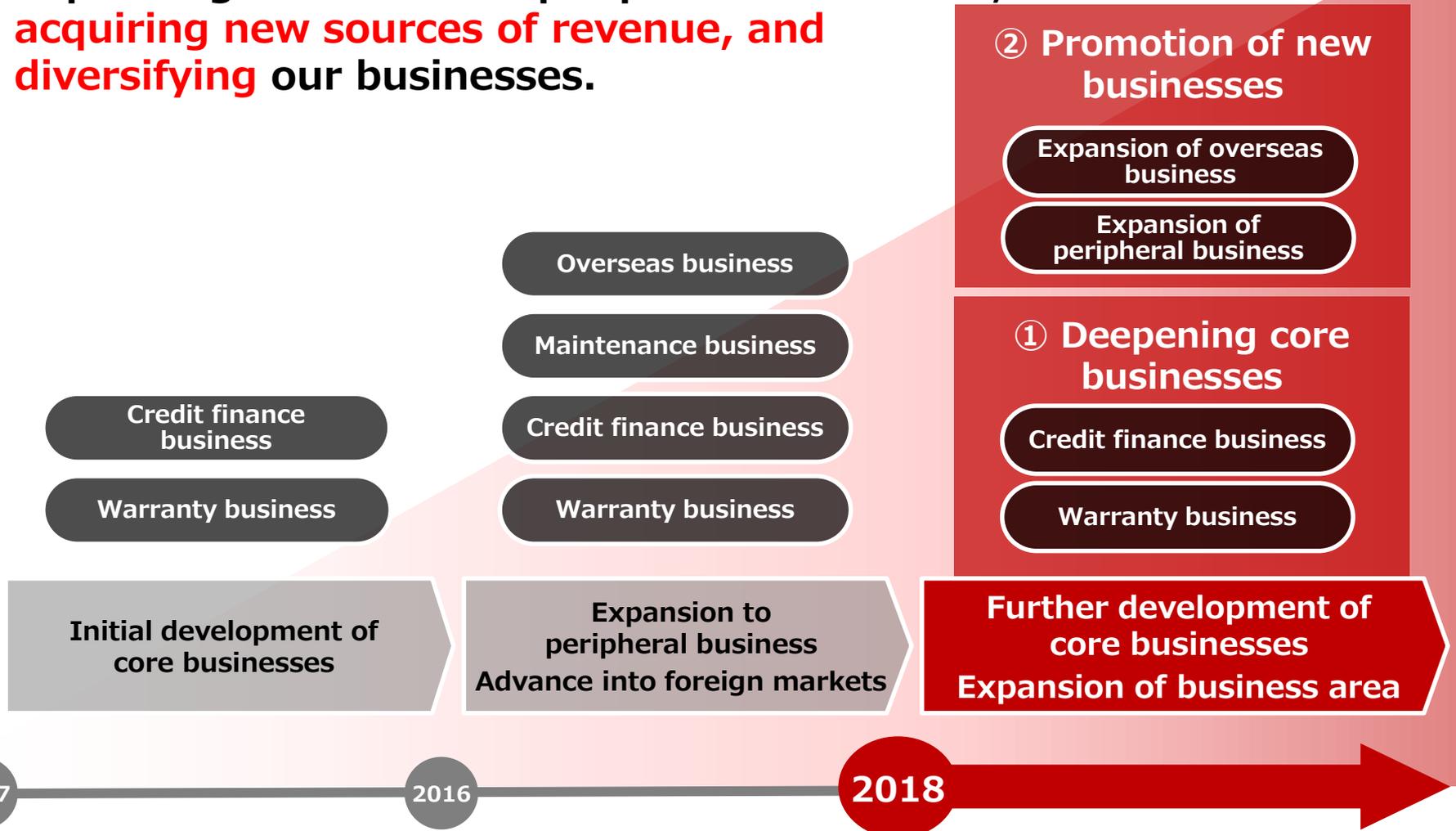
# Expansion of Business Area to Car-Related Businesses

Car life businesses are wide and various.  
Pursuing synergies with our existing businesses and expanding our business area.



# Business Development for Future Growth

- ① Deepening the core businesses and **expanding stable revenue.**
- ② Expanding overseas and peripheral businesses, **acquiring new sources of revenue, and diversifying** our businesses.



# Projection and Progress for FY Ending March 2019

Both core businesses and new businesses **grew** in line with projection

<p><b>Deepening core businesses</b></p>	<p><b>Credit finance business</b></p> <p><b>Warranty business</b></p>	 <p>① <b>Both core businesses maintained double-digit revenue growth</b></p> <ul style="list-style-type: none"> <li>✓ Year-on-year change in total volume of new loans: 120.7%</li> <li>✓ Year-on-year change in total volume of new warranties: 118.6%</li> </ul>  <p>② <b>Strengthen sales organization</b></p> <ul style="list-style-type: none"> <li>✓ Expanded sales reach with establishment of contact center in Fukuoka in September</li> </ul> <p>③ <b>Expanded MULTI ACTIVE</b></p>
<p><b>Promotion of new businesses</b></p>	<p><b>Overseas business expansion</b></p>	 <p>① <b>Expanded maintenance and repair business in Thailand</b></p> <ul style="list-style-type: none"> <li>✓ Completed construction of maintenance and repair facility network required for business expansion with establishment of 4th "FIX MAN" maintenance and repair facility on October 25.</li> </ul> <p>② <b>Further expansion beyond Thailand and Indonesia</b></p> <ul style="list-style-type: none"> <li>✓ Preparing to expand credit finance business, warranty business, and maintenance and repair business with a focus on ASEAN.</li> </ul>
<p><b>Promotion of new businesses</b></p>	<p><b>Peripheral business expansion</b></p>	 <p>① <b>Commenced individual auto lease business on October 23</b></p> <p>② <b>Monetize maintenance business, enhance maintenance and sheet metal facilities</b></p> <ul style="list-style-type: none"> <li>✓ Commenced full-scale entry into maintenance and repair business with acquisition of stake in SoftPlanner developing and selling software related to auto maintenance and repair.</li> <li>✓ Opened our company brand facility "FIX MAN" in Sapporo on October 13.</li> </ul>  <p>② <b>MULTI ACTIVE</b></p> <ul style="list-style-type: none"> <li>✓ Full-scale launch of "Premium Auto Concierge" service for consultations concerning "life with a car" on October 9.</li> <li>✓ Considering new businesses as needed for further expansion and improvement of "MULTI ACTIVE."</li> </ul>

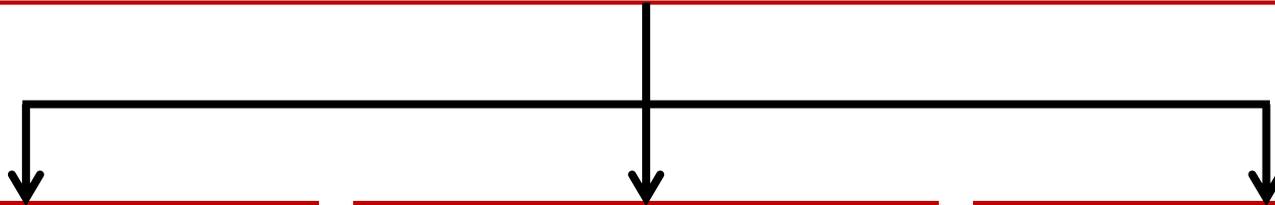
(Note) MULTI ACTIVE comprises of important, differentiating strategies offering various service for used car dealers or retailers for the purpose of developing continuous business relations.

# Three Strategies for Future Growth

Promoting all-round support for “life with a car”

- ① Synergy with existing businesses,
- ② Know-how possessed by our group, and
- ③ Speed

These will be comprehensively taken into consideration in our adoption of the following three strategies:



**M&A**

**Collaboration**

**In-house  
development**

## Profile of SoftPlanner

To further promote the “MULTI ACTIVE” strategy, a resolution was passed on September 14, 2018 to acquire an 80% stake in SoftPlanner Co., Ltd. (stock transfer on October 15, 2018). SoftPlanner is scheduled to be made a consolidated subsidiary, effective Q3 of the fiscal year ending March 2019.

<b>Name</b>	SoftPlanner Co., Ltd.
<b>Location</b>	Narita, Chiba
<b>Representative</b>	Yuichi Ikeda, Representative Director
<b>Description of business</b>	Development and sale of packaged software for the auto industry
<b>Capital</b>	20 million JPY
<b>Established</b>	May 1988



SoftPlanner's service logos  
(below)

Packaged software for  
auto industry



## Purpose of acquisition and future growth strategies

### Entry into auto maintenance and repair industry

- The auto maintenance and repair industry is a large market, valued at 5.3 trillion JPY and with approximately 75,000 players (private maintenance and repair business operators).
- We will commence provision of multiple services to the maintenance and repair business as well operators through introduction of an enterprise system.  
(= expansion of coverage of “MULTI ACTIVE” strategy)

### Synergy with existing businesses (1)

In partnering with maintenance and repair business operators through introduction of an enterprise system, the following can be expected.

- **Service improvement** from securing garages for warranty contract cars.
- Warranty **repair cost savings**.

### Synergy with existing businesses (2)

Alongside the introduction of SoftPlanner’s packaged software for the auto industry to existing network stores, the **systemization of responses to network store needs** will lead to smoother receiving and placing of orders and thereby **further promote “MULTI ACTIVE.”**

## Further expansion and improvement of network store support (= promotion of “MULTI ACTIVE”)

### Revitalization of used car distribution (UcarPAC)

Becoming our group’s network store means access to UcarPAC’s services, enabling the following:

- Popular models and other “hot” cars are obtainable as **cars from individual customers can be procured**.
- Cars unable to be sold at retail can be auctioned without a listing fee or land transport fee, resulting in **substantial cost savings**

### Introduction of cashless payment devices (Park24)

Becoming our group’s network store means access to “Times Pay” cashless payment devices provided by Park24, enabling realization of network stores’ **enhancement of customer satisfaction, expansion of sales opportunities, improvement of average sales per customer**, etc.

### Auto concierge service (ORIX Credit)

Becoming our group’s network store means “Premium Auto Concierge,” a service in which **our group’s professional staff settle troubles and problems concerning “life with a car” over the phone**, can be provided to individual customers.

The service **comes with free battery and tire replacement and 24-hour, 365-day roadside assistance** and, in the case of member cards, also a credit financing function, enabling a more enriched lineup of support for “life with a car” for customers.

# Commencement of Auto Leasing Business Targeting Individuals

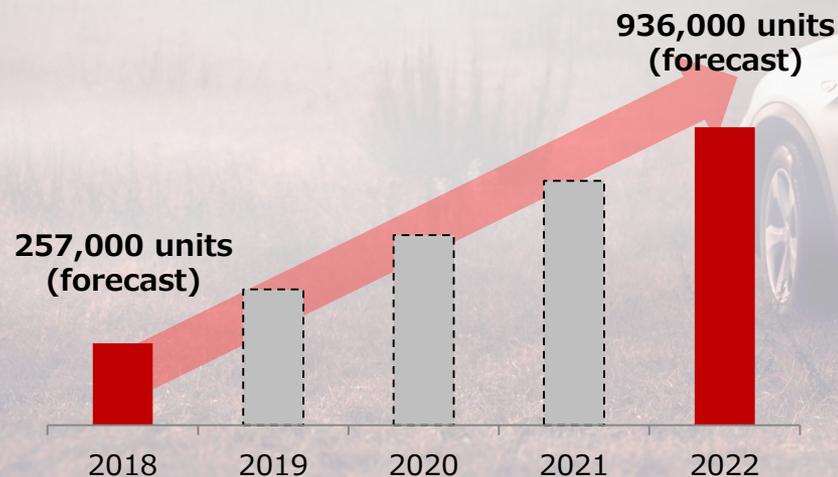
M&A

Collaboration

In-house development

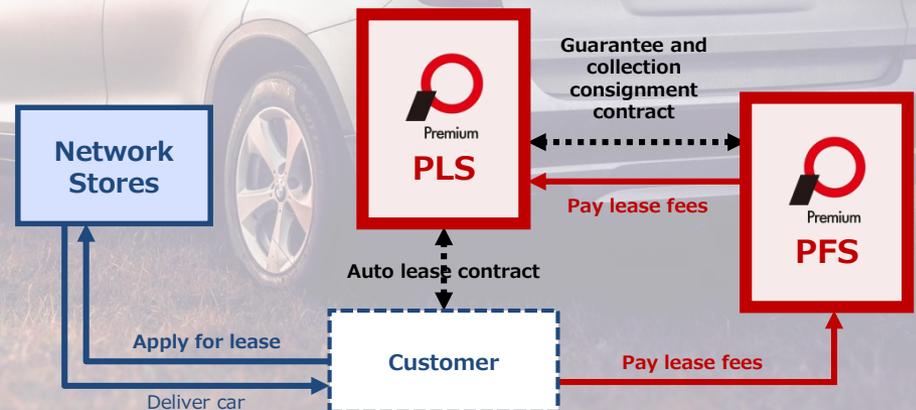
## Catching up with social trends (from ownership to use)

- Demand for auto leasing for individuals is increasing each year, and is forecast to increase to 936,000 units in fiscal 2022, or 3.6 times that of fiscal 2018.
- We will respond to “leasing” and needs, too, thereby contributing to the expansion of sales opportunities for network stores.



(Yano Research Institute “Personal Car Leasing Market 2018”)

[Overview]



# Key Publicity

2018	
July 22	Featured on a list of stocks not listed on the First Section of the Tokyo Stock Exchange and invested in by GPIF found in an article published in the Nihon Keizai Shimbun discussing the expansion of investment into small- and mid-cap stocks by the world's public pension funds.
August 30	Article on our company posted in the "Archives" section of online media "M&A Online."
September 3	Article on our company posted on online media "Nikkan Gendai DIGITAL."
September 5	Posted on "New Face" of Gekkan Keidanren.
September 21	Article on establishment of third maintenance and repair facility in Thailand published in Nikkan Jidosha Shimbun.
October 5	Interview with President and CEO Shibata posted in the "Fujin Raijin" section of Jomo Shimbun.
October 9	Interview with President and CEO Shibata posted on online media "M&A Times."
October 12	<b>QUICK premium ranking—market analysis— In ranking by rate of increase or decrease in market capitalization (stocks with IPO in most recent one-year period), ranked 2nd among stocks with increase.</b>
October 22	Article on establishment of maintenance and repair facility in Sapporo published in FujiSankei Business i.
October 29	<b>Featured on opening company introduction page of "Shukan Toyo Keizai" magazine.</b>
November 1	<b>Featured in "Close-Up Kigyo" (close-up company) section of "Nikkei Money" magazine.</b>
November 6	Interview with President and CEO Shibata posted in "Wasurerarenai Kono Kotoba" (these unforgettable words) section of "Zaikai" magazine.



Premium

# APPENDIX

# Balance Sheet (BS)

IFRS basis

(Unit: thousands of yen)

	FY 2017 as of March 31, 2017	FY2018 as of March 31, 2018	Q1 FY2019 As of June 30, 2018	Q2 FY2019 as of September 30, 2018	Year-on-Year Change	Compared with March 31, 2018
<b>Assets</b>						
Cash and cash equivalents	5,340,130	6,474,571	6,093,961	6,468,710	121.1%	99.9%
Financial receivables	7,147,839	10,662,248	10,483,811	11,584,376	162.1%	108.6%
Other financial assets	1,984,990	2,170,988	2,350,584	2,448,740	123.4%	112.8%
Property, plant and equipment	505,469	416,140	389,999	493,183	97.6%	118.5%
Intangible assets	5,642,275	5,614,169	5,603,225	5,607,783	99.4%	99.9%
Goodwill	2,462,697	2,462,697	2,462,697	2,462,697	100.0%	100.0%
Investments accounted for using equity method	-	2,127,470	2,068,171	2,214,240	-	104.1%
Deferred tax assets	-	181,245	690,046	482,440	-	-
Other Assets	4,839,390	5,822,195	4,983,347	5,358,113	110.7%	92.0%
<b>Total Assets</b>	<b>27,922,790</b>	<b>35,931,722</b>	<b>35,125,841</b>	<b>37,120,281</b>	<b>132.9%</b>	<b>103.3%</b>
<b>Liabilities</b>						
① Financial guarantee contracts	9,368,831	13,509,763	14,566,457	15,402,264	164.4%	114.0%
Borrowings	8,752,373	8,317,310	8,443,633	8,862,312	101.3%	106.6%
Other financial liabilities	2,318,581	2,626,285	2,291,555	2,195,176	94.7%	83.6%
Provisions	235,071	57,550	57,746	62,925	26.8%	109.3%
Income taxes payable	241,537	382,204	177,312	397,368	164.5%	104.0%
Deferred tax liabilities	1,391,179	1,649,442	1,645,871	1,495,896	107.5%	90.7%
② Other liabilities	2,283,114	3,673,326	3,702,236	3,915,674	171.5%	106.6%
<b>Total liabilities</b>	<b>24,590,685</b>	<b>30,215,880</b>	<b>30,884,809</b>	<b>32,331,616</b>	<b>131.5%</b>	<b>107.0%</b>
<b>Equity</b>						
Equity attributable to owners of parent						
Capital	50,000	115,424	115,424	115,424	230.8%	100.0%
Share premium	2,950,000	3,015,170	2,500,070	2,500,070	84.7%	82.9%
Treasury shares	-	-	-130	-130	-	-
Retained earnings	330,659	2,470,246	1,538,803	1,999,408	604.7%	80.9%
Other components of equity	1,446	109,595	81,257	159,635	11039.8%	145.7%
③ Total equity attributable to owners of the parent	3,332,105	5,710,435	4,235,424	4,774,406	143.3%	83.6%
Non-controlling interests	-	5,407	5,608	14,259	-	263.7%
<b>Total equity</b>	<b>3,332,105</b>	<b>5,715,842</b>	<b>4,241,032</b>	<b>4,788,665</b>	<b>143.7%</b>	<b>83.8%</b>
<b>Total liabilities and equity</b>	<b>27,922,790</b>	<b>35,931,722</b>	<b>35,125,841</b>	<b>37,120,281</b>	<b>132.9%</b>	<b>103.3%</b>

## Key factors of change on balance sheet

### [Liabilities]

- ① Financial guarantee contracts:  
Unrealized revenue from credit finance business increased by 1,893 million JPY
- ② Other liabilities (deferred revenue):  
Unrealized revenue from warranty business increased by 242 million JPY

### [Equity]

- ③ Total equity attributable to owners of the parent:  
Capital surplus: Decreased by 515 million JPY with delivery of dividends  
Earned surplus: Decreased by 471 million JPY upon change of basis of accounting.

# Statement of Income (PL)

IFRS basis

(Unit: thousands of yen)

## FY to date

	First two quarters of FY2018 From April 1, 2017 to September 30, 2017	FY2018 From April 1, 2017 to March 31, 2018	Q1 FY2019 From April 1, 2018 to June 30, 2018	First two quarters of FY2019 From April 1, 2018 to September 30, 2018	Year-on-Year Change	Compared with March 31, 2018
Operating revenue	4,443,116	9,064,971	2,541,589	5,182,994	116.7%	57.2%
Other finance income	318,844	319,586	712	2,066	0.6%	0.6%
Share of profit of investments accounted for using equity method	57,730	101,042	24,831	55,918	96.9%	55.3%
Other income	7,304	8,308	1,425	561,008	7680.8%	6752.6%
Total income	4,826,995	9,493,908	2,568,556	5,801,987	120.2%	61.1%
Operating expense	3,614,817	7,440,068	2,207,155	4,741,027	131.2%	63.7%
Other finance cost	22,924	42,150	11,222	18,344	80.0%	43.5%
Other expense	0	32,782	2	95	-	-
Total expense	3,637,741	7,515,000	2,218,378	4,759,466	130.8%	63.3%
Profit for the term before tax	1,189,254	1,978,908	350,178	1,042,521	87.7%	52.7%
Income tax expense	375,860	685,508	116,313	346,278	92.1%	50.5%
Profit for the term	813,394	1,293,400	233,865	696,243	85.6%	53.8%
Attributed to owners of parent	812,998	1,292,886	233,547	694,151	85.4%	53.7%
Attributed to non-controlling interests	397	514	318	2,092	527.0%	407.0%

	First two quarters of FY2018 From April 1, 2017 to September 30, 2017	FY2018 From April 1, 2017 to March 31, 2018	Q1 FY2019 From April 1, 2018 to June 30, 2018	First two quarters of FY2019 From April 1, 2018 to September 30, 2018	Year-on-Year Change	Compared with March 31, 2018
Operating revenue	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen		
Financial income	2,924,149	5,947,177	1,683,455	3,443,277	117.8%	57.9%
Warranty revenue	1,004,736	2,067,727	565,799	1,154,551	114.9%	55.8%
Revenue from handling fee	457,464	938,035	255,078	509,276	111.3%	54.3%
Others	56,768	112,033	37,256	75,891	133.7%	67.7%
Total	4,443,116	9,064,971	2,541,589	5,182,994	116.7%	57.2%

	First two quarters of FY2018 From April 1, 2017 to September 30, 2017	FY2018 From April 1, 2017 to March 31, 2018	Q1 FY2019 From April 1, 2018 to June 30, 2018	First two quarters of FY2019 From April 1, 2018 to September 30, 2018	Year-on-Year Change	Compared with March 31, 2018
Operating expense	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen		
Finance cost	12,448	27,375	11,159	24,225	194.6%	88.5%
Guarantee liabilities fee	483,262	1,018,411	289,204	593,913	122.9%	58.3%
Impairment loss (provision for loss allowance)	110,633	45,255	334,767	776,592	702.0%	1716.0%
Payroll	1,097,630	2,327,579	568,412	1,238,864	112.9%	53.2%
Warranty cost	667,775	1,419,923	392,388	806,038	120.7%	56.8%
System operation cost	210,686	431,188	117,066	214,619	101.9%	49.8%
Depreciation	56,877	115,537	29,632	31,525	55.4%	27.3%
Amortization	109,309	223,086	55,403	101,274	92.6%	45.4%
Tax and dues	162,602	337,041	91,343	187,315	115.2%	55.6%
Commission paid	206,911	489,317	70,082	226,914	109.7%	46.4%
Rent	128,105	262,548	68,878	139,745	109.1%	53.2%
Agent service fee	84,751	197,110	43,646	111,926	132.1%	56.8%
Other operating expenses	283,826	545,698	135,175	288,078	101.5%	52.8%
Total	3,614,817	7,440,068	2,207,155	4,741,027	131.2%	63.7%

# Statement of Income (PL)

IFRS basis

(Unit: thousands of yen)

Q2

	Q2 FY 2018 From July 1, 2017 to September 30, 2017	FY2018 From April 1, 2017 to March 31, 2018	Q1 FY2019 From April 1, 2018 to June 30, 2018	Q2 FY2019 From July 1, 2018 to September 30, 2018	Year-on-Year Change	Compared with March 31, 2018
Operating revenue	2,234,832	9,064,971	2,541,589	2,641,405	118.2%	29.1%
Other finance income	3,218	319,586	712	3,140	97.6%	1.0%
Share of profit of investments accounted for using equity method	32,615	101,042	24,831	31,088	95.3%	30.8%
Other income	2,410	8,308	1,425	559,583	23219.2%	6735.5%
Total income	2,273,075	9,493,908	2,568,556	3,235,215	142.3%	34.1%
Operating expense	1,838,583	7,440,068	2,207,155	2,533,872	137.8%	34.1%
Other finance cost	49,473	42,150	11,222	8,907	18.0%	21.1%
Other expense	-	32,782	2	93	-	-
Total expense	1,888,056	7,515,000	2,218,378	2,542,872	134.7%	33.8%
Profit for the term before tax	385,019	1,978,908	350,178	692,343	179.8%	35.0%
Income tax expense	124,851	685,508	116,313	229,965	184.2%	33.5%
Profit for the term	260,168	1,293,400	233,865	462,379	177.7%	35.7%
Attributed to owners of parent	259,940	1,292,886	233,547	460,604	177.2%	35.6%
Attributed to non-controlling interests	228	514	318	1,774	778.1%	345.1%

	Q2 FY 2018 From July 1, 2017 to September 30, 2017	FY2018 From April 1, 2017 to March 31, 2018	Q1 FY2019 From April 1, 2018 to June 30, 2018	Q2 FY2019 From July 1, 2018 to September 30, 2018	Year-on-Year Change	Compared with March 31, 2018
Operating revenue	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen		
Financial income	1,465,951	5,947,177	1,683,455	1,759,821	120.0%	29.6%
Warranty income	512,060	2,067,727	565,799	588,752	115.0%	28.5%
Revenue from handling fee	227,632	938,035	255,078	254,198	111.7%	27.1%
Others	29,189	112,033	37,256	38,635	132.4%	34.5%
Total	2,234,832	9,064,971	2,541,589	2,641,405	118.2%	29.1%

	Q2 FY 2018 From July 1, 2017 to September 30, 2017	FY2018 From April 1, 2017 to March 31, 2018	Q1 FY2019 From April 1, 2018 to June 30, 2018	Q2 FY2019 From July 1, 2018 to September 30, 2018	Year-on-Year Change	Compared with March 31, 2018
Operating expense	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen		
Finance cost	5,687	27,375	11,159	13,066	229.8%	47.7%
Guarantee liabilities fee	248,586	1,018,411	289,204	304,709	122.6%	29.9%
Impairment loss (provision for loss allowance)	45,057	45,255	334,767	441,825	980.6%	976.3%
Payroll	571,105	2,327,579	568,412	670,451	117.4%	28.8%
Warranty cost	341,277	1,419,923	392,388	413,650	121.2%	29.1%
System operation cost	102,373	431,188	117,066	97,553	95.3%	22.6%
Depreciation	29,669	115,537	29,632	1,892	6.4%	1.6%
Amortization	54,838	223,086	55,403	45,872	83.7%	20.6%
Tax and dues	80,810	337,041	91,343	95,972	118.8%	28.5%
Commission paid	105,482	489,317	70,082	156,832	148.7%	32.1%
Rent	64,627	262,548	68,878	70,867	109.7%	27.0%
Agent service fee	44,901	197,110	43,646	68,280	152.1%	34.6%
Other operating expenses	144,170	545,698	135,175	152,902	106.1%	28.0%
Total	1,838,583	7,440,068	2,207,155	2,533,872	137.8%	34.1%

# History

2007

July Premium Financial Services Co., Ltd.(then G-ONE Credit Services Co., Ltd.) was established.  
Established as a subsidiary of G-ONE Financial Services Co., Ltd., which was a second-tier subsidiary of Gulliver International Co., Ltd.

2010

July Shareholder changed from G-ONE Financial Services to SBI Holdings Inc.  
October Trading name changed to SBI Credit Co., Ltd.

2013

March iSigma Capital Corporation (Marubeni's 100% subsidiary) became our parent company.  
July Our company name changed from SBI Credit Co., Ltd to Premium Financial Services Co., Ltd.

2015

May When our shareholder changed to a fund managed/operated by AZ-Star Co., Ltd. (jointly established by Aozora Bank, Ltd., Kanematsu Corporation, and ES Networks Co., Ltd.), AZ-Star Ichi-go Investment Limited Partnership (renamed to Premium Group Co., Ltd. in July) was established to hold the investment. The Tokyo Star Bank, Limited became an investor at a later date

2016

February Premium Group Co., Ltd. accepted a third-party allocation of shares by Eastern Commercial Leasing p.l.c. (listed on the Stock Exchange of Thailand)  
April PFS Co., Ltd., our first local affiliate overseas, was established in Thailand.  
May Acquired 25.5% of shares of Eastern Commercial Leasing p.l.c., making it into an affiliate.  
July Premium Group Co., Ltd. was established as a holding company. Operating companies including PFS were established under the umbrella of the Premium Group. (August)  
August PAS Co., Ltd, specializing in services in the car market field, was established.  
November Eastern Premium Services Co., Ltd. was established in Thailand as a joint venture for automobile maintenance services.

2017

July CIFUT Co., Ltd. was established in Itako, Ibaraki as a joint venture for development and provision of auto-related IoT devices.  
July PLS Co., Ltd. (then Premium Lease Co., Ltd.) was established in Minato Ward, Tokyo to expand the product lineup for auto finance.  
November Pt Premium Garansi Indonesia was established as a local affiliate in Indonesia to promote the warranty business.  
December Premium Group Co., Ltd. got listed with 2nd section of the Tokyo Stock exchange.

2018

June Premium System Services Co., Ltd., which engages in the systems planning, development and operation business for our group, was established.  
October SoftPlanner Co., Ltd., which develops and sells software with the auto maintenance and repair industry as the main target, was made a subsidiary.