



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

**Premium Group Co., Ltd.**  
**(Tokyo Stock Exchange First Section:7199)**  
**February 14, 2019**



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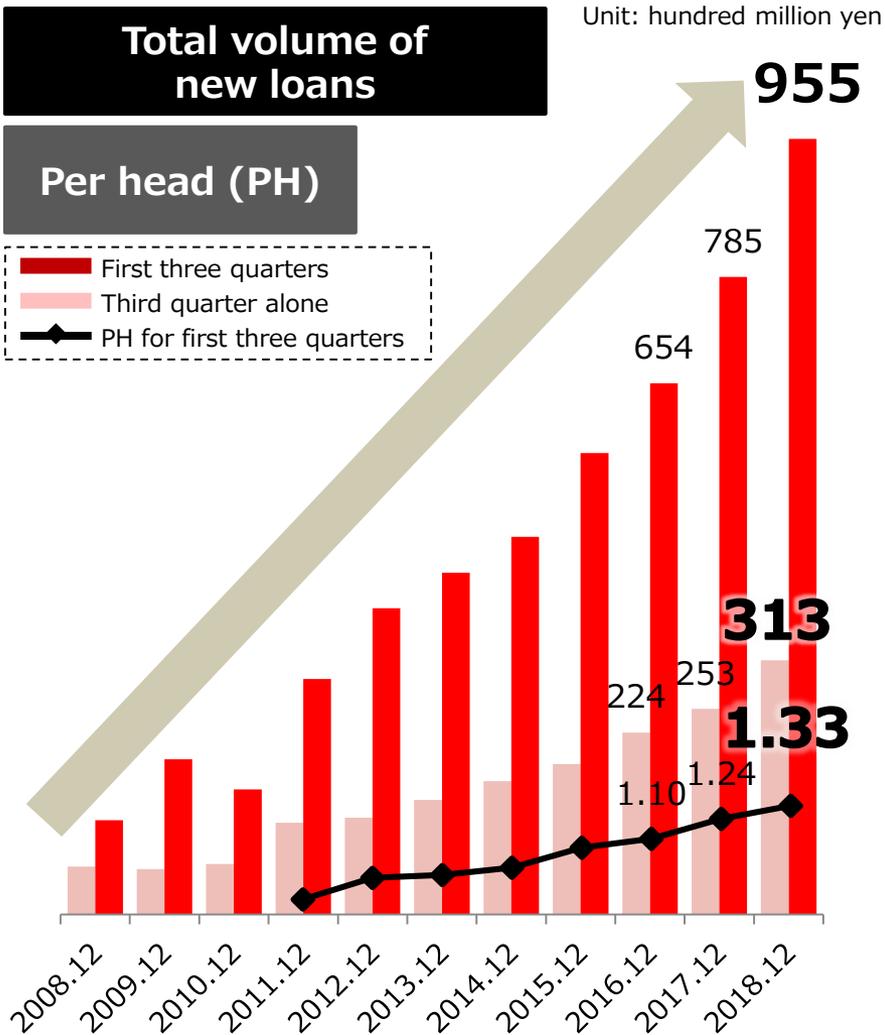
\* Please see the **company explanation** in the appendix for an overview of our group.



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# Financial Summary of the Third 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 three quarters: 95.5 billion JPY**  
**Increase by 21.6% year on year**

- ✓ Third quarter alone: 31.3 billion JPY (year-on-year increase: +23.7%)
- ✓ Eight consecutive years of growth
- ✓ Growth also in PH for first three quarters (124 million JPY → 133 million JPY)

## Growth Drivers

### 1) Enhanced Sales Force

- ✓ Increased from 73 to 77
- ✓ Boosting of sales efficiency (combination of on-site sales, business trip sales and contact center sales proved successful)

### 2) MULTI ACTIVE\*

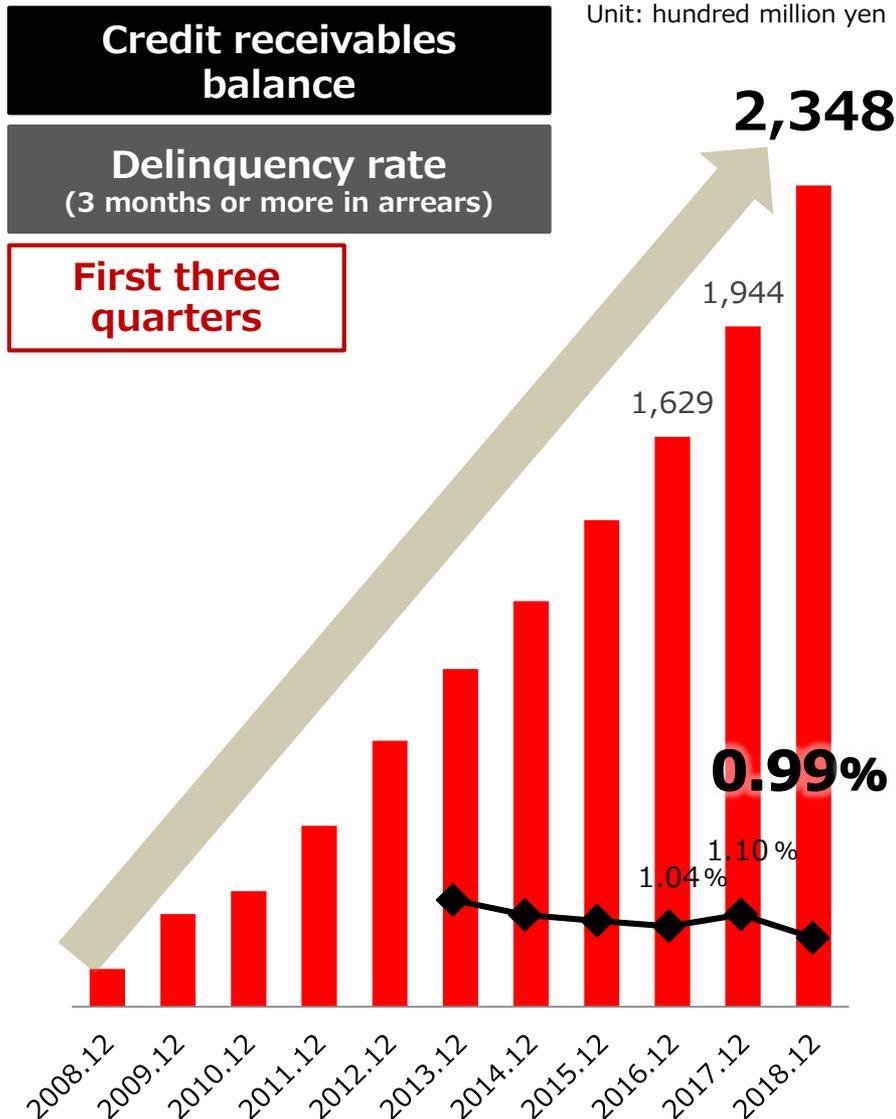
- ✓ Deepening relationship with network stores

\* 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 three quarters: **234.8 billion JPY**

**Increase by 20.7% year on year**

Surpassed 230 billion JPY.

- ✓ Maintaining double-digit growth since foundation.
- ✓ Delinquency rate remained low.

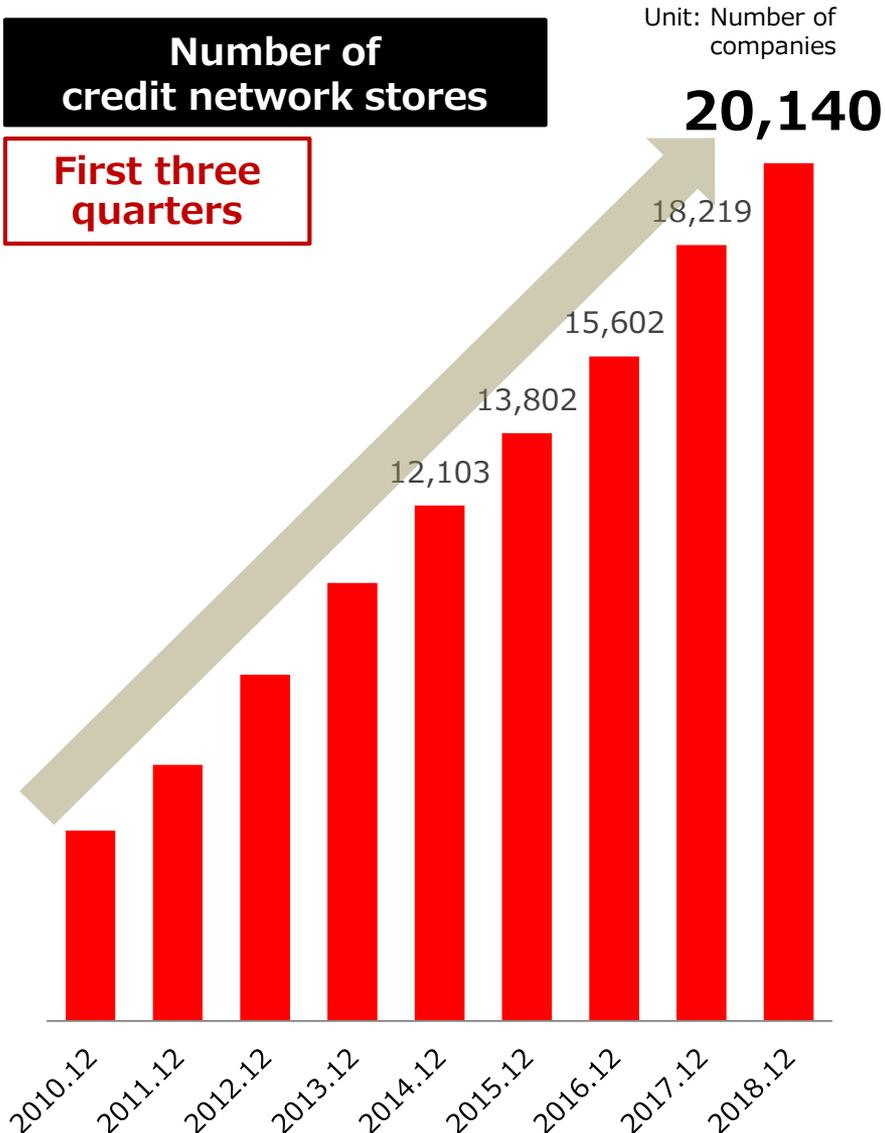
## Characteristics of credit receivables

- ✓ Superior credit with low risk.
  - Debt amount  
(average balance per debtor: 1.39 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 for the first three quarters: 20,140**

**Increase by 10.5% year on year**

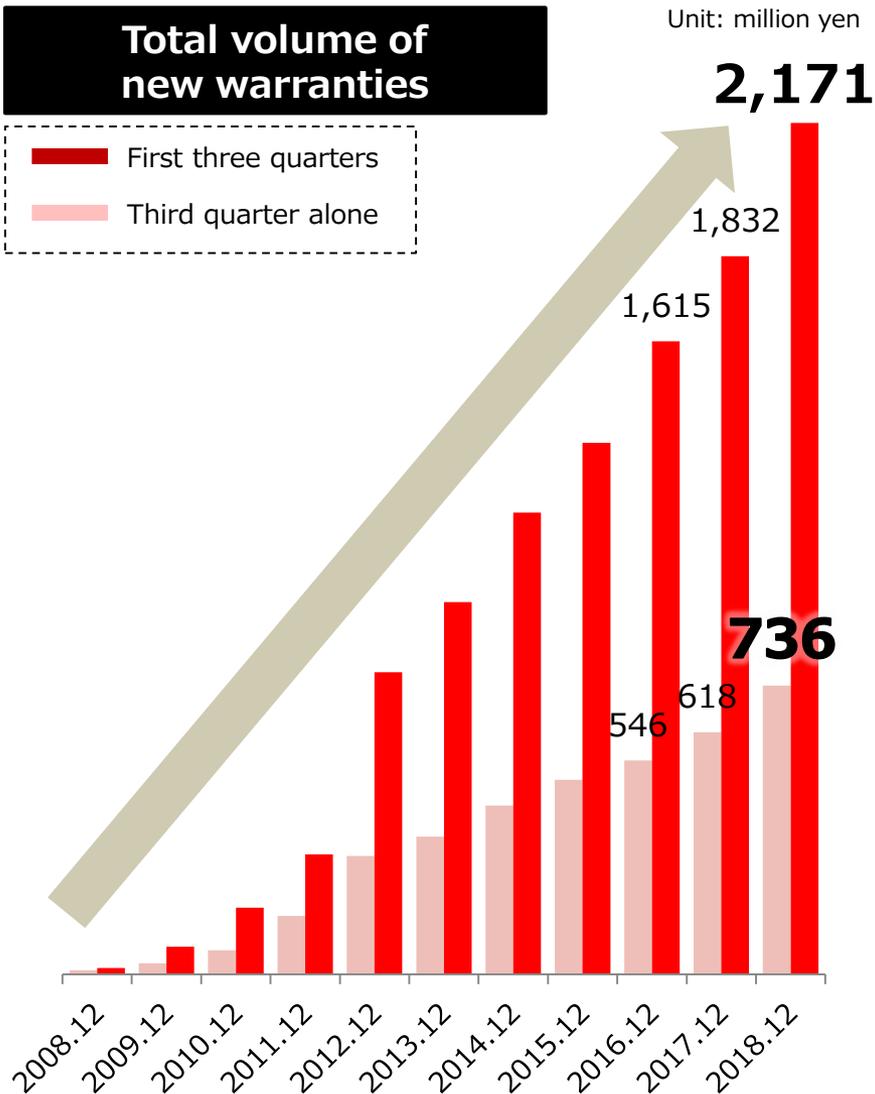
- ✓ Exceeded 20,000 stores.
- ✓ Number of credit network stores is steadily increasing since establishment.
- ✓ Also focused on operation rate this fiscal year.

**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 three quarters: 2.17 billion JPY

Increase by 18.6% year on year

- ✓ Third quarter alone: 740 million JPY (year-on-year increase: +19.2%)
- ✓ Maintaining double-digit growth since foundation.
- ✓ Car Sensor After-Sales Warranty exceeded 100,000 cumulative contracts (December 4, 2018)
- ✓ Growth also large for our company brand products. (year-on-year increase: +32.4%)

## 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.

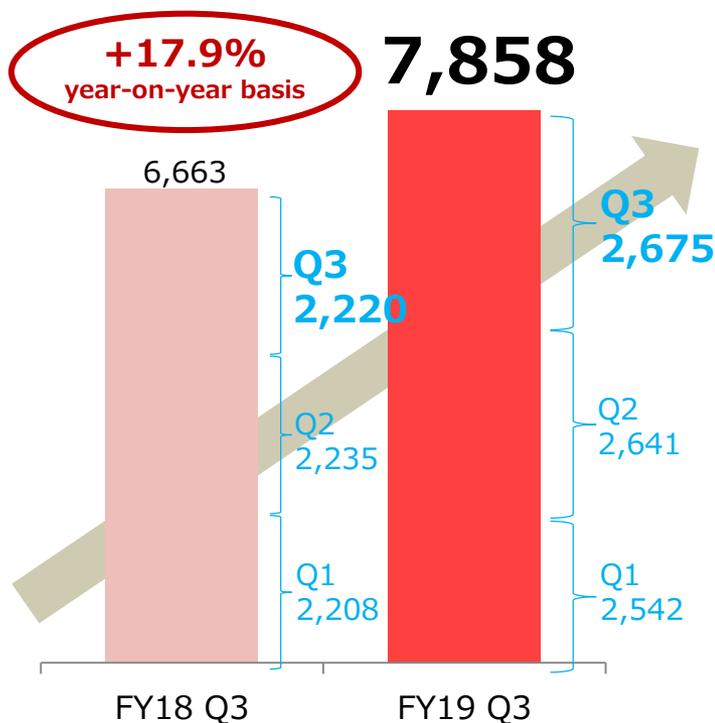
# Third Quarter Financial Highlights (year-on-year comparison)

First three  
quarters

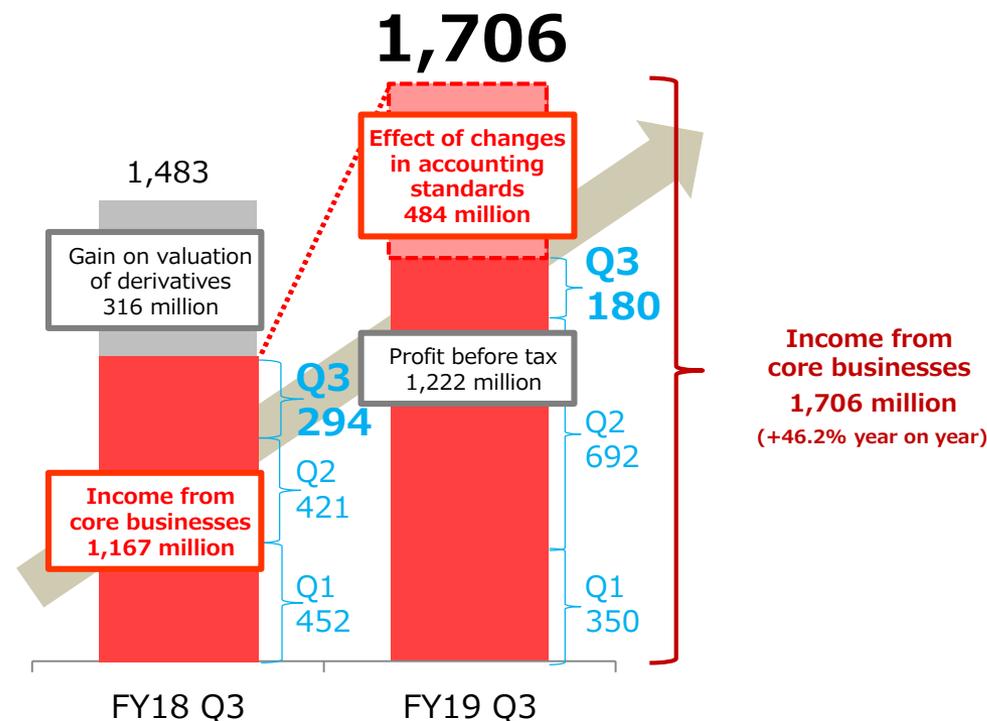
IFRS

- ✓ Operating revenue was 7,860 million JPY (year-on-year increase: +17.9%).
- ✓ Due to changes in accounting standards, profit before tax for the first three quarters decreased by 480 million JPY.
- \* Excluding the above effect, pretax income was 1,710 million JPY, a year-on-year increase of 46.2%.

Operating revenue (Unit: million yen)

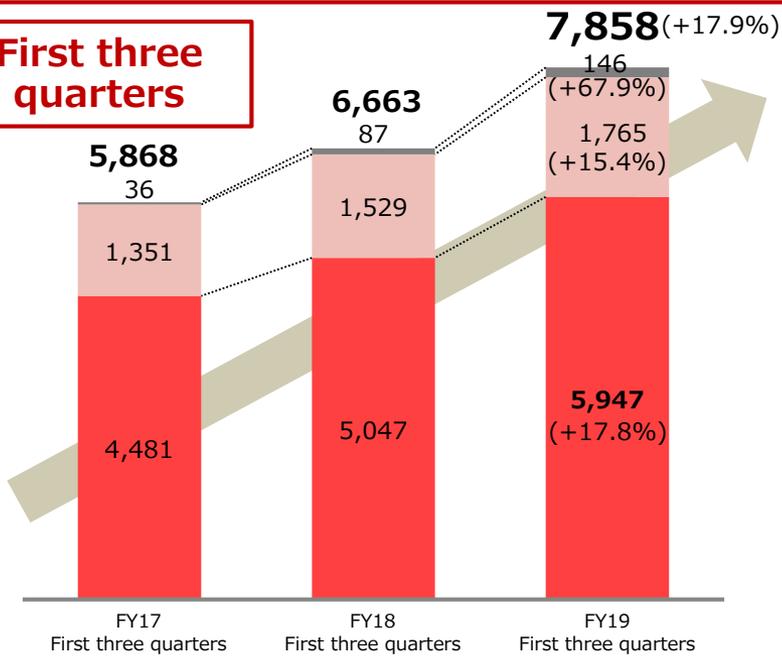


Profit before tax (Unit: million yen)



# Breakdown of Operating Income by Business (PL)

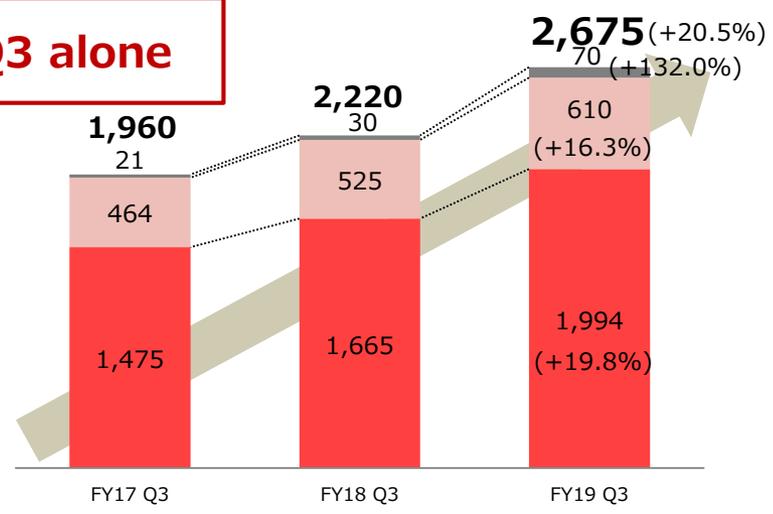
**First three quarters**



**Operating income for the first three quarters: 7,860 million JPY**  
**Increase of 17.9% year on year**

- ✓ Third quarter alone: 2,670 million JPY (year-on-year increase: +20.5%)
- ✓ Secured 19.21 billion JPY in unrealized revenue (within this, 15.97 billion was credit, 3.24 billion was warranties)

**Q3 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

\*Year-on-year change is shown in parenthesis

- Credit Finance Business
- Warranty Business
- Other Business (car maintenance/overseas business/Softplanner Co., Ltd.)

※From Q3 FY ending March 2019

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

First three  
quarters

IFRS

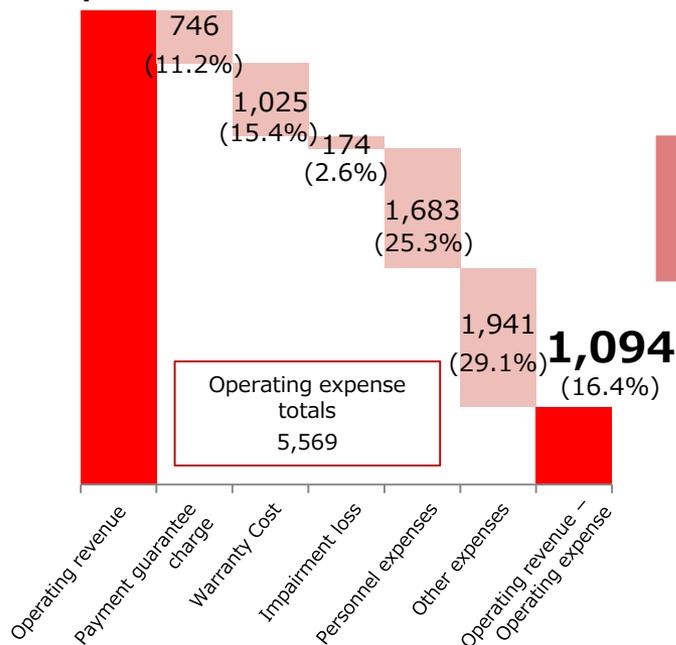
- ✓ Operating expense totaled 7.26 billion JPY (year-on-year increase: +30.4%)
- ✓ When increase in expenses due to changes in accounting standards is not factored: 6.17 billion JPY (year-on-year increase: +10.8%), maintaining a level that falls below the rate of growth in operating revenue (+17.9%)

[FY18 Q3]

(Unit: million yen)

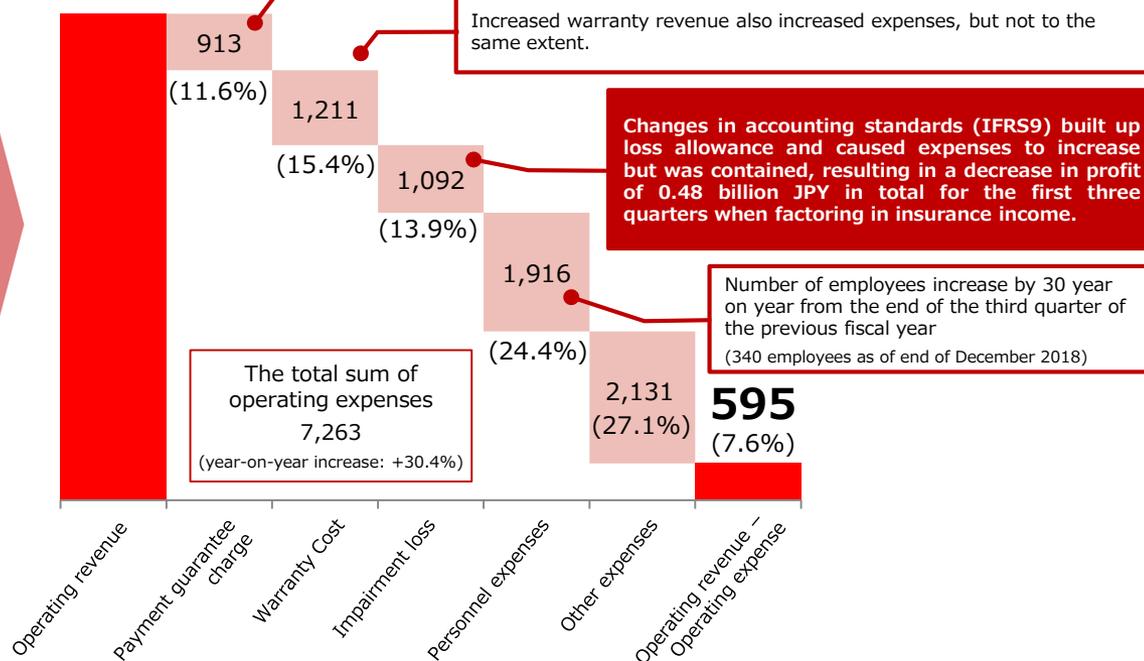
(Amount expressed as percentage of operating revenue is shown in parentheses)

6,663



[FY19 Q3]

7,858



# Outlook for the Full Fiscal Year

No revision to earnings

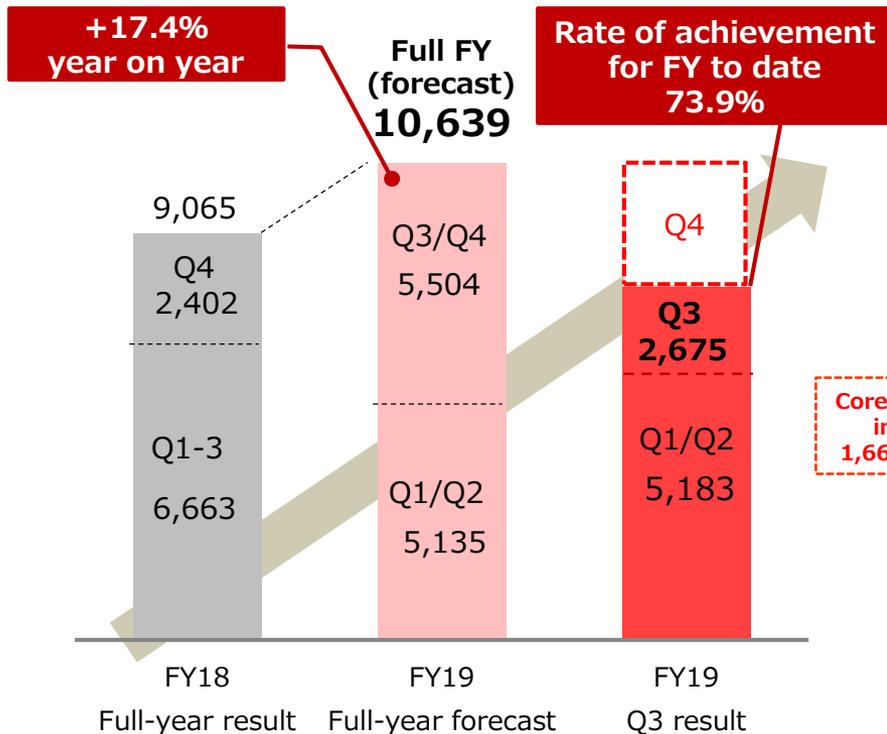
No revisions in projected dividend payment (85 JPY)

First three quarters

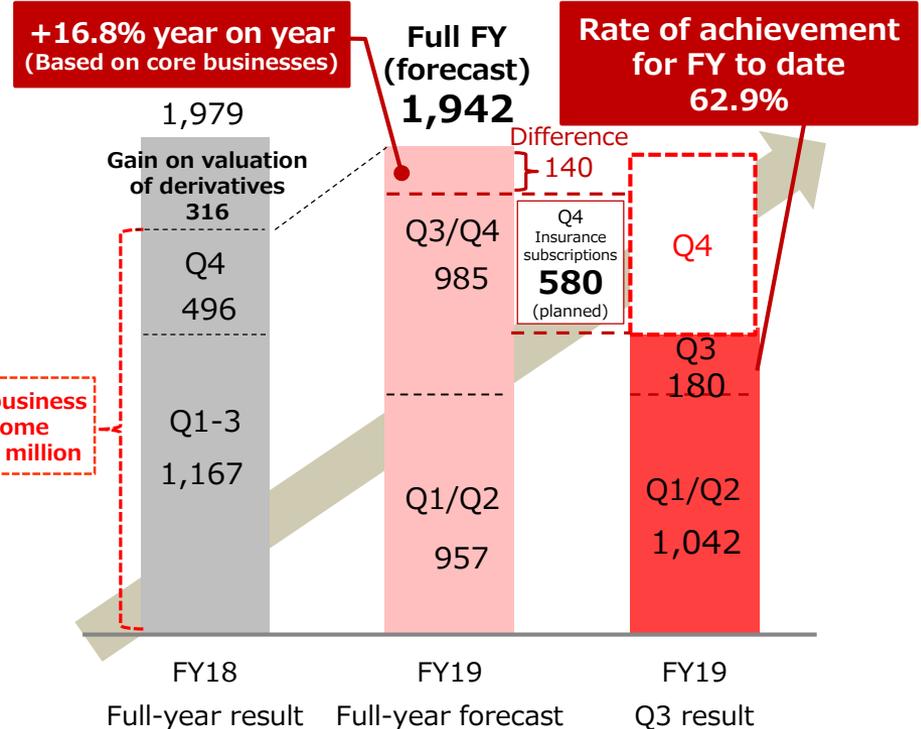
IFRS

- ✓ Operating revenue achieved 73.9% of the full-year target, largely progressing according to the performance forecast.
- ✓ Changes in accounting standards resulted in a full-year achievement rate of 62.9% for profit before tax.
- ✓ Likely to achieve forecasts for the full fiscal year.

## Operating revenue (Unit: million yen)



## Profit before tax (Unit: million yen)



# Q3 Topics

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**Listed on First Section of Tokyo  
Stock Exchange**  
(December 25, 2018)

**Objective**

Greater credibility and recognition

**Decision to issue 2nd series subscription  
rights to shares with exercise price  
amendment clause (subject to exercise  
restrictions) through third-party allotment**

**Objective**

Secure capital for  
further growth

**Decision to introduce stock  
compensation with transfer  
restrictions**

**Objective**

Increase employee motivation and  
management involvement

**Decision to split shares**  
(two-for-one share split on April 1, 2019)

**Objective**

Create an easier environment for  
investment

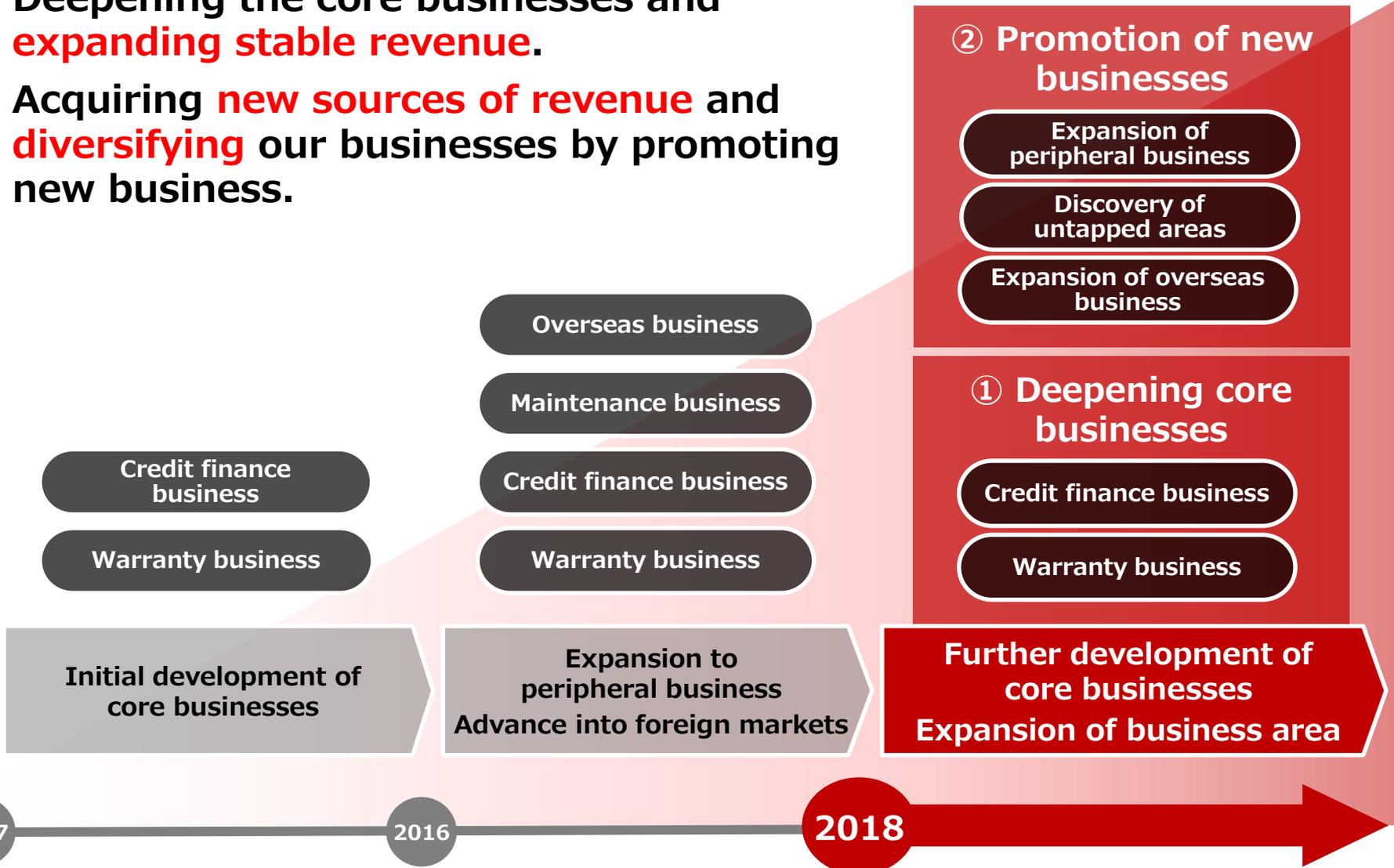


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# Future Growth Strategy

# Diagram of Future 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.



2007

2016

2018

# Investment Strategy for Growth

We expect to raise a total of approximately 2.89 billion JPY\* for:

1. **Investment in expanding existing car and peripheral businesses (approx. 1 billion JPY)**
2. **Investment in M&As to expand domestic and international business areas (approx. 1.89 billion JPY)**

by issuing 2nd series subscription rights to shares with exercise price amendment clause (subject to exercise restrictions) through third-party allotment, decided on December 17, 2018.

(These new subscription rights to shares are subject to exercise restrictions from January 21, 2019.)

Main fields in need of fundraising for growth

② Promotion of new businesses

Expansion of peripheral business

Expansion of new business areas

Expansion of overseas business

① Deepening core businesses

Credit finance business

Warranty business

Overseas business

Maintenance business

Credit finance business

Warranty business

Credit finance business

Warranty business

Initial development of core businesses

Expansion to peripheral business  
Advance into foreign markets

Further development of core businesses  
Expansion of business area

2007

2016

2018

# Uses of Capital Raised

In order to expand our business areas, we will use capital to expand peripheral businesses, discover untapped areas and promote overseas business while pursuing synergy with our existing businesses.

**GROW UP**

Expansion of peripheral businesses

**NEW Business**

Overseas business/  
expansion of new business areas



**CORE Business**

Current core business areas (finance & services)

Credit companies

Warranty companies

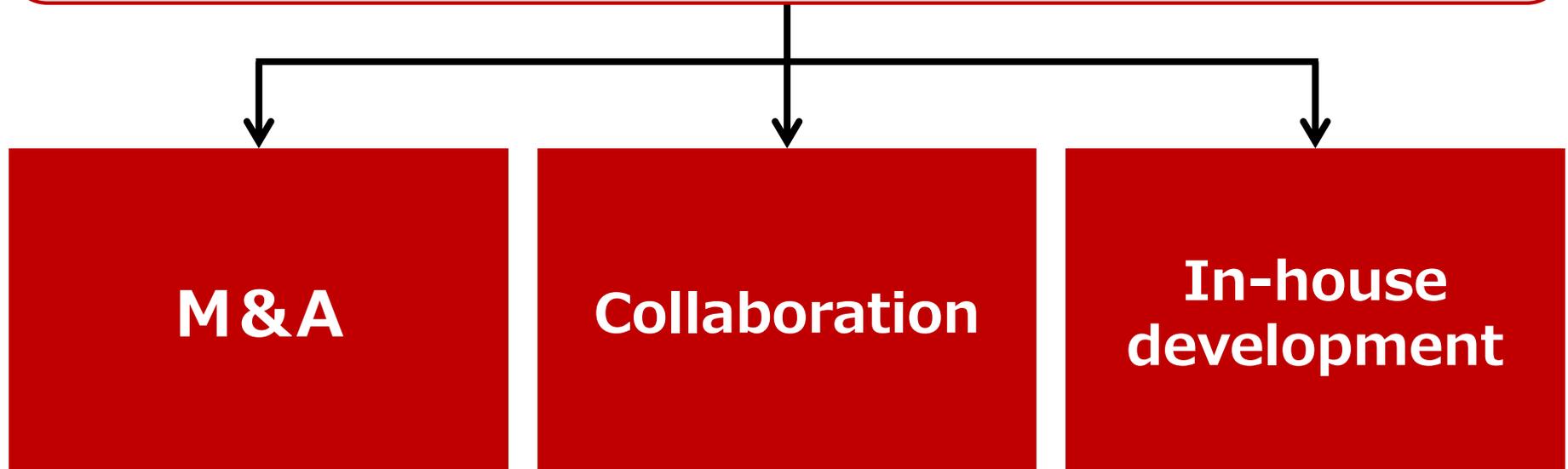
# Three Strategies for New Business Promotion

We will promote new business with the following three strategies:

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

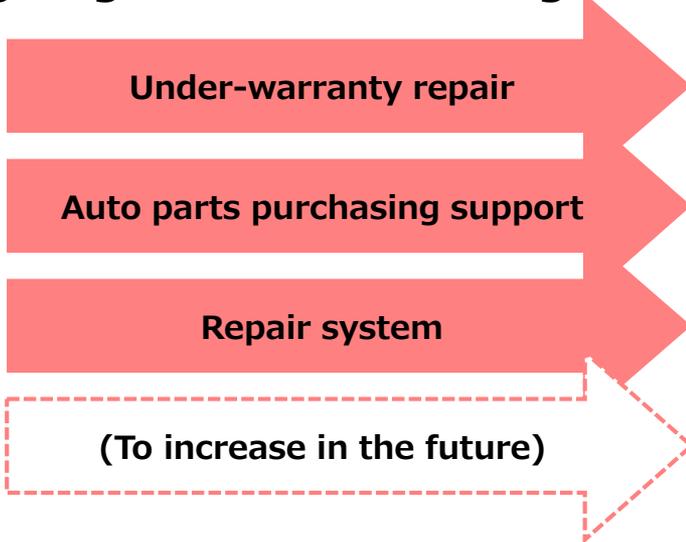
- ① Synergy with existing businesses,
- ② Know-how possessed by our group, and
- ③ Speed

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



# Specific Current Measures (1) —5.4 Trillion JPY to Develop Auto Repair Business—

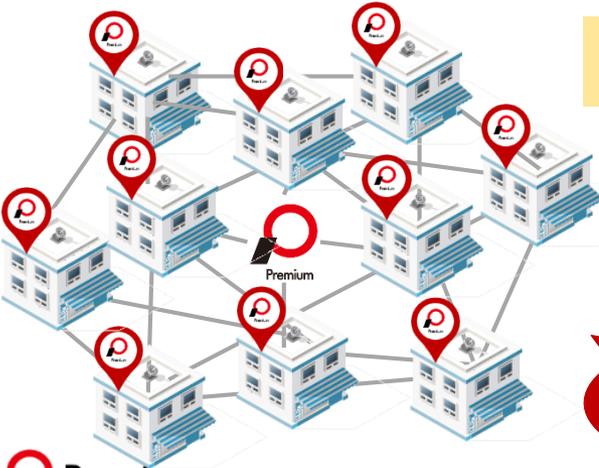
We are developing a network of maintenance and repair facilities with multiple connections and synergizing it with our existing businesses



Maintenance and repair facility

Our group's auto store network

Our group's repair garage network

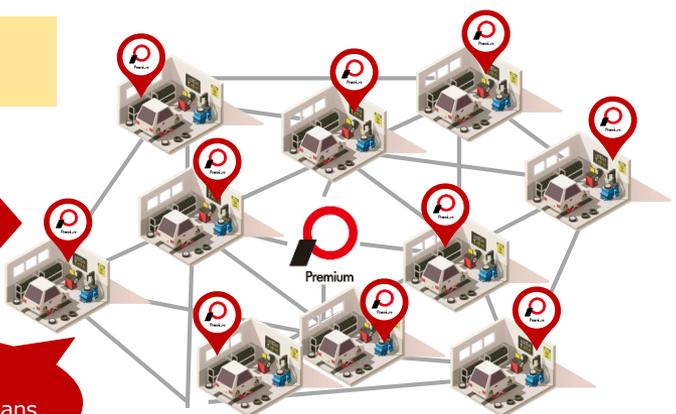


## Sharing service



Benefit  
Facilities secured

Benefit  
Less vacancy means more profit

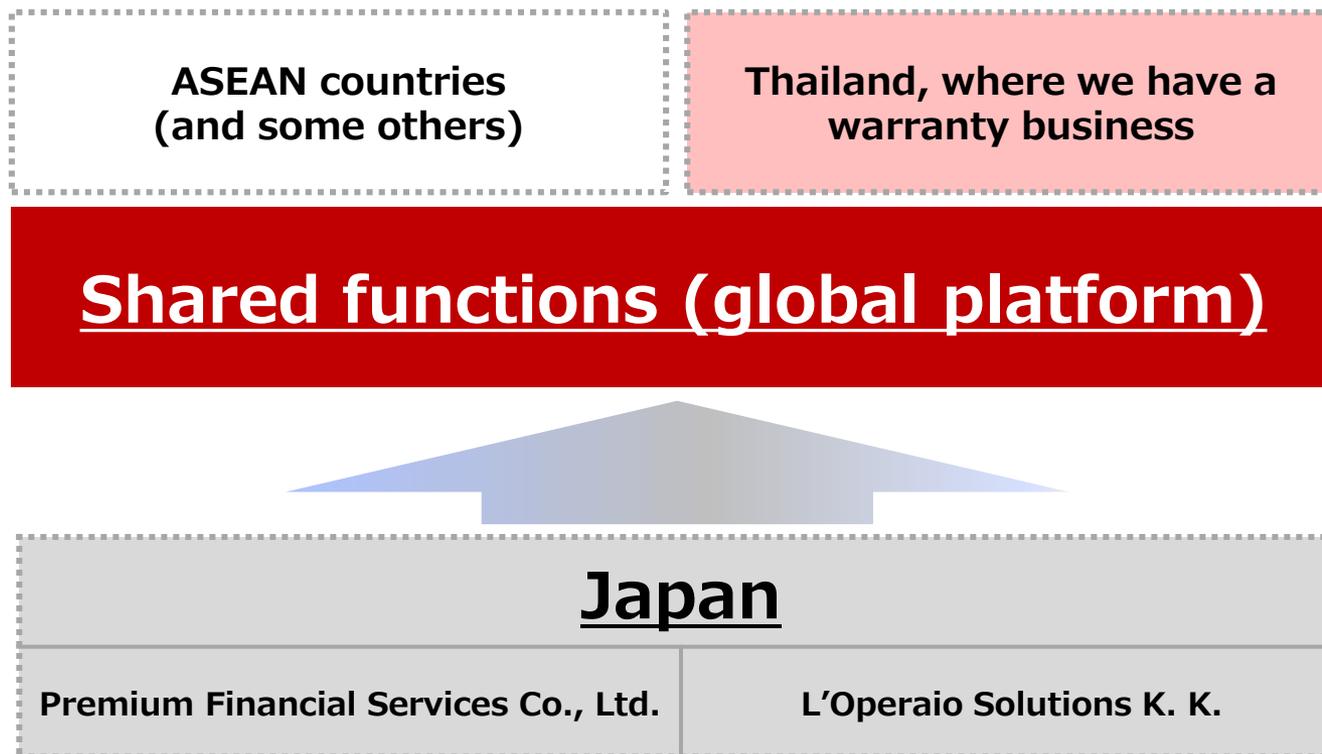


Auto repair industry:  
Approx. 70,000 garages

## Specific Current Measures (2)

—Building a Shared Domestic-International  
Warranty Business Platform—

We are preparing to globalize our warranty business in earnest.



Using expertise cultivated in Japan, we are establishing a **global platform** to **improve the speed and efficiency of our warranty business** to expand it overseas.

In addition to achieving the aforementioned objectives, **increasing the amount of repair data collected** and **integrating operations in this way** can be expected to **reduce costs** and enhance warranty business profitability.

### ◆ Share acquisition of warranty company L'Operaio Solutions K. K.

We decided on December 17, 2018, to acquire the shares of L'Operaio Solutions K. K., a warranty company that deals mainly with used import vehicles.

### ◆ Paperless transition for credit contracts

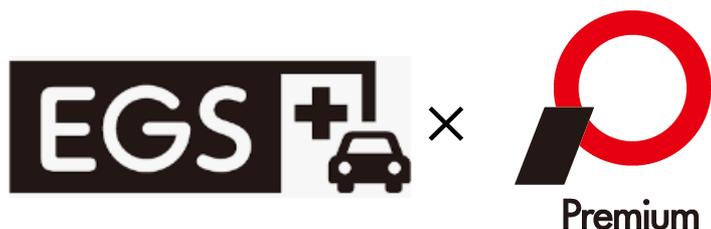
Around March 2019, we will change all credit applications from paper contracts to online applications in certain network stores. This will improve efficiency in the credit finance business, consider the environment and increase convenience for auto stores.

# <Reference>

## Topics Related to Core Business Extension —Warranty Company M&A—

The following is an explanation of our share acquisition of L'Operaio Solutions K. K. (decided December 17, 2018).

### Purpose of share acquisition:



1. **Enhanced warranty service products** based on mutual use of expertise/data
2. **Expansion of store network** through new sales channels
3. **Warranty management streamlining and cost price reduction** with operations integration, joint purchasing, etc.

⇒ **Domination of third-party used car insurance industry**

### Share Acquisition Outline

No. of shares acquired	1,000 (100% of voting rights, no previous ownership)
Agreement date	December 28, 2018
Share transfer date	April 1, 2019 (planned)
Results consolidation	the First Quarter of Fiscal Year Ending March 2020 (planned)

#### L'Operaio Solutions K. K.

**Just like our group, L'Operaio Solutions manages a warranty business dealing mainly with used vehicles. Providing warranty services for primarily used import vehicles, it has a proven track record in an untapped sales channel for our group.**

Established: August 1, 2011  
Capital: 30 million JPY  
Headquarters: Setagaya Ward, Tokyo  
Current shareholder: L'Operaio K. K. (100%)



Premium

# APPENDIX

# Premier Group Offers “Total Support for Life with a Car”

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

**GROW UP**

Expansion of peripheral business

**NEW Business**

Overseas business/  
expansion of new business areas

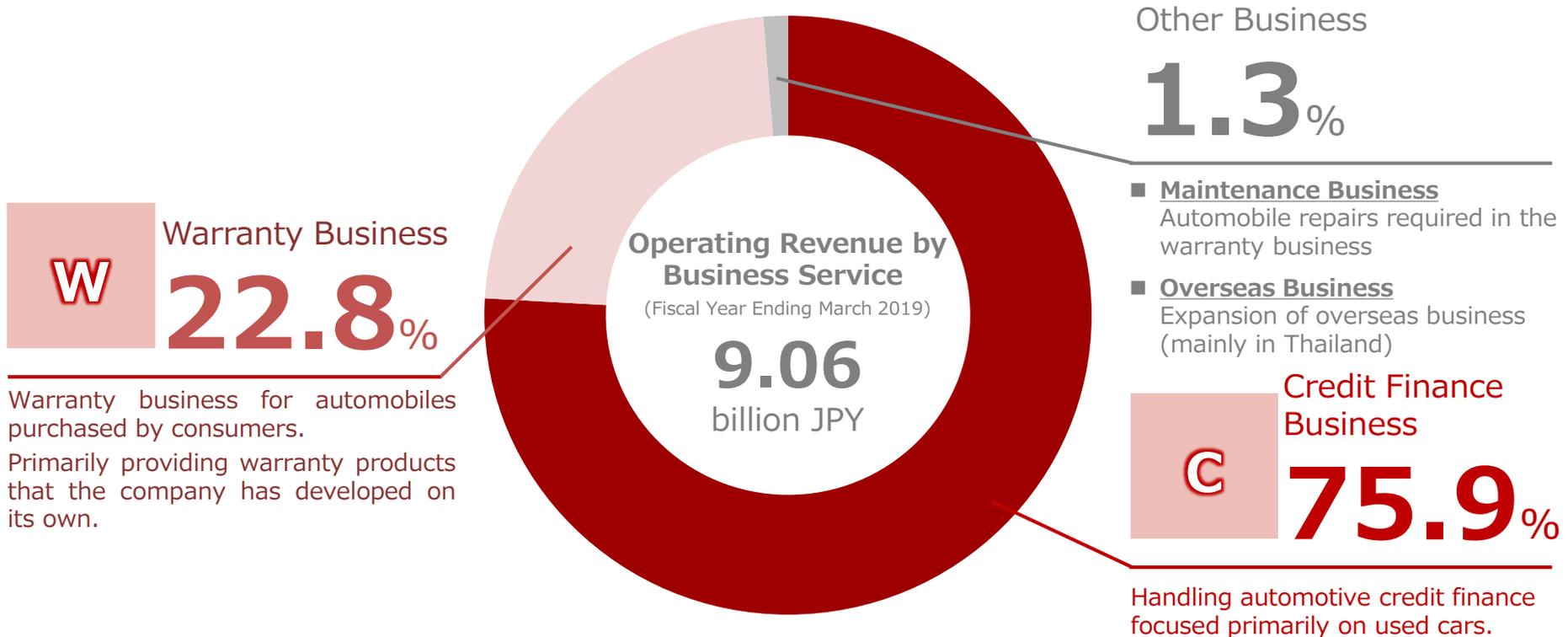


**CORE Business**

Current core business areas (finance & services)



# Overview of Premium Group



## Accumulative revenue business

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

A business model that can expect stable growth

## Cash rich

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

Business model that has favorable cash flows

# Strengths of Premium Group

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

**Independence**

Multiple product lines

×

**Expertise**

Auto and finance know-how

×

**Mobility**

Nationwide sales network

One-stop provision of finance & services for life with a car

Want to sell on **credit**

**Network Store**

(used car dealer, etc..)

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

Want to **cover** by **warranty**

Purchase/Sale of car, etc.

**Customer**

Want to **purchase** new cars, auto parts and accessories **reasonably**

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

# History

2007

**July** Premium Financial Services Co., Ltd. (former 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) and concluded a business partnership contract.  
**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 incorporated 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 City, Ibaraki as a joint venture for development and provision of auto-related IoT devices.  
**July** PLS Co., Ltd. (former Premium Lease Co., Ltd.) was established in Minato Ward, Tokyo to expand the product line 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. was listed on the Second 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 for the auto maintenance and repair industry as the main target, was made a subsidiary.  
**December** Premium Group Co., Ltd. was listed on the First Section of the Tokyo Stock Exchange.

# Company Profile

<b>Company Name</b>	Premium Group Co., Ltd.
<b>TSE code / TSE market</b>	7199 / Tokyo Stock Exchange First Section
<b>Established</b>	May 25, 2015 (Note) In 2007, Premium Financial Services Co., Ltd. (then G-ONE Credit Services Co., Ltd.) was established.
<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>	6,154,600 as of December 31, 2018
<b>Capital</b>	240,648 thousand JPY as of December 31, 2018 (Note) Including capital reserves
<b>Number of Employees</b>	340 employees (Number of employees of the group as of December 31, 2018, excluding temporary staff)
<b>Major Shareholders</b>	<p>〈Major institutional investors〉 *as of February 14, 2019 Coupland Cardiff Asset Management (8.10%), Sumitomo Mitsui Trust Asset Management (5.76%), Mitsubishi UFJ Financial Group, Inc. (5.06%), etc.</p> <p>〈Major companies〉 Recruit Holdings Co., Ltd., Aozora Bank, Ltd., Sompo Japan Nipponkoa Insurance Inc., SUMITOMO CORPORATION, etc.</p>
<b>Group's Business</b>	Primary business includes automotive credit finance business, development and sales of warranty products, and operation of automobile maintenance facilities in Japan. Our overseas business includes the consulting/warranty business in Thailand and other countries.

# Balance Sheet (BS)

IFRS basis

(Unit: thousands of yen)

	FY 2017 as of March 31, 2017	FY2018 as of March 31, 2018	Q2 FY2019 As of September 30, 2018	Q3 FY2019 as of December 31, 2018
<b>Assets</b>				
Cash and cash equivalents	4,493,889	6,474,571	6,468,710	7,416,528
Financial receivables	7,315,455	10,662,248	11,584,376	12,928,259
Other financial assets	2,215,494	2,170,988	2,448,740	2,897,624
Property, plant and equipment	475,783	416,140	493,183	477,951
Intangible assets	5,607,080	5,614,169	5,607,783	5,699,408
Goodwill	2,462,697	2,462,697	2,462,697	2,951,863
Investments accounted for using equity method	1,093,179	2,127,470	2,214,240	2,191,045
Deferred tax assets	255,758	181,245	482,440	711,683
Other Assets	5,597,943	5,822,195	5,358,113	4,869,353
<b>Total Assets</b>	<b>29,517,276</b>	<b>35,931,722</b>	<b>37,120,281</b>	<b>40,143,714</b>
<b>Liabilities</b>				
① Financial guarantee contracts	11,188,210	13,509,763	15,402,264	15,969,840
Borrowings	6,608,005	8,317,310	8,862,312	10,895,364
Other financial liabilities	2,326,878	2,626,285	2,195,176	2,362,431
Provisions	54,042	57,550	62,925	69,581
Income taxes payable	498,200	382,204	397,368	469,928
Deferred tax liabilities	1,579,691	1,649,442	1,495,896	1,456,959
② Other liabilities	2,977,939	3,673,326	3,915,674	4,200,073
<b>Total liabilities</b>	<b>25,232,965</b>	<b>30,215,880</b>	<b>32,331,616</b>	<b>35,424,176</b>
<b>Equity</b>				
Equity attributable to owners of parent				
Capital	50,000	115,424	115,424	139,074
Share premium	2,950,000	3,015,170	2,500,070	2,278,919
Treasury shares	-	-	-130	-459
Retained earnings	1,177,360	2,470,246	1,999,408	2,119,785
Other components of equity	102,174	109,595	159,635	118,343
③ Total equity attributable to owners of the parent	4,279,534	5,710,435	4,774,406	4,655,661
Non-controlling interests	4,778	5,407	14,259	63,877
<b>Total equity</b>	<b>4,284,312</b>	<b>5,715,842</b>	<b>4,788,665</b>	<b>4,719,538</b>
<b>Total liabilities and equity</b>	<b>29,517,276</b>	<b>35,931,722</b>	<b>37,120,281</b>	<b>40,143,714</b>

## Key factors of change on balance sheet

### [Liabilities]

- ① Financial guarantee contracts:  
Unrealized revenue from credit finance business increased by 2,460 million JPY
- ② Other liabilities (deferred revenue):  
Unrealized revenue from warranty business increased by 527 million JPY

### [Equity]

- ③ Total equity attributable to owners of the parent:  
Capital surplus: Decreased by 736 million JPY with delivery of dividends  
Earned surplus: Decreased by 350 million JPY upon change of basis of accounting.

# Statement of Income (PL)

IFRS basis

(Unit: thousands of yen)

## FY to date

	First three quarters of FY2018 From April 1, 2017 to December 31, 2017	FY2018 From April 1, 2017 to March 31, 2018	First two quarters of FY2019 From April 1, 2018 to September 30, 2018	First three quarters of FY2019 From April 1, 2018 to December 31, 2018
Operating revenue	6,663,193	9,064,971	5,182,994	7,857,852
Other finance income	319,345	319,586	2,066	1,779
Share of profit of investments accounted for using equity method	97,673	101,042	55,918	88,496
Other income	7,742	8,308	561,008	563,651
Total income	7,087,953	9,493,908	5,801,987	8,511,777
Operating expense	5,568,939	7,440,068	4,741,027	7,262,522
Other finance cost	34,645	42,150	18,344	27,136
Other expense	1,132	32,782	95	4
Total expense	5,604,716	7,515,000	4,759,466	7,289,663
Profit for the term before tax	1,483,237	1,978,908	1,042,521	1,222,114
Income tax expense	458,914	685,508	346,278	405,930
Profit for the term	1,024,323	1,293,400	696,243	816,183
Attributed to owners of parent	1,023,898	1,292,886	694,151	814,528
Attributed to non-controlling interests	426	514	2,092	1,655

	First three quarters of FY2018 From April 1, 2017 to December 31, 2017	FY2018 From April 1, 2017 to March 31, 2018	First two quarters of FY2019 From April 1, 2018 to September 30, 2018	First three quarters of FY2019 From April 1, 2018 to December 31, 2018
Operating revenue	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Financial income	4,368,957	5,947,177	3,443,277	5,177,004
Warranty revenue	1,529,421	2,067,727	1,154,551	1,764,624
Revenue from handling fee	677,755	938,035	509,276	770,045
Software sales	-	-	-	34,057
Others	87,060	112,033	75,891	112,122
Total	6,663,193	9,064,971	5,182,994	7,857,852

	First three quarters of FY2018 From April 1, 2017 to December 31, 2017	FY2018 From April 1, 2017 to March 31, 2018	First two quarters of FY2019 From April 1, 2018 to September 30, 2018	First three quarters of FY2019 From April 1, 2018 to December 31, 2018
Operating expense	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Finance cost	17,757	27,375	24,225	37,447
Guarantee liabilities fee	746,105	1,018,411	593,913	913,235
Impairment loss (provision for loss allowance)	173,903	45,255	776,592	1,091,723
Payroll	1,683,472	2,327,579	1,238,864	1,916,014
Warranty cost	1,024,562	1,419,923	806,038	1,210,969
System operation cost	318,053	431,188	214,619	255,910
Depreciation	84,590	115,537	31,525	54,338
Amortization	165,255	223,086	101,274	167,258
Tax and dues	249,533	337,041	187,315	283,902
Commission paid	345,189	489,317	226,914	378,790
Rent	195,110	262,548	139,745	214,392
Agent service fee	153,112	197,110	111,926	242,856
Other operating expenses	412,298	545,698	288,078	495,687
Total	5,568,939	7,440,068	4,741,027	7,262,522

PL Topics (factors of increase/decrease) are as described on the previous page

# Statement of Income (PL)

IFRS basis

(Unit: thousands of yen)

Q3

	Q3 FY 2018 From September 30, 2017 to December 31, 2017	FY2018 From April 1, 2017 to March 31, 2018	Q2 FY2019 From July 1, 2018 to September 30, 2018	Q3 FY2019 From September 30, 2018 to December 31, 2018
Operating revenue	2,220,076	9,064,971	2,641,405	2,674,858
Other finance income	647	319,586	3,140	712
Share of profit of investments accounted for using equity method	39,943	101,042	31,088	32,577
Other income	438	8,308	559,583	2,733
Total income	2,261,105	9,493,908	3,235,215	2,710,880
Operating expense	1,954,122	7,440,068	2,533,872	2,521,495
Other finance cost	11,868	42,150	8,907	9,792
Other expense	1,132	32,782	93	-
Total expense	1,968,121	7,515,000	2,542,872	2,531,288
Profit for the term before tax	293,983	1,978,908	692,343	179,592
Income tax expense	83,054	685,508	229,965	59,652
Profit for the term	210,929	1,293,400	462,379	119,940
Attributed to owners of parent	210,900	1,292,886	460,604	120,377
Attributed to non-controlling interests	29	514	1,774	-437

	Q3 FY 2018 From September 30, 2017 to December 31, 2017	FY2018 From April 1, 2017 to March 31, 2018	Q2 FY2019 From July 1, 2018 to September 30, 2018	Q3 FY2019 From September 30, 2018 to December 31, 2018
Operating revenue	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Financial income	1,444,808	5,947,177	1,759,821	1,733,728
Warranty income	524,686	2,067,727	588,752	610,073
Revenue from handling fee	220,291	938,035	254,198	260,769
Software sales	-	-	-	34,057
Others	30,292	112,033	38,635	36,232
Total	2,220,076	9,064,971	2,641,405	2,674,858

	Q3 FY 2018 From September 30, 2017 to December 31, 2017	FY2018 From April 1, 2017 to March 31, 2018	Q2 FY2019 From July 1, 2018 to September 30, 2018	Q3 FY2019 From September 30, 2018 to December 31, 2018
Operating expense	Thousands of yen	Thousands of yen	Thousands of yen	Thousands of yen
Finance cost	5,309	27,375	13,066	13,222
Guarantee liabilities fee	262,842	1,018,411	304,709	319,322
Impairment loss (provision for loss allowance)	63,270	45,255	441,825	315,131
Payroll	585,842	2,327,579	670,451	677,150
Warranty cost	356,787	1,419,923	413,650	404,931
System operation cost	107,367	431,188	97,553	41,291
Depreciation	27,713	115,537	1,892	22,814
Amortization	55,946	223,086	45,872	65,983
Tax and dues	86,931	337,041	95,972	96,587
Commission paid	138,278	489,317	156,832	151,877
Rent	67,005	262,548	70,867	74,648
Agent service fee	68,360	197,110	68,280	130,930
Other operating expenses	128,472	545,698	152,902	207,610
Total	1,954,122	7,440,068	2,533,872	2,521,495

PL Topics (factors of increase/decrease) are as described on the previous page

# Outlines of New Share Subscription Rights Issuance, RS and Share Split

## Share Subscription Rights Issuance Outline

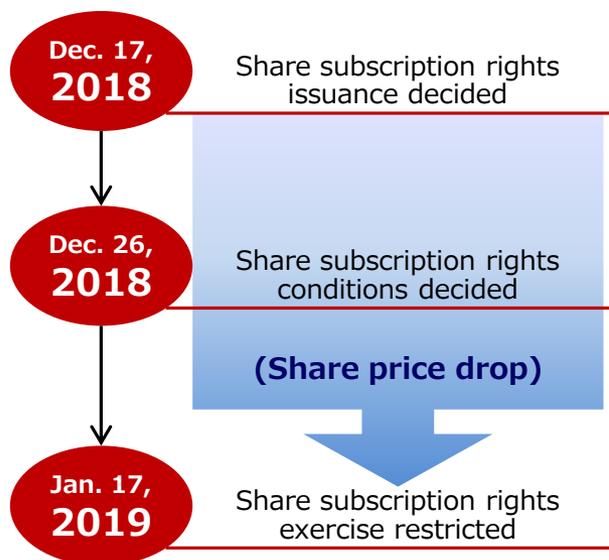
Total new subscription rights	7,000 (700,000 shares)
Allocatee	Nomura Securities Co., Ltd.
Expected capital raised	Approx. 2.89 billion JPY*
Exercise price	Equivalent to 91.5% of closing price on day before transaction
Minimum exercise price	2,884 JPY

## Restricted Stock Issuance Outline

Type/no. of shares issued	103,600 of our common shares
No. of allocatees	204 of our employees
Issue price	4,120 JPY
Total issue amount	426,832,000 JPY
Payment date	March 26, 2019

## Share Split Outline

Total shares issued and outstanding (before split)	6,154,600 (as of December 31, 2018)
Split method	Each common share split into two
Record date	March 31, 2019
Effective date	April 1, 2019



We have decided to use our listing on the First Section of the Tokyo Stock Exchange as an opportunity to introduce a restricted stock-based employee incentive program to:

- **Incentivize increasing corporate value and shareholder value**
- **Increase management involvement by sharing the benefits and risks of share price fluctuation with shareholders**

We decided to improve the liquidity of our shares by lowering the price of each investment unit through a share split that will:

- **Make it easier for investors to invest**
- **Grow the investor base**