

**Financial Results Presentation  
for 1H of FY Ending  
March 31, 2020**

November 14, 2019

**Premium Group Co., Ltd.**

Illustration by Kazuhiko Okushita (FOGHORN)

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# Contents

- **Summary of Financial Results for 1H of FY Ending March 31, 2020**
- **Appendix**

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# Summary of Financial Results for 1H of FY Ending March 31, 2020

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# Highlights from 1H of FY Ending March 31, 2020

✓ Existing businesses of credit finance and automobile warranty enjoyed strong growth as expected

## Performance

■ Credit finance and automobile warranty both enjoyed strong growth, as **operating income hit ¥6,659 million (up 28.5% YoY)**

■ **Future revenue of ¥24,034 million** stocked on B/S (¥19,880 million from credit finance and ¥4,160 million from automobile warranty)

■ Total volume of new loans in our credit finance business grew steadily at **41.6%** YoY

■ Loan receivables in our credit finance business **increased 28.5%** over the previous 1H, nearly breaking through the **¥300 billion** mark

■ Total volume of new warranties in the automobile warranty business grew **55.8%** YoY, including a net increase from the **acquisition of EGS** in the same industry

## KPIs

## Topics

■ September new loan volume in credit finance business:  
**¥18,920 million**  
⇒ **Record high!**

# Consolidated Performance for 1H of FY Ending March 31, 2020

(Millions of yen)

|  | [Consolidated]<br>Q2 FY ending<br>March 31, 2020 | [Consolidated]<br>Q2 FY ended<br>March 31, 2019 | YoY change | [Consolidated]<br>FY ended March<br>31, 2019 * |
|--|--|---|------------|--|
| Operating income                           | 6,659  | 5,183   | +28.5%     | 10,759   |
| Operating expenses                         | 5,742  | 4,741   | +21.1%     | 10,001   |
| Profit before tax                          | 3,052  | 1,043   | +192.8%    | 2,097  |
| Profit attributable to<br>owners of parent | 1,845  | 694   | +165.9%    | 1,388  |
| Basic earnings per<br>share (yen)          | 139.77   | 57.27   | +144.1%    | 113.06   |
| Equity ratio (%)                           | 13.09  | 12.86   | -          | 12.55  |

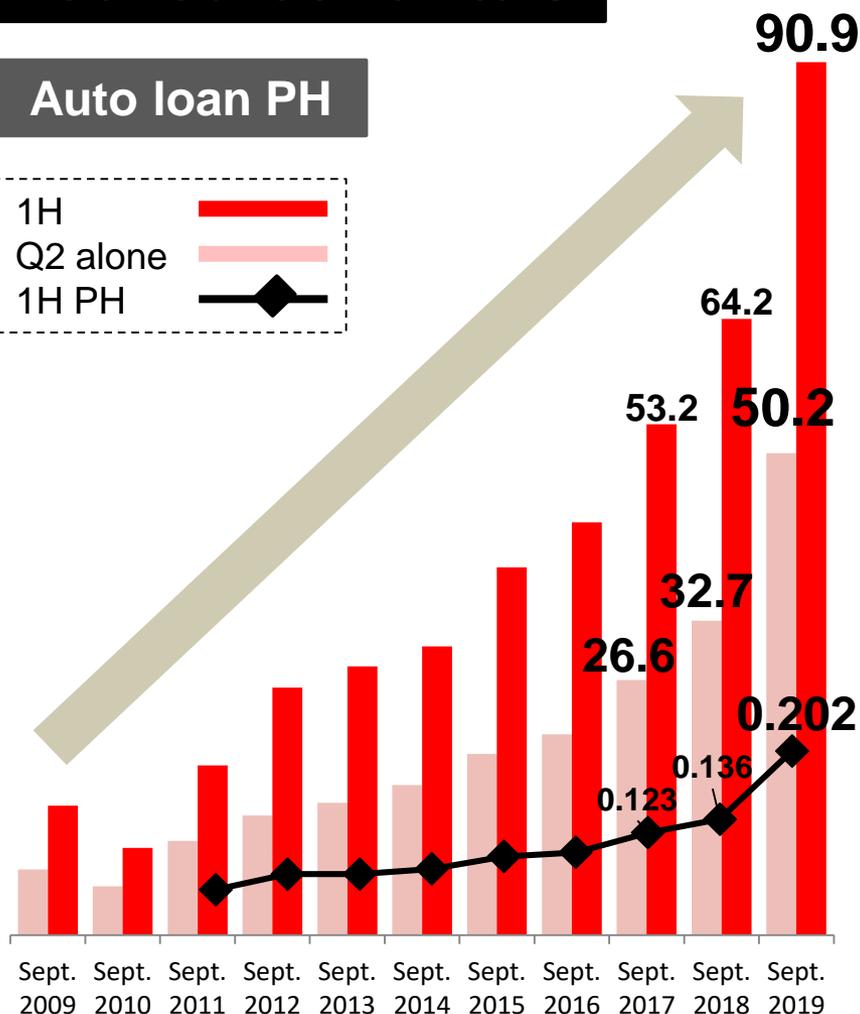
\* Provisional accounting treatment was carried out in the fiscal year ended March 31, 2019 and 1Q of the fiscal year ending March 31, 2020 for the business combination with SOFTPLANNER CO., LTD. executed on October 15, 2018. This accounting treatment was finalized in 2Q of the fiscal year ending March 31, 2020.

# Credit Finance Business—Total Volume of New Loans

## Total volume of new loans

(Billions of yen)

## Auto loan PH



Q2 cumulative total volume **increased 41.6% YoY to ¥90.92 billion**

- ✓ ¥50.2 billion in Q2 alone (up 53.2% YoY)
- ✓ Soaring growth for 9 straight years
- ✓ PH in 1H increased (¥136 million to ¥202 million)

## Factors driving increase

### (1) Increased visibility from IPO

- ✓ Increased transactions with network stores

### (2) Rush of demand ahead of consumption tax hike

### (3) Enhancement to marketing strengths

- ✓ Increased salesforce (78 overall to 84 YoY)  
(Auto: 76 to 80; all others: 2 to 4)
- ✓ Increased sales volume PH  
(Success from combination of on-site, business trip, and contact center sales)

### (4) Penetration of MULTI ACTIVE \*

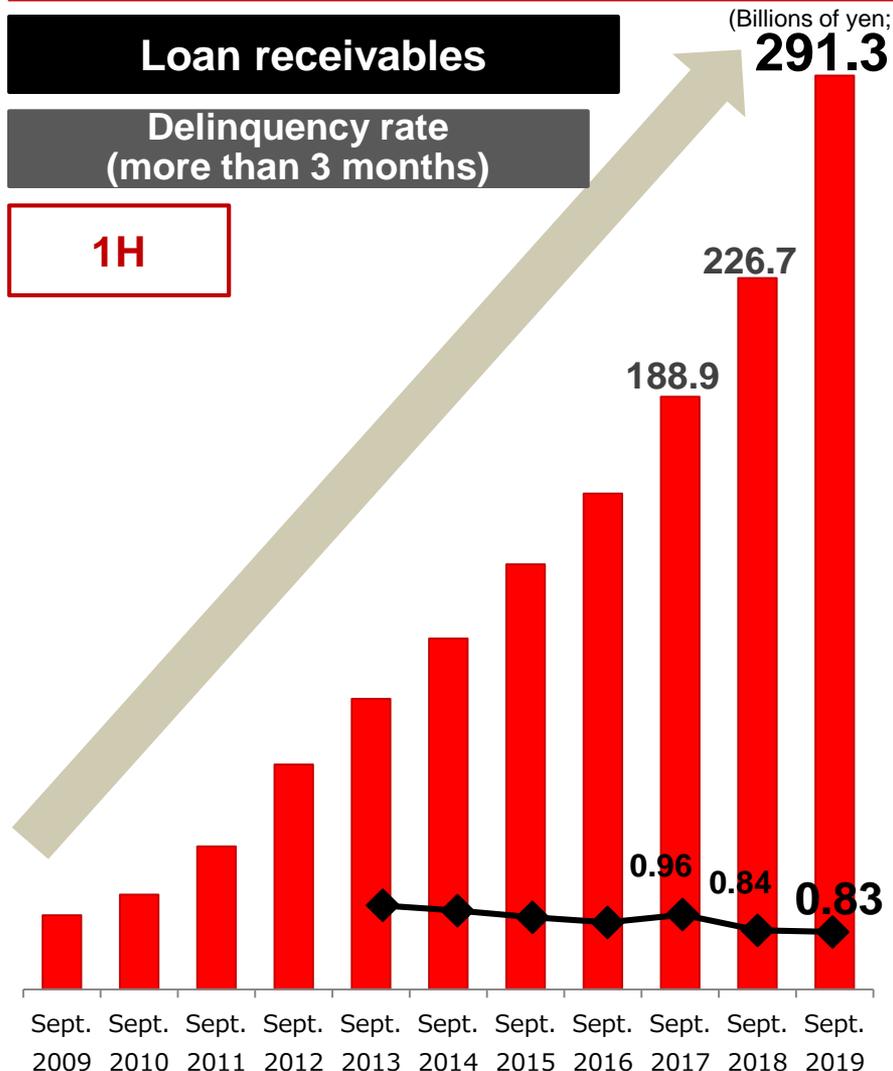
- ✓ Deepening relationships with network stores

### (5) Contribution of transactions with large network stores

\* MULTI ACTIVE represents a key strategy for differentiation where we offer several services mainly to used car dealers aimed at building continuous business dealings.

Notes: 1. "Total volume of new loans" refers to the total amount of credit contracts newly signed in the period. The figures are inclusive of the total volume of new loans of products other than automotive credit financing (Ecology Credit, etc.), and are the actual results of PFS.  
2. "PH" stands for "Per Head," which 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 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 balance of charges for the product and the split commission. Furthermore, PH represents the actual results for PFS.

# Credit Finance Business: Loan Receivables



**Loan receivables in 1H is ¥291.3 billion**  
**28.5% increase YoY**

- ✓ Nearly broke through the ¥300 billion mark
- ✓ Double digit growth since foundation
- ✓ Delinquency rate remained low

## Characteristics of credit receivables

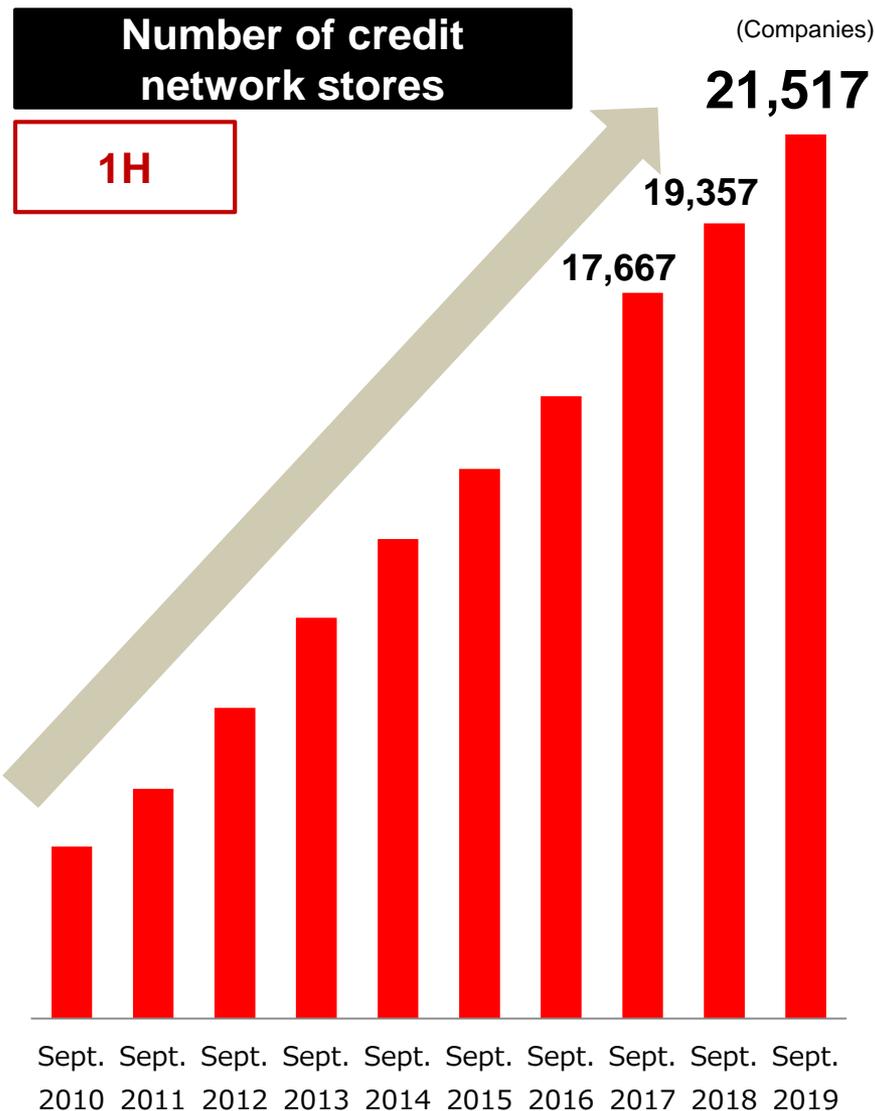
- ✓ Superior credit with highly diversified risk
  - Average debt per borrower: ¥1.1 million
- ✓ Minimizing defaults through efficient debt collection
  - Early action and labor-saving operations using SMS, etc.

Sept. 2009 Sept. 2010 Sept. 2011 Sept. 2012 Sept. 2013 Sept. 2014 Sept. 2015 Sept. 2016 Sept. 2017 Sept. 2018 Sept. 2019

Notes: 1. "Loan receivables" refers to the total 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 receivables balance of products other than automotive credit financing (Ecology Credit, etc.), and are the actual results of PFS.

2. "Delinquency rate" refers to the total amount of loan receivables that are more than 3 months in arrears and special loan receivables (with judicial intervention), expressed as a percentage of the loan receivables at the end of the period. Figures are the actual results for the periods subsequent to when the loan 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 network stores in 1H:  
21,517 companies

**11.2% increase YoY**

- ✓ Increasing steadily since foundation
- ✓ Continuing to focus on operating ratio

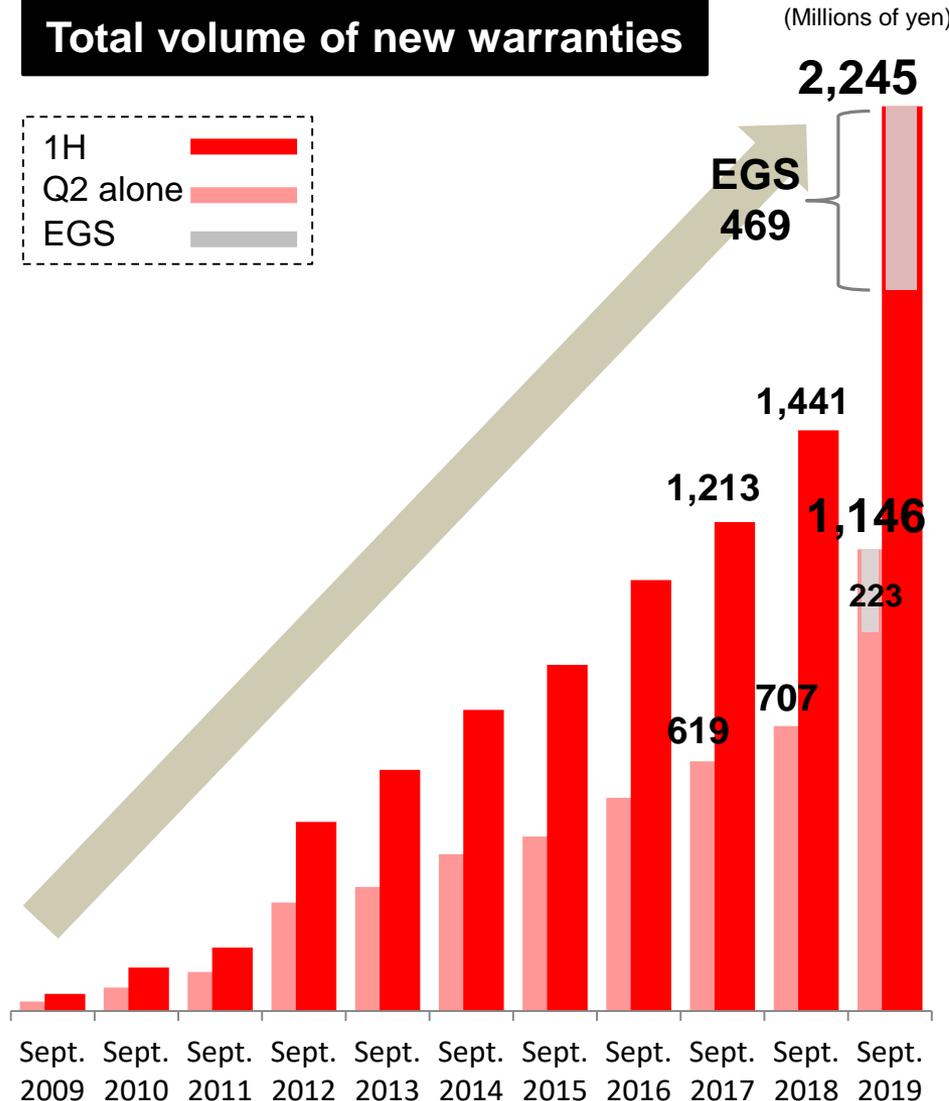
**Initiatives to increase network stores and operating ratio**

- ✓ Increased visibility/trust from IPO
  - Increasing loan volume per company
- ✓ Simultaneously promoting business from network stores
  - Utilizing contact centers (outbound sales)

Note: "Number of network stores" refers to the number of companies that have signed a network store contract, counting company as one network store even if that company has several stores, and are the actual results of PFS. The figures are the actual results for the periods subsequent to when the Group's ERP system was renewed in the fiscal year ended March 31, 2010.

# Automobile Warranty Business: Total Volume of New Warranties

## Total volume of new warranties



1H total volume was ¥2,245 million  
**55.8% increase YoY**  
 ¥1,146 million in Q2 alone (up 62.1% YoY)

1H total volume was ¥1,780 million for PFS only  
**23.3% increase YoY**

- ✓ Double digit growth since foundation
- ✓ Significant growth in volume of proprietary brand products (59.0% increase YoY)

### Factors driving increase

- (1) Net increase in 1H of ¥470 million from acquisition of EGS (¥220 million in Q2 alone)
  - (2) Enhancement to marketing strengths
  - (3) Penetration of MULTI ACTIVE
- ✓ Successful cross-selling with credit
  - ✓ Steady growth in volume of OEM products

Notes: 1. EGS refers to EGS, Inc. (an automobile warranty company we acquired in April 2019).

2. "Total volume of new warranties" refers to the total amount of warranty contracts newly signed in the period. The actual results of PFS includes EGS.

# 1H Financial Highlights (YoY)

- ✓ Operating income hit ¥6,659 million (up 28.5% YoY)
- ✓ Profit before tax jumped to ¥3,052 million (up 92.8% YoY)

## Operating income (millions of yen)

YoY change  
**+28.5%**

**6,659**

5,183

Q1  
2,641

Q1  
2,542

Q2  
3,510

Q1  
3,149

## Profit before tax (millions of yen)

YoY change  
**+192.8%**

**3,052**

1,043

Q2  
692

Q1  
350

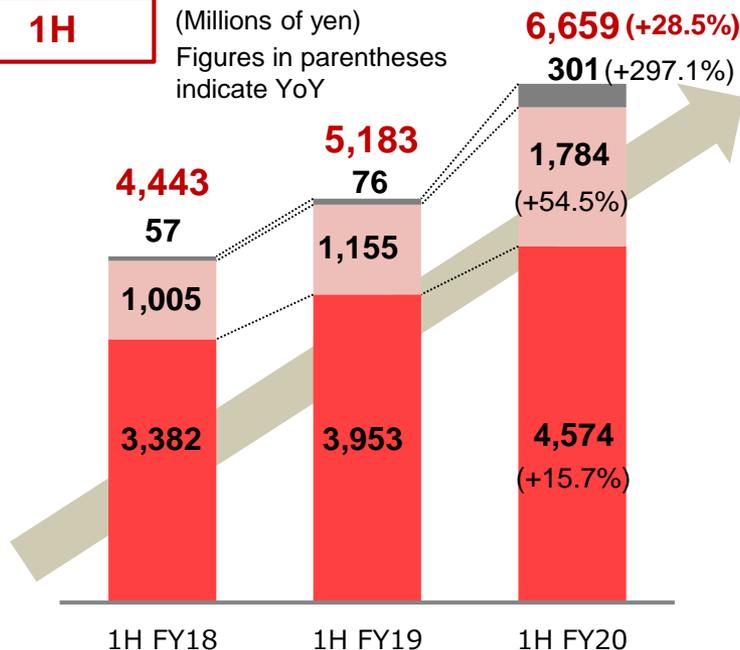
Q2  
688

Q1  
2,364

# Operating Income (P/L) by Segment

1H

(Millions of yen)  
Figures in parentheses indicate YoY

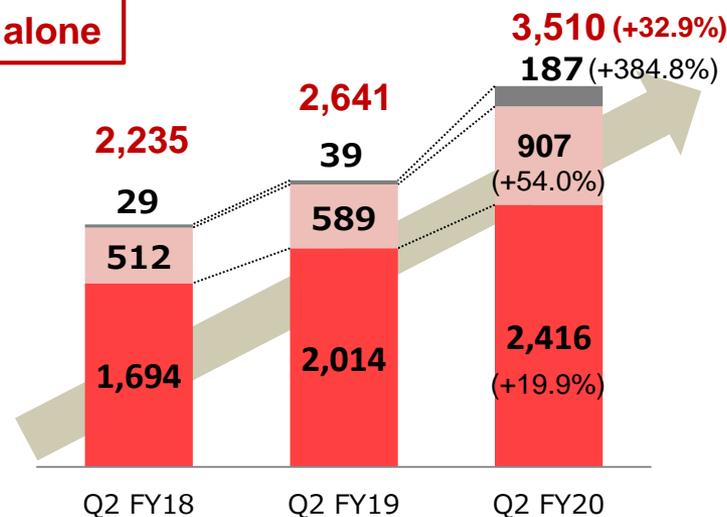


1H operating income by segment totaled ¥6,659 million

**28.5% increase YoY**

- ✓ ¥3,510 million in Q2 alone (up 32.9% YoY)
- ✓ Steady growth seen in all 3 segments

Q2 alone



## Profit characteristics of core businesses

- ✓ Room for further profit growth
- ✓ Asset business building balances
  - (1) Stable revenue
  - (2) Little seasonality in performance

Future revenue of **¥24,030 million** stocked on B/S (¥19,880 million from credit finance and ¥4,160 million from automobile warranty)



\*From Q3 of FY Ended March 31, 2019

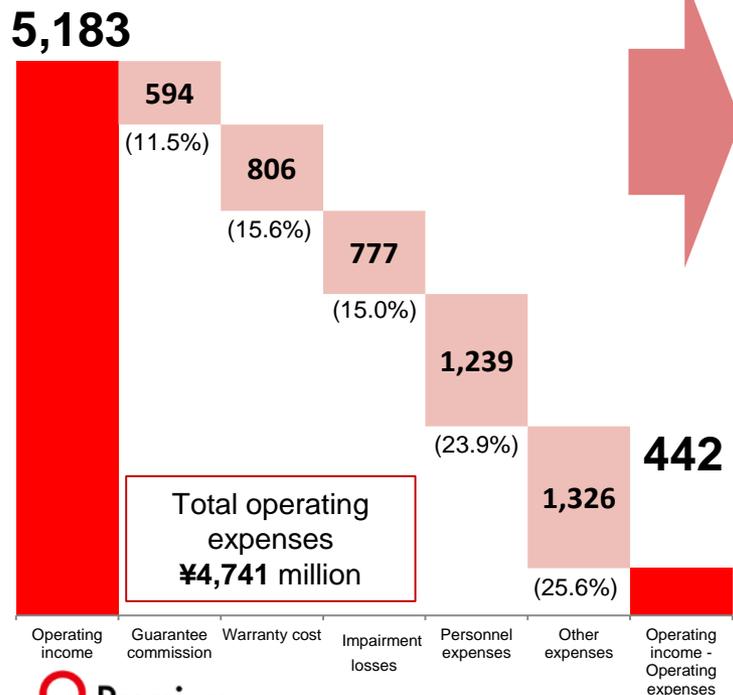
# Operating Expenses (PL) (YoY Comparison)

- ✓ Operating expenses totaled ¥5,742 million (up 21.1% YoY)
- ✓ SG&A expenses increased overall due to the acquisition of EGS

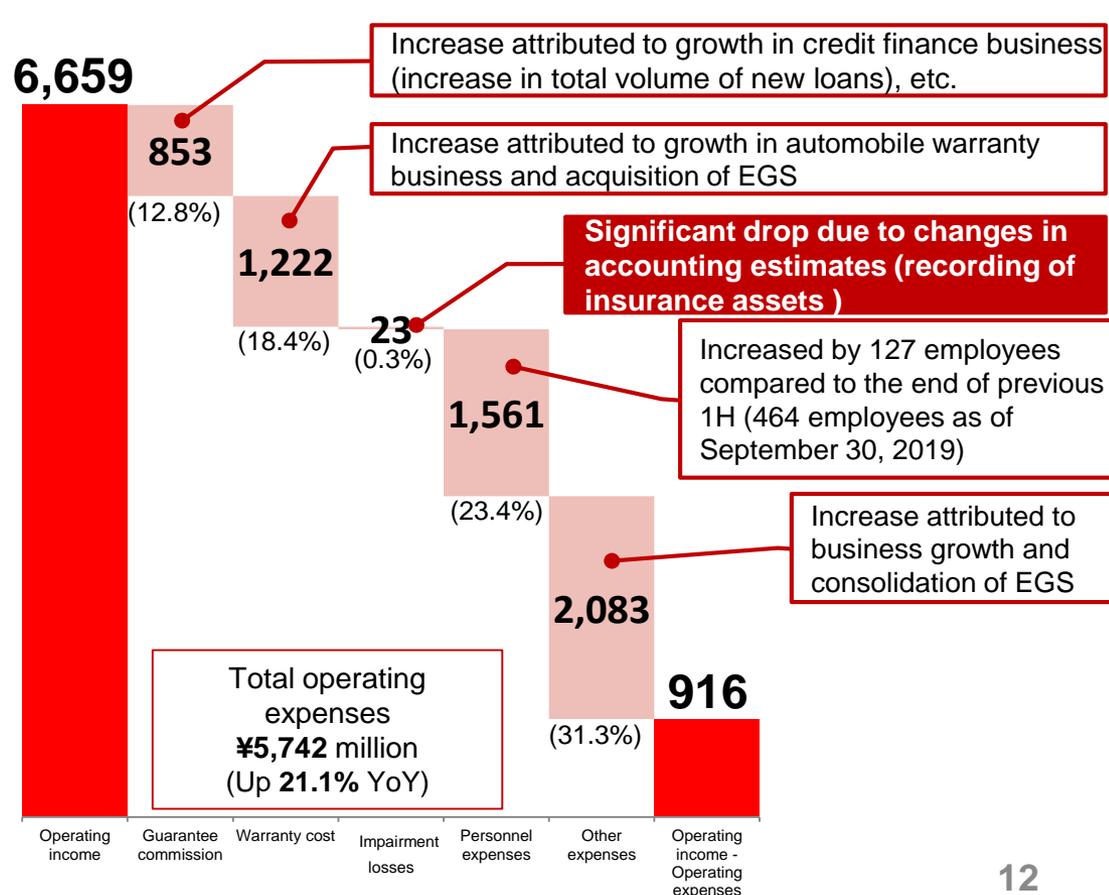
[1H FY19]

(Millions of yen)

Percentage of operating income is shown in parentheses



[1H FY20]



# Full-Year Earnings Forecast

- ✓ YTD operating income stands at 48.7% of full-year forecast
- ✓ YTD profit before tax stands at 97.2% of full-year forecast
- Steady progress being made toward full-year earnings forecast announced on Aug. 8

## Operating income

(millions of yen)

YoY change  
**+28.5%**

Full-year (forecast)

13,668

10,759

YTD progress at  
48.7% of full-year  
forecast

6,659

1H  
5,183

FY19

full-year results

Q2 FY20  
results

FY20

full-year forecast

## Profit before tax

(millions of yen)

YoY change  
**+92.8%**

Full-year (forecast)

3,141

3,052

YTD progress at  
97.2% of full-year  
forecast

2,097

1H  
1,043

FY19

full-year results

Q2 FY20  
results

FY20

full-year forecast

# Other Topics

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## Decision concerning acquisition of treasury shares

A resolution was passed on the acquisition of treasury shares at the meeting of the Board of Directors held on November 14, 2019. These shares will be utilized for share exchanges in future M&A deals, etc.

## Warranty product revisions

In October 2019, we made revisions to the Group's original product in the mainstay automobile warranty business segment, launching a new product called Premium Warranty. The main revisions include extending the period of coverage up to 10 years and establishing a warranty plan focused on automobiles susceptible to breakdowns.

## Opened Shizuoka Branch Office

In October 2019, we opened the Shizuoka Branch Office, the Group's first office in Shizuoka Prefecture. This new branch office will work with the Nagoya Branch Office to further focus on marketing promotion in the Tokai area.

## Opened sheet metal repair shop at FIX MAN maintenance facility

In November 2019, we opened a new sheet metal repair shop at our company-owned and operated FIX MAN maintenance facility in Sapporo City. With this addition, FIX MAN is now an integrated facility that can provide not only vehicle inspections and repairs, but also sheet metal and paint work, making it possible to deliver better services to customers.

Note: Typhoon Hagibis (Typhoon No. 19), which struck Japan in October 2019, had a minimal impact on earning.



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# Appendix

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# Changes in Accounting Estimates

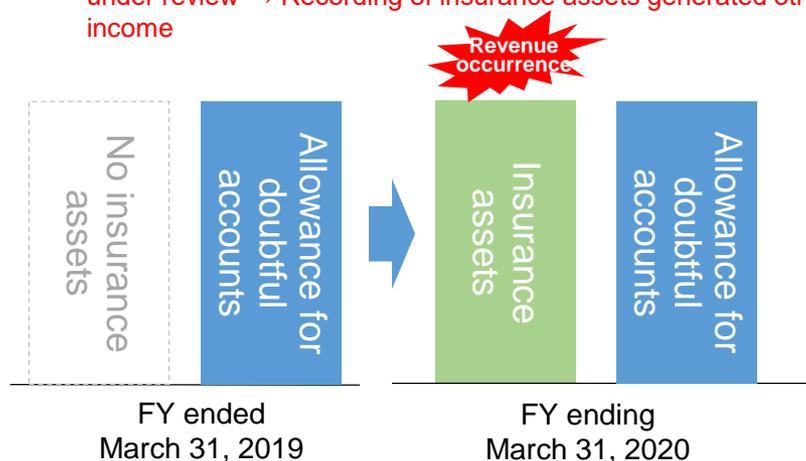
**Insurance assets\* will be booked** from the fiscal year ending March 31, 2020 because it is now possible to make reasonable forecasts of future insurance income related to insurance transactions in the mainstay credit finance business based on the **insurance management structure now in place.**

The timing of recording insurance assets and allowance for doubtful accounts is the same, which **significantly reduces the negative effects on P/L.**

\* Insurance assets: An item on the balance sheet (B/S) indicating the total of insurance proceeds expected to be received in the future

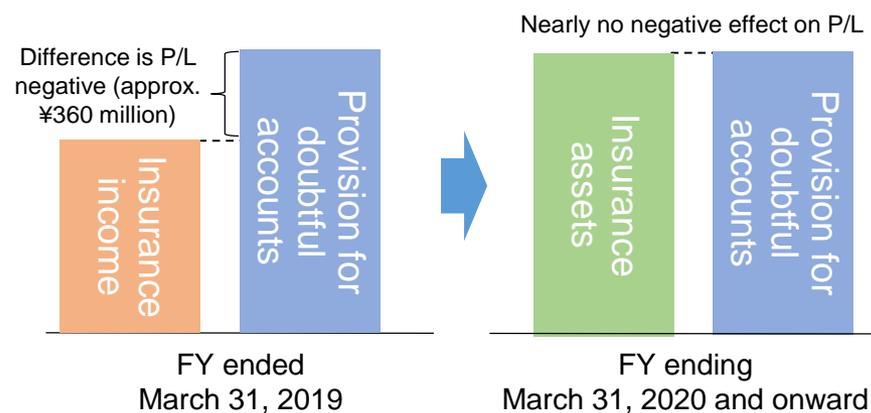
## Insurance assets versus receivables in FY ended March 31, 2019 and prior

- (1) Insurance assets were not recorded in the previous fiscal year
- (2) Insurance assets versus receivables in the previous fiscal year and prior were booked as a one-off in Q1 of the fiscal year under review → Recording of insurance assets generated other income



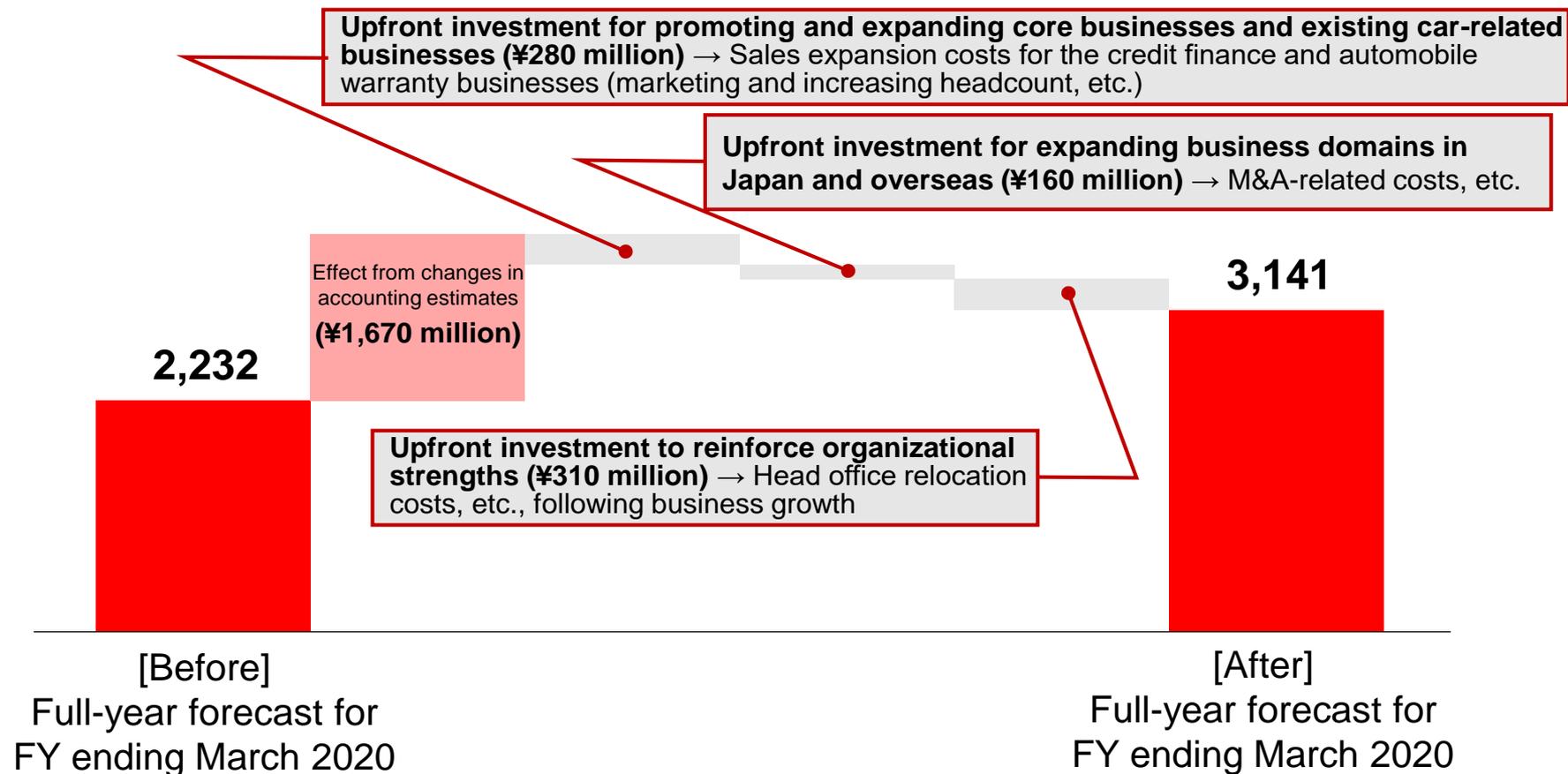
## Insurance assets versus receivables in FY ending March 31, 2020 and later

- (1) In the previous fiscal year, insurance income and provision for doubtful accounts were individually recorded in P/L
- (2) From this fiscal year, the difference between insurance assets and allowance for doubtful accounts (nearly zero) is recorded in P/L



# Revisions to Full-Year Earnings Forecast

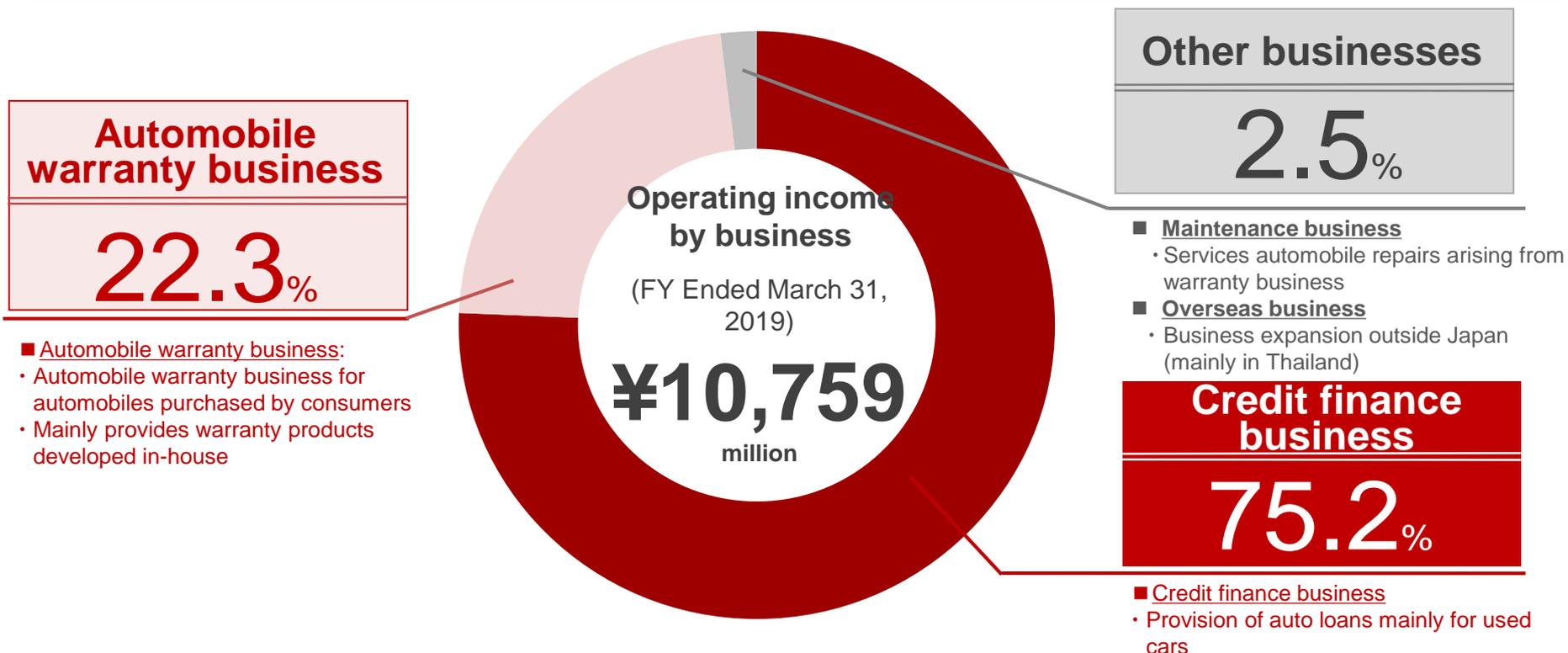
- ✓ Full-year profit before tax forecast revised upward to ¥3,141 million (announced Aug. 8)
- ✓ Effect from changes in accounting estimates expected to be ¥1,670 million for the full-year
- ✓ Upfront investment aimed at long-term growth will be executed as planned (see below)



# Company Profile

|  |  |
|--|--|
| <b>Name</b>                                  | Premium Group Co., Ltd.  |
| <b>Securities Code / Exchange</b>            | 7199 / First Section of Tokyo Stock Exchange   |
| <b>Established</b>                           | May 25, 2015<br>Note: G-ONE Credit Services Co., Ltd. (currently, Premium Financial Services, Co., Ltd.) was established in 2007.  |
| <b>Head Office</b>                           | Roppongi First Building, 1-9-9 Roppongi, Minato-ku, Tokyo  |
| <b>President and Representative Director</b> | Yohichi Shibata  |
| <b>Number of Issued Shares</b>               | 13,214,700 (as of September 30, 2019)<br>Note: The Company executed a 1-for-2 share split on April 1, 2019.  |
| <b>Capital</b>                               | ¥1,615,363,000 (as of September 30, 2019)  |
| <b>Number of Employees</b>                   | 464 (as of September 30, 2019)<br>Note: Total Group employees excluding temporary employees  |
| <b>Main Shareholders</b>                     | Coupland Cardiff Asset Management LLP: 8.10%<br>BNY Mellon Asset Management Japan Limited: 6.56%<br>Mitsubishi UFJ Financial Group, Inc.: 6.49%<br>Sumitomo Mitsui Trust Asset Management Co., Ltd.: 6.14%<br>Blackrock Japan Co., Ltd.: 5.34%<br>(As of October 21, 2019; referencing the report on changes in large volume holdings, etc.) |
| <b>Description of Business</b>               | Auto credit finance business, development and marketing of warranty products, operation of automobile maintenance facilities in Japan, and consulting business as well as warranty business outside Japan (Thailand, etc.)   |

# Overview of Premium Group



## Stock-type business

Stock-type profit structure for both credit finance and warranty businesses where profit is deferred

**Business model expected to see consistent growth**

## Cash rich

Stable cash position for both credit finance and automobile warranty businesses underpinned by “lump-sum advance” of funds and guarantee commission payments

**Business model with robust cash flows**

(Thousand yen)

|  | 【Reference】<br>FY18<br>(As of March 31, 2018) | FY19<br>(As of March 31, 2019) | Q1 FY20<br>(As of June 30, 2019) | Q2 FY20<br>(As of September 30, 2019) | Compared to previous<br>quarter | QoQ           |
|--|---|--------------------------------|----------------------------------|---------------------------------------|---------------------------------|---------------|
| <b>Assets</b>  |   |                                |                                  |                                       |                                 |               |
| Cash and cash equivalents                            | 6,343,582                                     | 6,186,088                      | 5,420,578                        | 6,787,439                             | 109.7%                          | 125.2%        |
| Financing receivables                                | 10,793,237                                    | 14,746,300                     | 16,415,151                       | 17,956,554                            | 121.8%                          | 109.4%        |
| Other financial assets                               | 2,170,988                                     | 3,293,278                      | 4,238,787                        | 5,054,855                             | 153.5%                          | 119.3%        |
| Property, plant and equipment                        | 416,140                                       | 480,968                        | 918,613                          | 900,183                               | 187.2%                          | 98.0%         |
| Intangible assets                                    | 5,614,169                                     | 5,913,048                      | 5,930,345                        | 5,917,585                             | 100.1%                          | 99.8%         |
| Goodwill   | 2,462,697                                     | 2,692,807                      | 3,860,438                        | 3,873,701                             | 143.9%                          | 100.3%        |
| Investments accounted for using equity method        | 2,127,470                                     | 2,194,920                      | 2,138,260                        | 2,149,280                             | 97.9%                           | 100.5%        |
| Deferred tax assets                                  | 181,245                                       | 608,681                        | -                                | -                                     | -                               | -             |
| Other assets   | 5,822,195                                     | 7,423,774                      | 8,018,238                        | 9,313,238                             | 125.5%                          | 116.2%        |
| Insurance assets                                     | -   | -                              | 2,471,483                        | 2,390,524                             | -                               | 96.7%         |
| <b>Total assets</b>                                  | <b>35,931,722</b>                             | <b>43,539,864</b>              | <b>49,411,893</b>                | <b>54,343,358</b>                     | <b>124.8%</b>                   | <b>110.0%</b> |
| <b>Liabilities</b>                                   |   |                                |                                  |                                       |                                 |               |
| Financial guarantee contracts                        | 13,509,763                                    | 17,086,049                     | 18,343,052                       | 19,876,558                            | 116.3%                          | 108.4%        |
| Borrowings   | 8,317,310                                     | 10,636,788                     | 13,964,403                       | 15,760,597                            | 148.2%                          | 112.9%        |
| Other financial liabilities                          | 2,626,285                                     | 3,140,363                      | 3,060,462                        | 3,458,595                             | 110.1%                          | 113.0%        |
| Provisions   | 57,550  | 69,804                         | 81,887                           | 82,052                                | 117.5%                          | 100.2%        |
| Income taxes payable                                 | 382,204                                       | 642,852                        | 259,524                          | 546,882                               | 85.1%                           | 210.7%        |
| Deferred tax liabilities                             | 1,649,442                                     | 1,598,776                      | 1,669,900                        | 1,794,445                             | 112.2%                          | 107.5%        |
| Other liabilities                                    | 3,673,326                                     | 4,836,139                      | 5,204,720                        | 5,631,037                             | 116.4%                          | 108.2%        |
| <b>Total liabilities</b>                             | <b>30,215,880</b>                             | <b>38,010,770</b>              | <b>42,583,949</b>                | <b>47,150,166</b>                     | <b>124.0%</b>                   | <b>110.7%</b> |
| <b>Equity</b>  |   |                                |                                  |                                       |                                 |               |
| Equity attributable to owners of parent              |   |                                |                                  |                                       |                                 |               |
| Share capital  | 115,424                                       | 226,792                        | 1,422,671                        | 1,457,644                             | 642.7%                          | 102.5%        |
| Capital surplus                                      | 3,015,170                                     | 2,412,157                      | 1,247,305                        | 1,247,344                             | 51.7%                           | 100.0%        |
| Treasury shares                                      | -   | △ 590                          | △ 590                            | △ 590                                 | 100.0%                          | 100.0%        |
| Retained earnings                                    | 2,470,246                                     | 2,692,763                      | 3,957,900                        | 4,257,654                             | 158.1%                          | 107.6%        |
| Other components of equity                           | 109,595                                       | 132,549                        | 136,372                          | 149,235                               | 112.6%                          | 109.4%        |
| <b>Total equity attributable to owners of parent</b> | <b>5,710,435</b>                              | <b>5,463,671</b>               | <b>6,763,659</b>                 | <b>7,111,286</b>                      | <b>130.2%</b>                   | <b>105.1%</b> |
| Non-controlling interests                            | 5,407   | 65,423                         | 64,285                           | 81,906                                | 125.2%                          | 127.4%        |
| <b>Total equity</b>                                  | <b>5,715,842</b>                              | <b>5,529,094</b>               | <b>6,827,944</b>                 | <b>7,193,192</b>                      | <b>130.1%</b>                   | <b>105.3%</b> |
| <b>Total liabilities and equity</b>                  | <b>35,931,722</b>                             | <b>43,539,864</b>              | <b>49,411,893</b>                | <b>54,343,358</b>                     | <b>124.8%</b>                   | <b>110.0%</b> |

# P/L (April 1 - September 30)

(Thousand yen)

|   | Q2 FY19<br>(April 1, 2018 - September 30, 2018) | FY19<br>(April 1, 2018 - March 31, 2019) | Q2 FY20<br>(April 1, 2019 - September 30, 2019) | YoY     | Compared to previous quarter |
|---|---|--|---|---------|------------------------------|
| Operating income  | 5,182,994                                       | 10,759,236                               | 6,658,562                                       | 128.5%  | 61.9%                        |
| Other finance income  | 2,066   | 146,407                                  | 105,145   | 5088.2% | 71.8%                        |
| Share of profit of investments<br>accounted for using equity method | 55,918  | 48,508                                   | -   | -       | -                            |
| Other income  | 561,008   | 1,180,235                                | 2,095,231                                       | 373.5%  | 177.5%                       |
| Total income  | 5,801,987                                       | 12,134,386                               | 8,858,938                                       | 152.7%  | 73.0%                        |
| Operating expenses  | 4,741,027                                       | 10,001,457                               | 5,742,197                                       | 121.1%  | 57.4%                        |
| Other finance costs   | 18,344  | 34,037                                   | 19,674  | 107.3%  | 57.8%                        |
| Share of loss of investments<br>accounted for using equity method   | -   | -  | 43,202  | -       | -                            |
| Other expenses  | 95  | 1,883                                    | 1,694   | 1786.6% | 90.0%                        |
| Total expenses  | 4,759,466                                       | 10,037,377                               | 5,806,767                                       | 122.0%  | 57.9%                        |
| Profit before tax   | 1,042,521                                       | 2,097,009                                | 3,052,170                                       | 292.8%  | 145.5%                       |
| Income tax expense  | 346,278   | 706,423                                  | 1,201,765                                       | 347.1%  | 170.1%                       |
| Profit  | 696,243   | 1,390,587                                | 1,850,405                                       | 265.8%  | 133.1%                       |
| Profit attributable to:   |   |  |   |         |                              |
| Owners of parent  | 694,151   | 1,387,507                                | 1,845,417                                       | 265.9%  | 133.0%                       |
| Non-controlling interests   | 2,092   | 3,080                                    | 4,989   | 238.5%  | 162.0%                       |

|  | Q2 FY19<br>(April 1, 2018 - September 30, 2018) | FY19<br>(April 1, 2018 - March 31, 2019) | Q2 FY20<br>(April 1, 2019 - September 30, 2019) | YoY    | Compared to previous quarter |
|--|---|--|---|--------|------------------------------|
| Operating income                                   |   |  |   |        |                              |
| Finance income                                     | 3,443,277                                       | 7,017,034                                | 3,860,194                                       | 112.1% | 55.0%                        |
| Warranty revenue                                   | 1,154,551                                       | 2,395,276                                | 1,783,602                                       | 154.5% | 74.5%                        |
| Other commission sales                             | 509,276   | 1,077,833                                | 611,689   | 120.1% | 56.8%                        |
| Software sales                                     | -   | 132,115                                  | 193,254   | -      | 146.3%                       |
| Revenue from the exercise of<br>insurance policies | -   | -  | 101,732   | -      | -                            |
| Other  | 75,891  | 136,978                                  | 108,092   | 142.4% | 78.9%                        |
| Total  | 5,182,994                                       | 10,759,236                               | 6,658,562                                       | 128.5% | 61.9%                        |

|  | Q2 FY19<br>(April 1, 2018 - September 30, 2018) | FY19<br>(April 1, 2018 - March 31, 2019) | Q2 FY20<br>(April 1, 2019 - September 30, 2019) | YoY    | Compared to previous quarter |
|--|---|--|---|--------|------------------------------|
| Operating expenses                                     |   |  |   |        |                              |
| Finance costs  | 24,225  | 52,454                                   | 46,872  | 193.5% | 89.4%                        |
| Guarantee commission                                   | 593,913   | 1,247,469                                | 853,193   | 143.7% | 68.4%                        |
| Impairment losses<br>(provision for doubtful accounts) | 776,592   | 1,581,067                                | 23,028  | 3.0%   | 1.5%                         |
| Employee benefit expenses                              | 1,238,864                                       | 2,601,884                                | 1,561,338                                       | 126.0% | 60.0%                        |
| Warranty cost  | 806,038   | 1,590,125                                | 1,221,776                                       | 151.6% | 76.8%                        |
| System operation costs                                 | 214,619   | 299,036                                  | 322,364   | 150.2% | 107.8%                       |
| Depreciation   | 31,525  | 114,520                                  | 55,924  | 177.4% | 48.8%                        |
| Amortization   | 101,274   | 217,437                                  | 128,518   | 126.9% | 59.1%                        |
| Right-of-use asset depreciation                        | -   | -  | 186,221   | -      | -                            |
| Taxes and dues   | 187,315   | 388,975                                  | 235,185   | 125.6% | 60.5%                        |
| Commission expenses                                    | 226,914   | 548,717                                  | 367,341   | 161.9% | 66.9%                        |
| Rent expenses on land and buildings                    | 139,745   | 287,947                                  | 19,460  | 13.9%  | 6.8%                         |
| Outsourcing expenses                                   | 111,926   | 372,867                                  | 110,773   | 99.0%  | 29.7%                        |
| Other operating expenses                               | 288,078   | 698,961                                  | 610,204   | 211.8% | 87.3%                        |
| Total  | 4,741,027                                       | 10,001,457                               | 5,742,197                                       | 121.1% | 57.4%                        |

# P/L (July 1 - September 30)

(Thousand yen)

|   | Q2 FY19<br>(July 1, 2018 - September 30, 2018) | Q1 FY20<br>(April 1, 2019 - June 30, 2019) | Q2 FY20<br>(July 1, 2019 - September 30, 2019) | YoY     | QoQ     |
|---|--|--|--|---------|---------|
| Operating income  | 2,641,405                                      | 3,148,563                                  | 3,509,999                                      | 132.9%  | 111.5%  |
| Other finance income  | 1,355  | 6,789                                      | 98,356   | 7260.0% | 1448.8% |
| Share of profit of investments<br>accounted for using equity method | 31,088   | 0  | 18,581   | -       | -       |
| Other income  | 559,583  | 2,064,527                                  | 30,703   | 5.5%    | 1.5%    |
| Total income  | 3,233,431                                      | 5,219,879                                  | 3,657,640                                      | 113.1%  | 0.0%    |
| Operating expenses  | 2,533,872                                      | 2,784,040                                  | 2,958,158                                      | 116.7%  | 106.3%  |
| Other finance costs   | 7,122  | 9,165                                      | 10,509   | 147.6%  | 114.7%  |
| Share of loss of investments<br>accounted for using equity method   | -  | 61,783                                     | -  | -       | -       |
| Other expenses  | 93   | 864  | 830  | 891.6%  | 96.1%   |
| Total expenses  | 2,541,087                                      | 2,855,852                                  | 2,969,497                                      | 116.9%  | 0.0%    |
| Profit before tax   | 692,343  | 2,364,027                                  | 688,143  | 99.4%   | 29.1%   |
| Income tax expense  | 229,965  | 819,521                                    | 382,244  | 166.2%  | 46.6%   |
| Profit  | 462,379  | 1,544,507                                  | 305,899  | 66.2%   | 19.8%   |
| Profit attributable to:   |  |  |  |         |         |
| Owners of parent  | 460,604  | 1,545,663                                  | 299,754  | 65.1%   | 19.4%   |
| Non-controlling interests   | 1,774  | △ 1,156                                    | 6,145  | 346.4%  | △531.5% |

|  | Q2 FY19<br>(July 1, 2018 - September 30, 2018) | Q1 FY20<br>(April 1, 2019 - June 30, 2019) | Q2 FY20<br>(July 1, 2019 - September 30, 2019) | YoY    | QoQ    |
|--|--|--|--|--------|--------|
| Operating income                                   |  |  |  |        |        |
| Finance income                                     | 1,759,821                                      | 1,877,895                                  | 1,982,299                                      | 112.6% | 105.6% |
| Warranty revenue                                   | 588,752  | 876,684                                    | 906,918  | 154.0% | 103.4% |
| Other commission sales                             | 254,198  | 279,934                                    | 331,755  | 130.5% | 118.5% |
| Software sales                                     | -  | 68,683                                     | 124,571  | -      | 181.4% |
| Revenue from the exercise of<br>insurance policies | -  | -  | 101,732  | -      | -      |
| Other  | 38,635   | 45,367                                     | 62,725   | 162.4% | 138.3% |
| Total  | 2,641,405                                      | 3,148,563                                  | 3,509,999                                      | 132.9% | 111.5% |

|  | Q2 FY19<br>(July 1, 2018 - September 30, 2018) | Q1 FY20<br>(April 1, 2019 - June 30, 2019) | Q2 FY20<br>(July 1, 2019 - September 30, 2019) | YoY     | QoQ    |
|--|--|--|--|---------|--------|
| Operating expenses                                     |  |  |  |         |        |
| Finance costs  | 13,066   | 27,888                                     | 18,984   | 145.3%  | 68.1%  |
| Guarantee commission                                   | 304,709  | 383,379                                    | 469,814  | 154.2%  | 122.5% |
| Impairment losses<br>(provision for doubtful accounts) | 441,825  | 34,206                                     | △ 11,178                                       | △ 2.5%  | △32.7% |
| Employee benefit expenses                              | 670,451  | 743,577                                    | 817,761  | 122.0%  | 110.0% |
| Warranty cost  | 413,650  | 588,678                                    | 633,098  | 153.1%  | 107.5% |
| System operation costs                                 | 97,553   | 152,499                                    | 169,865  | 174.1%  | 111.4% |
| Depreciation   | 1,892  | 22,675                                     | 33,249   | 1757.0% | 146.6% |
| Amortization   | 45,872   | 64,051                                     | 64,467   | 140.5%  | 100.6% |
| Right-of-use asset depreciation                        | -  | 91,765                                     | 94,456   | -       | 102.9% |
| Taxes and dues   | 95,972   | 112,290                                    | 122,896  | 128.1%  | 109.4% |
| Commission expenses                                    | 156,832  | 178,516                                    | 188,826  | 120.4%  | 105.8% |
| Rent expenses on land and buildings                    | 70,867   | 8,274                                      | 11,185   | 15.8%   | 135.2% |
| Outsourcing expenses                                   | 68,280   | 47,007                                     | 63,766   | 93.4%   | 135.7% |
| Other operating expenses                               | 152,902  | 329,234                                    | 280,970  | 183.8%  | 85.3%  |
| Total  | 2,533,872                                      | 2,784,040                                  | 2,958,158                                      | 116.7%  | 106.3% |