Financial Results Presentation
for Q1 of FY Ending March 31, 2021

August 14, 2020

TSE First Section: 7199

Premium Group Co., Ltd.

Contents

(1) Summary of Financial Results for Q1 of FY Ending March 31, 2021

Highlights from Q1 of FY Ending March 31, 2021

- ✓ **Operating income increasing steadily driven by strength of stock-business model, which continuously increases profits**
- ✓ **Total volume of main businesses declined YoY due to the impacts of COVID-19**

Performance	**Operating income: ¥4,022 million (up 27.7%** YoY) Both credit finance business and automobile warranty business, both stock businesses, were minimally impacted by COVID-19 in terms of earnings **Future revenue (deferred income) ¥2,716 million** stocked on B/S (**up 20.5**% YoY) Credit finance business: ¥2,253 million and automobile warranty and other businesses: ¥463 million
KPIs	**Market slowed considerably on people staying at home** (See details in later page) **Credit finance business: total volume of new loans –10.8% YoY** **Automobile warranty business: Total volume of new warranties –10.5% YoY**
Topics	**Booked gain on bargain purchase of ¥590 million** following acquisition of Central Servicer Corporation in April 2020

Consolidated Performance for Q1 of FY Ending March 31, 2021

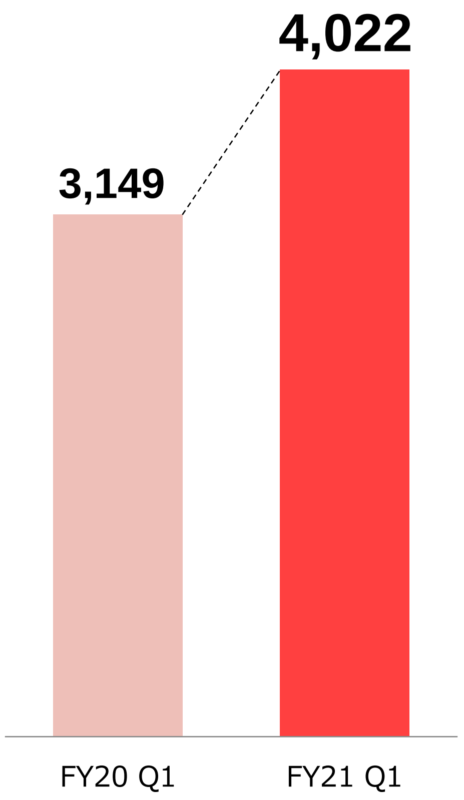
(Graph/table unit: millions of yen)

- ✓ **Operating income totaled ¥4,022 million (up 27.7% YoY) on reversal of stock from business growth**
- ✓ **Profit before tax of core business excluding one-off factors totaled ¥601 million (up 12.1% YoY)**

	FY21 Q1	FY20 Q1	YoY change
Operating income	4,022	3,149	+27.7%
Other income	613	2,065	–70.3%
Operating expenses	3,484	2,784	+25.2%
Profit before tax	1,179	2,364	–50.1%
Profit attributable to owners of parent	783	1,546	–49.3%
Basic earnings per share (yen)	61.46	117.09	–47.5%

Operating income

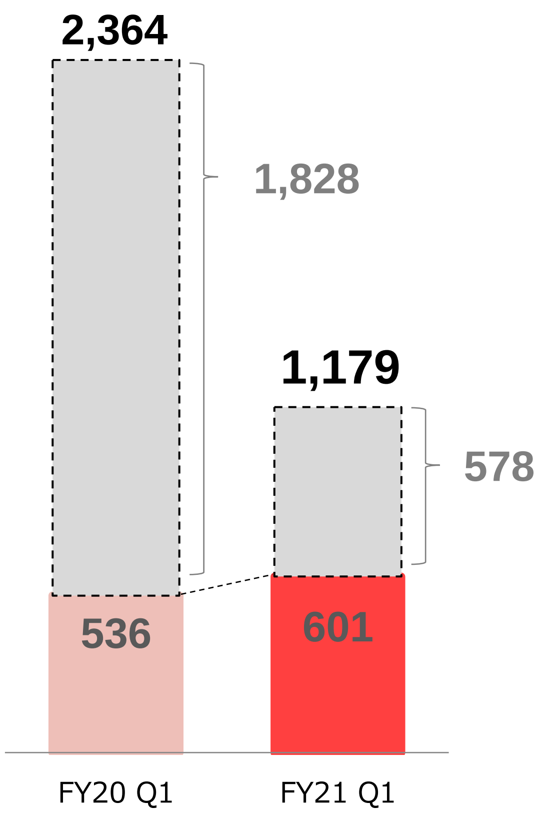
Up 27.7% YoY



Profit before tax*

Down 50.1% YoY

*Includes one-off profits (see page 6 for details)

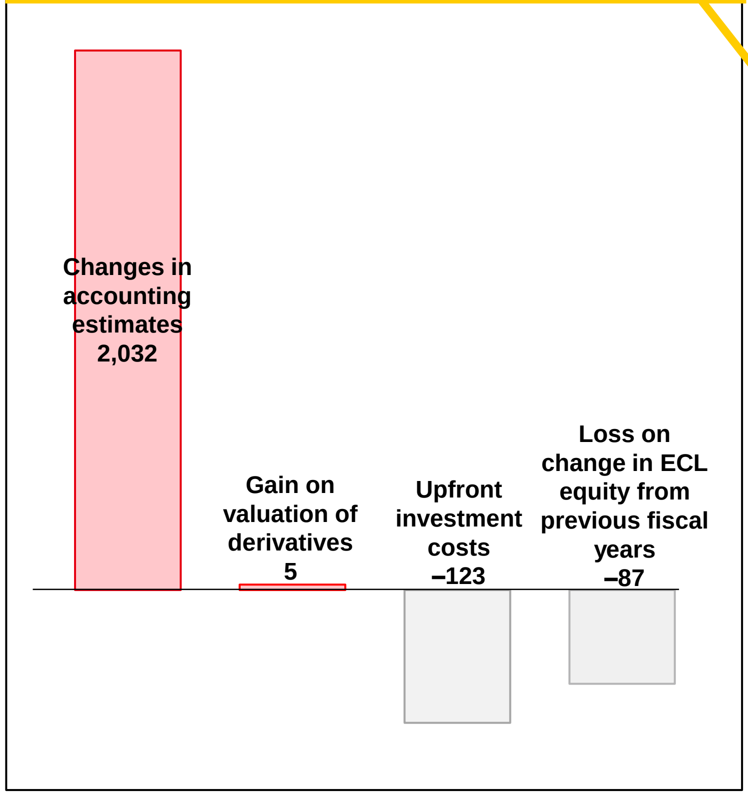


About Profit before Tax of Core Business

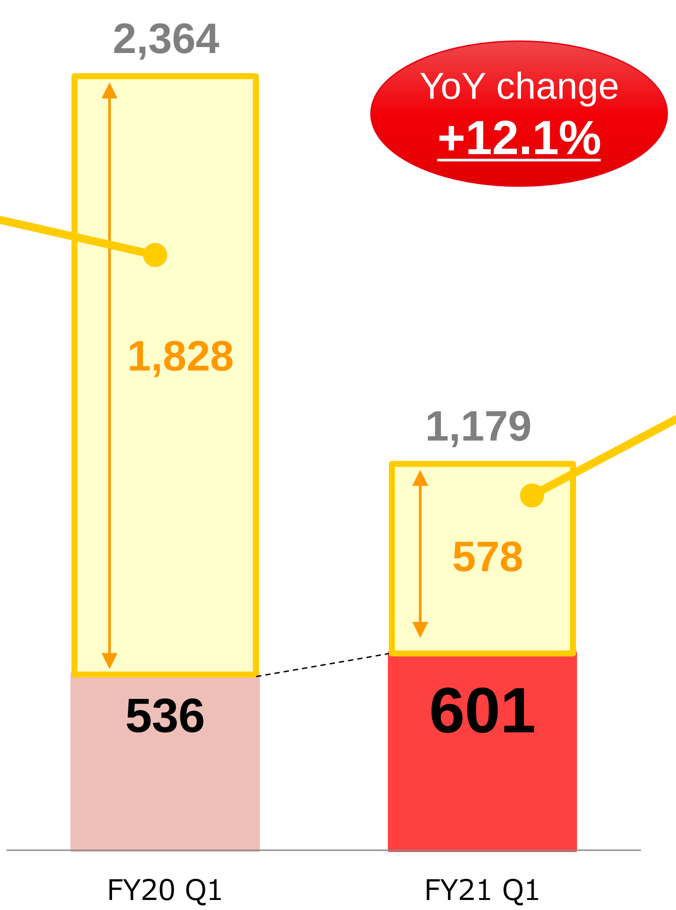
(Graph unit: millions of yen)

- ✓ **Booked one-off profits of ¥1,828 million in the previous fiscal year and ¥578 million yen this fiscal year**
- ✓ **Profit before tax of core business was up 12.1% YoY to ¥601 million, following ¥536 million in previous fiscal year**

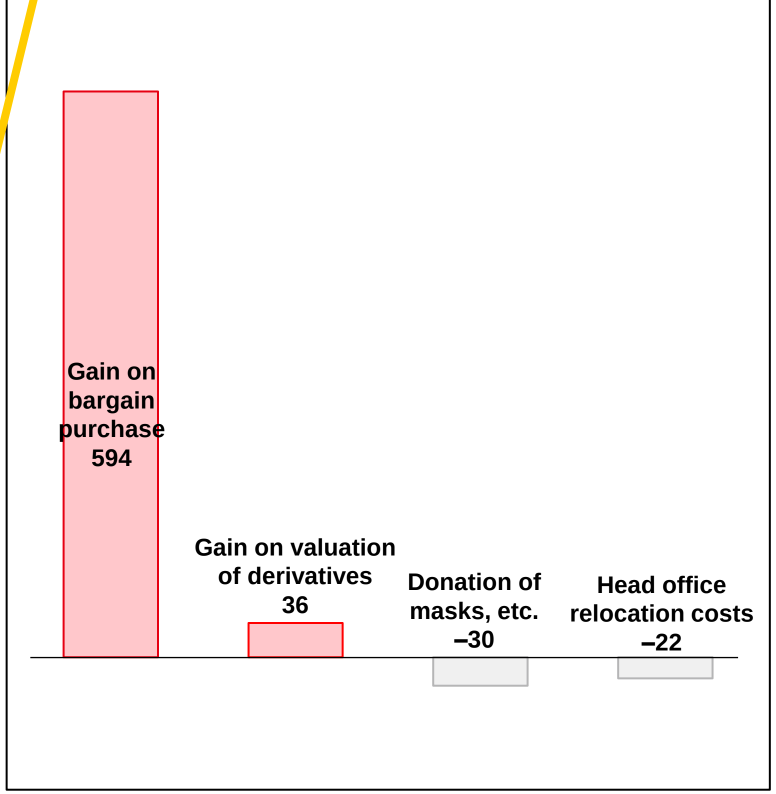
Q1 FY20: Breakdown of ¥1,828 million of one-off profit/loss



Profit before tax



Q1 FY21: Breakdown of ¥578 million of one-off profit/loss

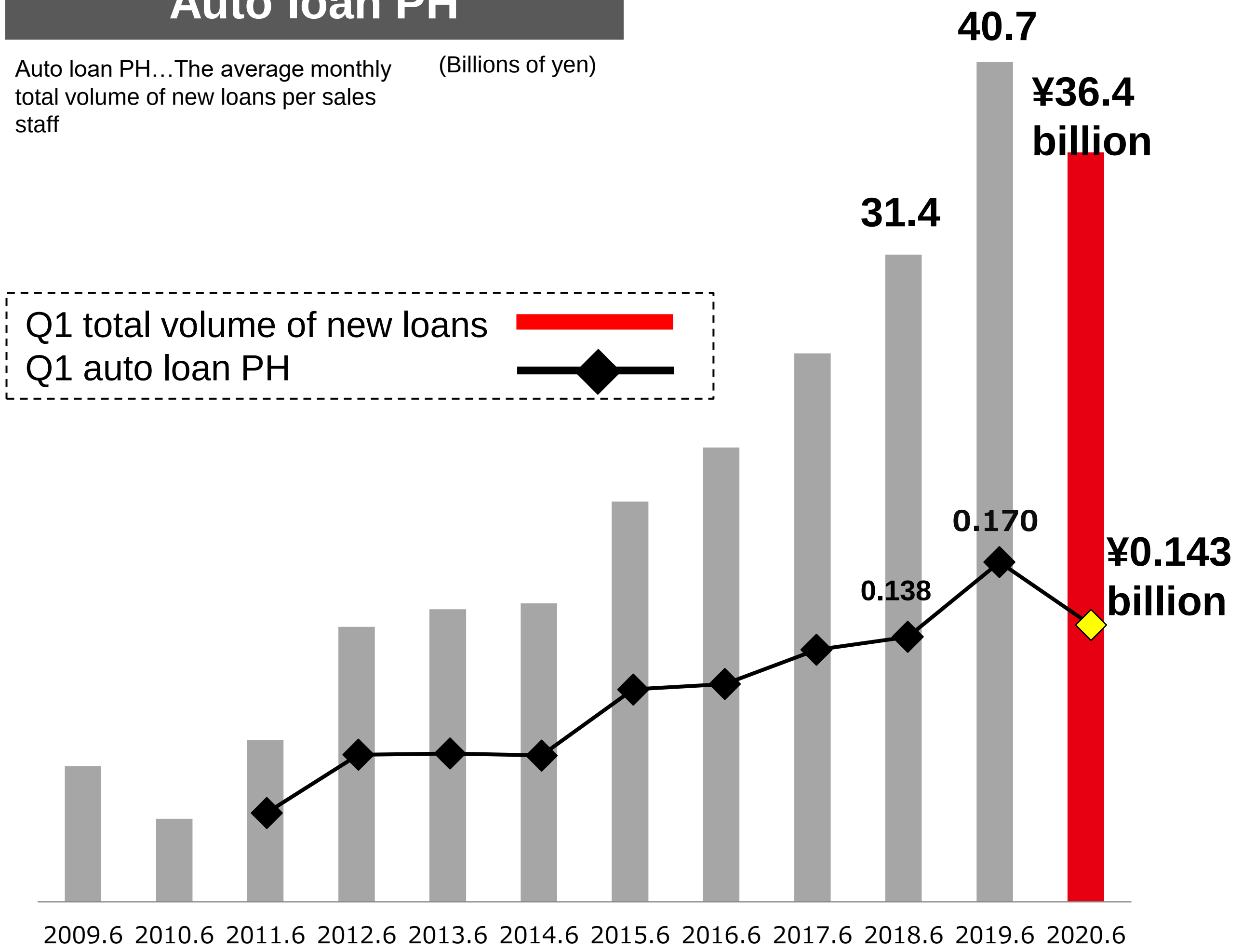


Credit Finance Business: Total Volume of New Loans

Total volume of new loans

Auto loan PH

Auto loan PH…The average monthly total volume of new loans per sales staff



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 Premium Co., Ltd.
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 of Premium Co., Ltd.

Total volume of new loans:

–10.8% YoY

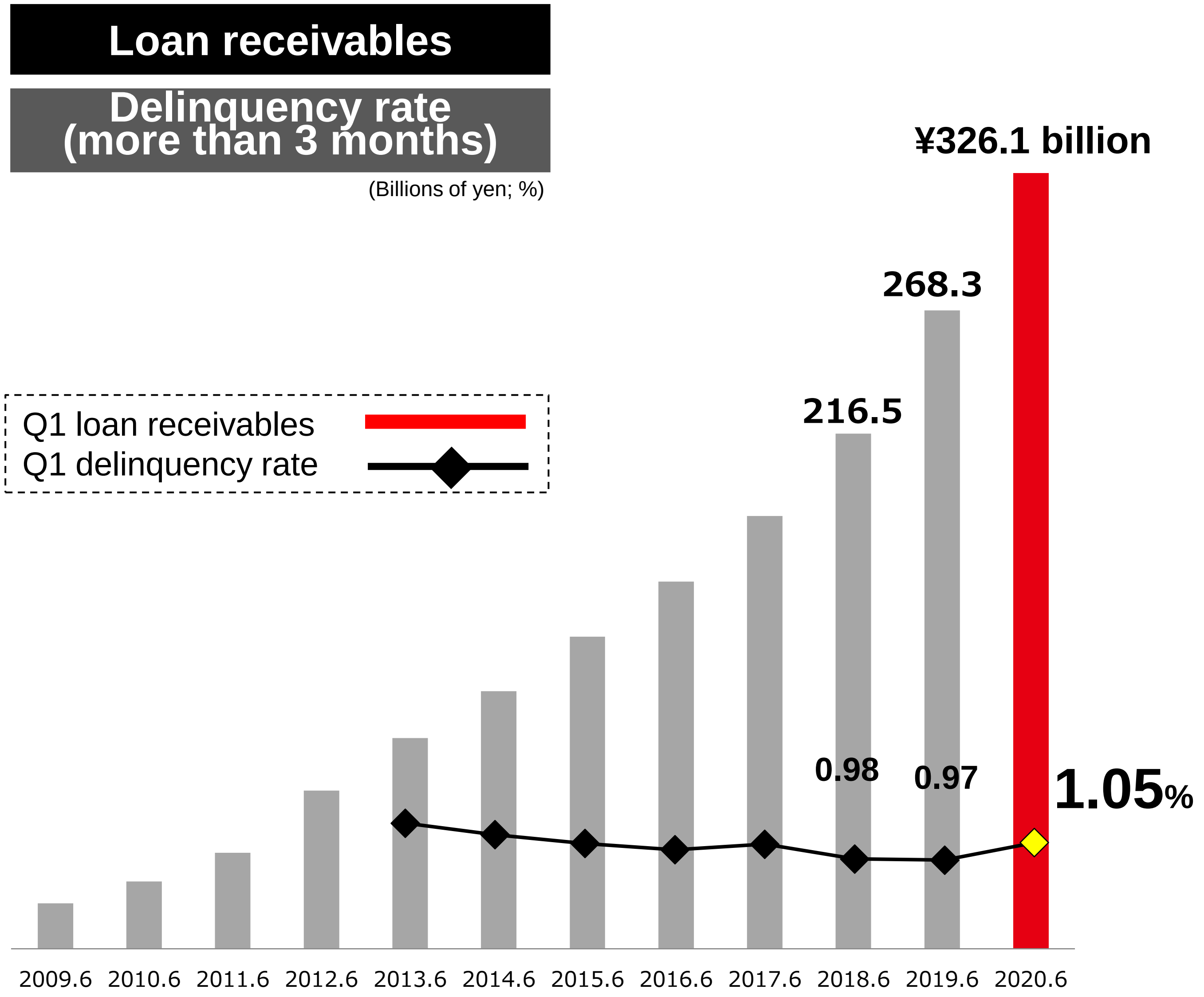
Auto loan PH:

–16.0% YoY

Factors driving change

- **Loan volume declined due to the slowdown in the number of new and used passenger vehicles registered and reduced sales activities due to restraint for going out**
  ・Auto loan sales staff: 82 (77 in previous Q1)
- **Delayed development of paperless system using online applications**
  → Restarted in July to improve convenience and productivity
- **Seek to maintain and improve screening level and profit margin, despite market headwinds**

Credit Finance Business: Loan Receivables



Loan receivables:

+21.6% YoY

Delinquency rate:

1.05%

Factors driving change

- **The delinquency rate has risen slightly since collection activities have stopped temporarily due to the stoppage of court operations caused by COVID-19**

→ **Courts getting back to normal after reopening from the end of May**

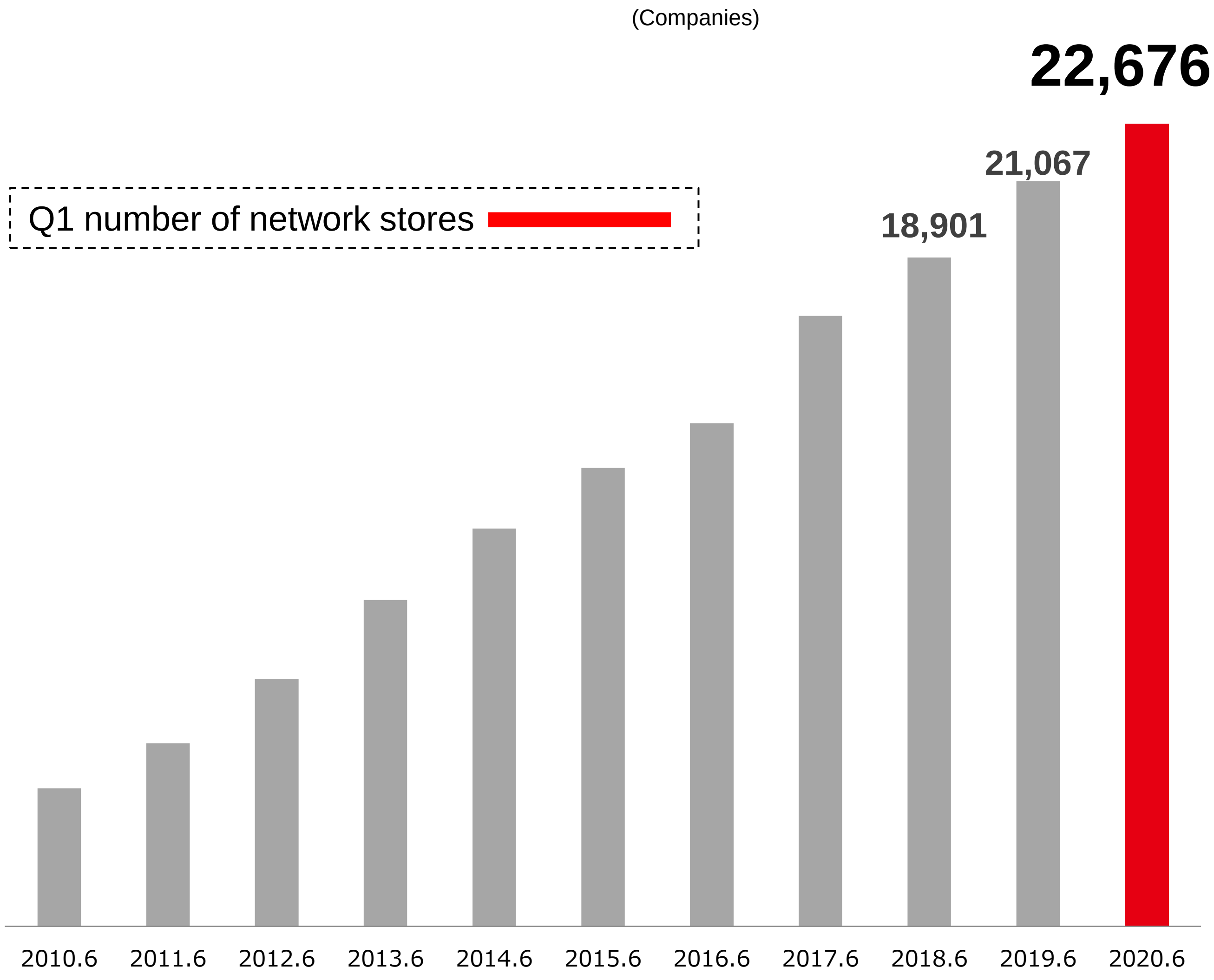
→ **June's initial arrears clearance was a record high for us**

→ **Bolstered and improved collections capability with inclusion of Central Servicer Corporation in the Group**

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 Premium Co., Ltd.
2. "Delinquency rate" refers to the total amount of 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 receivables collection index definition was revised in the fiscal year ended March 31, 2013, and are the actual results of Premium Co., Ltd.

Credit Finance Business: Number of Network Stores

Number of credit network stores



Number of credit network stores:

+7.6% YoY

Factors driving change

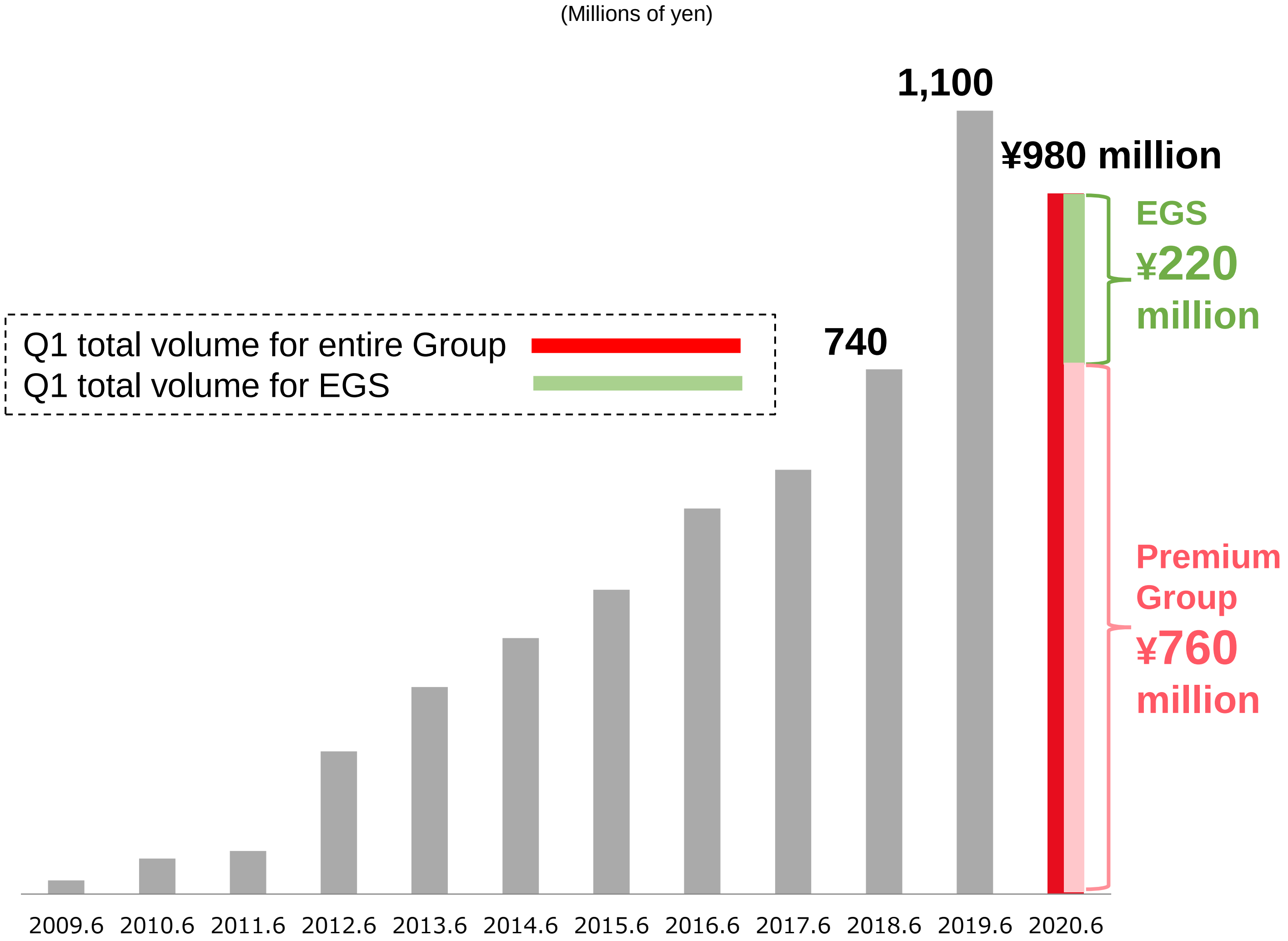
- **Refrained from new sales calls during the state of emergency**
  ・Only up 0.6% from March 31, 2020
- **Simultaneously promoted utilization of non-operating network stores**
  ・Utilized contact centers (outbound sales)

→ **Restarted efforts to establish new network stores from 2Q**
→ **Continued to promote composite transactions with existing network stores at the same time as capturing new network stores**

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 Premium Co., Ltd.
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



Automobile warranty: total volume of new warranties

–10.5% YoY

Total volume of Premium Group: –11.3% YoY
Total volume of EGS: –7.7% YoY

Factors driving change

- **Similar to auto credit, total volume declined due to the slowdown in the number of new and used passenger vehicles registered and reduced sales activities due to restraint for going out**

→ **Continued to expand composite services at network stores by cross-selling with credit**

→ **Began full-fledged efforts to tap into new network stores of EGS**

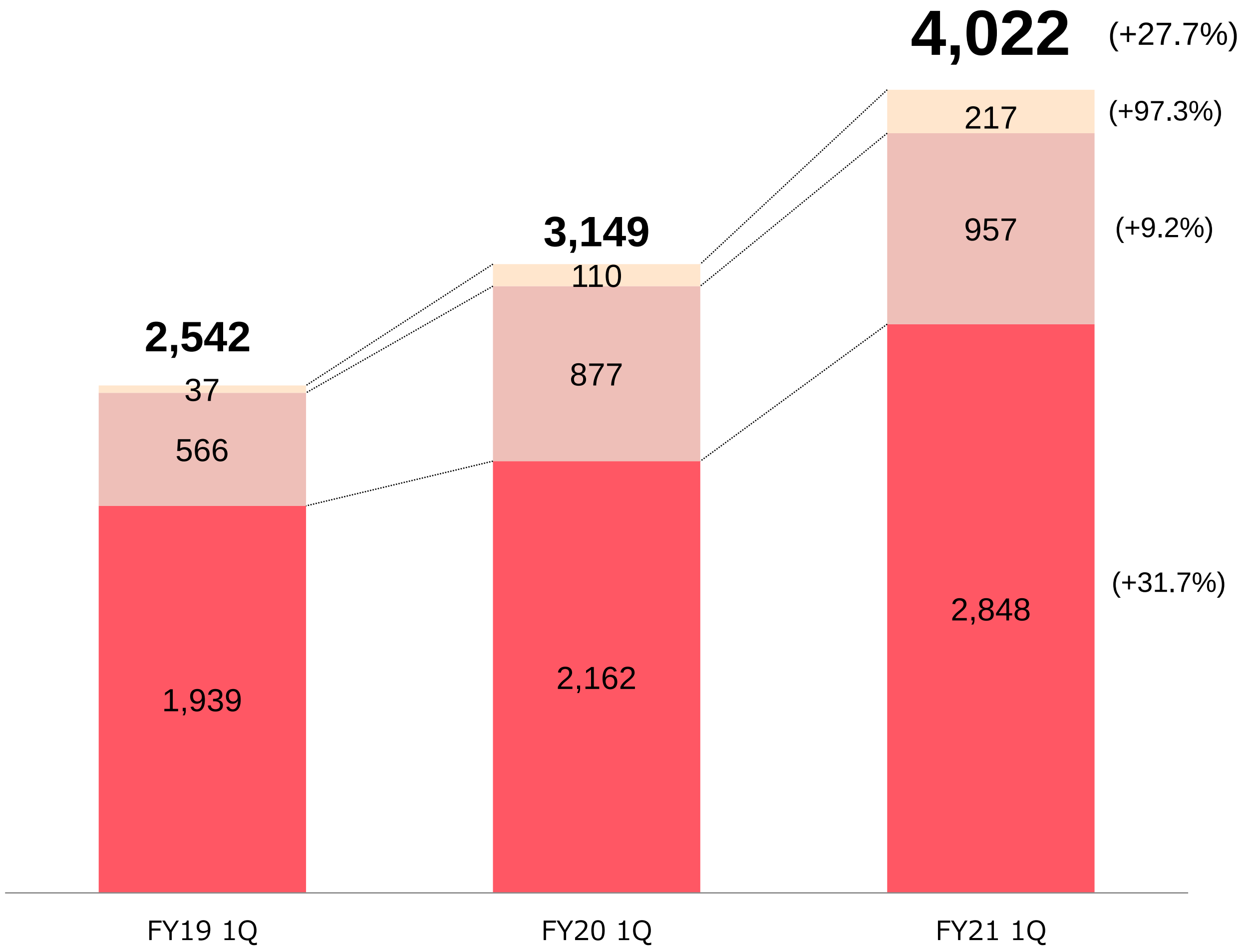
Number of new network store contracts signed by EGS: +1,341.2% YoY

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 Premium Co., Ltd. includes EGS.

Operating Income (P/L) by Segment

(Graph unit: millions of yen)
(Figures in parentheses in graph indicate YoY change)

- ✓ **Operating income by segment totaled ¥4,022 million (up 27.7% YoY)**
- ✓ **All three segments recorded growth, while new businesses and new subsidiaries drove the increase in earnings**



Earnings Characteristics of Each Segment

- **Room for further growth in all three segments**
- **The finance and automobile warranty segments are asset businesses building balances**
  (1) Stable profits
  (2) Few seasonal fluctuations in performance
  Future revenue: ¥2,716 million stocked on B/S
  (Credit finance business: ¥2,253 million and automobile warranty and other businesses: ¥463 million)
- **The new auto mobility segment will also see strong growth going forward mainly in the fee business**

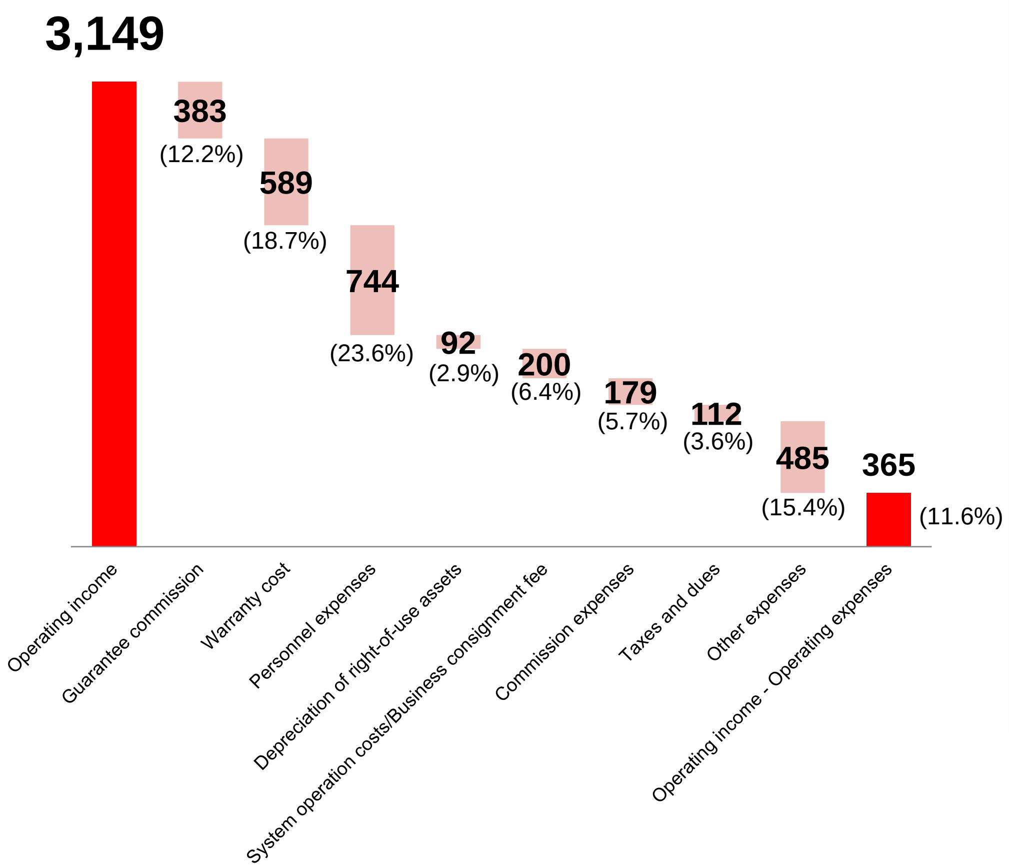
Finance segment (credit finance business, service business, leasing business)
Automobile warranty segment
Auto mobility segment (maintenance business, software business, parts business)

Trends in Operating Expenses (P/L)

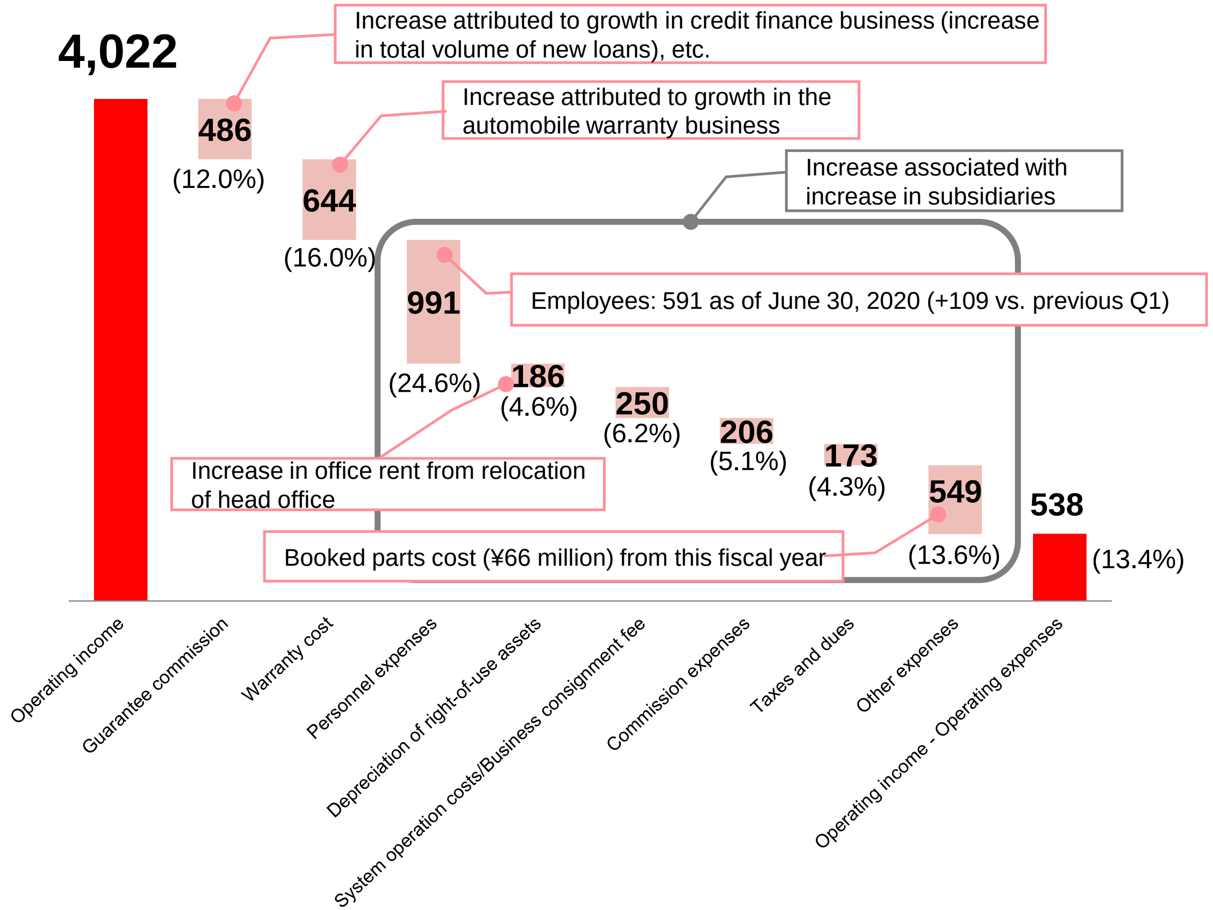
(Graph unit: millions of yen)
(Parentheses in graph indicate percentage versus operating income)

- ✓ **Operating expenses totaled ¥3,484 million (up 25.2% YoY)**
- ✓ **Expenses increased by about ¥330 million after three subsidiaries newly joined the Group (operating expenses excluding the three companies were up 13.1% YoY)**

FY20 Q1
Operating expenses ¥2,784 million



FY21 Q1
Operating expenses ¥3,484 million (up 25.2% YoY)



Other Topics

Premium

April 2020

Inclusion of Central Servicer Corporation in the Group

Central Servicer Corporation, a servicer with a wealth of experience in the collection of auto loan receivables, joined the Group. The company has a nationwide team of investigators and negotiators, which is expected to produce strong synergies with our credit finance.

April 2020

Became a supporting member of JATTO and appointed director

We joined **Japan Technical Training Organization (JATTO)**, which was established to provide information and support technology succession in the automobile maintenance industry.
We are working to provide **comprehensive support to automotive maintenance businesses** following the recent spread of advanced safety vehicles (ASV).

June 2020

Joined JANE (first to participate from the auto credit and third-party used car warranty industry)

We **joined the Japan Association of New Economy (JANE)**, which seeks to promote innovation, entrepreneurship and globalization in Japan’s economy and society. Through this membership, we will further contribute to the development of Japan's economy.

July 2020

Began paperless contracts using online credit applications

We began **paperless contracts using online credit applications** in the core auto credit business.
Through this initiative, we will improve convenience and aim for new work styles suited to an **era of living with COVID-19**.

July 2020

Launched membership service FIXMAN Club for automobile maintenance facilities

We launched membership service called **FIXMAN Club** for automobile maintenance facilities. We will provide various services to maintenance facilities that join the network, including priority delivery of vehicles for repair, personnel placement, and provision of advanced technology, etc.

(2) Impacts from the COVID-19 Pandemic

External Environment and Our Situation

- ✓ **Total volume of new auto credit has dropped sharply following negative year-on-year growth in the used car market**
- ✓ **Gross margin increased and we worked to secure high quality receivables using a service-focused sales policy, including proposals of composite products, etc.**
- ✓ **Both cash on hand and internal reserves are more than sufficient**
- ✓ **110 payment deferrals in Q1 totaling ¥170 million, representing about 0.05% of loan receivables, indicating minimal disruption**

Q1 (April–June) external environment and our situation (YoY change)			
External environment	Number of new passenger vehicles registered		–31.8%
	Number of used passenger vehicles registered		–8.2%
Our situation	Total volume of new auto credit		–11.6%
	Auto credit gross margin		+8.4%
	Payment deferrals (number/value)		110/¥172 million
	Cash position (As of June 30, 2020)	Cash and cash equivalents	¥10,236 million (+88.8% YoY)
		Short-term borrowing facilities	¥13,000 million (+73.3% YoY)
	Internal reserves (As of June 30, 2020)	Retained earnings	¥4,090 million (+3.3% YoY)
		Future expected earnings	¥27,161 million (+20.5% YoY)

Note: Auto credit gross margin is the percentage of the amount of split commission received from customers versus the total credit contract value (total volume) after deducting sales promotion expenses and cash advances.

Internal and External Initiatives for COVID-19

- ✓ **Actively implemented social and economic contribution activities**
- ✓ **Promoted initiatives to co-exist with COVID-19 giving top priority to employee safety and stopping the spread**

State of emergency (April – May)

April → May → June → July

External initiatives

Formed "Premium Value Support Project"

Support restaurants by purchasing takeout

Held financial results presentation online

Held general meeting of shareholders online

Donated medical supplies to hospitals and government agencies
(Surgical masks, protective clothing, gowns, goggles, face shields, etc.)

▼ Donation ceremony held at Saitama Prefectural Office
(Right) Motohiro Ono, Governor of Saitama Prefecture
(Left) Yohichi Shibata, President and Representative Director

Internal initiatives

Introduced and encouraged **working from home (WFH), staggered working hours, and working on weekends, as well as opened satellite offices, which are easy to reach from employees' homes**

▲ Distribution of original masks

Established the **ICT Planning Team**
Actively promoted digitization of operations

Refrained from in-person sales and shortened time spent on sales
Increased rate of employees WFH to **70%**

Introduced **Stay Home leave** (granted all employees five days of special leave)

Promoted ***inkan*** **(personal seal)-less, paperless and digital transformation (DX)**

▼ Awareness raising internally about social distancing

▼ Video shooting for sales activities

(3) Earnings Forecast for FY Ending March 31, 2021

Earnings Forecast for FY Ending March 31, 2021

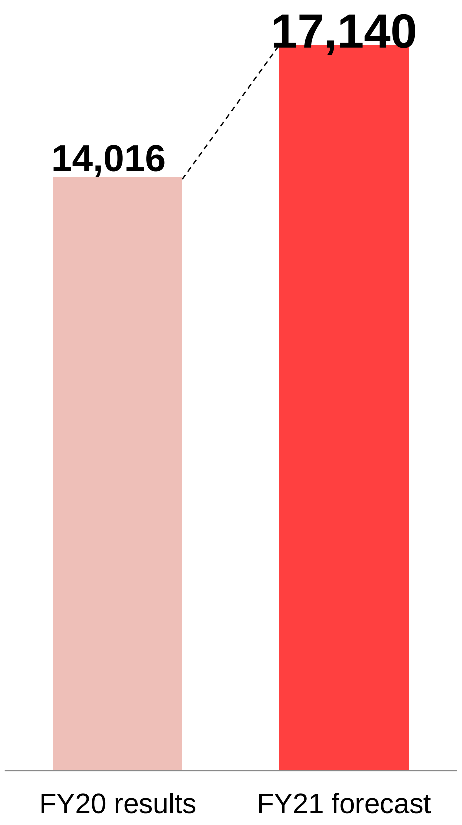
(Graph/table unit: millions of yen)

- ✓ **Disclosed now because it has become possible to forecast performance taking into account the situation of market recovery, despite the prevalence of COVID-19**
- ✓ **Expect to see consistent, ongoing growth, with increased sales, profits, and dividends, under our business structure for living with COVID-19**

	Forecast for FY ending March 31, 2021	Results for FY ended March 31, 2020	YoY change
Operating income	17,140	14,016	+22.3%
Other income	622	2,110	–70.5%
Operating expenses	14,864	12,458	+19.3%
Profit before tax	2,865	2,604	+10.0%
Profit attributable to owners of parent	1,894	1,466	+29.3%
Basic earnings per share (yen)	148.38	112.33	+32.1%
Annual dividend (yen)	45.0	44.0	+2.3%

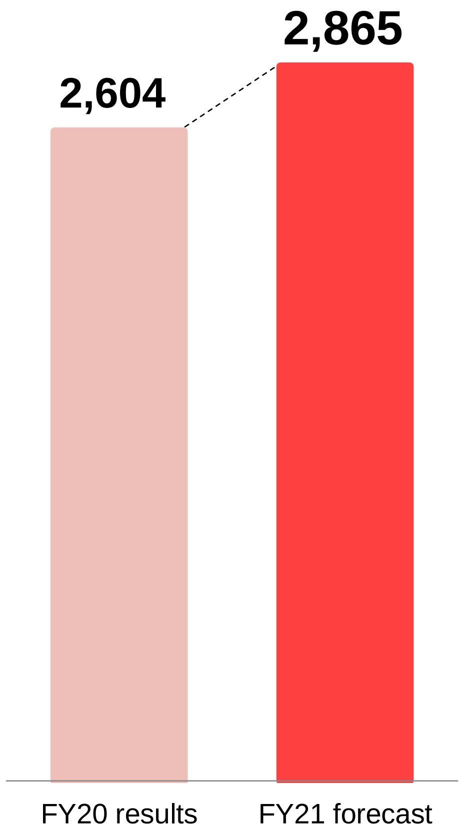
Operating income

Up 22.3% YoY



Profit before tax

Up 10.0% YoY



Comparison of Medium-Term Management Plan and Forecast for FY Ending March 31, 2021

(Table unit: millions of yen)

Premium

- ✓ Given the downturn in our core business from COVID-19, operating income is expected to **fall below the plan**, despite **additional income recorded from Central Servicer Corporation** and **growth in the auto mobility segment**
- ✓ Profit before tax expected to be **higher than planned** from **cost saving measures** and **gain on bargain purchase**

	Forecast for FY ending March 31, 2021	Medium-Term Management Plan	Comparison with Medium-Term Management Plan
Operating income	17,140	17,500	–2.1%
Profit before tax	2,865	2,400	+19.4%
Profit attributable to owners of parent	1,894	1,500	+26.3%

Topics

- Operating income
  - → **Additional income booked from Central Servicer Corporation** offset by downturn in income from credit and automobile warranty businesses
  - → Expect to see **growth in auto mobility segment**
- Profit before tax
  - → Booked gain on bargain purchase of **¥590 million**
  - → Implemented **cost saving measures**

- ✓ Medium-Term Management Plan for next fiscal year and beyond considered qualitative and quantitative review due to the impacts of COVID-19

Management Policy for FY ending March 31, 2021

- ✓ **The policy is based on the assumption that COVID-19 will not end this fiscal year and the automobile market will not see major growth**
- ✓ **Existing businesses forecast conservatively, but investment in Medium-Term Management Plan strategies will be sustained based on prudent decision-making**

Forecast of External Environment

COVID-19

- ✓ Major concerns about a **second and third wave** of COVID-19, as it remains **unclear** when the pandemic will end, and Japan's nationwide **economic growth rate is expected to continue declining**

Automobile market

- ✓ **Q2** expected to be **down YoY** given impacts of rush-in demand ahead of the consumption tax hike last year
- ✓ Forecast suggests recovery in **Q3 and beyond**, but **significant growth is not expected (forecast to be on par with previous year)**

Risks Facing the Company

- ✓ **Decline in total volume** of new loans and warranties
- ✓ **Decline in profit margin and rising delinquencies** in case of blindly increasing market share
- ✓ **Increase in delinquent receivables** from economic downturn
- ✓ **Outbreak of virus** inside the Company
- ✓ **Occurrence of cluster**

Our policy for this fiscal year

Risk Countermeasures

- ✓ **Promote DX of services for network stores**
  - ✓ Introduce online application system for all products
  - ✓ Begin paperless contracts
  - ✓ Develop portal site dedicated for network stores
- ✓ **Emphasize quality (profits and good quality receivables) over quantity (market share)**
- ✓ **Improve collection capabilities from synergies with Central Servicer Corporation**
- ✓ **Improve credit screening levels**
- ✓ **Modify office layout and open satellite offices**
- ✓ **Promote DX of operating environment** (Paperless, *inkan*-less, WFH infrastructure, etc.)

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Medium-Term Management Plan Strategy

- ✓ **Quickly launch auto mobility services**
  - ✓ Begin and quickly expand membership services: **FIXMAN CLUB** service for maintenance facilities and **PREMIUM CLUB** service for automobile dealers
  - ✓ Develop **Global Warranty Platform** as online application and administrative system for automobile warranties
  - ✓ Make parts sales business and automobile logistics business profitable
  - ✓ Expand **FIXMAN** brand maintenance facilities nationwide through maintenance network expansion

(4) Appendix

Company Profile

Name	Premium Group Co., Ltd.
Securities Code / Exchange	7199 / First Section of Tokyo Stock Exchange
Established	May 25, 2015 Note: G-ONE Credit Services Co., Ltd. (currently, Premium Co., Ltd.) was established in 2007.
Head Office	The Okura Prestige Tower, 2-10-4 Toranomon, Minato-ku, Tokyo
President and Representative Director	Yohichi Shibata
Number of Issued Shares	13,274,500 (as of March 31, 2020) Note: The Company executed a 1-for-2 share split on April 1, 2019.
Capital	¥1,622,838,000 (non-consolidated; as of March 31, 2020)
Number of Employees	591 (consolidated; as of June 30, 2020) (Note) Number of persons employed by the Group excluding temporary workers
Main Shareholders	Coupland Cardiff Asset Management LLP: 8.10% BNY Mellon Asset Management Japan Limited: 7.59% Russell Investments Implementation Services, LLC: 7.16% Mitsubishi UFJ Financial Group, Inc.: 5.27% (As of July 31, 2020; referencing the report on changes in large volume holdings, etc.)
Description of Business	・Finance in Japan ・Development and marketing of automotive warranty products ・Provision of auto mobility services ・Credit consulting business and warranty business outside Japan (Thailand, etc.)

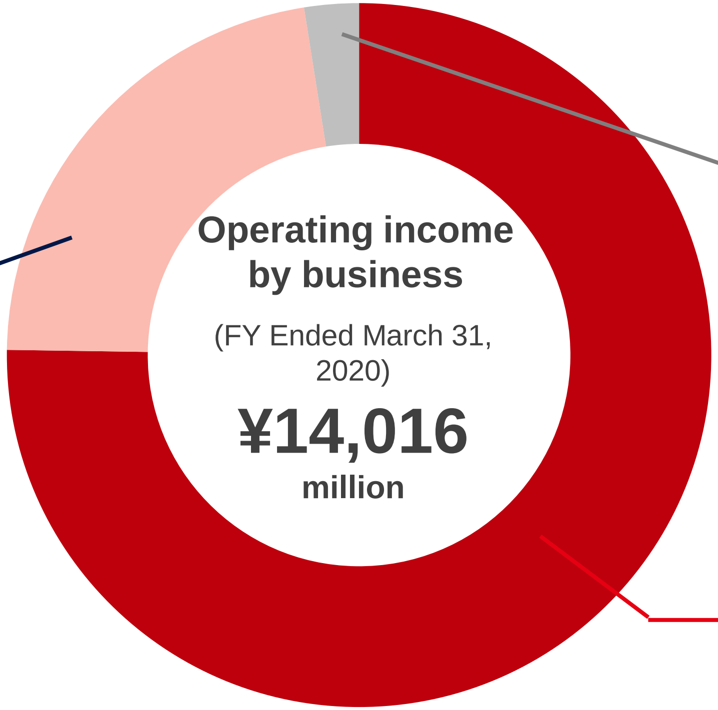
Overview of Premium Group

Automobile warranty business

26.1%

■ Automobile warranty

- Automobile warranty business for automobiles purchased by consumers
- Mainly provides warranty products developed in-house



Other businesses

5.0%

■ Auto mobility business

- Provision of multiple services required for managing automobile logistics business

■ Overseas business

- Business expansion outside Japan (mainly in Thailand and Indonesia)

Credit finance business

68.8%

■ Credit finance business:

- Provision of auto loans mainly for used cars
- Shopping credit, including PV systems

Stock-type business

Stock-type profit structure for both credit finance and automobile 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

B/S

(Thousand yen)

	FY20 (As of June 30, 2019)	FY20 (As of March 31, 2020)	FY21 (As of June 30, 2020)	Compared to previous quarter	QoQ
Assets					
Cash and cash equivalents	6,285,647	6,285,647	10,235,760	162.8%	162.8%
Financing receivables	20,010,590	20,010,590	21,551,401	107.7%	107.7%
Other financial assets	6,408,313	6,408,313	7,321,201	114.2%	114.2%
Property, plant and equipment	3,092,356	3,092,356	3,550,612	114.8%	114.8%
Intangible assets	5,950,315	5,950,315	5,987,765	100.6%	100.6%
Goodwill	3,958,366	3,958,366	3,958,366	100.0%	100.0%
Investments accounted for using equity method	1,224,273	1,224,273	1,297,300	106.0%	106.0%
Deferred tax assets	-	-	9,006	-	-
Other assets	2,964,814	2,964,814	3,288,808	110.9%	110.9%
Insurance assets	8,308,740	8,308,740	6,038,775	72.7%	72.7%
Total assets	58,203,414	58,203,414	63,238,994	108.7%	108.7%
Liabilities					
Financial guarantee contracts	22,063,146	22,063,146	22,534,050	102.1%	102.1%
Borrowings	16,420,882	16,420,882	20,892,264	127.2%	127.2%
Other financial liabilities	6,340,424	6,340,424	5,724,164	90.3%	90.3%
Provisions	326,535	326,535	292,931	89.7%	89.7%
Income taxes payable	385,952	385,952	206,770	53.6%	53.6%
Deferred tax liabilities	1,354,593	1,354,593	1,580,481	116.7%	116.7%
Other liabilities	5,999,461	5,999,461	6,134,004	102.2%	102.2%
Total liabilities	52,890,993	52,890,993	57,364,665	108.5%	108.5%
Equity		-			
Equity attributable to owners of					
Share capital	1,533,686	1,533,686	1,548,912	101.0%	101.0%
Capital surplus	1,259,936	1,259,936	1,266,495	100.5%	100.5%
Treasury shares	△ 1,200,518	△ 1,200,518	△ 1,200,557	100.0%	100.0%
Retained earnings	3,587,269	3,587,269	4,090,337	114.0%	114.0%
Other components of equity	62,044	62,044	104,429	168.3%	168.3%
Total equity attributable to owners of parent	5,242,417	5,242,417	5,809,616	110.8%	110.8%
Non-controlling interests	70,003	70,003	64,713	92.4%	92.4%
Total equity	5,312,421	5,312,421	5,874,330	110.6%	110.6%
Total liabilities and equity	58,203,414	58,203,414	63,238,994	108.7%	108.7%

P/L

(Thousand yen)

	Q1 FY20 (April 1, 2019 - June 31, 2019)	Q4 FY20 (January 1, 2020 - March 31, 2020)	Q1 FY21 (April 1, 2020 - June 31, 2020)	Compared to previous quarter	QoQ
Operating income	3,148,563	3,843,227	4,021,820	127.7%	104.6%
Other finance income	6,789	328	37,999	559.7%	11571.0%
Share of profit of investments account	-	-	12,957	-	-
Other income	2,064,527	11,038	613,257	29.7%	5555.7%
Total income	5,219,879	3,854,594	4,686,034	89.8%	121.6%
Operating expenses	2,784,040	3,503,574	3,484,496	125.2%	99.5%
Other finance costs	9,165	121,141	19,239	209.9%	15.9%
Share of loss of investments accounted	61,783	828,418	-	-	-
Other expenses	864	40,088	2,595	300.3%	6.5%
Total expenses	2,855,852	4,493,221	3,506,331	122.8%	78.0%
Profit (loss) before tax	2,364,027	△ 638,628	1,179,702	49.9%	△184.7%
Income tax expense	819,521	△ 124,874	401,099	48.9%	△321.2%
Profit (loss)	1,544,507	△ 513,754	778,604	50.4%	△151.6%
Profit (loss) attributable to:			-		
Owners of parent	1,545,663	△ 504,871	783,542	50.7%	△155.2%
Non-controlling interests	△ 1,156	△ 8,882	△ 4,938	427.1%	55.6%

P/L（Operating income/Operating expenses）

(Thousand yen)

	Q1 FY20 (April 1, 2019 - June 31, 2019)	Q4 FY20 (January 1, 2020 - March 31, 2020)	Q1 FY21 (April 1, 2020 - June 31, 2020)	Compared to previous quarter	QoQ
Operating income					
Finance income	1,877,895	2,163,746	2,350,244	125.2%	108.6%
Warranty revenue	876,684	944,921	957,331	109.2%	101.3%
Other commission sales	279,934	364,296	455,423	162.7%	125.0%
Software sales	68,683	86,941	70,864	103.2%	81.5%
Other	45,367	195,591	187,959	414.3%	96.1%
Total	3,148,563	3,843,227	4,021,820	127.7%	104.6%

(Thousand yen)

	Q1 FY20 (April 1, 2019 - June 31, 2019)	Q4 FY20 (January 1, 2020 - March 31, 2020)	Q1 FY21 (April 1, 2020 - June 31, 2020)	Compared to previous quarter	QoQ
Operating expenses					
Finance costs	27,888	27,905	36,382	130.5%	130.4%
Guarantee commission	383,379	502,874	486,480	126.9%	96.7%
Impairment loss on financial assets	34,206	23,870	△ 40,318	△117.9%	△168.9%
Employee benefit expenses	743,577	903,032	990,604	133.2%	109.7%
Warranty cost	588,678	595,051	643,607	109.3%	108.2%
System operation costs	48,869	466,084	170,474	348.8%	36.6%
Depreciation	22,675	40,261	63,793	281.3%	158.4%
Amortization	64,051	66,704	64,727	101.1%	97.0%
Right-of-use asset depreciation	91,765	156,646	186,409	203.1%	119.0%
Taxes and dues	112,290	196,942	173,368	154.4%	88.0%
Commission expenses	178,516	217,865	205,511	115.1%	94.3%
Rent expenses on land and buildings	8,274	3,172	12,873	155.6%	405.8%
Outsourcing expenses	150,637	△ 210,075	79,208	52.6%	△37.7%
Other operating expenses	329,234	513,244	411,379	125.0%	80.2%
Total	2,784,040	3,503,574	3,484,496	125.2%	99.5%