



【Revised】

Medium-Term Management Plan 「VALUE UP 2023」

Premium Group Co., Ltd.
TSE First Section: 7199

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1. Consistent Mission

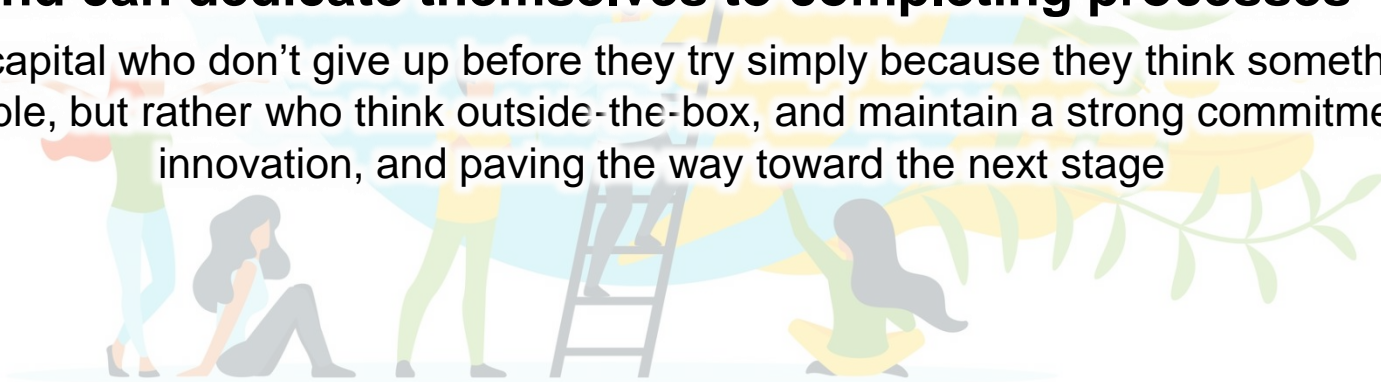


Provide top level financing and services to the world, and help make the world a better place

Further improve credit finance and services to make the world a better place by expanding the reach of both globally

Develop spiritually rich human capital who are always positive and can dedicate themselves to completing processes

Human capital who don't give up before they try simply because they think something is impossible, but rather who think outside-the-box, and maintain a strong commitment to innovation, and paving the way toward the next stage

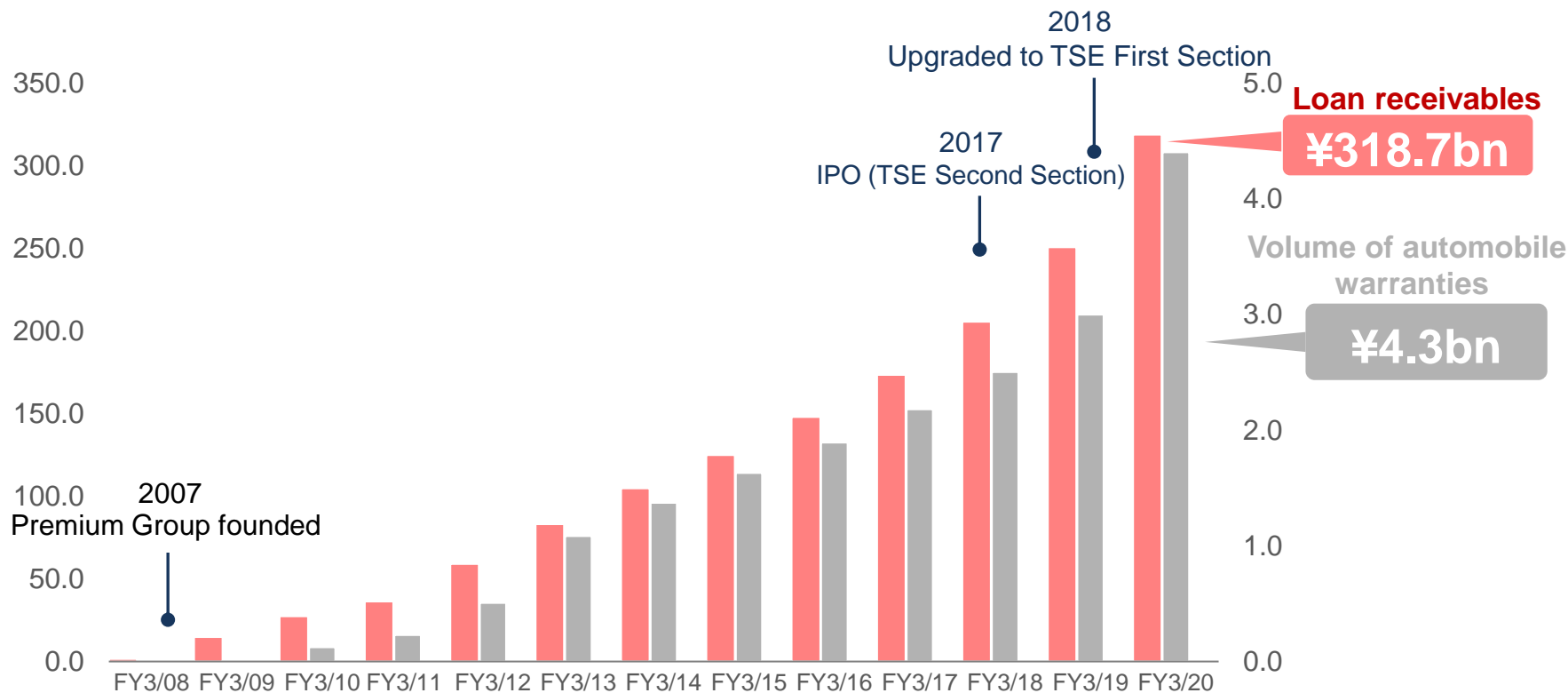


2. Tracing Our Past Growth

Continued steady increase in loan receivables and volume in our Credit Finance and Automobile Warranties businesses since our founding

Change in Loan Receivables and Automobile Warranties

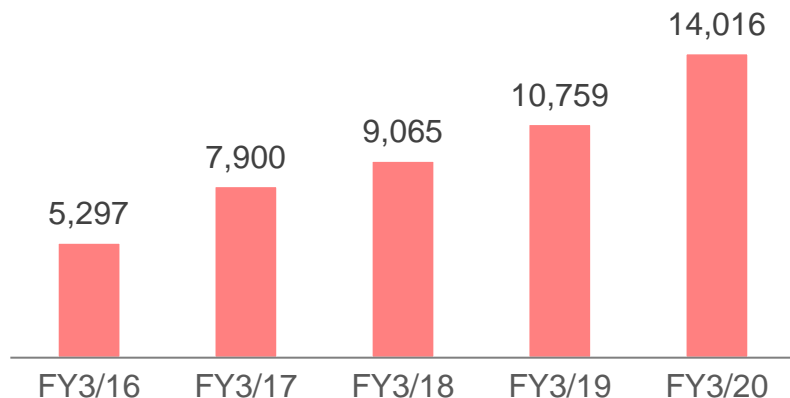
(Billions of yen)



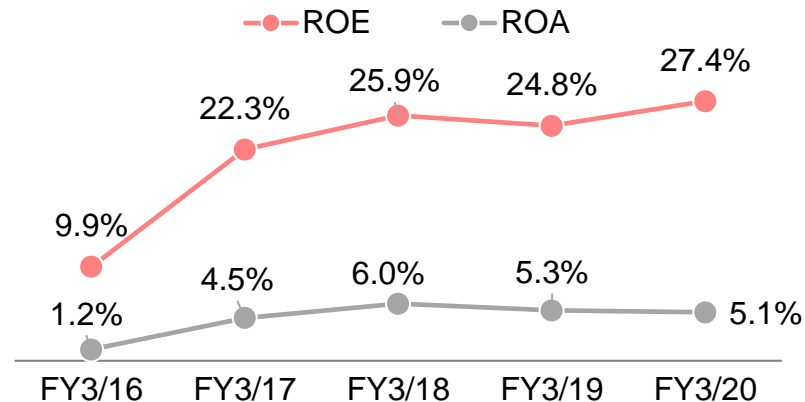
Sharp increase in performance

Operating income

(Millions of yen)



ROE/ROA

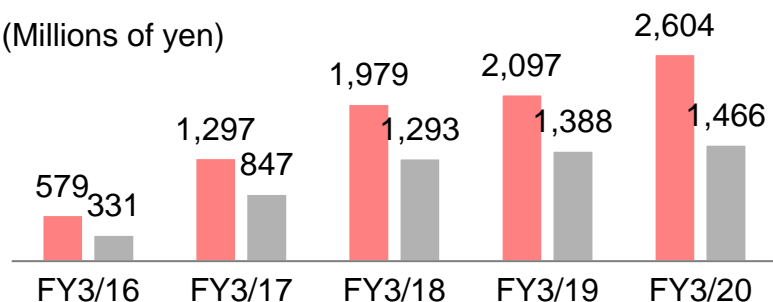


Profit before tax/Profit attributable to owners of parent

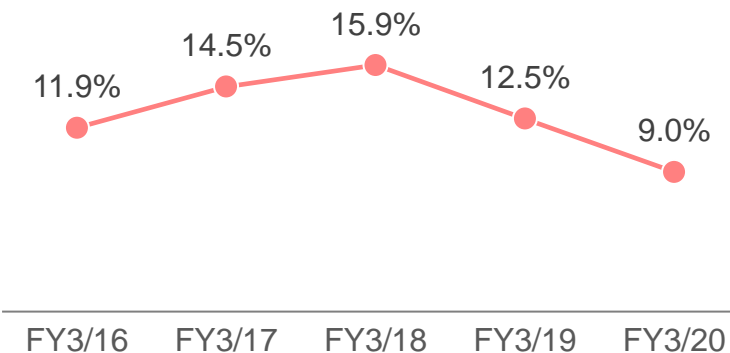
■ Profit before tax

■ Profit attributable to owners of parent

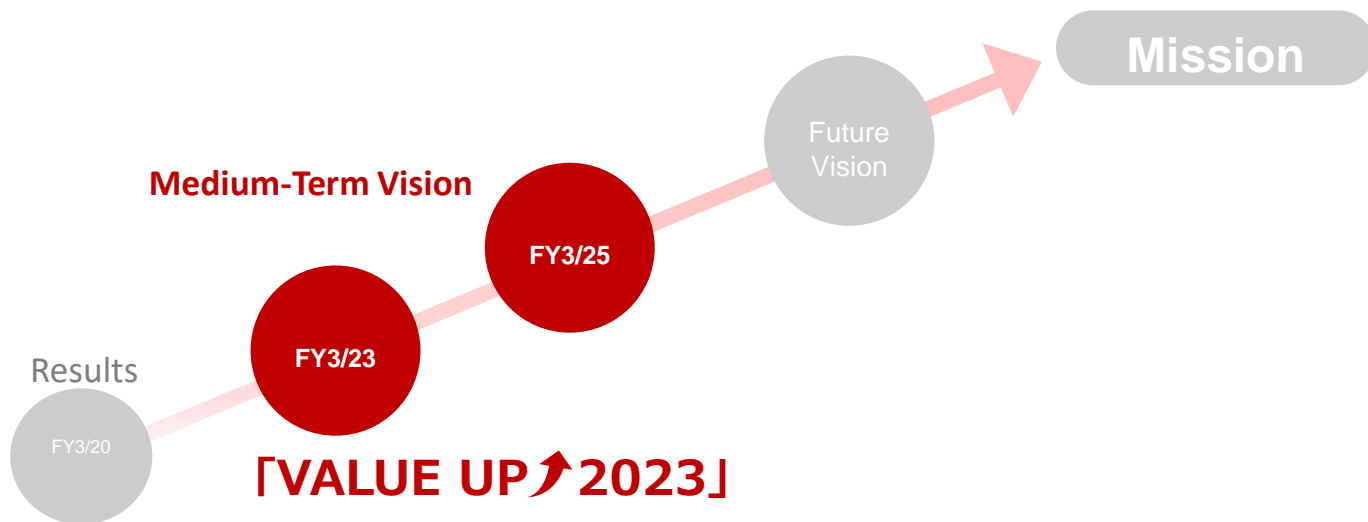
(Millions of yen)



Equity ratio

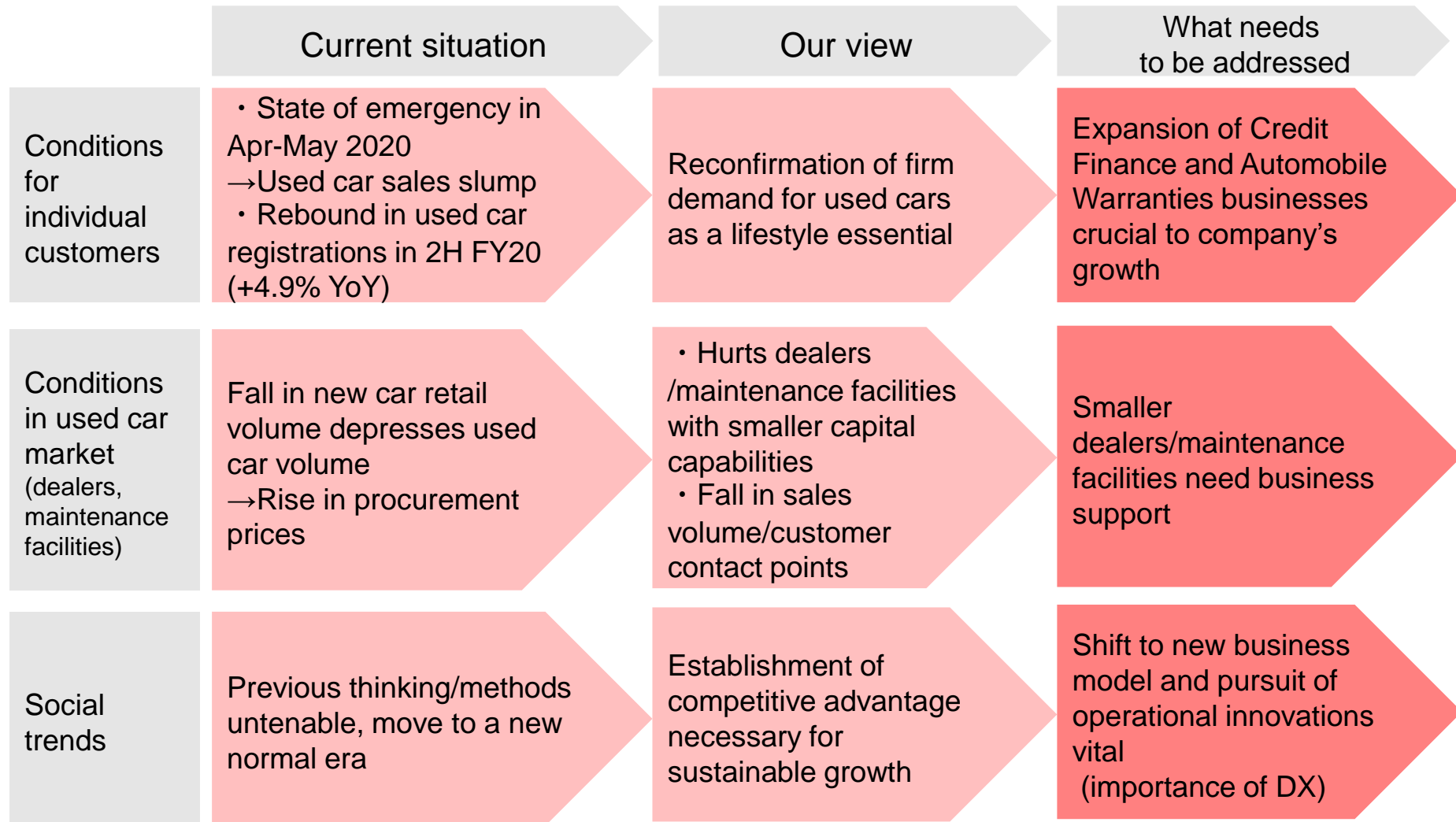


3. Medium-Term Vision



Our view on the business environment given the impact of COVID-19

The revision to the medium-term vision has been prompted by the Group's view on the business environment as follows

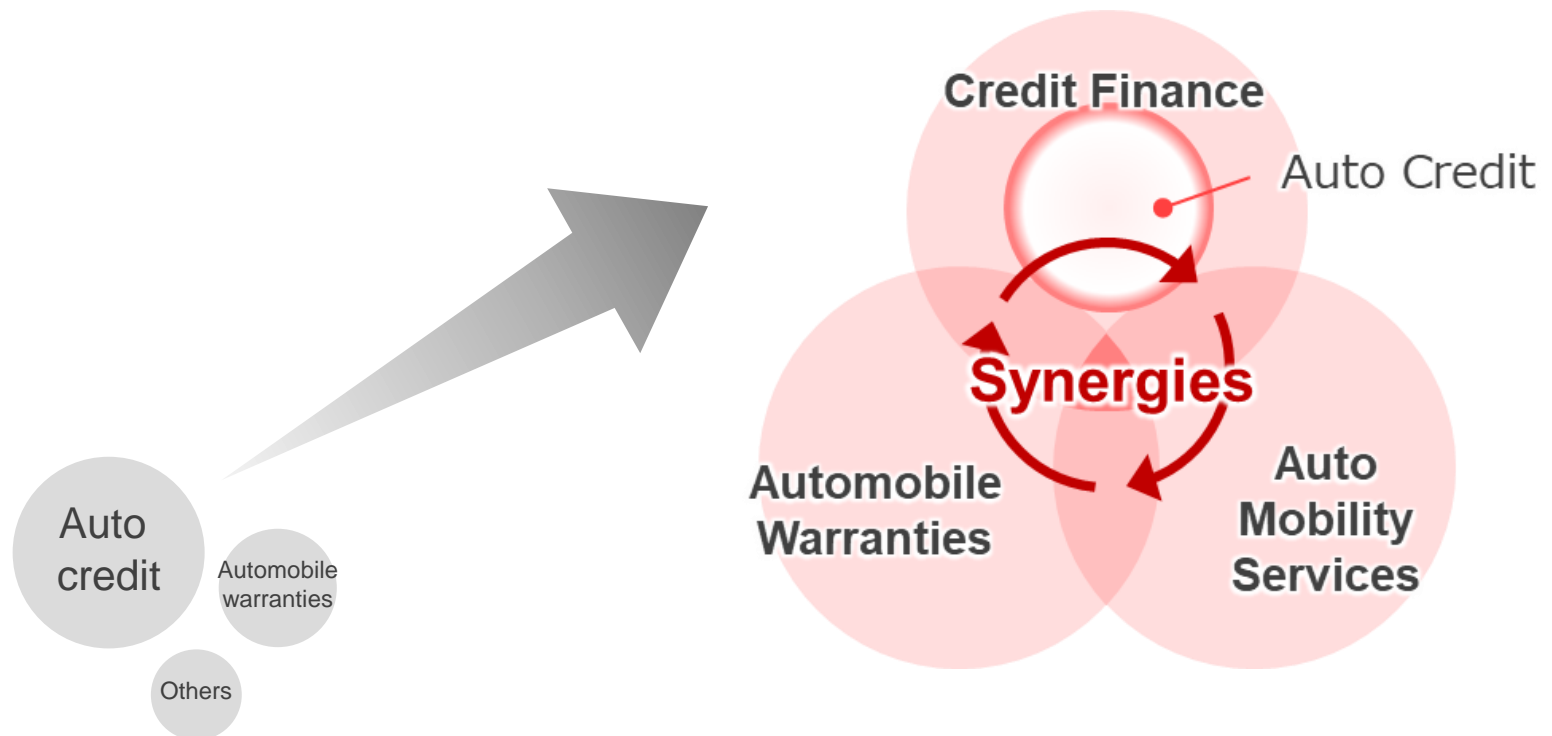


Medium-Term Vision

Given our view on the business environment, we believe we must revitalize the used car market via business support for the used car dealers and maintenance facilities that have direct contact with customers as well as expand our existing businesses

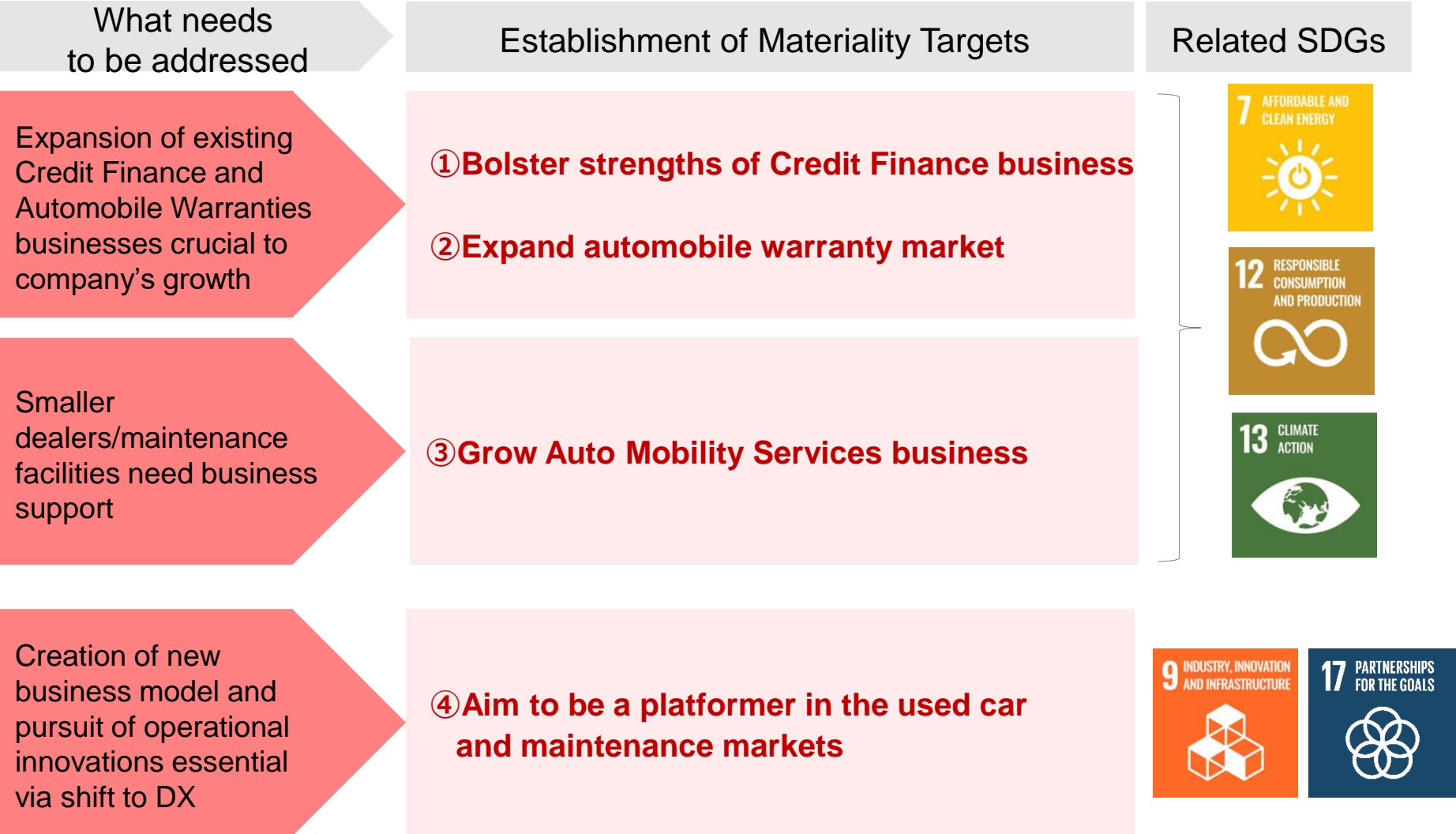
**Medium-term
vision**

Transform from an Auto Credit Company into
an Auto Mobility Service Company



Establishment of Materiality Targets Based on the Medium-term Vision

Based on our view of the business environment, we have positioned materiality issues as shown below



(Addendum) Pursuit of DX to Achieve the Medium-term Vision

The Group sees the pursuit of digital transformation (DX) as a key issue in order to achieve sustainable growth and strengthen its competitiveness

The Group will announce its DX strategy on May 13, 2021

Digital Governance Code "2. Strategy"
 A company must develop strategies to utilize digital technologies as a way to realize the target business model in consideration of changes in society and the competitive environment, and convey these strategies to stakeholders.

2. About Our DX Strategy

Overall Picture of DX

DX Vision						
Medium-Term Management Plan	Reinforce our strength in the credit finance business	Expand market for automobile warranties	Expand auto mobility services	Deploy platforms utilizing our competitive strengths	Create next-generation mobility services	Future Vision
Core Business Strategy	Enhance management efficiency of mobility providers and provide peace of mind and convenience to end users					
	Increase employee happiness			Address the shift to CASE, MaaS and EVs		
Organization and Foundation	Hybrid approach using specialized organization for promoting DX that reports directly to senior management and Group cross-functional project team					
	Data consolidation, agile development and full cloud adoption					
Investment Policy	Appropriate resource allocation as one of the key management issues					
Key Goal Indicators (KGIs)	Mobility platform gross merchandise value					

For more details, see the Group's IR website <http://ir.premium-group.co.jp/en/index.html>

3-1

Credit Finance

3-2

Automobile Warranties

3-3

Auto Mobility Services

3-4

International Strategy

Medium-term vision themes for Credit Finance

Auto credit, auto leasing for individuals

Key policies

「Expand marketing」

- Expand marketing area using BIZ site format
- Increase marketing headcount (to 130)
- Grow affiliated stores and promote shift to a membership structure

Achieve strong topline growth

「Operational innovations」

- Establish AI screening system
- Automate back-office functions
- Go paperless

Raise profitability via higher operational efficiency

Servicer company

Key policies

「Group-based receivables collection」

- Strengthen ties with Central Servicer Corp.*1 for collection of Premium Group's medium- and long-term receivables

Seek further earnings contributions via creation of synergies

「Sales of Repo cars*2」

- Sell repossessed cars through affiliate store membership structure

Create new revenue opportunities

*1...Central Service Corporation is a Group company acquired on April 1, 2020

*2...Repo cars are cars repossessed from credit finance customers who have become unable to repay.

Medium-term vision themes for
Automobile Warranties

Reduce

Key policies

- Further lift **existing product sales** via increase in marketing headcount
- Develop and grow sales of products with **extended warranties**
- **Reduce repair expenses and return savings to sales prices** by using recycled products stored at affiliated maintenance facilities and procured within the Group
- Implement advertising campaign to **increase visibility**

Expanding the market is a critical issue

Currently only around 8%* of used car purchasers deliberately add a warranty, and increasing visibility and stressing the need for warranties is an important issue going forward

*...According to a consumer awareness survey on “Automobile repair warranty services” by AUCNET RESEARCH (AUCNET INC.) *Japanese only

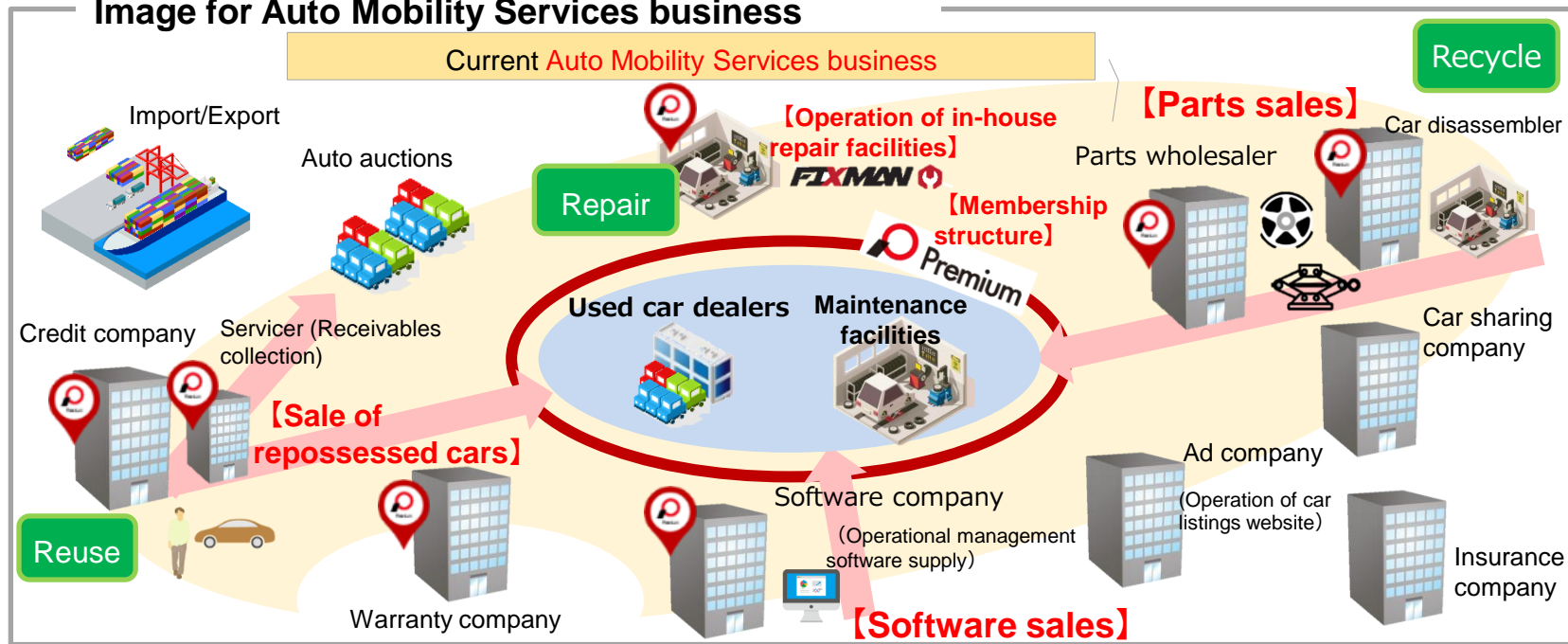
Medium-term vision themes for Auto Mobility Services

Key policies

- Expand services lineup
- Shift to a membership structure for affiliated used car dealers/maintenance facilities
- Promote platform concept

Diversify revenue streams to support the Group's sustainable growth

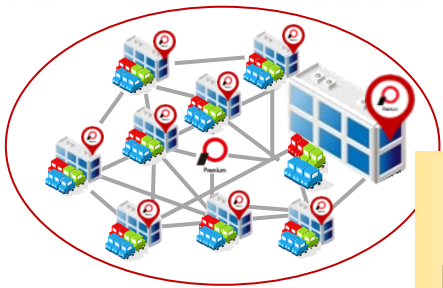
Image for Auto Mobility Services business



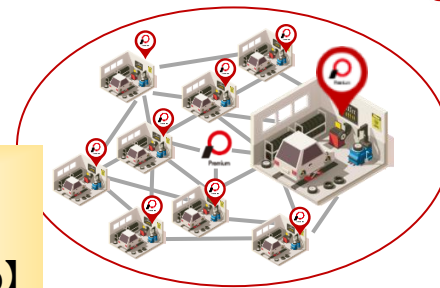
(Addendum) Pursue a shift to a membership structure

To support the platform detailed on P11, we intend to create a membership structure from affiliated stores within the network with whom we have a particularly strong relationship

**Auto dealers' membership structure
【Car Premium Dealer】**



**Maintenance facilities' membership structure
【Car Premium Garage】**



**Membership structure
【Car Premium Club】**

**Target
3,000
member
companies**

**Target
1,500
member
companies**

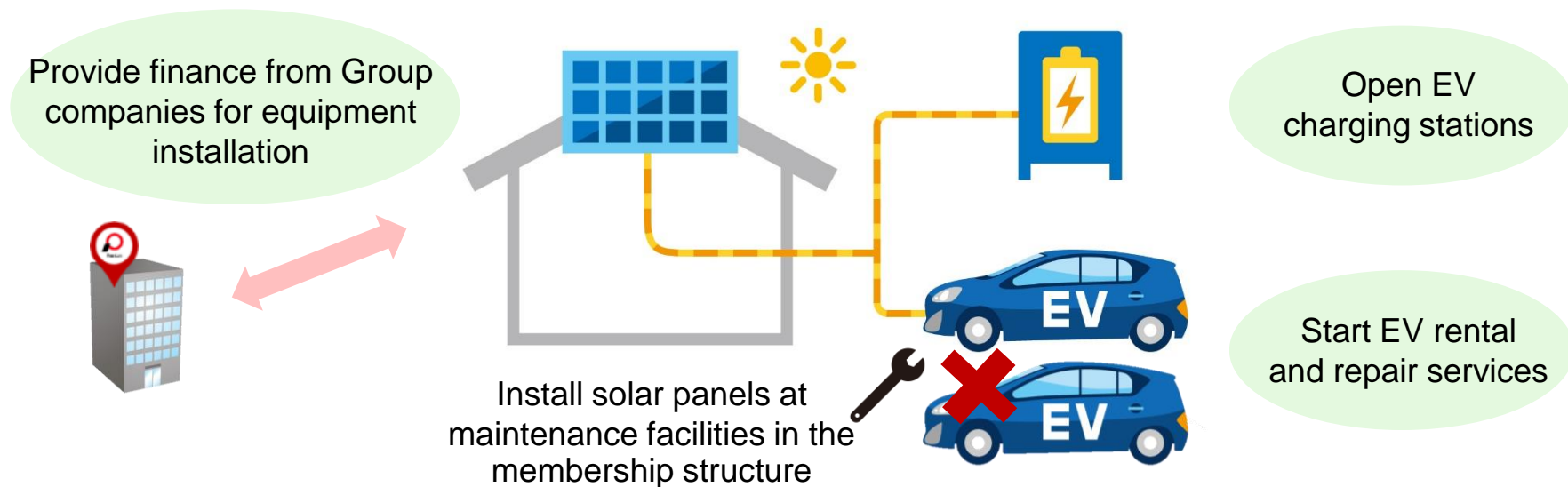
Affiliate network

**Auto dealers'
network
(30,000+)**

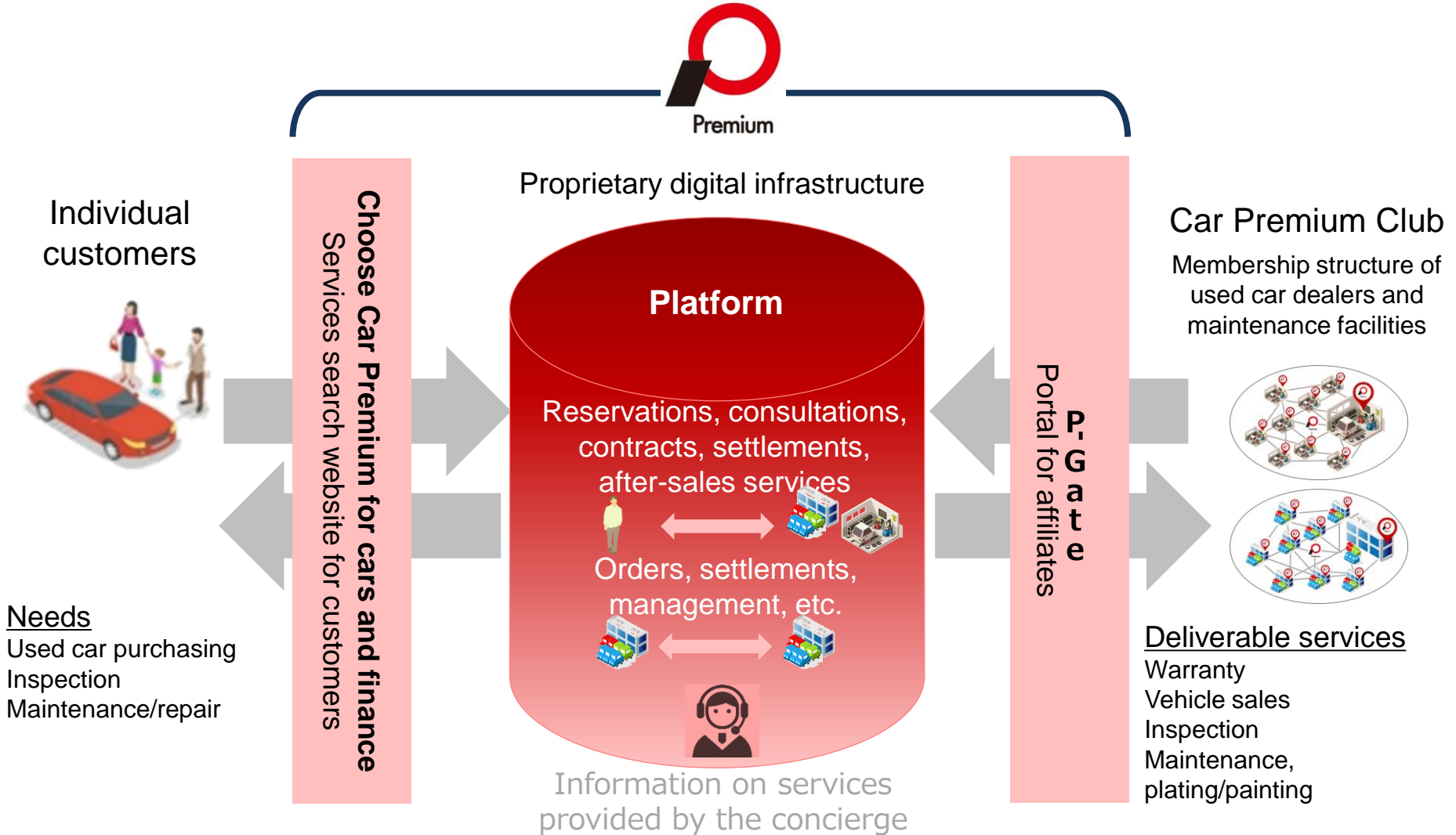
**Maintenance
facilities' network
(3,000+)**

(Addendum) Business for reducing CO2 emissions

Pursue CO2 emissions reduction measures across the Group by installing solar power equipment at maintenance facilities in the membership structure and promoting the use of EV

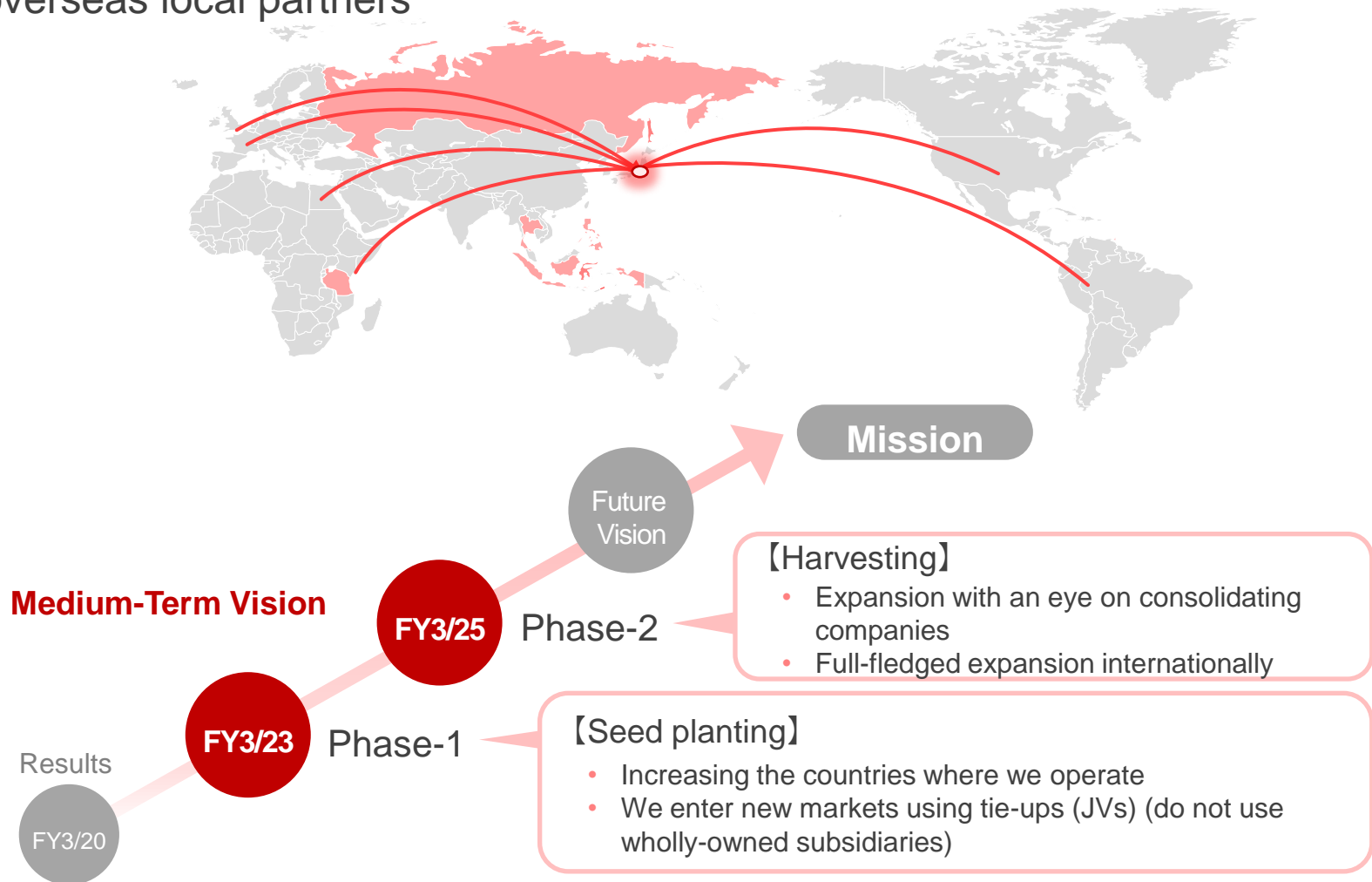


Aiming to become a platformer that links individual customers with used car dealers and maintenance facilities in the membership structure

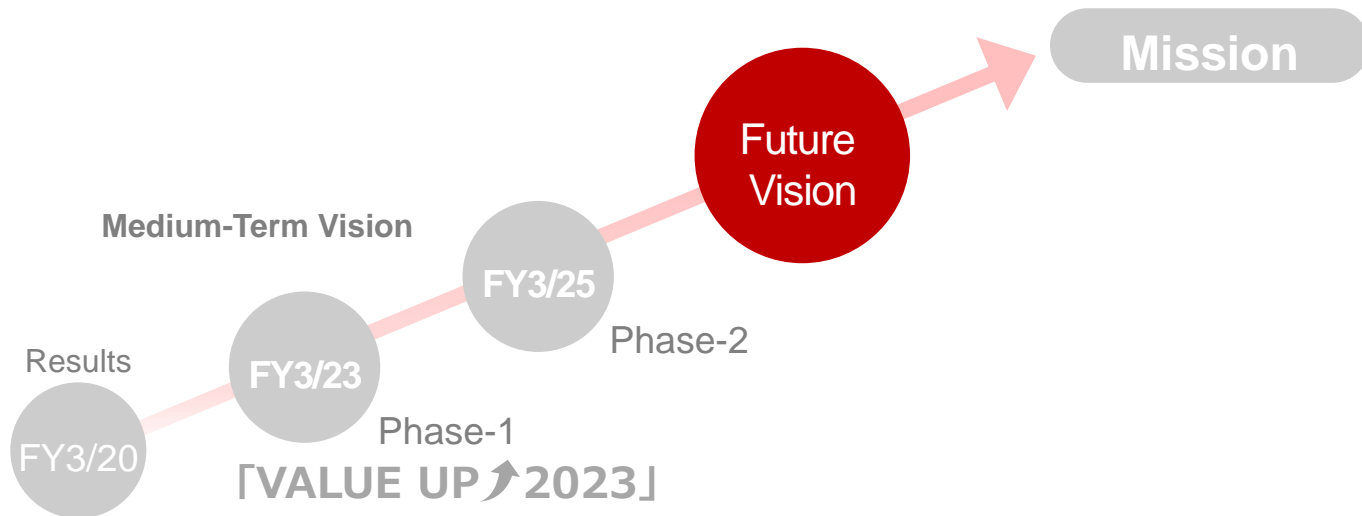


3-4. International Strategy 【Phase-1,2】

- Continue to develop while monitoring the state of the of COVID-19 pandemic
- Developing international operations by sharing know-how built up in Japan with overseas local partners



4. Future Vision



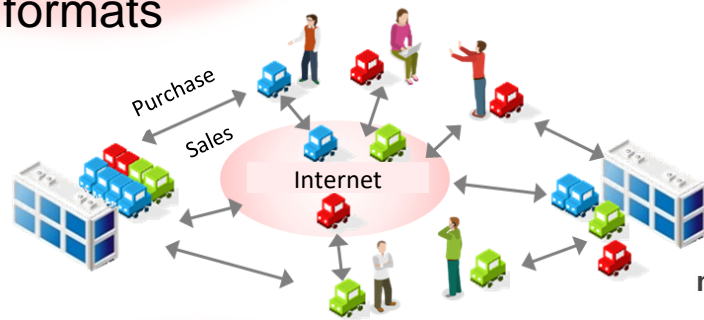
Important to address intense changes in the mobility industry

Accumulation of big data on driving

Shift to carbon neutral, EV

Advancements in autonomous driving

Changes in traditional B-to-C sales formats



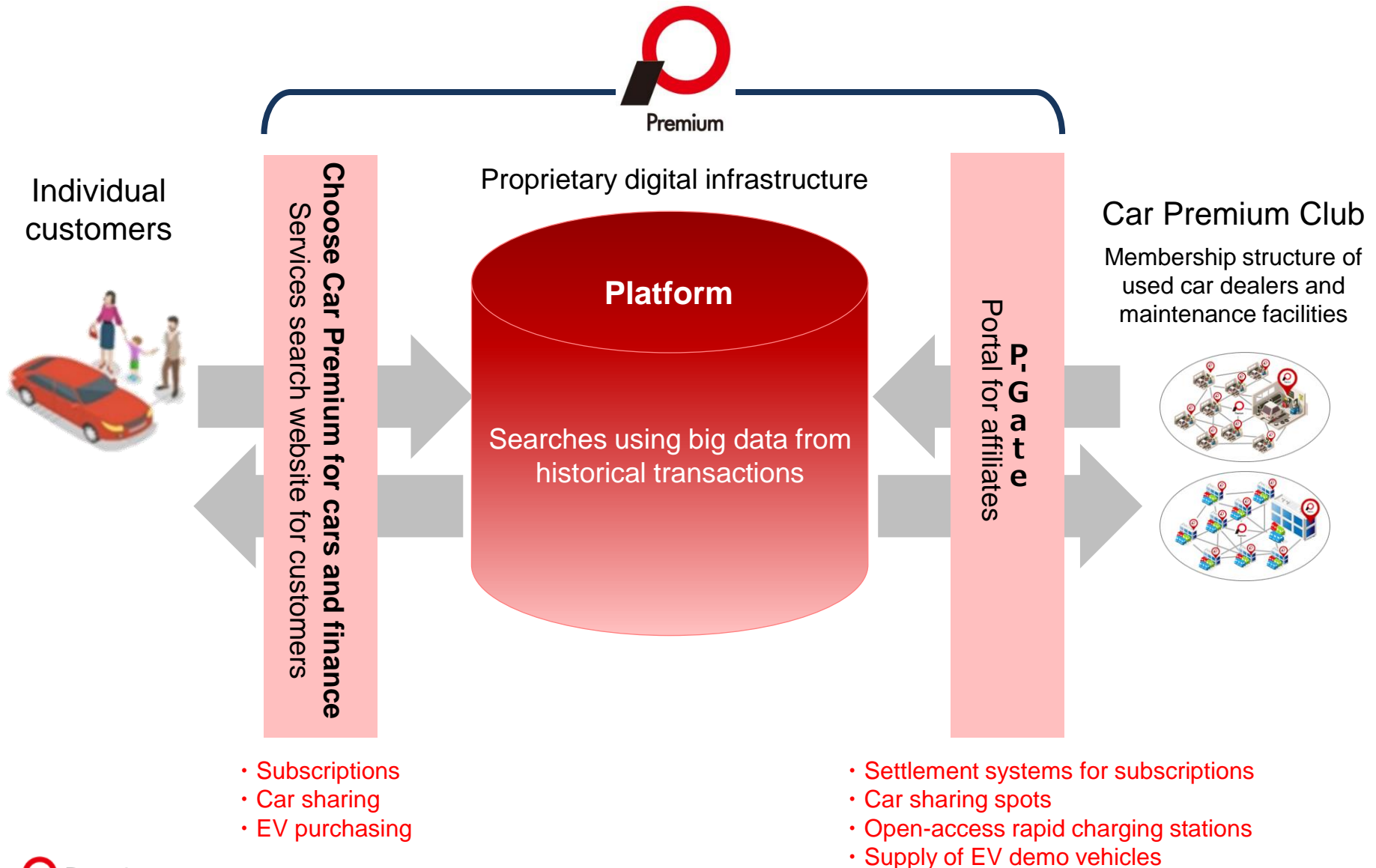
Emergence of car sharing

Advancements in car mechanisms

Growing use of MaaS

Future Vision: Aim to Become a Platformer that Address Changes in the Mobility Industry

Aim to become a platformer that can respond to CASE, MaaS, and the full-fledged EV shift



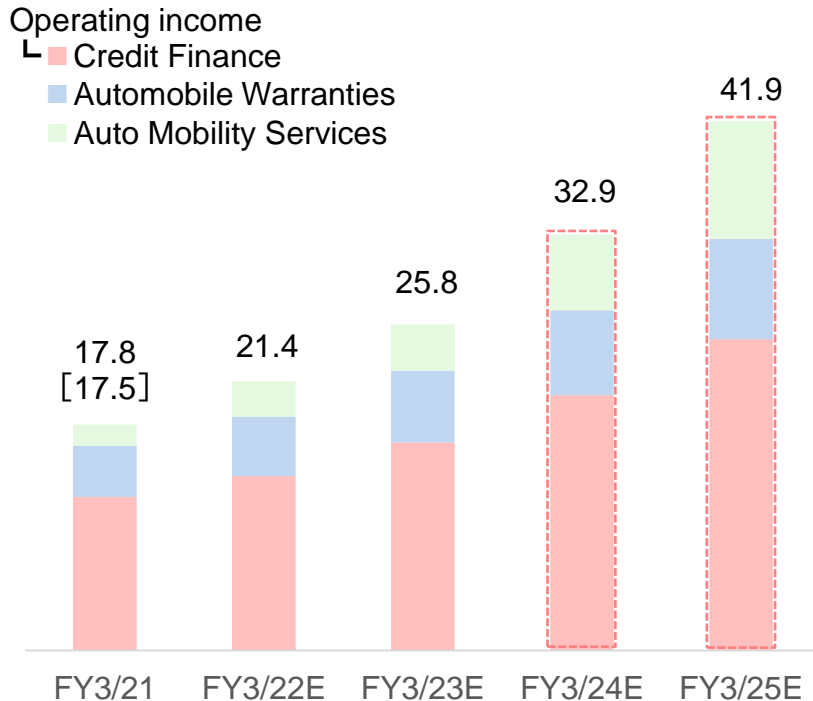
5. Performance Outlook

Performance Outlook

Despite sluggish FY3/21 performance due to the effects of COVID-19, we believe strong growth is possible given a tailwind from recovery in the used car market as we pursue our medium-term vision

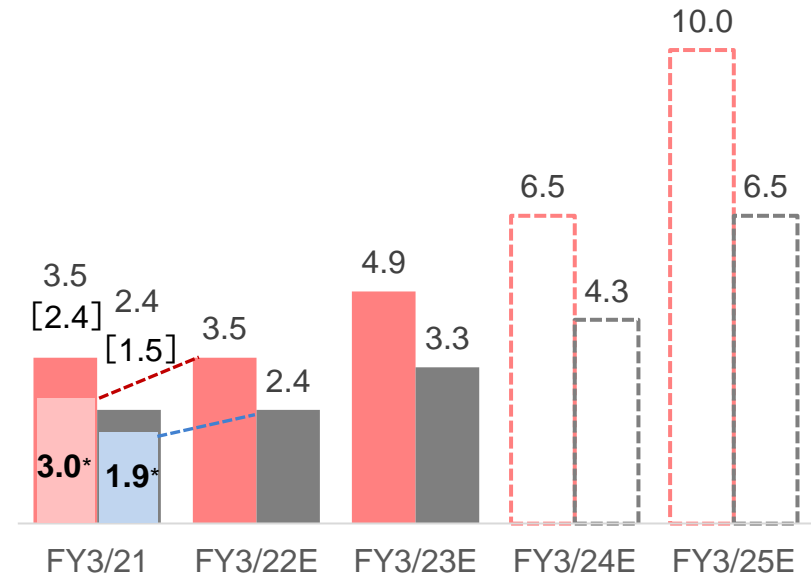
[] ...Forecast of the previous announcement

Operating income (billions of yen)



Profit before tax/
Profit attributable to owners of parent (billions of yen)

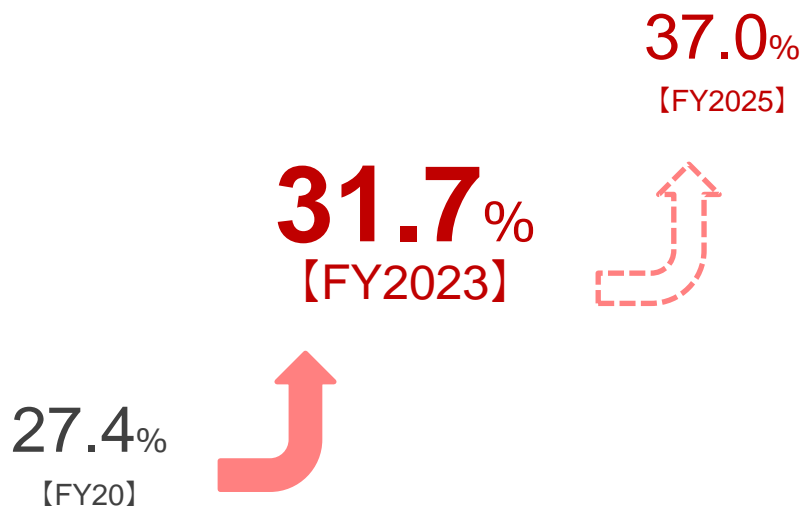
- █ Profit before tax
- █ Profit attributable to owners of parent



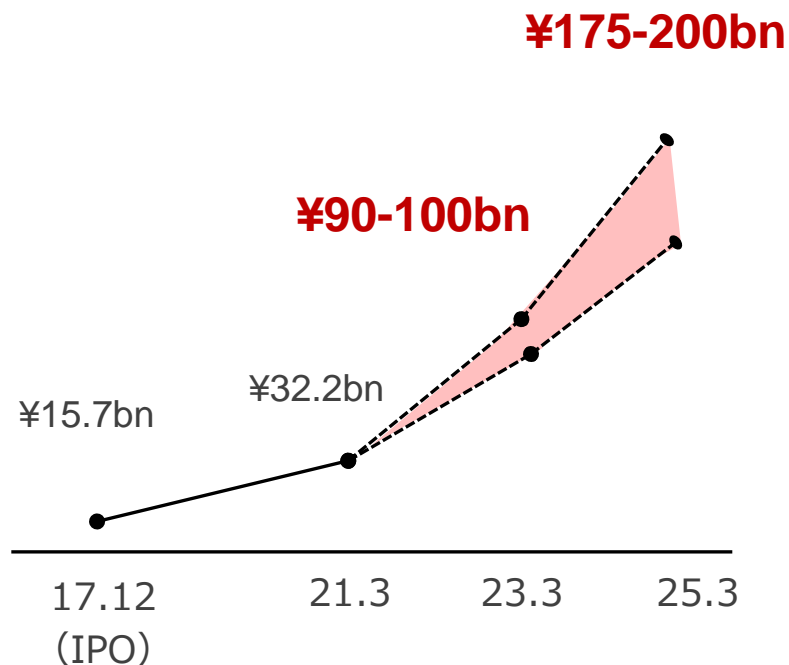
*...Profit before tax and Profit attributable to owners of the parent, excluding one-off profit.

6. Financial Strategy

ROE



Market cap



*...This is a calculation based on the outlook for Performance Outlook, and does not take into account the possibility of equity finance in the future.

- *1...PER used to calculate market capitalization
 - Upper limit See PER of similar companies (PER30x)
 - Lower limit Average PER of companies listed on the first section of the TSE (as of dec.,2020 PER27x)
- *2...For actual figures, market capitalization is calculated using the closing price at the end of each month.

7. Initiatives for ESG and SDGs

E Environmental



■ Contribute to creation of recycling-oriented society

Promoting use of used cars in the Credit Finance business

Also developing our main businesses centered around the reduction, recycling, reuse, and repair of cars

Contribute to creation of a recycling-oriented society via expansion of our main businesses

Reduce business	Reduce the scrapping of cars via auto warranties
Recycled parts business	Dismantle cars, recover and refurbish parts and promote their sale at affiliated dealers and maintenance facilities
Reuse business	Promote the sales of repossessed cars at affiliated dealers and maintenance facilities
Repair business	Repair of cars at in-house and affiliated maintenance facilities

Cut average annual CO2 emissions by an amount around 12.4 million m³

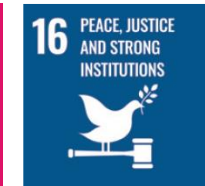
E Environmental



- Other Group environmental initiatives are as follows

Promote reusable energy	<p>Launched our Ecology Credit product for the purchase of solar power systems (personal and industrial) in 2017</p> <p>Cumulative sales of 11,786 as of end-Feb 2021</p>
Energy management	<p>Installation of system at subsidiary SAINT PARTS Co., Ltd. for real-time analysis of electricity usage volume and supply-demand</p>
Water and emissions management	<p>In accordance with the End-of-life Vehicle Recycling Law, installation of multiple oil and water separators at SAINT PARTS Co., Ltd. and removal of all oil from the waste water produced by the facility</p> <p>The same system installed at in-house maintenance facility FIXMAN (Sapporo)</p>
Waste product and hazardous materials management	<p>Use of water-based paints at affiliated maintenance facilities</p> <p>Promote water-based paints use also at FIXMAN Club, the membership structure for maintenance facilities</p> <p>Proper recovery of fluorocarbon refrigerants via the recycling activities of SAINT PARTS Co., Ltd.</p>
Reduction of waste products	<p>Reduce office paper usage, move affiliate contracts to electronic format</p> <p>Eliminate paper billing of counterparties</p>

S Social Capital



■ Customer privacy and data protection

- Acquisition of **PrivacyMark** from JIPDEC
- Formulated in-house **privacy policy** and created structure to prevent data leaks
- Implemented multiple **system security strengthening** measures to ensure the protection of customer data

■ Appropriate sales processes

- Credit Finance business has been **registered as a subcontractor of individual credit purchases** under the Installment Sales Act
- All internal regulations certified as compliant with the **model regulations** stipulated by the Japan Consumer Credit Association
- Made an internal and external declaration of **basic policy concerning elimination of anti-social forces** and created an internal structure for implementation

S Social Capital



- Other Group social capital initiatives are as follows

<p>Social contributions</p>	<p>To help in the fight against the spread of COVID-19, the Group donated more than 200,000 nonwoven masks to 23 institutions across Japan, including medical institutions and government institutions. Also donated personal protection equipment, gowns, goggles, and face shields.</p> <p>Amid concerns about the longer-term impact on economic activity, purchased around 4,000 box lunches from 14 outlets in Tokyo, Saitama, and Osaka as support for food providers suffering from a large drop in sales.</p>
<p>Welfare provision to consumers</p>	<p>The upcoming introduction of AI credit screening and resulting faster process will shorten the time for consumers between screening application and car purchase.</p> <p>Using the “engine startup control system” provided by affiliate CIFUT Co., Ltd., the Group is promoting an initiative that allows users with no access to credit to also use cars as a lifestyle essential.</p>

S Human Capital



■ Foster employee awareness and a sense of meaningful work

- To achieve our mission, we have **formulated the VALUE (strong, positive, kind) code of conduct and aim to share this awareness with all employees**
- Create a personnel system and pleasant places to work that contribute to improved employee **Well-Being** and allows diverse human capital to play a key role by incorporating diversity management and work-style reforms into our growth strategy
- Establish a training company to use the know-how accumulated since the Company's founding into **in-house human capital development**

■ Health and safety of employees

- Amid the COVID-19 pandemic, we have formulated in-house guidelines and implemented measures such as working from home, staggered working hours, and financial support for PCR tests
- Established a Safety and Hygiene Committee and created and implemented guidelines to ensure employee safety

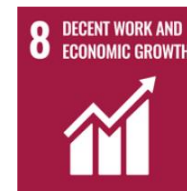


S Human Capital

- Focus on promotion of women’s role in the workplace and diversity management as human capital quantitative targets

(Parent and core subsidiaries)	End-Mar 19	End-Mar 20	End-Mar 21
No. of employees	336	391	423
Of which female employees	101	130	140
Ratio	30.1%	33.2%	33.1%
No. of managers	103	117	150
Of which female managers	8	15	28
Ratio	7.8%	12.8%	18.7%
No. of directors	6	6	7
Of which female directors	1	1	2
Foreign employees*	40	58	62

G Governance



■ Corporate governance

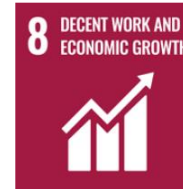
- Explain the three principles of the Corporate Governance Code and comply with all the principles
- The company structure, number of directors and auditors is as follows (as of May 13, 2021)
- Establish a non-statutory **Nomination and Compensation Committee**, a majority of whose members are independent outside directors
- **Introduce stock compensation plan** to incentivize sustainable enhancement of corporate value

Company structure	Directors	Auditors
Company with a board of corporate auditors	Seven -Three independent outside directors Including two female directors	Three -Two outside auditor

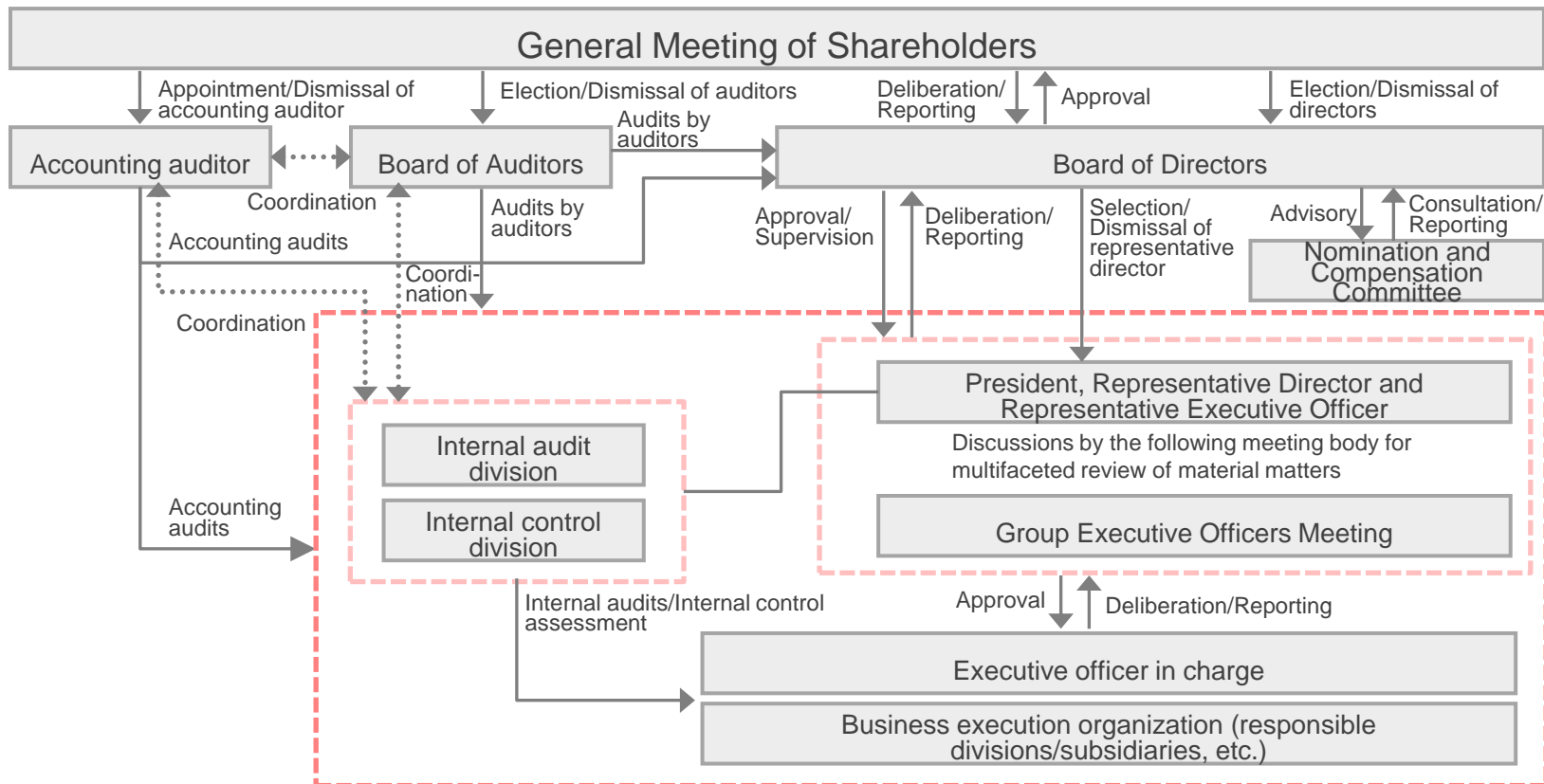
■ Compliance, Risk management

- Carry out various training sessions, such as on the **protection of personal information and prevention of insider trading** in order to promote autonomous action following the code of conduct
- Establish a **Group Risk Management Committee** to manage risk across the whole group, including at overseas subsidiaries
- Formulate a business continuity plan (BCP) to manage major incident risk, including the material impact of climate change
- Prepare for market expansion in the Automobile Warranties business by **formulating a Compliance Program** in line with the Antitrust Law and considering an **Antitrust Law compliance declaration**

G Governance



■ Reinforce corporate governance system



*As of March 31, 2021



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