



Premium

Premium Group Co., Ltd.

Announcement of New Medium-Term Management Plan

May 2, 2023

Event Summary

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[Participants]	
[Number of Speakers]	1 Yohichi Shibata President and CEO

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Presentation

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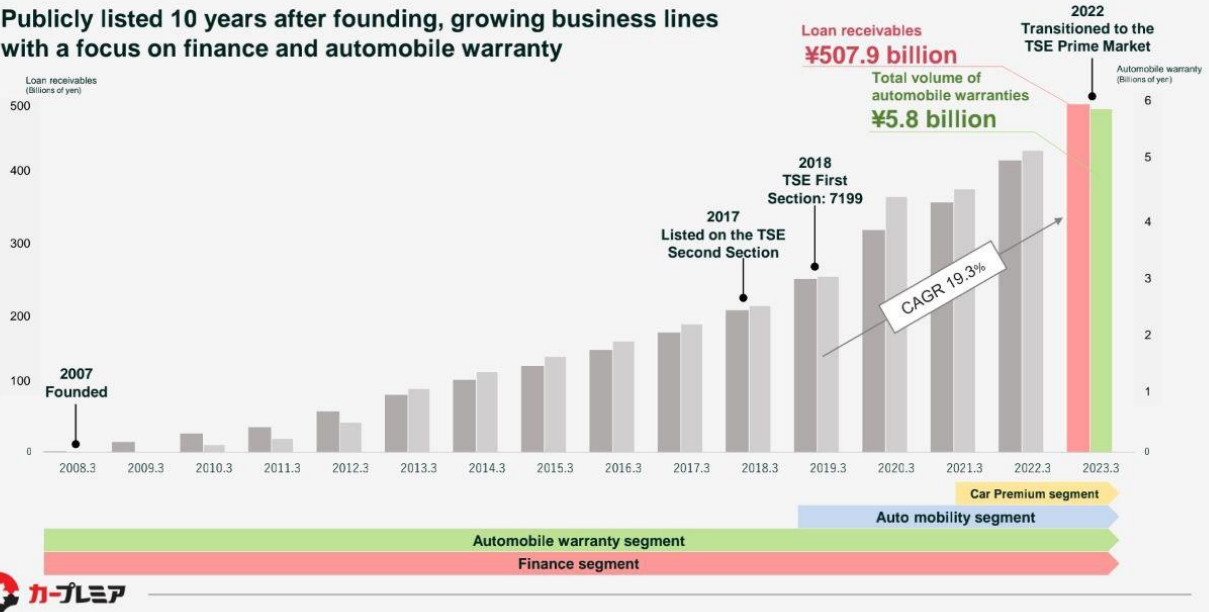
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Tracing Our Past Growth: Business Expansion

Publicly listed 10 years after founding, growing business lines with a focus on finance and automobile warranty



The first is the trace of our past growth.

Since going public in 2007, we have expanded our business with a focus on finance and automobile warranty business. Since listing, we have grown by about 20%, and I feel that we have been able to continue to grow strongly since our founding.

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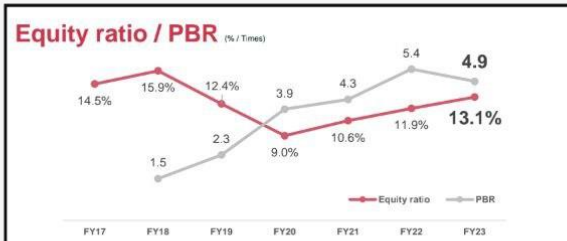
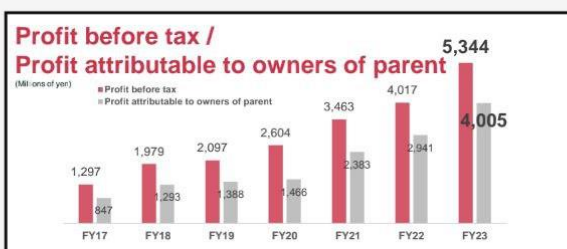
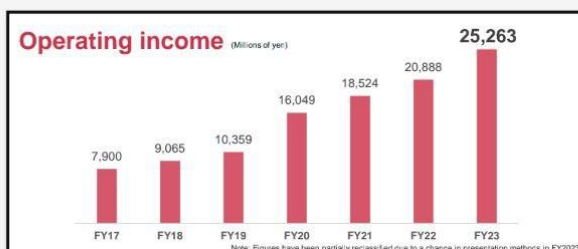
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Tracing Our Past Growth: Performance

Continued steady growth and maintaining high ROE



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We have also been able to record steady growth in terms of revenue and profit, and we have been able to maintain a high ROE of more than 30%. The equity ratio was 13% as of the end of the previous period, and the P/B ratio also recorded a high ratio of 4.9 times.

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Summary of the Previous MTP VALUE UP ↗ 2023: Quantitative Elements

Despite a used automobile market worse than when the plan was formulated, **achieved profit targets**
More than doubled market capitalization since announcement of previous MTP

	MTP targets		FY23 results
Operating income	¥25.8 billion	97.9%	¥25.26 billion
Profit before tax	¥4.9 billion	108.9%	¥5.34 billion
Profit attributable to owners of parent	¥3.3 billion	121.2%	¥4.0 billion
ROE	31.7%	+3.0 pts	34.7%
Market cap	¥90-100 billion	-¥21.6 billion	¥68.4 billion



Details on the next page

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I would like to summarize the previous medium-term management plan, VALUE UP ↗2023.

Although operating revenues were slightly negative due to the impact of the pandemic, we have generally met our mid-term plan targets, and we have been able to firmly clear profit before tax, net income, and ROE. Market capitalization is slightly more negative than expected, partly due to the market.

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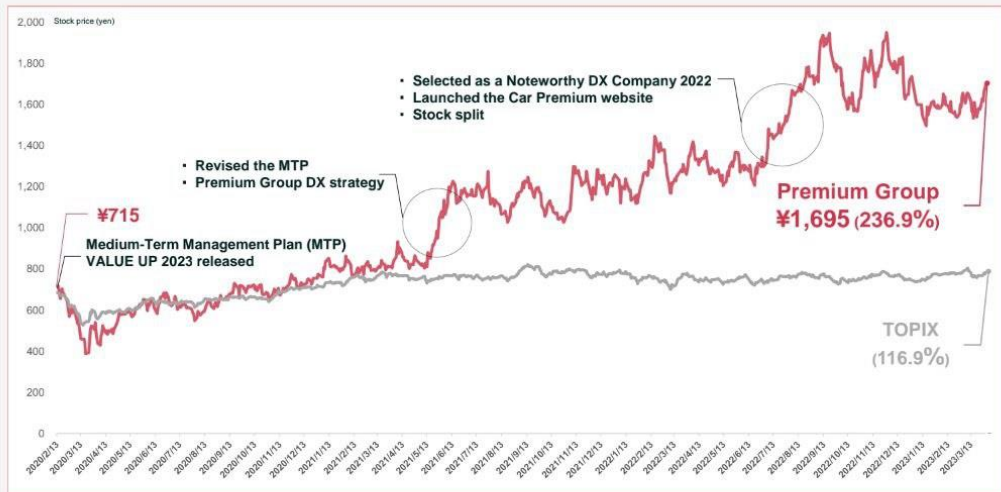
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Summary of the Previous Medium-Term Management Plan (MTP)

VALUE UP 2023: Stock Price

Over 2x growth since release of the Medium-Term Management Plan (February 14, 2020), significantly outperforming TOPIX



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However, if you look at the stock price trend in February 2020, before COVID-19, the Company announced its VALUE UP 2023 medium-term management plan, and since then, the stock price has firmly grown by more than two times.

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Summary of the Previous Medium-Term Management Plan VALUE UP 2023:

Qualitative Elements

Completion of three years of previous MTP actions to transform into an auto mobility company, transitioning to a new MTP

	Priority themes in previous MTP	Major initiatives taken	Potential future developments
Finance	Expand marketing area using BIZ site format	✓ ✓	<ul style="list-style-type: none"> Further increase in volume of new loans and profitability Creating a structure for boosting performance Further streamlining back-office functions Building models for expanding AI credit screening Converting areas other than automotive credit financing to paperless Further collection efficiency through digital transformation (DX)
	Increase sales staff to 130	✓ ✓	
	Grow network stores and promote shift to a membership structure	✓ ✓	
	AI credit screening	✓ ✓	
	Paperless	✓ ✓	
	Automate back-office functions	✓	
	Demonstrate Group synergies	✓ ✓	
Automobile warranty	Sale of repossessed cars for delinquent loans	✓ ✓	<ul style="list-style-type: none"> Further increase in volume of new loans and reduction in costs Expanding visibility and market size of third-party warranties Going paperless
	Expand sale of existing products	✓ ✓	
	Development of products for extended warranties and grow sales	✓ ✓	
	Cost reduction measures and reflection to selling prices	✓	
Auto mobility services	Ran advertising for increasing visibility	✓ ✓	<ul style="list-style-type: none"> Further growing membership organizations Improving branding Enhancing services Driving traffic to websites
	Expansion of service lineup	✓ ✓	
	Creating a membership structure for used automobile dealers	✓ ✓	
	Maintenance facilities' membership structure	✓ ✓	
	Development of business helping reduce CO ₂ emissions	✓	
International	Promotion of platform concept	✓	<ul style="list-style-type: none"> Actively expand business as the COVID-19 pandemic ends
	Increase number of countries entered by using tie-ups	✓	



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This is a summary on the qualitative side.

These are the financial business, automobile warranty business, and auto mobility services business. They are rated according to the degree of achievement. We feel that we were able to address and respond well to most of the qualitative items.

We would like to follow up firmly on the new medium-term plan for those that have not yet been achieved.

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Mission: What Premium Group Is Aiming For



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



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



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Third is our management philosophy.

Since our founding, we have had two missions. Our first mission is to provide top-level financing and services to the world, and help make the world a better place. Our second mission is to develop spiritually rich human capital who are always positive and can dedicate themselves to completing processes. These two missions have not changed since our founding. It will be exactly the way we want to be.

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Achieving Our Long-Term Vision



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Under this mission, we have established a long-term vision.

In 2021, achievement of the previous medium-term management plan, we began building an infrastructure as a platform provider, and in this new medium-term management plan, we hope to establish a car premium business model.

However, as a long term goal, we would like to be the ONE & ONLY, the unique company of auto mobility. As part of this process, we have placed this medium-term plan in the form of establishing a car premium business model.

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Long-Term Vision: Our Desired State

The ONE&ONLY auto mobility company

ONE

No. 1 in three areas



Finance

Automobile warranty

Mobility

Used car loans: **No. 1**

No. 1 worldwide

No. 1 in used vehicle inventories



Premium

The only company in Japan to create a market in the used car domain that includes a finance business

Originality



ONLY



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Then, the question takes the form of what kind of company is a ONE & ONLY, the unique company of auto mobility.

First, we now have three businesses. In the finance business, we aim to become number one in Japan in the area of used car loans. Regarding automobile warranty, we will aim to be number one in the world. In the auto mobility business, we aim to be the number one used car distributor in the industry.

We are the only company in Japan to firmly establish a used car economic zone that includes the financing business, and we are aiming to be the number one established auto mobility company that aims to be unique.

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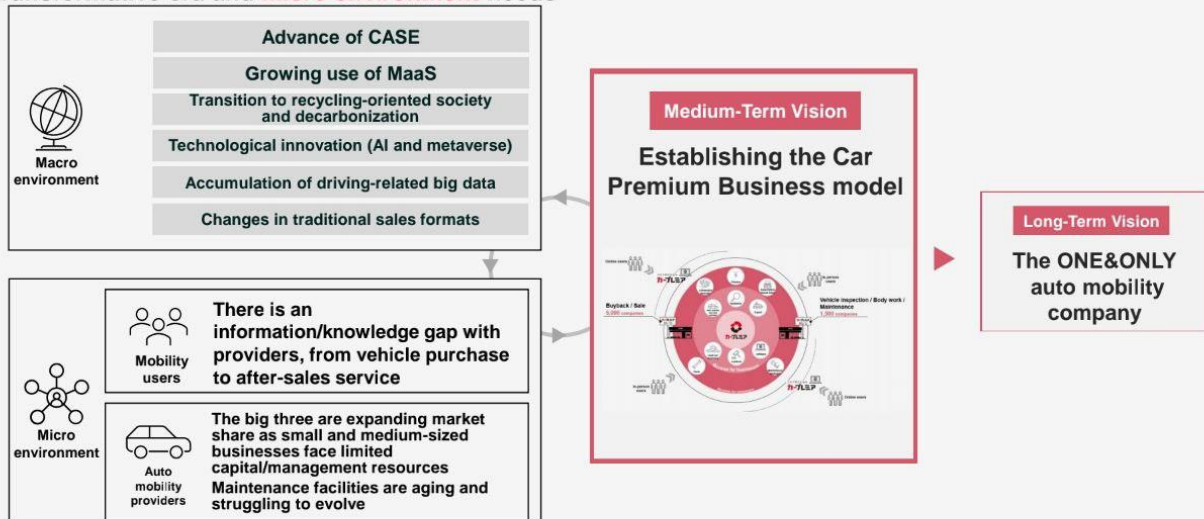
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A Medium- to Long-Term Vision, Derived from the External Environment

Need a medium- to long-term vision tailored to **macro environment** changes in a once-in-a-century transformative era and **micro environment** needs



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In this context, I would like to explain our medium-term vision for the next three years.

First, in terms of the external environment, the automotive industry, in terms of the macro environment, is facing the progression of CASE, MaaS, or the transition to decarbonization, as well as AI, technological innovation, and the accumulation of big data related to this environment and driving. In addition, the traditional face-to-face sales model is also expected to change.

In this context, the current issue is the existence of the so-called regional disparity between providers and users, as well as the gap in information, related to everything from car purchasing to after-sales service.

In addition, the auto mobility companies are mainly small and medium-sized enterprises, and their capital strength and management resources are limited.

In this environment, we want to firmly establish the business model of car premium over the next three years, we are confident that it will lead to the auto mobility company of ONE & ONLY.

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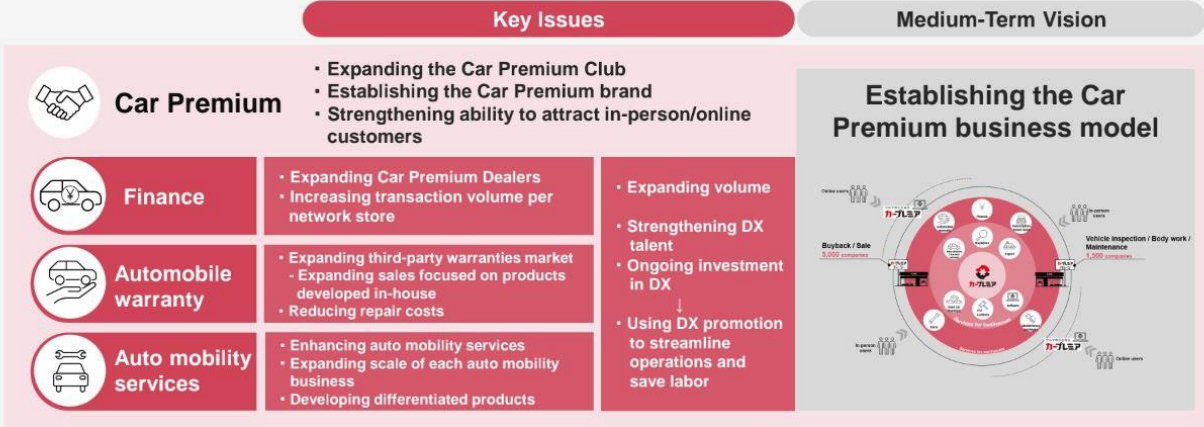
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Materiality (Key Issues) in the Medium-Term Vision

Materiality (key issues) to achieve our medium-term vision are as follows



The materiality for achieving the medium-term vision is as follows.

The important tasks are to firmly expand this network as car premium, to establish the car premium brand, and to firmly strengthen our ability to attract real and online customers.

We will also pick up the issues in finance, automobile warranty, and auto mobility services and will make a thorough analysis of the issues in these three businesses. The common issues to be addressed are to raise the top line, to strengthen human resources to promote DX, and to make continuous investments.

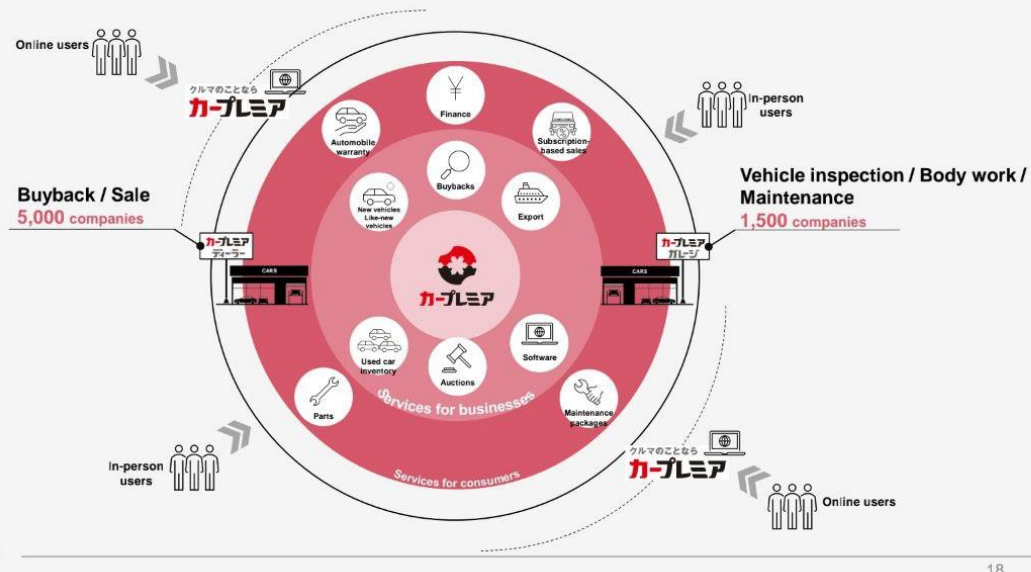
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Medium-Term Vision: Establishing the Car Premium Business Model



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On this page, I will talk about what it will be like to establish the car premium business model and the car premium operation.

This user/car premium membership is in the form of a car premium to enjoy all mobility services. We have customers who enter this used car realm in a variety of ways, whether they are users via the Internet, real users.

We believe that the establishment of a model for the car premium business is to firmly establish that we can offer the so-called service of car premium under our car premium brand to users who come in from any contact point through our network of 5,000 dealers in terms of sales and purchases and our network of 1,500 dealers in terms of after-sales service.

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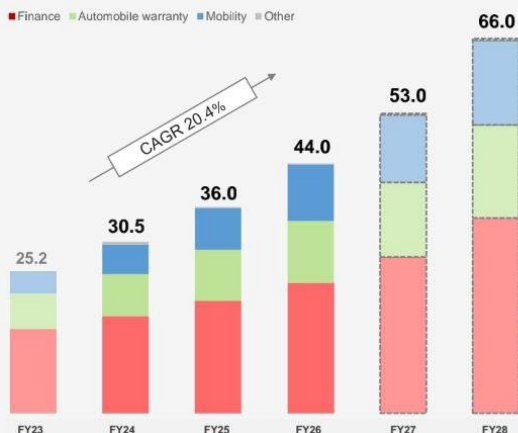
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Numerical Targets: Management Indicators

Operating income

(Billions of yen)

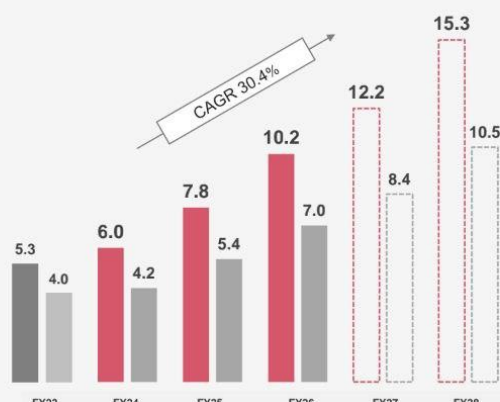
■ Finance ■ Automobile warranty ■ Mobility ■ Other



Profit before tax / Profit attributable to owners of parent

(Billions of yen)

■ Profit before tax ■ Profit attributable to owners of parent



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It is the numerical target of the mid-term plan. We have placed operating income, profit before tax, and profit attributable to owners of parent for the three years of the mid-term plan as shown in this graph.

For the current fiscal year, we expect operating income to be JPY30.5 billion, which we intend to grow by 20% over the next three years to reach JPY44 billion by March 2026.

In the long term, we expect operating income of JPY66 billion in the fiscal years ending March 31, 2026 and 2028. In addition, we would like to achieve profit before tax of JPY10.2 billion in three years, with a growth rate of 30%, compared to our target of JPY6 billion for the current fiscal year.

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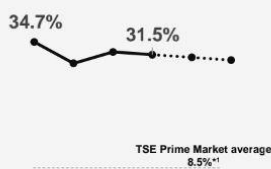
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Numerical Targets: Other Indicators

ROE (%)

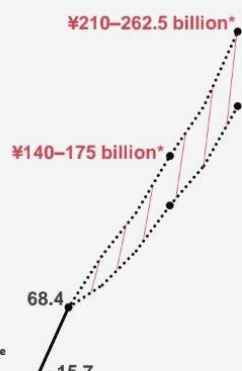
► Maintaining the 30%–39% range



FY23 FY24 FY25 FY26 FY27 FY28
* Source: "Summary of Financial Results: Fiscal Year Ended March 2022: First Section, Non-manufacturing Data," Japan Exchange Group



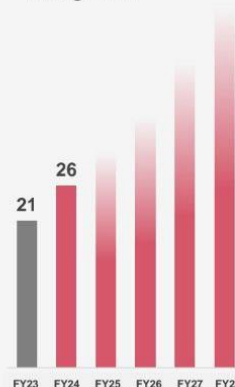
Market cap (Billions of yen)



Dec. 2017 FY23 FY24 FY25 FY26 FY27 FY28
* PER used to calculate market capitalization
 Upper limit: Calculated using 25x of PER for major mobility-related companies
 Lower limit: Calculated using 20x of average PER (Mar. 2023) for companies listed on the TSE Prime Market

Dividends (Yen)

► Increasing dividends with growth



FY23 FY24 FY25 FY26 FY27 FY28

Other policies

• Dividend policy

• Dividends

In principle, profits earned are focused on business investment
 Note: The Group is currently in a business growth phase. However, we are continuously increasing dividends in line with profit growth.

• Share buybacks

Flexible decision-making based on investment opportunities, cash flow balance, stock price, etc.

• Financial policy

Diversifying funding methods while maintaining stable, long-term funding, mainly affiliated loans

• Obtained A ratings and above

During the period of the MTP, earn ratings of A or higher

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We would like to maintain ROE in the 30% range, and we would like to achieve a market capitalization of JPY140 billion to JPY175 billion by the end of this medium-term management plan.

As for the dividend amount, we would like to increase the dividend in line with the growth, but our policy is that the so-called earned profits are, in principle, the foundation for growth, so we would like to invest heavily in business investments, but we would like to steadily increase the dividend in line with earnings growth.

We would like to make flexible decisions on share buybacks, taking into consideration investment opportunities, cash flow balance, stock price, and other such factors.

As for our financial policy, we are currently engaged in long-term, stable financing mainly through affiliated loans, in which assets are held by banks, and we would like to maintain this model while promoting diversification of financing methods. To this end, we would like to obtain a rating of A or higher during the period of the medium-term management plan.

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Car Premium Segment

Key Issues

Expanding the Car Premium Club and strengthening brand and ability to attract customers

Key Policies

<p>Expanding Car Premium Dealers to 5,000</p> <p>カープレミアディーラー</p>	<p>Expanding Car Premium Garage to 1,500</p> <p>カープレミアガレージ</p>	<p>Branding (Increasing visibility)</p> <p> カープレミア</p>	<p>Offline/online marketing (Attracting/capturing customers)</p> <p></p>
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I would like to explain the materiality for achieving this goal.

Since our key issues are to establish the car premium business model, we will first expand the car premium club membership, which is our network, and then firmly strengthen our brand and our ability to attract customers.

Specifically, we would like to increase the number of car premium dealers to 5,000 and the number of car premium garages to 1,500, for a total network of 6,500 dealers over the next three years. We will also increase measures to expand car premium's brand recognition, including mass advertising, and conduct real and online marketing to attract and retain customers, who will then be sent to our car premium network.

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Finance Business Unit

Key Issues

Expanding Car Premium Dealers, increasing transaction volume per network store, and using DX to streamline operations

Key Policies

Expanding paid member transactions
Substantially increasing sales PH*

カープレミアムディーラー

Releasing new core system
Cross-functional business improvements



Paperless conversion for all offerings
Abolition of applications by fax



Collection efficiency through DX



* PH: "Per Head," the average monthly total volume of new loans or warranties per sales staff



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We believe that establishment of car premium business will allow each of our businesses to work in synergy with each other. As car premium dealers expand, as a matter of course, the volume of transactions per merchant will increase. In addition, we will improve operational efficiency through the promotion of DX. This will allow us to continue to grow at a higher rate than we have been able to do in the past.

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Automobile Warranty Business Unit

Key Issues

Expanding sales focused on products developed in-house to expand the third-party warranty market, reducing repair costs/using DX to streamline operations

Key policies

Expanding sales of Car Premium Warranty developed in-house



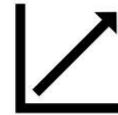
Greater in-house production of repair parts



Automating adjuster tasks
Going paperless



Product pricing and strengthened lineups to meet a wide range of needs



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The same formulation applies to the automobile warranty business. We would like to expand sales focused on products developed in-house to expand the third-party warranty market. This is another way in which we intend to expand sales of our own product, the car premium warranty, through the expansion of the car premium network, and the reduction of repair costs. We would like to increase our profitability by improving operational efficiency through DX.

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Auto Mobility Segment

Key Issues

Expanding mobility services and developing differentiated products to entrench the Car Premium business

Key Policies

Purchasing and sales channel expansion (incl. exports) for used car inventories



Expanding sales of products developed in-house / Developing new subscription-based products

カープレミアクラブ リース

Nationwide rollout of software for mobility providers to become industry No. 2



Complete mobility platform

クルマのことなら
カープレミア
P-Gate
Portal site

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We believe that the key to firmly establishing the car premium business model will be how to expand this Auto mobility service along with financing and breakdown warranty, or how to develop differentiated products.

We would like to expand our business by firmly expanding our used car distribution channels, and since we have a finance business, we believe we can expand sales of our own leases, subscriptions, and develop a variety of new products.

We also own a group company that sells software for these mobility operators, and we hope to expand this service by increasing it to second place in the industry over the next three years.

In addition, we would like to create a platform, our car premium site for users, and a portal site called P-Gate for business operators, in order to achieve DX.

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International Strategy

○ Basic policy

- **Proactively working to restore momentum stalled by the pandemic**
- **New market entry mainly in Southeast Asia**
 - Selected as a destination mainly due to many Japanese cars used there and active mobility markets
- **Market entry via M&A / joint venture**
 - Building international earnings pillars while hedging risks
- **Combined market entry of our services**
 - **Horizontally rolling out success cases** from our domestic businesses

FY23

○ Future issues and initiatives

- **Securing and developing global and local talent**
 - Recruiting and training global talent
- **Considering new countries for market entry**
 - To secure further revenue opportunities, will gather information on local geopolitical risks and expand business as a unified group
- **Increasing international share of profit (FY26 target: 10%)**
 - **Preparing for shrinkage of domestic market** due to population decline
 - Over the ultra-long term, targeting a 50:50 domestic-international ratio

FY30



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We have an international strategy.

We have not been able to develop our overseas business for the past three years due to COVID-19, and we intend to actively develop it in the future in order to make up for this. This, of course, is not in the short term, but rather in the medium and long term.

We would like to firmly raise the percentage of profits accounted for by overseas business operations to 10% over the next three years, or in the long term, we would like to bring the ratio of domestic and overseas business operations to 50:50. As we announced the other day, the domestic market is expected to shrink in the future along with the decline in population. In order to achieve this, we would like to expand our business mainly in Southeast Asia, where many Japanese cars are currently used, and we would like to horizontally develop successful cases by transforming our domestic service model into a business model suited to each country.

We are currently operating in about four countries, and we are considering further expansion into other countries to secure and train global and local human resources.

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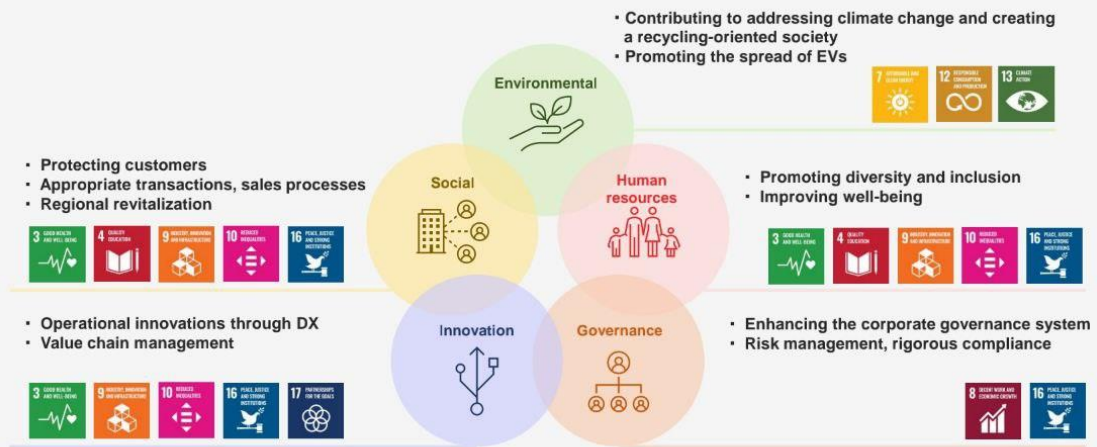
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Initiatives for Sustainable Growth: Summary

The following are our key issues set for achieving sustainable growth



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Next, I will explain our initiatives for sustainable growth.

To achieve the sustainable growth, we have set the issues in this phase as our key issues. Response to climate change, or protection of society, customers, or community creation. Regarding innovation, it is business innovation through DX and the firm establishment of ecosystems. In terms of human resources, we would like to improve wellbeing and promote diversity, and of course, in terms of governance, we would like to expand our corporate governance structure. We would like to manage our risks well.

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Environmental



Addressing climate change

- Declaring support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations

To be disclosed June 2023



Contribute to creation of recycling-oriented society

- In our business activities, promoting business in the Reduce, Recycle, Reuse, and Repair (4Rs) for automobiles
- Contribute to creation of a recycling-oriented society via expansion of our main businesses



Promoting the spread of EVs

- Installing solar power generation systems and ordinary EV chargers on Car Premium Club premises
- Contributing to the spread of EVs by providing services covering the entire used car distribution process from upstream to downstream



We have expressed our support for the TCFD recommendations on environmental issues and hope to make a full disclosure this June.

In addition, we would like to contribute to the formation of a recycling-oriented society by promoting the reduction, recycling, reuse, and repair of automobiles, which is our goal.

In the future, we will support from the backyard by promoting the spread of EV vehicles, solar power generation systems, and the installation of ordinary EV chargers. We would also like to contribute to the spread of EVs by providing services covering the entire used car distribution process from upstream to downstream.

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Social



Customer privacy and data protection

- Acquisition of PrivacyMark from JIPDEC
- Establishing and adhering to an internal privacy policy, and implementing several measures to strengthen system security

Appropriate transactions/sales processes

- Obtaining/renewing business registration as an individual credit purchase intermediary as required by the Installment Sales Act
- Establishing internal regulations certified as compliant with the model regulations stipulated by the Japan Consumer Credit Association
- Issuing an internal and external declaration of our basic policy concerning elimination of anti-social forces and creating mechanisms for implementation

Value chain management/DX innovation

- By promoting Car Premium, we are **building a value chain consisting of** consumers, car dealers, maintenance facilities, and the Company.
- Improving productivity by introducing AI, RPA, etc. to streamline business processes
- Creating new business models **adapted to CASE/MaaS**

Achieving both sales efficiency and social contribution

- Introducing next-generation vehicle telematics devices to streamline sales activities and improve vehicle fuel efficiency
- A portion of leasing fees for vehicle devices is donated to learning support projects through the **MIRAI 2030™ SDGs lease program**



Regional revitalization / Education

- Sponsored Yaima SDGs symposium. Provided the symposium's keynote speech.
- **Providing financial education classes at high schools** to improve financial literacy among young people and to provide opportunities to learn about economics and finance



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Regarding society, we will, of course, ensure customer privacy and data protection. To this end, we have obtained the PrivacyMark and have implemented several measures to strengthen system security.

In addition to complying with the law, we are committed to obtaining and renewing our registration as a registered dealer as required by the Installment Sales Law.

We would like to build an ecosystem among consumers, car dealers, maintenance shops, and our company by promoting car premium, and we would like to introduce AI or RPA to improve the efficiency of business processes, and in the future, CASE and MaaS. We would also like to create business models for these things.

Regarding regional revitalization, we sponsored the Yaima SDGs symposium last year and participated in the symposium. We also provided financial education classes at high schools. This is our desire to be a company that can also contribute to local SDGs by working to create local communities in various ways.

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Human Capital



Human resource development

- **Diversifying employment opportunities** by hiring year-round for both new graduates and mid-career professionals
- Providing training programs via our training subsidiary, incorporating expertise accumulated since our founding

Promoting diversity

- **Actively recruiting international talent** and promoting young people and women to management positions
- Raising awareness through "Lean in Premium," a project to empower women

Work style reforms

- Expanding offices to match business expansion, **achieving diverse work styles through use of satellite offices and dedicated remote work assignments**
- Encouraging taking paid leave (encouraging employees to take long vacations twice a year)
- Utilization of company-owned recreation facilities and external vacation facilities

Respecting human rights

- **Disclosing and ensuring compliance with human rights policies**
- Conducting various rank-based training programs and compliance training to create a workplace environment free from discrimination and harassment and to promote business activities



Training expenses per employees

FY23 result **¥75,000** > FY26 target **¥100,000**

Corporate average: ¥29,000
Source: "2023 Field Survey of Education and Training Expenditures" by the SANRO Research Institute, Inc., based on FY2021 results.

Percentage of female managers

FY23 result **19.1%** > FY26 target **25%**

Corporate average: 9.4%
Source: "Corporate Attitude Survey Toward the Promotion of Women (2023)," Teikoku Databank

Percentage of non-Japanese employees

FY23 result **12.4%** > FY26 target **15%**

Includes equity-method affiliates

Percentage of female directors

FY23 result **33.3%** > FY26 target **33-50%**

TSE Prime Market average 9.0%
Survey by TOKYO SHIKO RESEARCH, LTD.
Achieved 30% share of female officers as recommended by the Asian Corporate Governance Association (ACGA)

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In terms of human capital, we have been focusing on human resource development since the Company's establishment. We would like to raise this amount to JPY100,000 over the next three years in order to diversify employment opportunities.

In terms of promoting diversity, we would like to address gender issues and actively recruit foreign nationals.

In addition, in the area of work style reforms, work styles have been revised considerably under the pandemic, and we would like to make good use of these changes while also utilizing our know-how to realize a variety of work styles.

Regarding respect for human rights, we intend to disclose and ensure compliance with our human rights policy.

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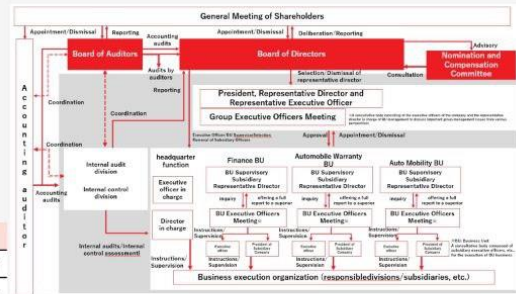
Governance



Corporate governance

- Reinforce corporate governance system
- Implementing all principles in Japan's Corporate Governance Code
- Establishing a voluntary Nomination and Compensation Committee, with outside directors as a majority of its members
- Introducing a stock compensation plan
- Conducting effectiveness evaluations of the Board of Directors
- Increasing the percentage of outside officers 50.0% as of March 2023

		FY20	FY21	FY22	FY23
Board of Directors	Total	6	7	8	6
	Ratio of outside members	33.3%	42.9%	37.5%	50.0%
Board of Auditors	Total	3	3	3	3
	Ratio of outside members	66.7%	66.7%	66.7%	66.7%



Compliance / Risk management

- Carrying out training programs on protection of personal information, insider trading, compliance, etc.
- Establishing a Group Risk Management Committee
- Formulating a business continuity plan (BCP) to manage risk, including the physical impact of climate change
- A Sustainability Committee to be established to address climate change



Regarding governance, we will continue to maintain a strong corporate governance structure. Regarding CGC, all of the respective principles have been implemented. We have also established the Nomination and Compensation Committee with a majority of outside directors. Currently, the ratio of outside directors is approximately 50%, half of which are independent directors from outside the Company, and 66% of the Board of Auditors are outside. We would like to further enhance this as well.

We would like to make sure that all of our employees are in a position to follow these compliance and rules by protecting personal information or providing training on these issues for compliance/risk management.

In addition, a sustainability committee will be established to address climate change.

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Medium-Term Management Plan, ONE&ONLY 2026: Summary

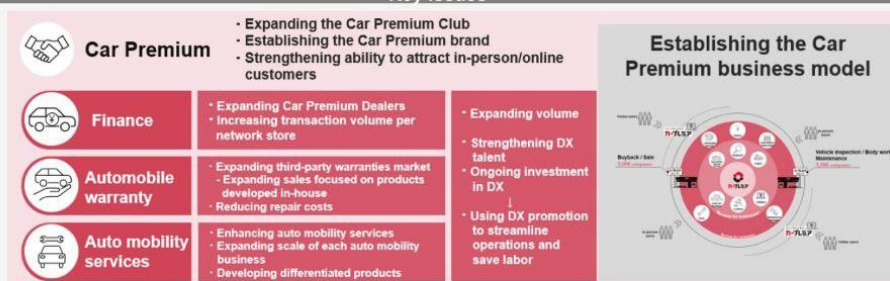
Medium-Term Vision

Establishing the Car Premium business model,
seeking to become the ONE&ONLY auto mobility company

Numerical Targets

Operating income	Profit before tax	Profit attributable to owners of parent	ROE	Market cap
¥44.0 billion vs. FY23: +74.6%	¥10.2 billion vs. FY23: +91.0%	¥7.0 billion vs. FY23: +75.0%	30–39% FY23 results: 34.7%	¥140–175 billion vs. FY23: 204–255%

Key Issues



In conclusion, I would like to summarize our medium-term management plan, ONE&ONLY 2026, in which we will firmly establish the car premium business model over the next three years in order to achieve our long-term vision of becoming the ONE & ONLY mobility company.

Our numerical targets are operating revenue of JPY44 billion, profit before tax of JPY10.2 billion, profit attributable to owners of parent of JPY7 billion, ROE in the 30% range, and market capitalization of JPY140 billion to JPY175 billion. We hope to achieve these firmly in three years.

This concludes the explanation of the new medium-term management plan, ONE&ONLY 2026.

We are more than ever committed to achieving the goals of our new medium-term management plan, both within our group and as a unified group.

If there is anything missing from today's presentation or if more details are needed, individual interviews are available separately for institutional investors and analysts. We would be happy to hear from you through our IR contact.

Thank you very much.

[END]

Document Notes

- Portions of the document where the audio is unclear are marked with [Inaudible].
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- Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.
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